

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

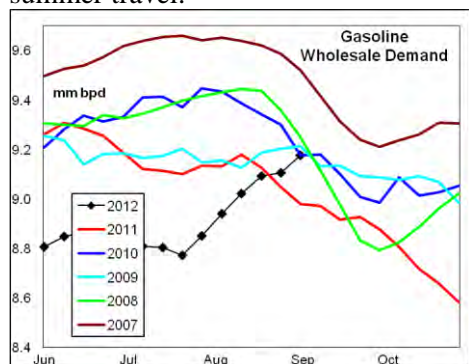
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Sunday, September 09, 2012



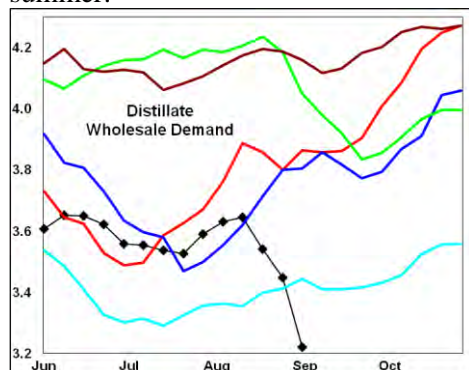
Major Fundamental Trends¹

Hurricane Isaac led to a -0.7 million bpd drop in crude oil runs on the Gulf last week. Shutdown of crude lines serving the Midwest likely accounted for a portion of the -171,000 bpd drop in runs for that region. Crude oil stocks plunged -7.1 million barrels in the Gulf region on a -1.3 million bpd drop in imports. Look for runs to quickly return to normal as most refiners were able to restart and/or return to full operation last week.

Wholesale gasoline demand increased +113,000 bpd on the week, to the highest level of 2012; due in part to evacuation ahead of the hurricane. Look for a sharp seasonal decline in the near term with an end to peak summer travel.



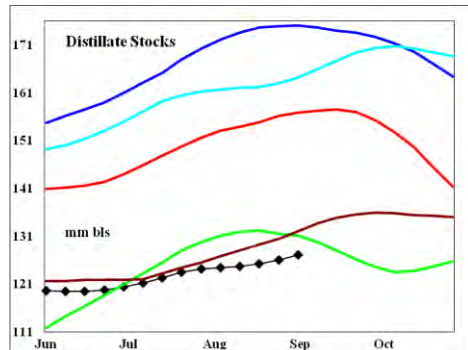
Gasoline stocks extended a later than normal draw last week on high demand. Supplies remain particularly tight on the East Coast, and Gulf stocks fell to the lowest level of the summer.



Distillate demand plunged -342,000

bpd during the week, due in part to less transport use across southern states during the hurricane. Look for a seasonal surge in demand and jump in exports as loadings on the gulf 'catch up' after being shut in due to the hurricane.

Distillate stocks ended the week -30 million barrels below last year, and below the 5-year range. Distillate production fell -326,000 bpd last week due to the hurricane. Very low stocks ahead of the start of fall refinery maintenance and record exports point to continued risk of a supply squeeze in the 4th quarter for the Atlantic Basin.



Demand for distillate fell -342,000 bpd last week, due in part to limited transport during hurricane Isaac. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +0.7%; distillate -9.3%; jet fuel down -6% while residual fuel oil decreased -5%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -2.3 million barrel stock draw. Coverage levels were sharply below the last 3-years.

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

Jet fuel coverage was comparable to the average of the last 3-years on little change in stocks last week, and higher demand.

Refinery utilization rates fell sharply last week on a -0.8 million bpd decline in crude oil runs, due to hurricane Isaac. During the latest 4-wk period

crude oil input was -210,000 bpd below a year ago.

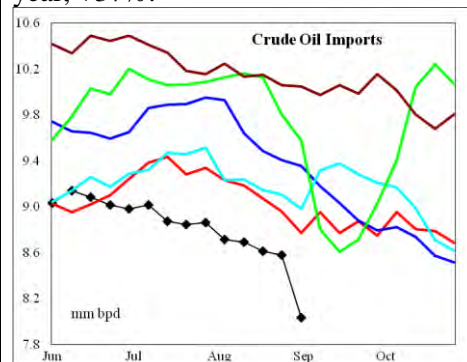
Gasoline yield % on crude oil runs jumped on a +93,000 bpd increase in output compared to the -0.7 million bpd drop in crude oil runs. Yield % on crude oil runs spiked above the 5-year range.

Distillate yield % on crude oil runs was nearly unchanged on a -326,000 bpd drop in production, compared to the decline in crude oil runs. The yield % matched 5-year highs.

Jet fuel yield % on crude oil runs decreased on a -92,000 bpd fall in output, compared to the drop in crude oil runs. The yield % was matched year ago levels.

Petroleum Imports of crude oil plunged -1.5 million bpd last week, reversing the +1.3 million bpd jump during the previous week. During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports decreased -31,000 bpd; finished gasoline imports decreased -95,000 bpd, gasoline blend stock imports increased +206,000 bpd; jet fuel imports were +50,000 bpd higher, while residual fuel oil imports decreased -14,000 bpd.

Crude Oil stocks fell -7.4 million barrels last week, with nearly all of the decrease in the Gulf Region, driven by hurricane Isaac. Imports plunged -1.5 million bpd on the week, including a -1.3 million bpd drop in the Gulf region. Cushing stocks ended the week +12.2 million barrels above last year, +37%.



¹ Source is latest EIA Weekly Statistics



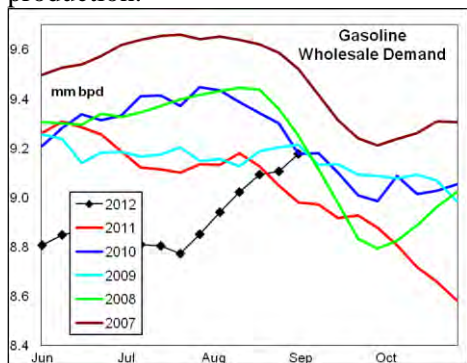
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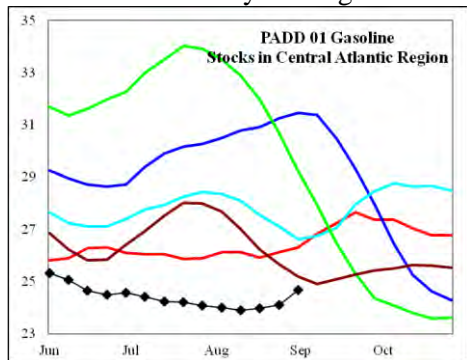
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Product Supply-Demand Trends

Gasoline demand increased +113,000 bpd last week, reaching the highest level of the summer. The latest 4-wk average demand was +60,000 bpd above a year ago, the first year-on-year increase of 2012. Supply jumped +367,000 bpd on higher imports and production.



Stocks fell -2.3 million barrels last week; including a -2.4 million barrel draw in the Gulf region as a result of the hurricane. Stock levels in the key Central Atlantic region of PADD 1 remain below the 5-year range.



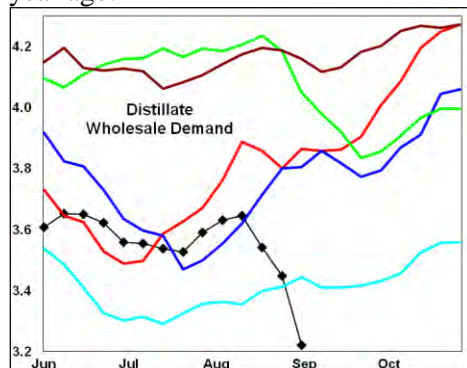
The latest 4-wk stock change in markets East of the Rockies was a -7.2 million barrel draw, compared to an average of -3 million barrels during the last 3-years.

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. A spike in European gasoline prices should cut near term imports to the U.S. East Coast.

A return to operation by refiners, the waiver for RVP to winter grade in southern states, and an end to peak summer wholesale demand should lead to improvement in the supply balance

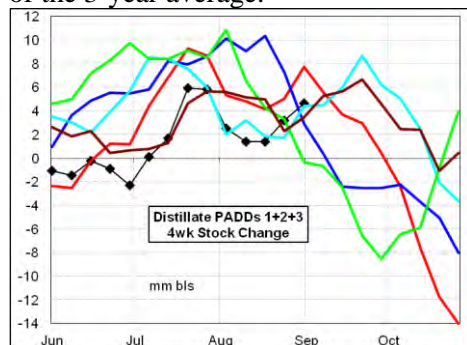
East of the Rockies over the next 30-days.

Distillate demand plunged -342,000 bpd last week, due in part to the hurricane limiting transportation across the south. The latest 4-wk average demand was -357,000 bpd below a year ago.



Supply fell -325,000 bpd on the week, driven by refinery closures in the Gulf. Stocks increased +1 million barrels, the result of unusually low demand; and slowing of export cargos, again due to the hurricane.

The latest 4-wk stock build in markets East of the Rockies was +4.7 million barrels, a level slightly ahead of the 3-year average.



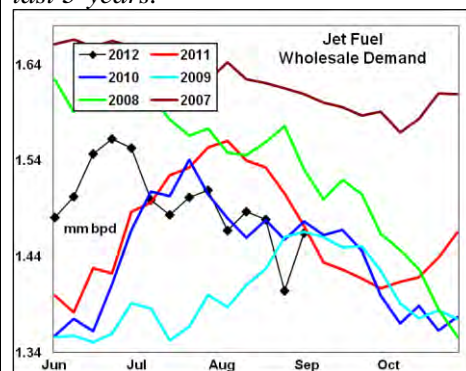
Stocks ended the week -27 million barrels below last year; a level below the historic range. Production has averaged -19,000 bpd below a year ago for the latest 4-wk period. Risk continues that stock levels will remain unusually low leading to tight supplies in the 4th quarter.

Jet Fuel demand increased +104,000 bpd on the week, matching levels of the last 3-years. The latest 4-wk average demand was -91,000 bpd below a year ago, down -6%.

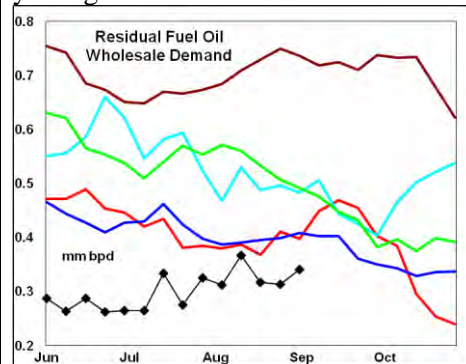
Production fell -92,000 bpd last

week, due to hurricane Isaac. Stocks were nearly unchanged on the week, at a level -2% below the 5-year mid range.

Look for demand to extend a seasonal decrease, over the next 60-days. Concurrently, lower production on the start of fall maintenance should limit the rate of stock building; leaving stock levels below the average of the last 3-years.



Residual fuel oil demand fell -110,000 bpd last week, with the latest 4-wk average demand -19,000 bpd below a year ago.



Supply (production + imports) declined -78,000 bpd last week, on lower imports. The latest 4-wk average supply was -137,000 bpd below last year on lower production. Stocks fell -0.6 million barrels on the week, to a level below the historic range.

Wholesale demand continued to track slightly below the last 2-years. Production and imports are each at 5-year lows.

Stock levels in the key Gulf Region are slightly below highs of the last 2-years, pointing to a well supplied Gulf market.



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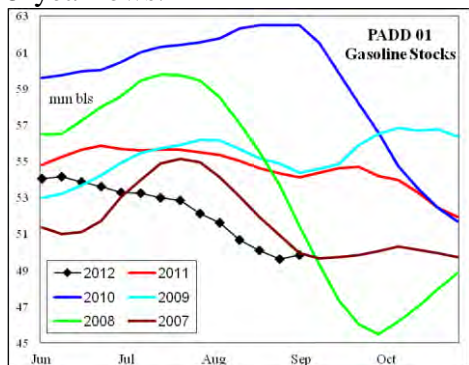
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +88,000 bpd last week, with the latest 4-wk average -292,000 bpd below last year.

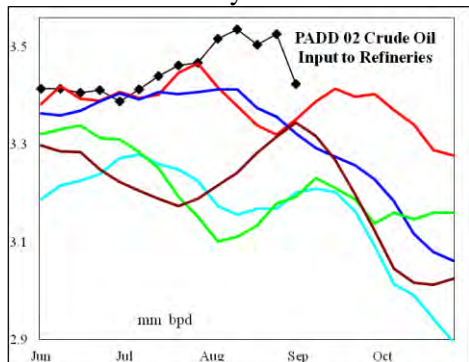
Gasoline supply jumped +292,000 bpd last week. Stocks increased +0.4 million barrels on the week, with the level matching 5-year lows.



Stock levels in the Central Atlantic region ended the week -7% below last year, a level that continues the very tight supply balance in the region.

Distillate supply decreased -19,000 bpd on the week. Supply for the latest 4-wk period was -12,000 bpd below last years' previous record low. Stocks were nearly unchanged on the week, at a level -31% below a year ago.

Jet fuel supply decreased -47,000 bpd last week, on lower imports. Stocks were unchanged at levels that matched the last 2-years.



PADD 2 crude oil refinery runs fell -171,000 bpd on the week, due on part to shut down of crude oil pipelines from the Gulf. The latest 4-wk average crude runs were +185,000 bpd above last year. Crude oil imports

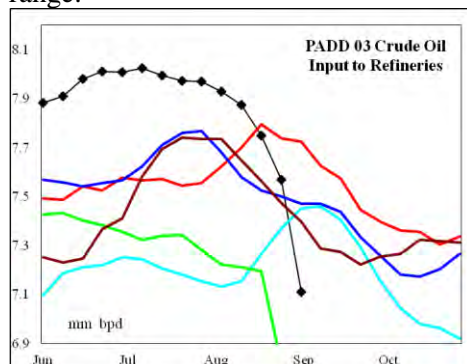
averaged +282,000 bpd above last year, a +20% increase. Stocks were nearly unchanged on the week, with the level +7.4 million barrels above the prior record high.

Gasoline supplies ended the week at a level unchanged from last year. Stocks increased +0.6 million barrels, to a level that matched the 5-year mid range.

Distillate production decreased -40,000 bpd on the week, a level +25,000 bpd above the 5-year range. Stocks jumped +1.8 million barrels last week, to a level above the 5-year mid range.

Jet fuel production increased +12,000 bpd last week. Stocks ended the week at a level that matched historic highs for the period.

PADD 3 refinery runs decreased -0.7 million bpd last week due to hurricane Isaac. The latest 4-wk average thru put was -112,000 bpd below last year. Crude oil imports fell -1.3 million bpd, again the result of the hurricane. Stocks plunged -7.1 million barrels on the week, to a level below the mid range.



Gasoline production decreased -67,000 bpd last week, a level near summer lows. Stocks fell -2.4 million barrels last week, to a level -11% below the last 2-years.

Distillate supply decreased -265,000 bpd on the week, a level that matched the average of the last 3-years. Production was -50,000 bpd below a year ago for the latest 4-wk period. Stocks fell -1.2 million barrels on the week, a level -26% below last year.

Jet fuel production decreased -79,000 bpd last week, a level that matched the 3-year average. Stocks levels fell below the last 3-years.

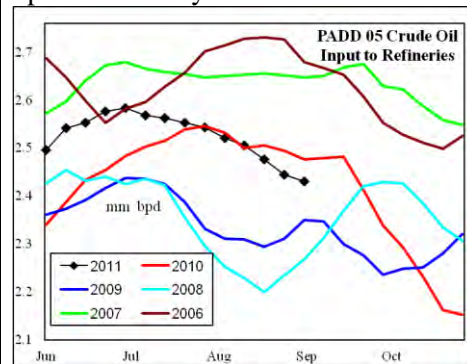
Residual fuel oil stocks fell to a level slightly below the last 2-years.

PADD 4 refinery crude runs increased +5,000 bpd on the week, with the level +6% above last year, matching 5-year highs for the week. The most recent 4-wk average run rate was +38,000 above a year ago.

Gasoline supply decreased -15,000 bpd on the week, to a level above each of the last 2-years. Stock levels fell -0.4 million barrels on the week, with the level near 5-year highs for the period.

Distillate production decreased -7,000 bpd last week, with the latest 4-wk average +8,000 bpd above last year. Stocks ended the week +9% above last year.


PADD 5 crude oil refinery runs decreased -15,000 bpd last week, to a level below a year ago. Runs for the most recent 4-wk period were -27,000 bpd below last year.



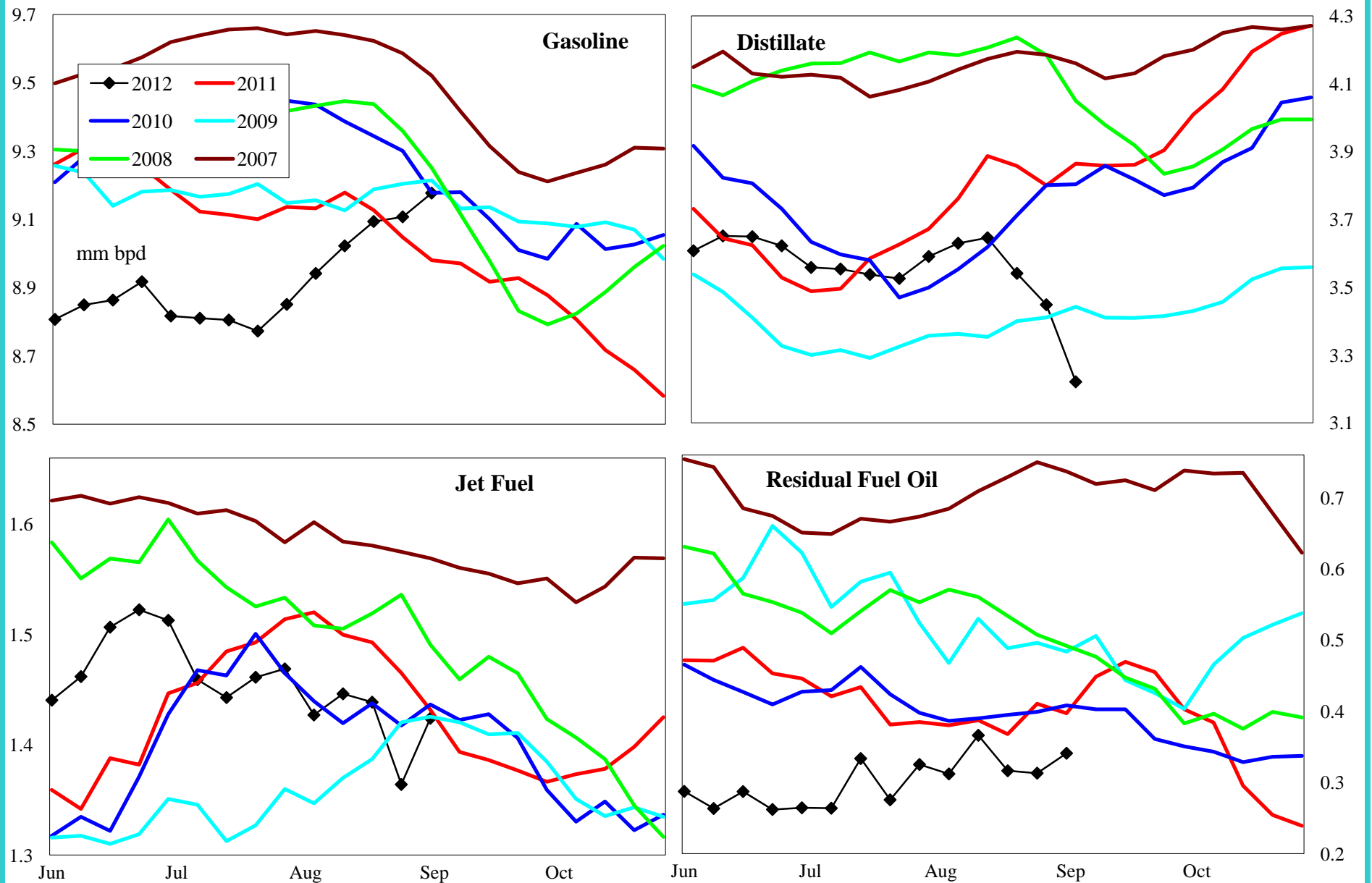
Gasoline supply decreased -25,000 bpd on the week; with the latest 4-wk average -85,000 bpd below a year ago. Stocks declined -0.5 million barrels last week, -2% below the 5-year average.

Distillate supply declined -55,000 bpd on the week, with the latest 4-wk average -35,000 bpd below a year ago. Stocks increased +0.5 million barrels, still -11% below last year's 5-year high.

Jet fuel supplies climbed +22,000 bpd on near record high imports.

 FUNDAMENTAL PETROLEUM TRENDS ?		PETROLEUM: Graph Link and Weekly Summary					
		A Fundamental Petroleum Trends Weekly Report		September 6, 2012			
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	31-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	-7,426	-132	-269	-7,076	248	-198
	Imports	-1,460	285	-104	-1,349	6	-299
	Input	-772	88	-171	-678	5	-15
	% Utilization	-5.10					
Gasoline	Stocks	-2,334	379	598	-2,411	-351	-548
	Production	93	35	28	-67	-15	-41
	Imports	274	257	2	0	0	16
	Supplied	113					
Distillate	Stocks	993	-120	1,750	-1,212	79	496
	Production	-326	23	-40	-265	-7	-36
	Imports	1	-42	0	64	0	-22
	Supplied	-342					
Jet Fuel	Stocks	-127	-76	313	-655	-32	323
	Production	-92	0	12	-79	-10	-15
	Imports	-10	-47	0	0	0	37
	Supplied	104					
Residual Fuel Oil	Stocks	-581	612	120	-1,567	8	247
	Production	-3	-12	-1	-22	0	32
	Imports	-75	-69	0	24	0	-30
	Supplied	-110					

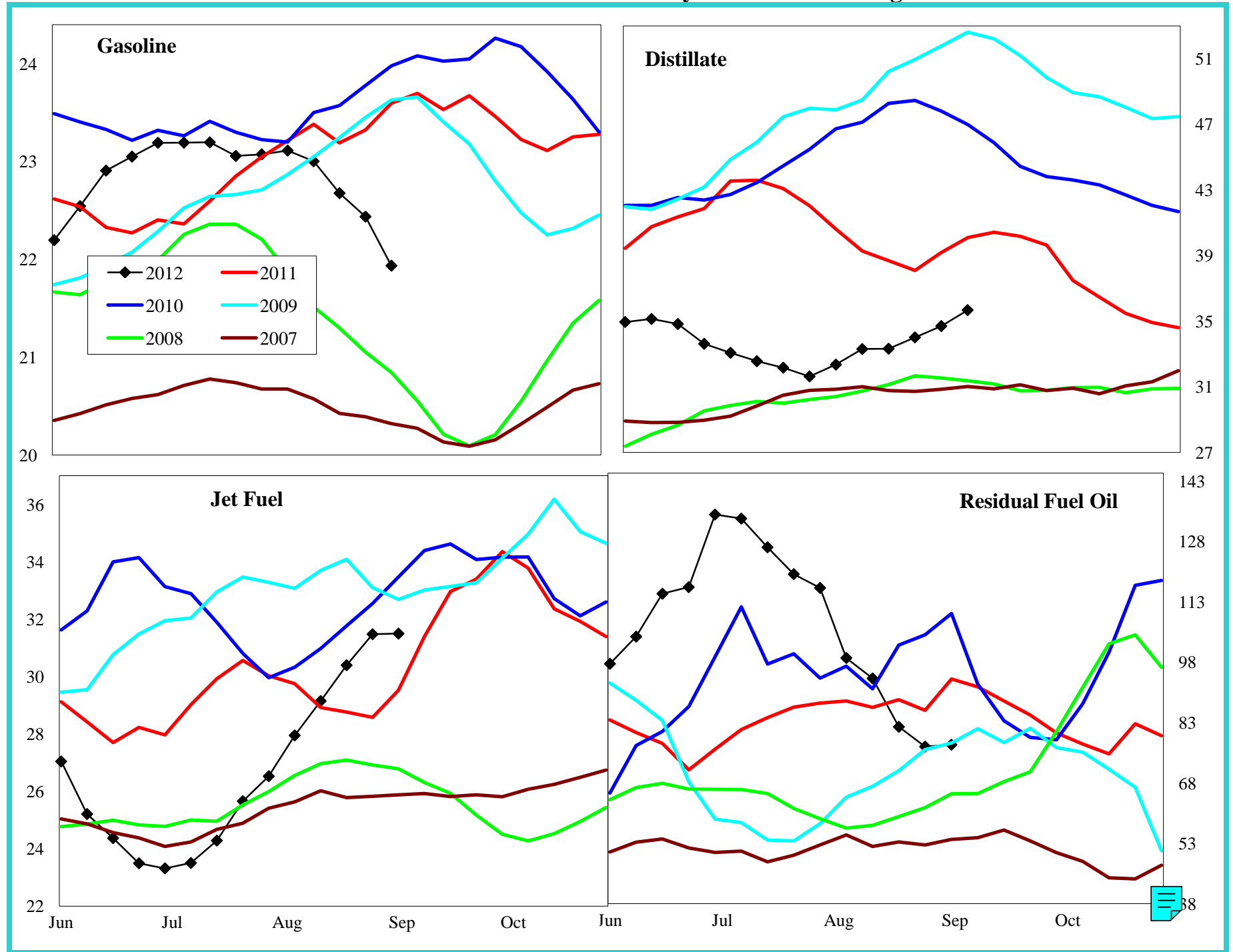
United States Wholesale Petroleum Demand



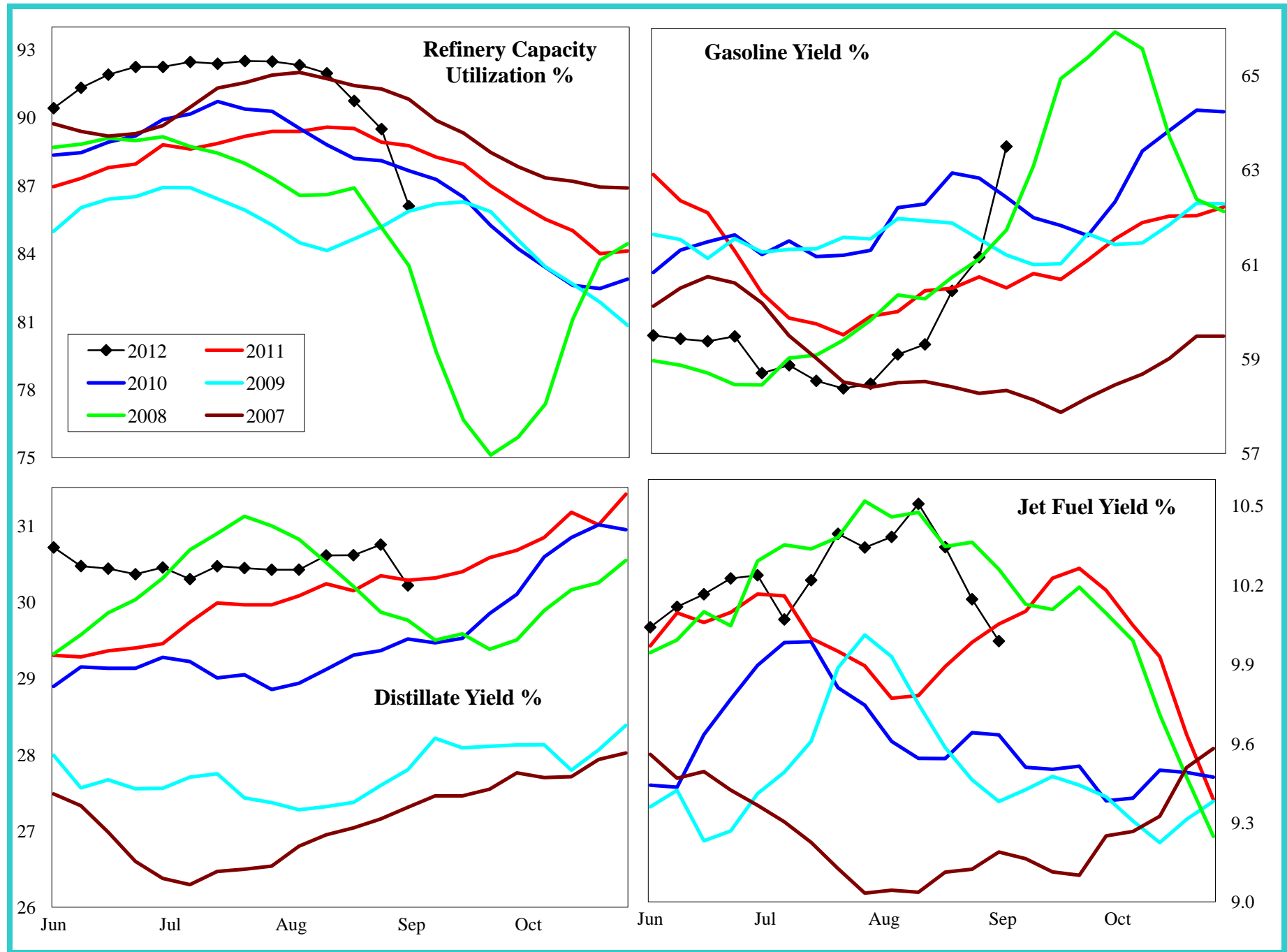
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	60	-204	-128	212	0.7	-2.3	-1.4	2.4
Distillate	-357	8	-186	88	-9.3	0.2	-4.8	2.4
Jet Fuel	-91	-11	44	-20	-6.0	-0.8	2.8	-1.4
Resid	-19	28	-162	-184	-4.5	8.9	-34.4	-38.5



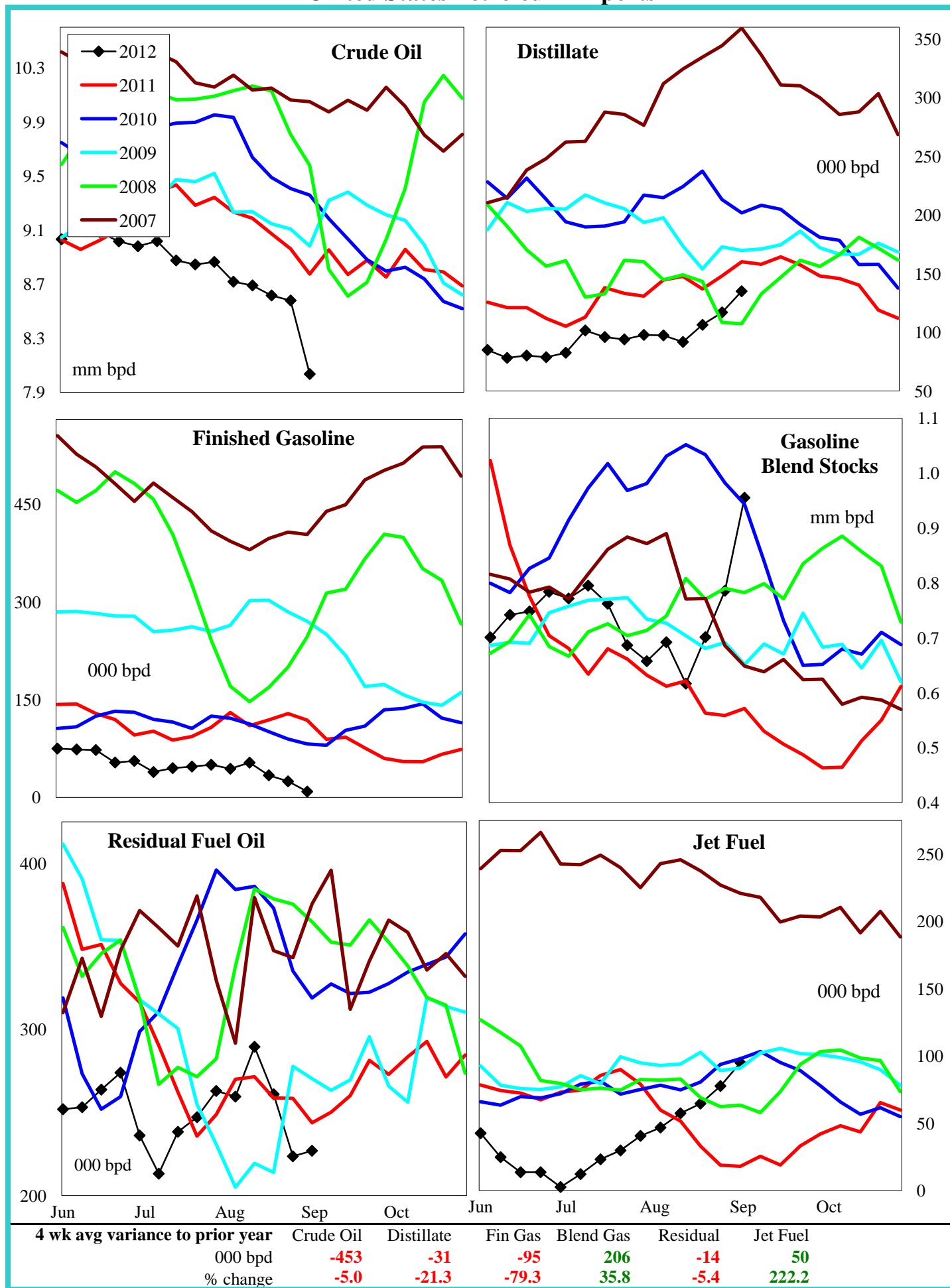
United States Product Stocks: Days Forward Coverage



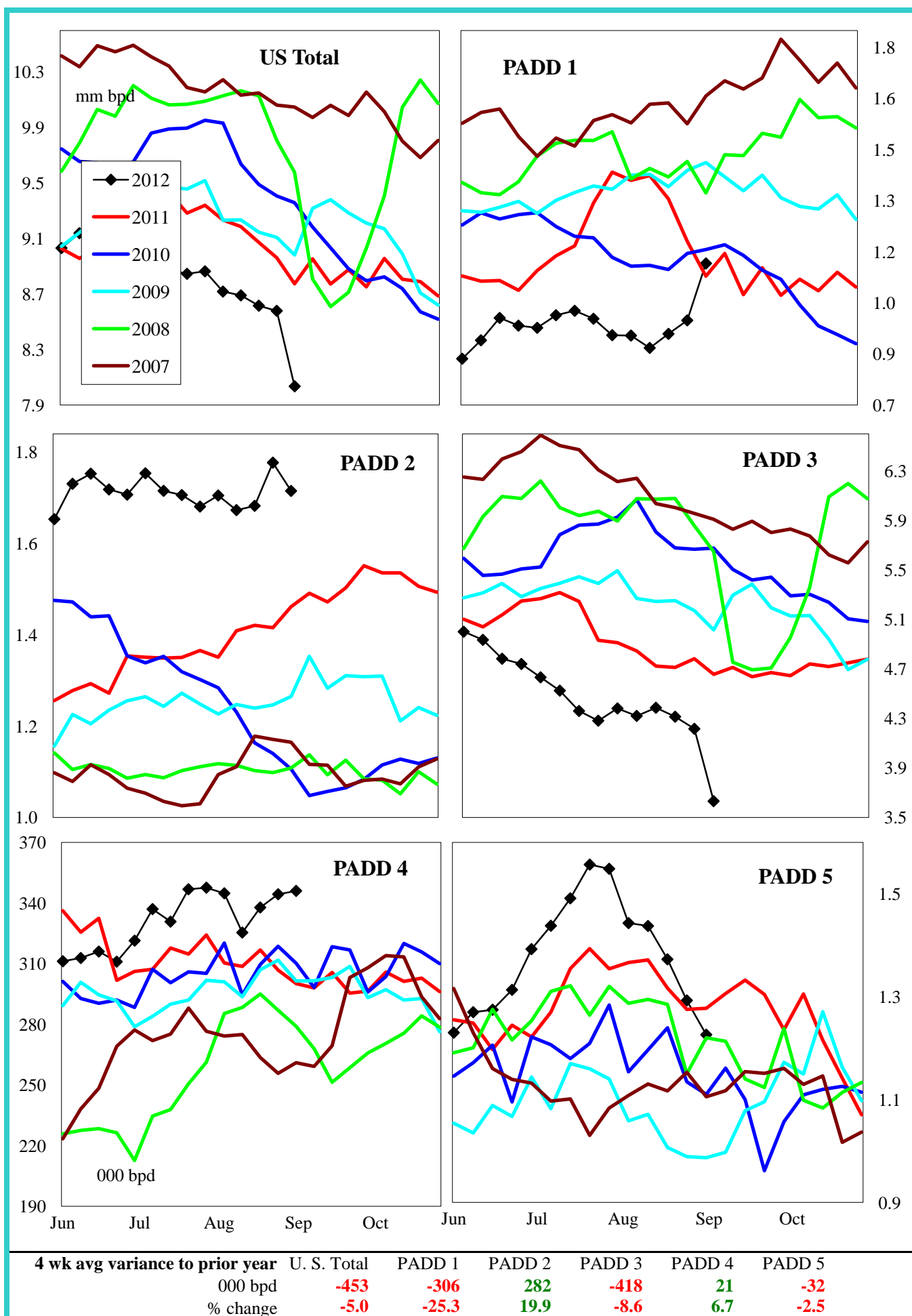
United States Refinery Percent Utilization Rate and Product Yields



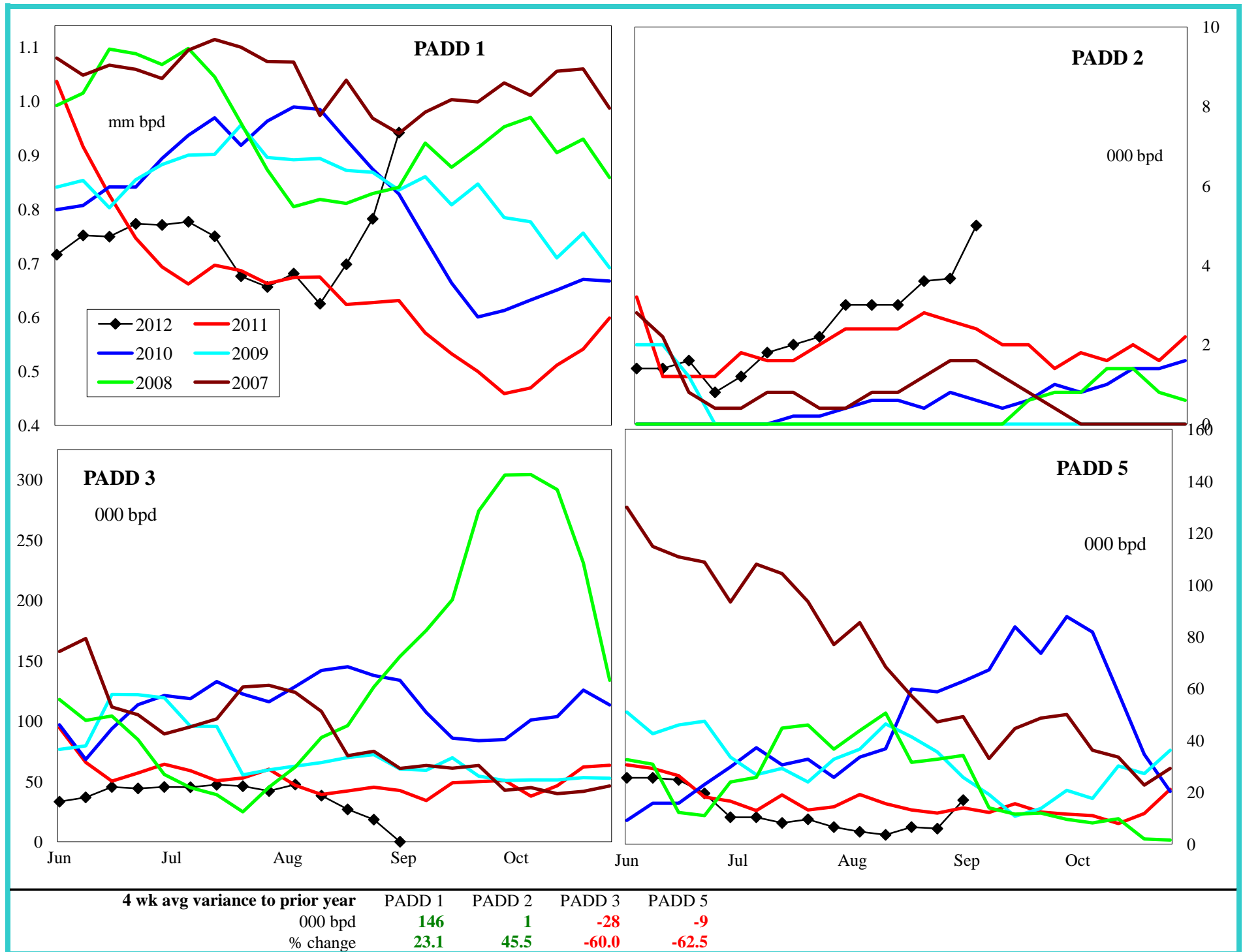
United States Petroleum Imports



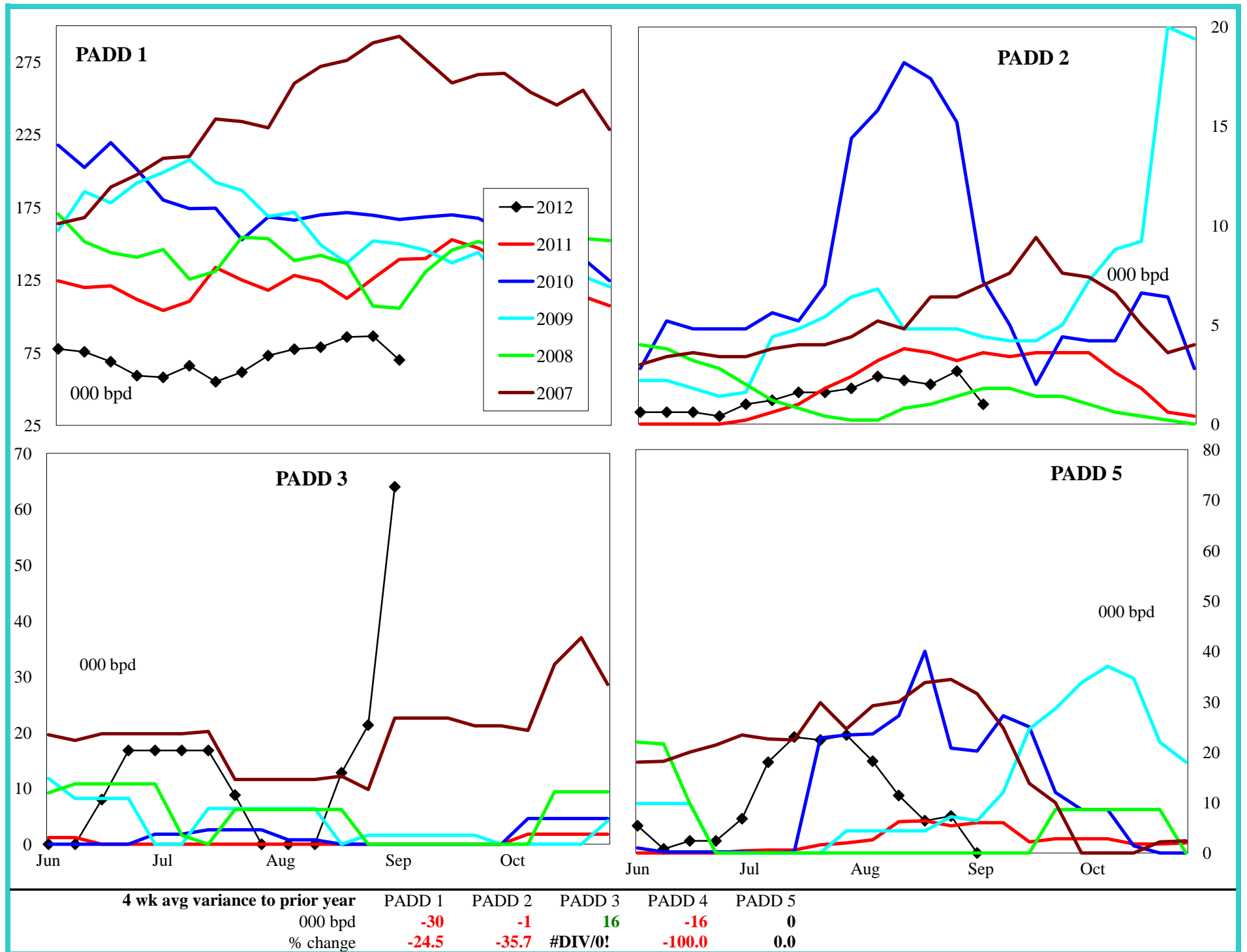
Crude Oil Imports by PADD



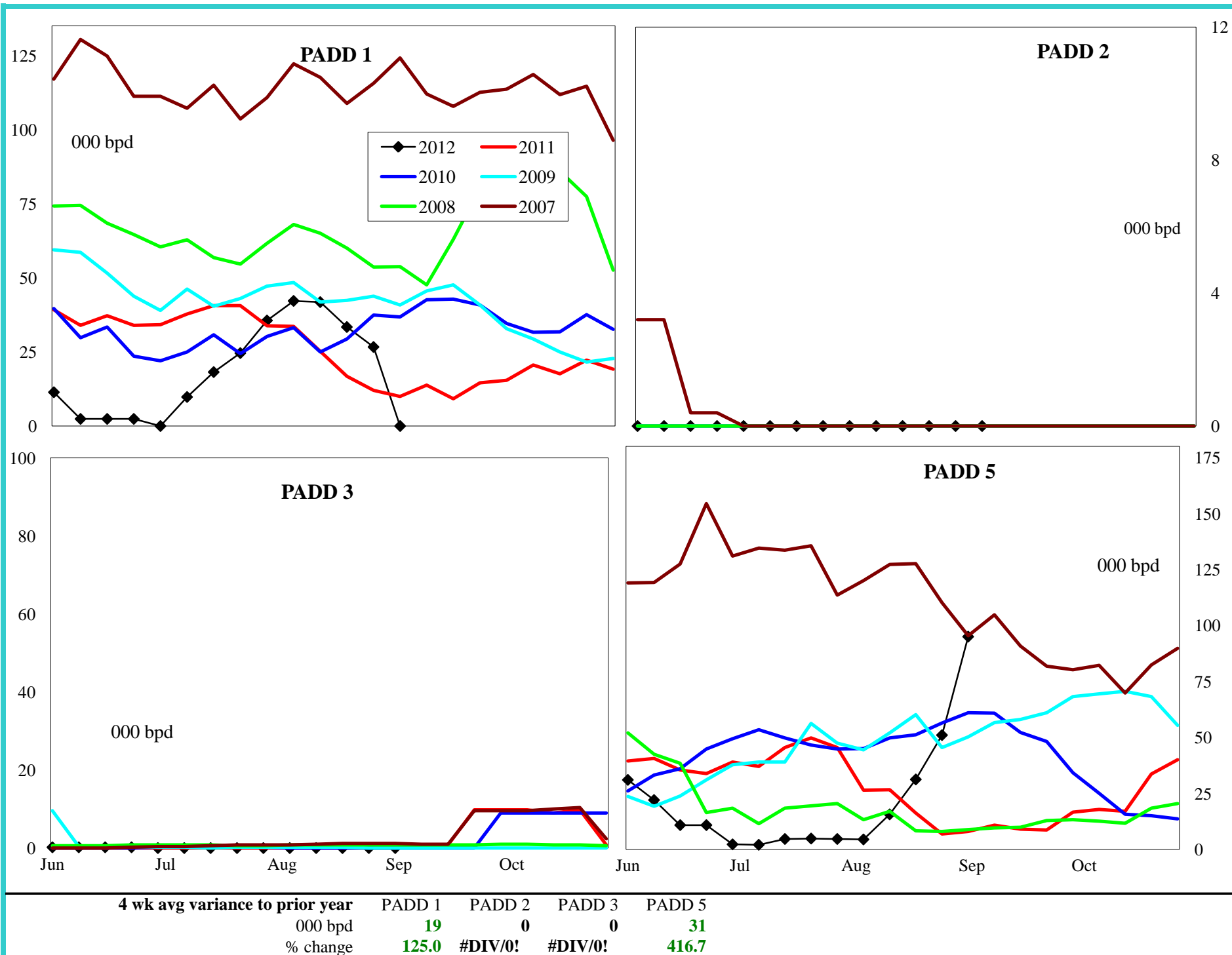
Gasoline Imports by PADD (Finished + Blend Stocks)



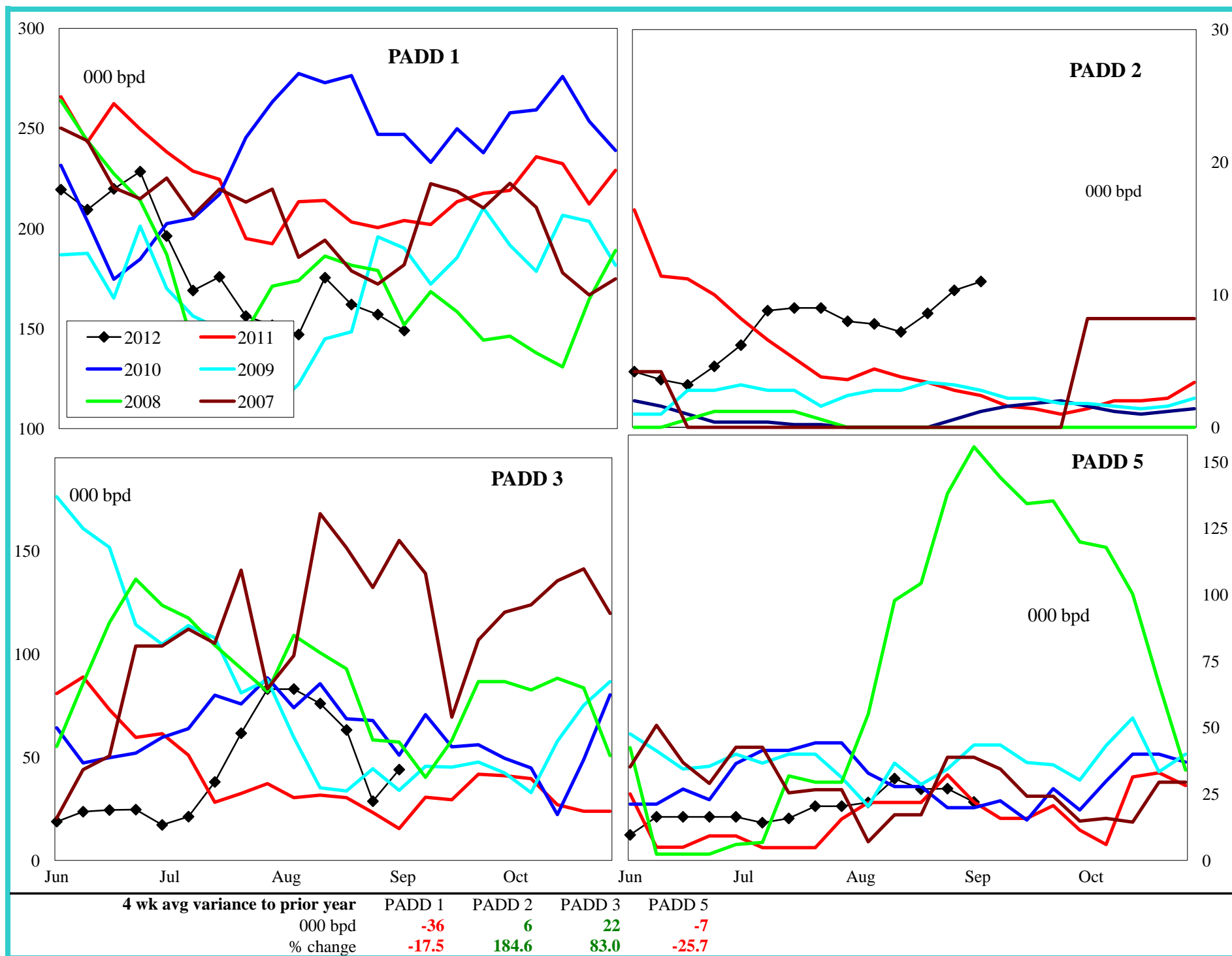
Distillate Imports by PADD



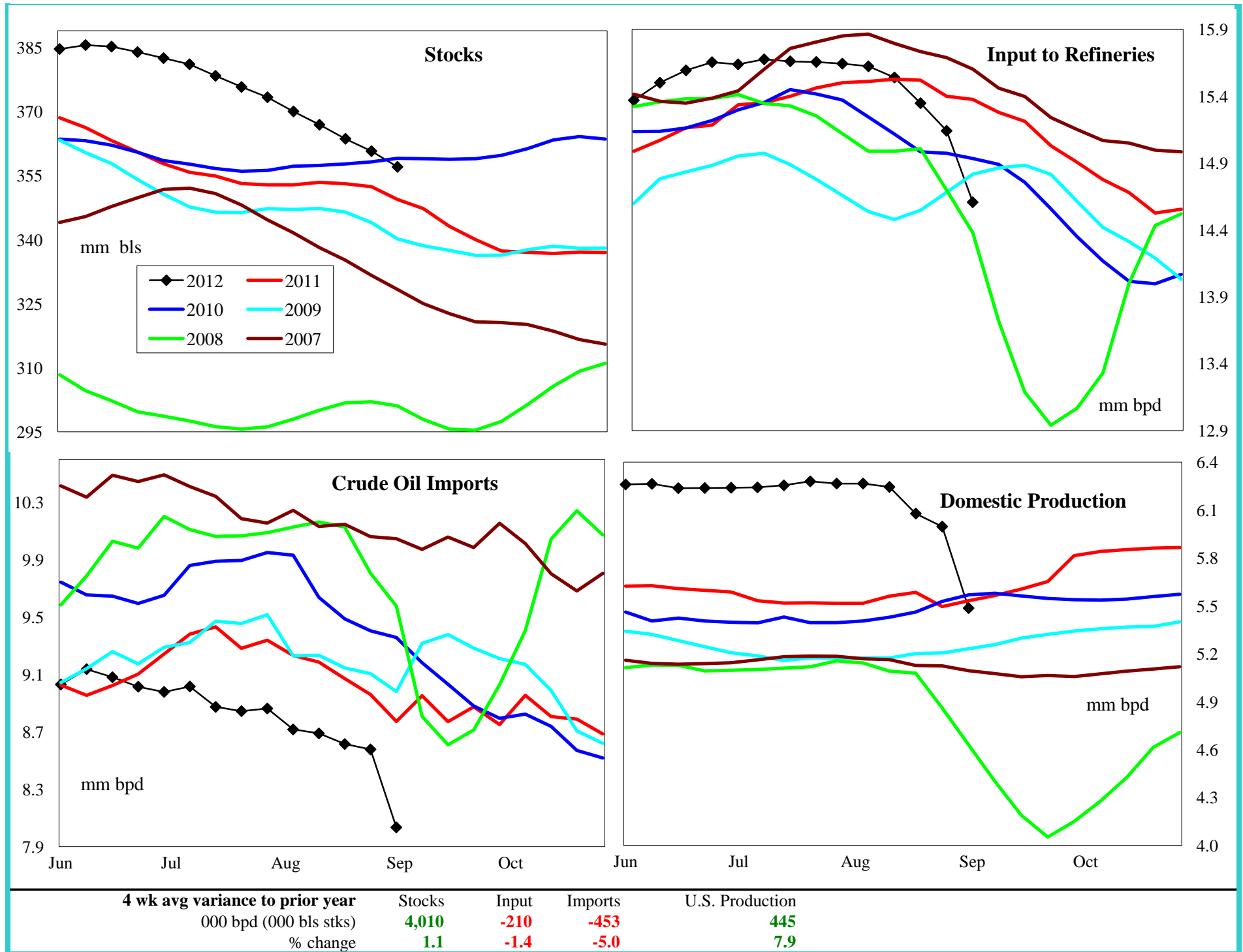
Jet Fuel Imports by PADD



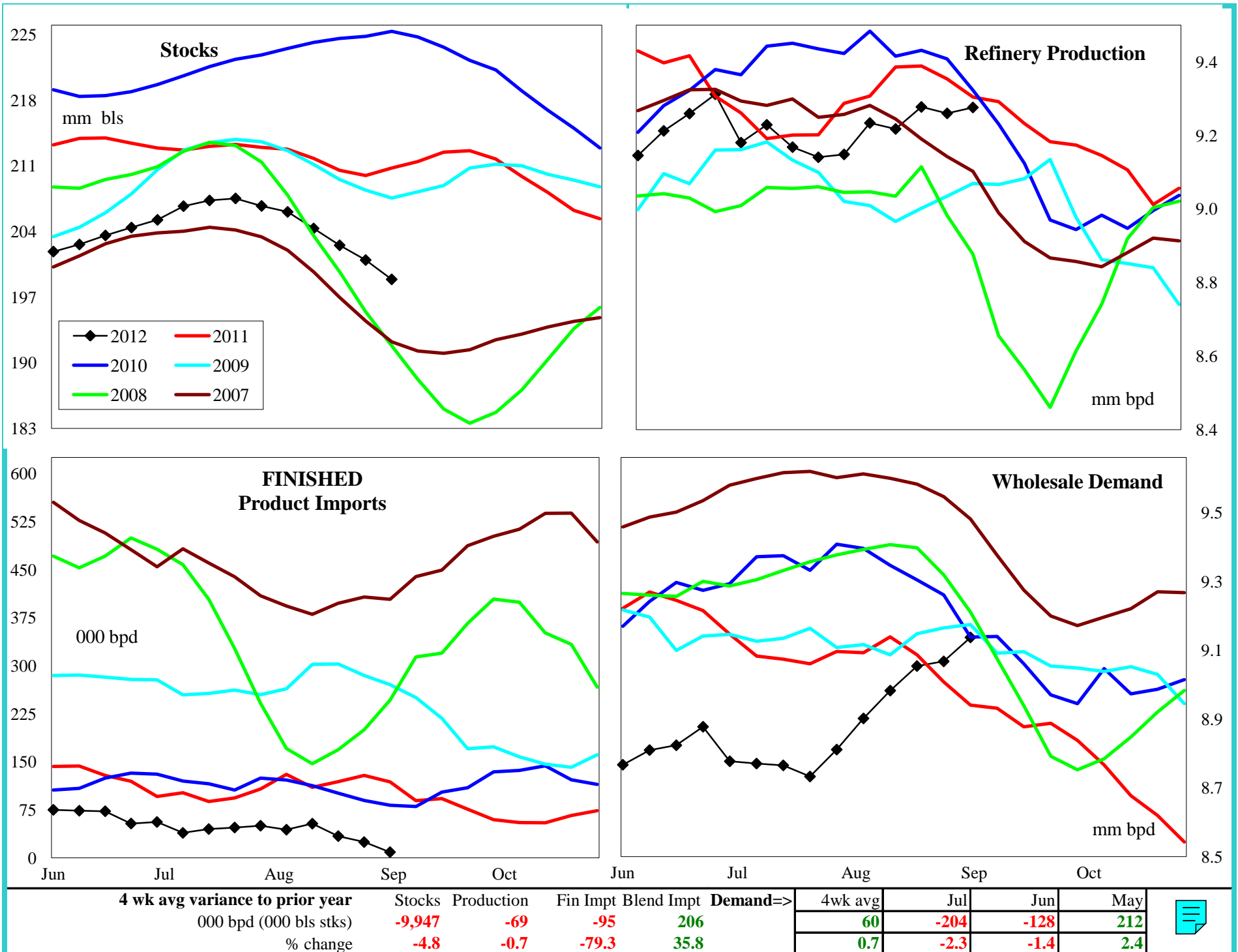
Residual Fuel Oil Imports by PADD



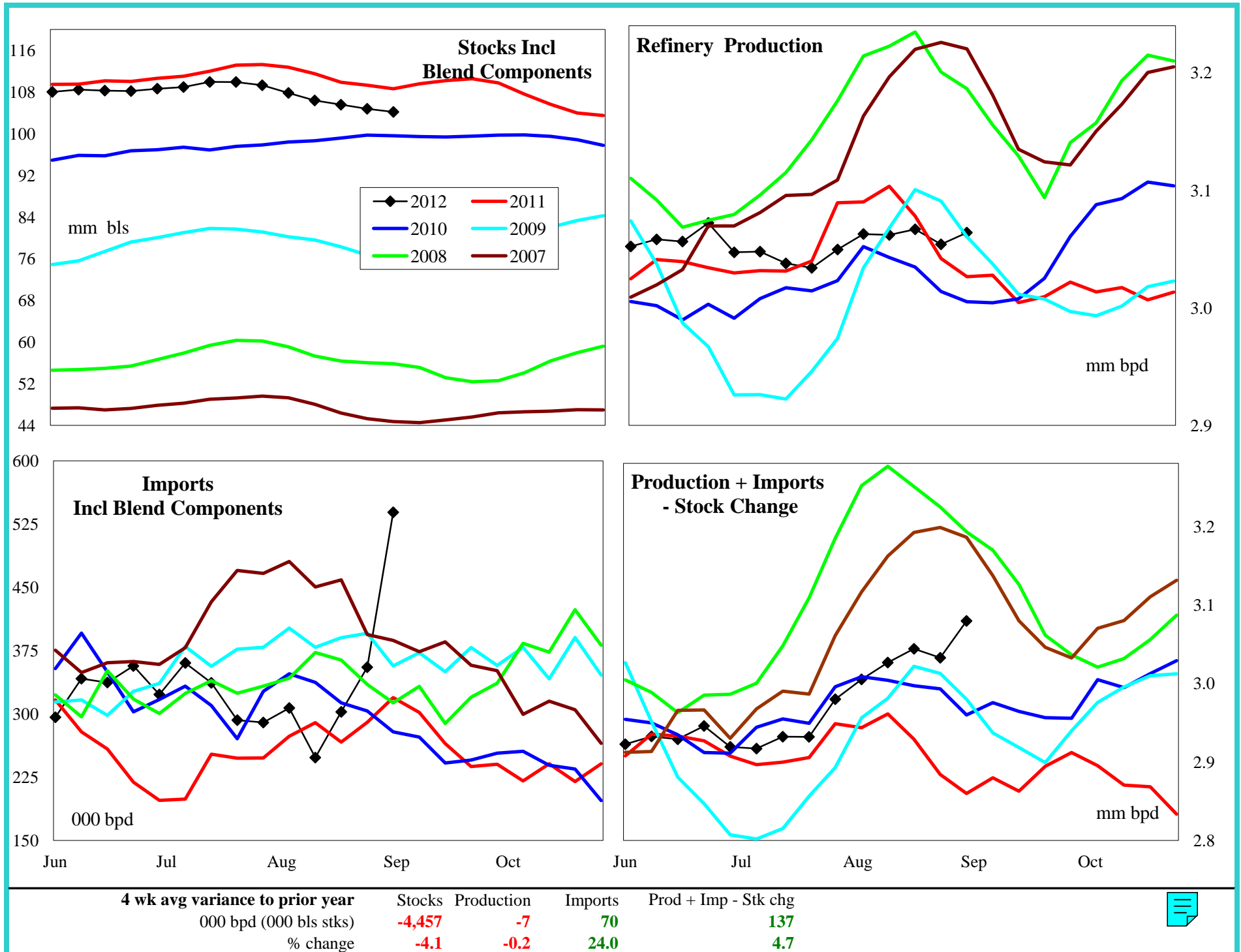
United States Crude Oil Supply and Demand Balance



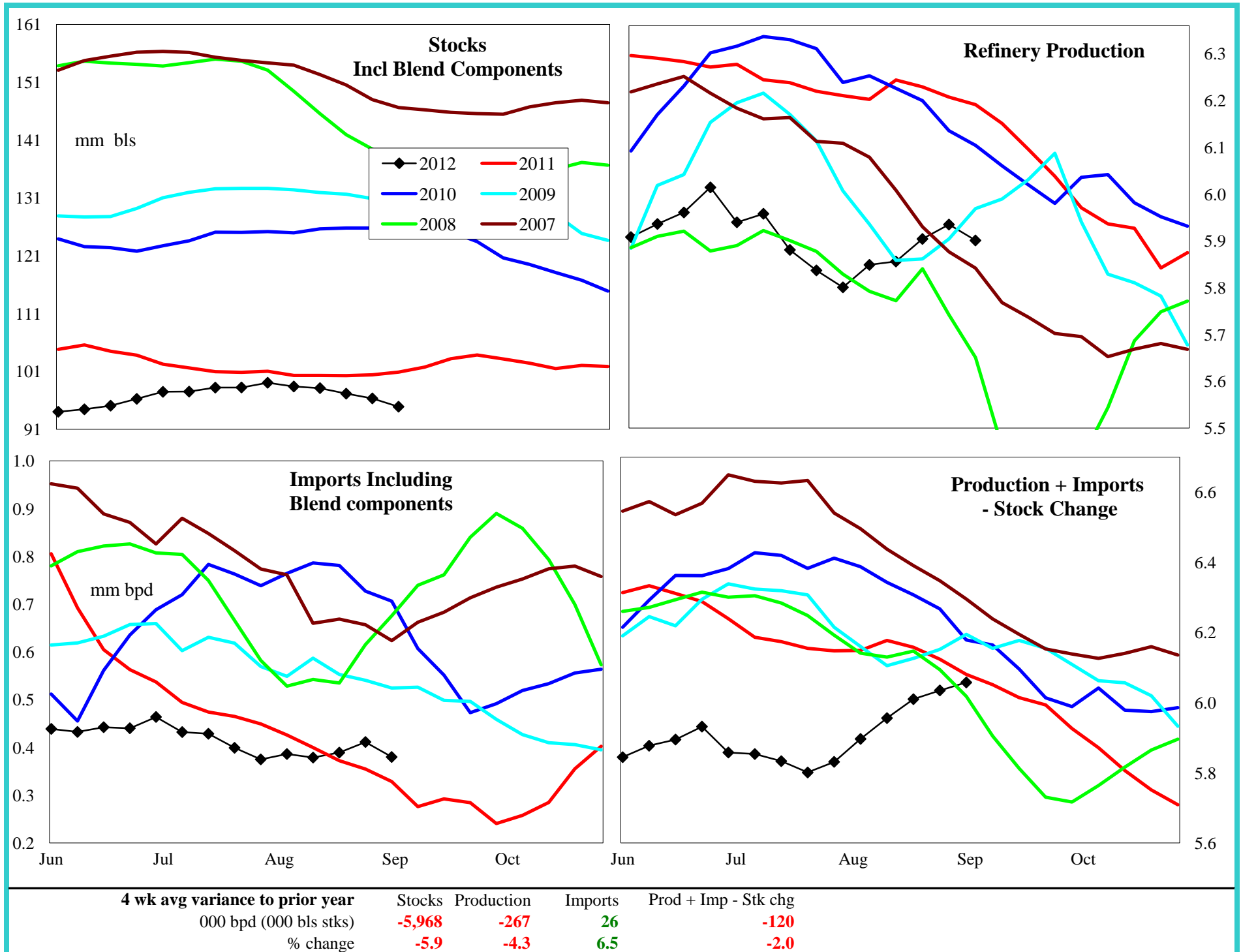
United States Gasoline Supply and Demand Balance



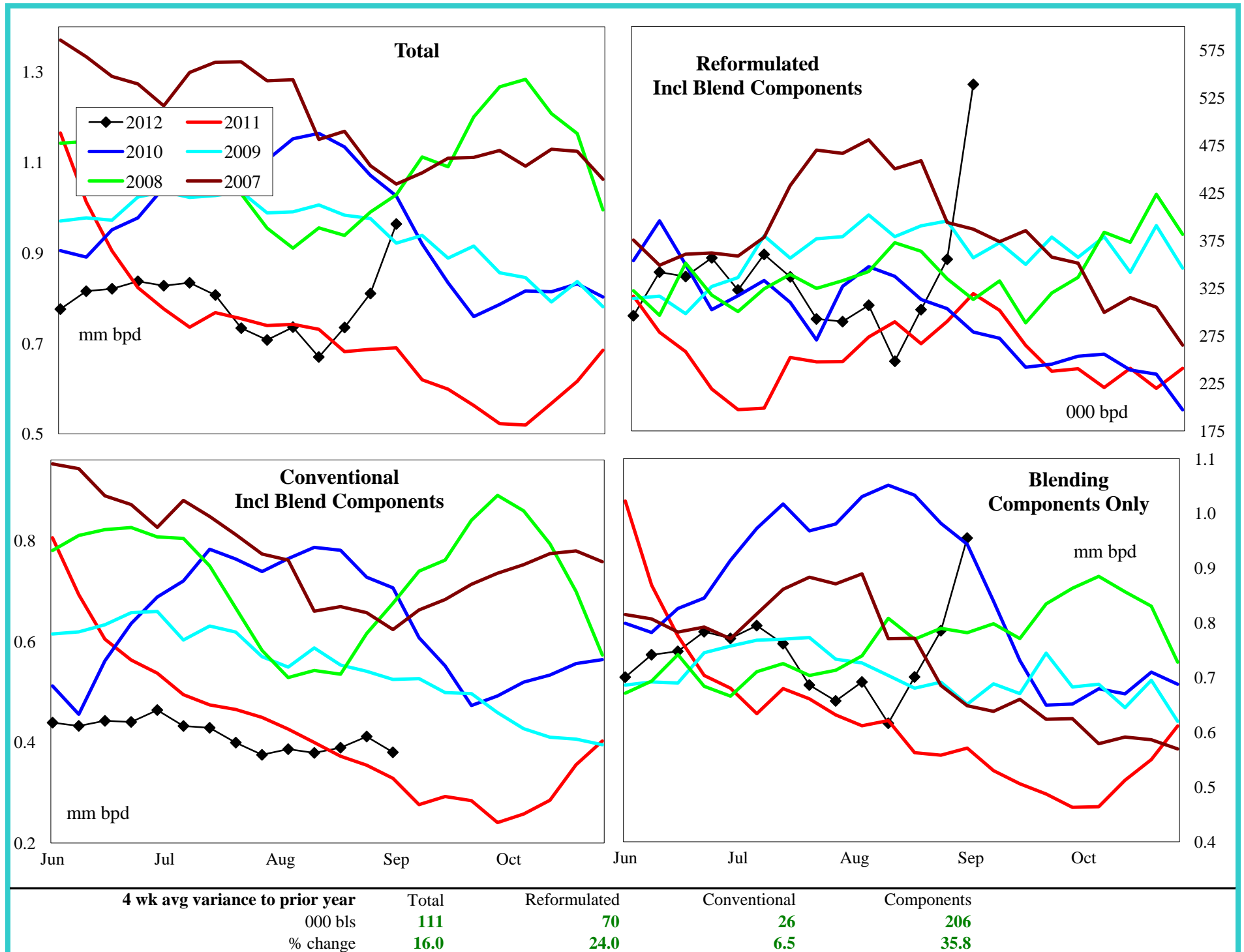
United States Reformulated Gasoline Supply



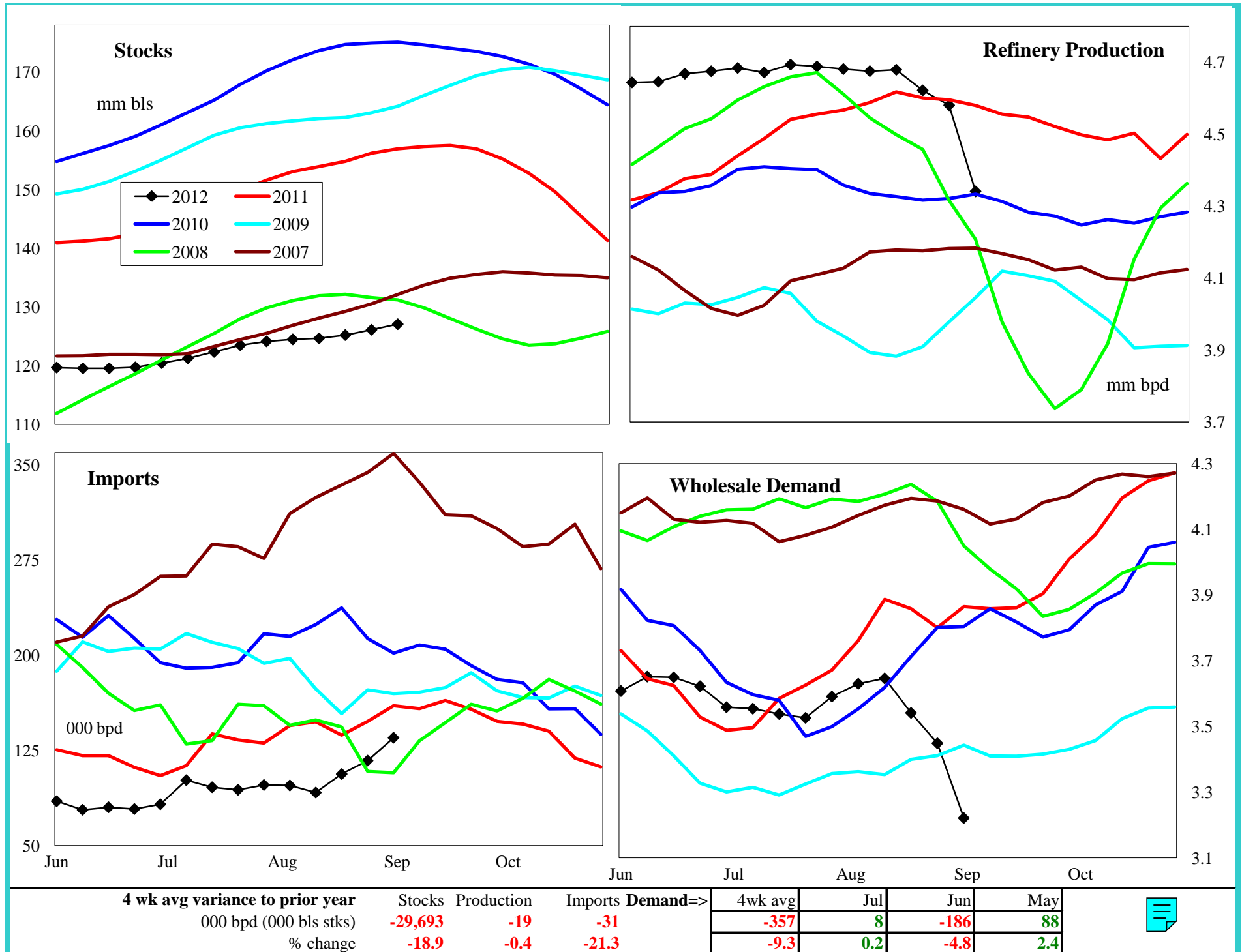
United States Conventional Gasoline Supply



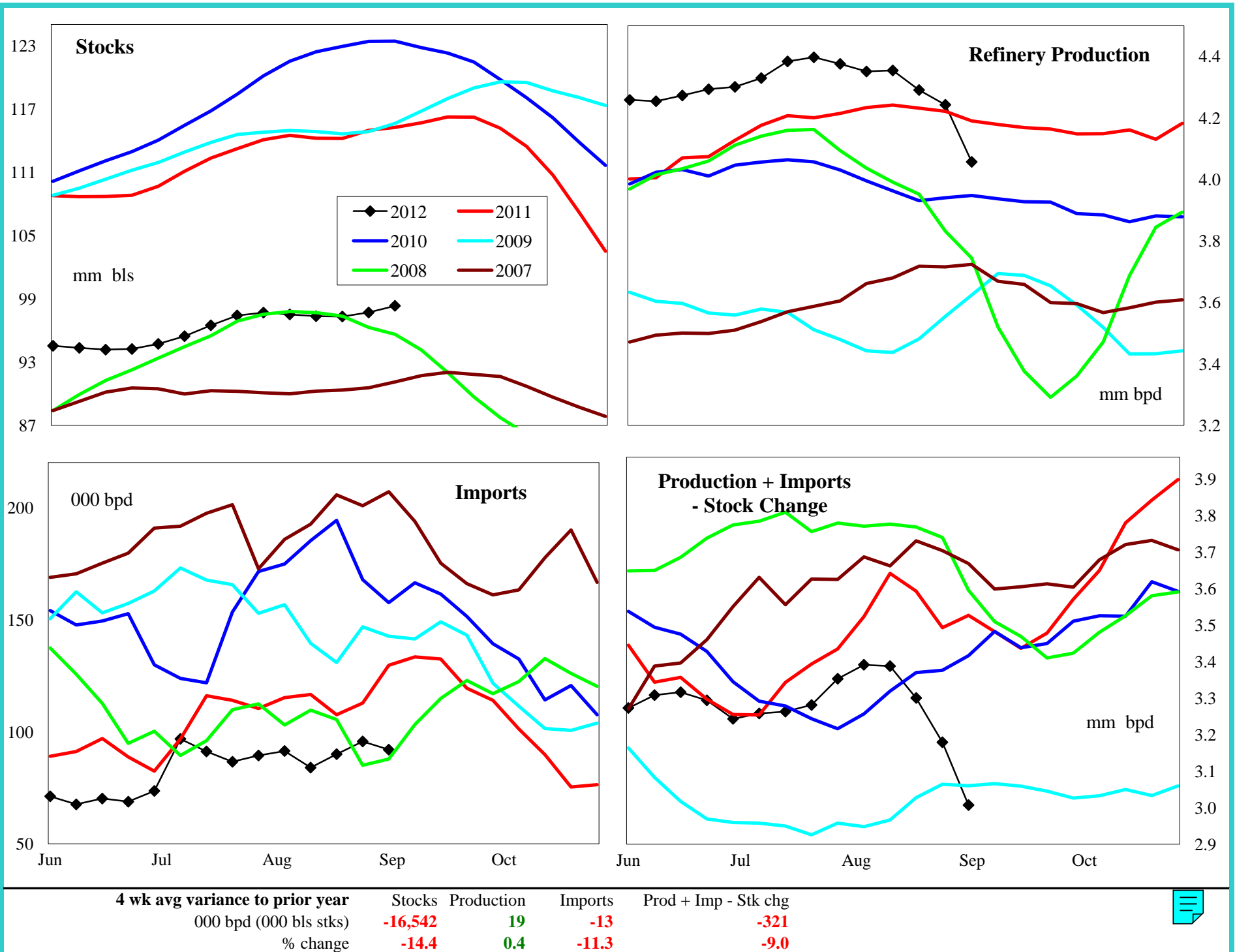
United States Gasoline Imports by Type



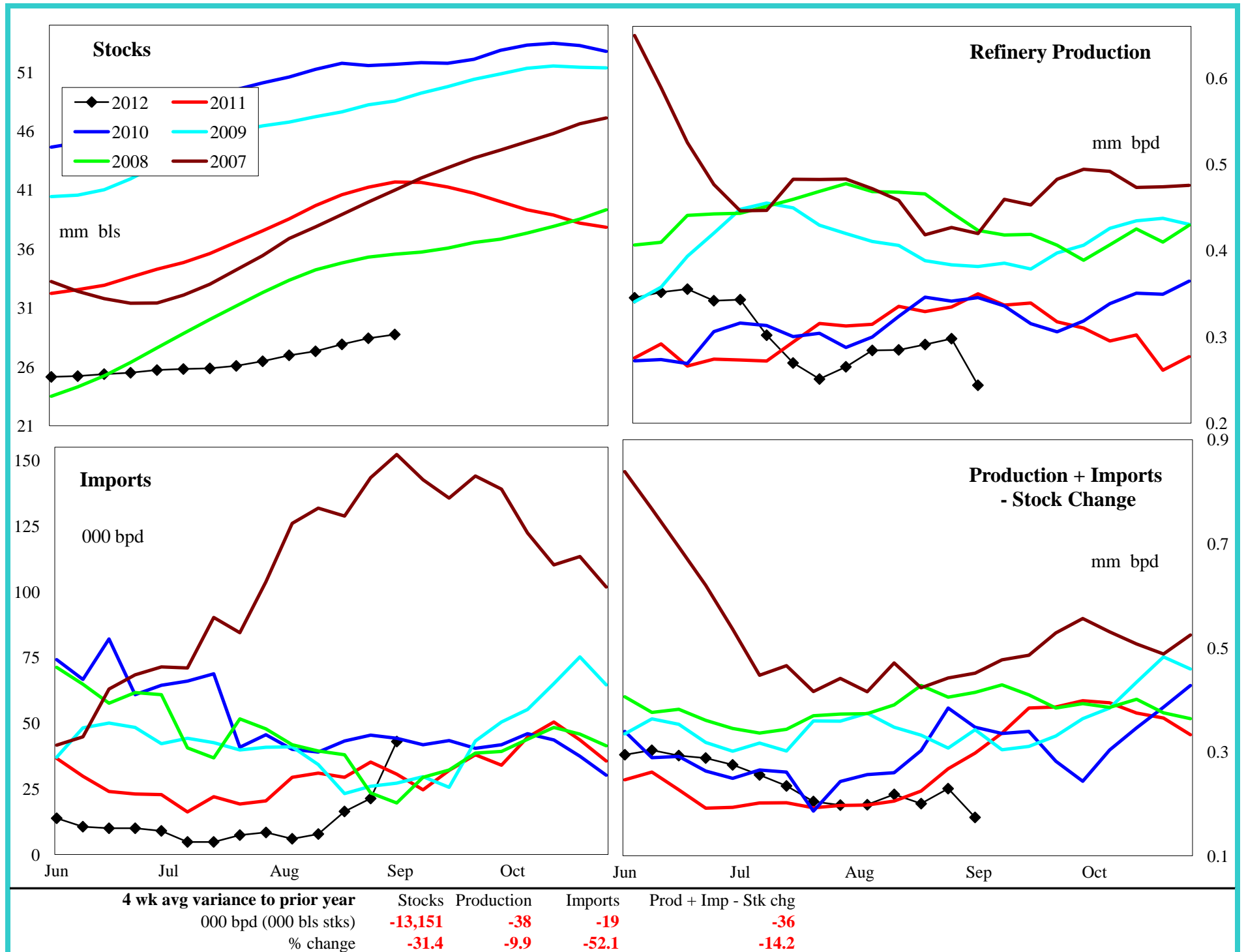
United States Distillate Supply and Demand Balance



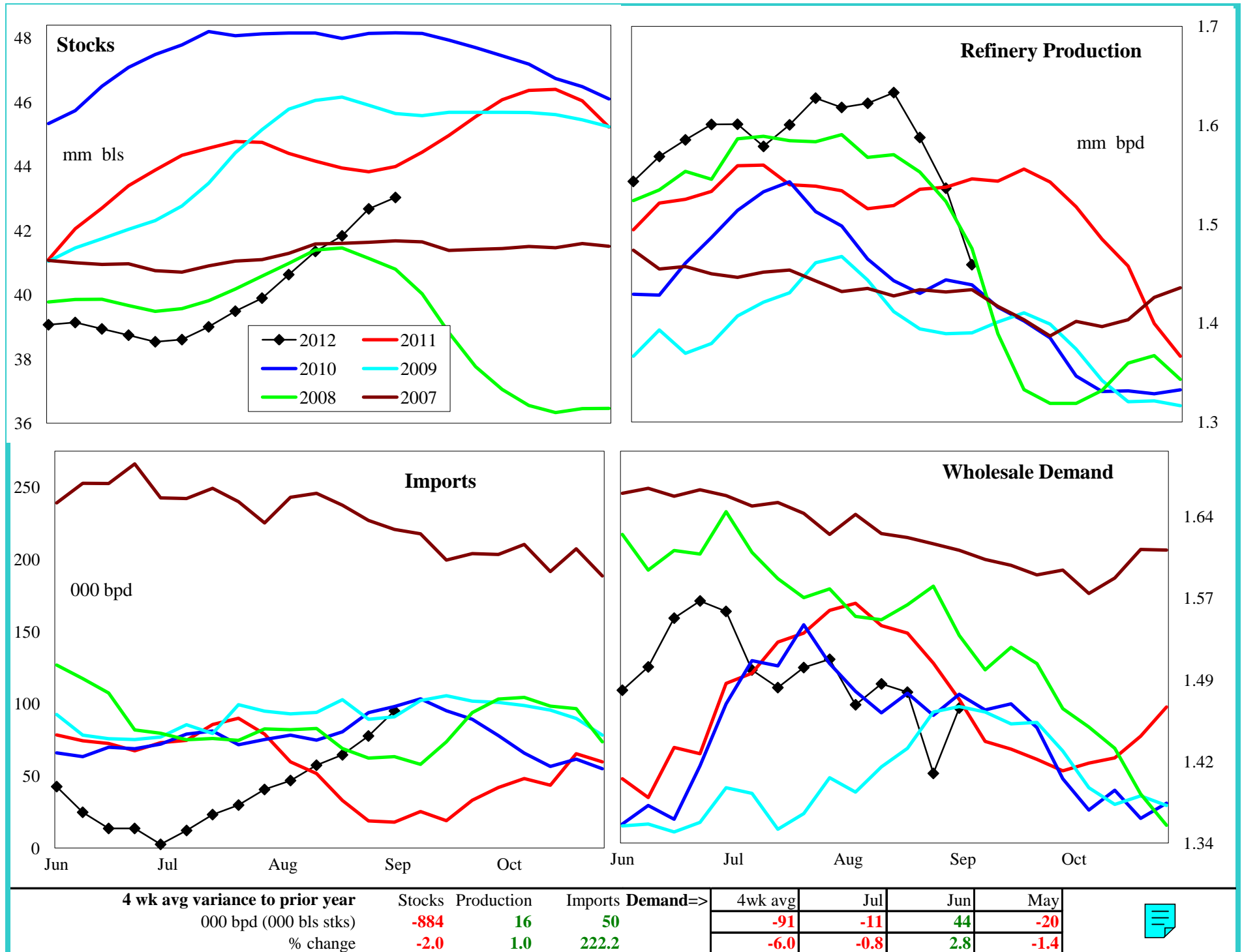
United States Low Sulfur Distillate Supply



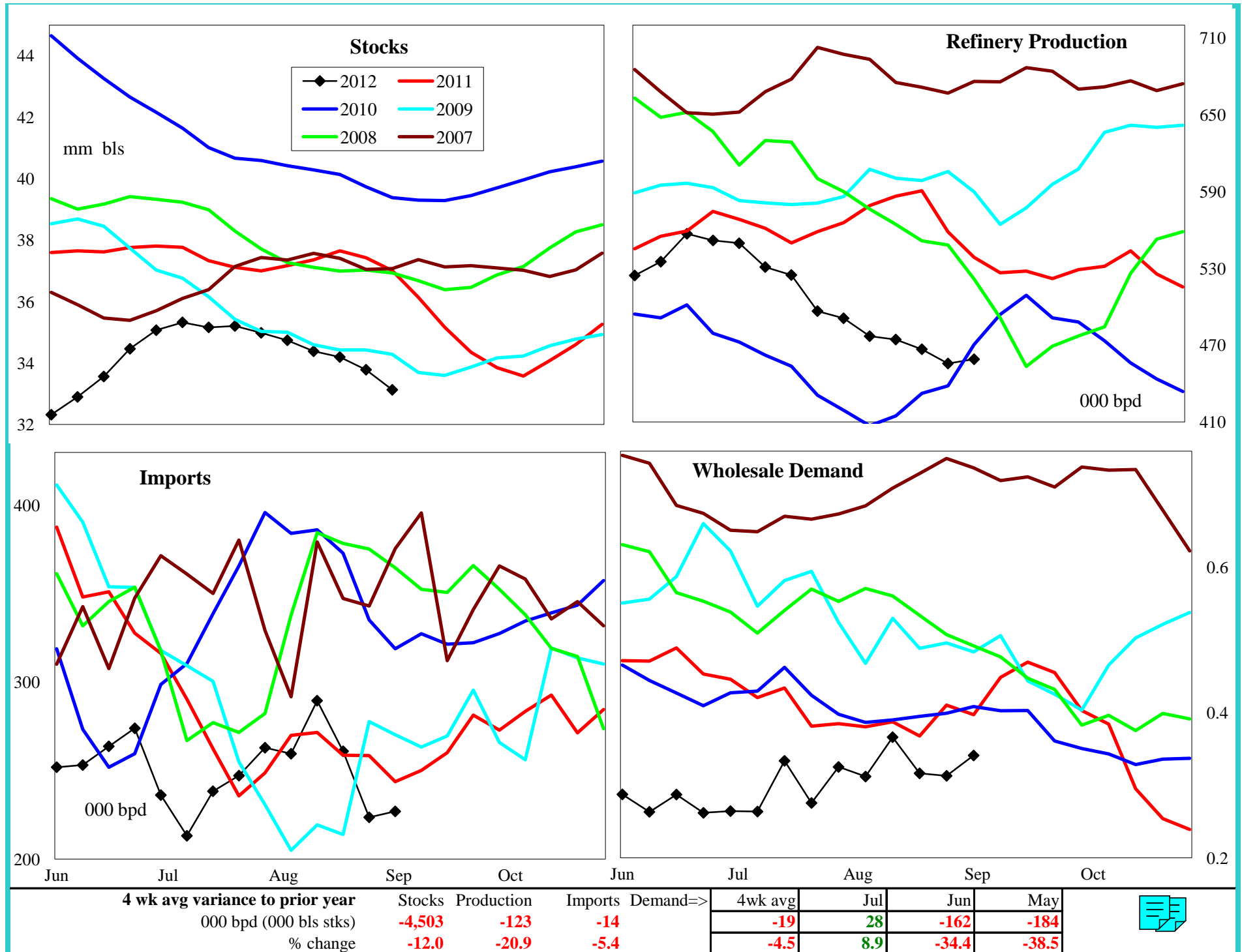
United States High Sulfur Distillate Supply



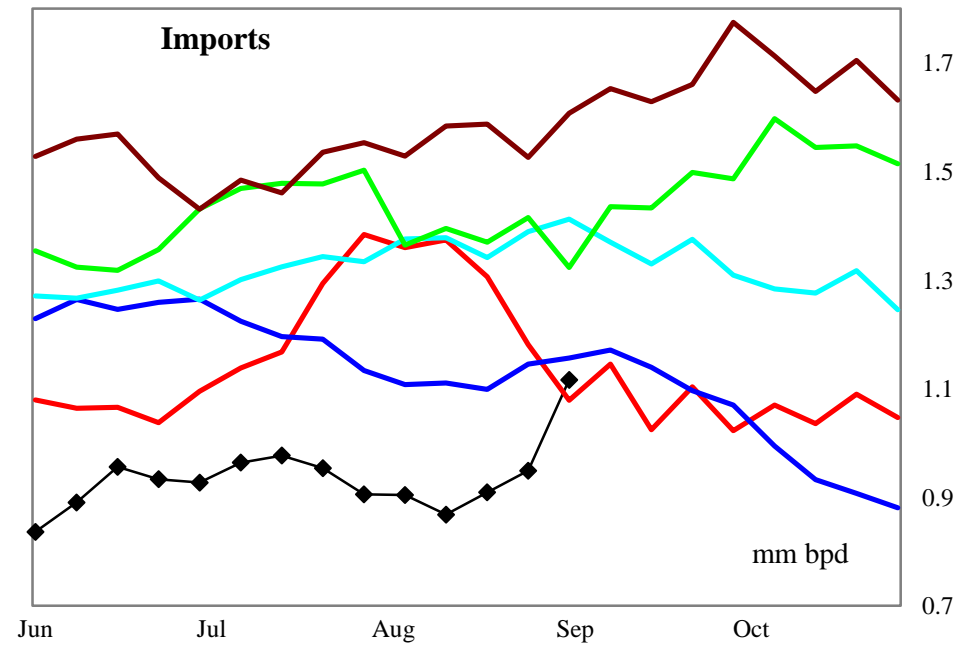
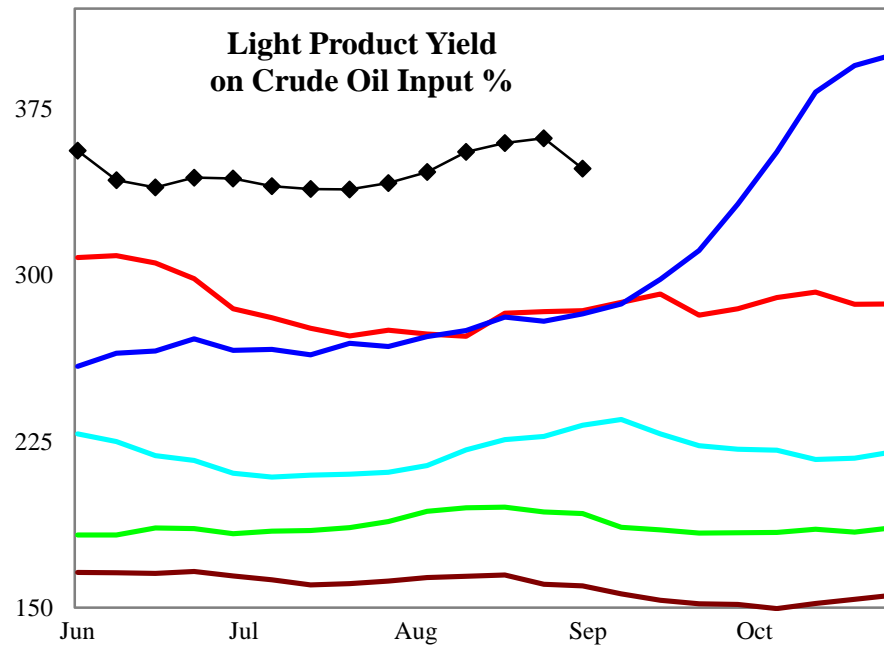
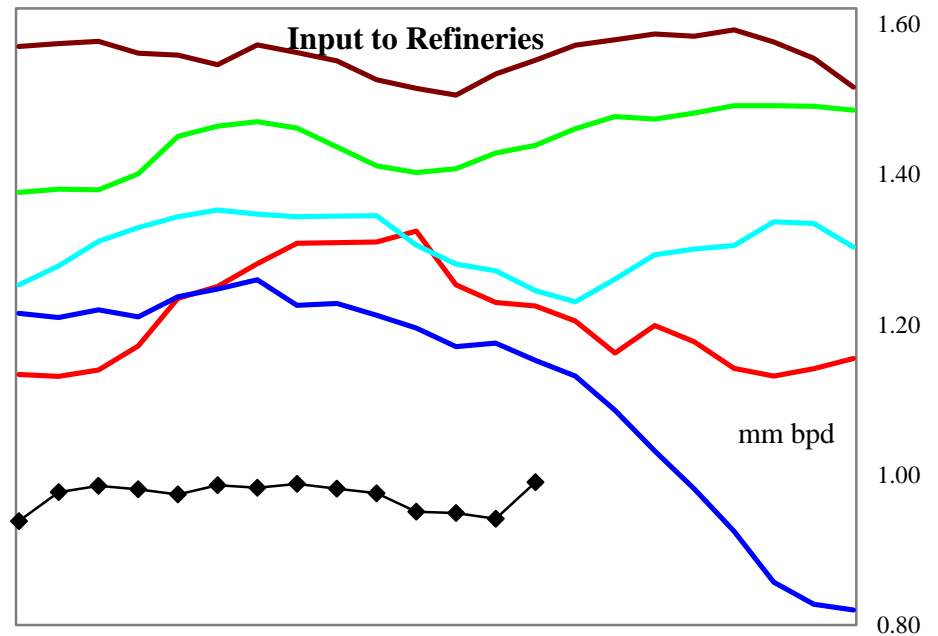
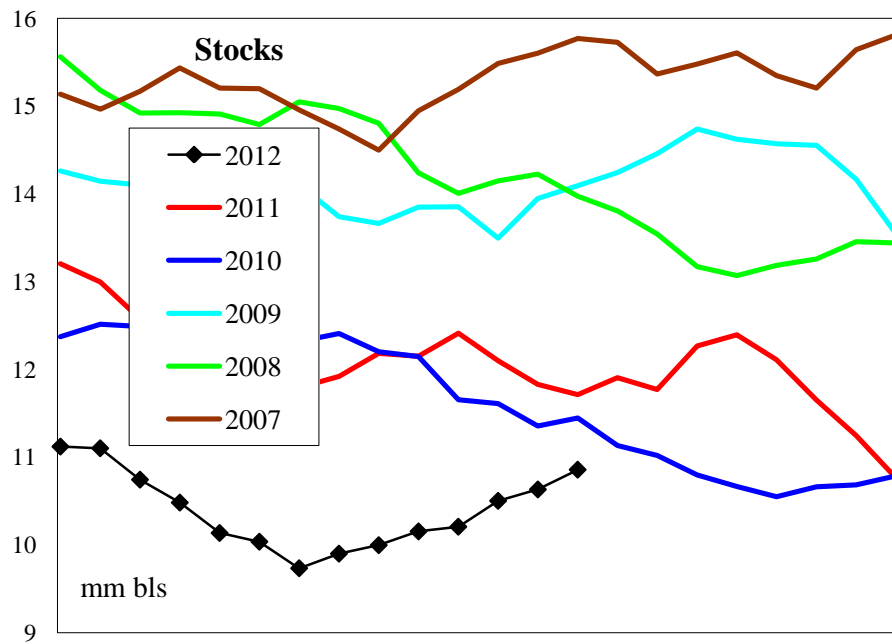
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

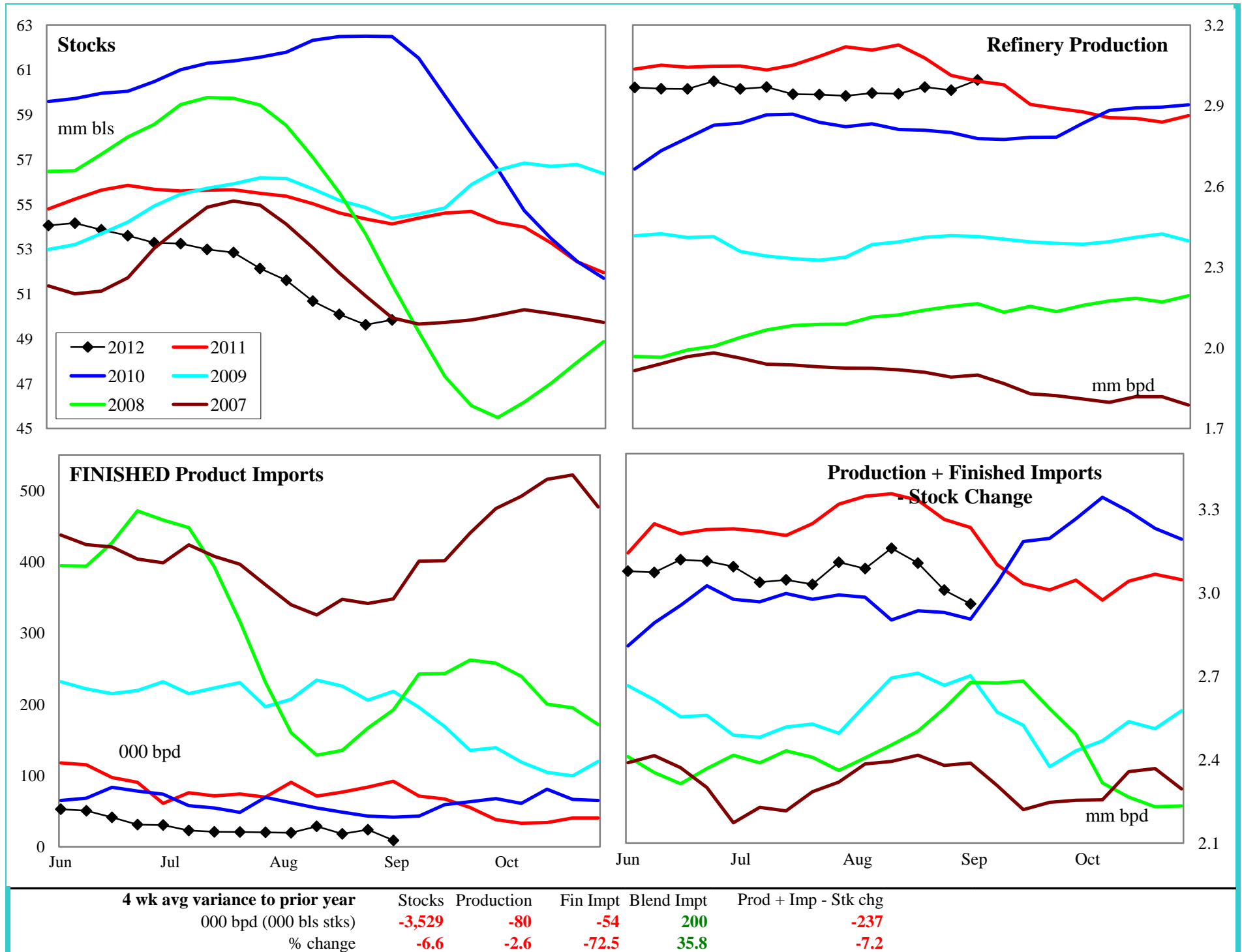


4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

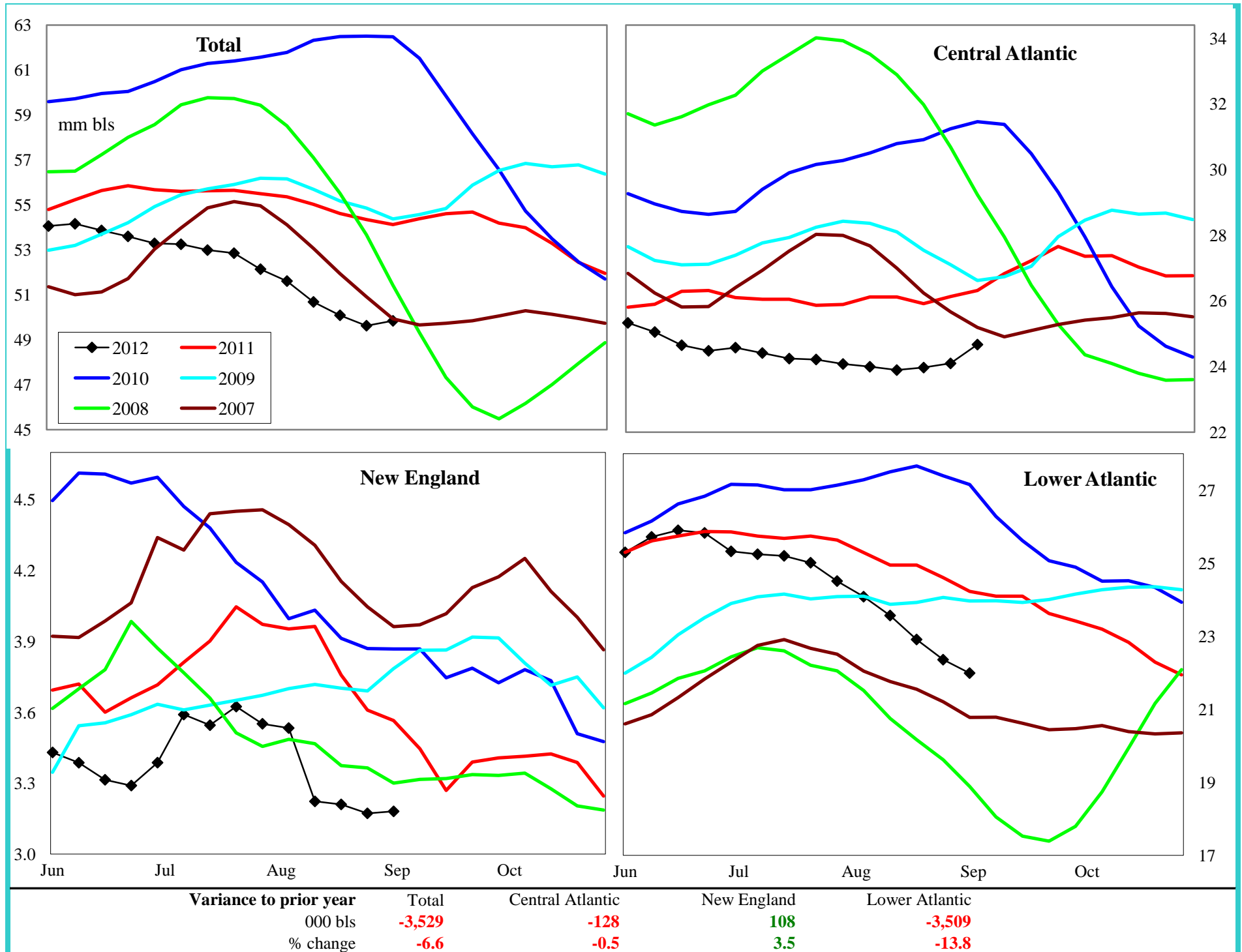
	Stocks	Input	Imports
000 bpd (000 bls stks)	-854	-292	-306
% change	-7.3	-23.7	-25.3



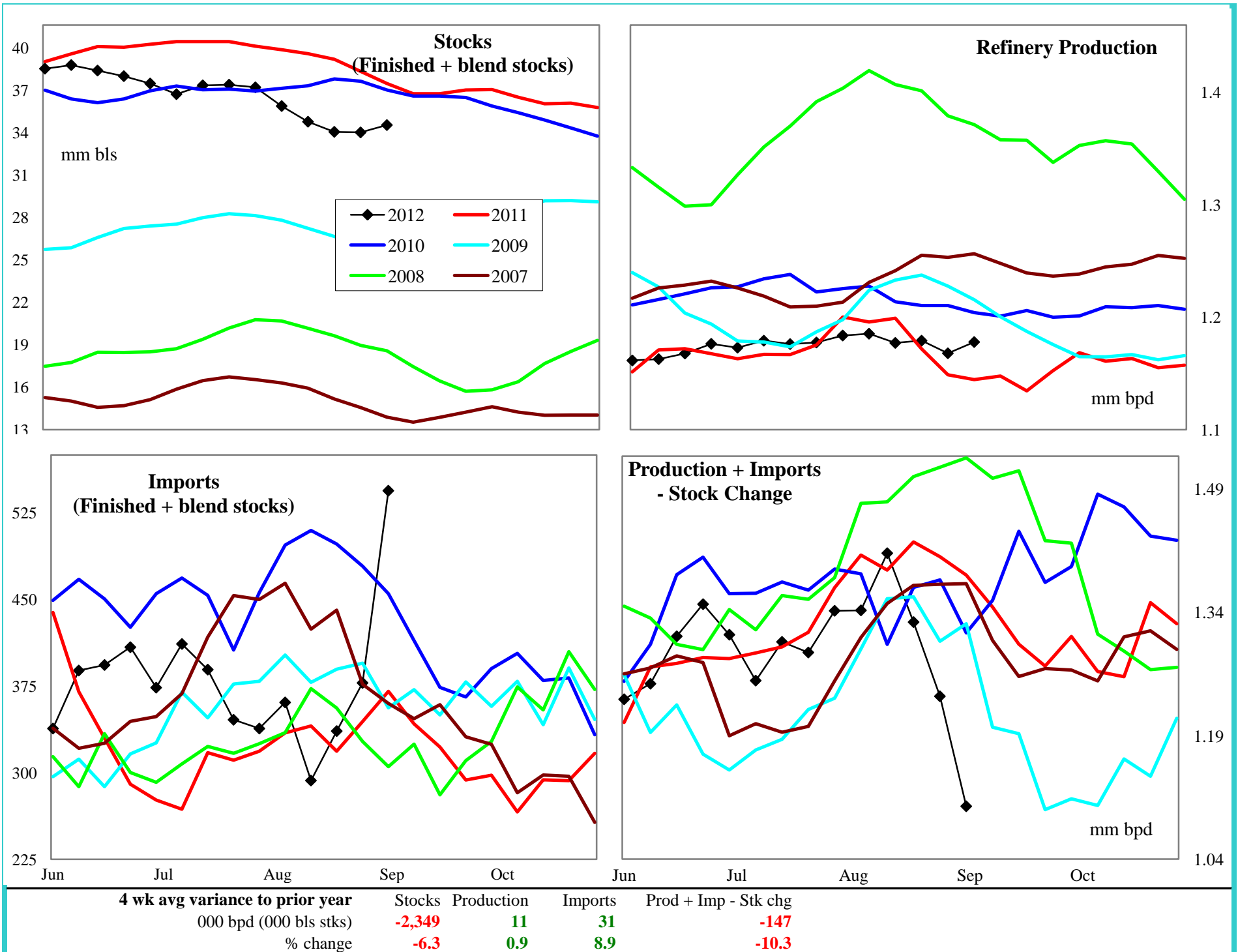
PADD 1 Gasoline Supply



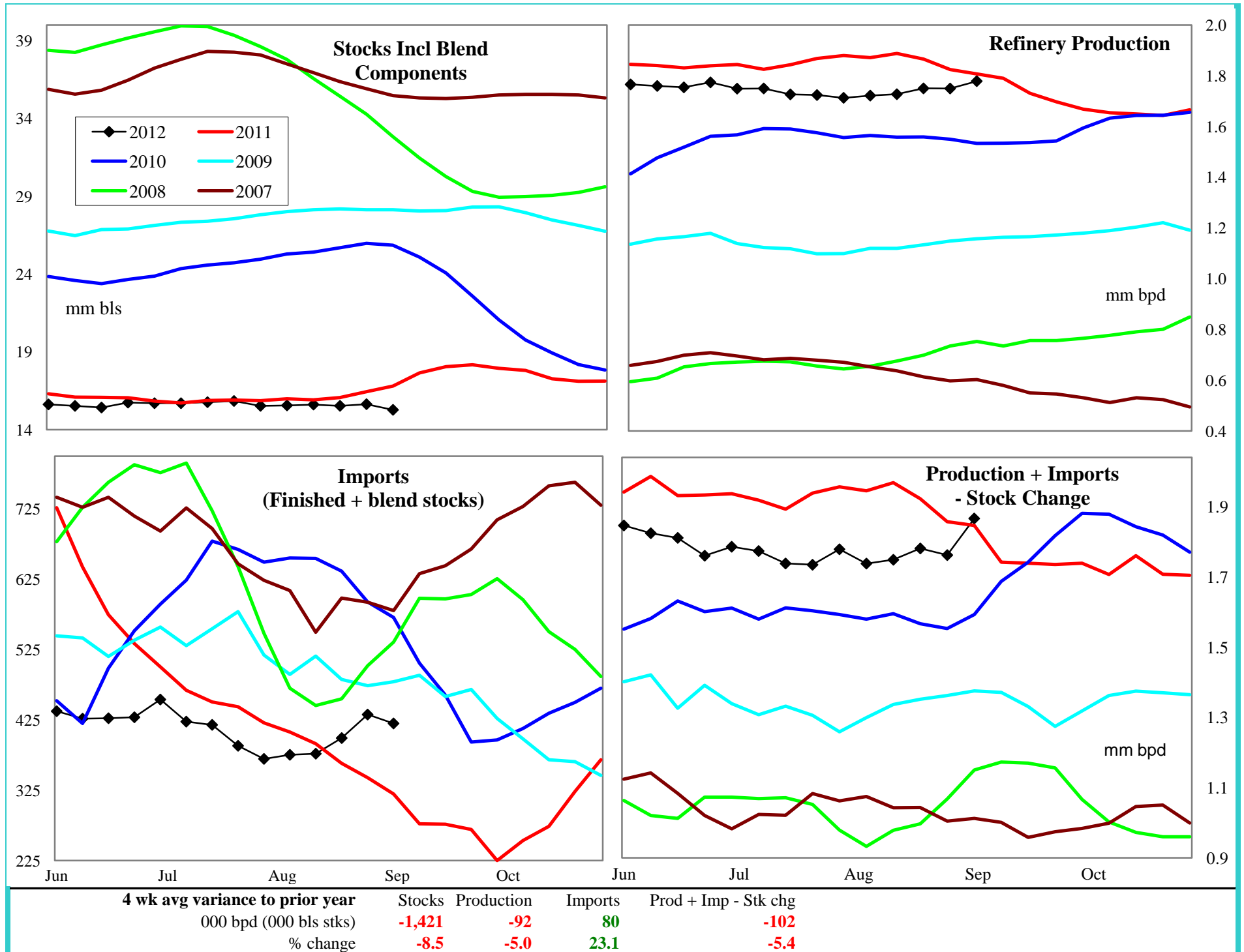
PADD 1 Gasoline Stocks by Region



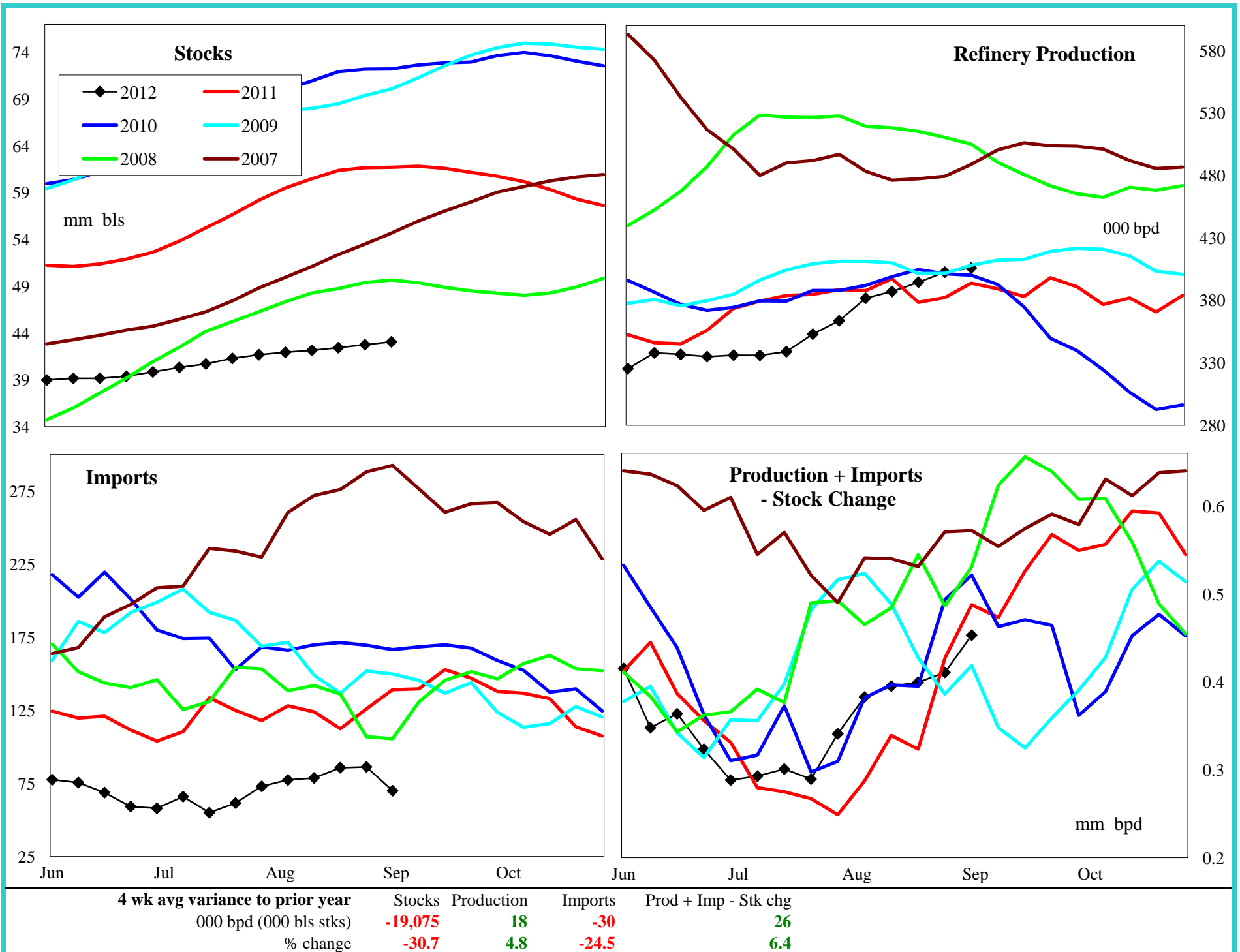
PADD 1 Reformulated Gasoline Supply



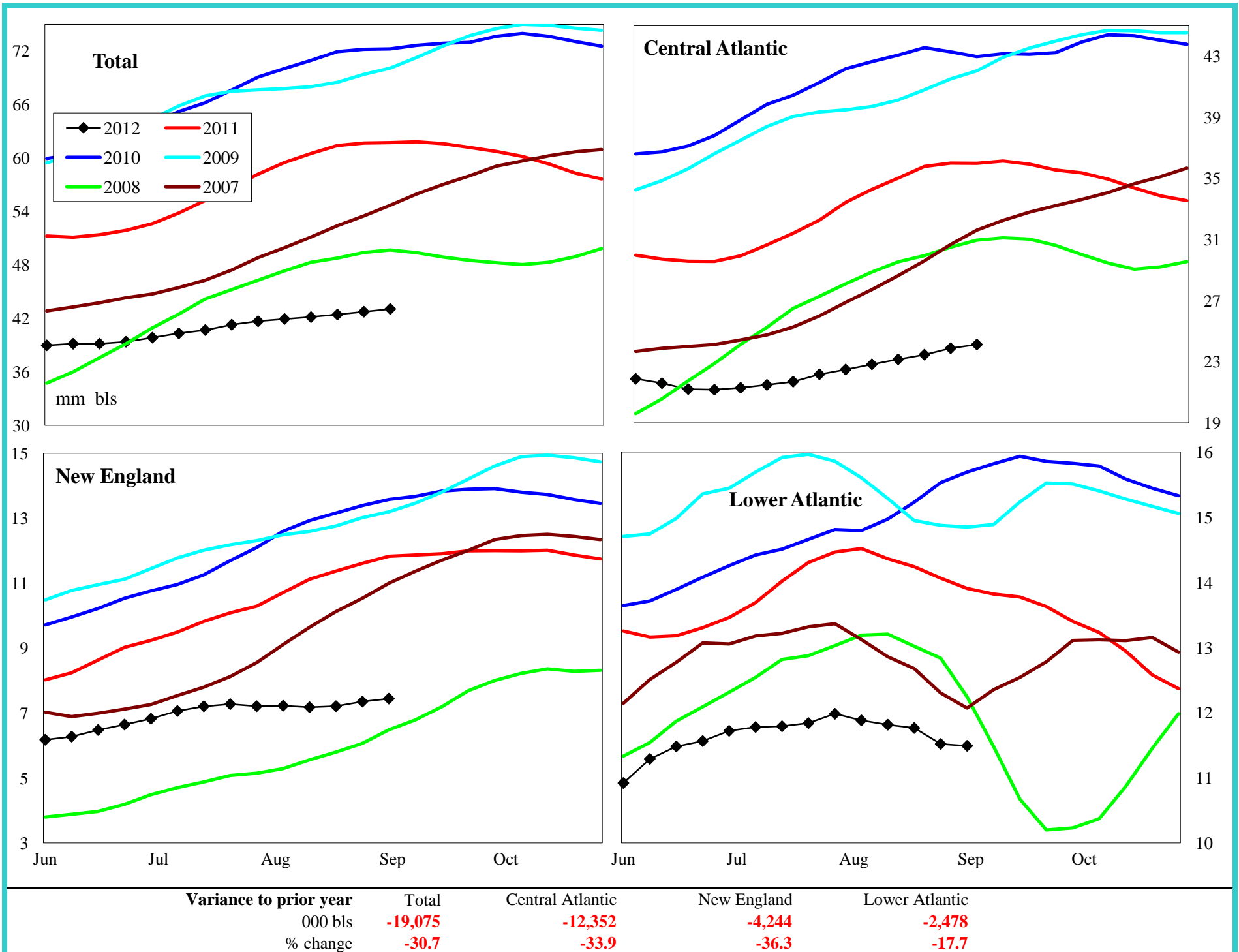
PADD 1 Conventional Gasoline Supply



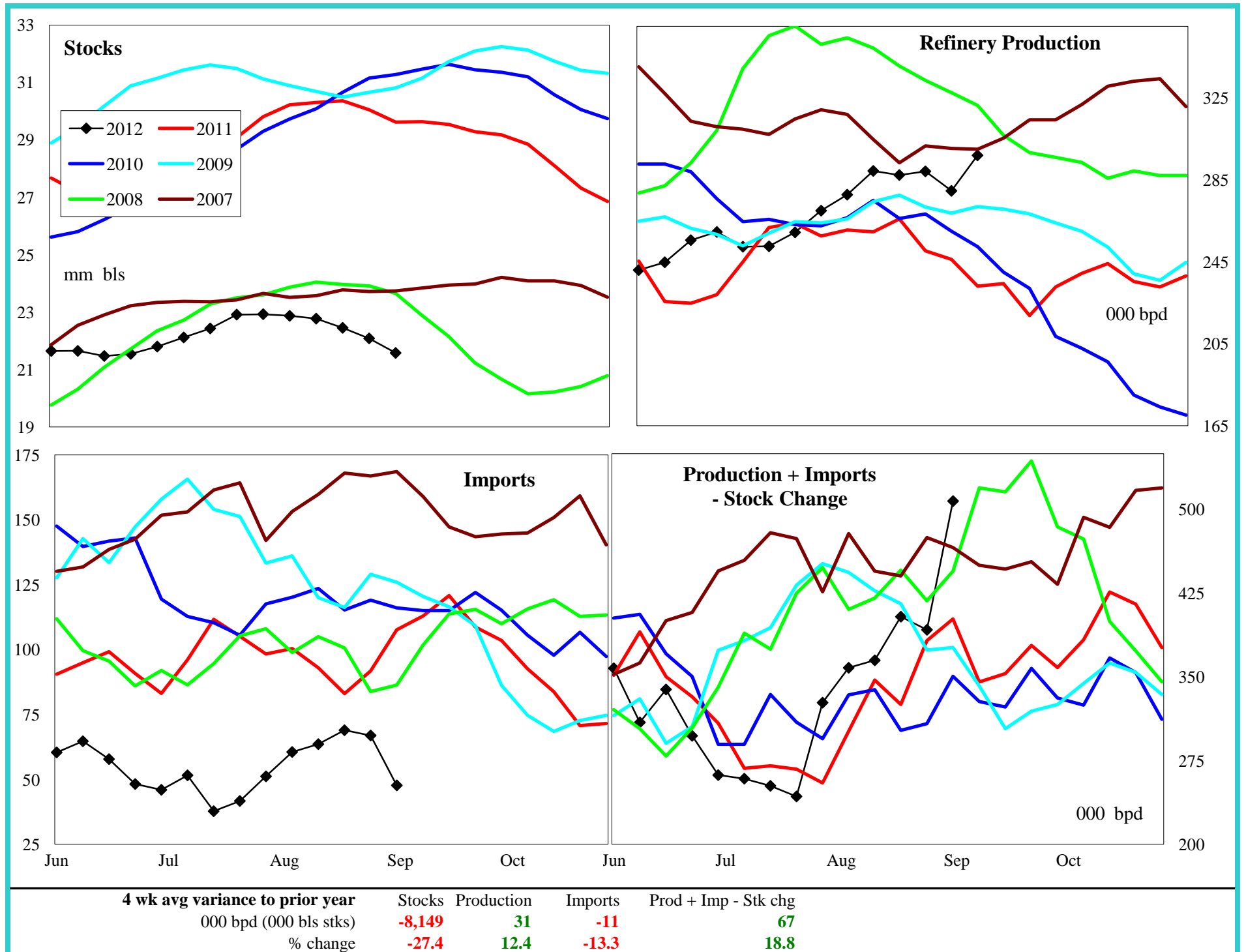
PADD 1 Distillate Supply



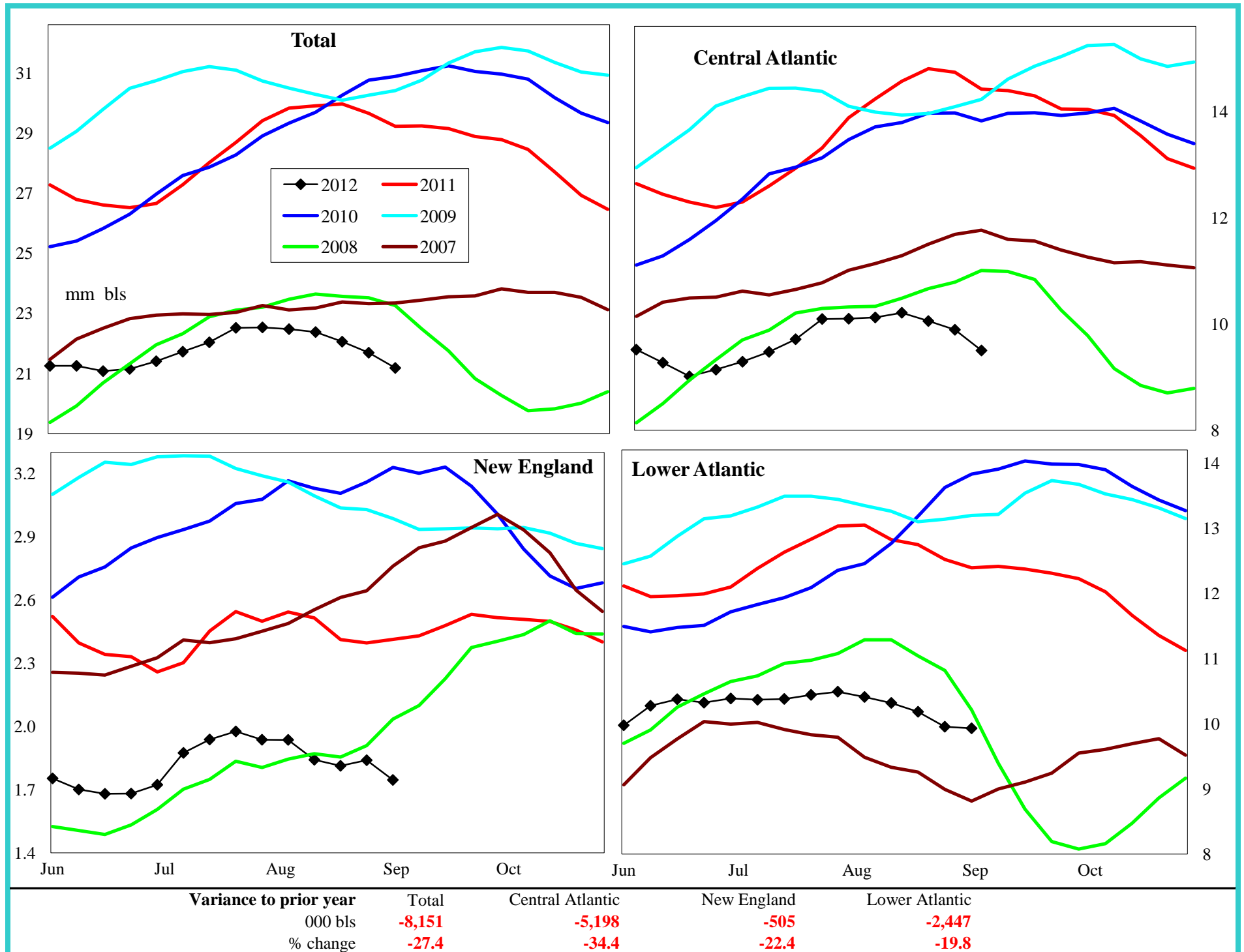
PADD 1 Distillate Stocks by Region



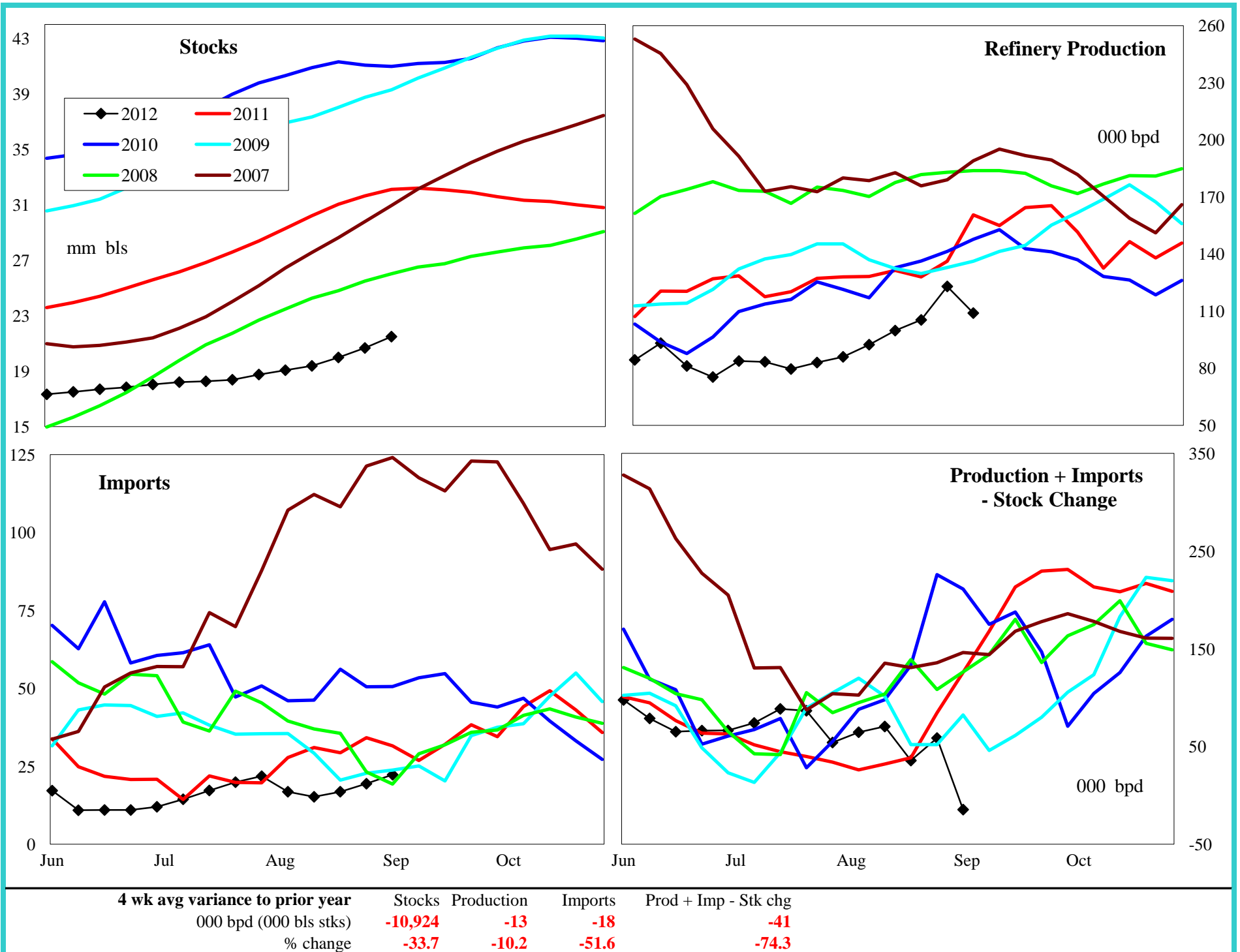
PADD 1 Low Sulfur Distillate Supply



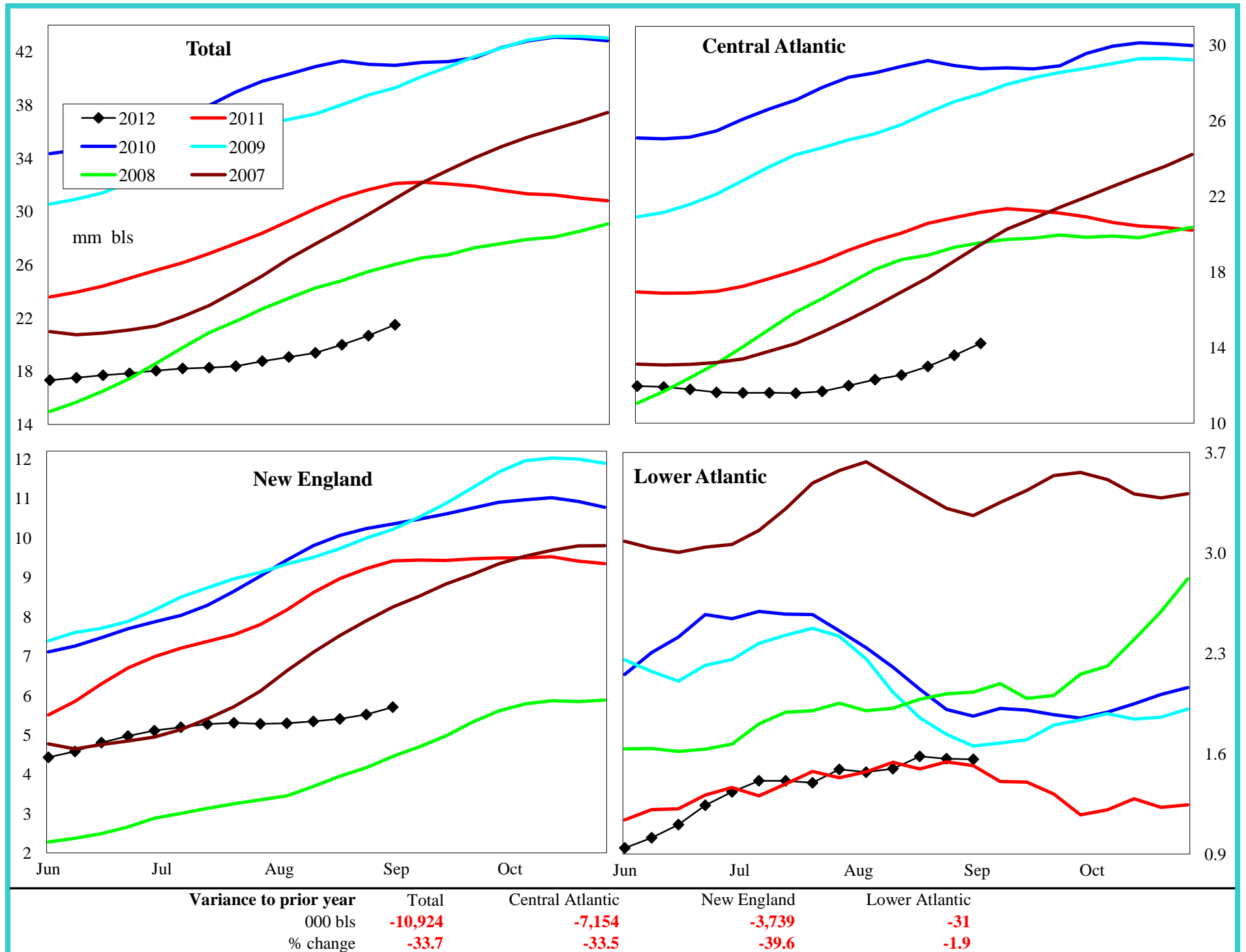
PADD 1 Low Sulfur Distillate Stocks by Region



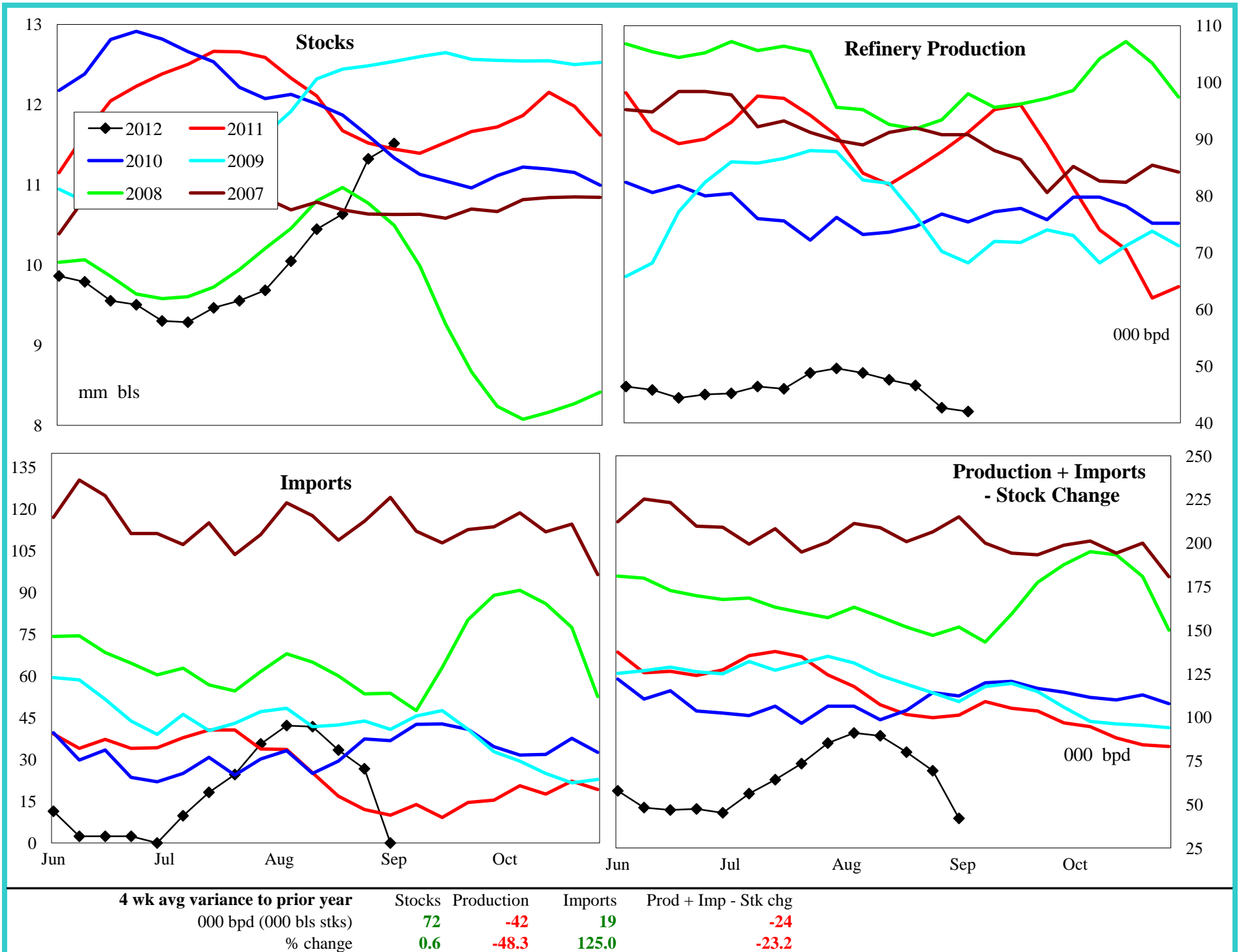
PADD 1 High Sulfur Distillate Supply



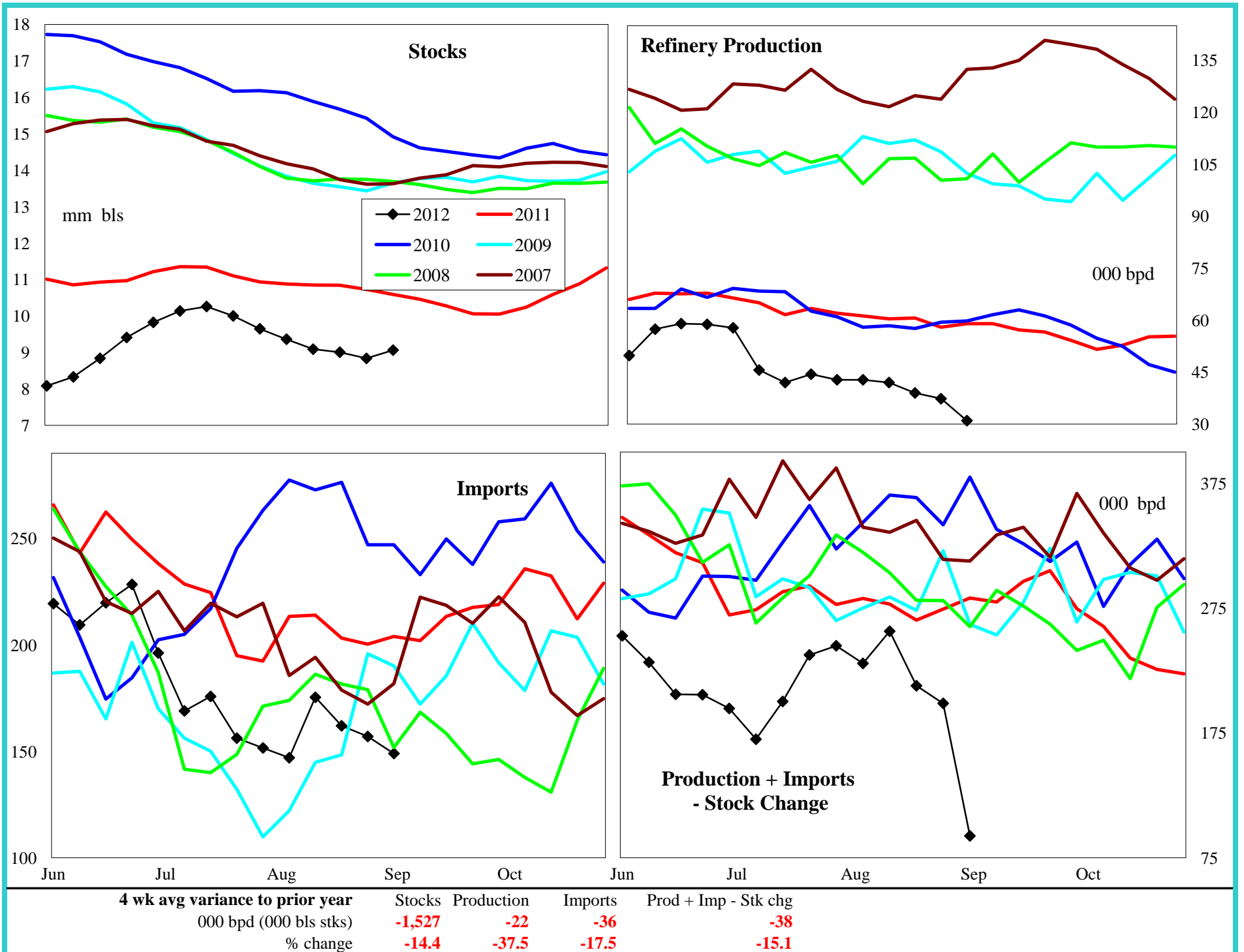
PADD 1 High Sulfur Distillate Stocks by Region



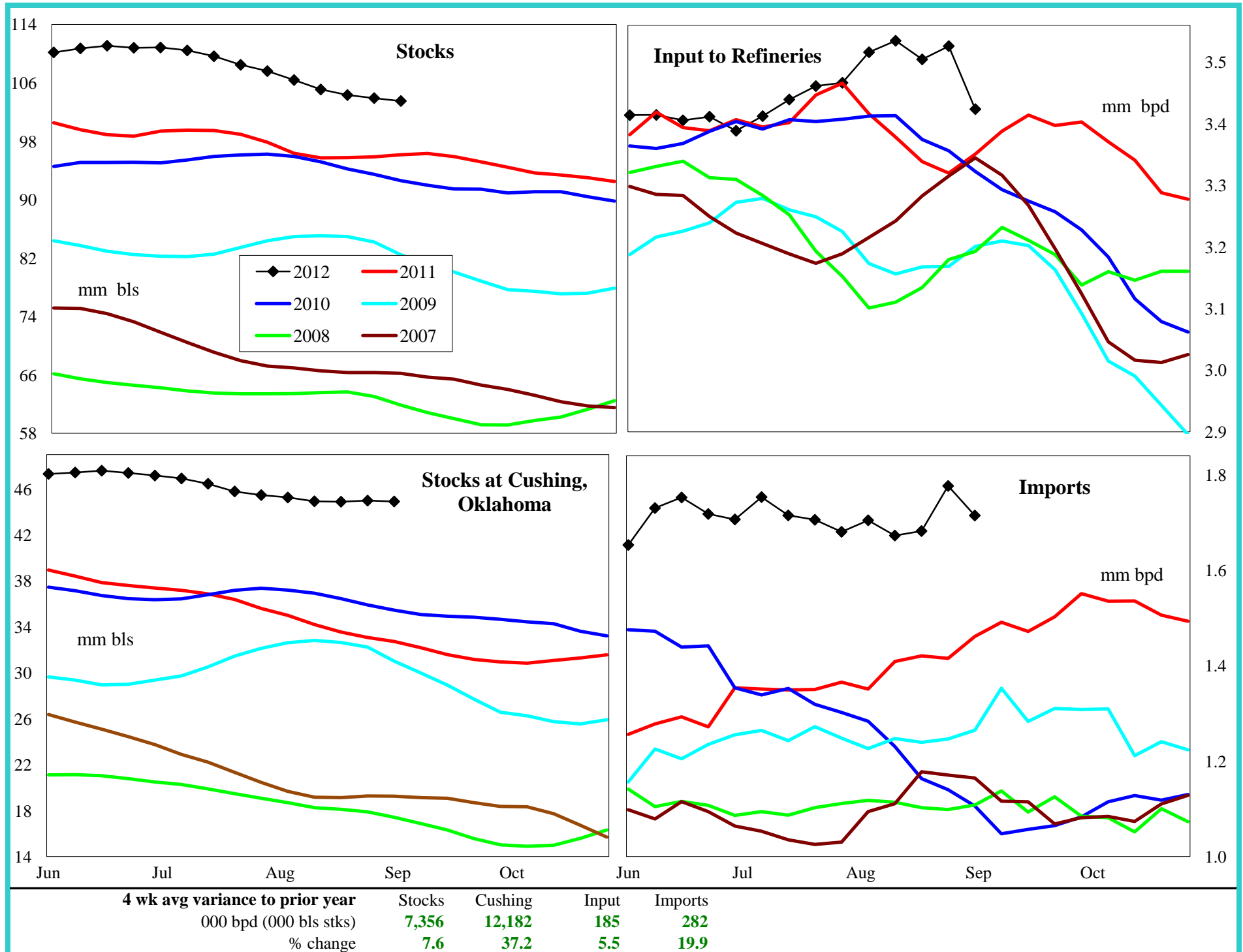
PADD 1 Jet Fuel Supply



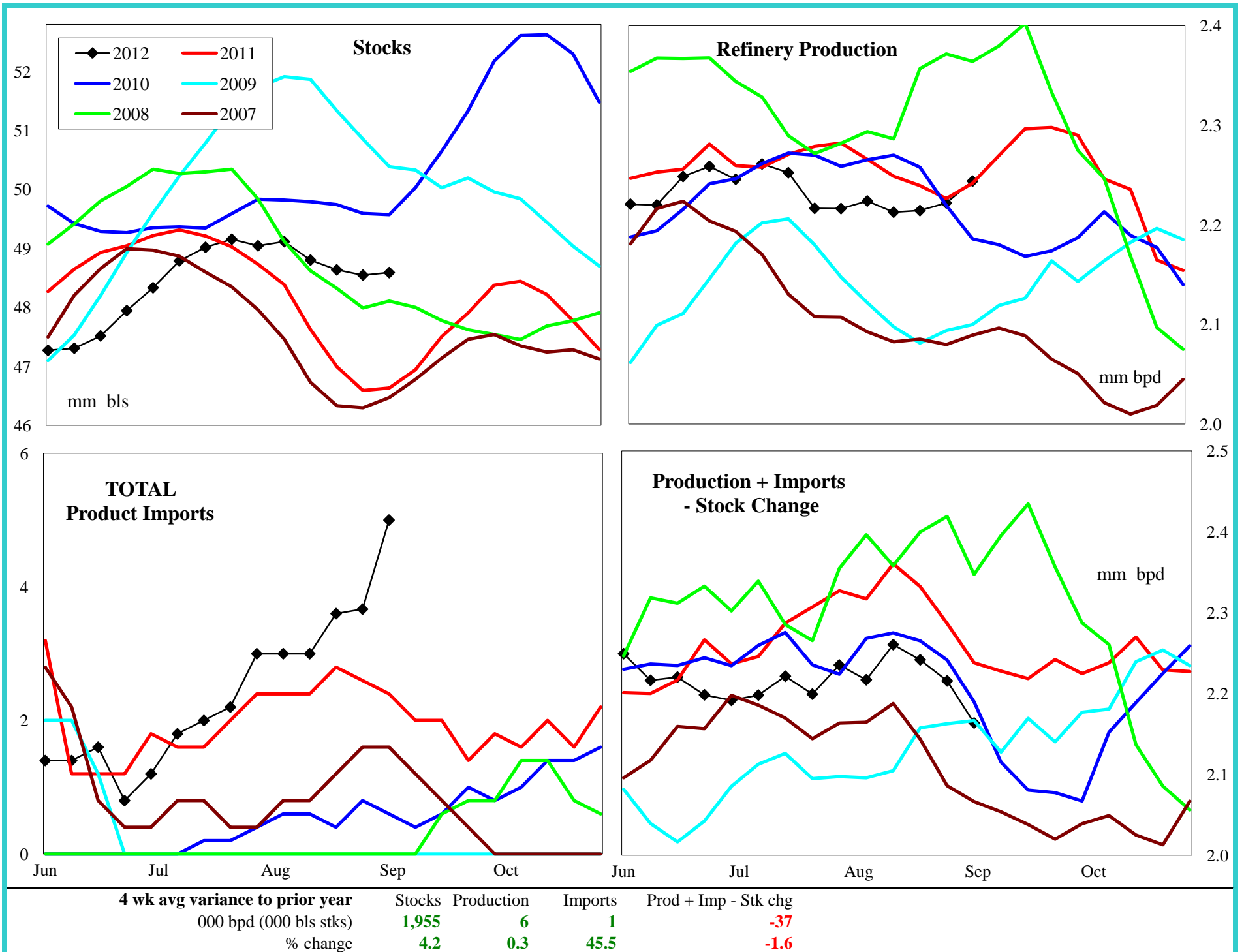
PADD 1 Residual Fuel Oil Supply



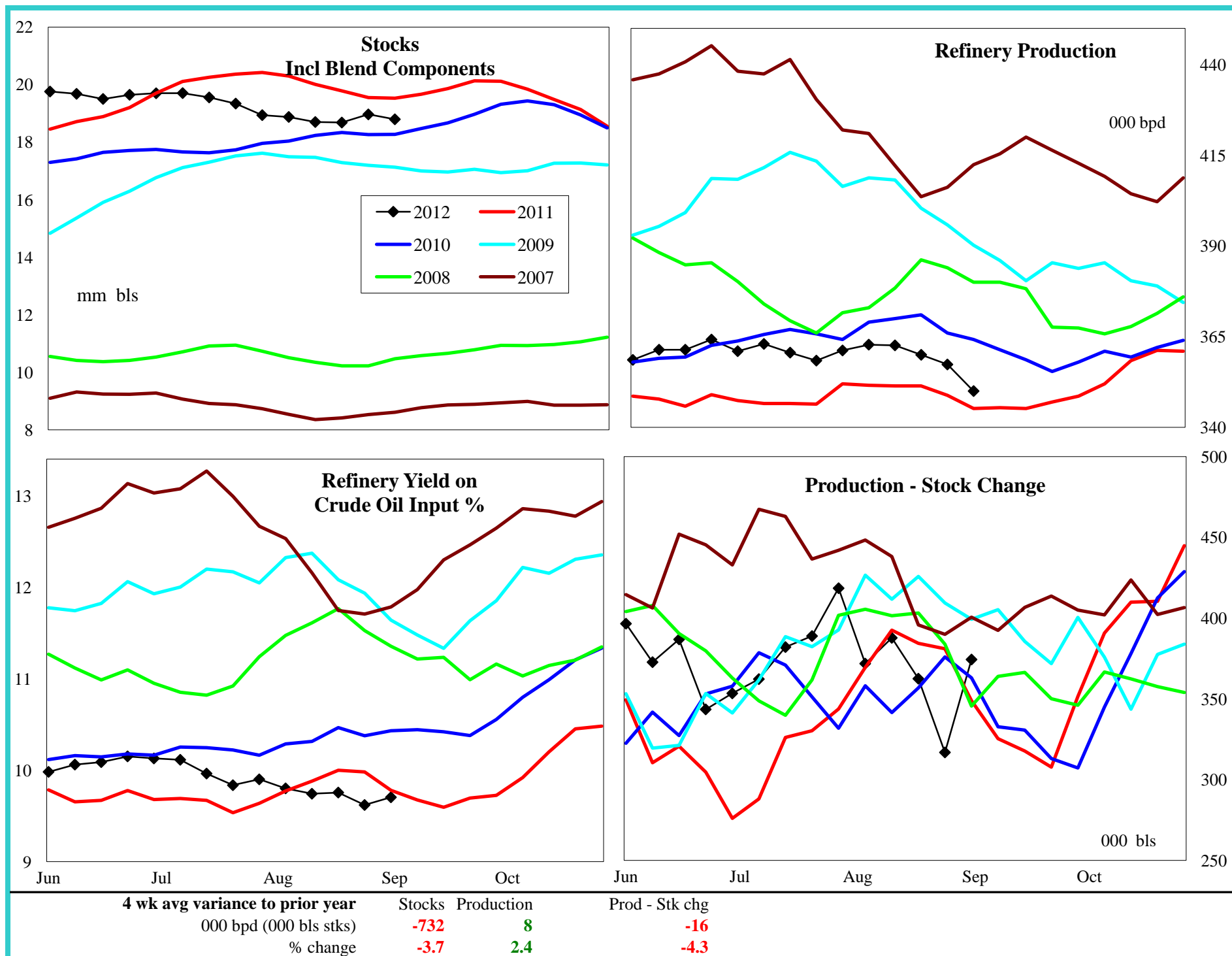
PADD 2 Crude Oil Supply and Refining



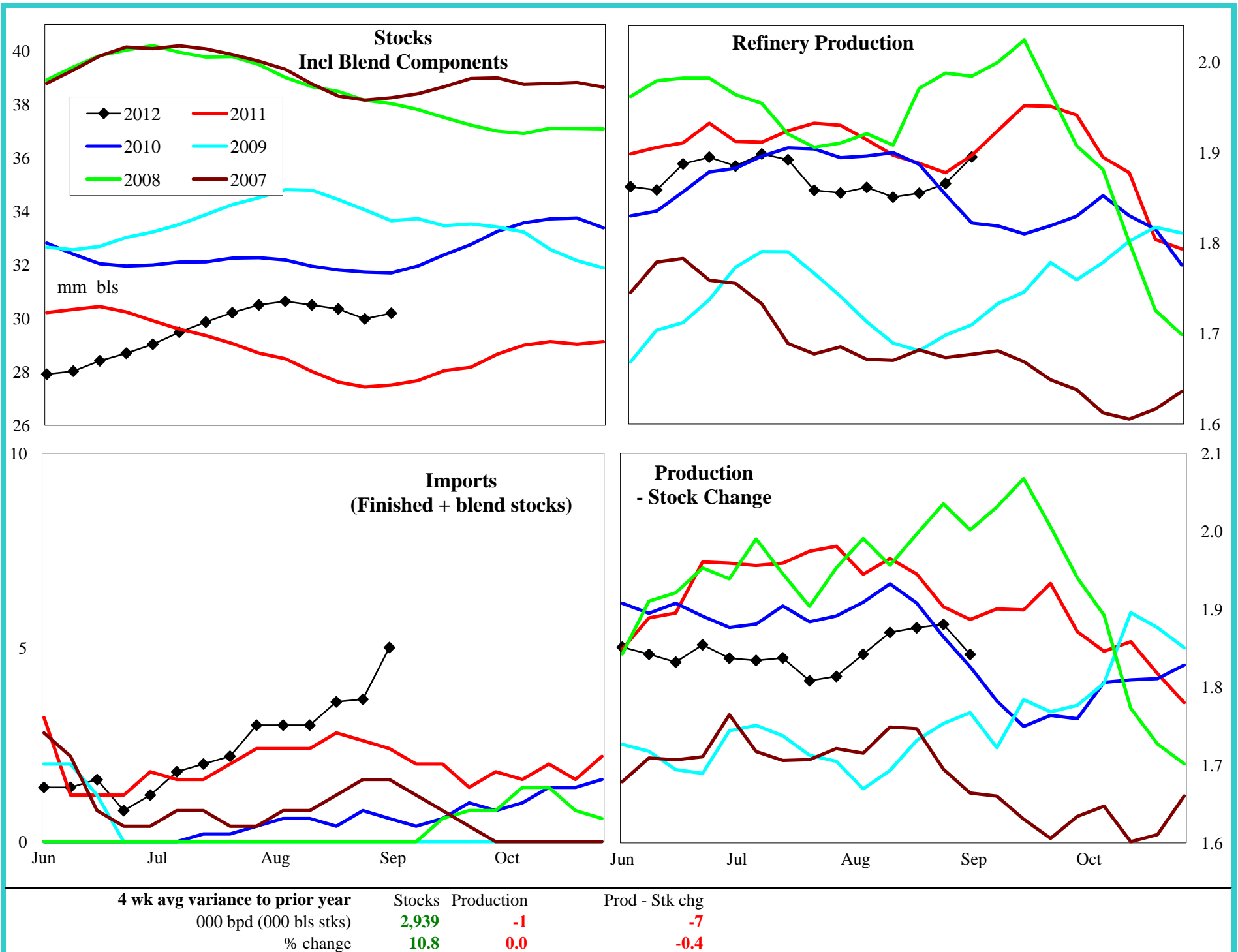
PADD 2 Gasoline Supply



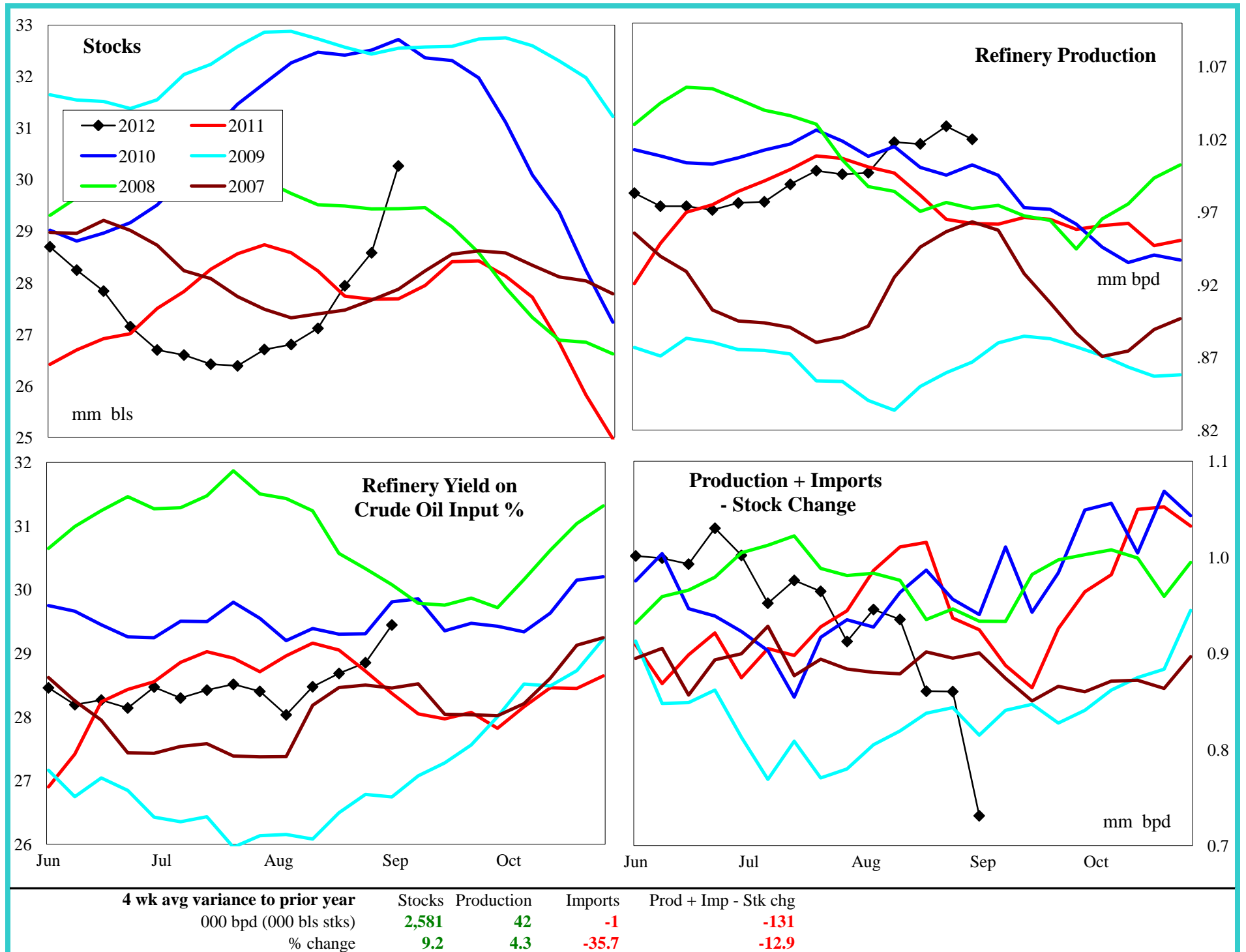
PADD 2 Reformulated Gasoline Supply



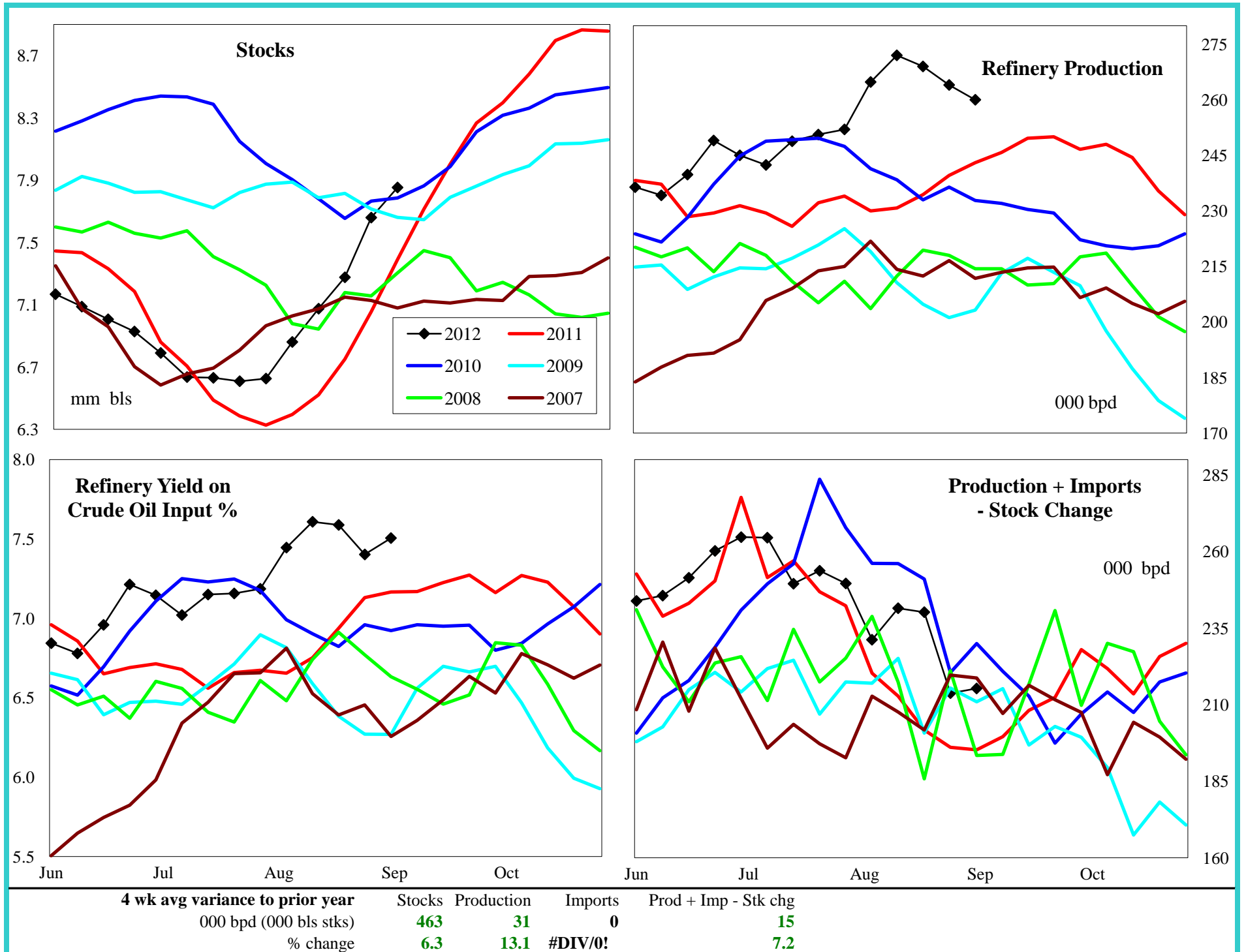
PADD 2 Conventional Gasoline Supply



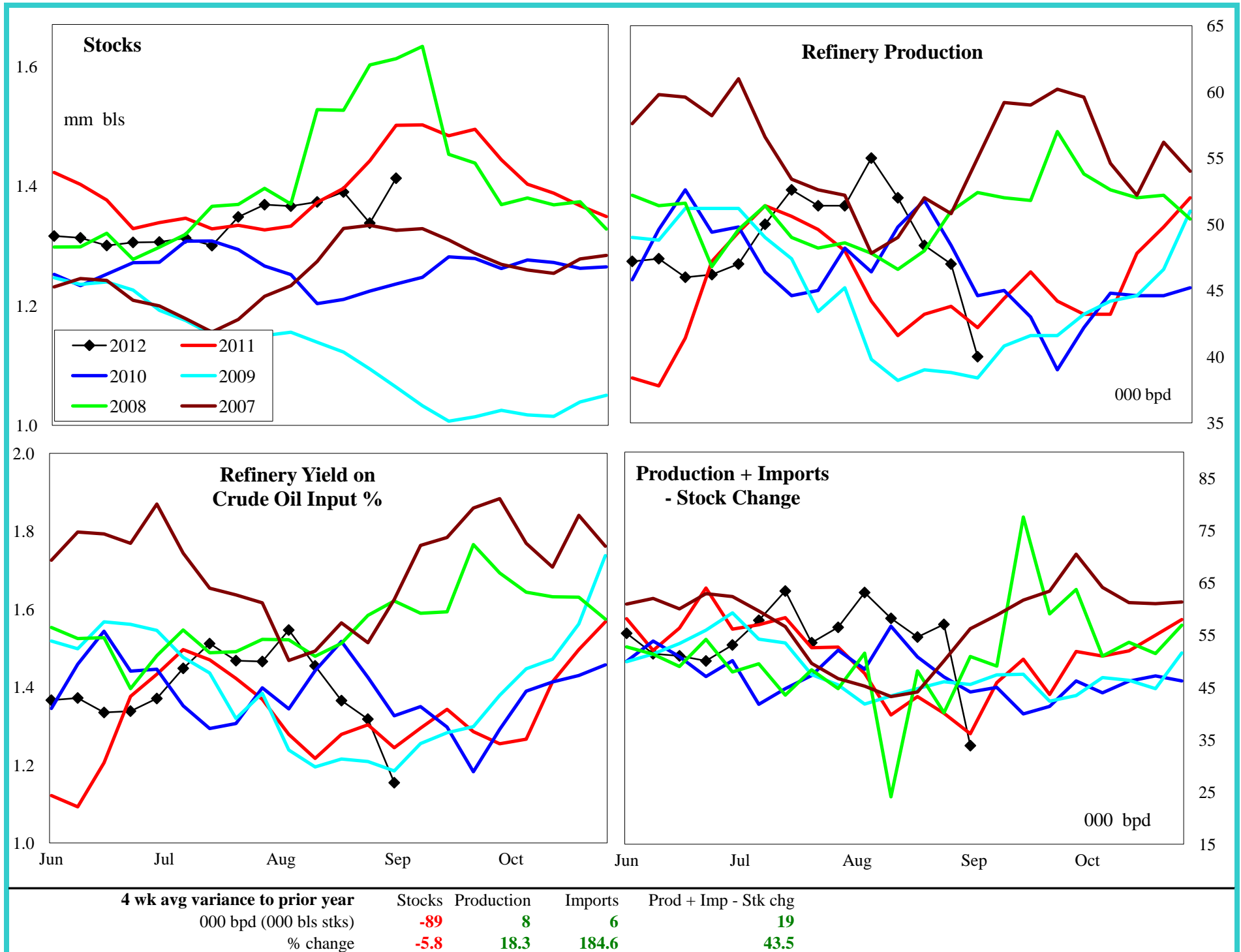
PADD 2 Distillate Supply



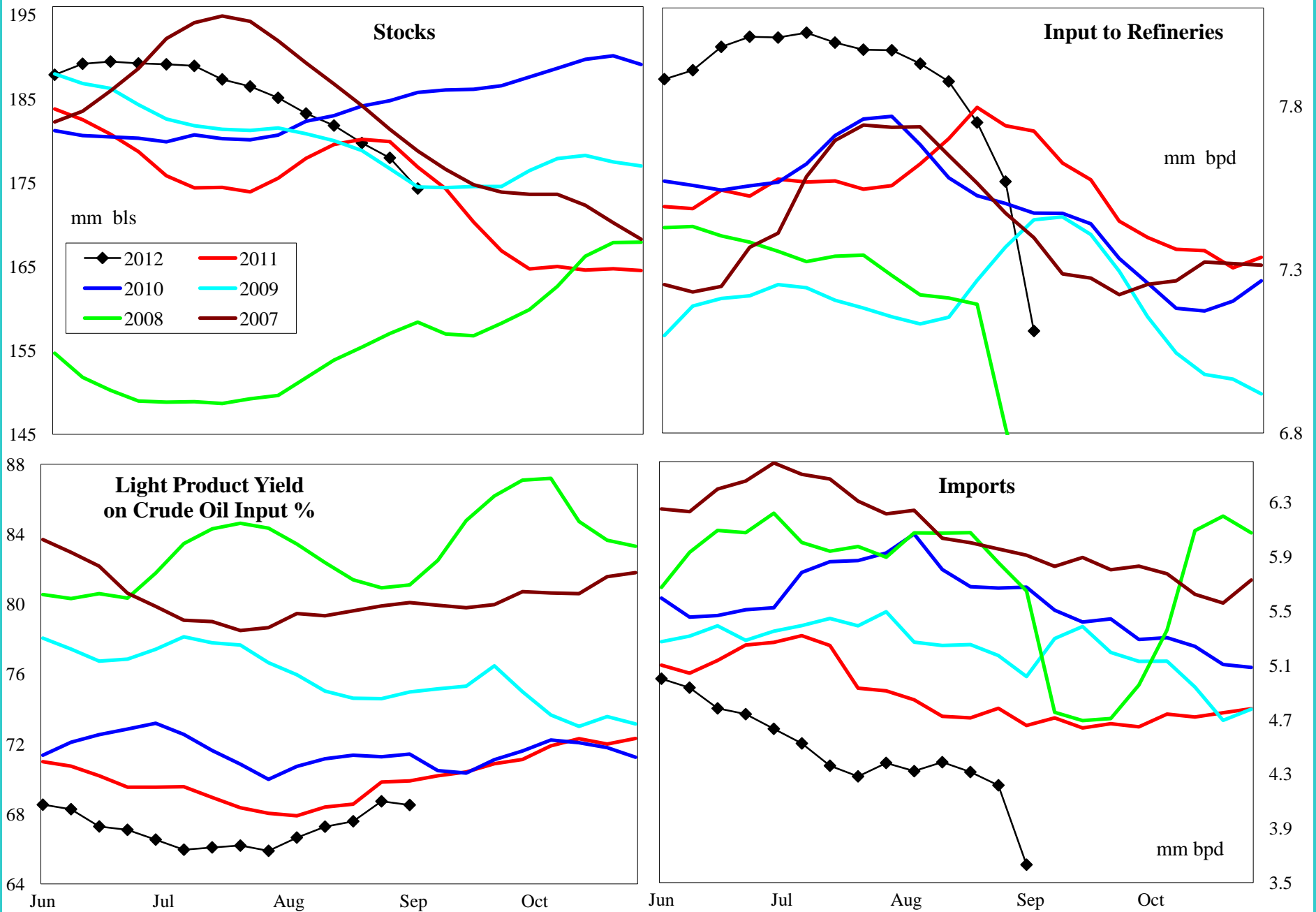
PADD 2 Jet Fuel Supply



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

-2,559

-1.4

Input

-112

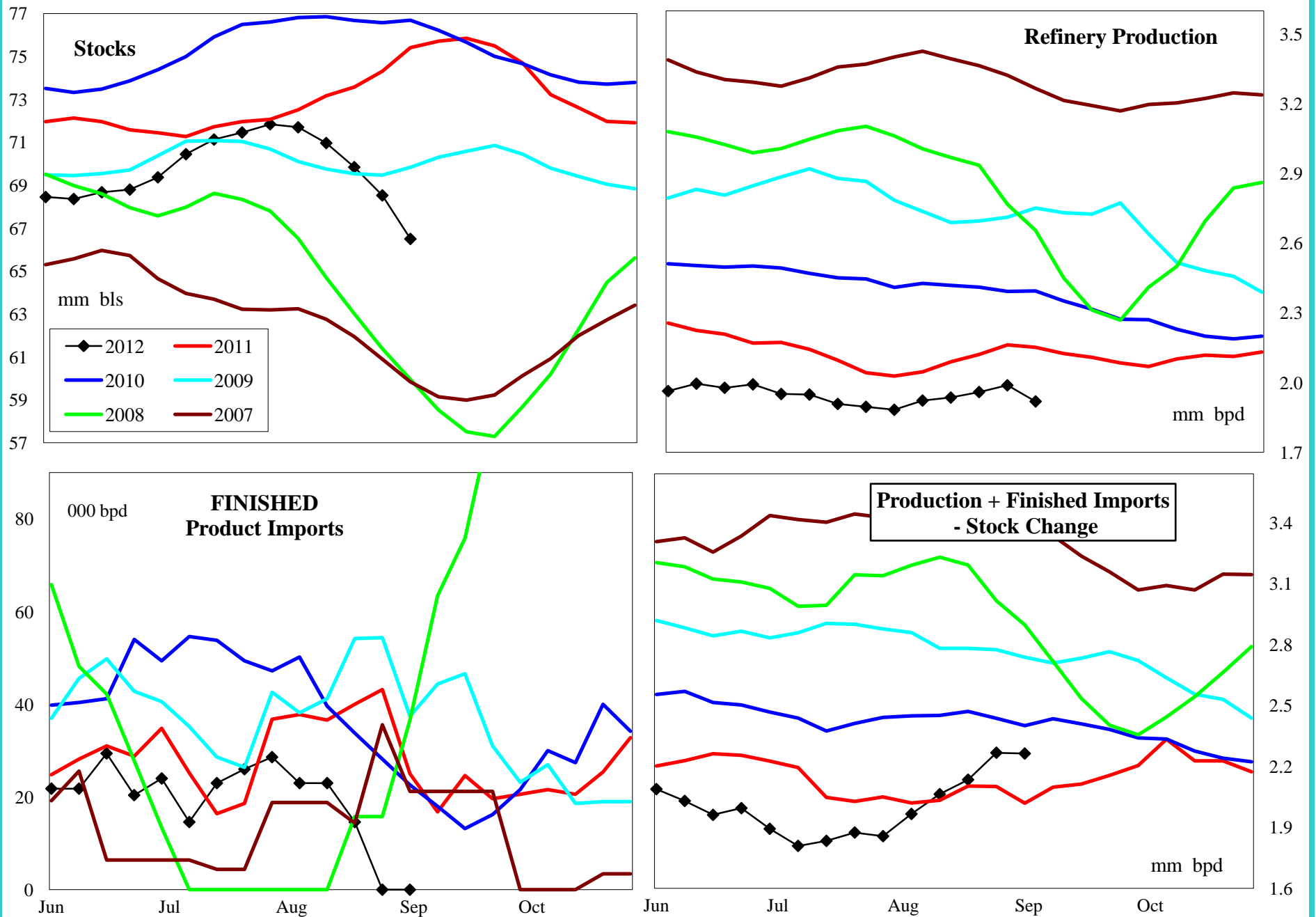
-1.4

Imports

-418

-8.6

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-8,547

-11.4

Production

-160

-7.4

Fin Impt

-41

-92.6

Blend Impt

13

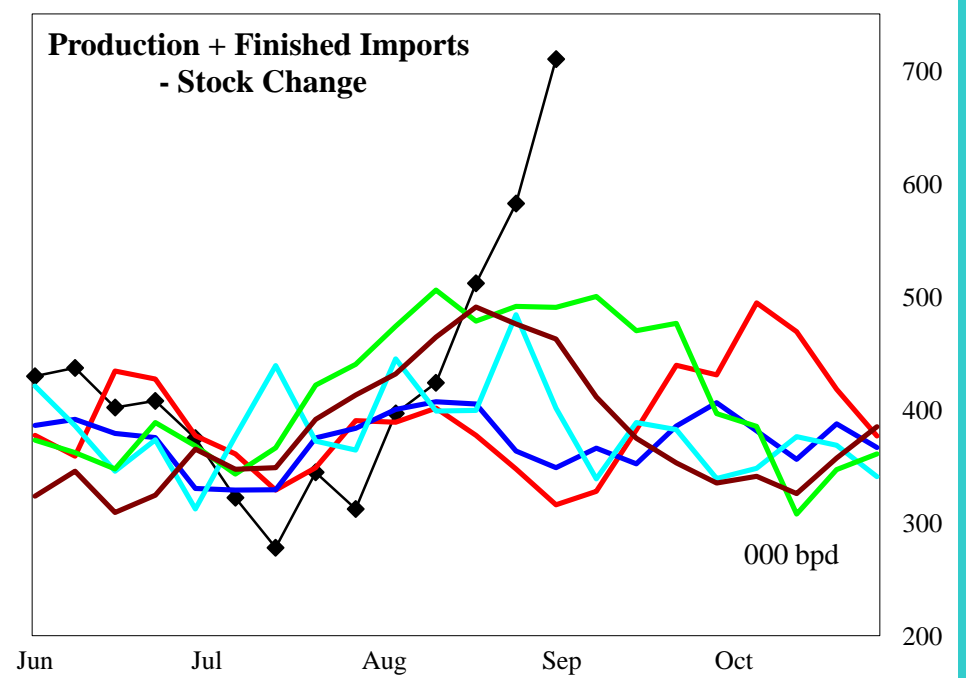
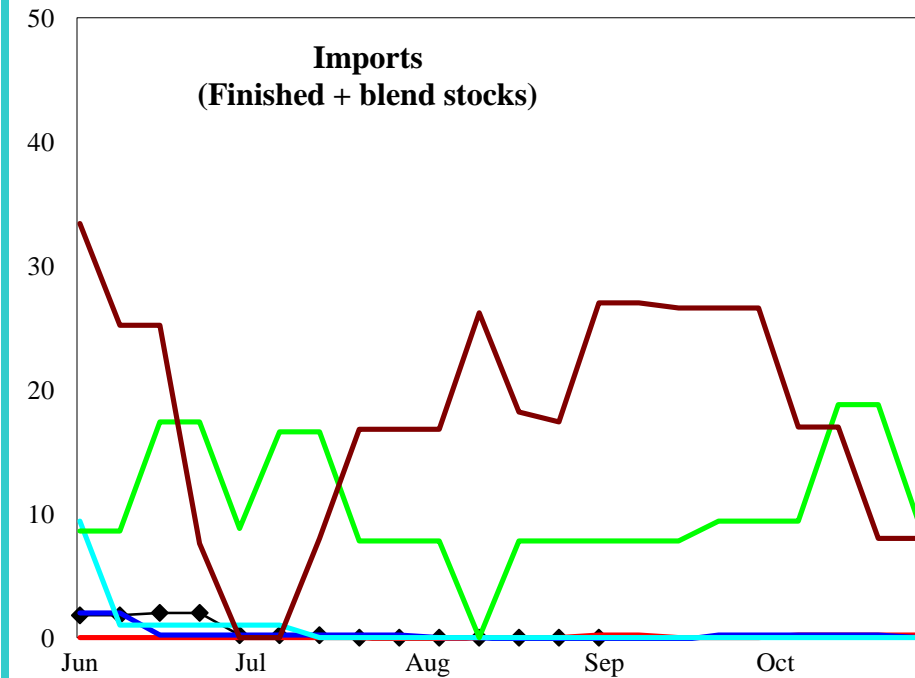
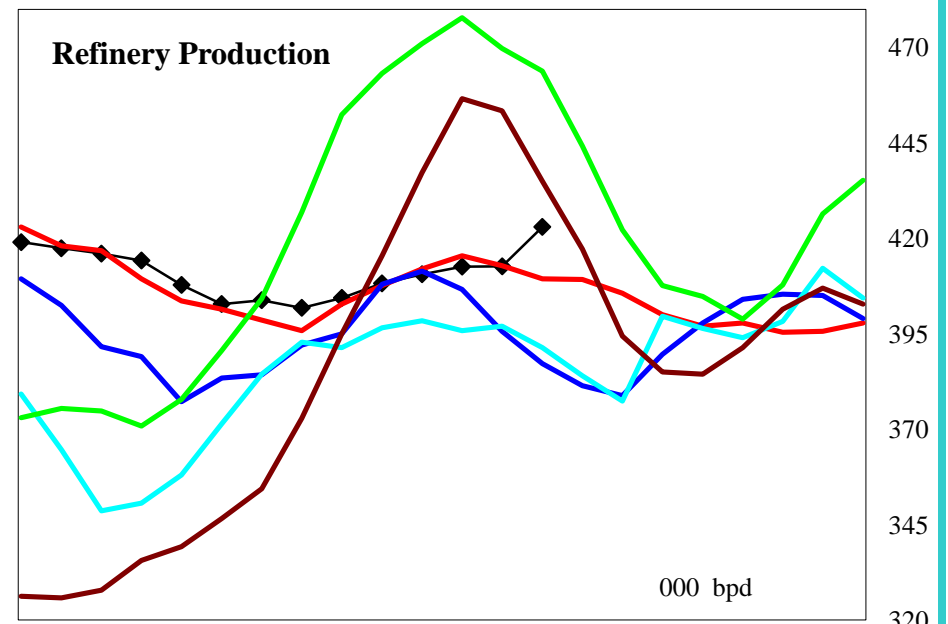
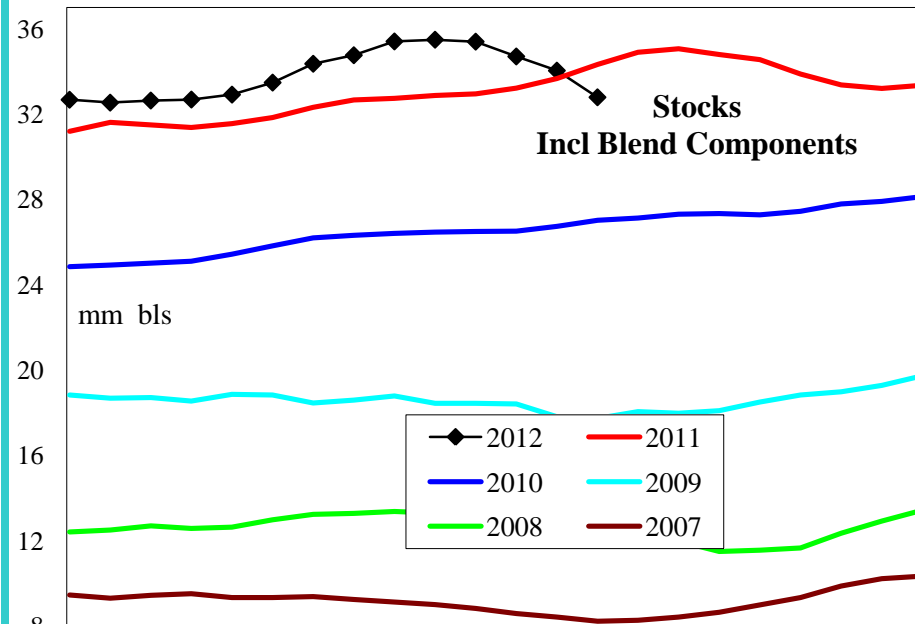
510.0

Prod + Imp - Stk chg

66

3.1

PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-2,528

-3

0

179

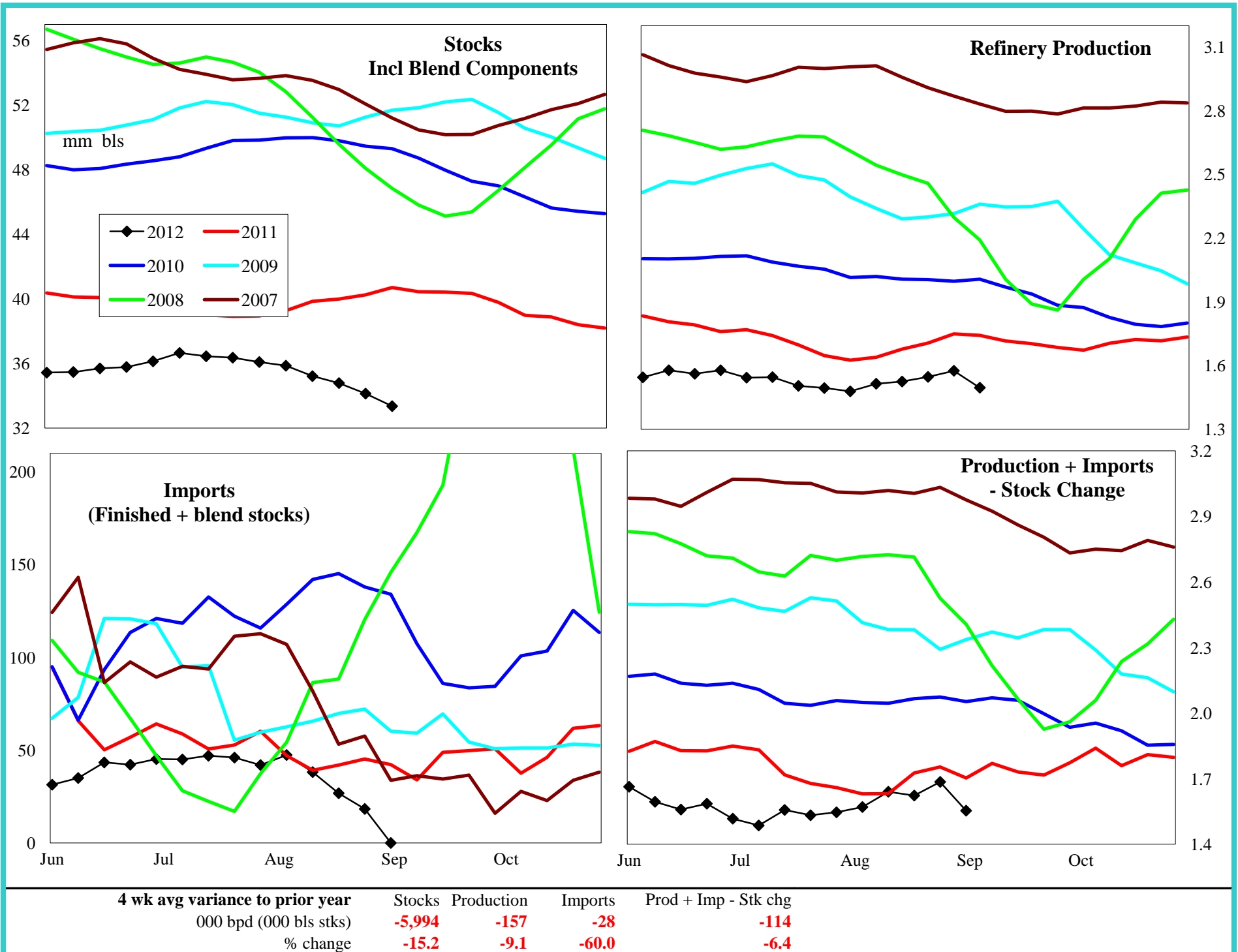
-7.1

-0.6

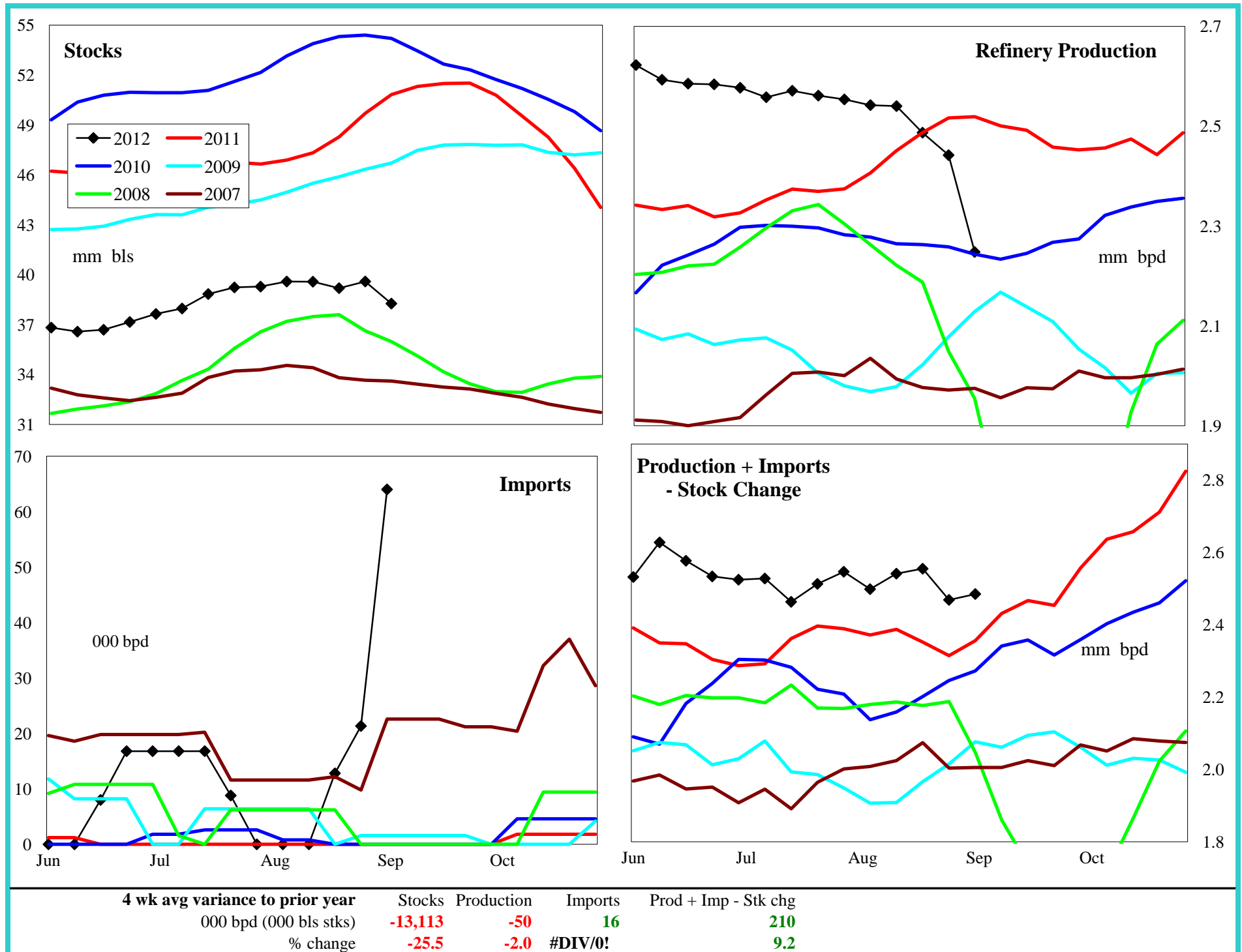
#DIV/0!

56.9

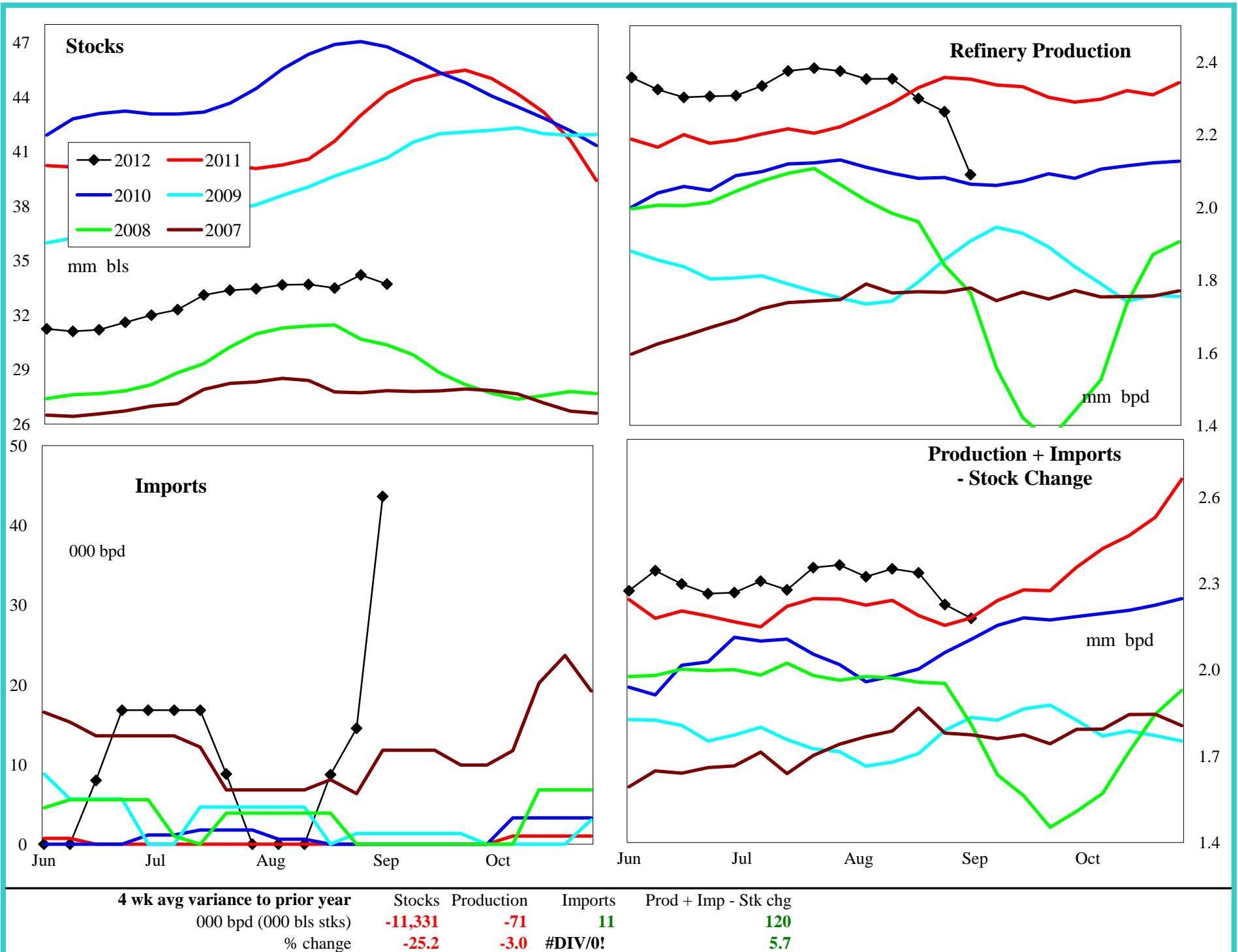
PADD 3 Conventional Gasoline Supply



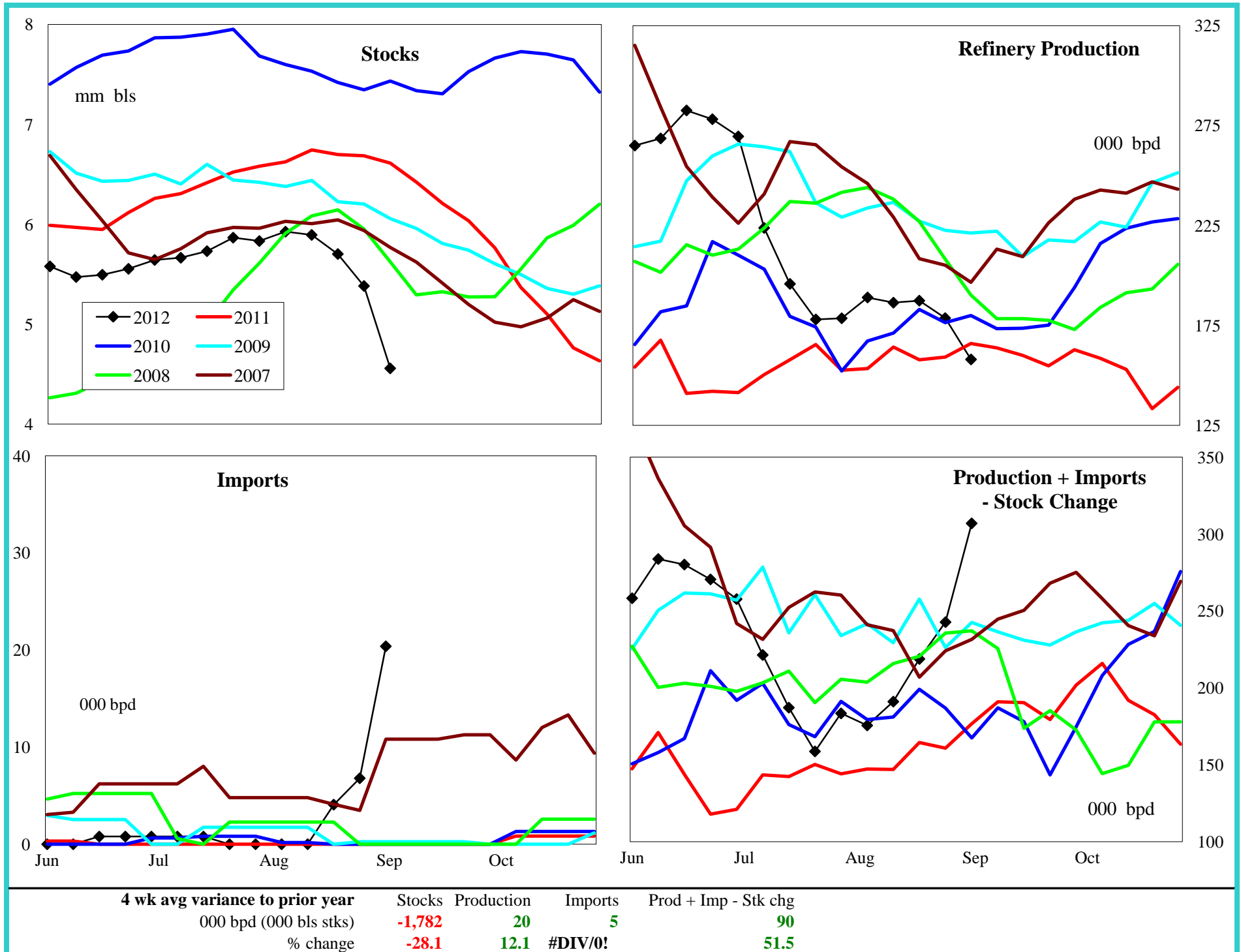
PADD 3 Distillate Supply



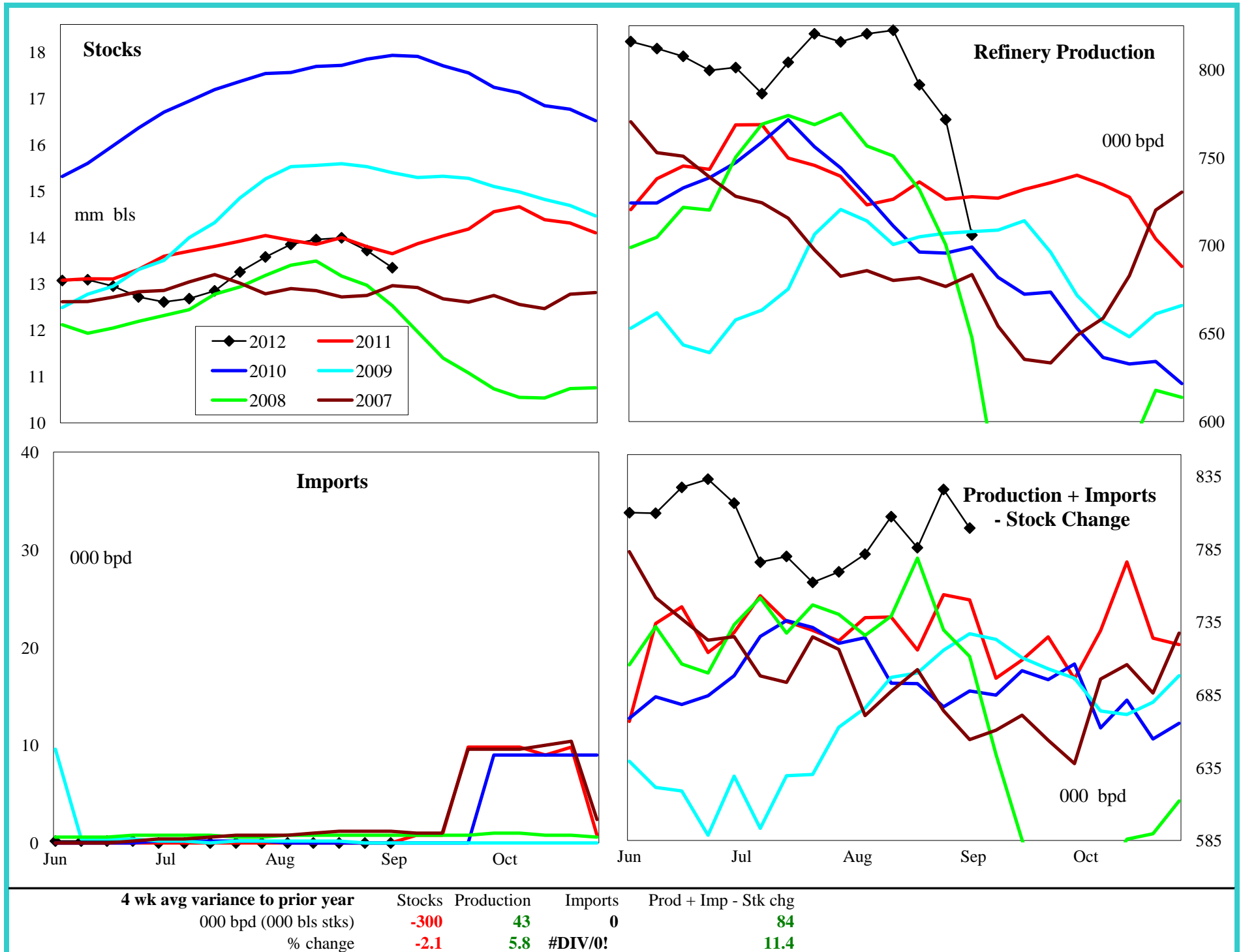
PADD 3 Low Sulfur Distillate Supply



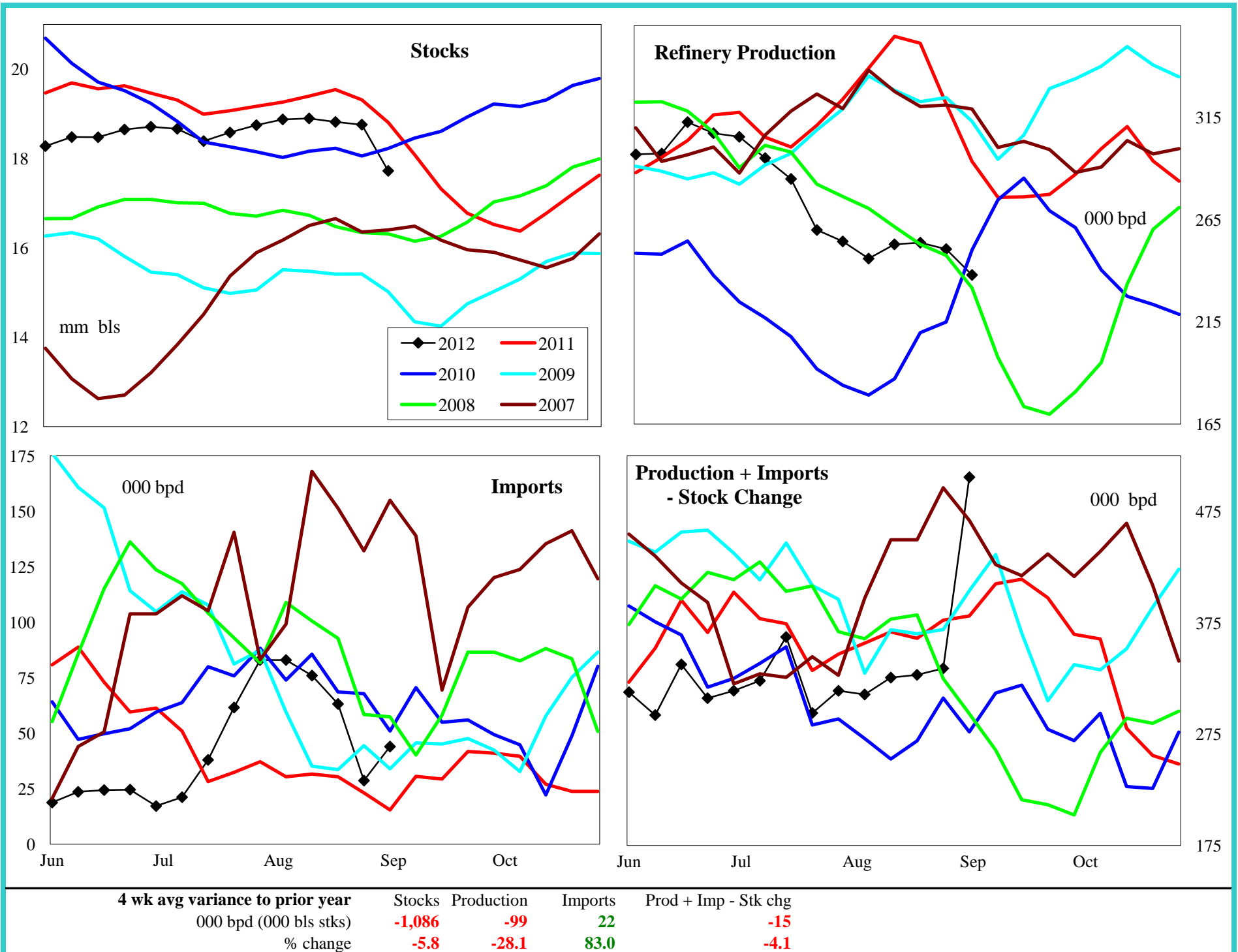
PADD 3 High Sulfur Distillate Supply



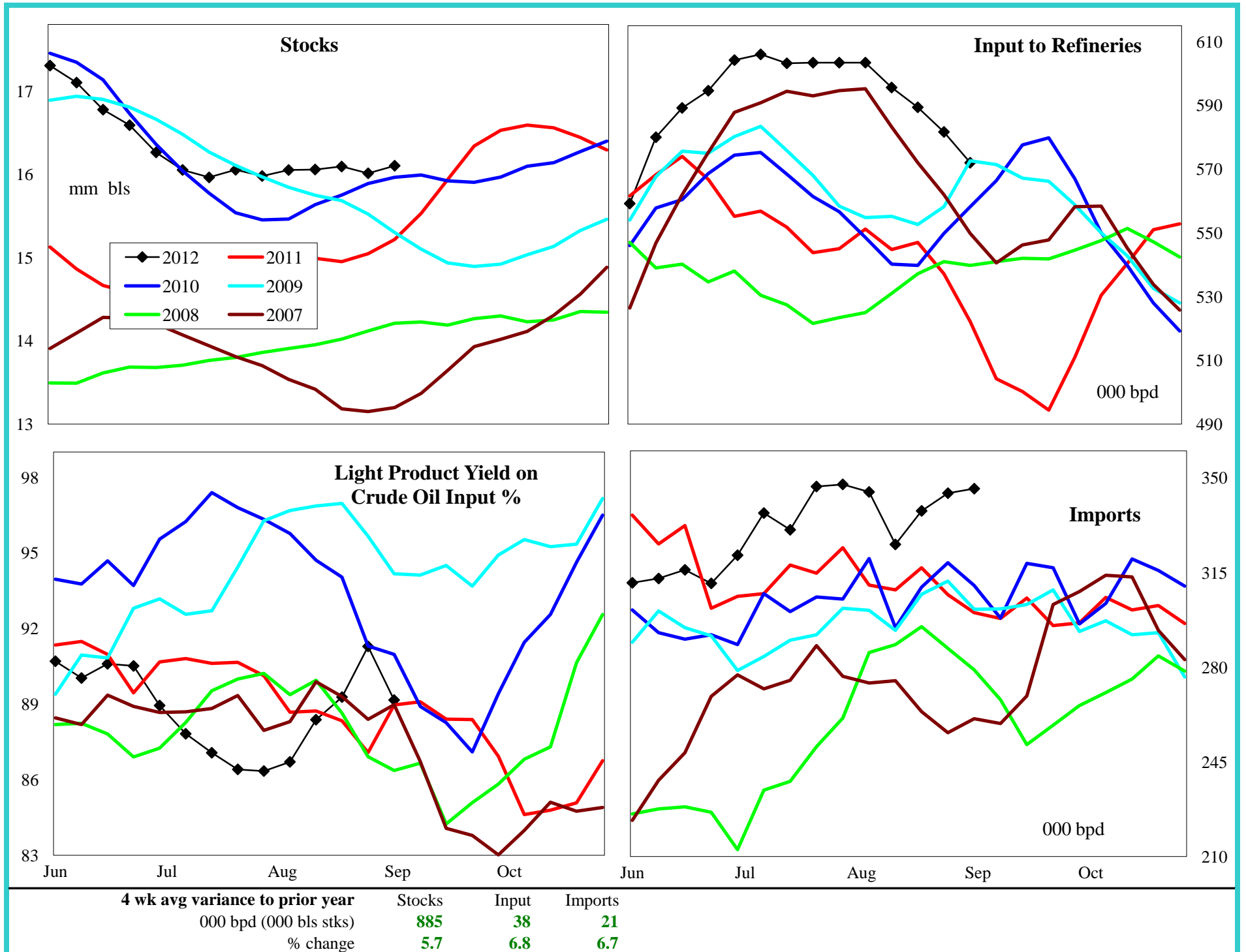
PADD 3 Jet Fuel Supply



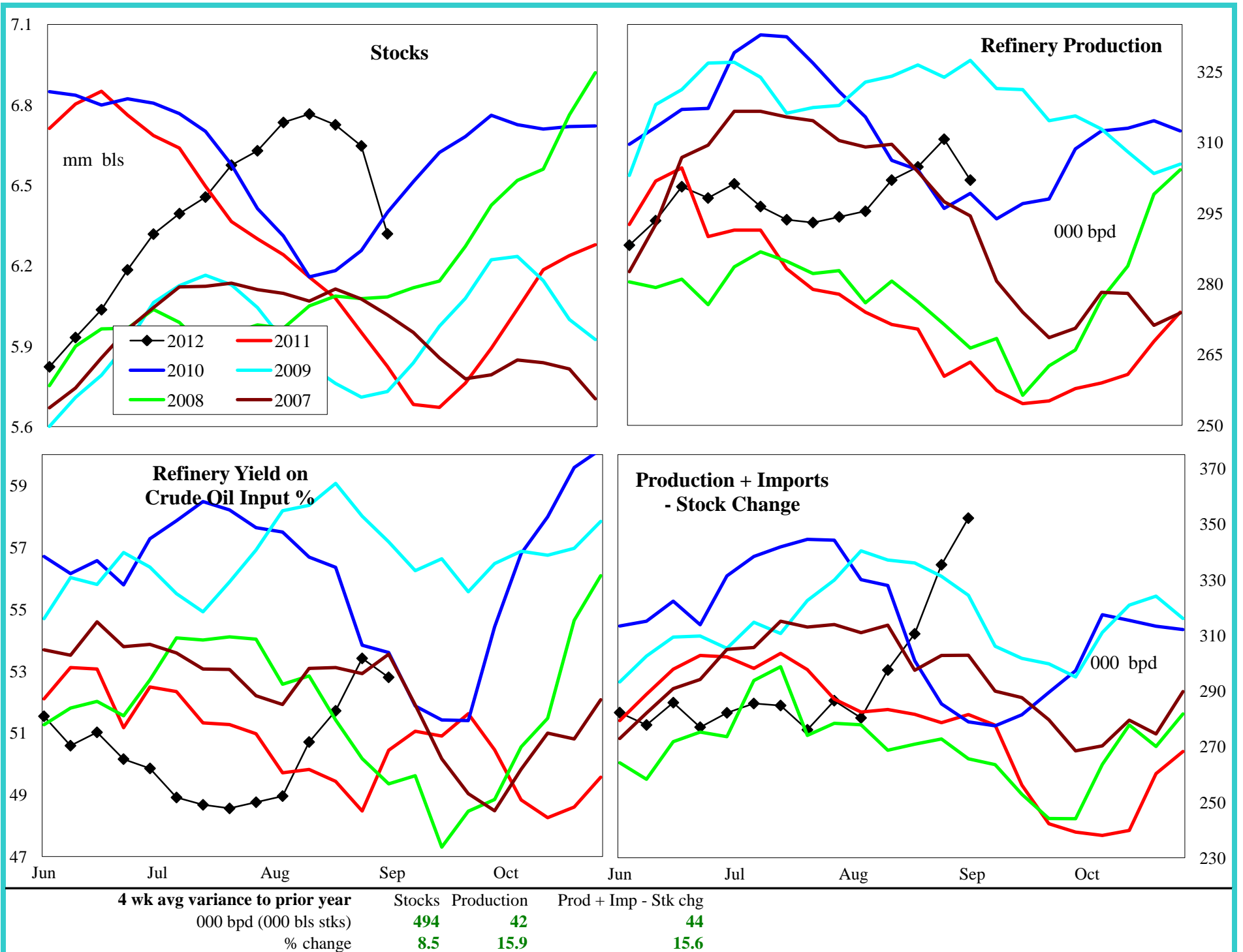
PADD 3 Residual Fuel Oil Supply



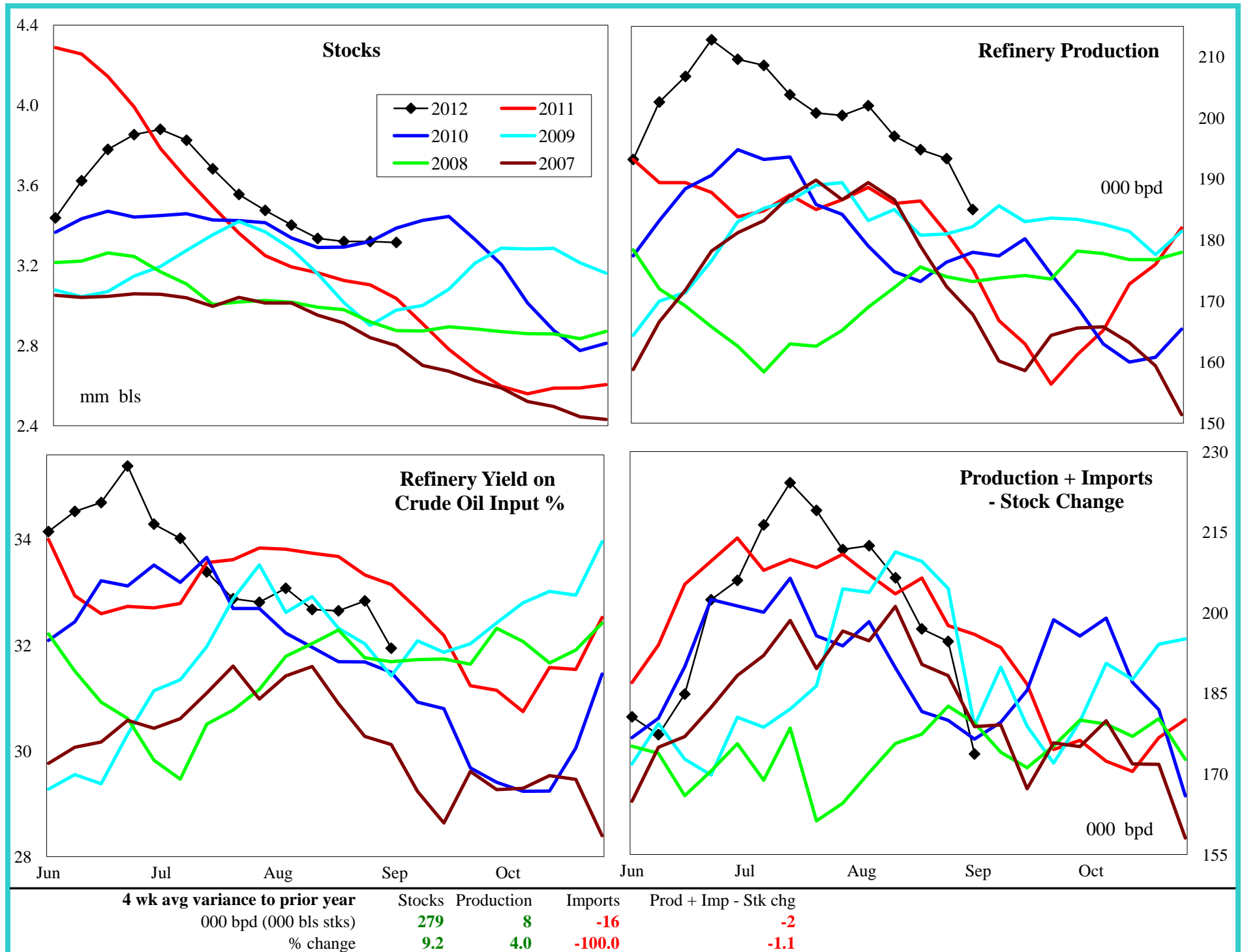
PADD 4 Crude Oil Supply and Refining



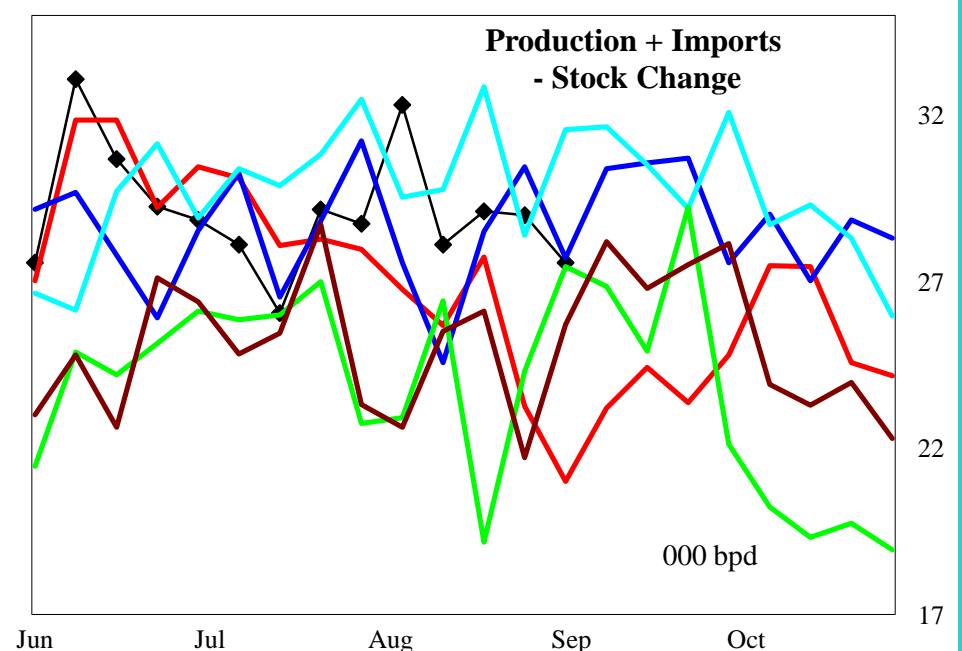
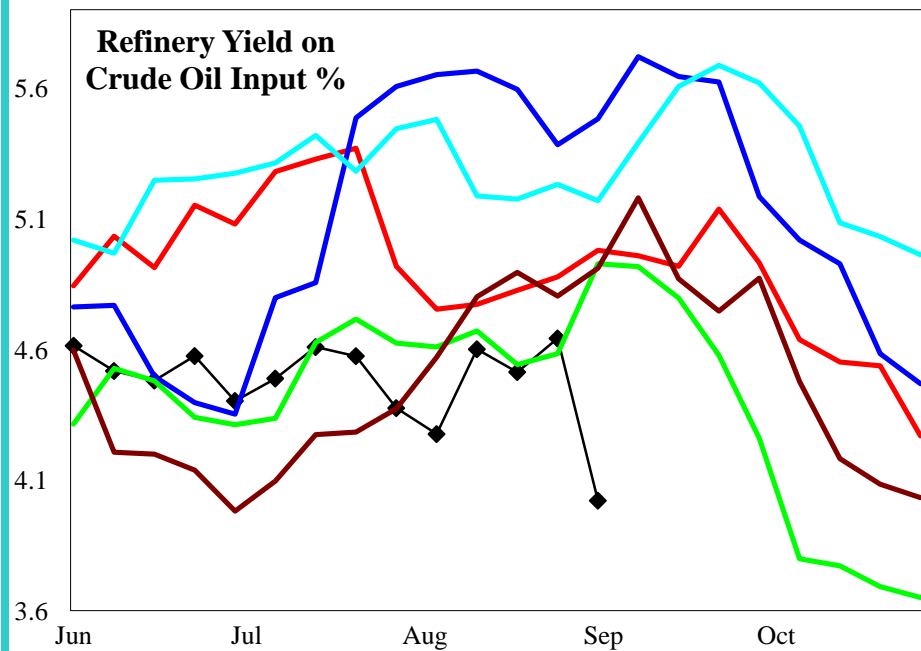
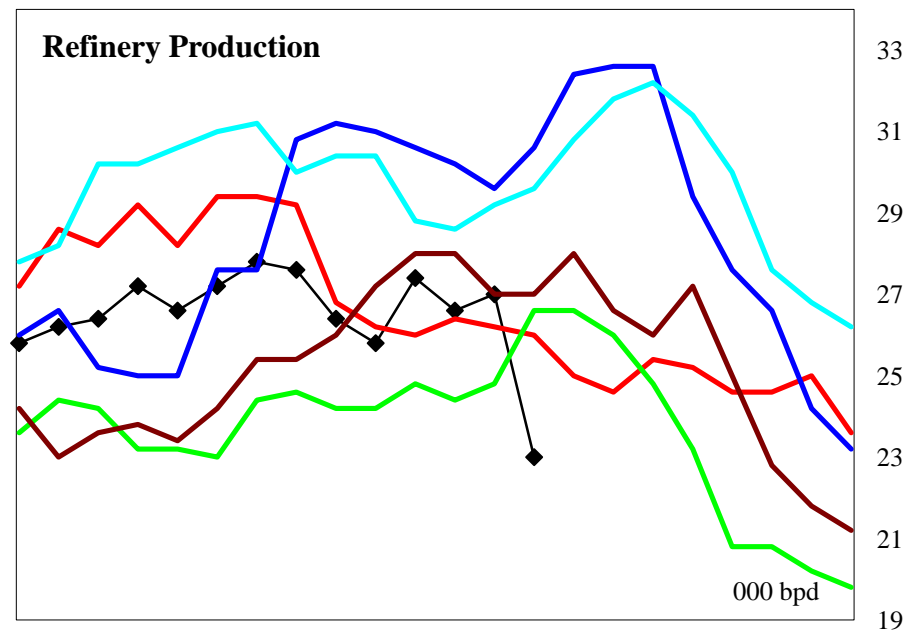
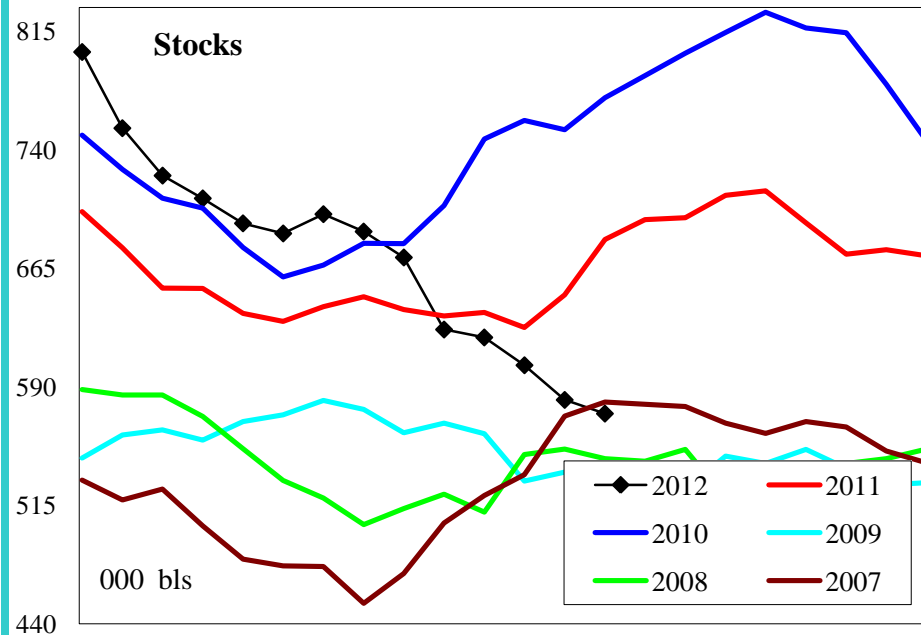
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod + Imp - Stk chg

-110

0

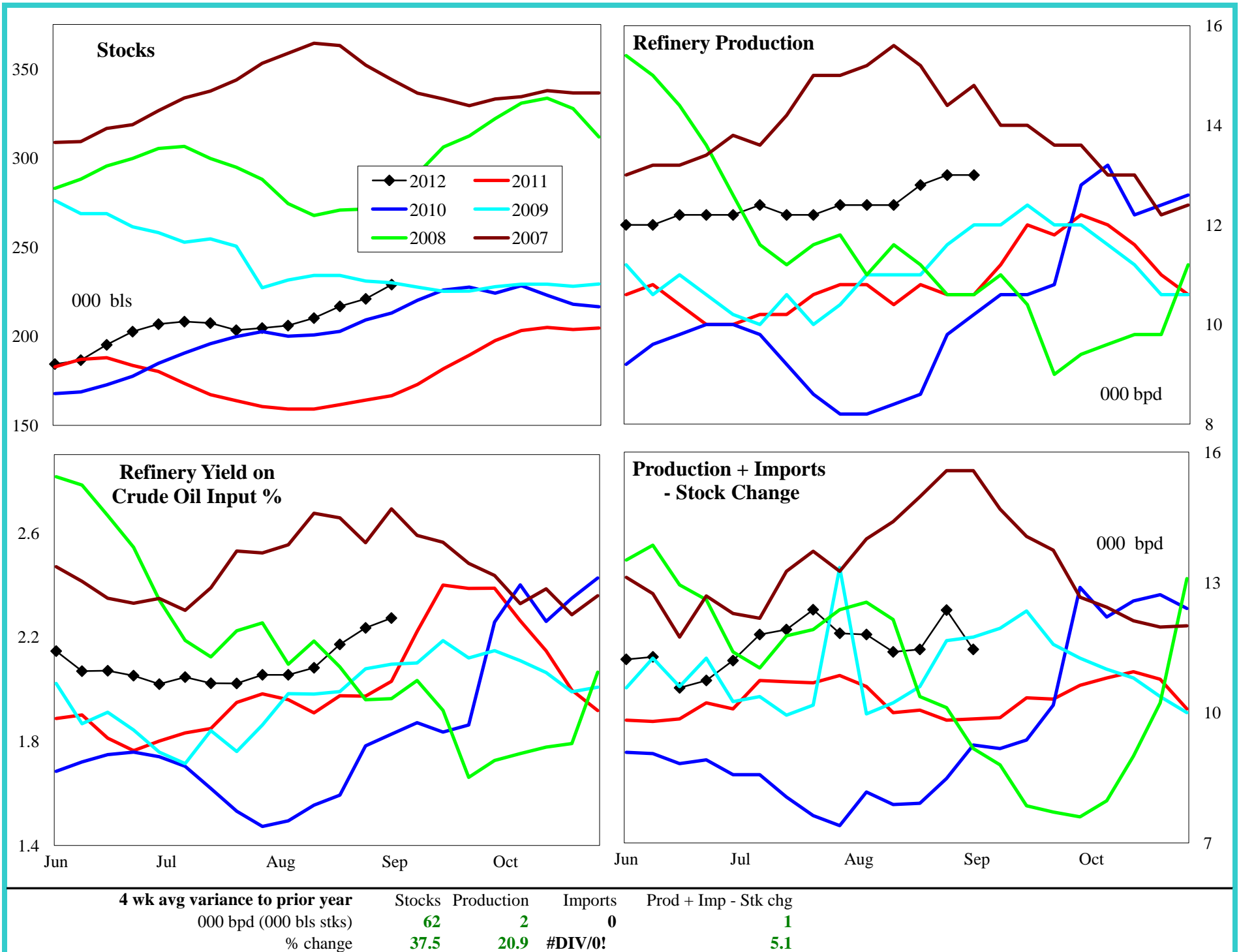
3

-16.1

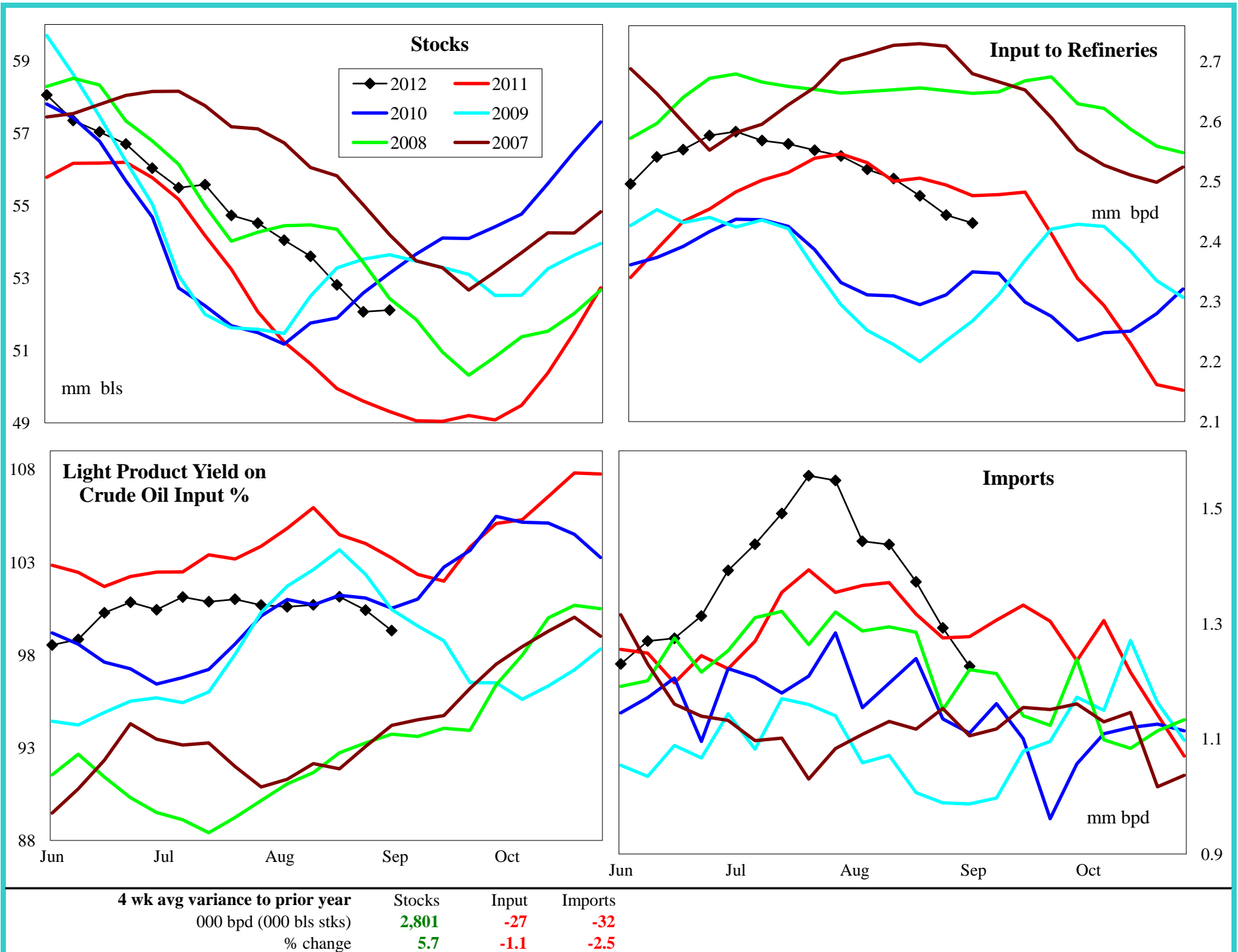
0.0

12.3

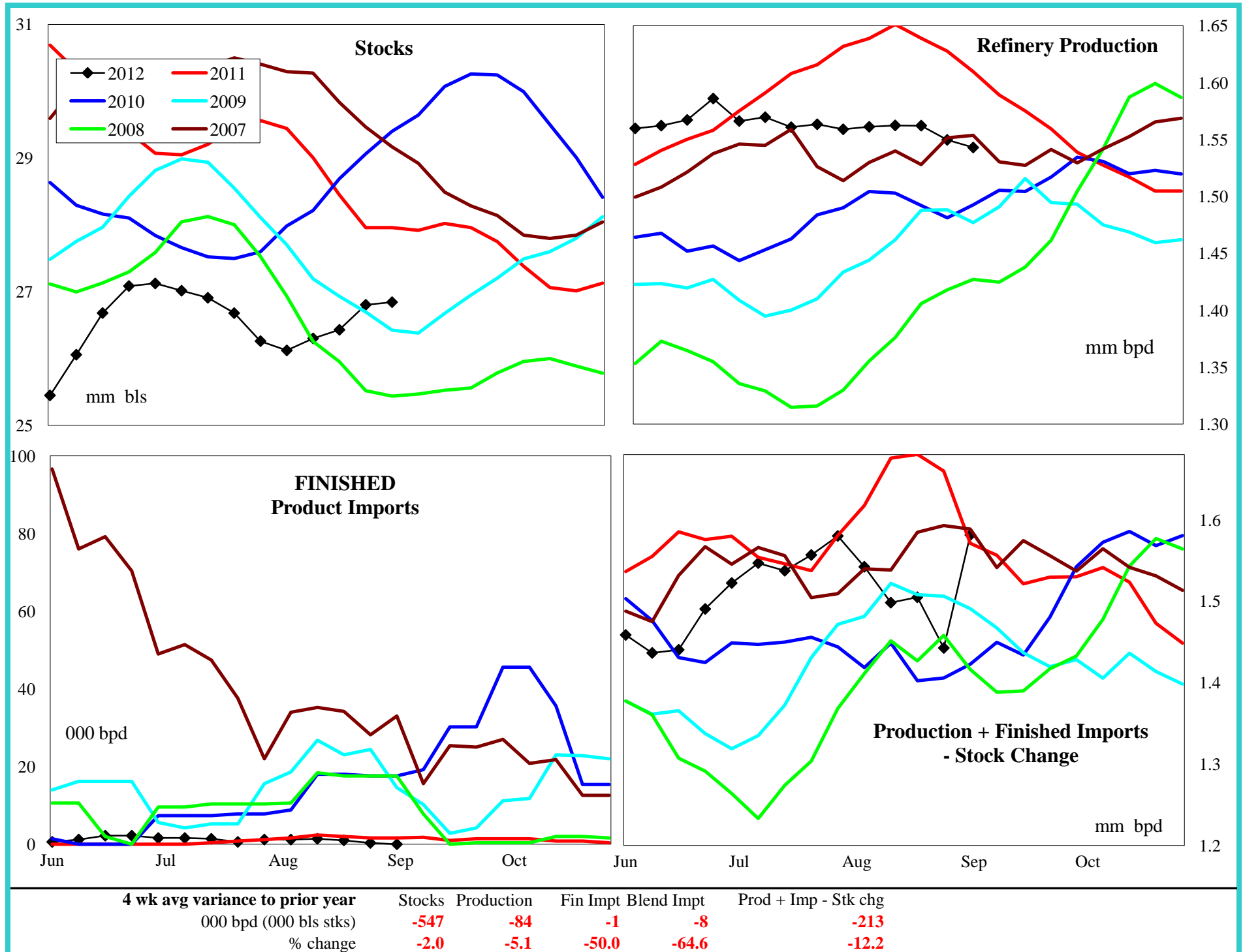
PADD 4 Residual Fuel Oil Supply



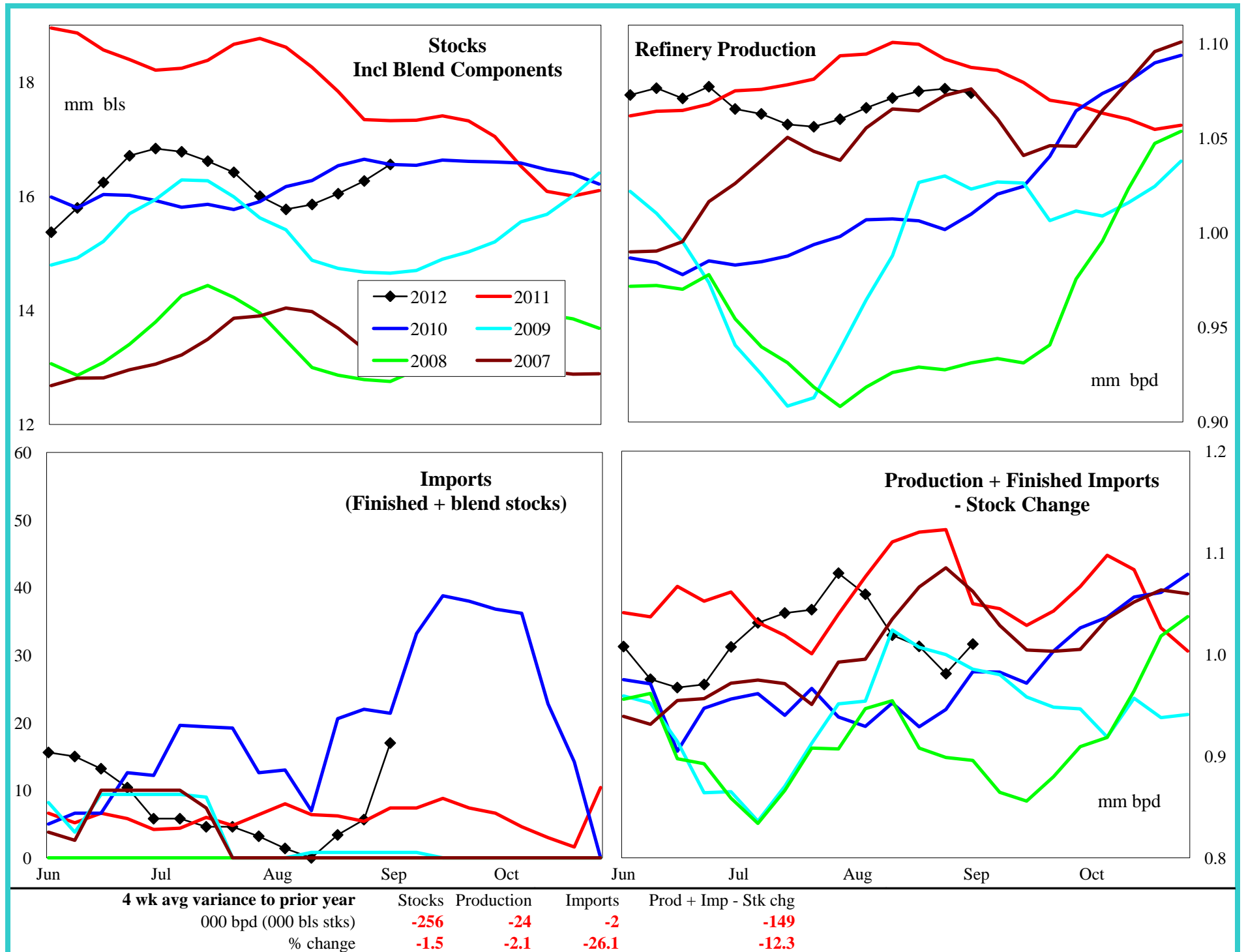
PADD 5 Crude Oil Supply and Refining



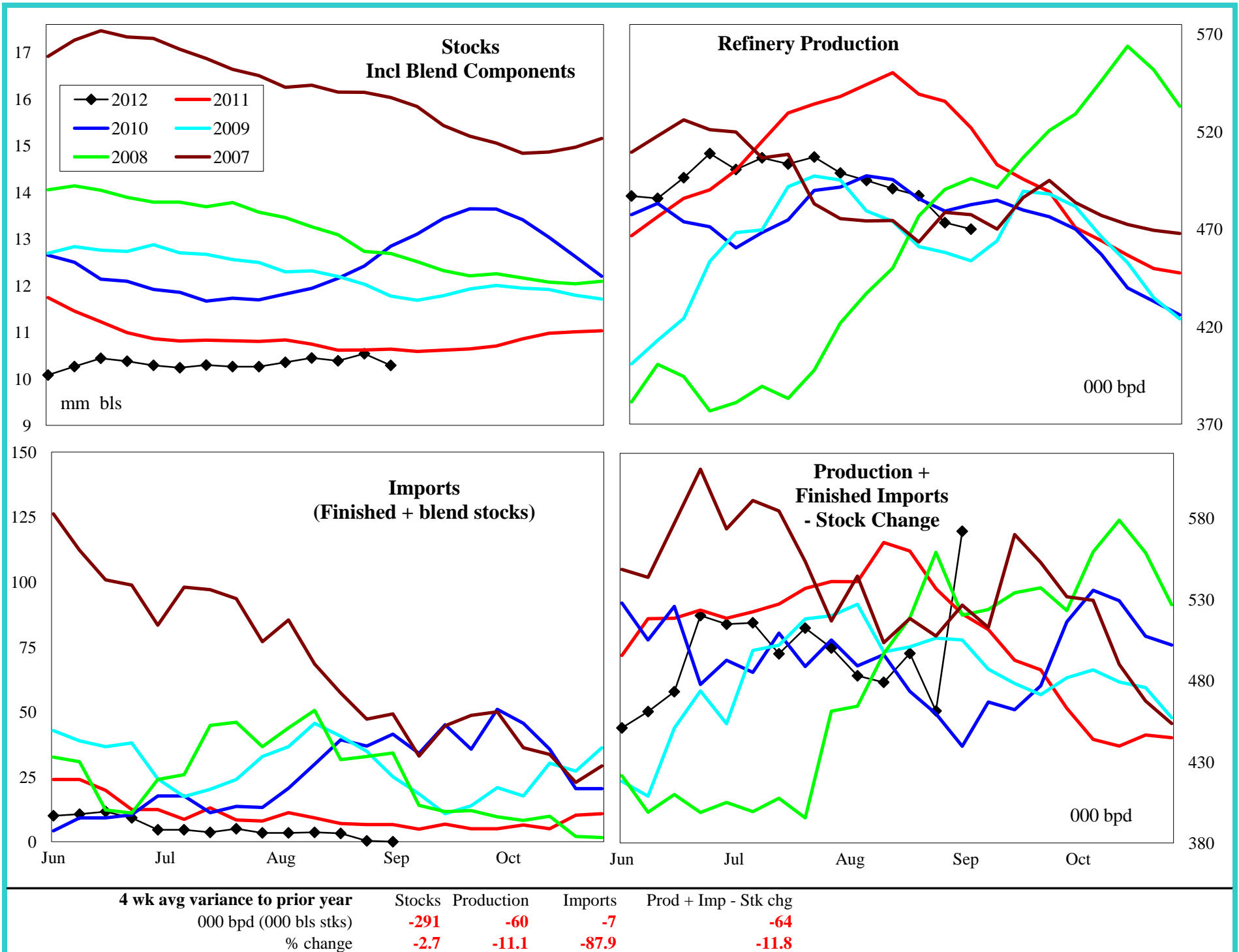
PADD 5 Gasoline Supply



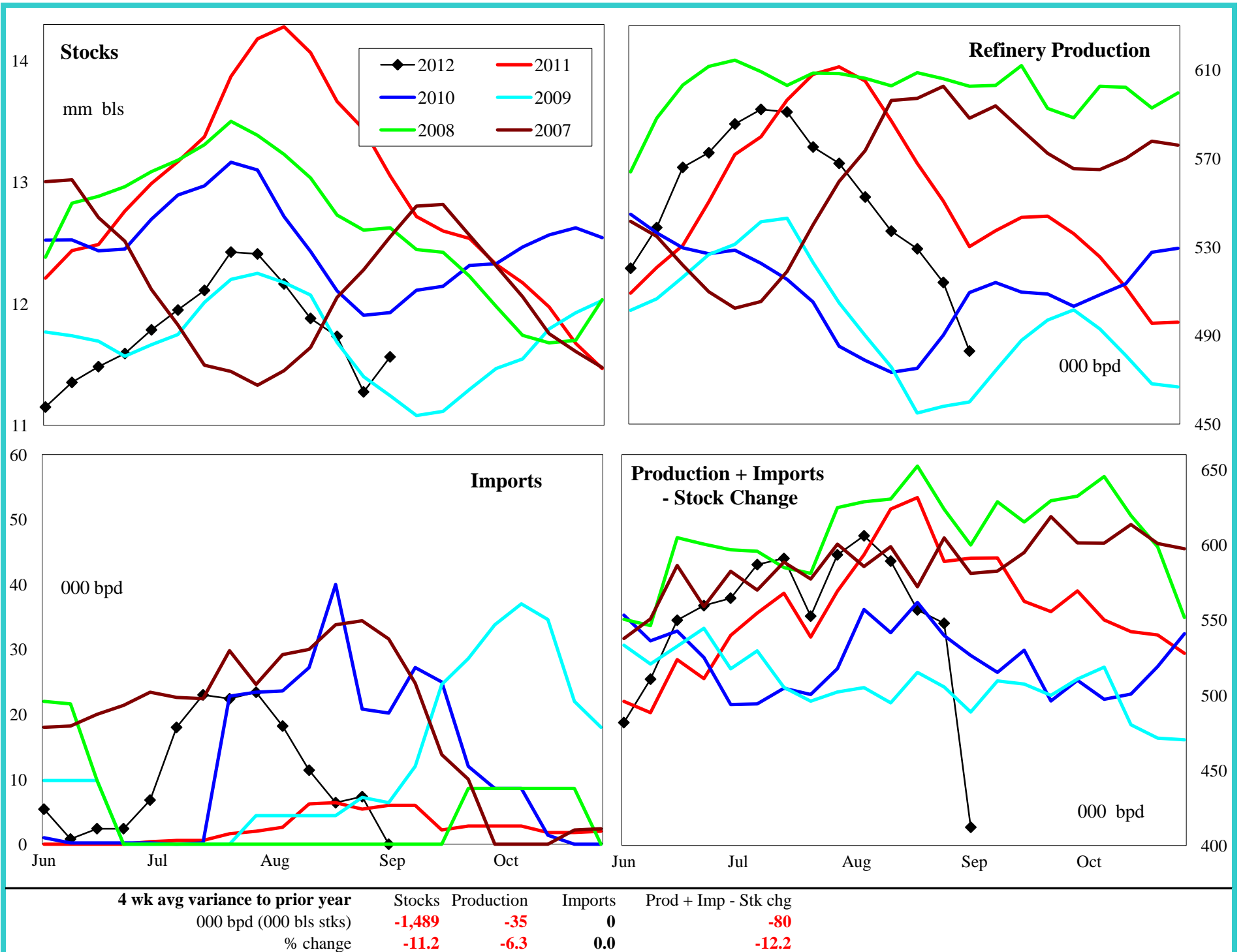
PADD 5 Reformulated Gasoline Supply



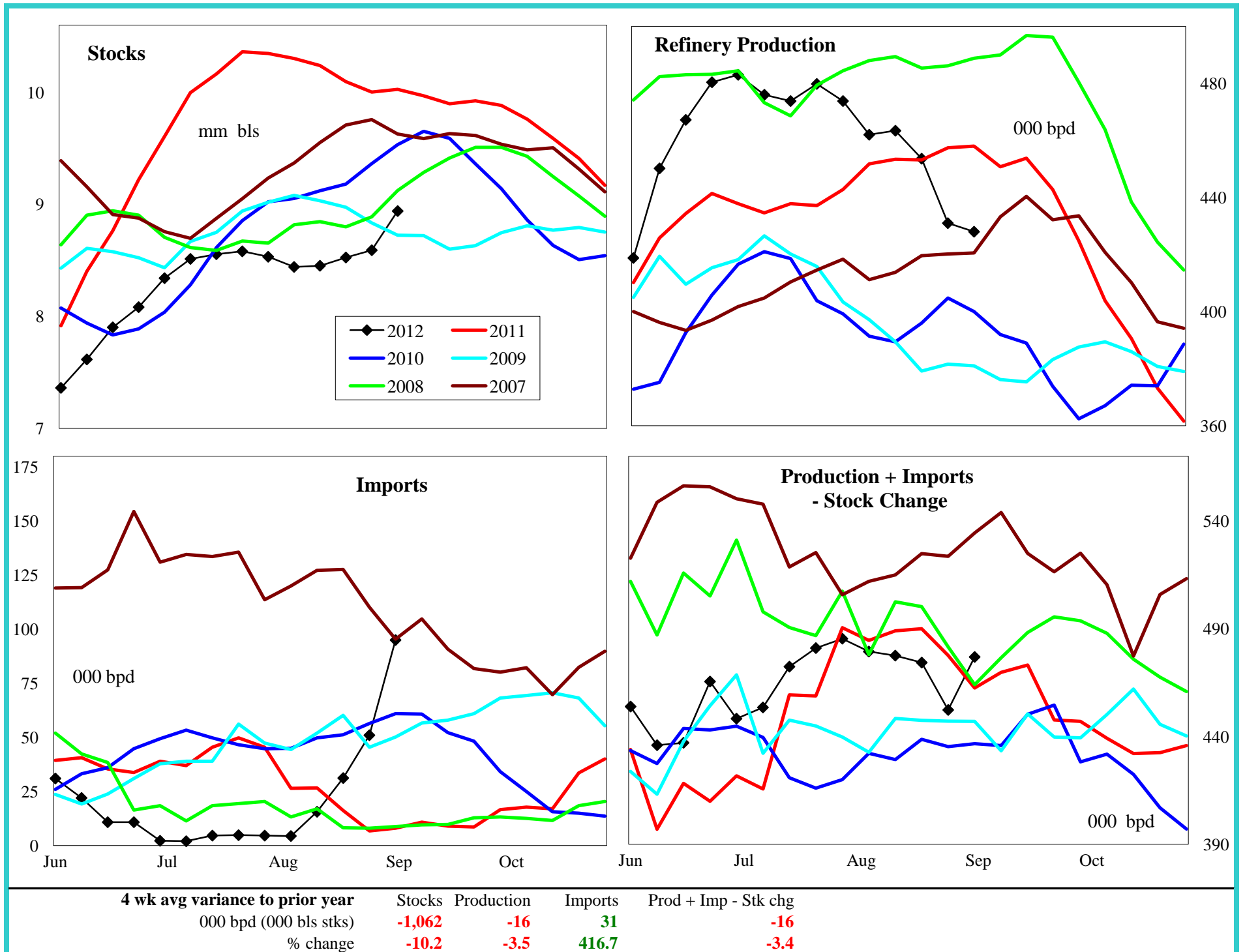
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

