



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

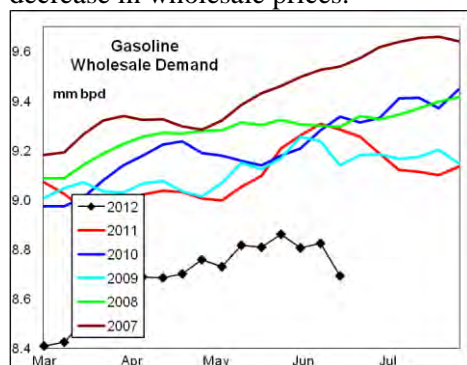
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 20, 2012

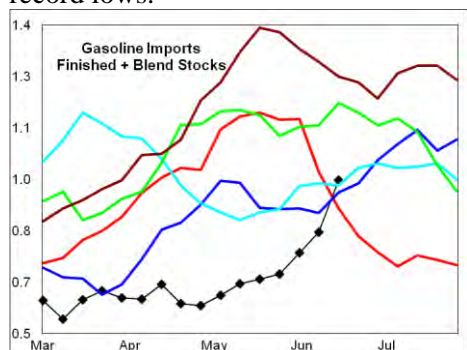


Major Fundamental Trends¹

Much of the previous week surge in transport fuel demand was given back this week on a -0.7 million bpd drop for combined gasoline, distillate and jet fuel. Gasoline demand remains exceptionally weak, down -5% from a year ago for the latest 4-wk period. Distillate demand was off -1.6% while jet fuel showed an unusual increase of +7.5%. The rise in jet demand likely reflects inventory building in private storage by airlines following the recent decrease in wholesale prices.

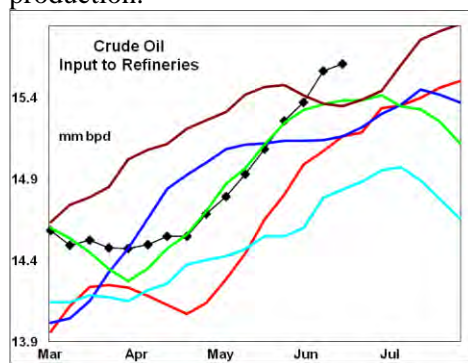


Attractive economics have led to a rise in gasoline imports, which reached record high levels for the year, at a level comparable to the last 3-years for the period. The increase has partially offset tightness in the Central Atlantic Region of PADD 1 where stocks are at record lows.



Refiners have limited gasoline production (-277,000 bpd below last year for the latest 4-wk period), while lifting output of distillate and jet fuel to record highs, +347,000 and +61,000 bpd over last year; respectively.

Crude oil input at refiners was +439,000 bpd above a year ago for the latest 4-wk period, and should increase further as refiners return from unplanned maintenance in the Midwest. The increase should lead to further increases in middle distillate production.



Crude oil stock building extended a later than normal seasonal uptrend last week, rising +2.9 million barrels on record domestic output and increased imports which more than offset the season high refinery runs. Stocks are now +23 million barrels above the prior 5-year high, matching levels last seen in 1990.

Demand for transport fuels pulled back last week, down -0.7 million bpd for the combined fuels (gasoline, distillate and jet fuel). Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -5%; distillate down -1.6%; jet fuel up +7.5% while residual fuel oil decreased -41%.

Stocks forward coverage: Gasoline demand coverage increased last week due to a +0.9 million barrel stock build and collapse in demand. Coverage levels were above four of the last 5-years.

Distillate coverage increased on a +1.2 million barrel stock build and drop in demand. Coverage levels were well below the last 3-years.

Jet fuel coverage was at 5-year lows on record low stocks and demand that exceeded each of the last 3-years.

Refinery utilization rates were nearly unchanged on a -12,000 bpd decrease in crude oil runs. During the latest 4-

wk period crude oil input was +439,000 bpd above a year ago.

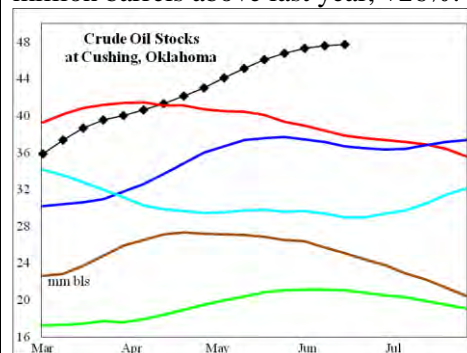
Gasoline yield % on crude oil runs fell sharply on a -529,000 bpd decline in output compared to the -12,000 bpd decrease in crude oil runs. Yield % on crude oil runs fell to 5-year lows.

Distillate yield % on crude oil runs were nearly unchanged on a -8,000 bpd decrease in production, compared to the small decrease in crude oil runs. The yield % remains well above the historic range.

Jet fuel yield % on crude oil runs increased on a +32,000 bpd rise in production compared to the decrease in crude oil runs. Yield % levels were at 5-year highs for the period.

Petroleum Imports of crude oil and gasoline were each higher on the week, while jet fuel was at record low levels. During the latest 4-wk period crude oil imports were +168,000 bpd below last year; distillate imports decreased -56,000 bpd; finished gasoline imports decreased -70,000 bpd, gasoline blend stock imports declined -199,000 bpd; jet fuel imports were -50,000 bpd lower, while residual fuel oil imports fell -93,000 bpd.

Crude Oil stocks climbed +2.9 million barrels last week, including a +1.9 million barrel build in the Midwest. Cushing stocks ended the week +9.9 million barrels above last year, +26%.



¹ Source is latest EIA Weekly Statistics



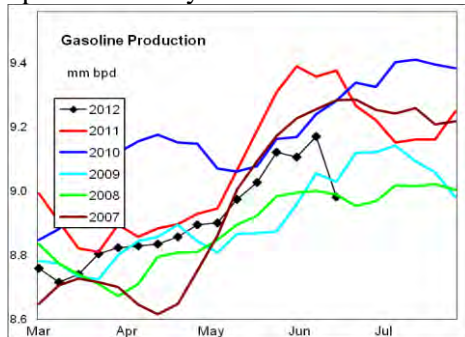
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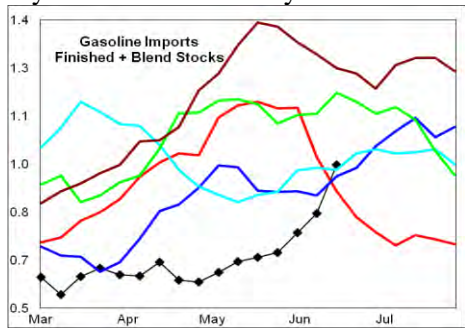
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Product Supply-Demand Trends

Gasoline demand fell -437,000 bpd last week, reversing the prior week surge. The latest 4-wk average demand was -470,000 bpd below a year ago, a decline of -5%. Production fell -529,000 bpd to a level that matched 5-year lows. During the latest 4-wk period, production averaged -277,000 bpd below last year.

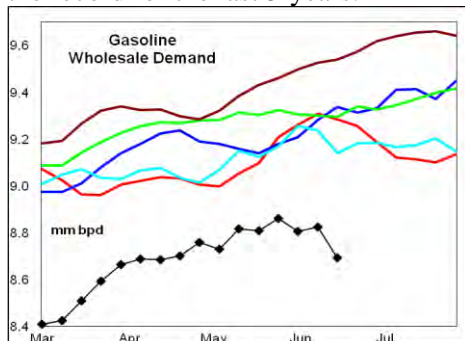


Imports jumped +304,000 bpd last week, to a level that matched the last 3-years for this time of year.



Stocks increased +0.9 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 -0.6 million barrels, a draw that matched the record for the last 5-years.



Demand remains exceptionally weak, offsetting lower production and imports. While stock levels in the

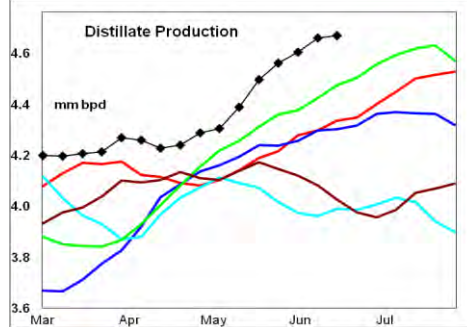
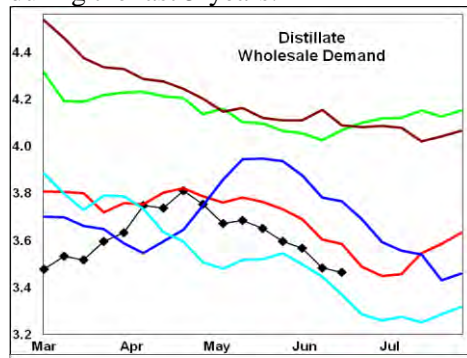
Central Atlantic and New England Regions are extremely low, this is partially offset by record stocks in the Lower Atlantic Region - pointing to very high intransit supplies enroute to the northern PADD 1 markets..

Expect the seasonal increase in production to lift stocks in markets East of the Rockies during the next 60-days, from record low levels.

Distillate demand fell -180,000 bpd last week, to a level below last year. The latest 4-wk average demand was -61,000 bpd below a year ago.

Supplies were nearly unchanged on the week, with production +347,000 bpd above a year ago. Record high production was partially offset by a -56,000 bpd decrease in imports. Stocks increased +1.2 million barrels, extending the seasonal build.

The latest 4-wk stock draw in markets East of the Rockies was -0.2 million barrels, compared to an average build of +3 million barrels during the last 5-years.



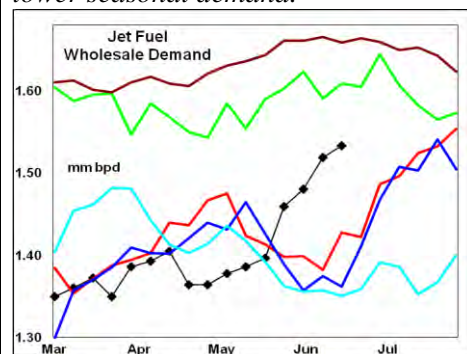
Look for the supply balance to improve going forward on record production, lower seasonal demand and a slow down in global growth.

Jet Fuel demand fell -112,000 bpd last week, still a level sharply above the last 3-years. The latest 4-wk average

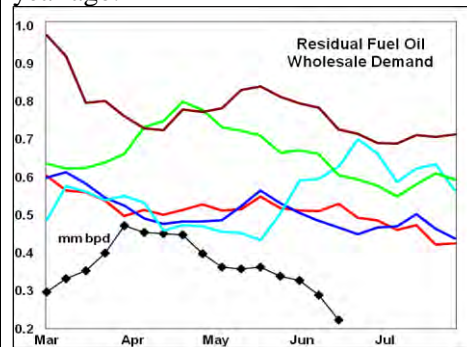
demand was +103,000 bpd above a year ago.

Imports fell -53,000 bpd to zero for the week, partially offset by a +32,000 bpd rise in production. Production was a record high for the season. Stocks were unchanged on the week, at a 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 decreased -18,000 bpd last week. The latest 4-wk average was -217,000 bpd below a year ago.



Supply (production + imports) fell -40,000 bpd last week, on lower imports. The latest 4-wk average supply was -101,000 bpd below last year on lower imports and production. Stocks climbed +1.5 million barrels, to a level -9% below the historic range.

Wholesale demand remains exceptionally weak, off -41% during the latest 4-wk period compared to a year ago. Imports are -27% lower for the same period. Stocks have increased +3.2 million barrels during the last 2-wks, concentrated in the Gulf Region where stock levels match 5-year highs.



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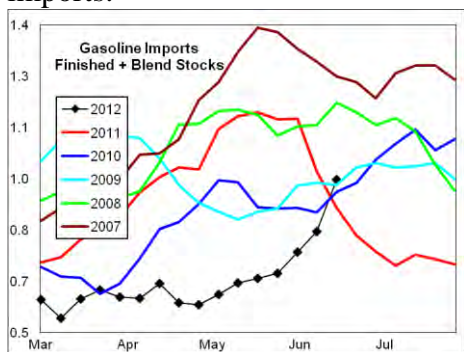
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -34,000 bpd on the week, with the latest 4-wk average -160,000 bpd below last year.

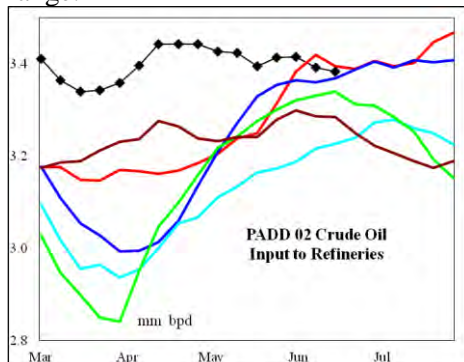
Gasoline imports jumped +327,000 bpd on the week, partially offset by a -68,000 bpd decrease in production. Stocks increased +0.5 million barrels; driven by the rise in imports.



Stock levels in the Central Atlantic and New England regions fell to record low levels last week, while the Lower Atlantic Region reached a 5-year high.

Distillate supply increased +38,000 bpd last week, with the level still -68,000 bpd below last year. Stocks increased +1.3 million barrels on the week, but -23% below last year.

Jet fuel supply decreased -17,000 bpd last week, with no imports. Stocks declined -0.4 million barrels on the week, to a level below the 5-year range.



PADD 2 crude oil refinery runs decreased -44,000 bpd on the week, with the 4-wk average +13,000 bpd above last year. Crude oil imports were nearly unchanged last week with

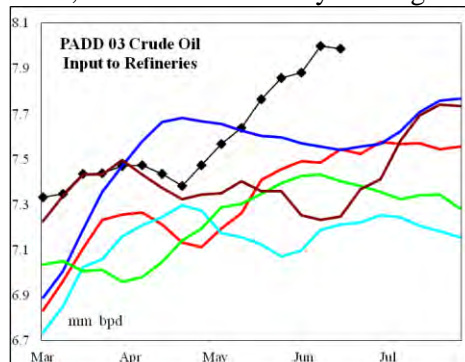
the level +34% above last year. Stocks increased +1.9 million barrels, +14% above the prior 5-year high.

Gasoline production declined -38,000 bpd last week, to a level below the 5-year mid range. Stocks climbed +0.5 million barrels on higher receipts from the Gulf; with the level below the historic range.

Distillate production decreased -27,000 bpd on the week, to a level below the last 2-years. Stocks fell -1.3 million barrels last week, to a level near last years' record low.

Jet fuel production decreased -15,000 bpd on the week, to a level comparable with the last 2-years. Stocks ended the week at a level near the low end of the historic range.

PADD 3 refinery runs declined -36,000 bpd last week, still at a record high level. The latest 4-wk average thru put was +428,000 bpd above last year. Crude oil imports increased +310,000 bpd last week to a level comparable with last year. Stocks increased +1.4 million barrels on the week, a level above the 5-year range.



Gasoline production fell -134,000 bpd last week, a level below the last several weeks. Stocks fell -0.8 million barrels last week, to a level below four of the last 5-years.

Distillate production decreased -38,000 bpd on the week, a level still +12% above last years' record high. Stocks climbed +0.8 million barrels on the week, a level -17% below a year ago.

Jet fuel production climbed +56,000 bpd last week, with the level a record 5-year high. Stocks were nearly

unchanged last week, at a level comparable to a year ago.

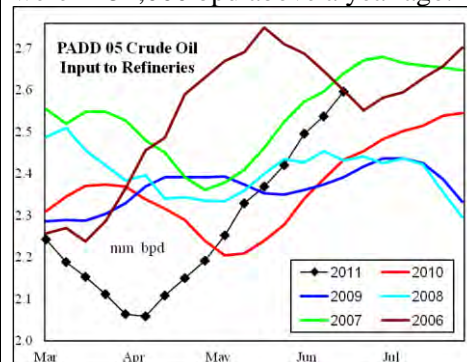
Residual fuel oil supplies fell -52,000 bpd on the week, on lower production and imports. The level of supply fell below the historic mid range. Stocks increased +1 million barrels to a level comparable with the last 2-years.

PADD 4 refinery crude runs increased +39,000 bpd on the week, to 5-year record high. The most recent 4-wk average run rate was +4,000 above last year.

Gasoline production increased +16,000 bpd on the week, to a level comparable with the last 3-years. Stocks increased +0.4 million barrels, a level -10% below last year.

Distillate production increased +11,000 bpd on the week, to new all time record high. Stocks increased +0.2 million barrels to a level near last years' record high.

PADD 5 crude oil refinery runs increased +62,000 bpd last week, to a level well above the last 3-years. Runs for the most recent 4-wk period were +154,000 bpd above a year ago.



Gasoline supply fell -97,000 bpd on the week; with the latest 4-wk average +21,000 bpd above a year ago. Stocks increased +0.4 million barrels last week, to a level that matched 5-year lows.

Distillate supply increased +8,000 bpd on the week, to a level above four of the last 5-years. Stocks increased +0.2 million barrels, a level -6% below last year.

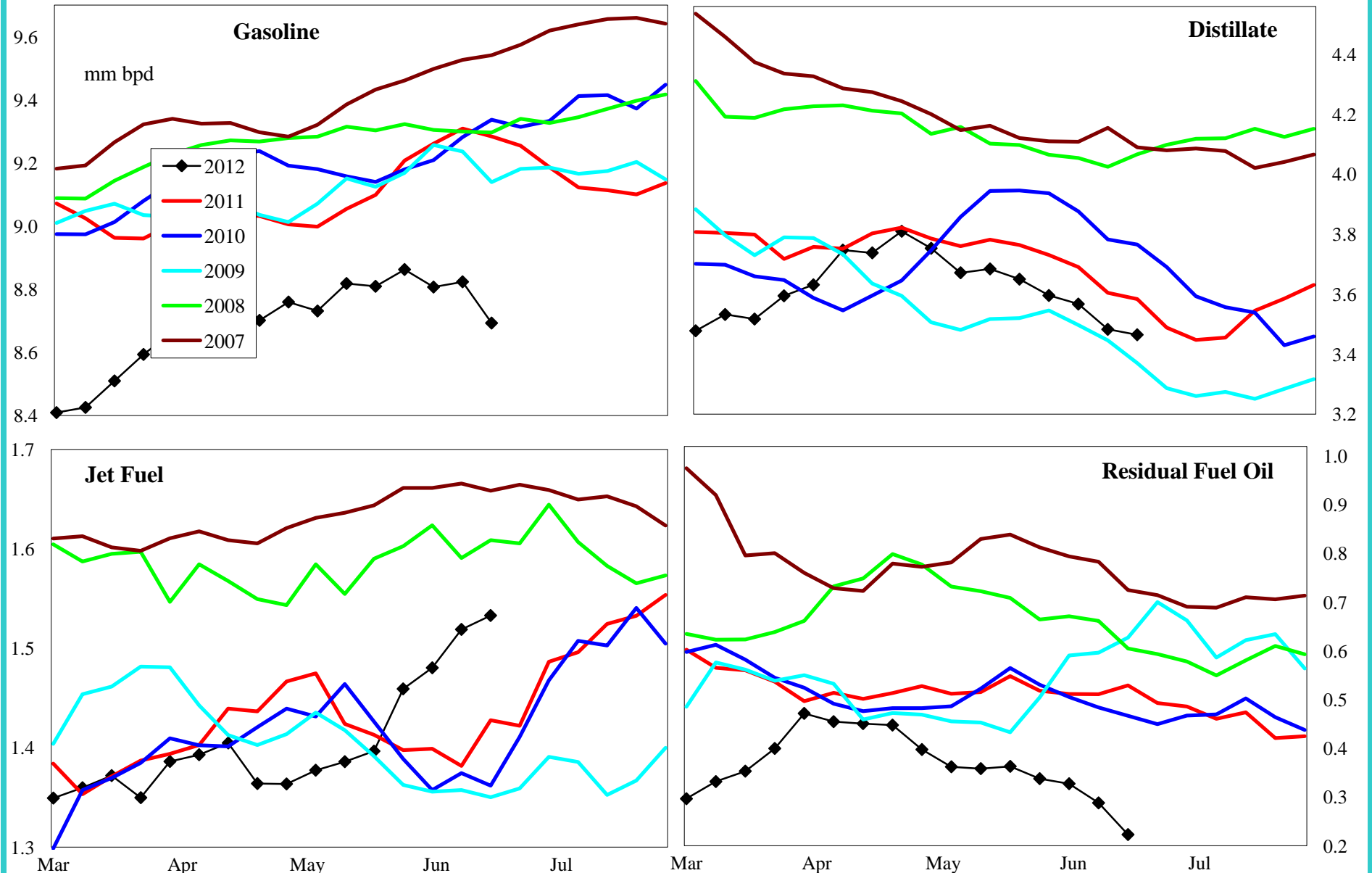


PETROLEUM: Graph Link and Weekly Summary

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| Fundamental Trends | Wholesale Demand | Stocks Days Fwd Coverage | Refinery Utilization Product Yield % | | | Imports | |
|-----------------------------------|----------------------------------|--|---|--------|-------|-------------------------|------|
| Supply/Demand Trends | 15-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 | 2,861 | 219 | 1,911 | 1,442 | -472 | -239 |
| | Imports | 328 | -110 | 12 | 310 | 50 | 67 |
| | Input | -12 | -34 | -44 | -36 | 39 | 62 |
| | % Utilization | -0.10 | | | | | |
| Gasoline | Stocks | 943 | 525 | 514 | -832 | 374 | 361 |
| | Production | -529 | -68 | -38 | -134 | 16 | -49 |
| | Imports | 304 | 327 | -1 | 25 | 0 | -48 |
| | Supplied | -437 | | | | | |
| Distillate | Stocks | 1,156 | 1,251 | -1,307 | 796 | 198 | 218 |
| | Production | -8 | 34 | -27 | -38 | 11 | 12 |
| | Imports | 2 | 4 | 1 | 0 | 1 | -4 |
| | Supplied | -180 | | | | | |
| Jet Fuel | Stocks | 2 | -386 | 147 | 124 | -212 | 329 |
| | Production | 32 | -5 | -15 | 56 | -9 | 3 |
| | Imports | -53 | -12 | 0 | -1 | 0 | -41 |
| | Supplied | -112 | | | | | |
| Residual Fuel Oil | Stocks | 1,519 | -94 | -93 | 1,094 | 8 | 604 |
| | Production | 41 | 65 | 3 | -28 | -1 | 3 |
| | Imports | -81 | -76 | -1 | -24 | 0 | 18 |
| | Supplied | -18 | | | | | |

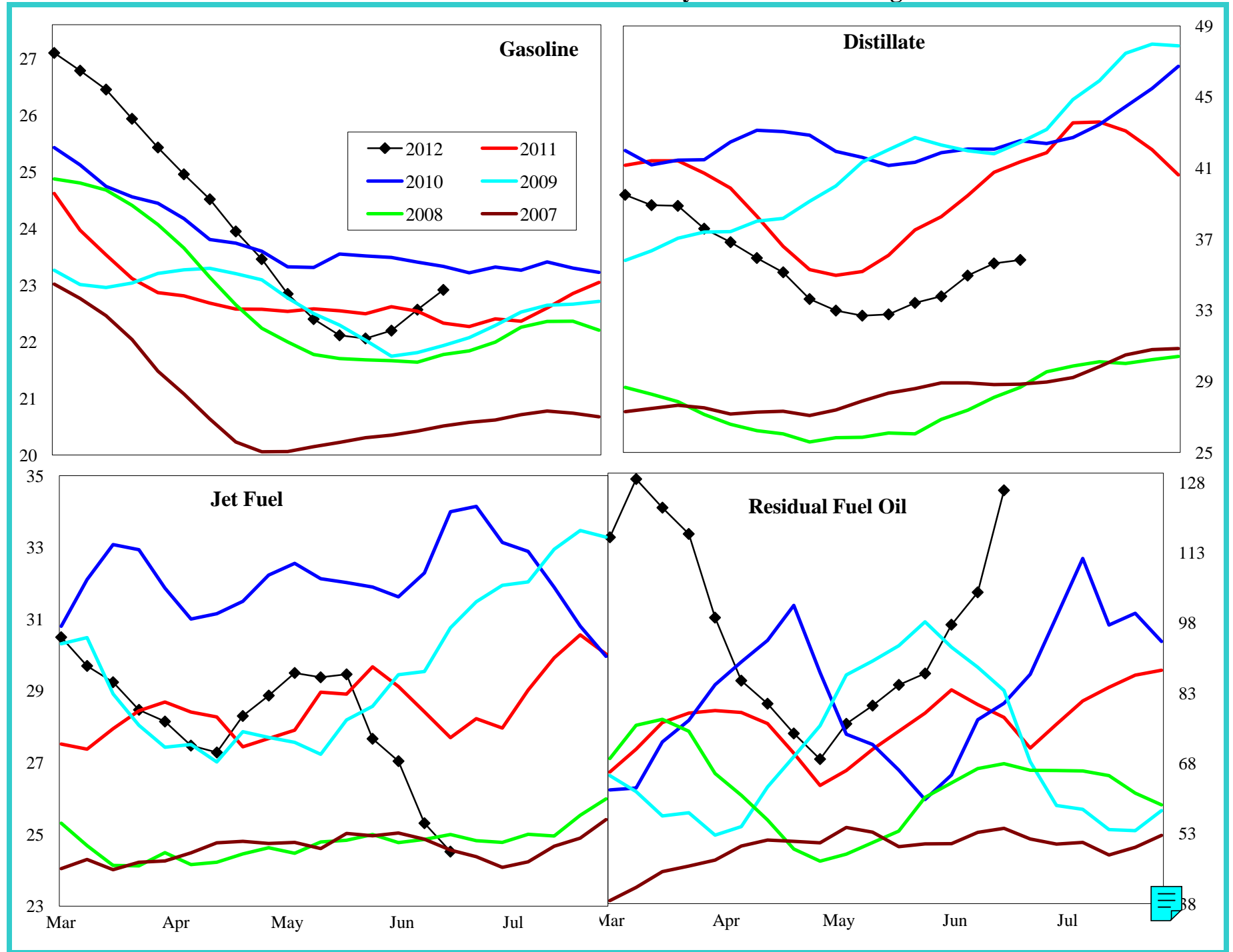
United States Wholesale Petroleum Demand



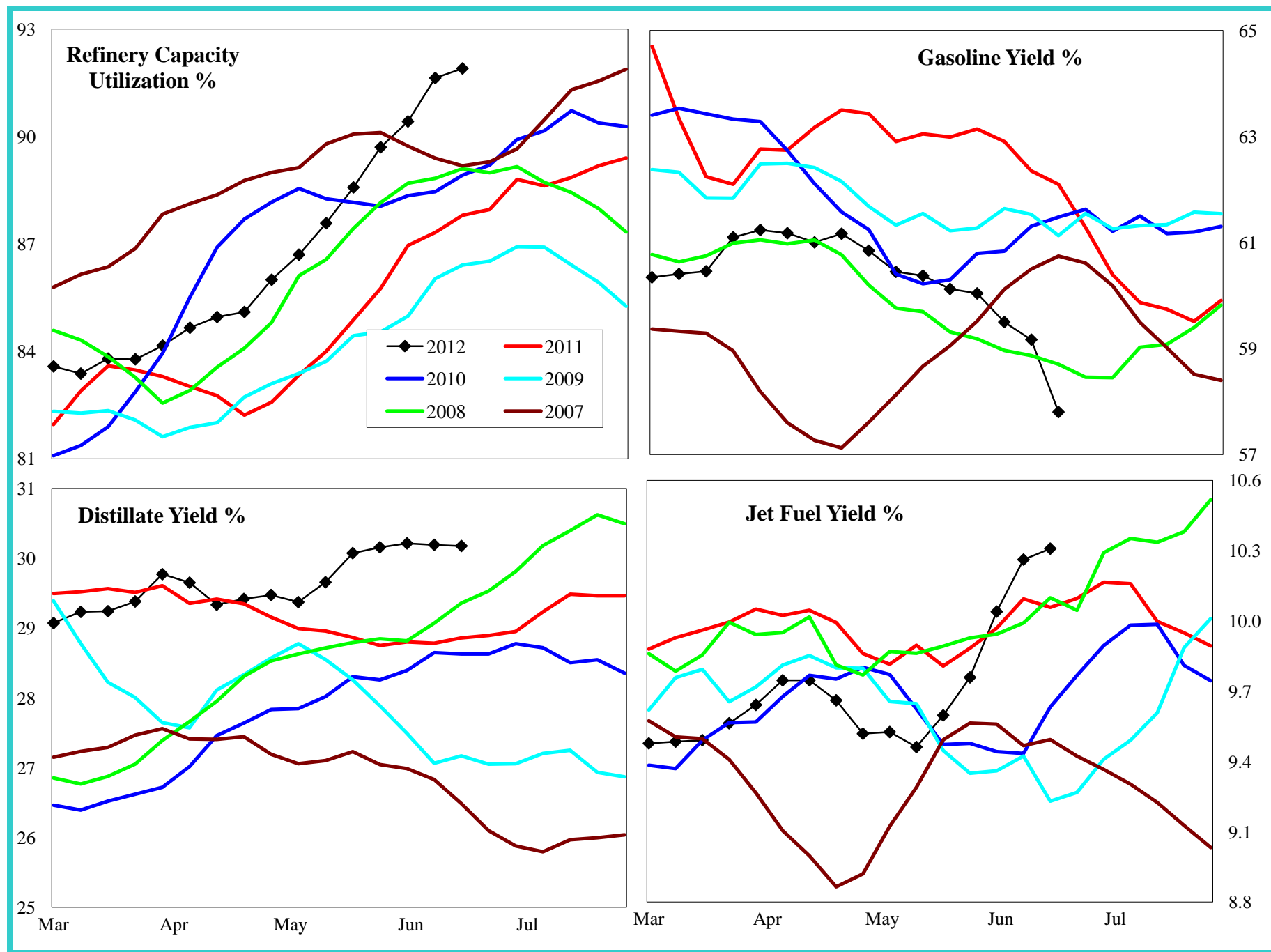
| | 000 bpd change from prior year | | | | % change from prior year | | | |
|------------|--------------------------------|------|------|------|--------------------------|-------|-------|-------|
| | 4wk avg | May | Apr | Mar | 4wk avg | May | Apr | Mar |
| Gasoline | -470 | 12 | -55 | -117 | -5.0 | 0.1 | -0.6 | -1.3 |
| Distillate | -61 | -33 | 141 | -325 | -1.6 | -0.9 | 3.8 | -8.1 |
| Jet Fuel | 103 | -16 | -103 | -7 | 7.5 | -1.1 | -7.1 | -0.5 |
| Resid | -217 | -116 | -172 | -131 | -41.2 | -24.3 | -28.7 | -23.9 |



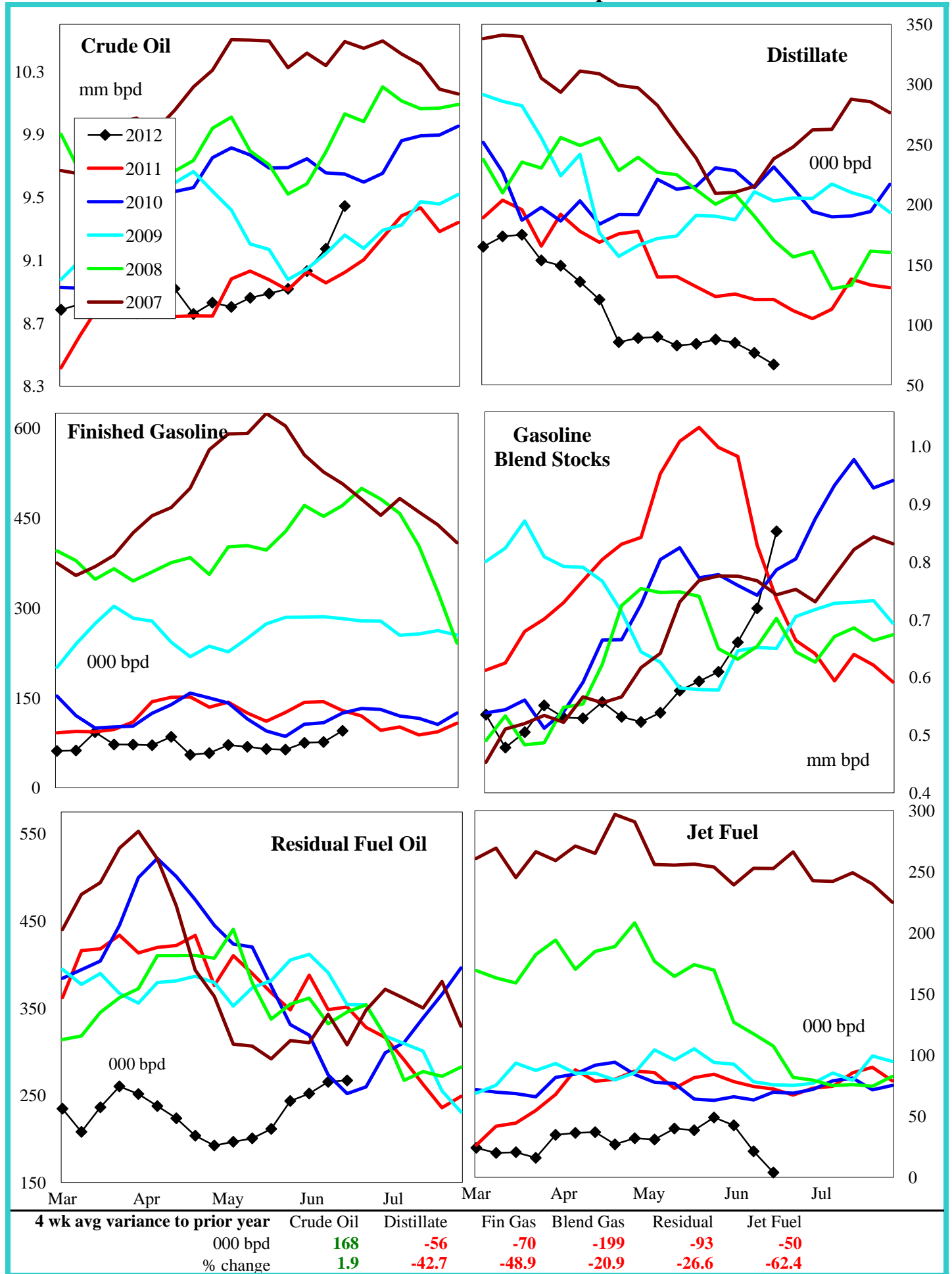
United States Product Stocks: Days Forward Coverage



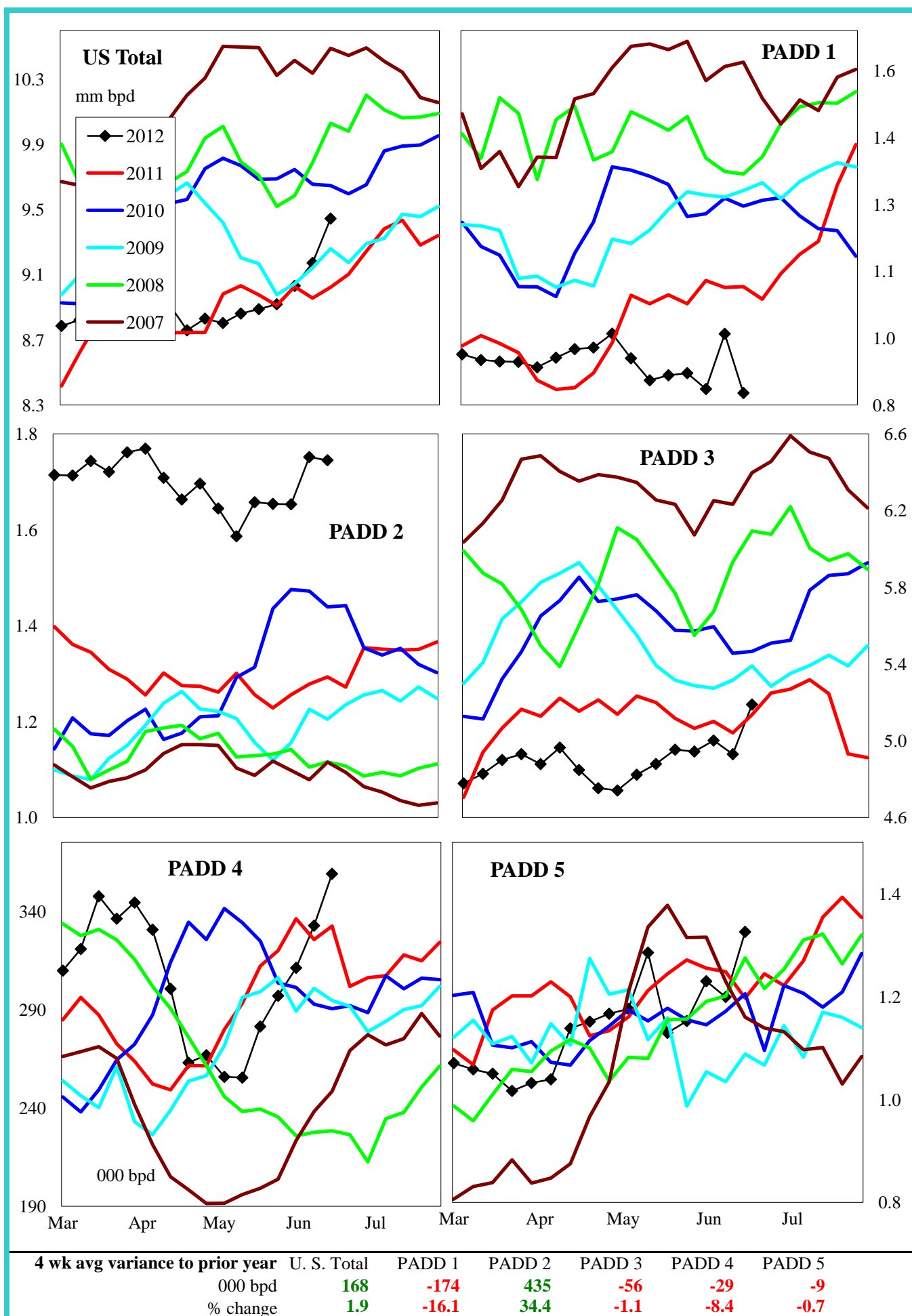
United States Refinery Percent Utilization Rate and Product Yields



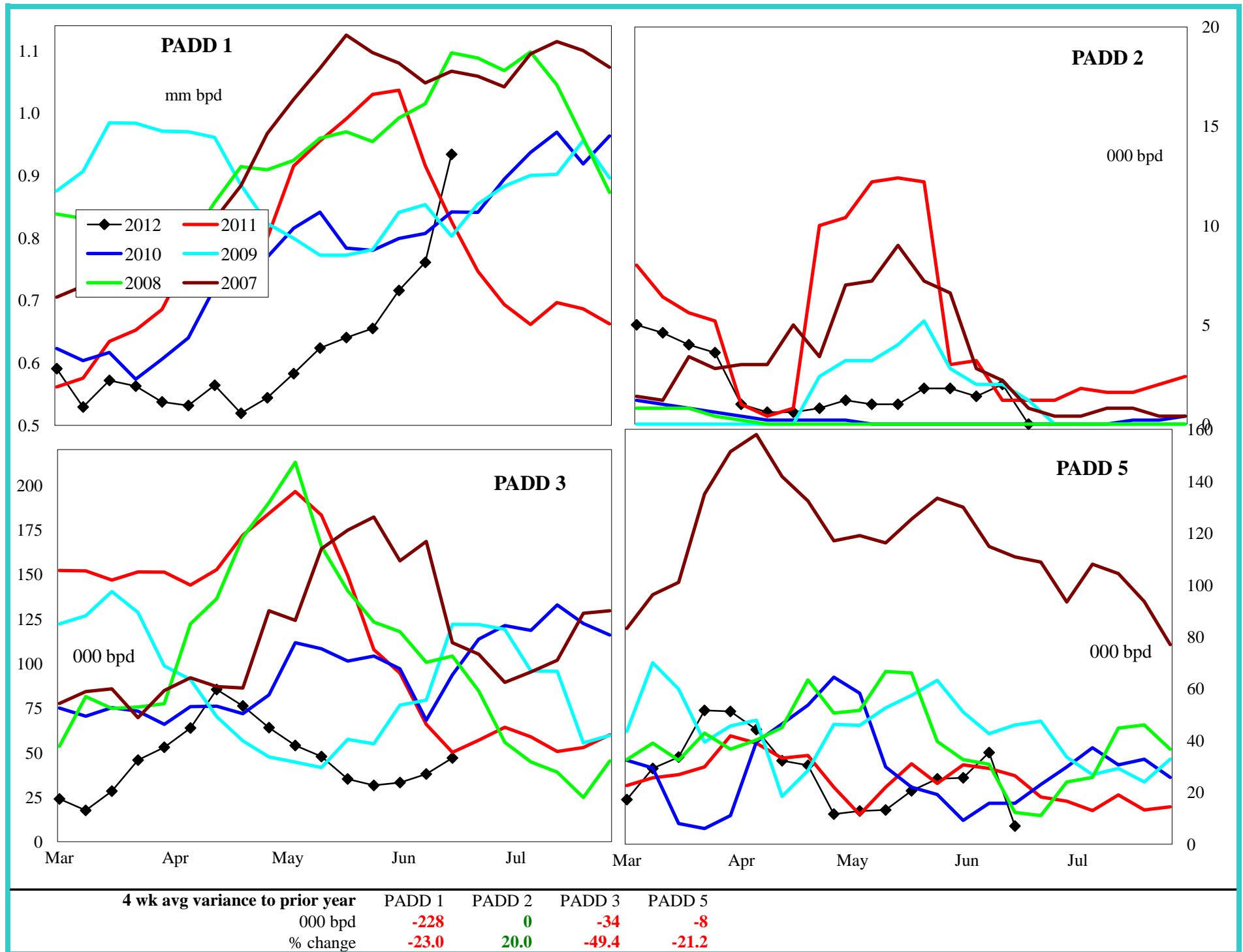
United States Petroleum Imports



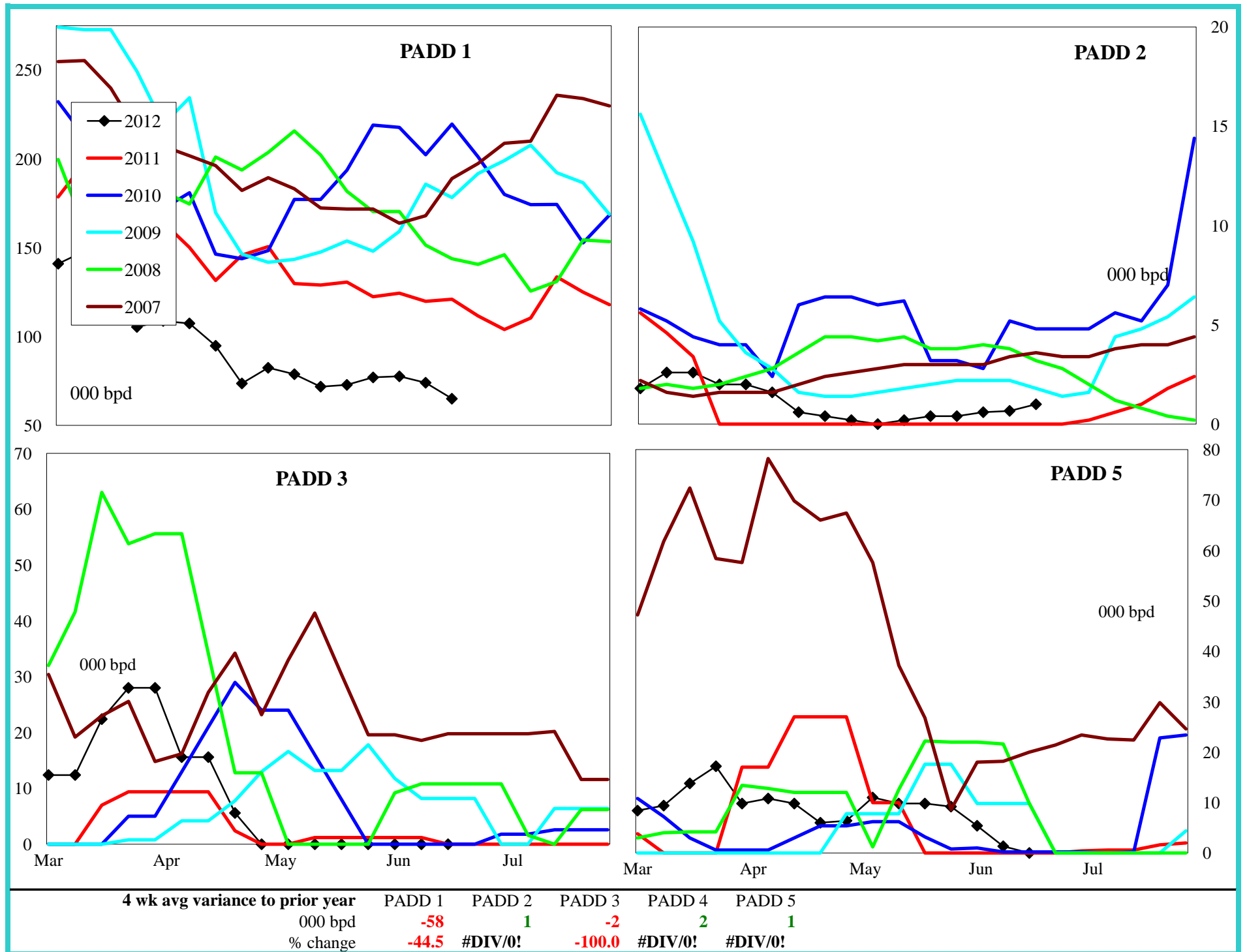
Crude Oil Imports by PADD



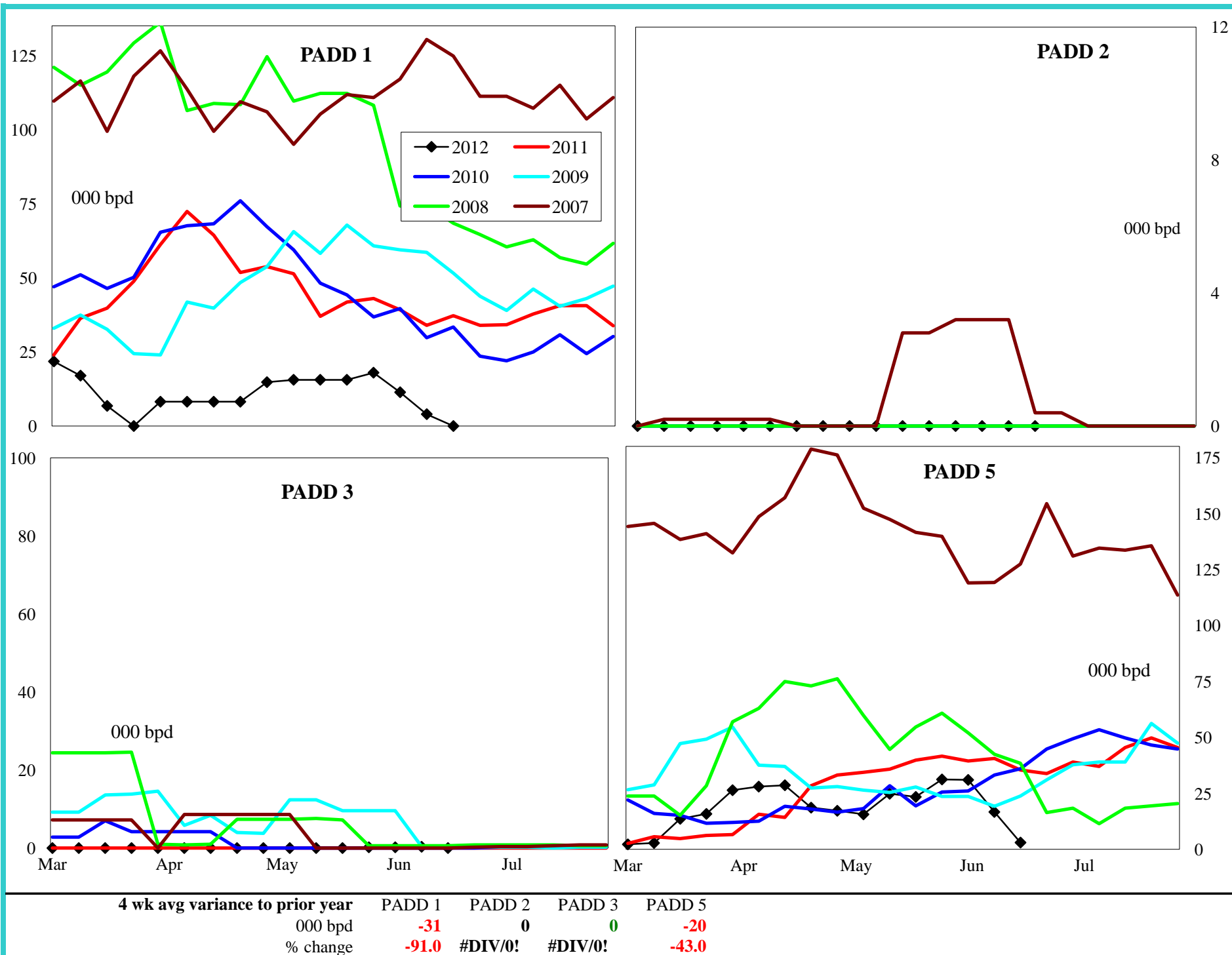
Gasoline Imports by PADD (Finished + Blend Stocks)



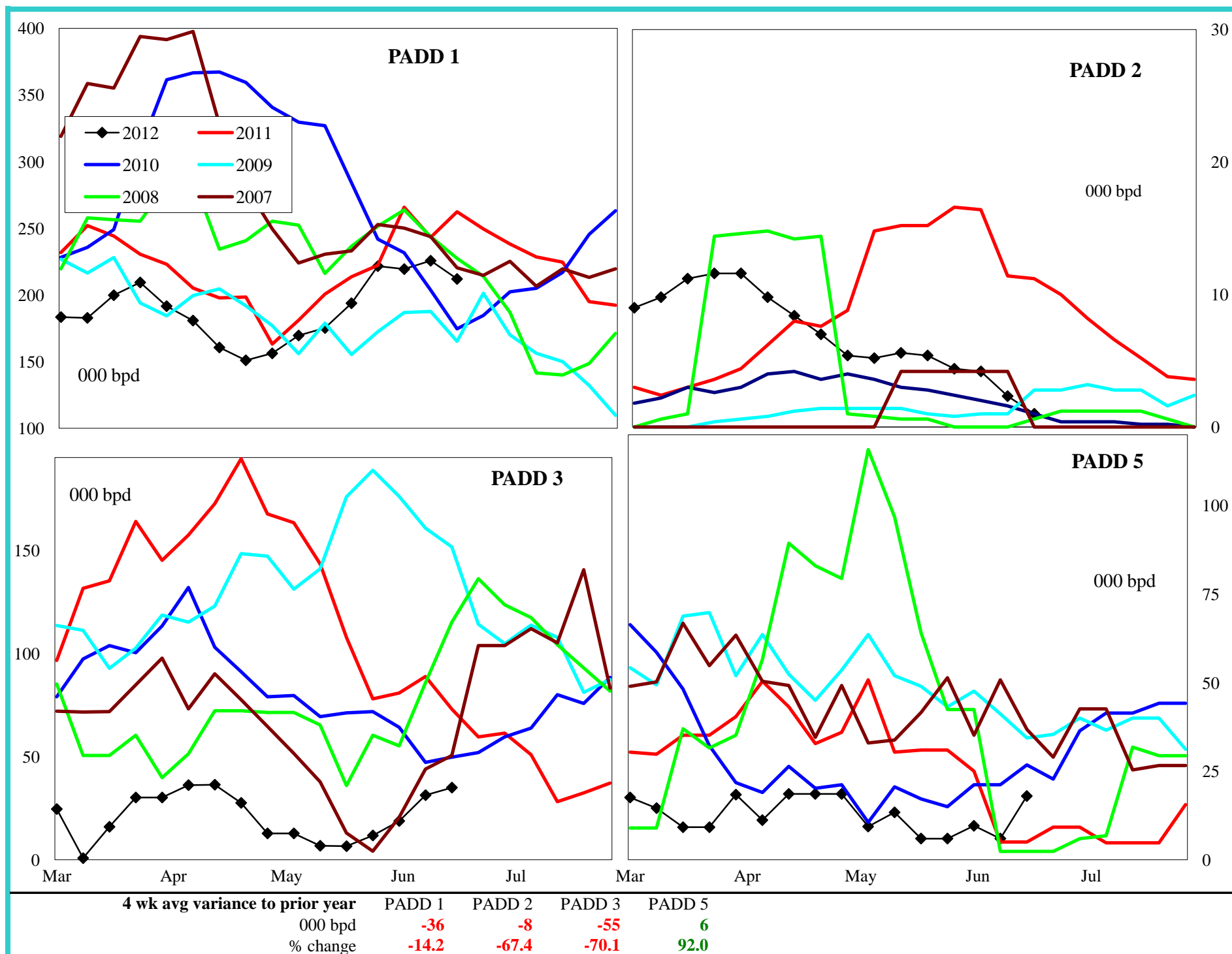
Distillate Imports by PADD



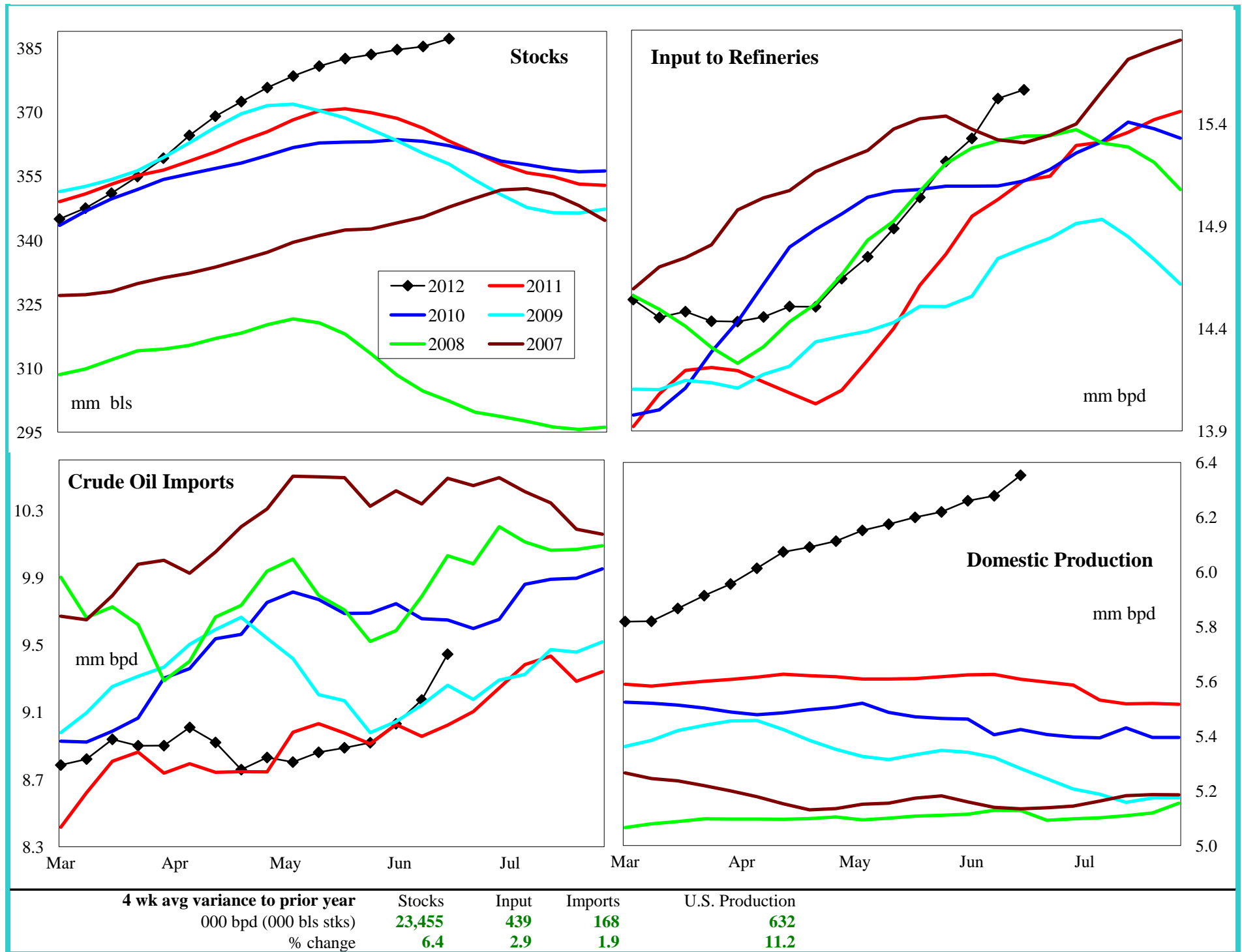
Jet Fuel Imports by PADD



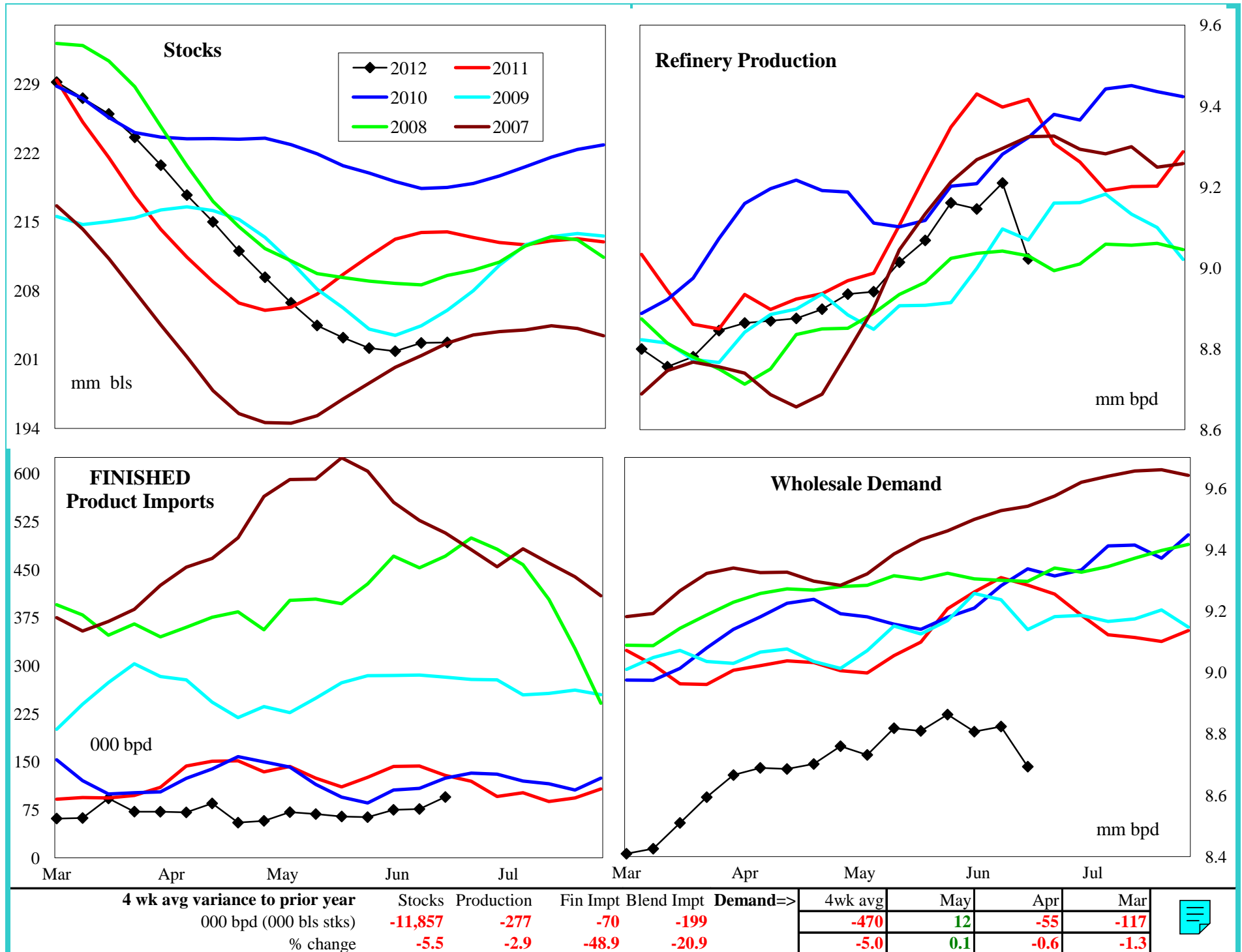
Residual Fuel Oil Imports by PADD



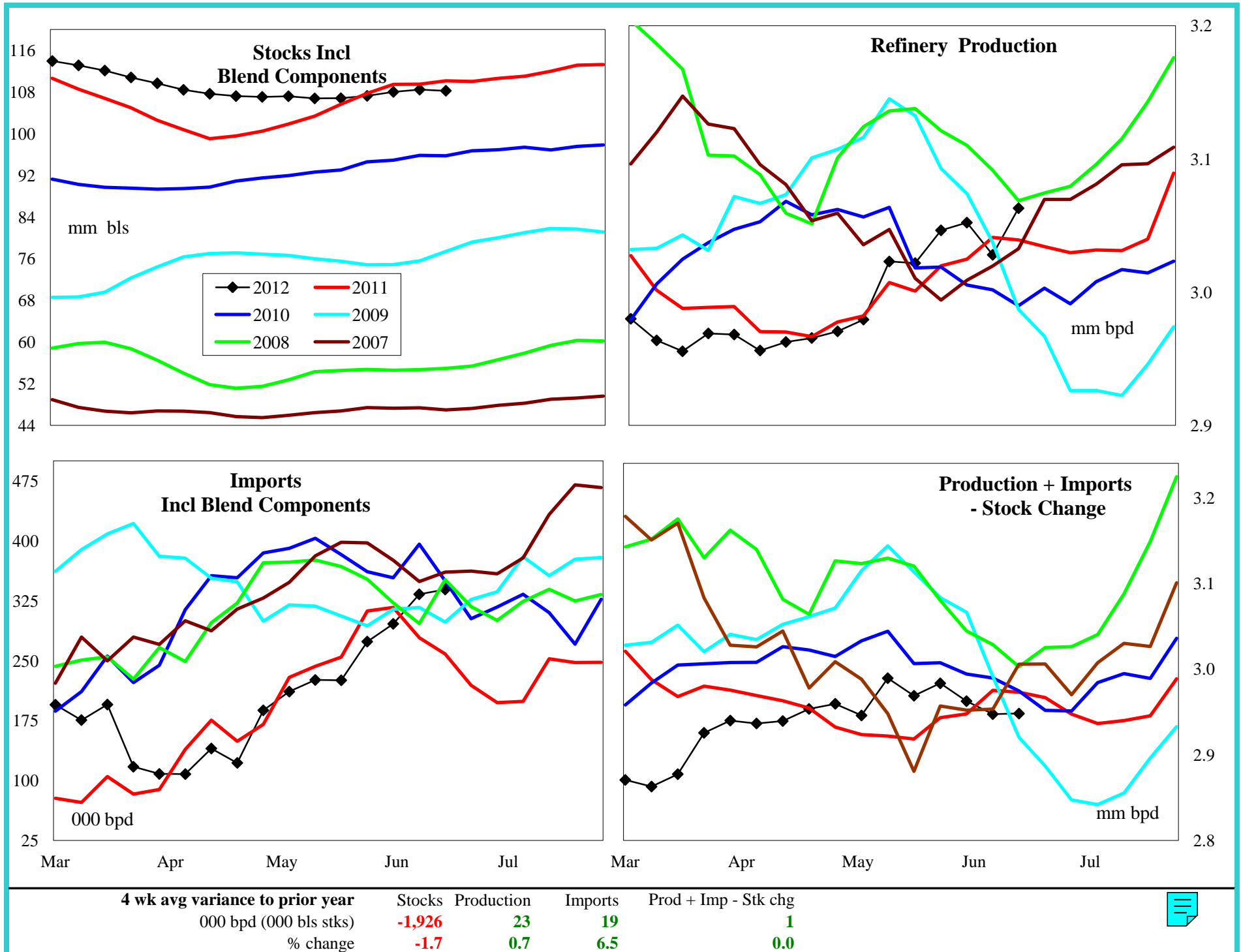
United States Crude Oil Supply and Demand Balance



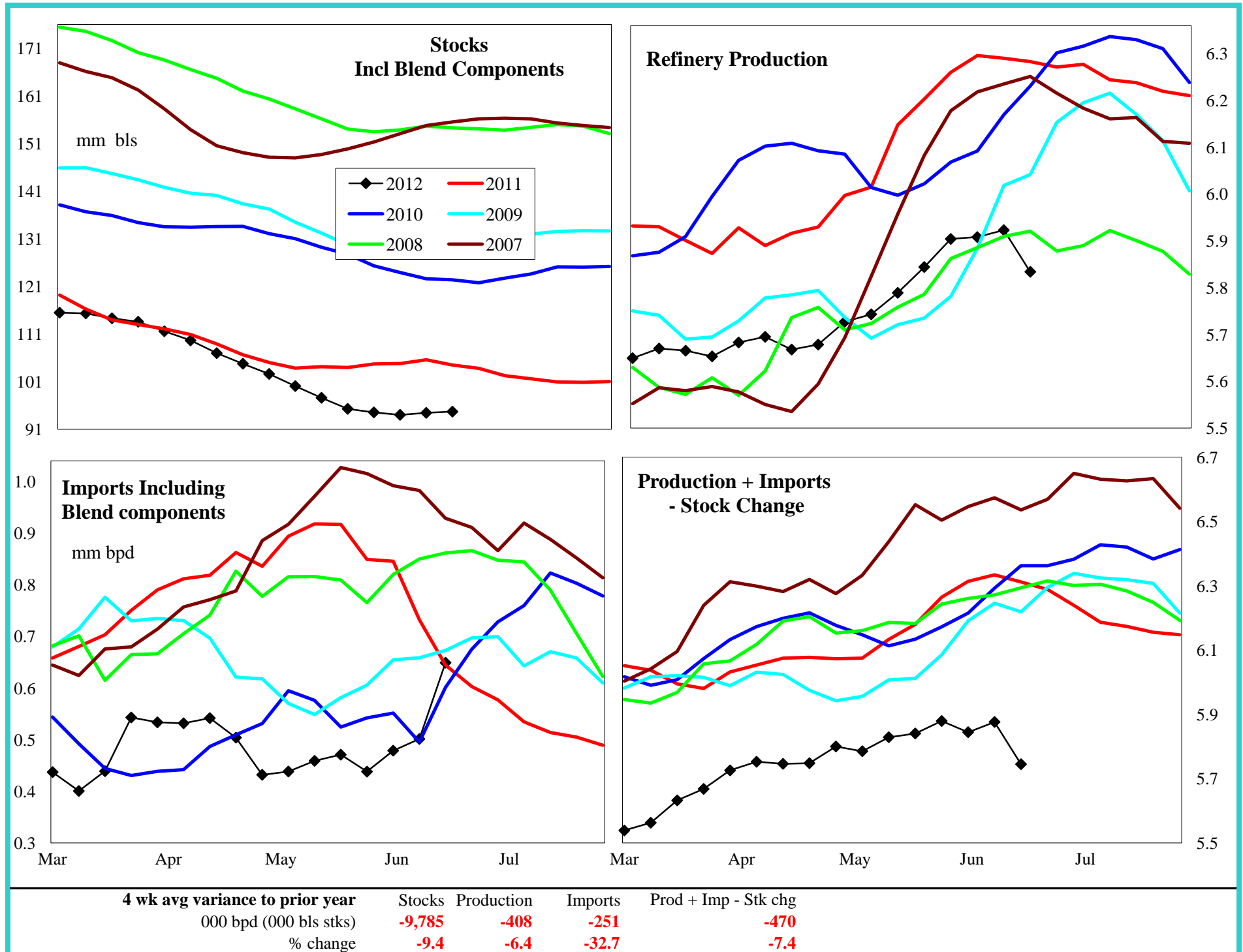
United States Gasoline Supply and Demand Balance



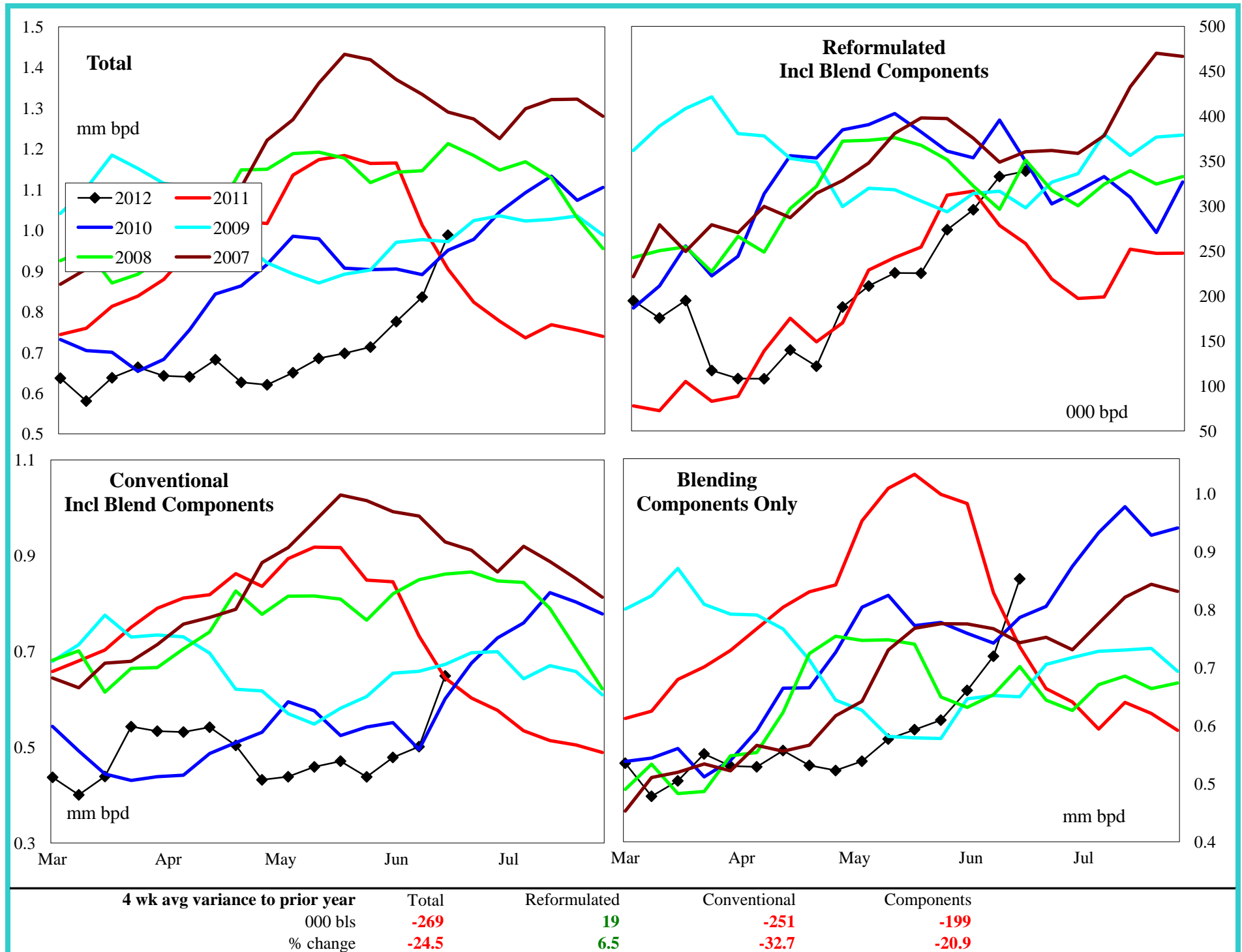
United States Reformulated Gasoline Supply



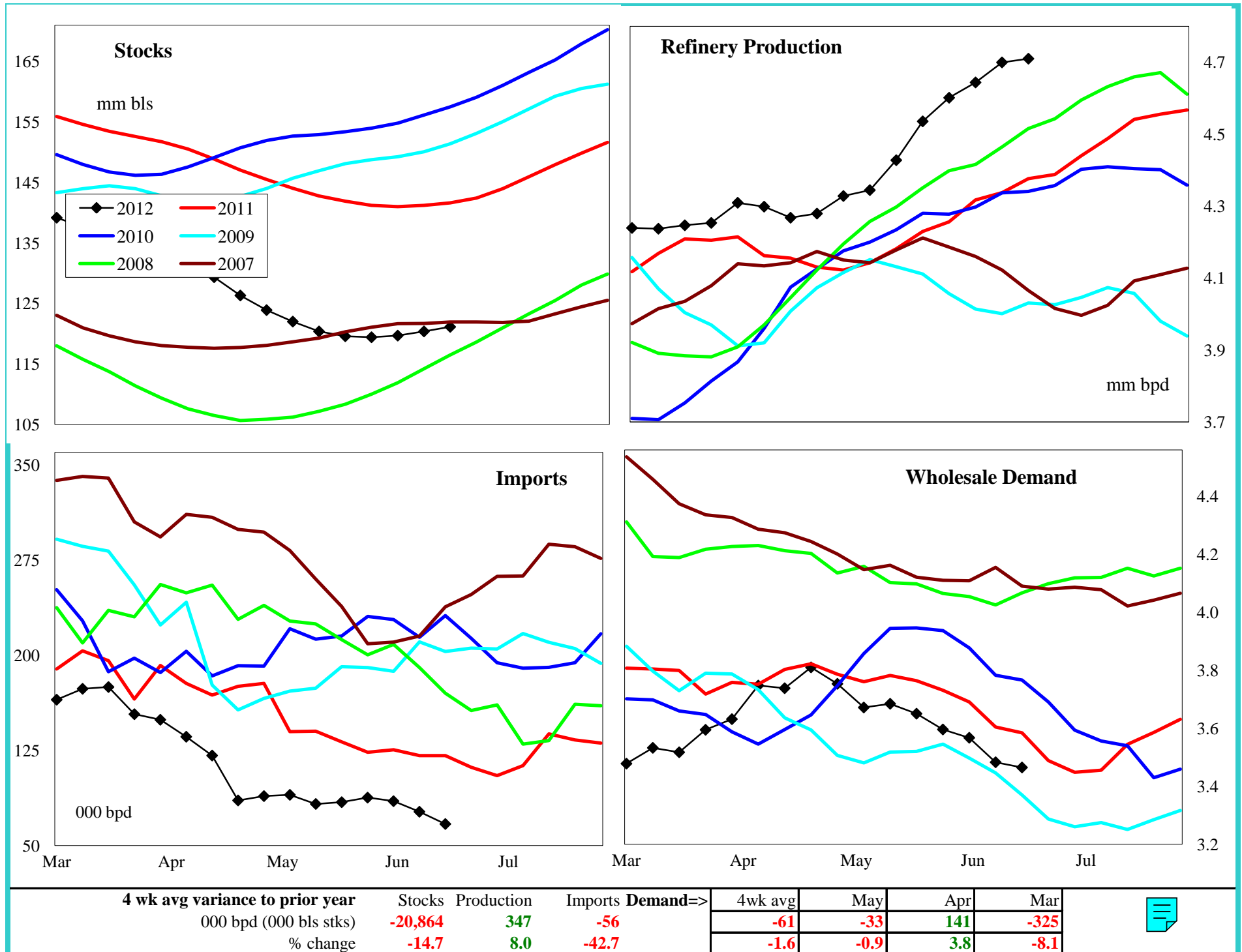
United States Conventional Gasoline Supply



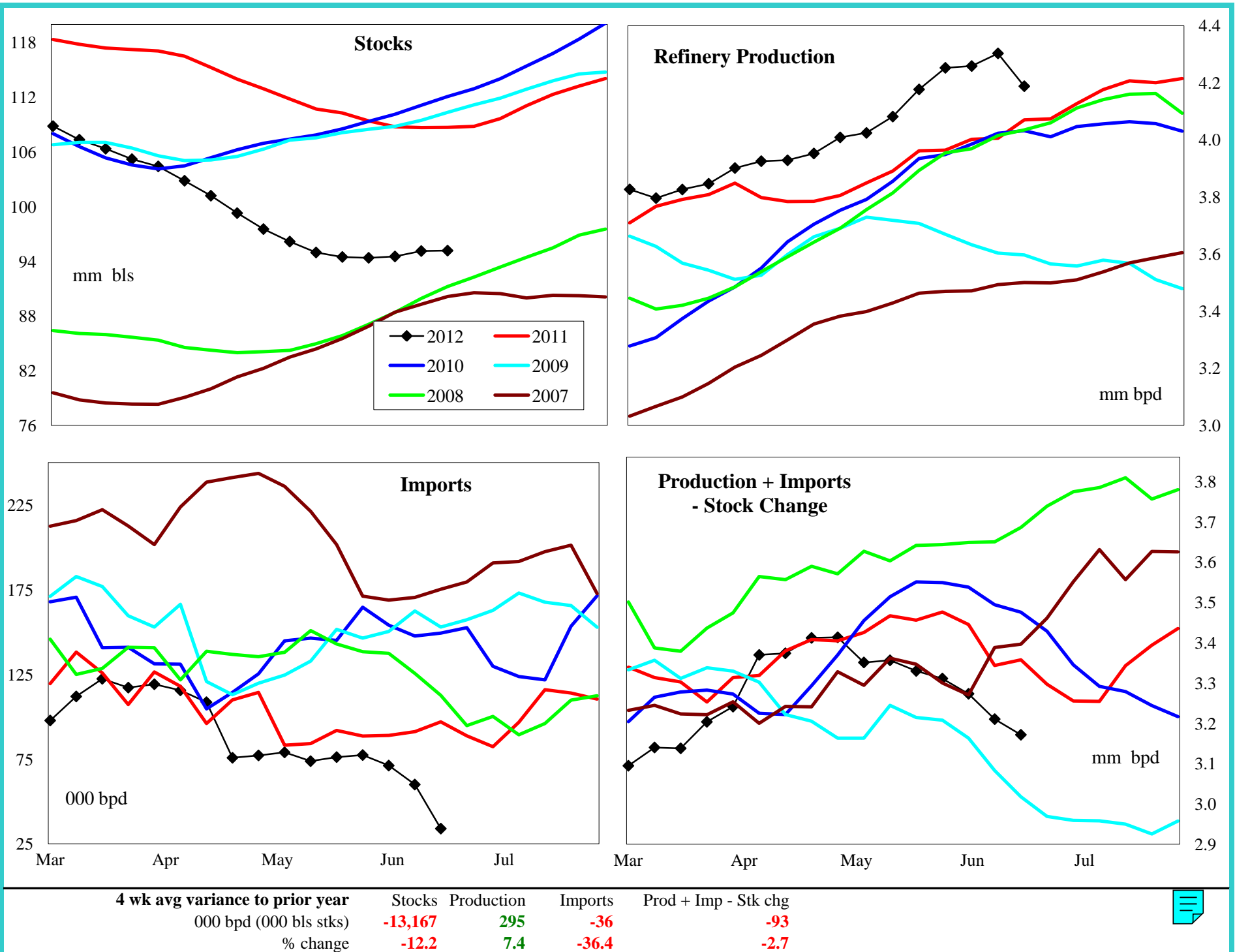
United States Gasoline Imports by Type



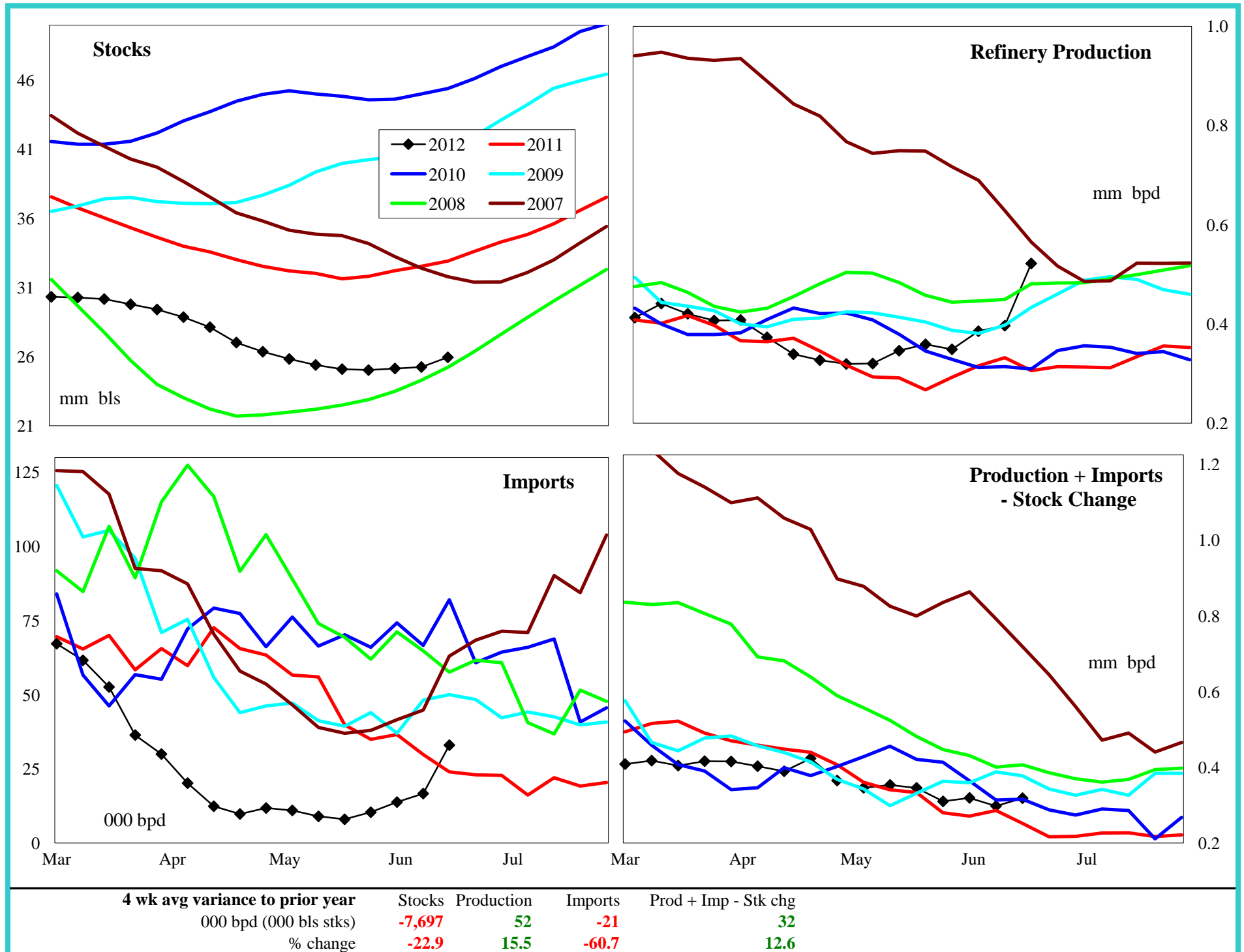
United States Distillate Supply and Demand Balance



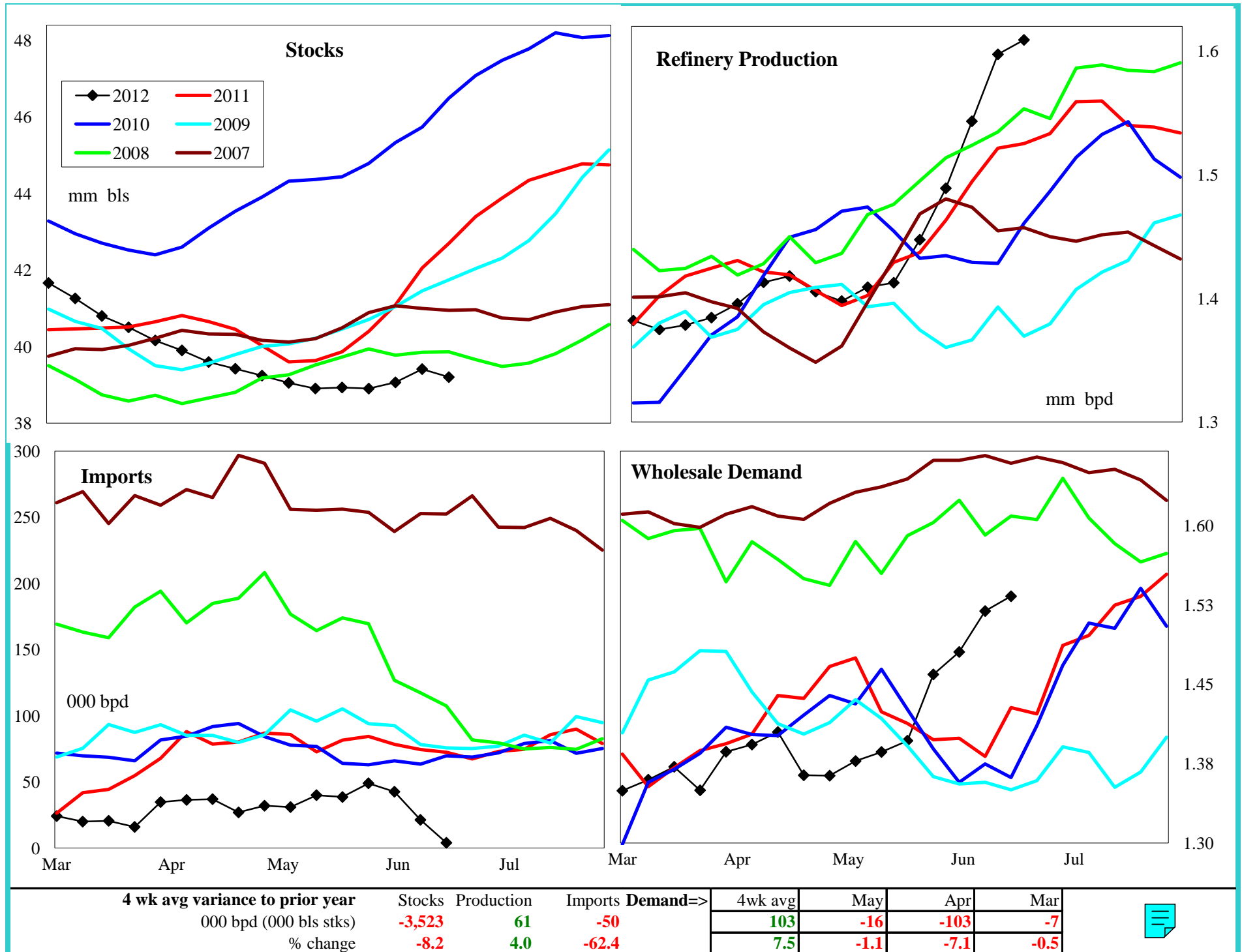
United States Low Sulfur Distillate Supply



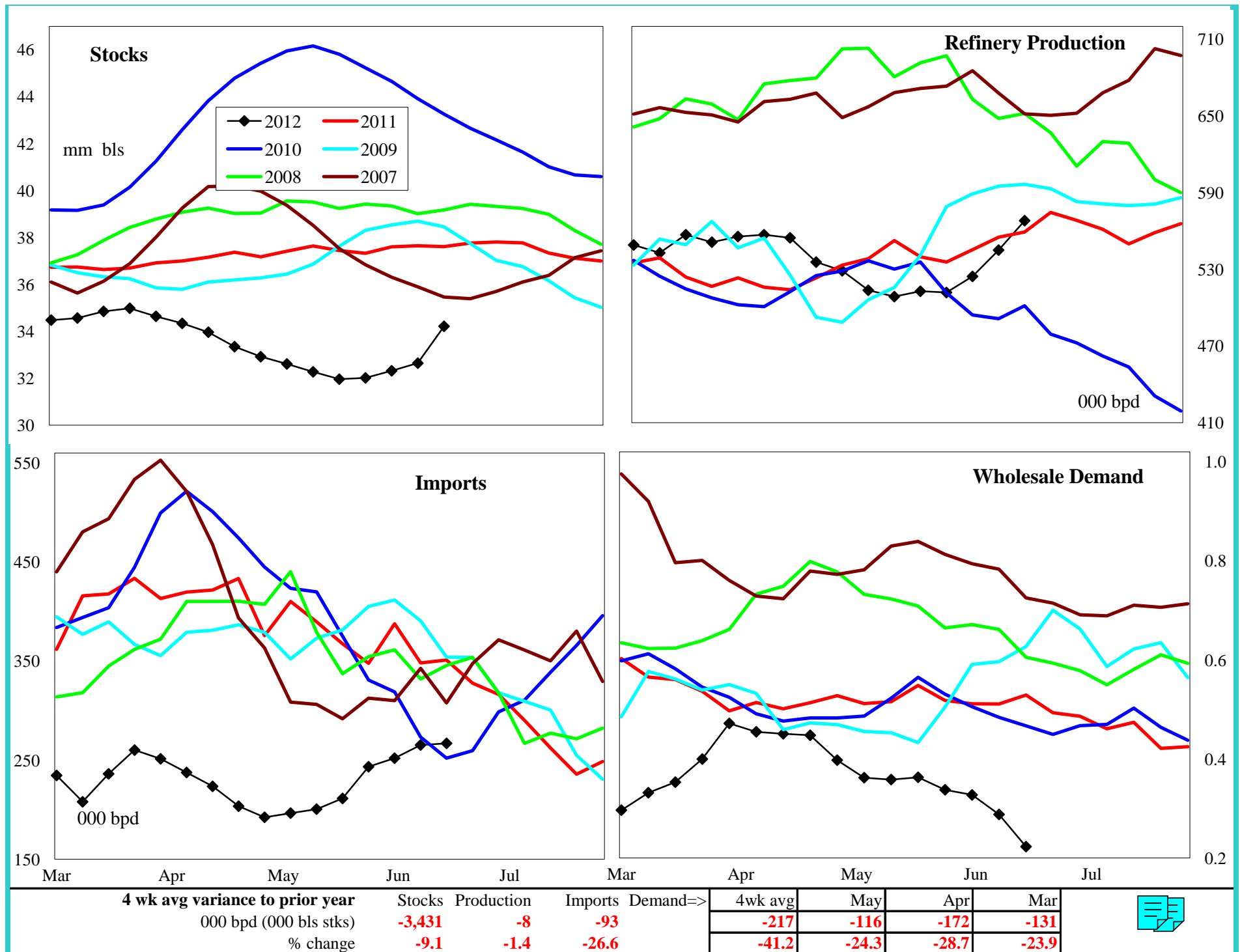
United States High Sulfur Distillate Supply



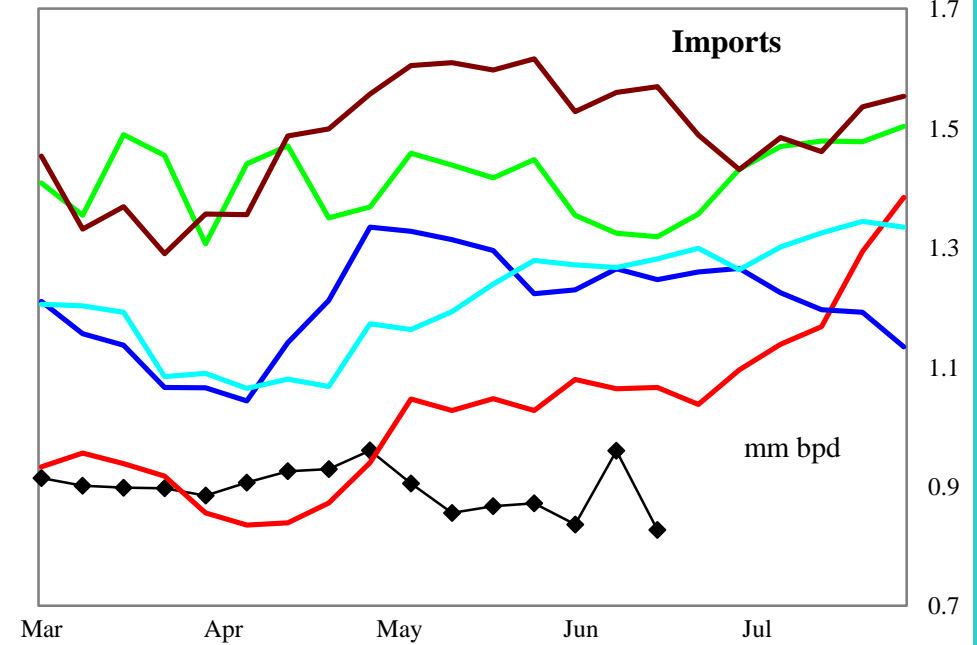
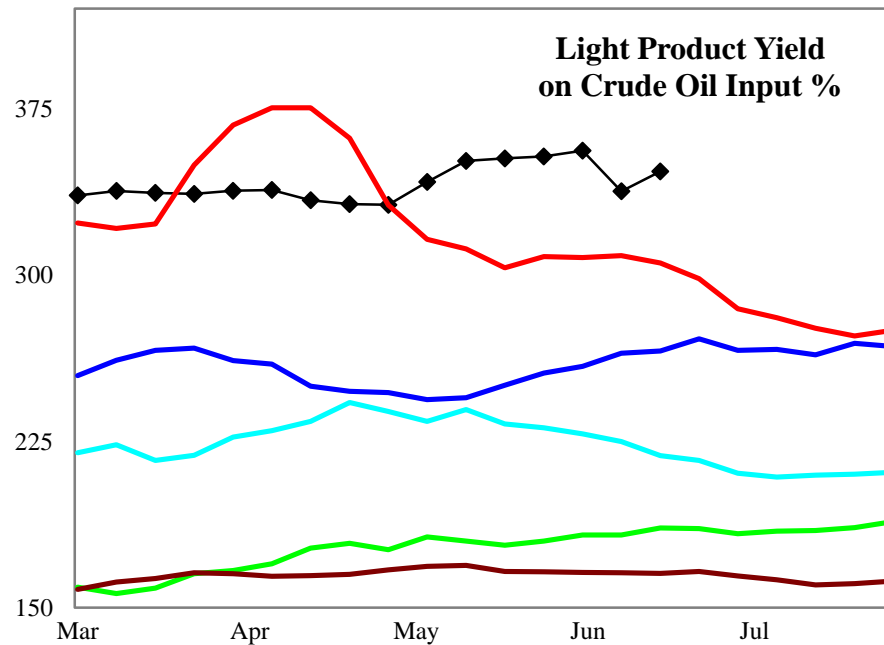
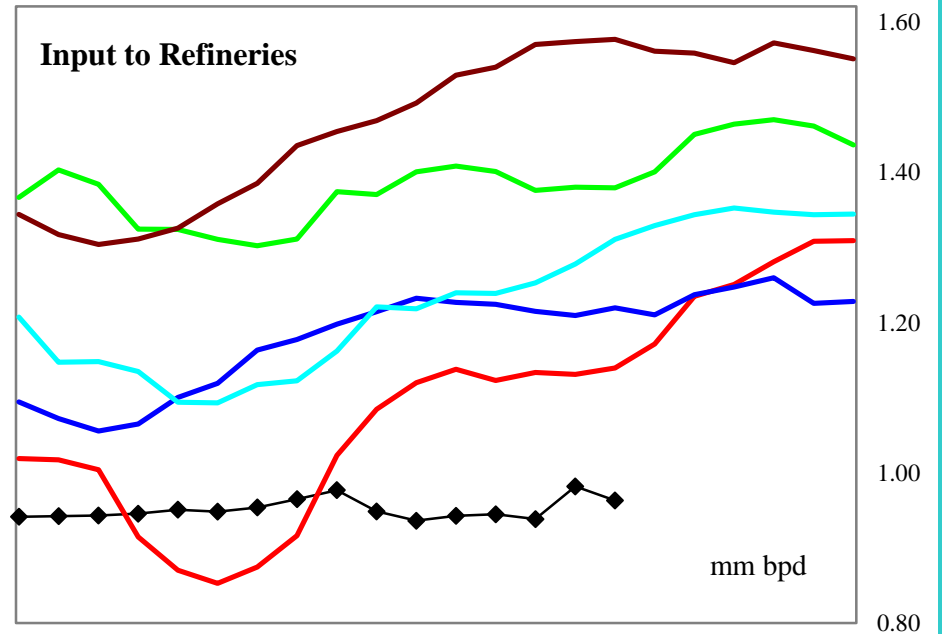
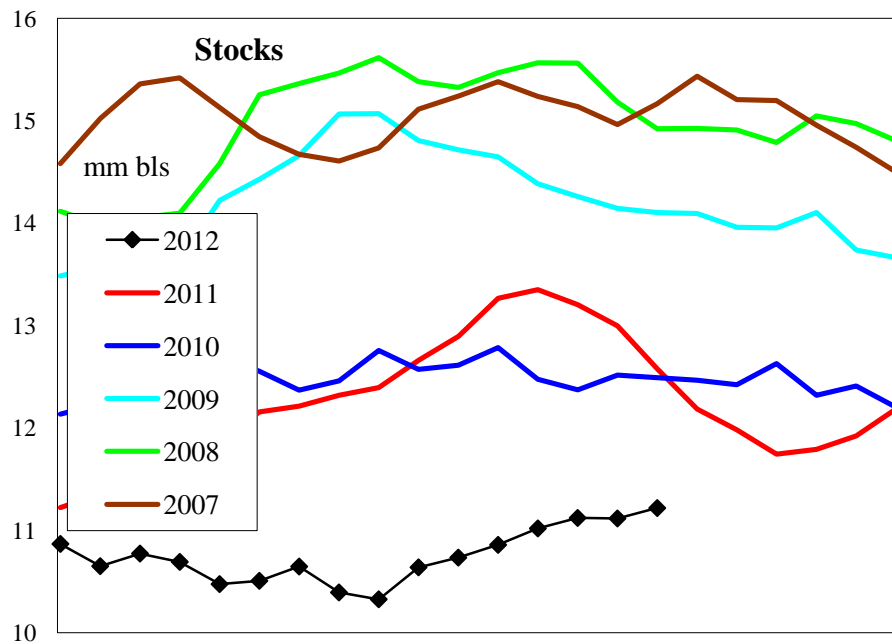
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

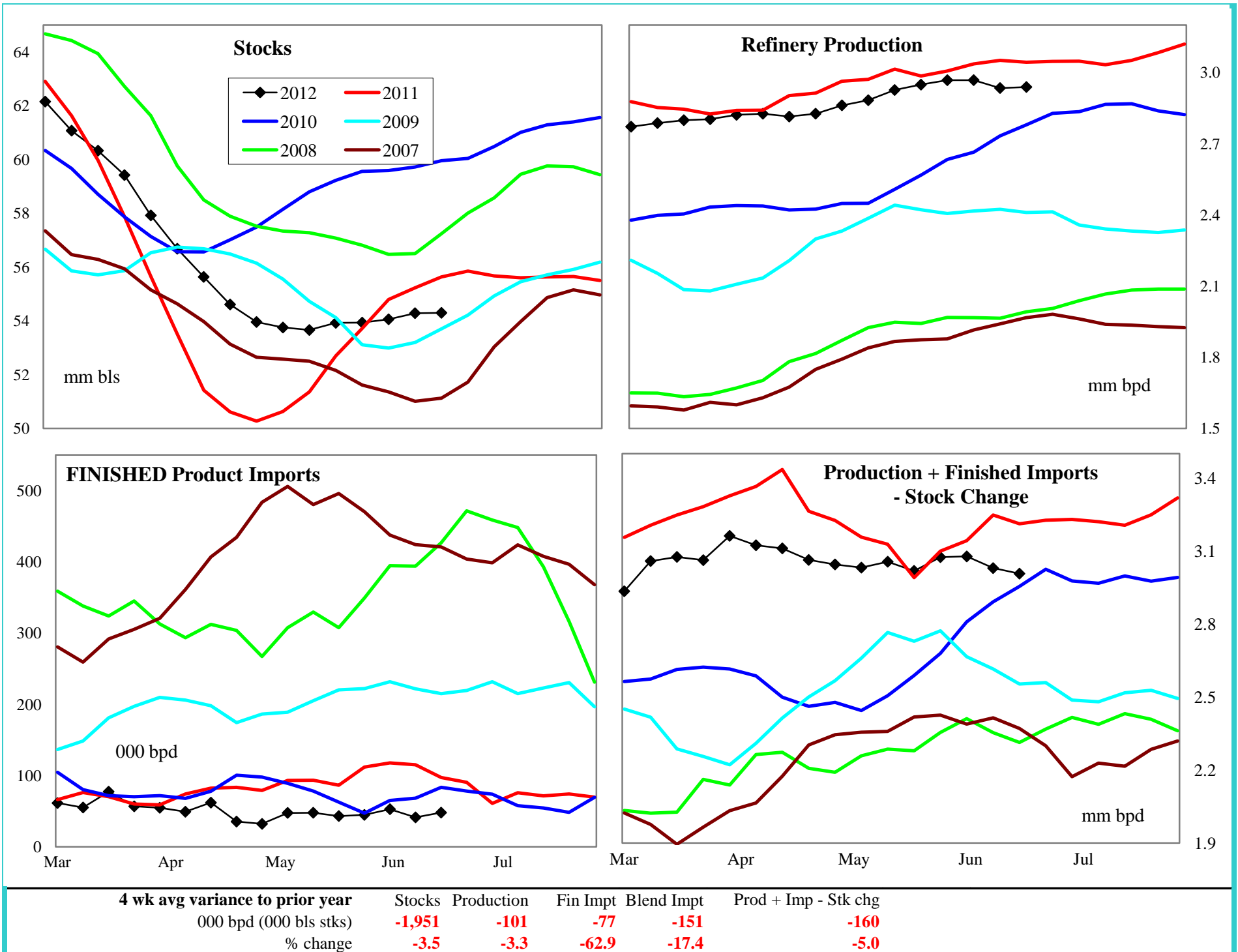


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

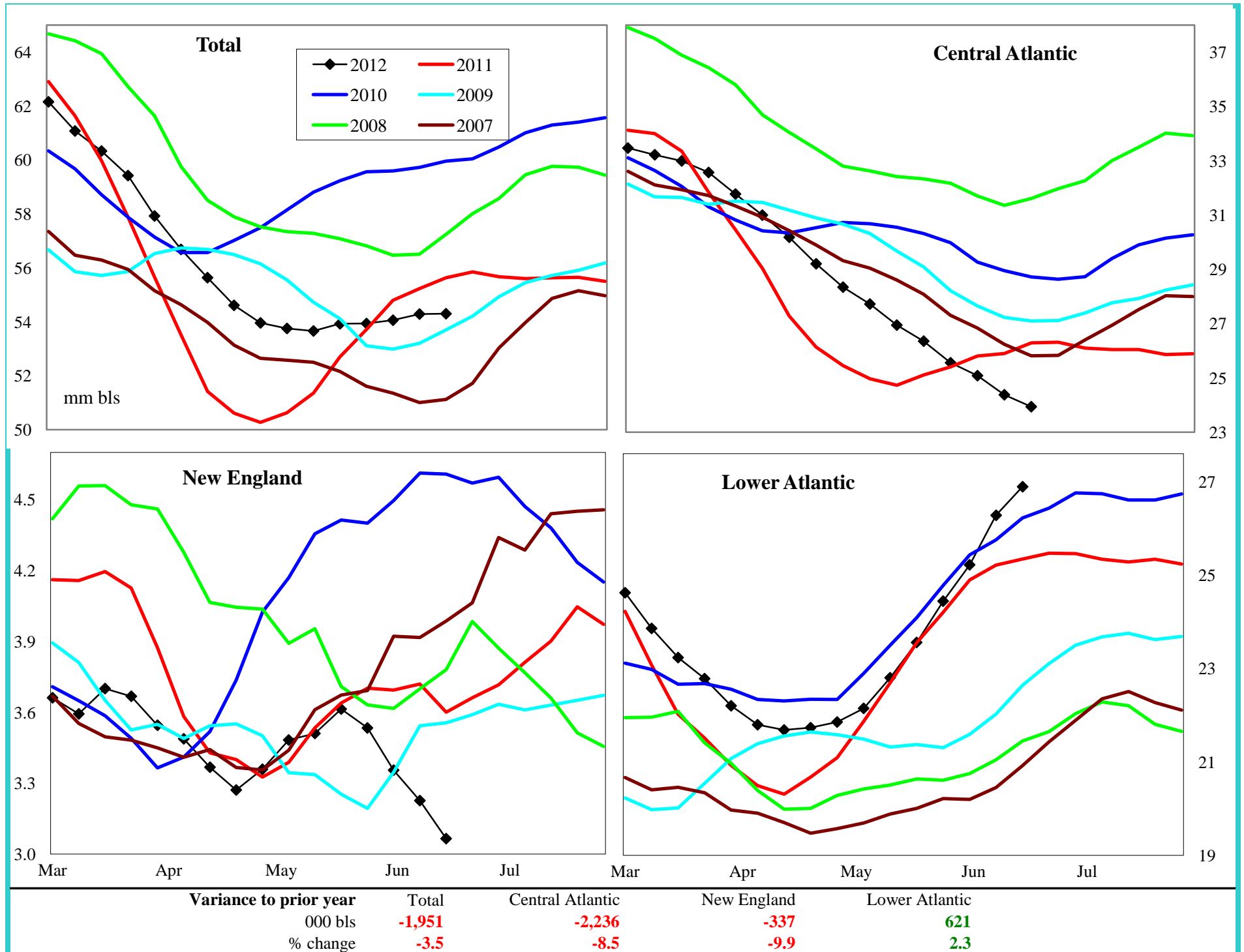
| | Stocks | Input | Imports |
|------------------------|--------|-------|---------|
| 000 bpd (000 bls stks) | -1,360 | -160 | -174 |
| % change | -10.8 | -14.2 | -16.1 |



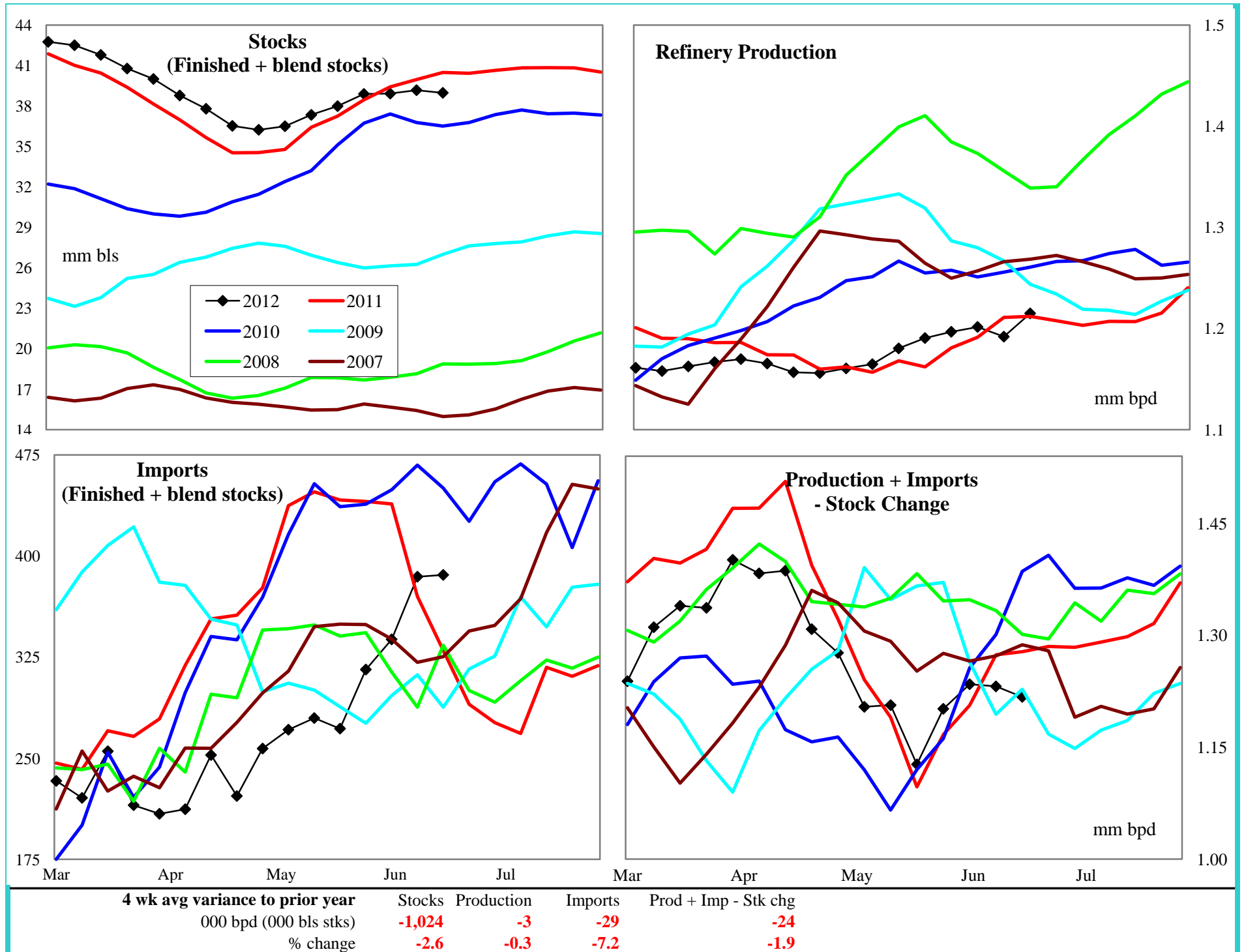
PADD 1 Gasoline Supply



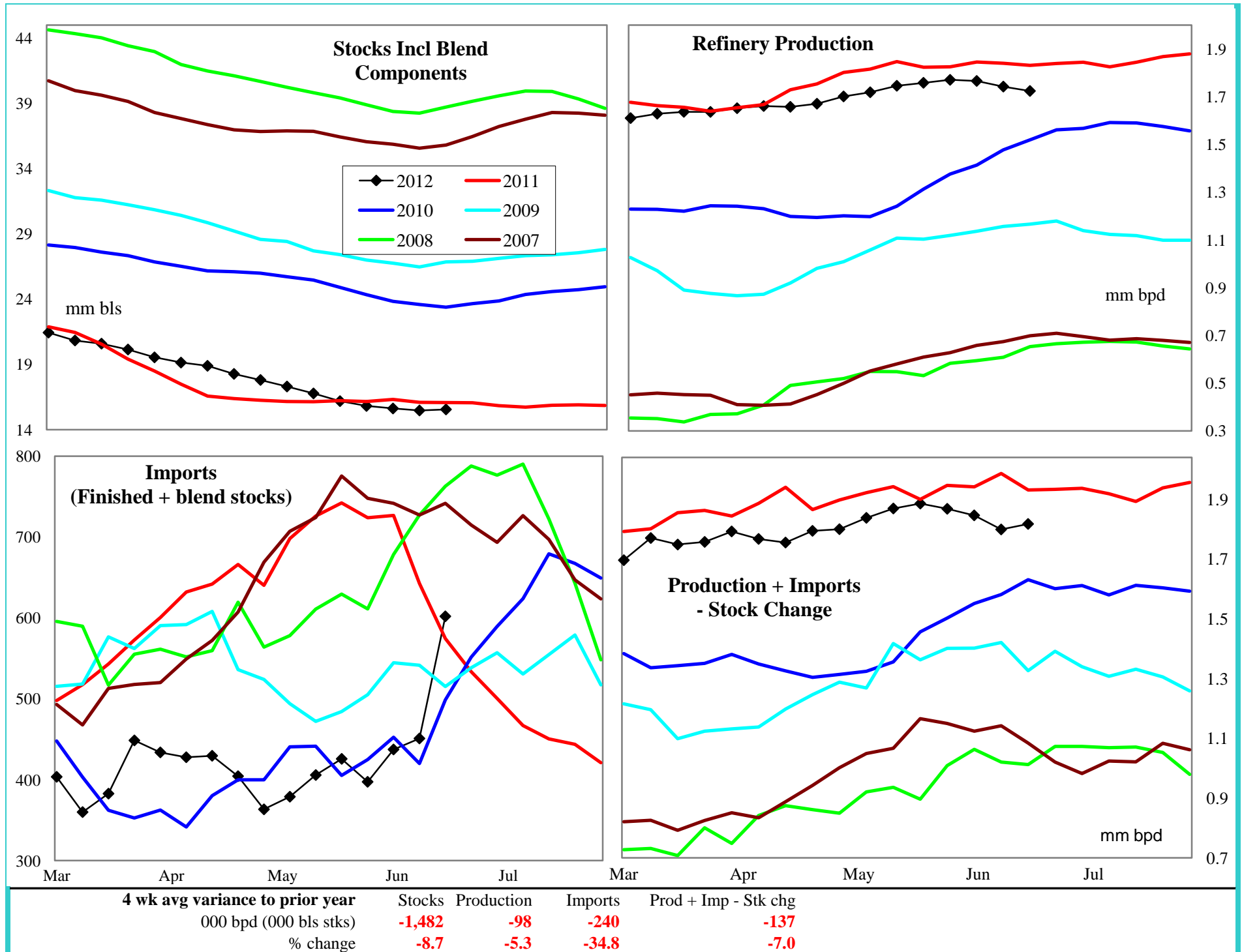
PADD 1 Gasoline Stocks by Region



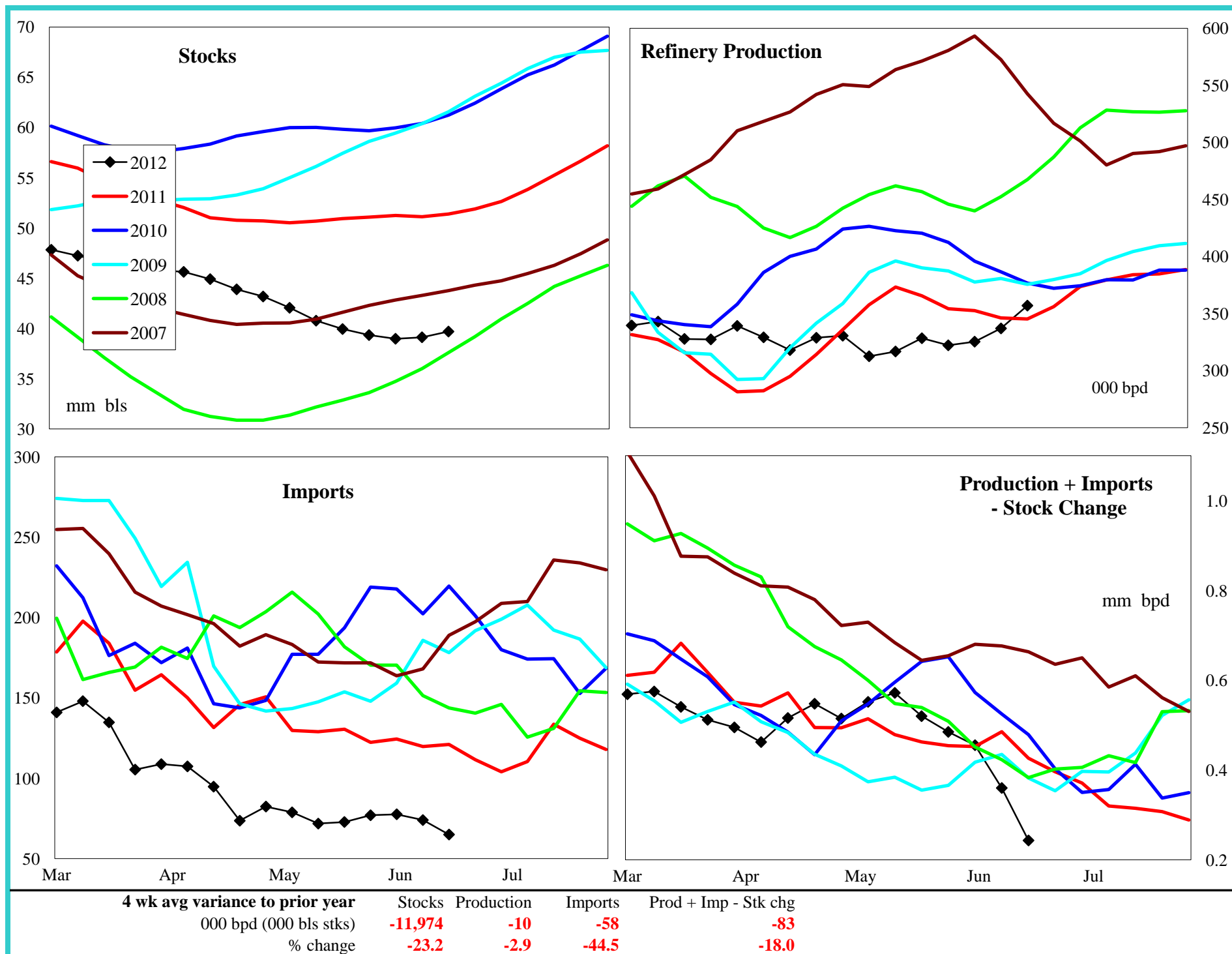
PADD 1 Reformulated Gasoline Supply



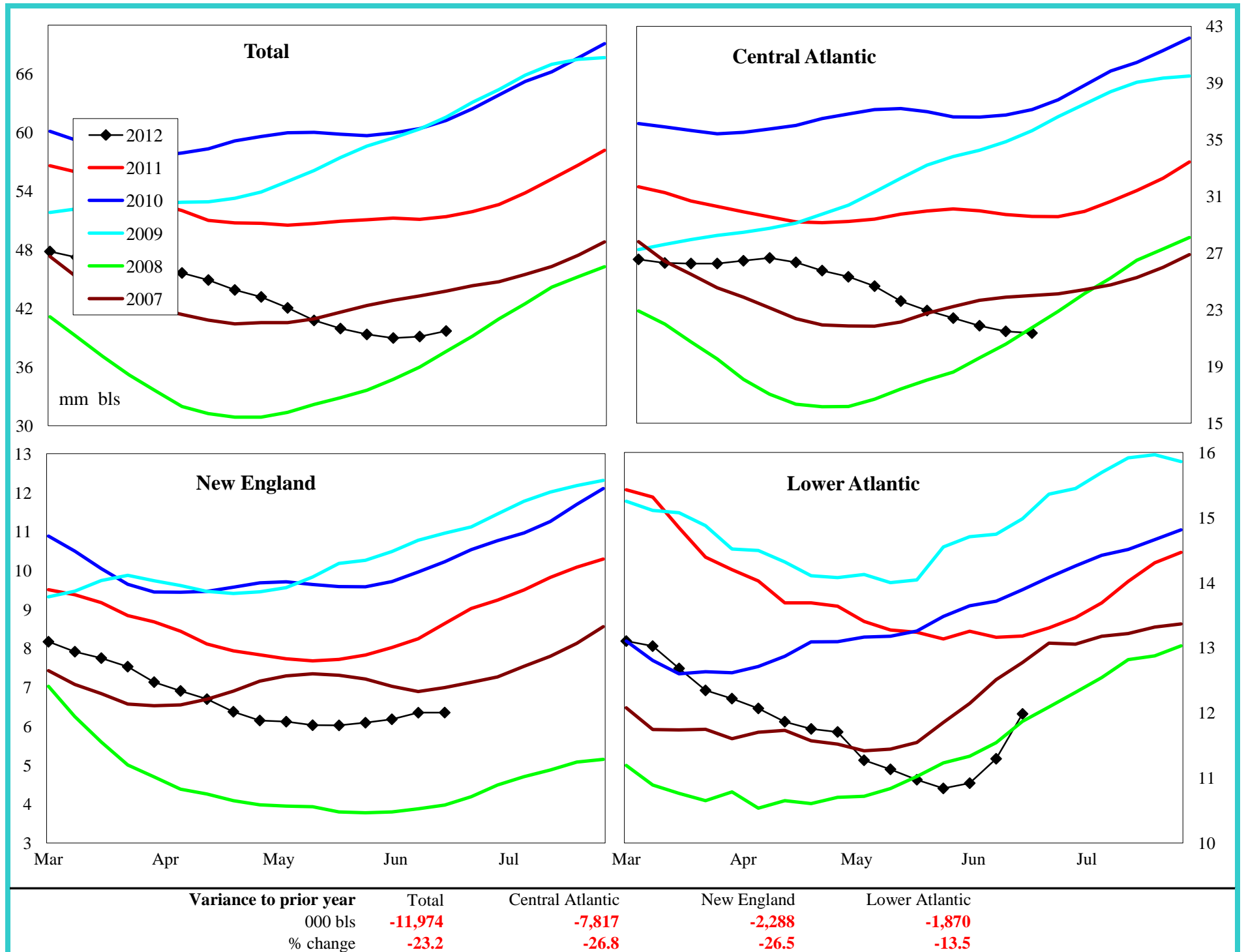
PADD 1 Conventional Gasoline Supply



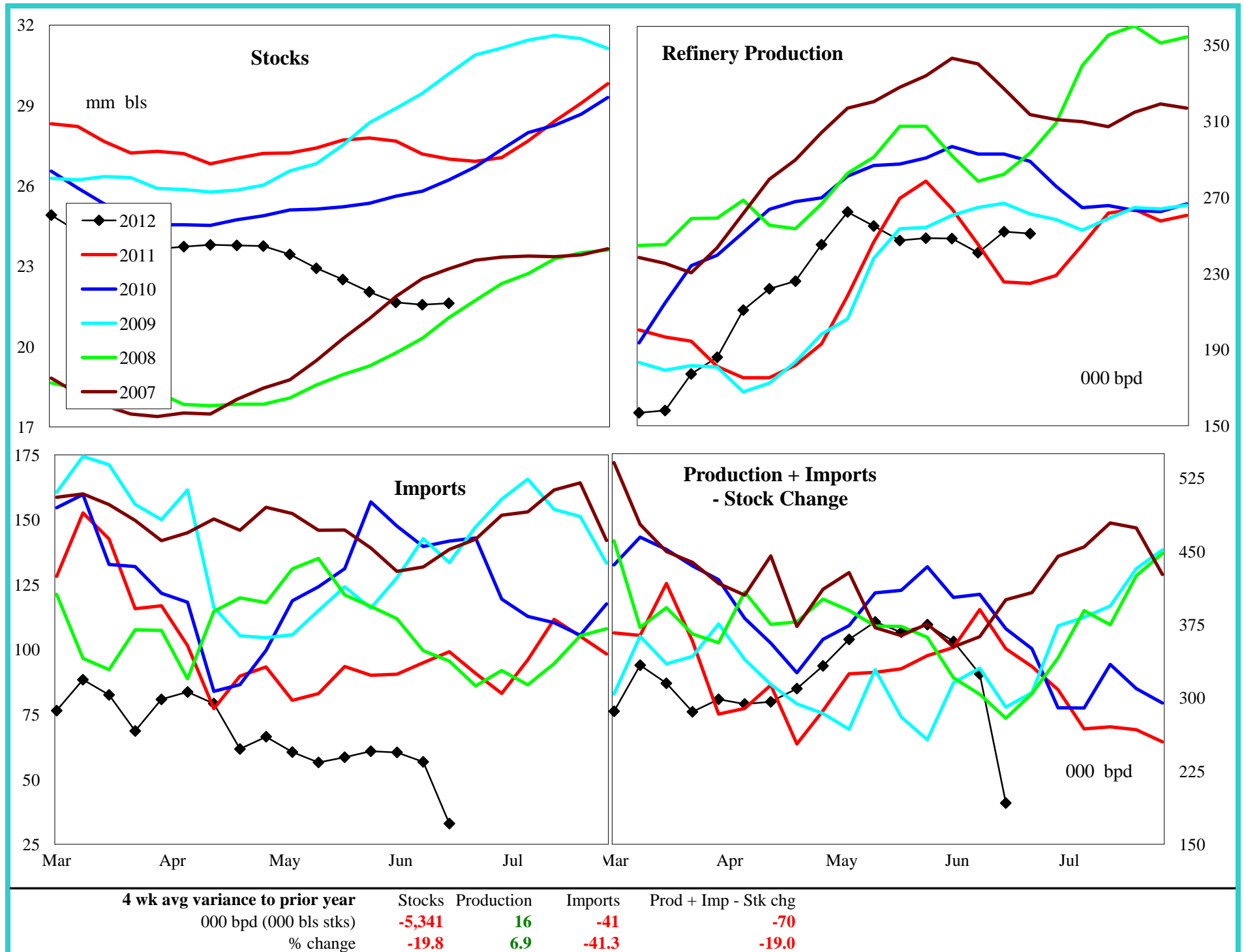
PADD 1 Distillate Supply



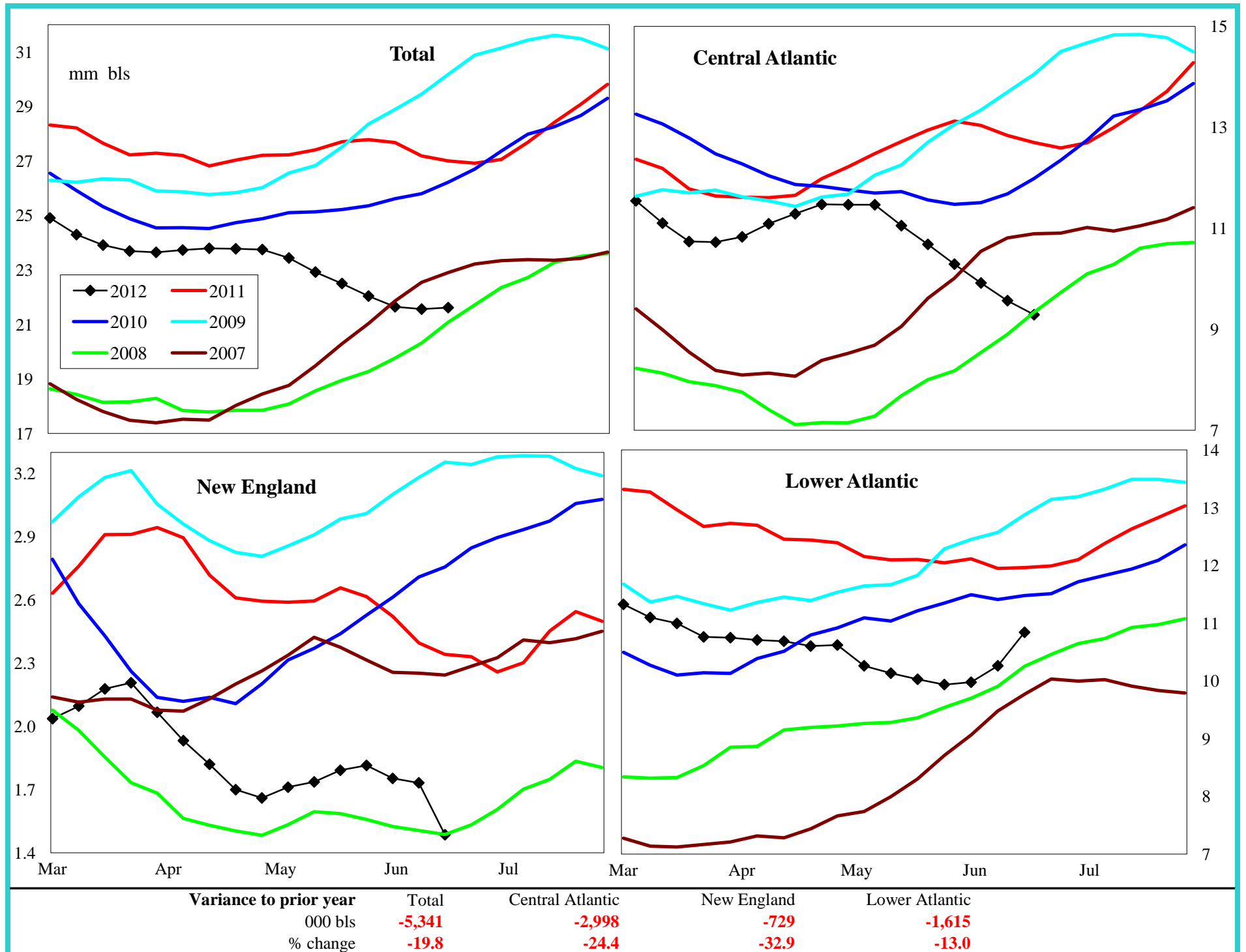
PADD 1 Distillate Stocks by Region



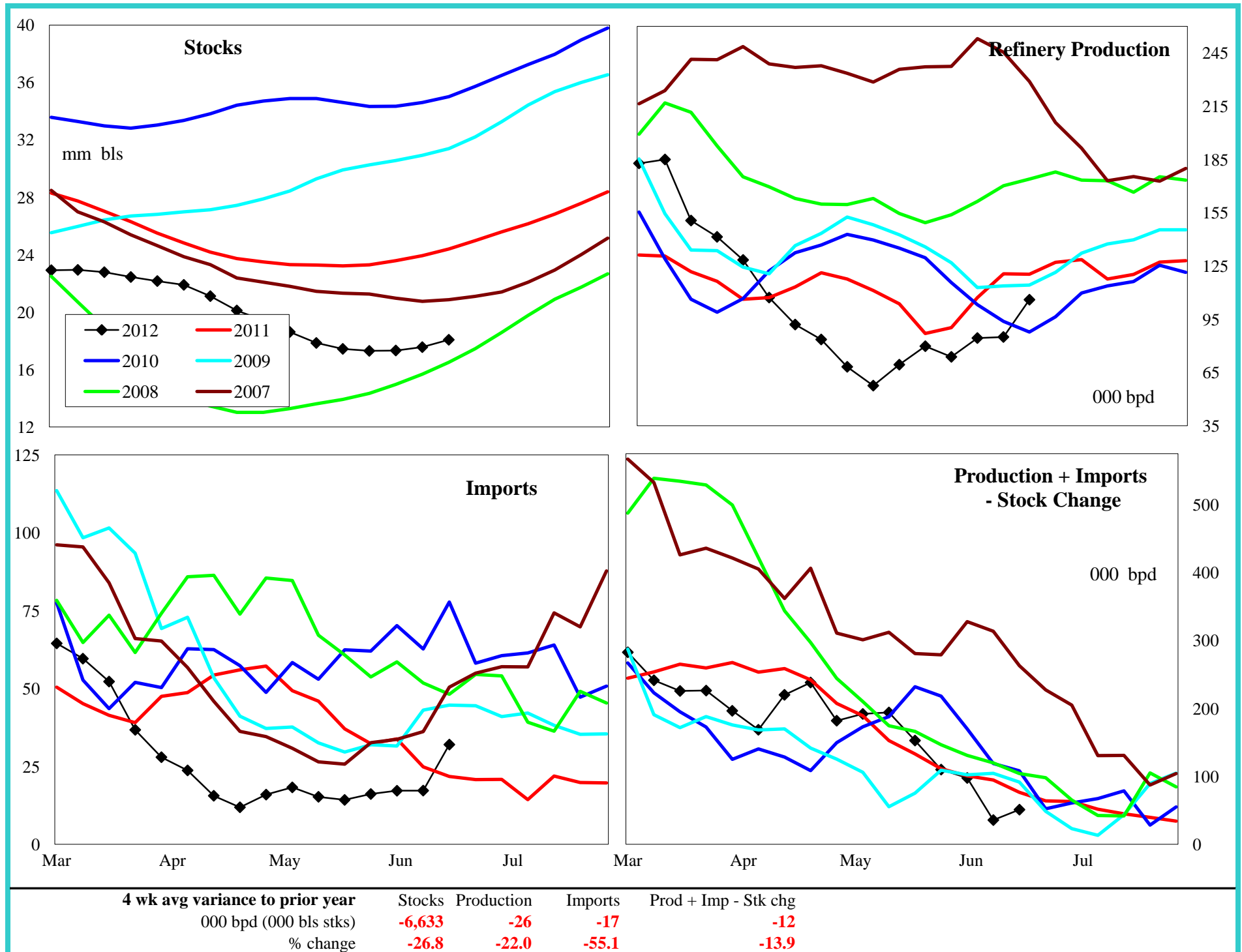
PADD 1 Low Sulfur Distillate Supply



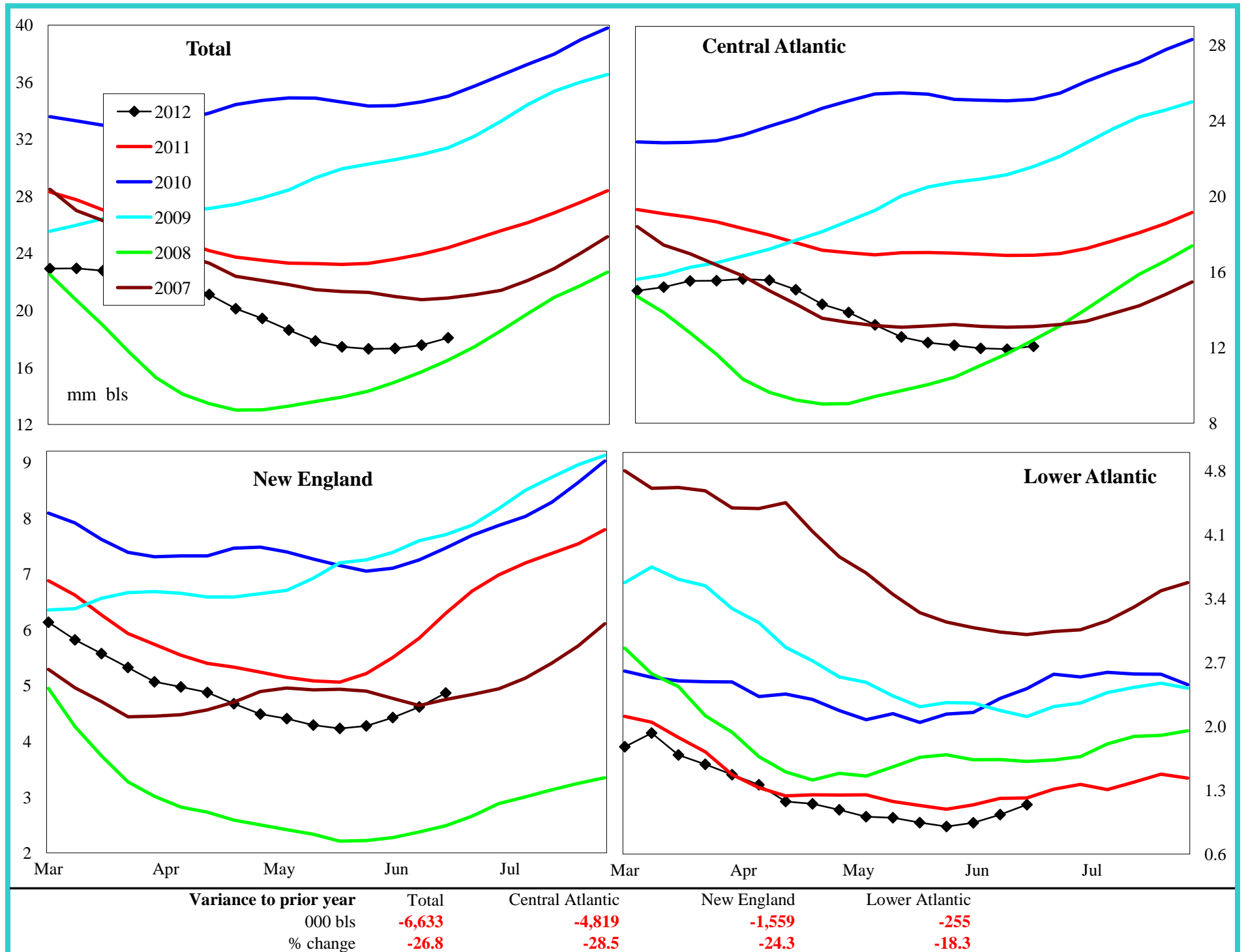
PADD 1 Low Sulfur Distillate Stocks by Region



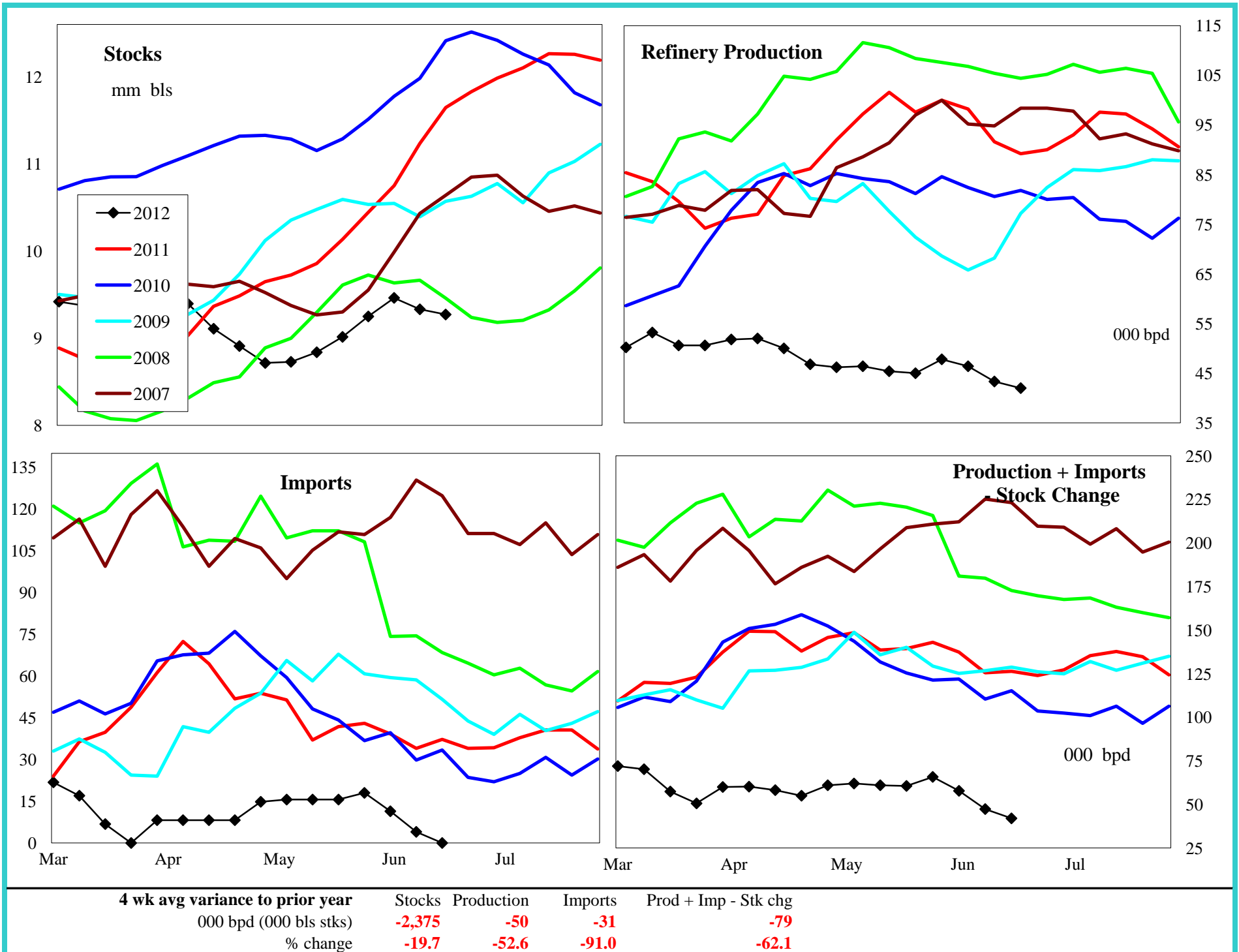
PADD 1 High Sulfur Distillate Supply



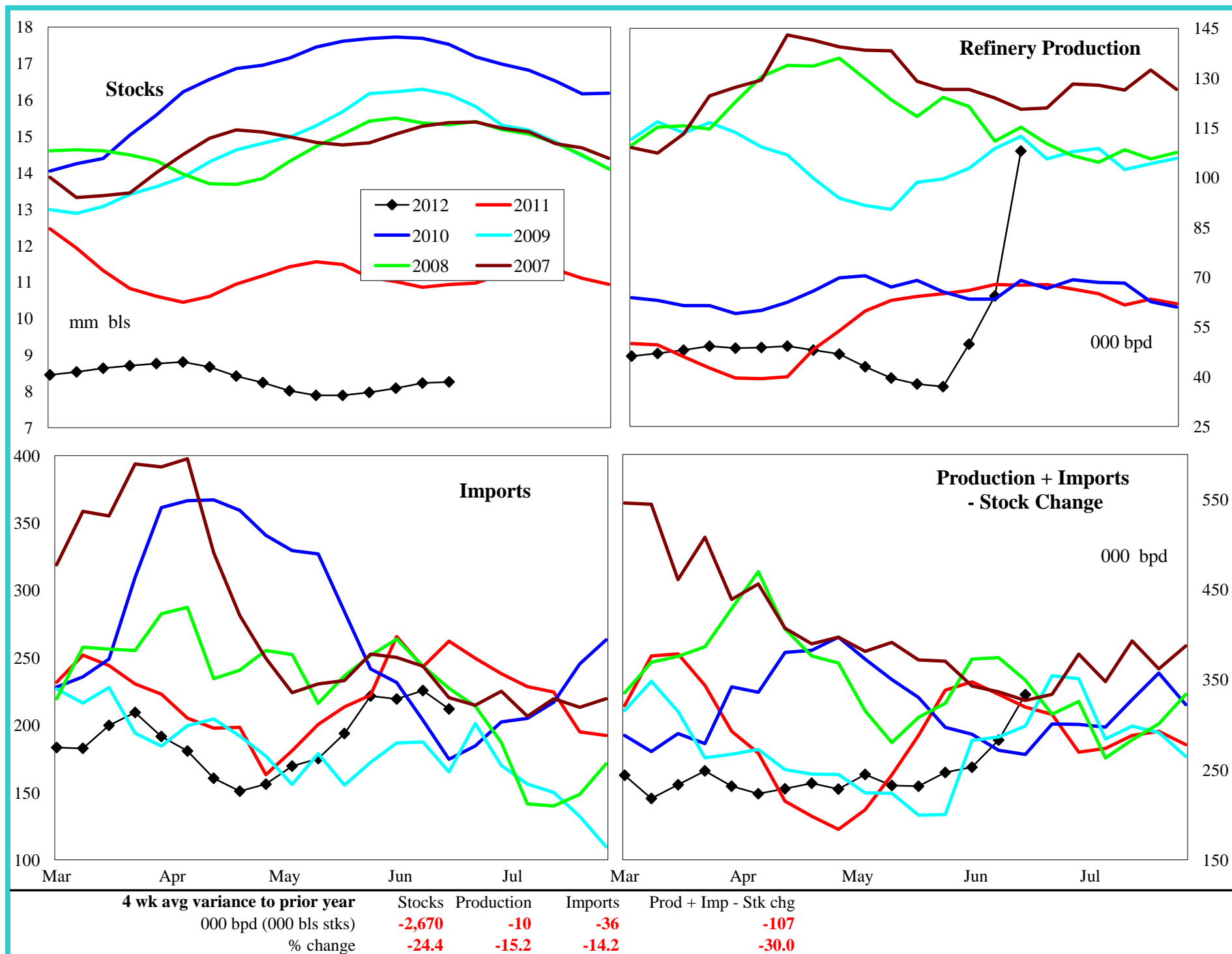
PADD 1 High Sulfur Distillate Stocks by Region



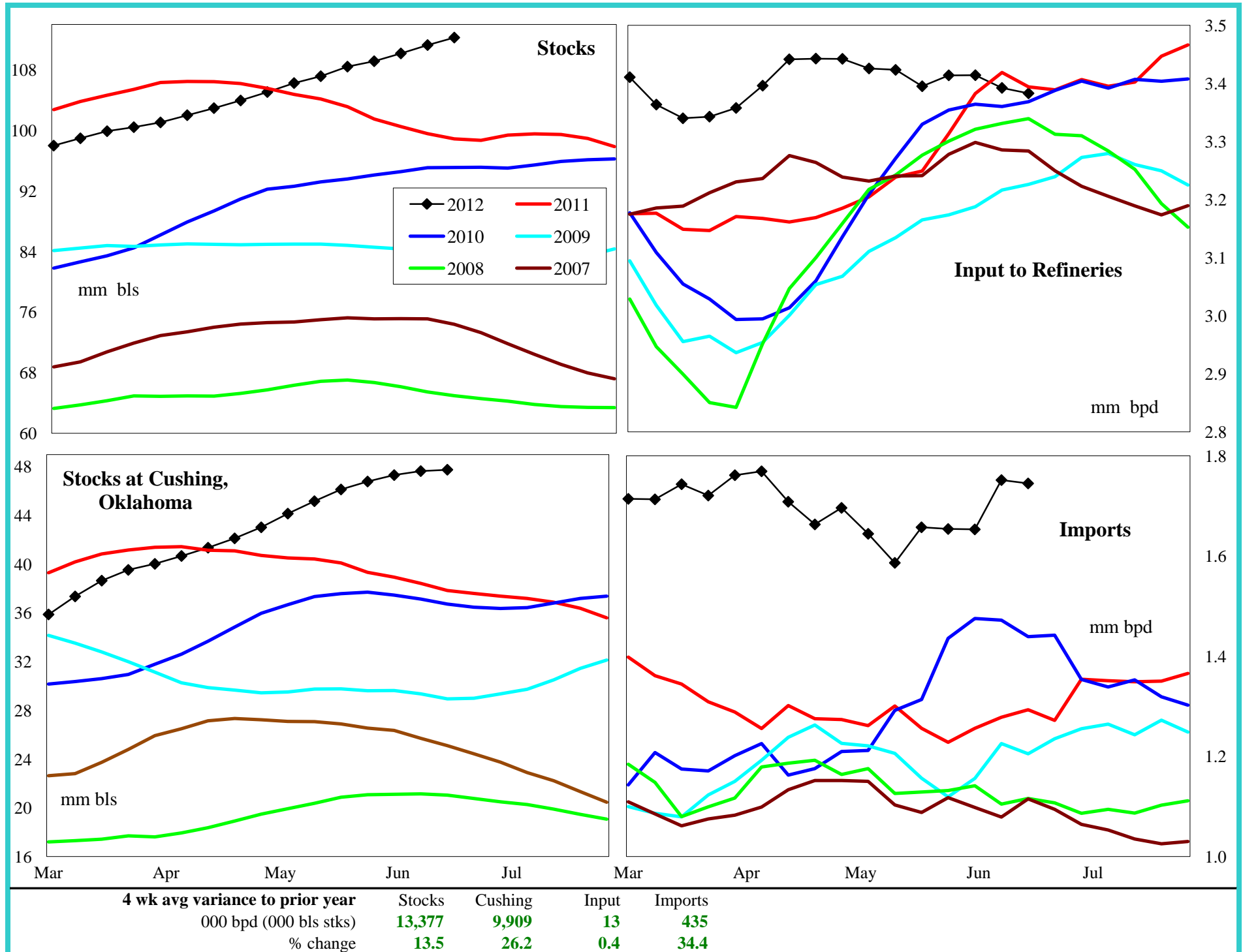
PADD 1 Jet Fuel Supply



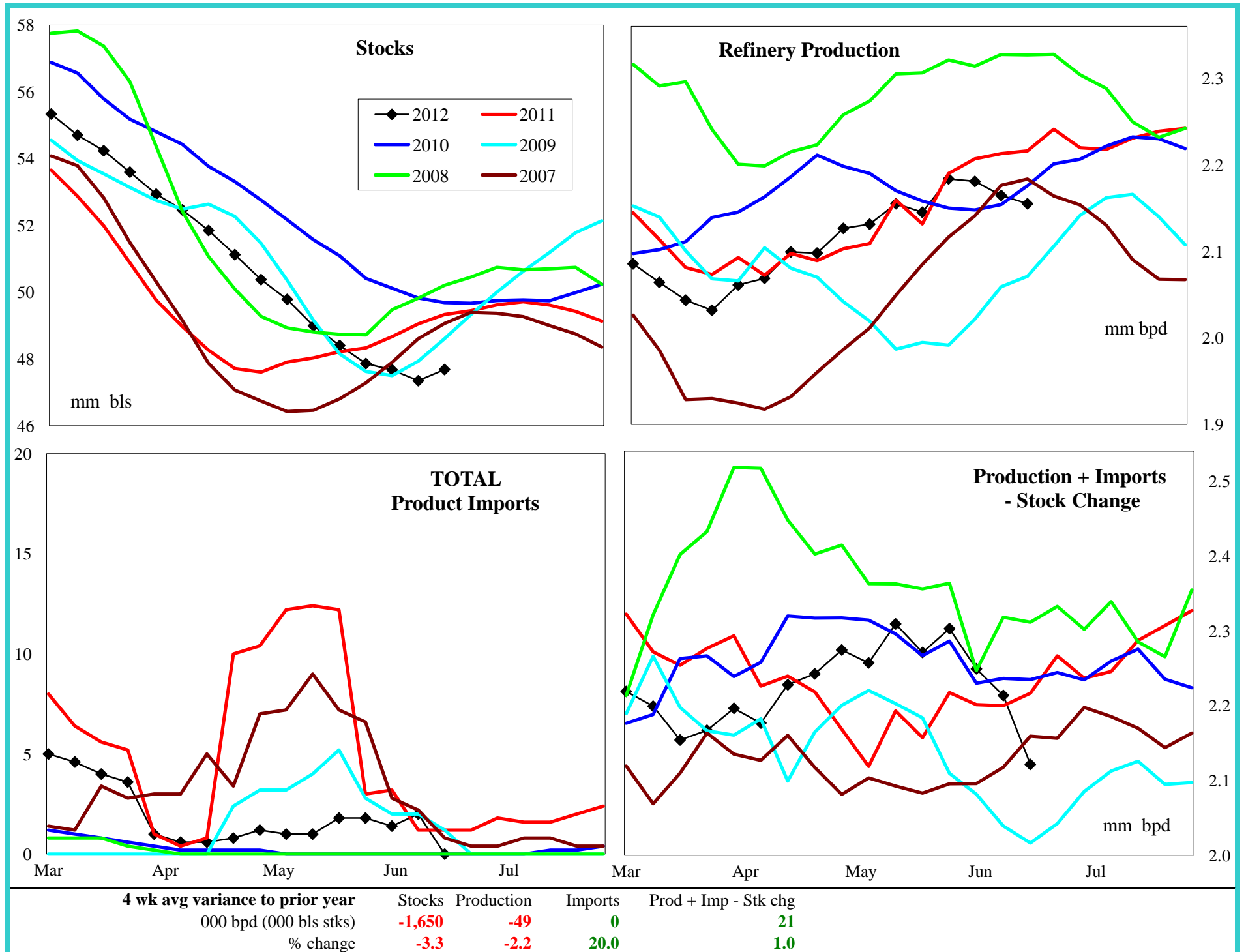
PADD 1 Residual Fuel Oil Supply



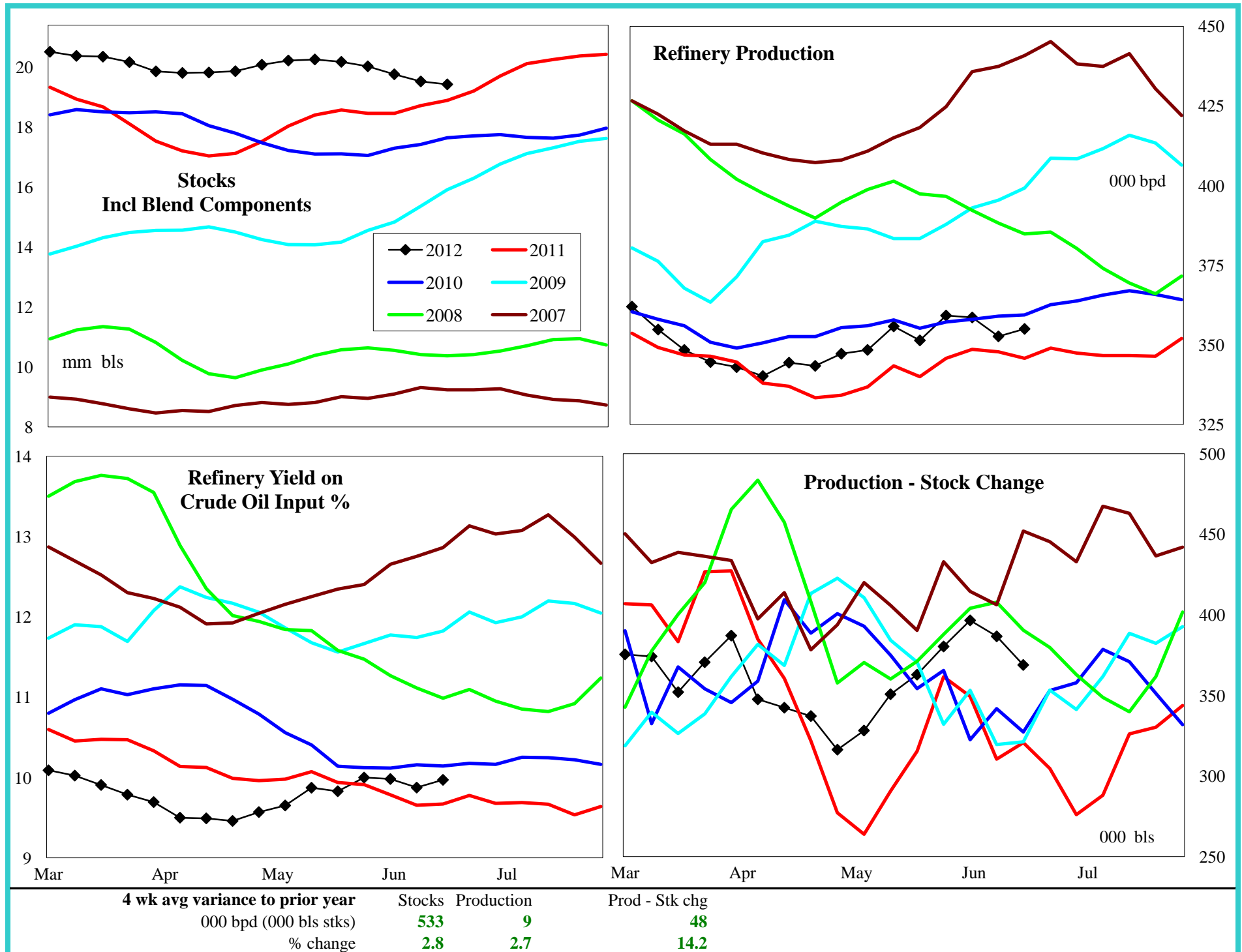
PADD 2 Crude Oil Supply and Refining



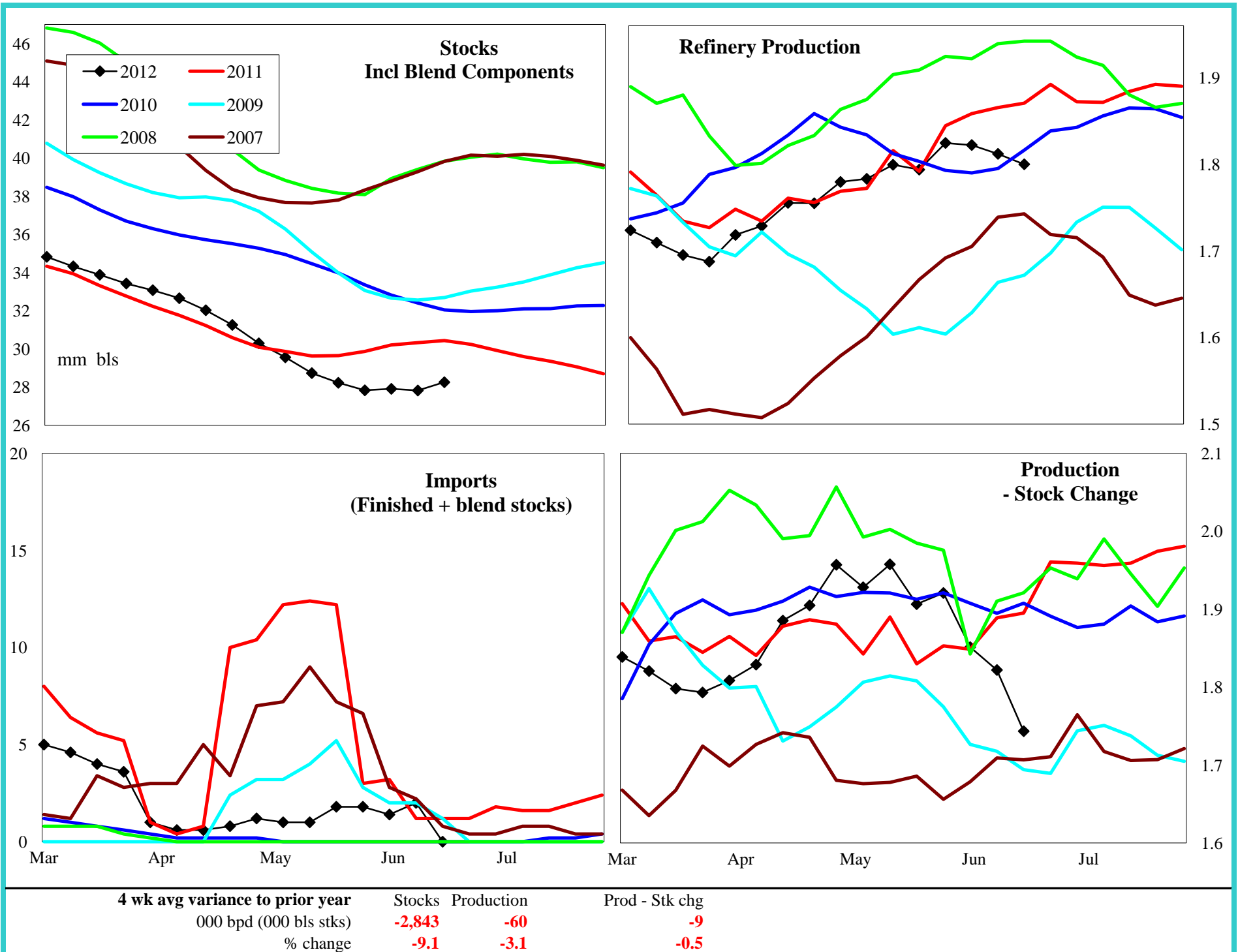
PADD 2 Gasoline Supply



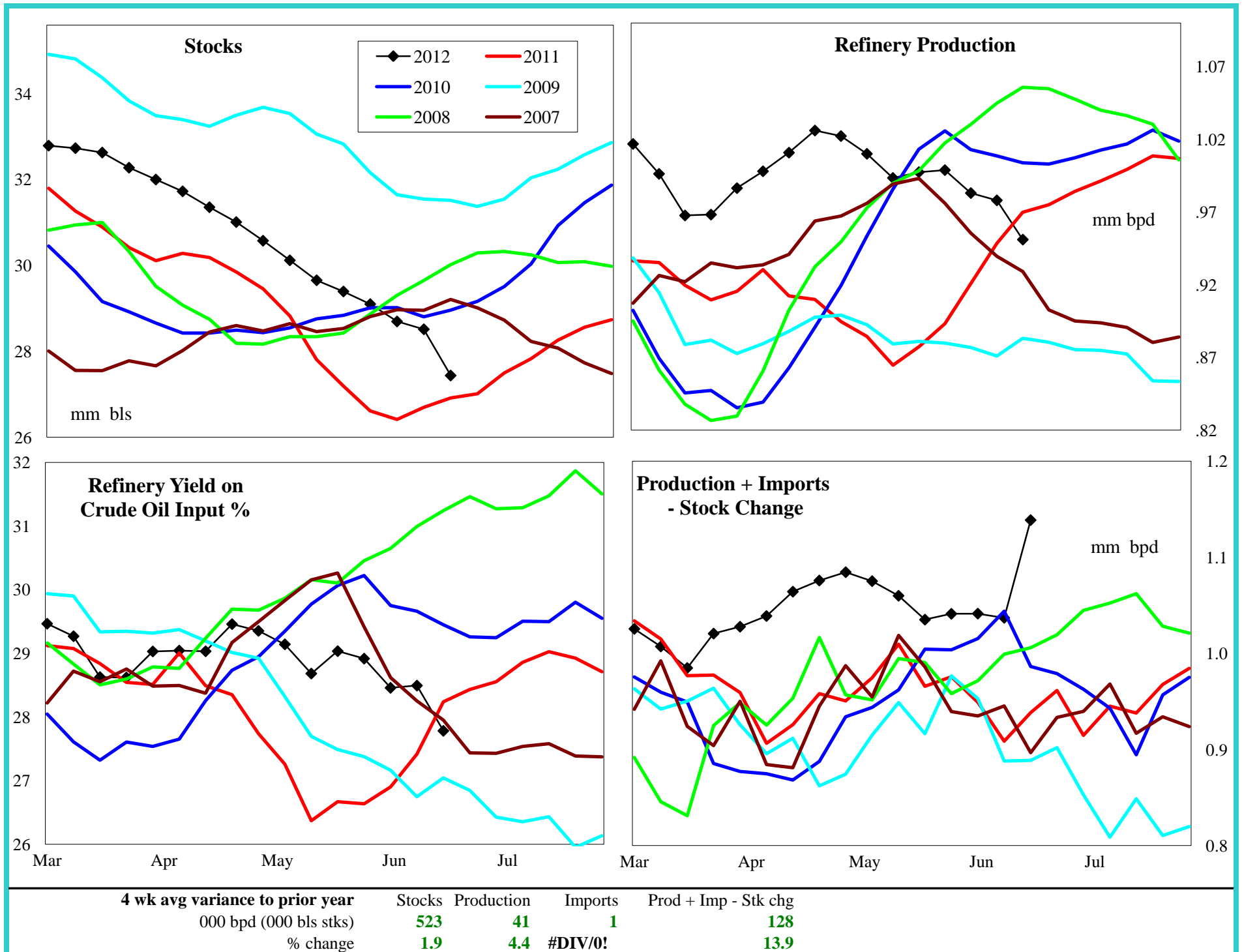
PADD 2 Reformulated Gasoline Supply



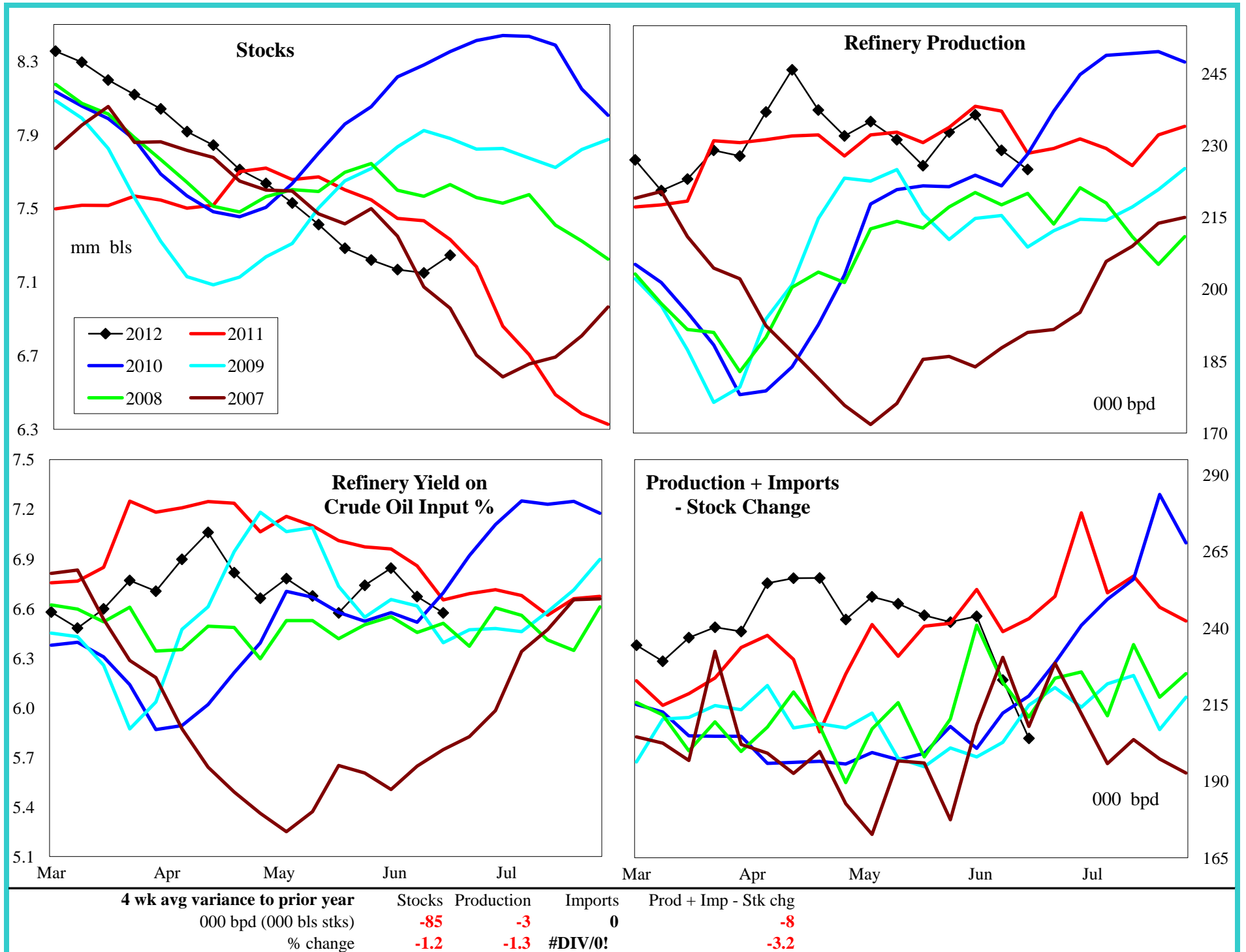
PADD 2 Conventional Gasoline Supply



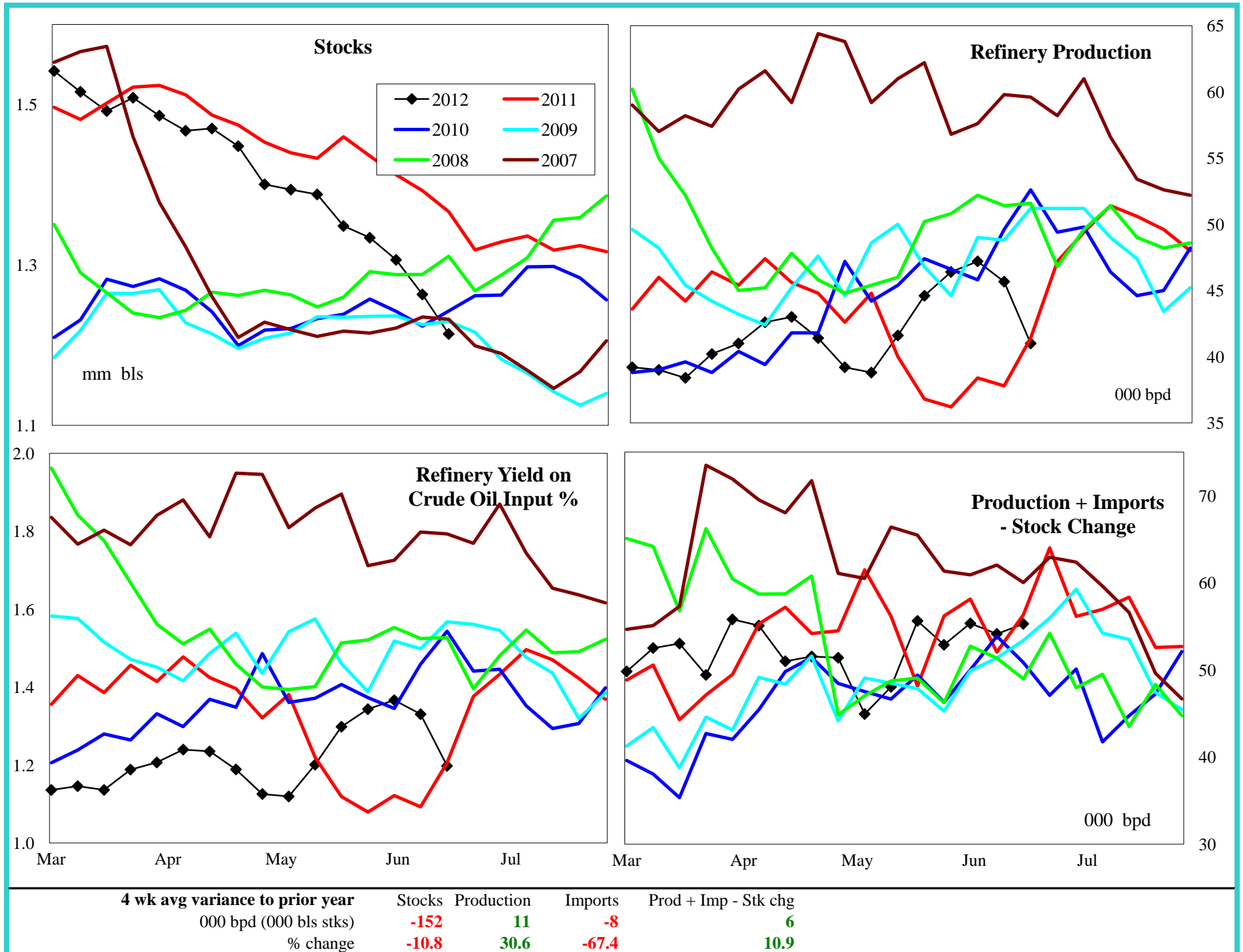
PADD 2 Distillate Supply



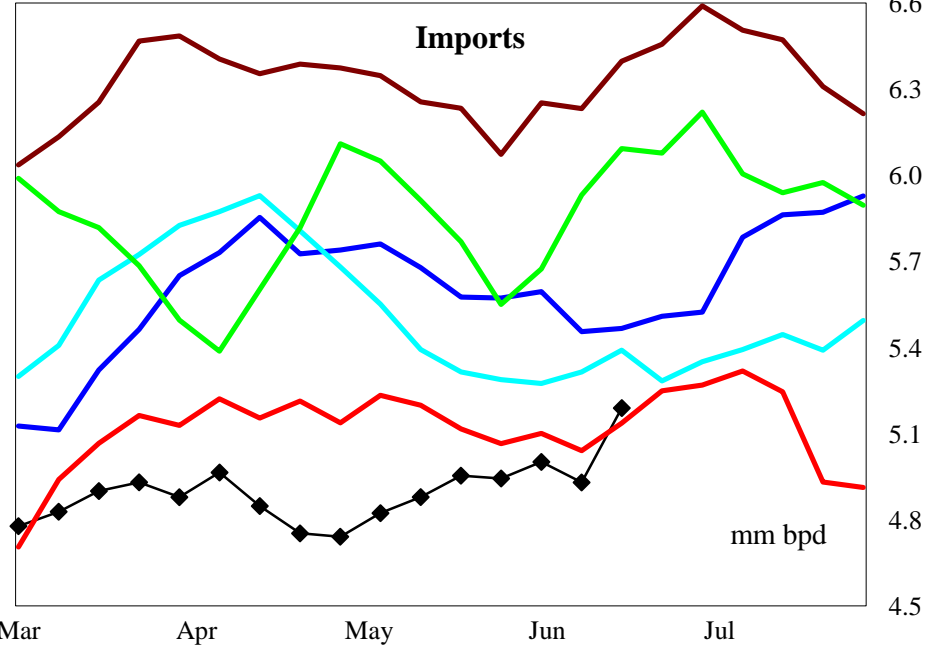
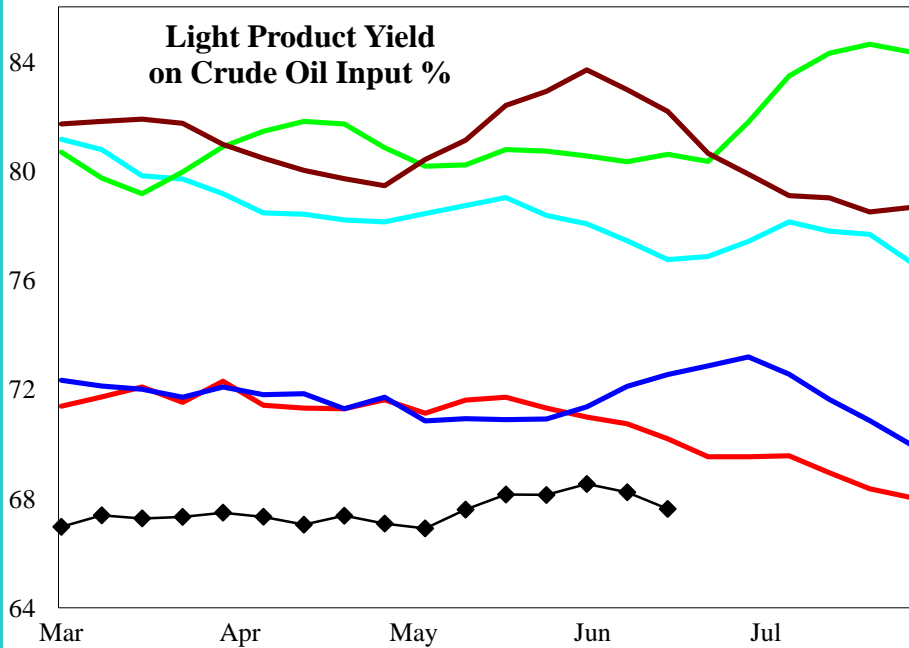
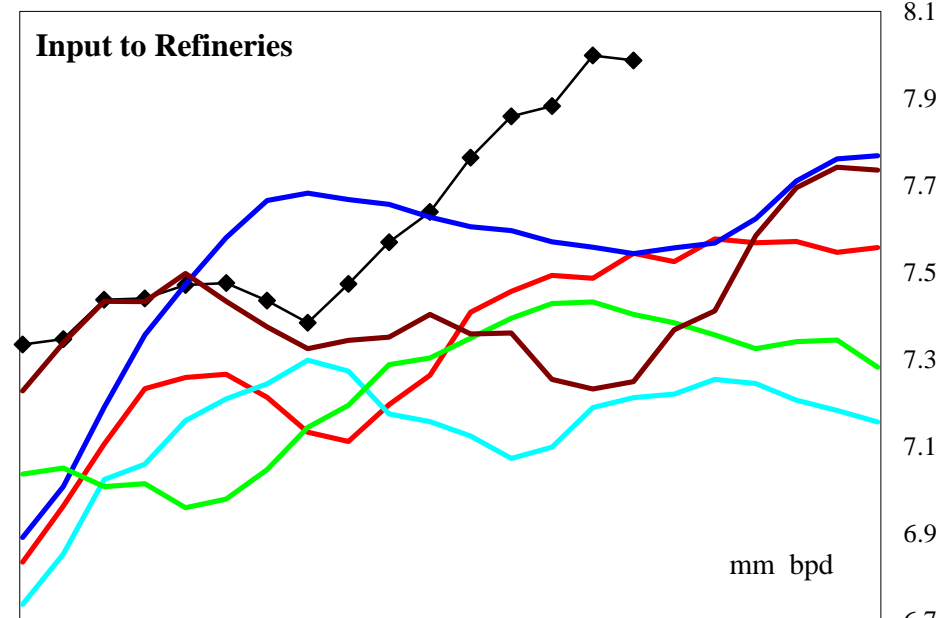
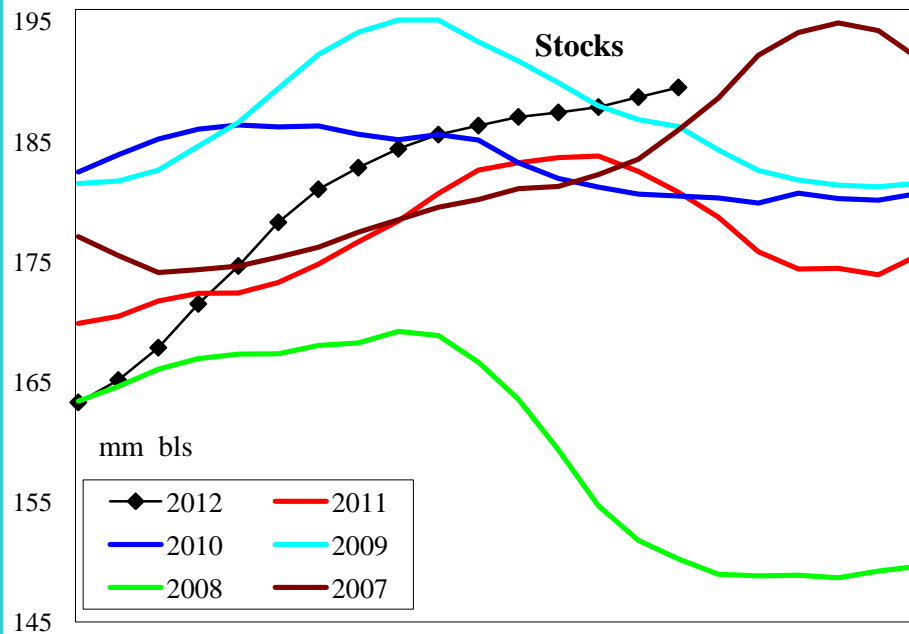
PADD 2 Jet Fuel Supply



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

8,726

4.8

Input

428

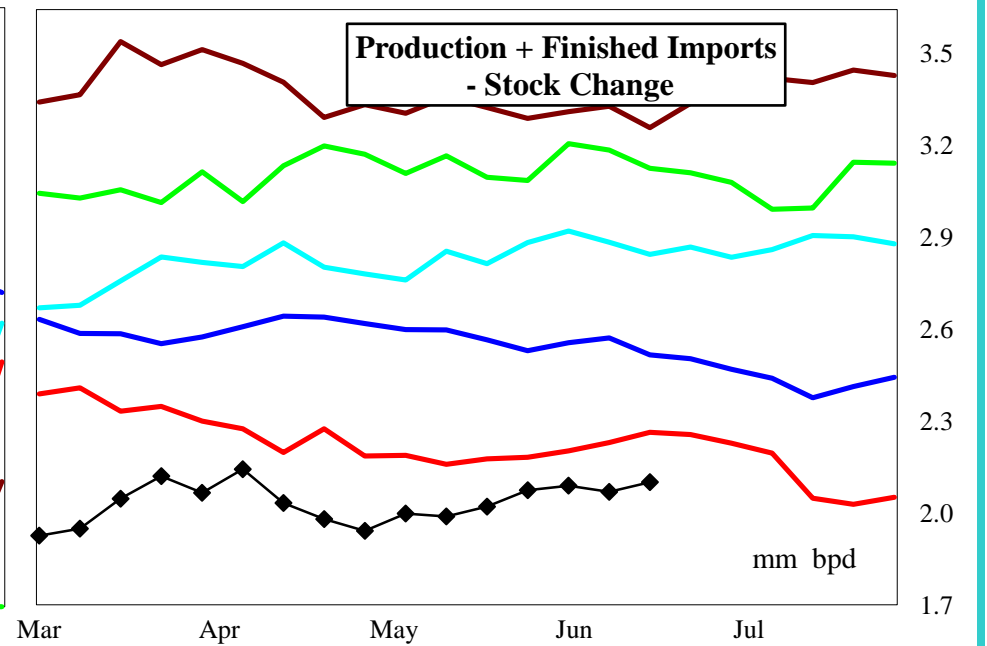
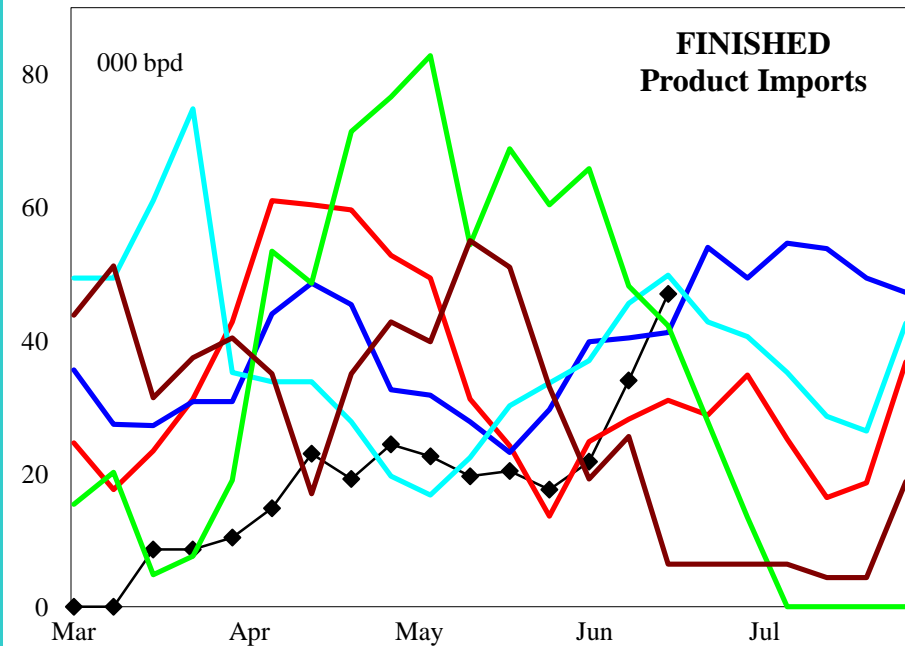
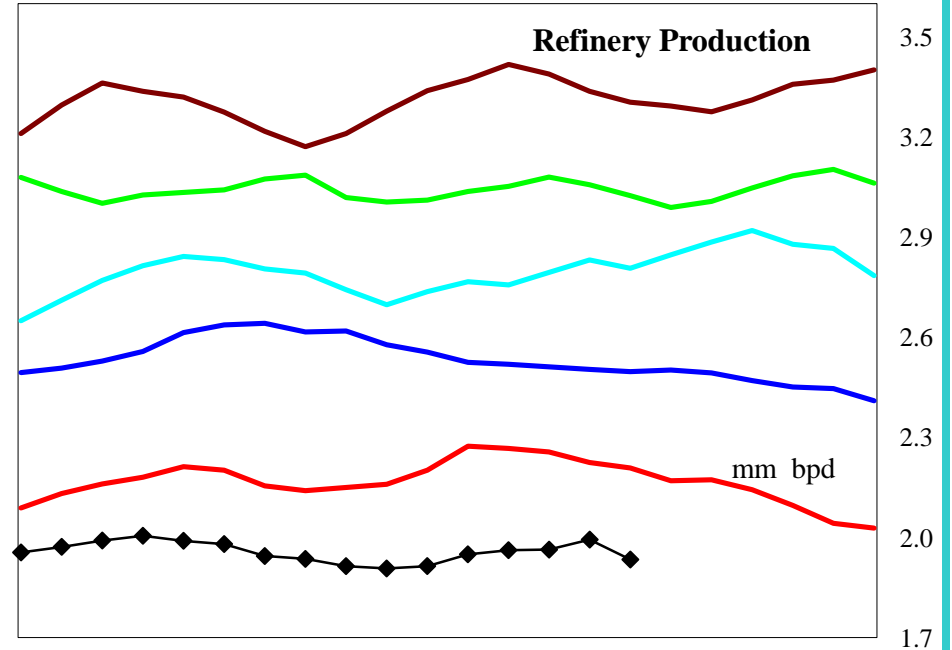
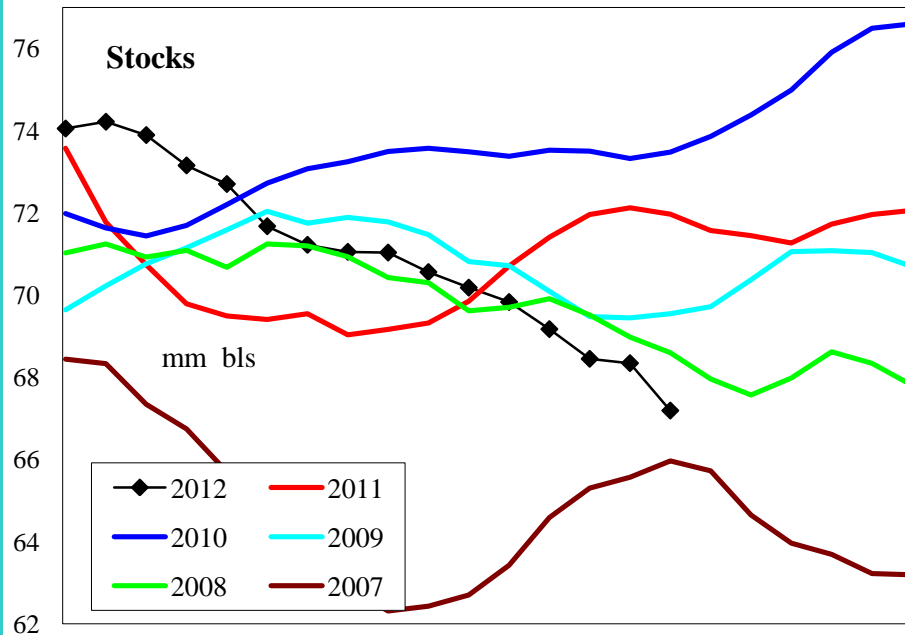
5.7

Imports

-56

-1.1

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-4,630

-6.4

Production

-246

-11.0

Fin Impt

7

31.3

Blend Impt

-40

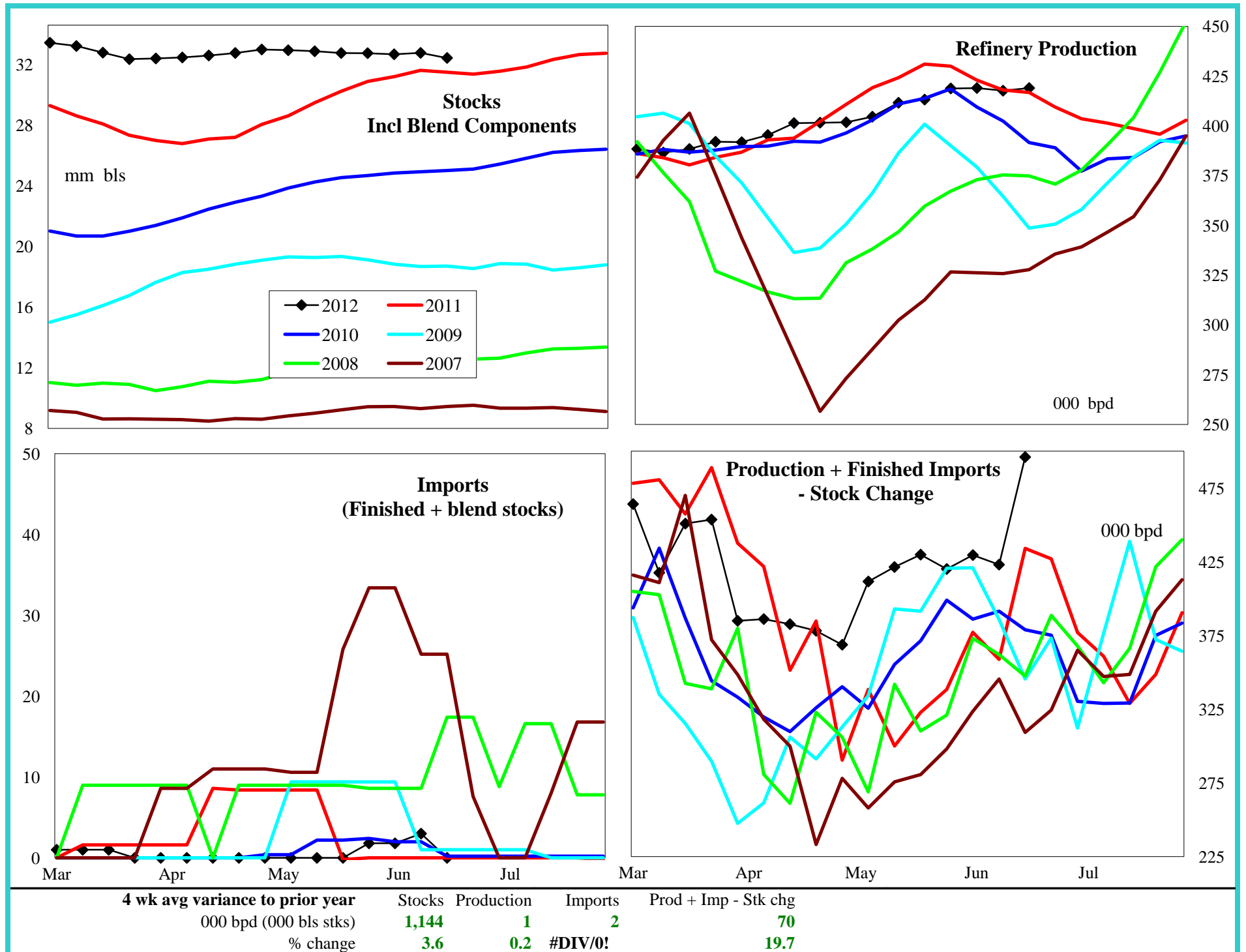
-85.1

Prod + Imp - Stk chg

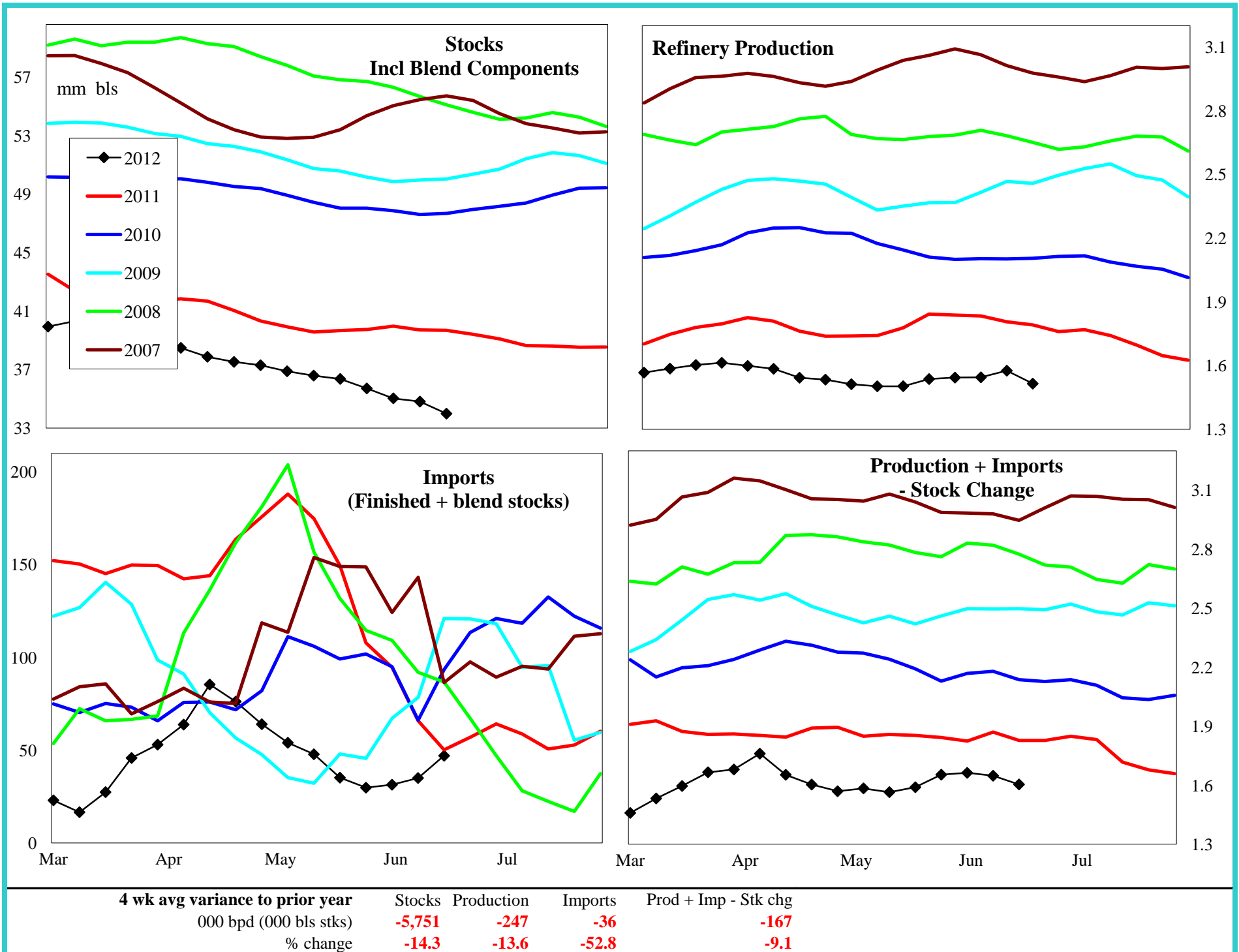
-100

-4.6

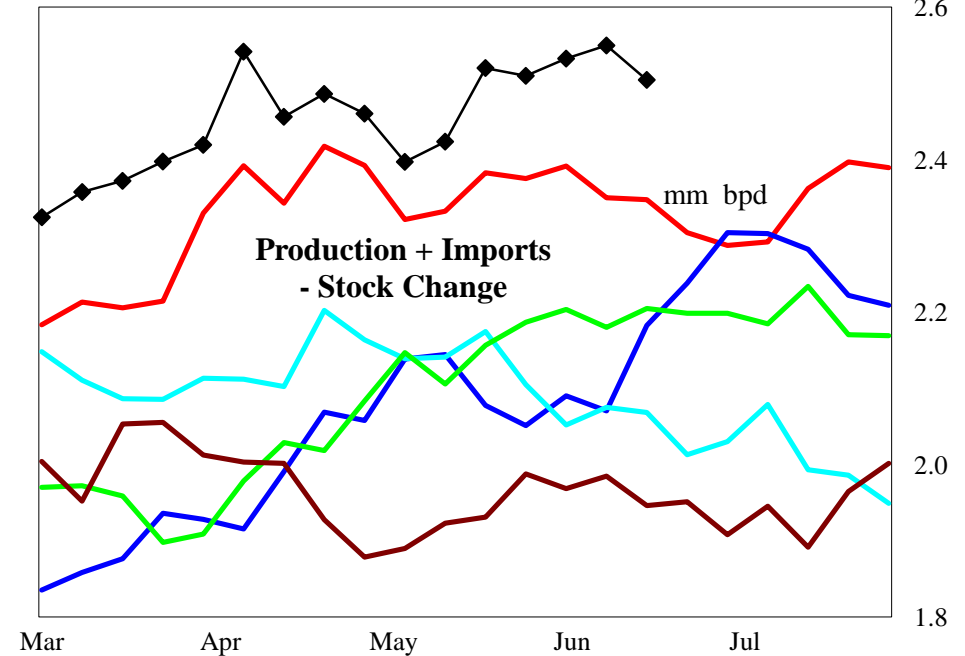
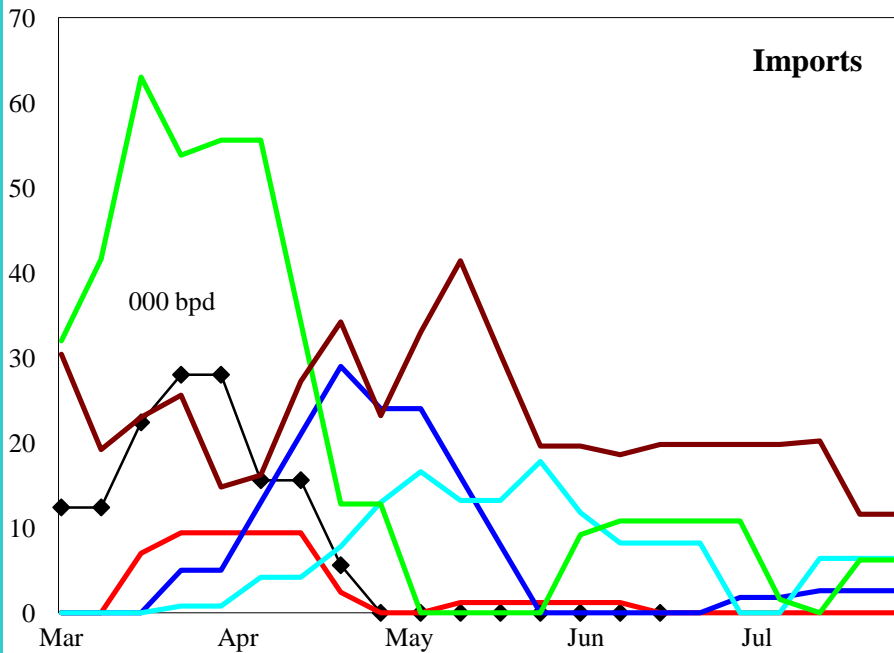
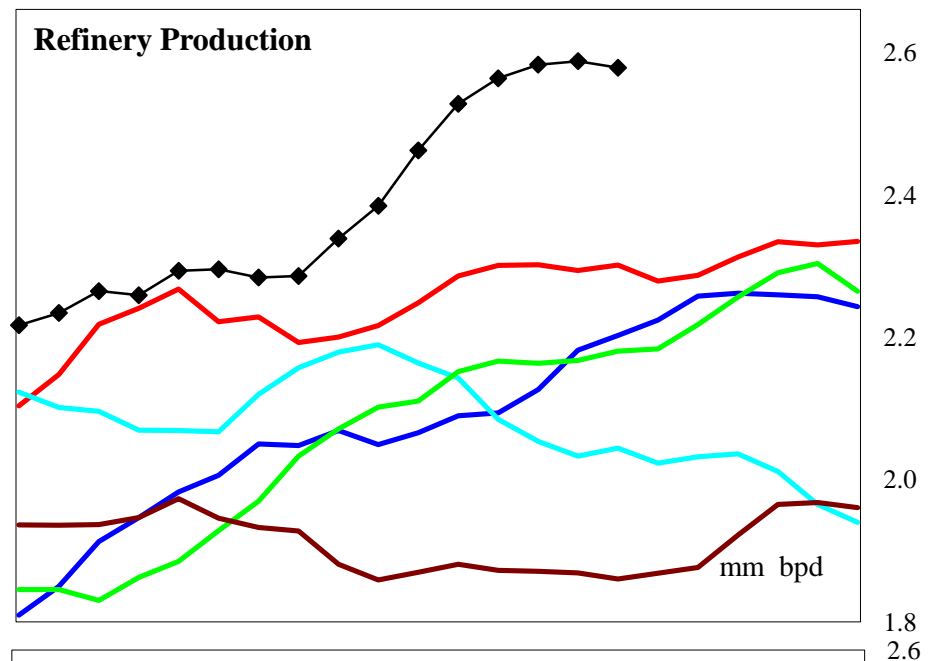
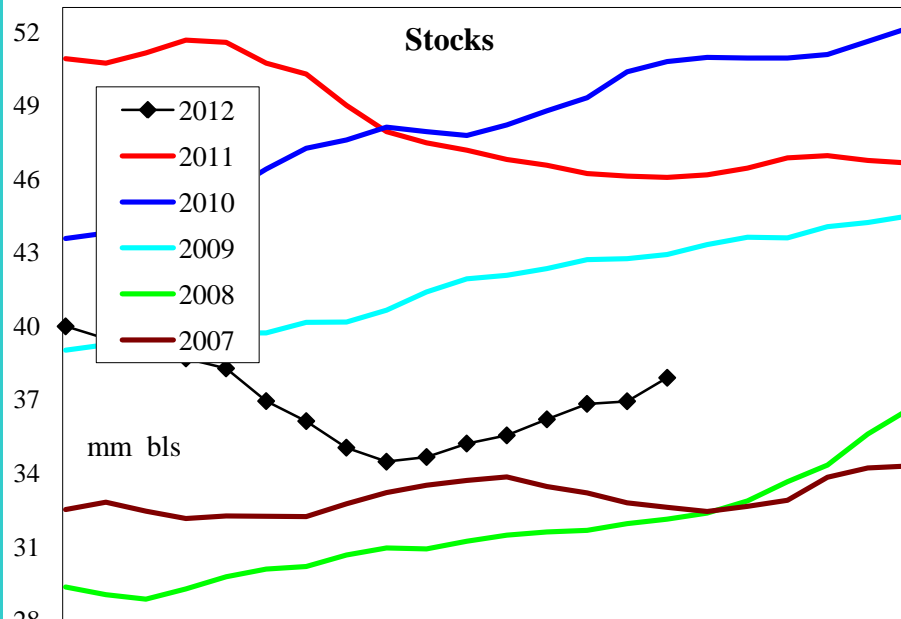
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-7,707

-16.9

Production

288

12.3

Imports

-2

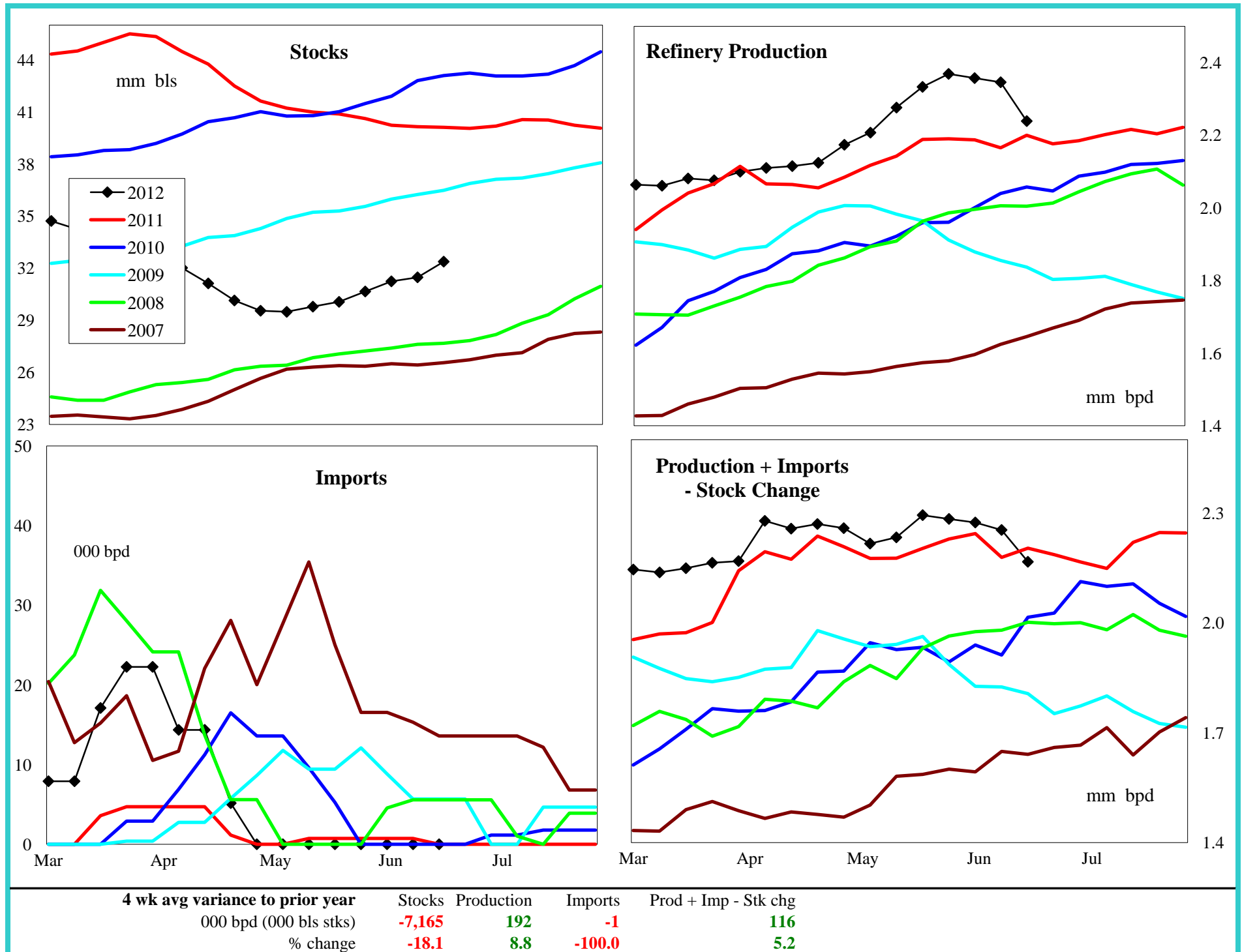
-100.0

Prod + Imp - Stk chg

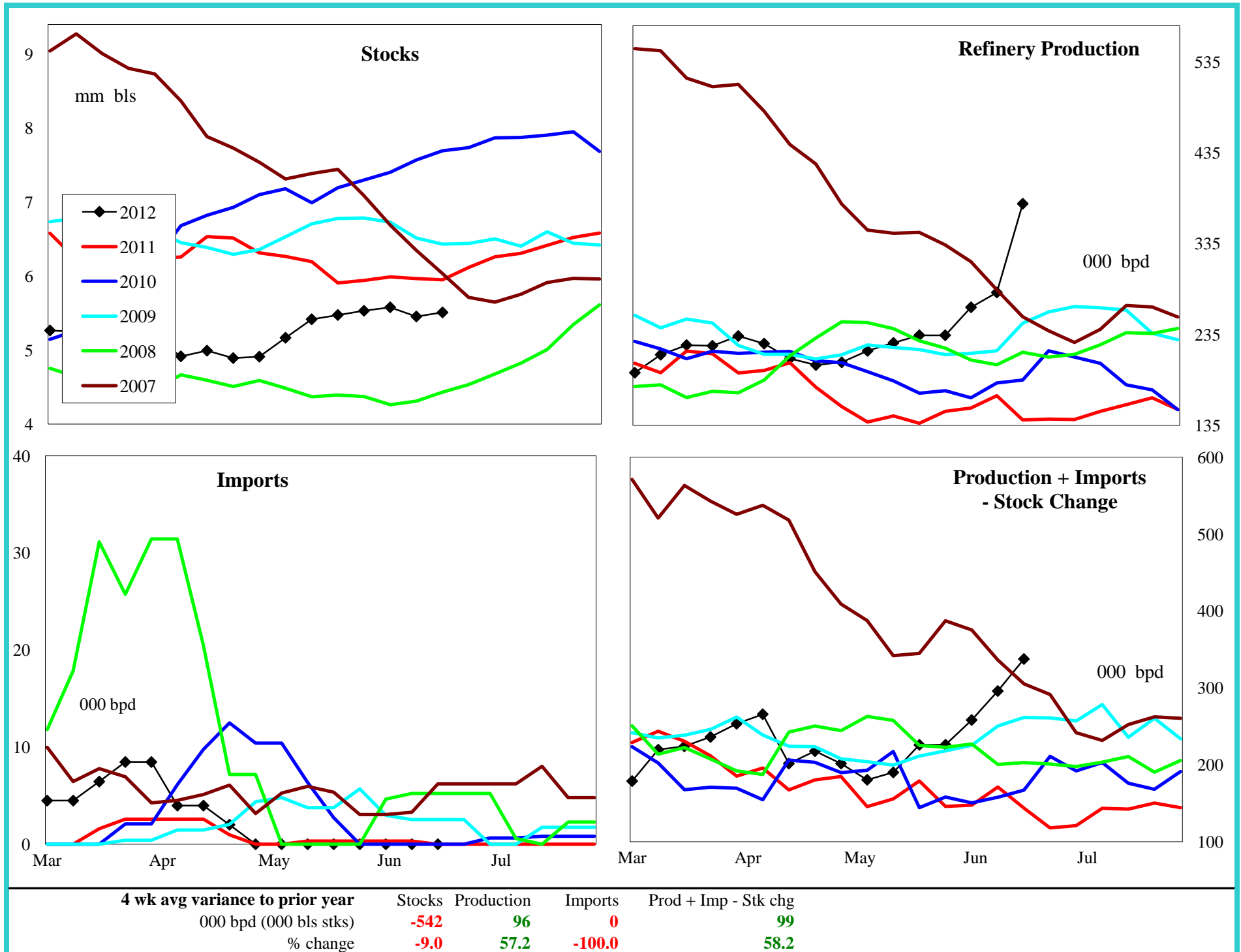
215

9.0

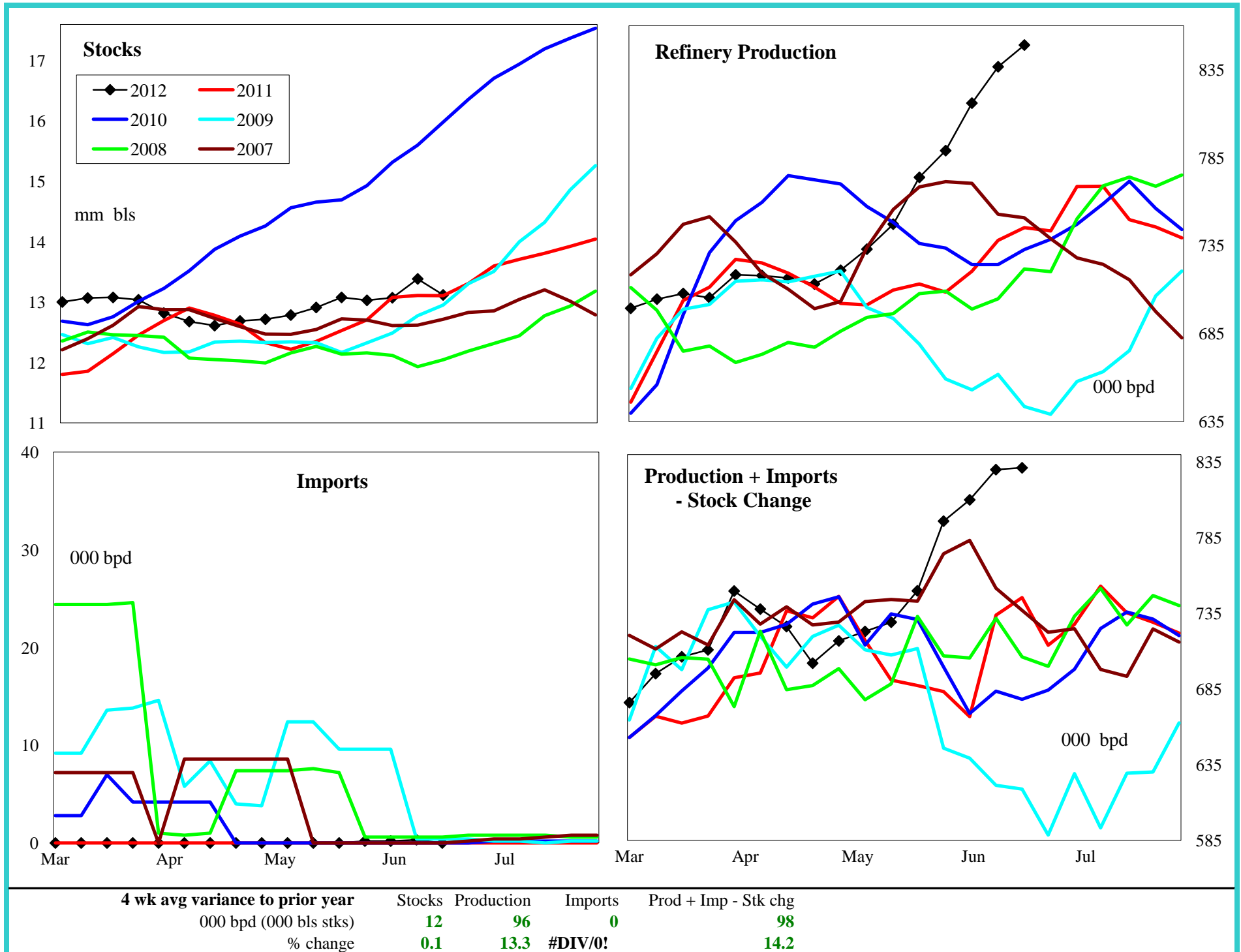
PADD 3 Low Sulfur Distillate Supply



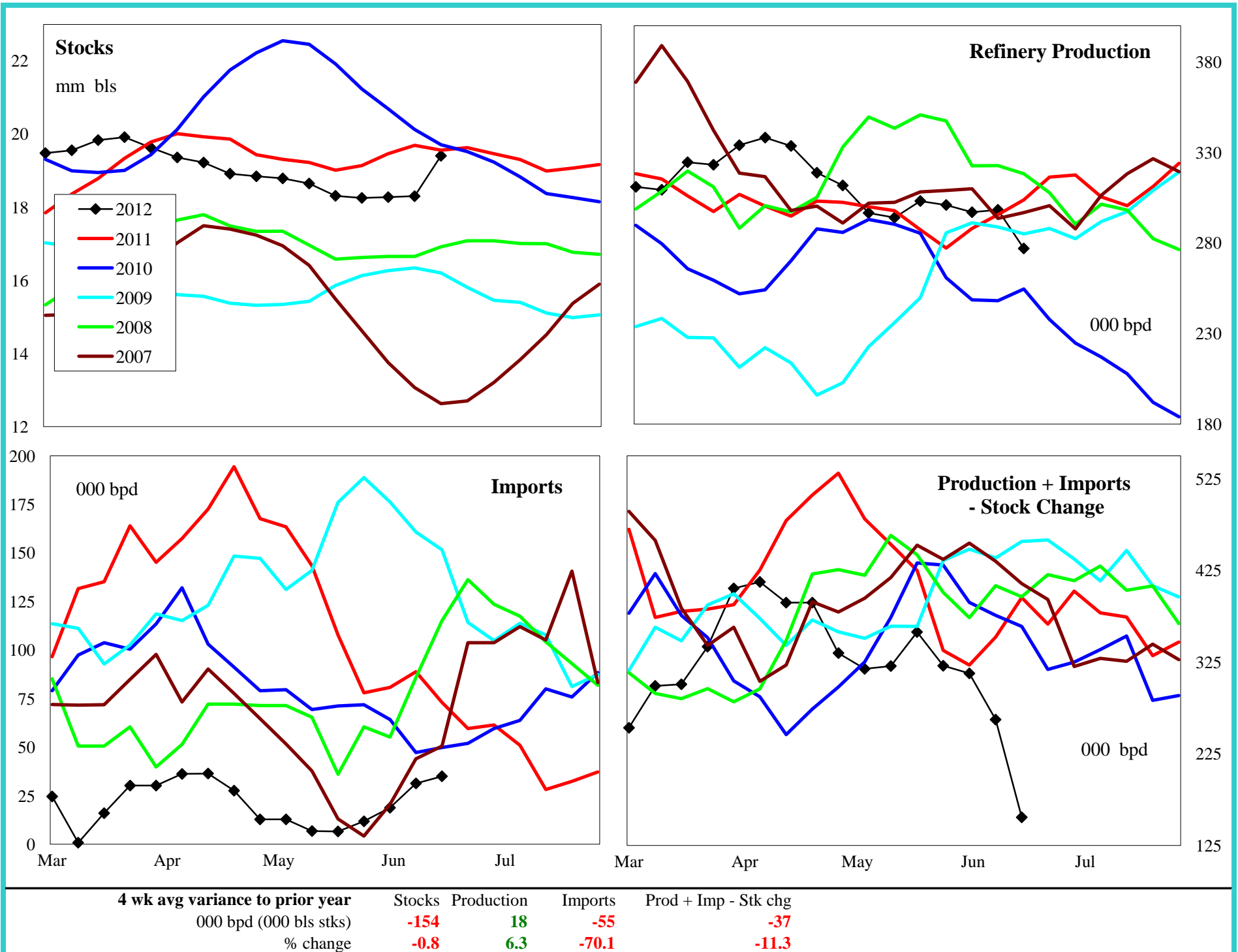
PADD 3 High Sulfur Distillate Supply



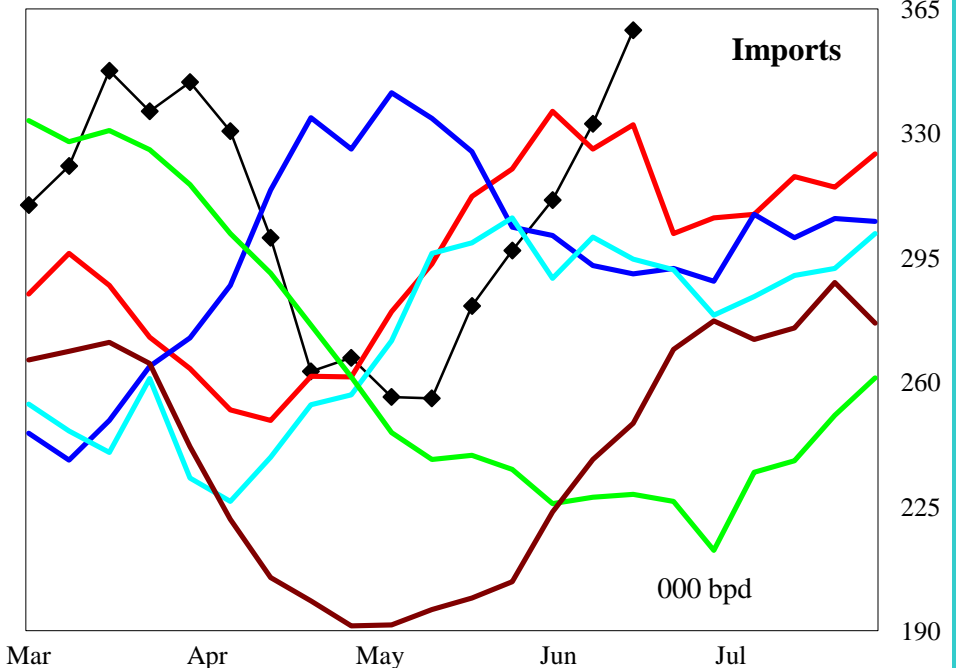
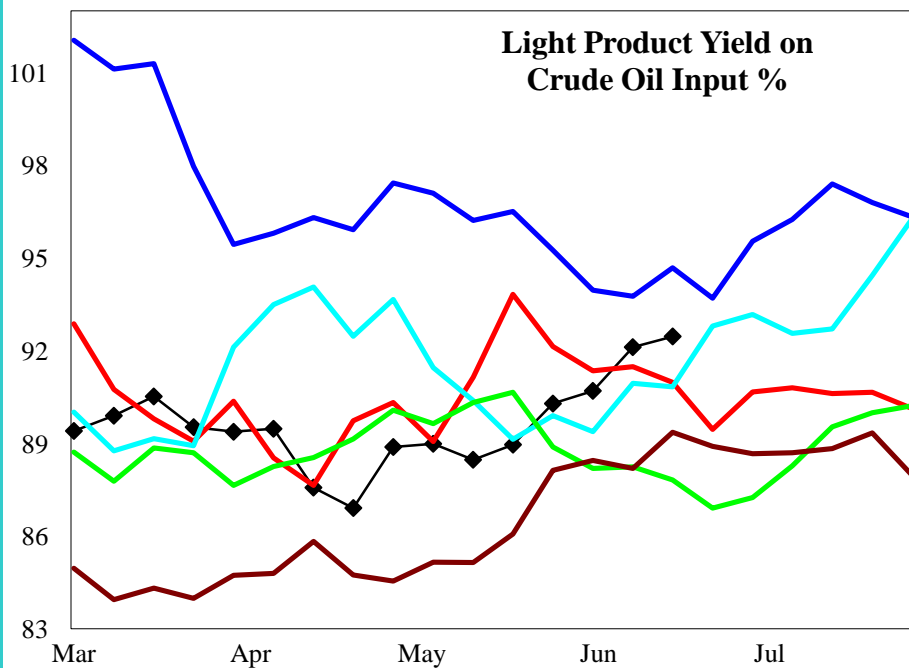
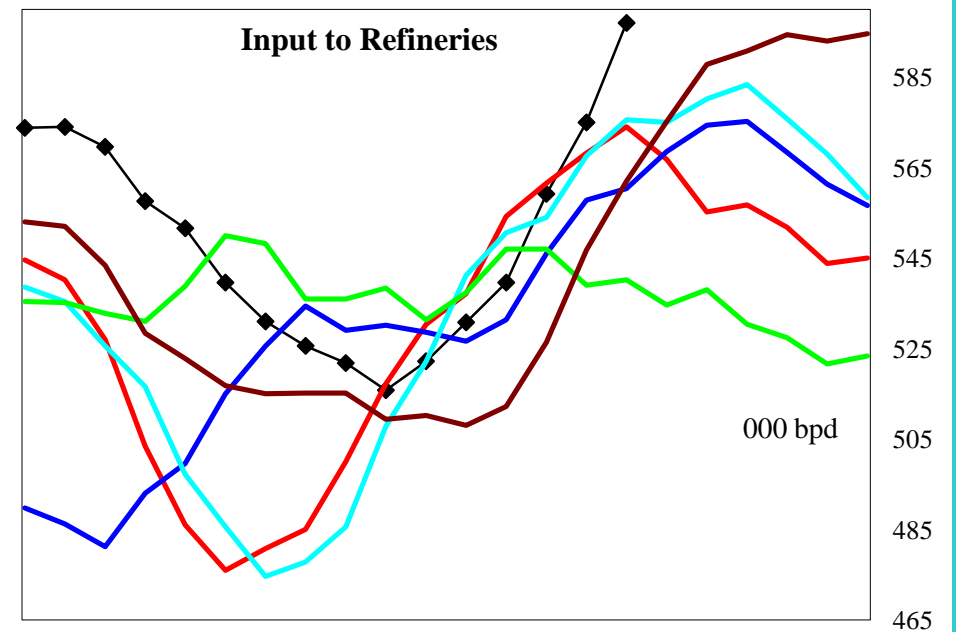
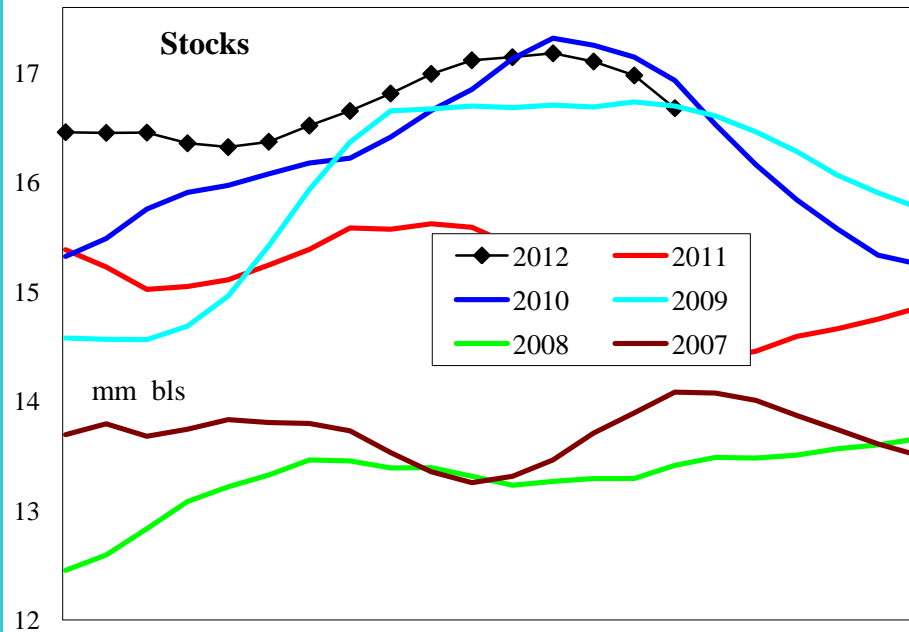
PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,213

14.9

Input

4

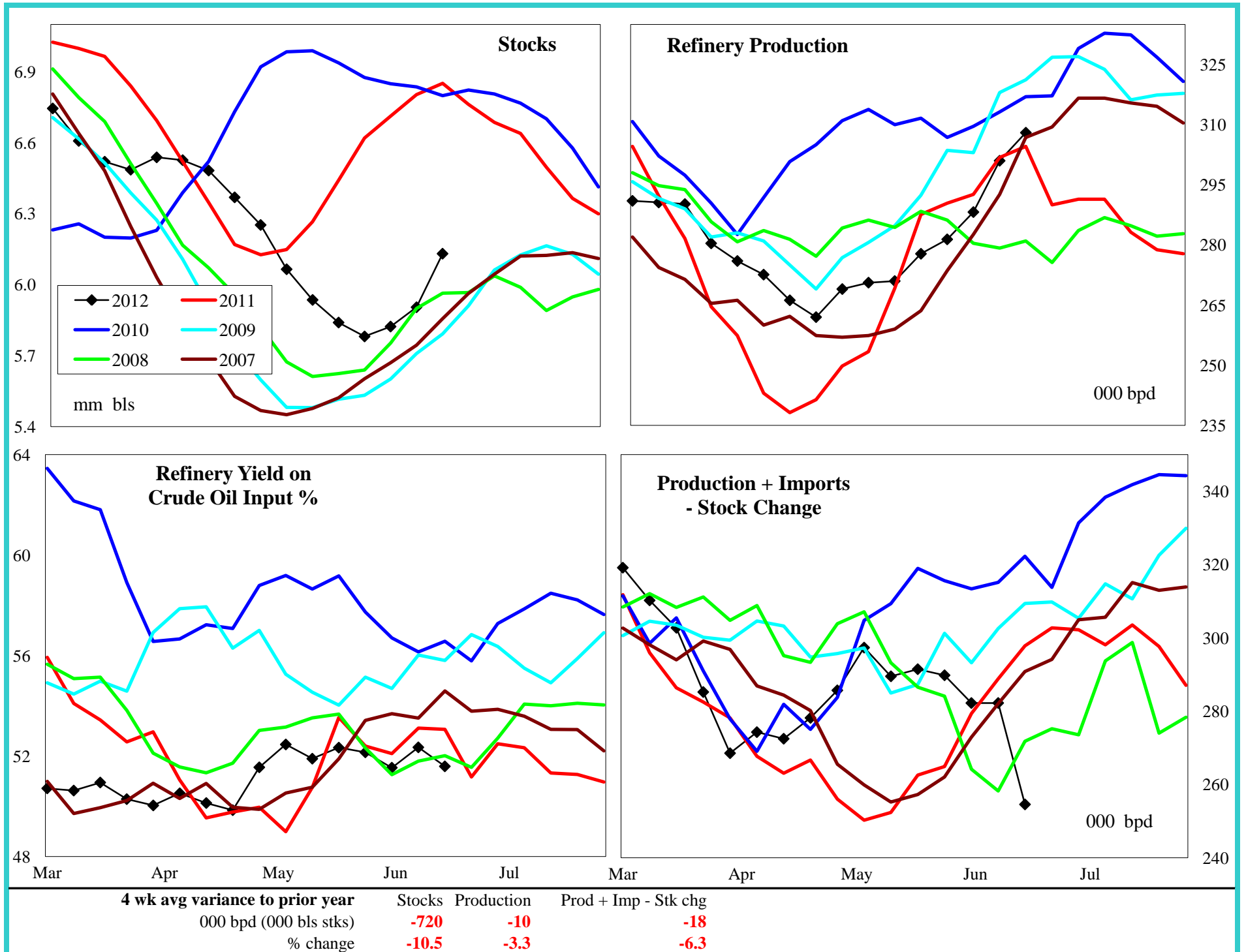
0.8

Imports

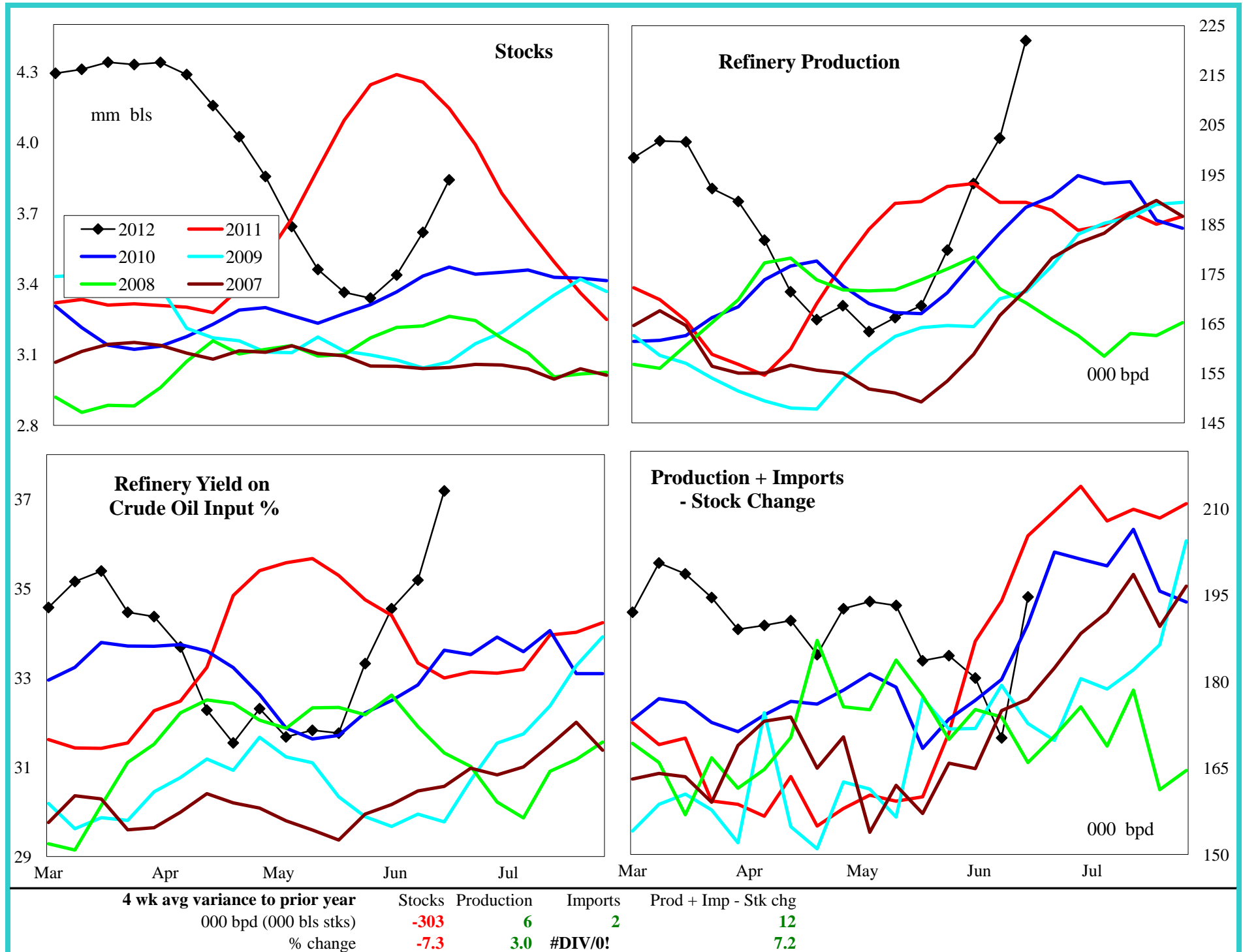
-29

-8.4

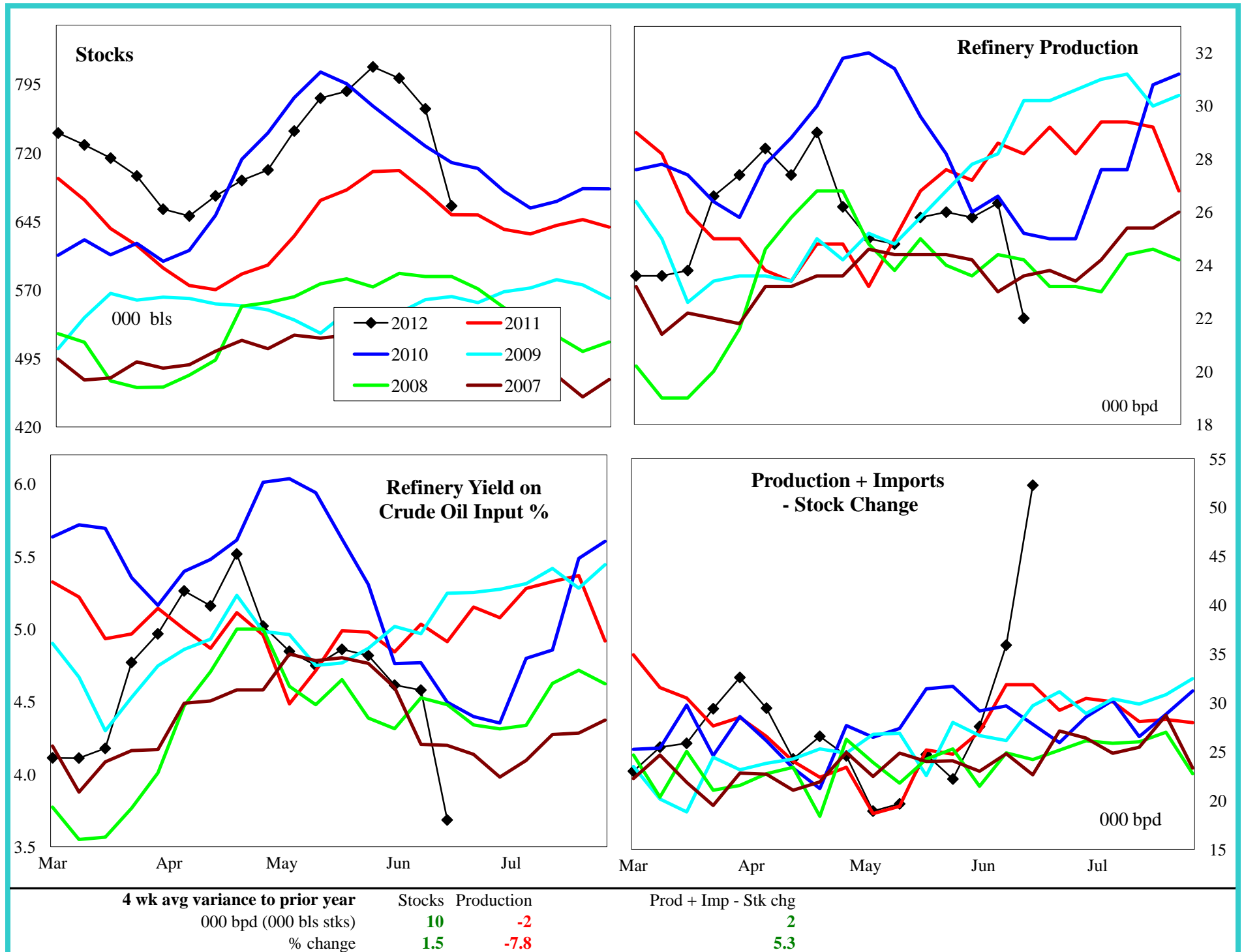
PADD 4 Gasoline Supply



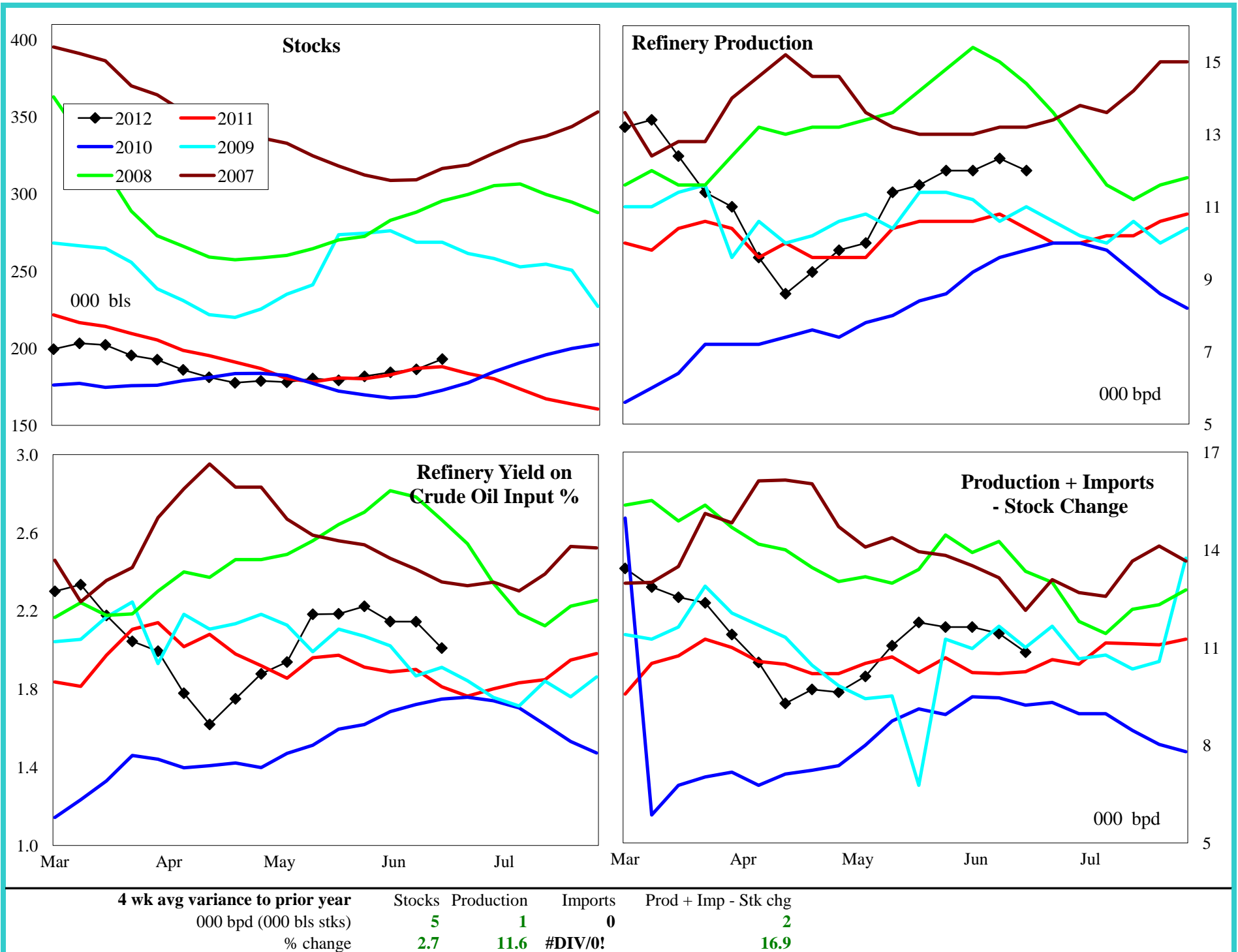
PADD 4 Distillate Supply



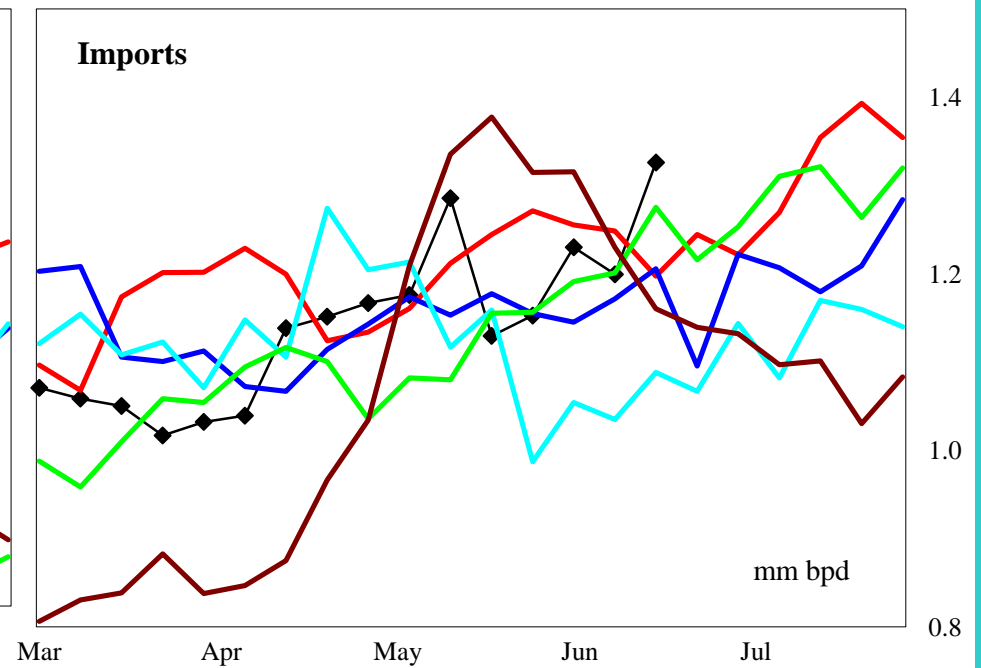
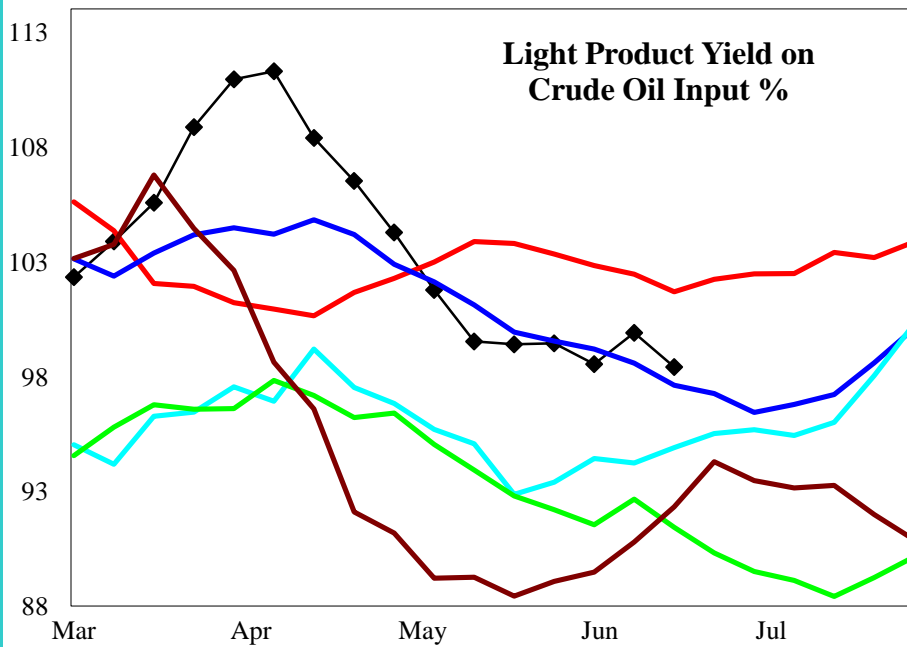
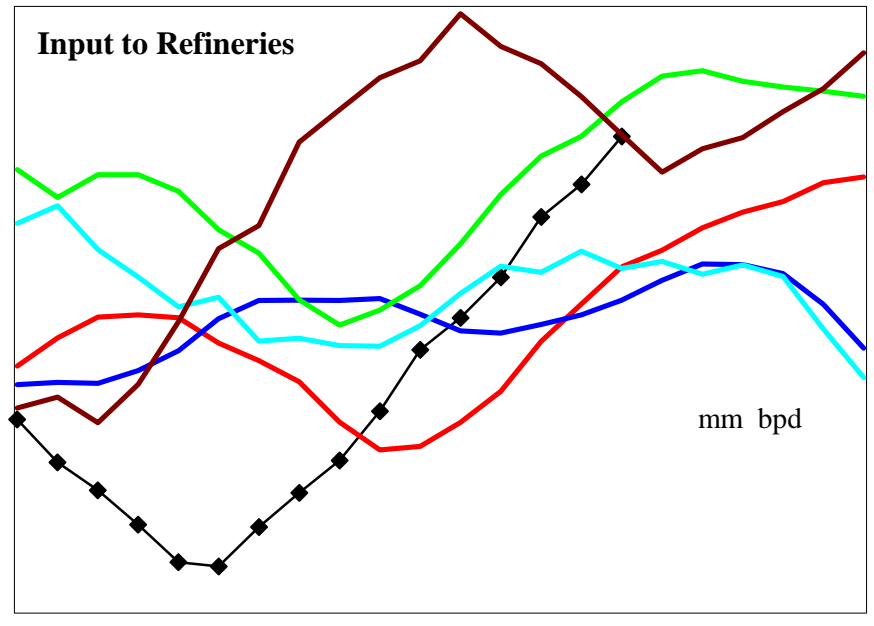
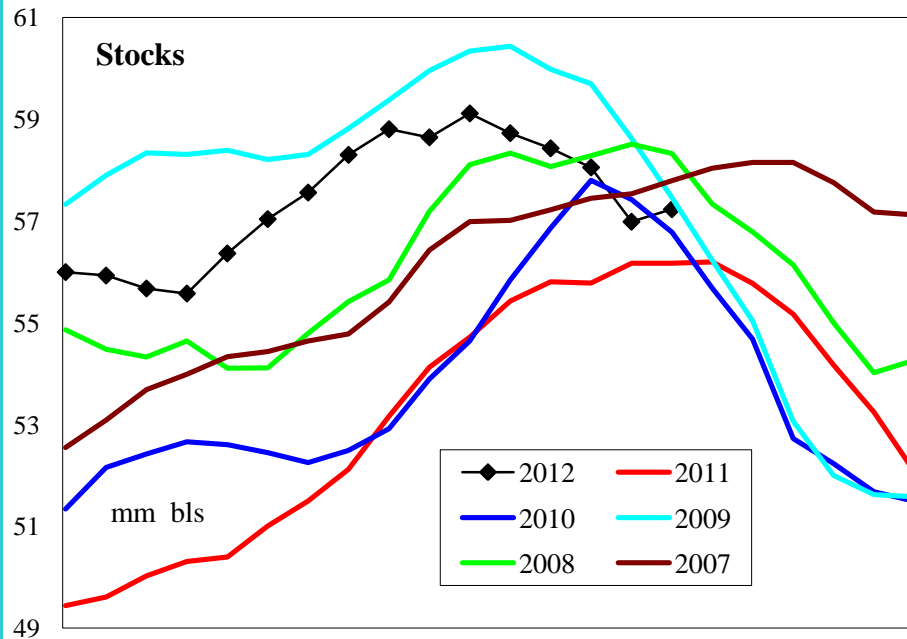
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



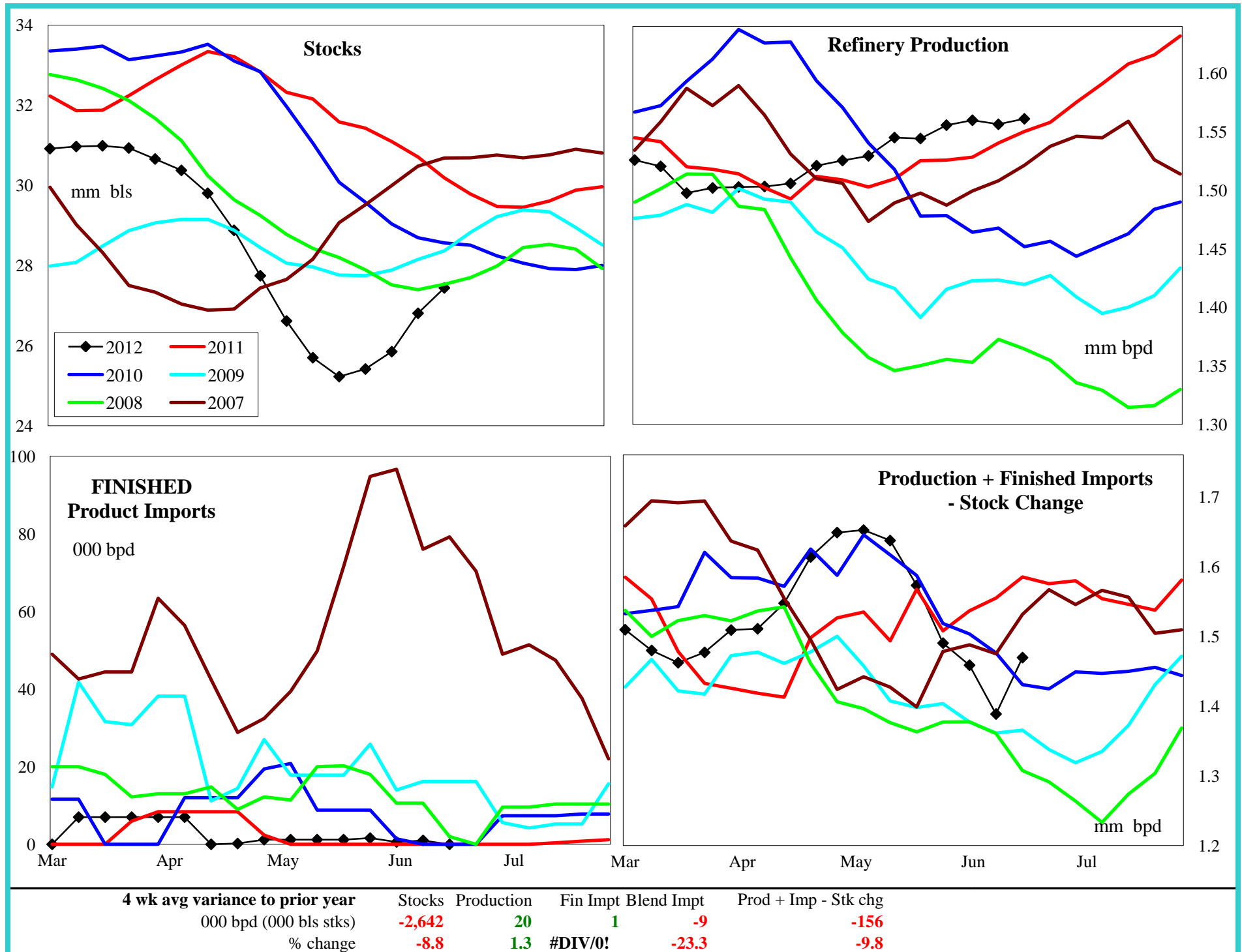
PADD 5 Crude Oil Supply and Refining



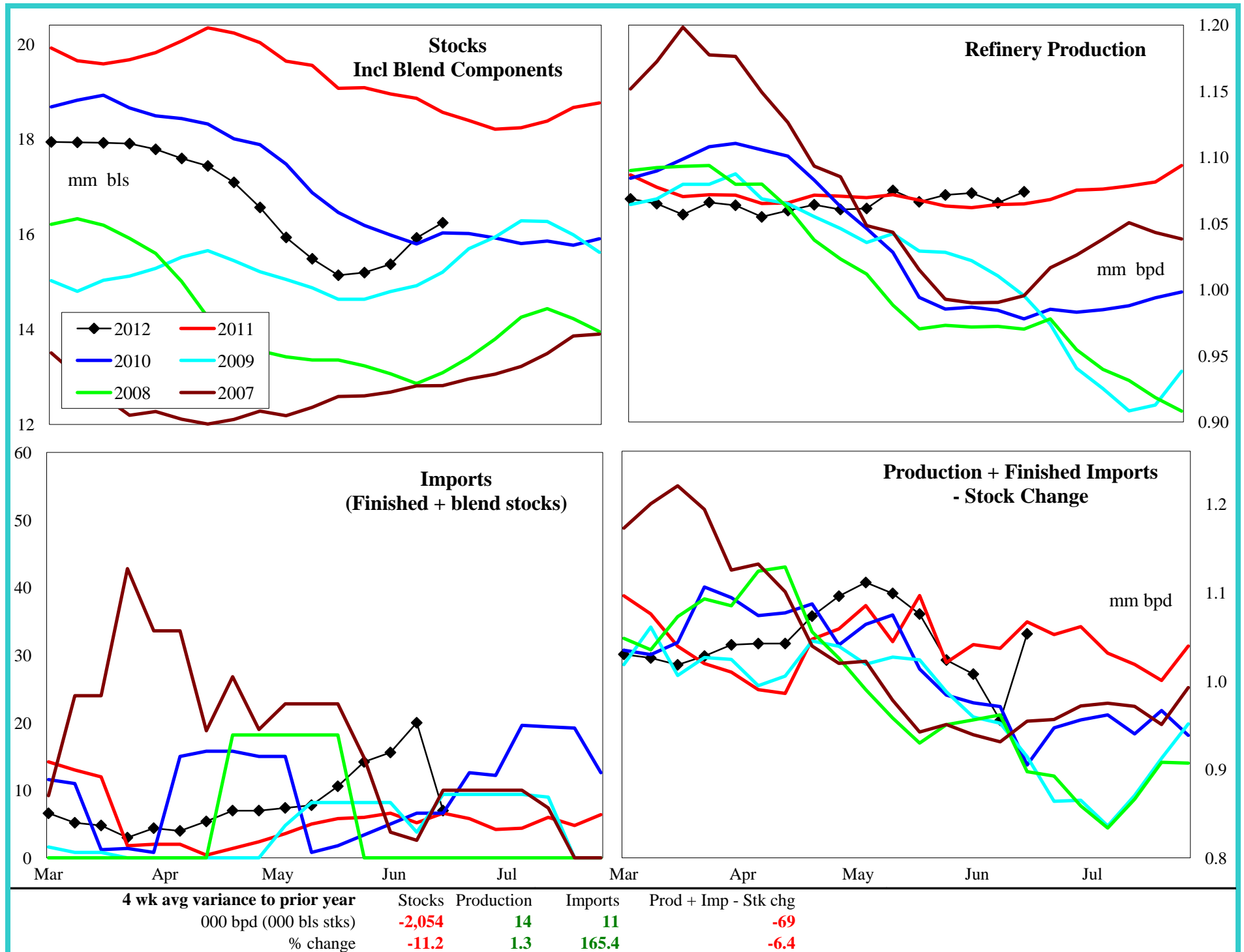
4 wk avg variance to prior year
000 bpd (000 bbls stks)
% change

| | Stocks | Input | Imports |
|-------------------------|--------|-------|---------|
| 000 bpd (000 bbls stks) | 1,061 | 154 | -9 |
| % change | 1.9 | 6.4 | -0.7 |

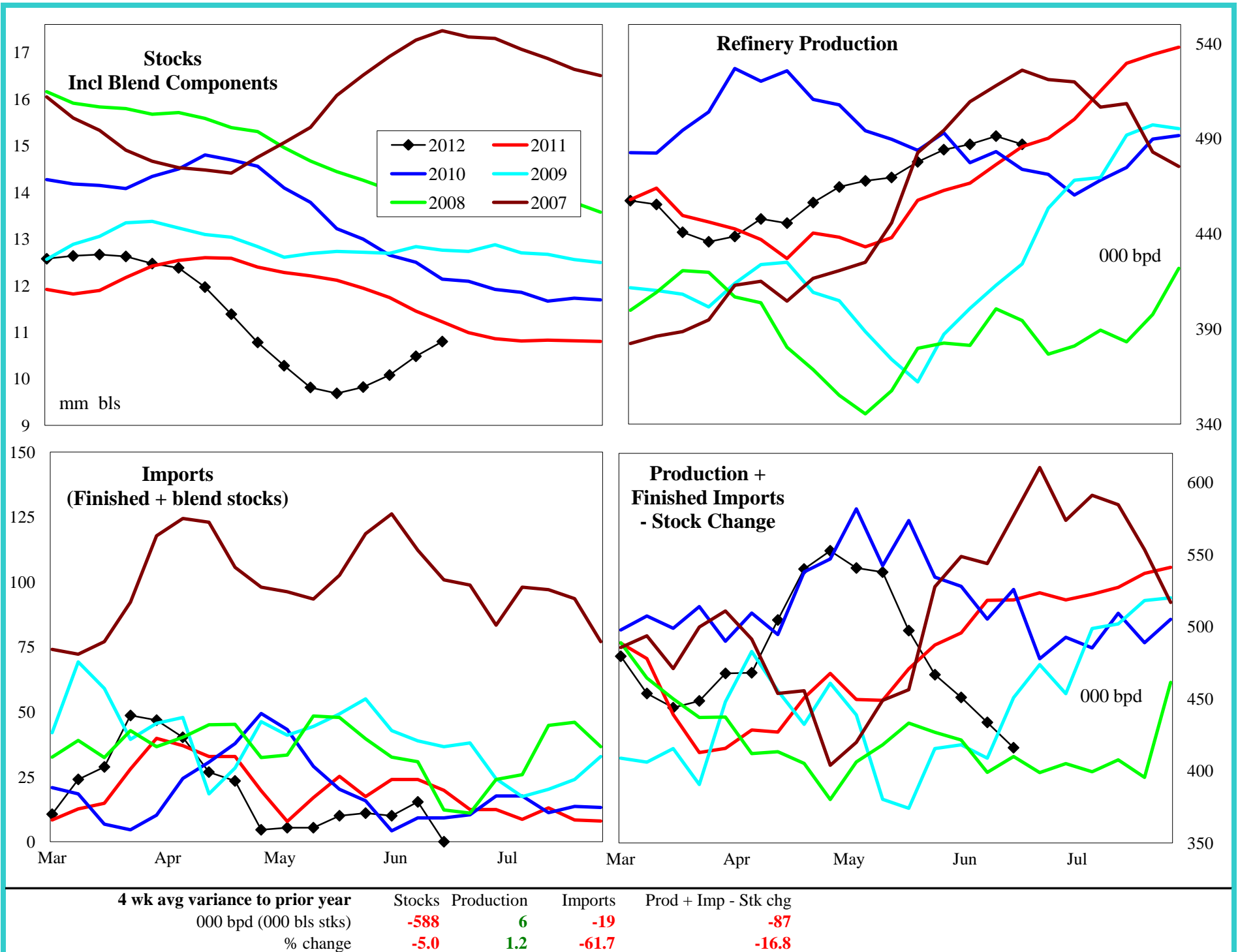
PADD 5 Gasoline Supply



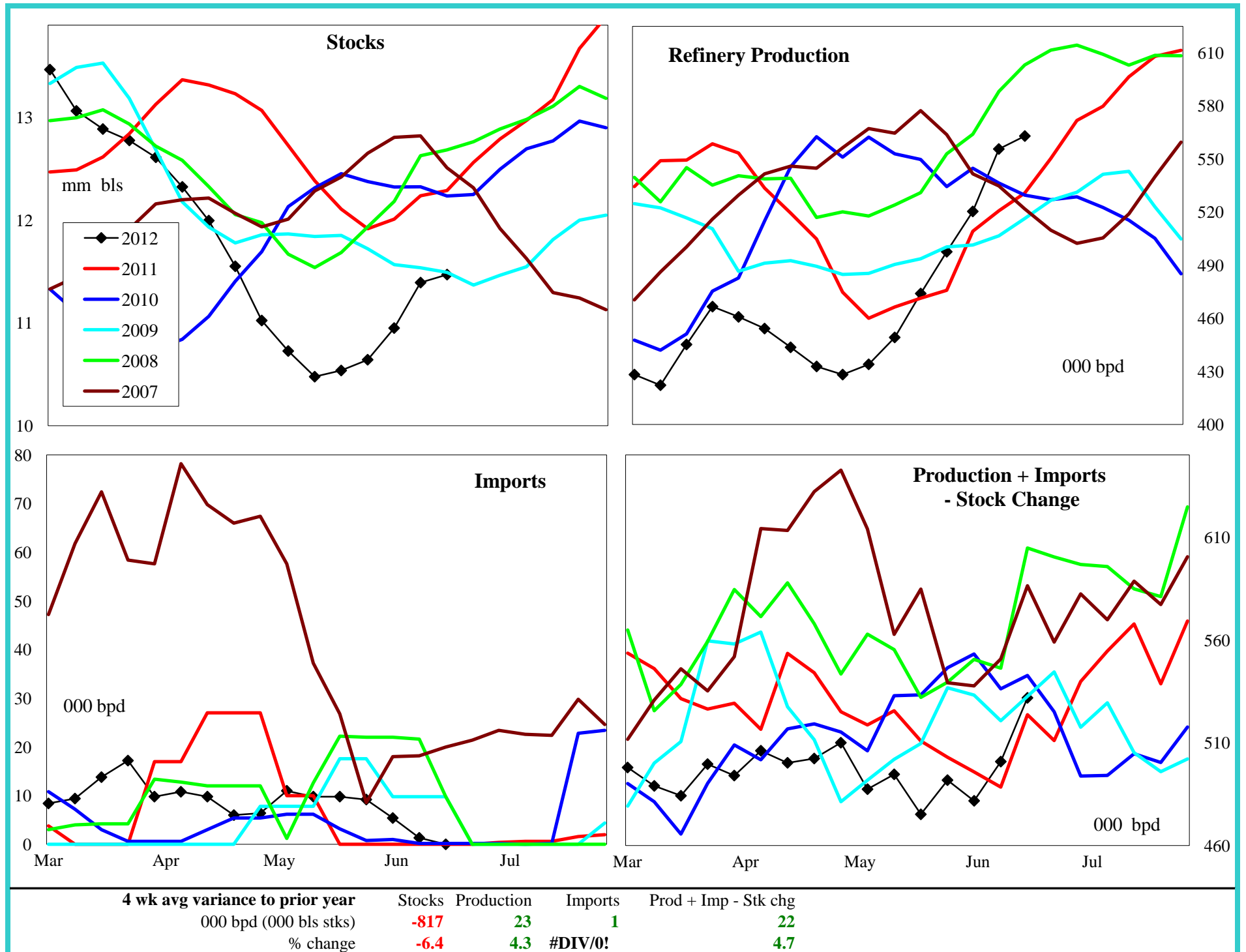
PADD 5 Reformulated Gasoline Supply



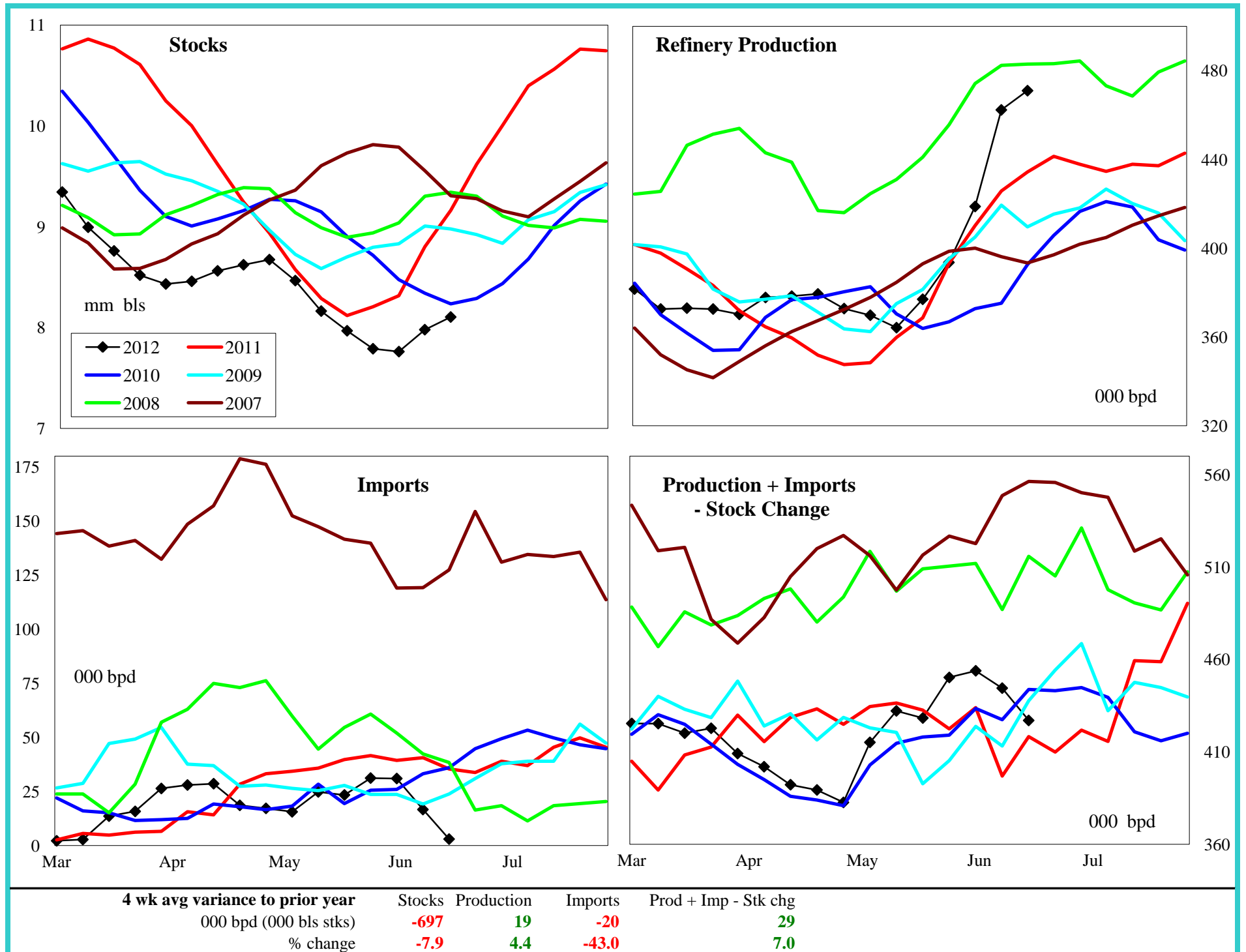
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

