



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

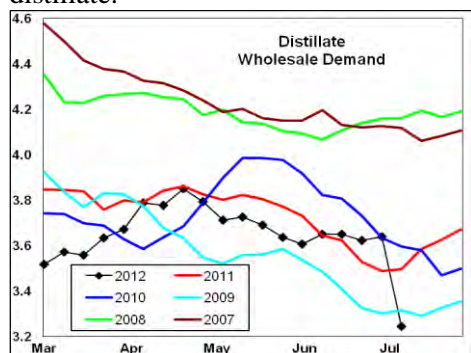
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 11, 2012



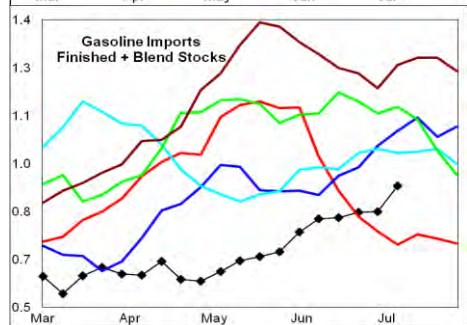
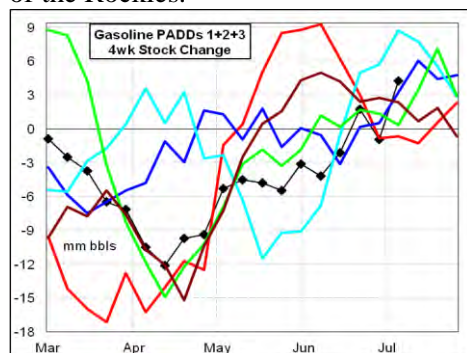
Major Fundamental Trends¹

Wholesale demand for combined transport fuels (gasoline, distillate & jet fuel) fell -0.8 million bpd last week, including a -0.6 million bpd drop in distillate.



As a result stocks increased +6.9 million barrels for the transport fuels with builds of +1 to +3 million barrels for each fuel.

The +2.7 million barrel stock build for gasoline, lifted the 4-wk build rate to +4.3 million barrels in markets East of the Rockies.

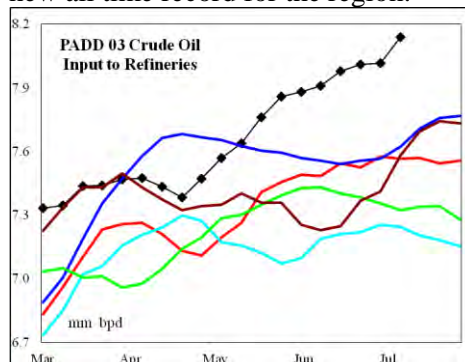


This rate of build is at the upper end of the historic range for this time of year.

Lower tanker truck loadings during the 4th holiday week contributed to the drop in demand and stock build, as

well as an increase in blend stock imports to the highest level of this year. Supplies remain tight in the Central Atlantic and New England Regions where stock levels are below the 5-year range.

Refinery crude oil runs increased last week to fresh 5-year highs for this time of year, led by the Gulf region where runs reached 8.15 million bpd, a new all time record for the region.



Distillate output in PADDs 3 and 4 were +11% and +16% above last year for the most recent 4-wk period; respectively. The high output has led to record stocks in the Rockies and depressed prices. However, robust exports and increased deliveries to the East Coast have driven Gulf stock levels sharply below the last 3-years.

Demand for all transport fuels fell last week by a combined -0.8 million bpd. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -3.9%; distillate up +2.8%; jet fuel up +5.4% while residual fuel oil decreased -37%.

Stocks forward coverage: Gasoline demand coverage increased last week due to a +2.8 million barrel stock build and decrease in demand. Coverage levels matched historic highs.

Distillate coverage increased on a +3.1 million barrel stock build and collapse in demand. Coverage levels were at the low end of the historic range.

Jet fuel coverage increased on a +1 million barrel stock build and sharp drop in seasonal demand. Coverage levels match 5-year lows.

Refinery utilization rates increased last

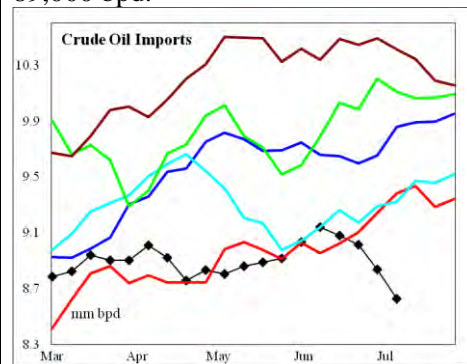
week on a +143,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +400,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased on a -70,000 bpd drop in output compared to the +143,000 bpd rise in crude oil runs. Yield % on crude oil runs was near historic lows.

Distillate yield % on crude oil runs decreased on a -20,000 bpd decline in production, compared to the increase in crude oil runs. The yield % was slightly below 5-year highs.

Jet fuel yield % on crude oil runs spiked on a +127,000 bpd rise in output compared to the increase in crude oil runs. Yield % levels were a record high.

Petroleum Imports of gasoline were slightly higher last week, while crude oil and middle distillates were lower and flat, respectively. During the latest 4-wk period crude oil imports were -230,000 bpd below last year; distillate imports decreased -26,000 bpd; finished gasoline imports decreased -44,000 bpd, gasoline blend stock imports increased +169,000 bpd; jet fuel imports were -60,000 bpd lower, while residual fuel oil imports fell -89,000 bpd.



Crude Oil stocks fell -4.7 million barrels last week, including a -4 million barrel draw on the West Coast.

The summer quarter seasonal draw has begun with a -9 million barrel decrease during the last 2-wks. Cushing stocks ended the week +9.6 million barrels above last year, +26%.

¹ Source is latest EIA Weekly Statistics



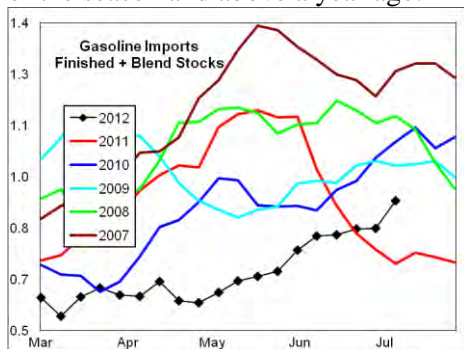
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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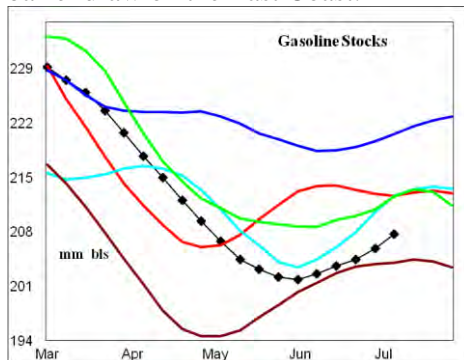
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Product Supply-Demand Trends

Gasoline demand decreased -84,000 bpd last week, in-line with lower seasonal demand for prior years. The latest 4-wk average demand was -362,000 bpd below a year ago, a decline of -3.9%. Production decreased -70,000 bpd on the week, a level comparable with the last 2-years. Imports offset the drop in production, rising 96,000 bpd to the highest level of the season and above a year ago.



Stocks increased +0.2 million barrels on the week, including a -1.8 million barrel draw on the East Coast.



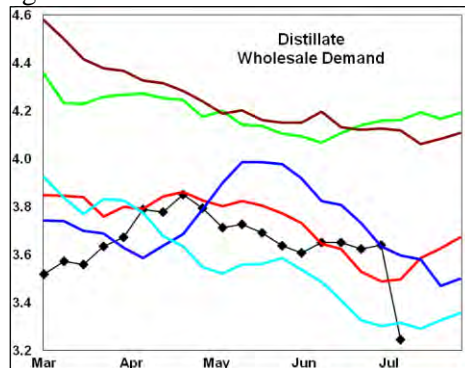
The latest 4-wk stock change in markets East of the Rockies was +4.3 million barrel build, a larger build than four of the last 5-years.

Weak demand and increased imports have led to a seasonal stock build, although from a very low level. Stock levels remain extremely low in the Central Atlantic and New England Regions.

Tightness in the key Central Atlantic Region of PADD 1 continues to drive a steep inversion in the NYMEX ROBOB forward price curve.

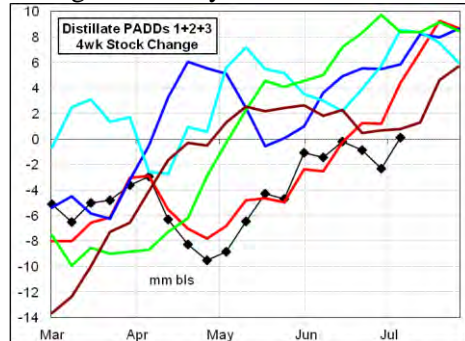
Distillate demand plunged -605,000 bpd last week, to a level below the 5-year range. The latest 4-wk average

demand was +97,000 bpd above a year ago.

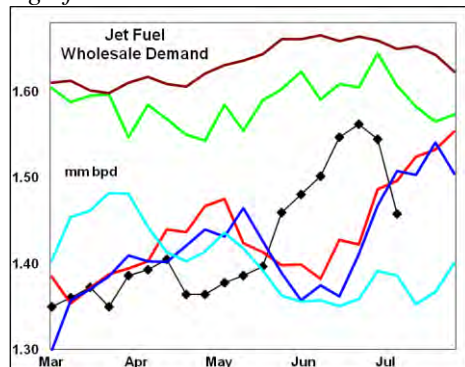


Supplies were nearly unchanged on the week, leading to a +3.1 million barrel stock build.

The latest 4-wk stock build in markets East of the Rockies was +0.1 million barrels, compared to an average build of +6 million barrels during the last 3-years.



After this week's stock build, the level matches 5-year lows. Supplies are up +225,000 bpd over a year ago for the latest 4-wk period. A sustained period of high output and lower demand will be necessary to see any significant stock builds.



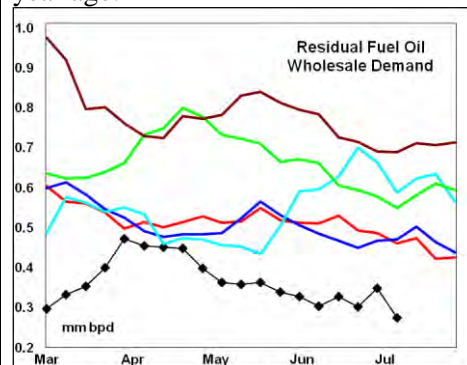
Jet Fuel demand fell -135,000 bpd last week, to a level below the last 2-years. The latest 4-wk average demand was +79,000 bpd above a year ago, up

+5%.

Production spiked +127,000 bpd last week, to an all time record high level. Stocks climbed +1 million barrels on the week, although the level remains -12% below last year.

Last week's sharp drop in wholesale demand reflects a later than normal seasonal decline. Combined with the surge in output, seasonal stock builds should continue for the balance of the summer quarter.

Residual fuel oil demand fell -217,000 bpd last week. The latest 4-wk average was -188,000 bpd below a year ago.



Supply (production + imports) fell -155,000 bpd last week, on lower production and imports. The latest 4-wk average supply was -115,000 bpd below last year on lower imports and production. Stocks increased +0.5 million barrels on the week to a level near prior year historic lows.

Wholesale demand remains exceptionally weak, off -37% during the latest 4-wk period compared to a year ago. Imports are down -26% for the same period. Stock levels have climbed +2 million barrels in PADD 1 during the last month, to the highest level of the year. Gulf stocks ended the week -1.3 million barrels below a year ago, but at the upper end of the 5-year range.



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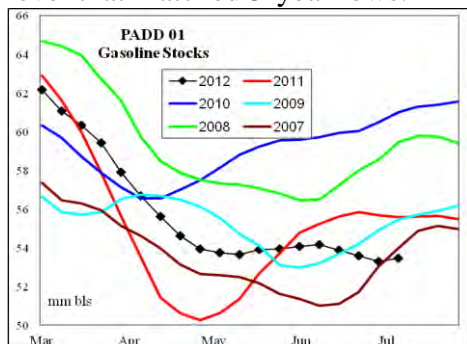
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -3,000 bpd on the week, with the latest 4-wk average -237,000 bpd below last year.

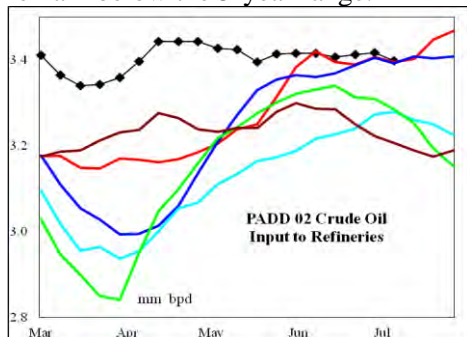
Gasoline imports increased +109,000 bpd on the week, while production was unchanged. Stocks increased +1.1 million barrels, a level that matched 5-year lows.



Stock levels in the Central Atlantic and New England regions each remain at record lows. Stocks in the Lower Atlantic Region matched year ago levels.

Distillate supply increased +19,000 bpd last week, but remain at extremely low levels. Stocks increased +1.6 million barrels on the week, a level still below the historic range.

Jet fuel supply was unchanged on the week. bpd on the week; with the latest 4-wk average -89,000 bpd below a year ago and at record lows. Stocks increased +0.3 million barrels but remain below the 5-year range.



PADD 2 crude oil refinery runs decreased -15,000 bpd on the week, with the 4-wk average +25,000 bpd above last year. Crude oil imports decreased -45,000 bpd last week; with the latest 4-wk average +29% above

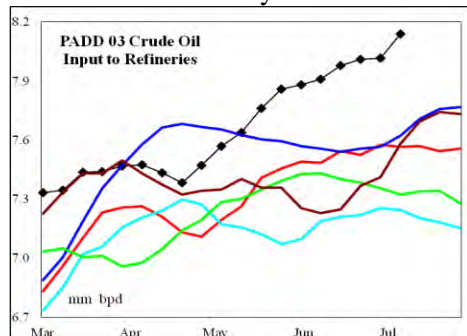
last year. Stocks declined -0.5 million barrels, +10% above the prior 5-year high.

Gasoline production fell -112,000 bpd last week, to a level comparable to the last 2-years. Stocks increased +0.5 million barrels, to a level near the last 2-years.

Distillate production increased +22,000 bpd on the week, to a level that matched last year. Stocks fell -0.7 million barrels last week, to a new 5-year low for this time of year.

Jet fuel production decreased -1,000 bpd on the week, but remains at a record high level for the week. Stocks were unchanged at a level near historic lows.

PADD 3 refinery runs climbed +123,000 bpd last week, a new record high compared to prior years. The latest 4-wk average thru put was +434,000 bpd above last year. Crude oil imports increased +0.2 million bpd last week although the level remains -11% below last year. Stocks decreased -1 million barrels on the week, a level well above the last 3-years.



Gasoline production jumped +148,000 bpd last week, to the highest level of the summer quarter. Stocks climbed +0.8 million barrels last week, the 3rd consecutive weekly build.

Distillate supply increased +10,000 bpd on the week, with record levels of both production and imports. Stocks increased +1.3 million barrels to the highest level of the last 4-months.

Jet fuel production jumped +72,000 bpd last week, to record high level for the year. Stocks increased +0.6 million barrels but remain below the last month.

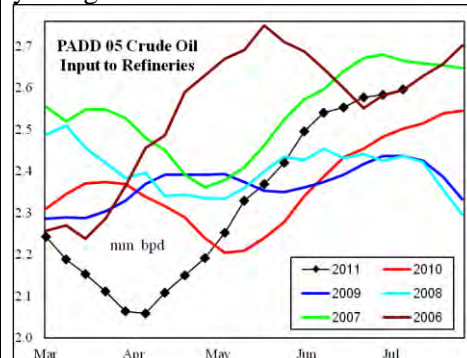
Residual fuel oil supplies decreased -101,000 bpd last week. Stock levels ended the week -4.5% below last years' 5-year high.

PADD 4 refinery crude runs decreased -7,000 bpd on the week, a level still above the 5-year range. The most recent 4-wk average run rate was +44,000 above last year.

Gasoline supply decreased -7,000 bpd on the week, to a level below the mid range. Stocks increased +0.3 million barrels to a level that matched last year.

Distillate production declined -3,000 bpd on the week, 29,000 bpd above last year. Stocks decreased -0.2 million barrels on the week, although the level remains above the 5-year range for this time of year.


PADD 5 crude oil refinery runs increased +44,000 bpd last week, a level well above each of the last 3-years. Runs for the most recent 4-wk period were +125,000 bpd above a year ago.



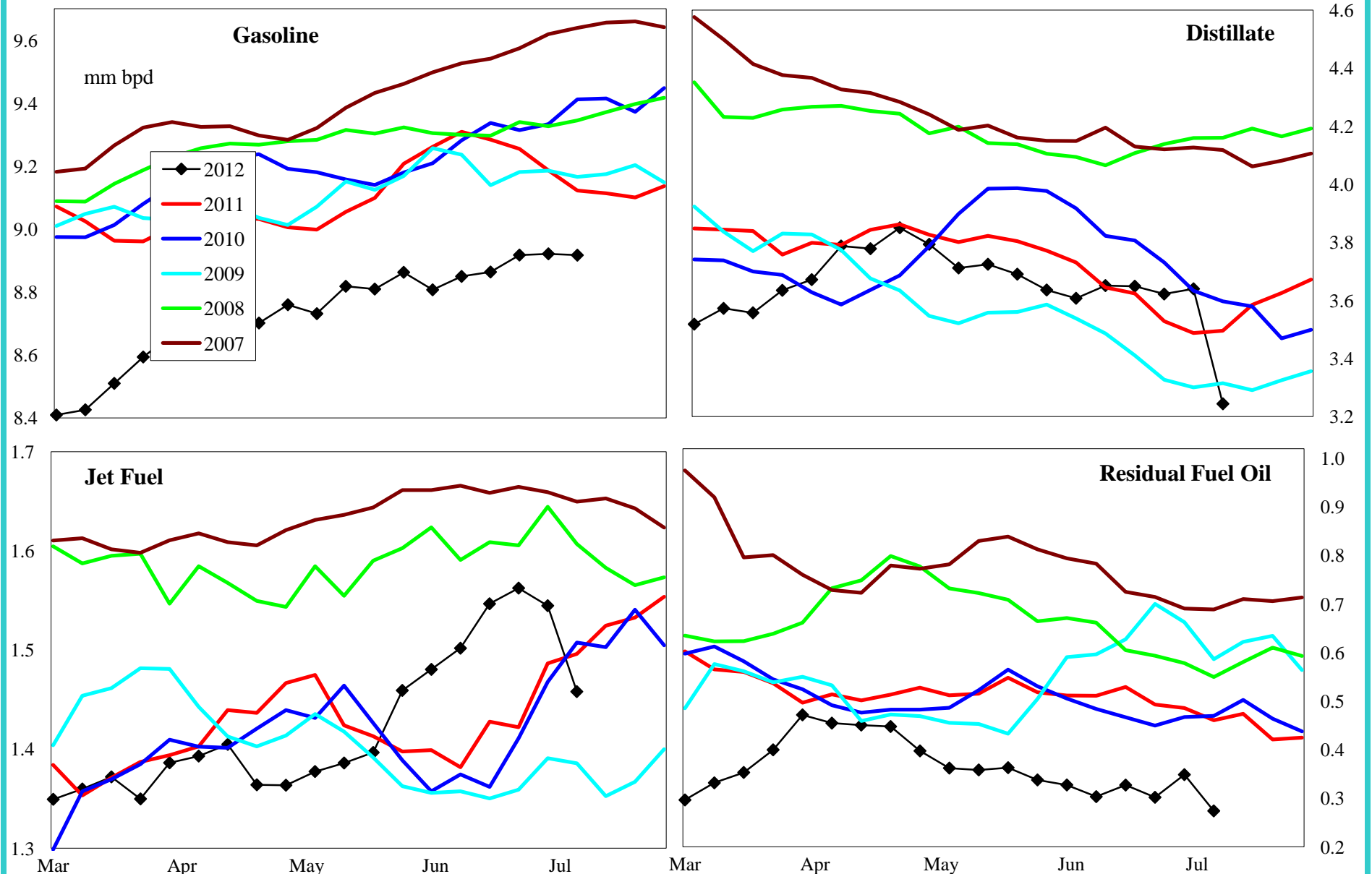
Gasoline supply increased +26,000 bpd on the week; with the latest 4-wk average +24,000 bpd above a year ago. Stocks climbed +0.1 million barrels last week, to a level at the low end of the historic range.

Distillate supply fell -56,000 bpd on the week, still a level above each of the last 3-years. Stocks jumped +1.1 million barrels, a level -7% below last year.

Jet fuel supply surged +56,000 bpd last week to a fresh 5-year high. Stocks ended the week near the mid range.

 FUNDAMENTAL PETROLEUM TRENDS?		PETROLEUM: Graph Link and Weekly Summary					
		A Fundamental Petroleum Trends Weekly Report				July 11, 2012	
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization			Imports	
					Product Yield %		
Supply/Demand Trends	6-Jul-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-4,696	346	-467	-995	399	-3,980
	Imports	-148	-53	-45	201	38	-286
	Input	143	-3	-15	123	-7	44
	% Utilization	0.70					
Gasoline	Stocks	2,752	1,098	457	816	314	68
	Production	-70	-5	-112	148	-7	13
	Imports	96	109	0	-27	0	13
	Supplied	-84					
Distillate	Stocks	3,112	1,628	-705	1,330	-194	1,055
	Production	-20	3	22	6	-3	-48
	Imports	10	16	-1	4	0	-8
	Supplied	-605					
Jet Fuel	Stocks	1,040	323	-1	588	-16	146
	Production	127	1	-1	72	1	53
	Imports	3	0	0	0	0	3
	Supplied	-135					
Residual Fuel Oil	Stocks	540	264	16	74	1	185
	Production	-108	3	11	-98	0	-25
	Imports	-47	-20	5	-3	0	-30
	Supplied	-217					

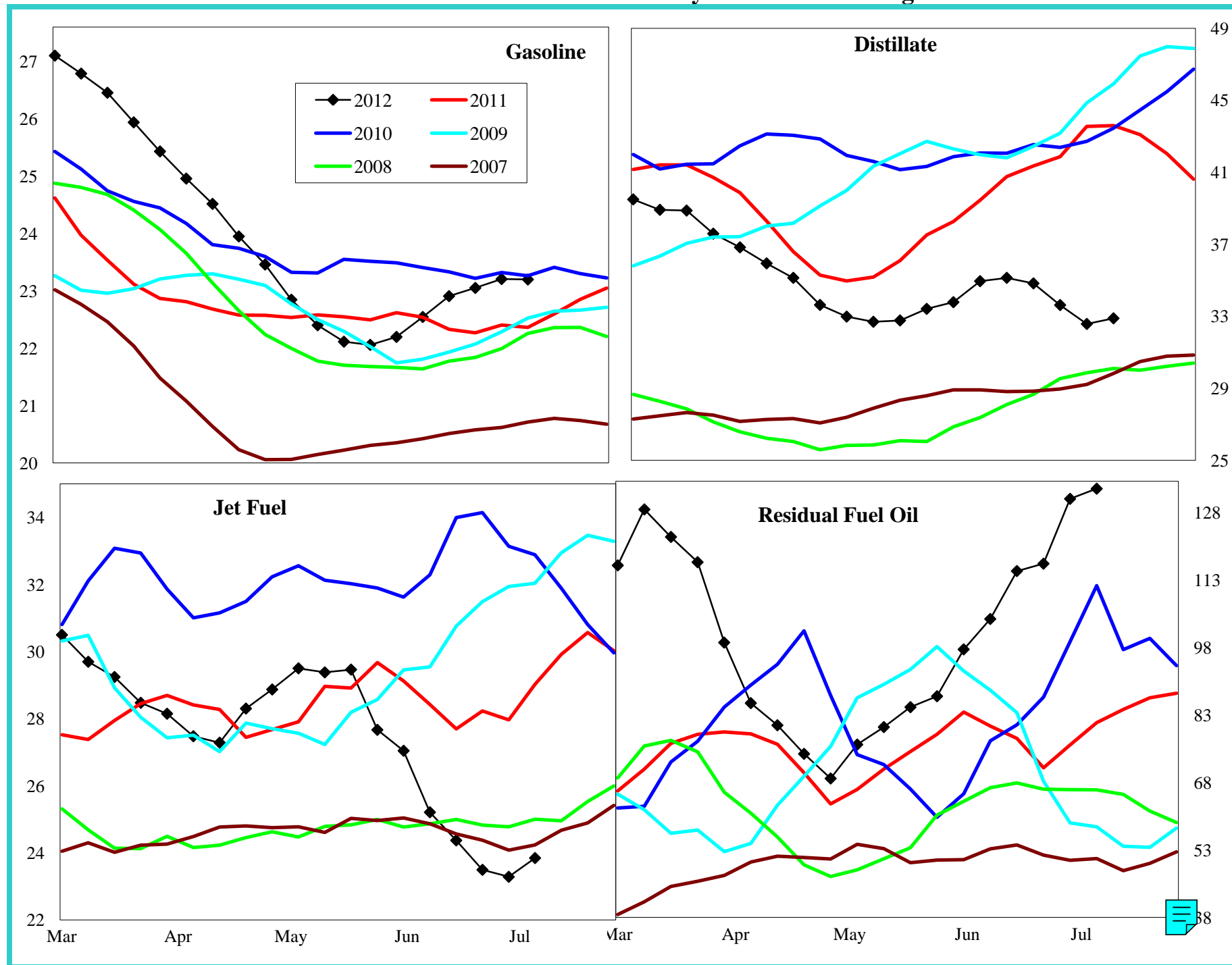
United States Wholesale Petroleum Demand



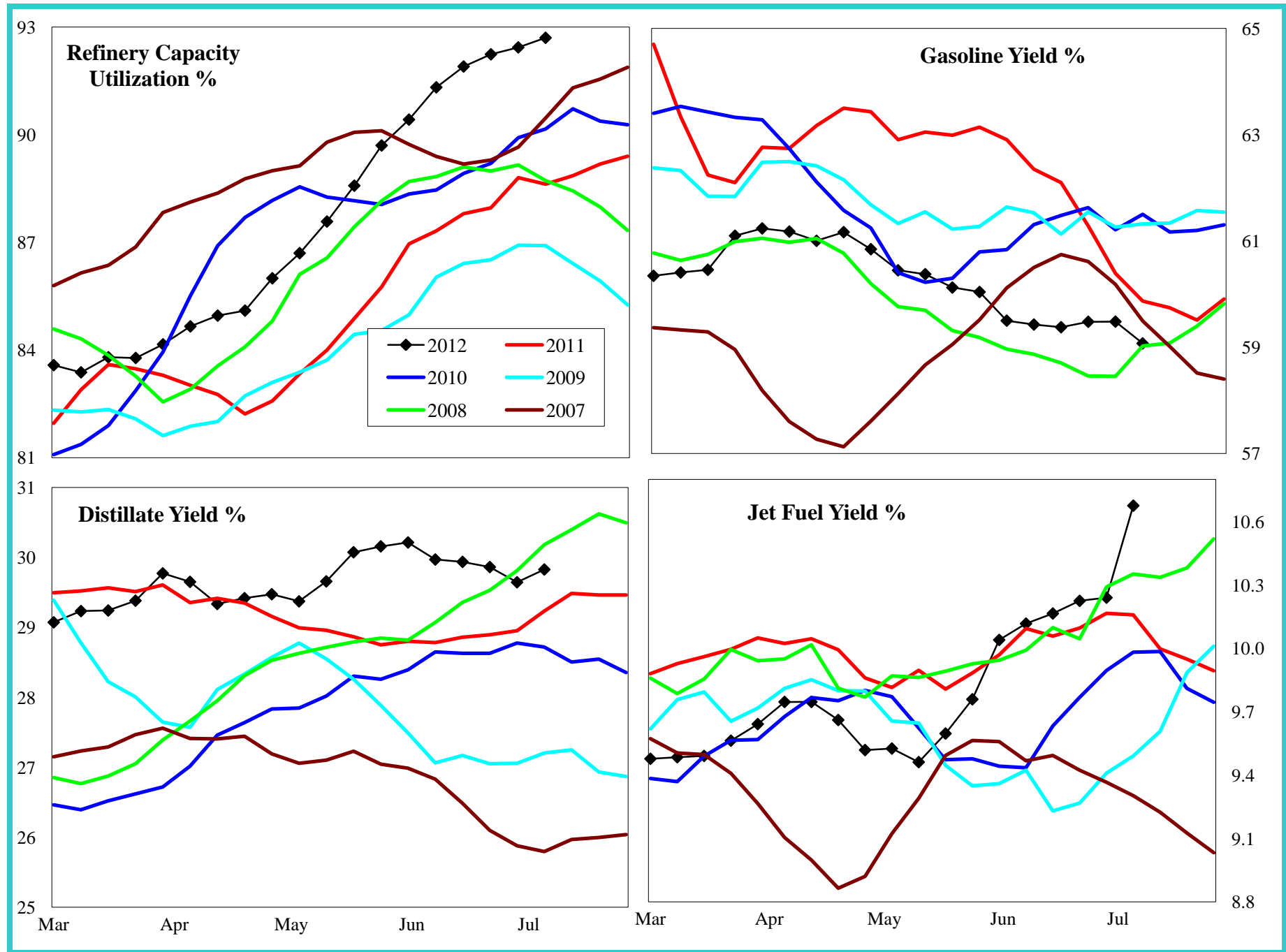
	000 bpd change from prior year				% change from prior year			
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar
Gasoline	-362	12	-55	-117	-3.9	0.1	-0.6	-1.3
Distillate	97	-33	141	-325	2.8	-0.9	3.8	-8.1
Jet Fuel	79	-16	-103	-7	5.4	-1.1	-7.1	-0.5
Resid	-188	-116	-172	-131	-37.2	-24.3	-28.7	-23.9



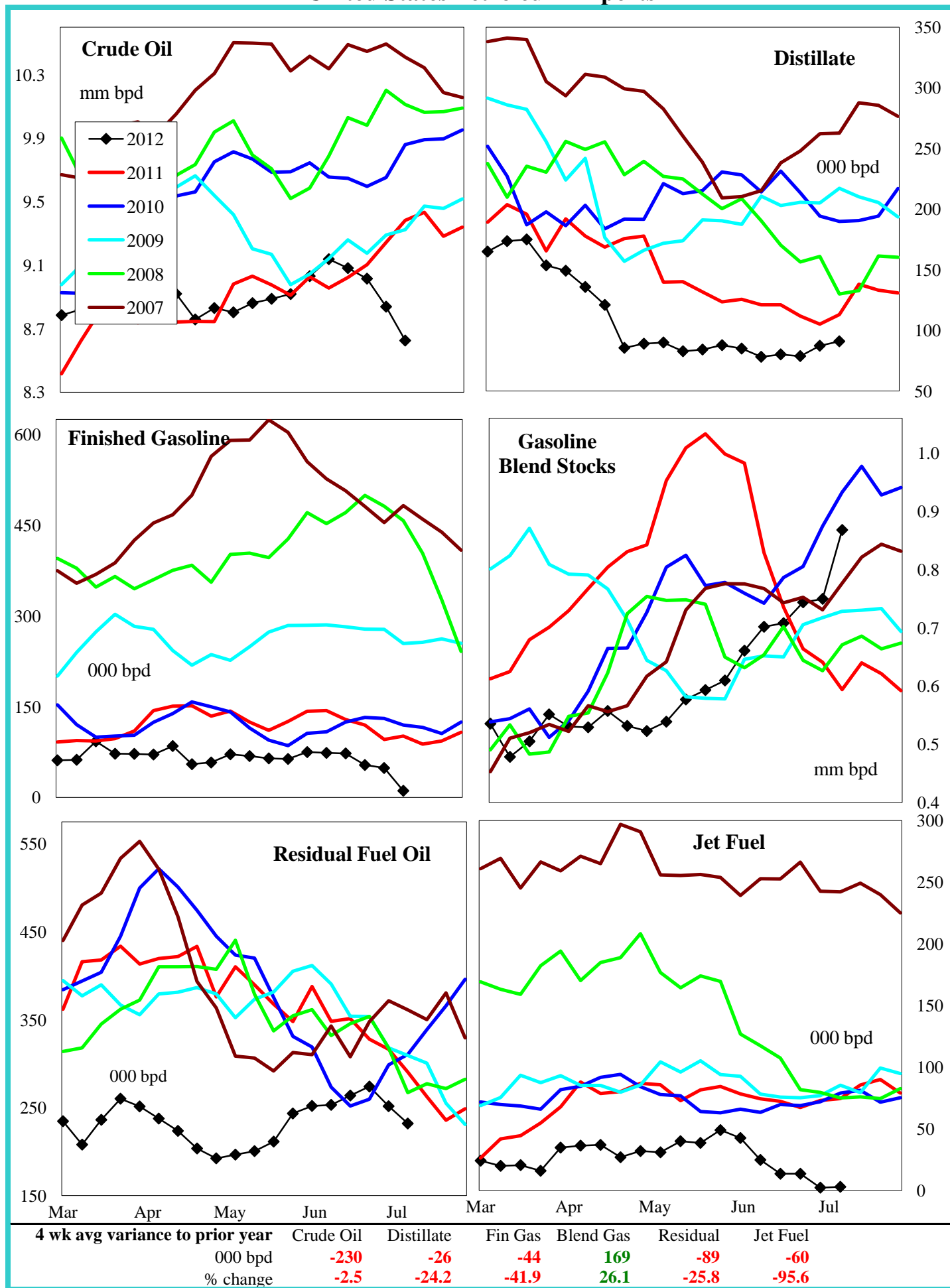
United States Product Stocks: Days Forward Coverage



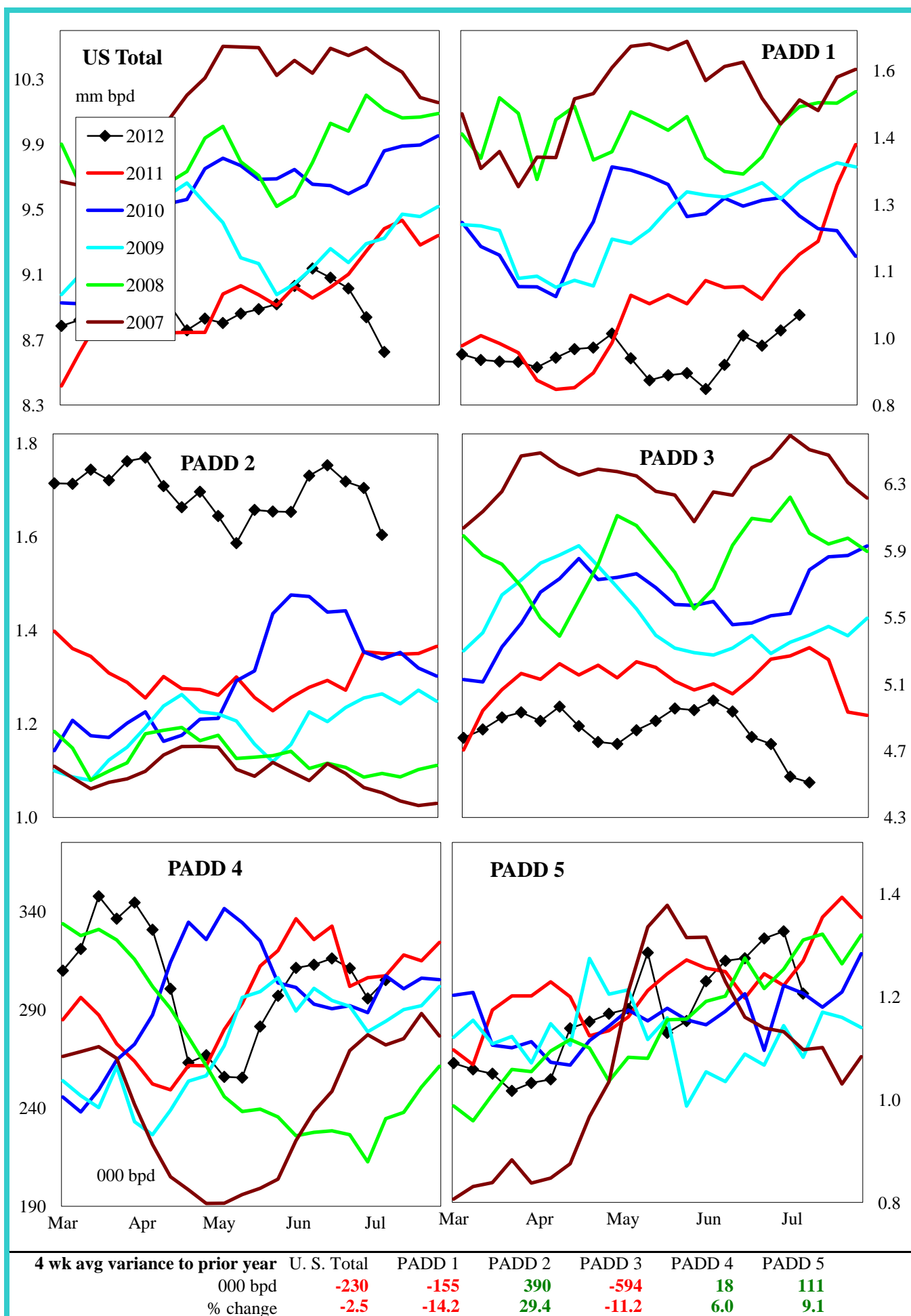
United States Refinery Percent Utilization Rate and Product Yields



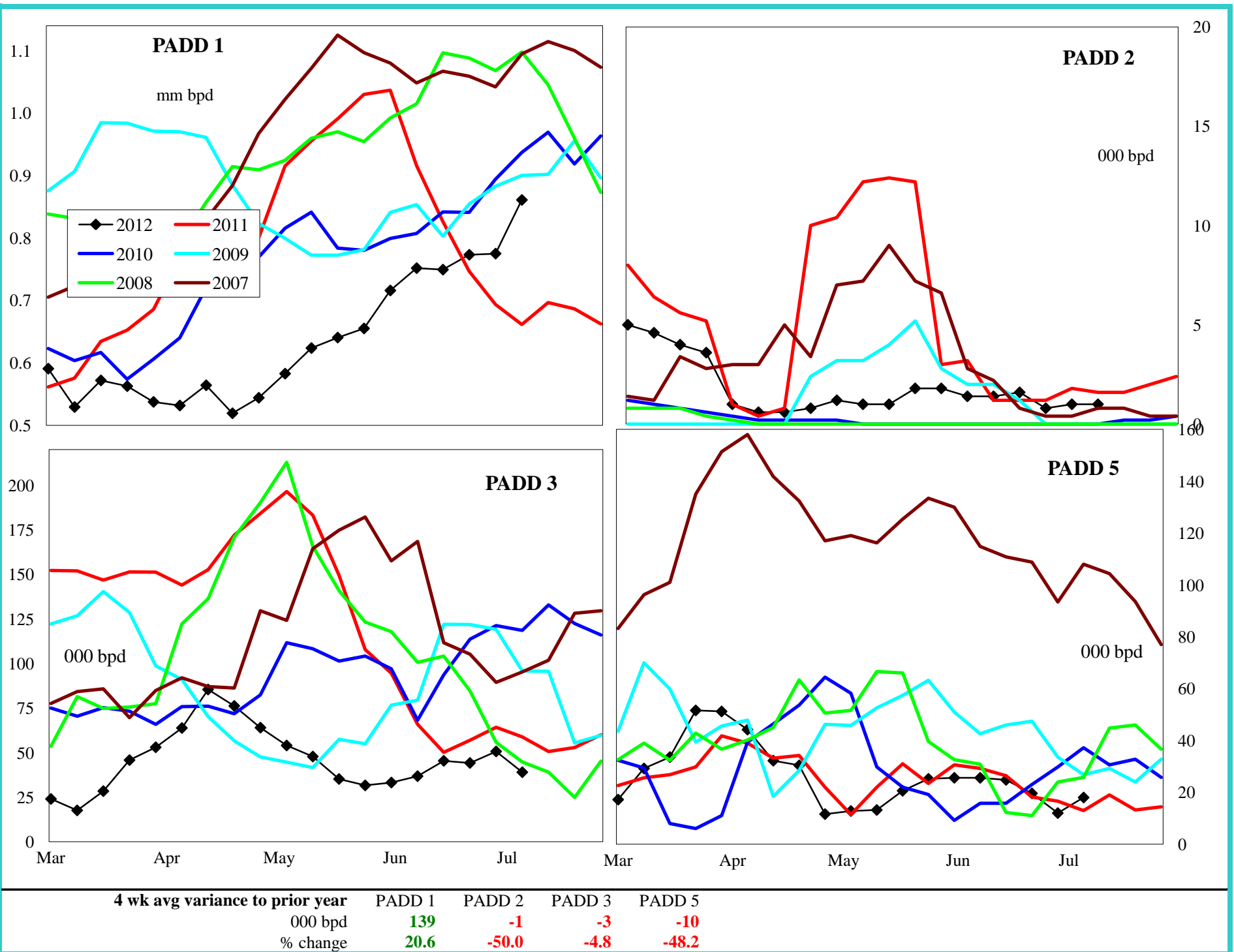
United States Petroleum Imports



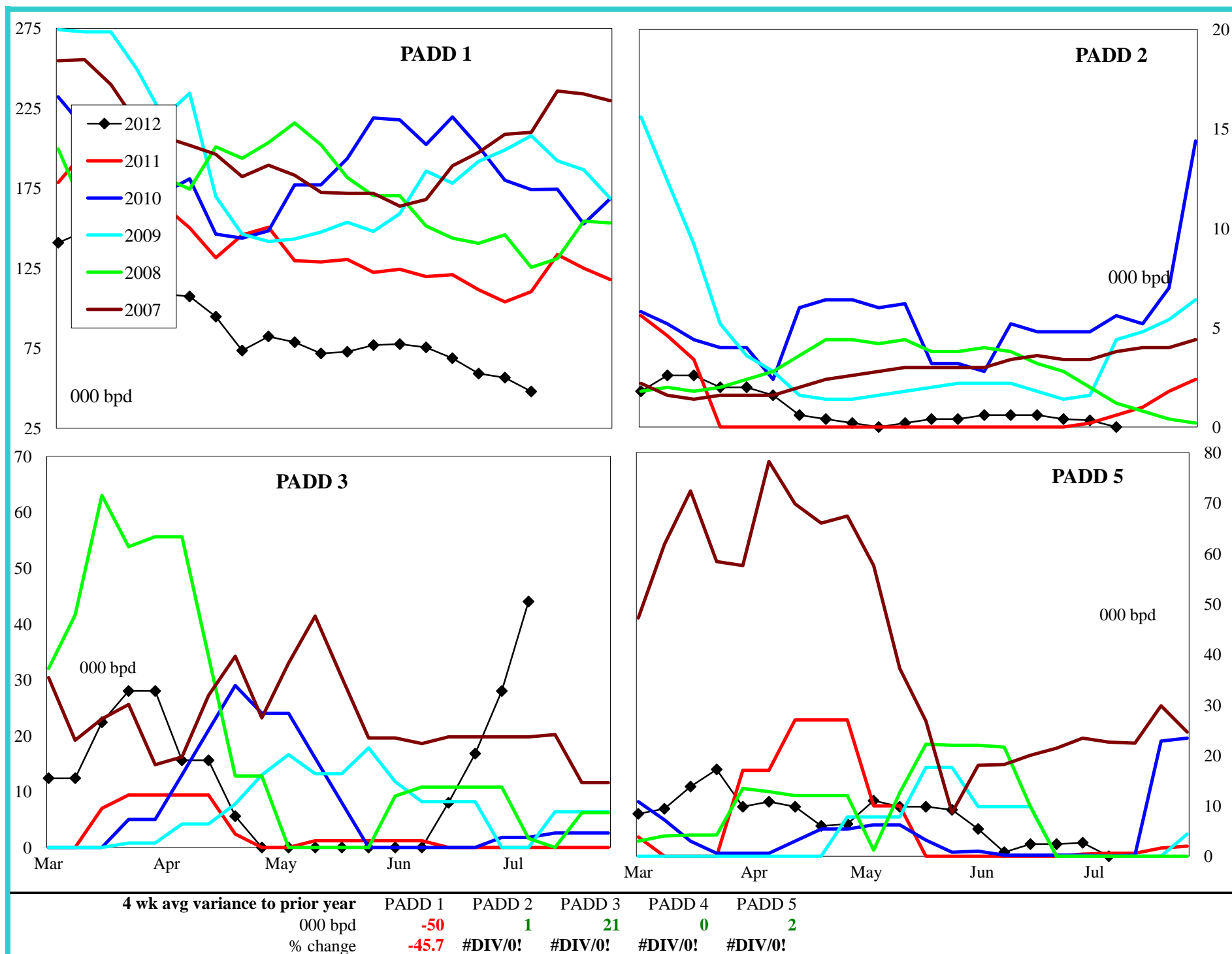
Crude Oil Imports by PADD



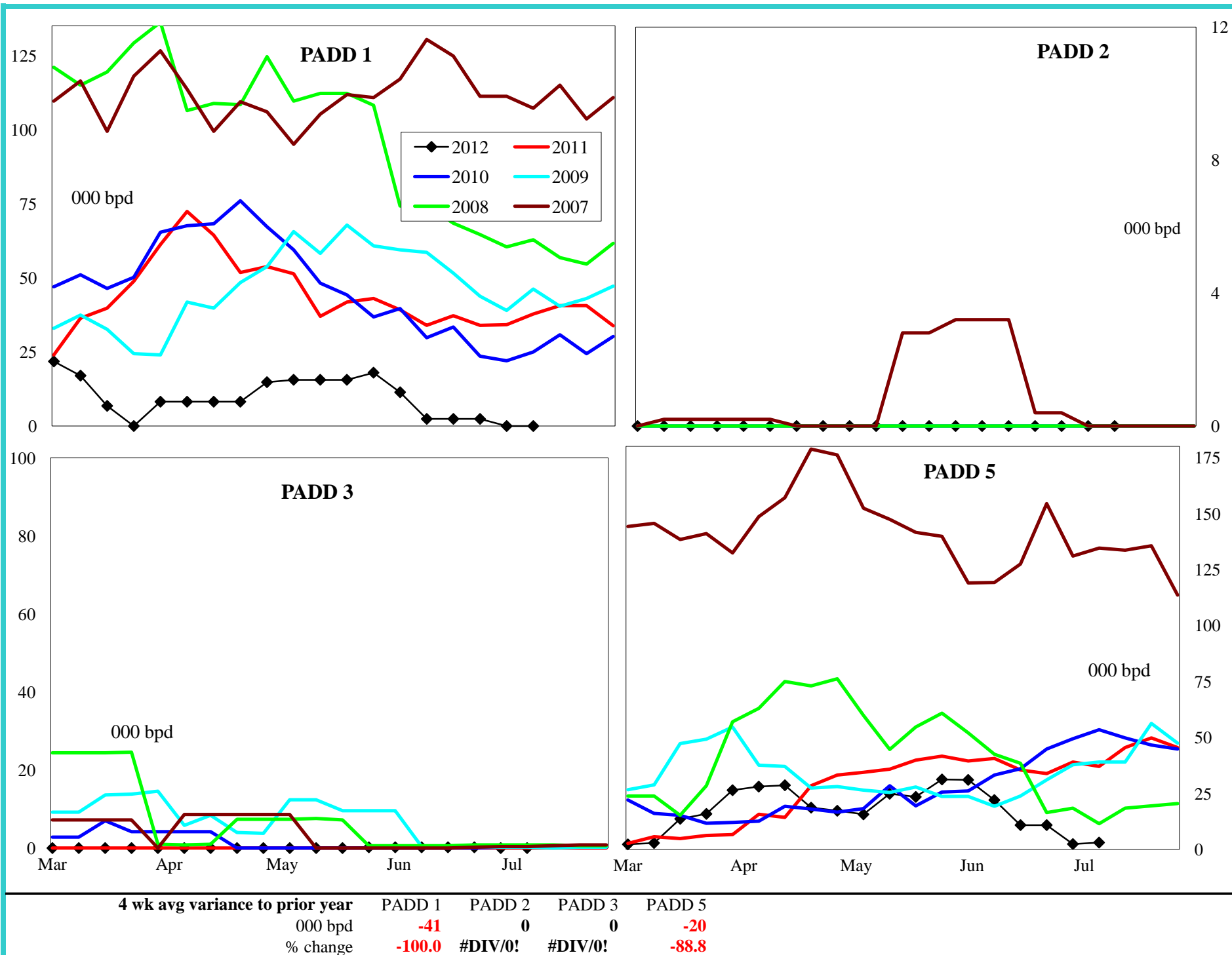
Gasoline Imports by PADD (Finished + Blend Stocks)



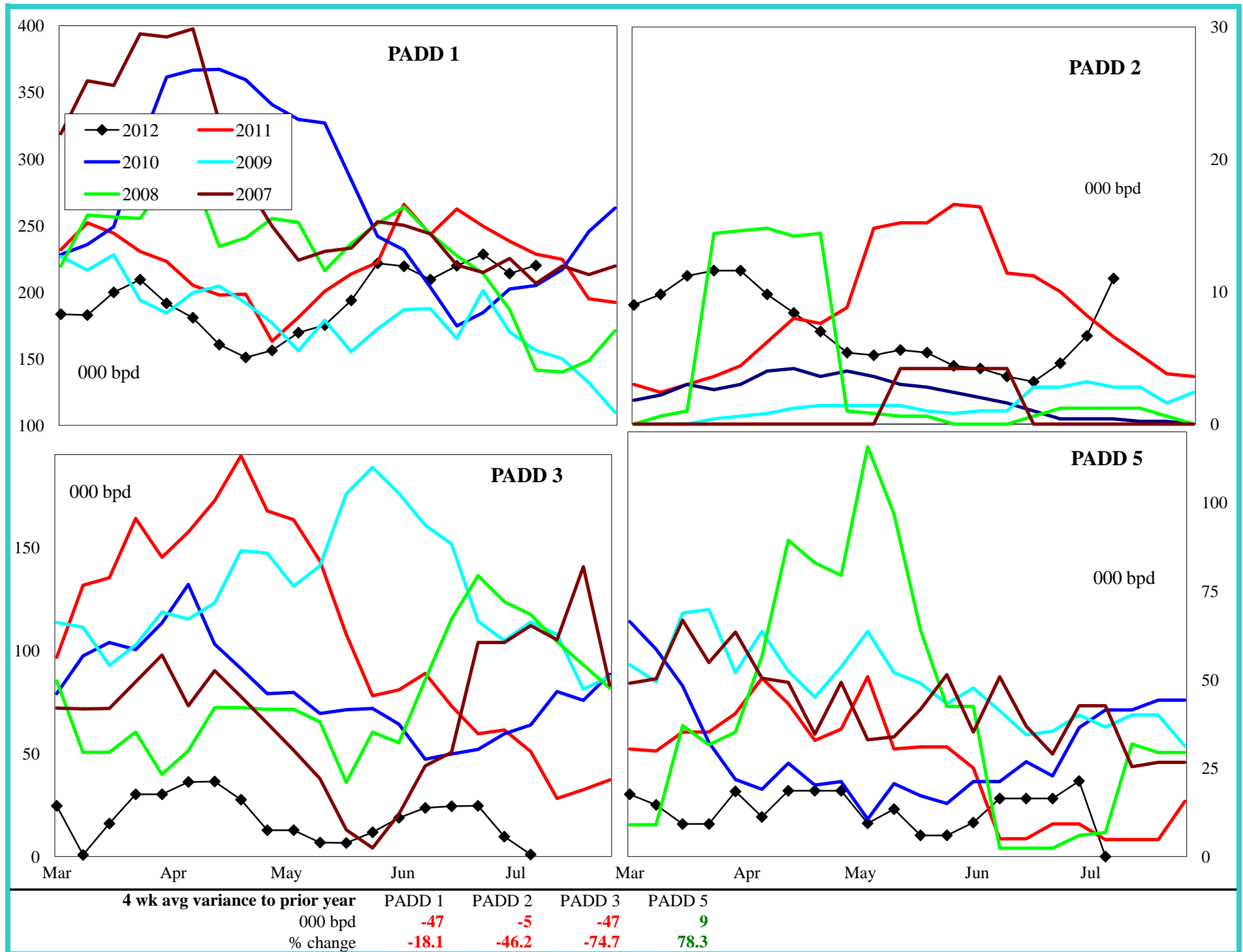
Distillate Imports by PADD



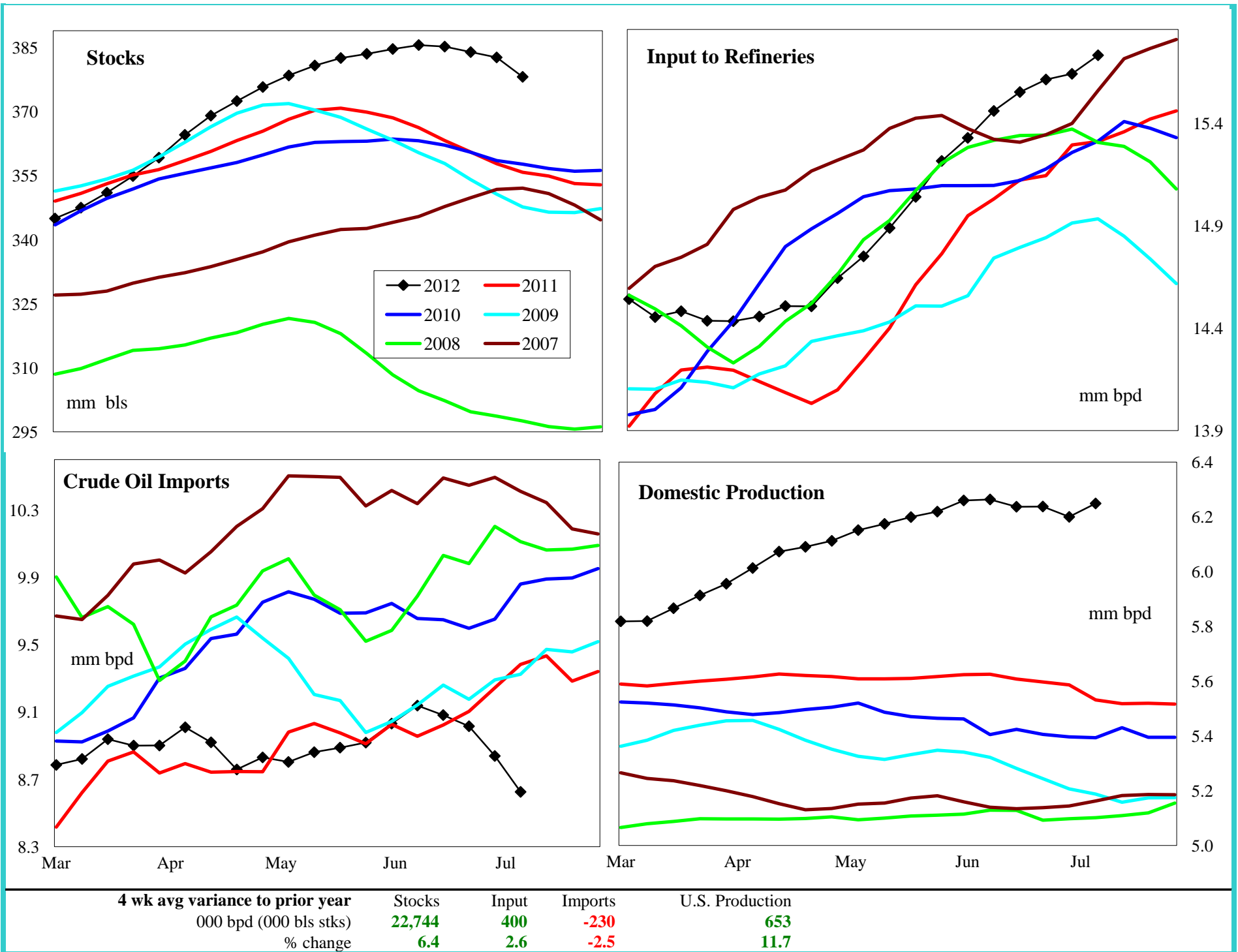
Jet Fuel Imports by PADD



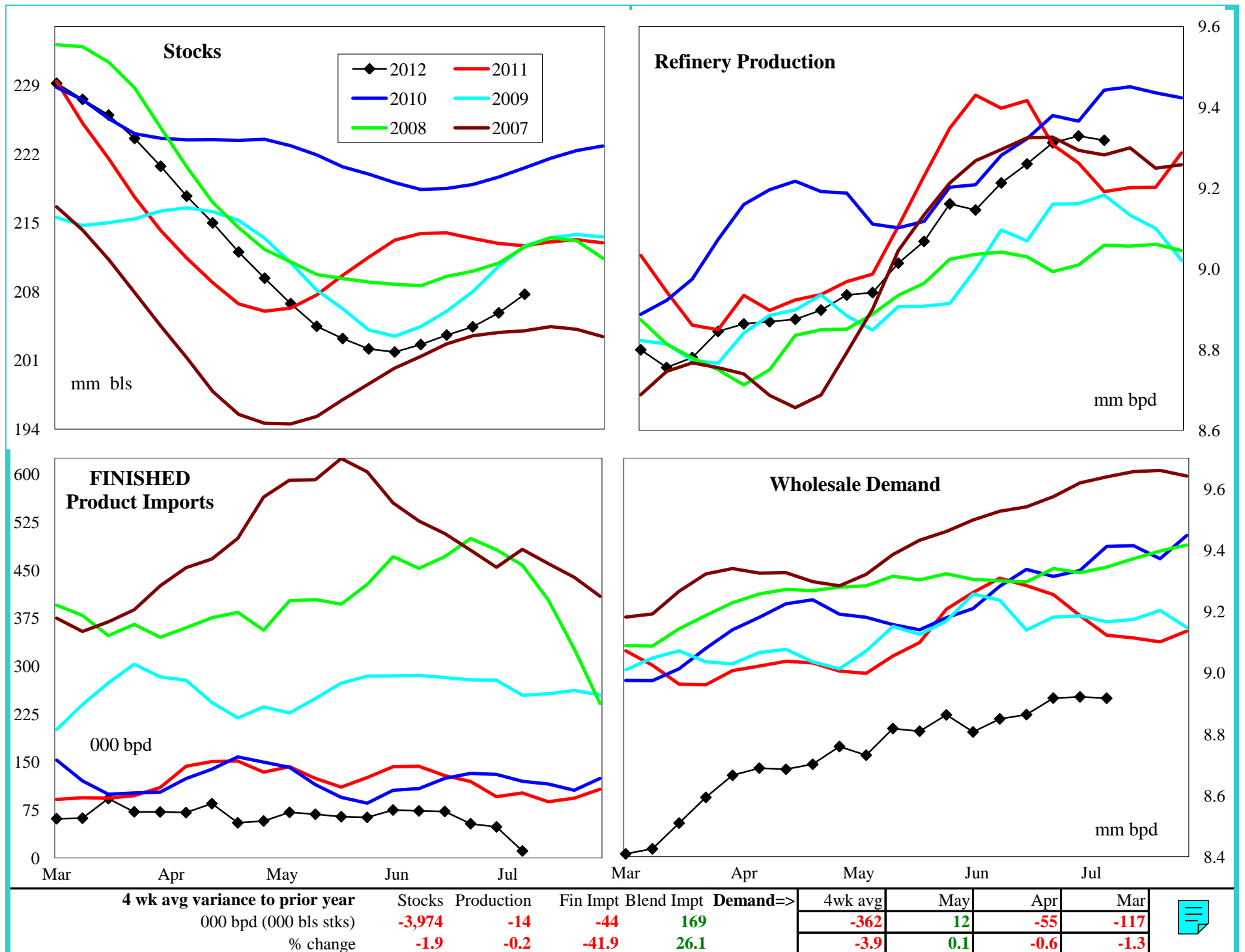
Residual Fuel Oil Imports by PADD



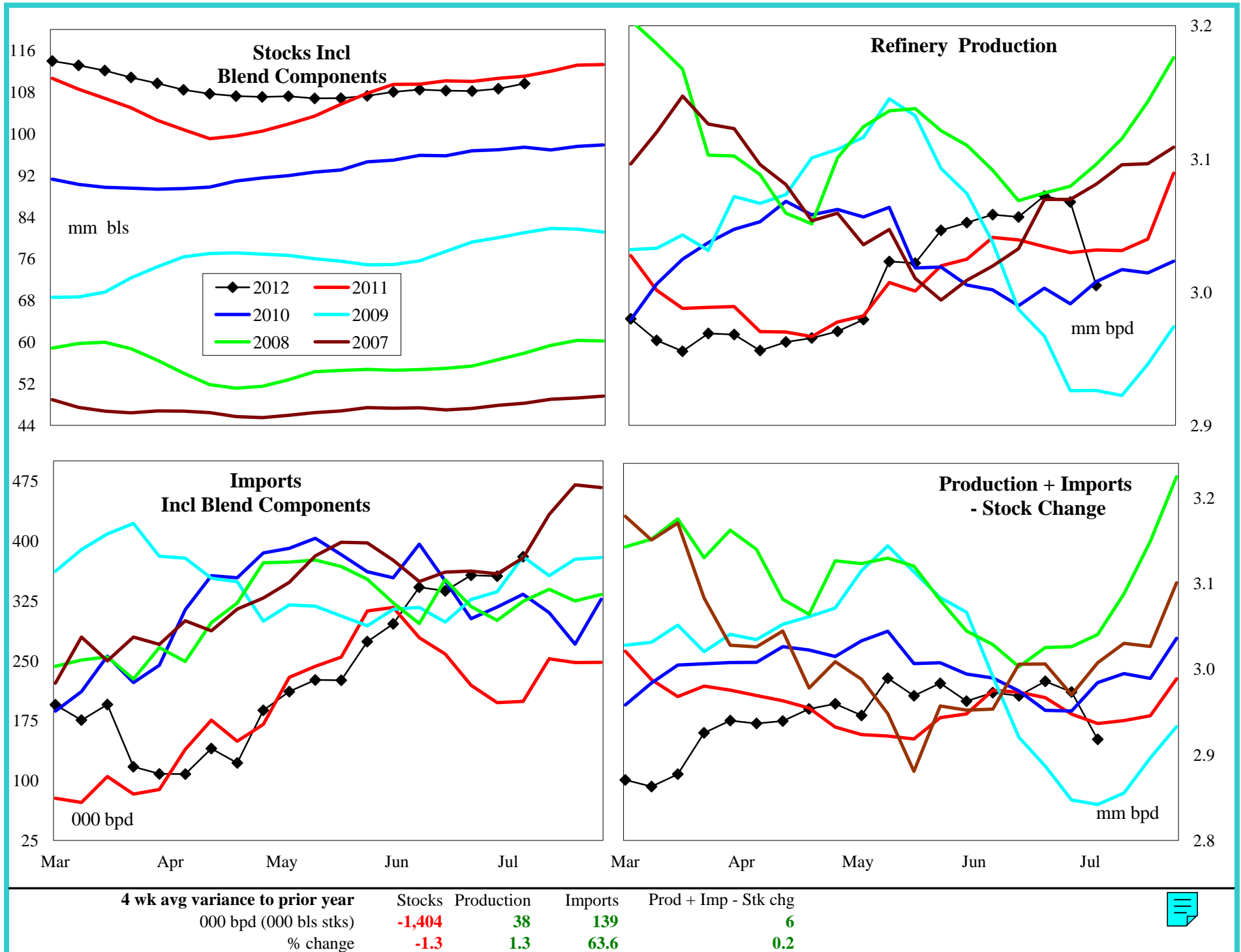
United States Crude Oil Supply and Demand Balance



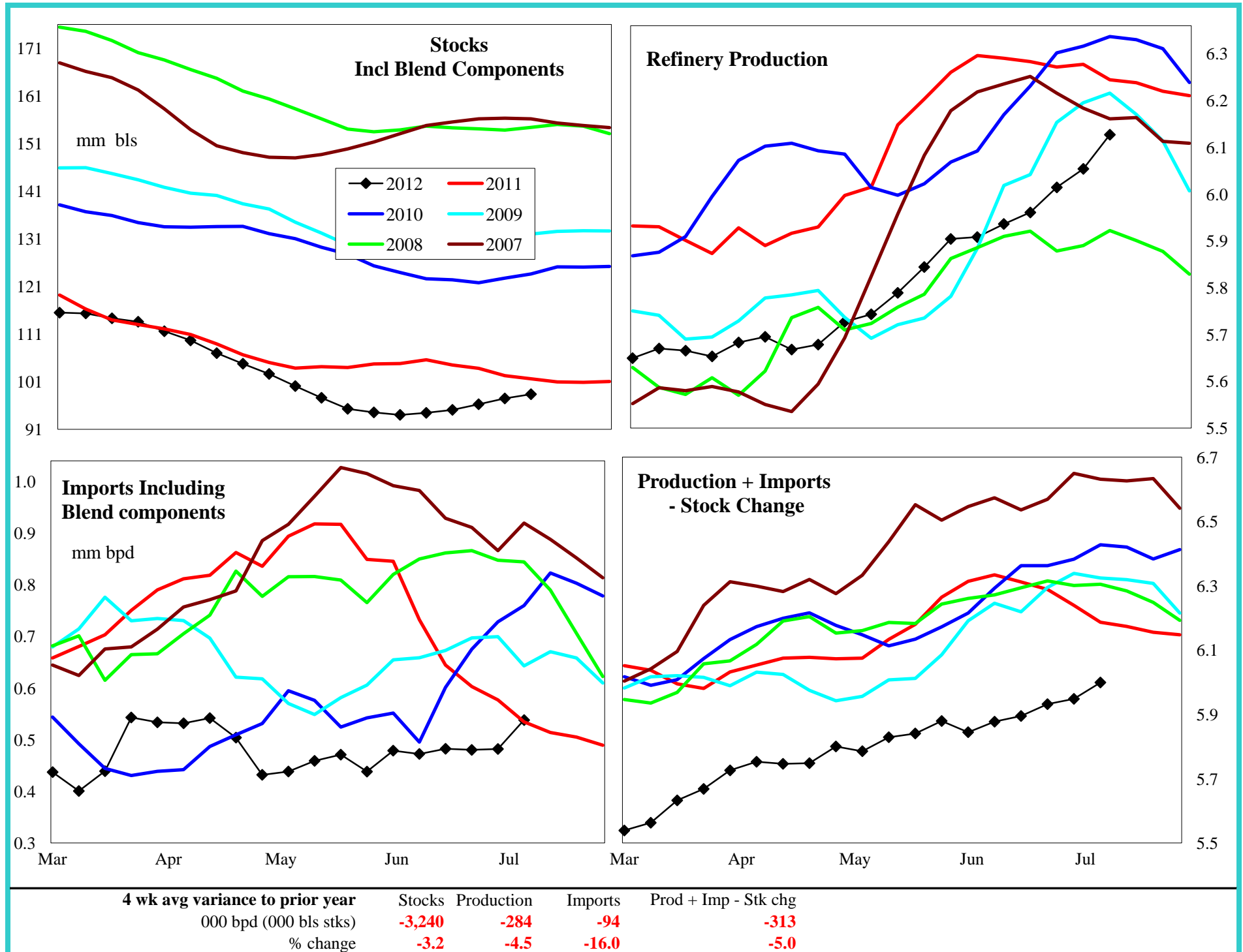
United States Gasoline Supply and Demand Balance



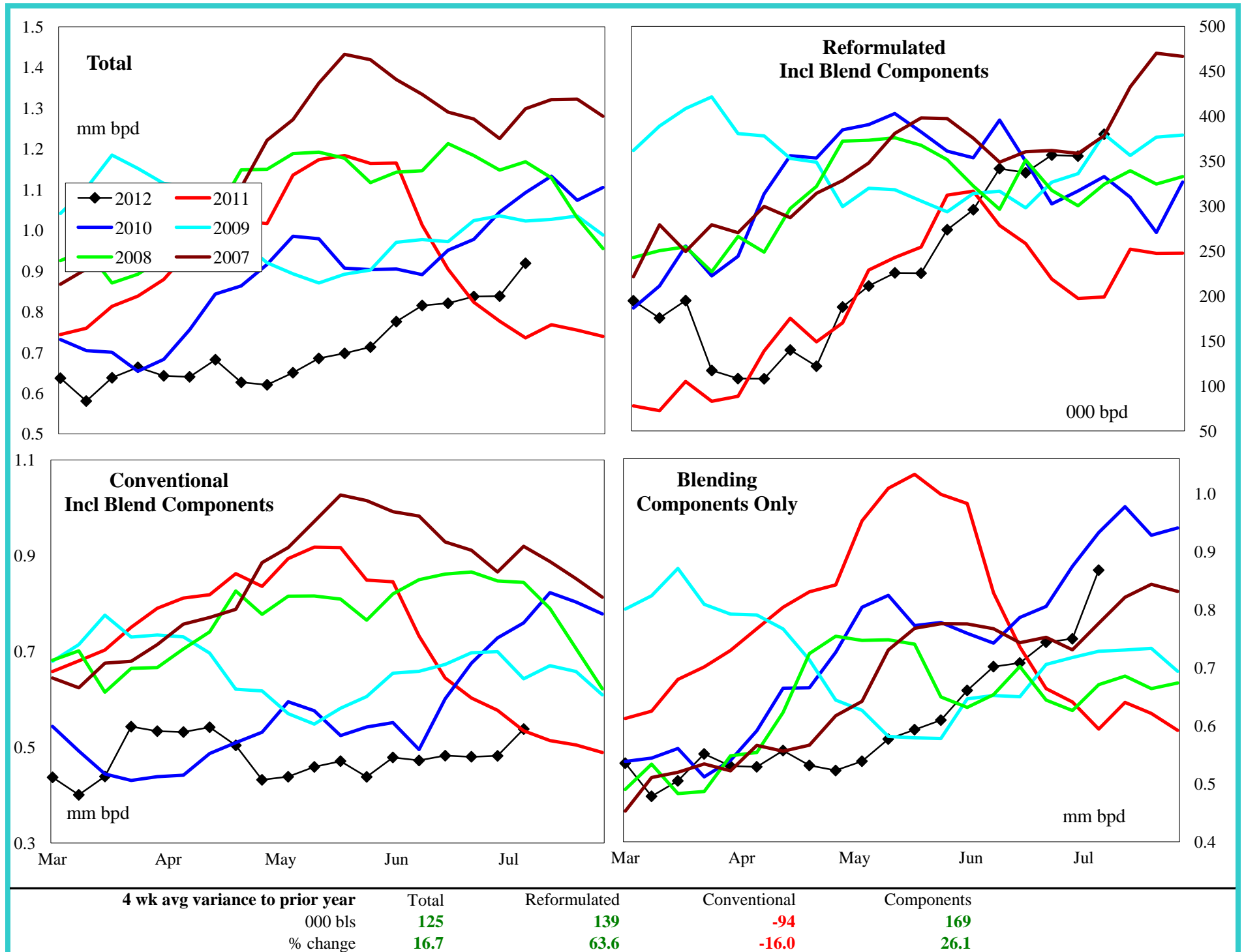
United States Reformulated Gasoline Supply



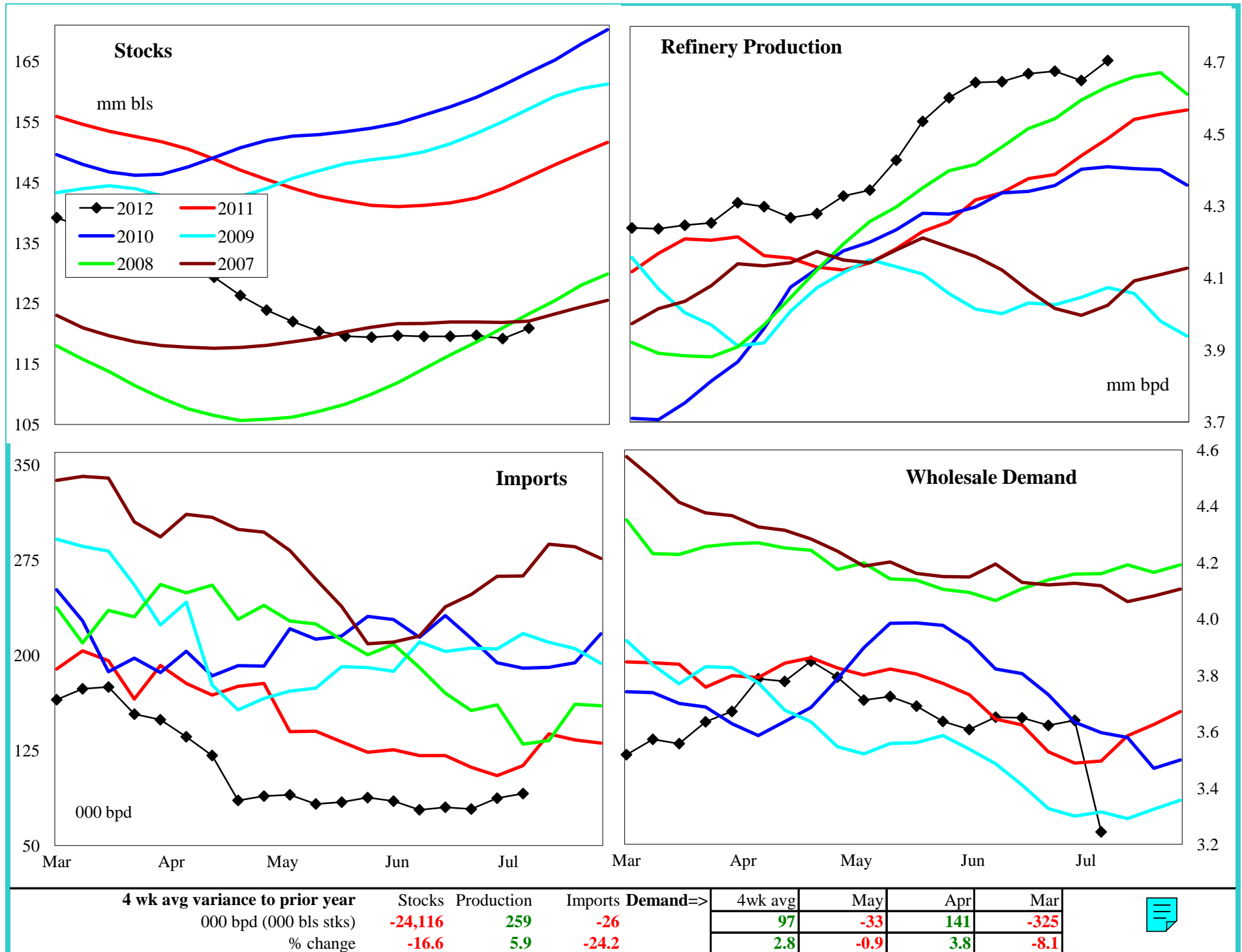
United States Conventional Gasoline Supply



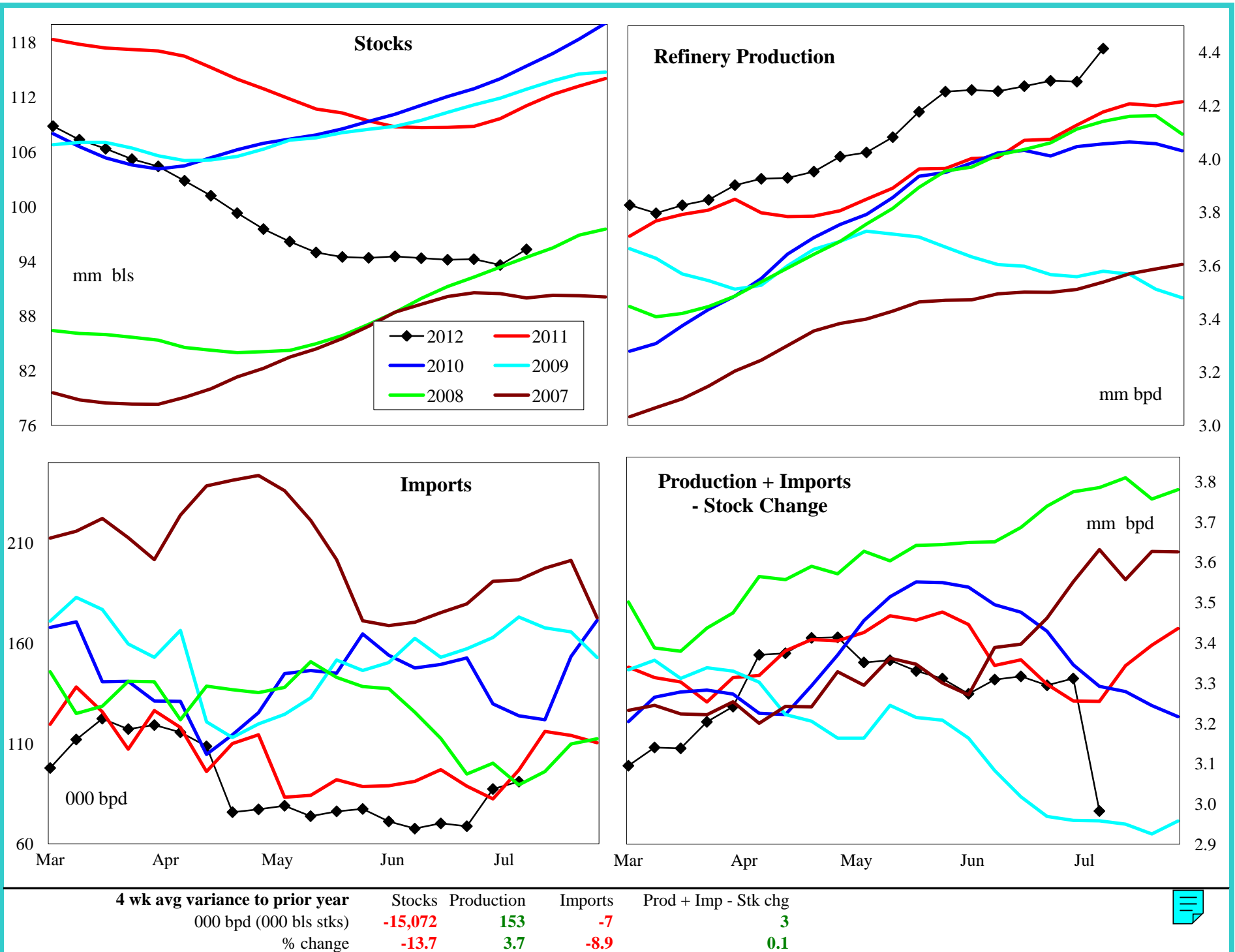
United States Gasoline Imports by Type



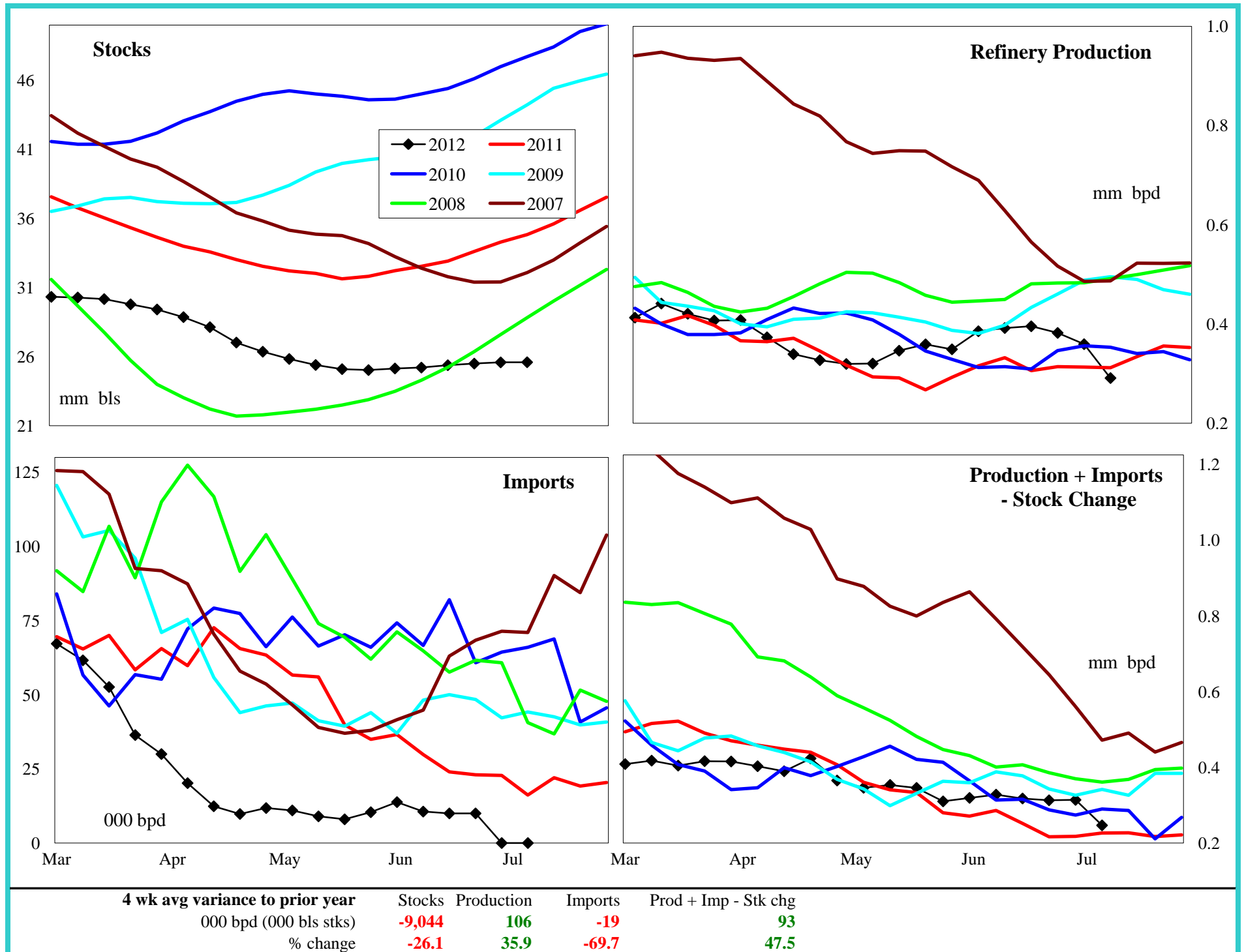
United States Distillate Supply and Demand Balance



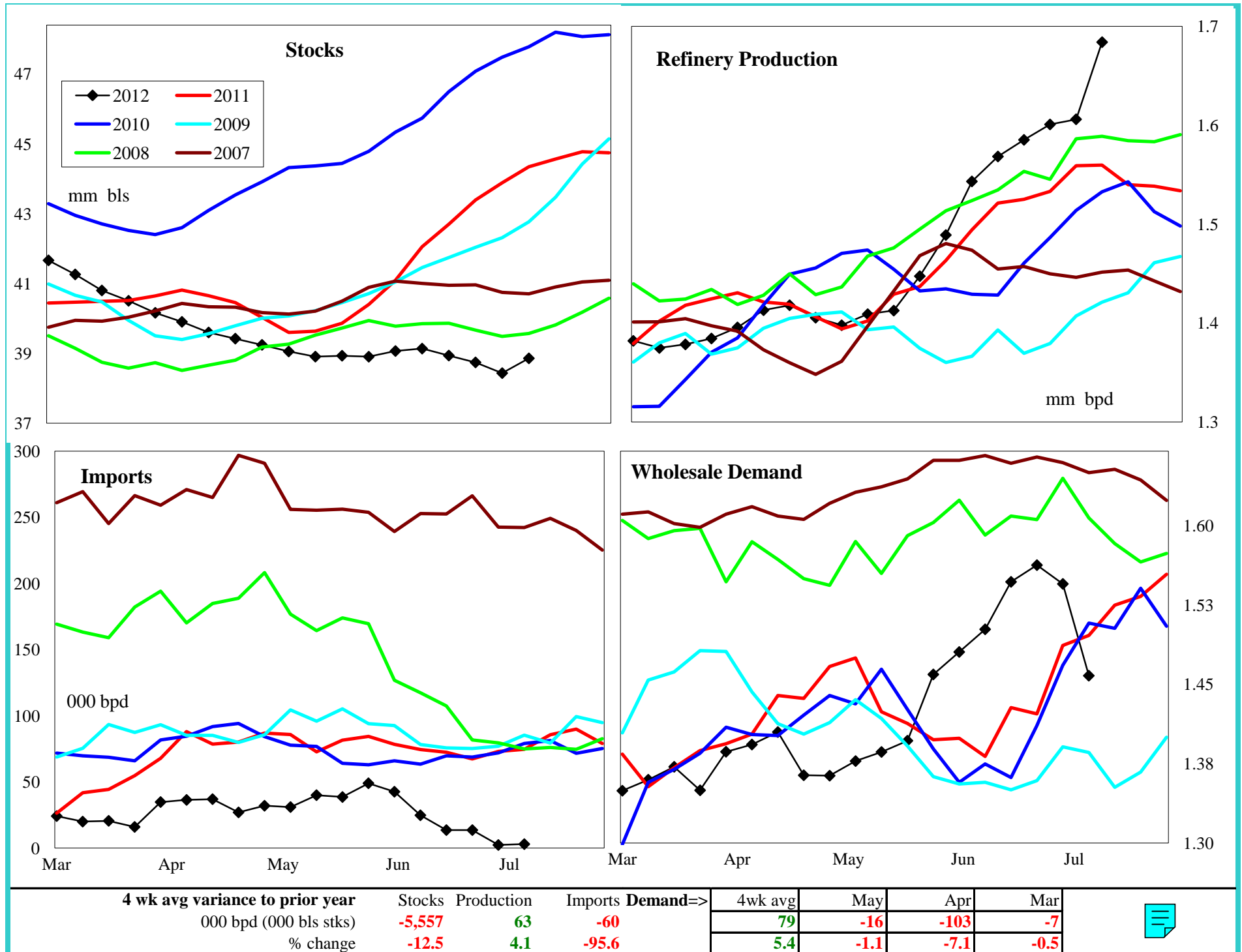
United States Low Sulfur Distillate Supply



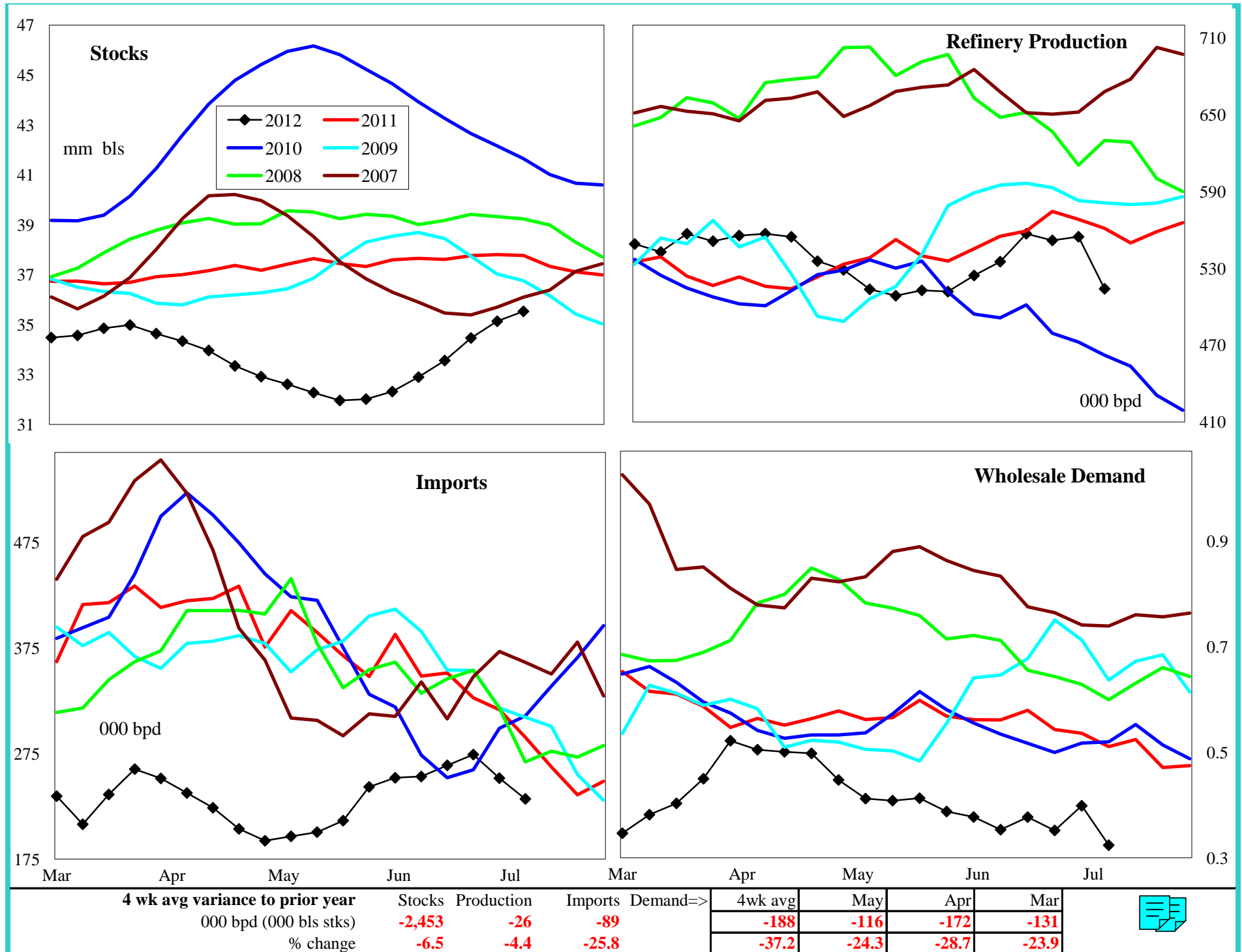
United States High Sulfur Distillate Supply



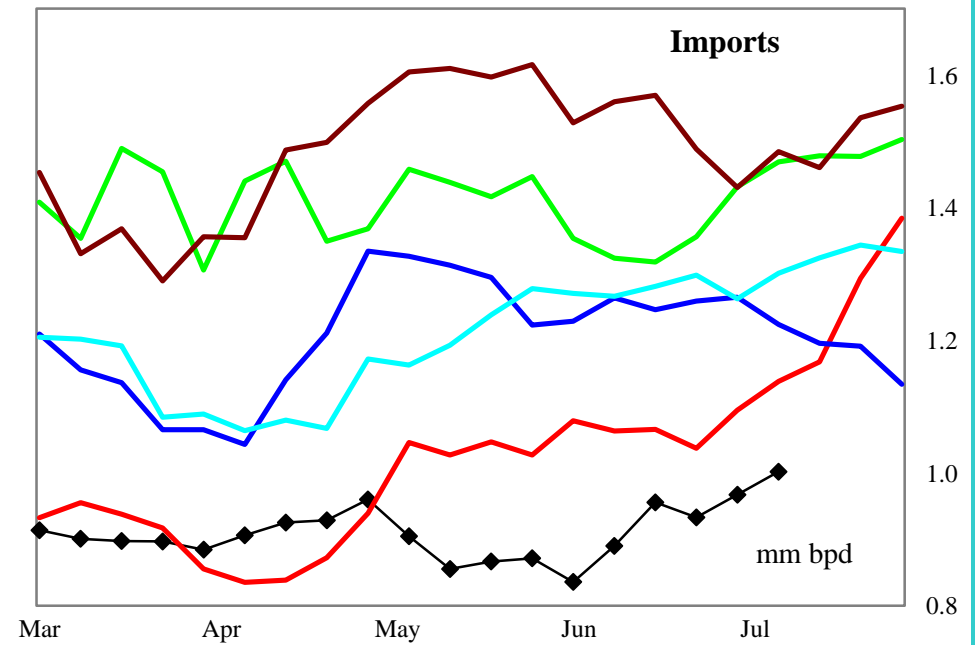
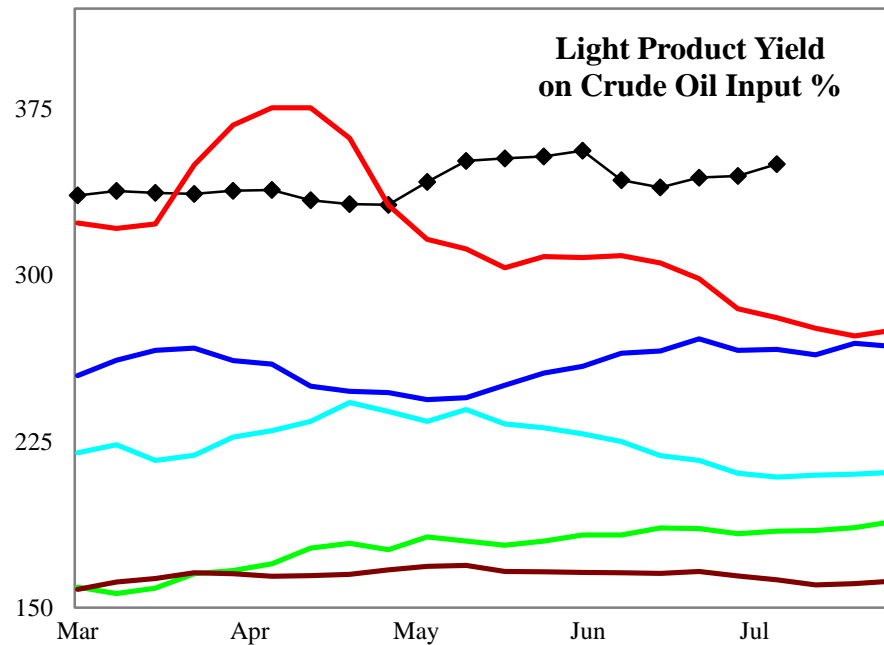
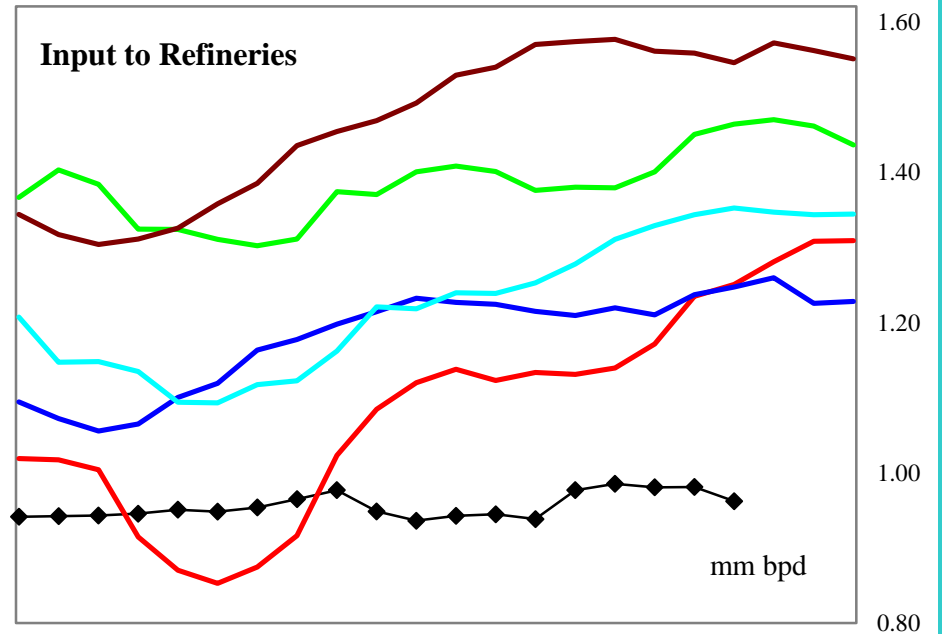
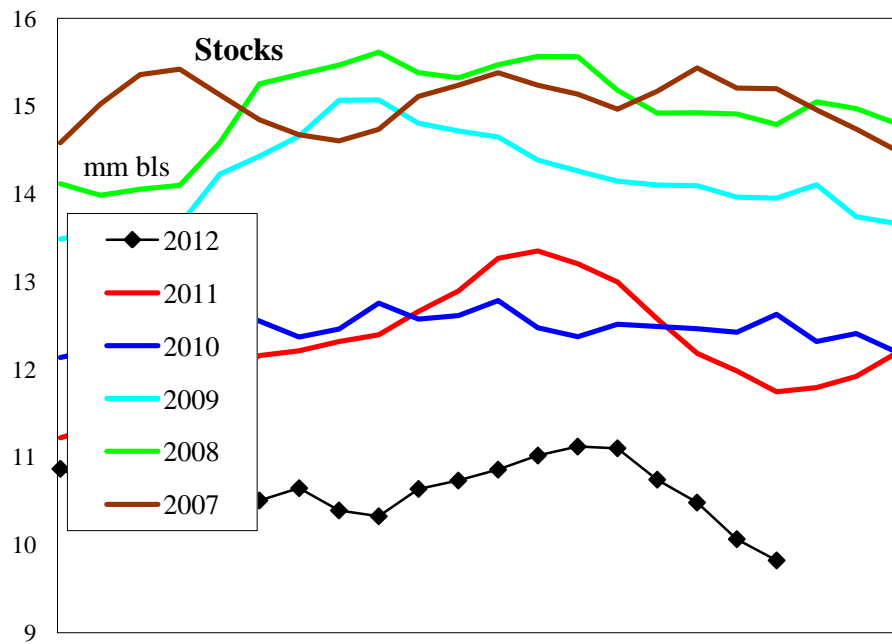
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

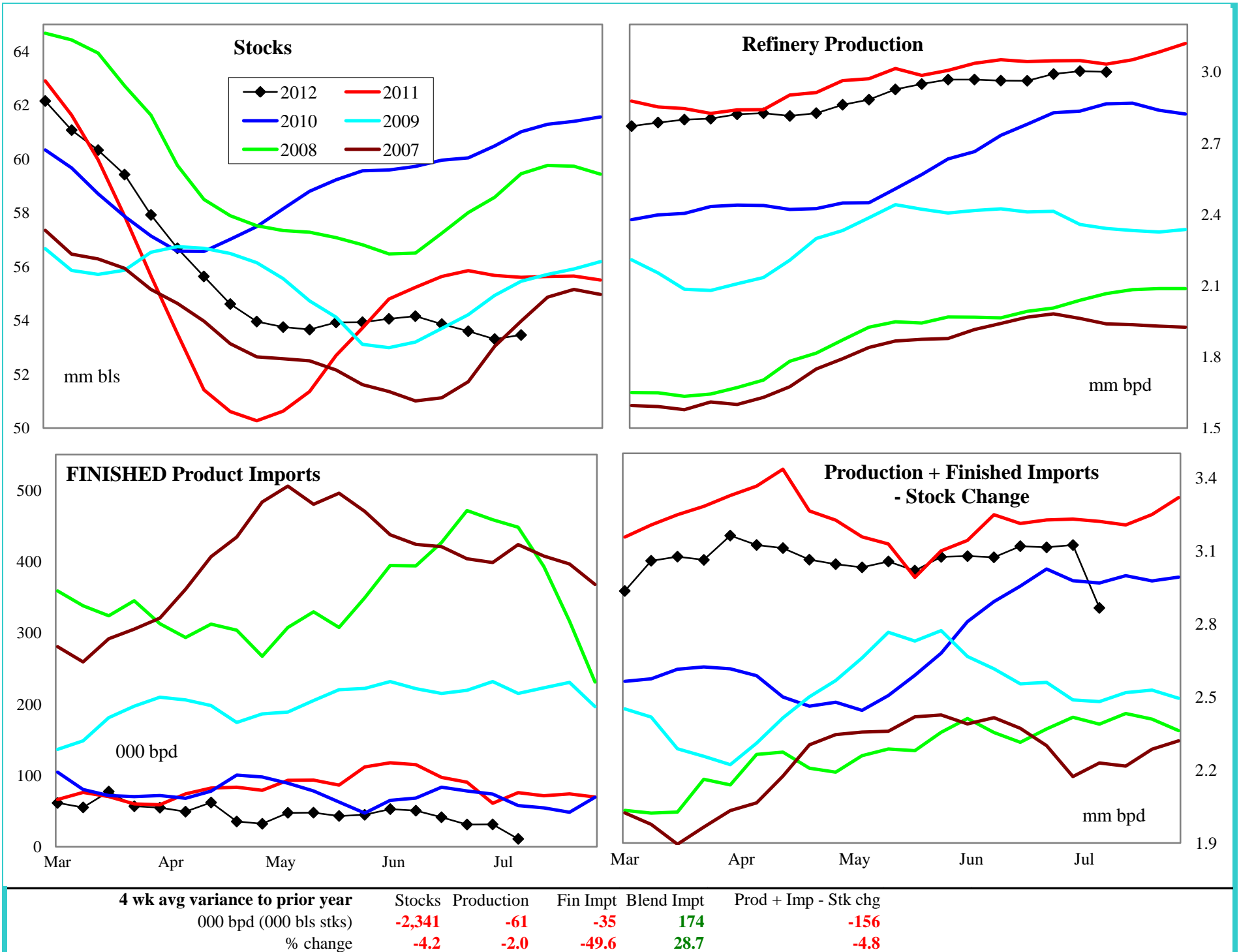


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

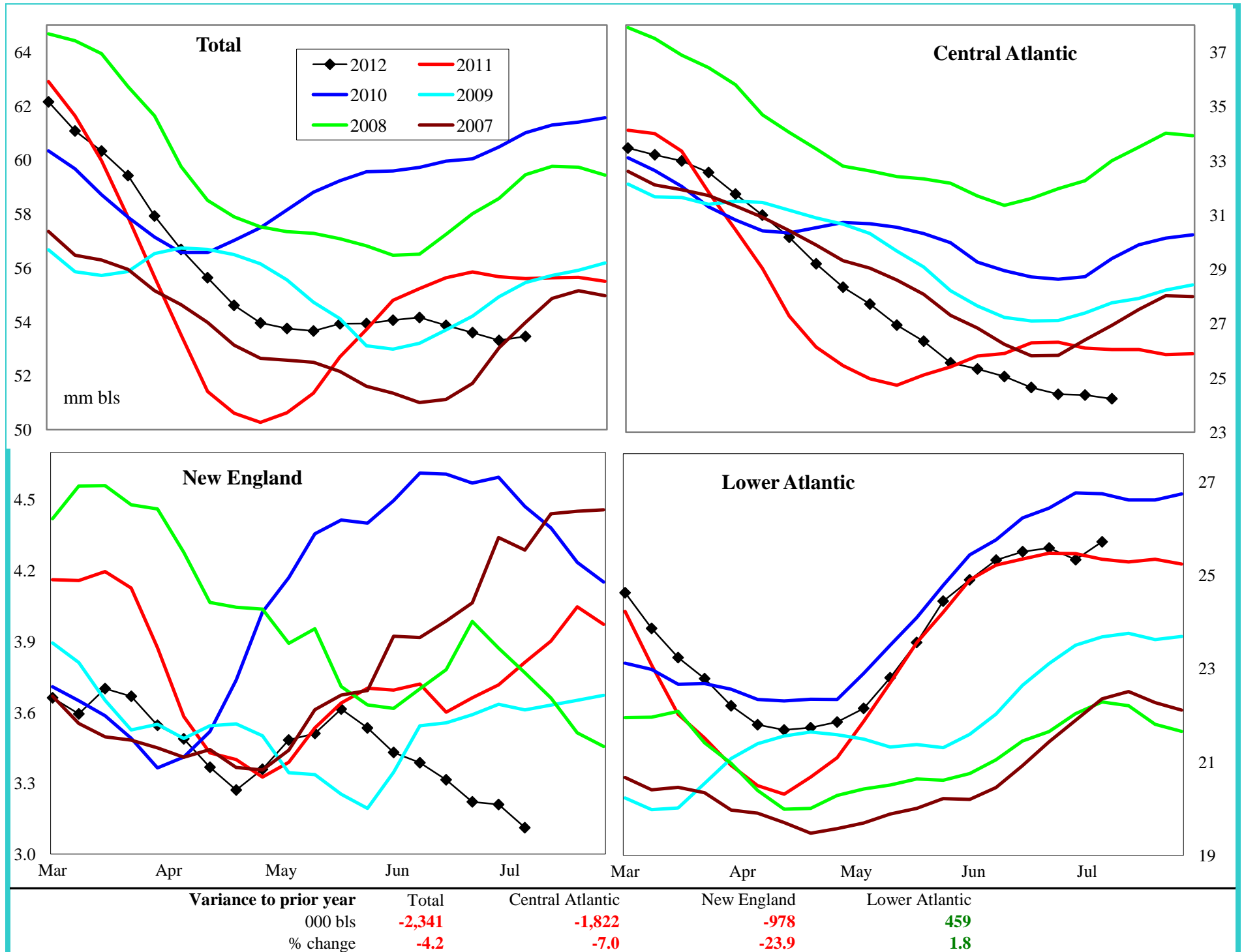
	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,920	-237	-155
% change	-16.4	-19.5	-14.2



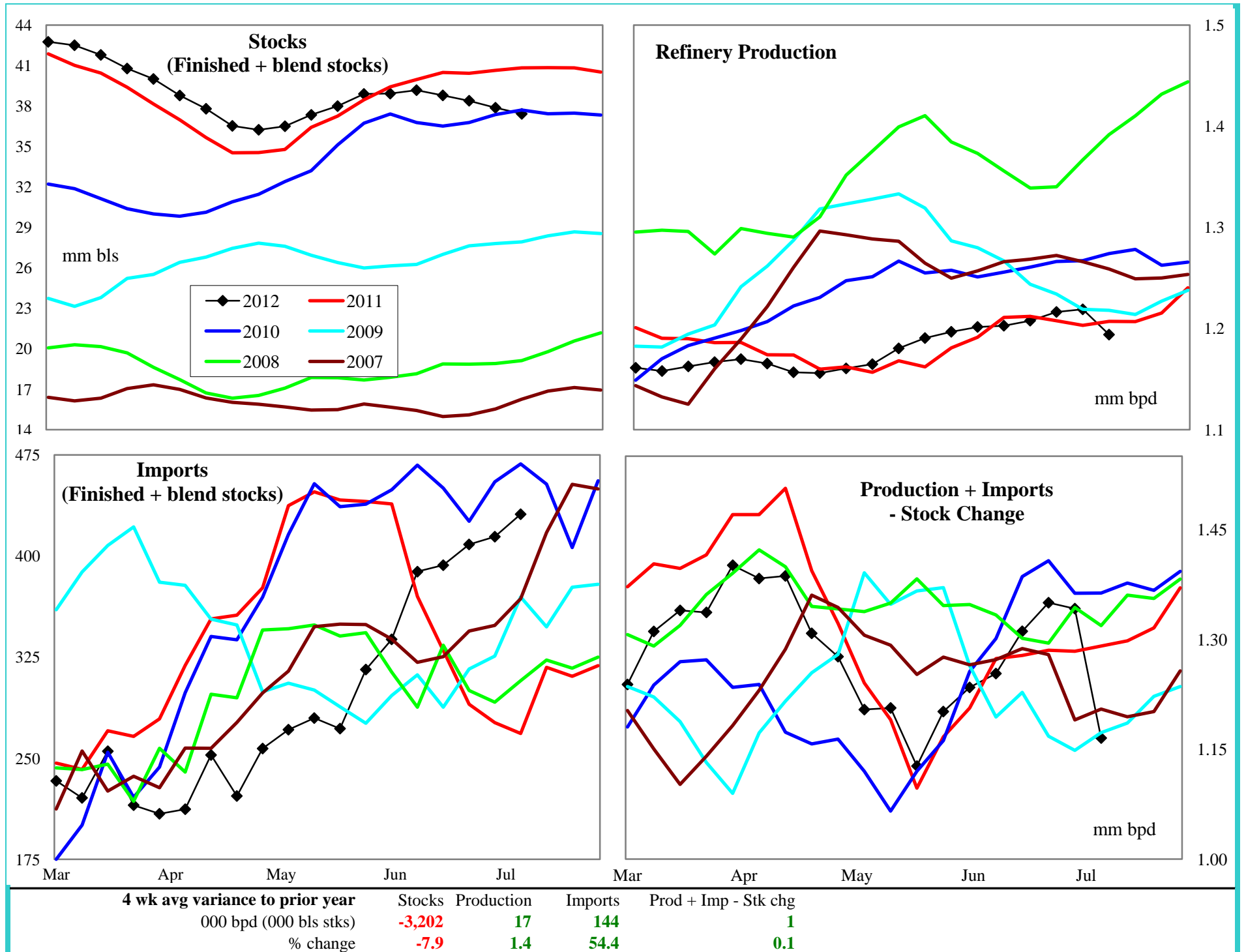
PADD 1 Gasoline Supply



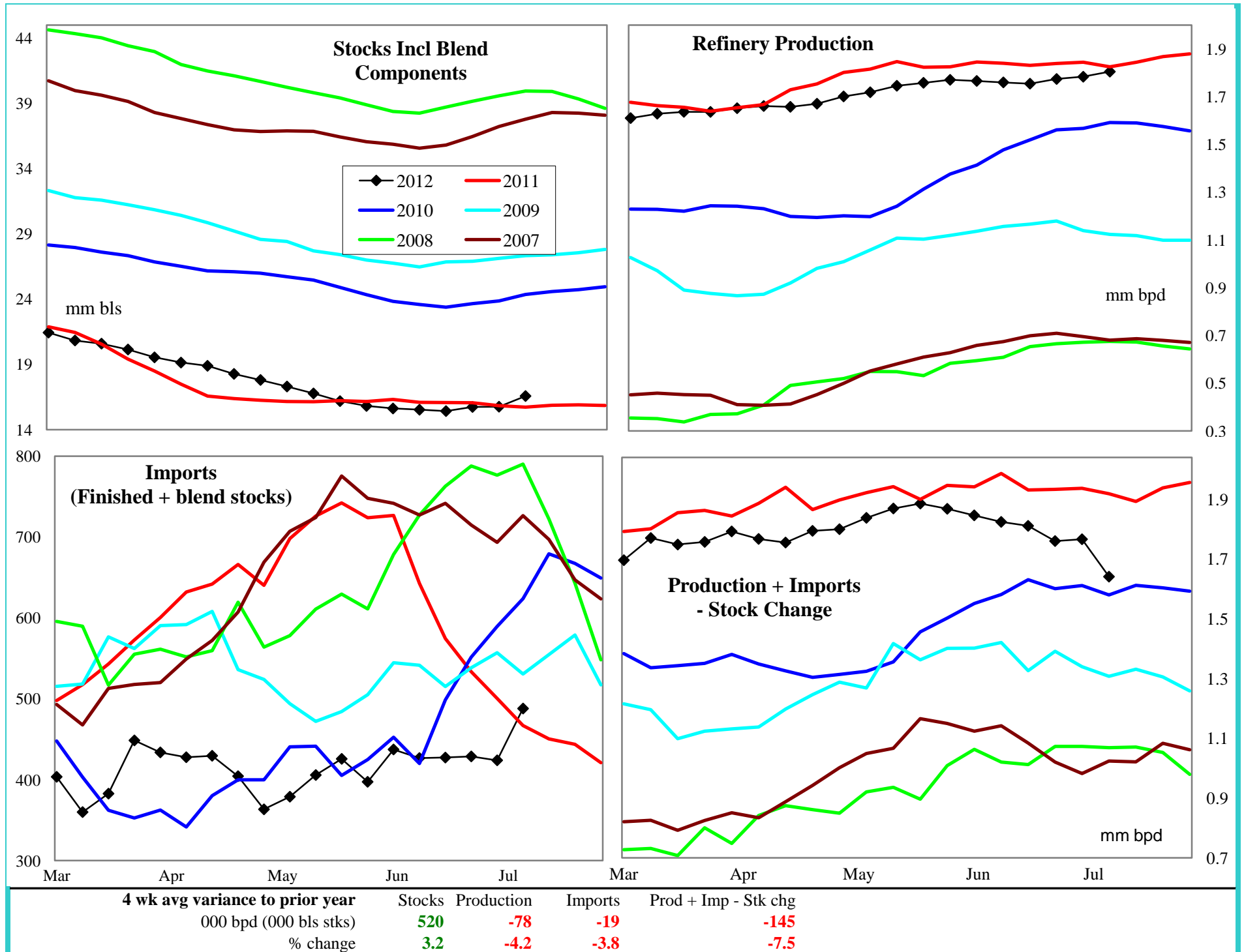
PADD 1 Gasoline Stocks by Region



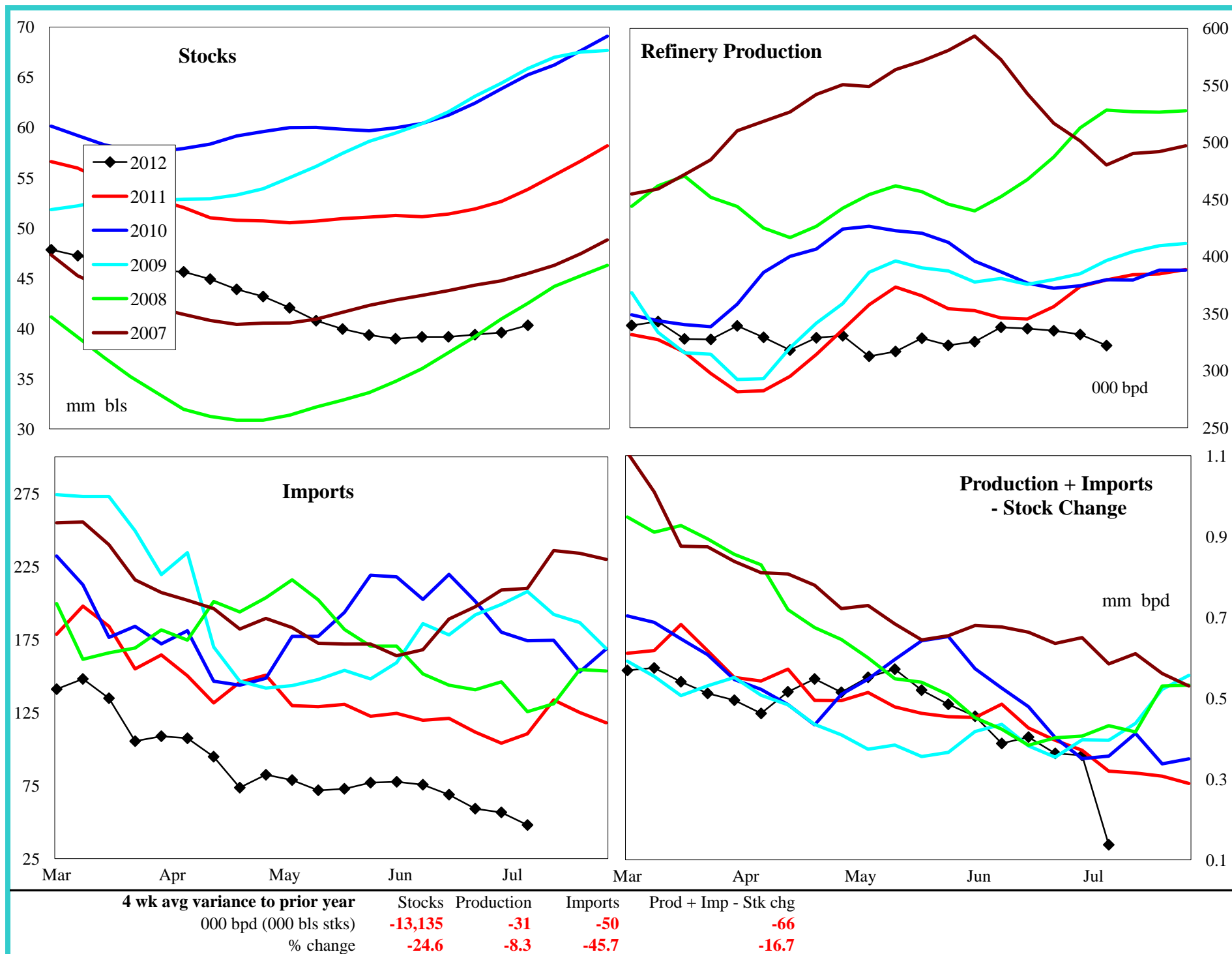
PADD 1 Reformulated Gasoline Supply



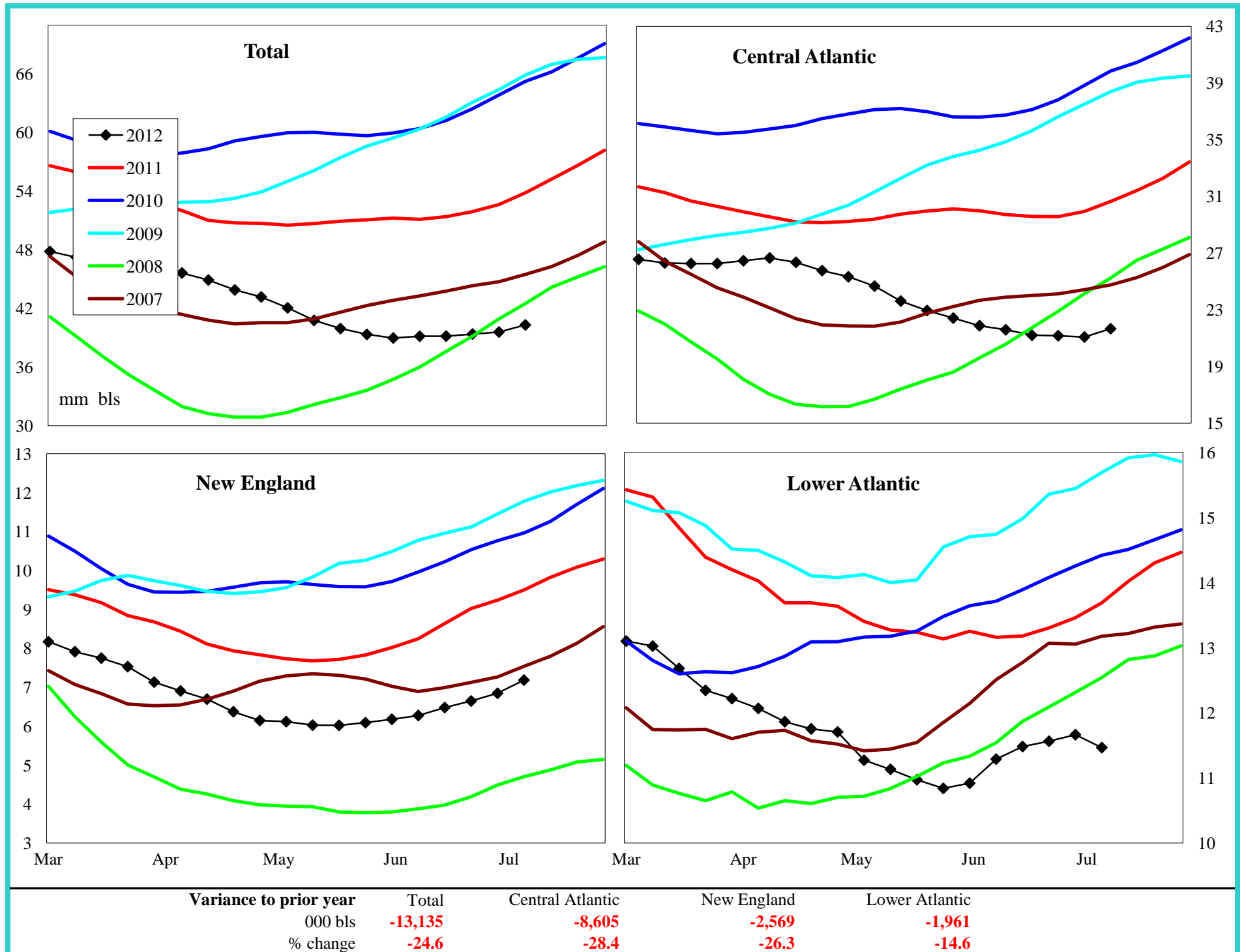
PADD 1 Conventional Gasoline Supply



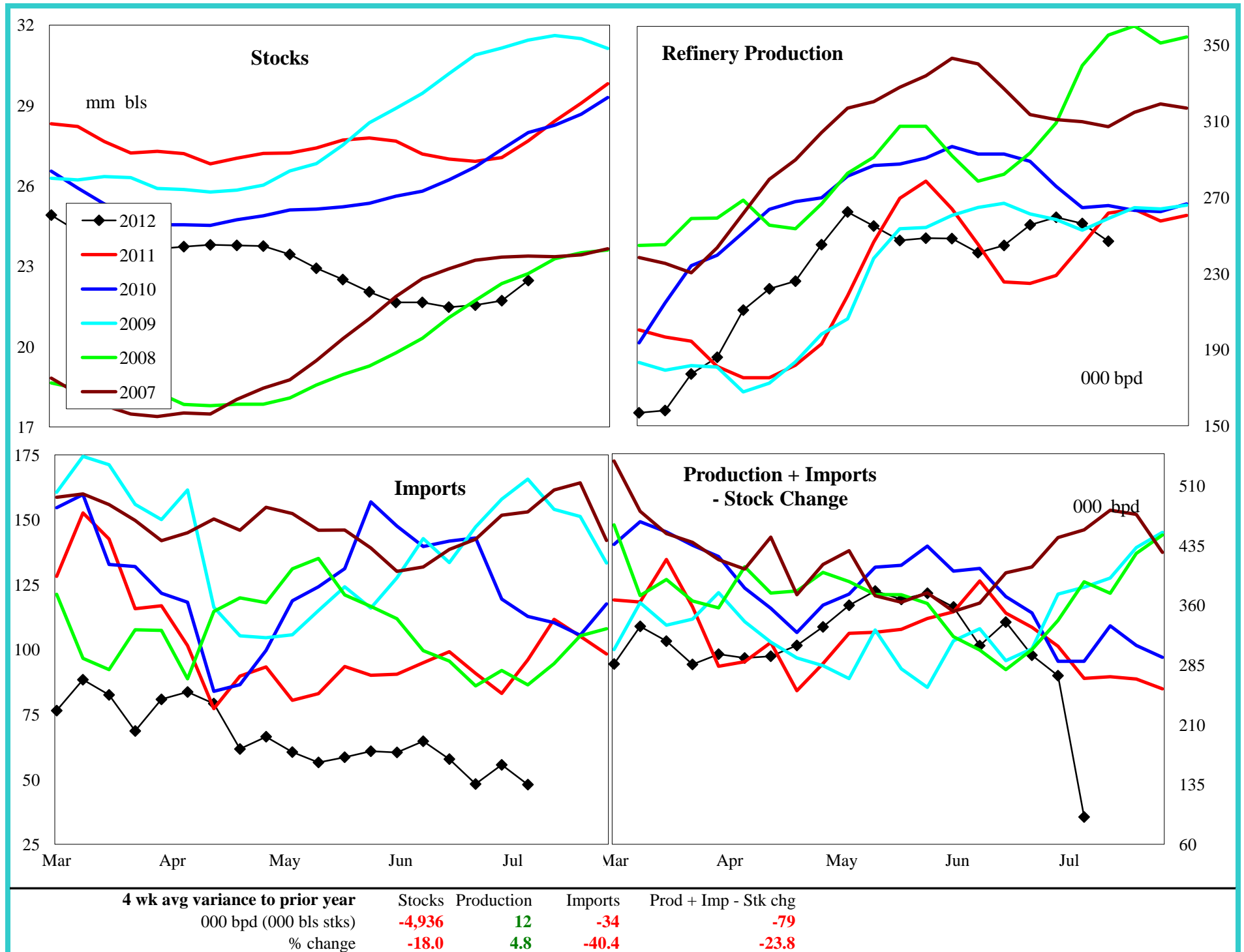
PADD 1 Distillate Supply



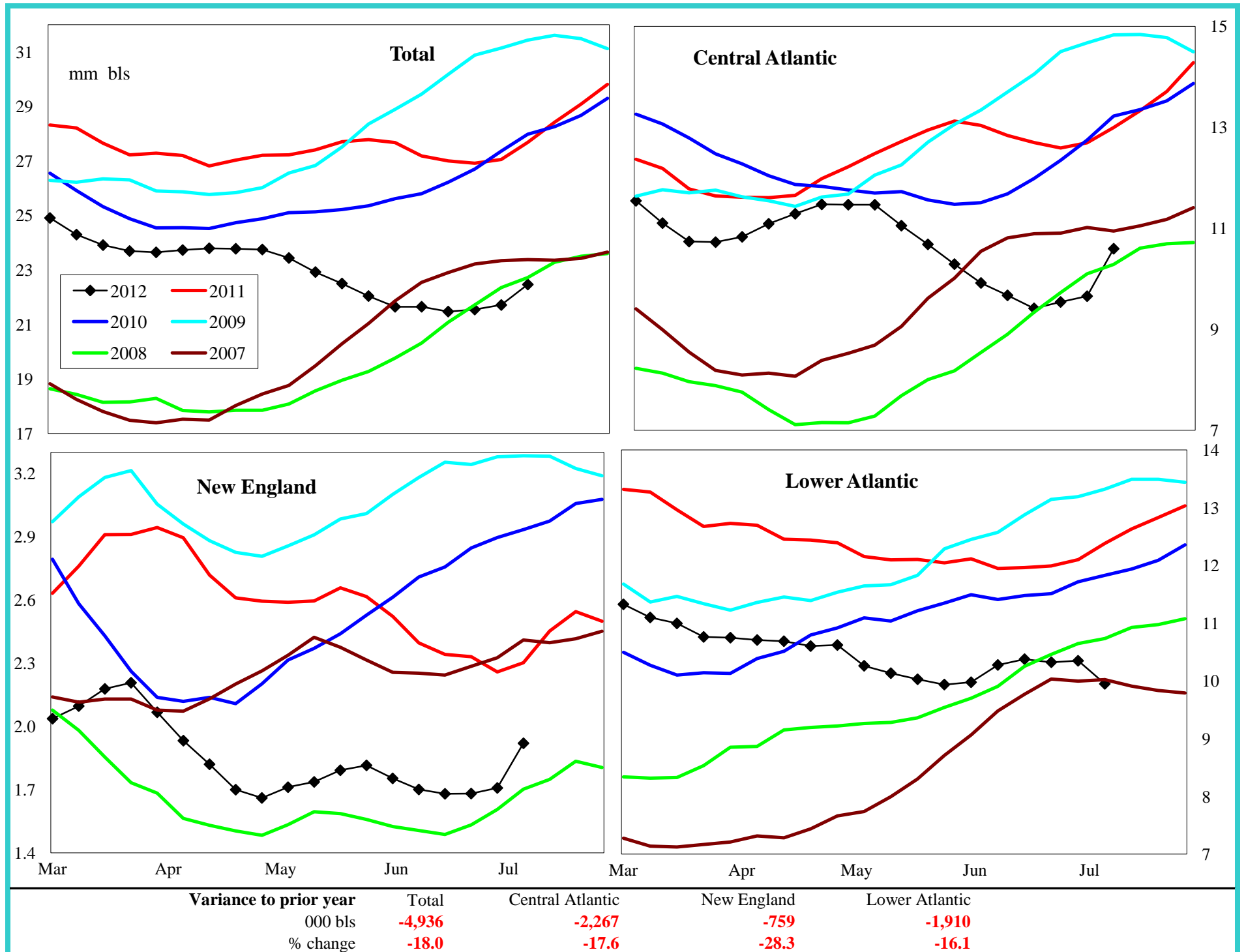
PADD 1 Distillate Stocks by Region



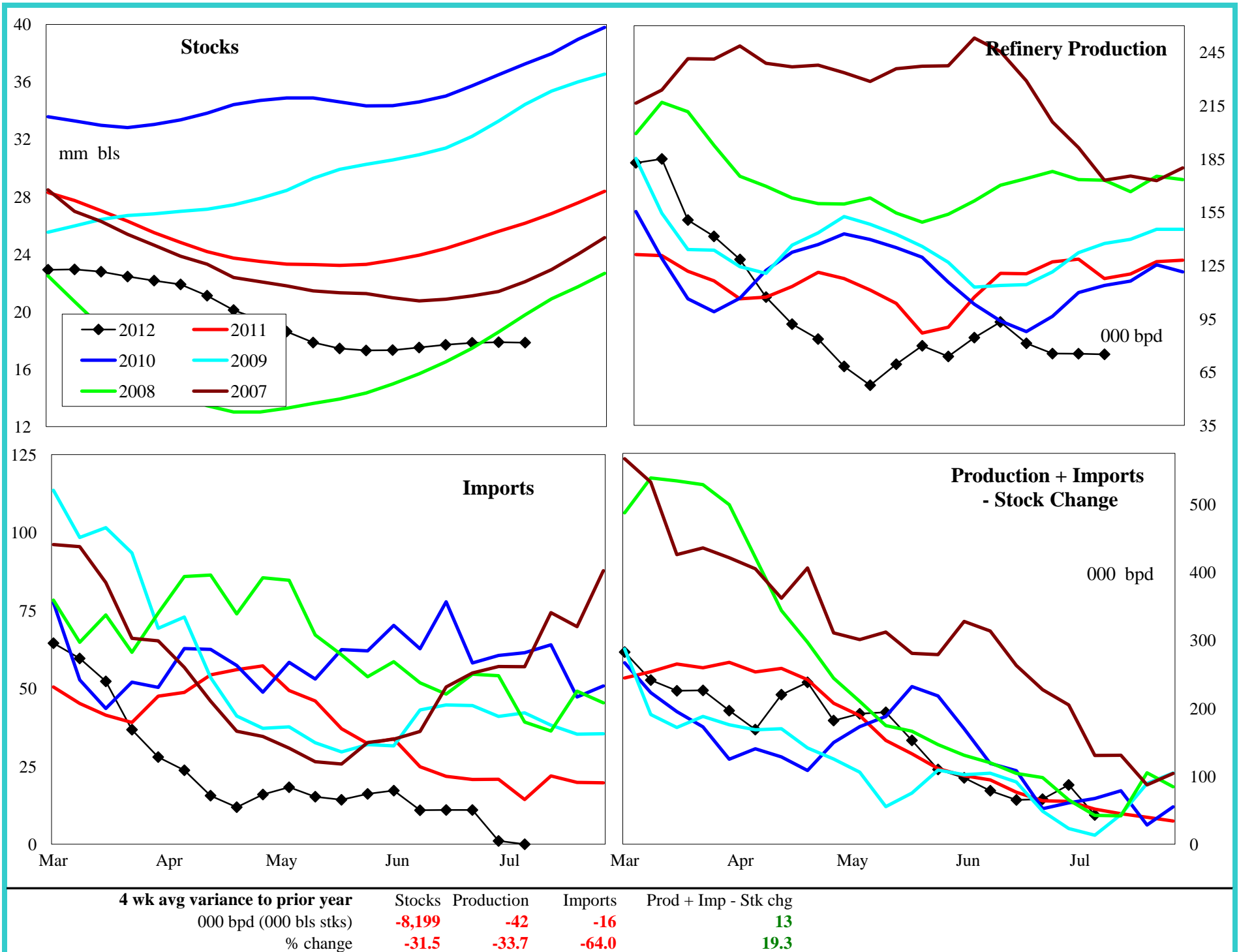
PADD 1 Low Sulfur Distillate Supply



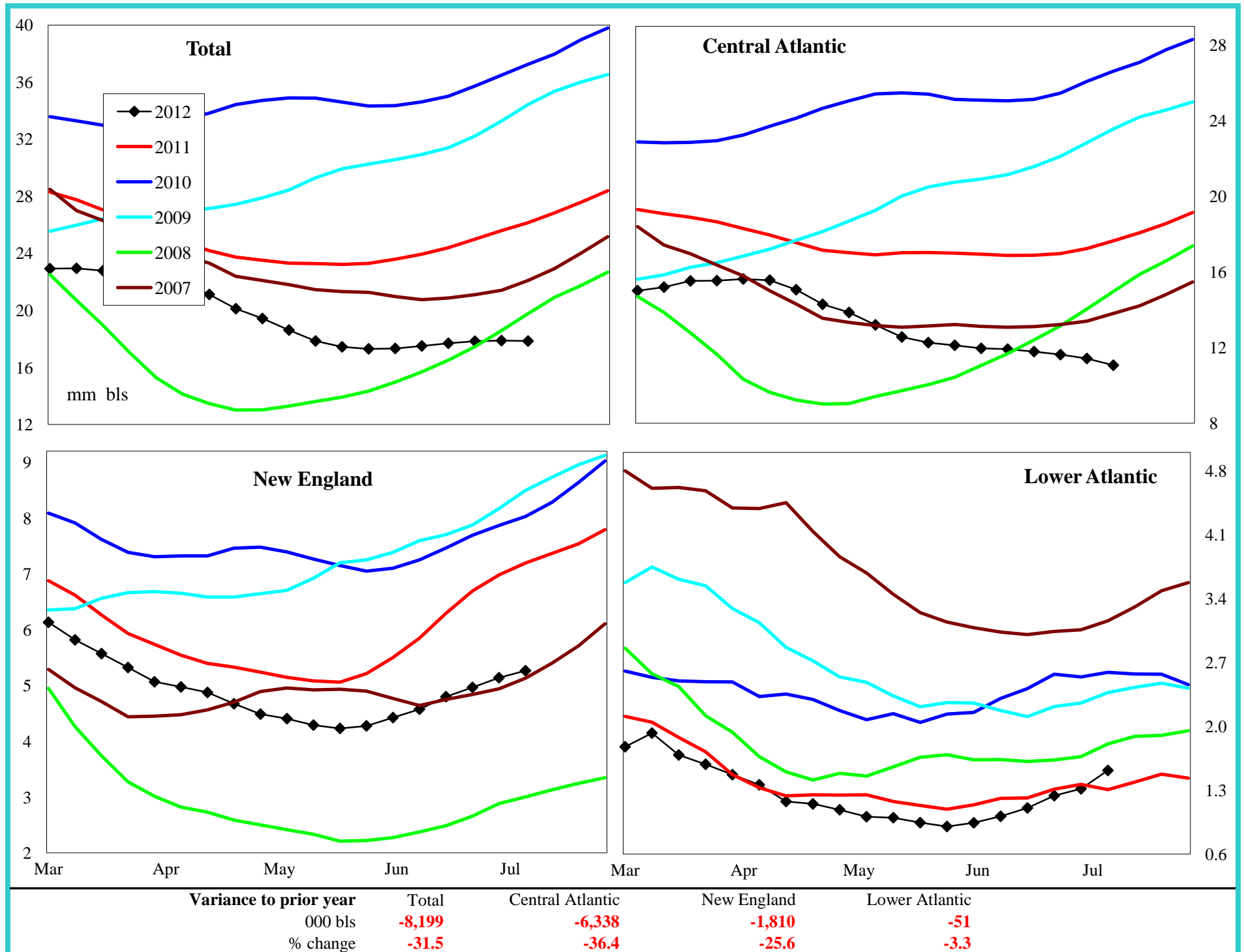
PADD 1 Low Sulfur Distillate Stocks by Region



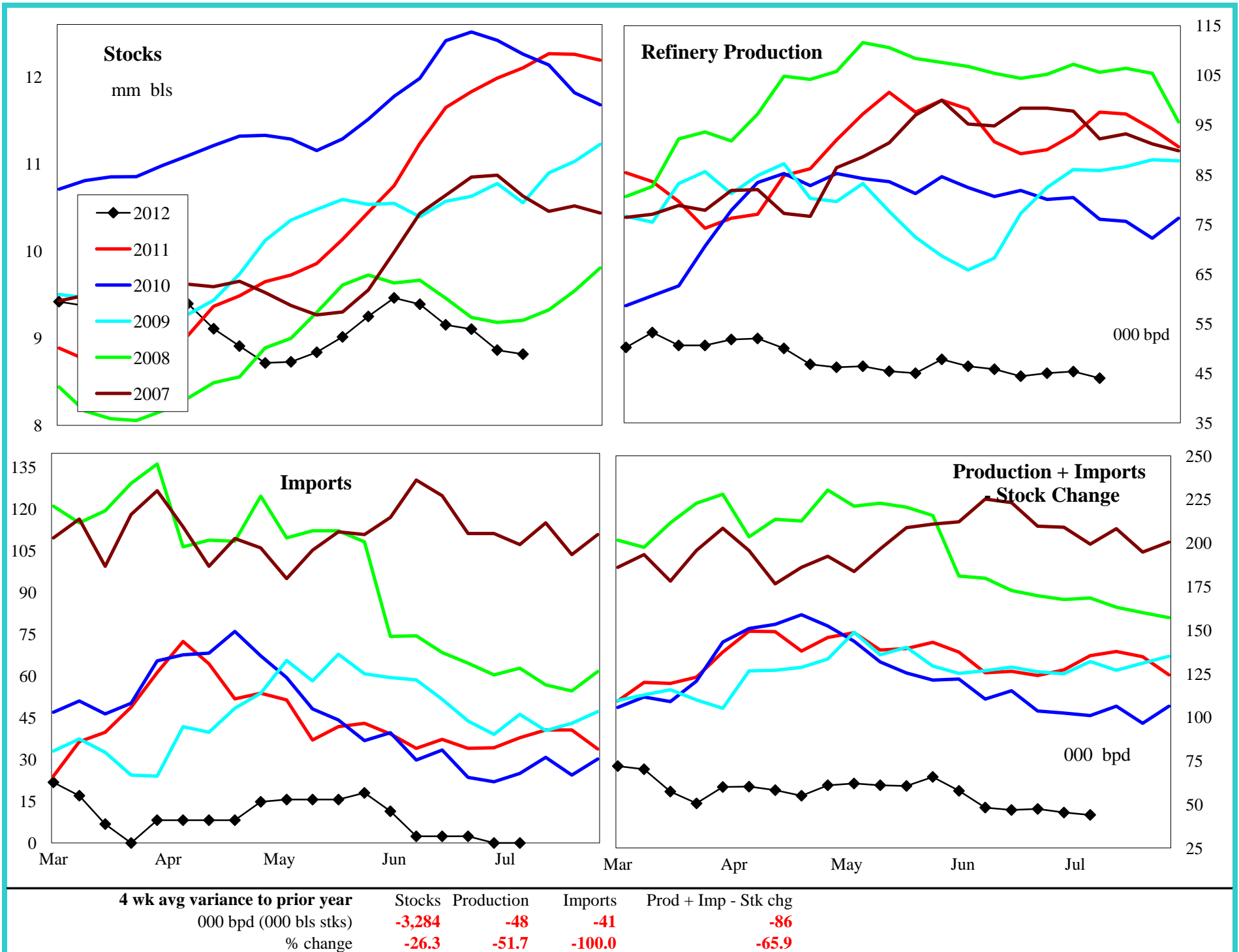
PADD 1 High Sulfur Distillate Supply



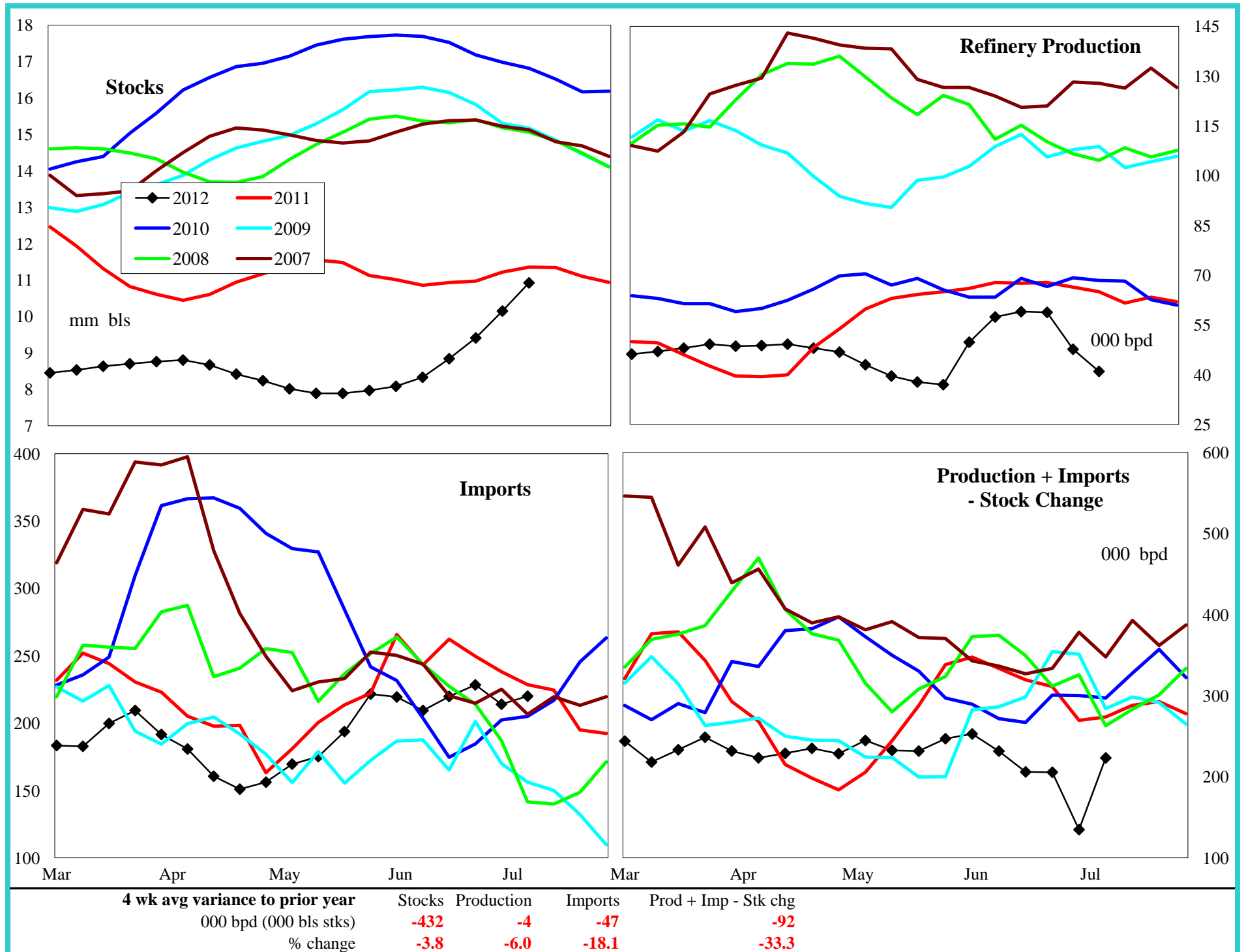
PADD 1 High Sulfur Distillate Stocks by Region



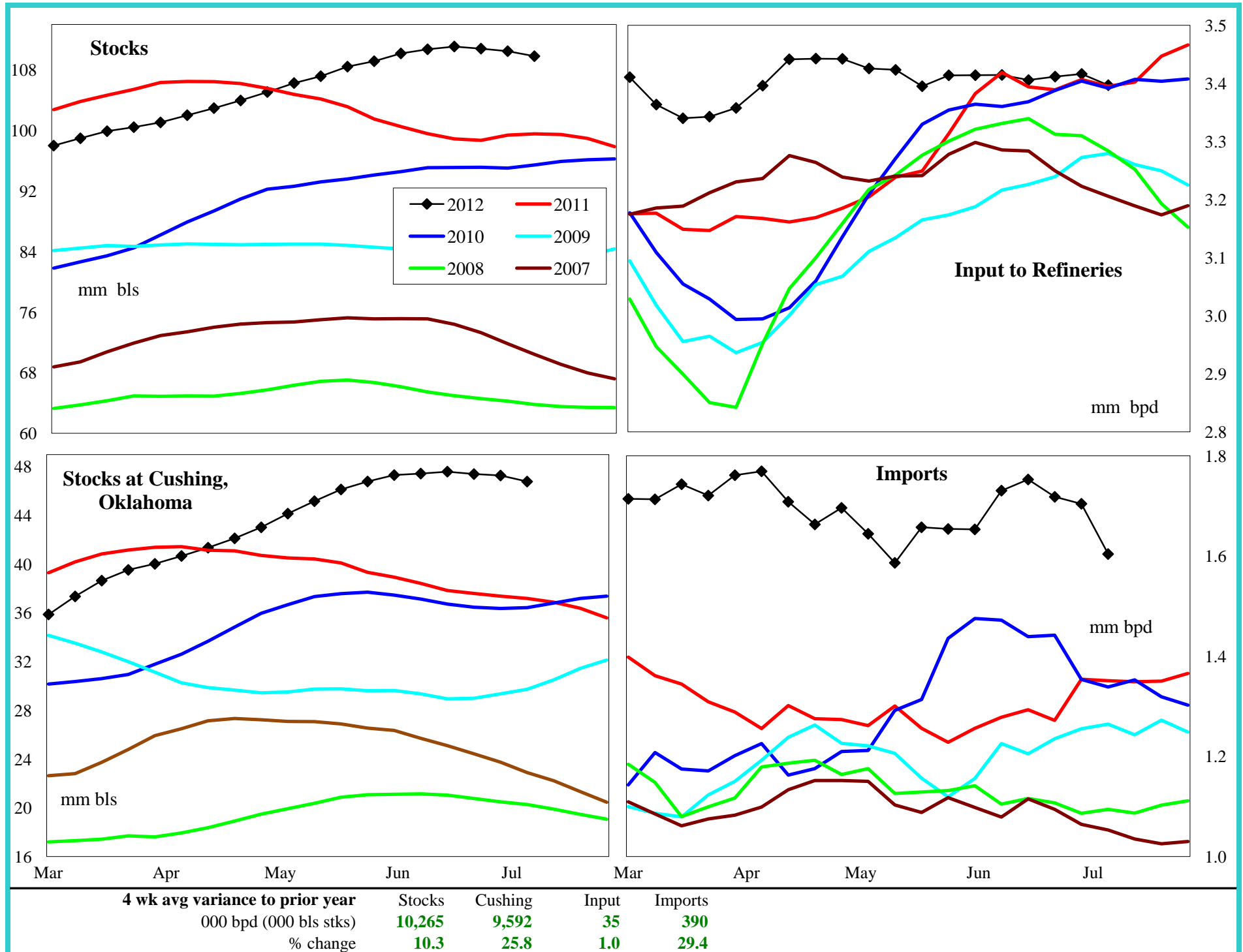
PADD 1 Jet Fuel Supply



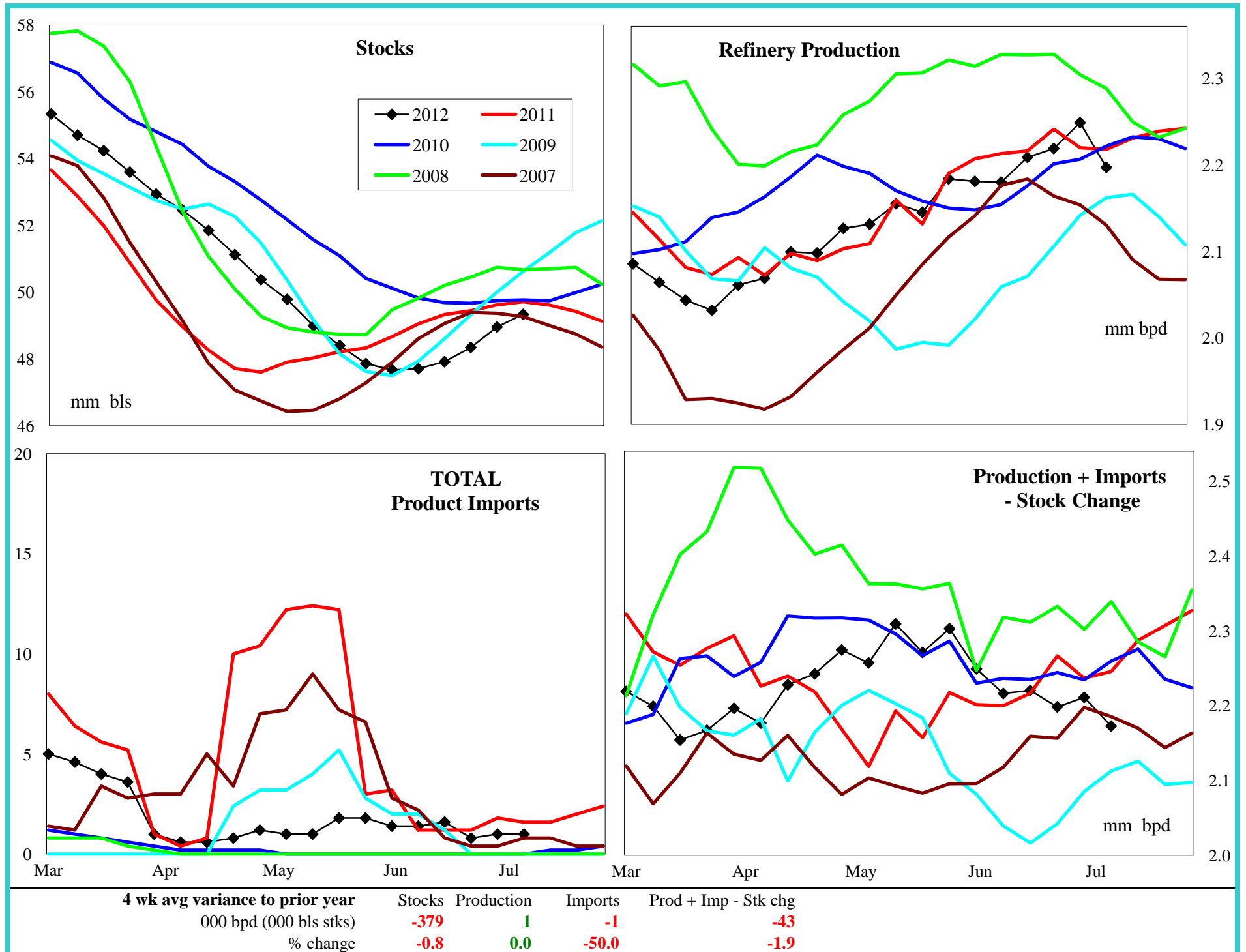
PADD 1 Residual Fuel Oil Supply



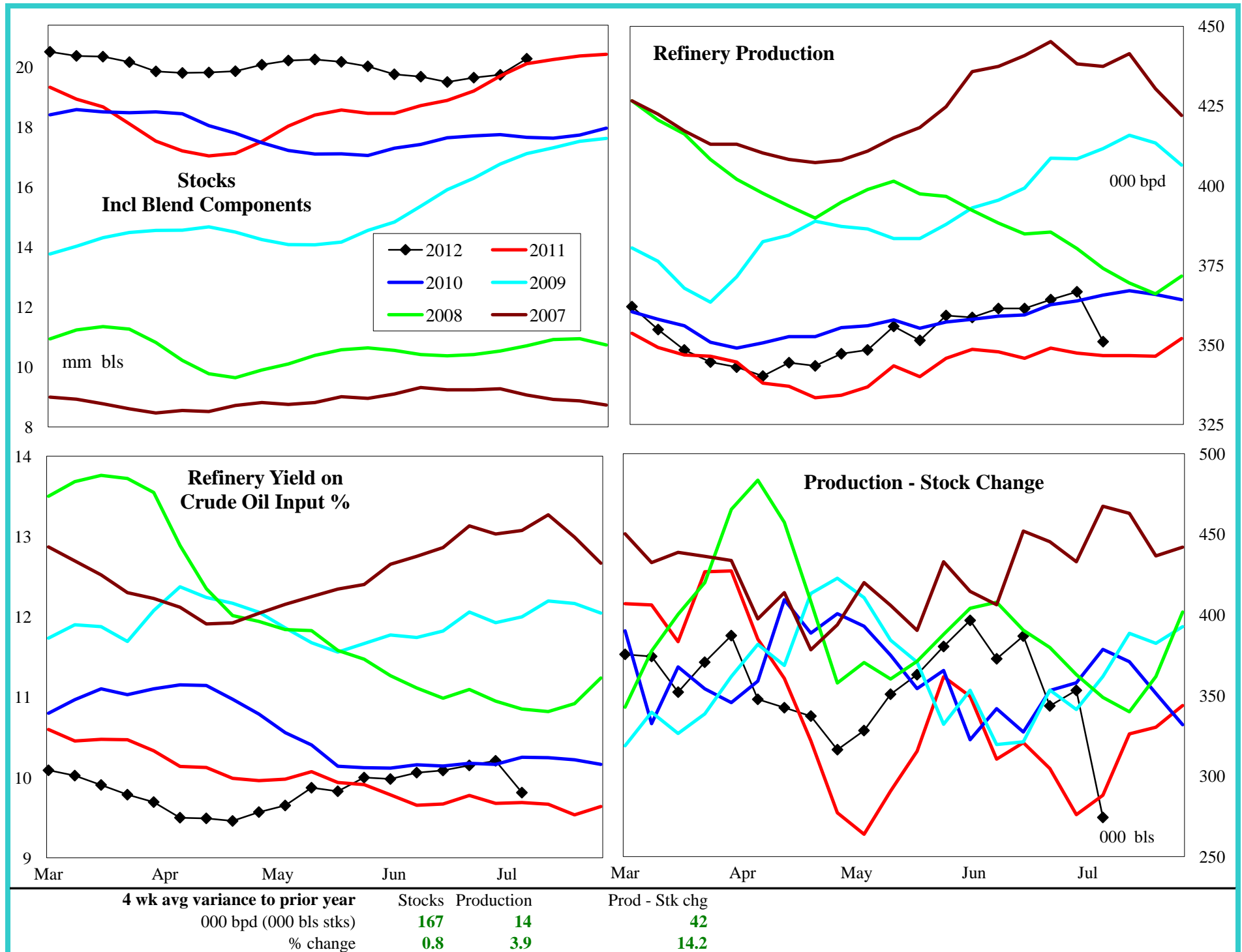
PADD 2 Crude Oil Supply and Refining



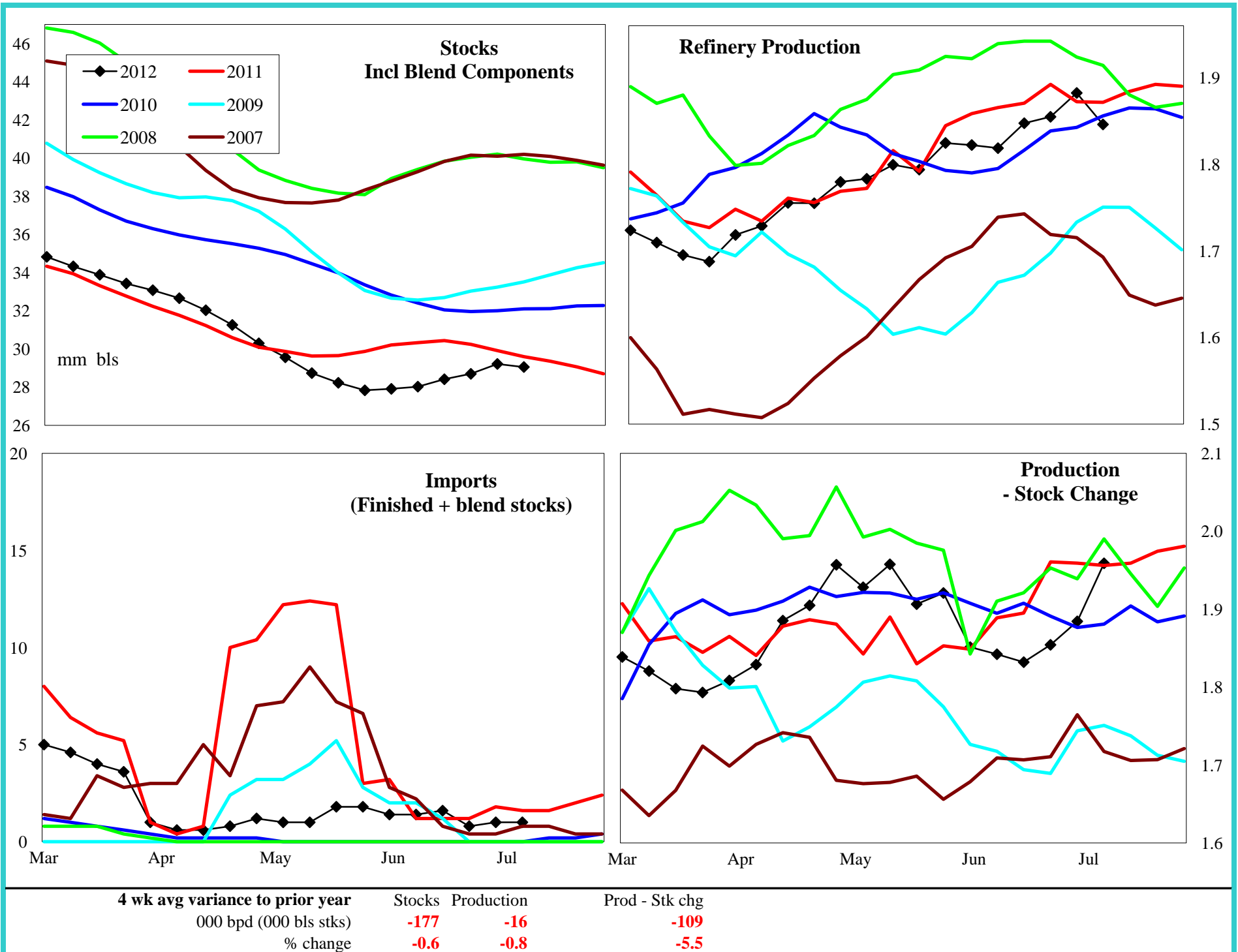
PADD 2 Gasoline Supply



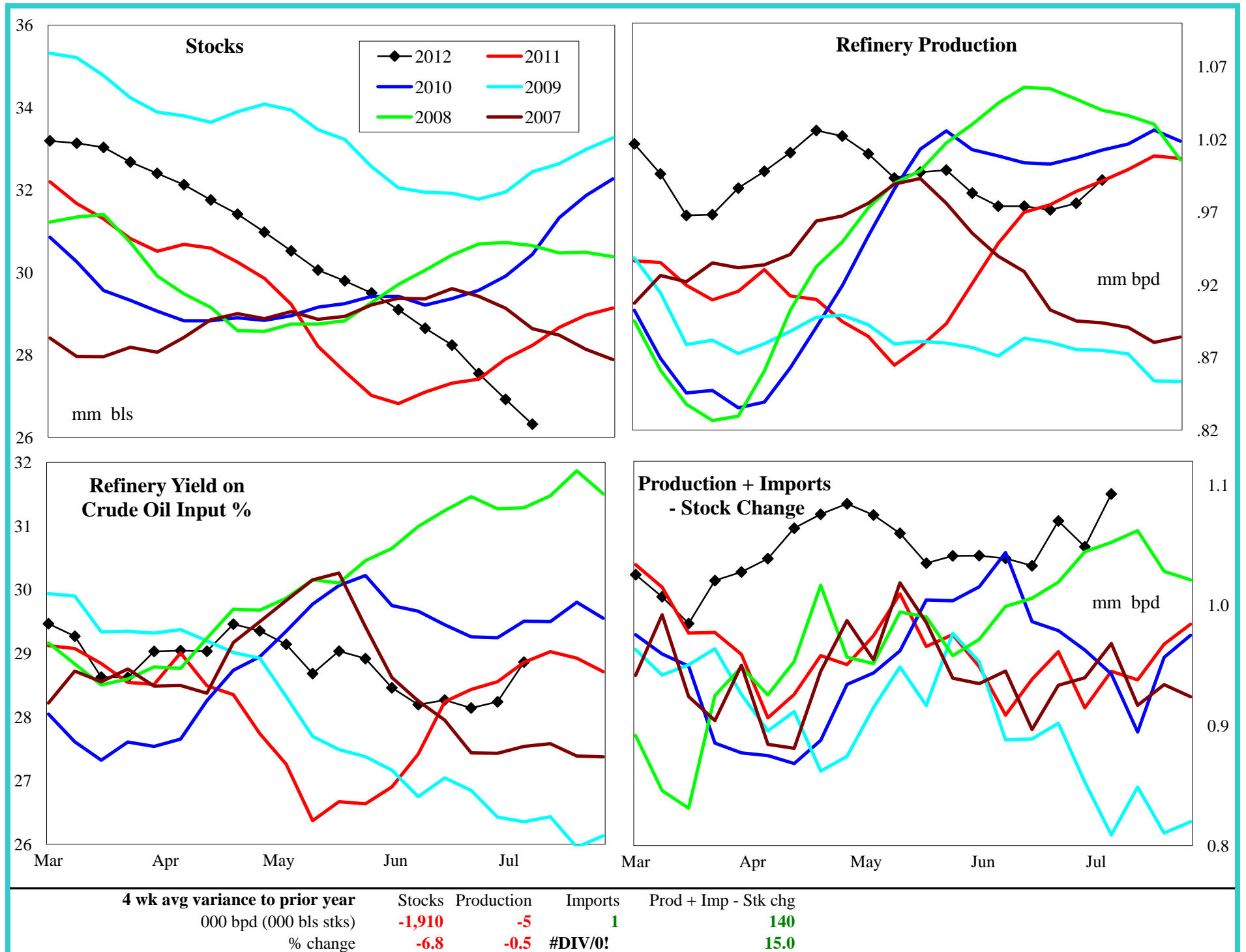
PADD 2 Reformulated Gasoline Supply



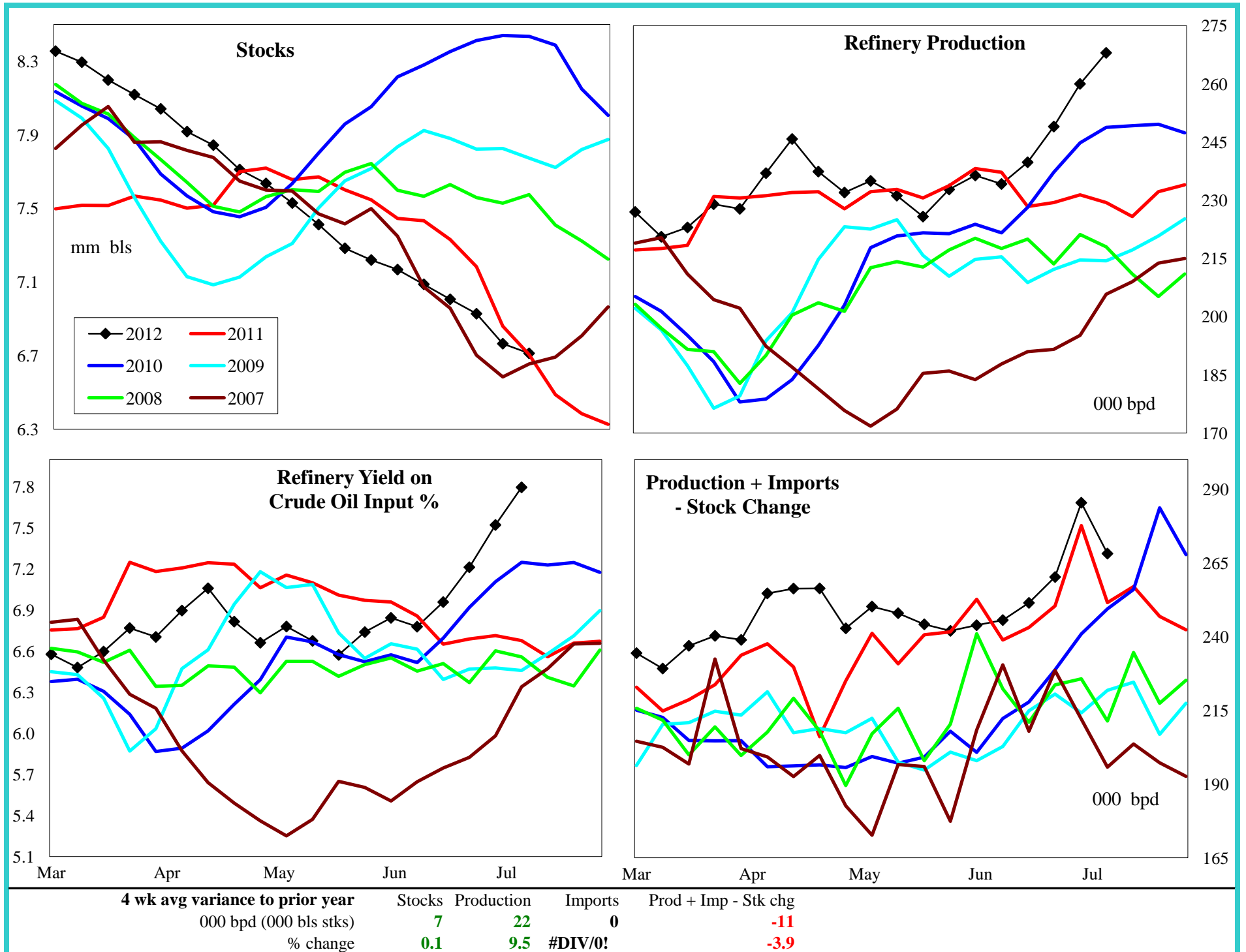
PADD 2 Conventional Gasoline Supply



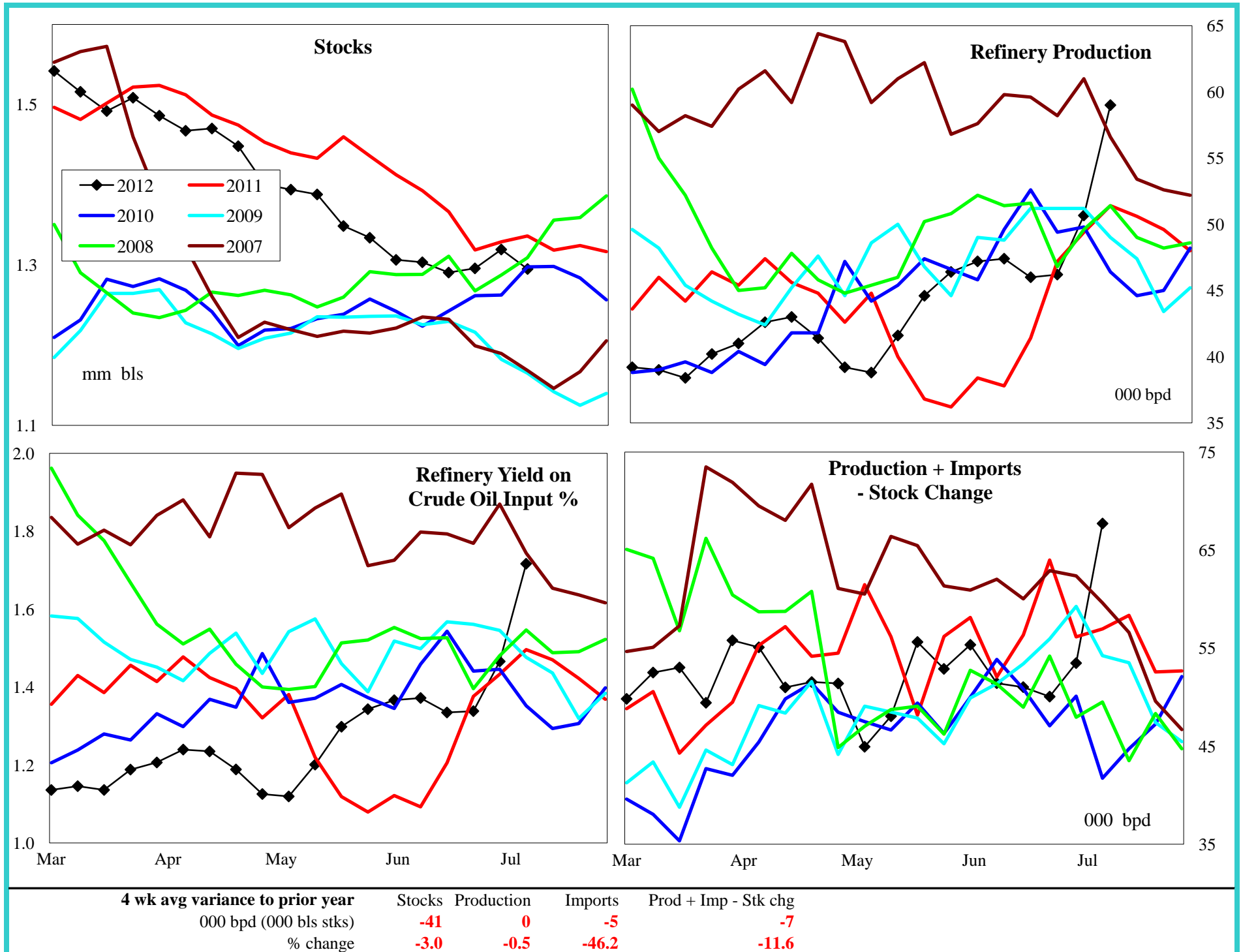
PADD 2 Distillate Supply



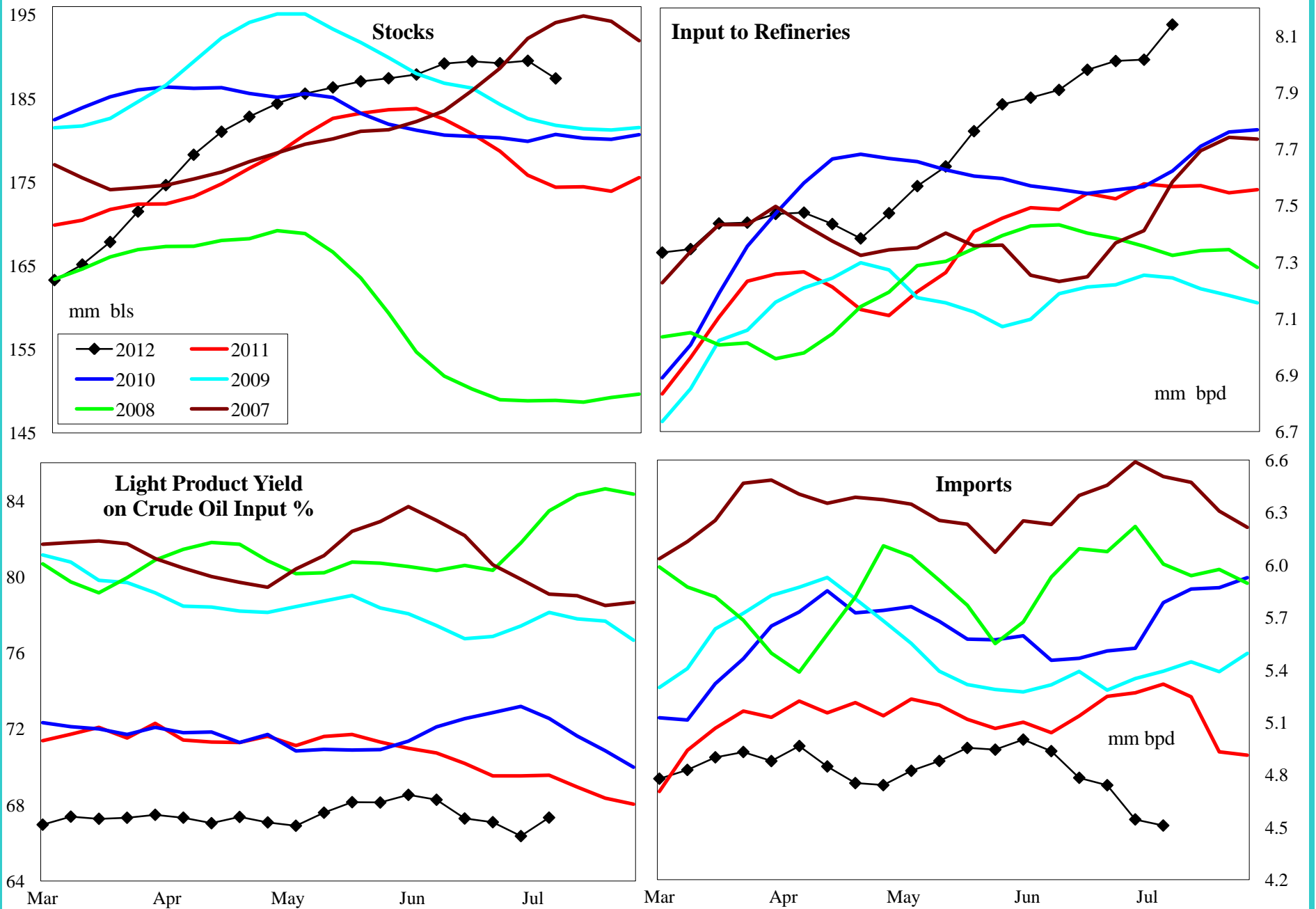
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

13,004

7.5

Input

434

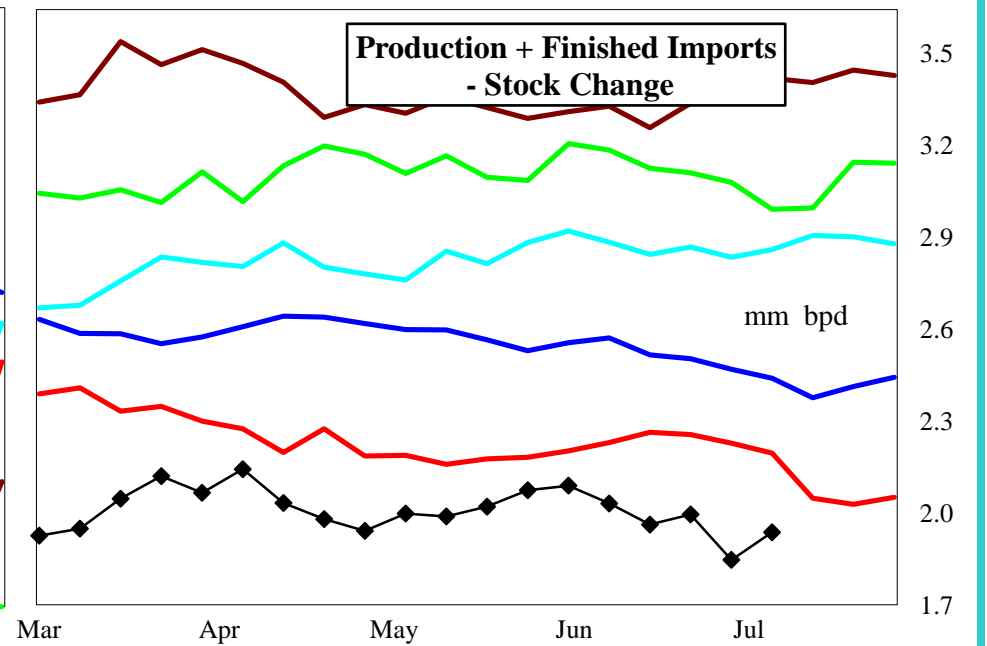
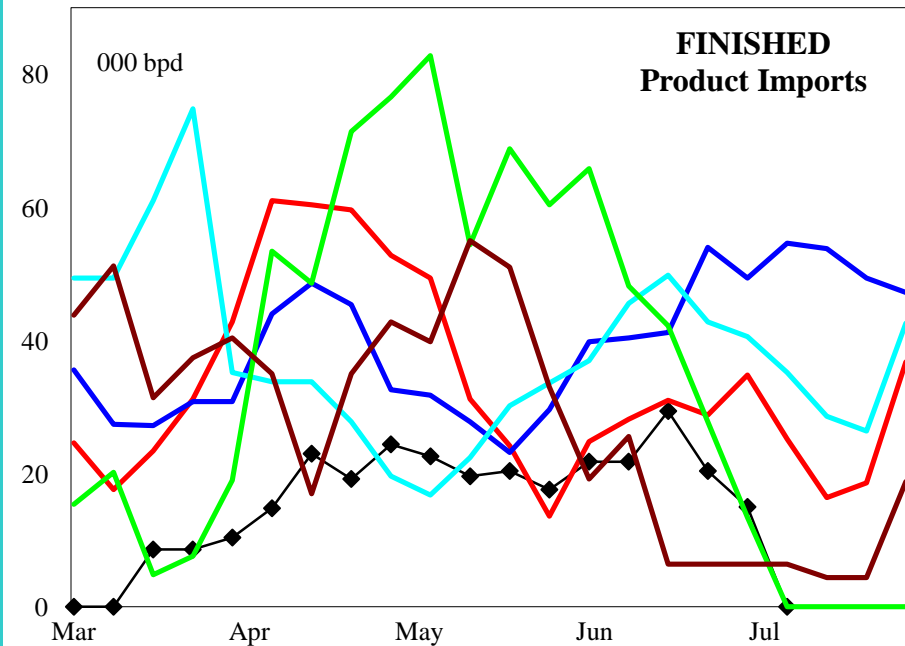
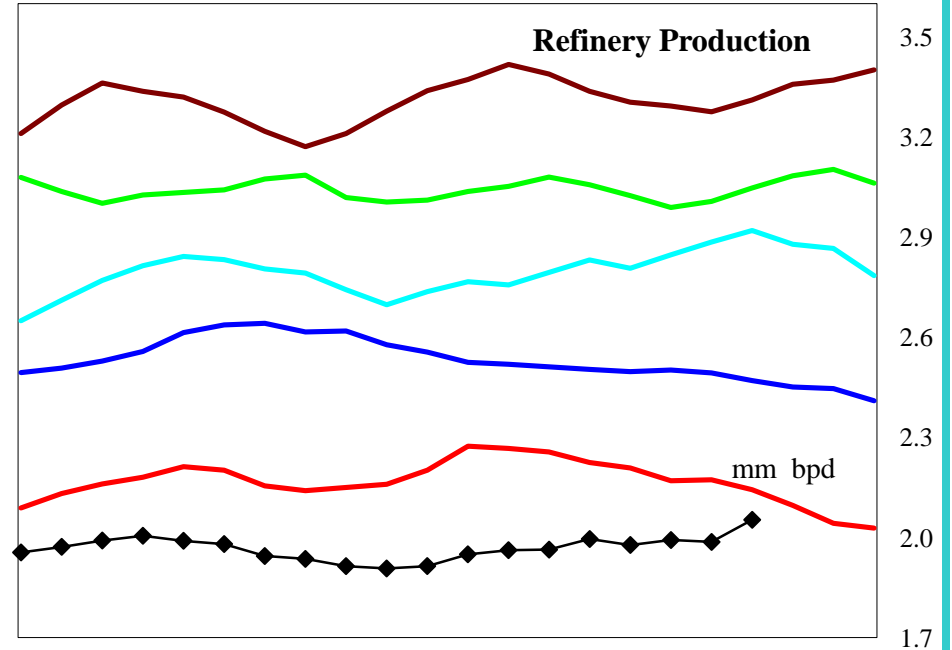
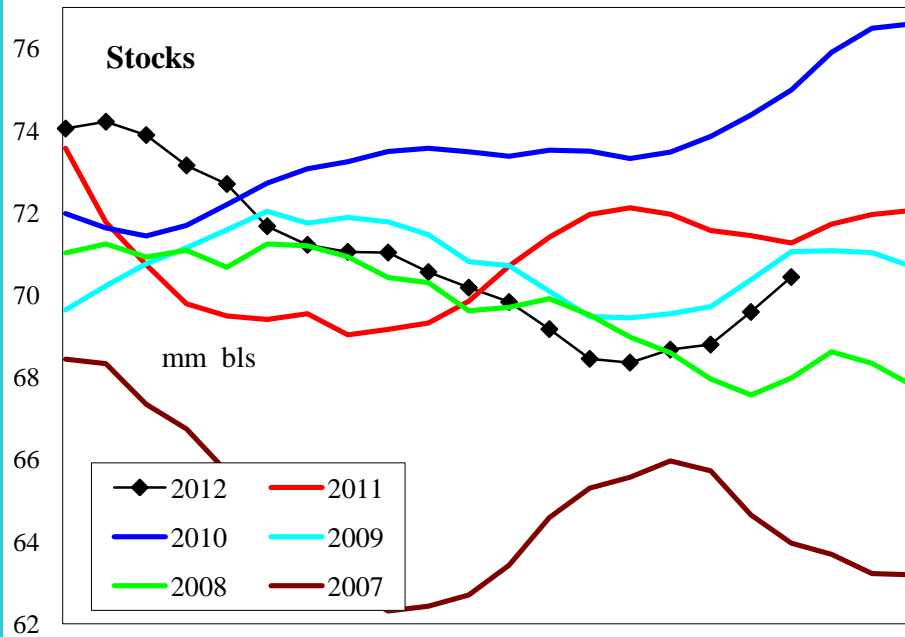
5.7

Imports

-594

-11.2

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,213

-1.7

Production

-216

-9.9

Fin Impt

-10

-30.8

Blend Impt

8

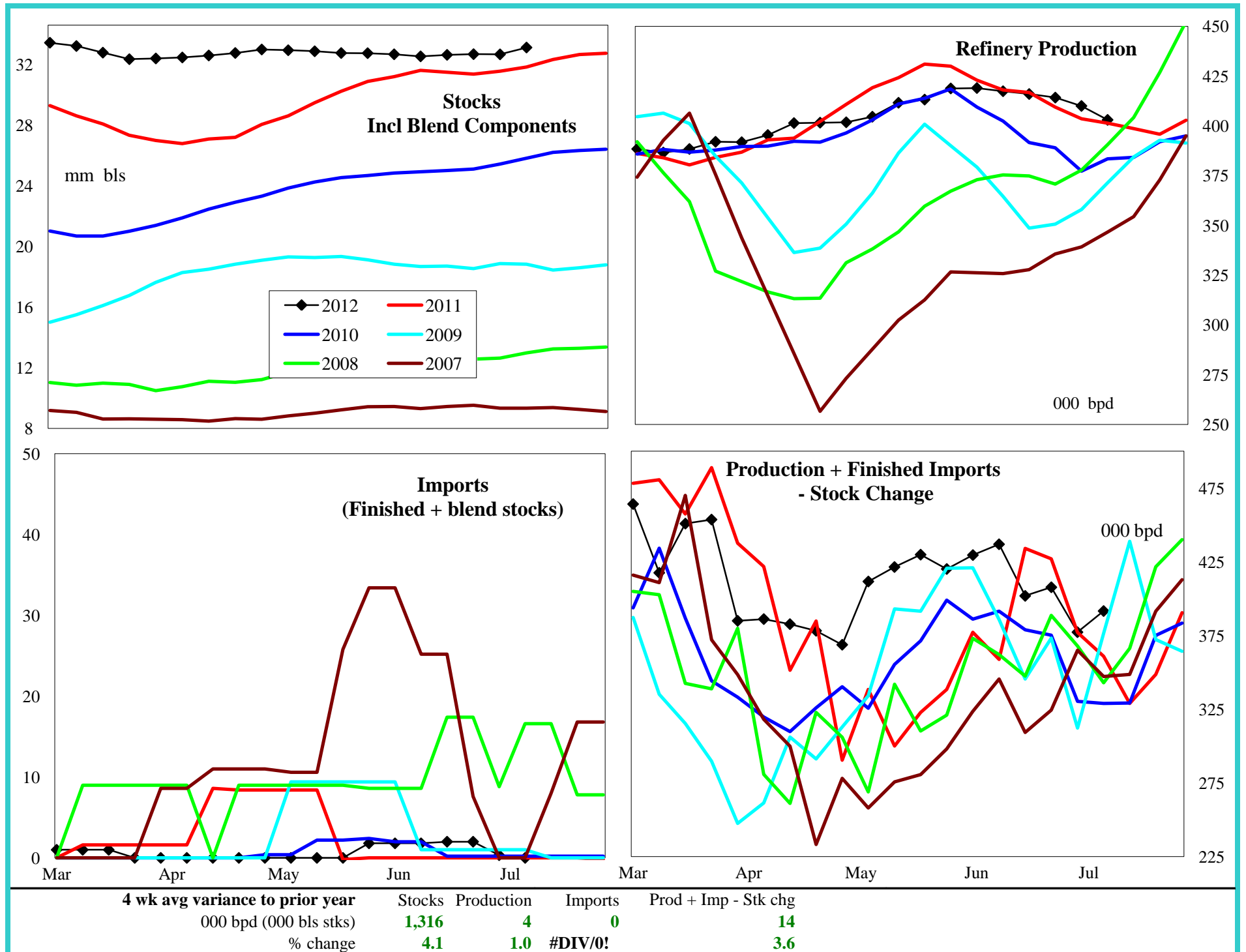
40.8

Prod + Imp - Stk chg

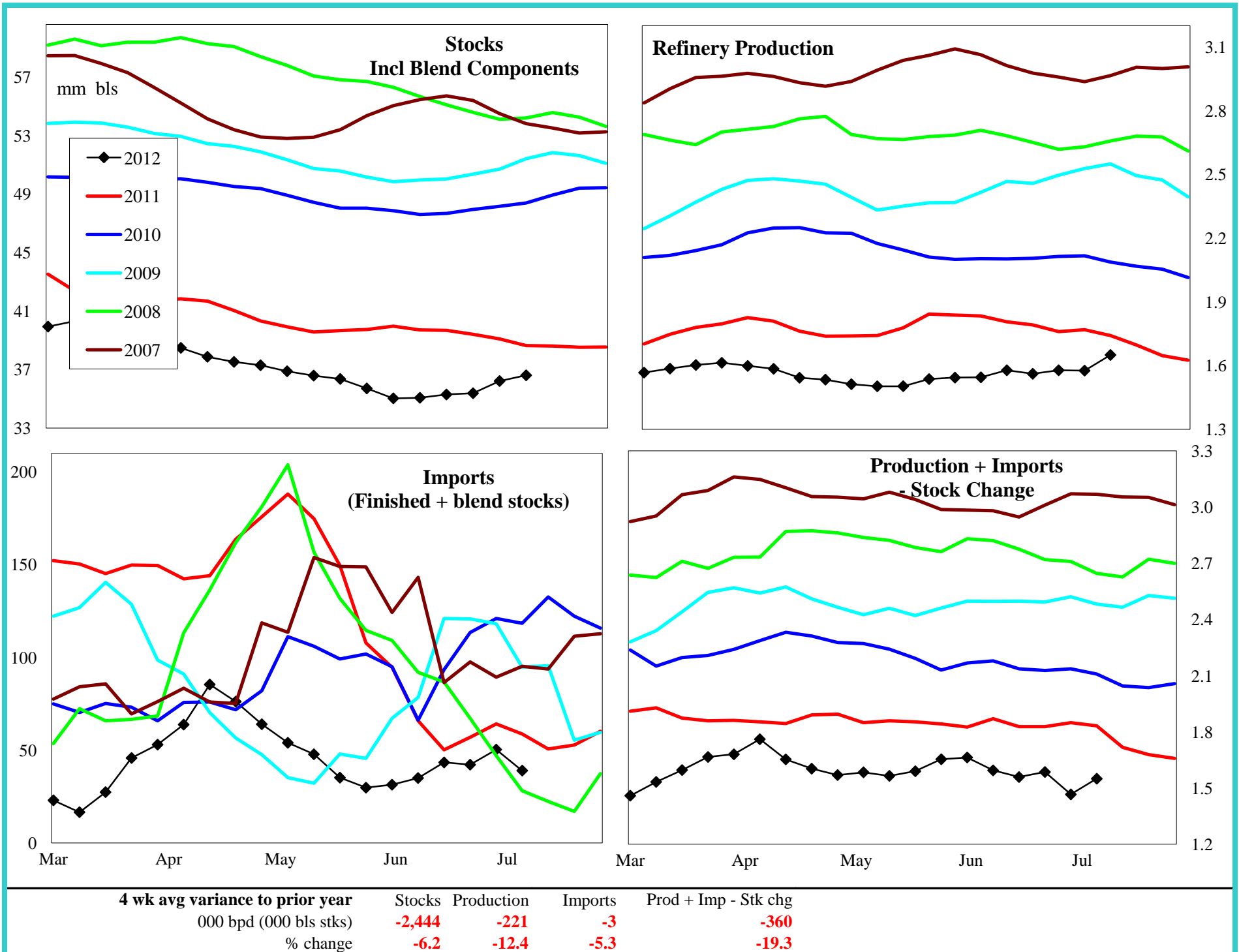
-344

-15.3

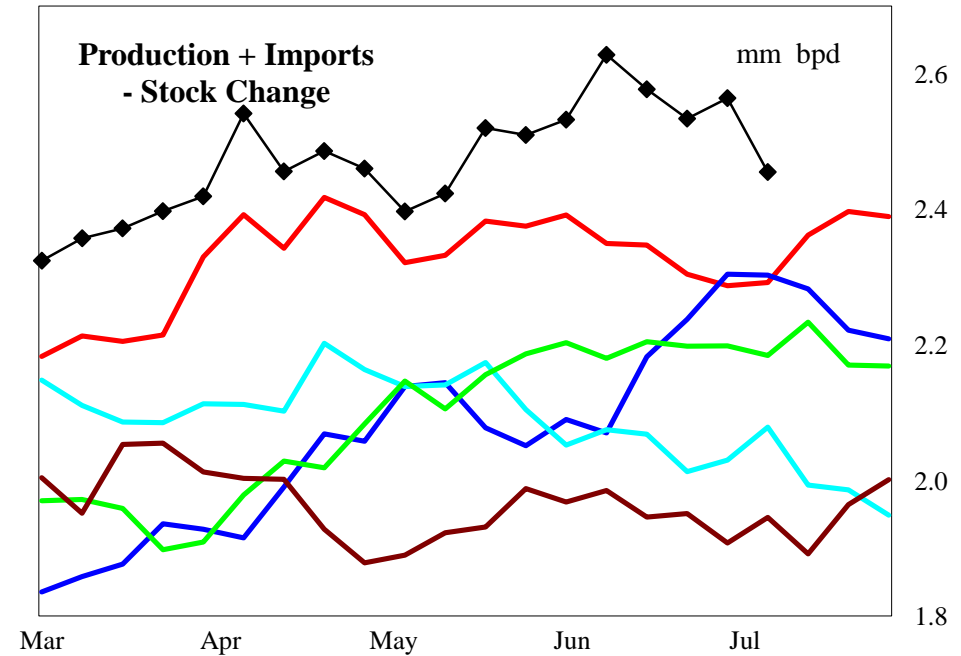
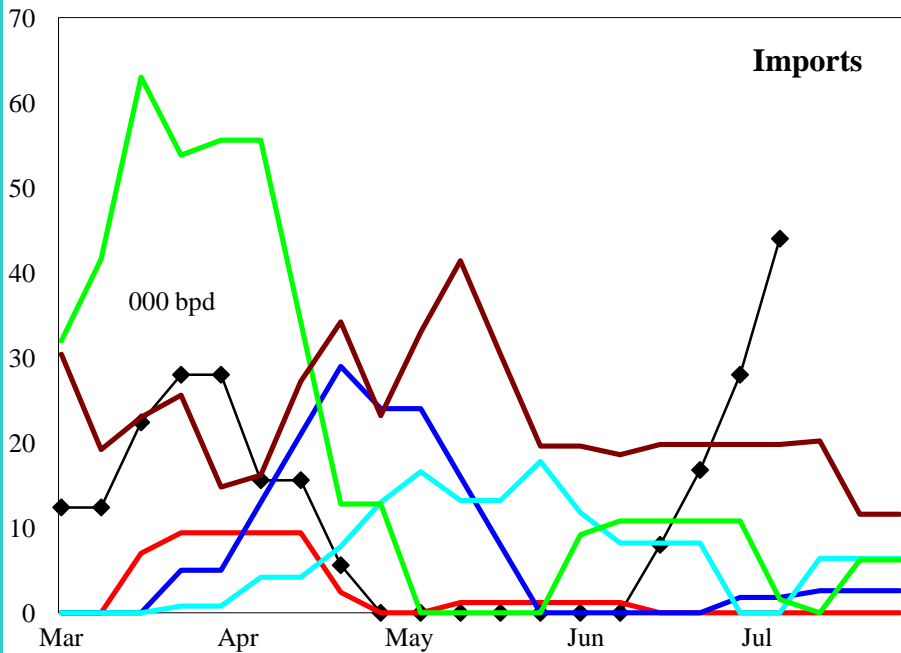
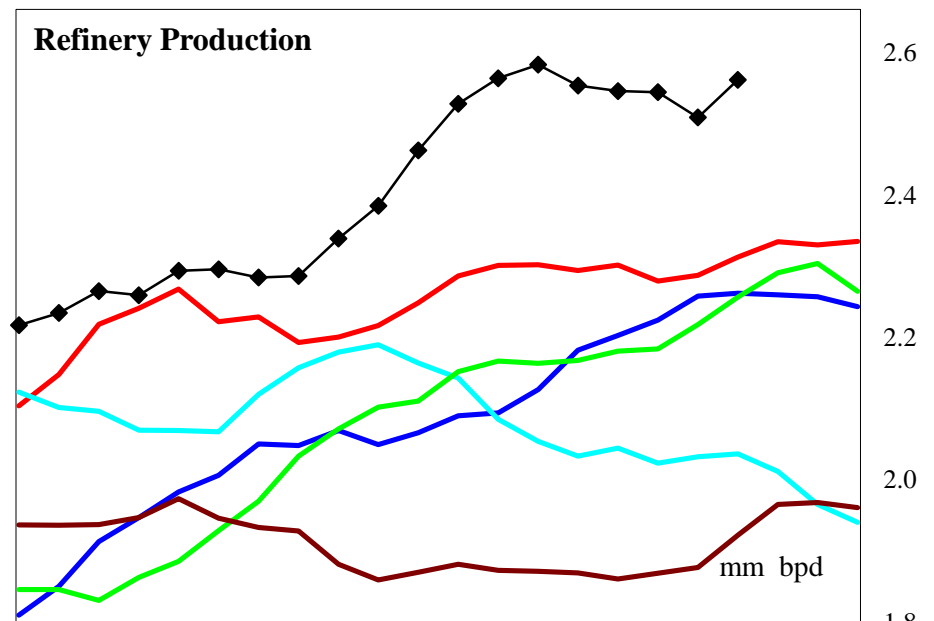
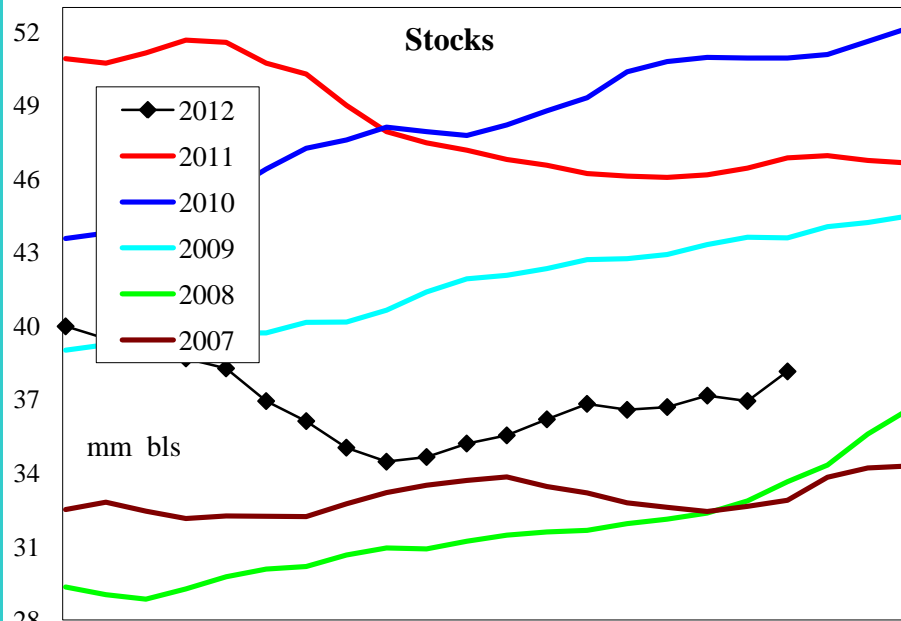
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-8,813

-18.8

Production

250

10.8

Imports

21

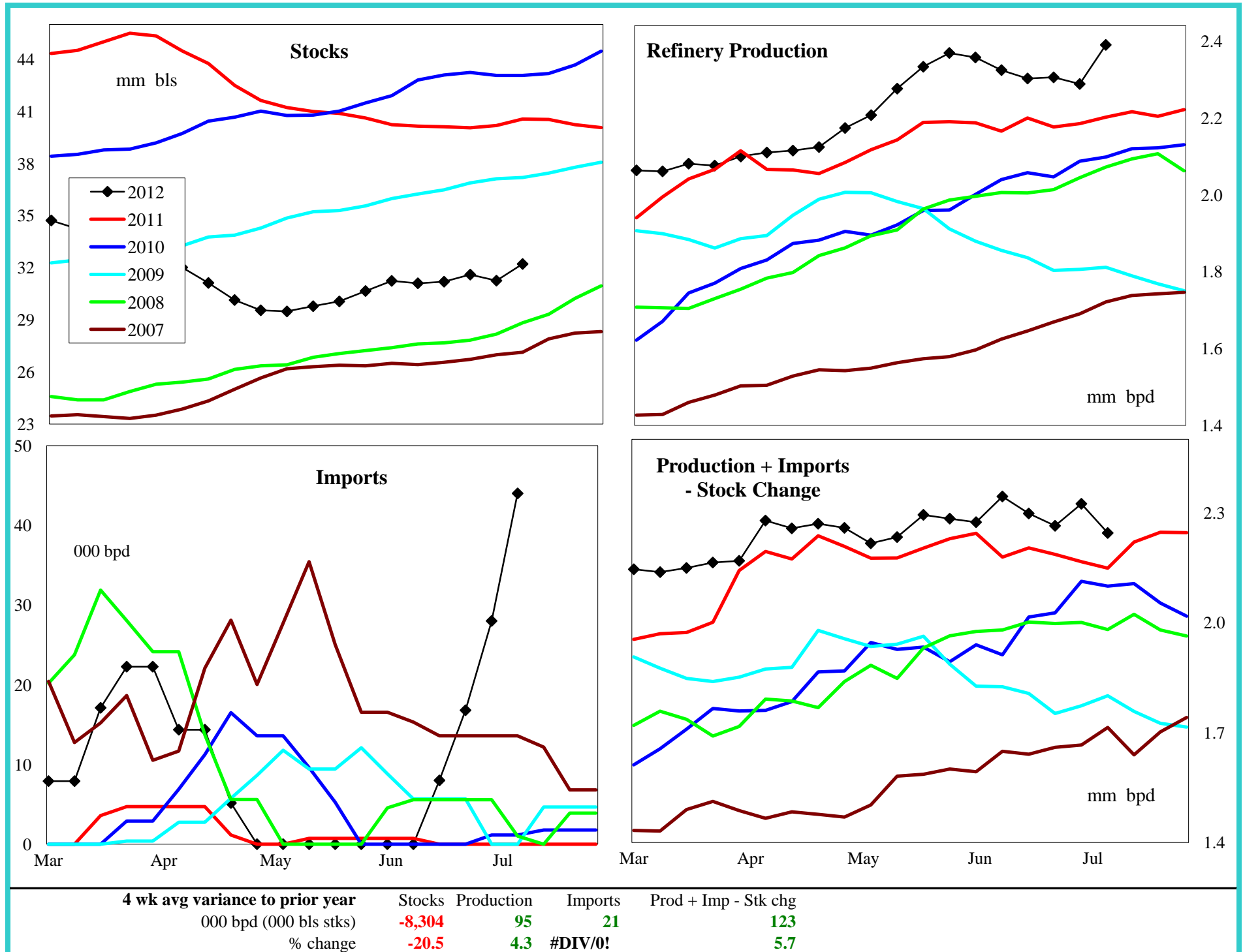
#DIV/0!

Prod + Imp - Stk chg

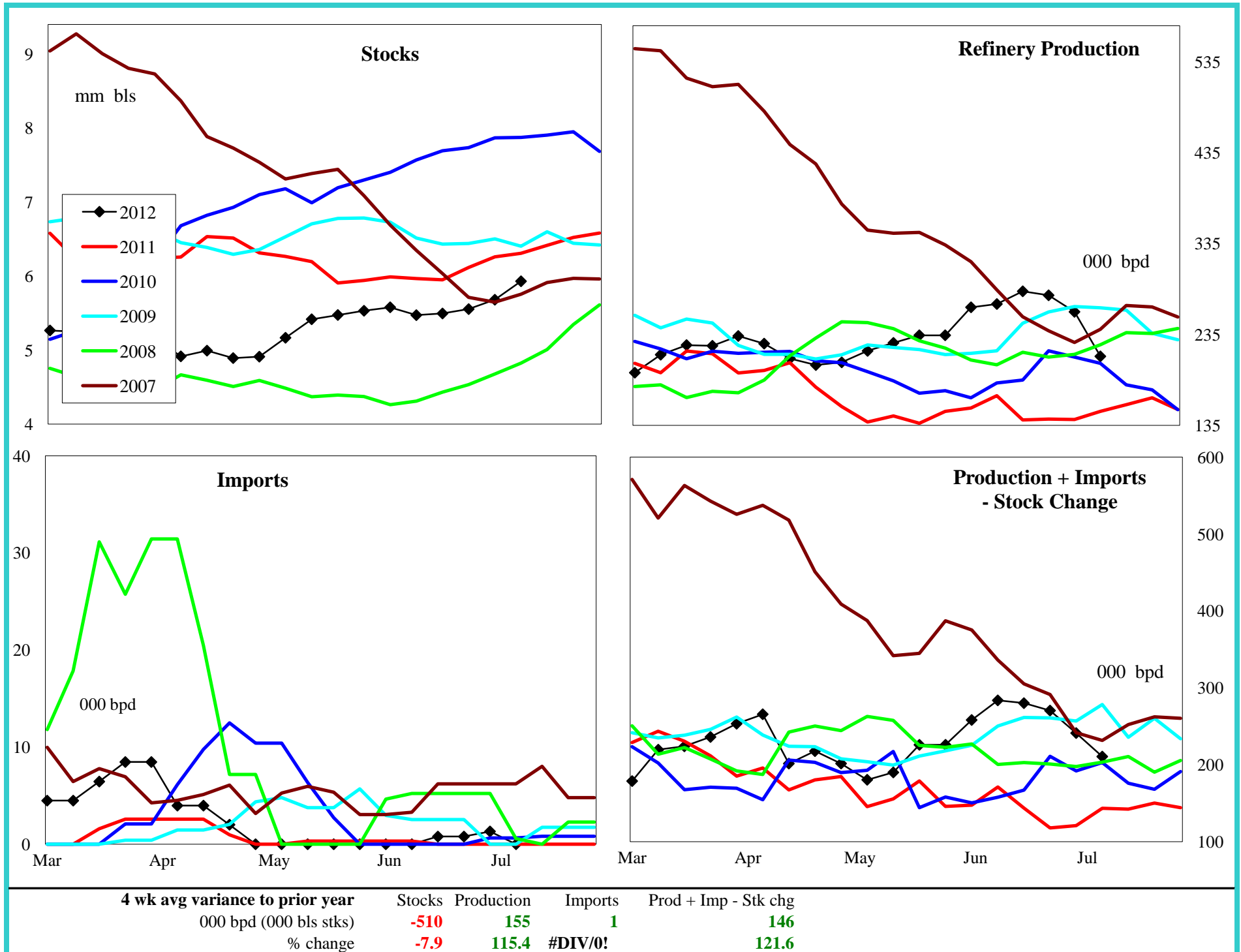
267

11.7

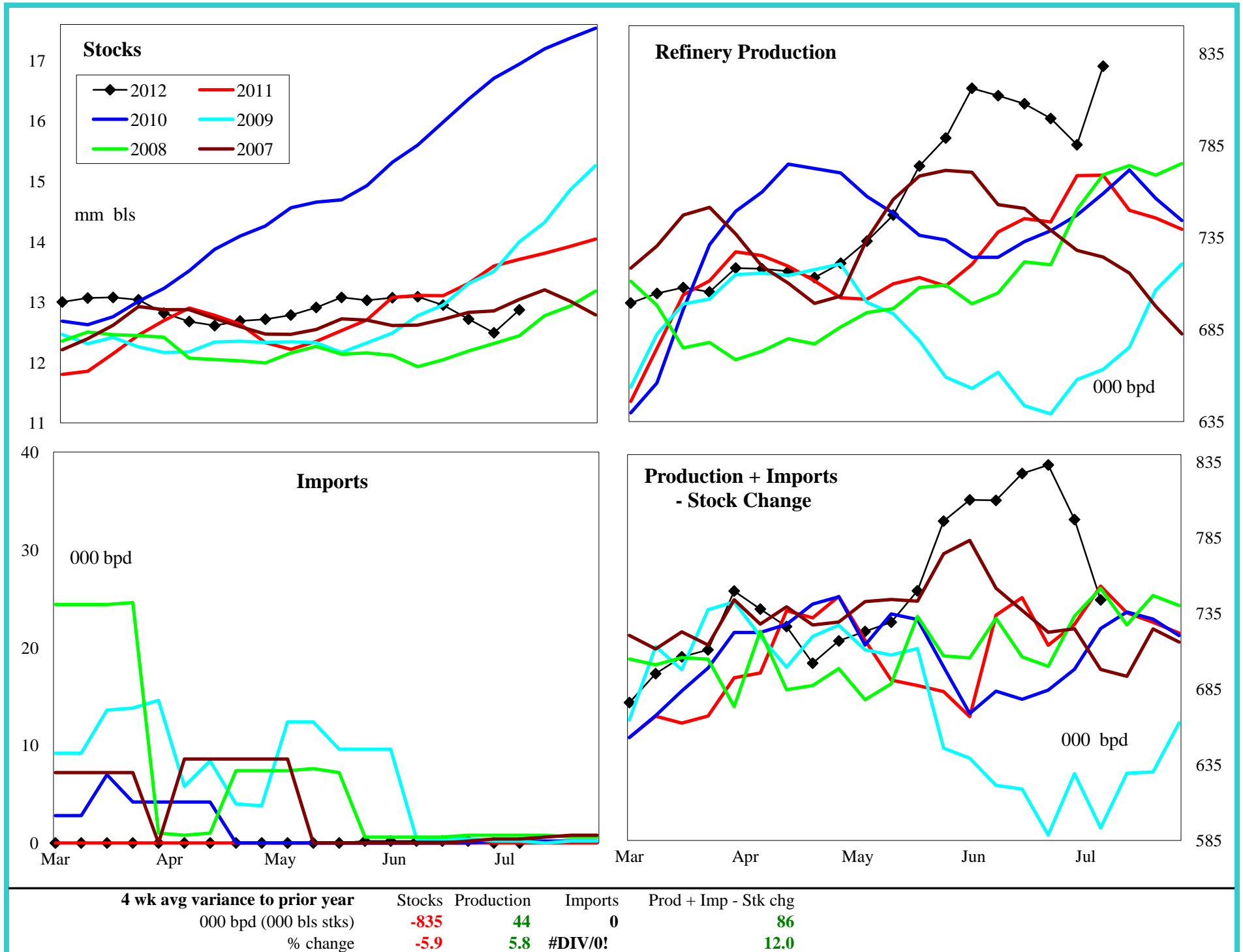
PADD 3 Low Sulfur Distillate Supply



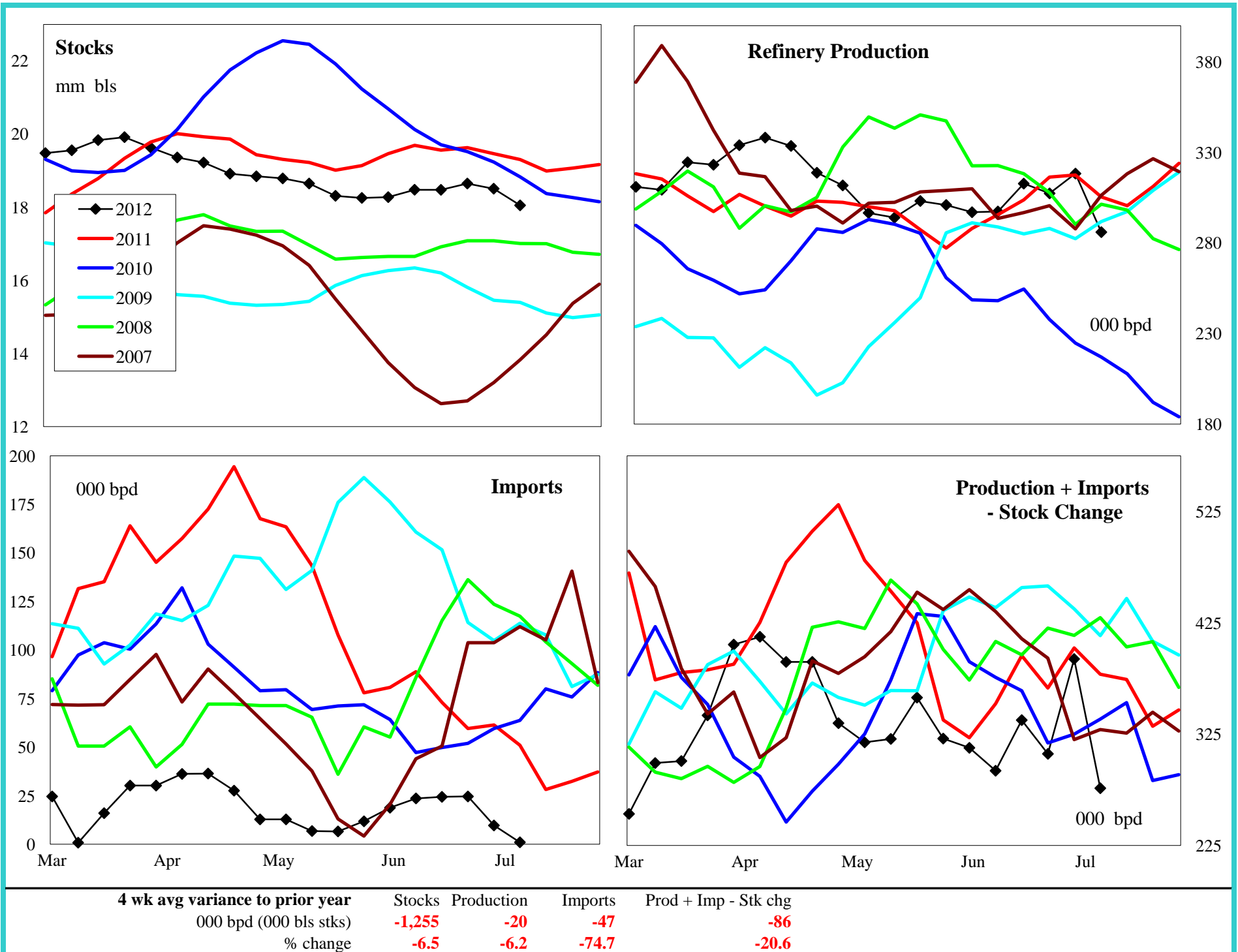
PADD 3 High Sulfur Distillate Supply



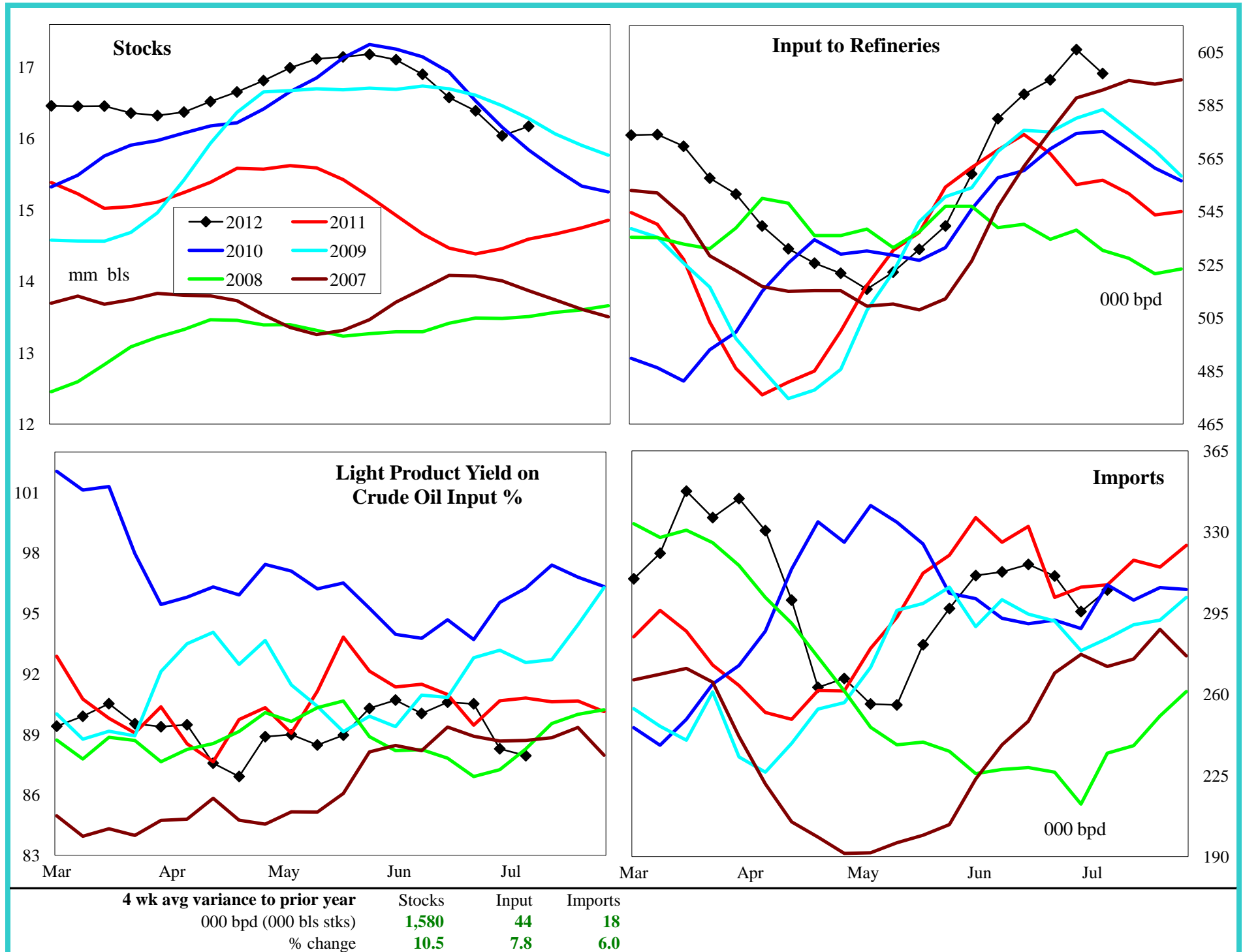
PADD 3 Jet Fuel Supply



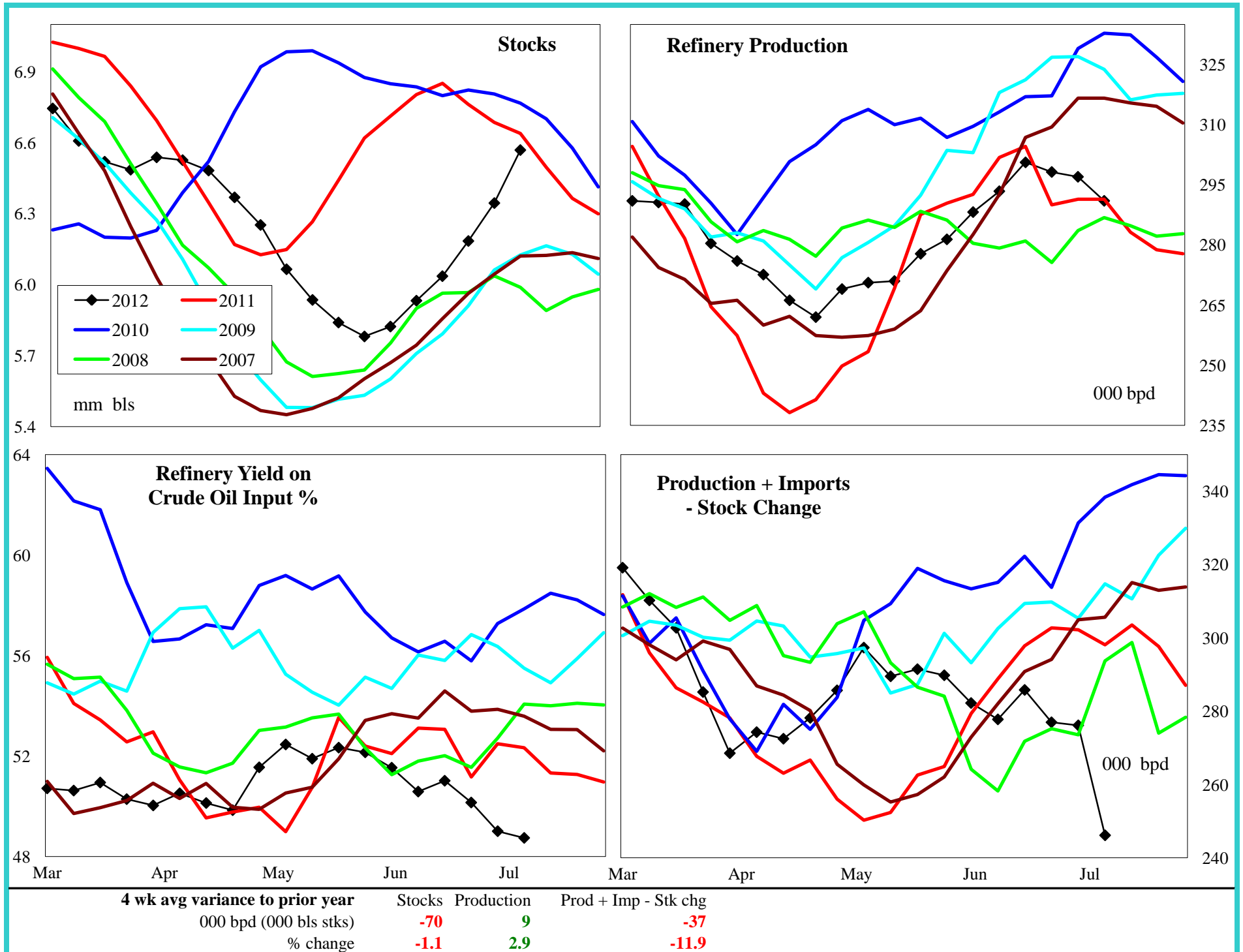
PADD 3 Residual Fuel Oil Supply



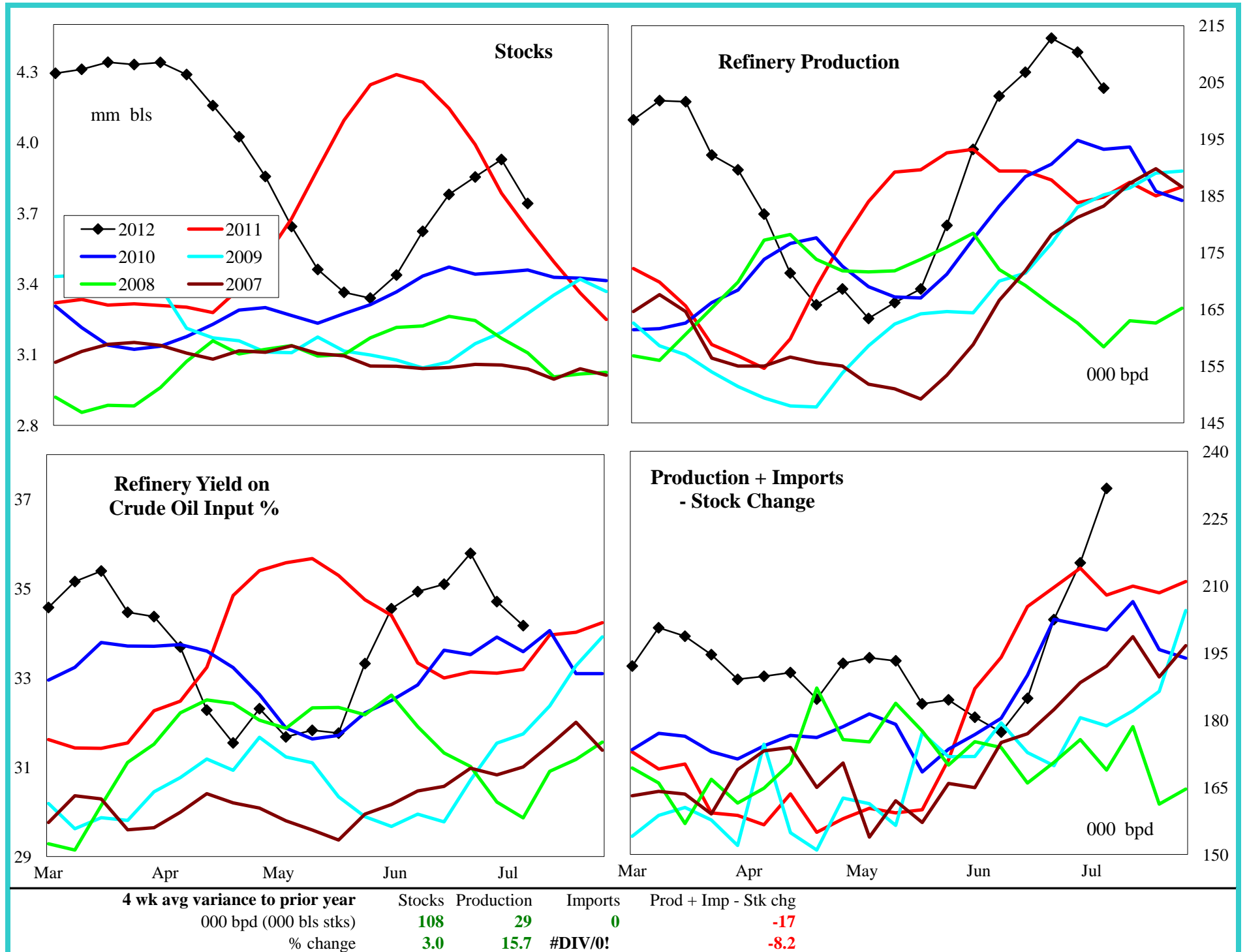
PADD 4 Crude Oil Supply and Refining



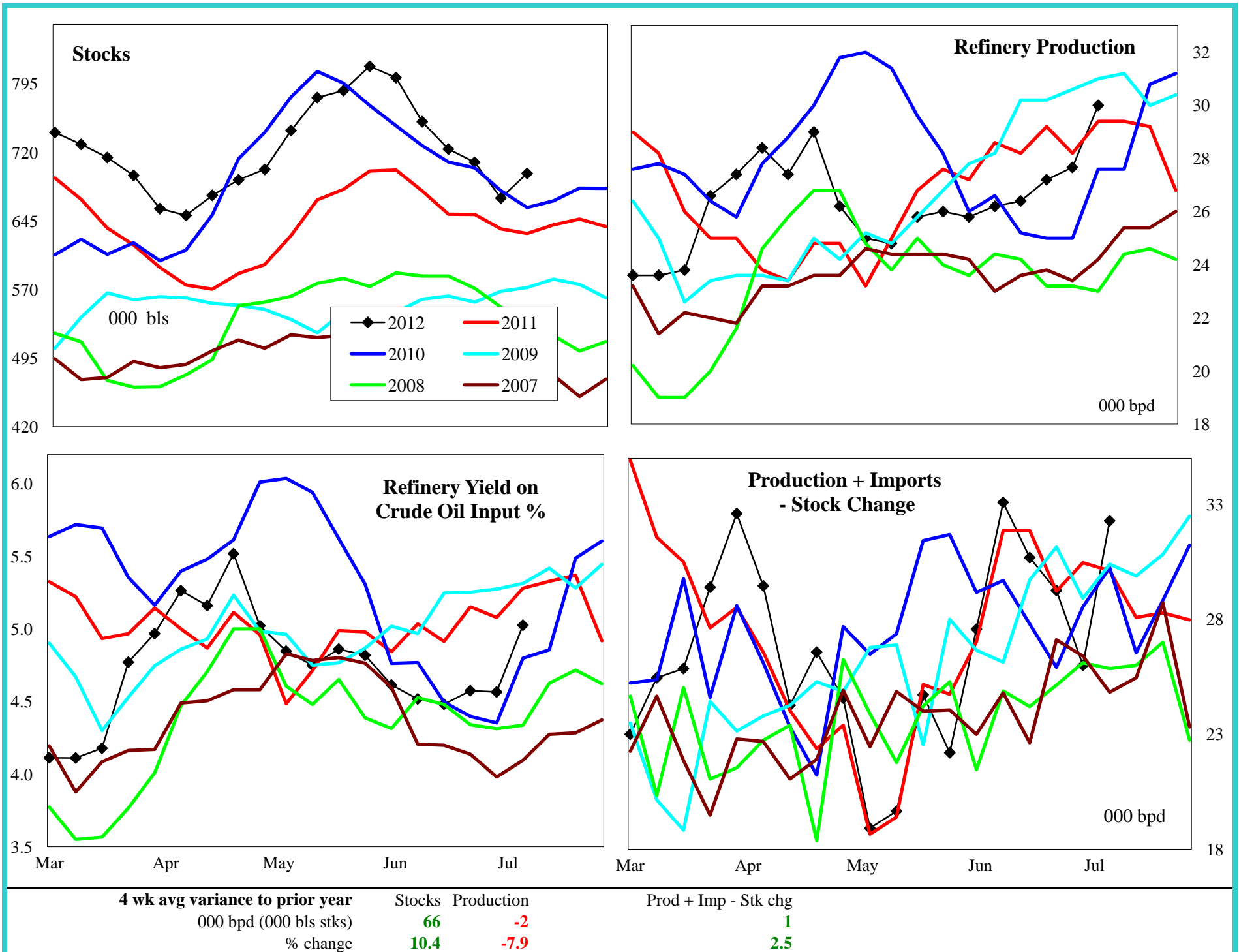
PADD 4 Gasoline Supply



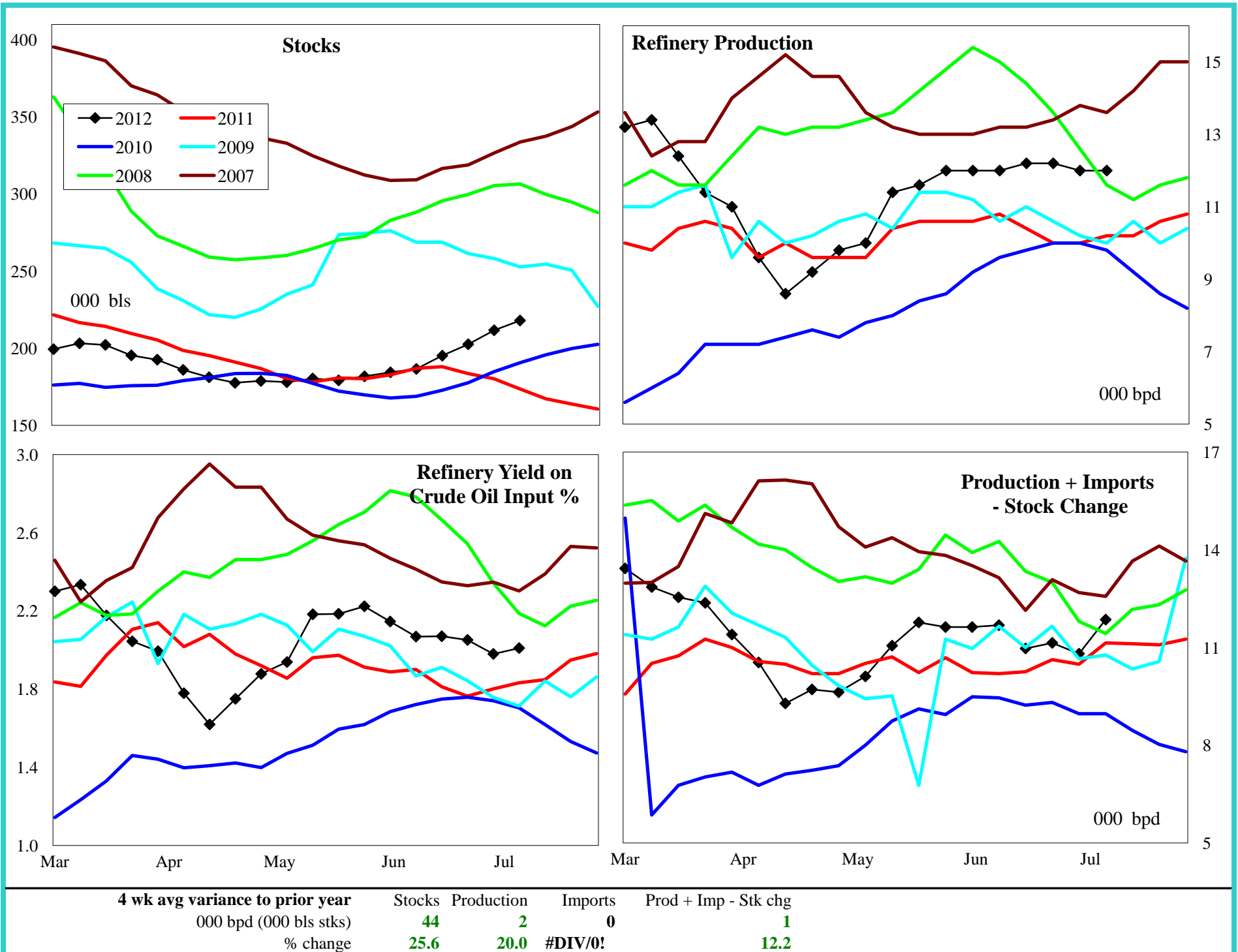
PADD 4 Distillate Supply



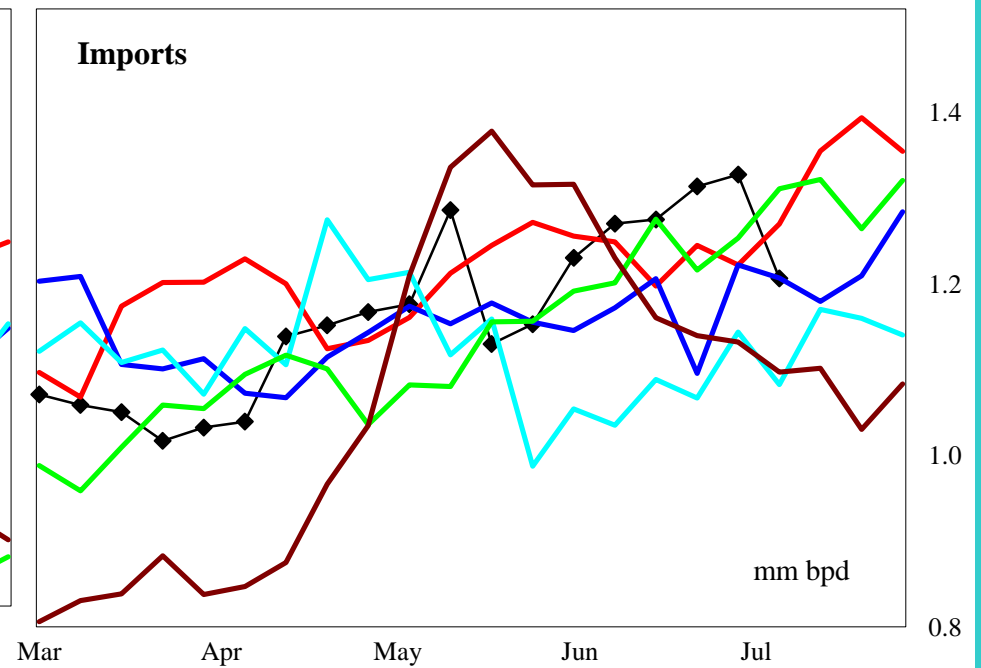
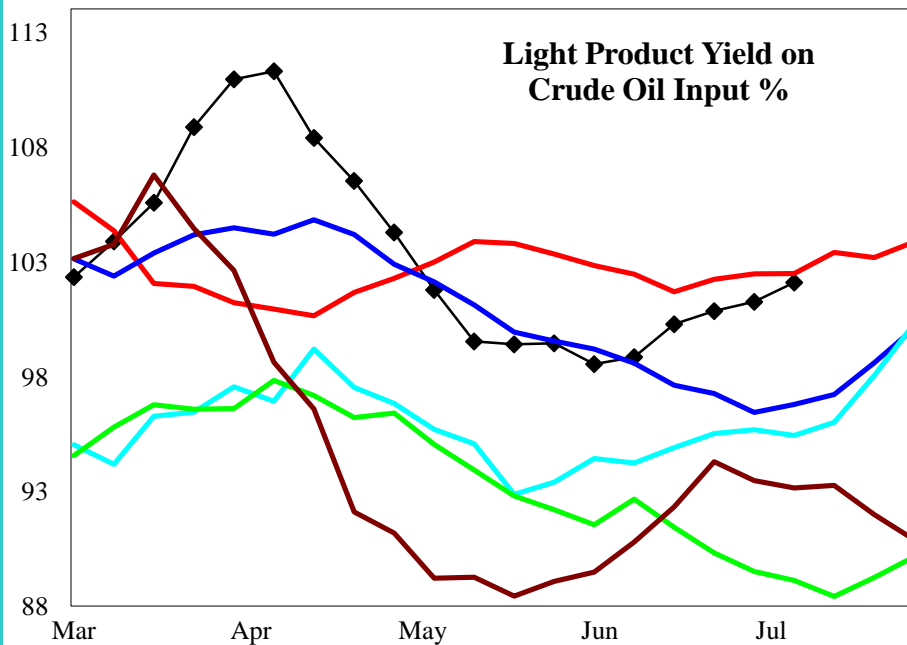
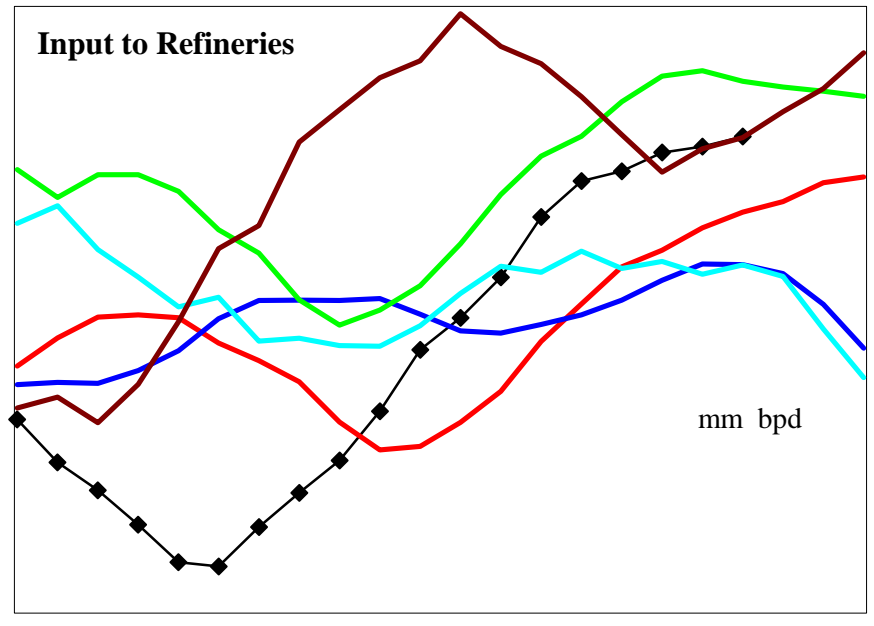
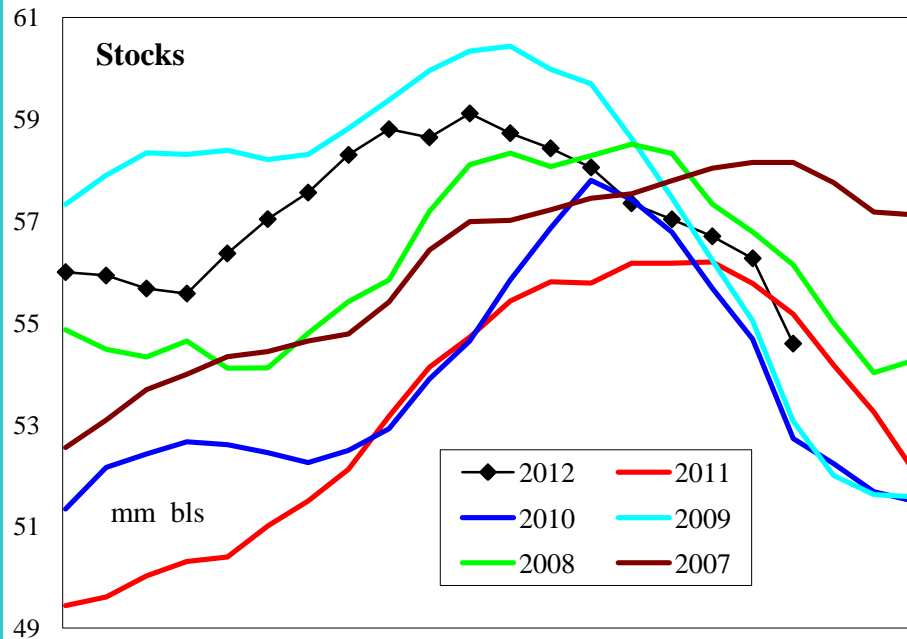
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-581

-1.1

Input

125

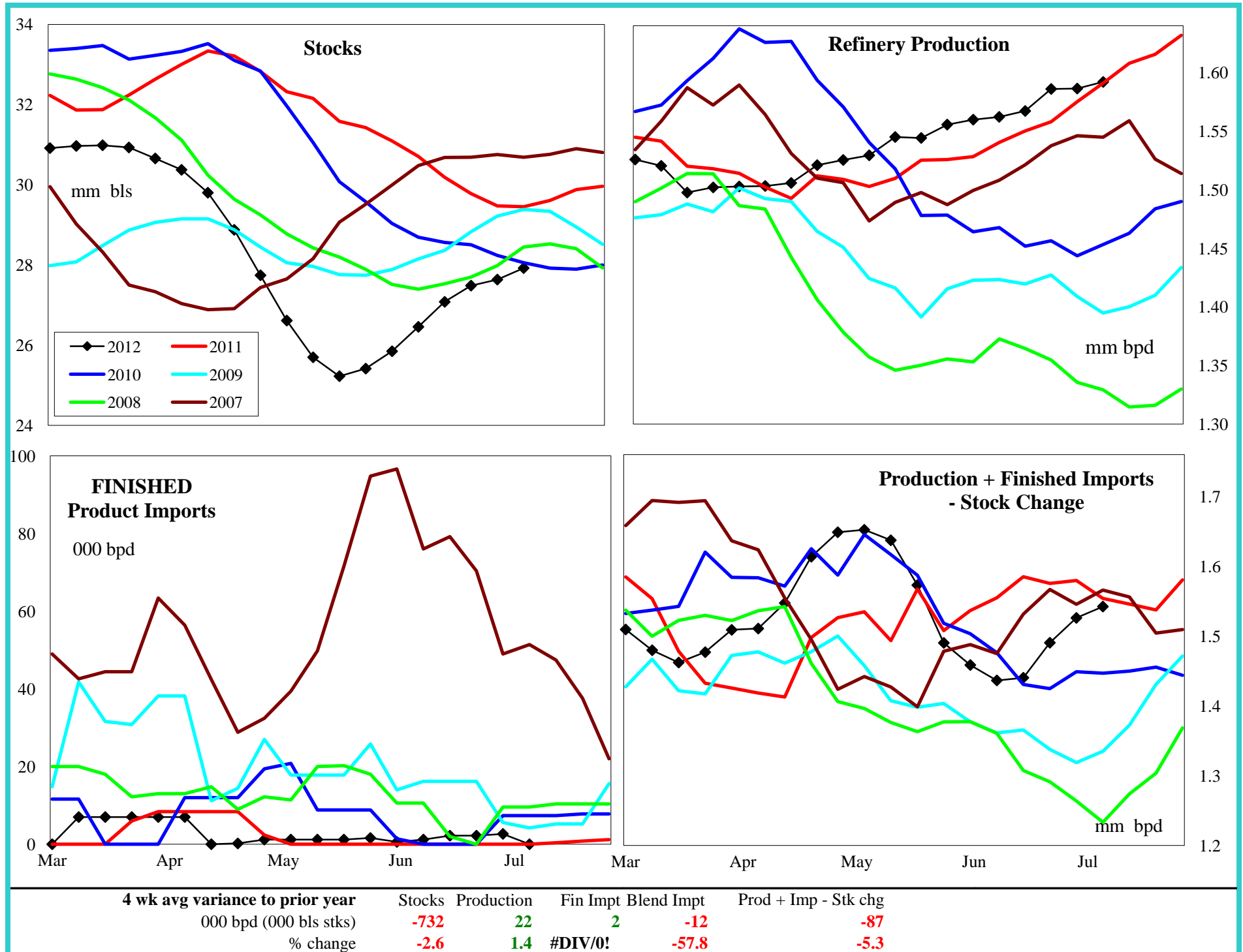
5.0

Imports

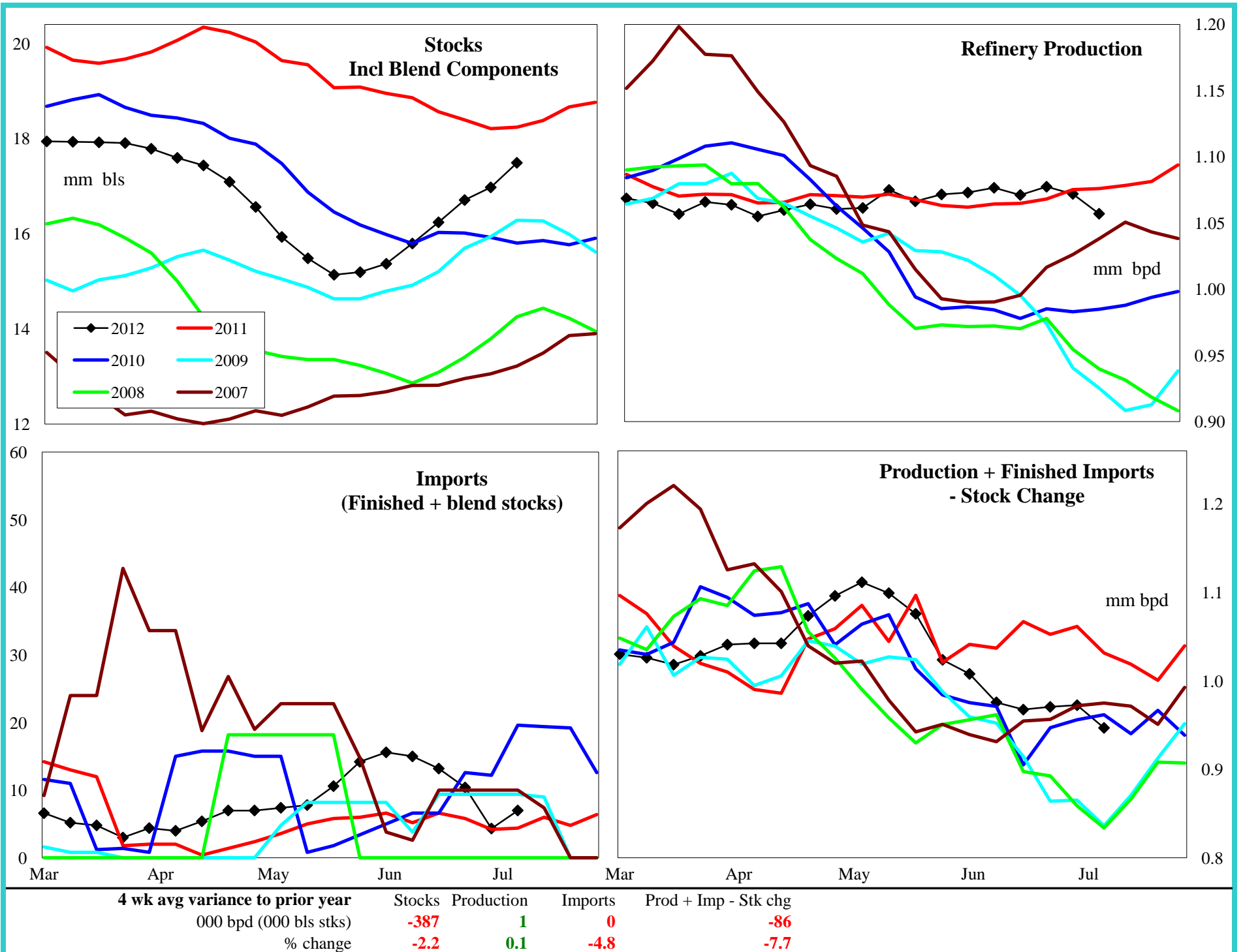
111

9.1

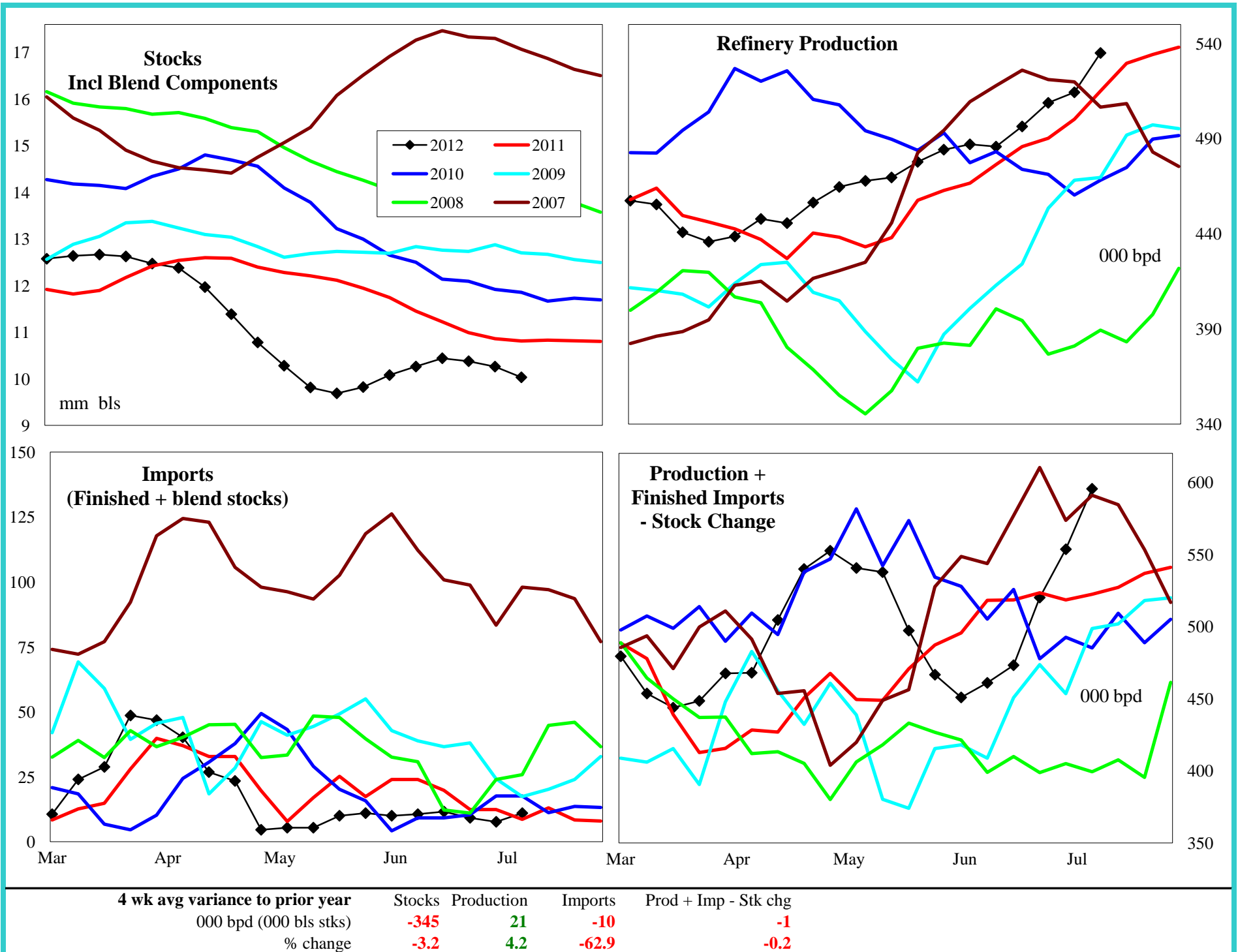
PADD 5 Gasoline Supply



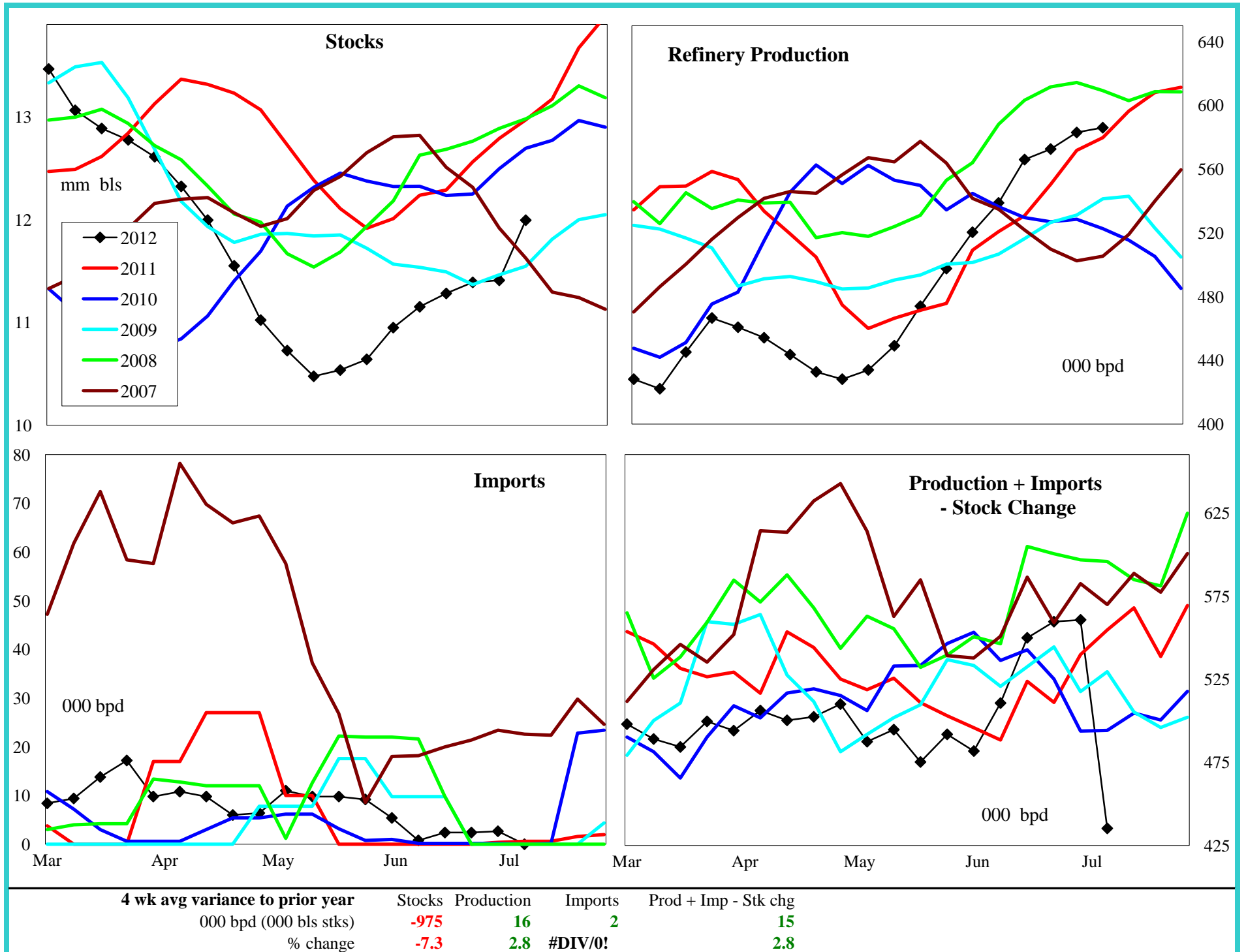
PADD 5 Reformulated Gasoline Supply



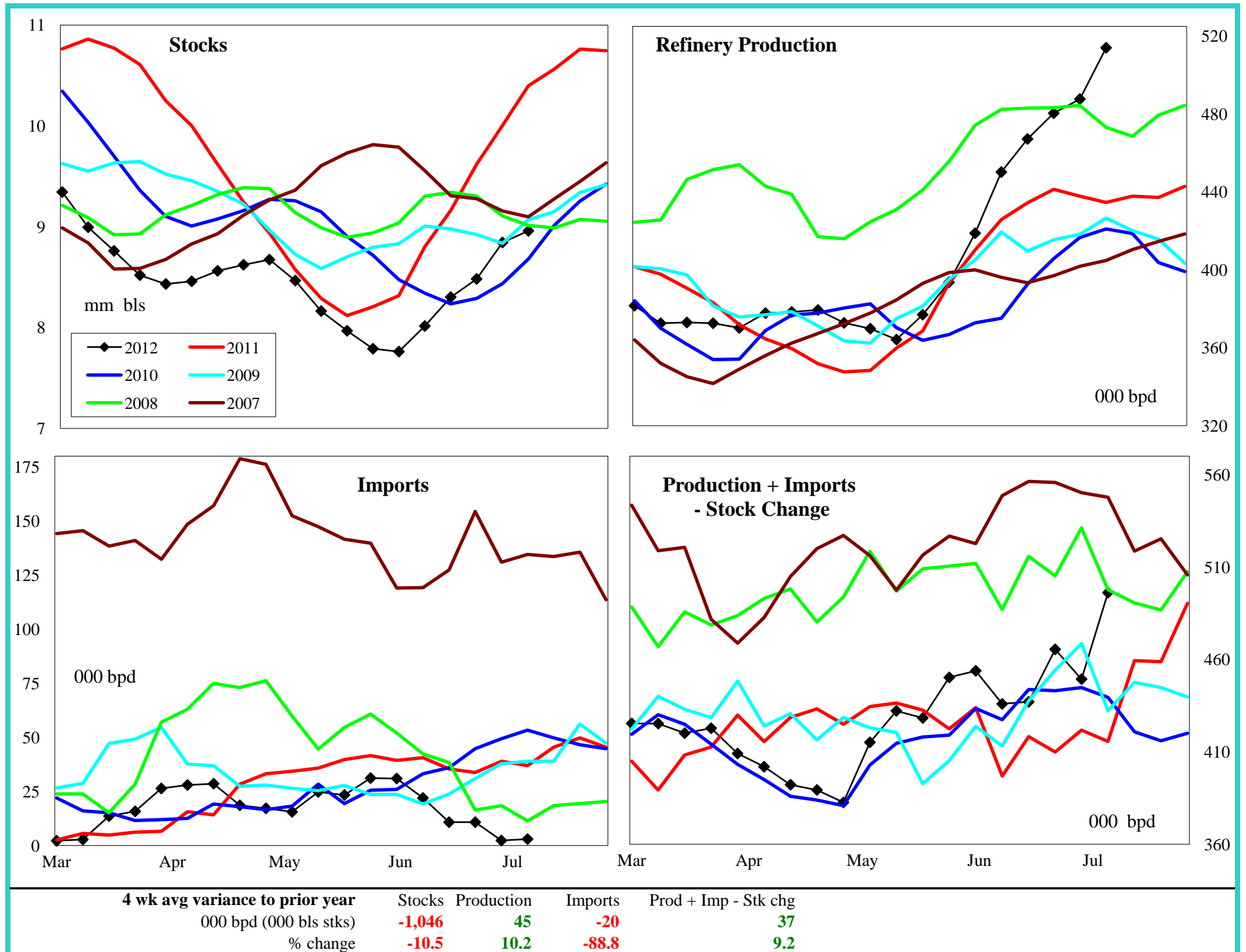
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

