



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

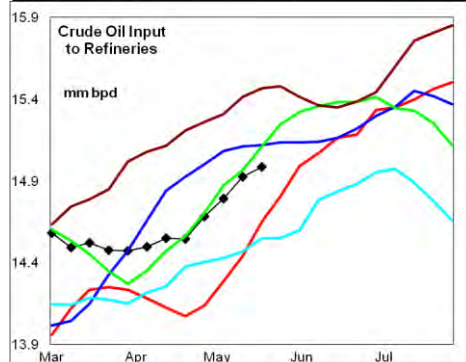
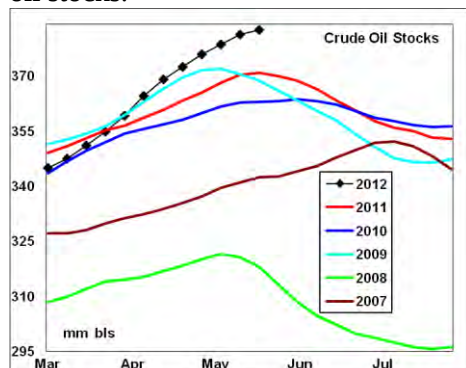
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 23, 2012

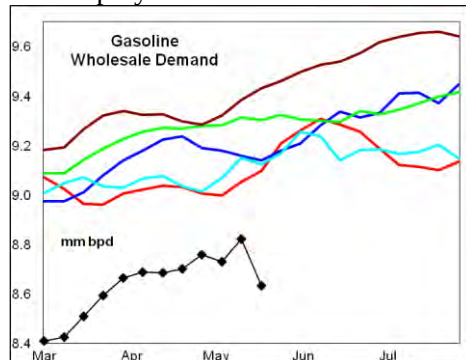


Major Fundamental Trends¹

Commercial stocks of crude oil should be at a seasonal peak, and begin to decline in the near term. Crude oil runs should increase another 300,000 bpd to 400,000 bpd (concentrated in PADDs 4 & 5) over the next 30-days as refinery maintenance falls to a seasonal low, driving the draw in crude oil stocks.



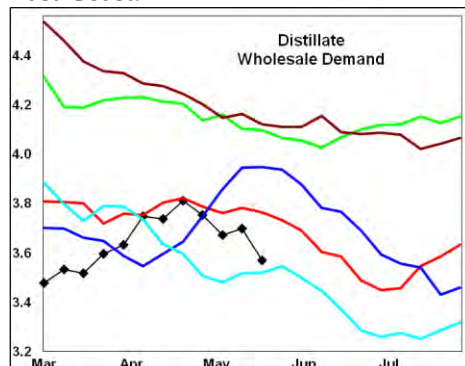
Wholesale demand for gasoline continues to be driven by structural changes; a more efficient transport fleet, and fewer miles traveled due to low employment.



These trends are offsetting the recent

decrease in retail prices. Wholesale demand fell -338,000 bpd last week, unusual in the run up to the Memorial holiday week.

Gasoline stocks fell -3.3 million barrels last week. While the draw was concentrated in the Gulf and West Coast, risk remains high of a supply squeeze in the key Central Atlantic Region. Gasoline imports remain nearly -0.6 million bpd below last year, with the decline concentrated on the East Coast.



The level of wholesale distillate demand points to lackluster growth in the U.S. economy, with the latest 4-wk average down -3.3% from a year ago. Record high distillate production and lower seasonal demand should lead to stock building in the near future.

Demand for gasoline fell sharply last week, while distillate extended the seasonal down trend. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1.9%; distillate down -3.3%; jet fuel down -4.1% while residual fuel oil decreased -30%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -3.8 million barrel stock draw. Coverage levels fell to near 5-year lows.

Distillate demand coverage was nearly unchanged on a -0.3 million barrel stock draw, offset by lower weekly demand. Coverage levels were below the last 3-years.

Jet fuel coverage levels decreased on a -0.1 million barrel stock draw, and sharply higher demand. Coverage levels ended the week comparable to

the average of the last 2-years.

Refinery utilization rates decreased on a -57,000 bpd decline in crude oil runs. During the latest 4-wk period crude oil input was +531,000 bpd above a year ago.

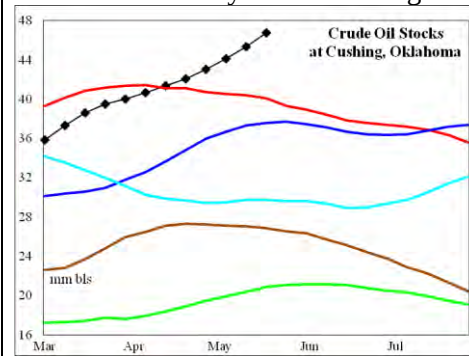
Gasoline yield % on crude oil runs declined on -153,000 bpd decreased in output compared to the -57,000 bpd drop in crude oil runs. Yield % on crude oil runs fell below the last 3-years.

Distillate yield % on crude oil runs increased slightly on a +11,000 bpd rise in production, compared to the decrease in crude oil runs. The yield % was a record high for the period.

Jet fuel yield % on crude oil runs jumped on a +113,000 bpd rise in production compared to the decrease in crude oil runs. Yield % levels were above the mid range.

Petroleum Imports of crude oil and gasoline declined last week, while middle distillates were modestly higher. During the latest 4-wk period crude oil imports were -98,000 bpd below last year; distillate imports decreased -59,000 bpd; finished gasoline imports decreased -46,000 bpd, gasoline blend stock imports declined -454,000 bpd; jet fuel imports were -39,000 bpd lower, while residual fuel oil imports fell -199,000 bpd.

Crude Oil stocks increased +0.9 million barrels last week, including a -1.1 million barrel draw in the Gulf. Stocks in Cushing are +6.7 million barrels above last years' record high.



¹ Source is latest EIA Weekly Statistics



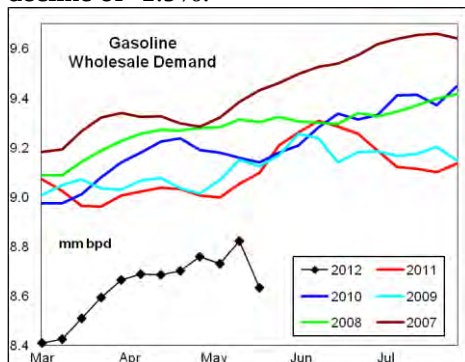
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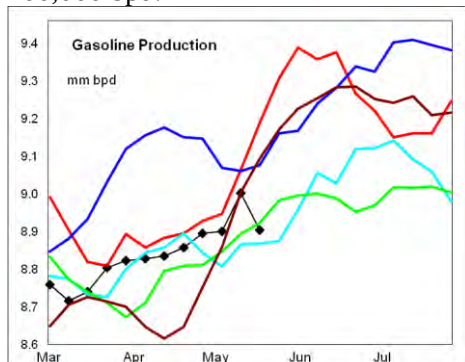
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Product Supply-Demand Trends

Gasoline demand fell -338,000 bpd last week, pushing demand back to new record weekly lows for this time of year. The latest 4-wk average demand was -171,000 bpd below a year ago, a decline of -1.9%.



Production fell -153,000 bpd on the week, with imports also down -100,000 bpd.



Import levels were -575,000 bpd below a year ago, more than offsetting the decrease in wholesale demand, leading to near record stock draws.

Stocks decreased -3.3 million barrels last week, driving the level to near 5-year lows.

The latest 4-wk stock draw in markets East of the Rockies was -4.8 million barrels, a larger draw than four of the last 5-years.

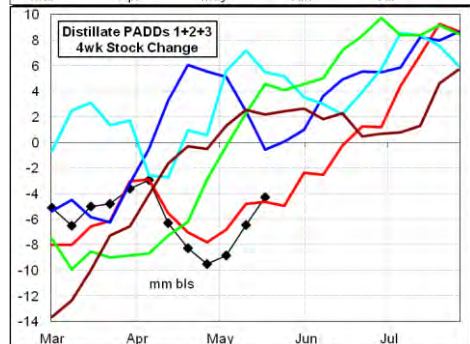
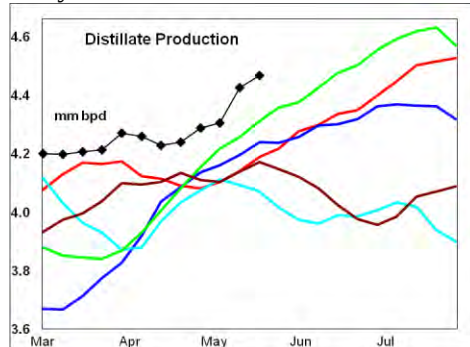
West Coast supplies remain extremely tight, with stocks down another -1.2 million barrels. Record low imports continue to risk a supply squeeze on the East Coast.

Distillate demand decreased -40,000 bpd last week, to a level below the last 2-years. The latest 4-wk average was -126,000 bpd below a year ago.

Supplies increased +54,000 bpd

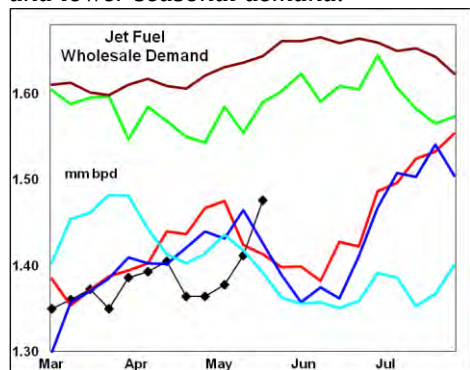
last week, to a new record high level. The latest 4-wk average supply was +159,000 bpd above a year ago. Stocks decreased -0.3 million barrels on the week, the lowest weekly draw of the quarter.

The latest 4-wk stock draw in markets East of the Rockies was -4.3 million barrels, a level that matched last year.



Production continues to trend seasonally higher, at record high levels.

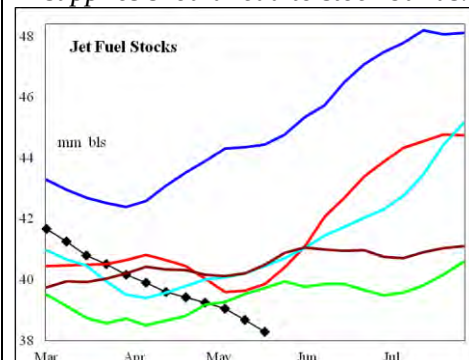
Look for an improving supply balance on high crude oil runs, record refinery yields of distillate product, and lower seasonal demand.



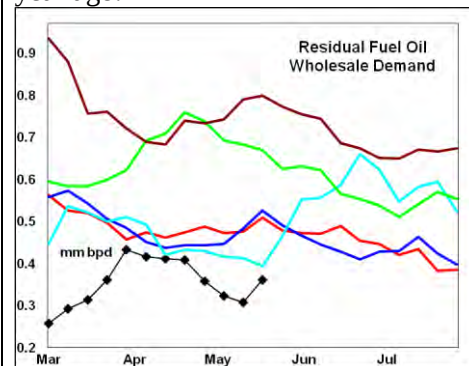
Jet Fuel demand extended the recent uptrend, rising +49,000 bpd on the week, to a level above the last 3-years. The latest 4-wk average demand was -60,000 bpd below a year ago.

Supply jumped +170,000 bpd last week on higher production and imports. Stocks were nearly unchanged on the week, with the level at a 5-year low.

Look for a pull back in seasonal demand, which combined with the rise in supplies should lead to stock builds.



Residual fuel oil demand climbed +126,000 bpd last week. The latest 4-wk average was -150,000 bpd below a year ago.



Supply (production + imports) decreased -16,000 bpd last week, on lower production. The latest 4-wk average supply was -246,000 bpd below last year on lower imports and production. Stocks fell -0.7 million barrels, with the level -16% below the historic range.

Wholesale demand remains -32% below last year during the first 4-months of the year. Supplies remain well below the 5-year range, with both imports and production falling well below the 5-year range.

The key Gulf Coast market remains well supplied, measured by stock levels and production. There were no imports, with a -145,000 bpd decline from a year ago.



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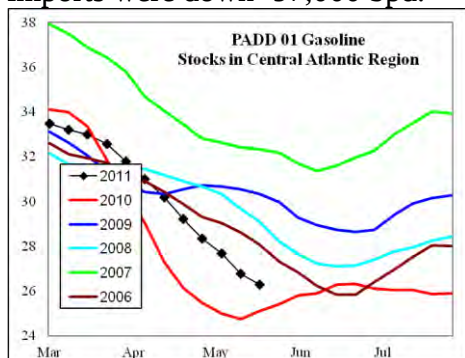
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PADD Supply Trends

PADD 1 refinery crude oil runs fell -172,000 bpd on the week, with the latest 4-wk average -170,000 bpd below last year.

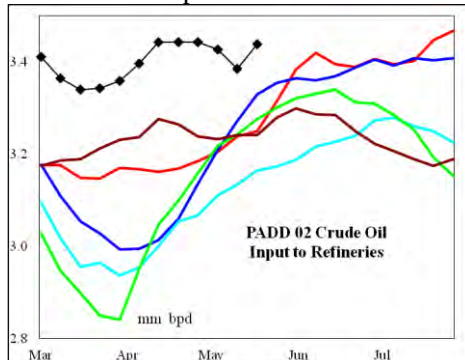
Gasoline production increased +90,000 bpd last week, while imports were down -97,000 bpd.



Stocks in the key Central Atlantic Region ended the week below four of the last 5-years; pointing to an increased risk of a physical supply squeeze over the next 60-days.

Distillate supply decreased -12,000 bpd on the week, with the latest 4-wk average down -116,000 bpd, a record low level. Stocks fell -2.6 million barrels on the week, a level -24% below last year.

Jet fuel supply increased +15,000 bpd last week, although the level remains 75,000 bpd below a year ago for the most recent 4-wk period. Stocks surged +1.4 million barrels on increased receipts from the Gulf.



PADD 2 crude oil refinery runs increased +56,000 bpd on the week, with the 4-wk average +200,000 bpd above last year. Crude oil imports fell -276,000 bpd last week with the level +24% above last year. Stocks

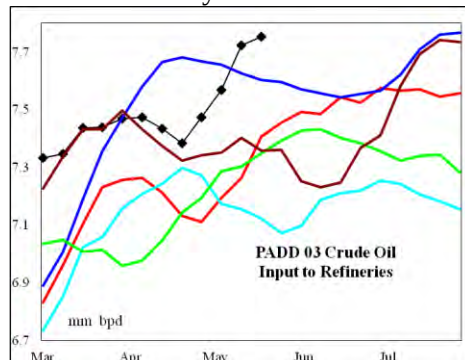
increased +1.5 million barrels to a level +5.3% above last years' record high.

Gasoline production increased +74,000 bpd last week, to a level above the last 3-years. Stock levels ended the week near the historic mid range.

Distillate production decreased -19,000 bpd on the week, to a level to a level that matched historic highs. Stocks decreased -0.2 million barrels last week, although the level remains above four of the last 5-years.

Jet fuel production jumped +47,000 bpd on the week, to a record high for the season. Stocks ended the week at a level below the 5-year range.

PADD 3 refinery runs decreased -115,000 bpd last week, a level above the 5-year range. The latest 4-wk average thru put was +438,000 bpd above last year. Crude oil imports increased +244,000 bpd last week to a level that matched last years' record lows. Stocks decreased -1.1 million barrels on the week, to a level slightly above the last 2-years.



Gasoline production decreased -83,000 bpd last week, a level well below the 5-year range. Stocks decreased -1.6 million barrels last week, to a level below the mid range.

Distillate production increased +74,000 bpd on the week, to a new all time high. Stocks increased +2.3 million barrels a level -21% below a year ago.

Jet fuel production jumped +78,000 bpd last week, to a record high for this time of year. Stocks decreased -0.7 million barrels last

week to a level near the 5-year low.

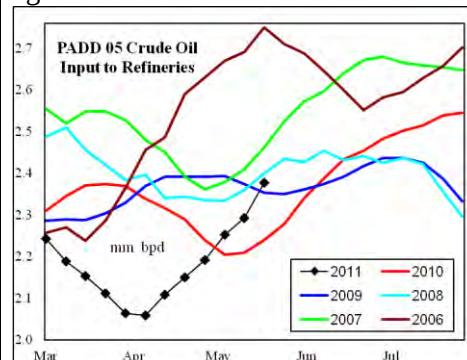
Residual fuel oil supplies decreased -14,000 bpd on the week, driven by lower production. There were now imports last week, compared to an average of 145,000 bpd a year ago. Stock levels ended the week comparable to last year.

PADD 4 refinery crude runs increased +14,000 bpd on the week, to a level that matched 5-year lows. The most recent 4-wk average run rate was -11,000 below last year.

Gasoline production was nearly unchanged on the week, at a level below the mid range. Stocks decreased -0.3 million barrels, to a level well below the last 2-years.

Distillate production increased +18,000 bpd on the week, to a level above the mid range.

PADD 5 crude oil refinery runs jumped +159,000 last week, to a level matching the average of the last 3-years. Runs for the most recent 4-wk period were +75,000 bpd above a year ago.



Gasoline production increased +36,000 bpd on the week with the level at a new 5-year high for this time of year. Supply (production + imports) for the latest 4-wk average was +46,000 bpd above a year ago. Stocks fell -1.2 million barrels, to a level -24% below last year.

Distillate supply decreased -8,000 bpd on the week, a level -5% below last years' prior record low. Stocks increased +0.4 million barrels, but remain -15% below a year ago.

Jet fuel production & stock levels are each at fresh 5-year lows.

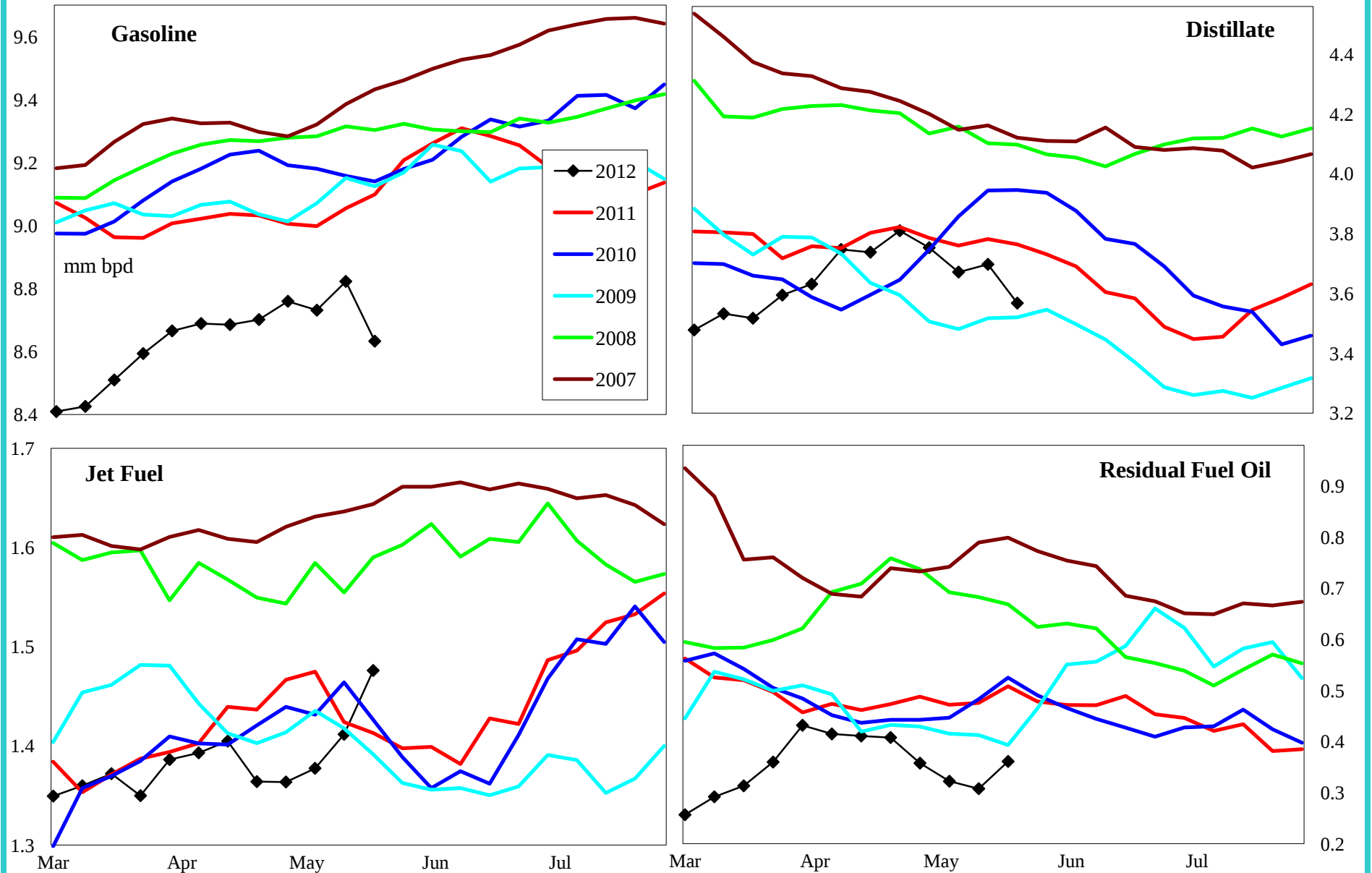


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	18-May-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	883	284	1,480	-1,075	140	55
	Imports	-298	-431	-276	244	19	145
	Input	-57	-172	56	-115	14	159
	% Utilization	-0.20					
Gasoline	Stocks	-3,299	-74	-144	-1,636	-258	-1,186
	Production	-153	90	74	-83	2	36
	Imports	-100	-97	-1	-10	0	8
	Supplied	-338					
Distillate	Stocks	-309	-2,644	-185	2,342	-173	352
	Production	11	-50	-19	74	18	-12
	Imports	43	38	0	0	1	4
	Supplied	-40					
Jet Fuel	Stocks	-110	1,437	-239	-671	117	-756
	Production	113	3	47	78	-1	-14
	Imports	57	12	0	0	0	45
	Supplied	49					
Residual Fuel Oil	Stocks	-717	-52	47	-815	9	93
	Production	-31	-18	7	-14	0	-6
	Imports	14	9	4	0	0	0
	Supplied	126					

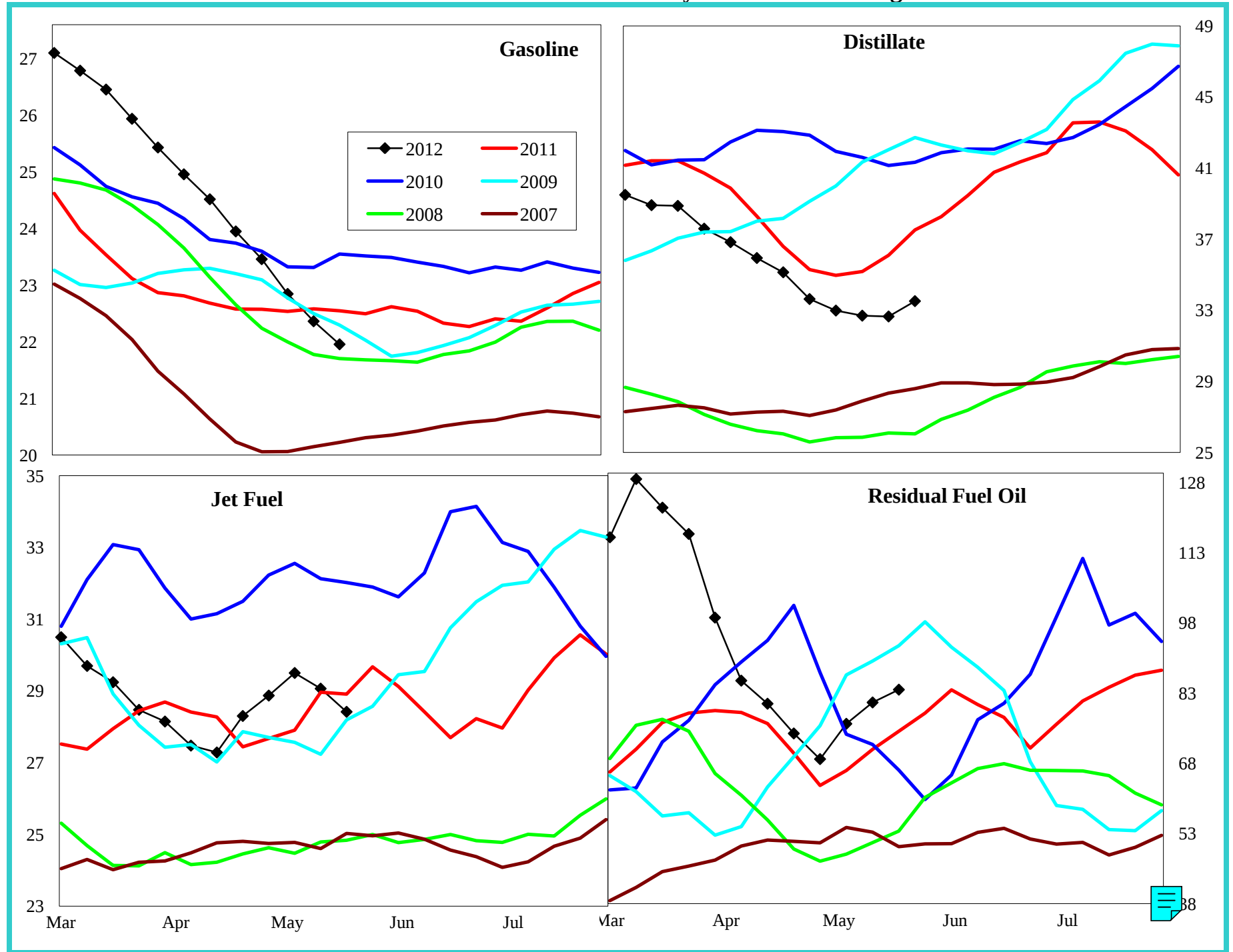
United States Wholesale Petroleum Demand



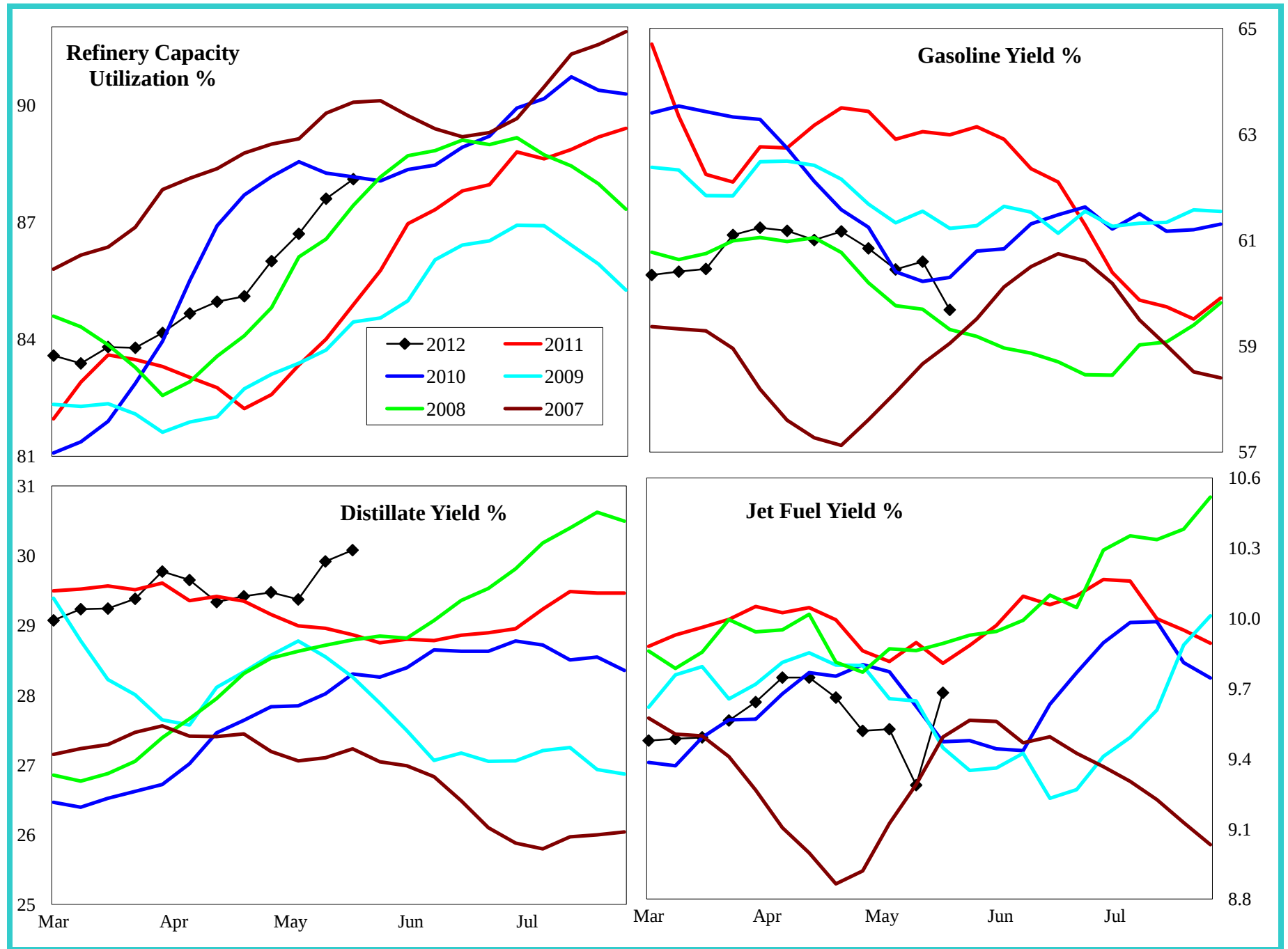
	000 bpd change from prior year				% change from prior year			
	4wk avg	Apr	Jan	Feb	4wk avg	Apr	Mar	Feb
Gasoline	-171	-55	-178	-26	-1.9	-0.6	-2.0	-0.3
Distillate	-126	141	-432	83	-3.3	3.8	-10.8	2.1
Jet Fuel	-60	-103	-59	7	-4.1	-7.1	-4.2	0.5
Resid	-150	-172	-179	-233	-29.7	-28.7	-32.7	-37.2



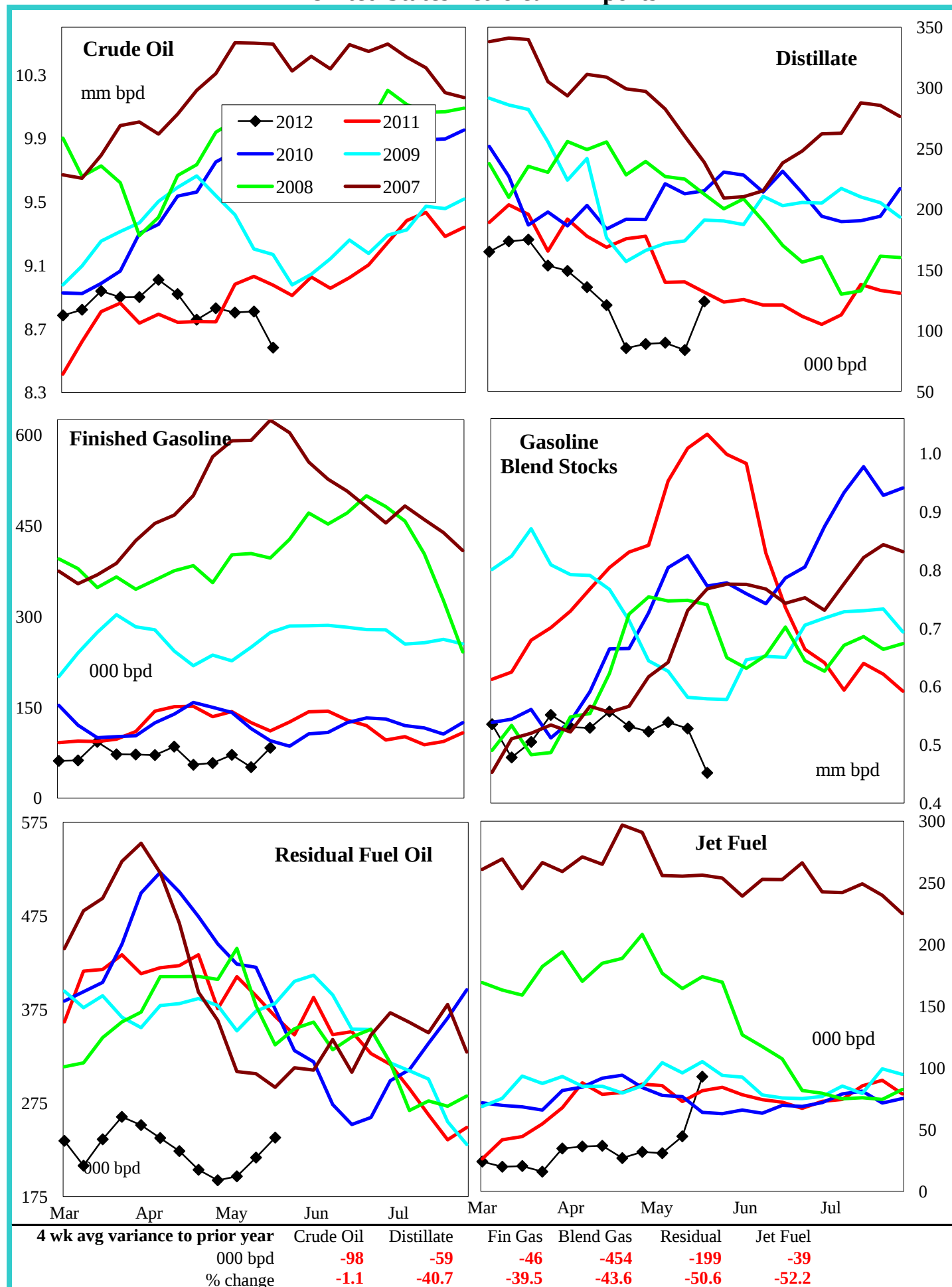
United States Product Stocks: Days Forward Coverage



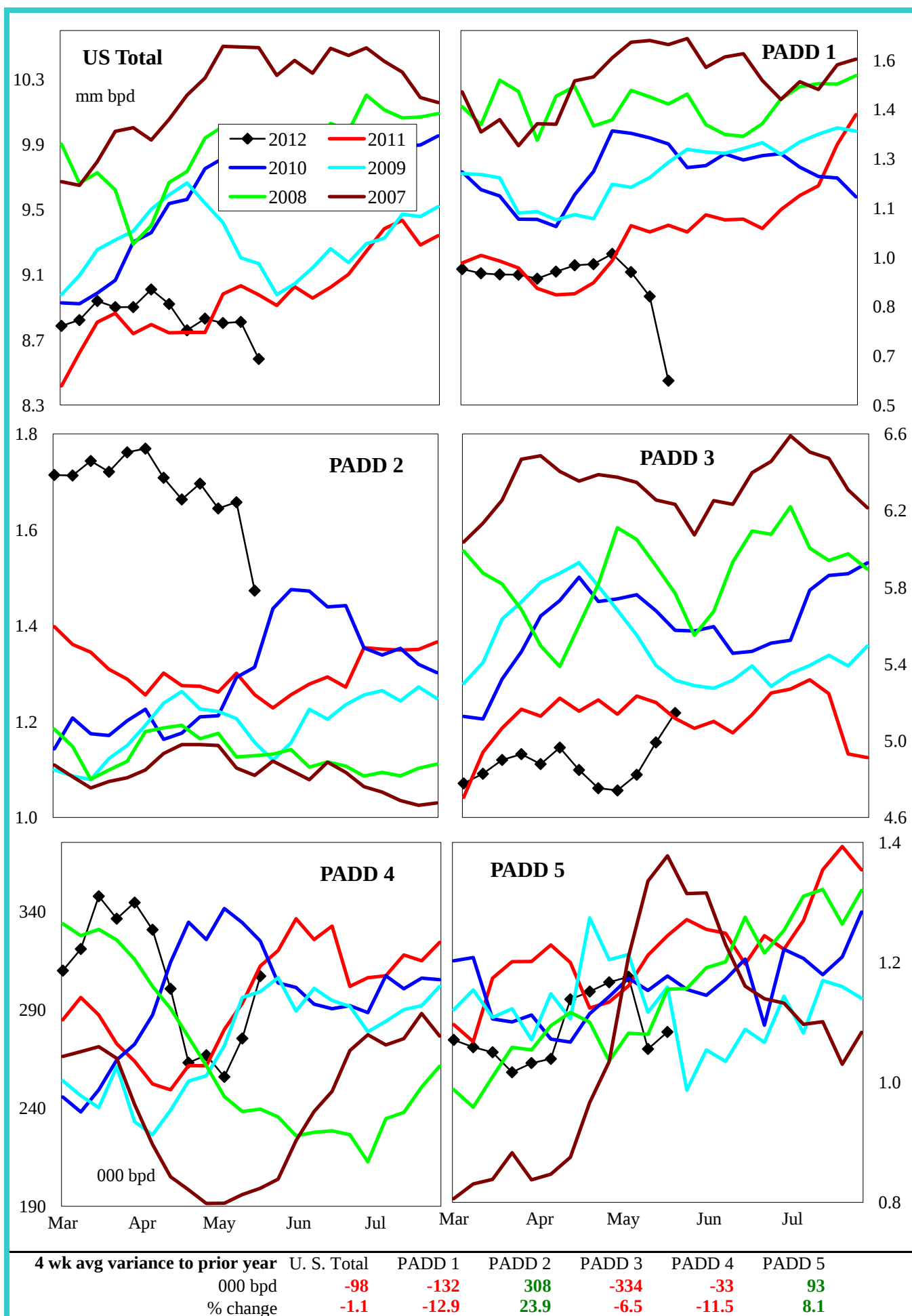
United States Refinery Percent Utilization Rate and Product Yields



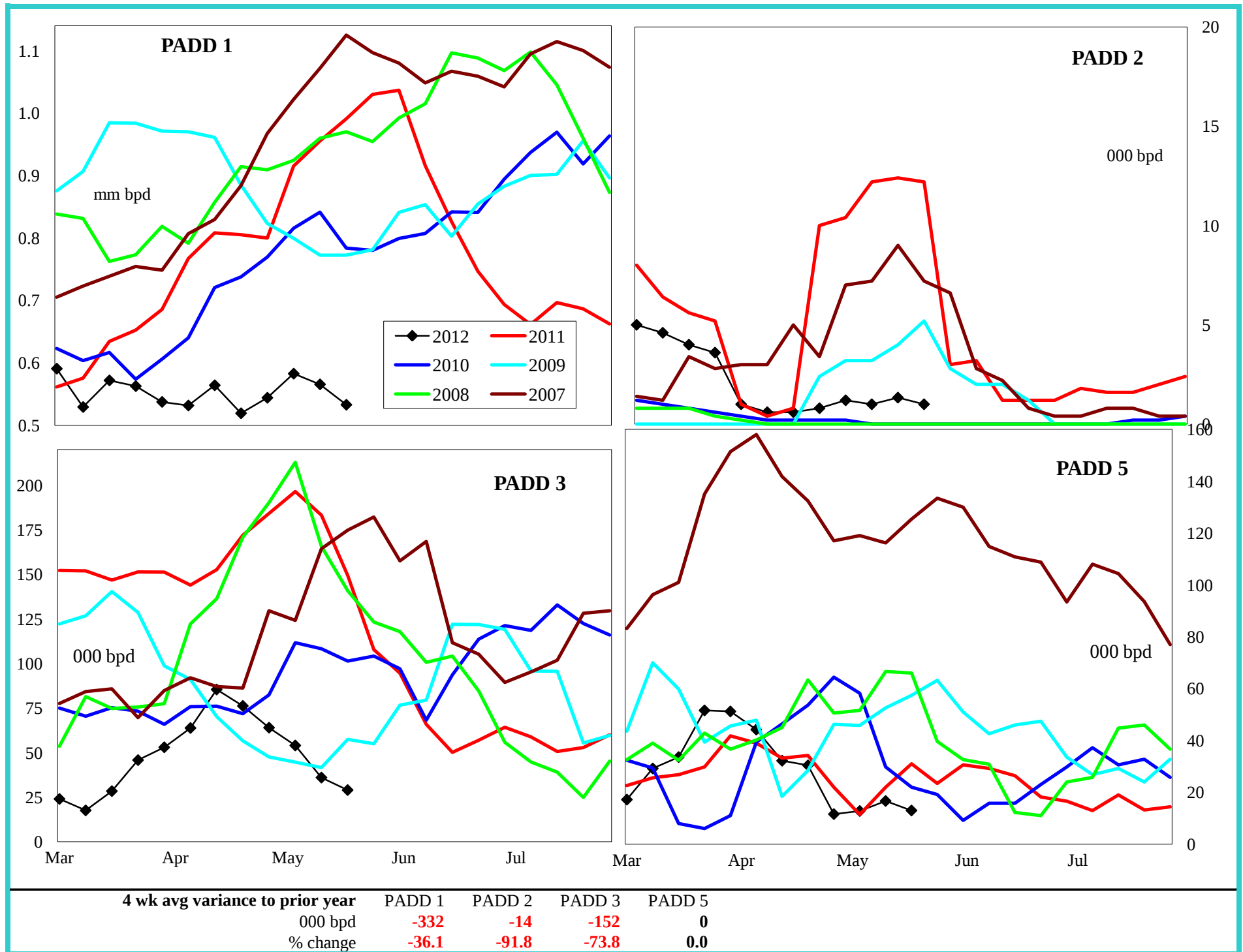
United States Petroleum Imports



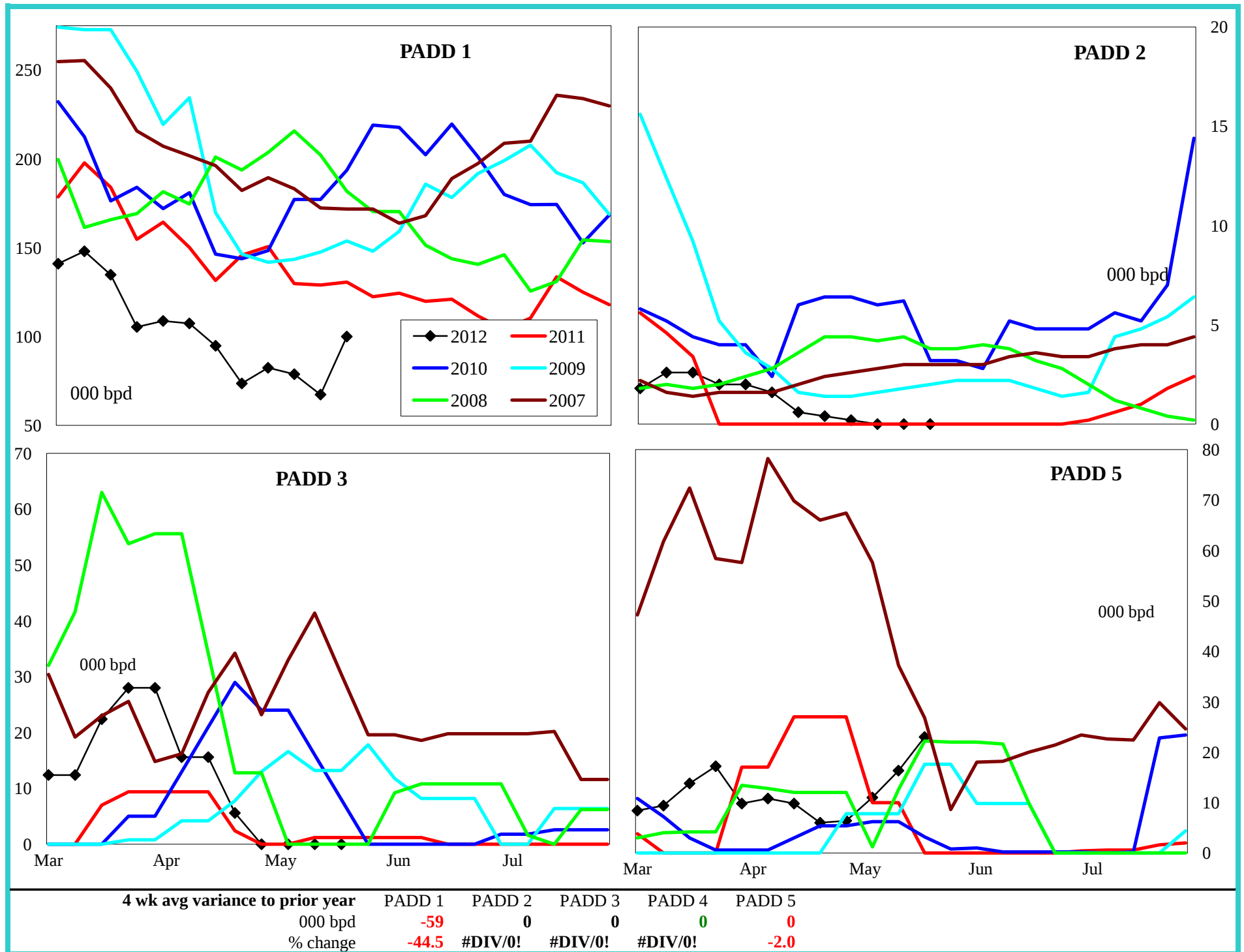
Crude Oil Imports by PADD



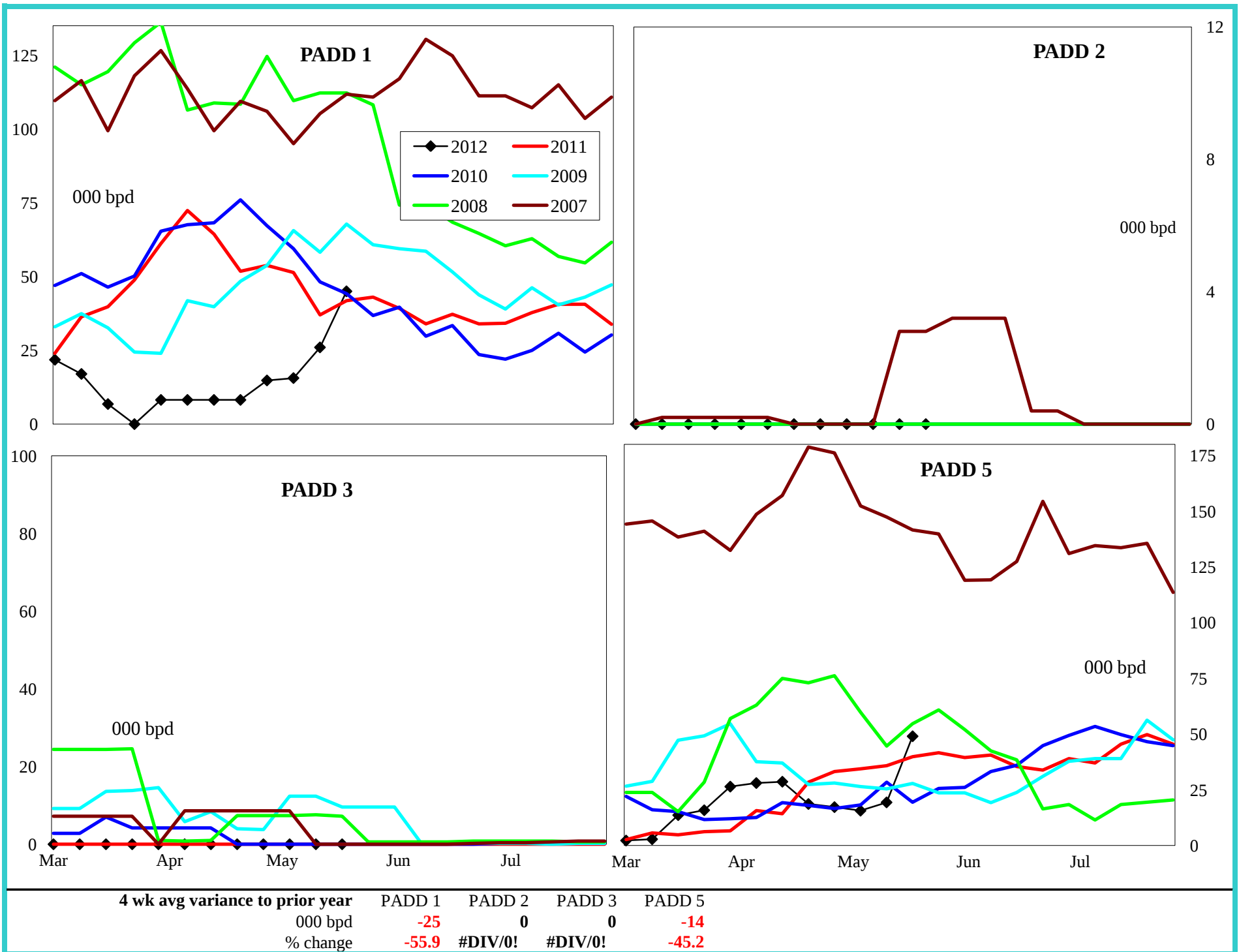
Gasoline Imports by PADD (Finished + Blend Stocks)



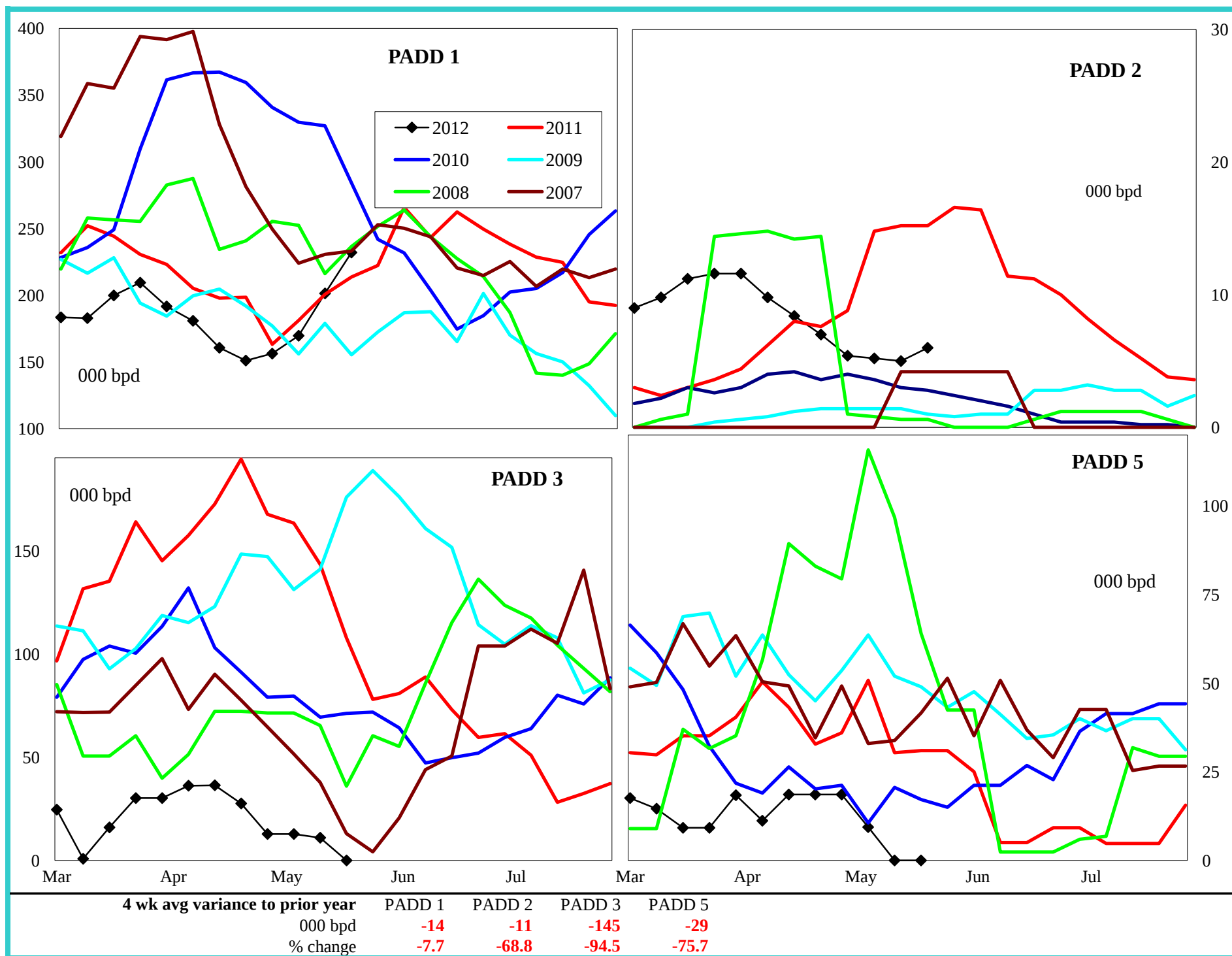
Distillate Imports by PADD



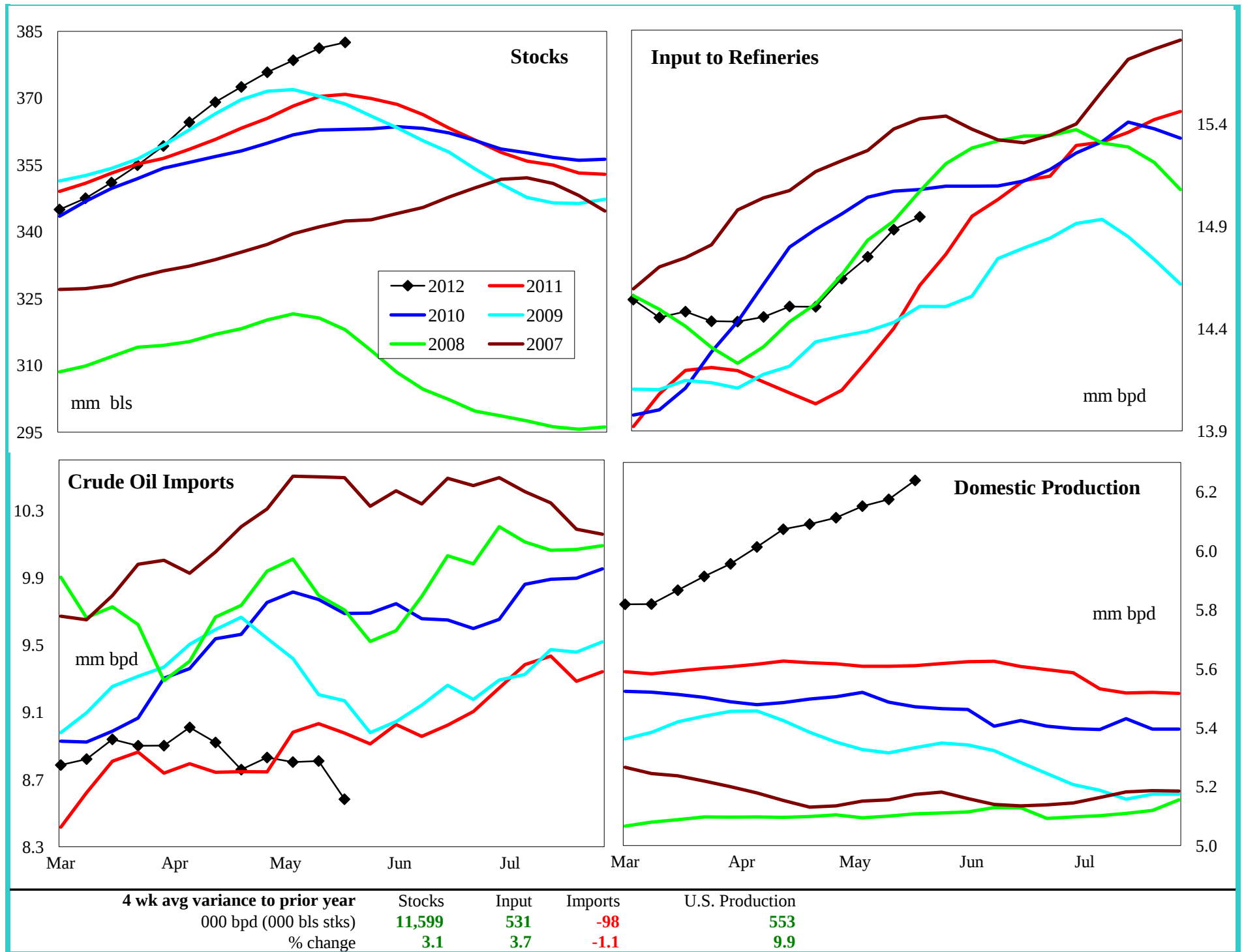
Jet Fuel Imports by PADD



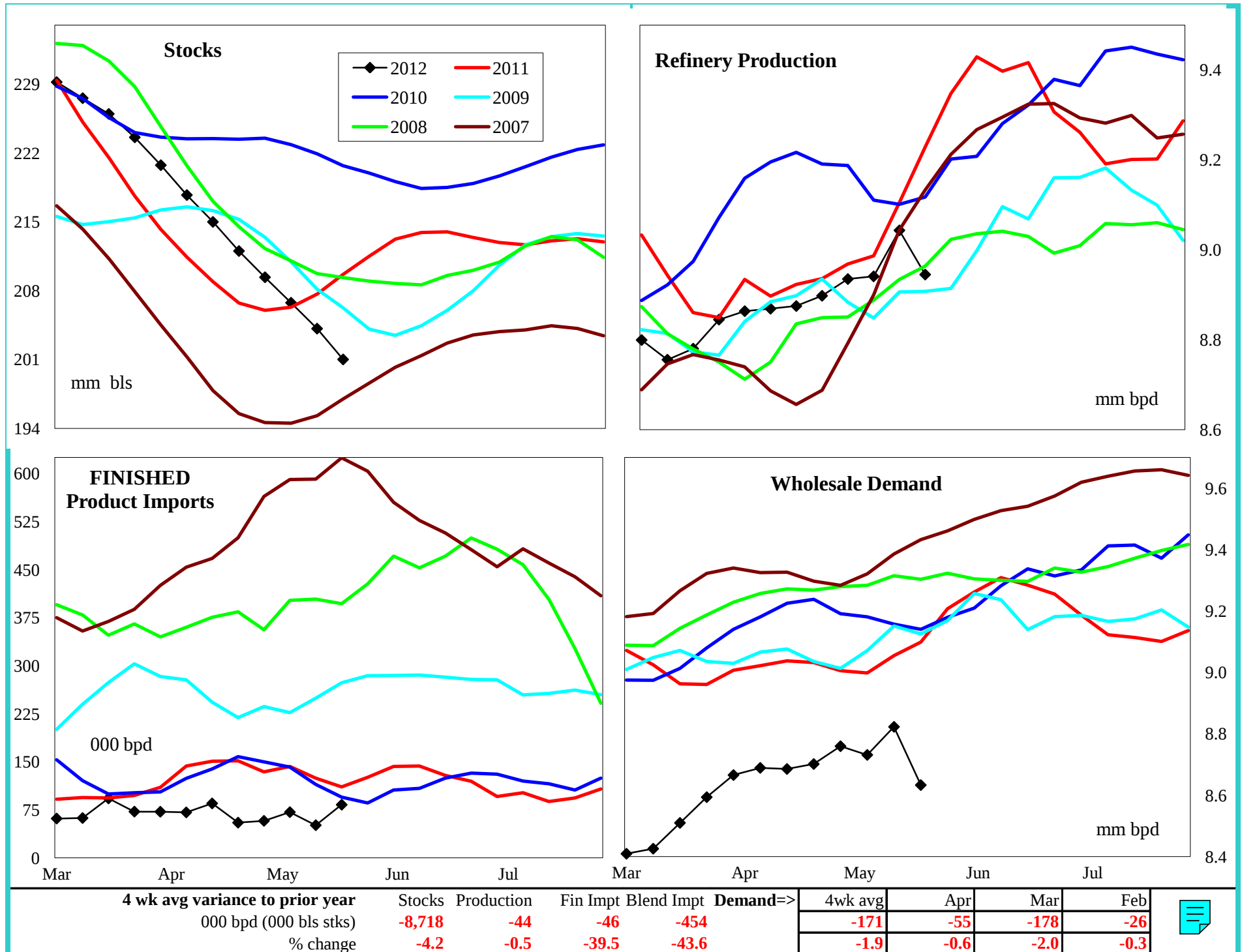
Residual Fuel Oil Imports by PADD



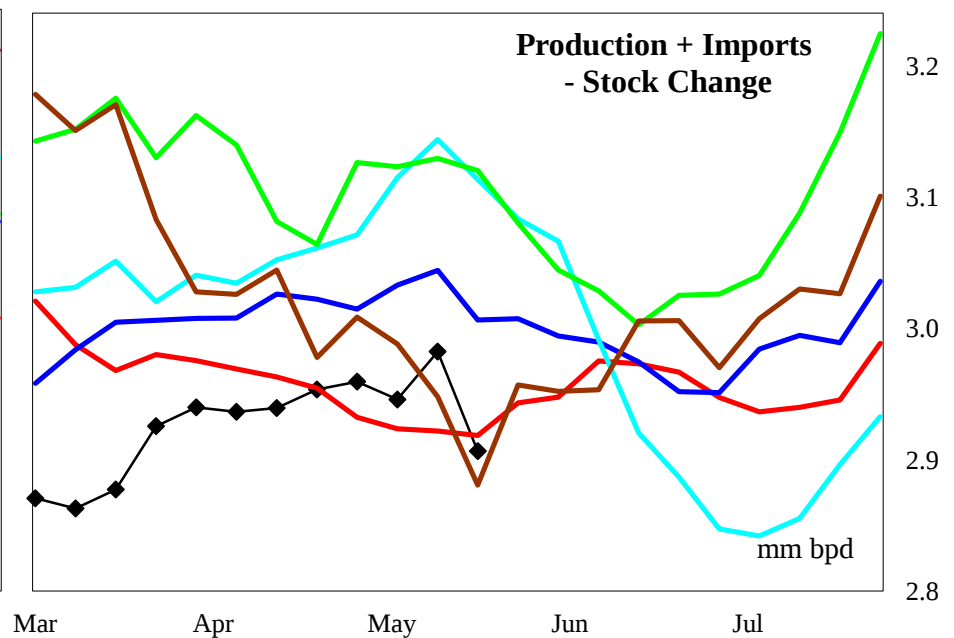
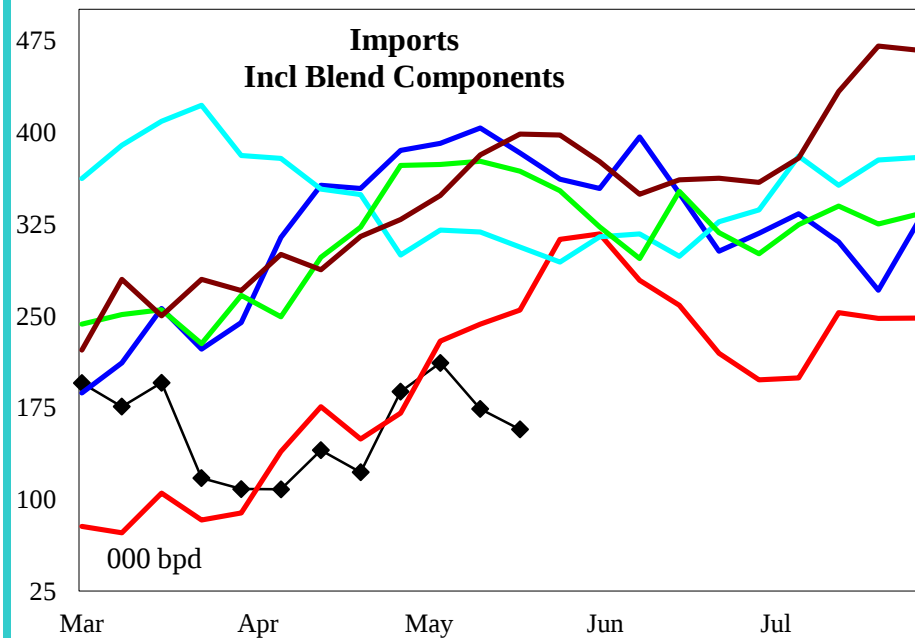
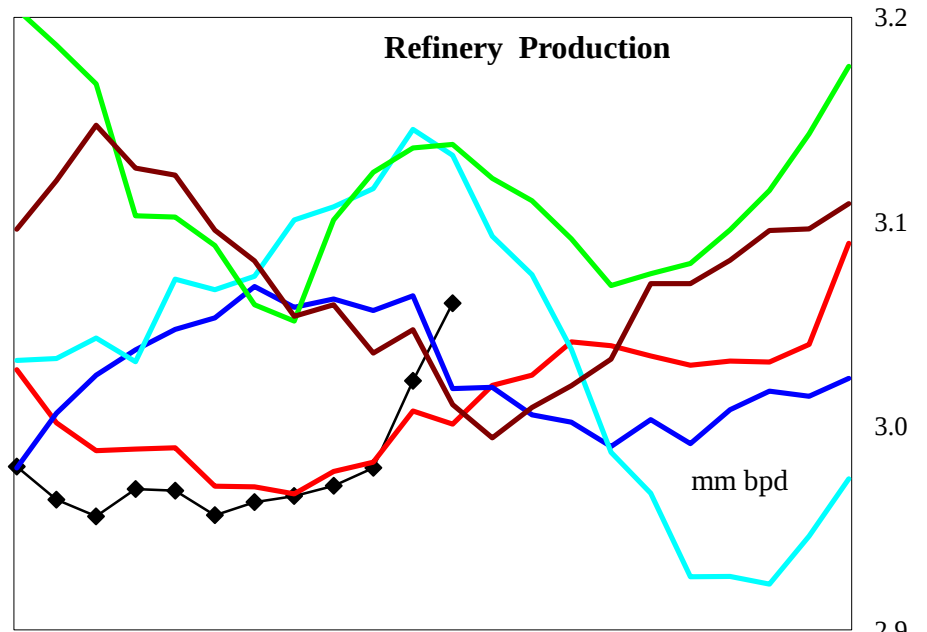
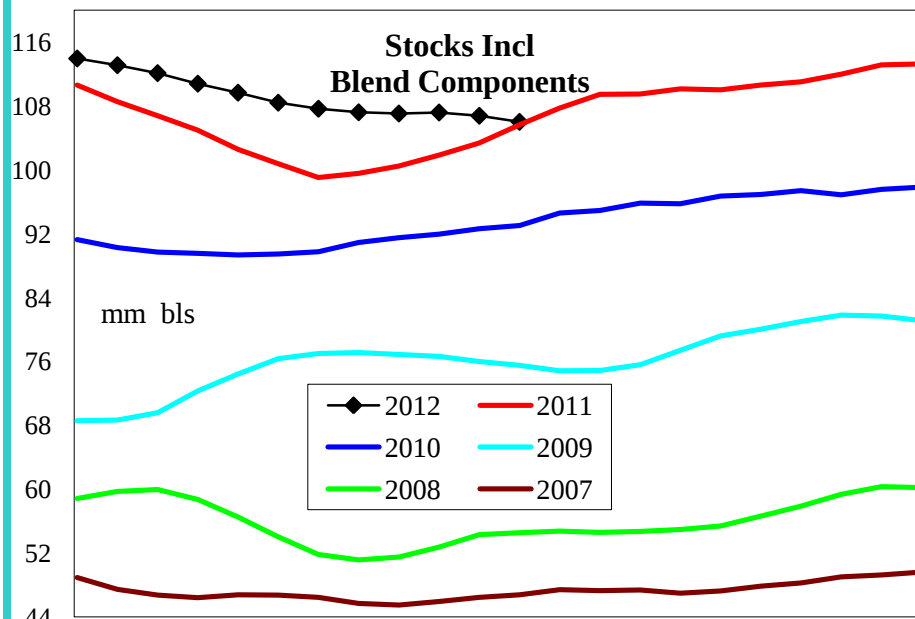
United States Crude Oil Supply and Demand Balance



United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply

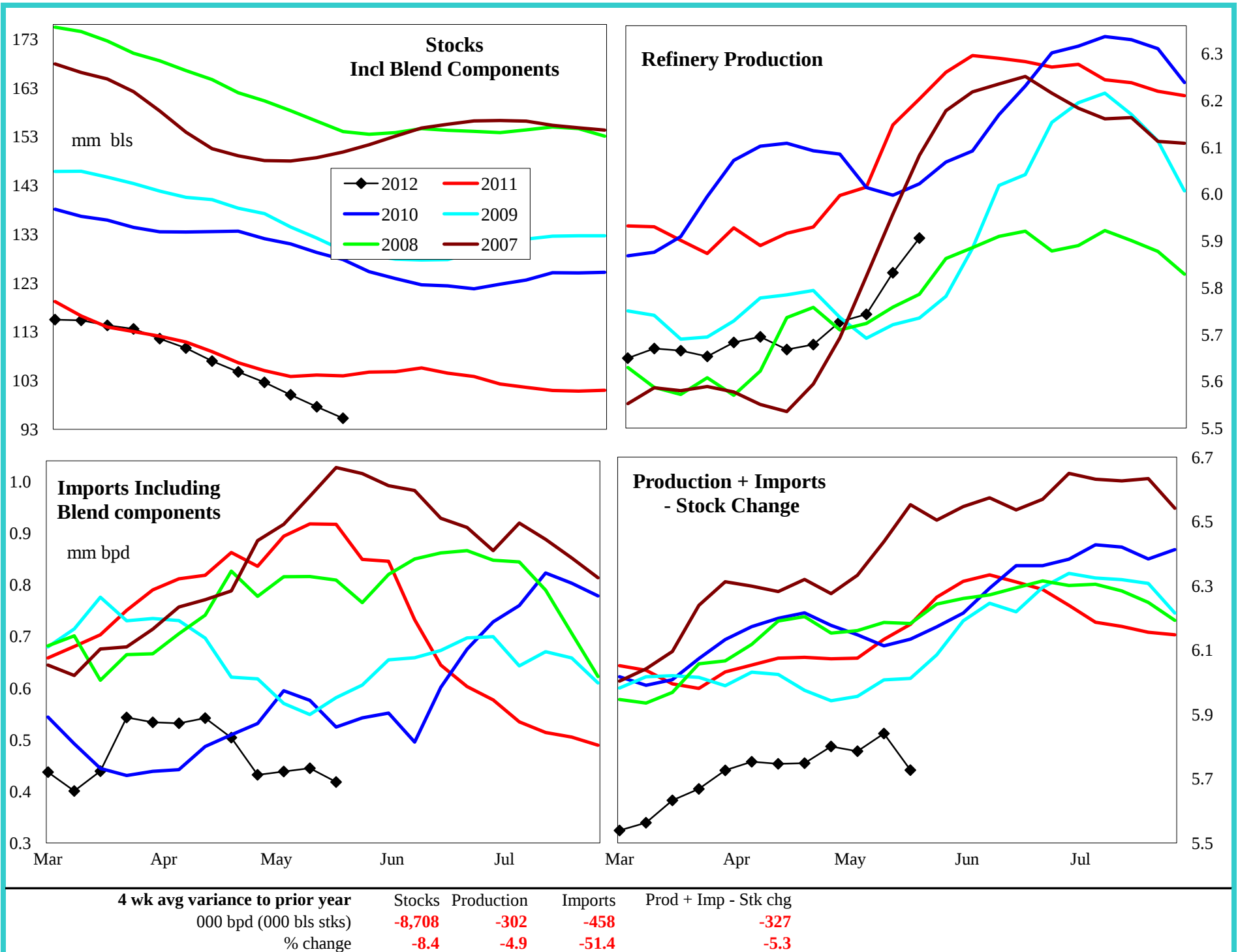


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

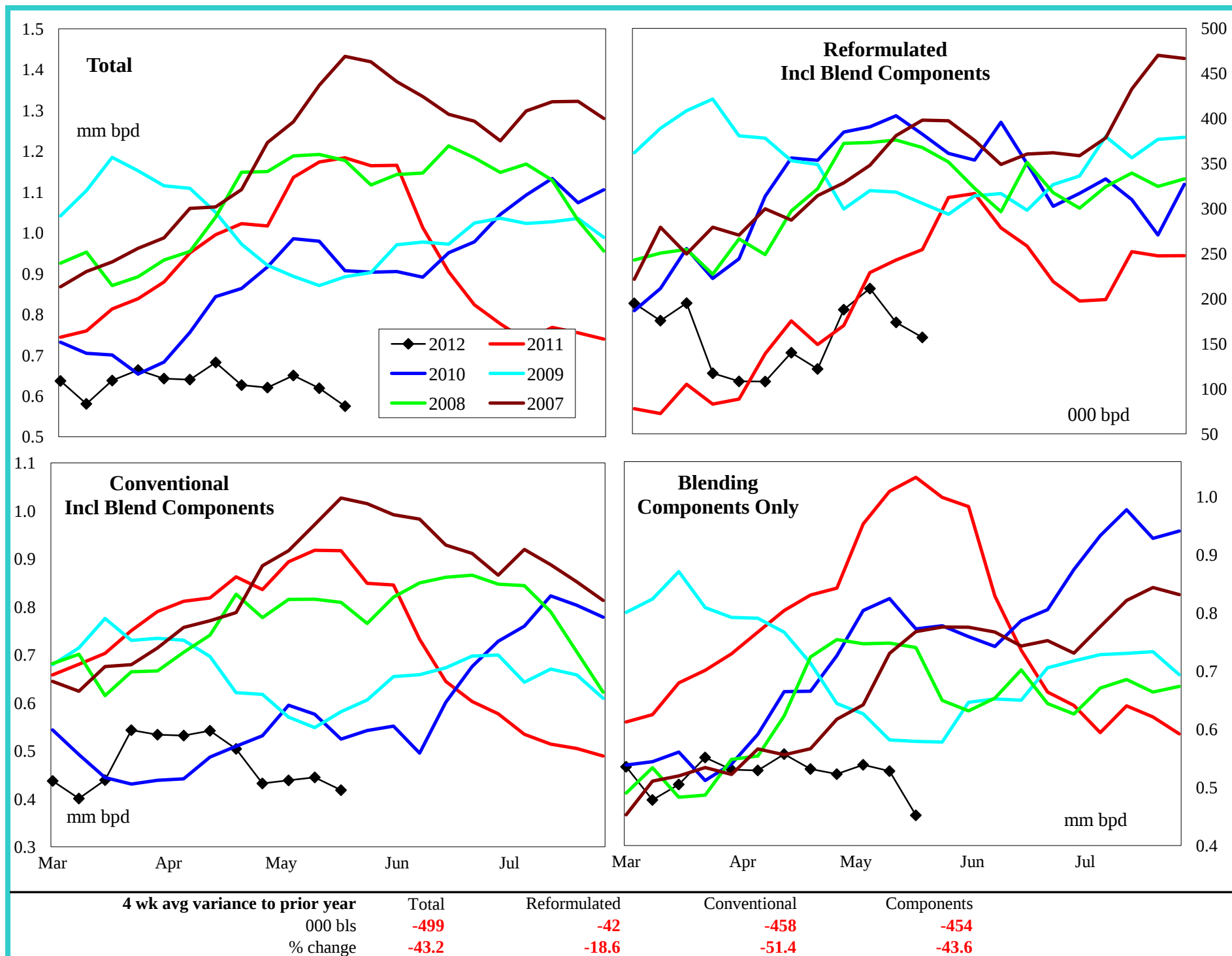
Stocks	Production	Imports	Prod + Imp - Stk chg
367	11	-42	25
0.3	0.4	-18.6	0.8



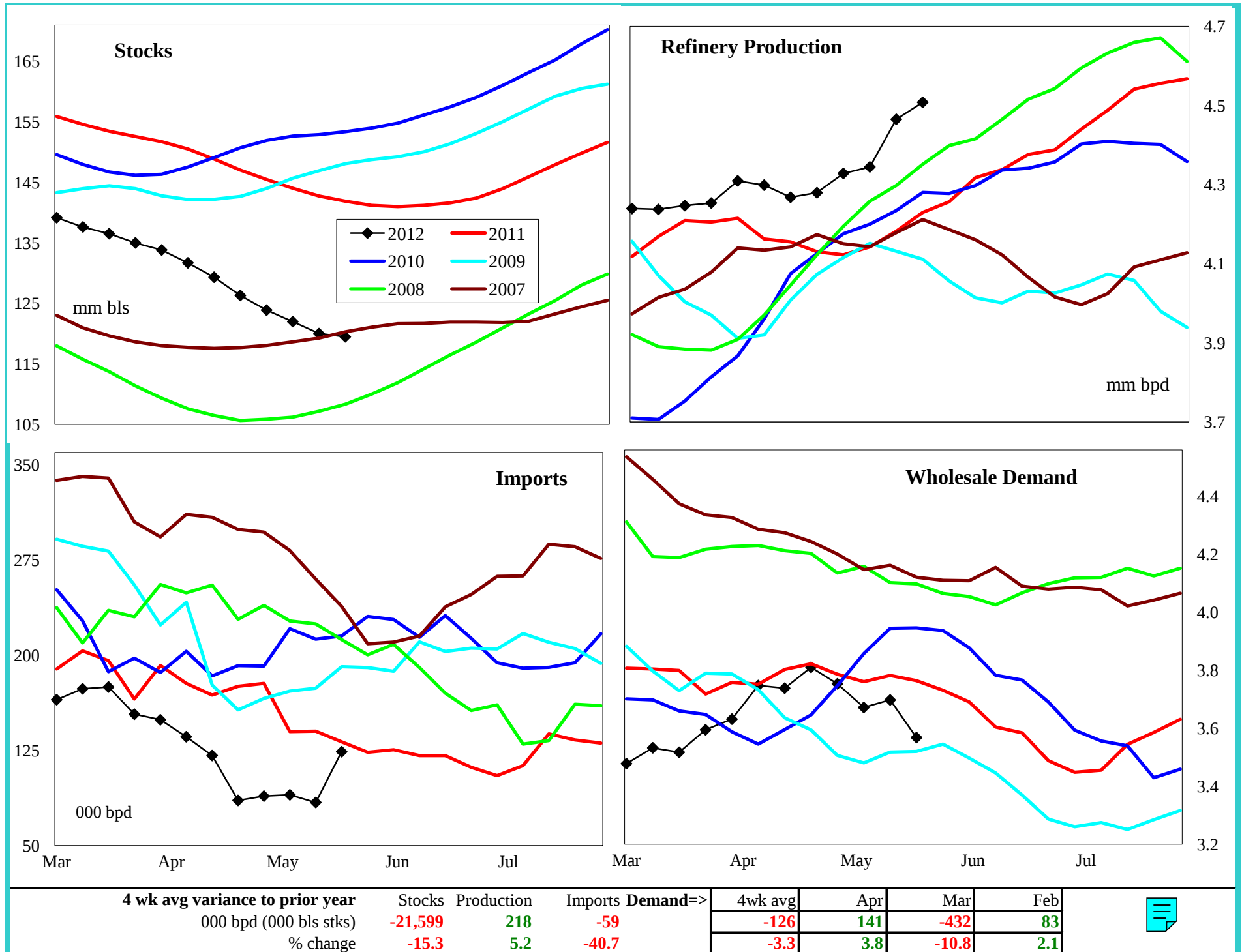
United States Conventional Gasoline Supply



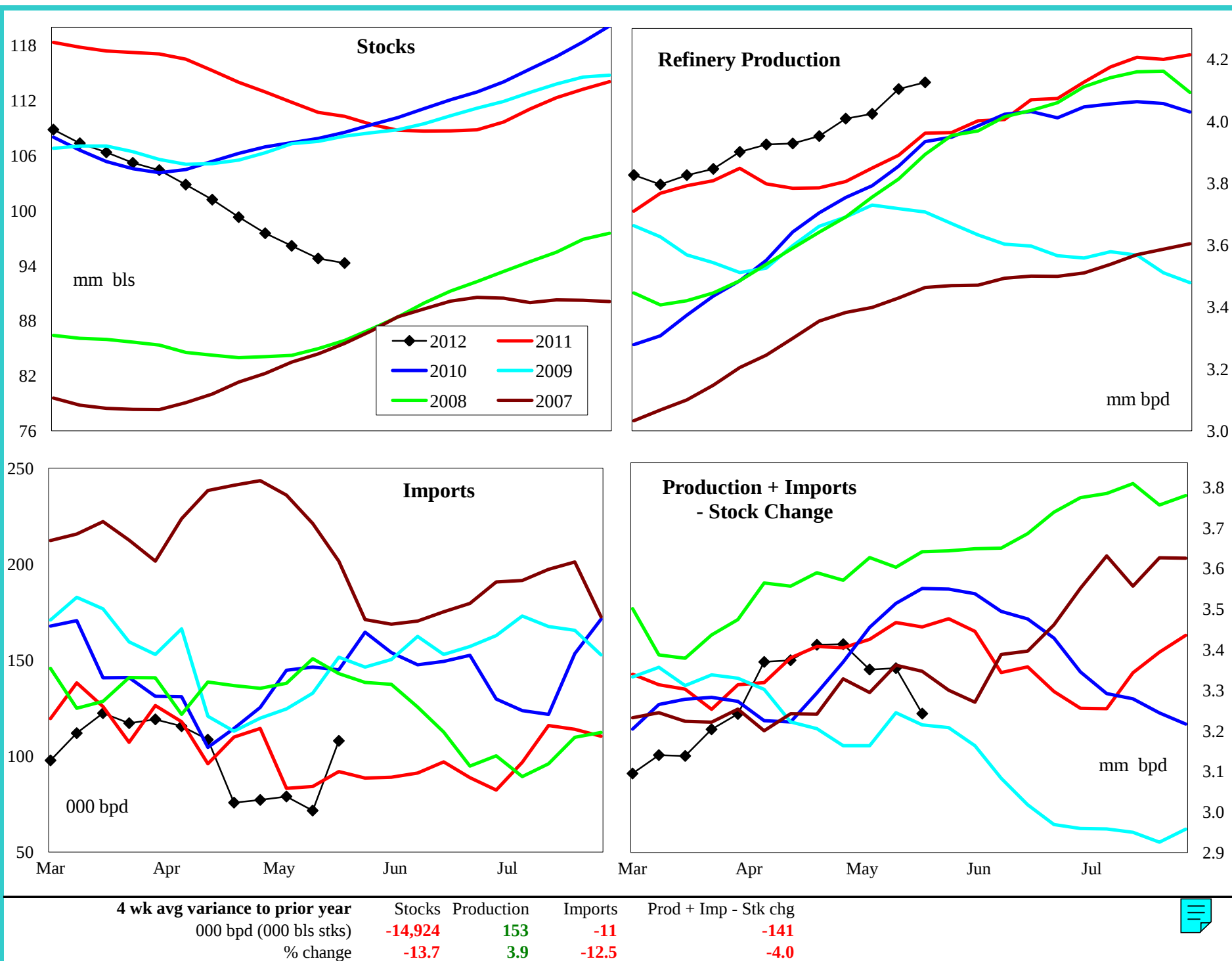
United States Gasoline Imports by Type



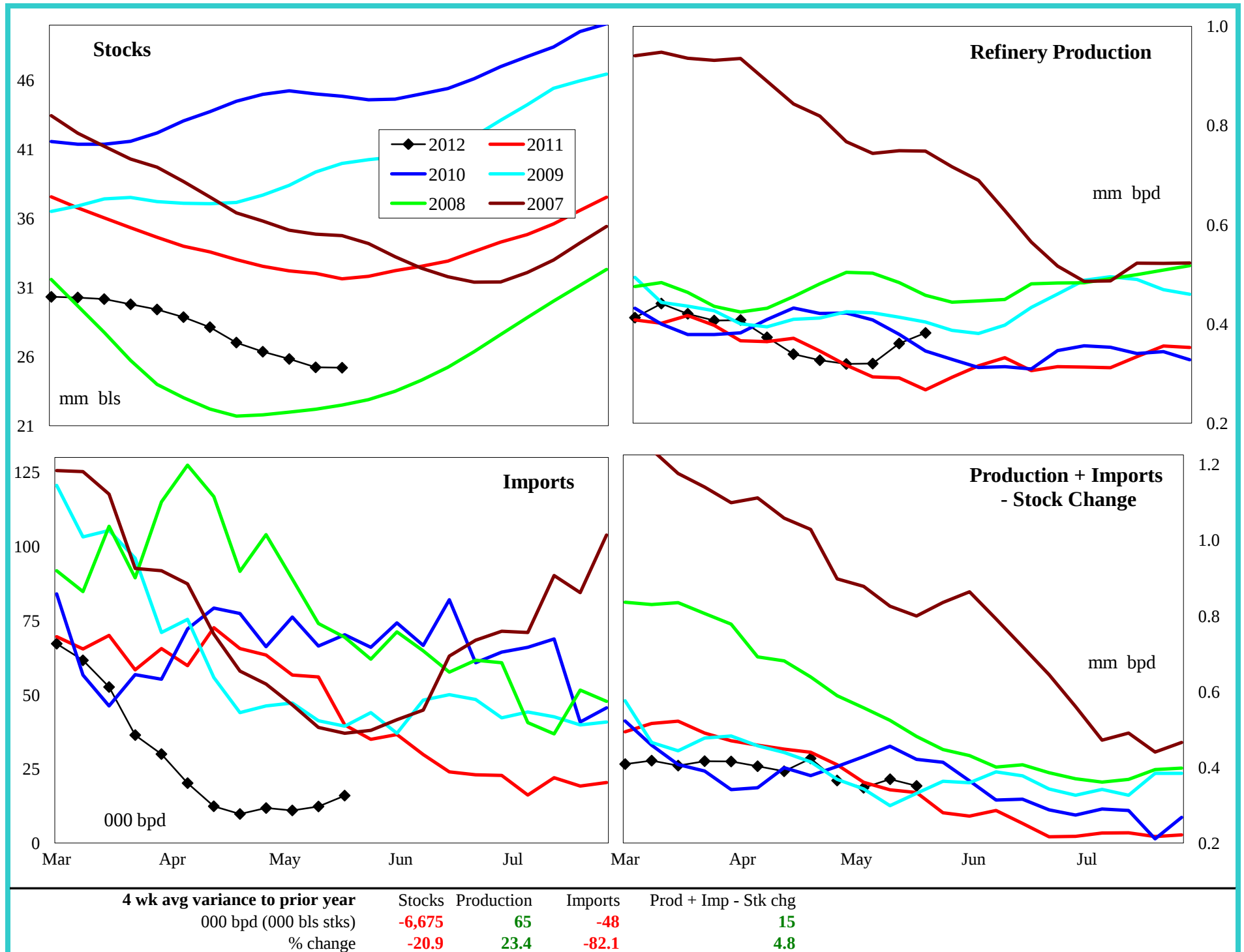
United States Distillate Supply and Demand Balance



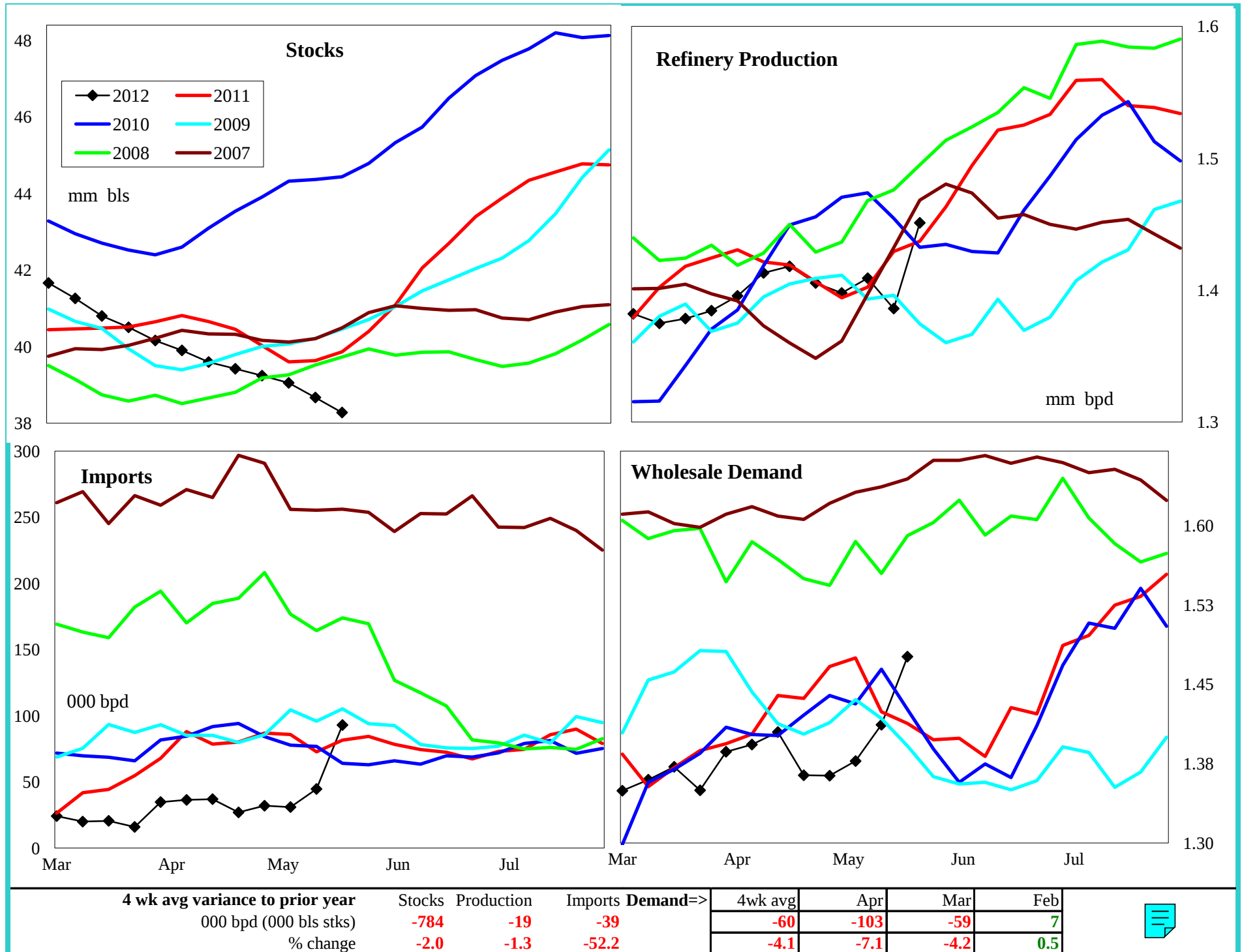
United States Low Sulfur Distillate Supply



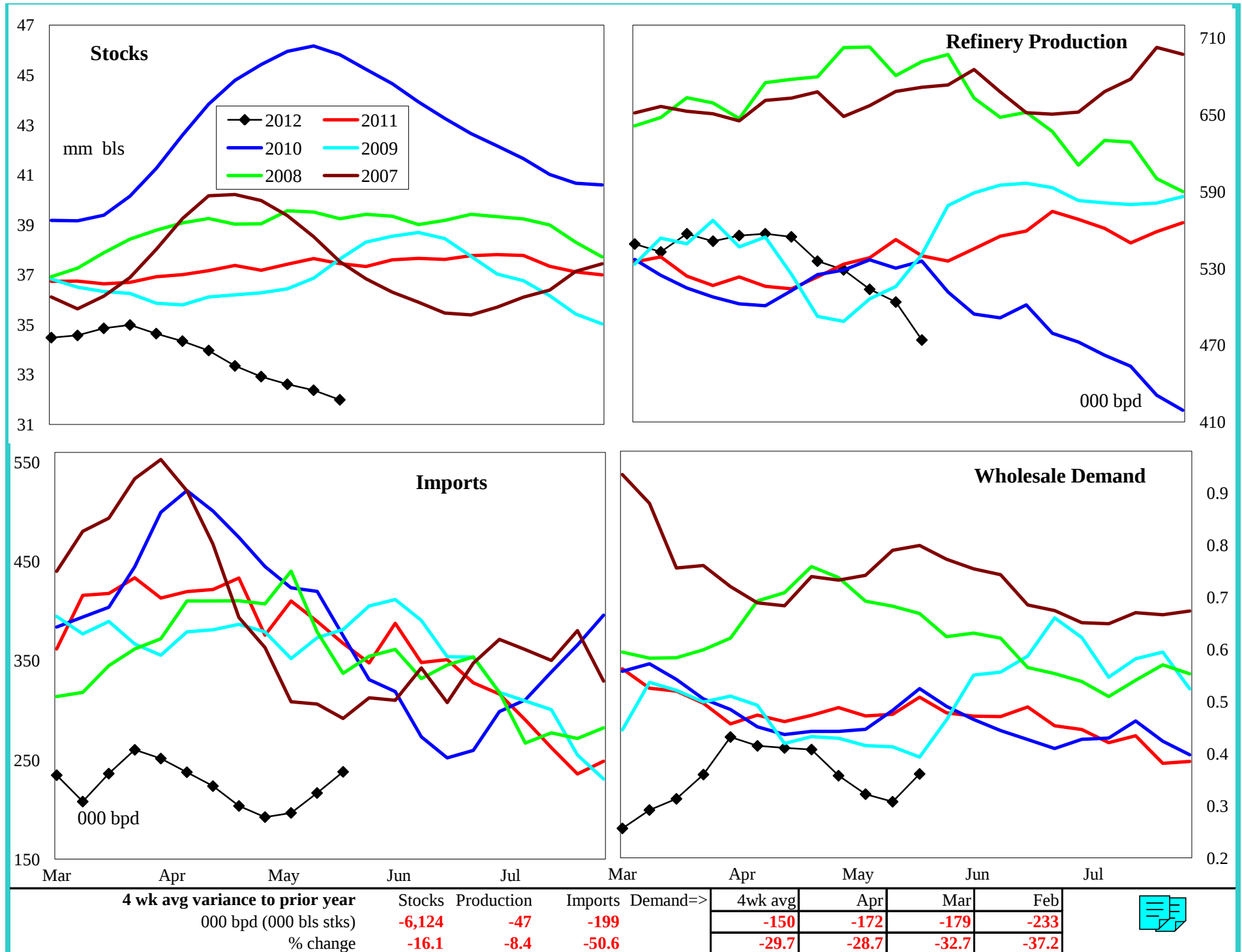
United States High Sulfur Distillate Supply



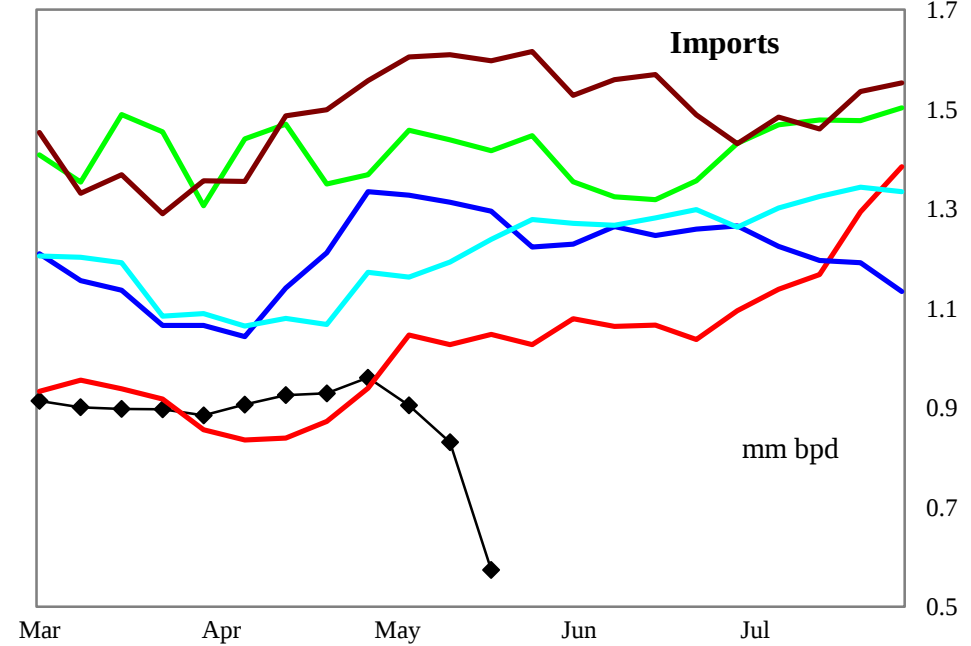
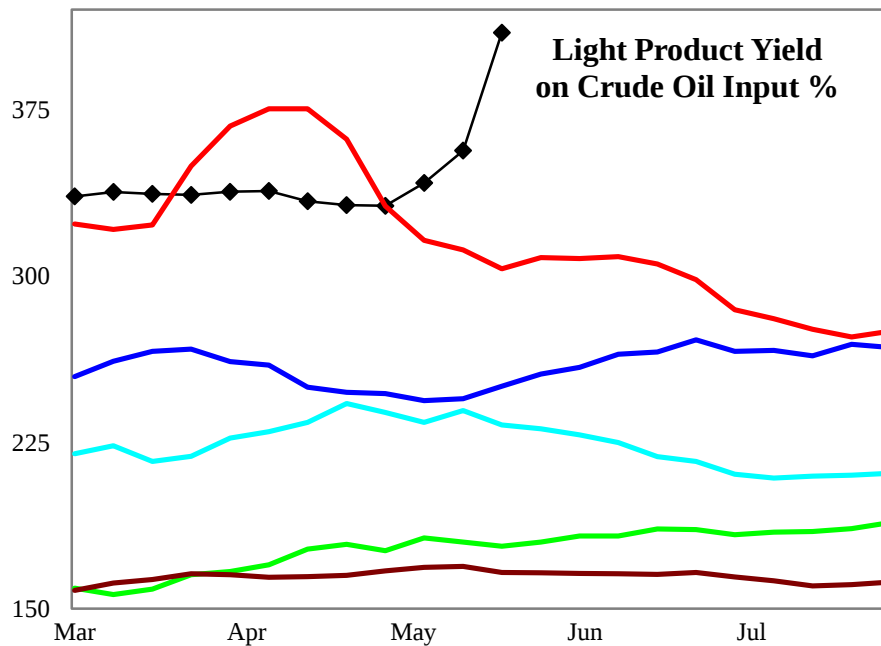
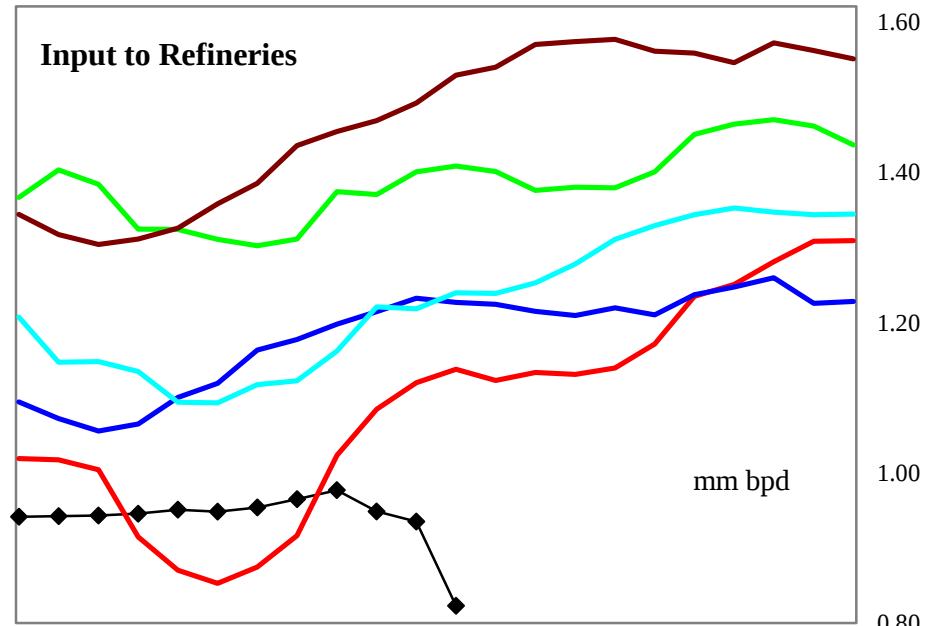
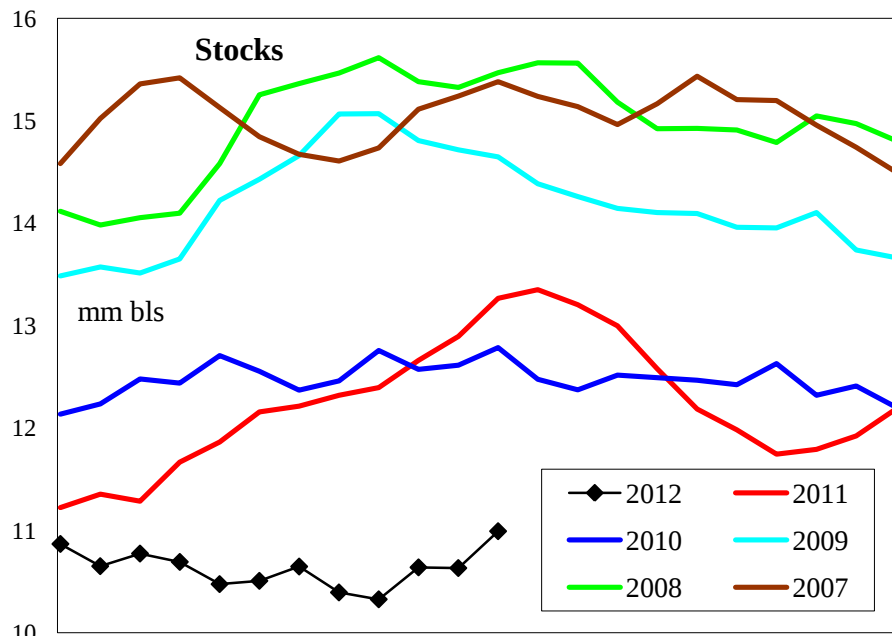
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

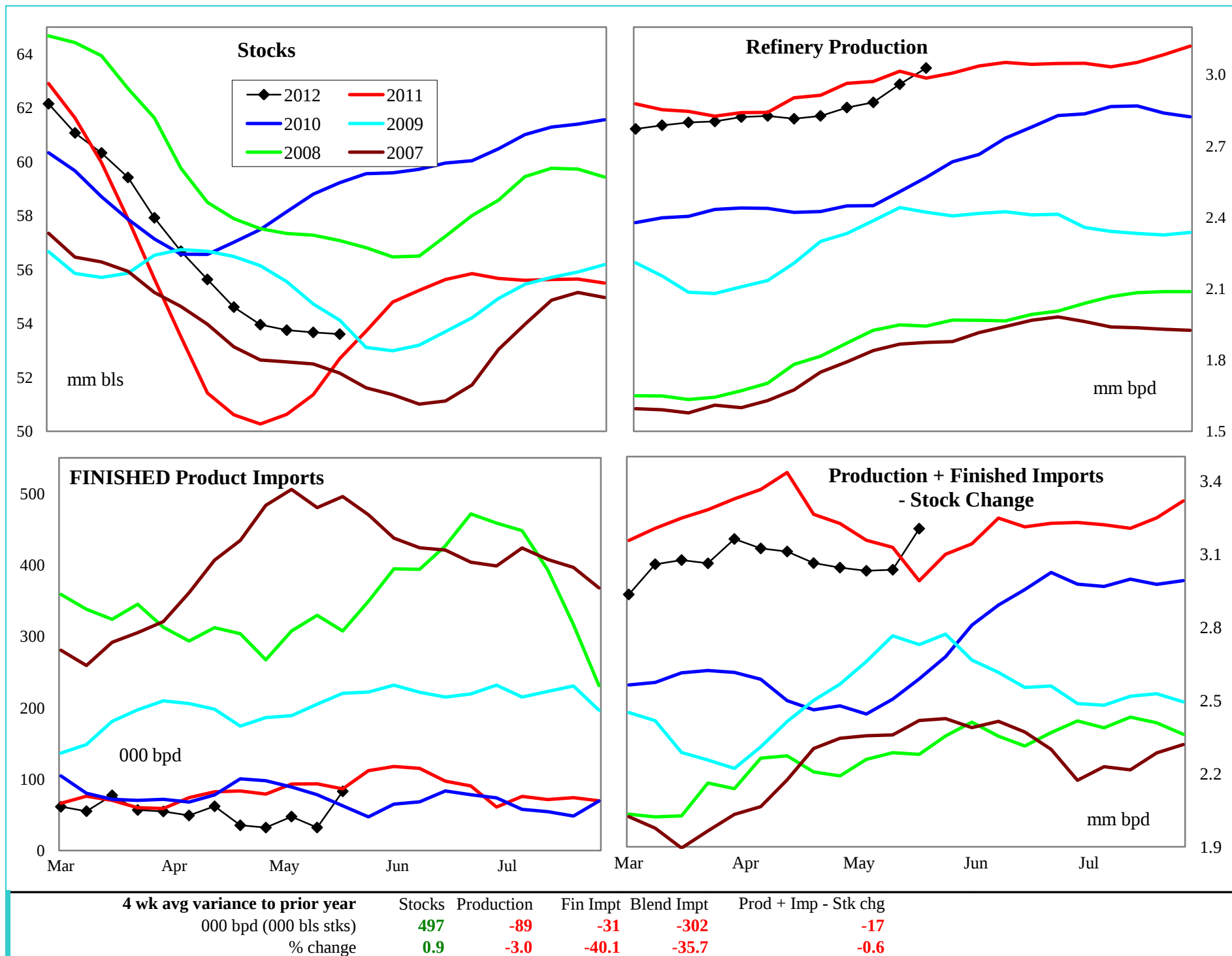


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

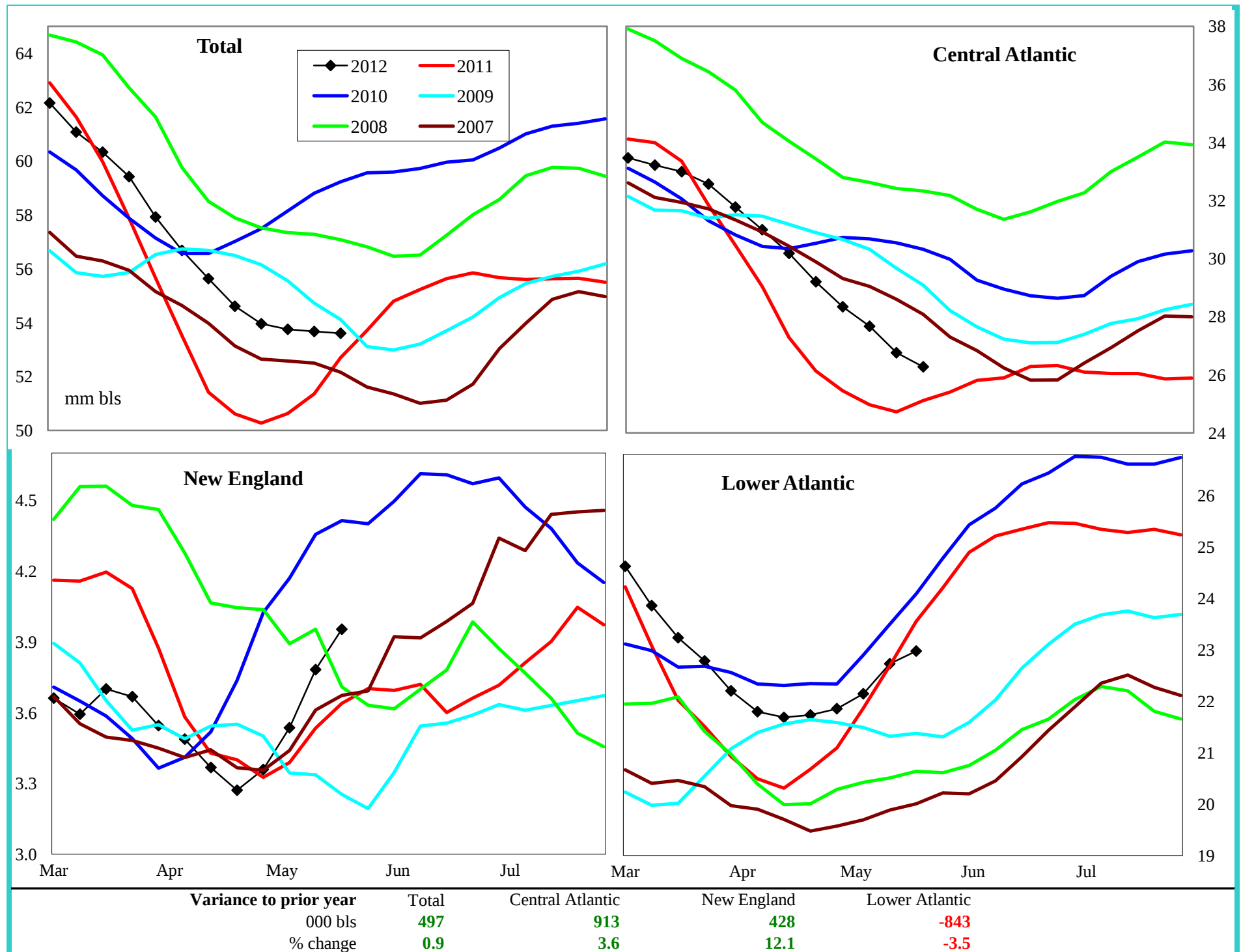
	Stocks	Input	Imports
000 bpd (000 bls stks)	-2,274	-170	-132
% change	-17.1	-15.3	-12.9



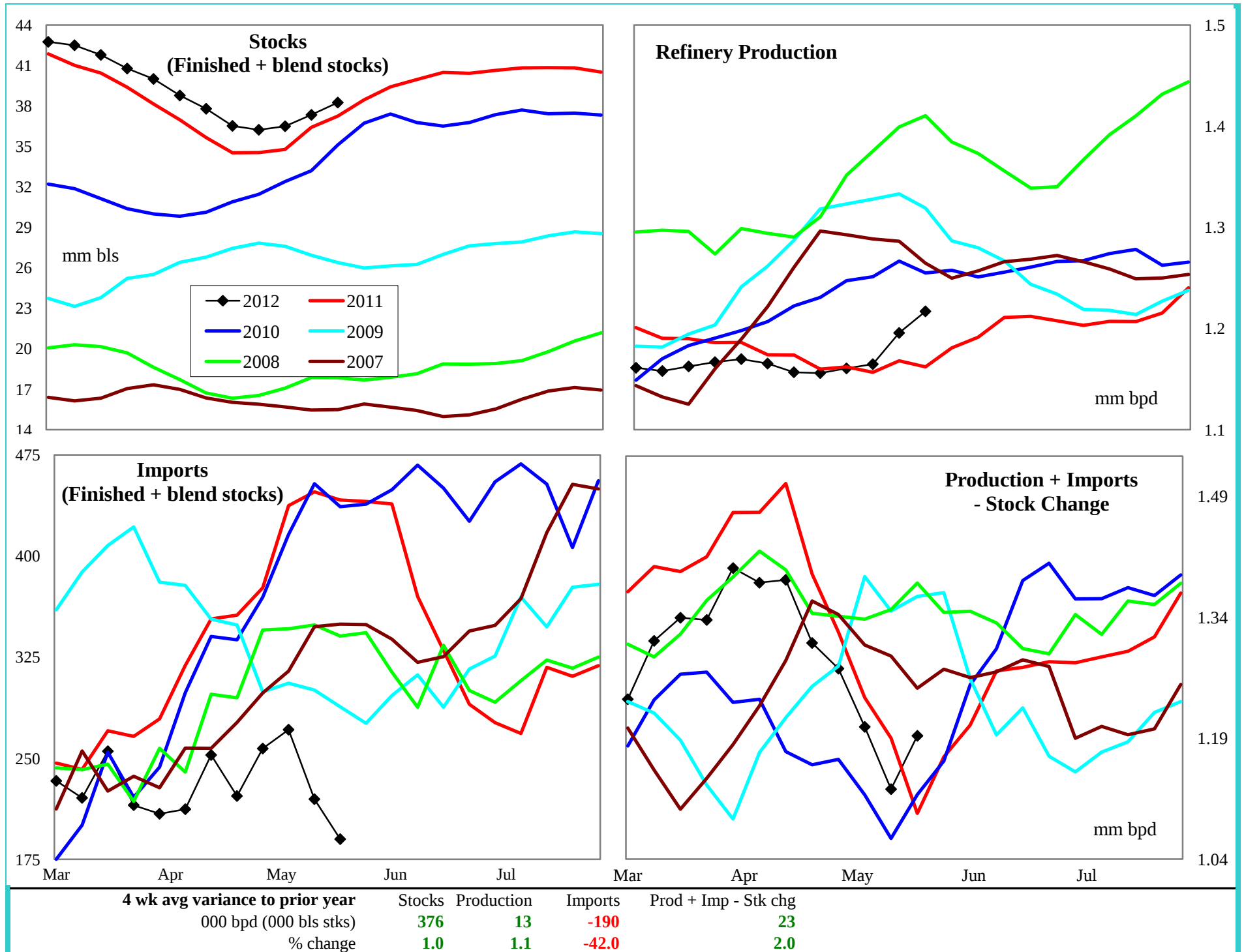
PADD 1 Gasoline Supply



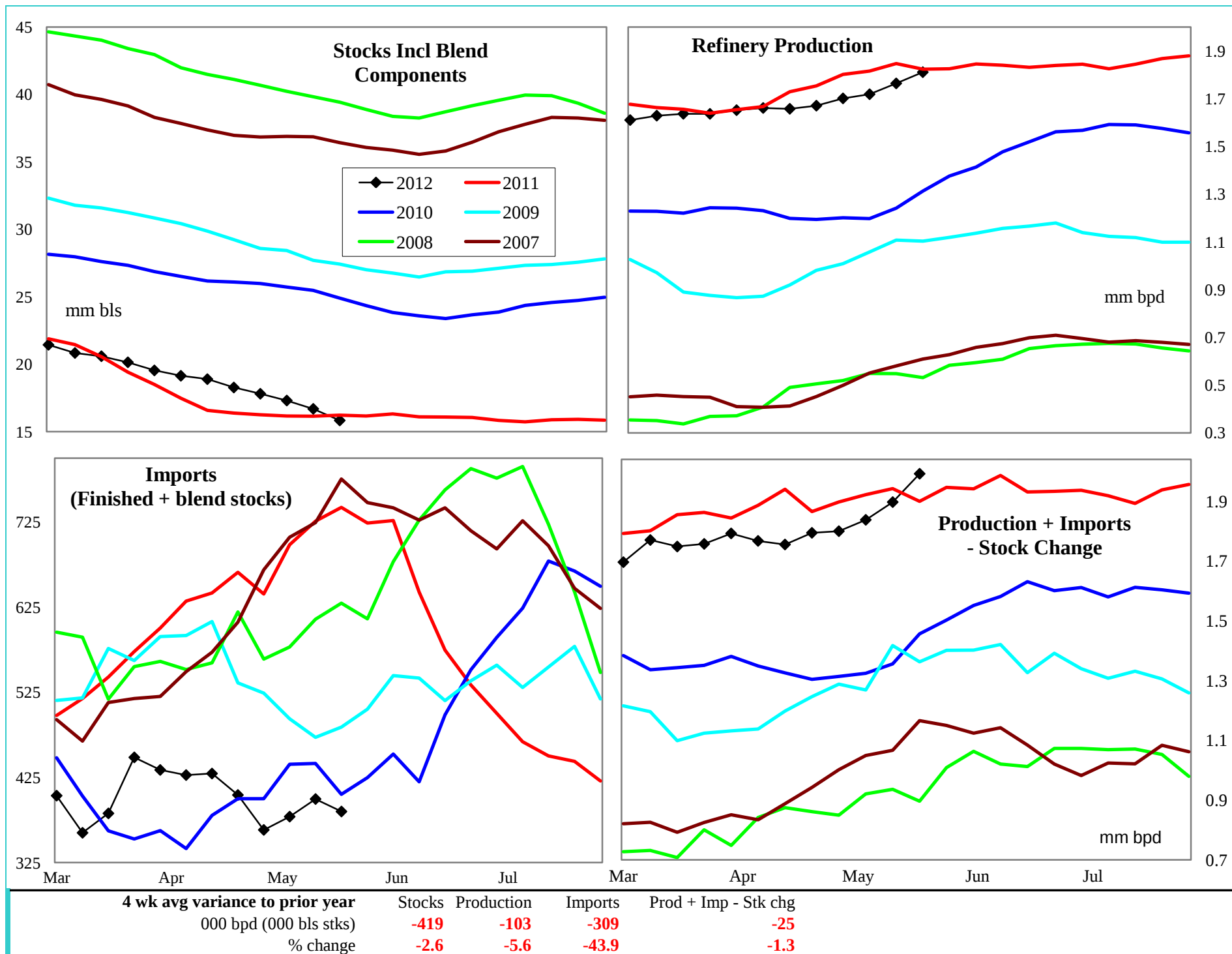
PADD 1 Gasoline Stocks by Region



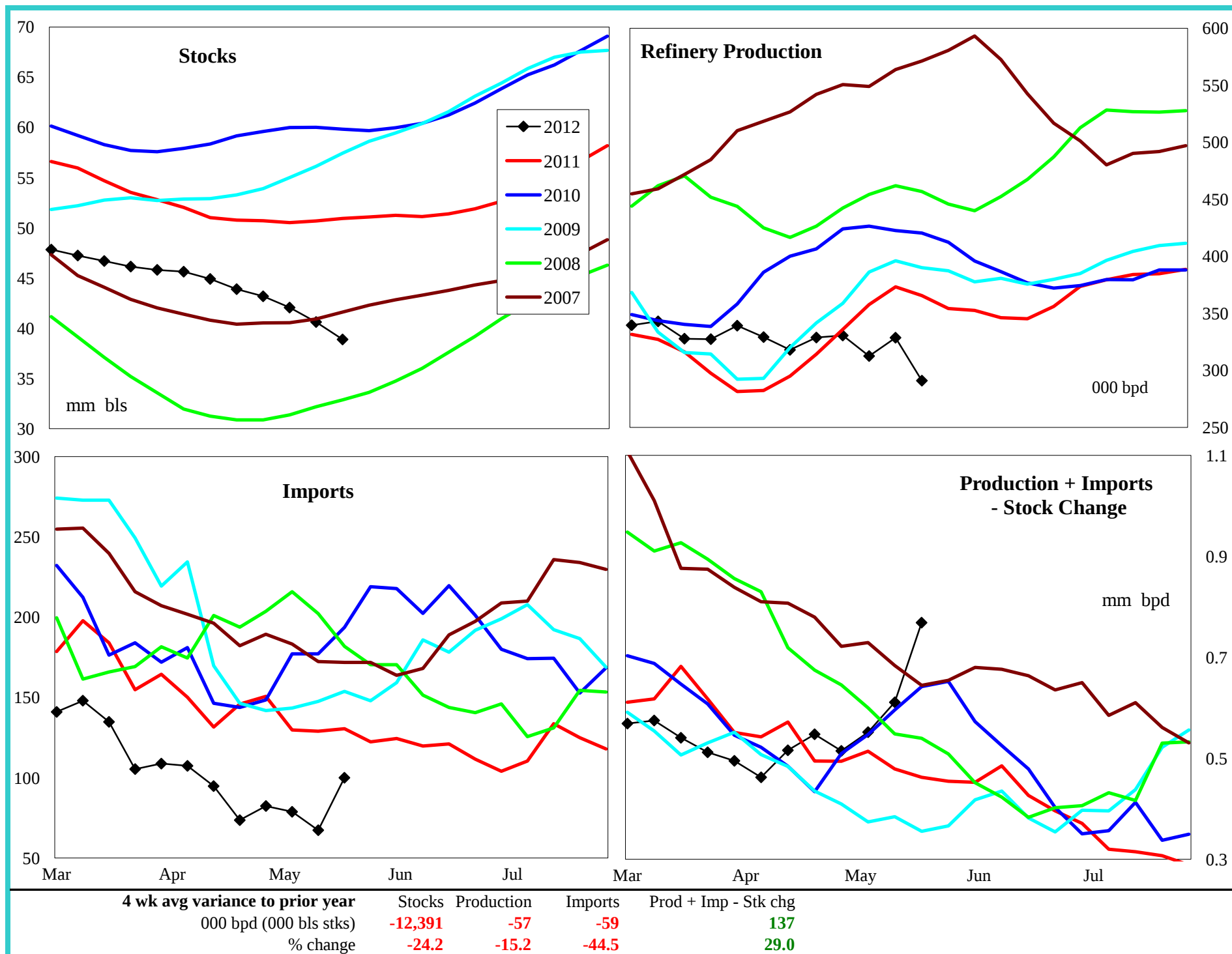
PADD 1 Reformulated Gasoline Supply



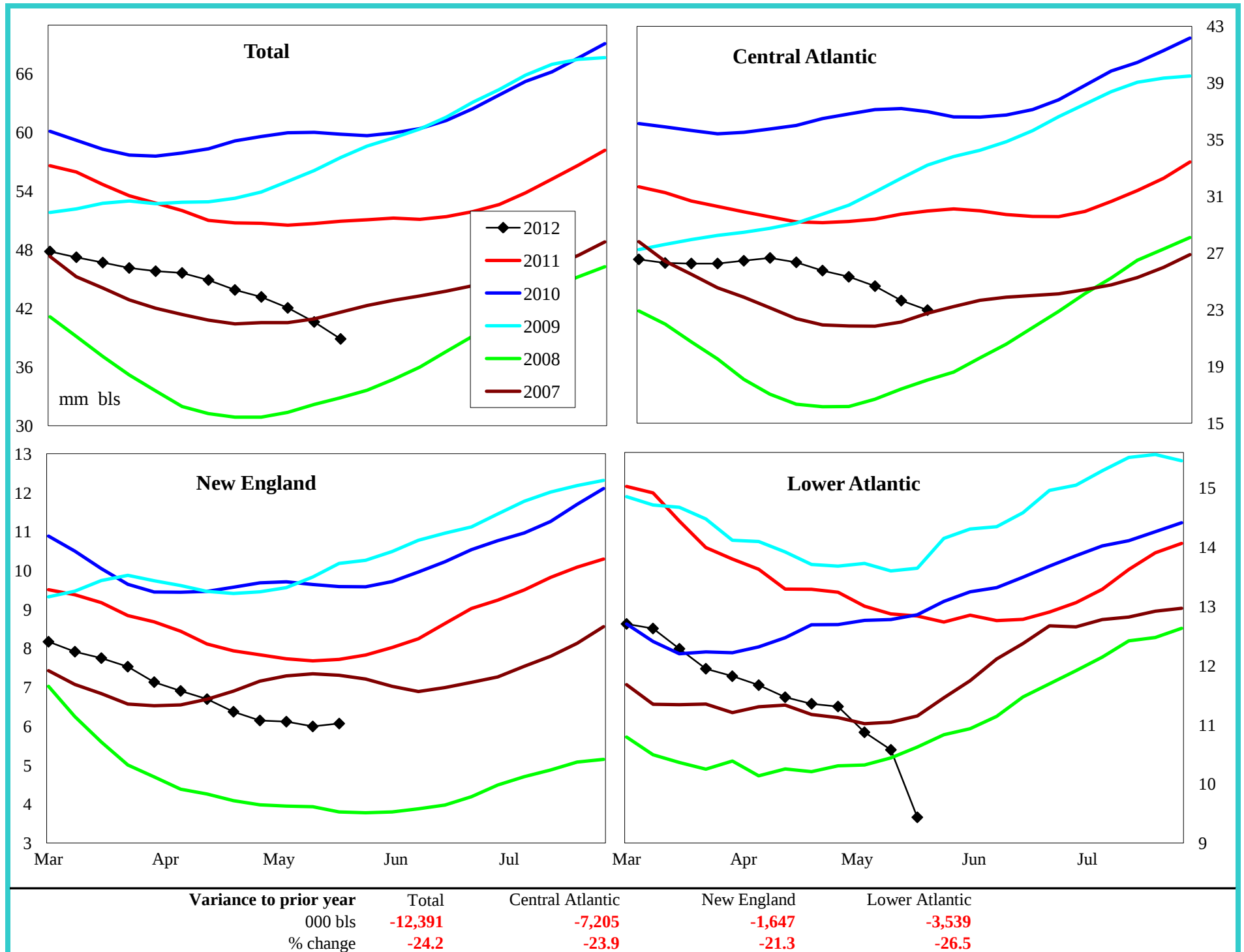
PADD 1 Conventional Gasoline Supply



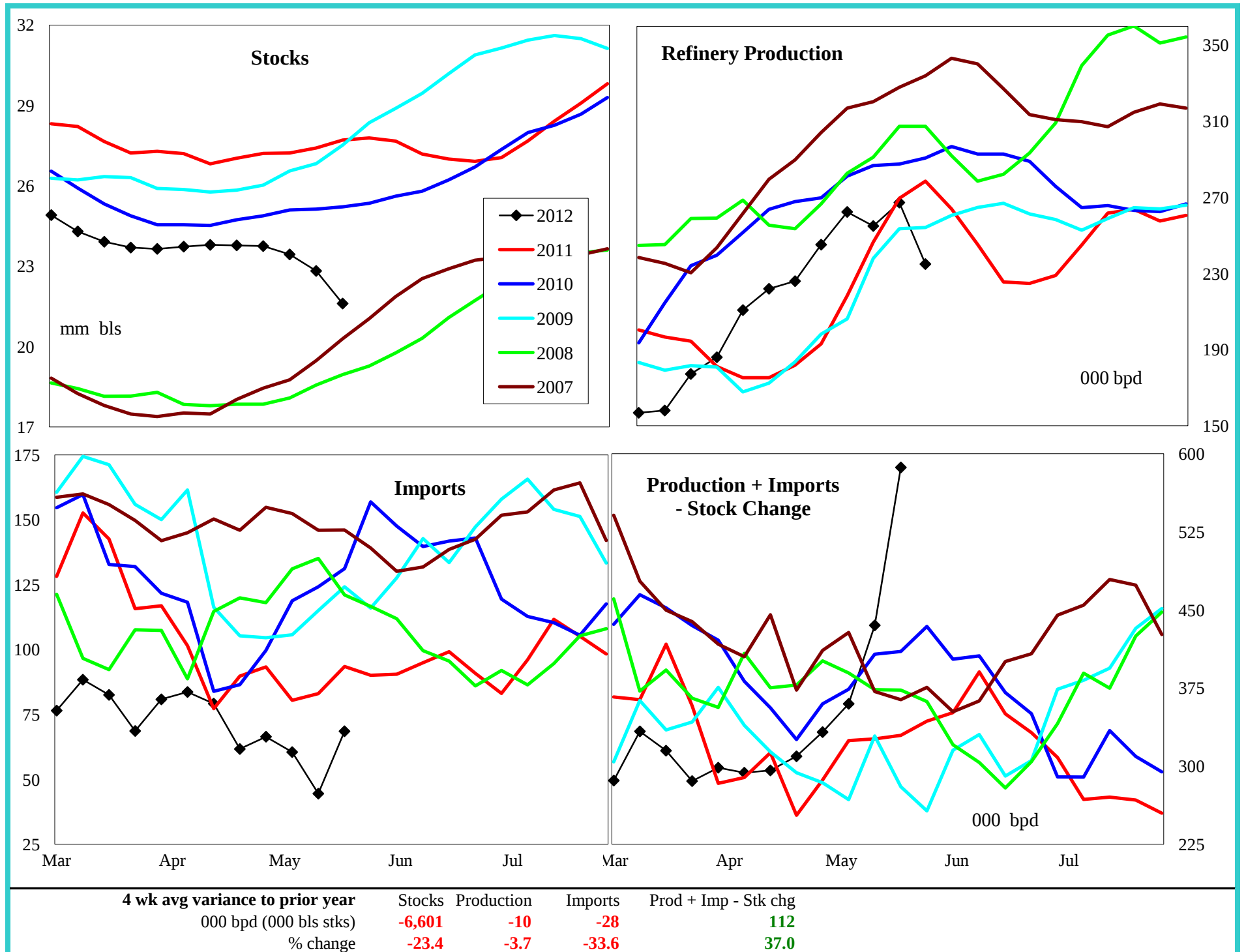
PADD 1 Distillate Supply



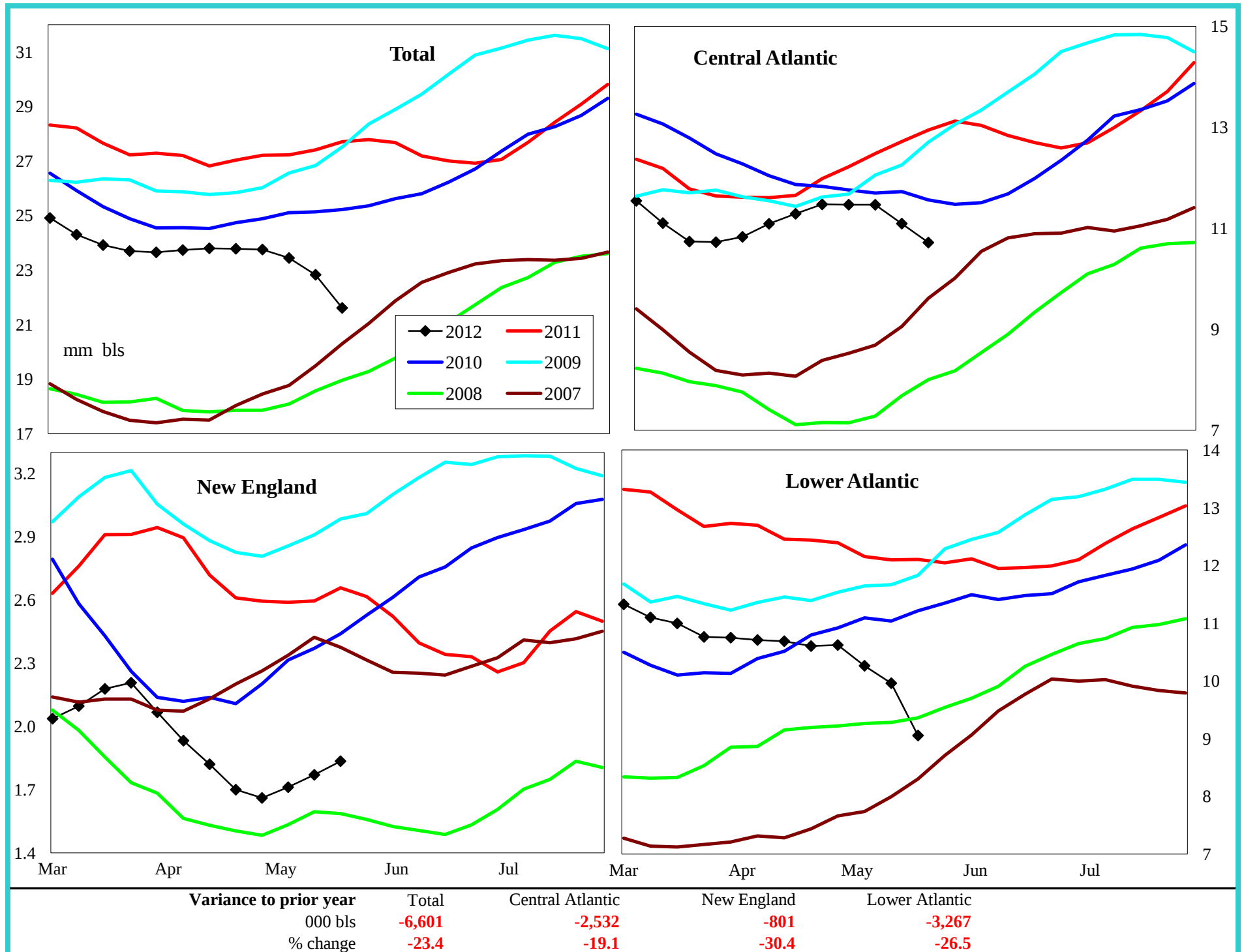
PADD 1 Distillate Stocks by Region



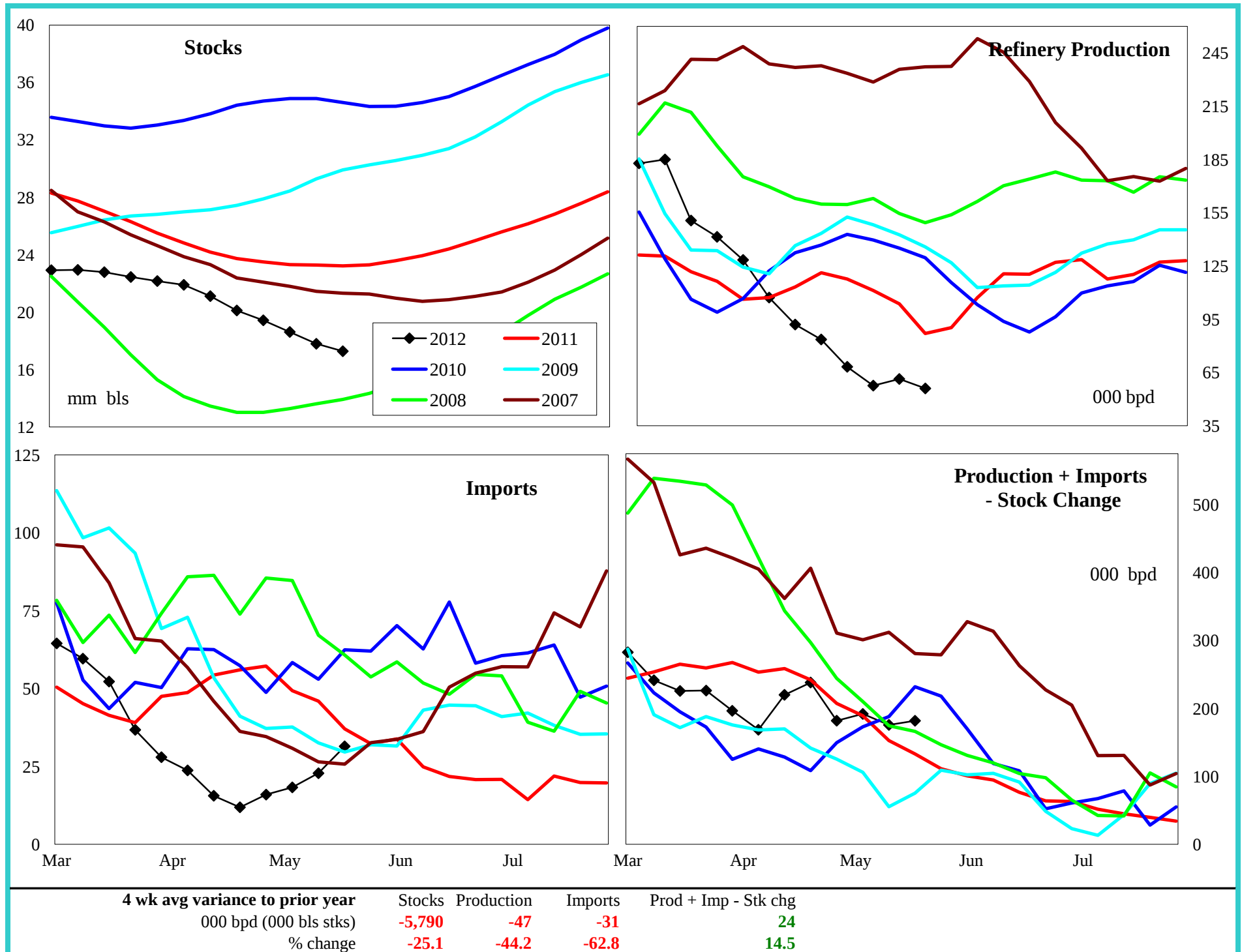
PADD 1 Low Sulfur Distillate Supply



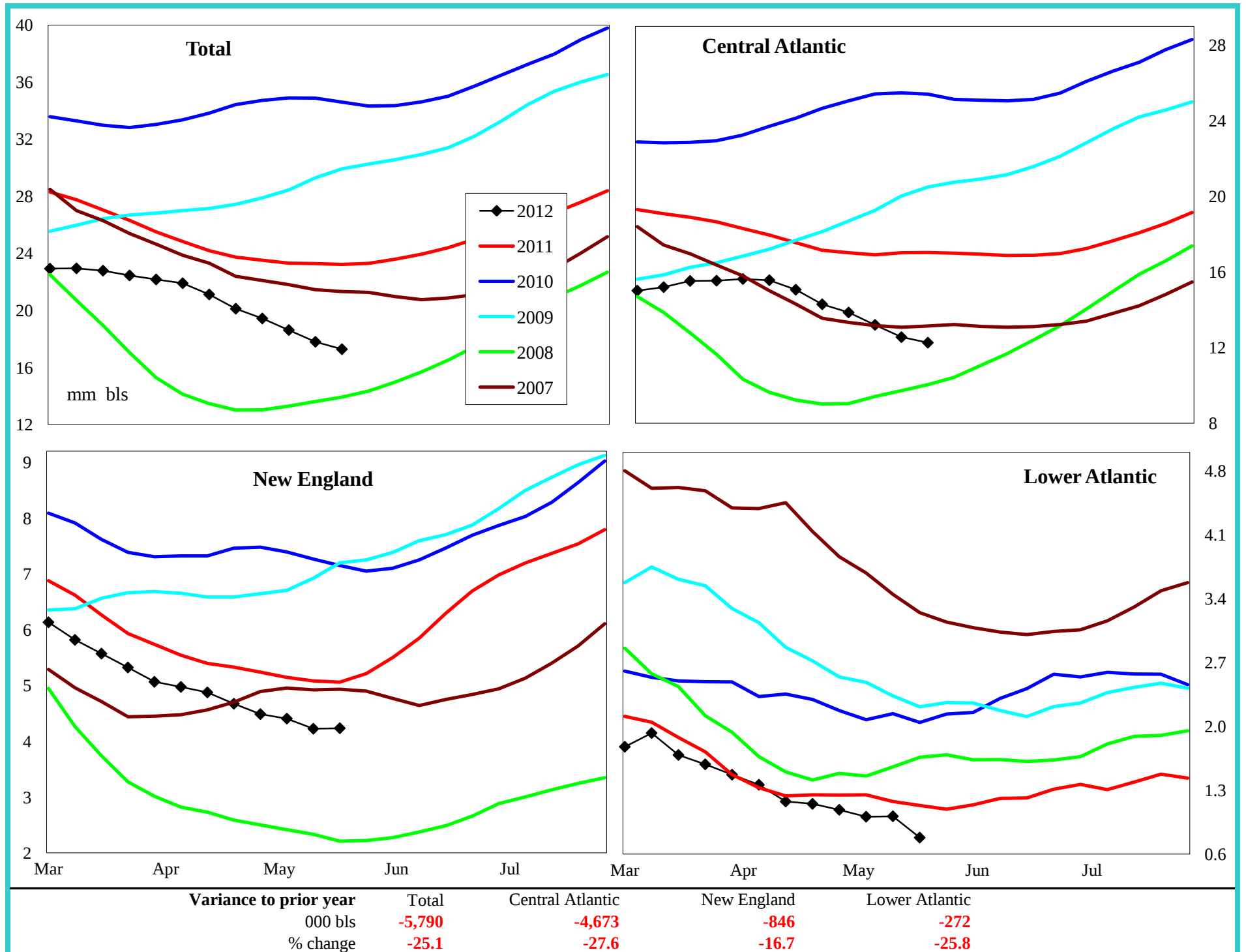
PADD 1 Low Sulfur Distillate Stocks by Region



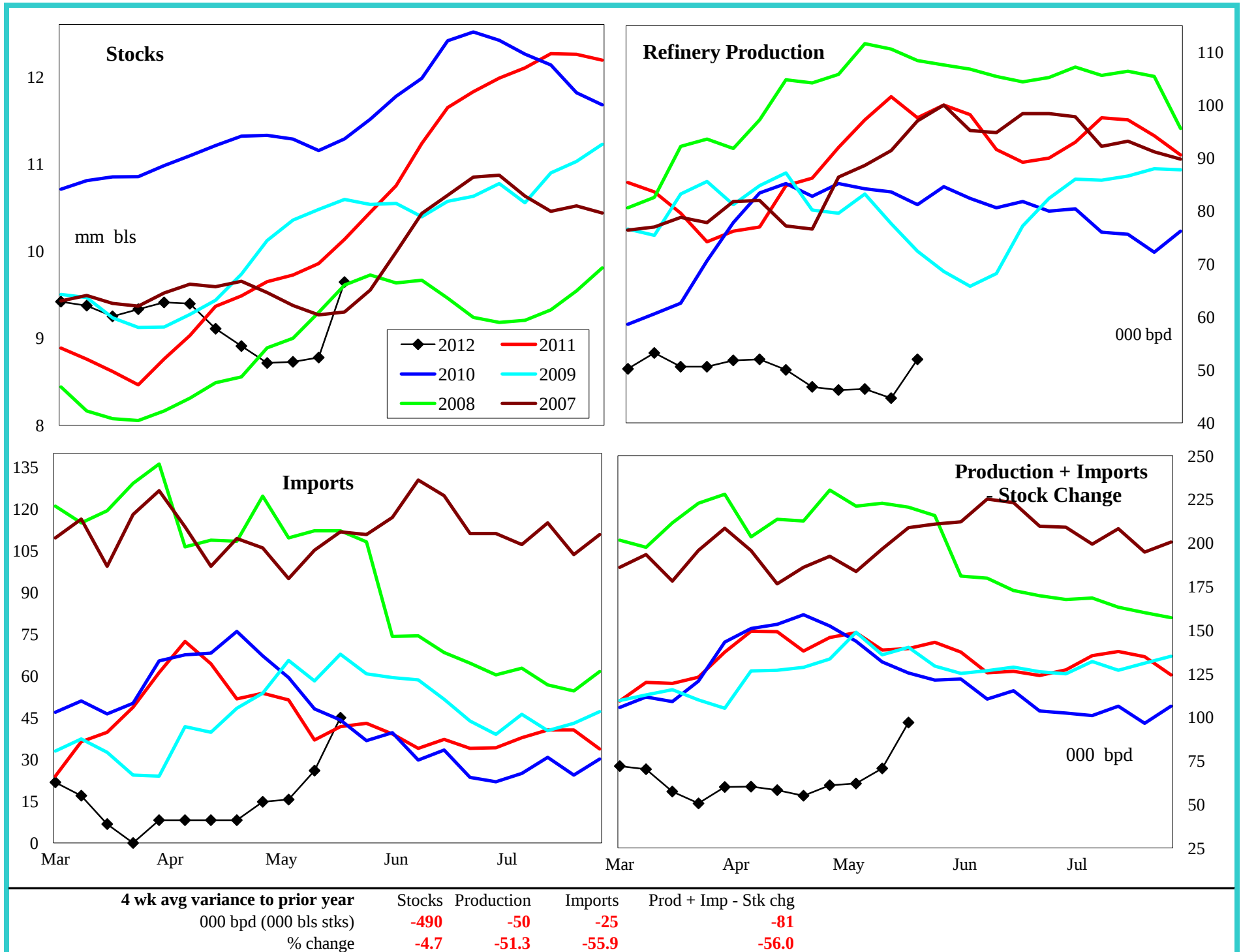
PADD 1 High Sulfur Distillate Supply



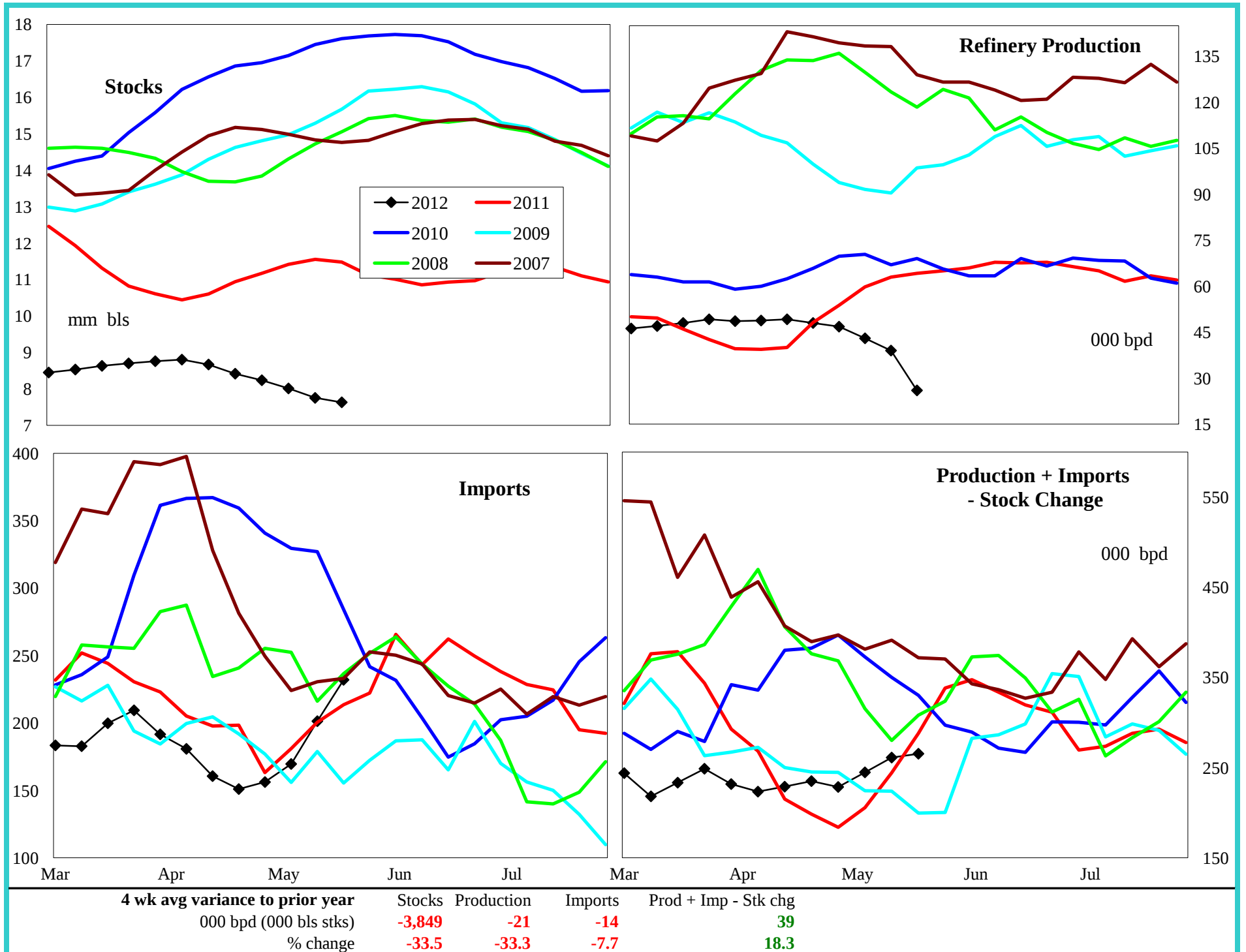
PADD 1 High Sulfur Distillate Stocks by Region



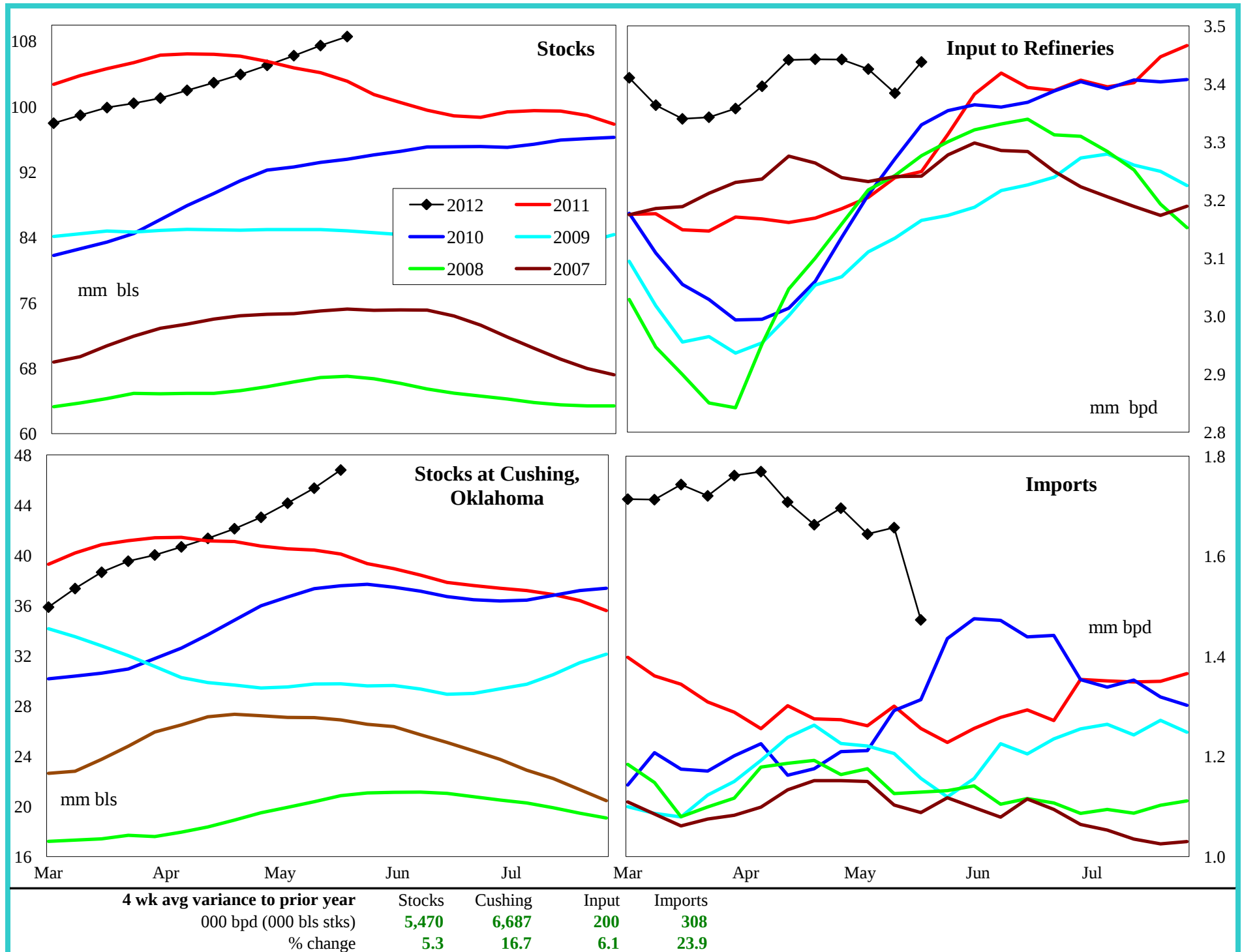
PADD 1 Jet Fuel Supply



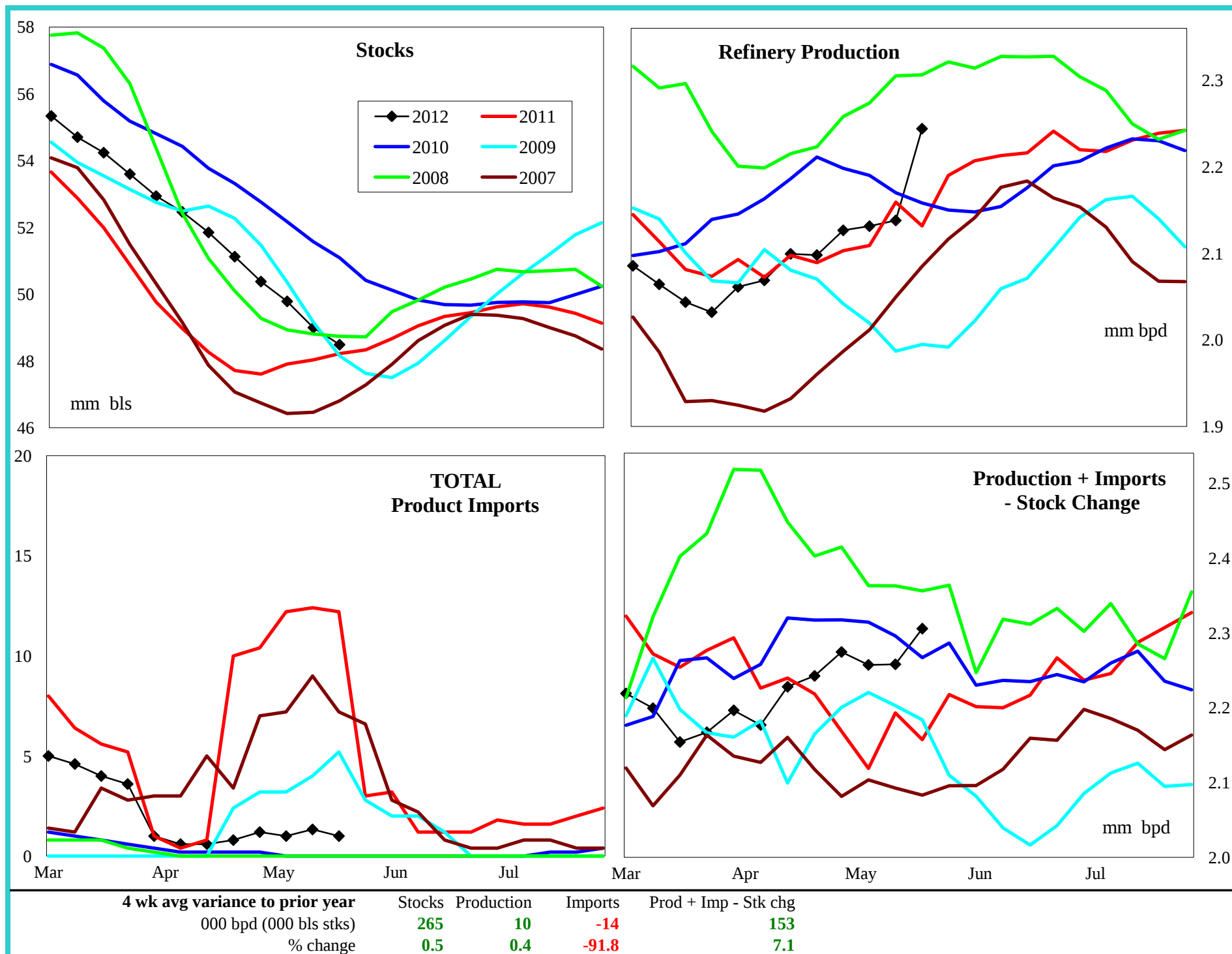
PADD 1 Residual Fuel Oil Supply



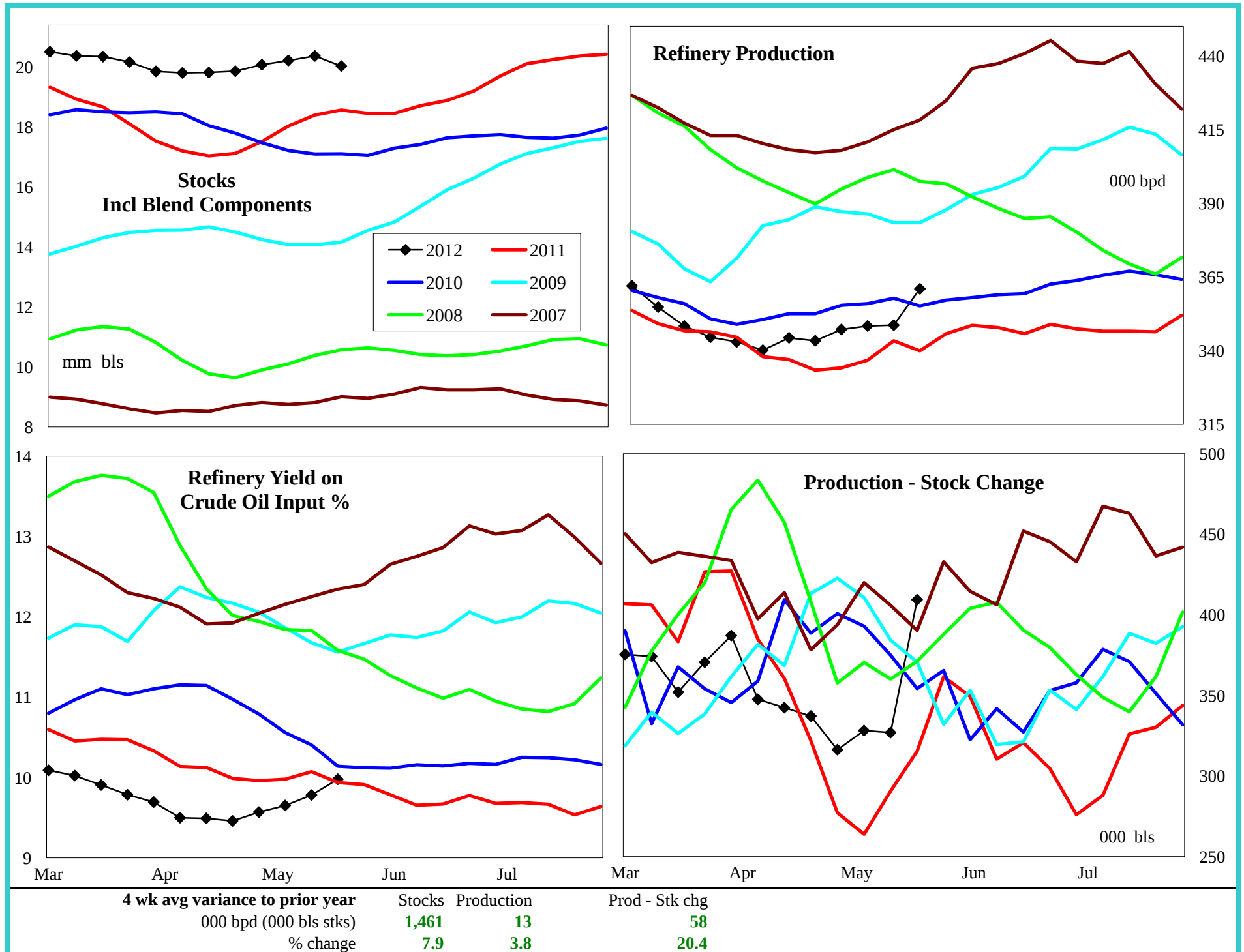
PADD 2 Crude Oil Supply and Refining



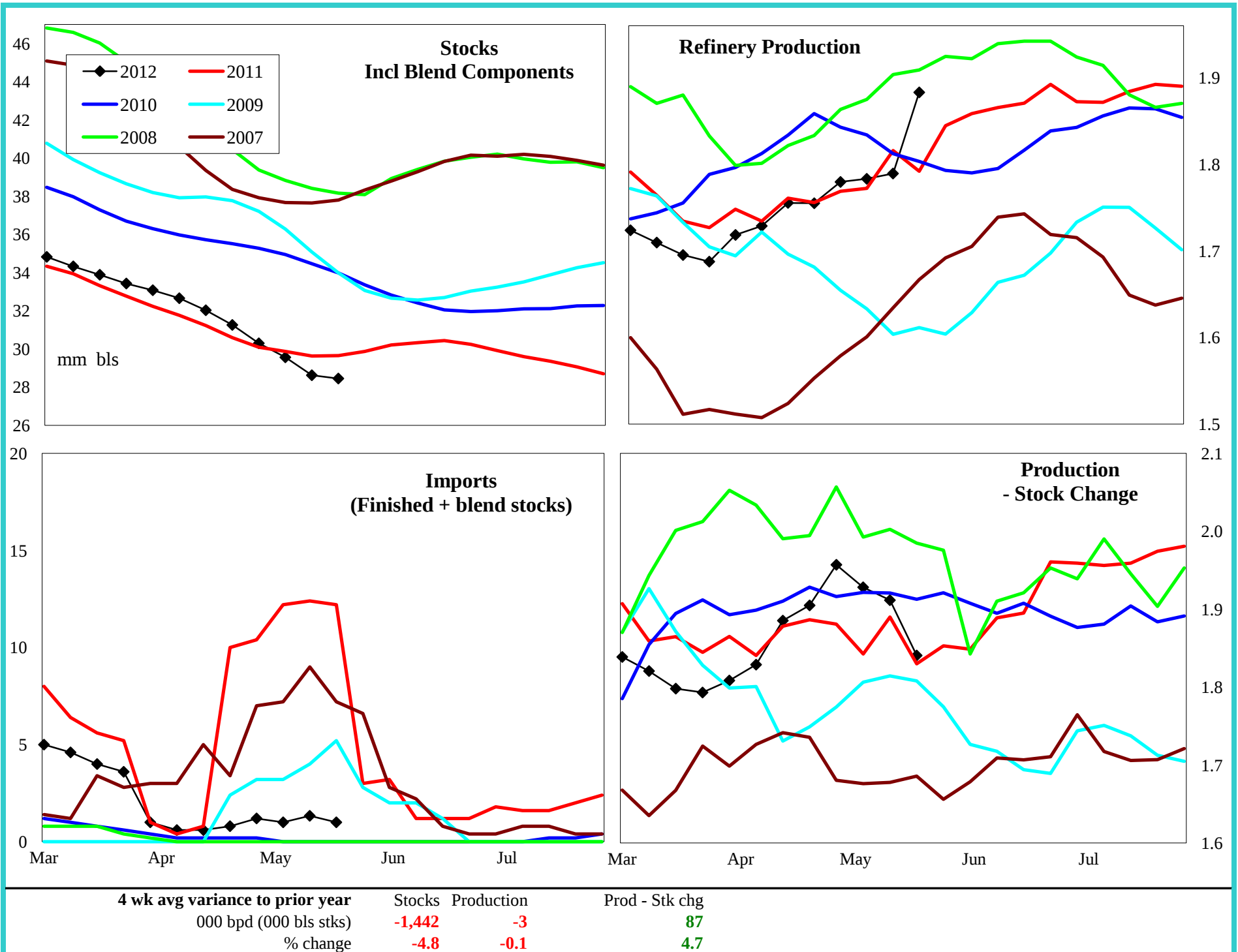
PADD 2 Gasoline Supply



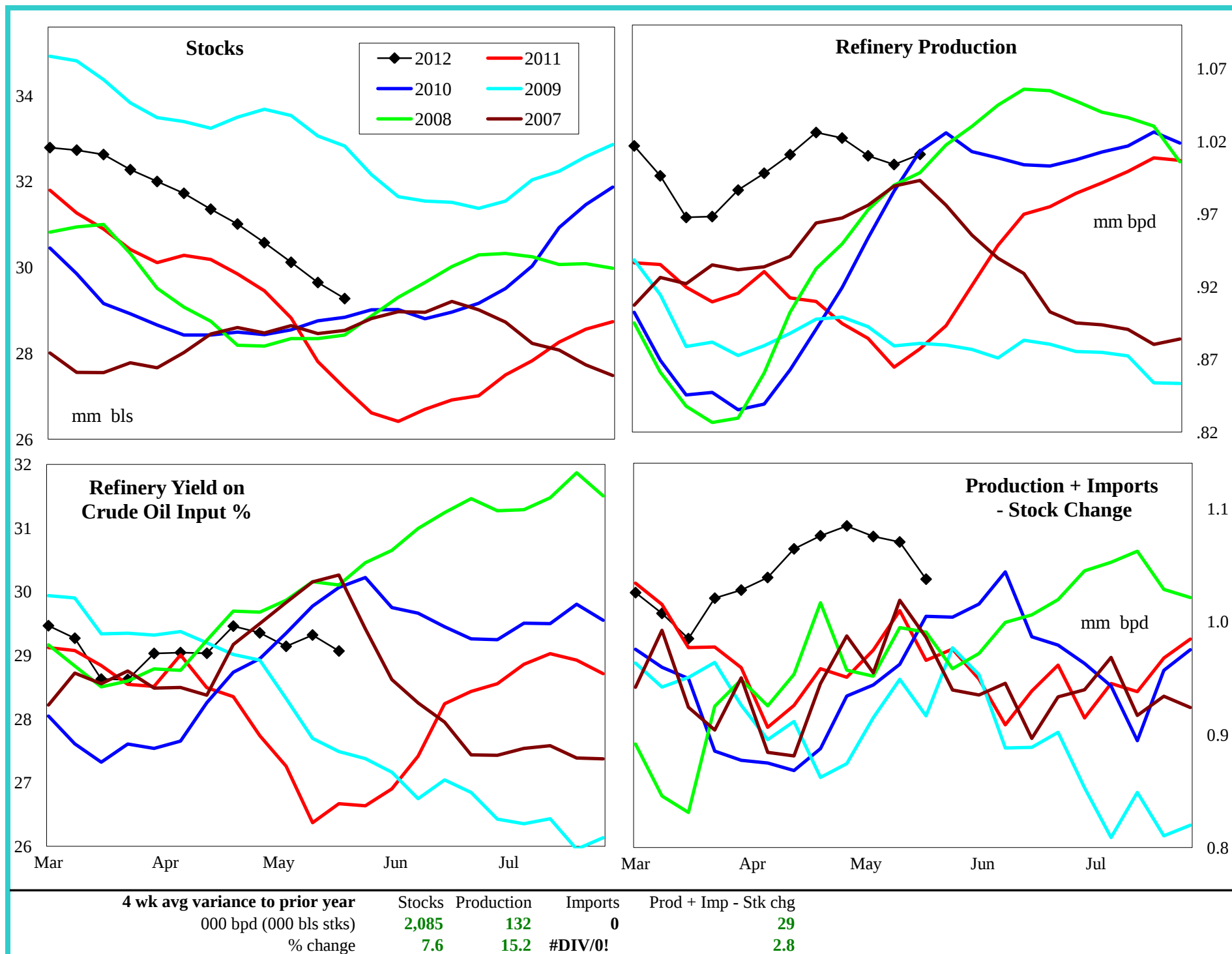
PADD 2 Reformulated Gasoline Supply



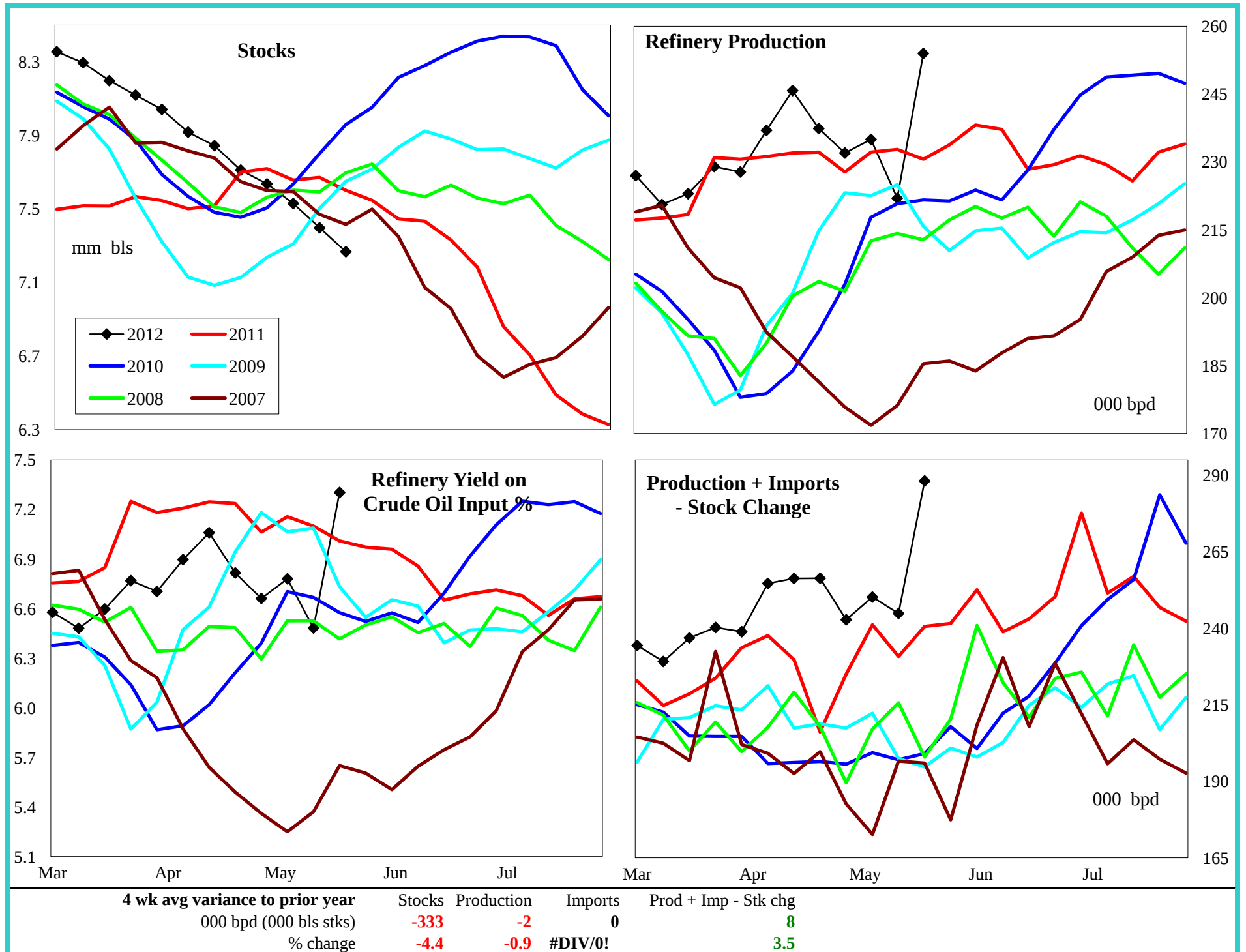
PADD 2 Conventional Gasoline Supply



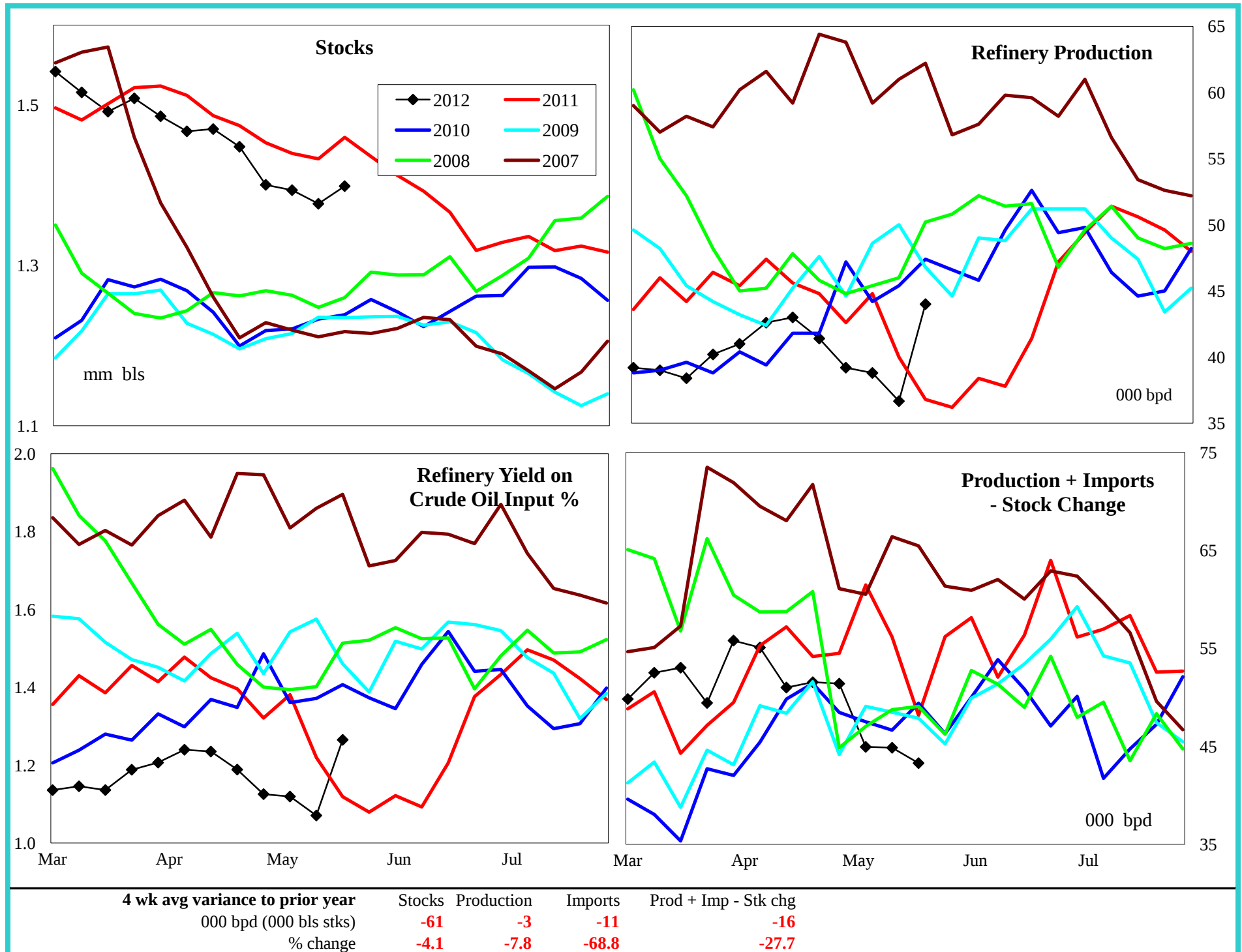
PADD 2 Distillate Supply



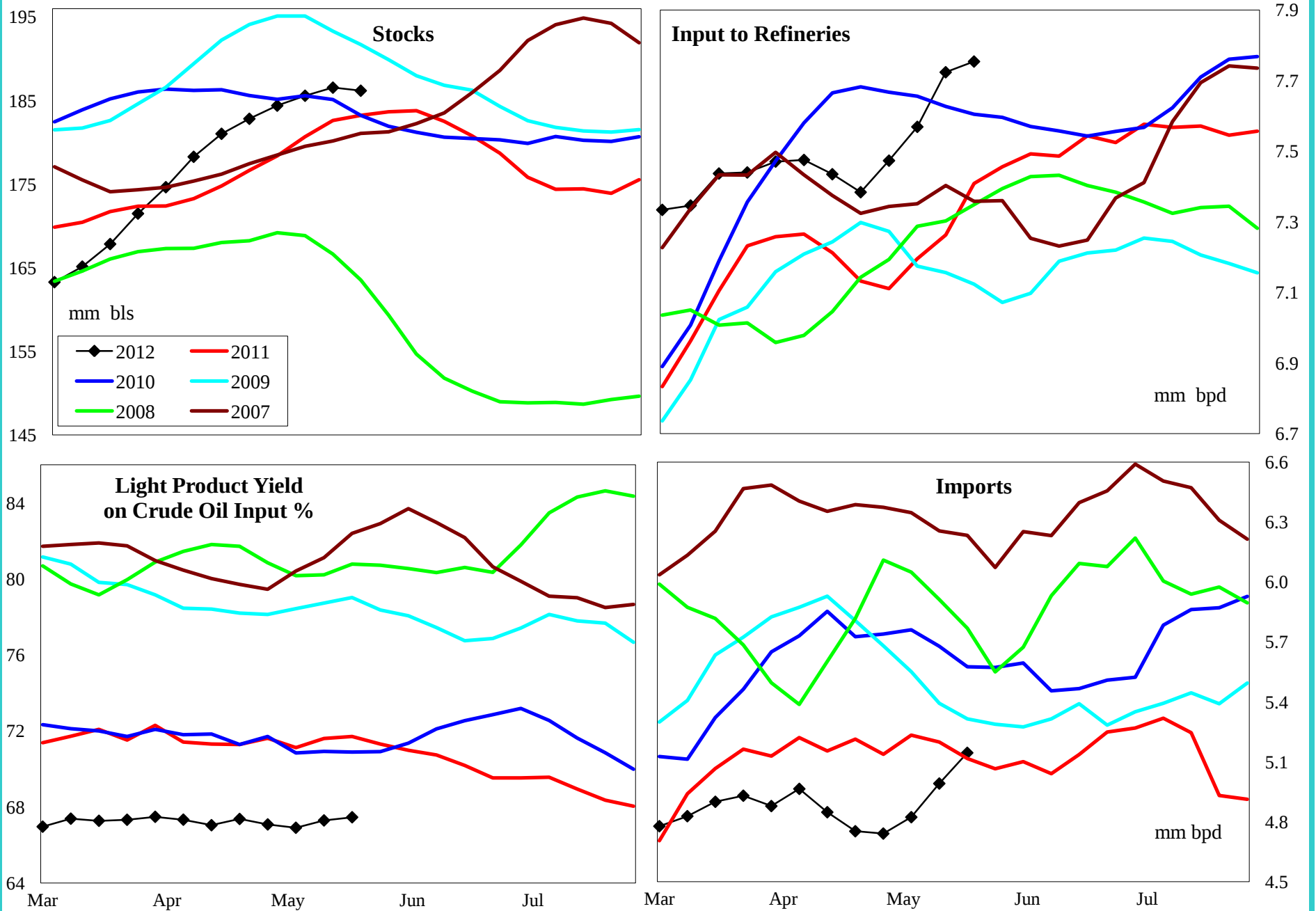
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



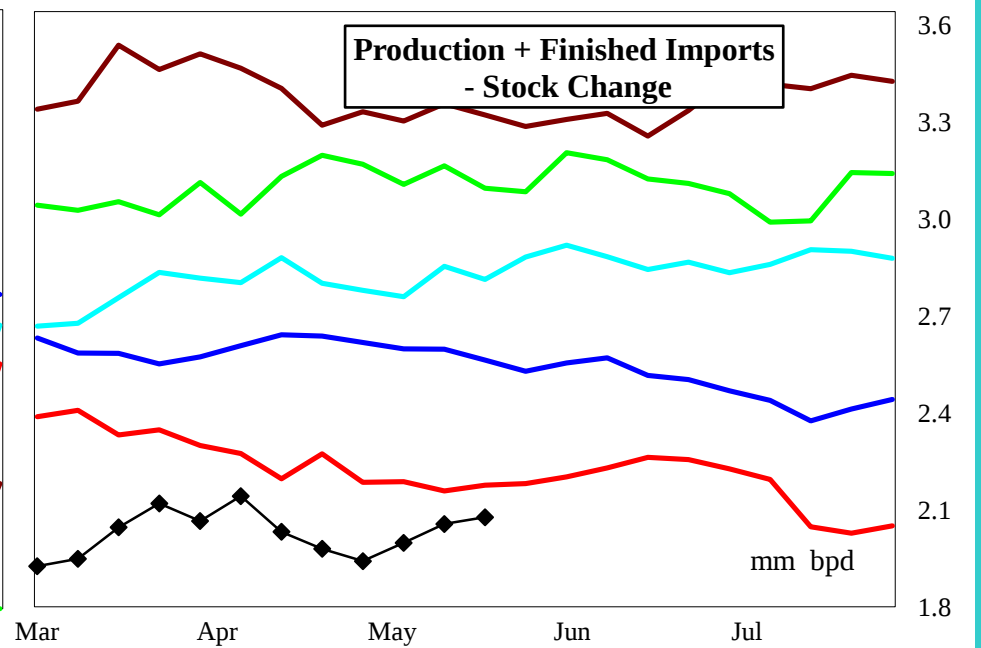
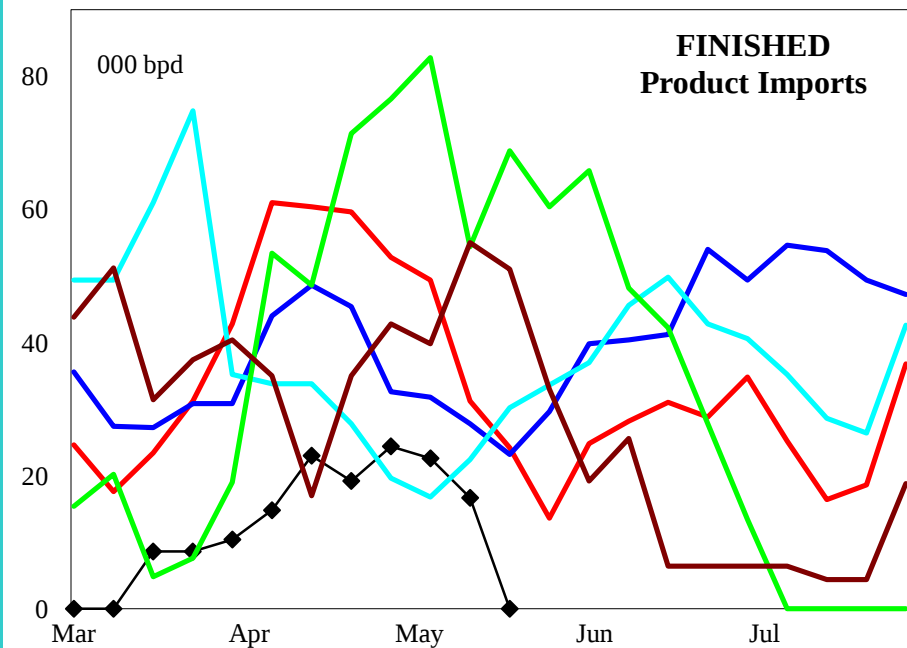
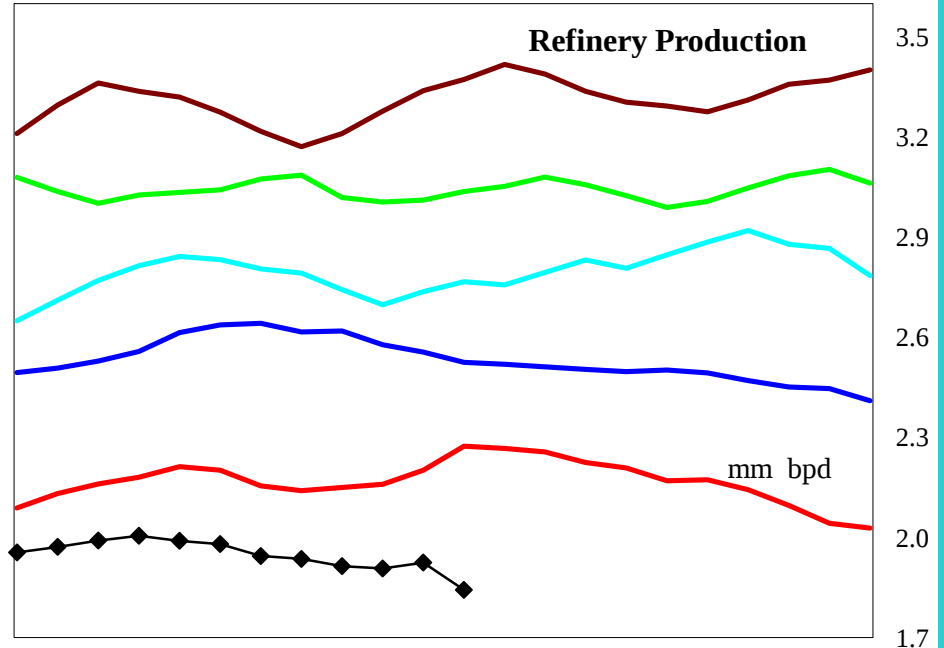
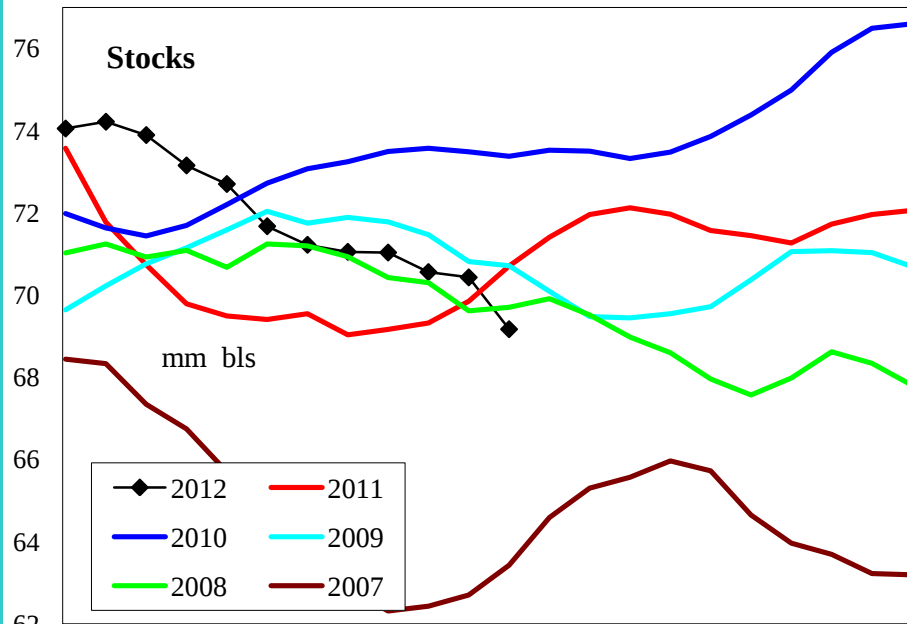
PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Metric	2012	2011	2010	2009	2008	2007
Stocks	2,962	438	-334	-6.5		
Input						
Imports						

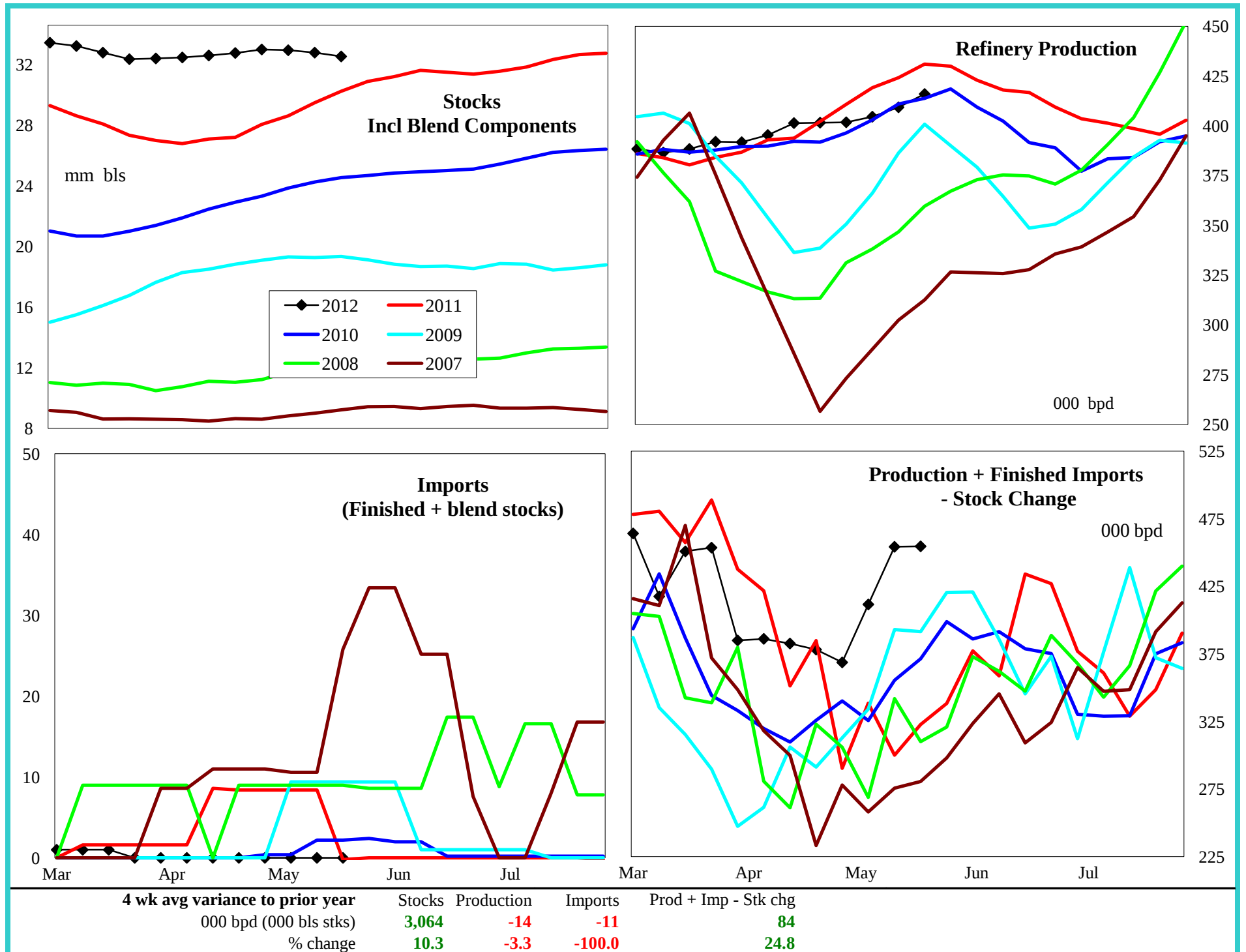
PADD 3 Gasoline Supply



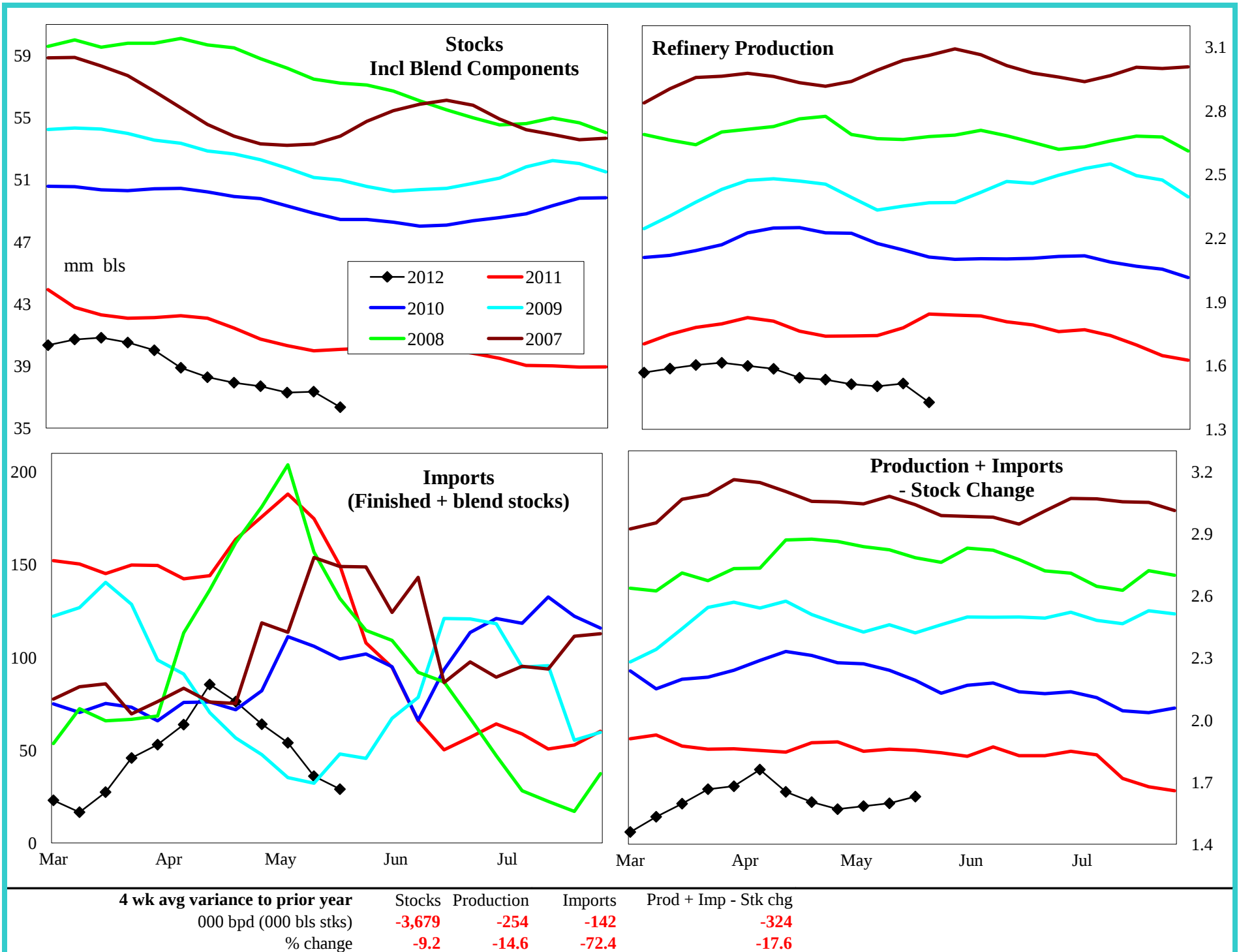
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
-715	-268	-16	-136	-237
-1.0	-12.4	-41.7	-81.3	-10.9

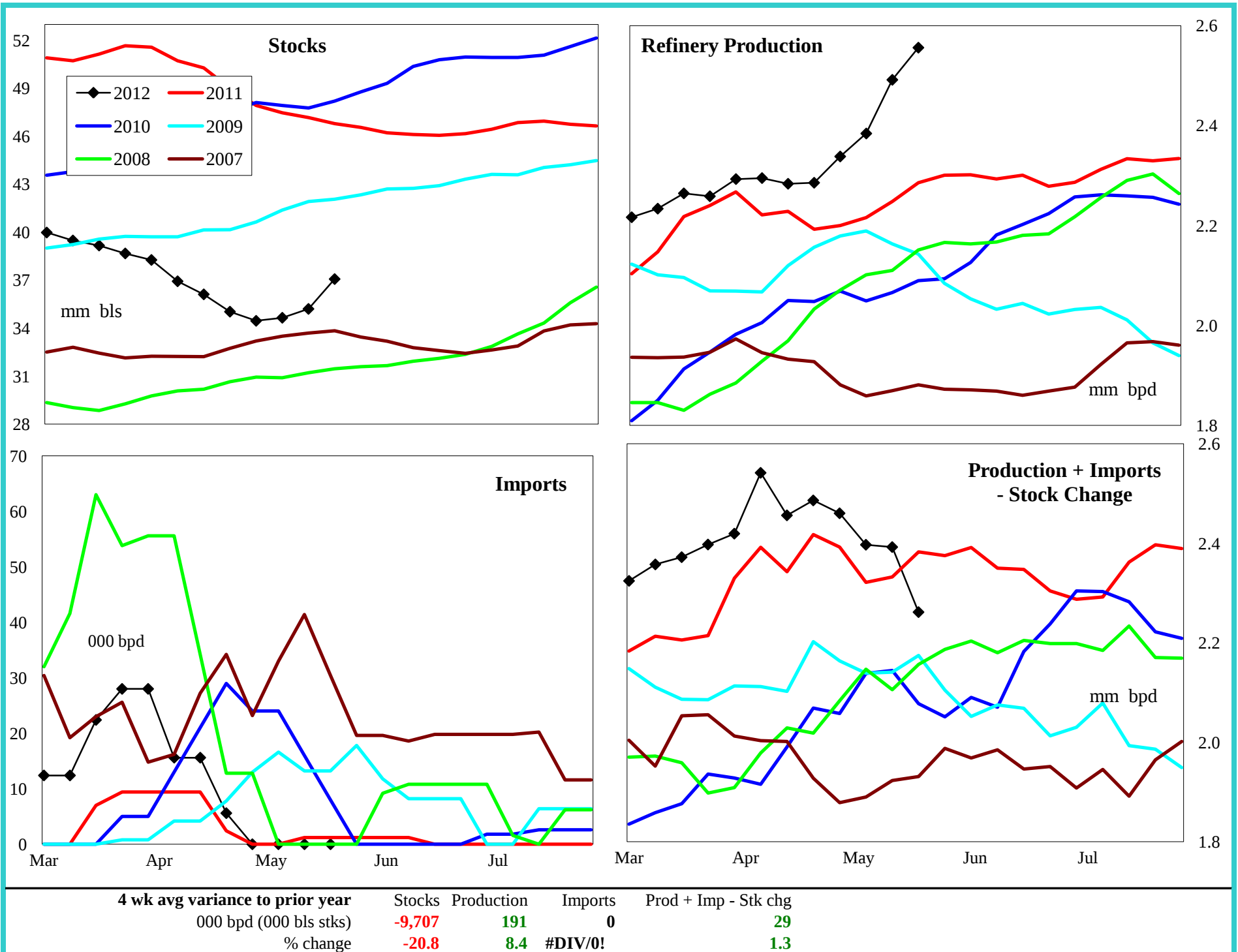
PADD 3 Reformulated Gasoline Supply



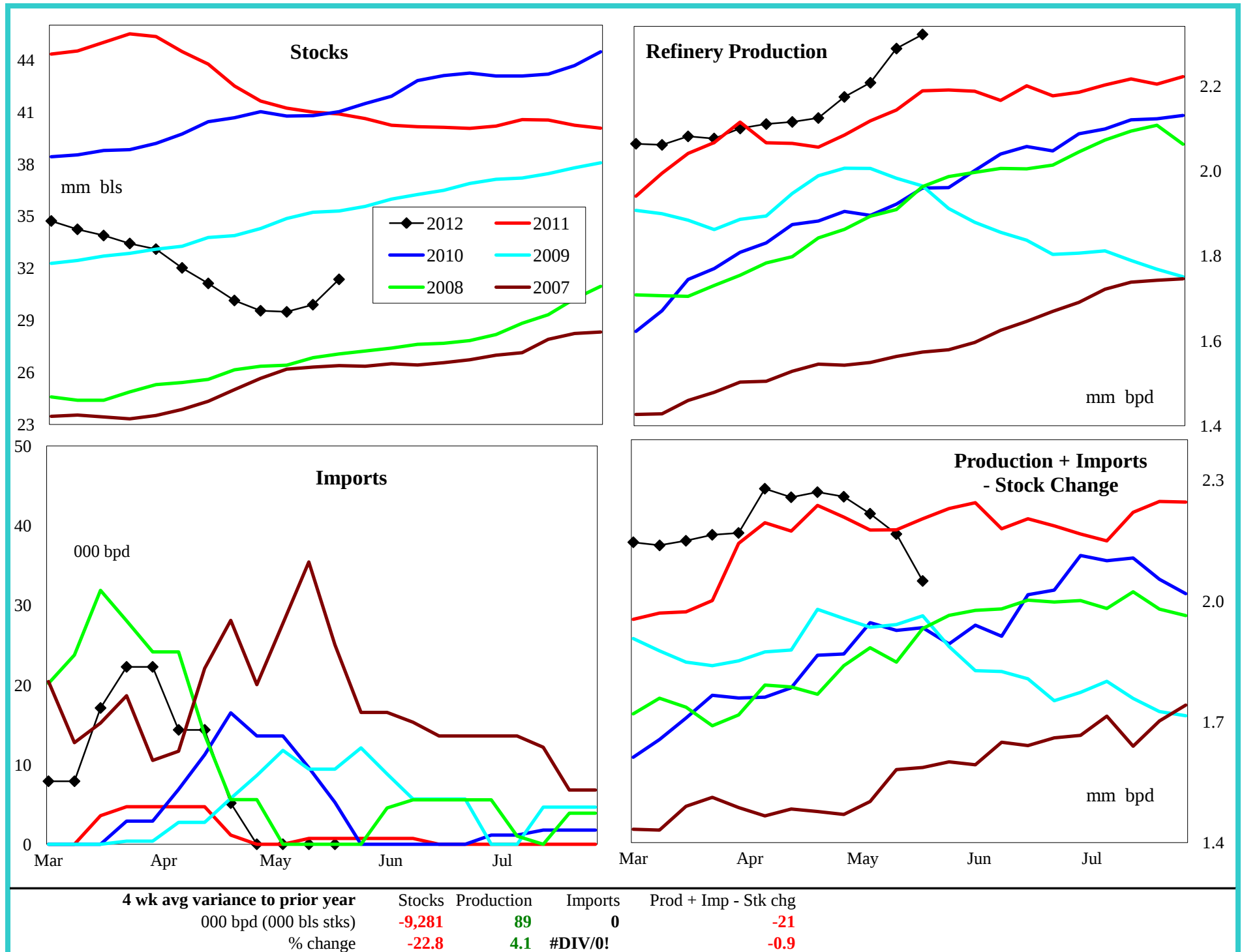
PADD 3 Conventional Gasoline Supply



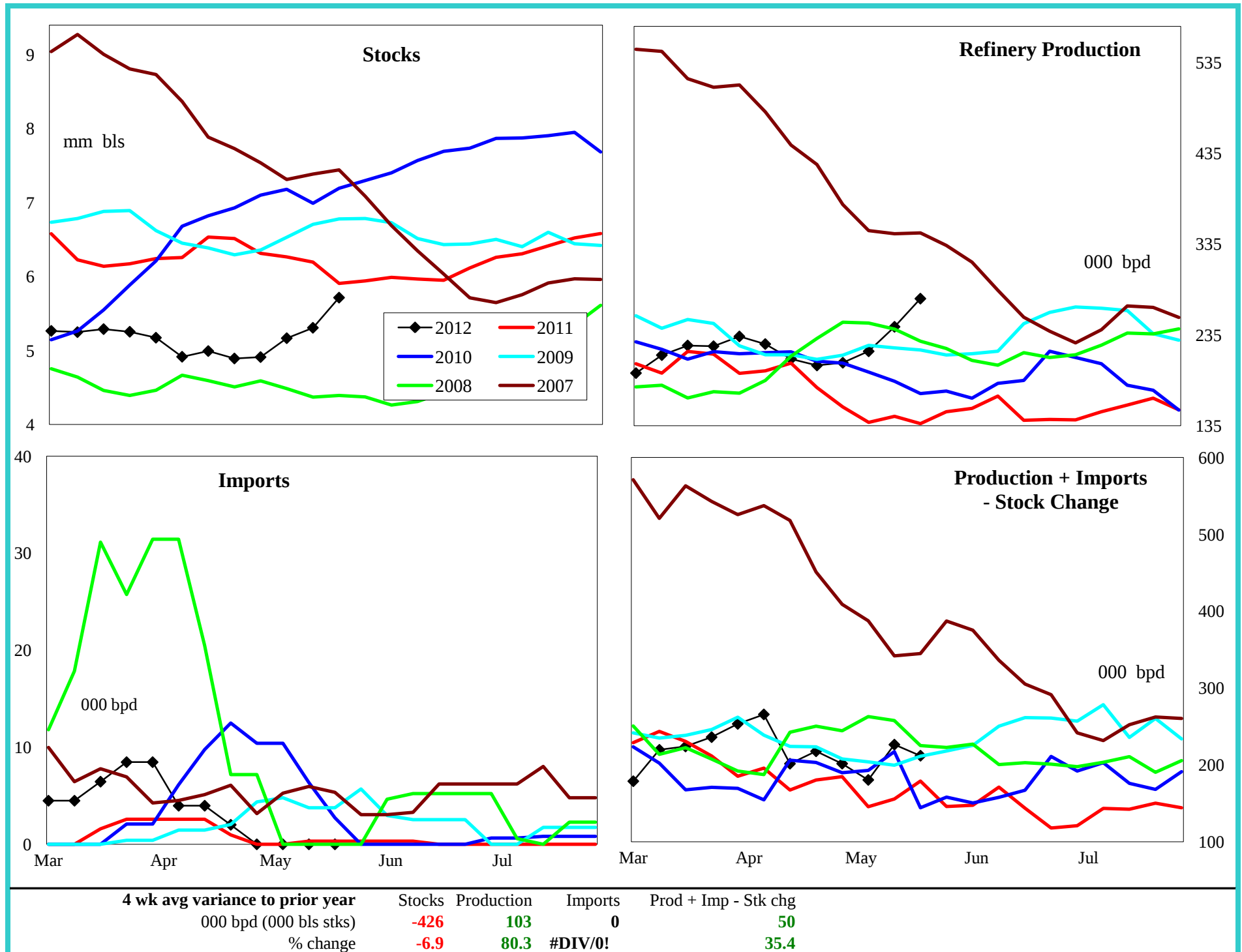
PADD 3 Distillate Supply



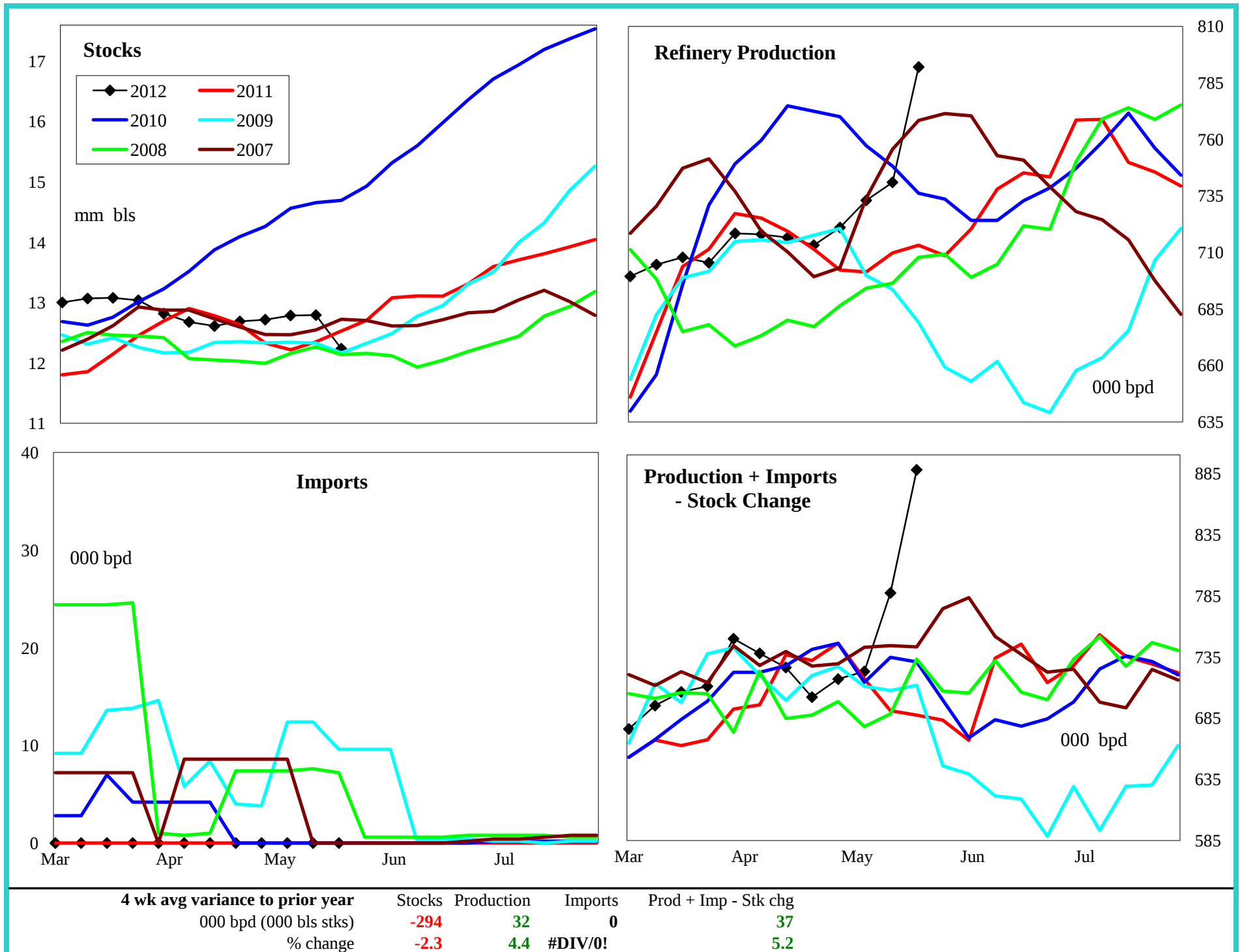
PADD 3 Low Sulfur Distillate Supply



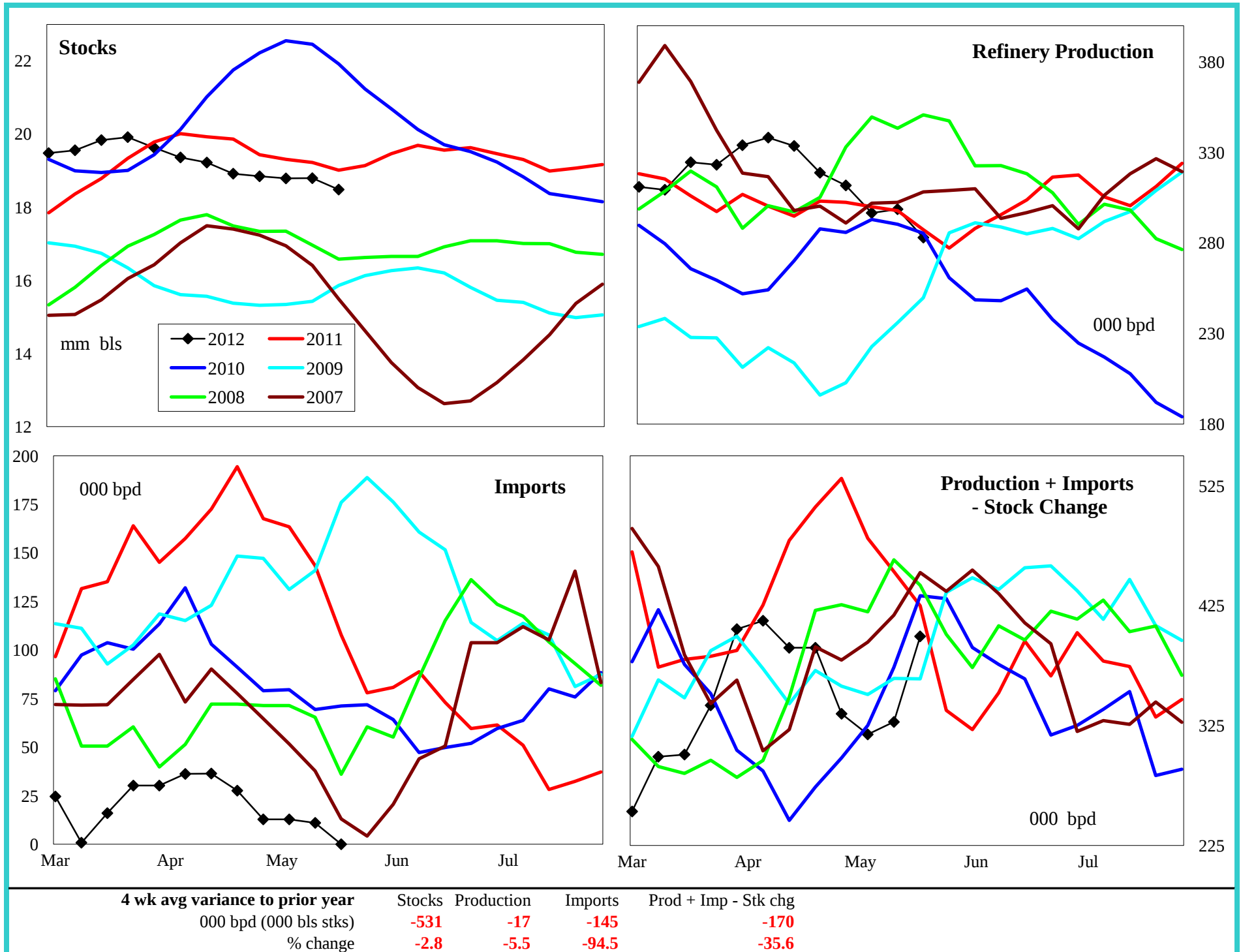
PADD 3 High Sulfur Distillate Supply



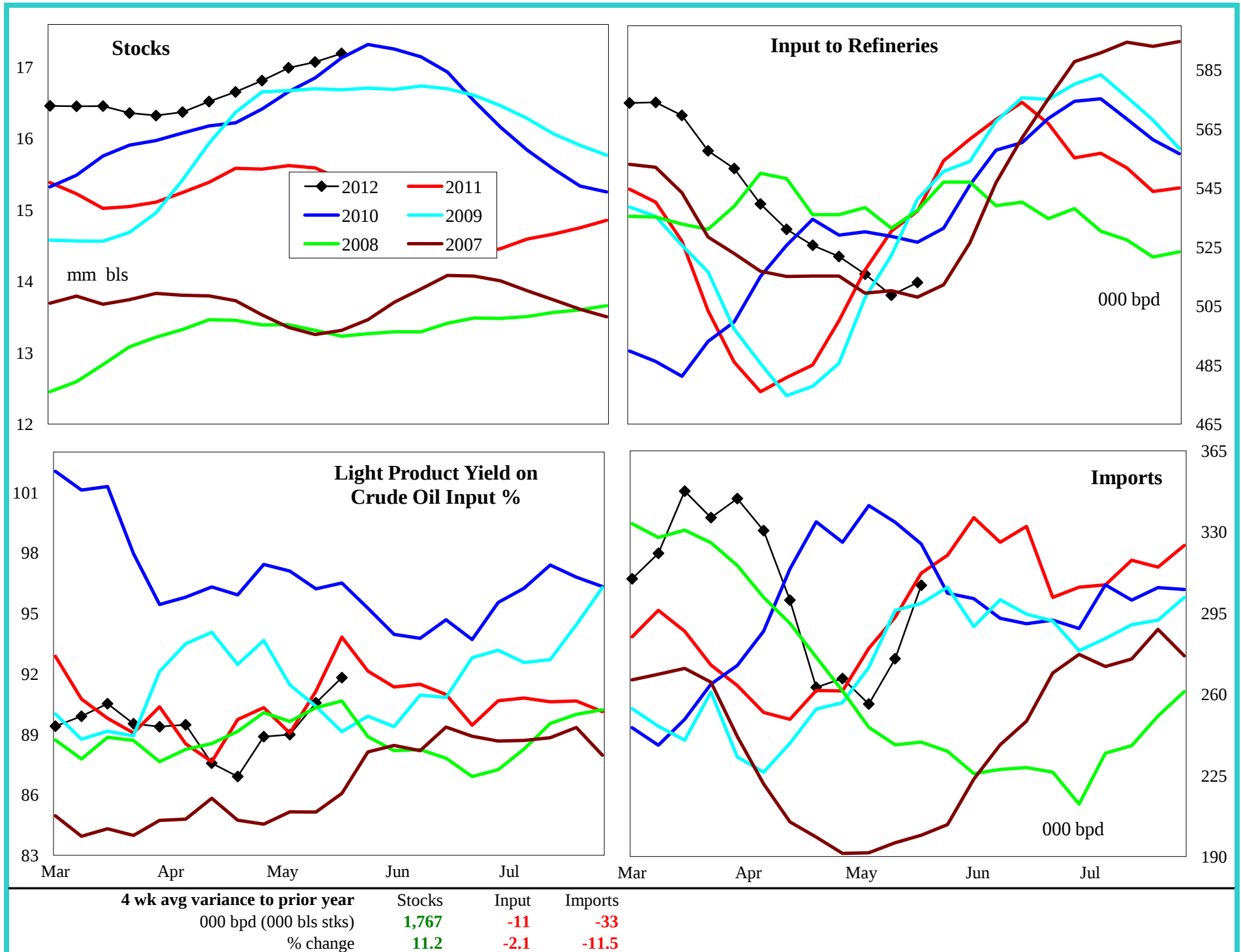
PADD 3 Jet Fuel Supply



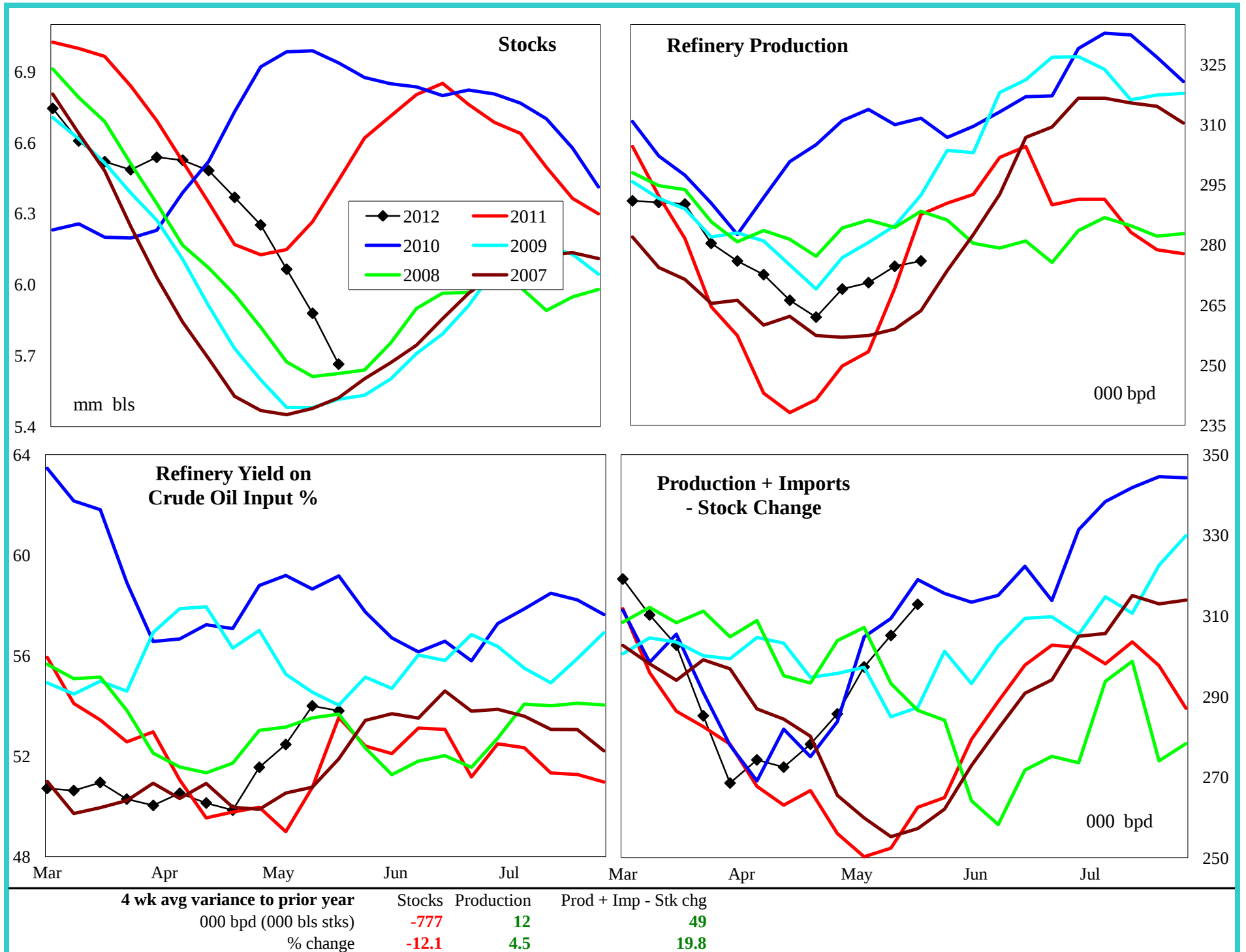
PADD 3 Residual Fuel Oil Supply



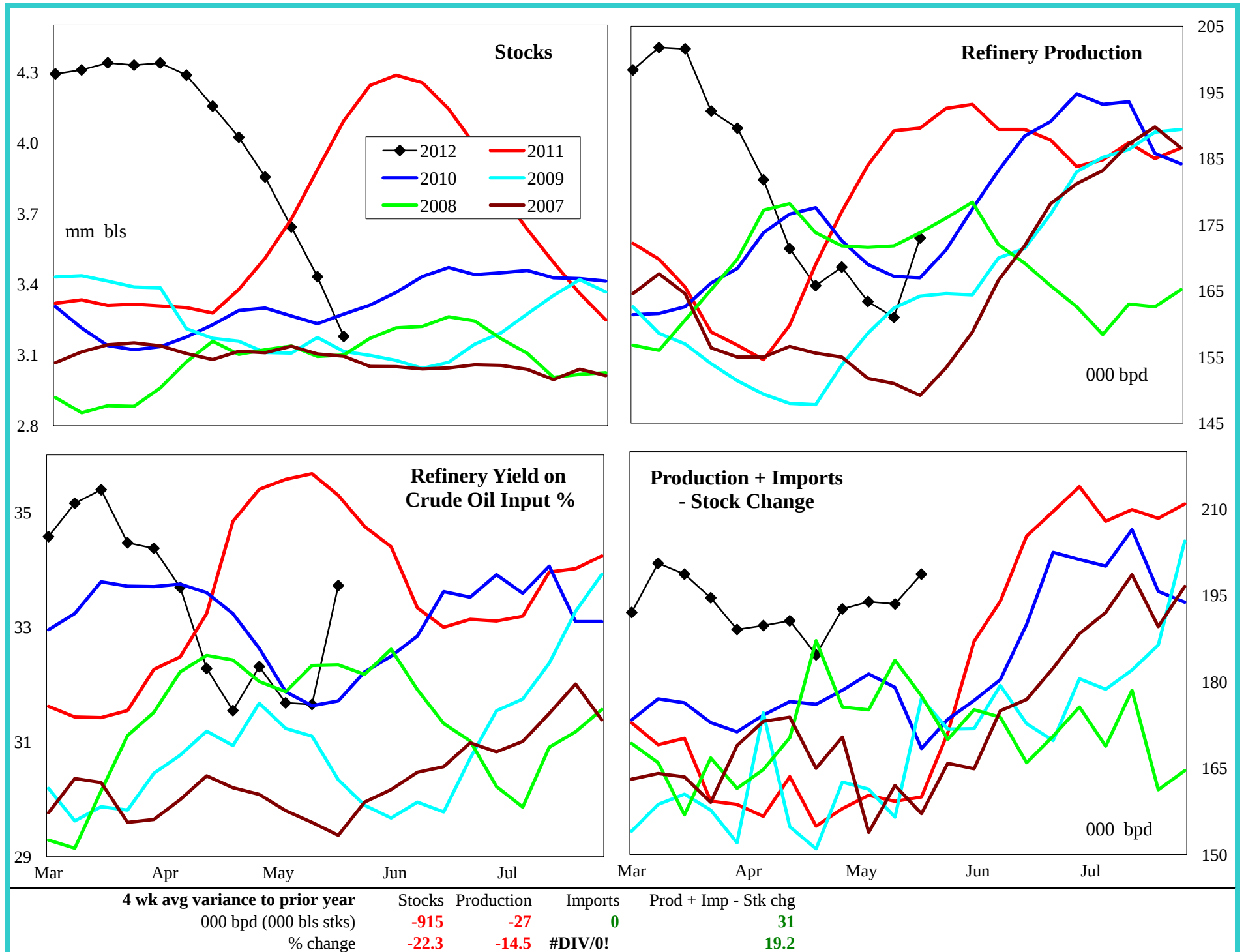
PADD 4 Crude Oil Supply and Refining



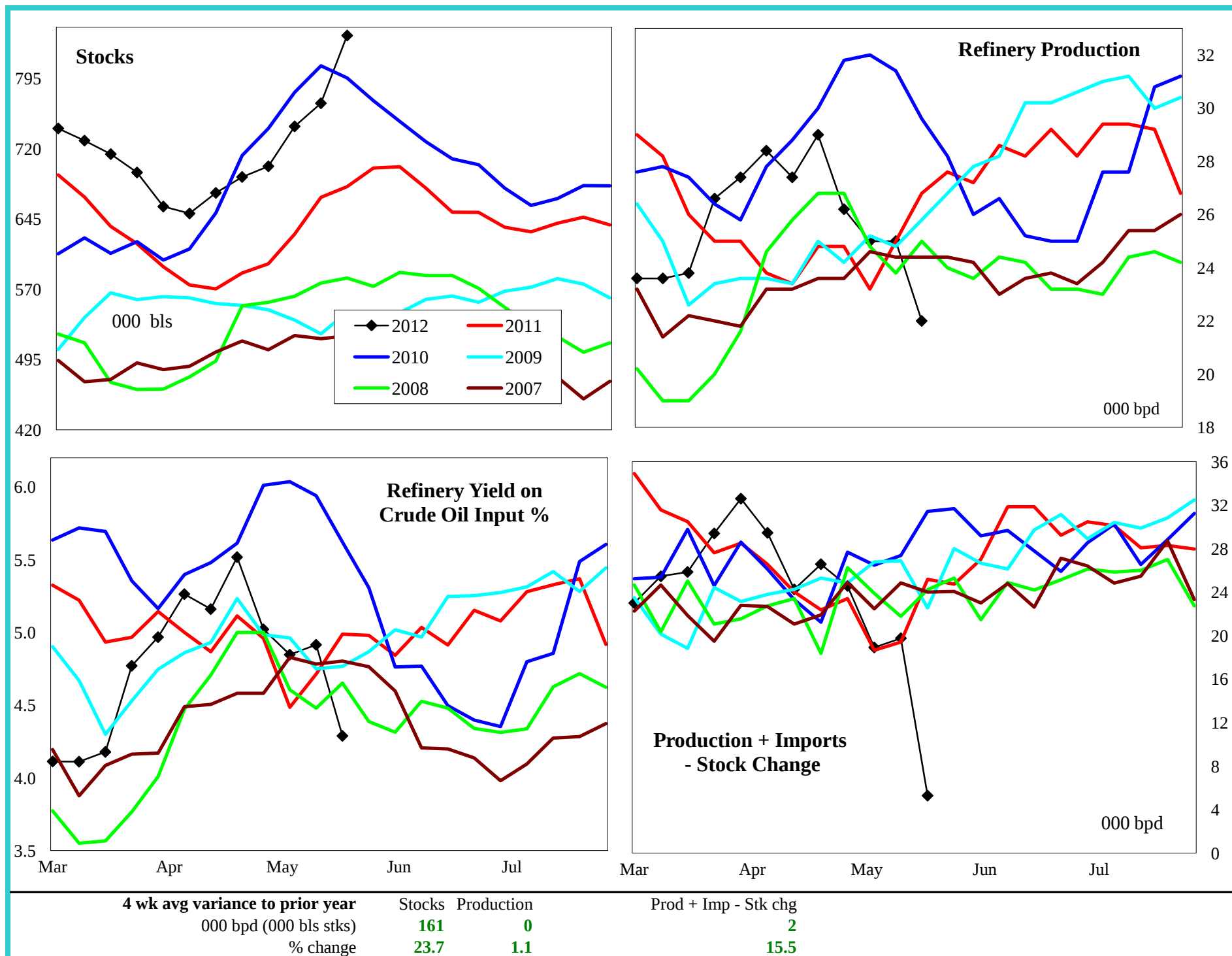
PADD 4 Gasoline Supply



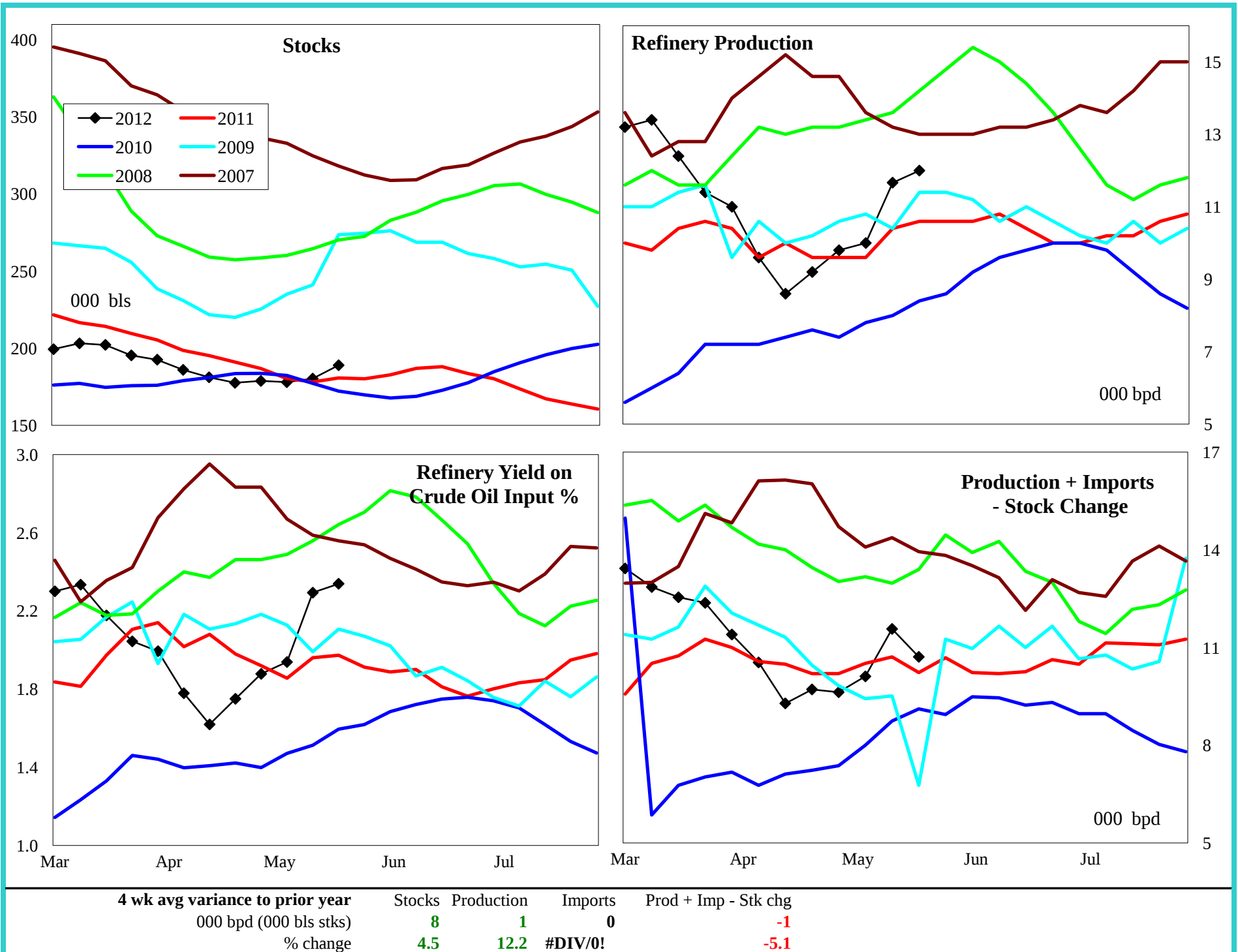
PADD 4 Distillate Supply



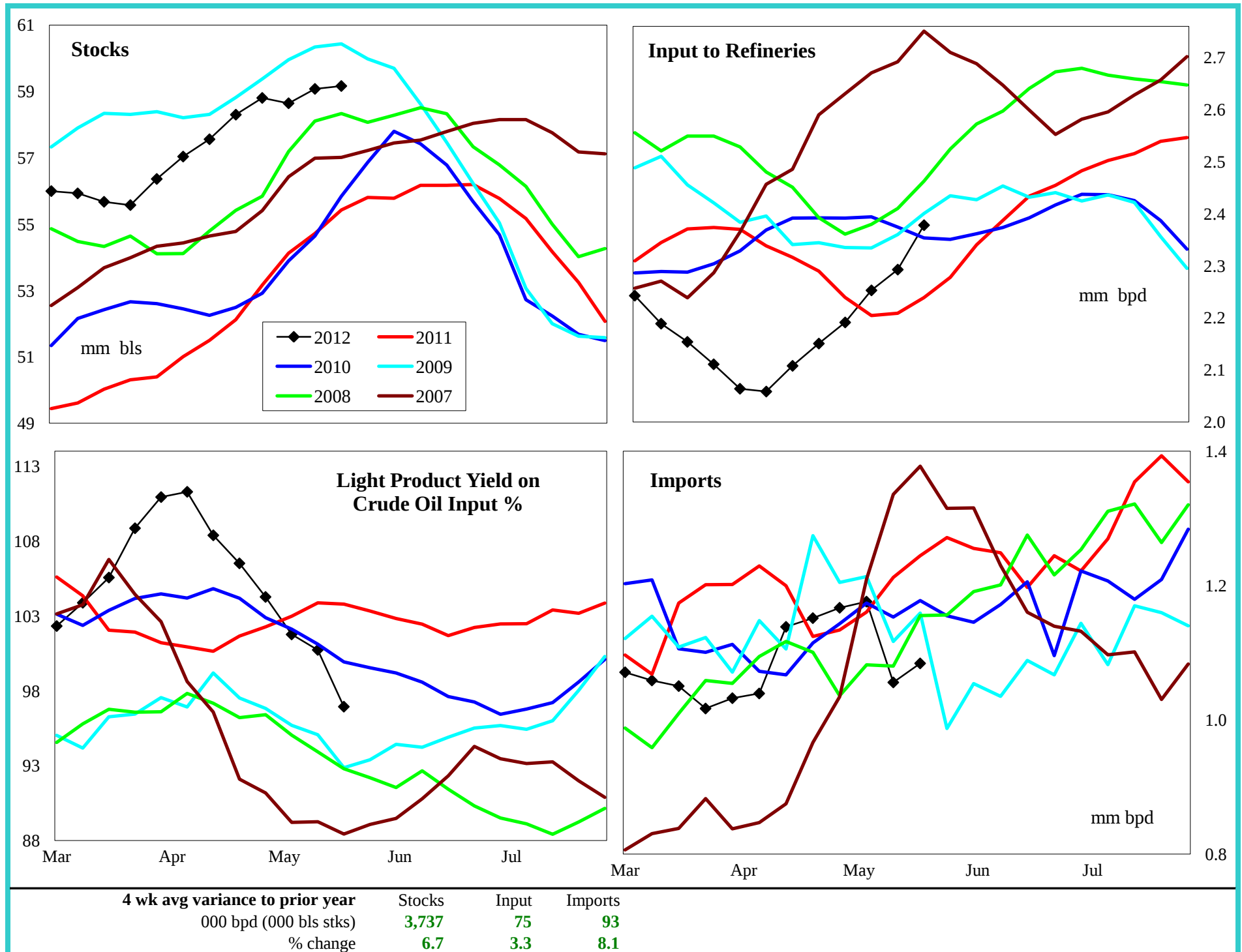
PADD 4 Jet Fuel Supply



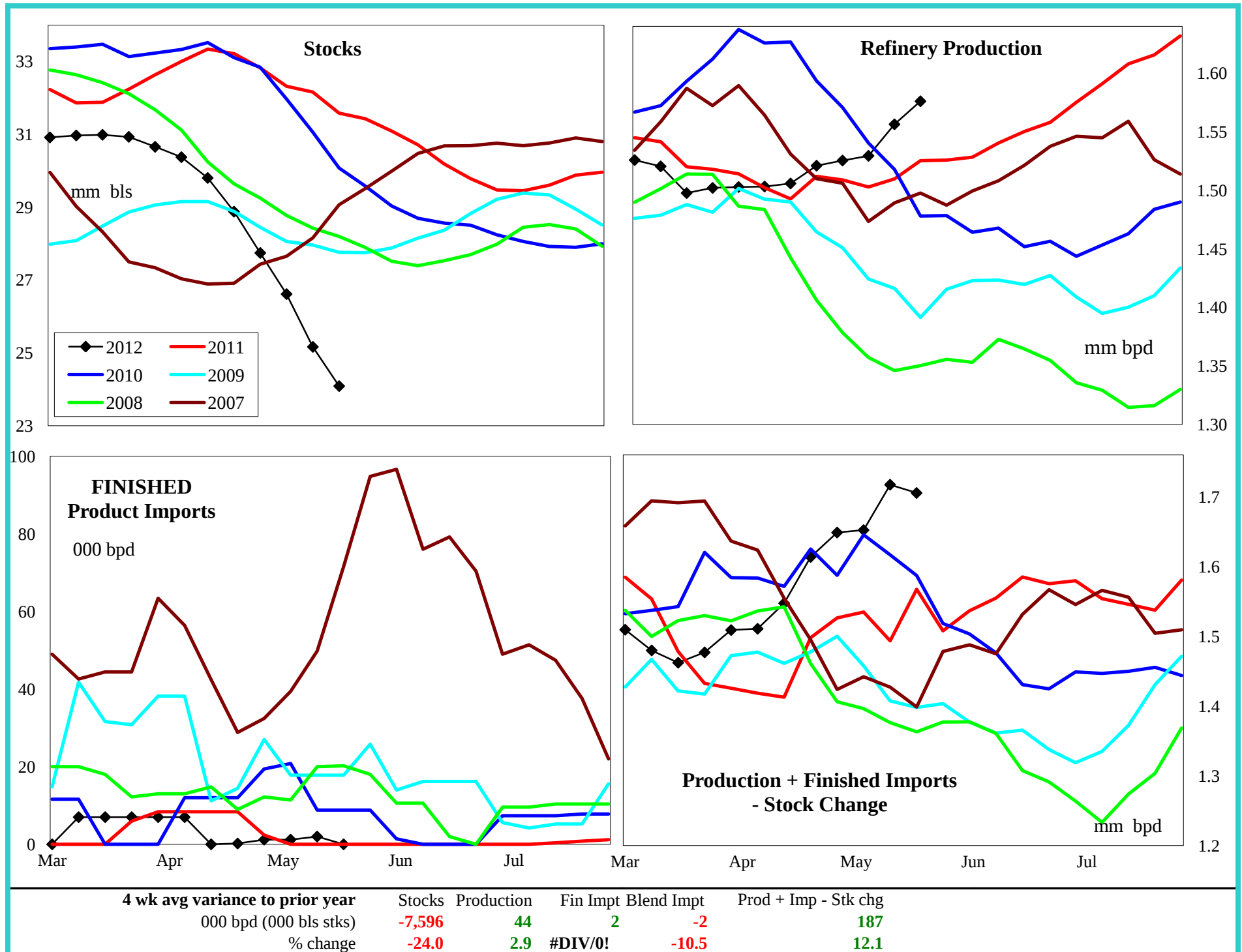
PADD 4 Residual Fuel Oil Supply



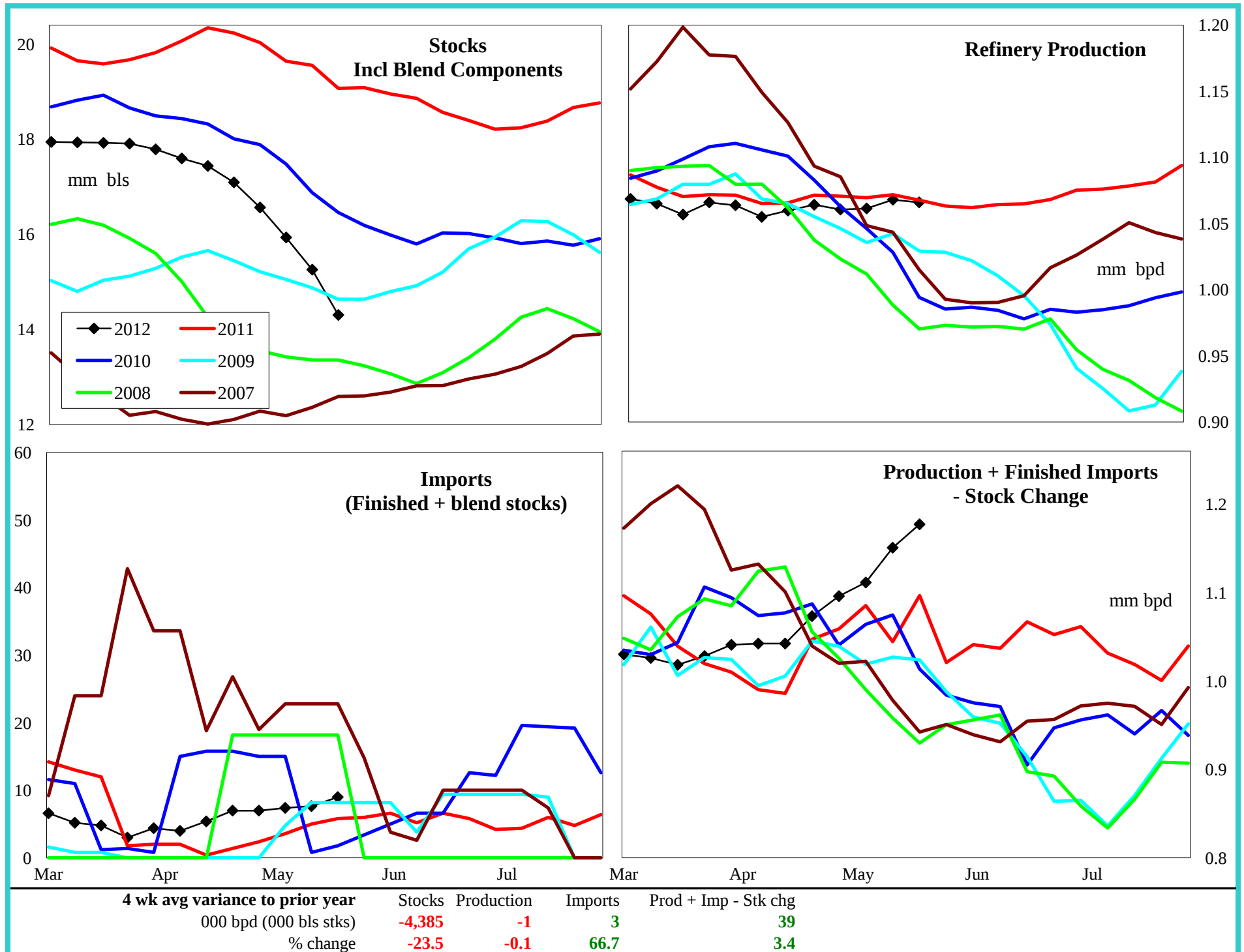
PADD 5 Crude Oil Supply and Refining



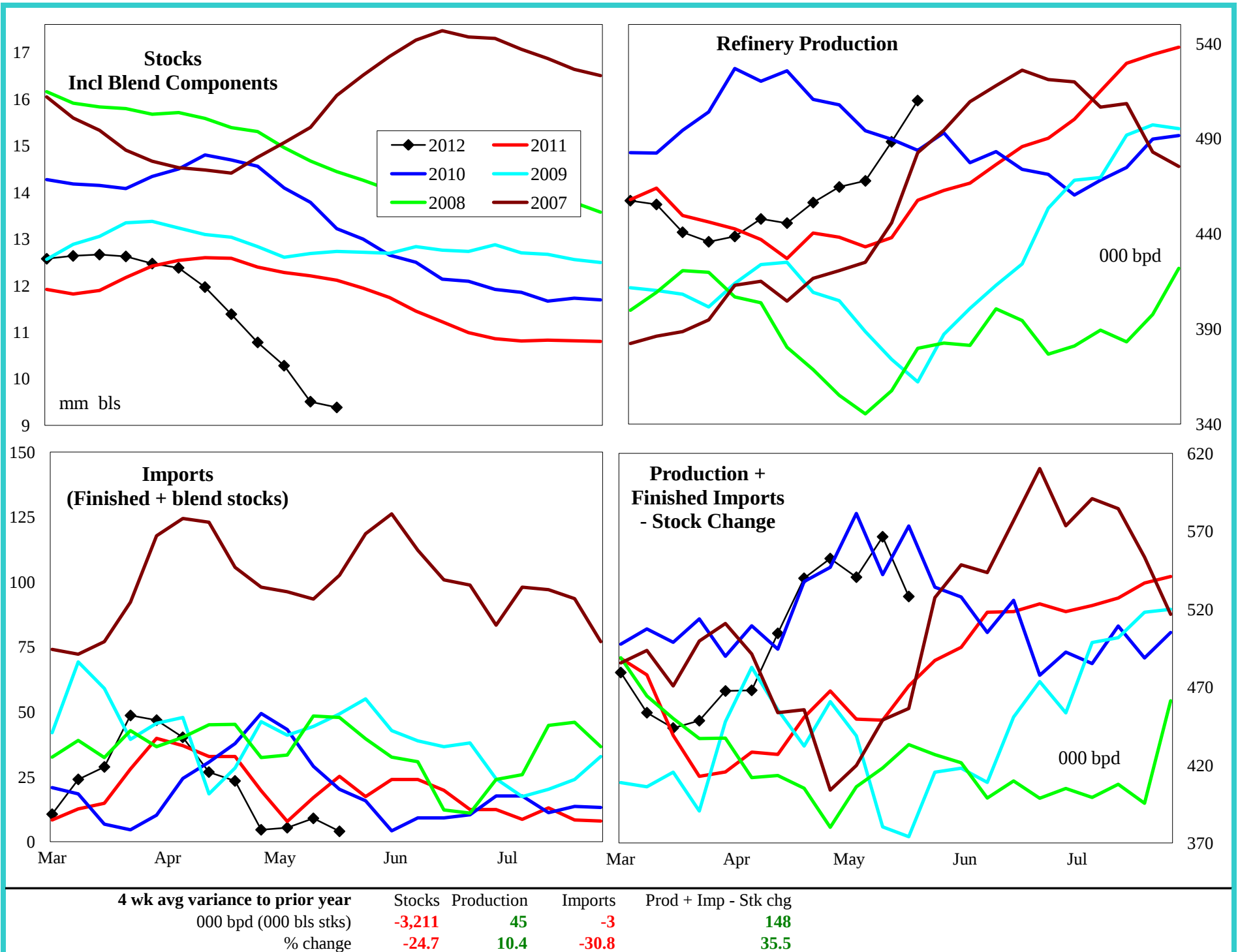
PADD 5 Gasoline Supply



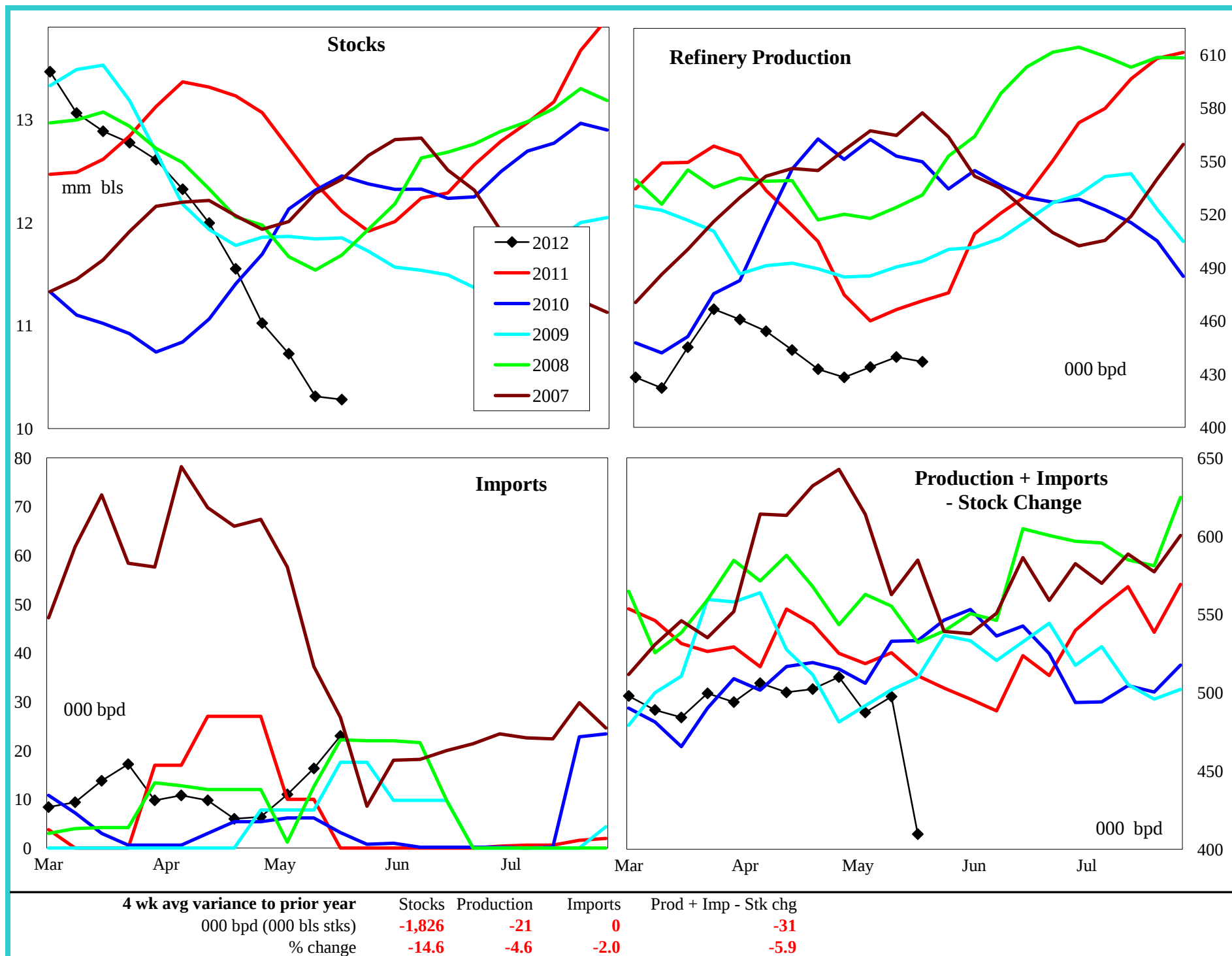
PADD 5 Reformulated Gasoline Supply



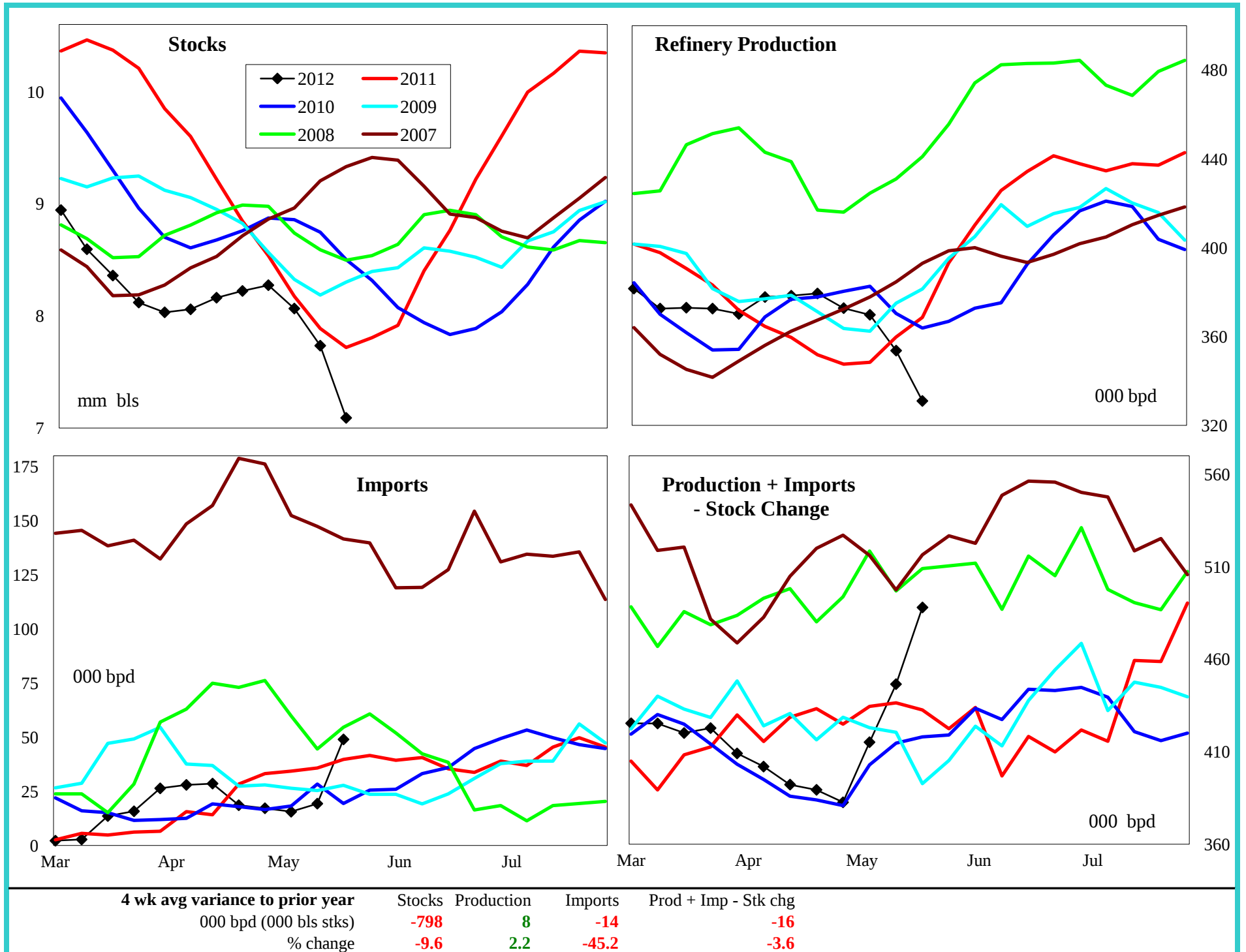
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

