



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

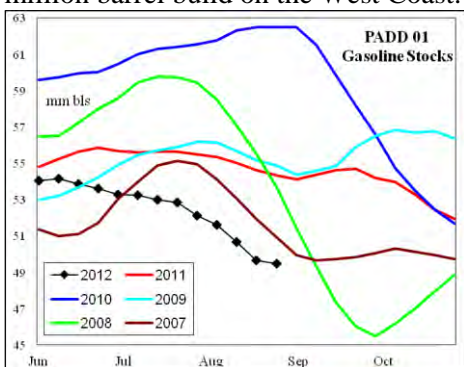
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 29, 2012



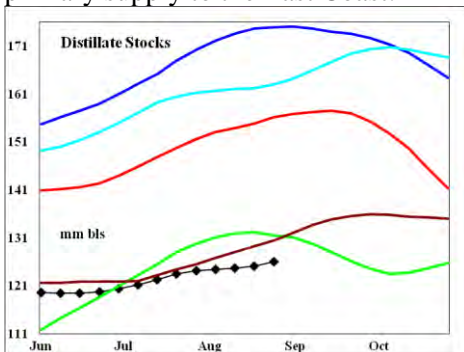
Major Fundamental Trends¹

Approximately 0.9 million bpd of Gulf refining capacity was closed as a precaution ahead of hurricane Isaac making land fall today. Availability of electric power and flooding will determine how quickly plants are able to return to full operation. The impact of closures is not reflected in the EIA data for this week.

Gasoline stocks in markets East of the Rockies fell -2.4 million barrels last week; partially offset by a +1.2 million barrel build on the West Coast.



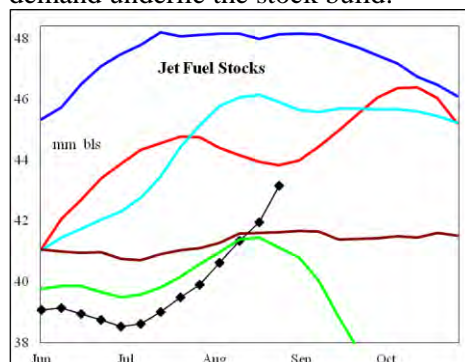
Stocks on the East Coast remain below the historic range, extending a short term supply squeeze. Refinery closures due to hurricane Isaac were in the Eastern Gulf, which represents primary supply to the East Coast.



Distillate stocks ended the week -31 million barrels below last year, and a 5-year low for this time of year. Combined with temporary refinery closures in the Gulf due to hurricane Isaac, the fire at Venezuela's 650,000 bpd plant (increase export demand from the U.S.), and above average

maintenance in Europe; indicate a meaningful risk of a supply squeeze in the 4th quarter for Atlantic Basin distillates.

Jet fuel supplies have seen a significant improvement during the last 30-days with stocks increasing +5 million barrels, to a level near last year. Record production, higher imports and a sharp drop in seasonal demand underlie the stock build.



Crude oil stocks increased +3.8 million barrels last week, including a +3.2 million barrel build in the Gulf. The sharp rise in Gulf imports for the week of nearly +1 million bpd reflects industry efforts to offload cargos ahead of the hurricane Isaac.

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%; distillate -6.2%; jet fuel down -3.8% while residual fuel oil decreased -13%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -1.5 million barrel stock draw. Coverage levels were well below the last 3-years.

Distillate coverage increased on a +0.9 million barrel stock build and lower demand. Coverage levels remain near historic lows.

Jet fuel coverage continued the sharp uptrend on a +1.3 million barrel stock build and very low demand. Coverage levels were near historic highs for the week.

Refinery utilization rates declined last week on a -58,000 bpd decline in crude oil runs. During the latest 4-wk period

crude oil input was -4,000 bpd below a year ago.

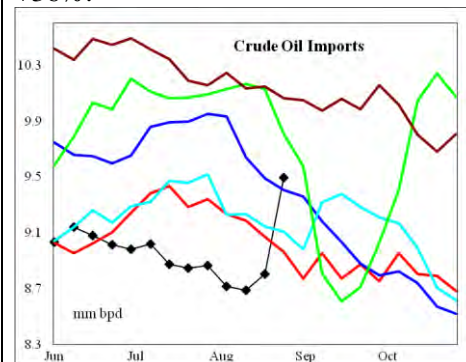
Gasoline yield % on crude oil runs decreased on a -138,000 bpd decline in output compared to the -58,000 bpd drop in crude oil runs. Yield % on crude oil runs was below four of the last 5-years.

Distillate yield % on crude oil runs decreased on a -67,000 bpd drop in production, compared to the small decline in crude oil runs. The yield % was above the 5-year range.

Jet fuel yield % on crude oil runs fell on a -48,000 bpd decrease in output, compared to the drop in crude oil runs. The yield % was slightly above a year ago.

Petroleum Imports of crude oil surged +1.3 million bpd last week to a weekly level above the last 3-years. Imports of middle distillates also increased last week. During the latest 4-wk period crude oil imports were -0.4 million bpd below last year; distillate imports decreased -34,000 bpd; finished gasoline imports decreased -78,000 bpd, gasoline blend stock imports increased +53,000 bpd; jet fuel imports were +20,000 bpd higher, while residual fuel oil imports decreased -18,000 bpd.

Crude Oil stocks increased +3.8 million barrels last week, including a build of +3.2 million barrels in the Gulf Region that resulted from a surge in imports. U.S. stocks ended the week +7.5 million barrels above a year ago. Cushing stocks ended the week +11.8 million barrels above last year, +36%.



¹ Source is latest EIA Weekly Statistics



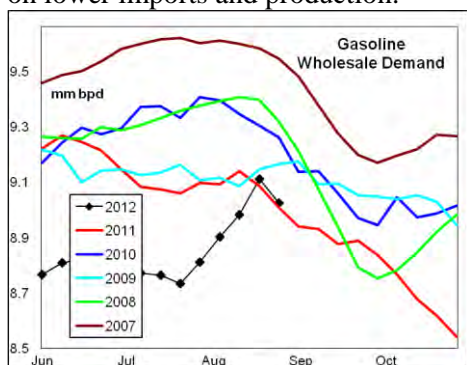
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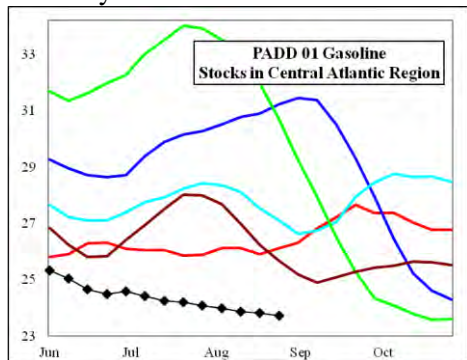
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Product Supply-Demand Trends

Gasoline demand declined -17,000 bpd last week, a level that matched a year ago. The latest 4-wk average demand was -96,000 bpd below a year ago, the smallest year-on-year decrease of 2012. Supply decreased -225,000 bpd on lower imports and production.



Stocks decreased -1.5 million barrels last week; including draws of over 1 million barrels in PADDs 2 & 3. Stocks increased +1.2 million barrels on the west coast. Stock levels in PADD 1 remain at record lows for this time of year.



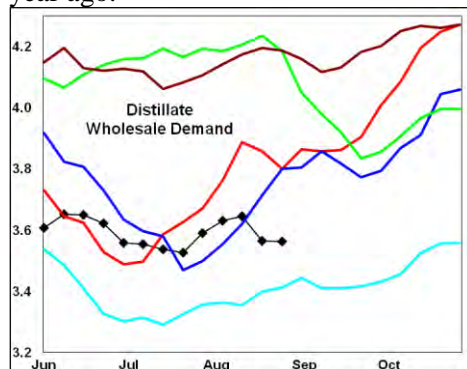
The latest 4-wk stock change in markets East of the Rockies was a -8 million barrel draw, compared to an average of -2 million barrels during the last 3-years.

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, temporary closure of several Gulf refineries and a steeply inverted RBOB forward price curve are likely to extend through month end.

A return to operation by refiners and an end to peak summer wholesale demand should lead to improvement in

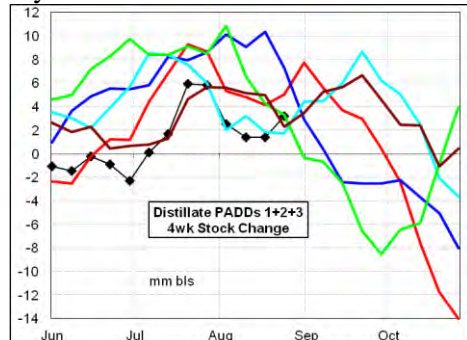
the supply balance East of the Rockies during September.

Distillate demand was unchanged on the week. The latest 4-wk average demand was -238,000 bpd below a year ago.



Supply decreased -15,000 bpd on the week, on lower production. Stocks increased +0.9 million barrels last week.

The latest 4-wk stock build in markets East of the Rockies was +3.3 million barrels, a level below the last 2-years.

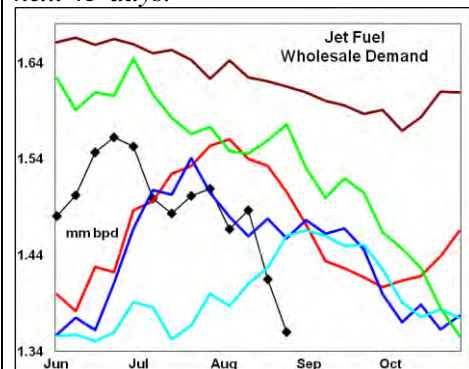


Stocks ended the week -30 million barrels below last year; a level below the historic range. Production has averaged +78,000 bpd above a year ago for the latest 4-wk period. Risk continues that stock levels will remain unusually low leading to tight supplies in the 4th quarter.

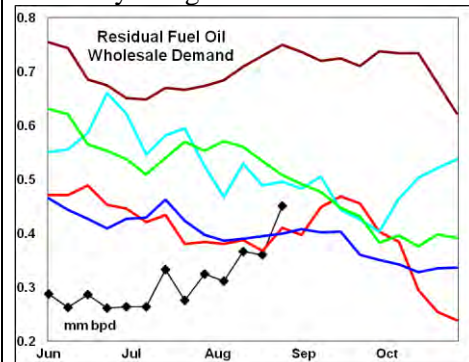
Jet Fuel demand declined -28,000 bpd on the week, to a record low level for this time of year. The latest 4-wk average demand was -58,000 bpd below a year ago, down -3.8%.

Production decreased -48,000 bpd last week, offset by a +72,000 bpd increase in imports. Stocks increased +1.3 million barrels on the week, a level -1.5% below last year.

The sharp seasonal decrease in demand, high production and imports has led to a meaningful build in stocks. Higher imports and production, should lead to further stock building over the next 45-days.



Residual fuel oil demand jumped +304,000 bpd last week, reversing the previous week decline. The latest 4-wk average demand was -54,000 bpd below a year ago.



Supply (production + imports) climbed +176,000 bpd last week, on higher imports. The latest 4-wk average supply was -148,000 bpd below last year on lower production. Stocks fell -0.8 million barrels on the week, to a level below the historic range.

Wholesale demand increased to levels comparable with the last 2-years for the first time this year. Production and imports are each near 5-year lows.

Stock levels in the key Gulf Region match 5-year highs, pointing to a well supplied market.



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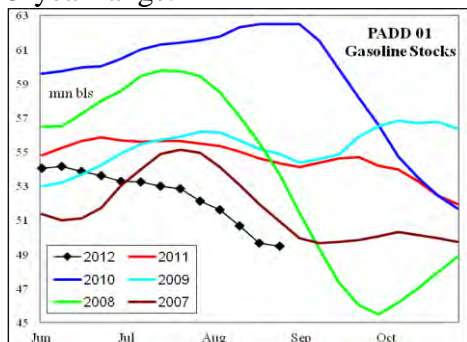
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -30,000 bpd last week, with the latest 4-wk average -392,000 bpd below last year.

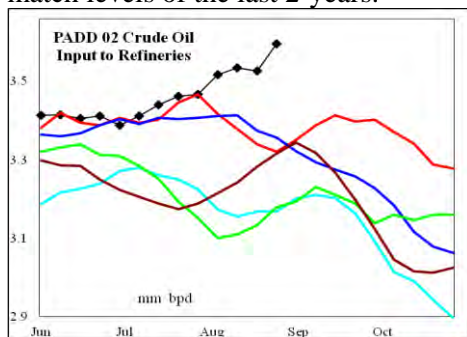
Gasoline supply was nearly unchanged last week. Stocks decreased -0.1 million barrels on the week, with the level below the 5-year range.



Stock levels in the Central Atlantic region ended the week -9% below last year, extending an end of summer supply squeeze in this key region.

Distillate supply was unchanged last week. Supply for the latest 4-wk period was -27,000 bpd below last years' previous record low. Stocks climbed +1.2 million barrels on the week, with the level -31% below last year.

Jet fuel supply increased +12,000 bpd last week, with the level -16,000 bpd below a year ago. Stocks jumped +0.7 million barrels on the week, to match levels of the last 2-years.



PADD 2 crude oil refinery runs increased +35,000 bpd on the week, to a fresh 5-year high; with the latest 4-wk average +189,000 bpd above last year. Crude oil imports averaged

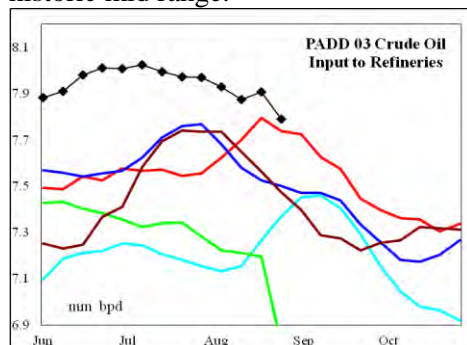
+245,000 bpd above last year, at a record level. Stocks decreased -.6 million barrels last week, with the level +7.9 million barrels above the prior record high.

Gasoline supplies were -1% below last year. Stocks fell -1.1 million barrels, to a level that matched the 5-year mid range.

Distillate production jumped +53,000 bpd on the week, to a new record high. Stocks increased +1.6 million barrels last week, to a level +3% above the historic low.

Jet fuel production decreased -36,000 bpd last week. Stocks ended the week well above the mid range.

PADD 3 refinery runs decreased -15,000 bpd last week, a level that matched 5-year highs. The latest 4-wk average thru put was +160,000 bpd above last year. Crude oil imports jumped +0.9 million bpd, recovering from last weeks' decreased. Stocks increased +3.2 million barrels on the week, to a level slightly above the historic mid range.



Gasoline production decreased -74,000 bpd last week, a level comparable to the last 2-months. Stocks fell -1.3 million barrels last week, to a level below the last 3-years.

Distillate supply decreased -52,000 bpd on the week, at a level that matched historic highs. Production was +85,000 bpd above a year ago for the latest 4-wk period. Stocks fell -1.6 million barrels on the week, will the level -21% below last year.

Jet fuel production decreased -39,000 bpd last week, +11% above last years' record high. Stocks levels match the 5-year mid range.

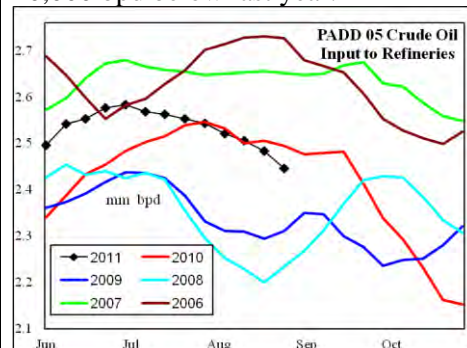
Residual fuel oil stocks match historic highs, with production below the mid range.

PADD 4 refinery crude runs fell -39,000 bpd on the week, with the level +9% above last year, matching 5-year highs for the week. The most recent 4-wk average run rate was +50,000 above a year ago.

Gasoline supply increased +4,000 bpd on the week, to a level near 5-year highs. Stock levels fell -0.3 million barrels on the week, the first meaningful draw in the last 3-months; with the level still above the 5-year range.

Distillate production decreased -11,000 last week, with the latest 4-wk average +12,000 bpd above last year. Stocks ended the week +4.3% above last year.

PADD 5 crude oil refinery runs decreased -10,000 bpd last week, to a level just below a year ago. Runs for the most recent 4-wk period were -10,000 bpd below last year.



Gasoline supply increased +62,000 bpd on the week; with the latest 4-wk average -87,000 bpd below a year ago. Stocks increased +1.2 million barrels last week, lifting the level to near the historic mid range.

Distillate supply was unchanged on the week, with the latest 4-wk average -40,000 bpd below a year ago. Stocks decreased -0.1 million barrels, matching 5-year lows for the season.

Jet fuel supplies climbed +79,000 bpd to a level above the mid range. Stock levels were -14% below last year and a 5-year low.

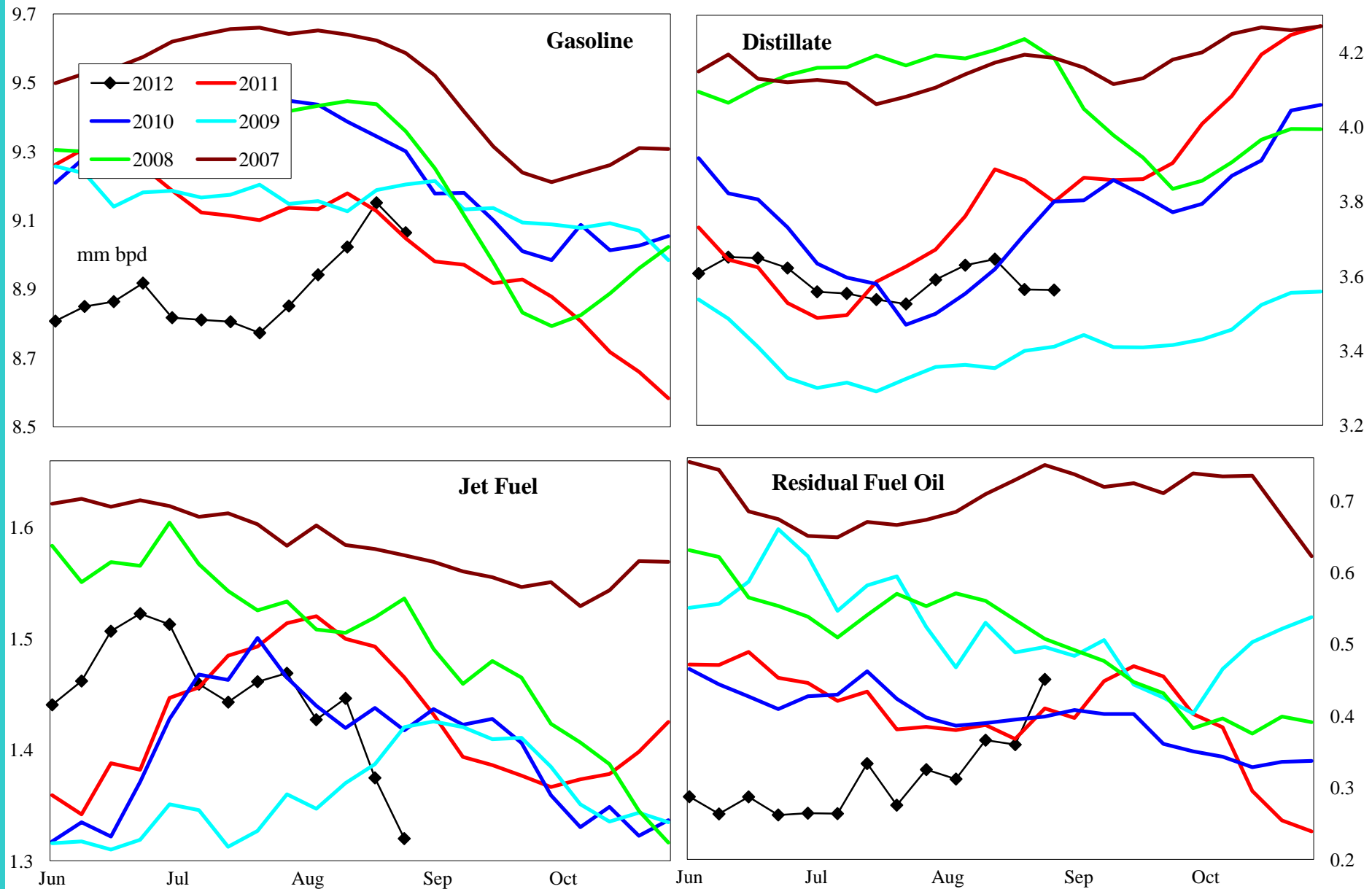


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	24-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	3,778	940	-649	3,175	-224	537
	Imports	1,288	-68	22	944	-7	398
	Input	-58	-30	35	-15	-39	-10
	% Utilization	0.00					
Gasoline	Stocks	-1,509	-112	-1,068	-1,263	-282	1,214
	Production	-138	44	10	-74	4	62
	Imports	-87	-35	0	-55	0	1
	Supplied	-17					
Distillate	Stocks	873	1,169	1,559	-1,555	-172	-127
	Production	-67	-36	53	-52	-11	-21
	Imports	52	35	-5	0	0	22
	Supplied	2					
Jet Fuel	Stocks	1,318	729	-46	195	38	402
	Production	-48	-2	-36	-39	8	21
	Imports	72	14	0	0	0	58
	Supplied	-28					
Residual Fuel Oil	Stocks	-802	-546	-15	28	8	-277
	Production	16	5	-19	6	0	24
	Imports	160	114	2	-2	0	45
	Supplied	304					

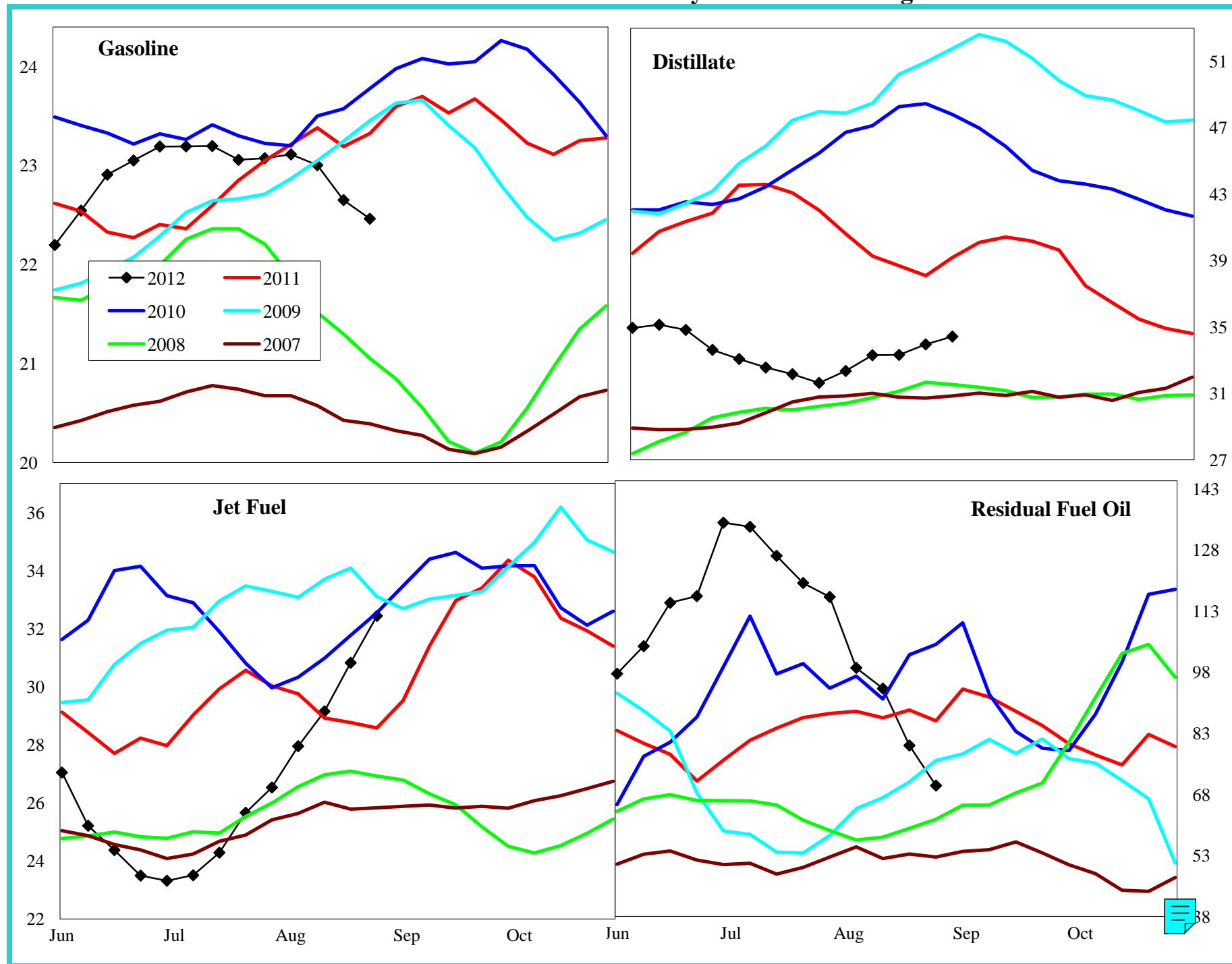
United States Wholesale Petroleum Demand



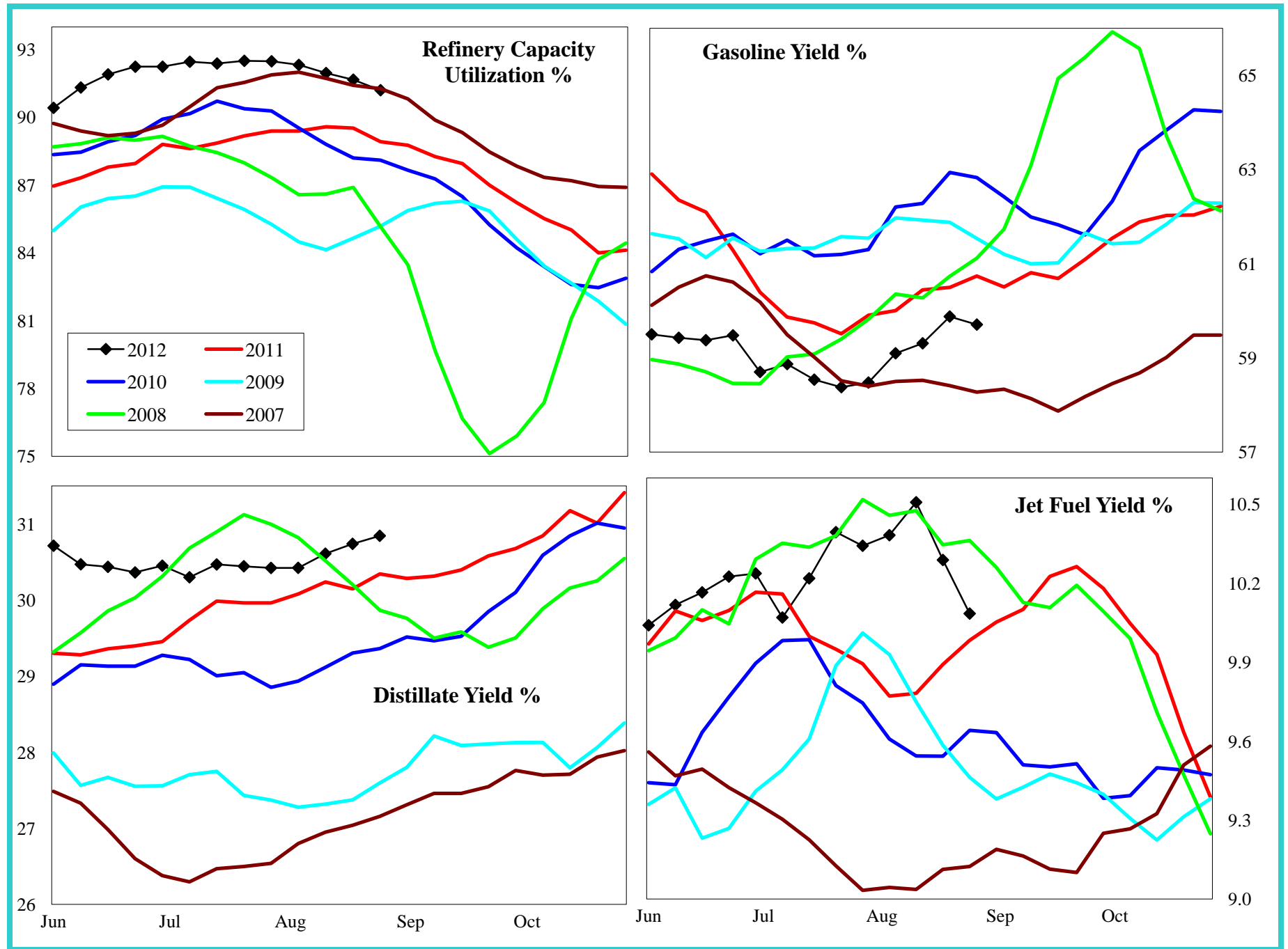
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-96	-204	-128	212	-1.0	-2.3	-1.4	2.4
Distillate	-238	8	-186	88	-6.2	0.2	-4.8	2.4
Jet Fuel	-58	-11	44	-20	-3.8	-0.8	2.8	-1.4
Resid	-54	28	-162	-184	-13.4	8.9	-34.4	-38.5



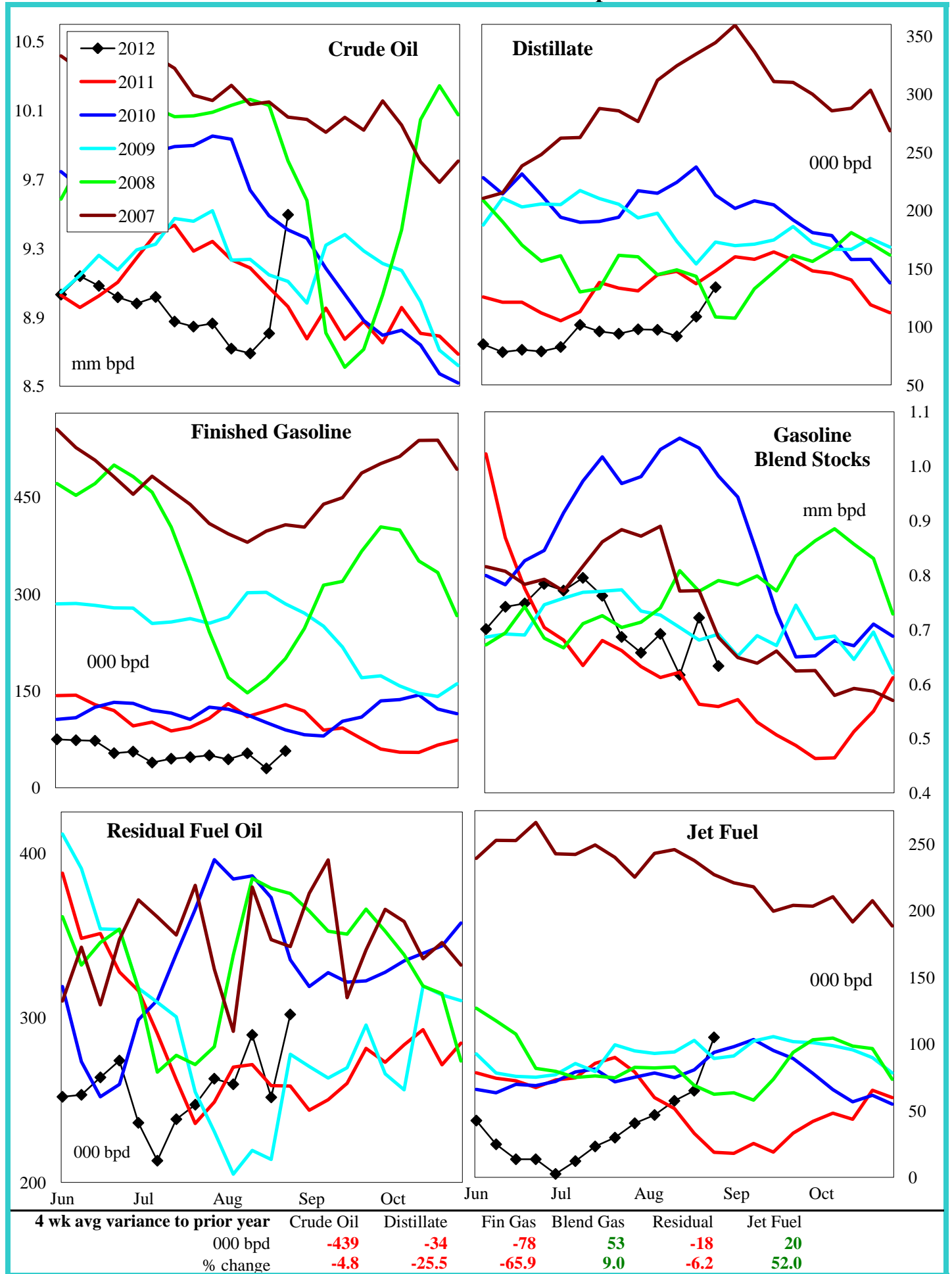
United States Product Stocks: Days Forward Coverage



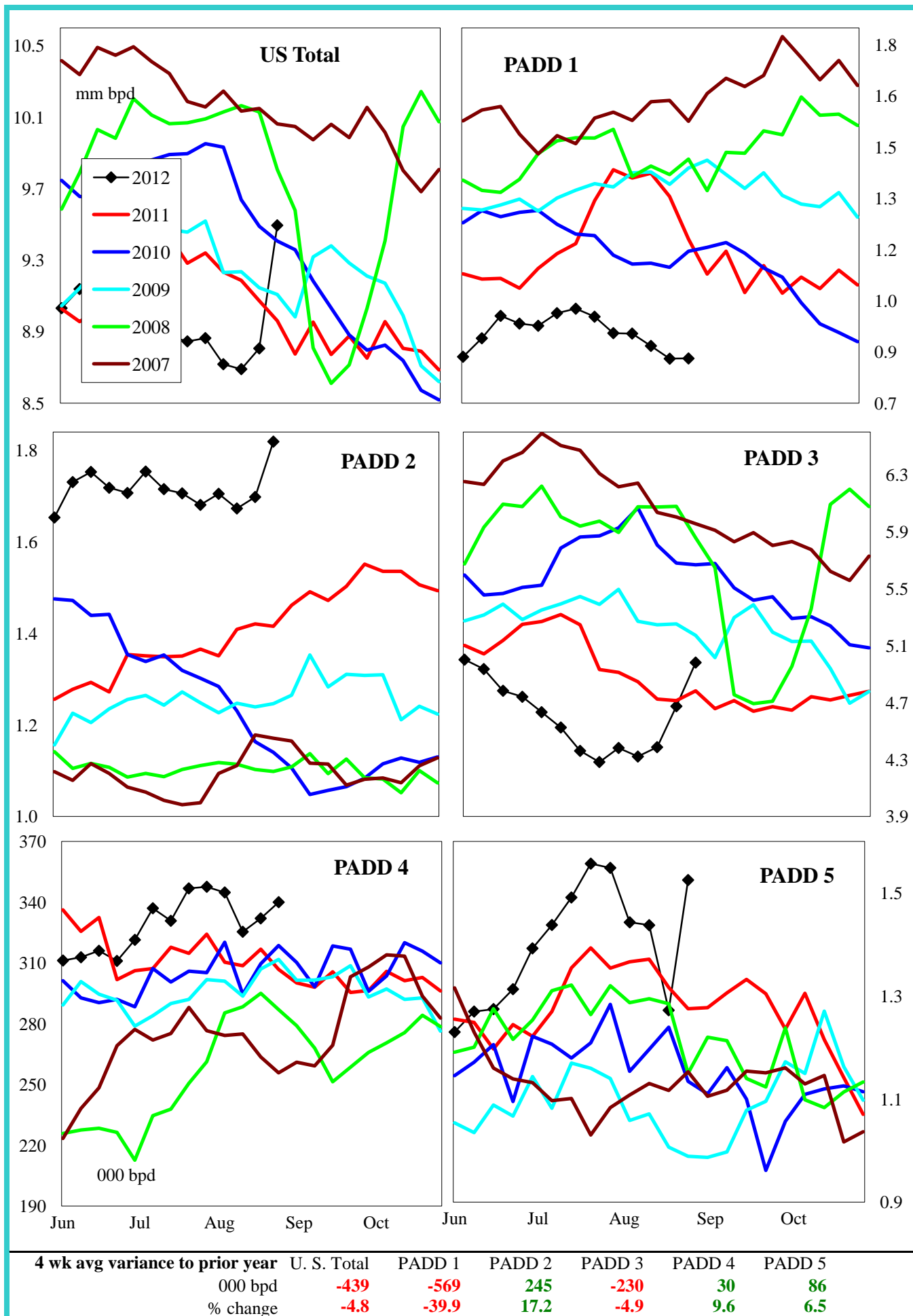
United States Refinery Percent Utilization Rate and Product Yields



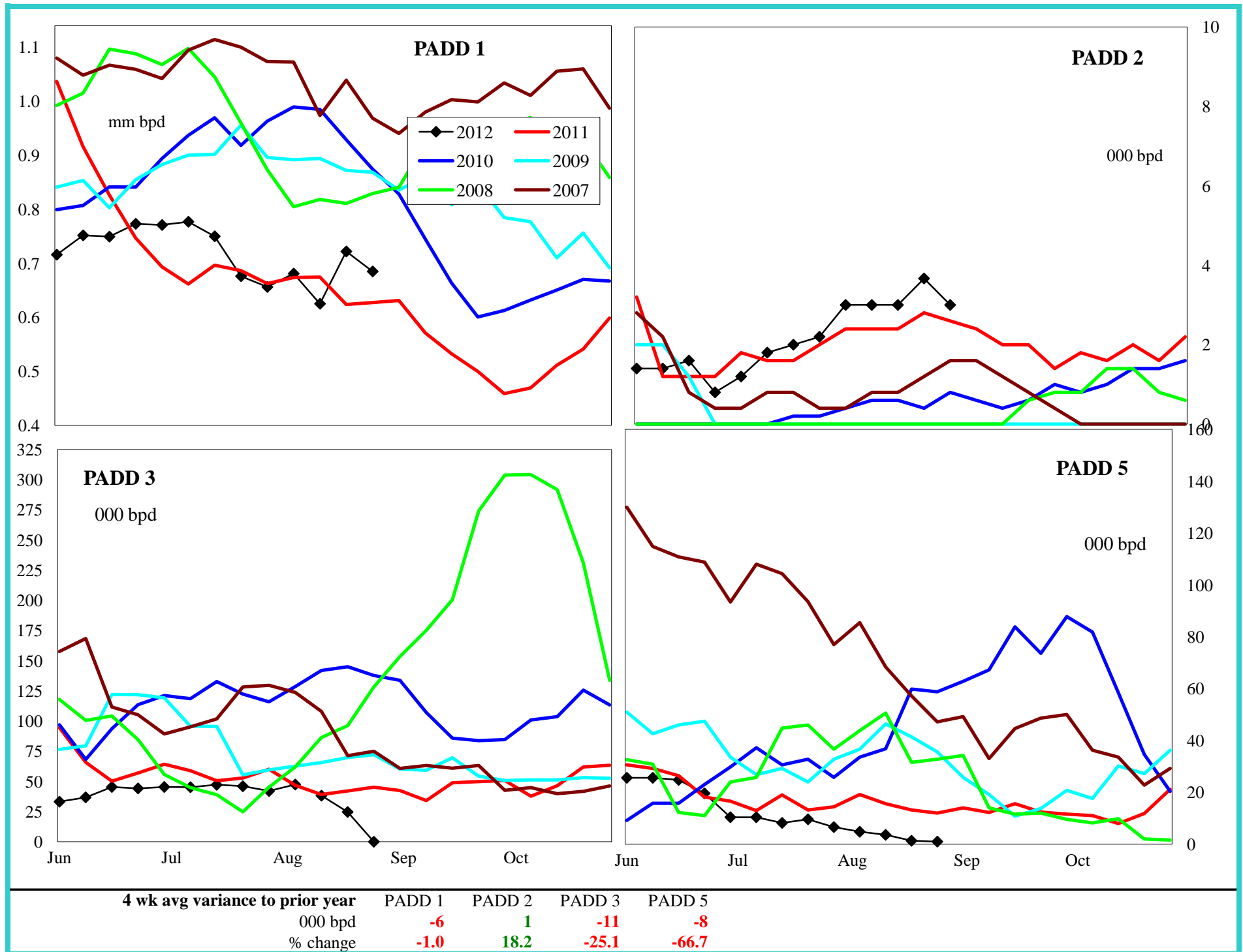
United States Petroleum Imports



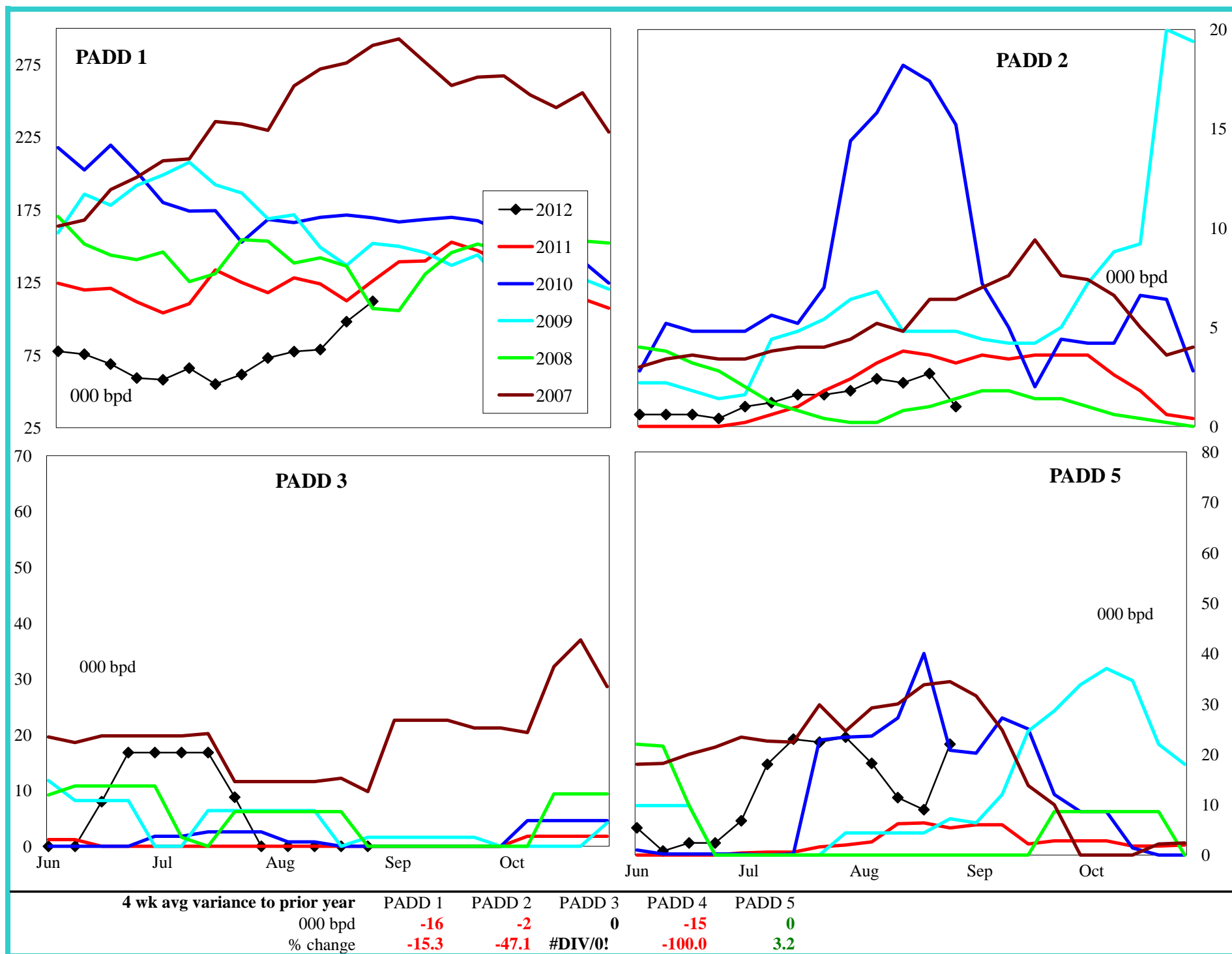
Crude Oil Imports by PADD



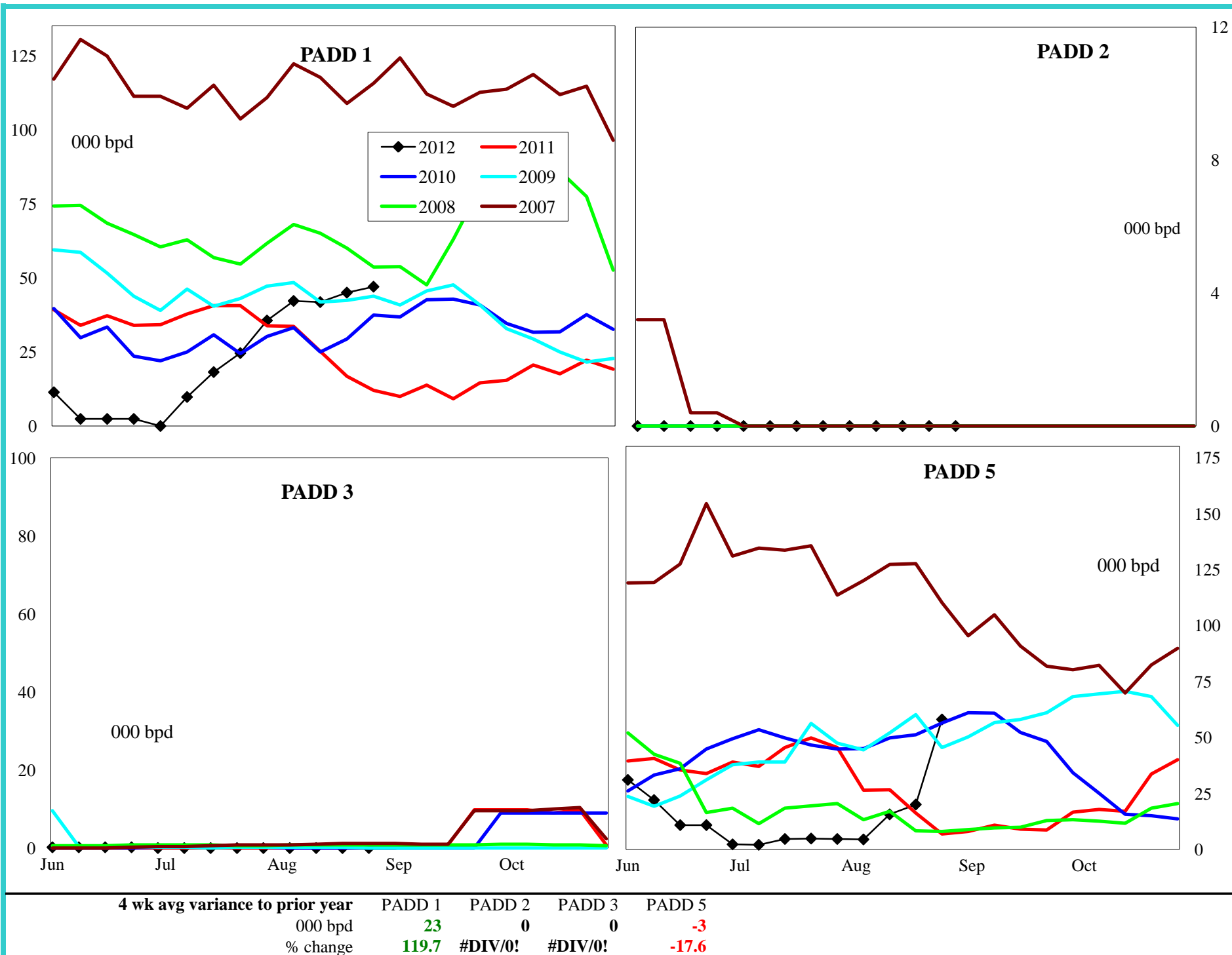
Gasoline Imports by PADD (Finished + Blend Stocks)



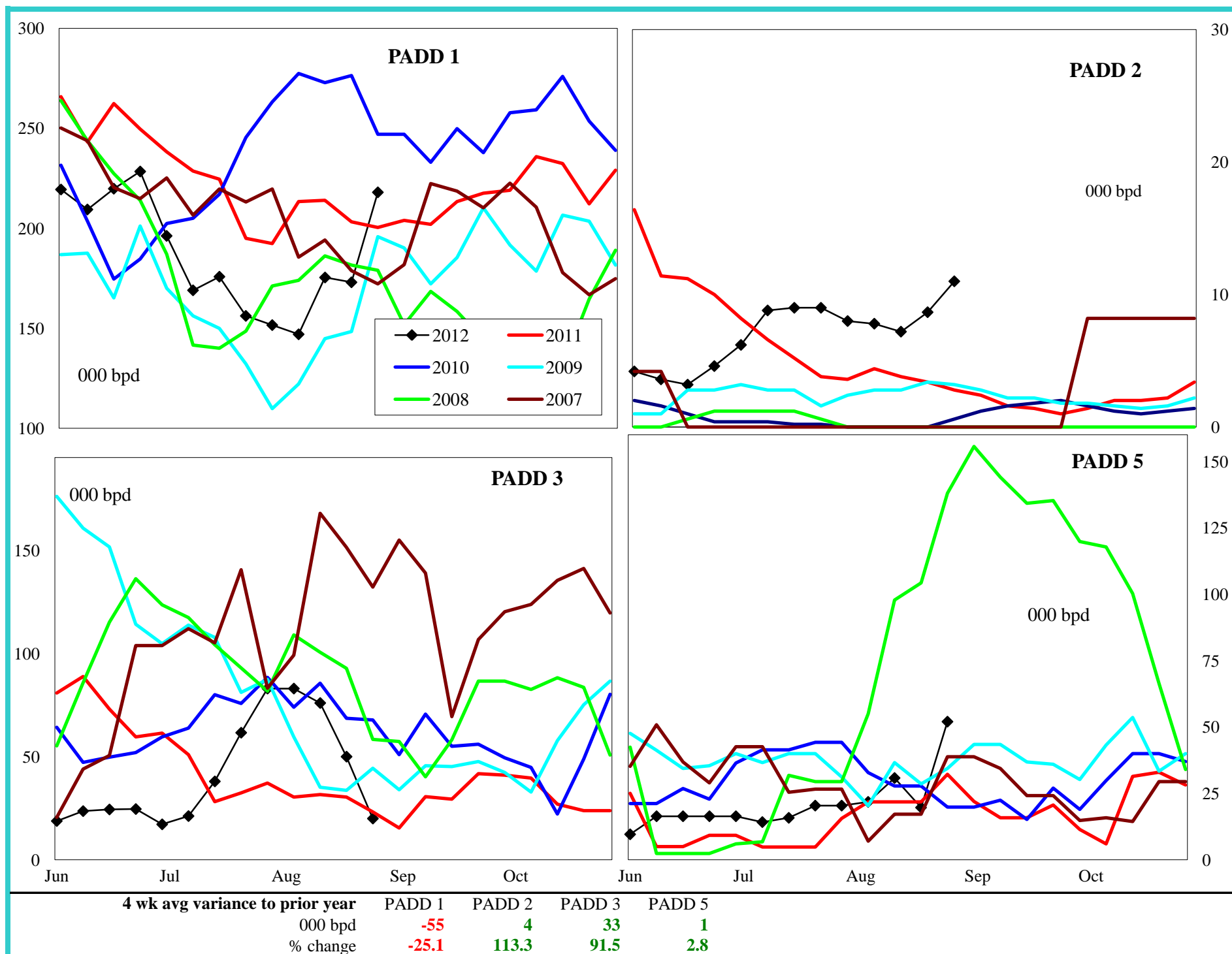
Distillate Imports by PADD



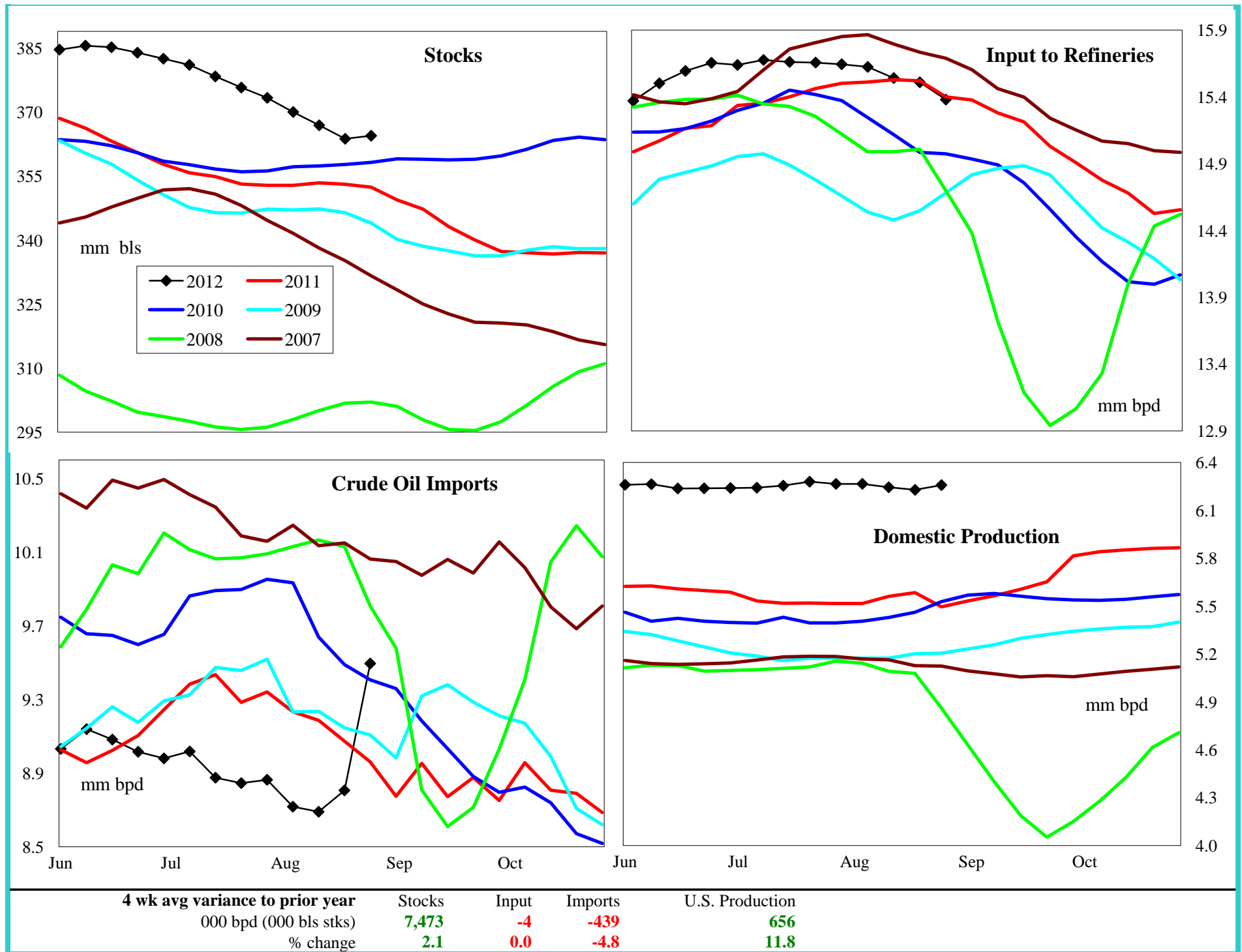
Jet Fuel Imports by PADD



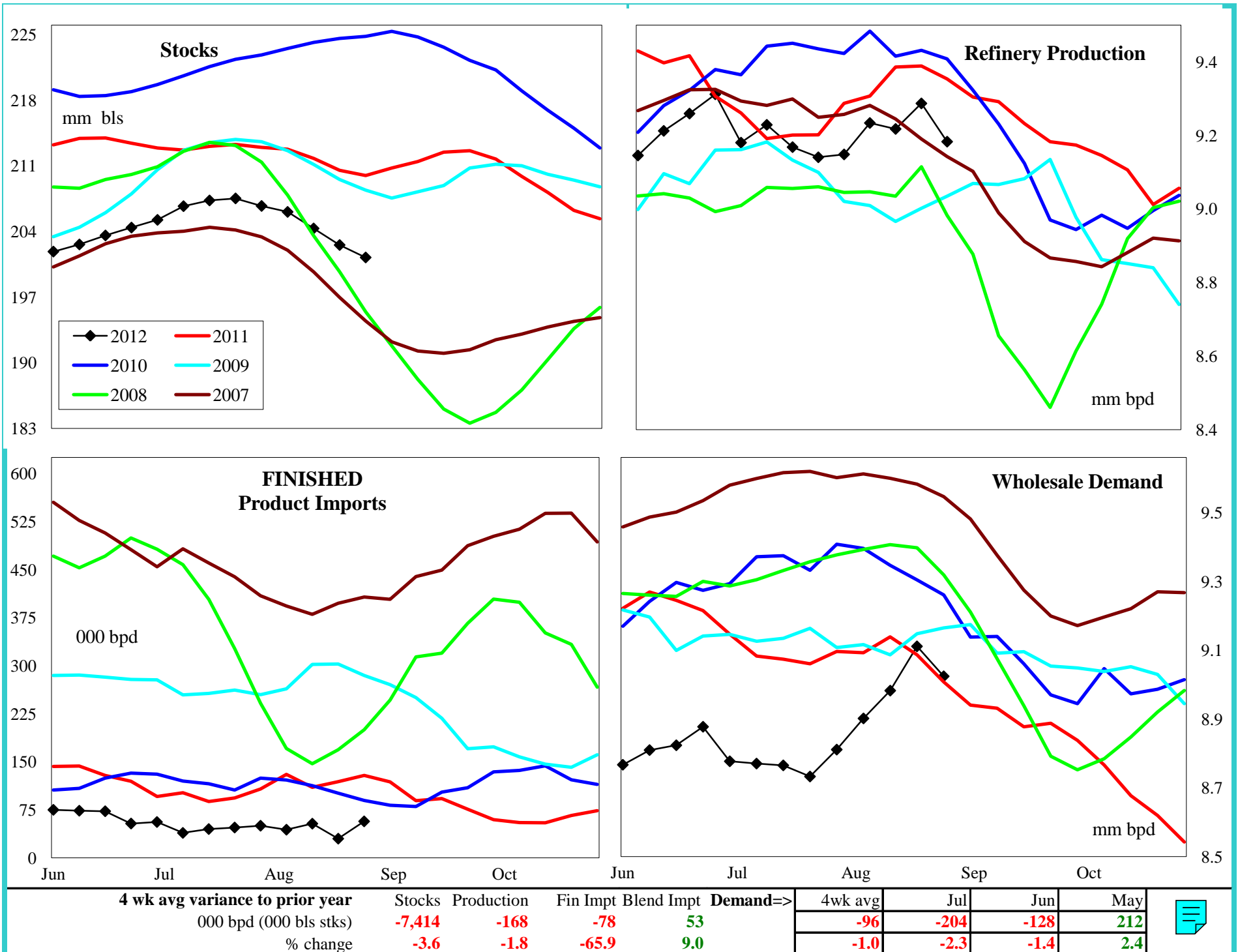
Residual Fuel Oil Imports by PADD



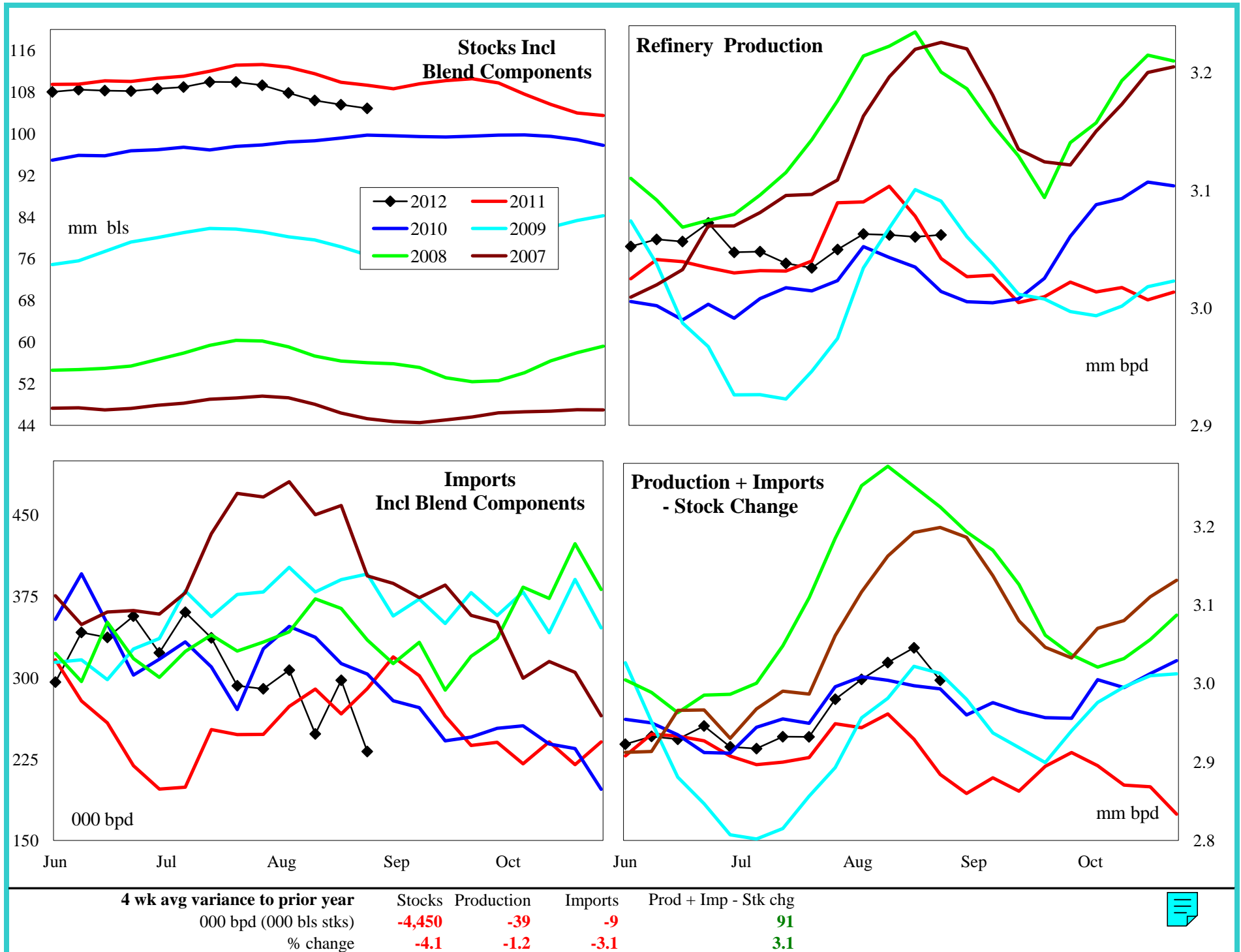
United States Crude Oil Supply and Demand Balance



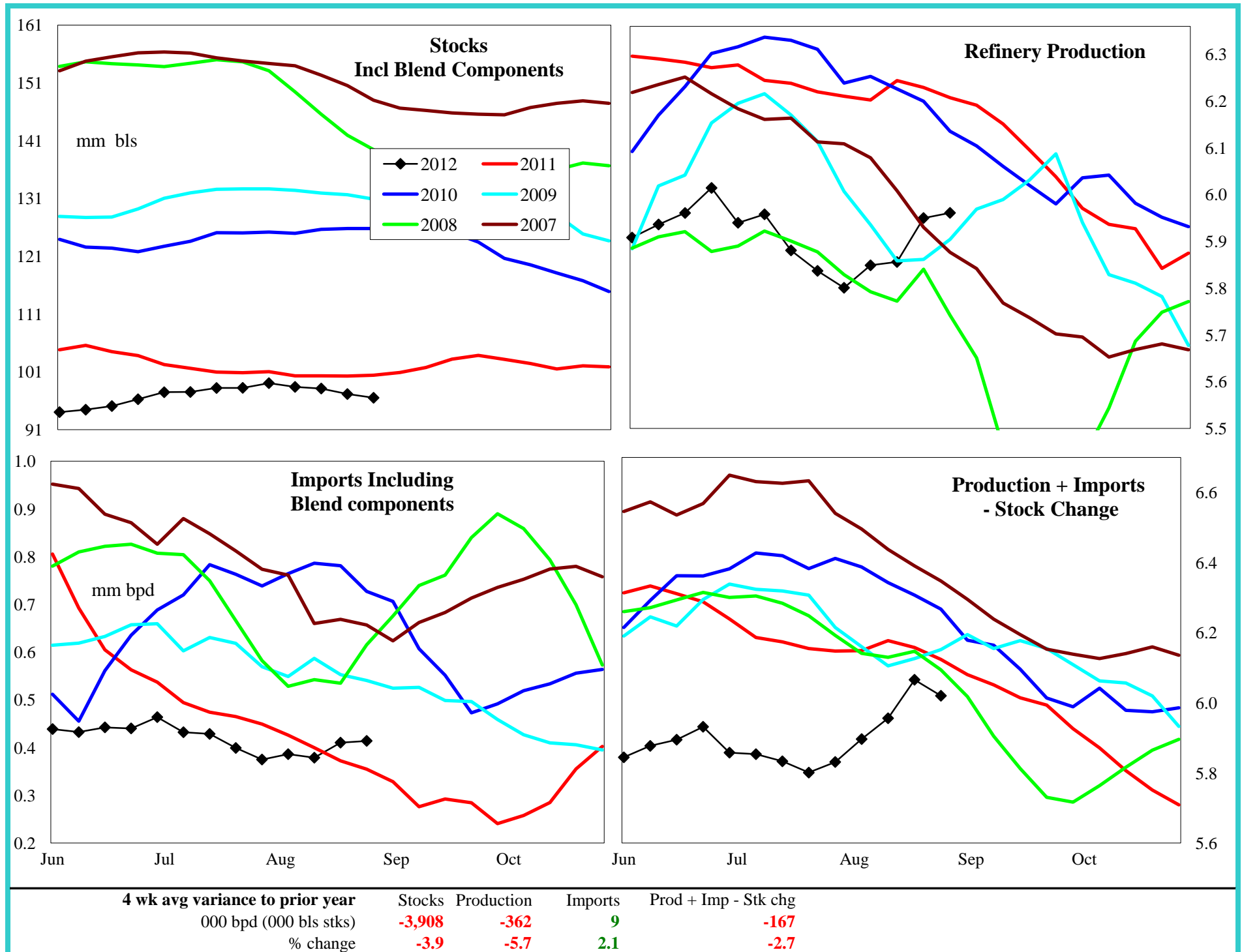
United States Gasoline Supply and Demand Balance



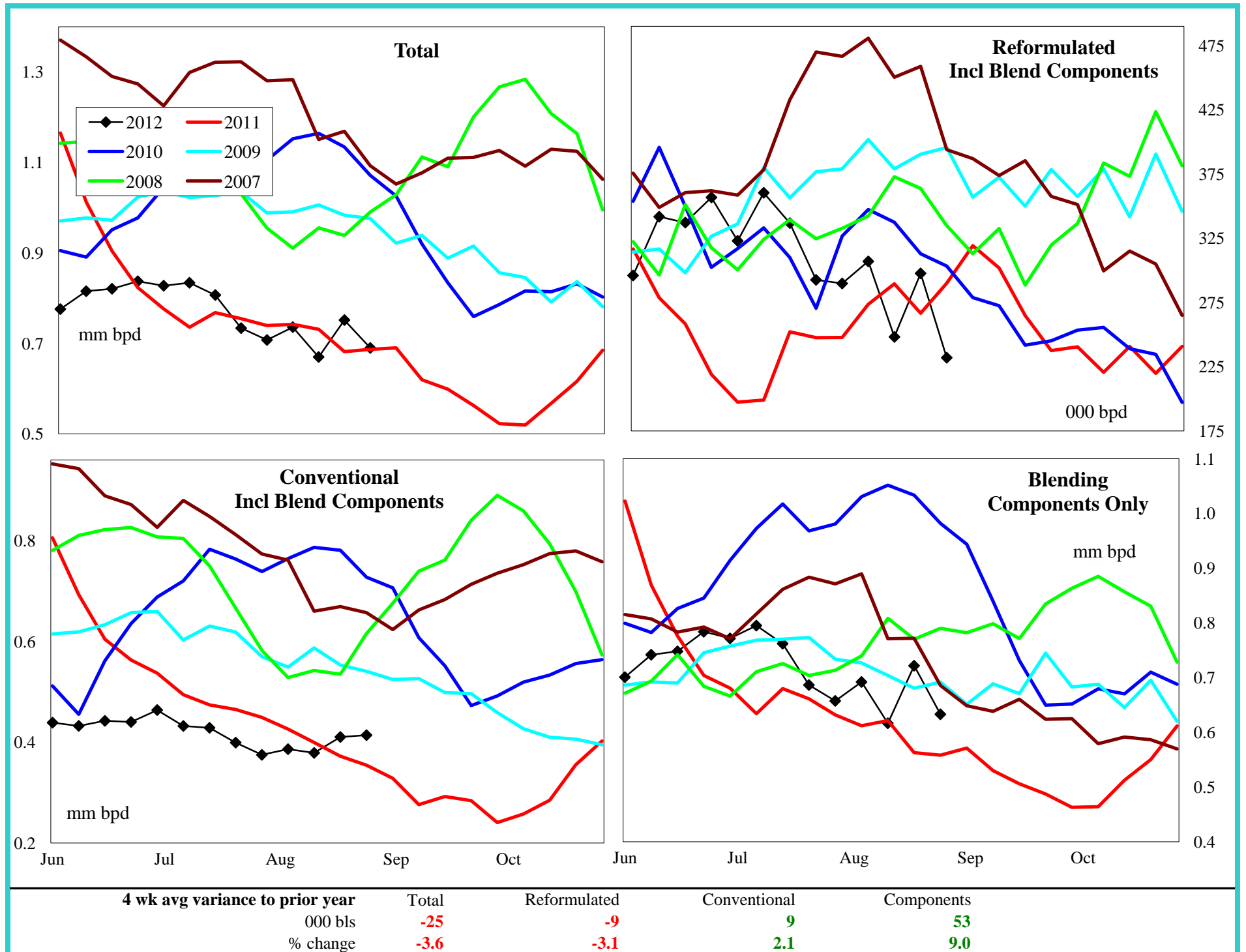
United States Reformulated Gasoline Supply



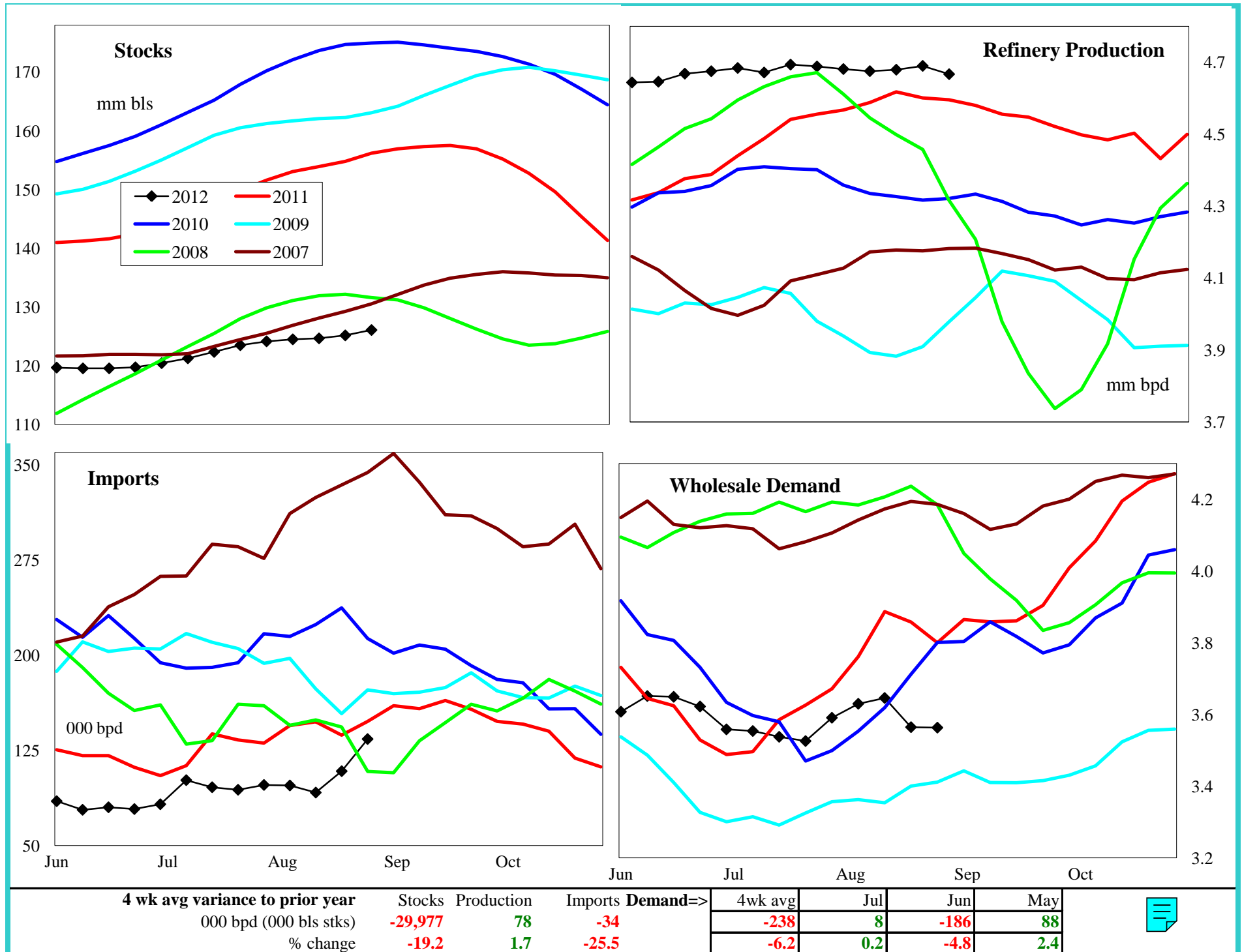
United States Conventional Gasoline Supply



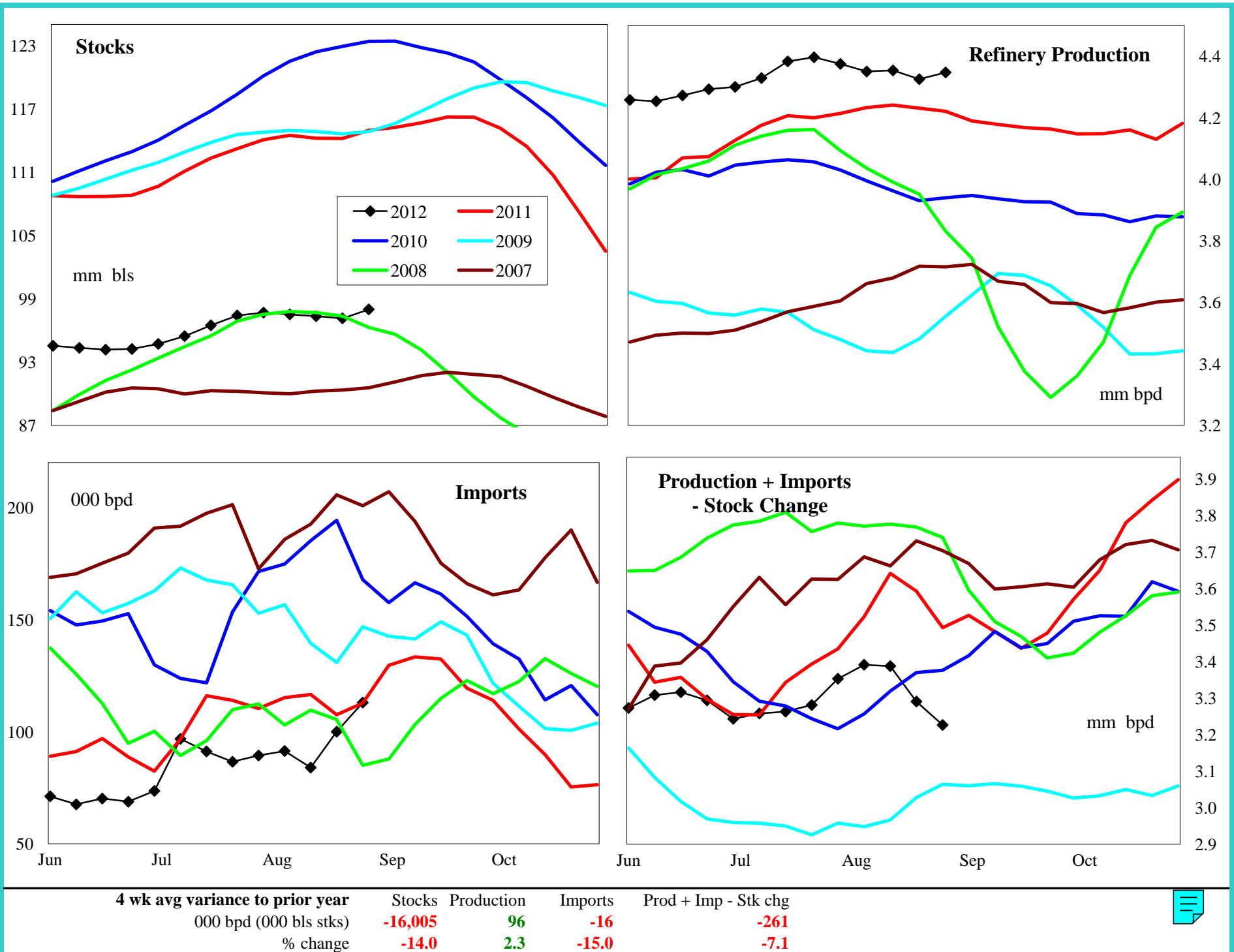
United States Gasoline Imports by Type



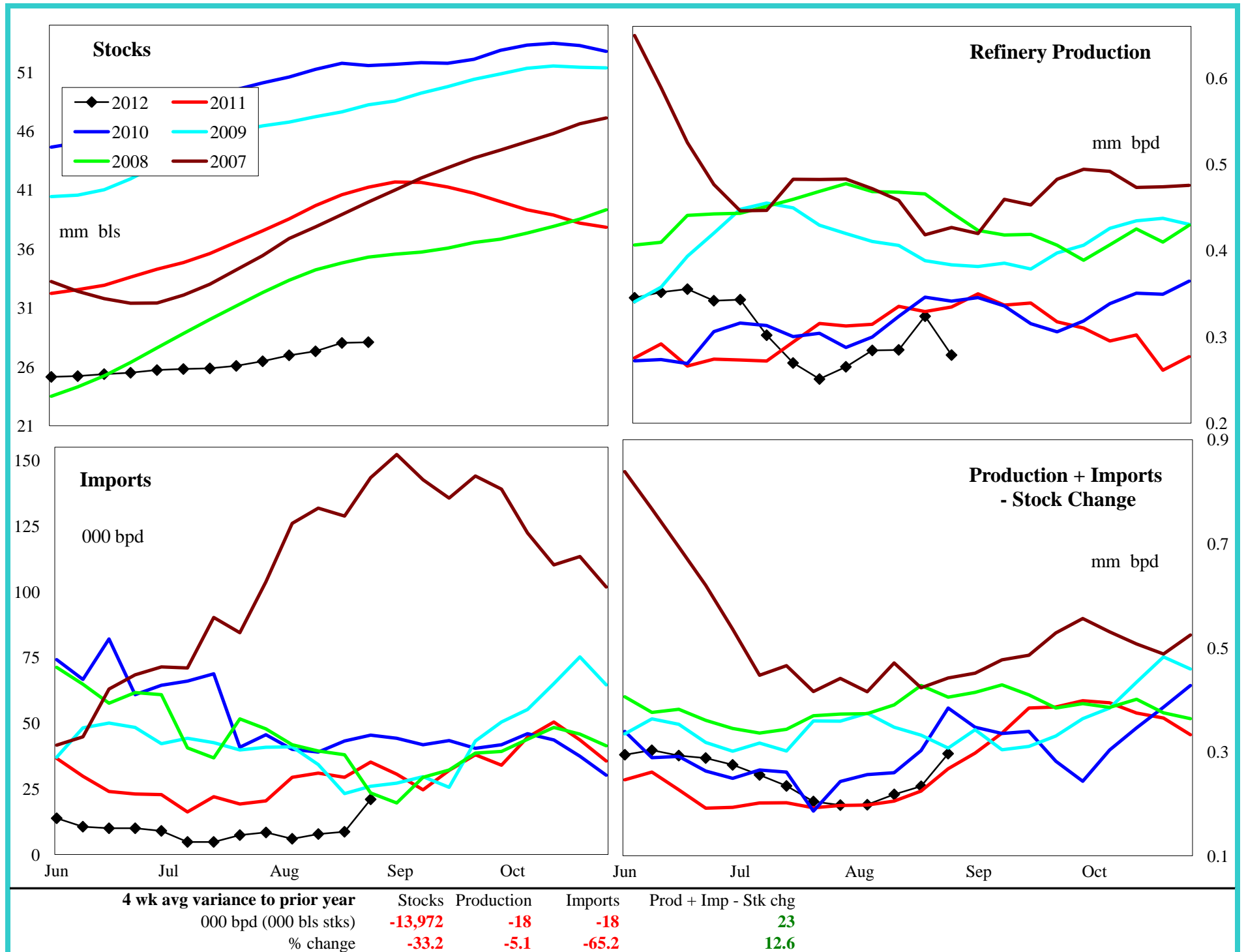
United States Distillate Supply and Demand Balance



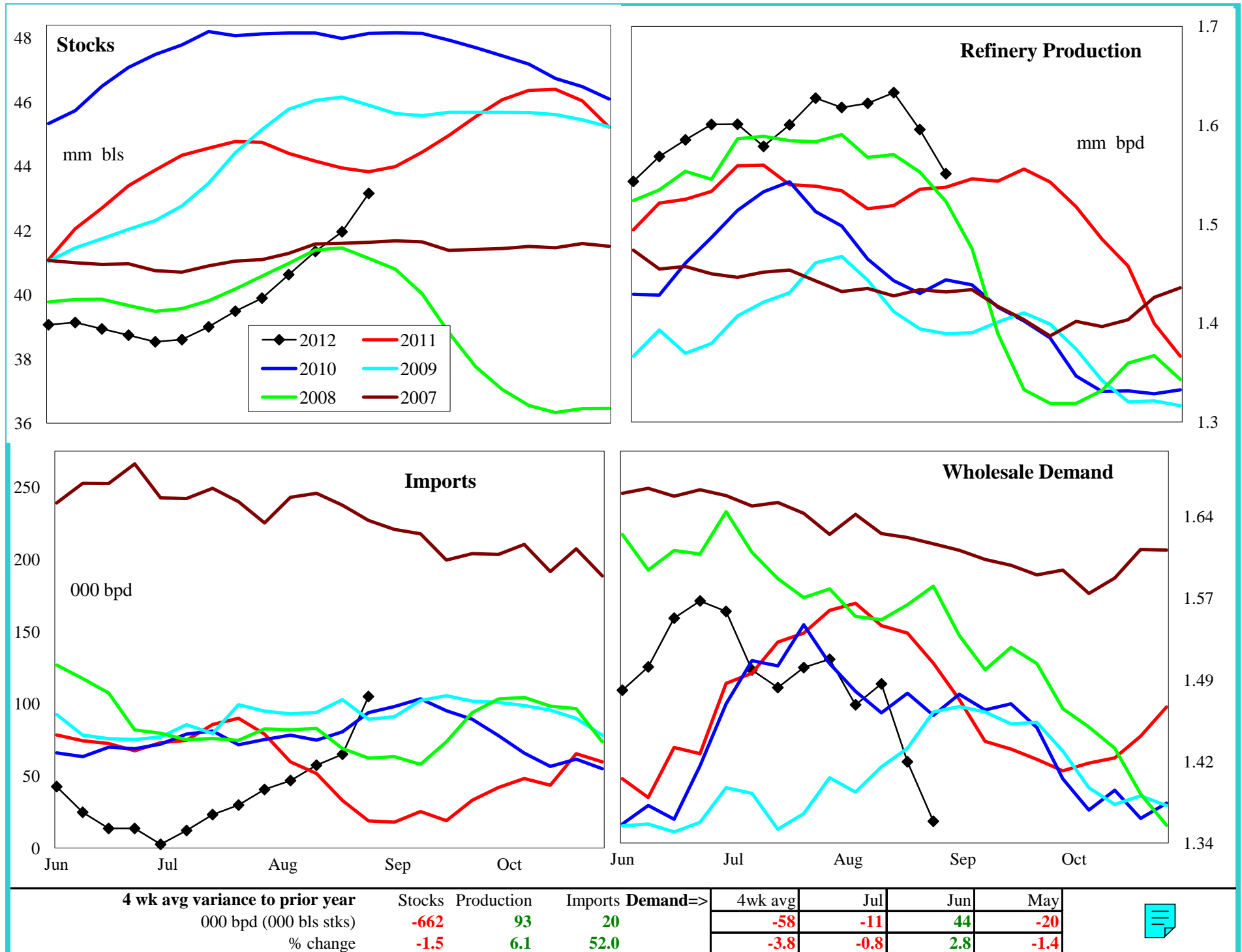
United States Low Sulfur Distillate Supply



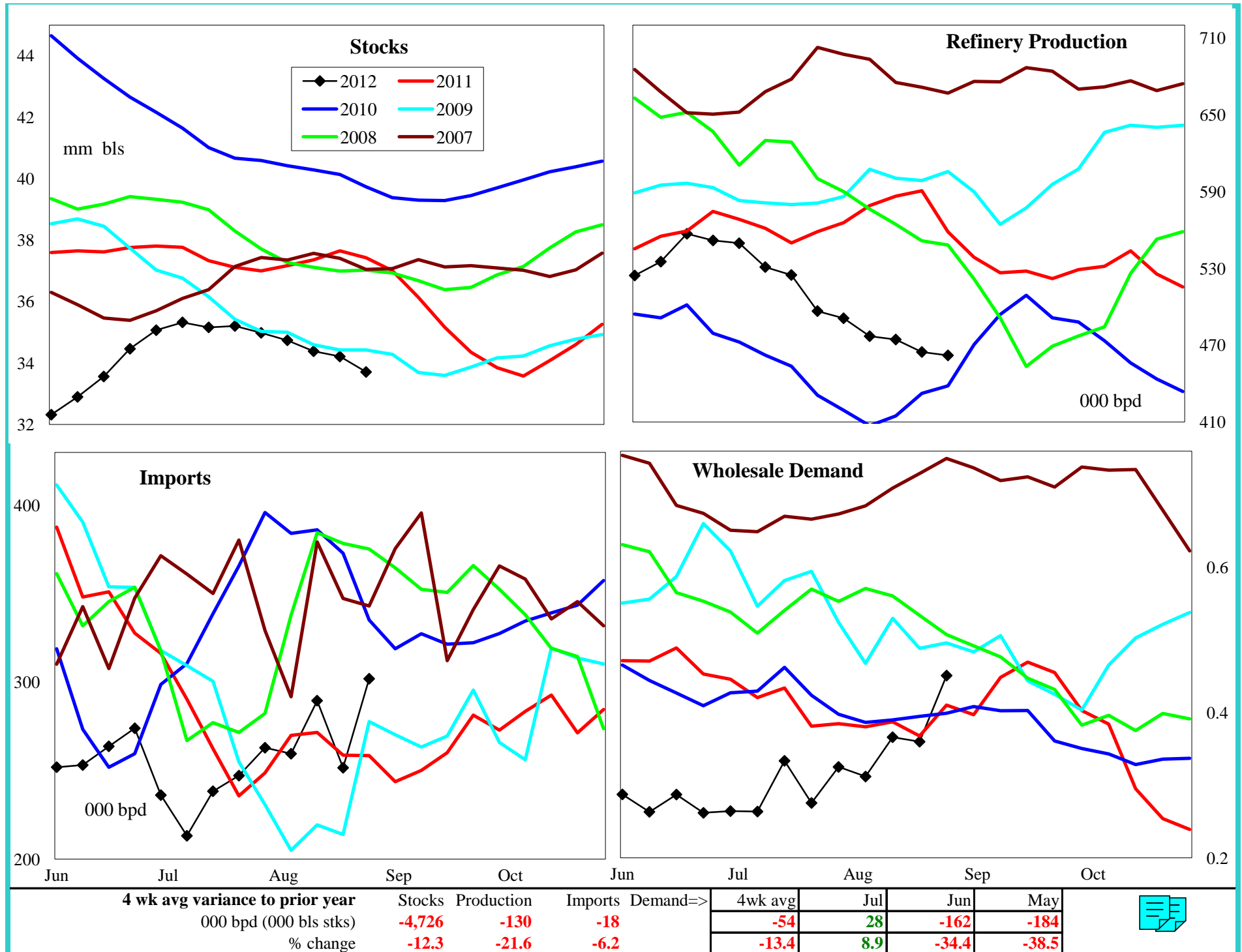
United States High Sulfur Distillate Supply



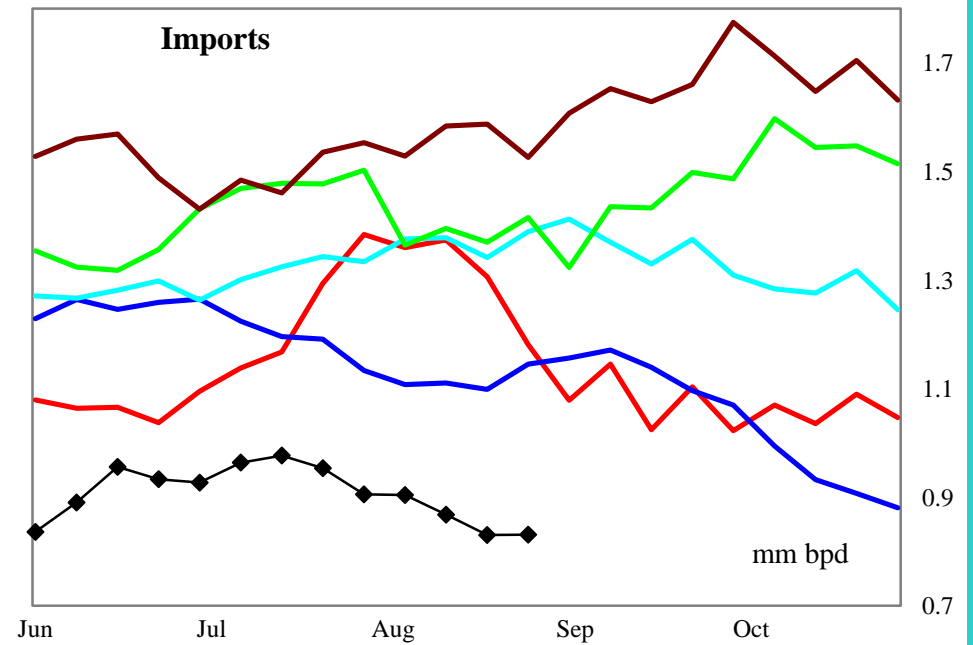
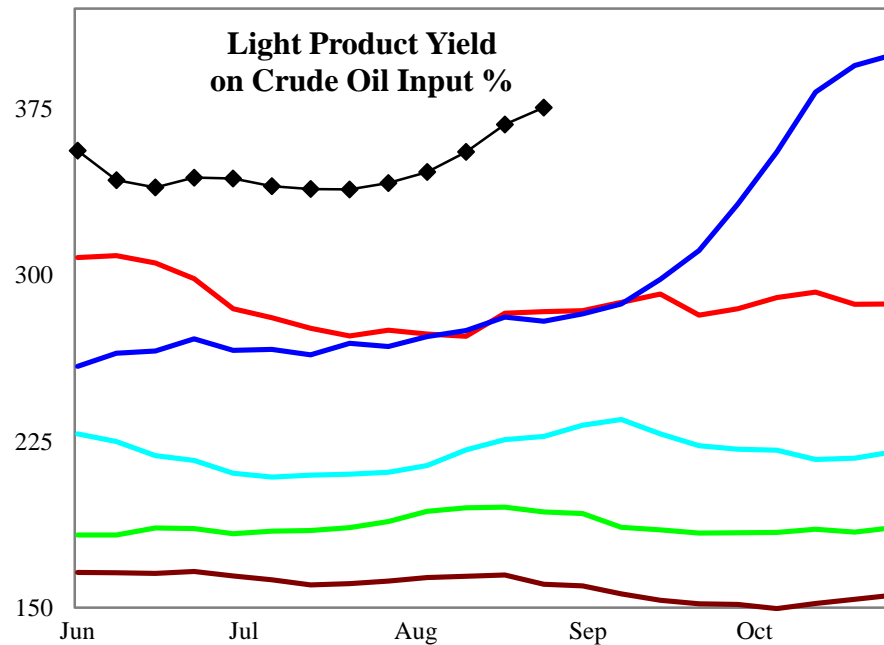
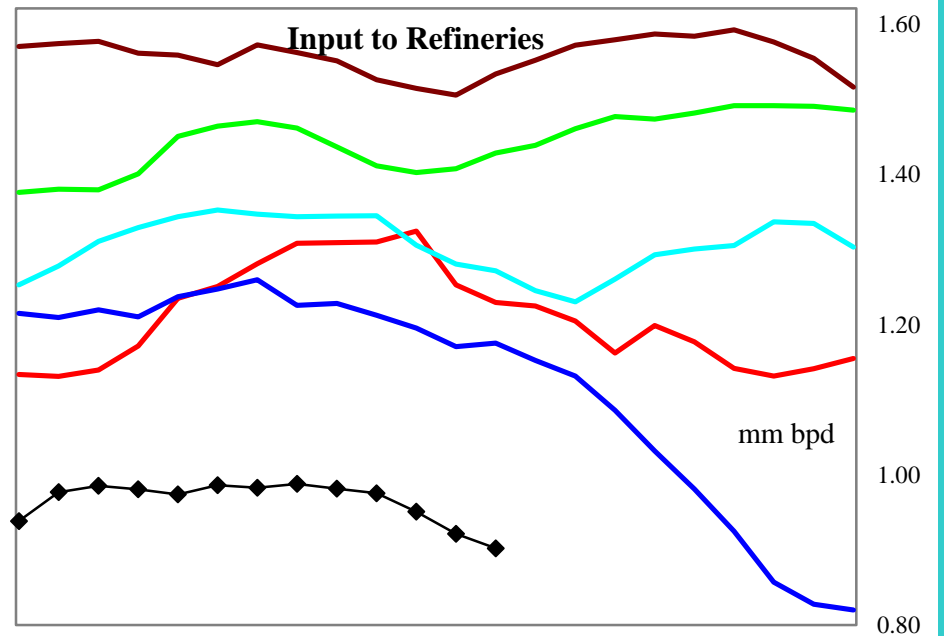
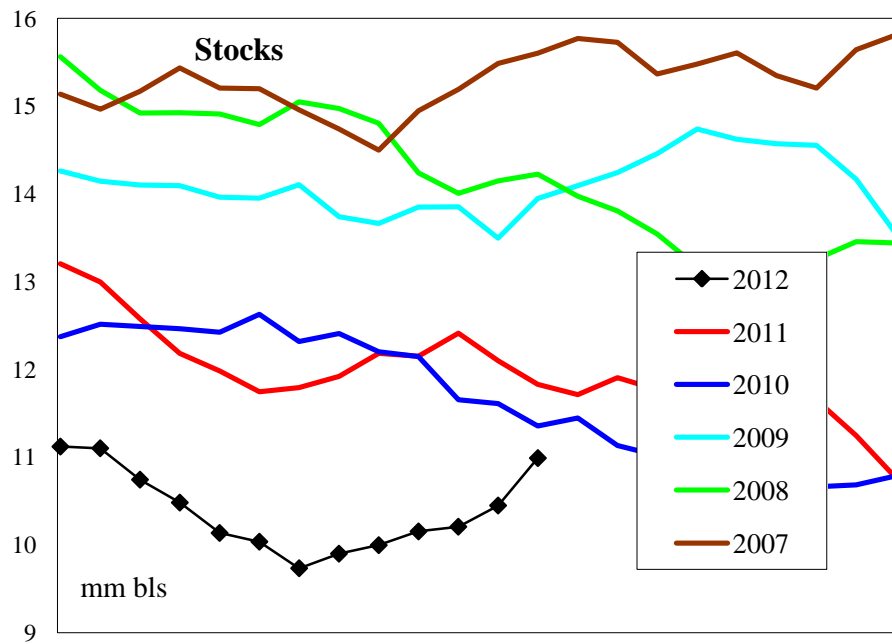
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

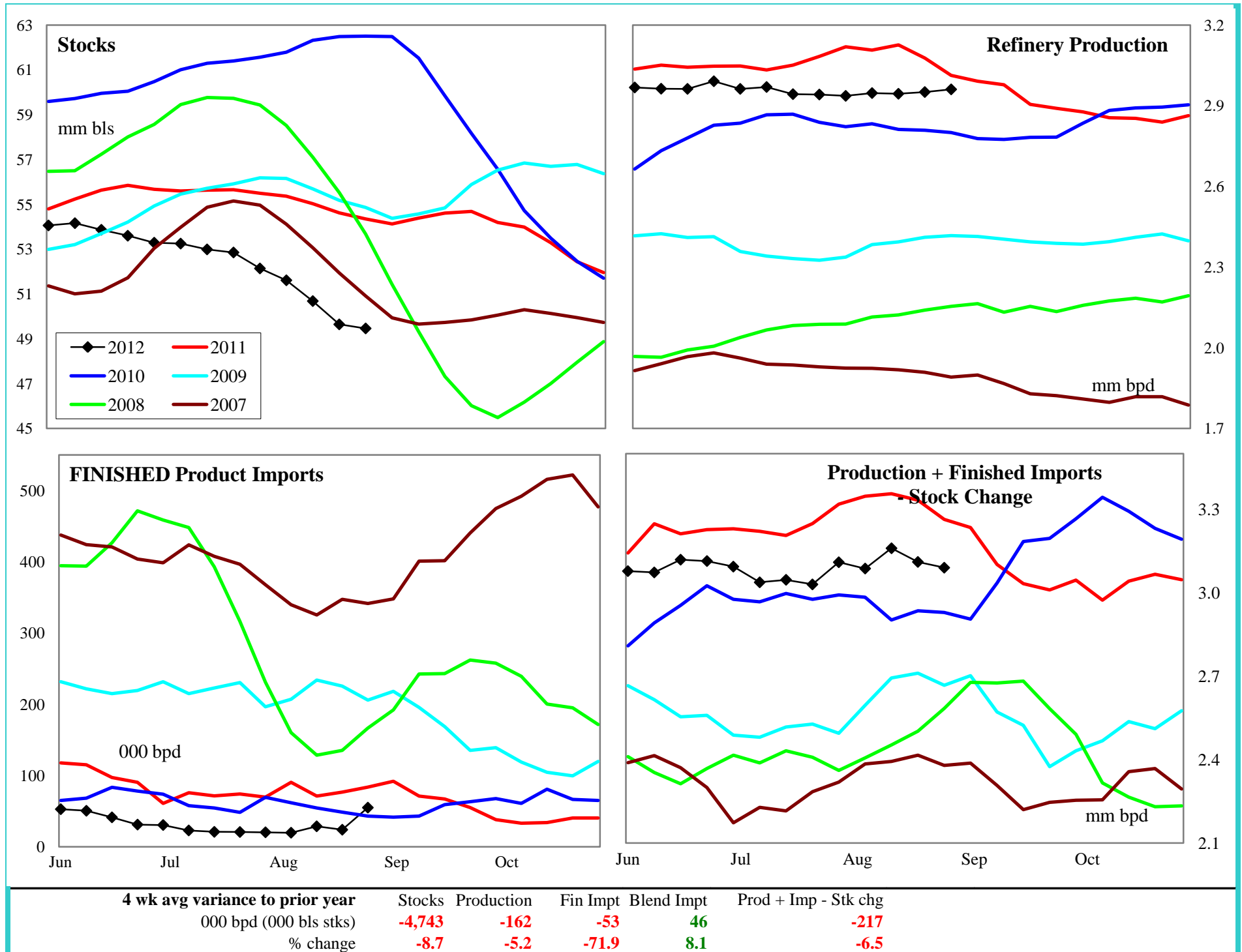


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

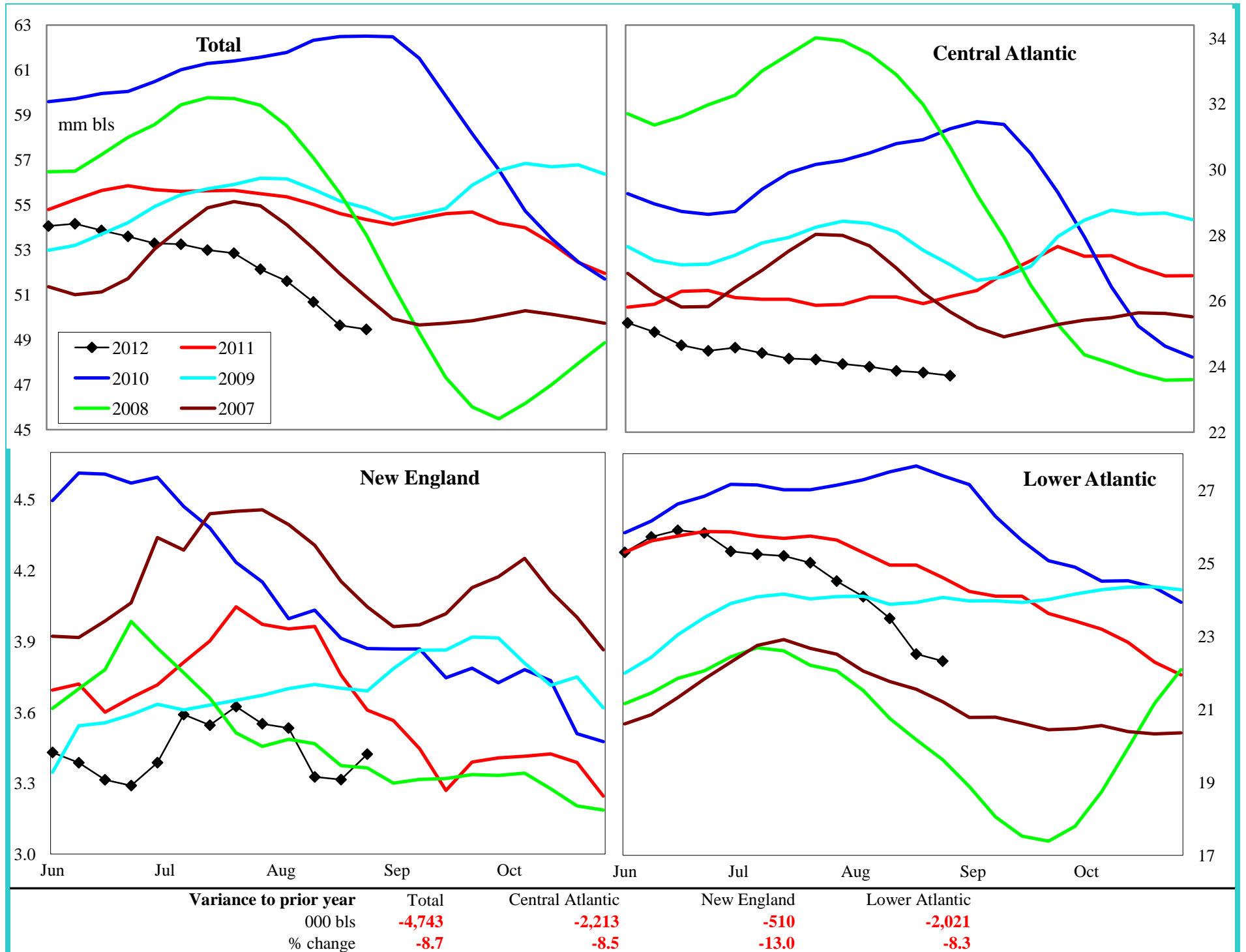
	Stocks	Input	Imports
000 bpd (000 bls stks)	-839	-392	-569
% change	-7.1	-29.4	-39.9



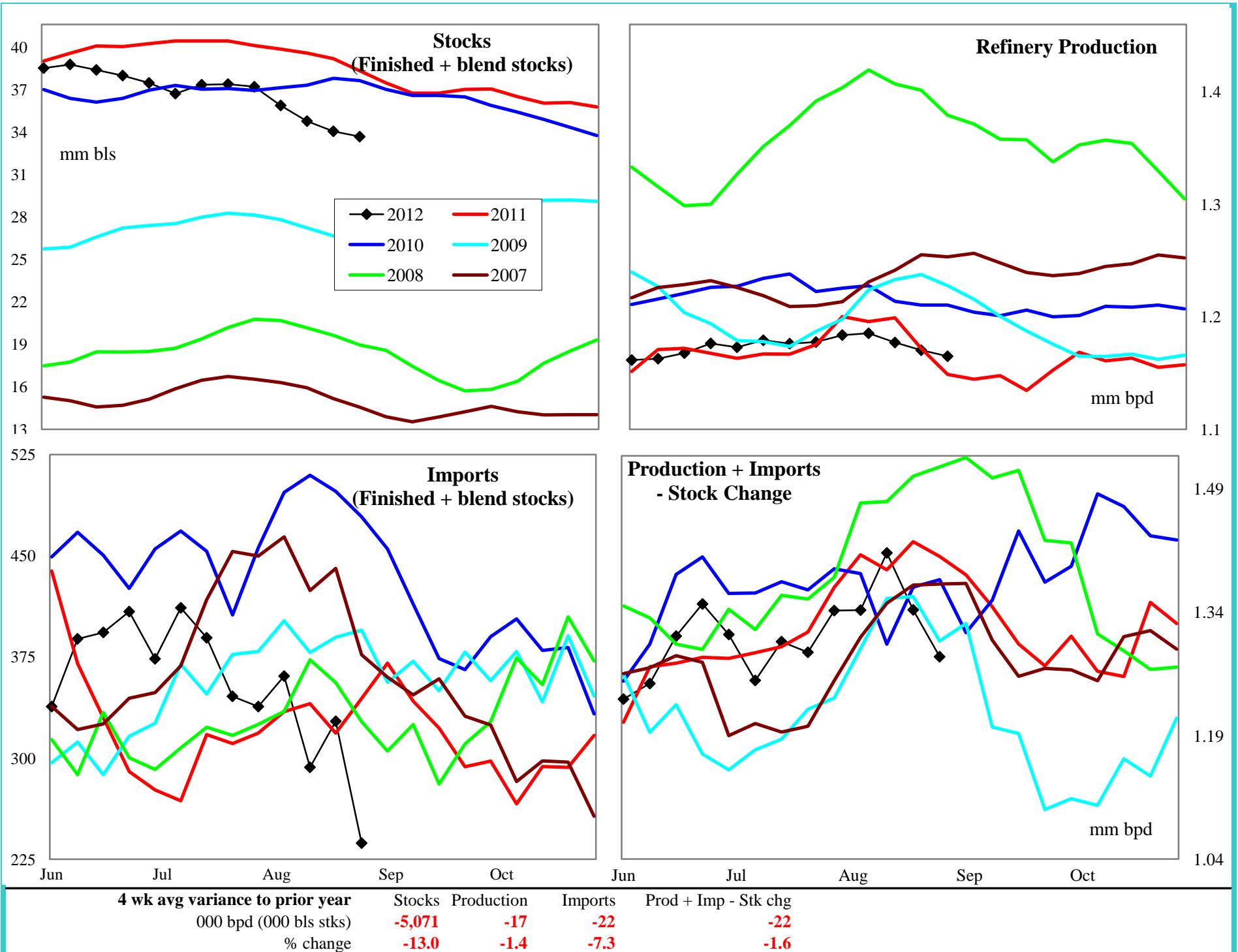
PADD 1 Gasoline Supply



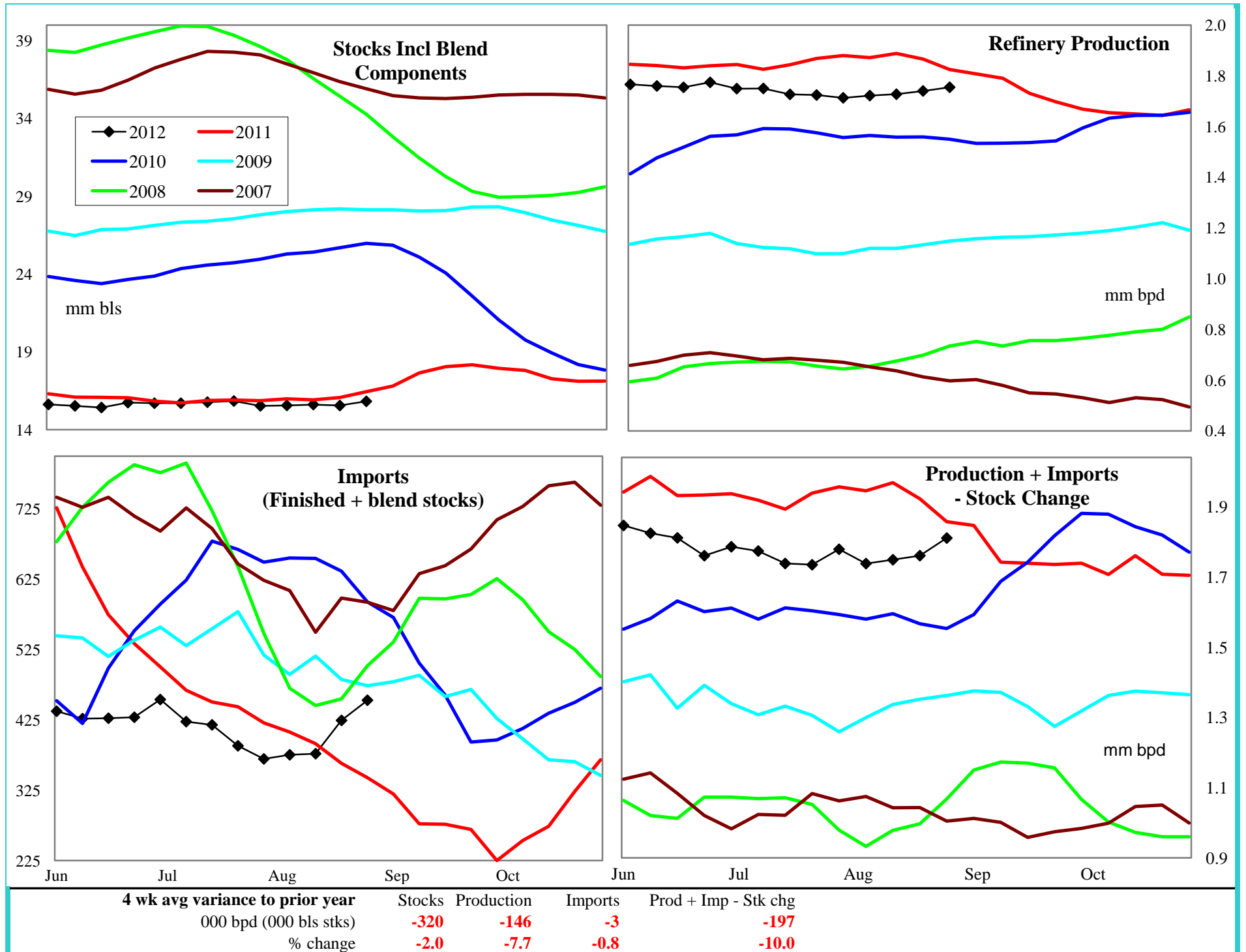
PADD 1 Gasoline Stocks by Region



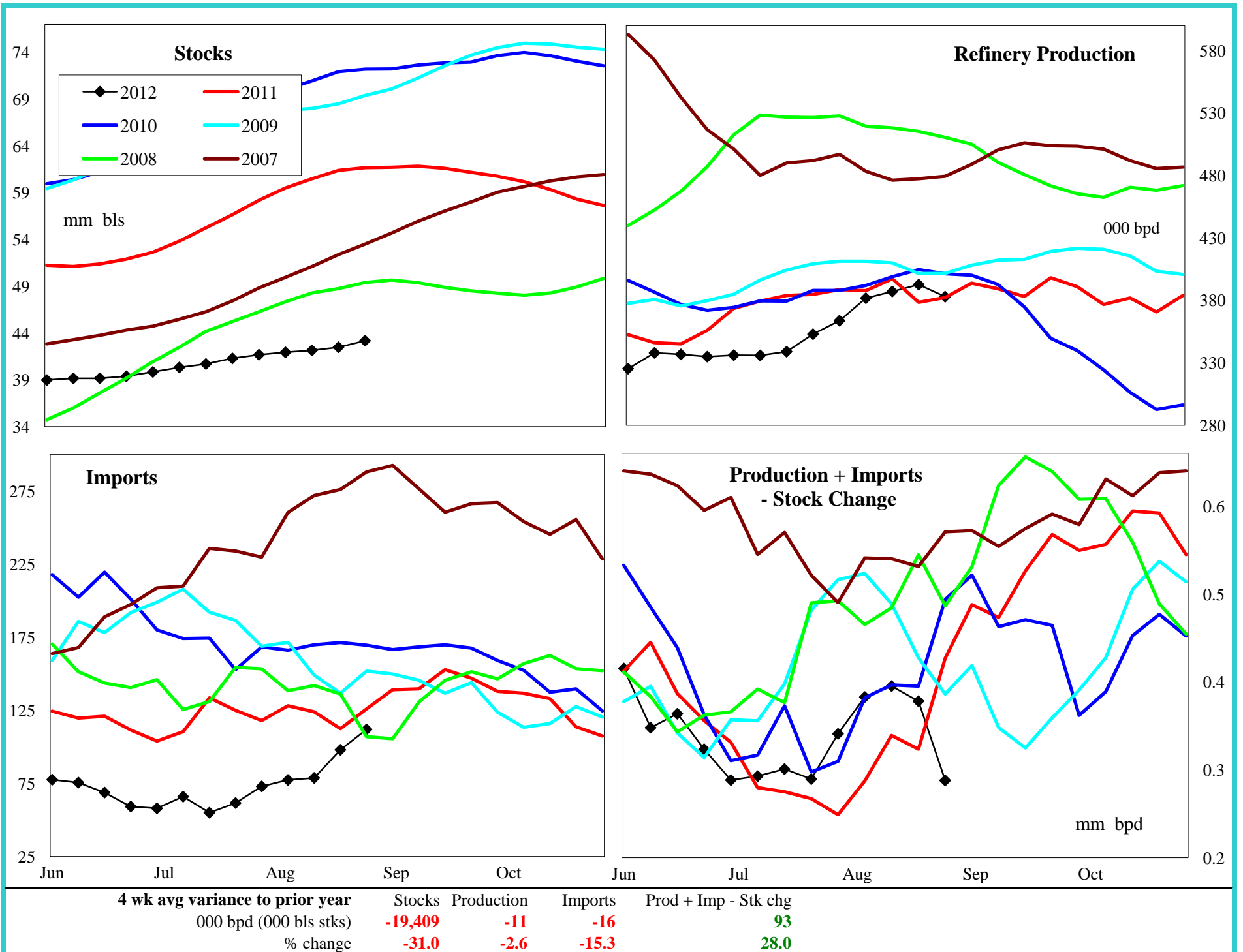
PADD 1 Reformulated Gasoline Supply



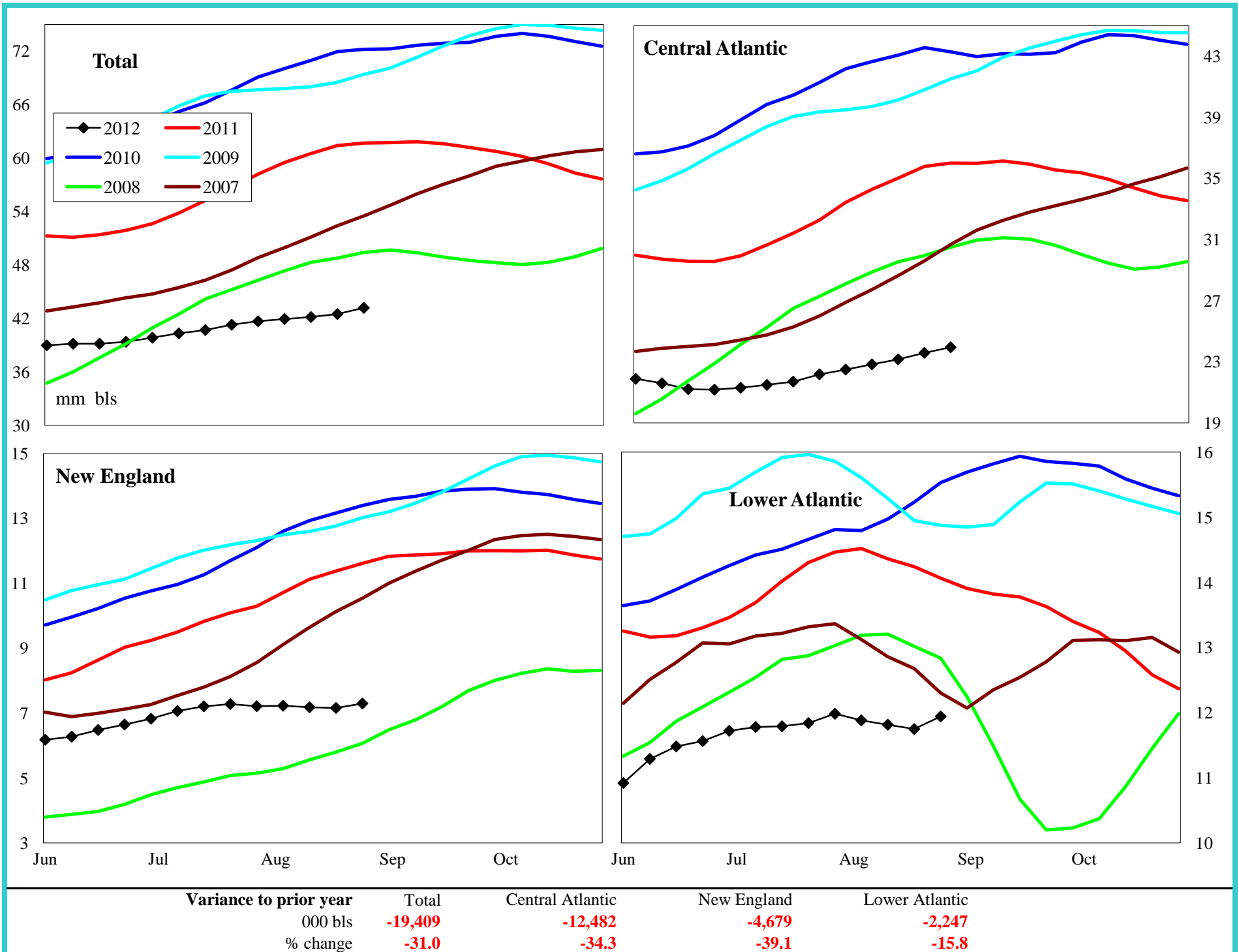
PADD 1 Conventional Gasoline Supply



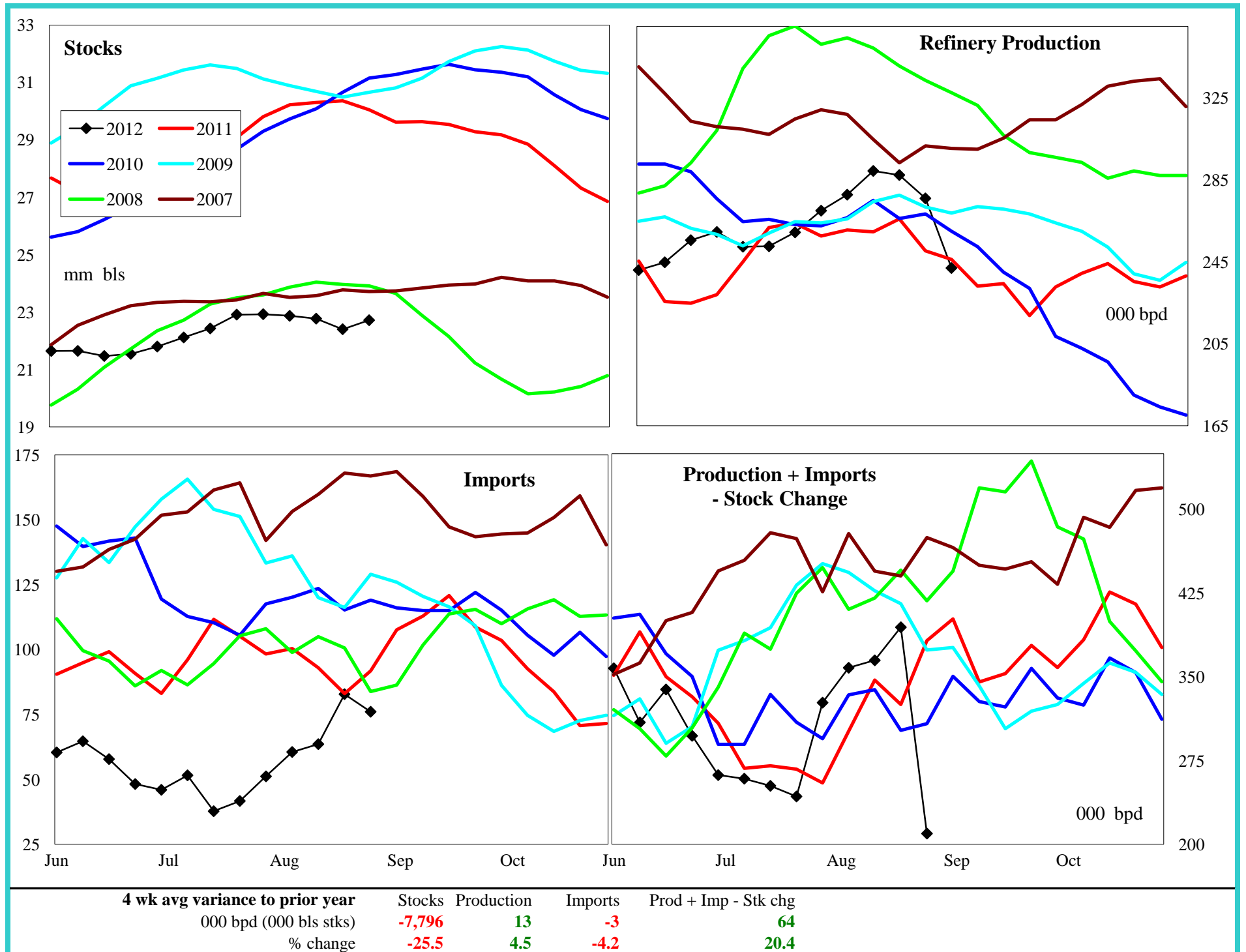
PADD 1 Distillate Supply



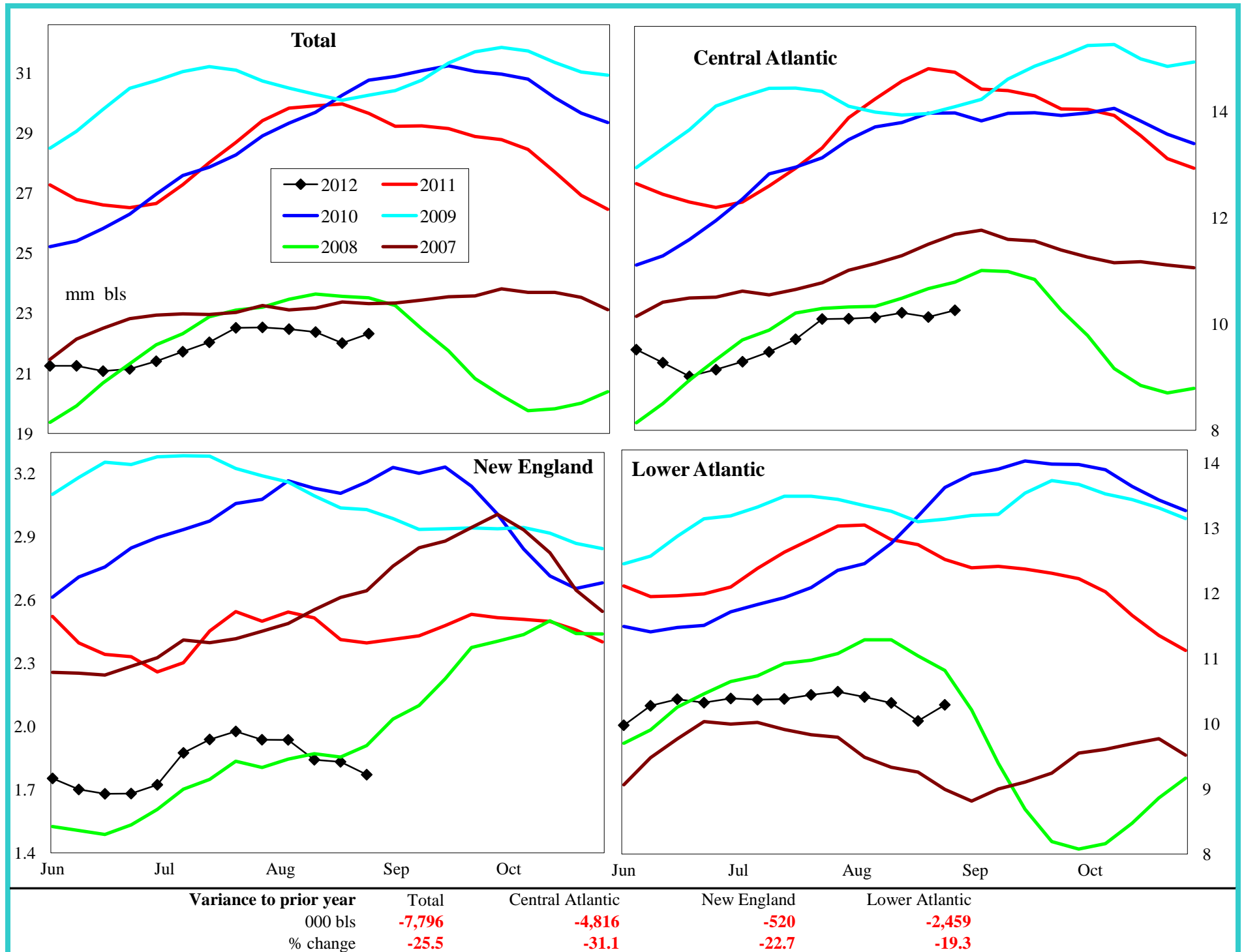
PADD 1 Distillate Stocks by Region



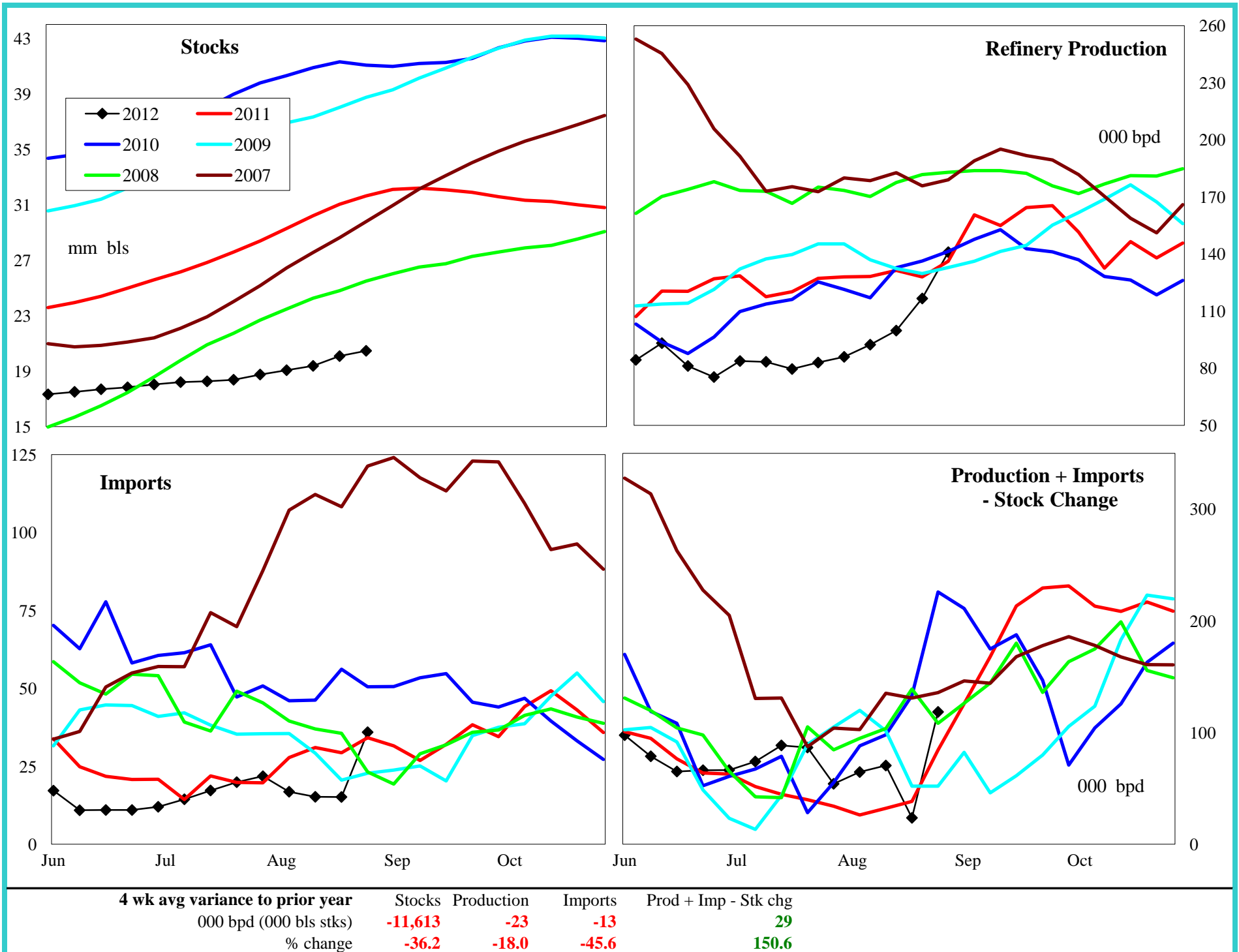
PADD 1 Low Sulfur Distillate Supply



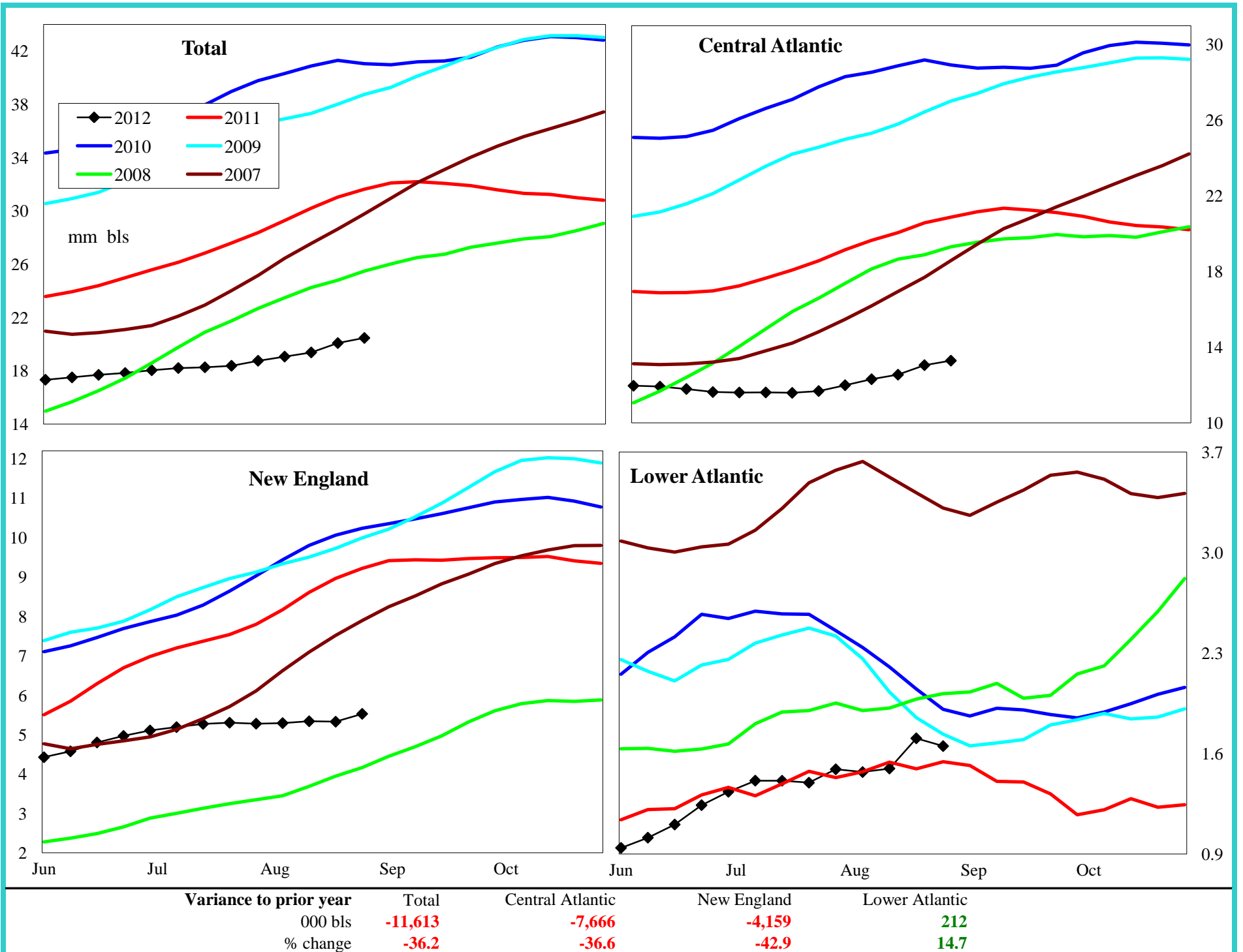
PADD 1 Low Sulfur Distillate Stocks by Region



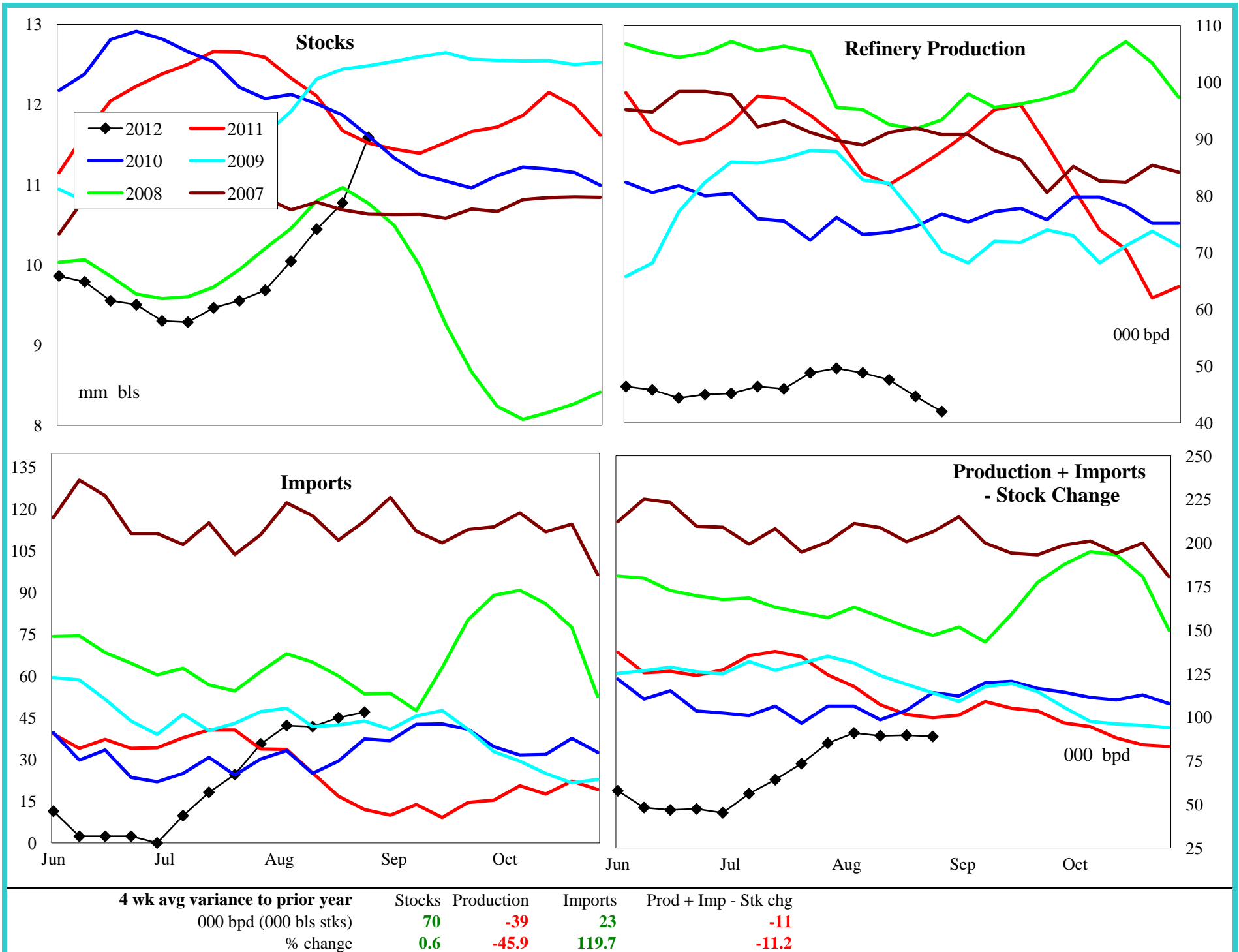
PADD 1 High Sulfur Distillate Supply



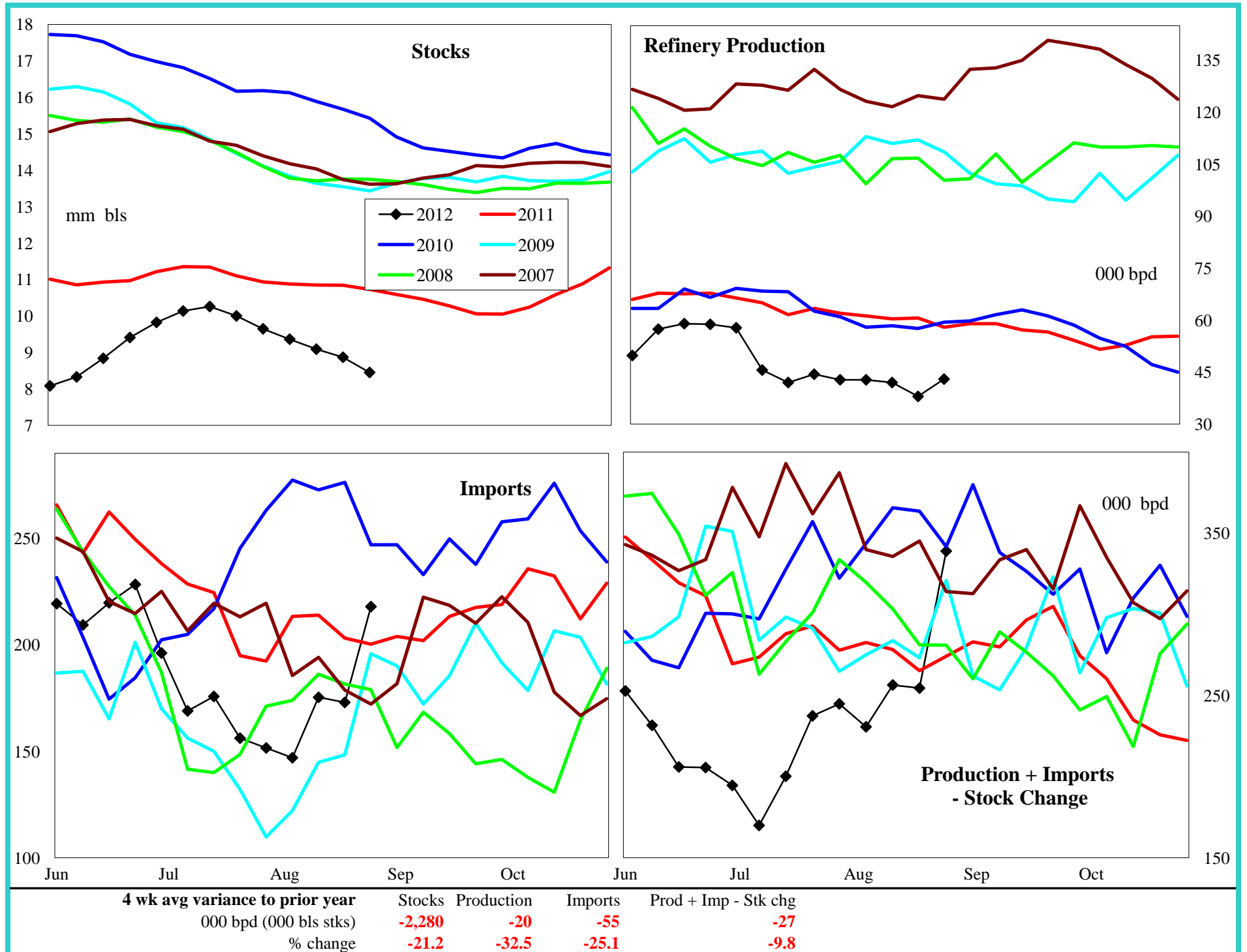
PADD 1 High Sulfur Distillate Stocks by Region



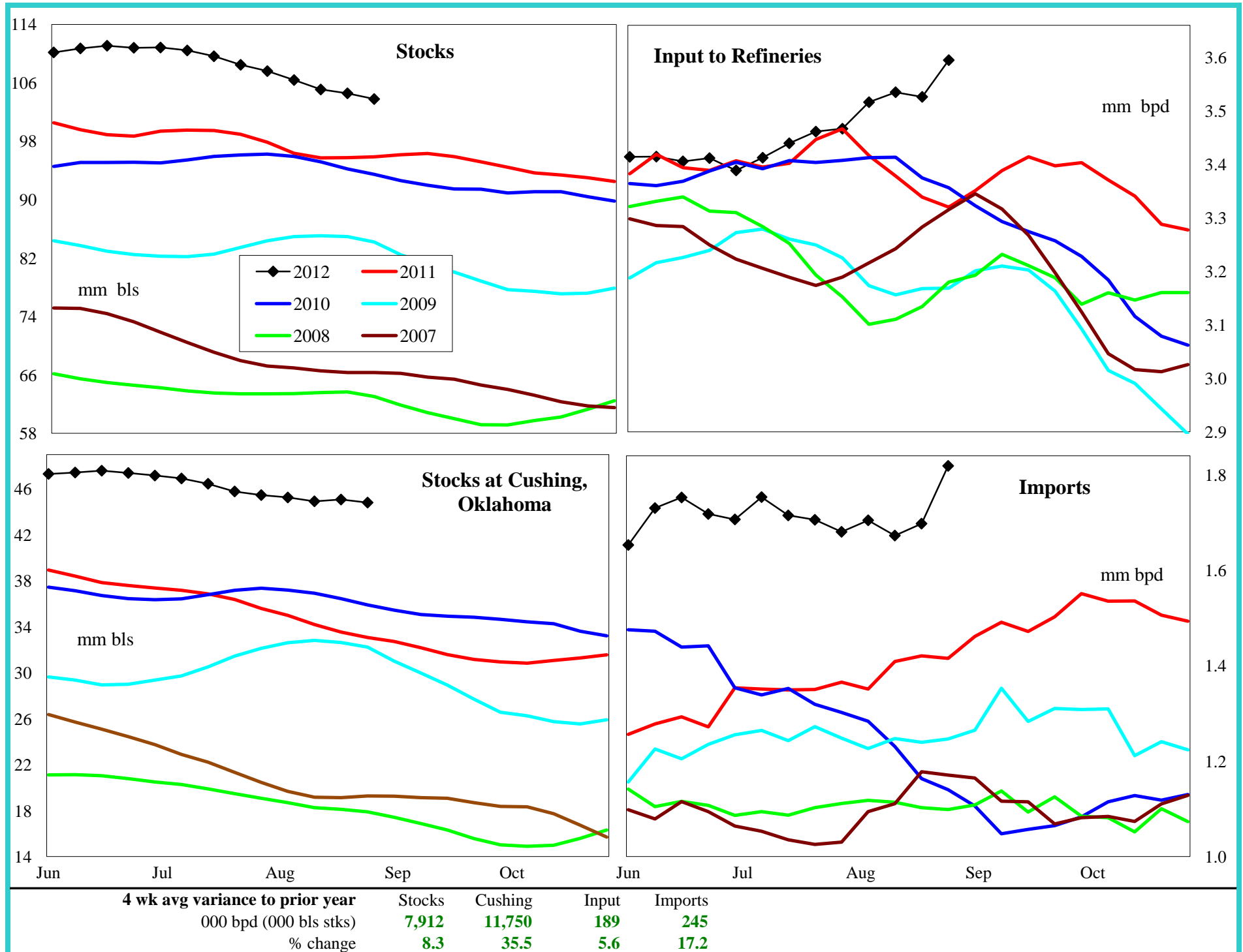
PADD 1 Jet Fuel Supply



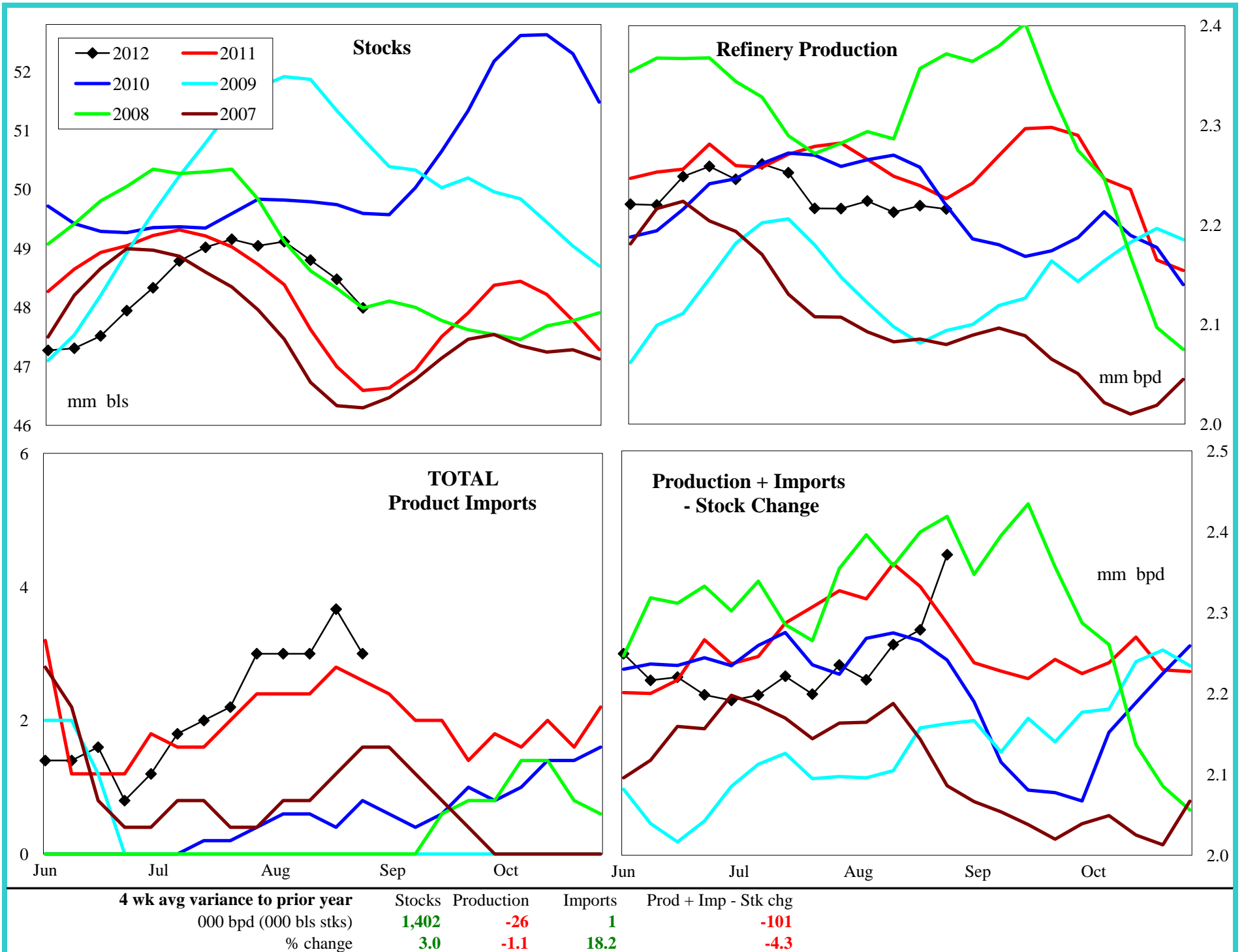
PADD 1 Residual Fuel Oil Supply



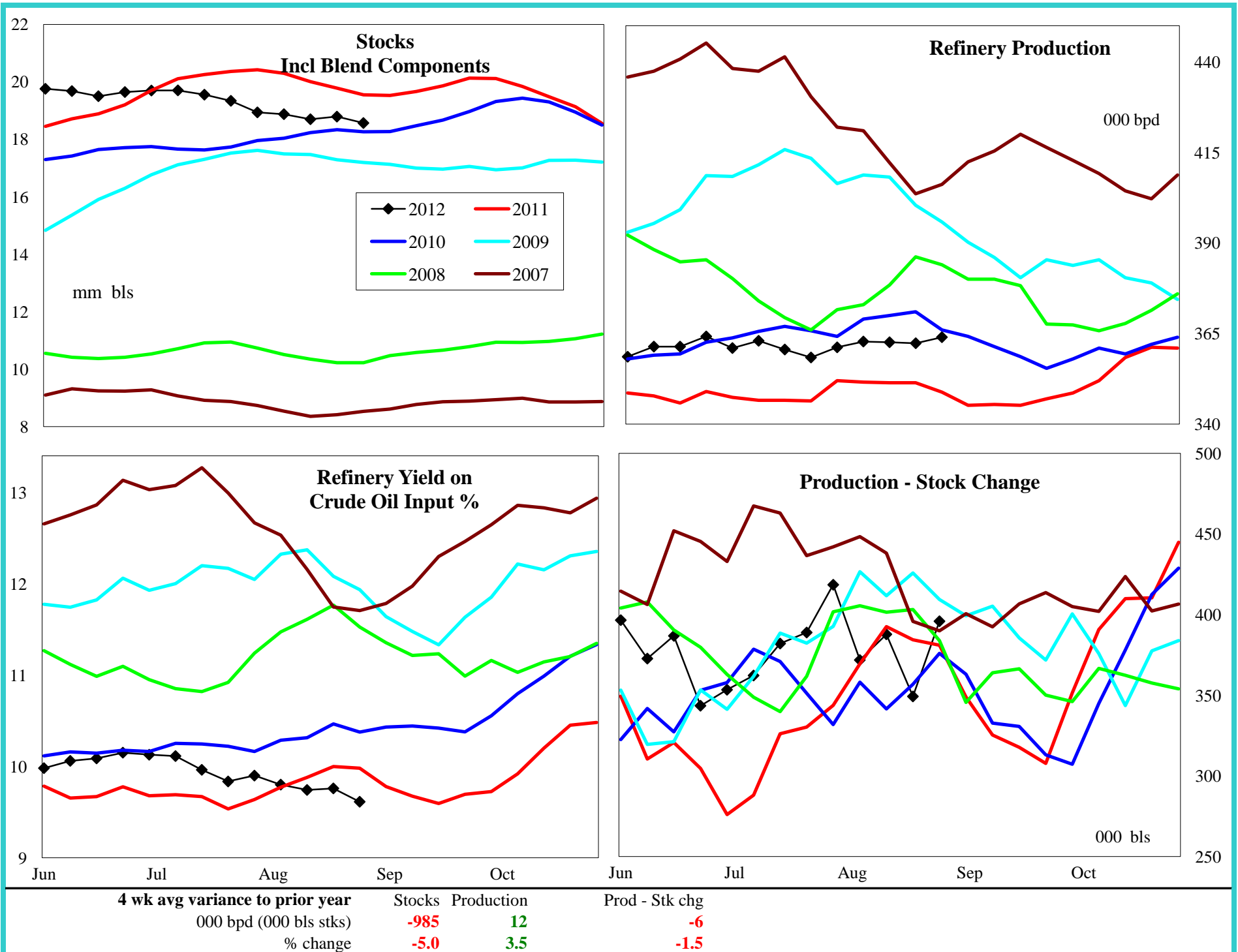
PADD 2 Crude Oil Supply and Refining



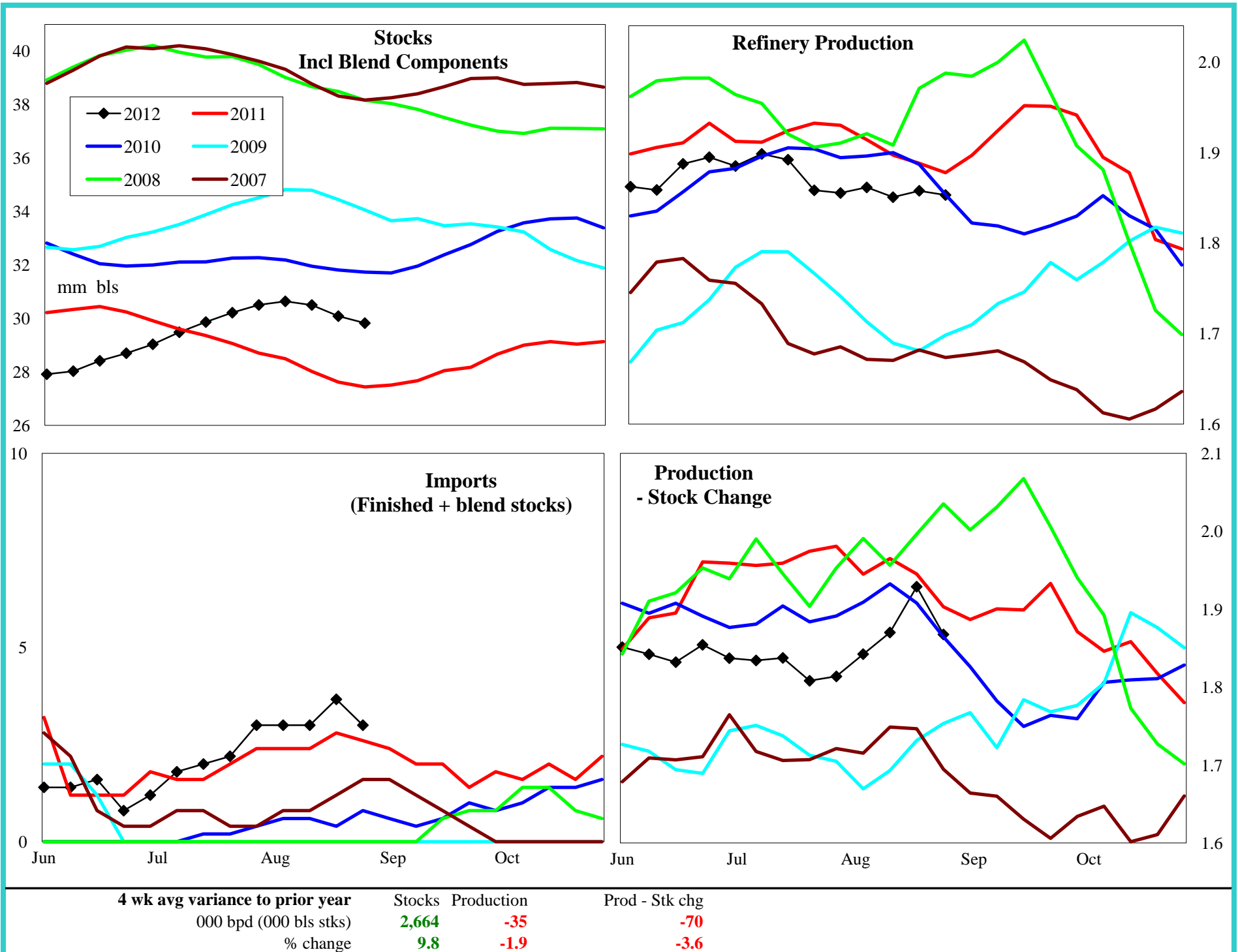
PADD 2 Gasoline Supply



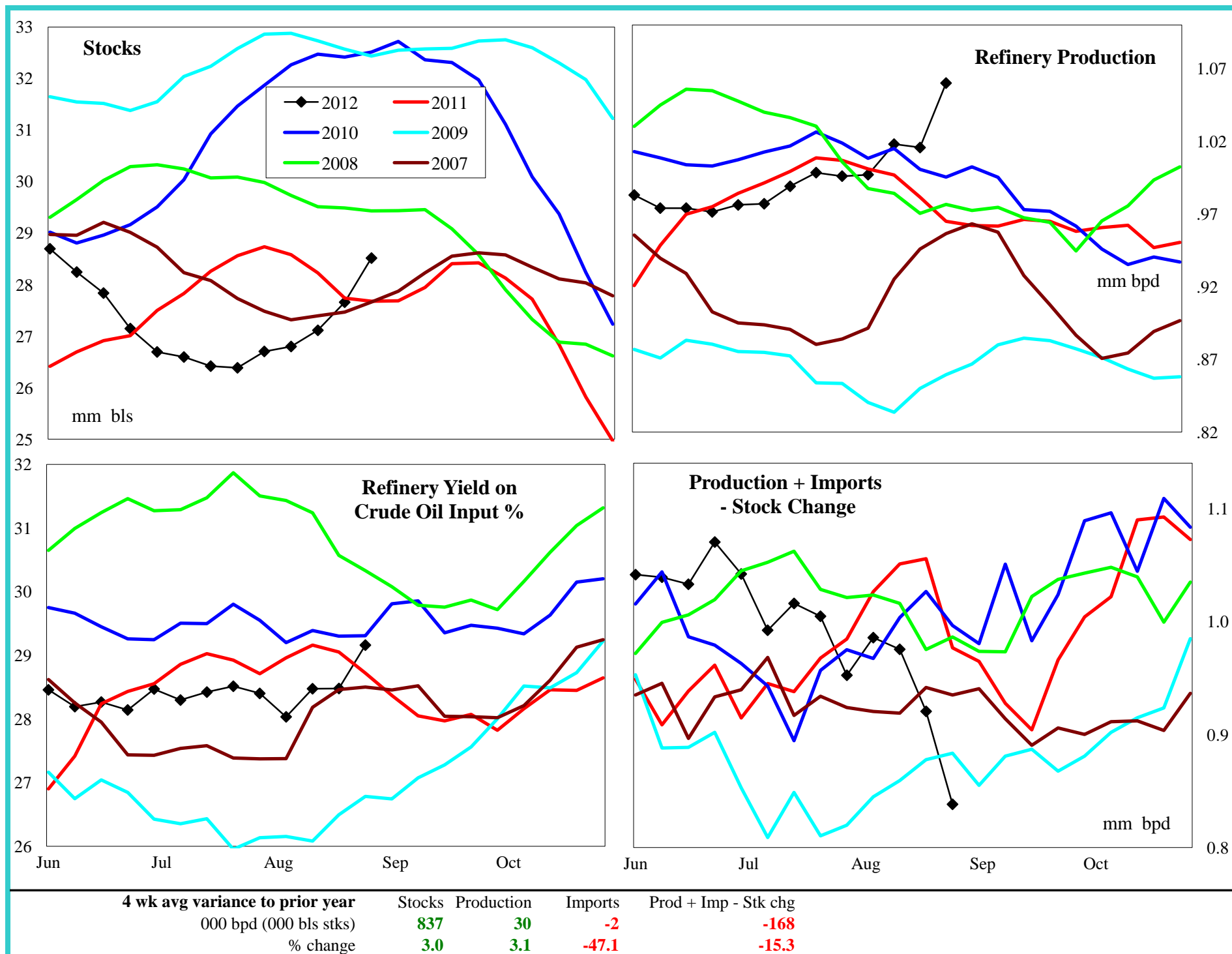
PADD 2 Reformulated Gasoline Supply



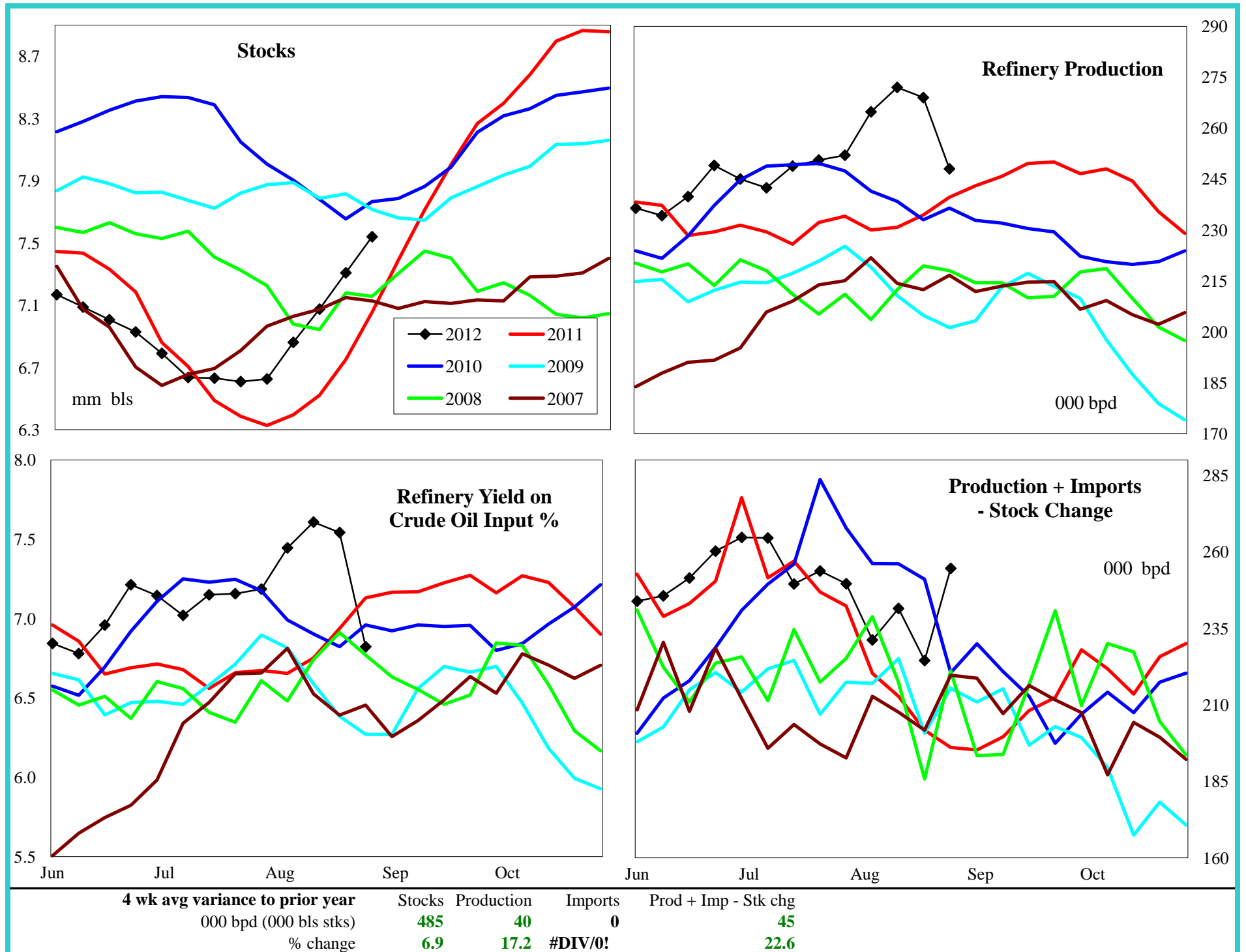
PADD 2 Conventional Gasoline Supply



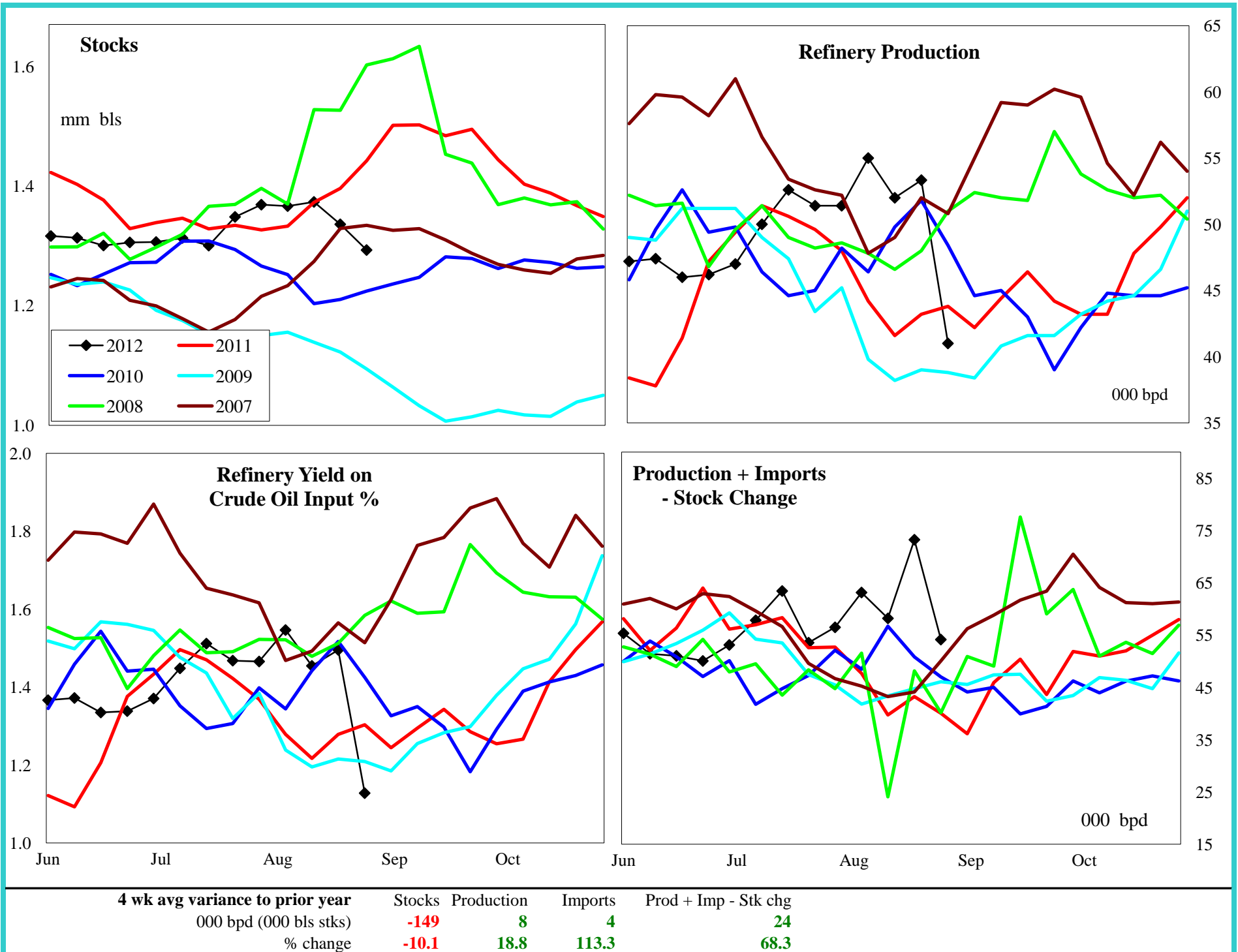
PADD 2 Distillate Supply



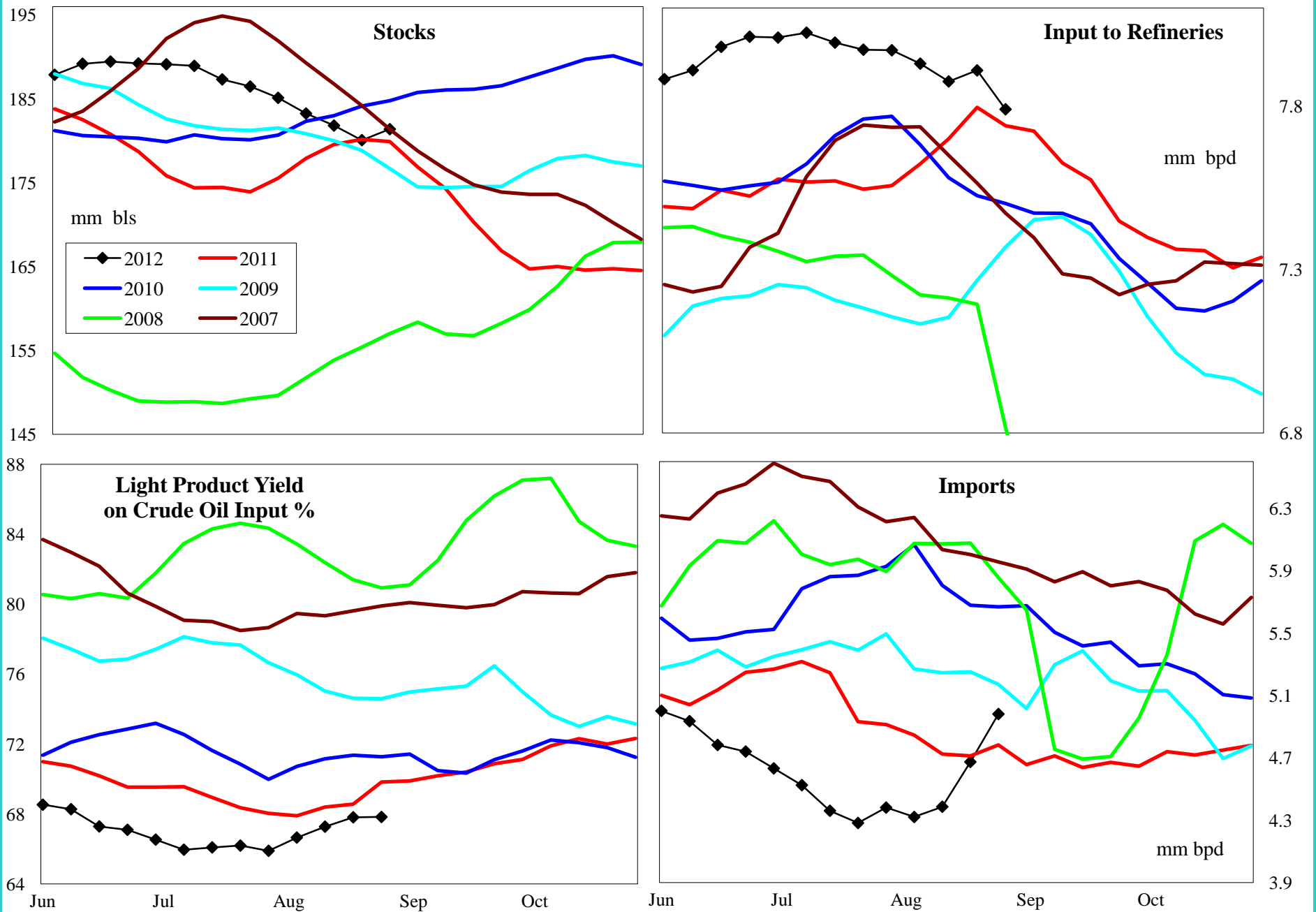
PADD 2 Jet Fuel Supply



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

1,480

0.8

Input

160

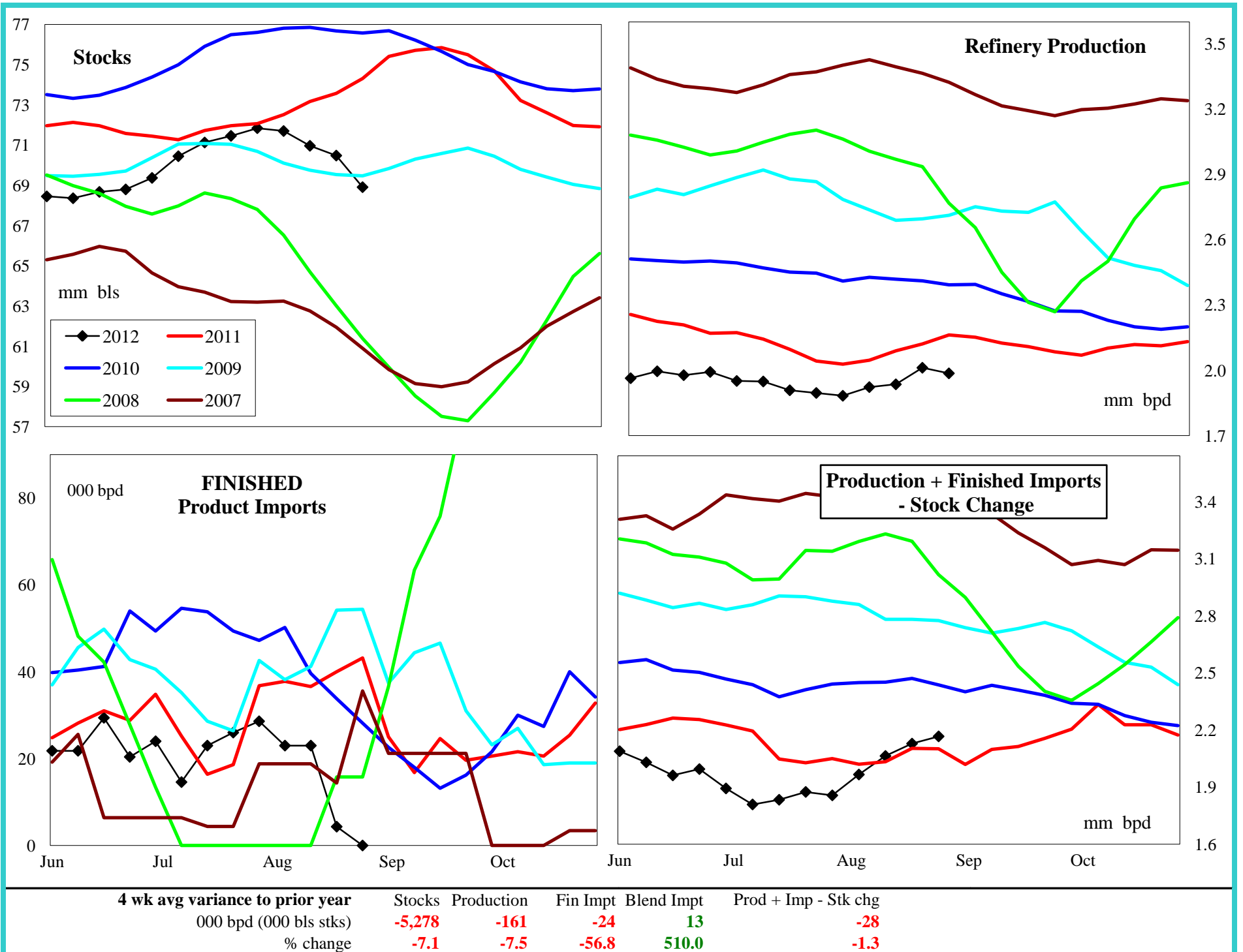
2.1

Imports

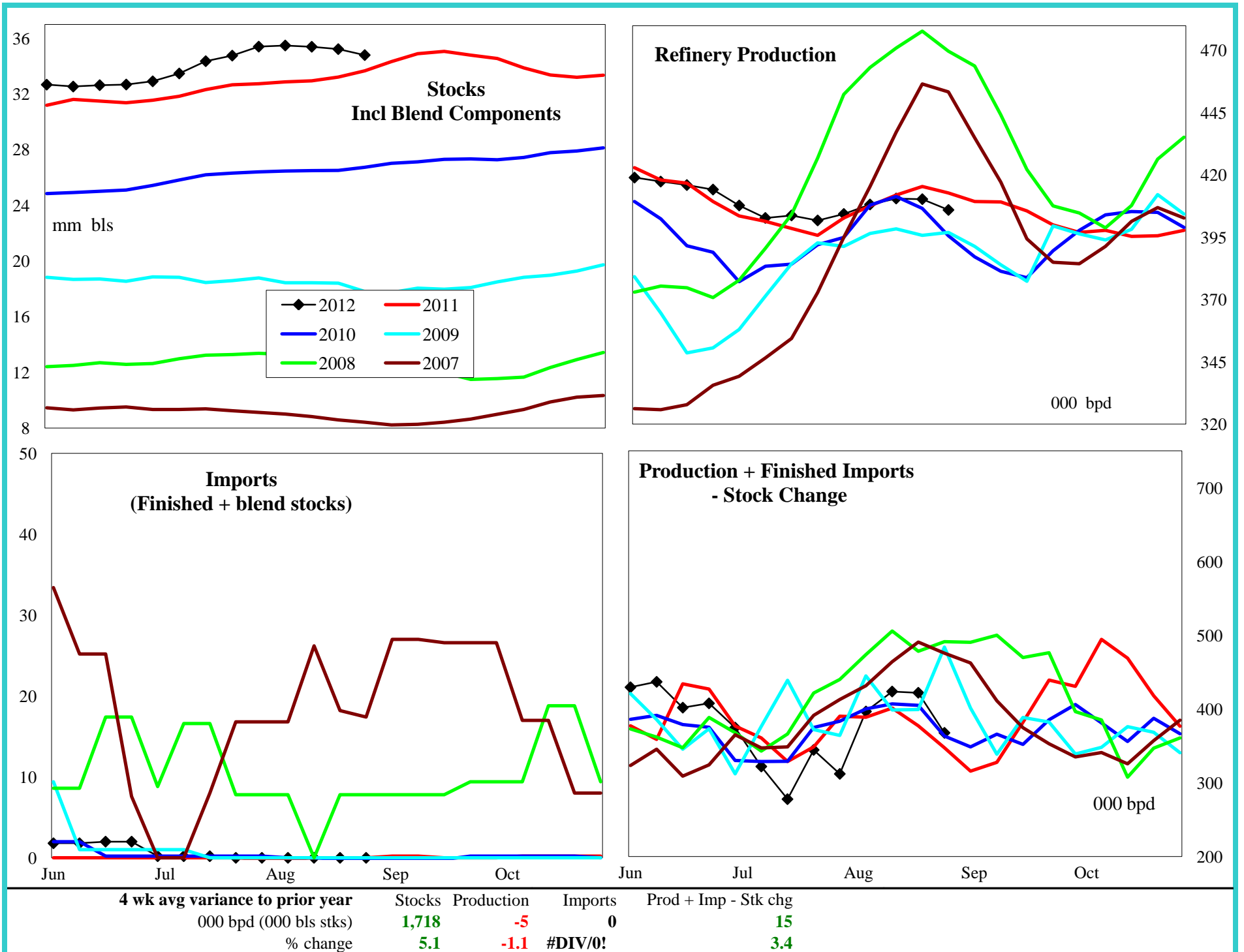
-230

-4.9

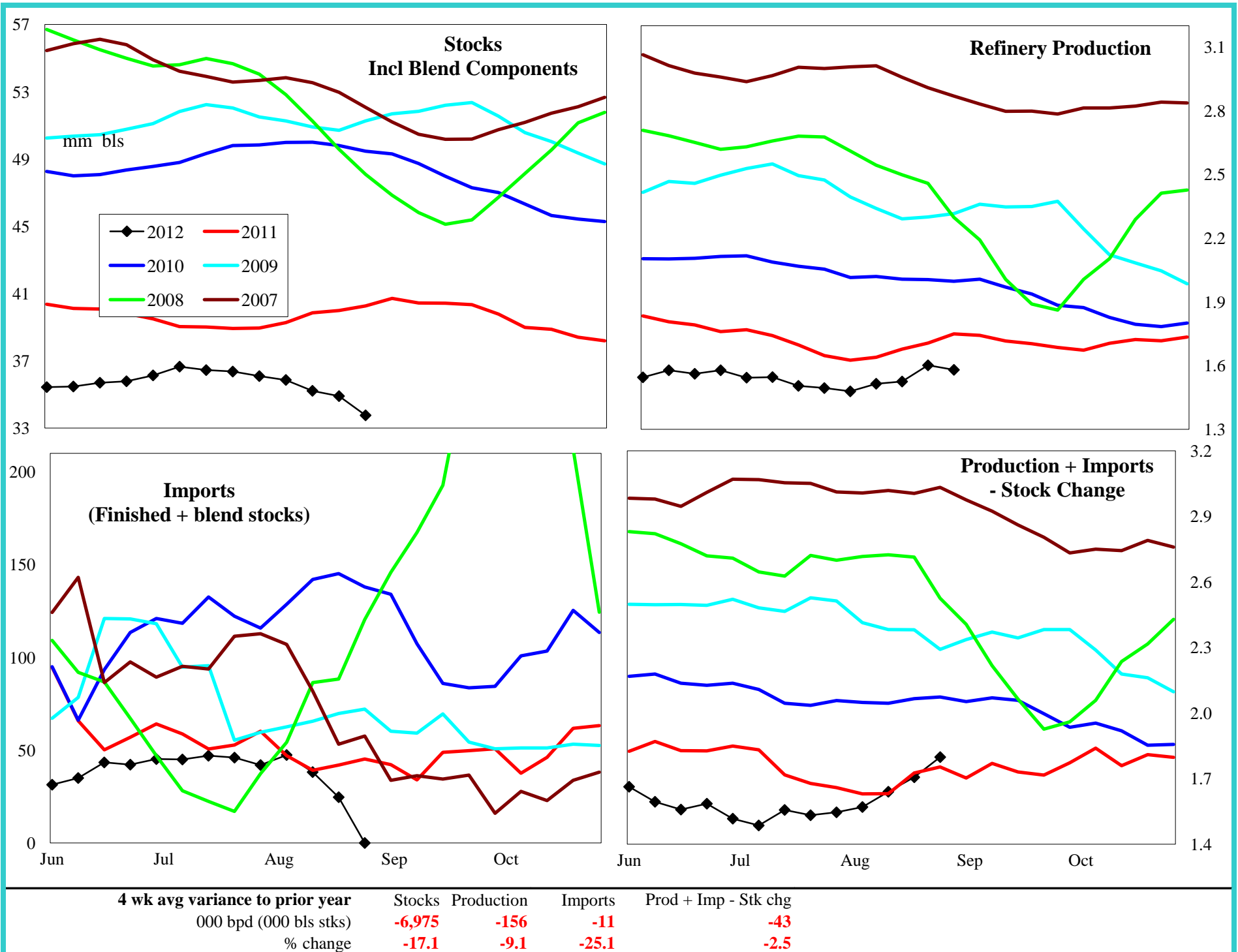
PADD 3 Gasoline Supply



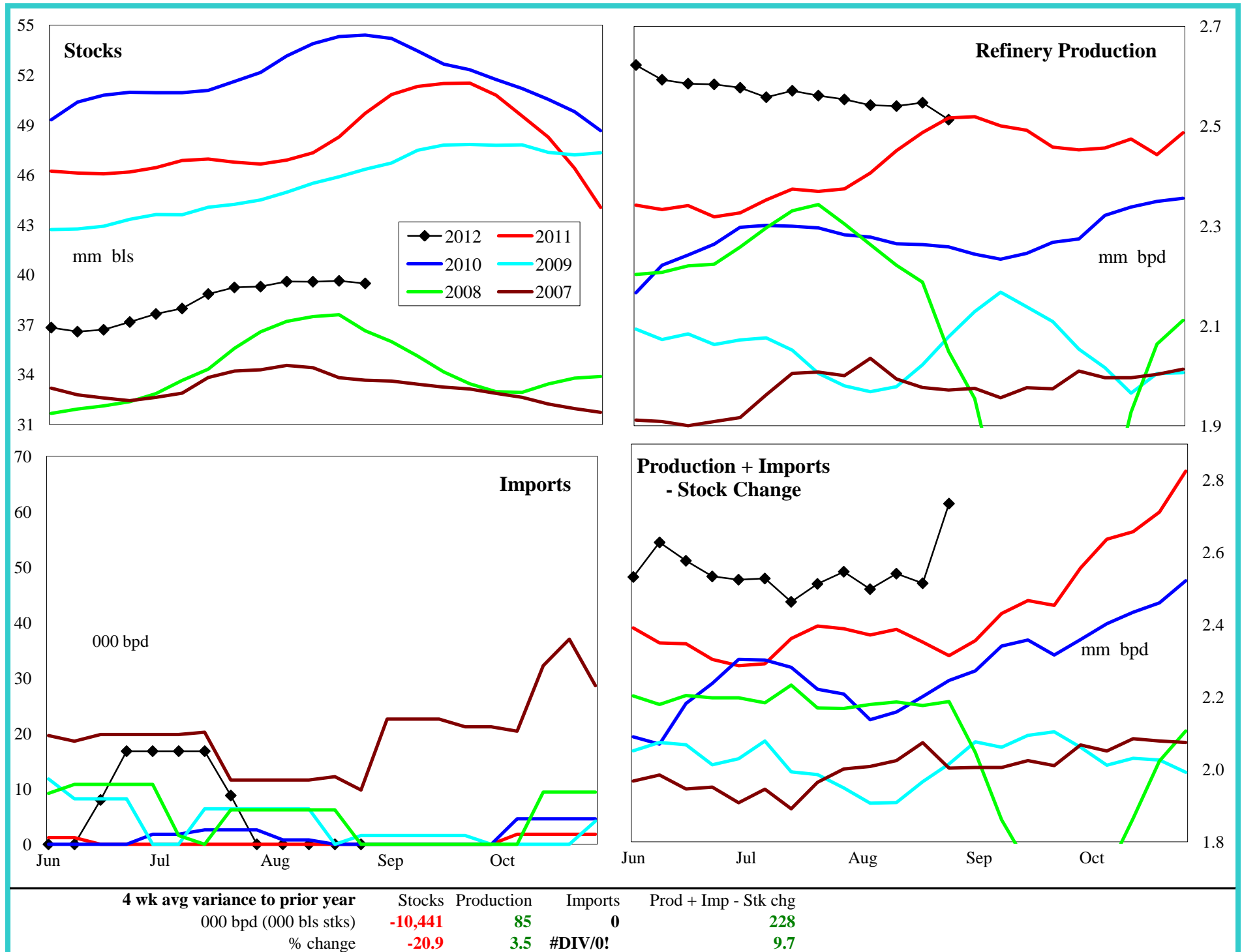
PADD 3 Reformulated Gasoline Supply



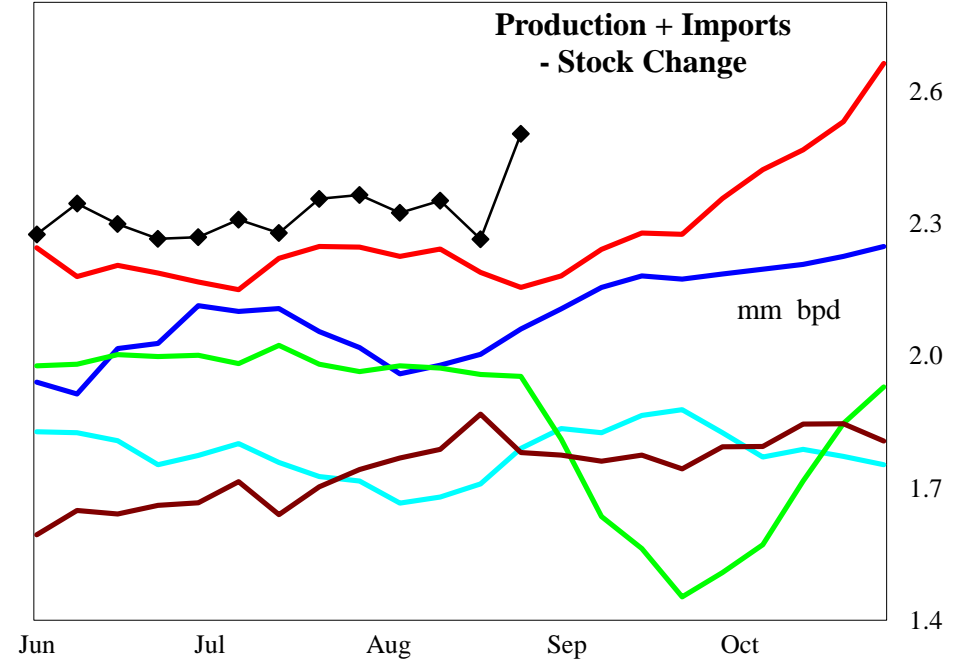
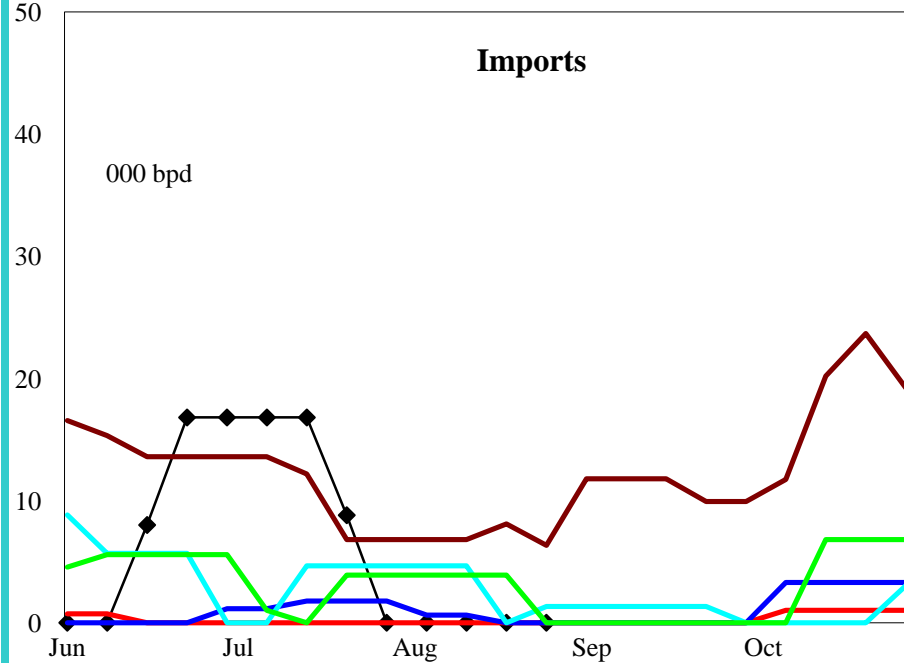
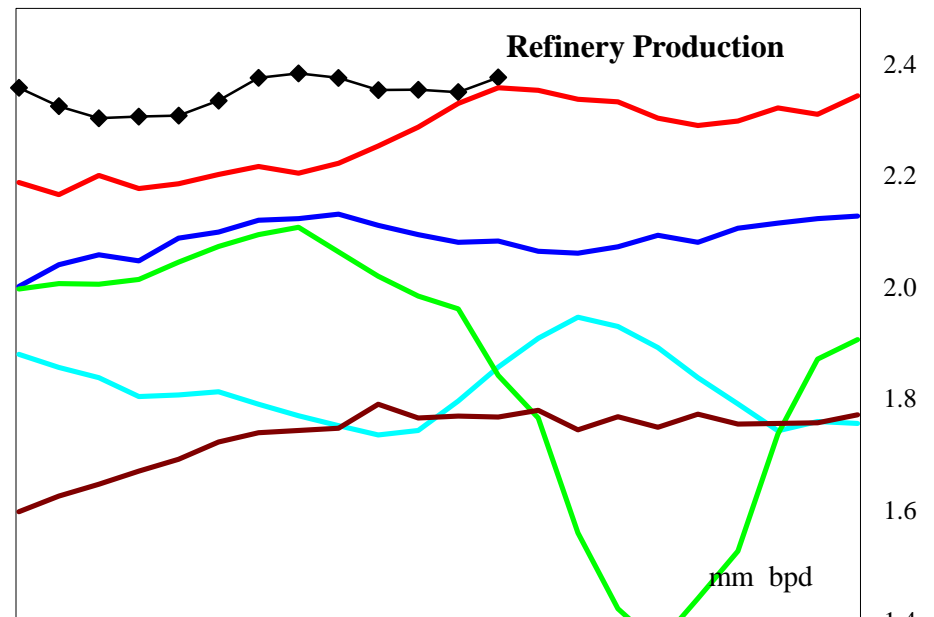
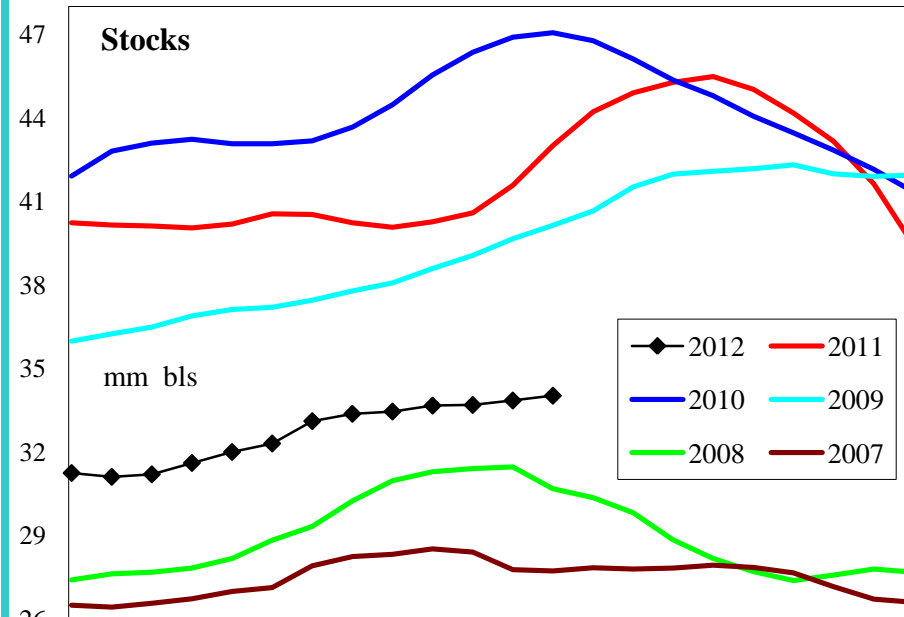
PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



PADD 3 Low Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-9,004

-20.9

Production

44

1.9

Imports

0

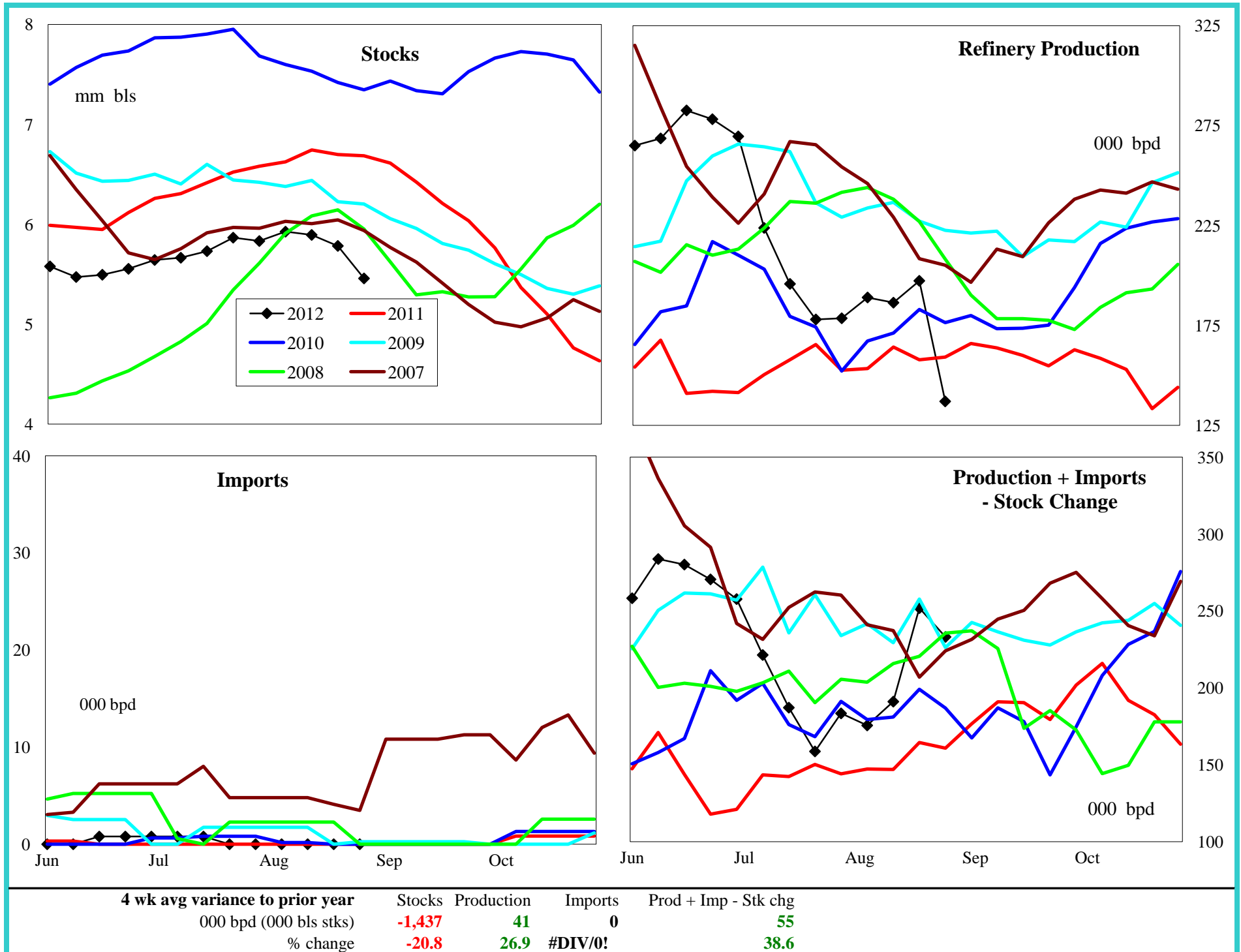
#DIV/0!

Prod + Imp - Stk chg

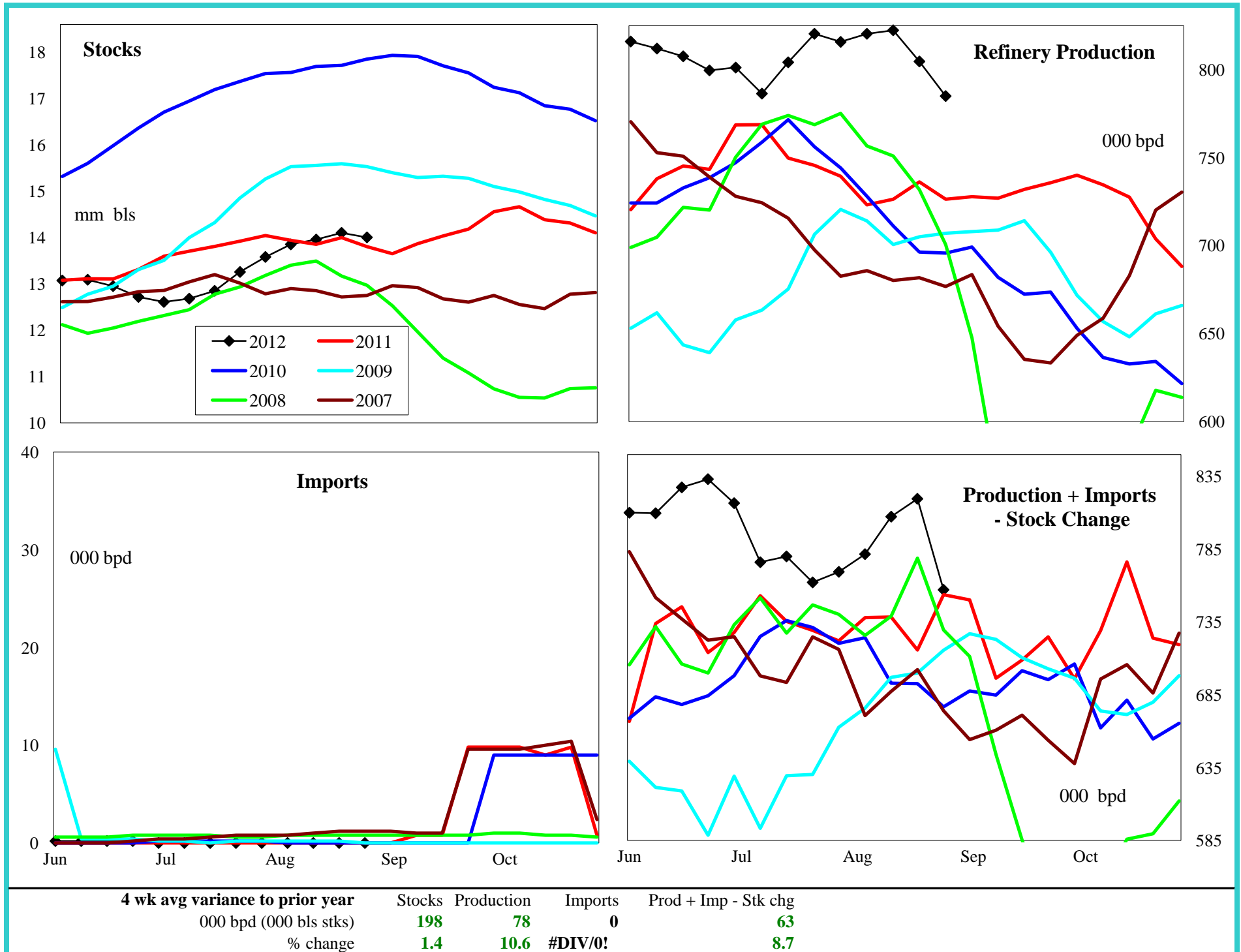
173

7.8

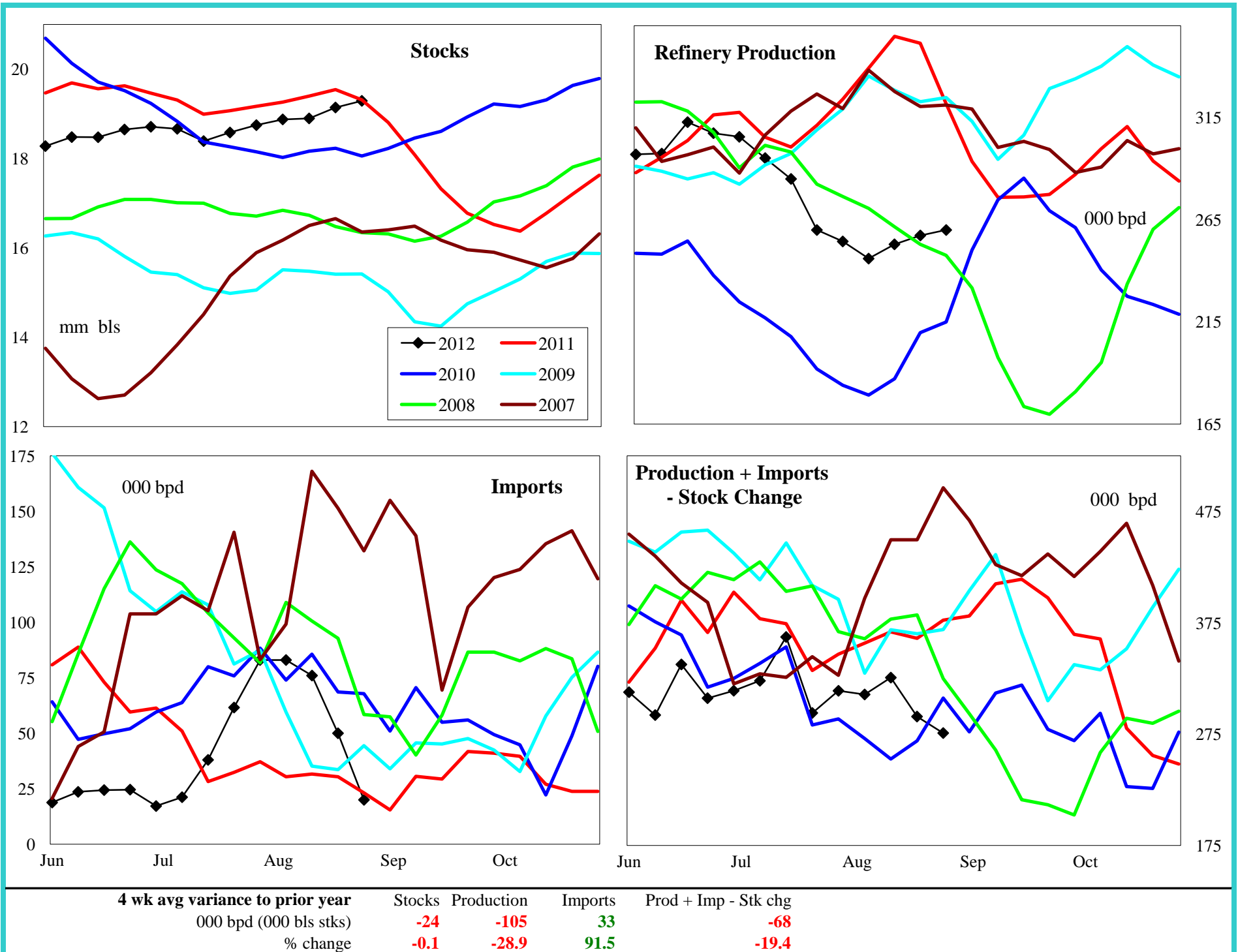
PADD 3 High Sulfur Distillate Supply



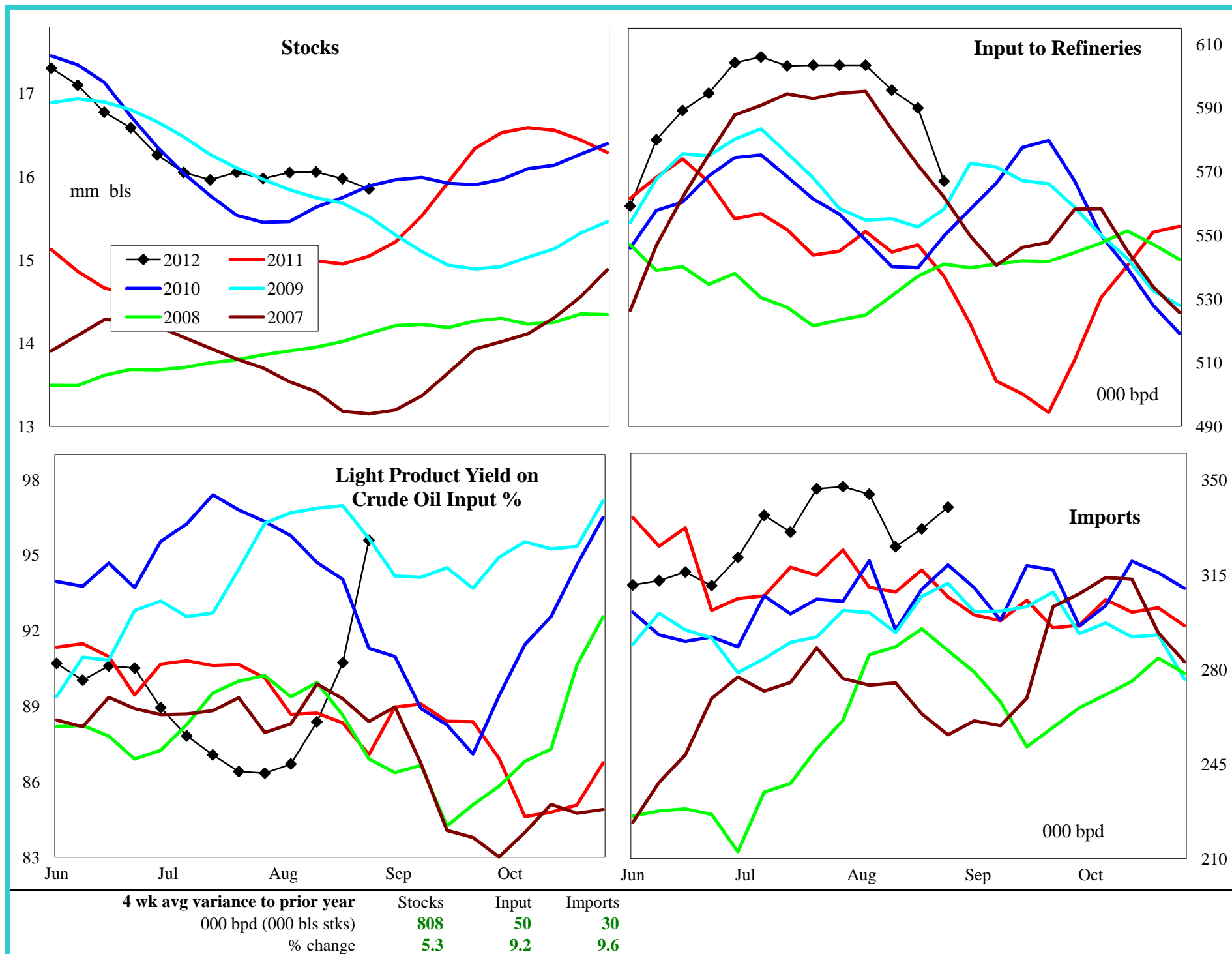
PADD 3 Jet Fuel Supply



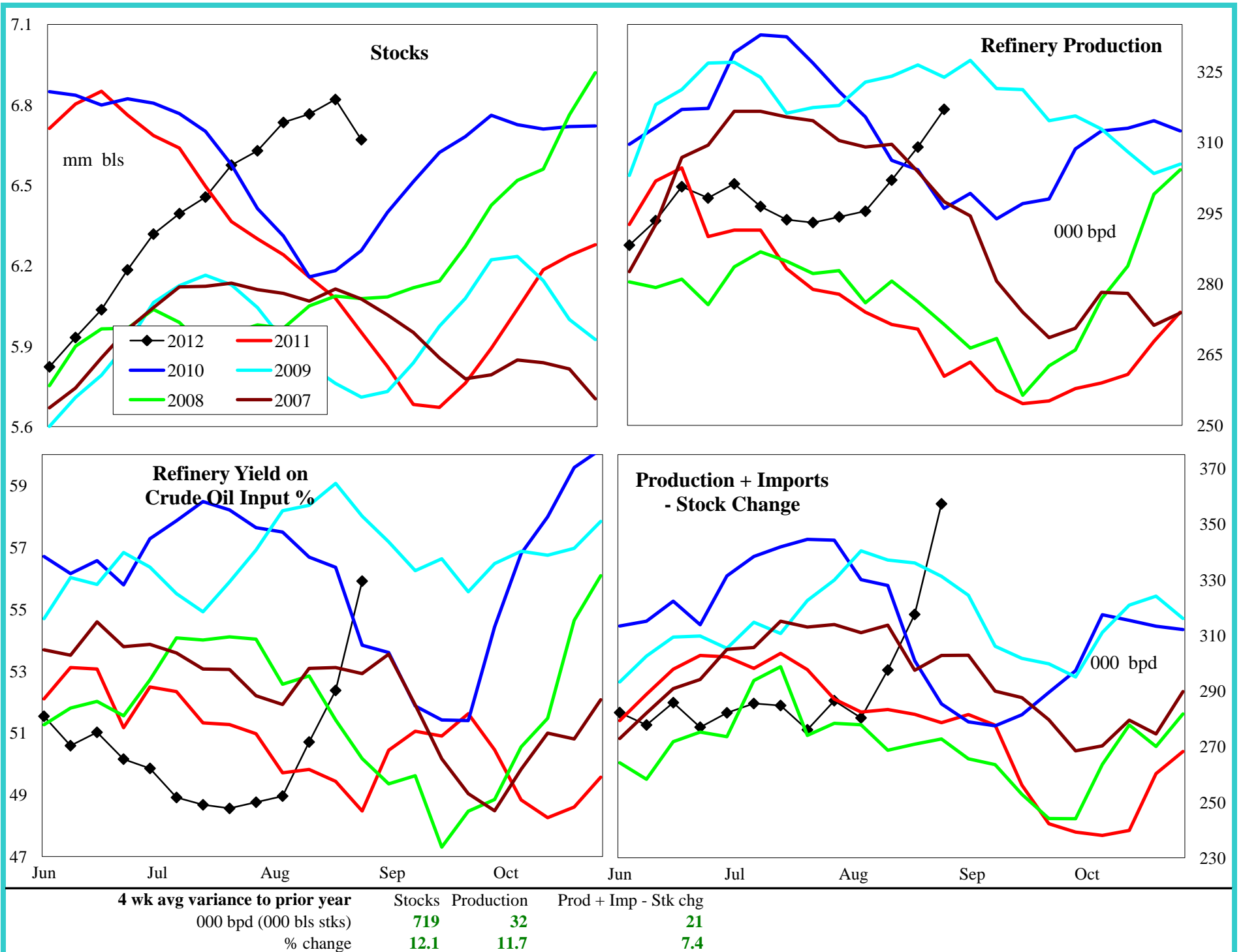
PADD 3 Residual Fuel Oil Supply



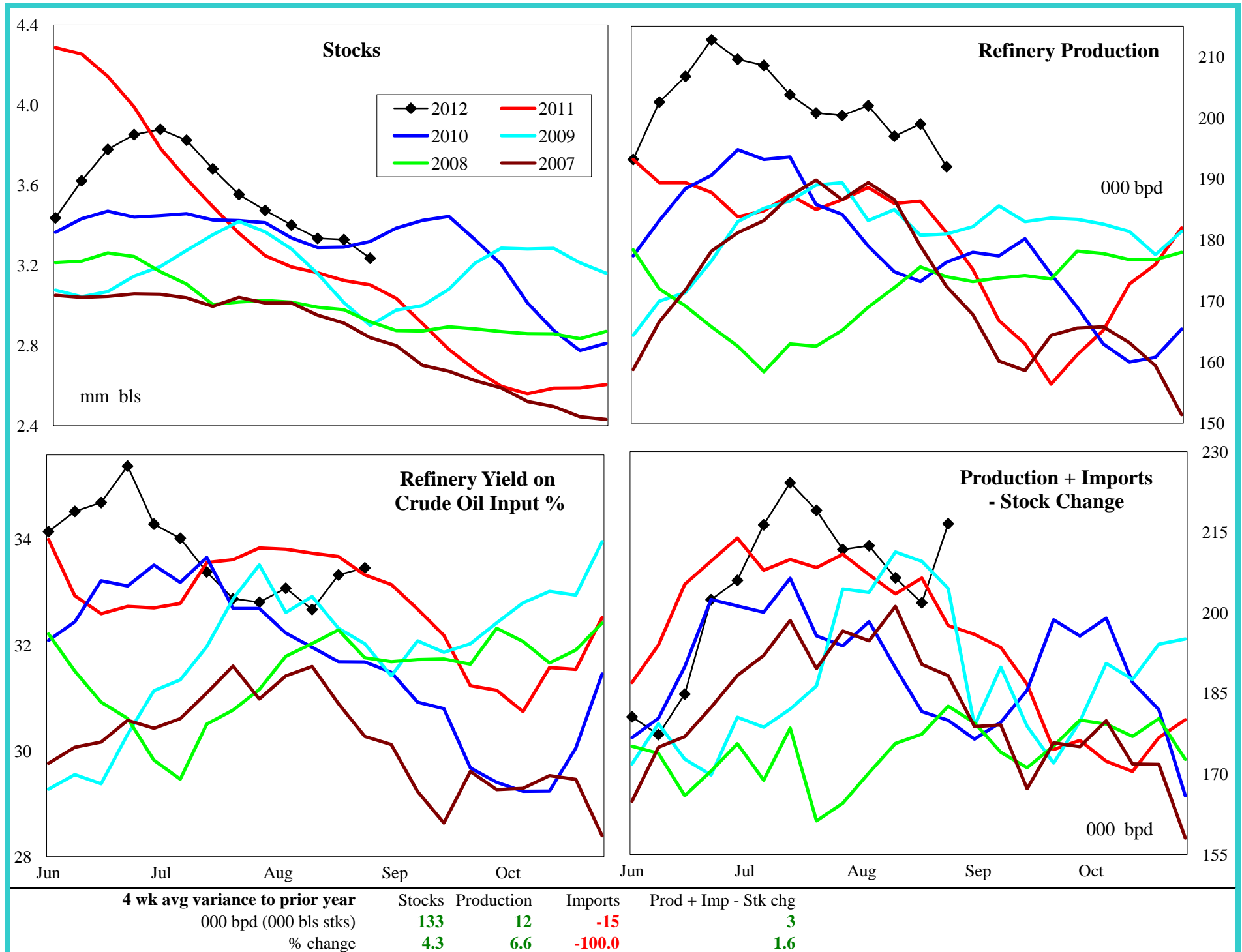
PADD 4 Crude Oil Supply and Refining



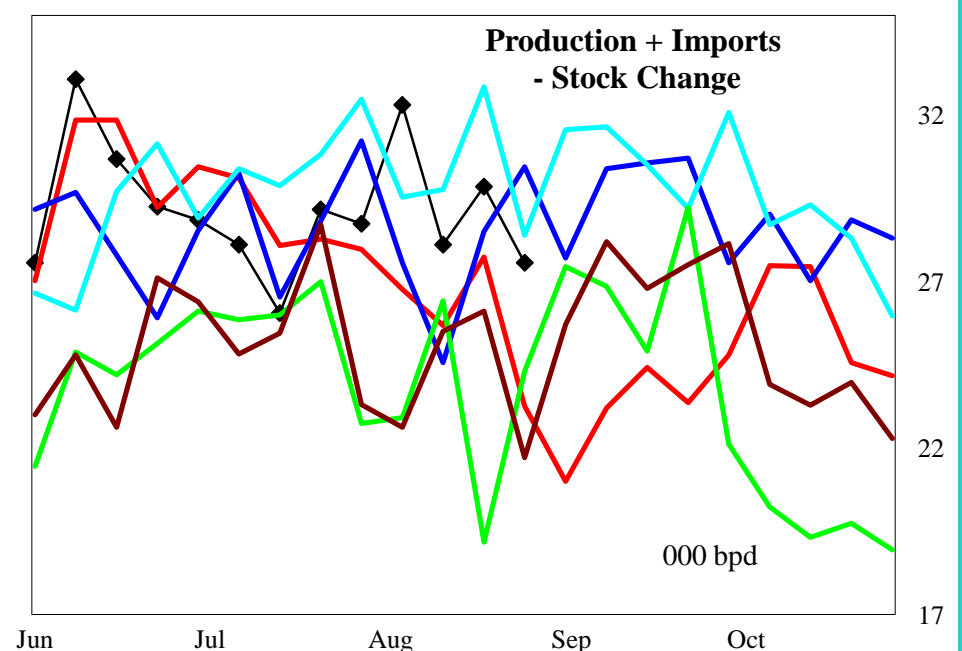
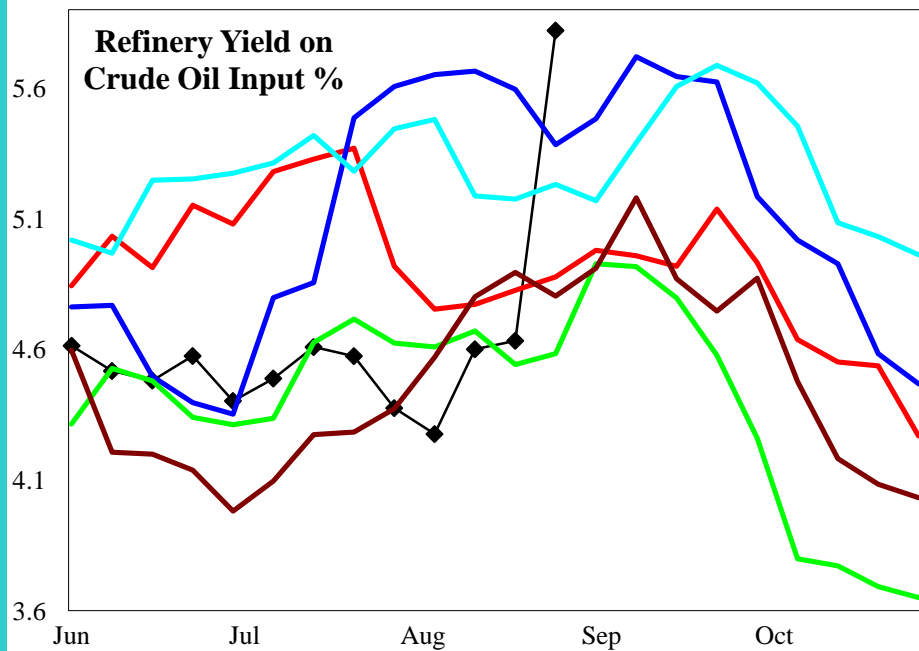
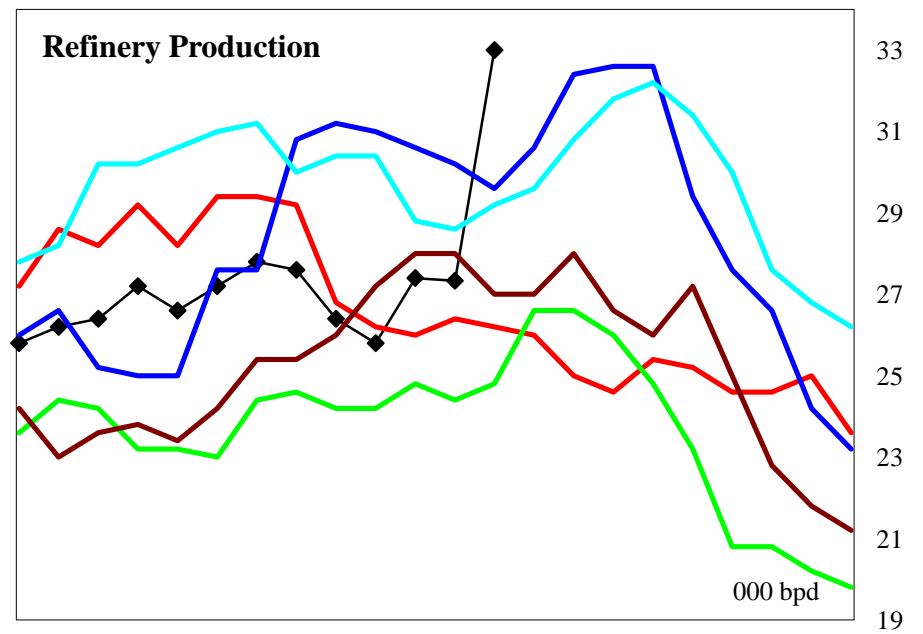
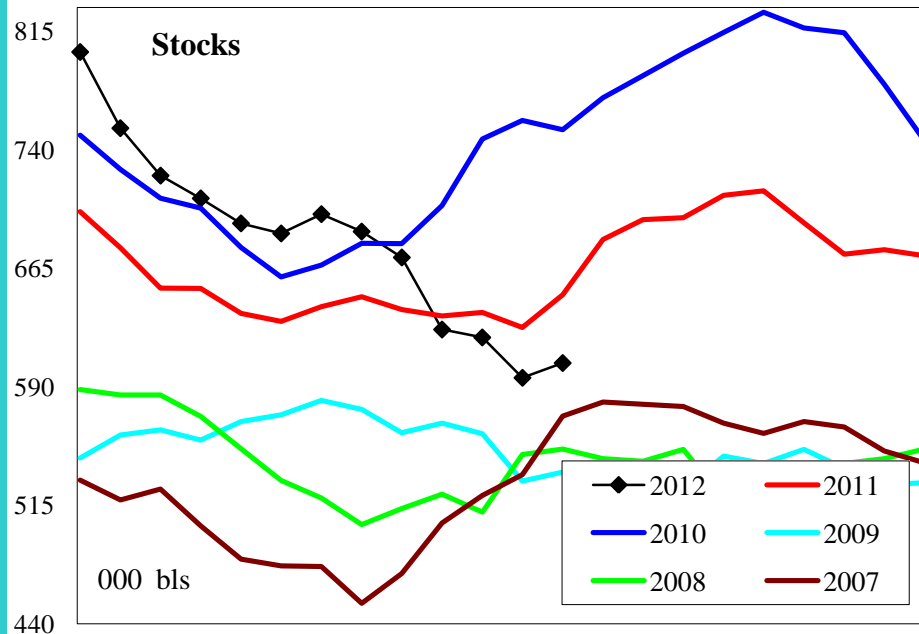
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

-43

2

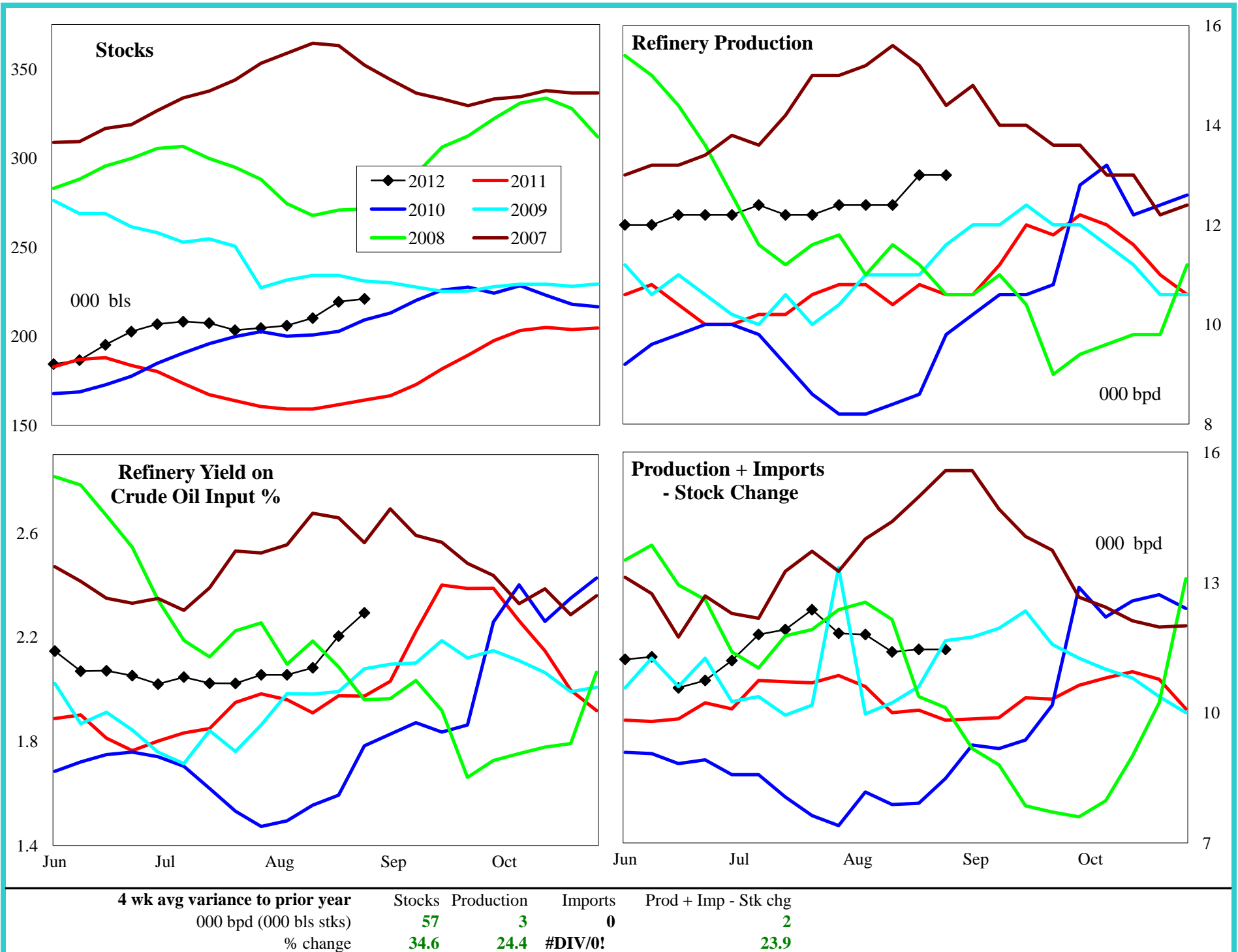
3

-6.7

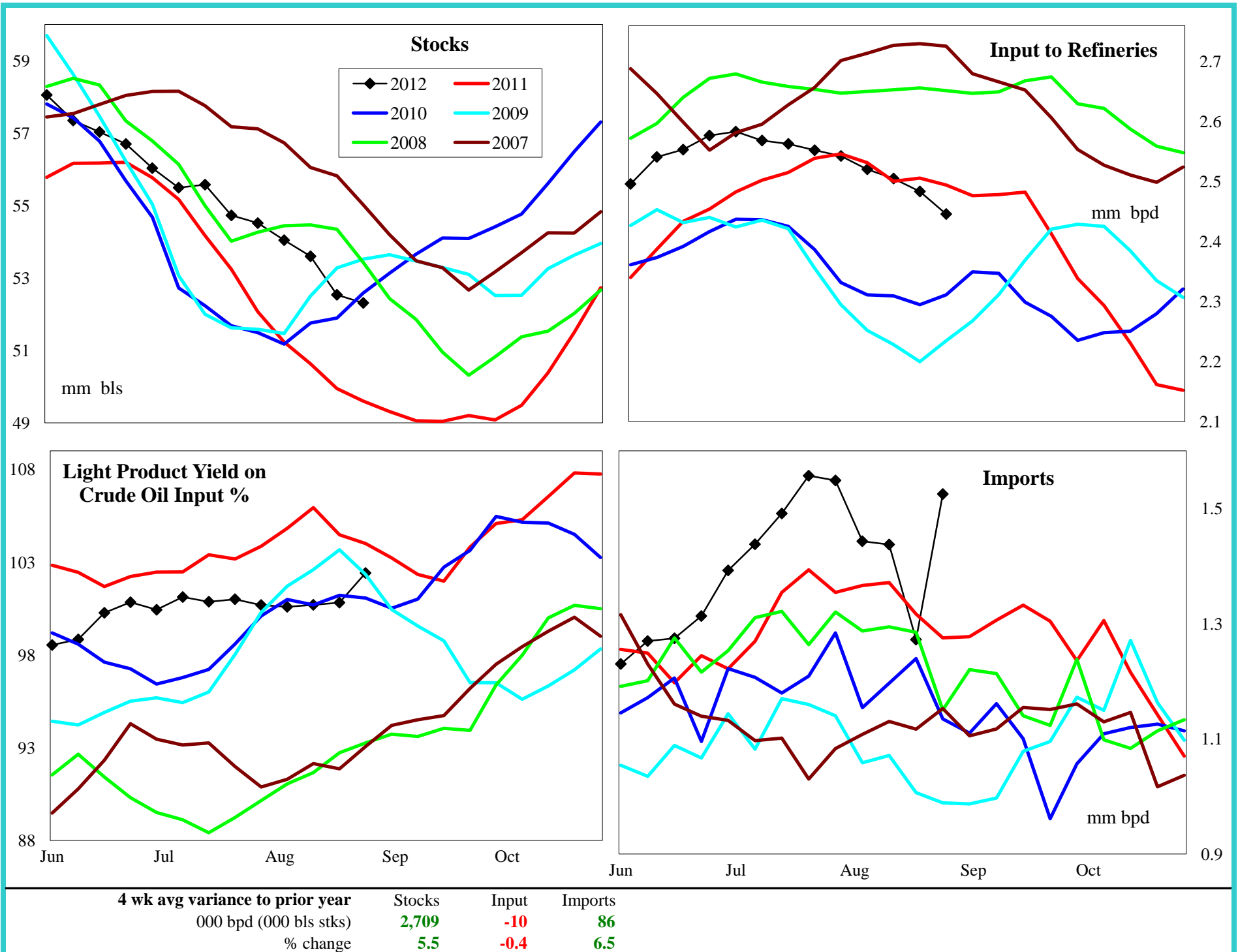
6.8

12.2

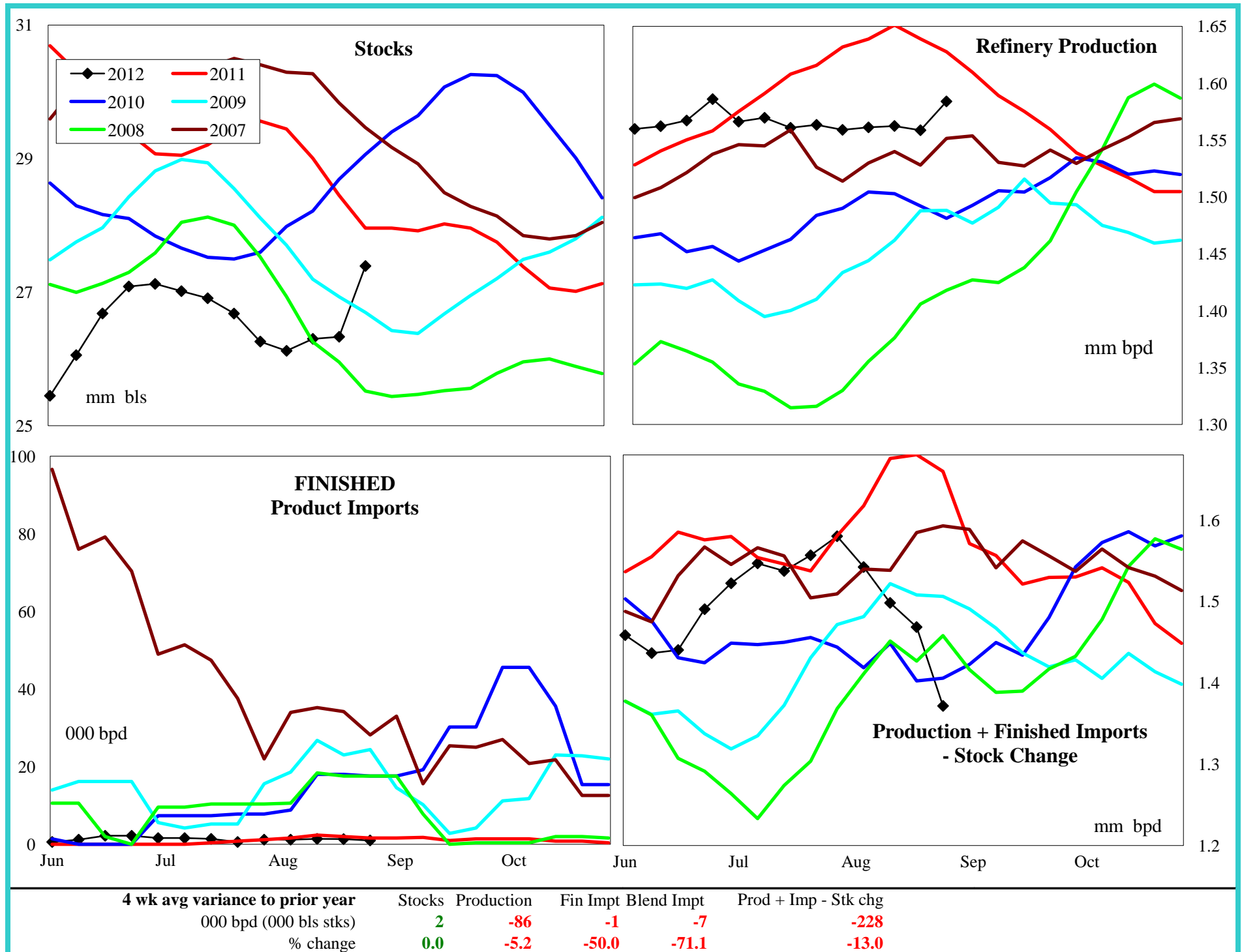
PADD 4 Residual Fuel Oil Supply



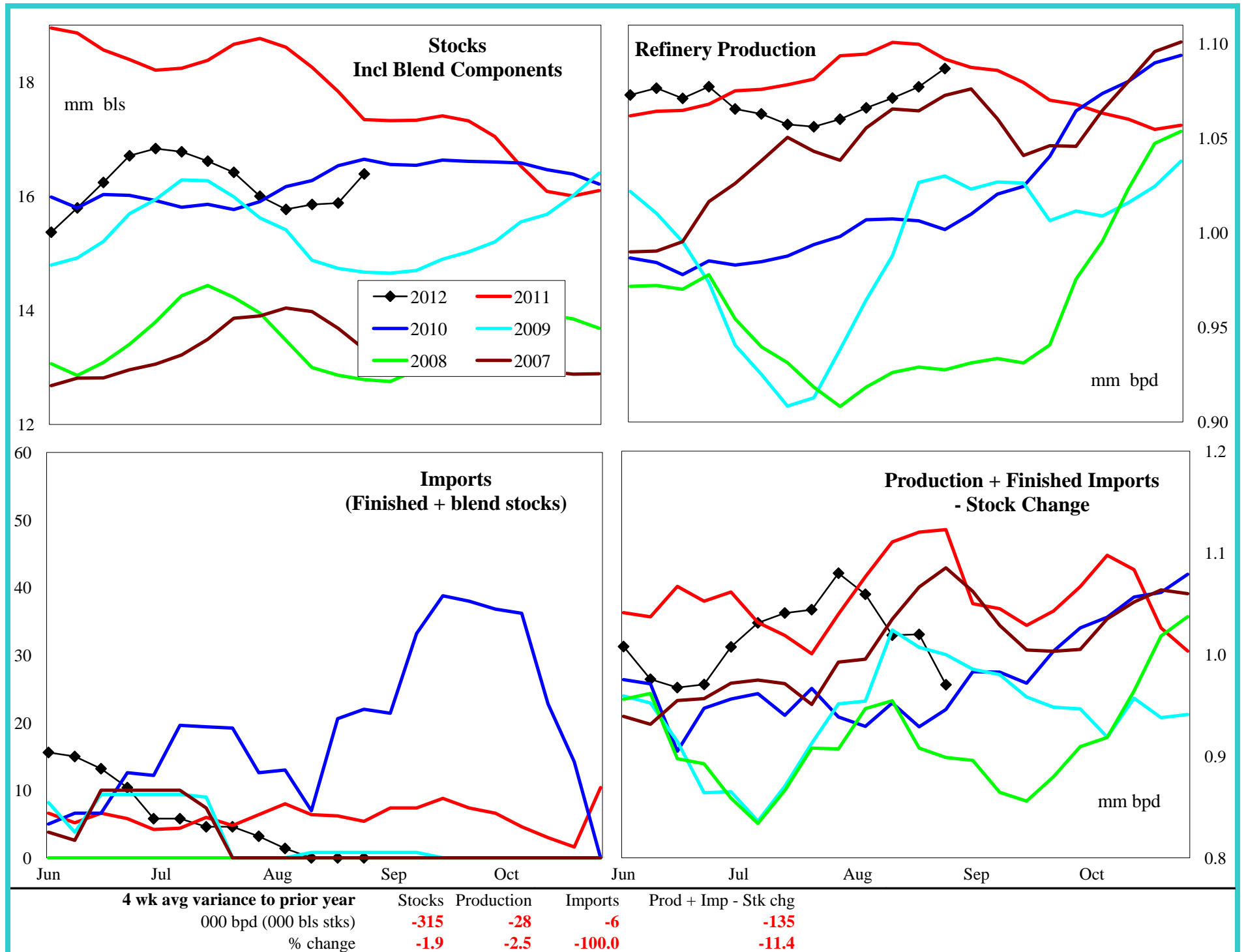
PADD 5 Crude Oil Supply and Refining



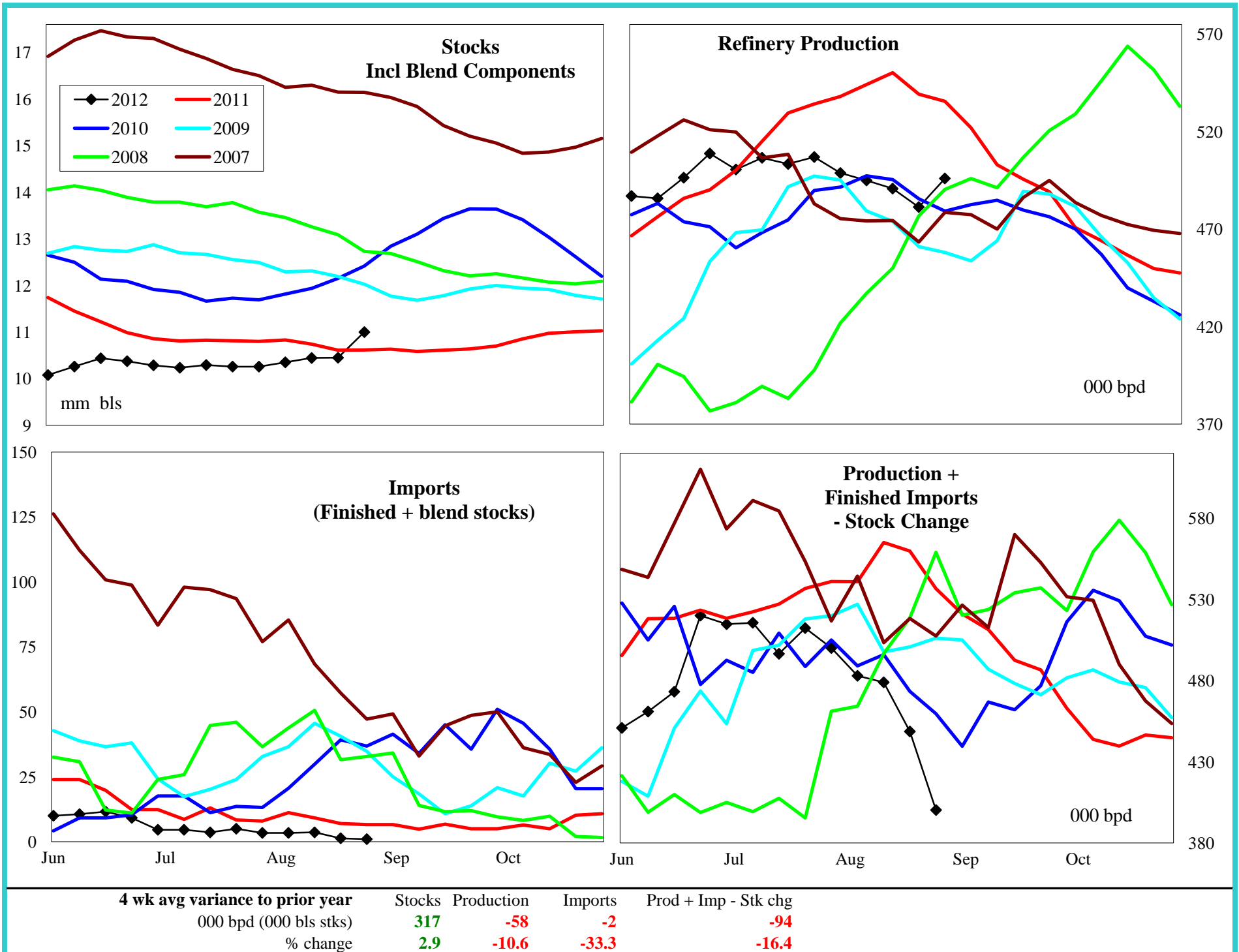
PADD 5 Gasoline Supply



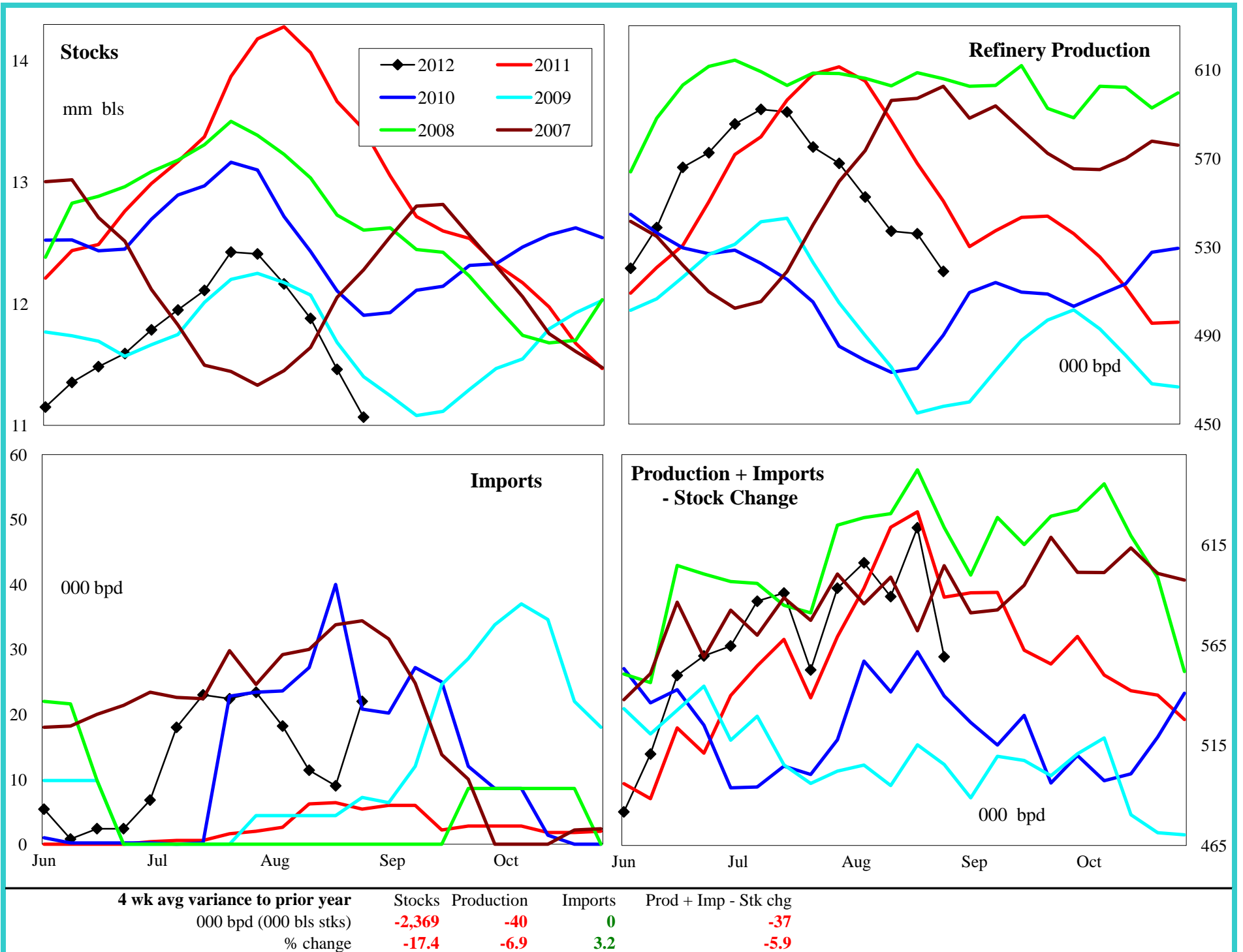
PADD 5 Reformulated Gasoline Supply



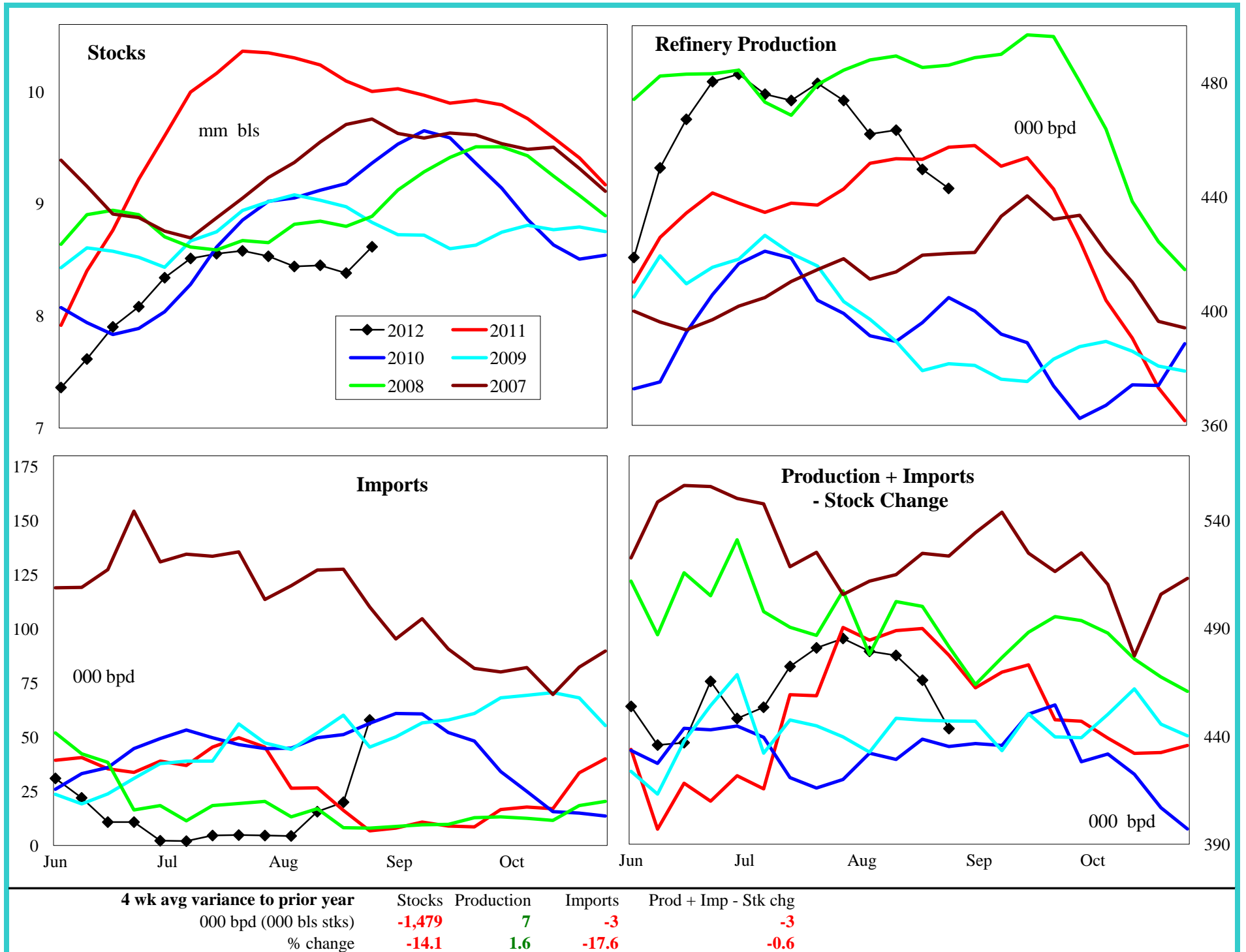
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

