



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

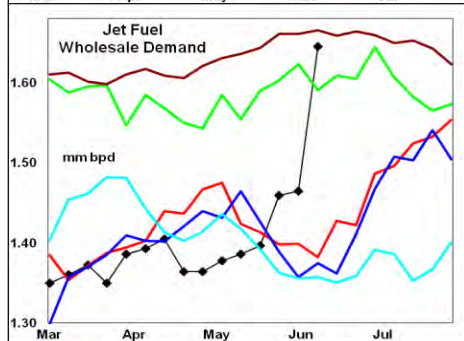
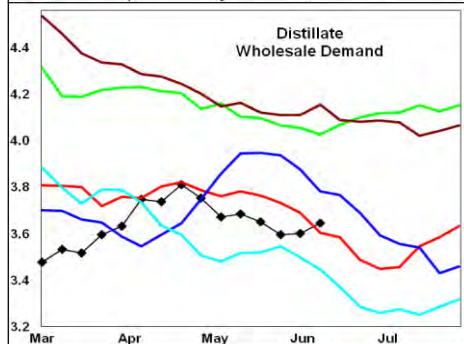
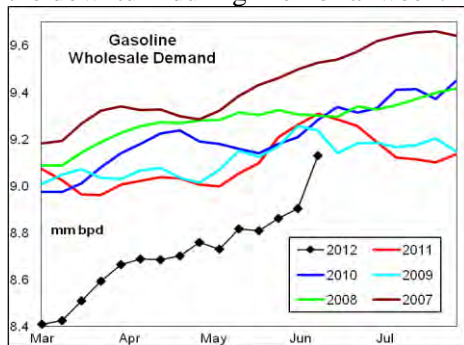
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 13, 2012



Major Fundamental Trends¹

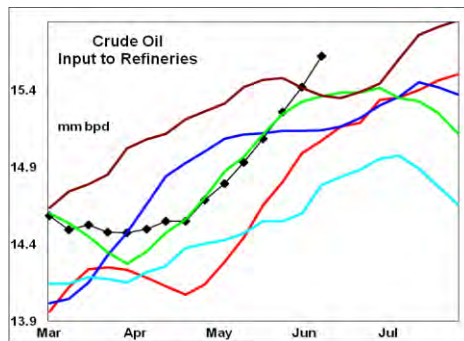
Wholesale demand for transport fuels surged +1.1 million bpd last week on increased terminal liftings following the downturn during Memorial week.



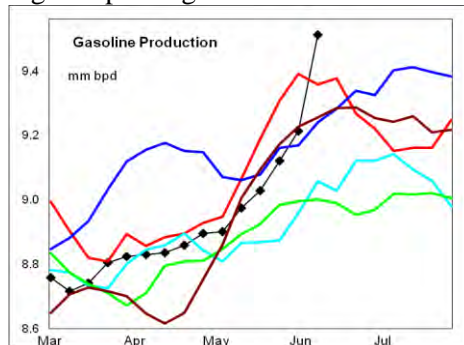
Even with last week's demand surge, the latest 4-wk average remains lackluster: gasoline down -4.5% compared to a year ago, distillate -4.6%, while jet fuel jumped +7.1%.

Refiners continued to increase crude oil runs last week, with thru put up +0.5 million bpd compared to a year ago. The year-on-year increase was concentrated in the Gulf and on the West Coast. Runs increased in all regions last week, with the exception of the Rocky Mountain area.

¹ Source is latest EIA Weekly Statistics



High crude oil runs have led to season high output of gasoline and distillate.



The surge in wholesale demand last week, offset increased production, and led to stock draws for each transport fuel. Expect a pull back in wholesale demand and high production to drive stock building during the summer quarter.

Demand for transport fuels spiked last week, rising +1.1 million bpd, due in part to increased terminal loadings after the slow down during Memorial week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -4.5%; distillate down -4.6%; jet fuel up +7.1% while residual fuel oil decreased -31%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -1.7 million barrel stock draw and surge in demand. Coverage levels were above the average of the last 3-years.

Distillate coverage was nearly unchanged on the week, with stocks nearly unchanged. Coverage levels were sharply below the last 3-years.

Jet fuel coverage fell on a -0.6 million barrel draw and spike in demand last week, with the level at 5-year lows.

Refinery utilization rates increased on a +152,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +393,000 bpd above a year ago.

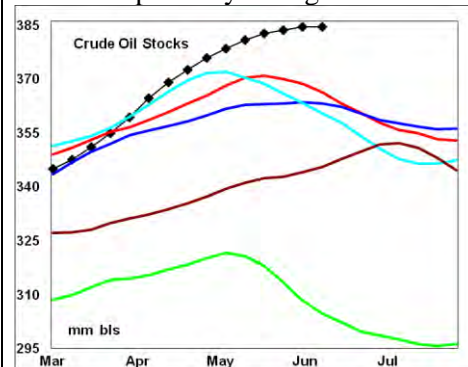
Gasoline yield % on crude oil runs increased on a +495,000 bpd rise in output compared to the +152,000 bpd increase in crude oil runs. Yield % on crude oil runs jumped to levels comparable to the last 3-years.

Distillate yield % on crude oil runs decreased on a +47,000 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 decreased on a -29,000 bpd decrease in production compared to the increase in crude oil runs. Yield % levels matched 5-year highs for the period.

Petroleum Imports of crude oil, jet and residual fuel were each higher last week. Gasoline and distillate imports fell. During the latest 4-wk period crude oil imports were -69,000 bpd below last year; distillate imports decreased -37,000 bpd; finished gasoline imports decreased -75,000 bpd, gasoline blend stock imports declined -443,000 bpd; jet fuel imports were -28,000 bpd lower, while residual fuel oil imports fell -135,000 bpd.

Crude Oil stocks were nearly unchanged last week, the result of record high crude oil refinery runs. Stocks saw marginal decreases in all regions except the West Coast where stocks increased +1.2 million barrels. Total stocks were +18.9 million barrels above the prior 5-year high last week.





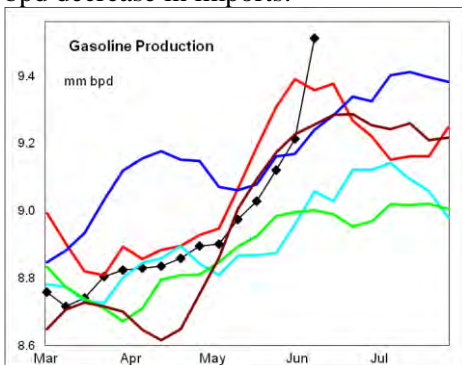
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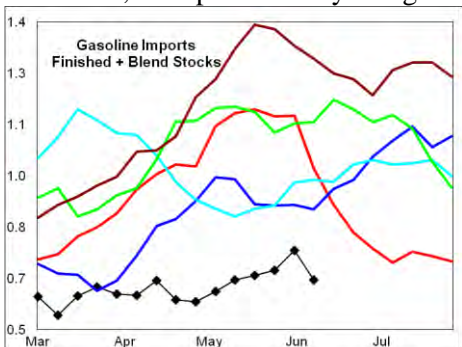
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Product Supply-Demand Trends

Gasoline demand surged +482,000 bpd last week, offsetting the sharp drop in demand that occurred on lower truck terminal loadings during the Memorial week. The latest 4-wk average demand was -412,000 bpd below a year ago, a decline of -4.5%. Production spiked +495,000 bpd on the week, partially offset by a -152,000 bpd decrease in imports.



Imports pulled back last week, with the level -225,000 bpd below a year ago.



Stocks decreased -1.7 million barrels on the week, to a level that matched 5-year lows.

The latest 4-wk stock draw in markets East of the Rockies was -4.2 million barrels, a larger draw than four of the last 5-years.

Record production was driven by downstream units returning from maintenance last week, particularly on the West Coast where stocks have increased +2.5 million barrels during the last 2-wks.

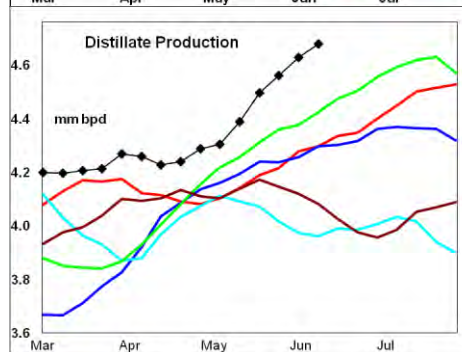
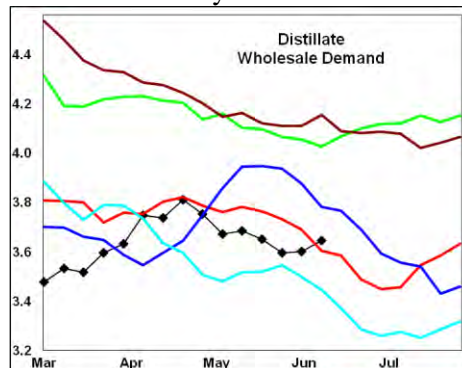
Expect the seasonal increase in production to lift stocks in markets East of the Rockies during the next 60-days, from levels below four of the last 5-years.

Distillate demand jumped +306,000

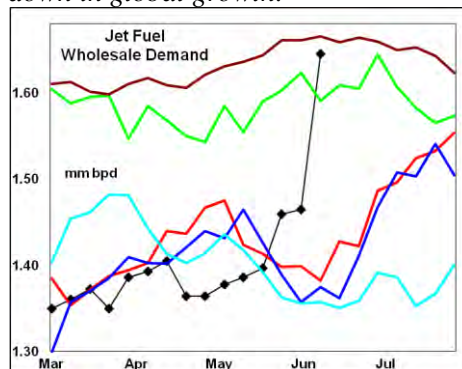
bpd last week, to a level comparable with a year ago. The latest 4-wk average demand was -176,000 bpd below a year ago.

Supplies increased +14,000 bpd last week, on record high production. The latest 4-wk average supply was +274,000 bpd above a year ago. Stocks were unchanged on the week, with the level -21 million barrels below a year ago.

The latest 4-wk stock draw in markets East of the Rockies was -1.4 million barrels, a draw greater than four of the last 5-years.



Look for the supply balance to improve going forward on record production, lower seasonal demand and a slow down in global growth.



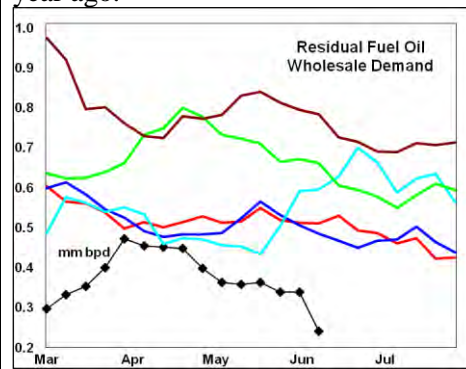
Jet Fuel demand spiked +266,000 bpd last week, to a near record high level.

The latest 4-wk average demand was +98,000 bpd above a year ago.

Supply increased +25,000 bpd last week, including a +54,000 bpd rise in imports. Stocks decreased -0.6 million barrels last week, with the level below the 5-year range.

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

Residual fuel oil demand fell -159,000 bpd last week. The latest 4-wk average was -157,000 bpd below a year ago.



Supply (production + imports) increased +154,000 bpd last week, on higher imports. The latest 4-wk average supply was -156,000 bpd below last year on lower imports and production. Stocks jumped +1.7 million barrels, to a level -12% below the historic range.

Wholesale demand remains very weak, off -31% during the latest 4-wk period compared to a year ago. Imports are -35% lower for the same period. The drop in demand has led to a structural decrease in stock levels, which were -4.3 million barrels below last year.

The key Gulf Coast market remains well supplied, with a +55,000 bpd jump in imports last week.



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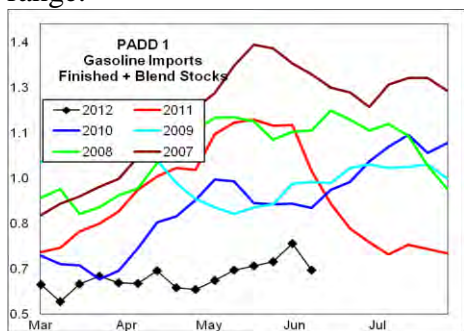
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +12,000 bpd on the week, with the latest 4-wk average -183,000 bpd below last year.

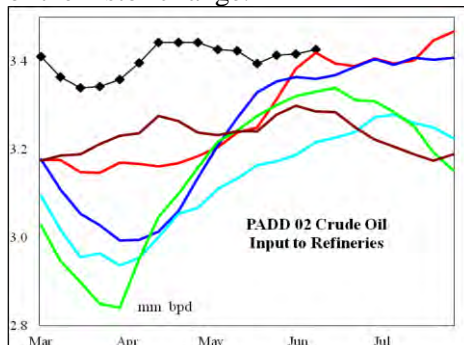
Gasoline production increased +149,000 bpd last week, while imports fell -135,000 bpd. Stocks decreased -1 million barrels on the week to a level below the mid range.



Stock levels in the Central Atlantic and New England regions ended the week below the 5-year range.

Distillate supply decreased -43,000 bpd last week, with the level -75,000 bpd below the historic range. Stocks decreased -0.8 million barrels on the week, a level -25% below last year.

Jet fuel supply increased +18,000 bpd last week, with almost no imports. Stocks increased +0.6 million barrels on the week, to a level at the low end of the historic range.



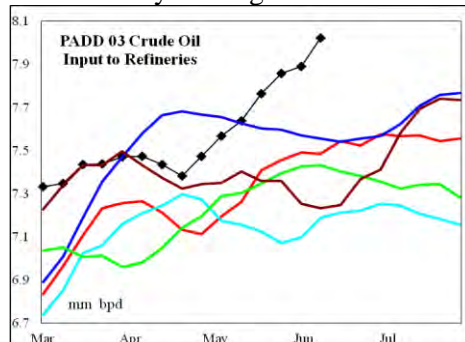
PADD 2 crude oil refinery runs increased +60,000 bpd on the week, with the 4-wk average +82,000 bpd above last year. Crude oil imports decreased -44,000 bpd last week with the level +33% above last year. Stocks decreased -0.9 million barrels, +11% above the prior 5-year high.

Gasoline production increased +47,000 bpd last week, to a level comparable with the last 2-years. Stocks were unchanged on the week, at a record low level for the period.

Distillate production decreased -27,000 bpd on the week, to a level above the historic mid range. Stocks decreased -0.6 million barrels last week, with the level at the historic mid range.

Jet fuel production increased +18,000 bpd on the week, to a level that matched 5-year highs. Stocks ended the week at a level that matched 5-year lows.

PADD 3 refinery runs increased +37,000 bpd last week, to a new all time record high. The latest 4-wk average thru put was +346,000 bpd above last year. Crude oil imports increased +157,000 bpd last week to a record low level. Stocks decreased -0.5 million barrels on the week, a level above the 5-year range.



Gasoline production increased +89,000 bpd last week, a level above the last quarter. Stocks fell -1.8 million barrels last week, to a level below four of the last 5-years.

Distillate production increased +48,000 bpd on the week, to a new record high. Stocks climbed +1.3 million barrels on the week, a level -19% below a year ago.

Jet fuel production fell -75,000 bpd last week, with the level still well above the 5-year range. Stocks decreased -1 million barrels last week to a level above four of the 5-year mid range.

Residual fuel oil supplies increased +51,000 bpd on the week, to a level

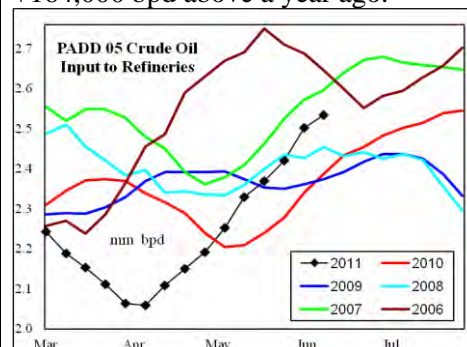
above the mid range. Imports increased +59,000 bpd on the week. Stock levels ended the week -10% below last year.

PADD 4 refinery crude runs decreased -12,000 bpd on the week, to a level that matched the mid range. The most recent 4-wk average run rate was -16,000 below last year.

Gasoline production decreased -11,000 bpd on the week, to a level below the last 3-years. Stocks decreased -0.1 million barrels, a level -15% below last year.

Distillate production jumped +37,000 bpd on the week, to a record high for the season. Stocks increased +0.3 million barrels to a level above four of the last 5-years.


PADD 5 crude oil refinery runs increased +56,000 bpd last week, to a level above the last 3-years. Runs for the most recent 4-wk period were +164,000 bpd above a year ago.



Gasoline production jumped +112,000 bpd on the week. Supply (production + imports) for the latest 4-wk average was +28,000 bpd above a year ago. Stocks increased +1.2 million barrels last week, to a level that matched 5-year lows.

Distillate supply increased +2,000 bpd on the week, to a level above four of the last 5-years. Stocks decreased -0.2 million barrels, a level -8% below last year.

Jet fuel supply increased +61,000 bpd last week, to a level near 5-year highs. Import levels were also above each of the last four years. Stocks decreased -0.3 million barrels on the week, a level -6% below last year.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

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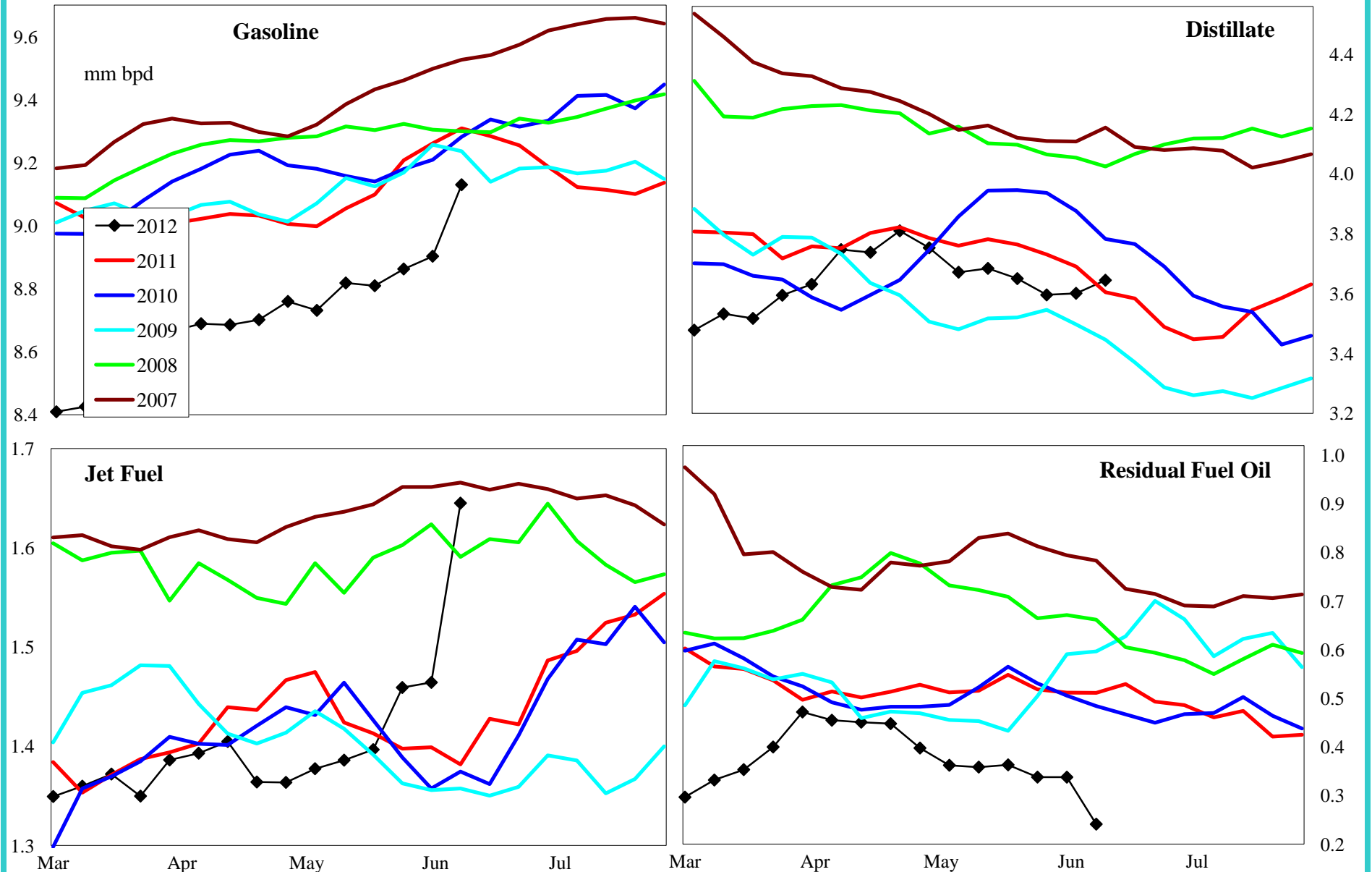
June 13, 2012

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	8-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	-191	-132	-857	-460	45	1,212
	Imports	160	-178	-44	157	-21	246
	Input	152	12	60	37	-12	56
	% Utilization	1.00					
Gasoline	Stocks	-1,724	-1,013	-22	-1,797	-69	1,178
	Production	495	149	47	89	-11	112
	Imports	-152	-135	-4	-23	0	11
	Supplied	482					
Distillate	Stocks	-63	-797	-618	1,283	272	-203
	Production	47	-8	-27	48	37	-2
	Imports	-33	-35	-1	0	-1	4
	Supplied	306					
Jet Fuel	Stocks	-635	593	-6	-1,045	105	-282
	Production	-29	6	18	-75	5	20
	Imports	54	12	0	1	0	41
	Supplied	266					
Residual Fuel Oil	Stocks	1,674	285	38	1,125	4	222
	Production	-13	1	-20	-8	1	11
	Imports	167	111	-2	59	0	0
	Supplied	-159					

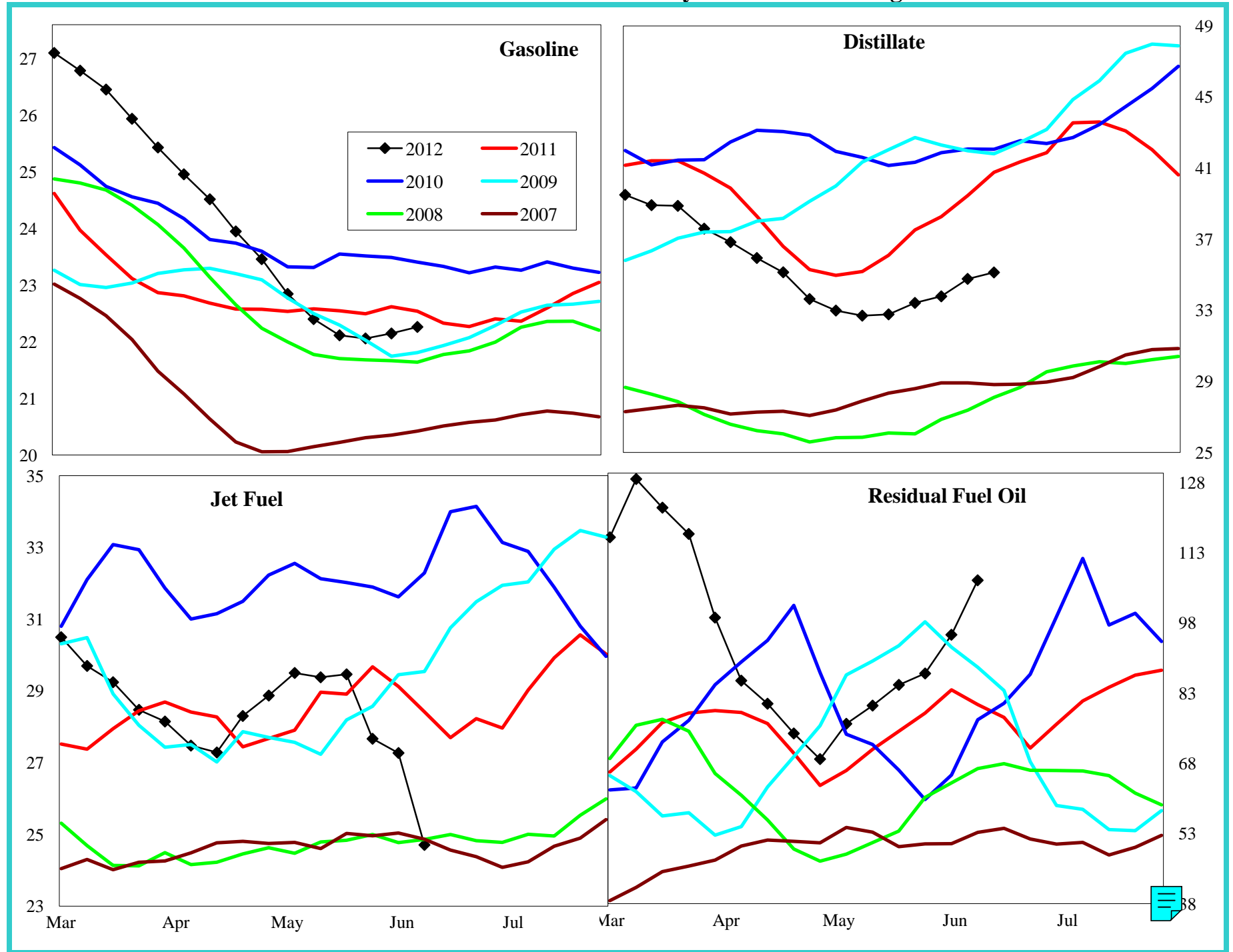
United States Wholesale Petroleum Demand



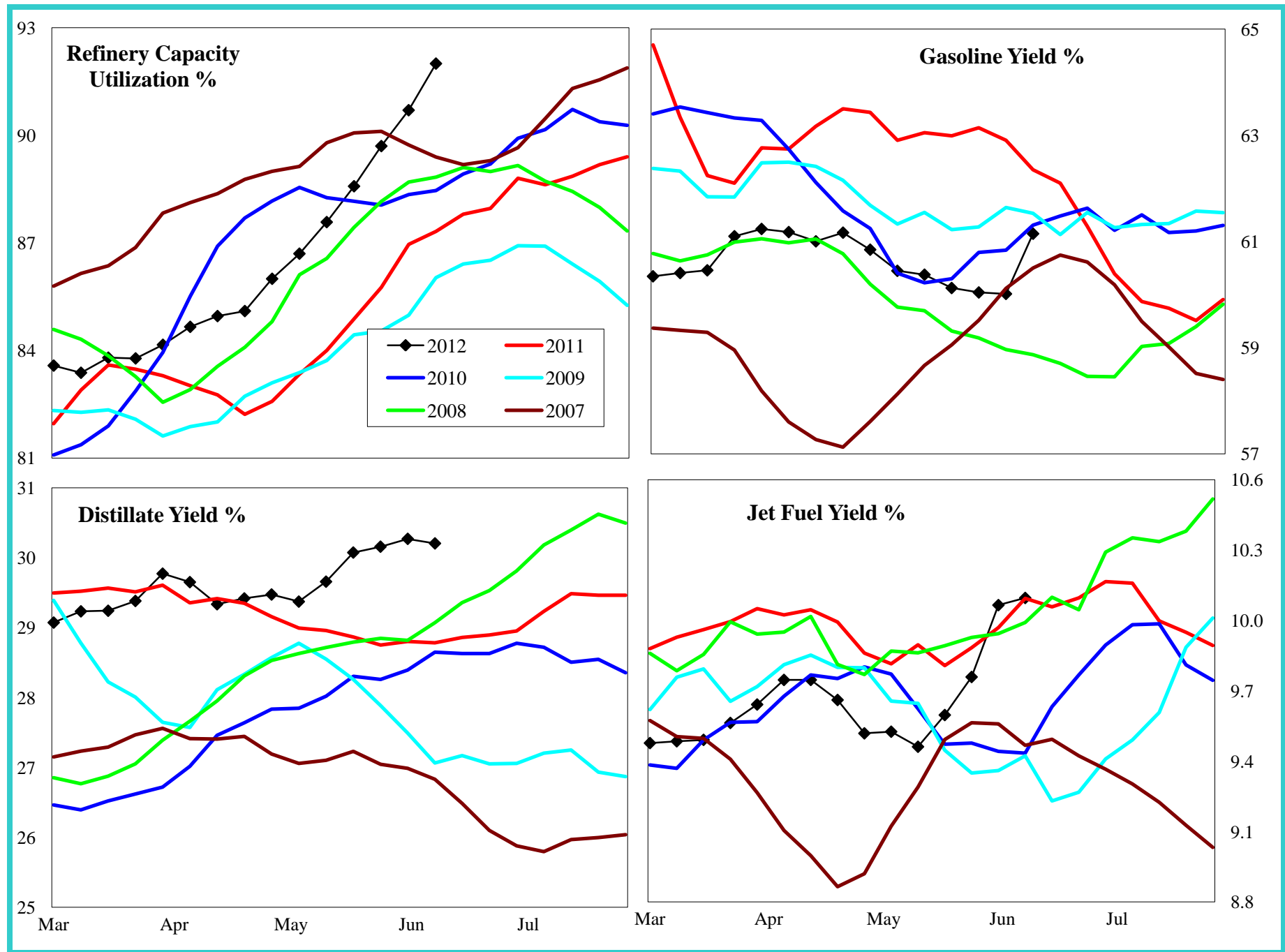
	000 bpd change from prior year				% change from prior year			
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar
Gasoline	-412	12	-55	-117	-4.5	0.1	-0.6	-1.3
Distillate	-176	-33	141	-325	-4.6	-0.9	3.8	-8.1
Jet Fuel	98	-16	-103	-7	7.1	-1.1	-7.1	-0.5
Resid	-157	-116	-172	-131	-30.8	-24.3	-28.7	-23.9



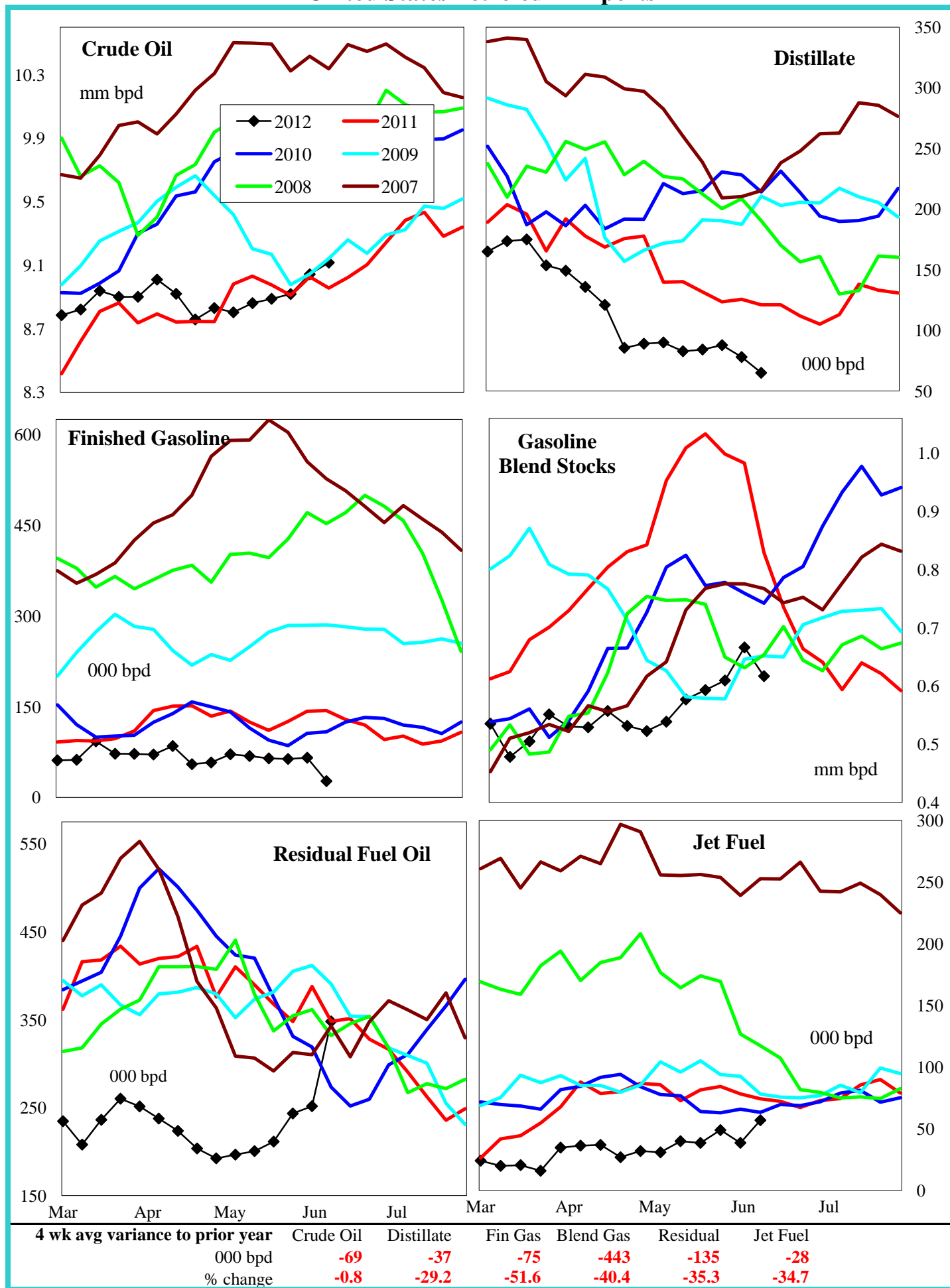
United States Product Stocks: Days Forward Coverage



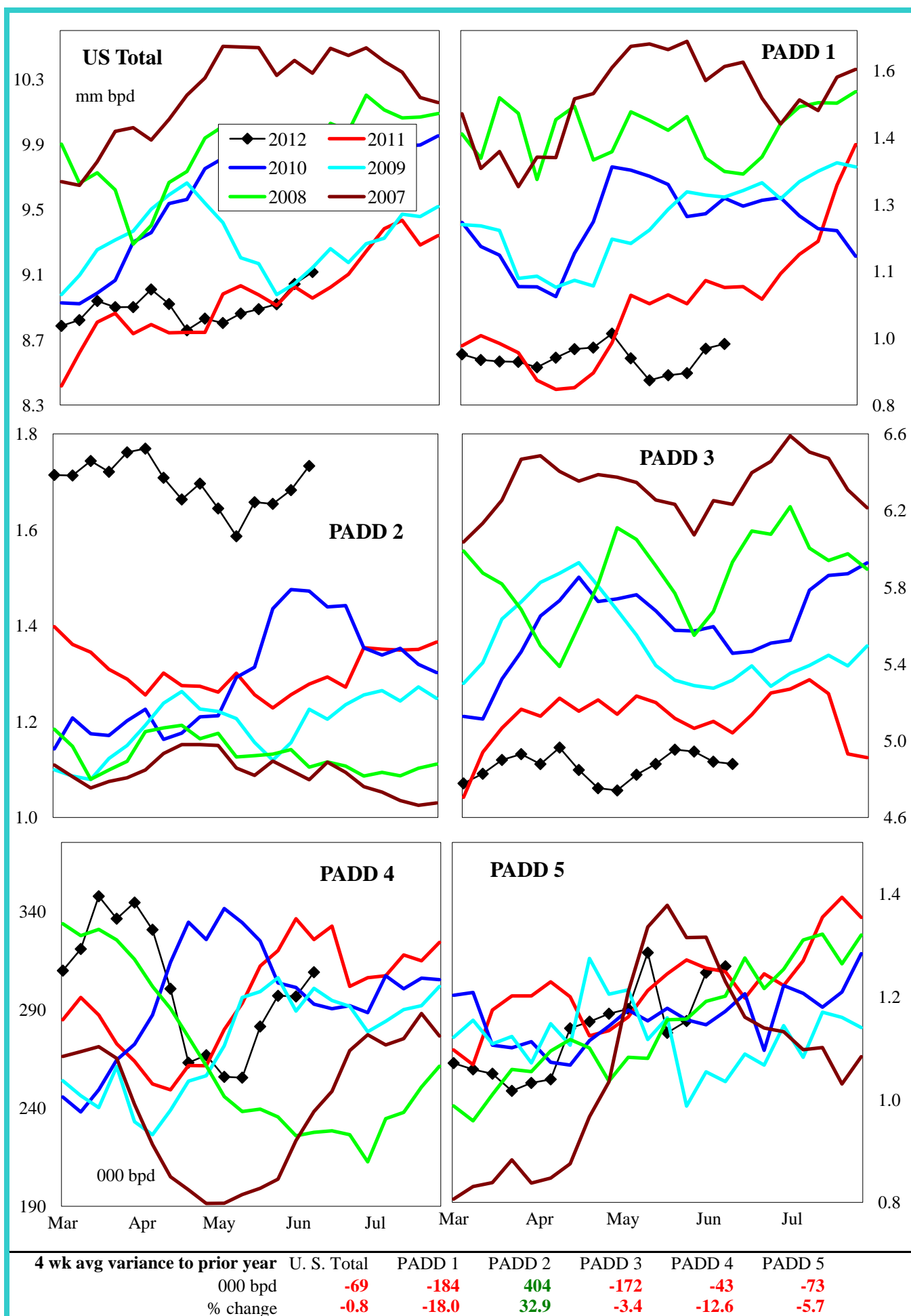
United States Refinery Percent Utilization Rate and Product Yields



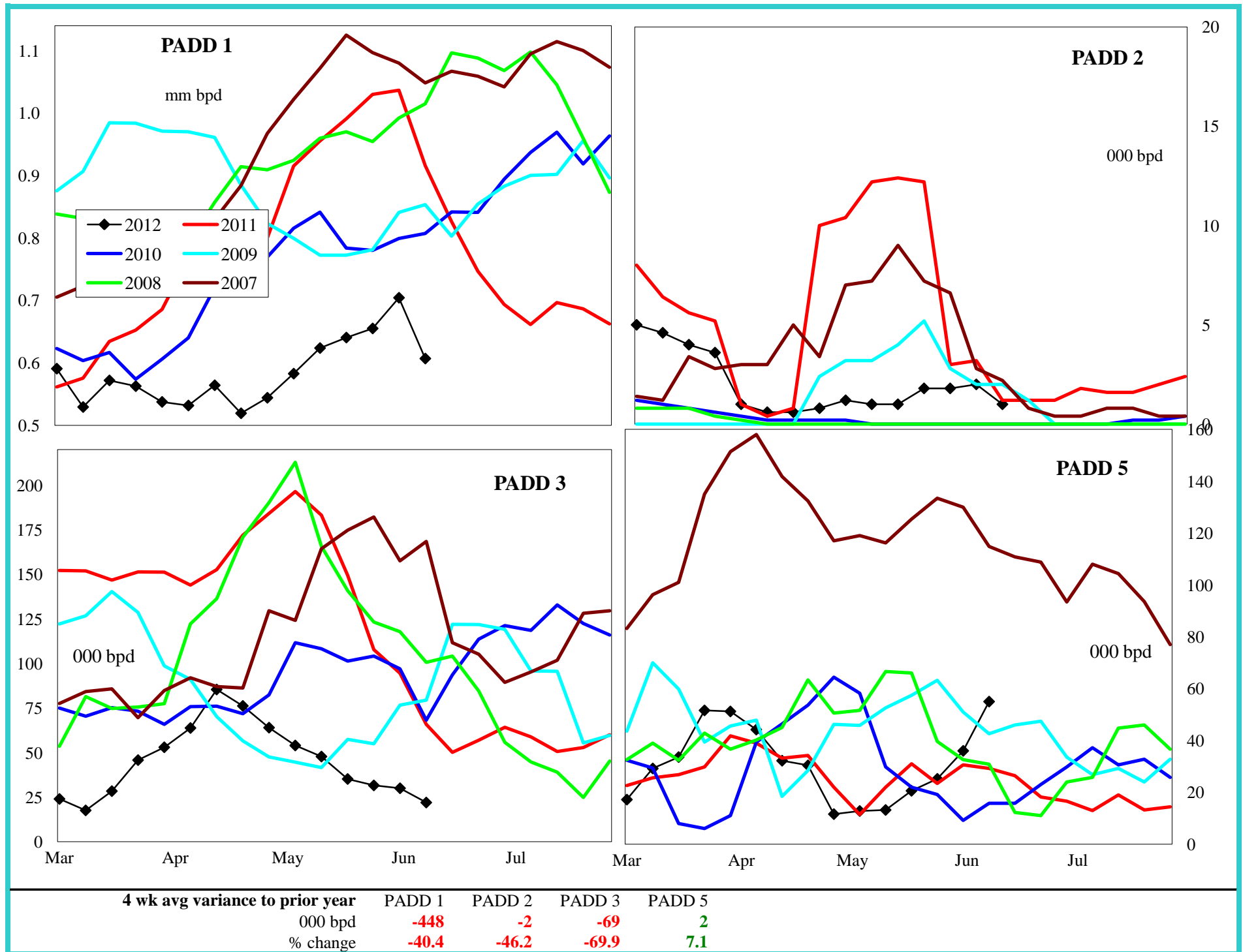
United States Petroleum Imports



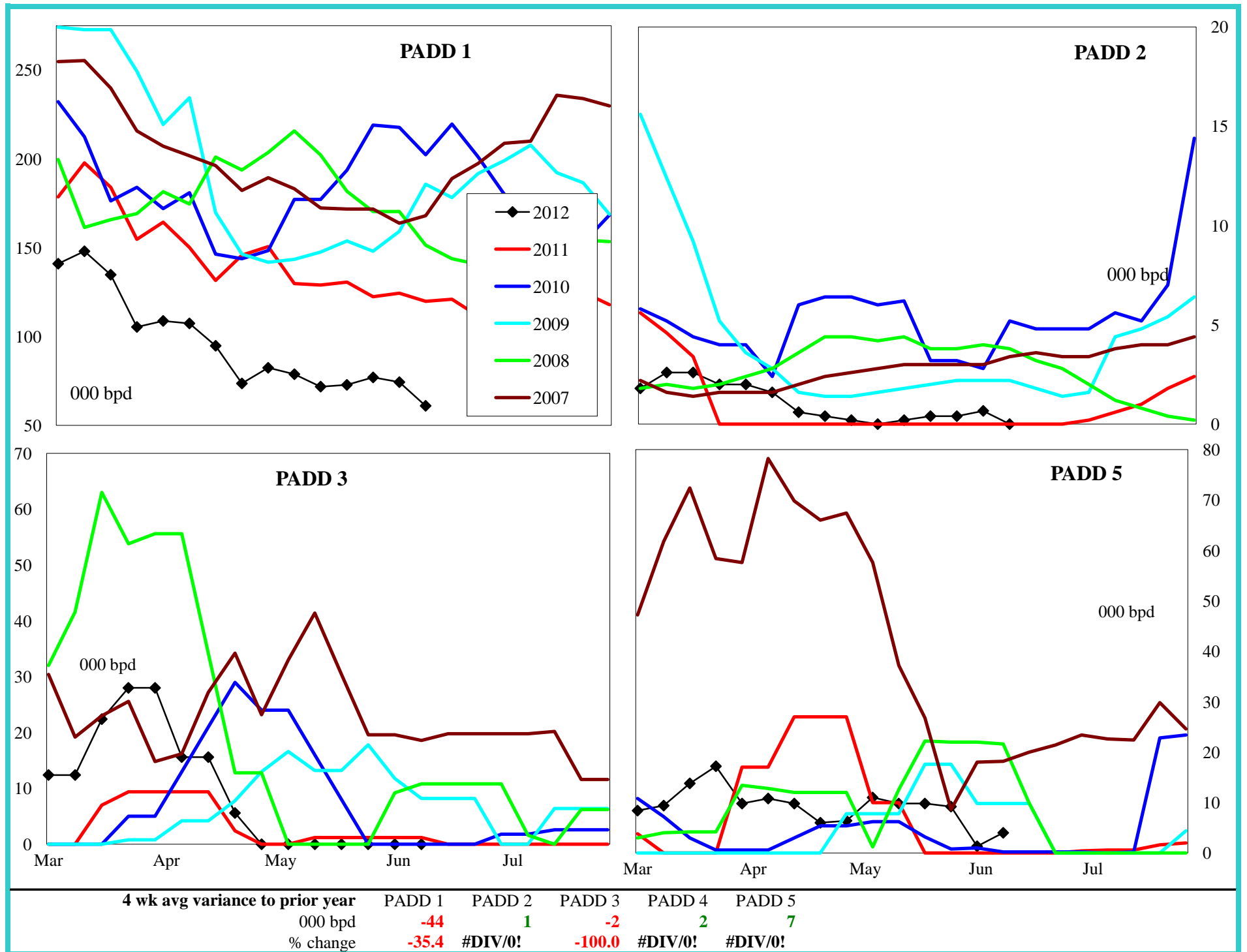
Crude Oil Imports by PADD



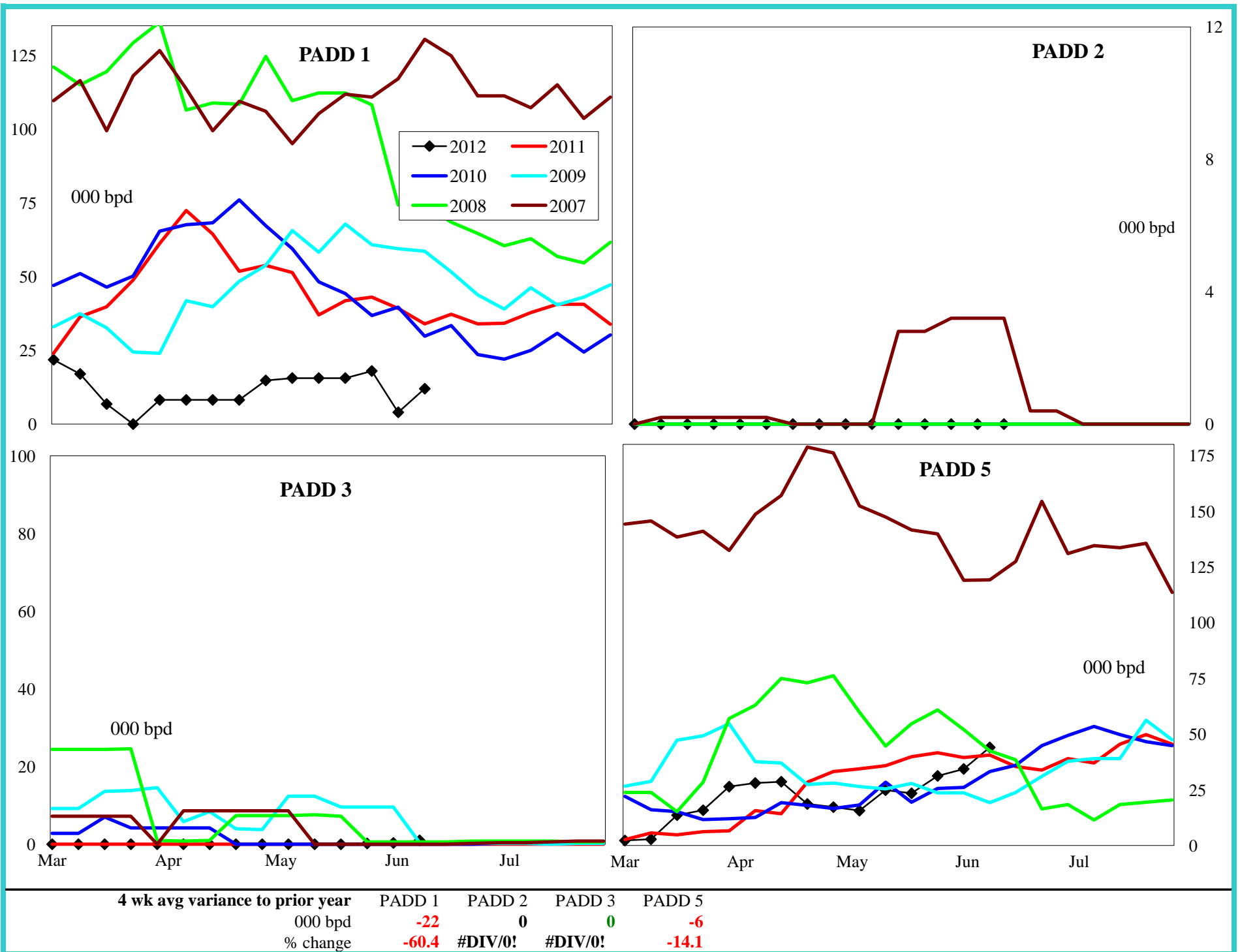
Gasoline Imports by PADD (Finished + Blend Stocks)



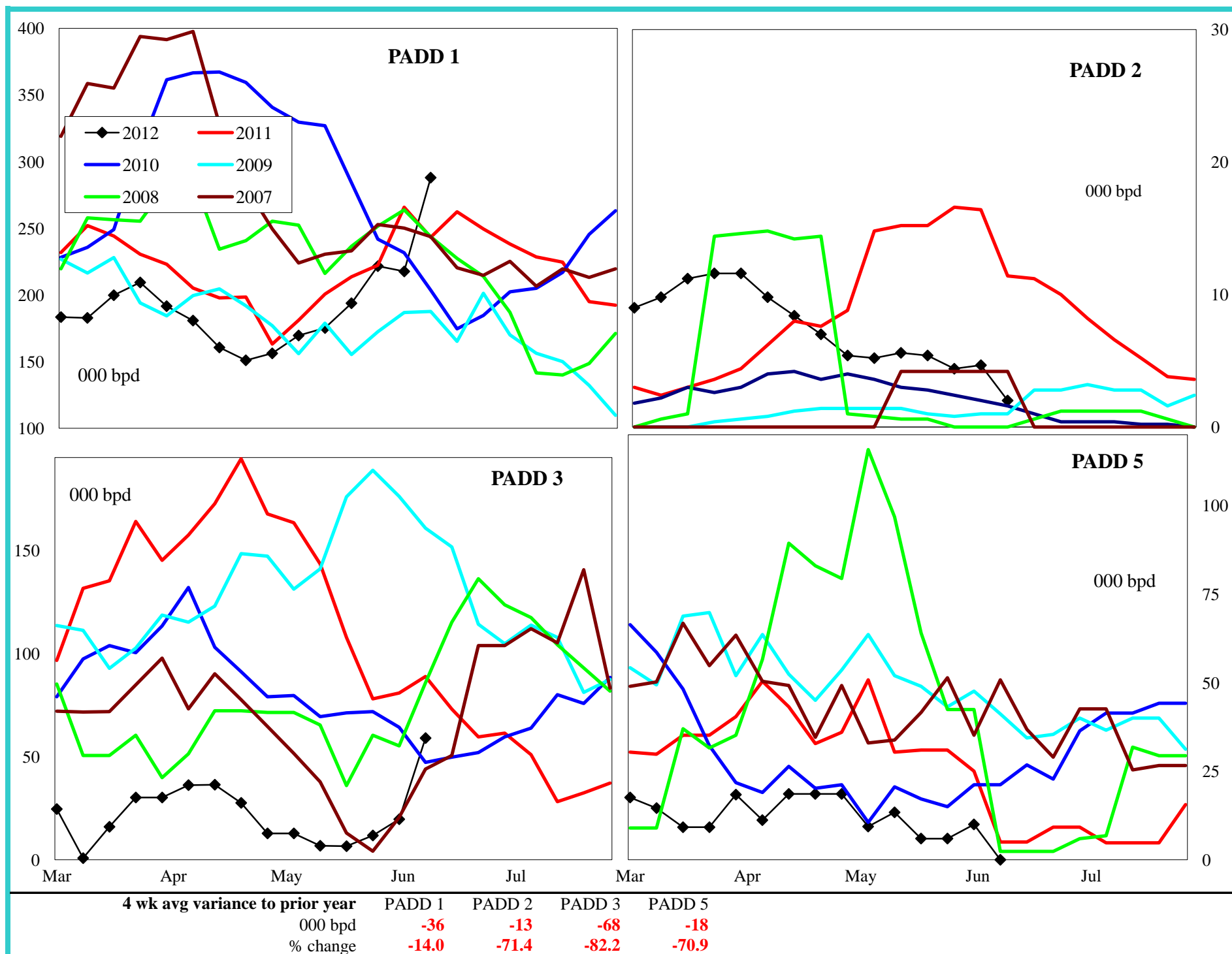
Distillate Imports by PADD



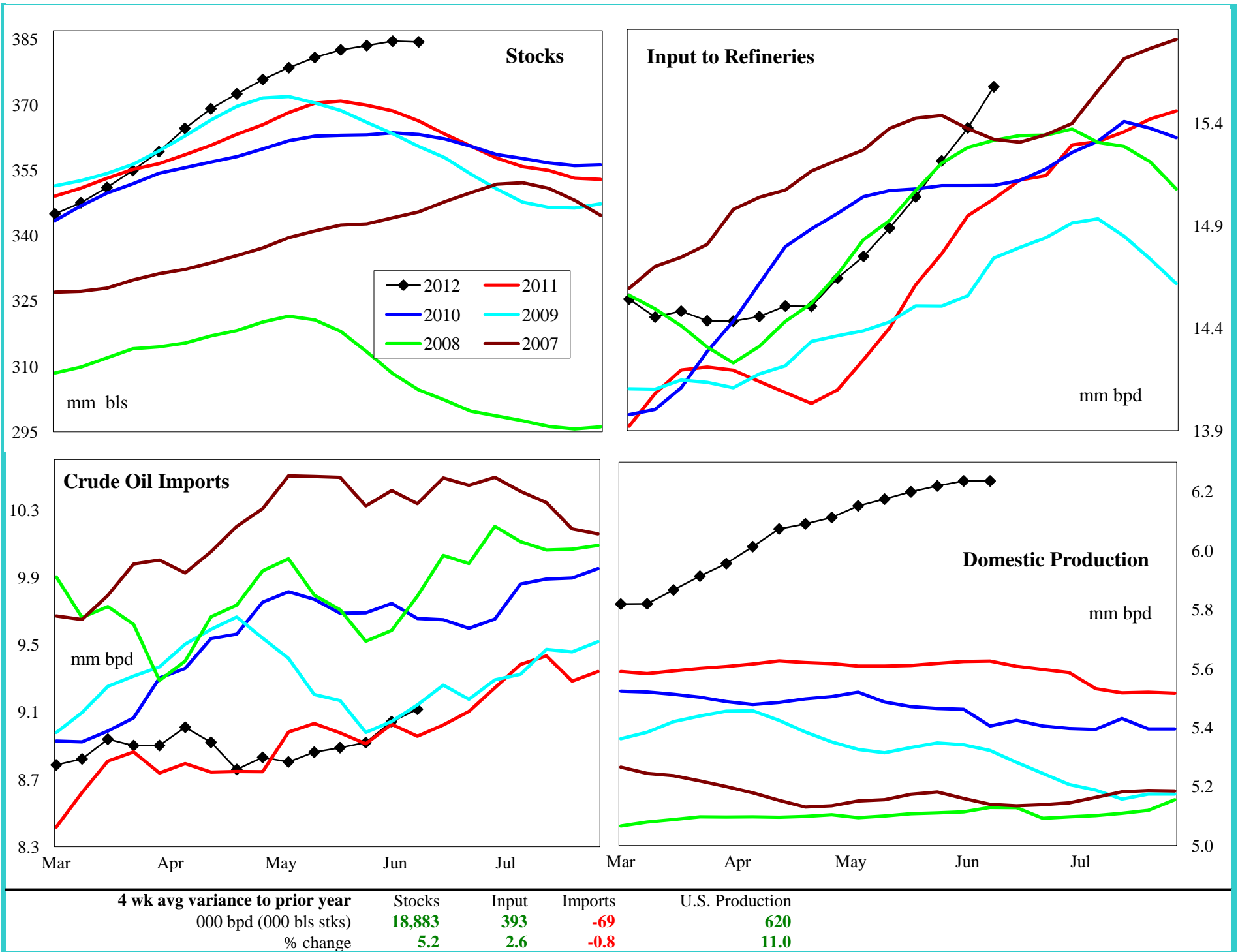
Jet Fuel Imports by PADD



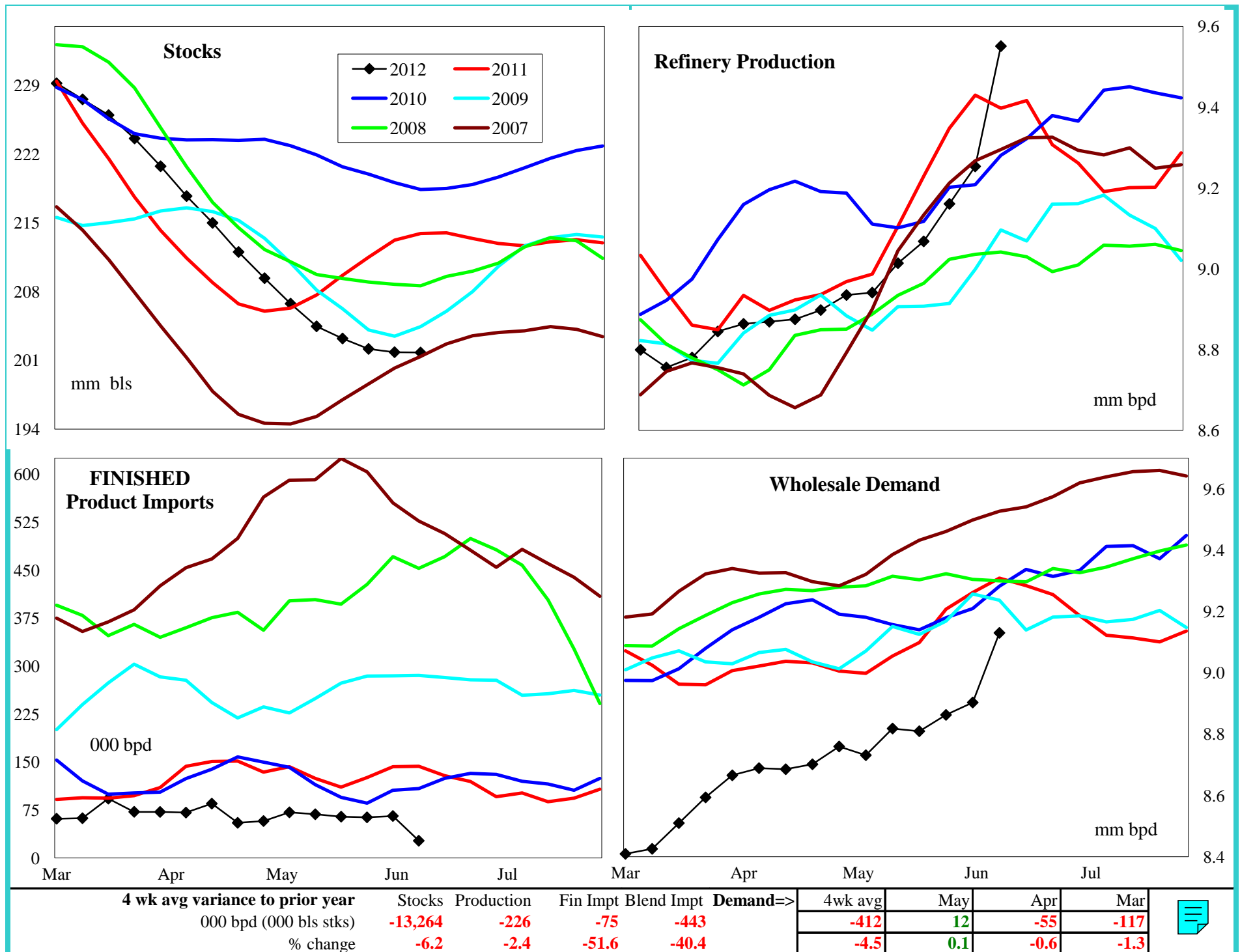
Residual Fuel Oil Imports by PADD



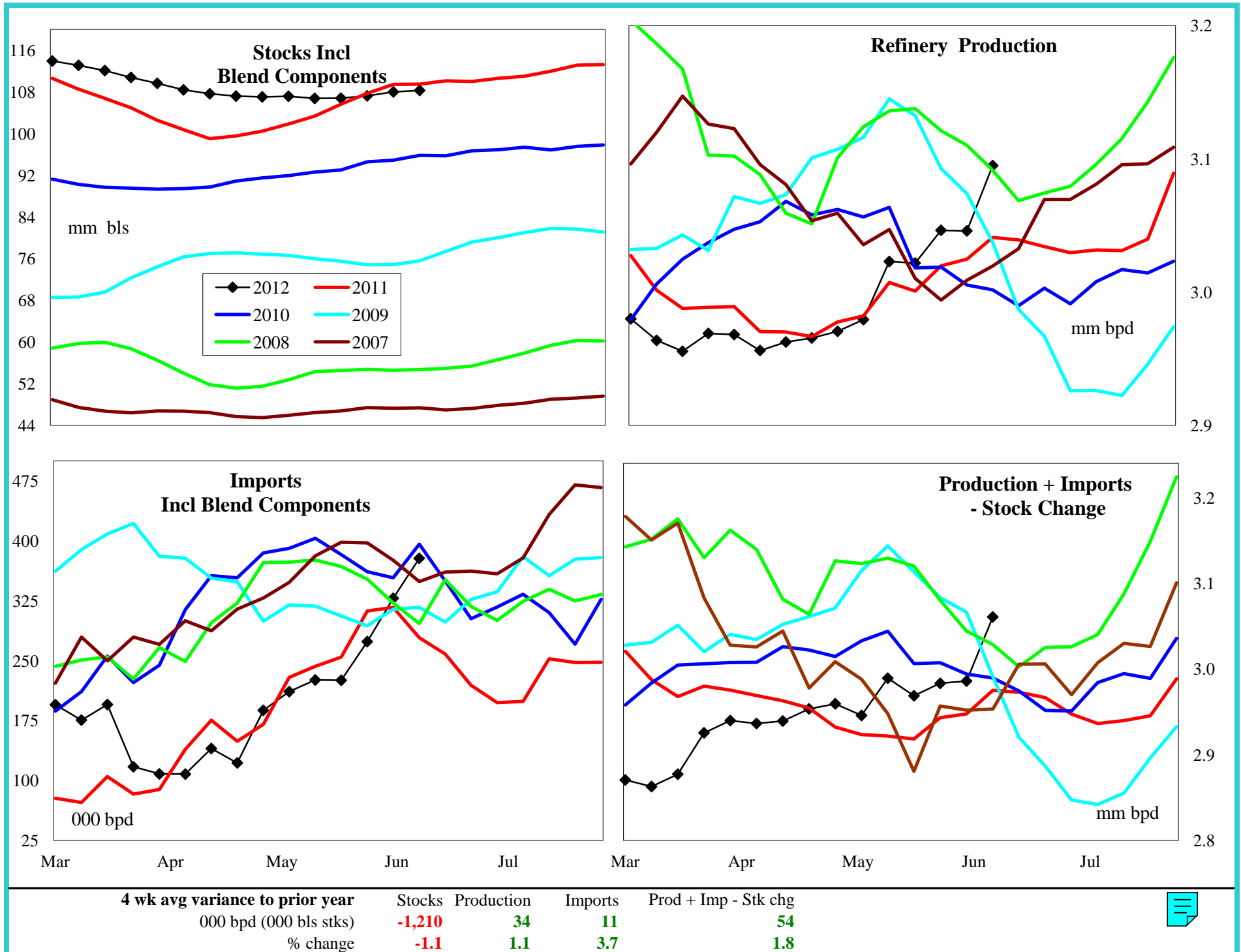
United States Crude Oil Supply and Demand Balance



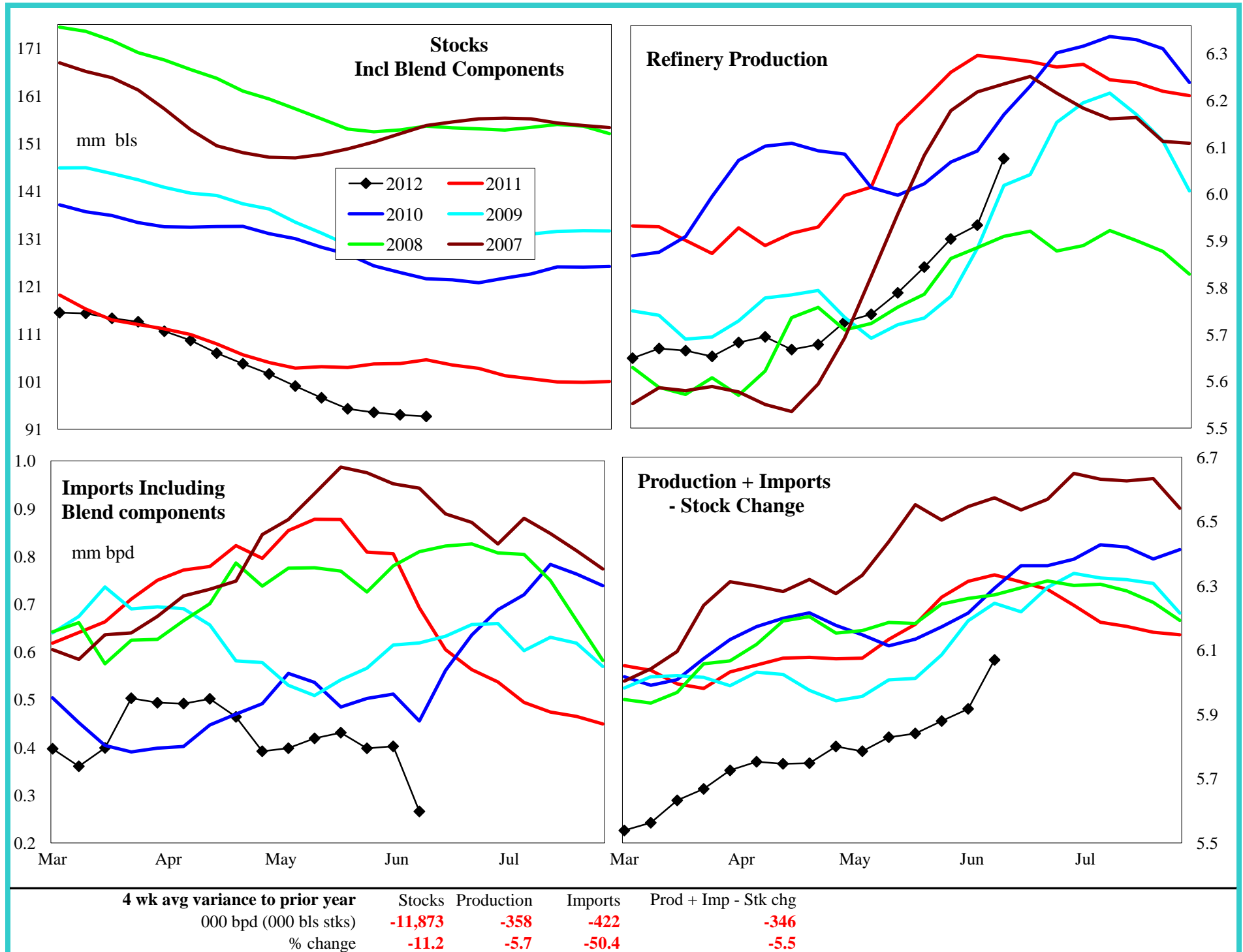
United States Gasoline Supply and Demand Balance



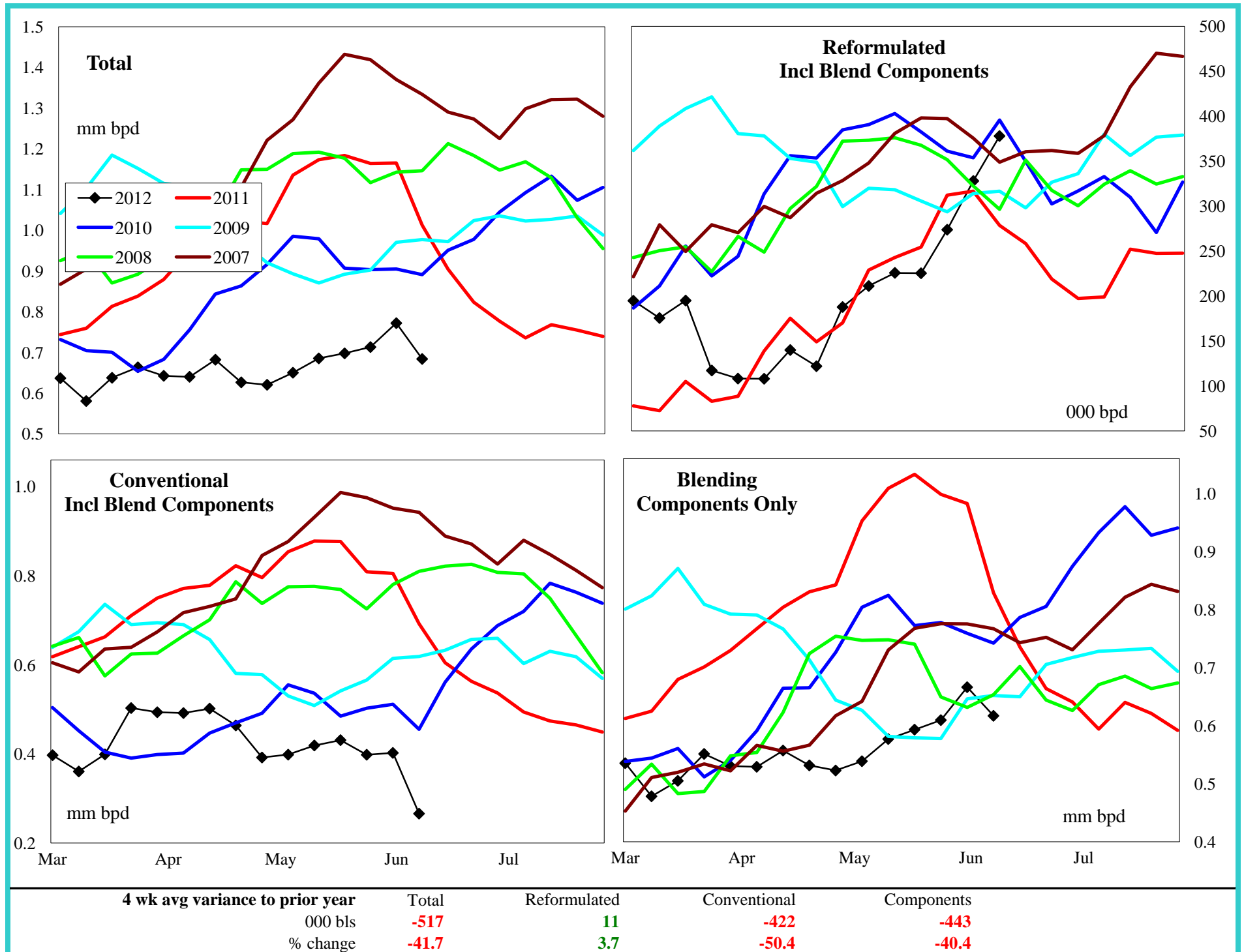
United States Reformulated Gasoline Supply



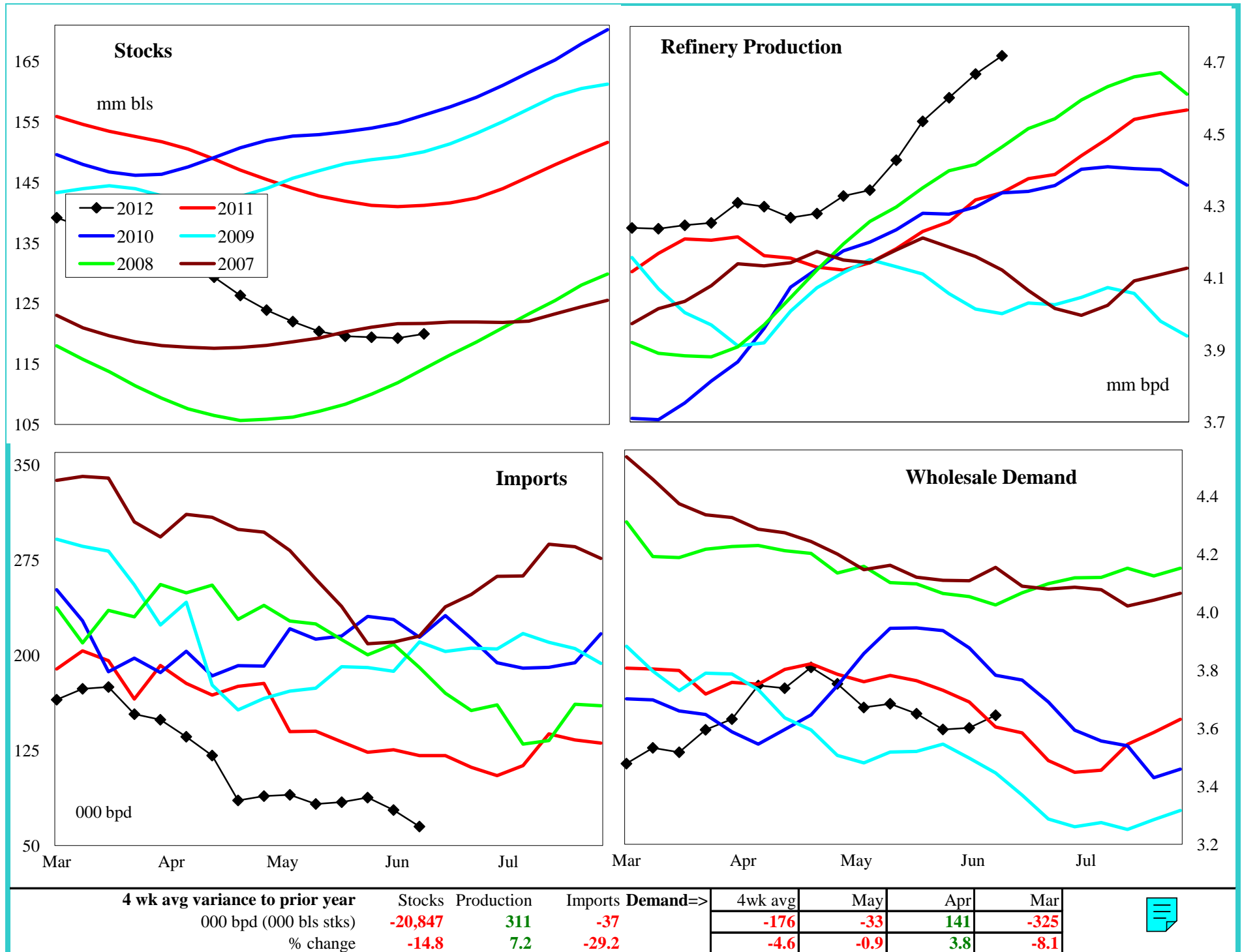
United States Conventional Gasoline Supply



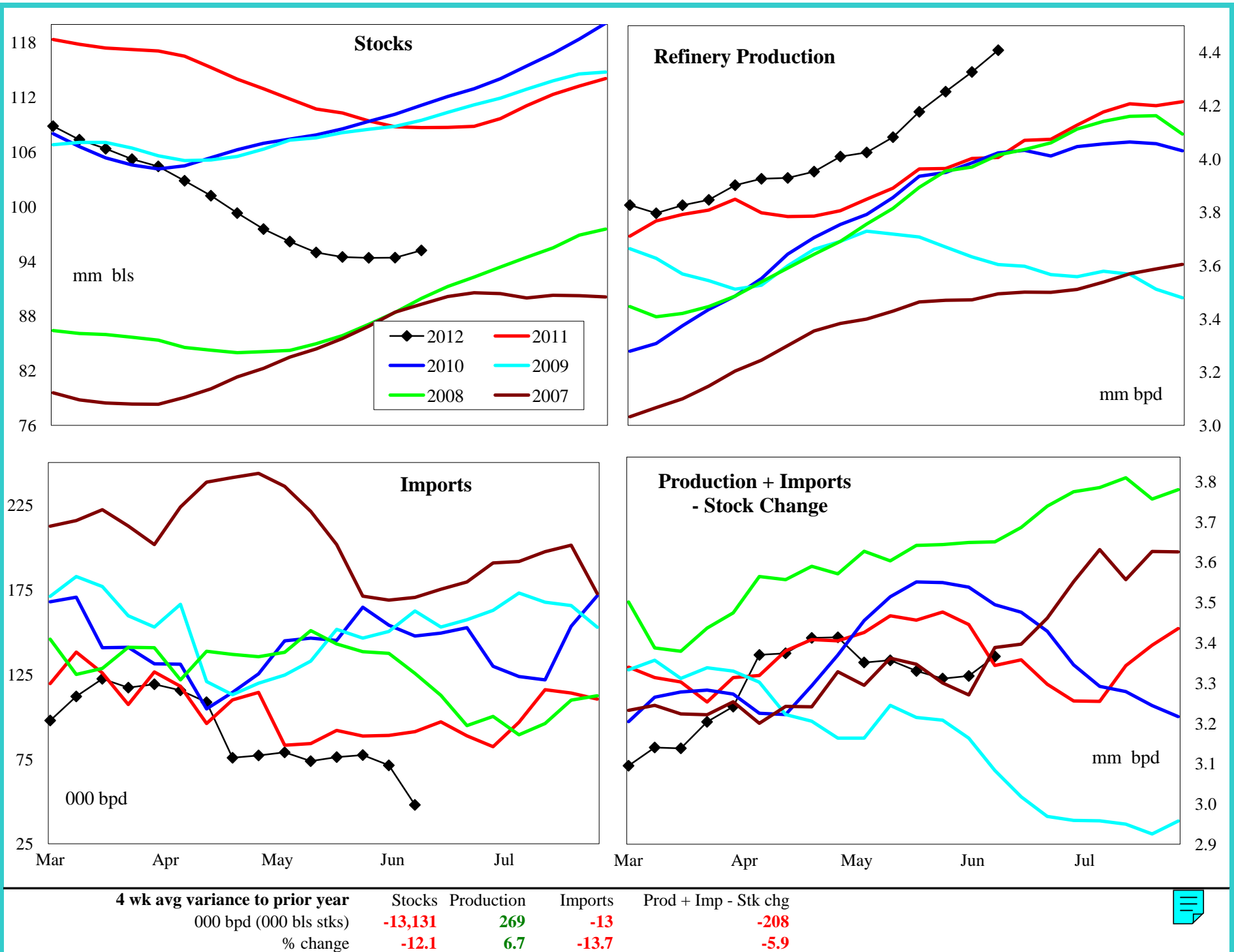
United States Gasoline Imports by Type



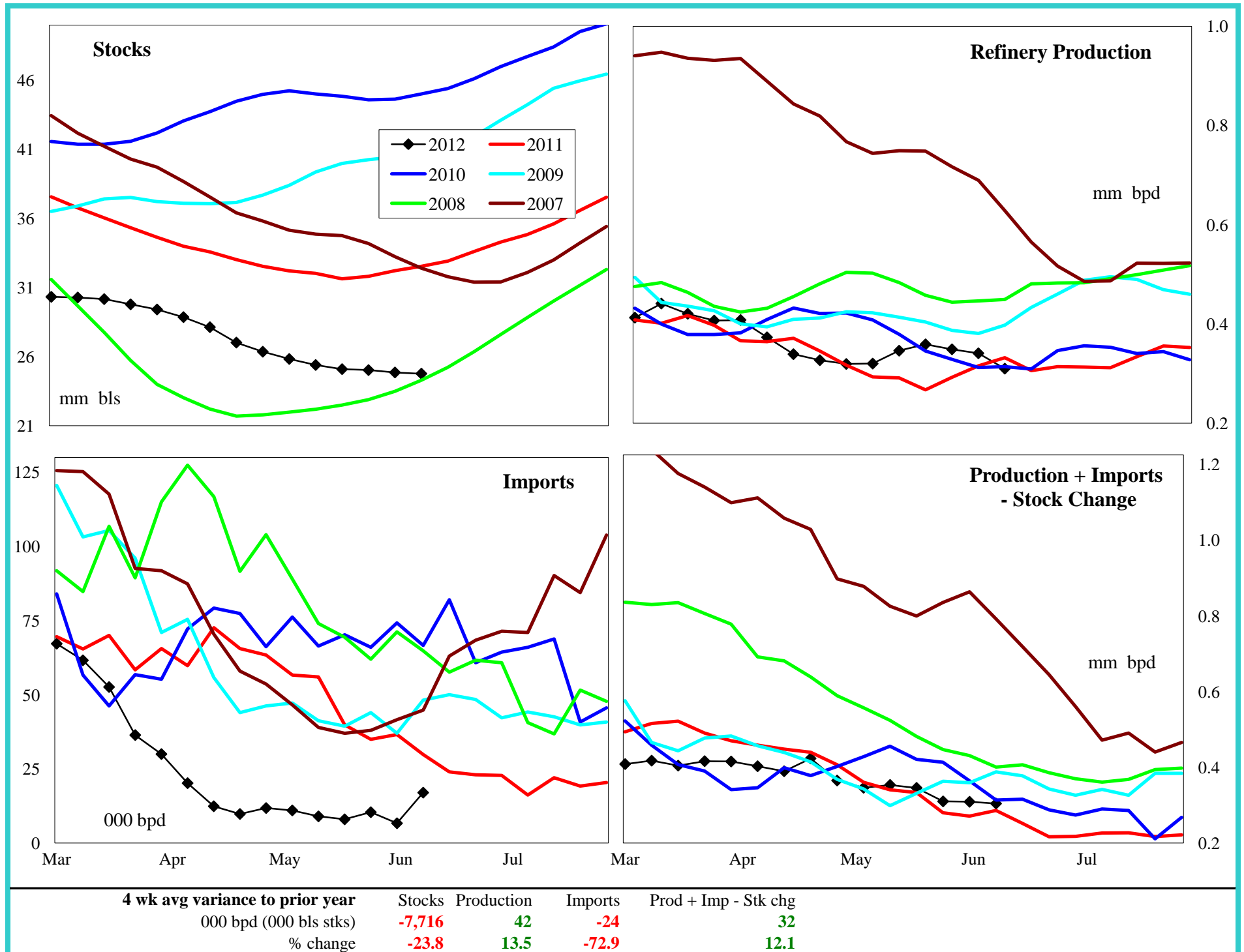
United States Distillate Supply and Demand Balance



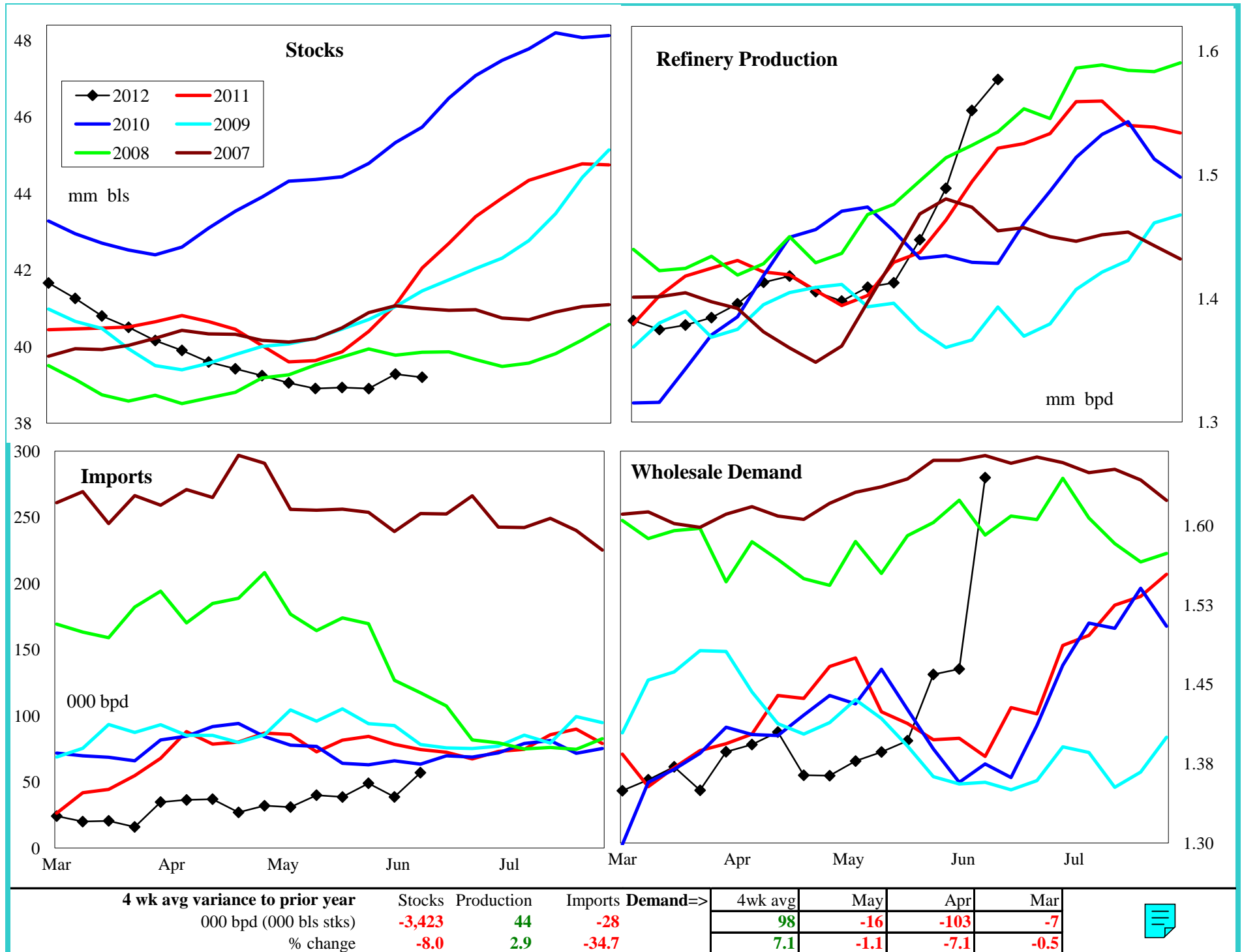
United States Low Sulfur Distillate Supply



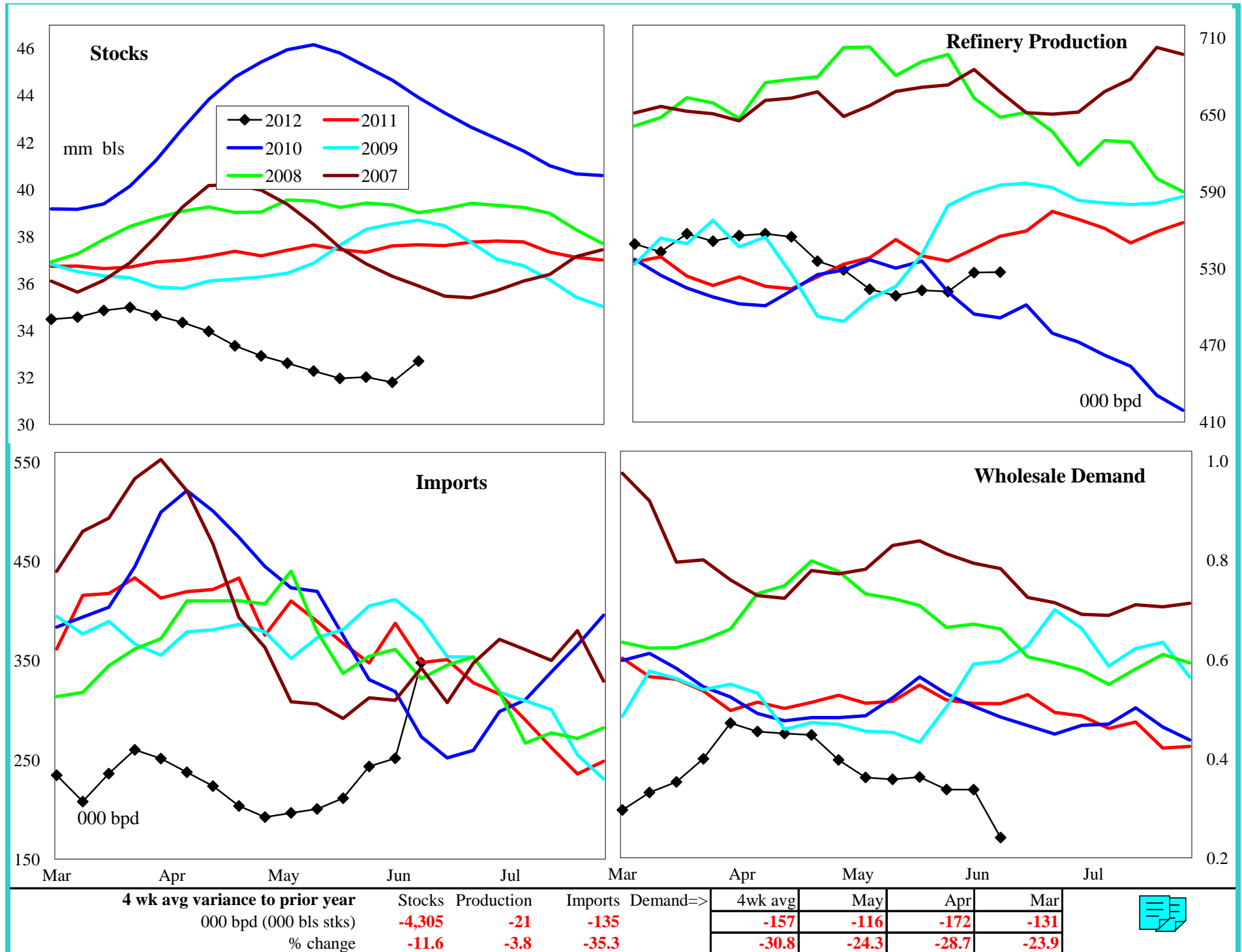
United States High Sulfur Distillate Supply



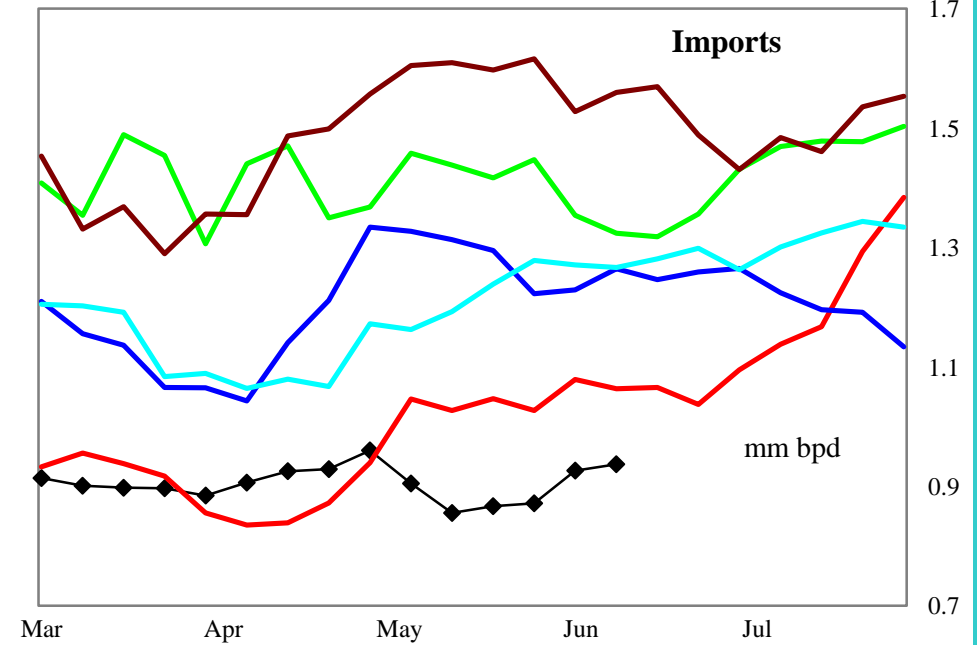
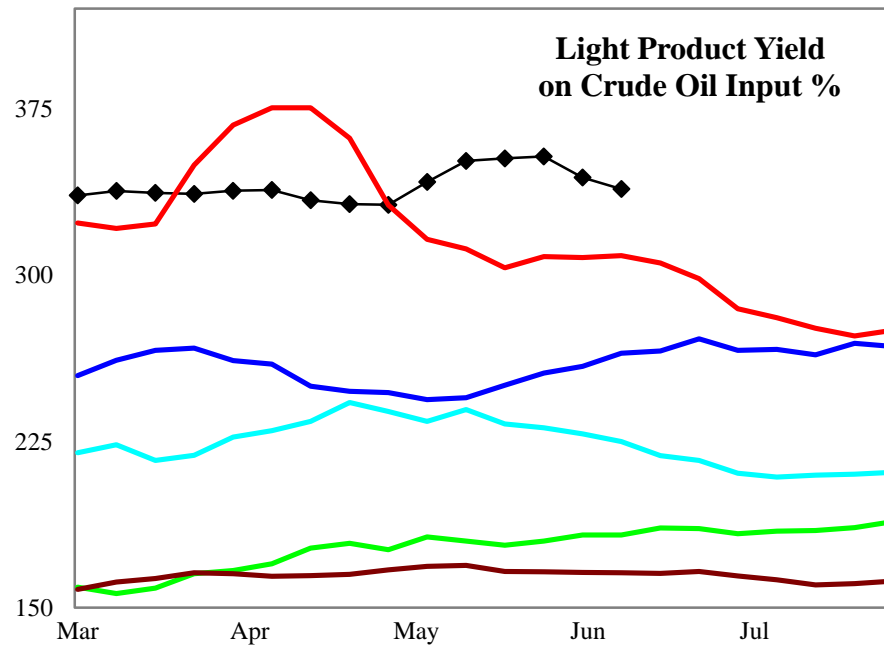
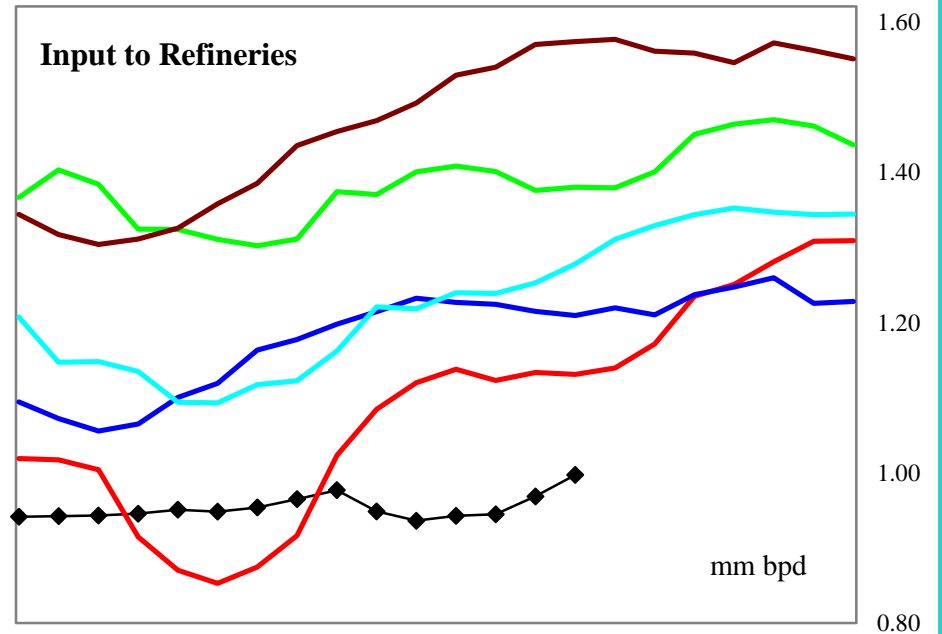
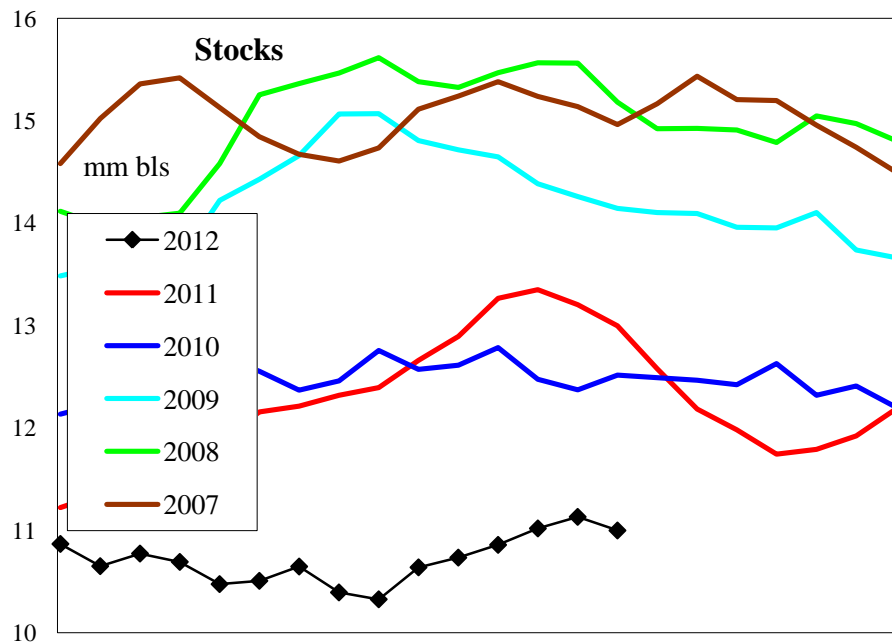
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

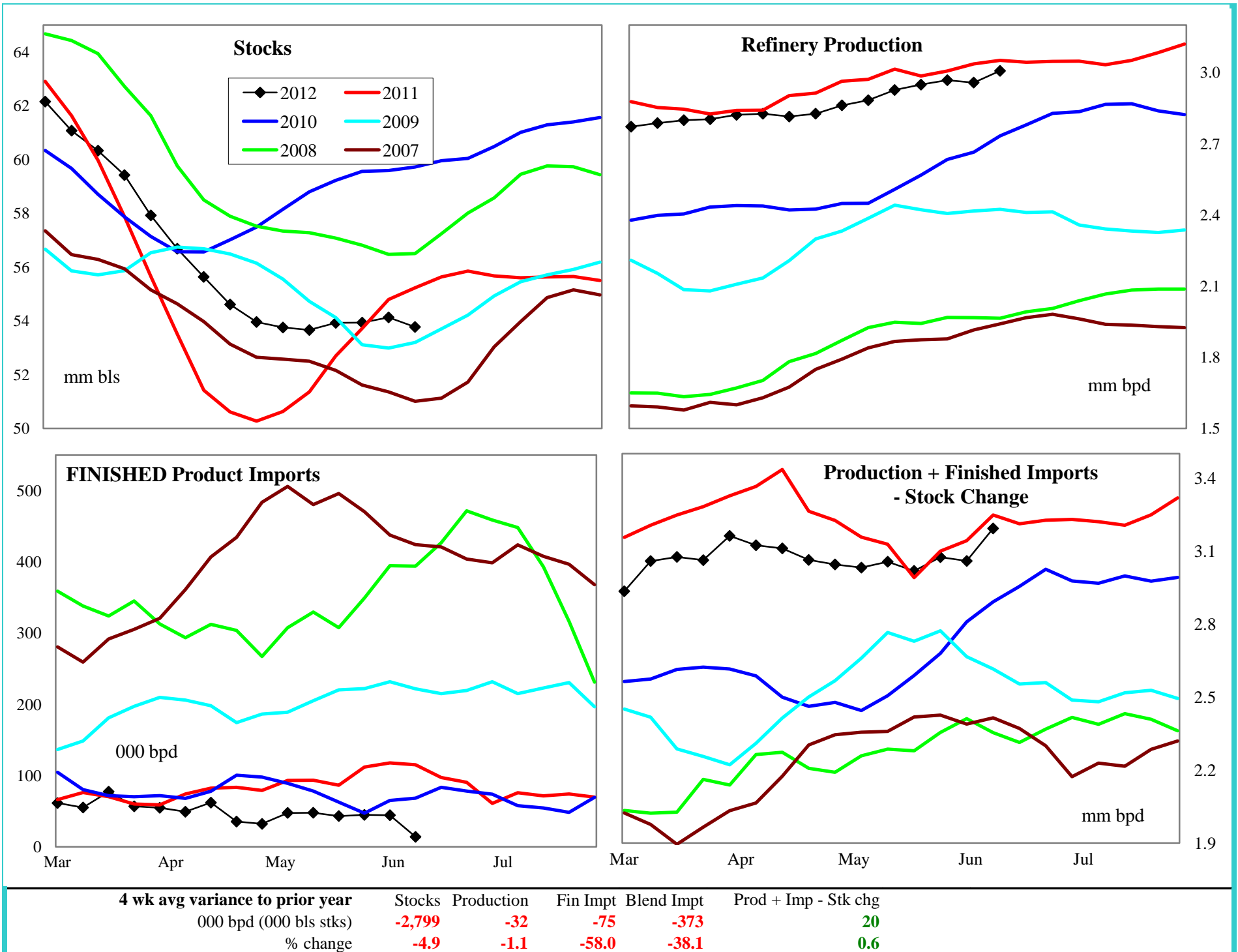


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

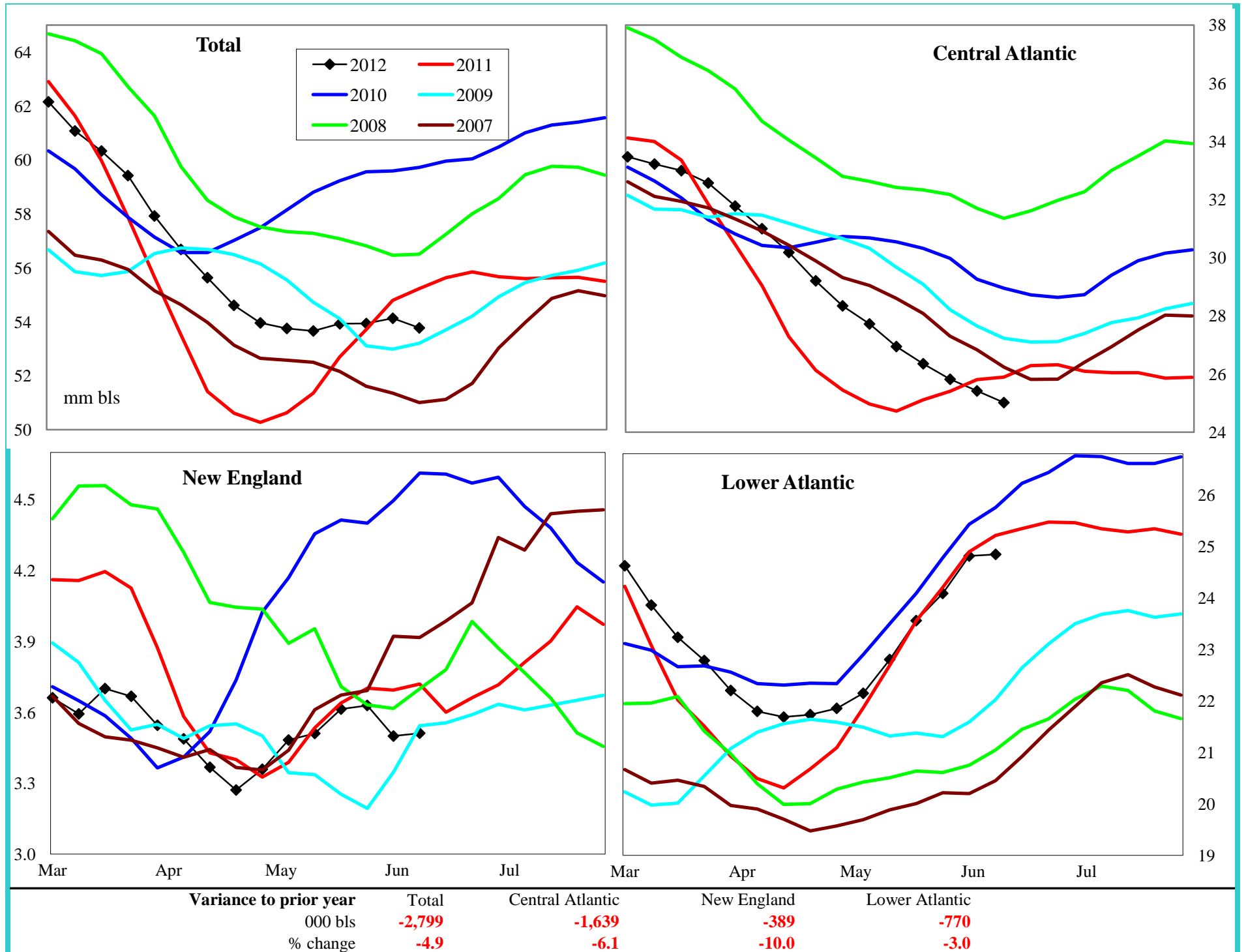
	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,998	-183	-184
% change	-15.4	-16.4	-18.0



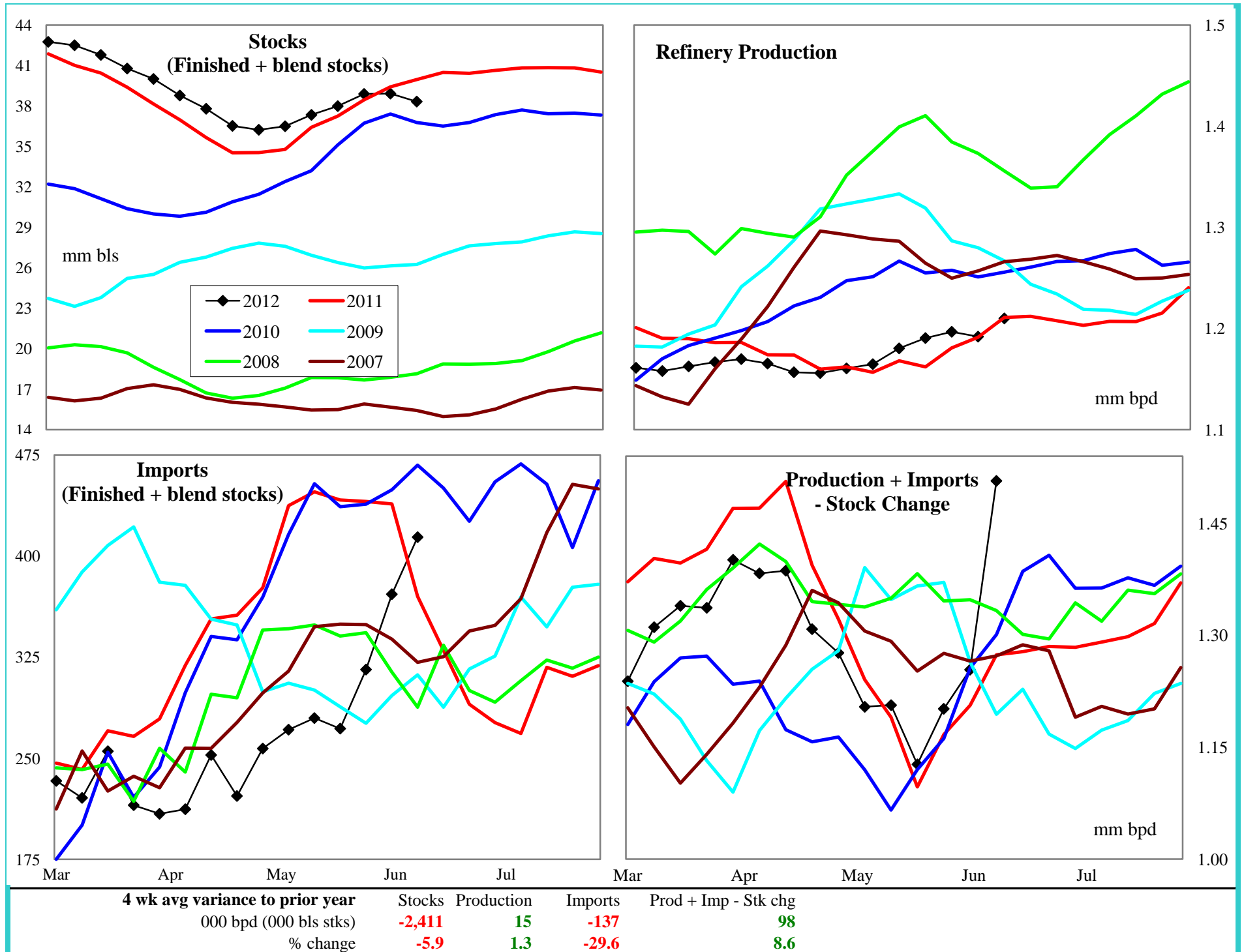
PADD 1 Gasoline Supply



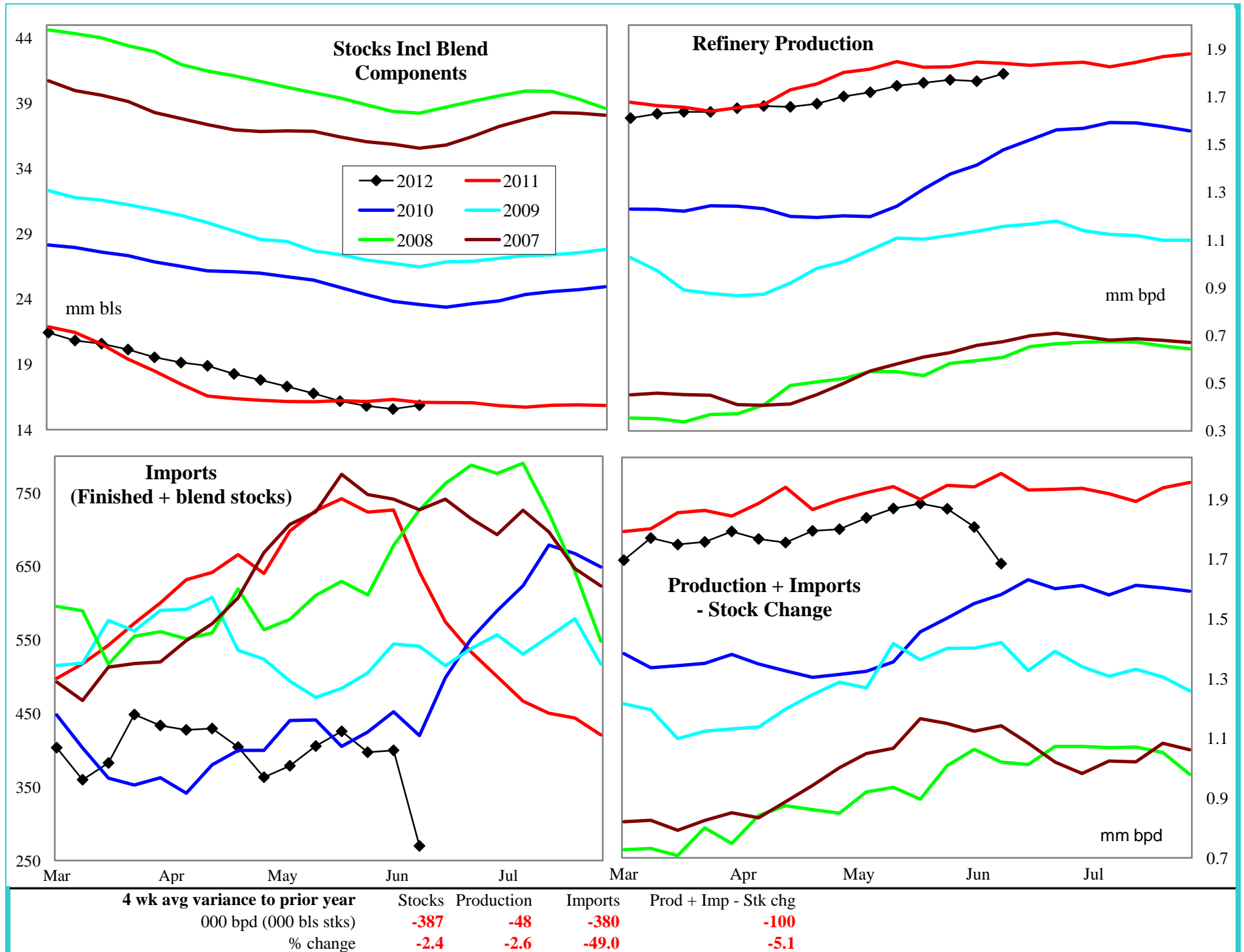
PADD 1 Gasoline Stocks by Region



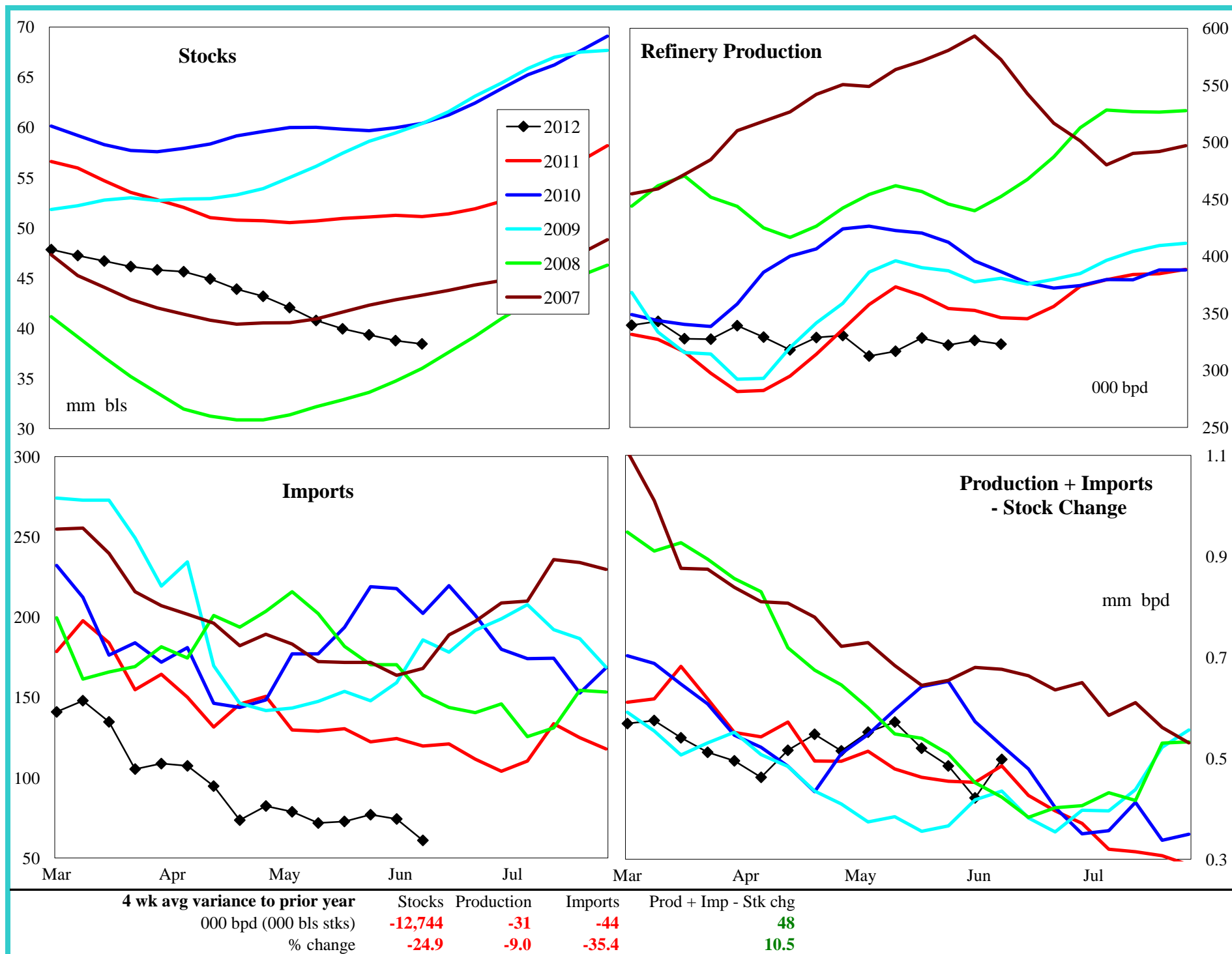
PADD 1 Reformulated Gasoline Supply



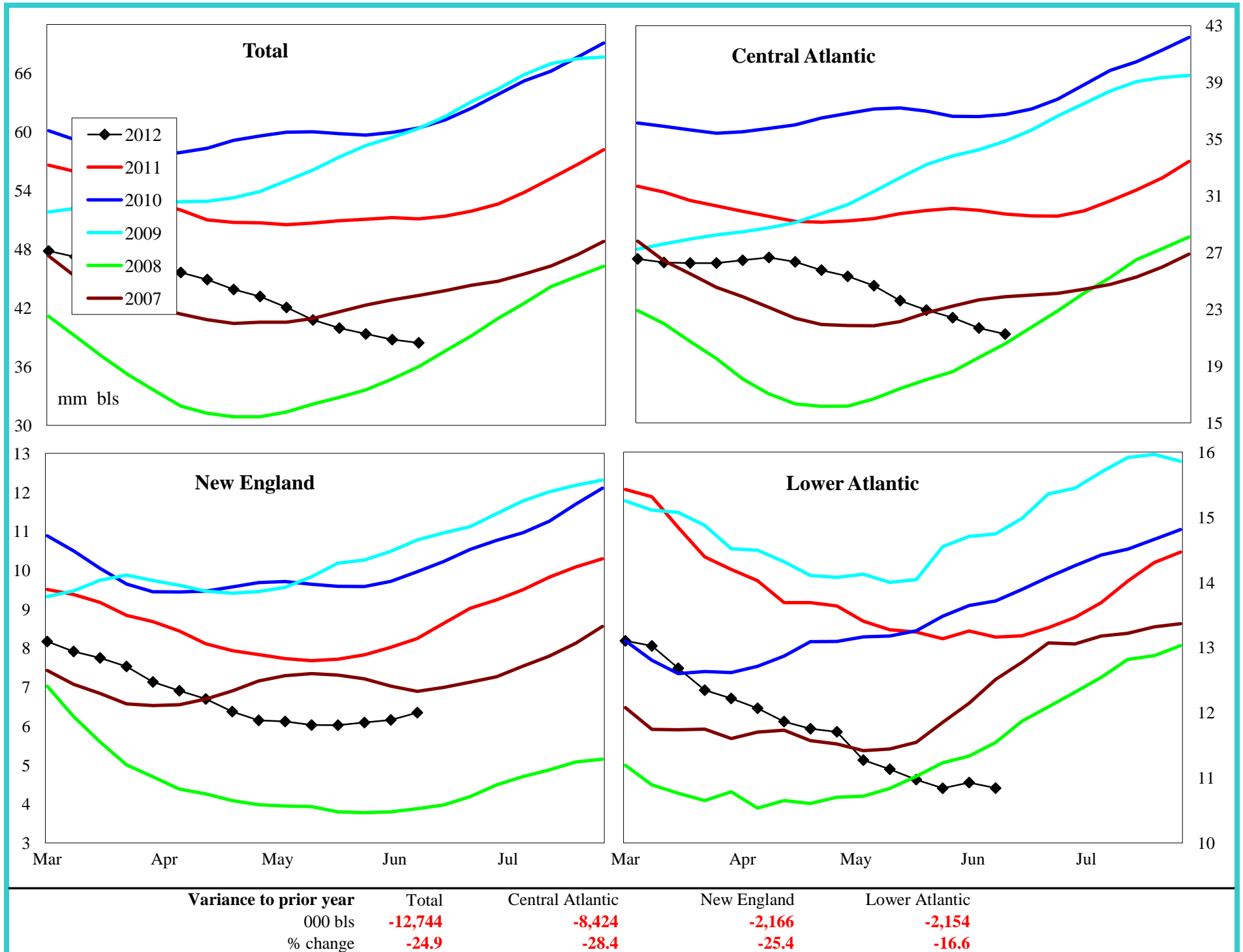
PADD 1 Conventional Gasoline Supply



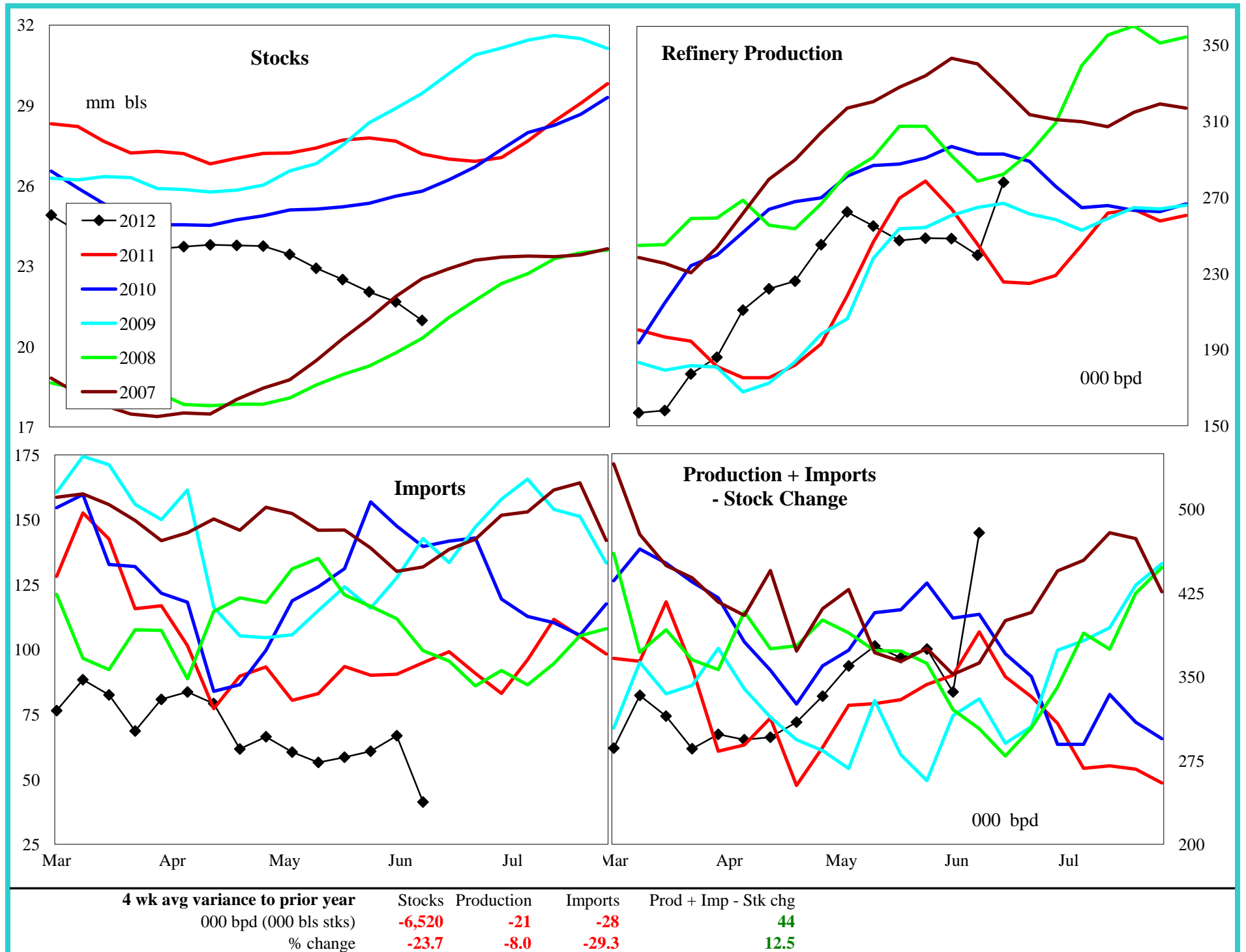
PADD 1 Distillate Supply



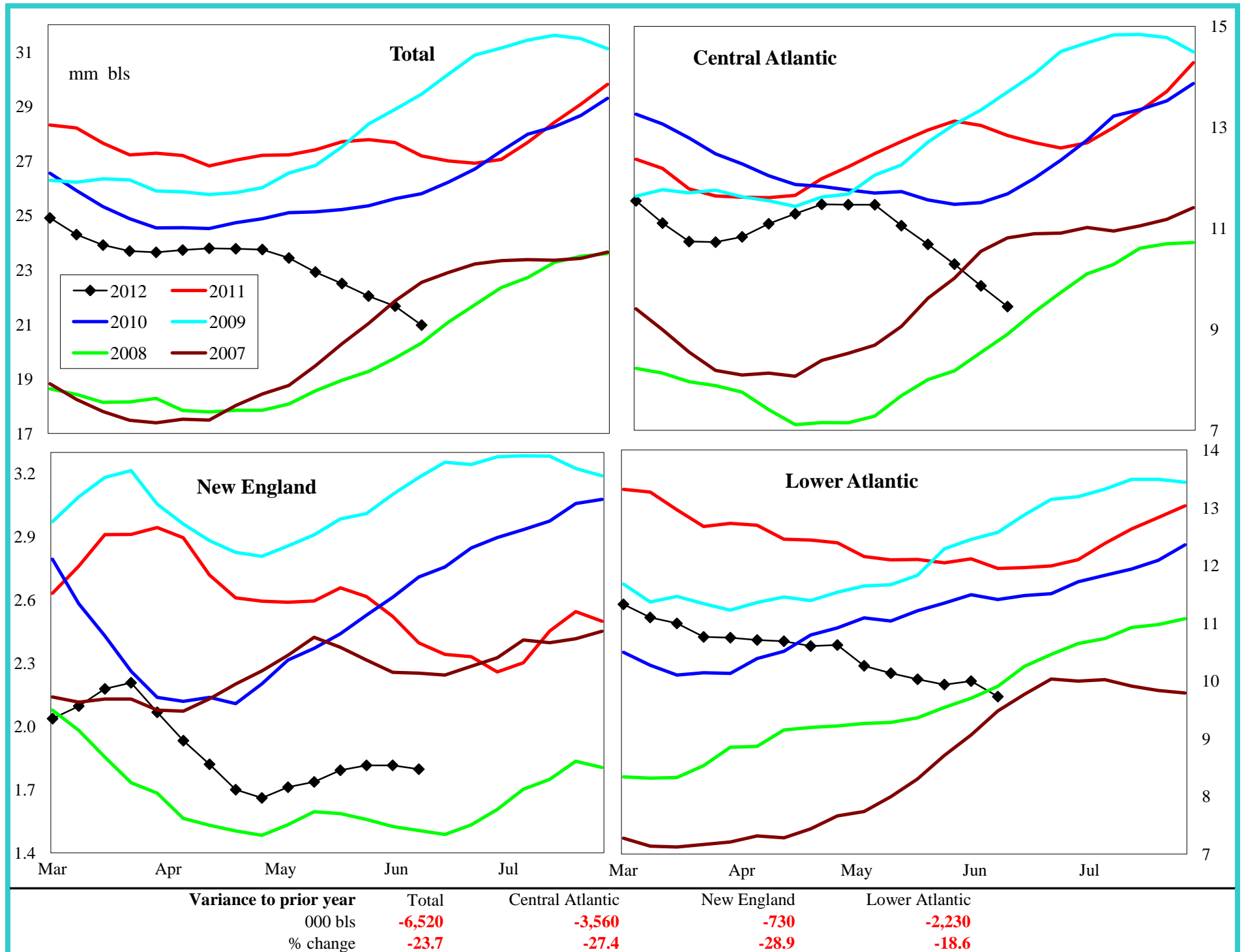
PADD 1 Distillate Stocks by Region



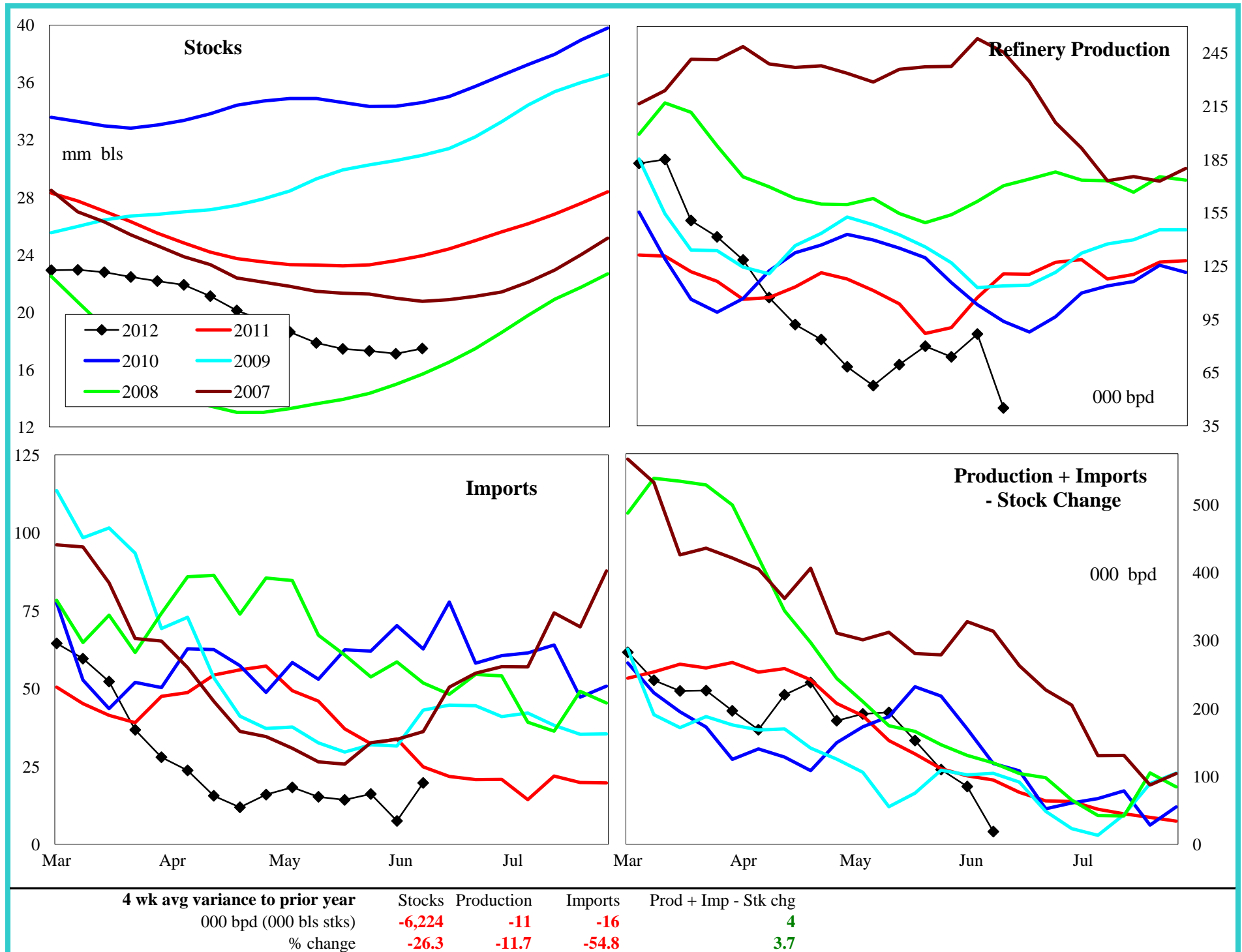
PADD 1 Low Sulfur Distillate Supply



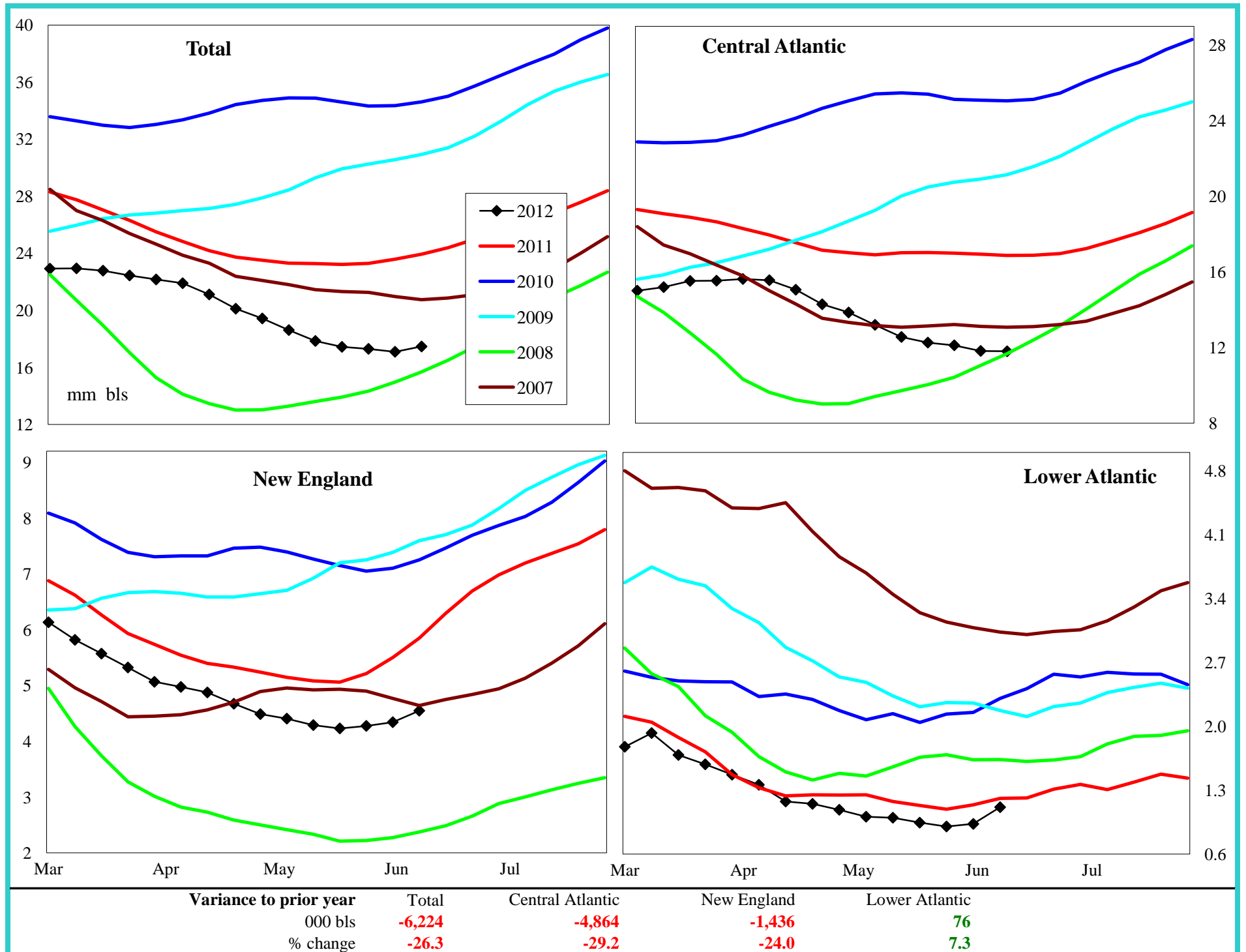
PADD 1 Low Sulfur Distillate Stocks by Region



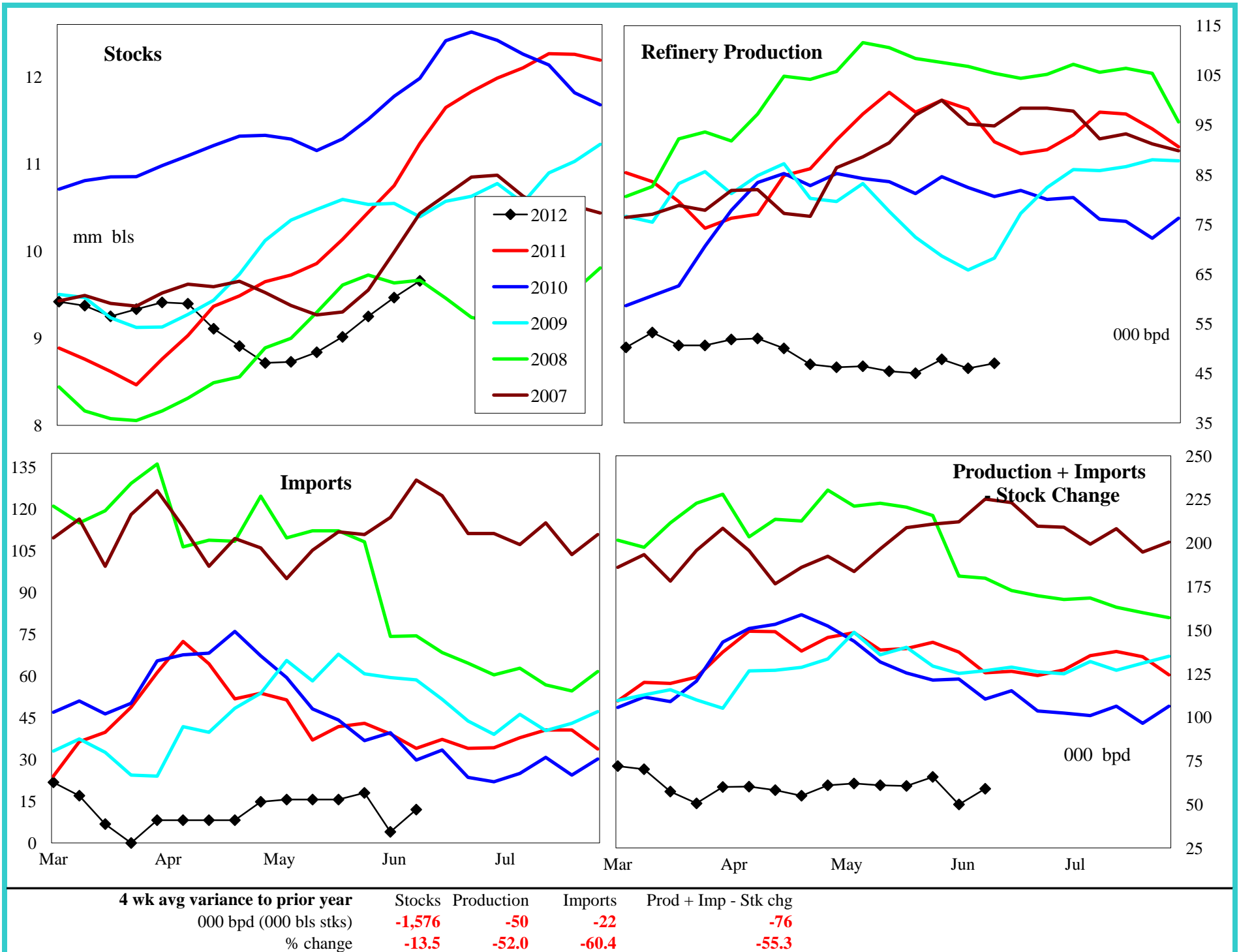
PADD 1 High Sulfur Distillate Supply



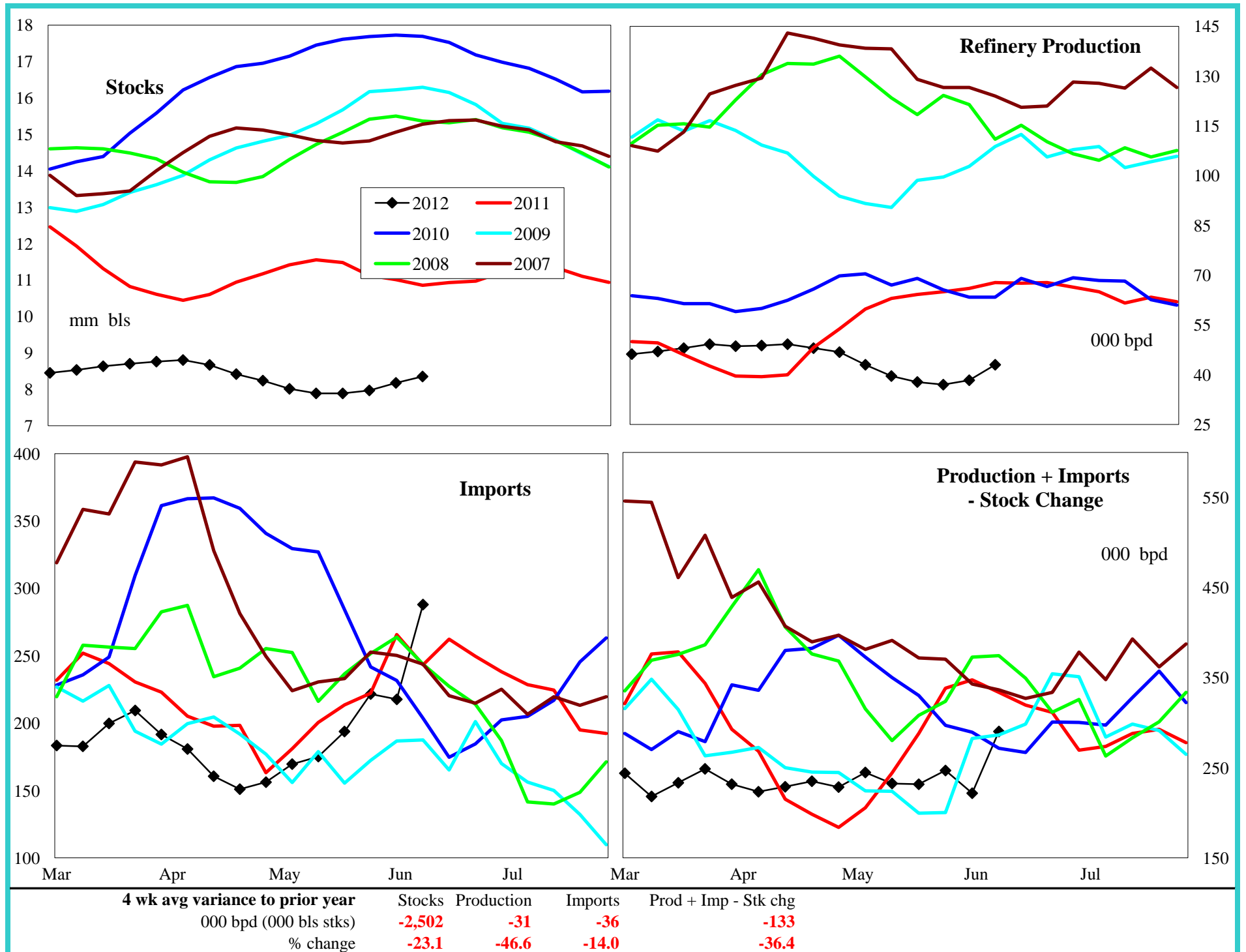
PADD 1 High Sulfur Distillate Stocks by Region



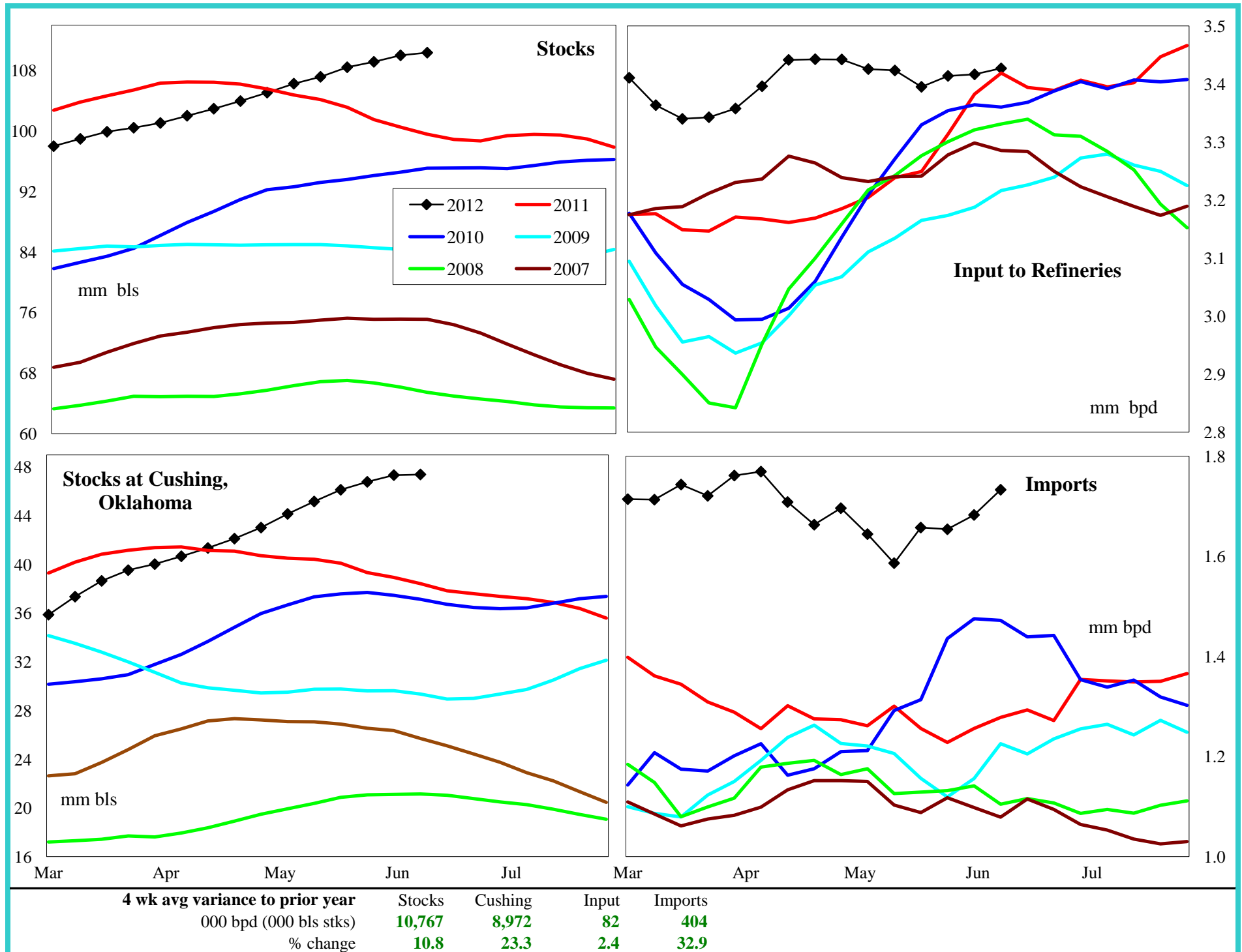
PADD 1 Jet Fuel Supply



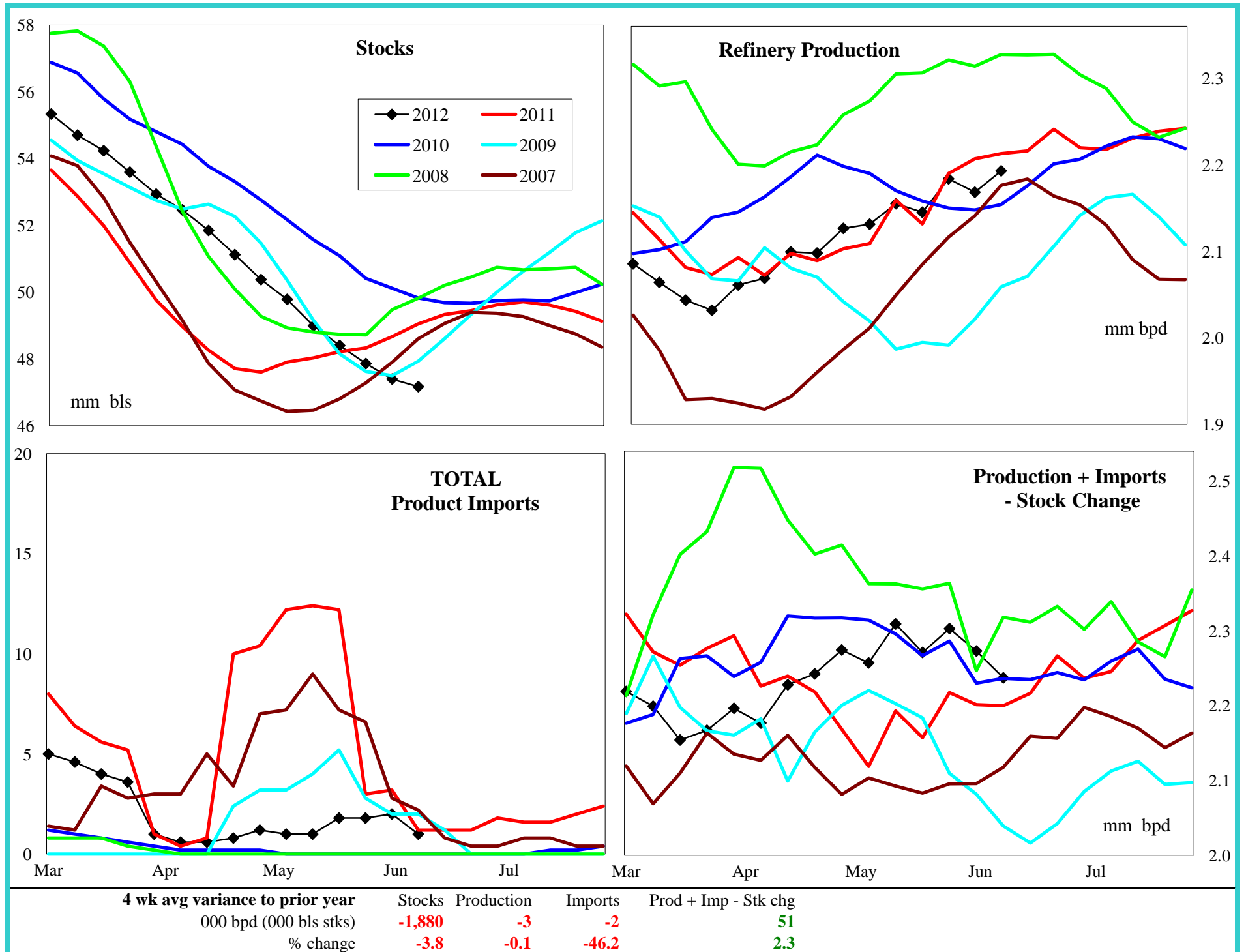
PADD 1 Residual Fuel Oil Supply



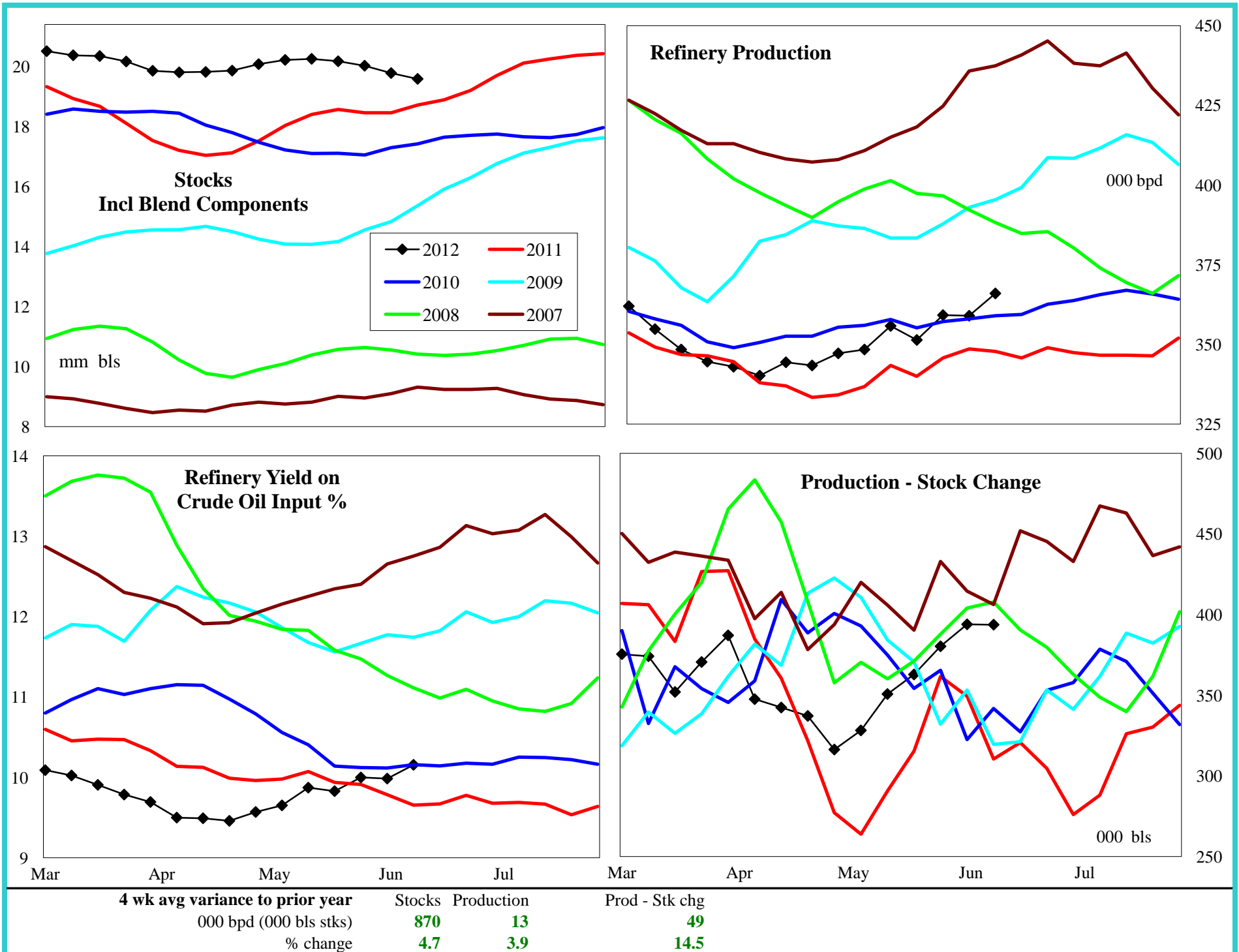
PADD 2 Crude Oil Supply and Refining



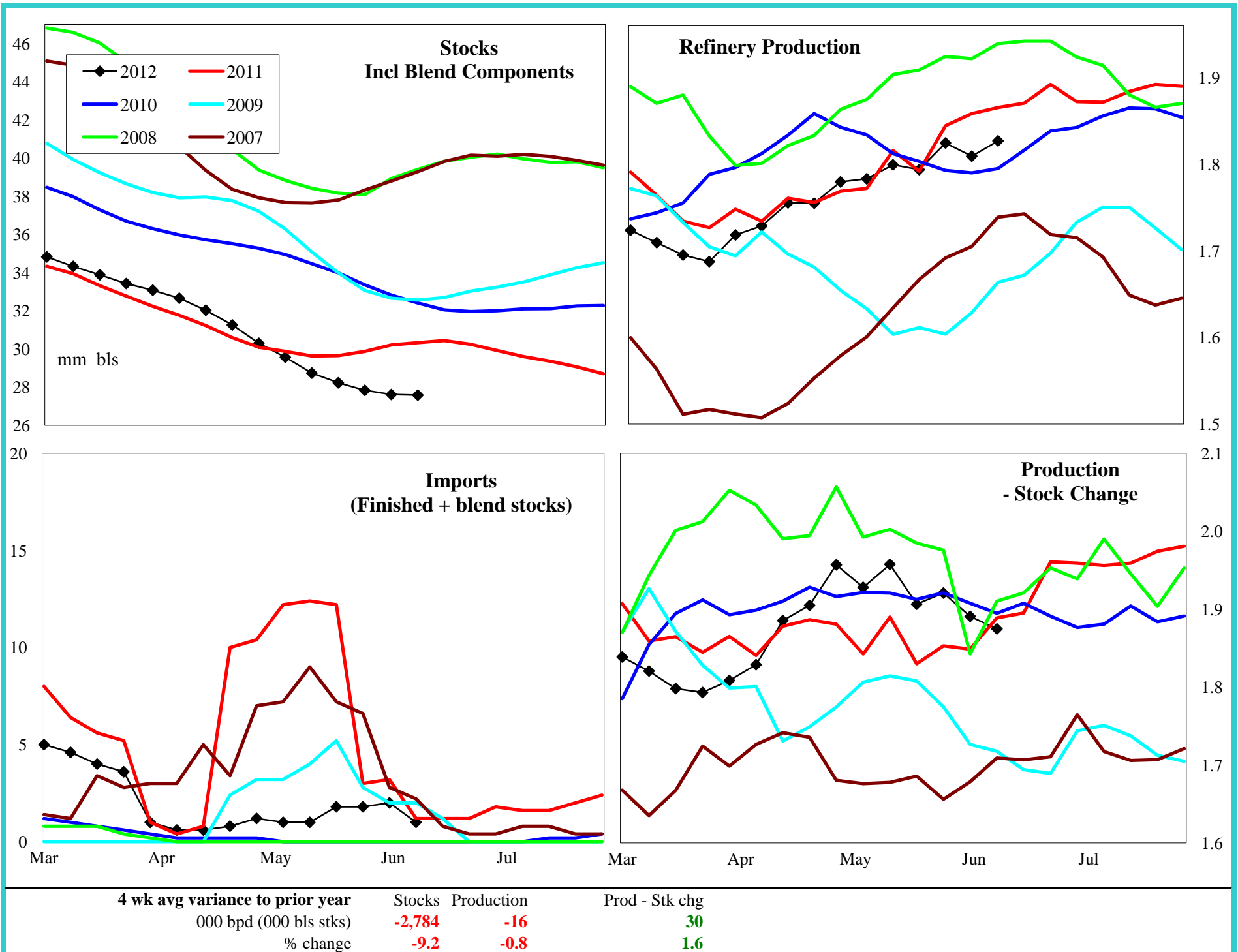
PADD 2 Gasoline Supply



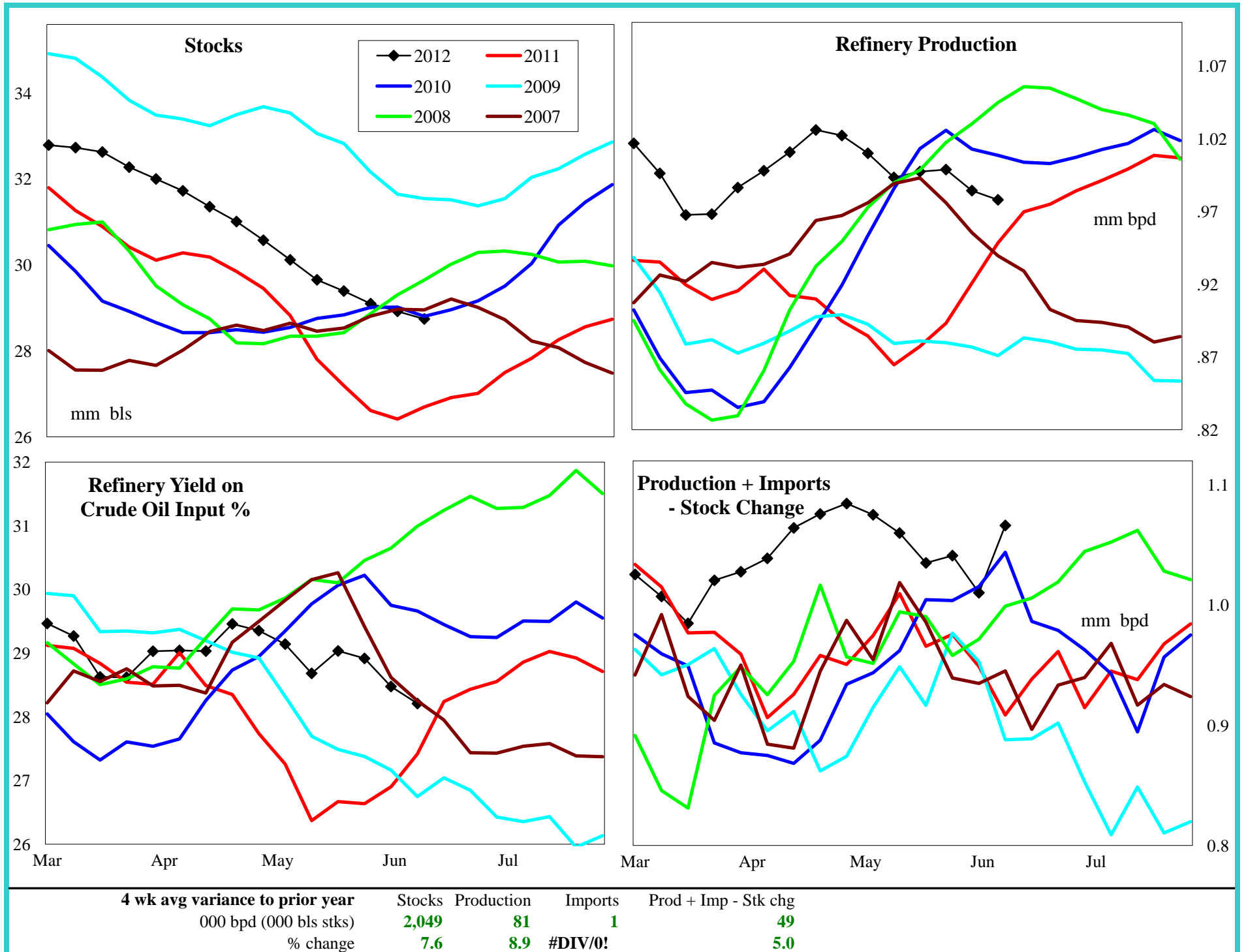
PADD 2 Reformulated Gasoline Supply



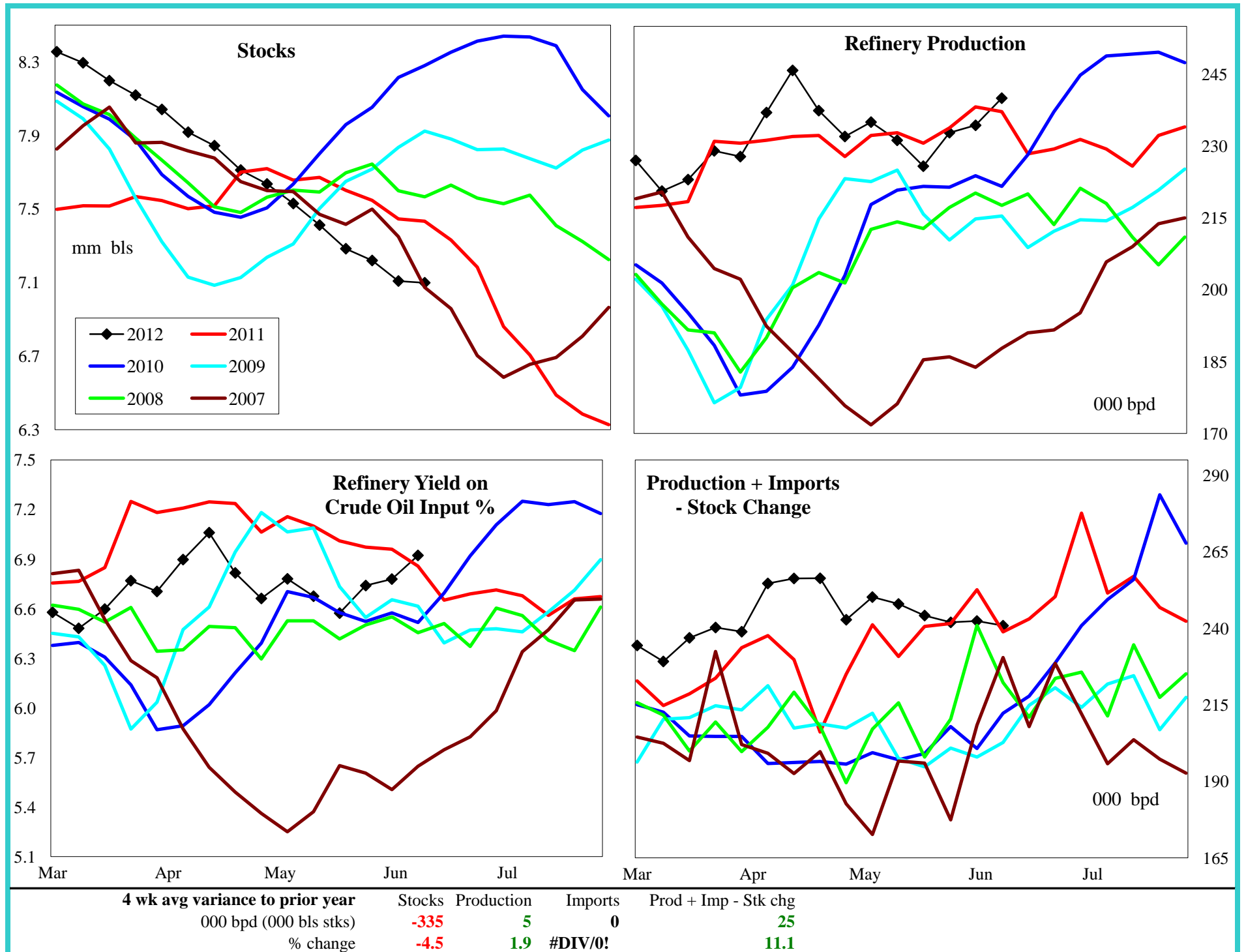
PADD 2 Conventional Gasoline Supply



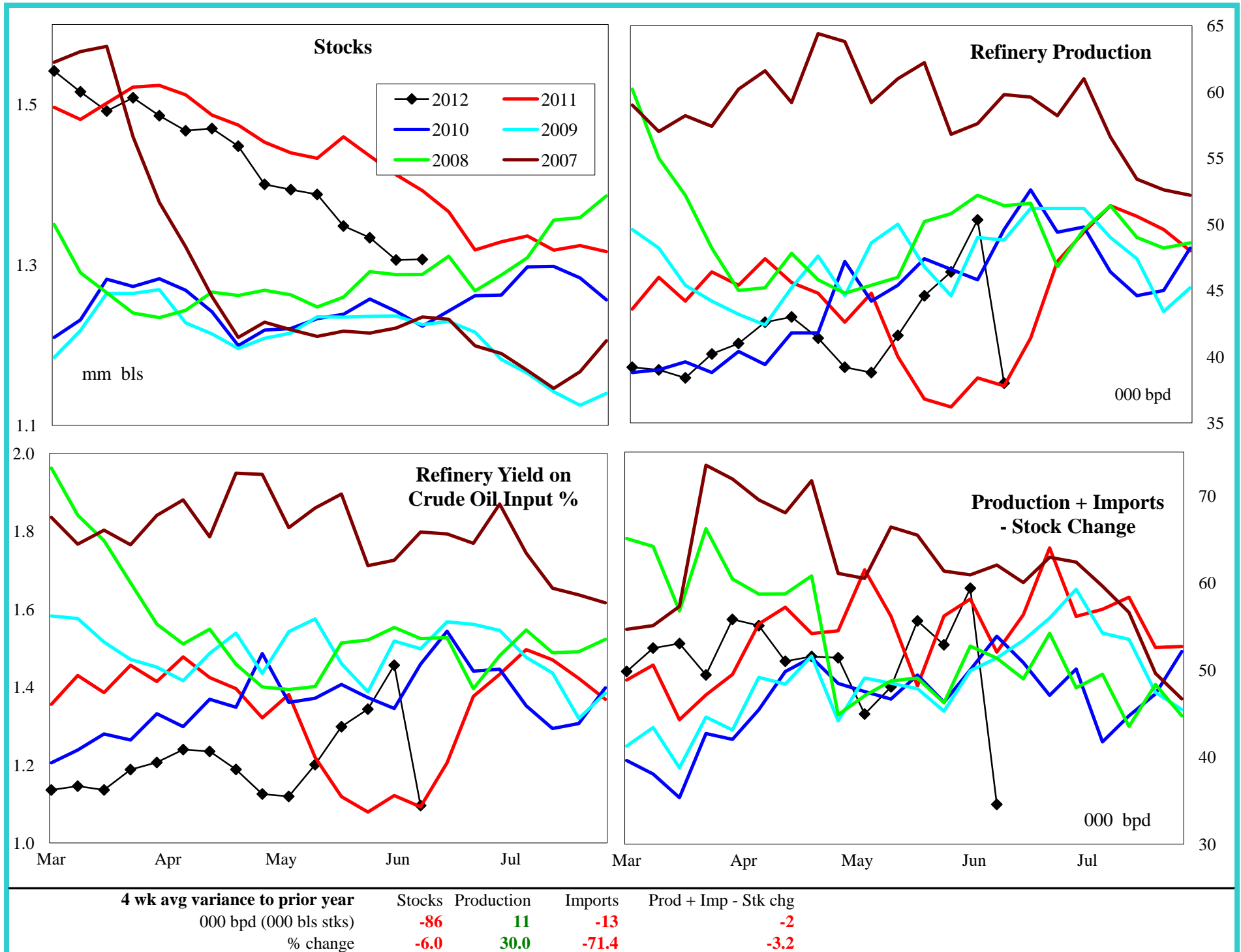
PADD 2 Distillate Supply



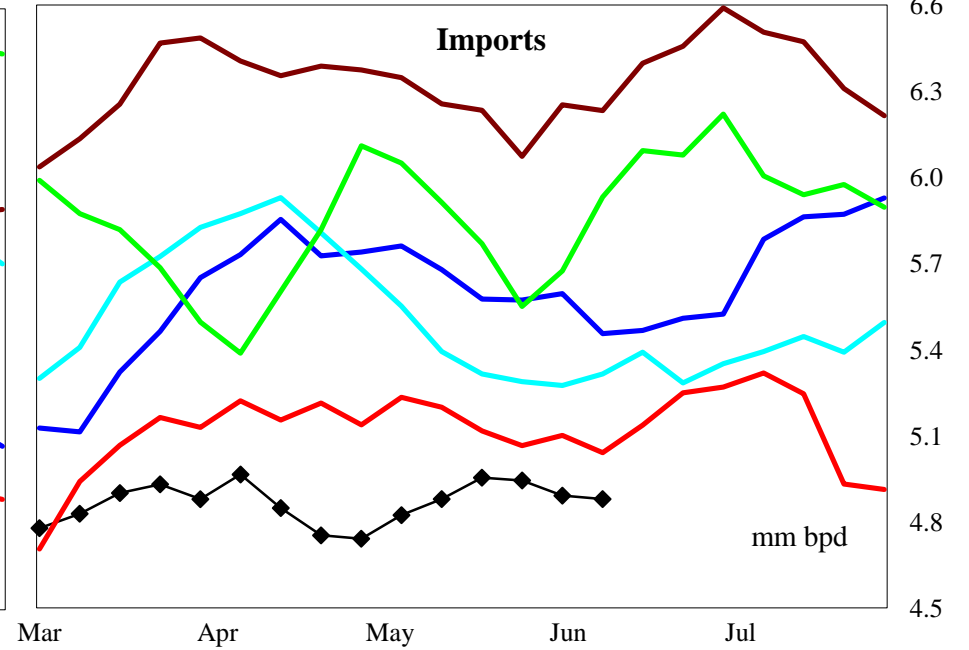
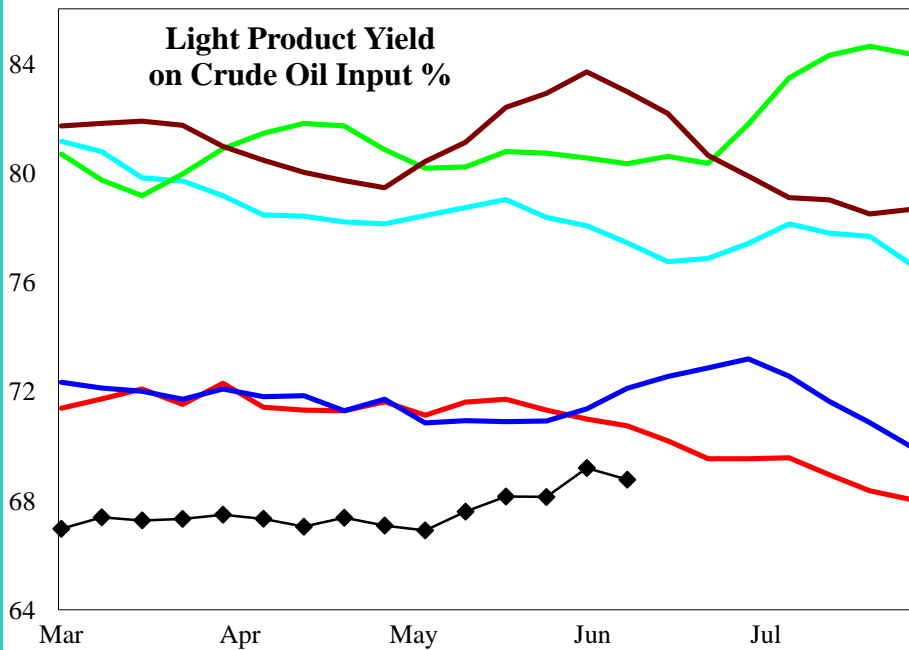
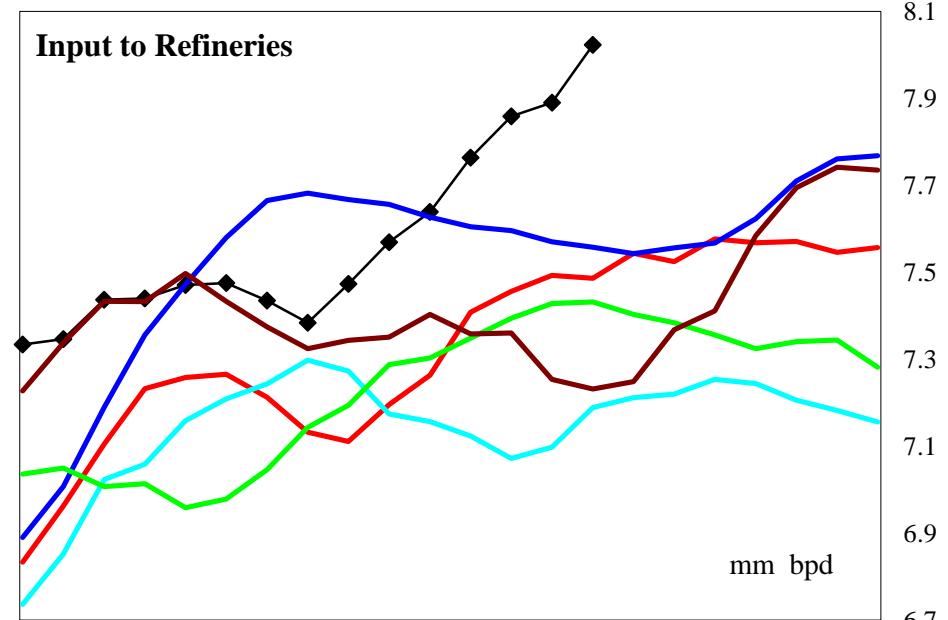
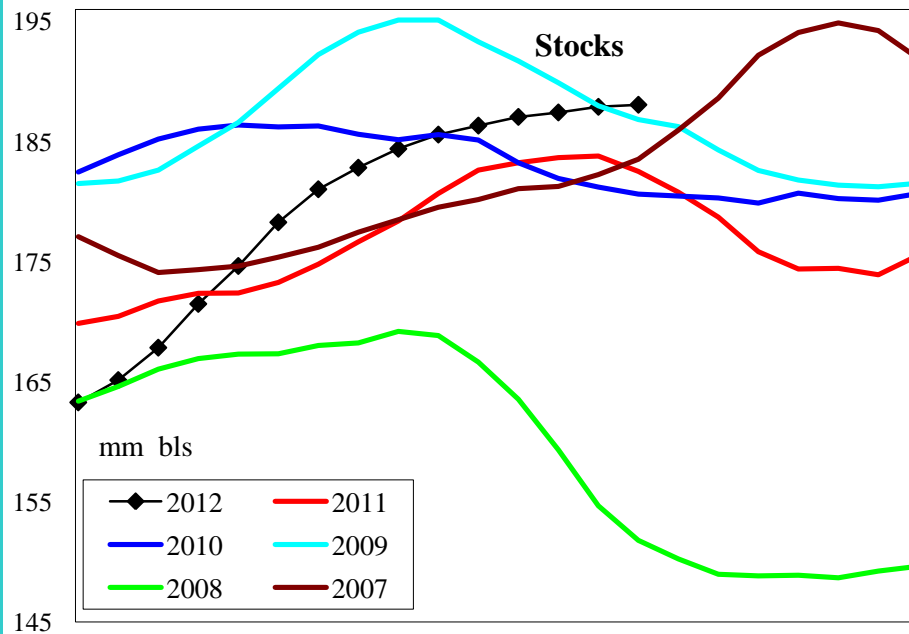
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



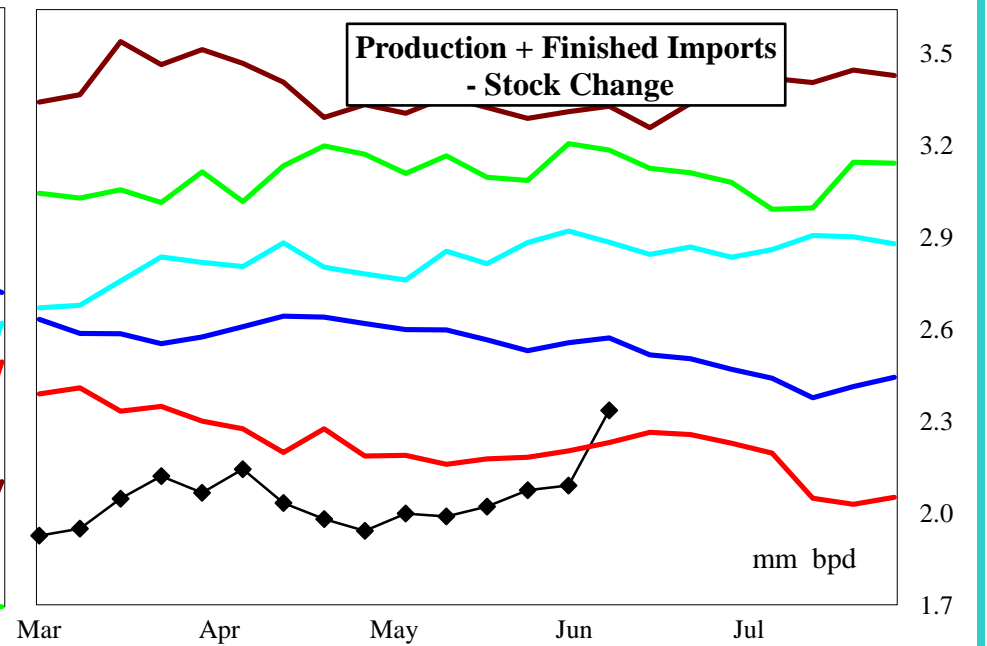
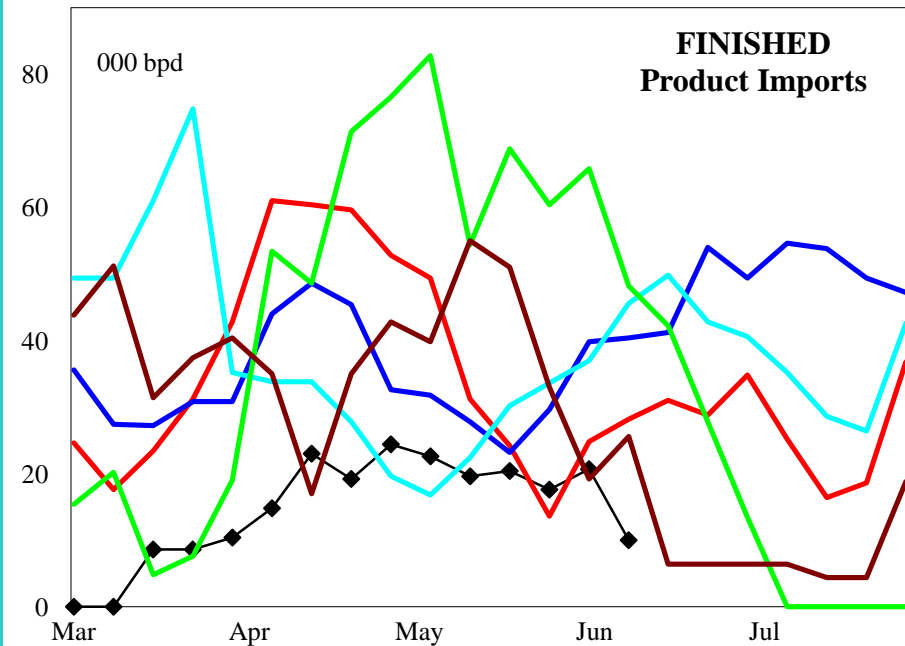
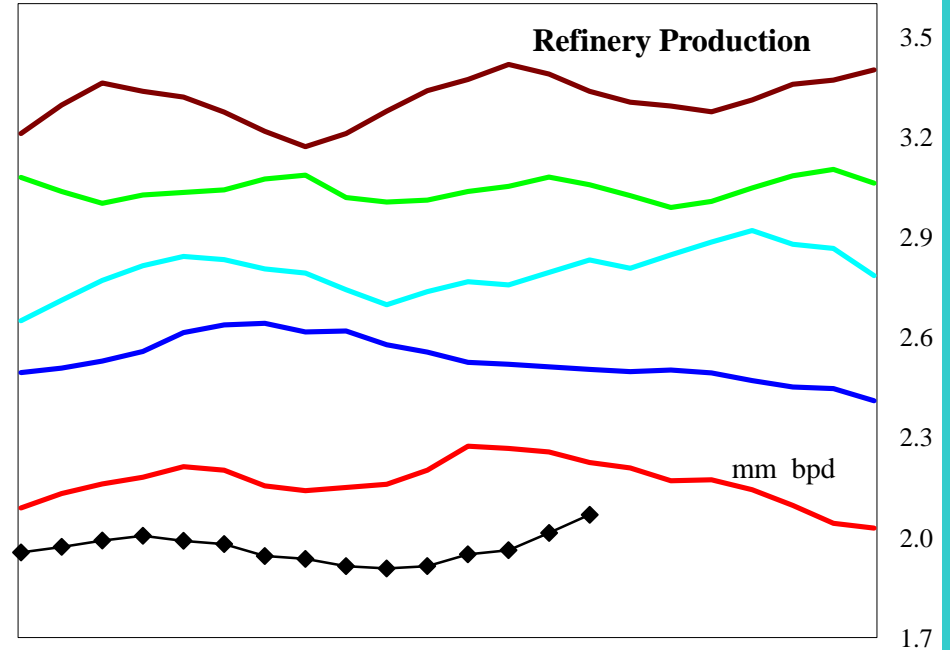
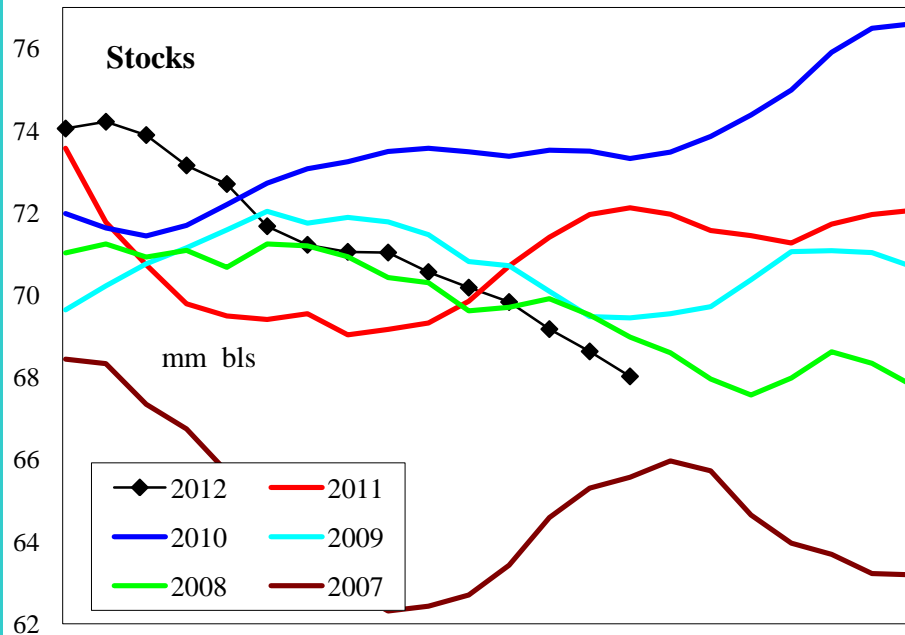
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks
5,554
3.0

Input
346
4.6

Imports
-172
-3.4

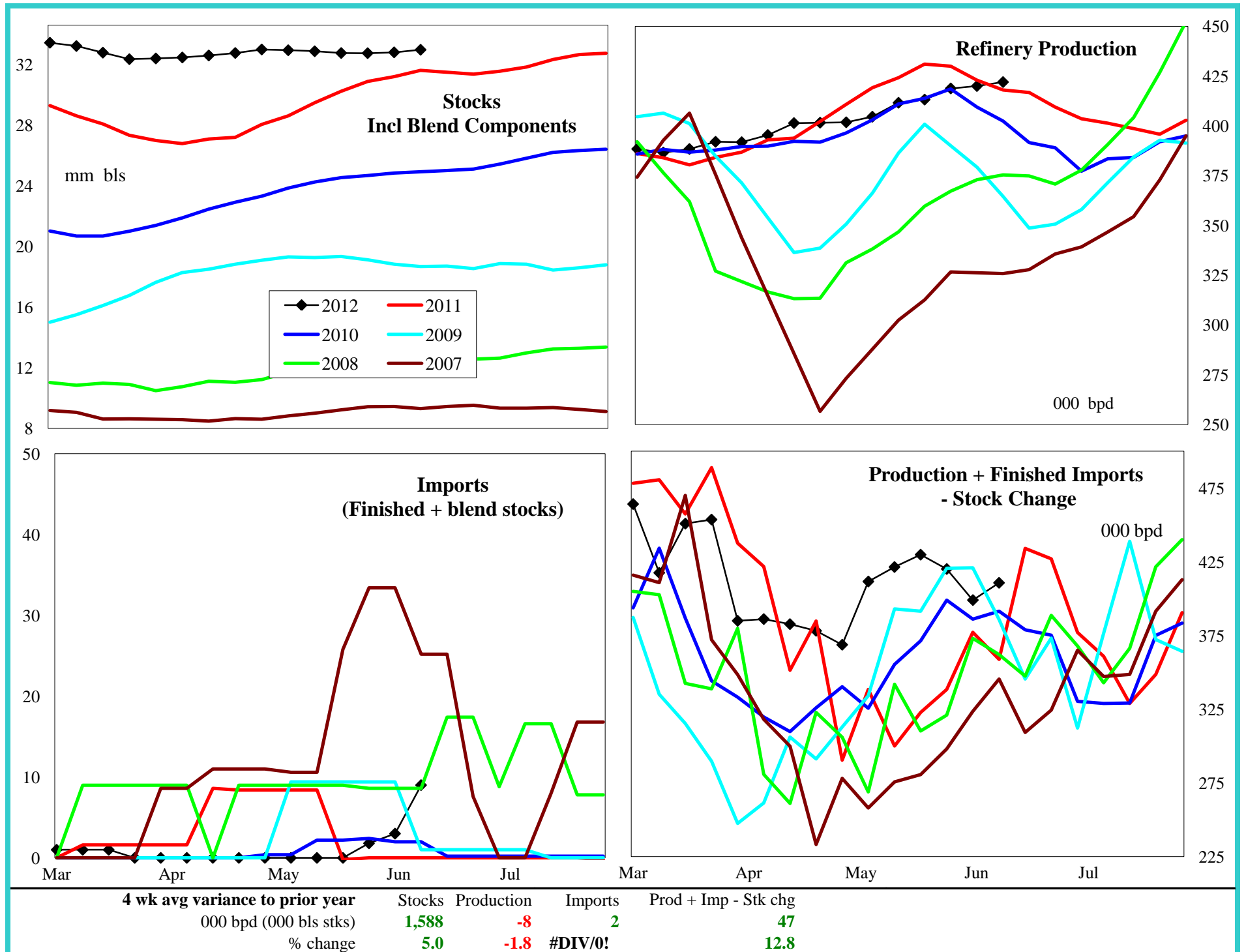
PADD 3 Gasoline Supply



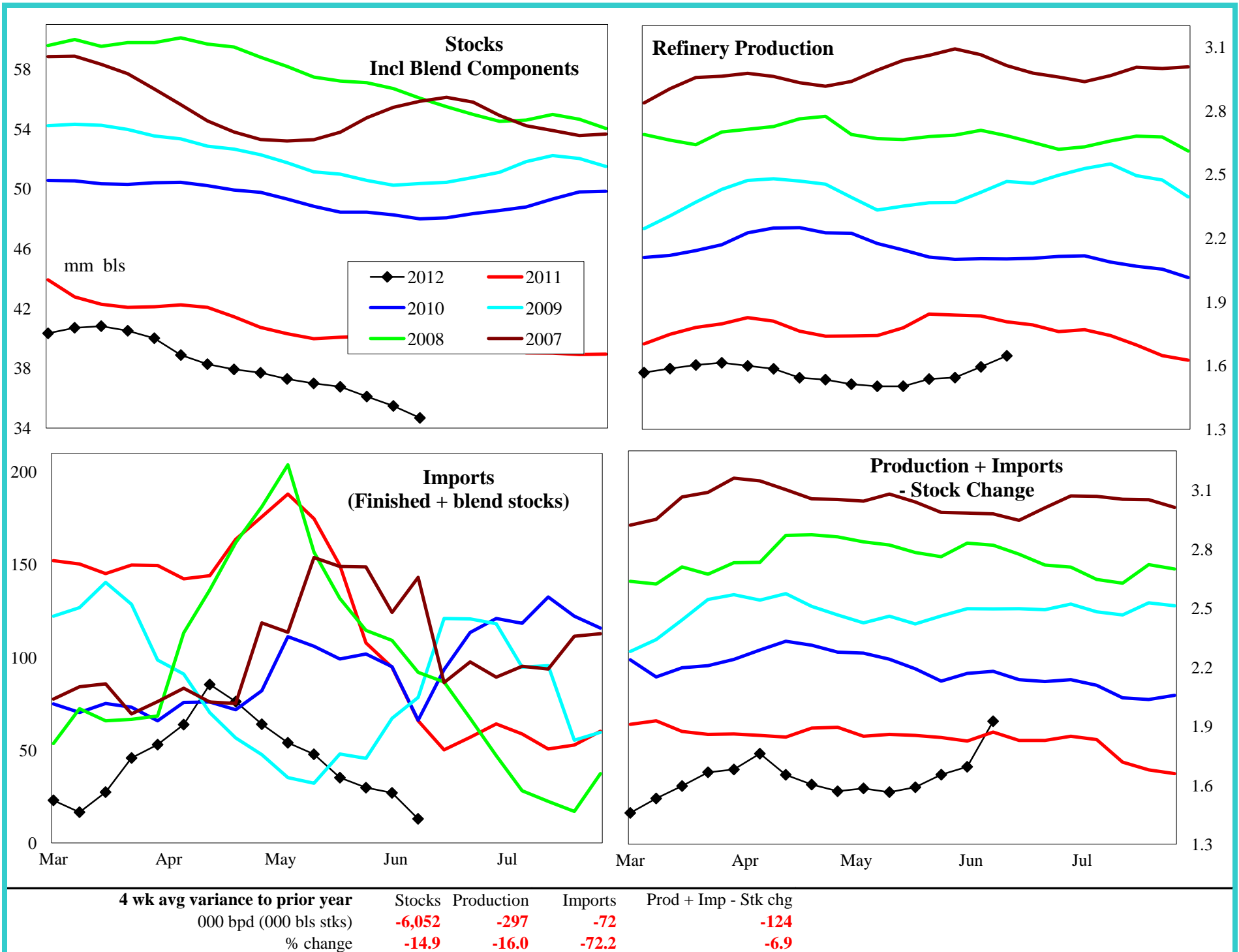
4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

Stocks	Production	Fin Impt	Blend Impt	Prod + Imp - Stk chg
-4,487	-305	0	-69	-82
-6.2	-13.4	-1.6	-82.9	-3.8

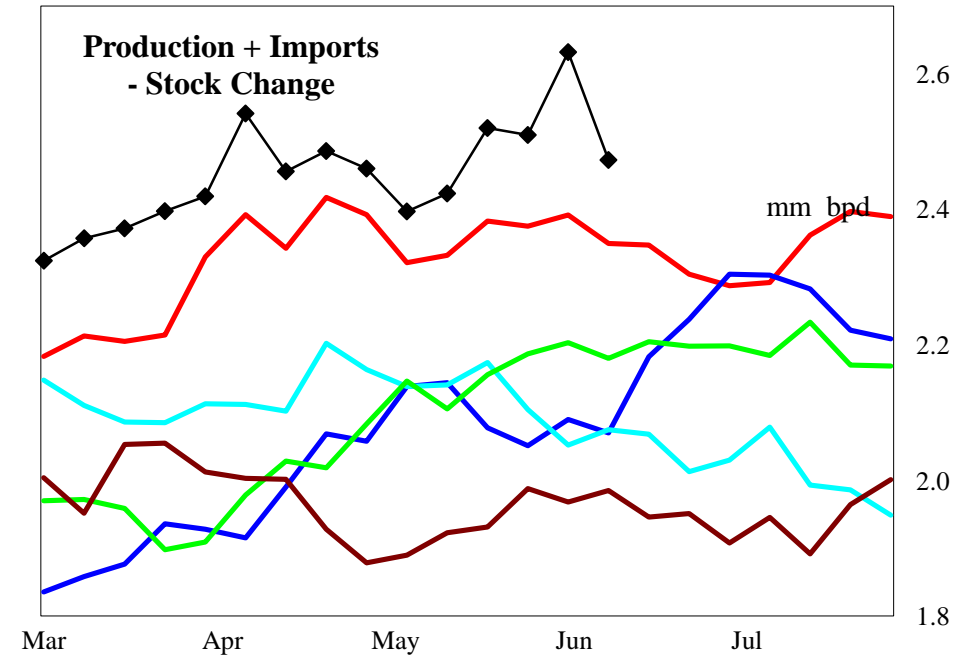
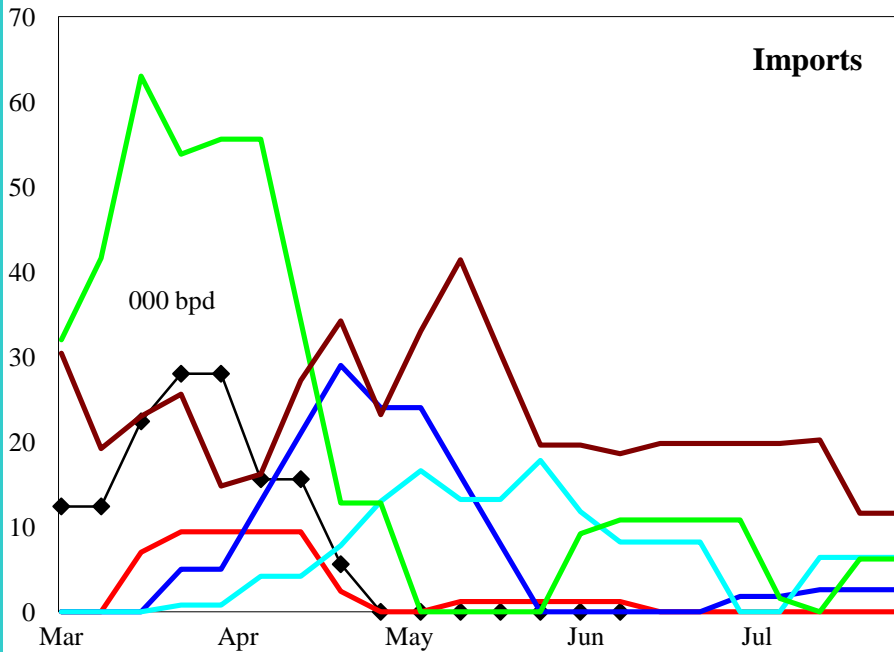
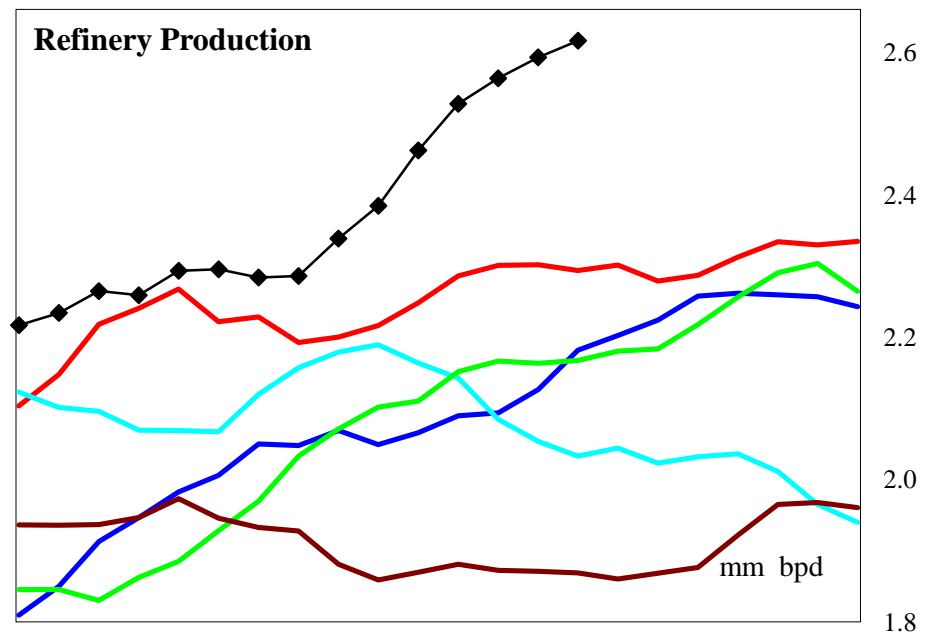
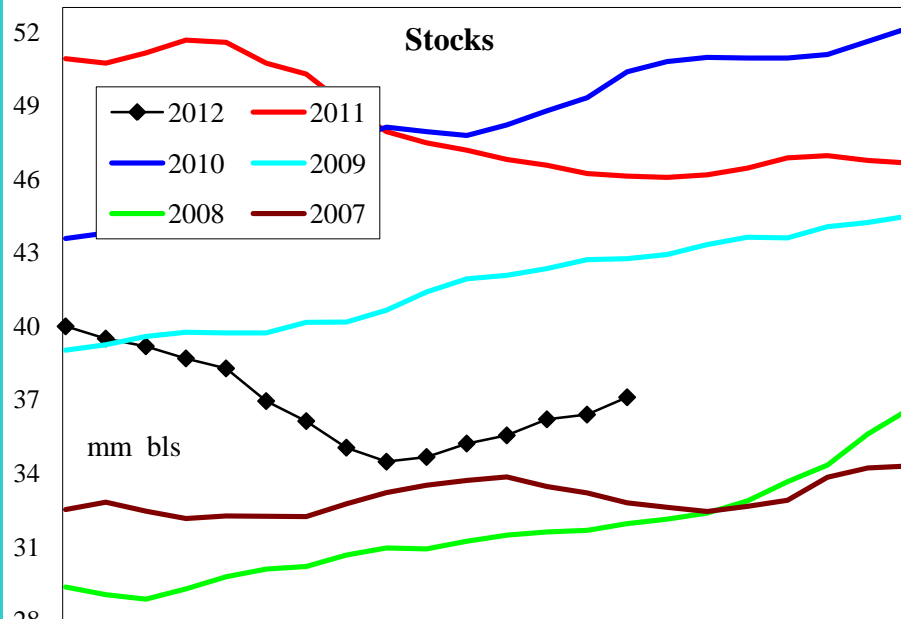
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-8,922

-19.4

Production

253

10.7

Imports

-2

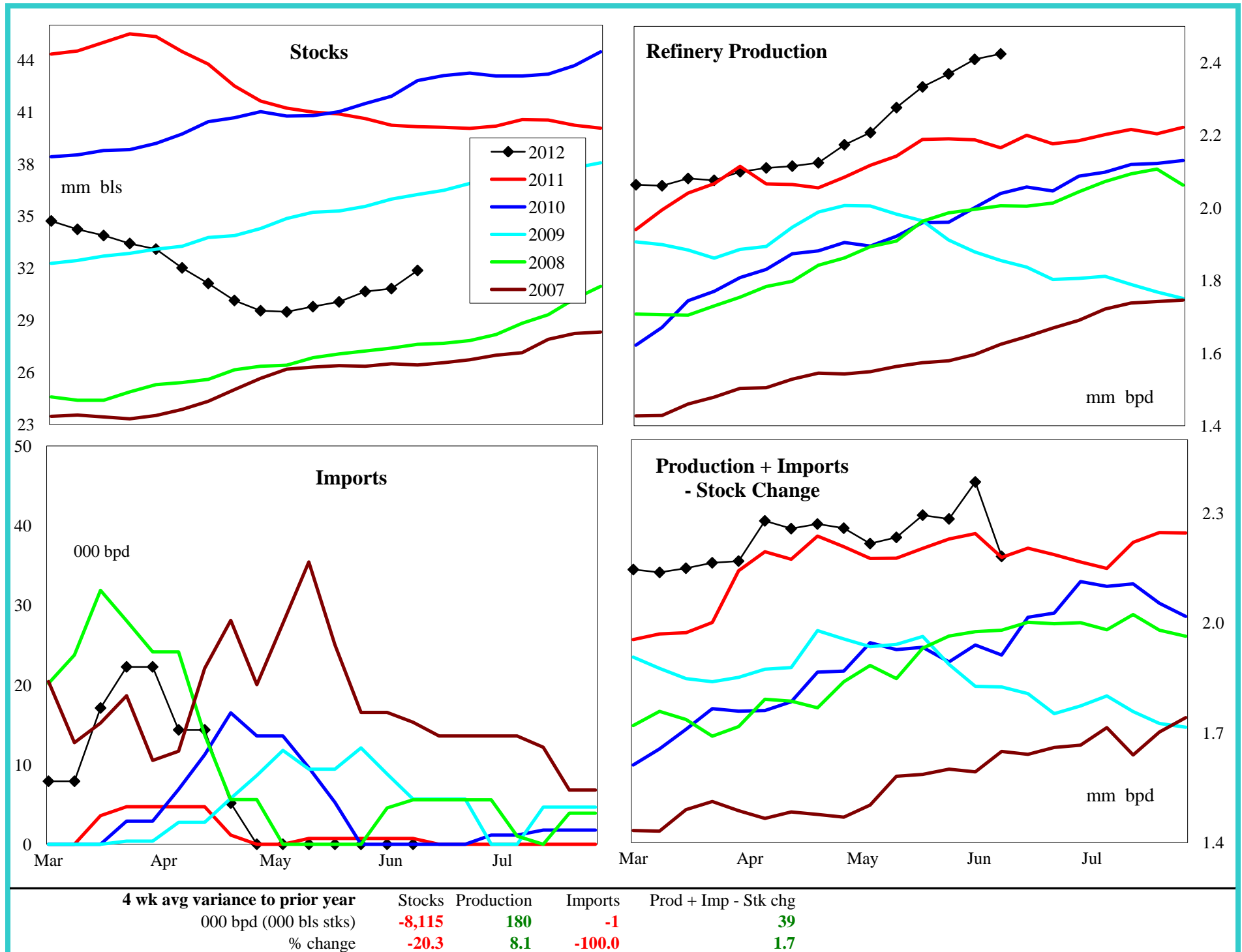
-100.0

Prod + Imp - Stk chg

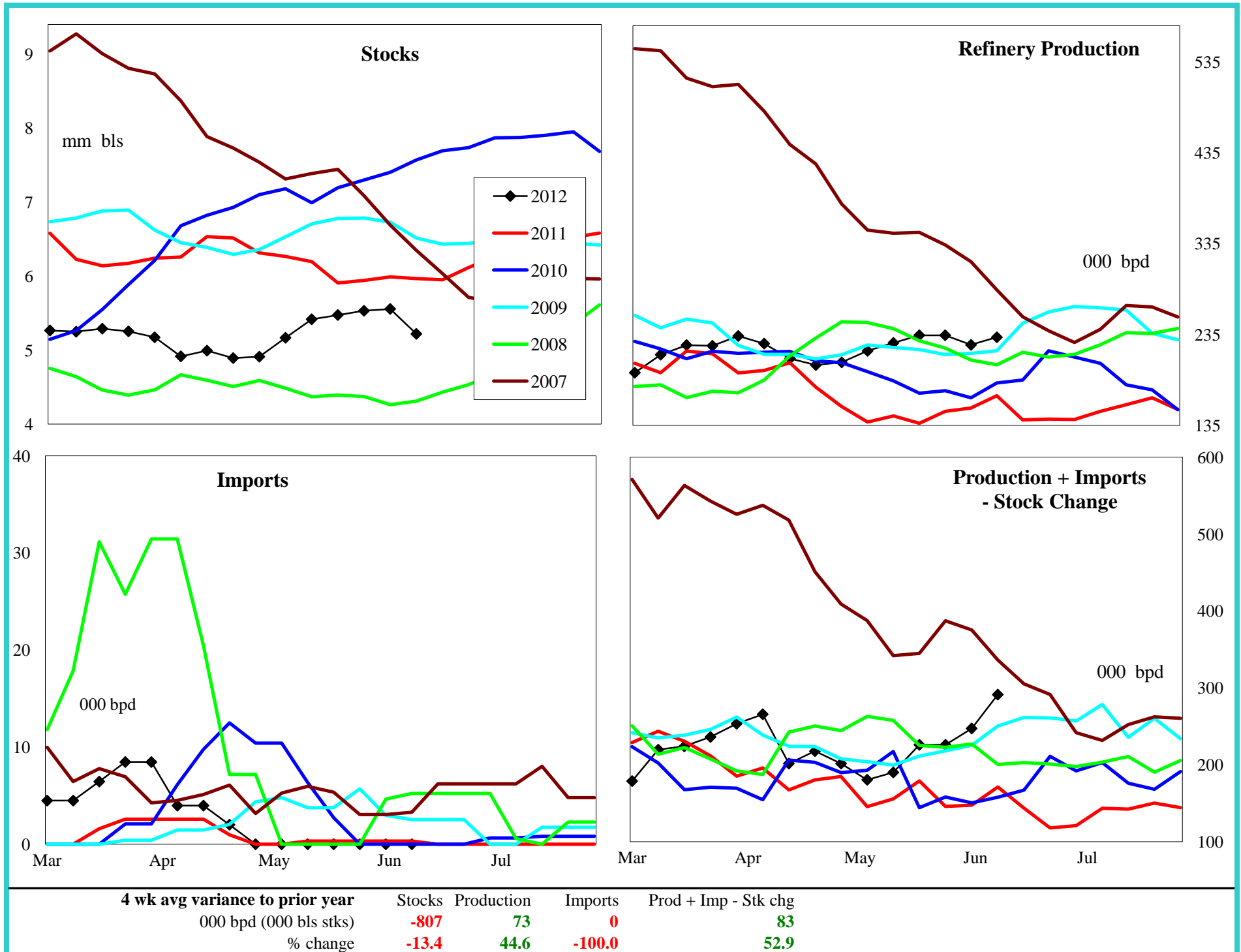
121

5.0

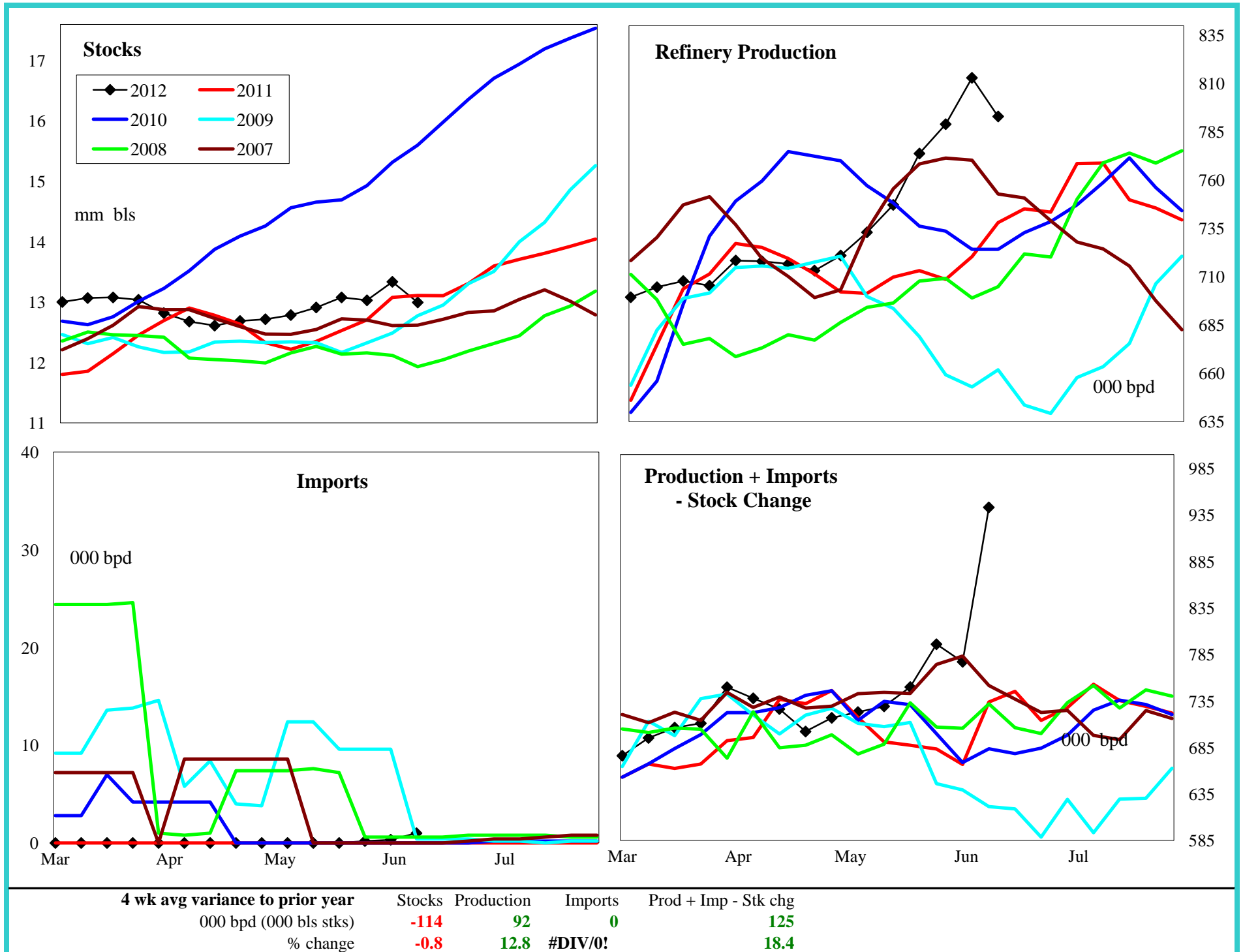
PADD 3 Low Sulfur Distillate Supply



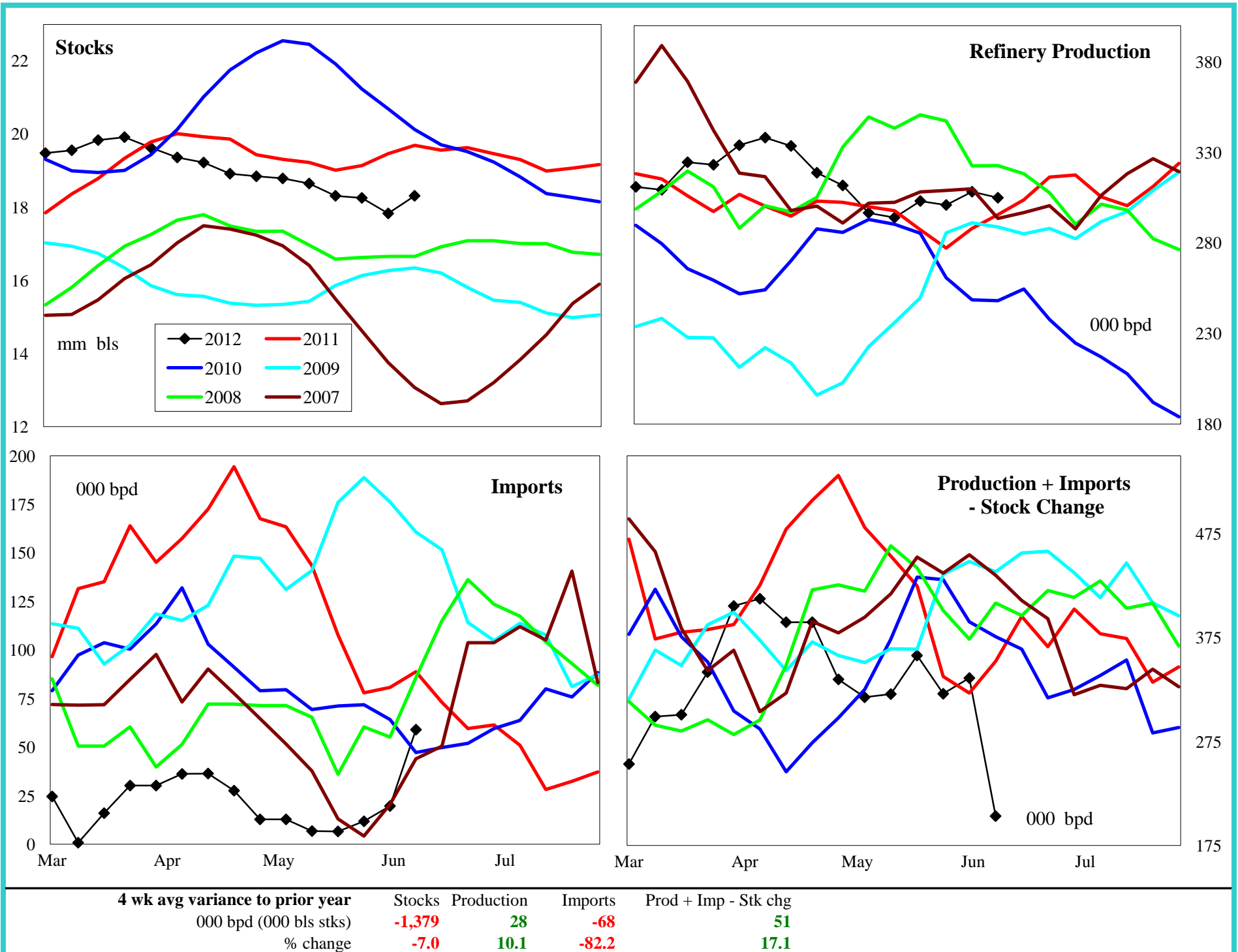
PADD 3 High Sulfur Distillate Supply



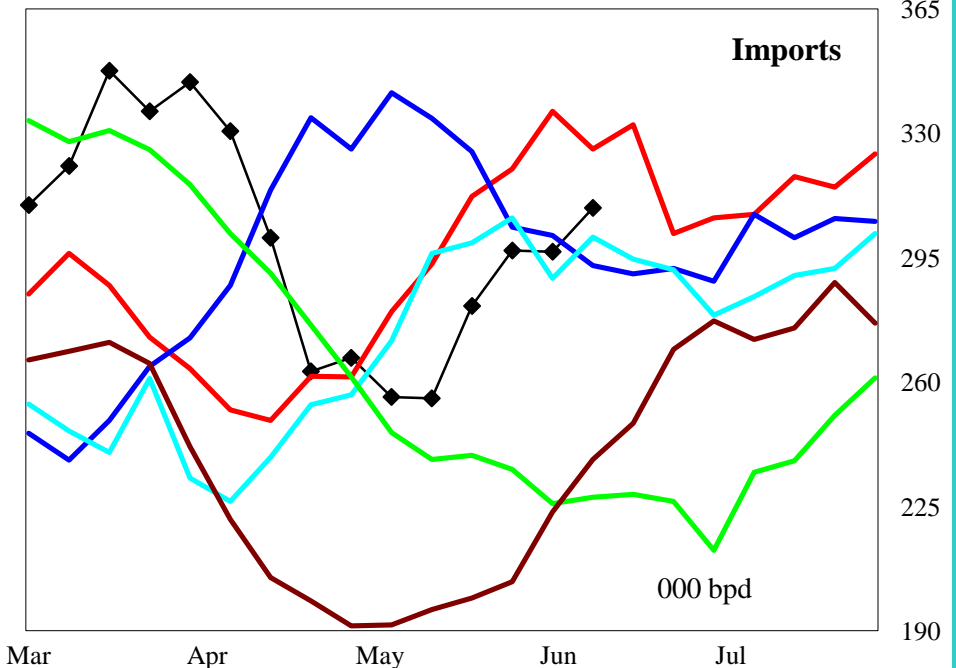
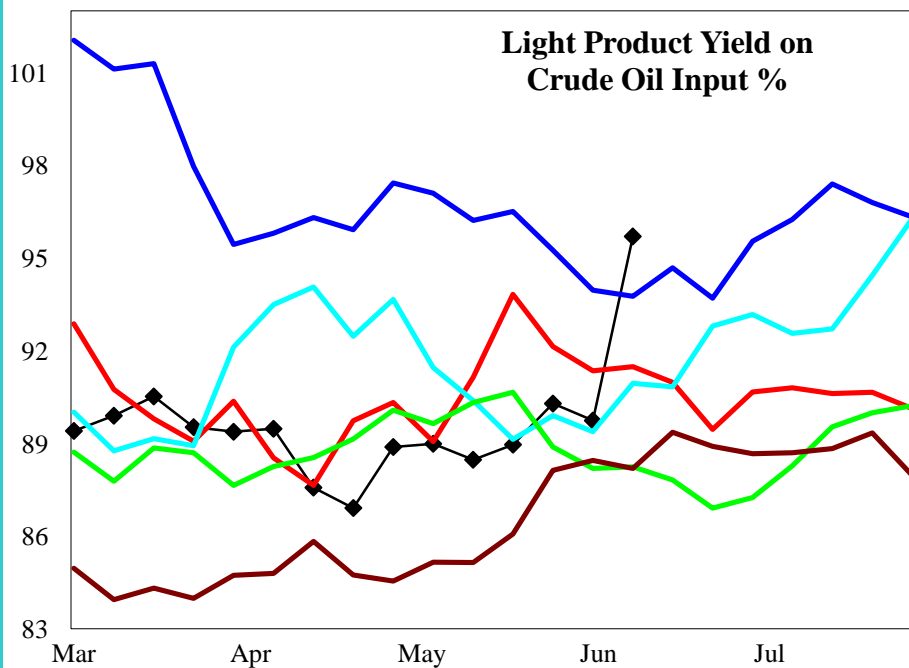
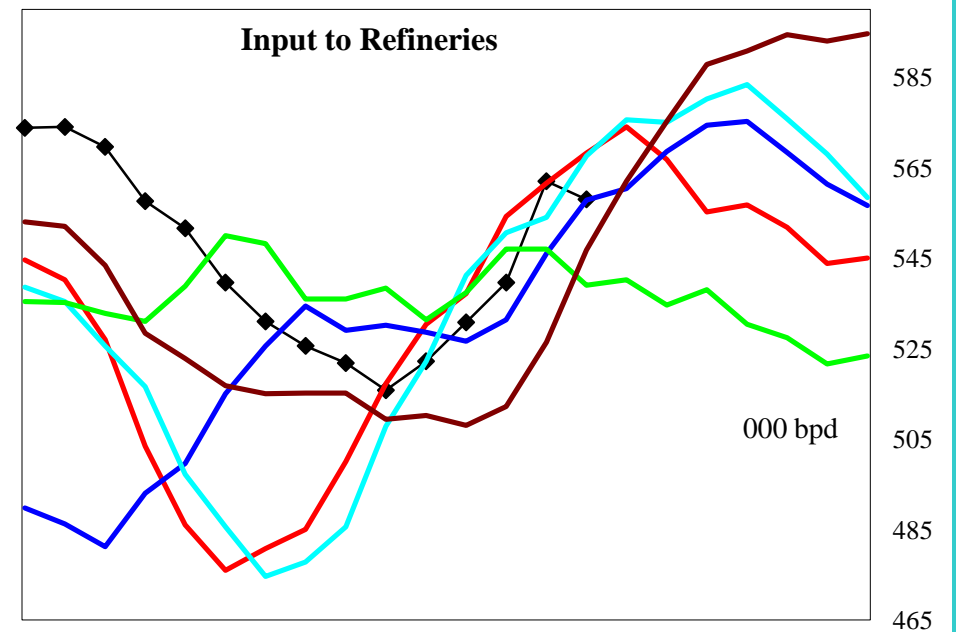
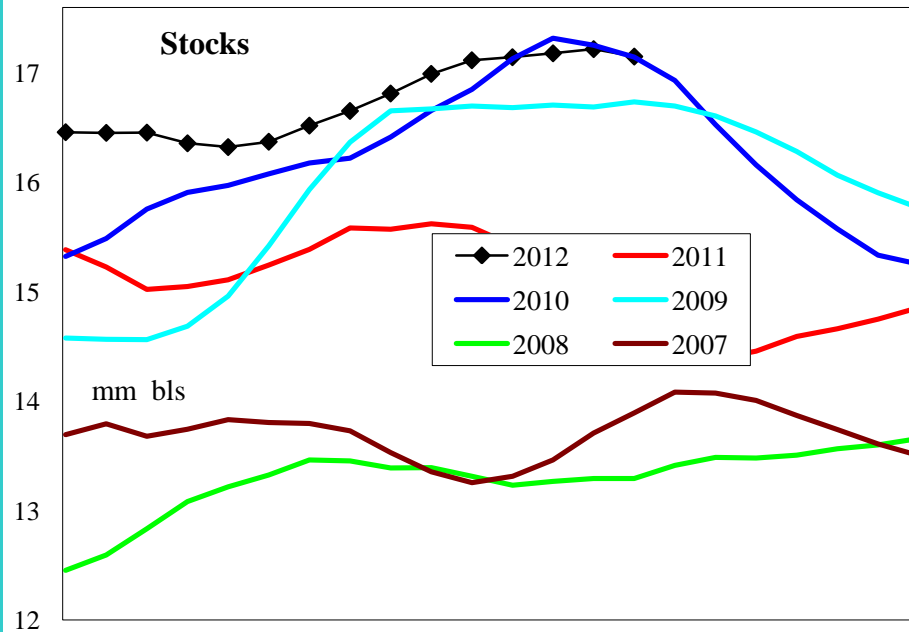
PADD 3 Jet Fuel Supply



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

2,487

16.5

Input

-16

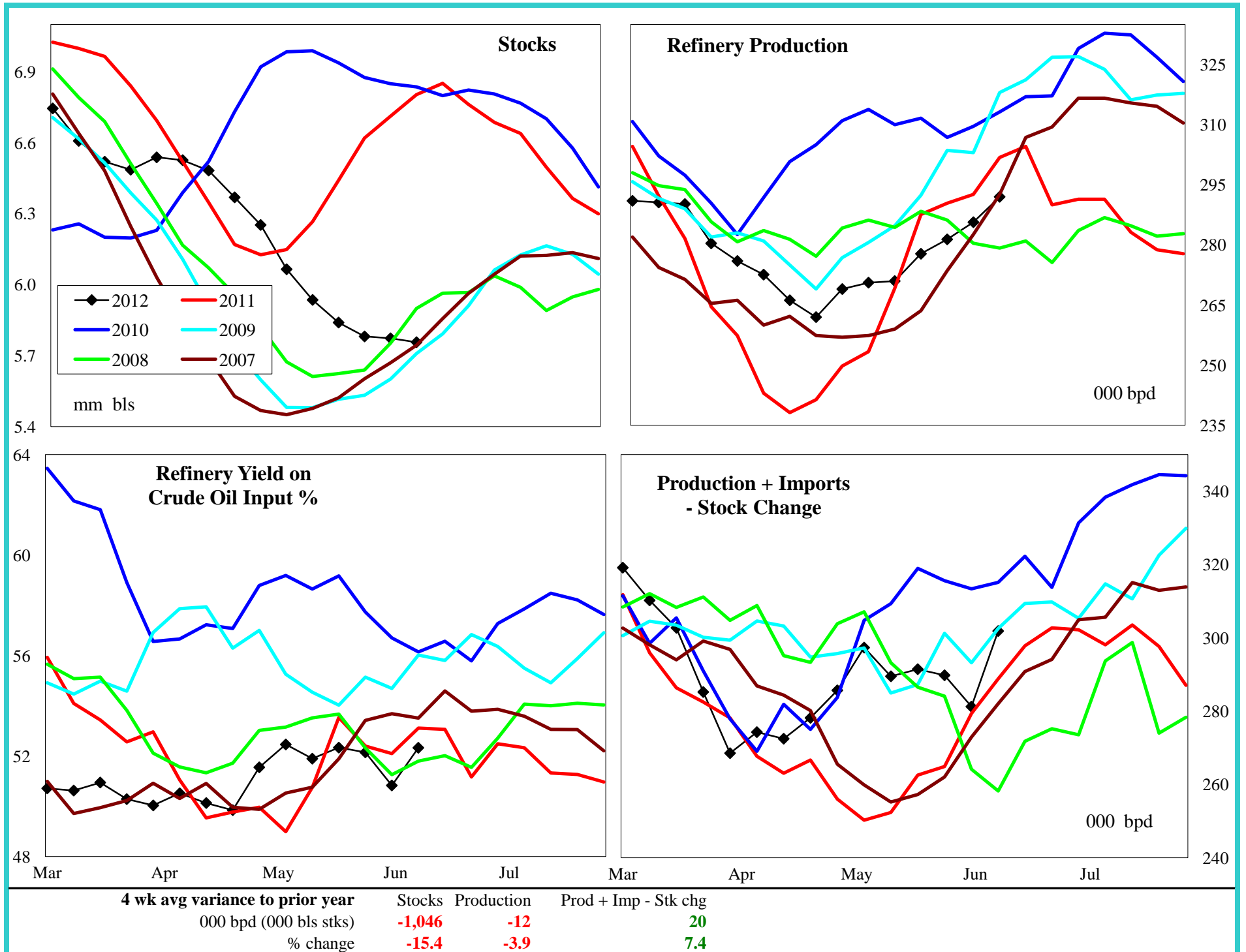
-2.8

Imports

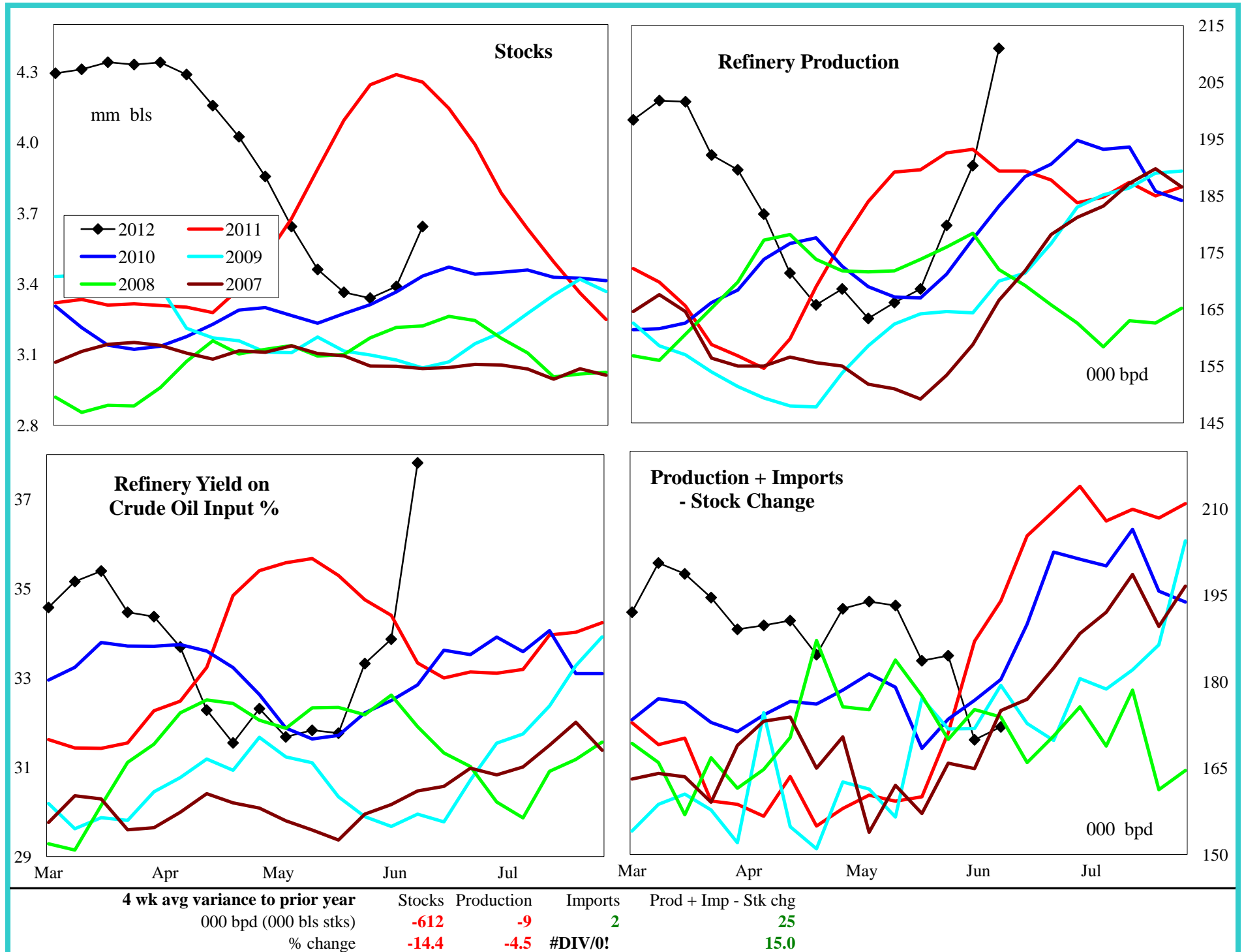
-43

-12.6

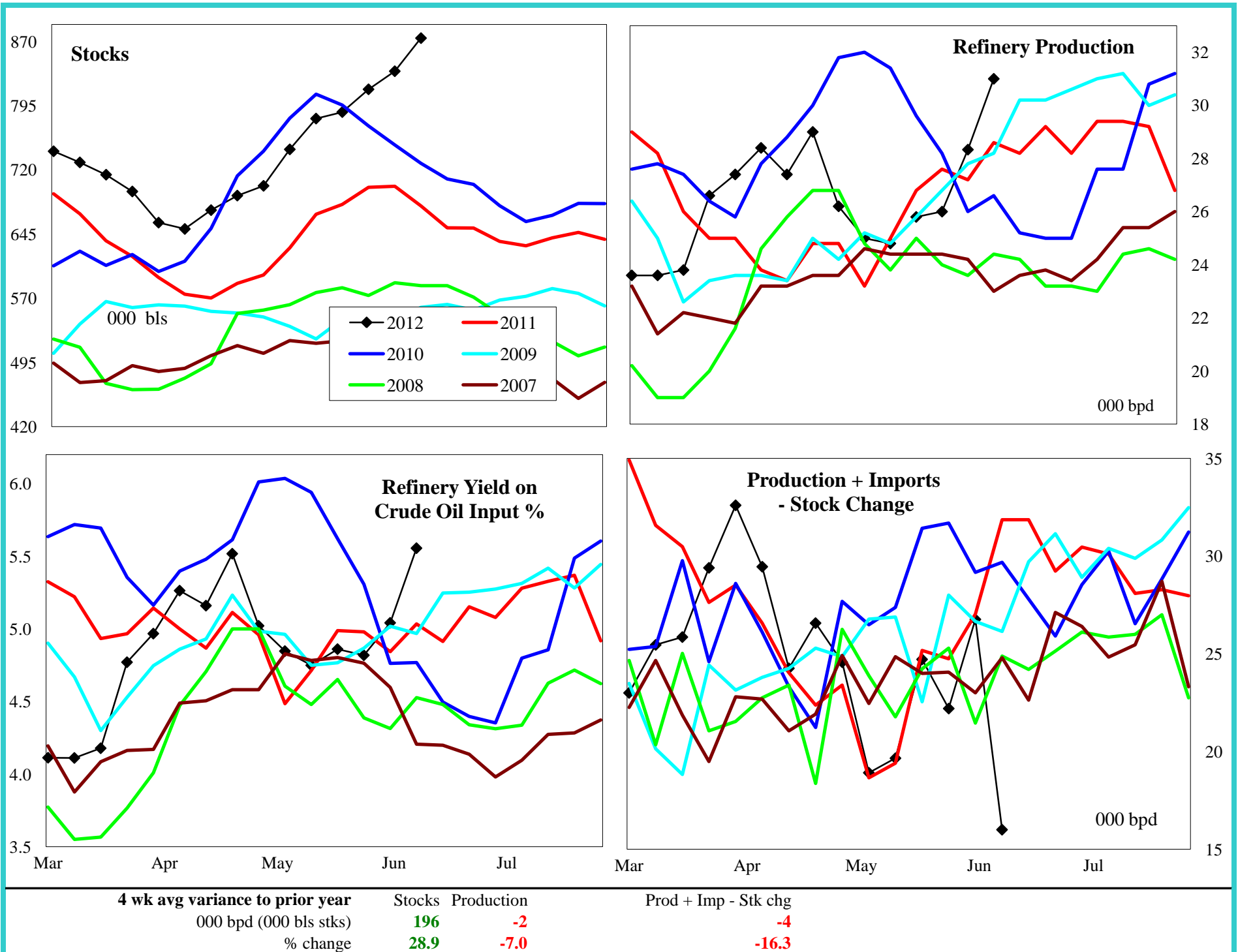
PADD 4 Gasoline Supply



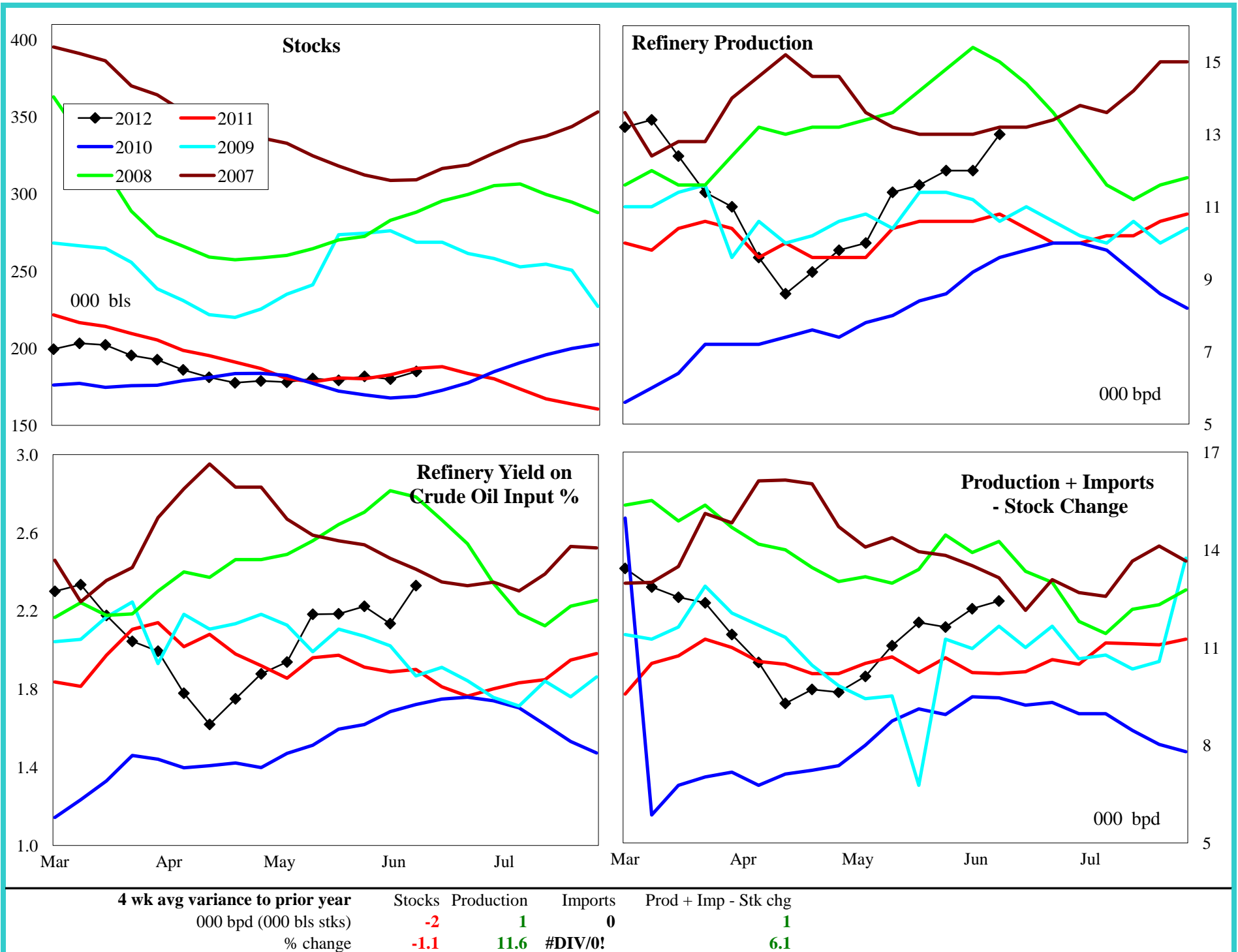
PADD 4 Distillate Supply



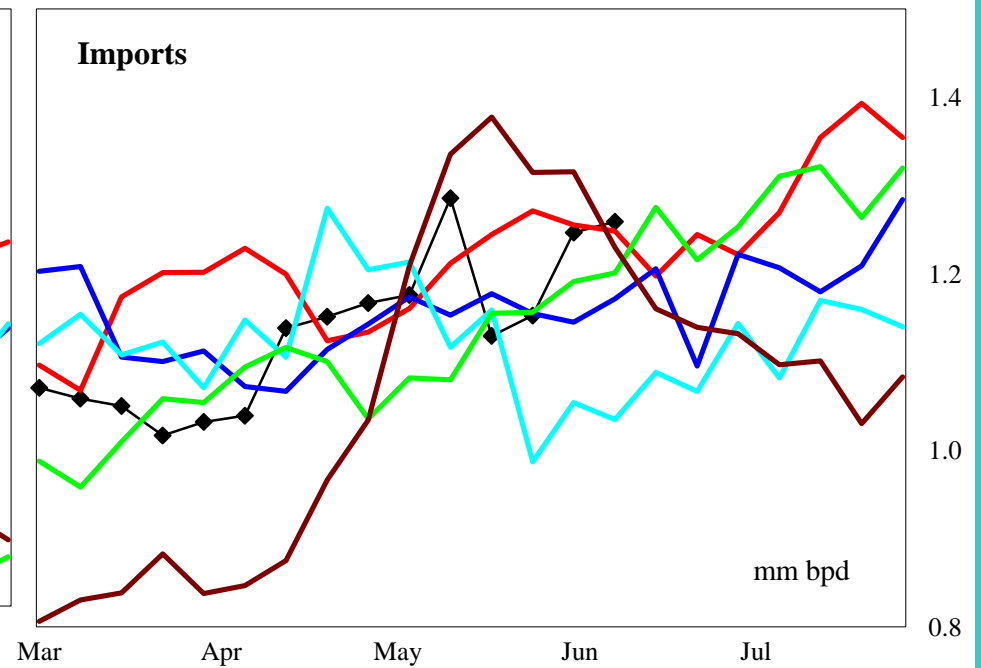
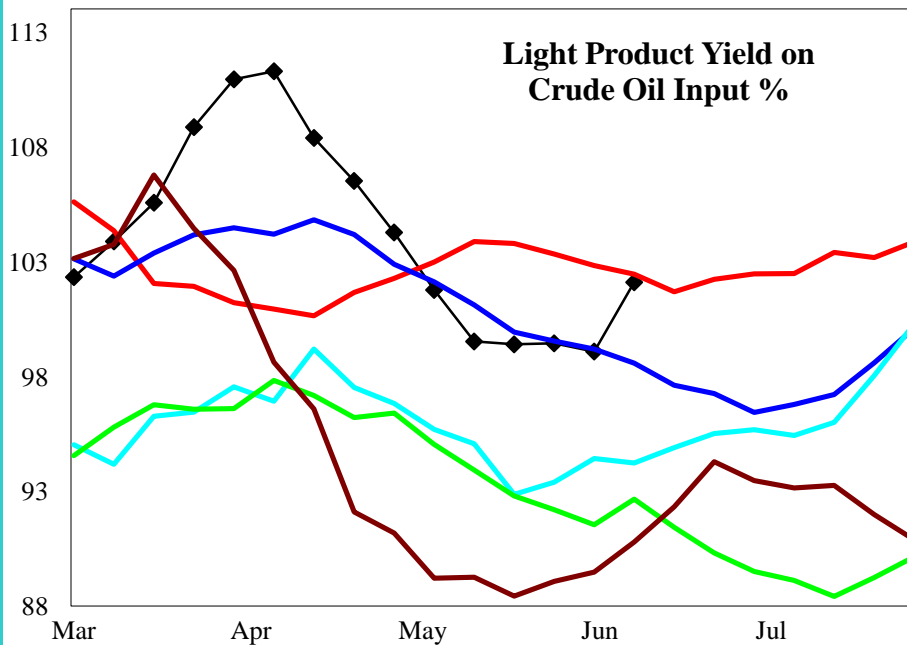
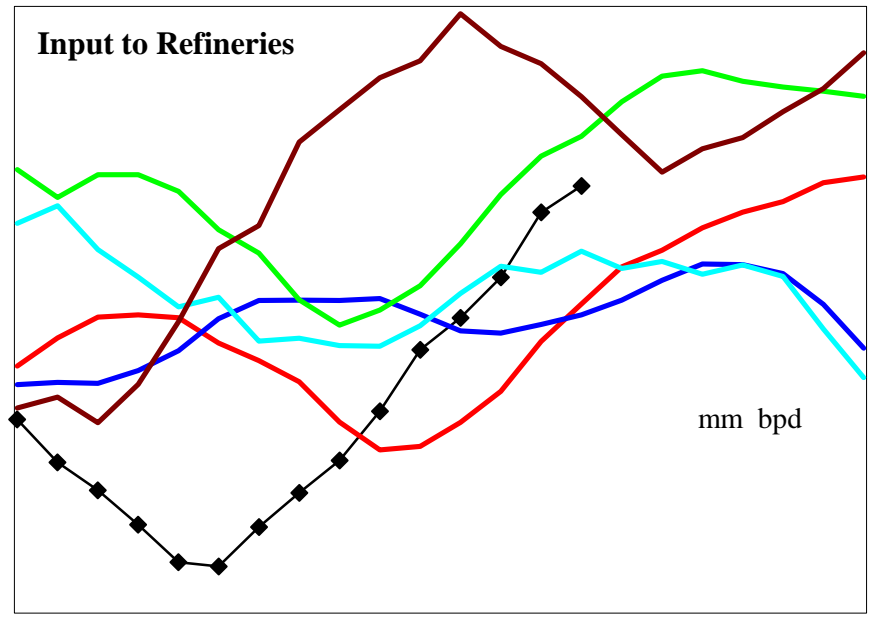
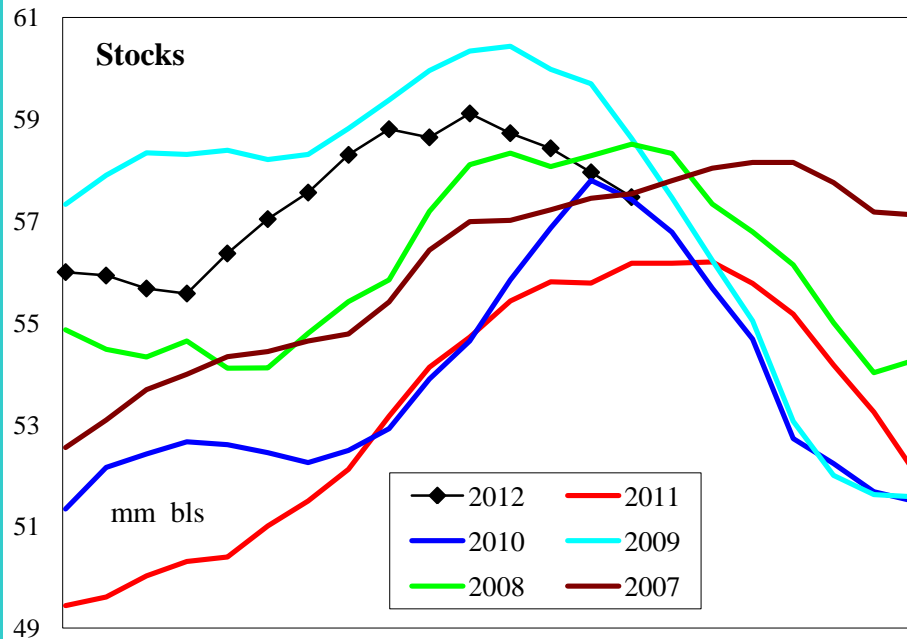
PADD 4 Jet Fuel Supply



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

1,302

2.3

Input

164

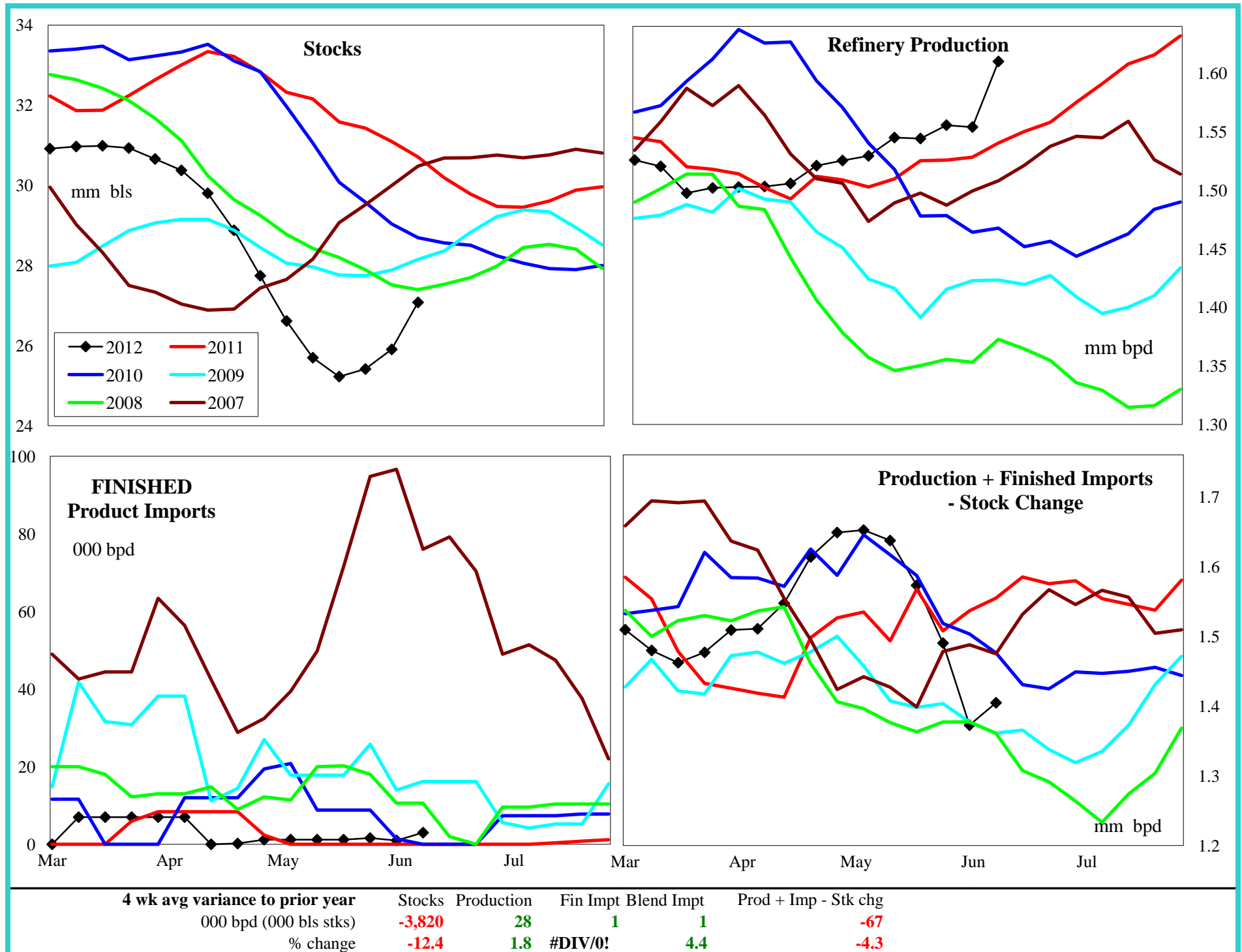
7.0

Imports

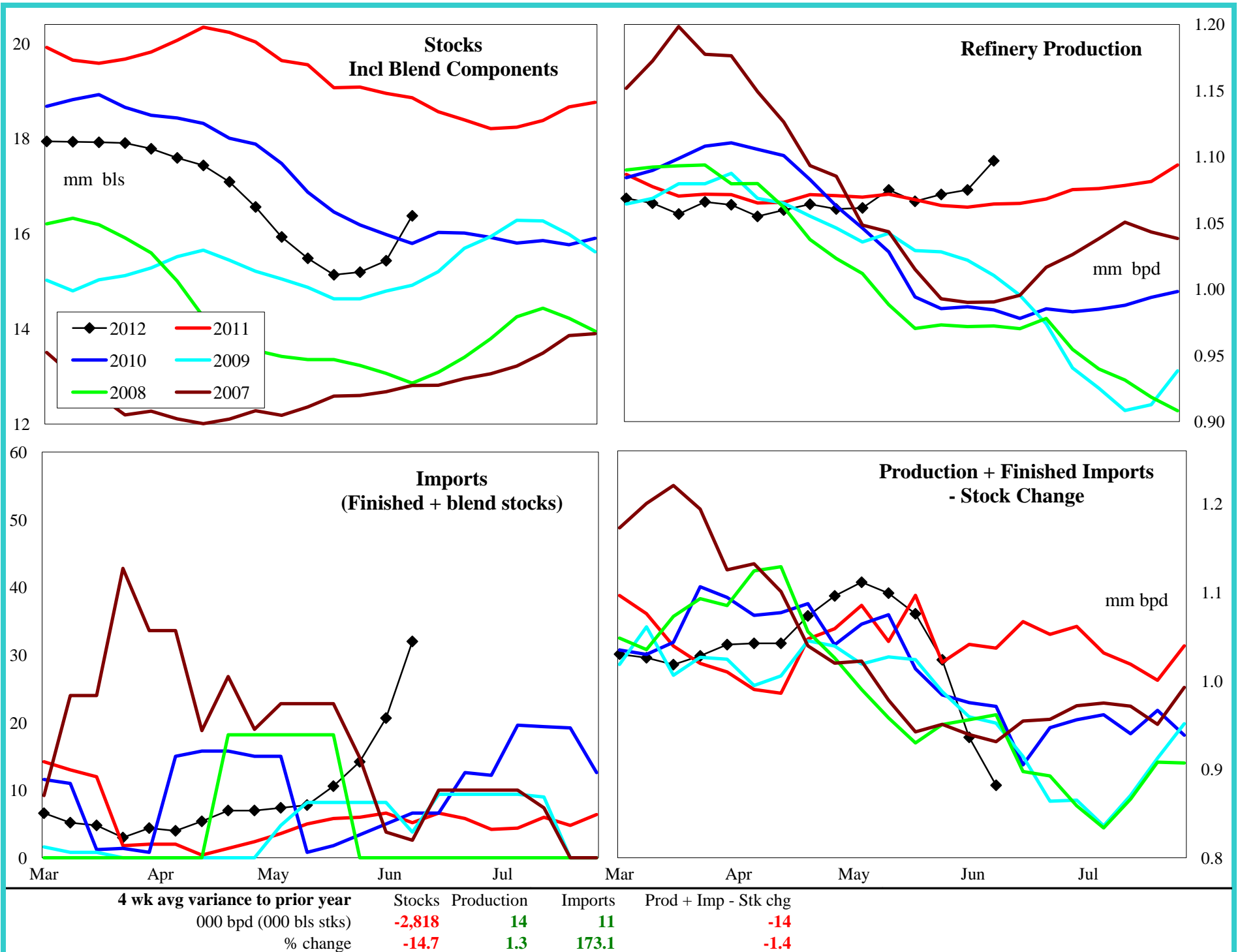
-73

-5.7

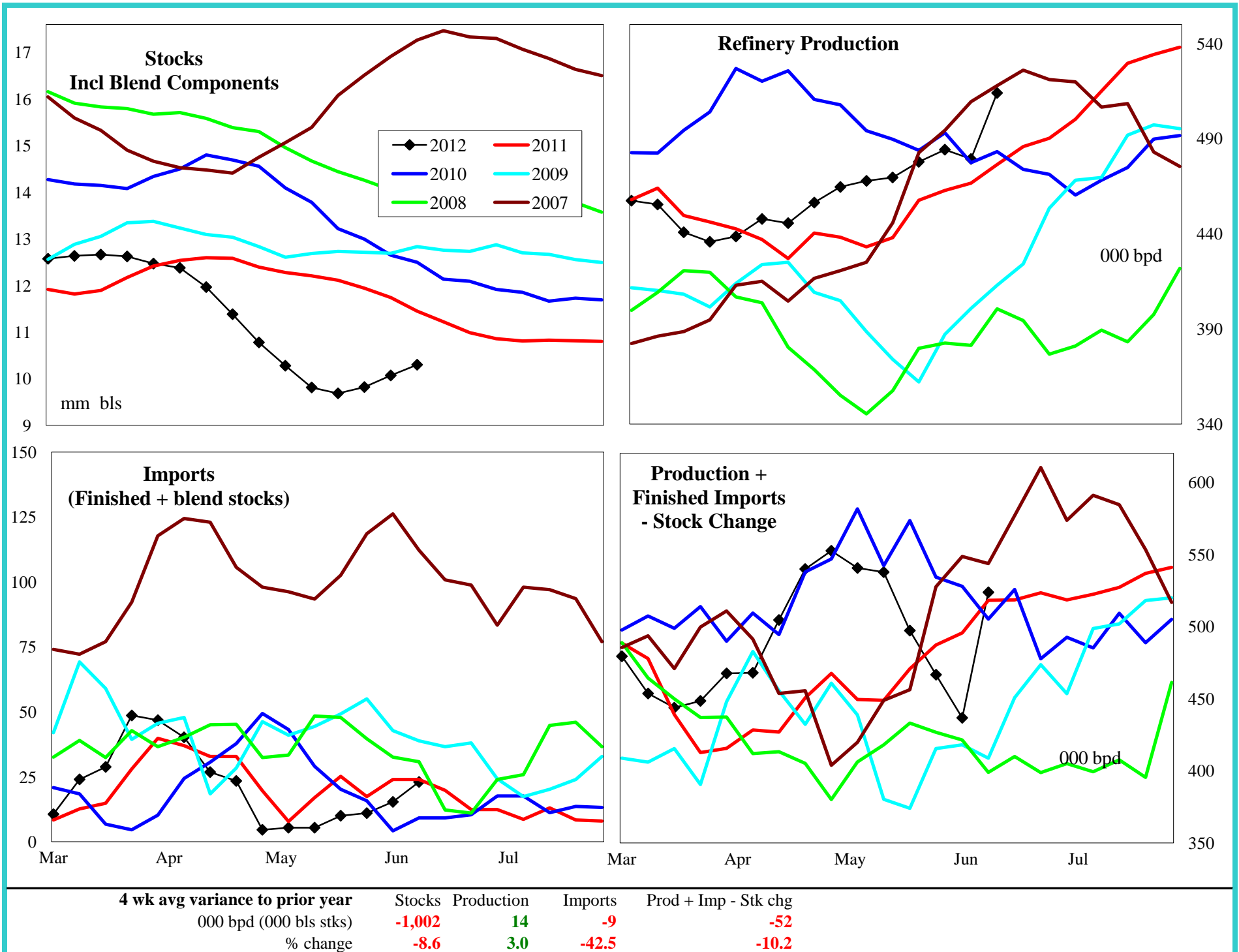
PADD 5 Gasoline Supply



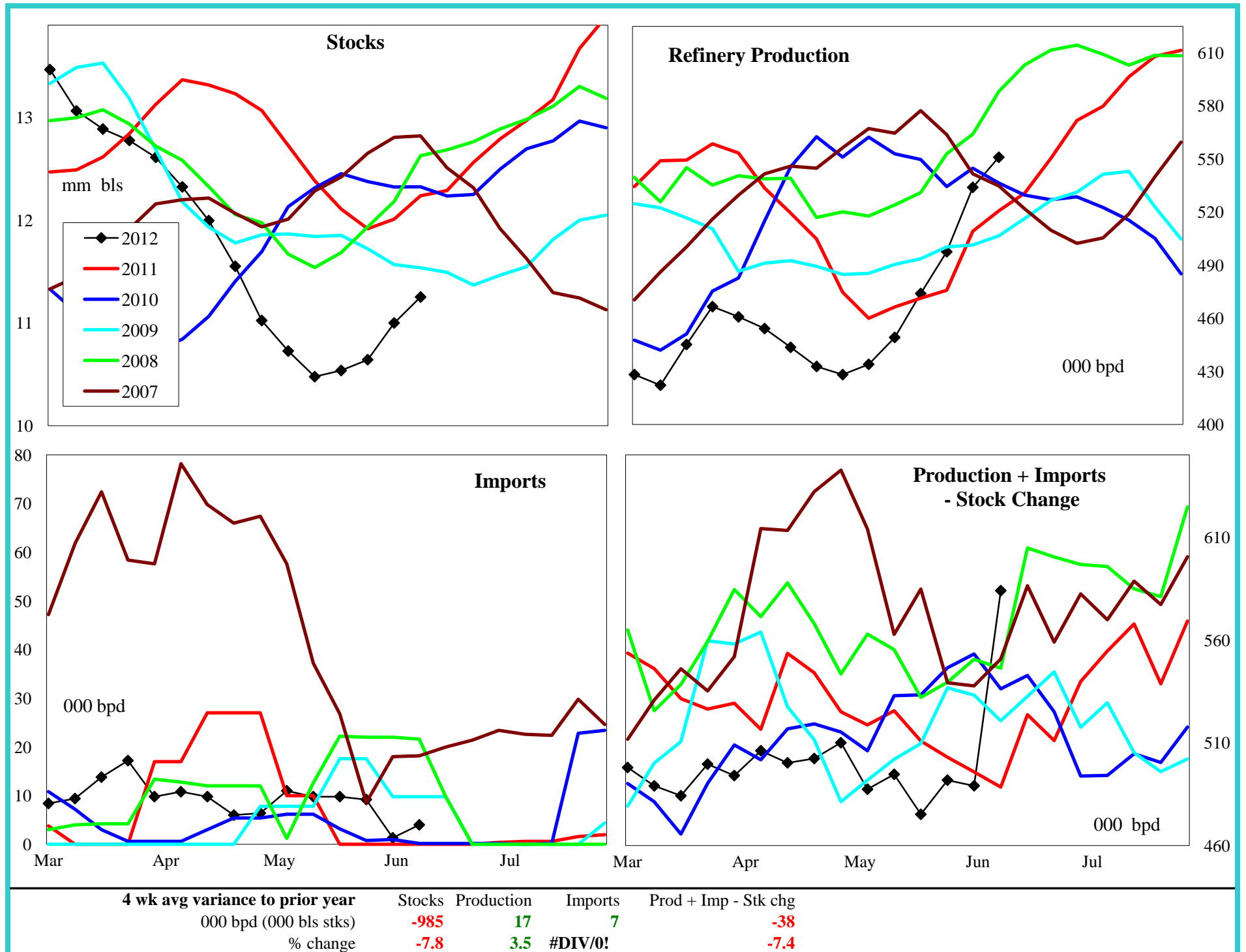
PADD 5 Reformulated Gasoline Supply



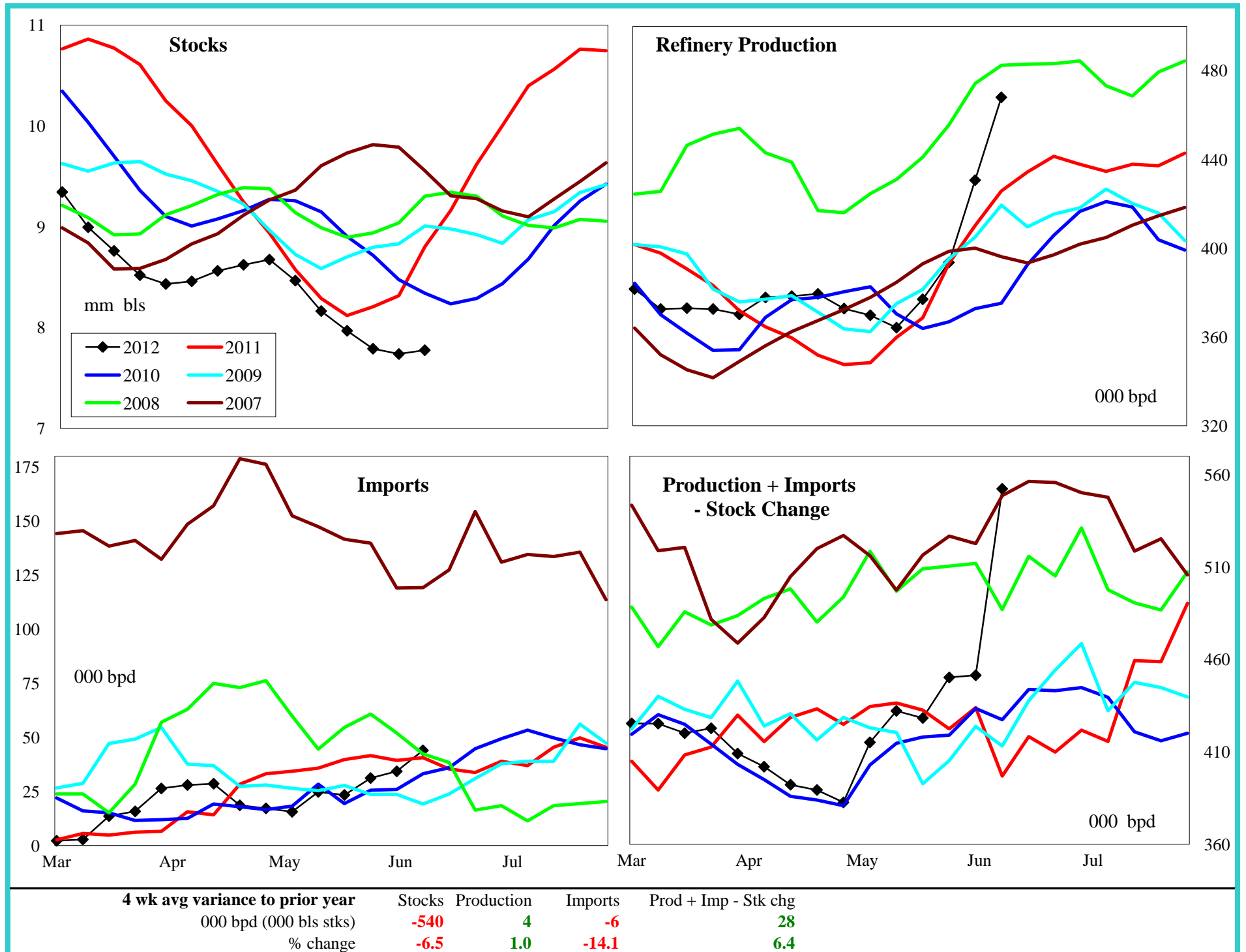
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

