



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

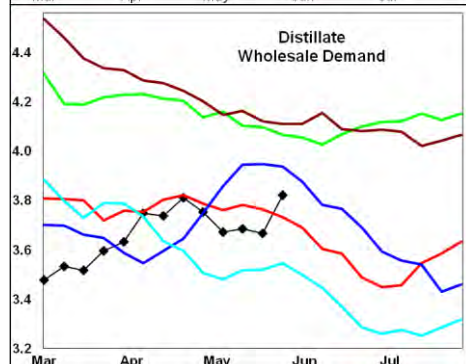
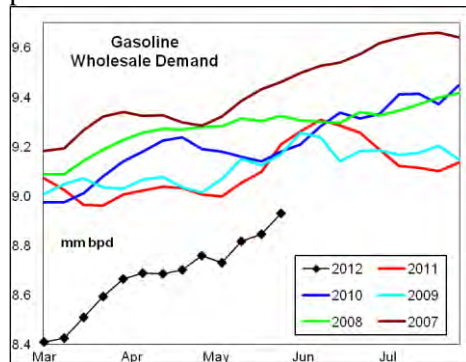
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, May 31, 2012

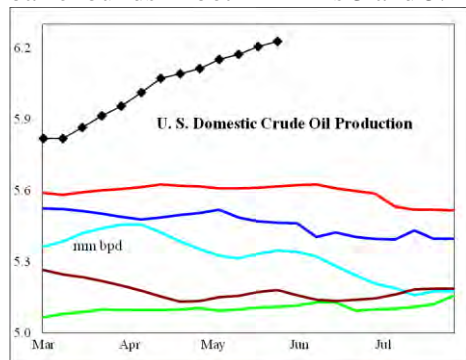


Major Fundamental Trends¹

Gasoline and distillate wholesale demand were each up more than +250,000 bpd last week, driven by downstream stock building ahead of Memorial week travel. Year-on-year demand continues to see decreases with gasoline -2.6% and distillate -1% lower for the most recent 4-week period.



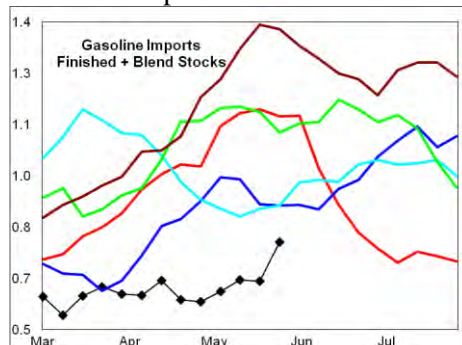
Crude oil stocks continued the seasonal build last week, rising +2.2 million barrels, driven by nearly +1 million barrel builds in both PADDs 3 and 5.



A +10.5% year on year rise in domestic crude oil production has contributed to the crude oil stock build;

¹ Source is latest EIA Weekly Statistics

by offsetting both higher crude oil runs and lower imports.



Gasoline imports increased +221,000 bpd last week, reaching the highest level of the year. Extremely favorable blend stock import economics contributed to the rise in imports and should continue during the next month. Increased imports and continued weak demand should reduce the risk of a supply squeeze on the East Coast during the summer quarter.

The distillate supply balance continues to tighten, driven by record exports that have more than offset production levels that were +324,000 bpd above a year ago for the latest 4-wk period. This trend has driven the forward price curve for distillate in both the NYMEX and ICE gas oil markets to record lows for this time of year; confirming a continued tight supply balance in the Atlantic Basin.

Demand for gasoline and distillate each increased by more than +250,000 bpd last week, driven in part by downstream stock building ahead of the Memorial week travel. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.6%; distillate down -1%; jet fuel down -0.7% while residual fuel oil decreased -34%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -0.8 million barrel stock draw. Coverage levels were below the last 3-years.

Distillate demand coverage fell on a -1.7 million barrel stock draw and higher demand. Coverage levels were sharply below the last 3-years.

Jet fuel coverage ended the week

below levels of the last 3-years on very low stock levels.

Refinery utilization rates increased on a +182,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +449,000 bpd above a year ago.

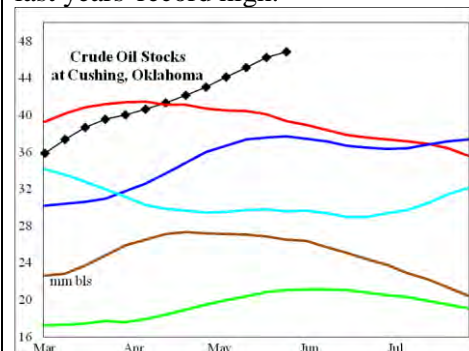
Gasoline yield % on crude oil runs increased on +208,000 bpd increase in output compared to the +182,000 bpd rise in crude oil runs. Yield % on crude oil runs was below the last 3-years.

Distillate yield % on crude oil runs increased slightly on a +105,000 bpd rise in production, compared to the increase in crude oil runs. The yield % was a new record high for the period.

Jet fuel yield % on crude oil runs was nearly unchanged on a +22,000 bpd rise in production compared to the increase in crude oil runs. Yield % levels were above the mid range.

Petroleum Imports of crude oil and gasoline each increased last week. During the latest 4-wk period crude oil imports were -199,000 bpd below last year; distillate imports decreased -45,000 bpd; finished gasoline imports decreased -62,000 bpd, gasoline blend stock imports declined -465,000 bpd; jet fuel imports were -30,000 bpd lower, while residual fuel oil imports fell -153,000 bpd.

Crude Oil stocks increased +2.2 million barrels last week, including nearly +1 million barrel builds in the Gulf and West Coast. Stocks in Cushing are +7.5 million barrels above last years' record high.





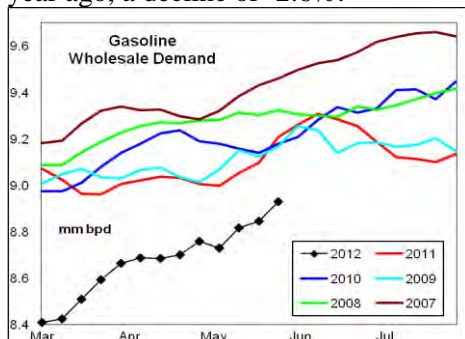
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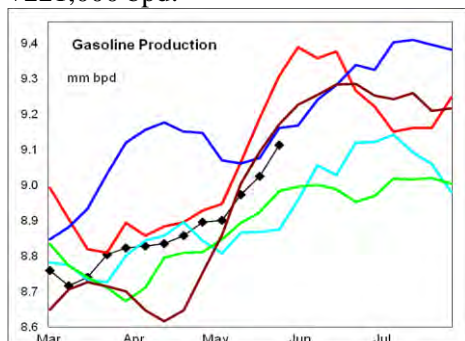
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Product Supply-Demand Trends

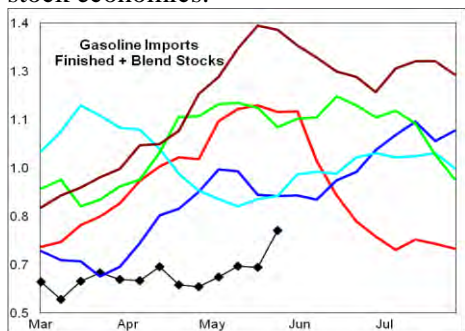
Gasoline demand jumped +298,000 bpd last week, driven by the Memorial week travel. The latest 4-wk average demand was -233,000 bpd below a year ago, a decline of -2.6%.



Production climbed +208,000 bpd on the week, with imports also up +221,000 bpd.



Imports reached the highest level of the year on extremely favorable blend stock economics.



Stocks decreased -0.8 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 -5.5 million barrels, a larger draw than four of the last 5-years.

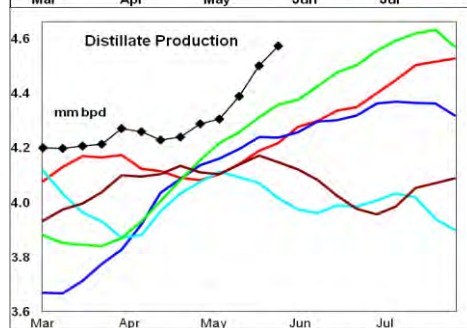
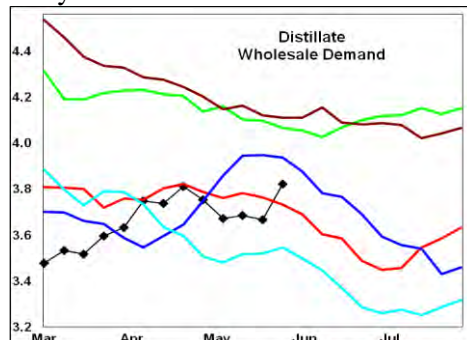
Higher imports and continued year on year decrease in demand, point to lower risk of a supply squeeze on the East Coast this summer. Supplies in

the Northwest should see a marked improvement when the BPAmoco refinery completes restart of gasoline producing units.

Distillate demand jumped +252,000 bpd last week, to a level comparable with the last 3-years. The latest 4-wk average was -37,000 bpd below a year ago.

Supplies increased +52,000 bpd last week, on record high production. The latest 4-wk average supply was +279,000 bpd above a year ago. Stocks decreased -1.7 million barrels on the week, pointing to a later than normal seasonal draw down.

The latest 4-wk stock draw in markets East of the Rockies was -4.9 million barrels, a level that matched last year.



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

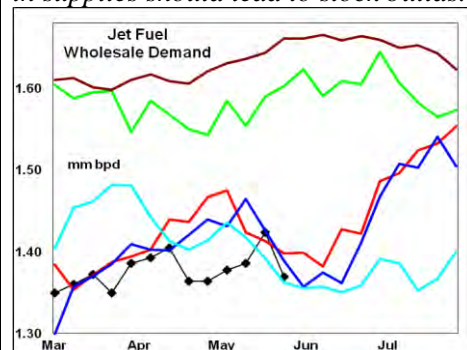
Look for seasonal stock building to began on high crude oil runs, record refinery yields of distillate product, and lower seasonal demand.

Jet Fuel demand fell -107,000 bpd last week, to a level near historic lows. The latest 4-wk average demand was -11,000 bpd below a year ago.

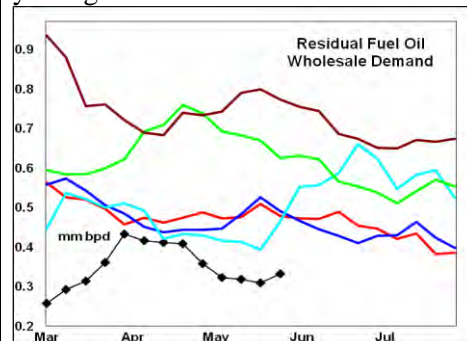
Supply decreased -15,000 bpd last week on lower imports. Stocks

increased +0.5 million barrels last week, although the level remains below the 5-year range.

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



Residual fuel oil demand decreased -29,000 bpd last week. The latest 4-wk average was -186,000 bpd below a year ago.



Supply (production + imports) increased +27,000 bpd last week, on higher production. The latest 4-wk average supply was -195,000 bpd below last year on lower imports and production. Stocks decreased -0.3 million barrels, to a level -17% below the historic range.

Wholesale demand remains exceptionally weak, off -34% during the latest 4-wk period compared to a year ago. Imports are -41% lower for the same period. The drop in demand has led to a structural decrease in stock levels, which were -6.3 million barrels below last year.

The key Gulf Coast market remains well supplied, measured by stock levels and production. There were no imports, compared to 103,000 bpd a year ago.



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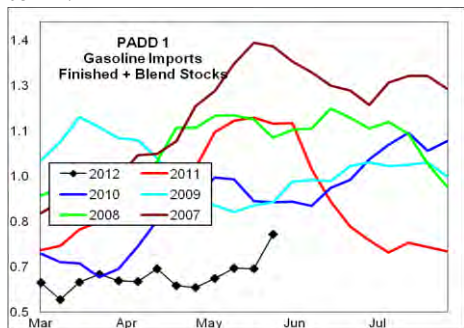
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PADD Supply Trends

PADD 1 refinery crude oil runs climbed +100,000 bpd on the week, with the latest 4-wk average -206,000 bpd below last year.

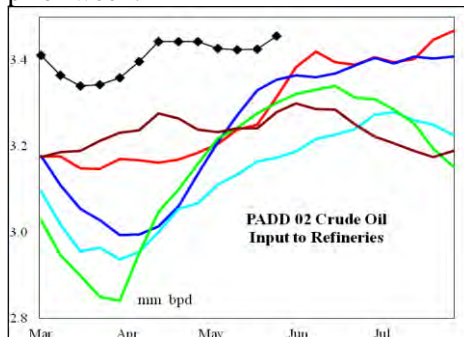
Gasoline production decreased -20,000 bpd last week, while imports climbed +231,000 bpd. The rise in imports last week, provides some reduction in risk of a physical supply squeeze in the near term.



Stocks in the key Central Atlantic Region ended the week below four of the last 5-years, partially offsetting the increase in imports in terms of reducing risk of a supply squeeze.

Distillate supply was unchanged on the week, with higher production offset by a drop in imports. Stocks decreased -0.3 million barrels on the week, a level -25% below last year.

Jet fuel supply fell -47,000 bpd last week, with no imports. Stocks were nearly unchanged, after surging the prior week.



PADD 2 crude oil refinery runs increased +18,000 bpd on the week, with the 4-wk average +152,000 bpd above last year. Crude oil imports increased +65,000 bpd last week with

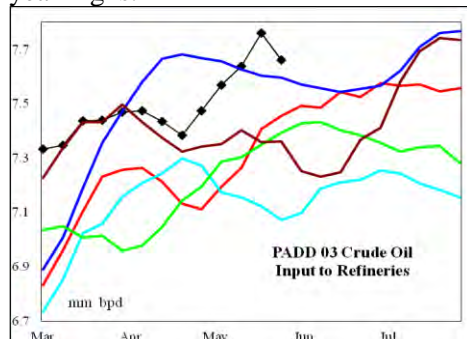
the level +30% above last year. Stocks were unchanged on the week, with the level +6.8% above last years' record high.

Gasoline production declined -78,000 bpd last week, to a level comparable to the last 2-years. Stock levels ended the week below the historic mid range.

Distillate production decreased -41,000 bpd on the week, to a level that matched the 5-year mid range. Stocks decreased -0.6 million barrels last week, with the level near the historic mid range.

Jet fuel production decreased -13,000 bpd on the week, with the level above the 5-year range. Stocks ended the week at a level below the 5-year range.

PADD 3 refinery runs decreased -93,000 bpd last week, to a level just above the 5-year range. The latest 4-wk average thru put was +365,000 bpd above last year. Crude oil imports decreased -73,000 bpd last week to a level that matched last years' record lows. Stocks increased +0.9 million barrels on the week, to a level near 5-year highs.



Gasoline production increased +151,000 bpd last week, a level below the 5-year range. Stocks decreased -1.1 million barrels last week, to a level well below the mid range.

Distillate production increased +38,000 bpd on the week, to a new all time high. Stocks decreased -0.8 million barrels a level -22% below a year ago.

Jet fuel production declined -14,000 bpd last week, with the level above the 5-year range. Stocks jumped

+0.7 million barrels last week to a level above four of the last 5-years.

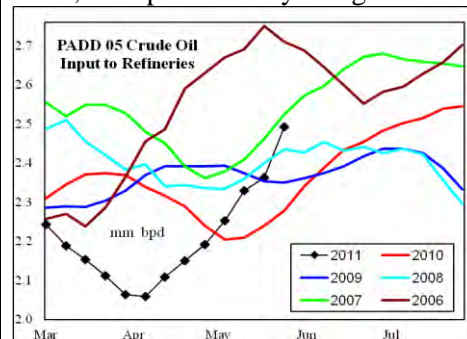
Residual fuel oil supplies increased +24,000 bpd on the week, driven by higher production. There were no imports last week, compared to an average of 103,000 bpd a year ago. Stock levels ended the week -6% below last year.

PADD 4 refinery crude runs increased +45,000 bpd on the week, to a level that matched 5-year highs for the week. The most recent 4-wk average run rate was -7,000 below last year.

Gasoline production fell -14,000 bpd on the week, to a level below the 5-year range. Stocks increased +0.1 million barrels, a level -13% below last year.

Distillate production increased +13,000 bpd on the week, to a level near last years' record high.


PADD 5 crude oil refinery runs climbed +114,000 last week, to a level above the last 3-years. Runs for the most recent 4-wk period were +146,000 bpd above a year ago.



Gasoline production declined -22,000 bpd on the week, although the level remains above the 5-year range. Supply (production + imports) for the latest 4-wk average was +30,000 bpd above a year ago. Stocks increased +0.6 million barrels, a level -23% below last year.

Distillate supply increased +42,000 bpd on the week, a level unchanged from last year. Stocks were nearly unchanged on the week, a level -13% below last year, and a record low for the period.

Jet fuel supply climbed +52,000 bpd on the week.



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

25-May-12

000 bpd

stocks 000 bls

U. S. Total

PADD

1

2

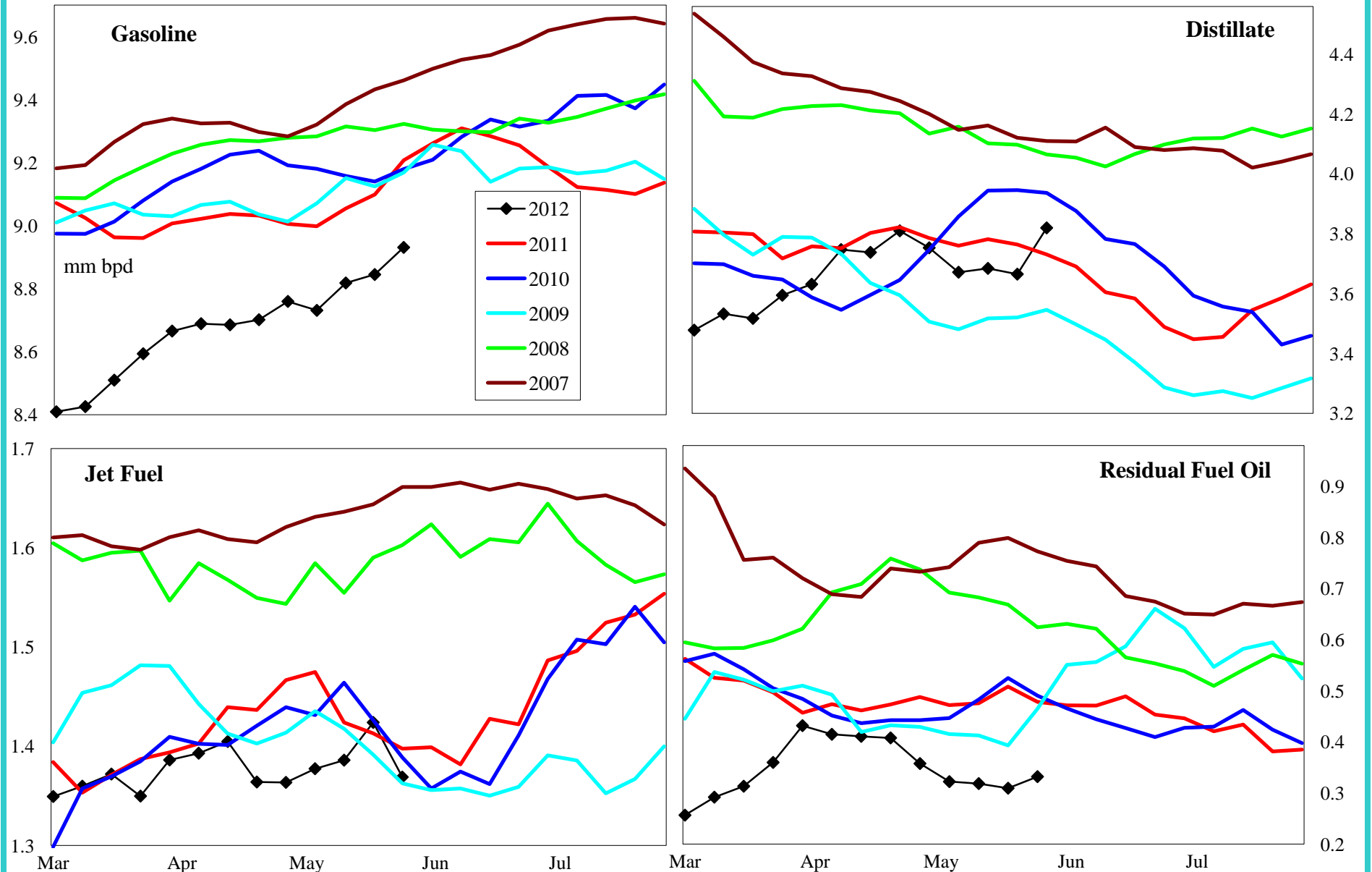
3

4

5

Crude Oil	Stocks	2,213	273	-152	904	205	981
	Imports	473	153	65	-73	-56	384
	Input	182	100	18	-93	45	114
	% Utilization	1.00					
Gasoline	Stocks	-833	225	-656	-1,123	73	648
	Production	208	-20	-78	151	-14	-22
	Imports	221	231	-1	-6	0	-4
	Supplied	298					
Distillate	Stocks	-1,709	-259	-613	-823	-26	10
	Production	105	34	-41	38	13	61
	Imports	-53	-34	1	0	3	-23
	Supplied	252					
Jet Fuel	Stocks	533	31	-147	739	22	-111
	Production	22	-2	-13	-14	6	45
	Imports	-37	-45	0	0	0	7
	Supplied	-107					
Residual Fuel Oil	Stocks	-320	477	-56	-491	-15	-235
	Production	39	4	11	24	-1	1
	Imports	-12	-44	2	0	0	30
	Supplied	-29					

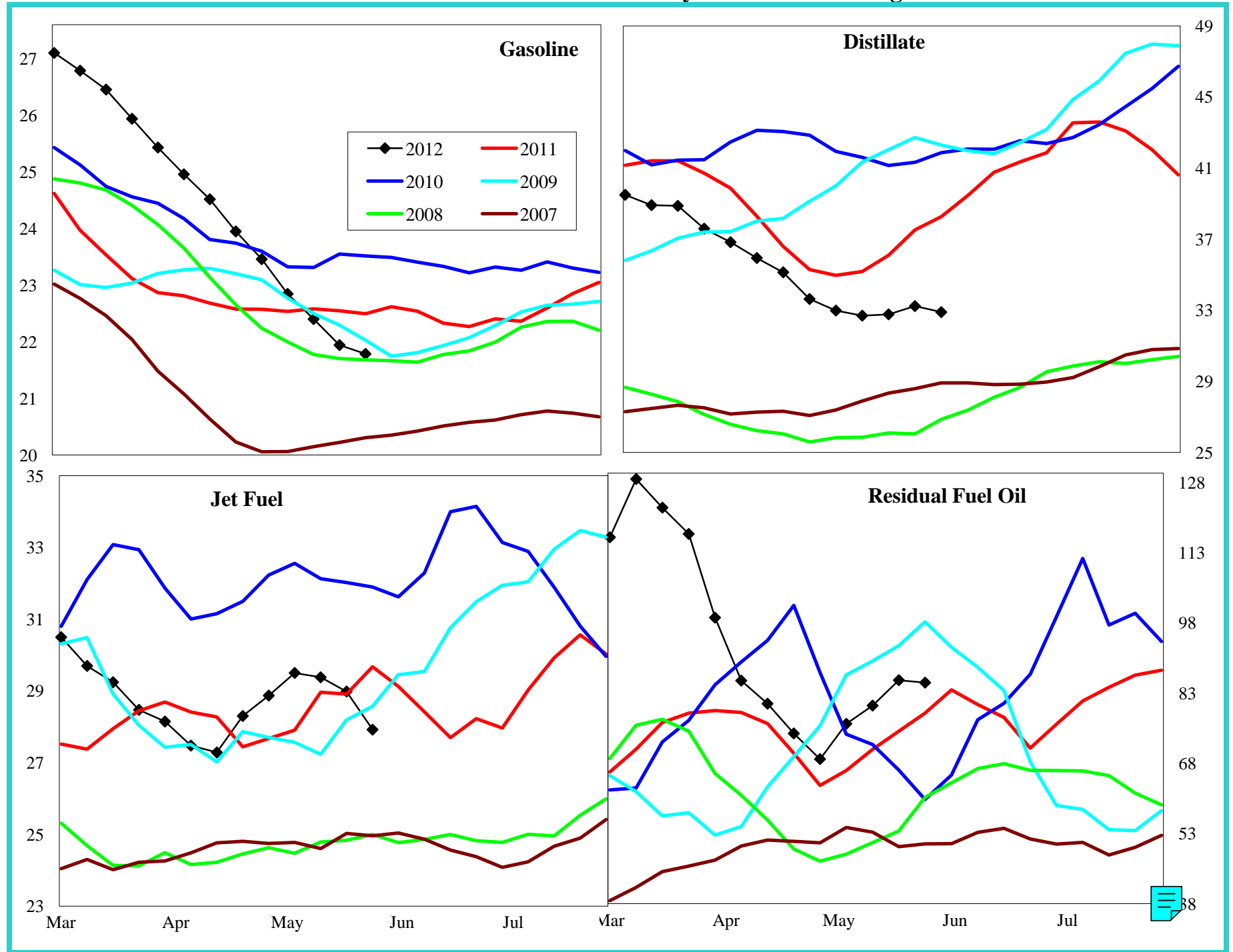
United States Wholesale Petroleum Demand



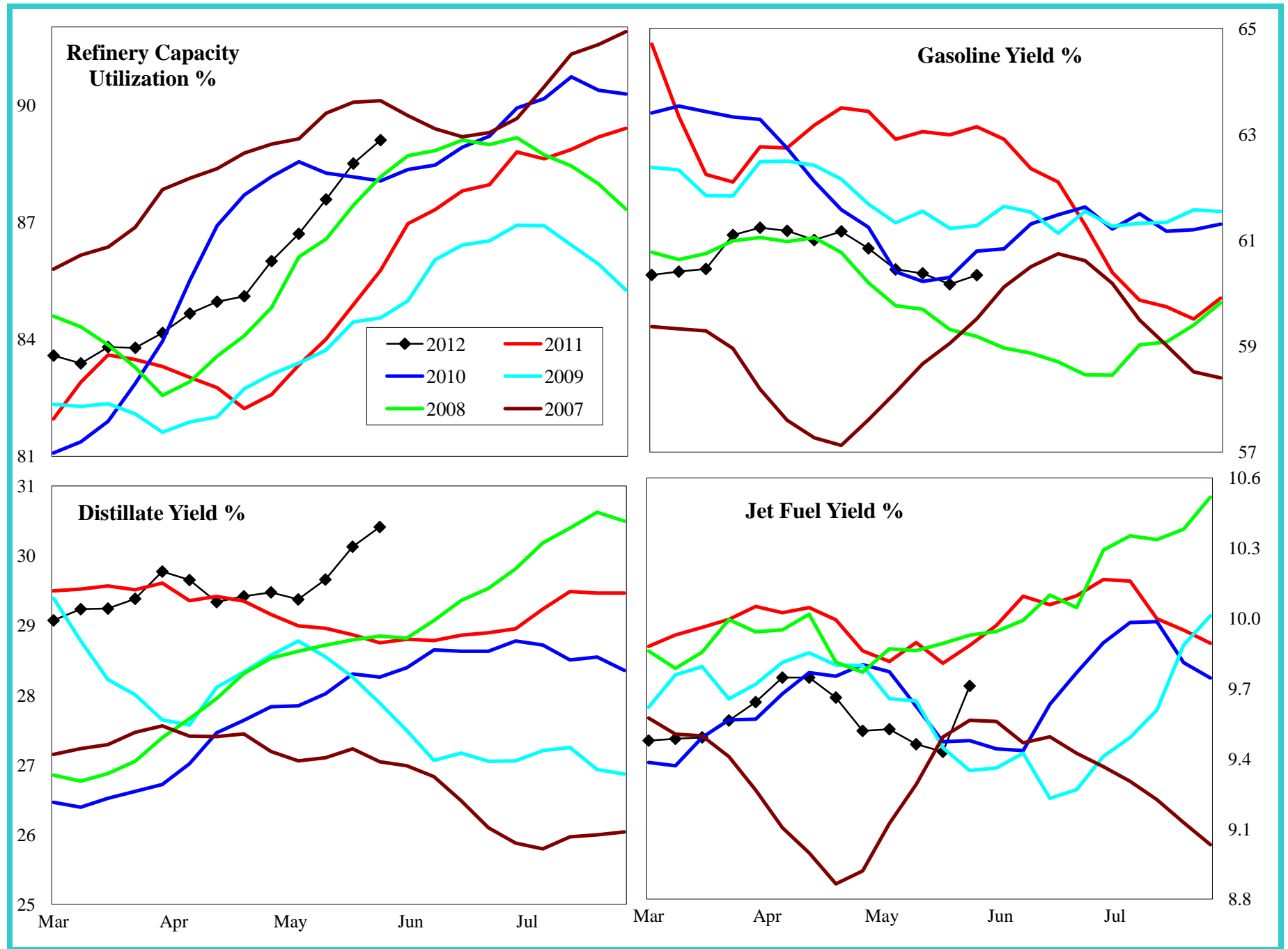
	000 bpd change from prior year				% change from prior year			
	4wk avg	Apr	Jan	Feb	4wk avg	Apr	Mar	Feb
Gasoline	-233	-55	-178	-26	-2.6	-0.6	-2.0	-0.3
Distillate	-37	141	-432	83	-1.0	3.8	-10.8	2.1
Jet Fuel	-11	-103	-59	7	-0.7	-7.1	-4.2	0.5
Resid	-186	-172	-179	-233	-34.4	-28.7	-32.7	-37.2



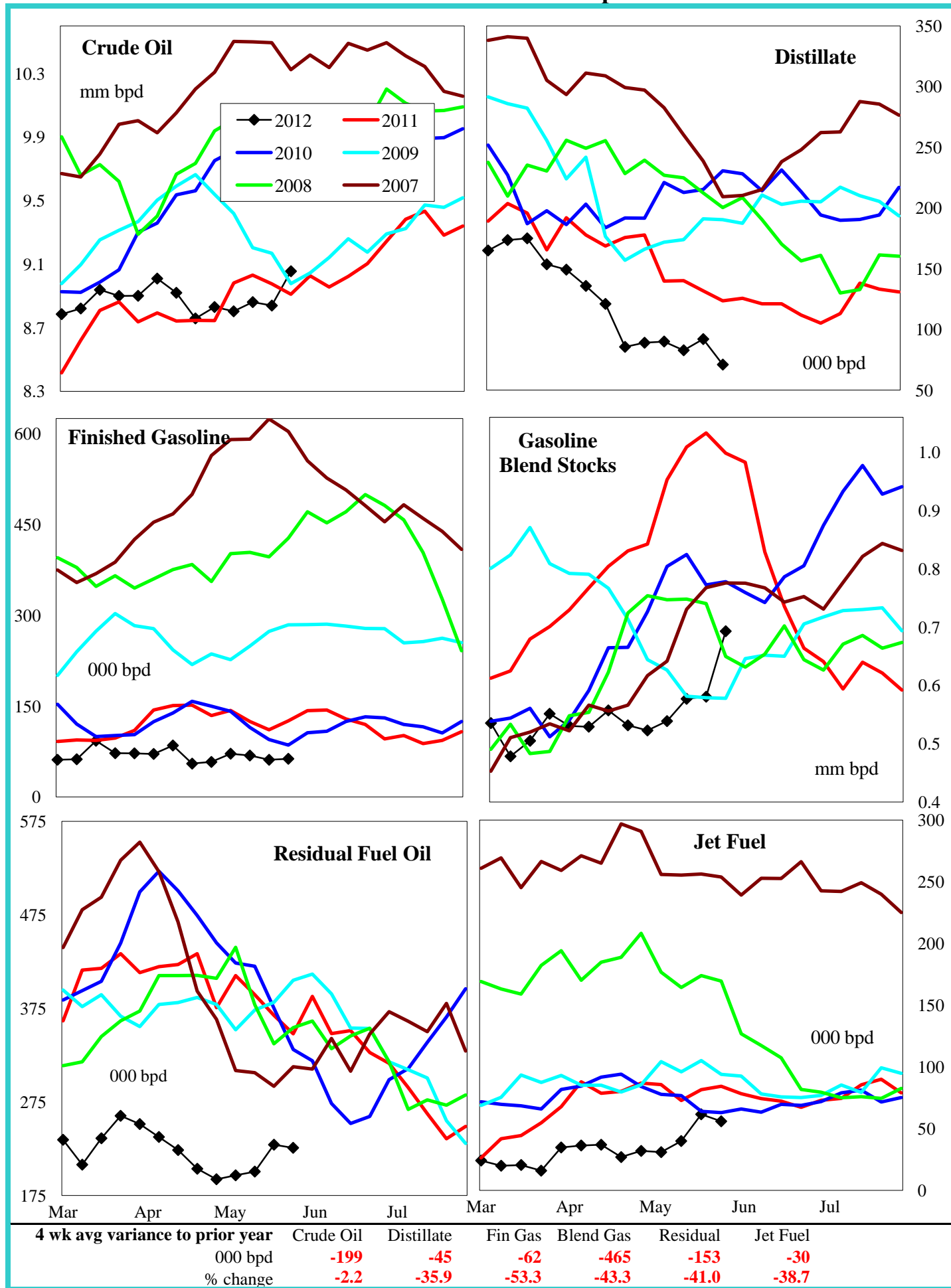
United States Product Stocks: Days Forward Coverage



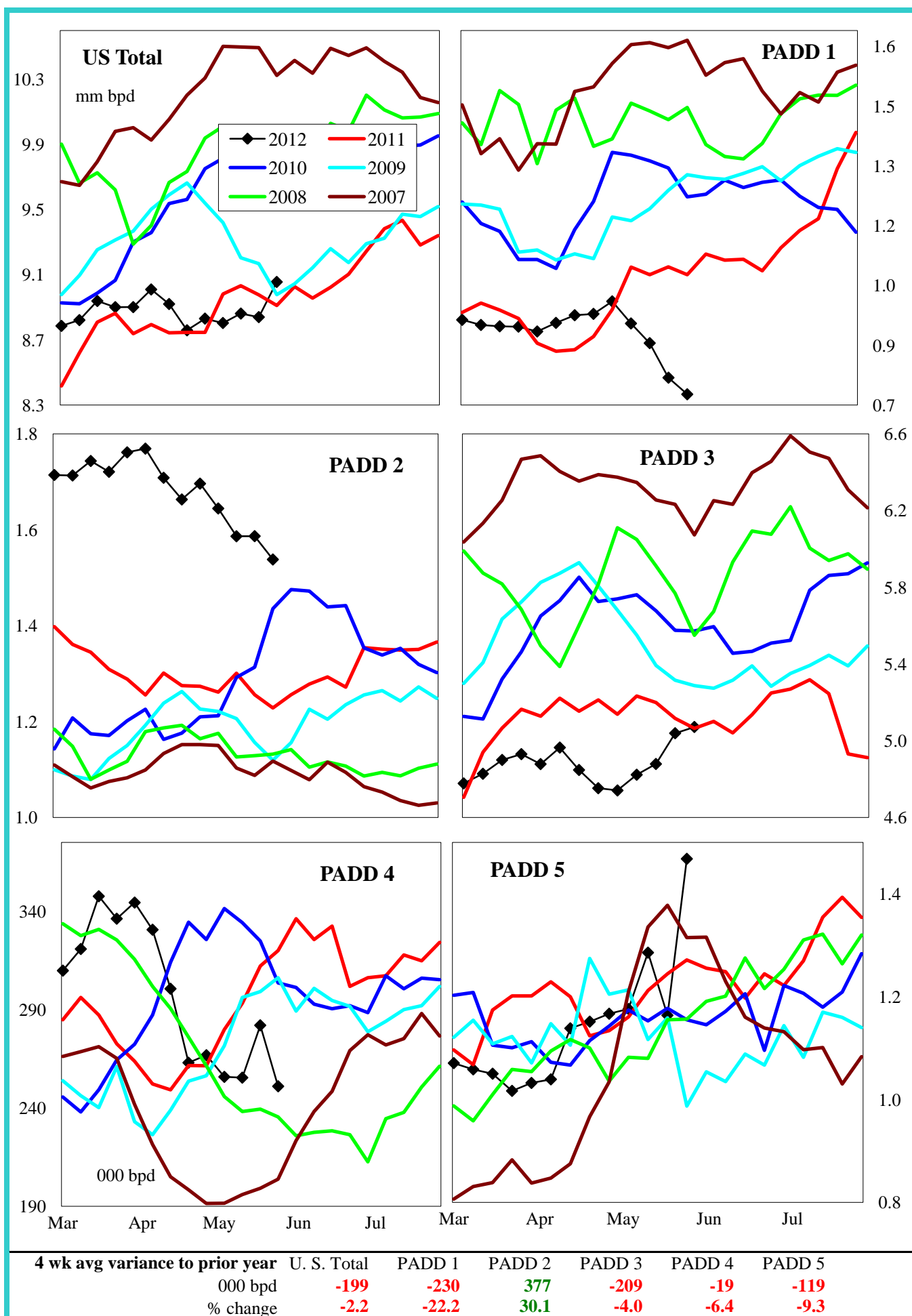
United States Refinery Percent Utilization Rate and Product Yields



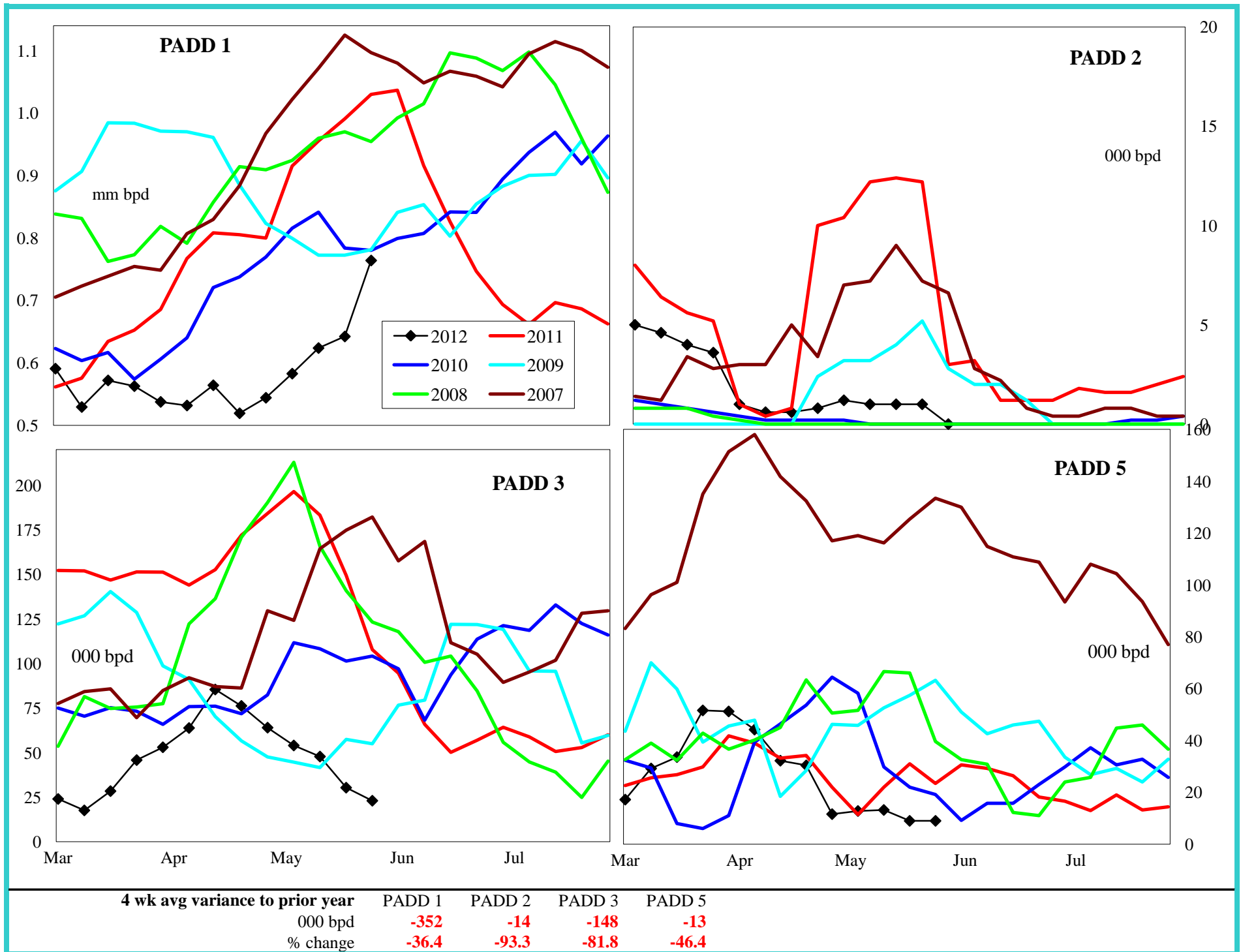
United States Petroleum Imports



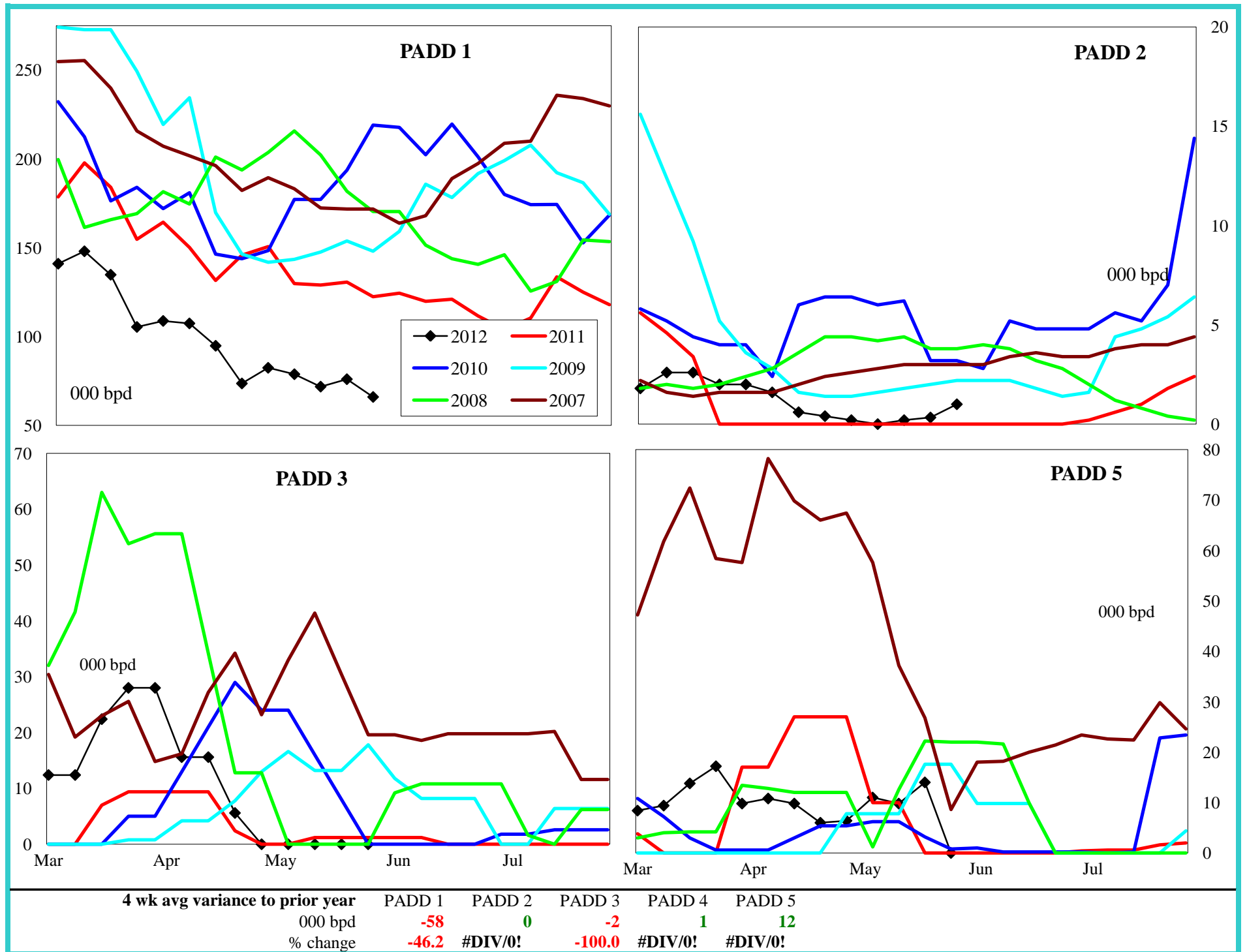
Crude Oil Imports by PADD



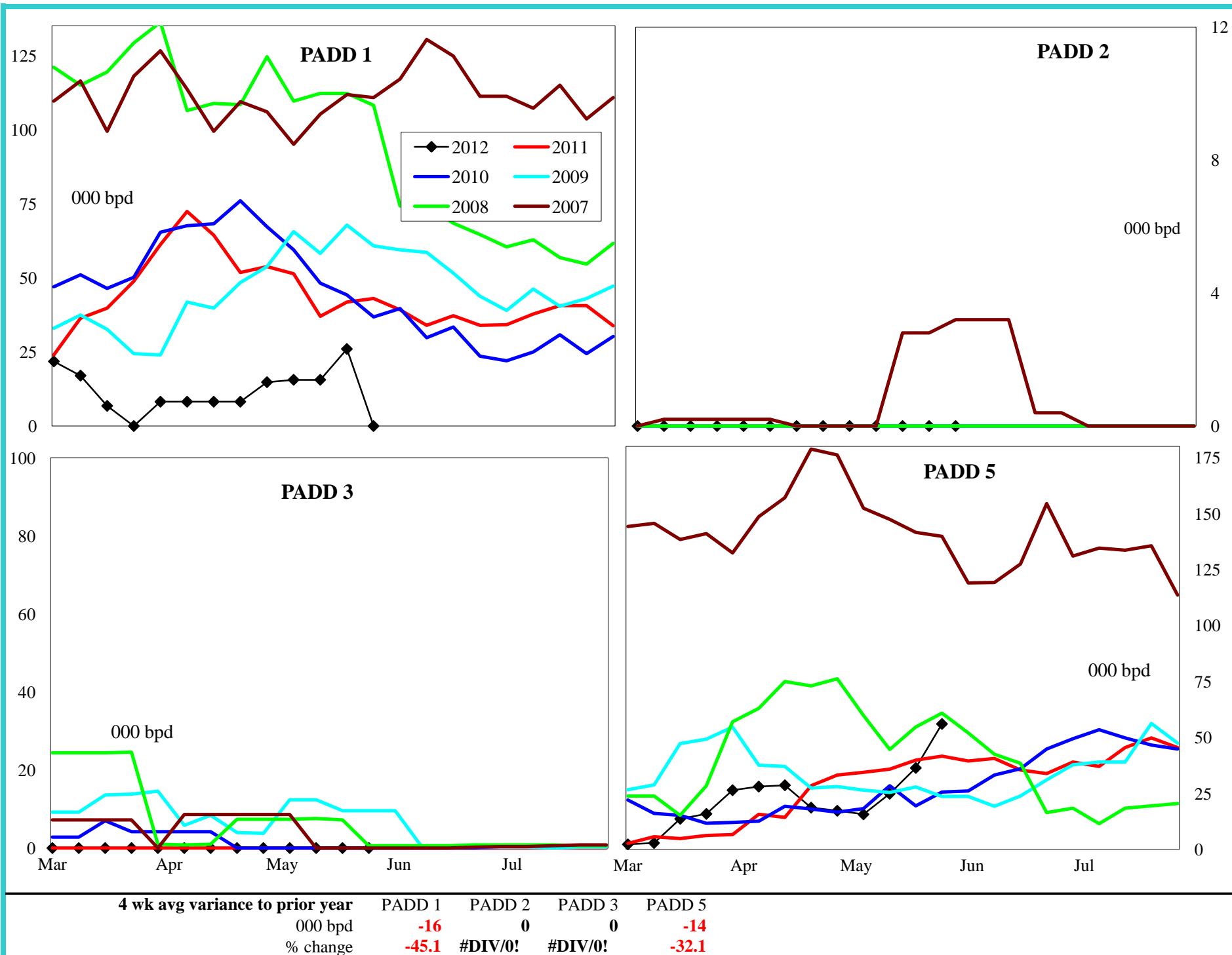
Gasoline Imports by PADD (Finished + Blend Stocks)



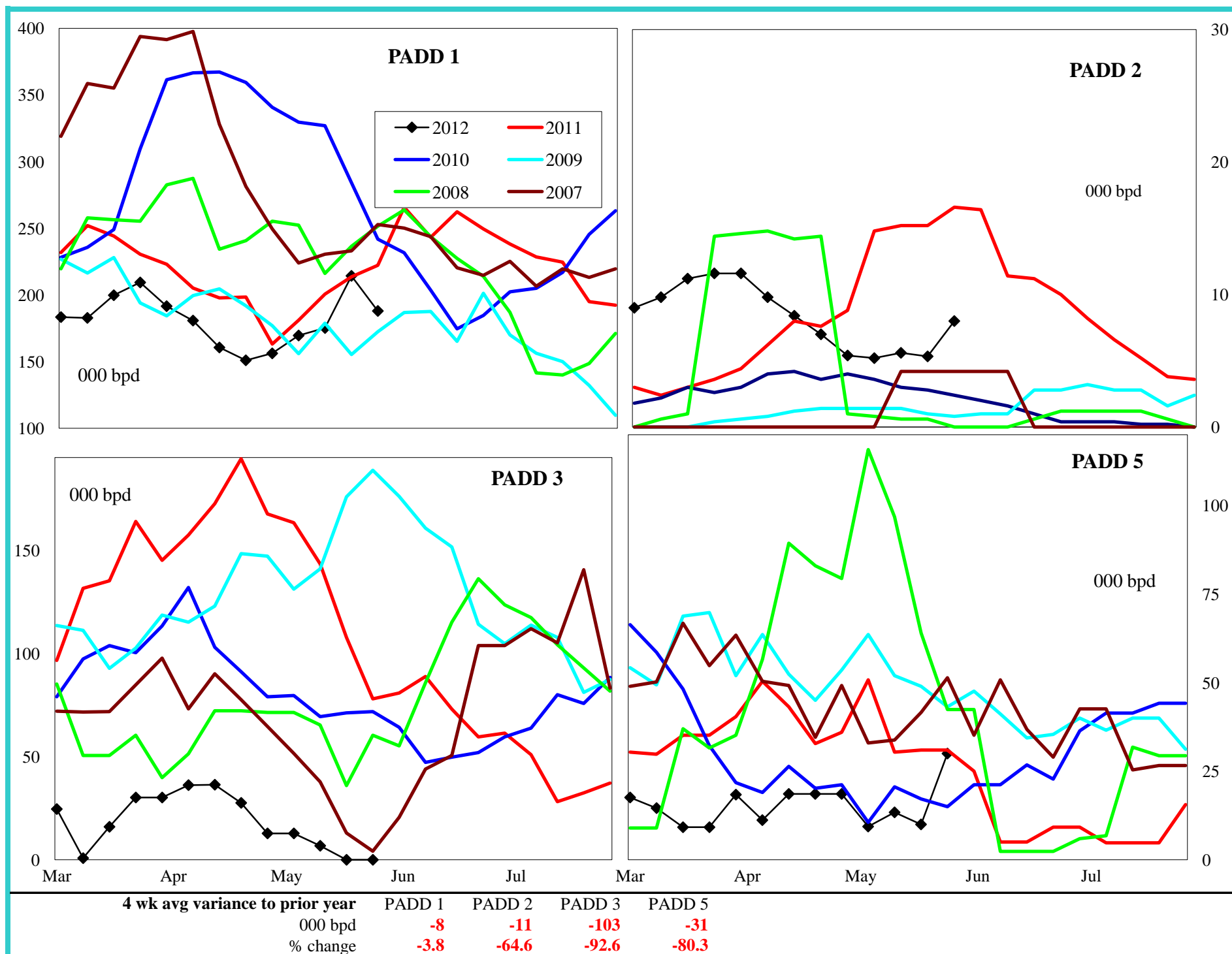
Distillate Imports by PADD



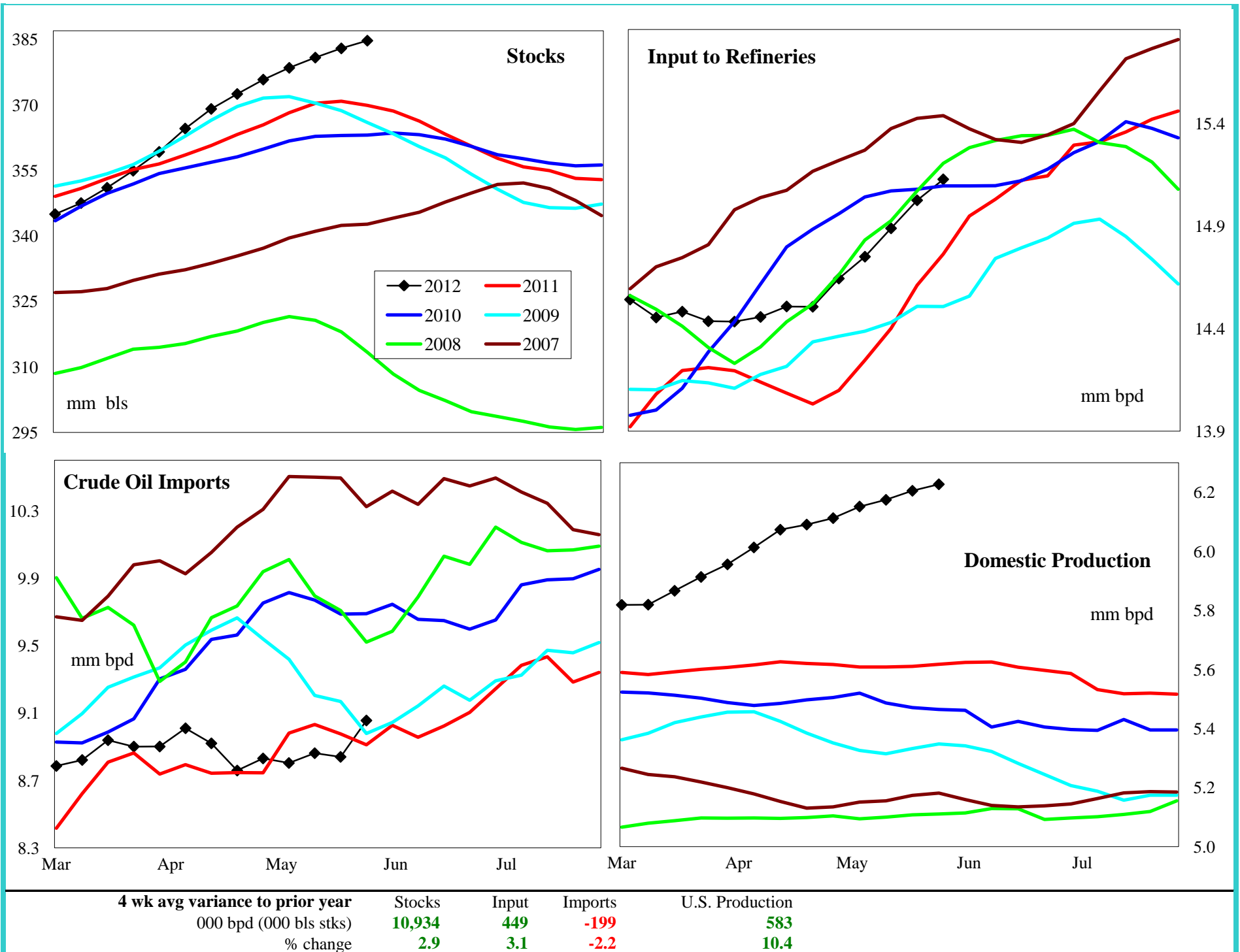
Jet Fuel Imports by PADD



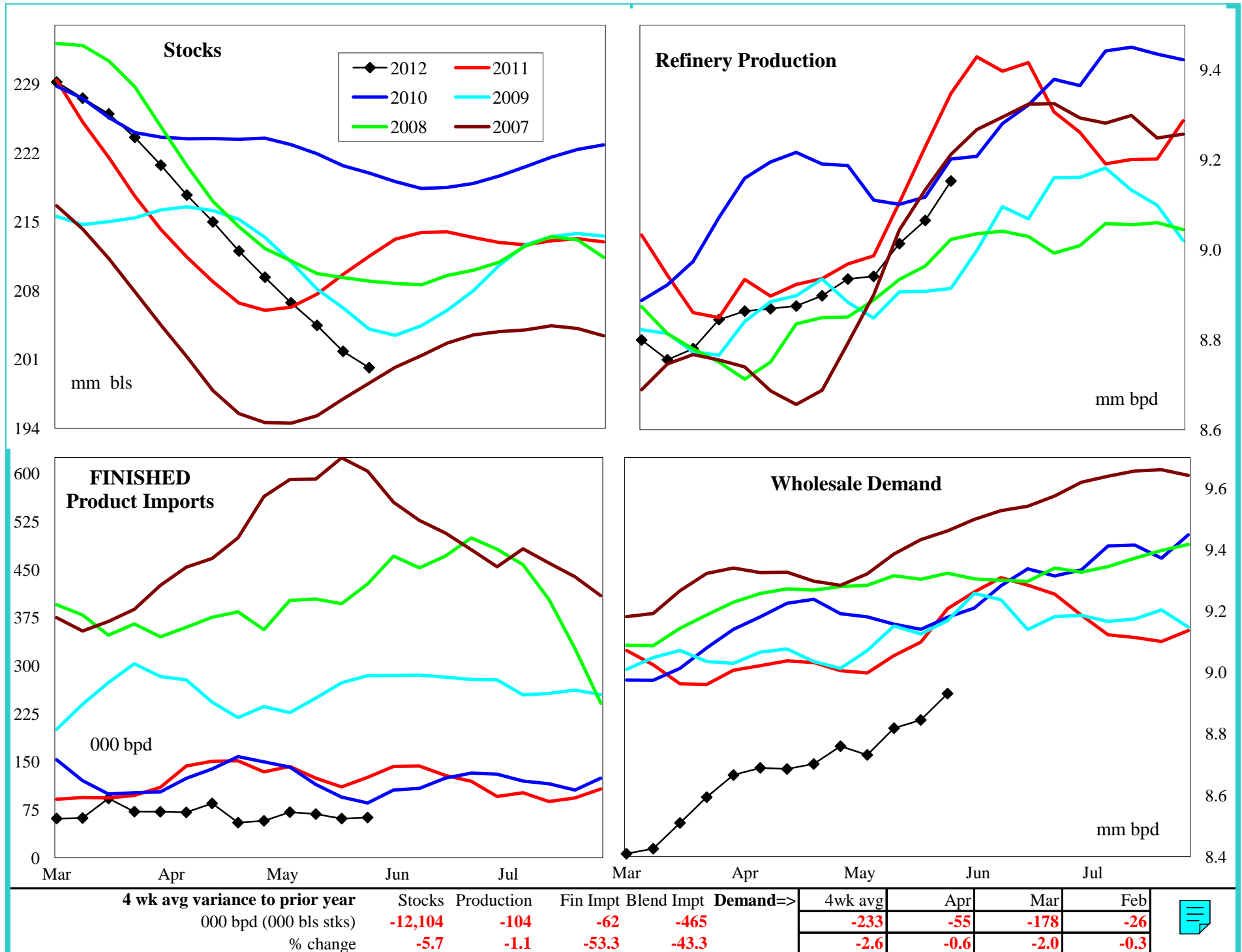
Residual Fuel Oil Imports by PADD



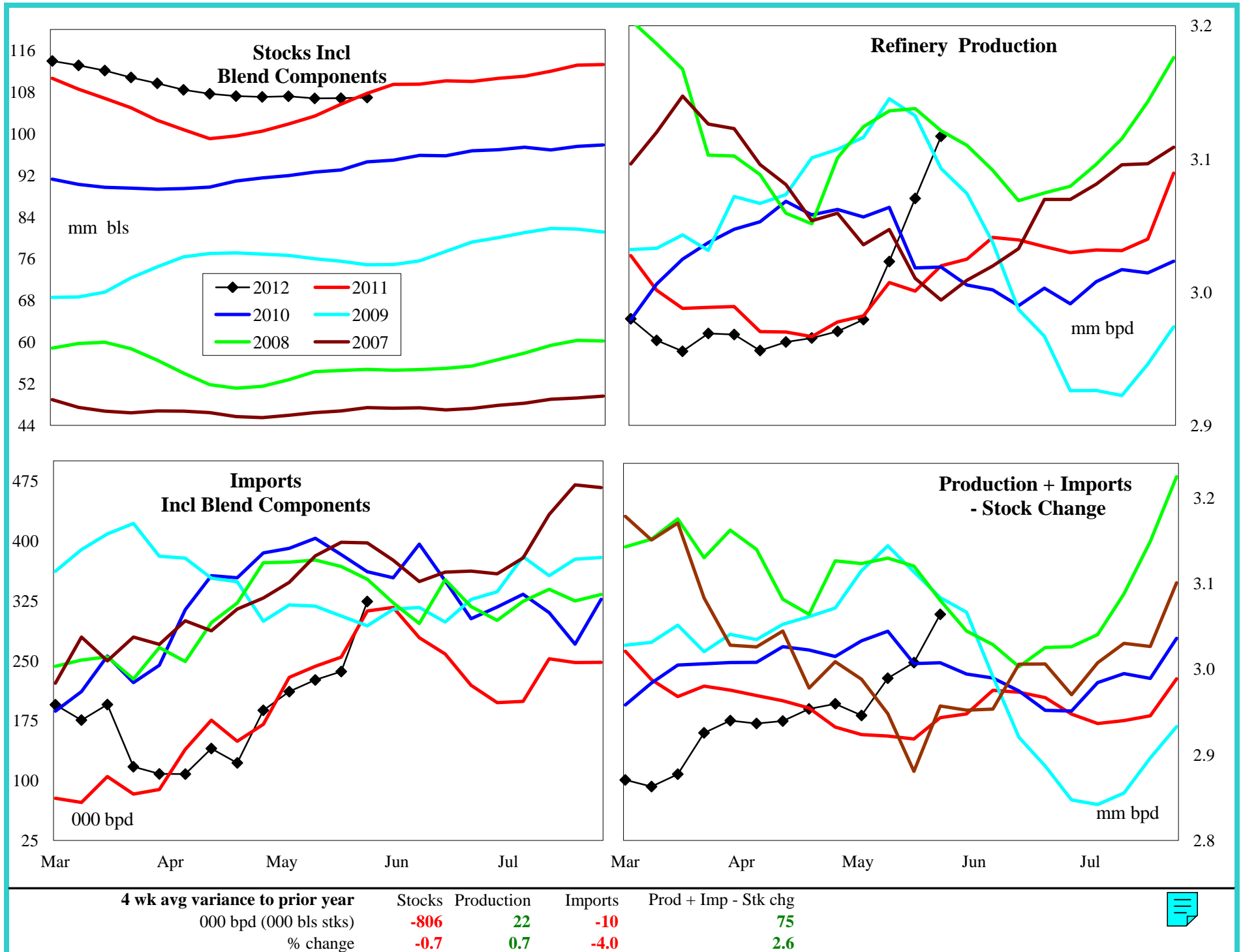
United States Crude Oil Supply and Demand Balance



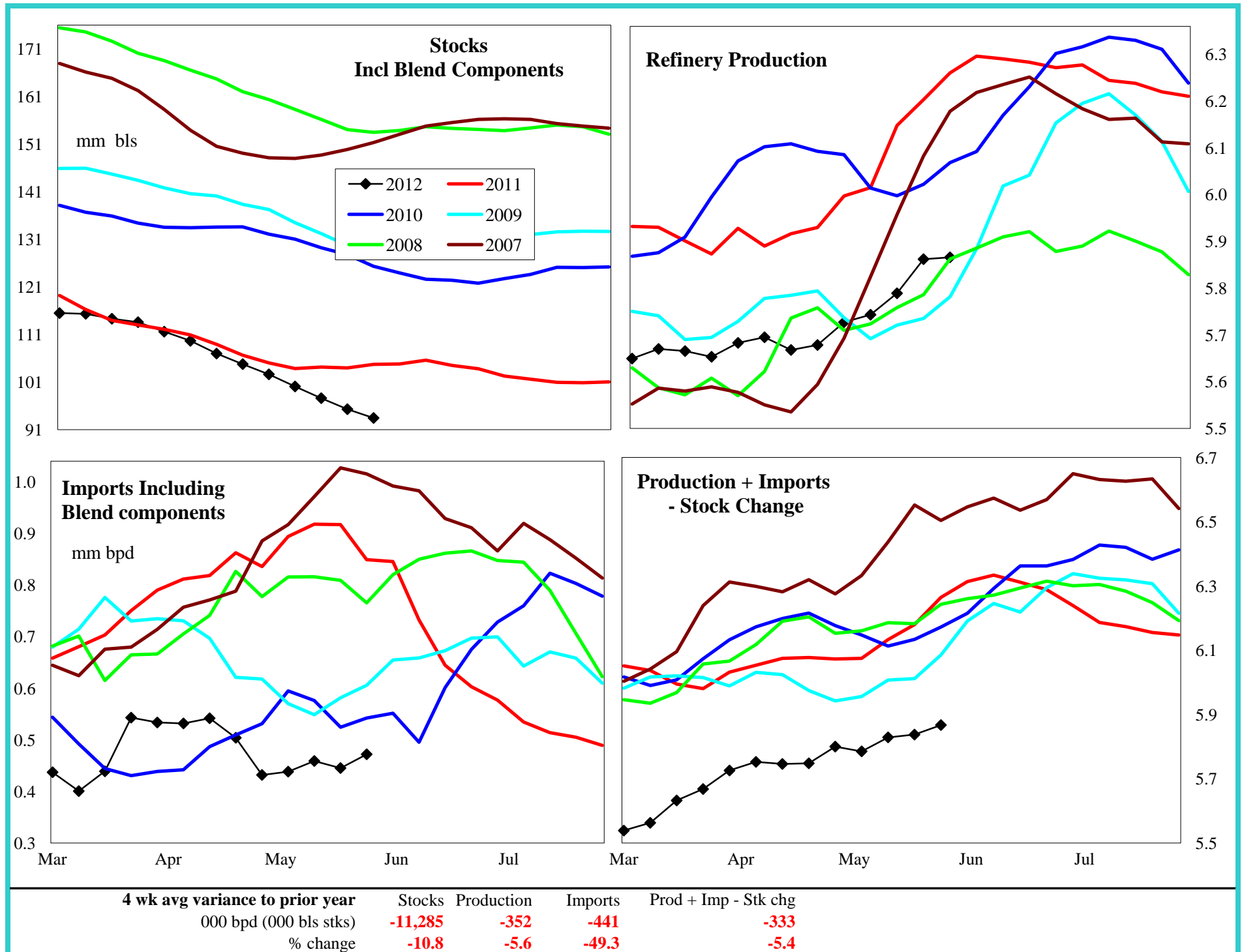
United States Gasoline Supply and Demand Balance



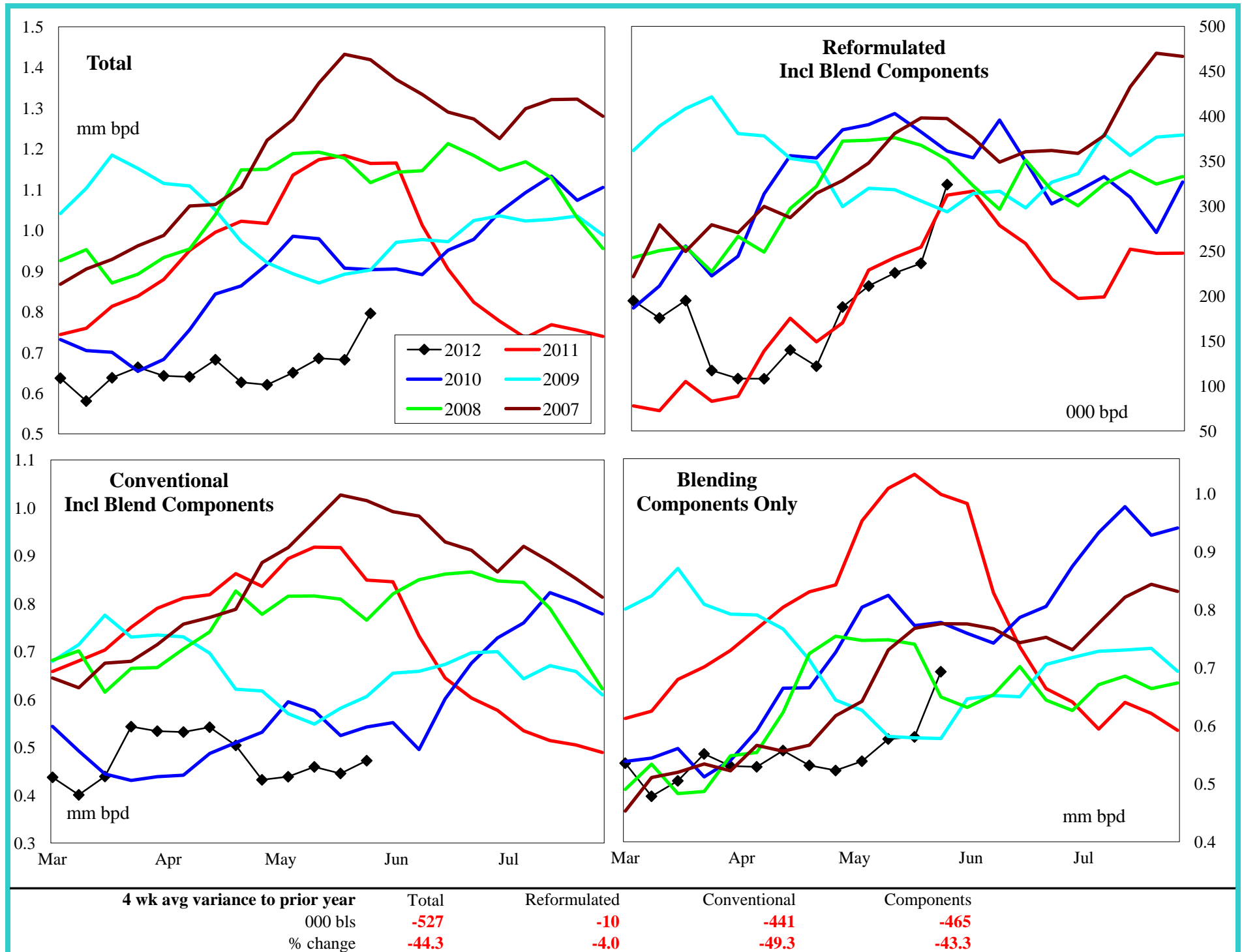
United States Reformulated Gasoline Supply



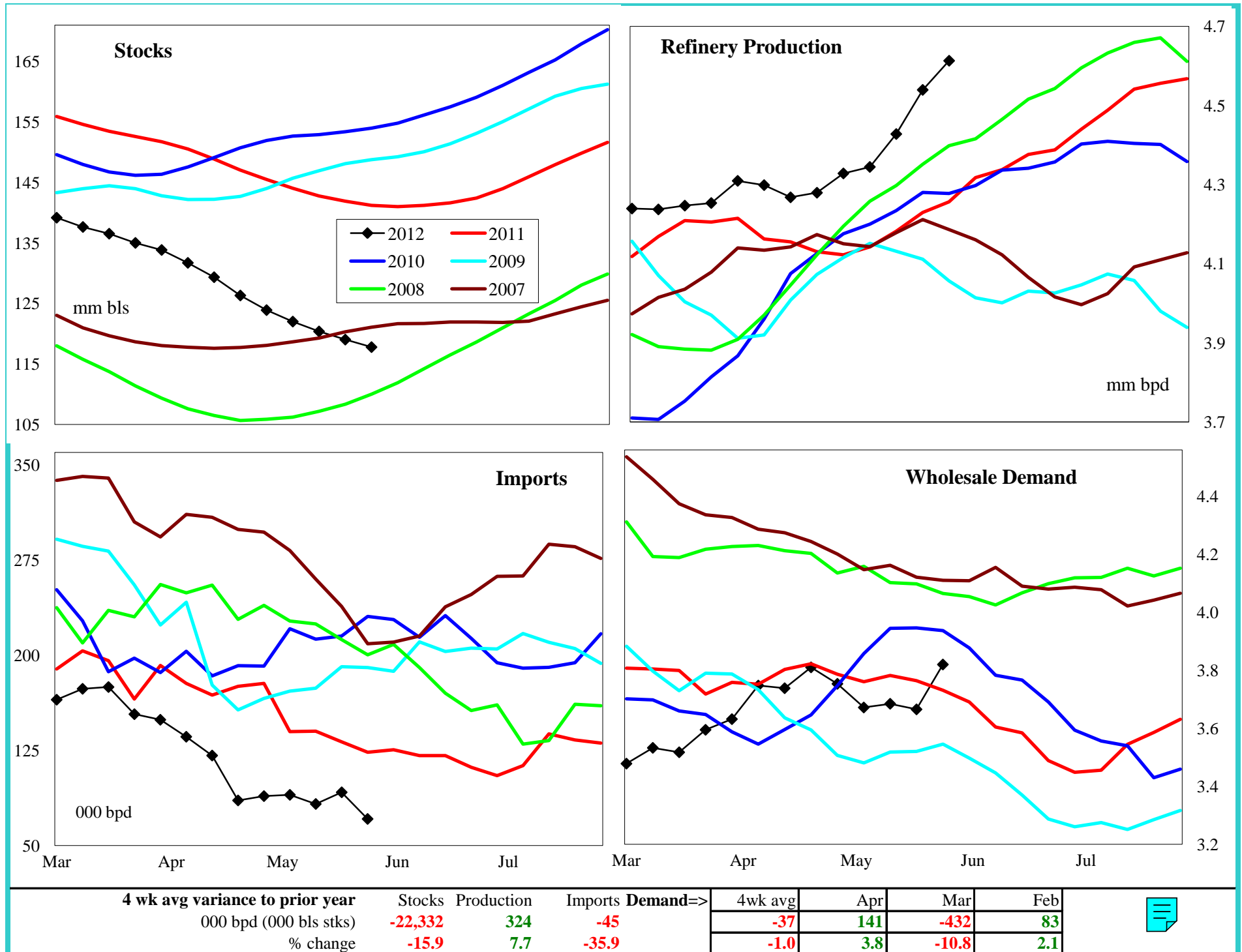
United States Conventional Gasoline Supply



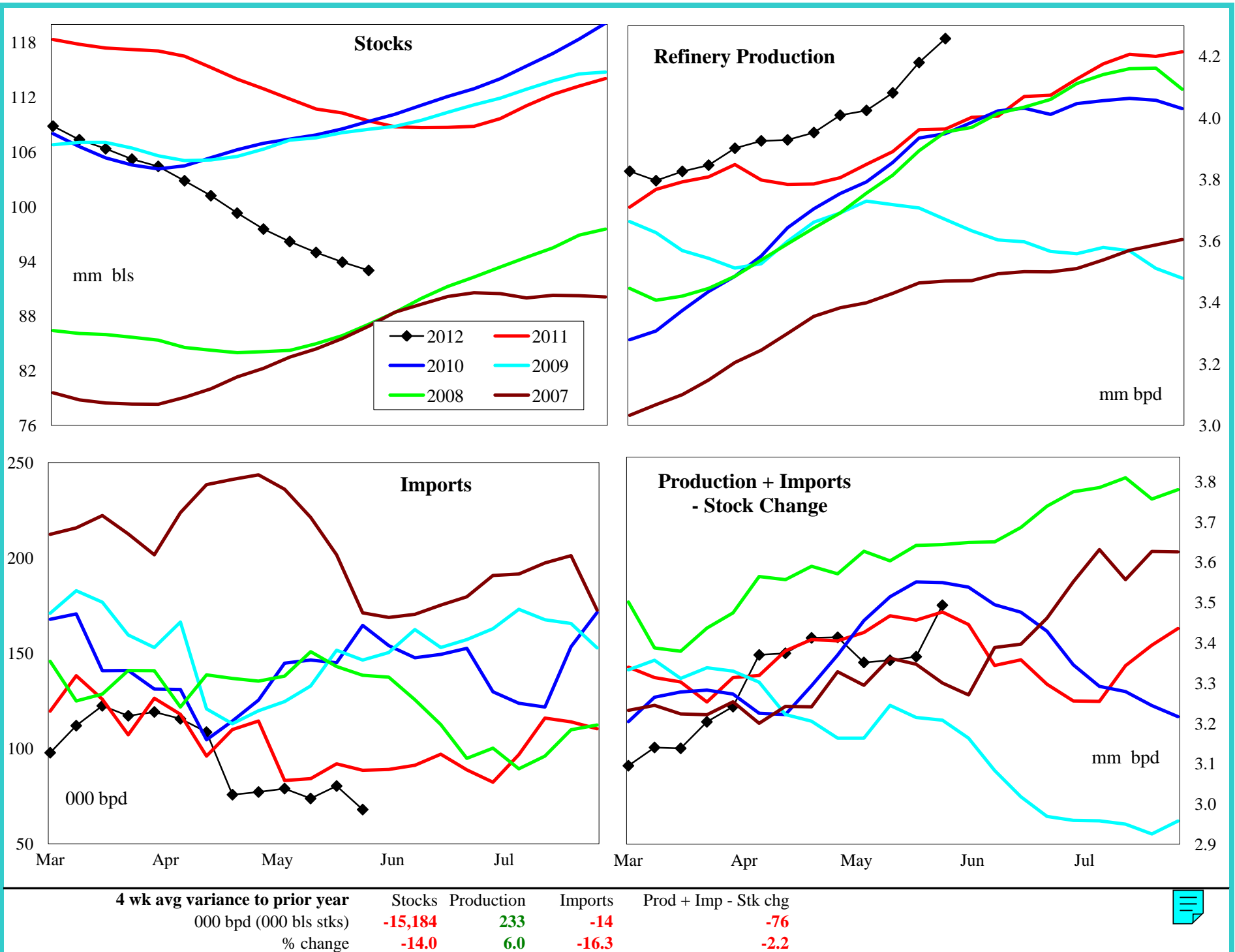
United States Gasoline Imports by Type



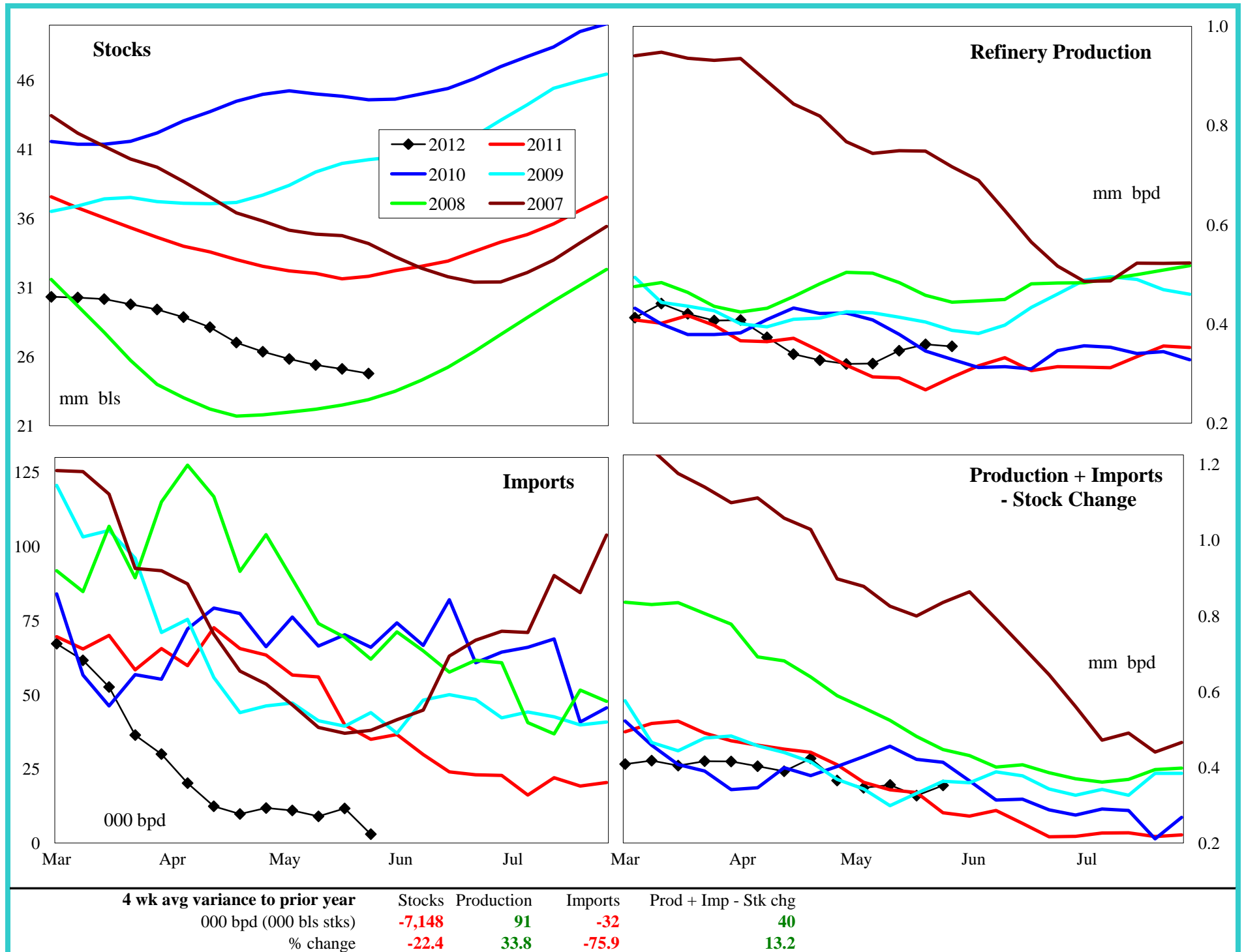
United States Distillate Supply and Demand Balance



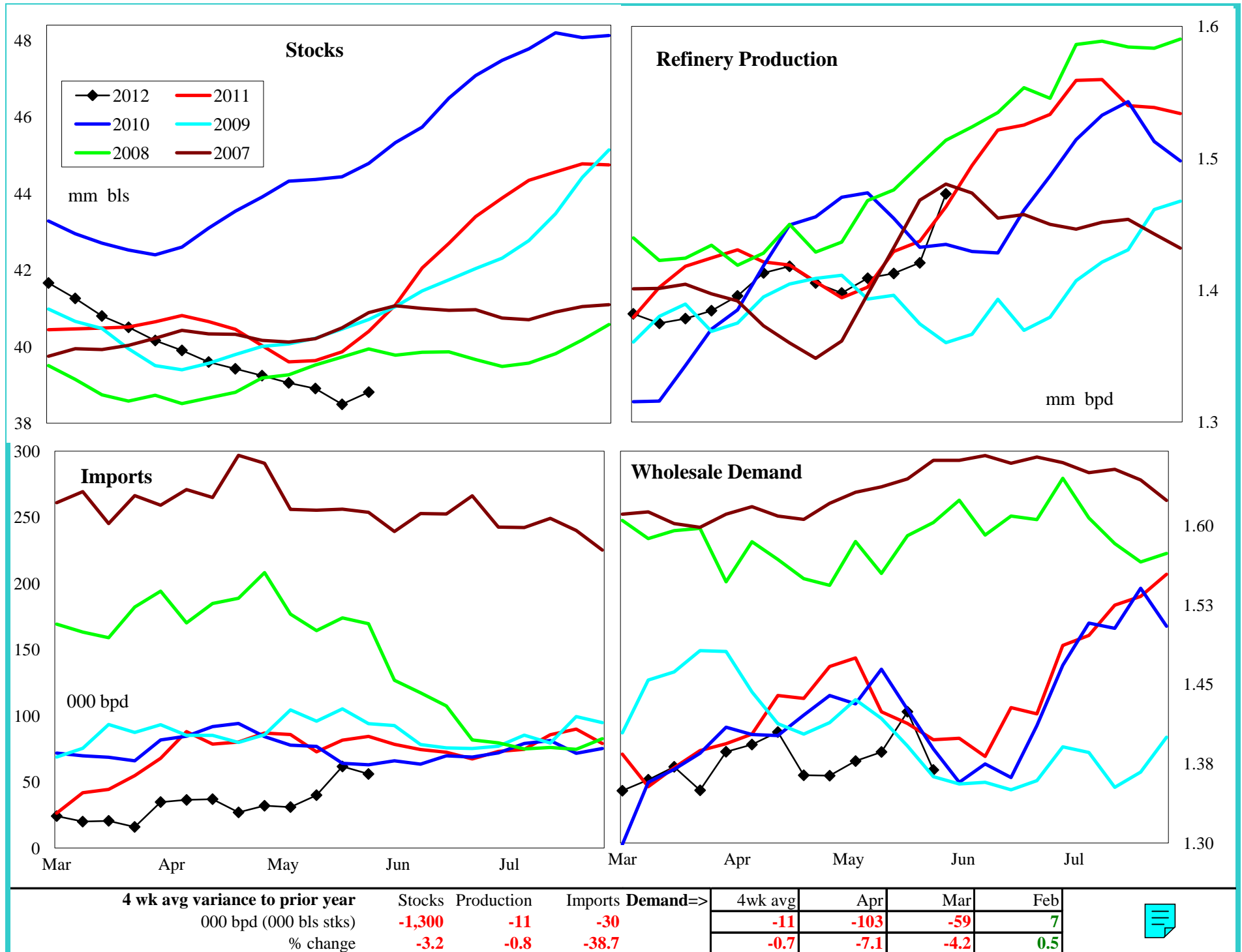
United States Low Sulfur Distillate Supply



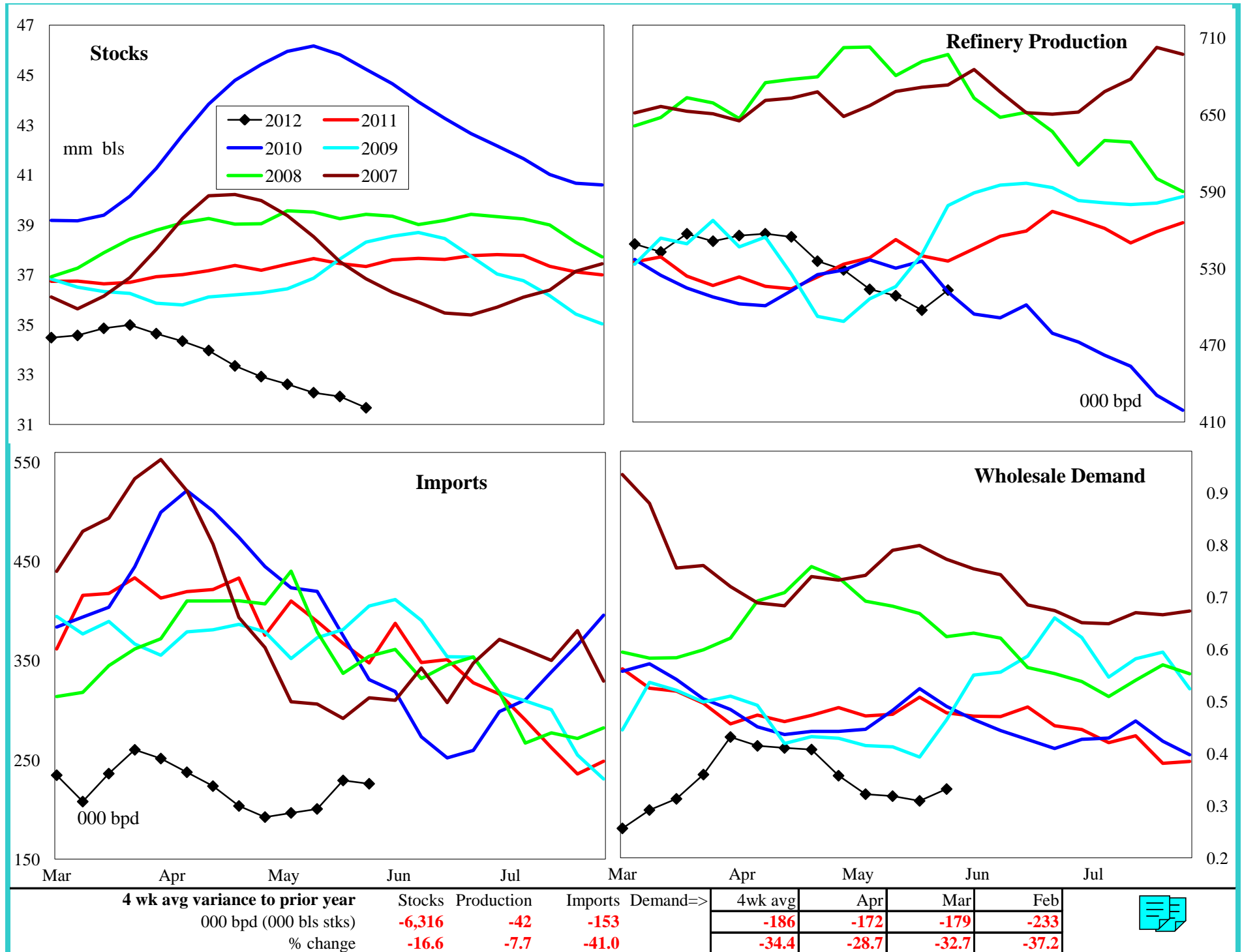
United States High Sulfur Distillate Supply



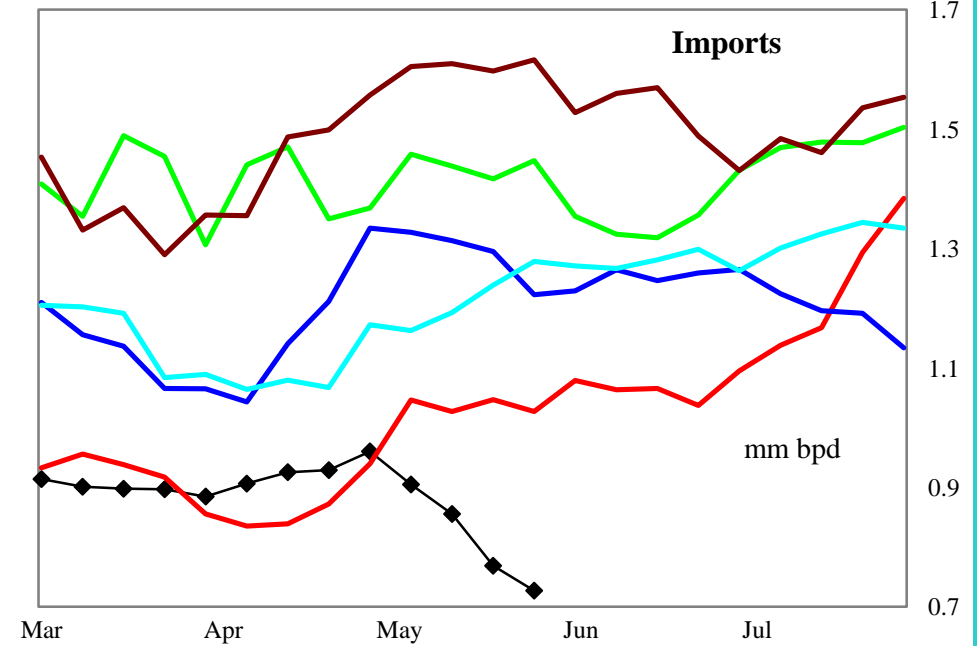
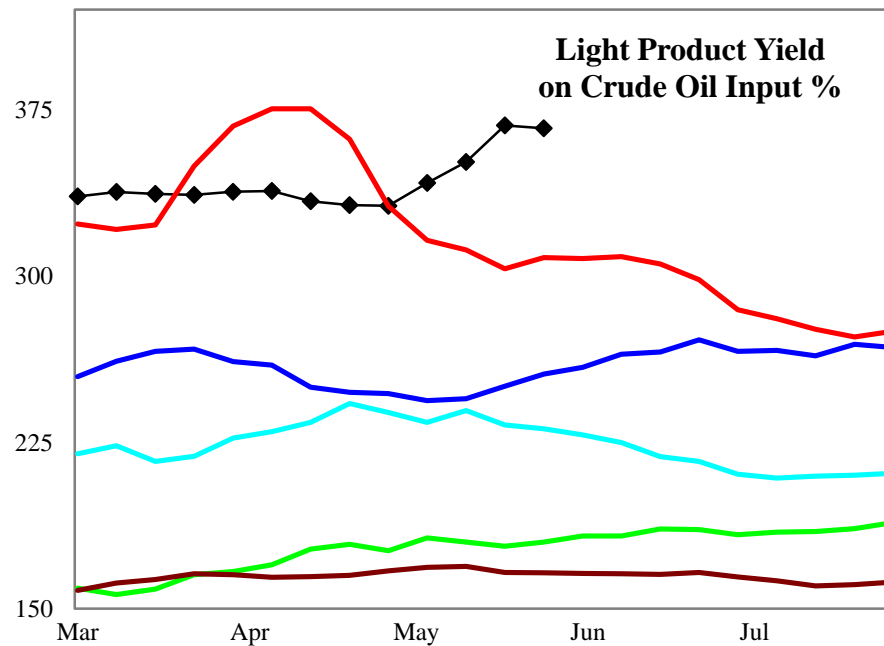
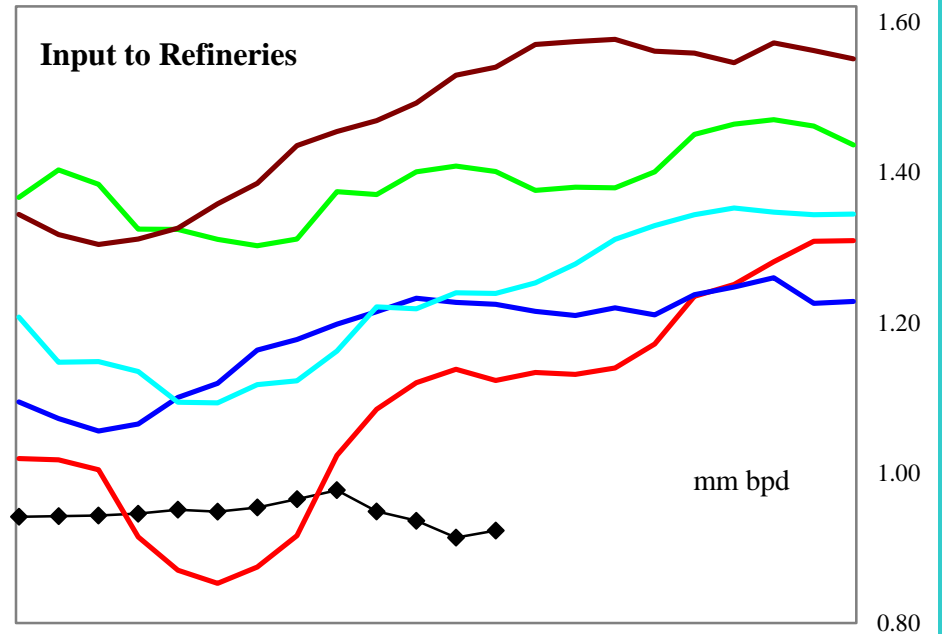
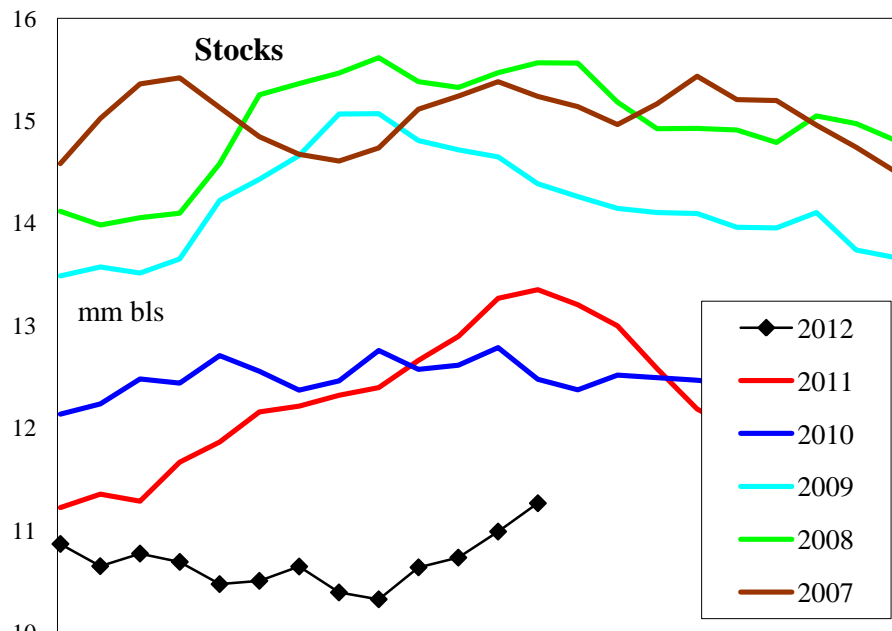
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

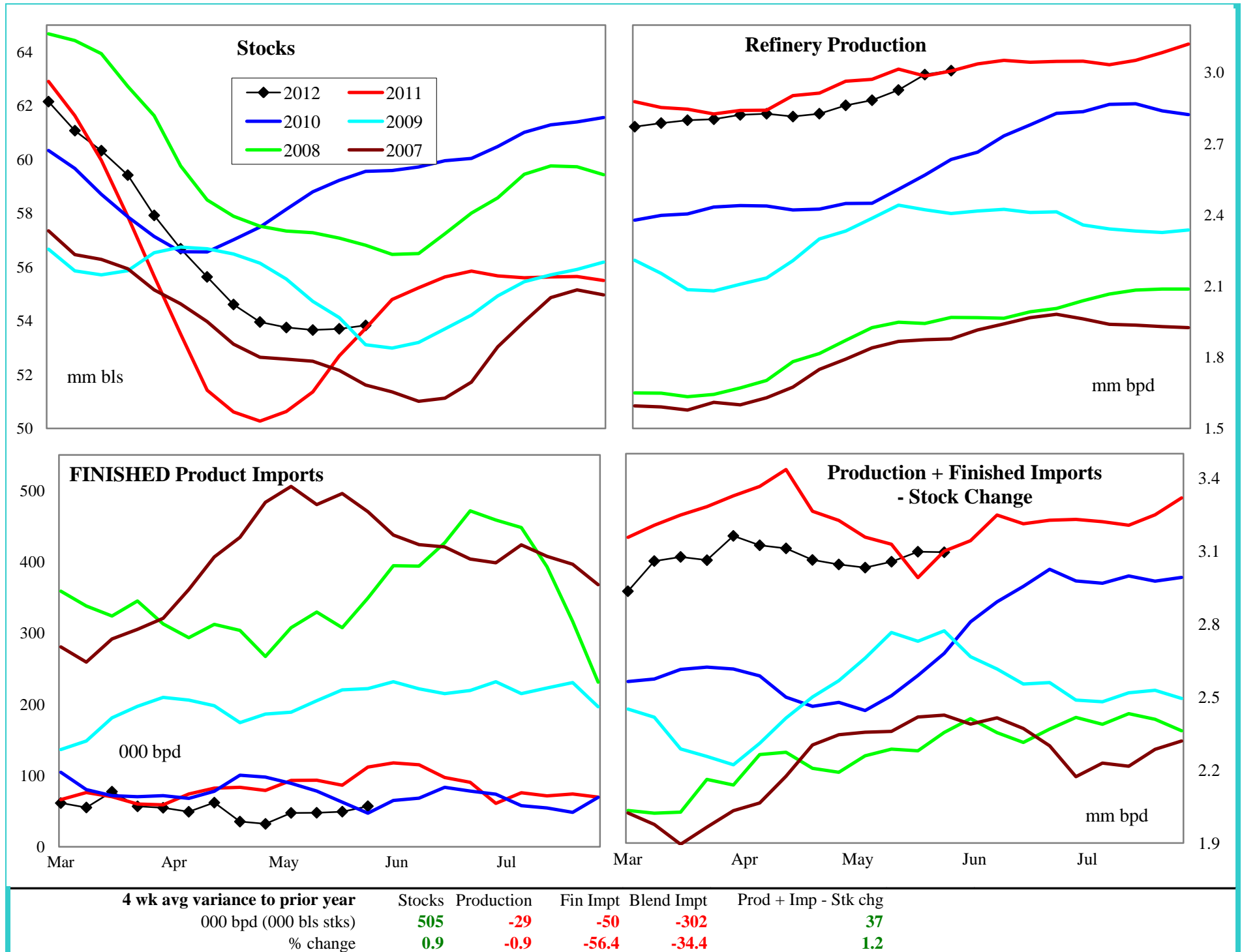


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

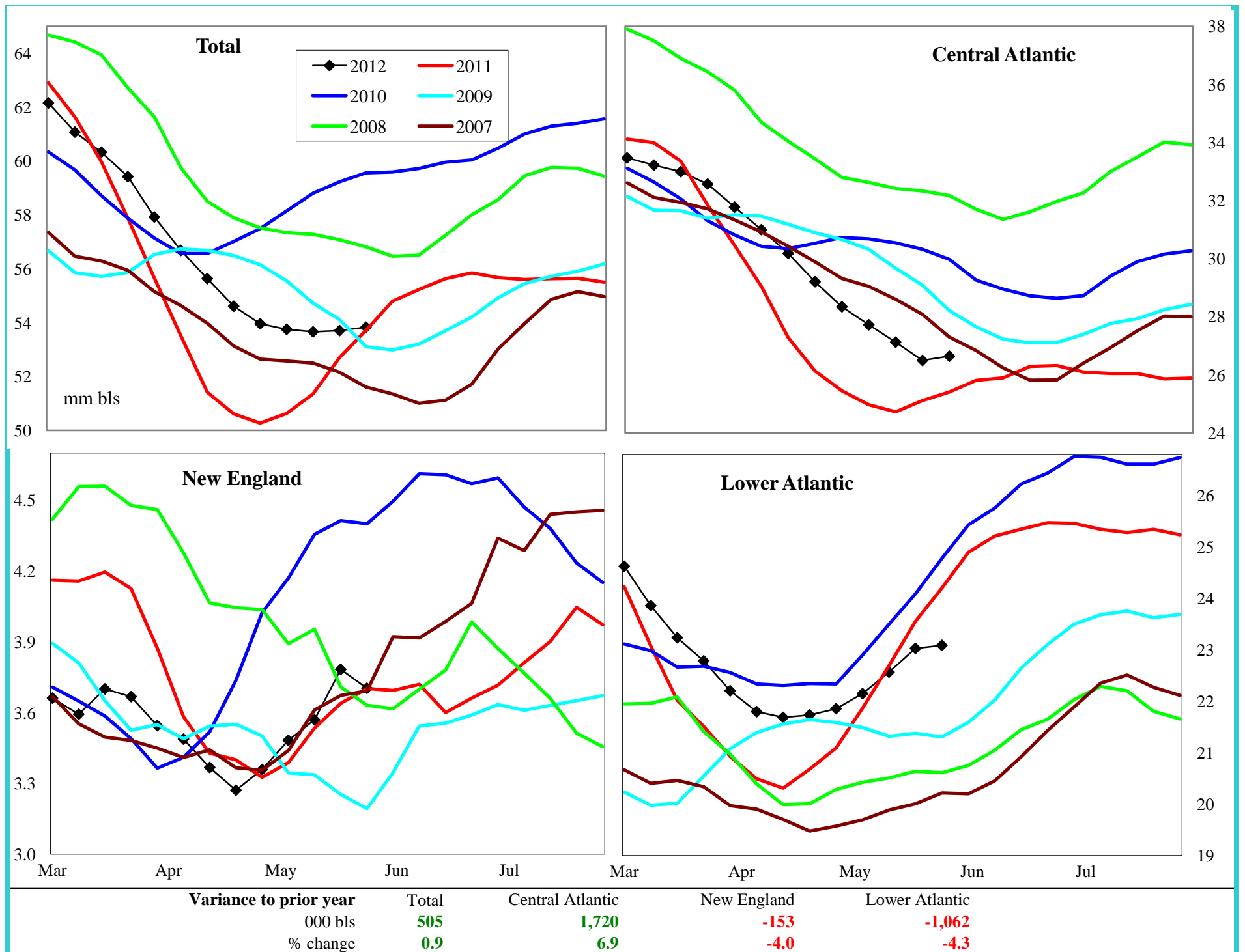
	Stocks	Input	Imports
000 bpd (000 bls stks)	-2,084	-206	-230
% change	-15.6	-18.1	-22.2



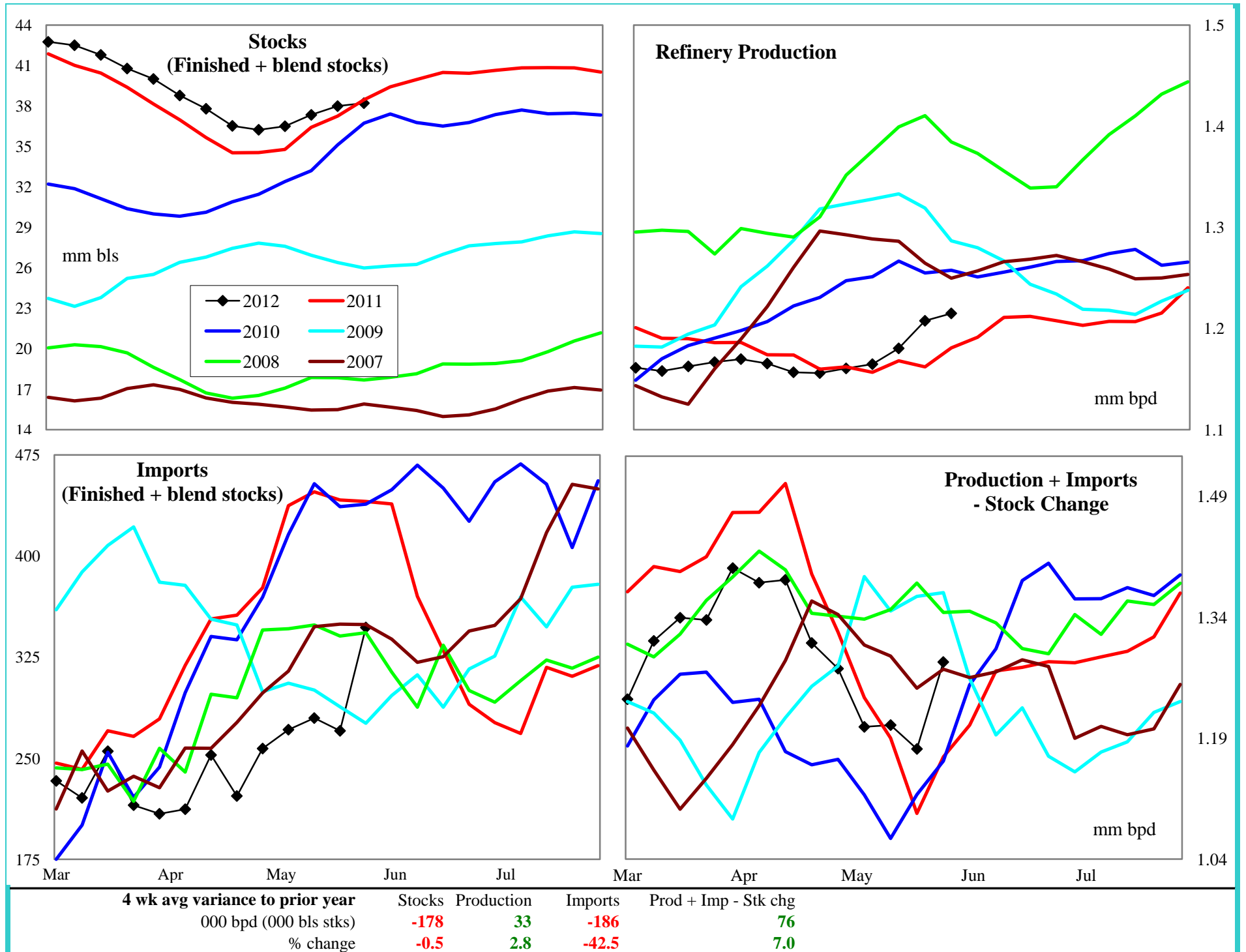
PADD 1 Gasoline Supply



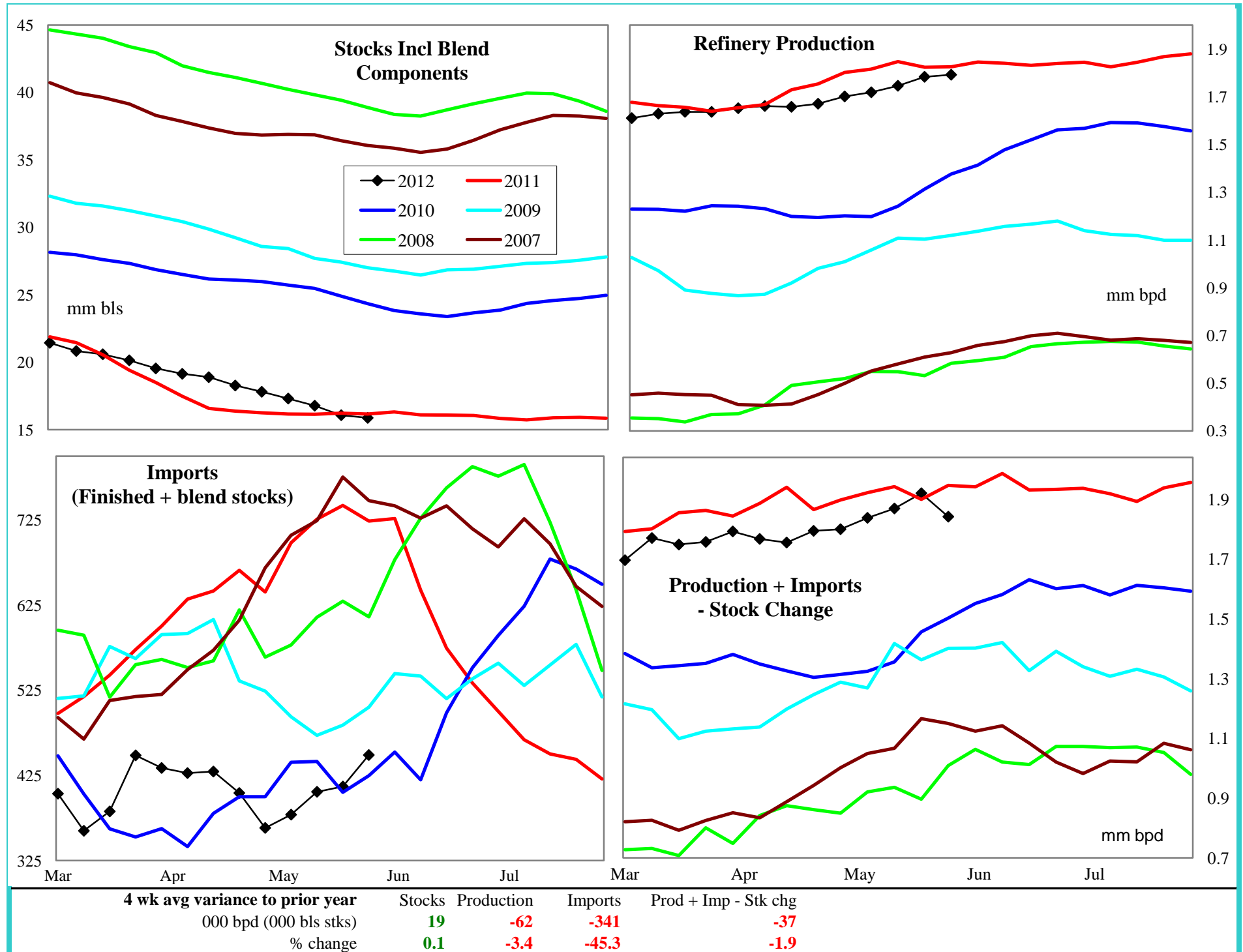
PADD 1 Gasoline Stocks by Region



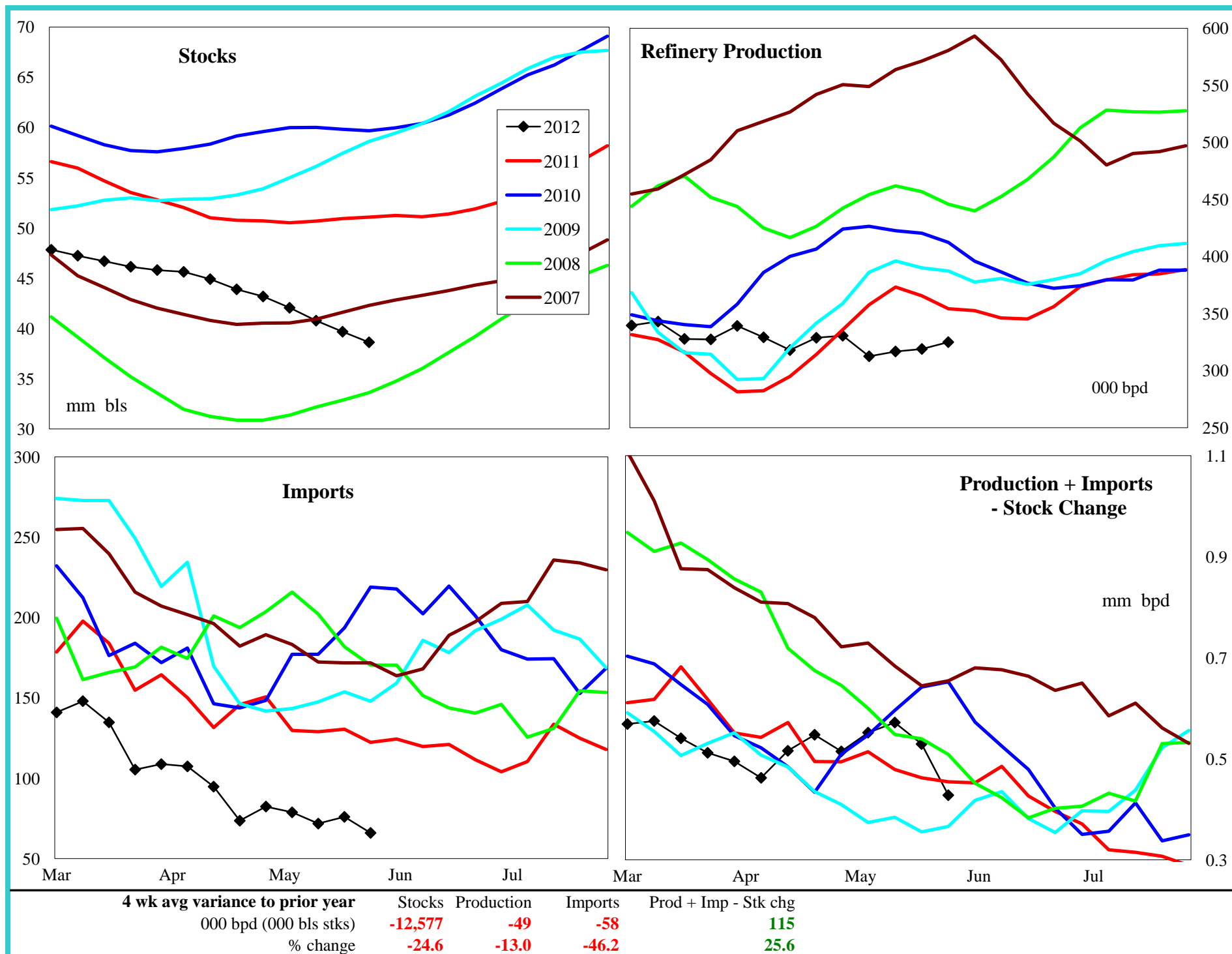
PADD 1 Reformulated Gasoline Supply



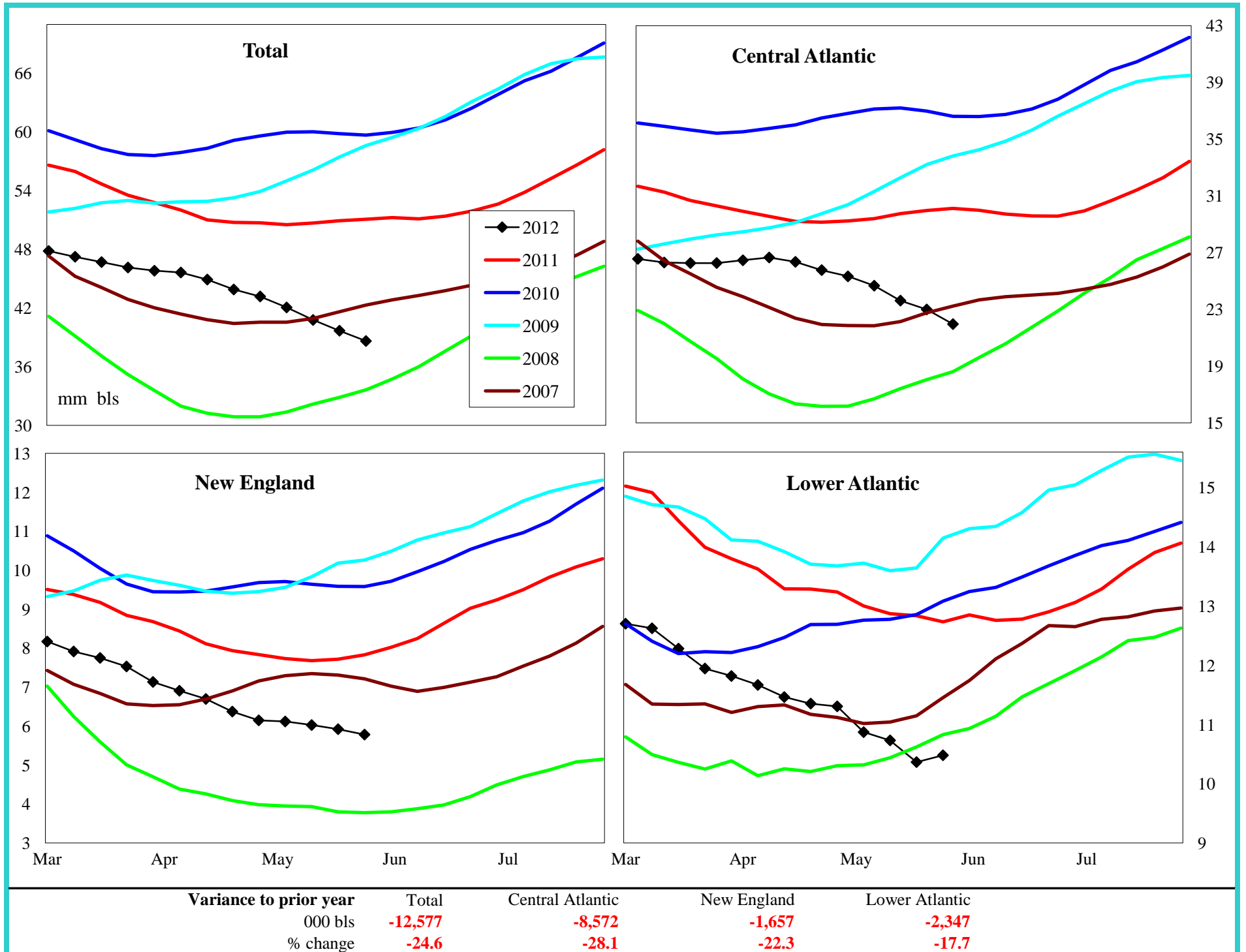
PADD 1 Conventional Gasoline Supply



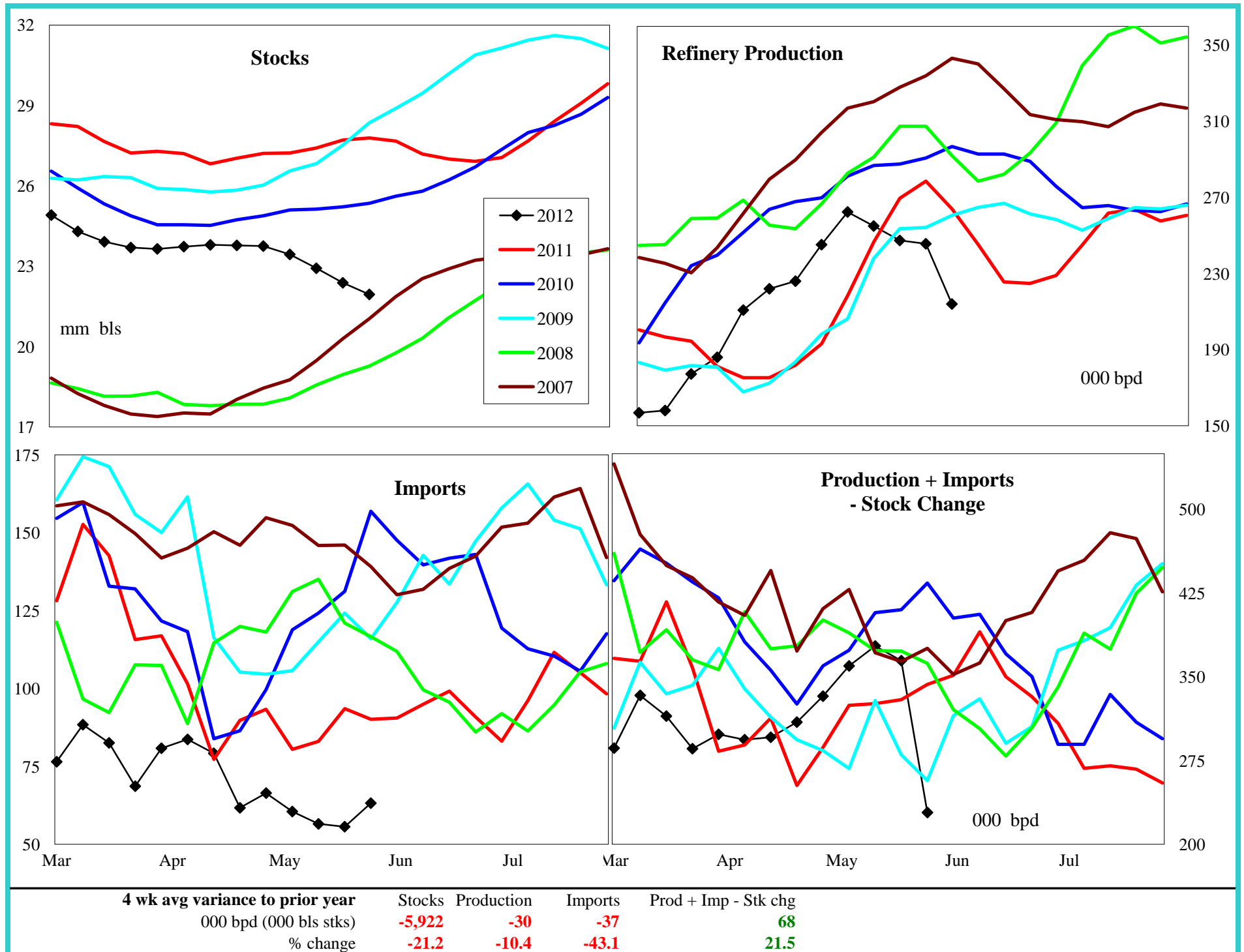
PADD 1 Distillate Supply



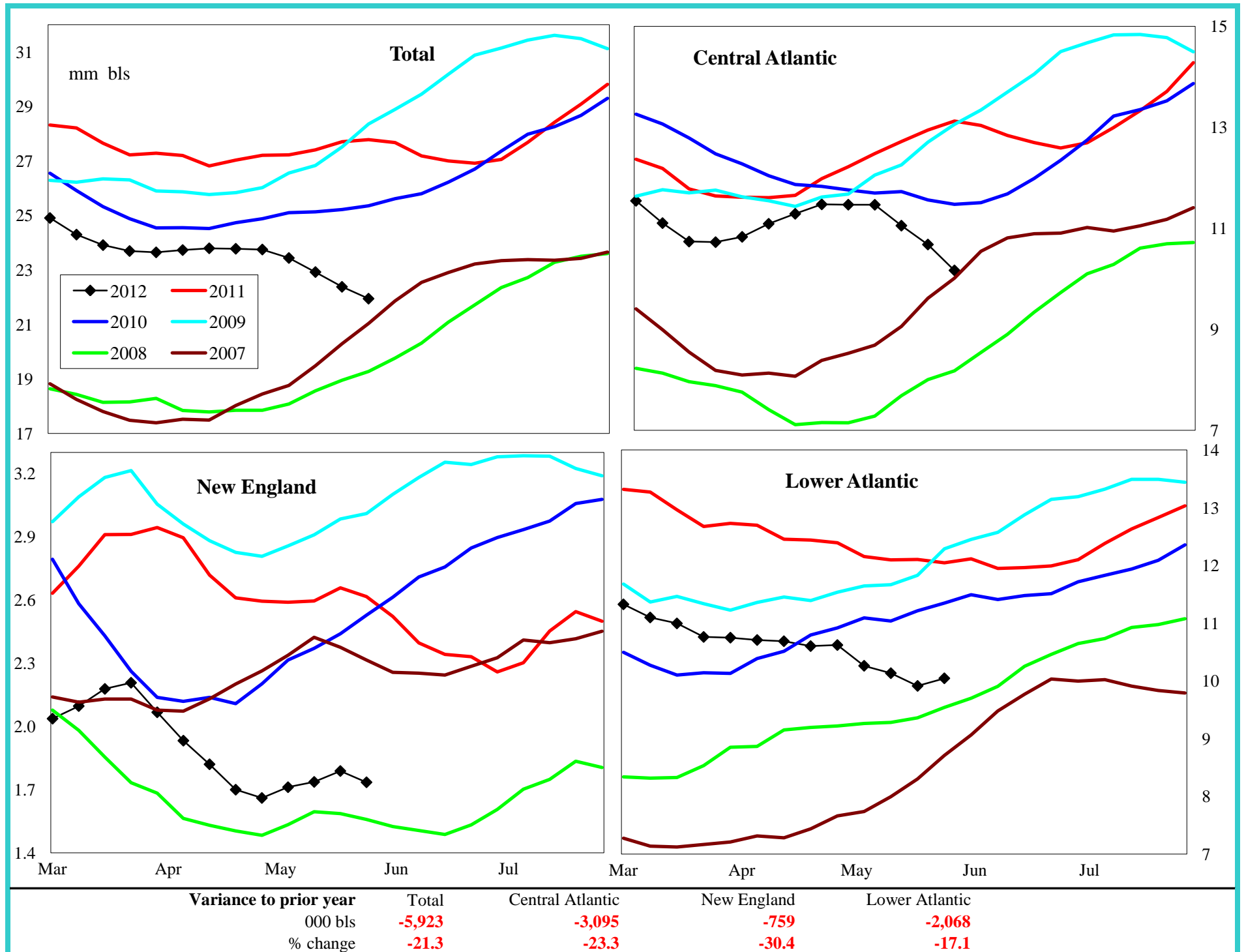
PADD 1 Distillate Stocks by Region



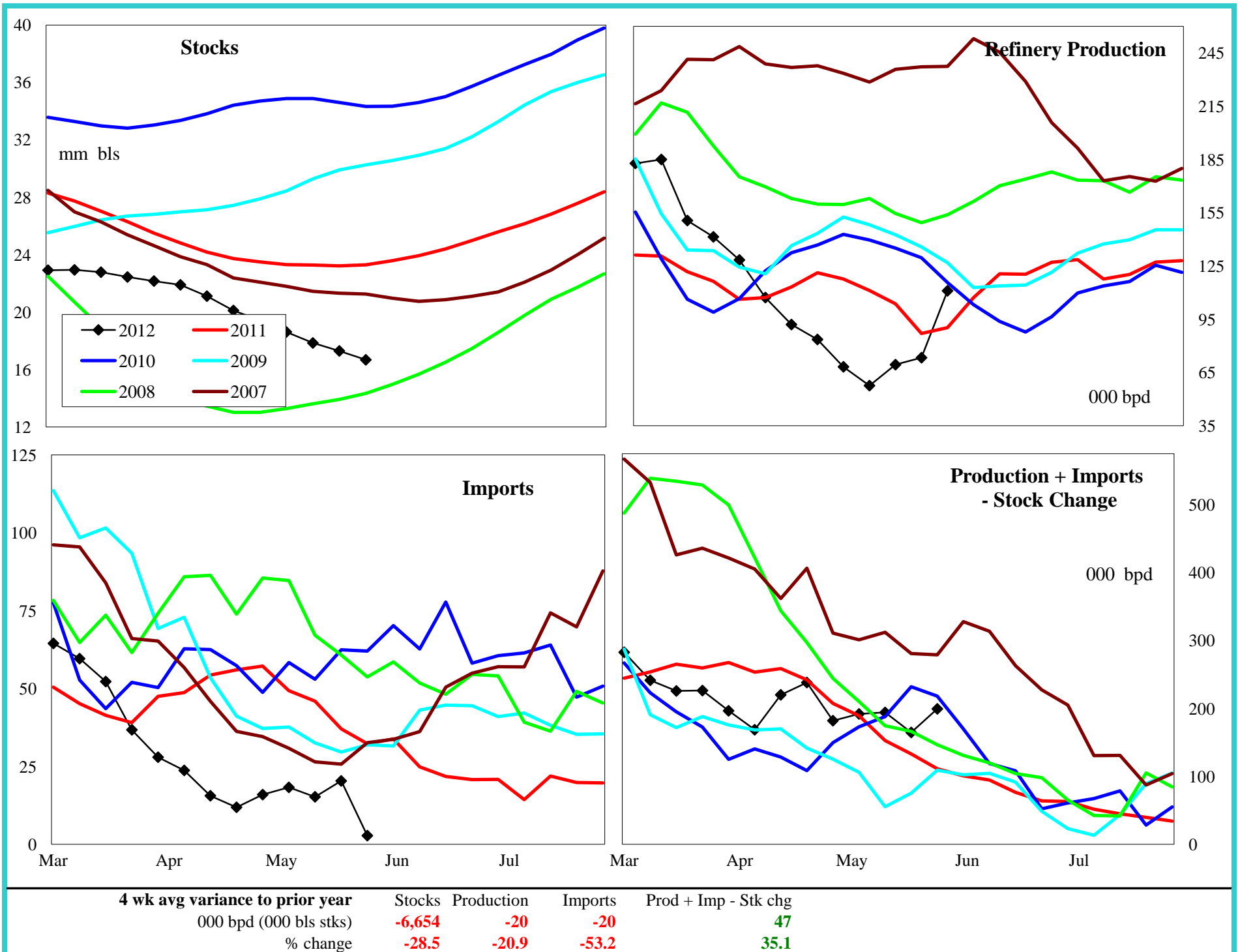
PADD 1 Low Sulfur Distillate Supply



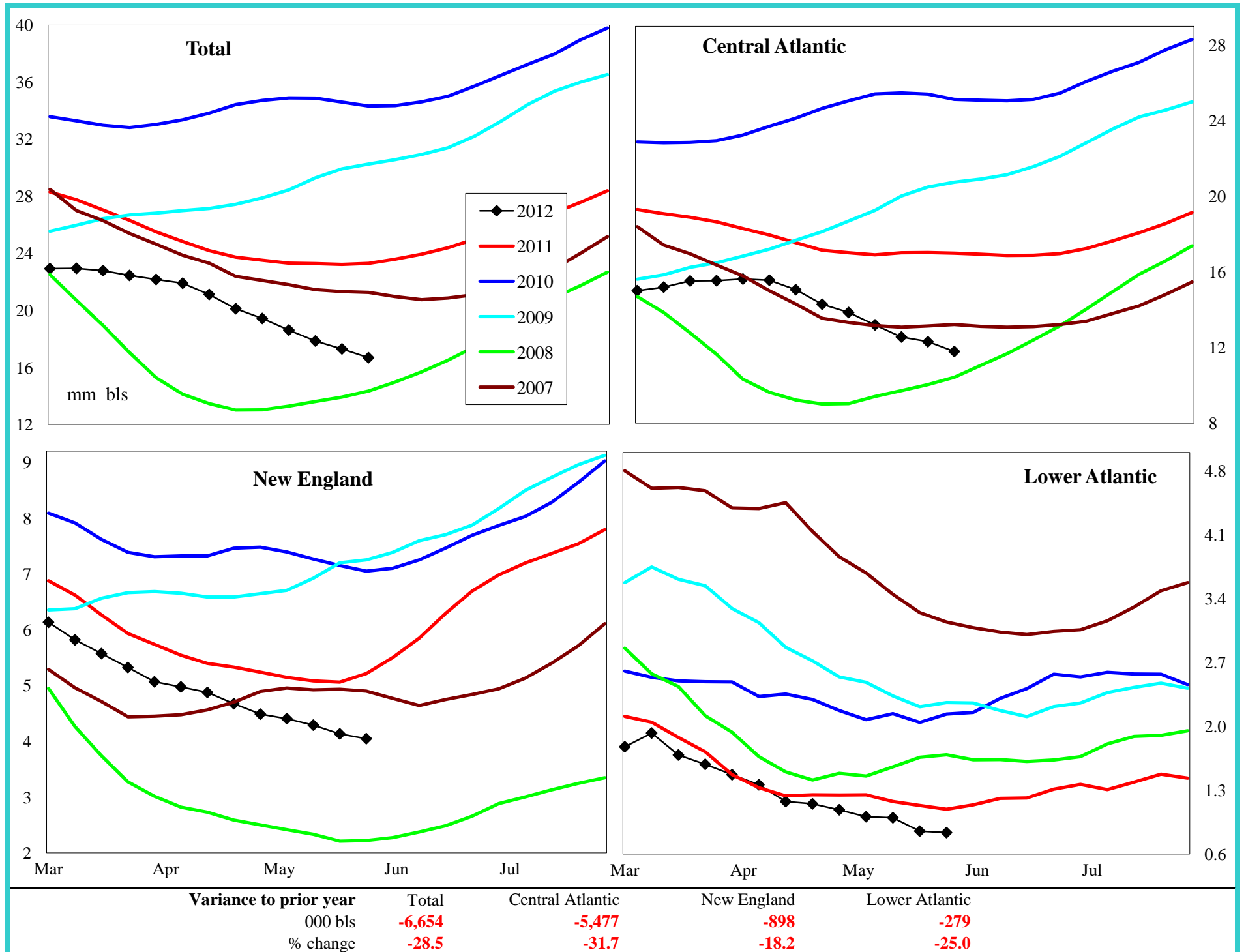
PADD 1 Low Sulfur Distillate Stocks by Region



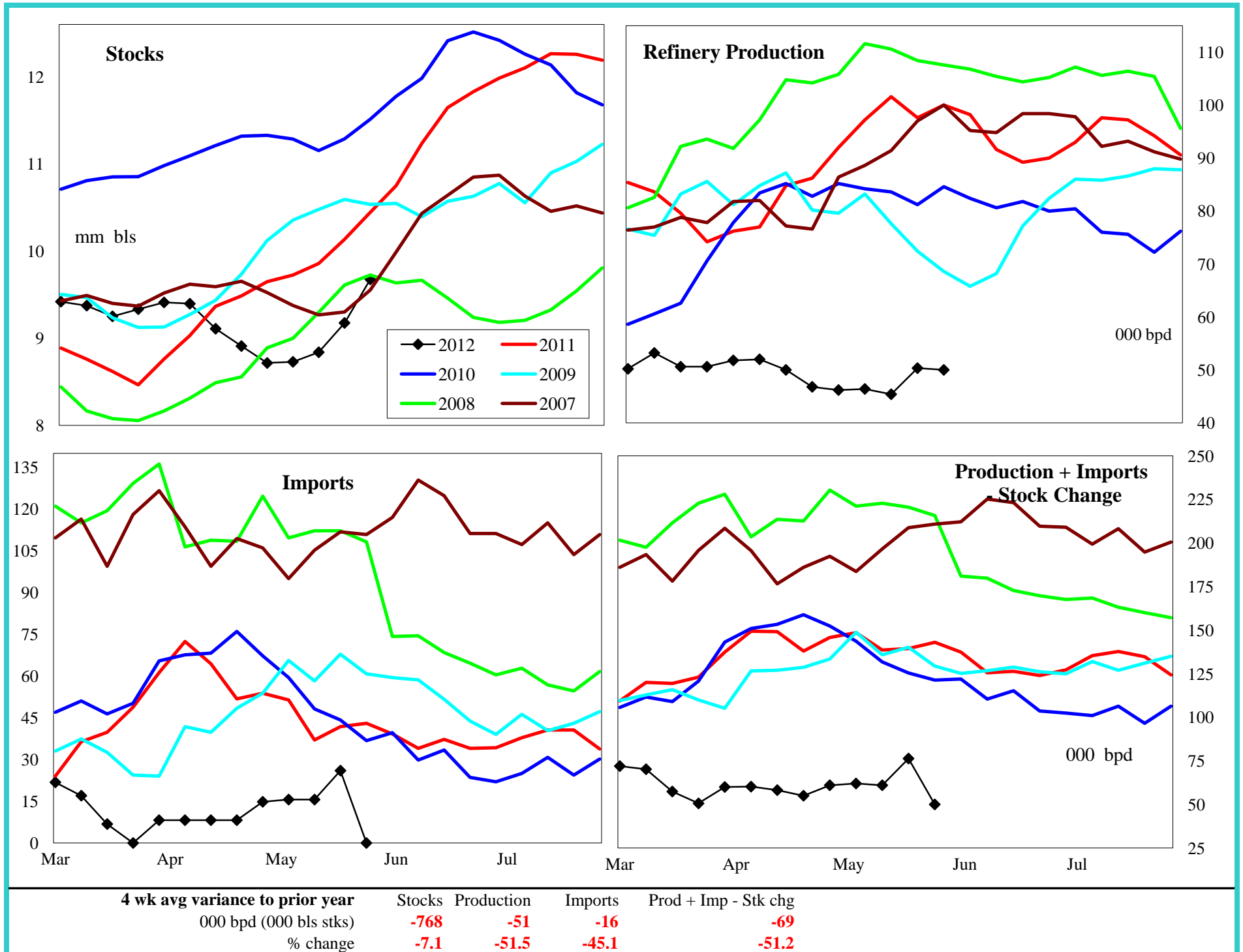
PADD 1 High Sulfur Distillate Supply



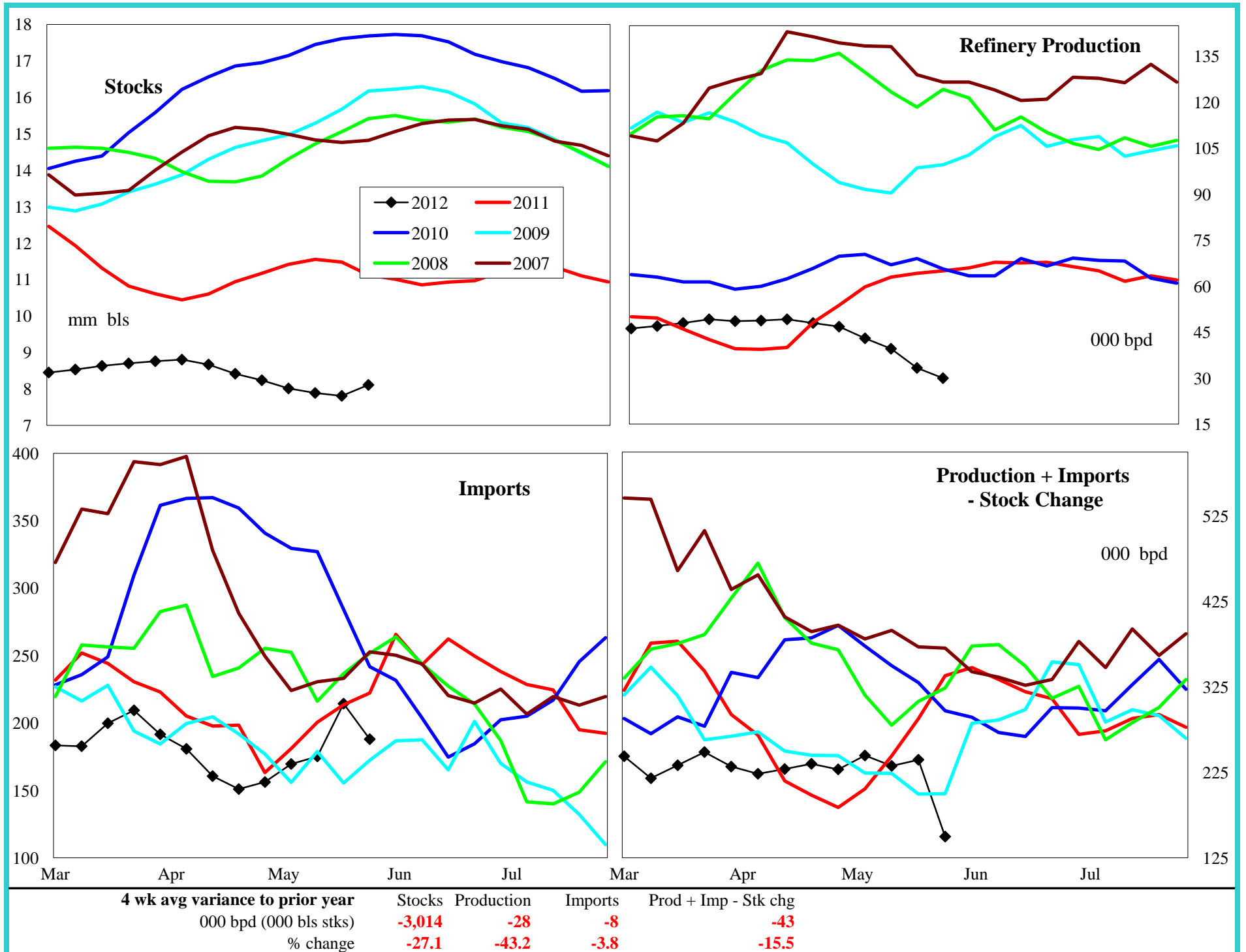
PADD 1 High Sulfur Distillate Stocks by Region



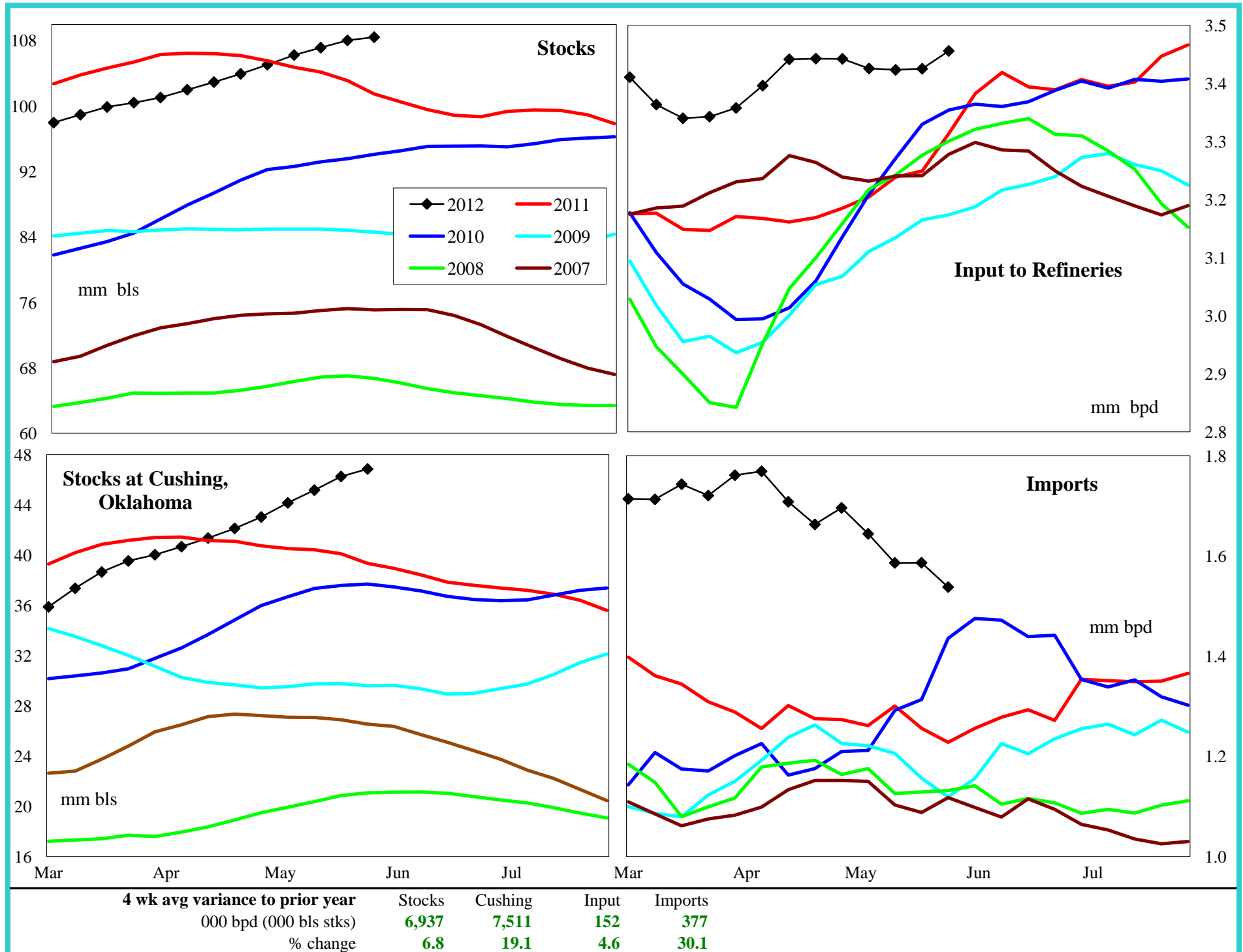
PADD 1 Jet Fuel Supply



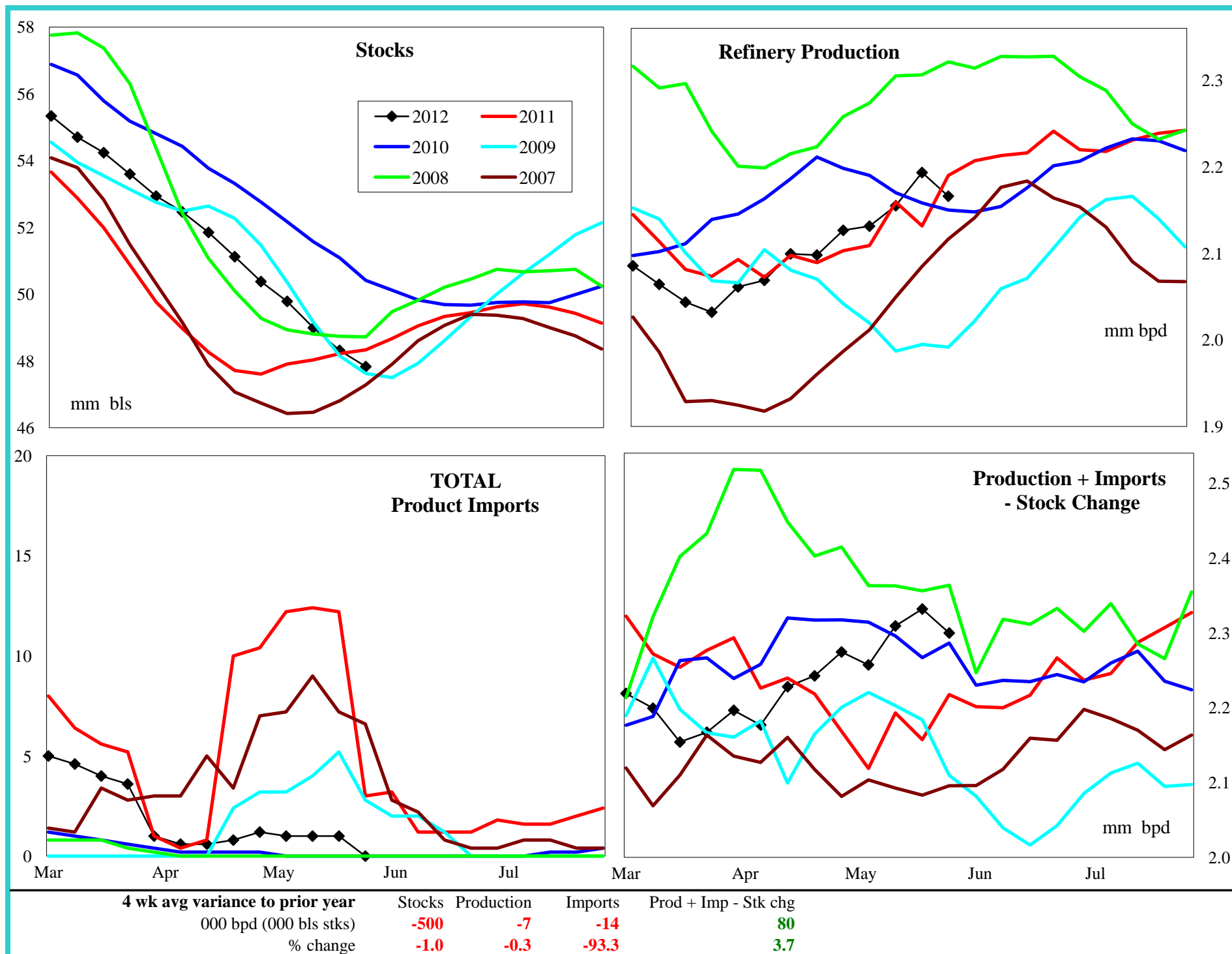
PADD 1 Residual Fuel Oil Supply



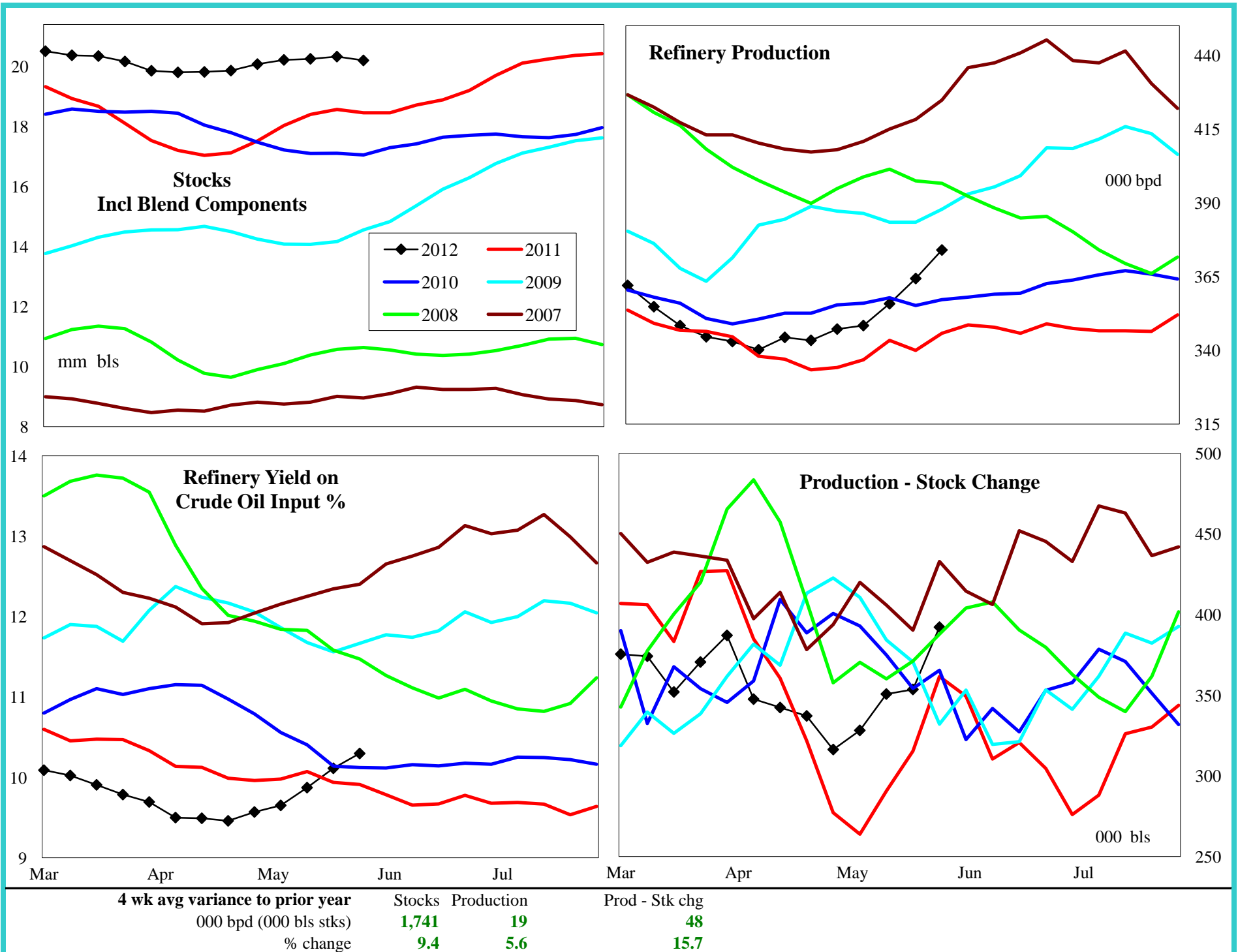
PADD 2 Crude Oil Supply and Refining



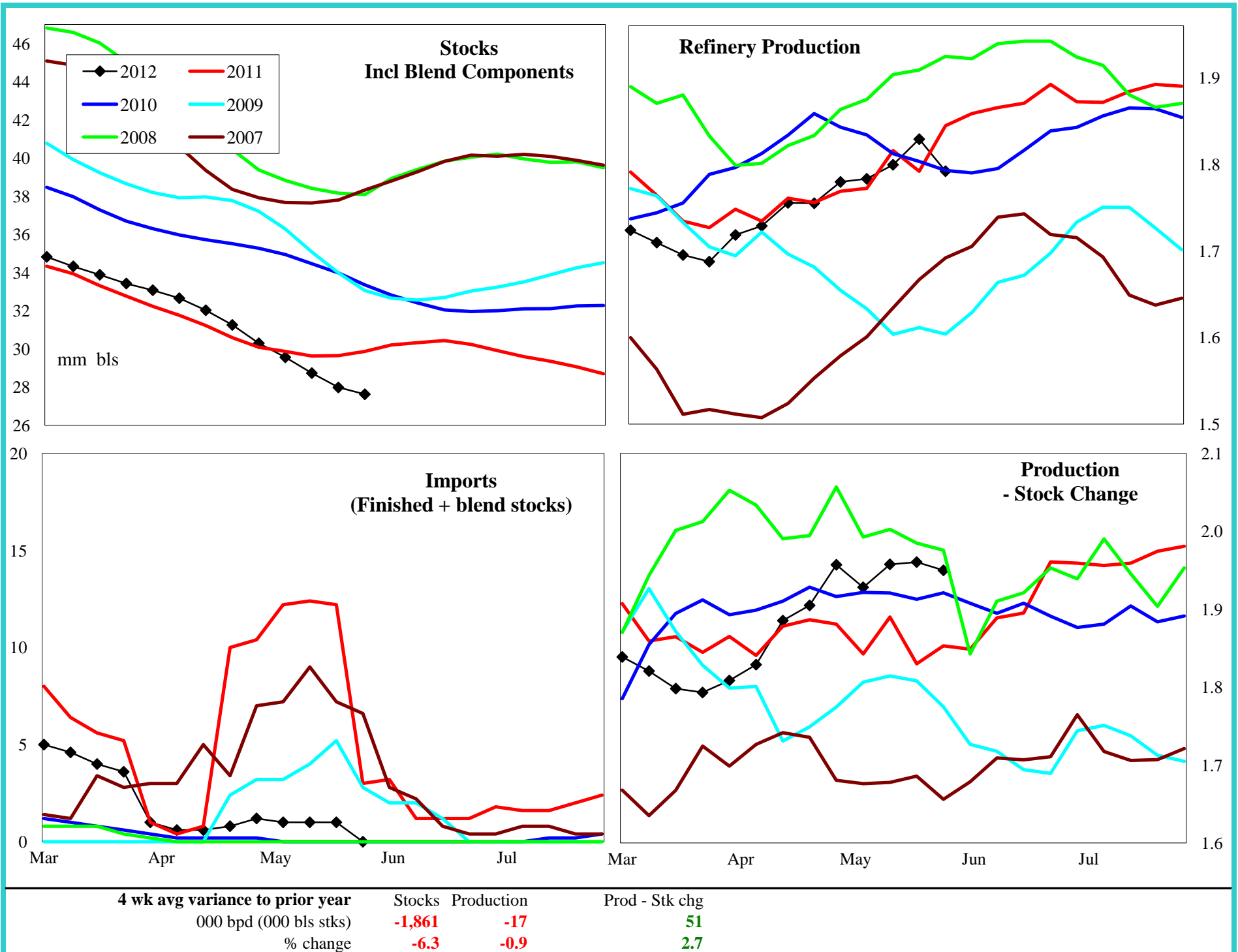
PADD 2 Gasoline Supply



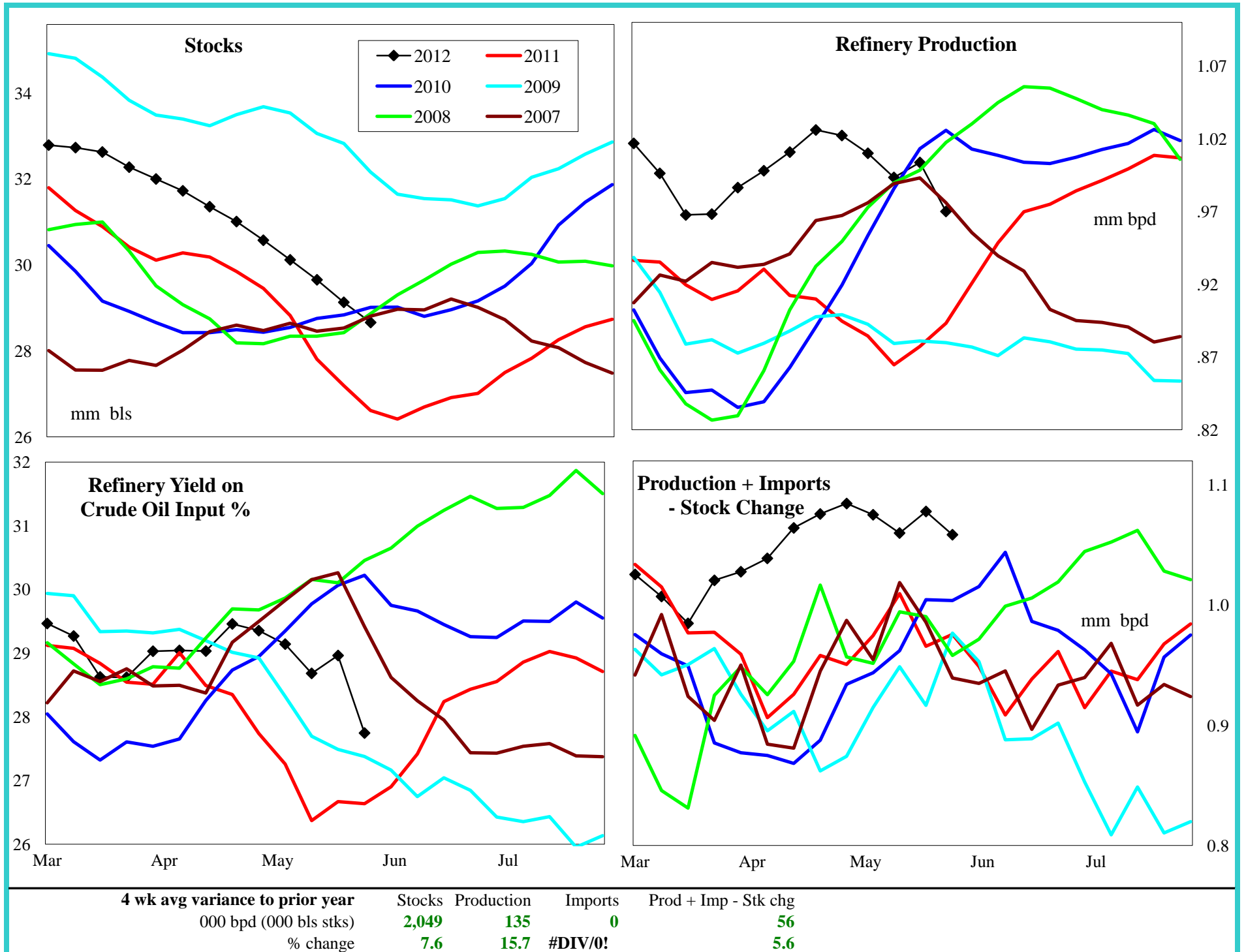
PADD 2 Reformulated Gasoline Supply



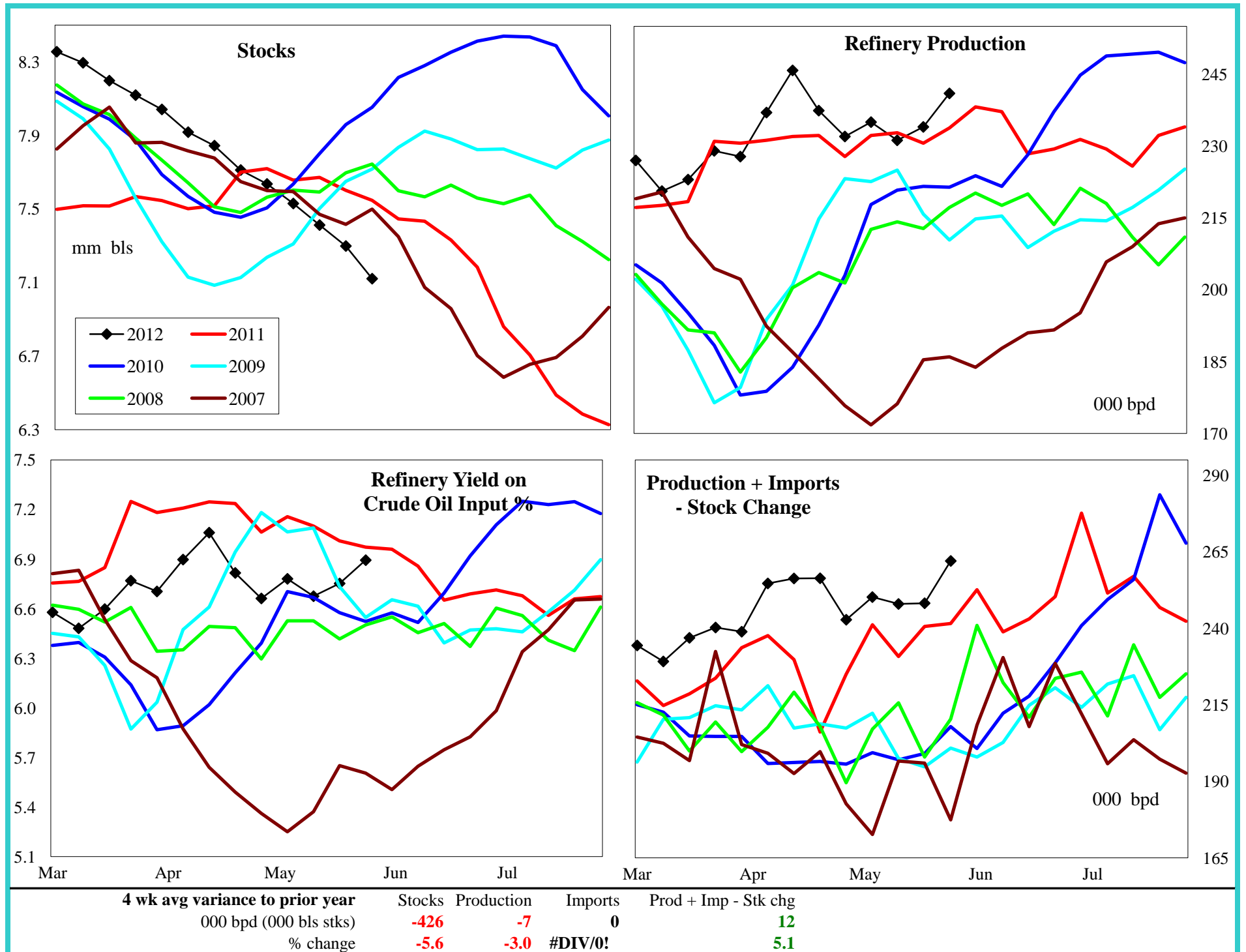
PADD 2 Conventional Gasoline Supply



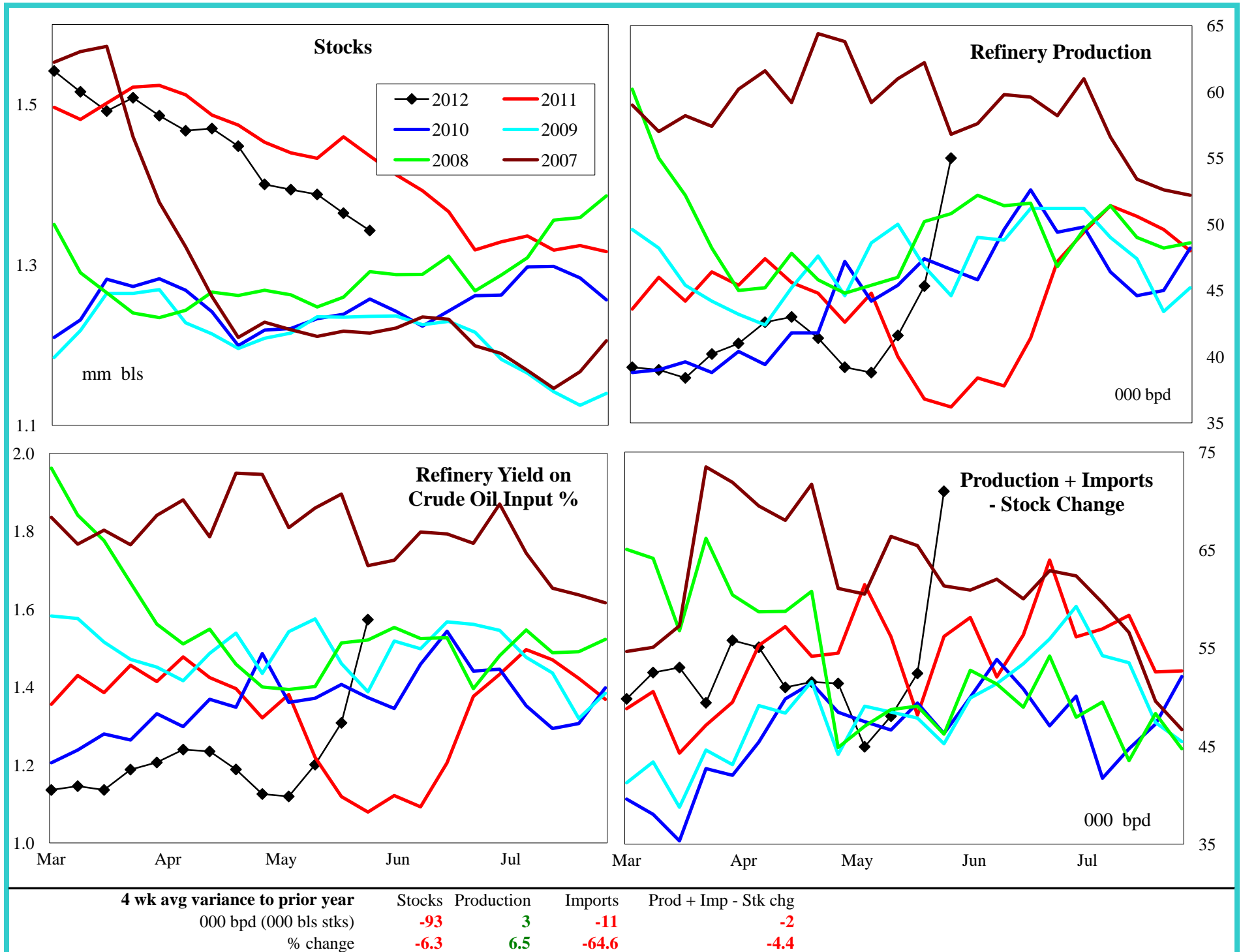
PADD 2 Distillate Supply



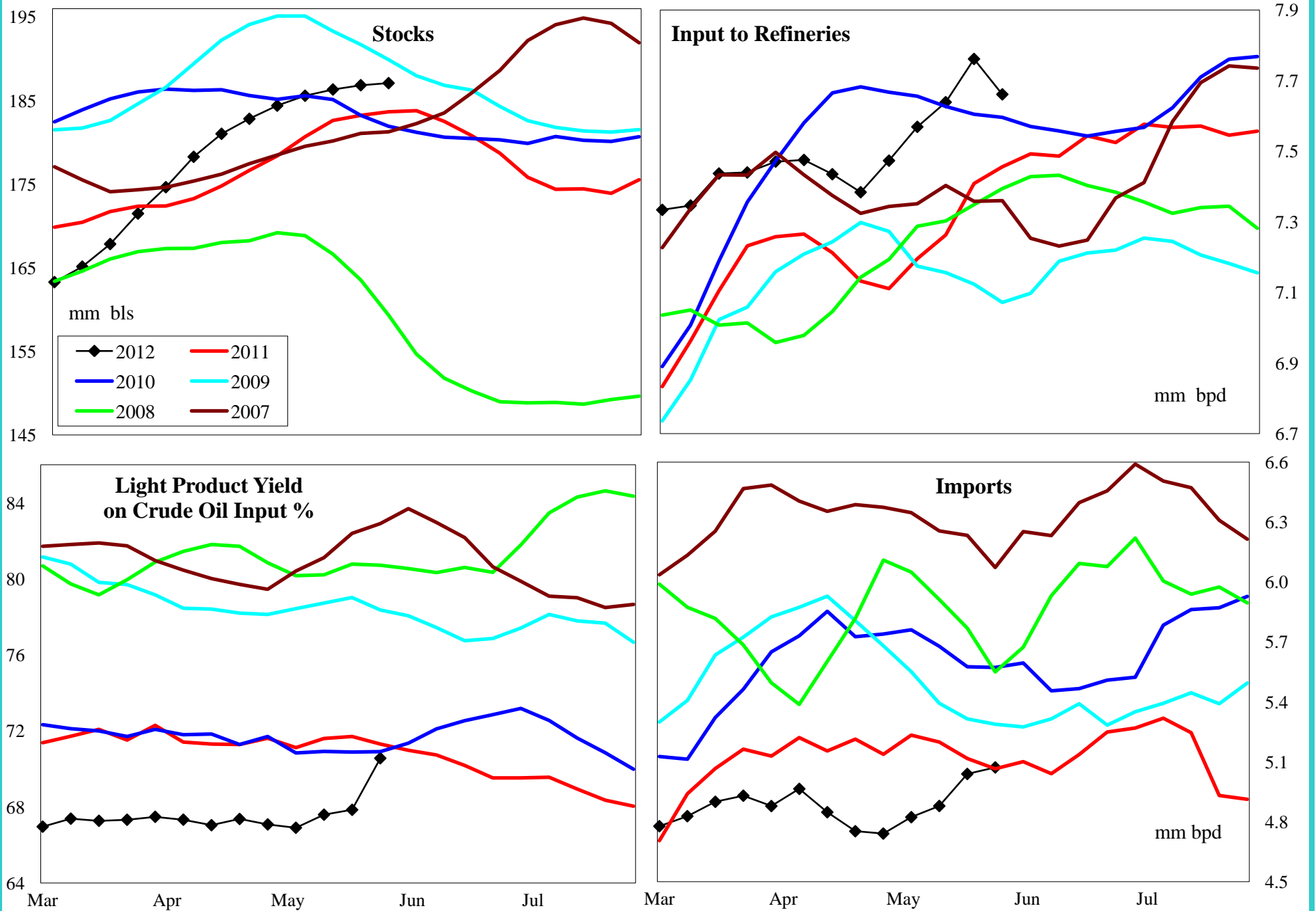
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



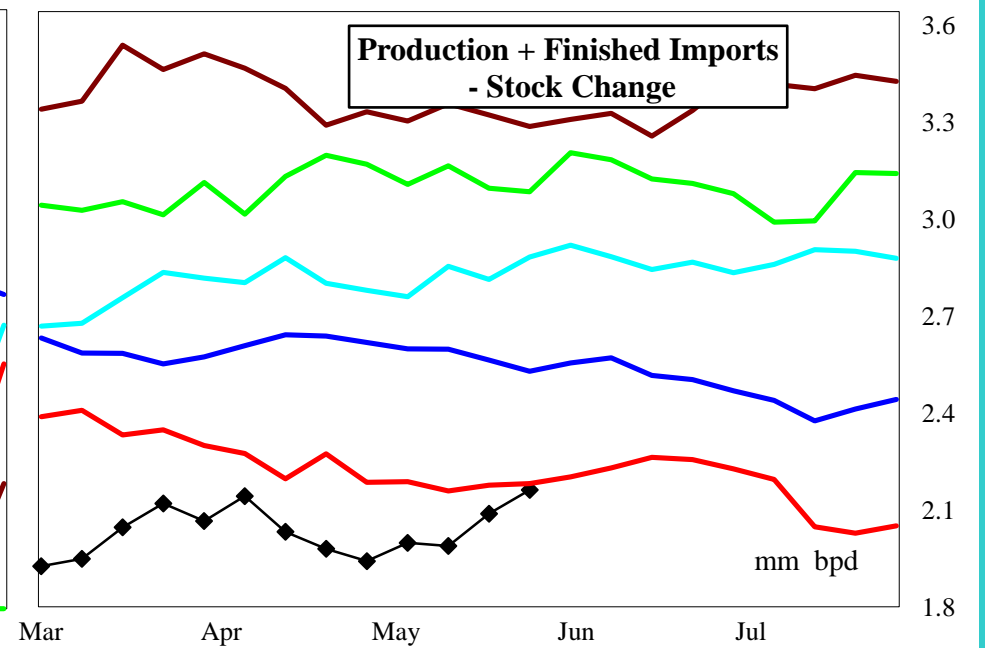
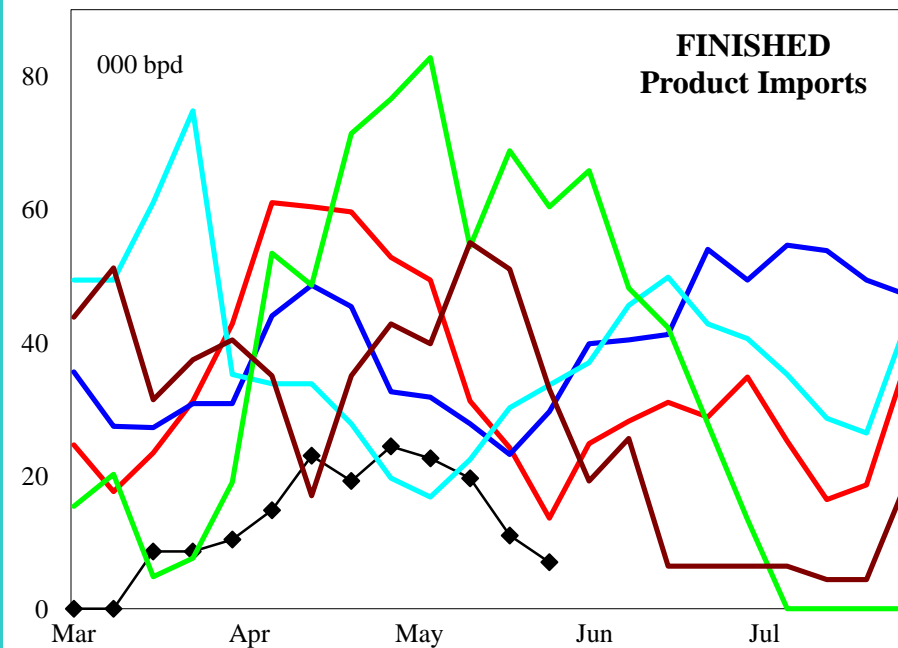
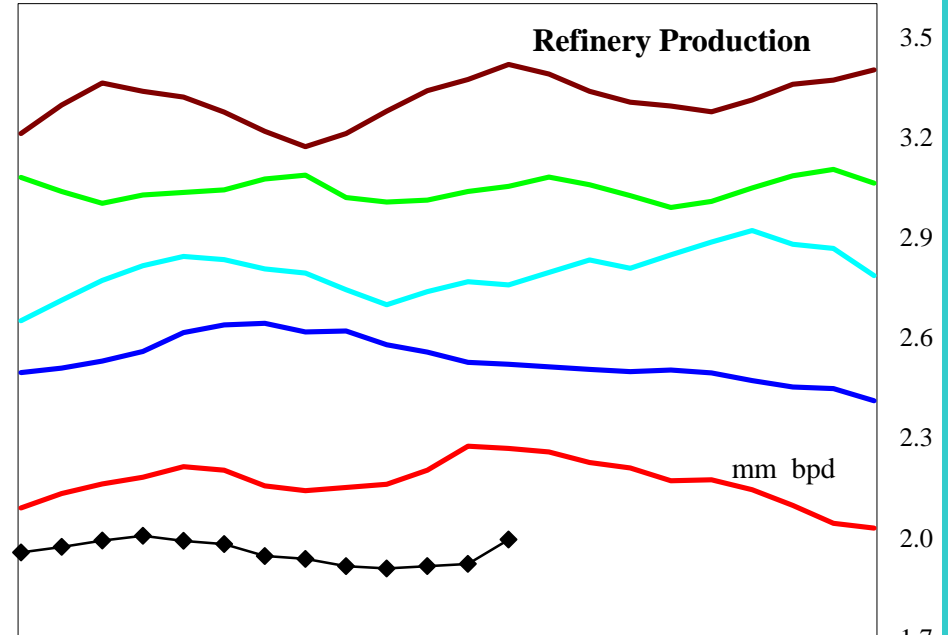
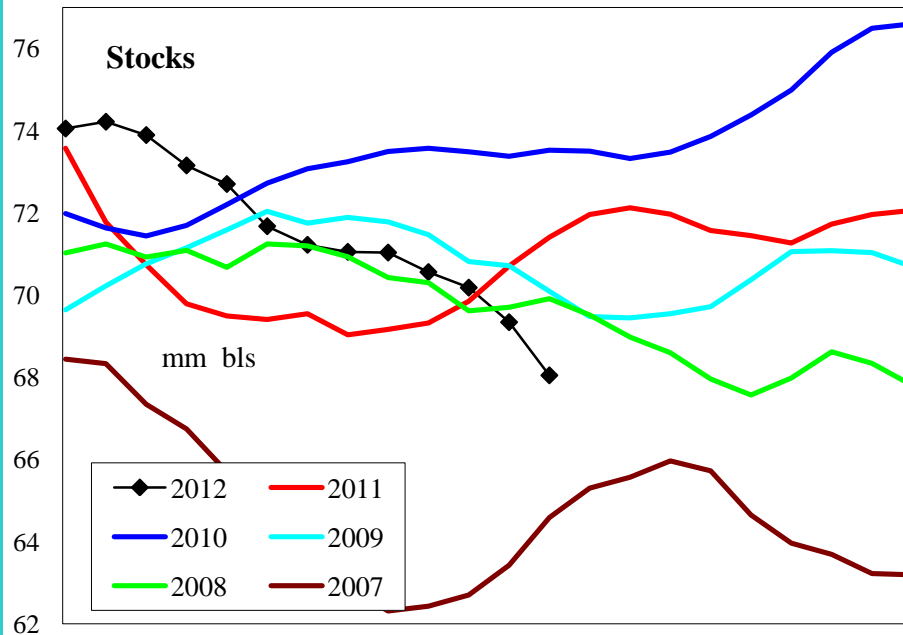
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
3,418
1.9

Input
365
5.0

Imports
-209
-4.0

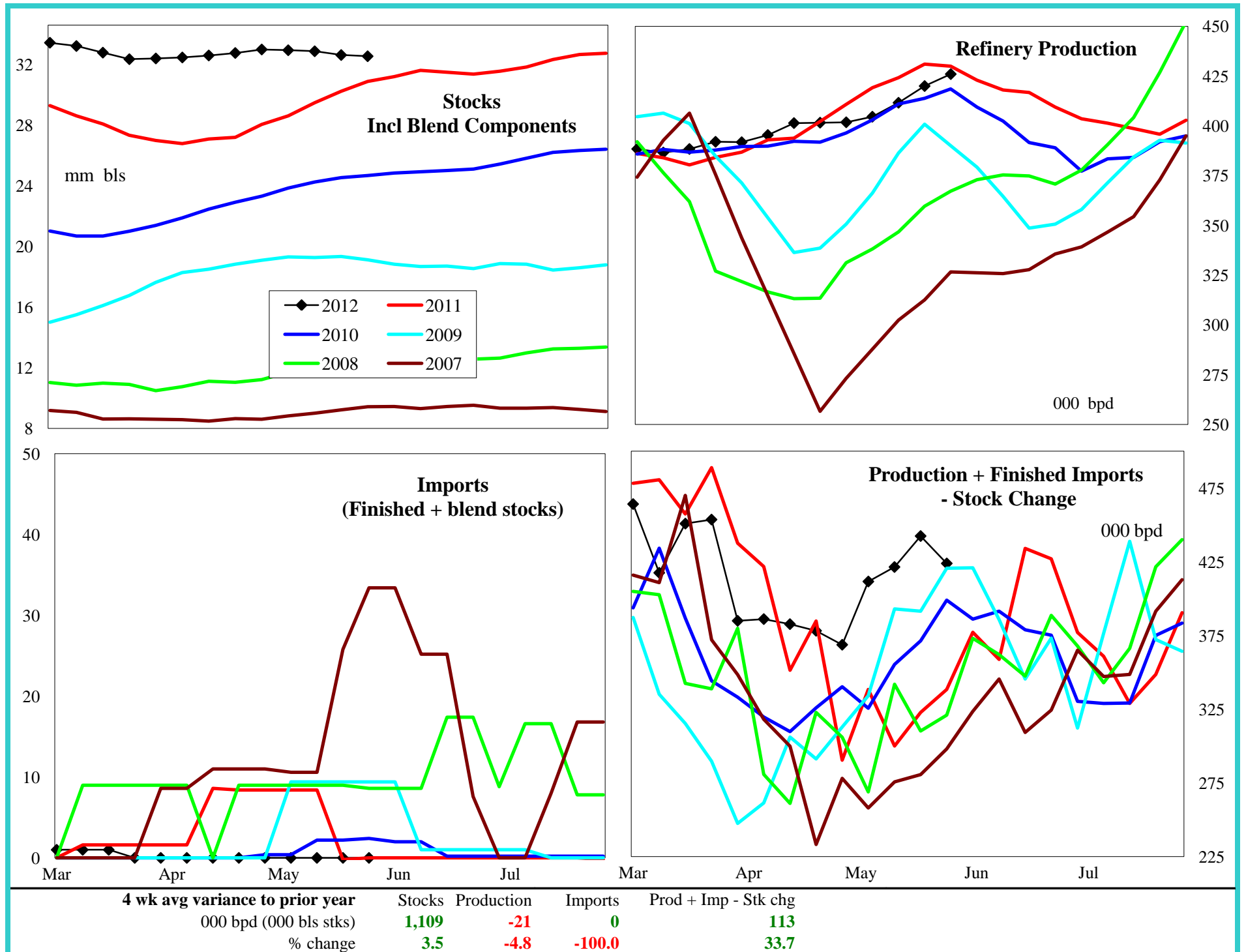
PADD 3 Gasoline Supply



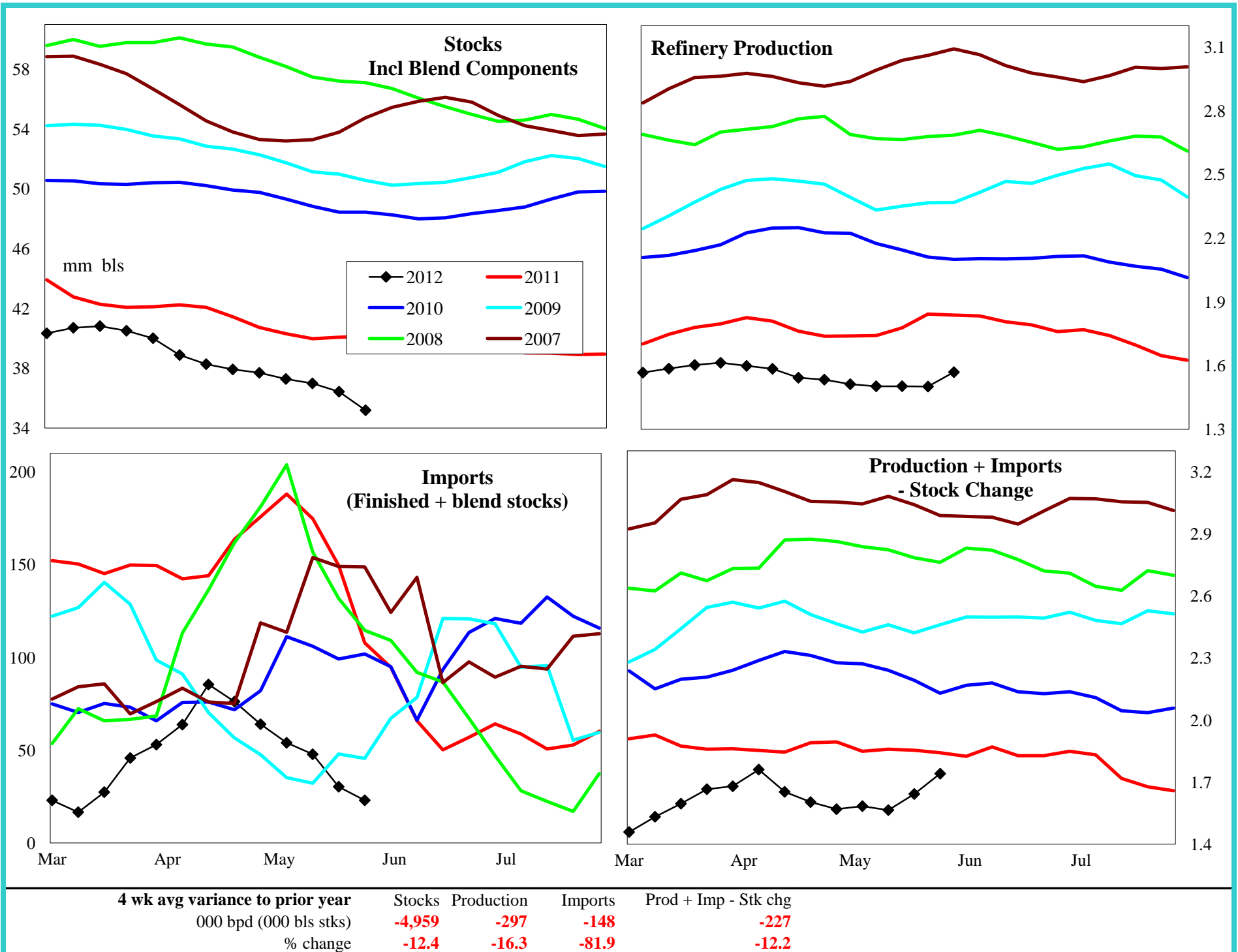
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
-3,937	-318	-13	-134	-111
-5.5	-14.1	-48.2	-87.9	-5.1

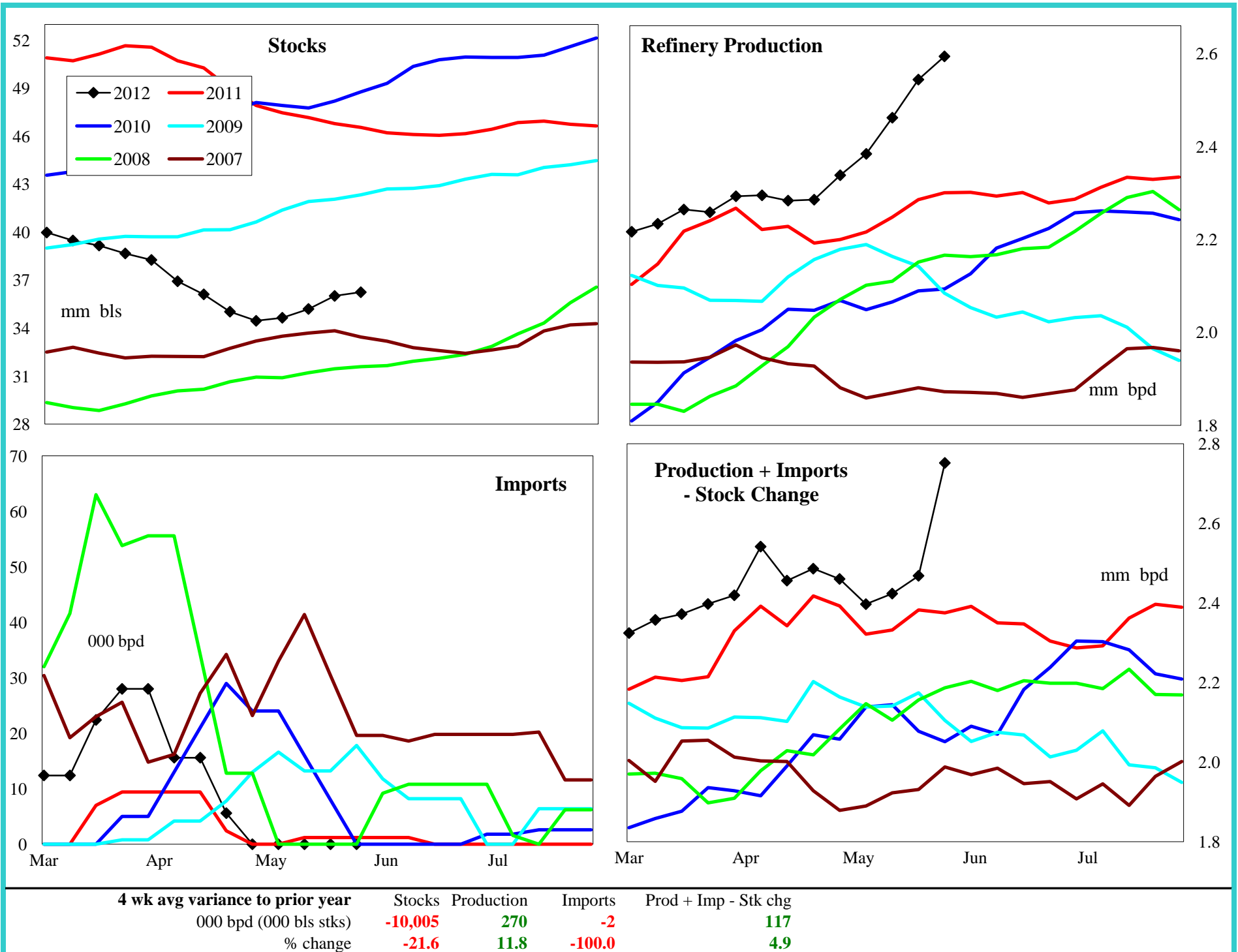
PADD 3 Reformulated Gasoline Supply



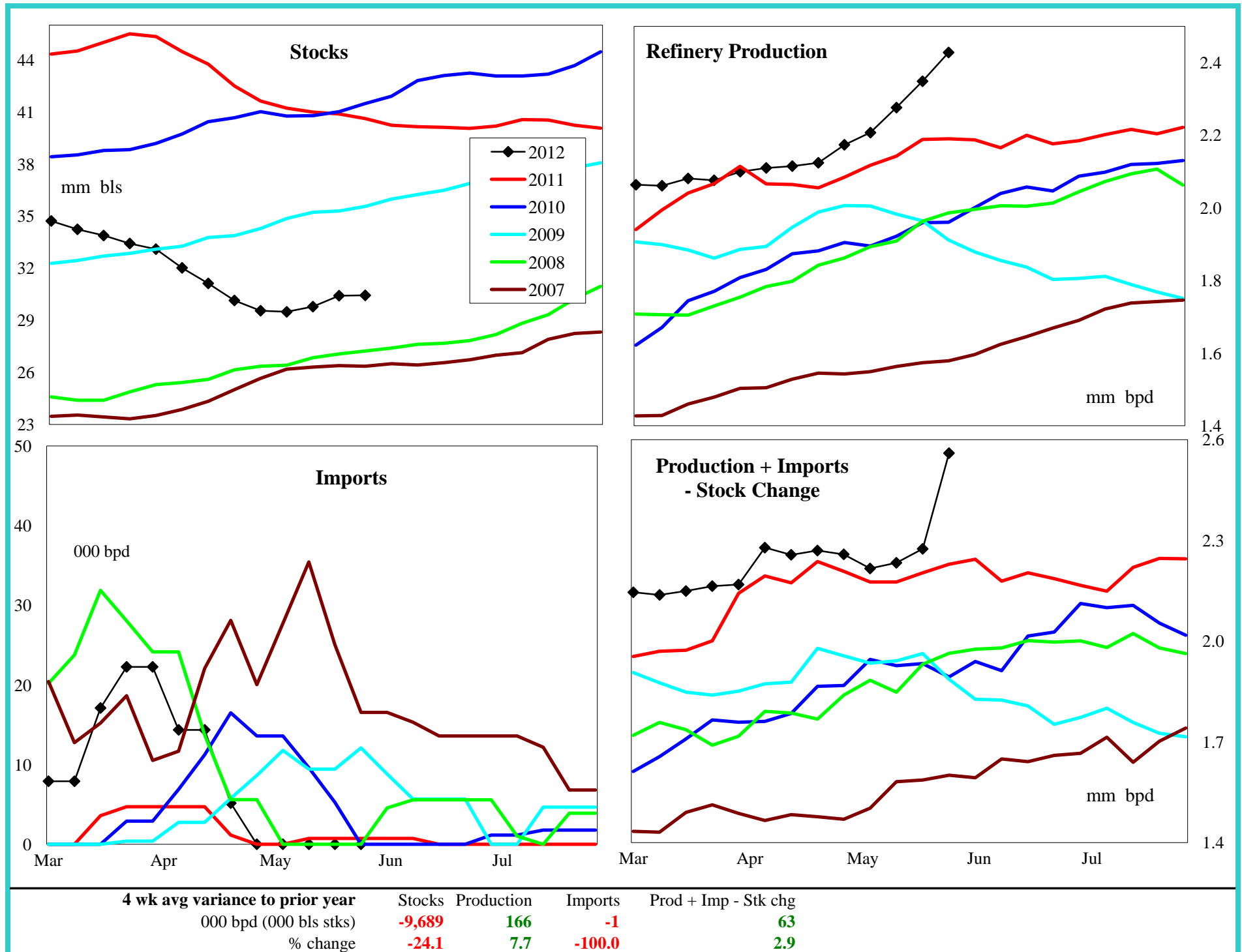
PADD 3 Conventional Gasoline Supply



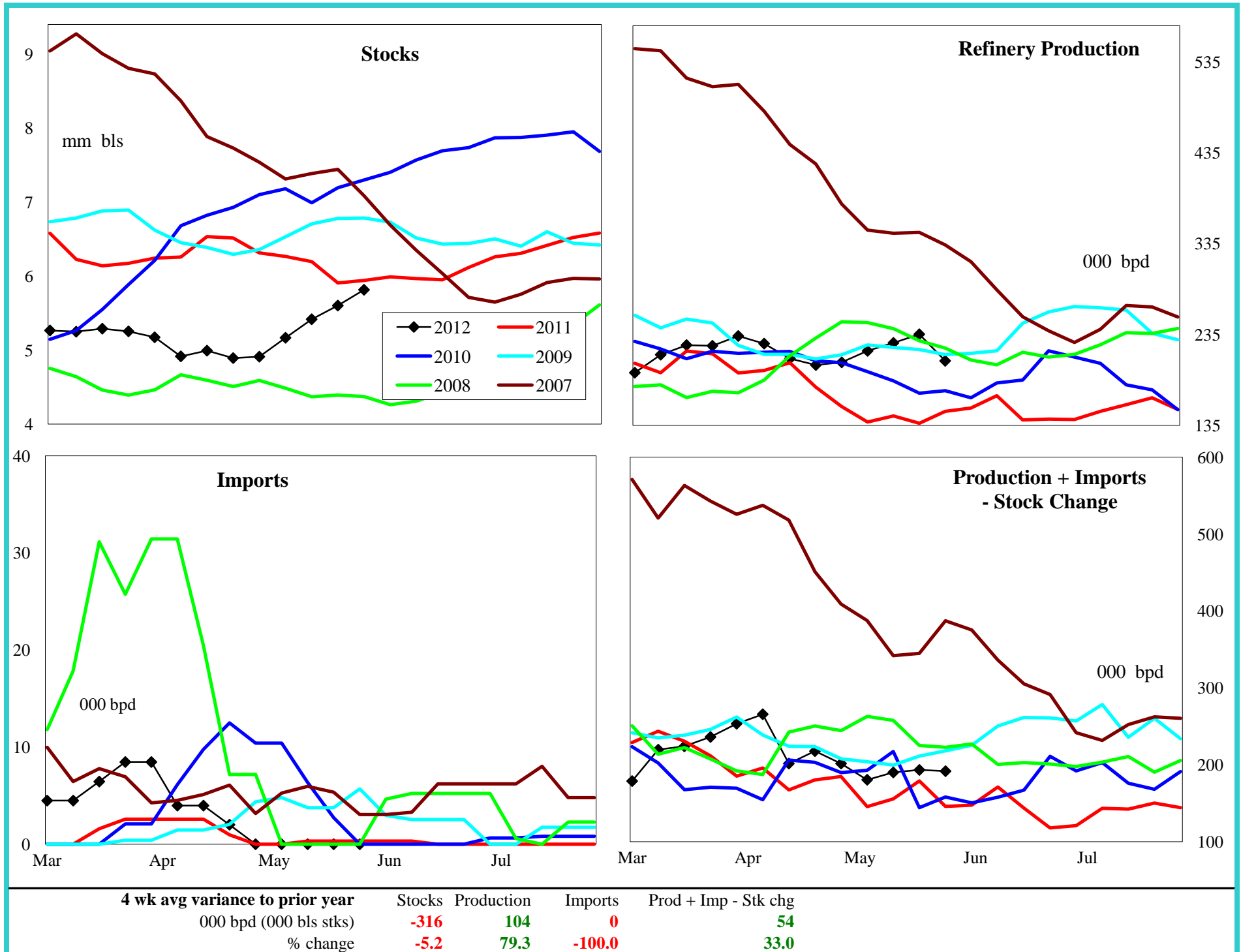
PADD 3 Distillate Supply



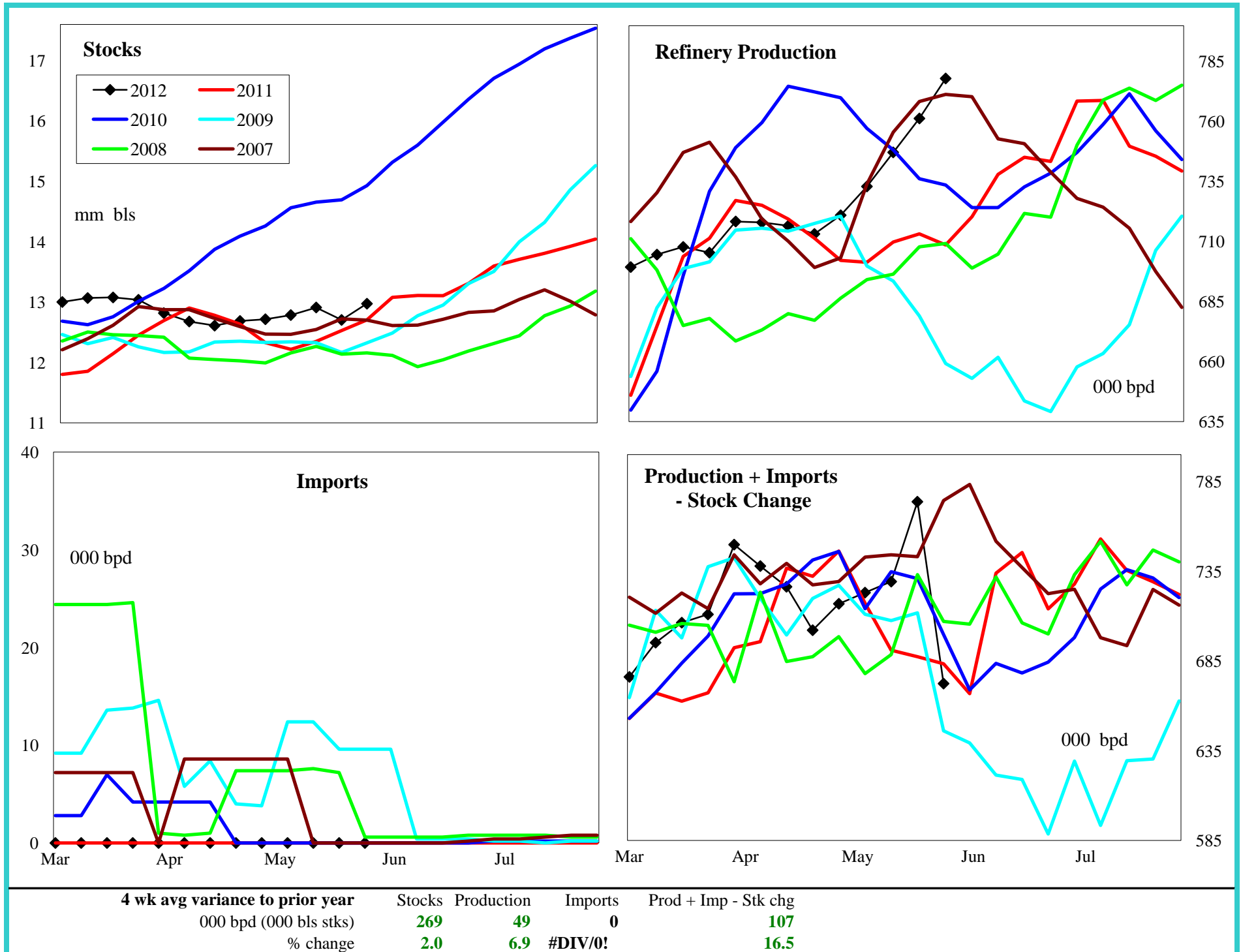
PADD 3 Low Sulfur Distillate Supply



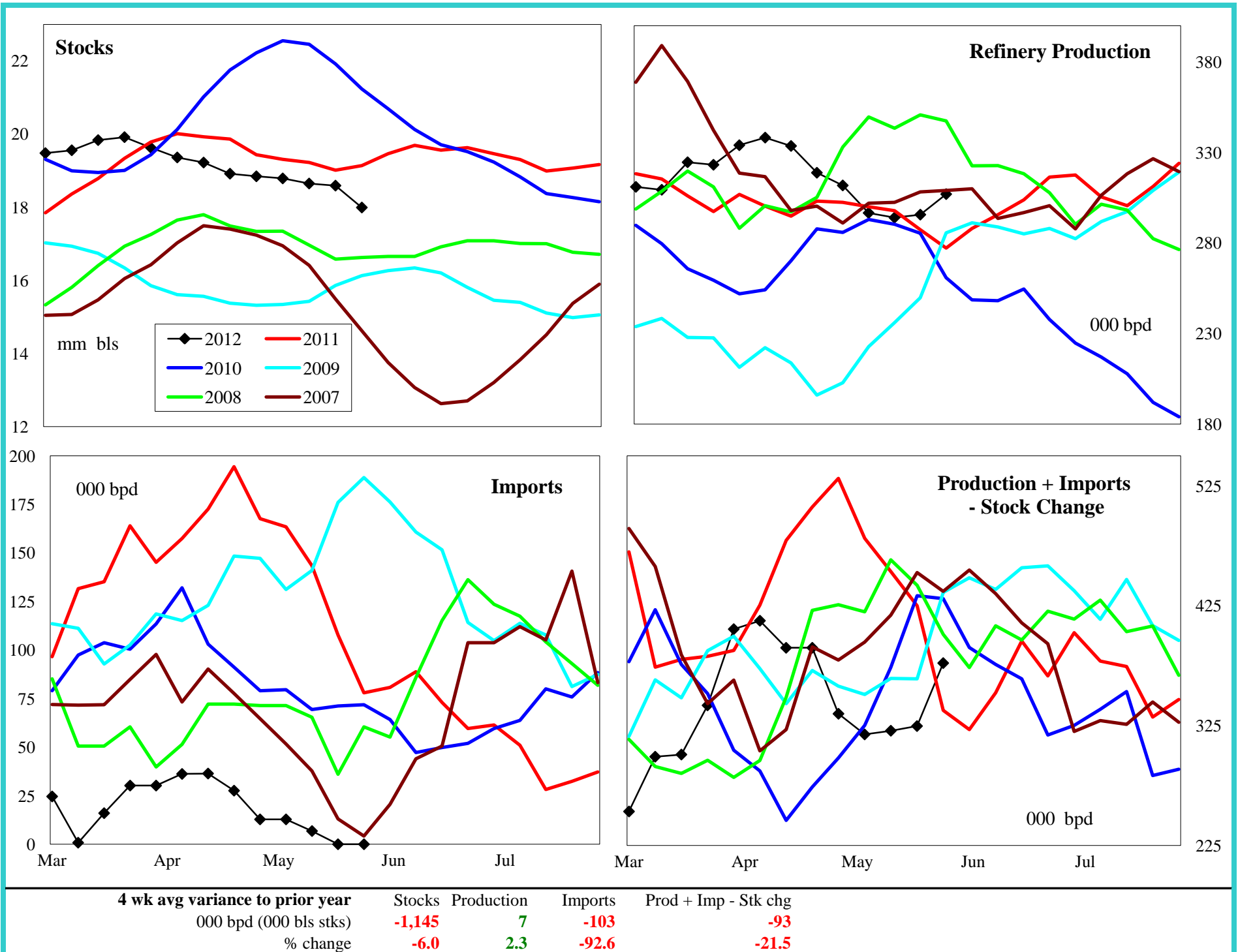
PADD 3 High Sulfur Distillate Supply



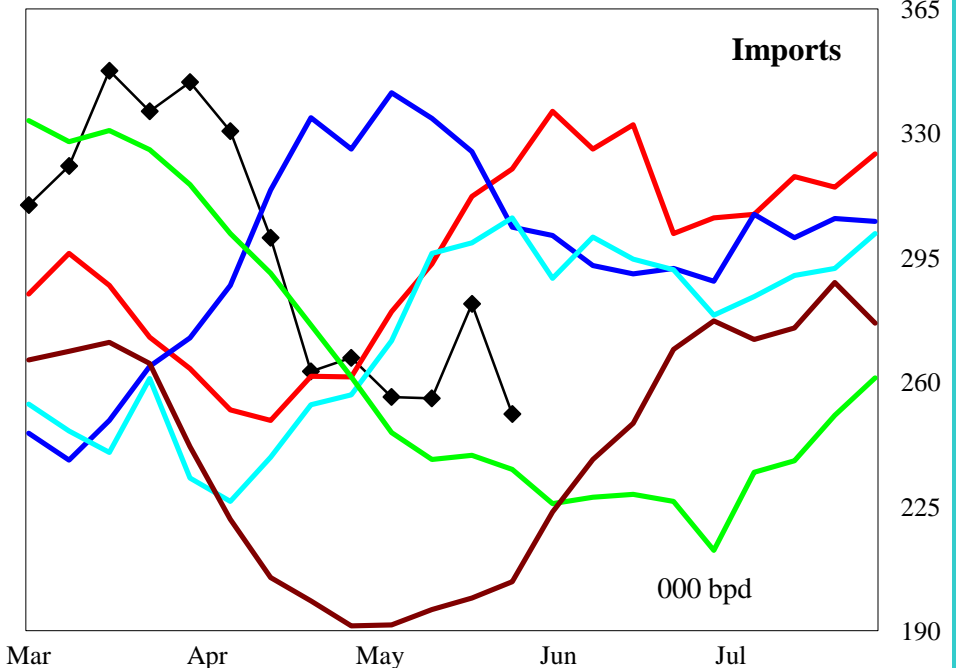
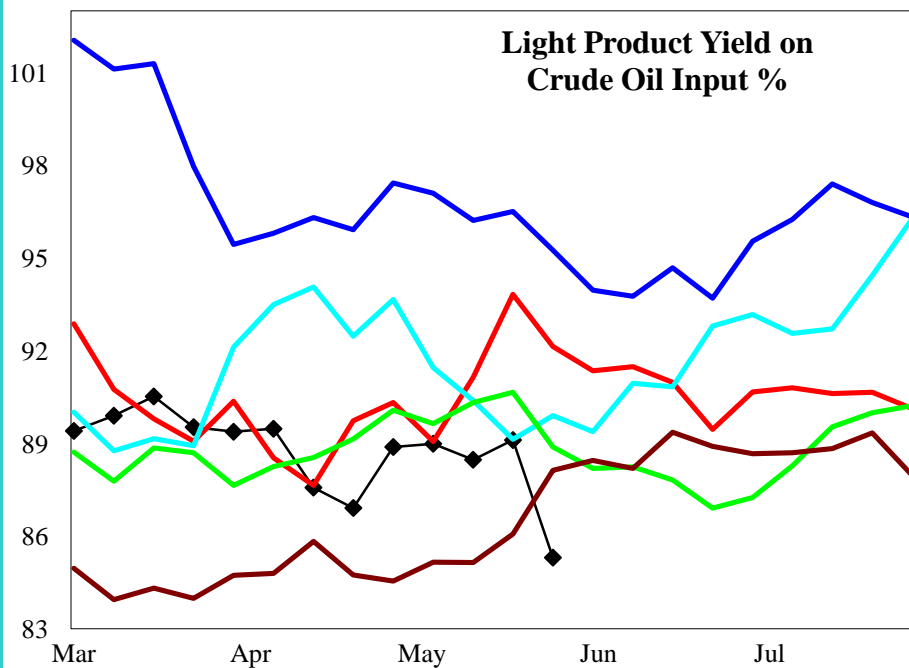
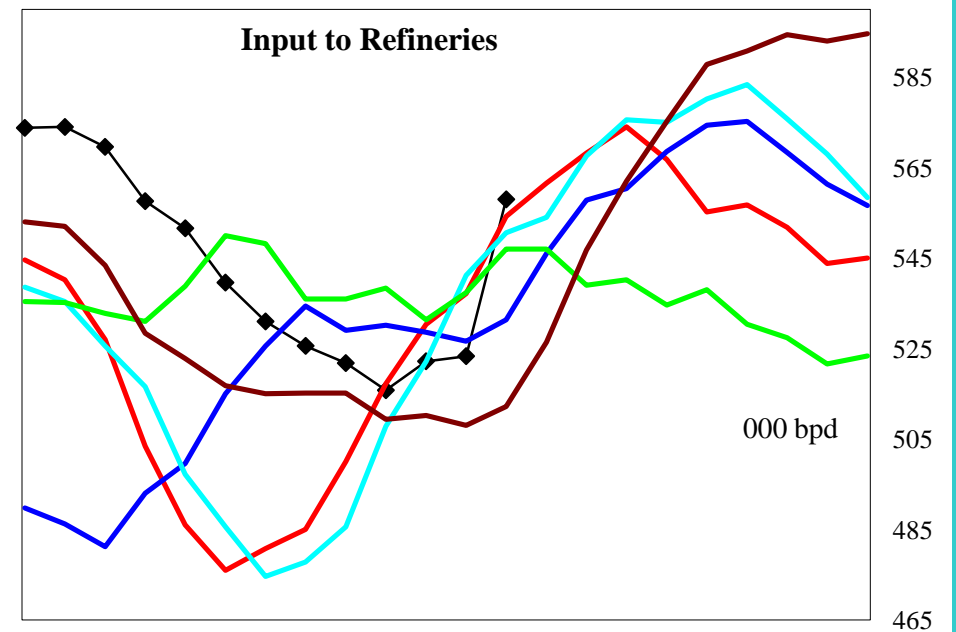
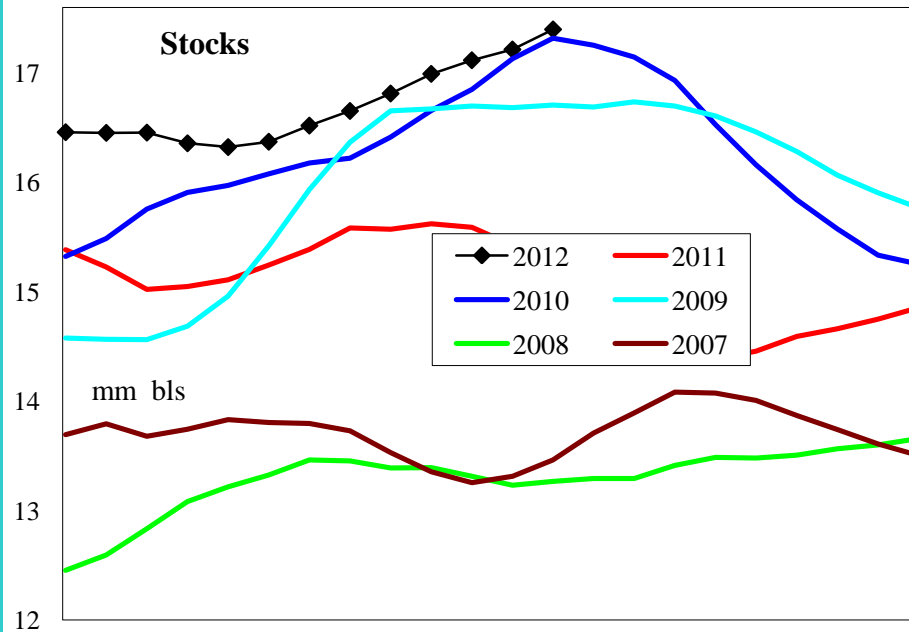
PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

2,213

14.2

Input

-7

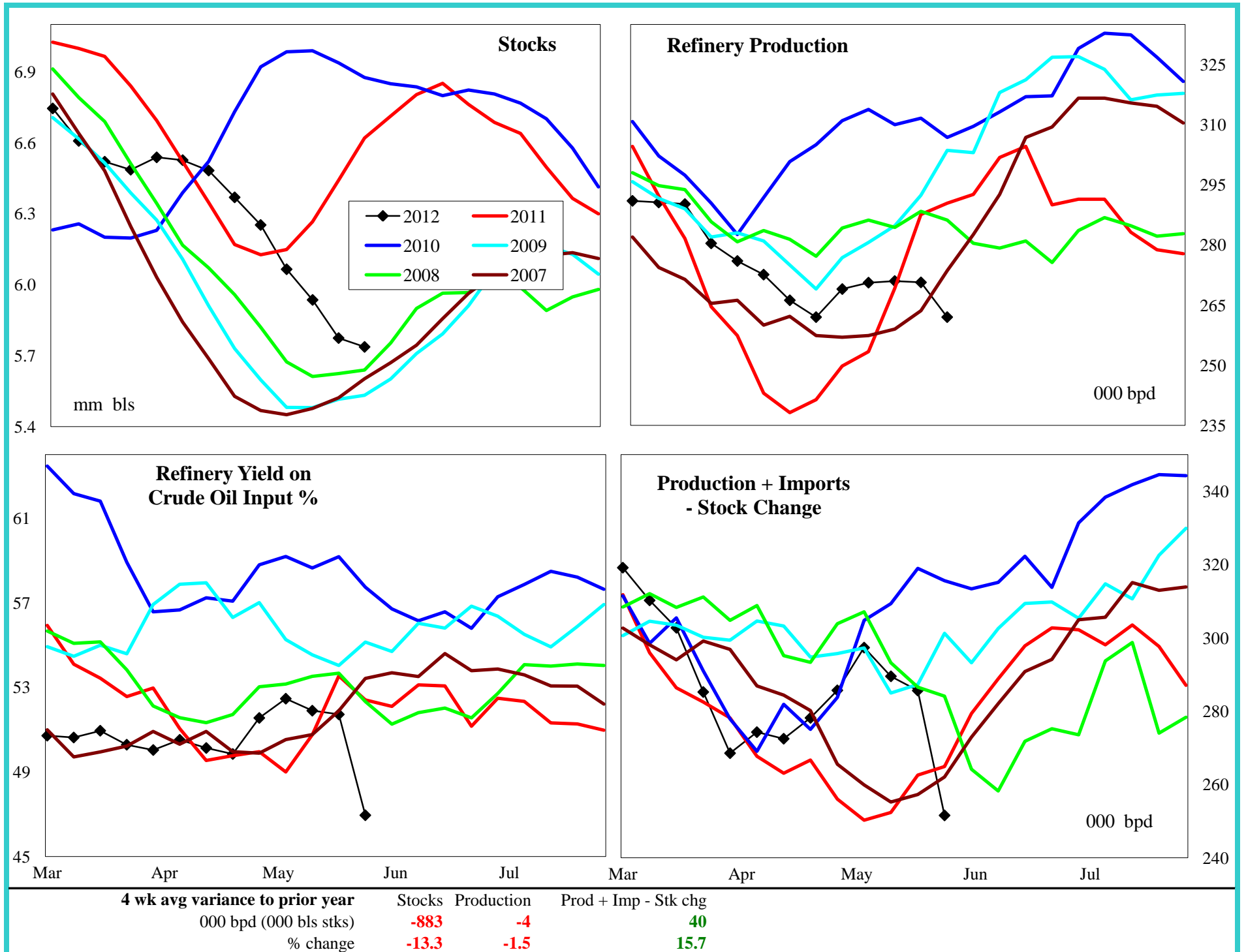
-1.4

Imports

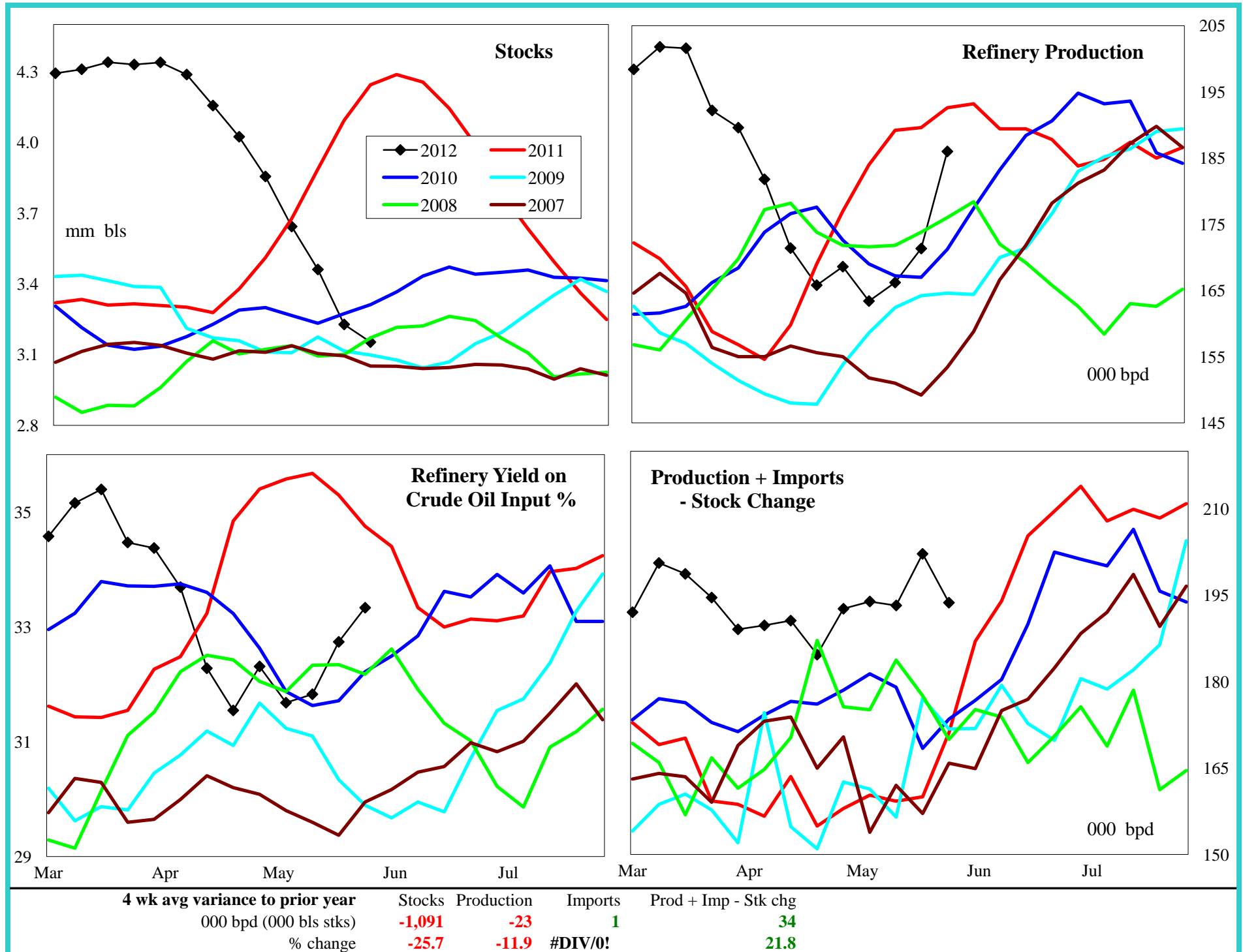
-19

-6.4

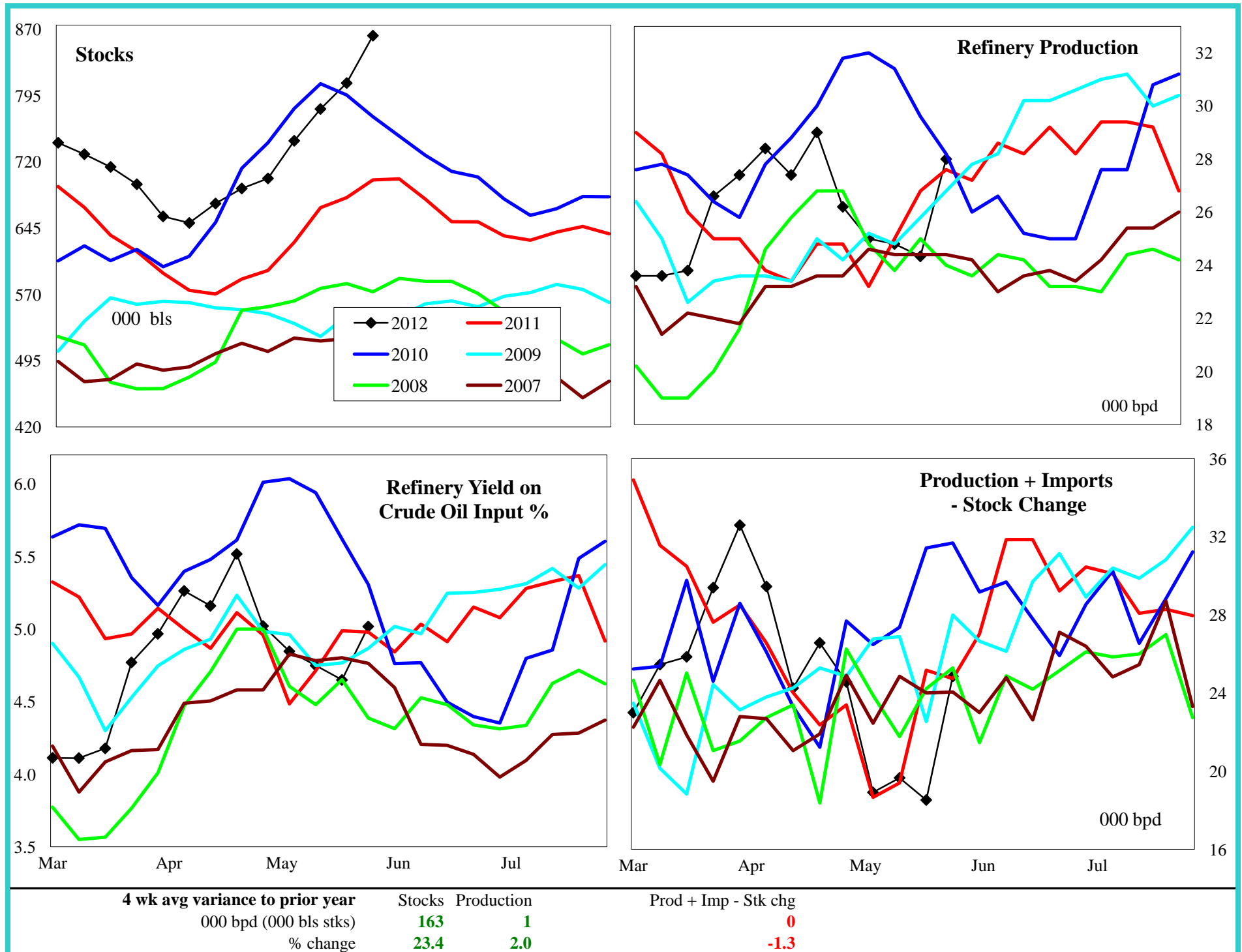
PADD 4 Gasoline Supply



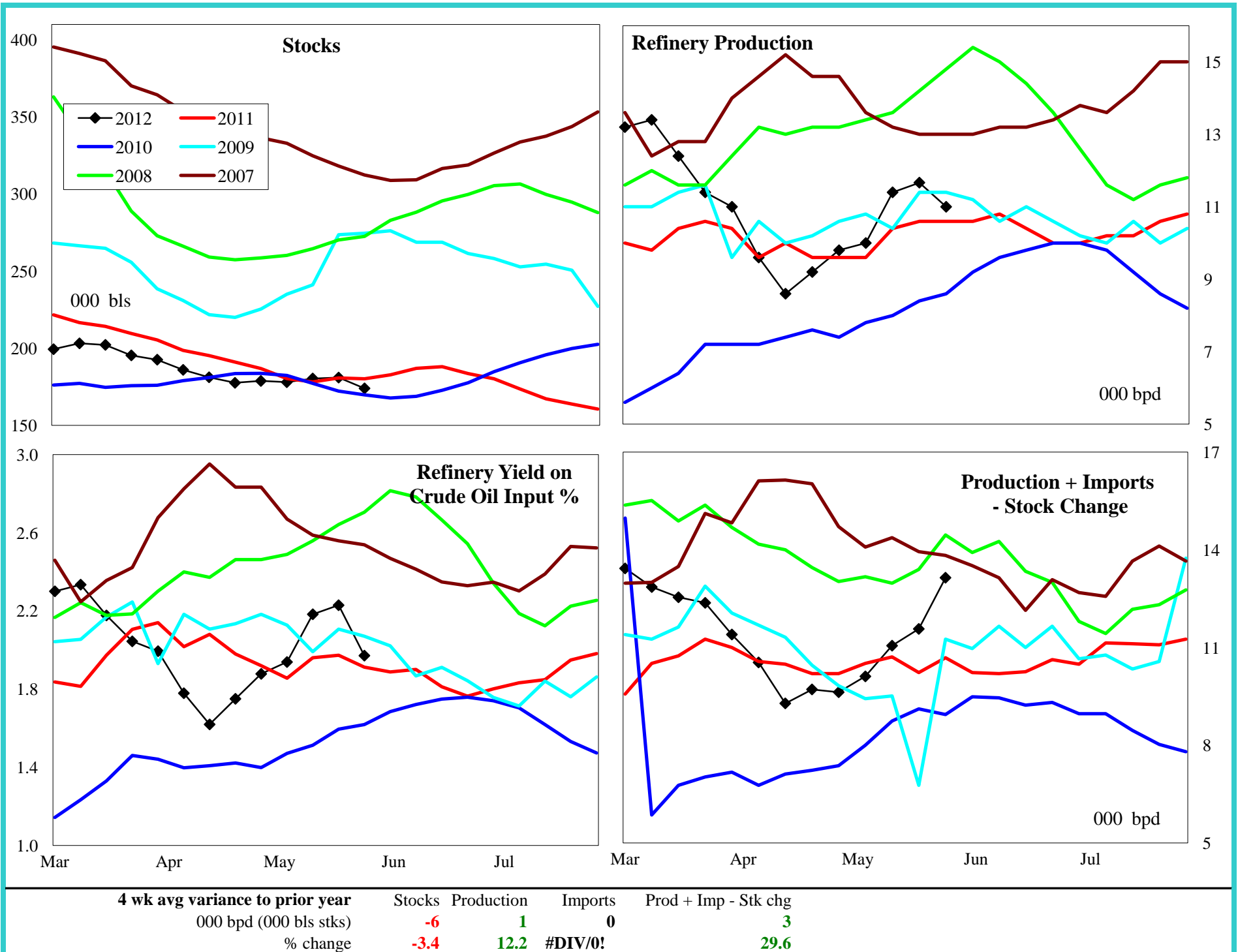
PADD 4 Distillate Supply



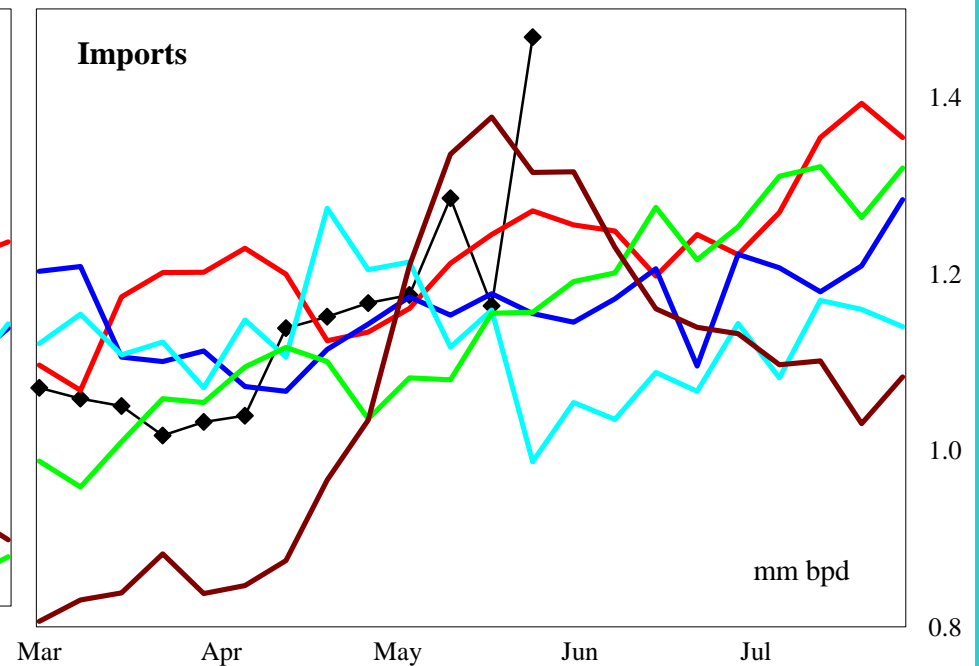
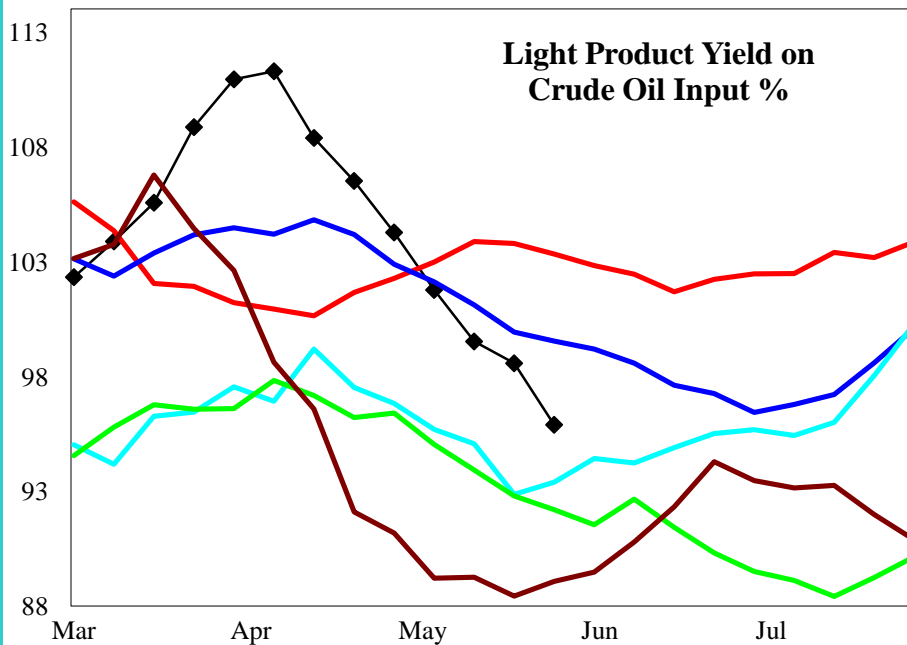
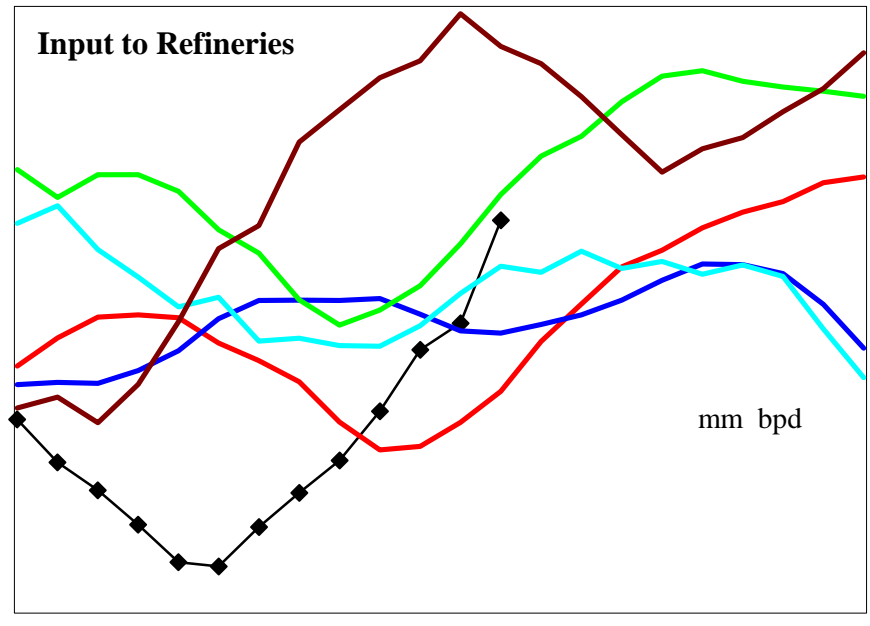
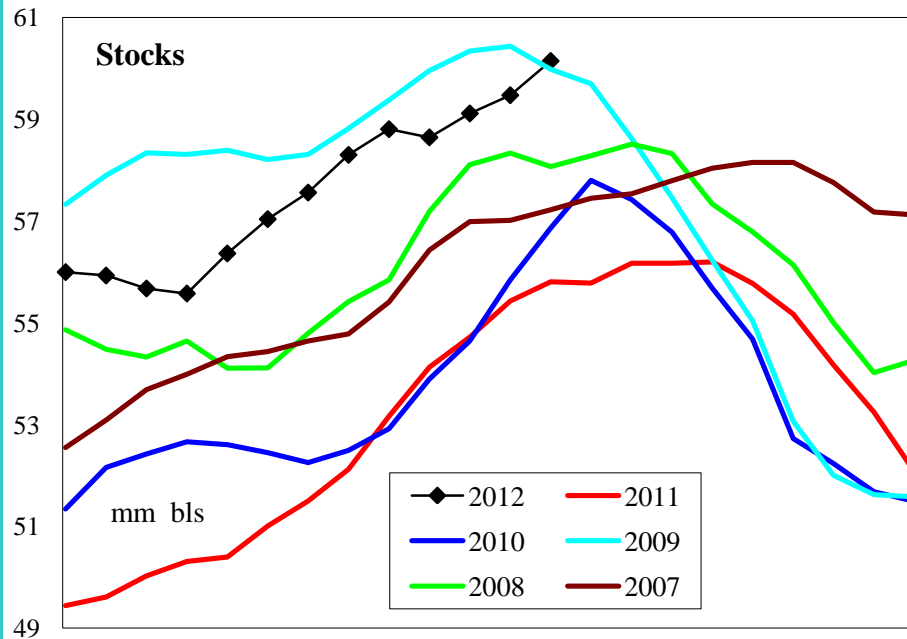
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



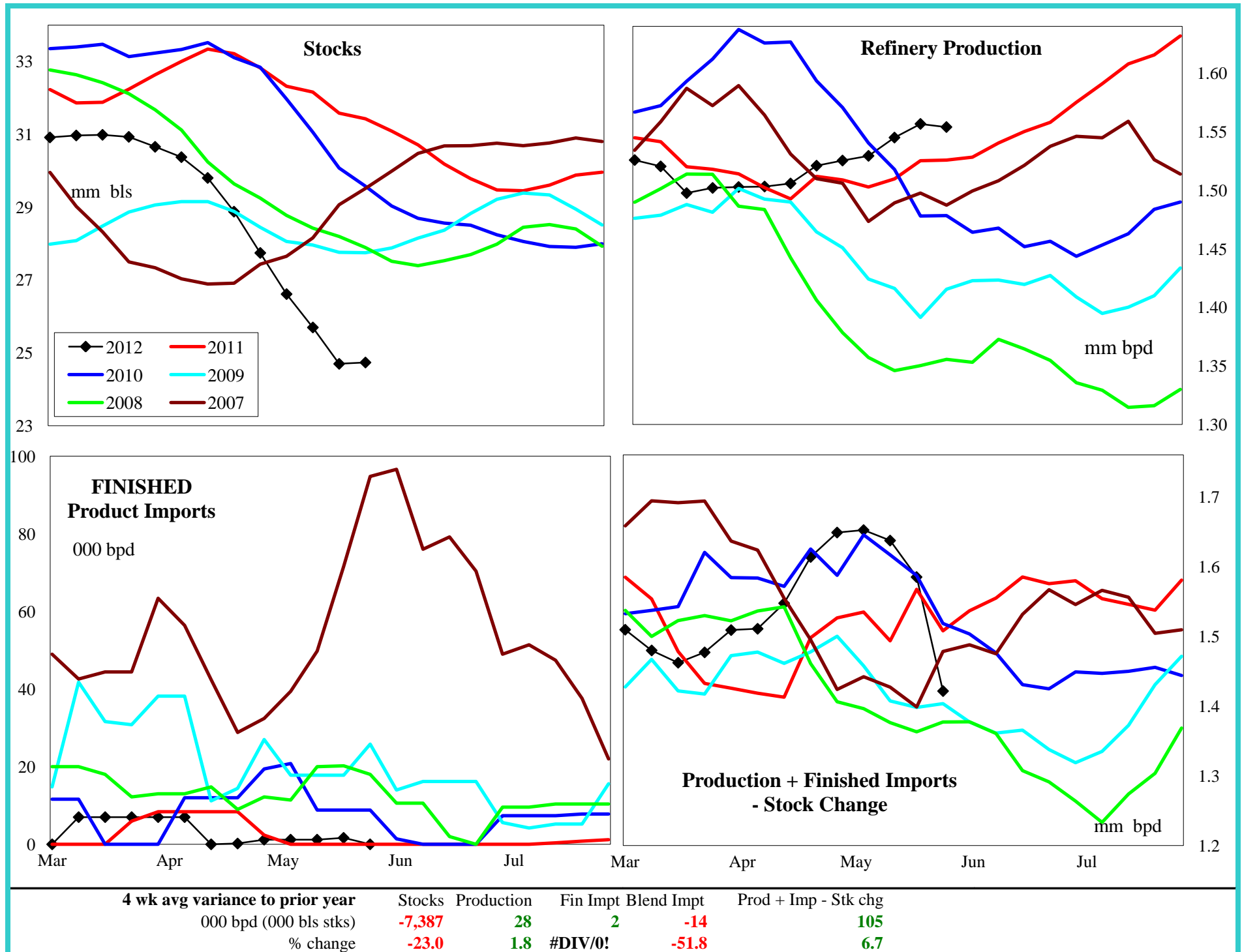
PADD 5 Crude Oil Supply and Refining



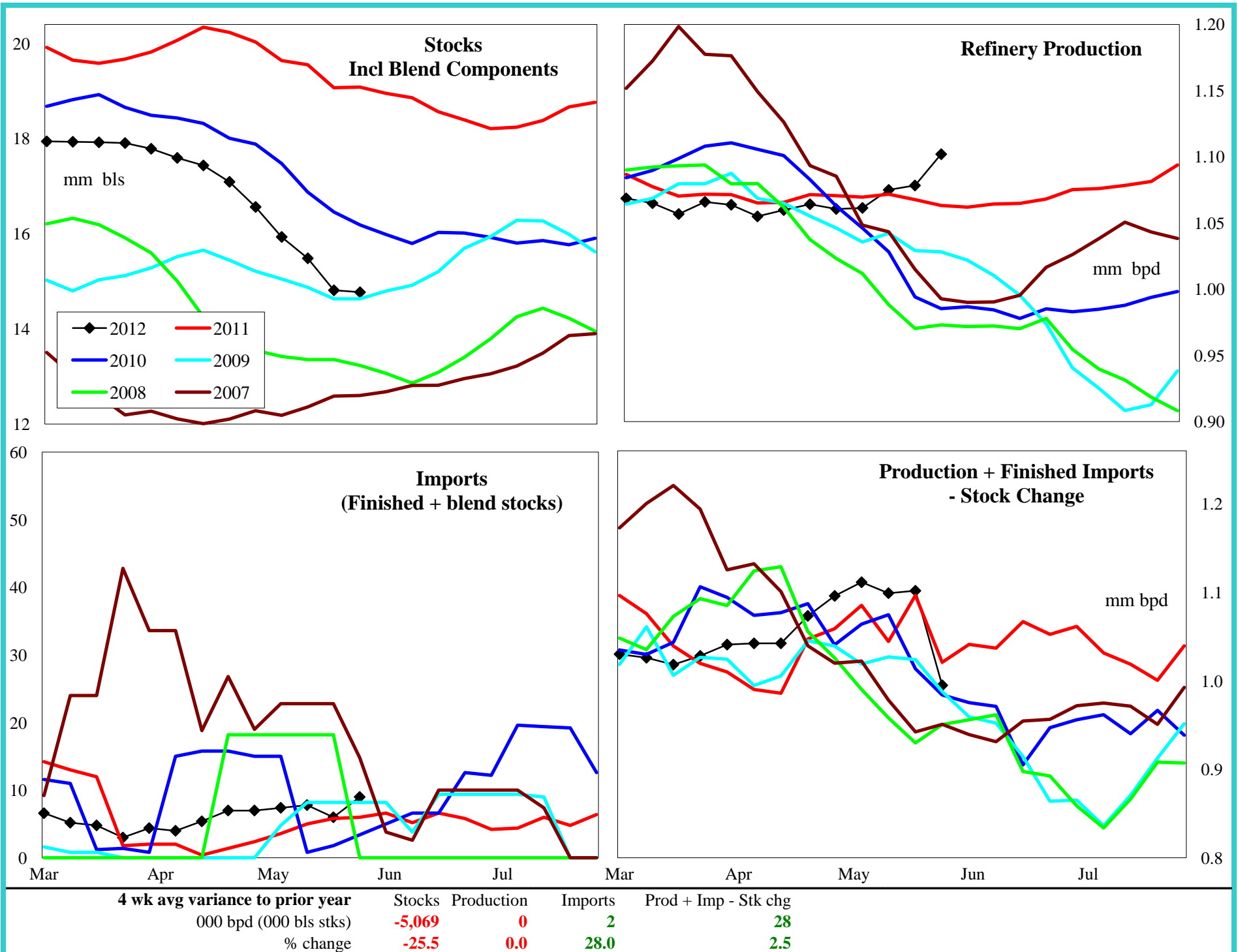
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	4,342	146	-119
% change	7.8	6.5	-9.3

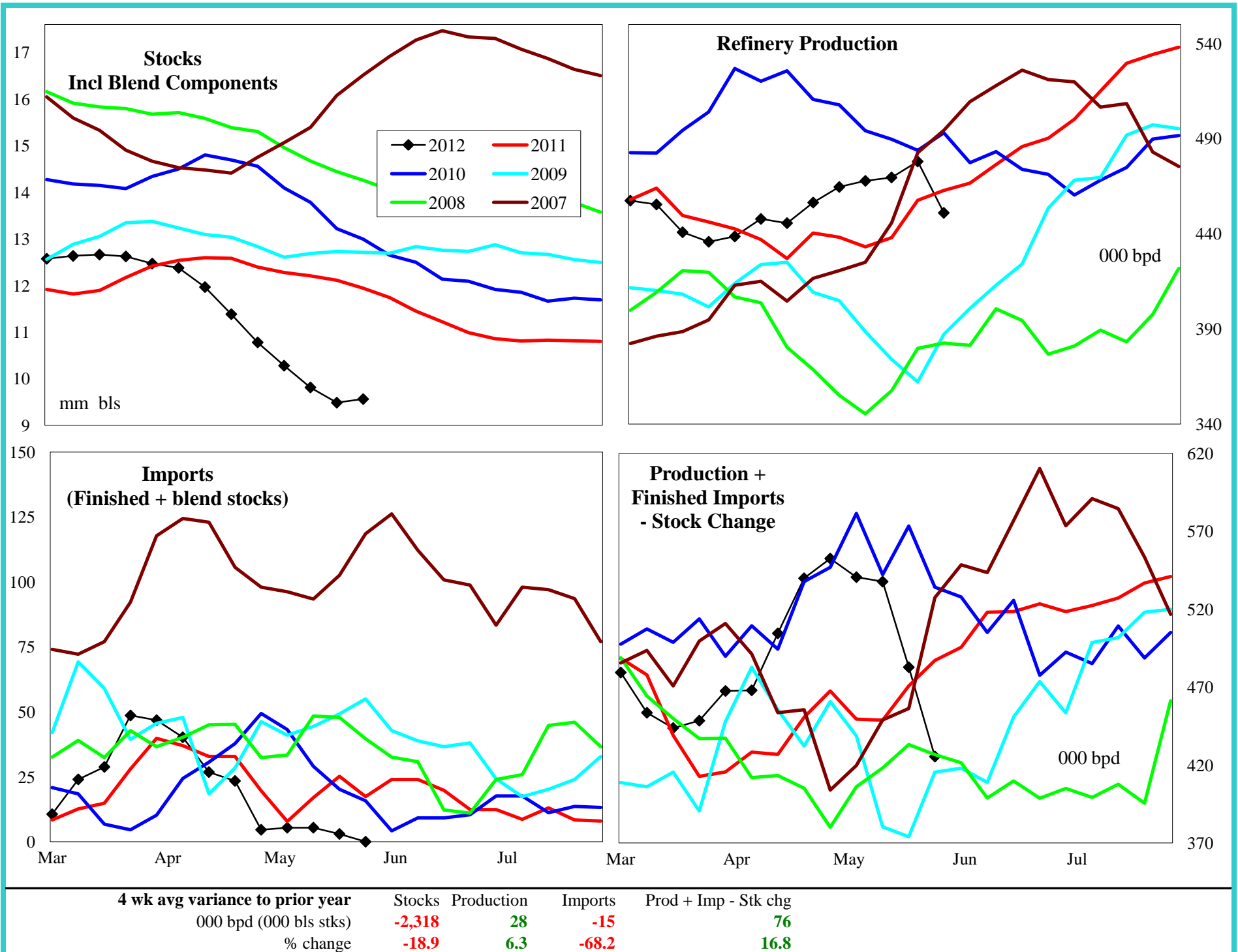
PADD 5 Gasoline Supply



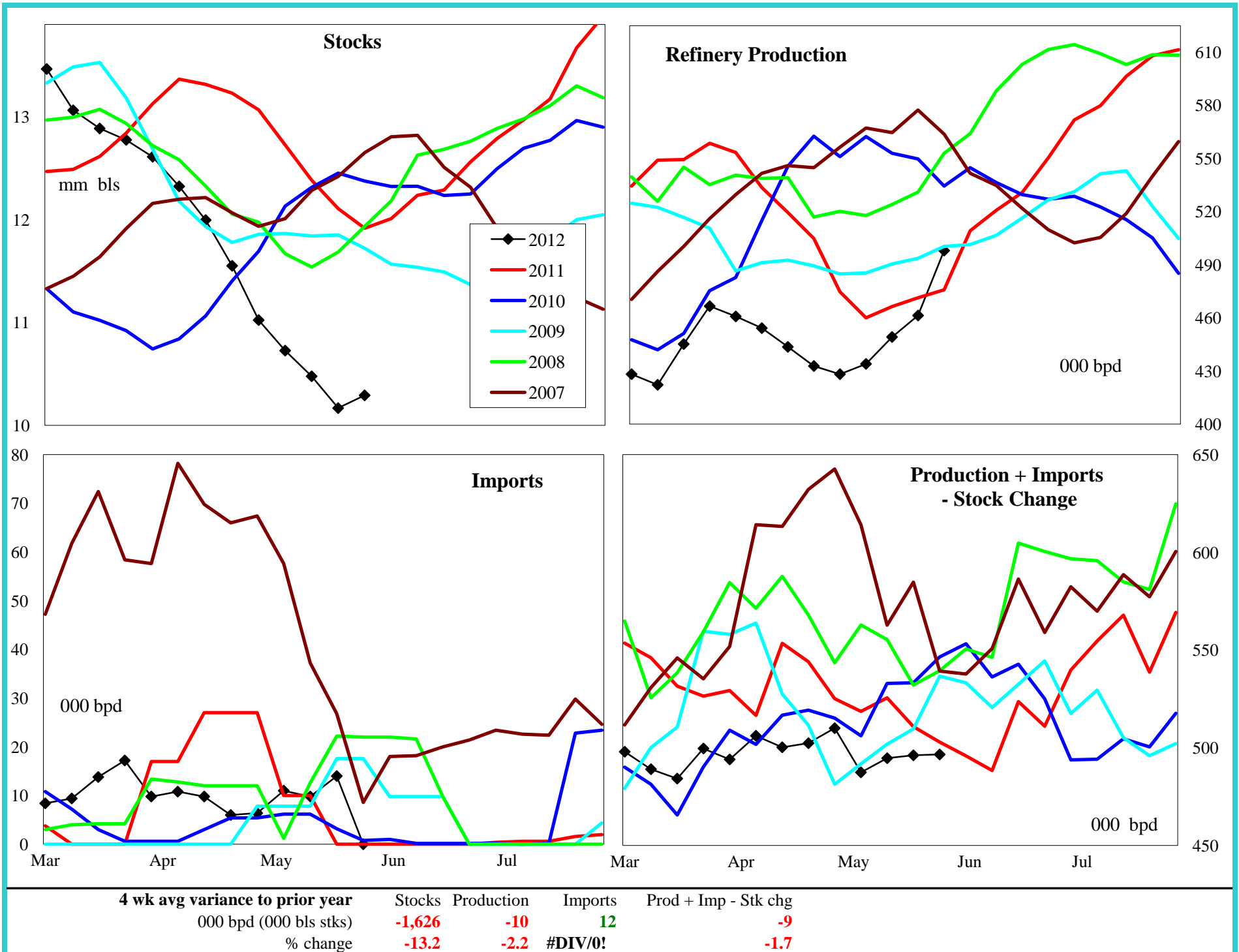
PADD 5 Reformulated Gasoline Supply



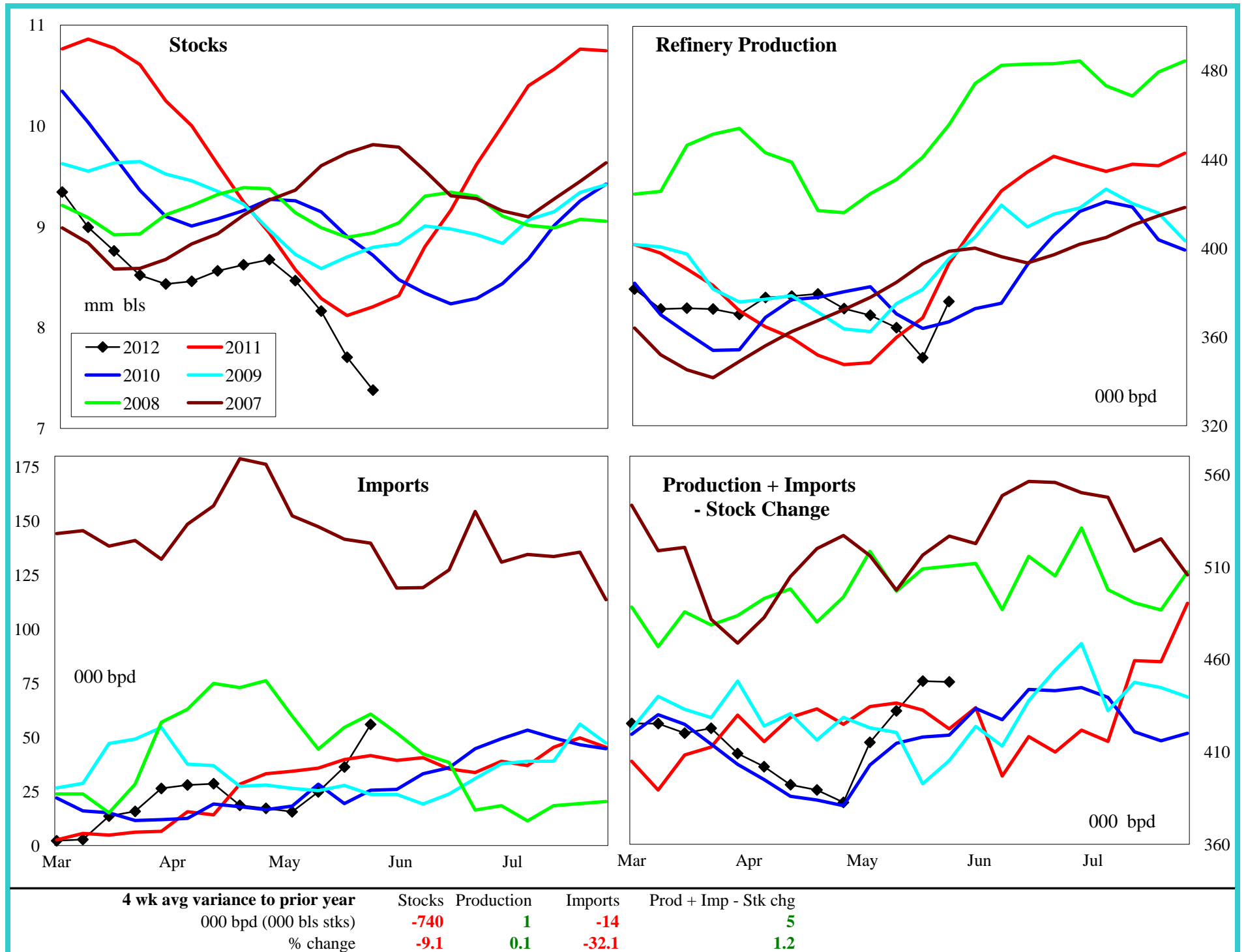
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

