



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

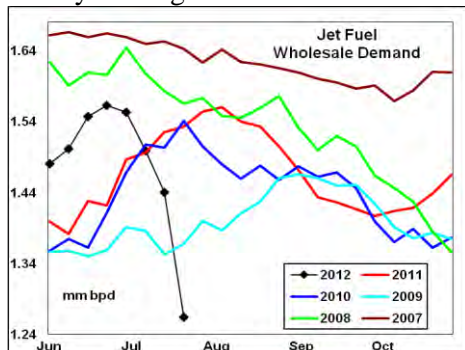
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, July 25, 2012



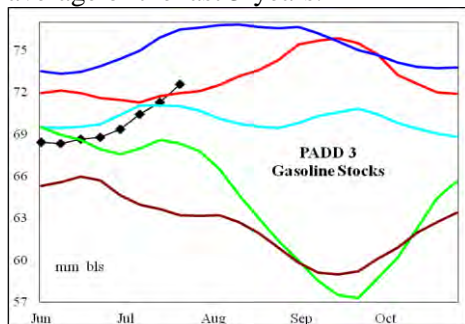
#### Major Fundamental Trends<sup>1</sup>

Stocks jumped +7.2 million barrels last week for the combined transport fuels (gasoline, distillate & jet fuel) on high refinery production, lackluster demand and an upturn in imports. This build points to an improving supply balance for each transport fuel, even though stock levels remain at the low end of the 5-year range.



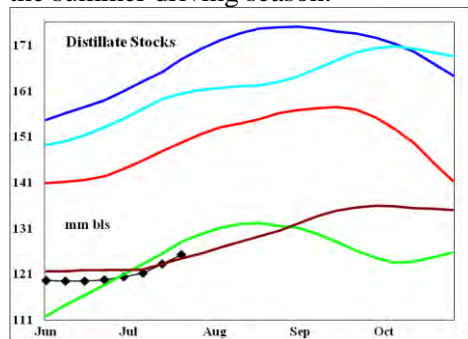
After reporting last week that higher wholesale jet fuel demand appeared to be driven by higher use, rather than seasonal private stock building, demand fell -333,000 bpd this week. This drop pushed the 4-wk average demand into negative territory, down -44,000 bpd compared to the same period a year ago.

Gasoline stocks increased +4.1 million barrels last week; driven by a surge in supply that offset the prior week drop, and weak wholesale demand. Stocks have increased in the key Gulf region to levels above the average of the last 3-years.

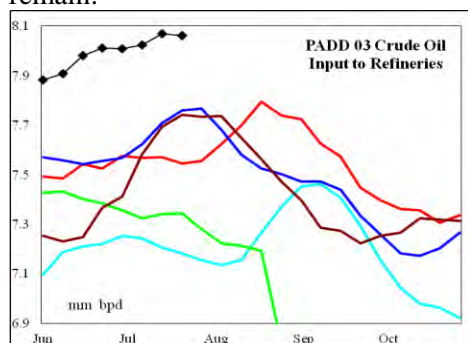


Since the East Coast and Midwest depend on this region for incremental supply, the recent build sharply

reduces the risk of a supply squeeze in regional markets during the balance of the summer driving season.



Distillate stocks increased +7.4 million barrels during the last 3-wks, lifting the rate of stock building to a level near the rate of the last 3-years. However, stock levels remain near 5-year lows, more than -26 million barrels below last year. Robust exports and very low imports during the 1st half of the year underlie the low level of stocks. Risk of tight supplies in the 4th quarter remain.



**Demand** for jet fuel plunged -333,000 bpd last week. Gasoline and distillate increased. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -3.2%; distillate up +0.1%; jet fuel down -2.9% while residual fuel oil decreased -33%.

**Stocks forward coverage:** Gasoline demand coverage jumped last week due to a +4.1 million barrel stock build and weak demand. Coverage levels were at 5-year highs for the week.

Distillate coverage increased on a +1.7 million barrel stock build and moderate demand. Coverage levels are near historic lows.

Jet fuel coverage spiked on a +1.4 million barrel stock build and collapse

in demand. Coverage levels remain below the last 3-years.

**Refinery utilization** rates increased last week on a +258,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +306,000 bpd above a year ago.

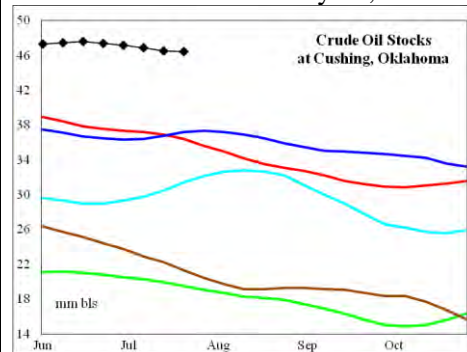
Gasoline yield % on crude oil runs increased on a +370,000 bpd rise in output compared to the +258,000 bpd upturn in crude oil runs. Yield % on crude oil runs matched 5-year lows.

Distillate yield % on crude oil runs fell on a -116,000 bpd drop in production, compared to the increase in crude oil runs. The yield % matched year ago levels.

Jet fuel yield % on crude oil runs plunged on a -81,000 bpd fall in output compared to the rise in crude oil runs. Yield % levels below four of the last 5-years.

**Petroleum Imports** of crude oil and refined fuels were each higher last week. During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports decreased -17,000 bpd; finished gasoline imports decreased -61,000 bpd, gasoline blend stock imports increased +161,000 bpd; jet fuel imports were -66,000 bpd lower, while residual fuel oil imports fell -70,000 bpd.

**Crude Oil** stocks increased +2.7 million barrels last week, including +1 million barrel builds in PADDs 1 and 3. U.S. stocks ended the week +26 million barrels above a year ago. Cushing stocks ended the week +10 million barrels above last year, +28%.



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



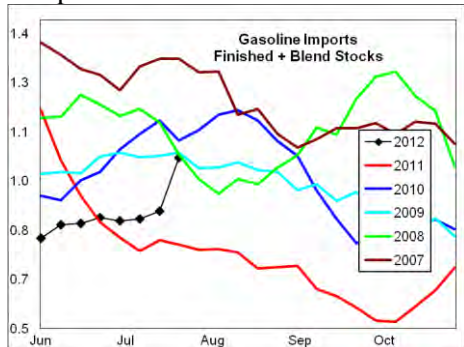
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

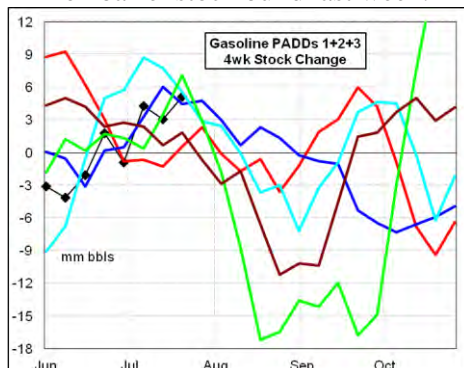
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#### Product Supply-Demand Trends

**Gasoline** demand increased +32,000 bpd last week, a level sharply below the historic range. The latest 4-wk average demand was -287,000 bpd below a year ago, a decline of -3.2%. Supplies surged a combined +0.8 million bpd last week; including a +0.4 million barrel increase for both imports and production.



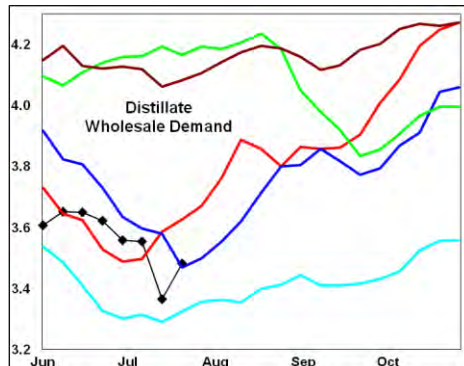
The surge in supplies more than offset the weak demand, leading to a +4.1 million barrel stock build last week.



The latest 4-wk stock change in markets East of the Rockies was +5.6 million barrel build, above the historic mid range.

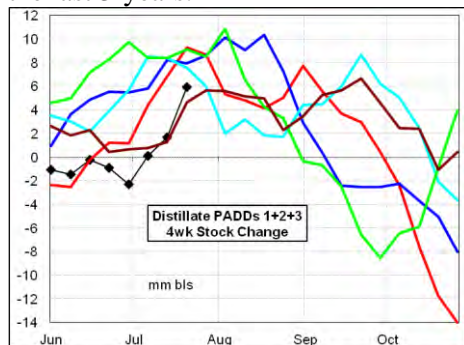
Weak demand, combined with a surge in imports and production has increased supplies during peak summer demand. Summer stock builds East of the Rockies match builds of the last 3-years. The gasoline market should now be adequately supplied as summer demand begins to trend lower during the next 30-days.

**Distillate** demand increased +116,000 bpd last week, to a level comparable to the last 2-years. The latest 4-wk average demand was +4,000 bpd above a year ago.

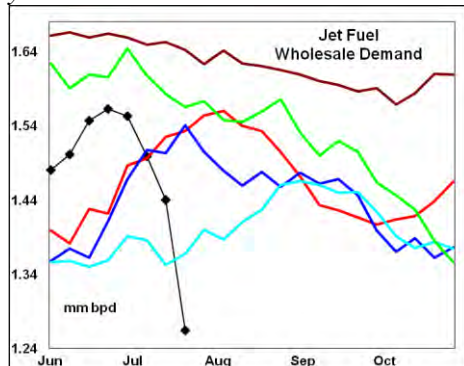


Supplies declined -38,000 bpd on the week, on lower production. Stocks increased +1.7 million barrels last week.

The latest 4-wk stock build in markets East of the Rockies was +5.9 million barrels, compared to an average build of +8 million barrels for the last 3-years.



Stocks are finally seeing a seasonal build, although at a reduced level compared to prior years. Production has averaged +191,000 bpd above a year ago for the latest 4-wk period. A sustained period of high output and lower demand will be necessary to lift stocks closer to levels of the last 3-years.



**Jet Fuel** demand plunged -333,000 bpd last week, to a level sharply below the historic range. The latest 4-wk average

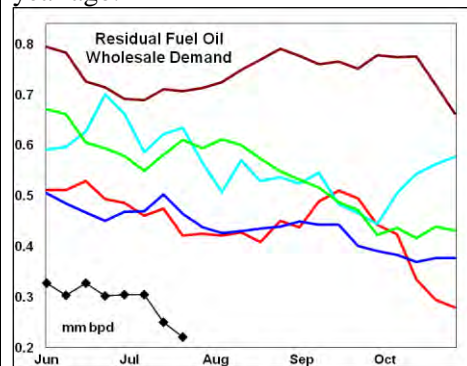
demand was -44,000 bpd below a year ago, down -2.9%.

Production fell -81,000 bpd last week, to a level near the historic mid range. Stocks increased +1.4 million barrels on the week, to a level -12% below last year.

*Demand collapsed last week, driving the 4-wk average below last year. With this collapse in demand, the earlier surge appears to have been seasonal timing of airline inventory stocking.*

*Stock levels remain extremely low; the result of record low imports.*

**Residual fuel oil** demand decreased -33,000 bpd last week. The latest 4-wk average was -153,000 bpd below a year ago.



Supply (production + imports) decreased -48,000 bpd last week, on lower production. The latest 4-wk average supply was -91,000 bpd below last year on lower imports and production. Stocks decreased -0.2 million barrels on the week to a level that matched lows of the last 5-years.

Wholesale demand remains exceptionally weak, off -33% during the latest 4-wk period compared to a year ago. Imports are down -25% for the same period. Stock levels have climbed +4 million barrels during the last 60-days, to the highest level of the year. Gulf stocks ended the week at levels that matched 5-year highs.





## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

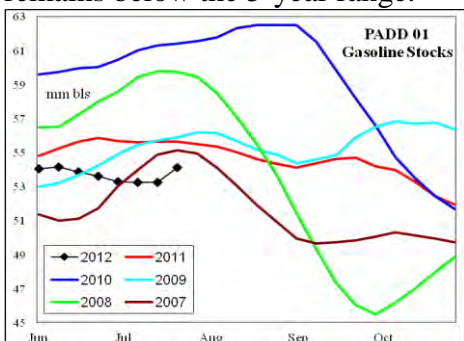
### A Fundamental Petroleum Trends Weekly Report

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#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +61,000 bpd on the week, with the latest 4-wk average -298,000 bpd below last year.

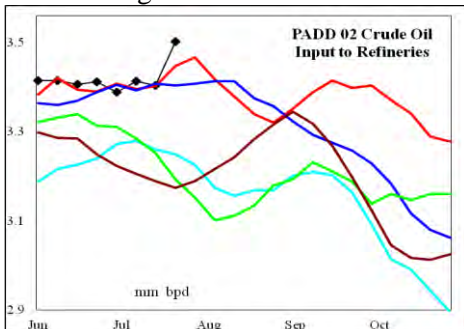
Gasoline imports jumped +368,000 bpd on the week, while production climbed +109,000 bpd. Stocks increased +1.9 million barrels last week, although the level remains below the 5-year range.



Stock levels in the Central Atlantic region trended higher on the week, but remain at a level below the historic range.

Distillate supply increased +77,000 bpd last week, but remain -112,000 bpd below a year ago for the most recent 4-wk period. Stocks increased +1.4 million barrels on the week, a level still below the historic range.

Jet fuel supply increased +49,000 bpd on the week, due to higher imports; with the latest 4-wk average -75,000 bpd below a year ago. Stocks increased +0.5 million barrels last week, with the level still below the historic range.



**PADD 2** crude oil refinery runs increased +190,000 bpd on the week, with the 4-wk average +40,000 bpd above last year. Crude oil imports

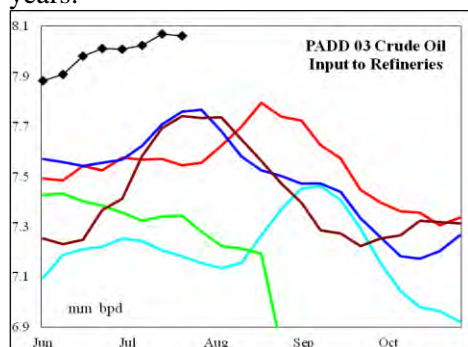
increased +303,000 bpd last week; +0.7 million bpd above last year. Stocks were nearly unchanged on the week, +11% above last years' record.

Gasoline production increased +104,000 bpd last week, to a level that matched the last 2-years. Stocks climbed +0.8 million barrels, to a level that matched the average of the last 3-years.

Distillate production decreased -47,000 bpd on the week, to a level below the mid range. Stocks increased +0.5 million barrels last week, although the level remains below the 5-year range.

Jet fuel production declined -8,000 bpd on the week, to a level at the low end of the historic range. Stocks were nearly unchanged, at a level that matched 5-year lows.

**PADD 3** refinery runs increased +52,000 bpd last week, a level still well above the historic range. The latest 4-wk average thru put was +470,000 bpd above last year. Crude oil imports increased +0.3 million bpd last week, although imports remain -17% below a year ago. Stocks increased +1 million barrels on the week, a level well above the last 3-years.



Gasoline production increased +61,000 bpd last week, a level below the last 2-months. Stocks increased +1.7 million barrels last week, to a level above the average of the last 3-years.

Distillate supply fell -99,000 bpd on the week, a level still well above the last 5-years. Production remains +220,000 bpd above a year ago for the latest 4-wk period. Stocks were unchanged on the week, at a level -

17% below last year.

Jet fuel production decreased -26,000 bpd last week, but remains +26,000 bpd above a year ago for the last 4-wks. Stocks increased +1 million barrels to a level below the 5-year mid range.

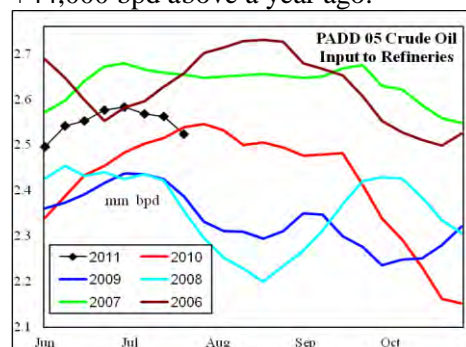
Residual fuel oil supplies decreased -38,000 bpd last week. Stocks increased +0.6 million barrels to a level that matched historic highs.

**PADD 4** refinery crude runs were unchanged on the week, at a level above the 5-year range. The most recent 4-wk average run rate was +51,000 above last year.

Gasoline supply decreased -23,000 bpd on the week, to a level at the low end of the historic range. Stocks increased +0.1 million barrels to a level that match historic highs.


Distillate production increased +22,000 bpd on the week, with the latest 4-wk average +19,000 bpd above last year. Stocks decreased -0.2 million barrels, with the level still above the 5-year range.

**PADD 5** crude oil refinery runs decreased -44,000 bpd last week, to a level comparable to last year. Runs for the most recent 4-wk period were +44,000 bpd above a year ago.



Gasoline supply increased +65,000 bpd on the week; with the latest 4-wk average -33,000 bpd below a year ago. Stocks declined -0.4 million barrels last week, and remain at a level below the last 5-years.

Distillate supply increased +10,000 bpd on the week, with the level near 5-year highs. Stocks increased +0.1 million barrels, to a level well below the last 2-years.



FUNDAMENTAL

PETROLEUM TRENDS

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PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

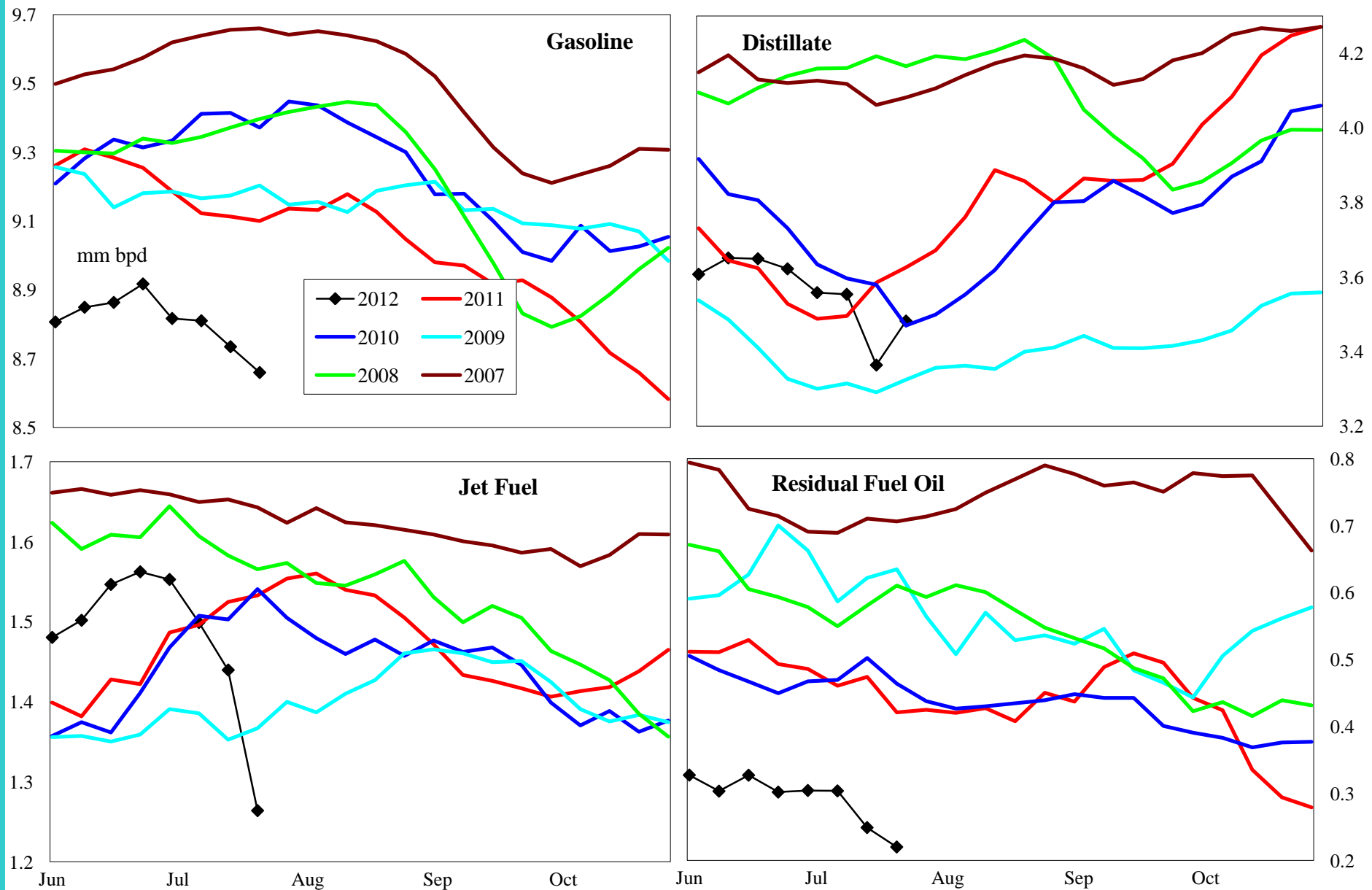
July 25, 2012

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	20-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	2,717	1,453	-274	1,030	105	403
	Imports	696	107	303	313	76	-102
	Input	258	61	190	52	0	-44
	% Utilization	1.00					
Gasoline	Stocks	4,134	1,881	846	1,697	89	-377
	Production	370	109	104	61	-23	67
	Imports	385	368	0	18	0	-2
	Supplied	32					
Distillate	Stocks	1,708	1,368	470	17	-206	60
	Production	-116	27	-47	-99	22	-20
	Imports	78	50	-1	0	0	30
	Supplied	116					
Jet Fuel	Stocks	1,366	548	62	1,026	-165	-105
	Production	-81	0	-8	-26	-3	-45
	Imports	50	49	0	0	0	1
	Supplied	-333					
Residual Fuel Oil	Stocks	-229	-610	-62	558	-6	-109
	Production	-41	9	14	-71	0	7
	Imports	-7	-51	4	33	0	7
	Supplied	-33					

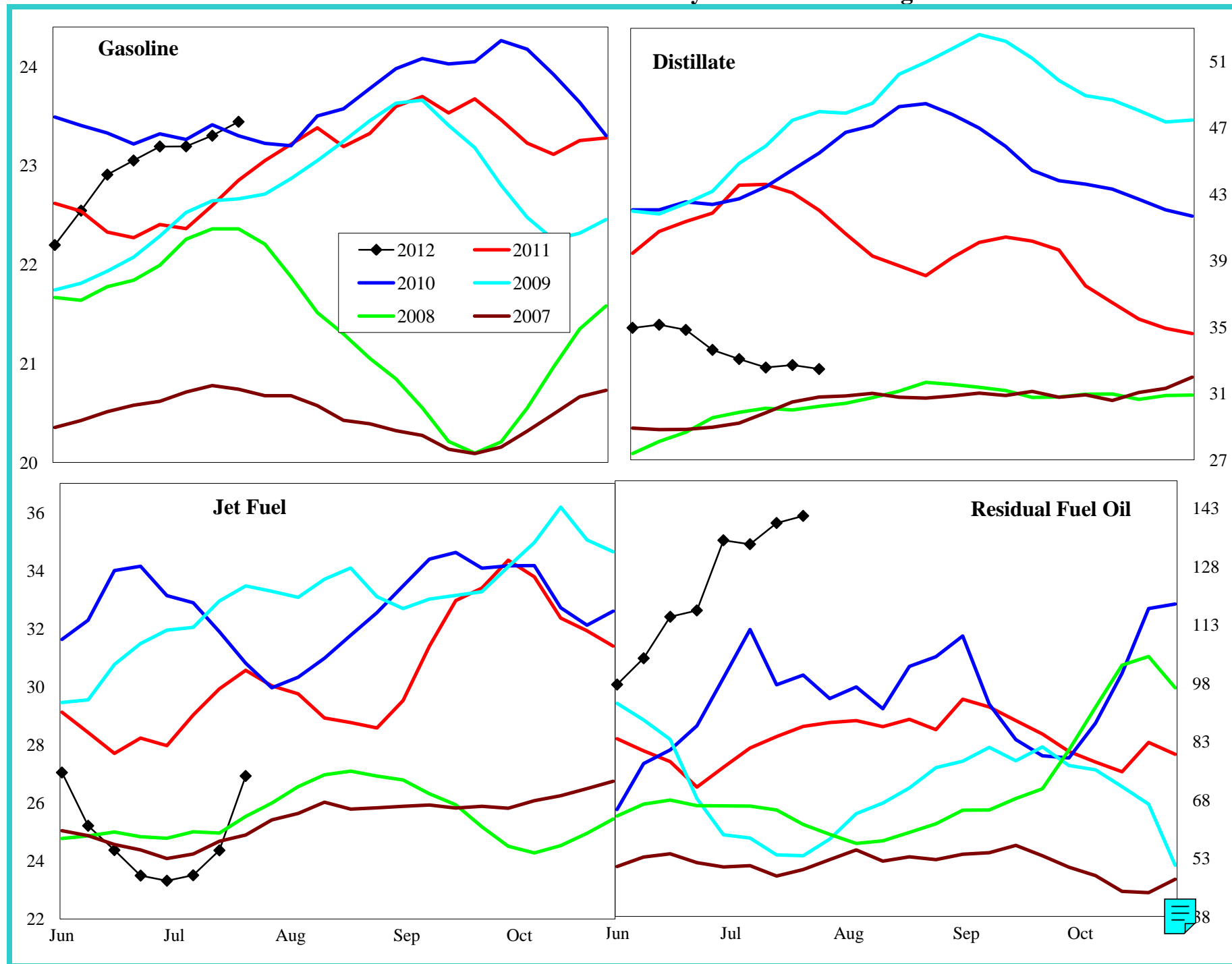
# United States Wholesale Petroleum Demand



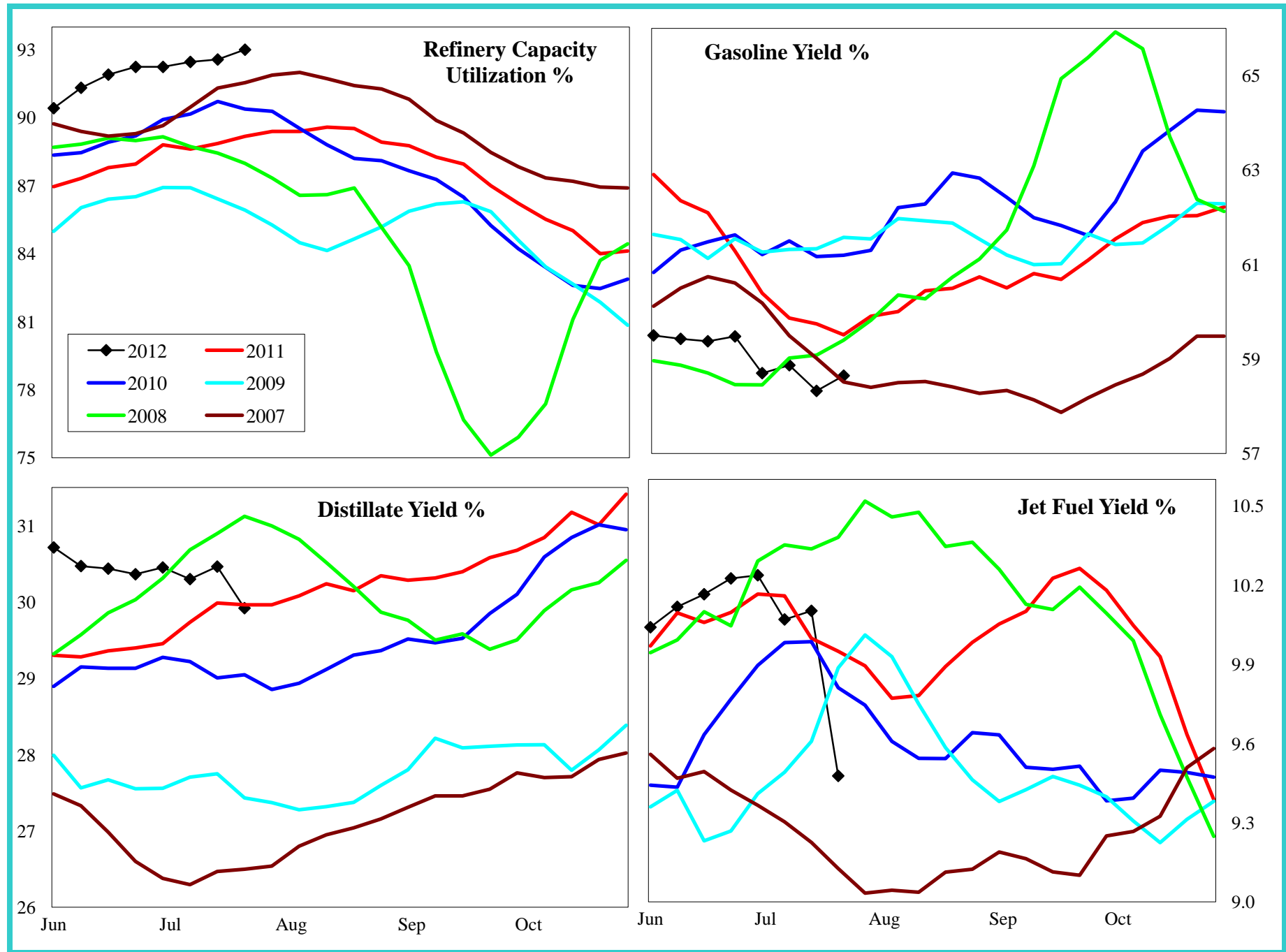
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jun	May	Apr	4wk avg	Jun	May	Apr
Gasoline	-287	-128	12	55	-3.2	-1.4	0.1	0.6
Distillate	4	-186	-33	-33	0.1	-4.8	-0.9	-0.9
Jet Fuel	-44	44	-16	-92	-2.9	2.8	-1.1	-6.3
Resid	-153	-162	-116	-192	-33.1	-34.4	-24.3	-32.0



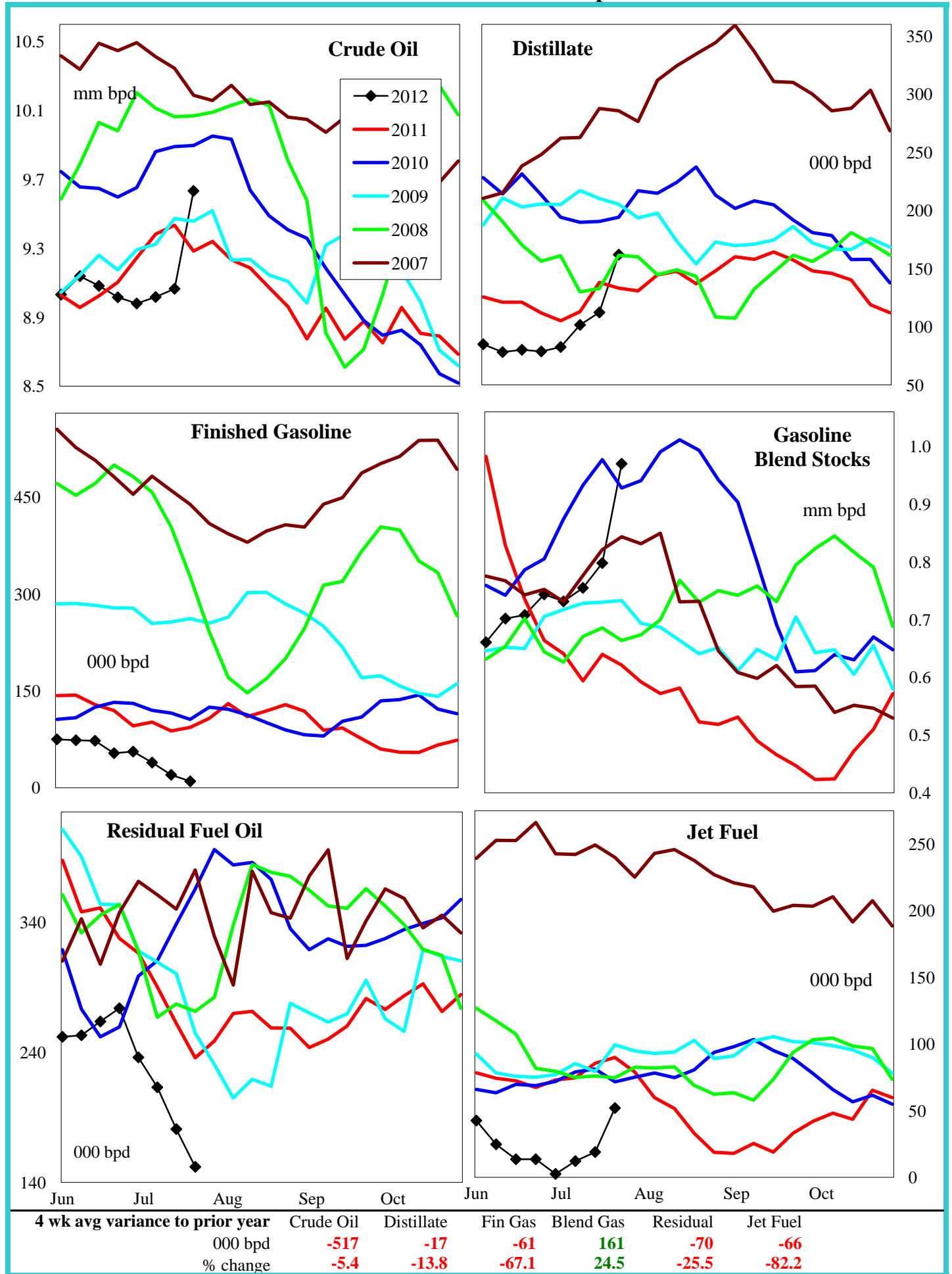
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

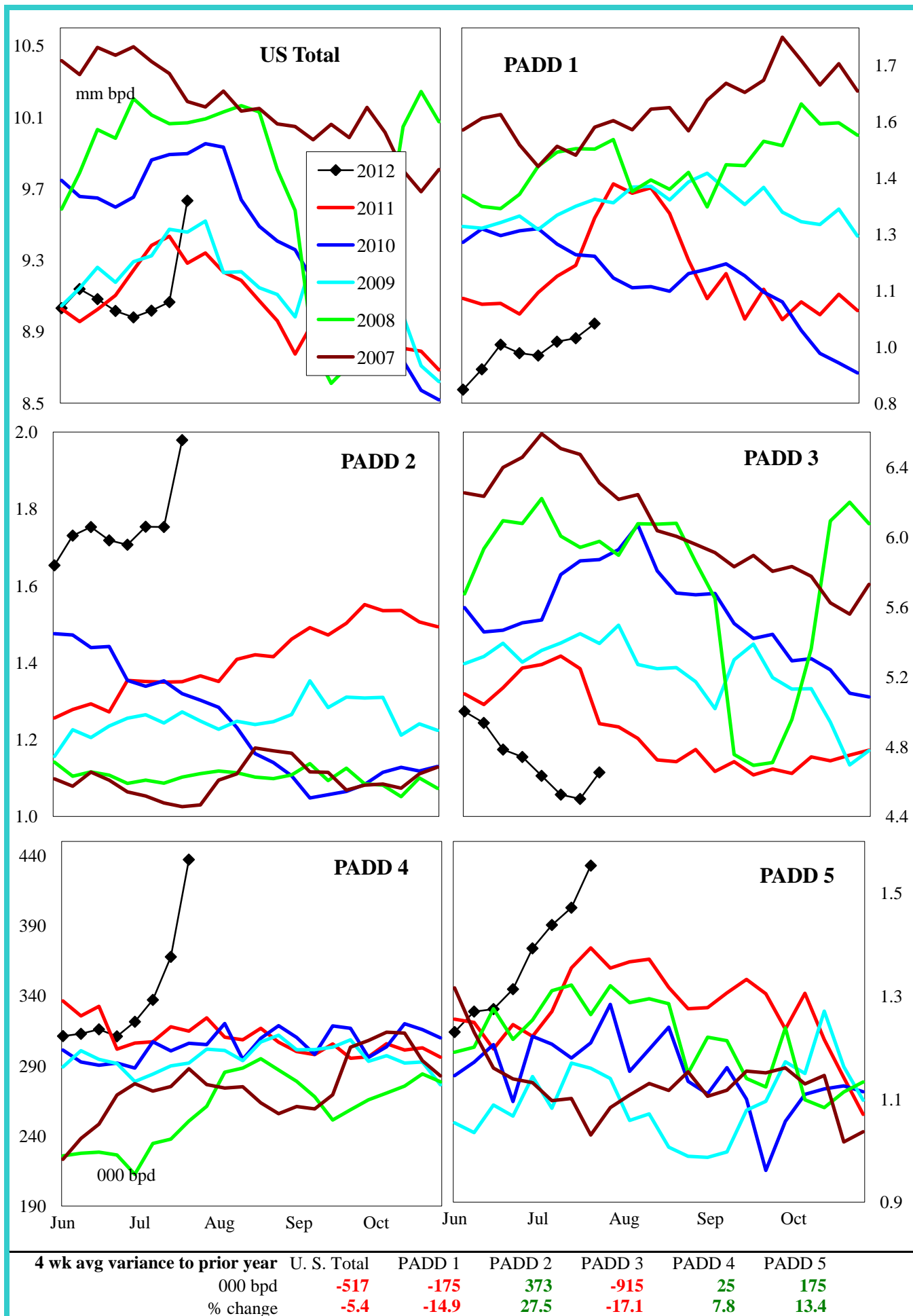


# United States Petroleum Imports

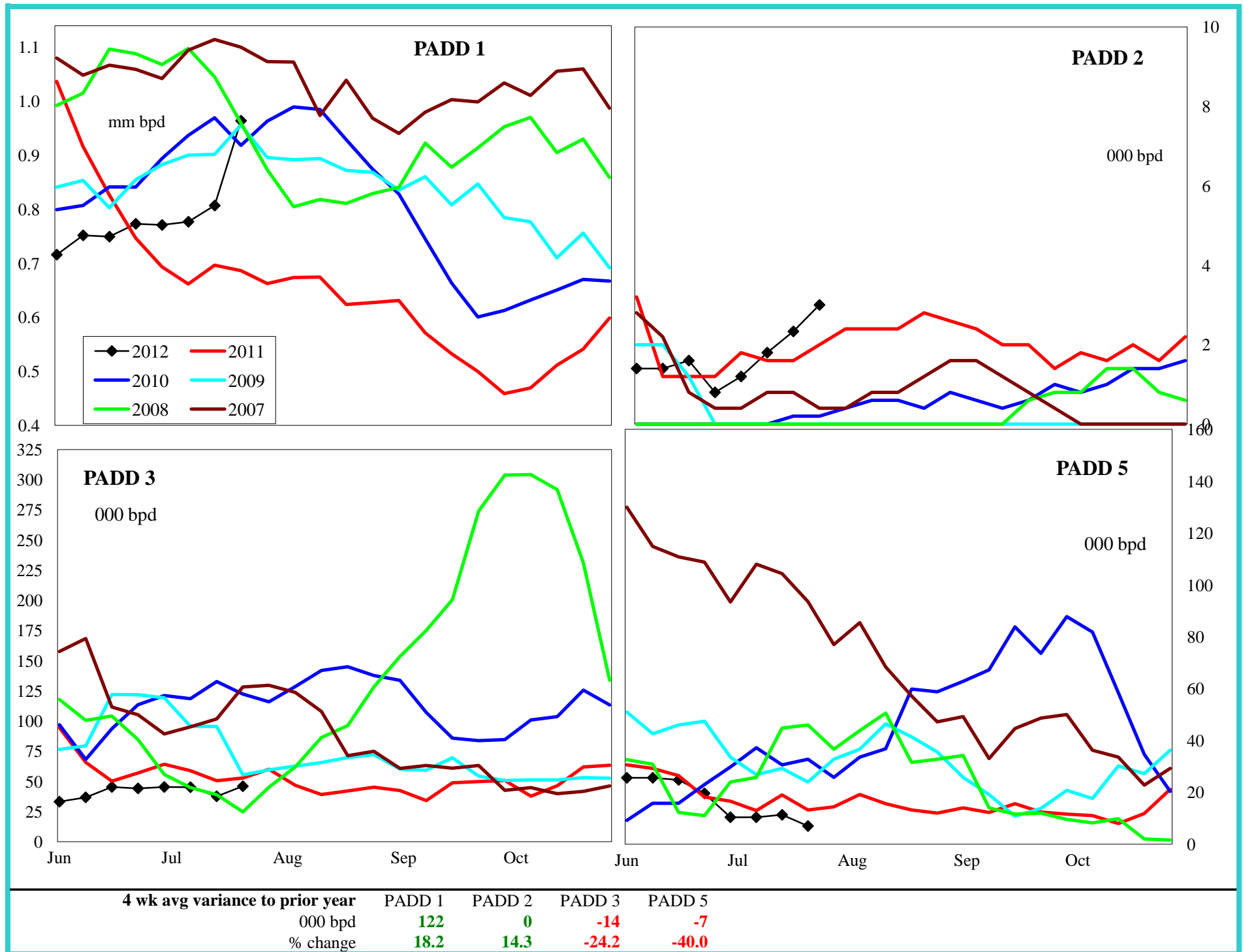




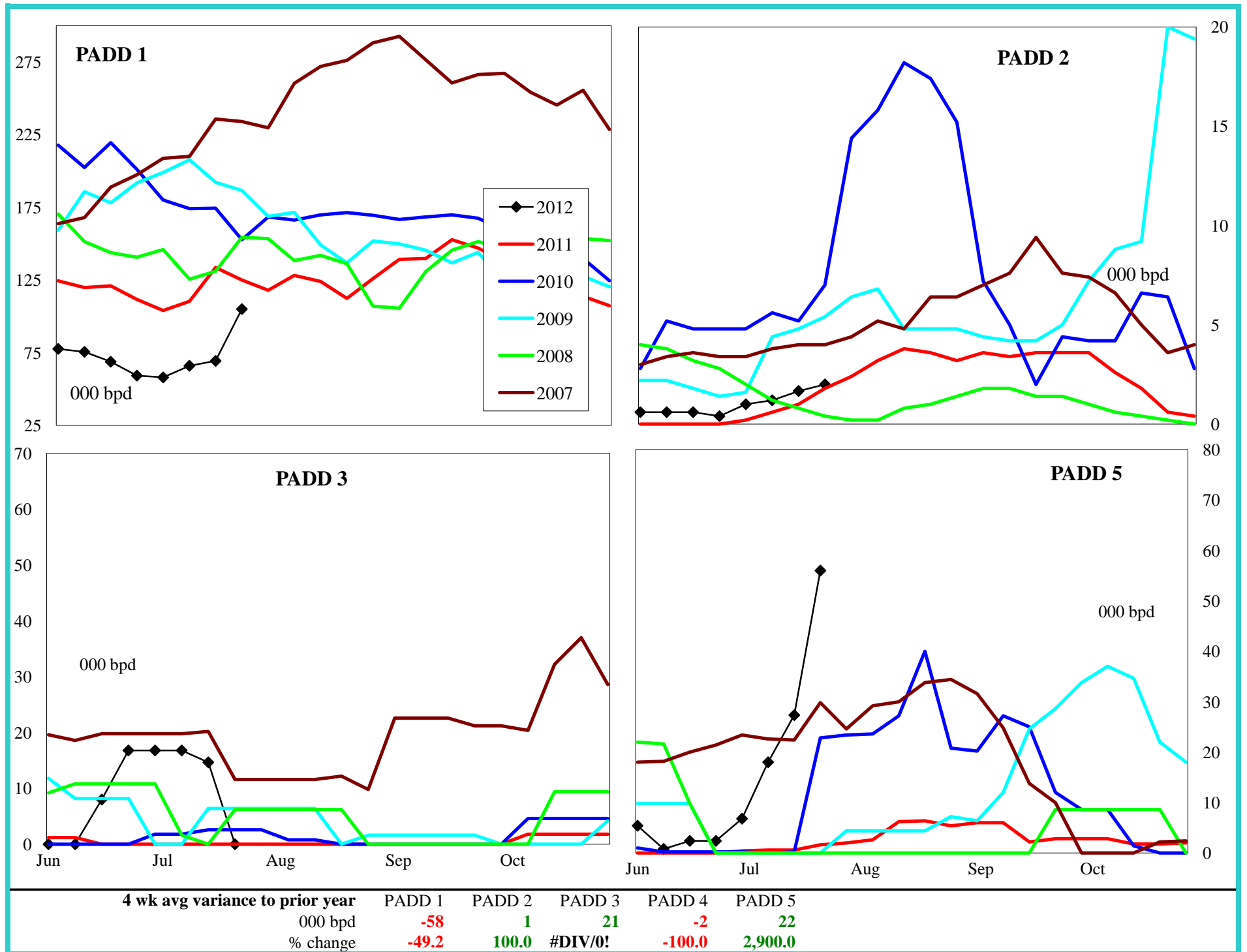
## Crude Oil Imports by PADD



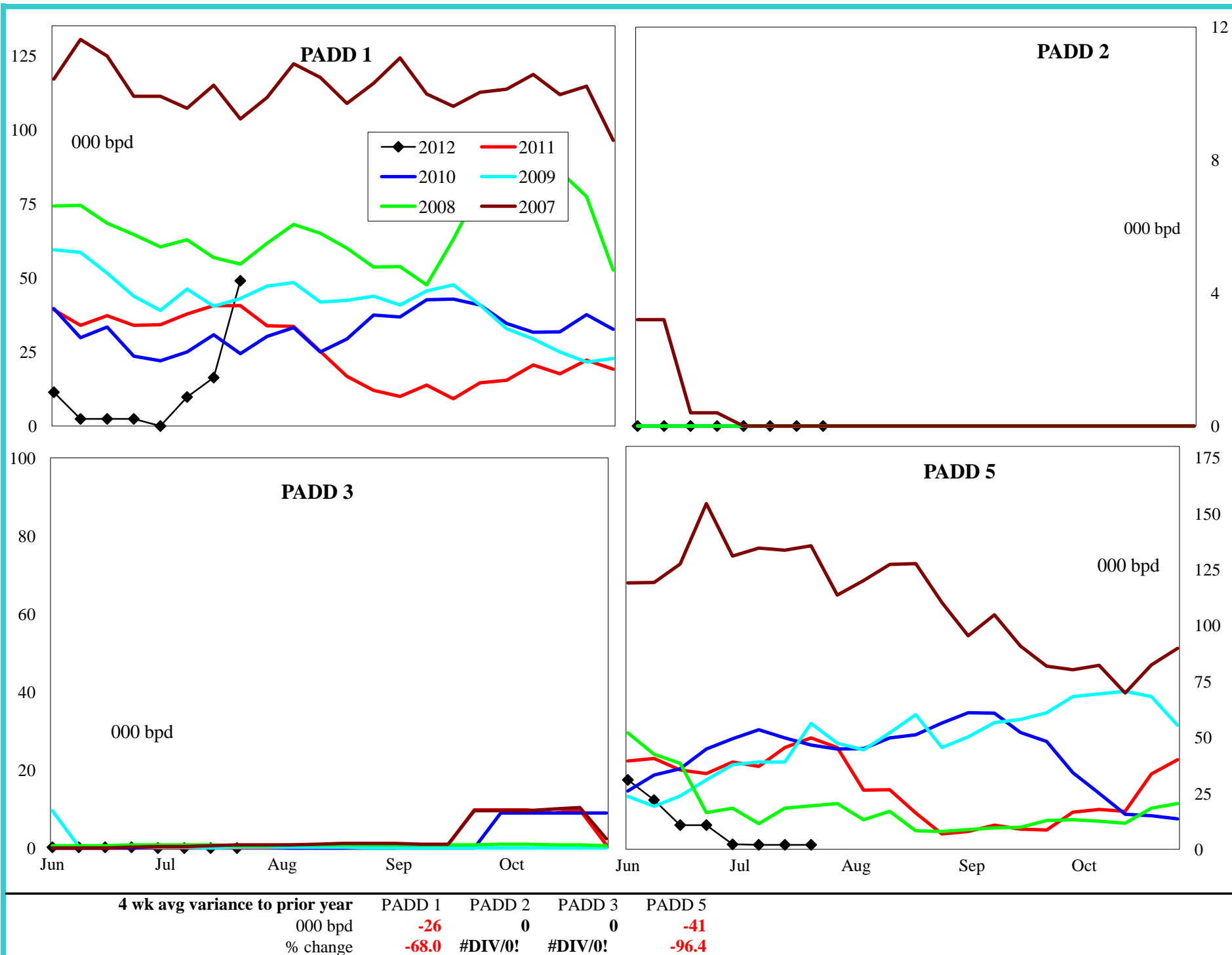
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

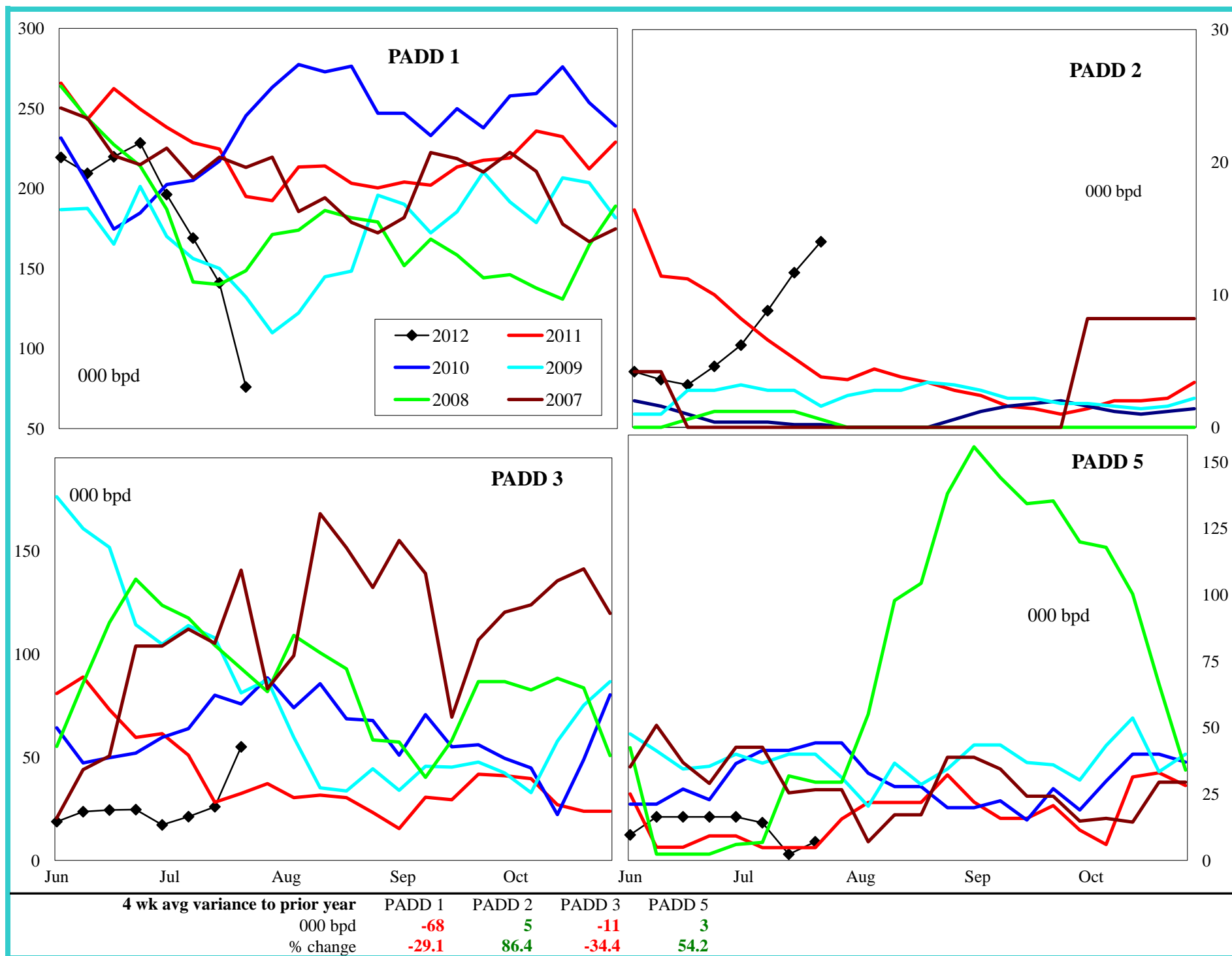


# Jet Fuel Imports by PADD

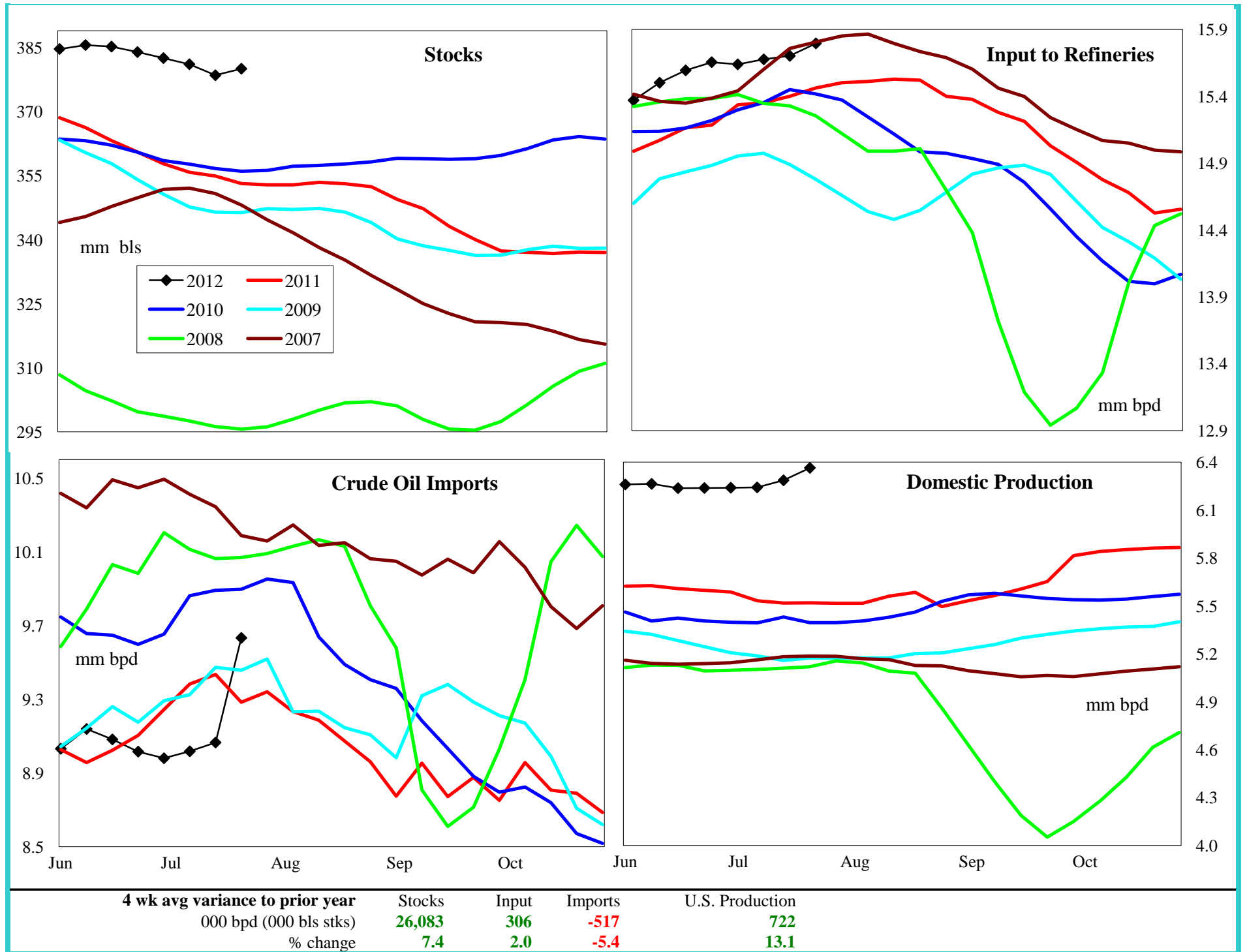




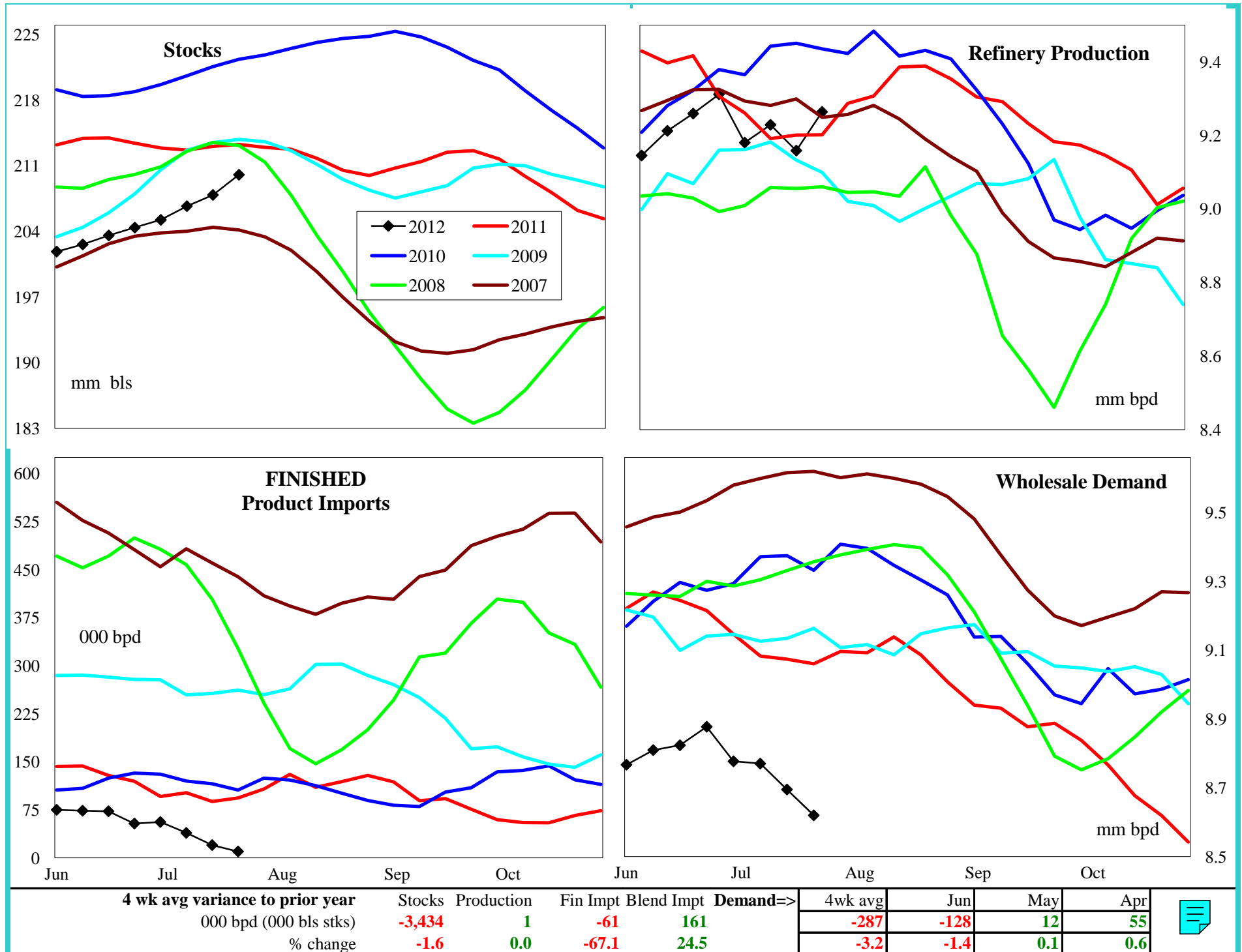
## Residual Fuel Oil Imports by PADD



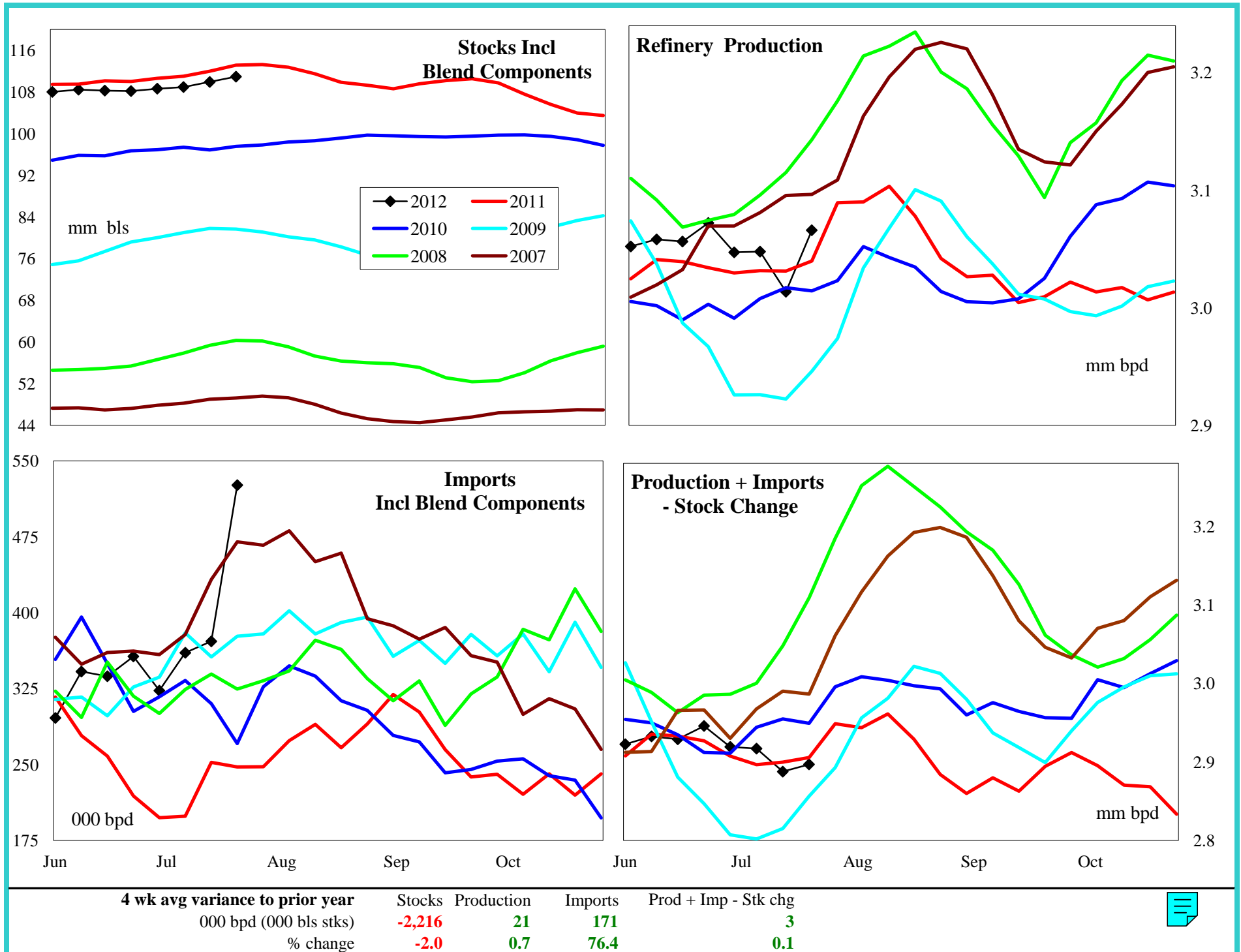
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

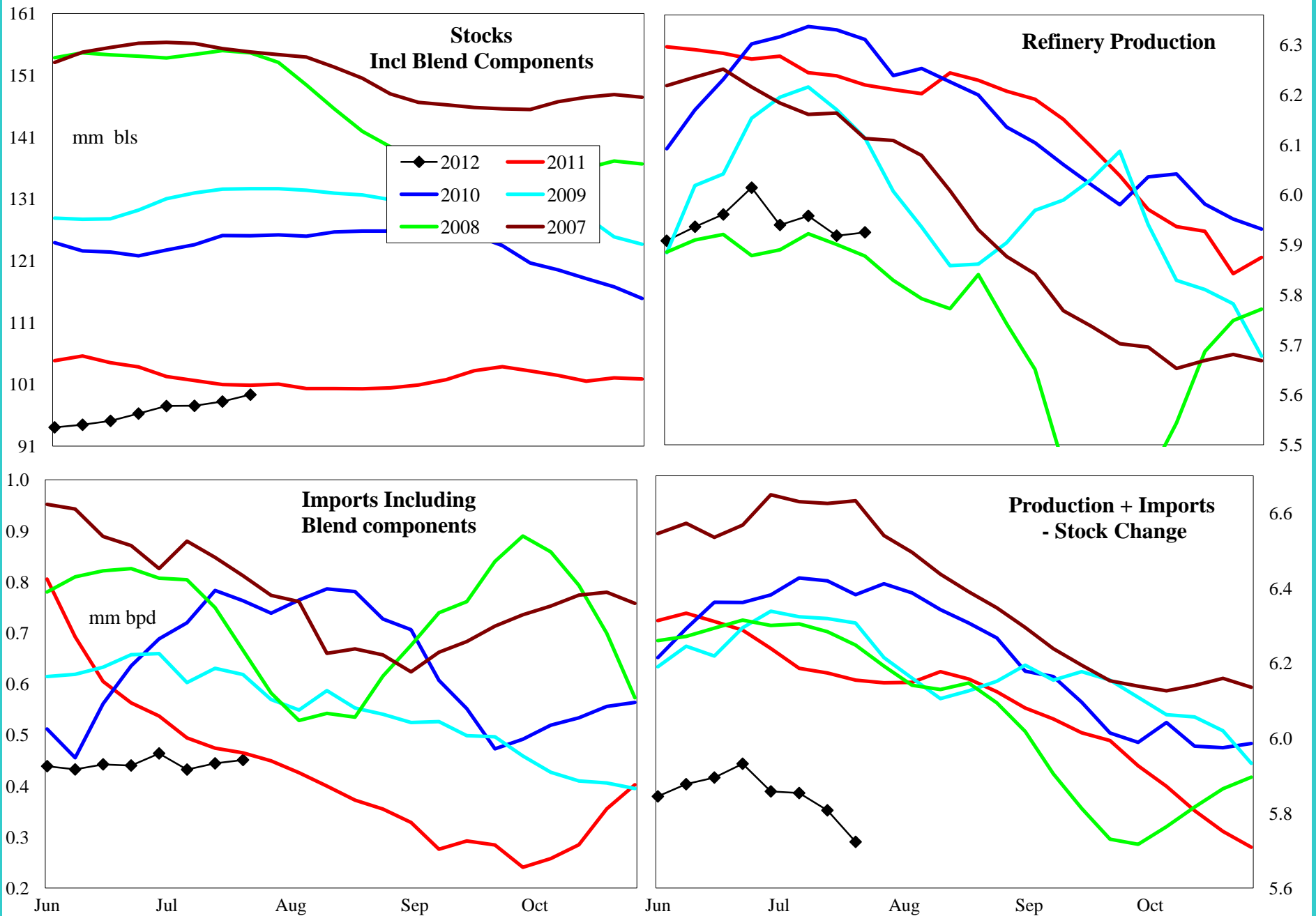


# United States Reformulated Gasoline Supply





# United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,525

-324

-45

-378

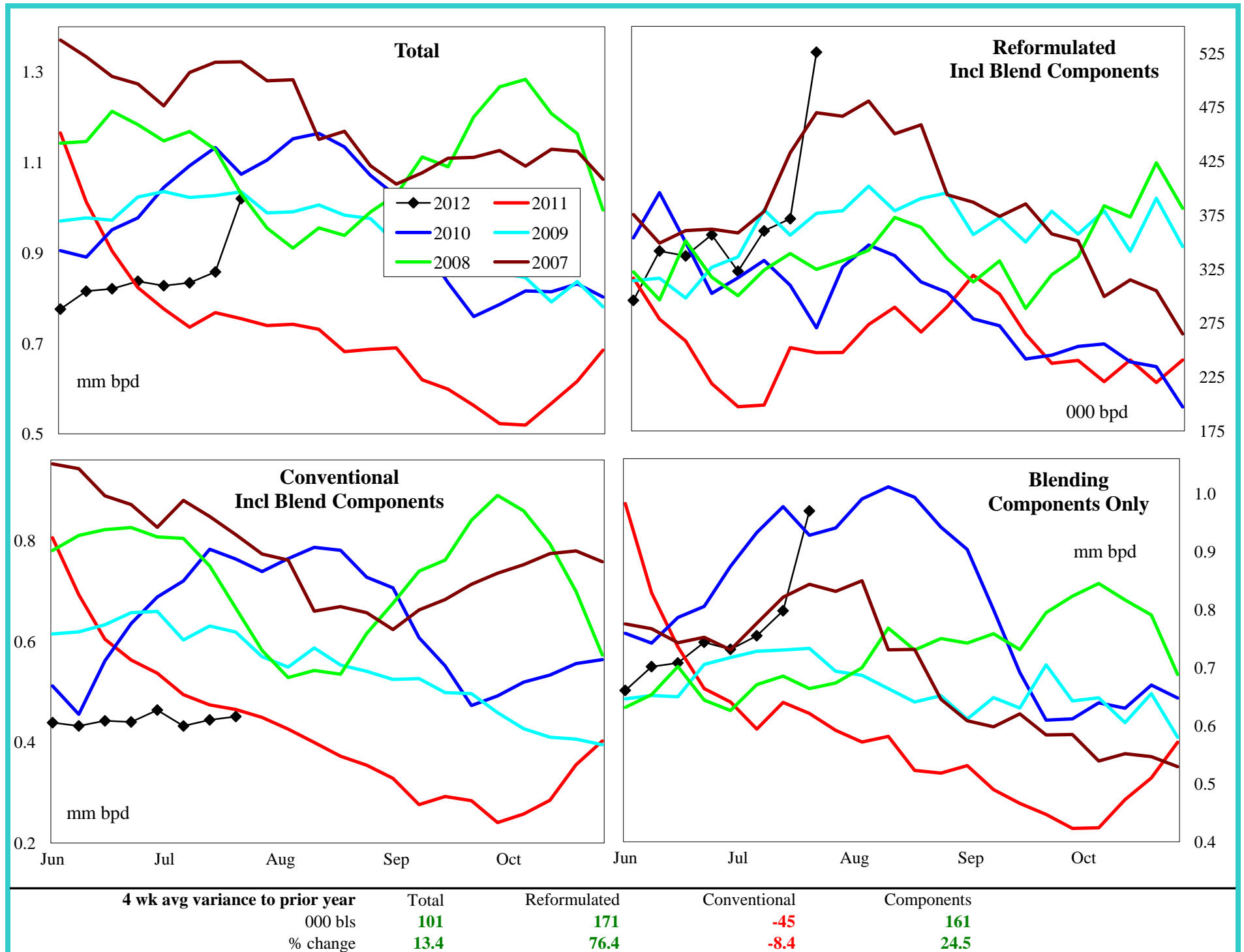
-1.5

-5.1

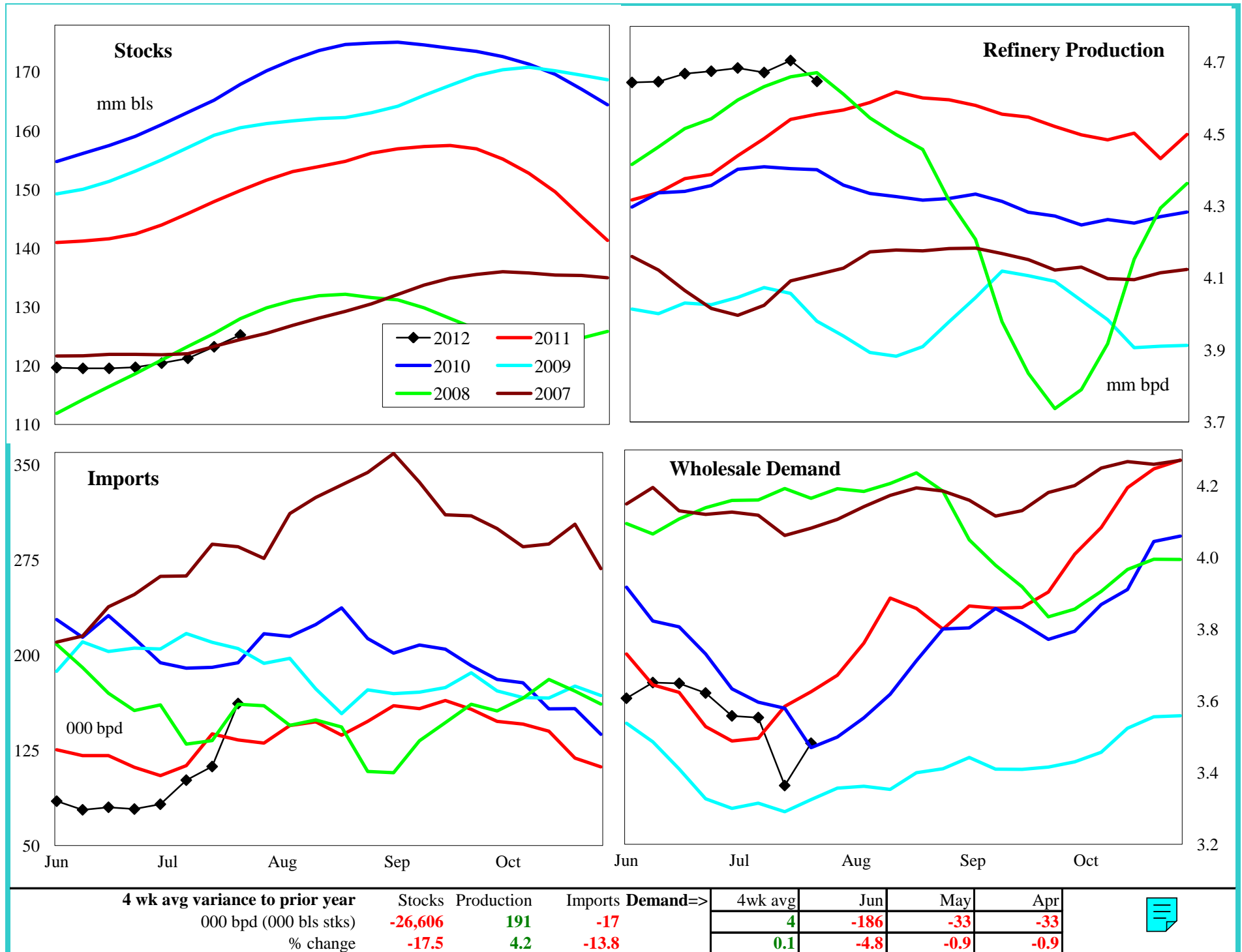
-8.4

-6.1

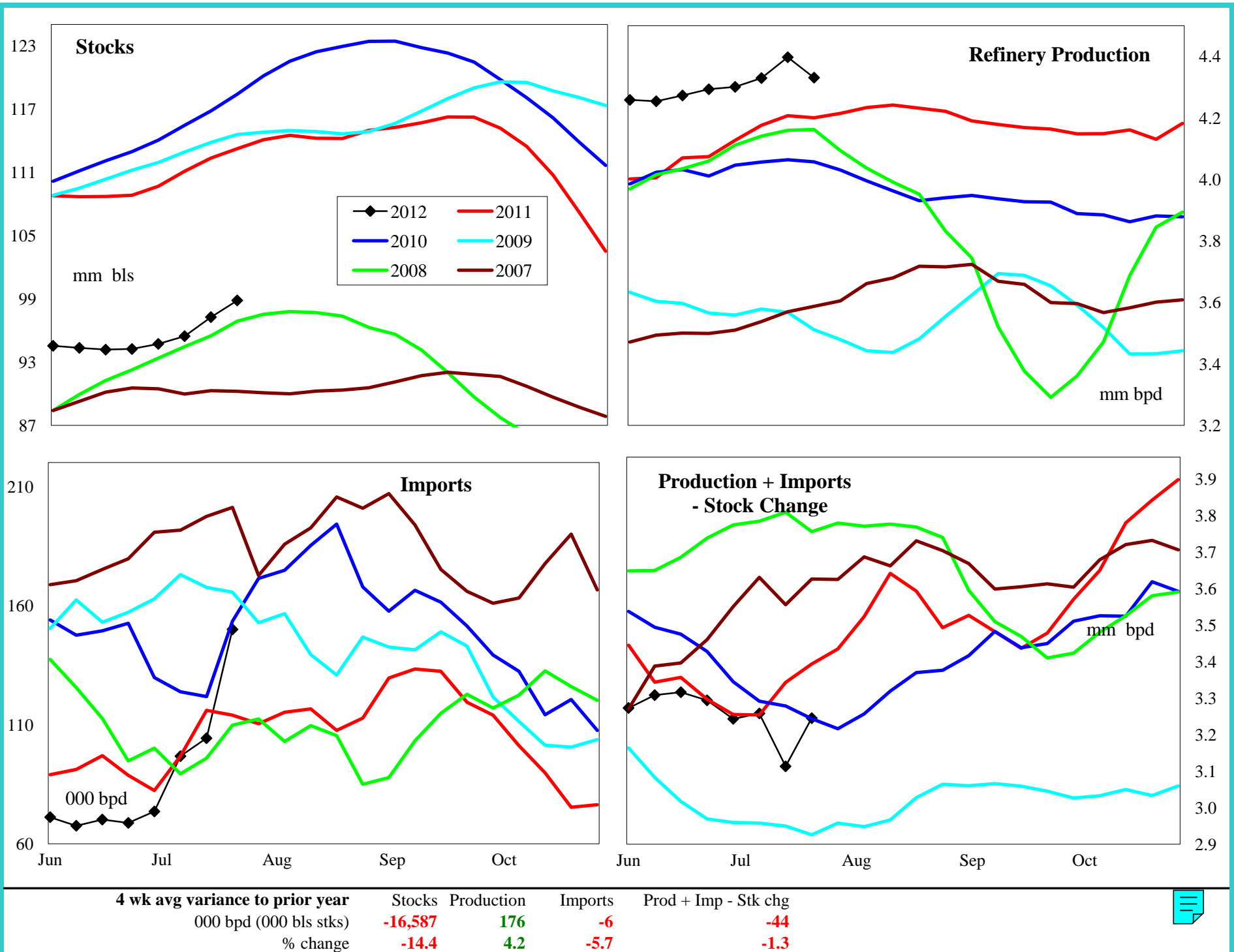
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

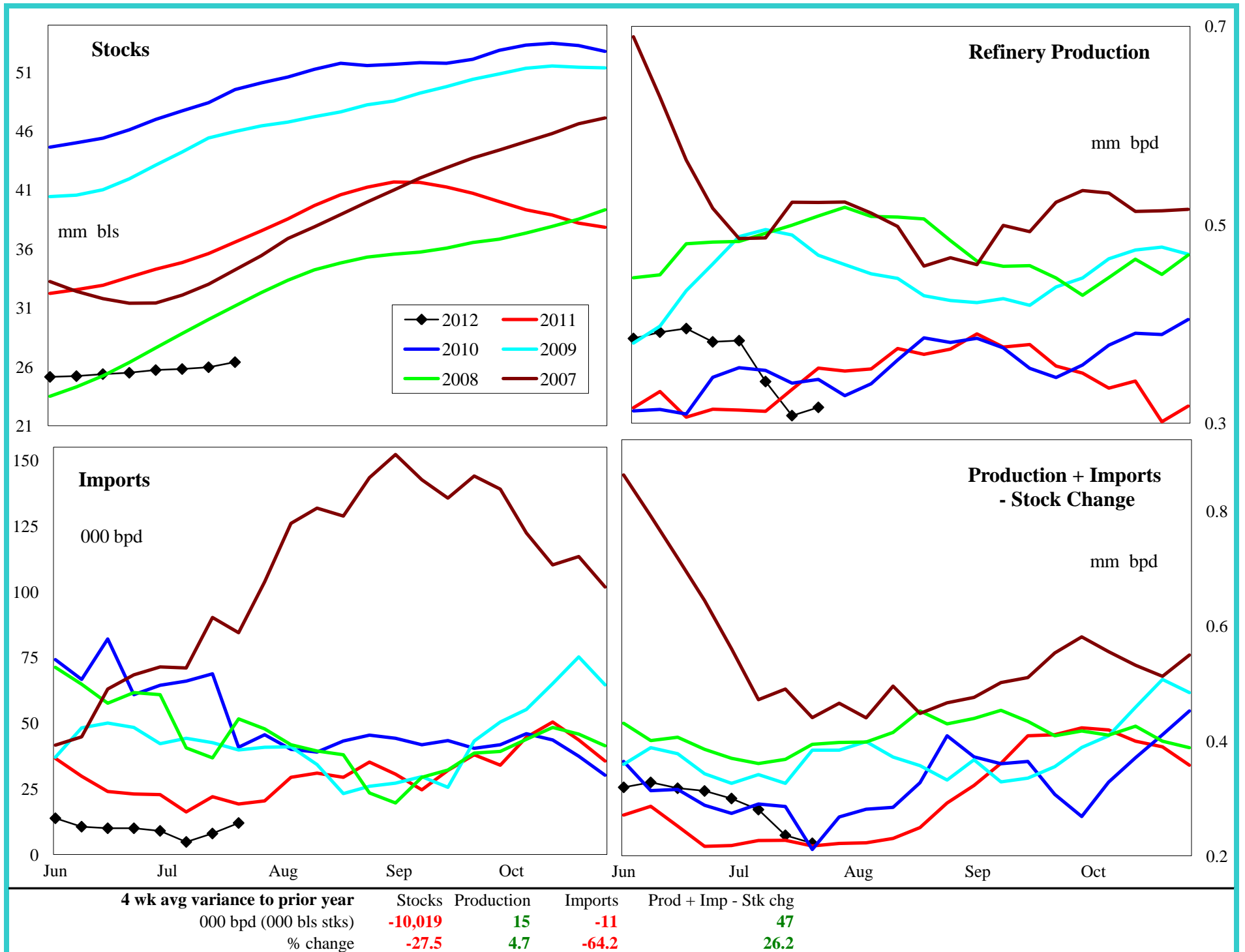


# United States Low Sulfur Distillate Supply

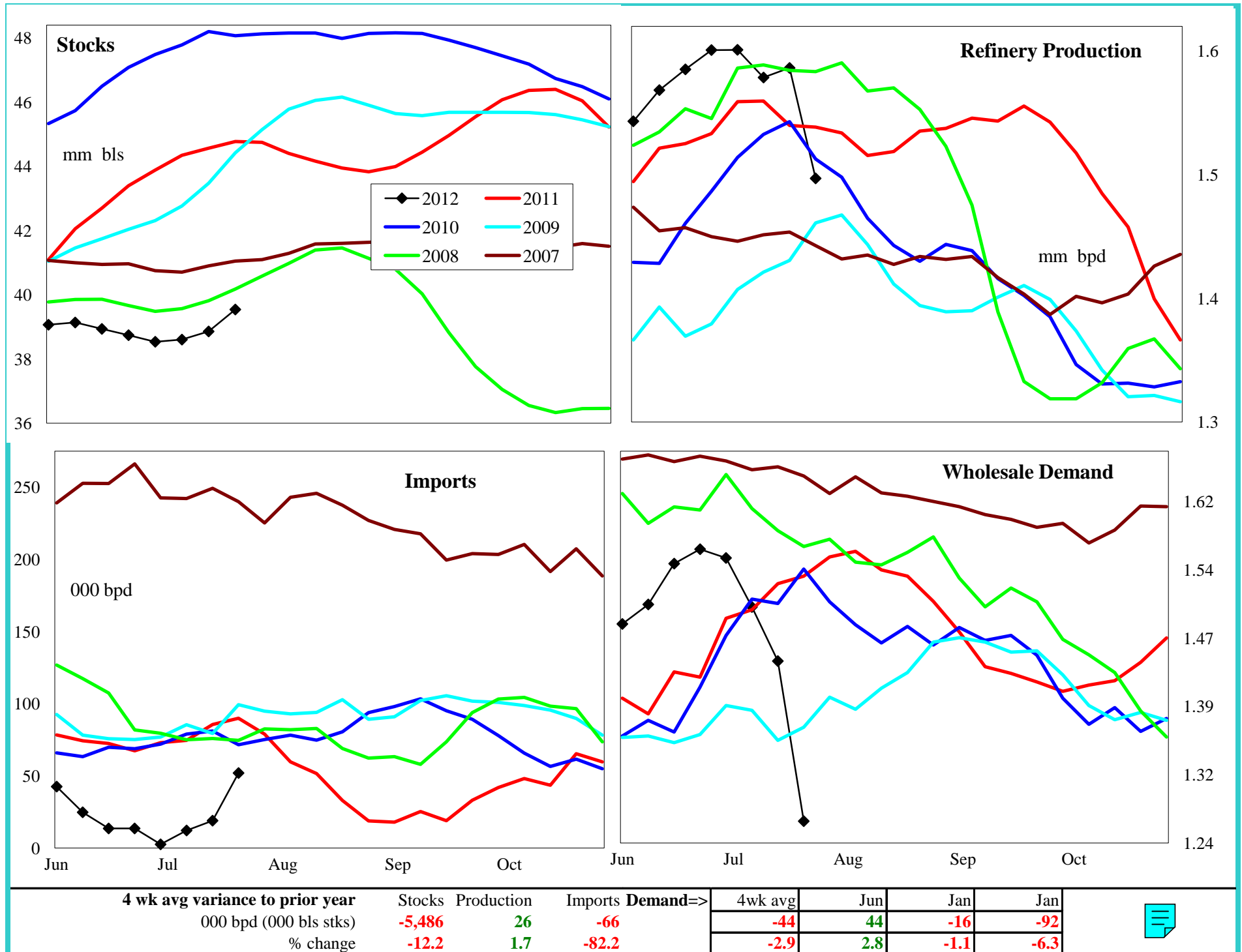




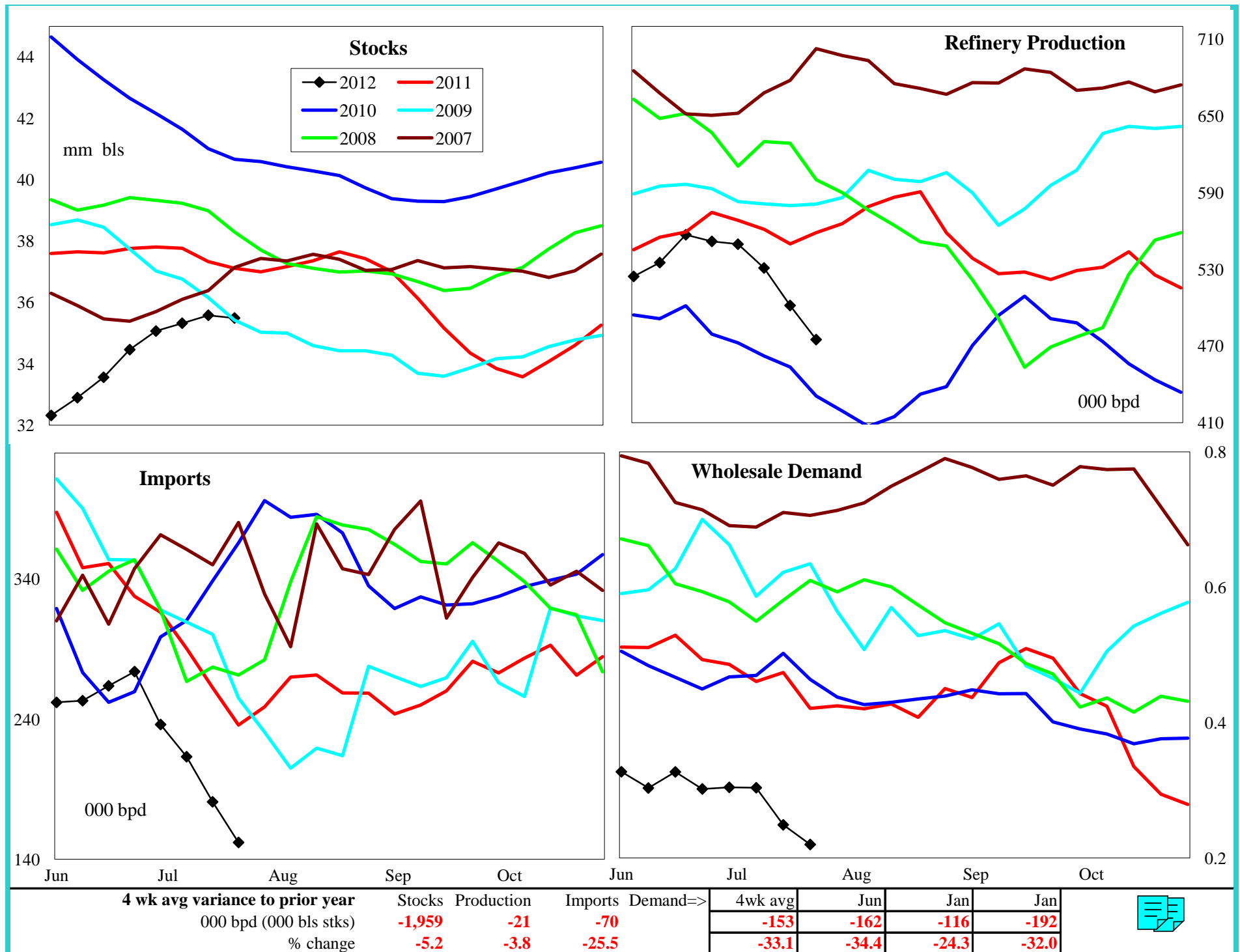
# United States High Sulfur Distillate Supply



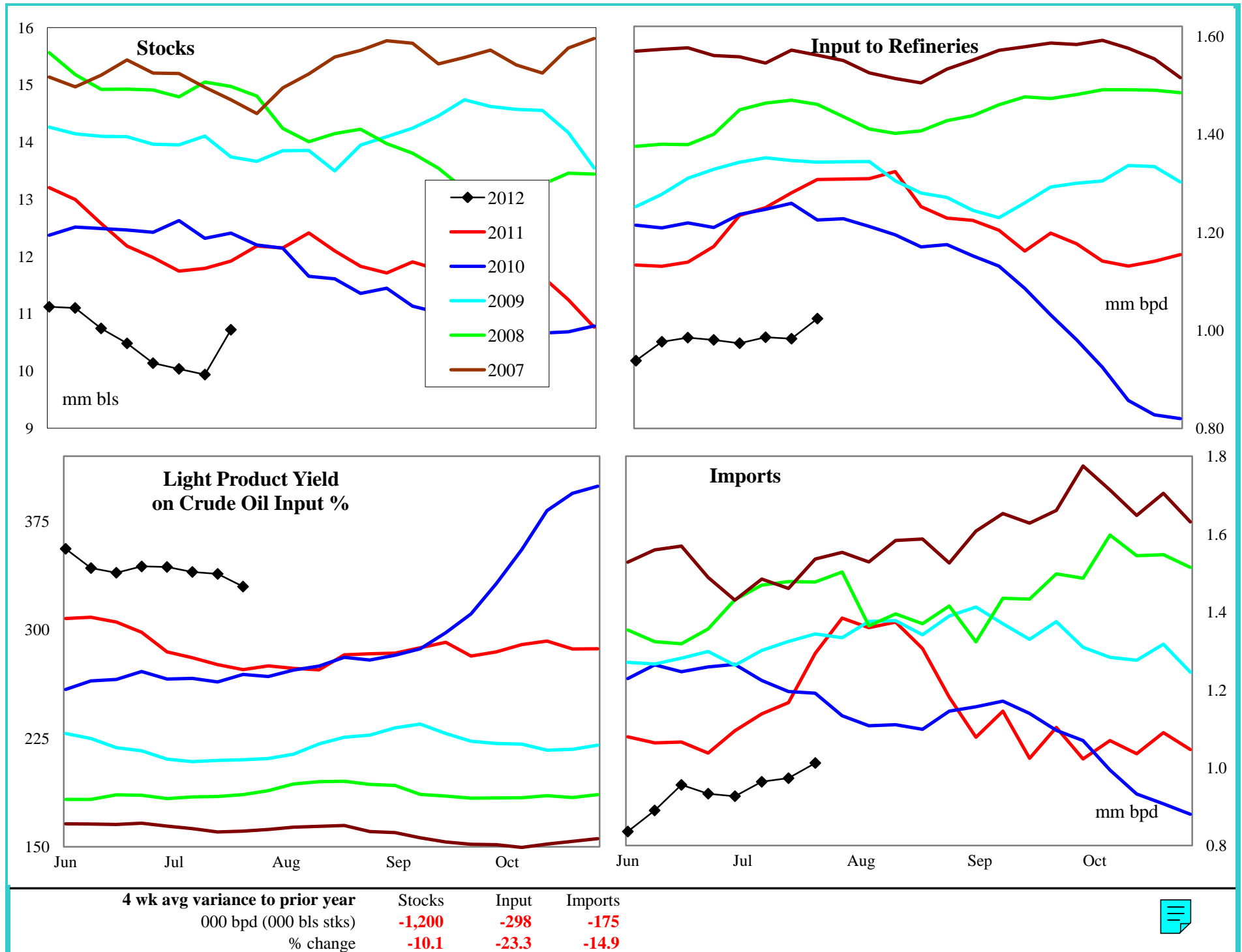
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

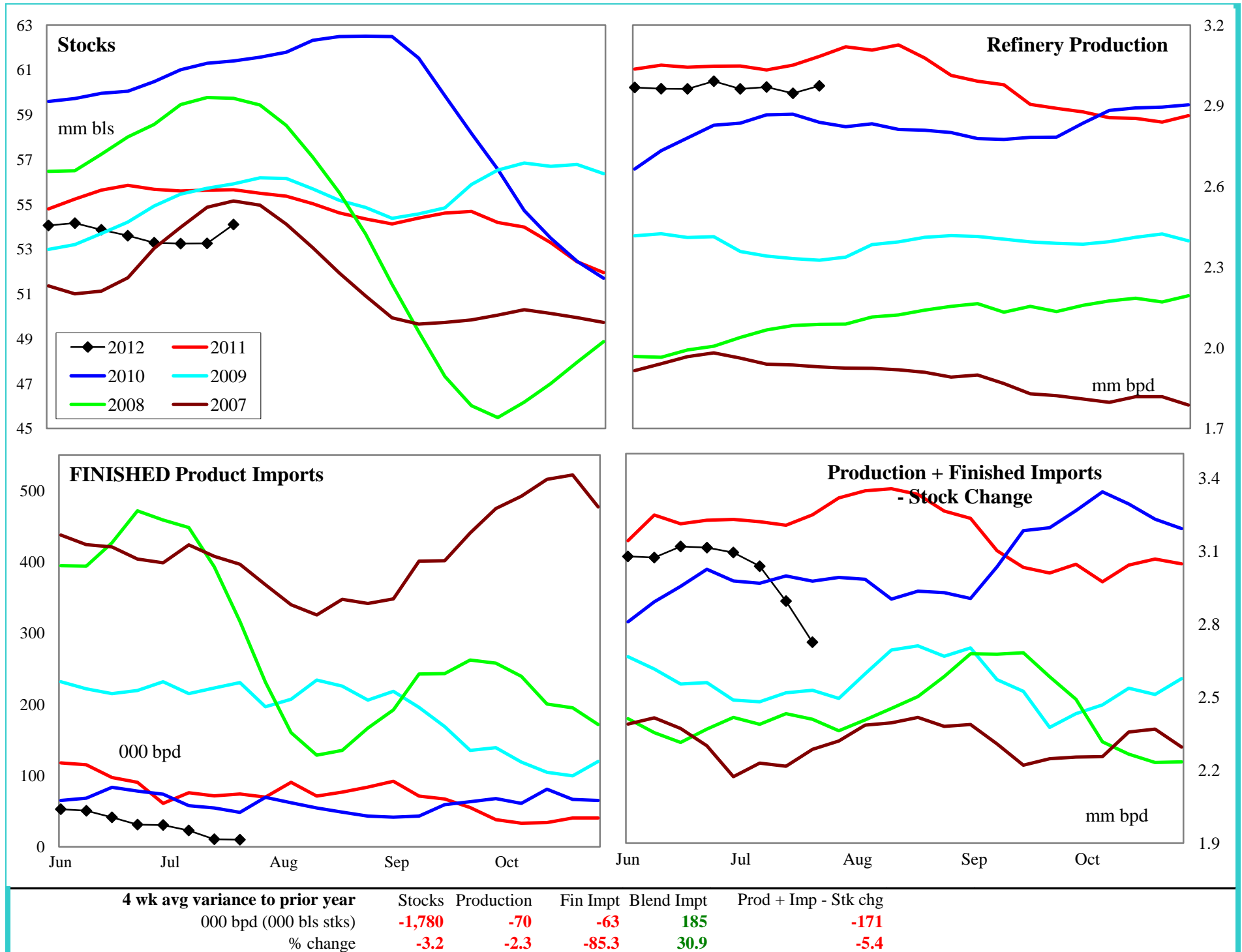


# PADD 1 Crude Oil Supply and Refining

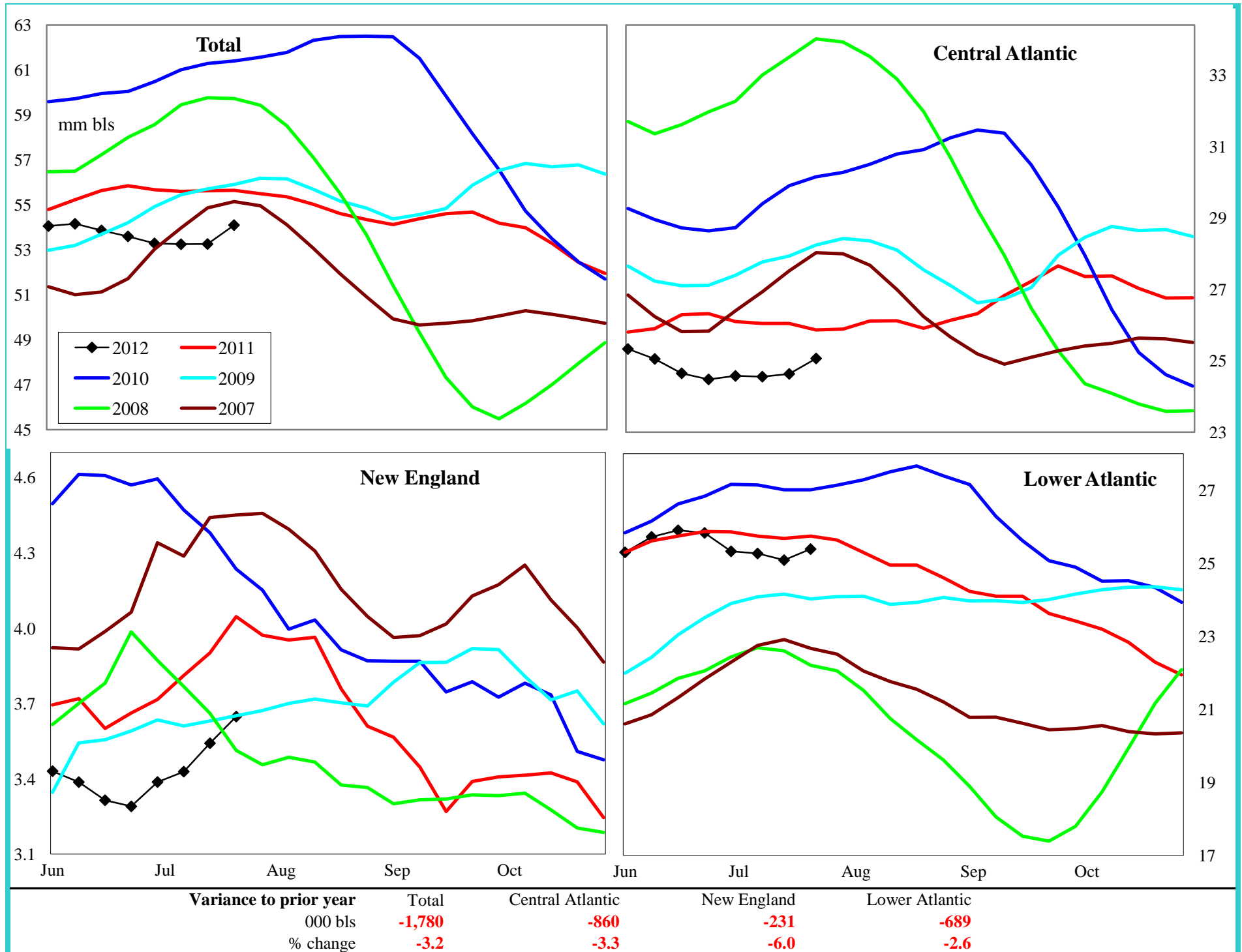




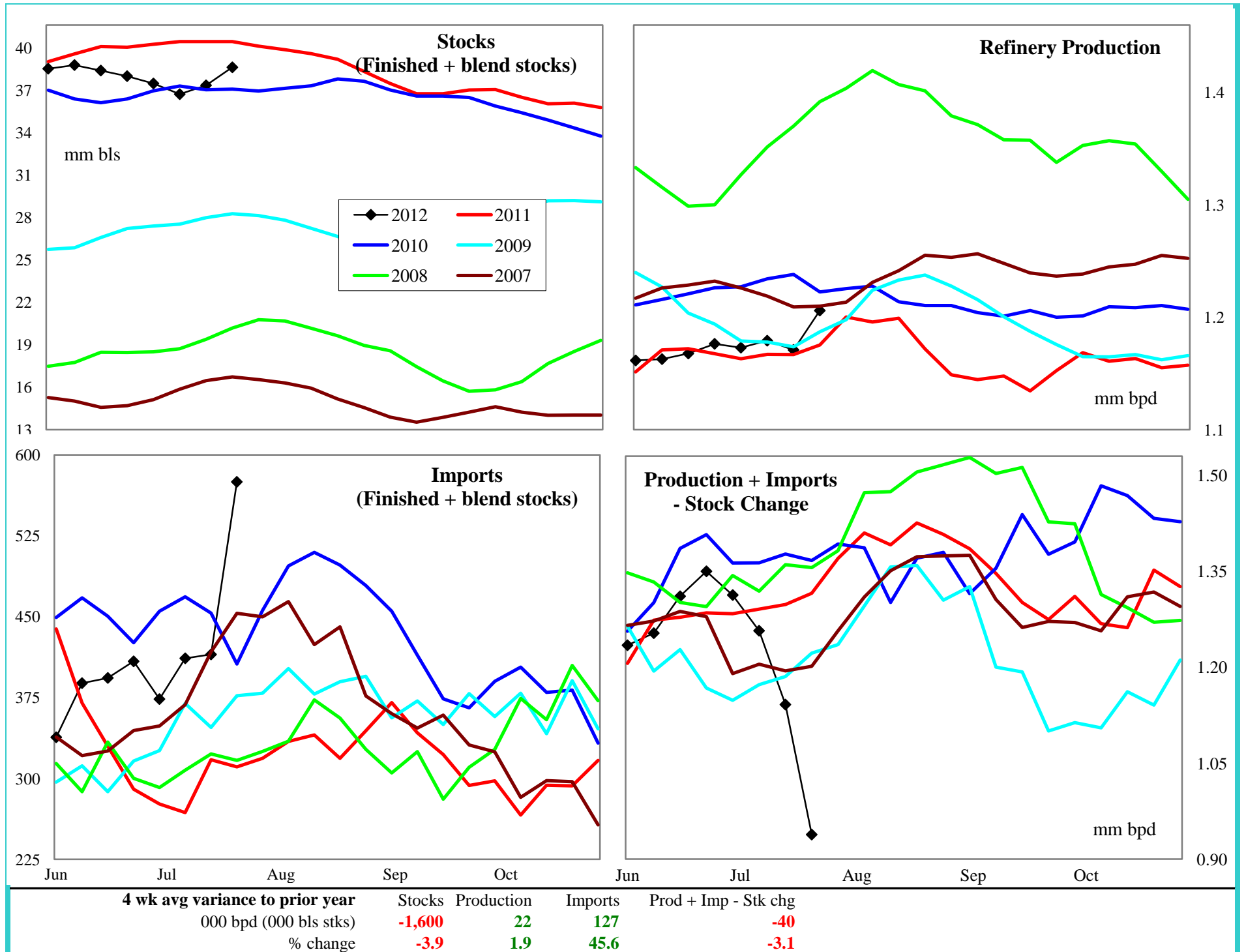
# PADD 1 Gasoline Supply



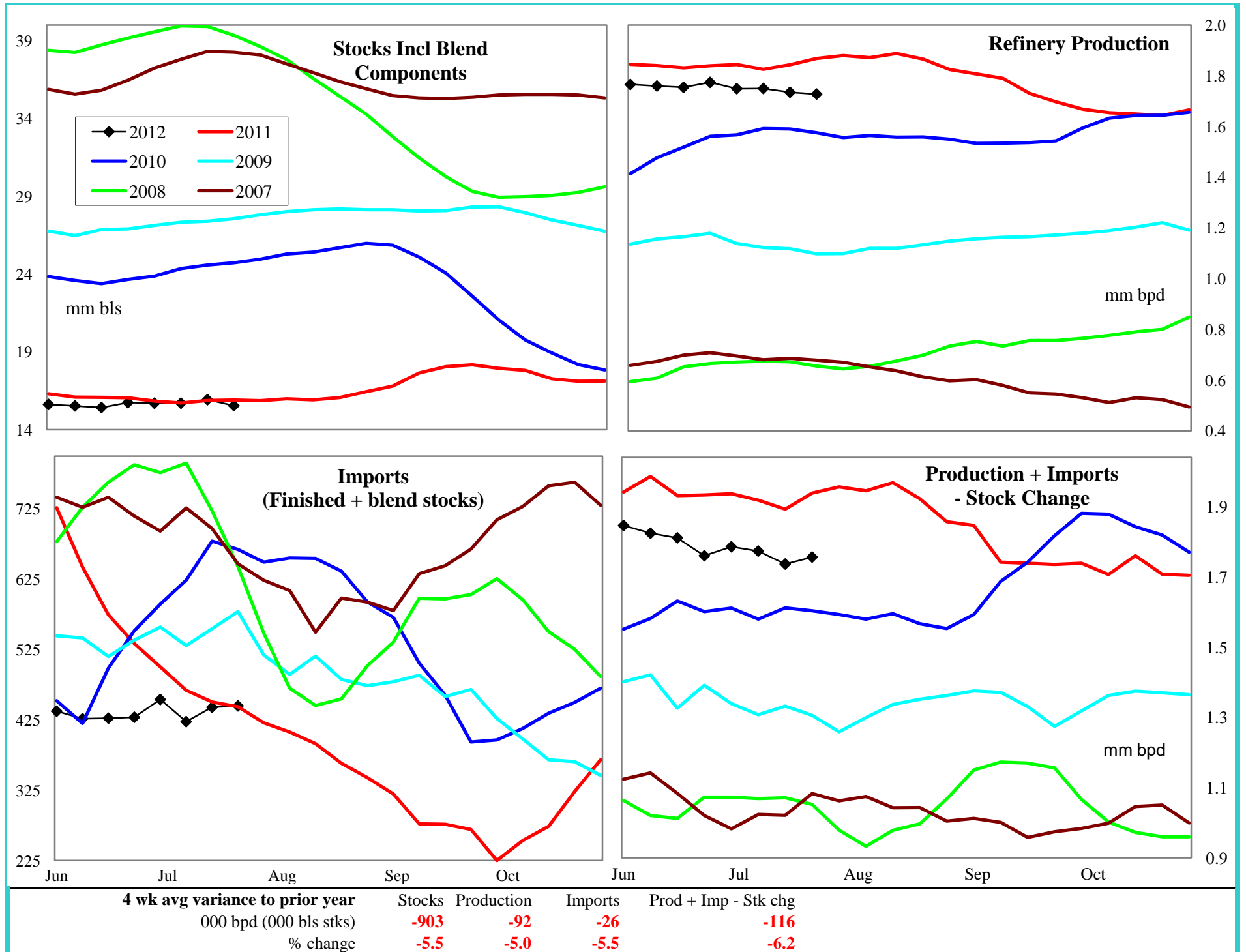
# PADD 1 Gasoline Stocks by Region



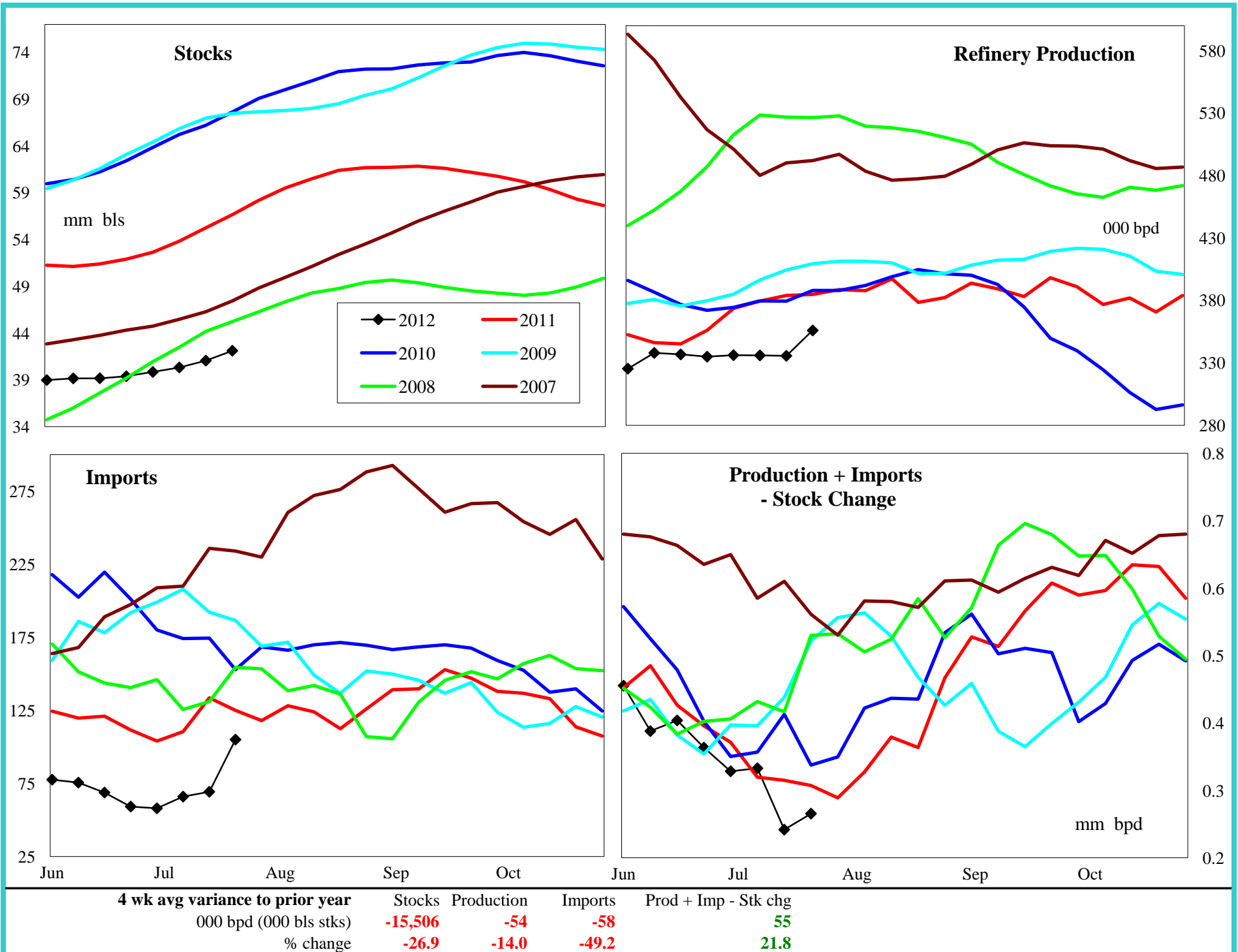
# PADD 1 Reformulated Gasoline Supply



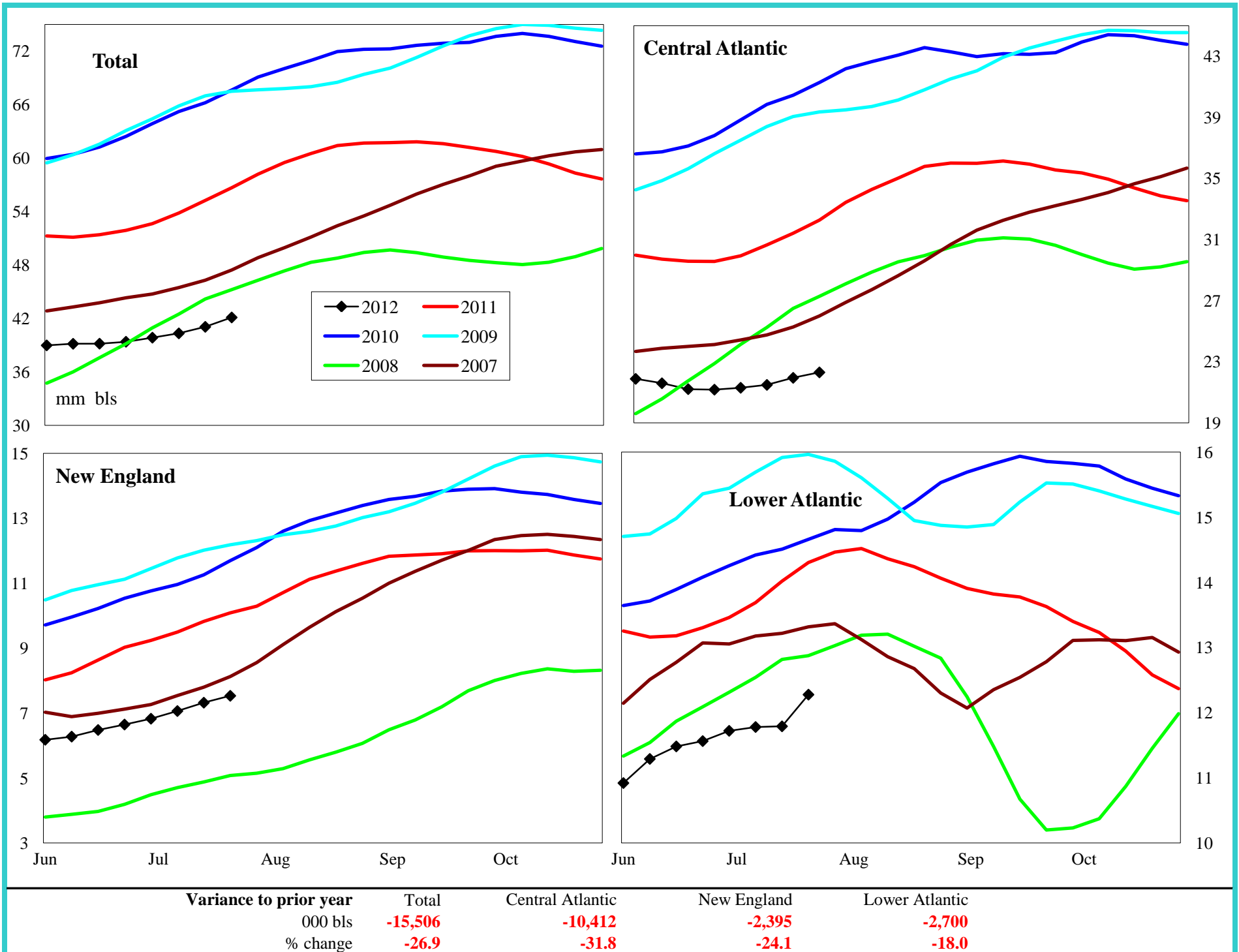
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

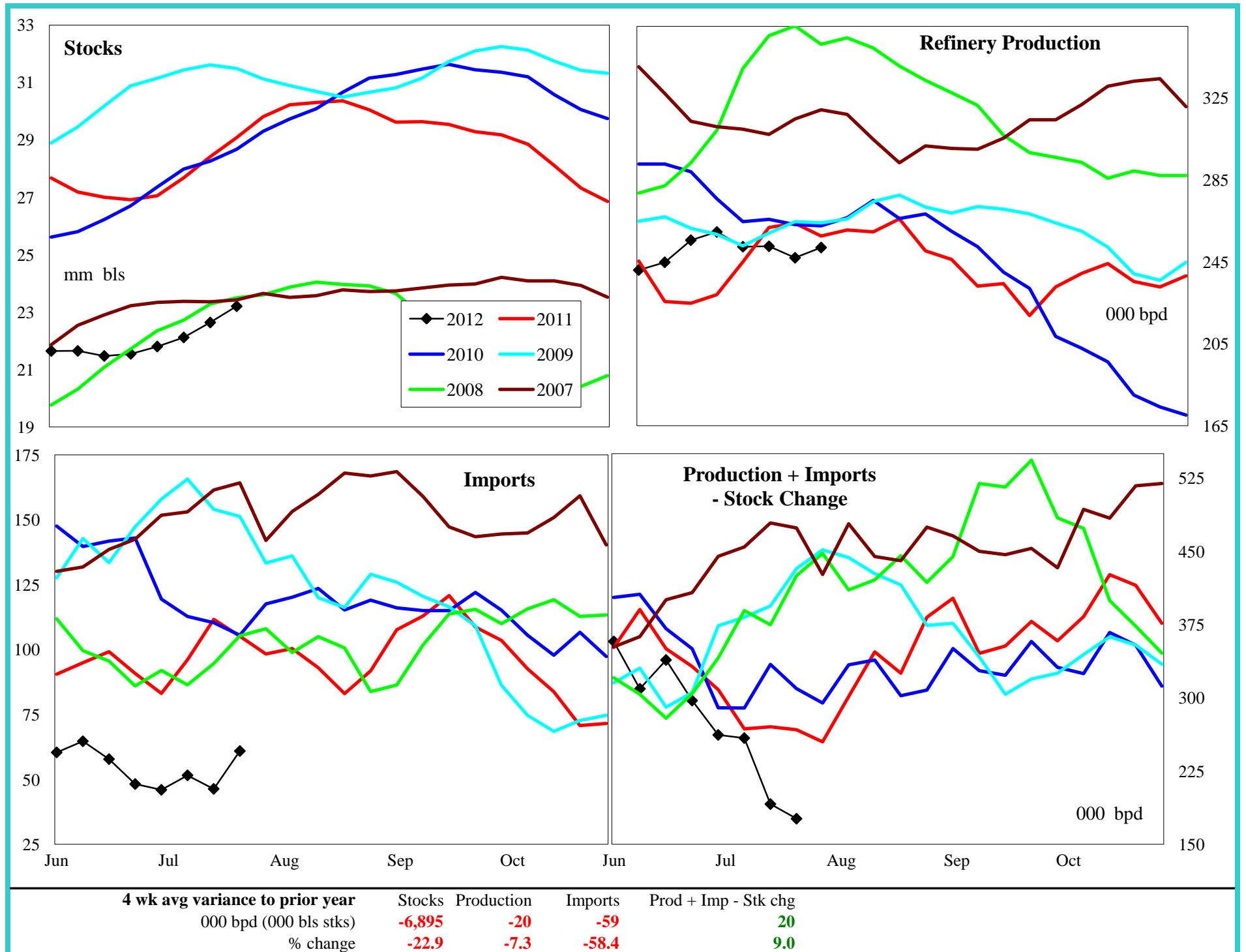


## PADD 1 Distillate Stocks by Region

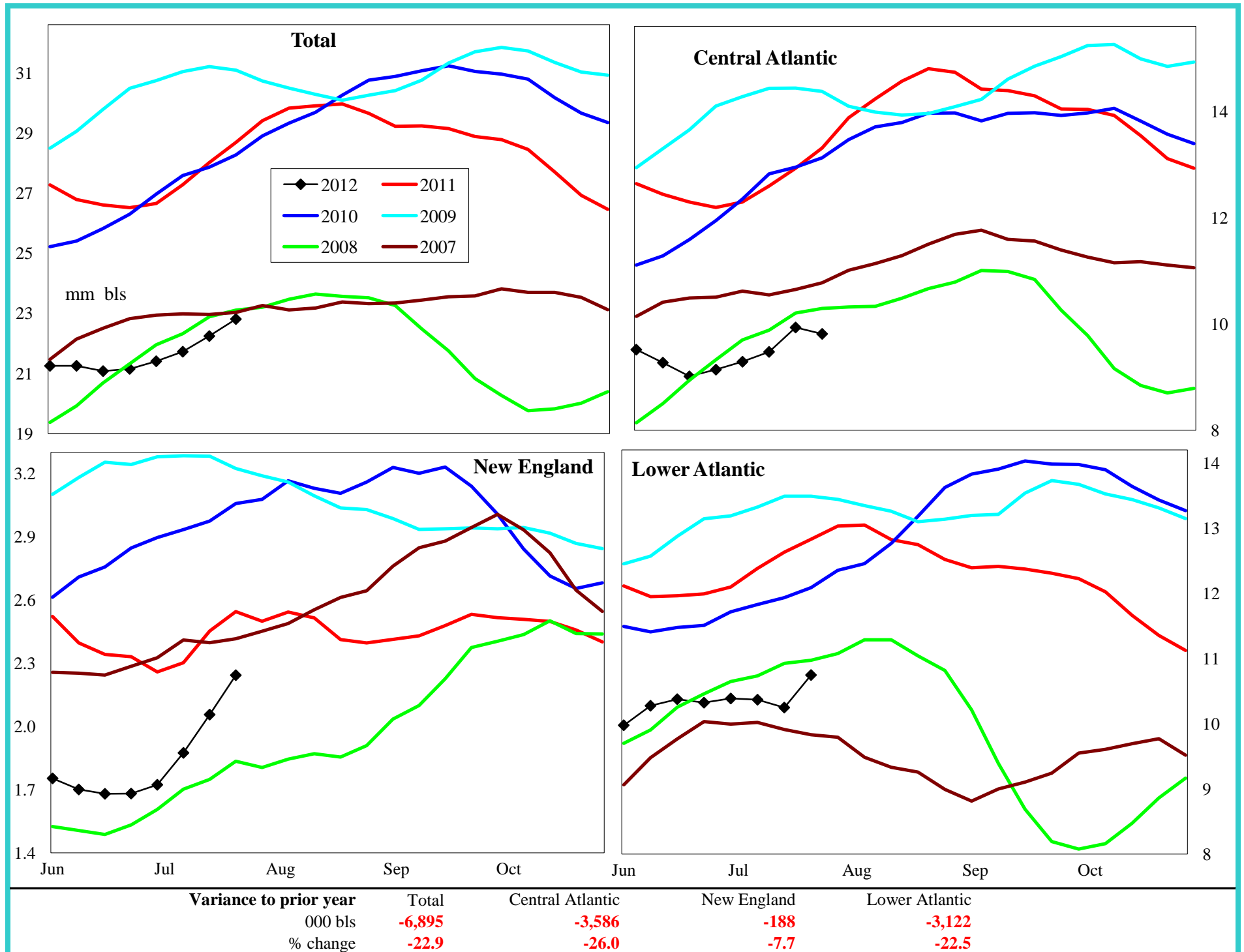




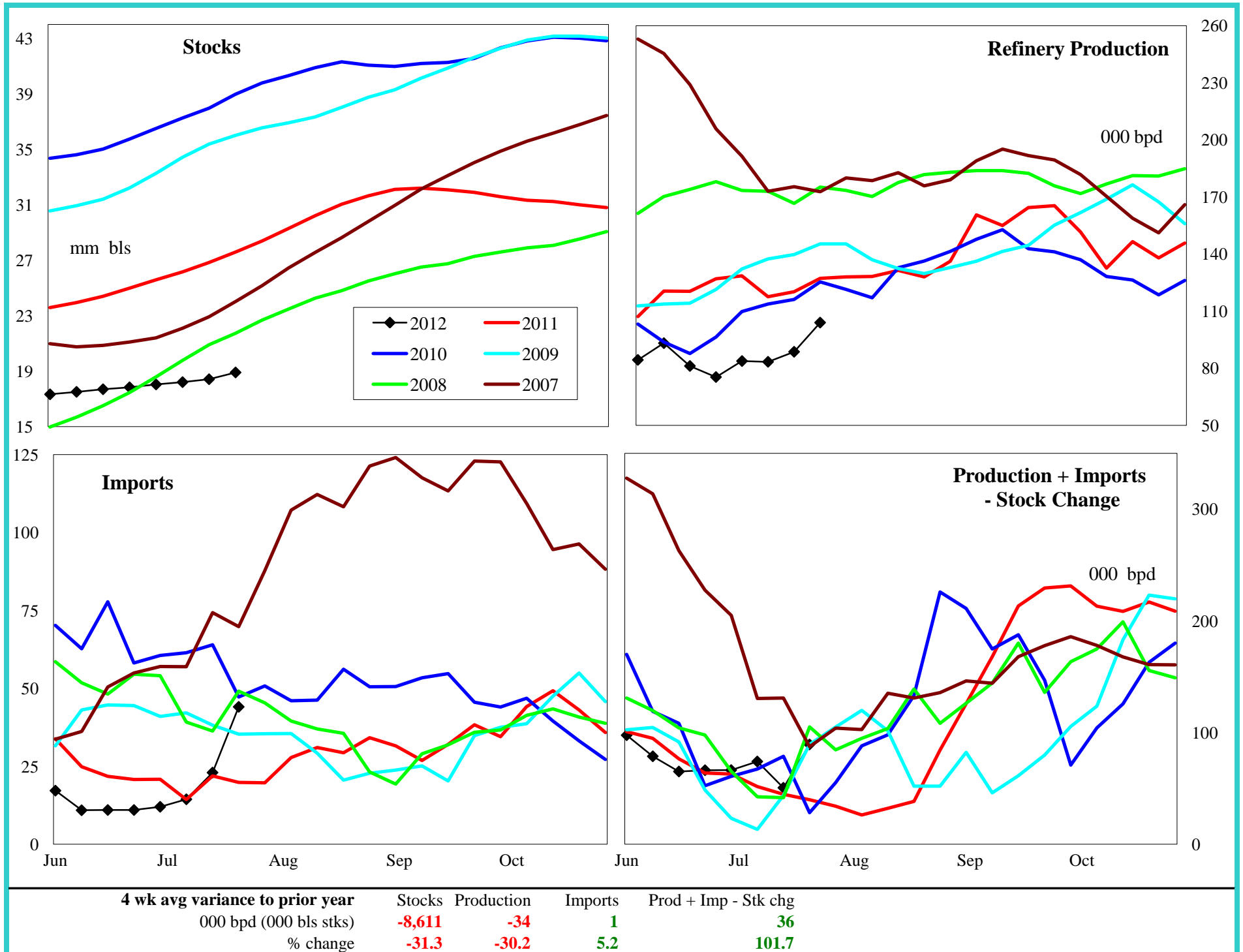
# PADD 1 Low Sulfur Distillate Supply



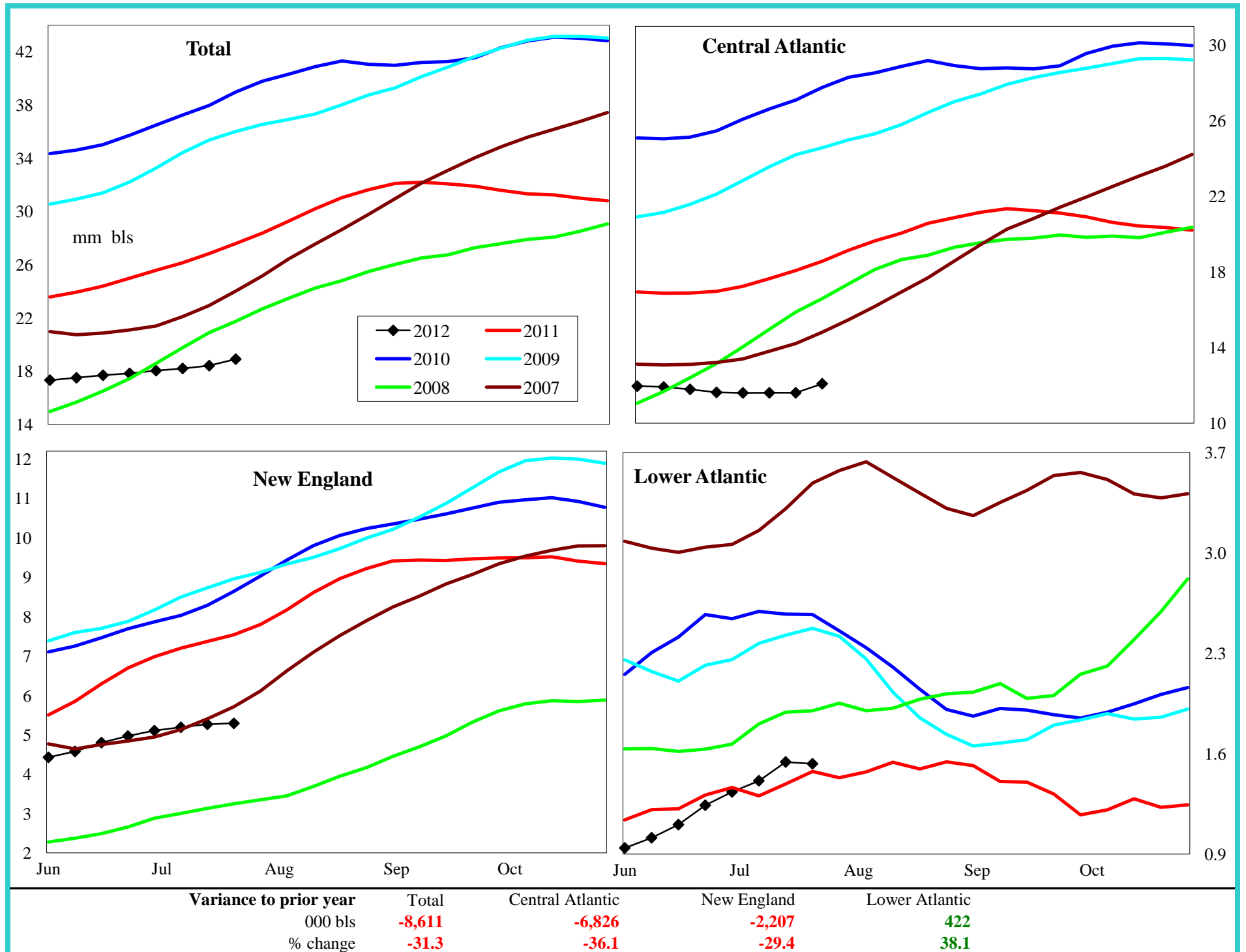
## PADD 1 Low Sulfur Distillate Stocks by Region



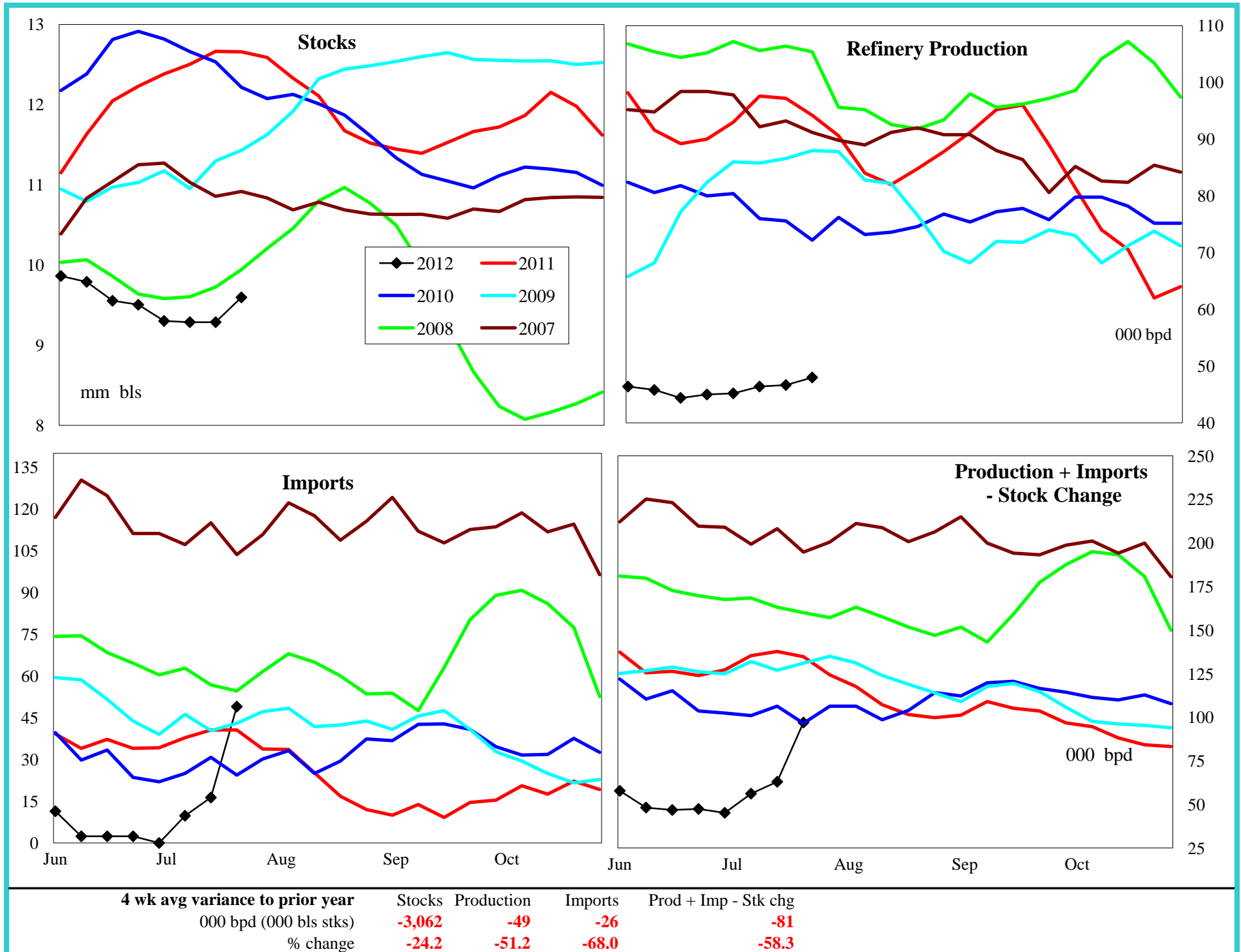
# PADD 1 High Sulfur Distillate Supply



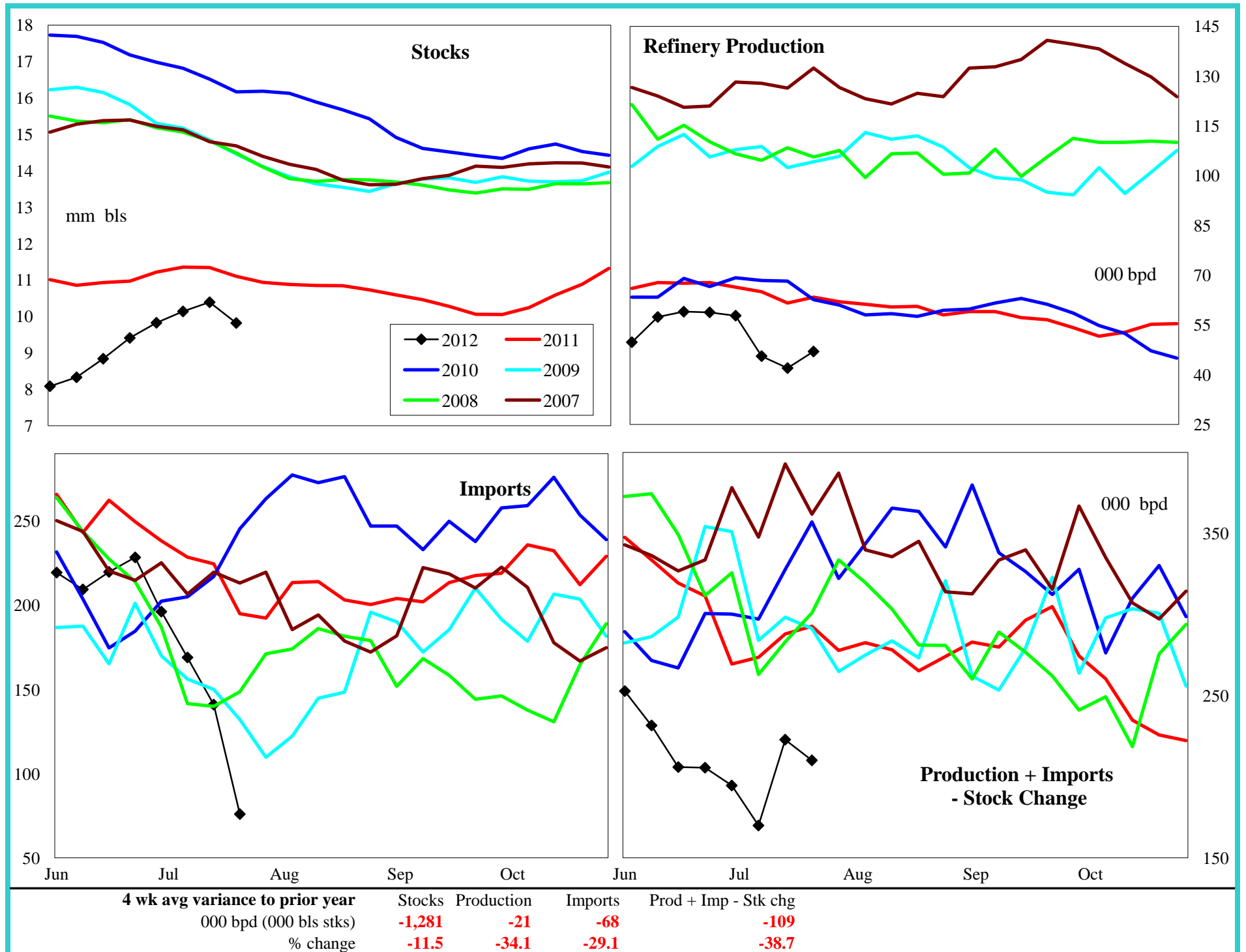
## PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

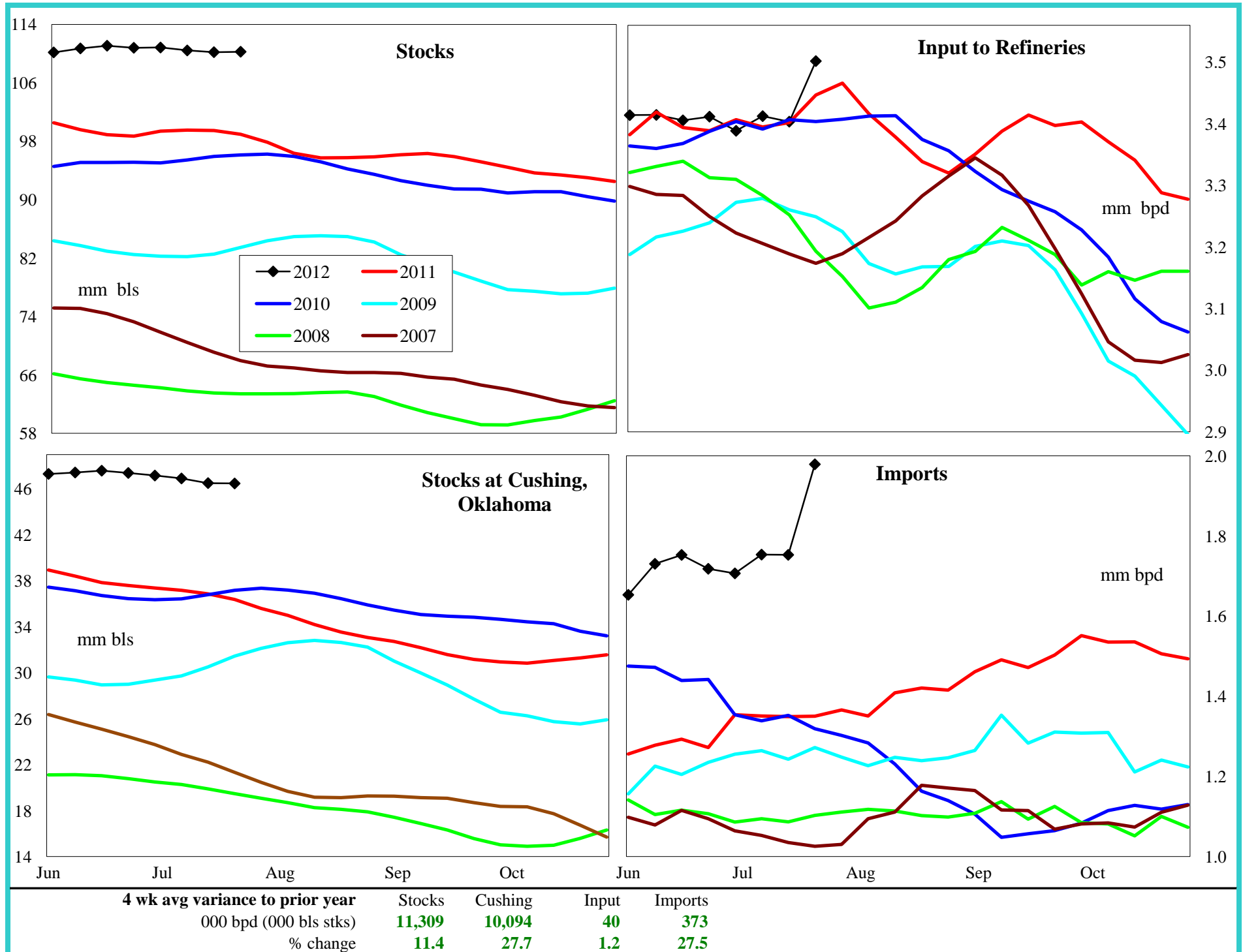


# PADD 1 Residual Fuel Oil Supply

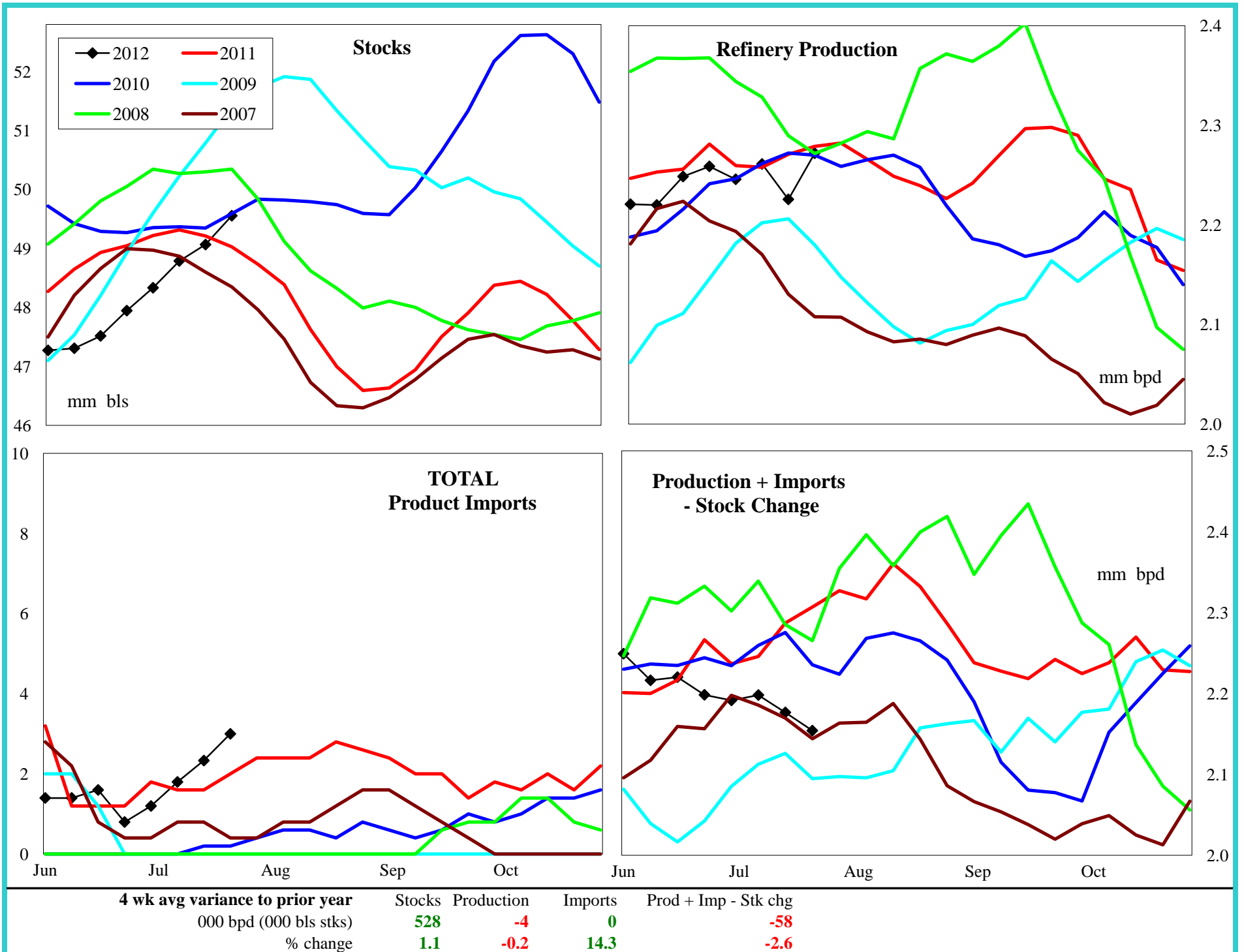




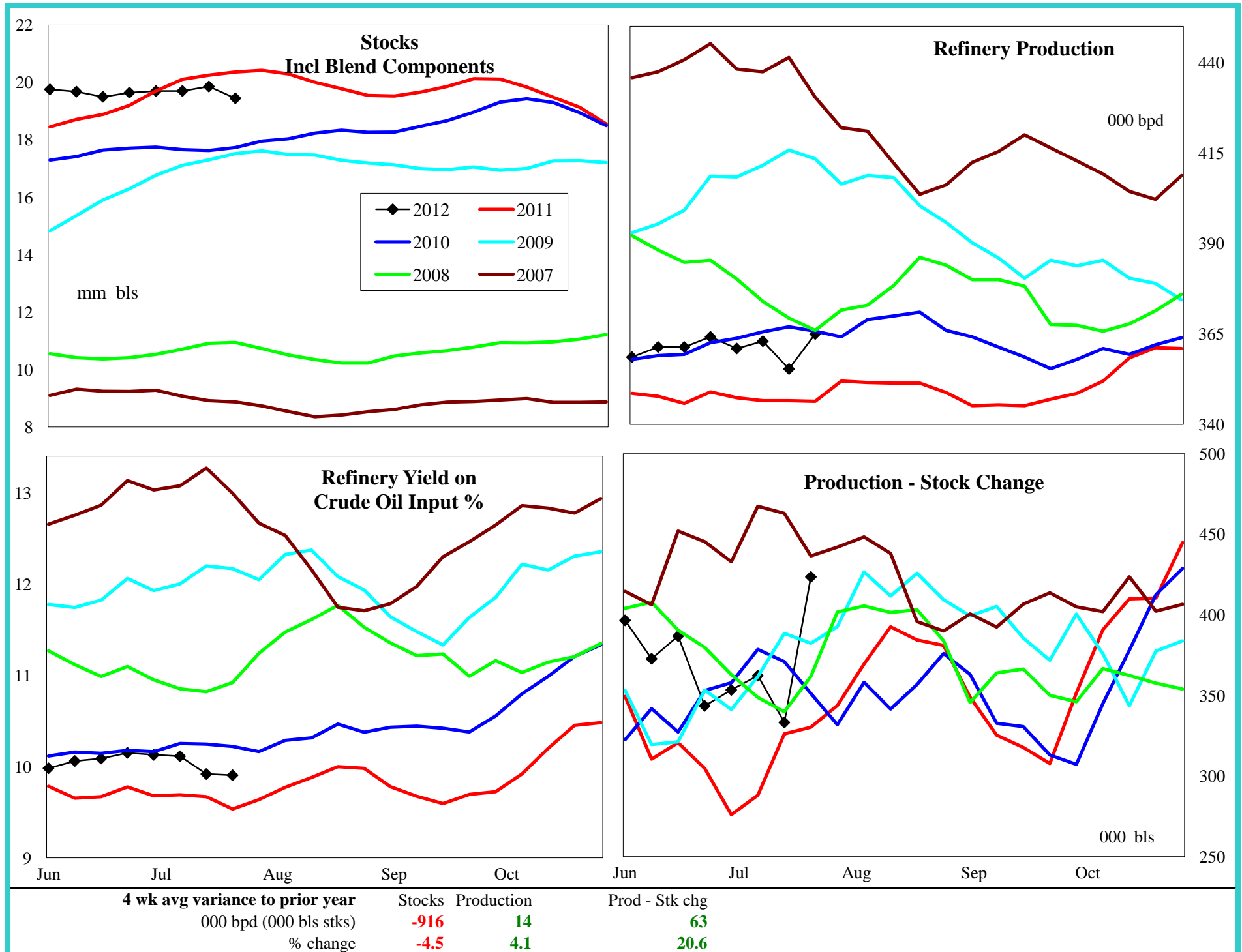
# PADD 2 Crude Oil Supply and Refining



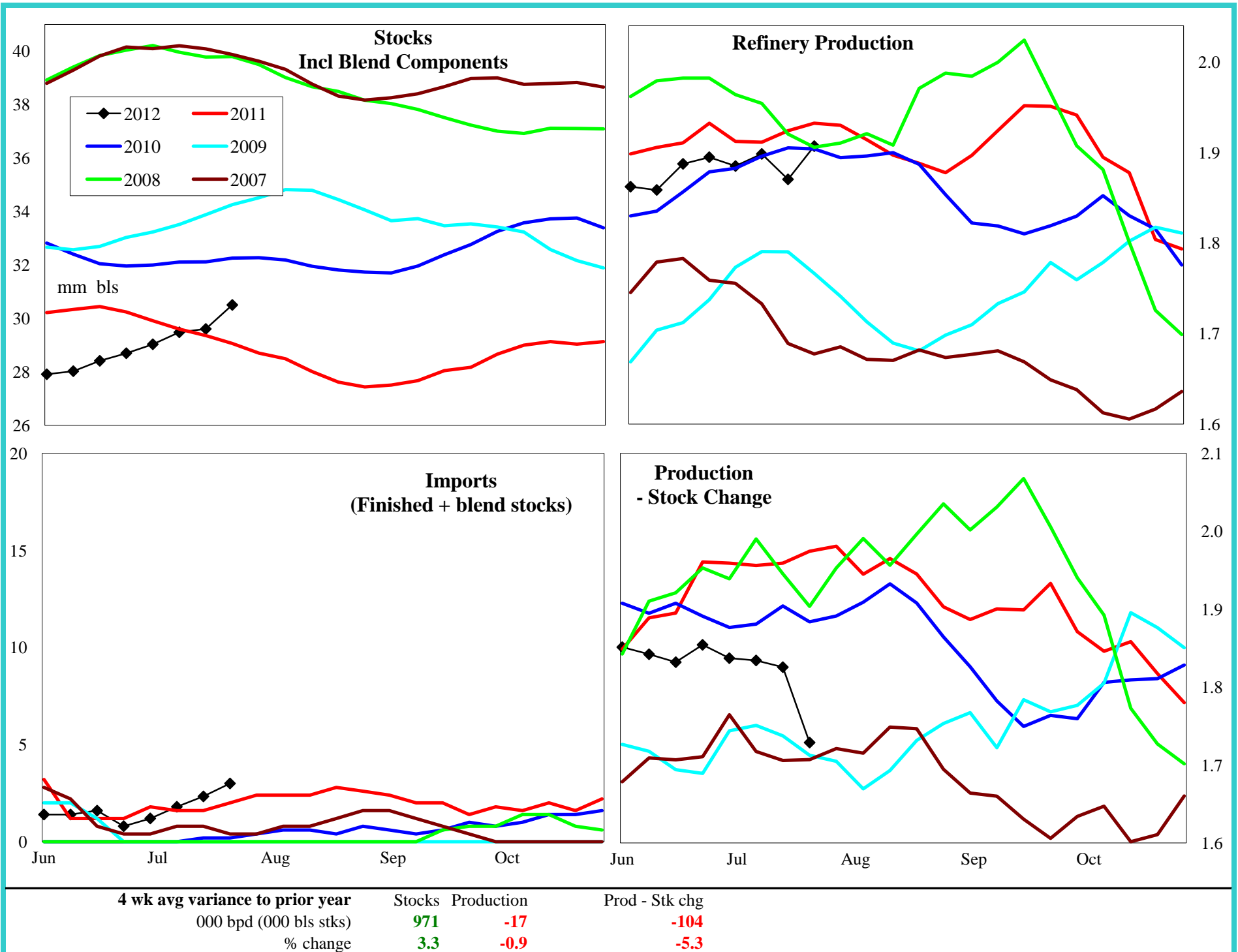
# PADD 2 Gasoline Supply



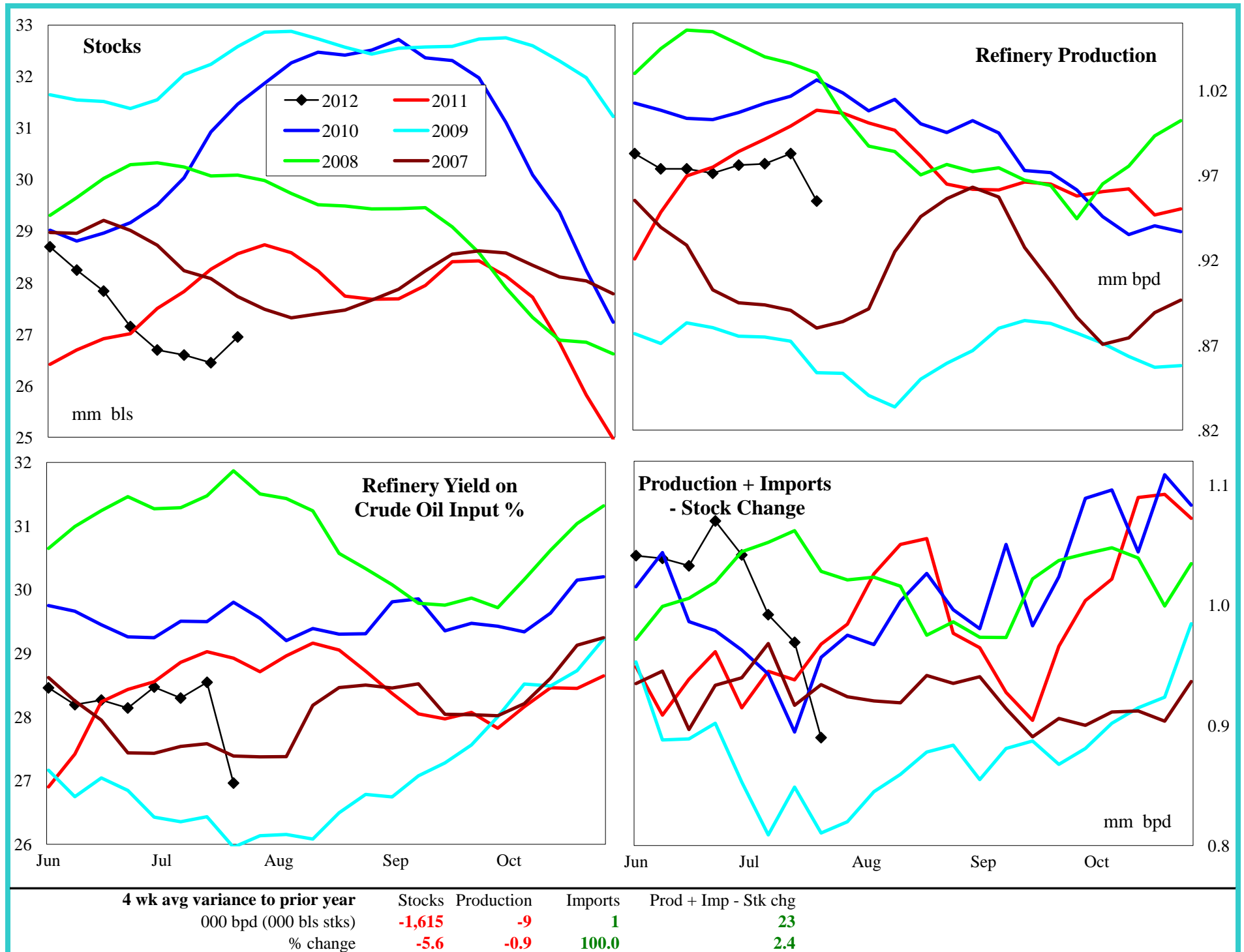
# PADD 2 Reformulated Gasoline Supply



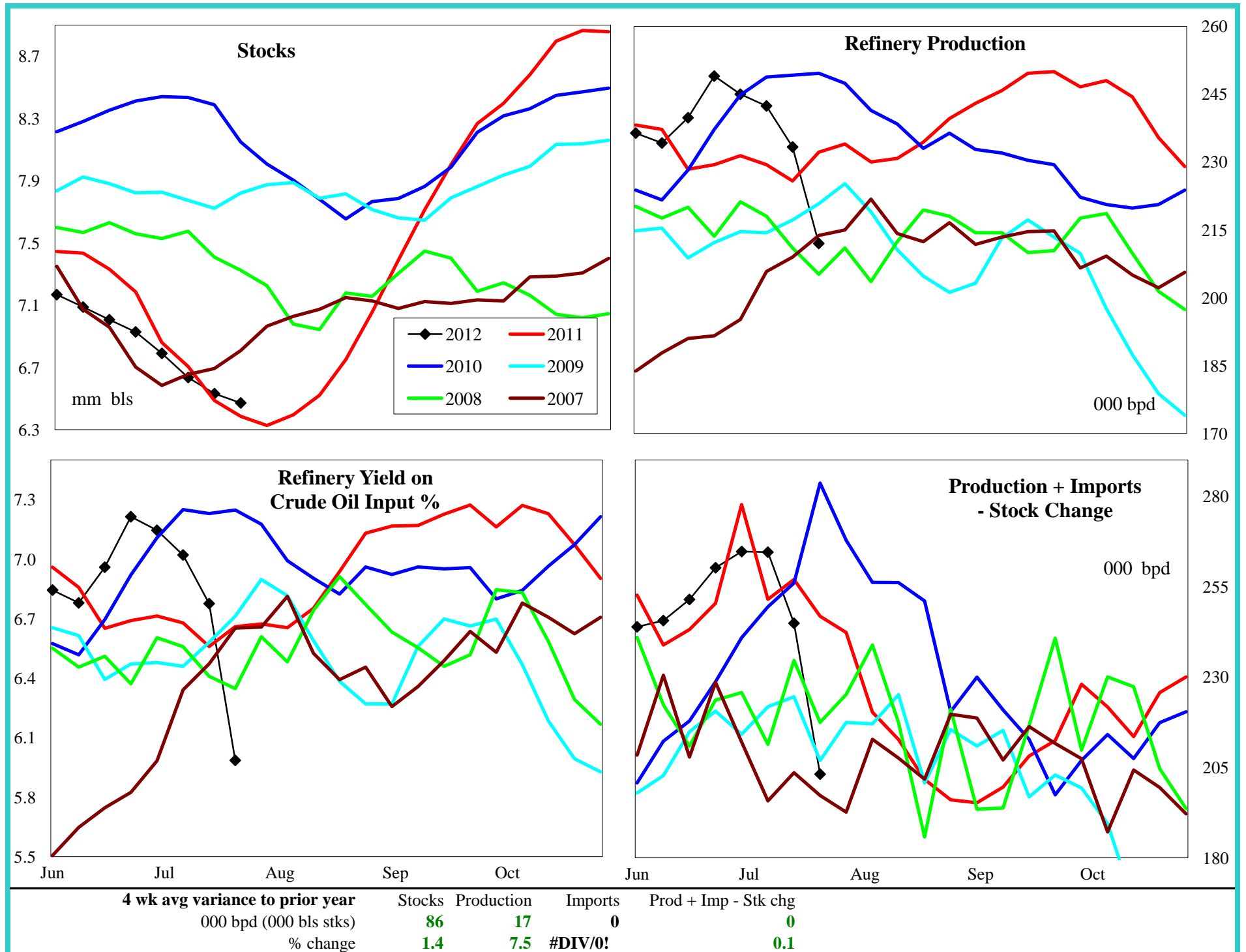
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply

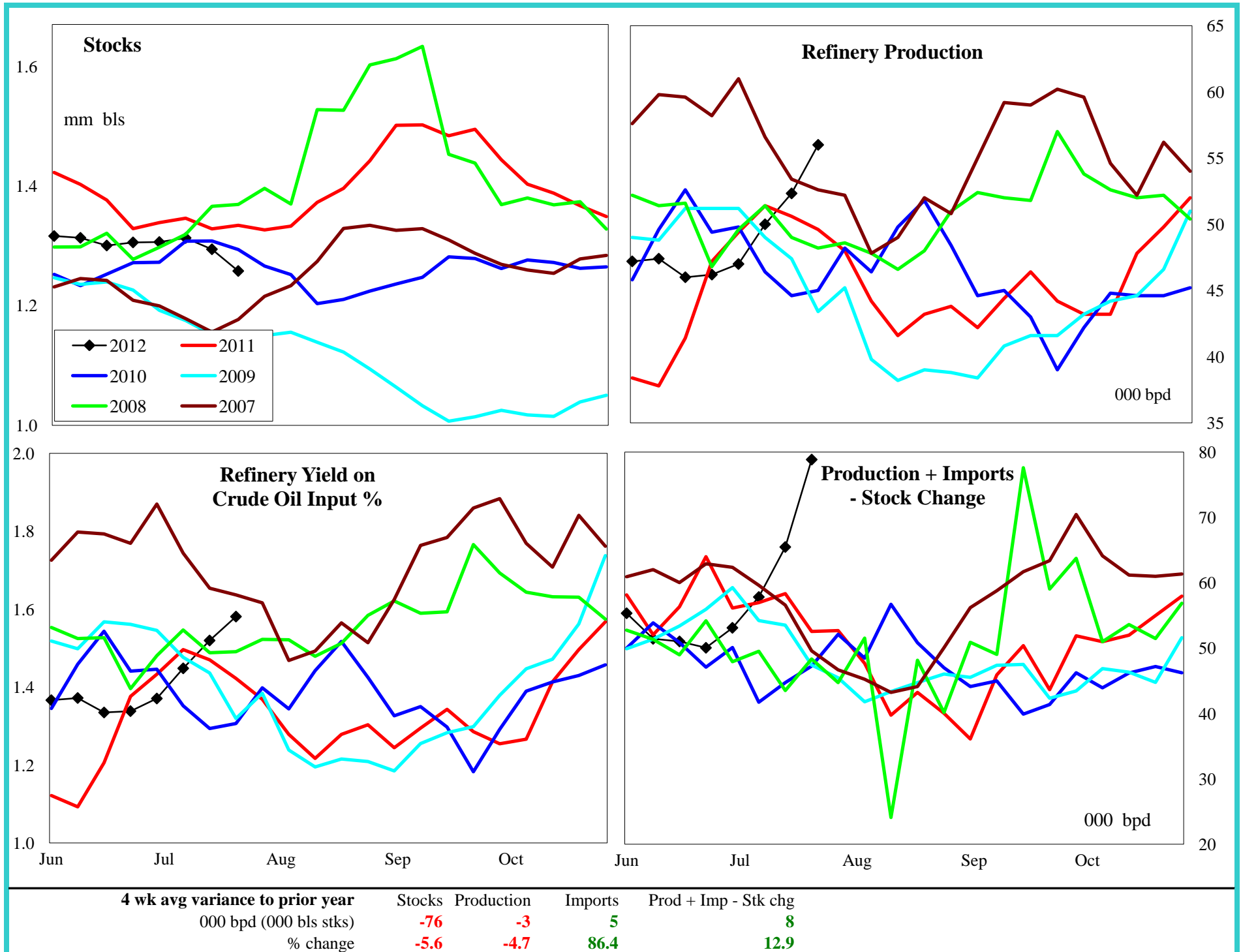


# PADD 2 Jet Fuel Supply

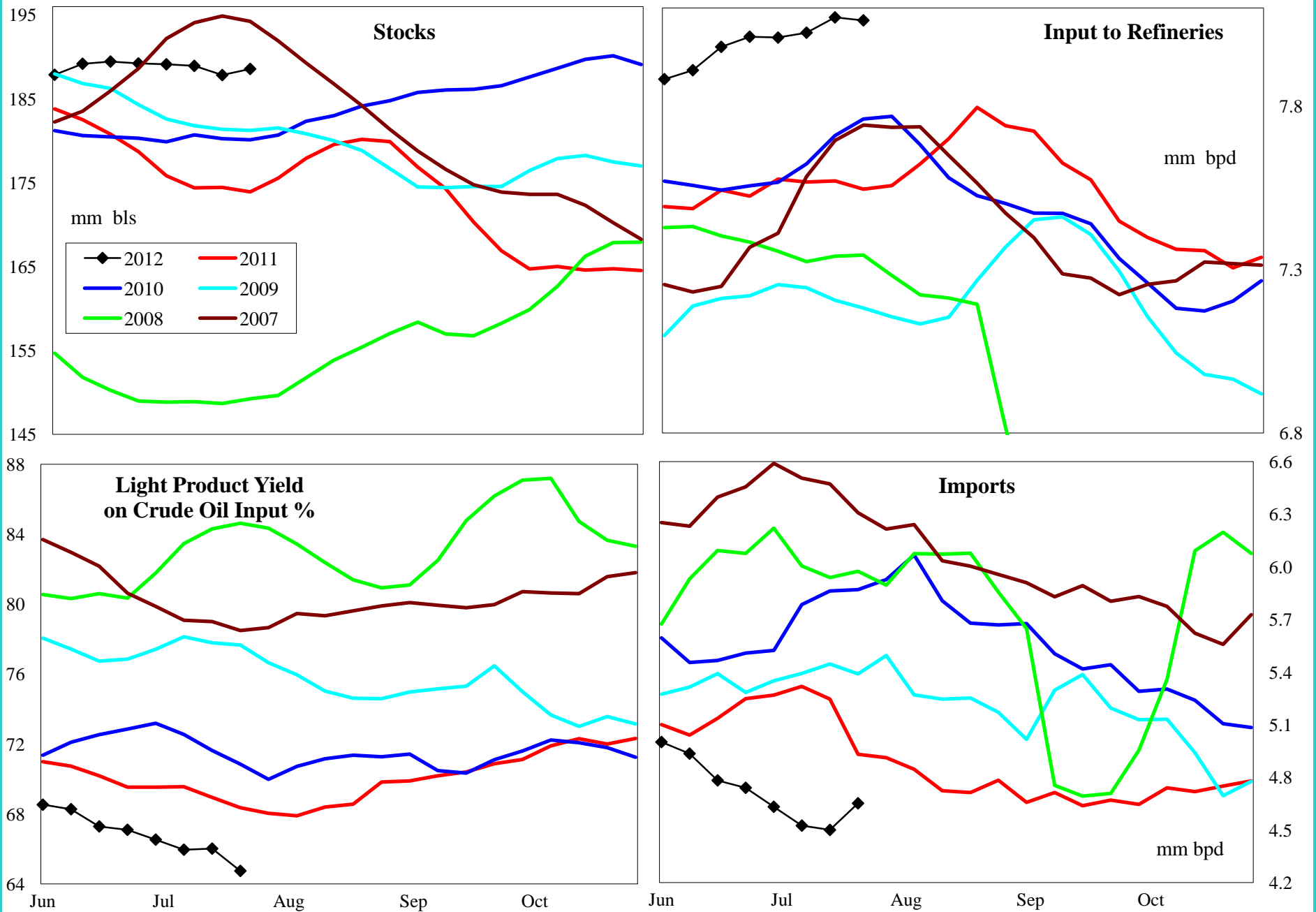




# PADD 2 Residual Fuel Oil Supply



# PADD 3 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**14,650**

**8.4**

Input

**470**

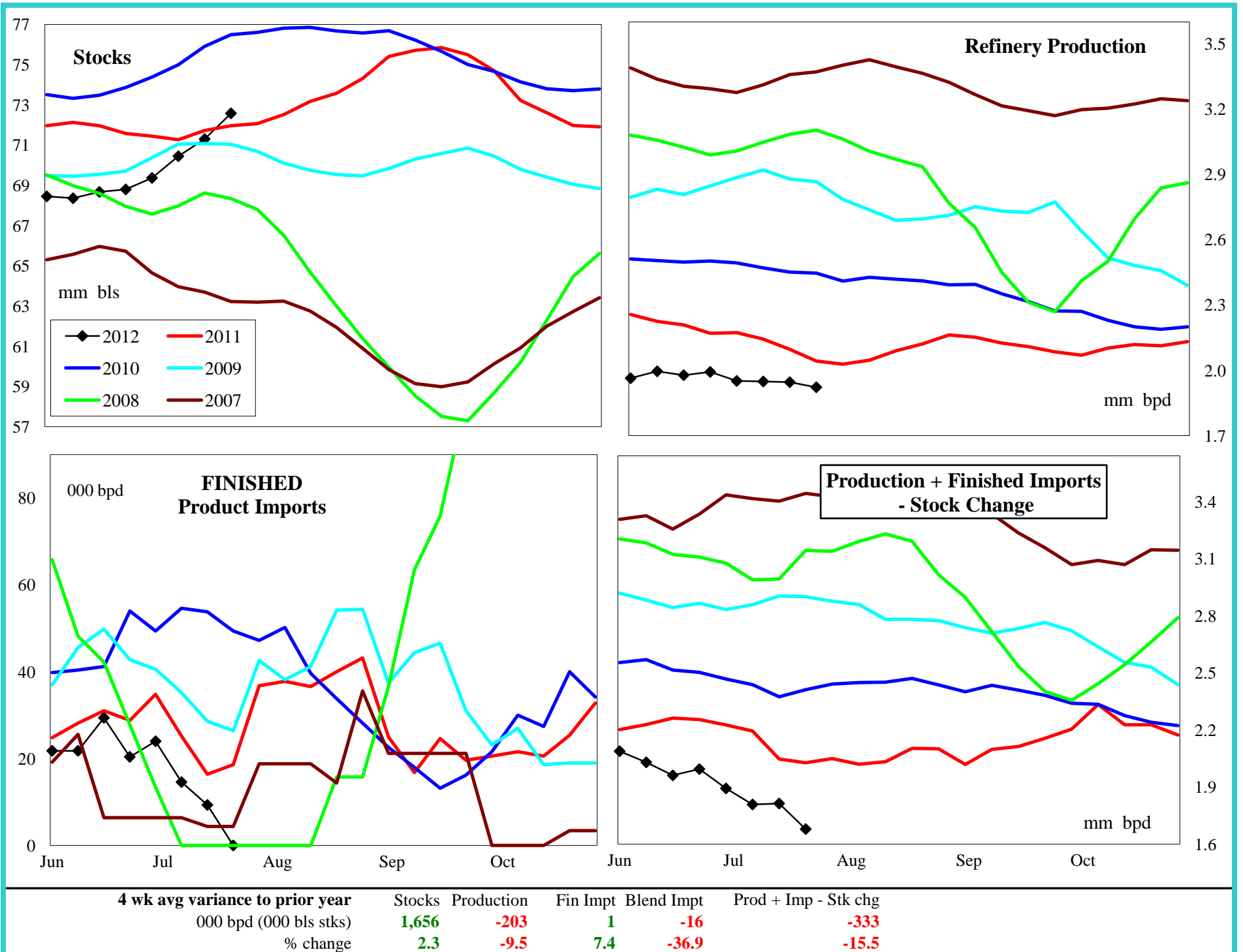
**6.2**

Imports

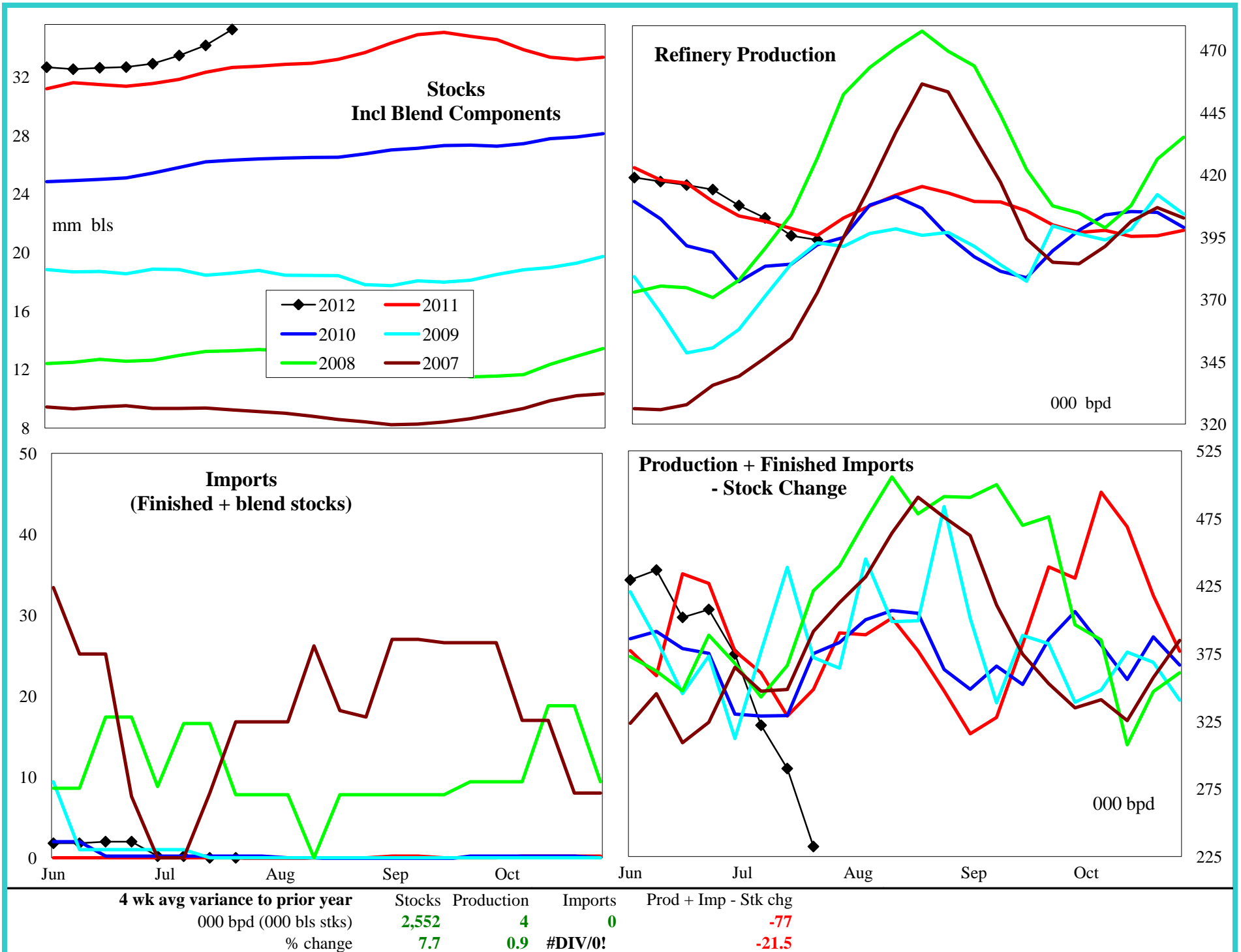
**-915**

**-17.1**

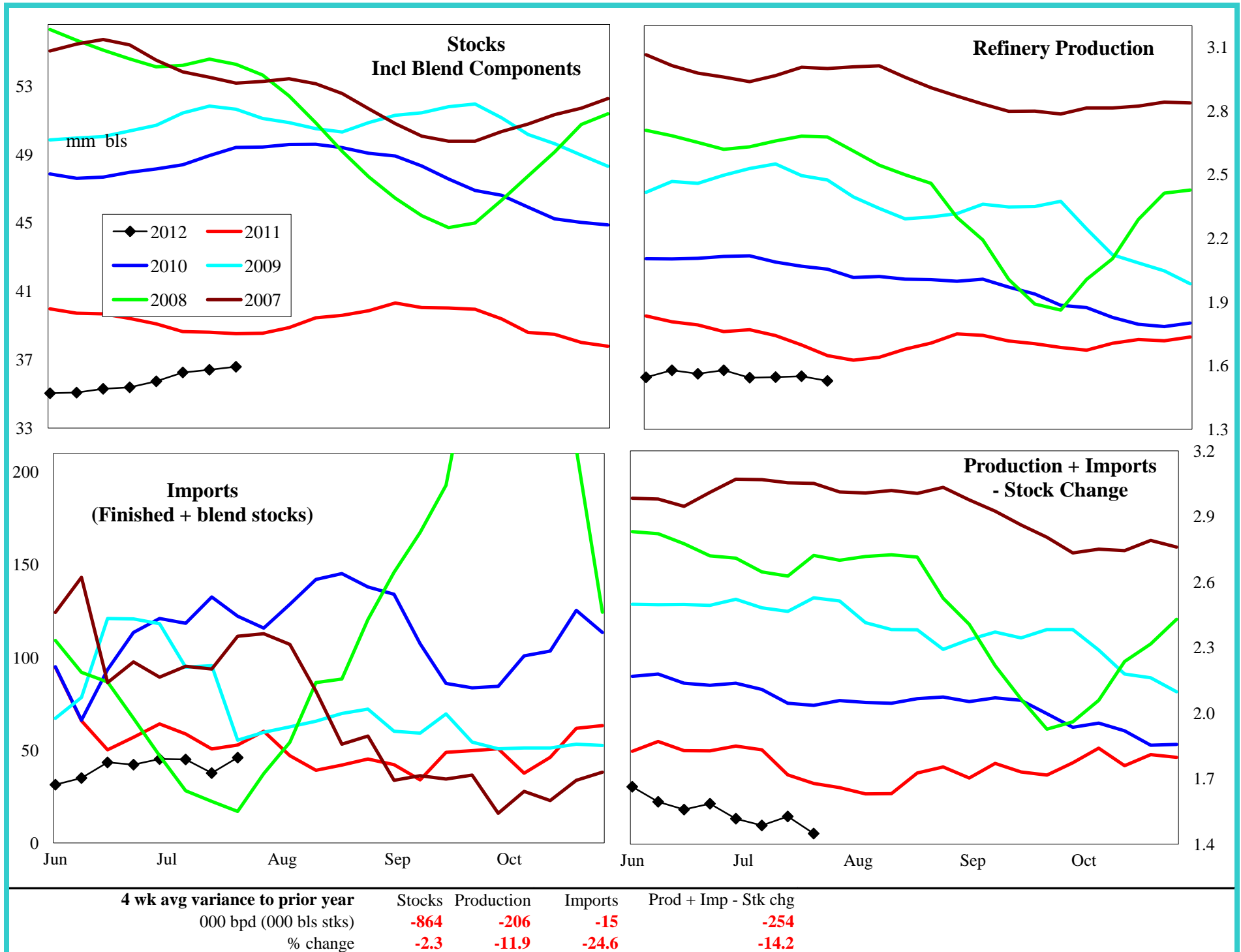
# PADD 3 Gasoline Supply



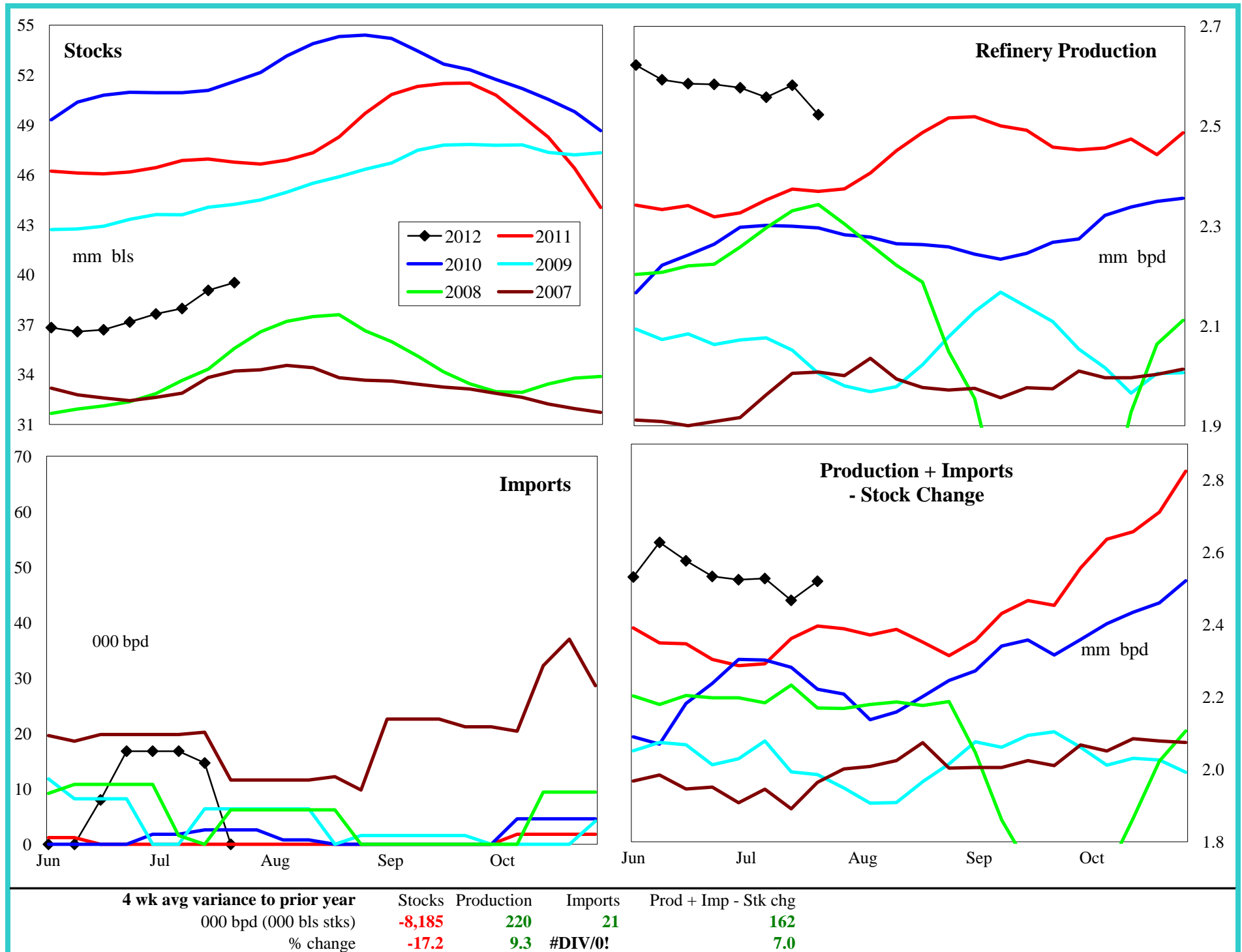
# PADD 3 Reformulated Gasoline Supply



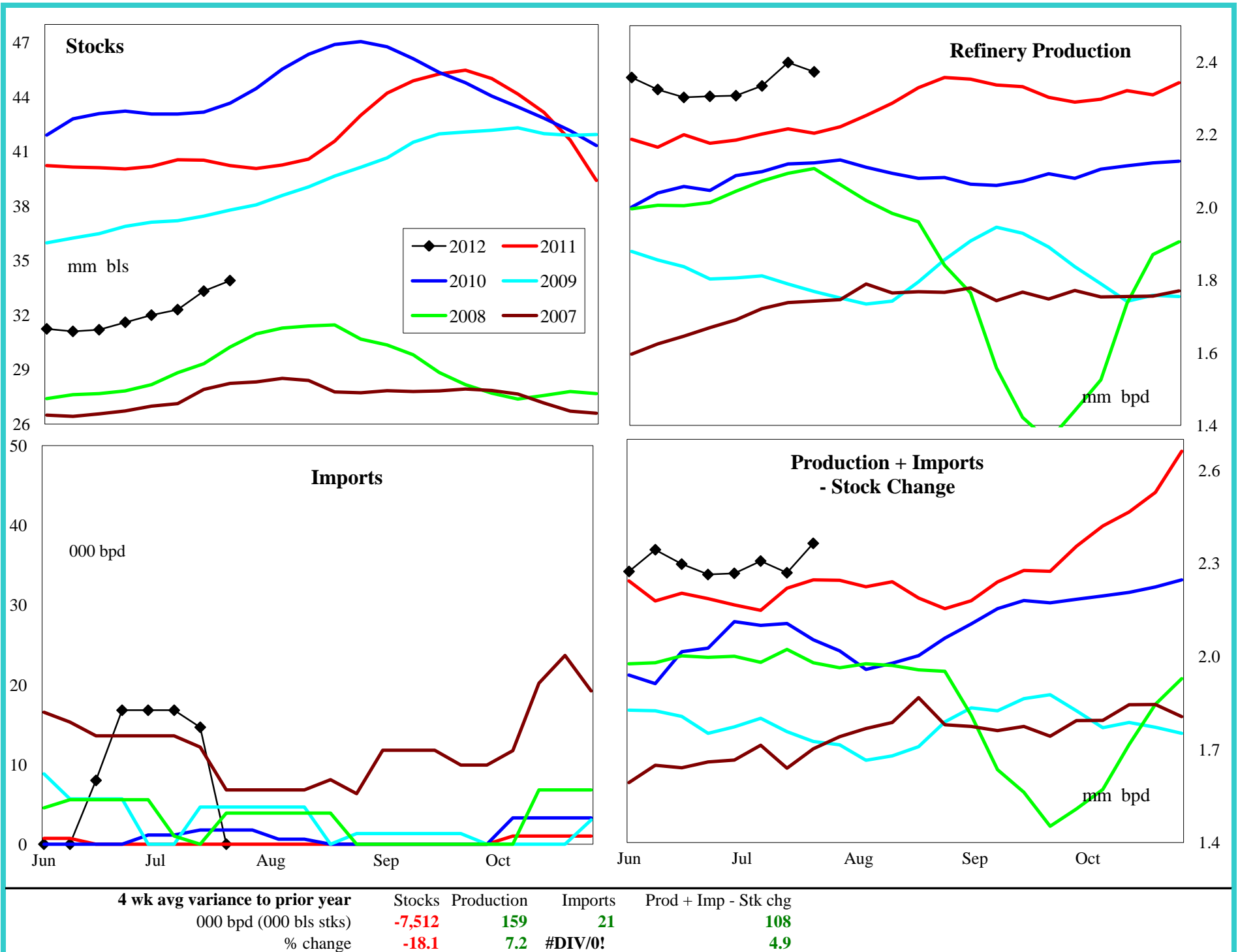
# PADD 3 Conventional Gasoline Supply



# PADD 3 Distillate Supply

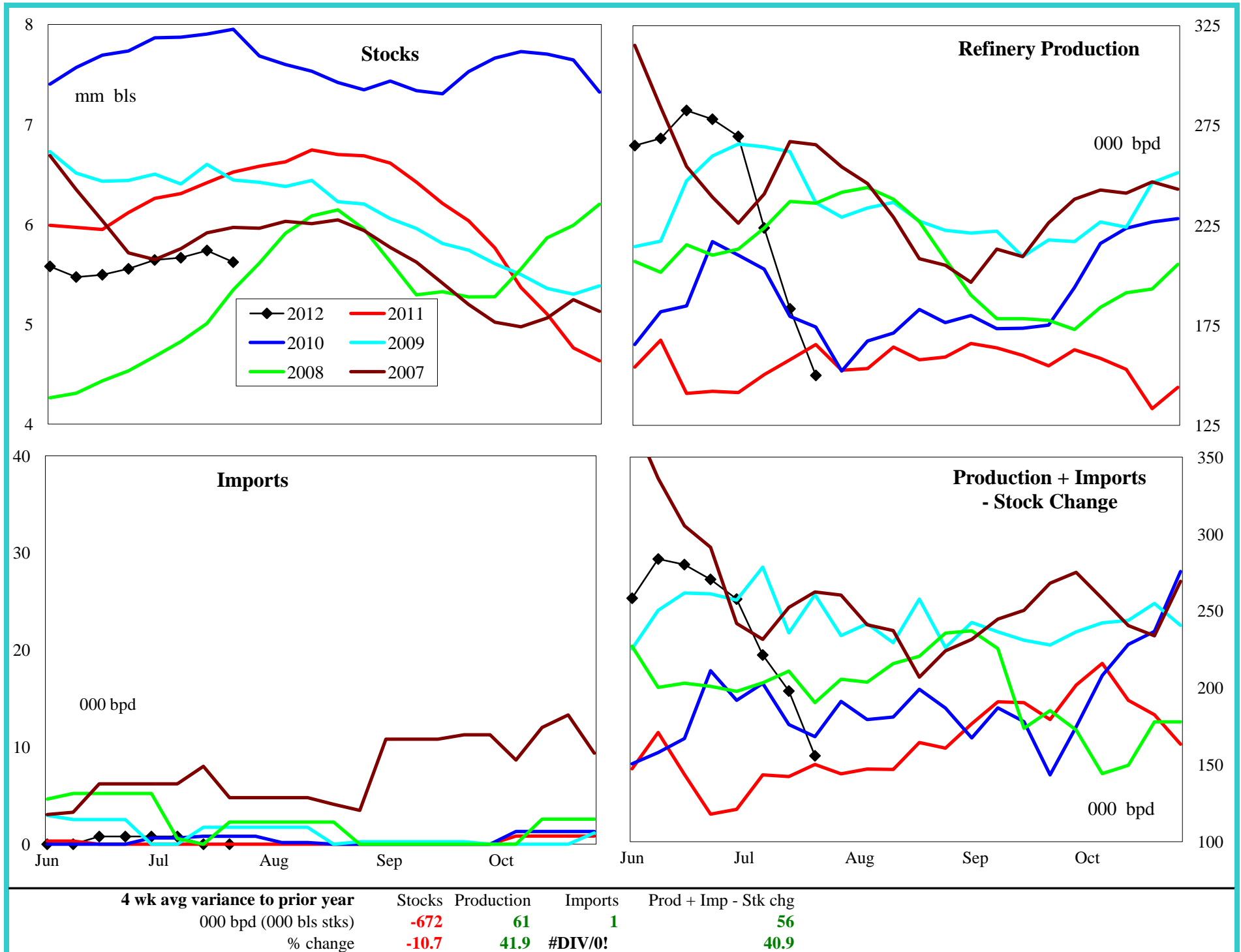


# PADD 3 Low Sulfur Distillate Supply

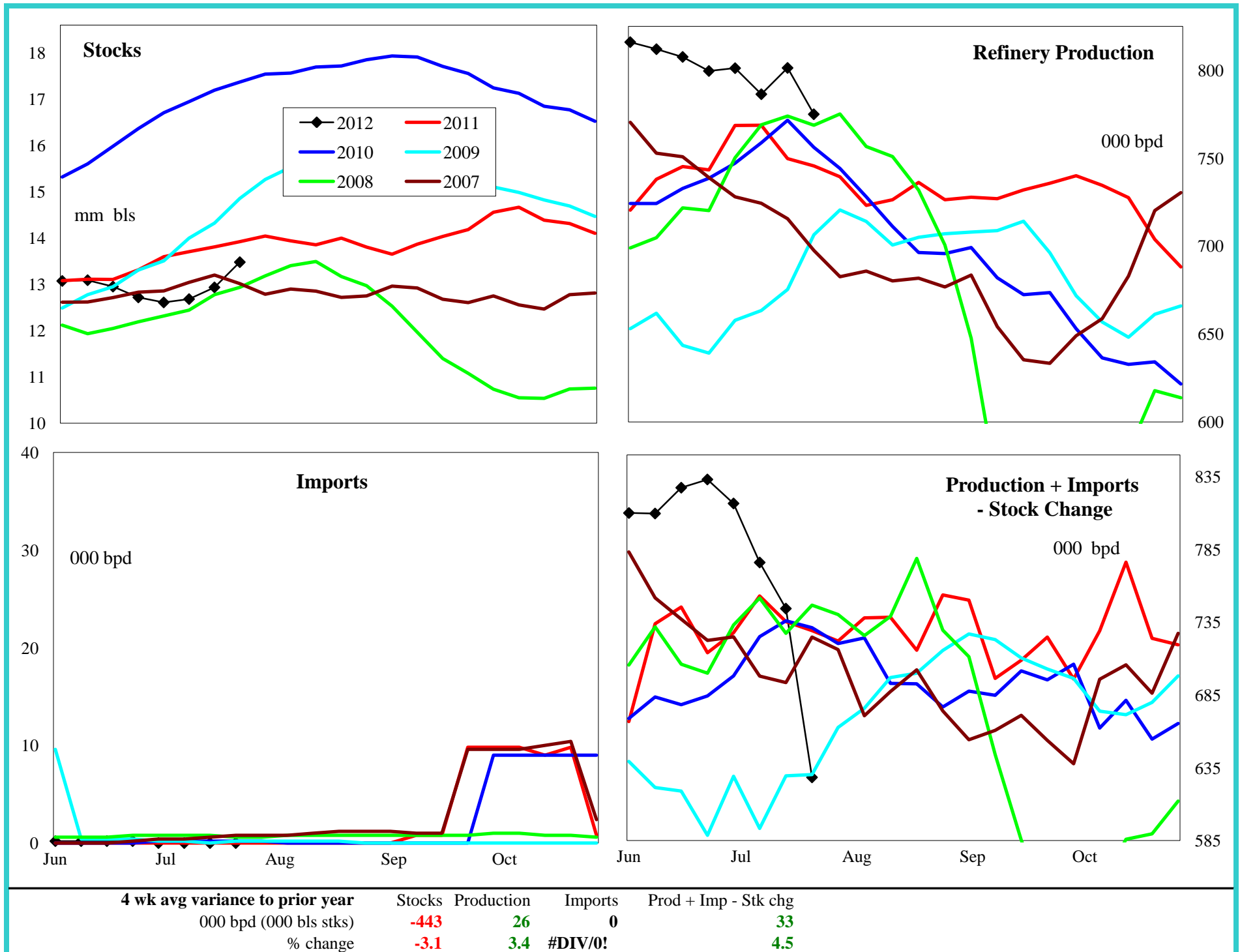




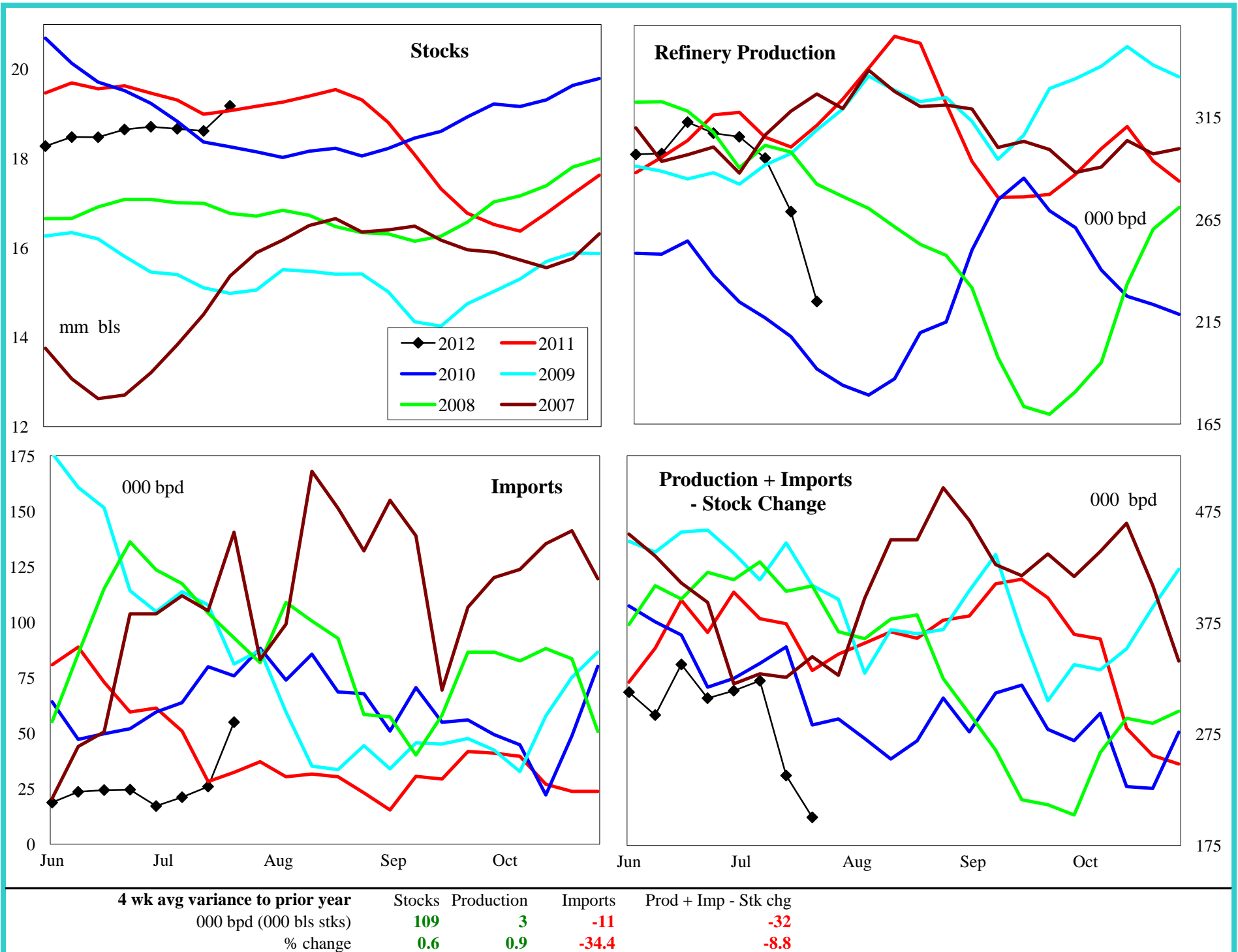
# PADD 3 High Sulfur Distillate Supply



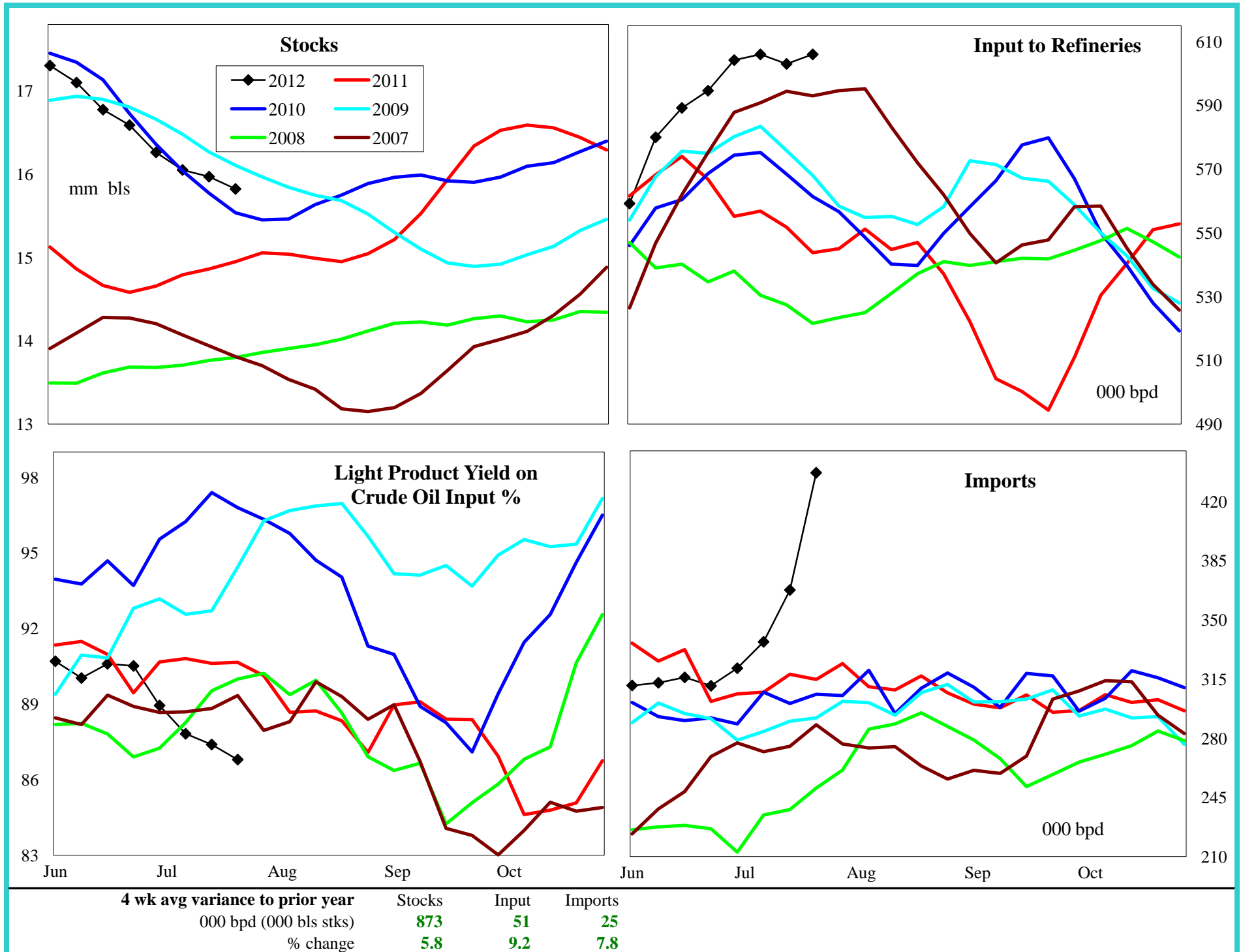
# PADD 3 Jet Fuel Supply



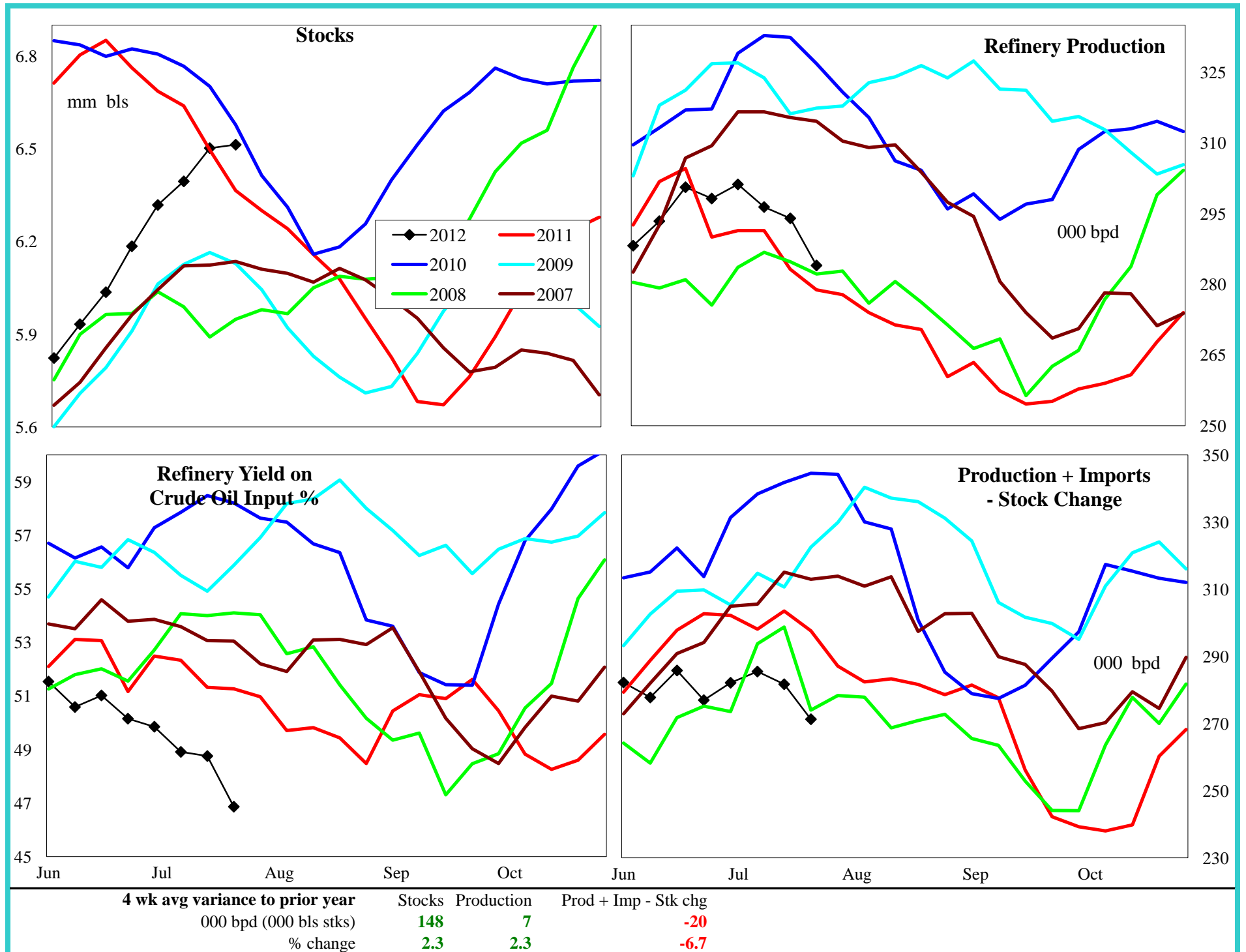
# PADD 3 Residual Fuel Oil Supply



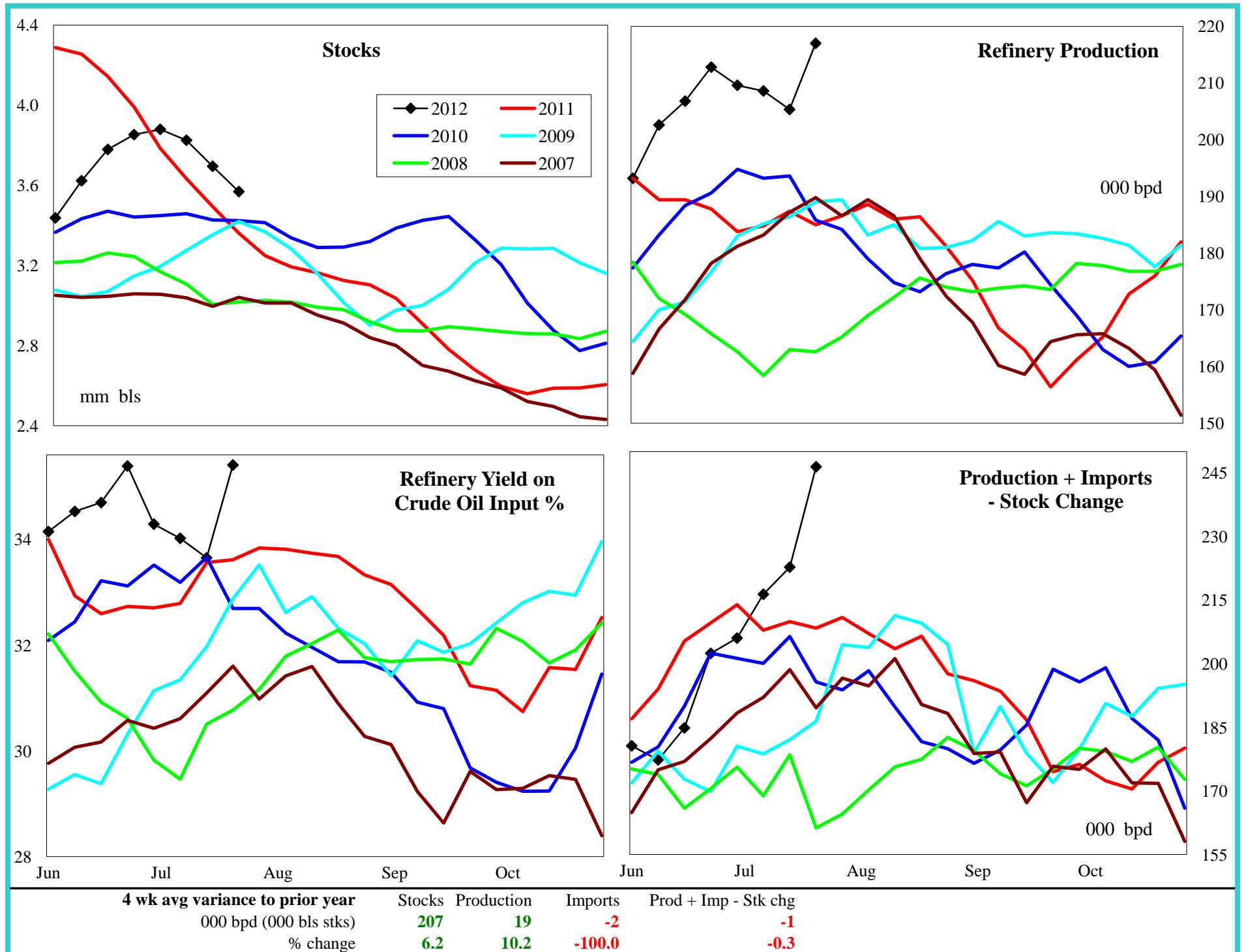
# PADD 4 Crude Oil Supply and Refining



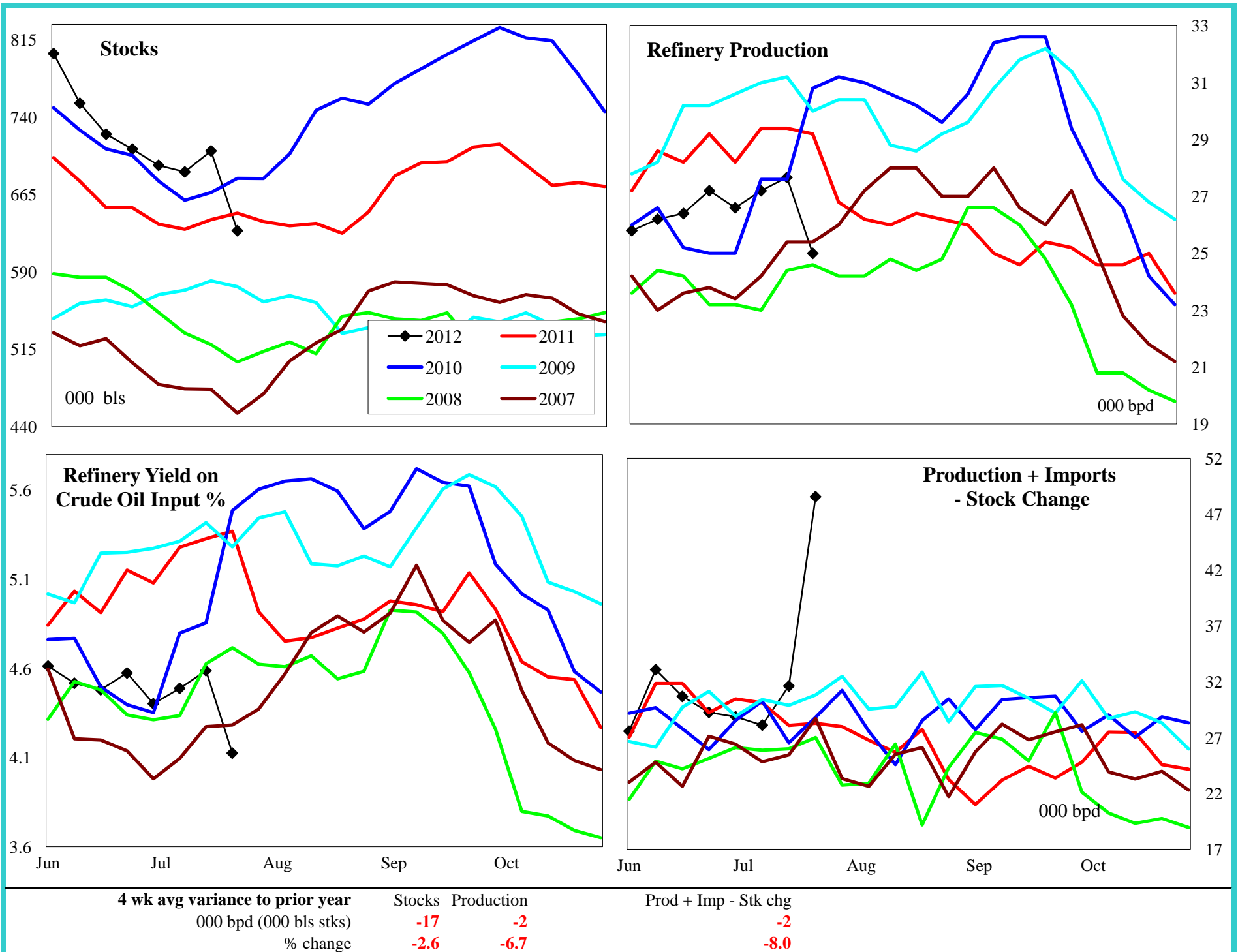
# PADD 4 Gasoline Supply



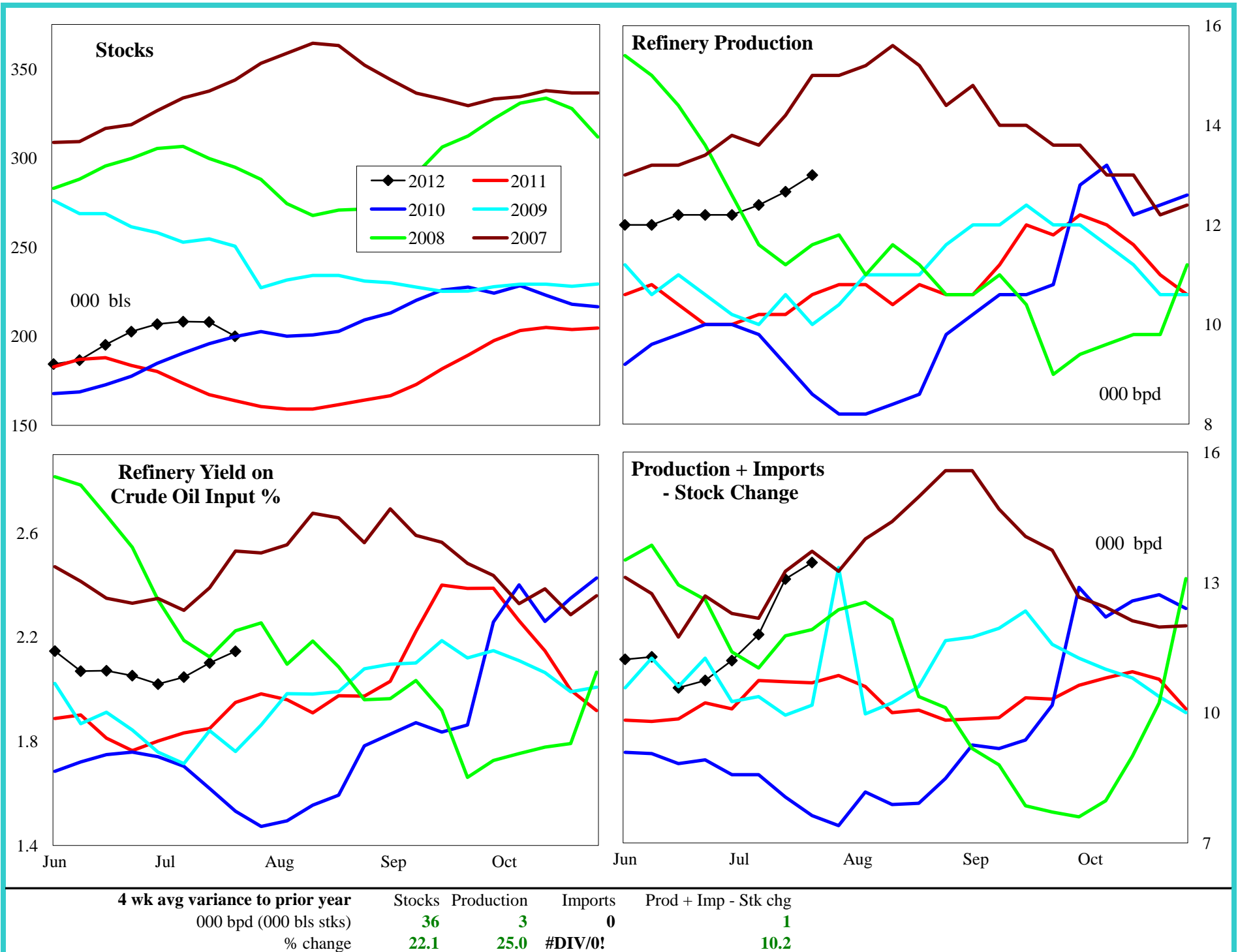
# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply

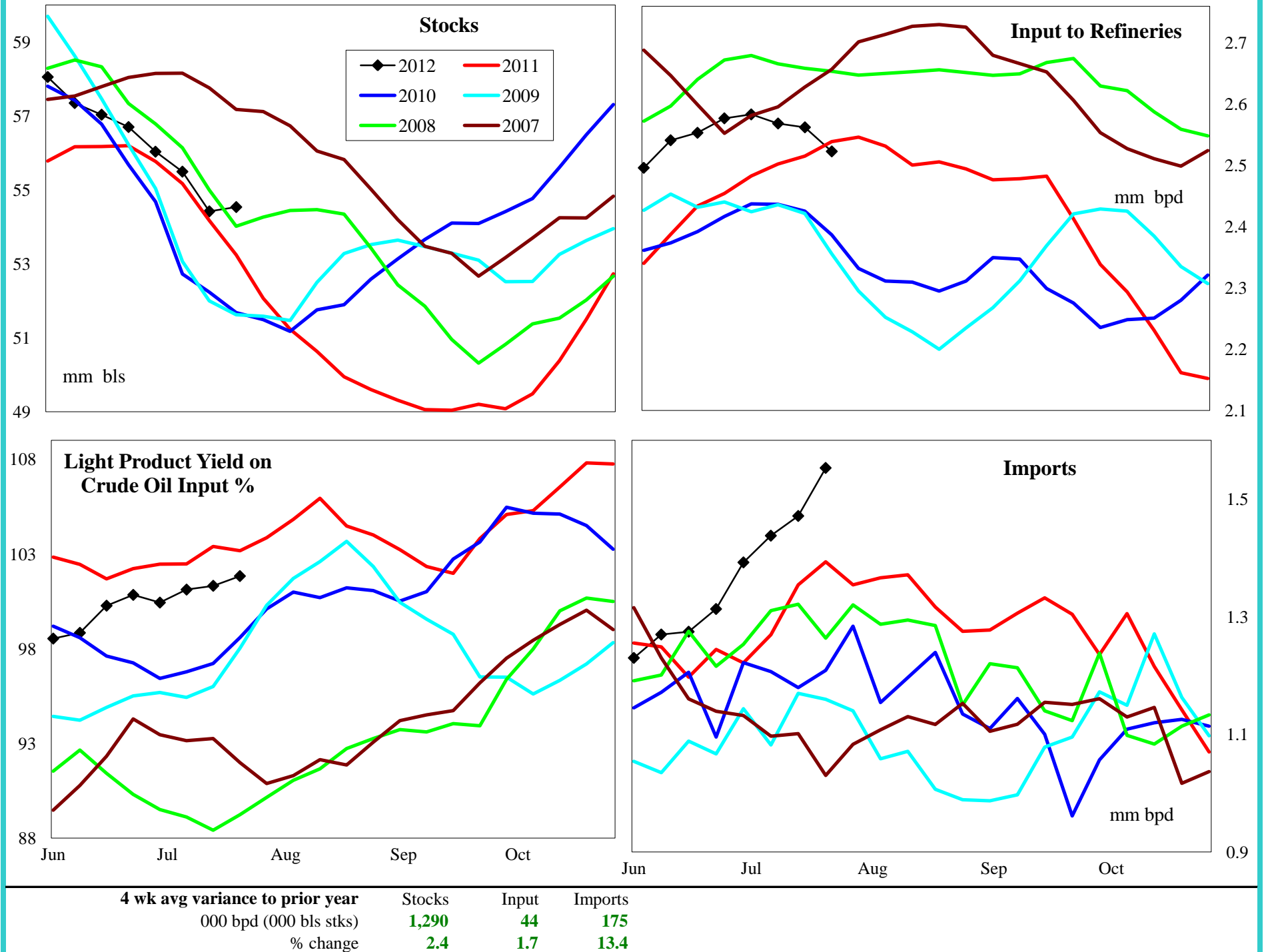


# PADD 4 Residual Fuel Oil Supply

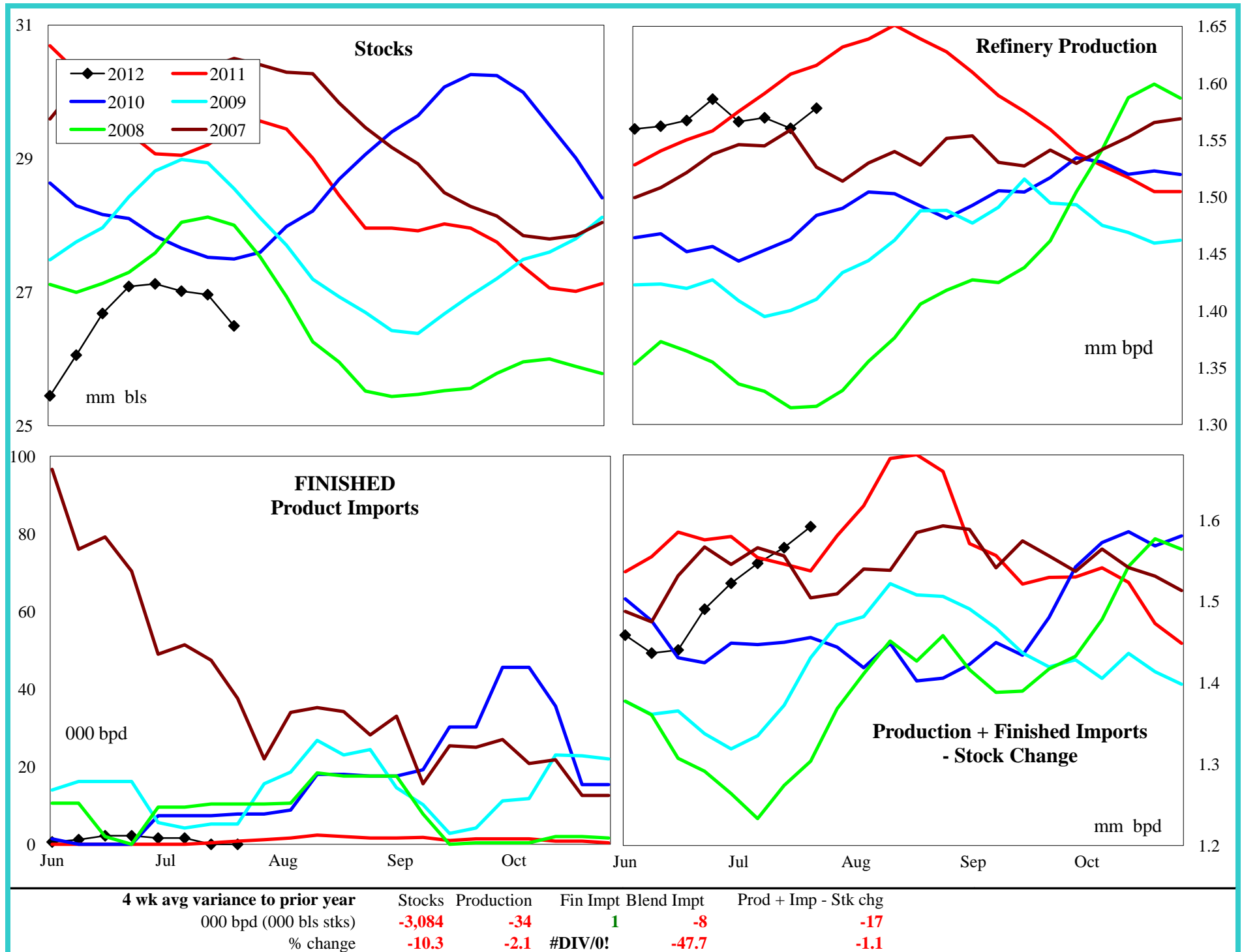




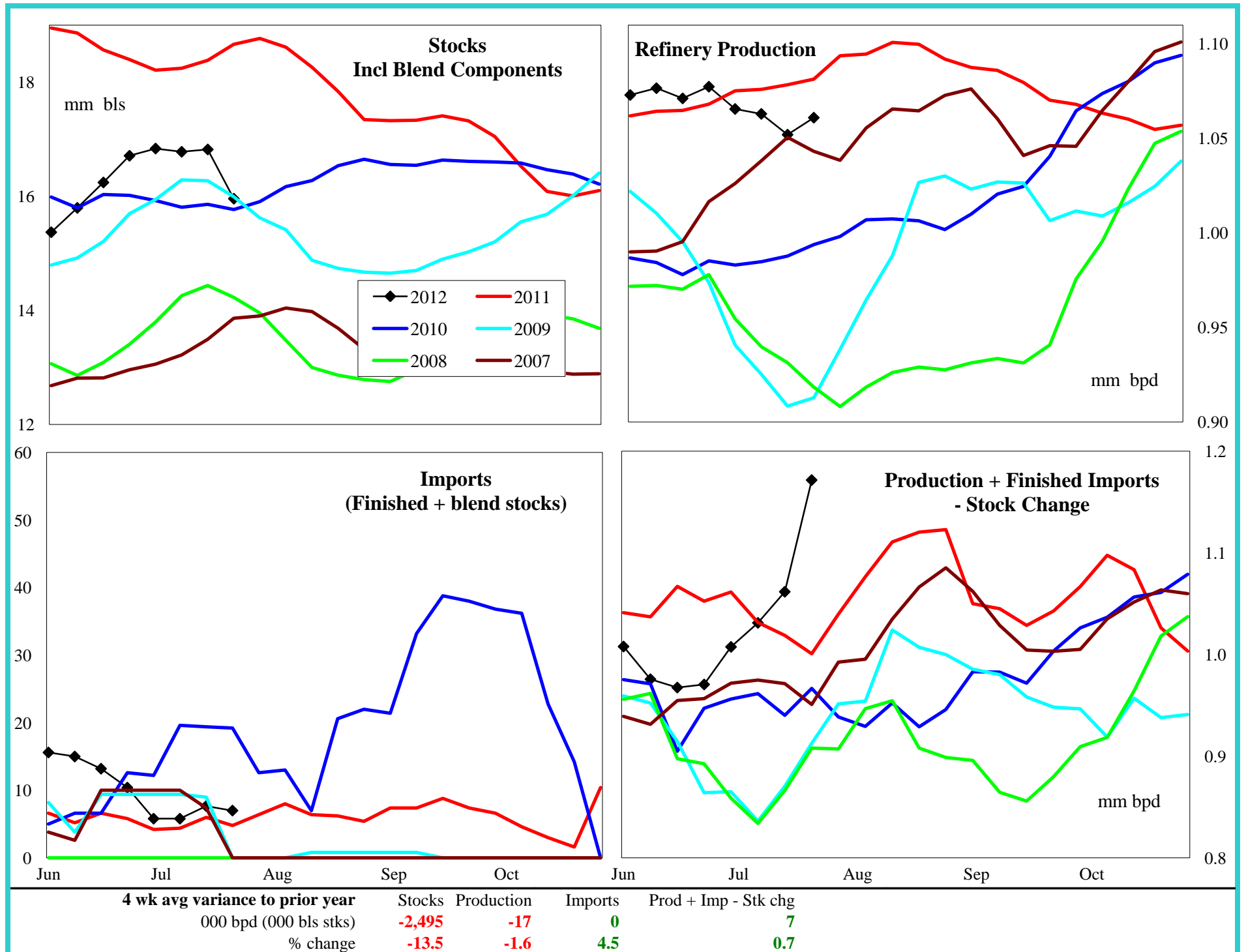
# PADD 5 Crude Oil Supply and Refining



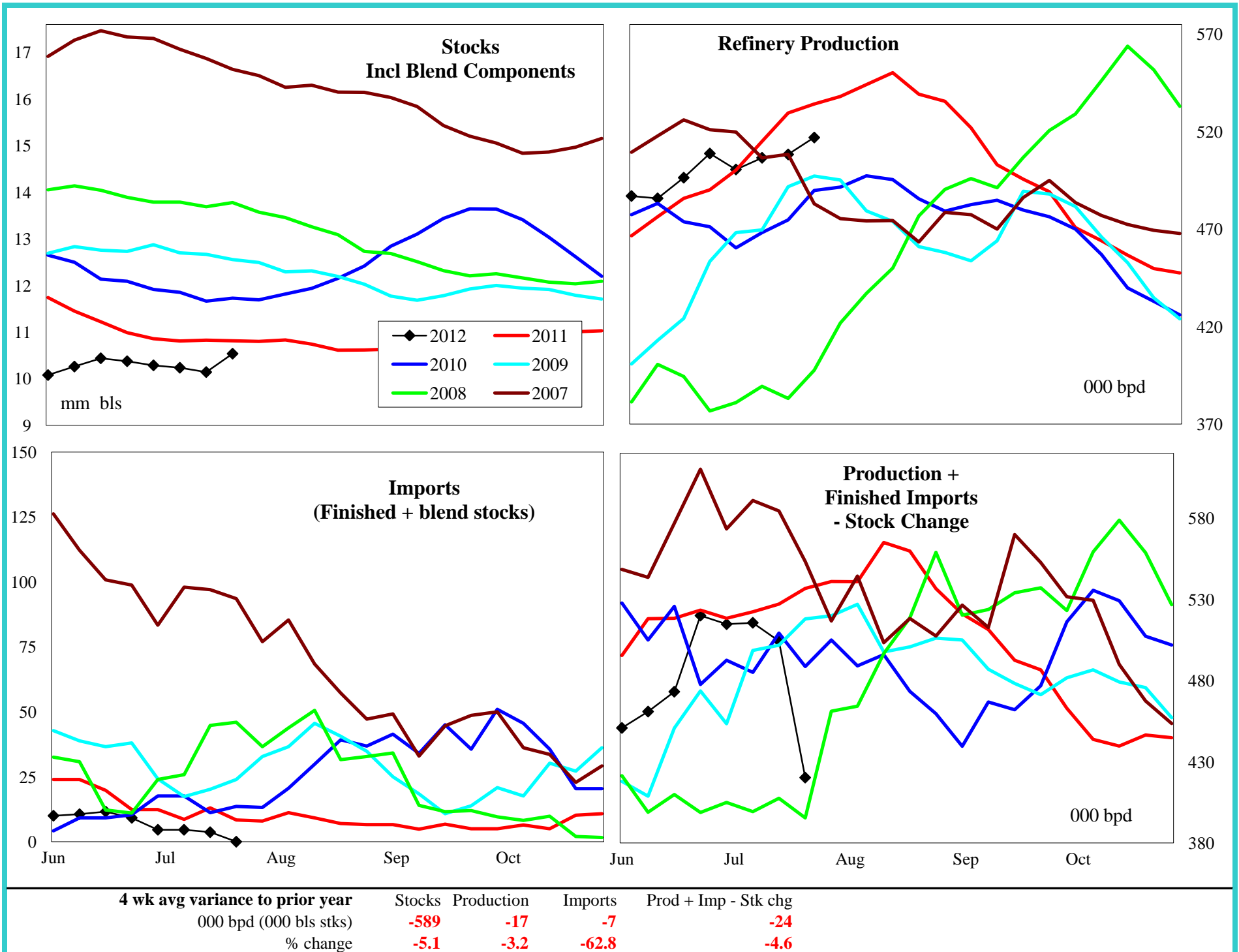
# PADD 5 Gasoline Supply



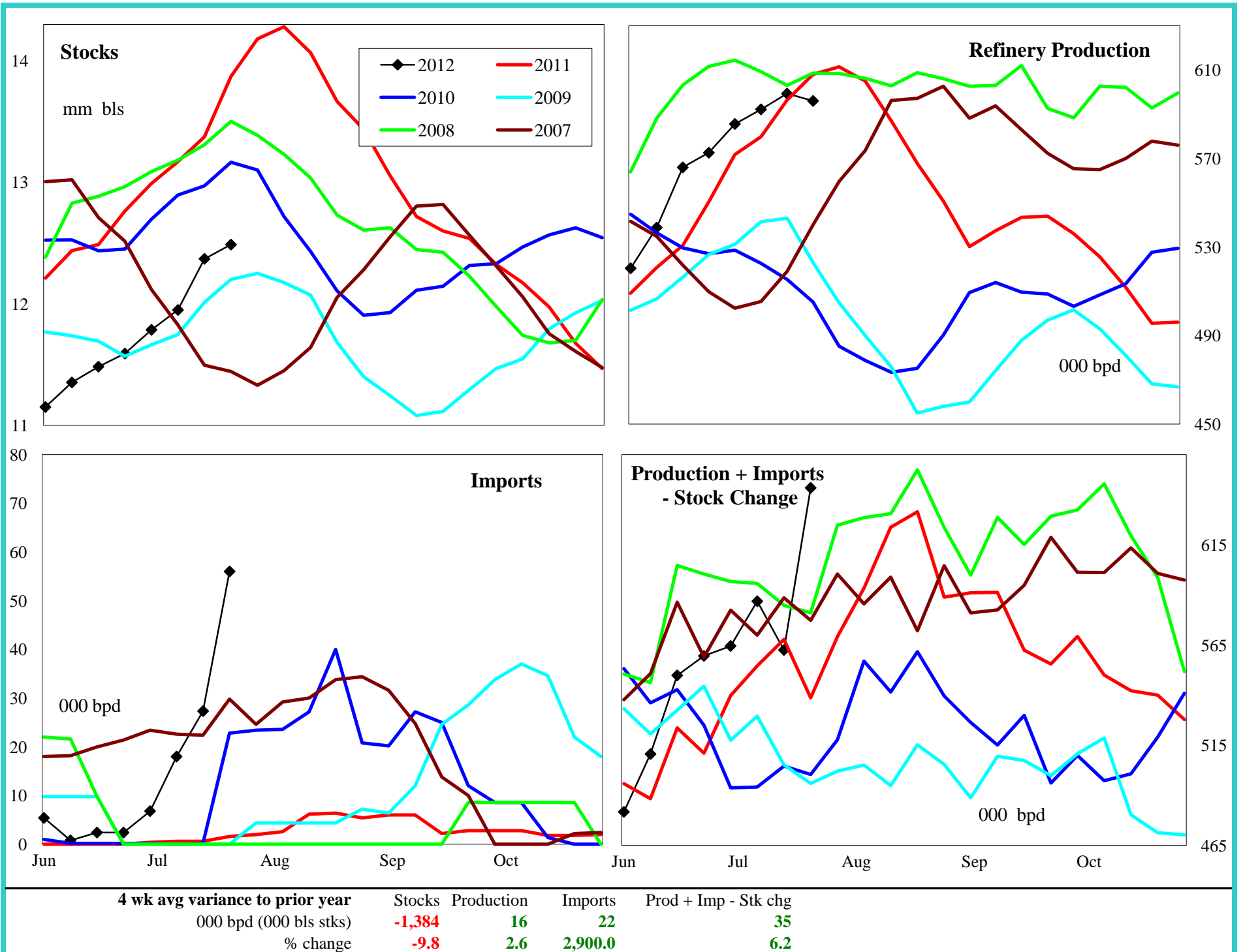
# PADD 5 Reformulated Gasoline Supply



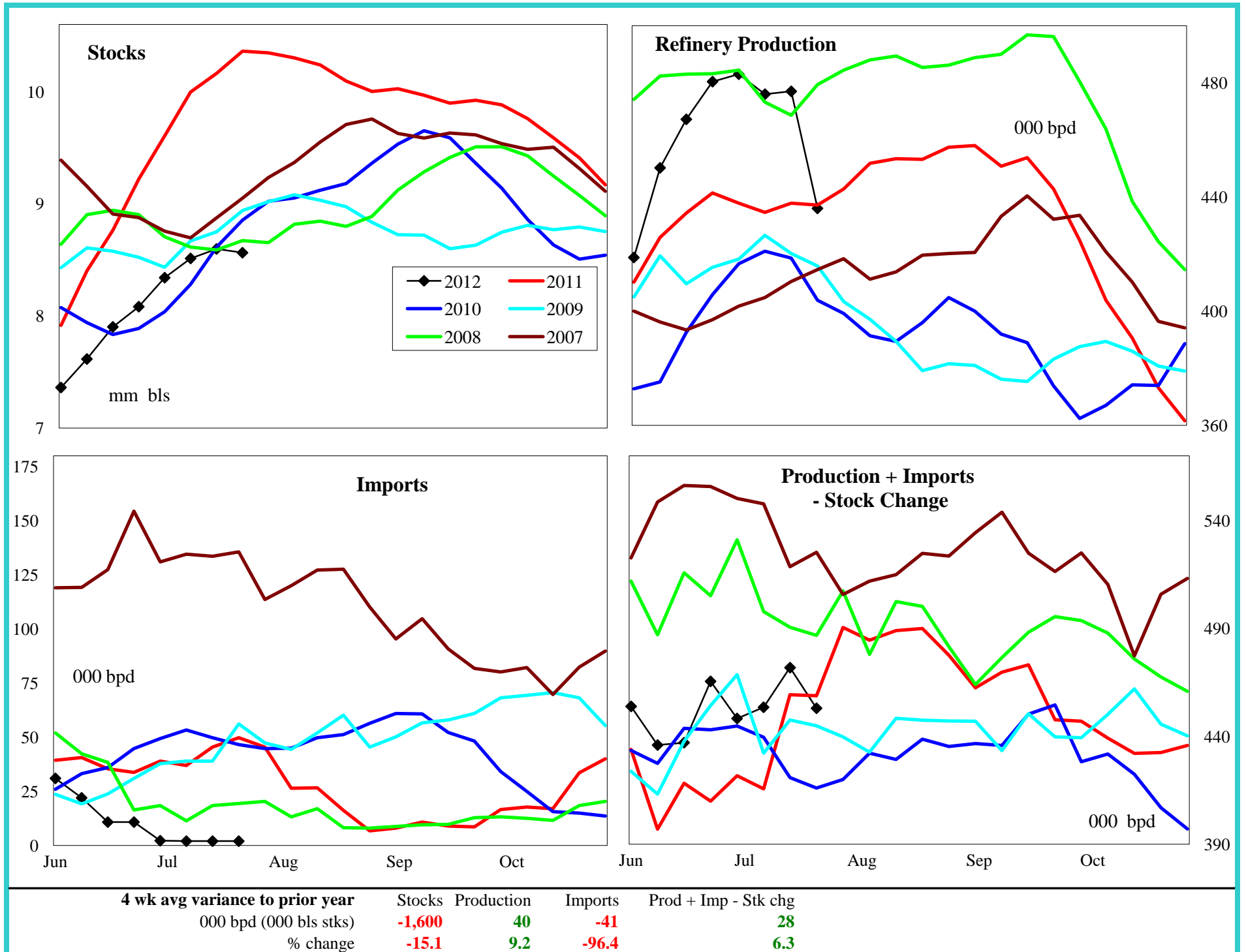
# PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

