



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

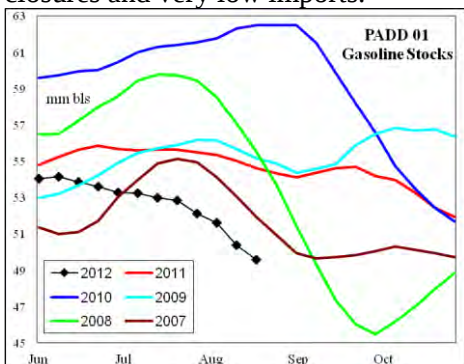
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, August 23, 2012

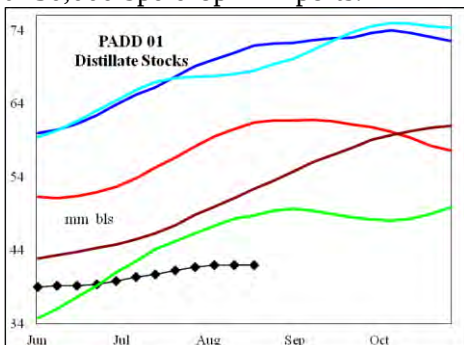


Major Fundamental Trends¹

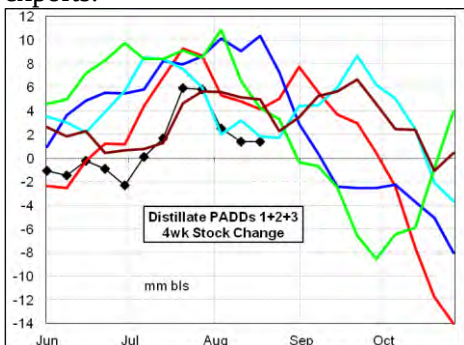
Gasoline supplies remain very tight on the East Coast with stocks at 5-year lows, the result of earlier refinery closures and very low imports.



Distillate stocks are also at 5-year lows on the East Coast; again the result of earlier refinery closures, record exports averaging more than 150,000 bpd and a -50,000 bpd drop in imports.



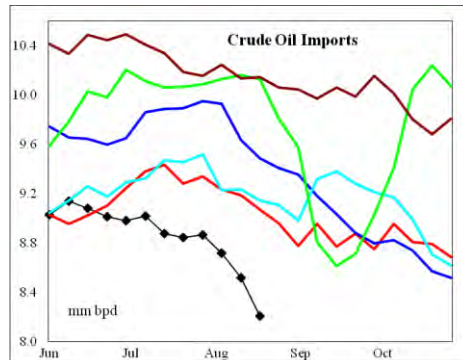
Distillate stock builds in the combined markets East of the Rockies are at 5-year lows, driven by extremely high exports.



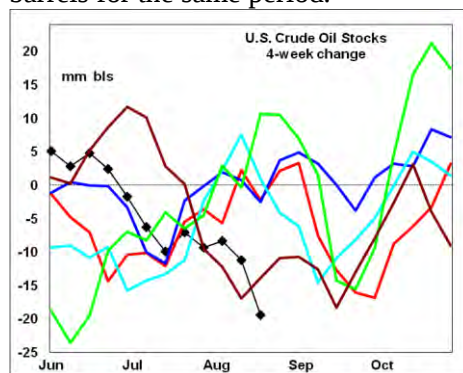
Combined with record low stock levels, there is risk of a supply squeeze in the entire Atlantic Basin region if export demand continues at current

rates.

Crude oil imports have declined sharply in the last 4-wks, with the decrease concentrated in the Gulf and East Coast.



The sharp pull back in imports has led to a record rate of stock drawdown (-19 million barrels in the last 4-wks), compared to the last 3-years when stock draws were less than -2 million barrels for the same period.



Stock draws in Cushing have been less than the historic average, with exceptionally large draws on the Gulf. This draw points to increased processing of domestic production, and a likely larger than average maintenance season during the next quarter.

Demand for transport fuels was slightly lower on the week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1.7%; distillate -4.4%; jet fuel down -2.7% while residual fuel oil decreased -10%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -1 million barrel stock draw. Coverage levels were below the last 3-years.

Distillate coverage increased on a +1 million barrel stock build and lower demand. Coverage levels remain near historic lows.

Jet fuel coverage increased on a +1 million barrel stock build and lower demand. Coverage levels were near the 3-year average.

Refinery utilization rates fell last week on a -273,000 bpd decline in crude oil runs. During the latest 4-wk period crude oil input was +33,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a -36,000 bpd decline in output compared to the -273,000 bpd drop in crude oil runs. Yield % on crude oil runs were below the mid range.

Distillate yield % on crude oil runs increased on a +65,000 bpd rise in production, compared to the large decline in crude oil runs. The yield % was at a 5-year high.

Jet fuel yield % on crude oil runs fell on a -38,000 bpd decrease in output, compared to the drop in crude oil runs. The yield % matched historic highs.

Petroleum Imports of all transport fuels were slightly lower last week. Crude oil imports fell -0.5 million bpd in the Gulf. During the latest 4-wk period crude oil imports were -0.6 million bpd below last year; distillate imports decreased -59,000 bpd; finished gasoline imports decreased -69,000 bpd, gasoline blend stock imports decreased -28,000 bpd; jet fuel imports were -9,000 bpd lower, while residual fuel oil imports increased +18,000 bpd.

Crude Oil stocks declined -5.4 million barrels last week, including draws of -1 to -2 million barrels each in PADDs 2, 3 & 5. U.S. stocks ended the week +9 million barrels above a year ago. Cushing stocks ended the week +12 million barrels above last year, +35%.

¹ Source is latest EIA Weekly Statistics



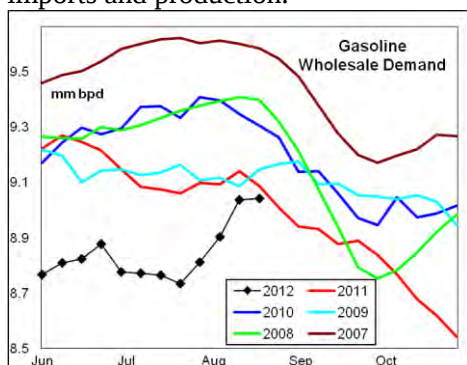
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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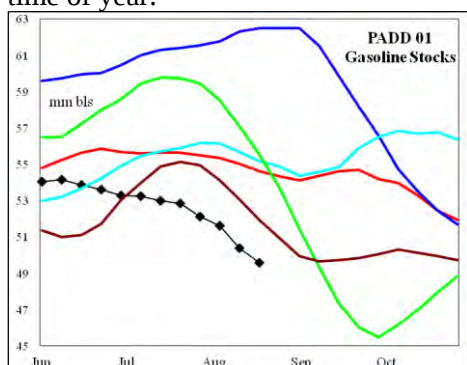
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Product Supply-Demand Trends

Gasoline demand declined -227,000 bpd last week, to a level below the historic range. The latest 4-wk average demand was -154,000 bpd below a year ago, a decline of -1.7%. Supplies decreased -47,000 bpd on lower imports and production.



Stocks decreased -1 million barrels last week; including a -2.2 million barrel draw on the Gulf. Stock levels in PADD 1 remain at record lows for this time of year.



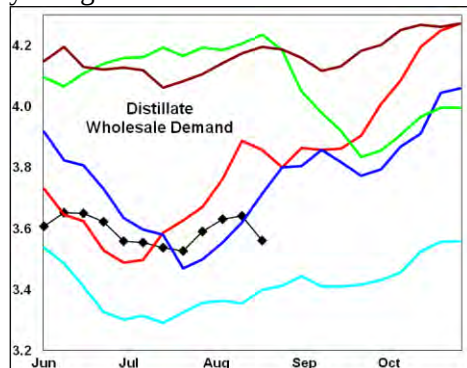
The latest 4-wk stock change in markets East of the Rockies was a -7.4 million barrel draw, compared to an average of -2 million barrels during the last 3-years.

Record low stocks on the East Coast has kept a supply squeeze in place for this region, driving the forward price curve to 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.

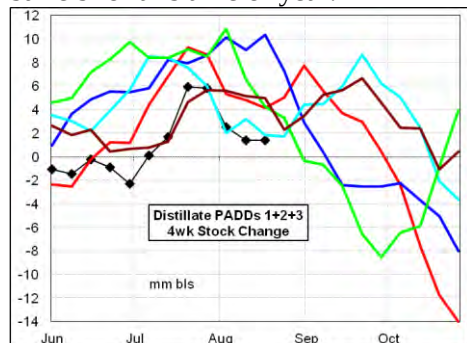
Distillate demand was unchanged on the week. The latest 4-wk average

demand was -170,000 bpd below a year ago.



Supplies increased +37,000 bpd on the week, on higher production. Stocks increased +1 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 +4 million barrels for this time of year.



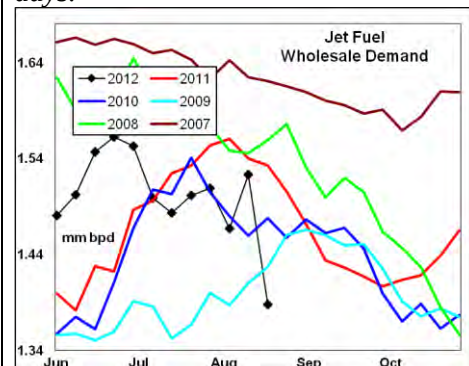
Stocks ended the week -31 million barrels below last year; a level below the historic range. Production has averaged +87,000 bpd above a year ago for the latest 4-wk period. Risk continues that stock levels will remain unusually low leading to tight supplies in the 4th quarter.

Jet Fuel demand fell -108,000 bpd on the week, to a level below the 5-year range. The latest 4-wk average demand was -42,000 bpd below a year ago, down -2.7%.

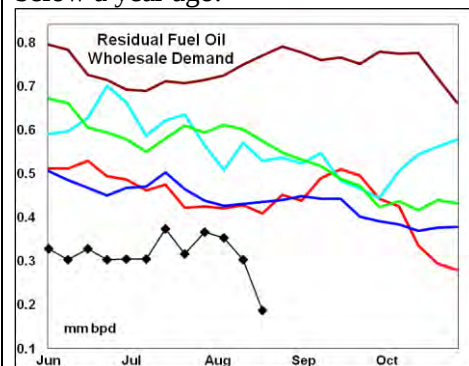
Production decreased -38,000 bpd last week, with the level still above the historic range. Stocks increased +1 million barrels on the week, a level -4% below last year.

Record production and lower seasonal demand has led to an above average stock build; although stock levels remain well below the last 3-

years. High production, should lead to further stock building over the next 45-days.



Residual fuel oil demand fell -335,000 bpd last week, reversing the previous week increase. The latest 4-wk average demand was -43,000 bpd below a year ago.



Supply (production + imports) decreased -209,000 bpd last week, on lower imports. The latest 4-wk average supply was -90,000 bpd below last year on lower production. Stocks were nearly unchanged on the week, with the level matching 5-year lows.

Wholesale demand fell sharply last week, reversing the earlier increase. Production has dropped to near 5-year lows.

Stock levels in the key Gulf Region remain near historic highs, pointing to a well supplied market.



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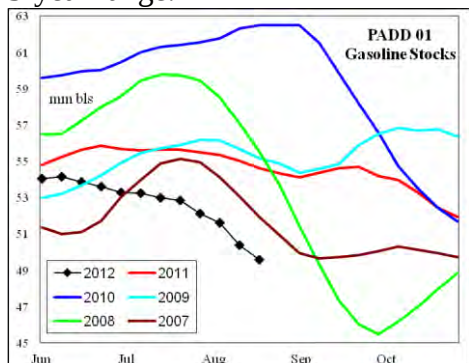
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PADD Supply Trends

PADD 1 refinery crude oil runs were unchanged on the week, with the latest 4-wk average -352,000 bpd below last year.

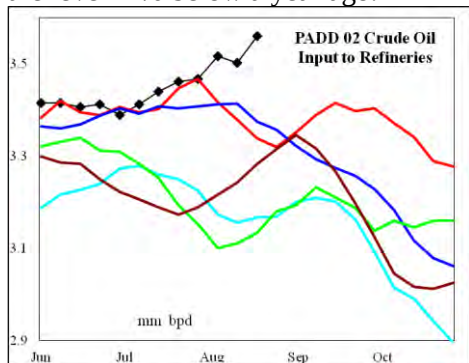
Gasoline supplies decreased -99,000 bpd on the week. Stocks decreased -0.3 million barrels last week, with the level well below the 5-year range.



Stock levels in the Central Atlantic region ended the week -10% below last years' record low level, continuing an end of summer supply squeeze in this key region.

Distillate supply increased +15,000 bpd last week, on higher production. Supply for the latest 4-wk period was -48,000 bpd below last years' previous record low. Stocks decreased -0.2 million barrels on the week, with the level -32% below last year.

Jet fuel supply decreased -26,000 bpd last week, with the level -21,000 bpd below a year ago. Stocks jumped +1 million barrels on the week, with the level -7% below a year ago.



PADD 2 crude oil refinery runs increased +136,000 bpd on the week, to a new 5-year high. Crude oil imports increased +319,000 bpd last

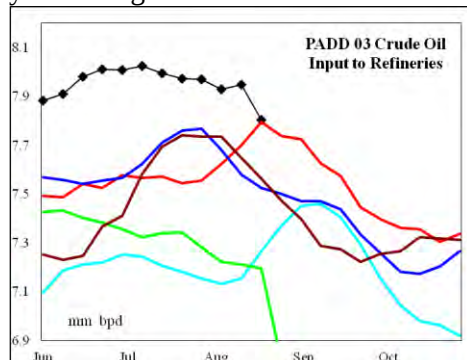
week; matching prior highs. Stocks decreased -1.1 million barrels on higher refinery runs.

Gasoline production decreased -30,000 bpd last week, to a level -44,000 bpd below a year ago for the most recent 4-wks. Stocks increased +0.7 million barrels, with the level above the mid range.

Distillate production increased +27,000 bpd on the week, a level that matched 5-year highs. Stocks decreased -0.5 million barrels last week, with the level still below the historic range.

Jet fuel production continued at record high rates for the week. Stocks increased +0.8 million barrels on the week, to a level near historic highs.

PADD 3 refinery runs fell -327,000 bpd last week, a level that matched 5-year highs. The latest 4-wk average thru put was +213,000 bpd above last year. Crude oil imports fell -1 million bpd last week, a record low level. Stocks decreased -2.4 million barrels on the week, to a level below the 3-year average.



Gasoline production increased +71,000 bpd last week, a level well above the last 2-months. Stocks fell -2.2 million barrels last week, to a level at the low end of the last 3-years.

Distillate supply was unchanged on the week, at a level above the 5-year range. Production was +128,000 bpd above a year ago for the latest 4-wk period. Stocks jumped +2.6 million barrels on the week, although the level remains -16% below last year.

Jet fuel production increased +19,000 bpd last week, +16% above

last years' record high. Stocks levels match the 5-year mid range.

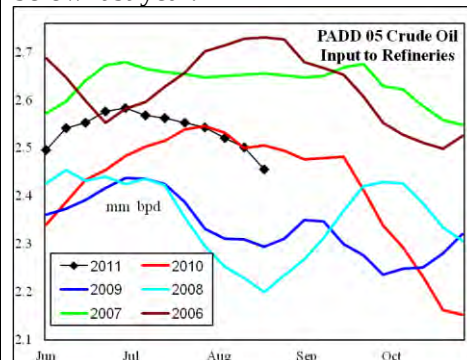
Residual fuel oil supplies decreased -90,000 bpd last week. Stock levels match historic highs.

PADD 4 refinery crude runs increased +9,000 bpd on the week, with the level +9% above last year and a 5-year high. The most recent 4-wk average run rate was +52,000 above a year ago.

Gasoline supply increased +16,000 bpd on the week, to a level above four of the last 5-years. Stock levels ended the week +0.9 million barrels above the prior 5-year high for this time of year.

Distillate production increased was unchanged from the prior week, with the latest 4-wk average +11,000 bpd above last year. Stocks ended the week slightly above the 5-year range.

PADD 5 crude oil refinery runs fell 93,000 bpd last week, to a level just below a year ago. Runs for the most recent 4-wk period were -2,000 bpd below last year.



Gasoline supply declined -51,000 bpd on the week; with the latest 4-wk average -94,000 bpd below a year ago. Stocks increased +0.8 million barrels last week, with the level near historic lows.

Distillate supply decreased -14,000 bpd on the week, with the latest 4-wk average -61,000 bpd below a year ago. Stocks fell -0.9 million barrels to a record low level.

Jet fuel supplies fell -64,000 bpd to a level at the mid range. Stock levels were -19% below last year and a 5-year low.

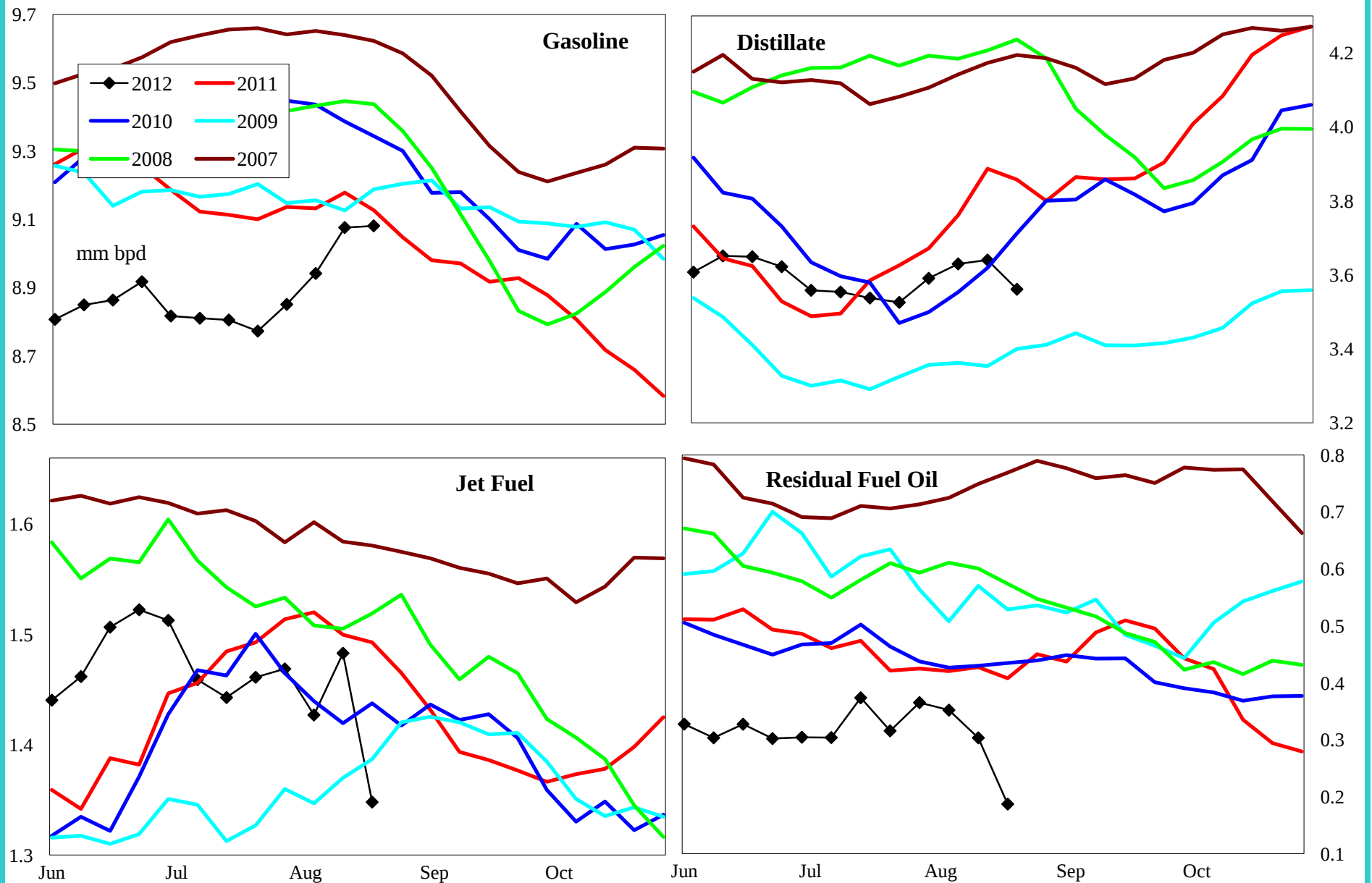


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report August 22, 2012
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	17-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	-5,412	-259	-1,063	-2,421	80	-1,750
	Imports	-510	138	319	-967	38	-38
	Input	-273	2	136	-327	9	-93
	% Utilization	-1.40					
Gasoline	Stocks	-962	-321	681	-2,187	114	751
	Production	-36	-58	-30	71	16	-48
	Imports	-11	-41	-2	36	0	-3
	Supplied	-227					
Distillate	Stocks	992	-249	-549	2,649	65	-925
	Production	65	43	27	2	1	-9
	Imports	-28	-28	5	0	0	-5
	Supplied	-8					
Jet Fuel	Stocks	950	994	788	-683	-48	-101
	Production	-38	-4	9	19	1	-62
	Imports	-24	-22	0	0	0	-2
	Supplied	-108					
Residual Fuel Oil	Stocks	94	-158	-99	389	-11	-28
	Production	-40	5	1	-4	0	-42
	Imports	-169	-93	3	-86	0	7
	Supplied	-335					

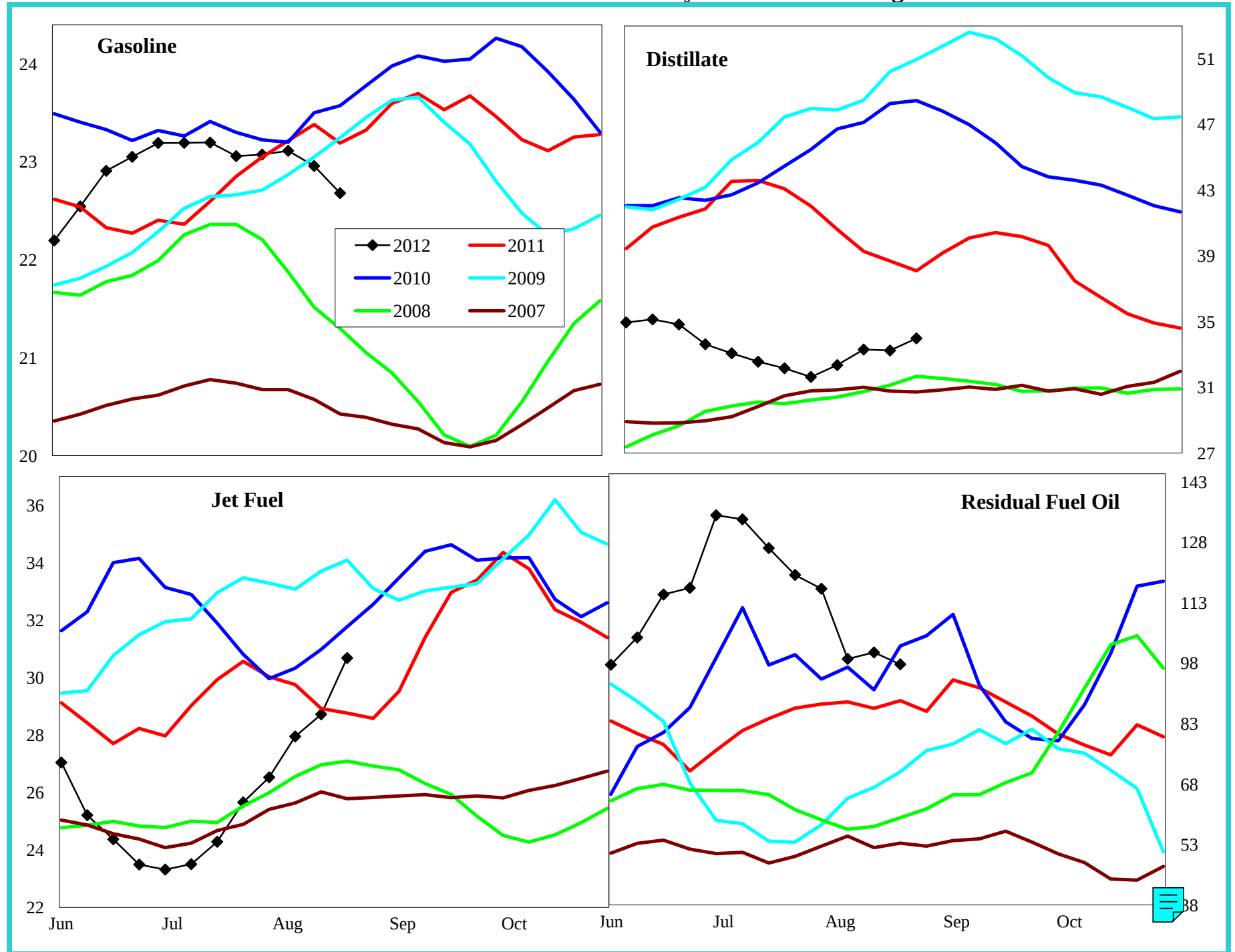
United States Wholesale Petroleum Demand



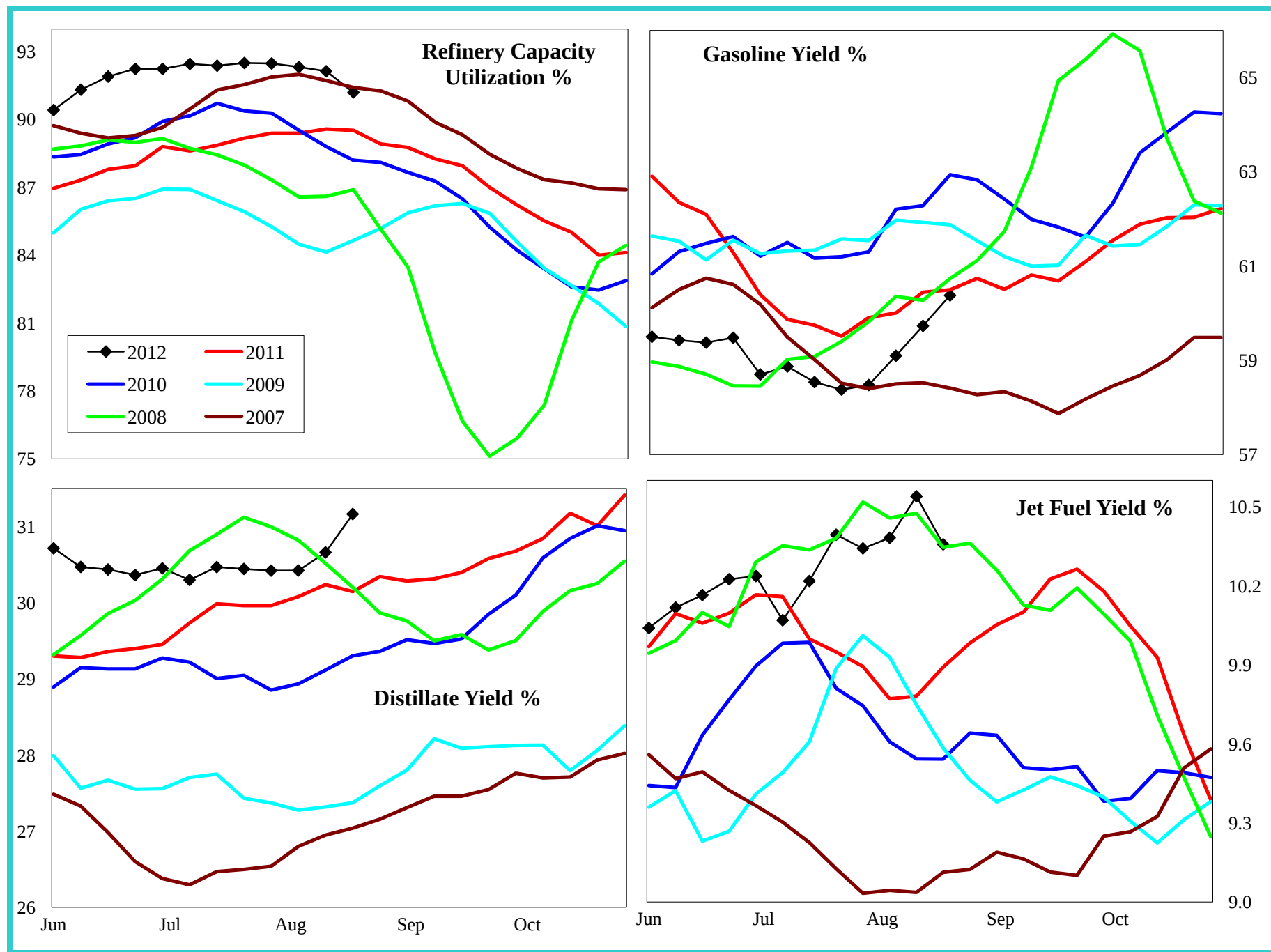
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-154	-204	-128	212	-1.7	-2.3	-1.4	2.4
Distillate	-170	8	-186	88	-4.4	0.2	-4.8	2.4
Jet Fuel	-42	-11	44	-20	-2.7	-0.8	2.8	-1.4
Resid	-43	28	-162	-184	-10.1	8.9	-34.4	-38.5



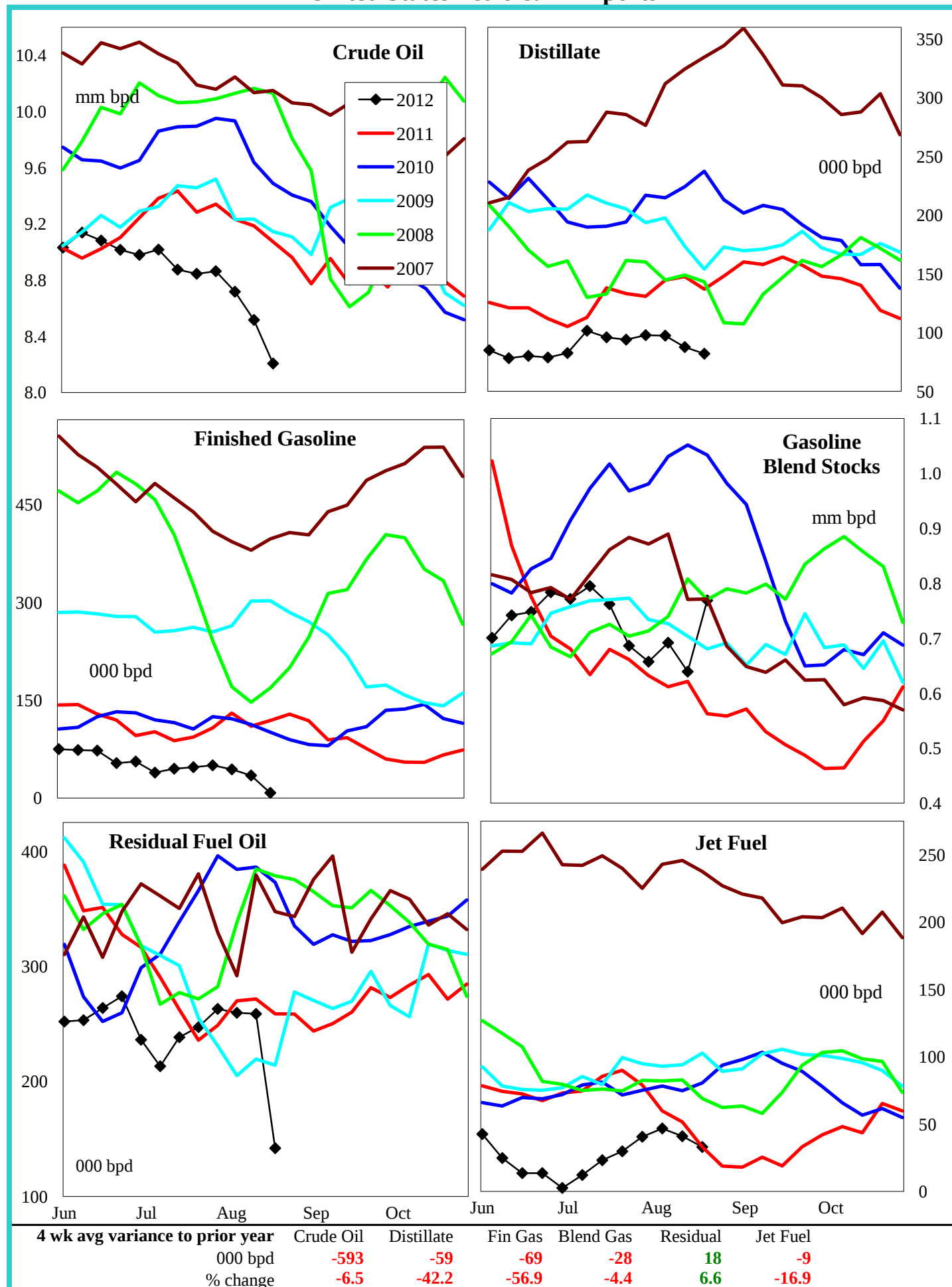
United States Product Stocks: Days Forward Coverage



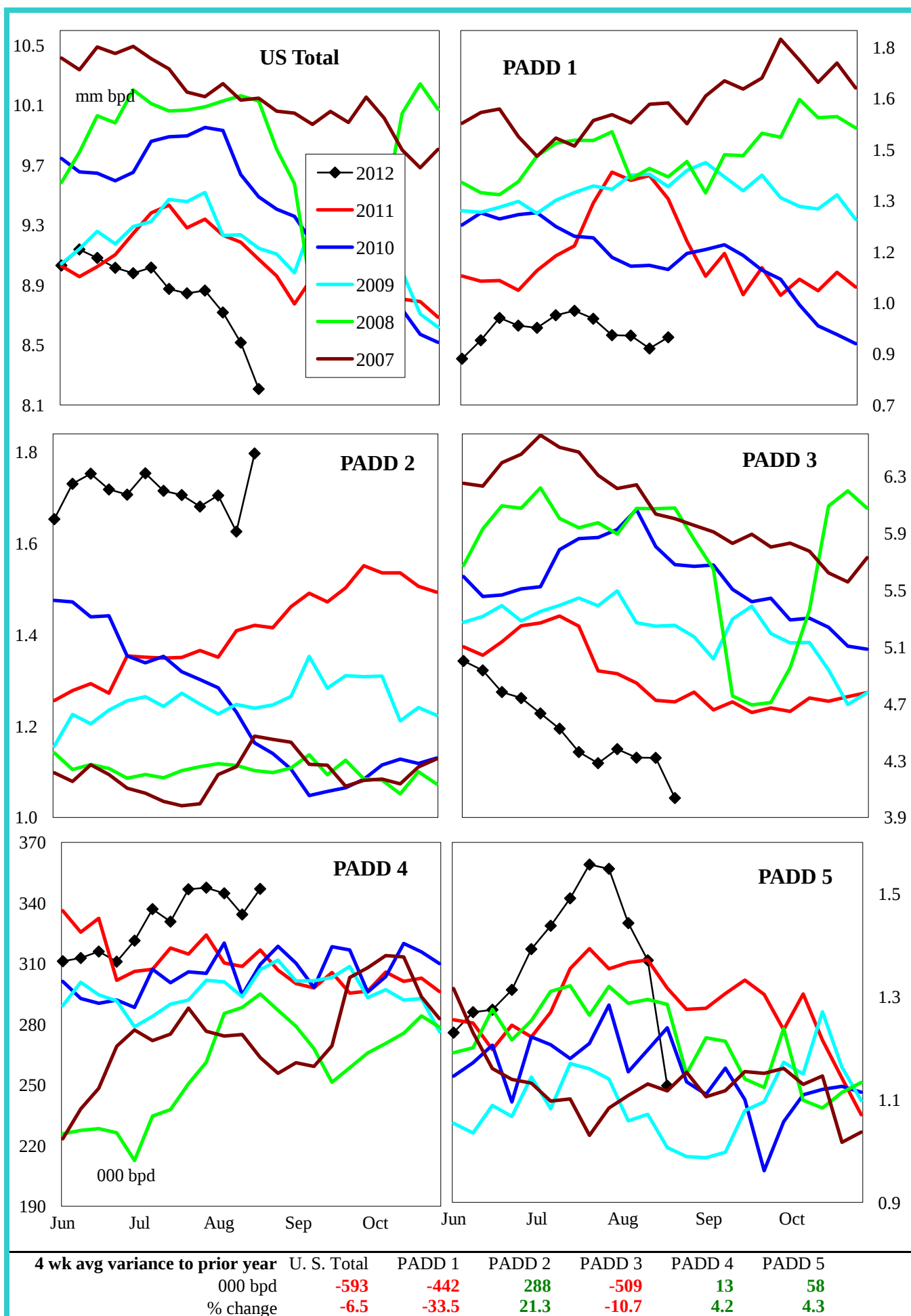
United States Refinery Percent Utilization Rate and Product Yields



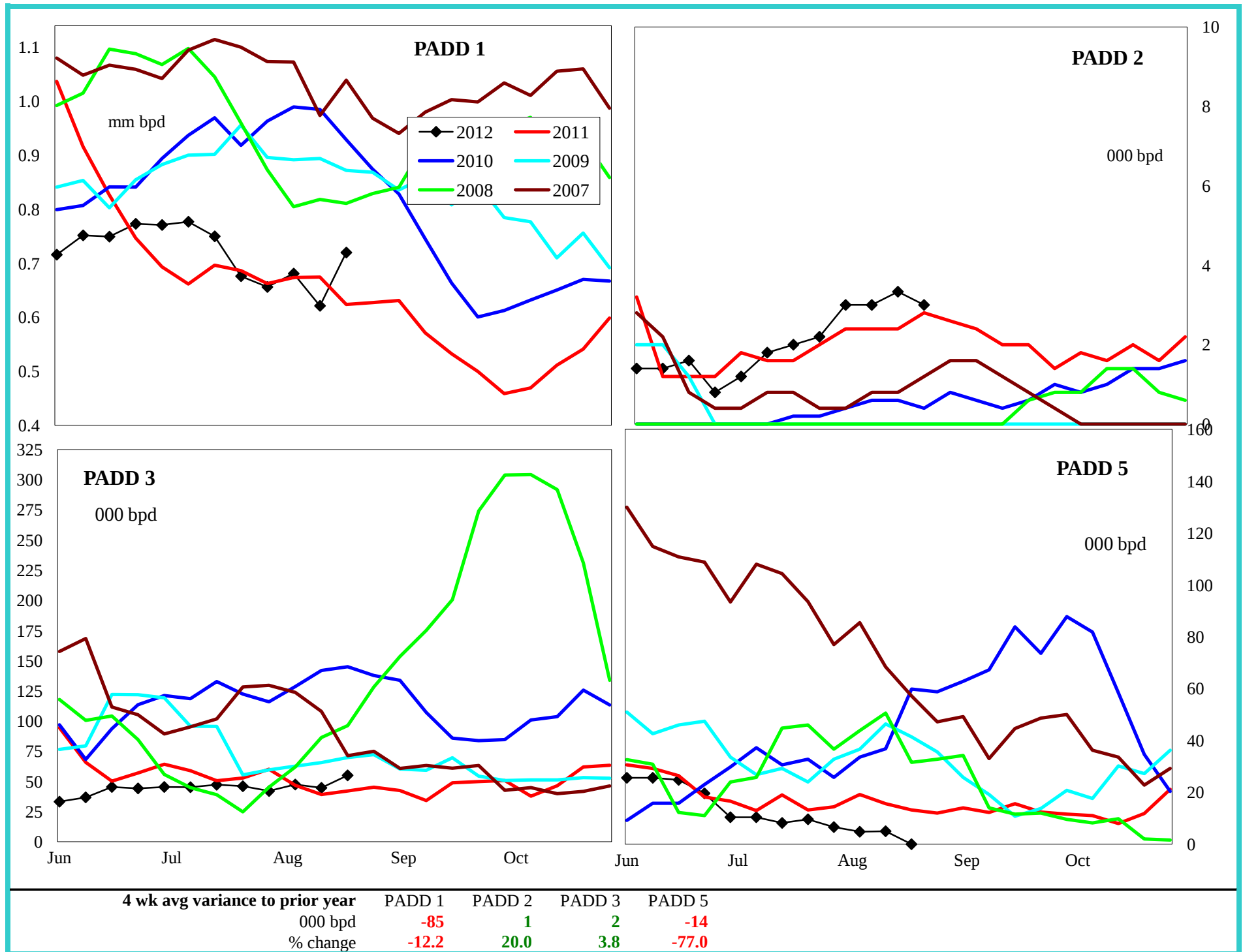
United States Petroleum Imports



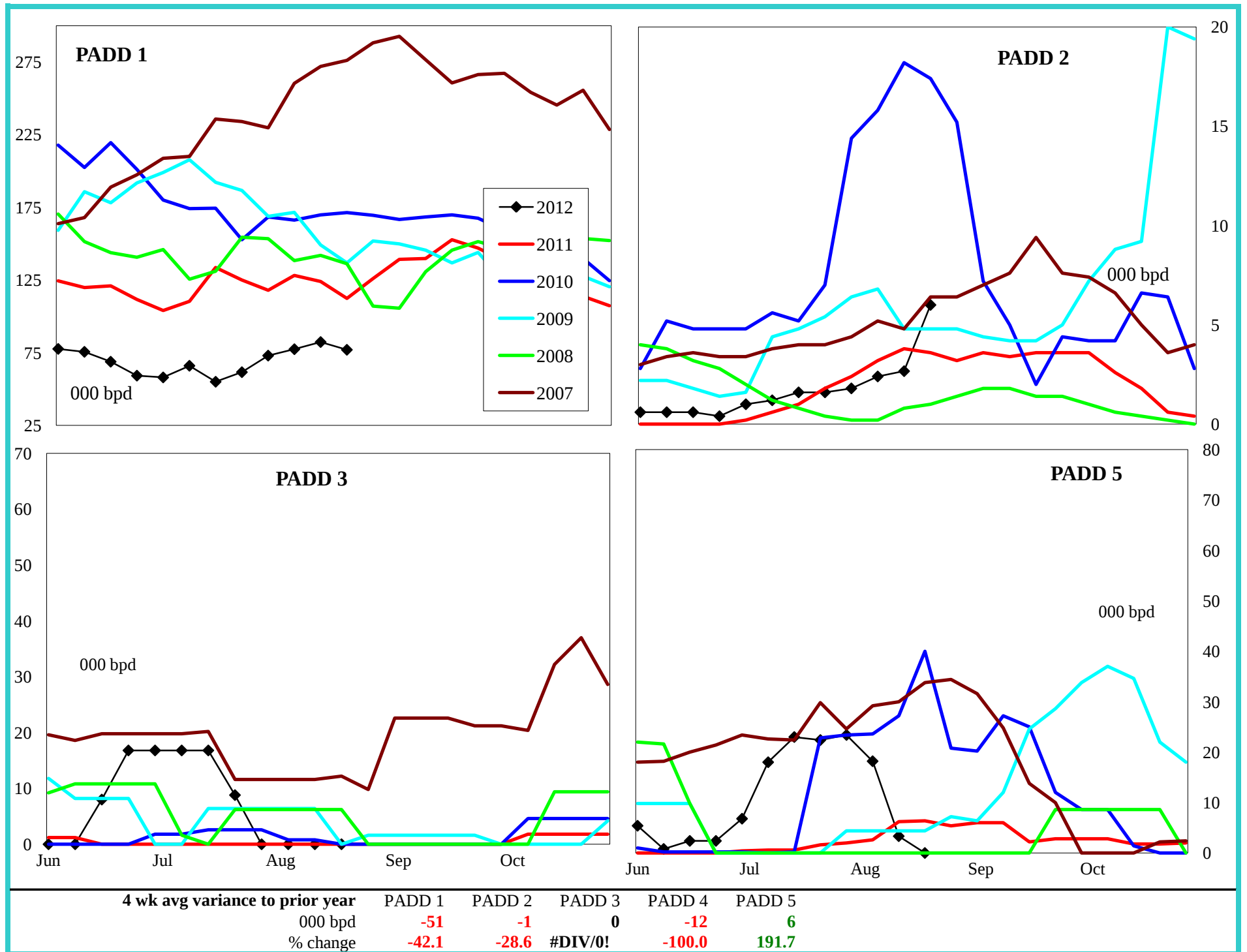
Crude Oil Imports by PADD



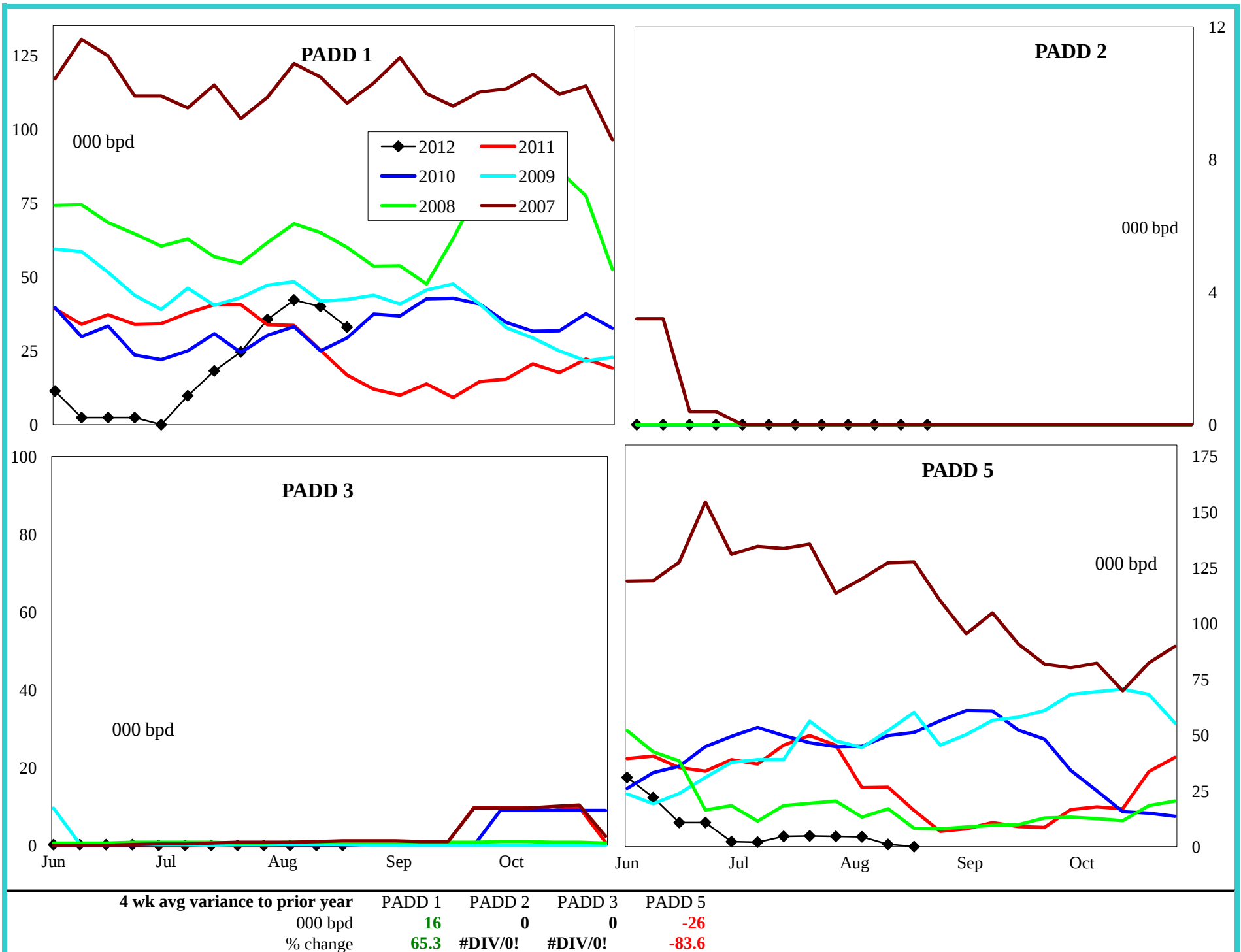
Gasoline Imports by PADD (Finished + Blend Stocks)



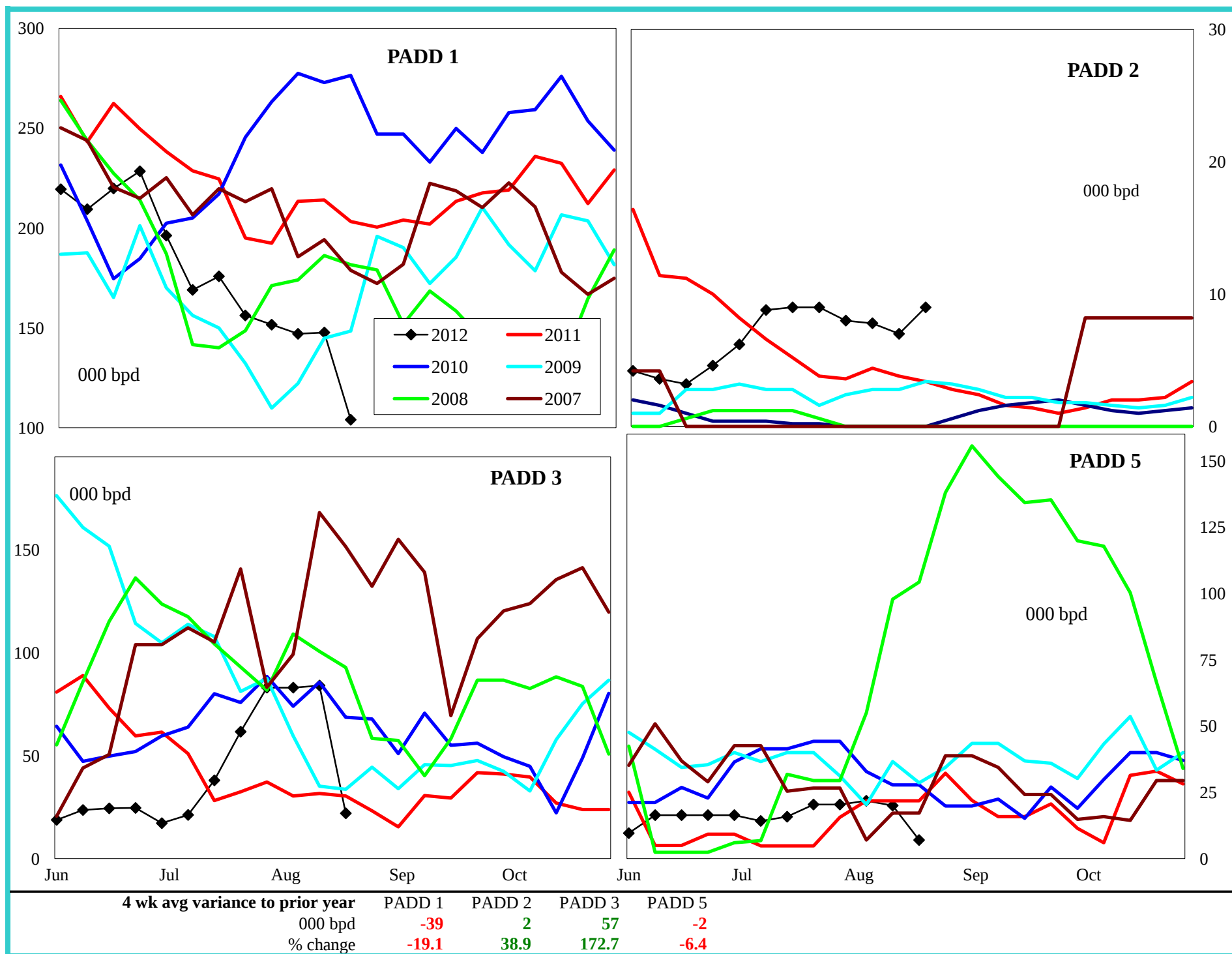
Distillate Imports by PADD



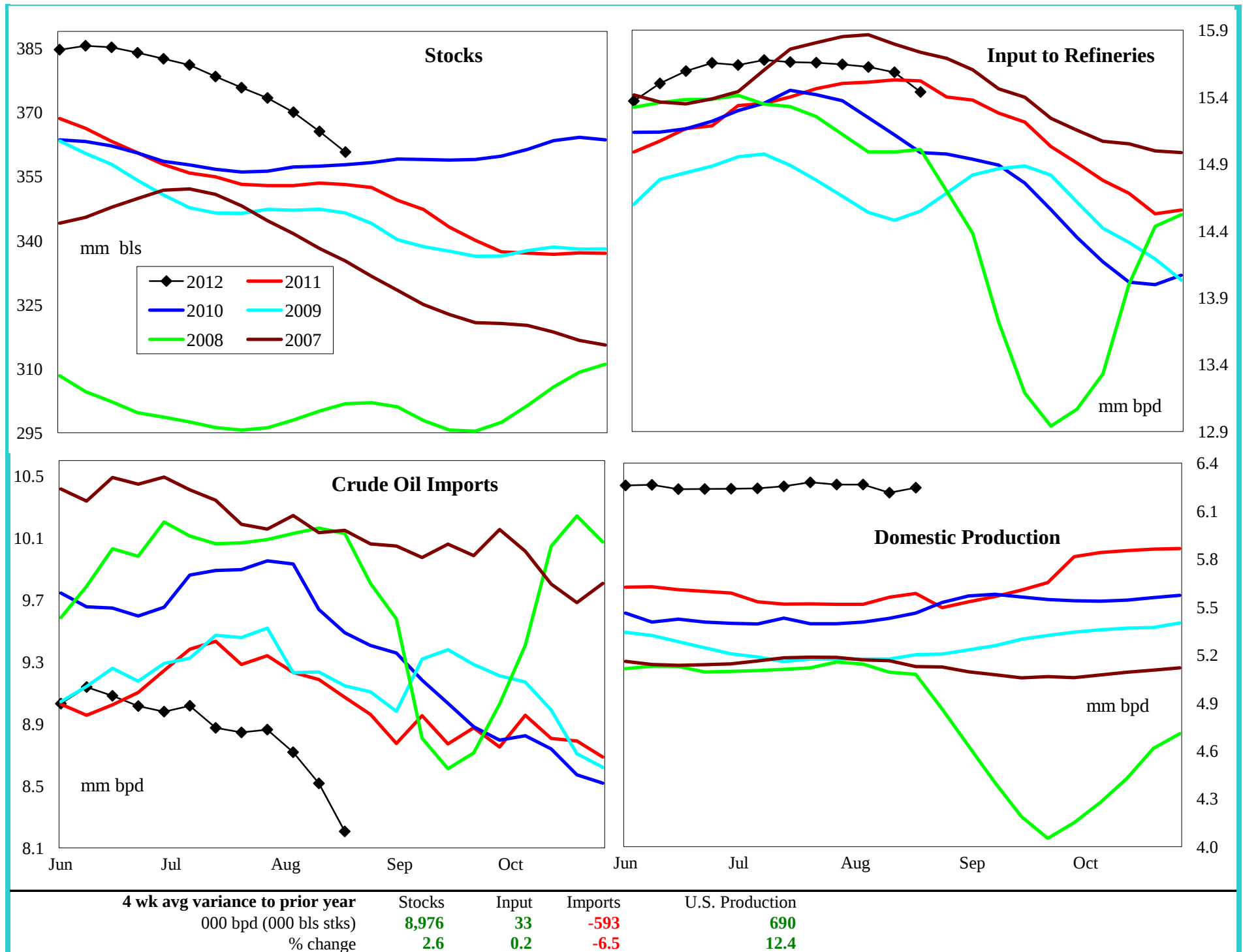
Jet Fuel Imports by PADD



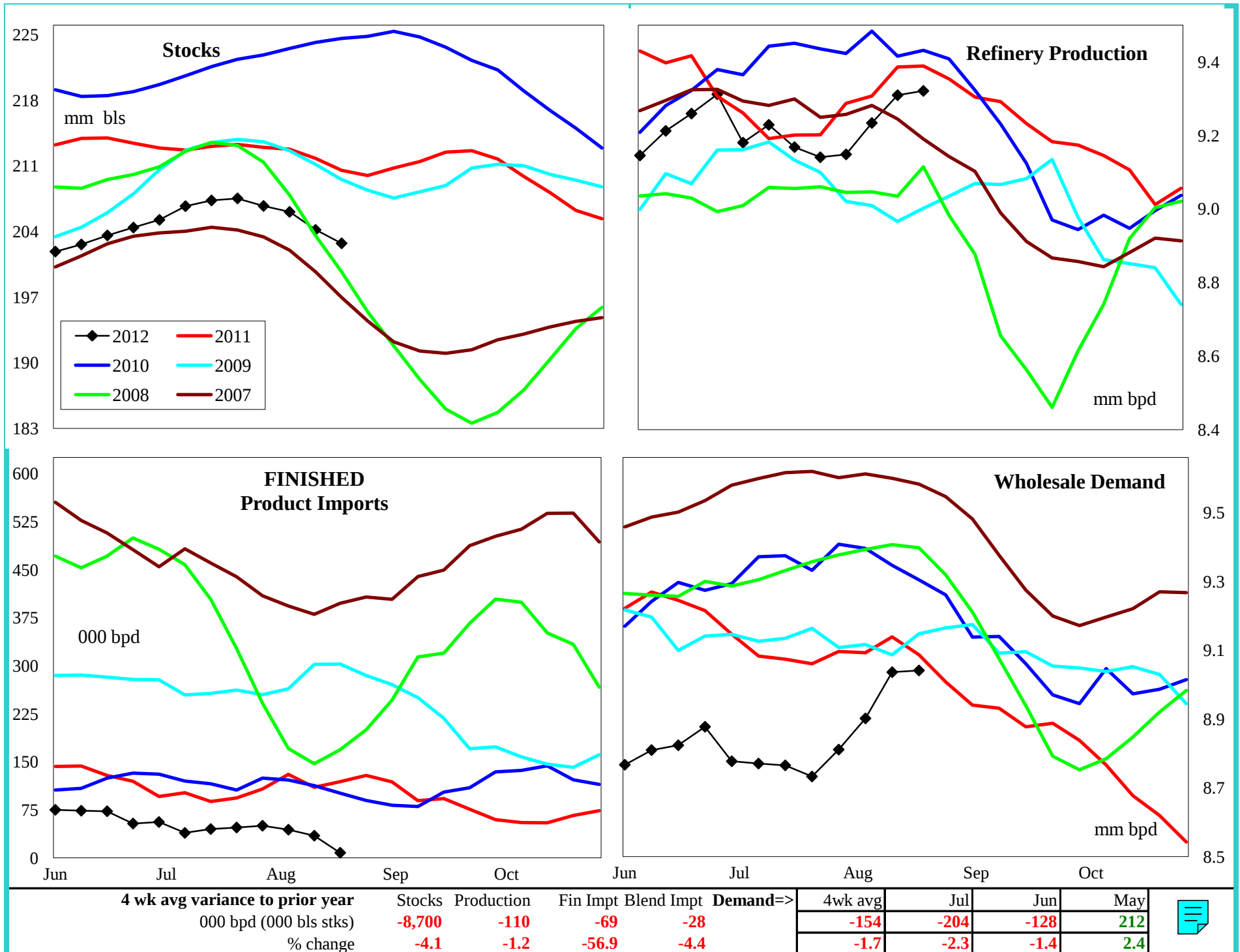
Residual Fuel Oil Imports by PADD



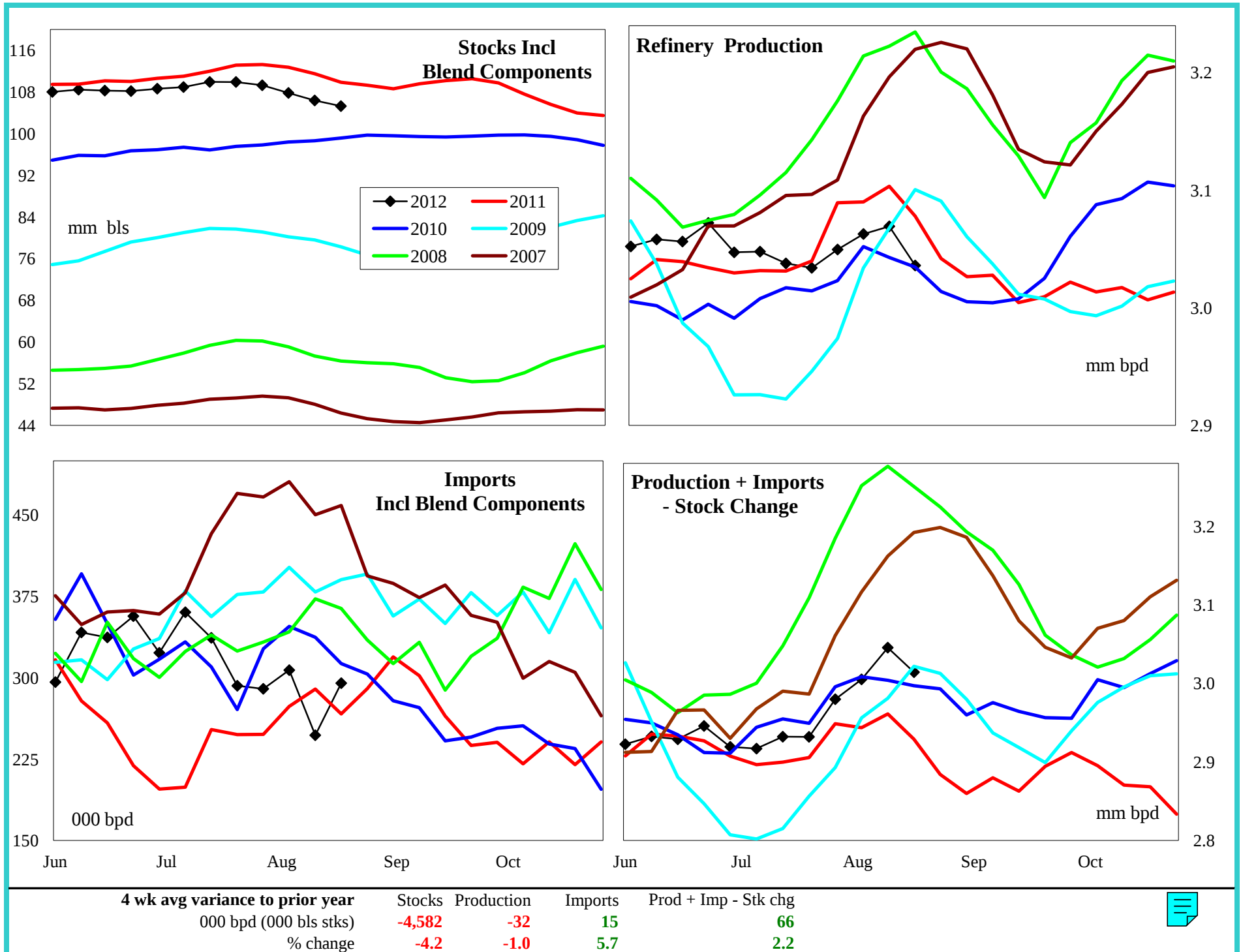
United States Crude Oil Supply and Demand Balance



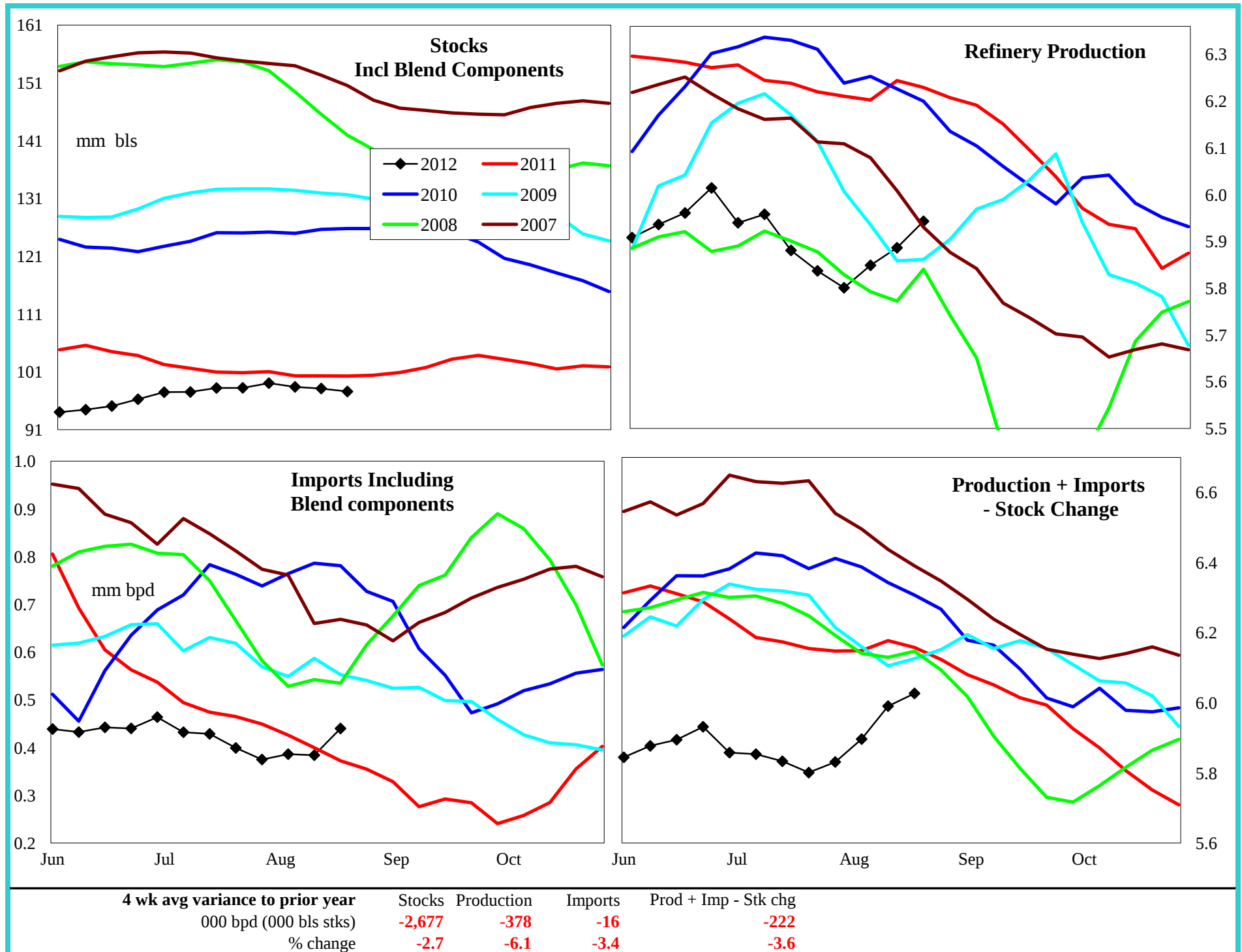
United States Gasoline Supply and Demand Balance



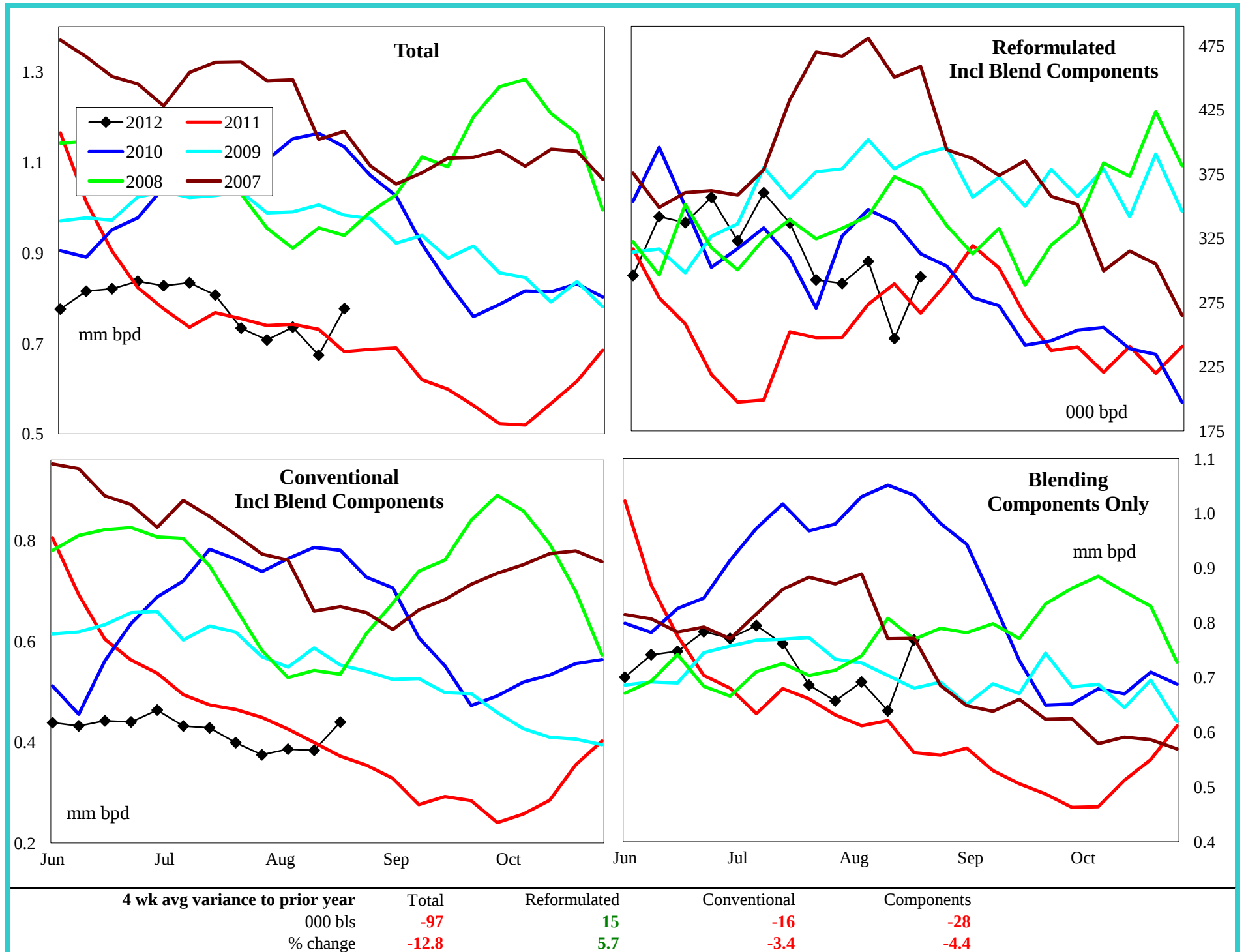
United States Reformulated Gasoline Supply



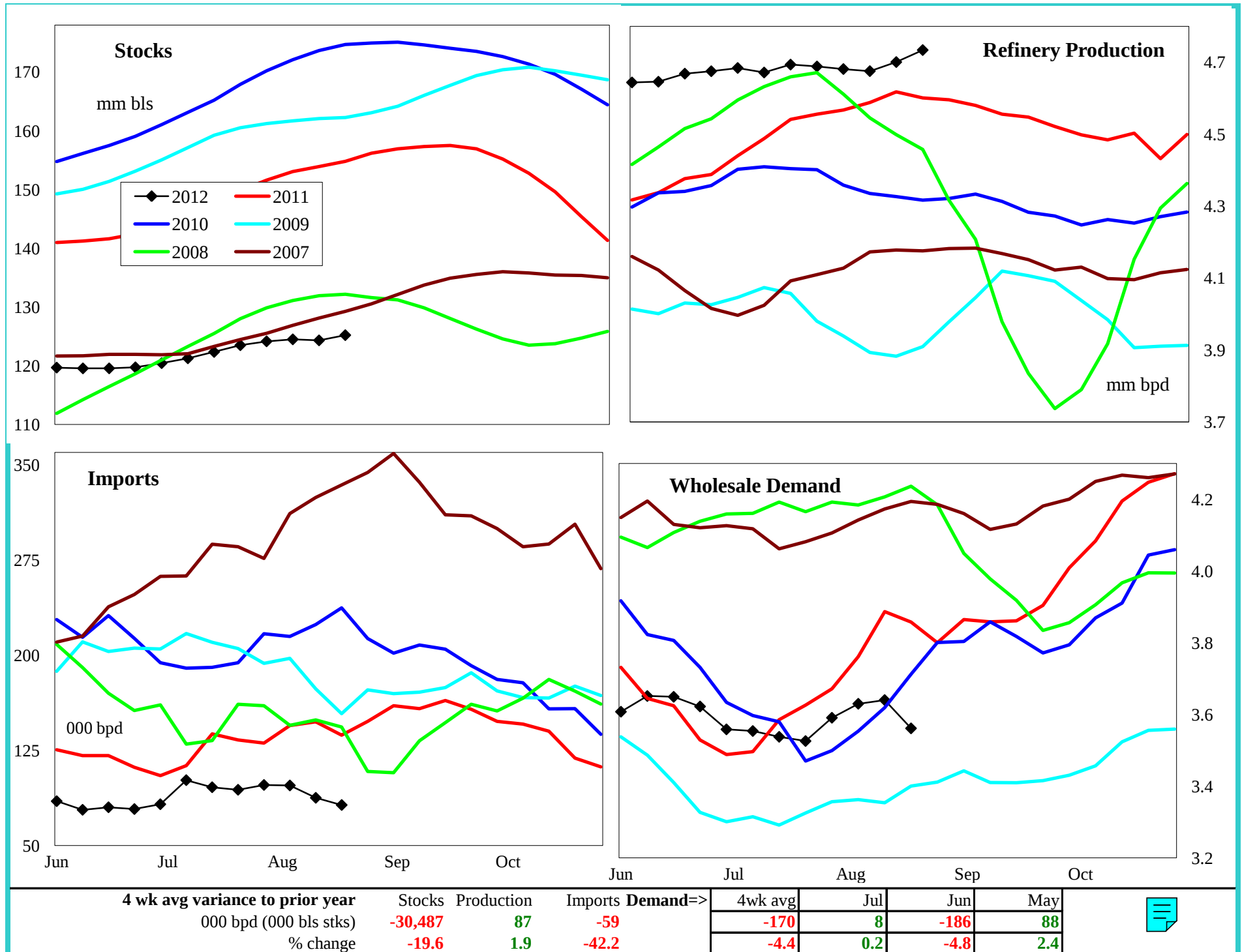
United States Conventional Gasoline Supply



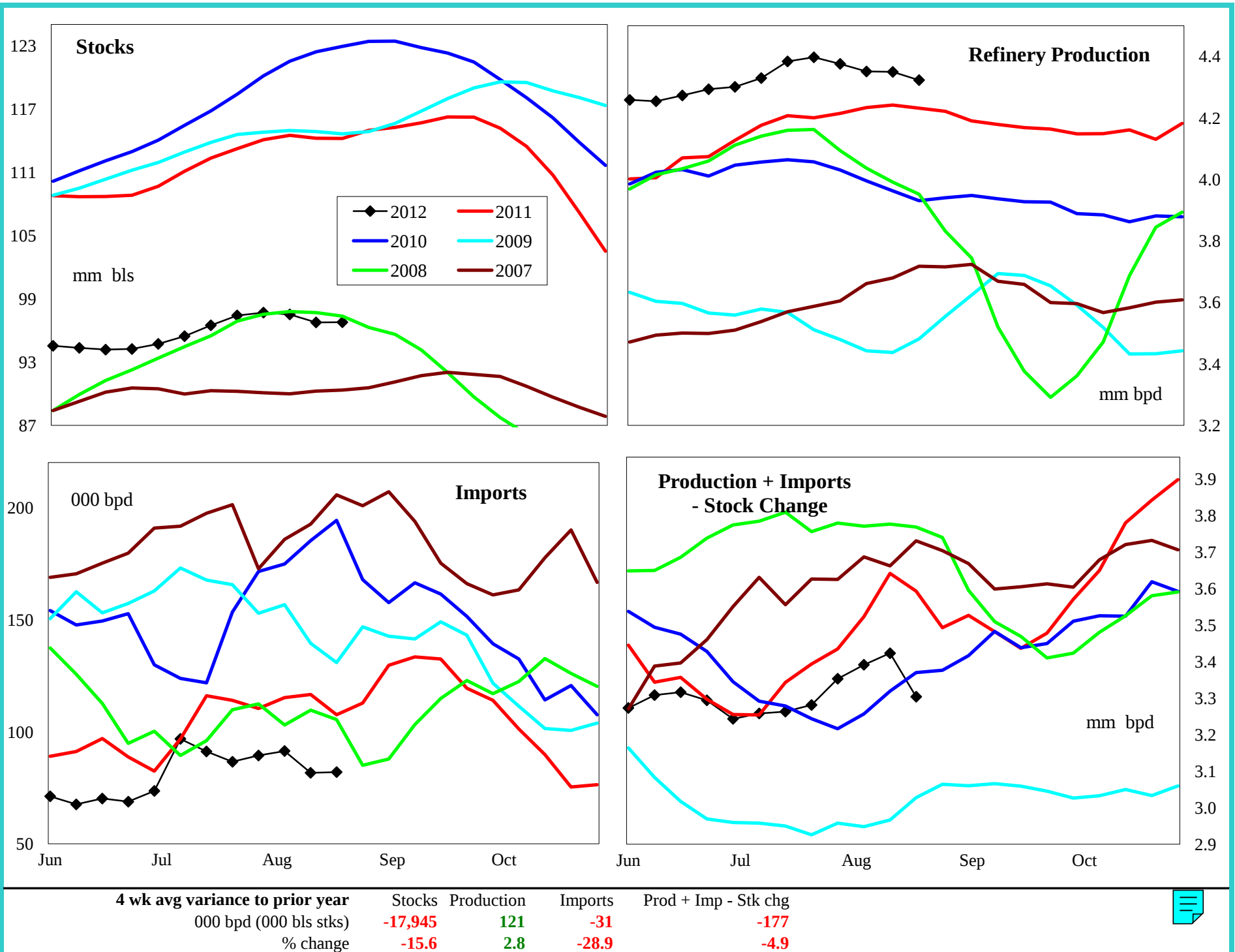
United States Gasoline Imports by Type



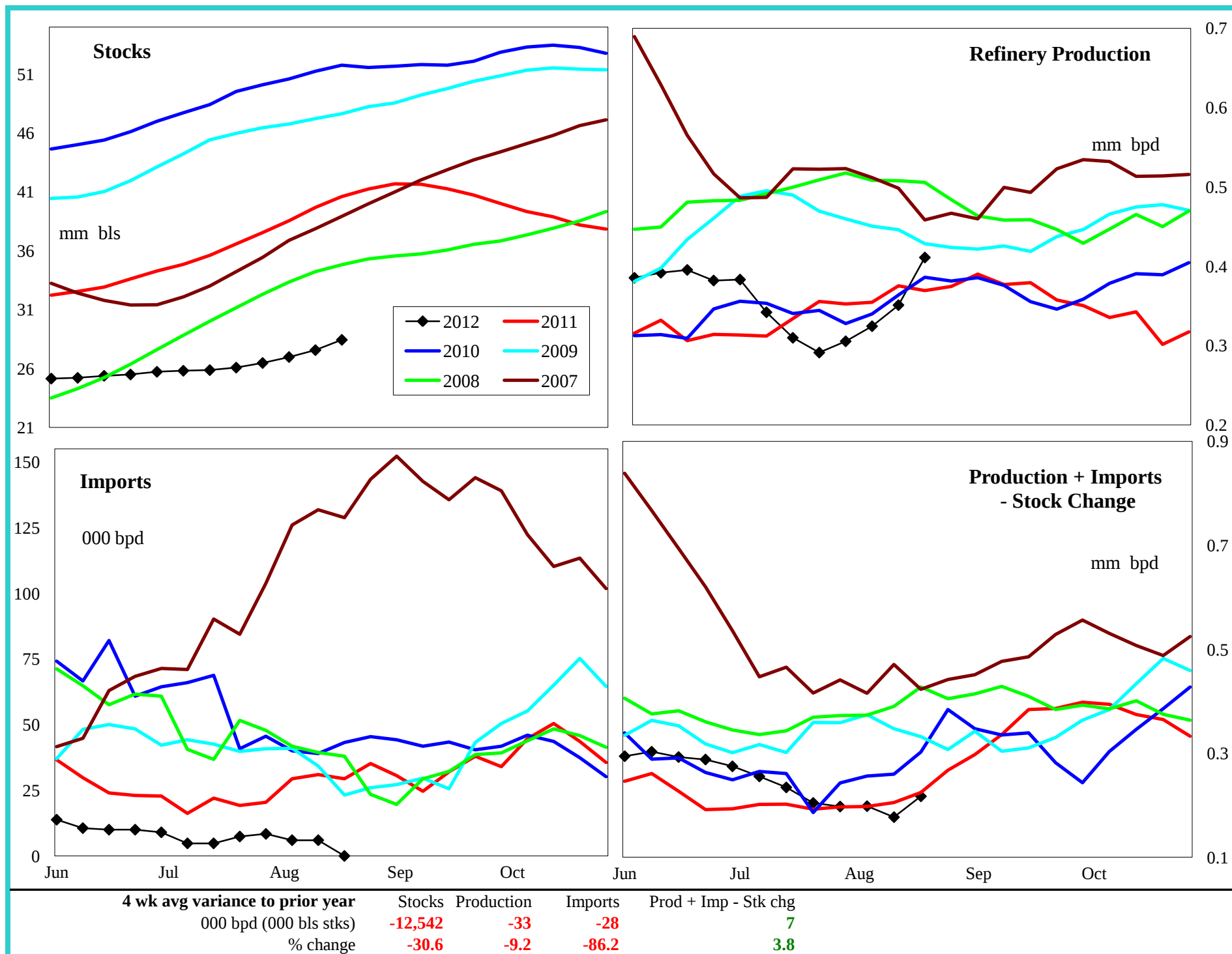
United States Distillate Supply and Demand Balance



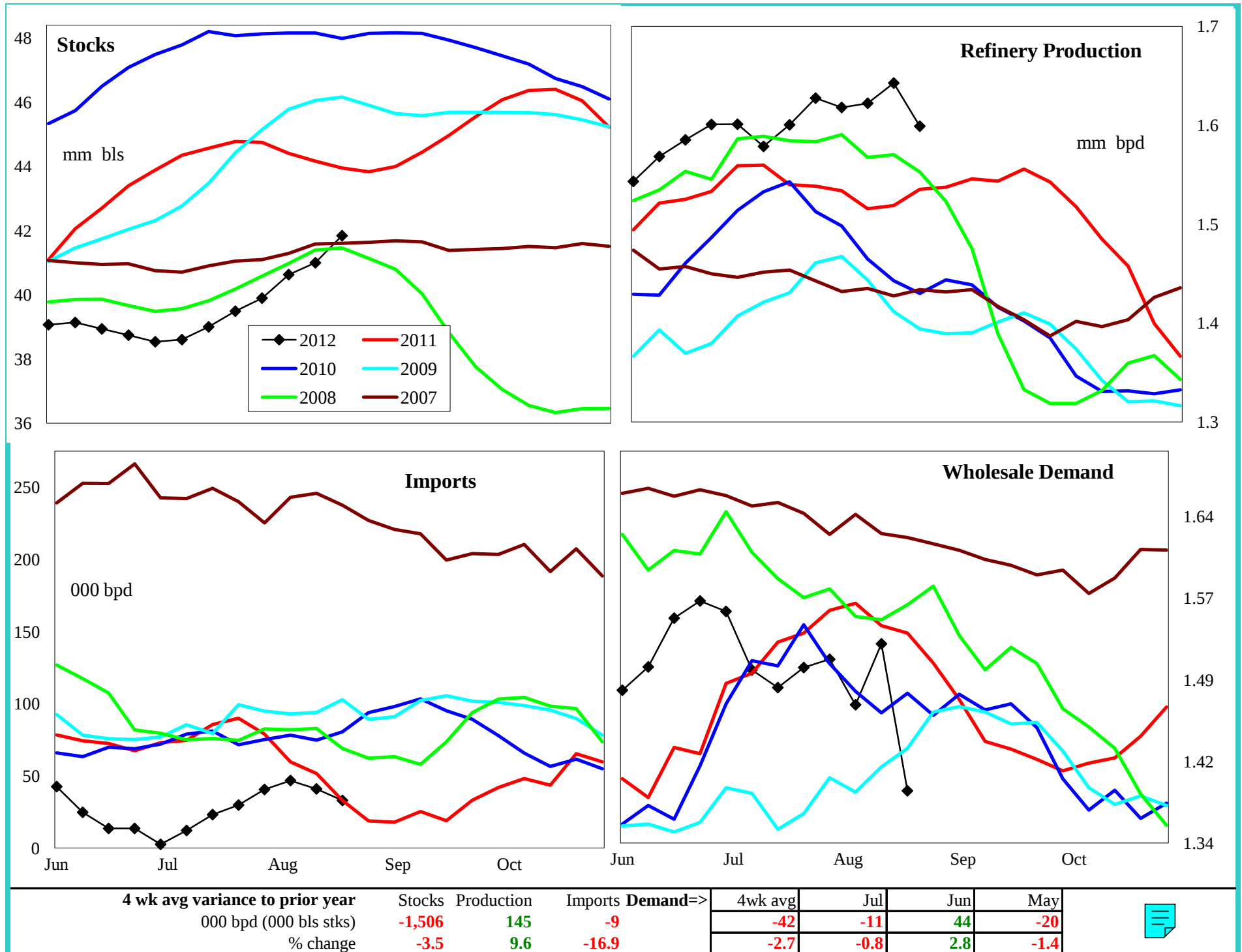
United States Low Sulfur Distillate Supply



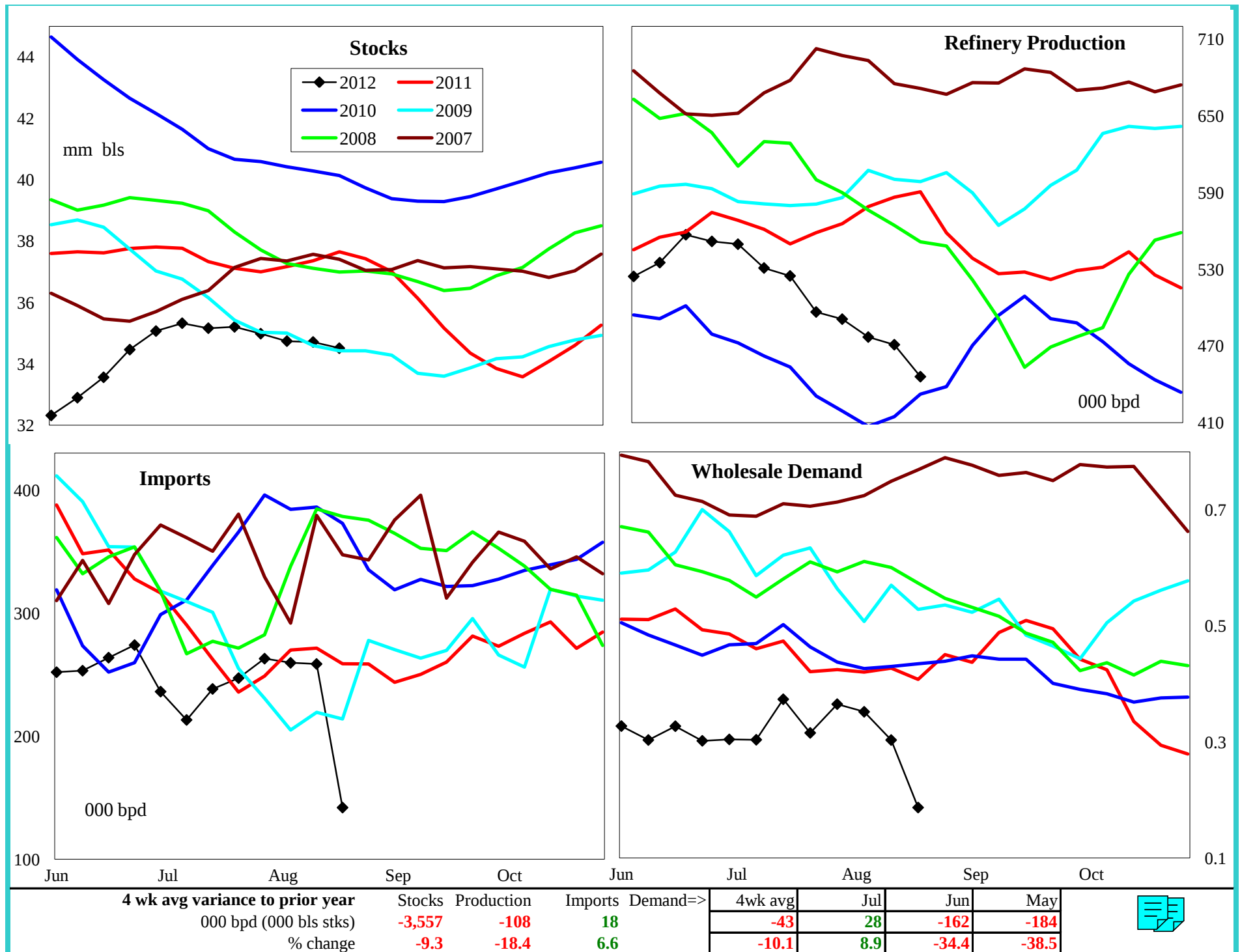
United States High Sulfur Distillate Supply



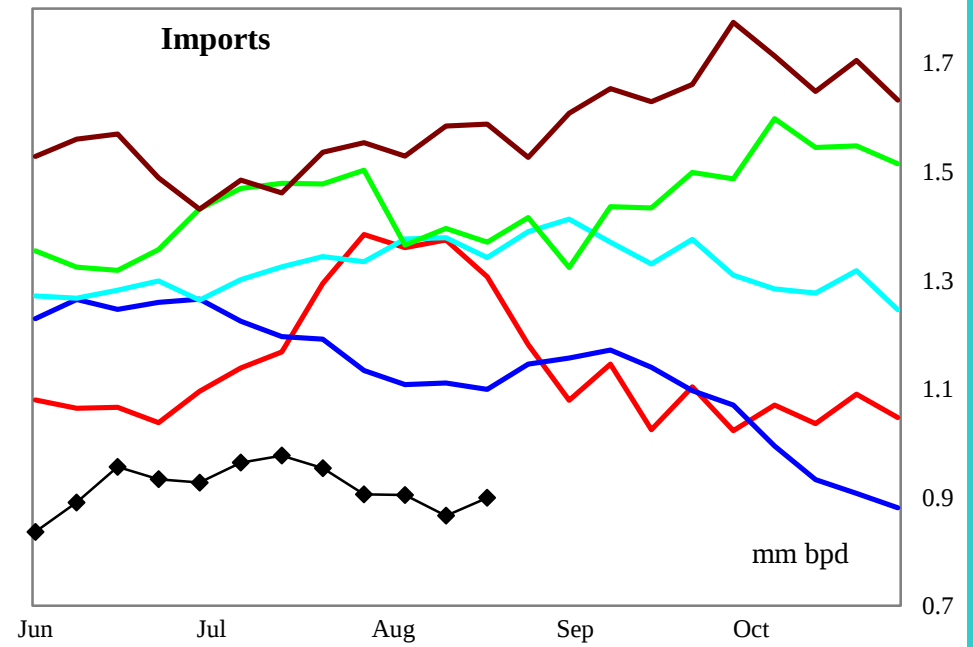
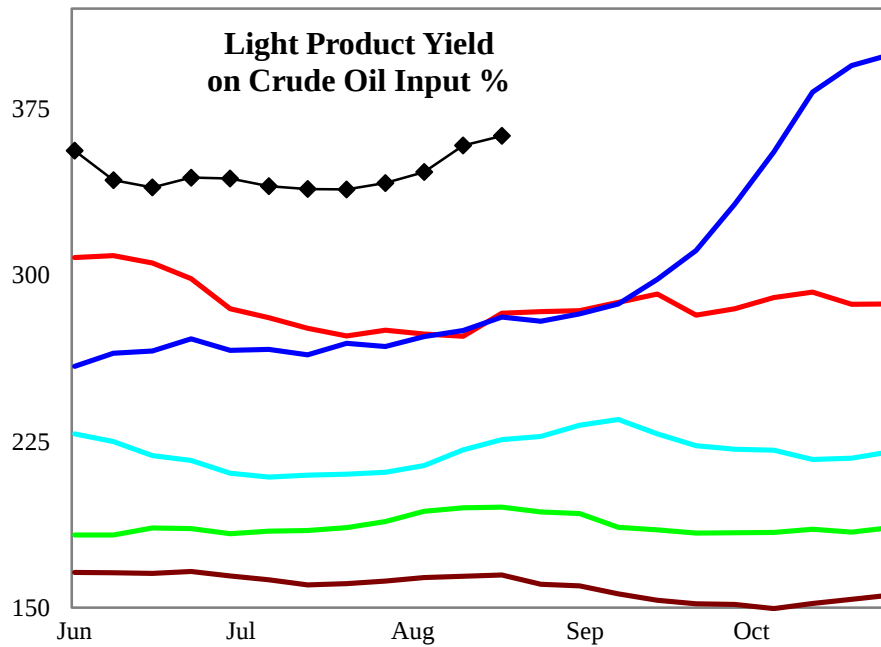
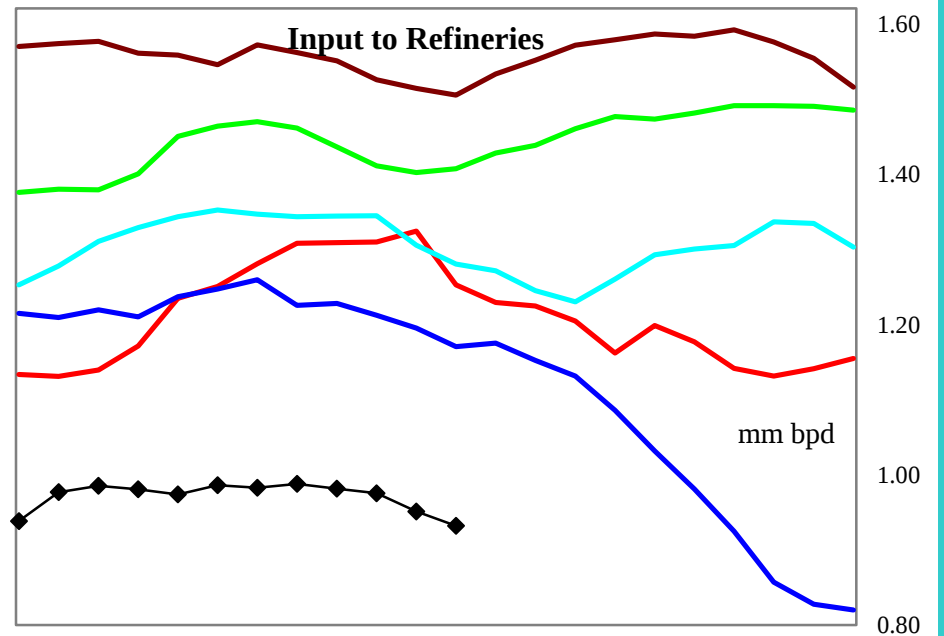
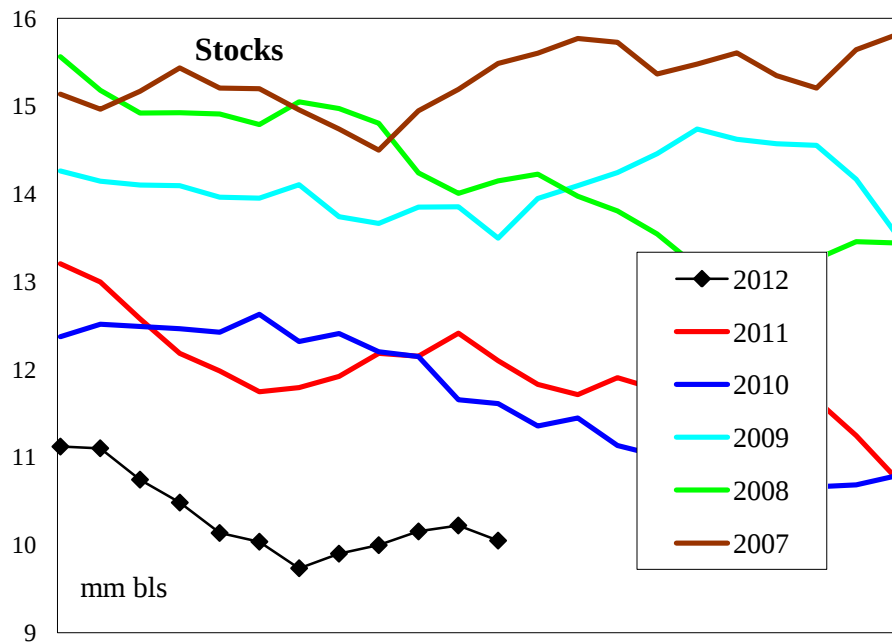
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

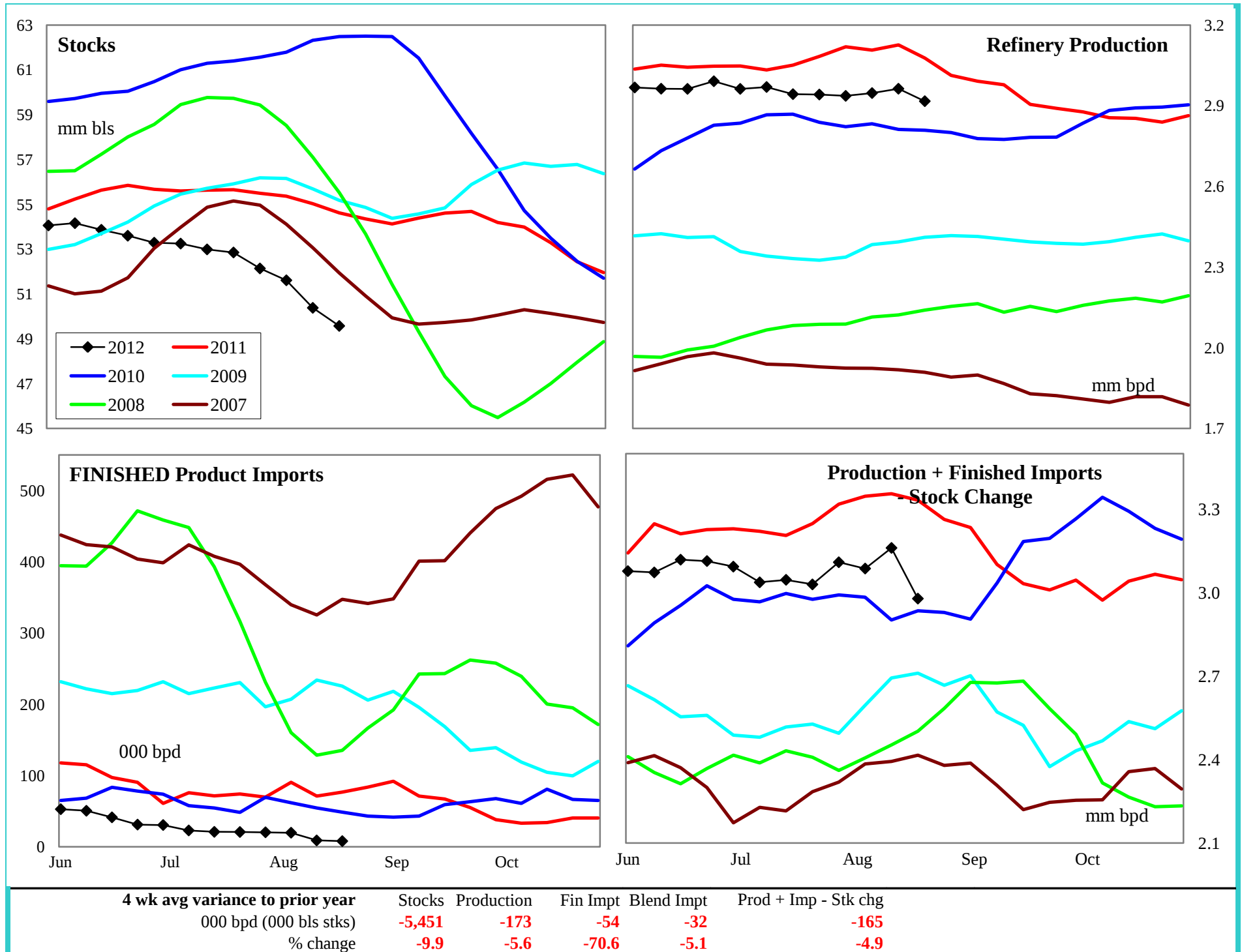


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

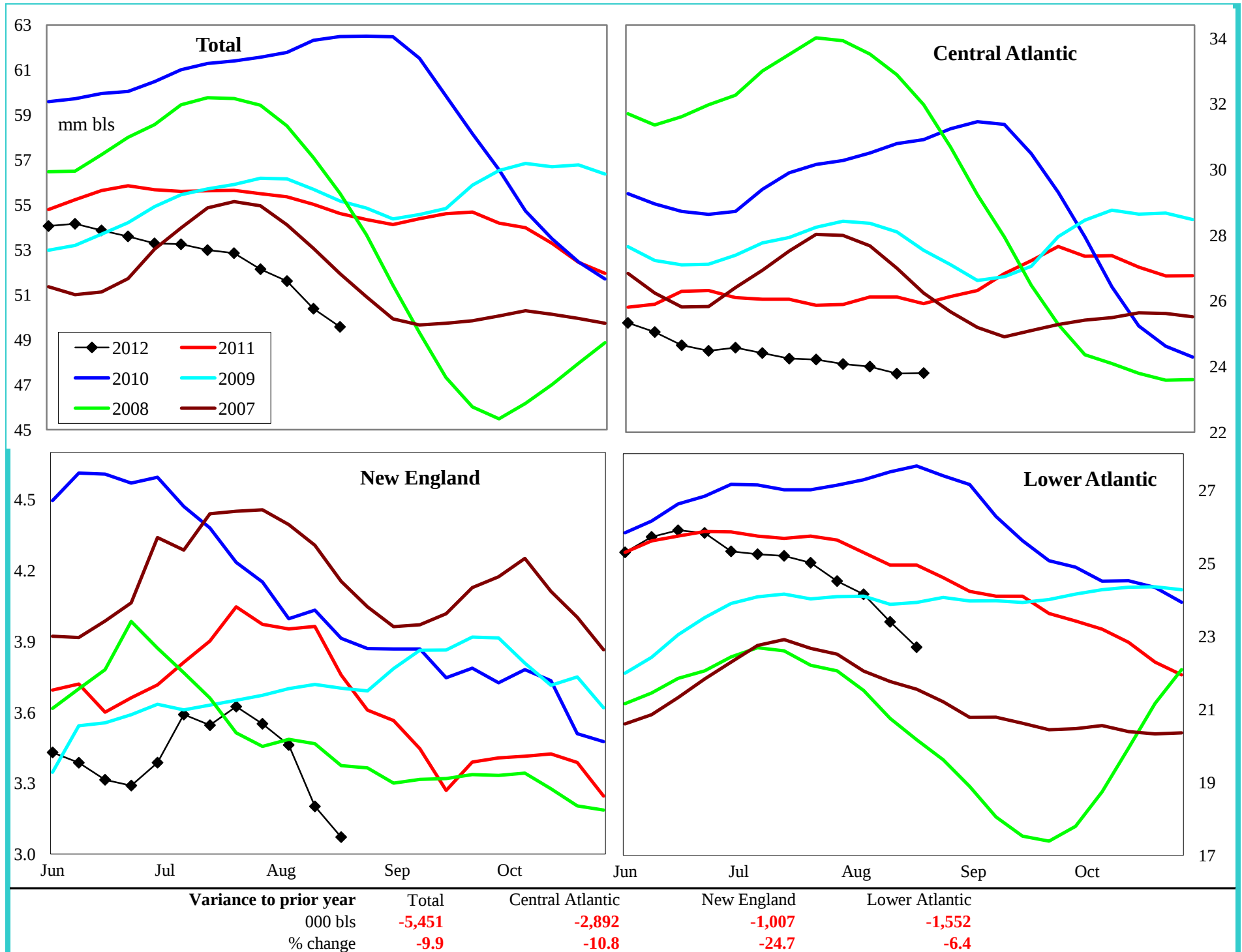
	Stocks	Input	Imports
000 bpd (000 bbls stks)	-2,050	-352	-442
% change	-16.9	-26.8	-33.5



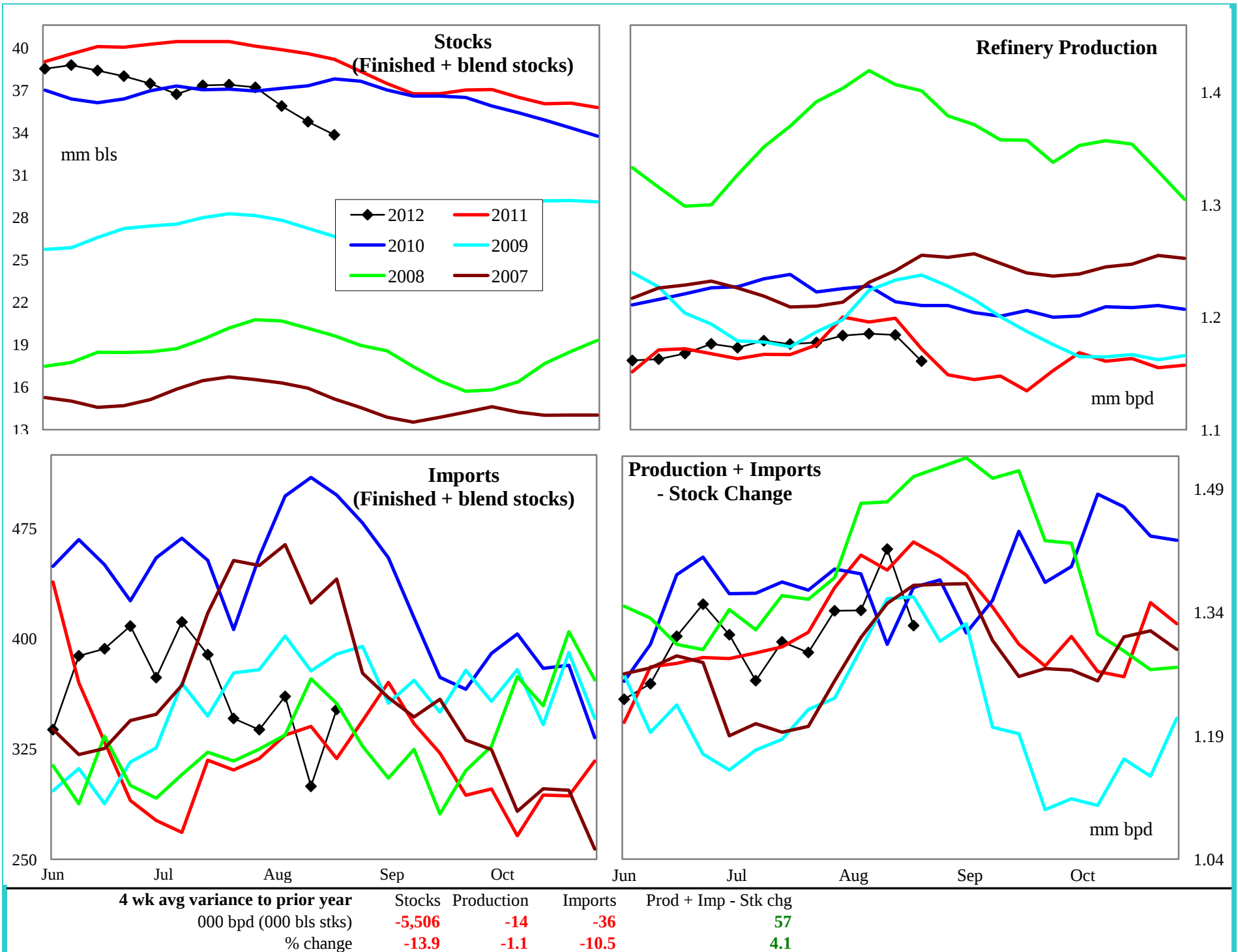
PADD 1 Gasoline Supply



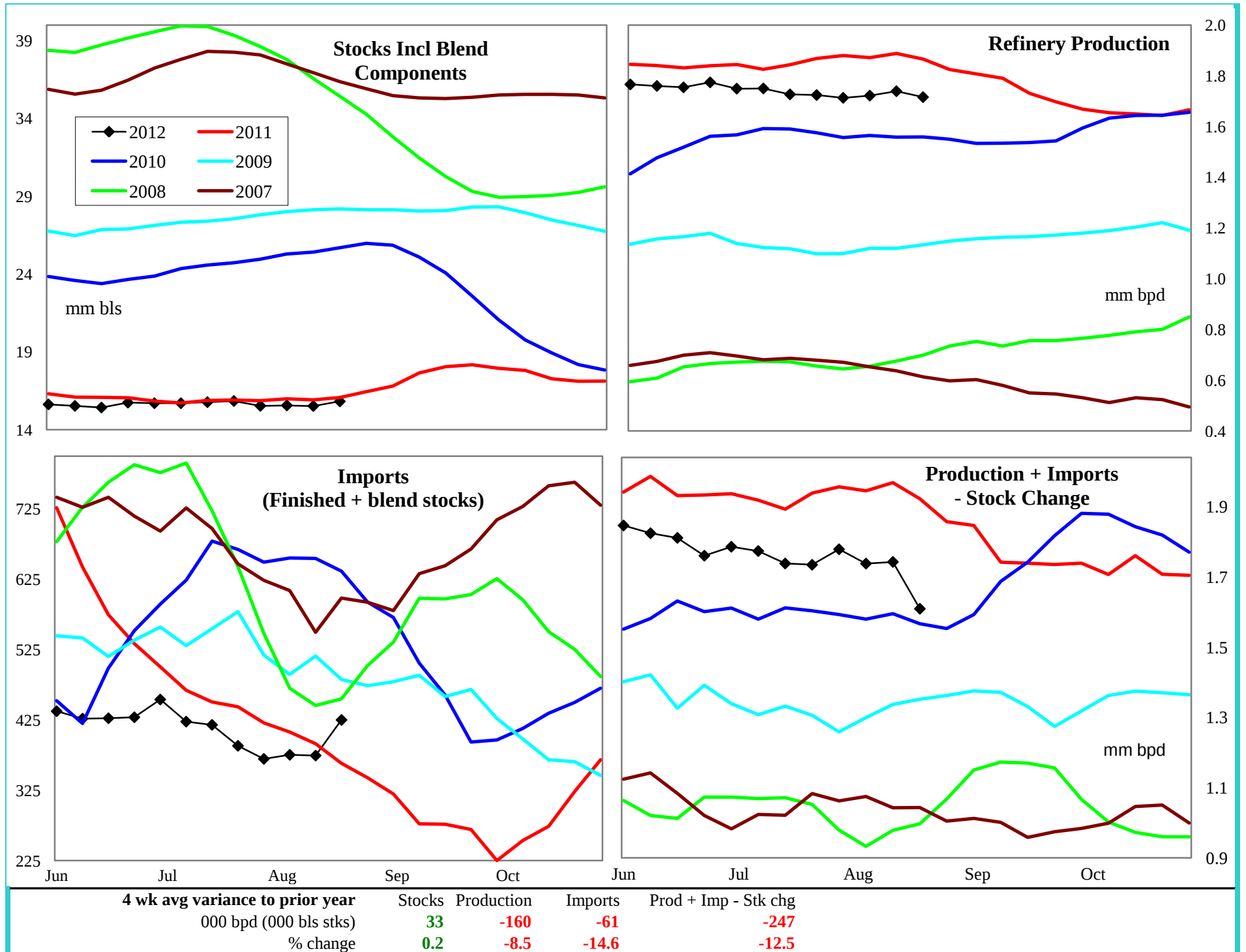
PADD 1 Gasoline Stocks by Region



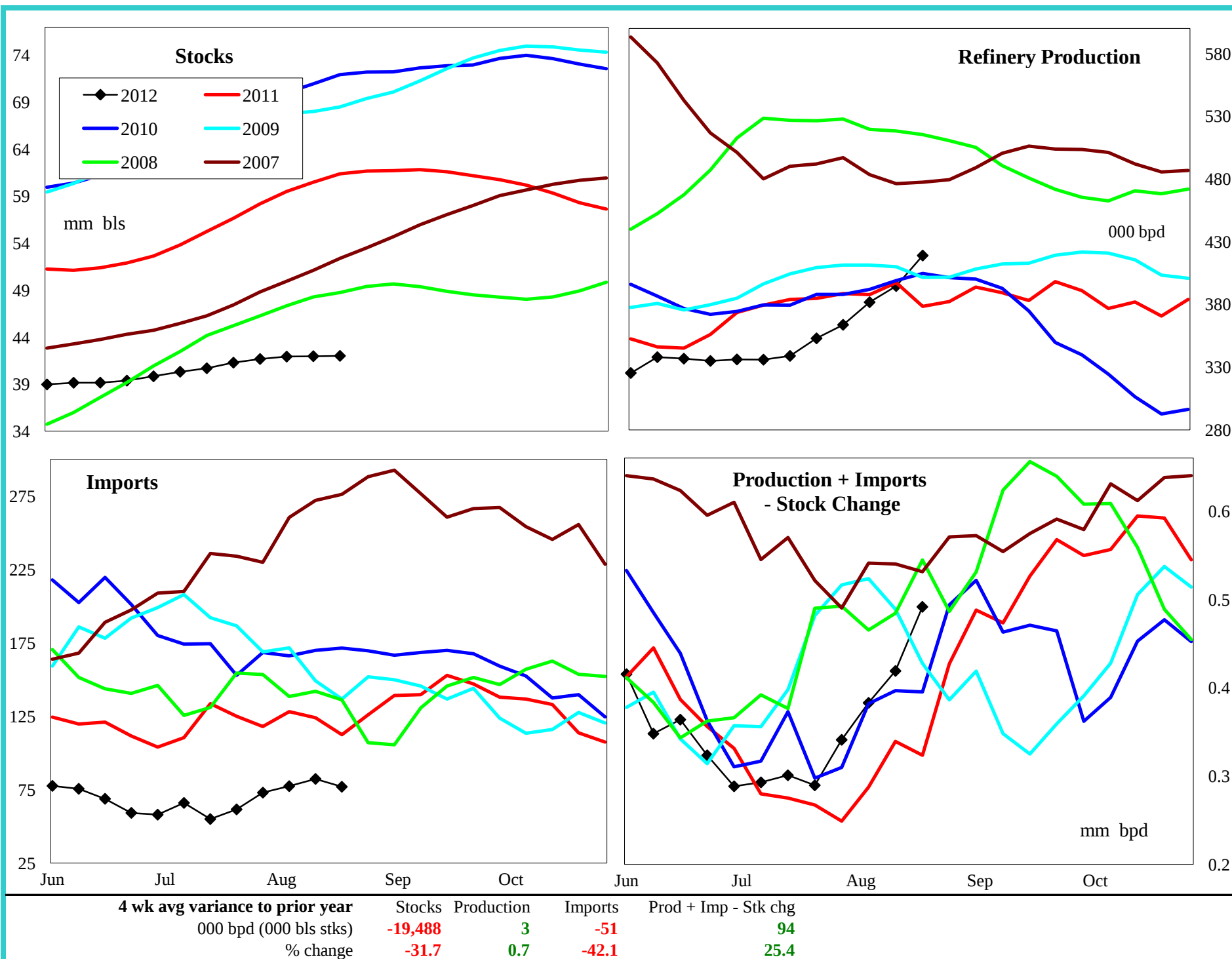
PADD 1 Reformulated Gasoline Supply



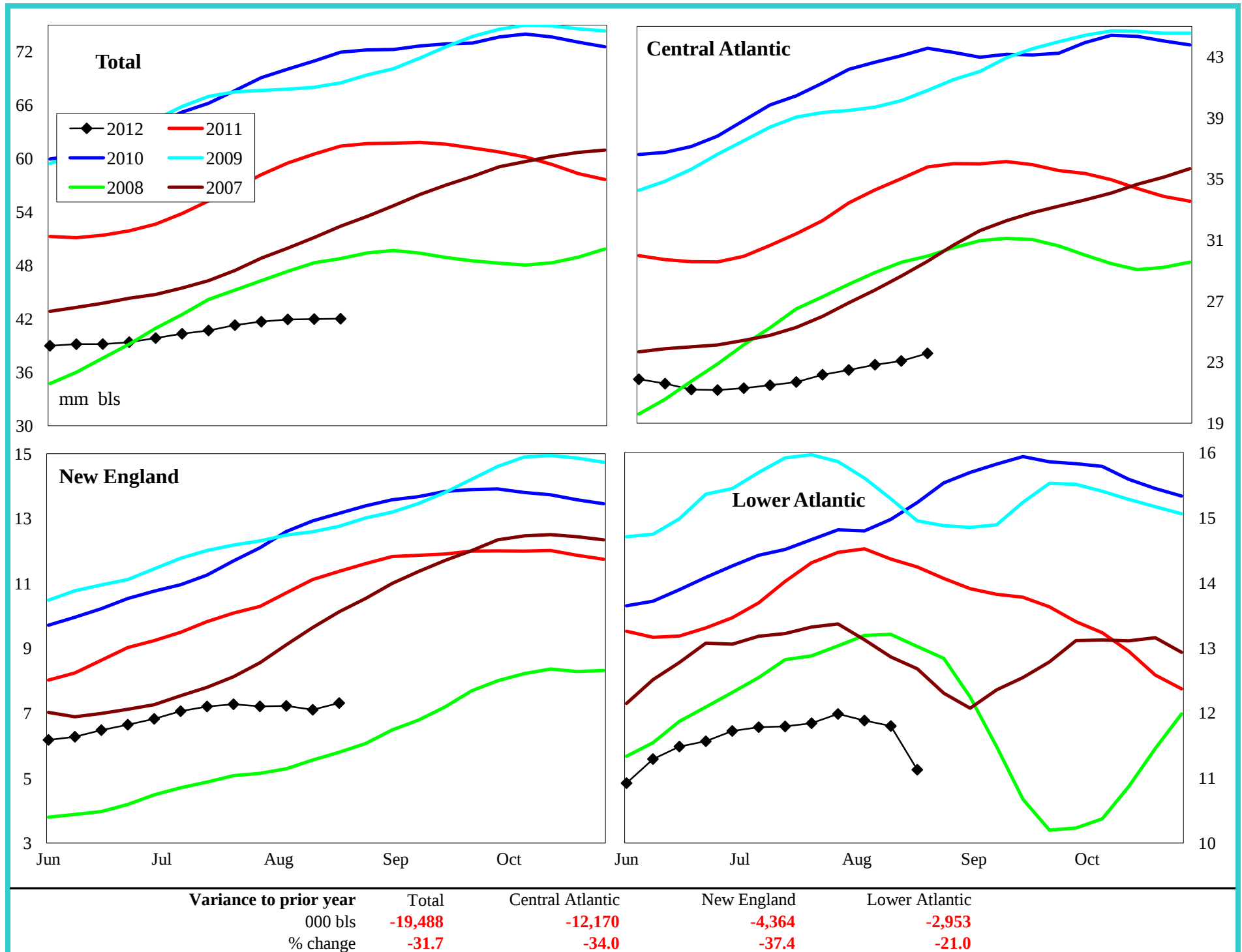
PADD 1 Conventional Gasoline Supply



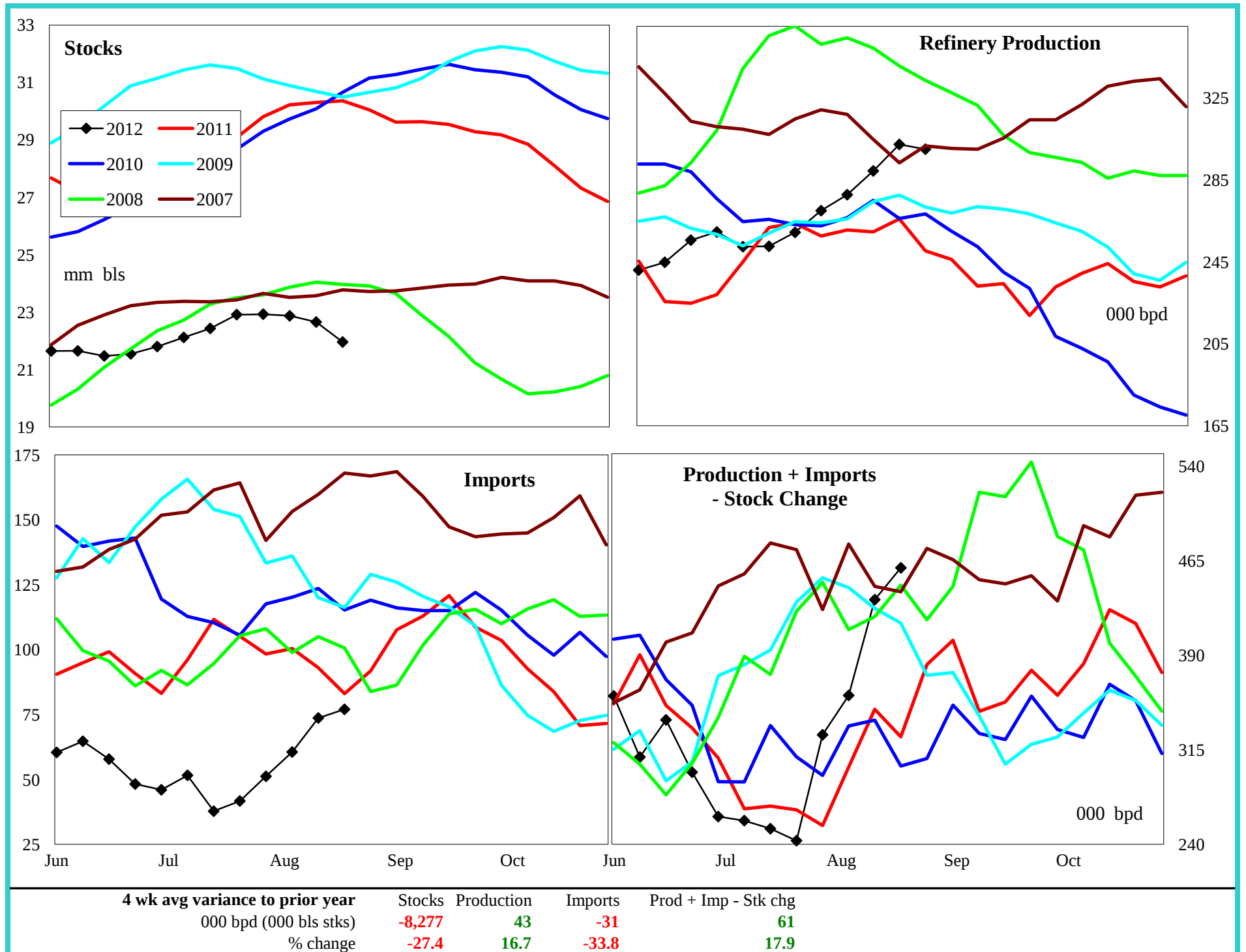
PADD 1 Distillate Supply



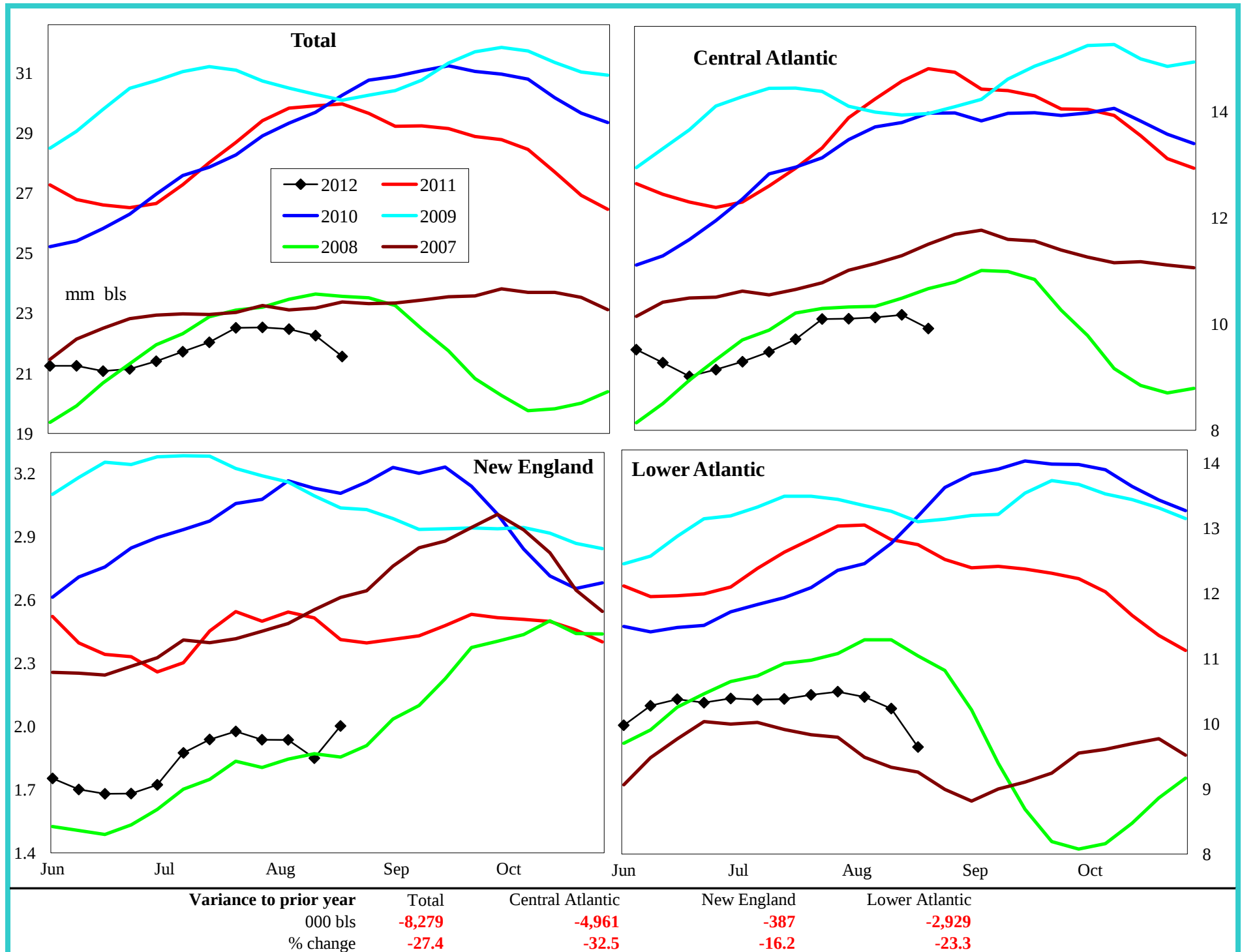
PADD 1 Distillate Stocks by Region



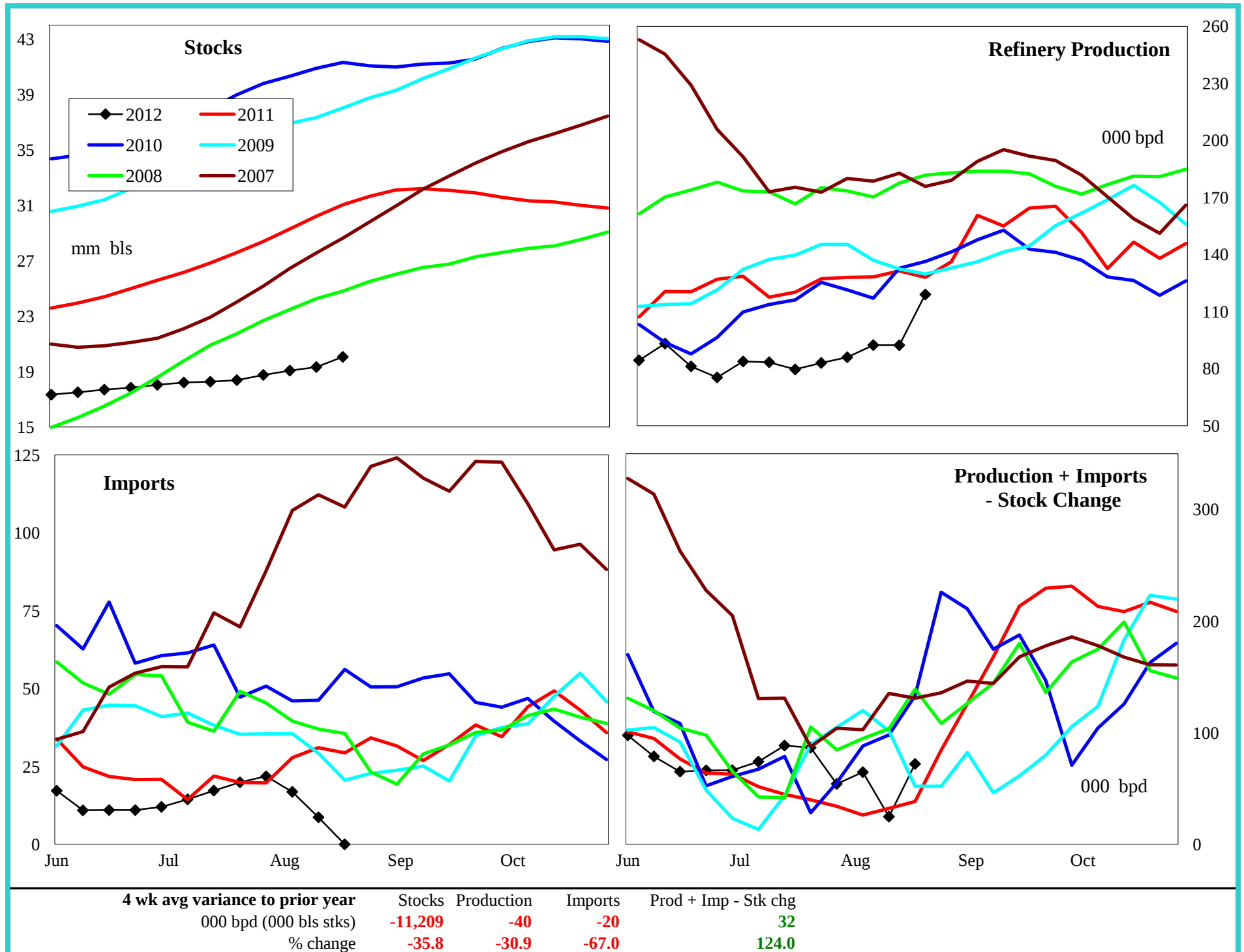
PADD 1 Low Sulfur Distillate Supply



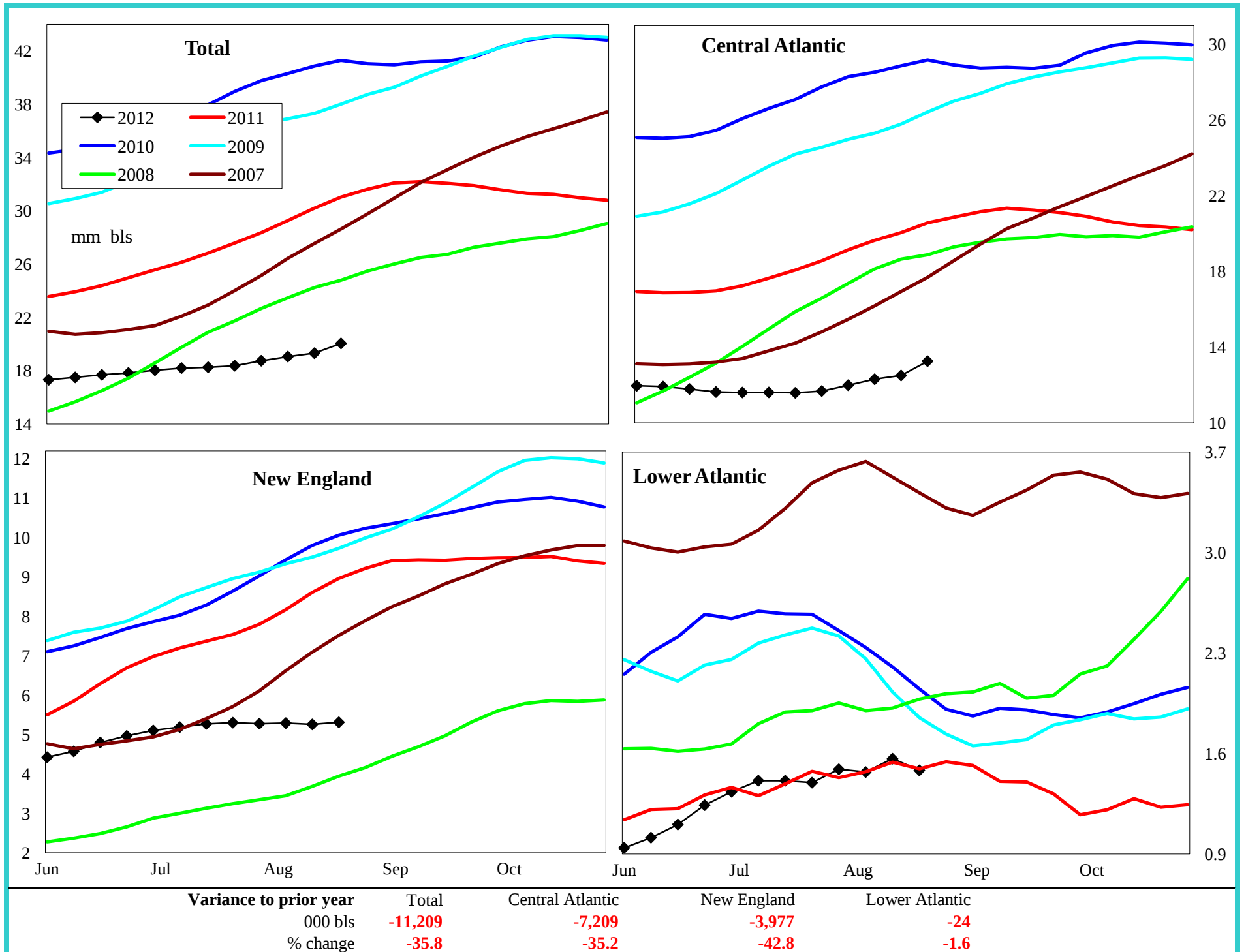
PADD 1 Low Sulfur Distillate Stocks by Region



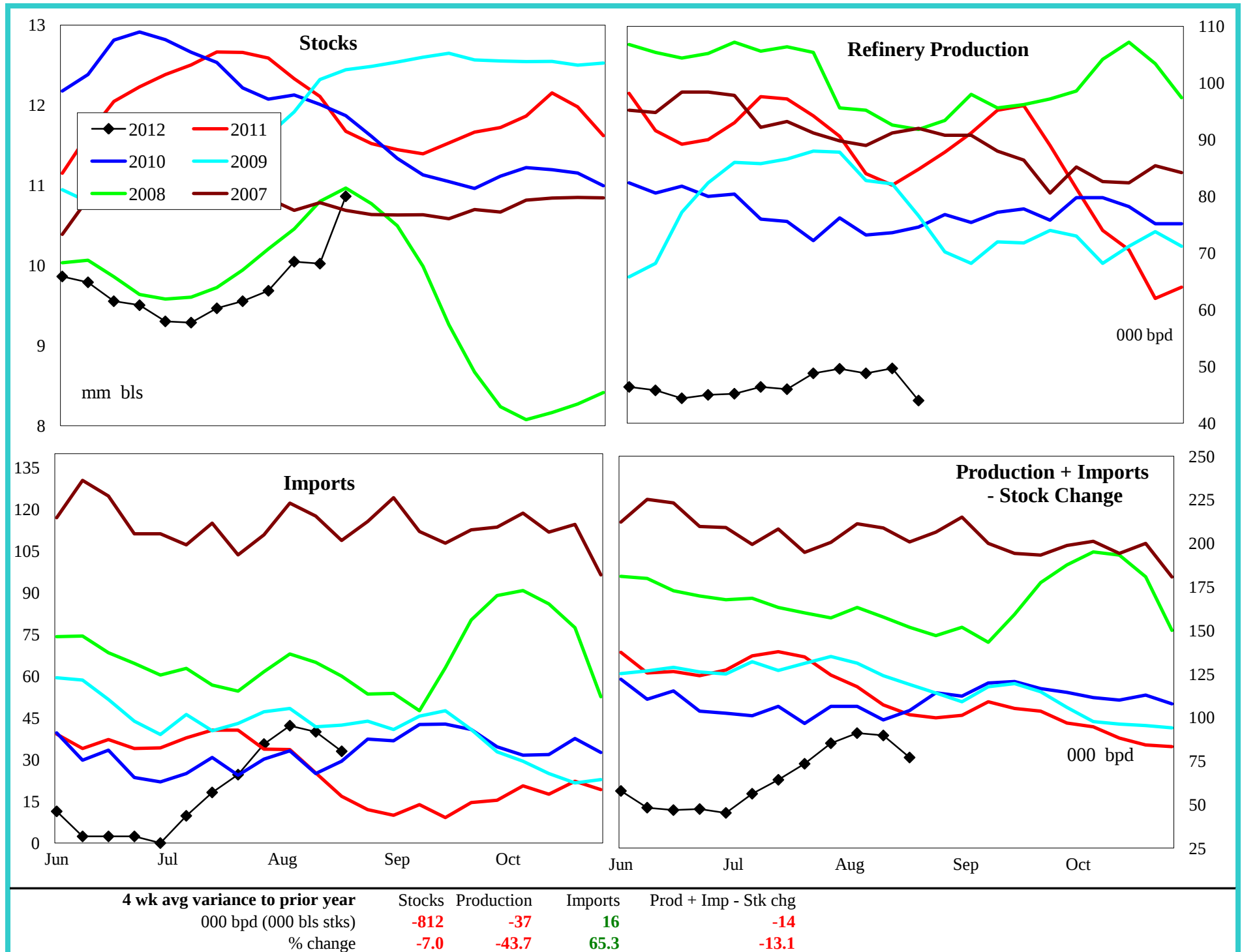
PADD 1 High Sulfur Distillate Supply



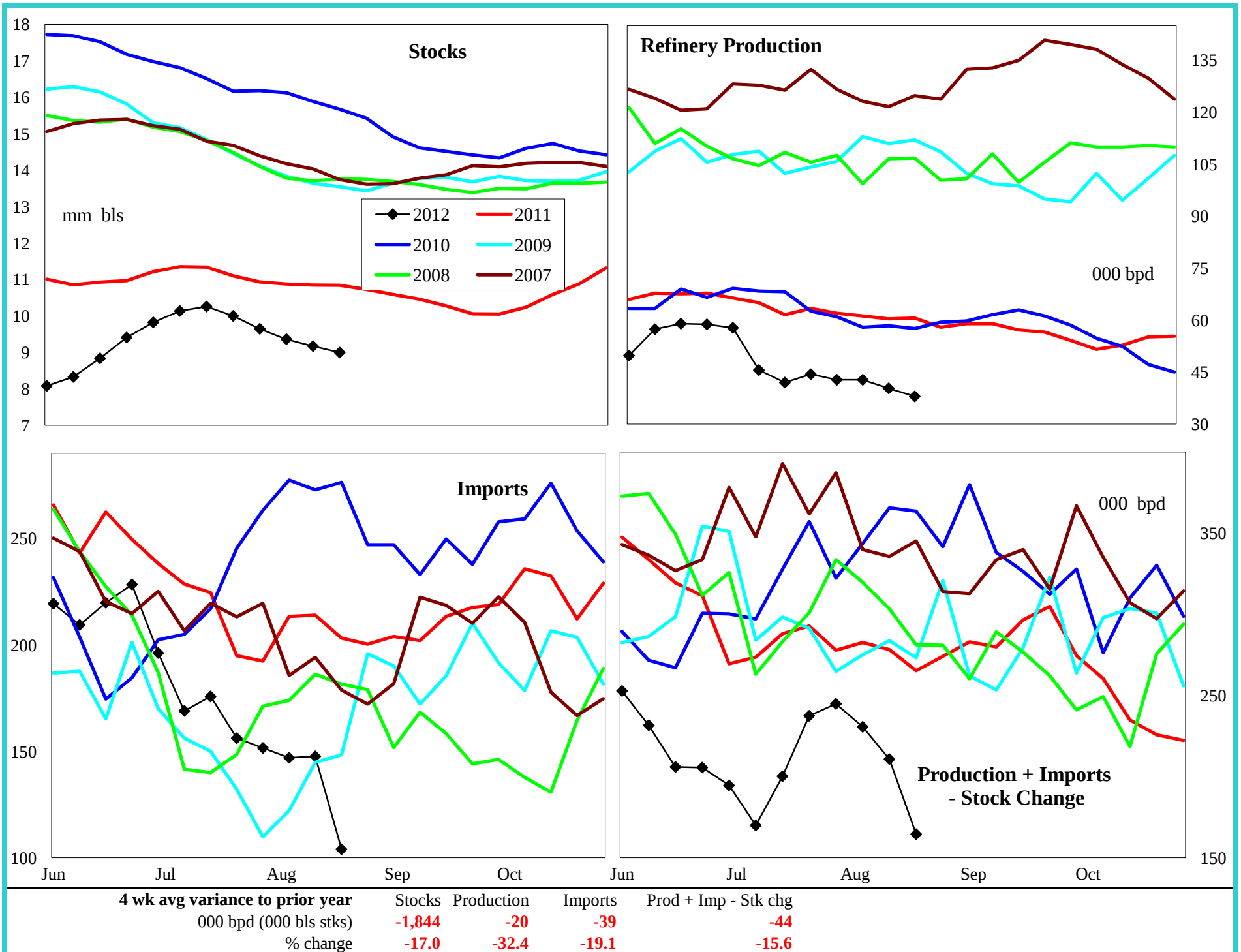
PADD 1 High Sulfur Distillate Stocks by Region



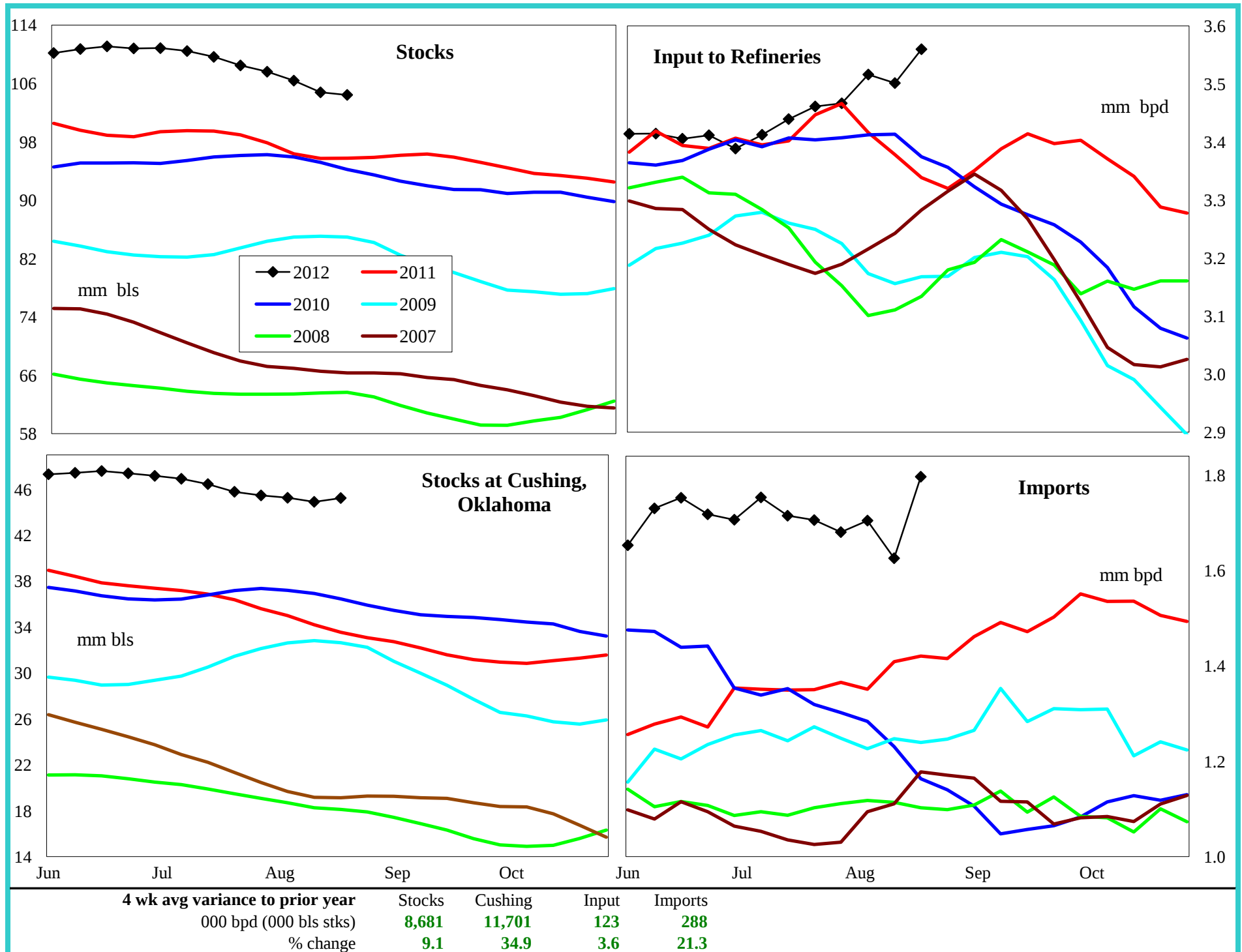
PADD 1 Jet Fuel Supply



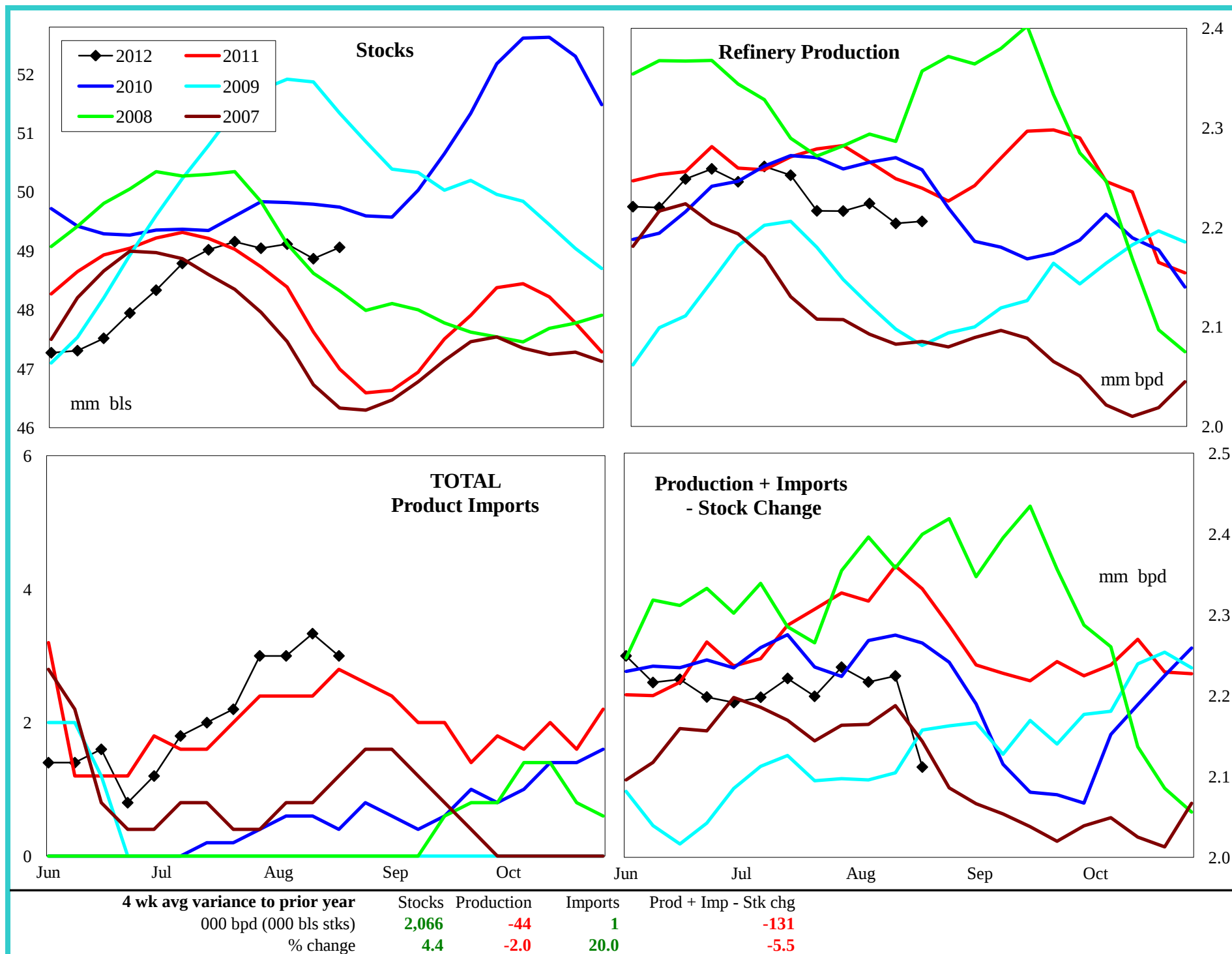
PADD 1 Residual Fuel Oil Supply



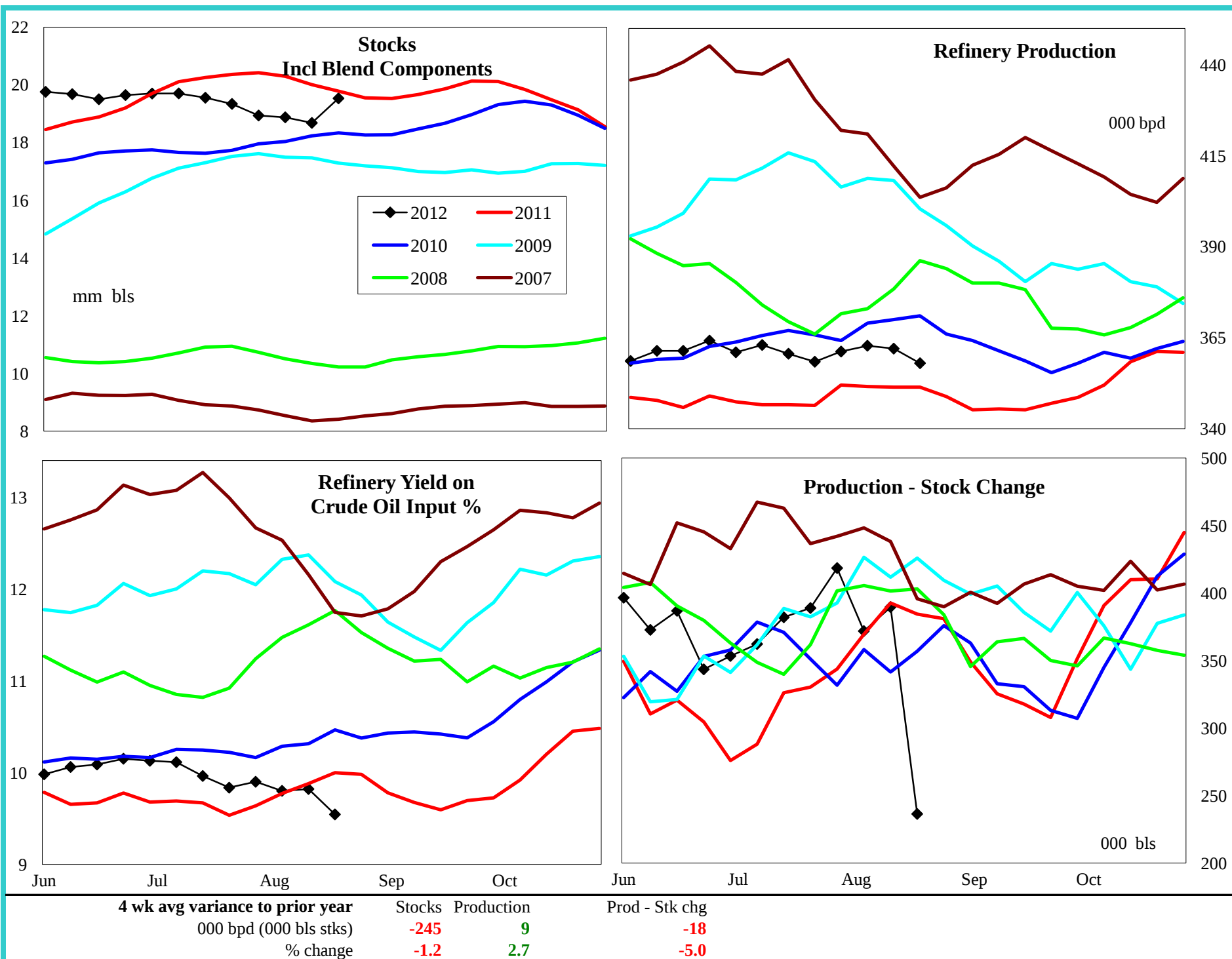
PADD 2 Crude Oil Supply and Refining



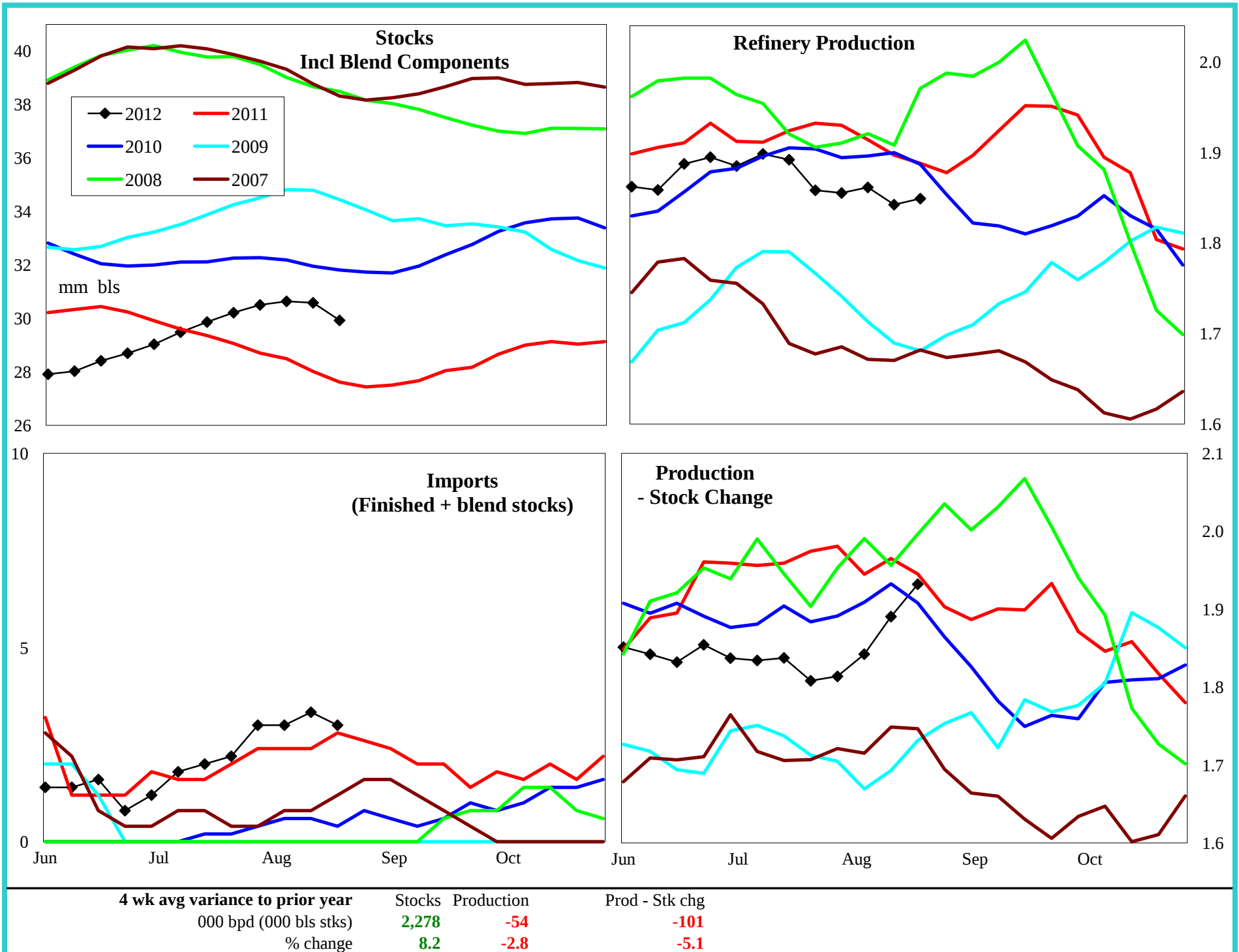
PADD 2 Gasoline Supply



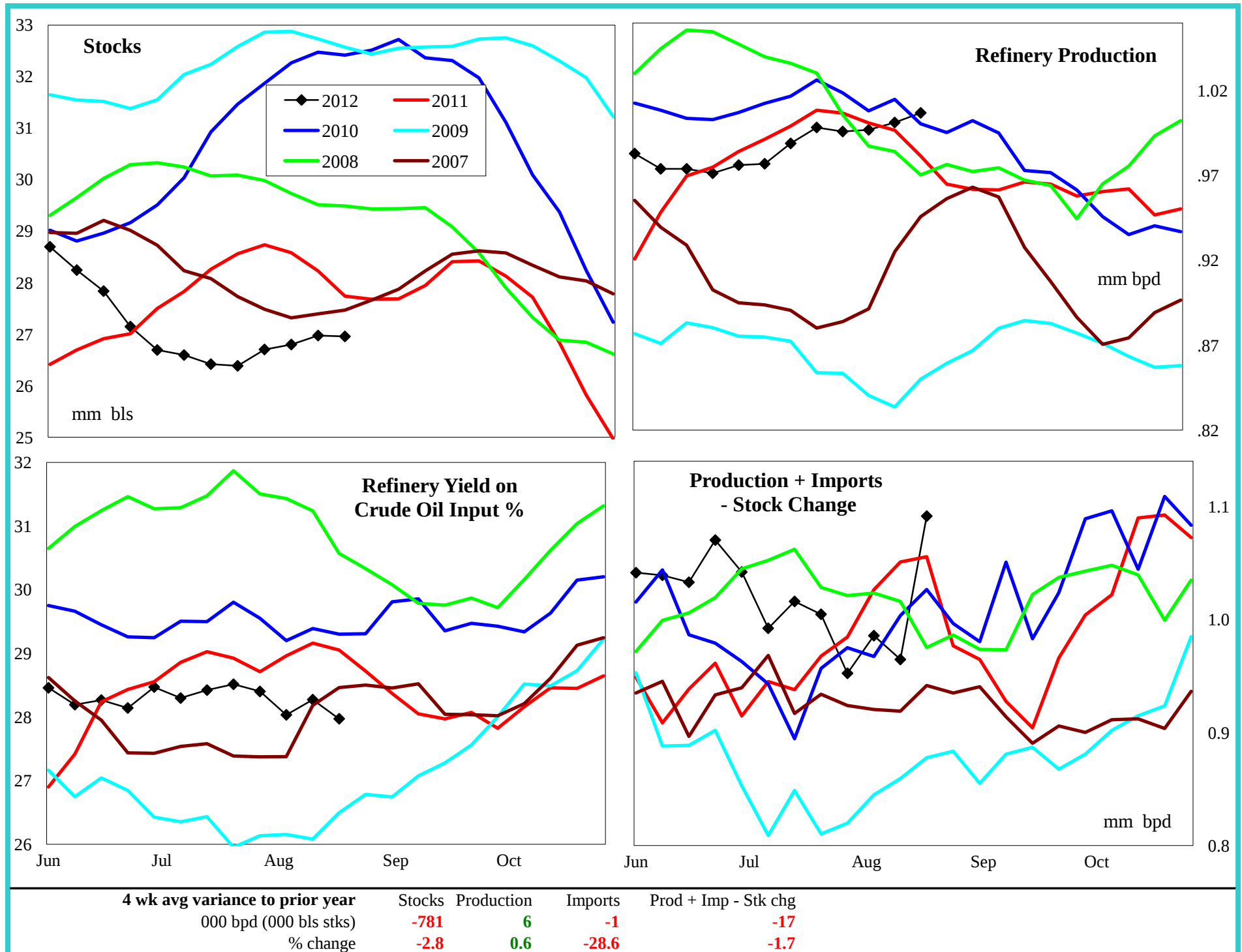
PADD 2 Reformulated Gasoline Supply



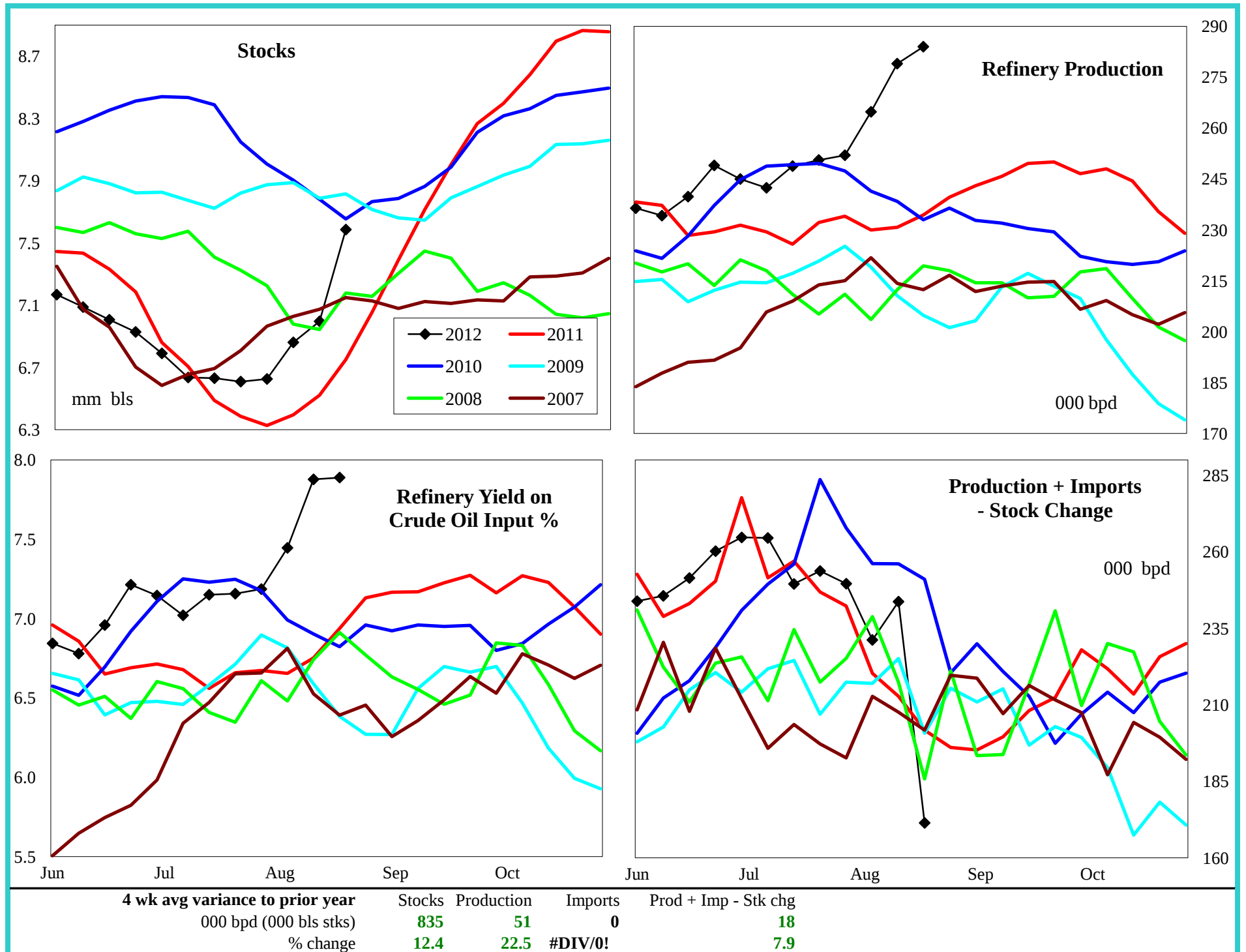
PADD 2 Conventional Gasoline Supply



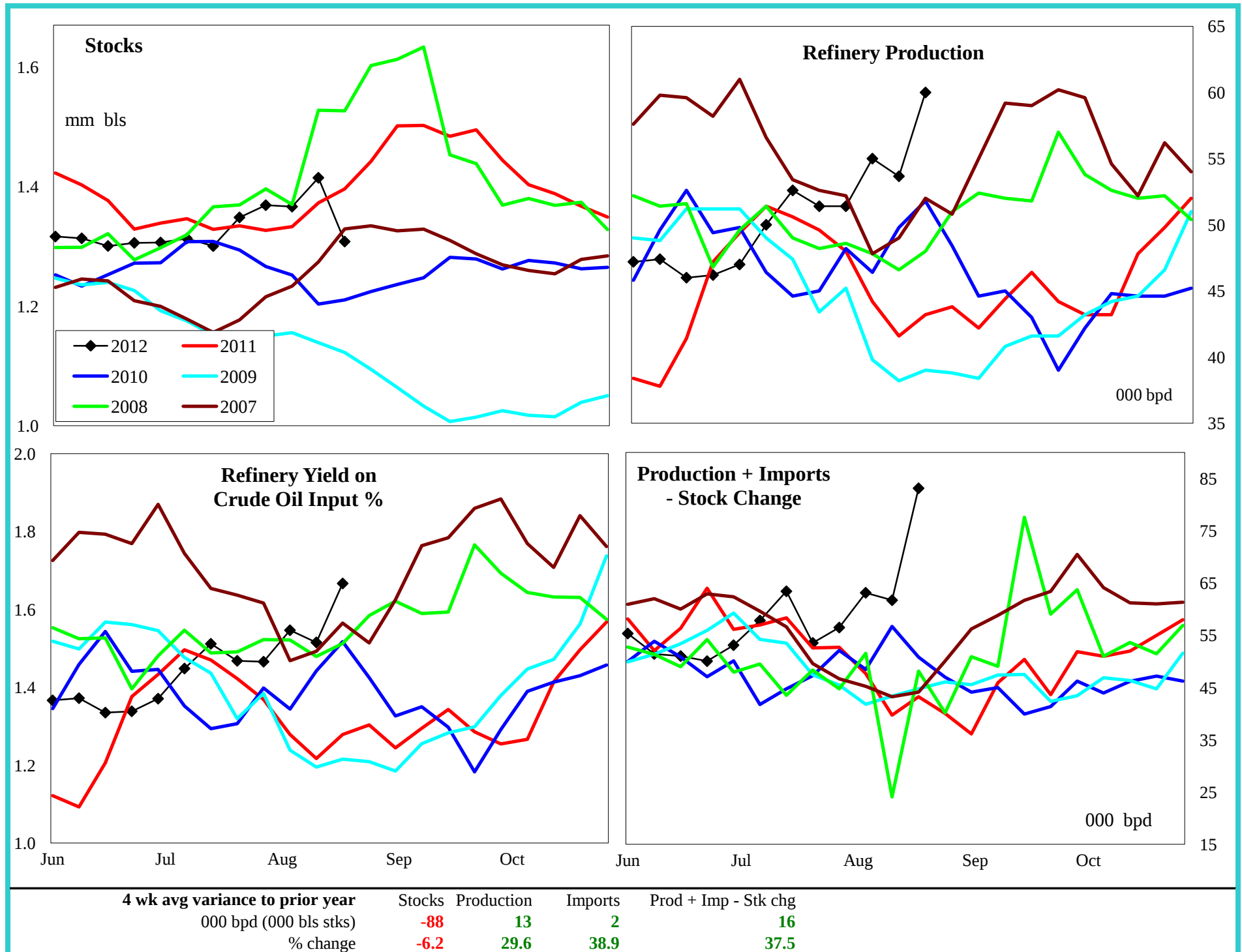
PADD 2 Distillate Supply



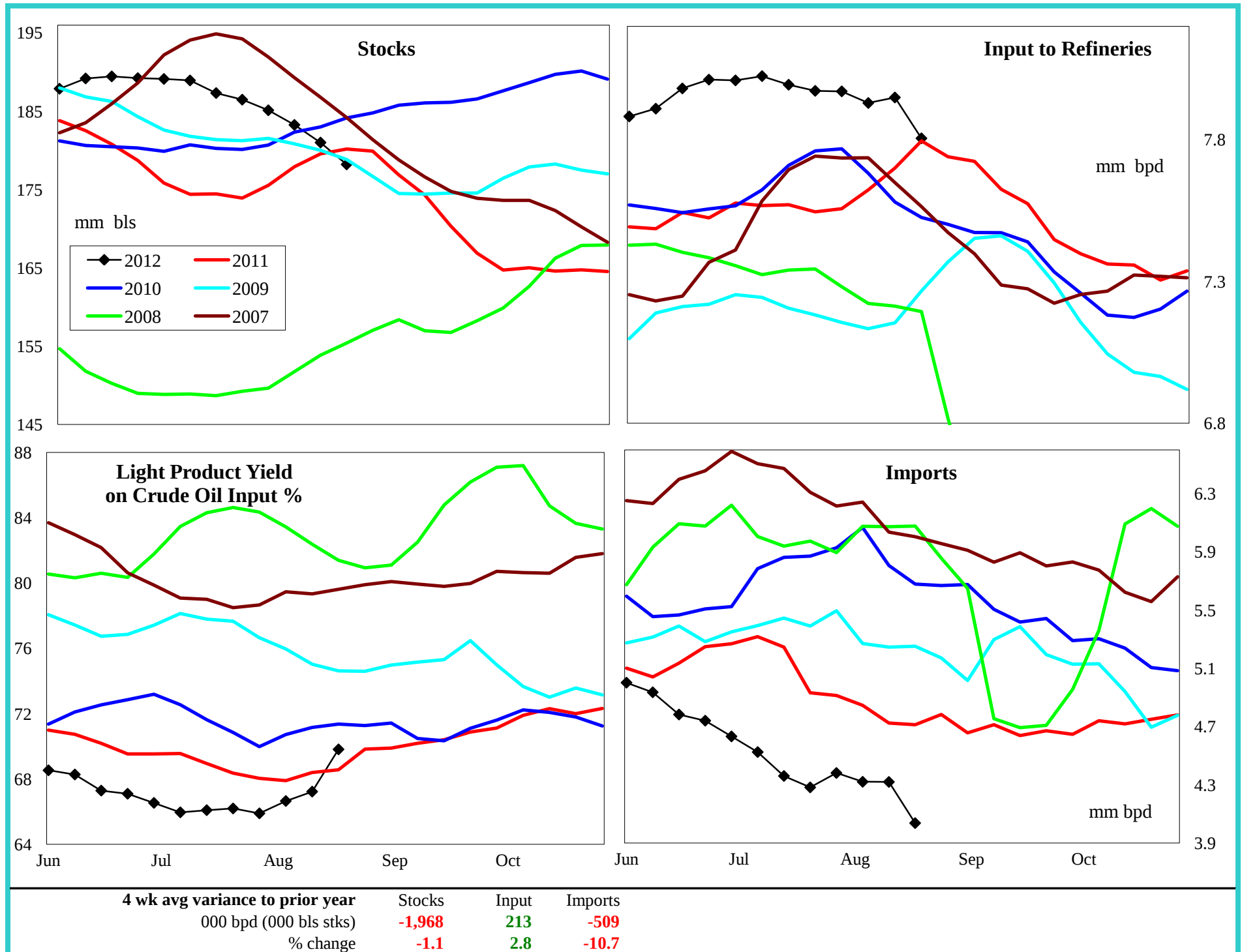
PADD 2 Jet Fuel Supply



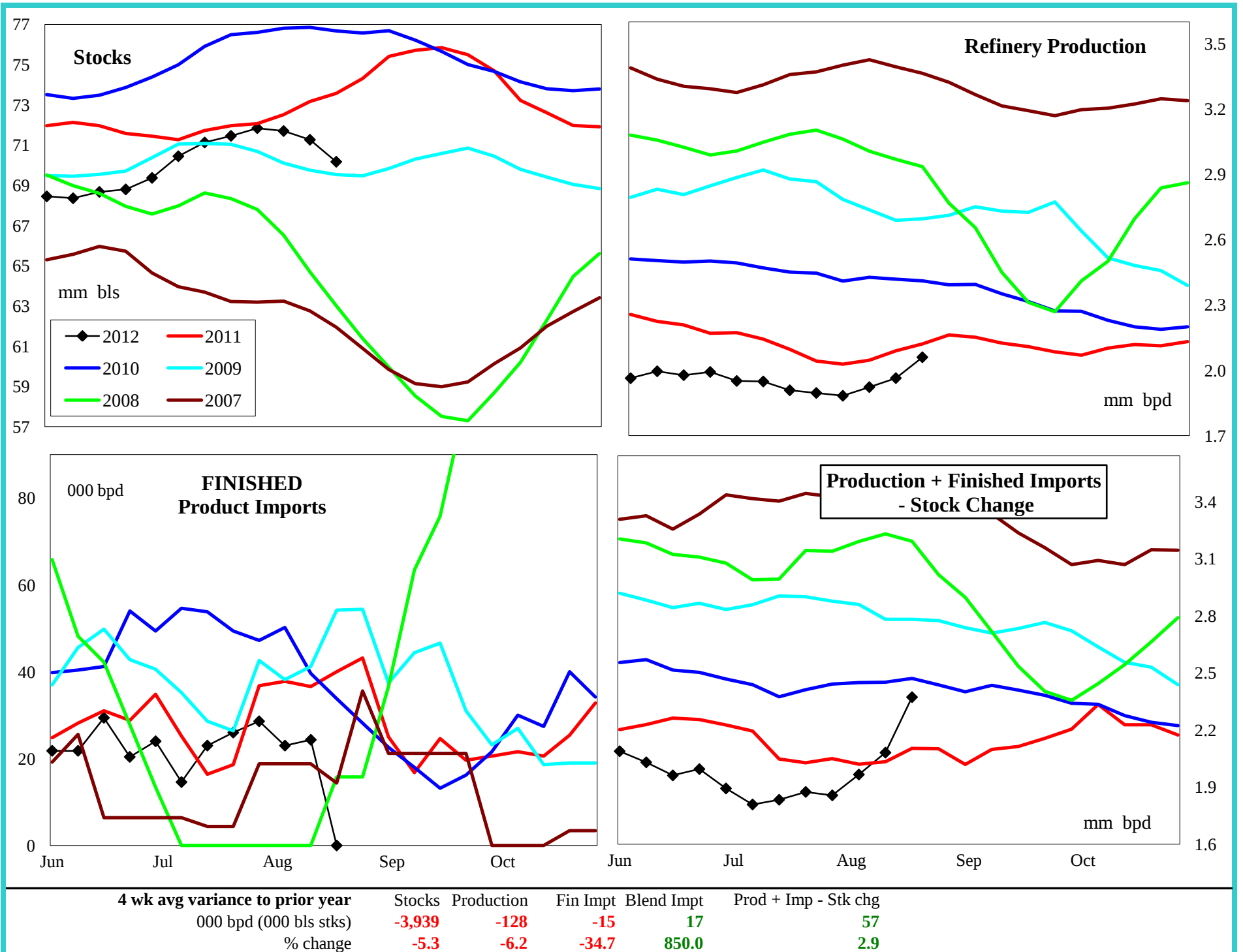
PADD 2 Residual Fuel Oil Supply



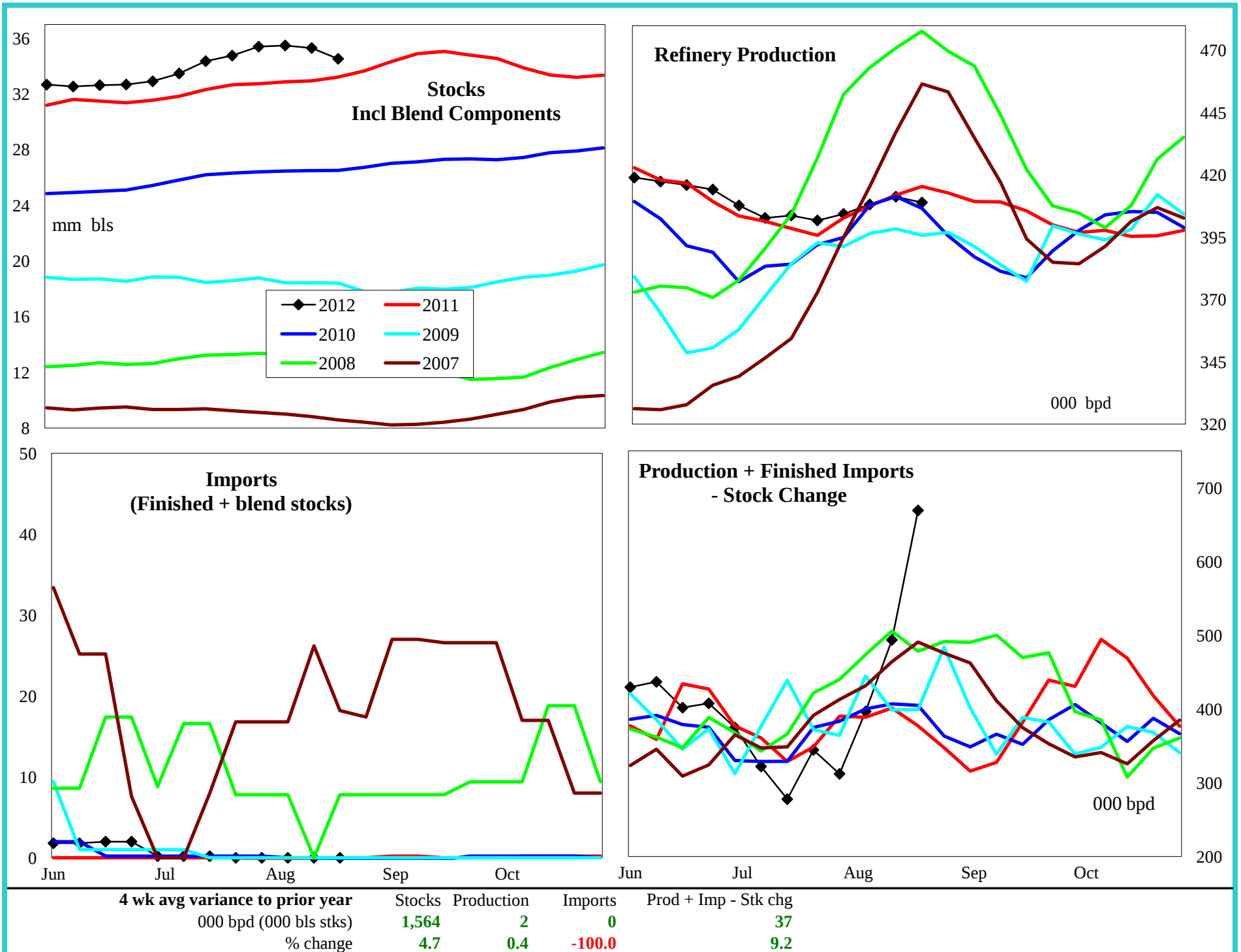
PADD 3 Crude Oil Supply and Refining



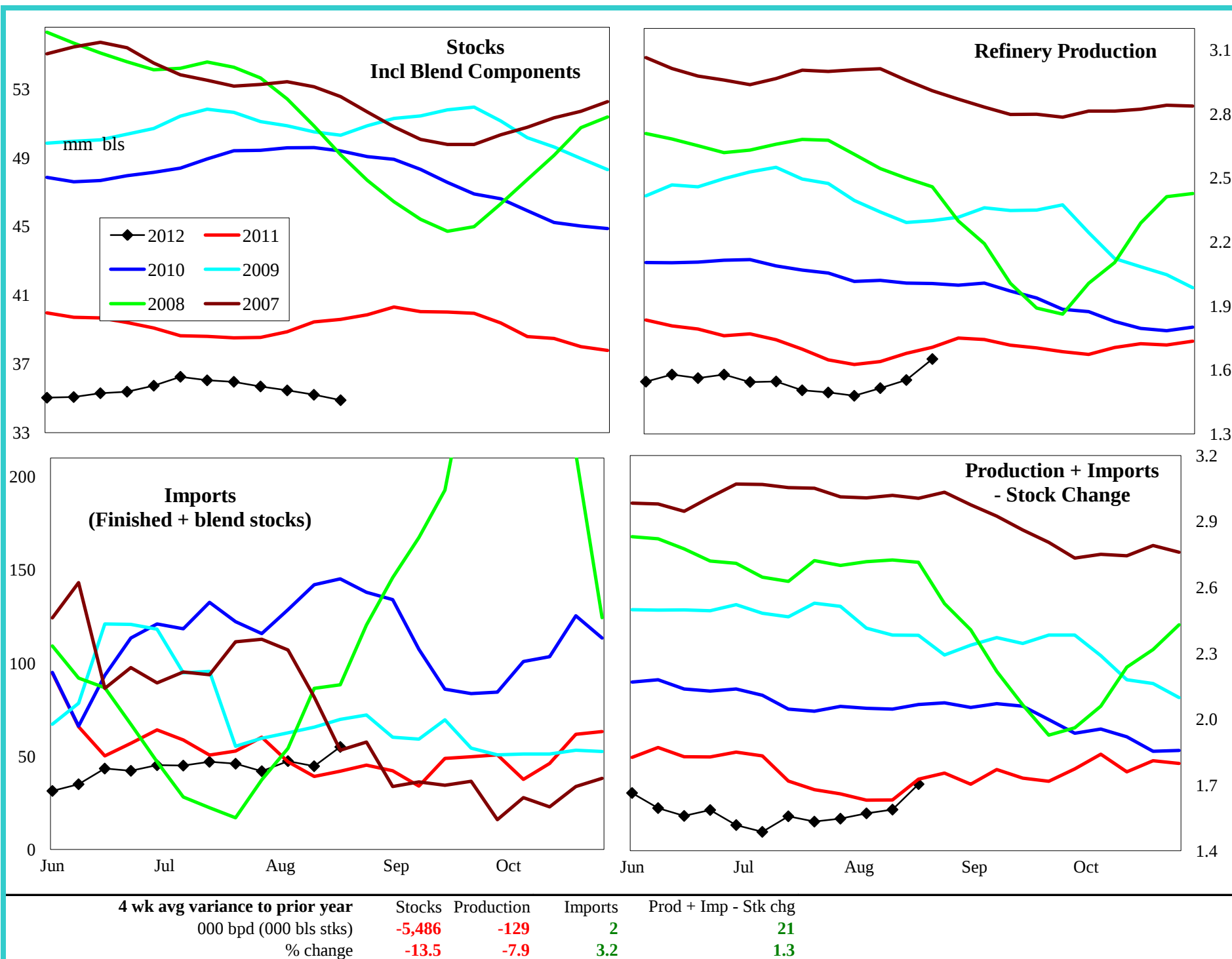
PADD 3 Gasoline Supply



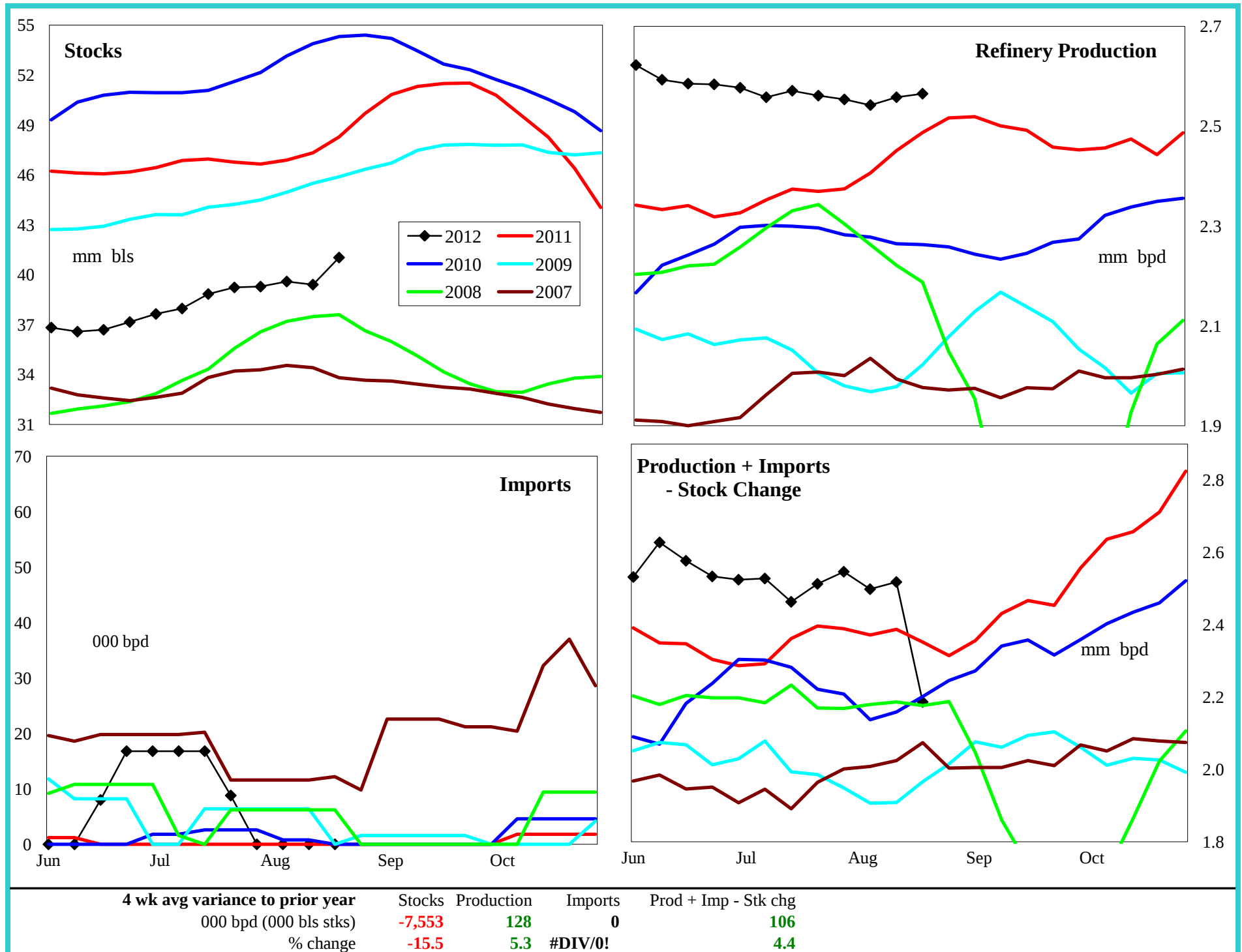
PADD 3 Reformulated Gasoline Supply



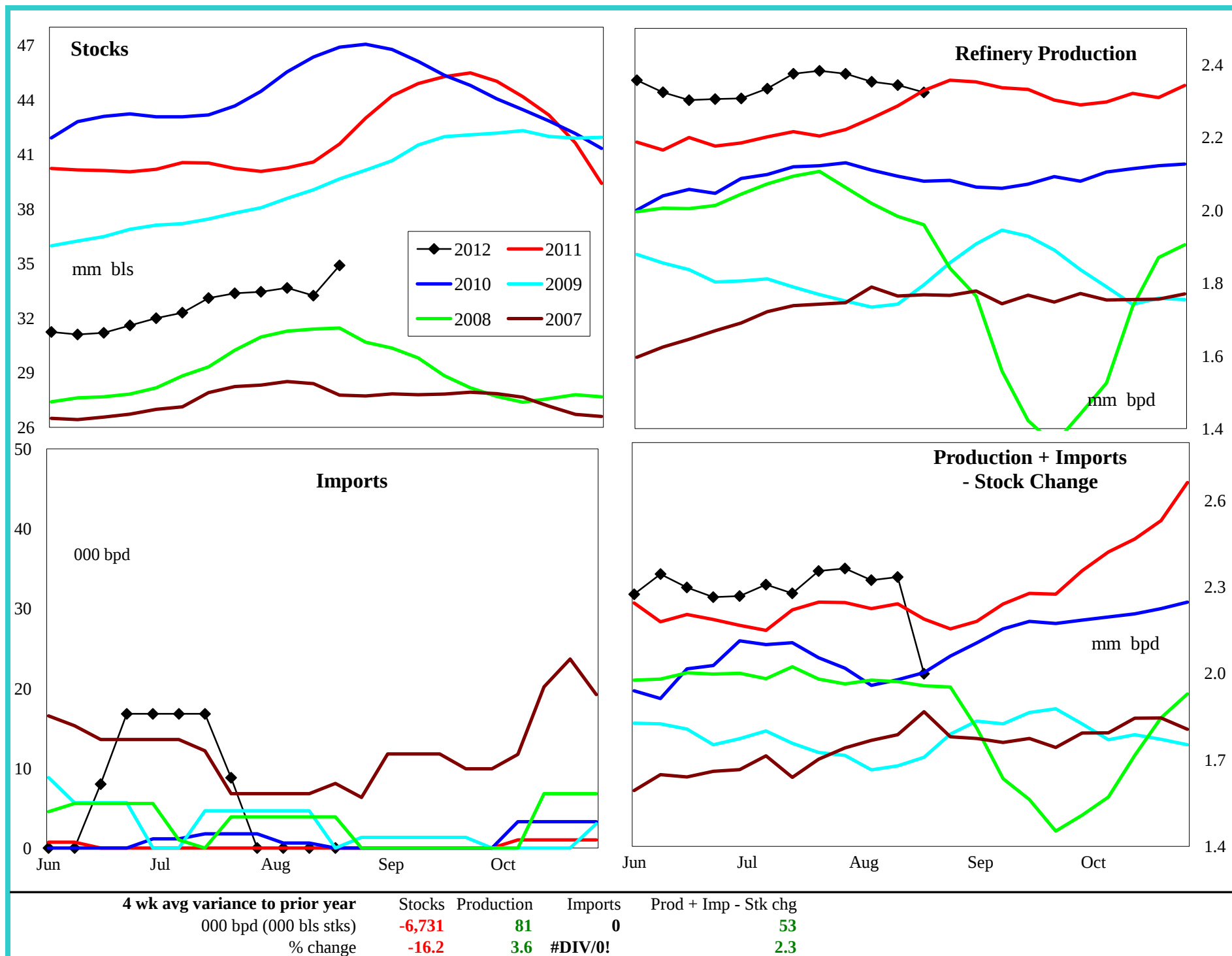
PADD 3 Conventional Gasoline Supply



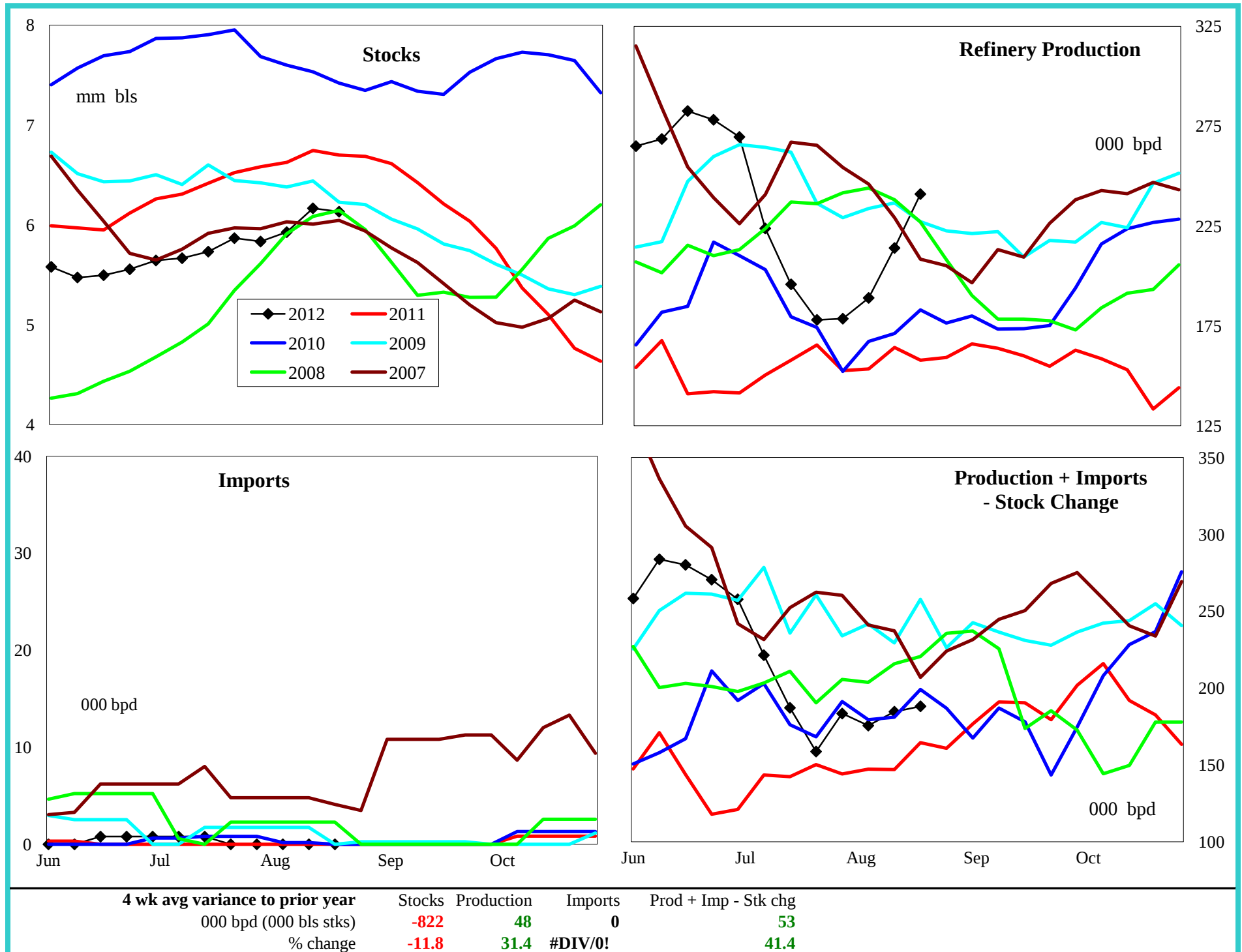
PADD 3 Distillate Supply



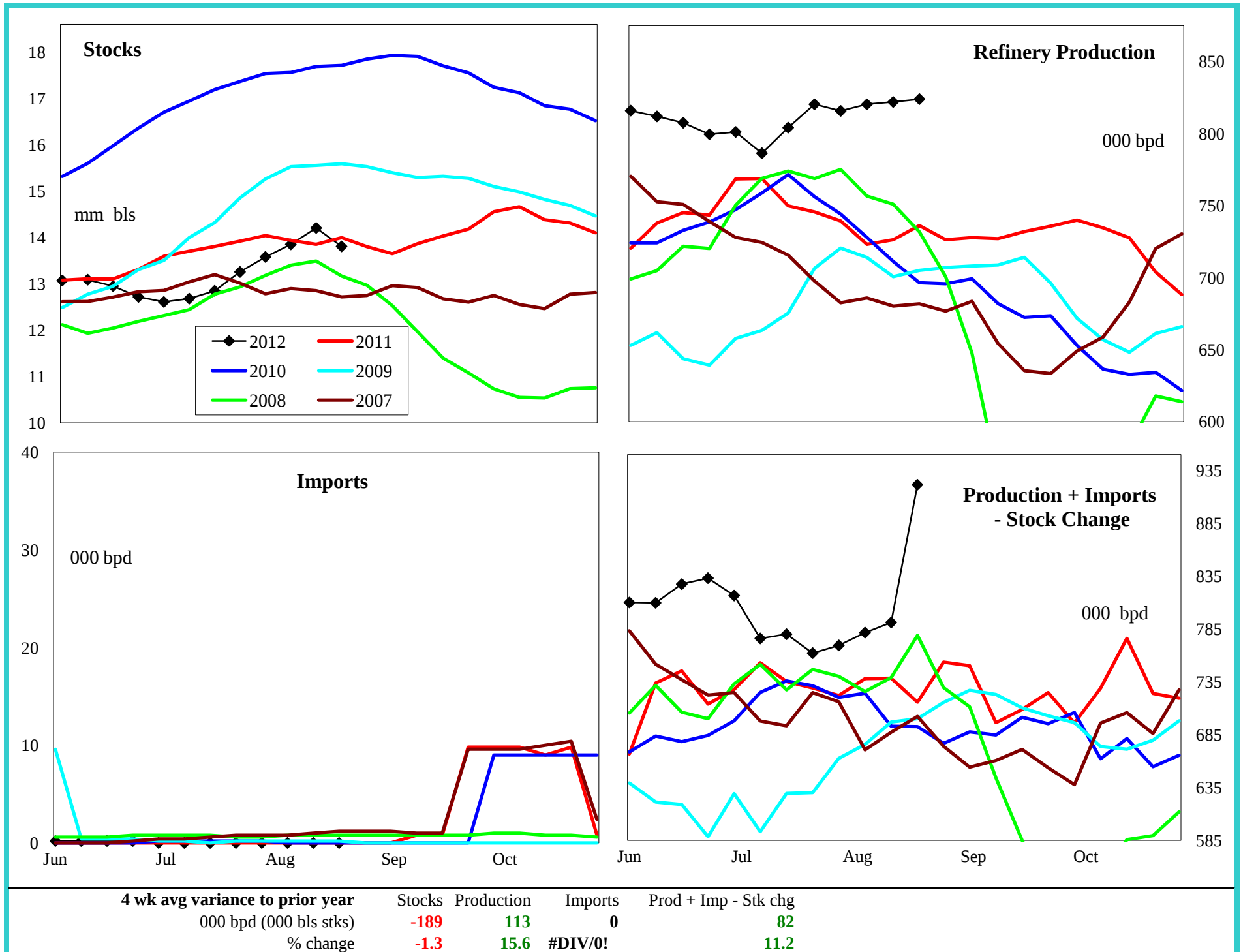
PADD 3 Low Sulfur Distillate Supply



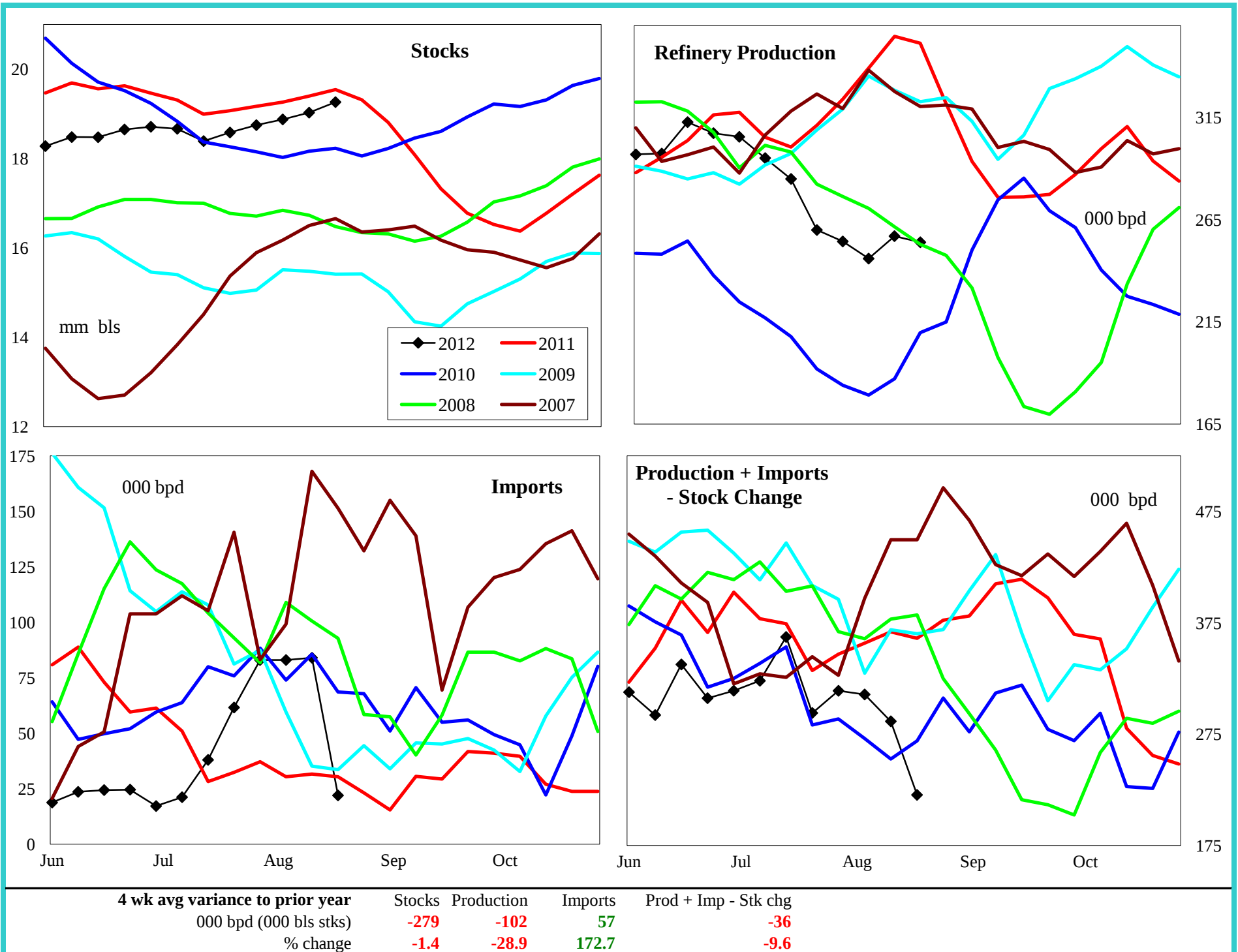
PADD 3 High Sulfur Distillate Supply



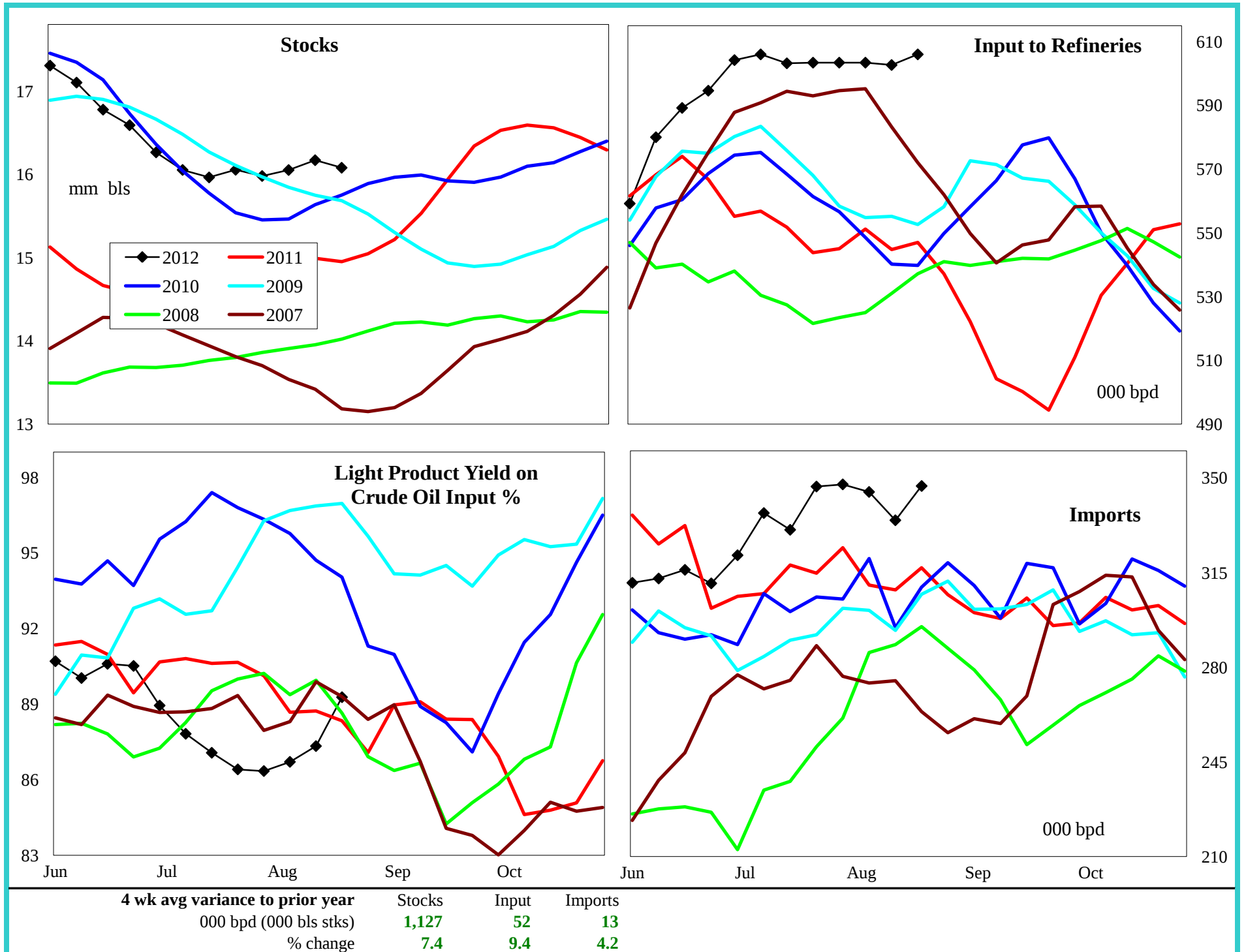
PADD 3 Jet Fuel Supply



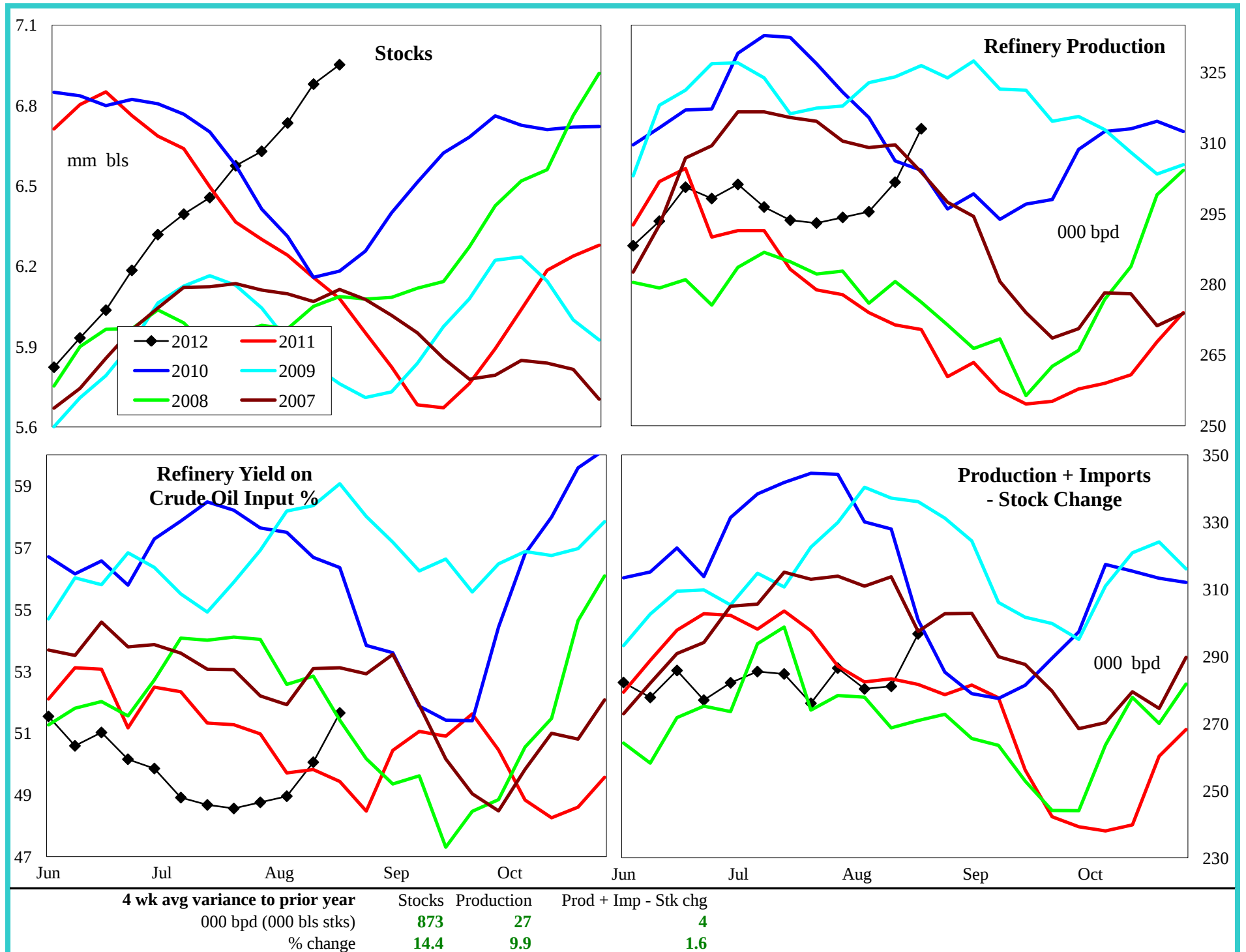
PADD 3 Residual Fuel Oil Supply



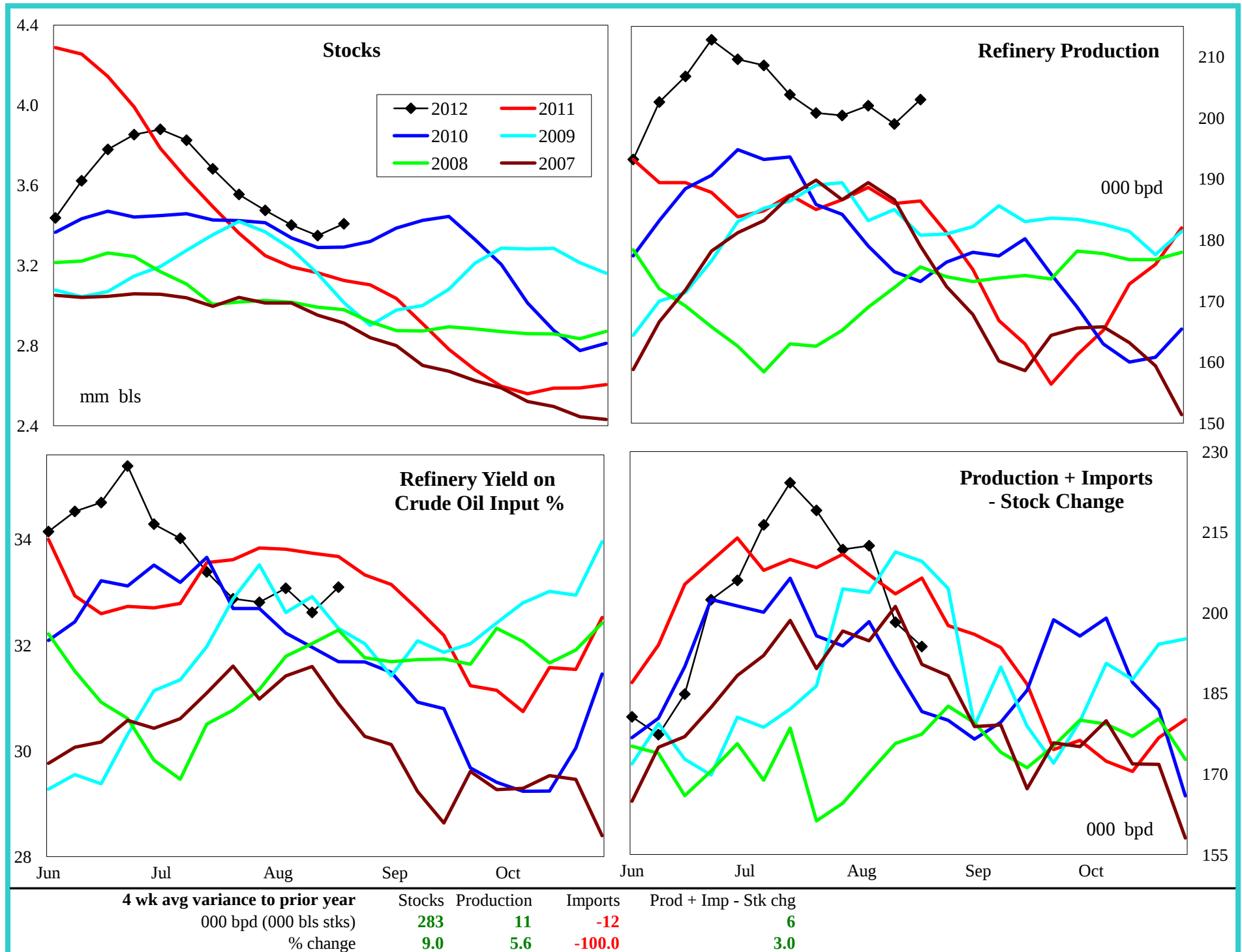
PADD 4 Crude Oil Supply and Refining



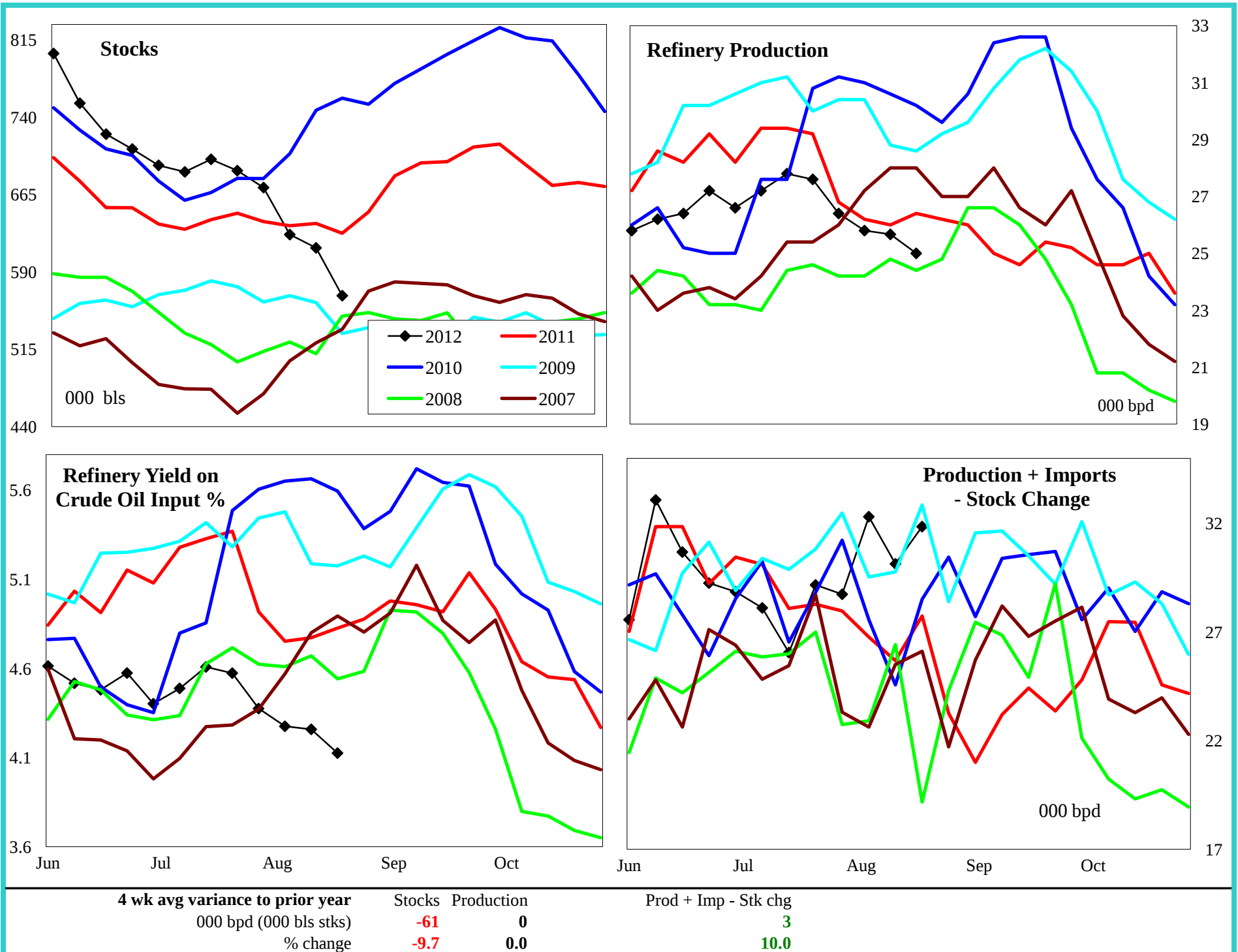
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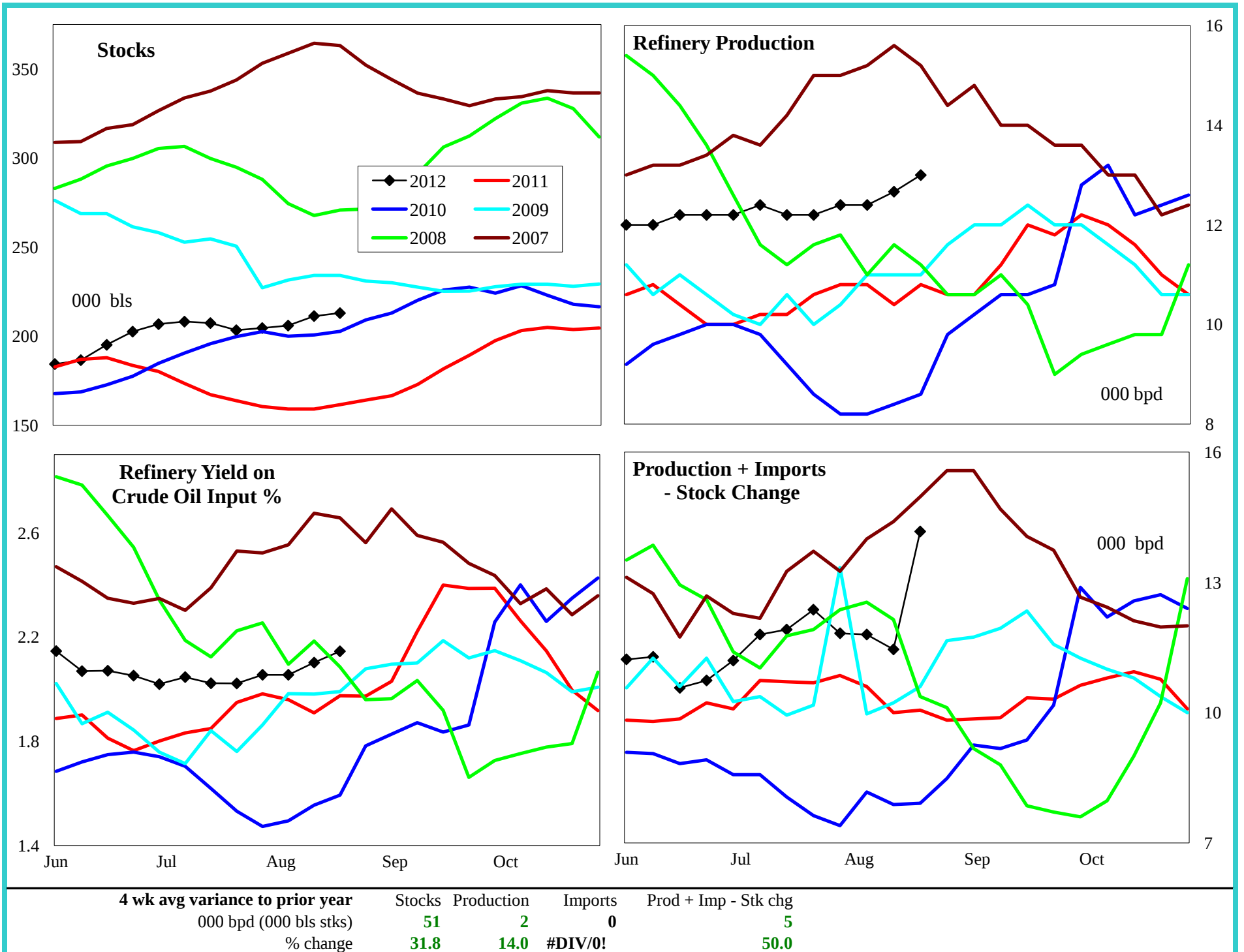
PADD 4 Distillate Supply



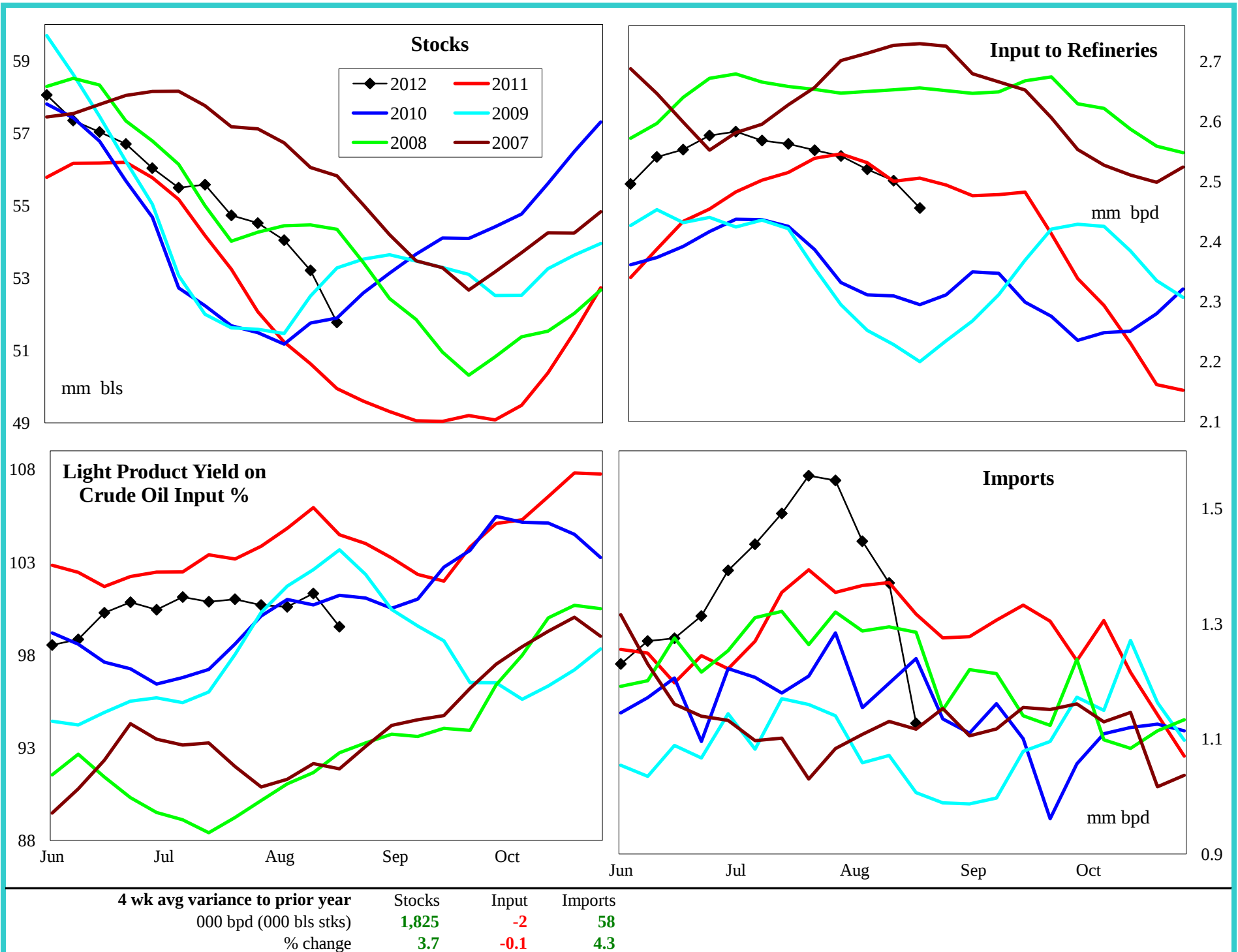
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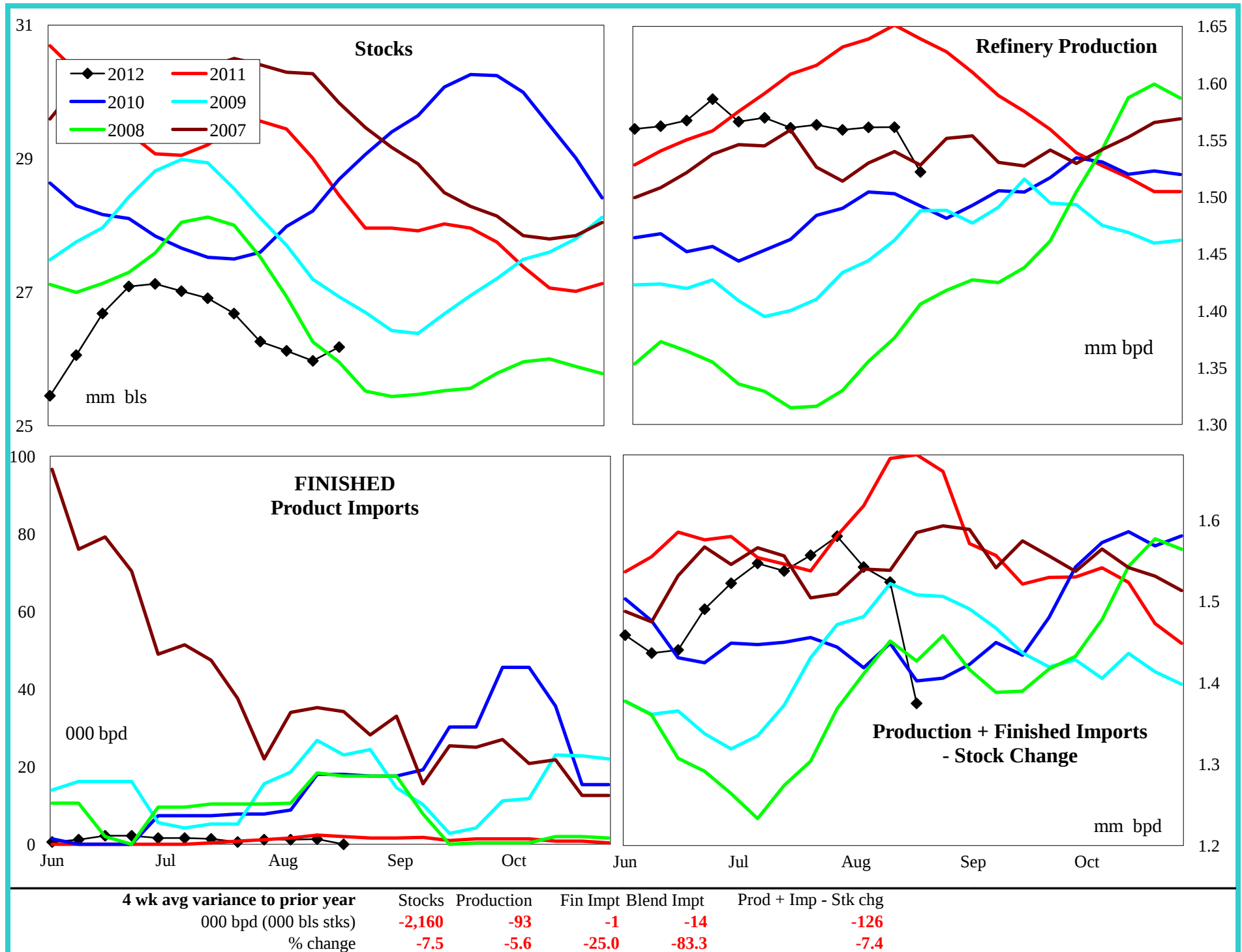
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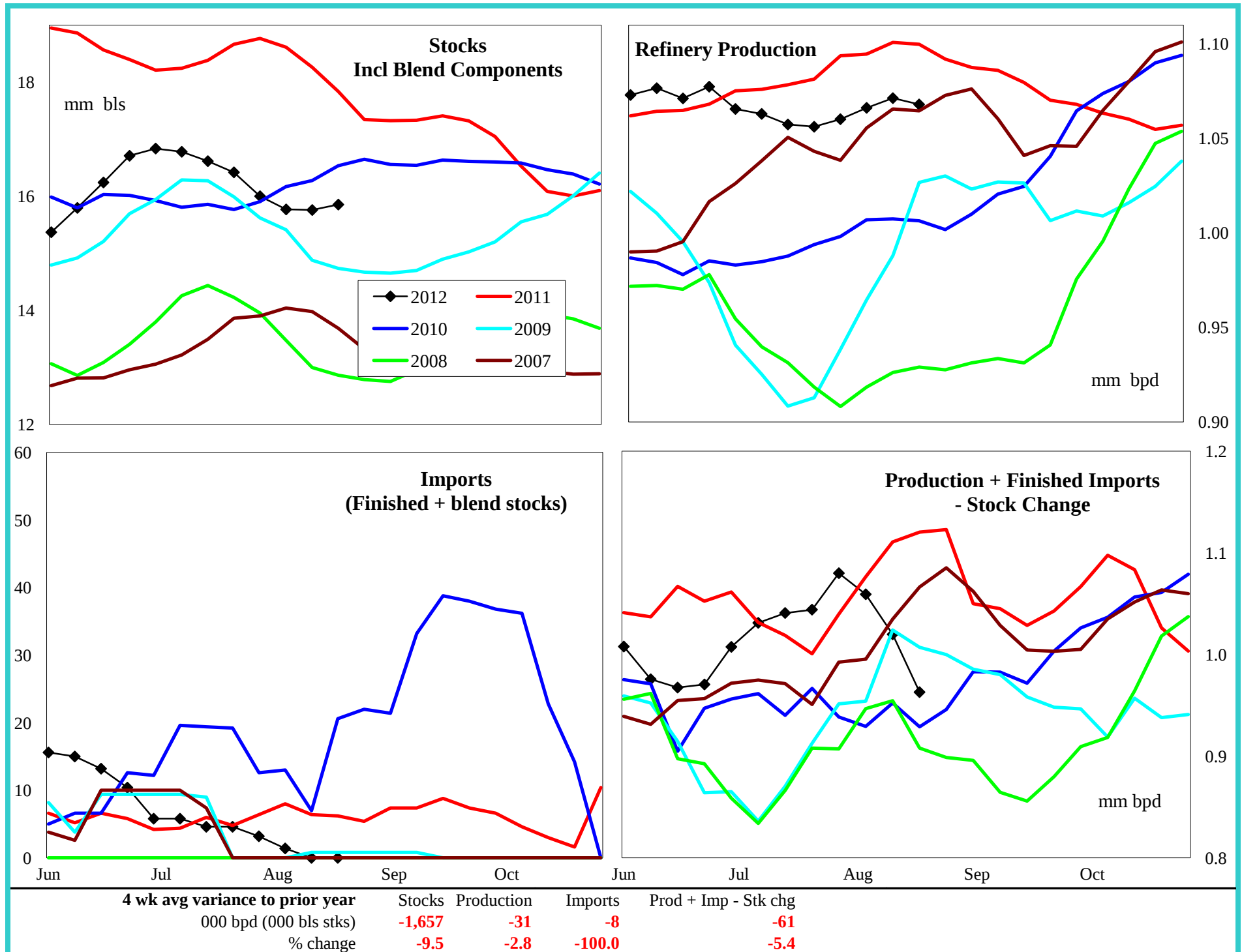
PADD 5 Crude Oil Supply and Refining



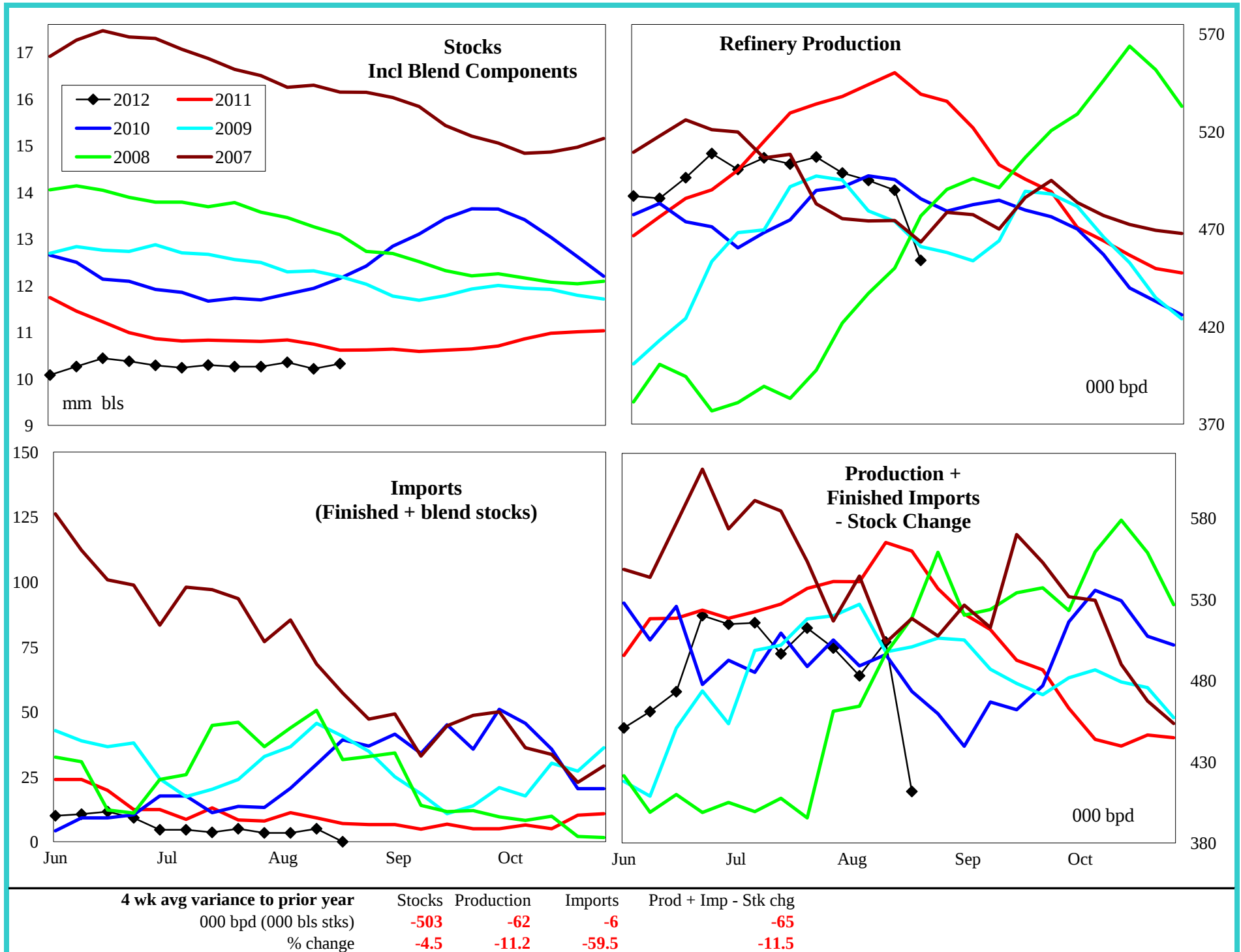
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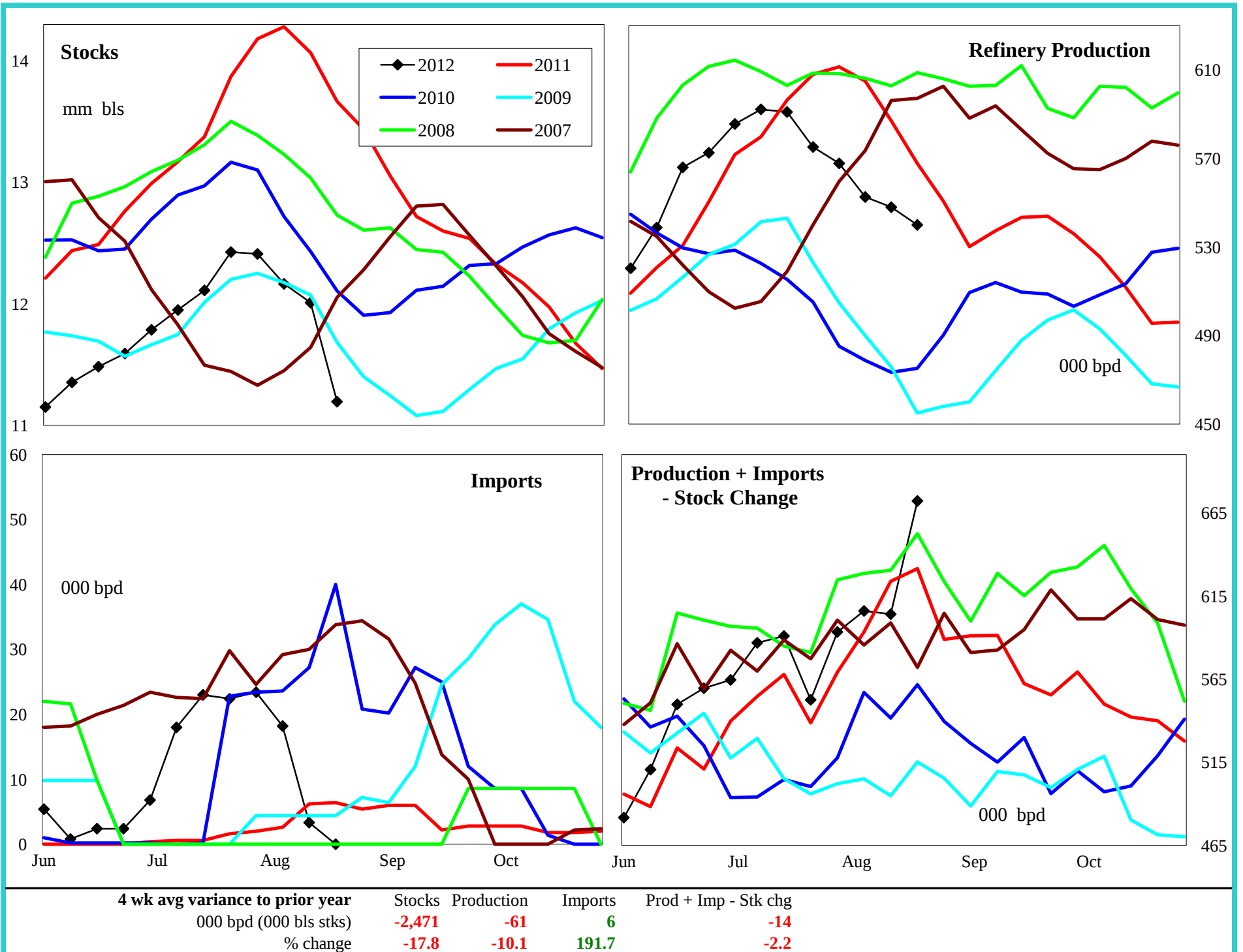
PADD 5 Reformulated Gasoline Supply



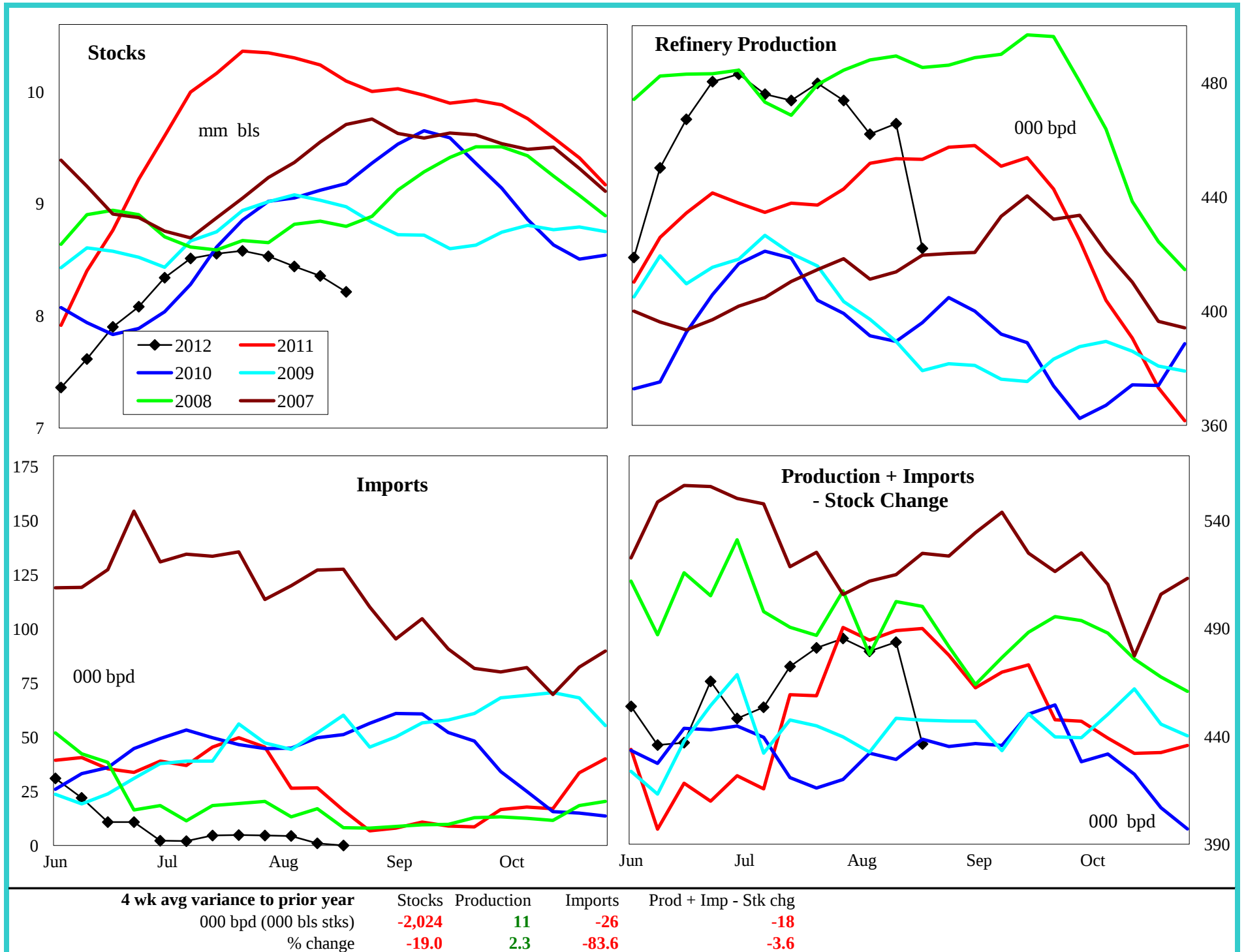
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

