

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

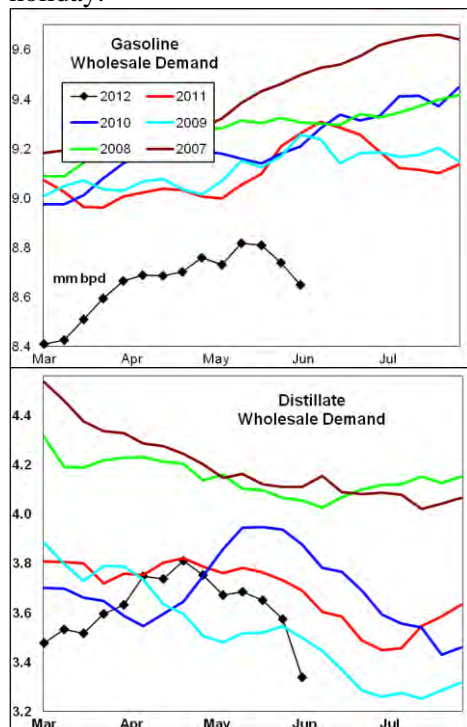
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 06, 2012



Major Fundamental Trends¹

Gasoline and distillate wholesale demand fell sharply last week, due in part to lower truck loadings at terminals during the Memorial week holiday.

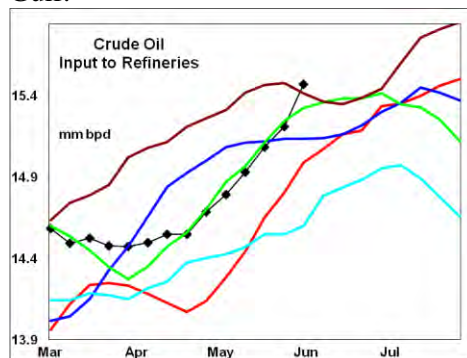


The sharp decline in wholesale prices has also led to the downstream supply chain drawing down inventories, thereby reducing wholesale demand. Year-on-year demand continues to exhibit meaningful year-on-year declines of -4% for gasoline and -5% for distillate.

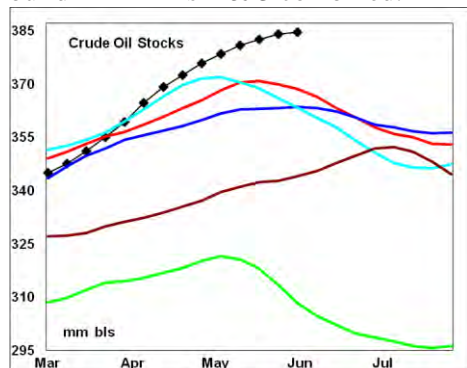
Stocks of transport fuels jumped +6.6 million barrels last week, due to lower terminal truck loadings during the holiday week (the above noted drop in wholesale demand) and record crude oil refinery thru put. Seasonal stock building of transport fuels should continue high refinery run rates during the summer quarter.

Refinery crude oil runs increased +500,000 bpd during the last 2-wks, reaching a fresh 5-year high for this time of year. The increase has been

driven by record high thru put on the Gulf.



U.S. crude oil stocks were nearly unchanged last week; but included a -3.9 million barrel draw on the West Coast, offset by a +4.2 million barrel build in PADDs 2 & 3 combined.



Demand for gasoline and distillate each fell sharply last week, driven in part by reduced terminal loadings during the Memorial week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -4%; distillate down -5%; jet fuel down -1.4% while residual fuel oil decreased -33%.

Stocks forward coverage: Gasoline demand coverage increased last week due to a +3.3 million barrel stock build. Coverage levels matched the average of the last 3-years.

Distillate demand increased on a +2.3 million barrel stock build and lower demand. Coverage levels were sharply below the last 3-years.

Jet fuel coverage increased on a +1 million barrel build last week, with the level below the last 3-years.

Refinery utilization rates increased on a +299,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil

input was +379,000 bpd above a year ago.

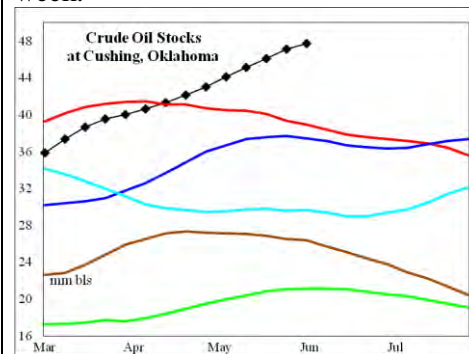
Gasoline yield % on crude oil runs decreased on -97,000 bpd drop in output compared to the +299,000 bpd rise in crude oil runs. Yield % on crude oil runs fell below the 5-year historic range.

Distillate yield % on crude oil runs decreased on a +58,000 bpd rise in production, compared to the larger increase in crude oil runs. The yield % remains well above the historic range.

Jet fuel yield % on crude oil runs jumped on a +133,000 bpd rise in production compared to the increase in crude oil runs. Yield % levels surged to a record high.

Petroleum Imports of crude oil and gasoline each increased last week, while middle distillates decreased. During the latest 4-wk period crude oil imports were -111,000 bpd below last year; distillate imports decreased -30,000 bpd; finished gasoline imports decreased -39,000 bpd, gasoline blend stock imports declined -417,000 bpd; jet fuel imports were -37,000 bpd lower, while residual fuel oil imports fell -152,000 bpd.

Crude Oil were unchanged on the week; including a -3.9 million barrel draw on the West Coast. Stocks in PADDs 2 & 3 combined, increased +4.2 million barrels on the week, to record levels in each region for the week.



¹ Source is latest EIA Weekly Statistics



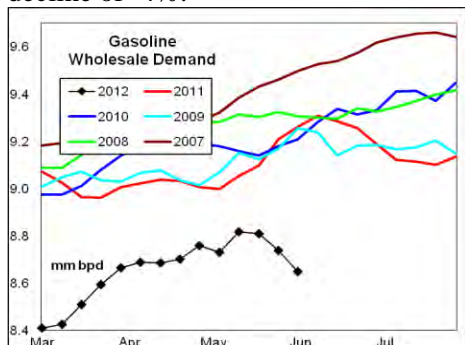
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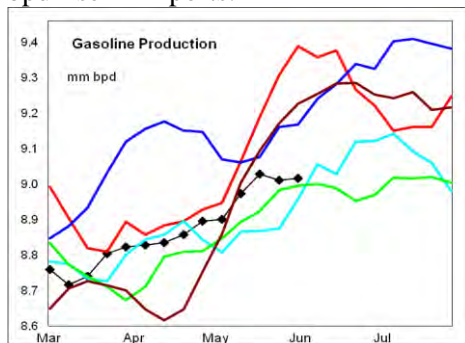
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Product Supply-Demand Trends

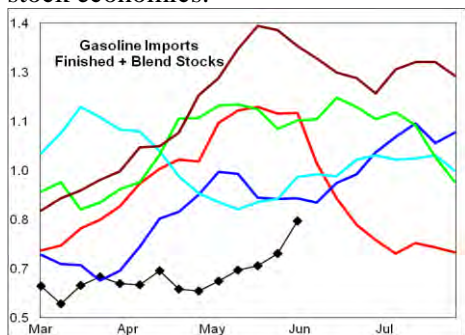
Gasoline demand fell -283,000 bpd last week, due in part to a drop in stock building after Memorial week. The latest 4-wk average demand was -371,000 bpd below a year ago, a decline of -4%.



Production decreased -97,000 bpd on the week, partially offset by a +40,000 bpd rise in imports.



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



Stocks climbed +3.3 million barrels last week, although the level remains at the low end of the historic range.

The latest 4-wk stock draw in markets East of the Rockies was -3.1 million barrels, a larger draw than four of the last 5-years.

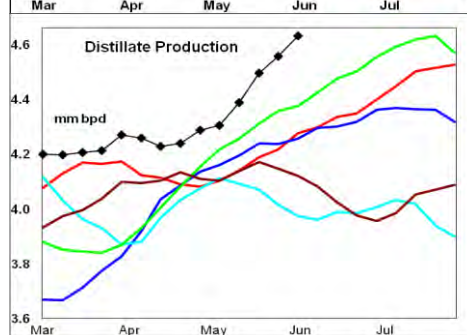
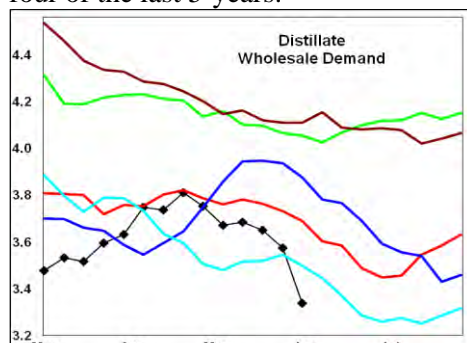
Higher imports and continued year on year decrease in demand, point to lower risk of a supply squeeze on the

East Coast this summer. West Coast stocks increased 1.2 million barrels last week, as refiners return to full production.

Distillate demand plunged -481,000 bpd last week, to a record low level for the period. The latest 4-wk average was -189,000 bpd below a year ago.

Supplies increased +85,000 bpd last week, on record high production. The latest 4-wk average supply was +301,000 bpd above a year ago. Stocks jumped +2.3 million barrels on the week, the first significant build of the summer season.

The latest 4-wk stock draw in markets East of the Rockies was -1.1 million barrels, a draw greater than four of the last 5-years.



Record production and lower seasonal demand has began seasonal stock building.

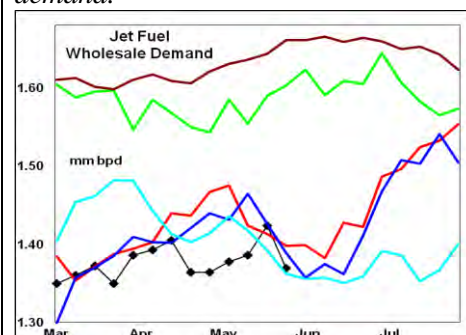
Look for the supply balance to improve going forward on slower global growth, driving lower exports from the U.S.

Jet Fuel demand increased +10,000 bpd last week, to a level comparable to the average of the last 3-years. The latest 4-wk average demand was -20,000 bpd below a year ago.

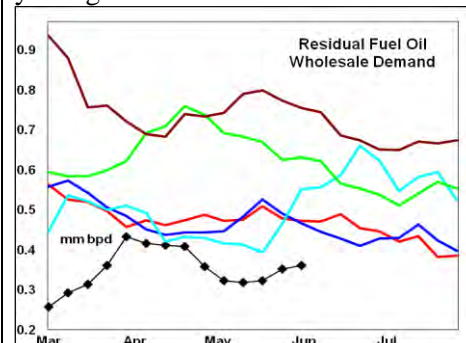
Supply jumped +80,000 bpd last week, including a +133,000 bpd surge

in production. Stocks increased +1 million barrels last week, lifting the stock level to the low end of the 5-year range.

Look for continued stock building in for the next quarter on high production and lower seasonal demand.



Residual fuel oil demand increased +28,000 bpd last week. The latest 4-wk average was -174,000 bpd below a year ago.



Supply (production + imports) decreased -18,000 bpd last week, on lower imports. The latest 4-wk average supply was -179,000 bpd below last year on lower imports and production. Stocks decreased -0.6 million barrels, to a level -17% below the historic range.

Wholesale demand remains exceptionally weak, off -33% 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 -6.2 million barrels below last year.

The key Gulf Coast market remains well supplied, in the absence of any meaningful level of imports during the last 6-wks.



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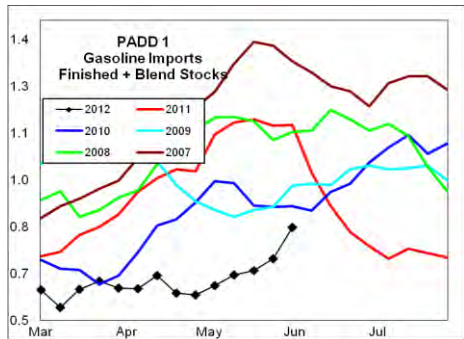
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +62,000 bpd on the week, with the latest 4-wk average -222,000 bpd below last year.

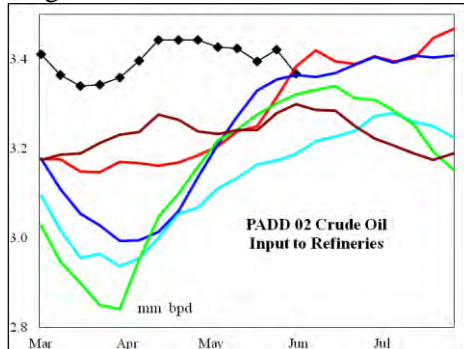
Gasoline production fell -150,000 bpd last week, while imports decreased -22,000 bpd. Stocks increased +1 million barrels on the week.



Stock levels in the Central Atlantic and New England regions each remain near 5-year lows.

Distillate supply increased +36,000 bpd last week, with the level -85,000 bpd below the historic range. Stocks increased +0.6 million barrels on the week, a level -23% below last year.

Jet fuel supply decreased -9,000 bpd last week, with no imports. Stocks fell -0.6 million barrels on the week, to a level below the 5-year range.



PADD 2 crude oil refinery runs fell -89,000 bpd on the week, with the 4-wk average +133,000 bpd above last year. Crude oil imports jumped +239,000 bpd last week with the level +29% above last year. Stocks climbed +2.8 million barrels, +11% above the prior 5-year high.

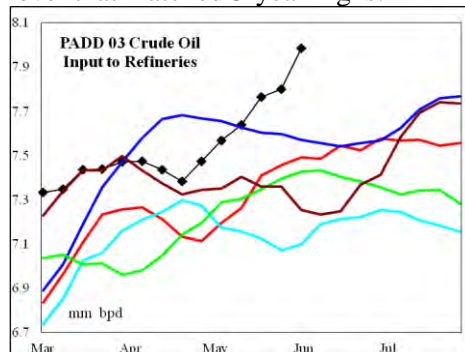
Gasoline production declined -

20,000 bpd last week, to a level comparable with the last 2-years. Stocks decreased -0.7 million barrels, to a 5-year low.

Distillate production increased +35,000 bpd on the week, to a level at the upper end of the historic range. Stocks increased +0.7 million barrels last week, with the level above the historic mid range.

Jet fuel production decreased -19,000 bpd on the week, with the level comparable to the last 3-years. Stocks ended the week at a level below the 5-year range.

PADD 3 refinery runs jumped +325,000 bpd last week, to a new all time record high. The latest 4-wk average thru put was +328,000 bpd above last year. Crude oil imports decreased -350,000 bpd last week to a record low level. Stocks increased +1.4 million barrels on the week, to a level that matched 5-year highs.



Gasoline production decreased -15,000 bpd last week, a level below the 5-year range. Stocks increased +1.8 million barrels last week, to a level that matched the historic mid range.

Distillate production decreased -26,000 bpd on the week, still at a record high level. Stocks decreased -0.4 million barrels a level -23% below a year ago.

Jet fuel production surged +90,000 bpd last week, to an all time high level. Stocks jumped +1.1 million barrels last week to a level well above four of the last 5-years.

Residual fuel oil supplies increased +6,000 bpd on the week, to a level above the mid range. There were no

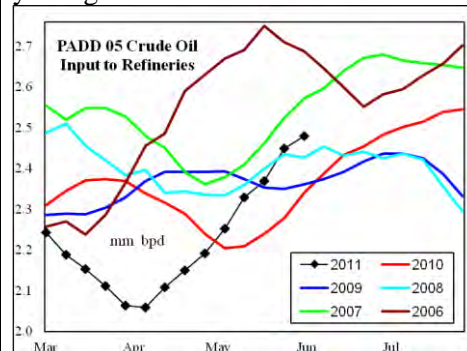
imports last week, compared to an average of 86,000 bpd a year ago. Stock levels ended the week -12% below last year.

PADD 4 refinery crude runs increased +12,000 bpd on the week, to a level above the 5-year range. The most recent 4-wk average run rate was -9,000 below last year.

Gasoline production climbed +41,000 bpd on the week, to a level comparable with the last 3-years. Stocks increased +0.1 million barrels, a level -13% below last year.

Distillate production declined -12,000 bpd on the week, to a level comparable with the last 3-years. Stock levels ended the week above the historic mid range.

PADD 5 crude oil refinery runs decreased -13,000 bpd last week, but remains at a level above the last 3-years. Runs for the most recent 4-wk period were +150,000 bpd above a year ago.



Gasoline production fell -56,000 bpd on the week, partially offset by a +35,000 bpd rise in imports. Supply (production + imports) for the latest 4-wk average was +25,000 bpd above a year ago. Stocks jumped +1.2 million barrels, a level -16% below last year.

Distillate supply increased +55,000 bpd on the week, a level above the last 3-years. Stocks jumped +1.2 million barrels, a level -5% below last year.

Jet fuel production jumped +72,000 bpd to a level near 5-year highs. Imports fell -53,000 bpd. Stocks increased +0.7 million barrels on the week, a level -2% below last year.

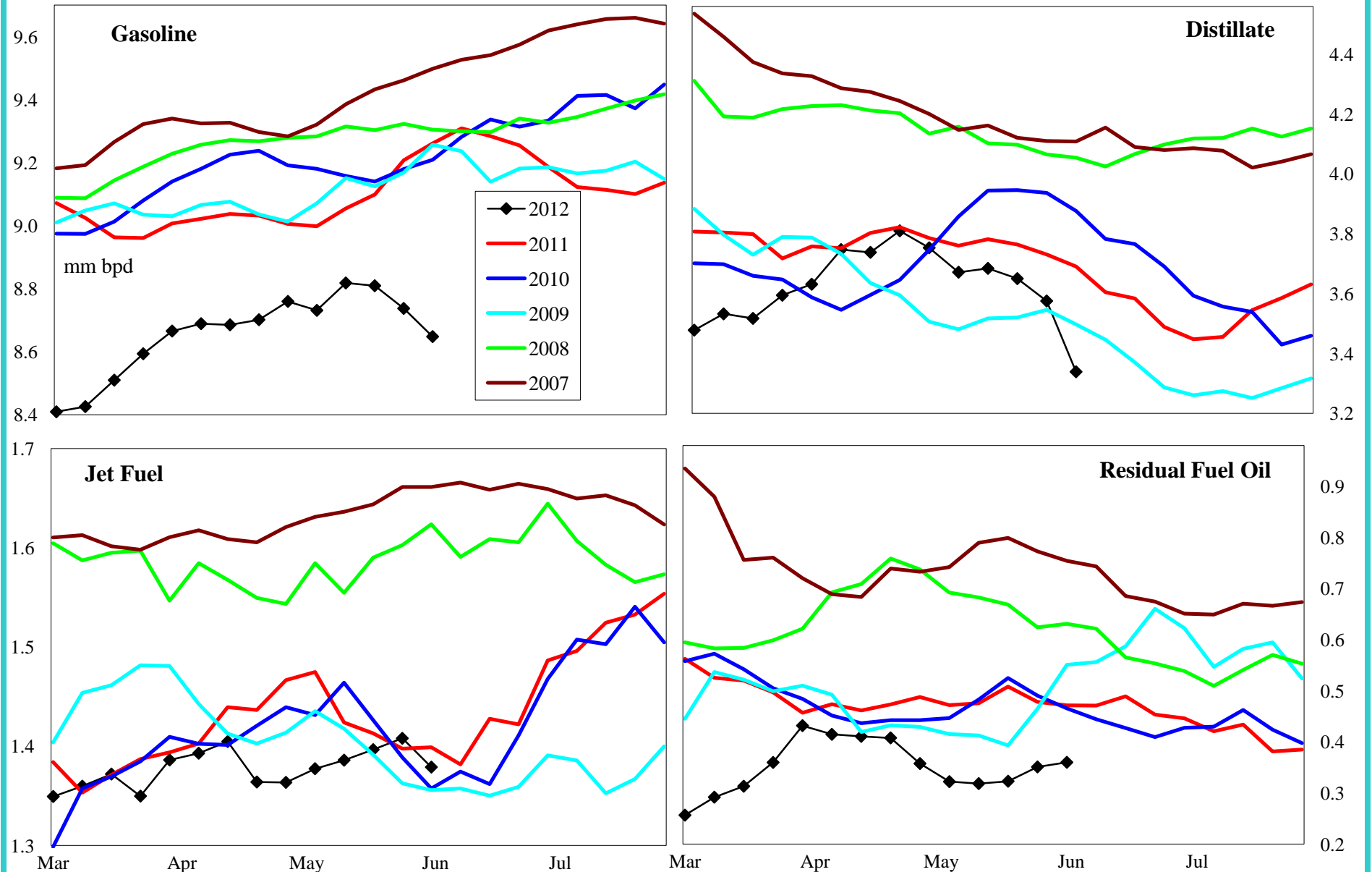


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report June 6, 2012
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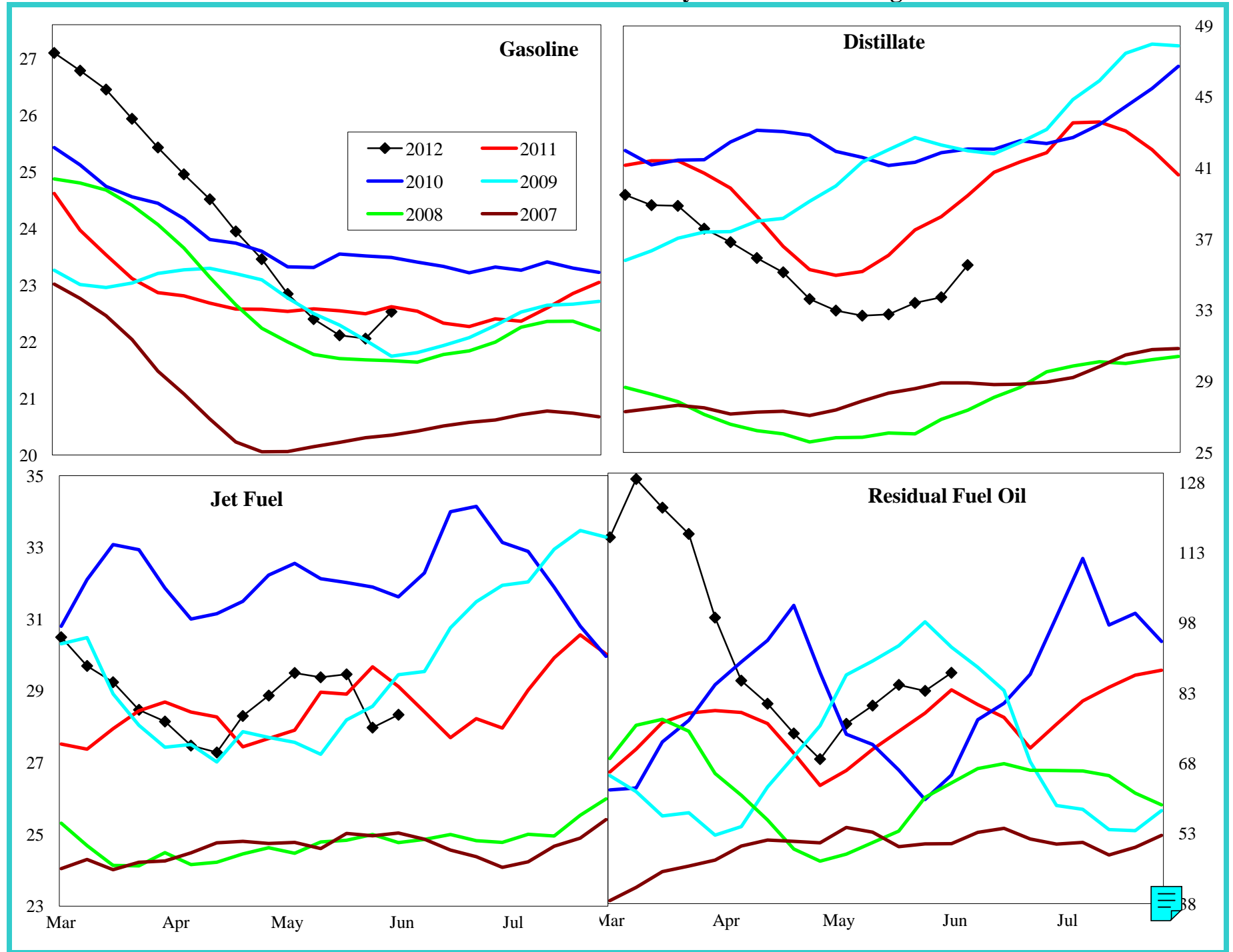
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	1-Jun-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-111	-134	2,769	1,436	-293	-3,887
	Imports	-99	388	239	-350	79	-455
	Input	299	62	-89	325	12	-13
	% Utilization	1.90					
Gasoline	Stocks	3,346	956	-638	1,772	89	1,165
	Production	-97	-150	-20	-15	41	-56
	Imports	40	-22	5	22	0	35
	Supplied	-283					
Distillate	Stocks	2,253	615	700	-443	218	1,164
	Production	58	6	35	-26	-12	55
	Imports	27	30	0	0	-3	0
	Supplied	-481					
Jet Fuel	Stocks	1,024	-610	-16	1,066	-94	678
	Production	133	-9	-19	90	-2	72
	Imports	-53	0	0	0	0	-53
	Supplied	10					
Residual Fuel Oil	Stocks	-647	-43	-74	-805	7	268
	Production	27	12	3	6	1	6
	Imports	-45	-11	-4	0	0	-30
	Supplied	28					

United States Wholesale Petroleum Demand

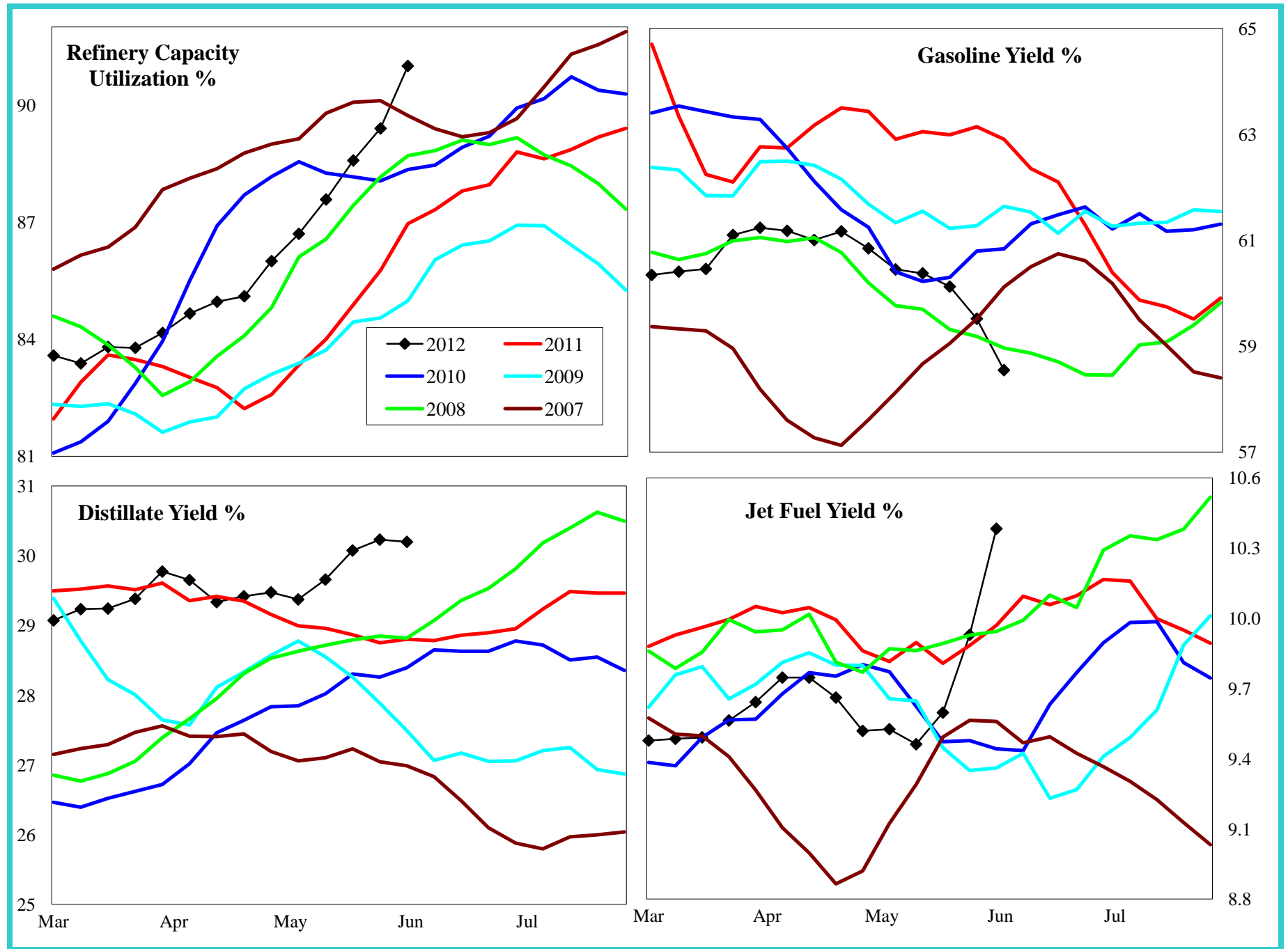


	000 bpd change from prior year				% change from prior year			
	4wk avg	Apr	Jan	Feb	4wk avg	Apr	Mar	Feb
Gasoline	-371	-55	-178	-26	-4.0	-0.6	-2.0	-0.3
Distillate	-189	141	-432	83	-5.0	3.8	-10.8	2.1
Jet Fuel	-20	-103	-59	7	-1.4	-7.1	-4.2	0.5
Resid	-174	-172	-179	-233	-32.5	-28.7	-32.7	-37.2

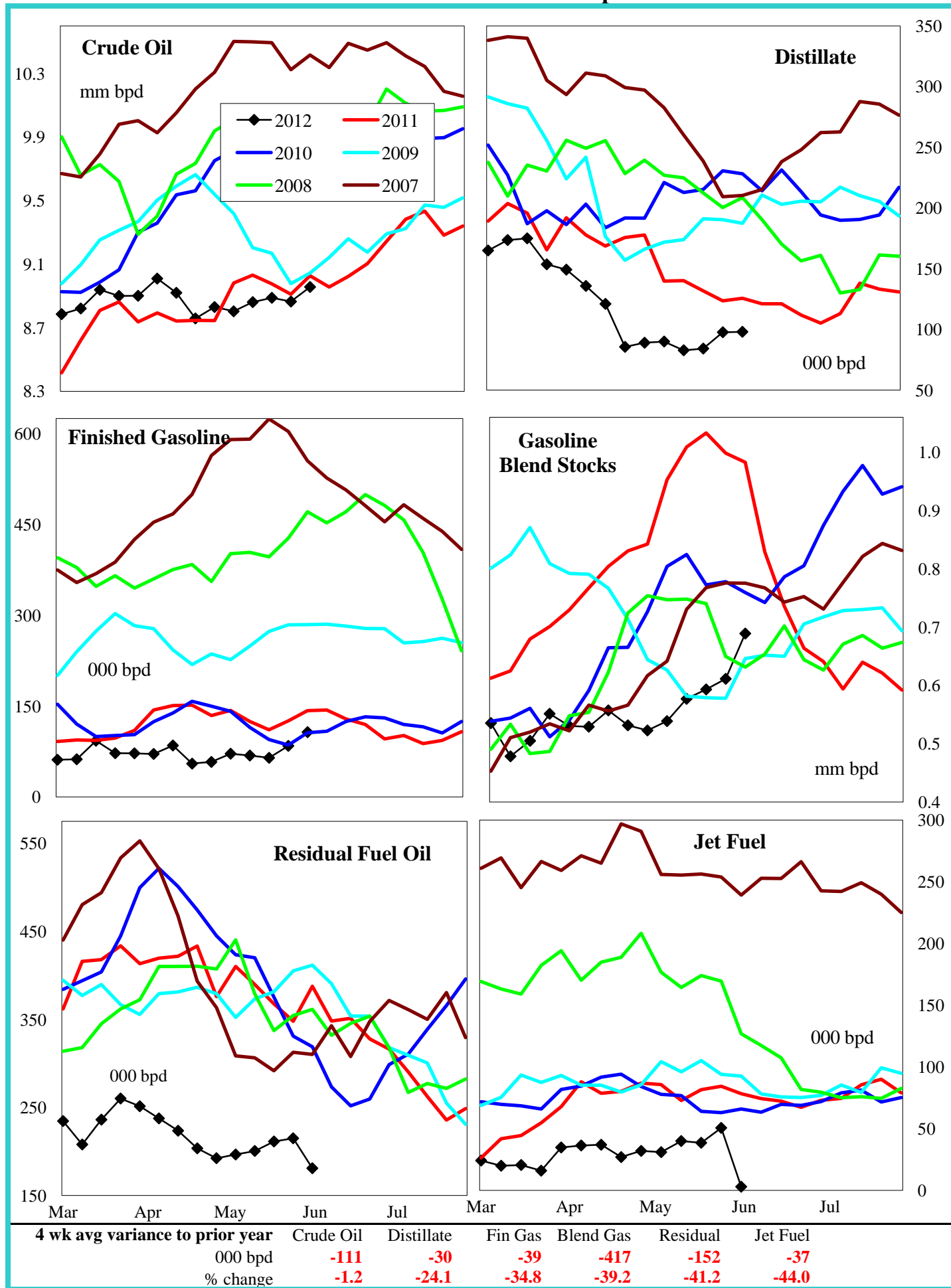


United States Product Stocks: Days Forward Coverage

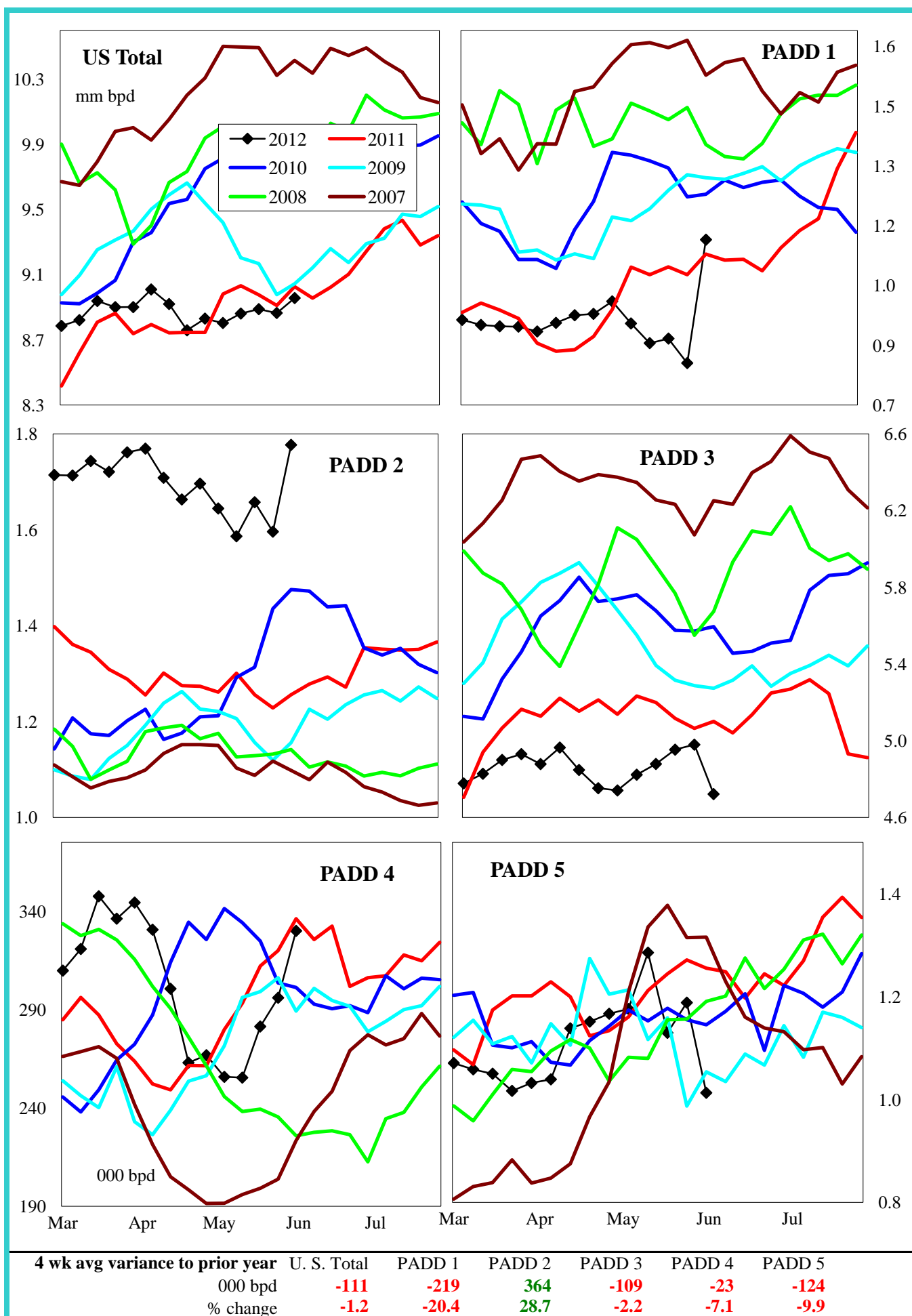
United States Refinery Percent Utilization Rate and Product Yields



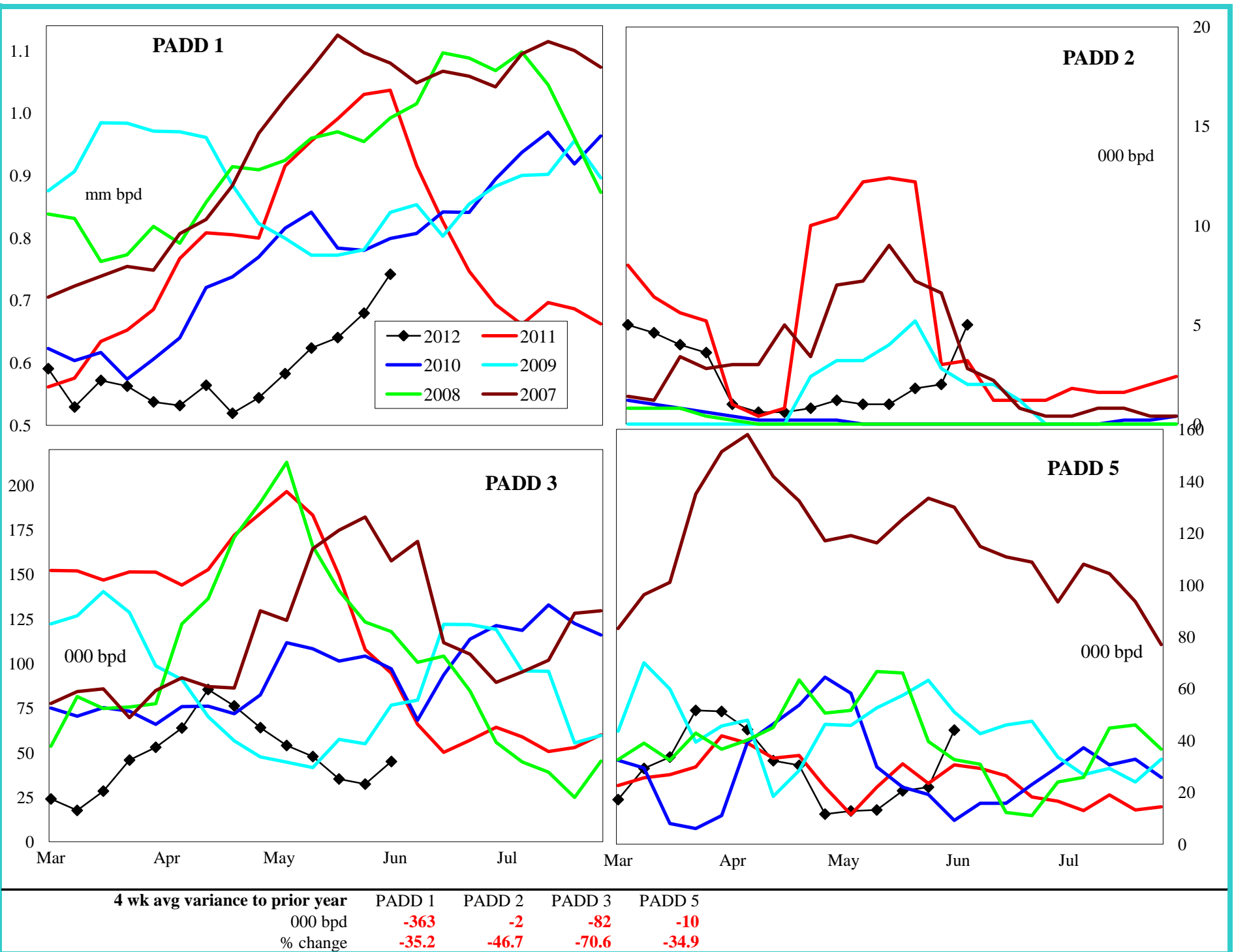
United States Petroleum Imports



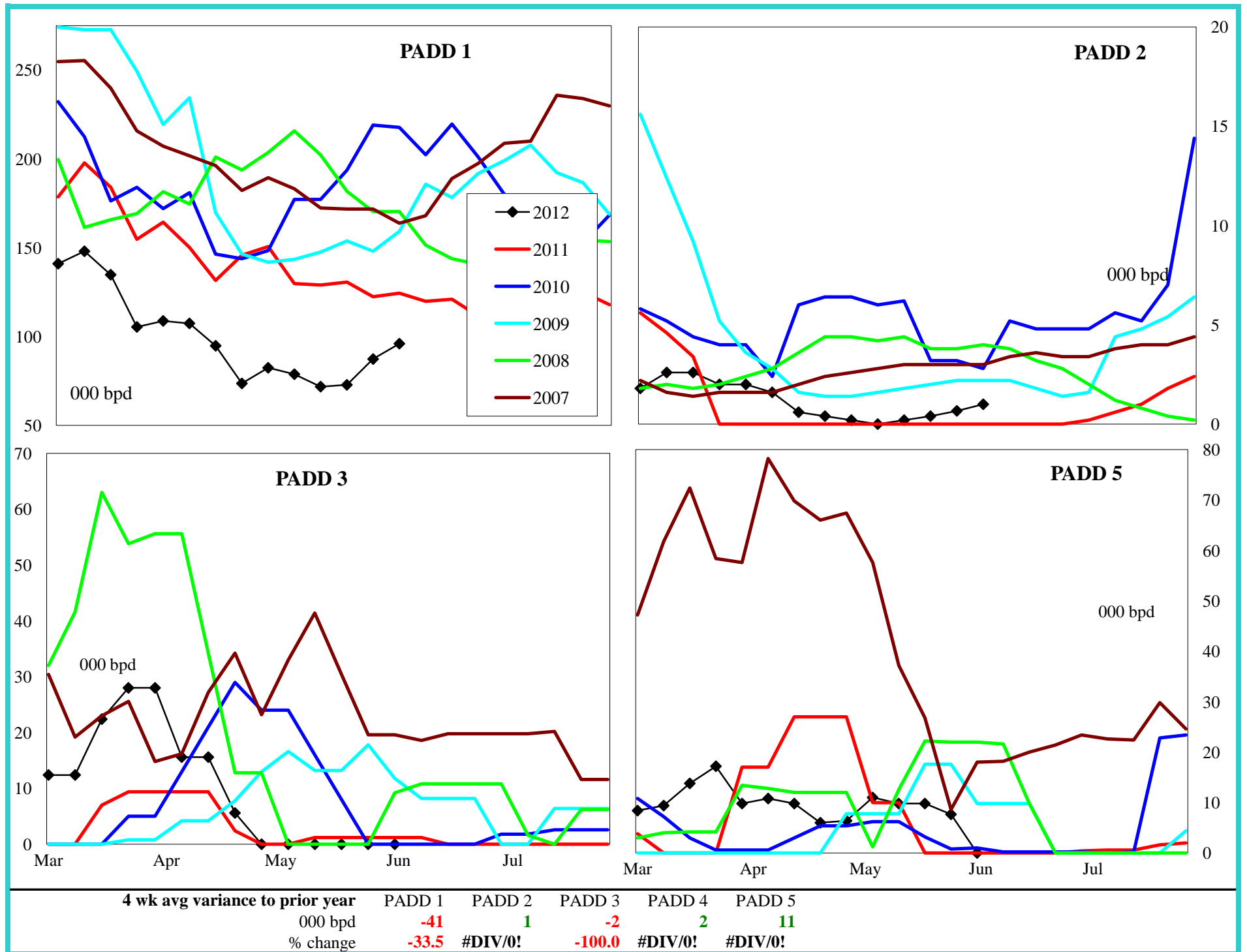
Crude Oil Imports by PADD



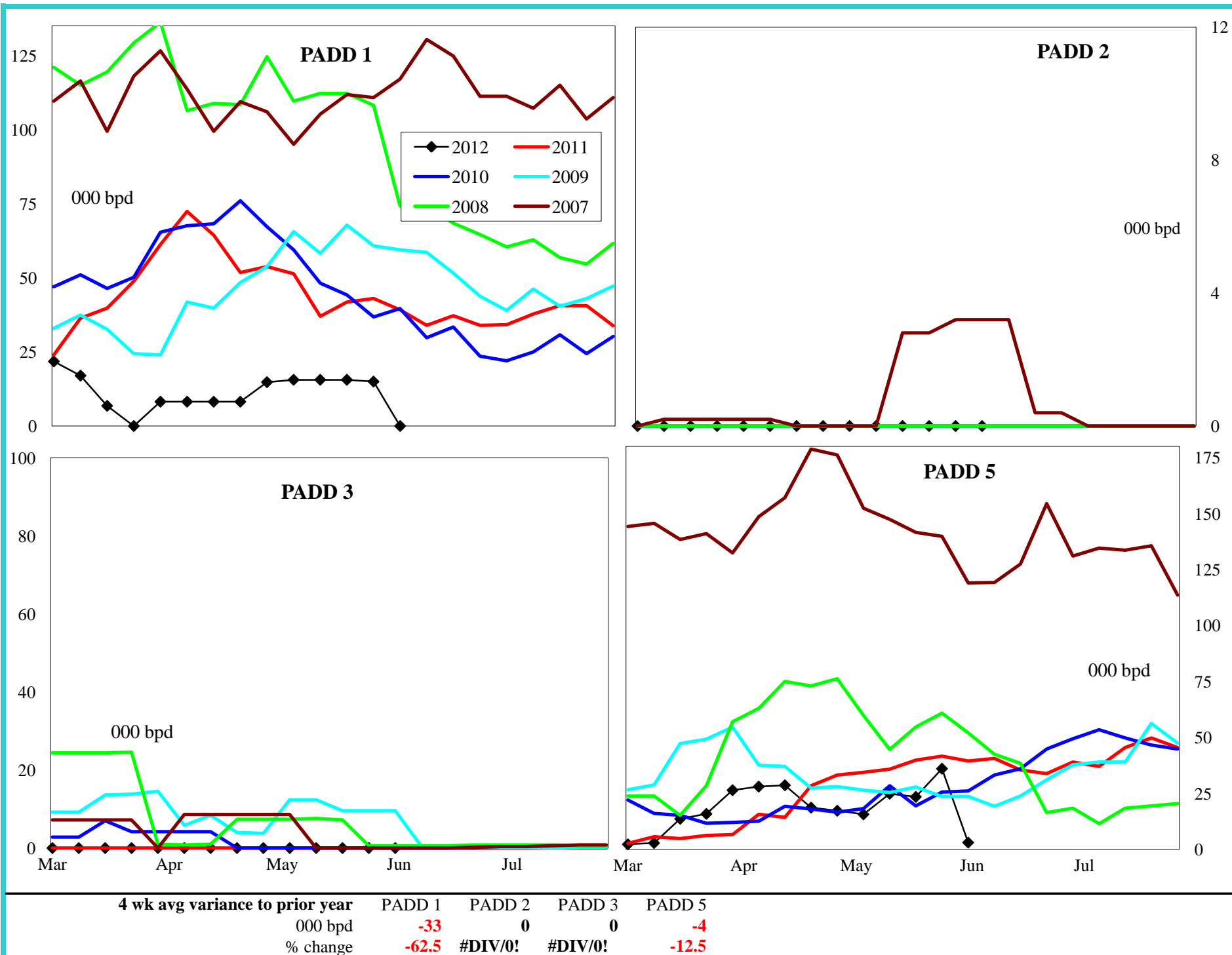
Gasoline Imports by PADD (Finished + Blend Stocks)



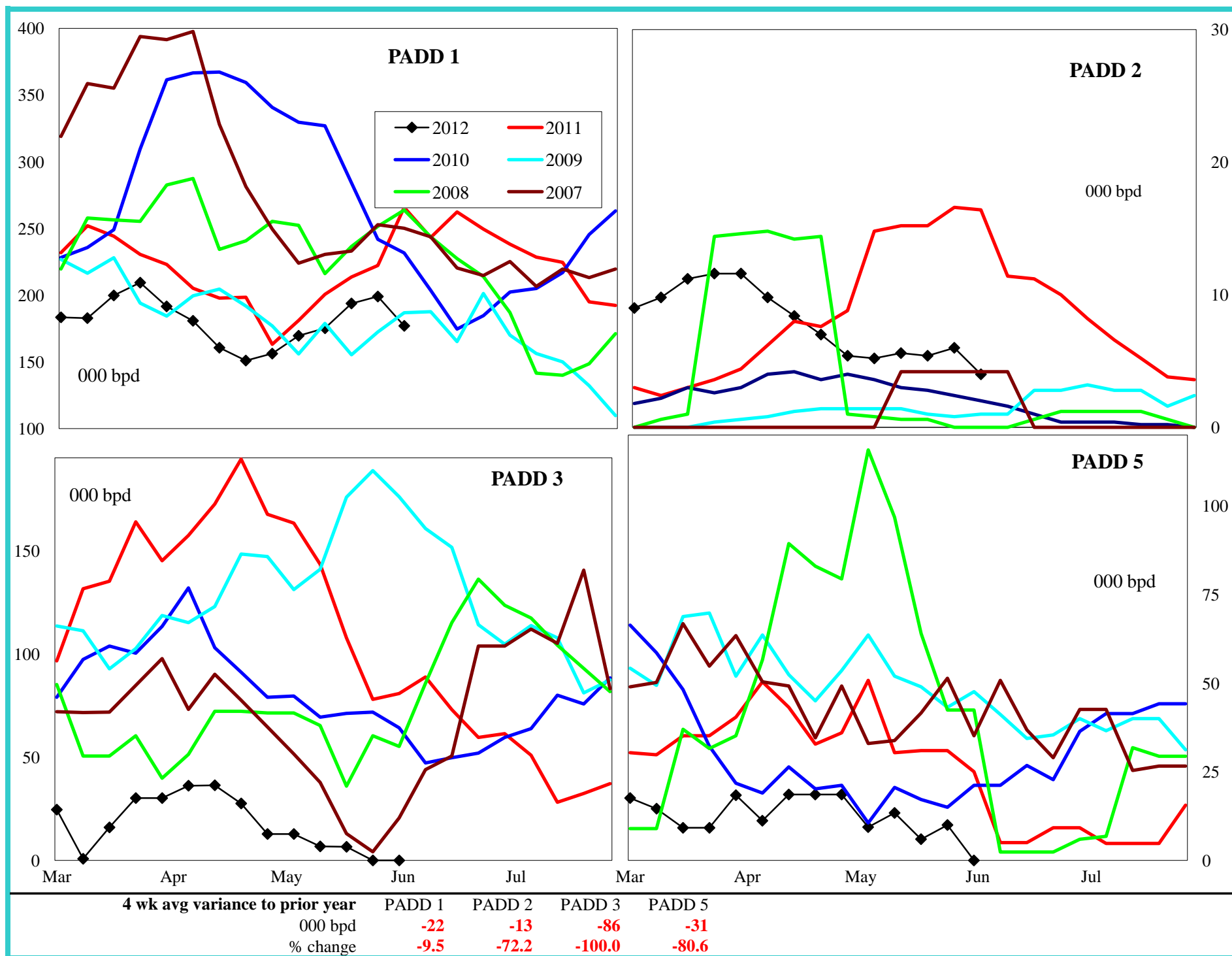
Distillate Imports by PADD



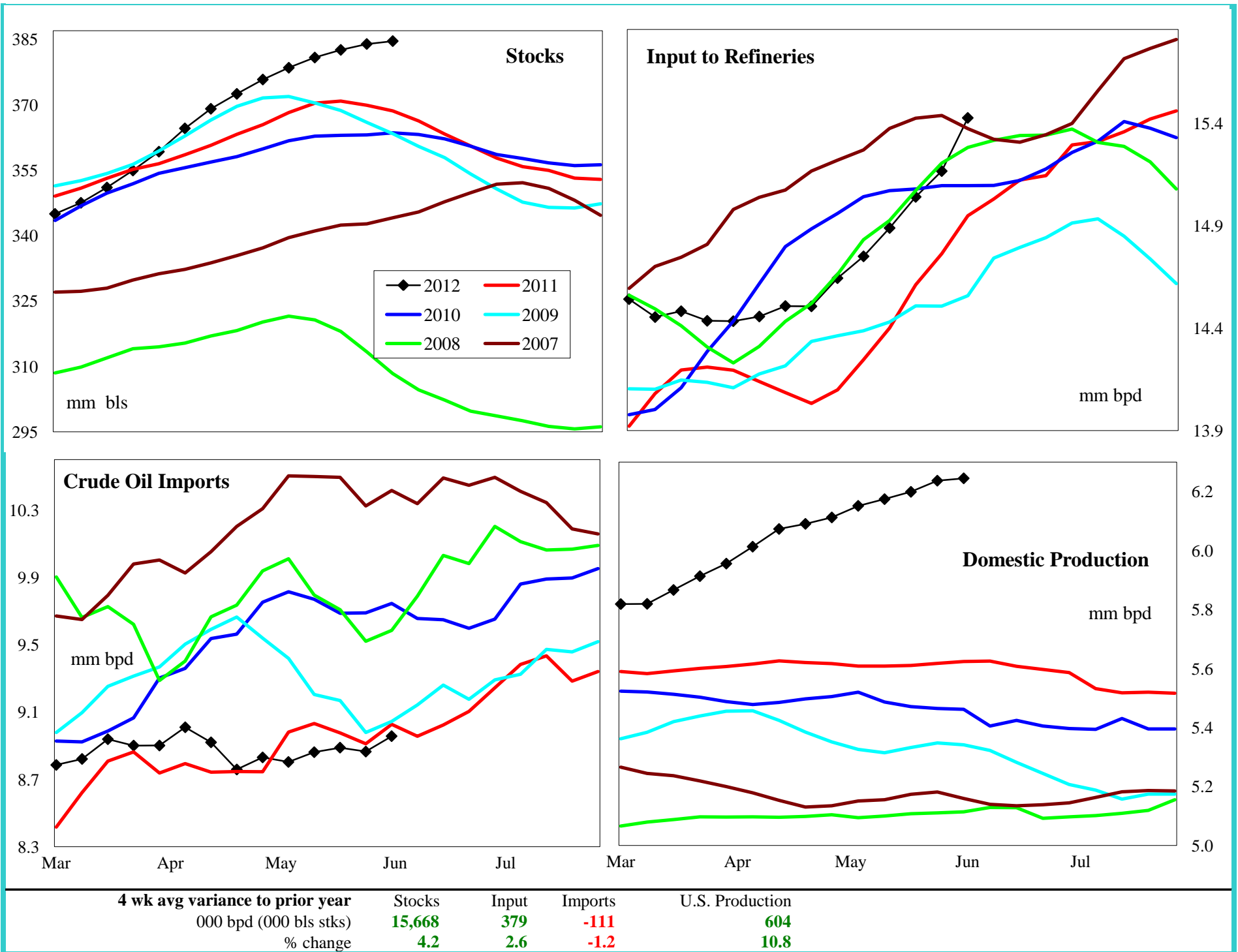
Jet Fuel Imports by PADD



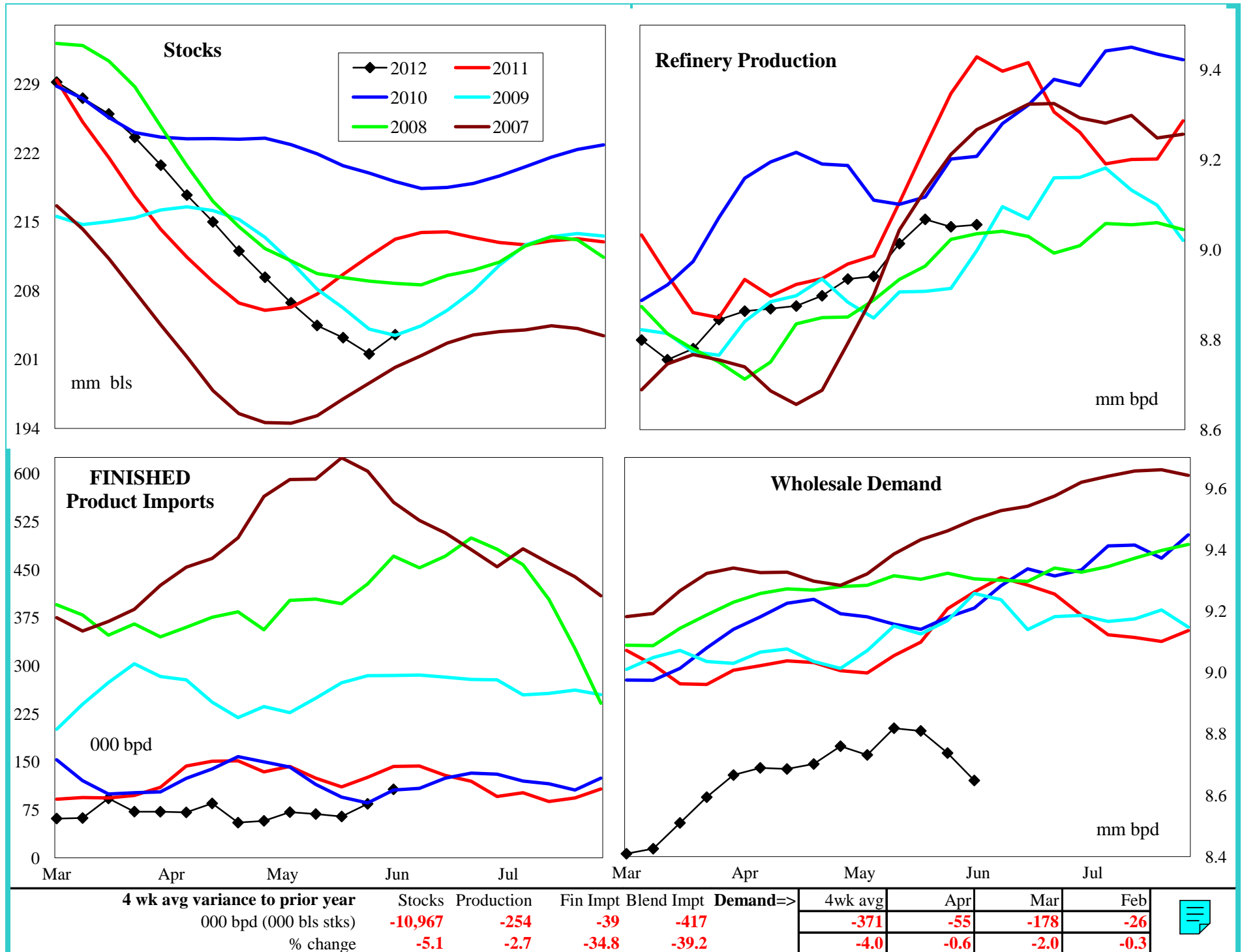
Residual Fuel Oil Imports by PADD



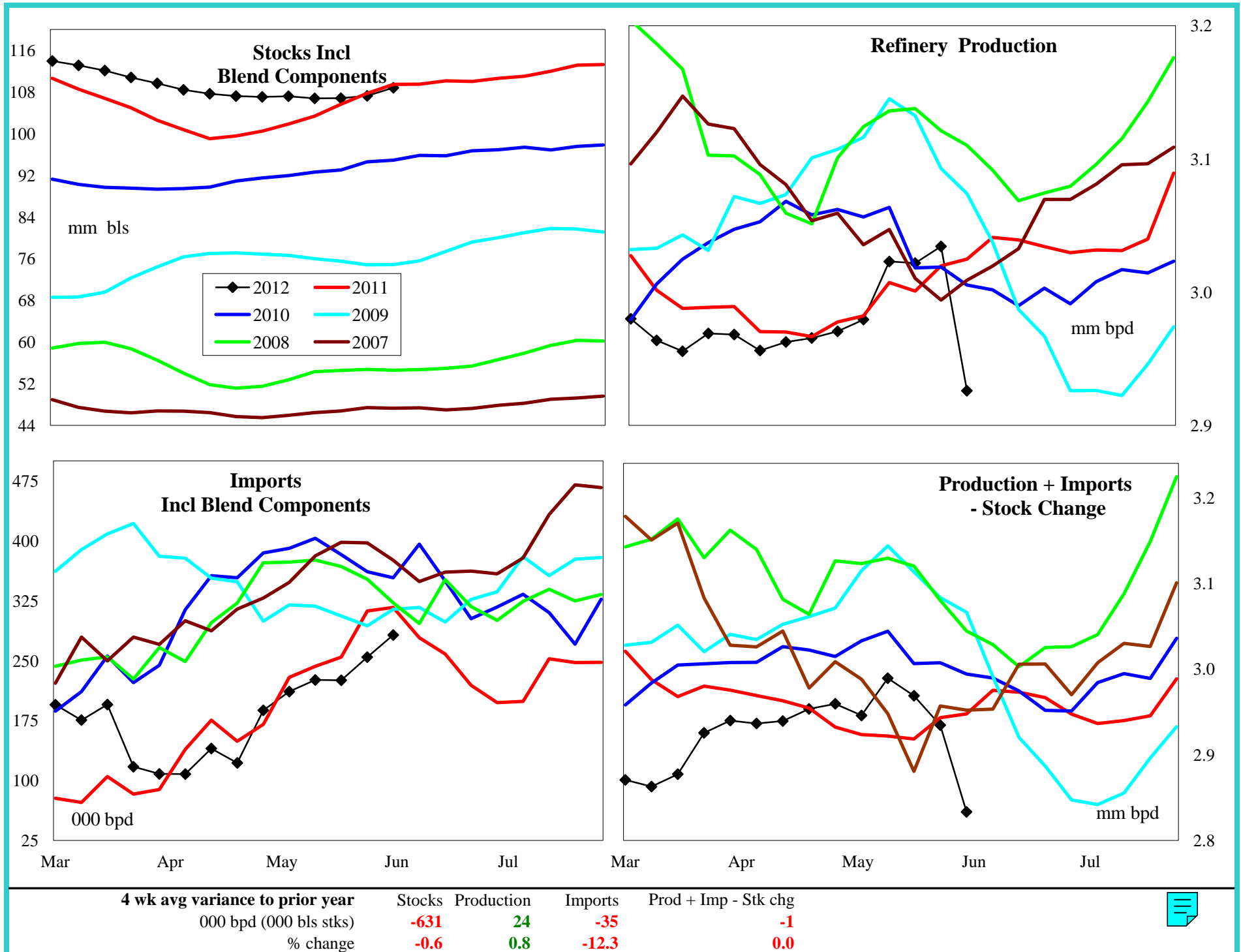
United States Crude Oil Supply and Demand Balance



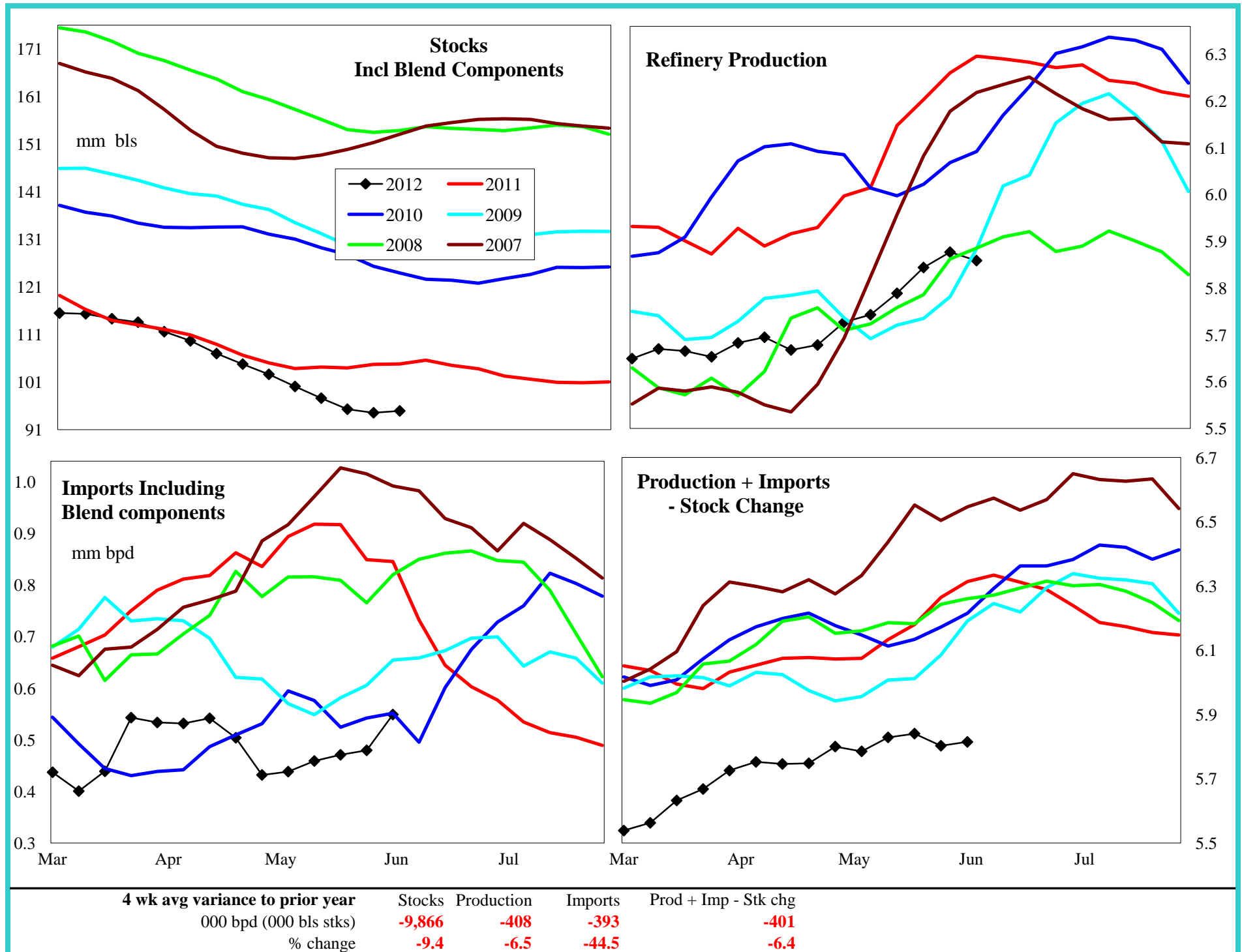
United States Gasoline Supply and Demand Balance



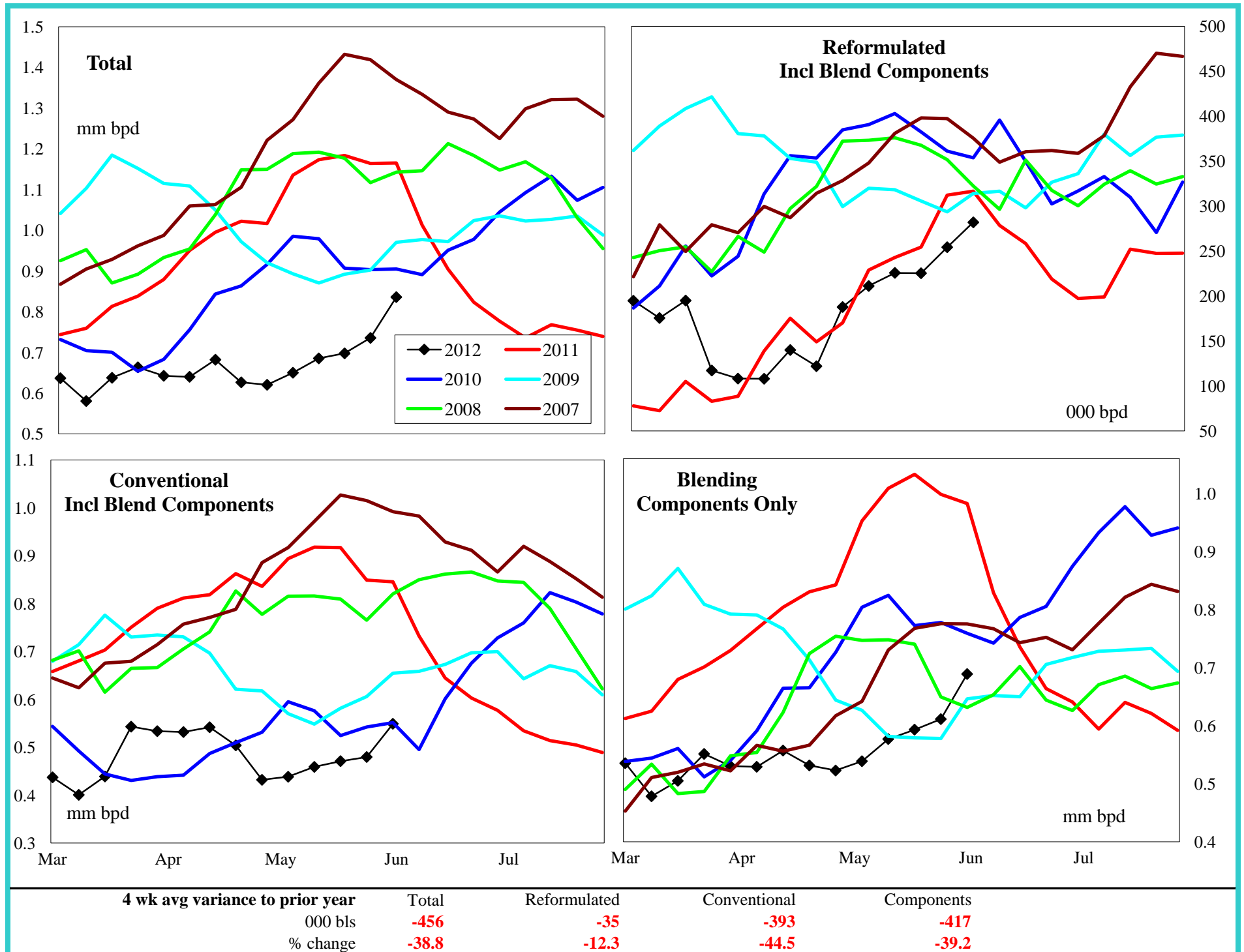
United States Reformulated Gasoline Supply



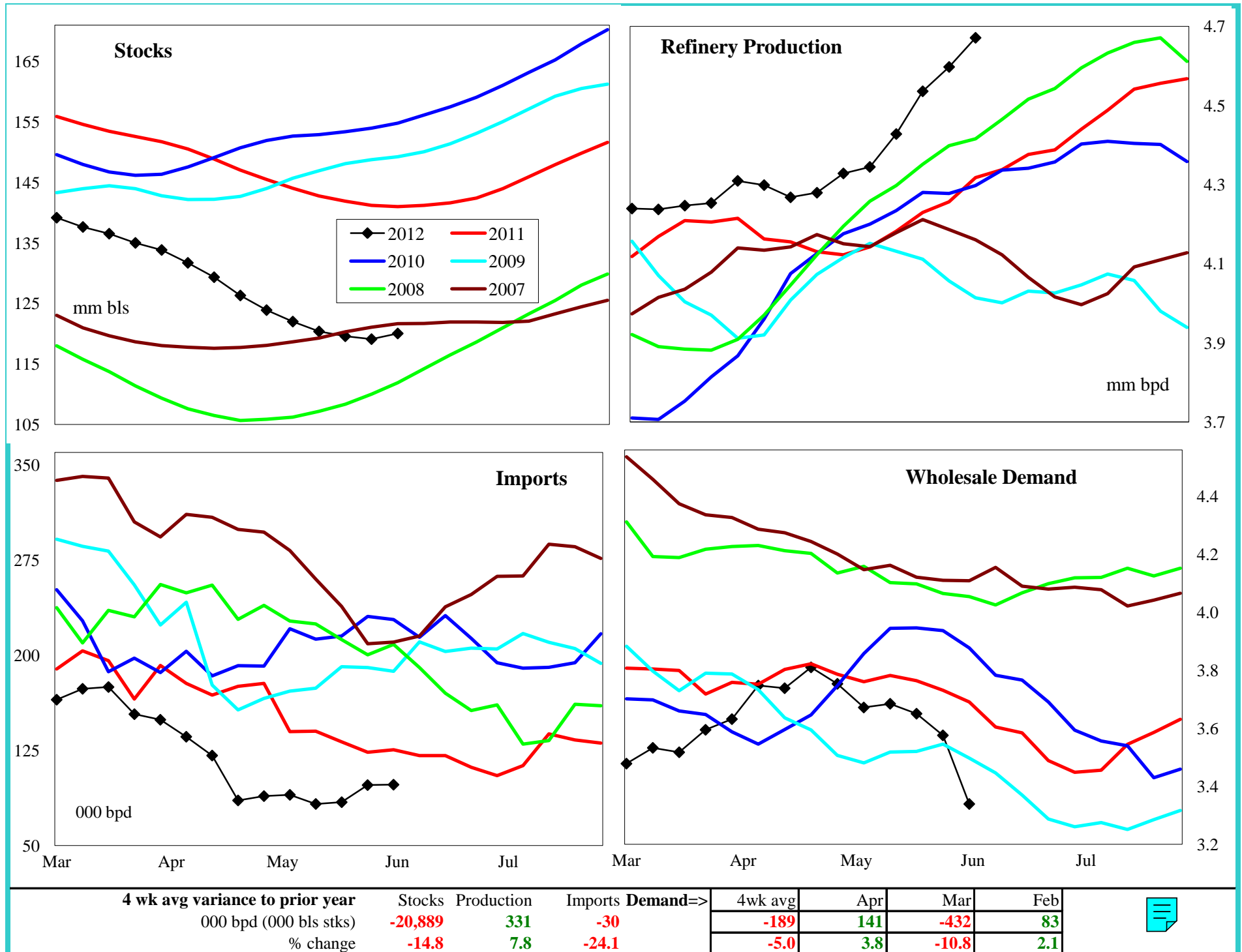
United States Conventional Gasoline Supply



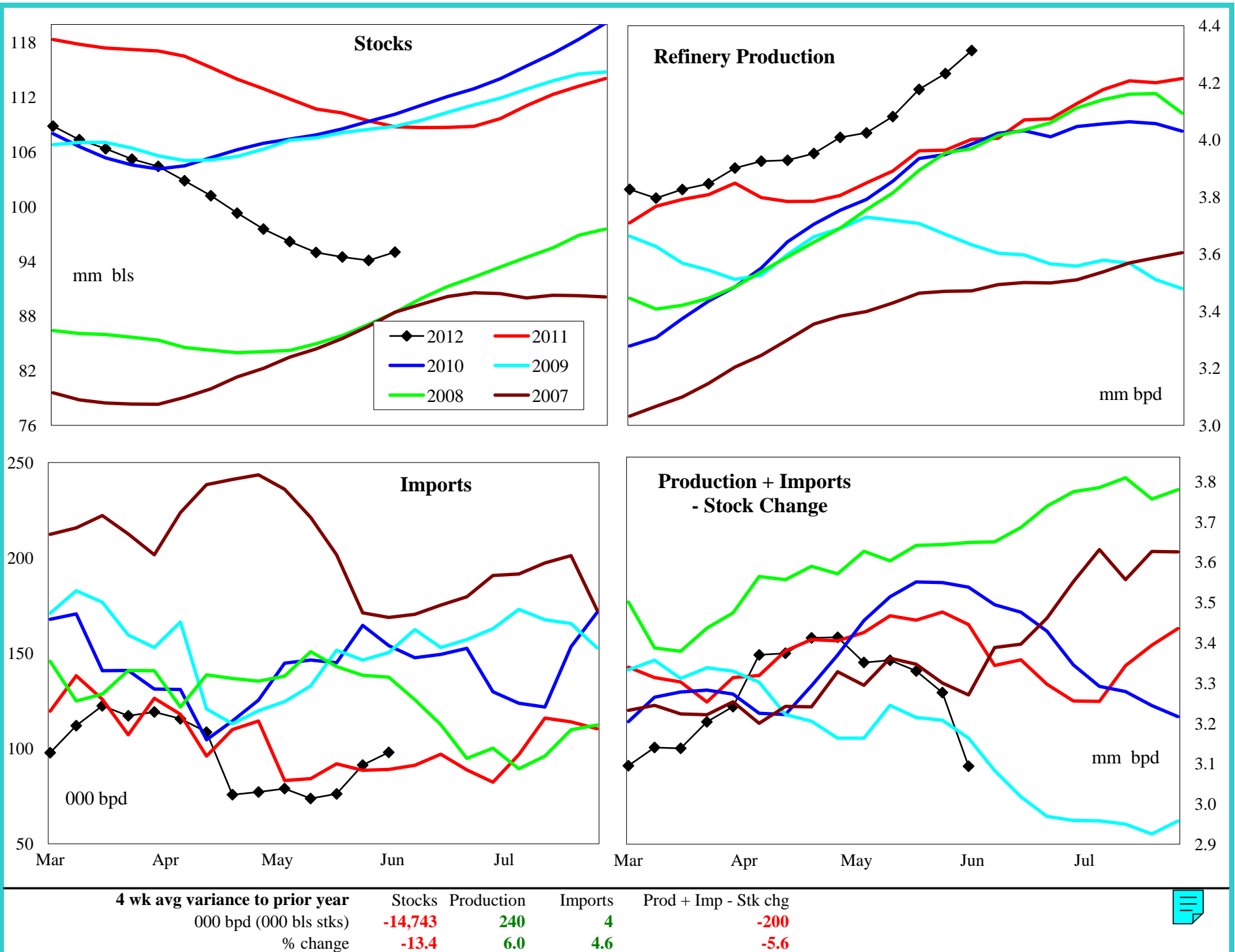
United States Gasoline Imports by Type



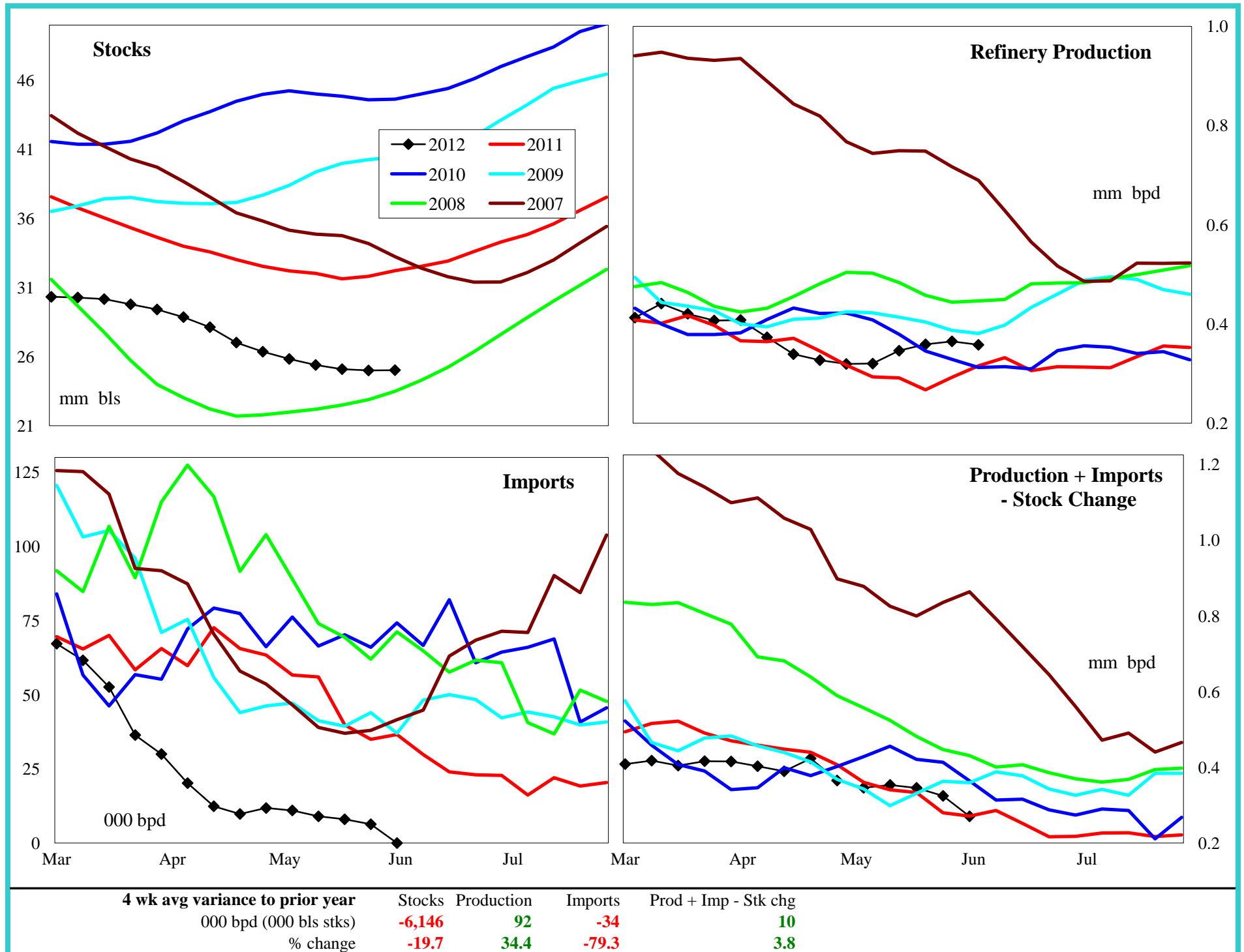
United States Distillate Supply and Demand Balance



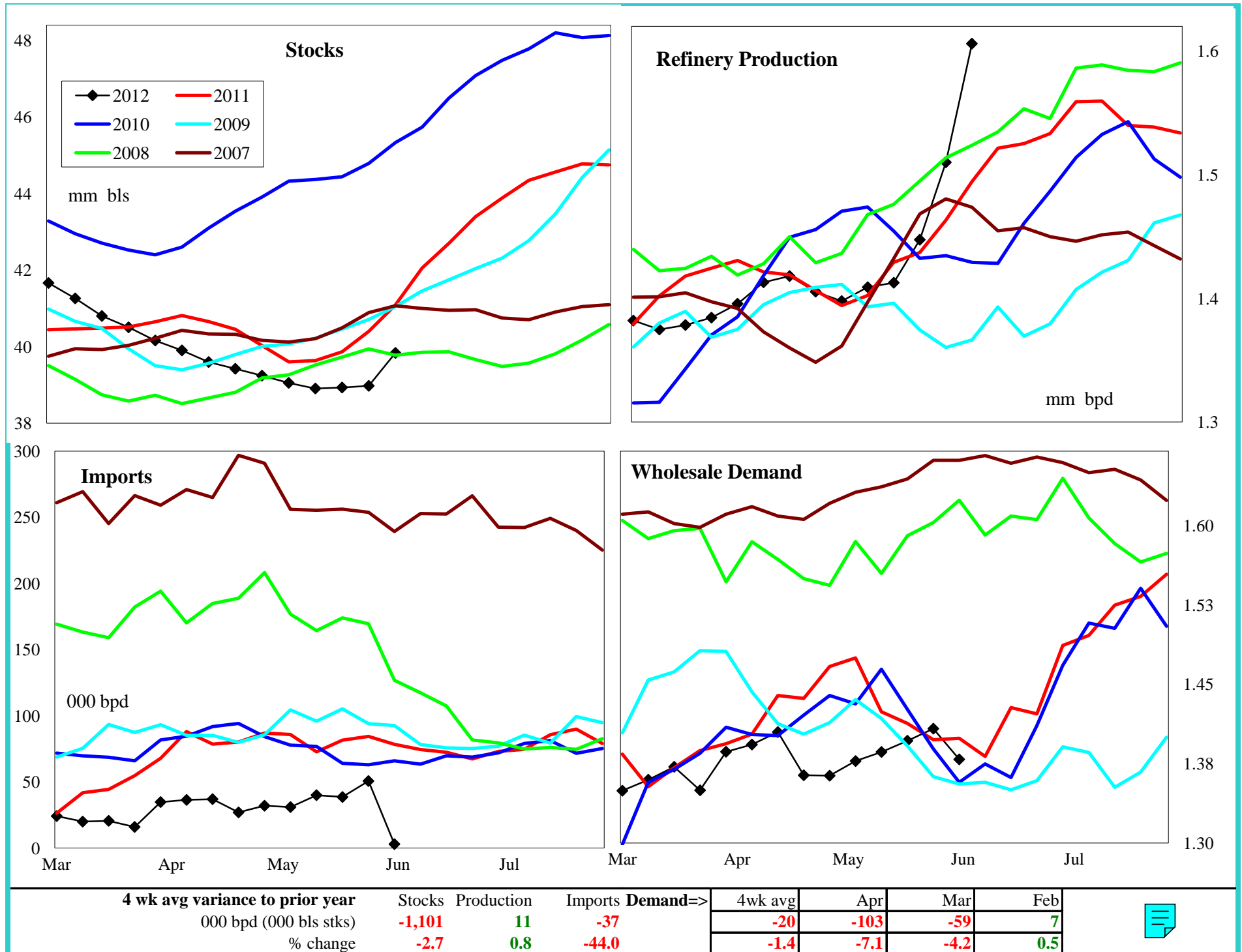
United States Low Sulfur Distillate Supply



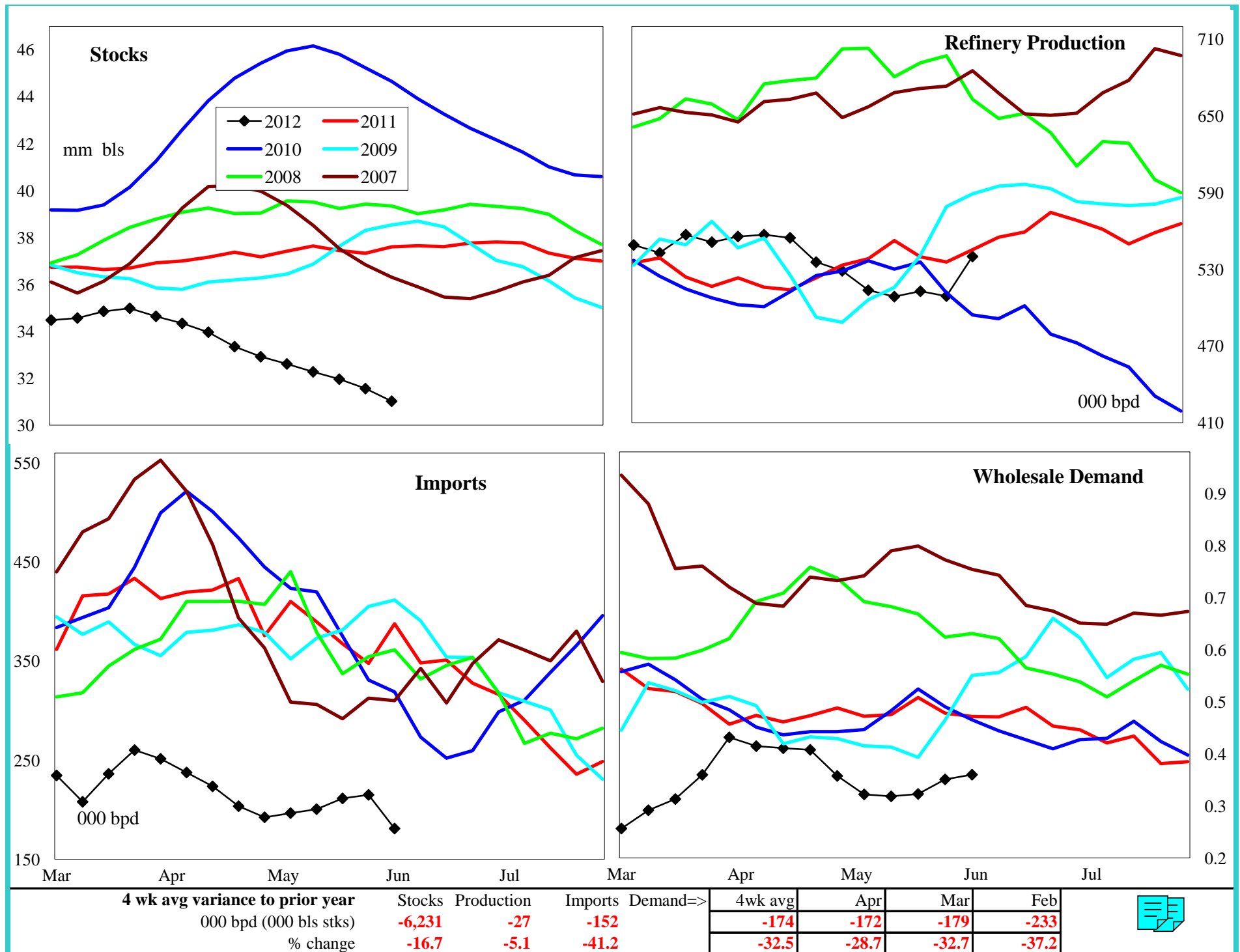
United States High Sulfur Distillate Supply



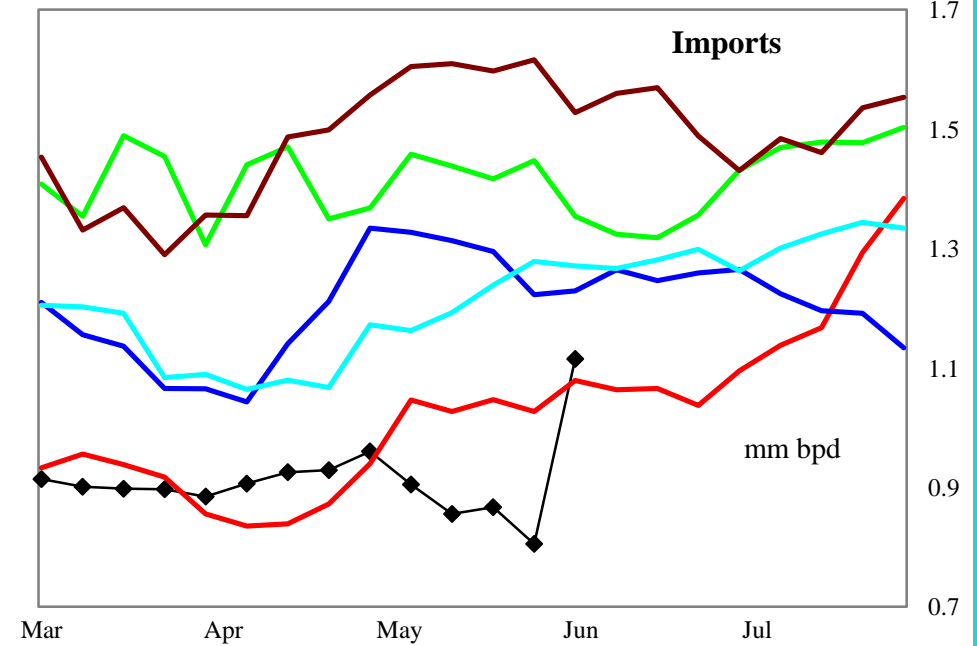
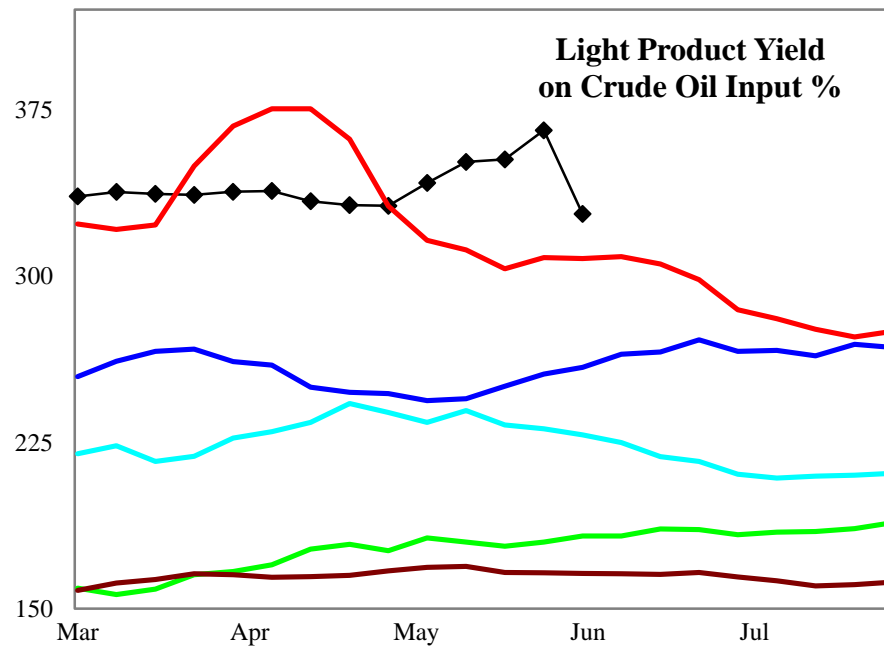
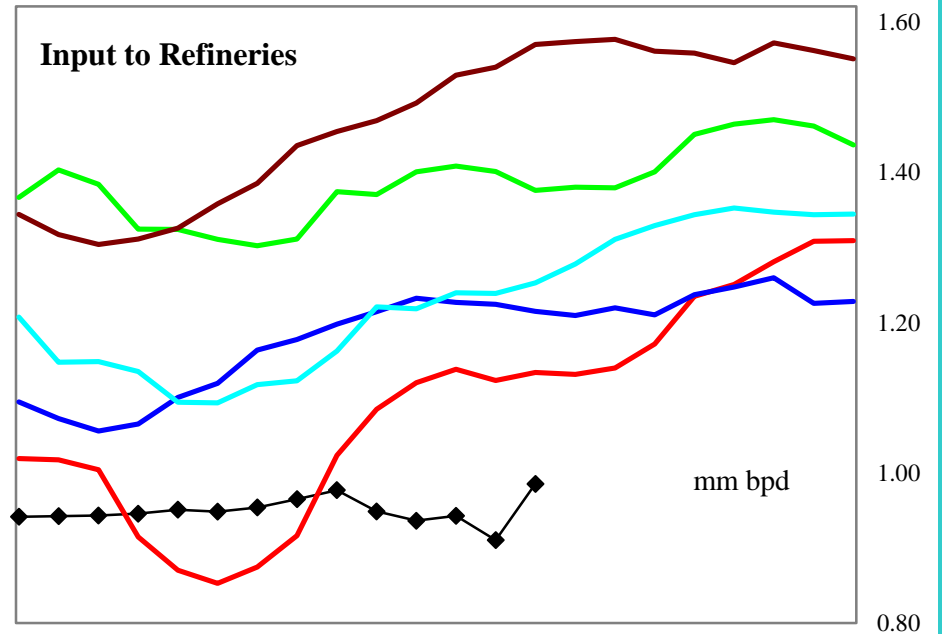
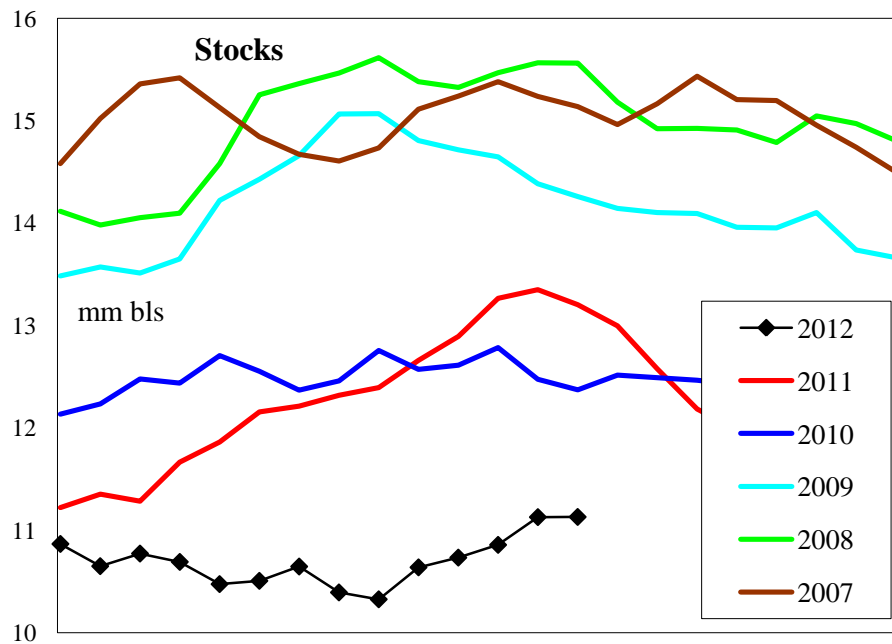
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

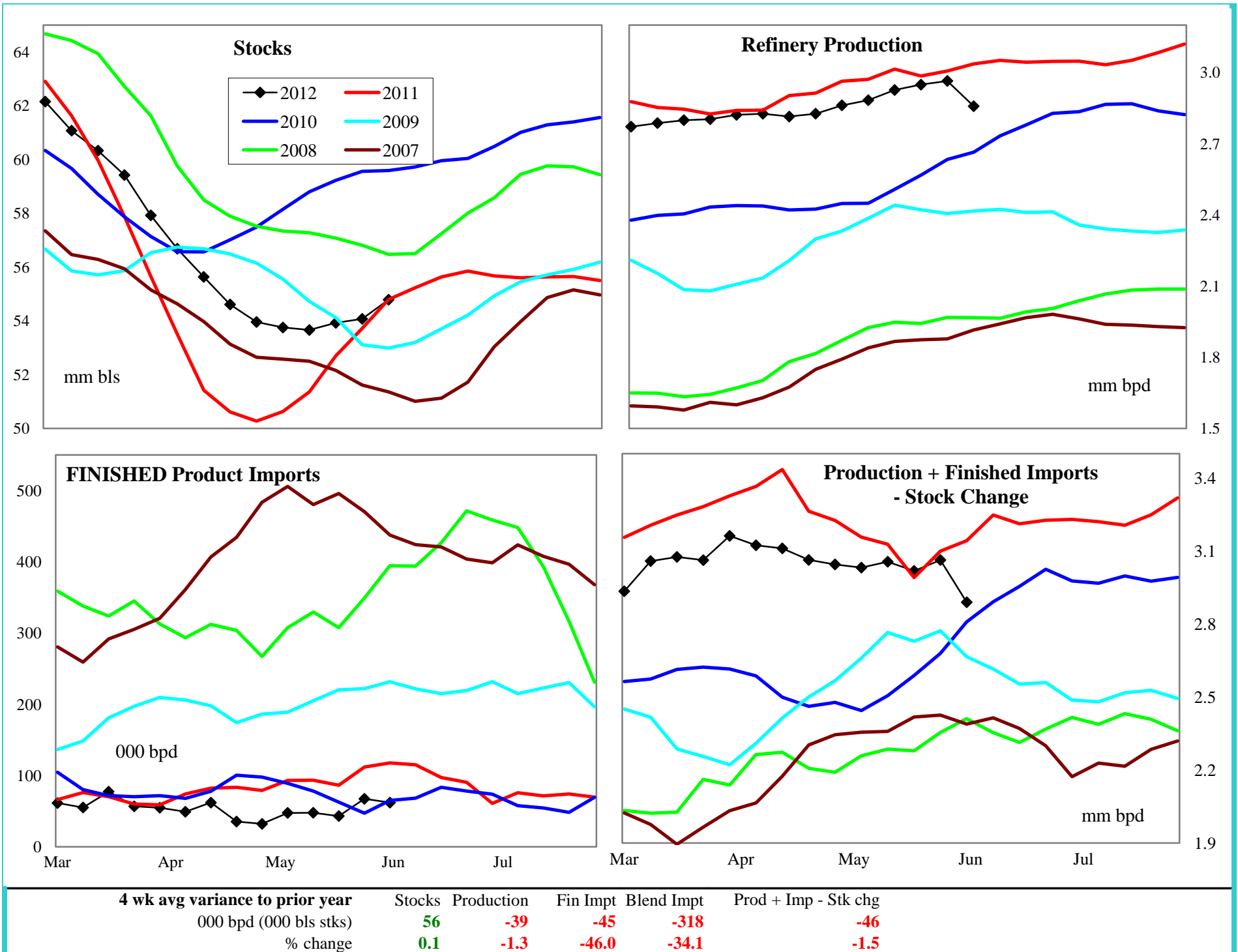


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

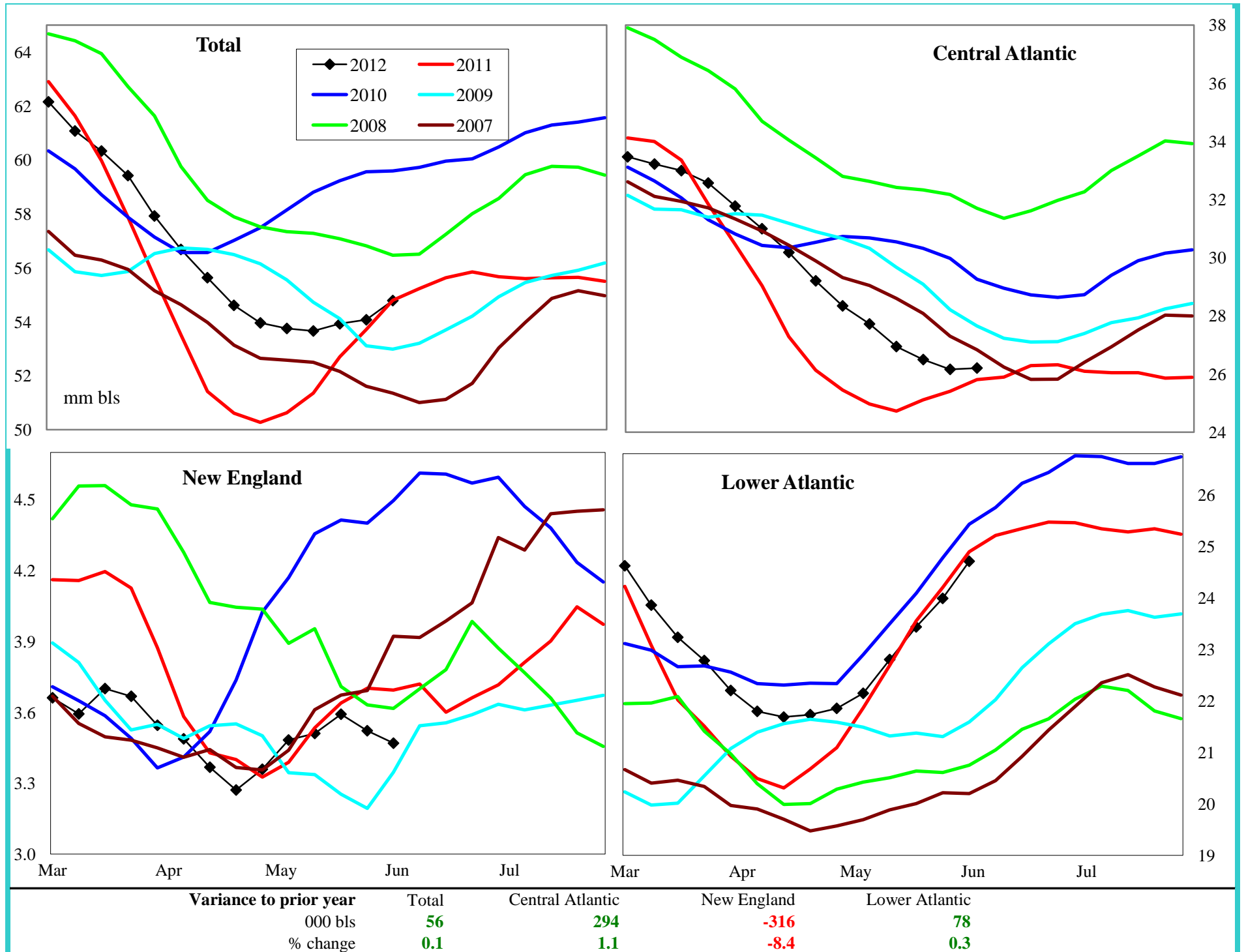
	Stocks	Input	Imports
000 bpd (000 bls stks)	-2,073	-222	-219
% change	-15.7	-19.2	-20.4



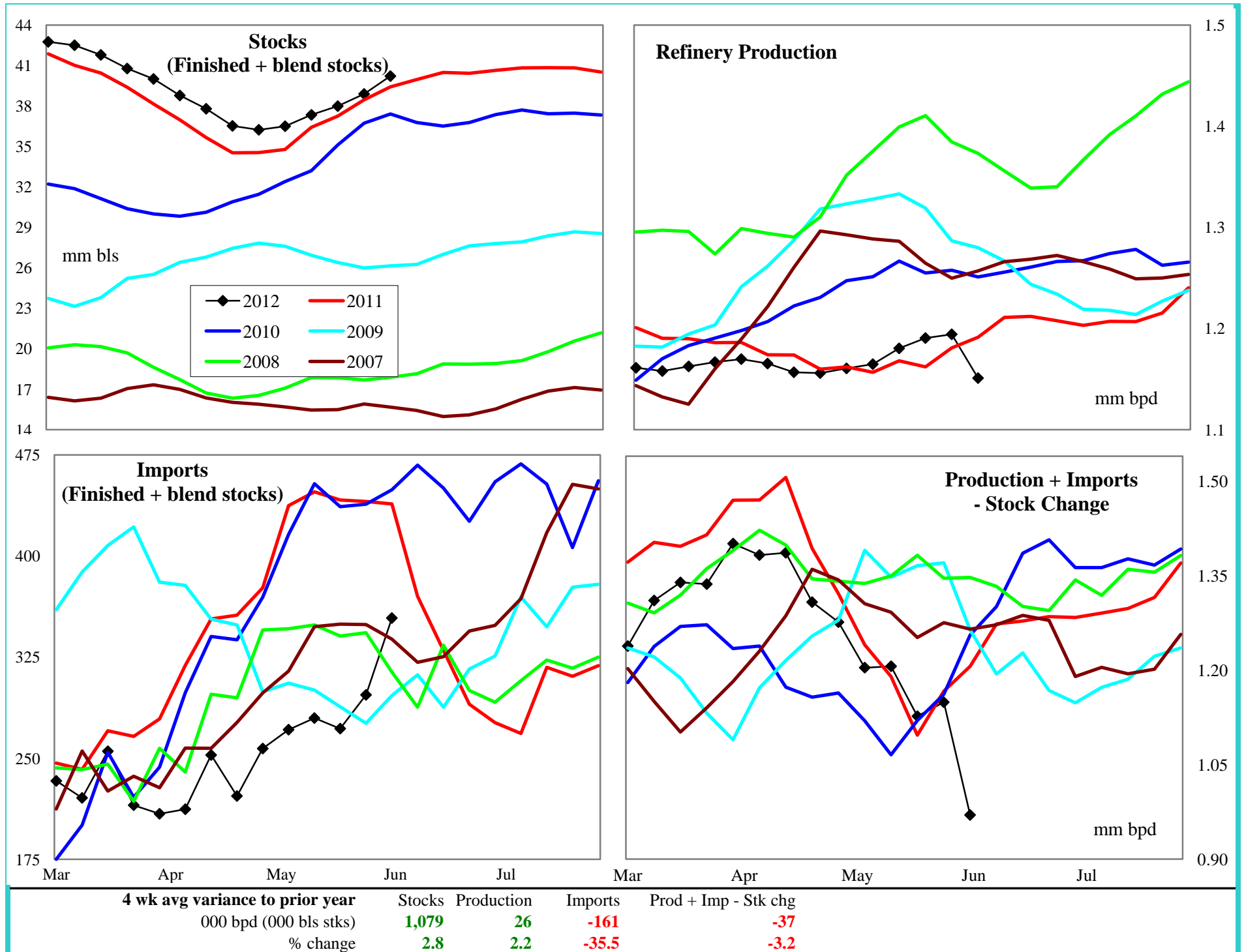
PADD 1 Gasoline Supply

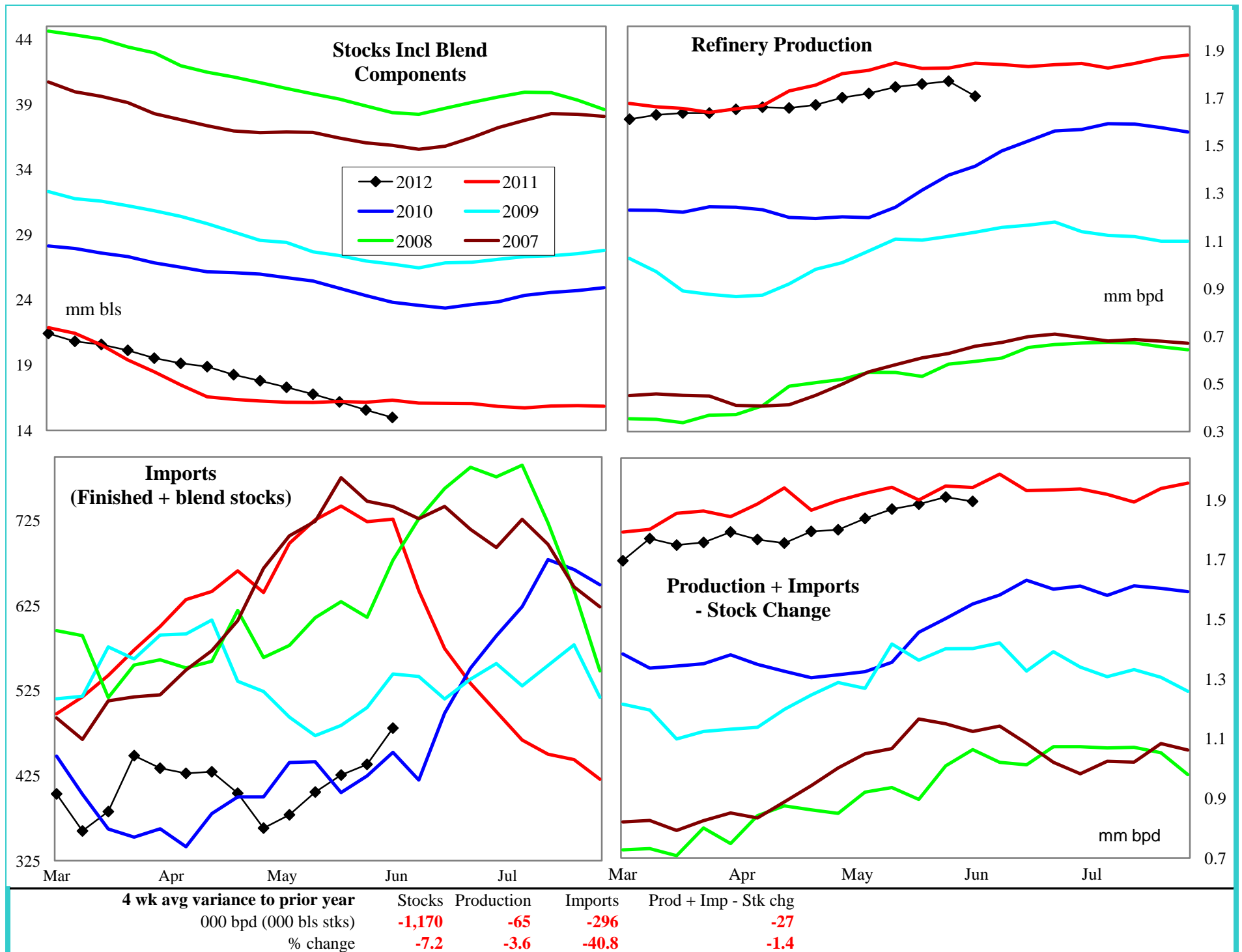


PADD 1 Gasoline Stocks by Region

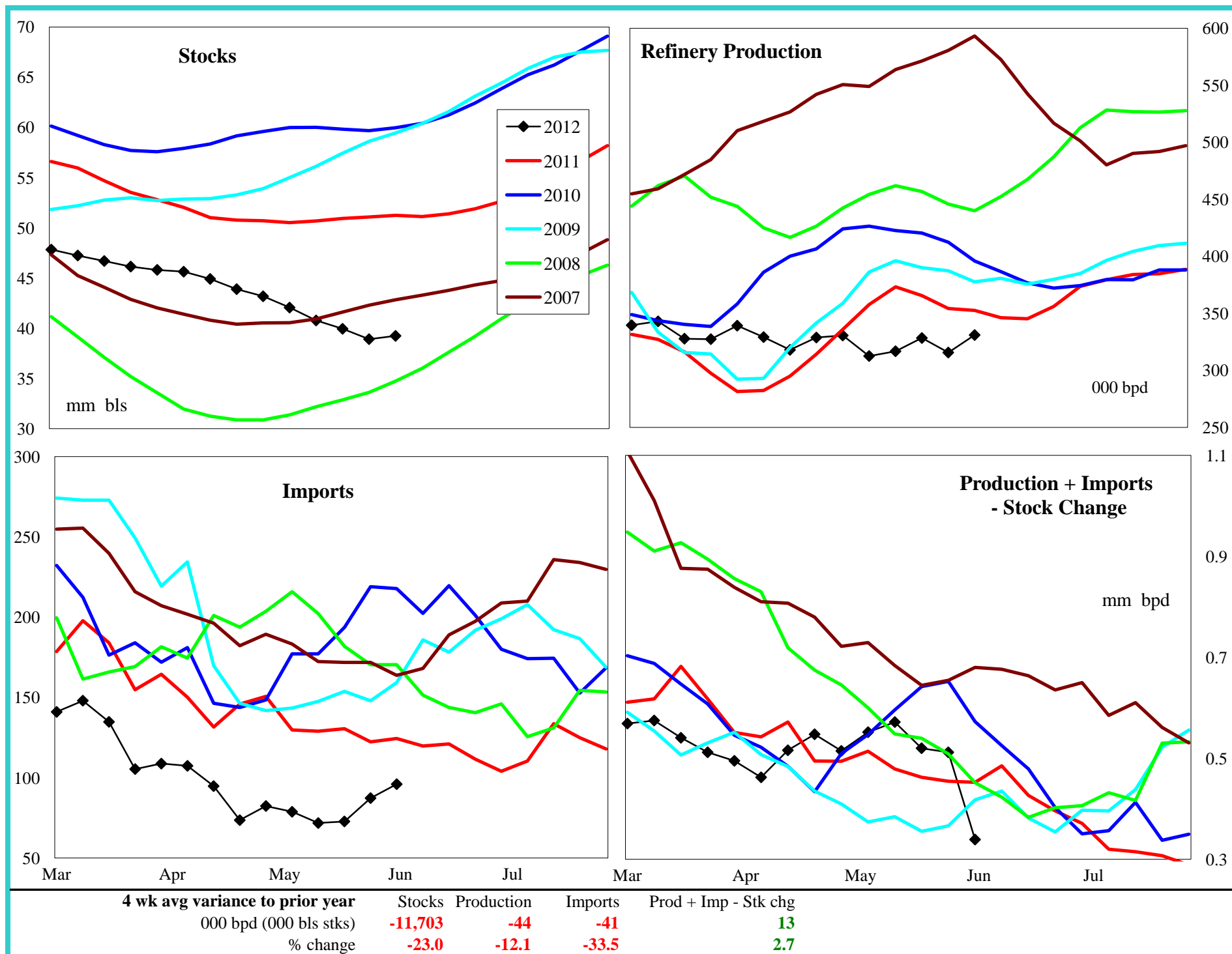


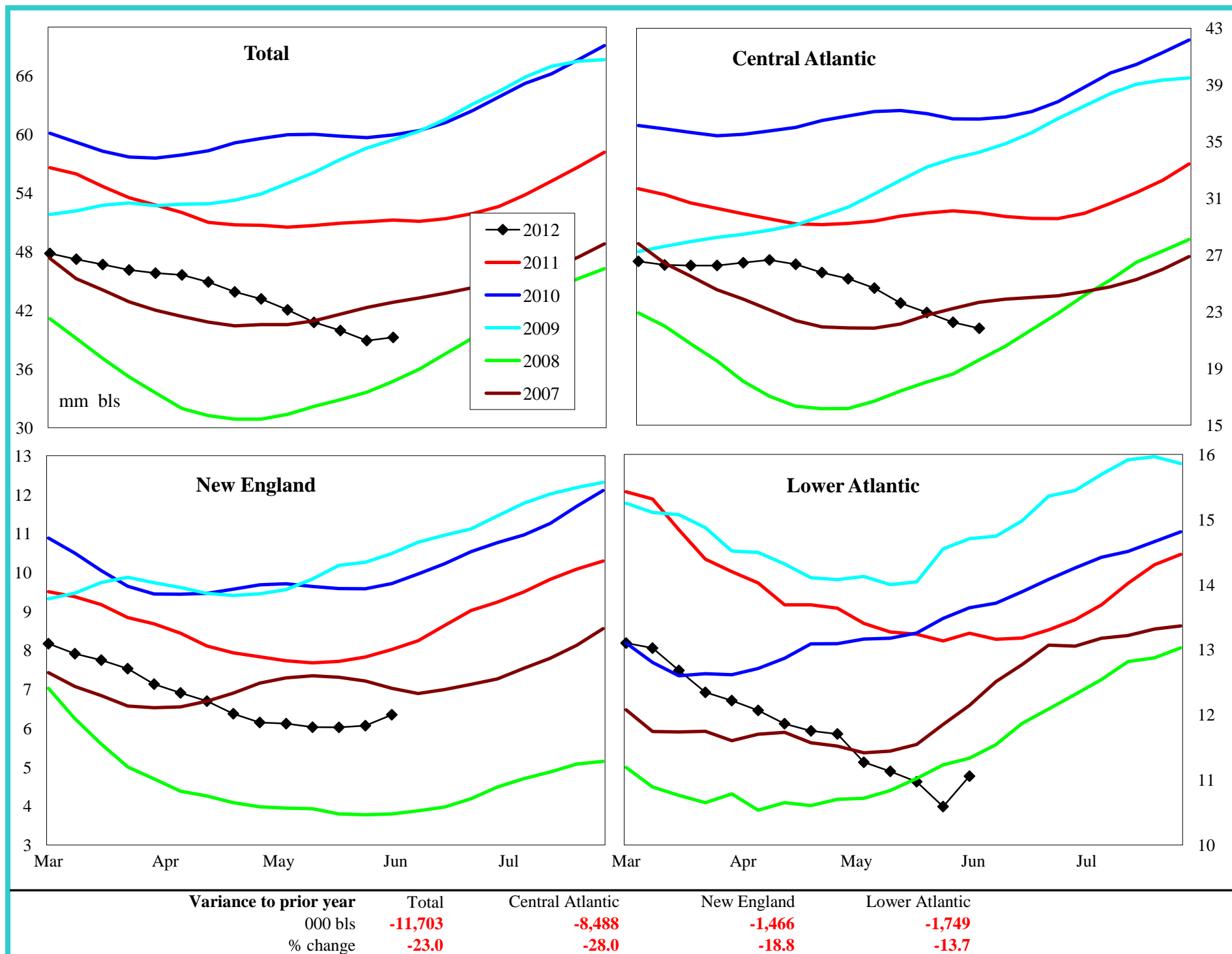
PADD 1 Reformulated Gasoline Supply



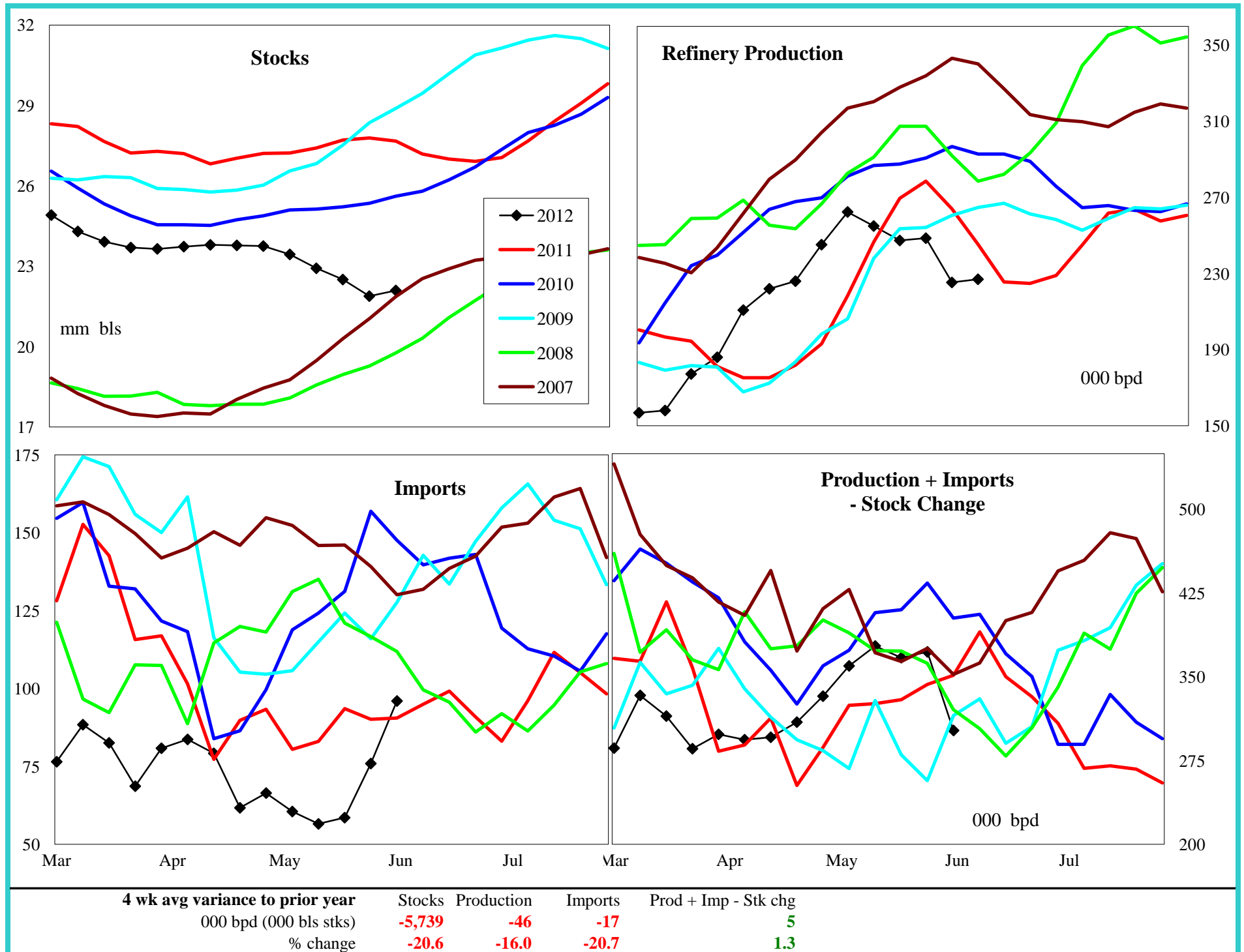


PADD 1 Distillate Supply

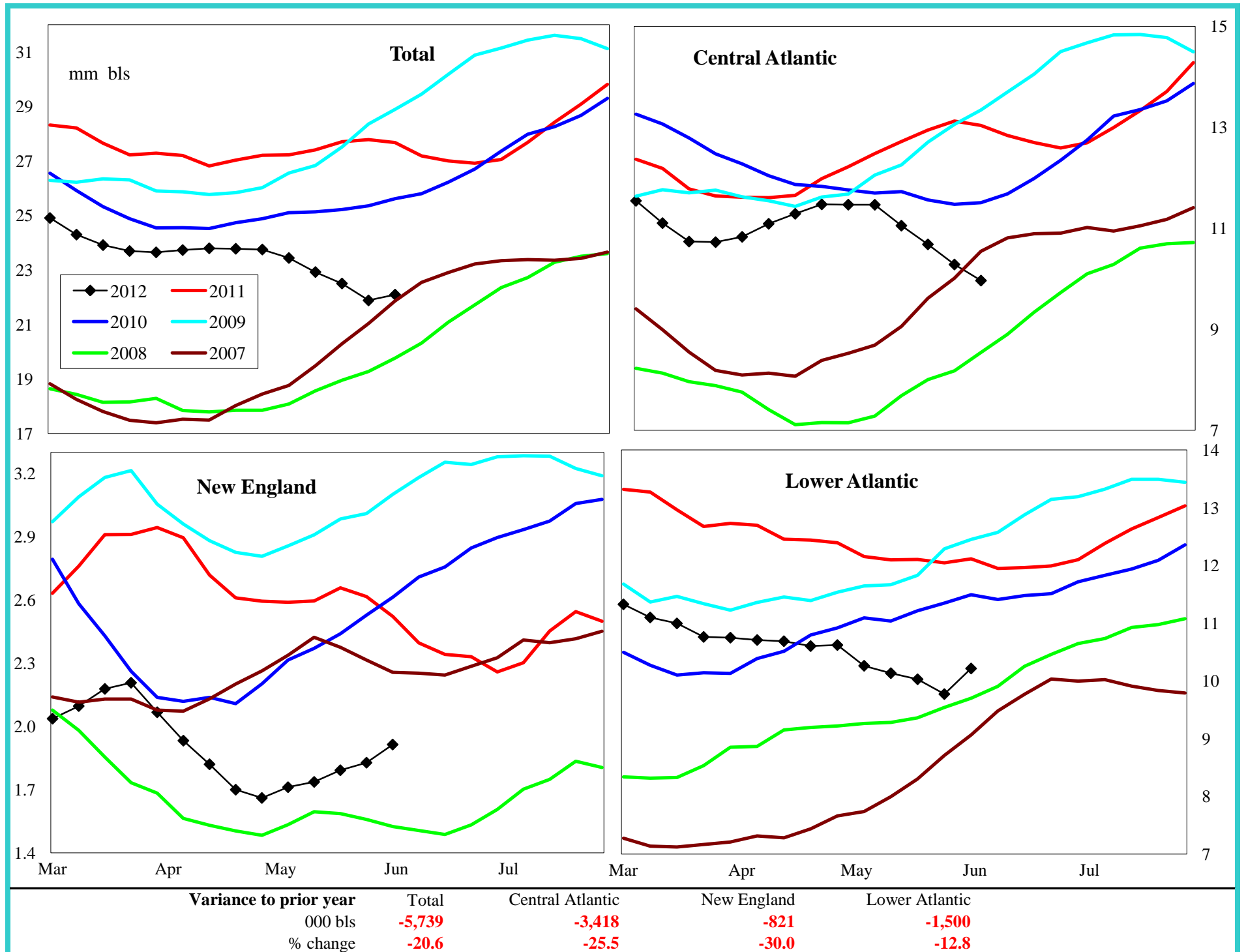




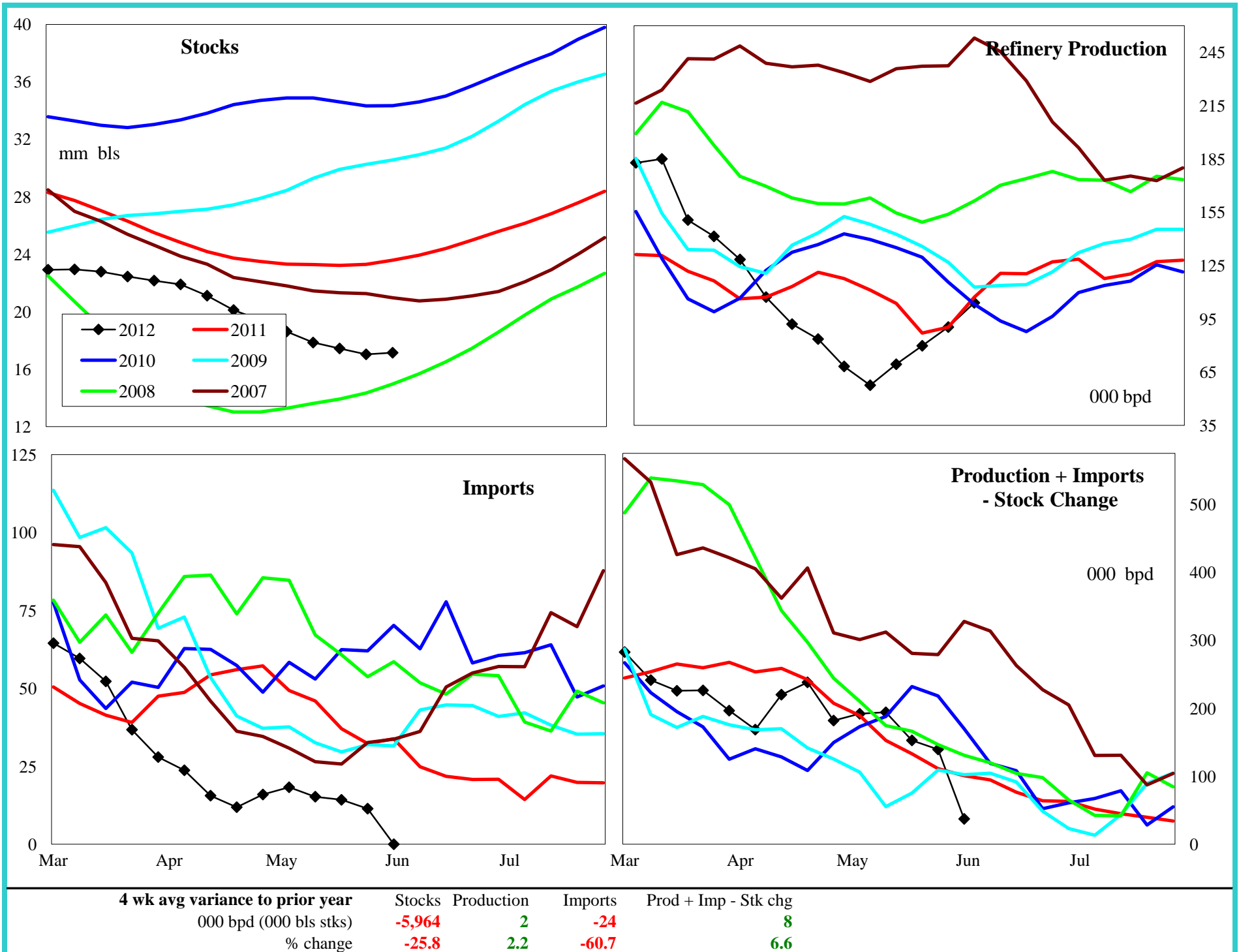
PADD 1 Low Sulfur Distillate Supply



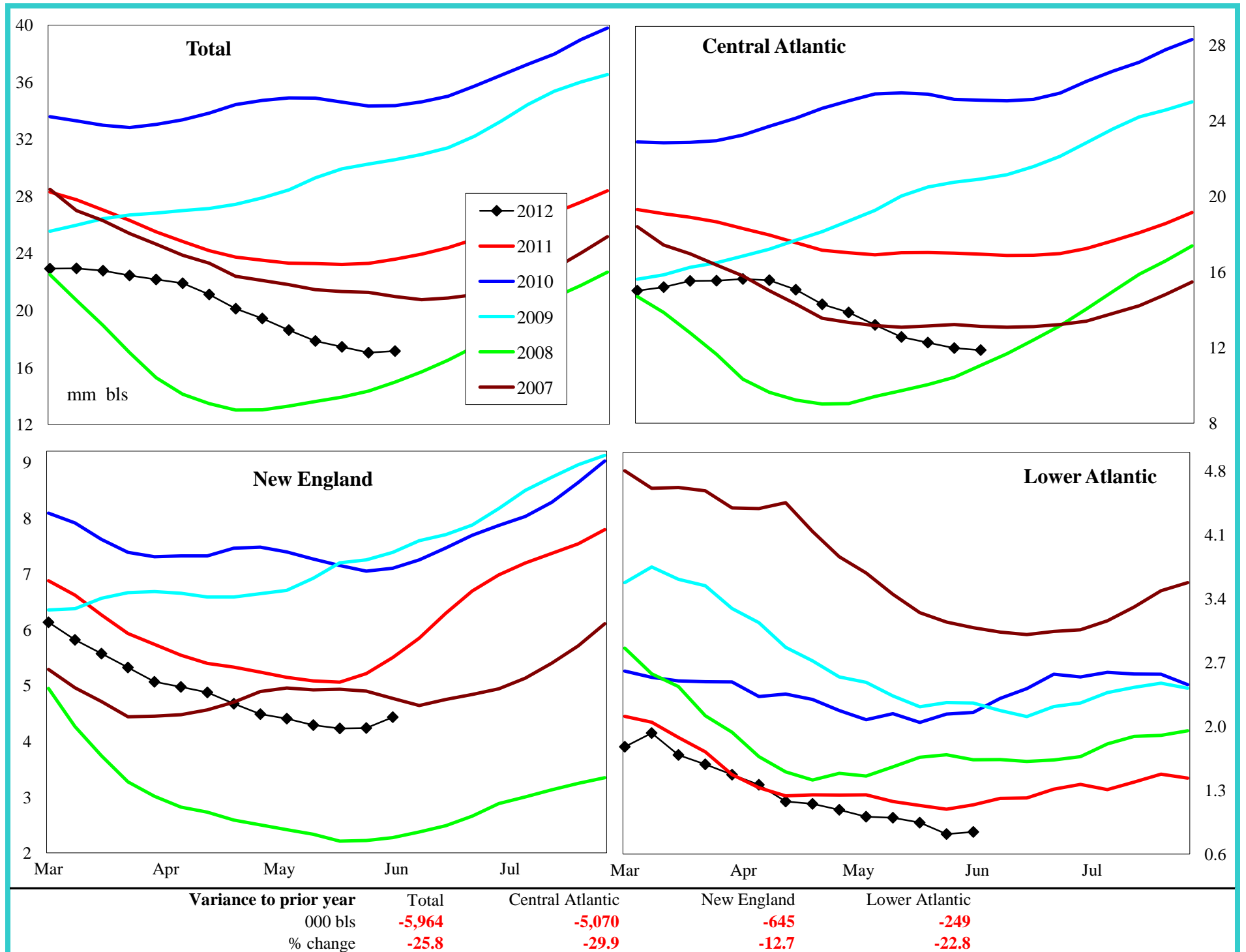
PADD 1 Low Sulfur Distillate Stocks by Region



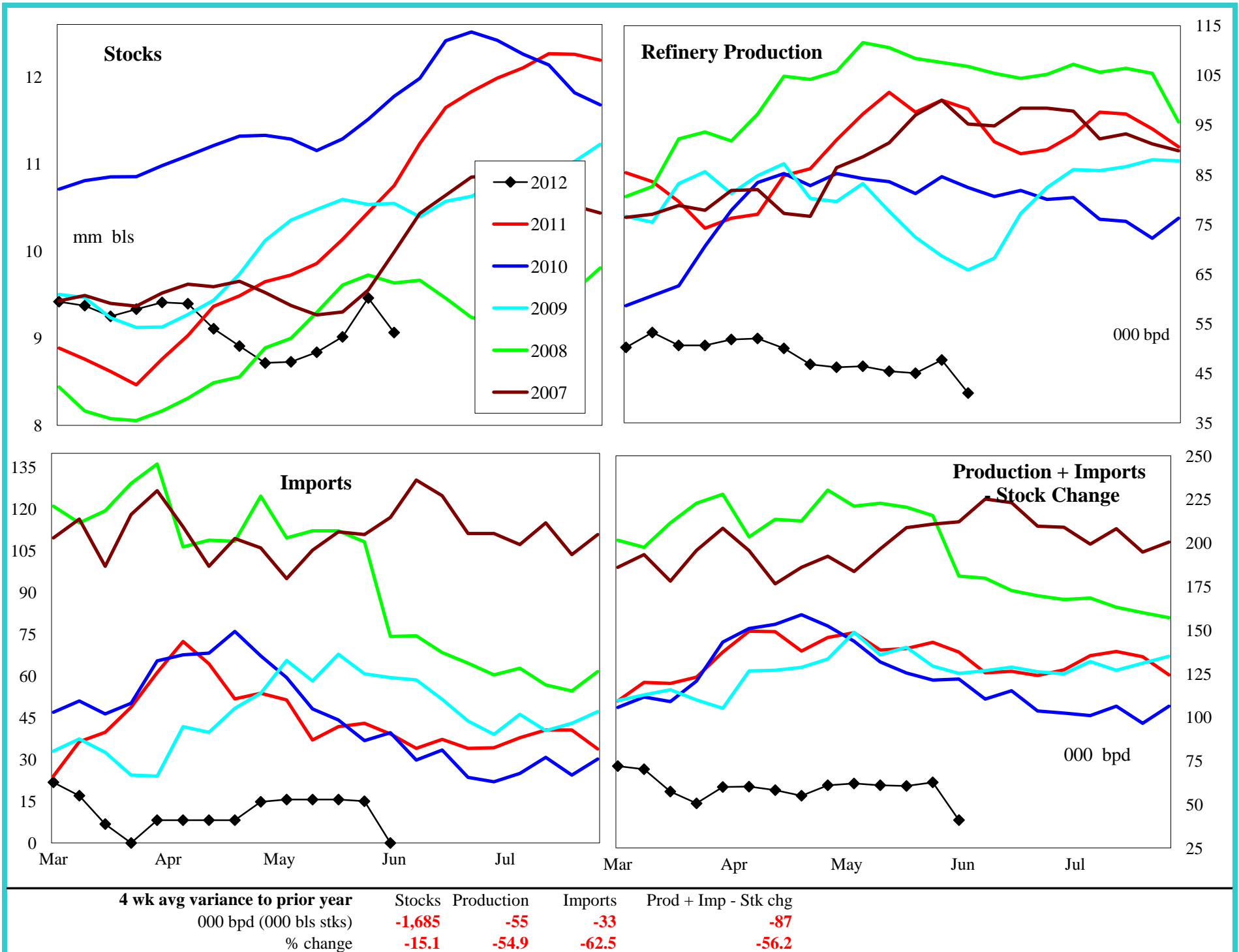
PADD 1 High Sulfur Distillate Supply



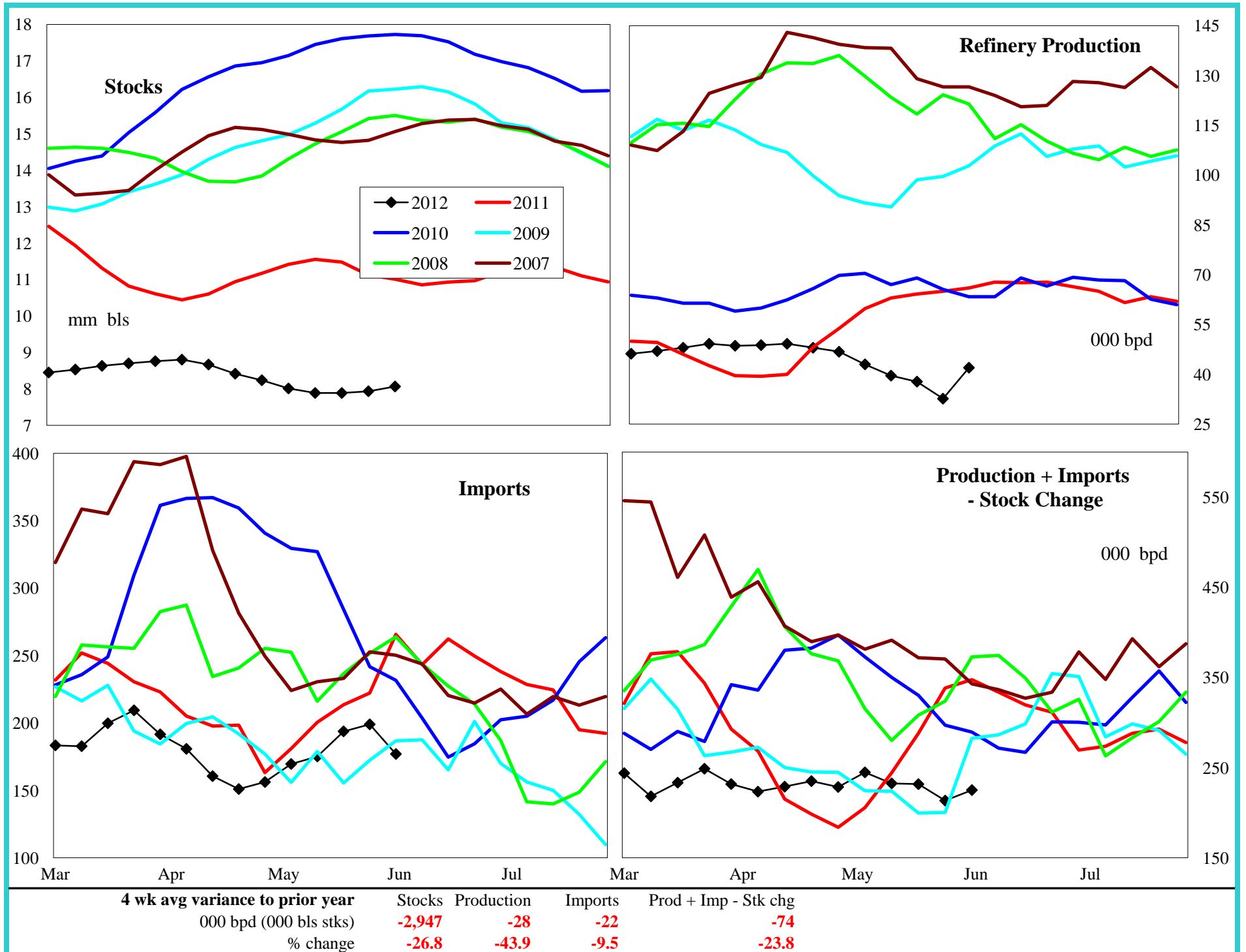
PADD 1 High Sulfur Distillate Stocks by Region



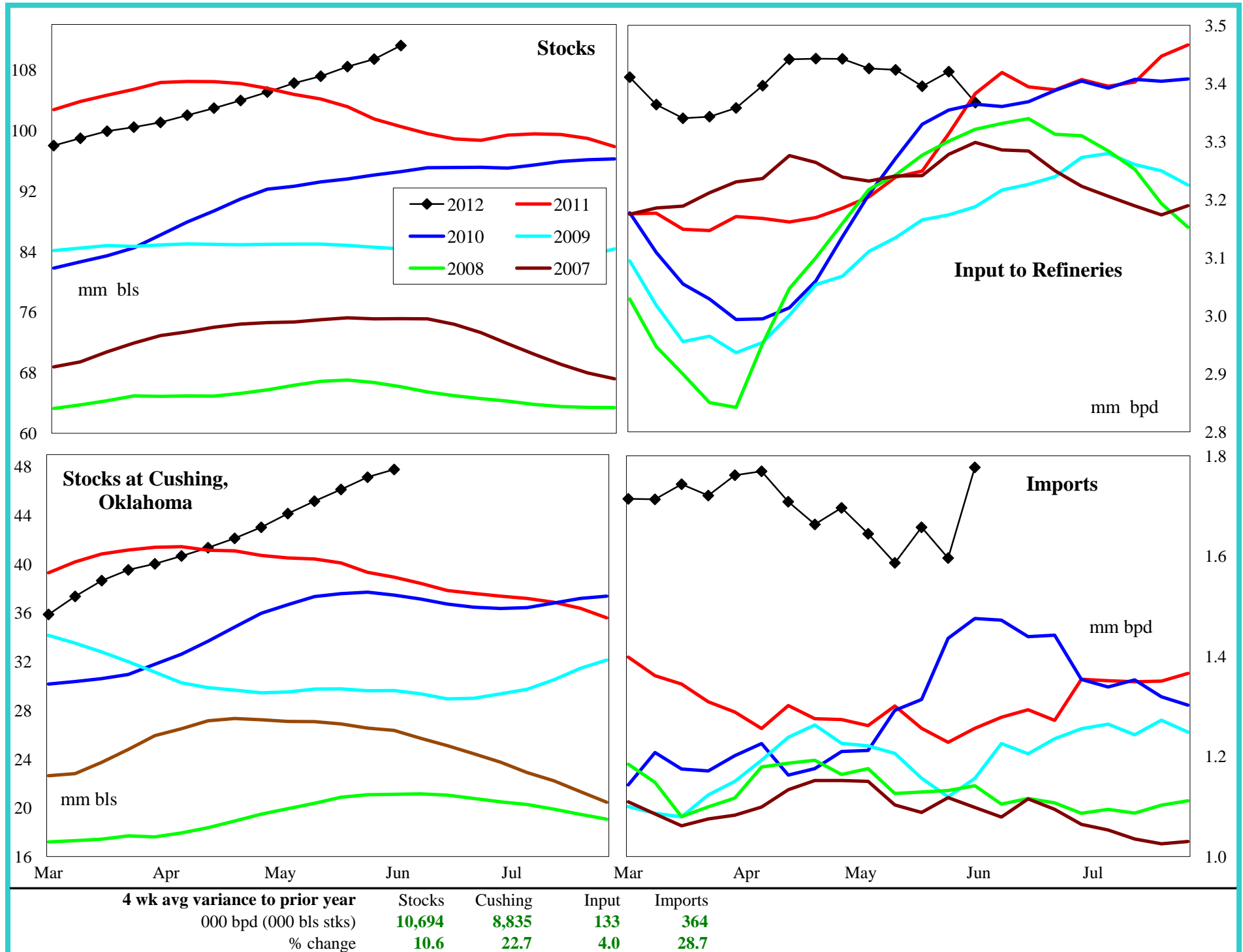
PADD 1 Jet Fuel Supply



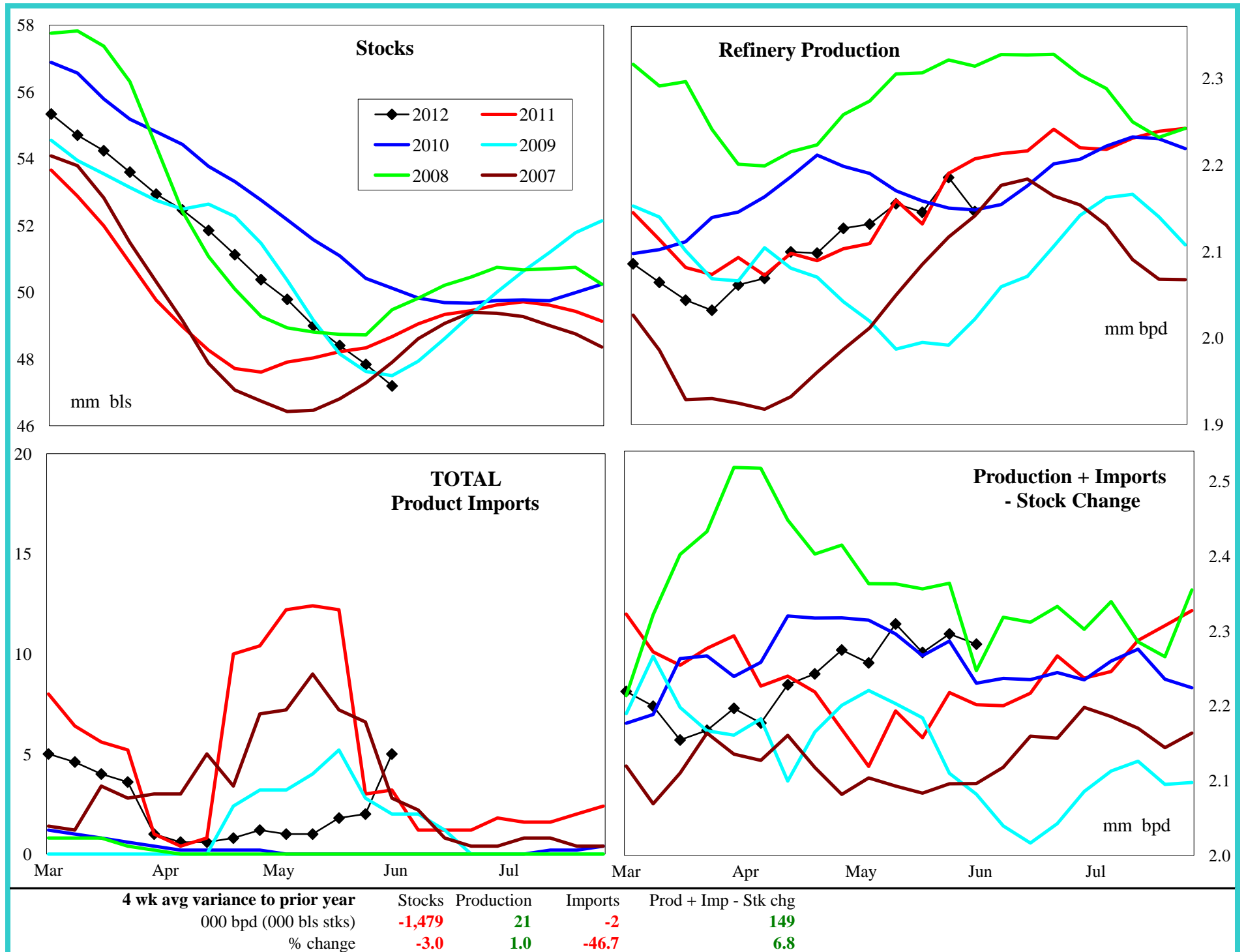
PADD 1 Residual Fuel Oil Supply



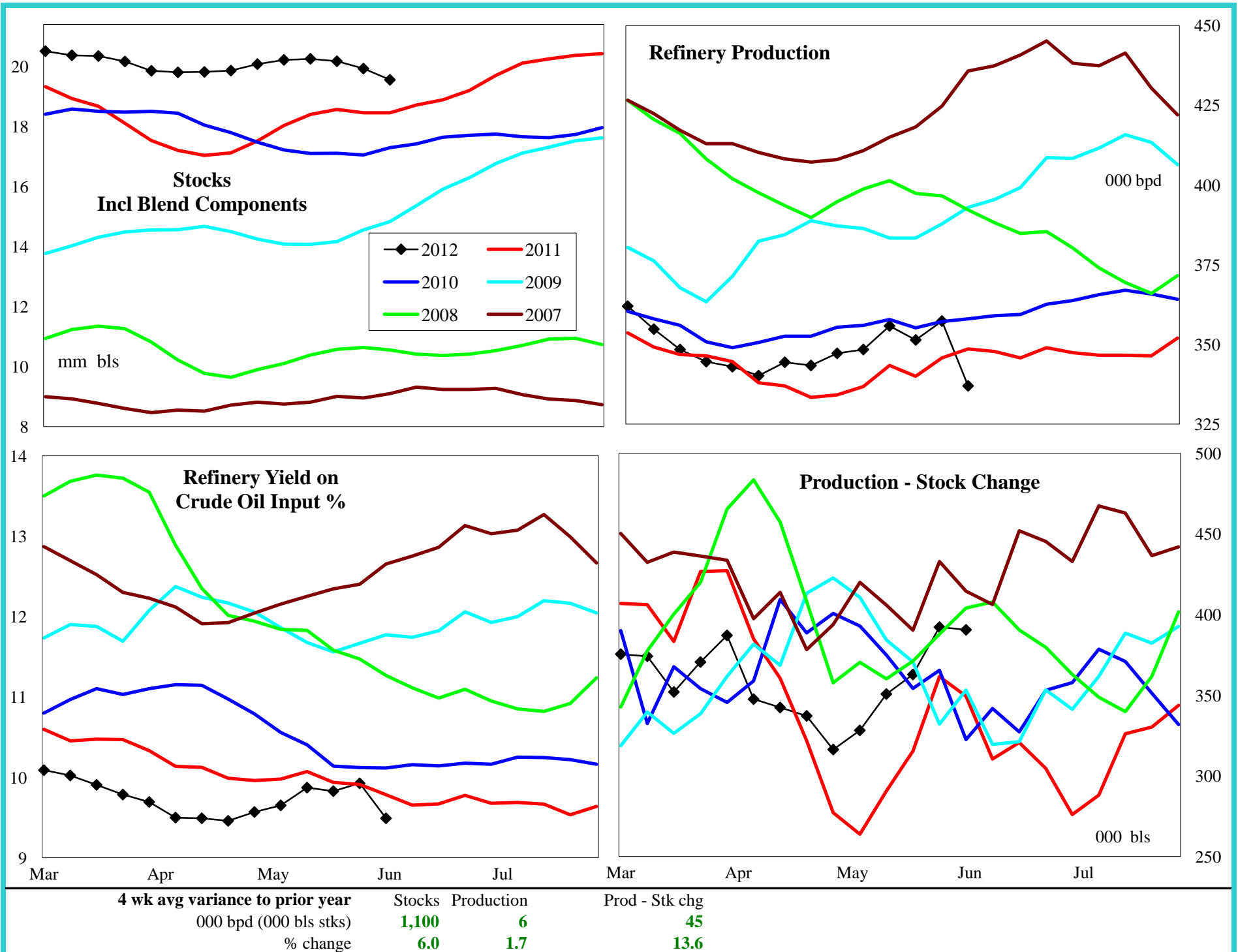
PADD 2 Crude Oil Supply and Refining



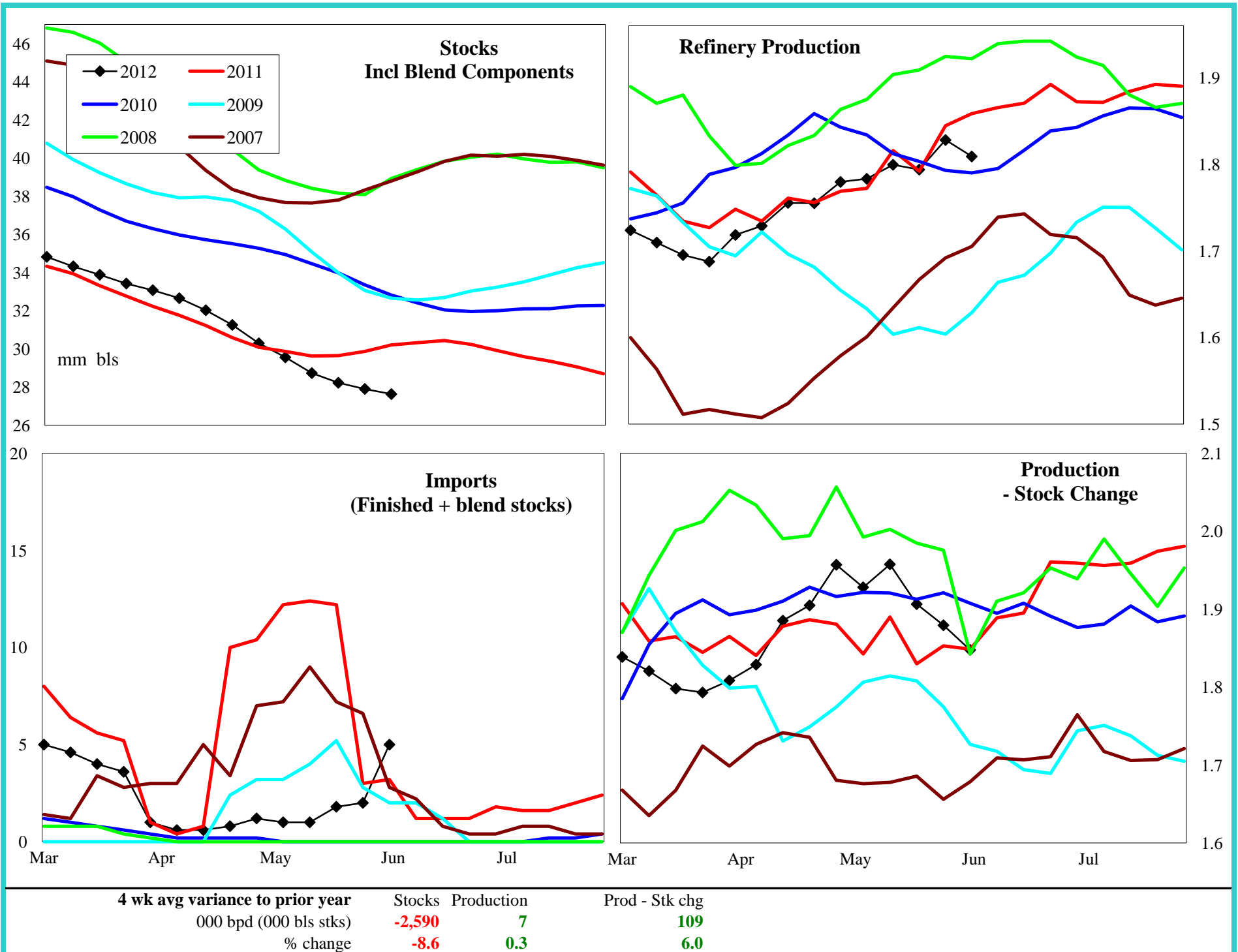
PADD 2 Gasoline Supply



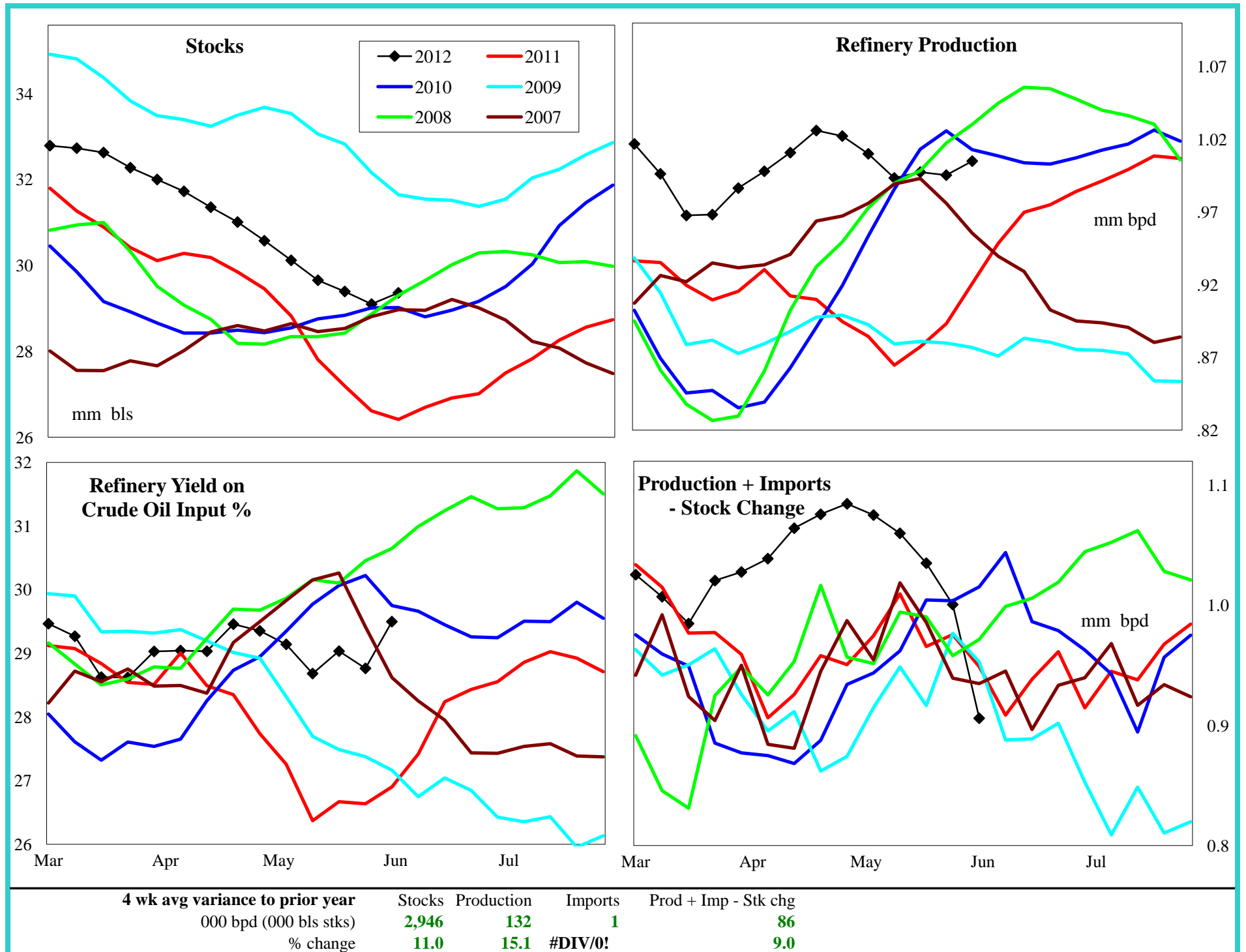
PADD 2 Reformulated Gasoline Supply



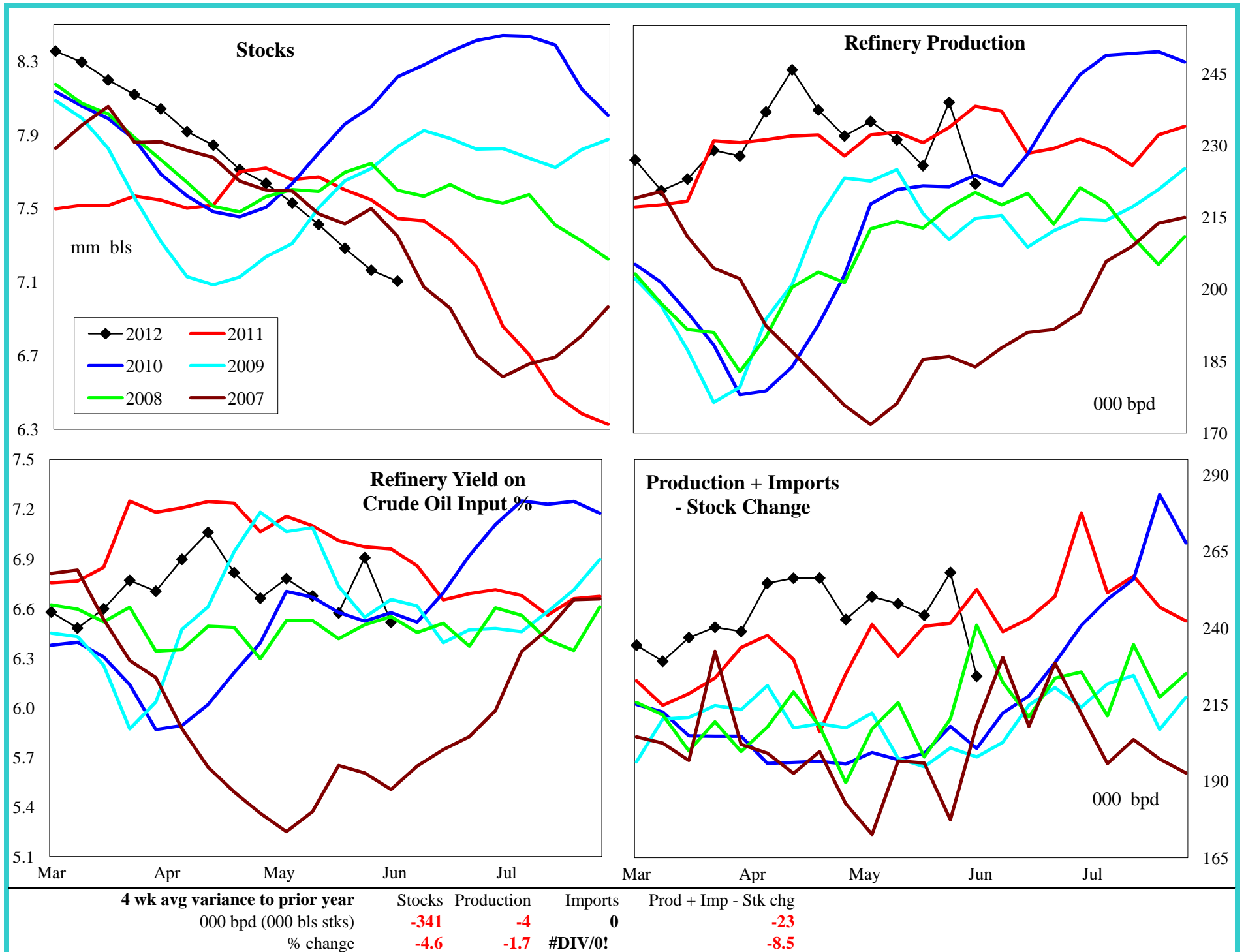
PADD 2 Conventional Gasoline Supply



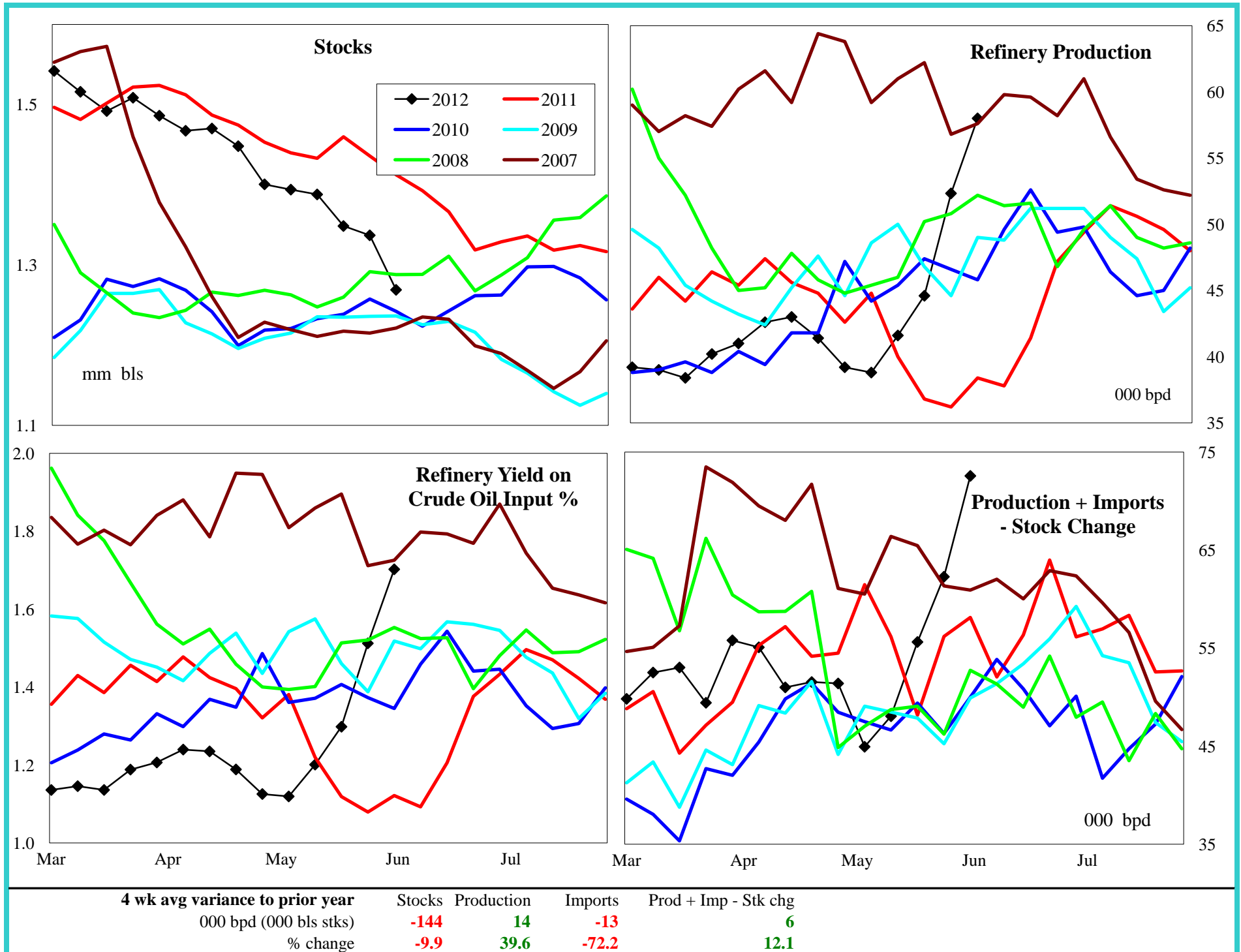
PADD 2 Distillate Supply



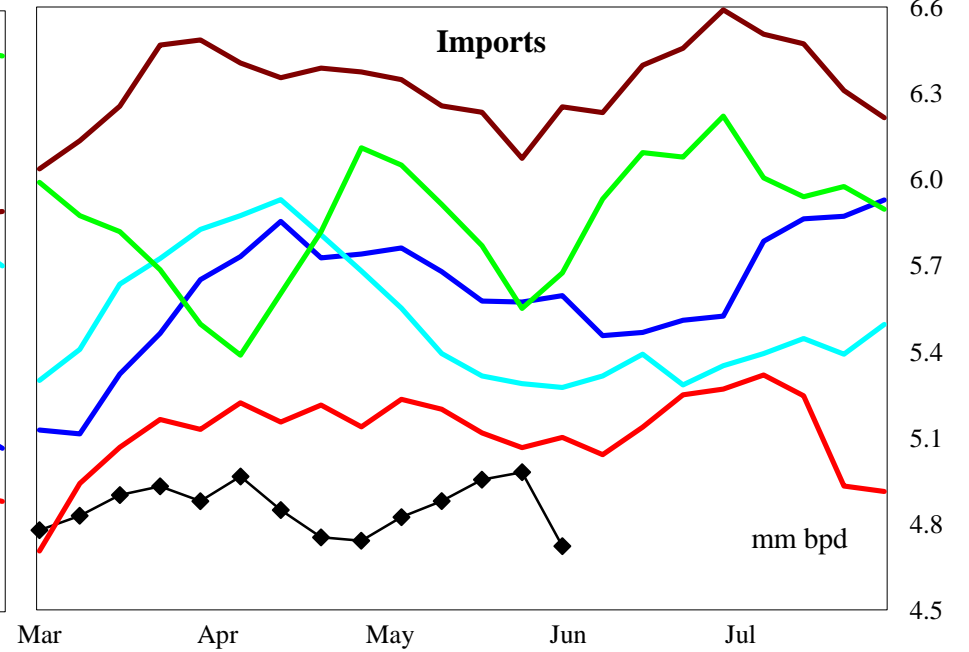
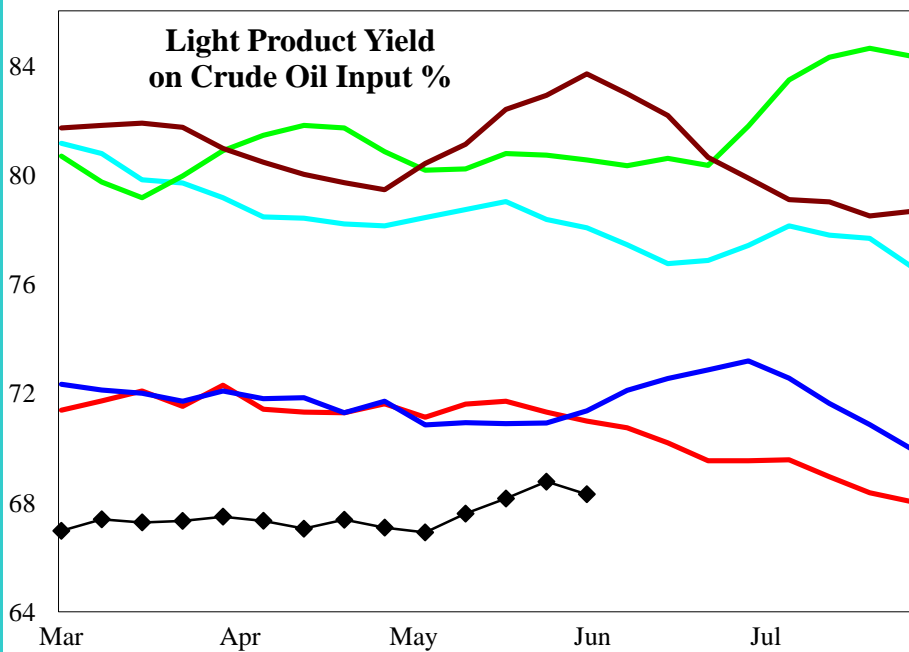
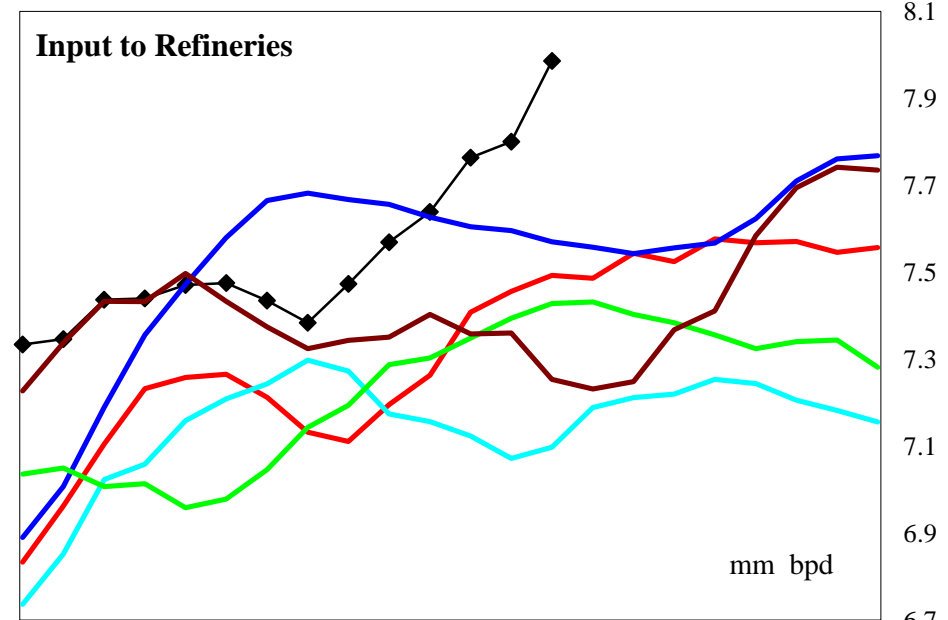
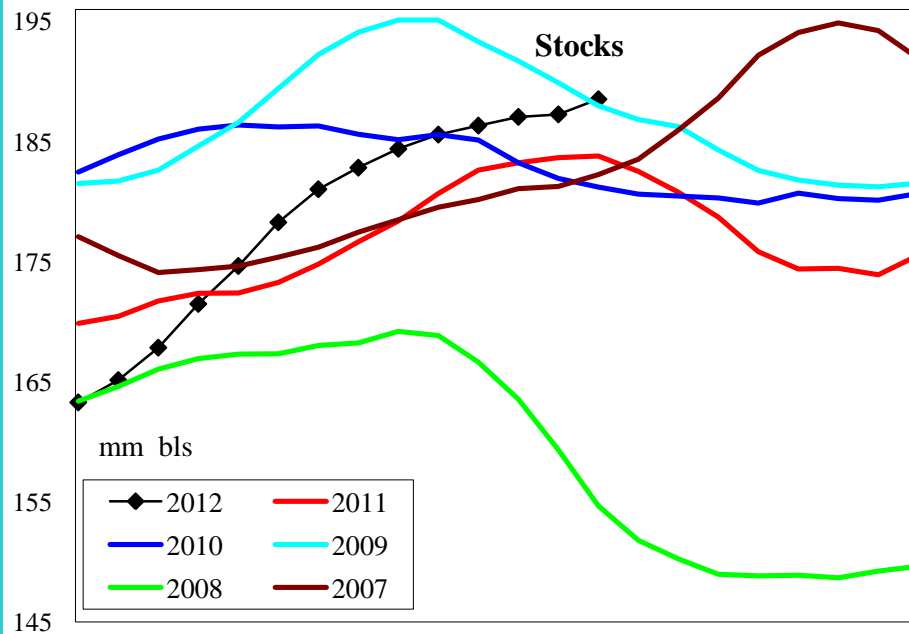
PADD 2 Jet Fuel Supply



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

4,735

2.6

Input

328

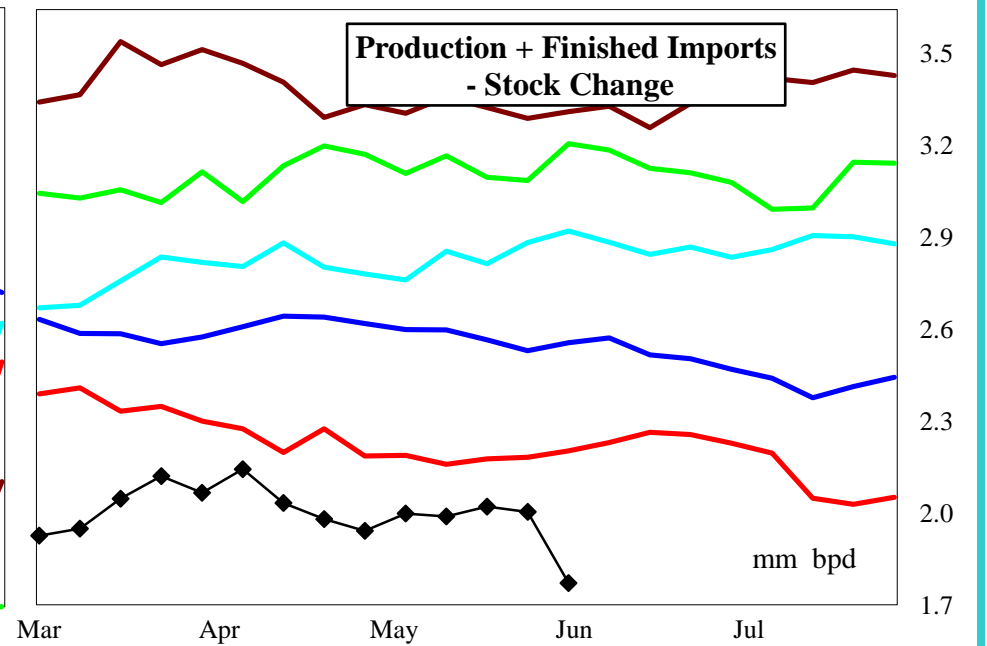
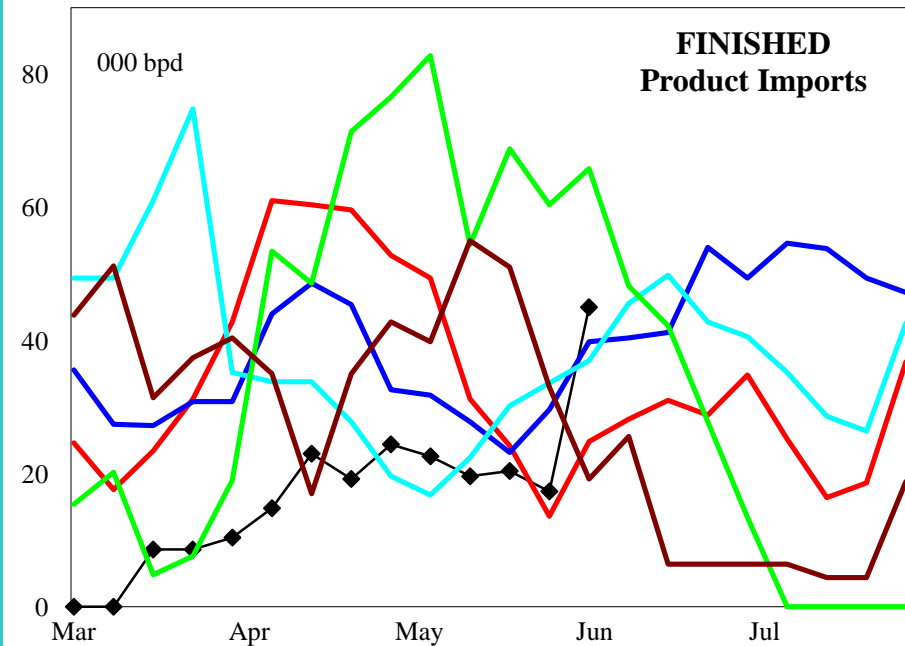
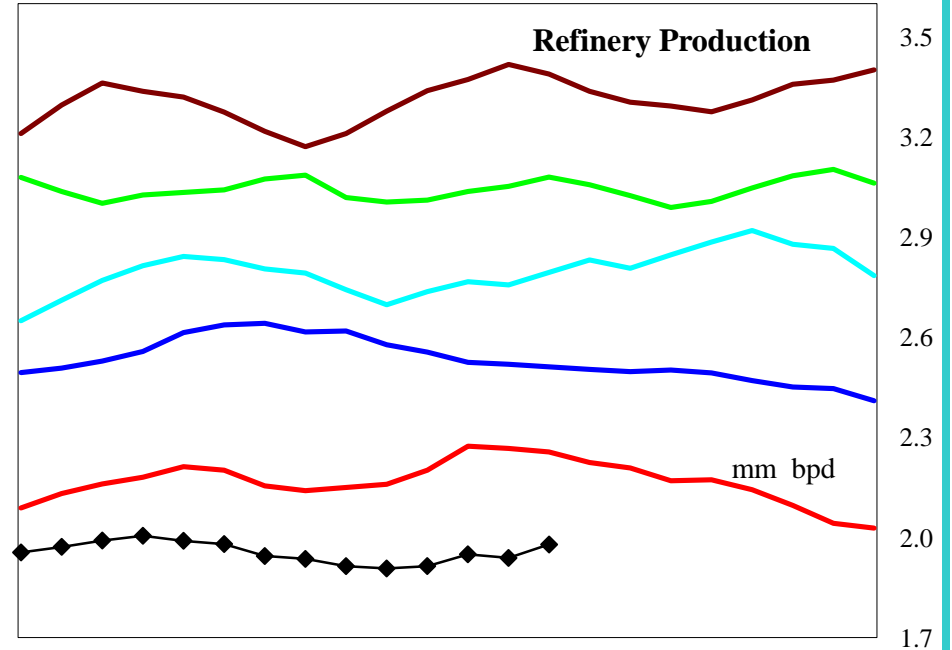
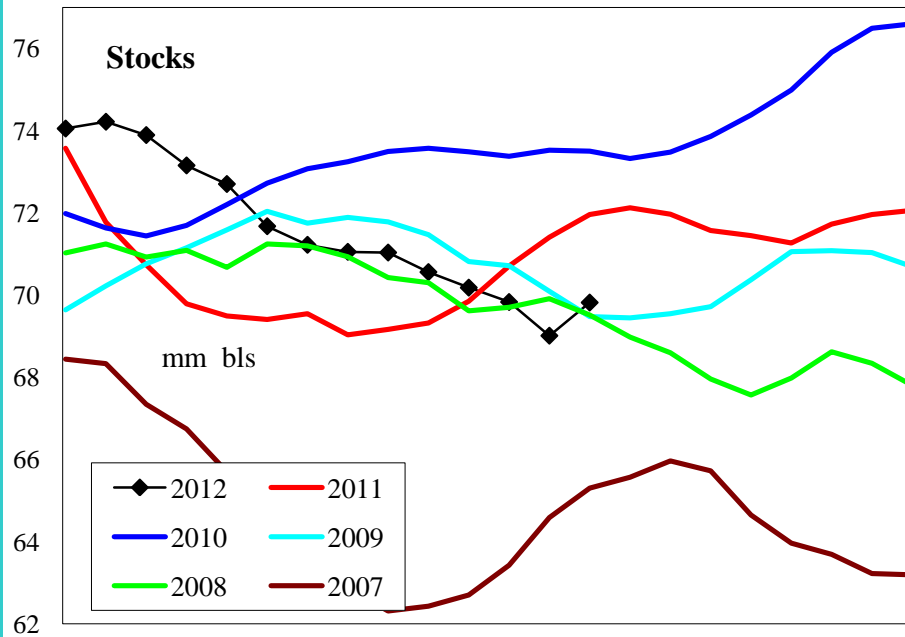
4.4

Imports

-109

-2.2

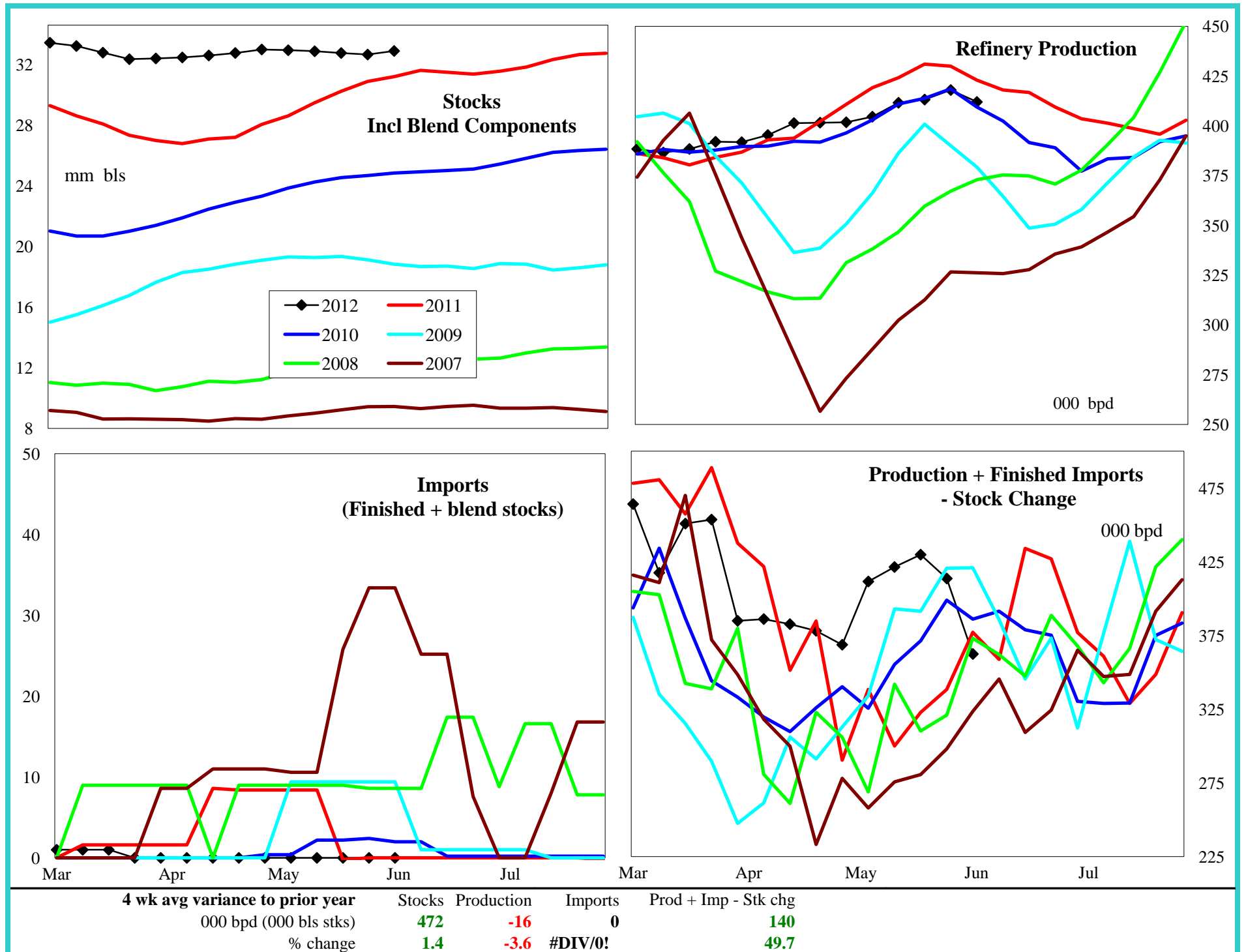
PADD 3 Gasoline Supply



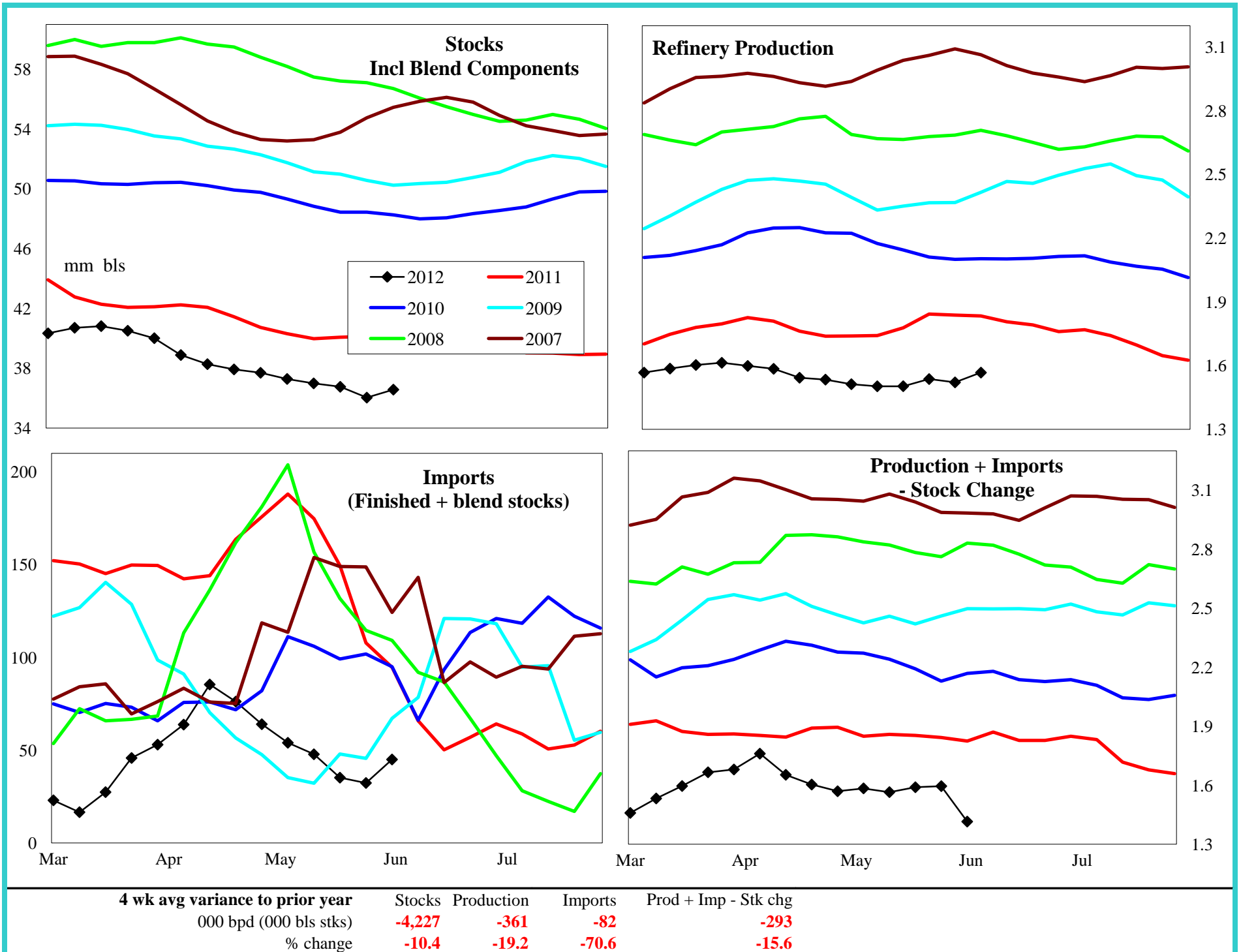
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
-3,794	-376	5	-87	-152
-5.2	-16.3	36.8	-85.7	-7.1

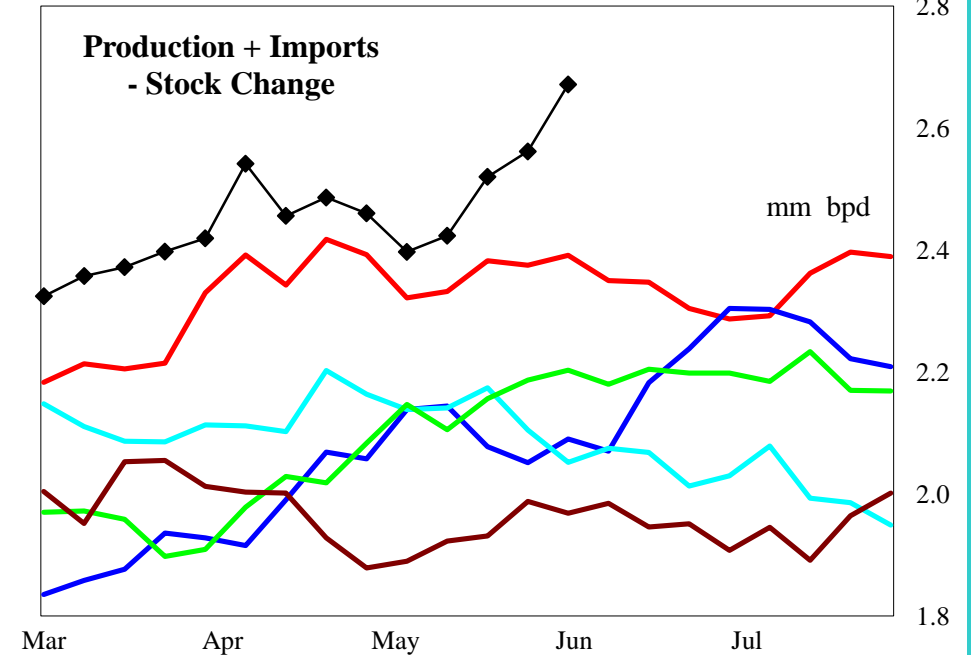
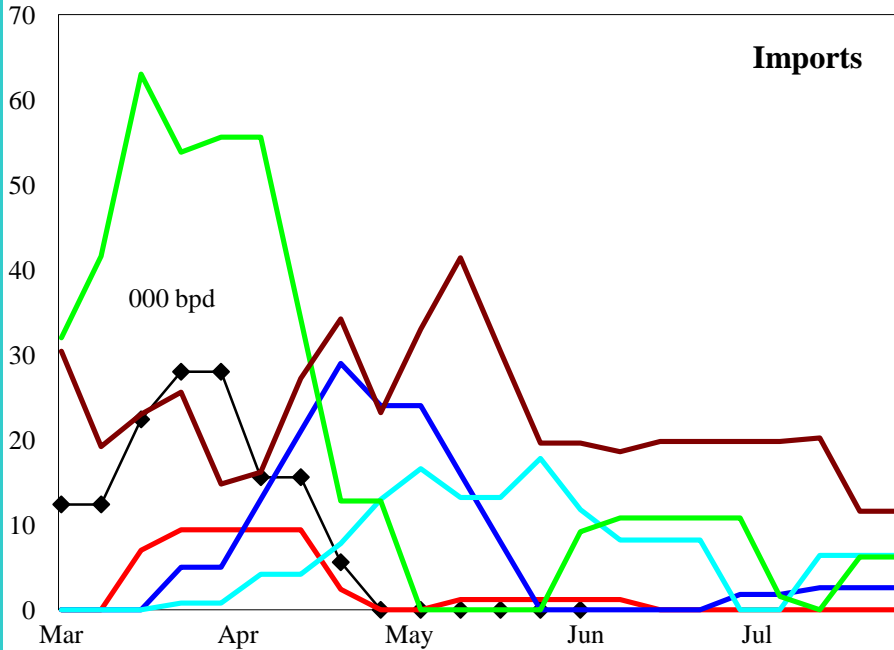
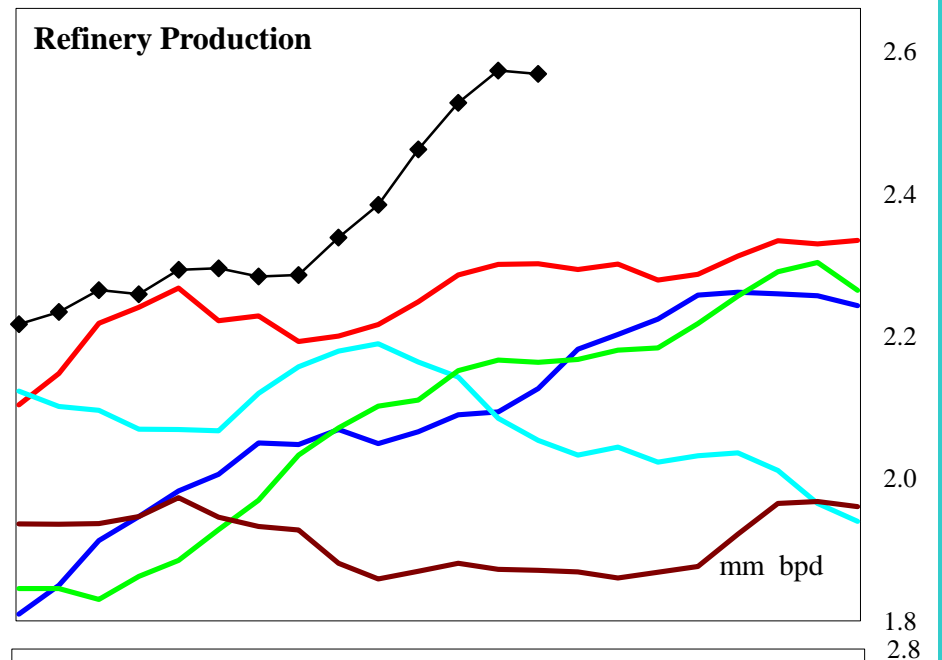
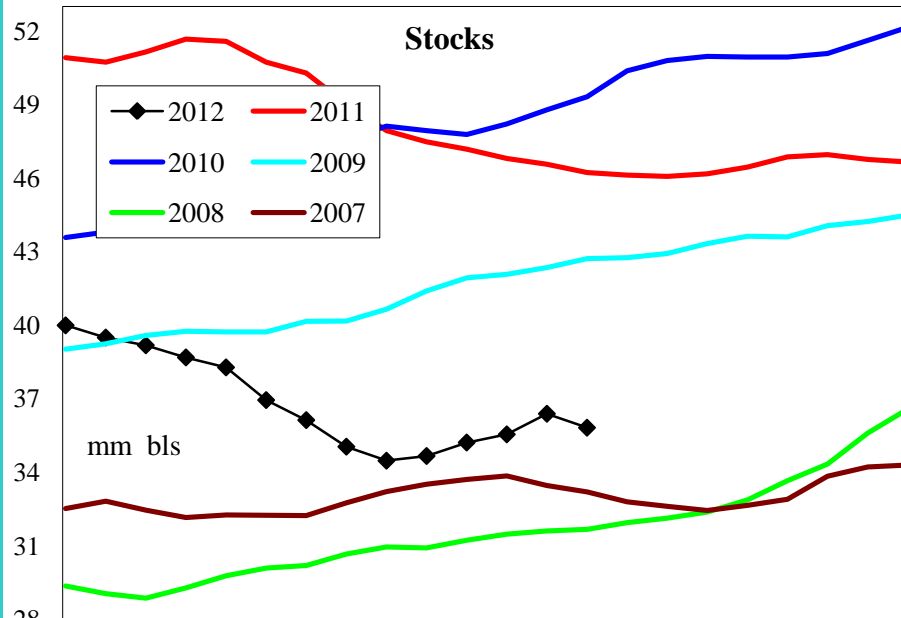
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-10,646

-22.9

Production

247

10.5

Imports

-2

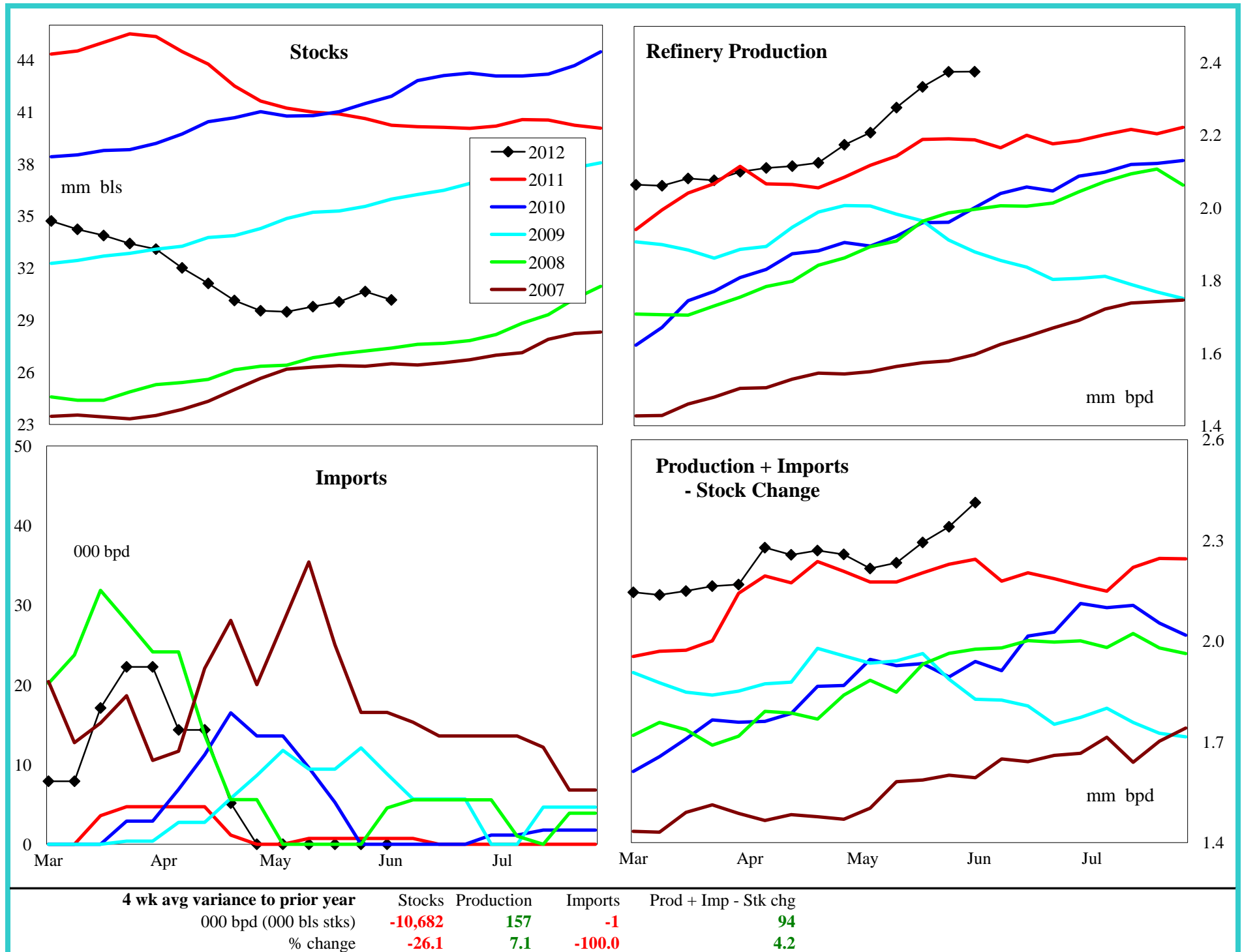
-100.0

Prod + Imp - Stk chg

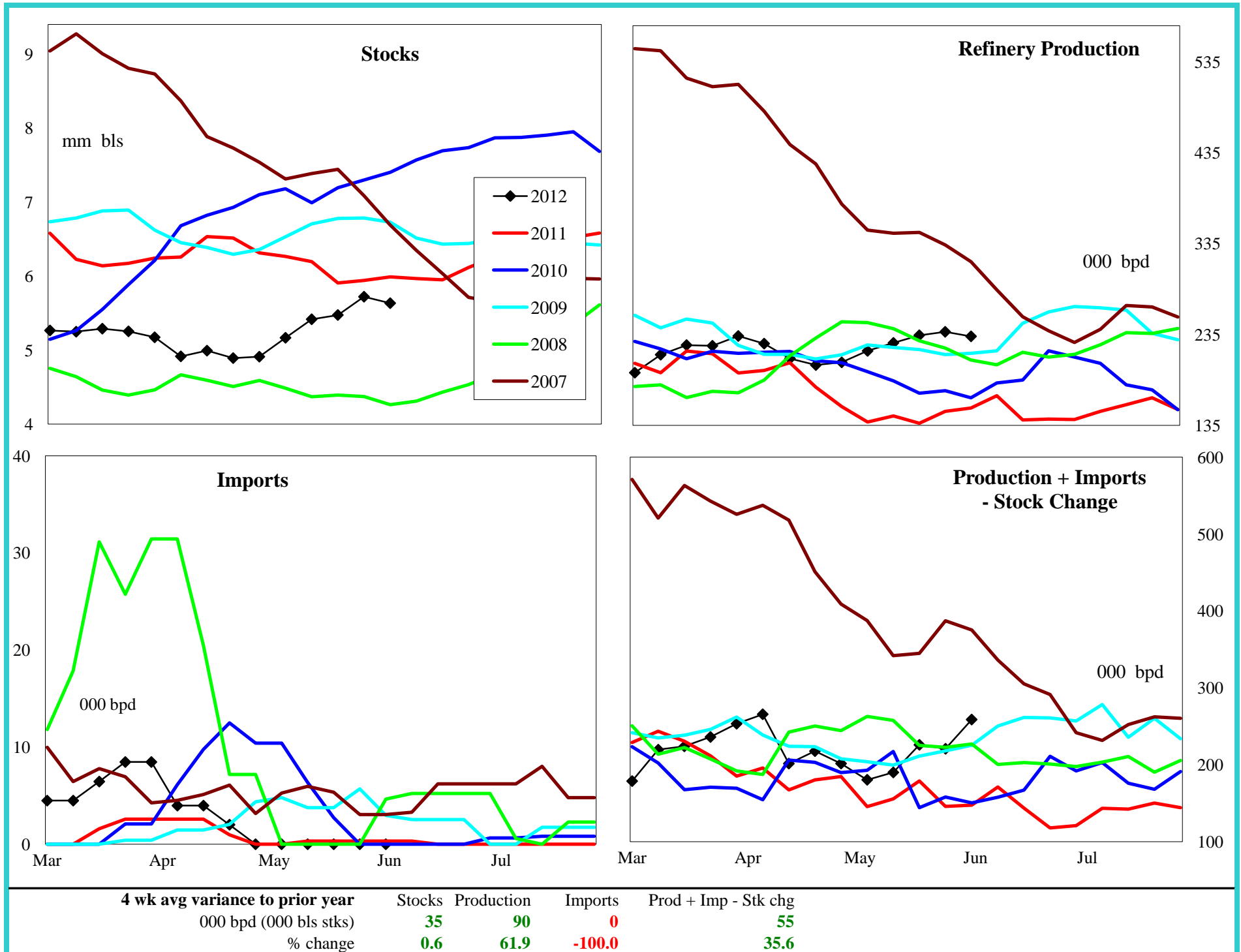
148

6.3

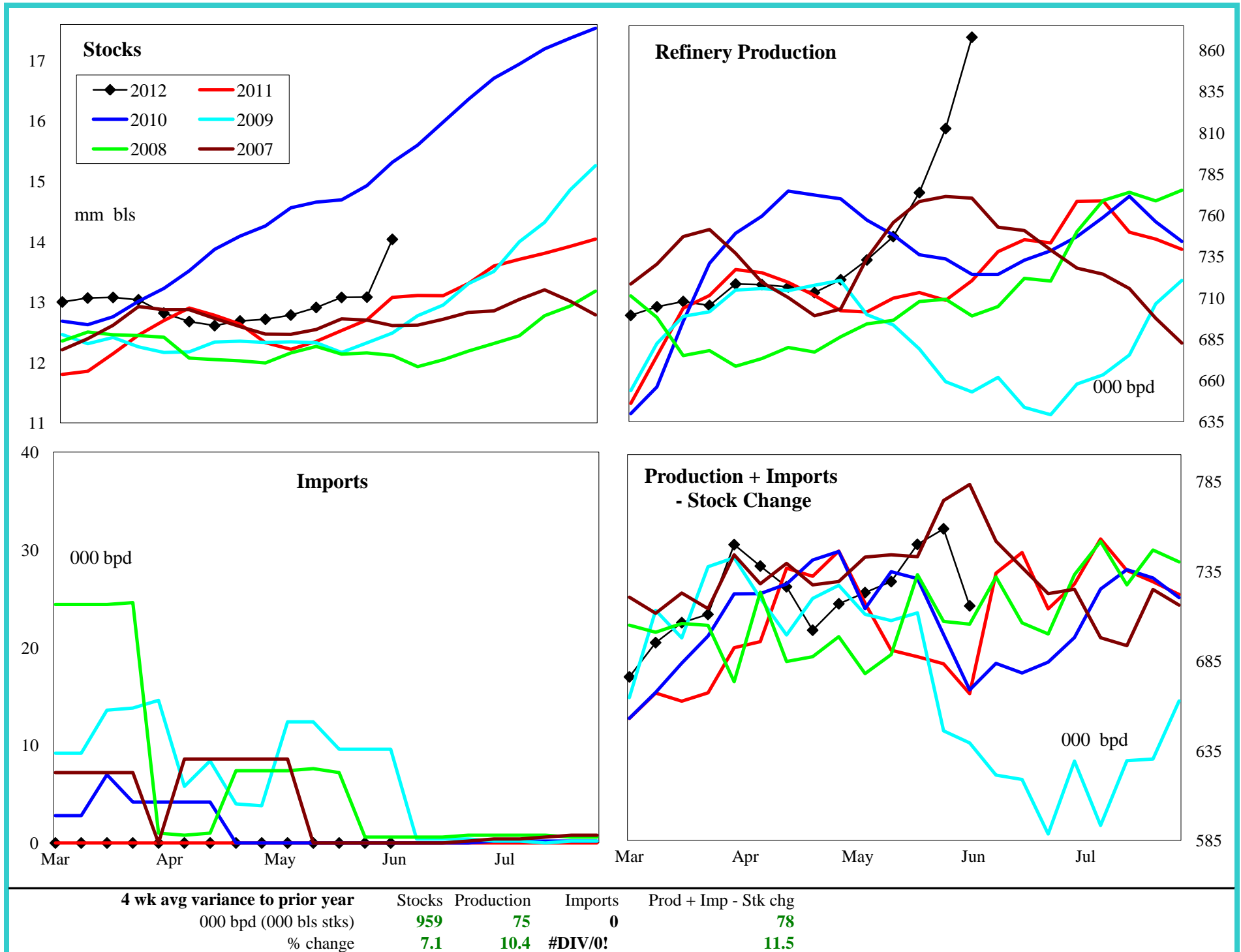
PADD 3 Low Sulfur Distillate Supply



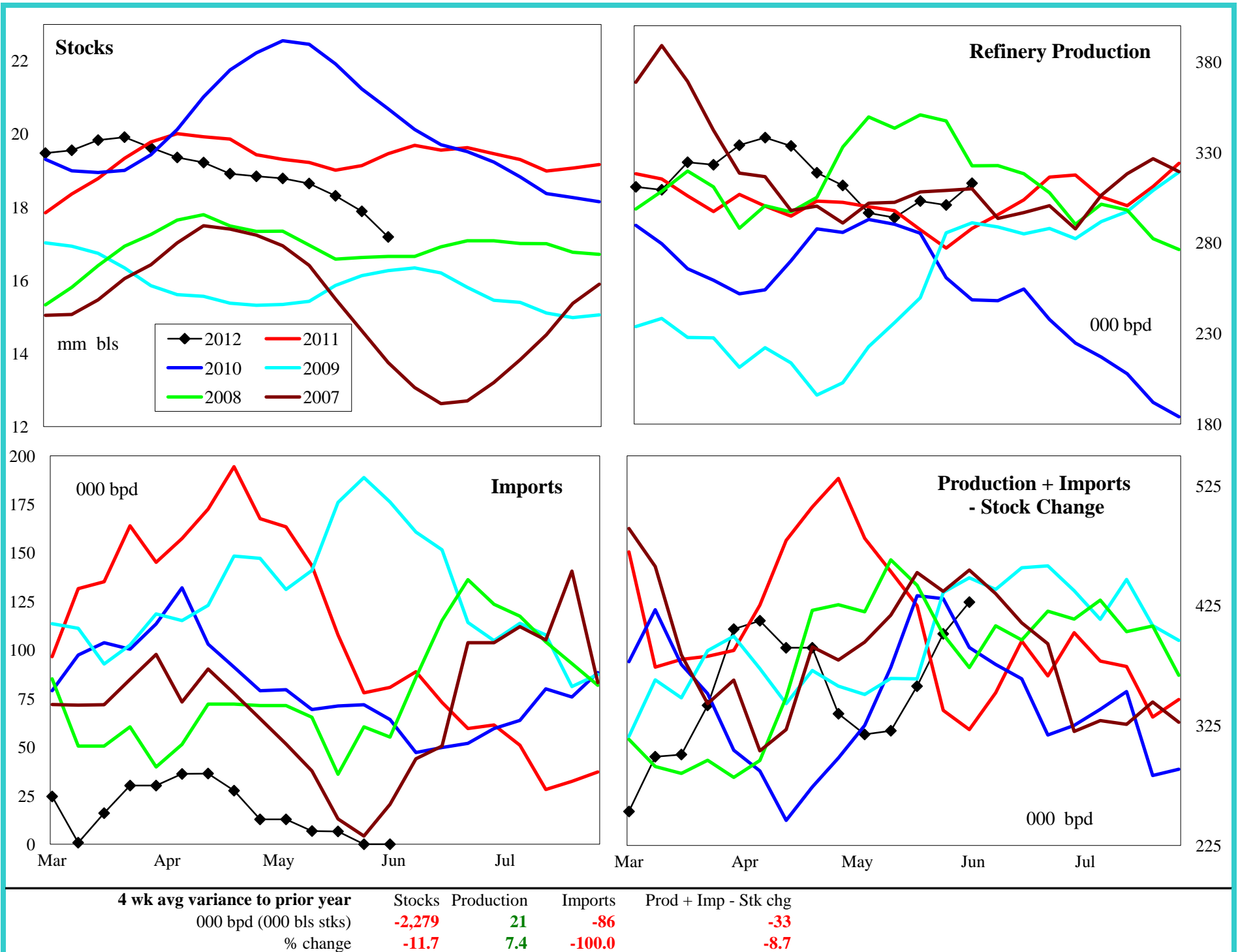
PADD 3 High Sulfur Distillate Supply



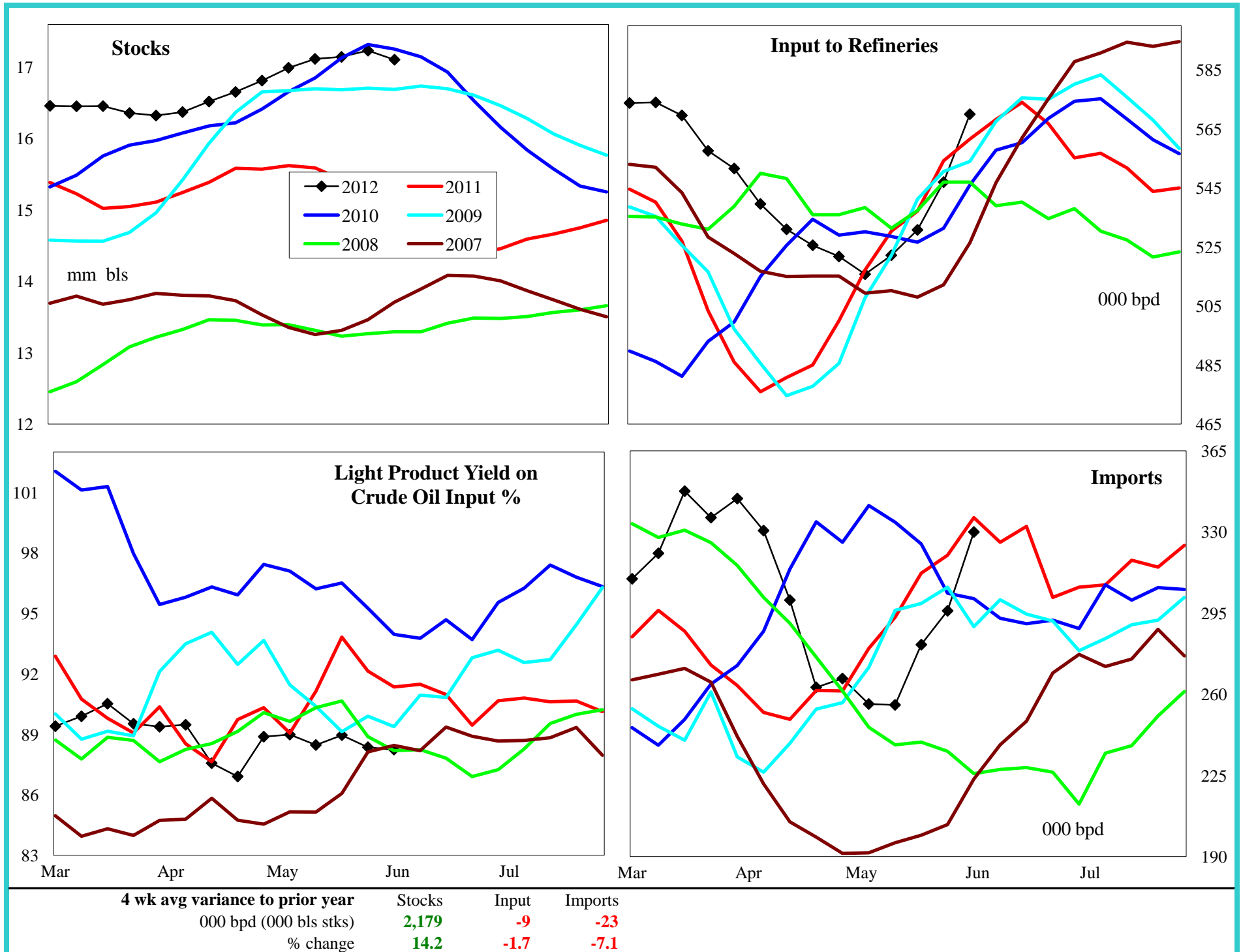
PADD 3 Jet Fuel Supply



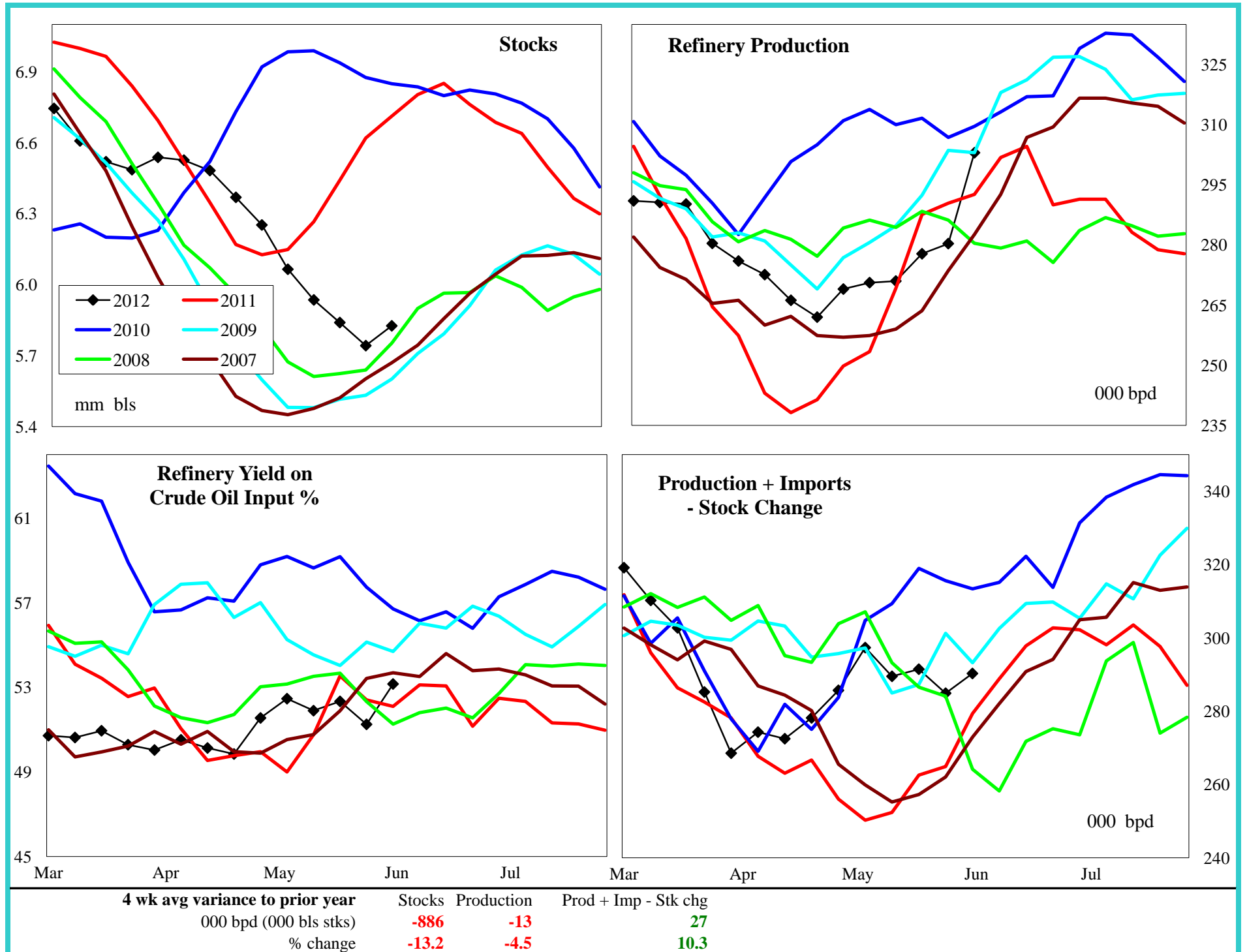
PADD 3 Residual Fuel Oil Supply



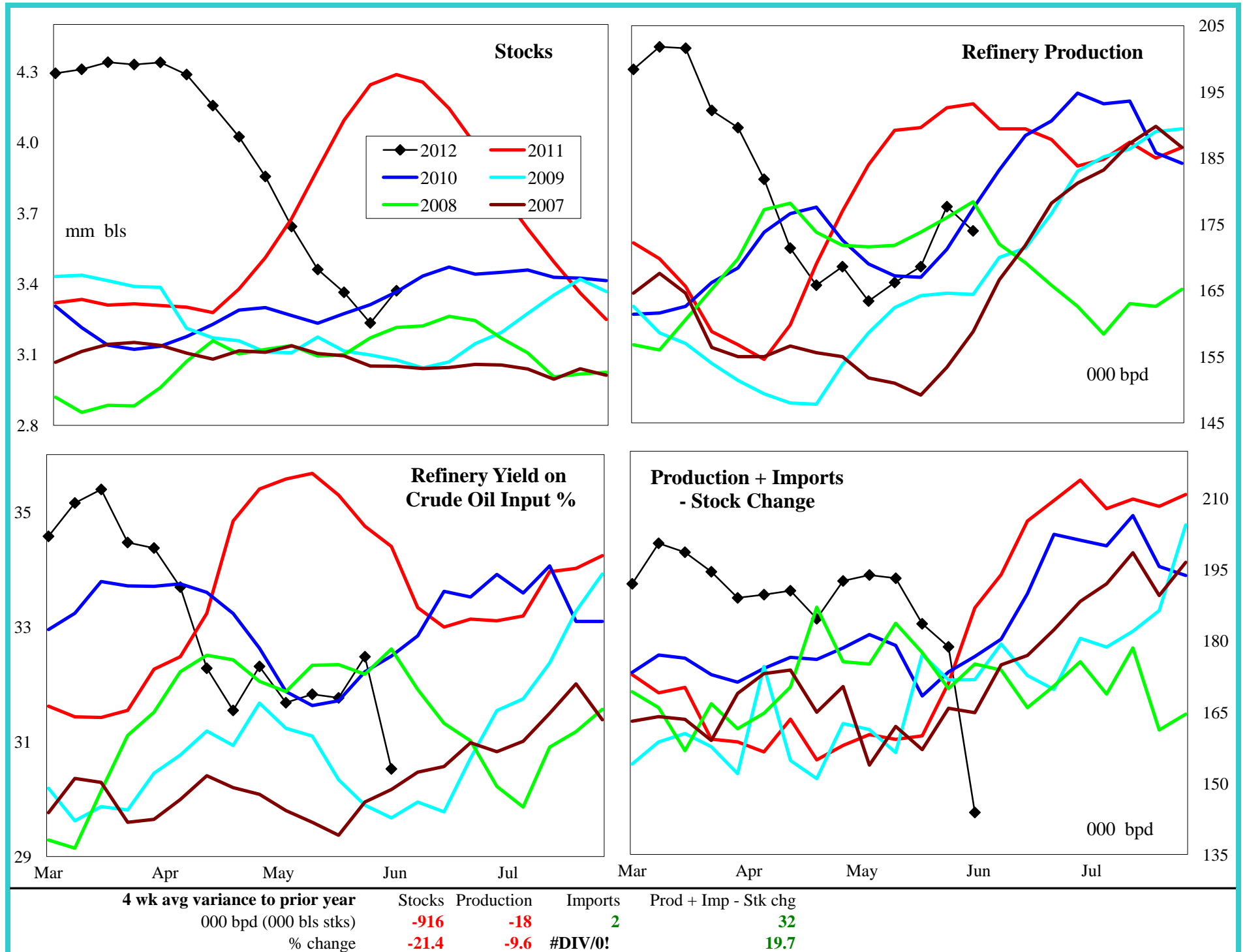
PADD 4 Crude Oil Supply and Refining



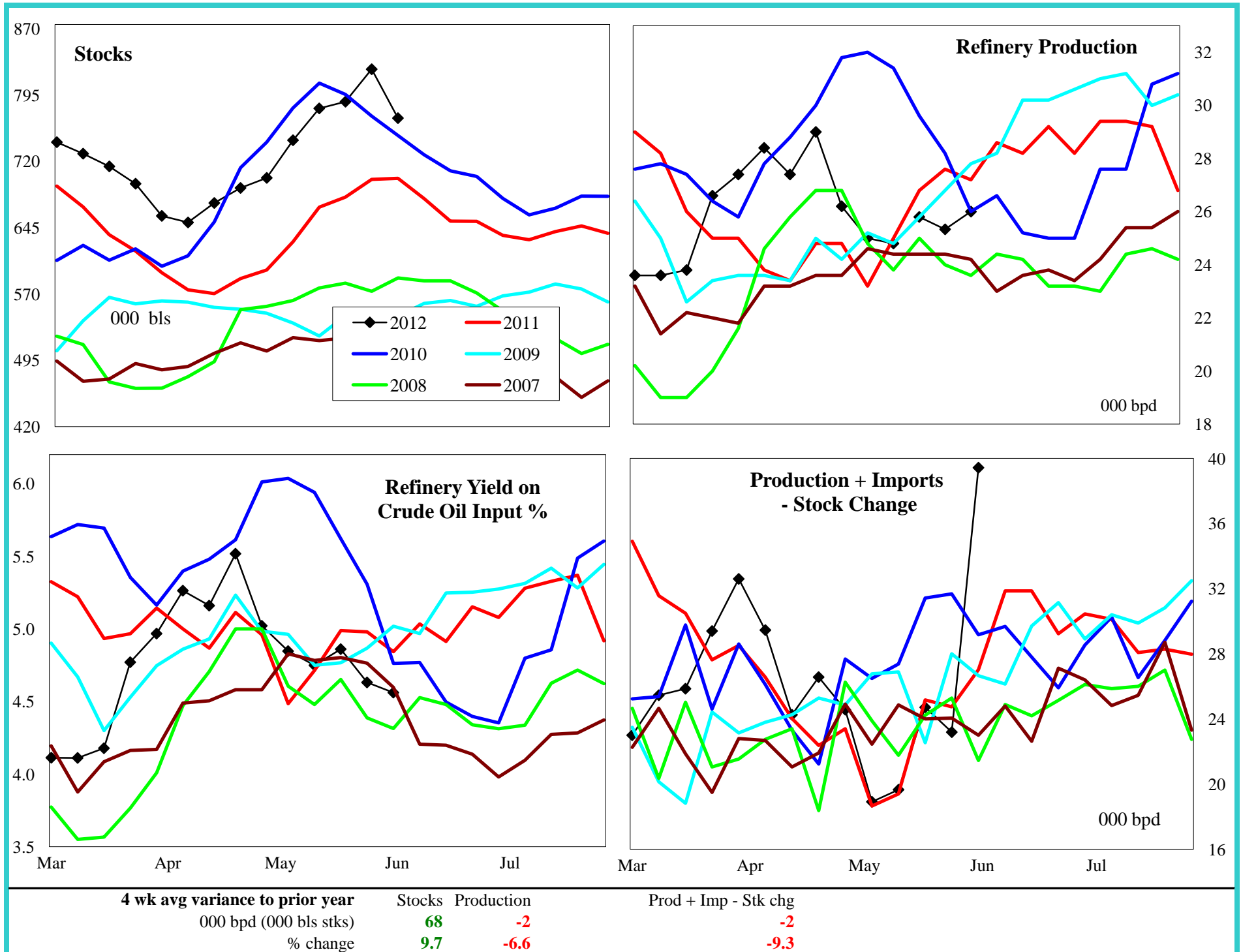
PADD 4 Gasoline Supply



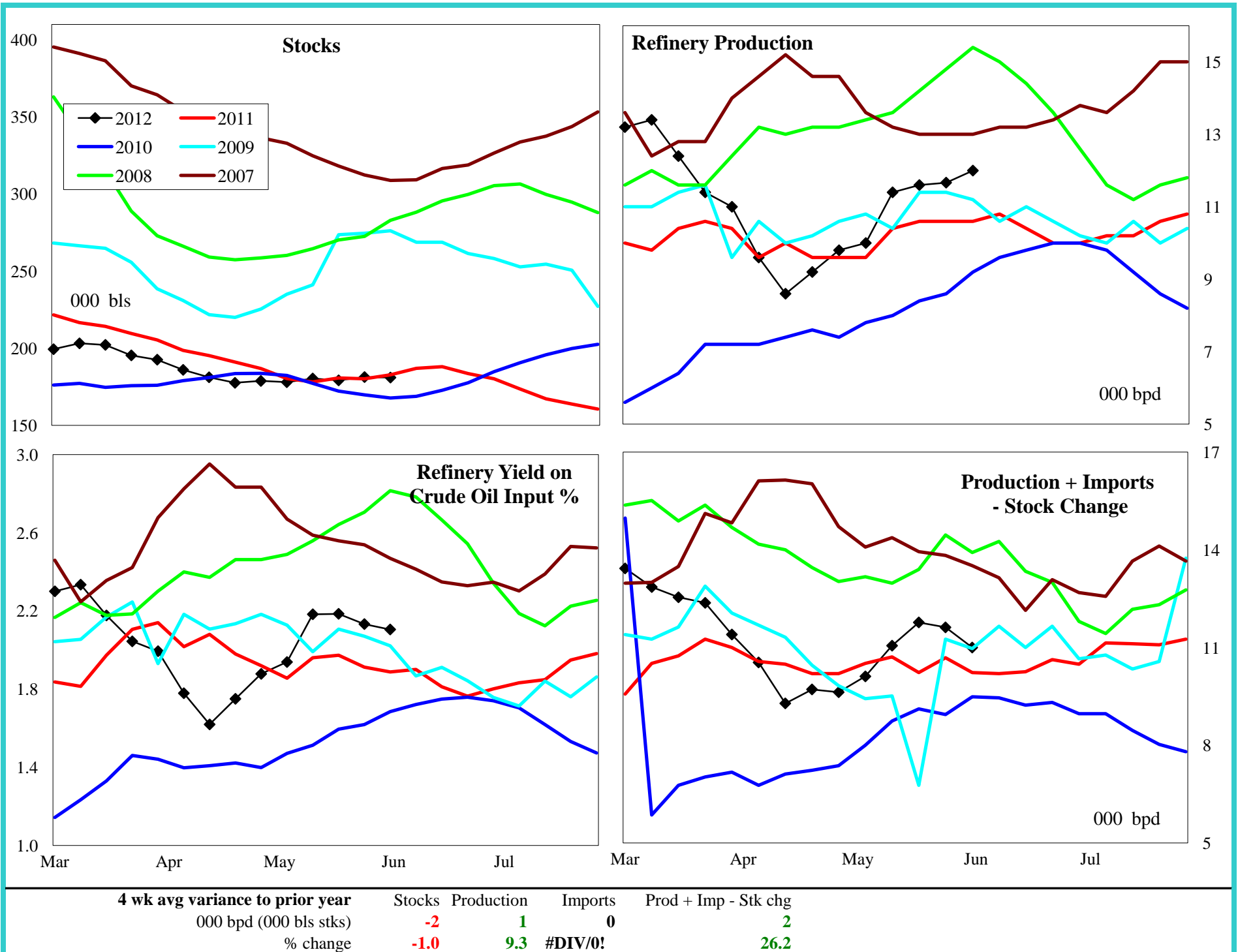
PADD 4 Distillate Supply



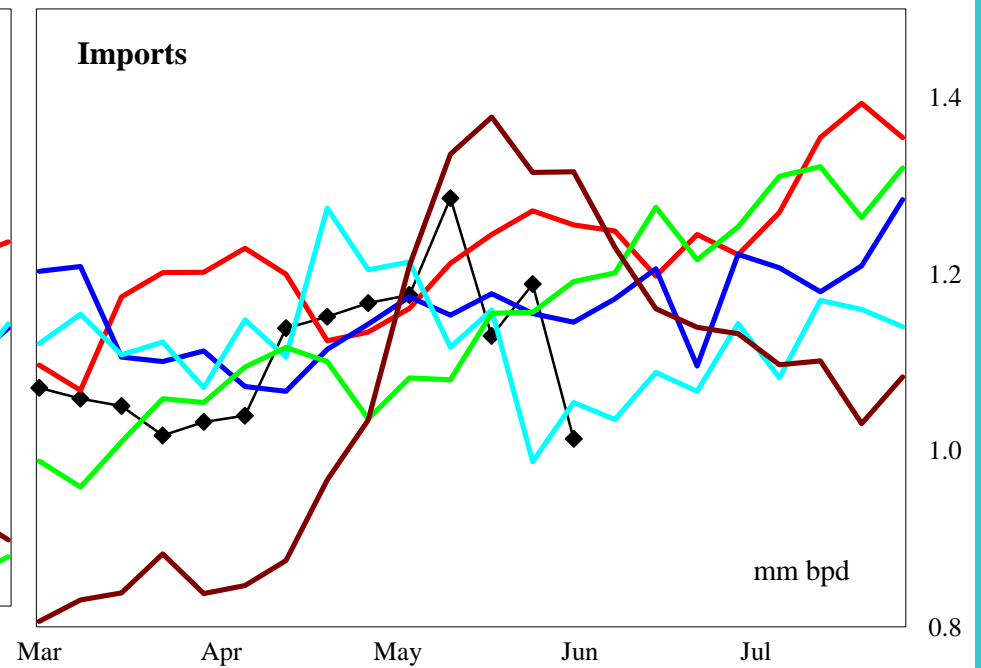
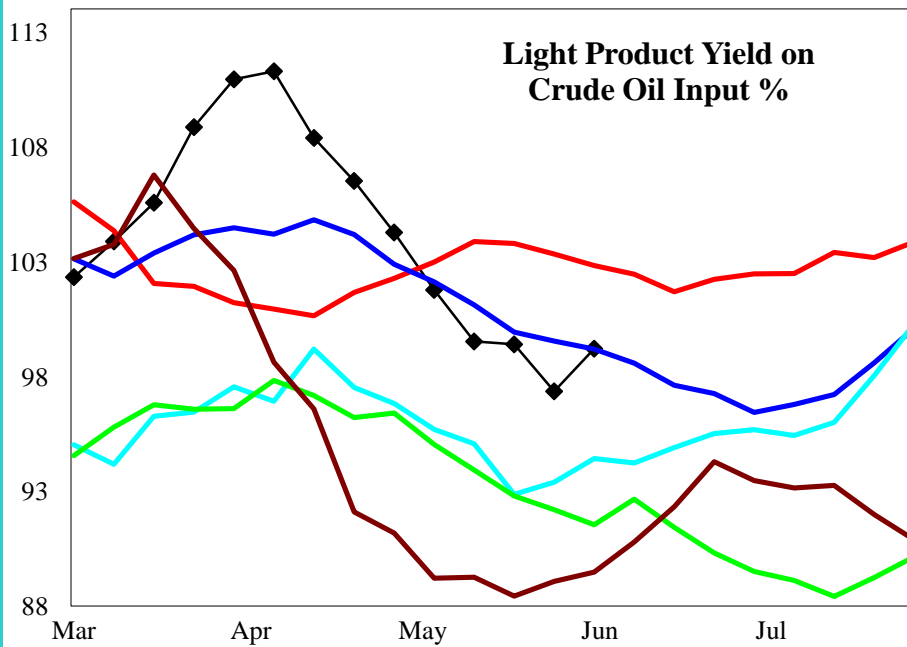
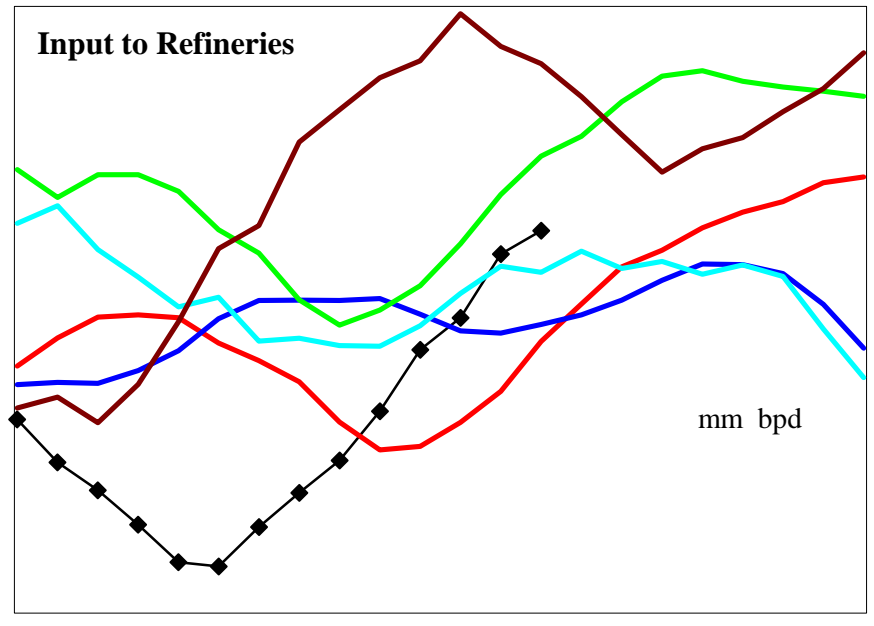
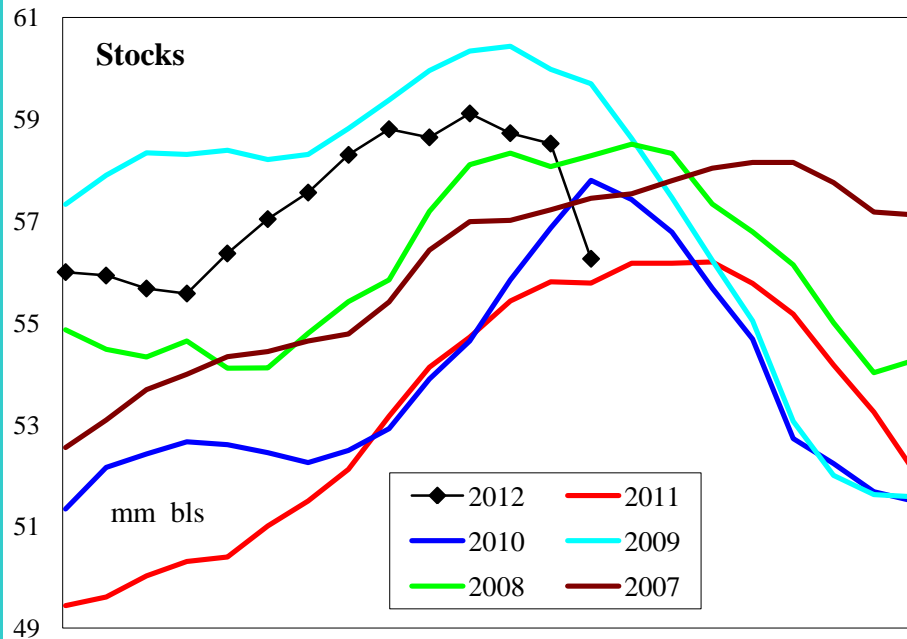
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

475

0.9

Input

150

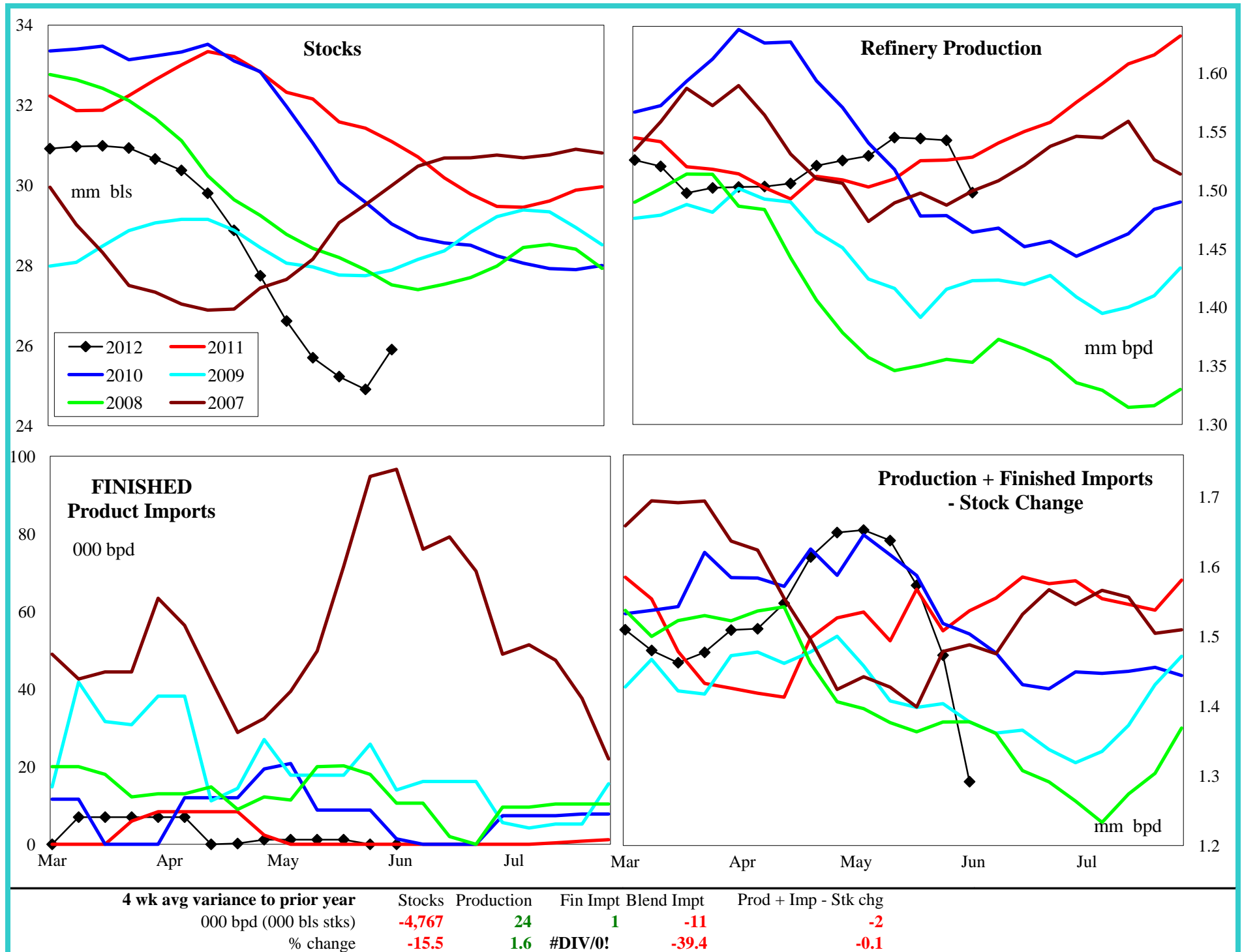
6.6

Imports

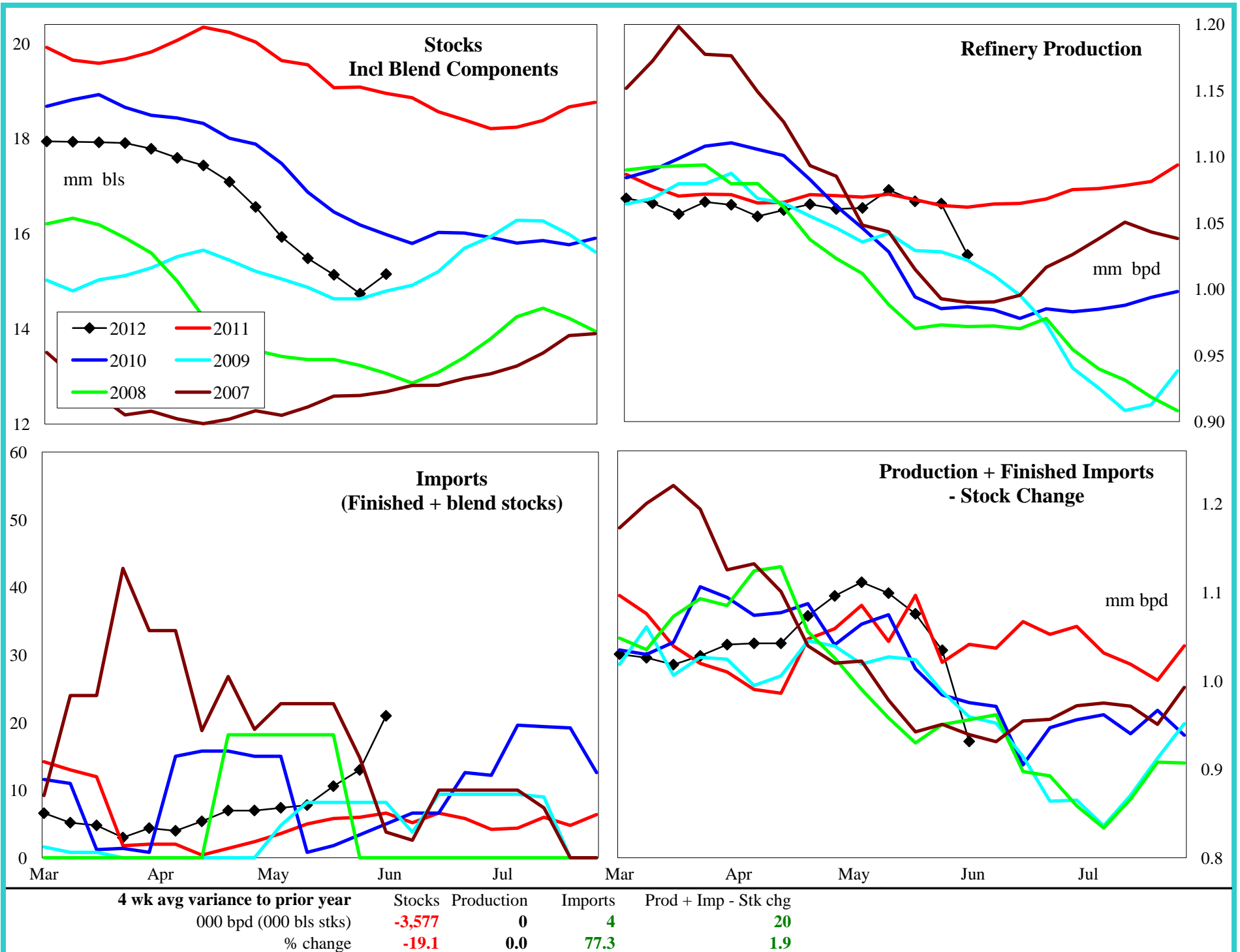
-124

-9.9

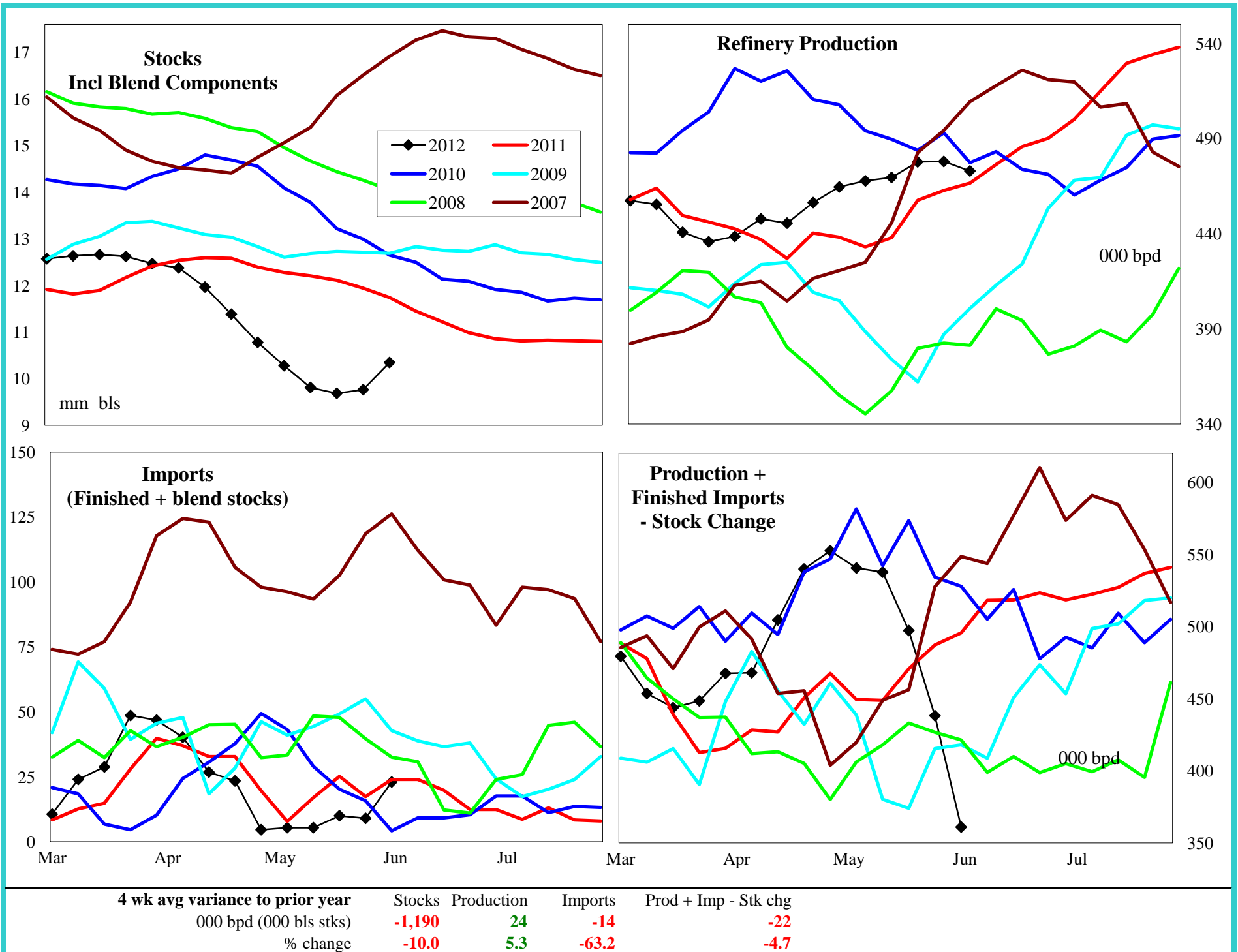
PADD 5 Gasoline Supply



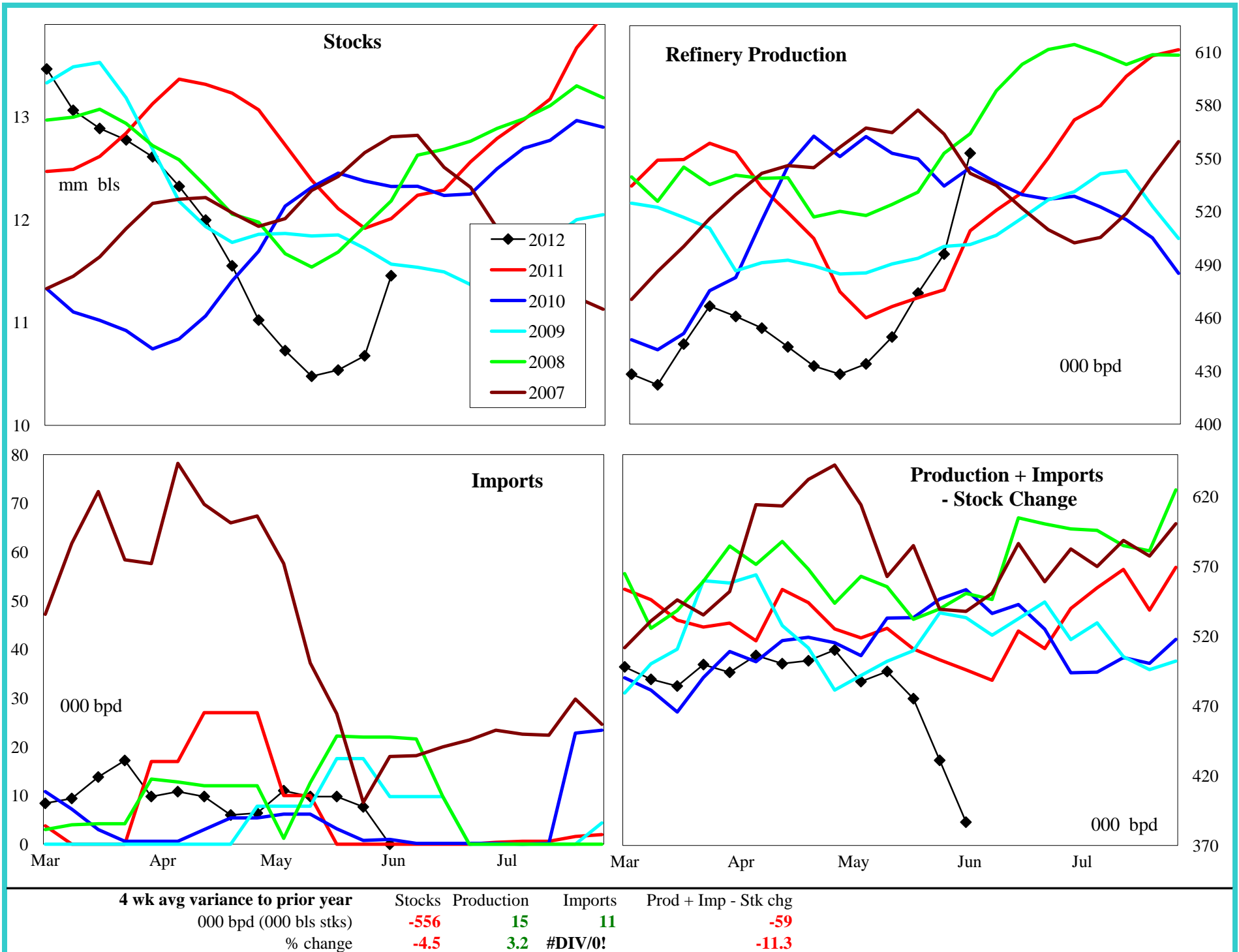
PADD 5 Reformulated Gasoline Supply



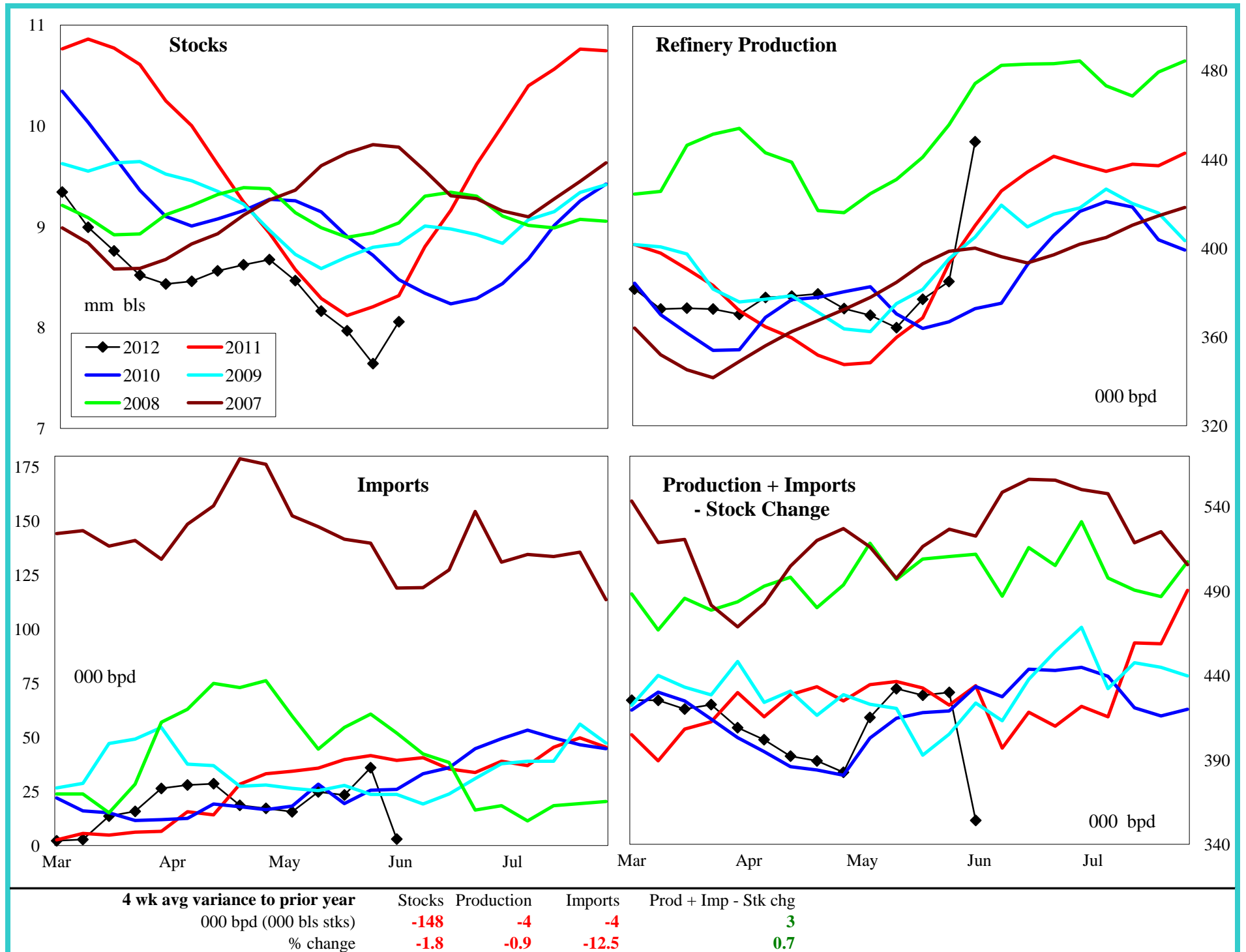
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

