



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

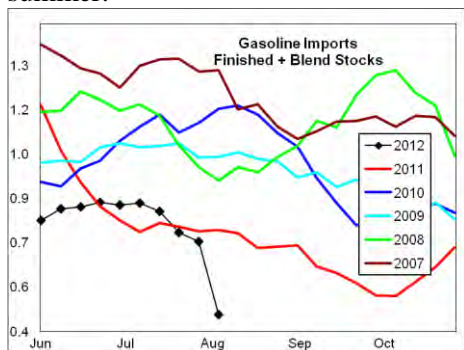
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 08, 2012

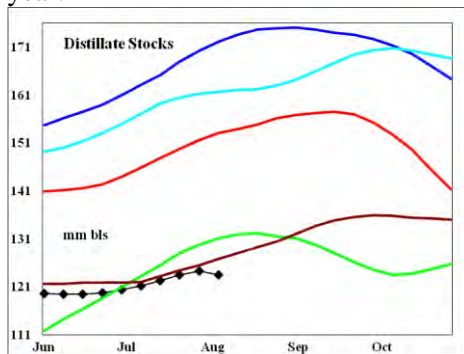


Major Fundamental Trends¹

A very tight Atlantic Basin refined fuels market underlies the rise in prices during the last 45-days. Imports of gasoline blend stocks have been comparable to last year, plunging to record lows this week, even though East Coast refining capacity has decreased over -300,000 bpd this summer.



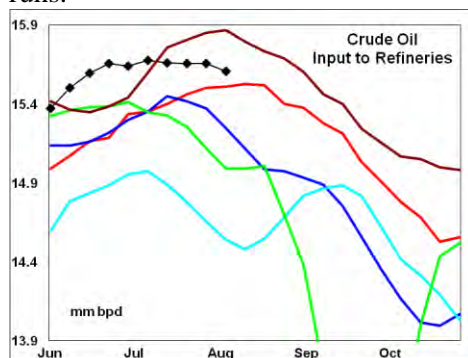
Exports of distillate from the U.S. have averaged +240,000 bpd above last year during the first 7-months of 2012, or nearly 50 million barrels. This increase more than offset higher production and lackluster demand; resulting in a -26 million barrel decrease in stocks compared to last year.



In the absence of hurricane disruptions to Gulf and East coast refinery operations, stocks of transport fuels should experience modest builds during the next 45-days, before the start of fall refinery maintenance. Such builds will not restore stocks to the levels seen in 2009 through 2011. Risk of very tight supplies for distillate

during the 4th quarter will support that market. Seasonal gasoline price decreases in the 4th quarter will be less than normal.

Crude oil refinery runs were just +0.7% above last year during the most recent 4-wk period; less than expected given favorable refining margins, a robust export market and low product stock levels. Unplanned refinery maintenance, extreme heat in the midwest that reduced refinery operating efficiency and lackluster finished product demand underlie the low year-on-year increase in crude oil runs.



The recent fire at Chevron's San Francisco 245,000 bpd plant and an extended maintenance schedule at BPAmoco's Whiting plant, combined with an average maintenance season in key refining regions is likely to lead to lower product output during the next quarter than has occurred during 2010 and 2011.

Demand for jet fuel spiked to a record high last week, while distillate and gasoline were slightly higher. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -4.2%; distillate -2.8%; jet fuel down -3.6% while residual fuel oil decreased -23%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -1.8 million barrel stock draw. Coverage levels match the last 3-years.

Distillate coverage decreased on a -0.7 million barrel stock draw and higher demand. Coverage levels are near historic lows.

Jet fuel coverage decreased on a -

0.4 million barrel stock draw and sharply higher demand. Coverage levels are near historic lows.

Refinery utilization rates increased last week on a +36,000 bpd increase in crude oil runs. During the latest 4-wk period crude oil input was +105,000 bpd above a year ago.

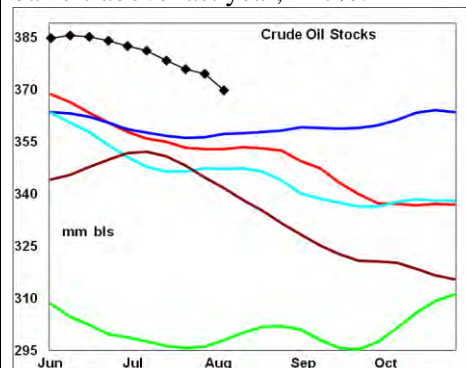
Gasoline yield % on crude oil runs increased on a +273,000 bpd rise in output compared to the +36,000 bpd increase in crude oil runs. Yield % on crude oil runs were near 5-year lows.

Distillate yield % on crude oil runs increased on a +71,000 bpd rise in production, compared to the small increase in crude oil runs. The yield % was near a 5-year high.

Jet fuel yield % on crude oil runs was nearly unchanged on a +6,000 bpd increase in output, compared to the small increase in crude oil runs. The yield % reached a fresh 5-year high.

Petroleum Imports of crude oil increased slightly last week, while gasoline fell to a record low. During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports decreased -45,000 bpd; finished gasoline imports decreased -49,000 bpd, gasoline blend stock imports decreased -19,000 bpd; jet fuel imports were -58,000 bpd lower, while residual fuel oil imports increased +15,000 bpd.

Crude Oil stocks fell -3.7 million barrels last week, including -2.9 million barrel draw in PADD 2. U.S. stocks ended the week +20 million barrels above a year ago. Cushing stocks ended the week +9.3 million barrels above last year, +27%.



¹ Source is latest EIA Weekly Statistics



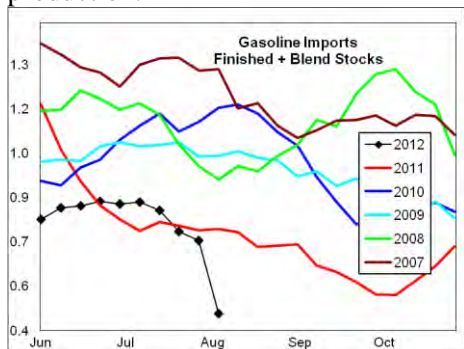
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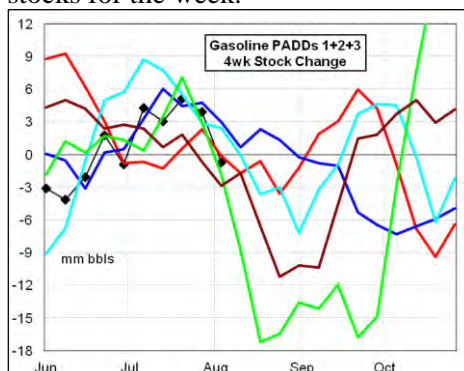
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Product Supply-Demand Trends

Gasoline demand increased +19,000 bpd last week, a level well below the historic range. The latest 4-wk average demand was -385,000 bpd below a year ago, a decline of -4.2%. Supplies increased +0.1 bpd, on higher production.



Imports again fell below last years' record lows. Extremely low imports led to a -1.8 million barrel drop in stocks for the week.



The latest 4-wk stock change in markets East of the Rockies was a -1.8 million barrel draw, near the historic average.

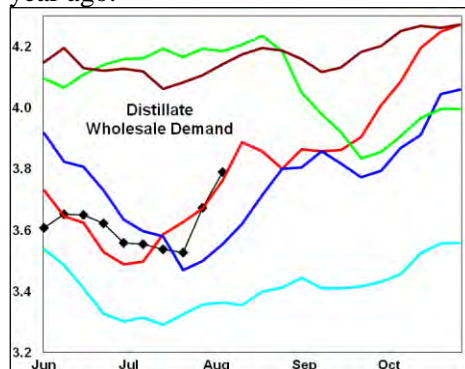
Exceptionally low imports risk a short term supply squeeze in the key Central Atlantic Region of PADD 1. Very low stock levels and a steeply inverted RBOB forward price curve are likely to extend through the current month.

The fire at Chevron refinery in the San Francisco Bay area and unplanned maintenance in the Midwest are driving supply disruptions in these markets.

An end to peak summer wholesale demand by mid month, followed by increased RVP in early September; fundamentals which should lead to

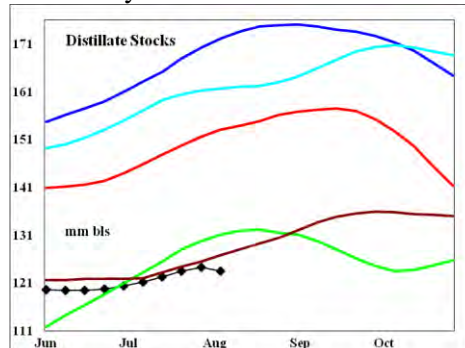
improved supplies across markets.

Distillate demand increased +44,000 bpd last week, to a level comparable to a year ago. The latest 4-wk average demand was -105,000 bpd below a year ago.



Supplies increased +80,000 bpd on the week, on higher production. Stocks fell -0.7 million barrels last week.

The latest 4-wk stock build in markets East of the Rockies was +2 million barrels, compared to an average build of +7 million barrels for the last 2-years.



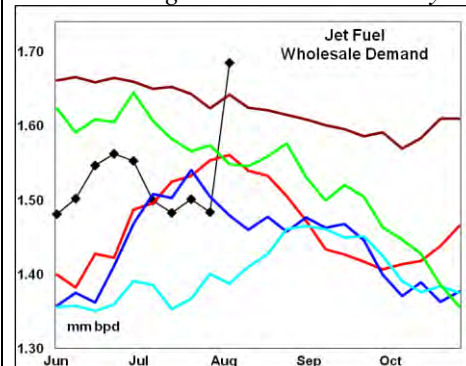
Stocks ended the week -28 million barrels below last year; matching 5-year lows. Production has averaged +113,000 bpd above a year ago for the latest 4-wk period. Risk continues that stock builds will not lead to a meaningful increase in stock levels, leading to tight supplies in the 4th quarter.

Jet Fuel demand surged +183,000 bpd on the week, to a record high weekly level. The latest 4-wk average demand was -57,000 bpd below a year ago, down -3.6%.

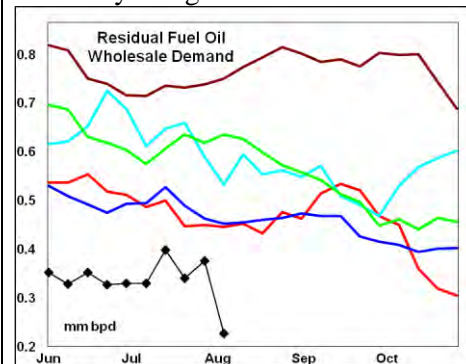
Production increased +6,000 bpd last week, to a fresh record high. Stocks decreased -0.4 million barrels on the week, to a level -9% below last

year.

Record production has been offset by a spike in demand, most likely due to airlines moving product into private storage. High production, partially offset by low imports, should lead to stock building over then next 45-days.



Residual fuel oil demand decreased -429,000 bpd last week, reversing the previous week surge. The latest 4-wk average demand was -100,000 bpd below a year ago.



Supply (production + imports) decreased -63,000 bpd last week, on lower imports. The latest 4-wk average supply was -45,000 bpd below last year on lower production. Stocks increased +1.1 million barrels on the week to match historic lows.

Wholesale collapsed last week, lifting the 4-wk average to -23% below a year ago. Higher imports partially offset lower production.

Higher production and imports in the key gulf region have lifted stock levels to near 5-year highs.



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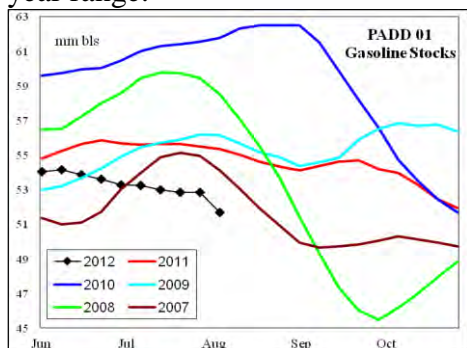
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -8,000 bpd on the week, with the latest 4-wk average -317,000 bpd below last year.

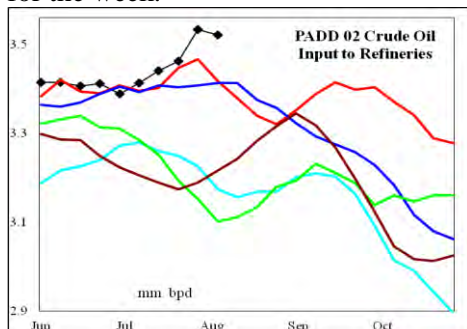
Gasoline imports fell -194,000 bpd on the week, while production increased +126,000 bpd. Stocks decreased -1.1 million barrels last week, with the level below the 5-year range.



Stock levels in the Central Atlantic region fell to -7% below last years' record low level; risking a significant supply squeeze in this key region.

Distillate supply increased +50,000 bpd last week, on higher imports and production. Supply for the latest 4-wk period was -91,000 bpd below last years' previous record low. Stocks were unchanged on the week, at a level -30% below last year.

Jet fuel supply was unchanged last week, at a level -48,000 bpd below a year ago. Stocks fell -1.2 million barrels last week, to a record low level for the week.



PADD 2 crude oil refinery runs decreased -54,000 bpd on the week, a level above the 5-year range. Crude oil imports decreased -65,000 bpd last

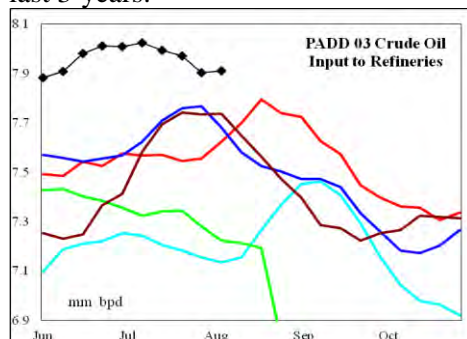
week; to the lowest level of the last 3-months. Stocks fell -2.9 million barrels on high refinery runs and lower imports.

Gasoline production decreased -66,000 bpd last week, to a level -83,000 bpd below a year ago for the most recent 4-wks. Stocks declined -0.3 million barrels, with the level at the mid range.

Distillate production decreased -9,000 bpd on the week, a level that matched 5-year highs. Stocks increased +0.3 million barrels last week, a level below the historic range.

Jet fuel production increased +3,000 bpd on the week, to a record weekly high. Stocks decreased -0.2 million barrels on the week, with the level near historic lows.

PADD 3 refinery runs increased +171,000 bpd last week, a level above previous 5-year highs. The latest 4-wk average thru put was +392,000 bpd above last year. Crude oil imports decreased -0.1 million bpd last week, to a fresh 5-year low for the season. Stocks decreased -0.5 million barrels on the week, to a level just above the last 3-years.



Gasoline production increased +43,000 bpd last week, a level below the last 2-months. Stocks decreased -0.8 million barrels last week, to a level comparable to last year and above the mid range.

Distillate supply increased +32,000 bpd on the week, a level above the last 5-years. Production was +182,000 bpd above a year ago for the latest 4-wk period. Stocks fell -1.4 million barrels on the week, a level well below the mid range.

Jet fuel production decreased -

43,000 bpd last week, a above the 5-year range. Stocks increased +1.2 million barrels to a level above the historic mid range.

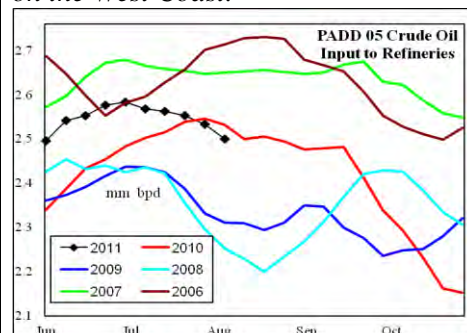
Residual fuel oil supplies increased +39,000 bpd last week. Stocks increased +0.8 million barrels to a level near 5-year highs.

PADD 4 refinery crude runs increased +2,000 bpd on the week, with the level above the 5-year range for the last 2-months. The most recent 4-wk average run rate was +60,000 above last year.

Gasoline supply increased +7,000 bpd on the week, to a level below the mid range. Stocks increased +0.3 million barrels to 5-year season high.

Distillate production declined -4,000 bpd on the week, with the latest 4-wk average +14,000 bpd above last year. Stocks decreased -0.1 million barrels, a level comparable to the last 3-years.

PADD 5 crude oil refinery runs fell -75,000 bpd last week, to a level at the historic mid range. Runs for the most recent 4-wk period were -5,000 bpd below last year. *The Chevron refinery fire yesterday resulted in closure of the 245,000 bpd plant for several weeks; which will lead to very tight supplies on the West Coast.*



Gasoline supply increased +48,000 bpd on the week; with the latest 4-wk average -83,000 bpd below a year ago. Stocks increased +0.1 million barrels last week, although the level remains below the historic range.

Distillate supply increased +12,000 bpd on the week, with the level below the historic mid range. Stocks matched the 5-year mid range for the week.

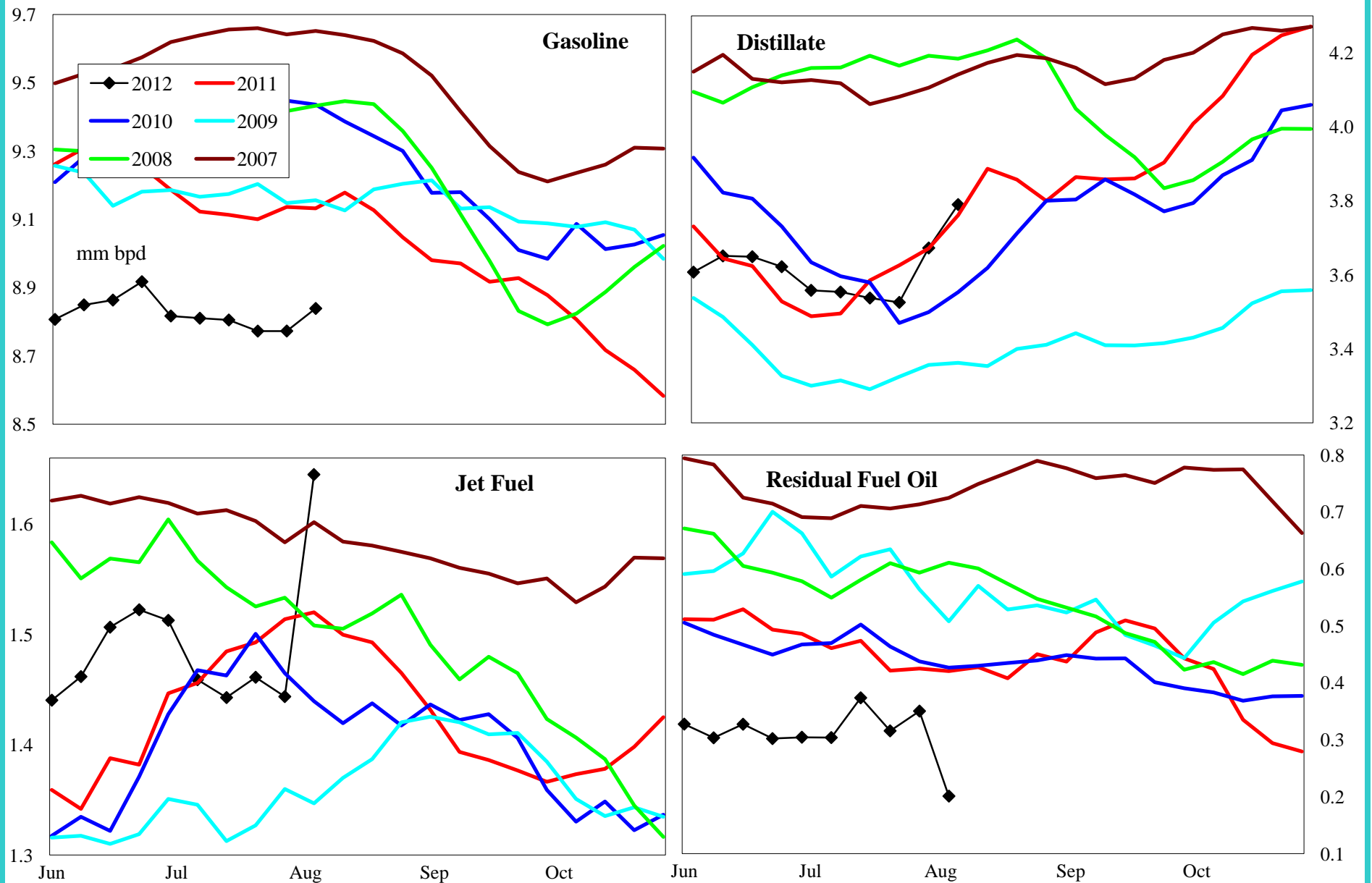


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	3-Aug-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-3,729	923	-2,899	-531	506	-1,726
	Imports	221	28	-65	-75	63	270
	Input	36	-8	-54	171	2	-75
	% Utilization	0.40					
Gasoline	Stocks	-1,801	-1,135	-257	-849	329	110
	Production	273	126	-66	43	7	48
	Imports	-181	-194	0	3	0	10
	Supplied	19					
Distillate	Stocks	-724	25	331	-1,398	-96	414
	Production	71	20	-9	32	-4	32
	Imports	9	30	-1	0	0	-20
	Supplied	44					
Jet Fuel	Stocks	-353	-1,235	-240	1,156	-3	-31
	Production	6	10	3	-24	1	14
	Imports	-26	-10	0	0	0	-16
	Supplied	183					
Residual Fuel Oil	Stocks	1,140	-110	199	825	1	225
	Production	-16	4	-16	25	1	-29
	Imports	-47	-74	2	14	0	11
	Supplied	-429					

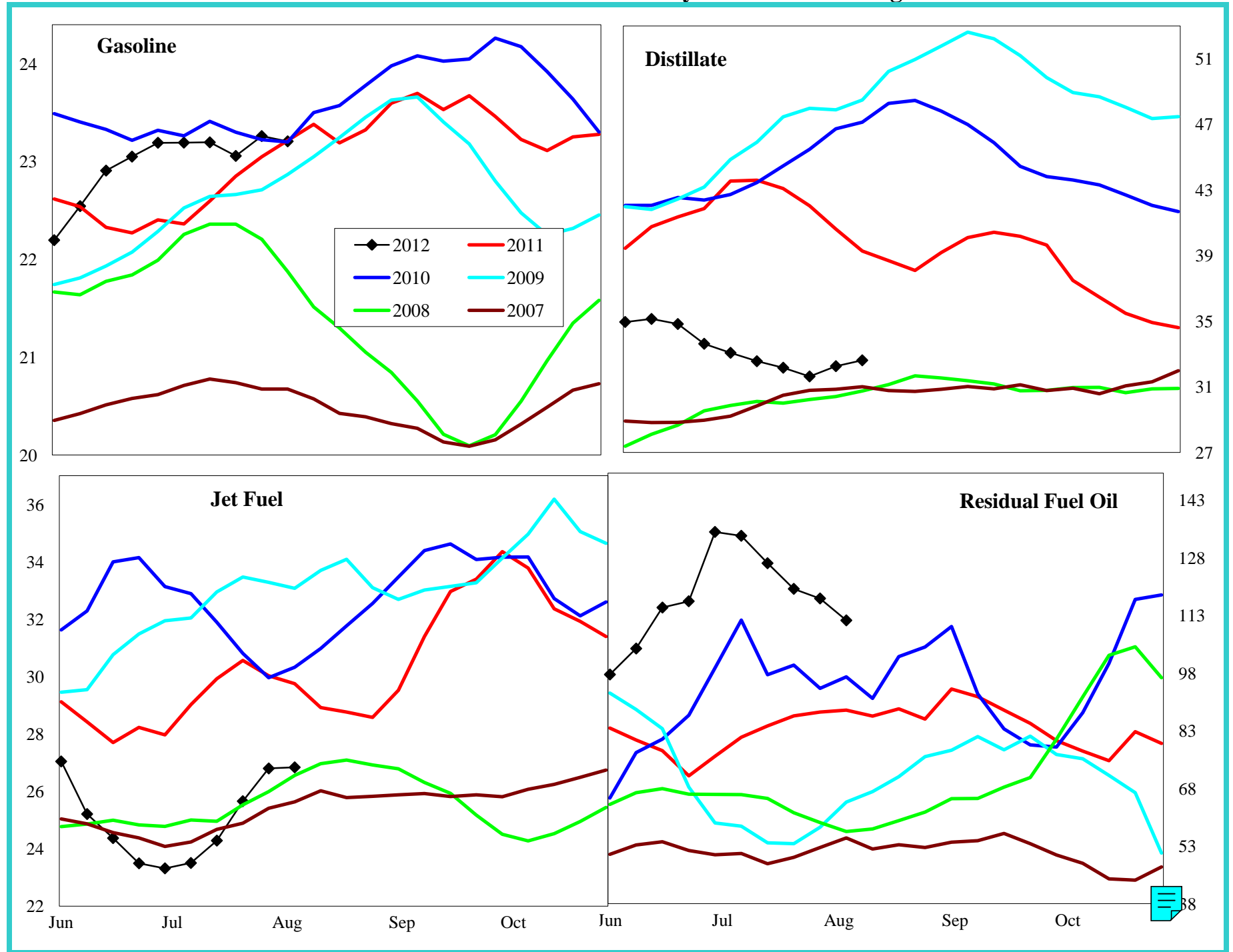
United States Wholesale Petroleum Demand



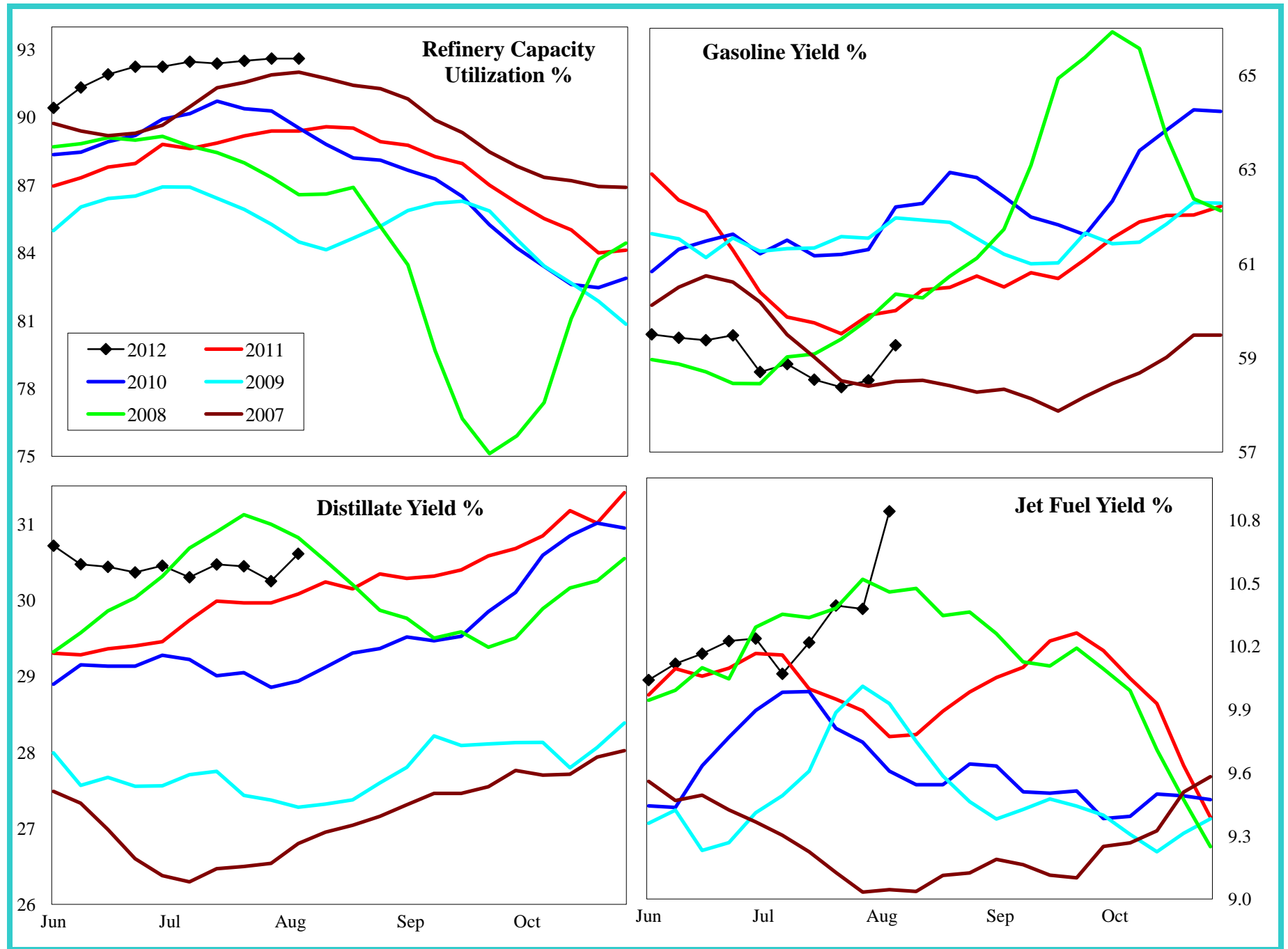
	000 bpd change from prior year				% change from prior year				
	4wk avg	Jun	May	Apr	4wk avg	Jun	May	Apr	
Gasoline	-385	-128	12	55	-4.2	-1.4	0.1	0.6	
Distillate	-105	-186	-33	-33	-2.8	-4.8	-0.9	-0.9	
Jet Fuel	-57	44	-16	-92	-3.6	2.8	-1.1	-6.3	
Resid	-100	-162	-116	-192	-23.4	-34.4	-24.3	-32.0	



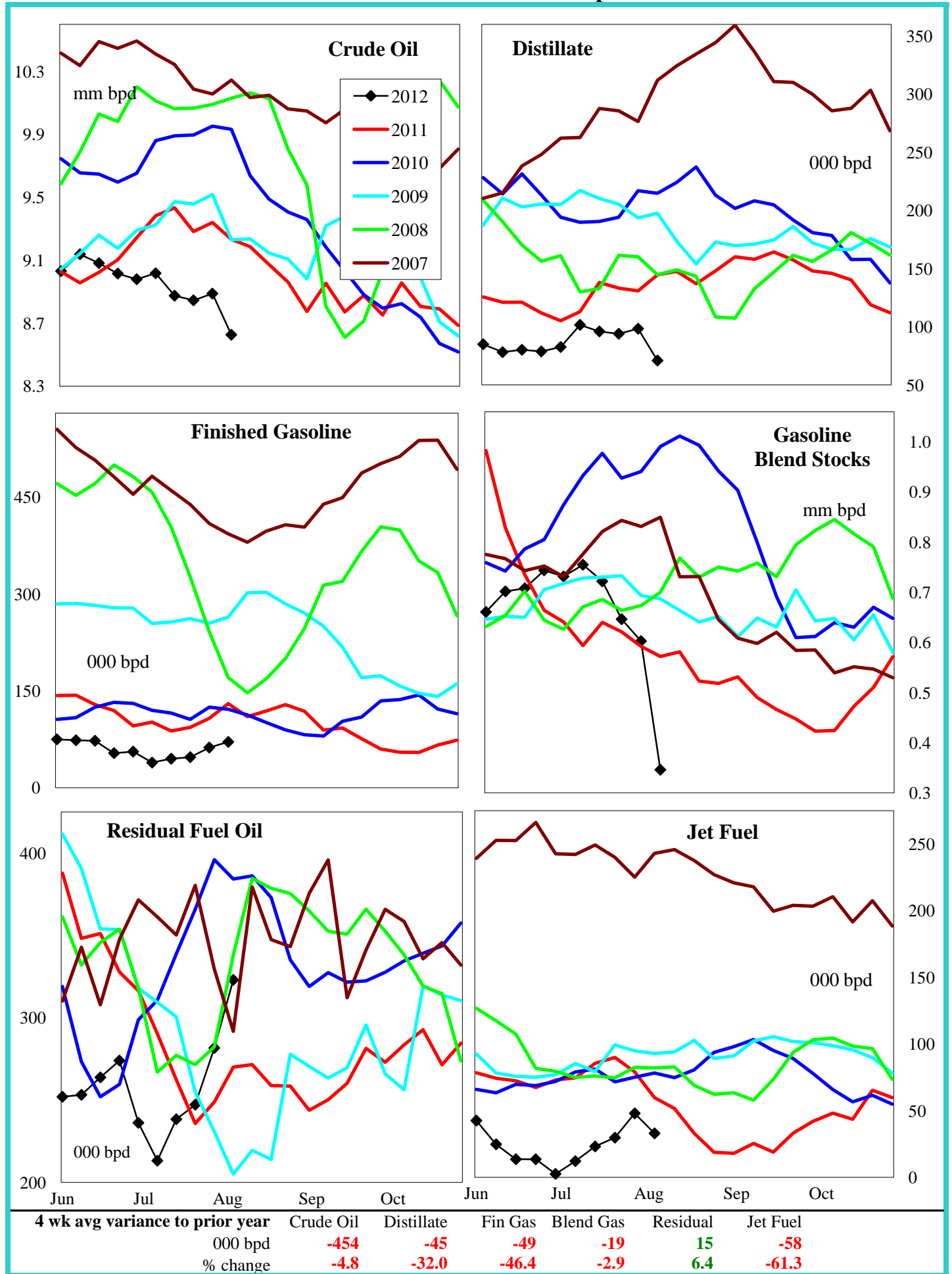
United States Product Stocks: Days Forward Coverage



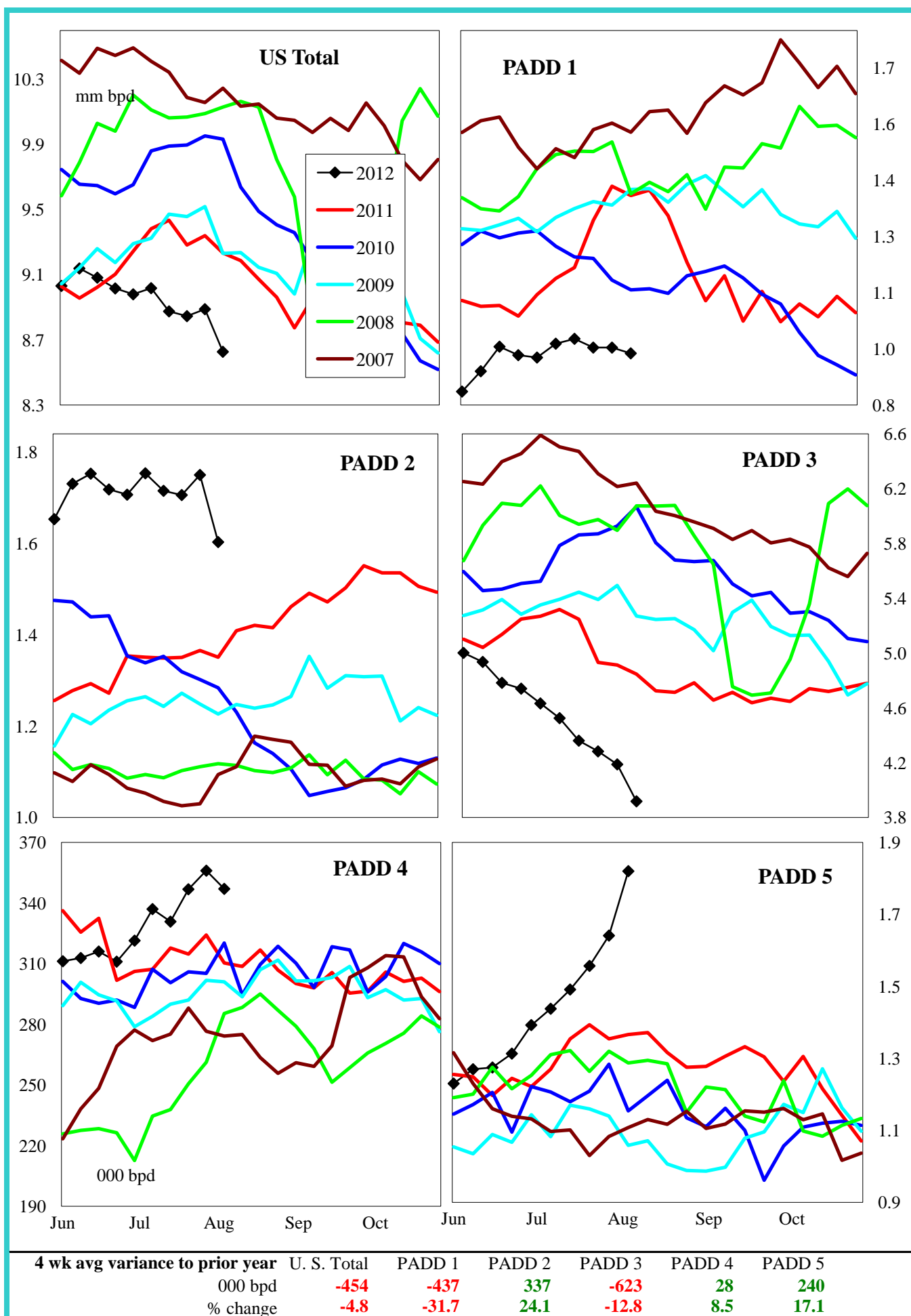
United States Refinery Percent Utilization Rate and Product Yields



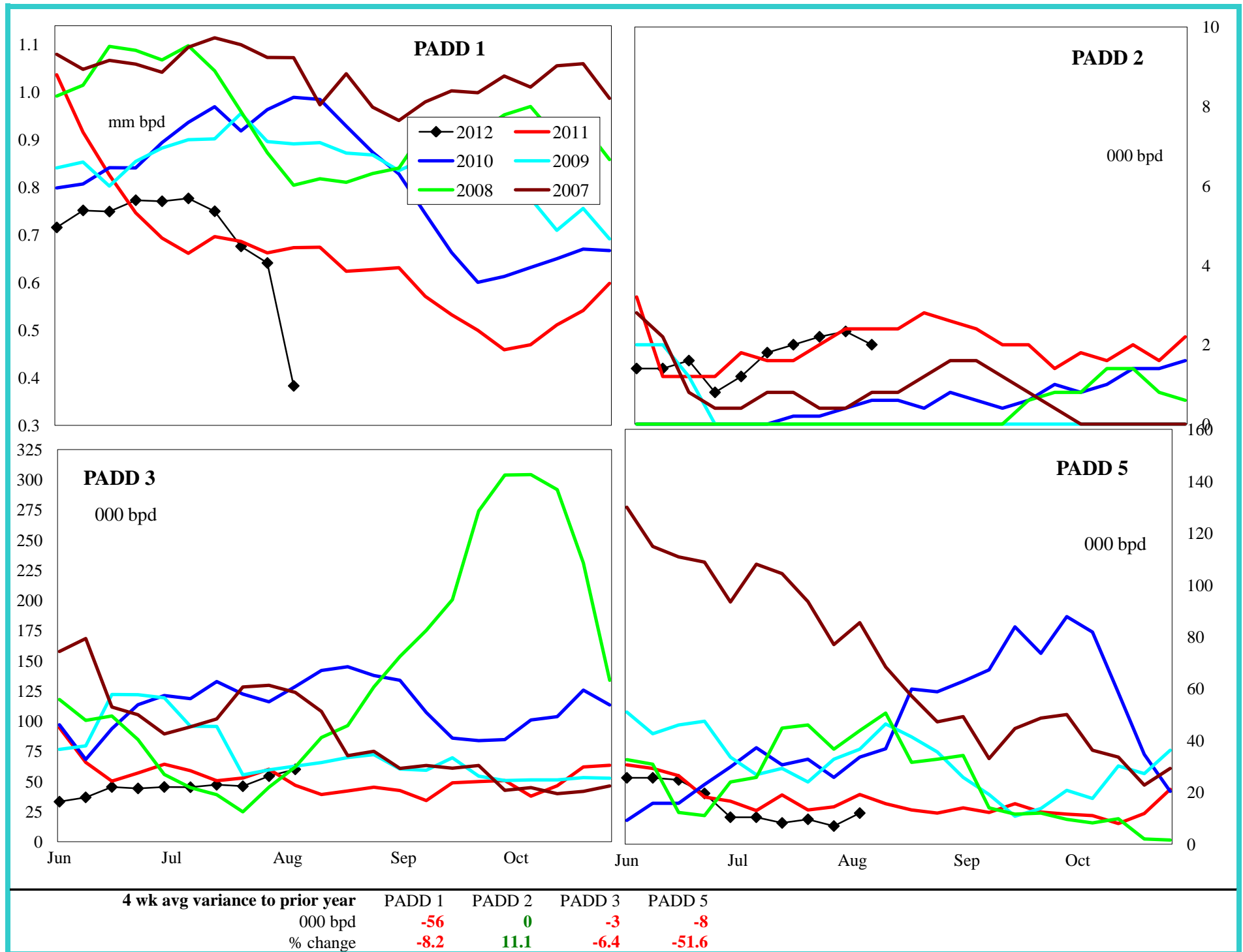
United States Petroleum Imports



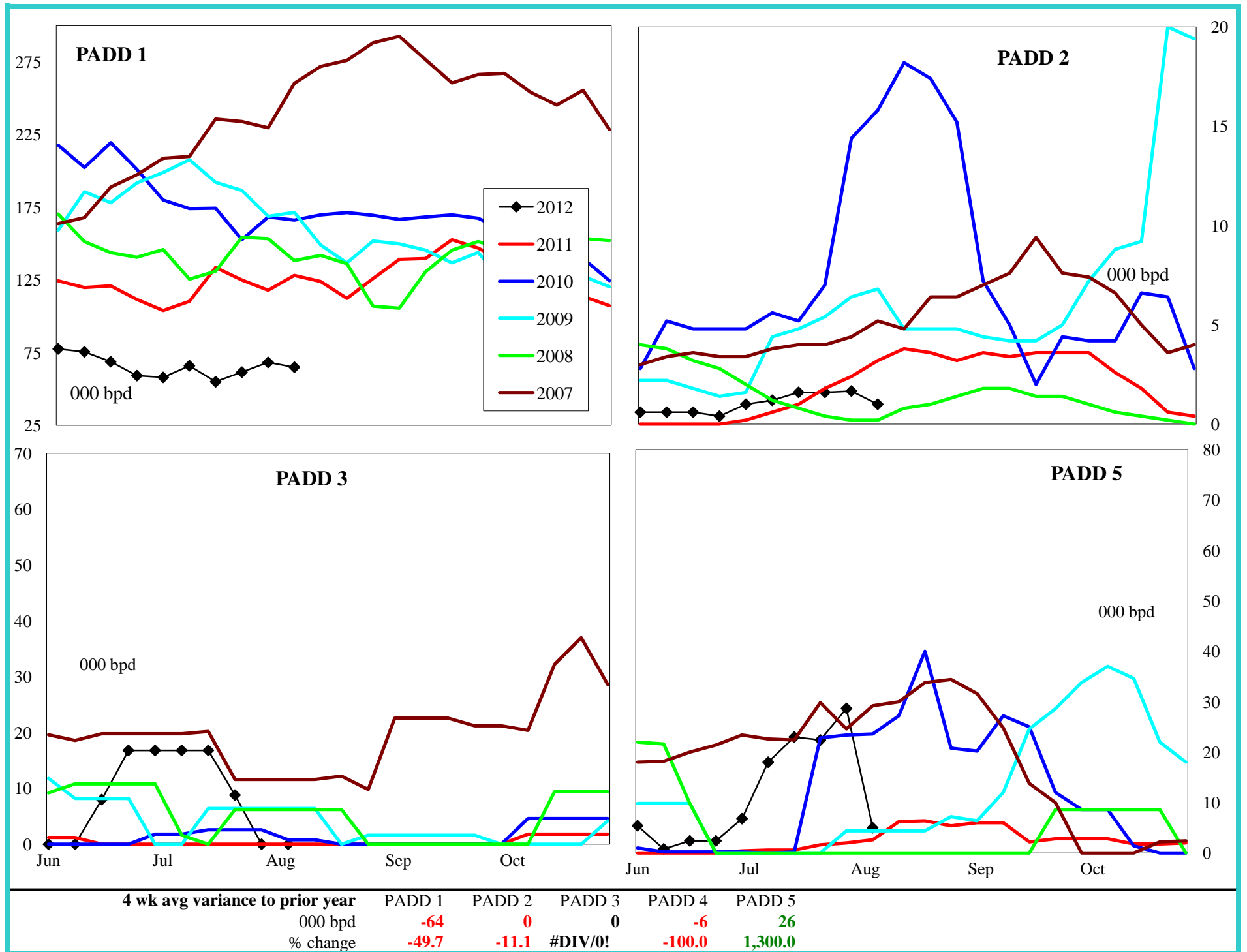
Crude Oil Imports by PADD



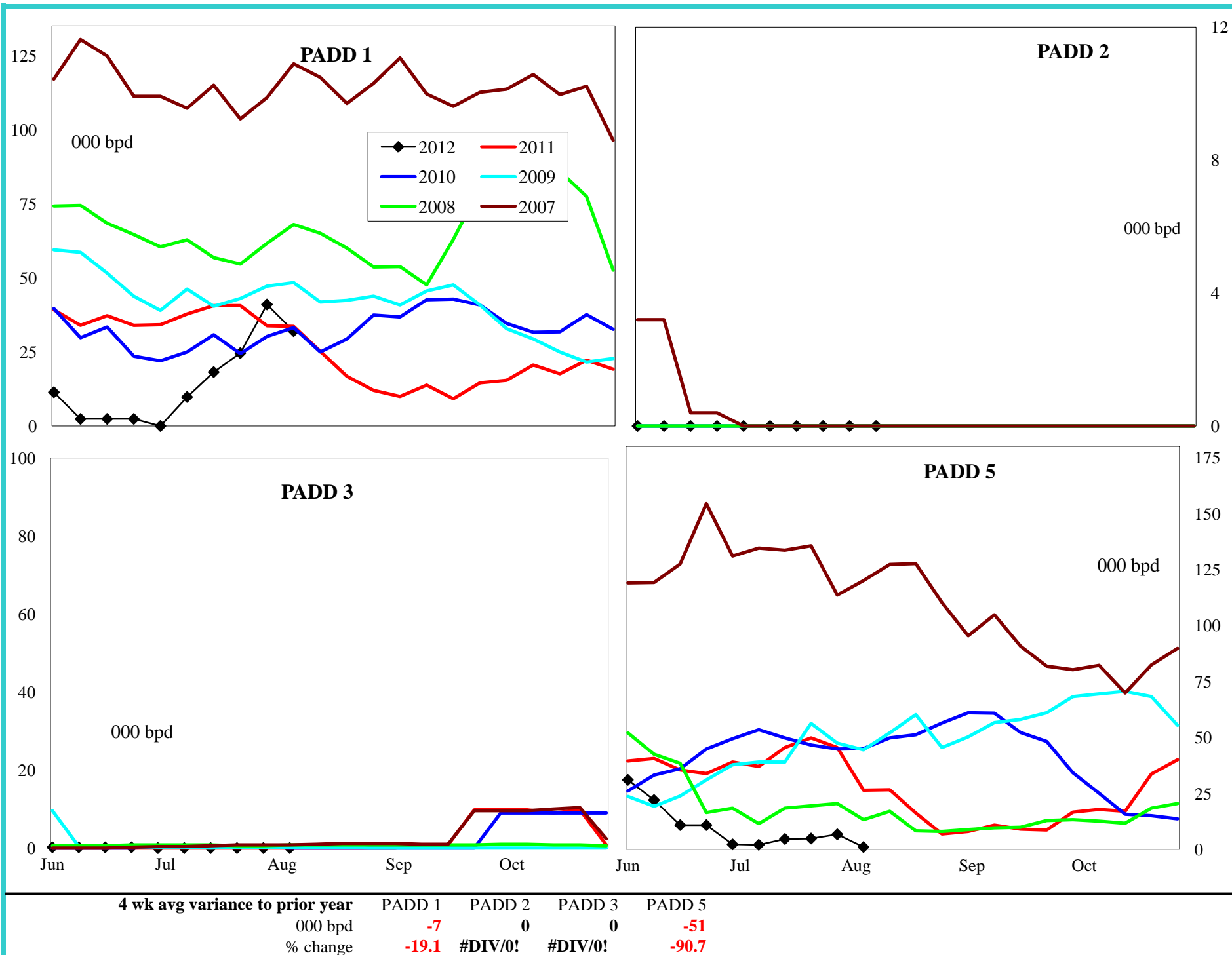
Gasoline Imports by PADD (Finished + Blend Stocks)



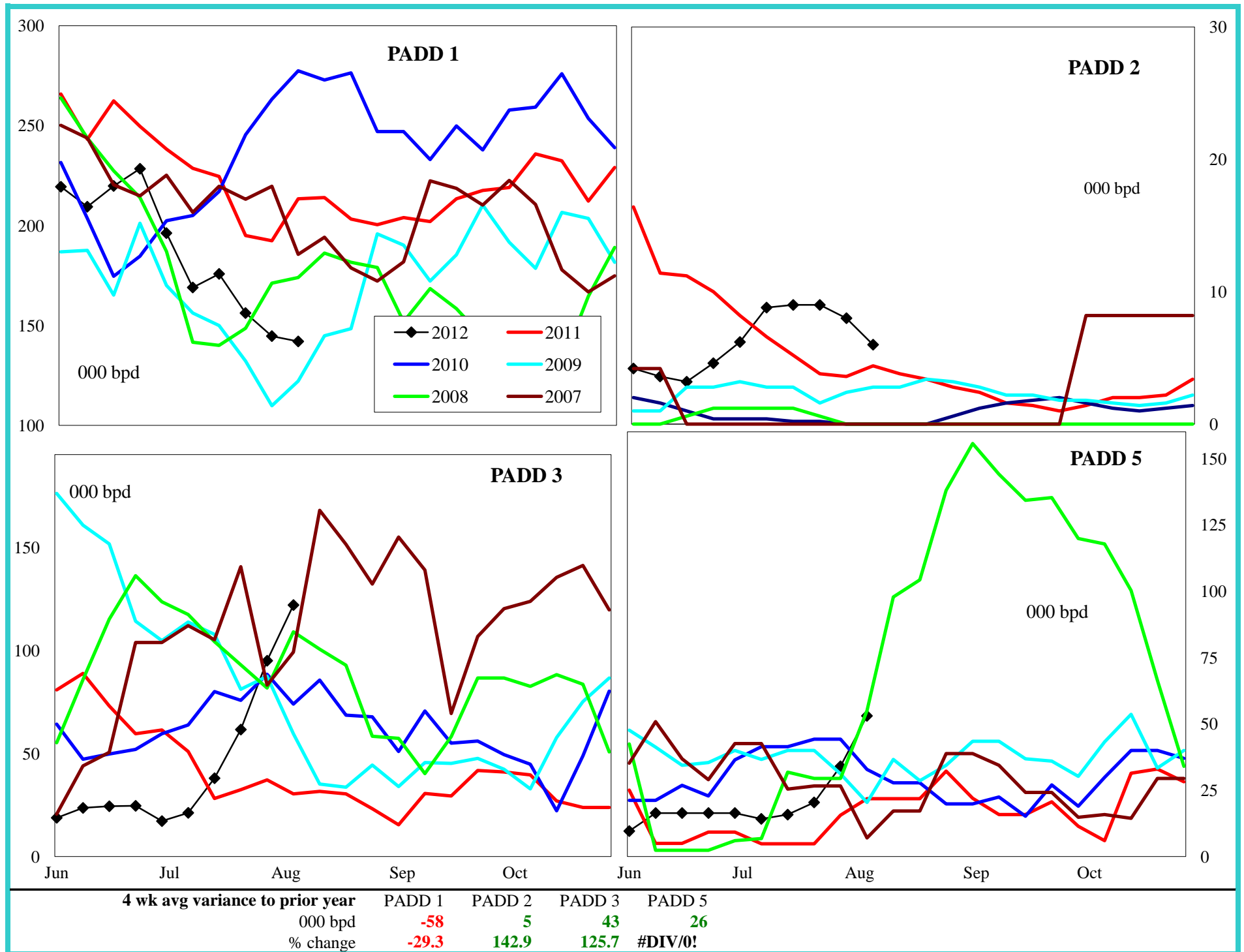
Distillate Imports by PADD



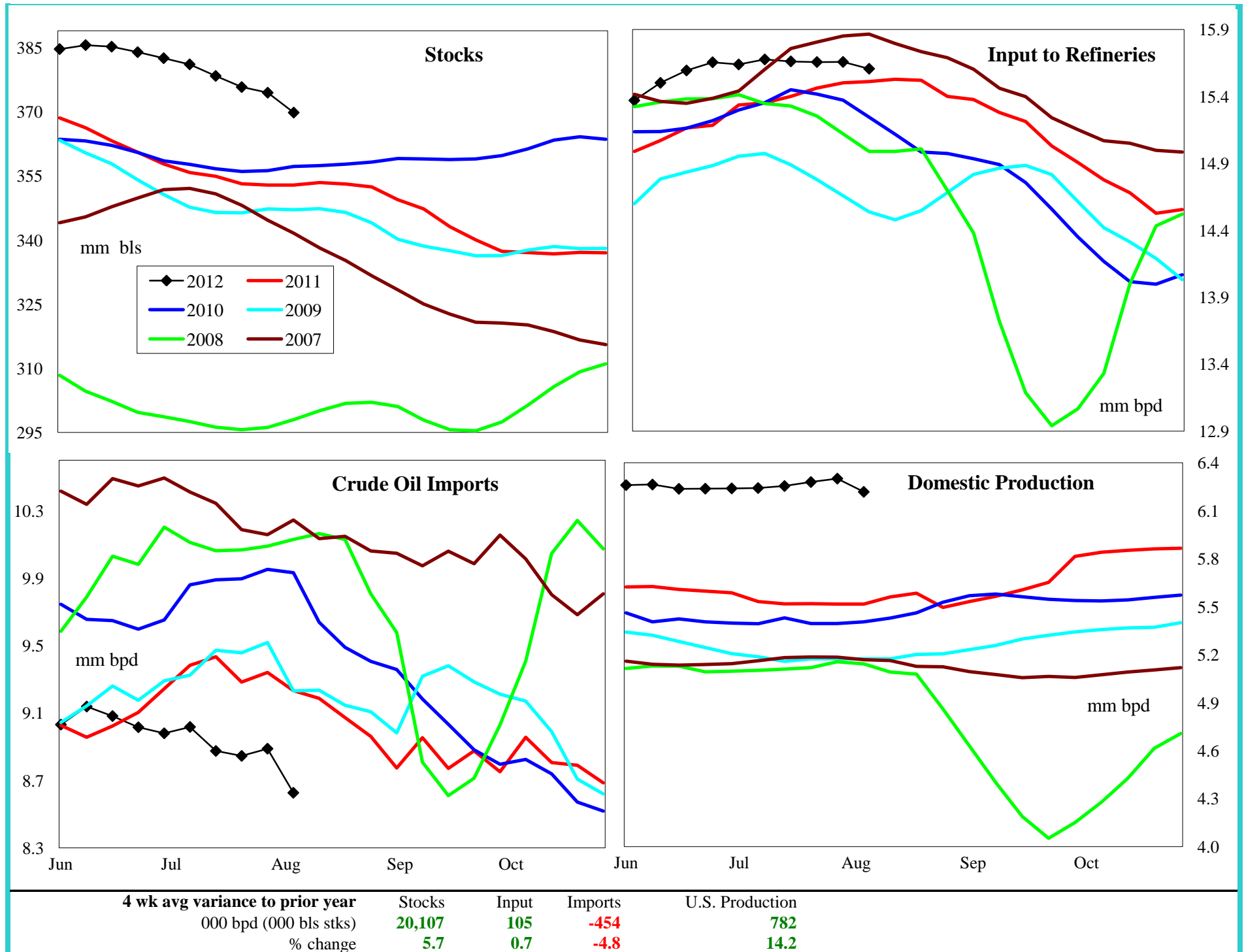
Jet Fuel Imports by PADD



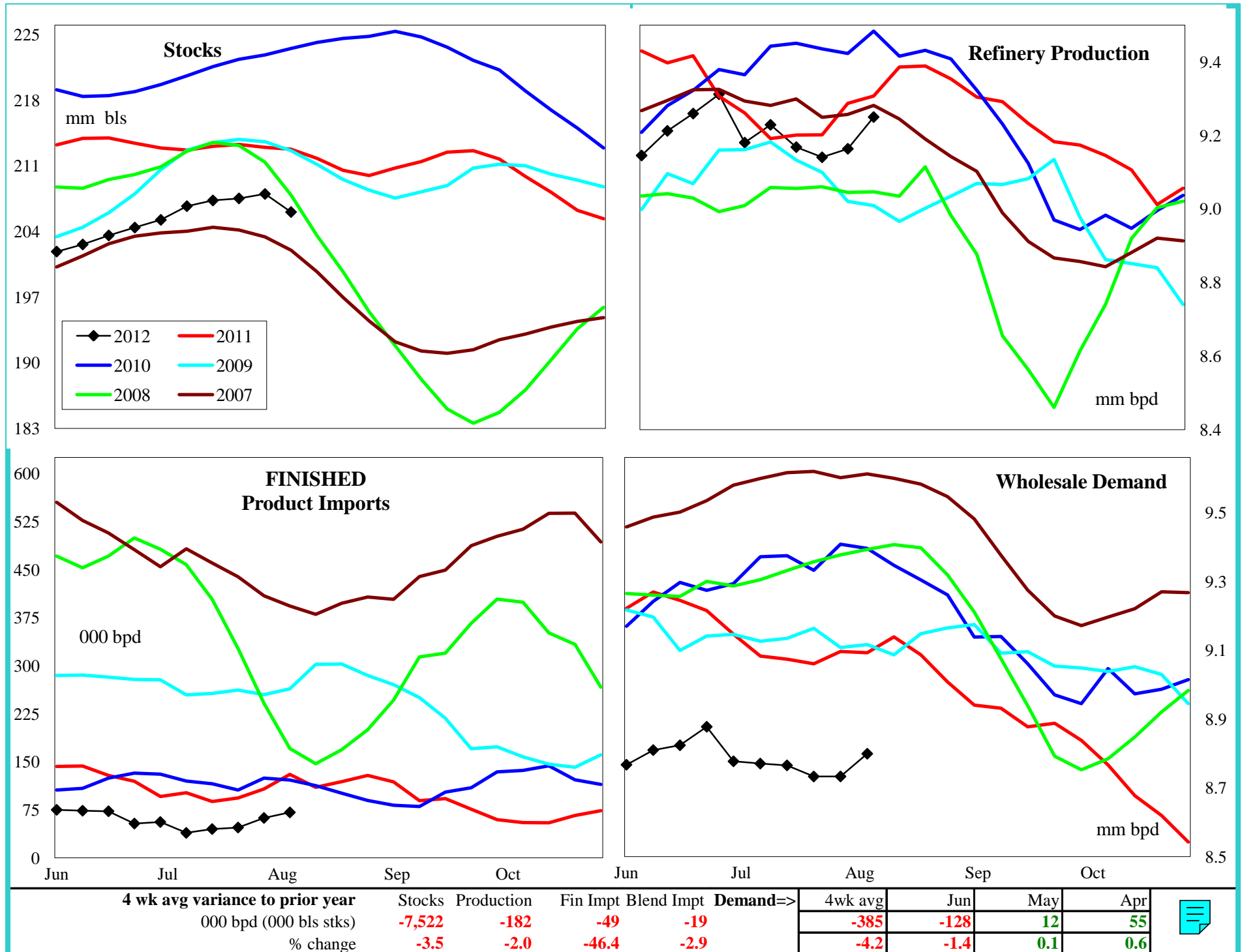
Residual Fuel Oil Imports by PADD



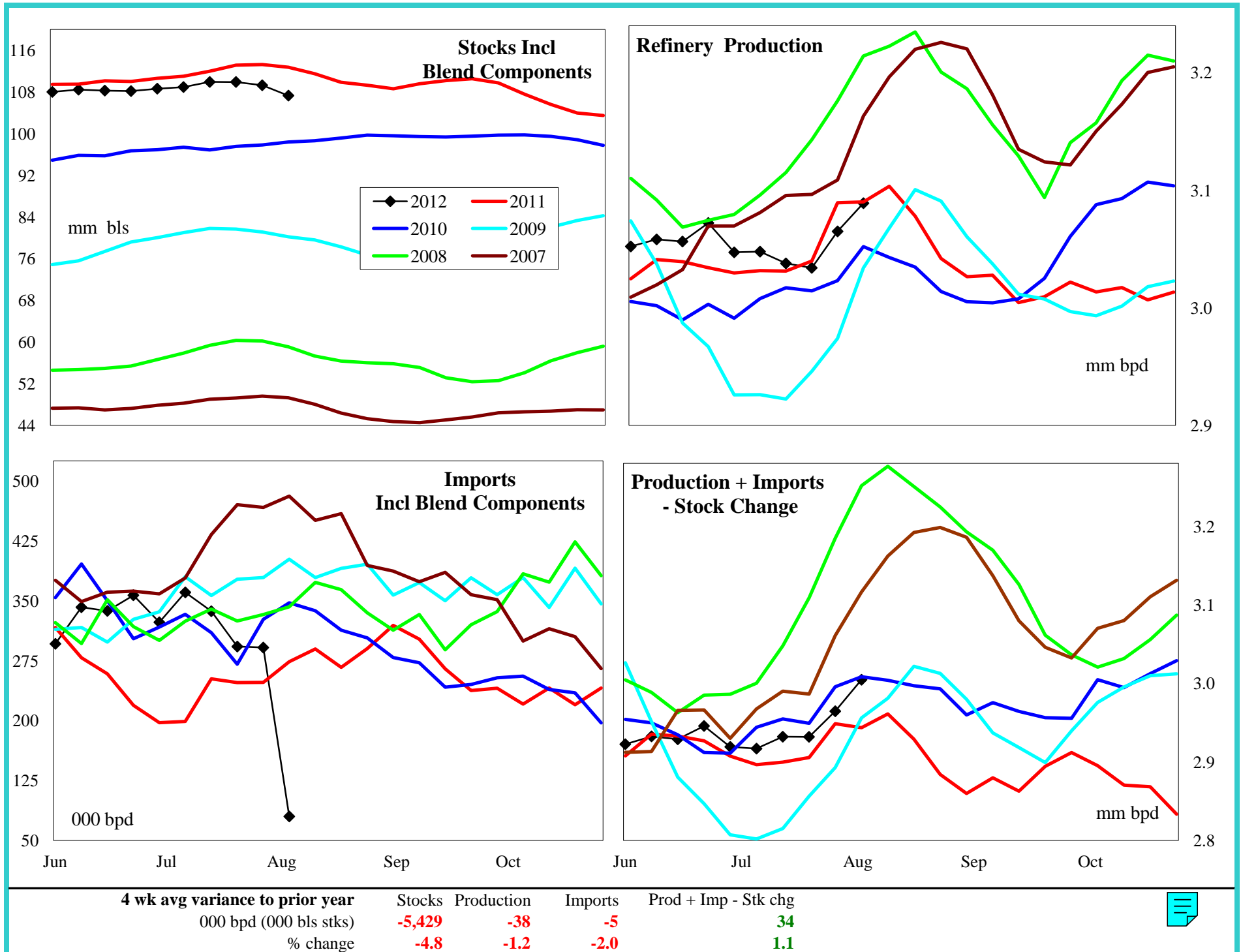
United States Crude Oil Supply and Demand Balance



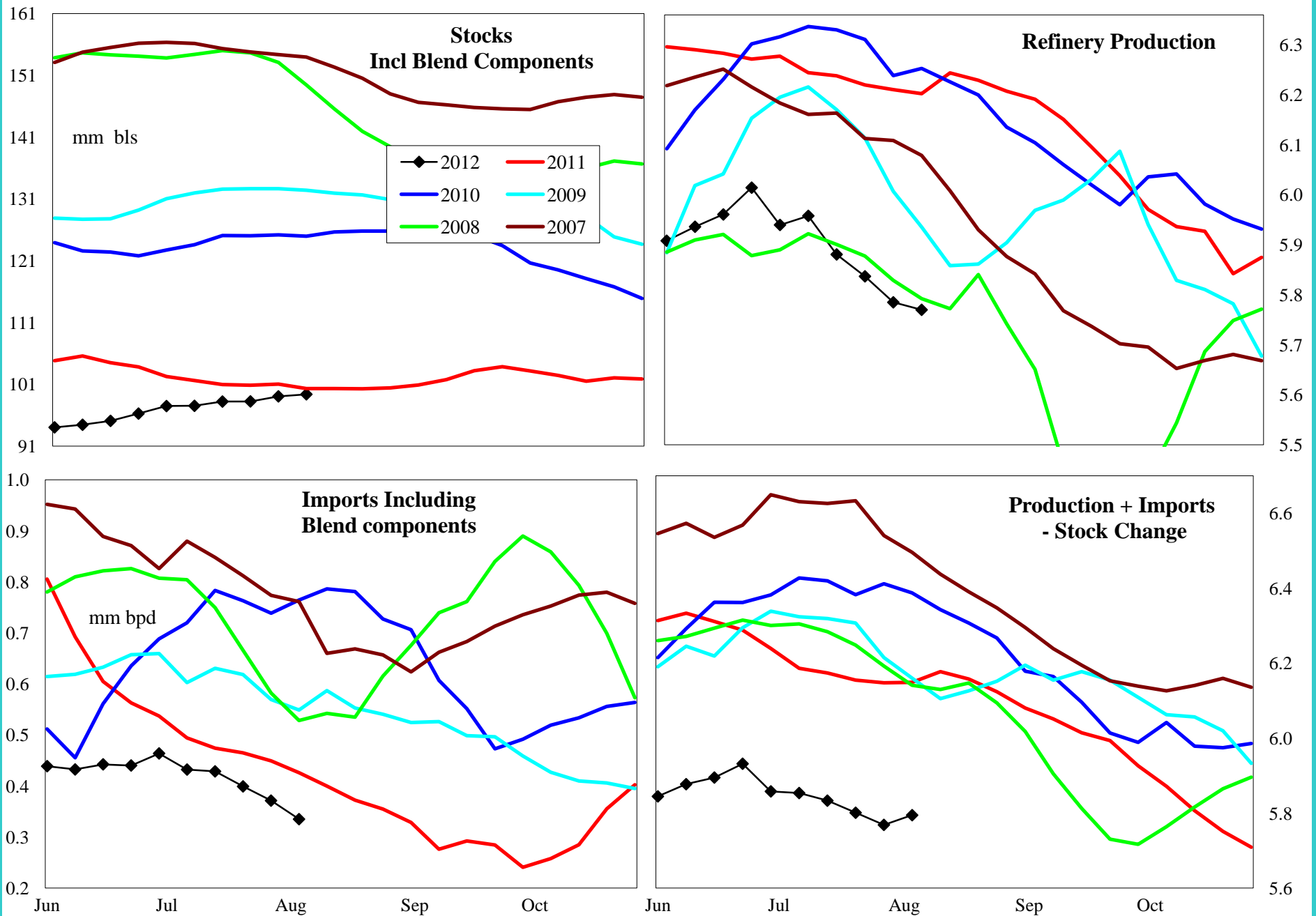
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-943

-464

-70

-357

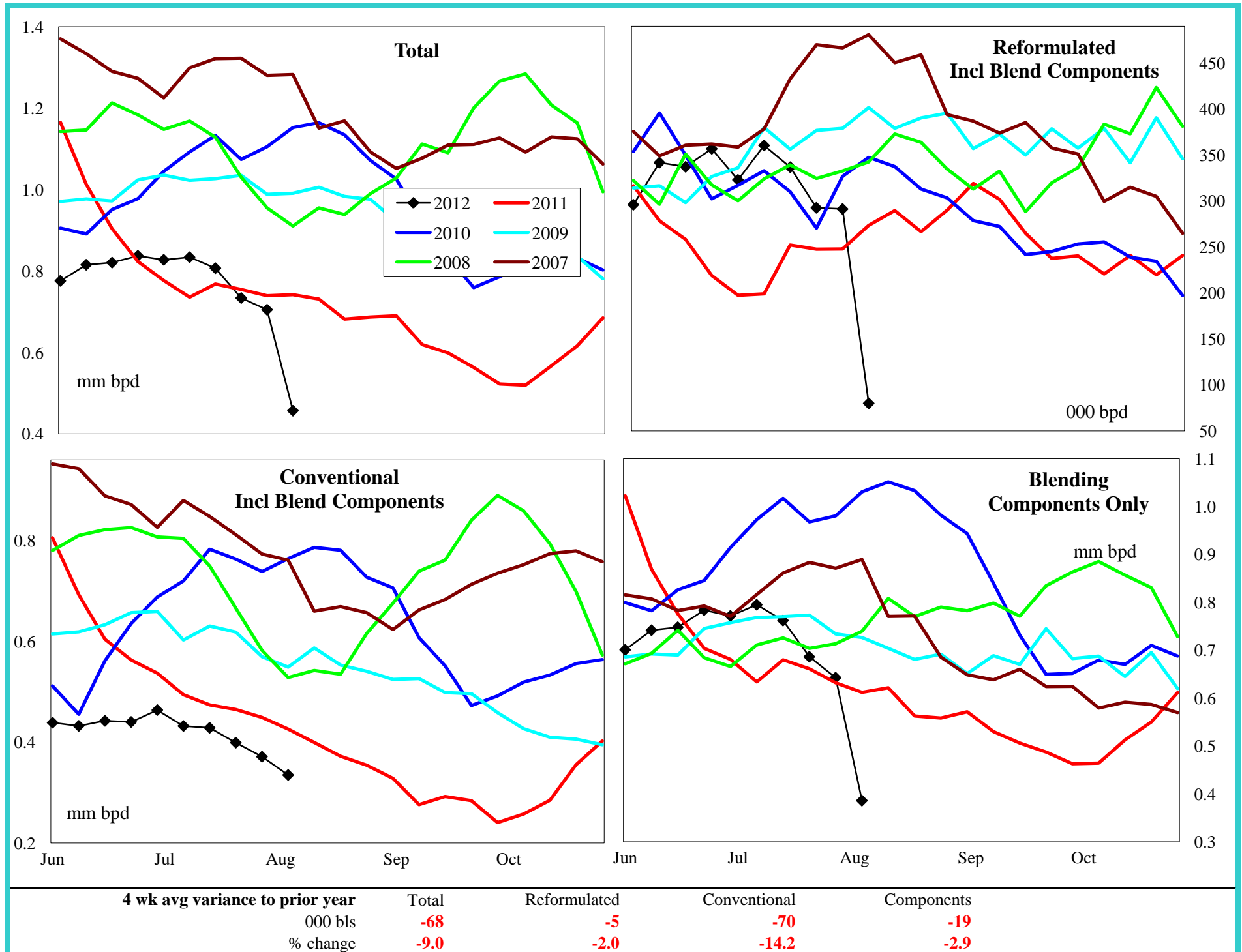
-0.9

-7.4

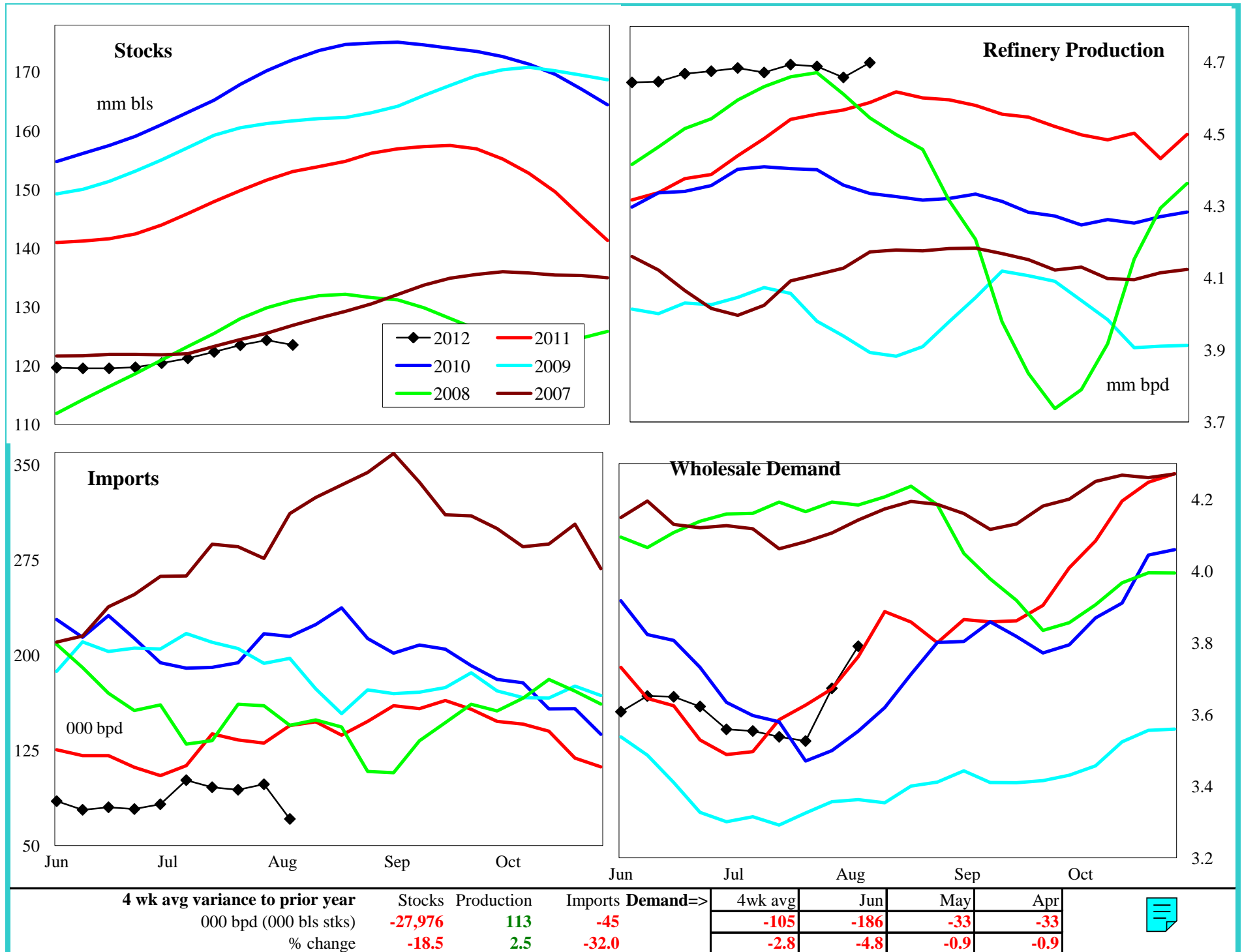
-14.2

-5.8

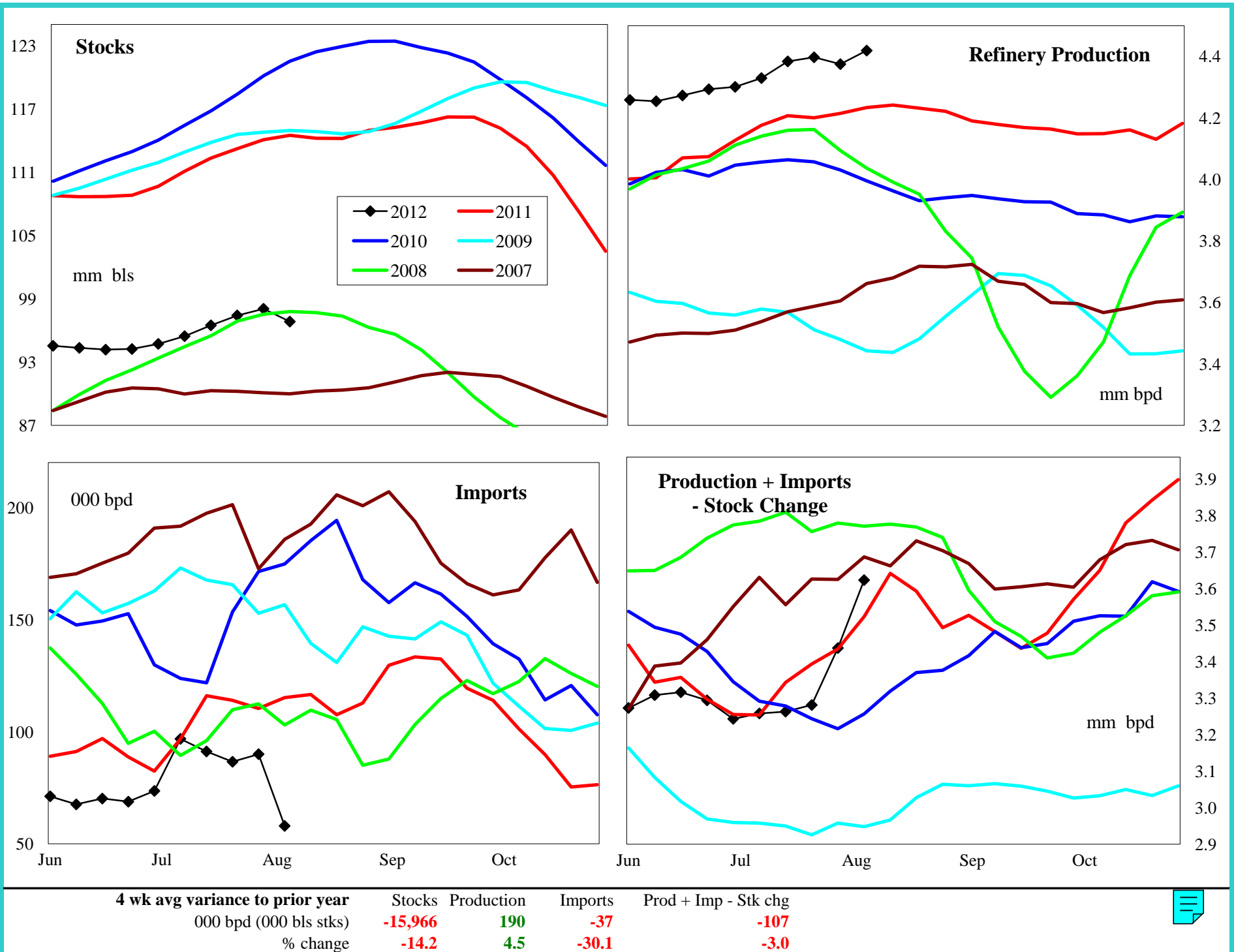
United States Gasoline Imports by Type



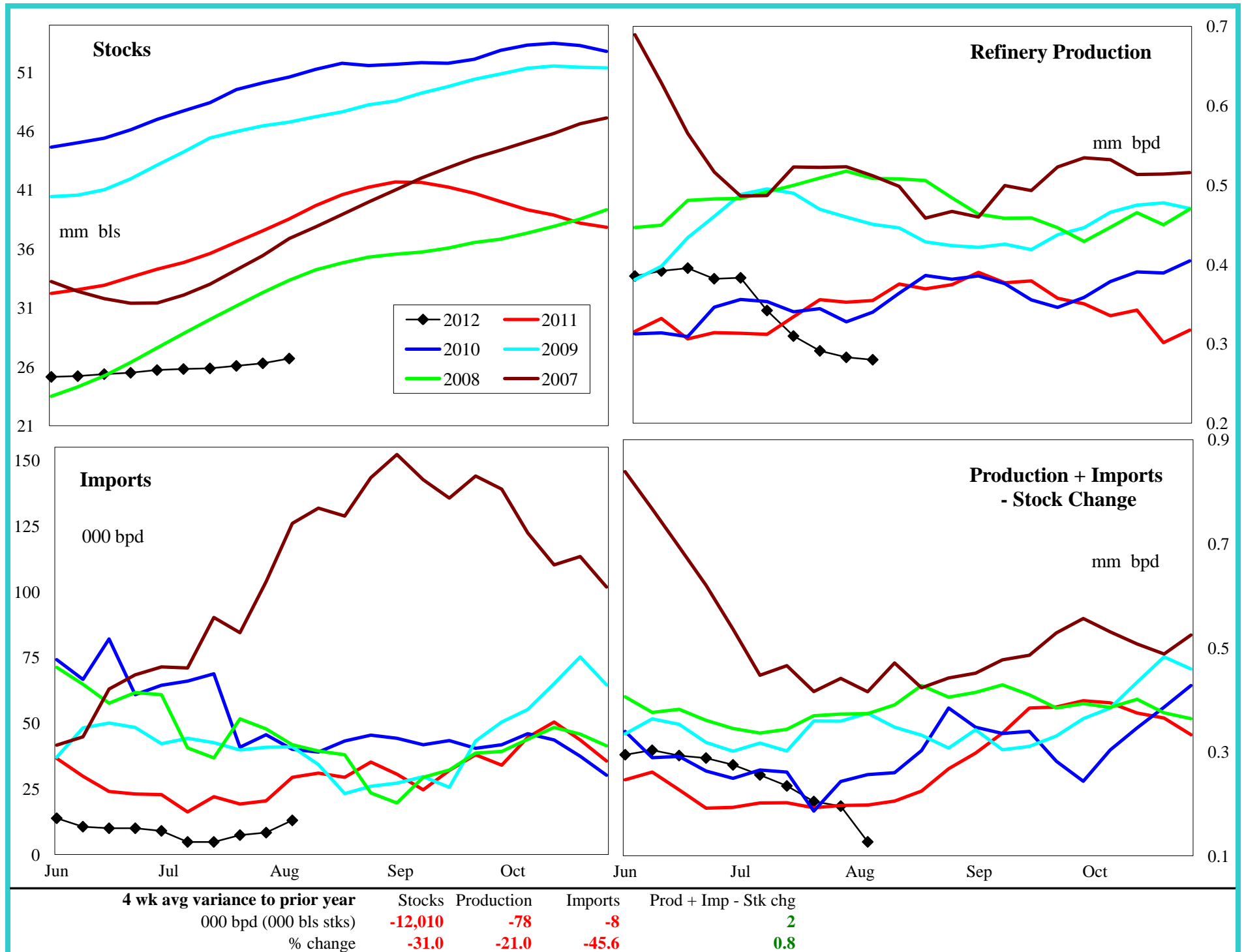
United States Distillate Supply and Demand Balance



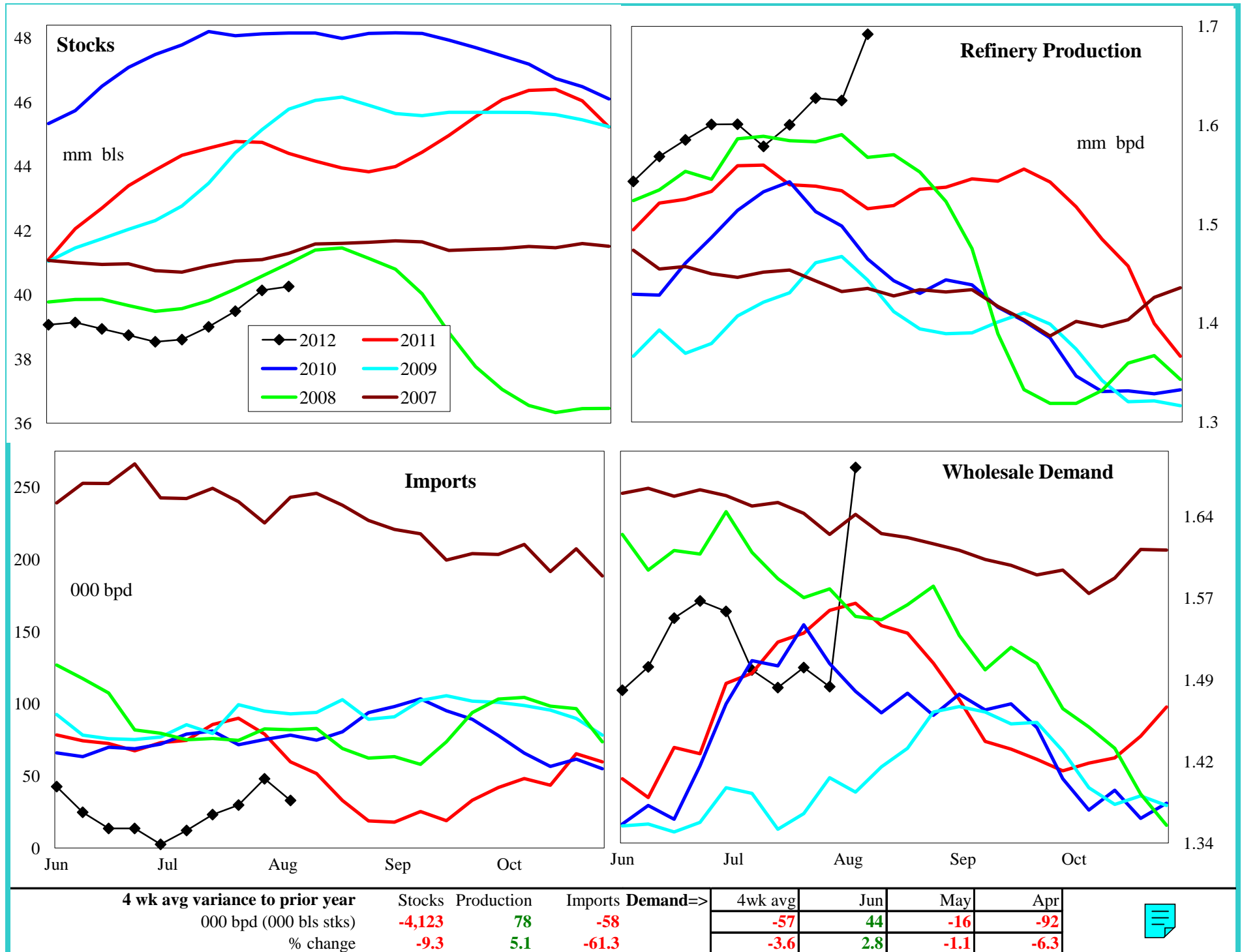
United States Low Sulfur Distillate Supply



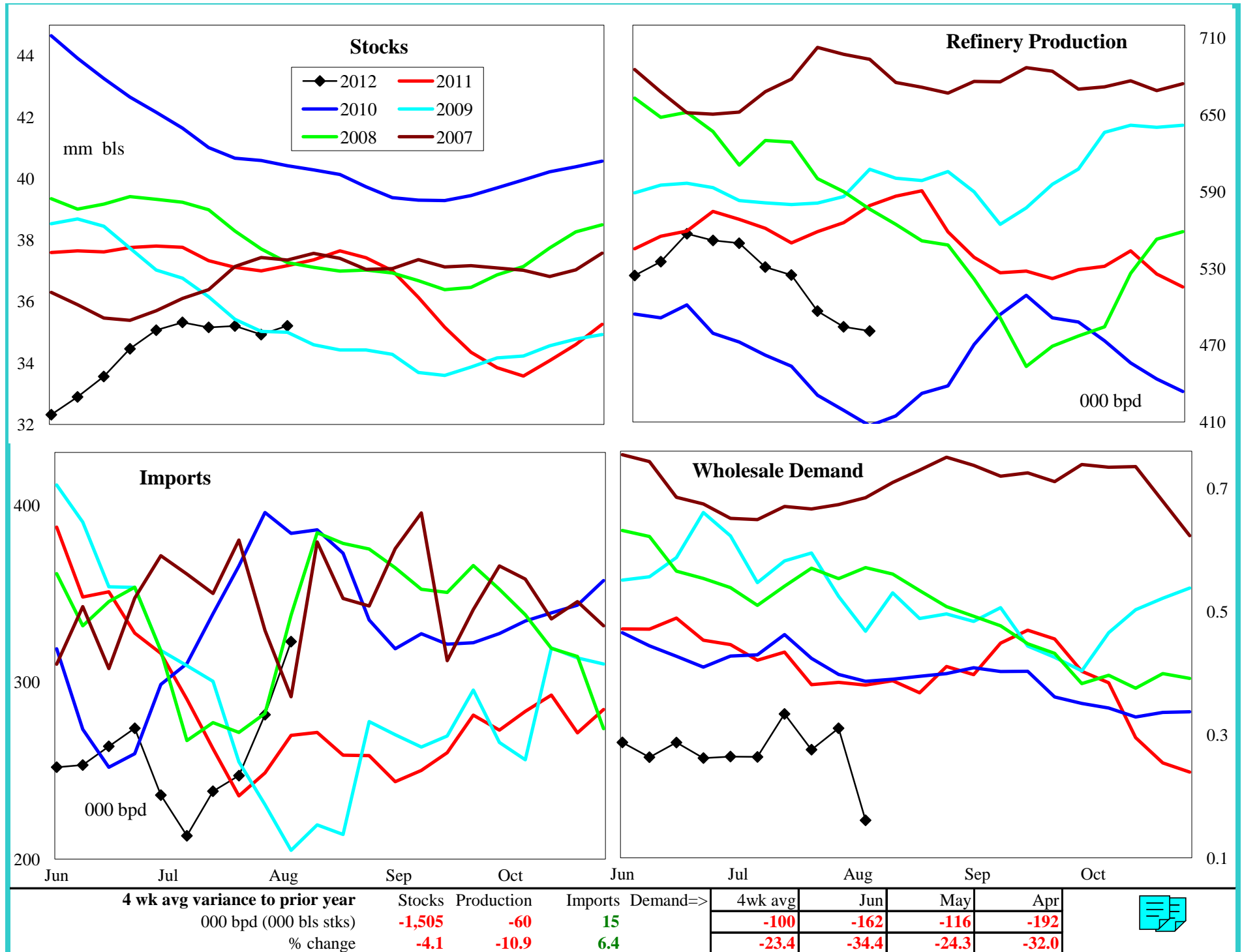
United States High Sulfur Distillate Supply



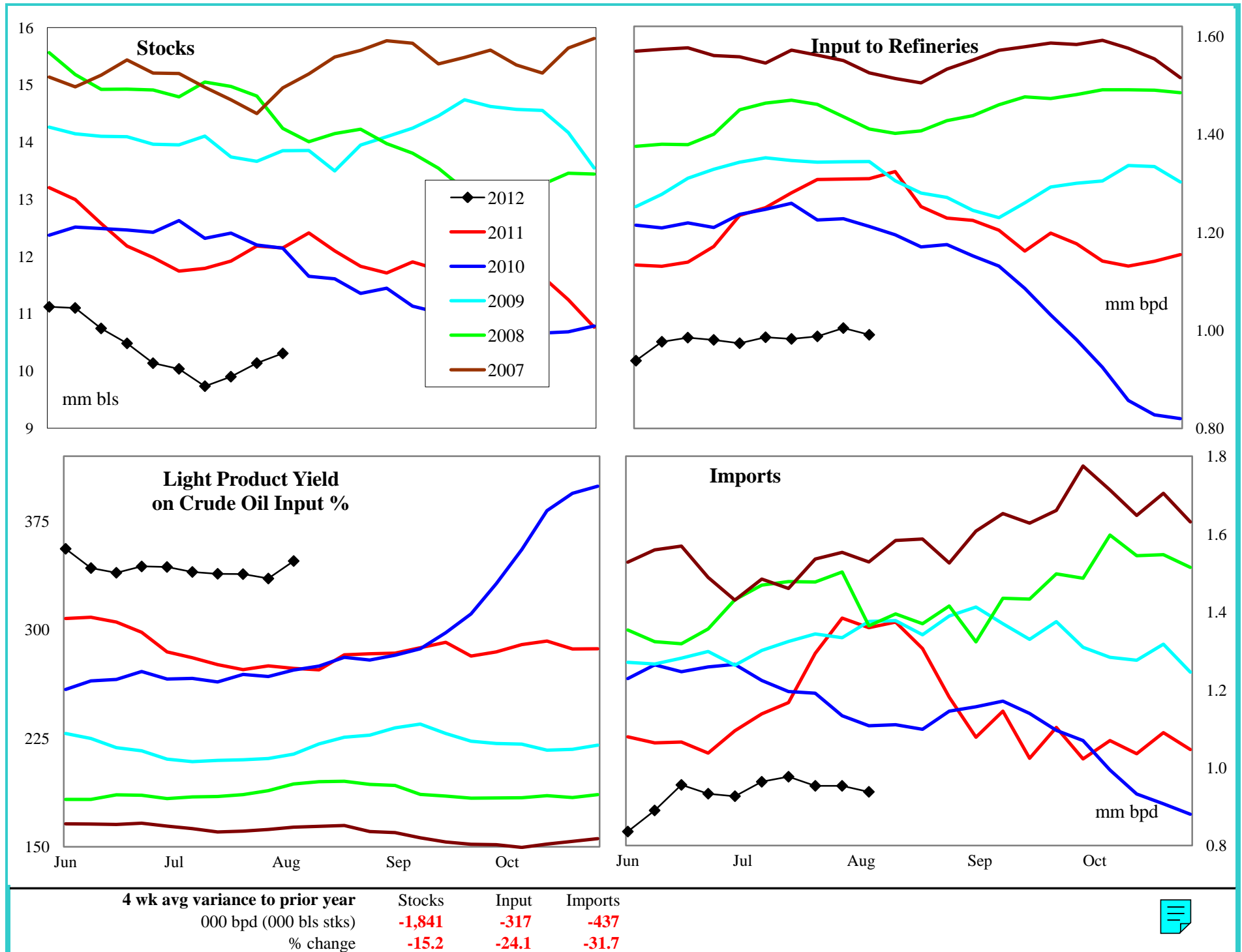
United States Jet Fuel Supply and Demand Balance



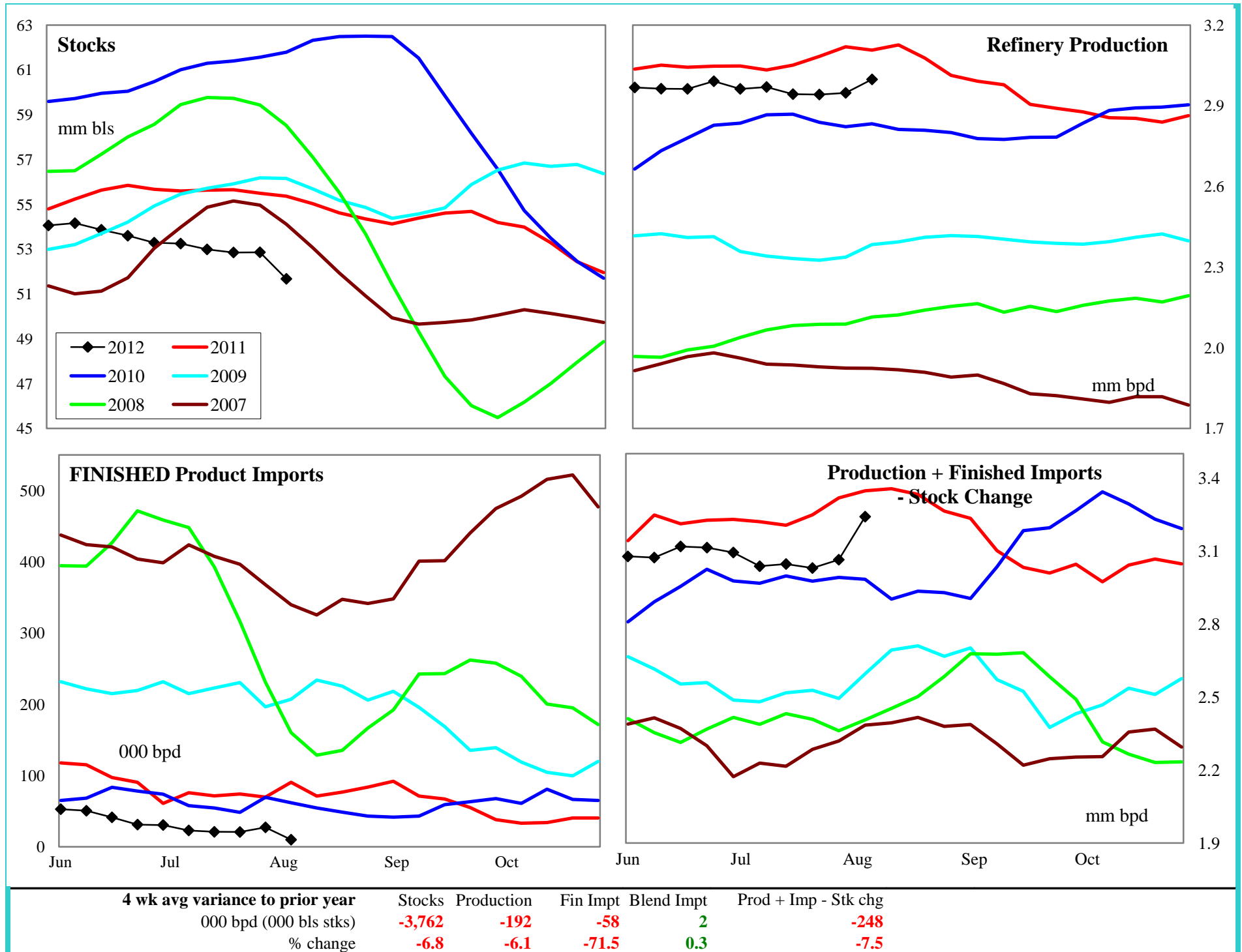
United States Residual Fuel Oil Supply and Demand Balance



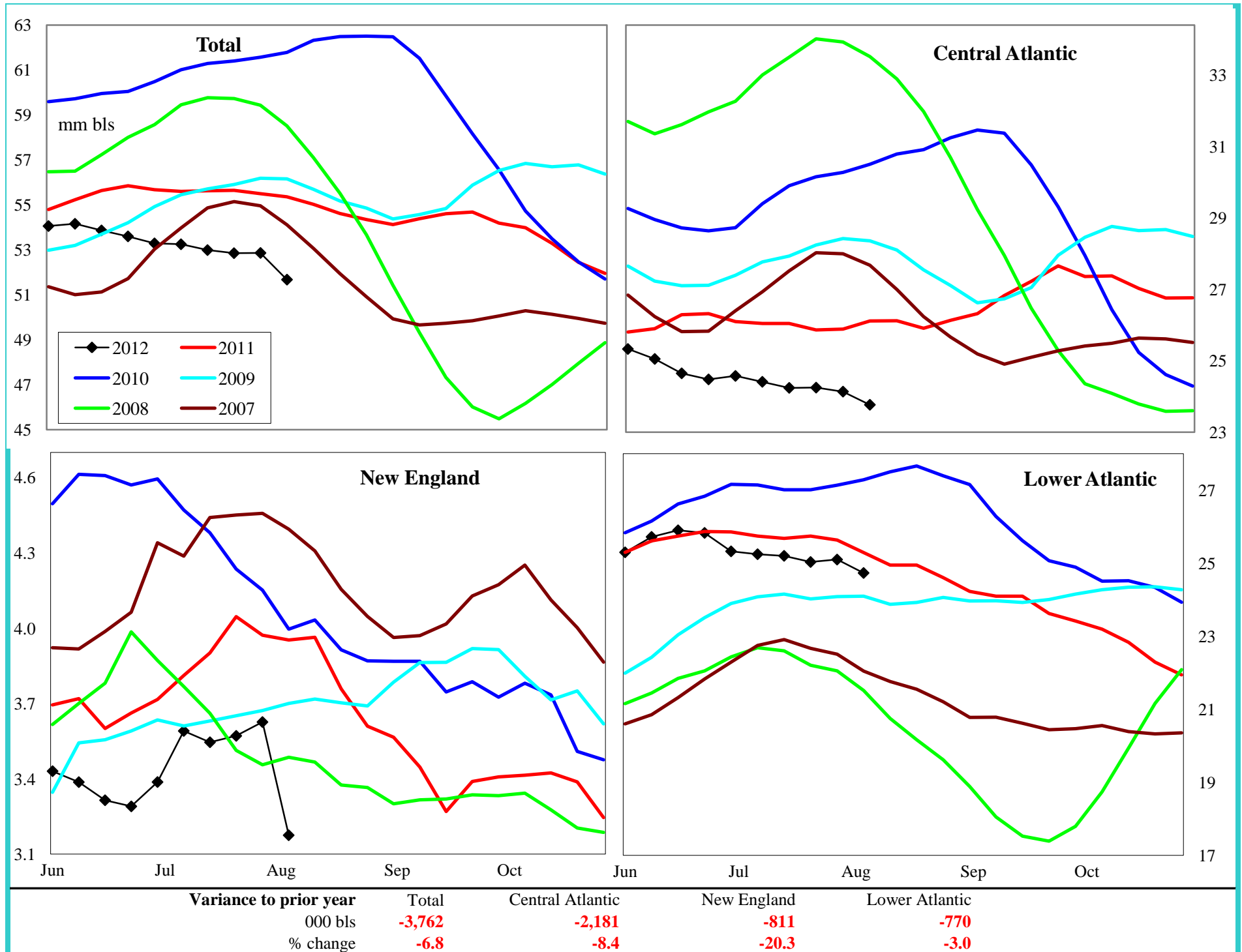
PADD 1 Crude Oil Supply and Refining



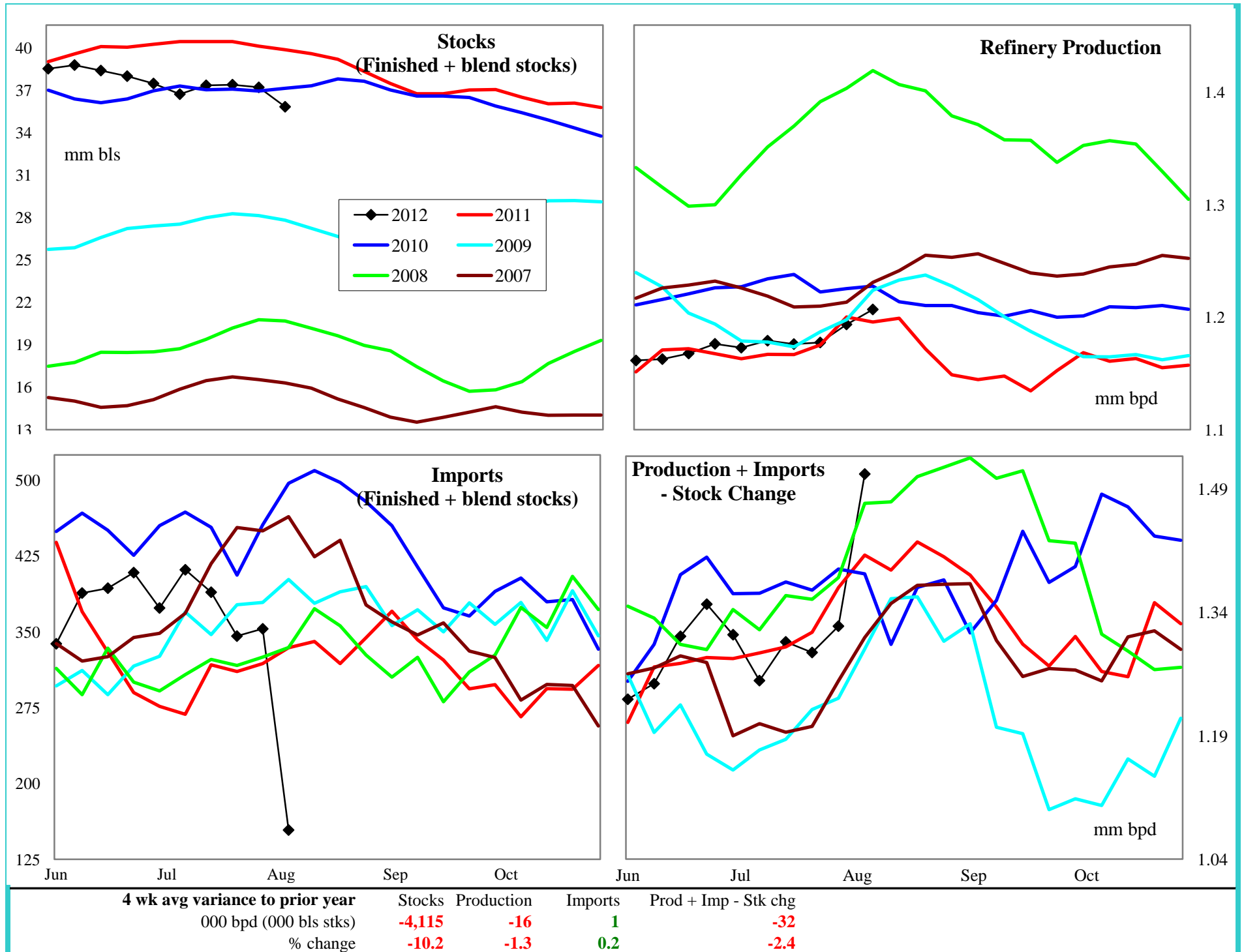
PADD 1 Gasoline Supply



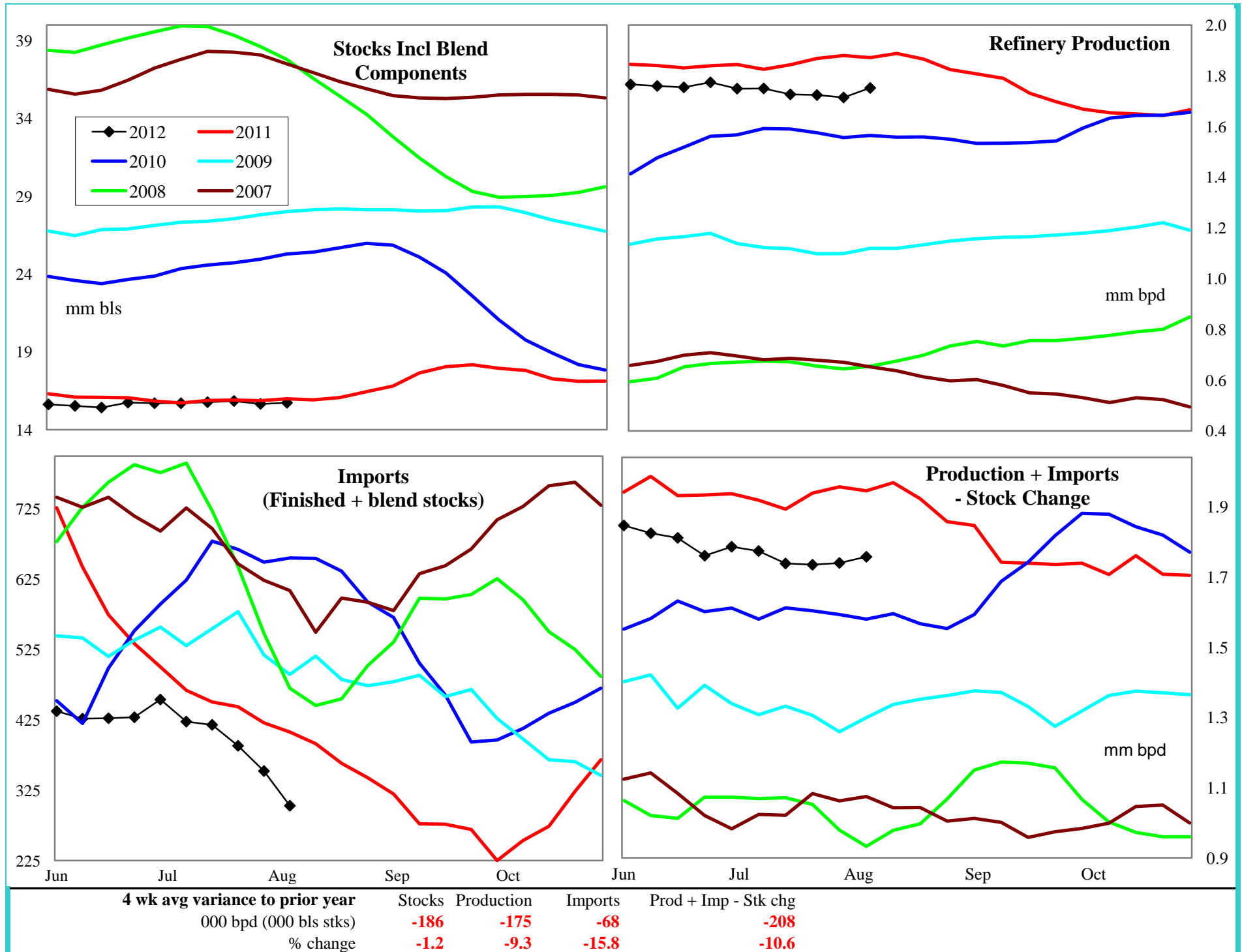
PADD 1 Gasoline Stocks by Region



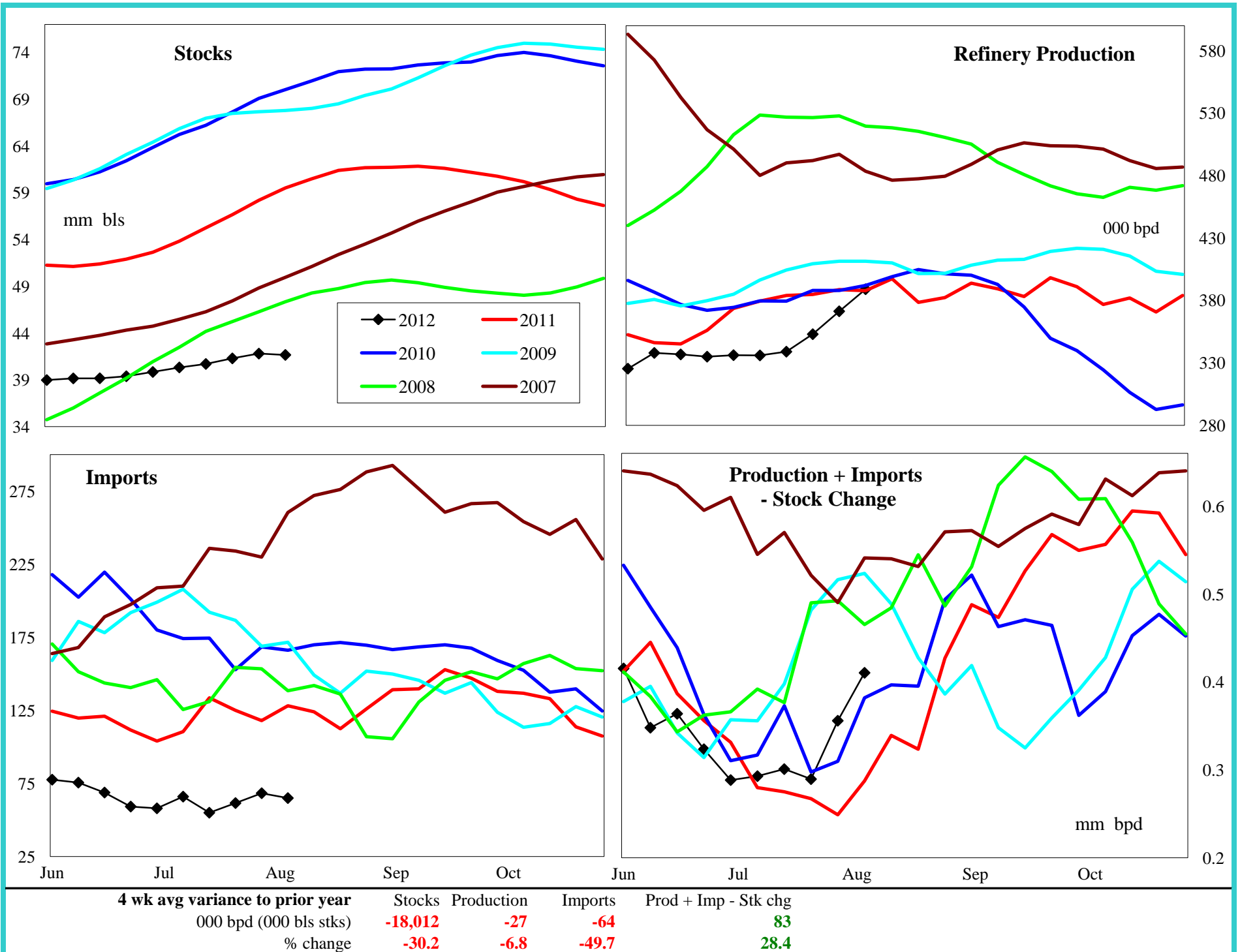
PADD 1 Reformulated Gasoline Supply



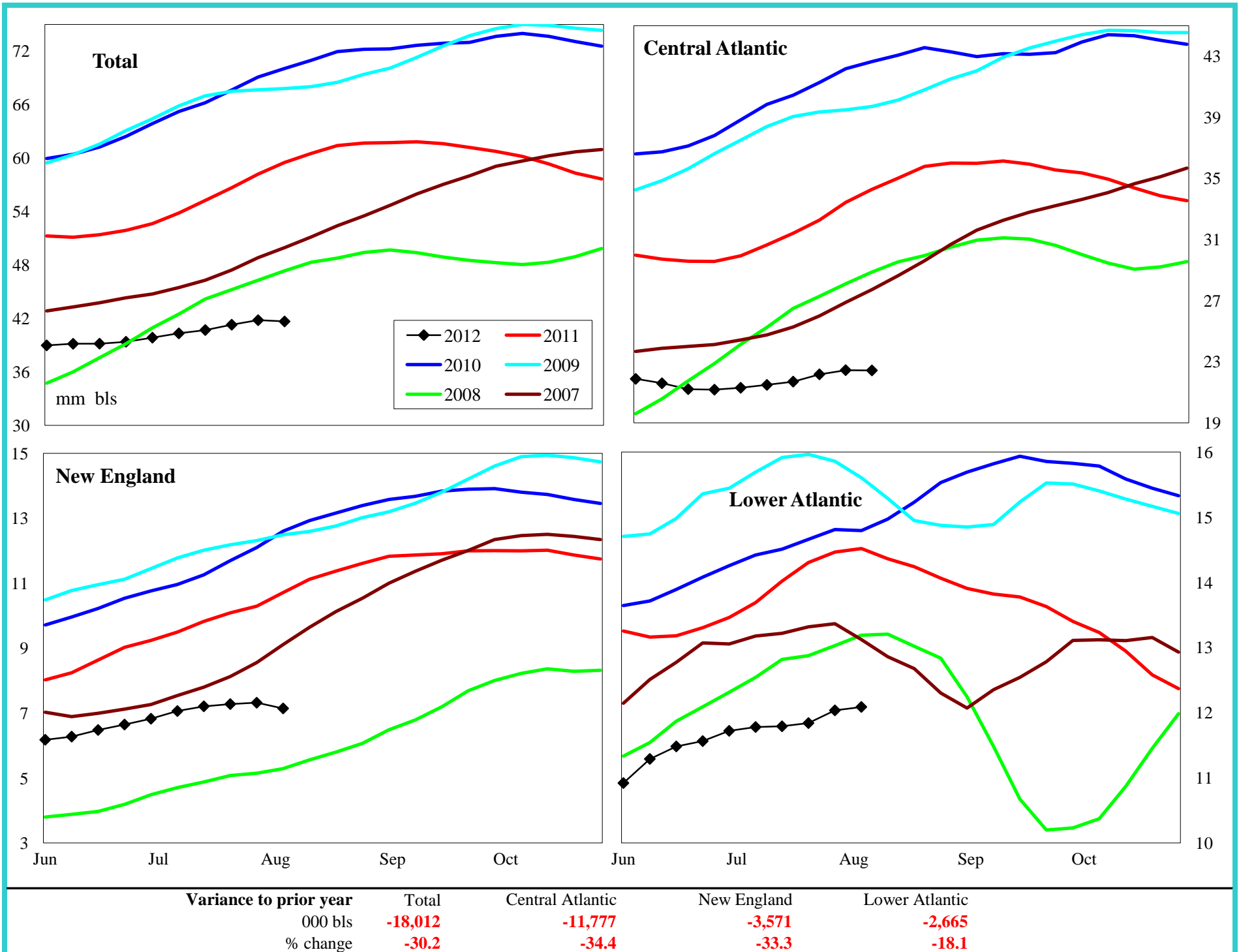
PADD 1 Conventional Gasoline Supply



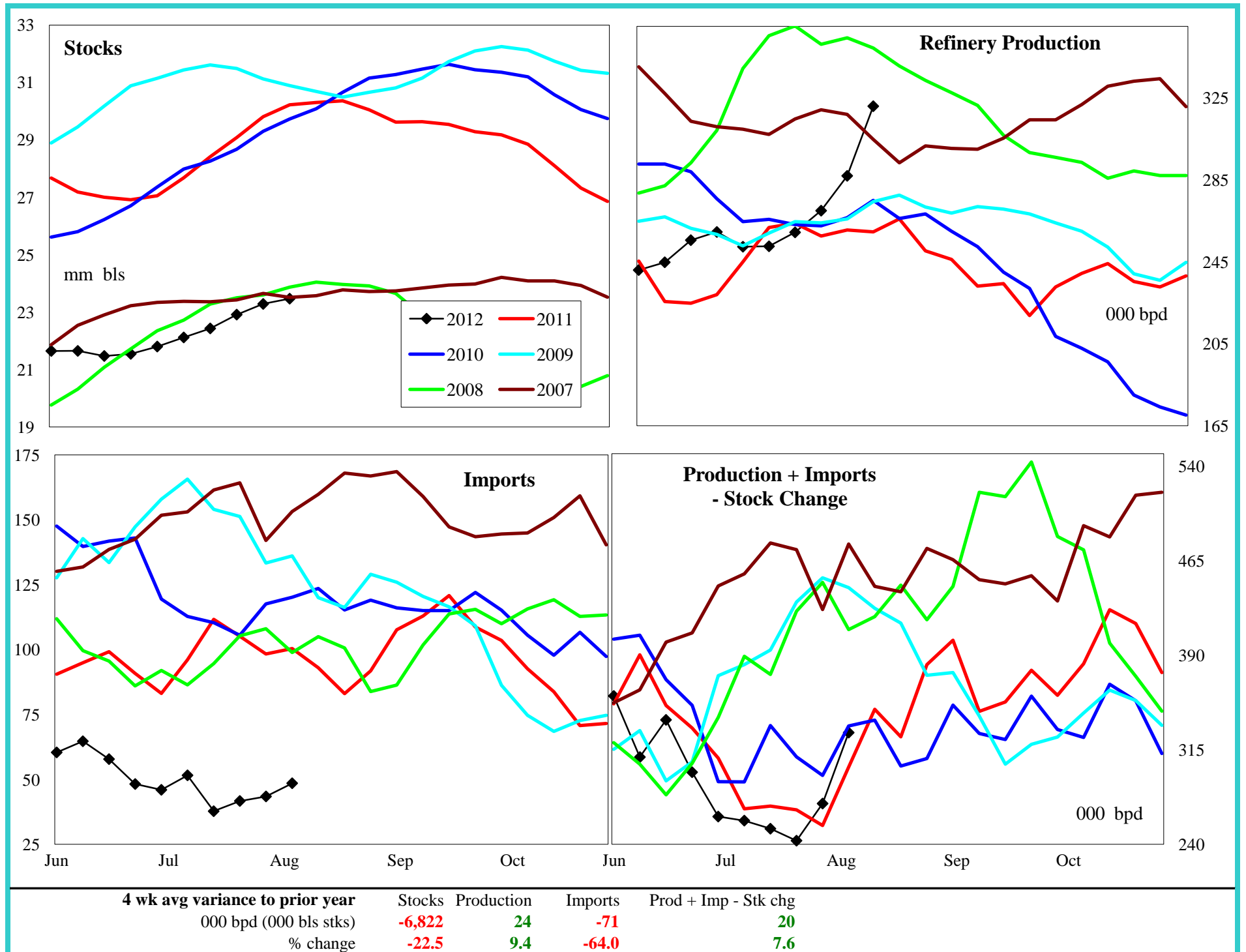
PADD 1 Distillate Supply



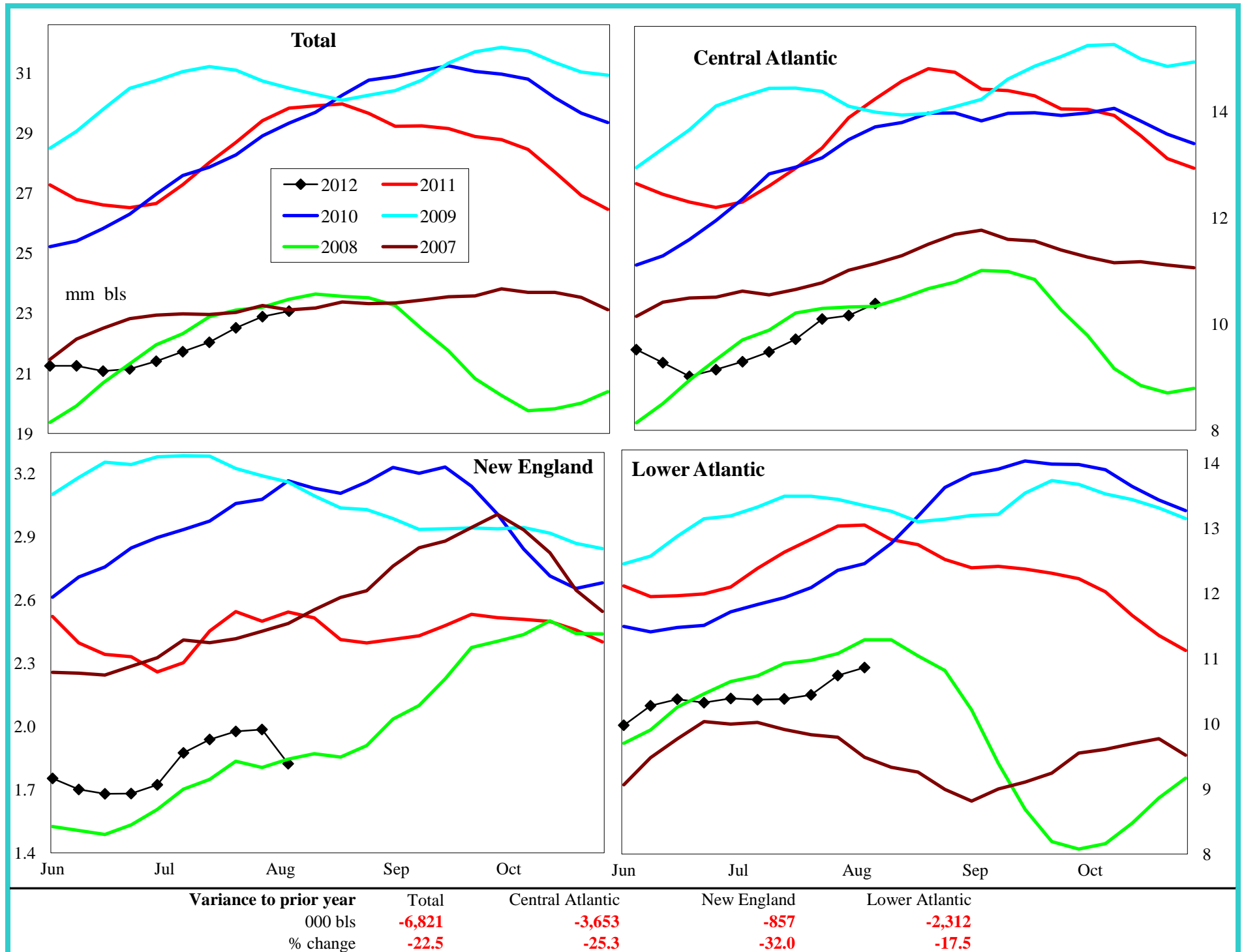
PADD 1 Distillate Stocks by Region



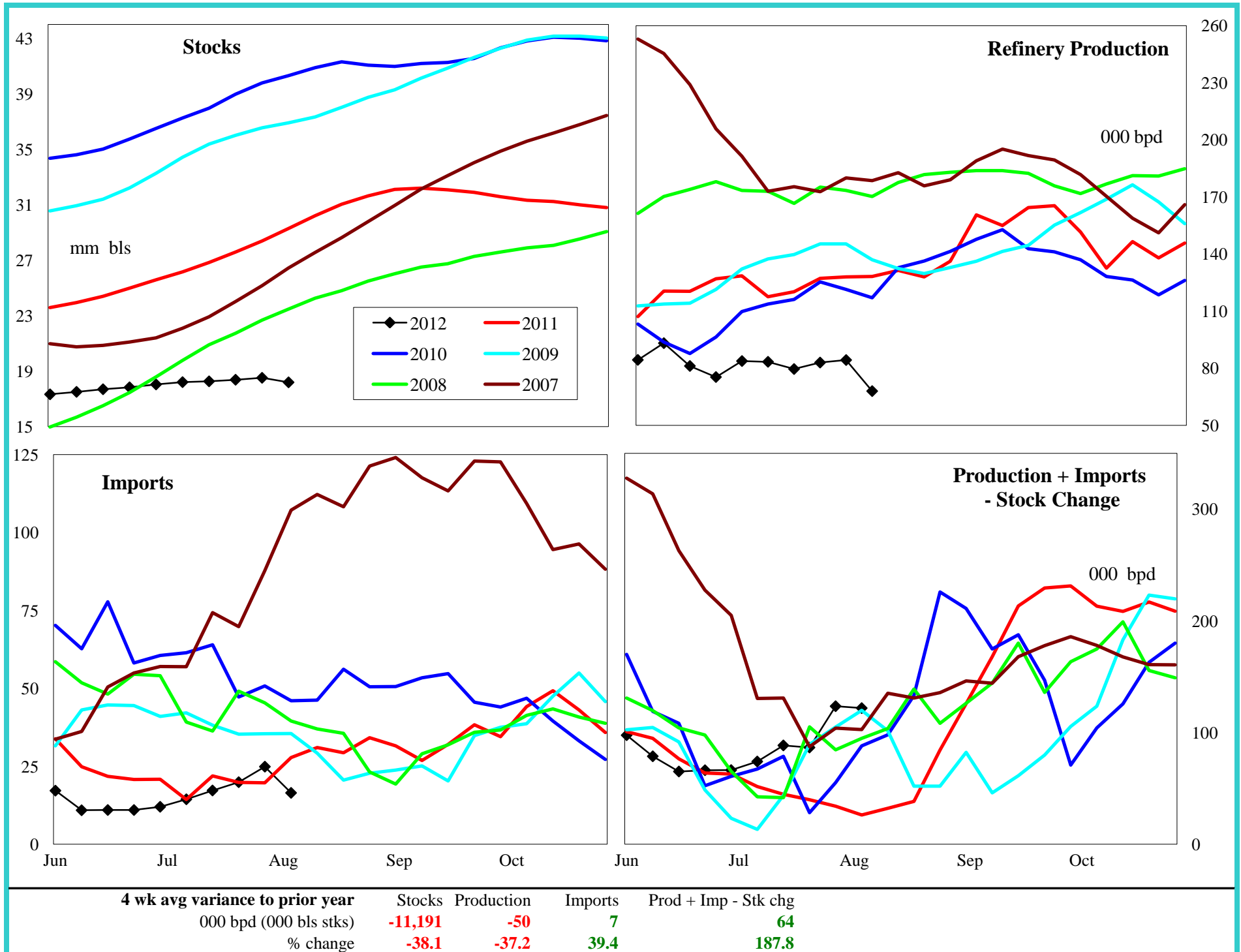
PADD 1 Low Sulfur Distillate Supply



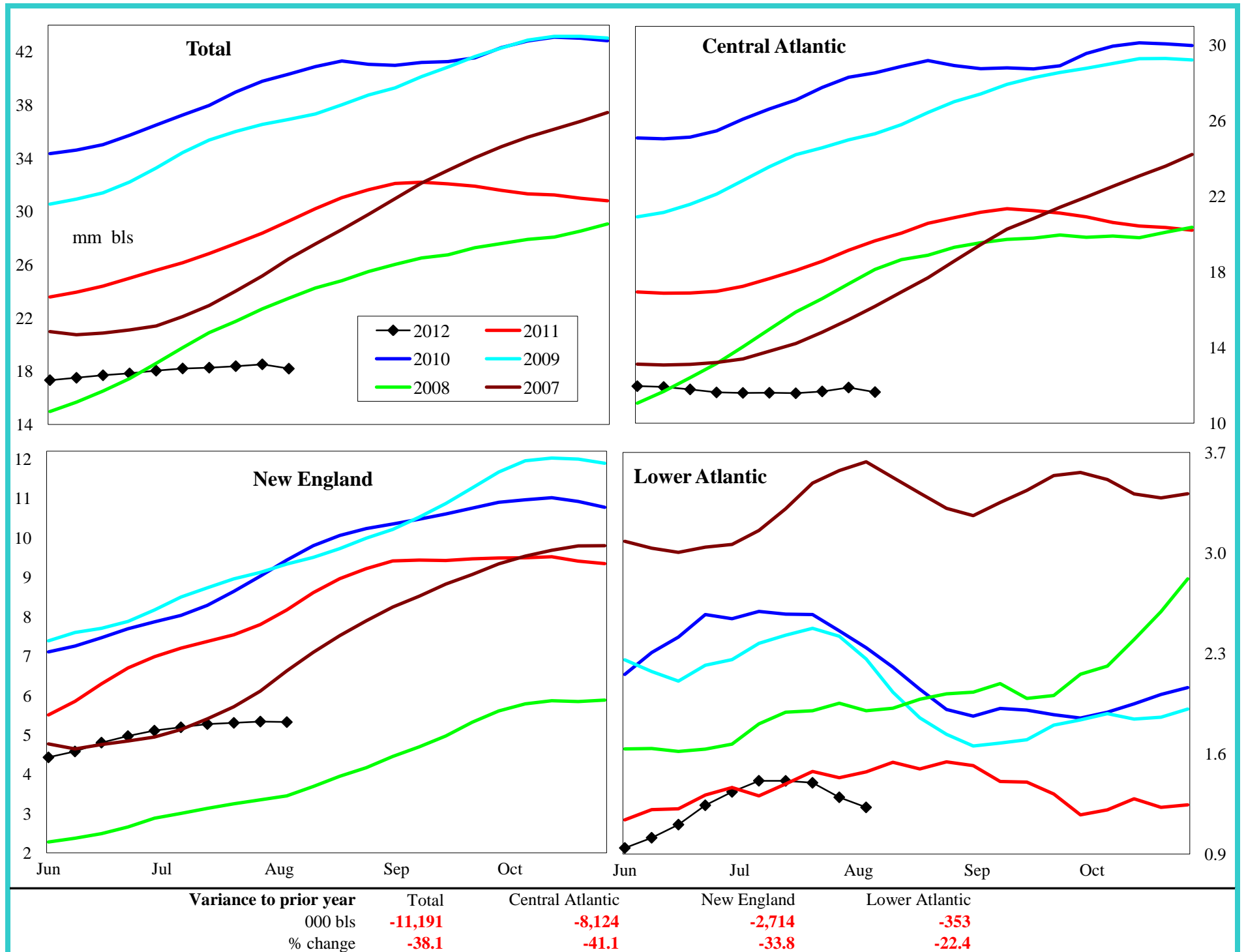
PADD 1 Low Sulfur Distillate Stocks by Region



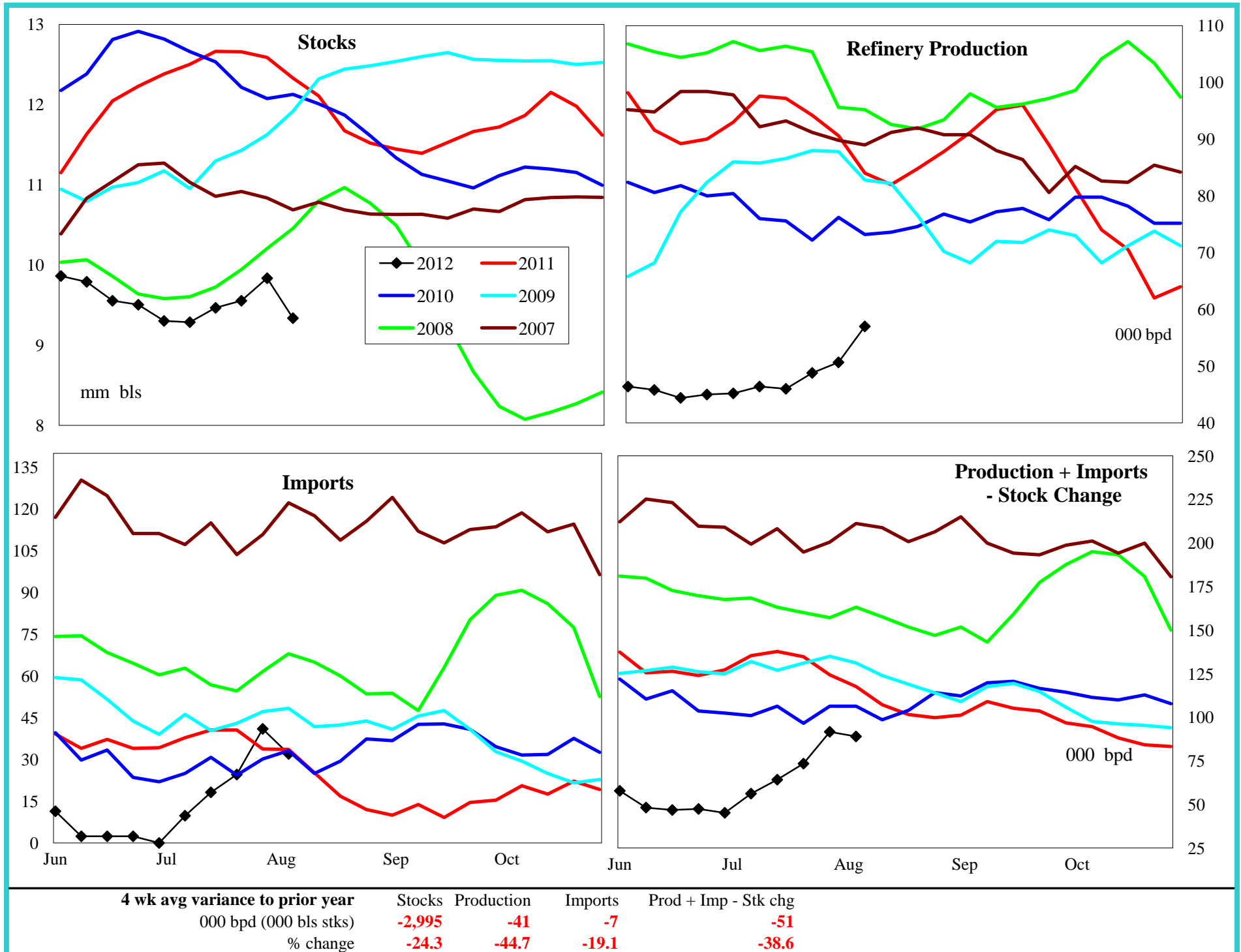
PADD 1 High Sulfur Distillate Supply



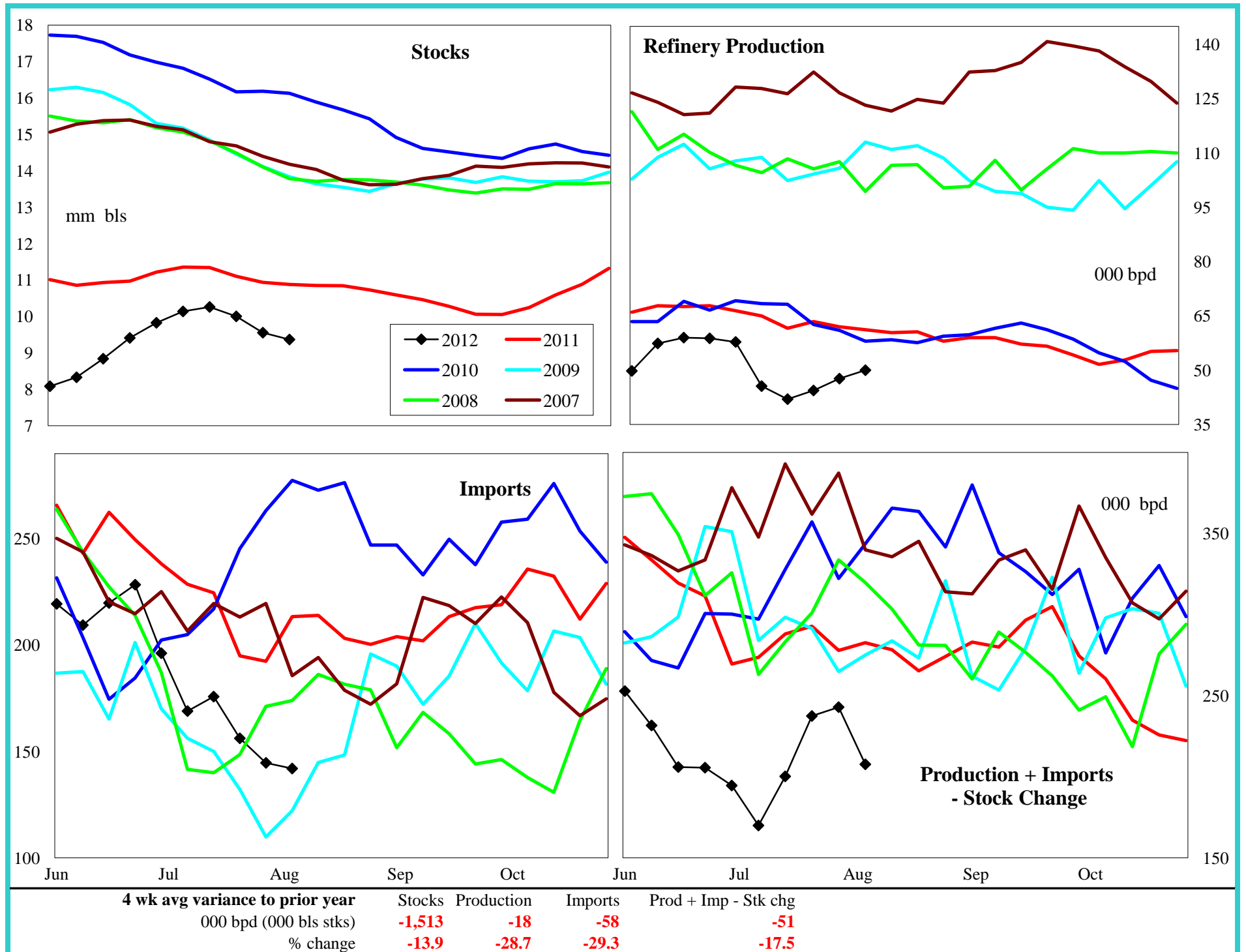
PADD 1 High Sulfur Distillate Stocks by Region



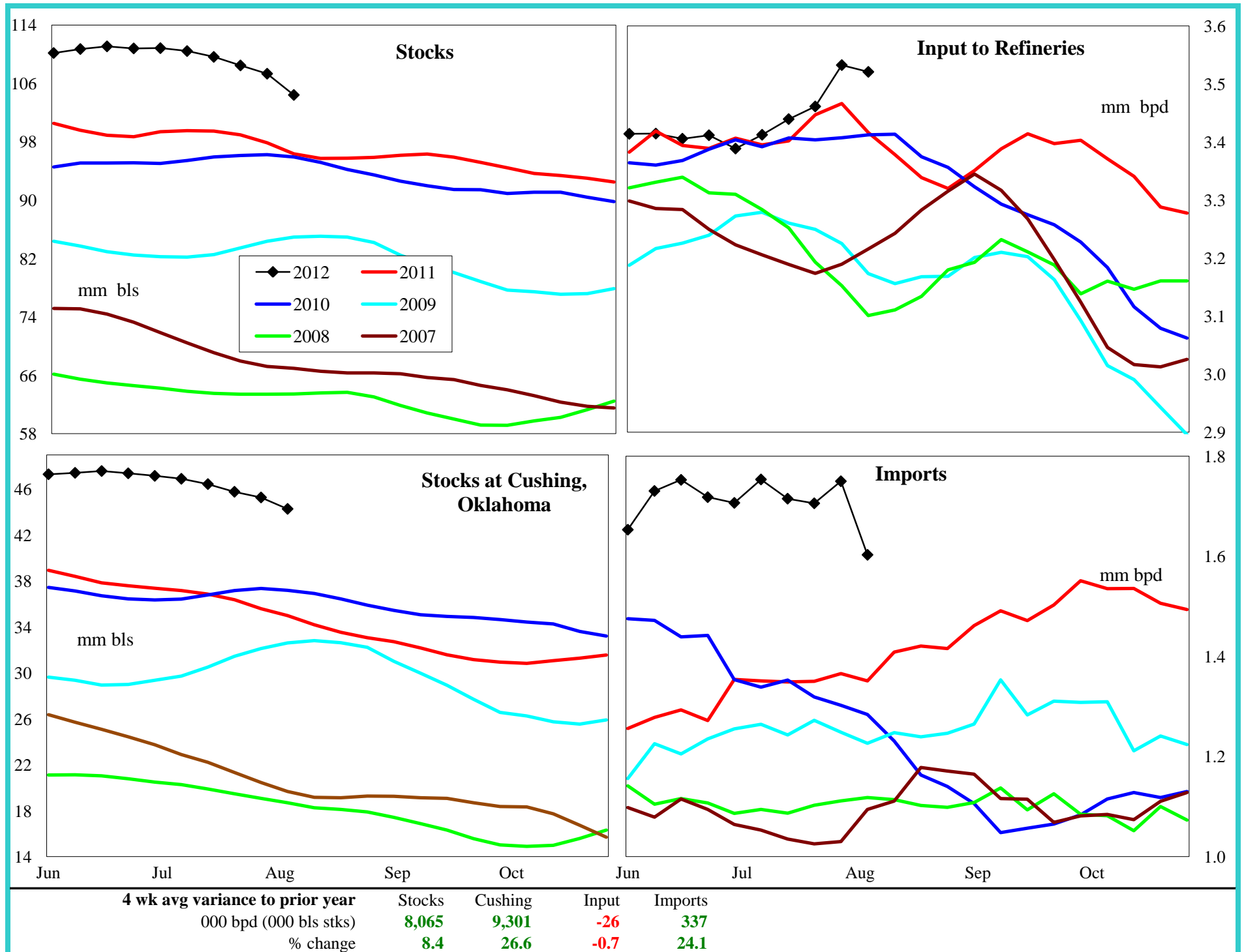
PADD 1 Jet Fuel Supply



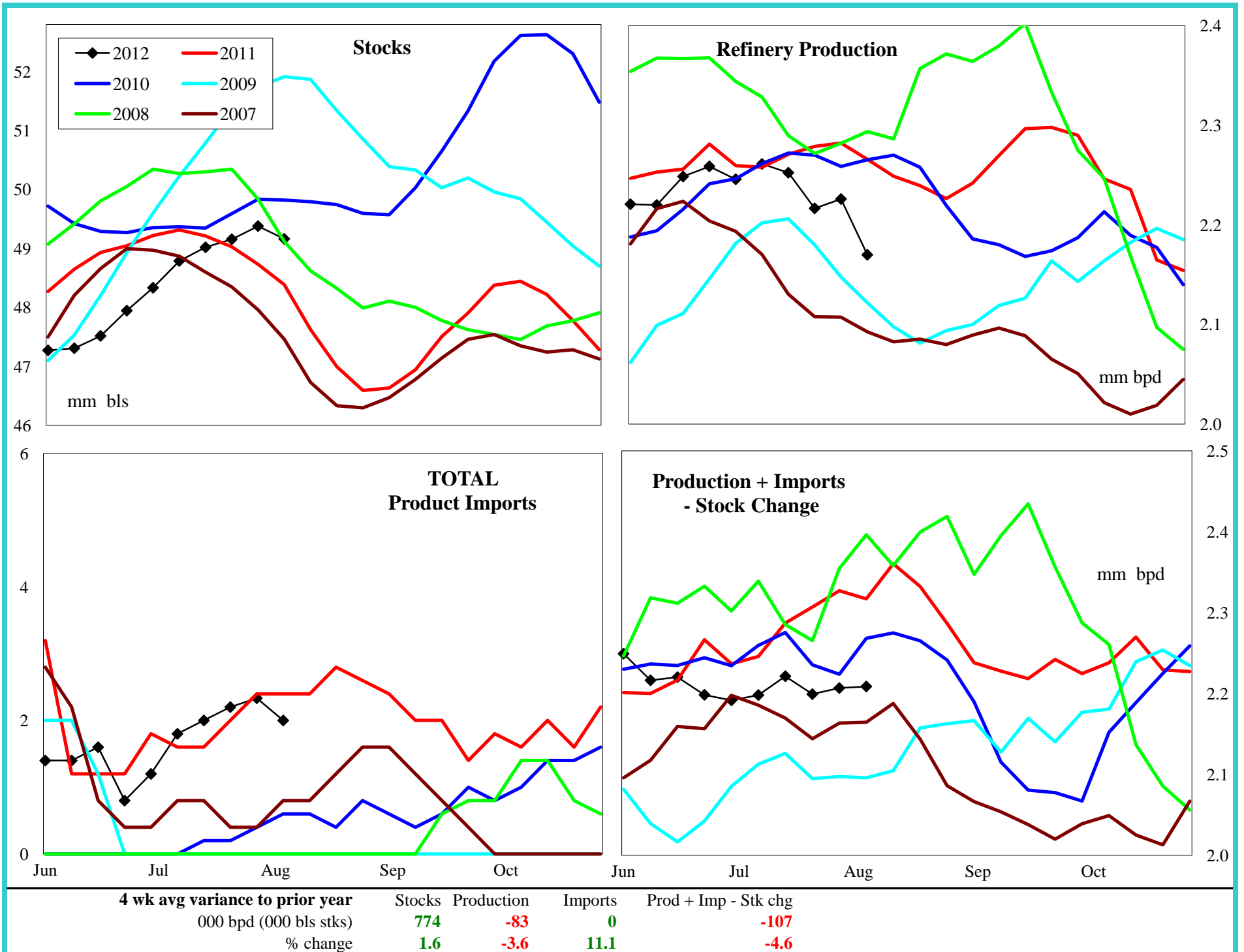
PADD 1 Residual Fuel Oil Supply



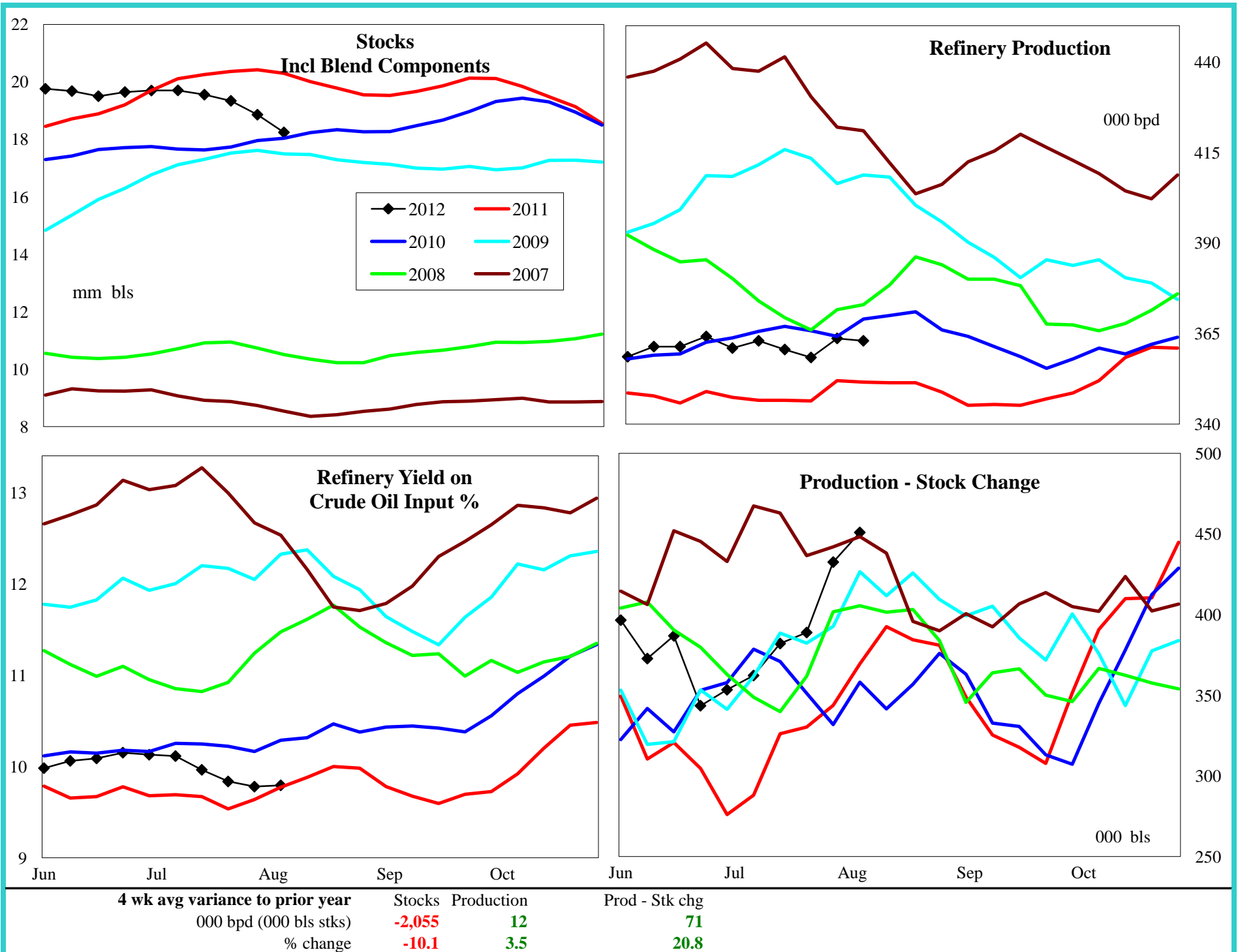
PADD 2 Crude Oil Supply and Refining



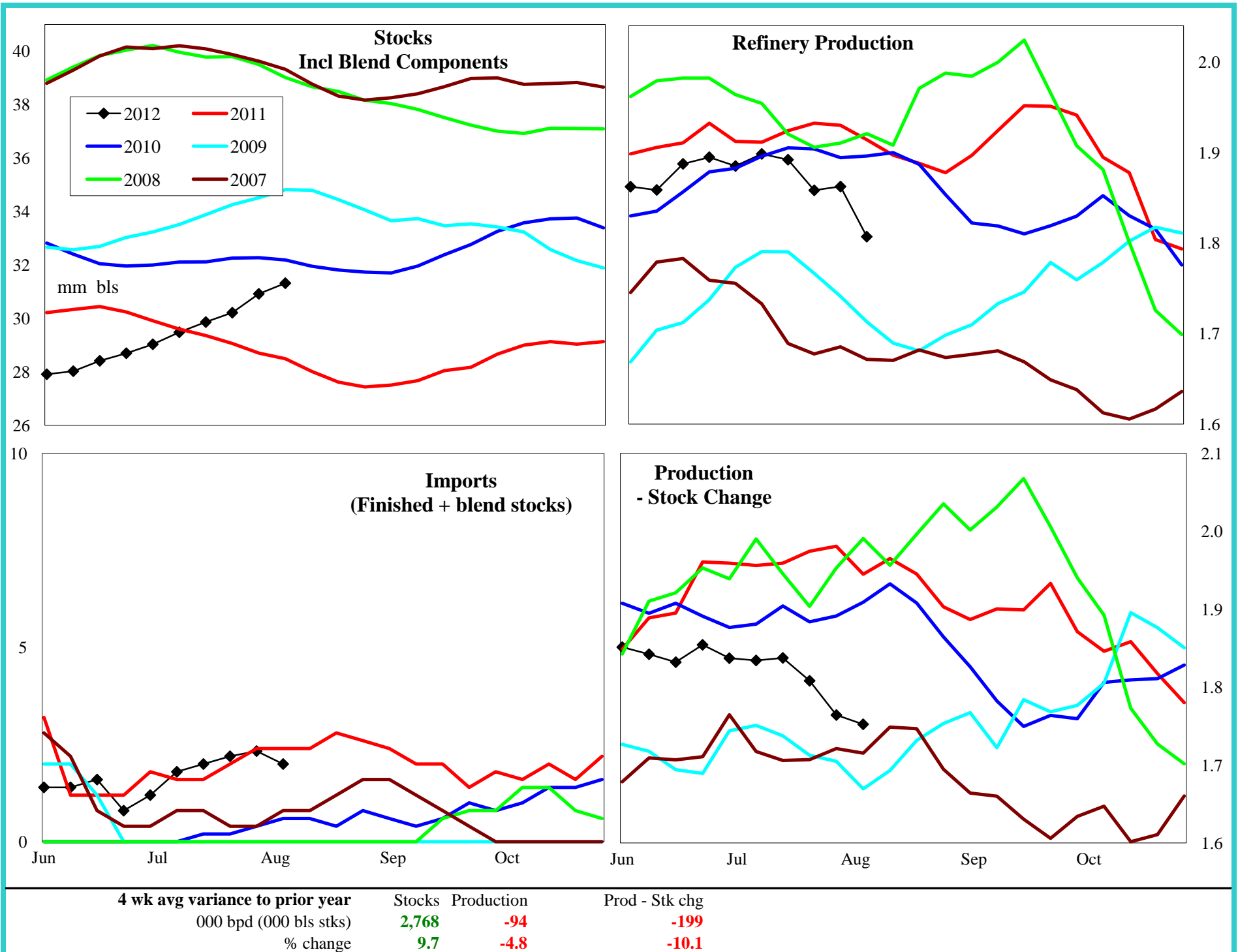
PADD 2 Gasoline Supply



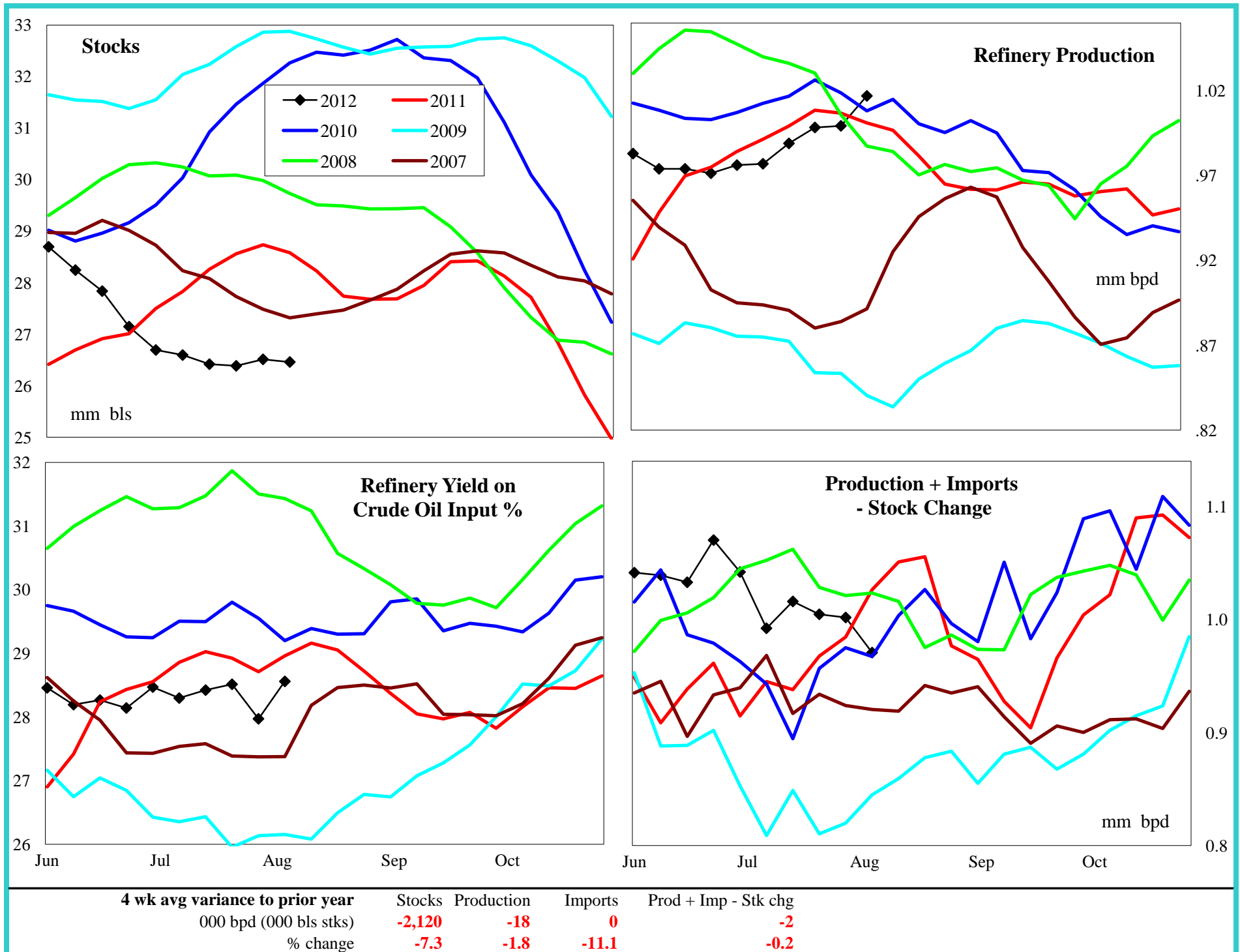
PADD 2 Reformulated Gasoline Supply



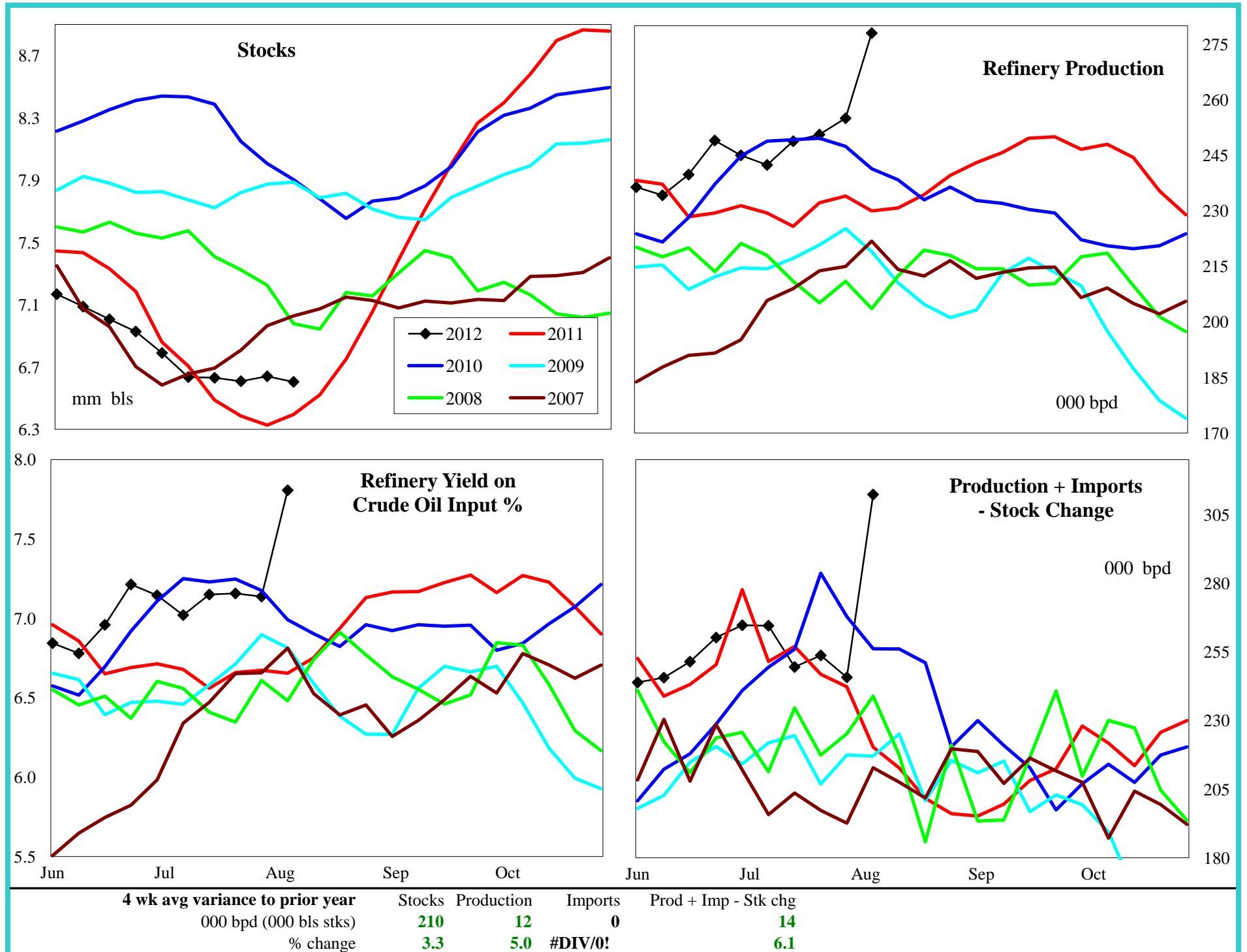
PADD 2 Conventional Gasoline Supply



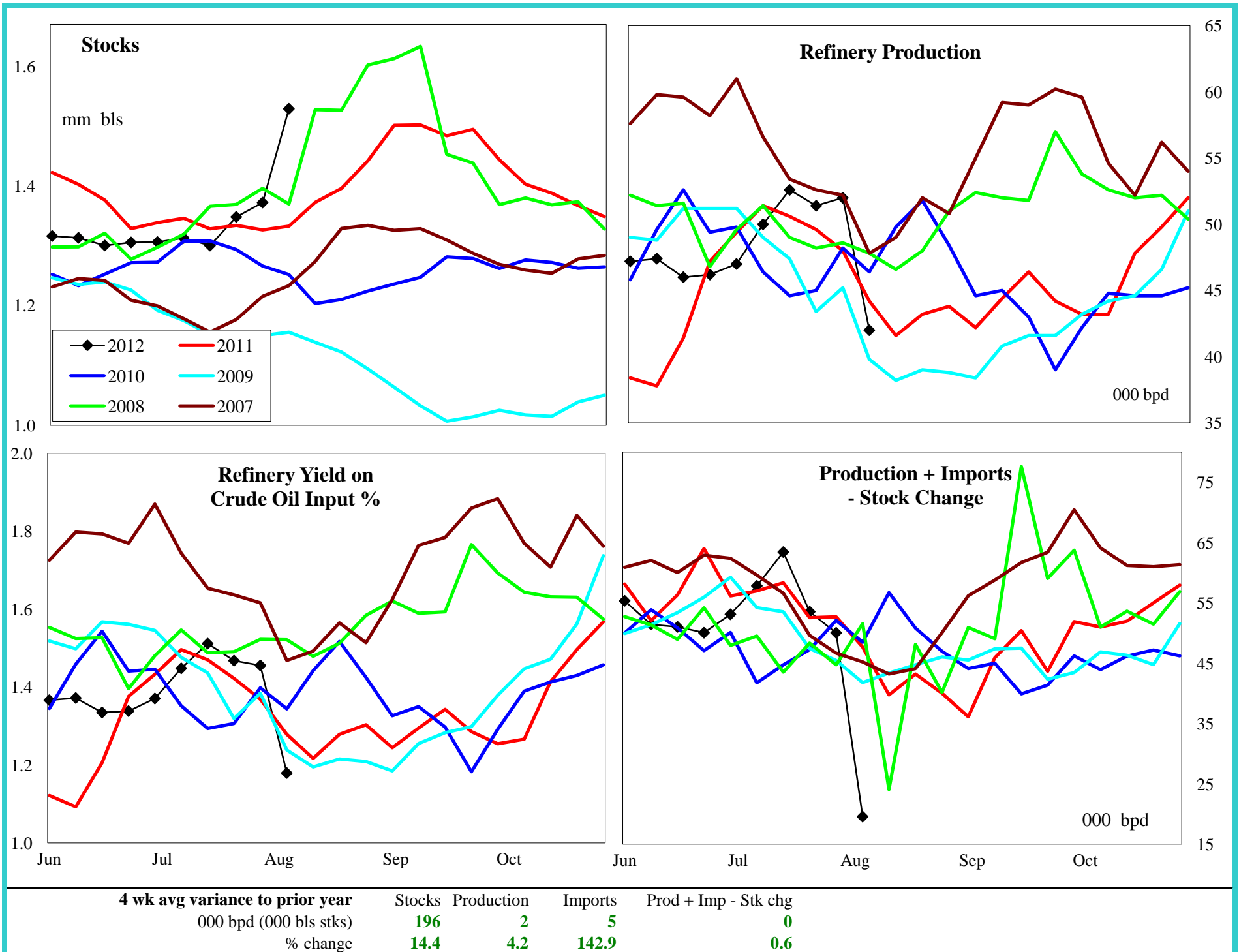
PADD 2 Distillate Supply



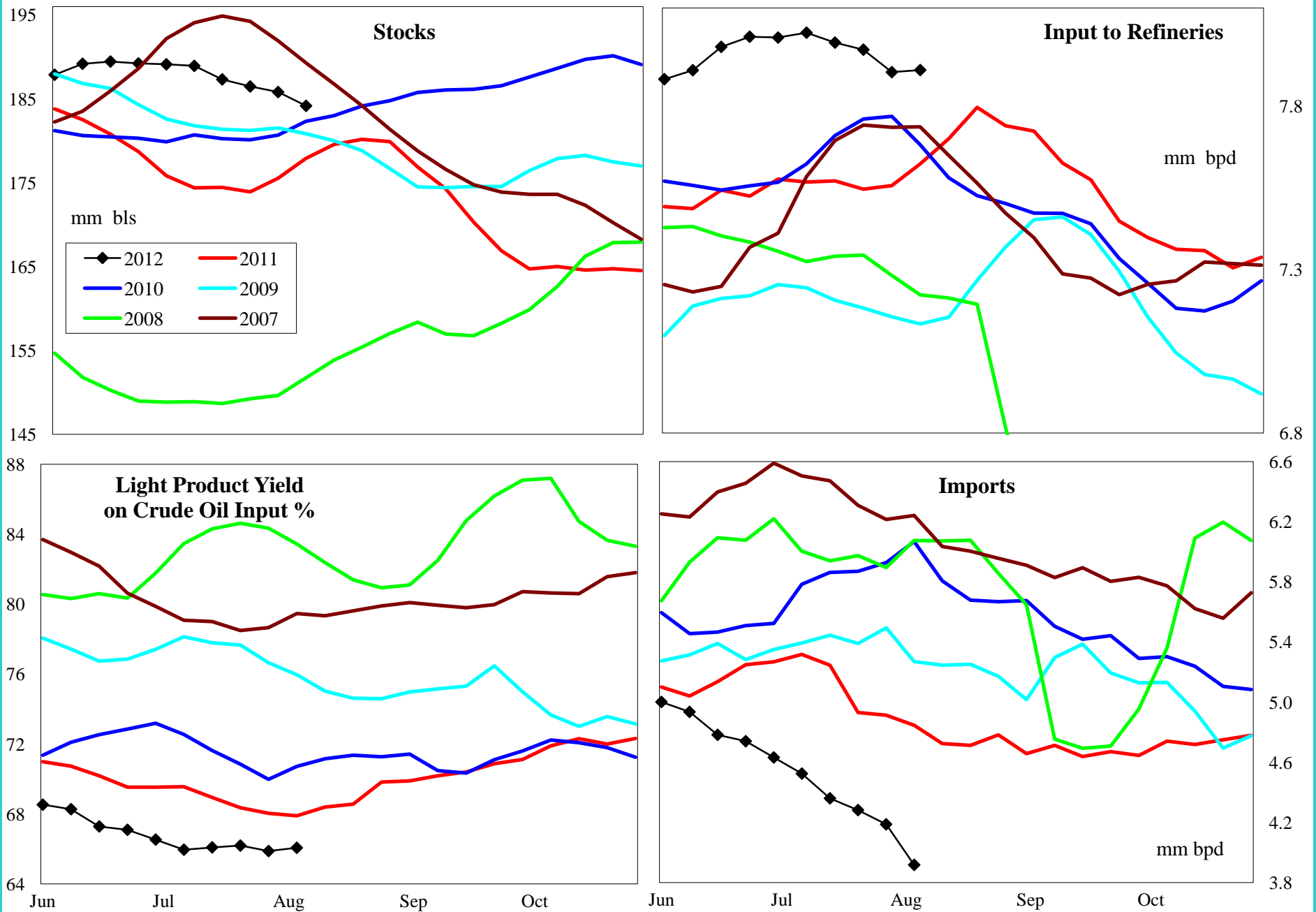
PADD 2 Jet Fuel Supply



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

6,250

3.5

Input

392

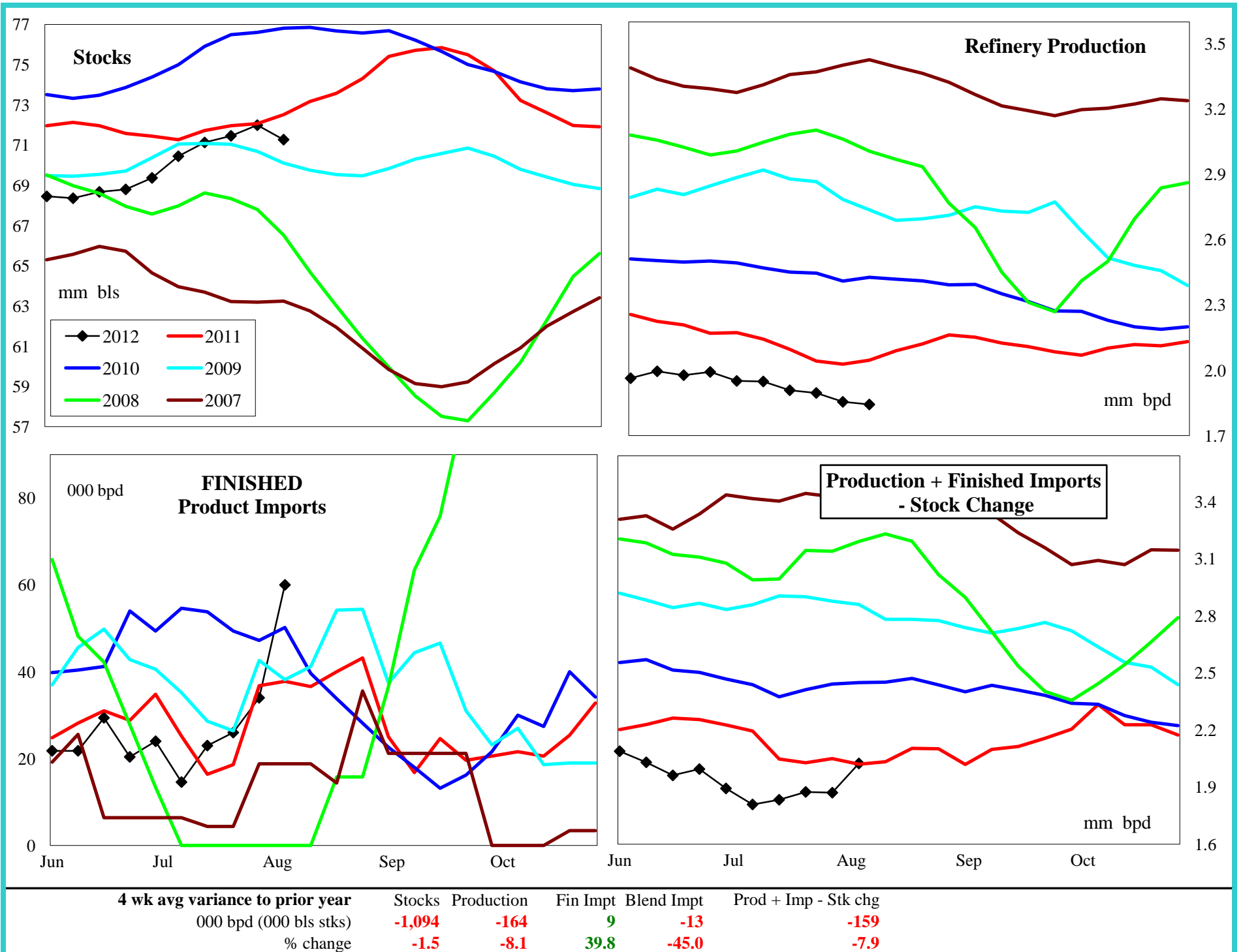
5.2

Imports

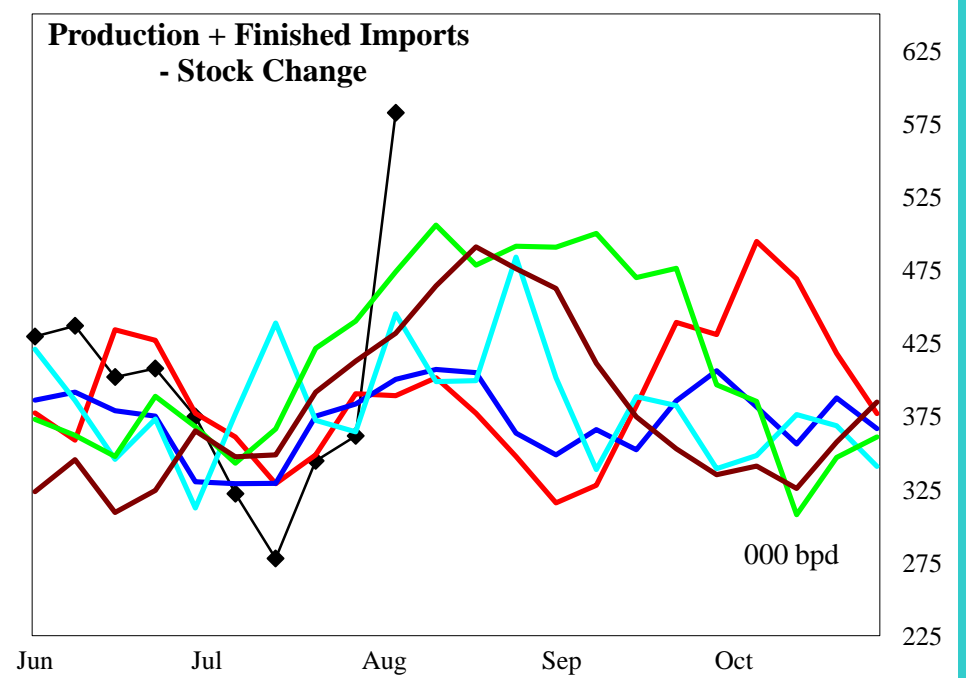
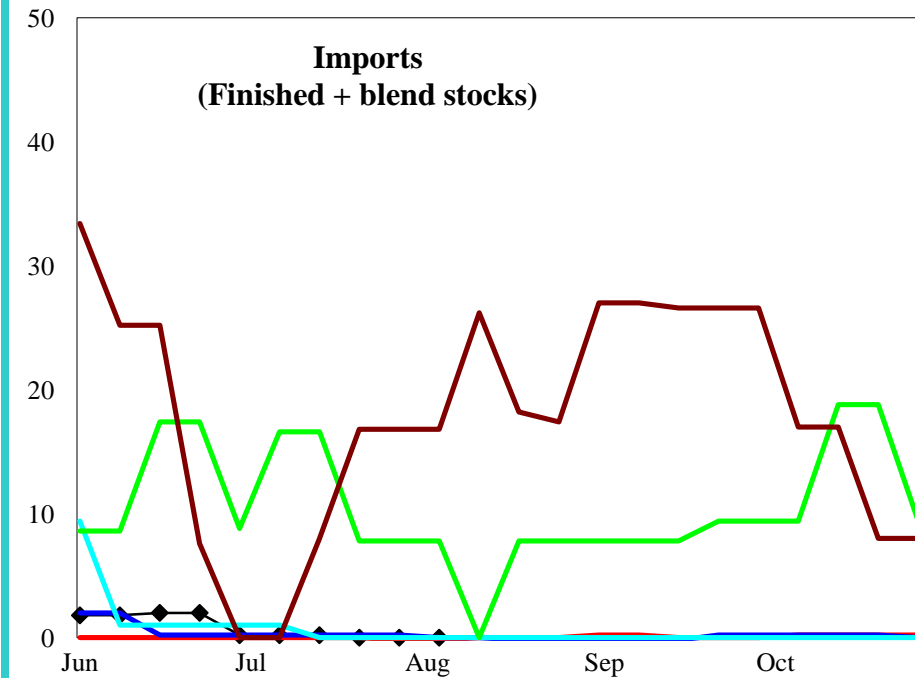
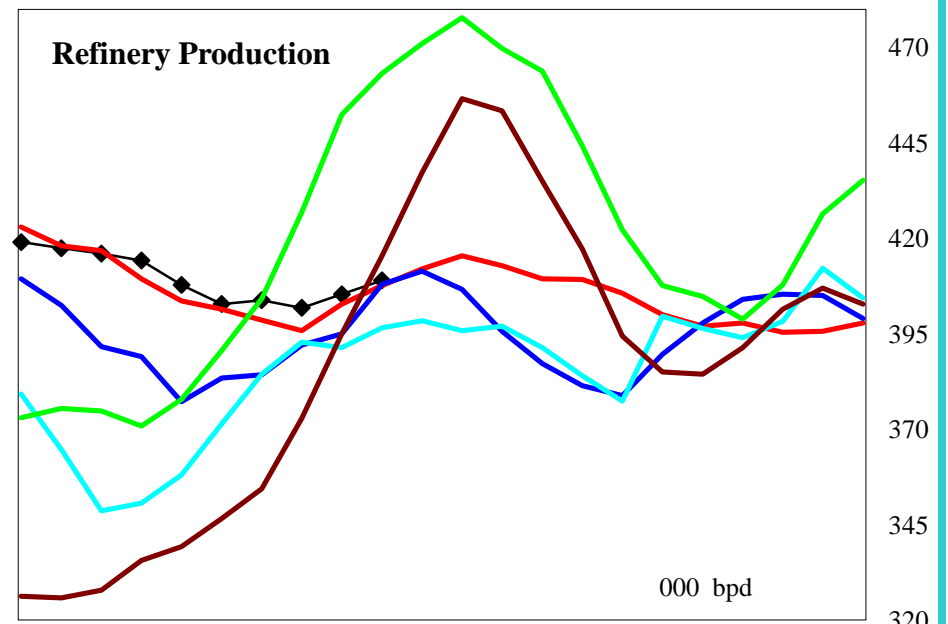
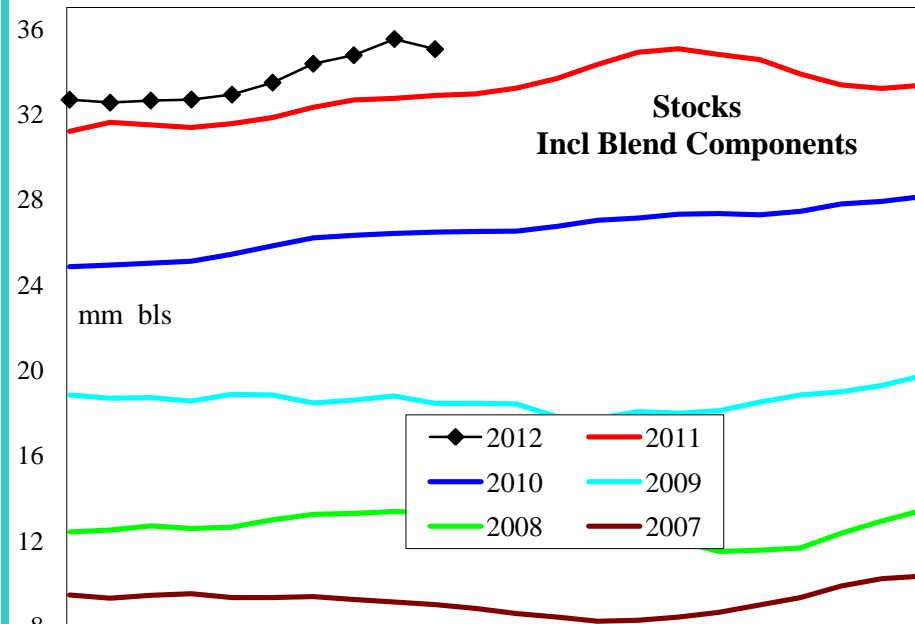
-623

-12.8

PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

2,560

7.8

Production

2

0.5

Imports

0

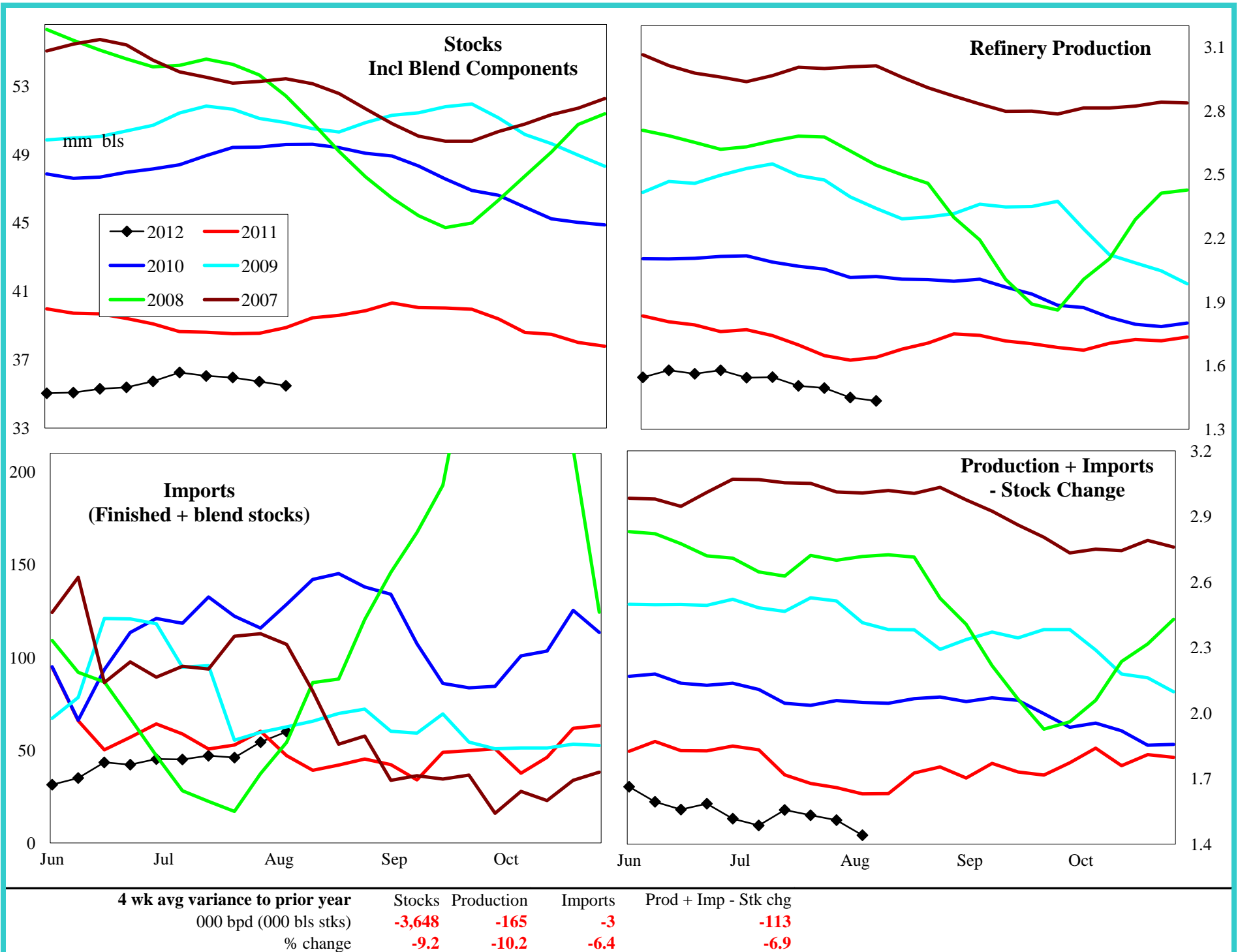
#DIV/0!

Prod + Imp - Stk chg

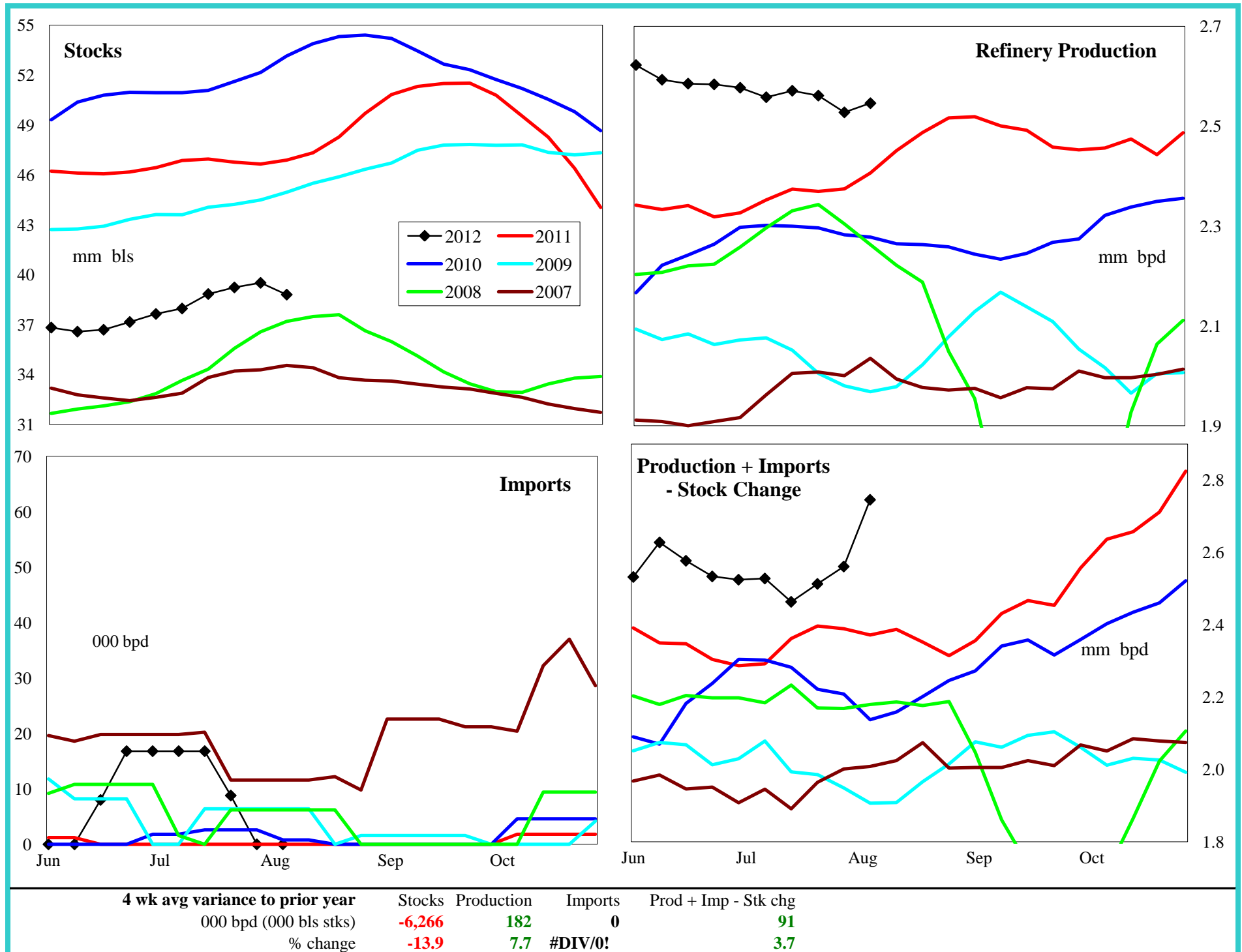
-42

-11.3

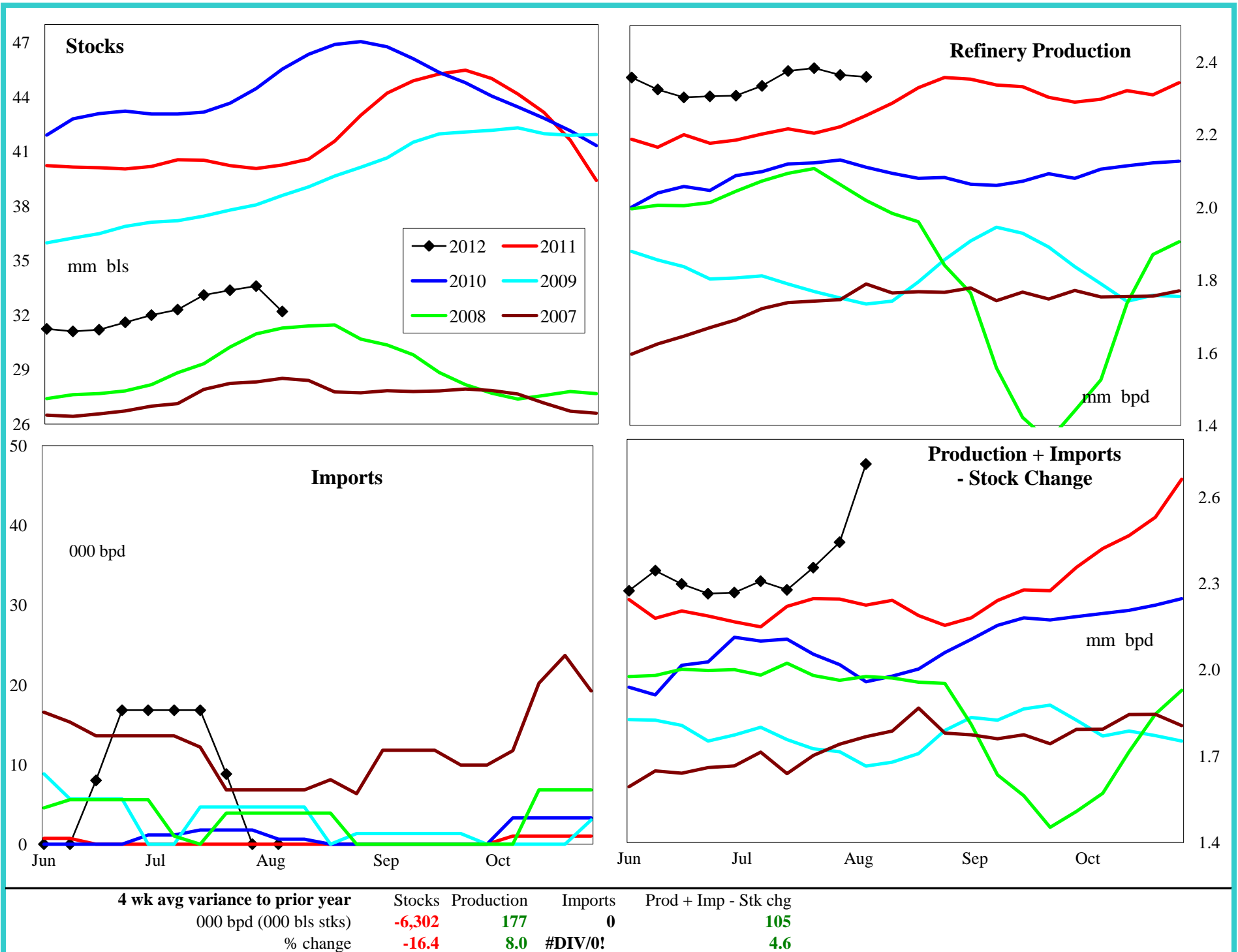
PADD 3 Conventional Gasoline Supply



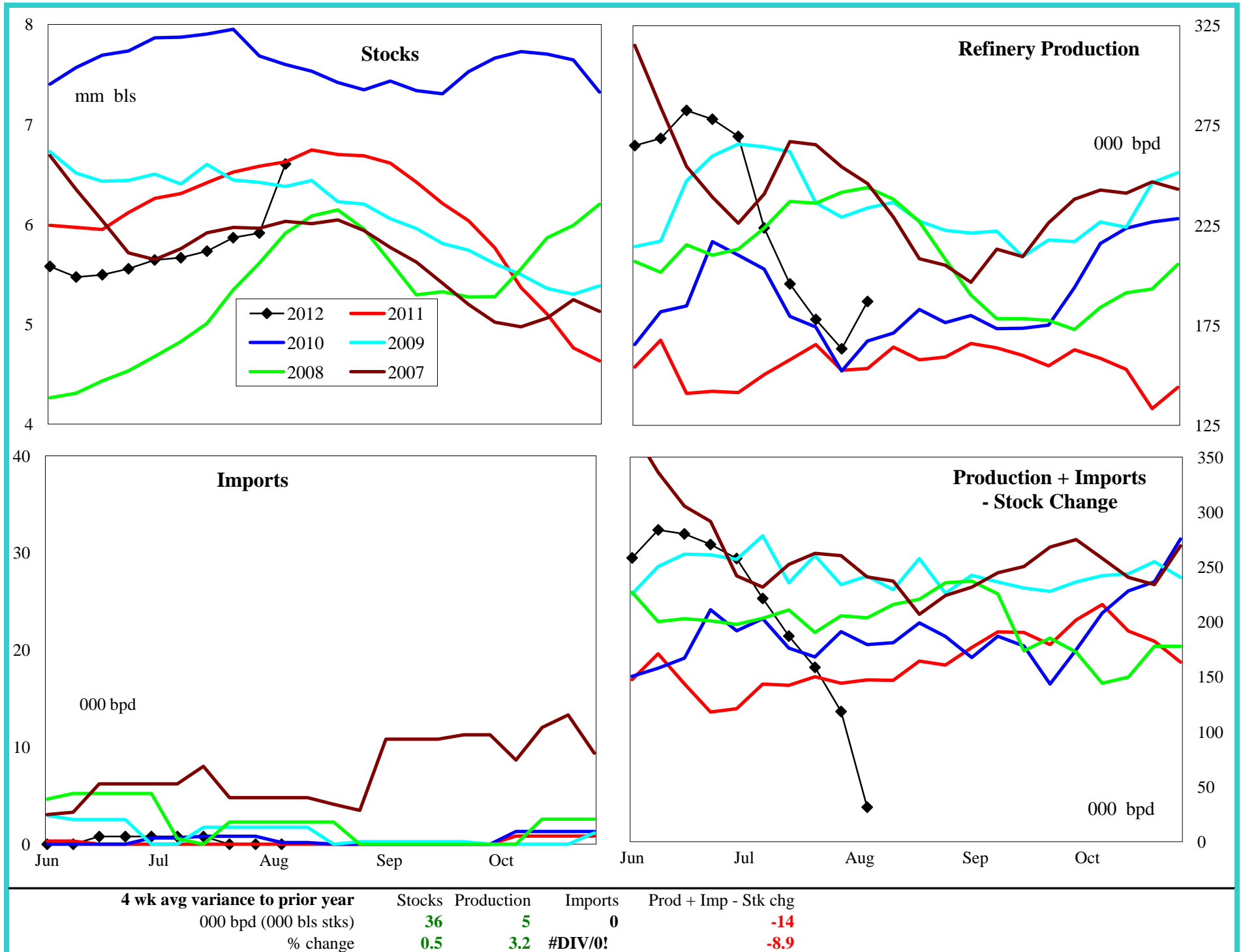
PADD 3 Distillate Supply



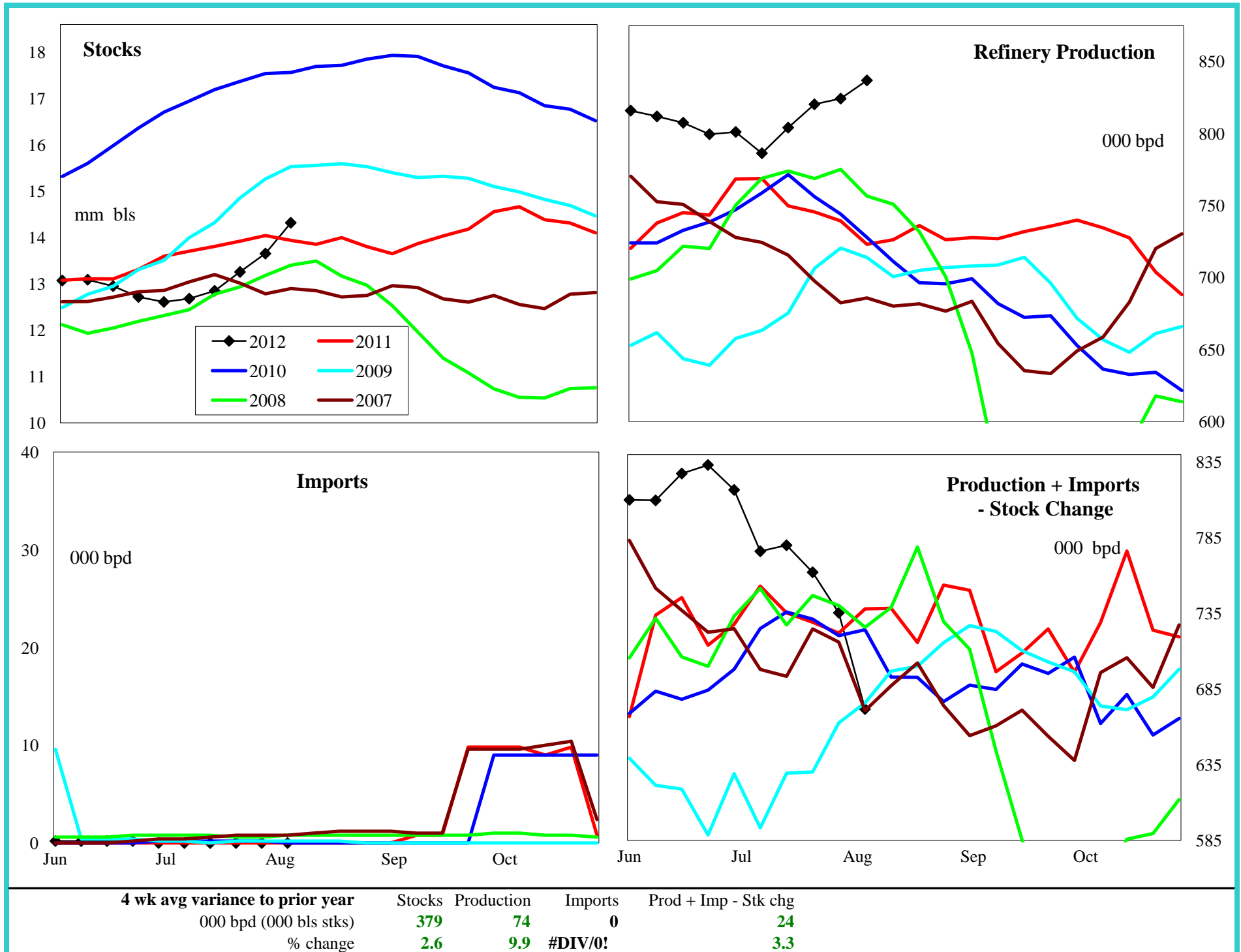
PADD 3 Low Sulfur Distillate Supply



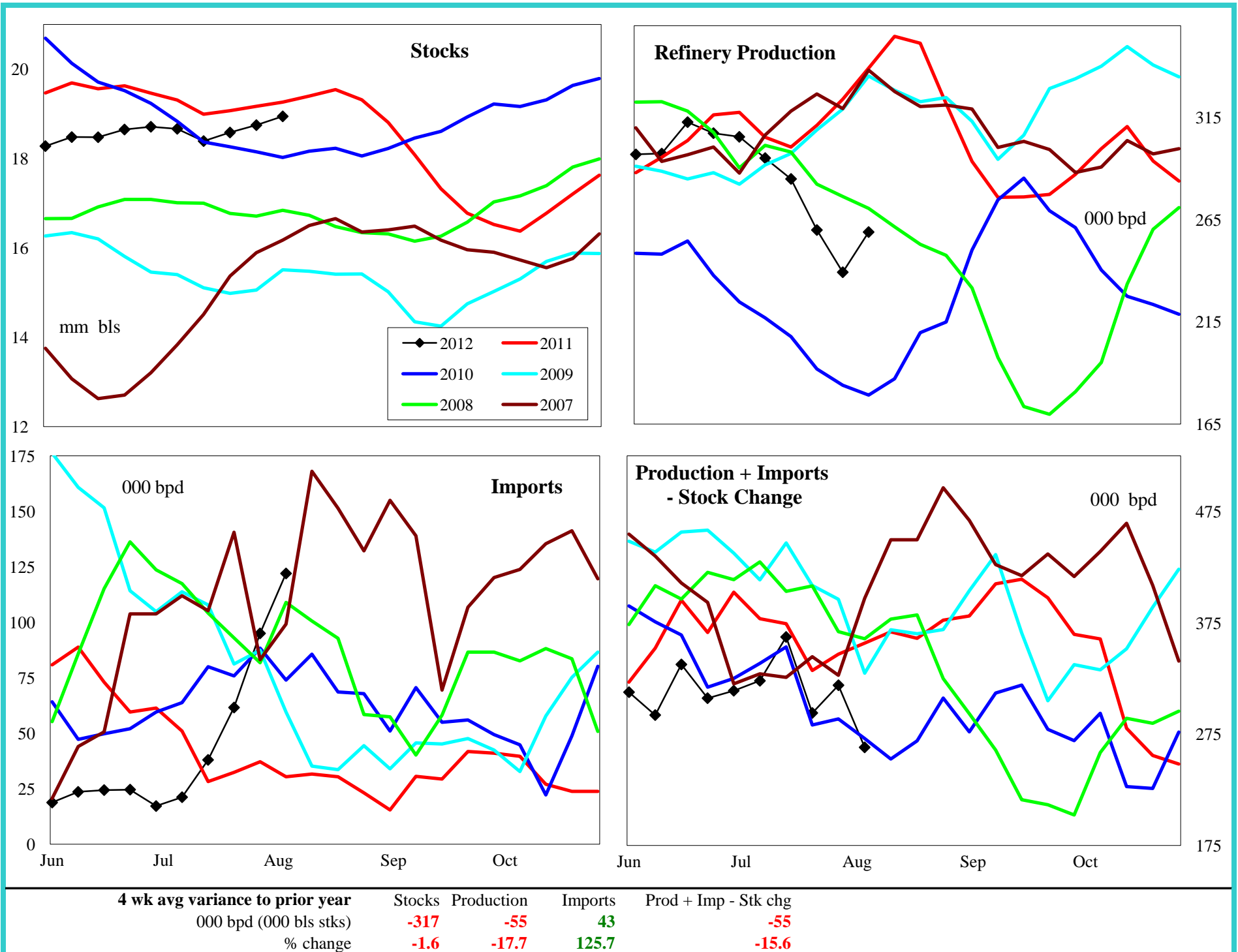
PADD 3 High Sulfur Distillate Supply



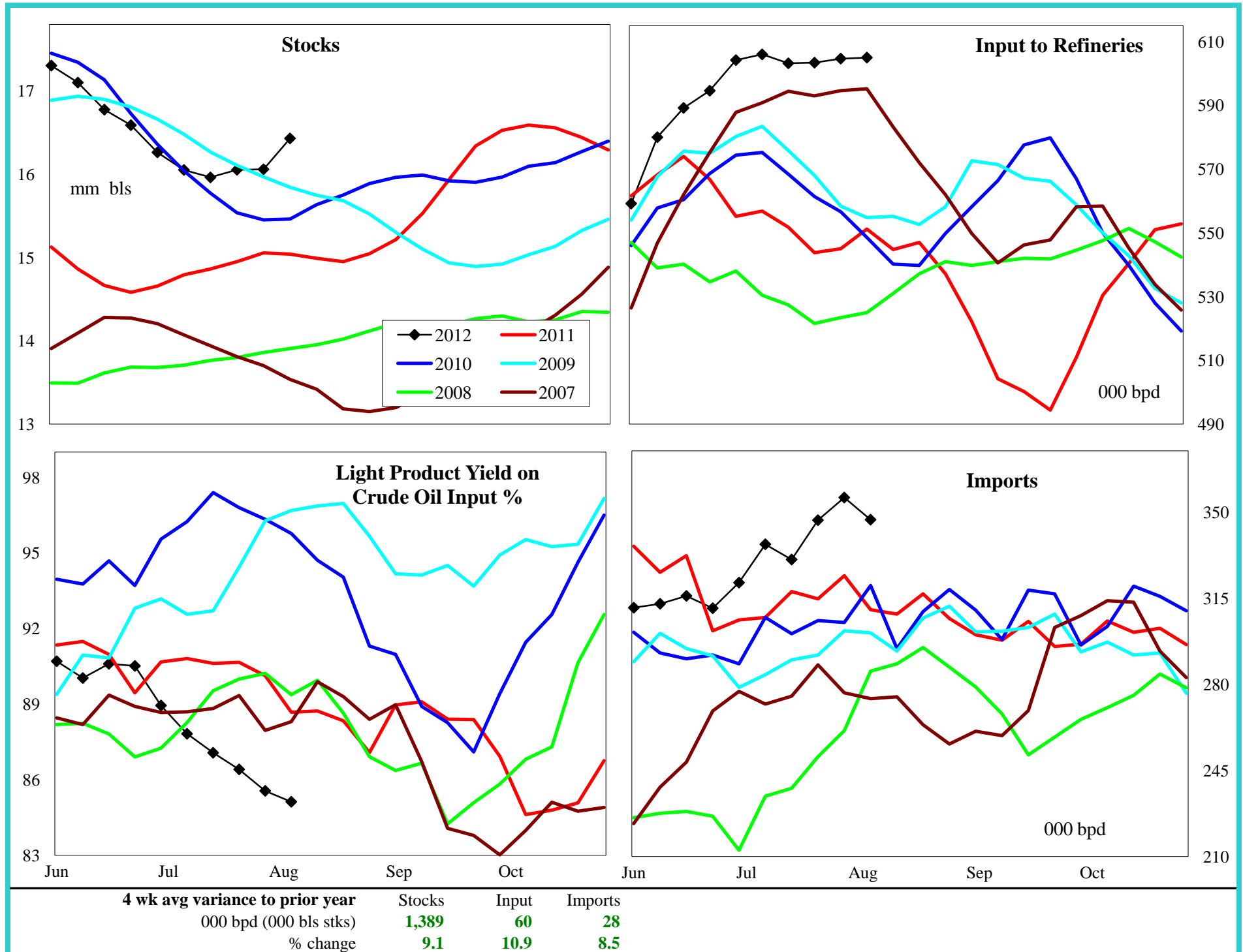
PADD 3 Jet Fuel Supply



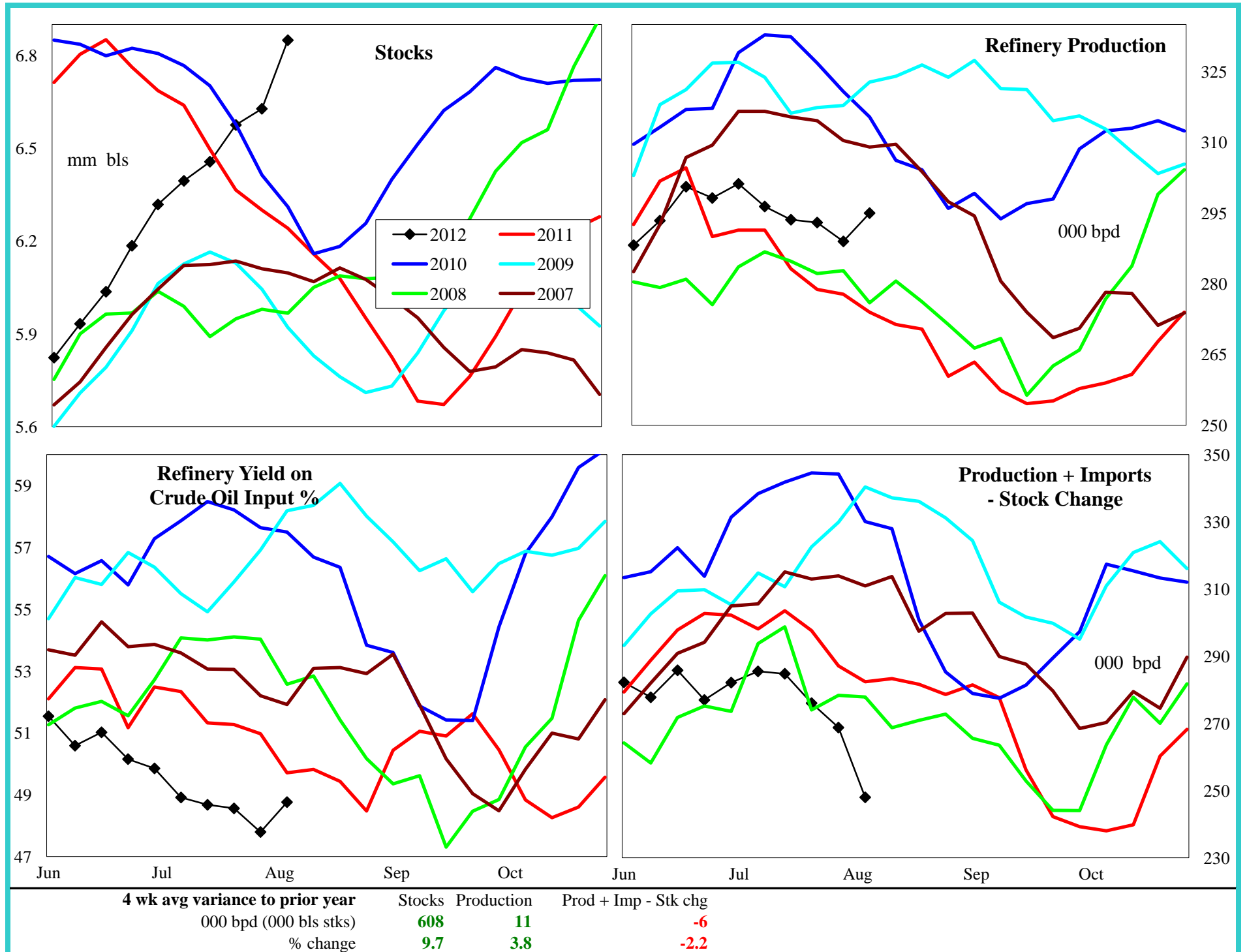
PADD 3 Residual Fuel Oil Supply



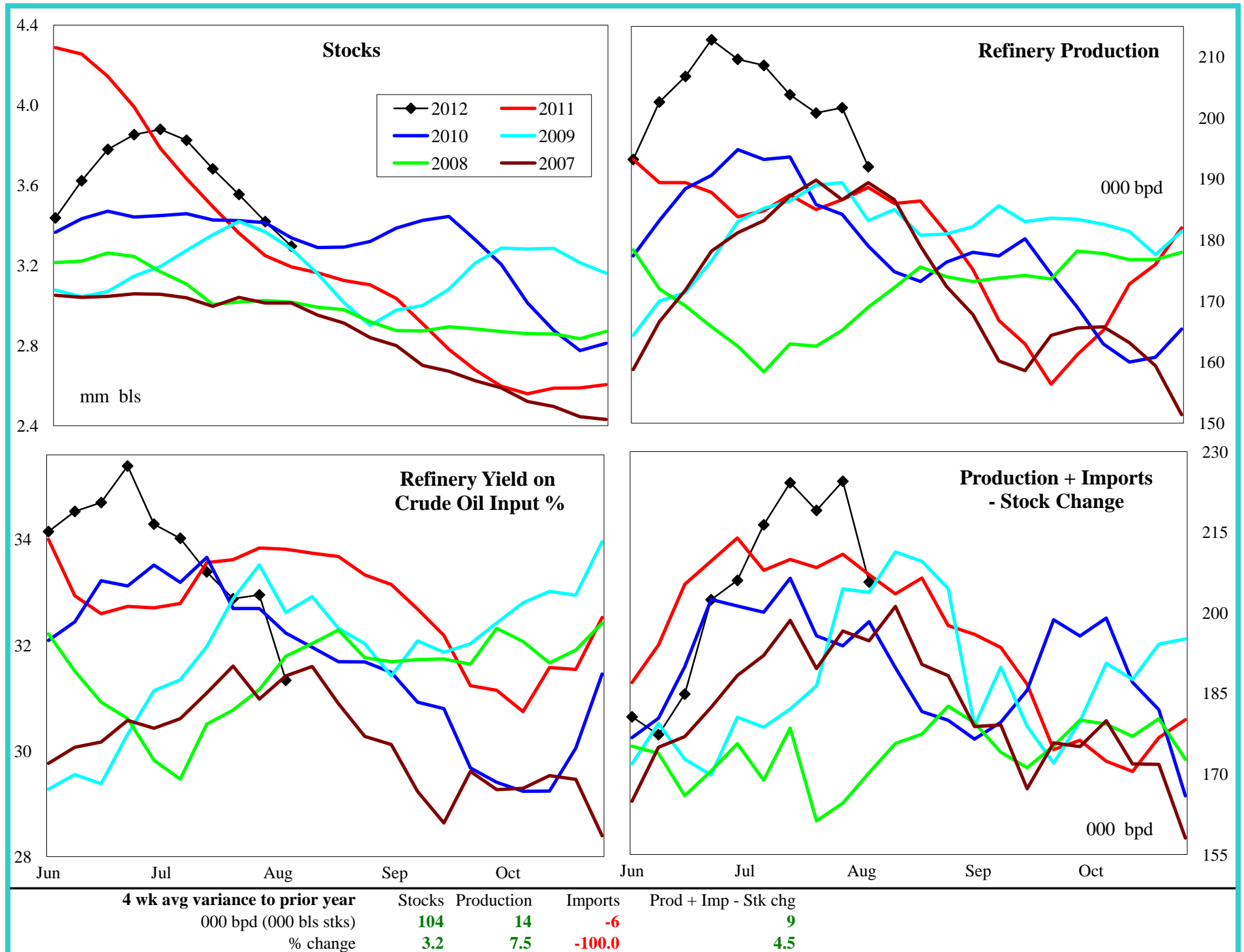
PADD 4 Crude Oil Supply and Refining



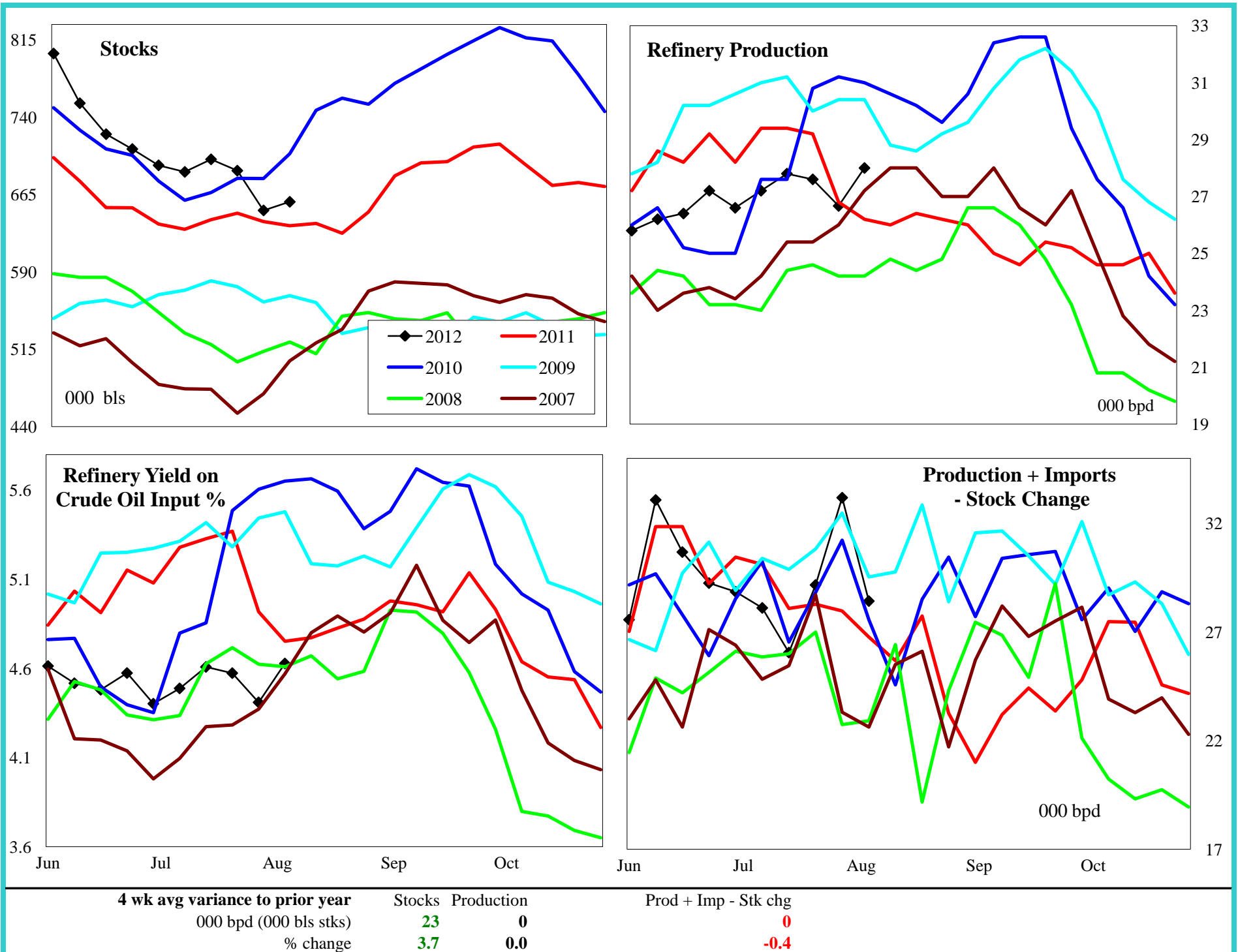
PADD 4 Gasoline Supply



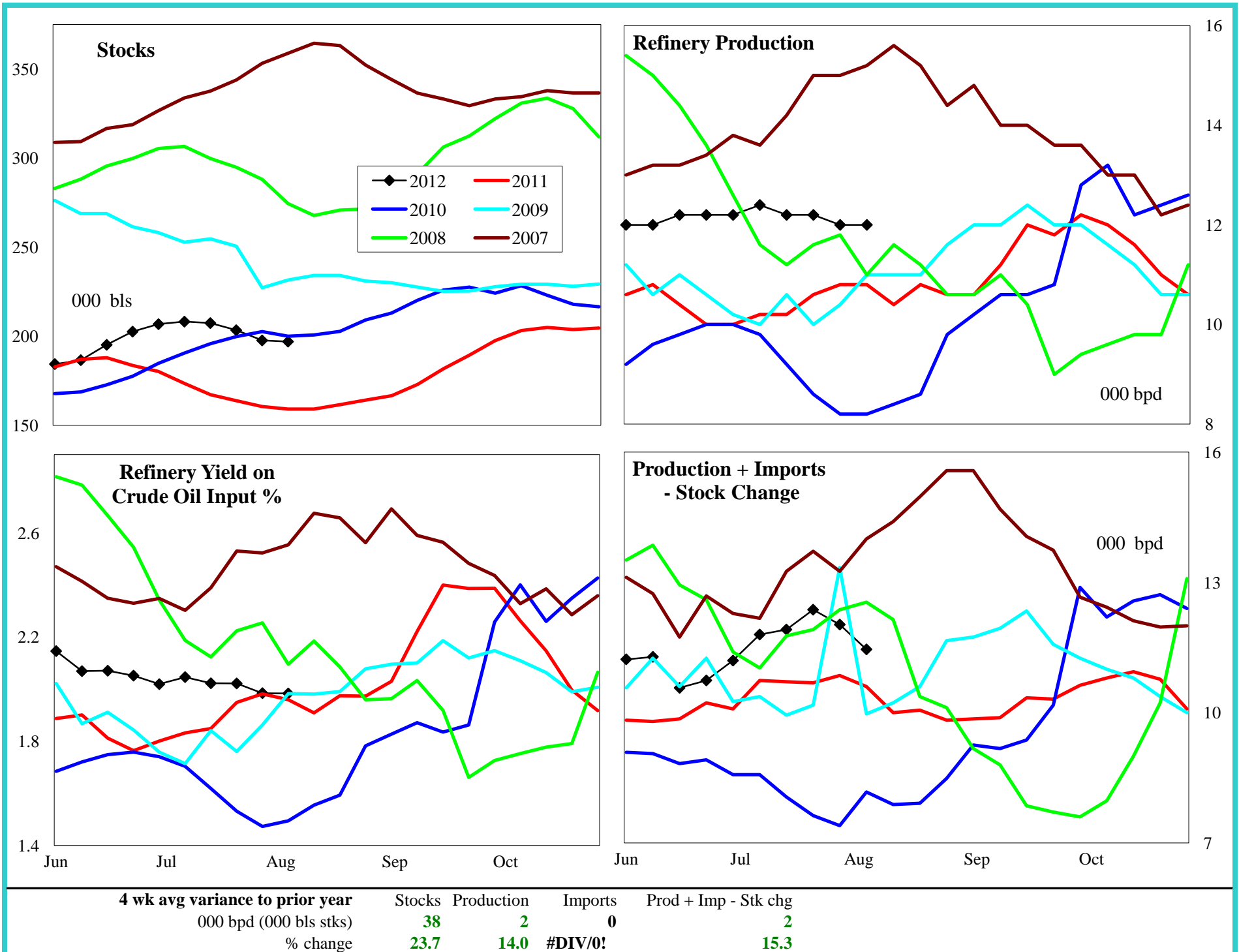
PADD 4 Distillate Supply



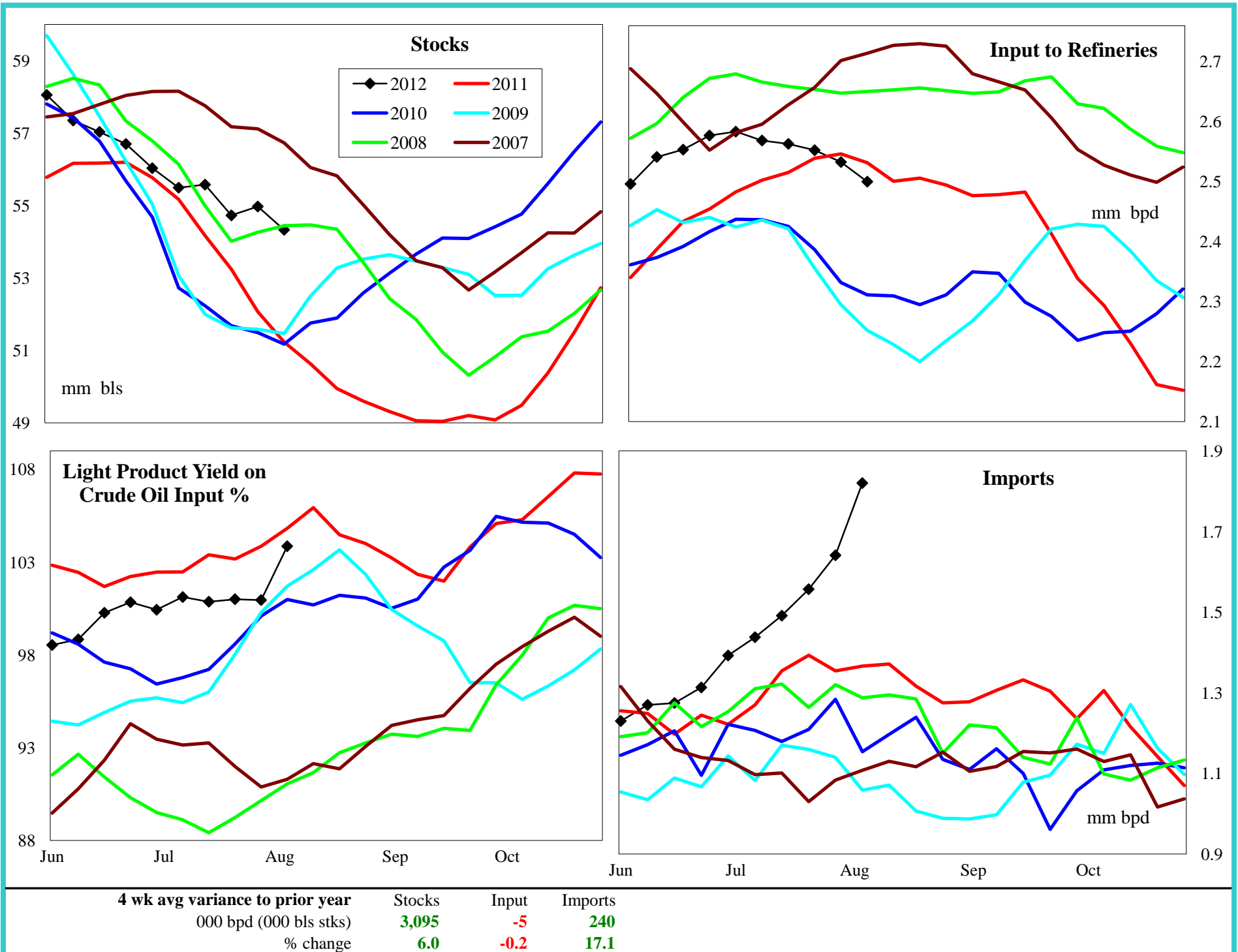
PADD 4 Jet Fuel Supply



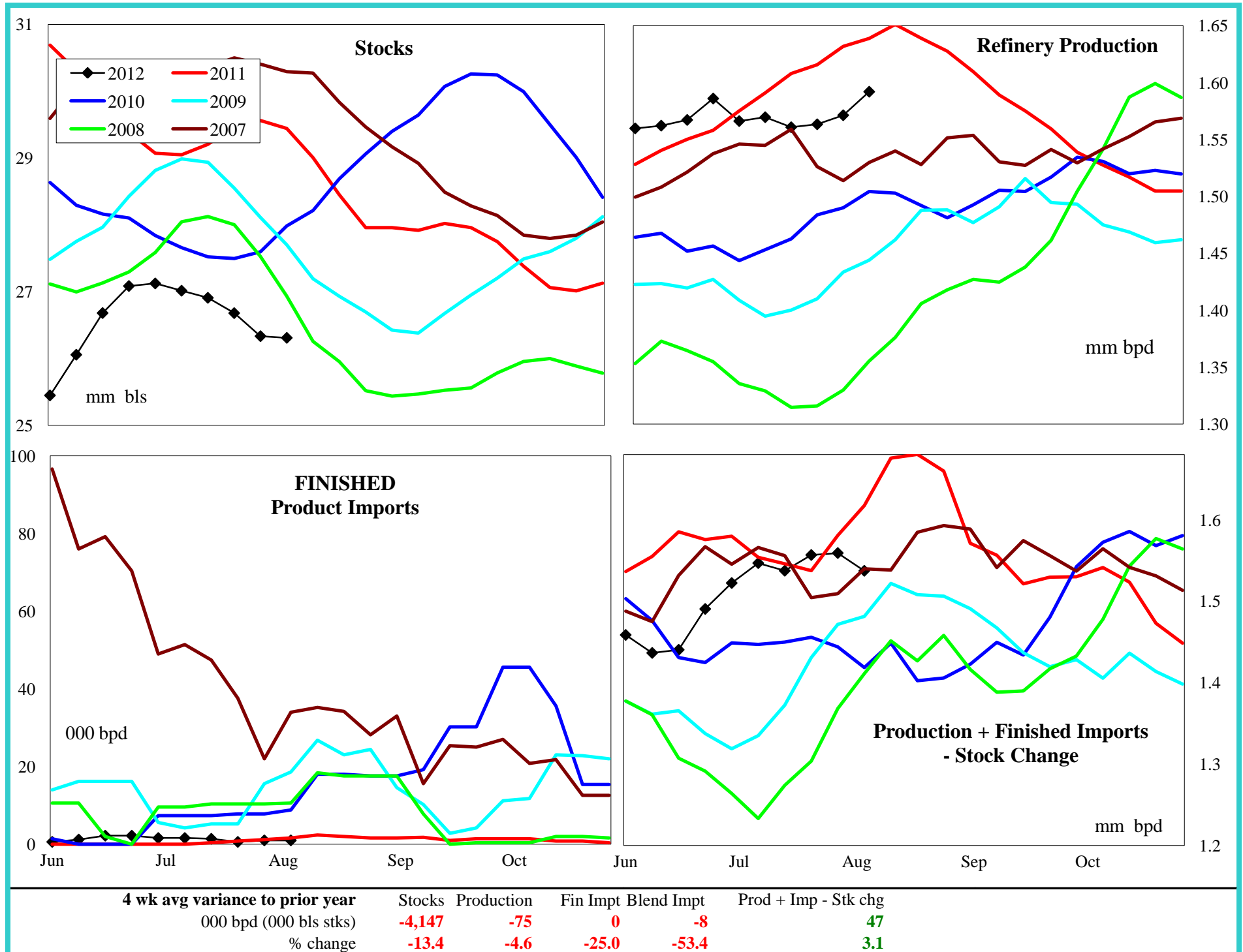
PADD 4 Residual Fuel Oil Supply



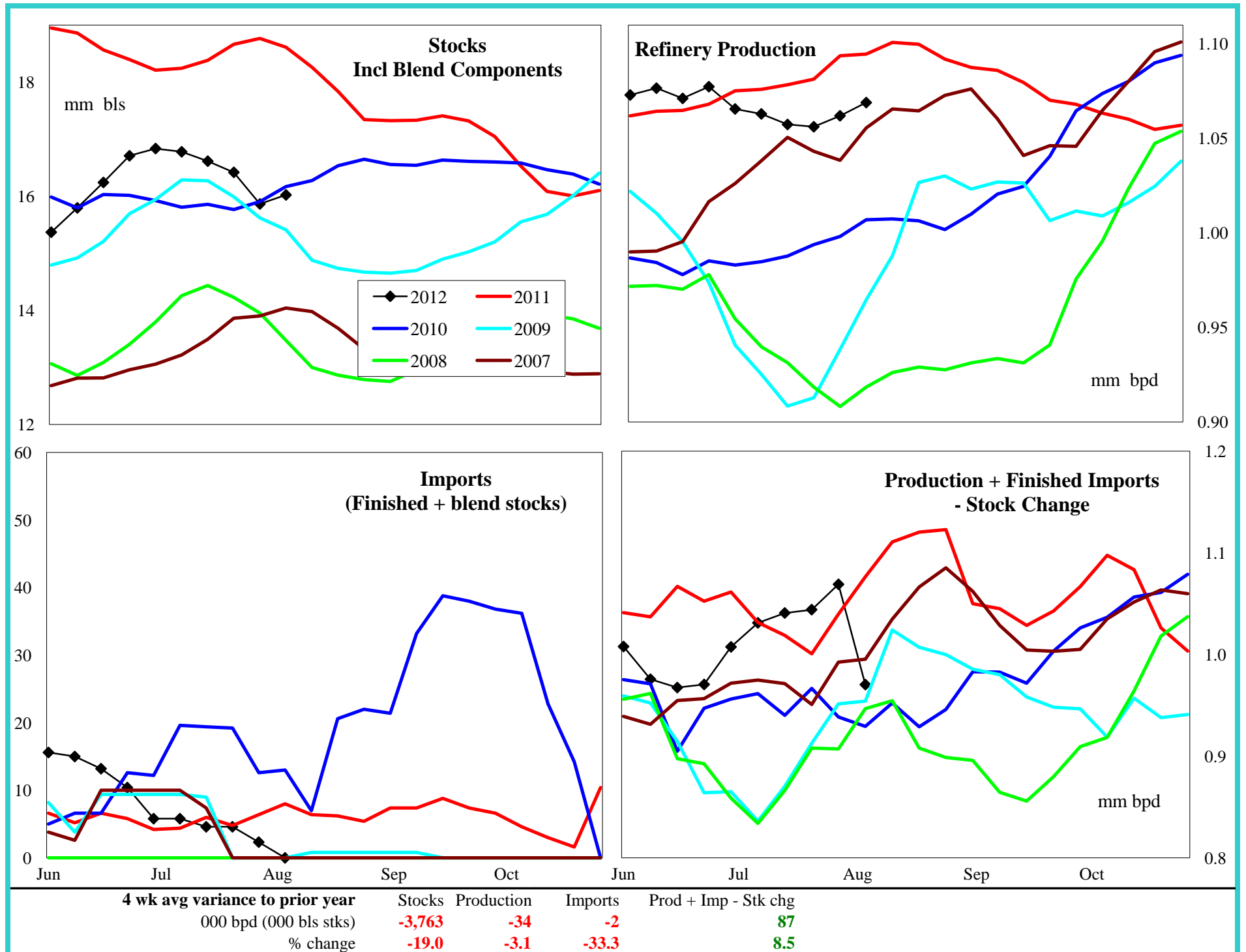
PADD 5 Crude Oil Supply and Refining



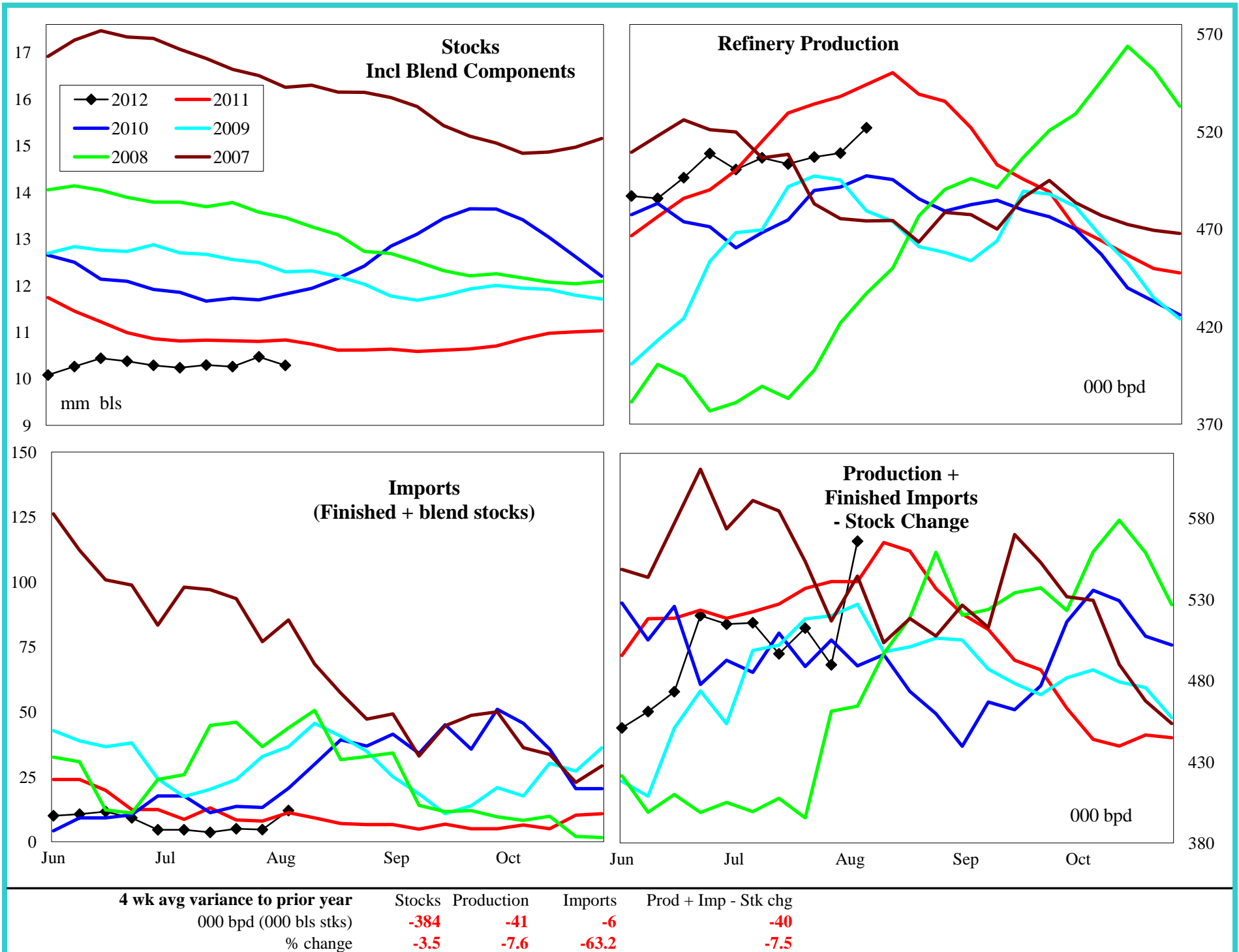
PADD 5 Gasoline Supply



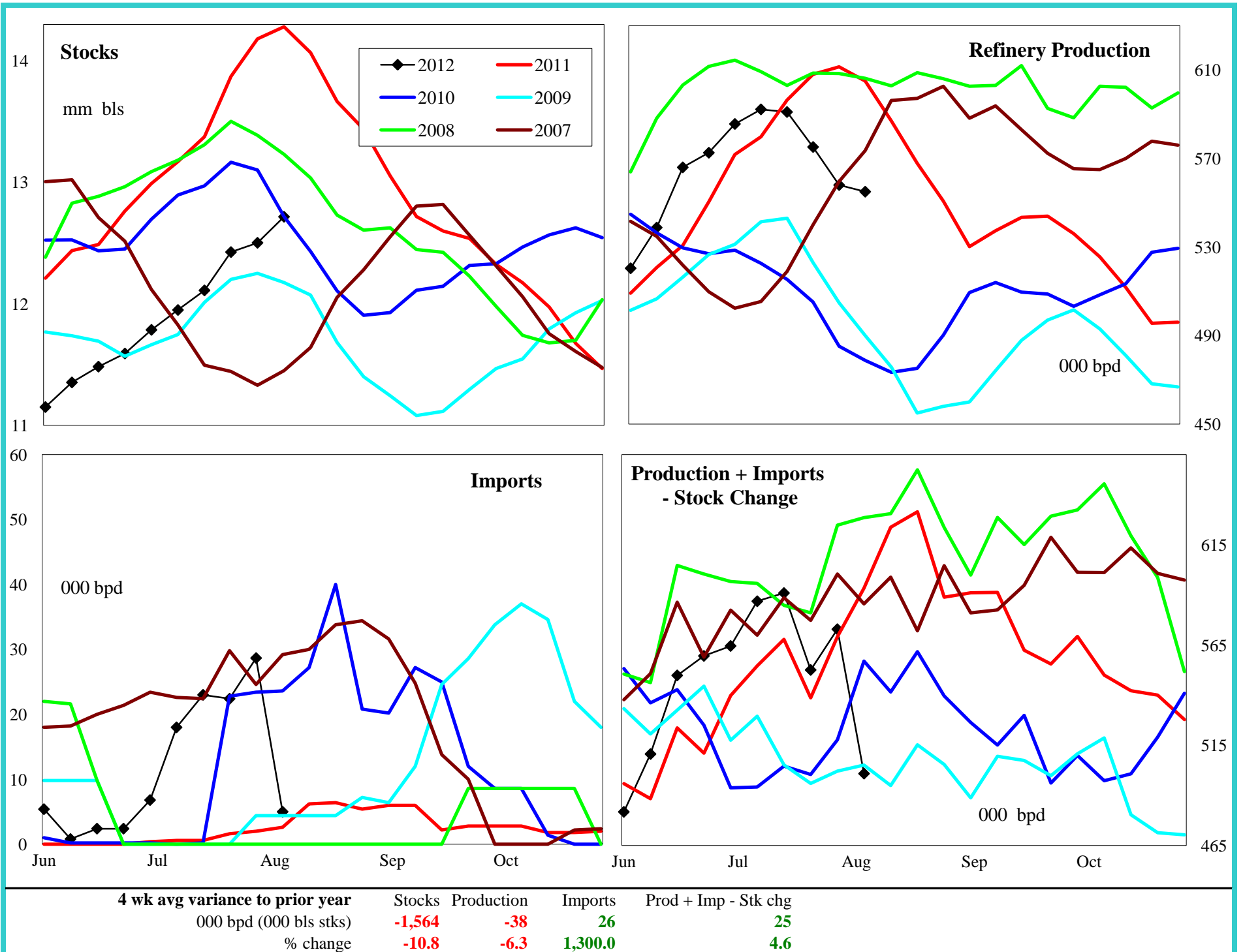
PADD 5 Reformulated Gasoline Supply



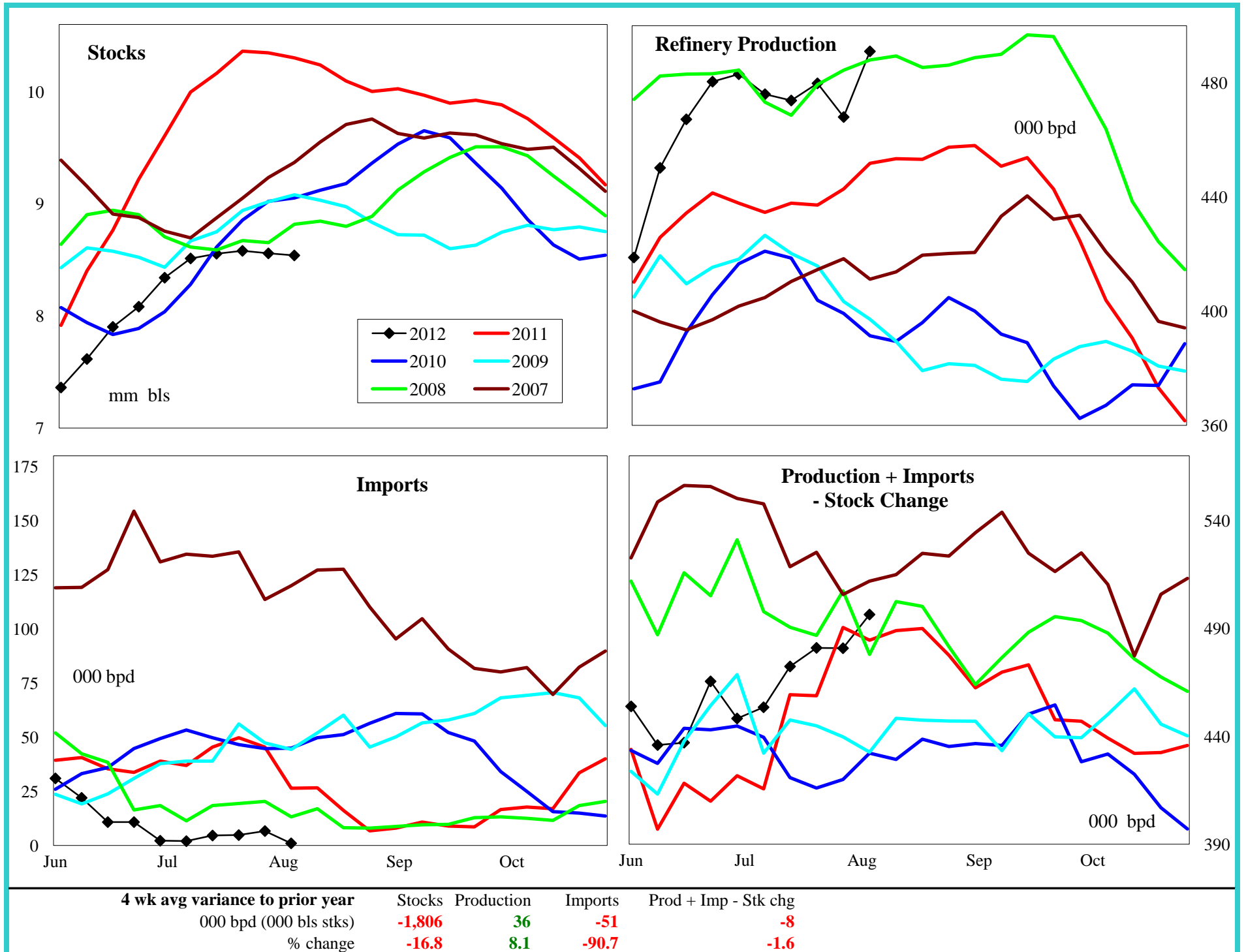
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

