



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

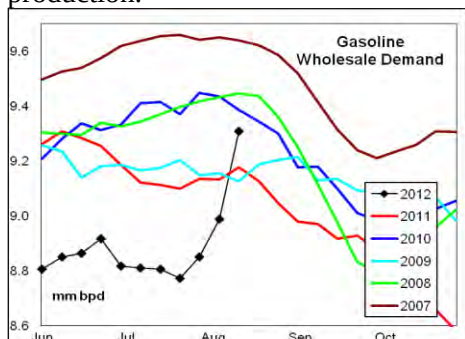
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 15, 2012

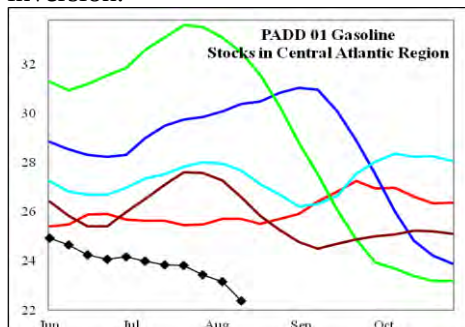


Major Fundamental Trends¹

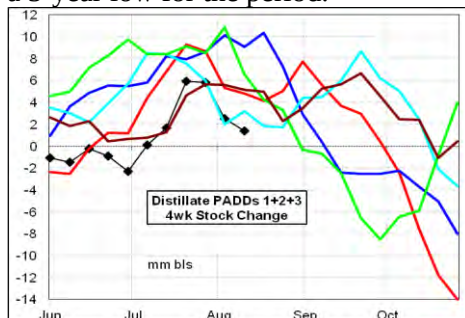
End of summer wholesale gasoline demand surged +0.5 million bpd last week, offsetting higher imports and production.



Stocks fell -2.4 million bpd on the week, including a nearly -2 million barrel draw on the East Coast. The Central Atlantic Region of PADD 1 continues to experience a supply squeeze that has maintained the forward price curve in a record inversion.

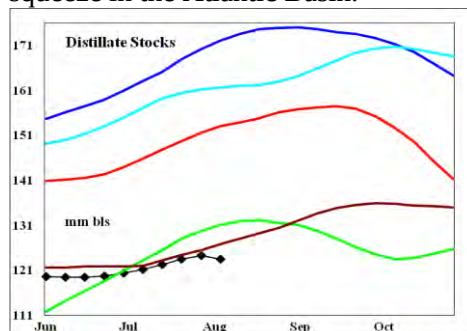


Distillate stock builds continue to lag prior years with the latest 4-wk build at a 5-year low for the period.

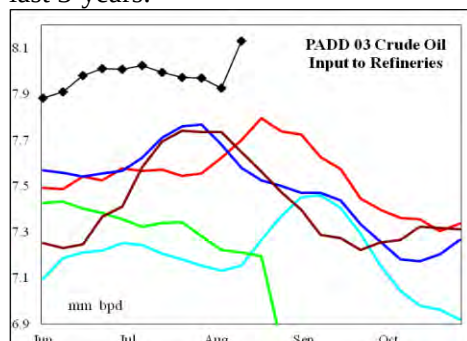


Distillate stock levels ended the week -30 million barrels below last year and at a 5-year low. There is increasing risk of a 4th quarter distillate supply

squeeze in the Atlantic Basin.



Crude oil imports jumped +1.1 million bpd last week in the Gulf Region, after falling to record lows during the prior week. A surge in crude oil refinery runs in the region led to continued stock draws. Stock levels remain ample with the level comparable to the last 3-years.



Demand for gasoline spiked +0.5 million bpd higher last week, while middle distillates fell a combined -0.4 million bpd. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.8%; distillate -2.5%; jet fuel down -3.9% while residual fuel oil decreased -8%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -2.4 million barrel stock draw. Coverage levels were below the last 3-years.

Distillate coverage increased on a +0.7 million barrel stock build and sharply lower demand. Coverage levels remain near historic lows.

Jet fuel coverage increased on a +0.6 million barrel stock build and sharply lower demand. Coverage levels were below the last 3-years.

Refinery utilization rates increased last week on a +104,000 bpd increase in

crude oil runs. During the latest 4-wk period crude oil input was +198,000 bpd above a year ago.

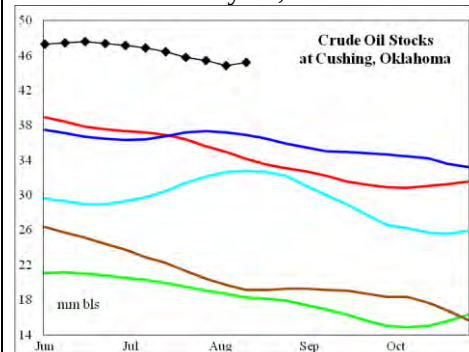
Gasoline yield % on crude oil runs increased on a +107,000 bpd rise in output compared to the +104,000 bpd increase in crude oil runs. Yield % on crude oil runs were near 5-year lows.

Distillate yield % on crude oil runs decreased on a -30,000 bpd decline in production, compared to the small increase in crude oil runs. The yield % was matched year ago levels.

Jet fuel yield % on crude oil runs fell on a -55,000 bpd decrease in output, compared to the small increase in crude oil runs. The yield % matched historic highs.

Petroleum Imports of all transport fuels increased last week. Crude oil imports spiked +1.1 million bpd in the Gulf, partially offset by a -0.7 million bpd drop in the West Coast. During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports decreased -39,000 bpd; finished gasoline imports decreased -66,000 bpd, gasoline blend stock imports increased +87,000 bpd; jet fuel imports were -20,000 bpd lower, while residual fuel oil imports increased +29,000 bpd.

Crude Oil stocks declined -3.7 million barrels last week, including a -3.5 million barrel draw in PADD 3. U.S. stocks ended the week +12 million barrels above a year ago. Cushing stocks ended the week +11 million barrels above last year, +32%.



¹ Source is latest EIA Weekly Statistics



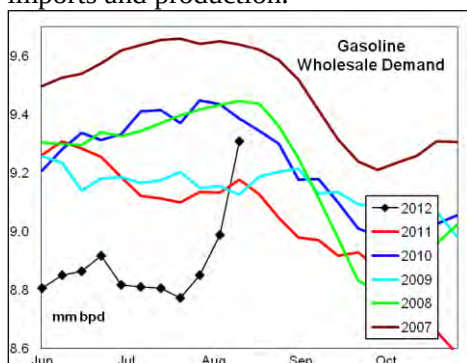
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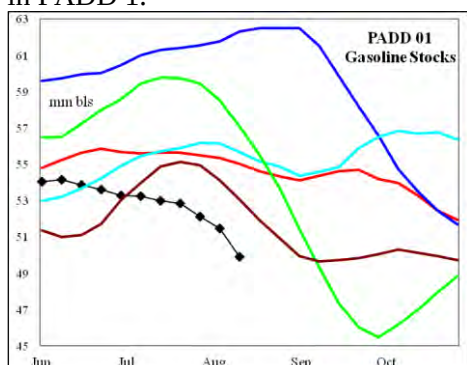
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Product Supply-Demand Trends

Gasoline demand spiked +469,000 bpd last week, to a level near the mid range. The latest 4-wk average demand was -257,000 bpd below a year ago, a decline of -2.8%. Supplies increased +438,000 bpd on higher imports and production.



The sharp increase in supply was offset by higher demand last week, leading to a -2.4 million barrel stock draw, including a -1.8 million barrel decline in PADD 1.



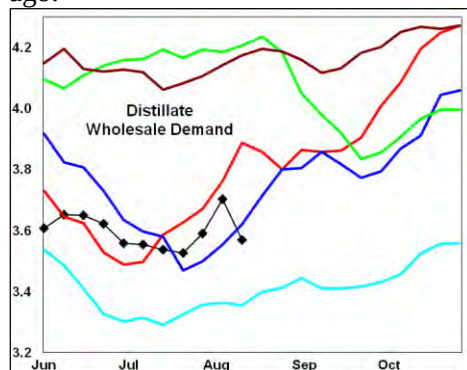
The latest 4-wk stock change in markets East of the Rockies was a -1.2 million barrel draw, near the historic average.

Record low stocks on the East Coast has kept a supply squeeze in place for this region, keeping the forward price curve at a record inversion. Very low stock levels and a steeply inverted RBOB forward price curve are likely to extend through month end.

An end to peak summer wholesale demand should lead to improvement in the supply balance East of the Rockies by early September.

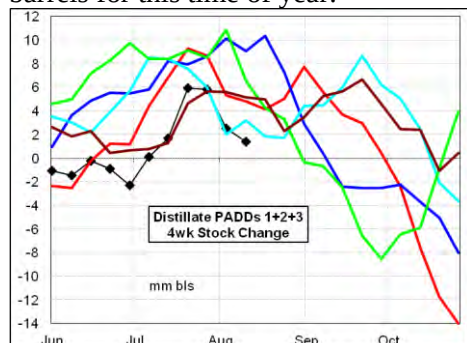
Distillate demand fell -221,000 bpd last week, to a level below the last 2-years. The latest 4-wk average

demand was -92,000 bpd below a year ago.



Supplies increased +9,000 bpd on the week, on higher imports. Stocks increased +0.7 million barrels last week.

The latest 4-wk stock build in markets East of the Rockies was +1.4 million barrels, a record low compared to an average build of +6 million barrels for this time of year.



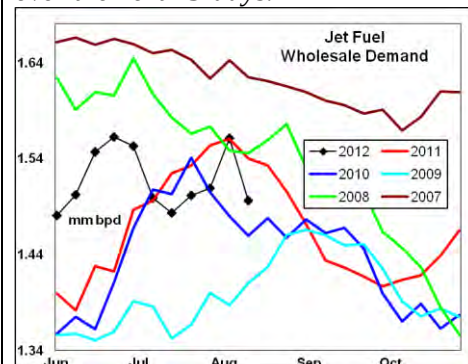
Stocks ended the week -30 million barrels below last year; a level below the historic range. Production has averaged +96,000 bpd above a year ago for the latest 4-wk period. Risk continues that stock levels will remain unusually low leading to tight supplies in the 4th quarter.

Jet Fuel demand fell -189,000 bpd on the week, offsetting the prior week surge. The latest 4-wk average demand was -60,000 bpd below a year ago, down -3.9%.

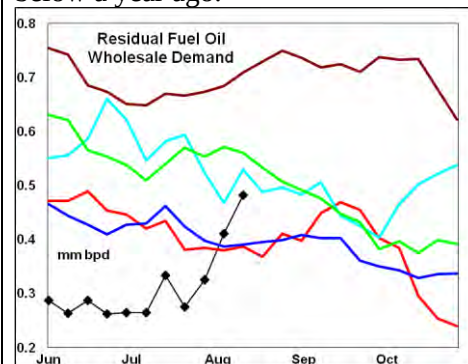
Production decreased -55,000 bpd last week, a level still above the historic range. Stocks increased +0.6 million barrels on the week, to a level -8% below last year.

Record production and higher imports has offset increased seasonal demand, leading to a +4 million barrel

build during the last 6-wk period. However, stock levels remain below the 5-year range. High production, should lead to further stock building over the next 45-days.



Residual fuel oil demand jumped +321,000 bpd last week, reversing the previous week collapse. The latest 4-wk average demand was -35,000 bpd below a year ago.



Supply (production + imports) decreased -7,000 bpd last week, on lower imports. The latest 4-wk average supply was -67,000 bpd below last year on lower production. Stocks fell -0.8 million barrels on the week to match historic lows.

Wholesale demand surged last week, offsetting much of the prior week decline. Higher imports have partially offset lower production.

Higher production and imports in the key gulf region has kept stock levels comparable to the last 2-years (near 5-year highs).



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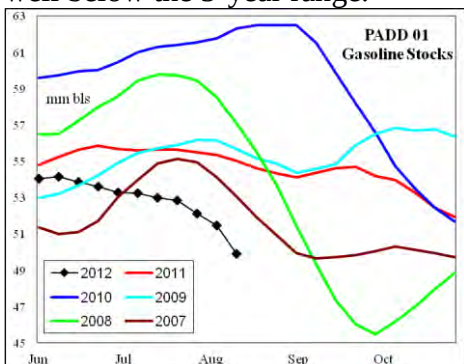
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -61,000 bpd on the week, with the latest 4-wk average -320,000 bpd below last year.

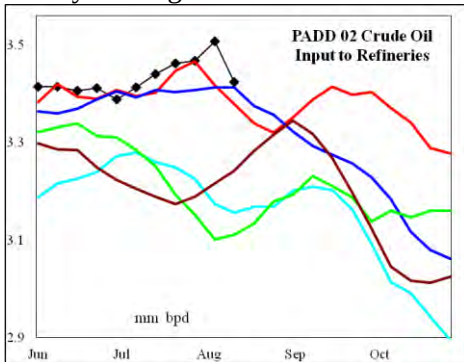
Gasoline imports jumped +378,000 bpd on the week, while production decreased -23,000 bpd. Stocks decreased -1.8 million barrels last week, with the level well below the 5-year range.



Stock levels in the Central Atlantic region ended the week -13% below last years' record low level, risking an end of summer supply squeeze in this key region.

Distillate supply increased +27,000 bpd last week, on higher imports. Supply for the latest 4-wk period was -63,000 bpd below last years' previous record low. Stocks increased +0.6 million barrels on the week, with the level -31% below last year.

Jet fuel supply increased +14,000 bpd last week, with the level -36,000 bpd below a year ago. Stocks increased +0.5 million barrels on the week, with the level still well below the 5-year range.



PADD 2 crude oil refinery runs decreased -97,000 bpd on the week, a

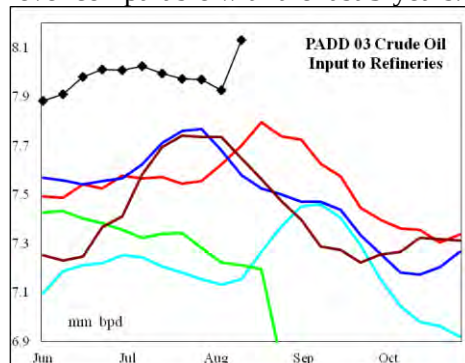
level comparable with the last 2-years. Crude oil imports decreased -125,000 bpd last week; to the lowest level of the spring quarter. Stocks increased +1.1 million barrels on lower refinery runs and receipts from the Gulf.

Gasoline production increased +66,000 bpd last week, to a level -64,000 bpd below a year ago for the most recent 4-wks. Stocks declined -0.8 million barrels, with the level at the mid range.

Distillate production decreased -37,000 bpd on the week, a level slightly below the last 2-years. Stocks increased +1 million barrels last week, a level that matched 5-year lows.

Jet fuel production continued at record high rates for the week. Stocks increased +0.2 million barrels on the week, with the level near historic lows.

PADD 3 refinery runs increased +222,000 bpd last week, a level above previous 5-year highs. The latest 4-wk average thru put was +411,000 bpd above last year. Crude oil imports surged +1.1 million bpd last week, to a level above last year. Stocks decreased -3.5 million barrels on the week, to a level comparable with the last 3-years.



Gasoline production increased +146,000 bpd last week, a level above the last 2-months. Stocks increased +1.1 million barrels last week, to a level at the mid range of the last 3-years.

Distillate supply increased +17,000 bpd on the week, a level above the last 5-years. Production was +161,000 bpd above a year ago for the latest 4-wk period. Stocks decreased -0.4 million barrels on the week, a level at the low

end of the historic range.

Jet fuel production decreased -32,000 bpd last week, still above the 5-year range. Stocks increased +0.2 million barrels to a level above the historic mid range.

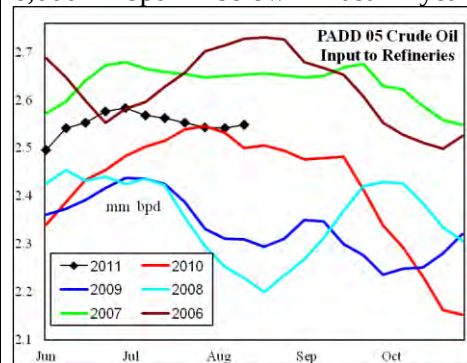
Residual fuel oil supplies decreased -15,000 bpd last week. Stock levels remain at the upper end of the historic range.

PADD 4 refinery crude runs decreased -8,000 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 +56,000 above last year.

Gasoline supply increased +2,000 bpd on the week, to a level below the mid range. Stock levels ended the week +0.8 million barrels above the prior 5-year high for this time of year.

Distillate production increased +10,000 bpd on the week, with the latest 4-wk average +14,000 bpd above last year. Stocks ended the week slightly above the 5-year range.

PADD 5 crude oil refinery runs increased +49,000 bpd last week, to a level at the historic mid range. Runs for the most recent 4-wk period were -6,000 bpd below last year.



Gasoline supply declined -31,000 bpd on the week; with the latest 4-wk average -58,000 bpd below a year ago. Stocks fell -0.9 million barrels last week, with the level below the historic range.

Distillate supply decreased -6,000 bpd on the week, with the level below the historic mid range. Stocks fell -0.6 million barrels to a level below the mid range.

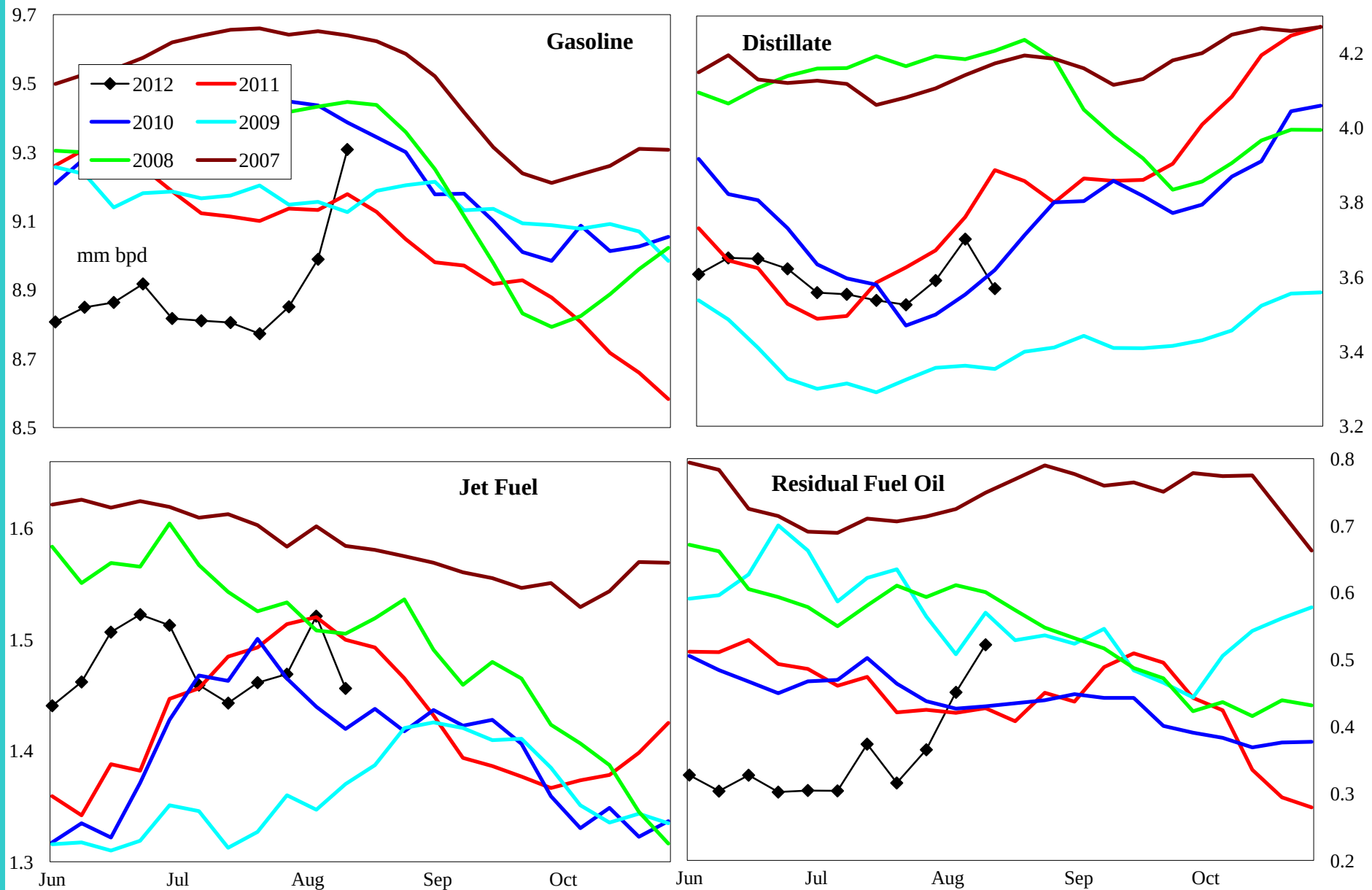


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	10-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	-3,699	1	1,071	-3,535	-432	-805
	Imports	90	-177	-125	1,086	-38	-655
	Input	104	-61	-97	222	-8	49
	% Utilization	0.00					
Gasoline	Stocks	-2,371	-1,780	-783	1,088	-11	-883
	Production	107	-23	66	146	2	-22
	Imports	331	378	3	-41	0	-9
	Supplied	469					
Distillate	Stocks	677	602	1,045	-420	47	-597
	Production	-30	-13	-37	17	10	-6
	Imports	39	40	0	0	0	0
	Supplied	-221					
Jet Fuel	Stocks	631	532	193	173	-43	-224
	Production	-55	-9	-3	-32	-4	-7
	Imports	24	23	0	0	0	1
	Supplied	-189					
Residual Fuel Oil	Stocks	-793	-211	-122	-70	27	-416
	Production	5	-17	17	-1	1	5
	Imports	-12	55	0	-14	0	-53
	Supplied	321					

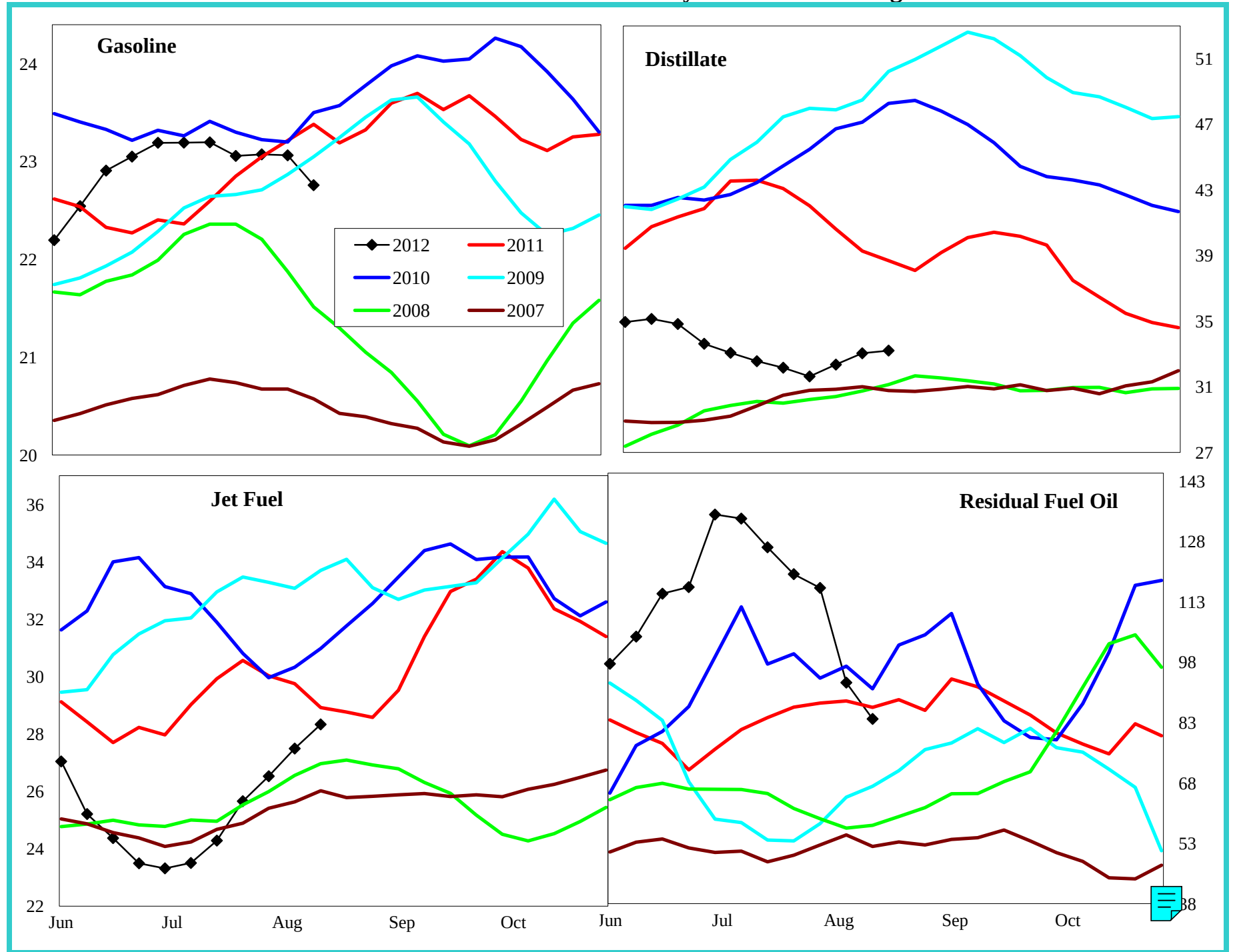
United States Wholesale Petroleum Demand



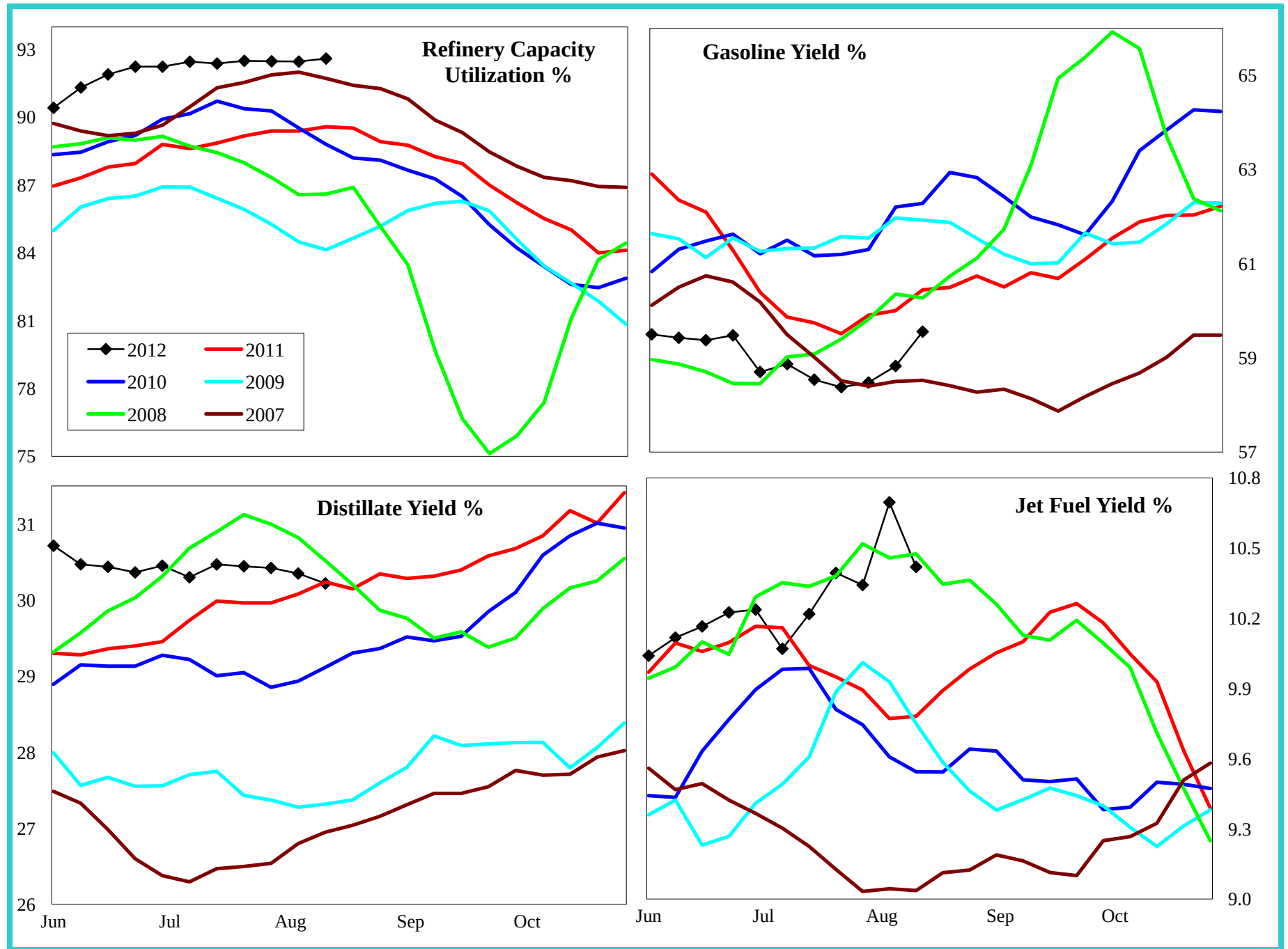
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-257	-204	-128	212	-2.8	-2.3	-1.4	2.4
Distillate	-92	8	-186	88	-2.5	0.2	-4.8	2.4
Jet Fuel	-60	-11	44	-20	-3.9	-0.8	2.8	-1.4
Resid	-35	28	-162	-184	-8.2	8.9	-34.4	-38.5



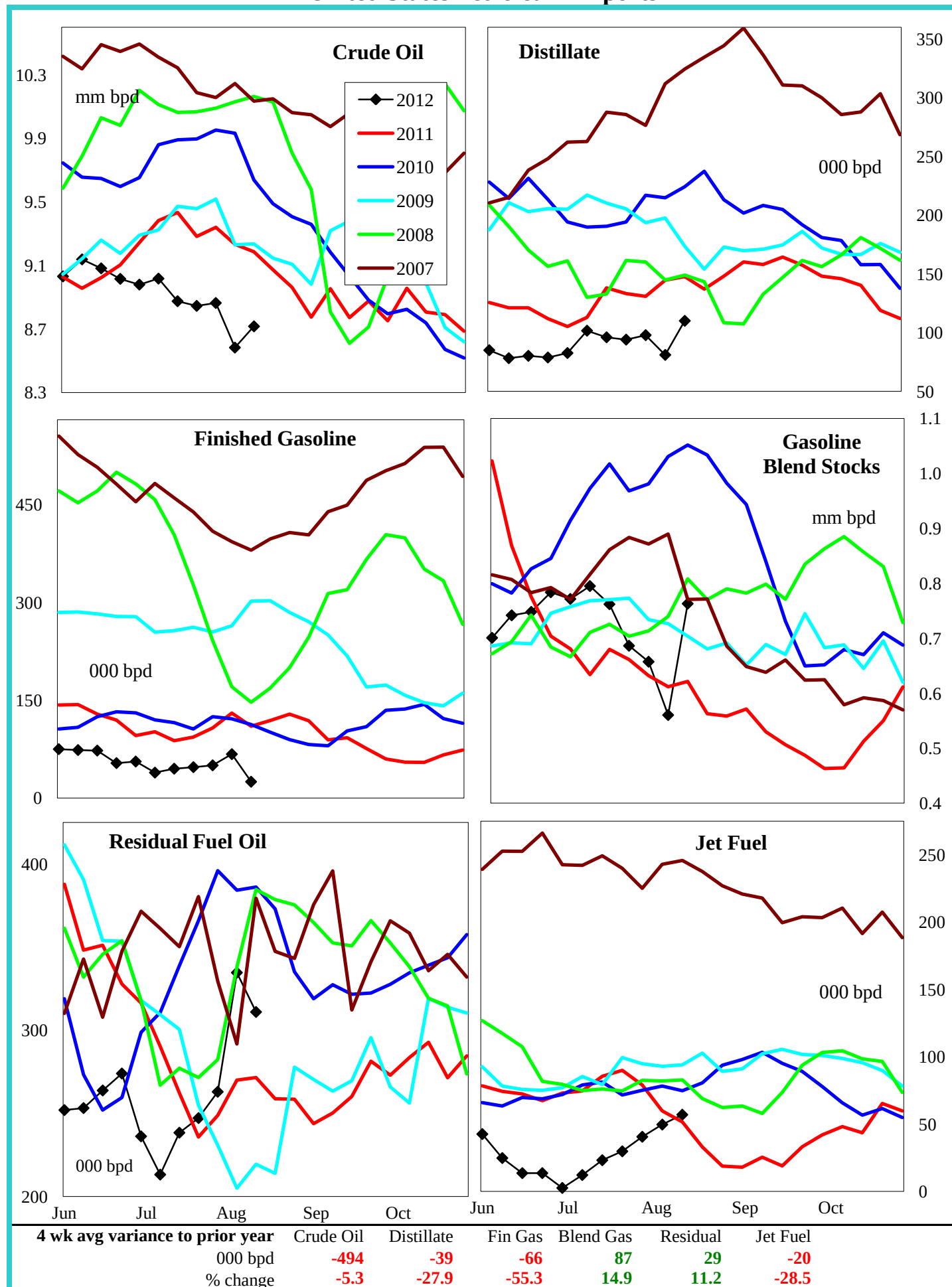
United States Product Stocks: Days Forward Coverage



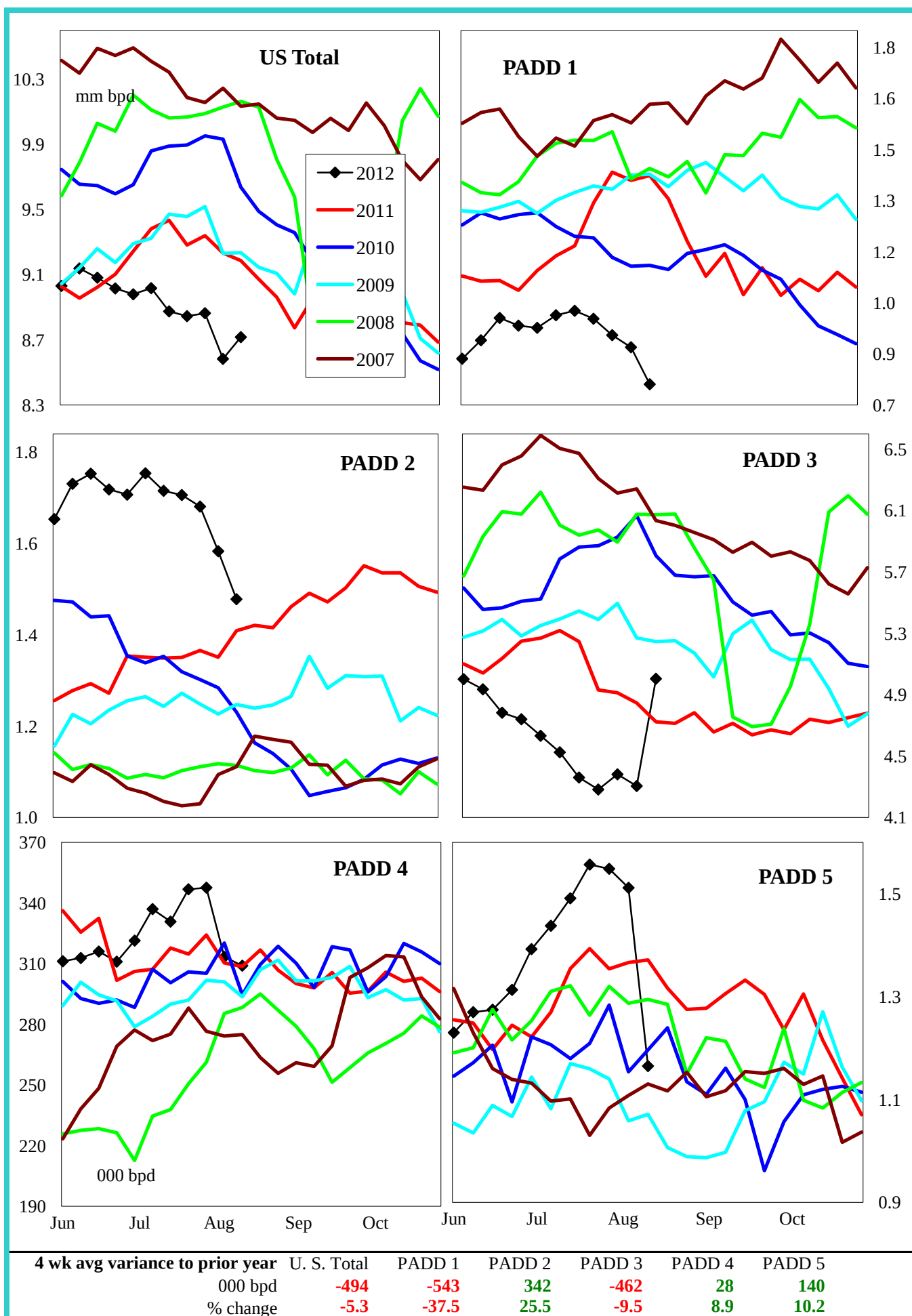
United States Refinery Percent Utilization Rate and Product Yields



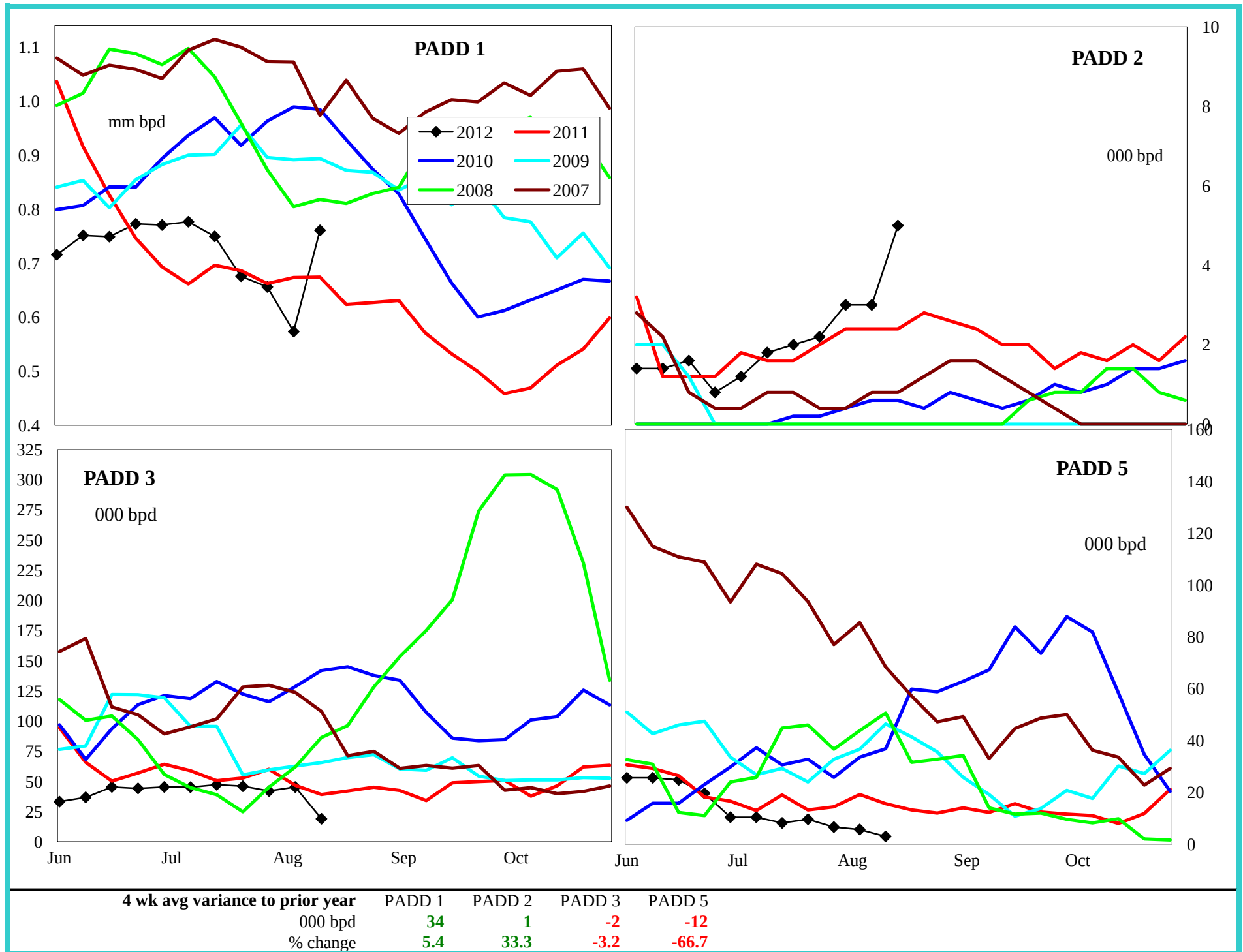
United States Petroleum Imports



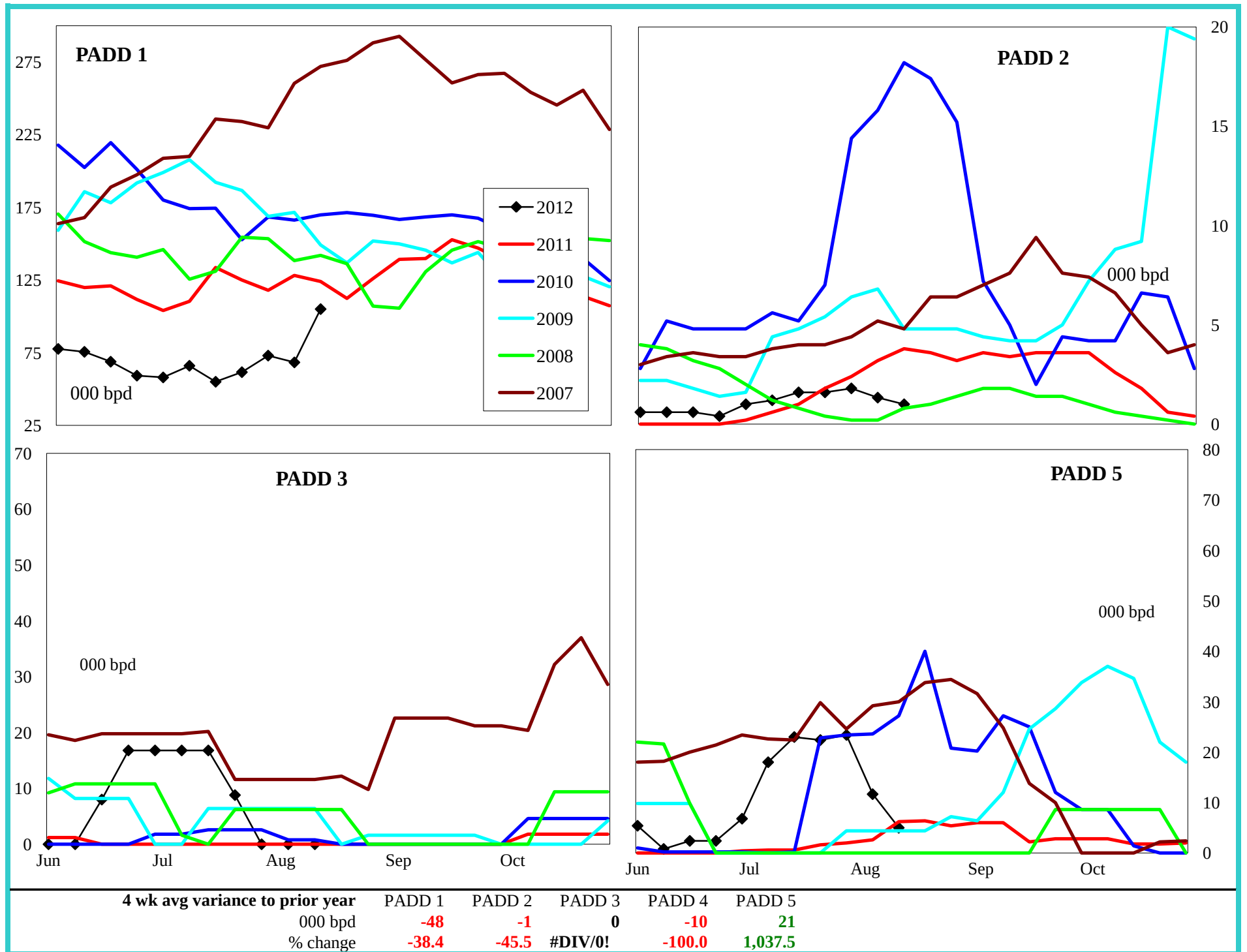
Crude Oil Imports by PADD



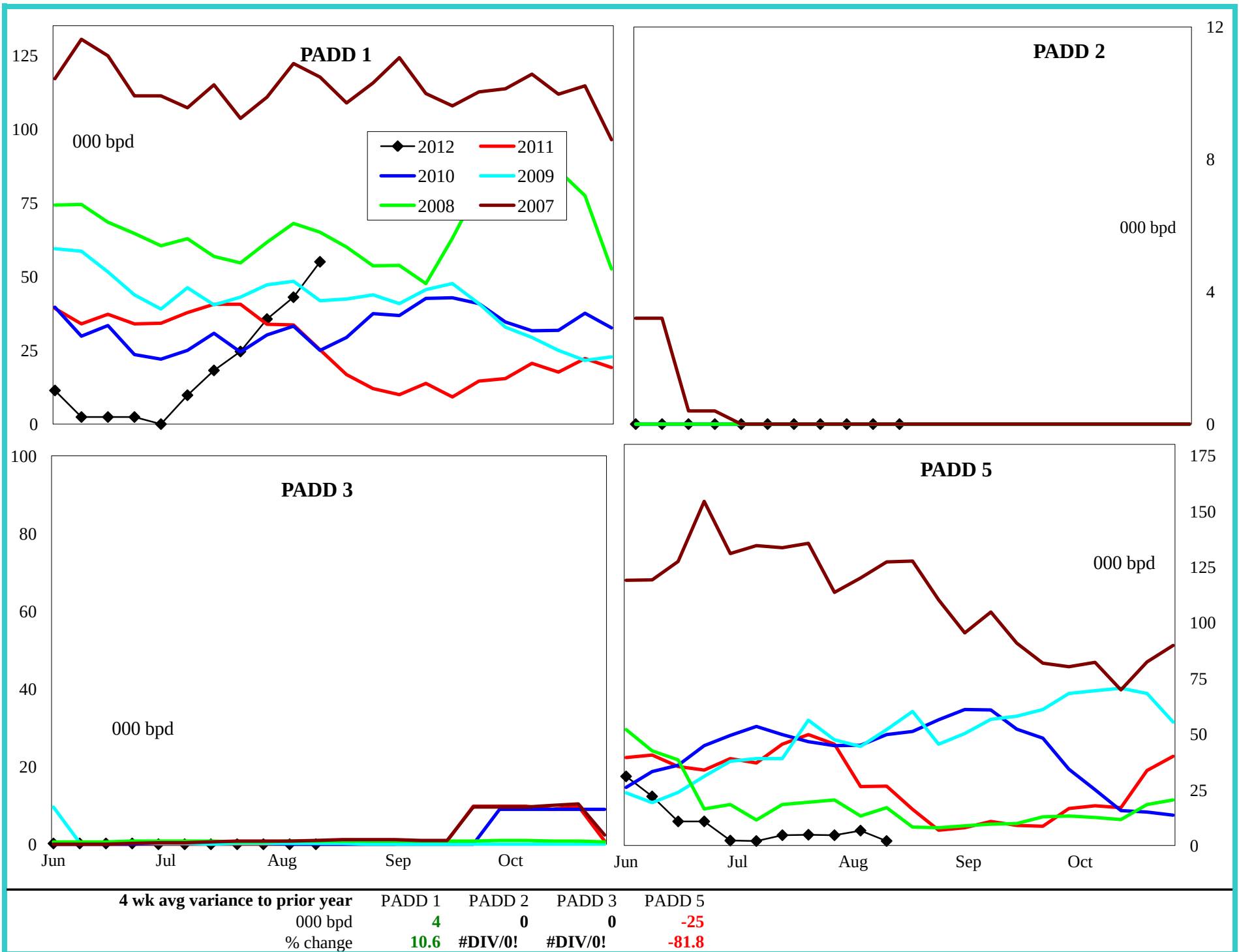
Gasoline Imports by PADD (Finished + Blend Stocks)



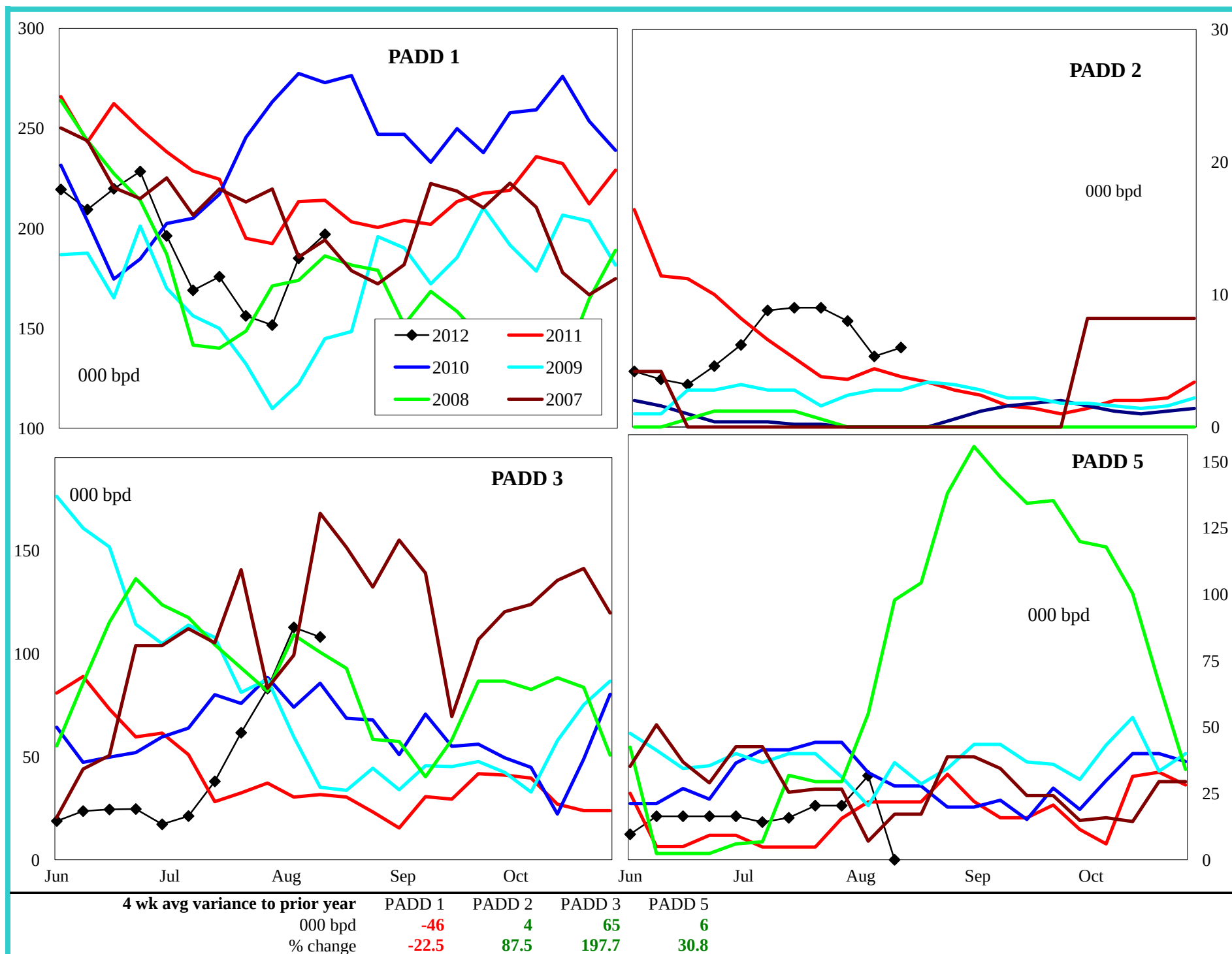
Distillate Imports by PADD



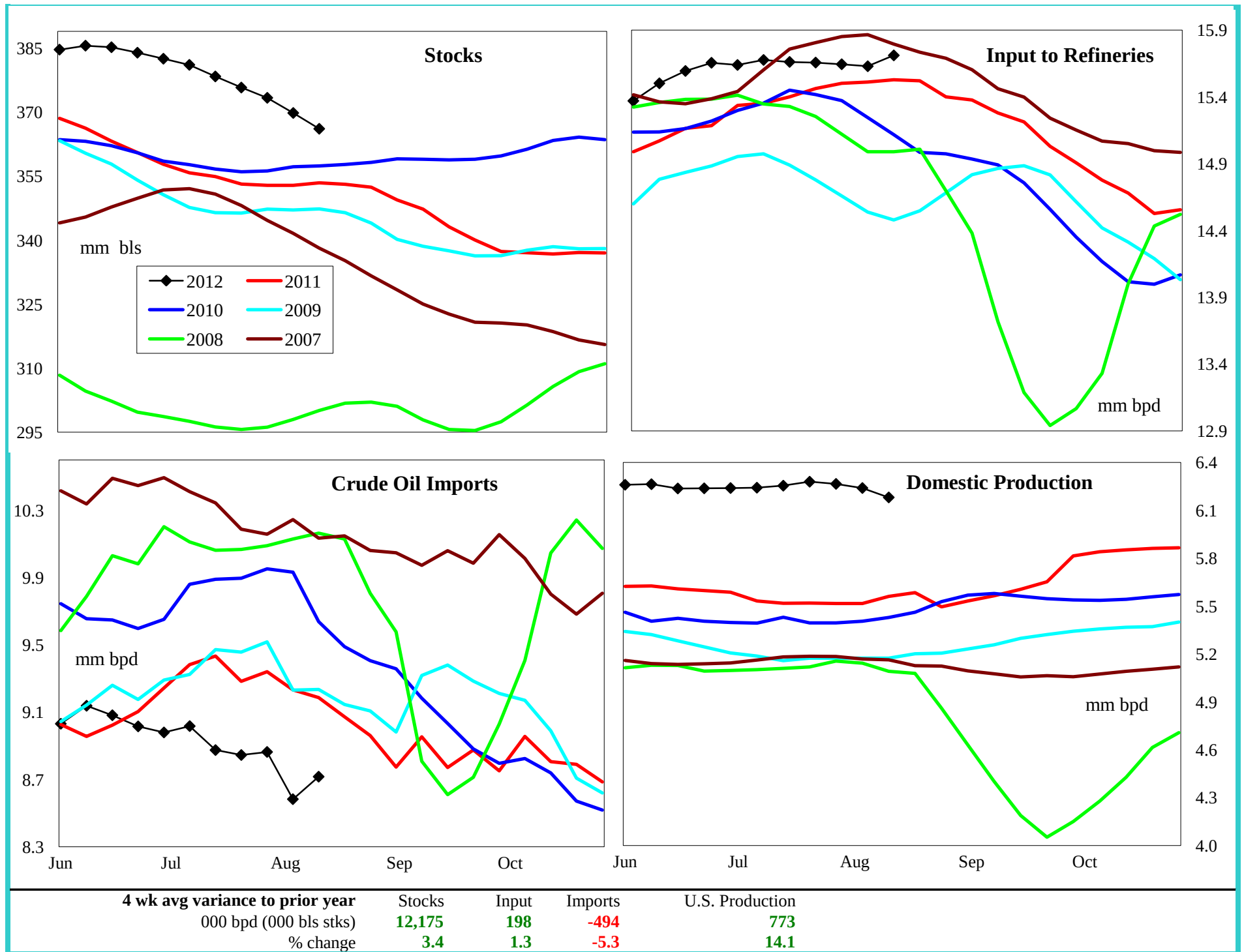
Jet Fuel Imports by PADD



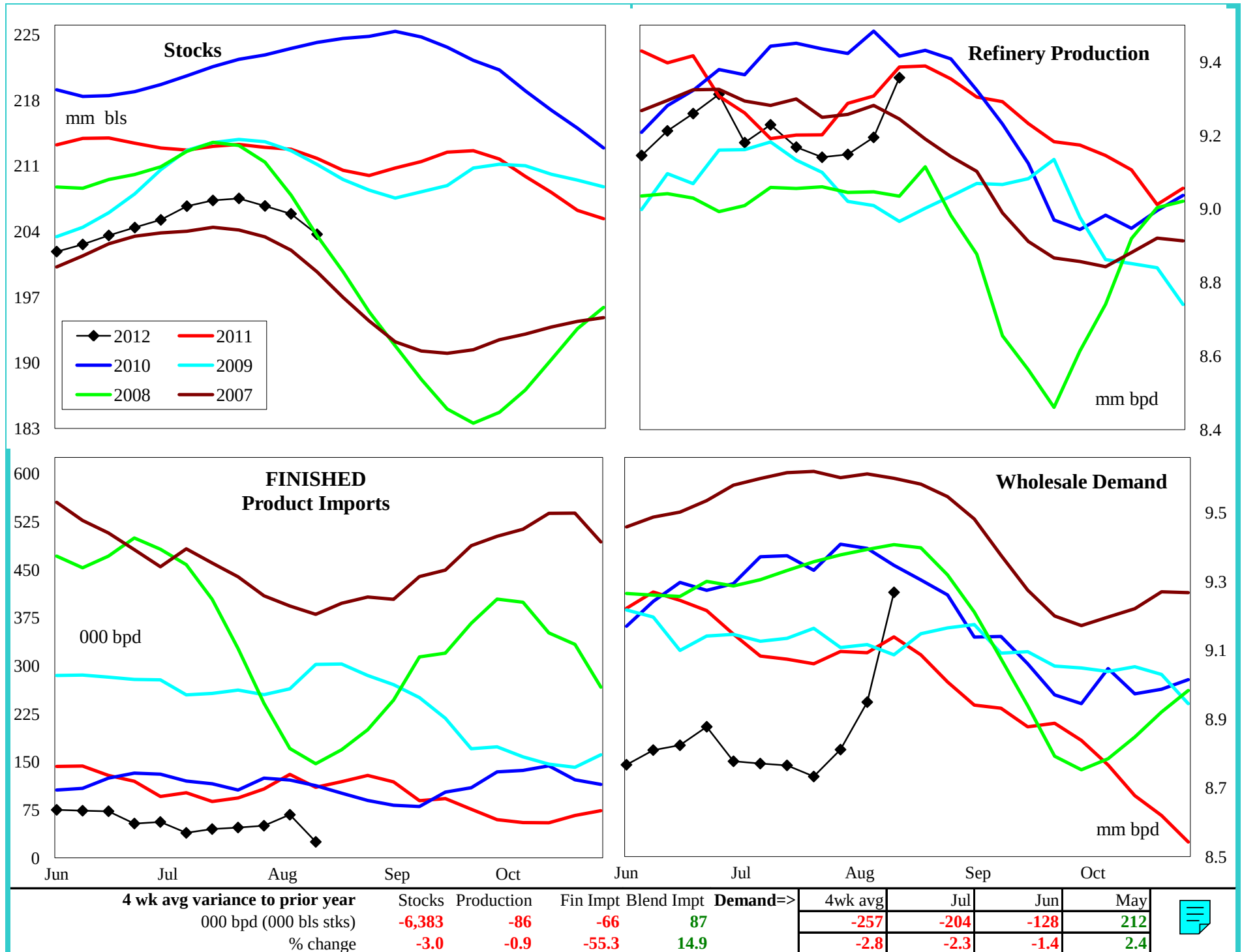
Residual Fuel Oil Imports by PADD



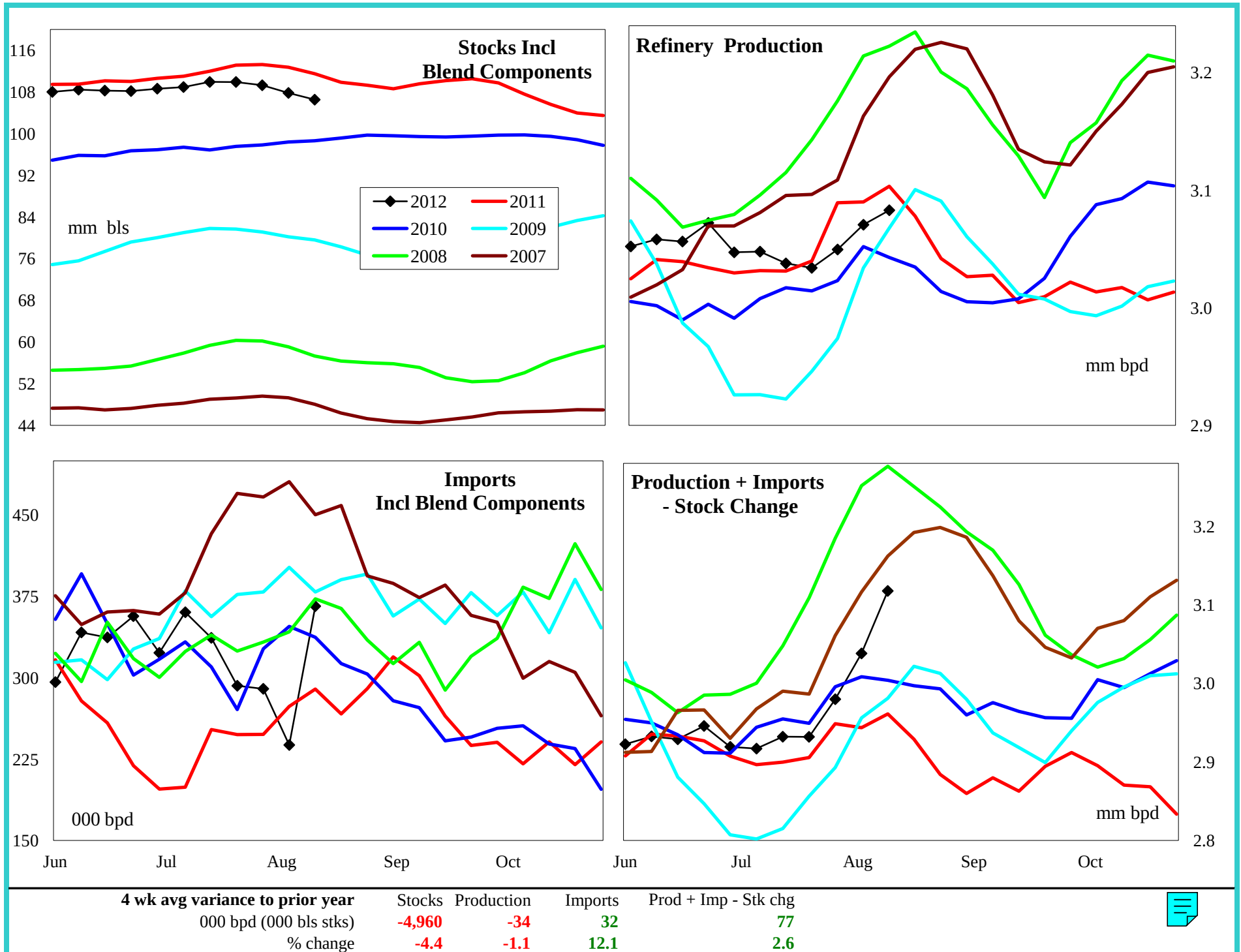
United States Crude Oil Supply and Demand Balance



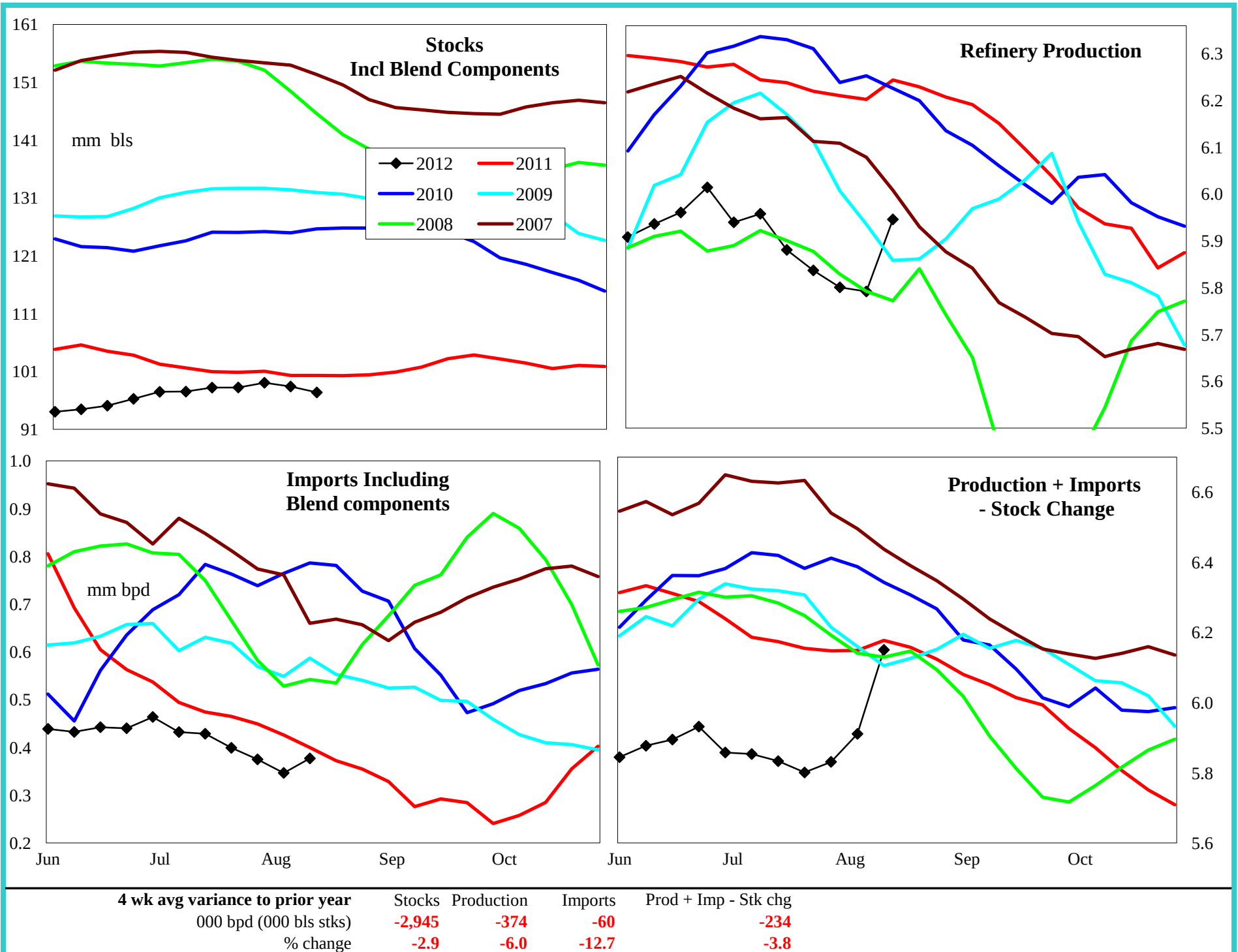
United States Gasoline Supply and Demand Balance



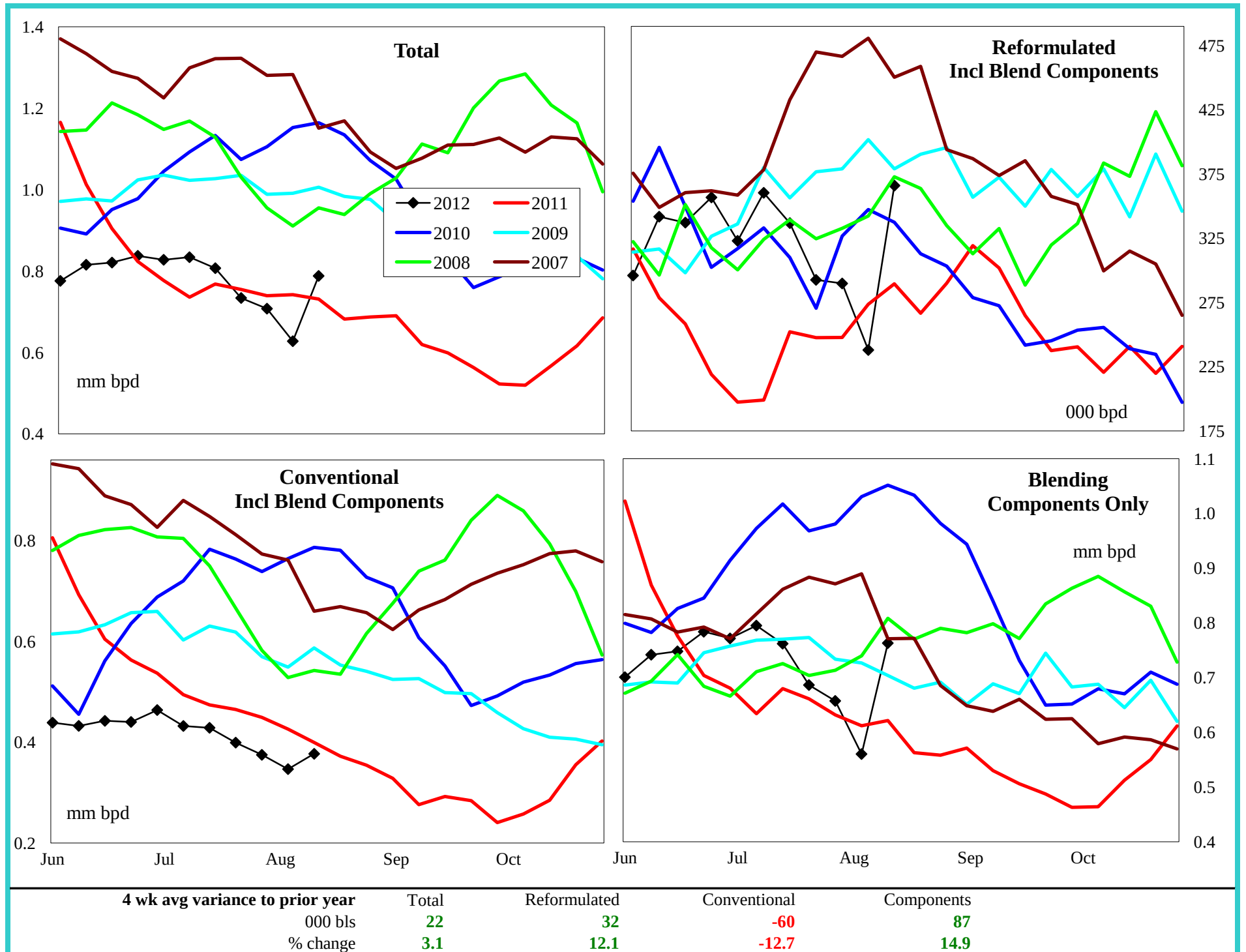
United States Reformulated Gasoline Supply



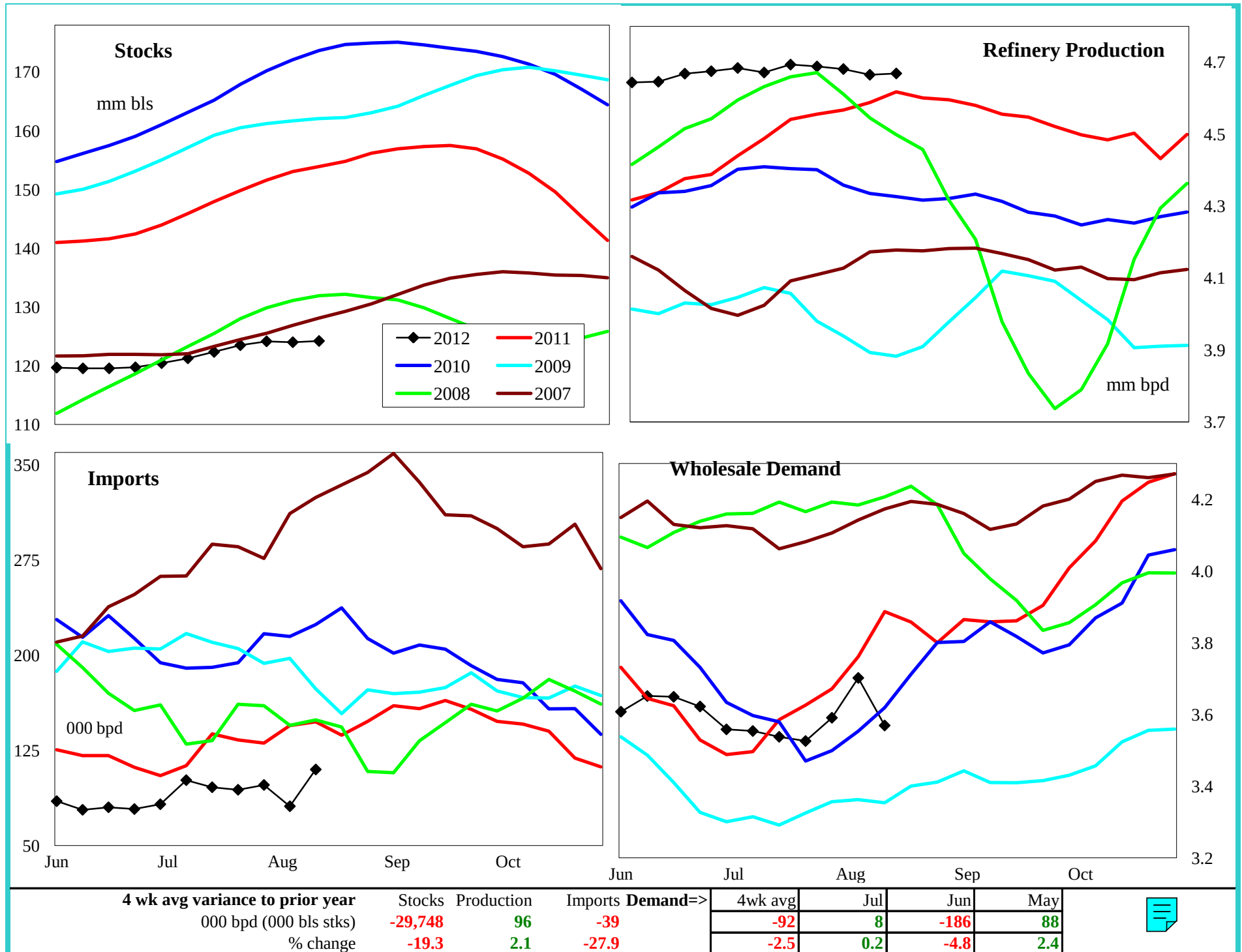
United States Conventional Gasoline Supply



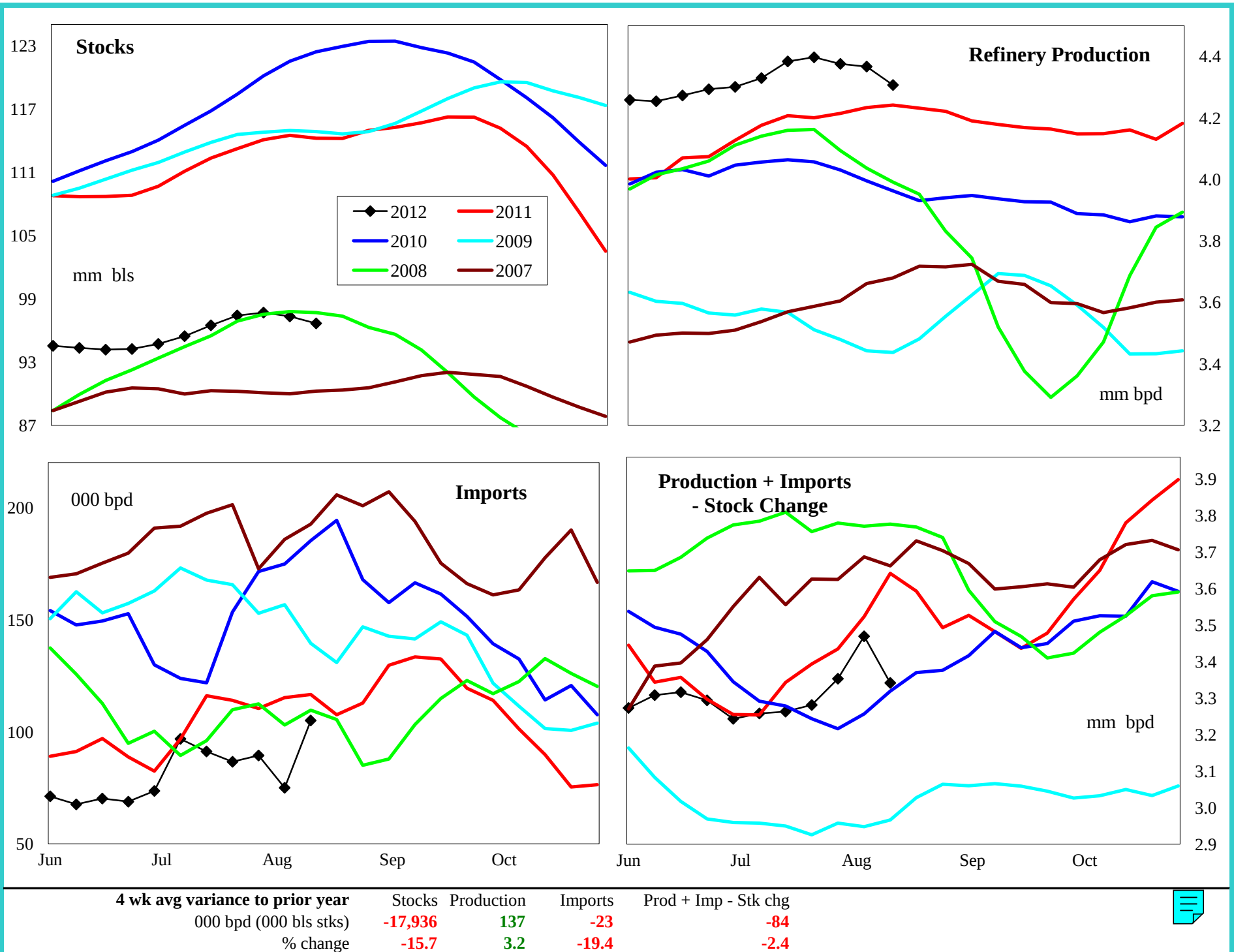
United States Gasoline Imports by Type



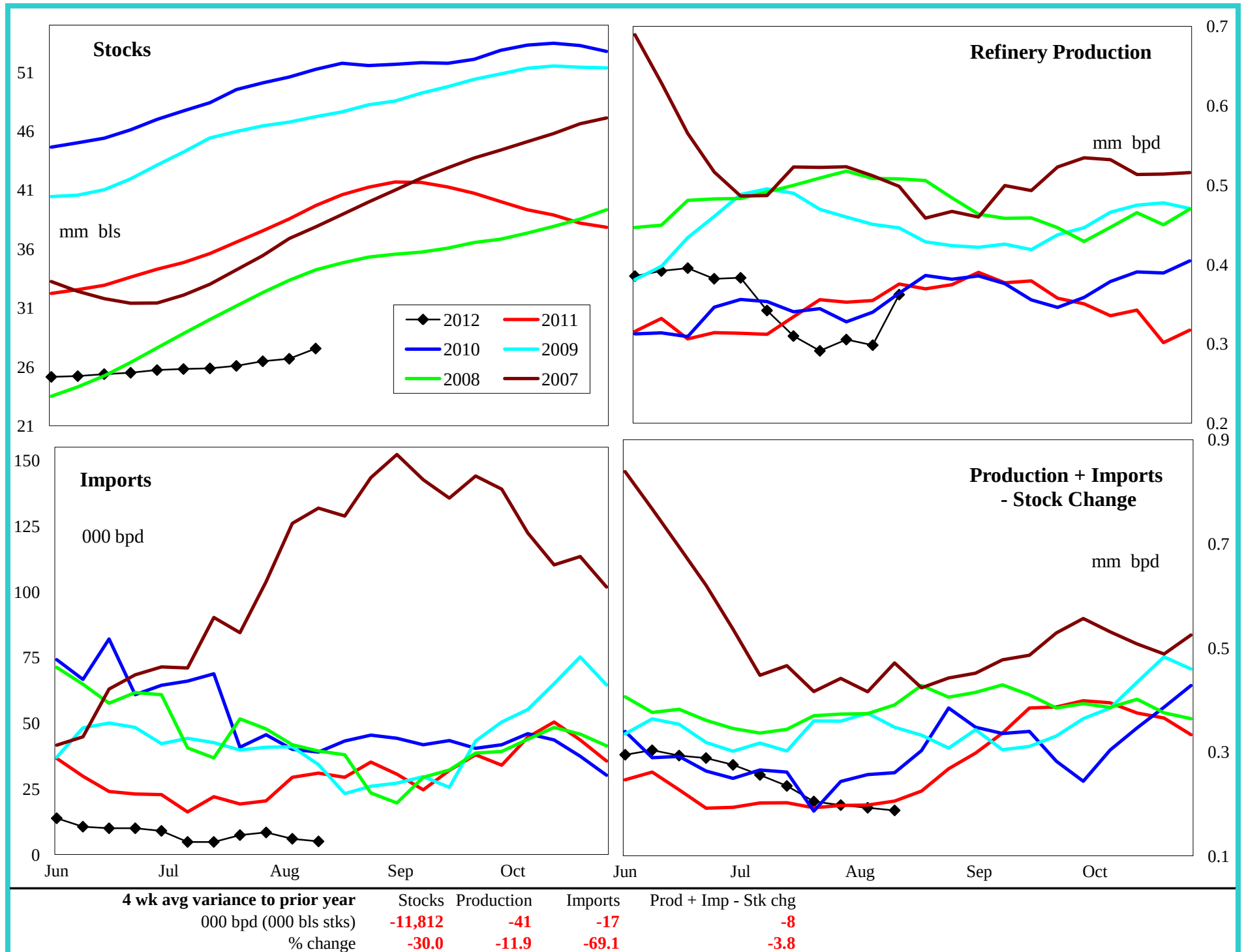
United States Distillate Supply and Demand Balance



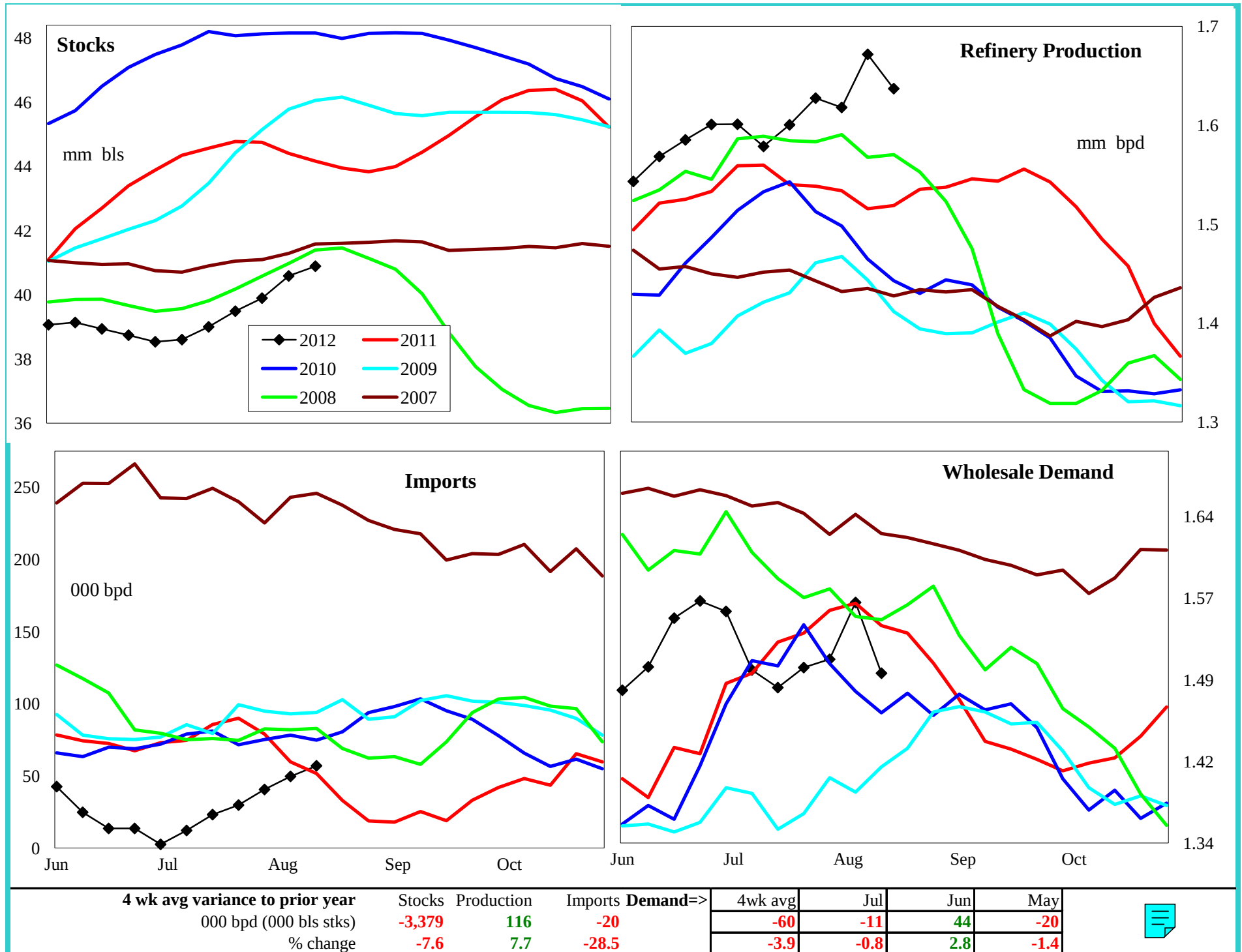
United States Low Sulfur Distillate Supply



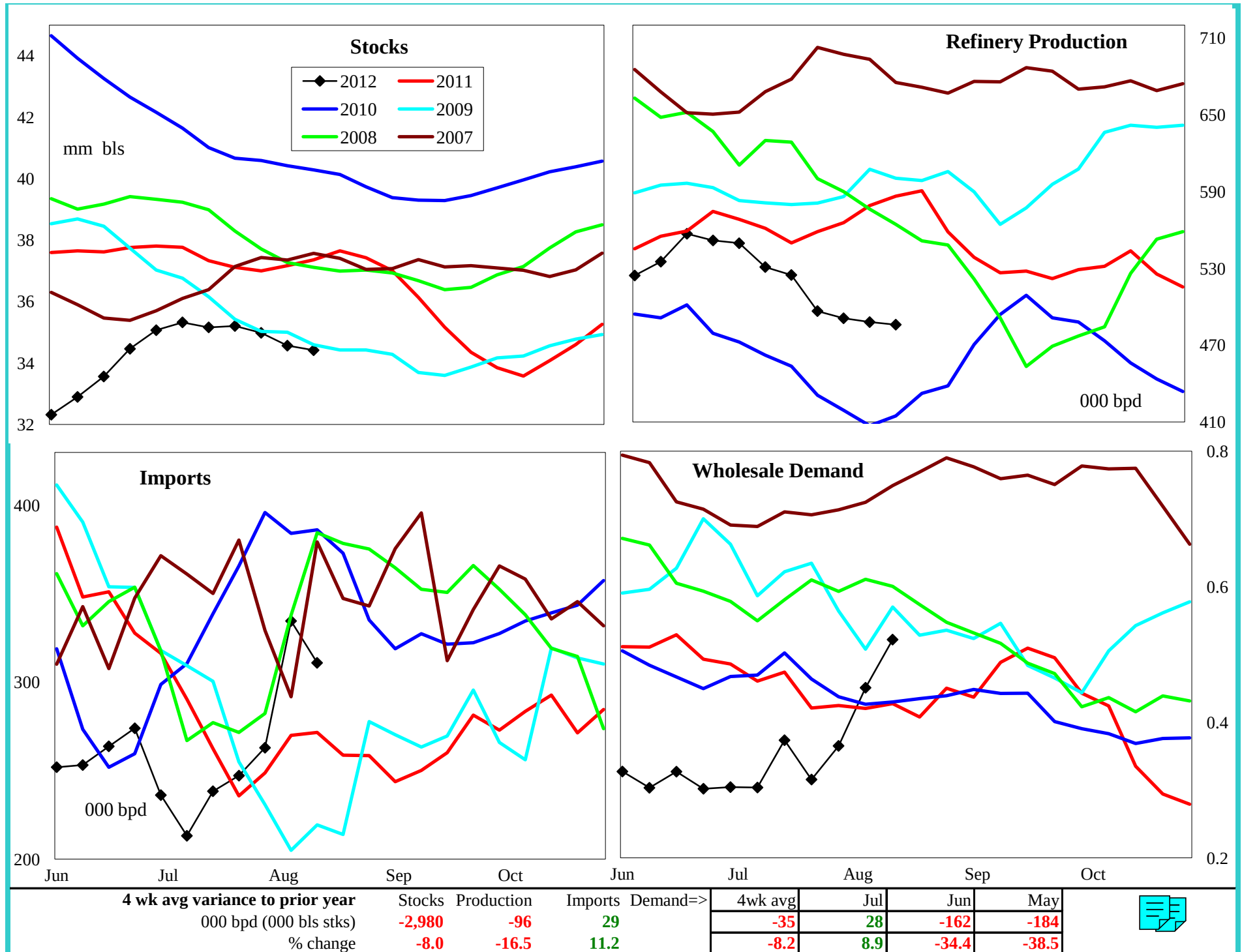
United States High Sulfur Distillate Supply



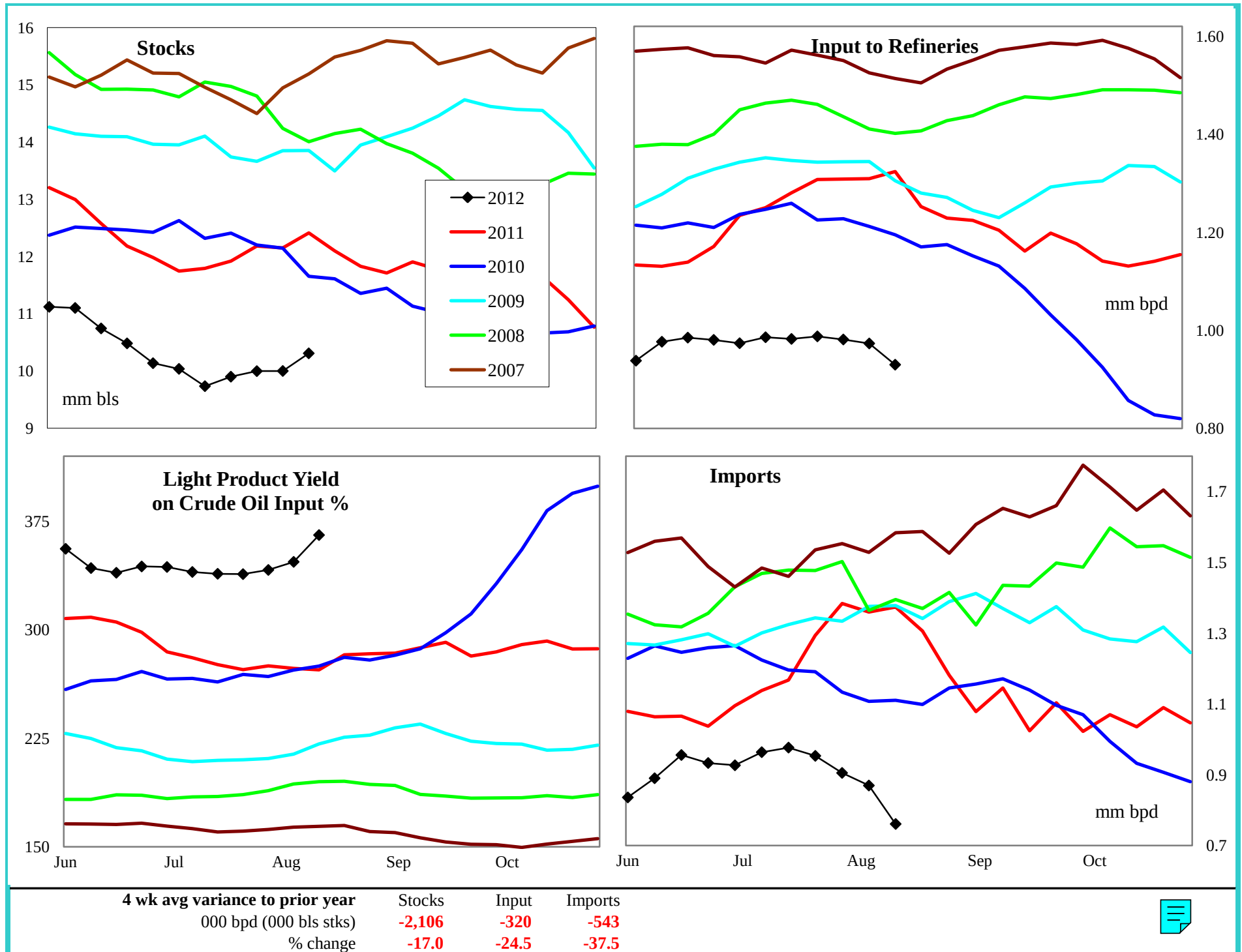
United States Jet Fuel Supply and Demand Balance



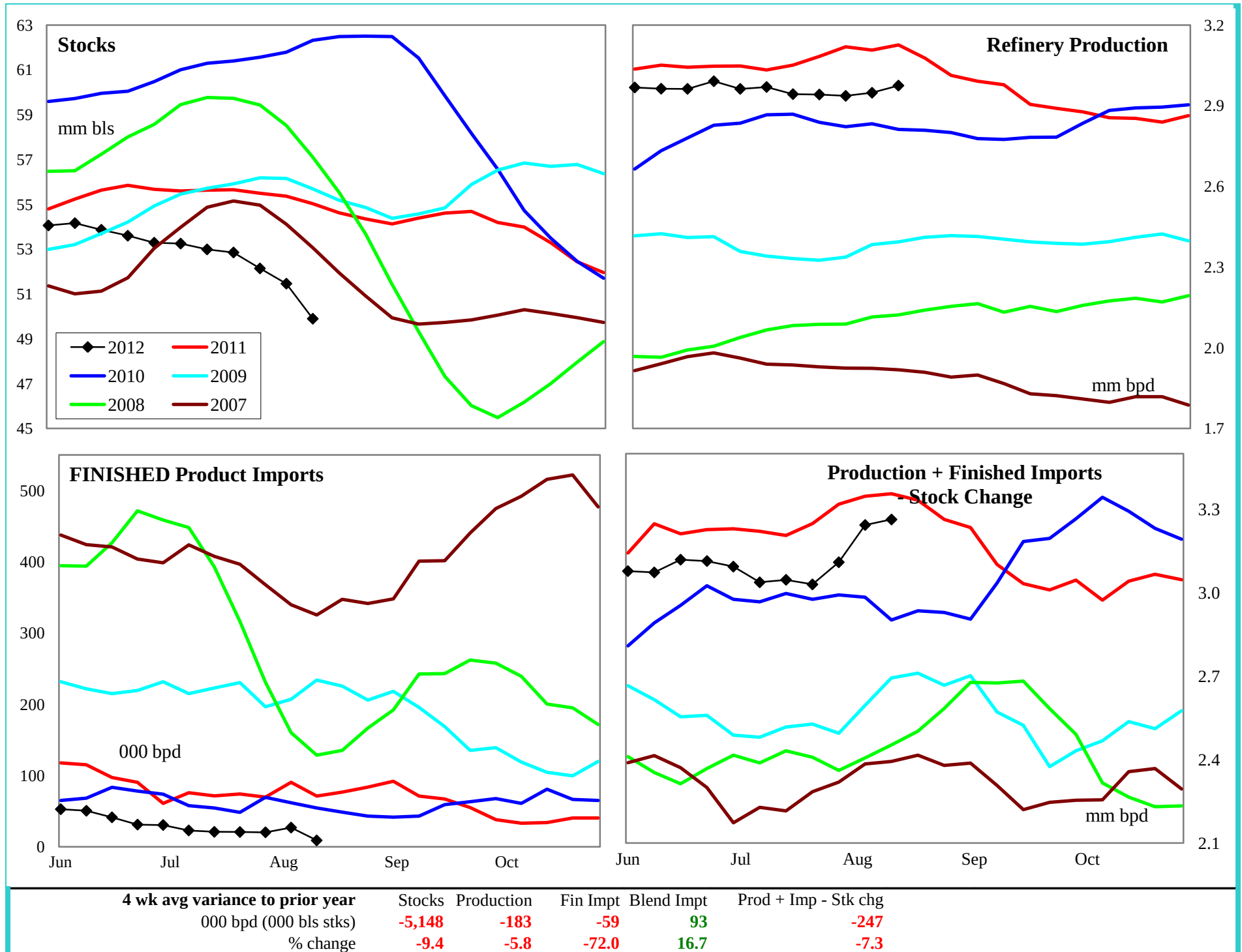
United States Residual Fuel Oil Supply and Demand Balance



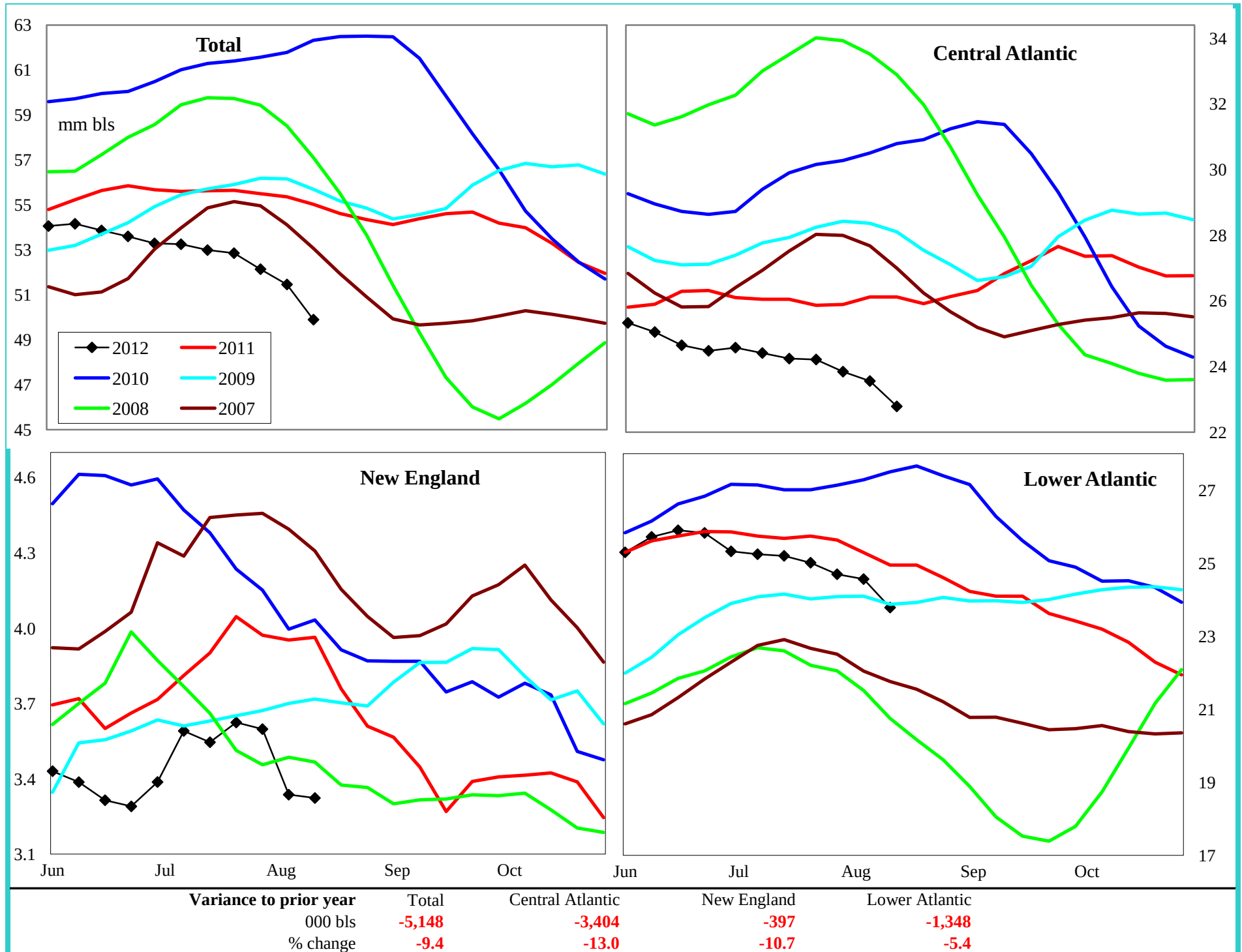
PADD 1 Crude Oil Supply and Refining



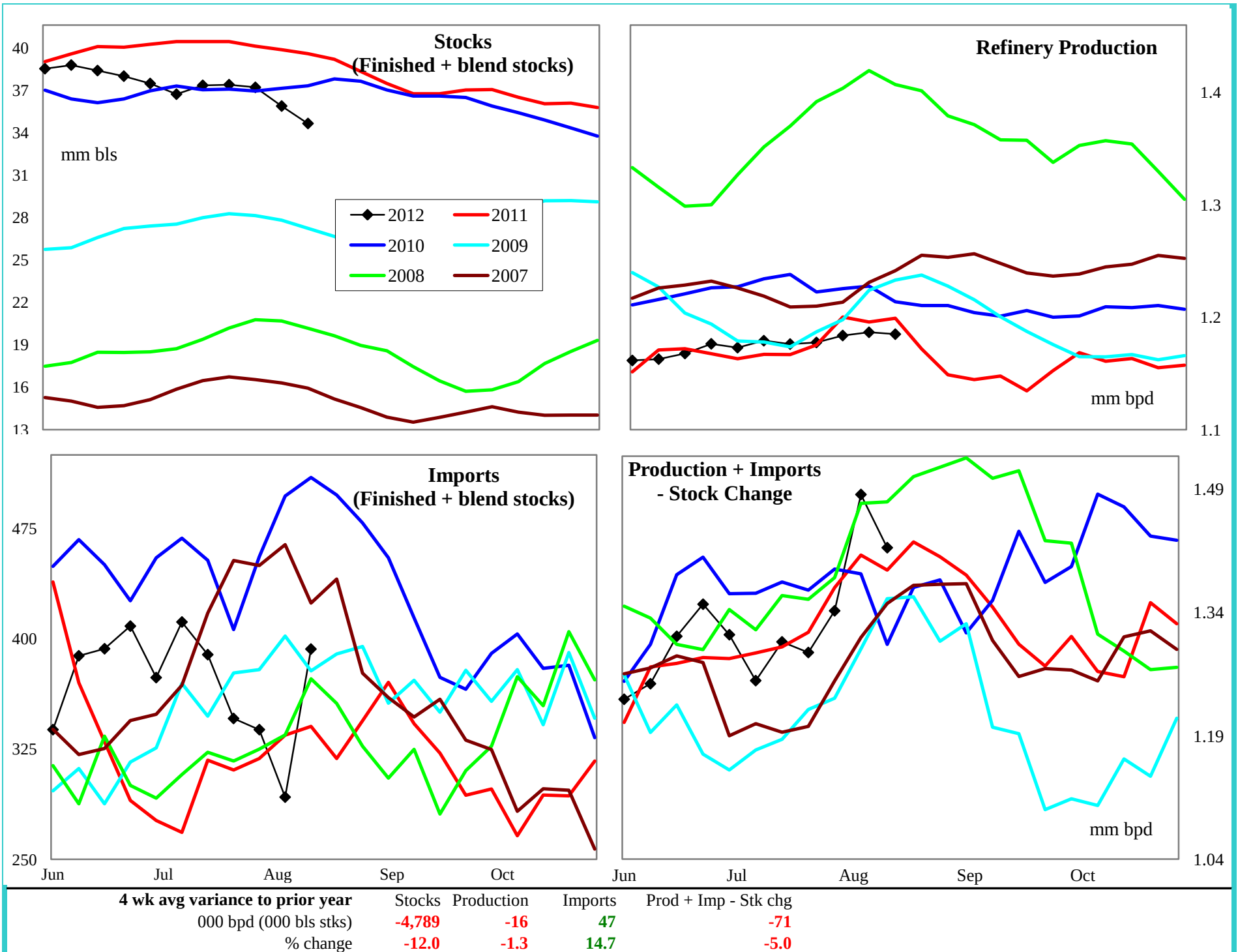
PADD 1 Gasoline Supply



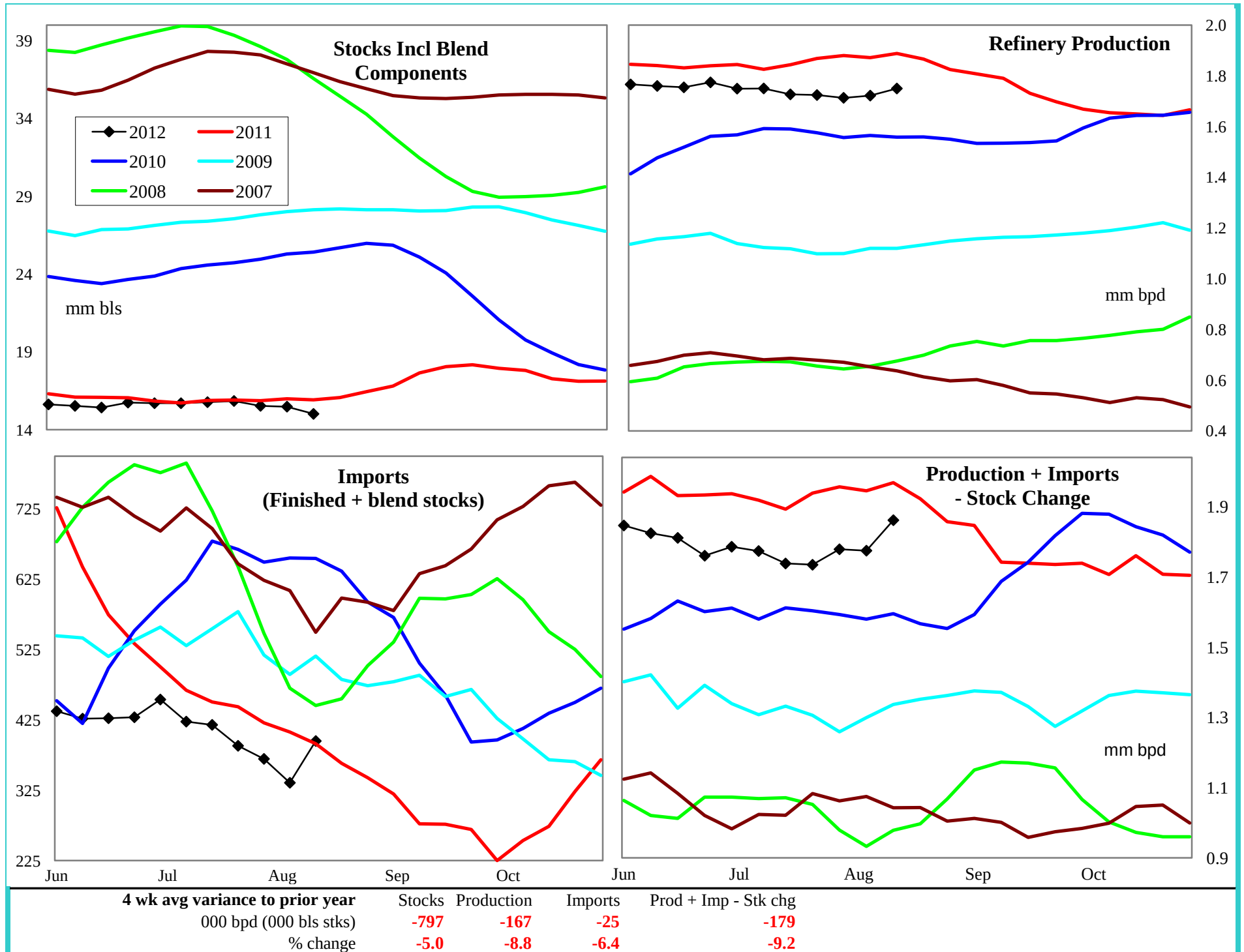
PADD 1 Gasoline Stocks by Region



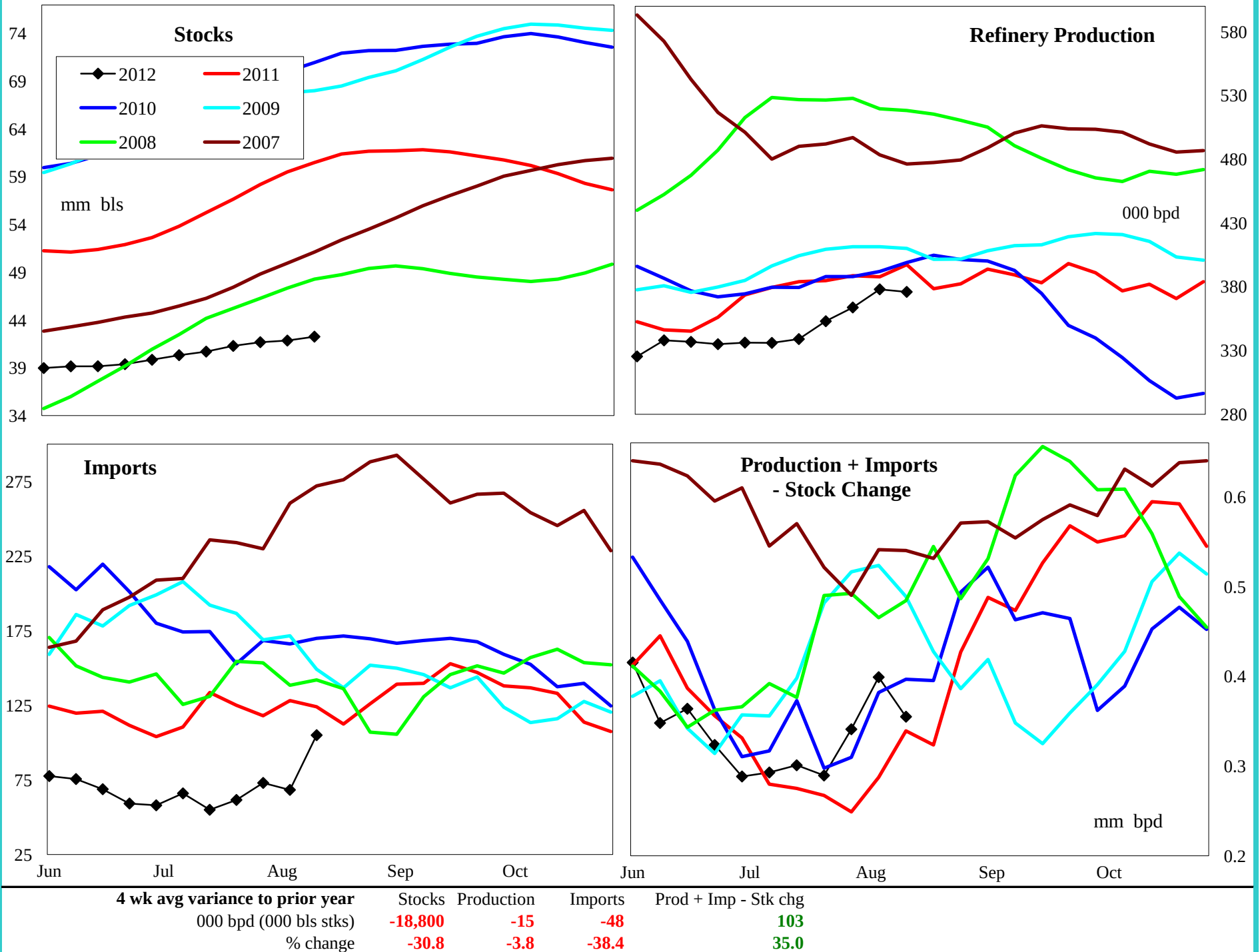
PADD 1 Reformulated Gasoline Supply



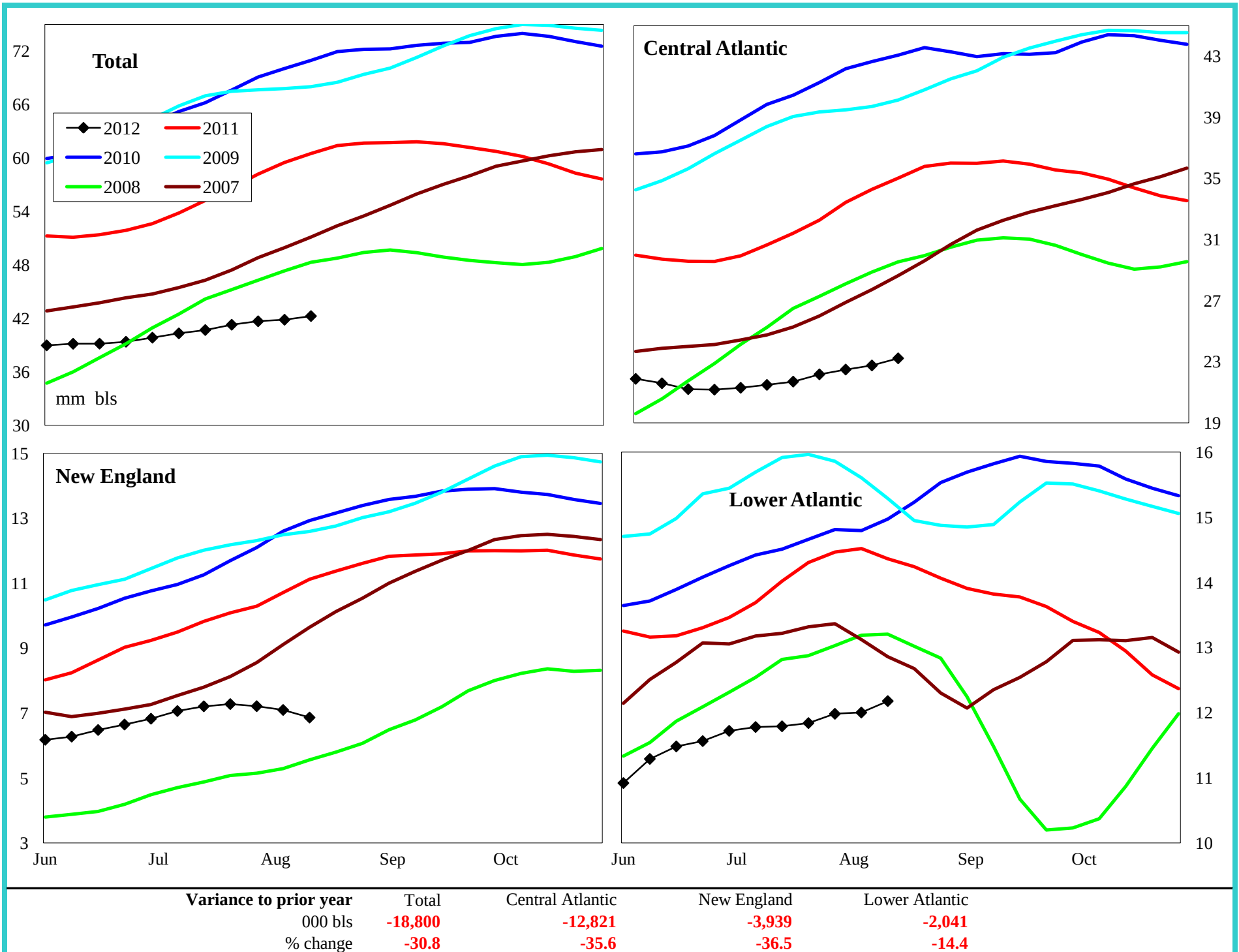
PADD 1 Conventional Gasoline Supply



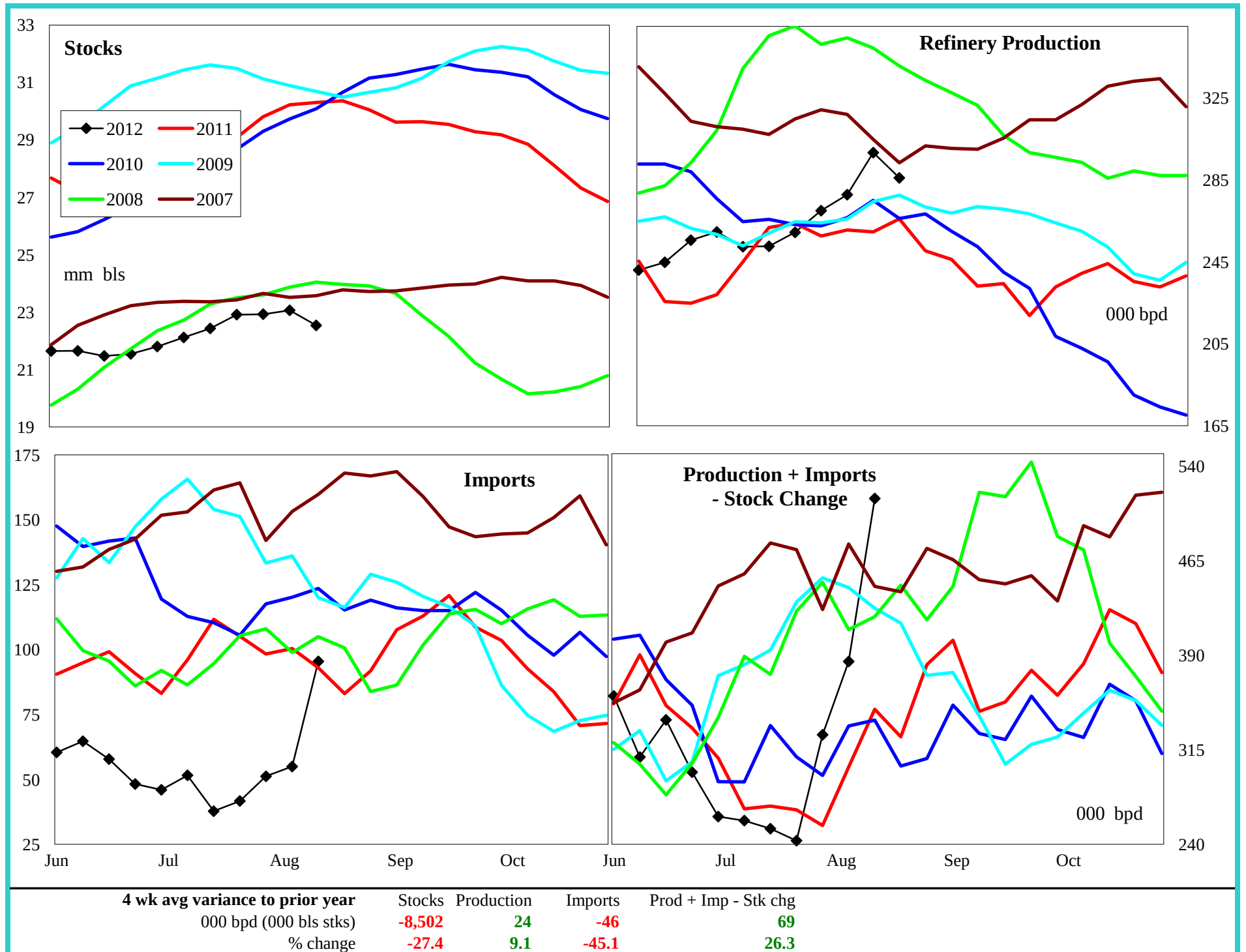
PADD 1 Distillate Supply



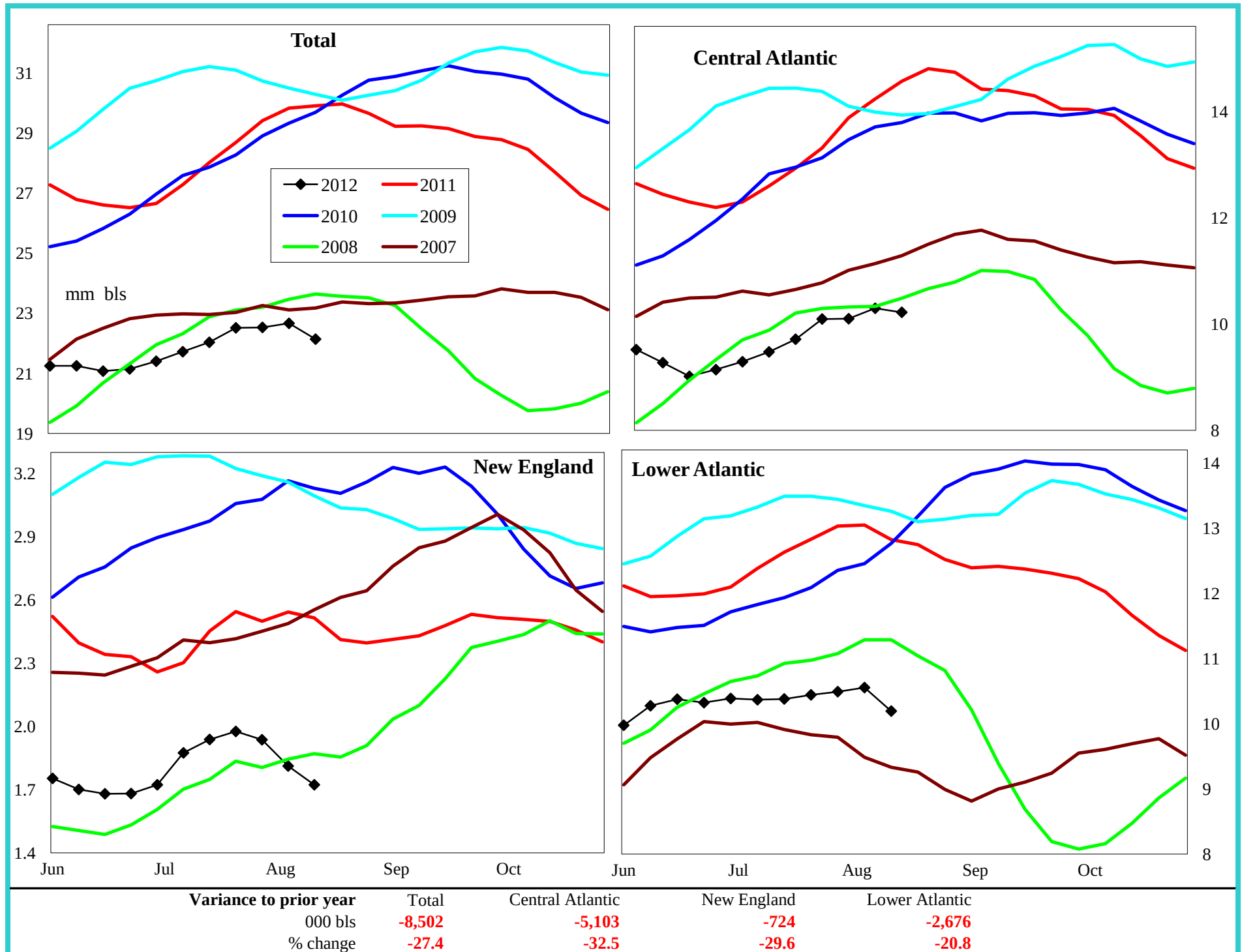
PADD 1 Distillate Stocks by Region



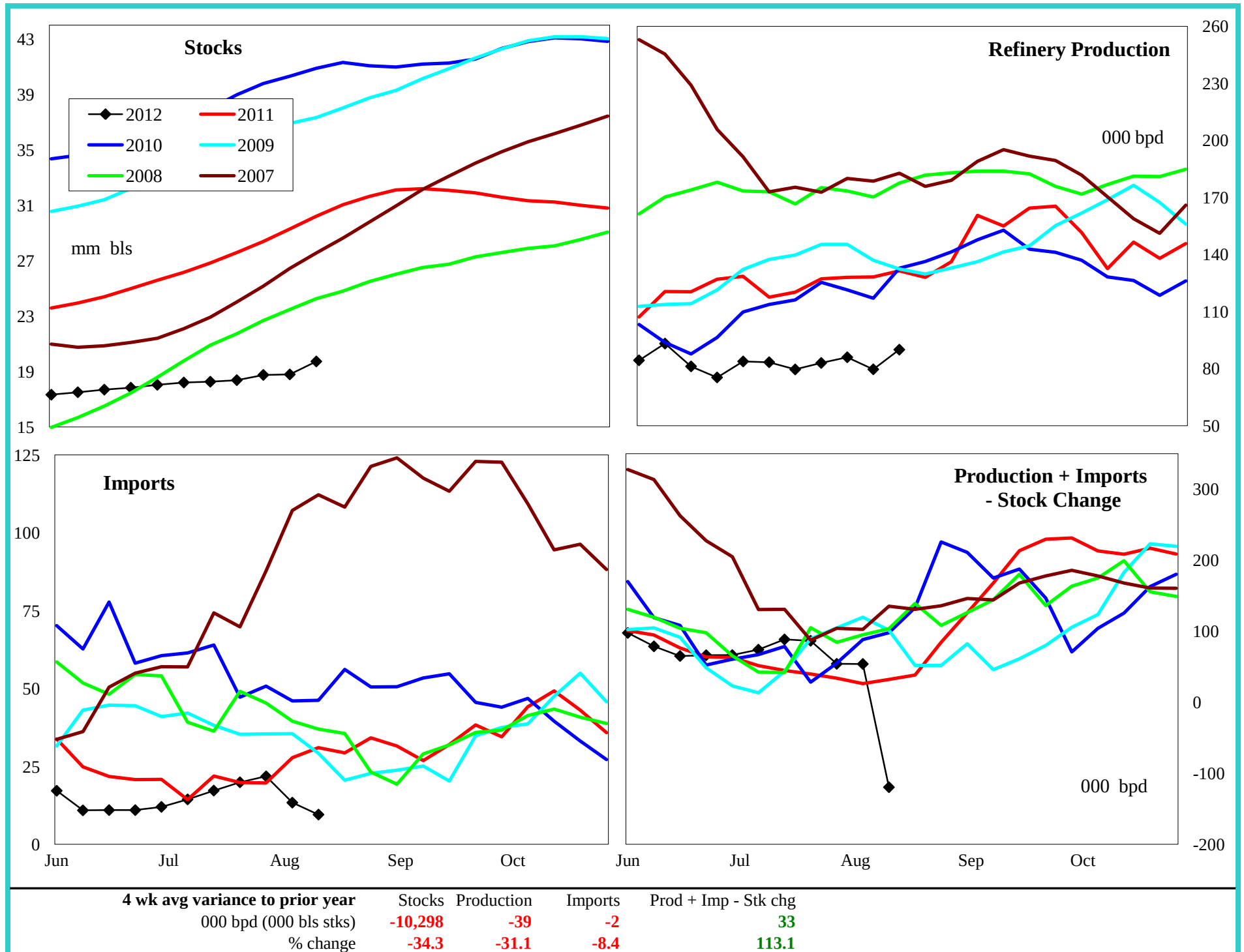
PADD 1 Low Sulfur Distillate Supply



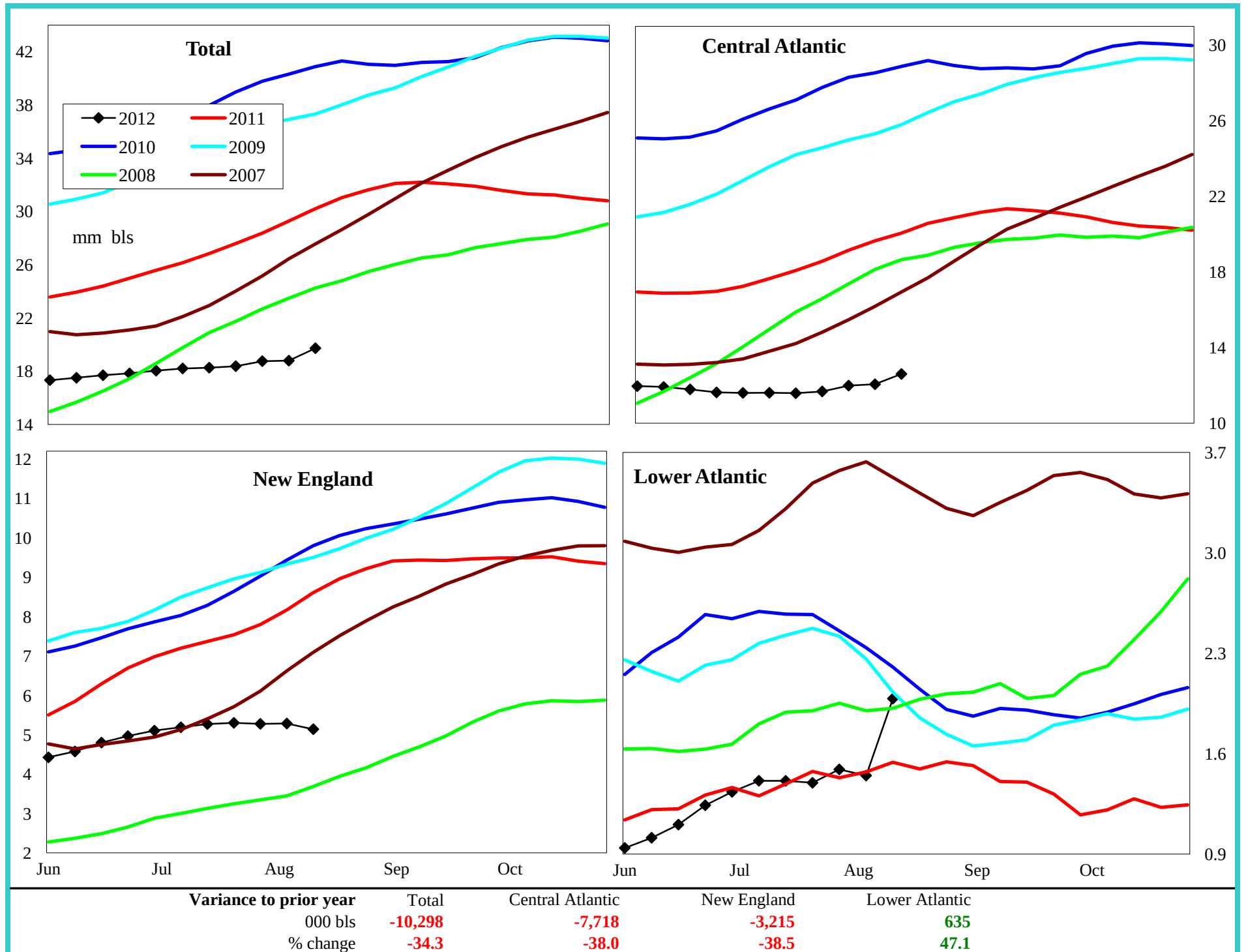
PADD 1 Low Sulfur Distillate Stocks by Region



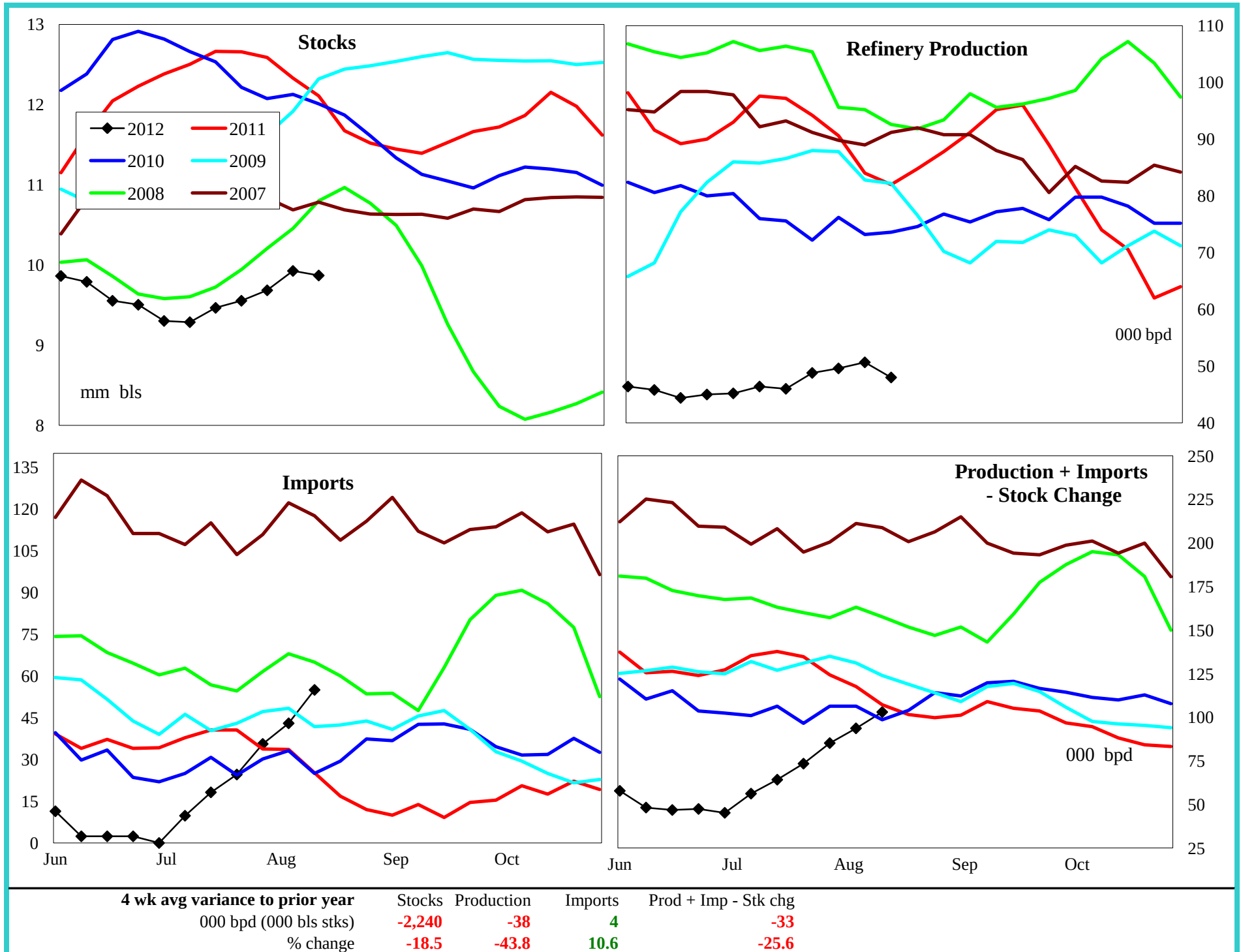
PADD 1 High Sulfur Distillate Supply



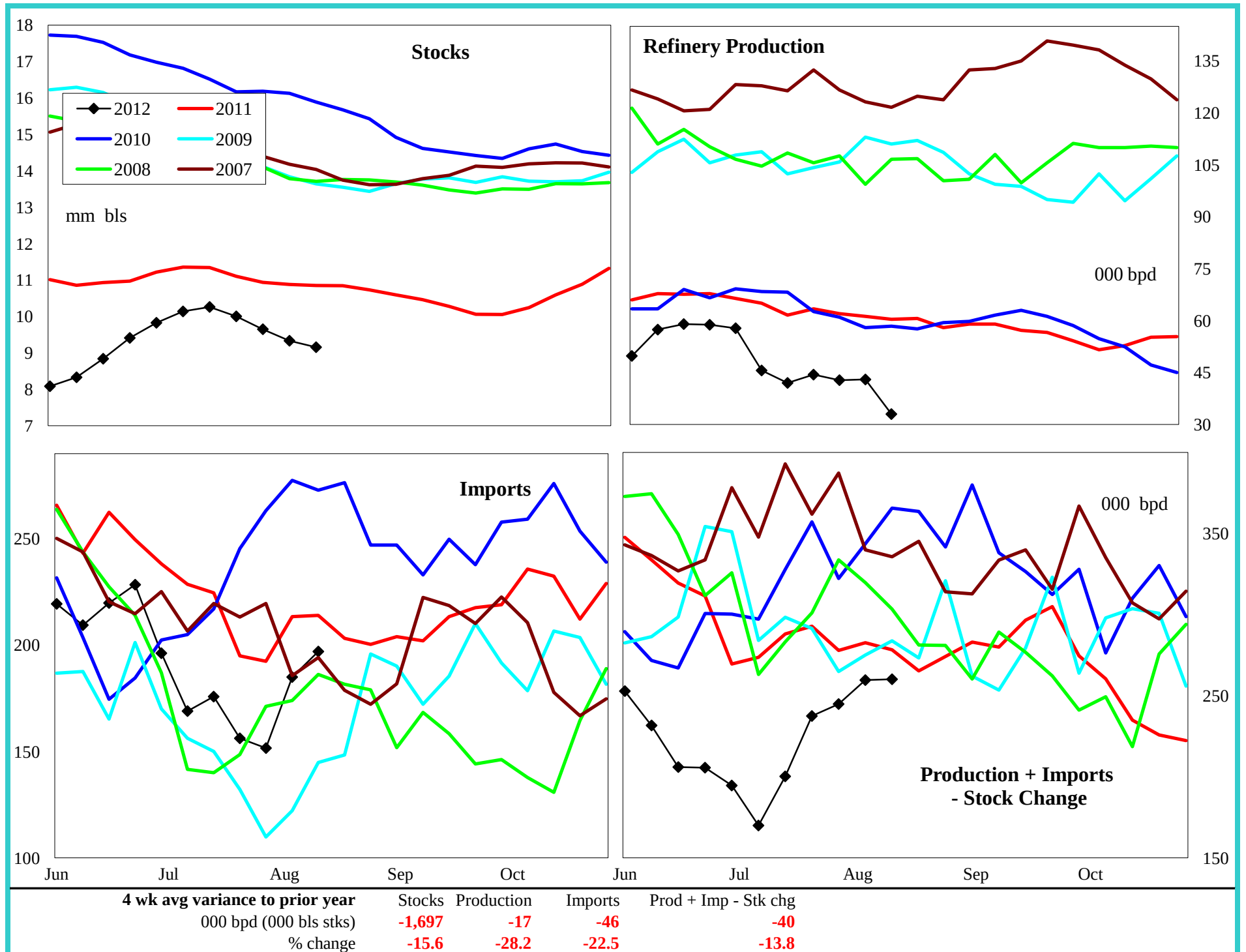
PADD 1 High Sulfur Distillate Stocks by Region



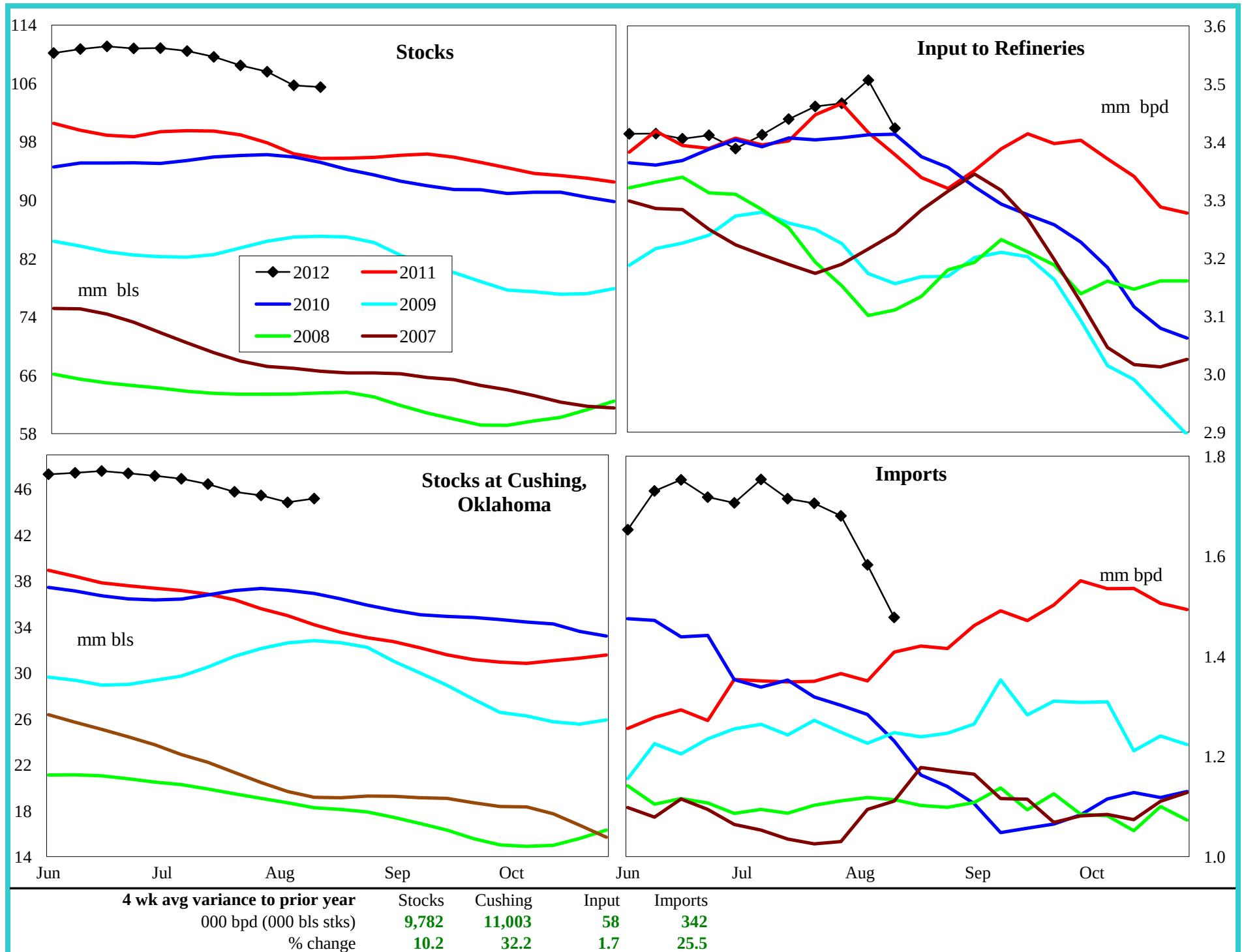
PADD 1 Jet Fuel Supply



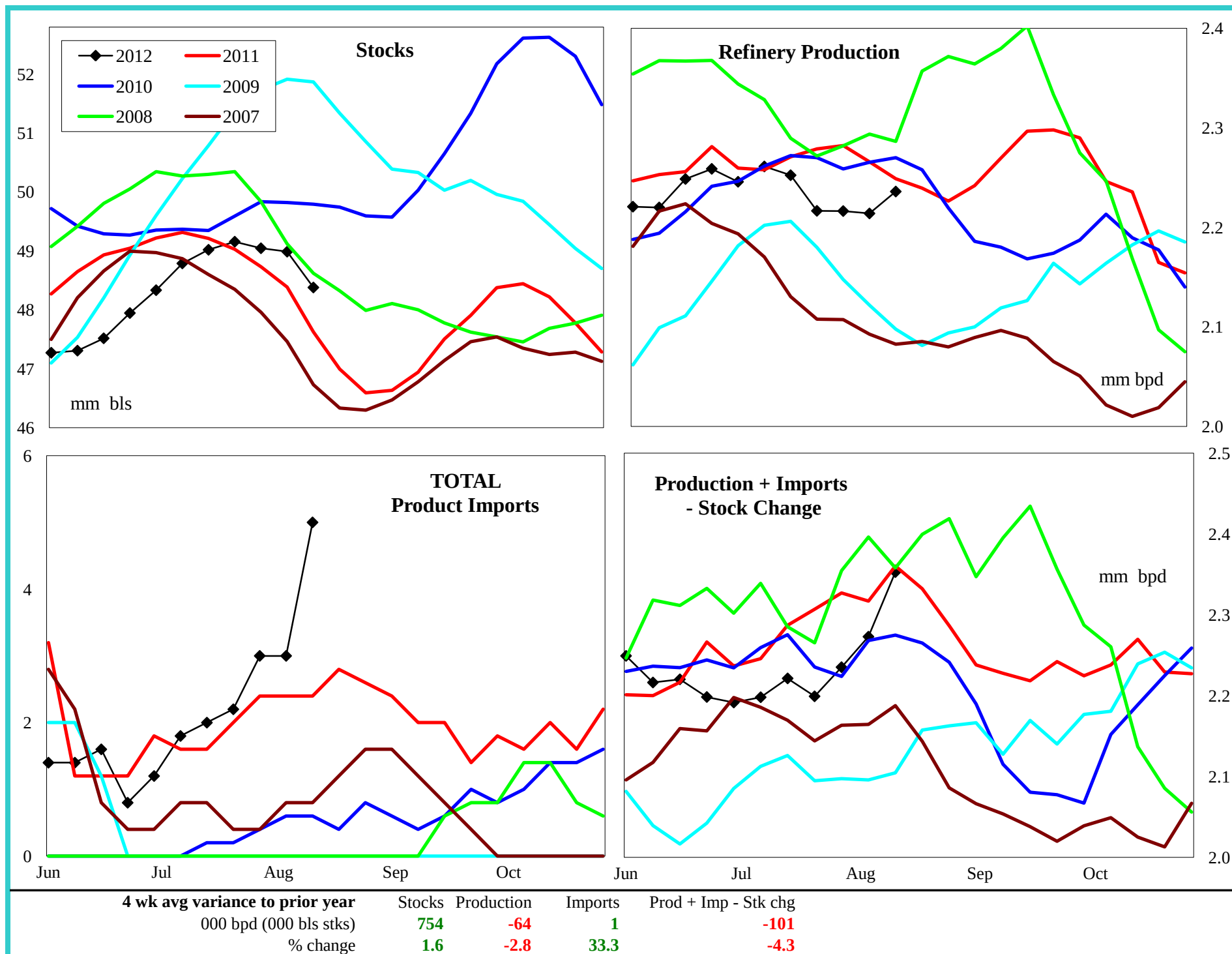
PADD 1 Residual Fuel Oil Supply



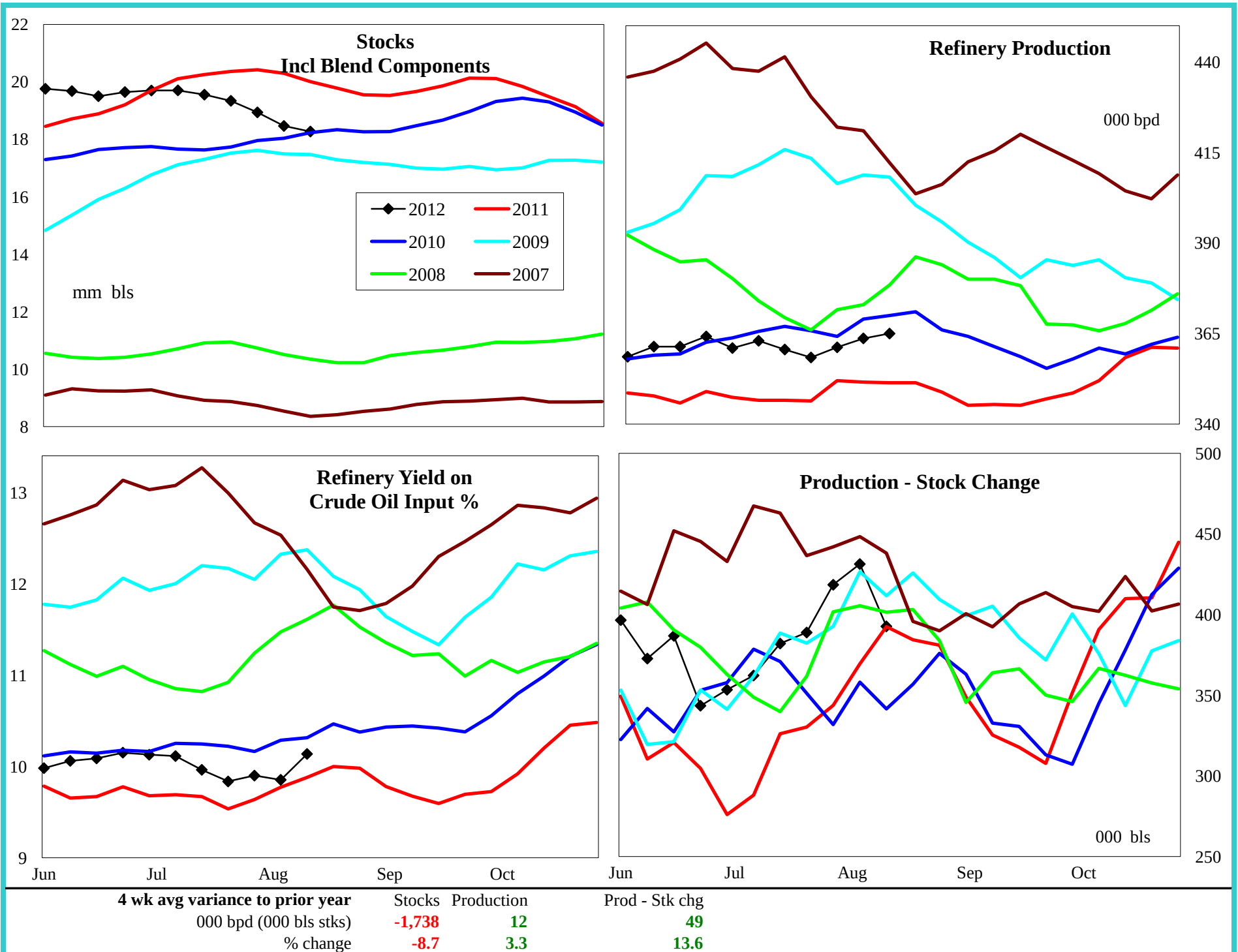
PADD 2 Crude Oil Supply and Refining



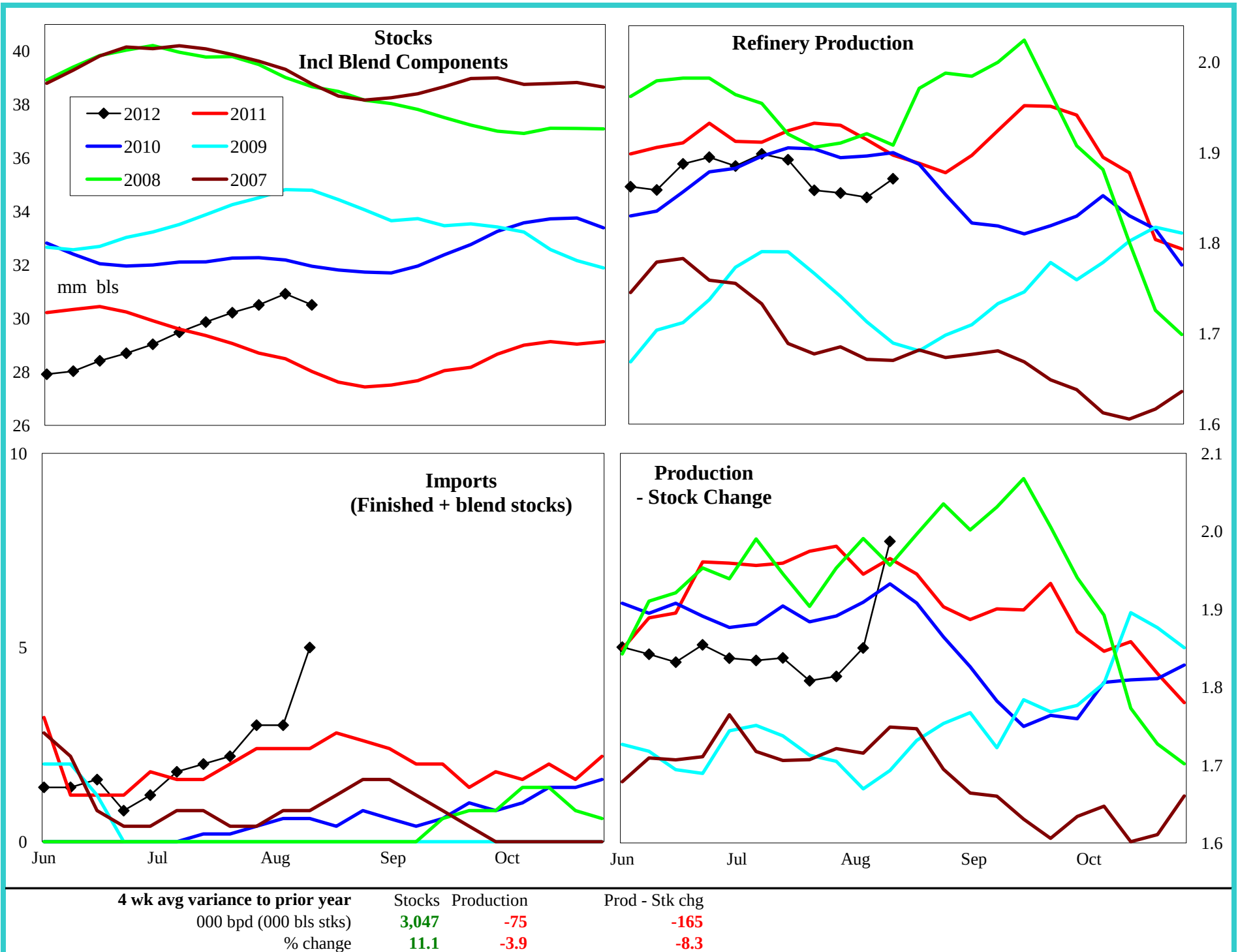
PADD 2 Gasoline Supply



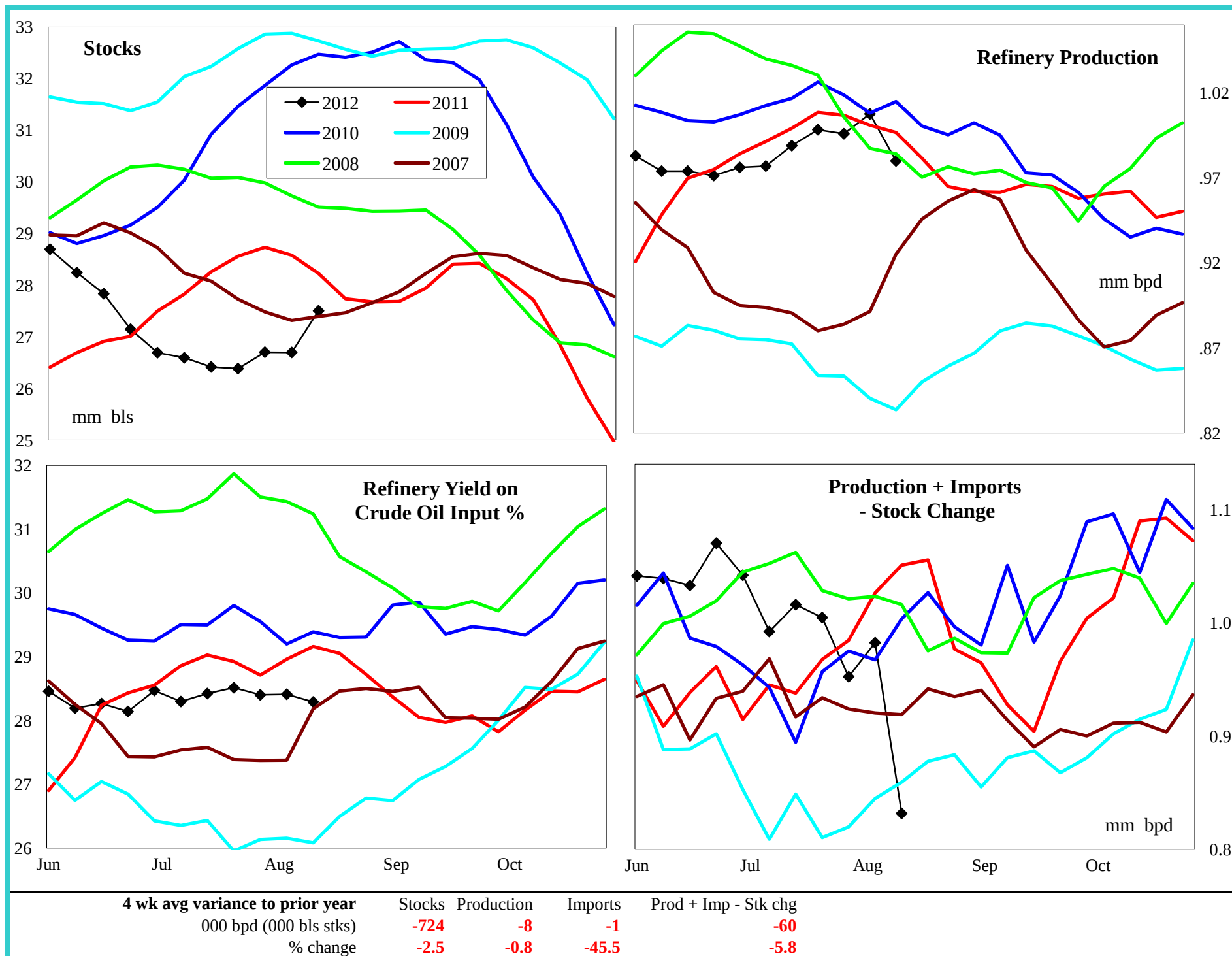
PADD 2 Reformulated Gasoline Supply



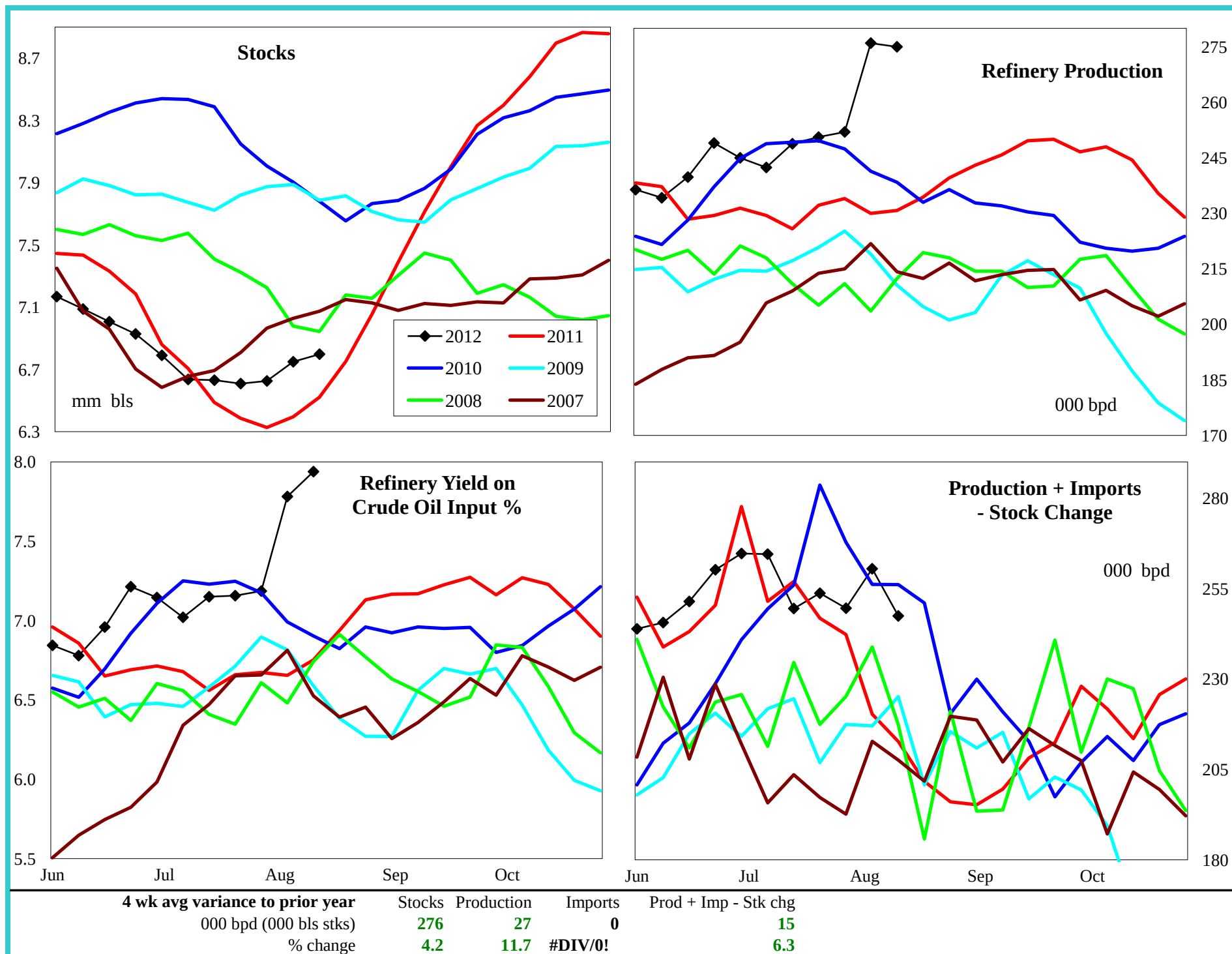
PADD 2 Conventional Gasoline Supply



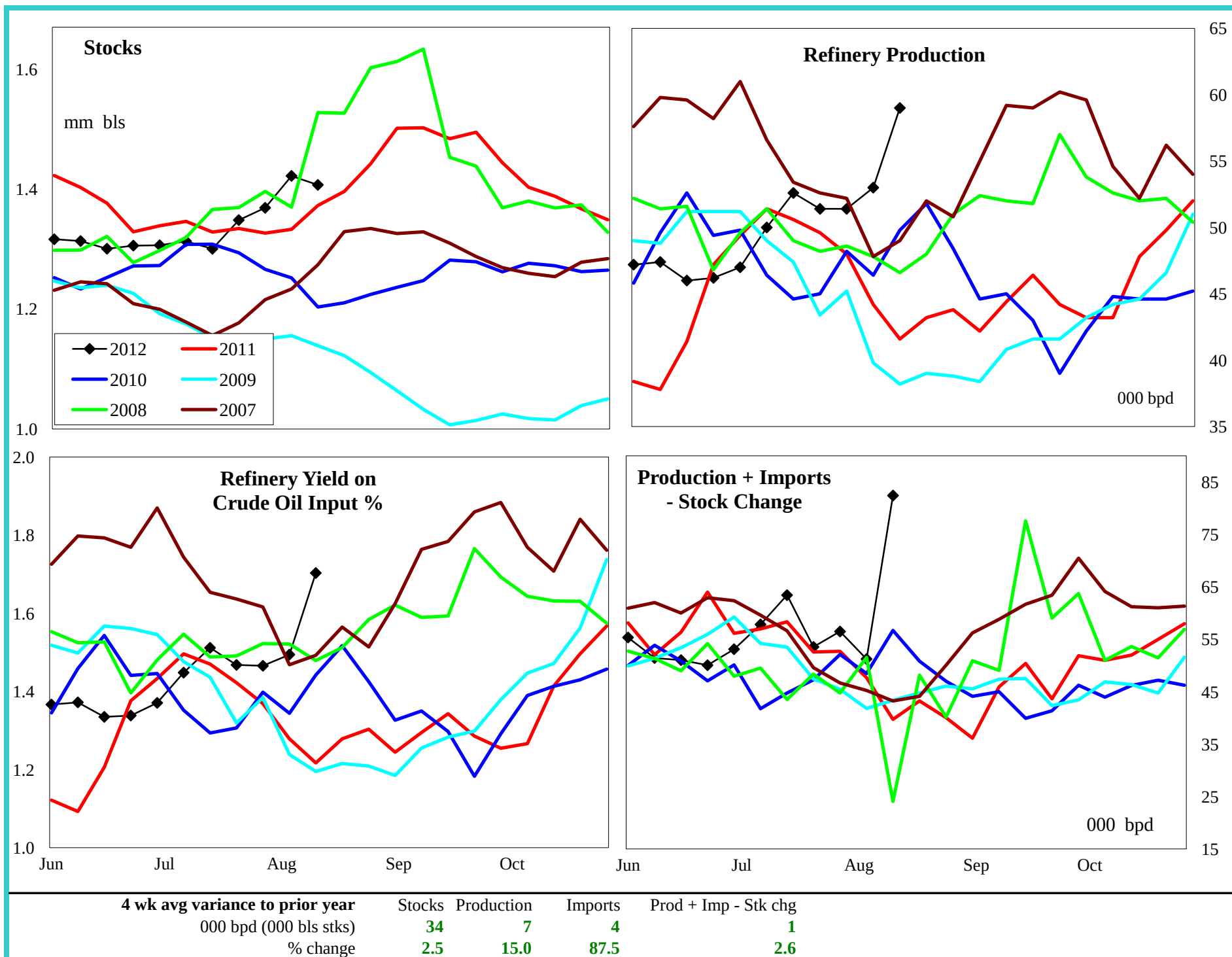
PADD 2 Distillate Supply



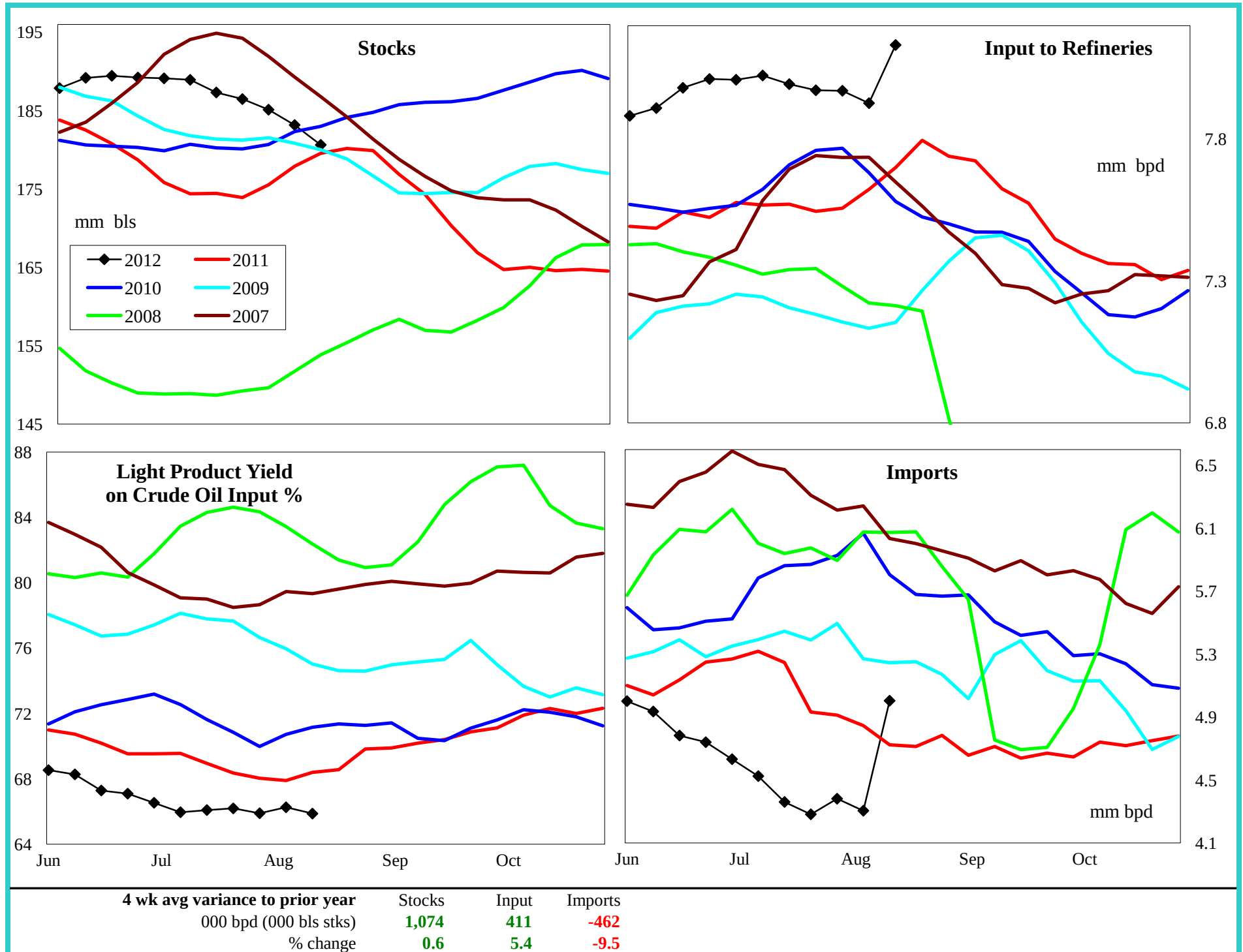
PADD 2 Jet Fuel Supply



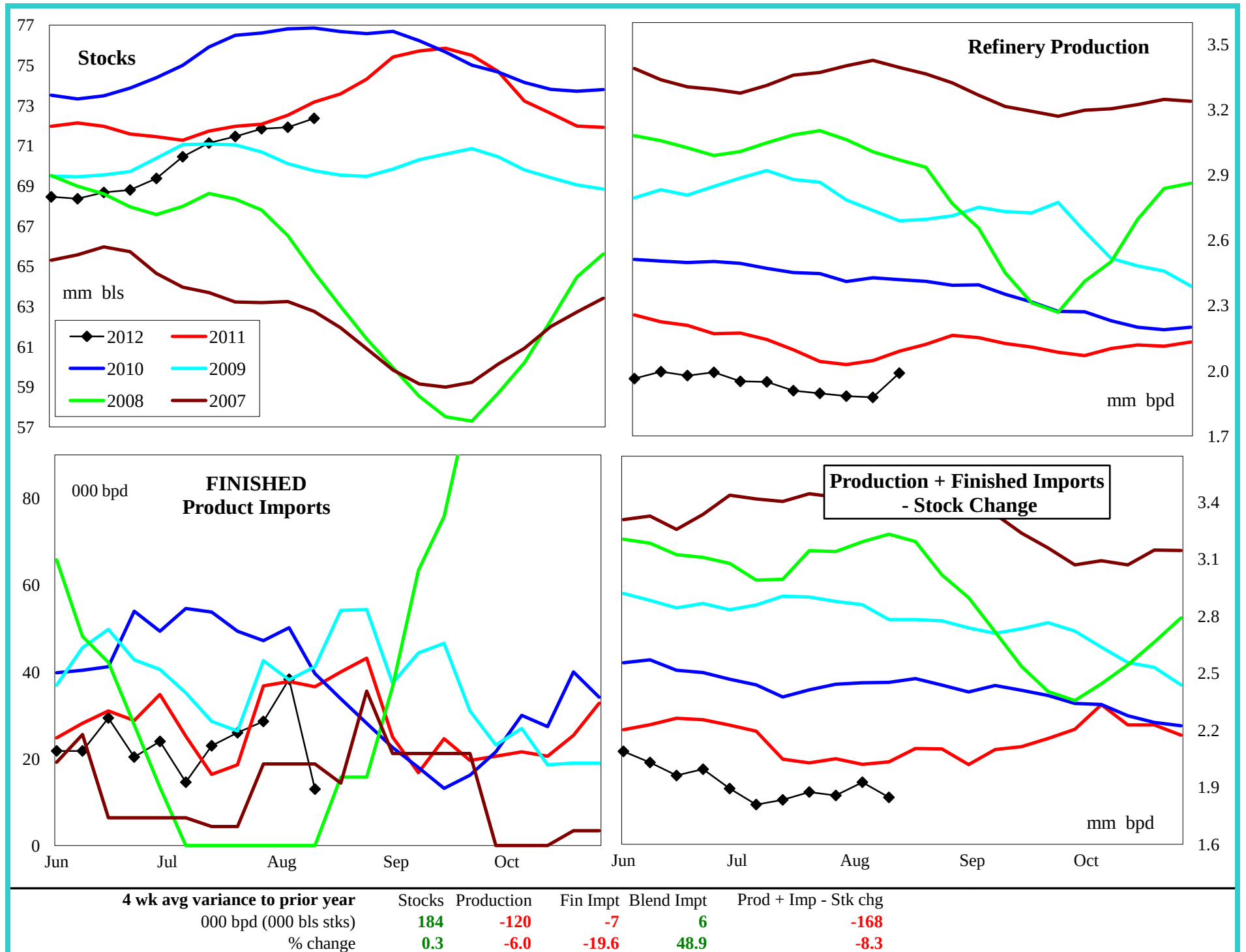
PADD 2 Residual Fuel Oil Supply



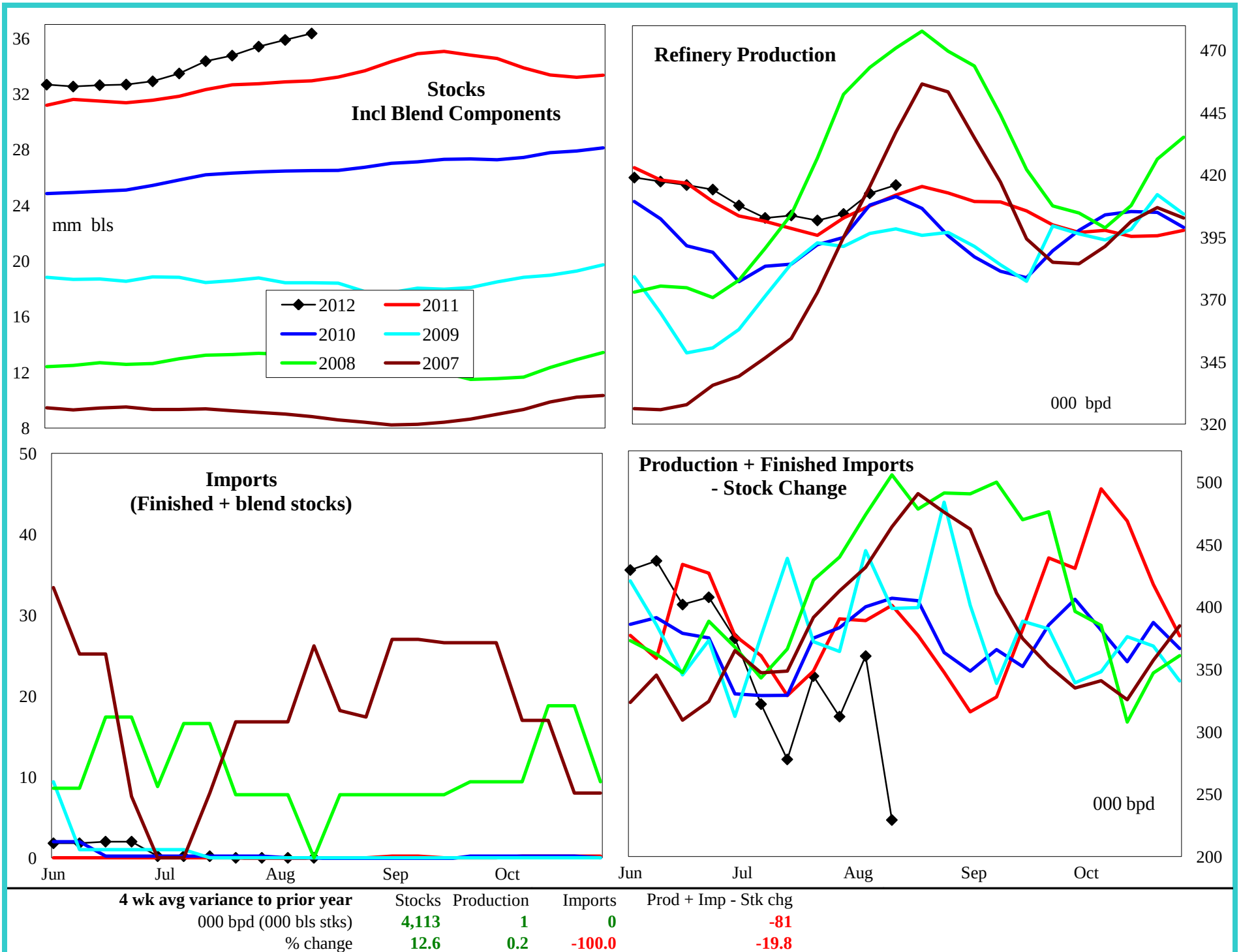
PADD 3 Crude Oil Supply and Refining



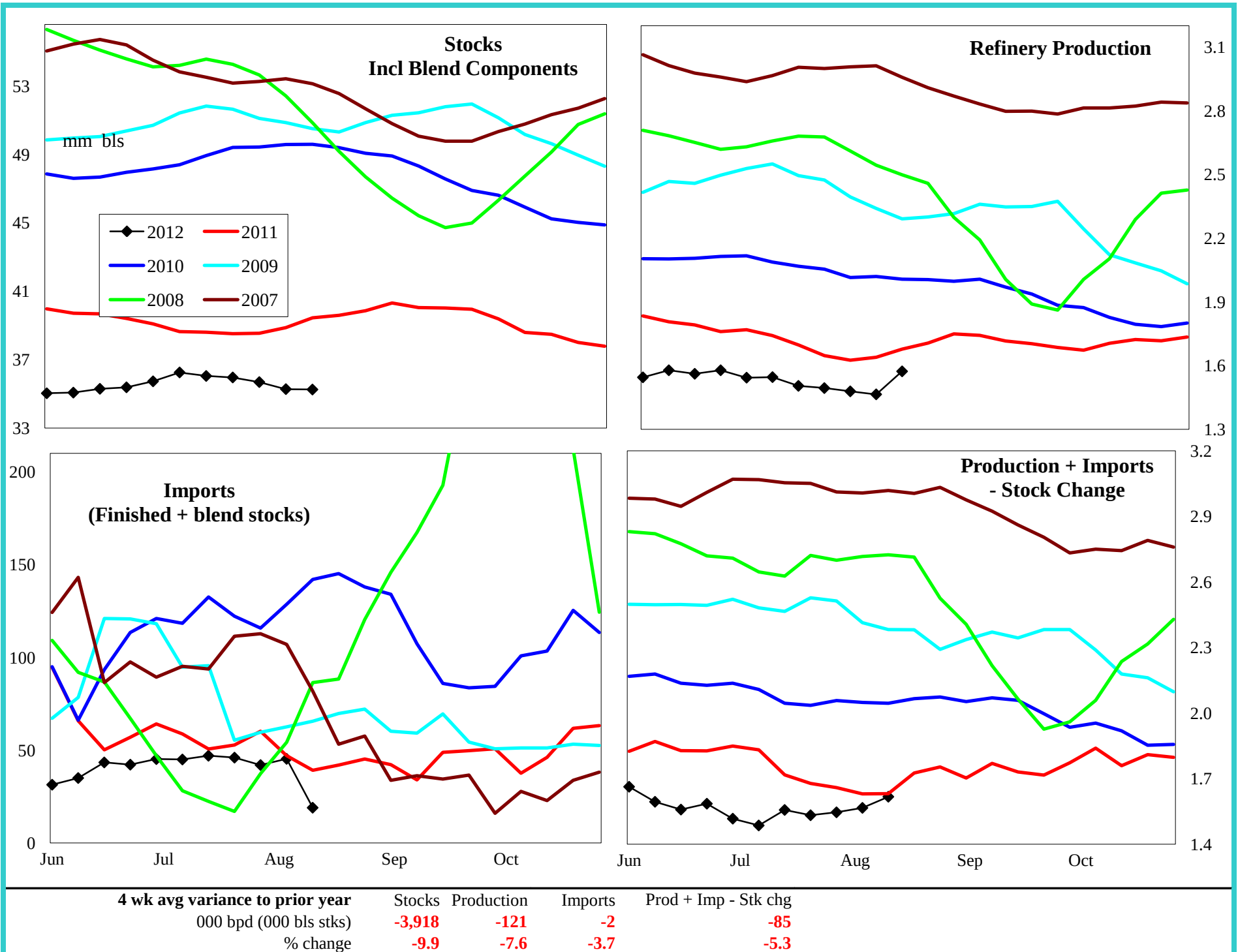
PADD 3 Gasoline Supply



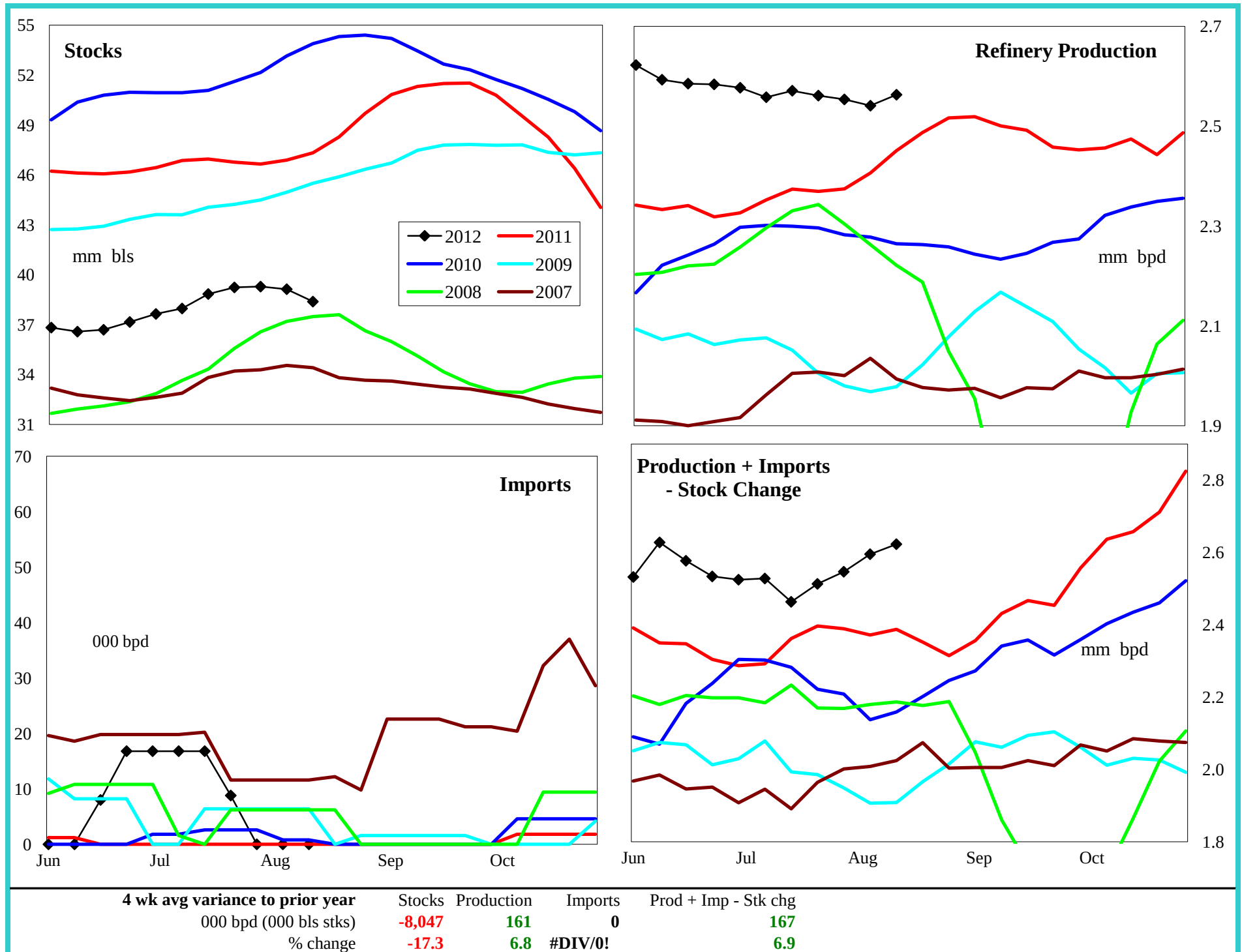
PADD 3 Reformulated Gasoline Supply



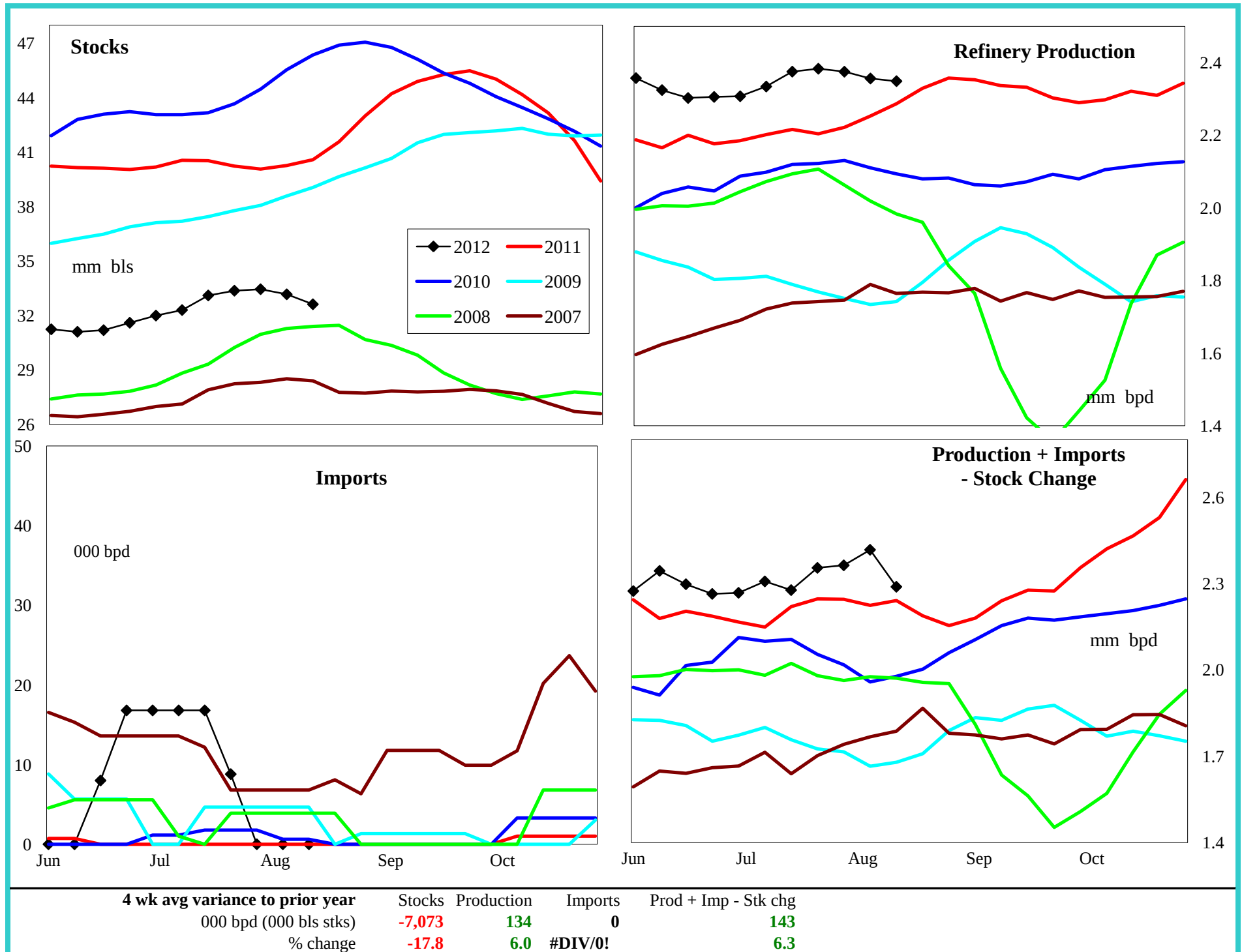
PADD 3 Conventional Gasoline Supply



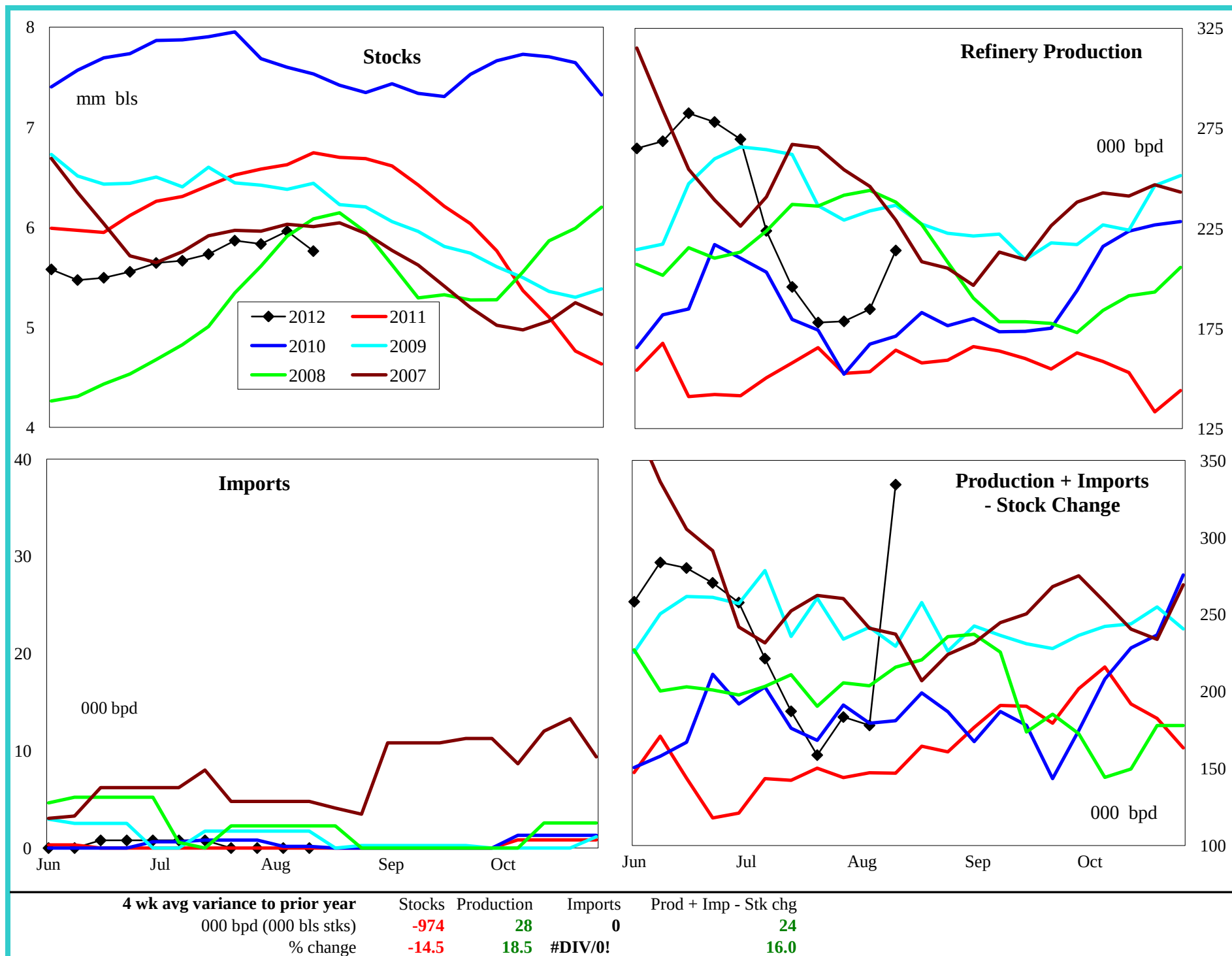
PADD 3 Distillate Supply



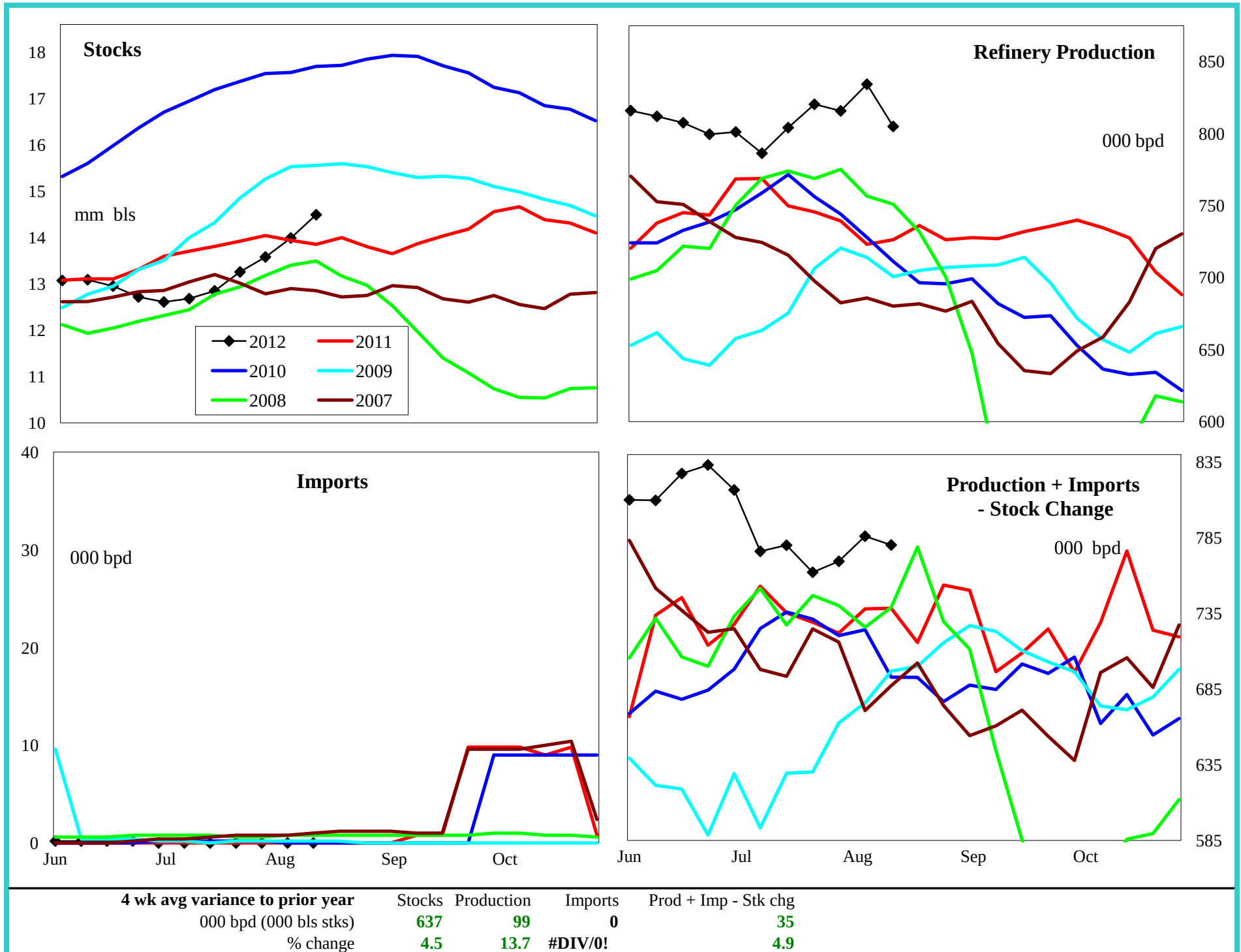
PADD 3 Low Sulfur Distillate Supply



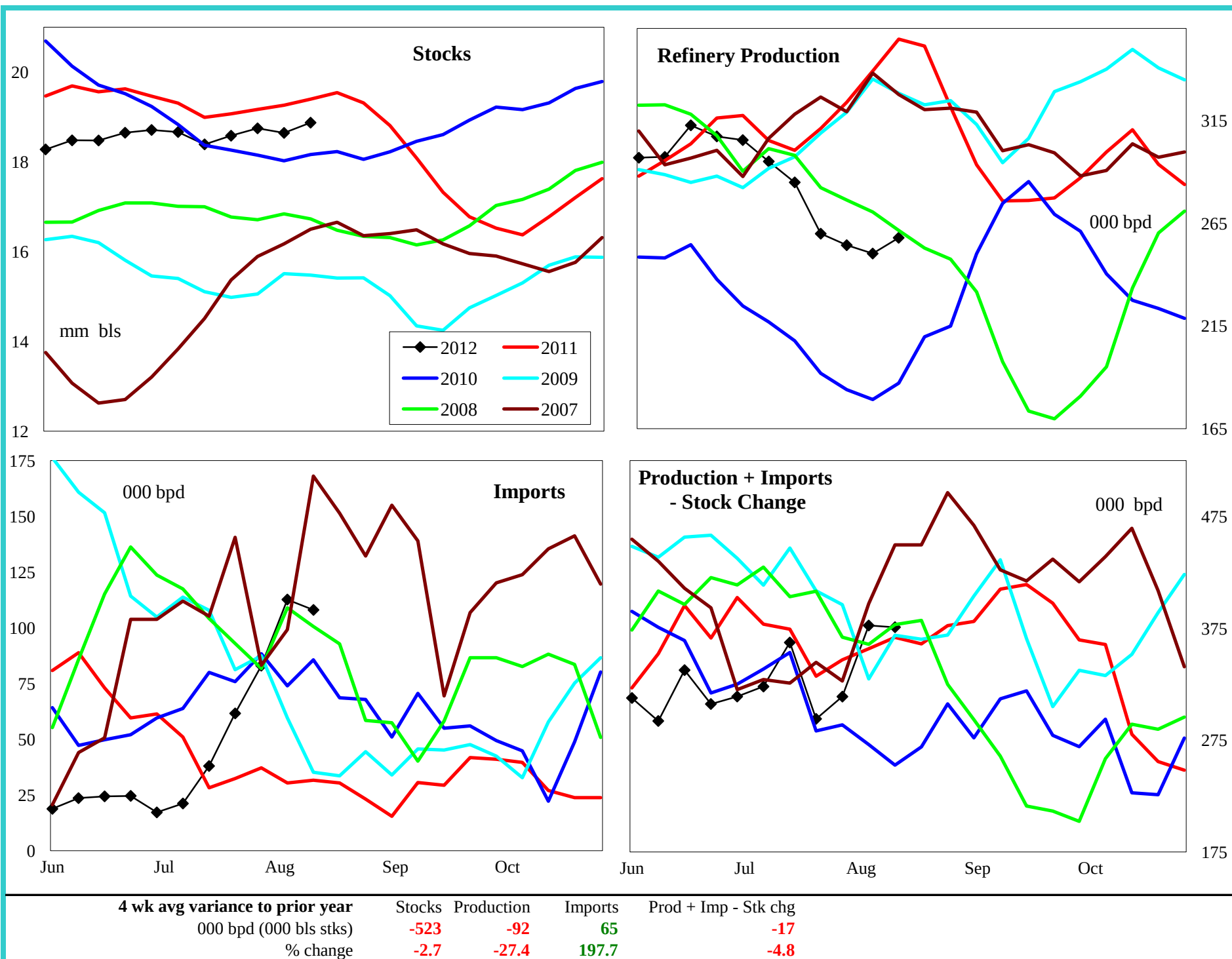
PADD 3 High Sulfur Distillate Supply



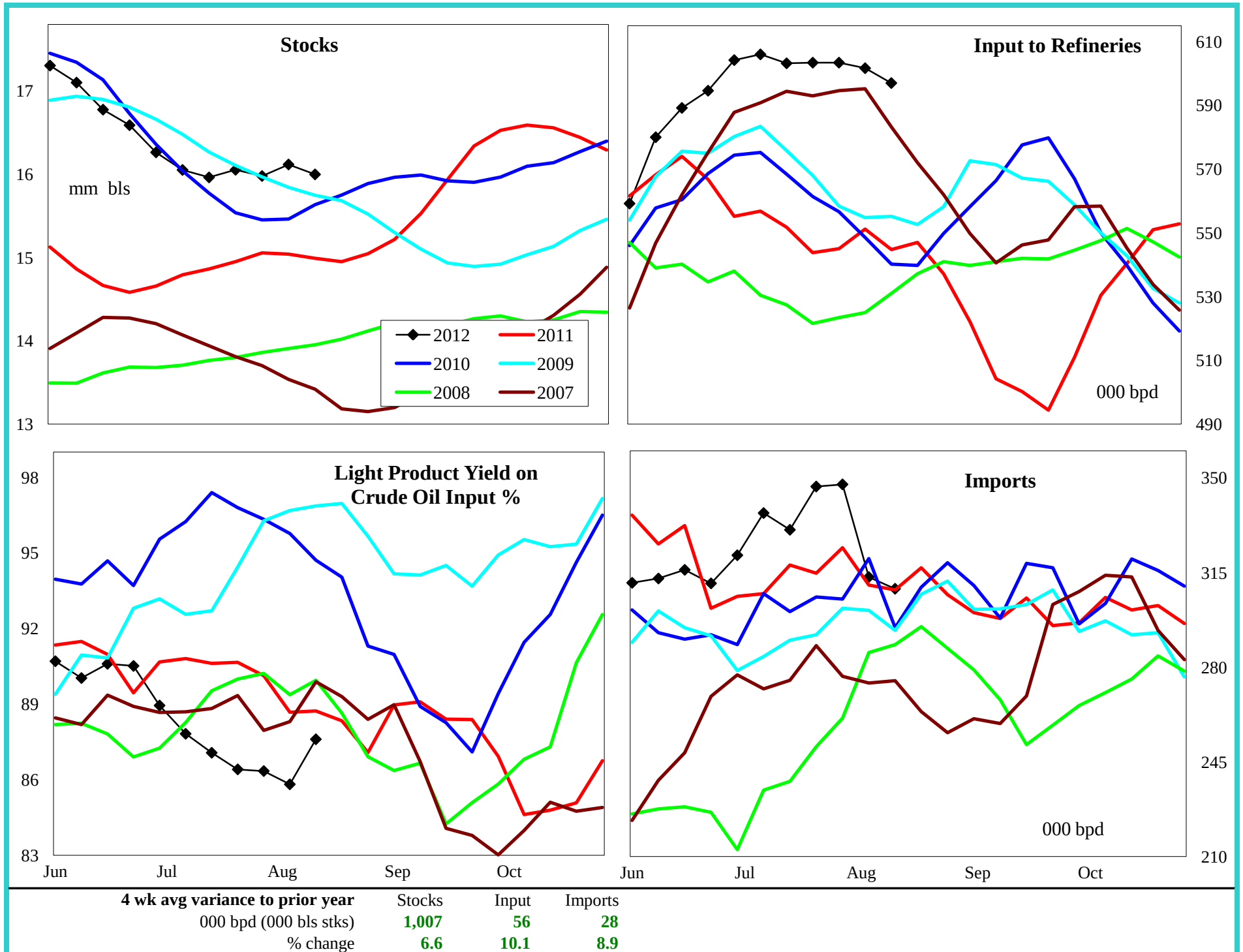
PADD 3 Jet Fuel Supply



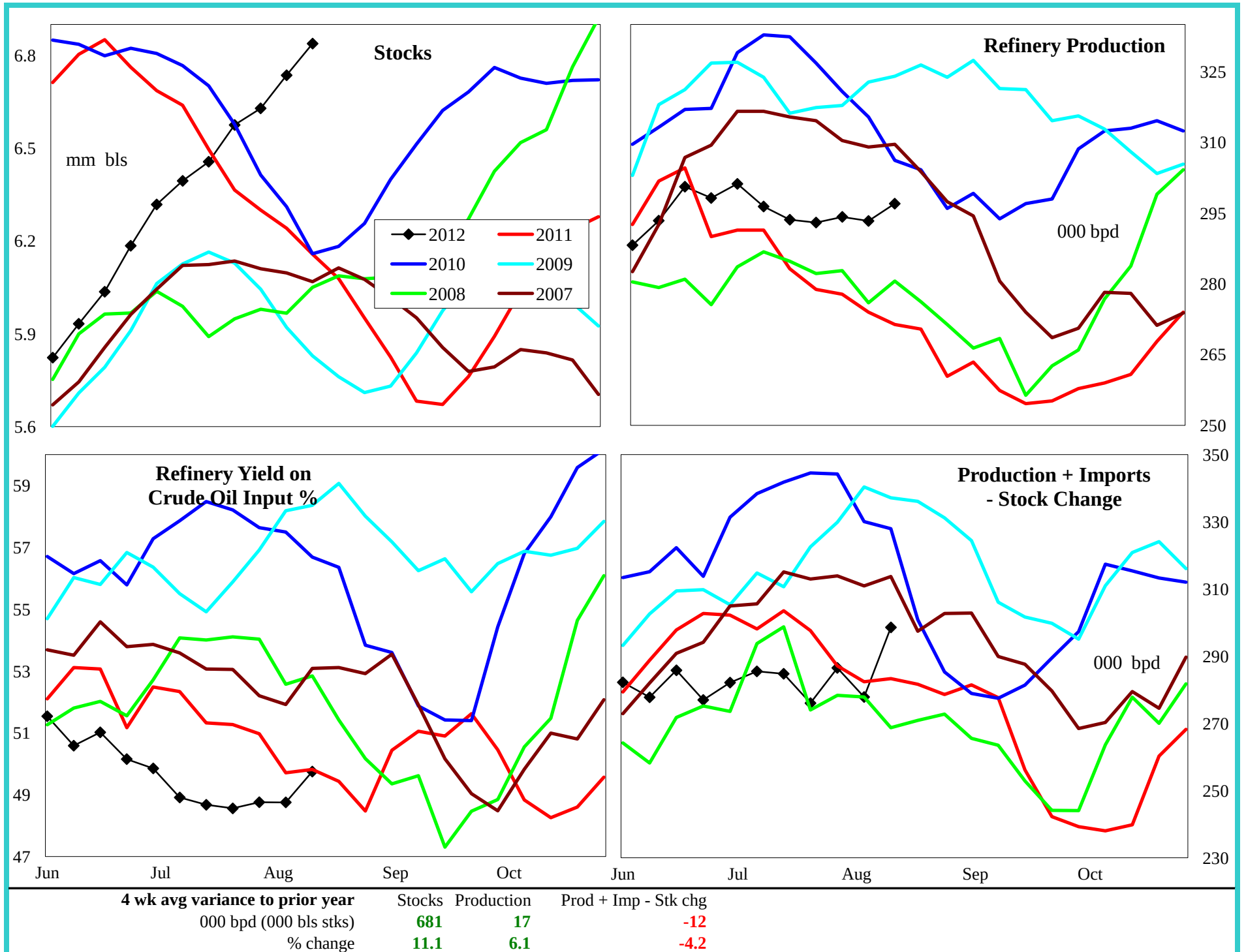
PADD 3 Residual Fuel Oil Supply



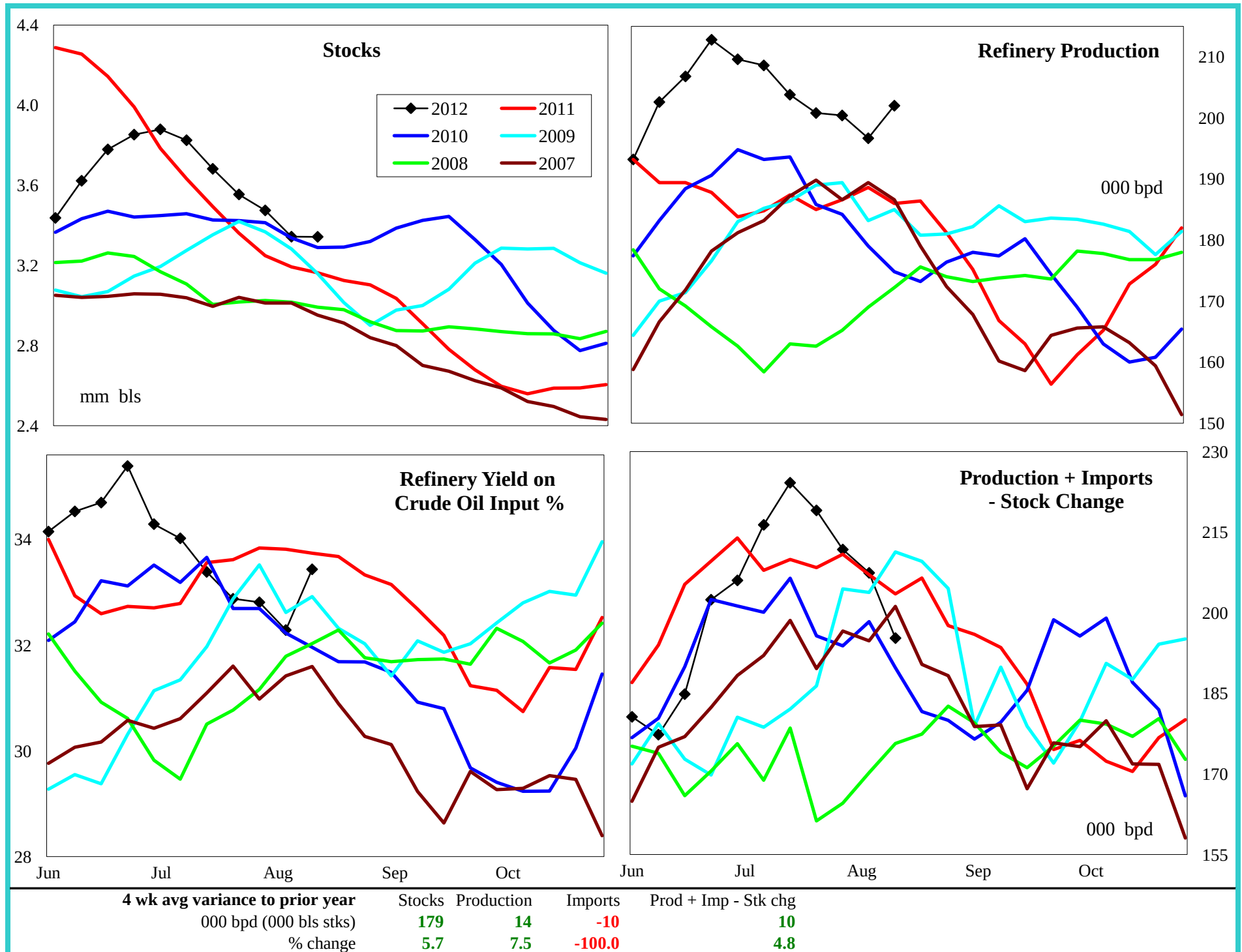
PADD 4 Crude Oil Supply and Refining



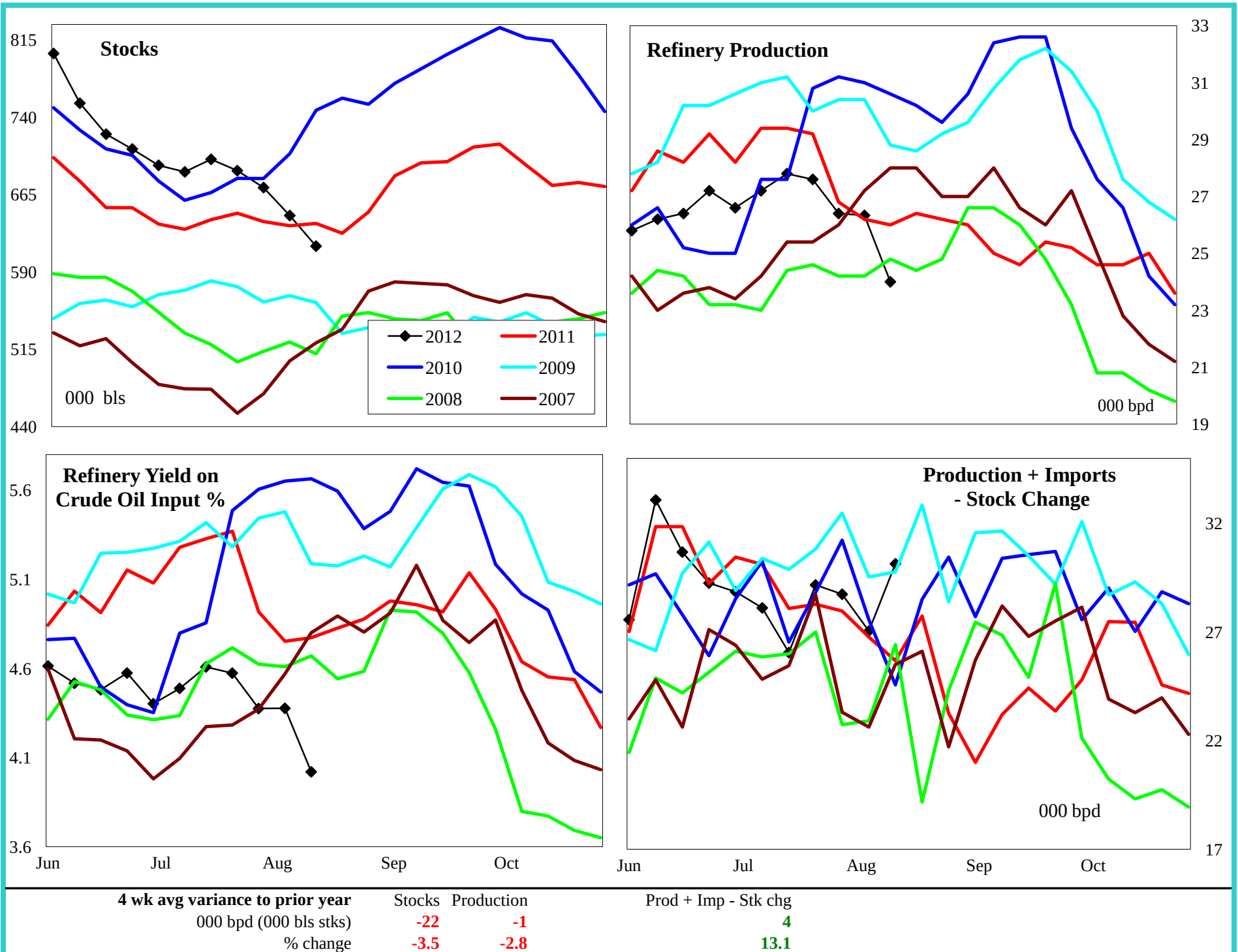
PADD 4 Gasoline Supply



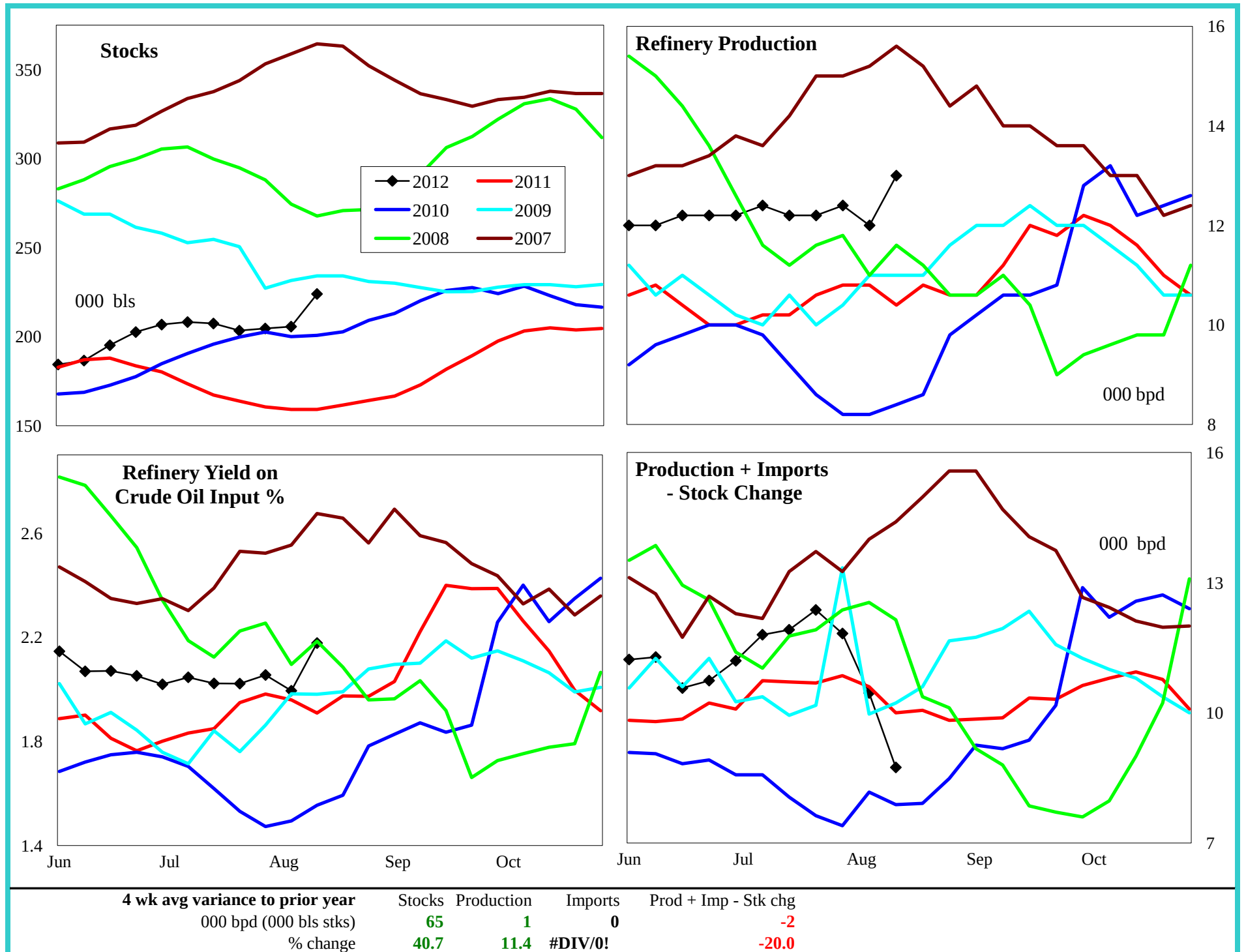
PADD 4 Distillate Supply



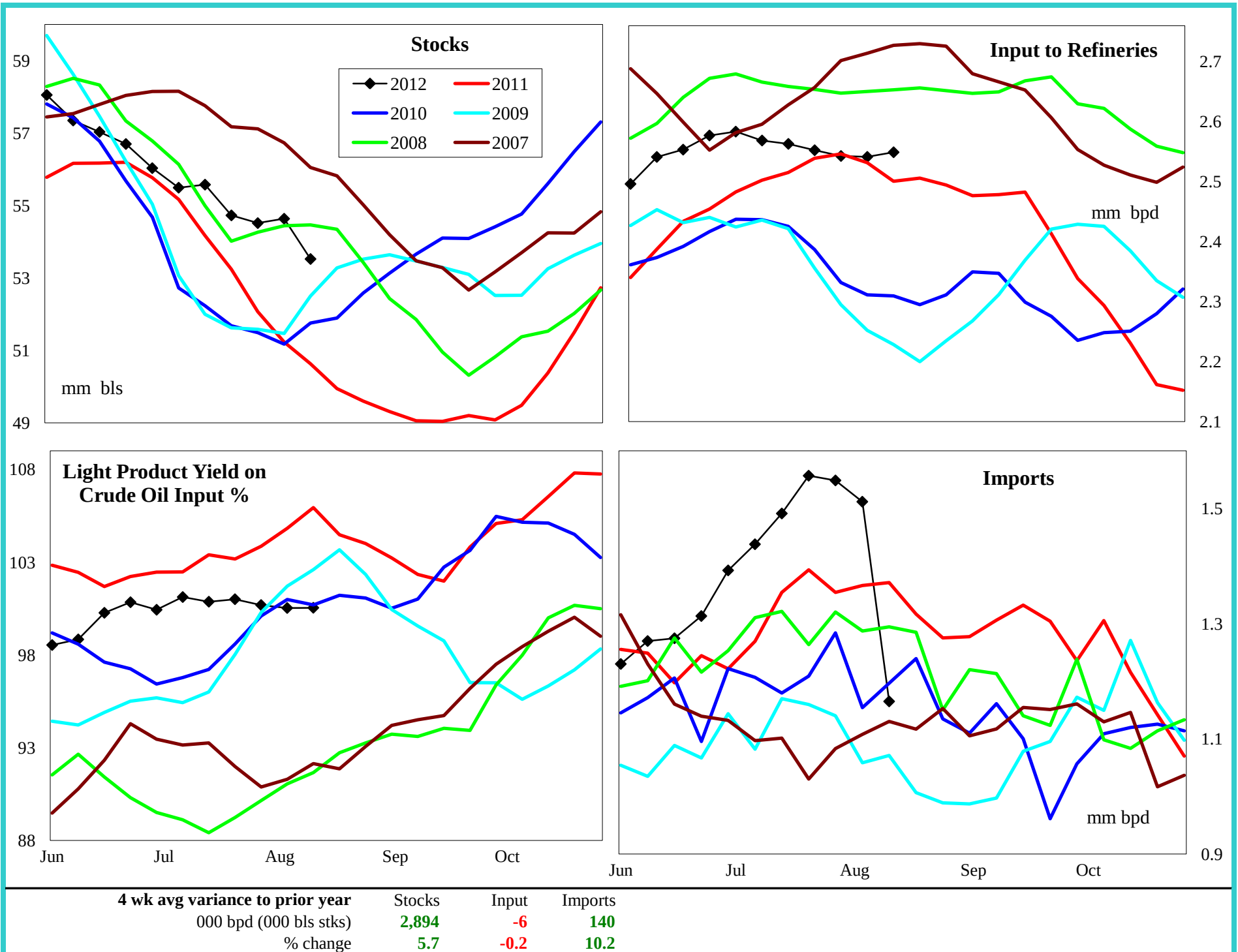
PADD 4 Jet Fuel Supply



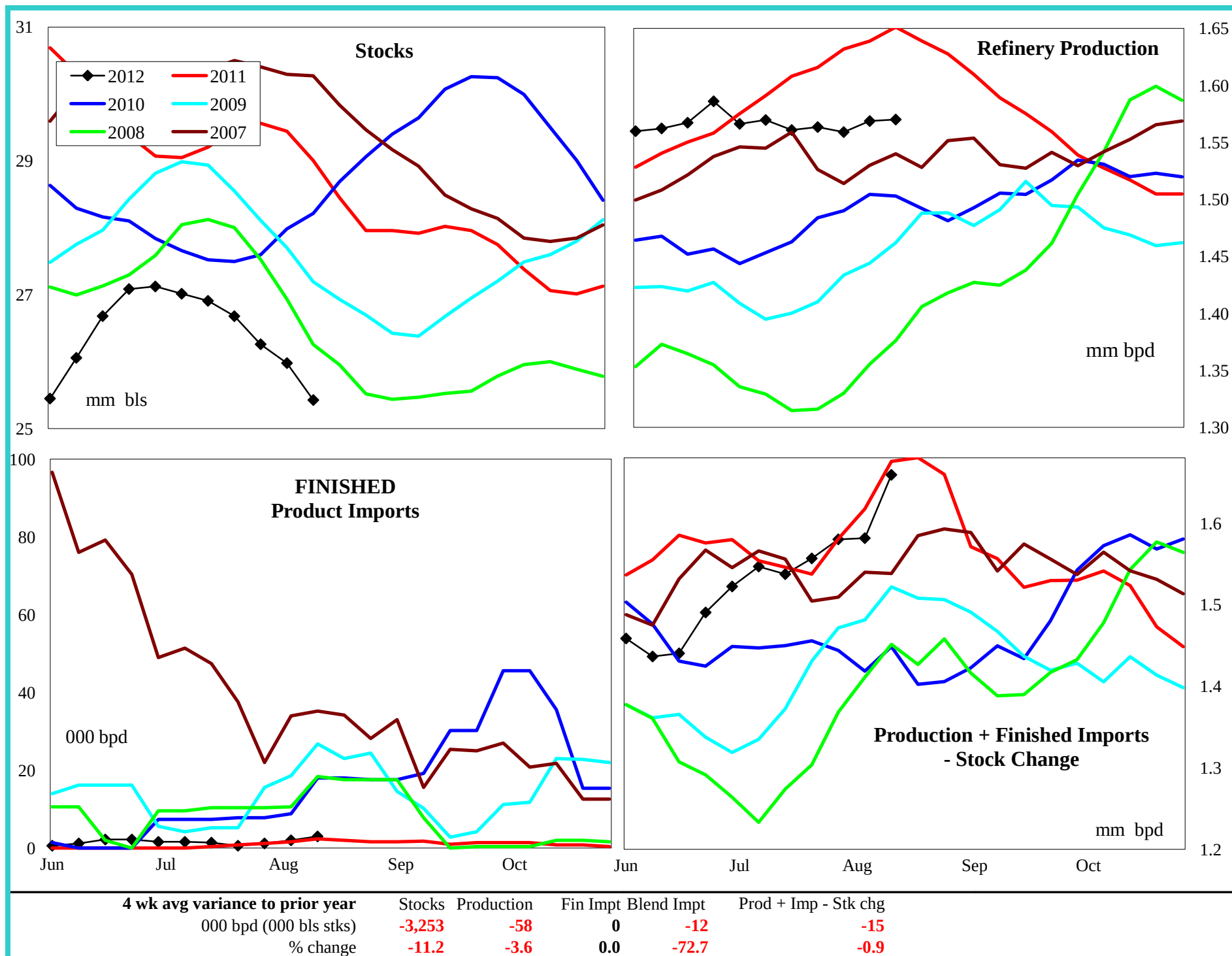
PADD 4 Residual Fuel Oil Supply



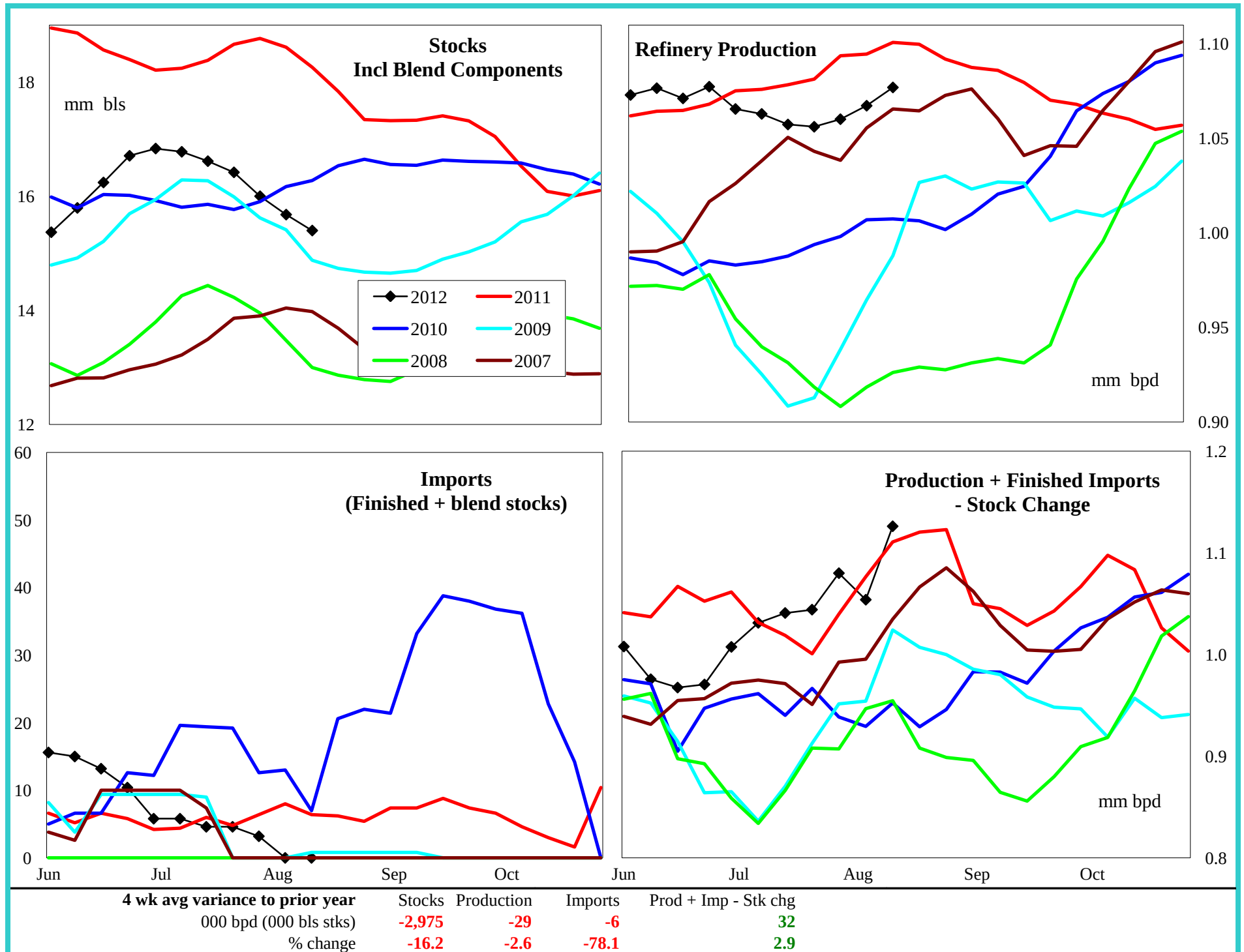
PADD 5 Crude Oil Supply and Refining



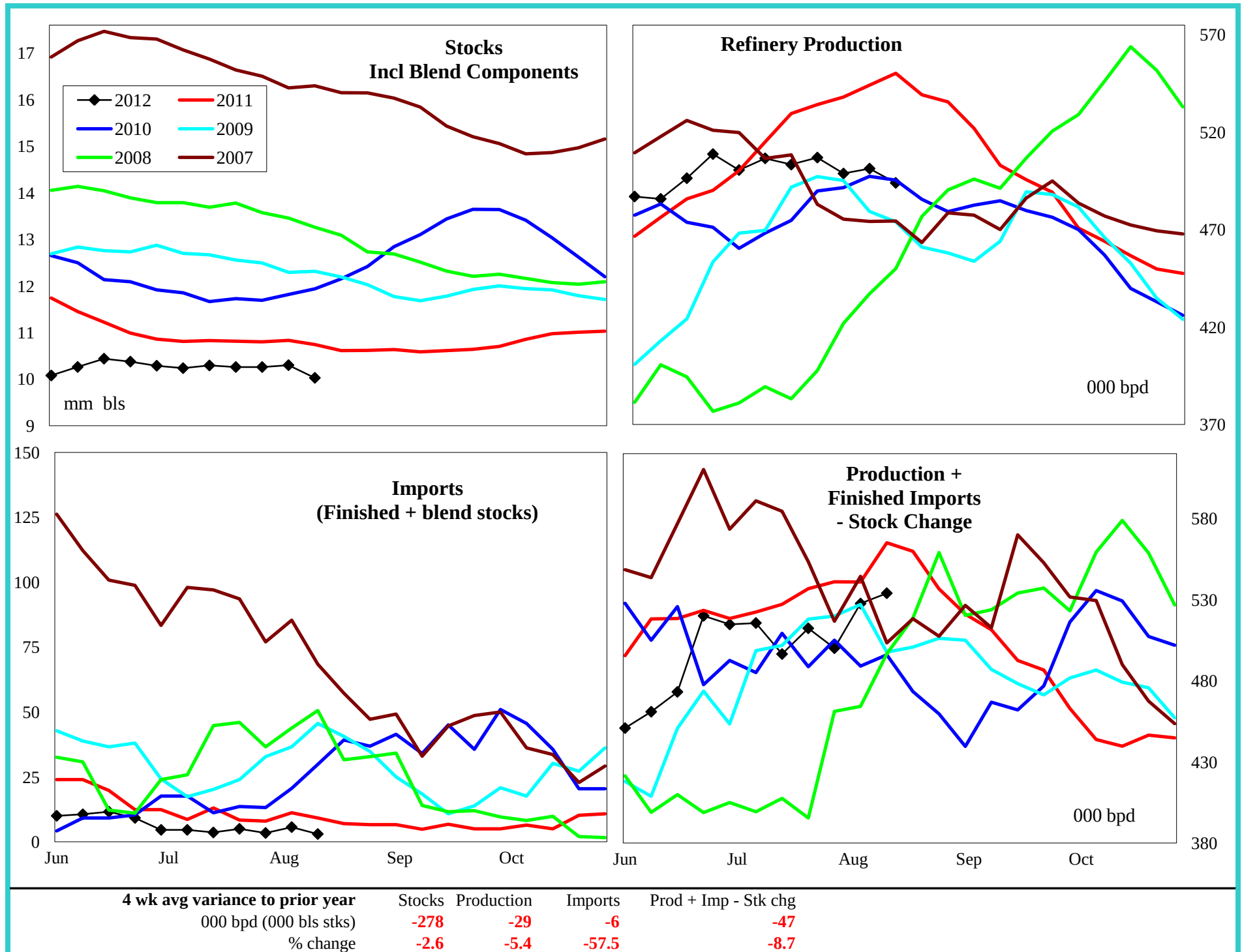
PADD 5 Gasoline Supply



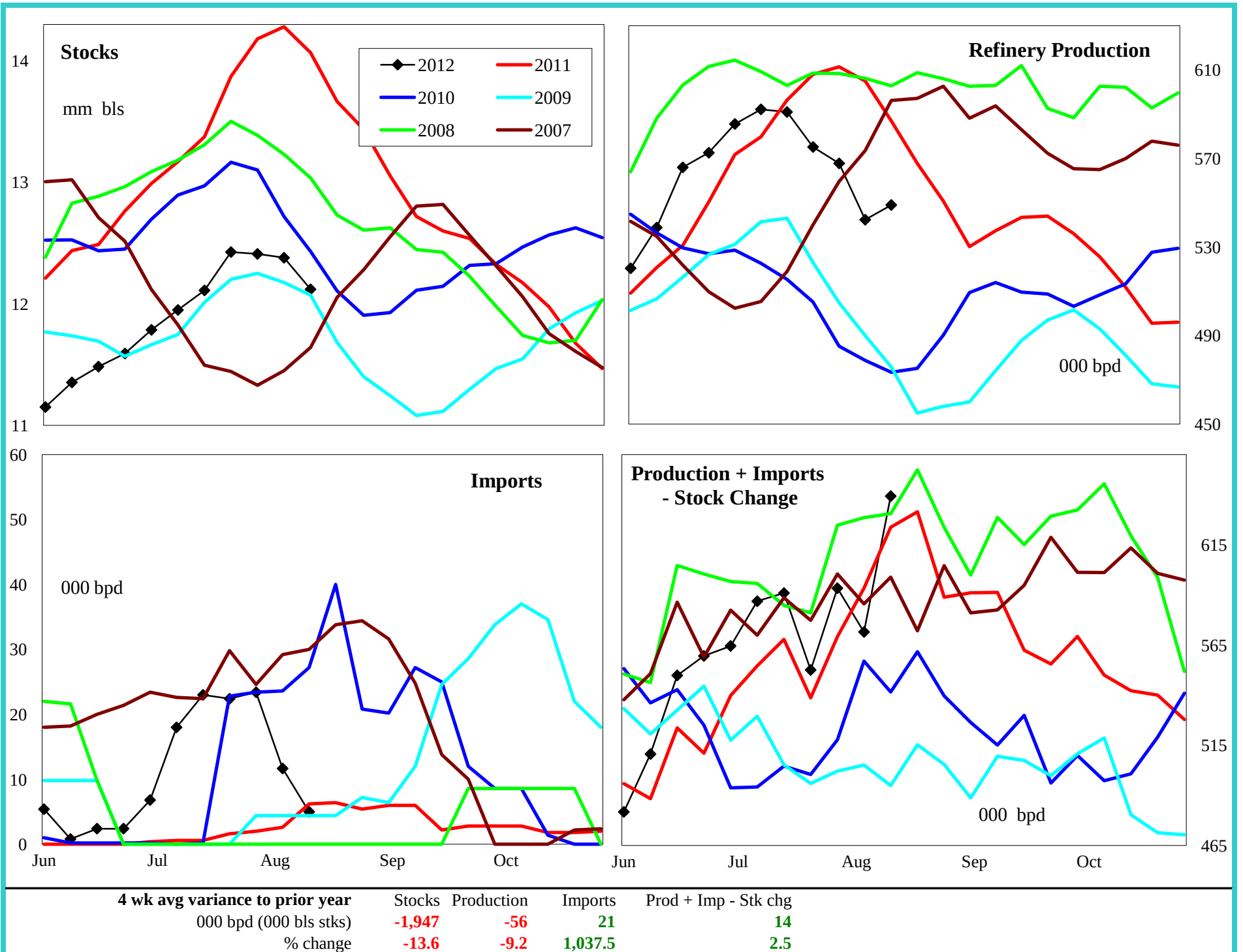
PADD 5 Reformulated Gasoline Supply



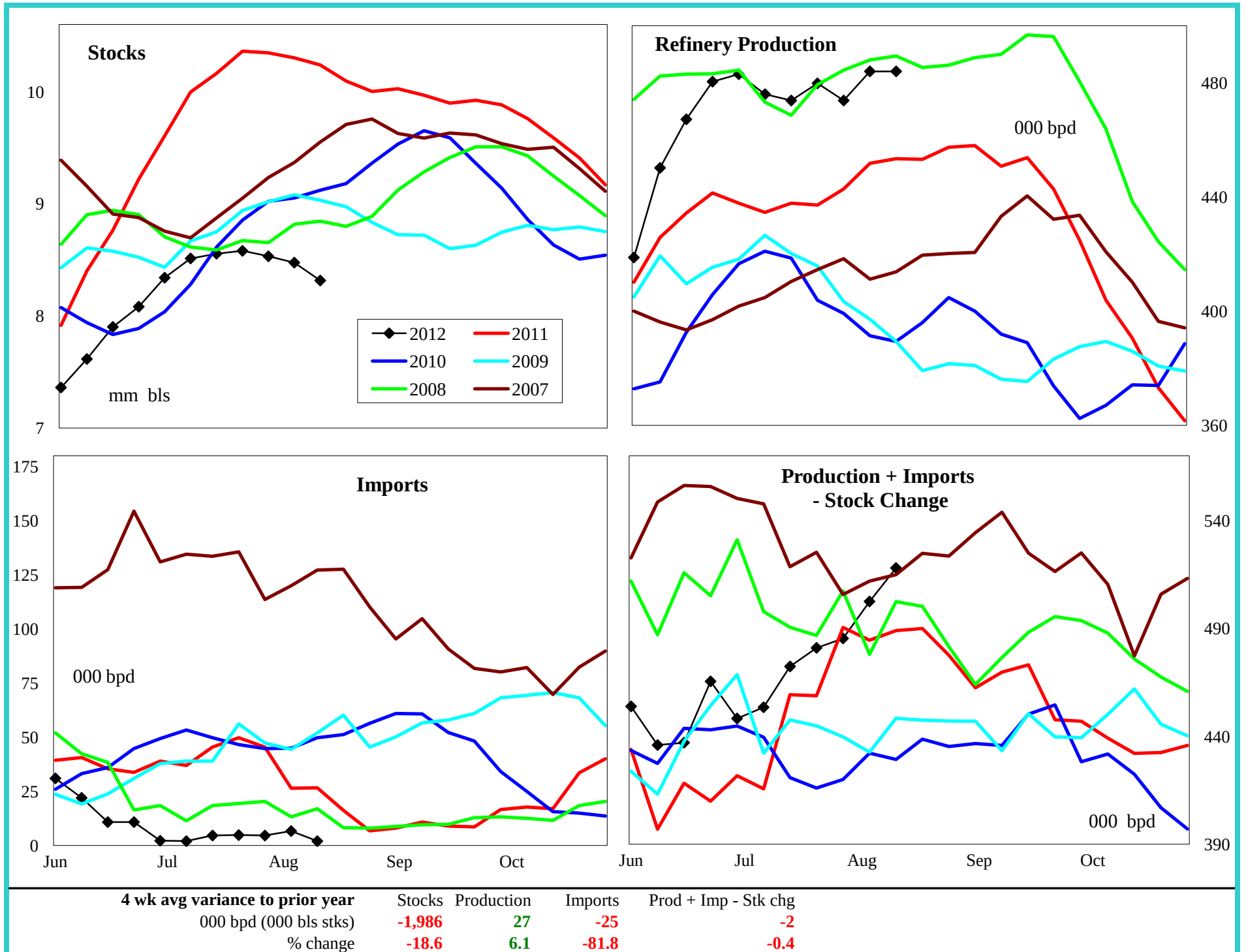
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

