

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

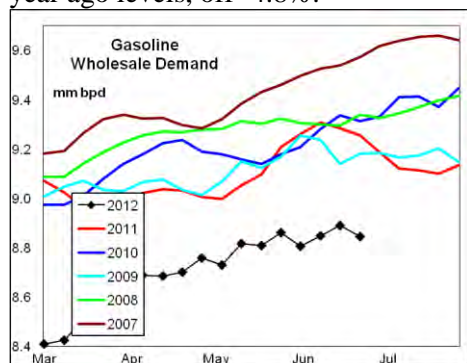
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, June 27, 2012

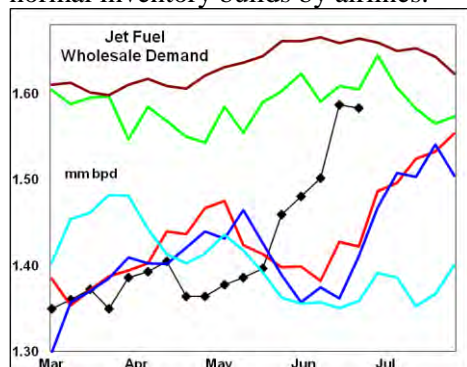


#### Major Fundamental Trends<sup>1</sup>

Gasoline demand, while up +153,000 bpd last week remains sharply below year ago levels, off -4.8%.



Distillate demand for the latest 4-wk period matched year ago levels, while jet fuel was up +10%. The surge in jet fuel demand appears to be earlier than normal inventory builds by airlines.



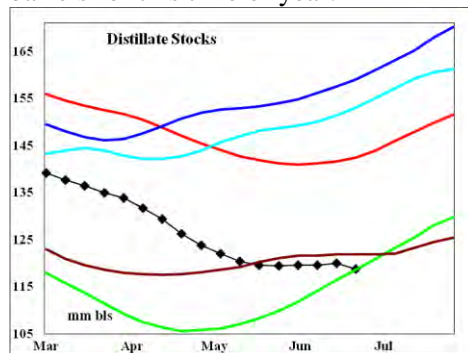
Refiners have limited gasoline production in the face of weak demand (down -161,000 bpd for the latest 4-wk period compared to a year ago), with imports also lower (-136,000 bpd for the same period).

While stock levels were -8 million barrels below last year, a normal summer season stock build is underway in markets East of the Rockies.

The NYMEX RBOB forward price curve remains steeply inverted, largely driven by the need to attract consistent supplies from the Gulf, without a surge of imports that frequently led to surpluses in prior years. The lack of refinery capacity on the East Coast to

support high levels of feedstock blending has also contributed to the tightness.

Distillate demand increased to a level that matched last year for the latest 4-wk period. Production also fell nearly -0.2 million bpd on the week, leading to a -2.3 million barrel counter seasonal stock draw. The latest 4-wk stock draw of -0.9 million barrels in markets East of the Rockies compares to an average build of +5 million barrels for this time of year.



Distillate stock levels match 5-year lows, pointing to the risk of a tight supply balance ahead of the hurricane season on the Gulf.

Crude oil stocks continued to build in the Gulf Region, rising +3.2 million barrels last week, to a new record high for this time of year.

**Demand** for all major transport fuels increased last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -4.8%; distillate up +0.1%; jet fuel up +9.9% while residual fuel oil decreased -43%.

**Stocks forward coverage:** Gasoline demand coverage increased last week due to a +2.1 million barrel stock build and weak demand. Coverage levels matched historic highs.

Distillate coverage fell on a -2.3 million barrel stock draw and higher demand. Coverage levels were at the low end of the historic range.

Jet fuel coverage plunged to a fresh 5-year low on high demand and a -0.6 million barrel stock draw. Extremely low coverage was driven by a lack of imports, with output at 5-year

highs.

**Refinery utilization** rates were nearly unchanged on a +37,000 bpd increase in crude oil runs. During the latest 4-wk period crude oil input was +459,000 bpd above a year ago.

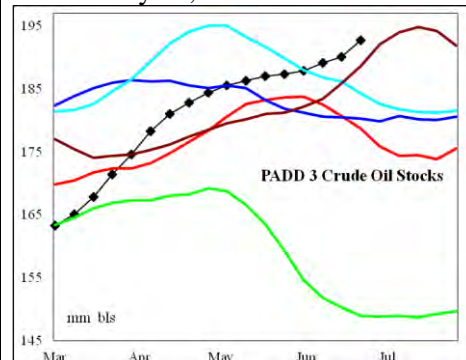
Gasoline yield % on crude oil runs increased on a +258,000 bpd jump in output compared to the +37,000 bpd rise in crude oil runs. Yield % on crude oil runs was near historic lows.

Distillate yield % on crude oil runs fell sharply on a -192,000 bpd decrease in production, compared to the small increase in crude oil runs. The yield % matched that of the last 2-years.

Jet fuel yield % on crude oil runs fell on a -32,000 bpd drop in production compared to the increase in crude oil runs. Yield % levels were matched historic highs for the week.

**Petroleum Imports** decreased last week for crude oil and gasoline, with middle distillates nearly unchanged. During the latest 4-wk period crude oil imports were +343,000 bpd above last year; distillate imports decreased -41,000 bpd; finished gasoline imports decreased -63,000 bpd, gasoline blend stock imports declined -73,000 bpd; jet fuel imports were -60,000 bpd lower, while residual fuel oil imports fell -82,000 bpd.

**Crude Oil** stocks were nearly unchanged last week, including a +3.2 million barrel build in the Gulf Region which lifted stock levels in that area to fresh 5-year highs. Cushing stocks ended the week +9.8 million barrels above last year, +26%.



<sup>1</sup> Source is latest EIA Weekly Statistics



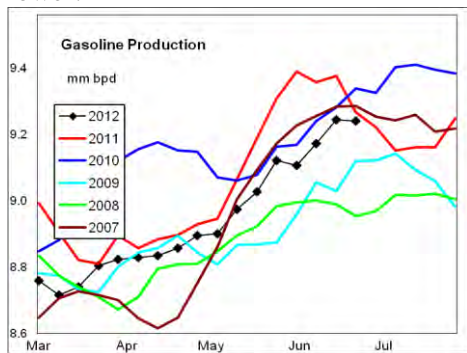
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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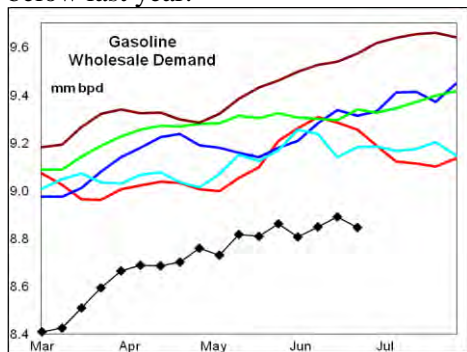
#### Product Supply-Demand Trends

**Gasoline** demand increased +153,000 bpd last week, a level still sharply below a year ago. The latest 4-wk average demand was -449,000 bpd below a year ago, a decline of -4.8%. Production increased +258,000 bpd on the week, to a level slightly below the mid range. During the latest 4-wk period, production averaged -161,000 bpd below last year, while imports of finished product were -63,000 bpd lower.



Imports fell -215,000 bpd last week, to a level below the historic range.

Stocks climbed +2.1 million barrels on the week, to a level -3.9% below last year.



The latest 4-wk stock build in markets East of the Rockies was +1.7 million barrels, slightly less than the average of the last 5-years.

*Demand remains very weak, offsetting lower production and imports. Stocks in the Central Atlantic and New England Regions saw modest builds last week, while the latest 4-wk build in markets East of the Rockies was near normal.*

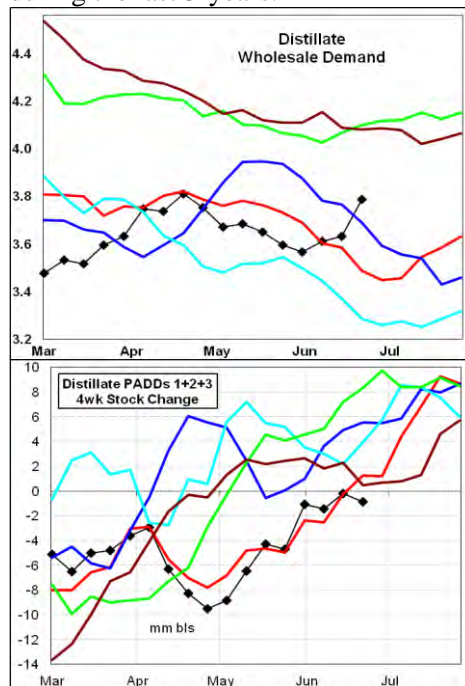
*Expect the seasonal increase in production to lift stocks in markets East of the Rockies during the next 60-*

*days, from near record lows.*

**Distillate** demand jumped +322,000 bpd last week, to a level above the last 3-years. The latest 4-wk average demand was +5,000 bpd above a year ago.

Supplies fell -169,000 bpd on the week, primarily due to lower production. Stocks fell -2.3 million barrels on an unusually large counter seasonal draw.

The latest 4-wk stock draw in markets East of the Rockies was -0.9 million barrels, compared to an average build of +5 million barrels during the last 5-years.



*Increased demand, strong exports from the Gulf and a drop in output have led to a tightening of supplies. Based on the early summer supply/demand balance, distillate supplies will likely remain well below the last 3-years.*

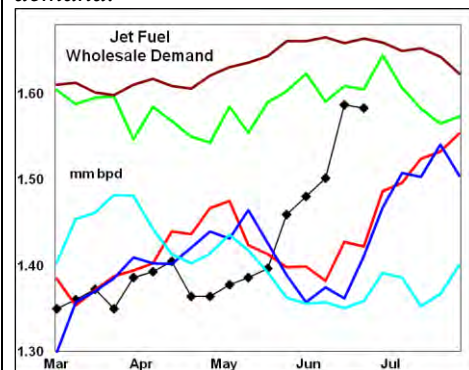
**Jet Fuel** demand increased +50,000 bpd last week, to a level significantly above the last 3-years. The latest 4-wk average demand was +138,000 bpd above a year ago, up +10%.

There were no imports last week and production decreased -32,000 bpd, still at a level above the 5-year range. Stocks fell -0.6 million barrels on the week, to a new record low.

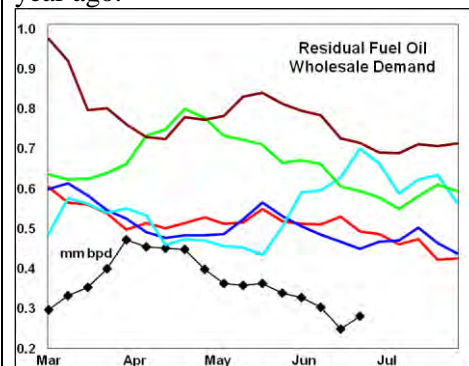
*Unusually strong demand (which*

*may include some exports) and a lack of imports has offset the record high production. Stock levels are at 5-year lows in all regional markets East of the Rockies.*

*Look for a pull back in demand, as earlier than normal inventory builds by airlines underlies the rise in wholesale demand.*



**Residual fuel oil** demand increased +58,000 bpd last week. The latest 4-wk average was -213,000 bpd below a year ago.



Supply (production + imports) declined -63,000 bpd last week, on lower production and imports. The latest 4-wk average supply was -99,000 bpd below last year on lower imports and production. Stocks increased +0.7 million barrels, to a level -9% below last year.

*Wholesale demand remains exceptionally weak, off -43% during the latest 4-wk period compared to a year ago. Imports are down -24% lower for the same period. Stocks have increased +3.9 million barrels during the last 3-wks, concentrated in the Gulf Region where stock levels match 5-year highs.*



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

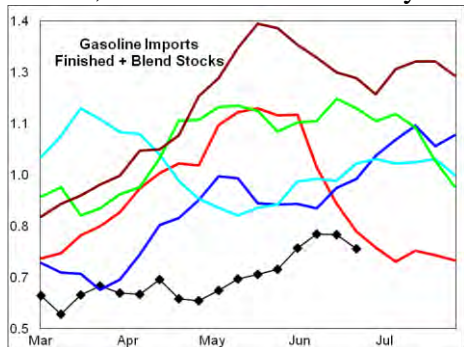
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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +53,000 bpd on the week, with the latest 4-wk average -132,000 bpd below last year.

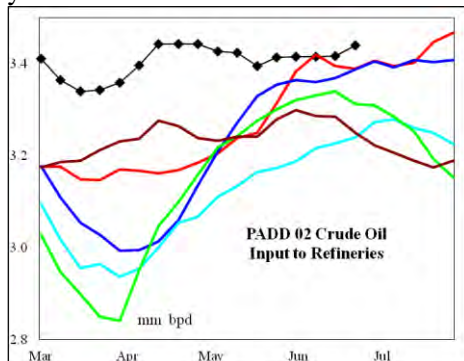
Gasoline imports fell -222,000 bpd on the week, partially offset by a +66,000 bpd rise in production. Stocks decreased -0.2 million barrels, a level -2% below last year.



Stock levels in the Central Atlantic and New England regions each increased last week, but remain at levels below the 5-year range. Lower Atlantic Region stock levels remain at the upper end of the historic range.

Distillate supply increased +22,000 bpd last week, with the level still -40,000 bpd below last year, on lower imports. Stocks were unchanged on the week, at a level that matched 5-year lows.

Jet fuel supply increased +7,000 bpd on the week; with the latest 4-wk average -83,000 bpd below a year ago and at record lows. Stocks were unchanged with the level matching 5-year lows.



**PADD 2** crude oil refinery runs climbed +57,000 bpd on the week,

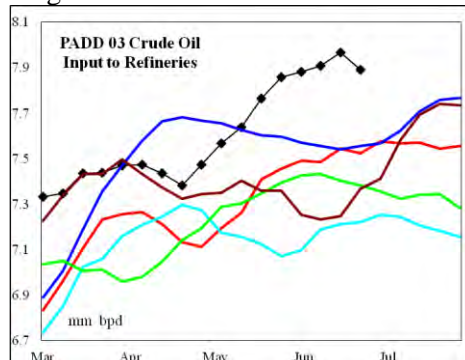
with the 4-wk average -37,000 bpd below last year. Crude oil imports climbed +115,000 bpd to a level +41% above last year. Stocks fell -1 million barrels, +13% above the prior 5-year high.

Gasoline production increased +85,000 bpd last week, a level that matched 3-year highs. Stocks increased +1 million barrels, although the level remains below the 5-year range.

Distillate production increased +15,000 bpd on the week, to a level below the last 2-years. Stocks fell -0.4 million barrels last week, to a level that matched last year's record low.

Jet fuel production increased +18,000 bpd on the week, to a level above the 5-year range. Stocks fell -0.4 million barrels to a level near historic lows.

**PADD 3** refinery runs declined -96,000 bpd last week, still a record high compared to prior years. The latest 4-wk average thru put was +497,000 bpd above last year. Crude oil imports fell -0.4 million bpd last week to a level below the 5-year range. Stocks increased +3.2 million barrels on the week, a level above the 5-year range.



Gasoline production climbed +68,000 bpd last week, to a level above the last 60-days. Stocks climbed +1.5 million barrels last week, at a level below the last 3-years.

Distillate production fell -169,000 bpd on the week, a level below the last 6-wks. Stocks fell -2 million barrels on lower production and high exports.

Jet fuel production declined -

77,000 bpd last week, falling to a level below the last month. Stocks fell -0.8 million barrels to a level that matched 5-year lows.

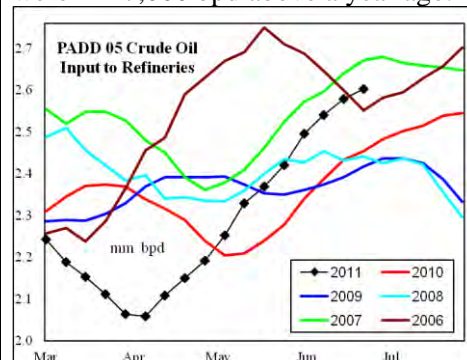
Residual fuel oil supplies were unchanged on the week. The level of supply was below the historic mid range. Stocks were nearly unchanged at a level that matched 5-year highs.

**PADD 4** refinery crude runs increased +20,000 bpd on the week, to a new season high. The most recent 4-wk average run rate was +14,000 above last year.

Gasoline declined -6,000 bpd on the week, to a level below the mid range. Stocks increased +0.1 million barrels, a level -8% below last year.

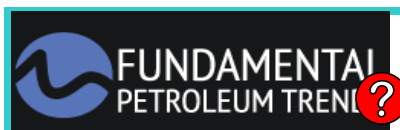
Distillate production was nearly unchanged on the week, at a level nearly +40,000 bpd above last year. Stocks increased +0.3 million barrels to a level that matched last years' record high.

**PADD 5** crude oil refinery runs increased +6,000 bpd last week, to a level near 5-year highs for the period. Runs for the most recent 4-wk period were +117,000 bpd above a year ago.



Gasoline supply increased +33,000 bpd on the week; with the latest 4-wk average +29,000 bpd above a year ago. Stocks decreased -0.3 million barrels last week, to a level below the historic range.

Distillate supply declined -34,000 bpd on the week, to a level comparable with the last 3-years. Stocks decreased -0.2 million barrels, a level -10% below last year.

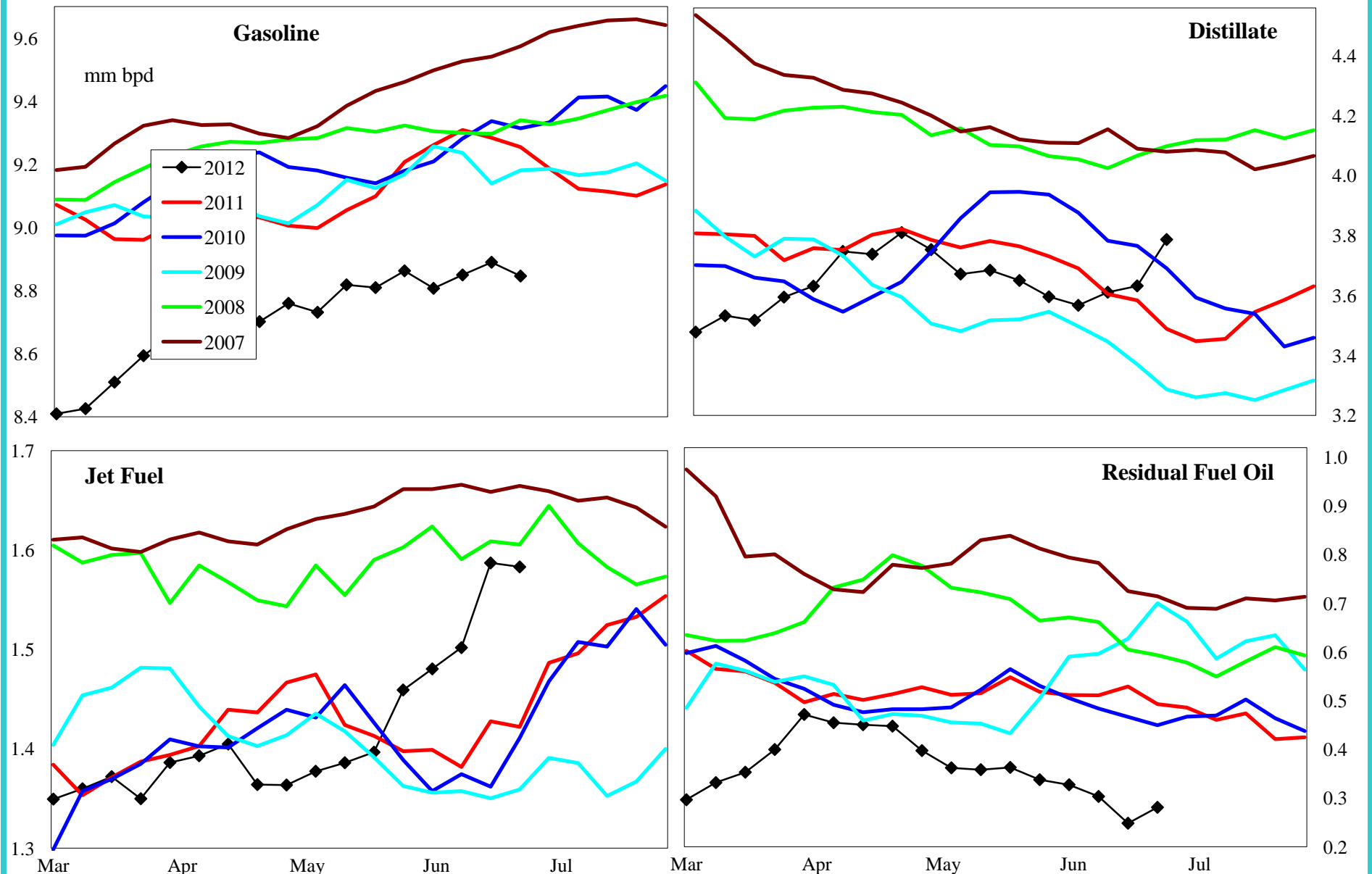


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report June 27, 2012  
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| Fundamental Trends                | <a href="#">Wholesale Demand</a> | <a href="#">Stocks Days Fwd Coverage</a> | <a href="#">Refinery Utilization Product Yield %</a> |      |        | <a href="#">Imports</a> |        |
|-----------------------------------|----------------------------------|--|--|------|--------|-------------------------|--------|
| Supply/Demand Trends              | 22-Jun-12                        | EIA-DOE CHANGE FROM PRIOR WEEK           |  |      |        |                         |        |
|                                   | 000 bpd<br>stocks 000 bls        | U. S.<br>Total                           | PADD   |      |        |                         |        |
|                                   |                                  |  | 1  | 2    | 3      | 4                       | 5      |
| <a href="#">Crude Oil</a>         | Stocks                           | -133                                     | -321   | -950 | 3,236  | -506                    | -1,592 |
|                                   | Imports                          | -327                                     | 18   | 115  | -374   | -44                     | -43    |
|                                   | Input                            | 37                                       | 53   | 57   | -96    | 20                      | 6      |
|                                   | % Utilization                    | 0.70                                     |  |      |        |                         |        |
| <a href="#">Gasoline</a>          | Stocks                           | 2,078                                    | -191   | 980  | 1,518  | 80                      | -309   |
|                                   | Production                       | 258                                      | 66   | 85   | 68     | -6                      | 27     |
|                                   | Imports                          | -215                                     | -222   | 1    | 0      | 0                       | 6      |
|                                   | Supplied                         | 153                                      |  |      |        |                         |        |
| <a href="#">Distillate</a>        | Stocks                           | -2,279                                   | 86   | -421 | -2,033 | 265                     | -175   |
|                                   | Production                       | -192                                     | -3   | 15   | -169   | -2                      | -34    |
|                                   | Imports                          | 23                                       | 25   | -1   | 0      | -1                      | 0      |
|                                   | Supplied                         | 322                                      |  |      |        |                         |        |
| <a href="#">Jet Fuel</a>          | Stocks                           | -576                                     | 8  | -377 | -799   | -62                     | 655    |
|                                   | Production                       | -32                                      | 7  | 18   | -77    | 2                       | 17     |
|                                   | Imports                          | 0  | 0  | 0    | 0      | 0                       | 1      |
|                                   | Supplied                         | 50                                       |  |      |        |                         |        |
| <a href="#">Residual Fuel Oil</a> | Stocks                           | 669                                      | 605  | 170  | 87     | 7                       | -199   |
|                                   | Production                       | -40                                      | -44  | 4    | 8      | 0                       | -8     |
|                                   | Imports                          | -23                                      | -30  | 2    | -11    | 0                       | 16     |
|                                   | Supplied                         | 58                                       |  |      |        |                         |        |

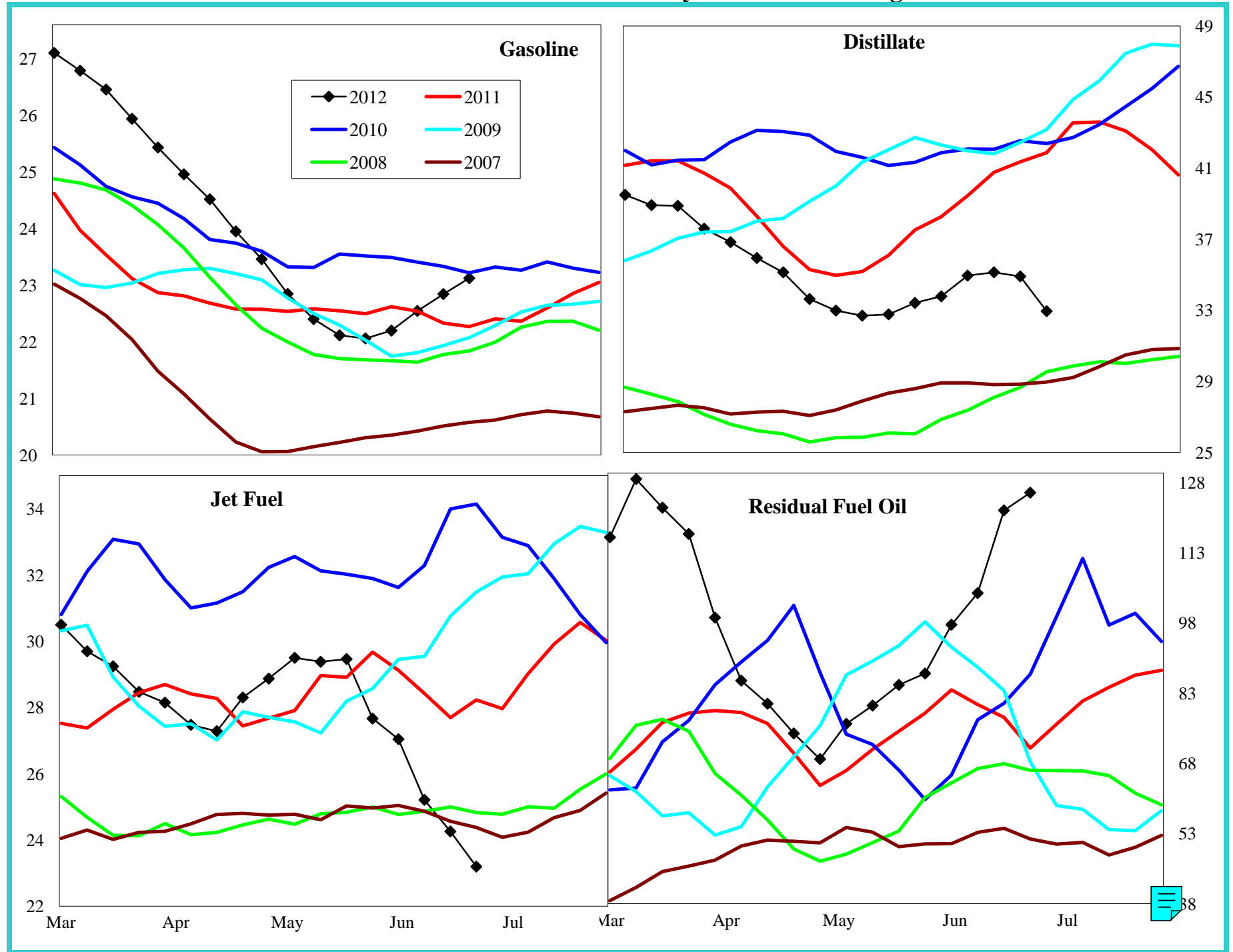
# United States Wholesale Petroleum Demand



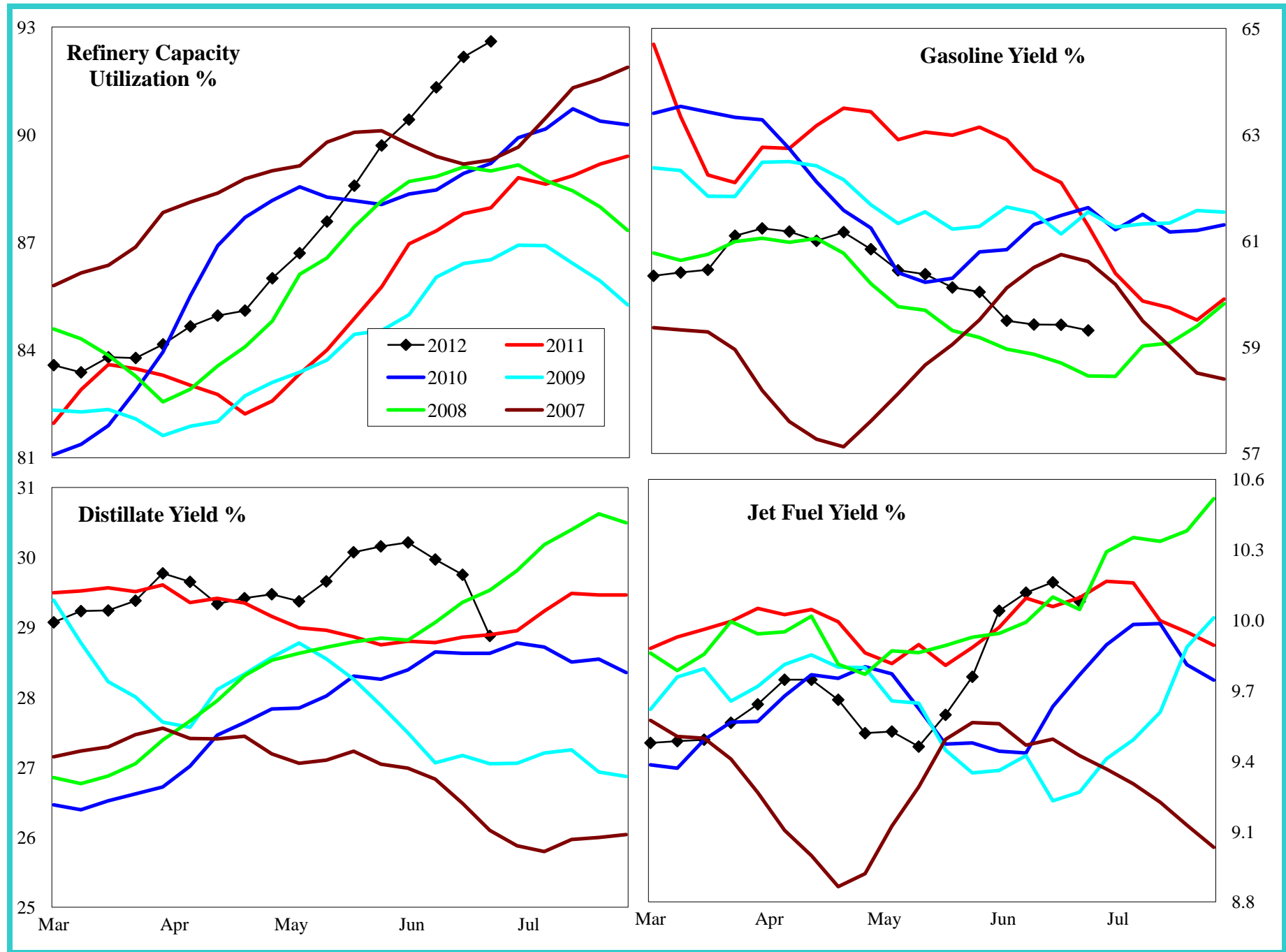
|            | 000 bpd change from prior year |      |      |      | % change from prior year |       |       |       |
|------------|--------------------------------|------|------|------|--------------------------|-------|-------|-------|
|            | 4wk avg                        | May  | Apr  | Mar  | 4wk avg                  | May   | Apr   | Mar   |
| Gasoline   | -449                           | 12   | -55  | -117 | -4.8                     | 0.1   | -0.6  | -1.3  |
| Distillate | 5                              | -33  | 141  | -325 | 0.1                      | -0.9  | 3.8   | -8.1  |
| Jet Fuel   | 138                            | -16  | -103 | -7   | 9.9                      | -1.1  | -7.1  | -0.5  |
| Resid      | -213                           | -116 | -172 | -131 | -42.7                    | -24.3 | -28.7 | -23.9 |



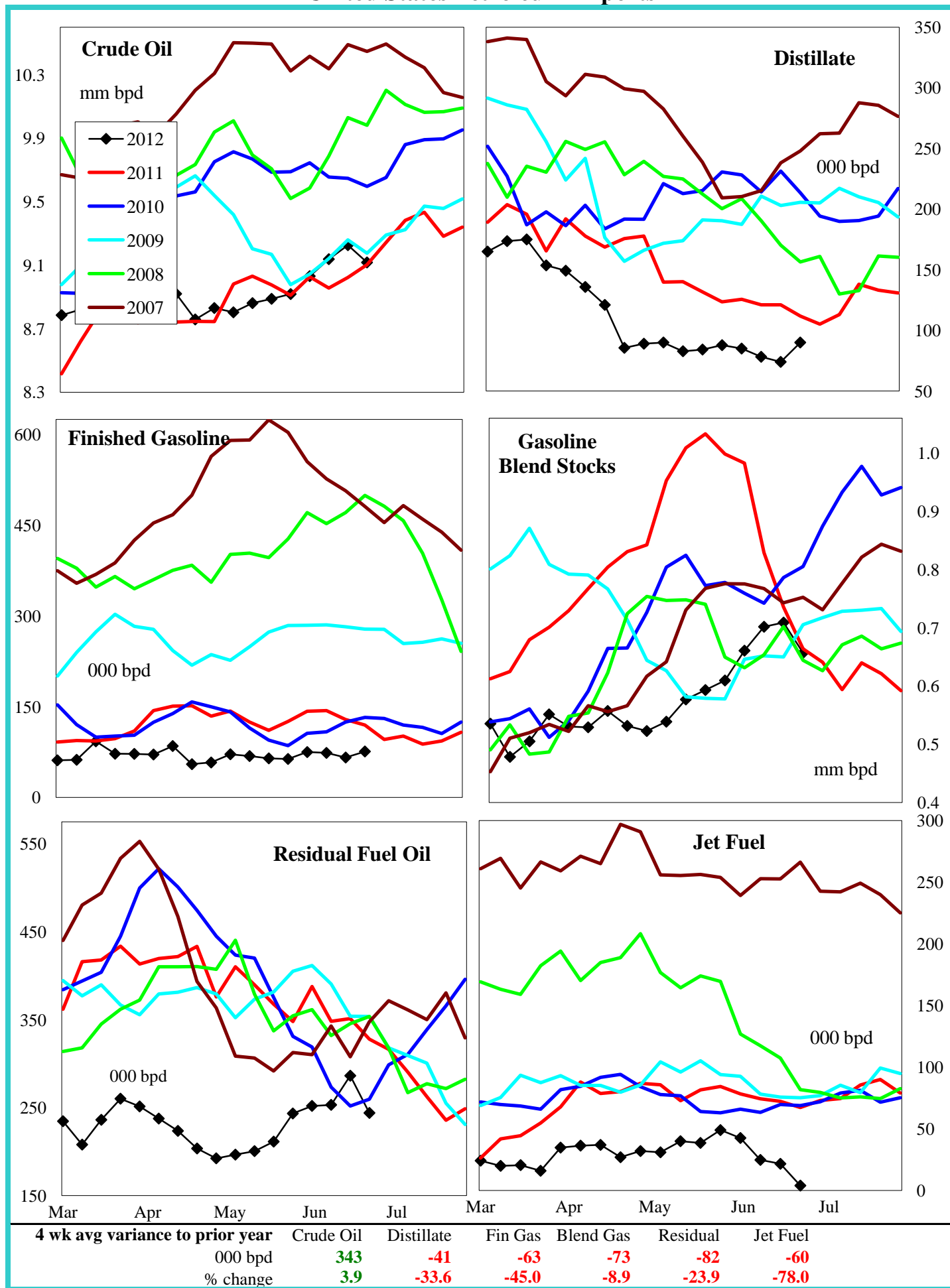
# United States Product Stocks: Days Forward Coverage



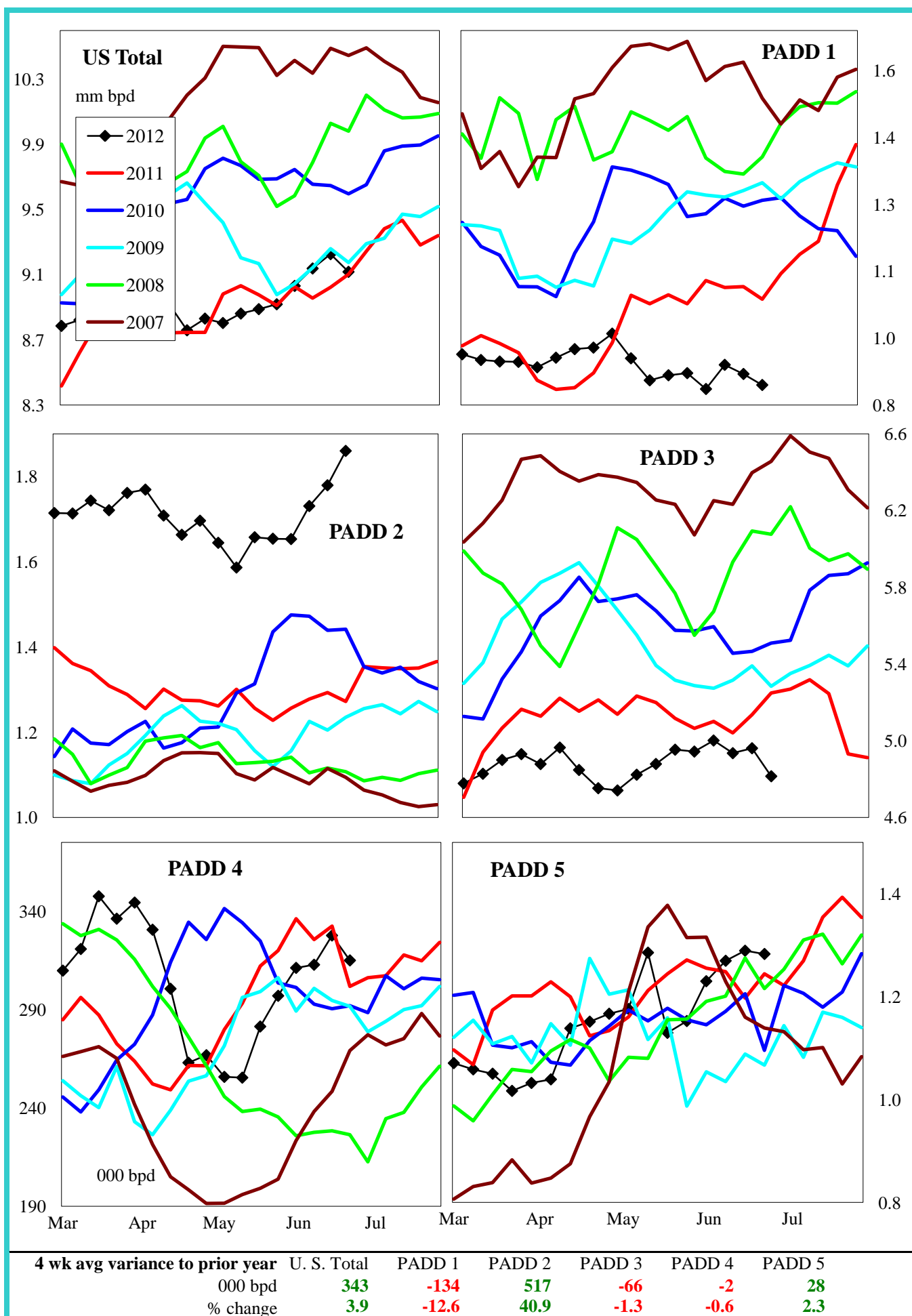
## United States Refinery Percent Utilization Rate and Product Yields



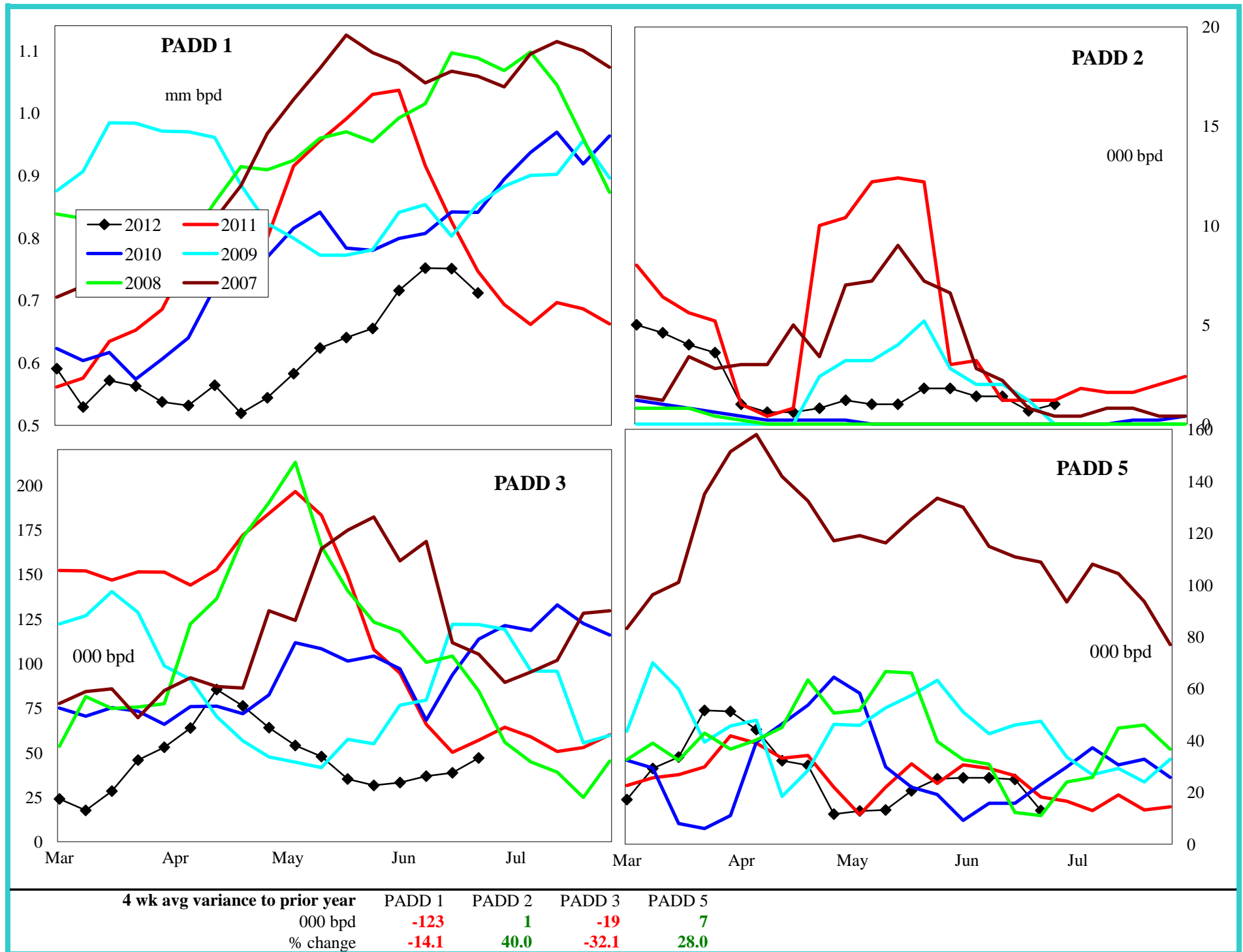
# United States Petroleum Imports



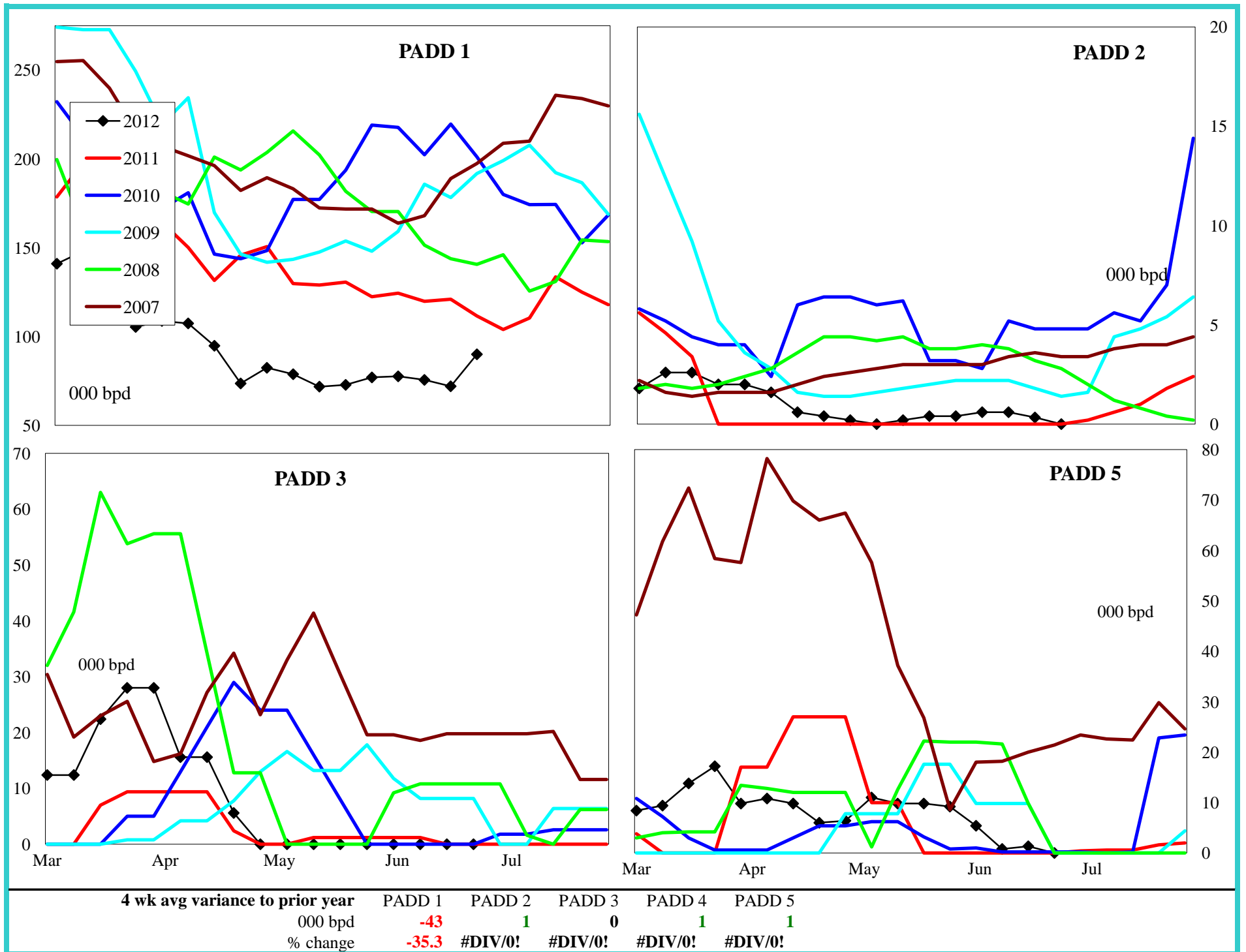
## Crude Oil Imports by PADD



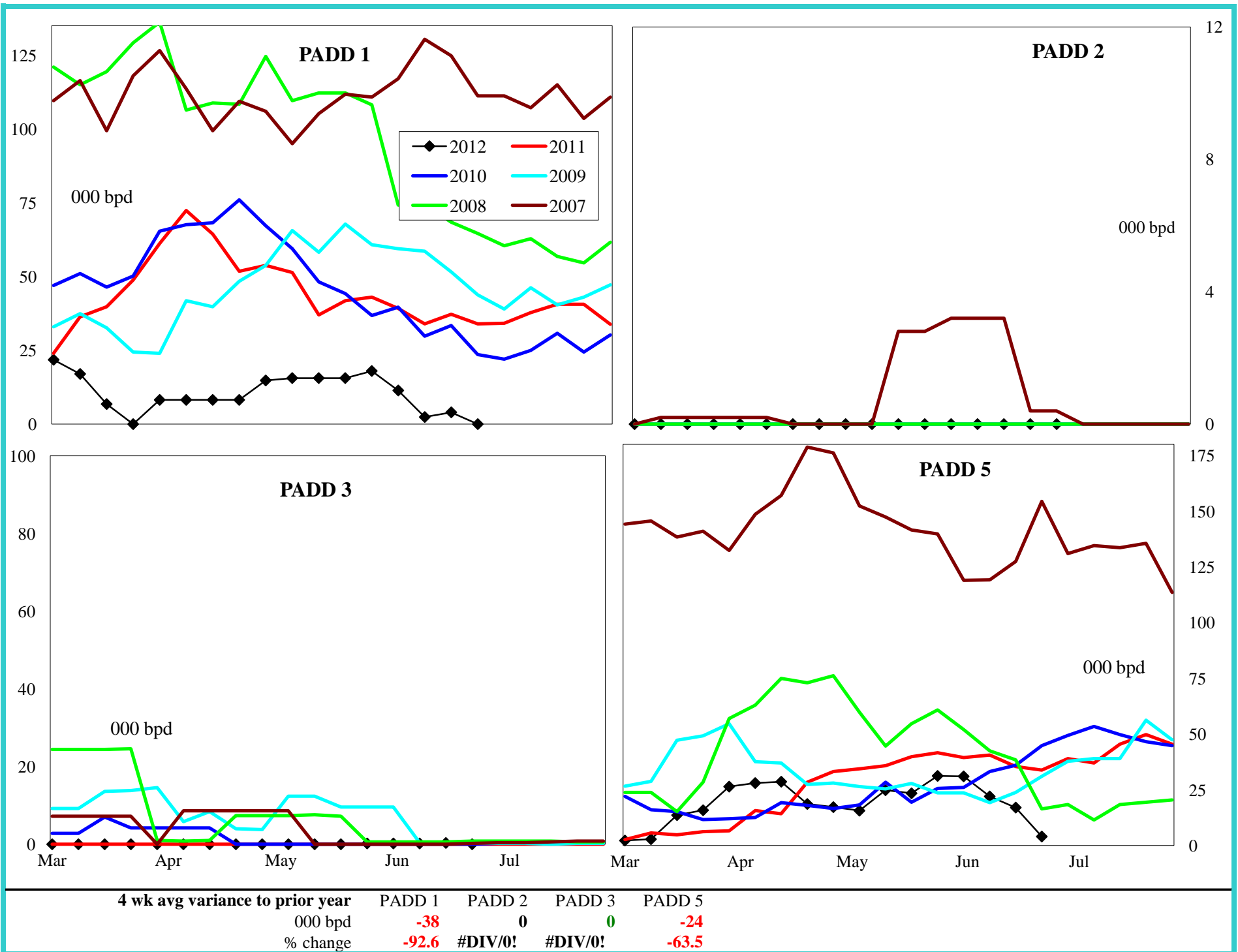
# Gasoline Imports by PADD (Finished + Blend Stocks)



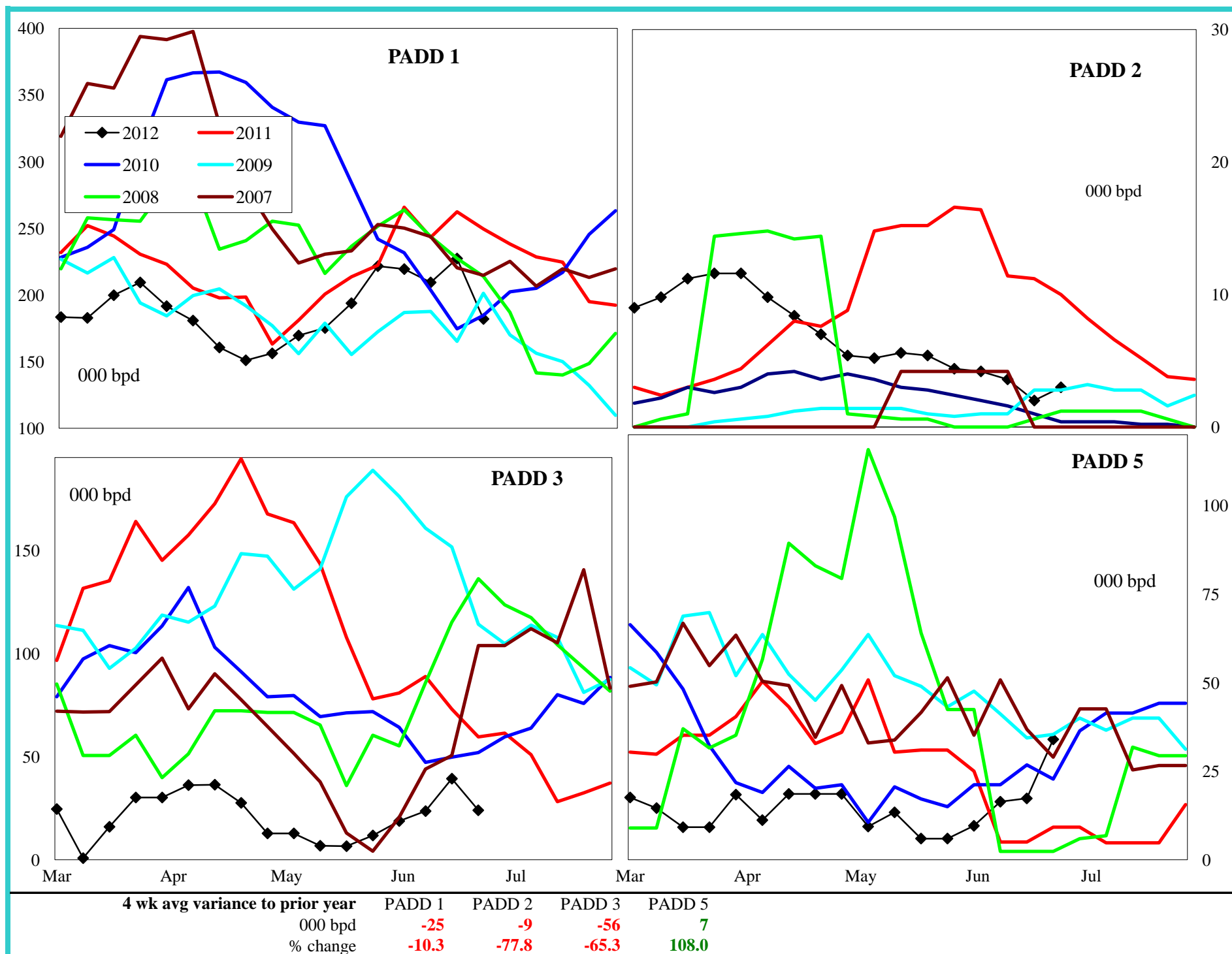
# Distillate Imports by PADD



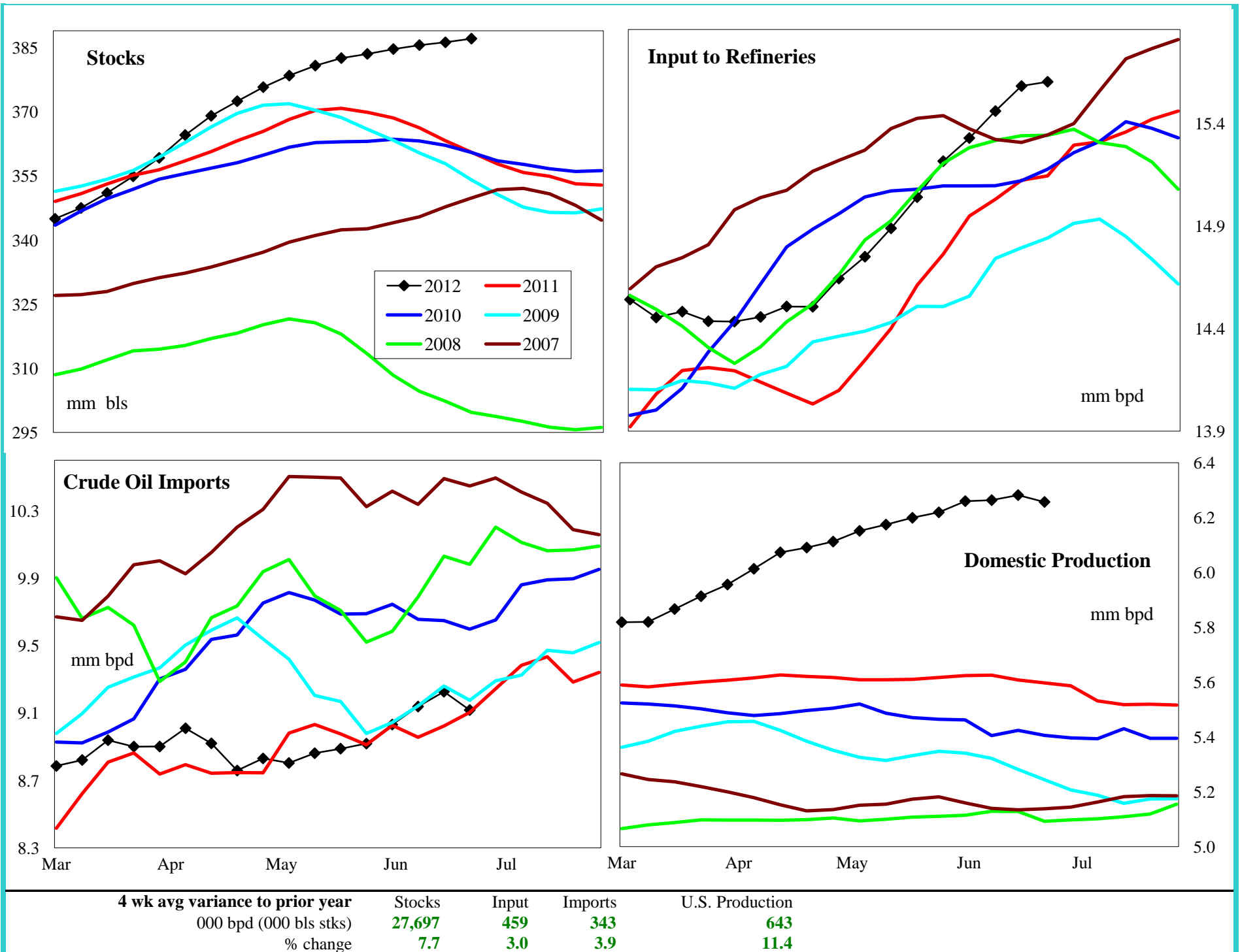
# Jet Fuel Imports by PADD



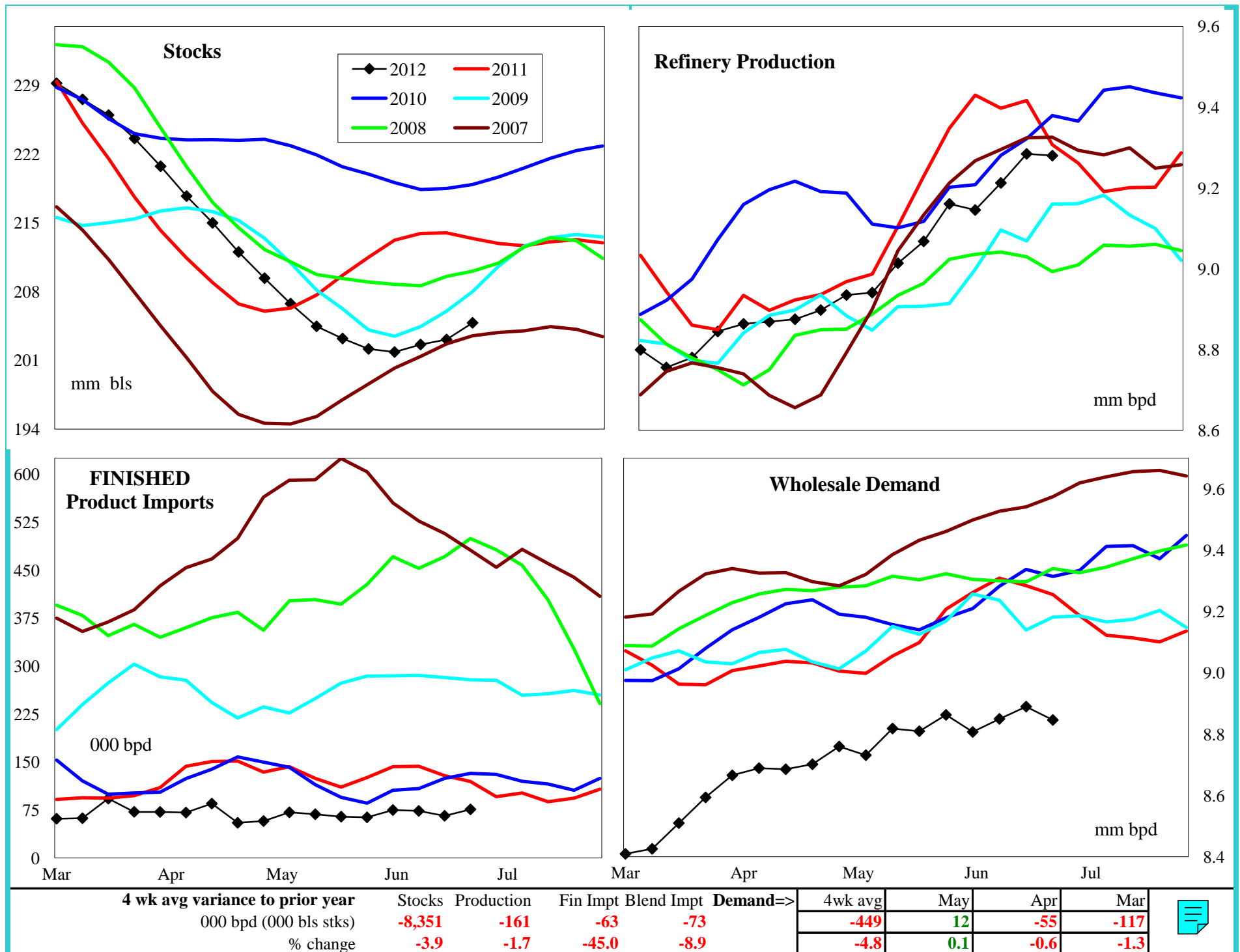
## Residual Fuel Oil Imports by PADD



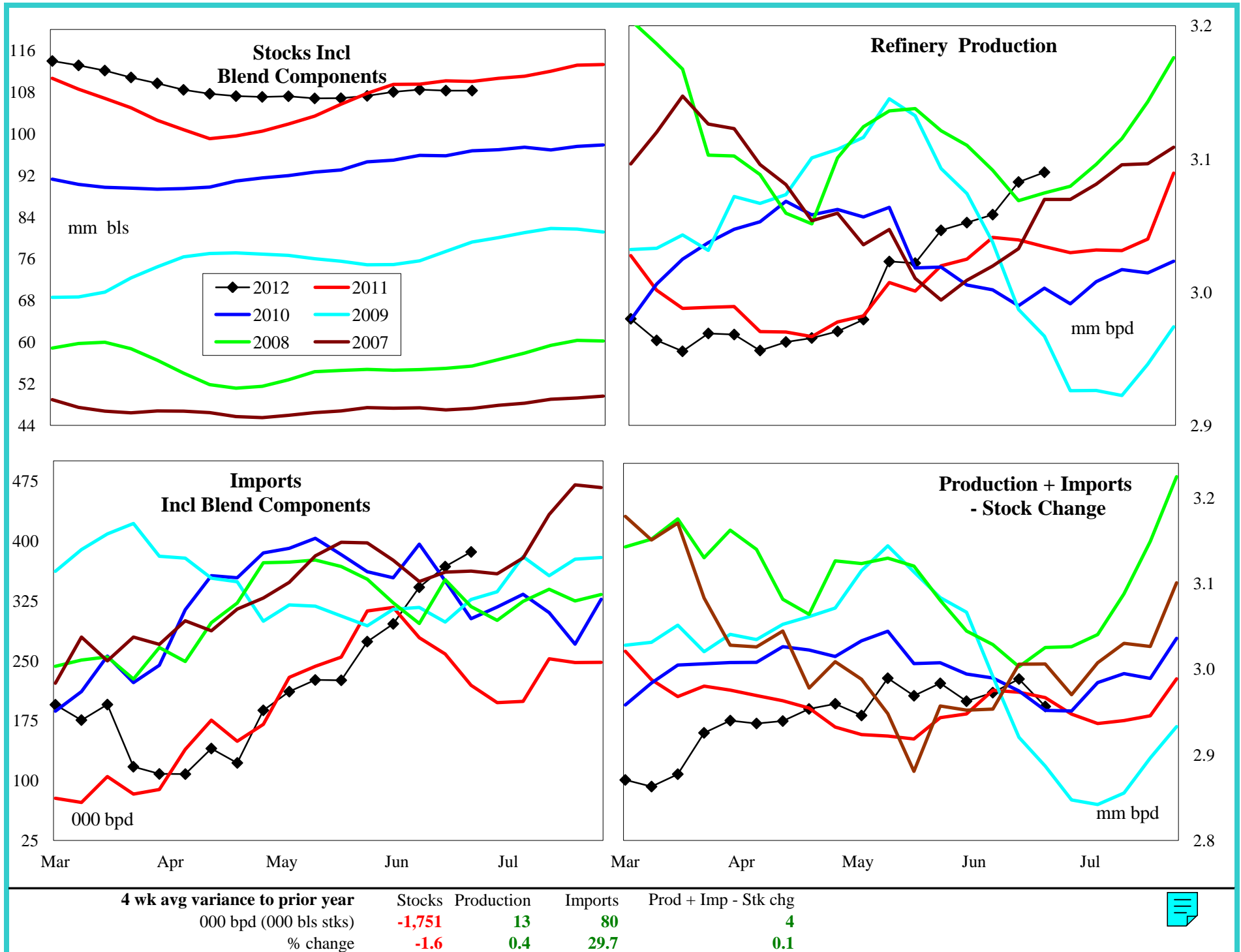
# United States Crude Oil Supply and Demand Balance



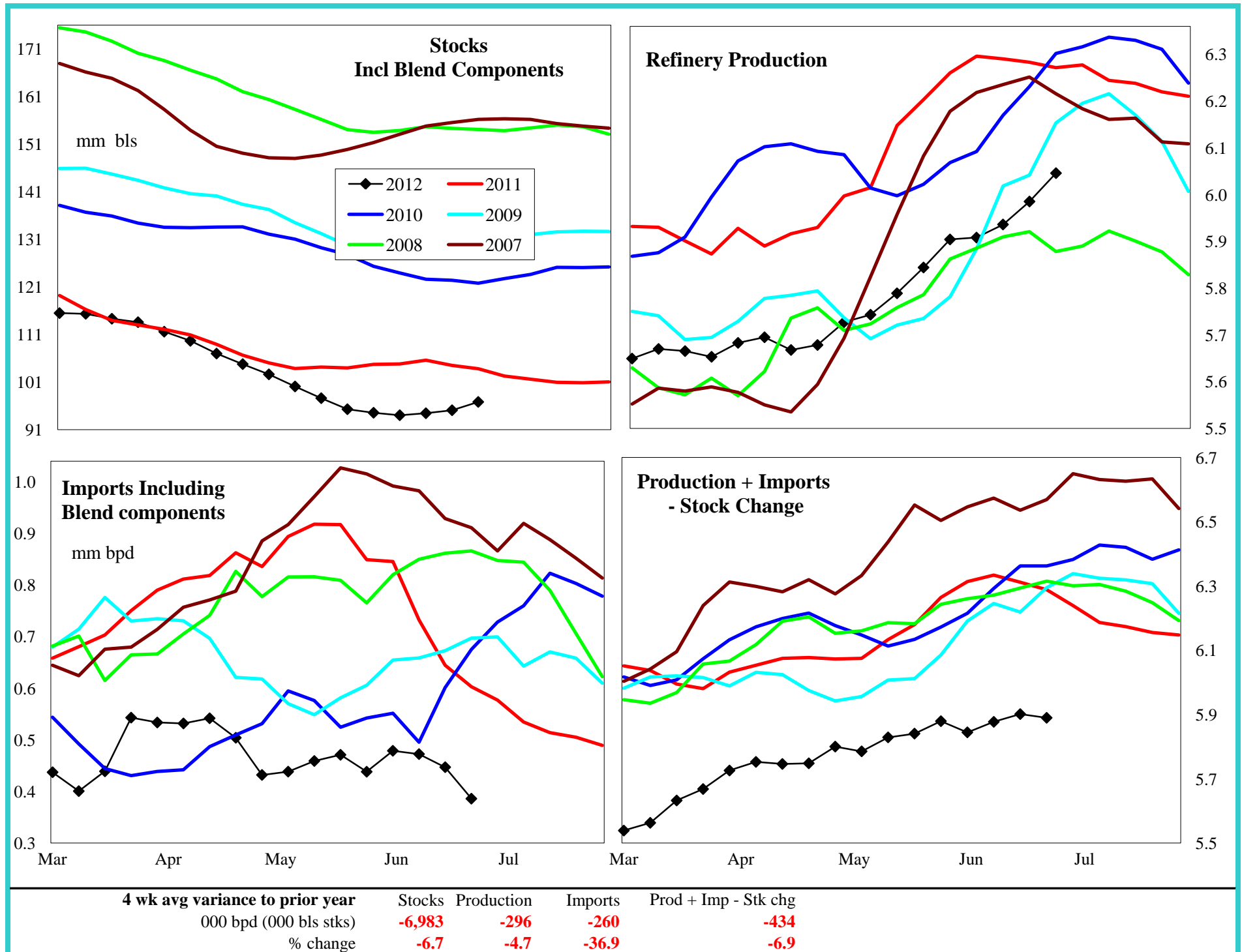
# United States Gasoline Supply and Demand Balance



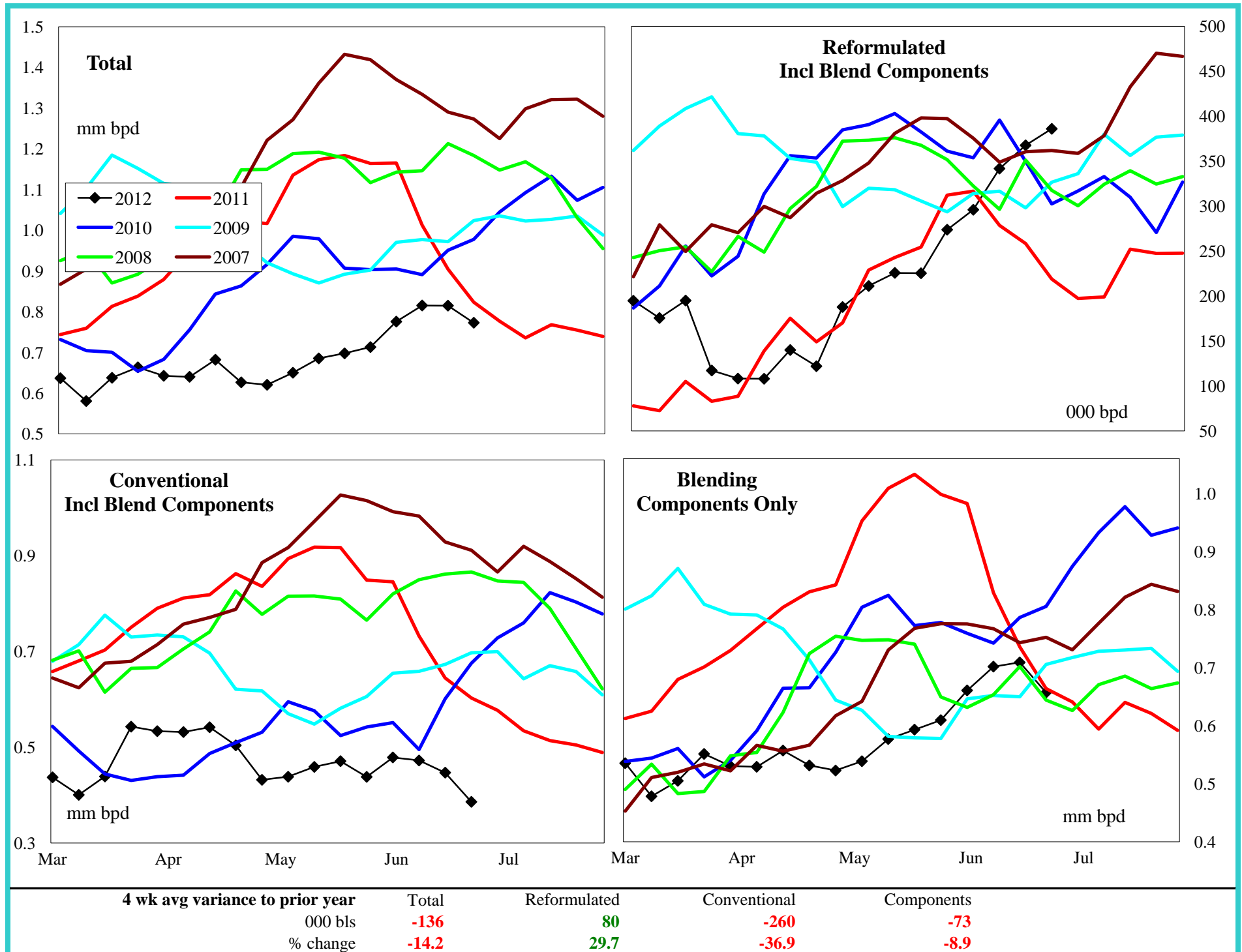
# United States Reformulated Gasoline Supply



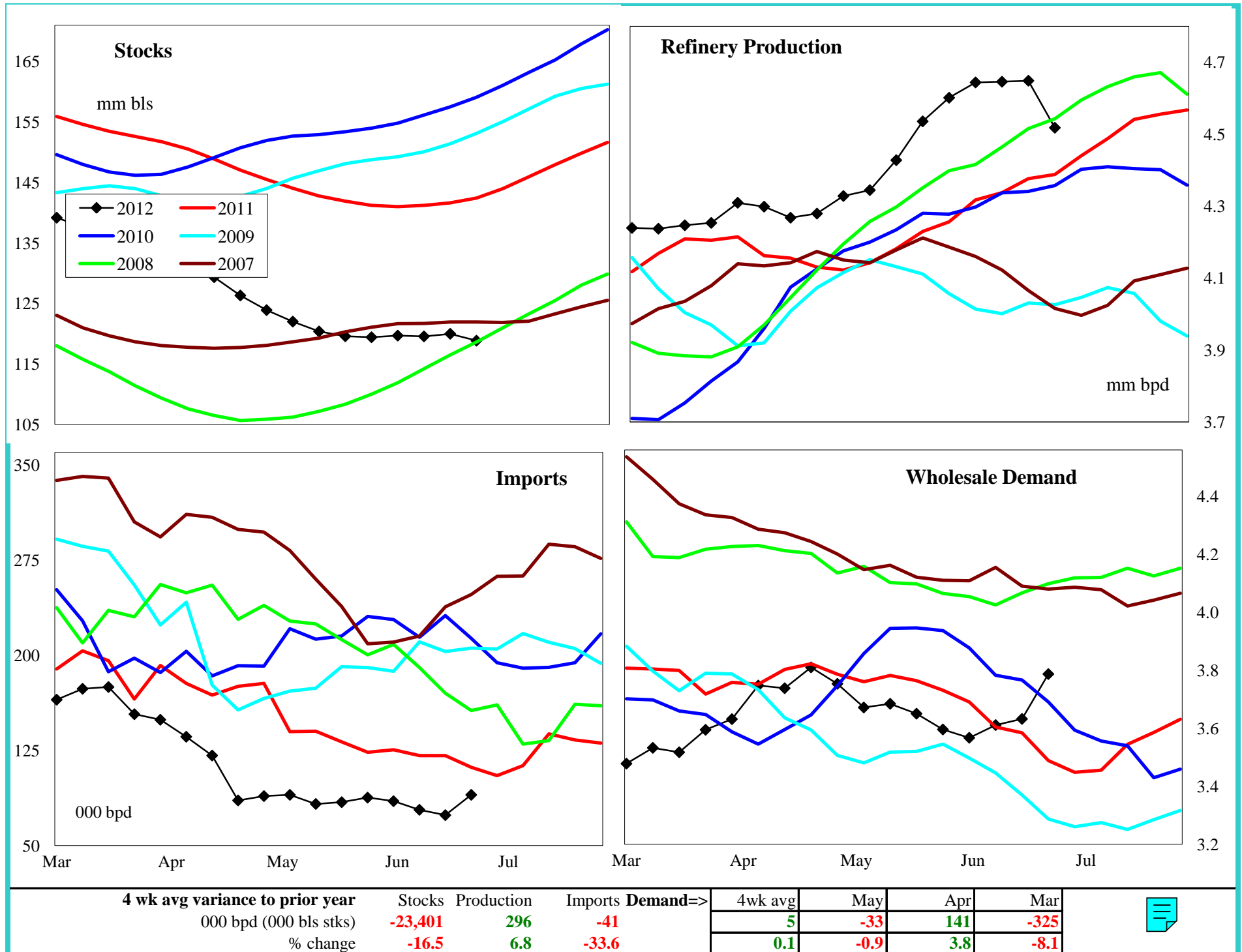
# United States Conventional Gasoline Supply



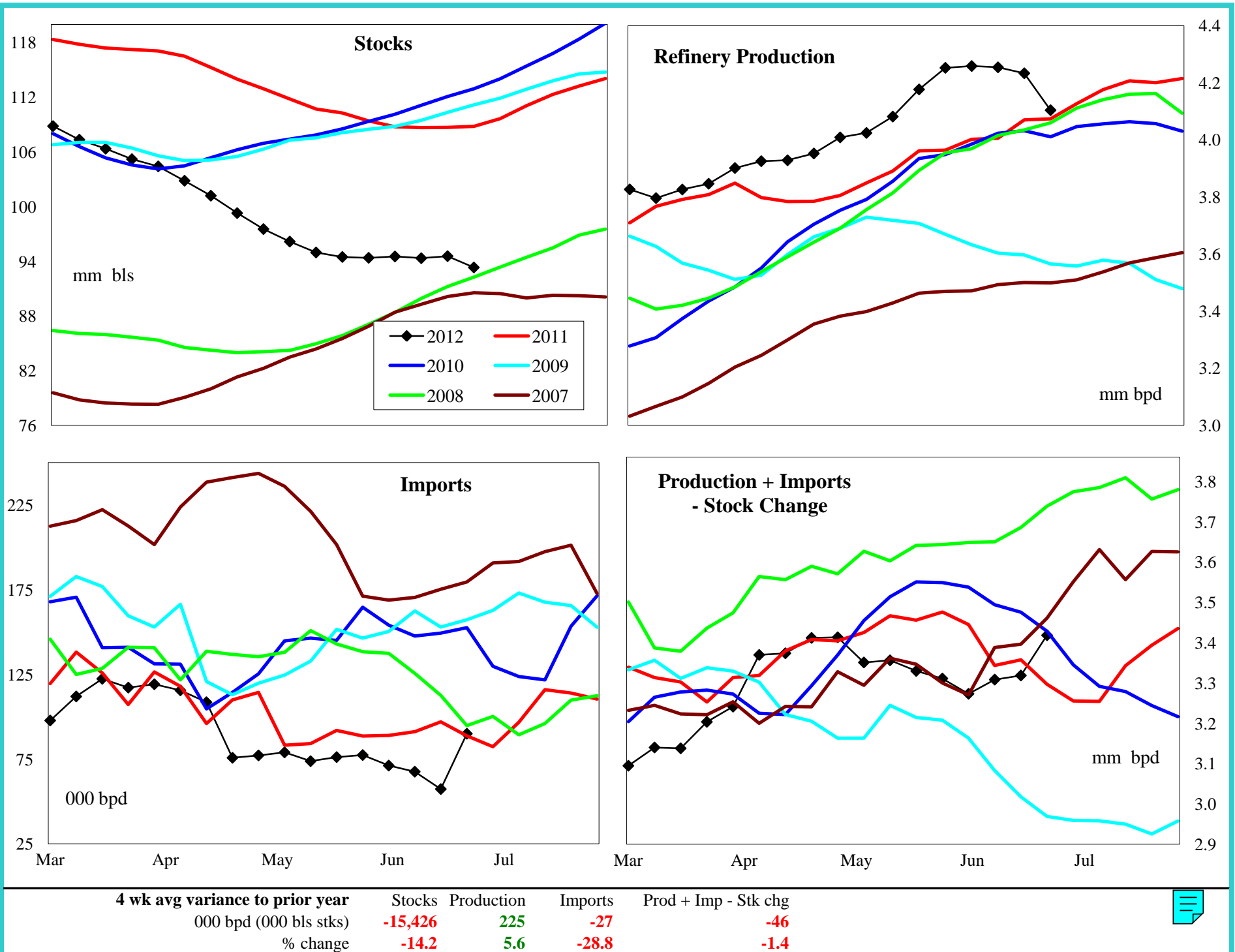
# United States Gasoline Imports by Type



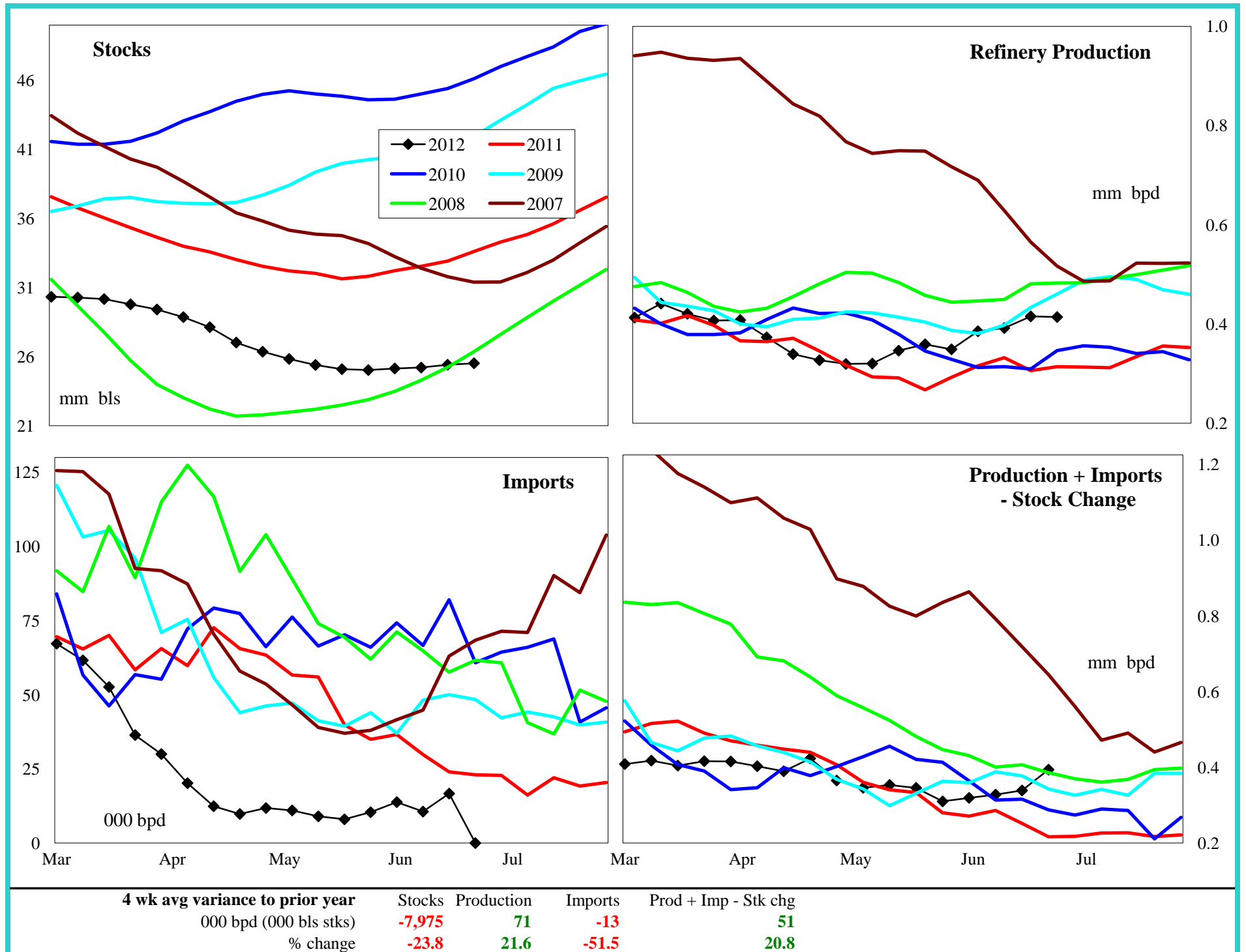
# United States Distillate Supply and Demand Balance



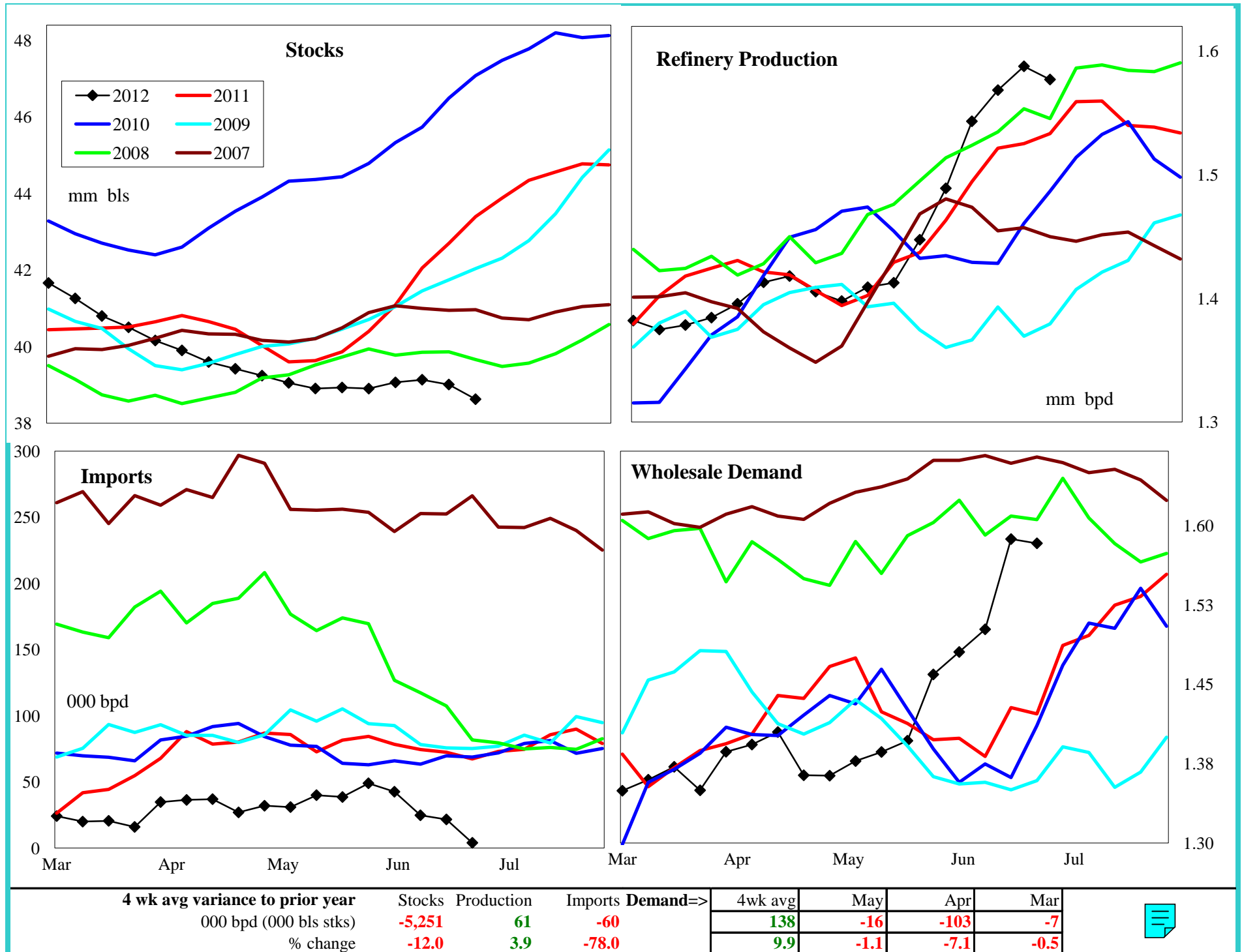
# United States Low Sulfur Distillate Supply



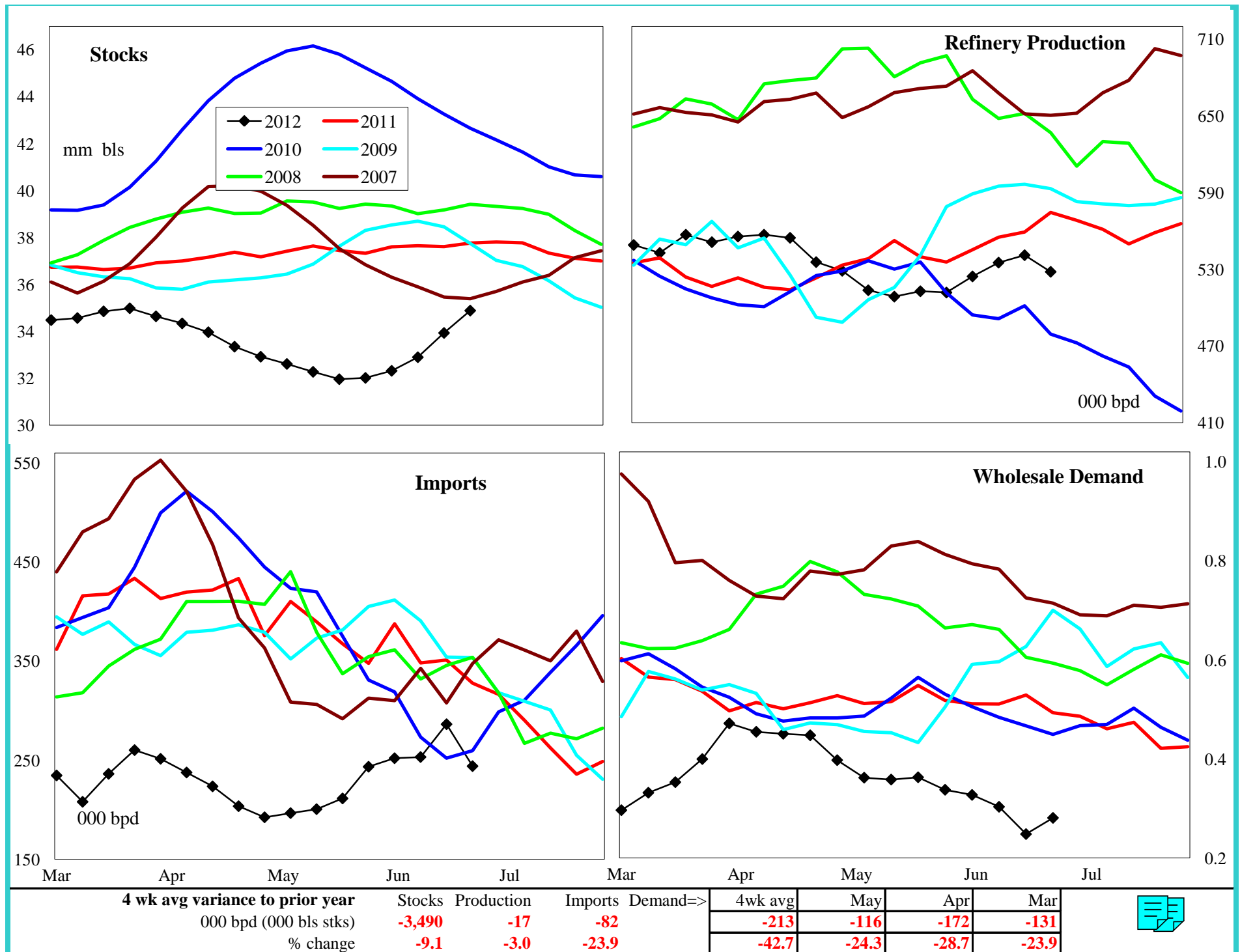
# United States High Sulfur Distillate Supply



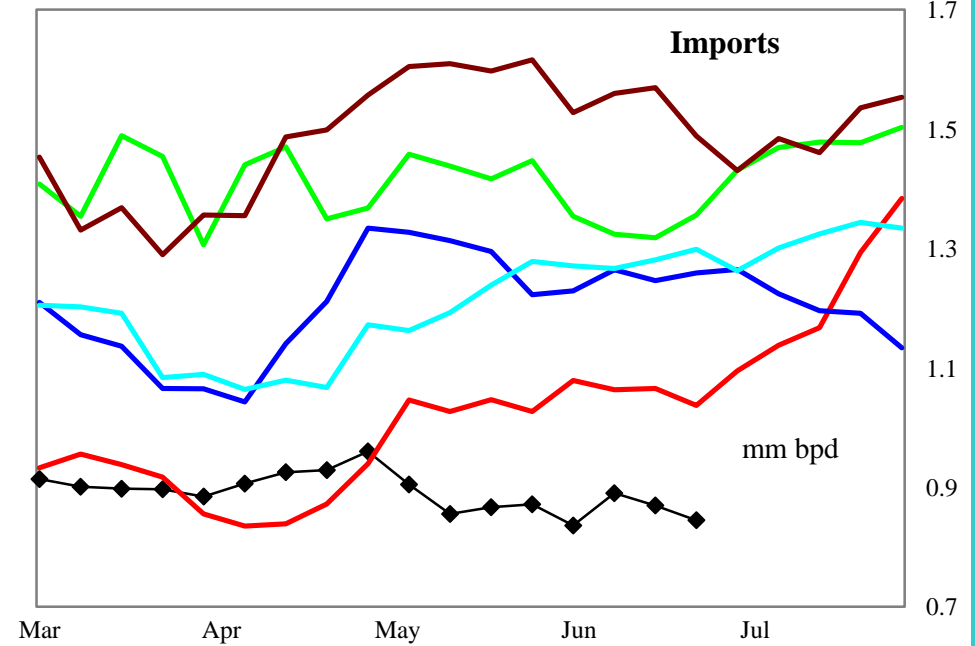
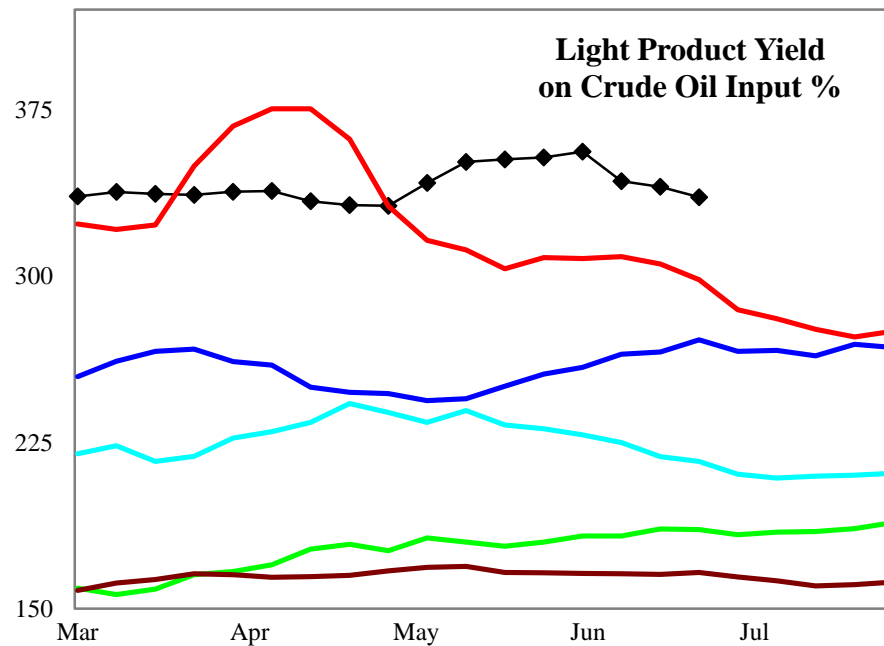
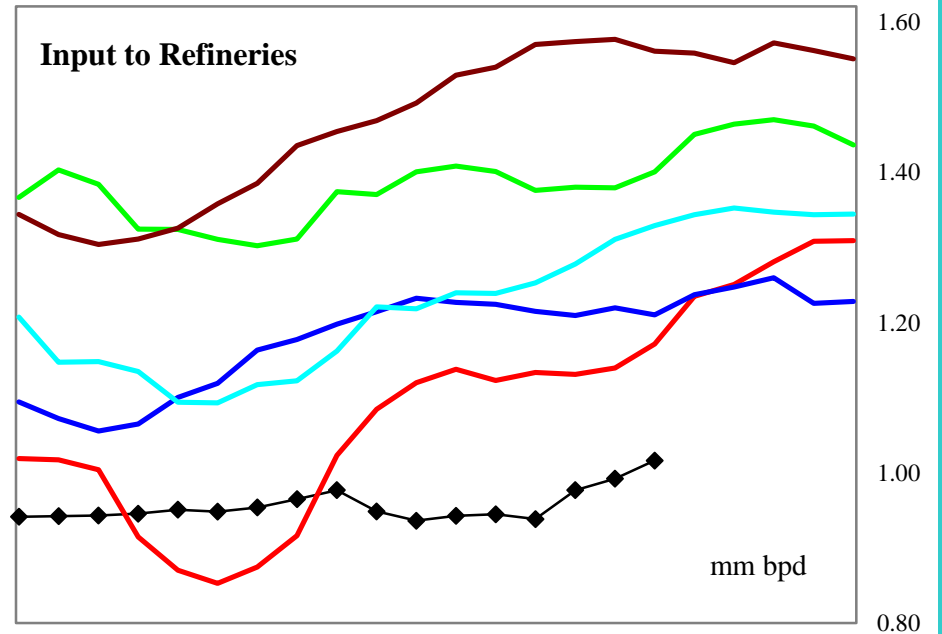
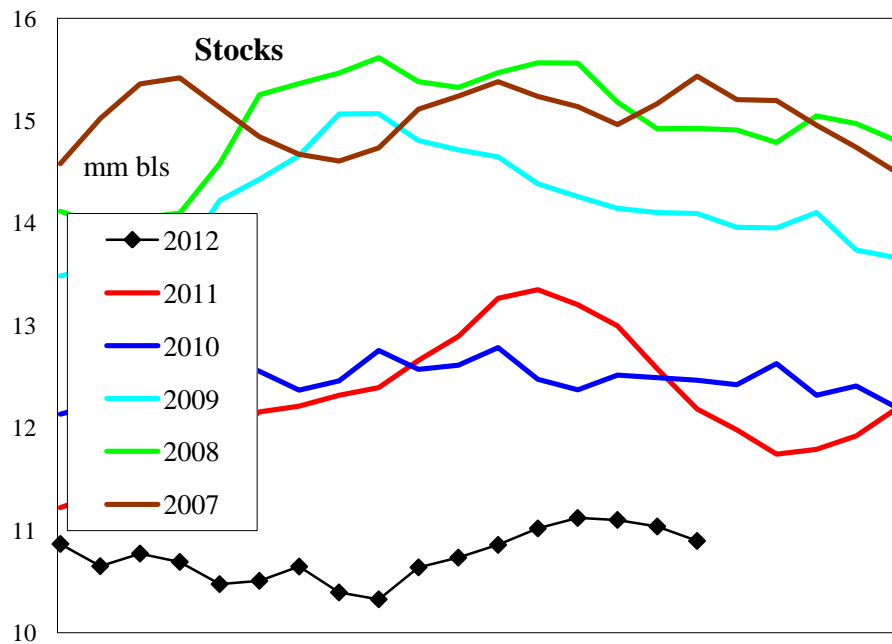
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance



# PADD 1 Crude Oil Supply and Refining

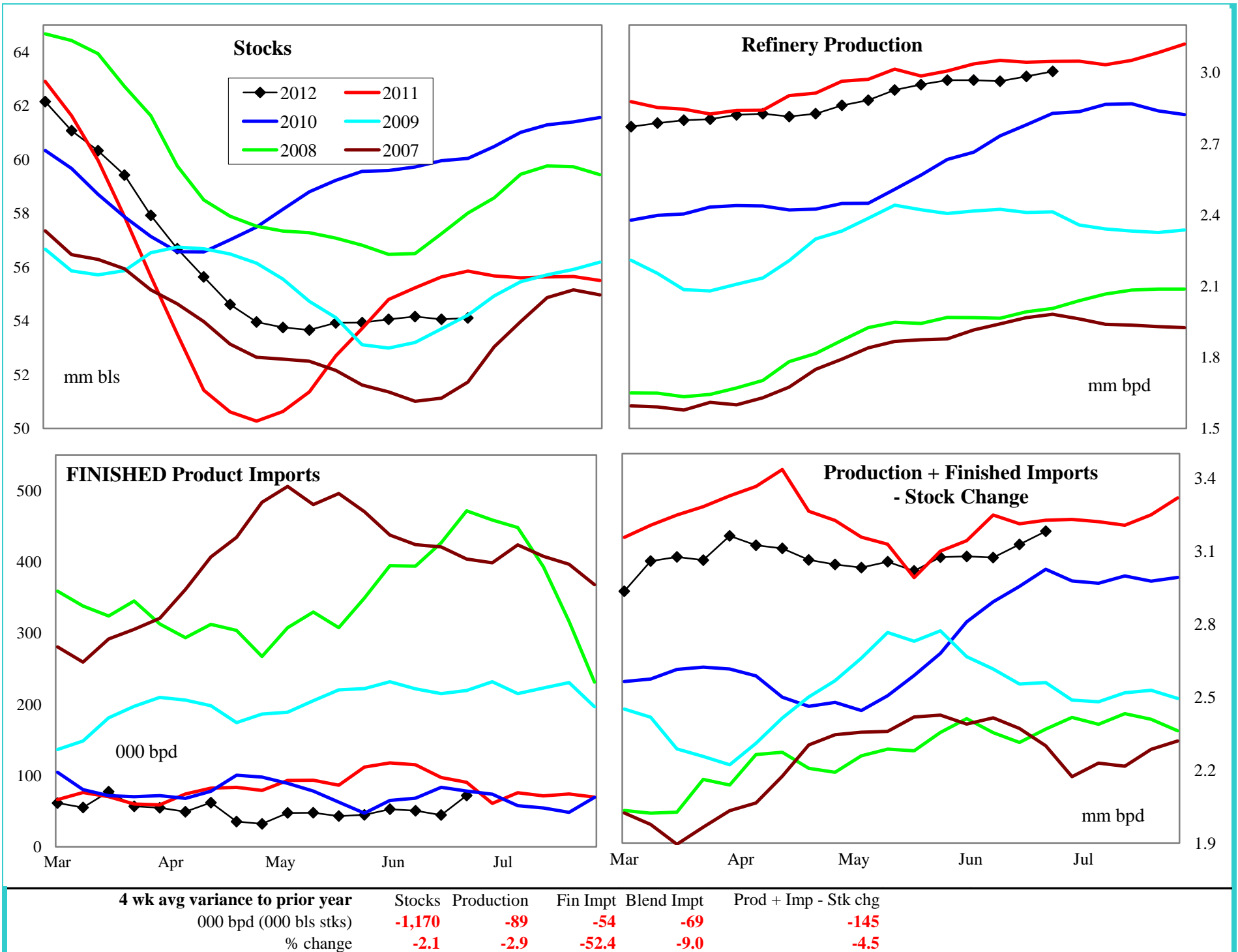


**4 wk avg variance to prior year**  
 000 bpd (000 bls stks)  
 % change

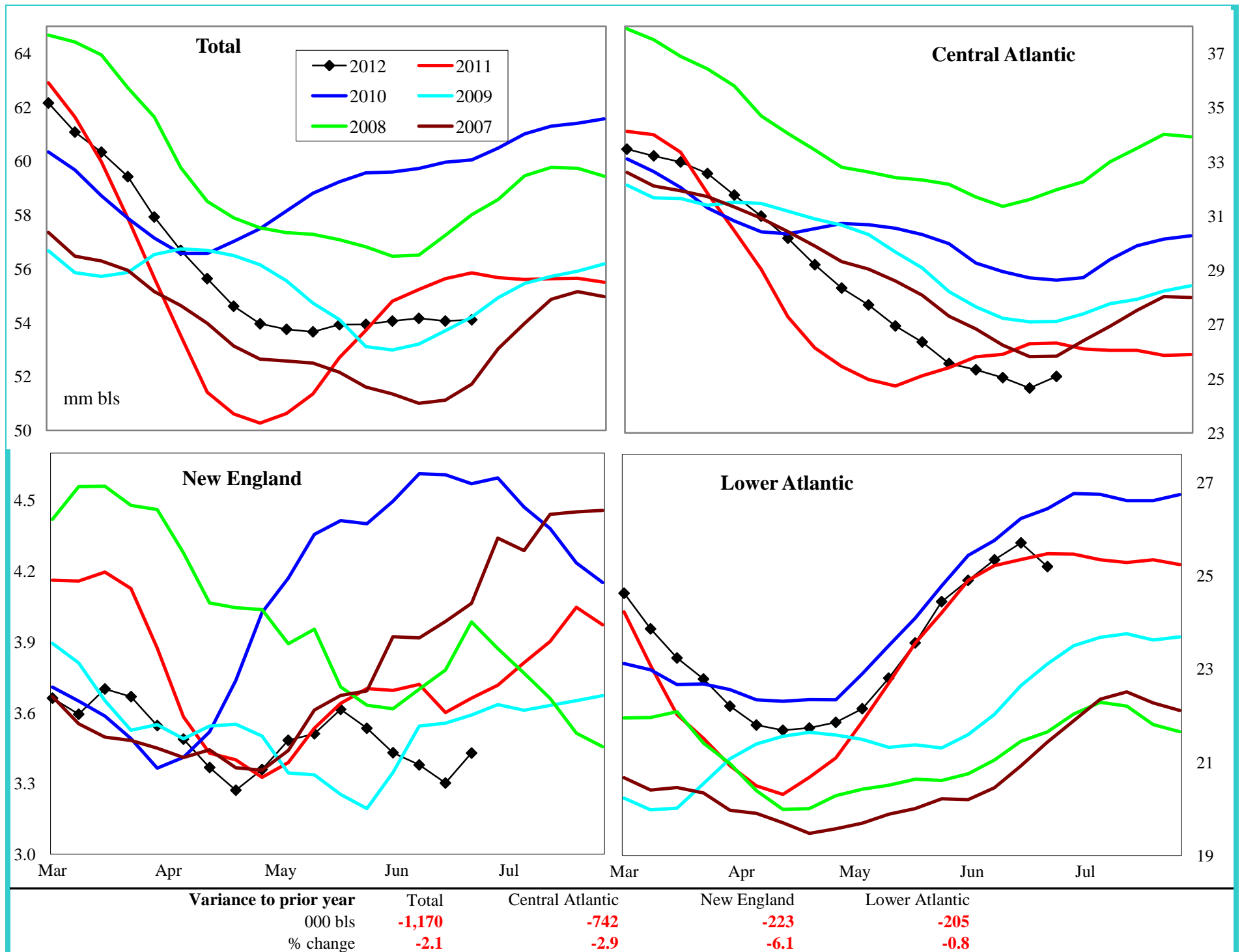
|                        | Stocks | Input | Imports |
|------------------------|--------|-------|---------|
| 000 bpd (000 bls stks) | -1,288 | -132  | -134    |
| % change               | -10.6  | -11.8 | -12.6   |



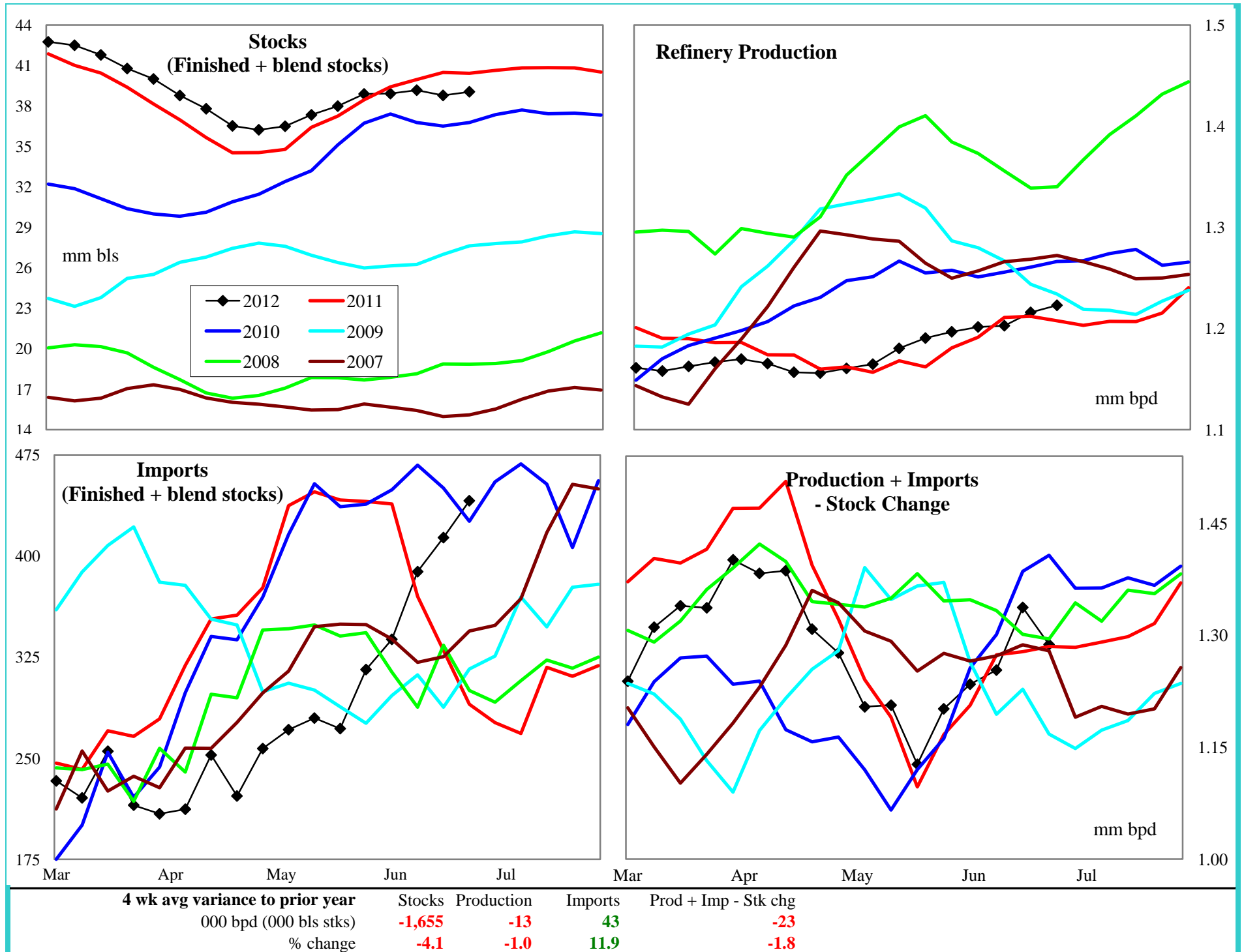
# PADD 1 Gasoline Supply



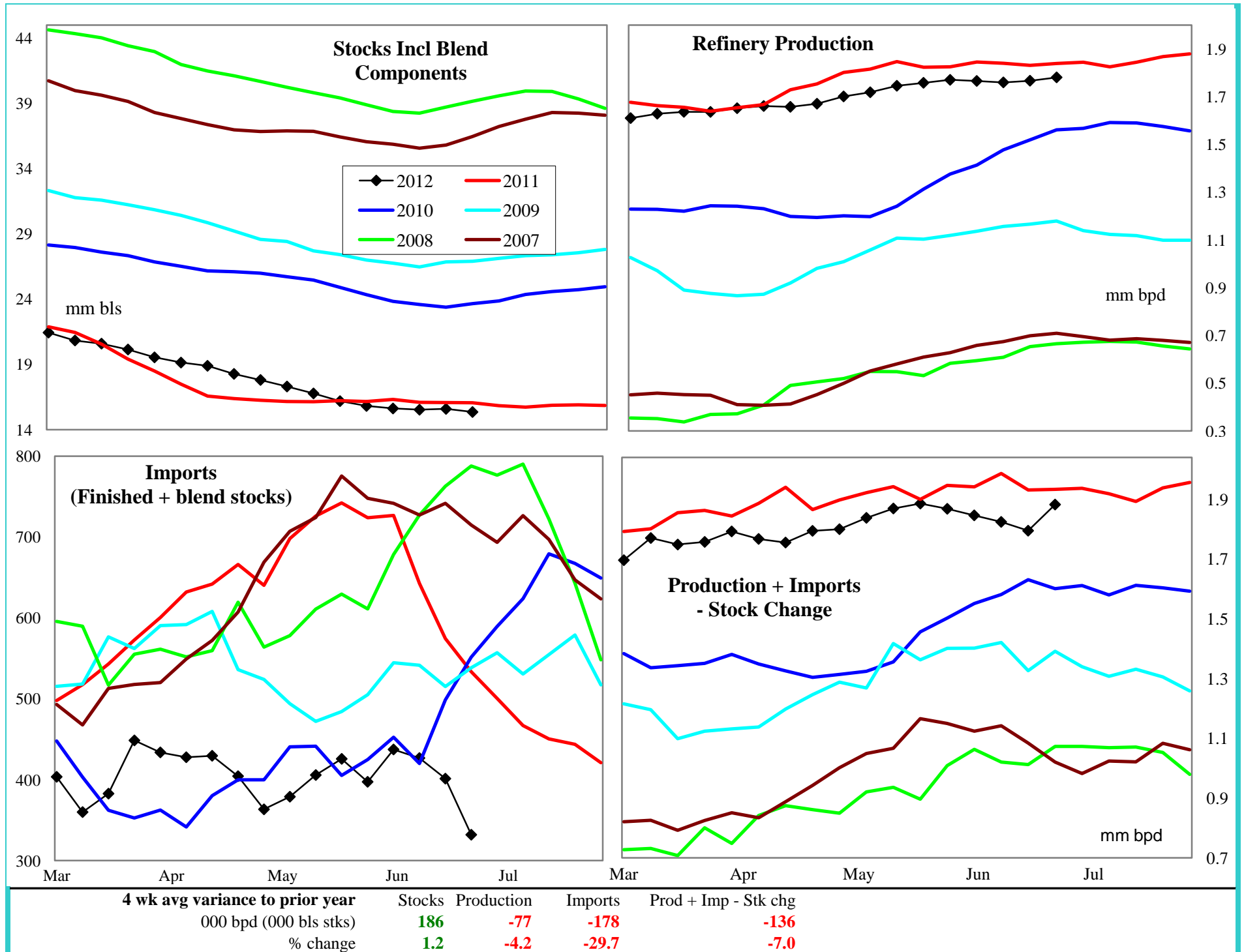
# PADD 1 Gasoline Stocks by Region



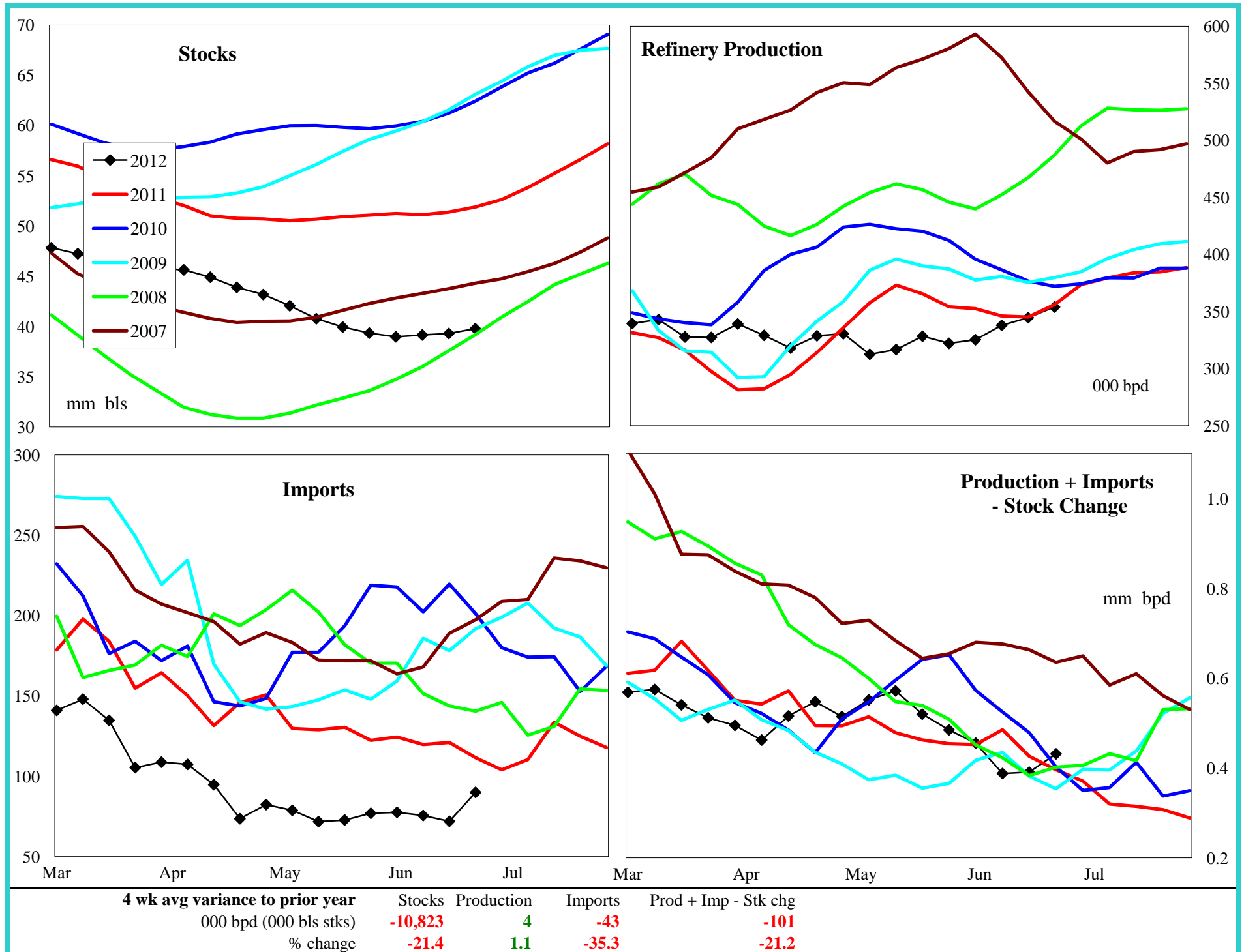
# PADD 1 Reformulated Gasoline Supply



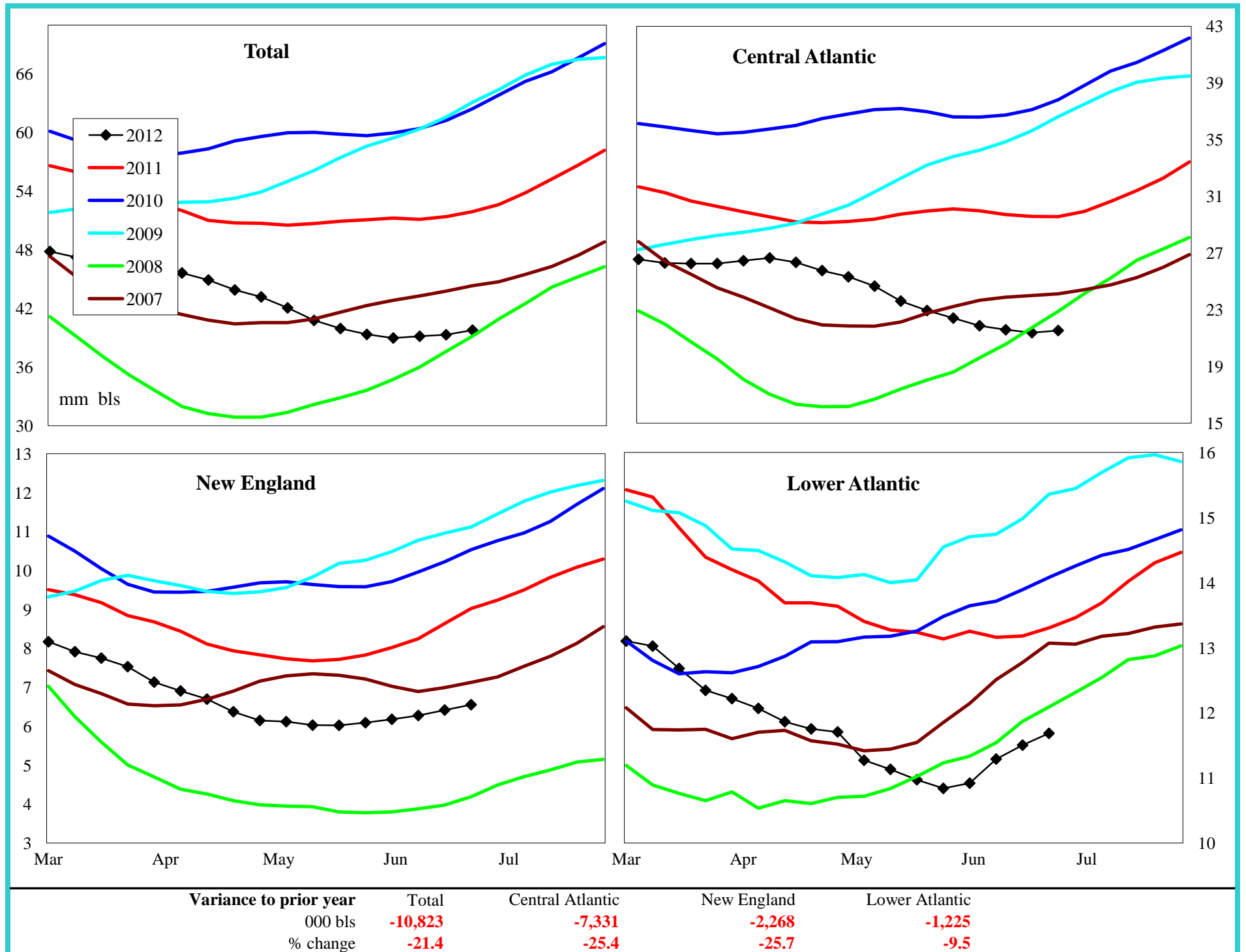
# PADD 1 Conventional Gasoline Supply



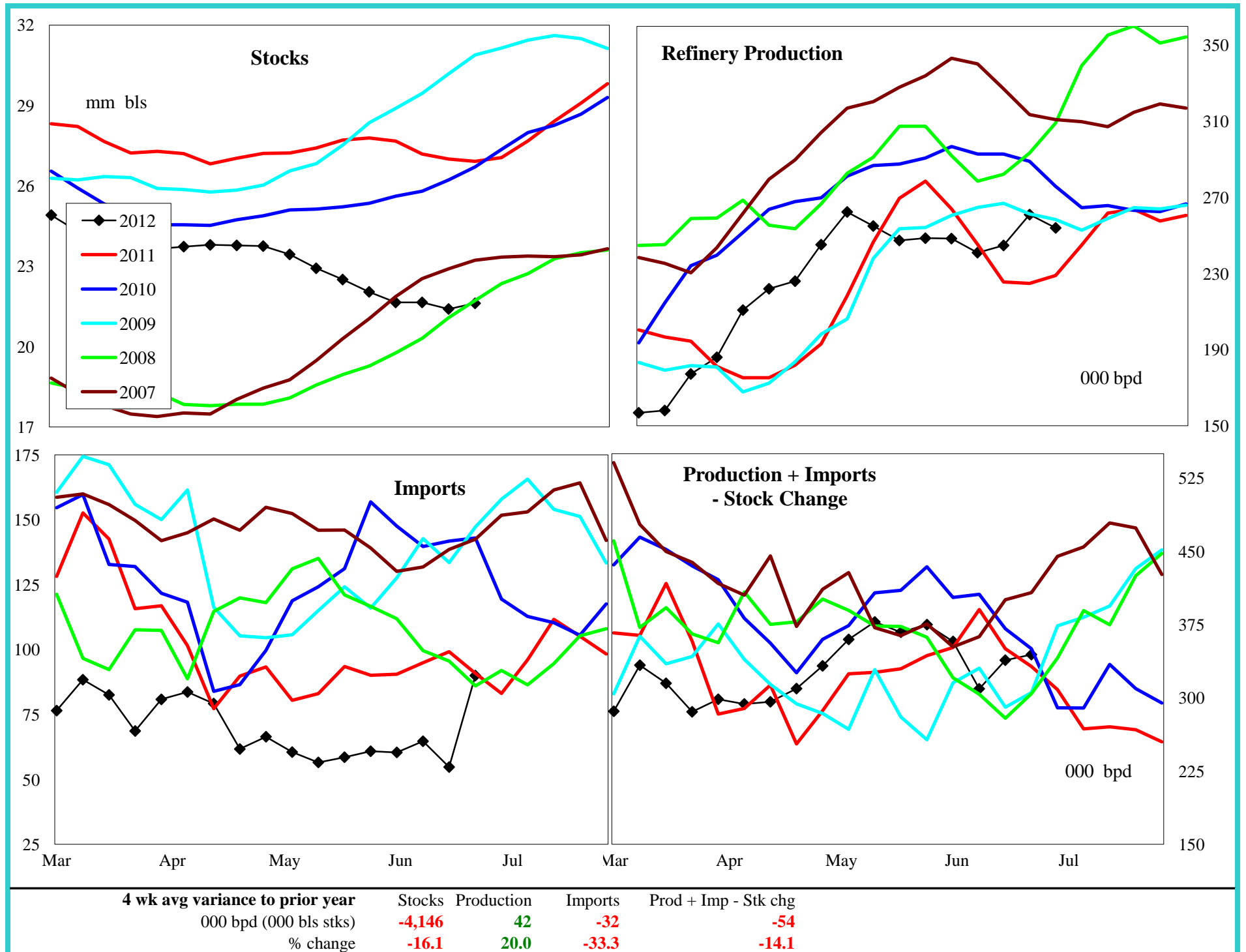
# PADD 1 Distillate Supply



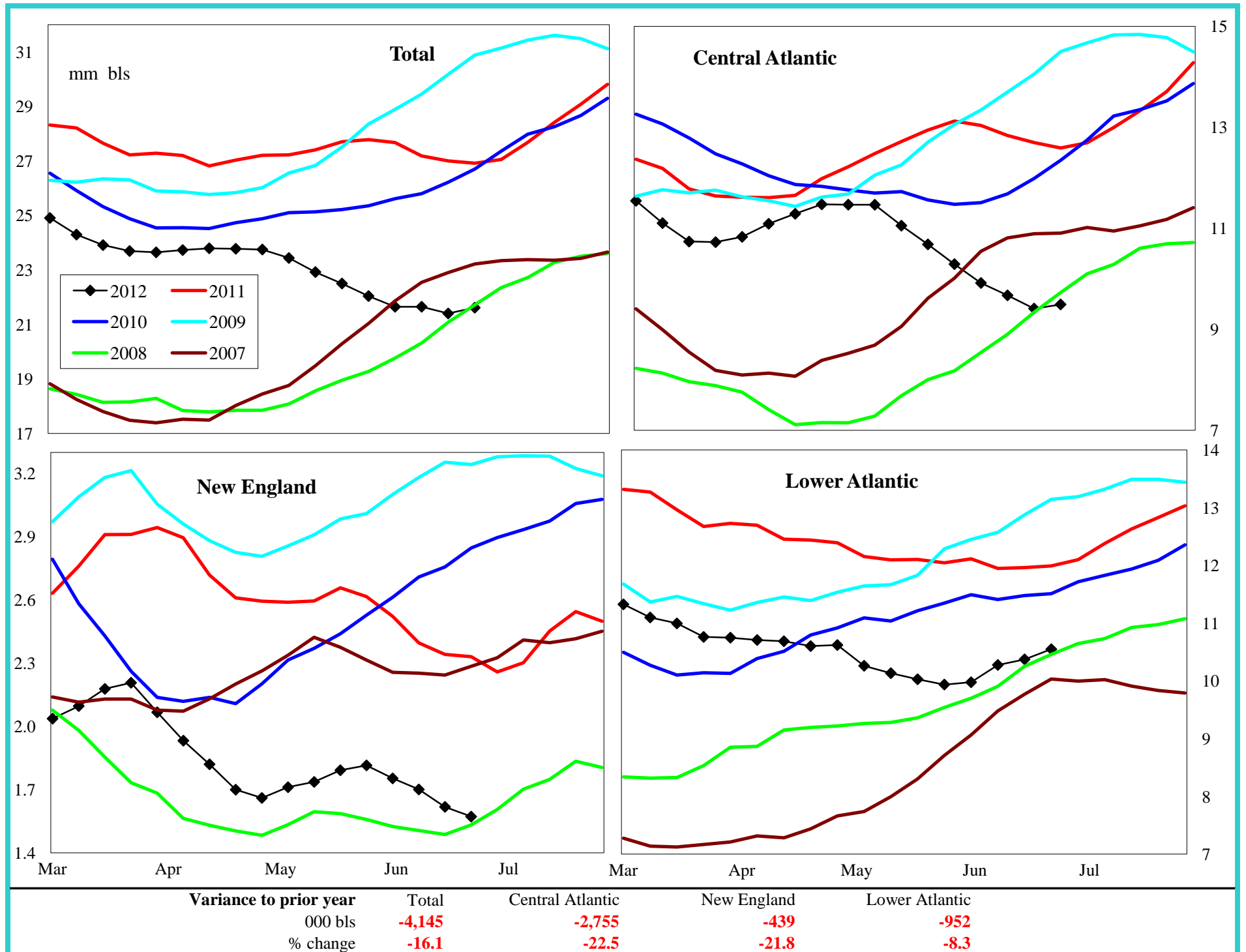
# PADD 1 Distillate Stocks by Region



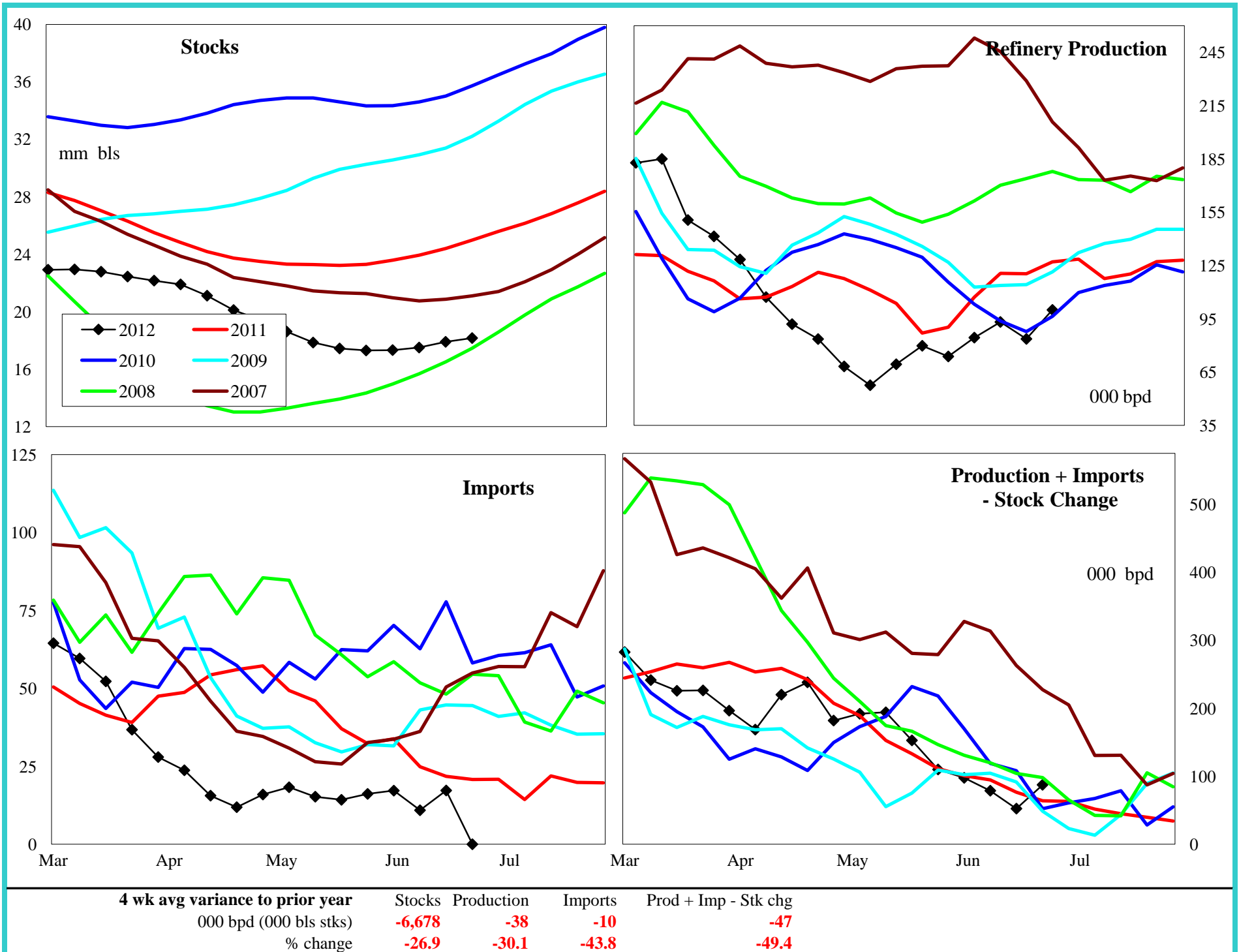
# PADD 1 Low Sulfur Distillate Supply



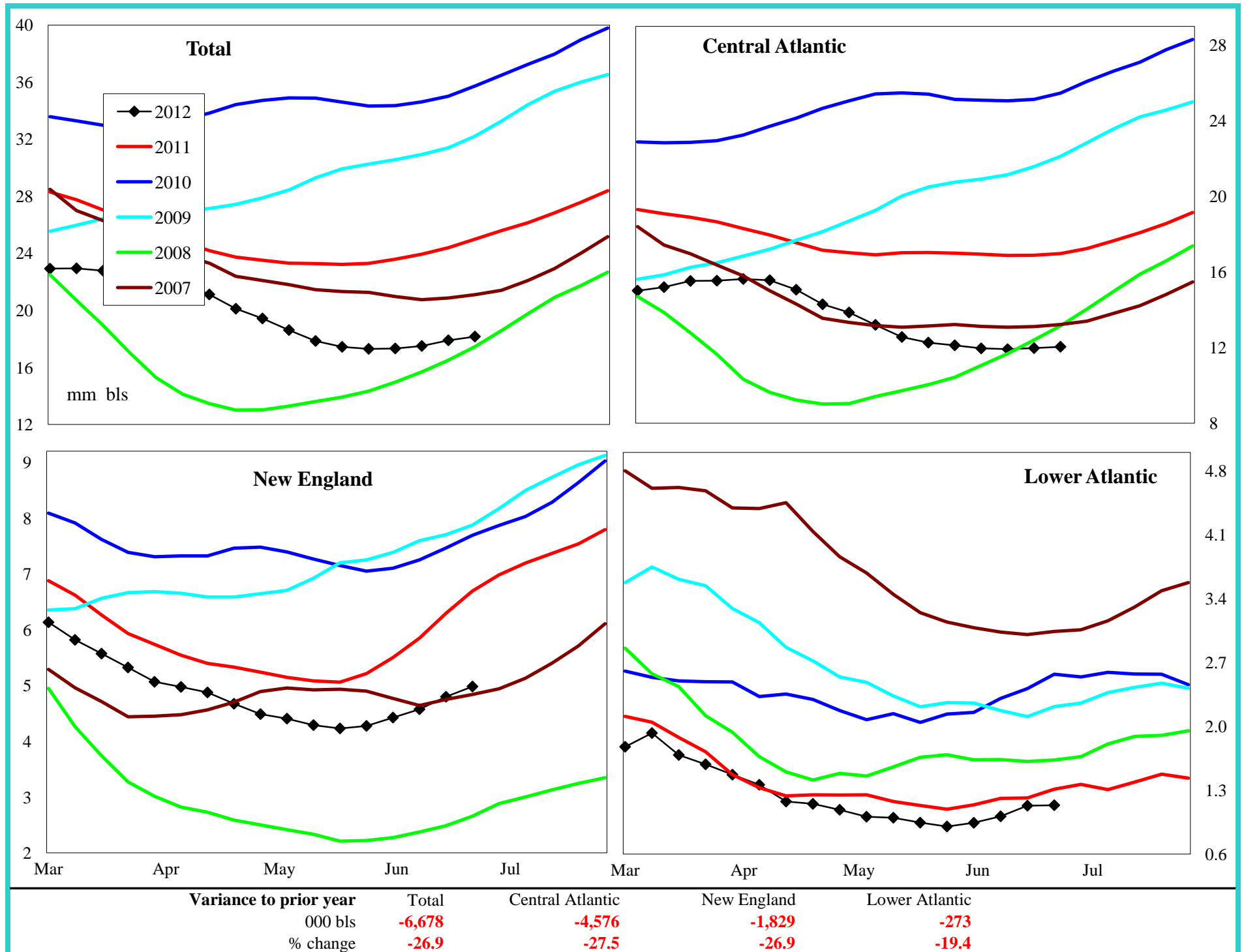
# PADD 1 Low Sulfur Distillate Stocks by Region



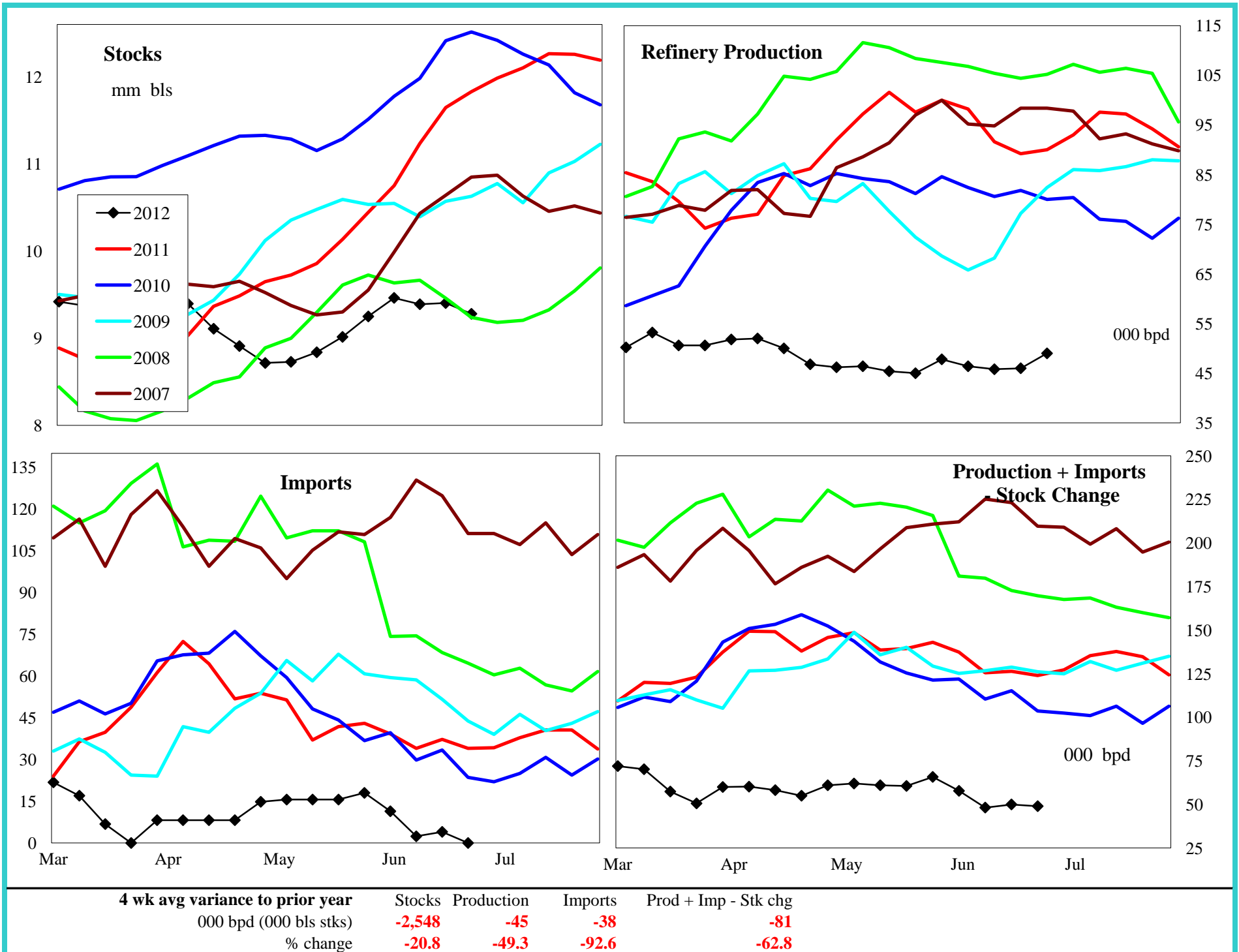
# PADD 1 High Sulfur Distillate Supply



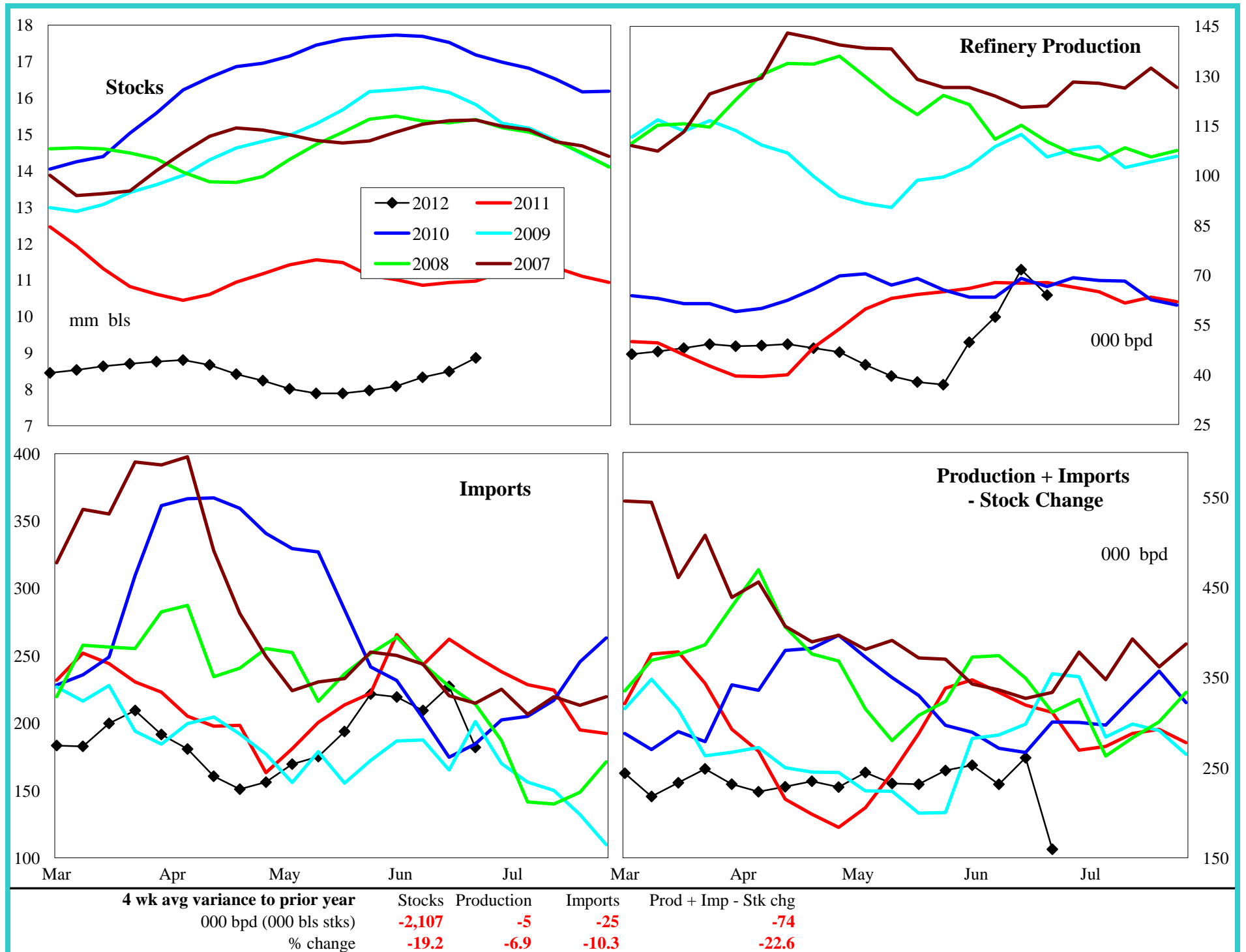
## PADD 1 High Sulfur Distillate Stocks by Region



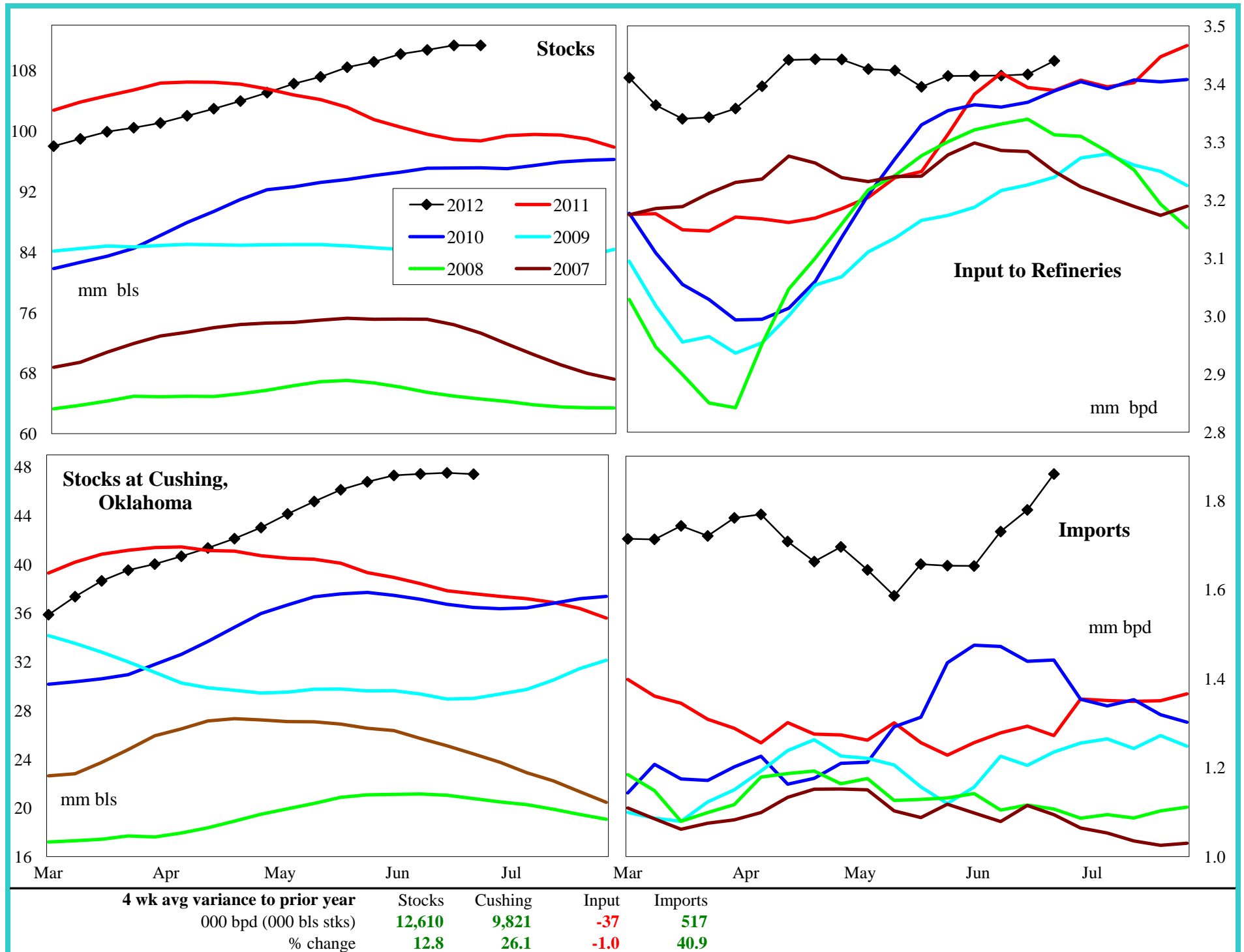
# PADD 1 Jet Fuel Supply



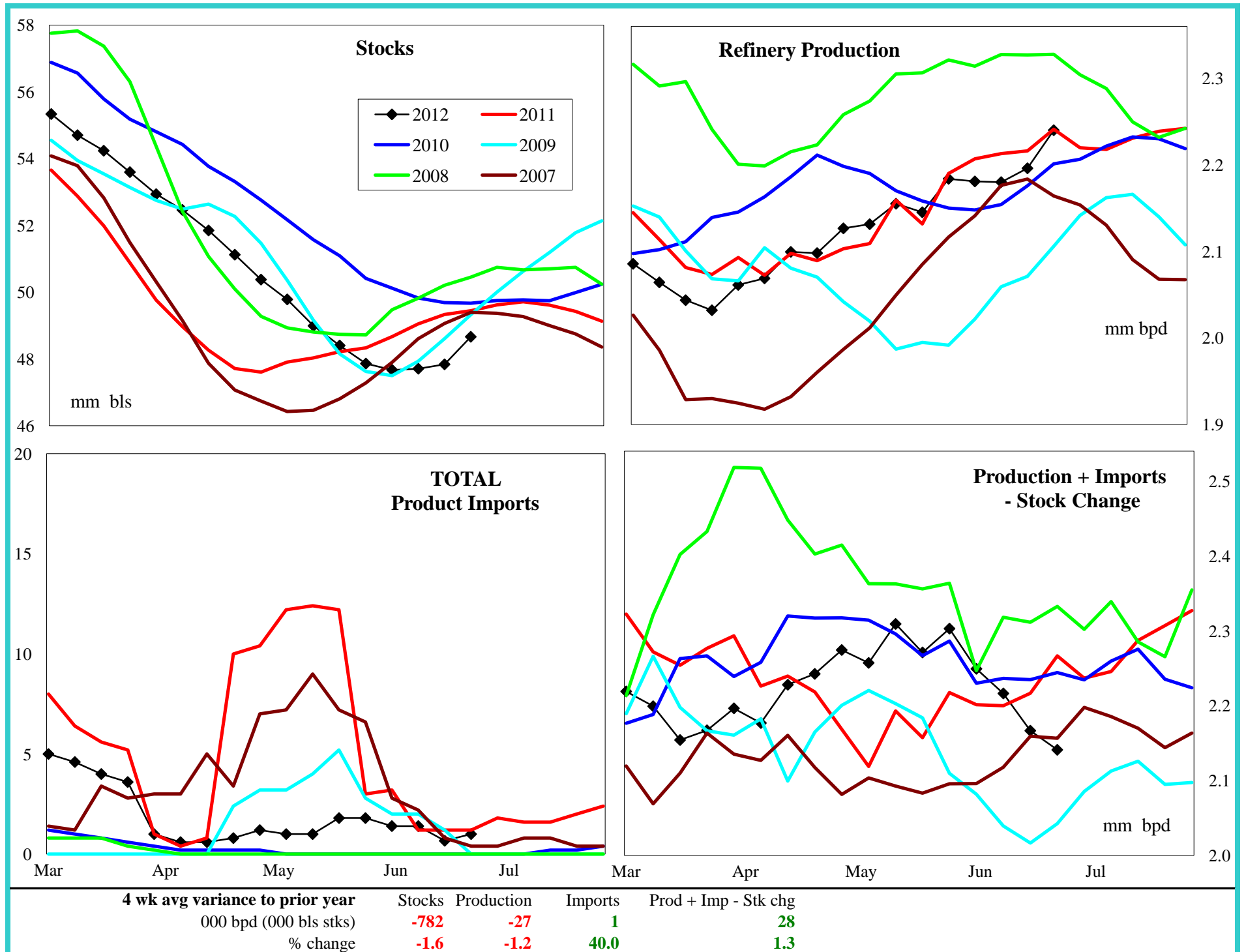
# PADD 1 Residual Fuel Oil Supply



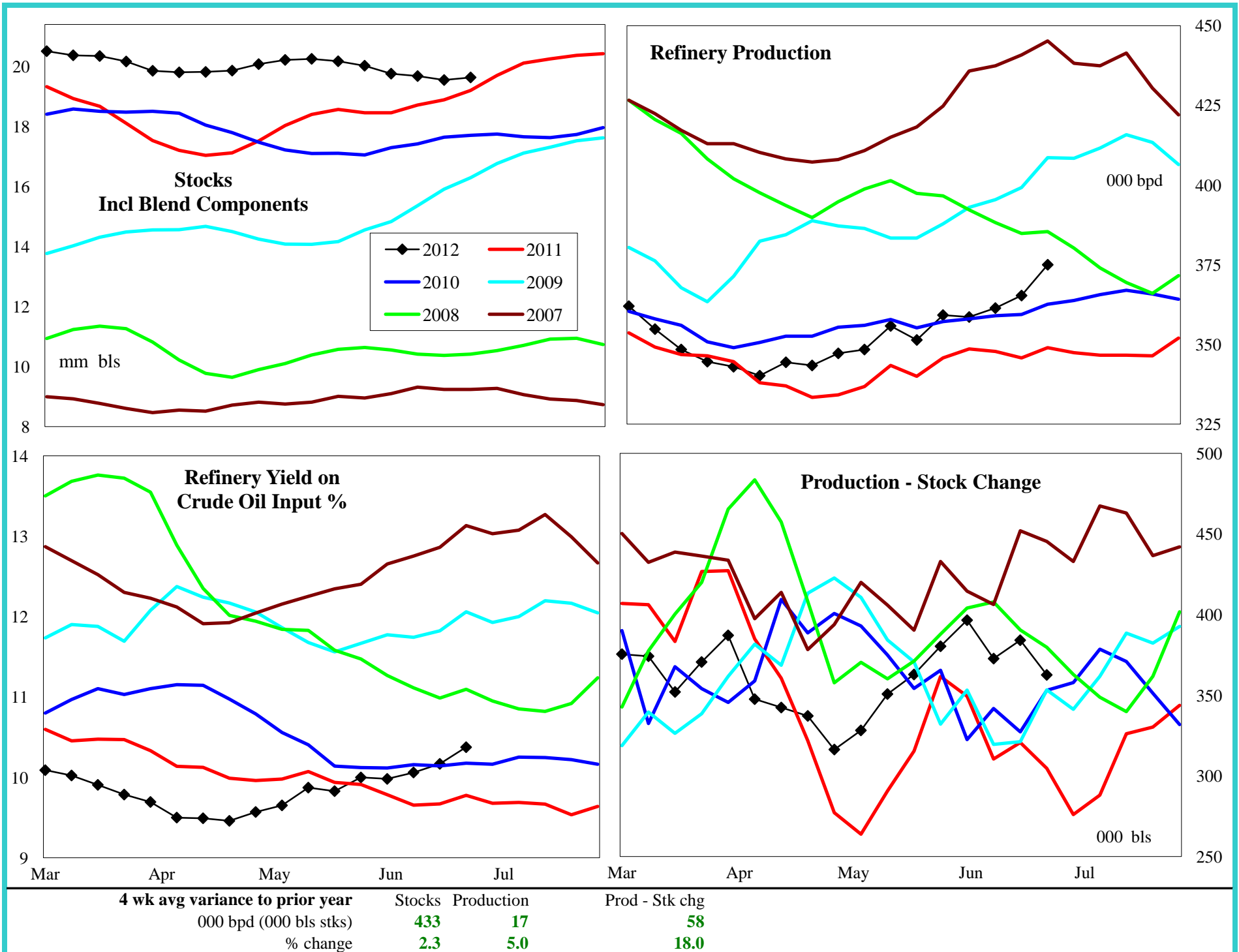
# PADD 2 Crude Oil Supply and Refining



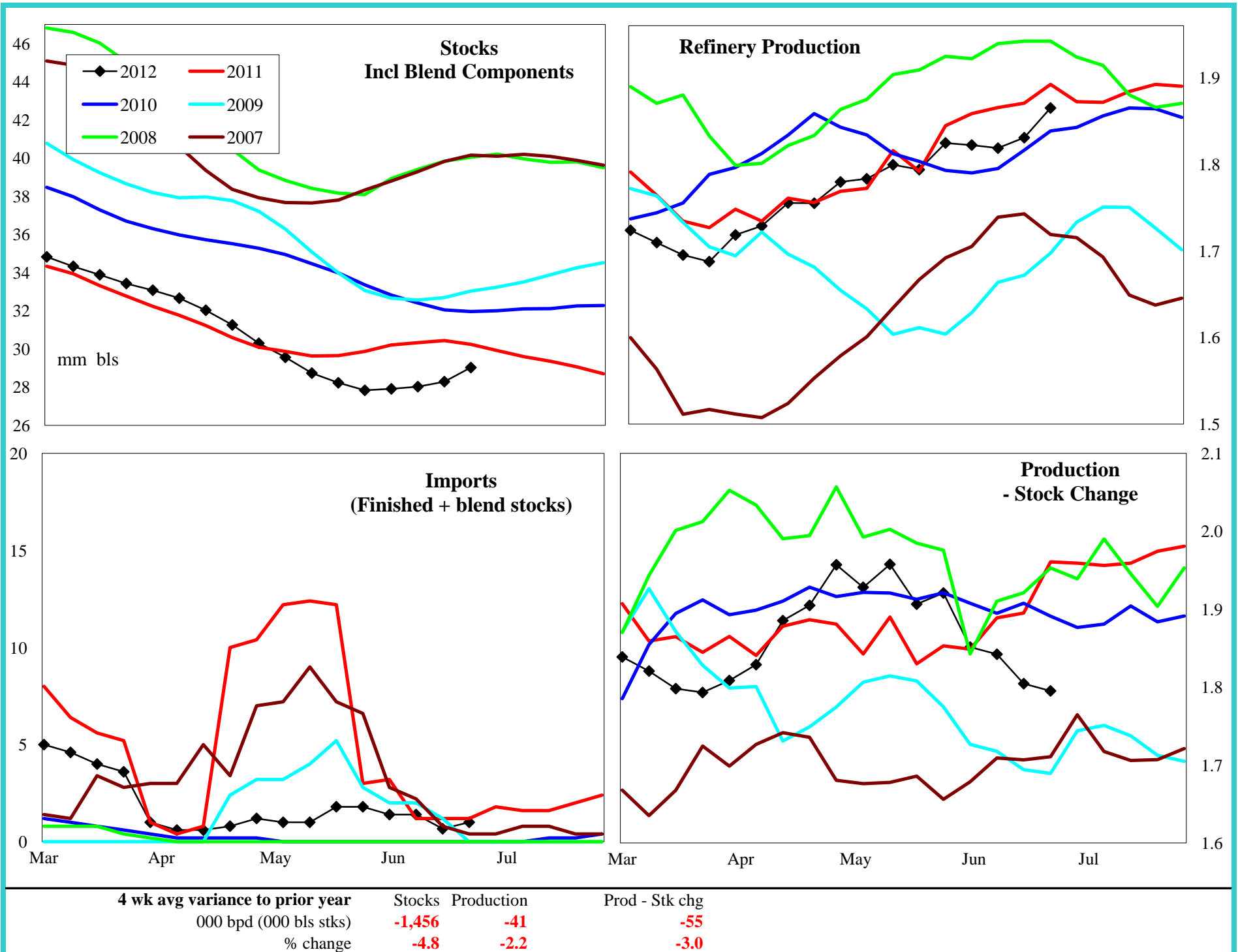
# PADD 2 Gasoline Supply



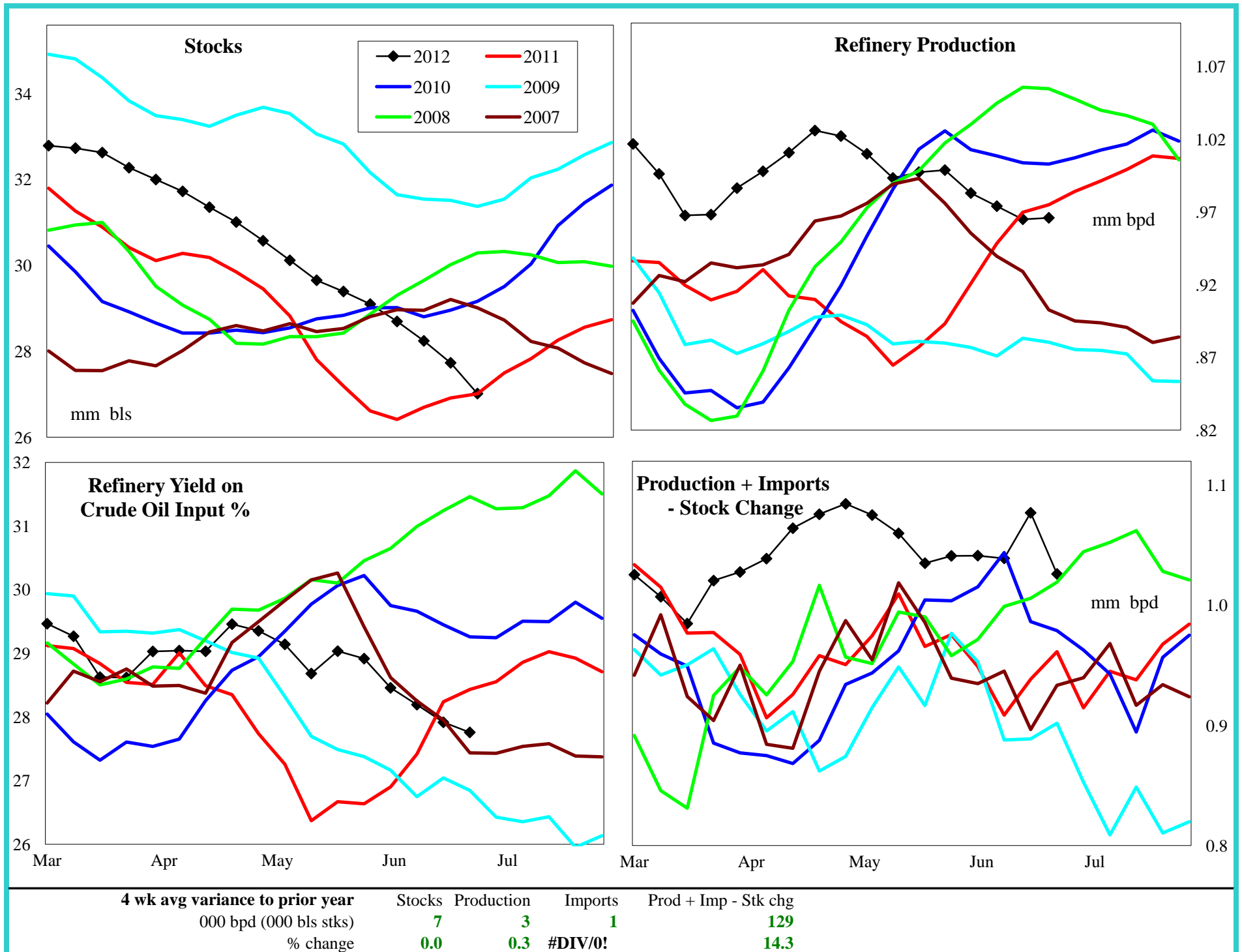
## PADD 2 Reformulated Gasoline Supply



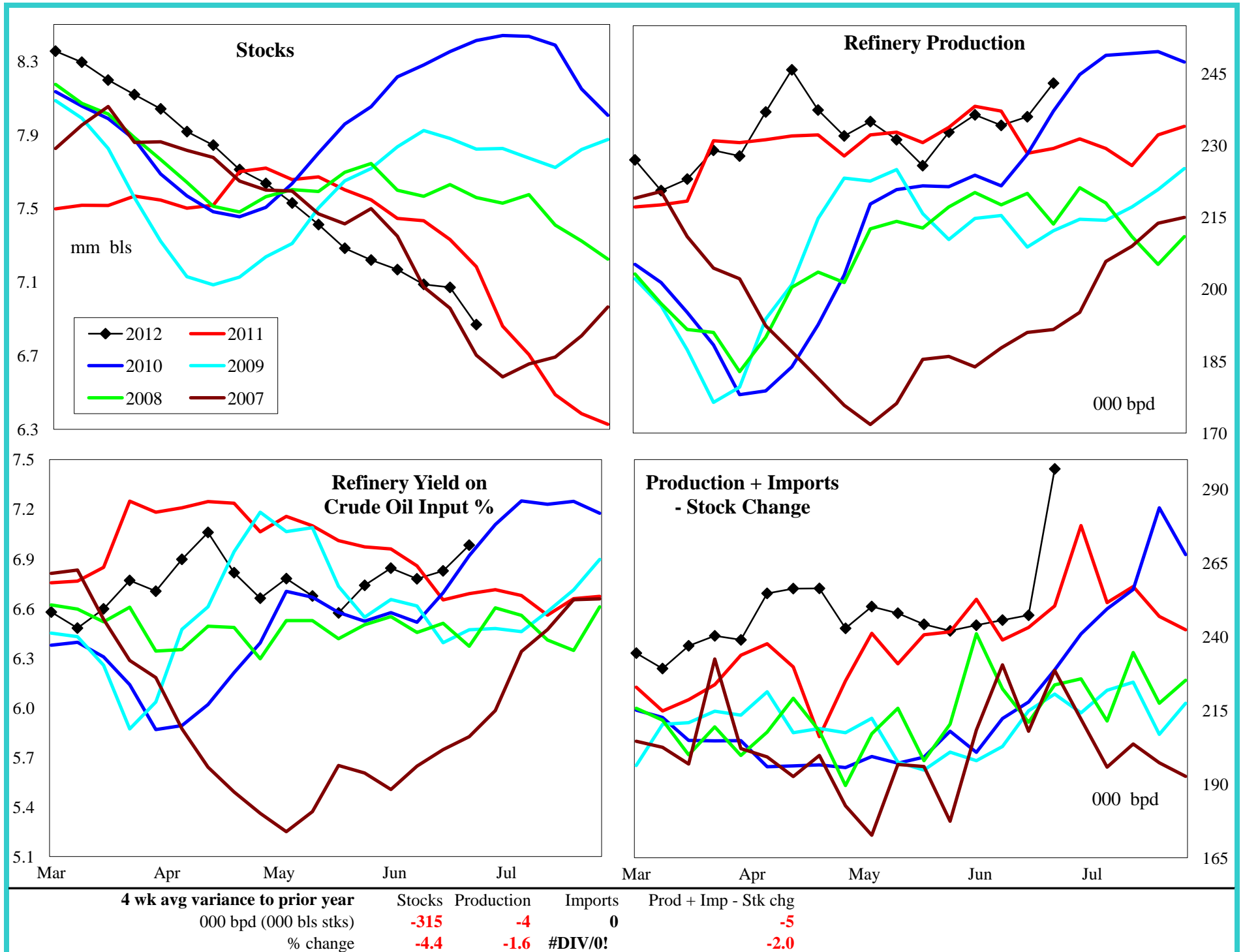
# PADD 2 Conventional Gasoline Supply



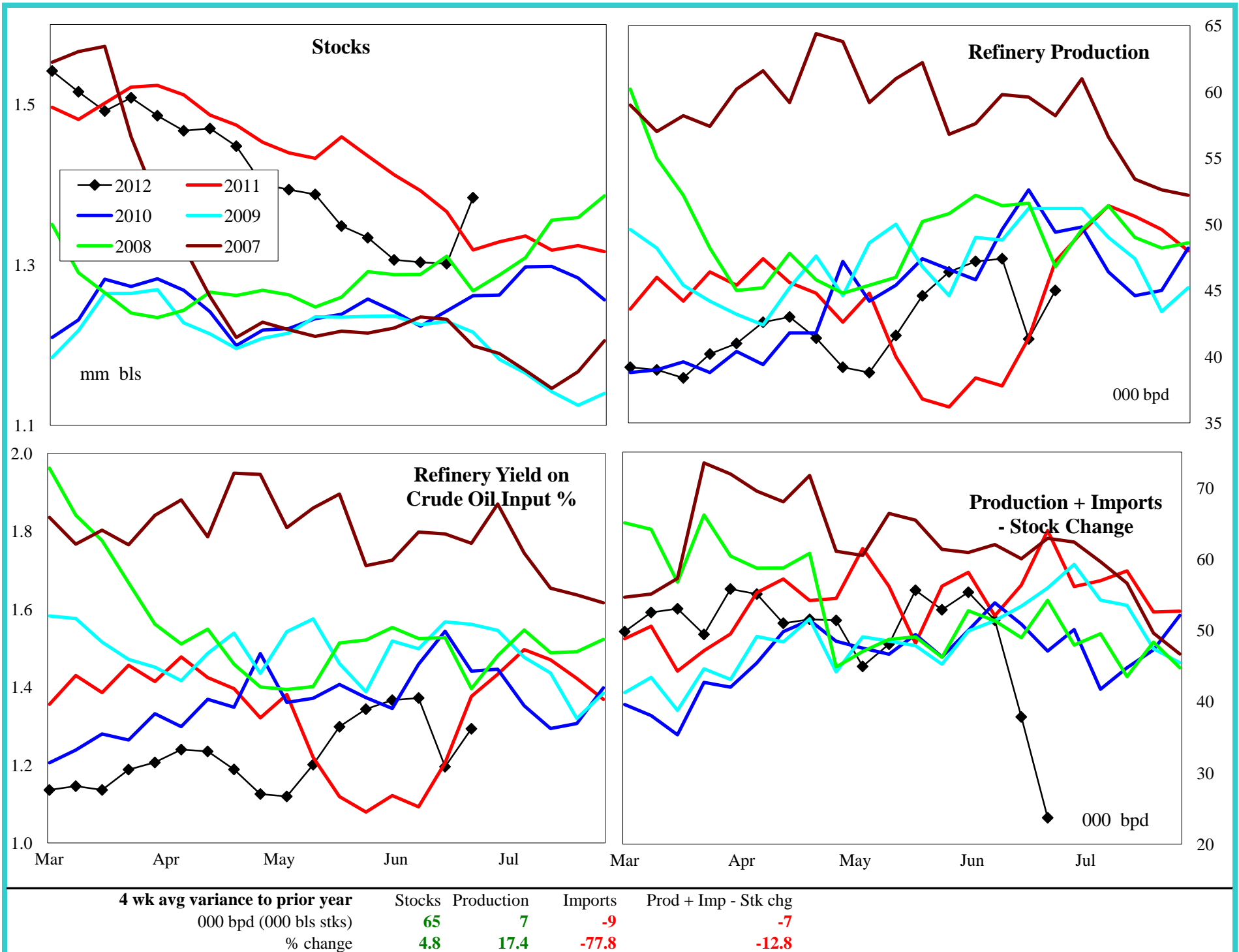
# PADD 2 Distillate Supply



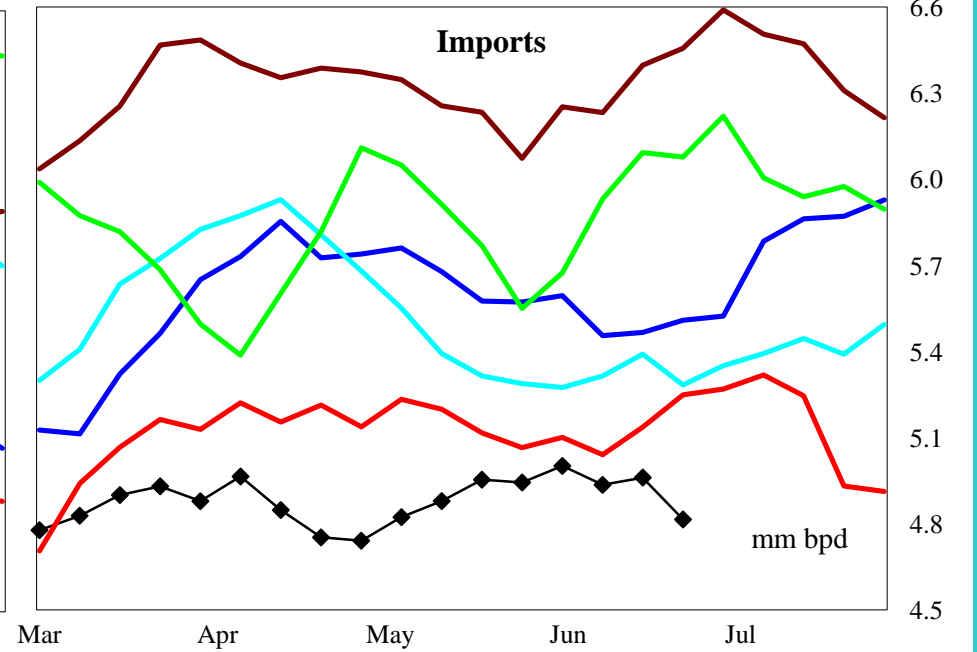
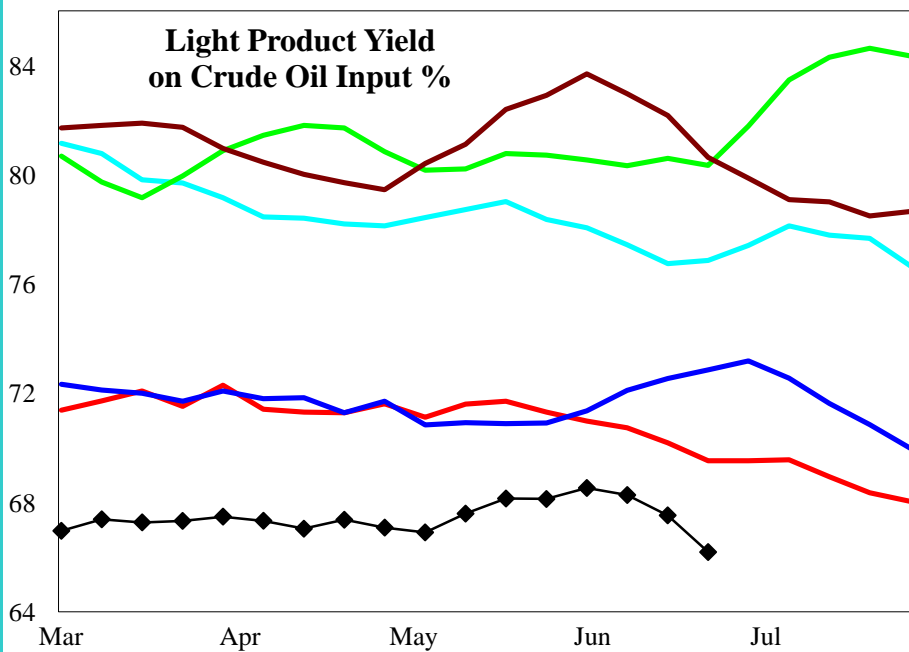
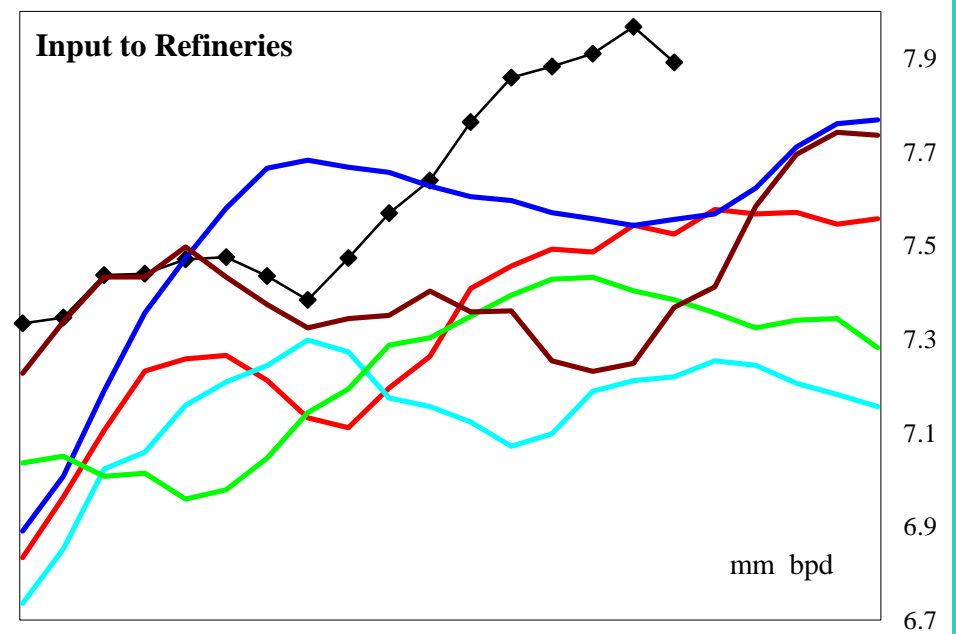
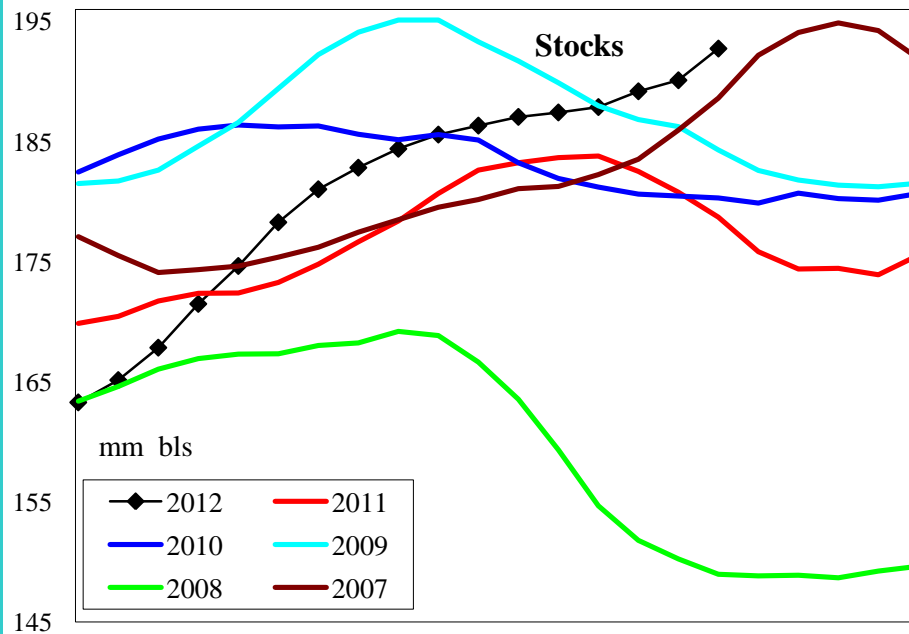
# PADD 2 Jet Fuel Supply



# PADD 2 Residual Fuel Oil Supply



# PADD 3 Crude Oil Supply and Refining



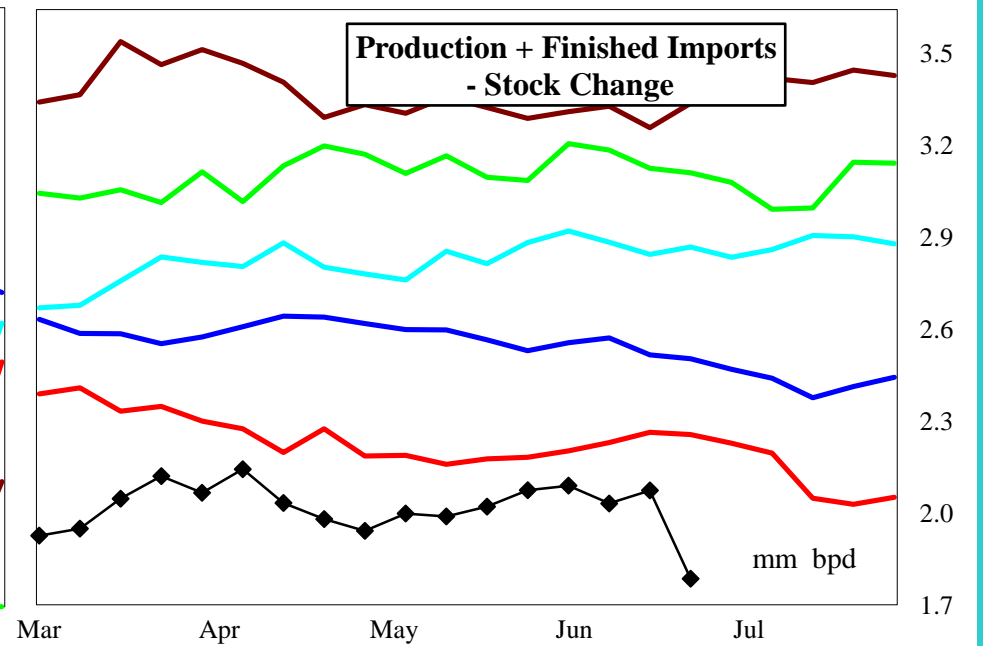
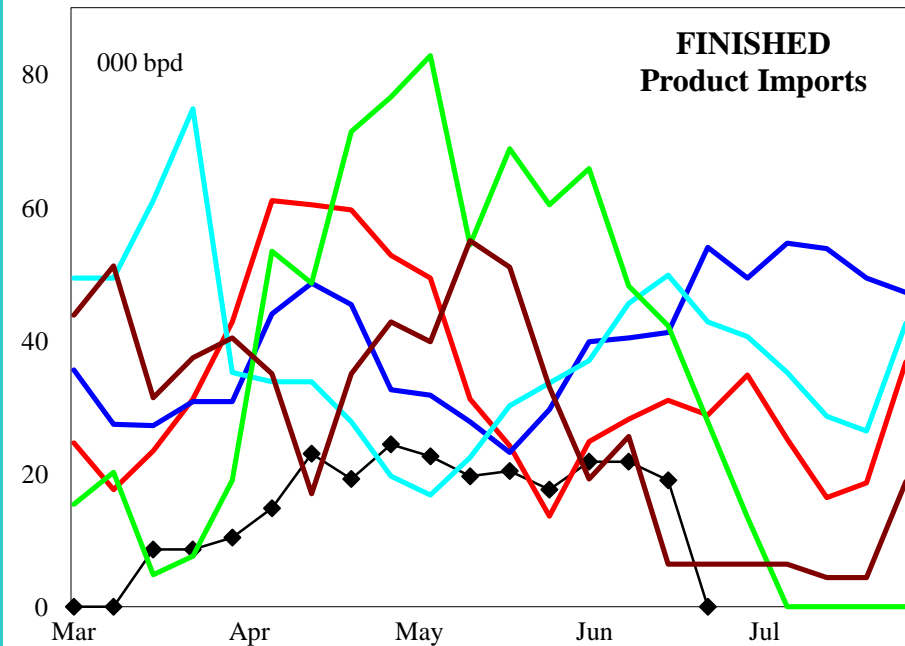
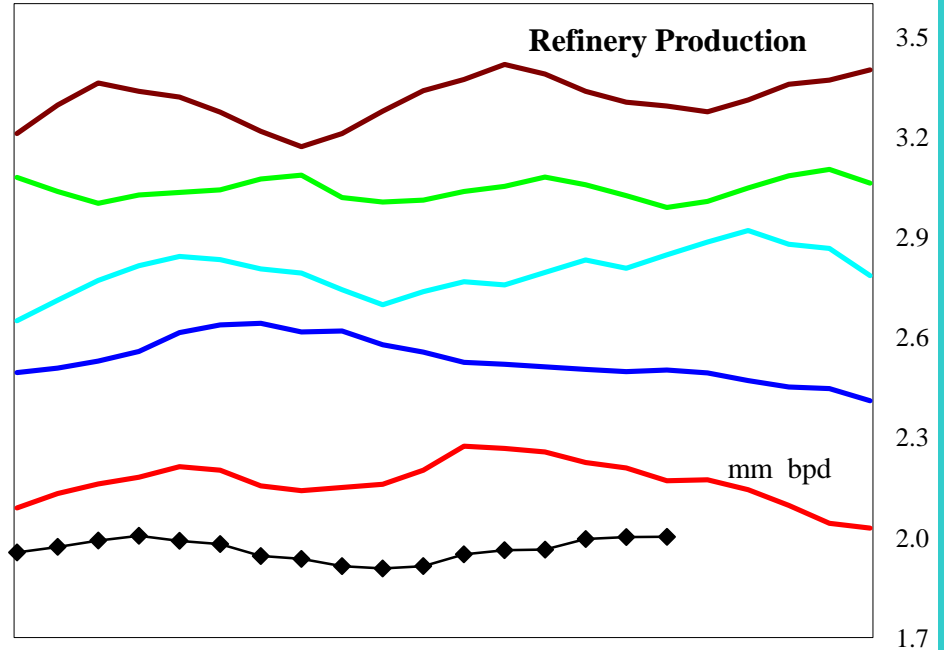
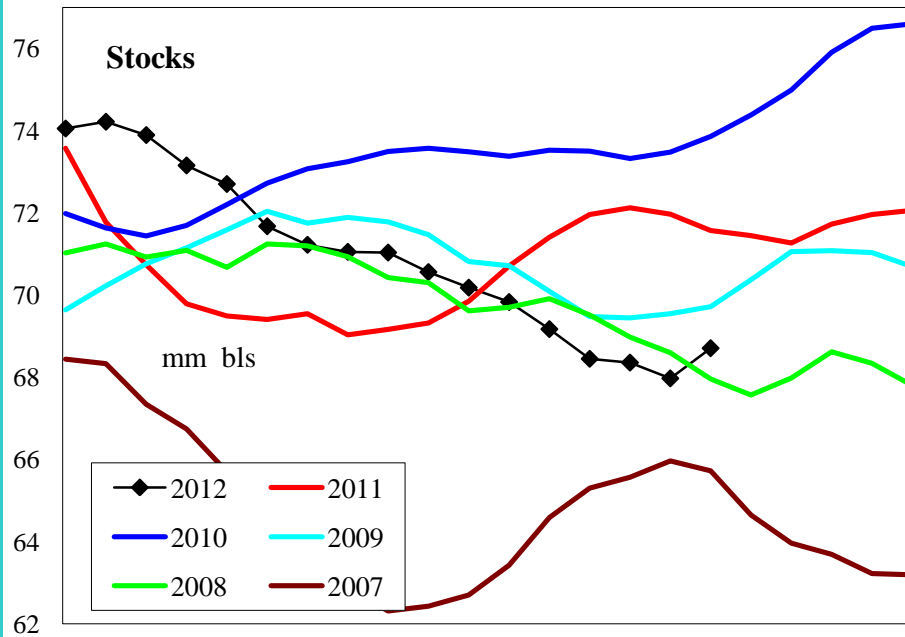
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

**Stocks**  
**14,033**  
**7.9**

**Input**  
**497**  
**6.7**

**Imports**  
**-66**  
**-1.3**

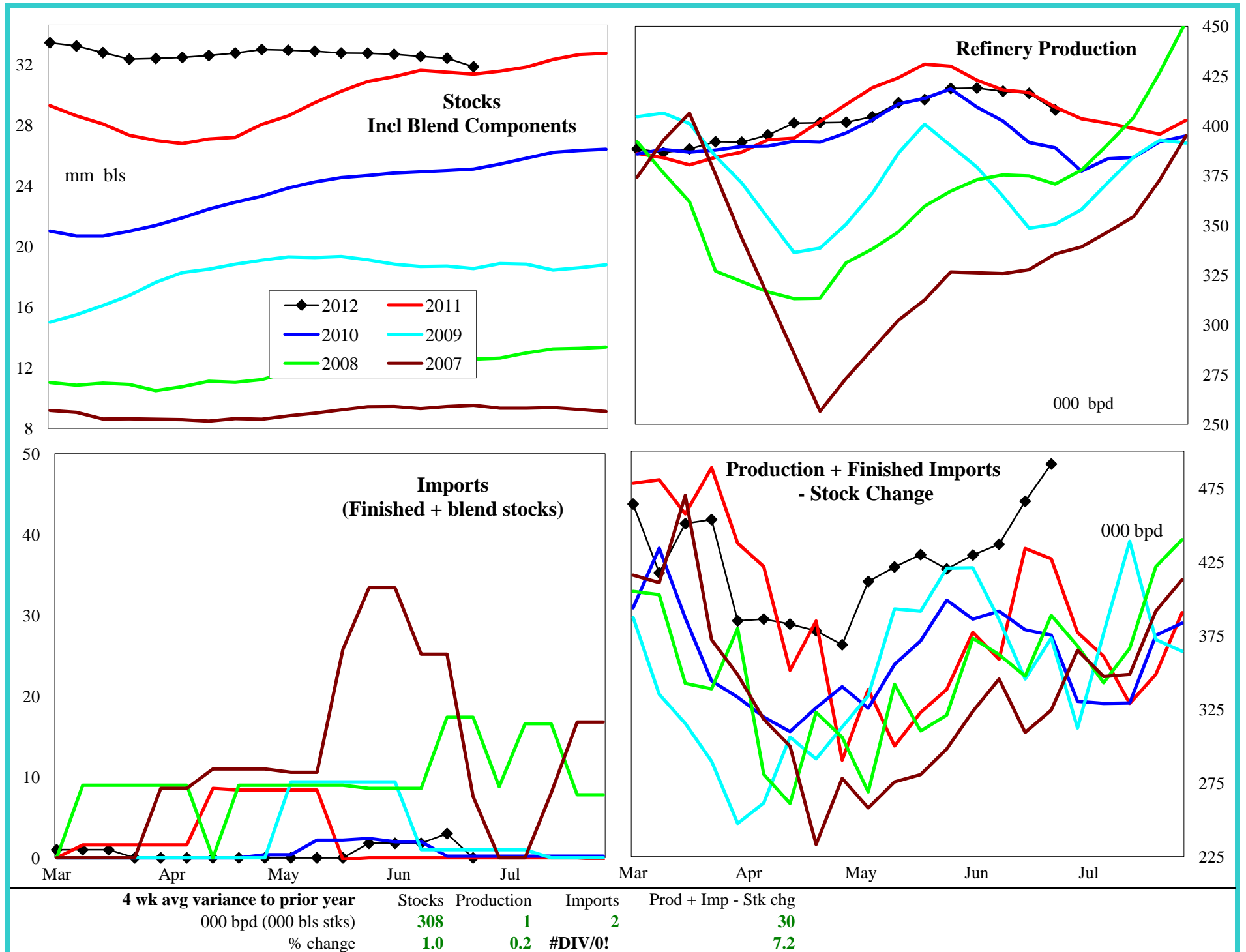
# PADD 3 Gasoline Supply



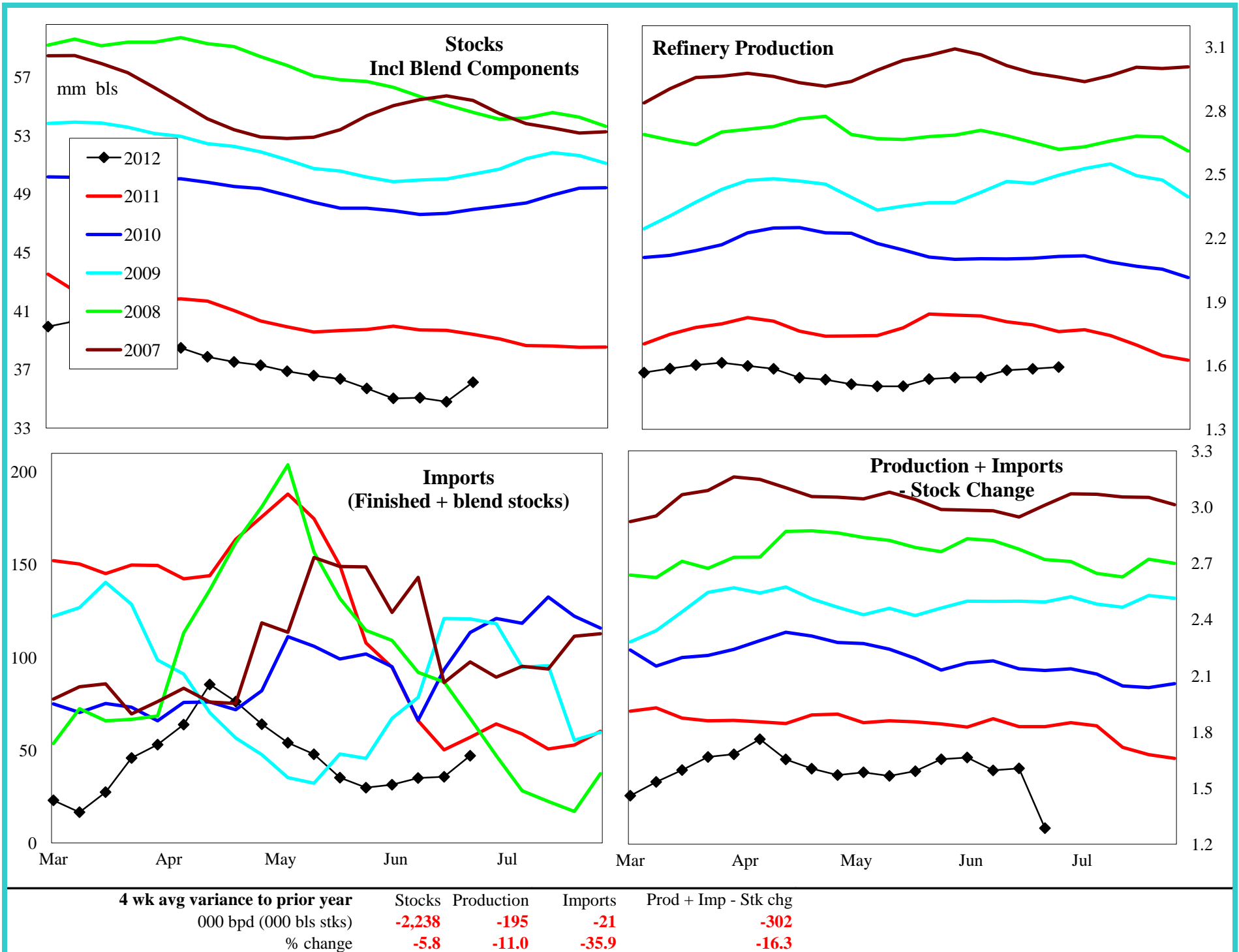
**4 wk avg variance to prior year**  
 000 bpd (000 bbls stks)  
 % change

| Stocks | Production | Fin Impt | Blend Impt | Prod + Imp - Stk chg |
|--------|------------|----------|------------|----------------------|
| -2,002 | -194       | -10      | -9         | -273                 |
| -2.8   | -8.9       | -27.7    | -38.5      | -12.0                |

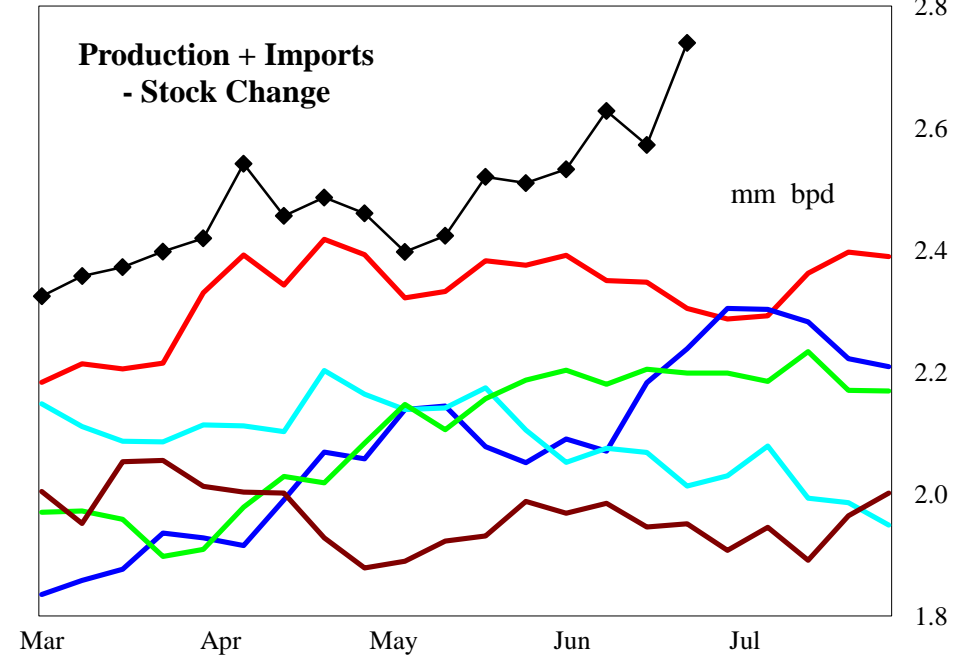
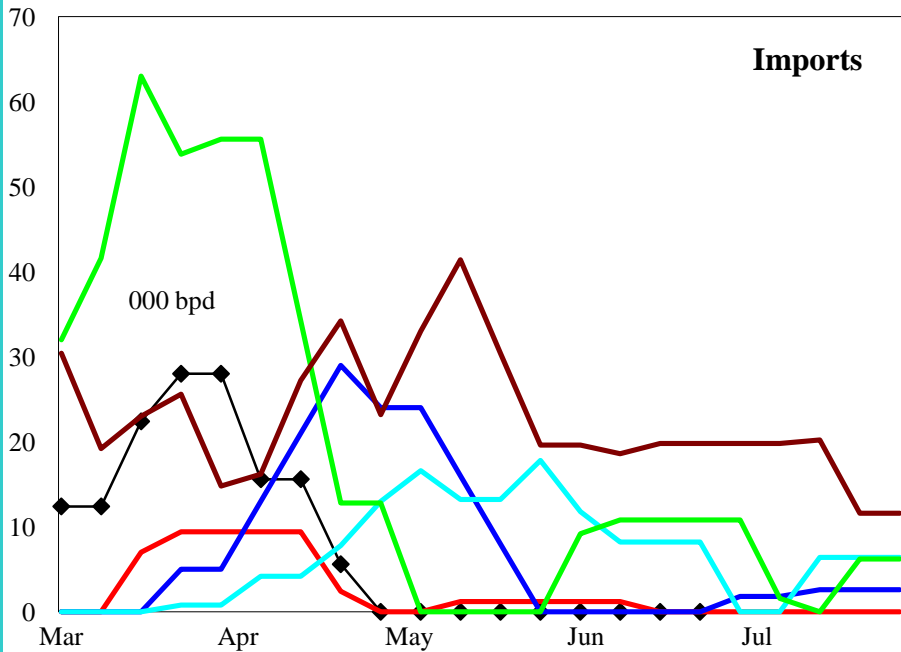
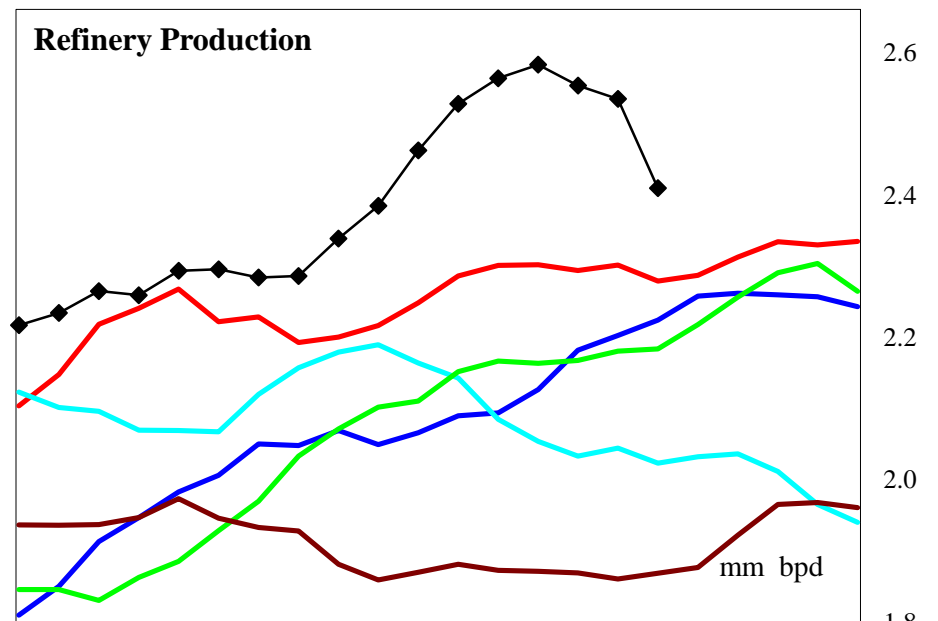
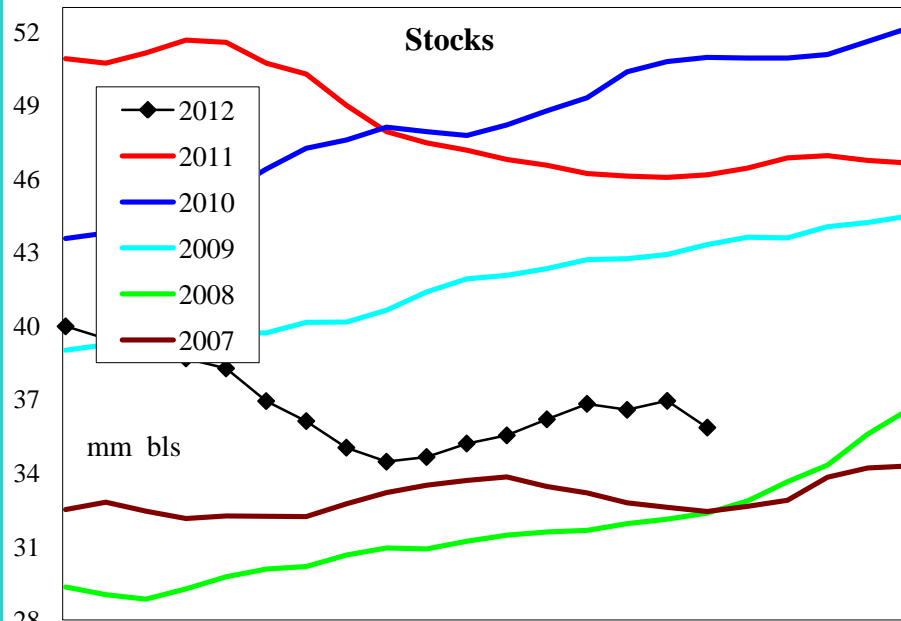
# PADD 3 Reformulated Gasoline Supply



# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-10,392

-22.5

Production

249

10.7

Imports

0

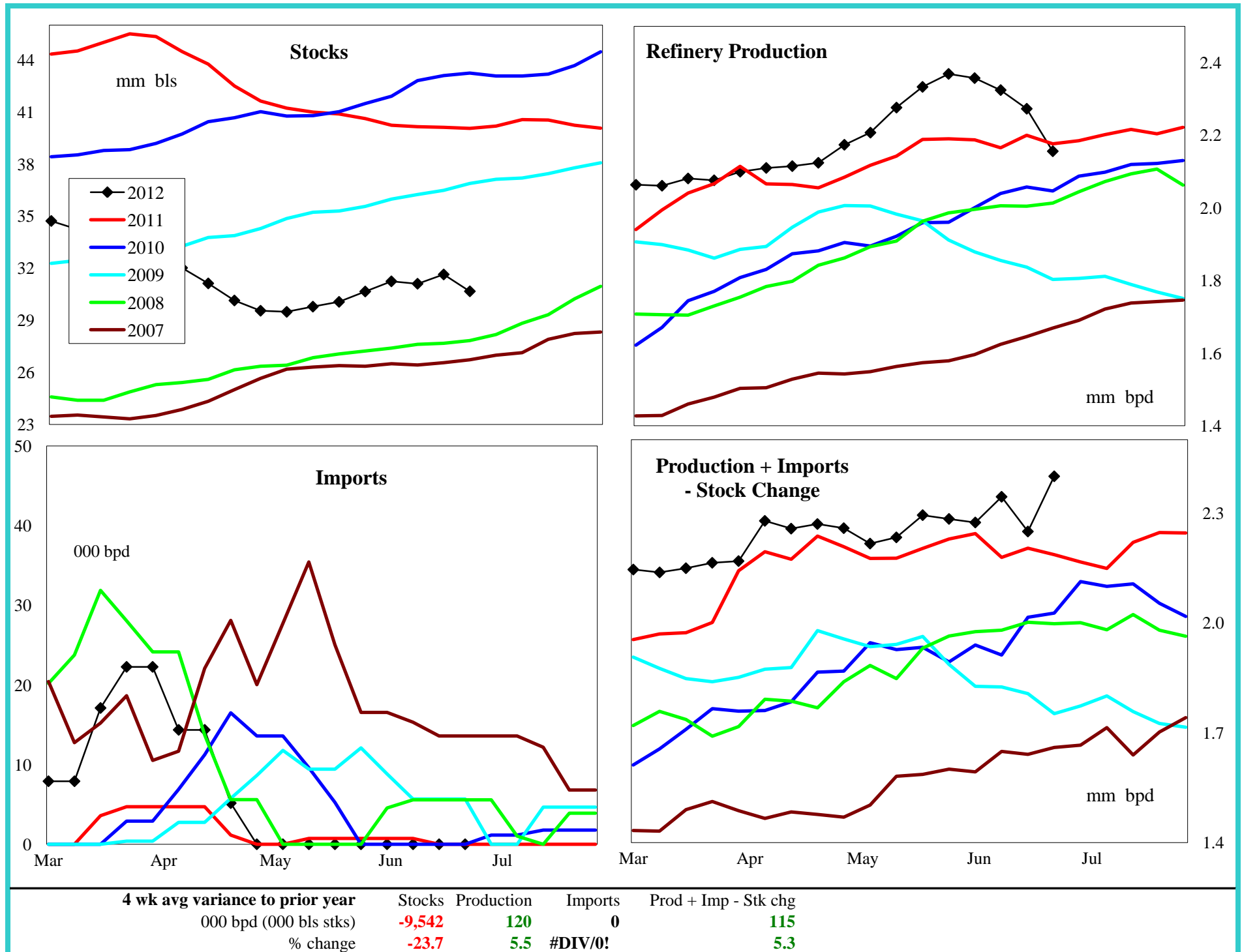
#DIV/0!

Prod + Imp - Stk chg

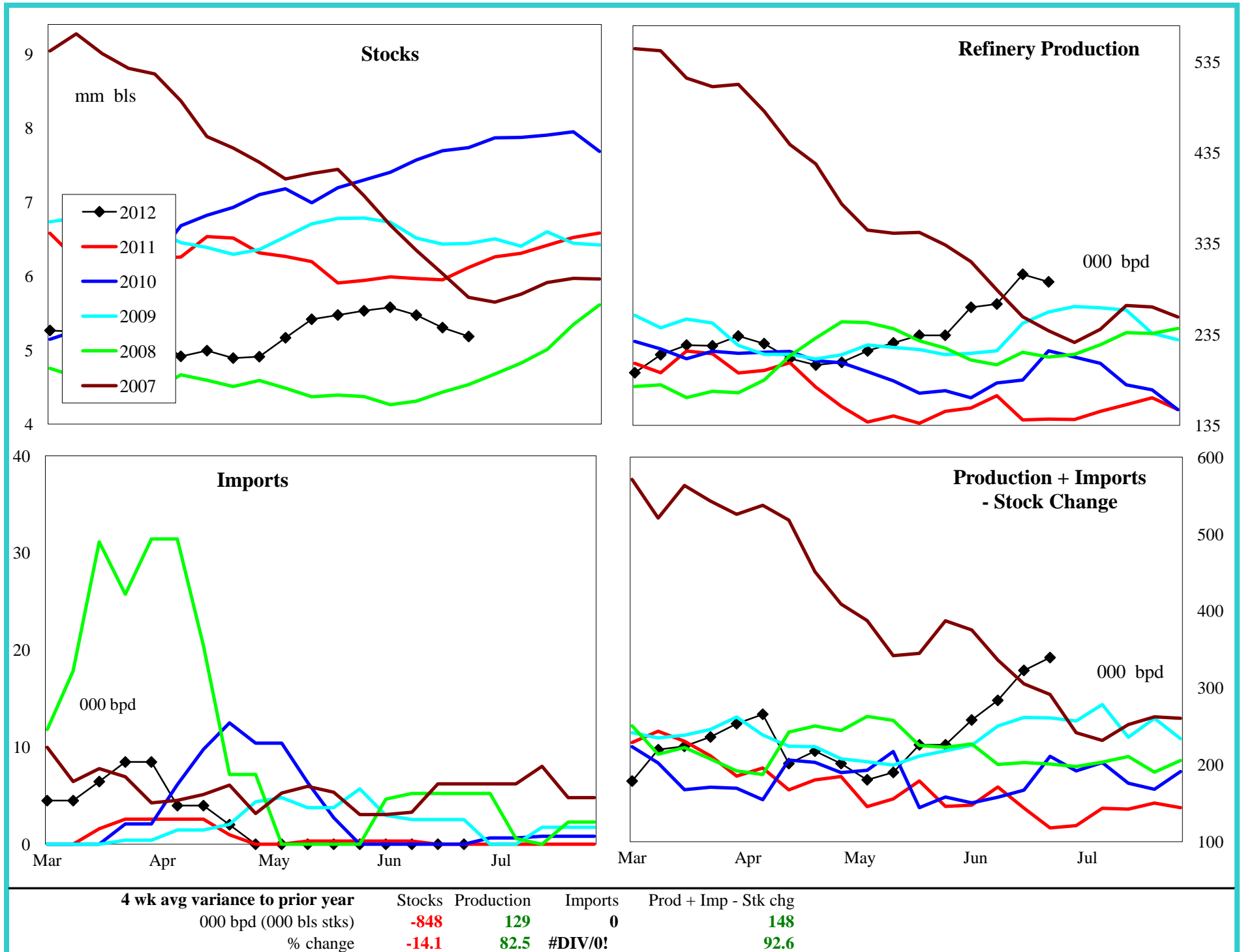
263

11.2

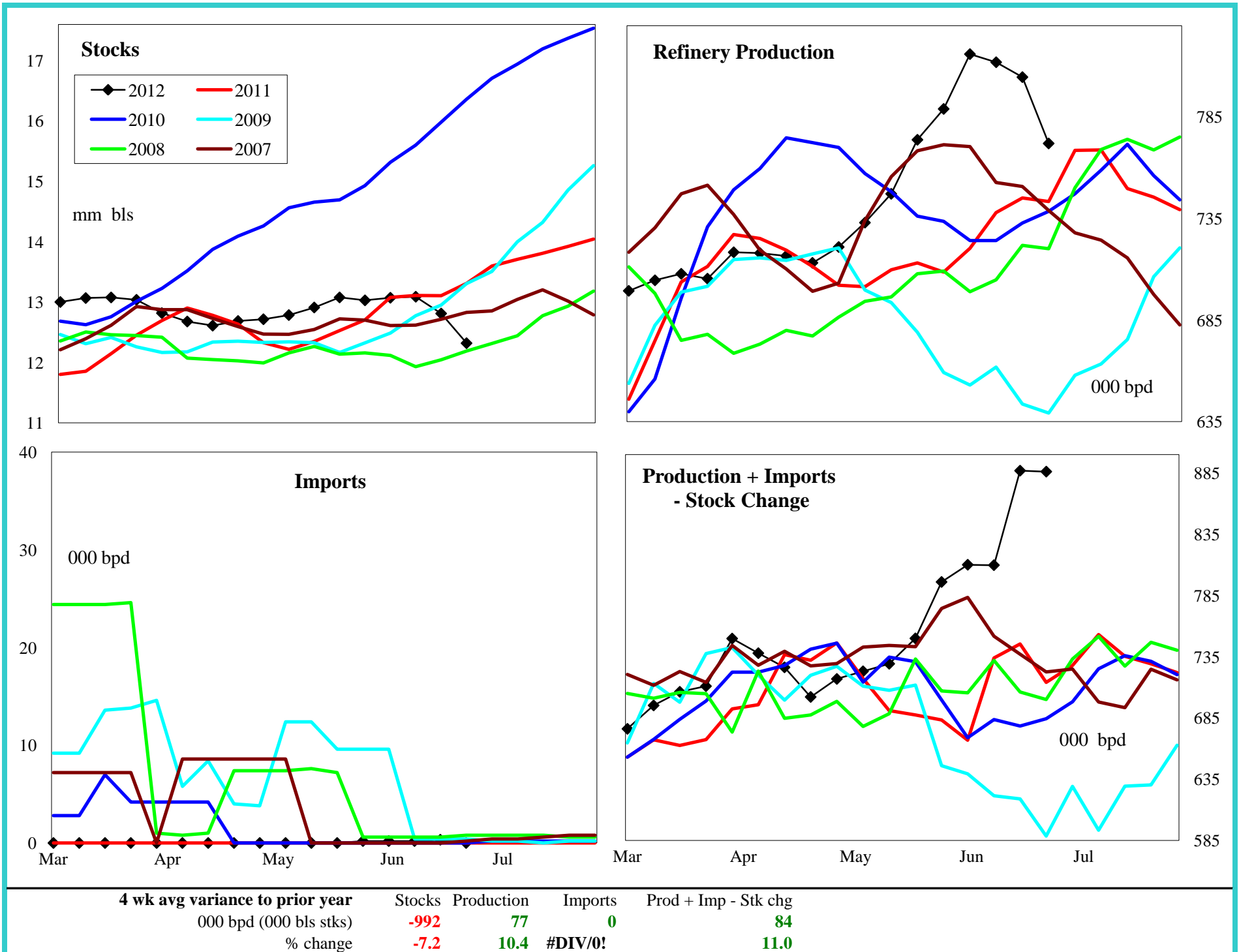
# PADD 3 Low Sulfur Distillate Supply



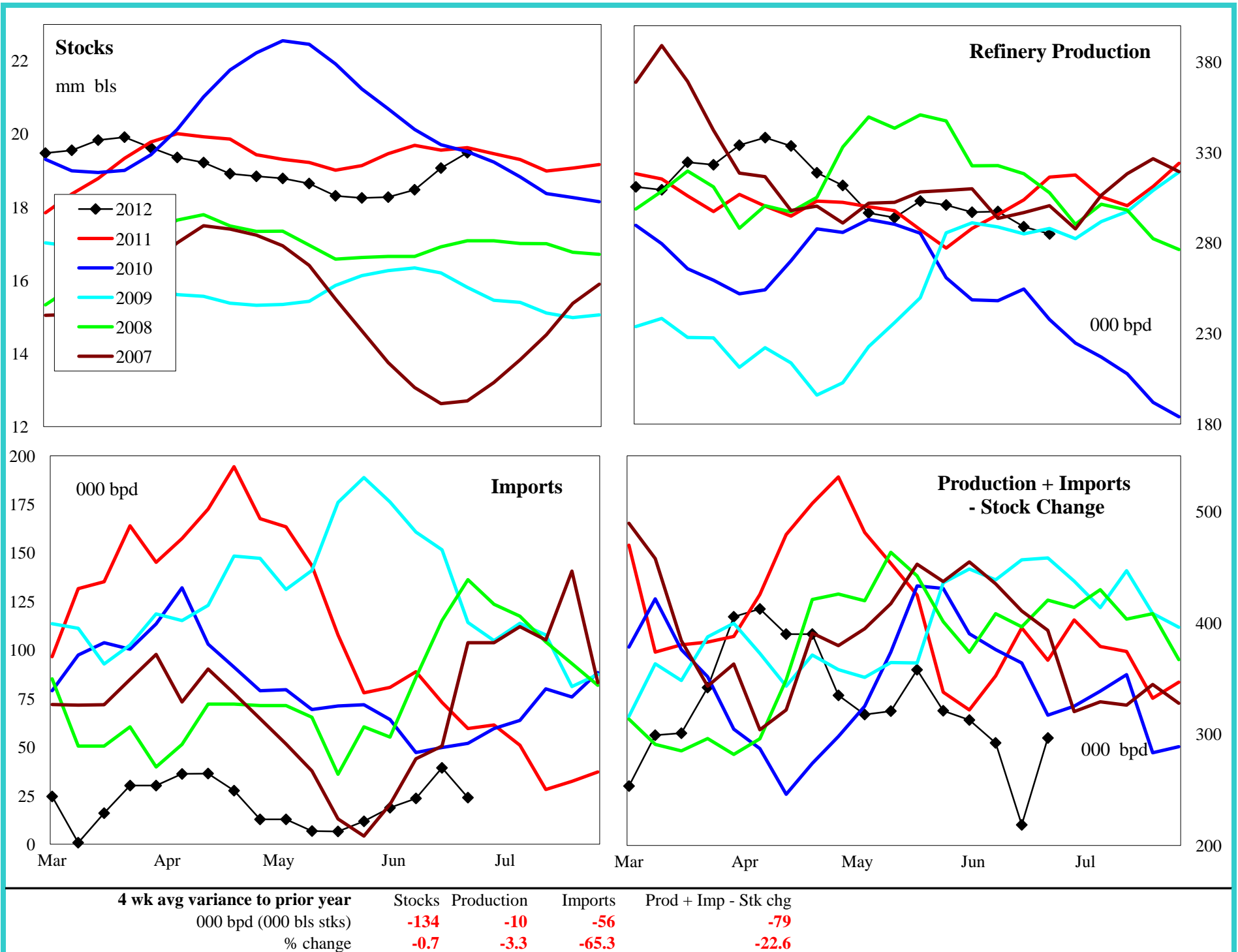
# PADD 3 High Sulfur Distillate Supply



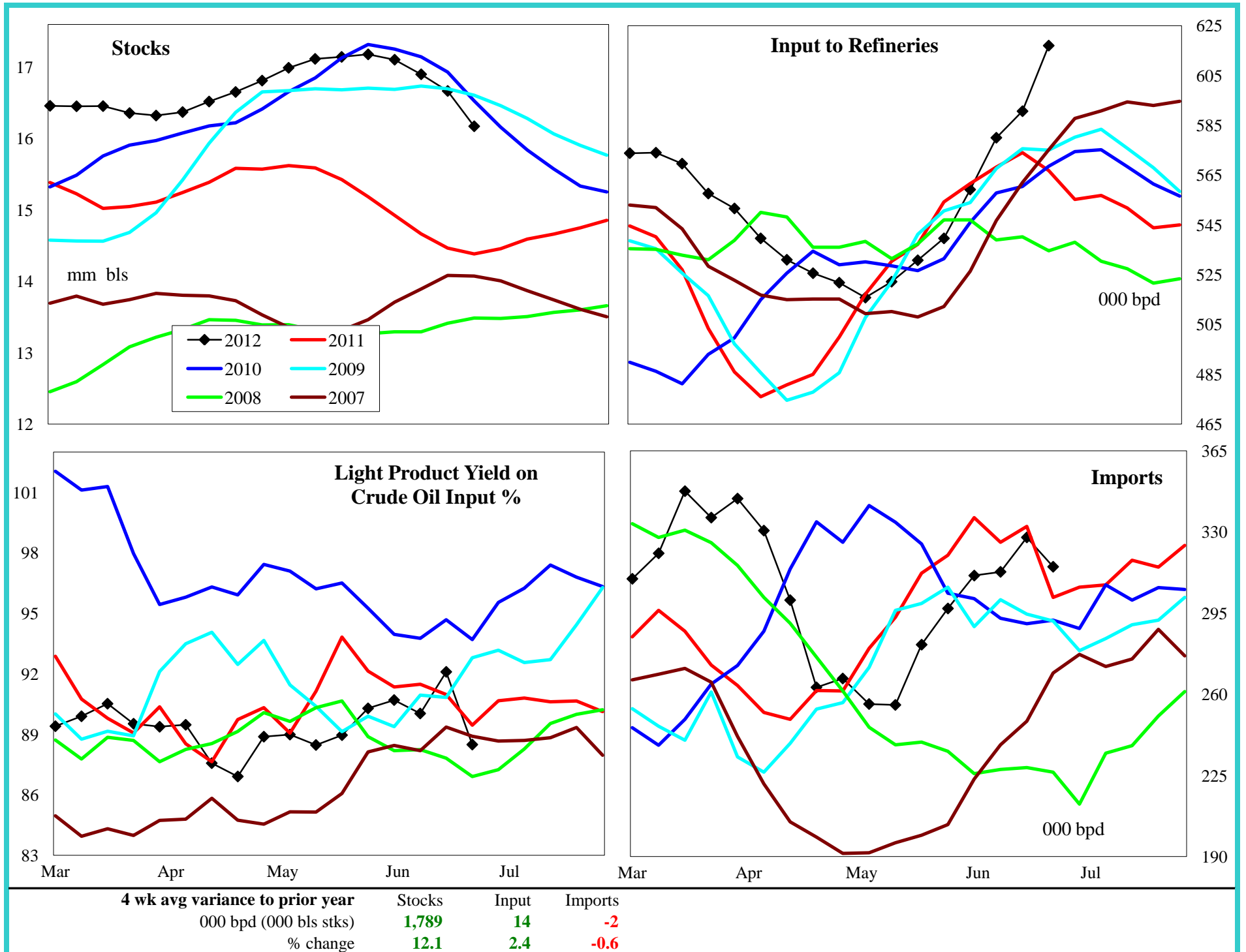
# PADD 3 Jet Fuel Supply



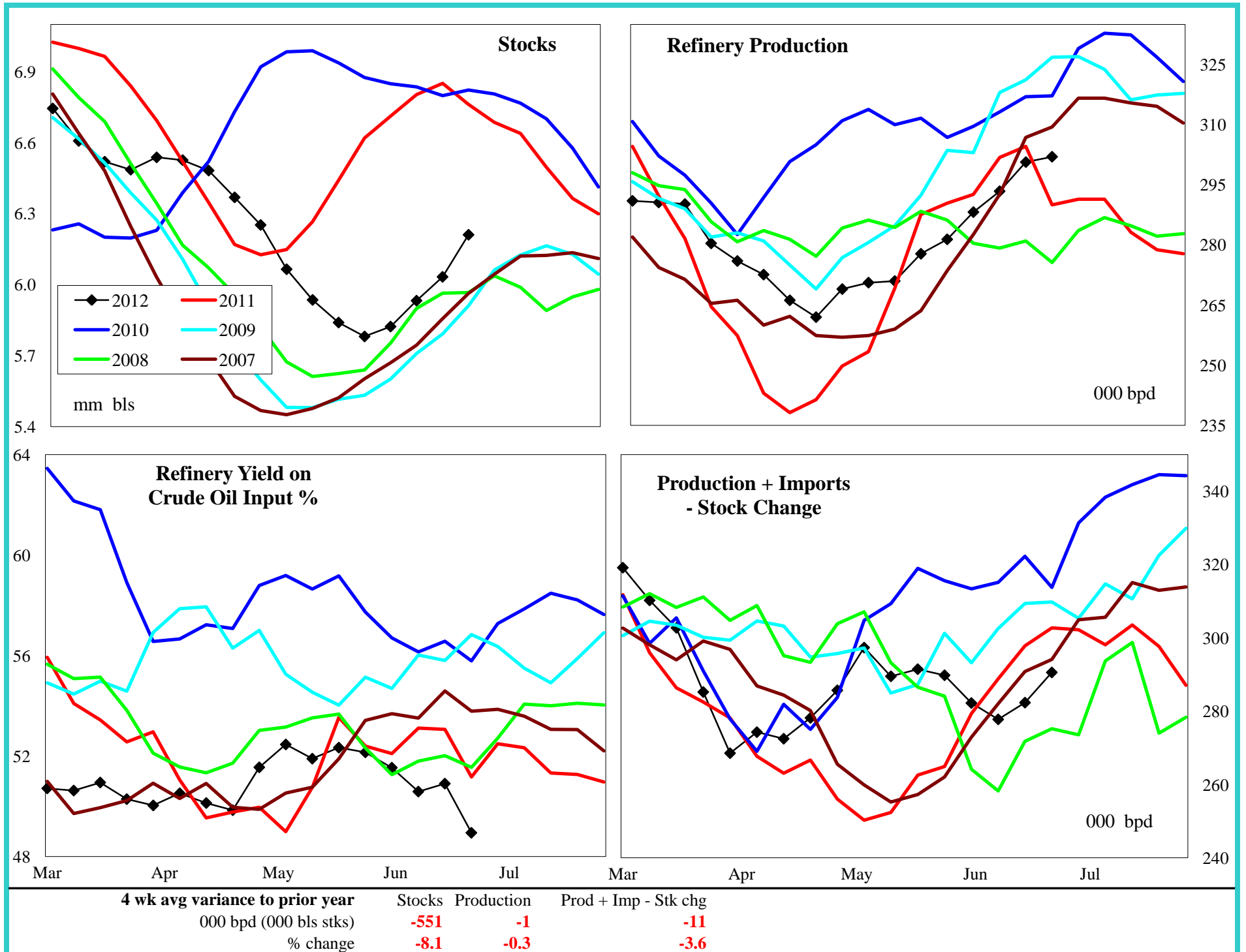
# PADD 3 Residual Fuel Oil Supply



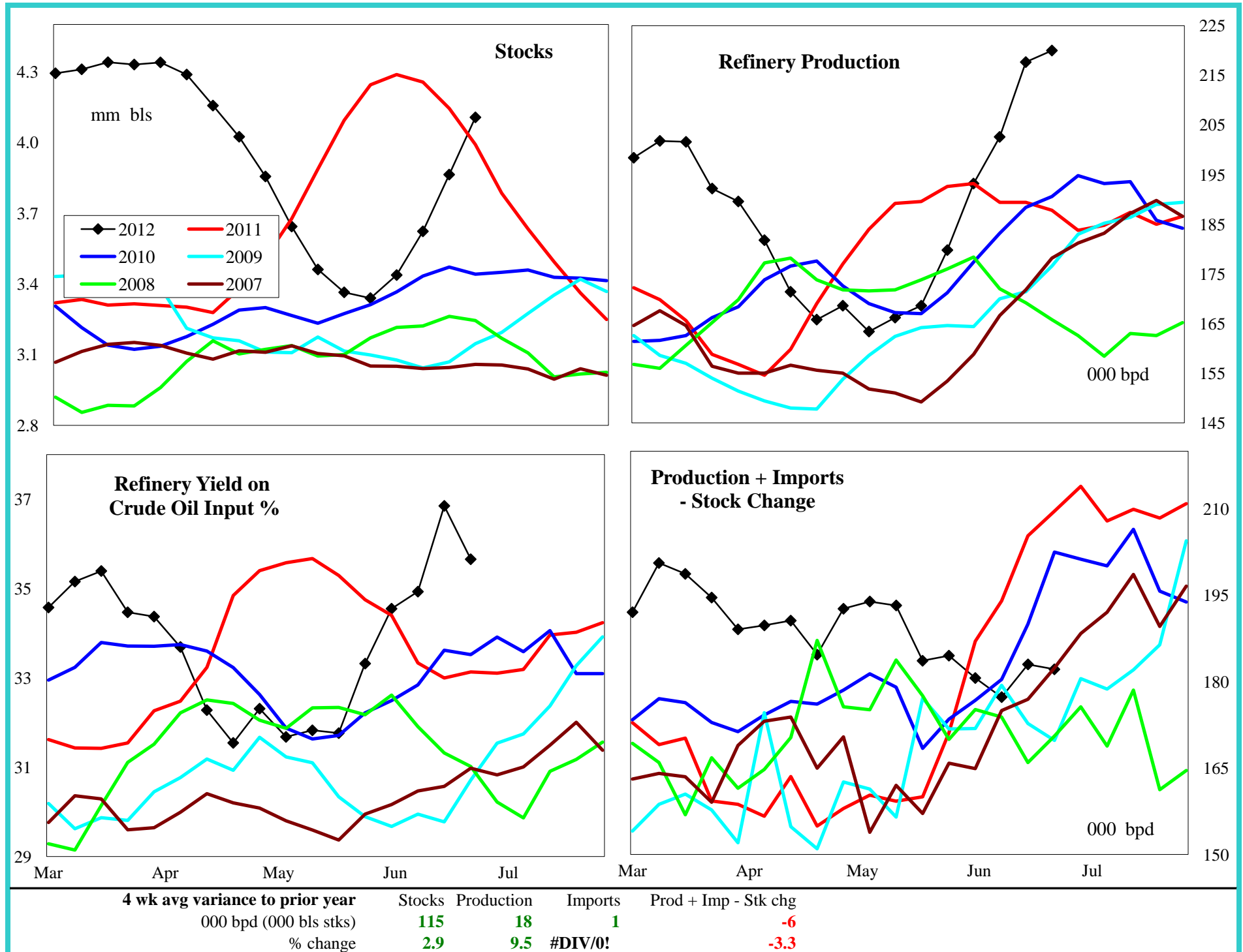
# PADD 4 Crude Oil Supply and Refining



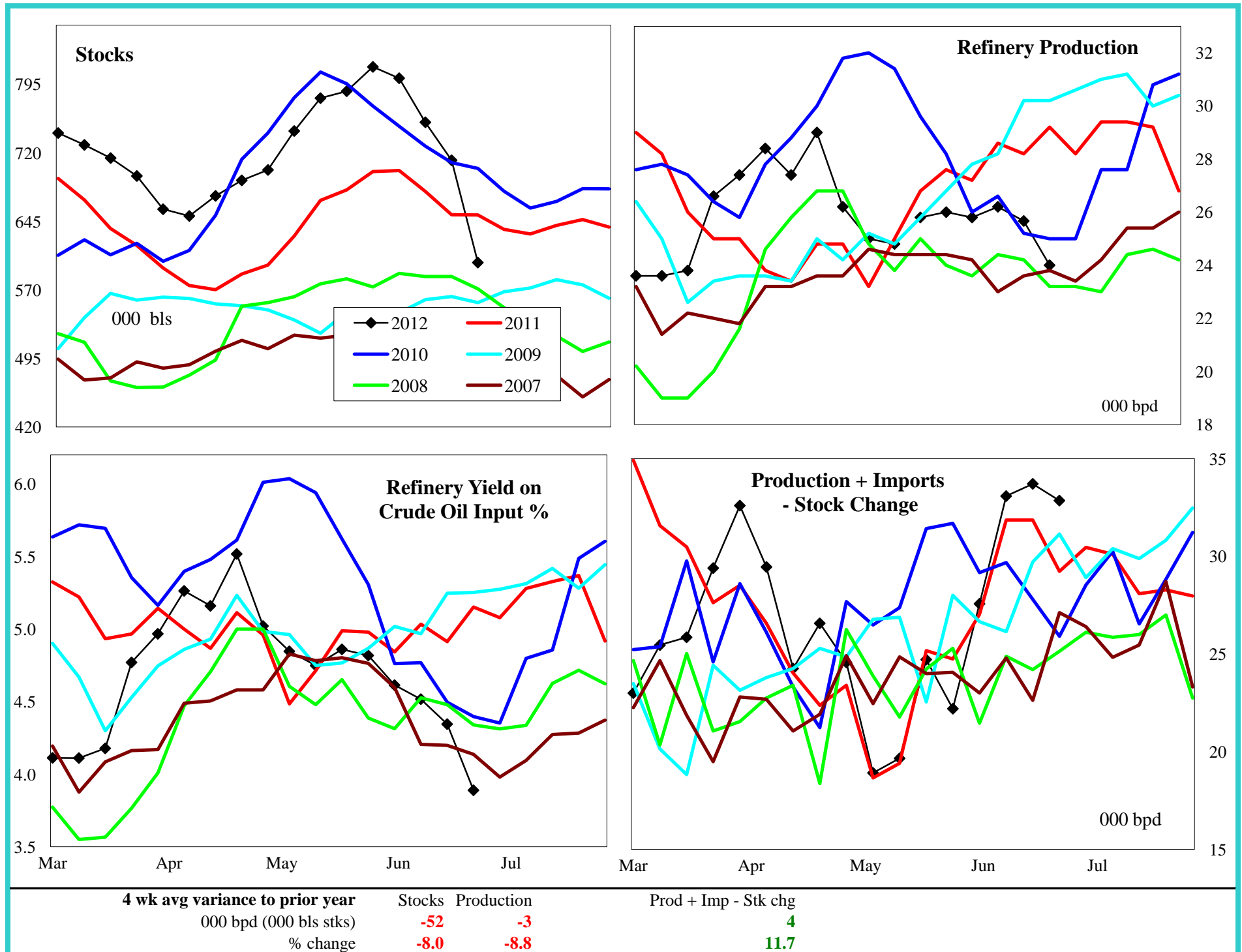
# PADD 4 Gasoline Supply



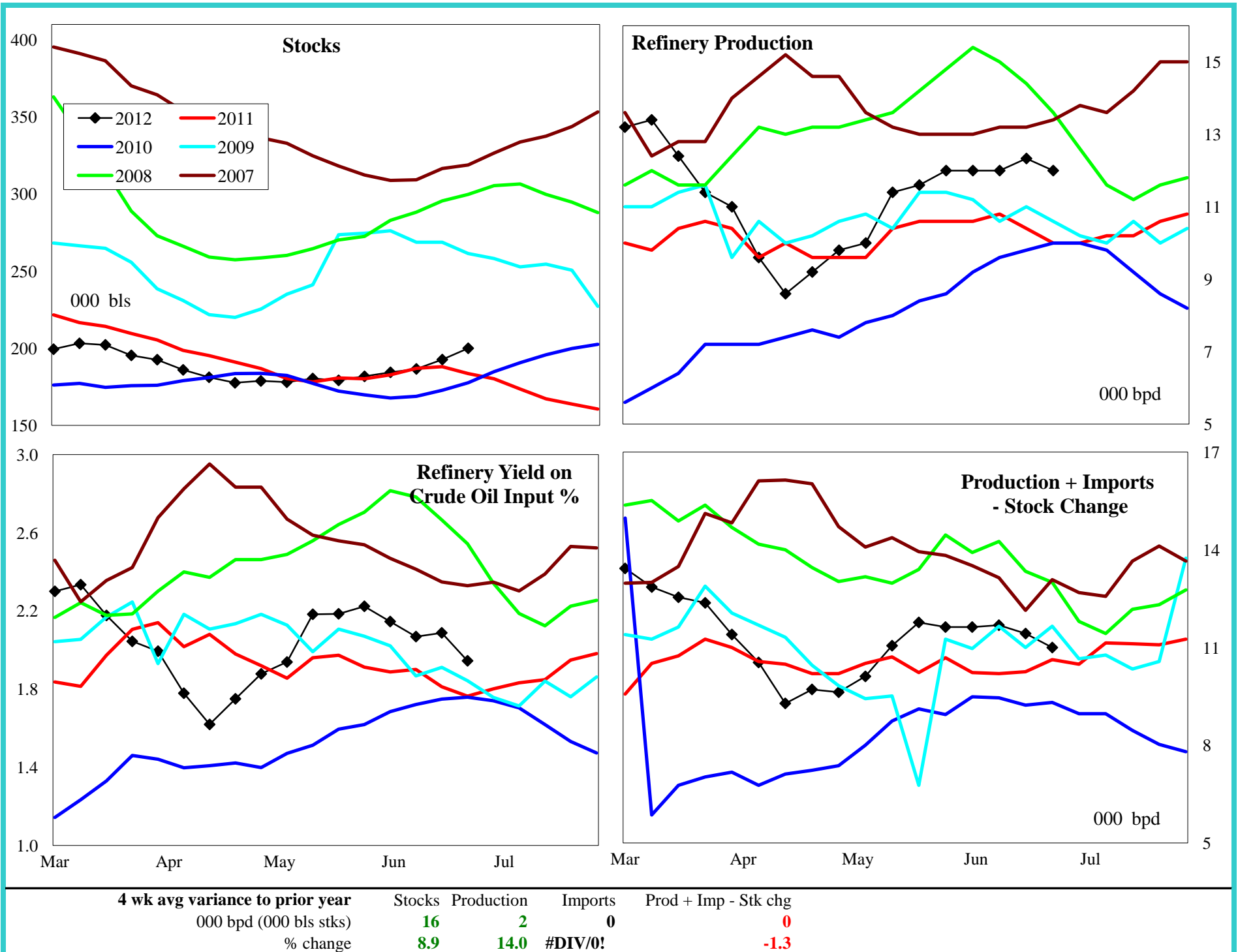
# PADD 4 Distillate Supply



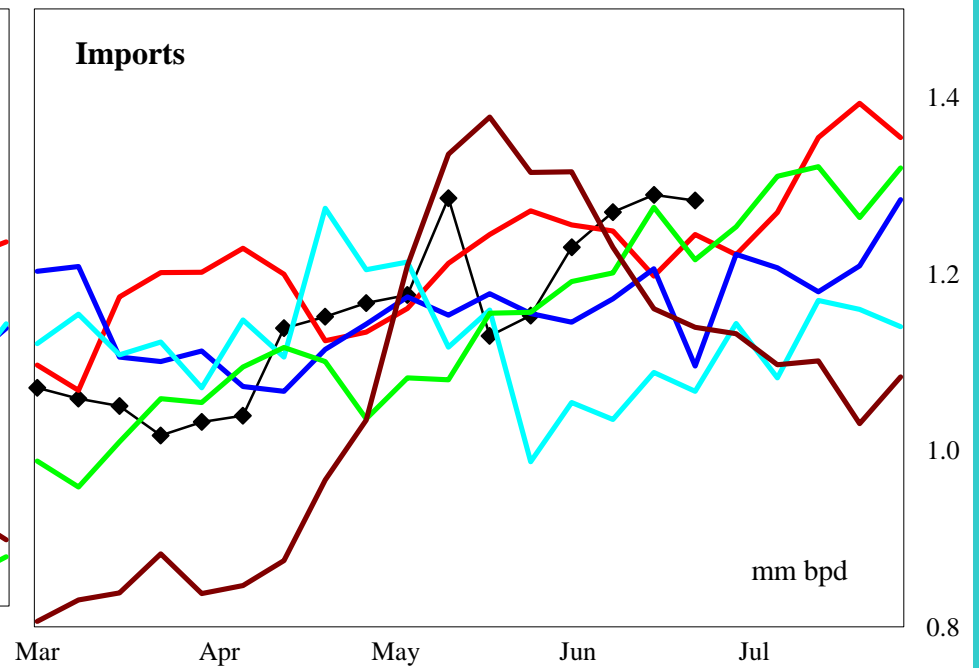
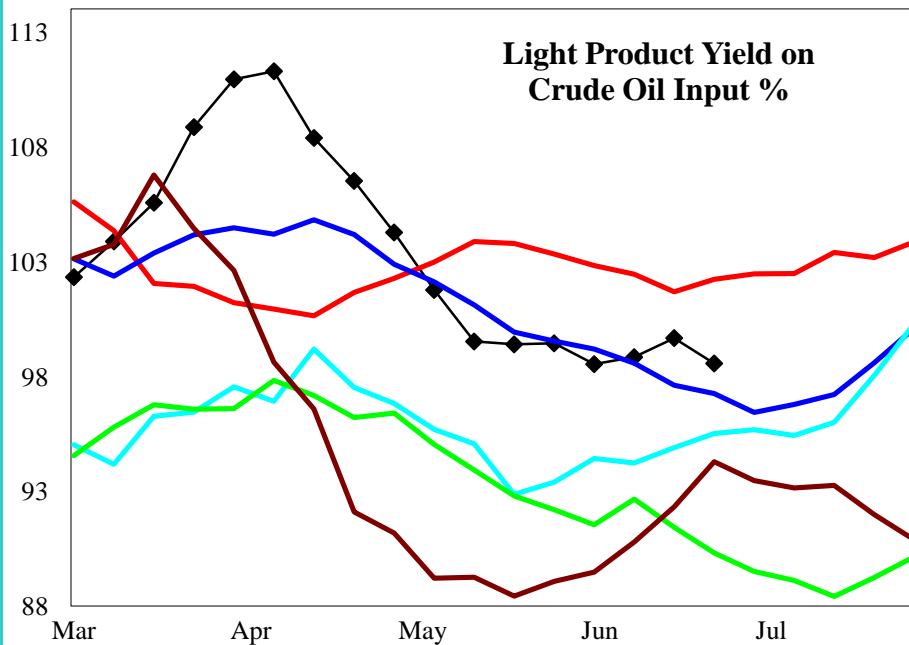
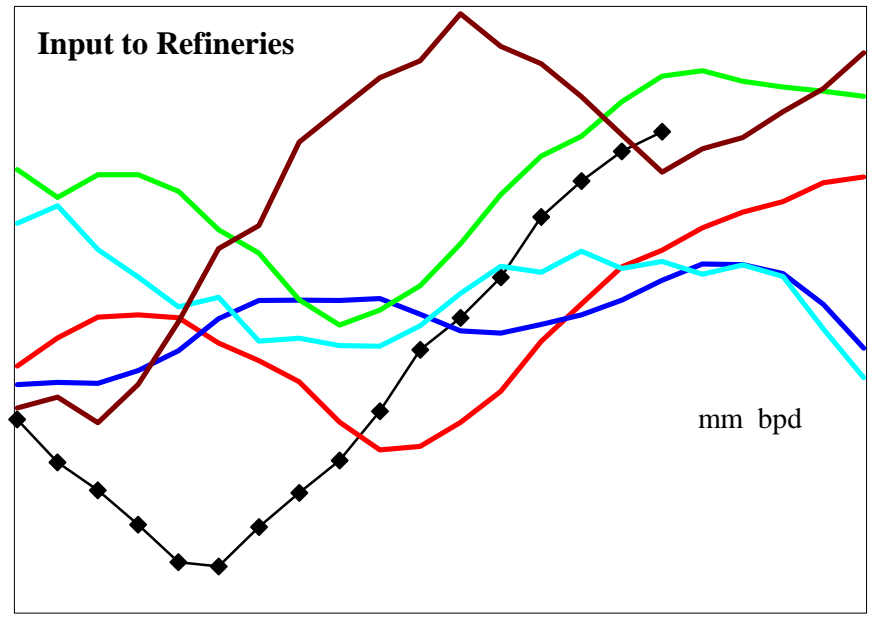
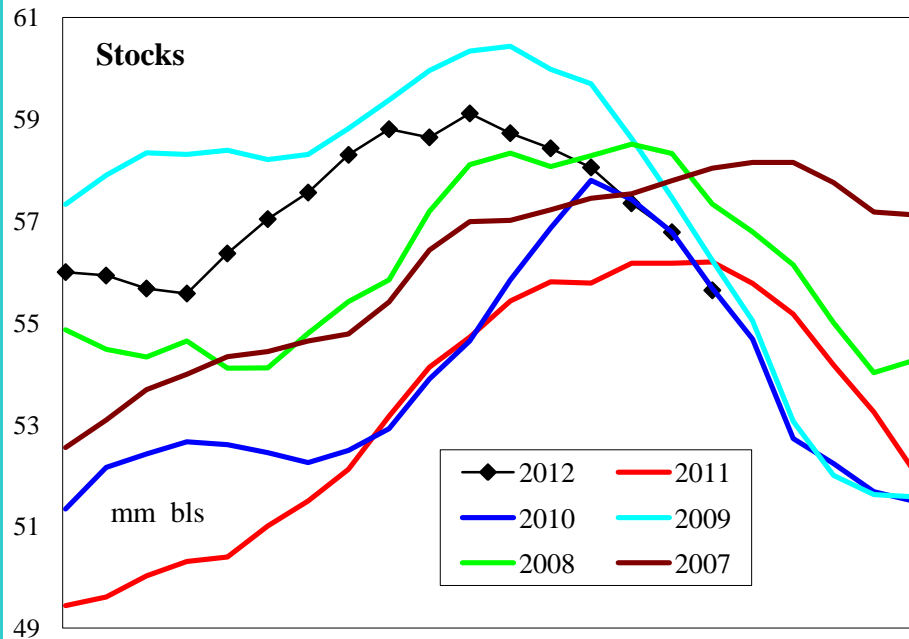
# PADD 4 Jet Fuel Supply



# PADD 4 Residual Fuel Oil Supply



# PADD 5 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

-559

-1.0

Input

117

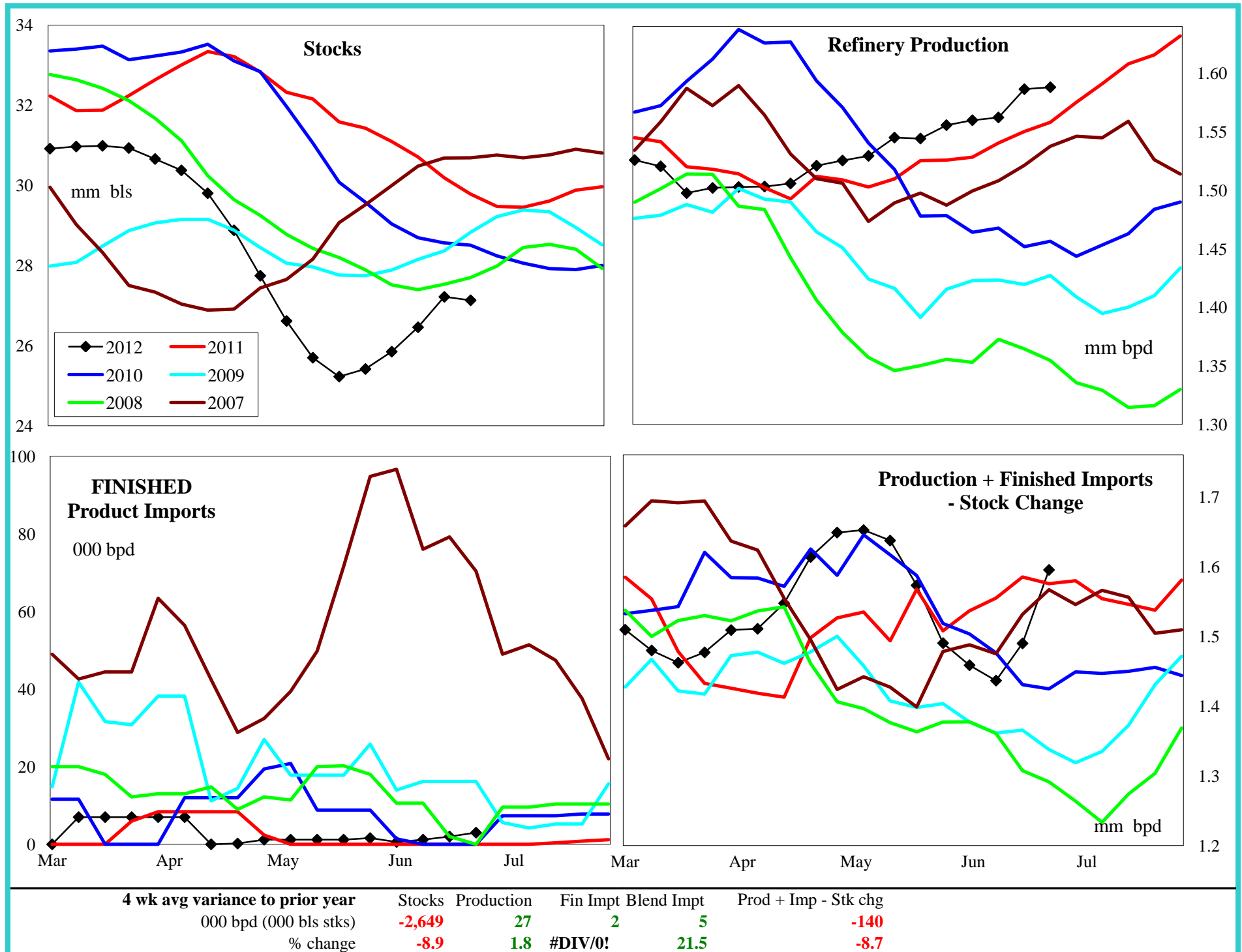
4.7

Imports

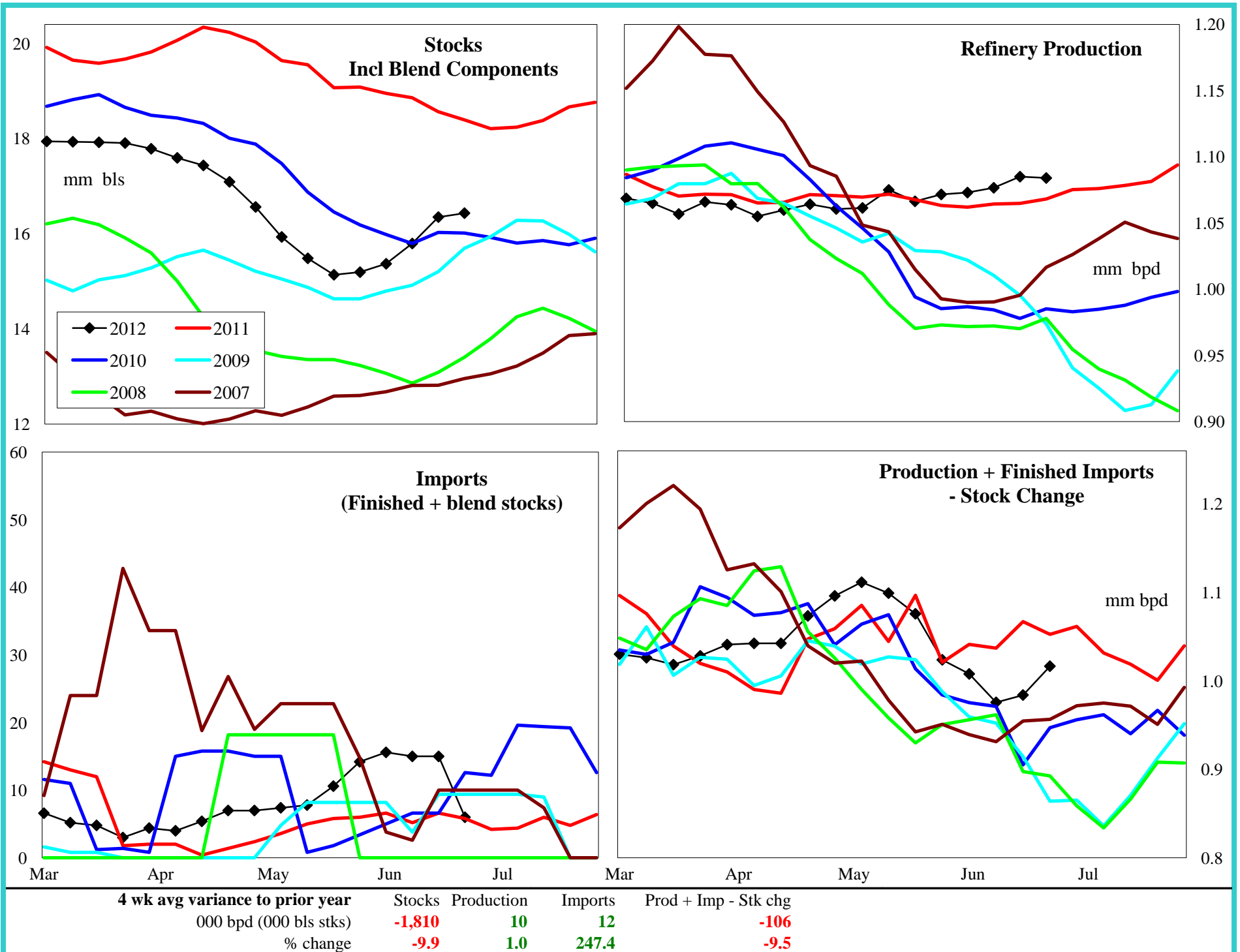
28

2.3

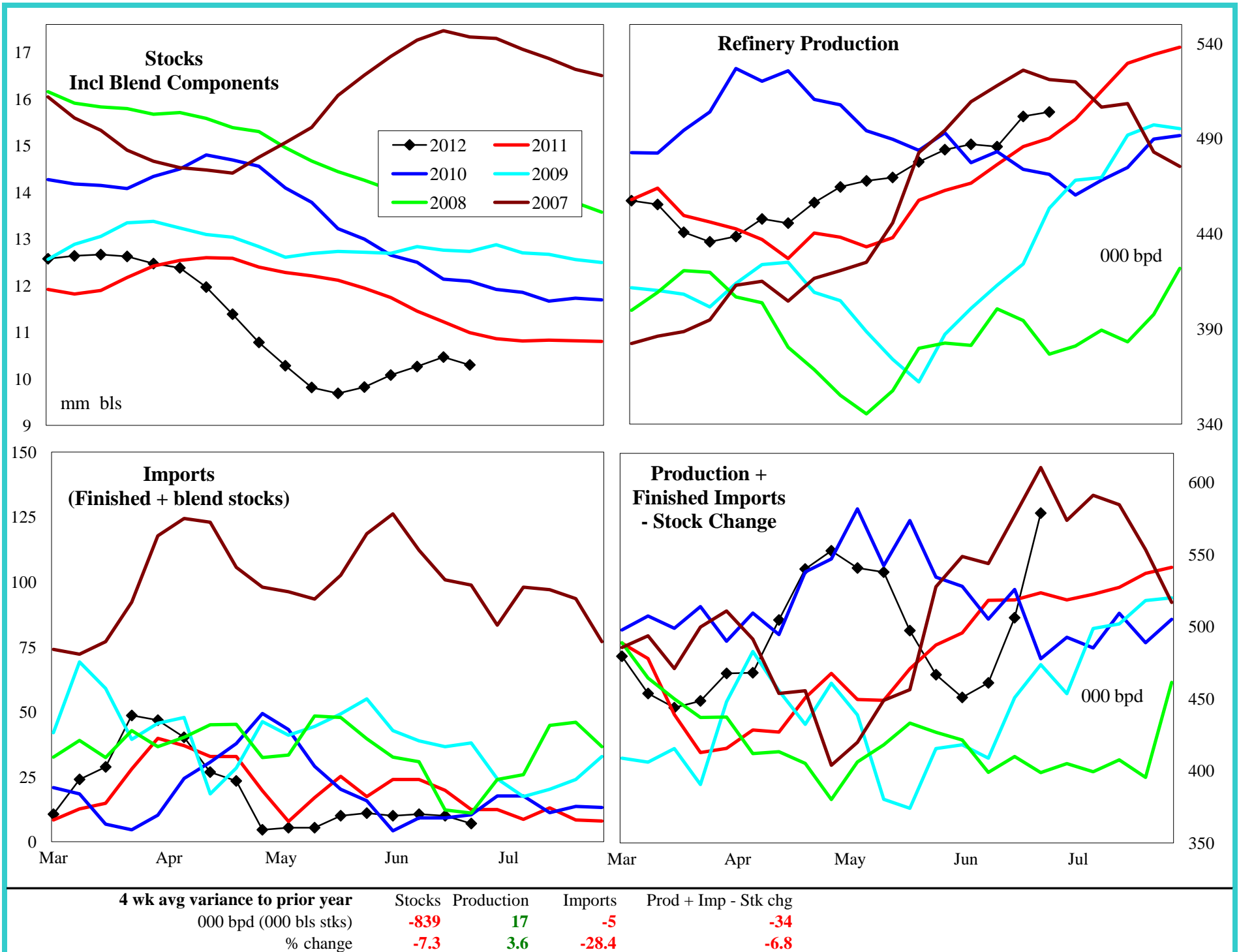
# PADD 5 Gasoline Supply



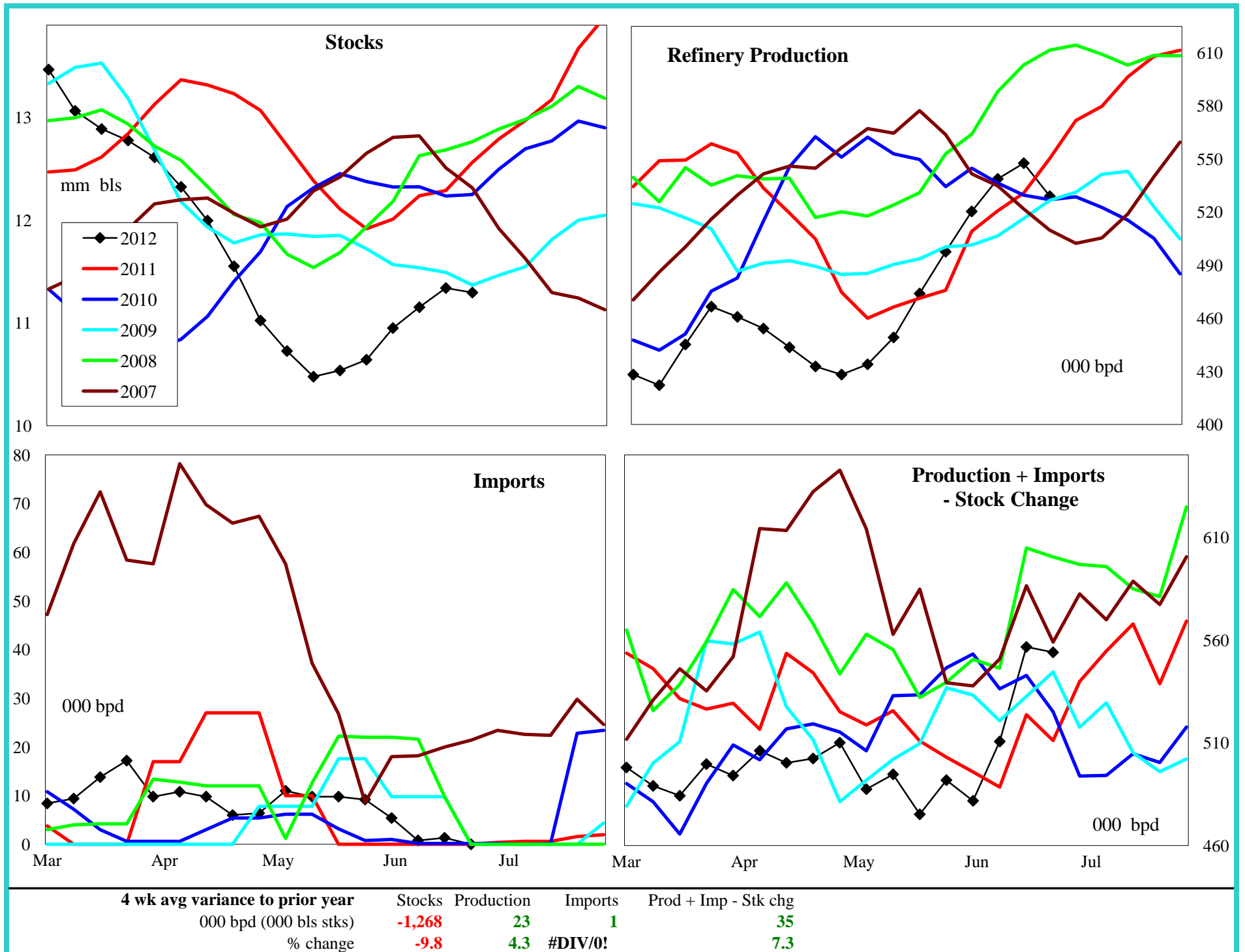
# PADD 5 Reformulated Gasoline Supply



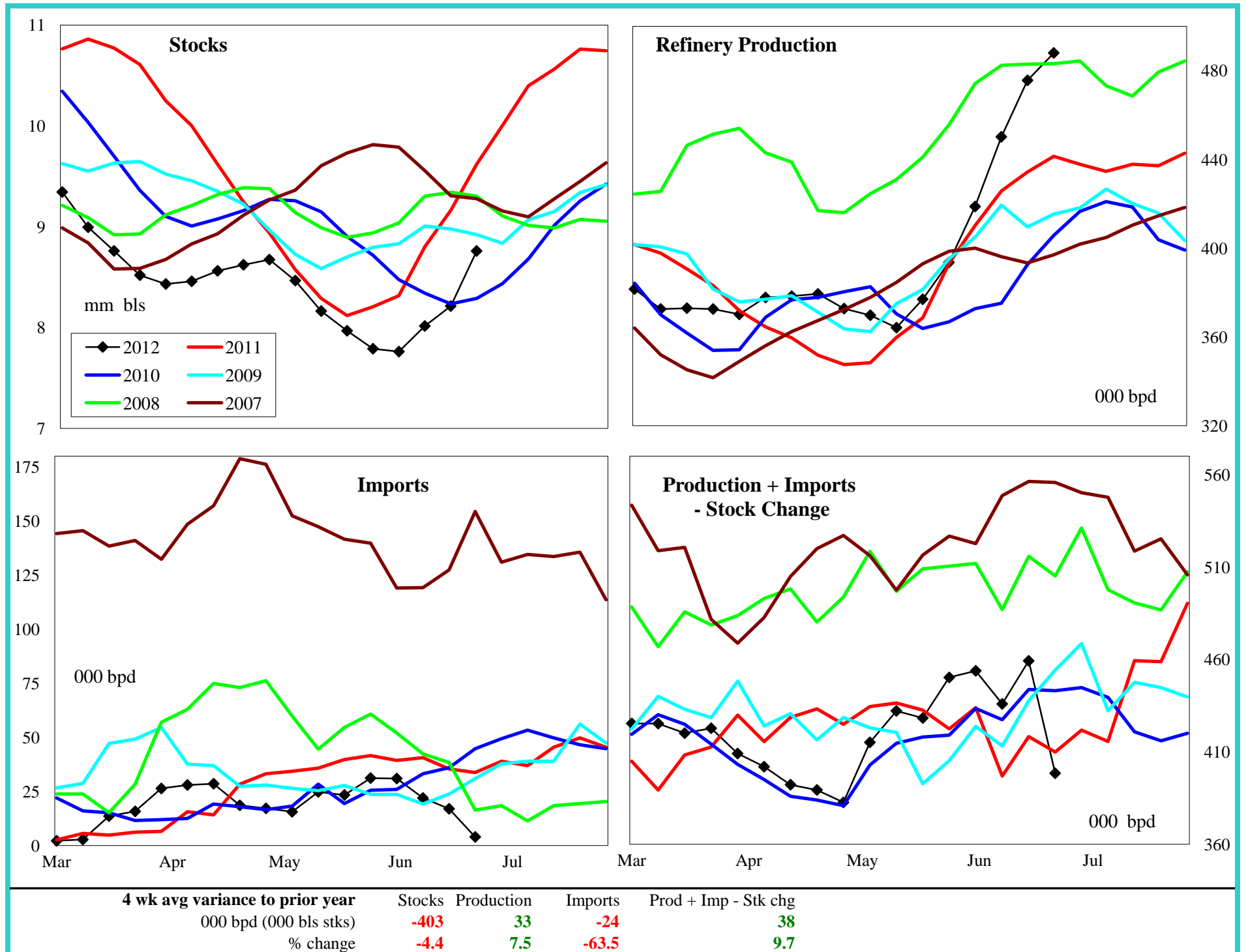
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

