



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

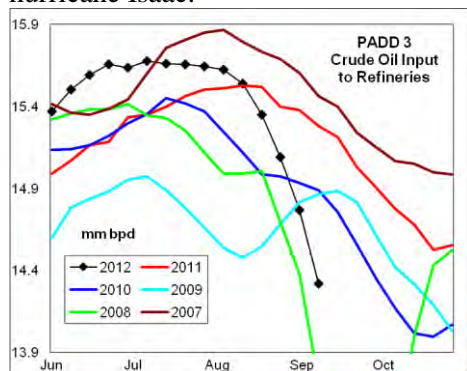
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 13, 2012

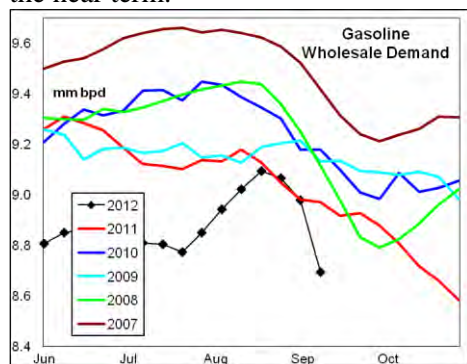


Major Fundamental Trends¹

Refinery crude oil thru put in the Gulf decreased -0.2 million bpd last week as refiners had not recovered from hurricane Isaac.



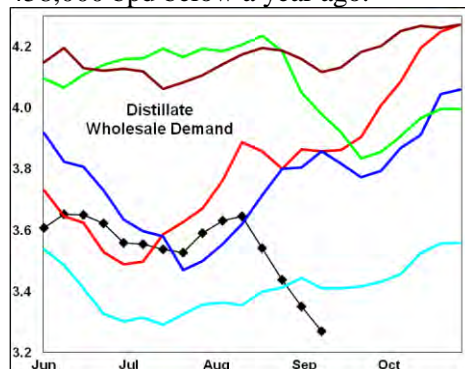
Crude oil imports rebounded in the Gulf, rising +0.8 million bpd on the week. The increase led to an unexpected +0.5 million barrel crude oil stock build in the region. Look for refinery runs in the Gulf to recovery in the near term.



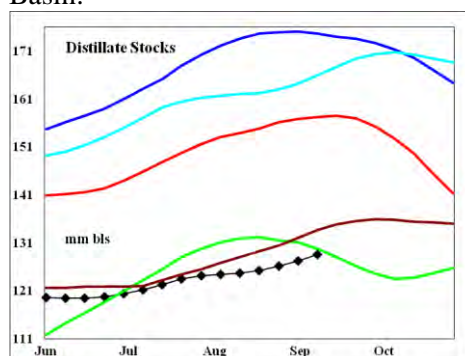
The seasonal peak in gasoline use ended last week on a -0.5 million bpd drop in wholesale demand. Supply fell a comparable amount on sharply lower production and imports; leading to a counter seasonal stock draw of -1.2 million barrels on the week. Stock levels ended the week -13 million barrels below a year ago and below each of the last 3-years.

Look for lower seasonal demand, the switch to higher RVP grades and a return to full operation by Gulf refiners to improve gasoline supplies during the next 30-days.

Distillate demand remains extremely weak, due in part to lower use during the hurricane and reduced agriculture demand for the fall harvest. The latest 4-wk average demand was -458,000 bpd below a year ago.



Weak demand and a +117,000 bpd rise in supply led to a +1.5 million barrel stock build last week. Stock levels remain -30 million barrels below a year ago and at 5-year lows. 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 gasoline fell -0.5 million bpd on an end to peak summer travel. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.1%; distillate fell -12%; jet fuel down -4.4% while residual fuel oil decreased -31%.

Stocks forward coverage: Gasoline demand coverage fell last week due to a -1.2 million barrel stock draw. Coverage levels were sharply below the last 3-years.

Distillate coverage increased on a +1.5 million barrel stock build and extremely low demand. Coverage

levels remain well below the last 3-years.

Jet fuel coverage fell on a -1 million barrel stock draw and robust demand. Coverage levels ended the week below the last 3-years.

Refinery utilization rates fell last week on a -0.3 million bpd decline in crude oil runs, due to hurricane Isaac. During the latest 4-wk period crude oil input was -459,000 bpd below a year ago.

Gasoline yield % on crude oil runs fell on a -325,000 bpd decrease in output compared to the -0.3 million bpd drop in crude oil runs. Yield % on crude oil runs was near historic highs.

Distillate yield % on crude oil runs jumped on a +108,000 bpd increase in production, compared to the decline in crude oil runs. The yield % reached a new 5-year high.

Jet fuel yield % on crude oil runs increased on a -11,000 bpd drop in output, compared to the decline in crude oil runs. The yield % matched historic highs.

Petroleum Imports of crude oil and distillates increased last week, while gasoline and jet fuel were lower. During the latest 4-wk period crude oil imports were -0.3 million bpd below last year; distillate imports decreased -37,000 bpd; finished gasoline imports decreased -83,000 bpd, gasoline blend stock imports increased +201,000 bpd; jet fuel imports were +58,000 bpd higher, while residual fuel oil imports decreased -37,000 bpd.

Crude Oil stocks increased +2 million barrels last week, with small builds in all regional markets. Imports climbed +0.5 million bpd on the week, including a +0.8 million bpd increase in the Gulf region. Cushing stocks ended the week +12 million barrels above last year, +37%.

¹ Source is latest EIA Weekly Statistics



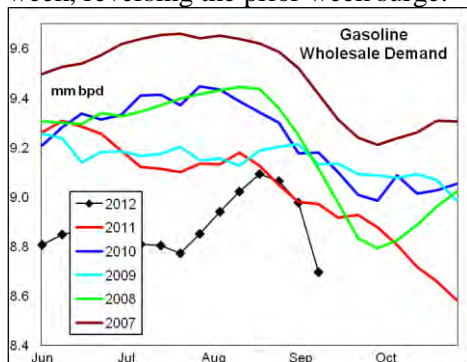
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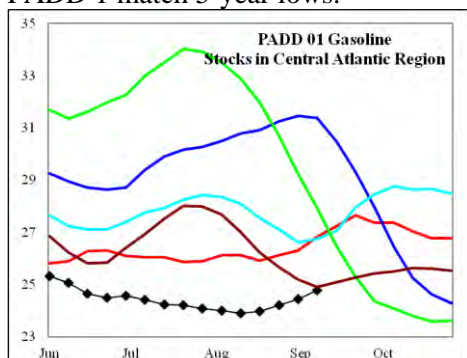
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Product Supply-Demand Trends

Gasoline demand fell -482,000 bpd last week, falling to a record low for this time of year. The latest 4-wk average demand was -6,000 bpd below a year ago. Supply fell -490,000 bpd on the week, reversing the prior week surge.



Stocks decreased -1.2 million barrels last week; including a -1.4 million barrel draw in the Gulf region as a result of the hurricane. Stock levels in the key Central Atlantic region of PADD 1 match 5-year lows.



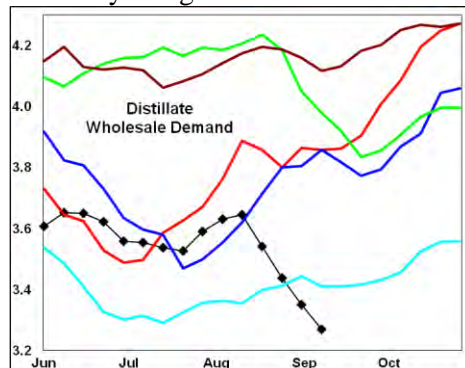
The latest 4-wk stock change in markets East of the Rockies was a -7 million barrel draw, compared to an average of -2 million barrels during the last 3-years.

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 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.

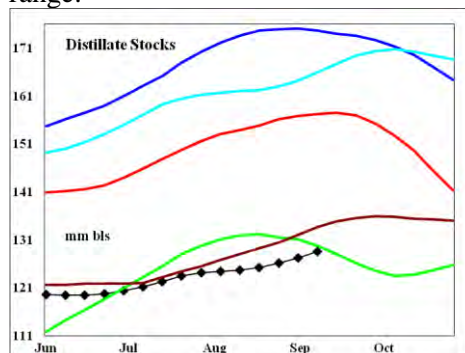
Distillate demand increased +48,000 bpd last week, with the level still below the historic range. The latest 4-

wk average demand was -458,000 bpd below a year ago.

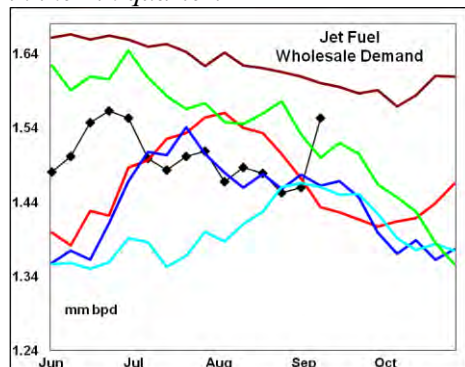


Supply climbed +117,000 bpd on the week. Stocks increased +1.5 million barrels, the result of very weak demand; and slowing of export cargos, again due to the hurricane.

The latest 4-wk stock build in markets East of the Rockies was +4.5 million barrels, a level near the mid range.



Stocks ended the week -30 million barrels below last year; a level that matched 5-year lows. Supply has averaged -96,000 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.



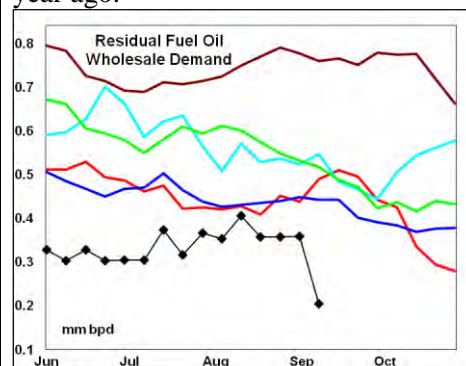
Jet Fuel demand increased +89,000 bpd on the week, to a level sharply

above the last 3-years. The latest 4-wk average demand was -67,000 bpd below a year ago, down -4%.

Supplies decreased -33,000 bpd last week. Stocks fell -1 million barrels on the week, to a level -4% below the mid range.

Look for demand to pull back sharply from last week and trend seasonally lower 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 -177,000 bpd last week, with the latest 4-wk average demand -142,000 bpd below a year ago.



Supply (production + imports) declined -22,000 bpd last week, on lower imports. The latest 4-wk average supply was -117,000 bpd below last year on lower production. Stocks increased +0.5 million barrels on the week, to a level that matched 5-year lows.

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

Stock levels in the key Gulf Region ended the week at historic highs for the period.



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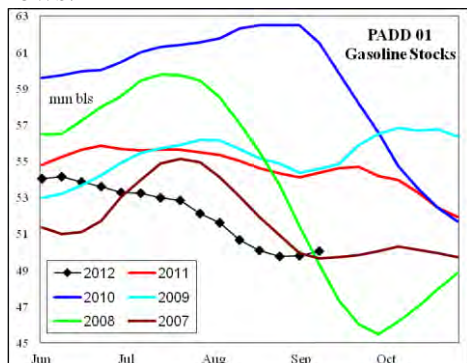
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -80,000 bpd last week, with the latest 4-wk average -278,000 bpd below last year.

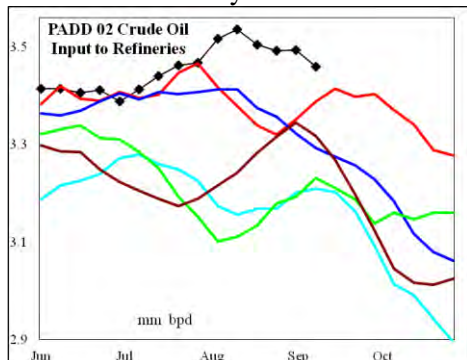
Gasoline supply fell -451,000 bpd last week. Stocks increased +0.2 million barrels on the week, with the level matching 5-year lows.



Stock levels in the Central Atlantic region ended the week -8% below last year, a level that continues the very tight supply balance in the region.

Distillate supply was nearly unchanged on the week. Supply for the latest 4-wk period was -34,000 bpd below last years' previous record low. Stocks climbed +0.8 million barrels, with the level -28% below a year ago.

Jet fuel supply increased +46,000 bpd last week, on higher imports. Stocks were unchanged at levels that matched the last 2-years.



PADD 2 crude oil refinery runs increased +35,000 bpd on the week, a level above the historic range. The latest 4-wk average crude runs were +189,000 bpd above last year. Crude oil imports averaged +309,000 bpd

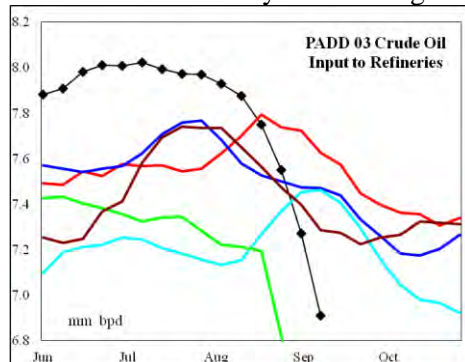
above last year, a +21% increase. Stocks were nearly unchanged on the week, with the level +7.7 million barrels above the prior record high.

Gasoline supplies fell -127,000 bpd on the week, to a level near historic lows for the period. Stock levels ended the week above the 5-year mid range.

Distillate production increased +11,000 bpd on the week, a level +50,000 bpd above the 5-year range. Stocks climbed +0.7 million barrels last week, continuing a rapid build.

Jet fuel production increased +2,000 bpd last week. Stocks ended the week at 5-year highs for the week.

PADD 3 refinery runs decreased -0.2 million bpd last week due to hurricane Isaac. The latest 4-wk average thru put was -363,000 bpd below last year. Crude oil imports rebounded +0.8 million bpd. Stocks increased +0.5 million barrels on the week, to a level which matched the 5-year mid range.



Gasoline production decreased -154,000 bpd last week, a level below the last 60-days. Stocks fell 1.4 million barrels last week, to a level --5 million barrels below the mid range.

Distillate supply decreased -14,000 bpd on the week, a level that matched the average of the last 3-years. Production was -146,000 bpd below a year ago for the latest 4-wk period. Stocks fell -0.6 million barrels on the week, a level -28% below last year.

Jet fuel production decreased -54,000 bpd last week, a level below the last 3-years. Stocks fell -1.1 million barrels, to near 5-year lows.

Residual fuel oil stocks ended the

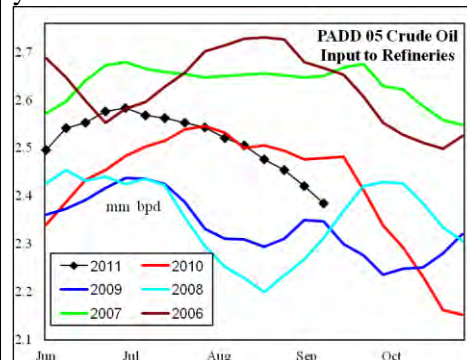
week equal to historic highs.

PADD 4 refinery crude runs increased +7,000 bpd on the week, with the level +8% above last year, and a 5-year high or the period. The most recent 4-wk average run rate was +45,000 above a year ago.

Gasoline supply decreased -4,000 bpd on the week, to a level above each of the last 2-years. Stocks increased +0.2 million barrels on the week, with the level matching 5-year highs for the period.

Distillate production decreased -22,000 bpd last week, with the latest 4-wk average +7,000 bpd above last year. Stocks ended the week +13% above last year.


PADD 5 crude oil refinery runs fell -46,000 bpd last week, to a level below a year ago. Runs for the most recent 4-wk period were -52,000 bpd below last year.



Gasoline supply increased +32,000 bpd on the week; with the latest 4-wk average -66,000 bpd below a year ago. Stocks were unchanged last week, -4% below a year ago.

Distillate supply jumped +108,000 bpd on the week, with the latest 4-wk nearly unchanged from a year ago. Stocks increased +0.6 million barrels, -5% below a year ago.

Jet fuel supplies decreased -46,000 bpd last week, leading to a -0.7 million barrel decline in stocks. Stock levels ended the week at fresh 5-year lows.



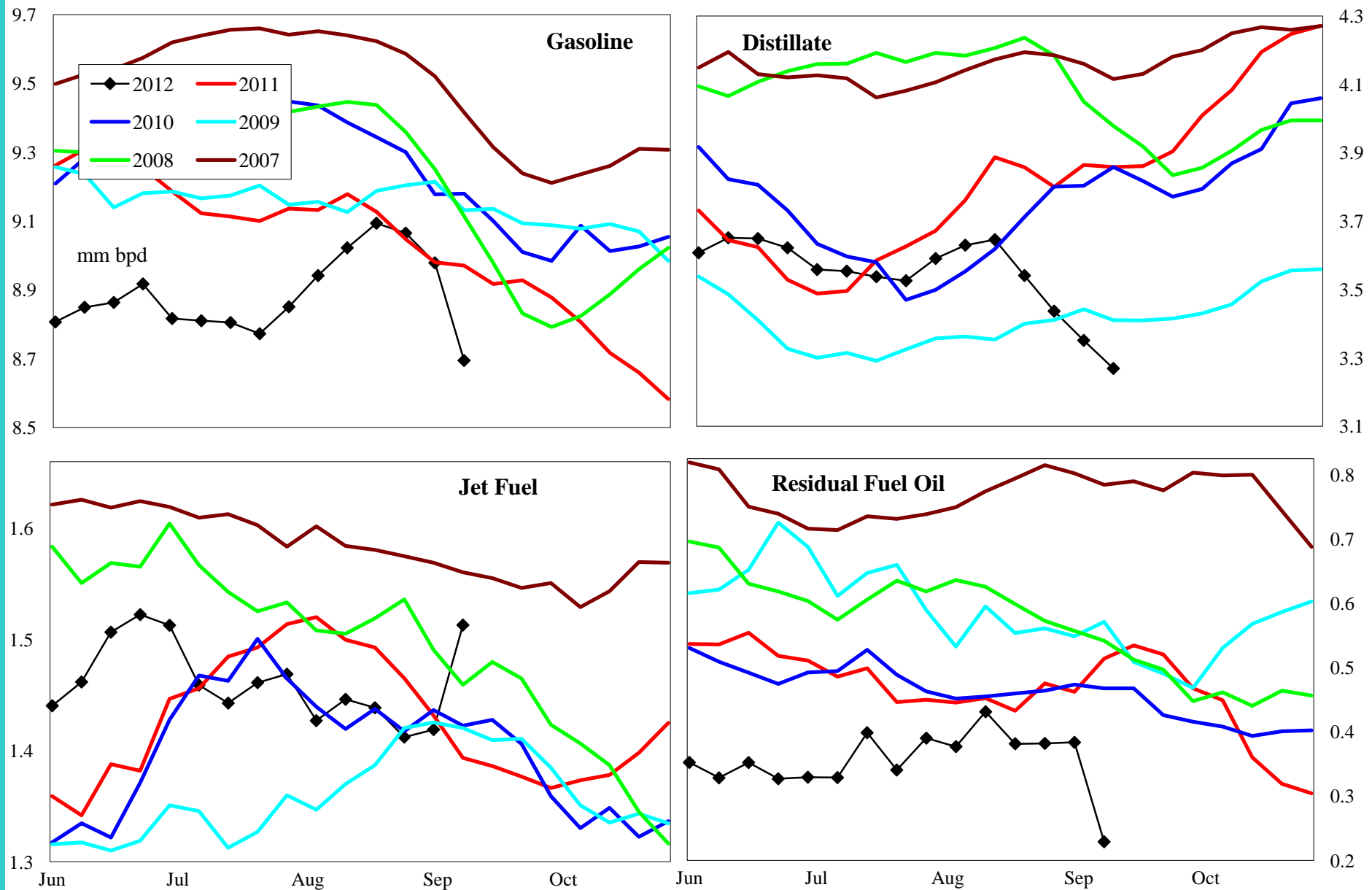
PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report September 12, 2012

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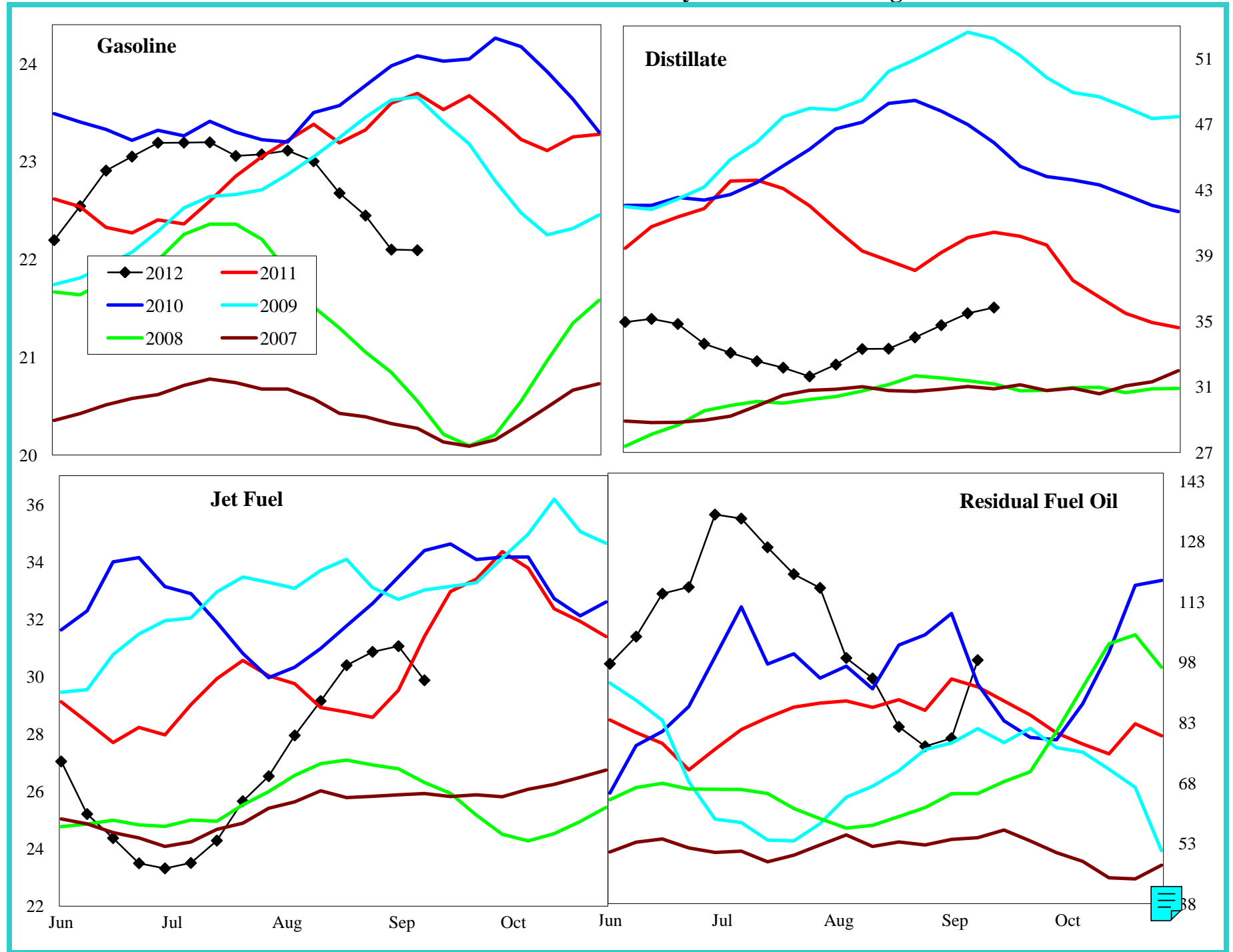
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	7-Sep-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	1,994	100	519	548	339	489
	Imports	530	-261	19	821	-86	37
	Input	-287	-80	35	-204	7	-46
	% Utilization	-1.40					
Gasoline	Stocks	-1,177	229	-172	-1,393	166	-7
	Production	-325	-208	-127	-154	-4	-2
	Imports	-165	-243	2	42	0	34
	Supplied	-482					
Distillate	Stocks	1,476	838	671	-570	-27	563
	Production	108	-23	11	33	-22	108
	Imports	9	19	4	-14	0	0
	Supplied	48					
Jet Fuel	Stocks	-979	14	638	-1,102	147	-677
	Production	-11	6	2	-54	18	16
	Imports	-22	40	0	0	0	-62
	Supplied	89					
Residual Fuel Oil	Stocks	504	-208	-8	571	-17	166
	Production	30	15	5	24	-1	-12
	Imports	-52	-38	-2	3	0	-14
	Supplied	-177					

United States Wholesale Petroleum Demand

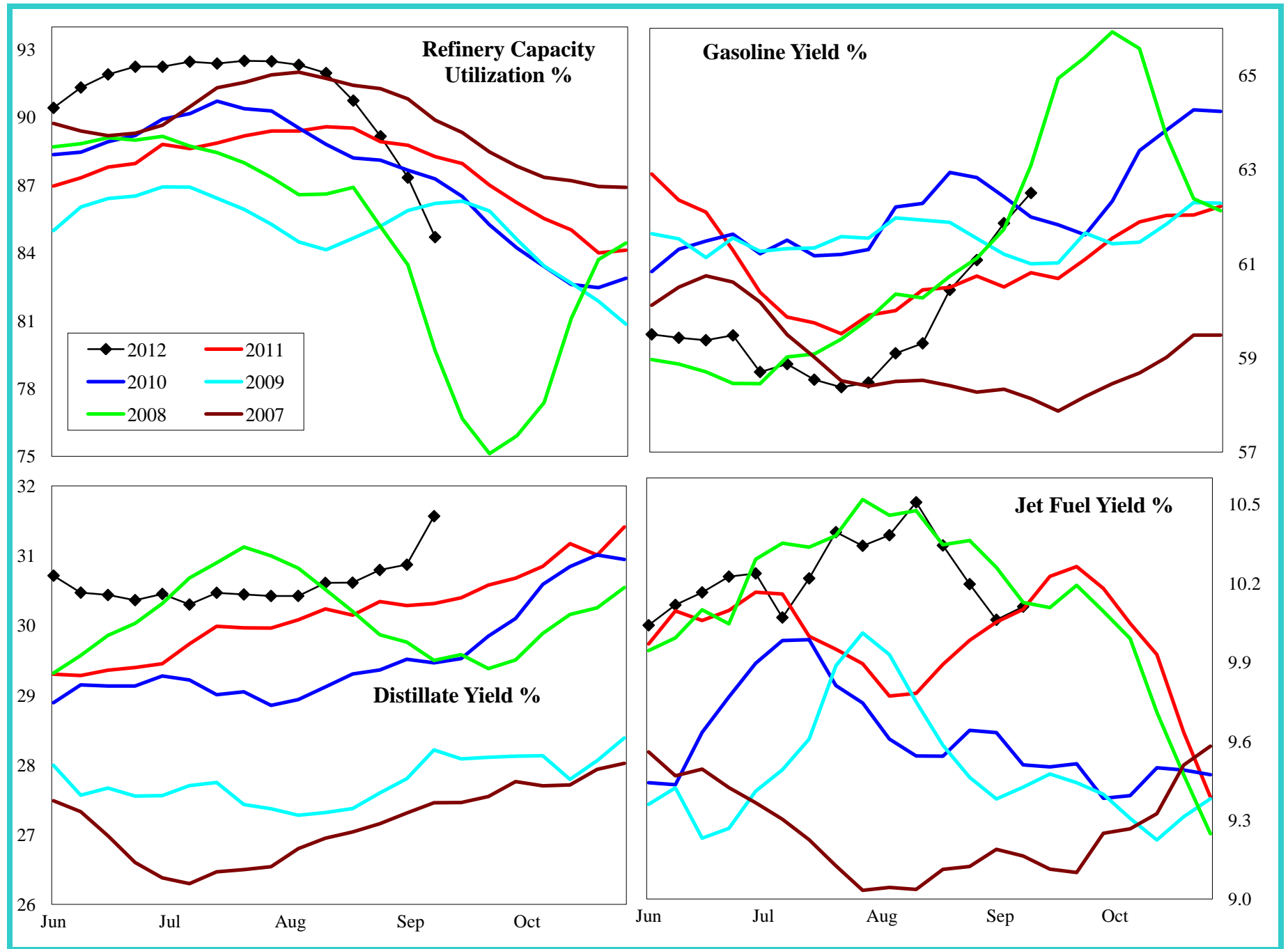


	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-6	-204	-128	212	-0.1	-2.3	-1.4	2.4
Distillate	-458	8	-186	88	-11.9	0.2	-4.8	2.4
Jet Fuel	-67	-11	44	-20	-4.4	-0.8	2.8	-1.4
Resid	-142	28	-162	-184	-31.0	8.9	-34.4	-38.5

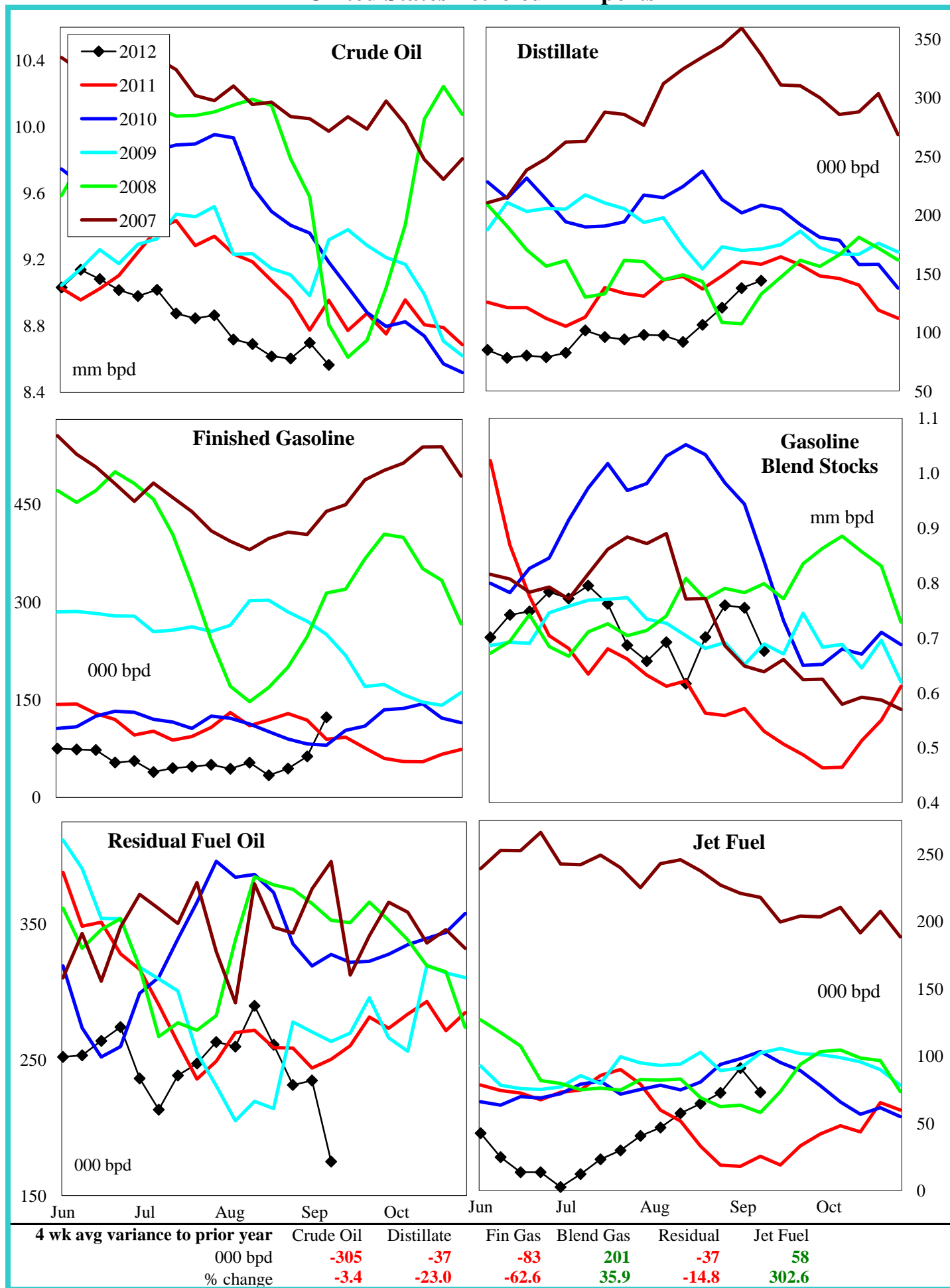


United States Product Stocks: Days Forward Coverage

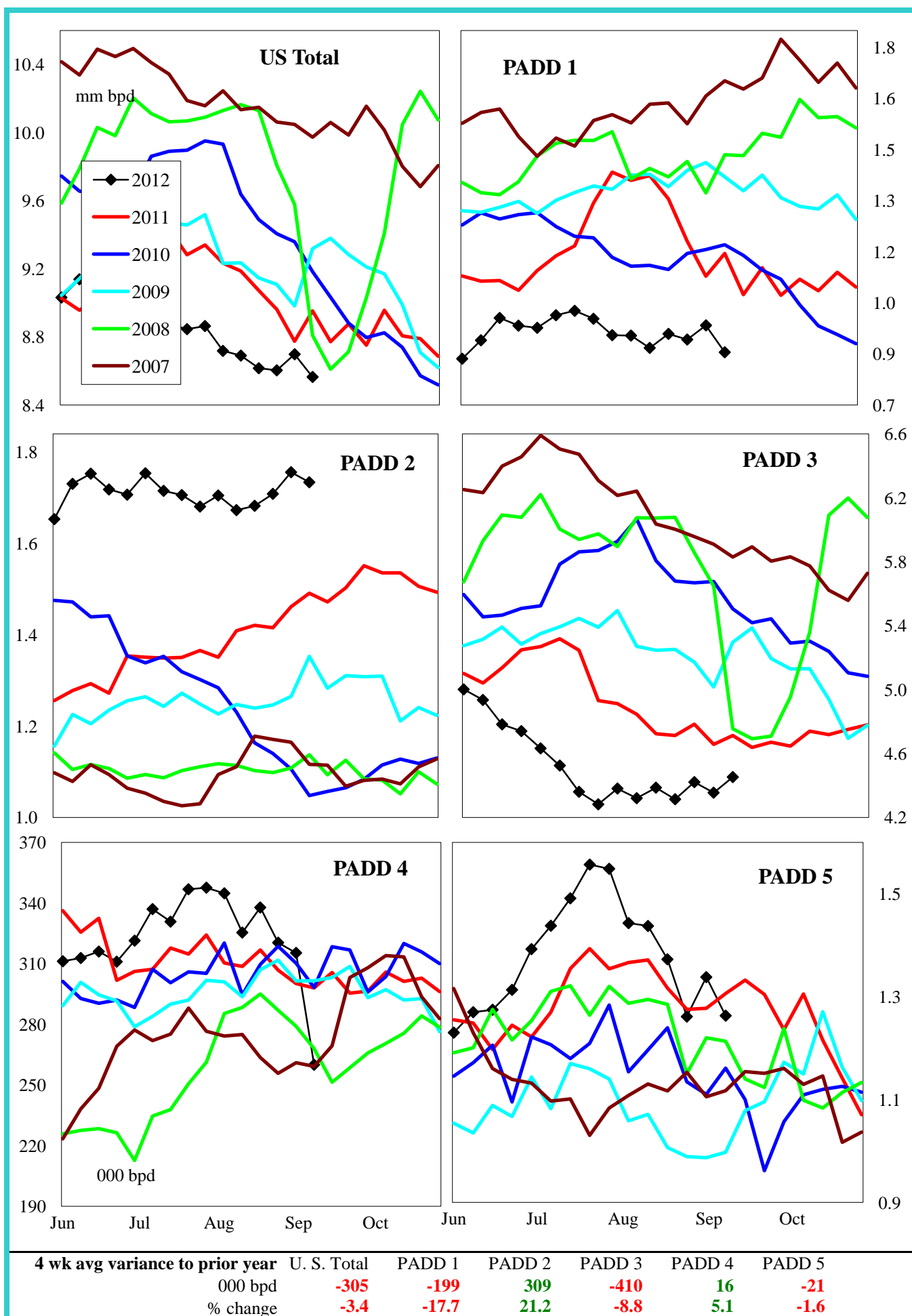
United States Refinery Percent Utilization Rate and Product Yields



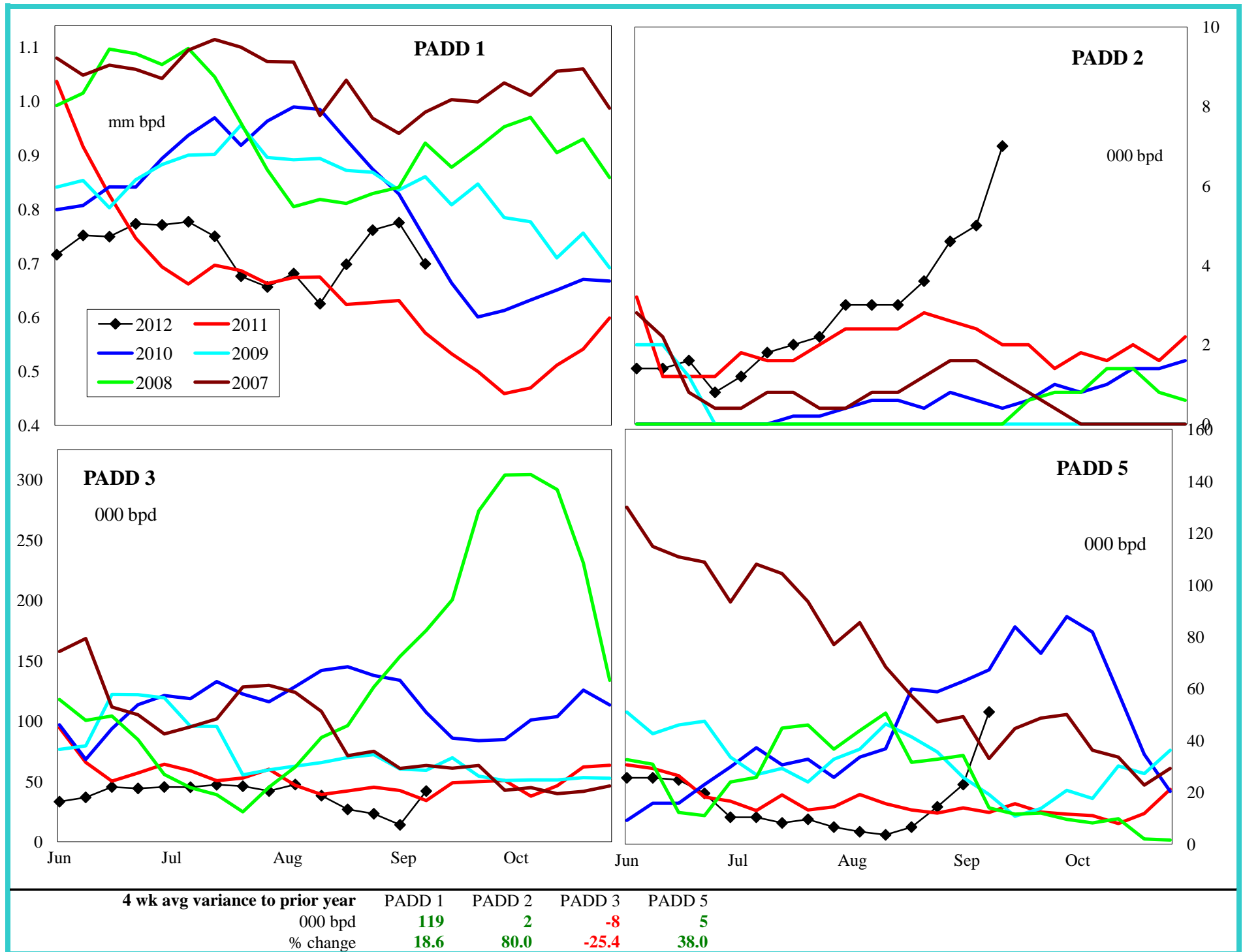
United States Petroleum Imports



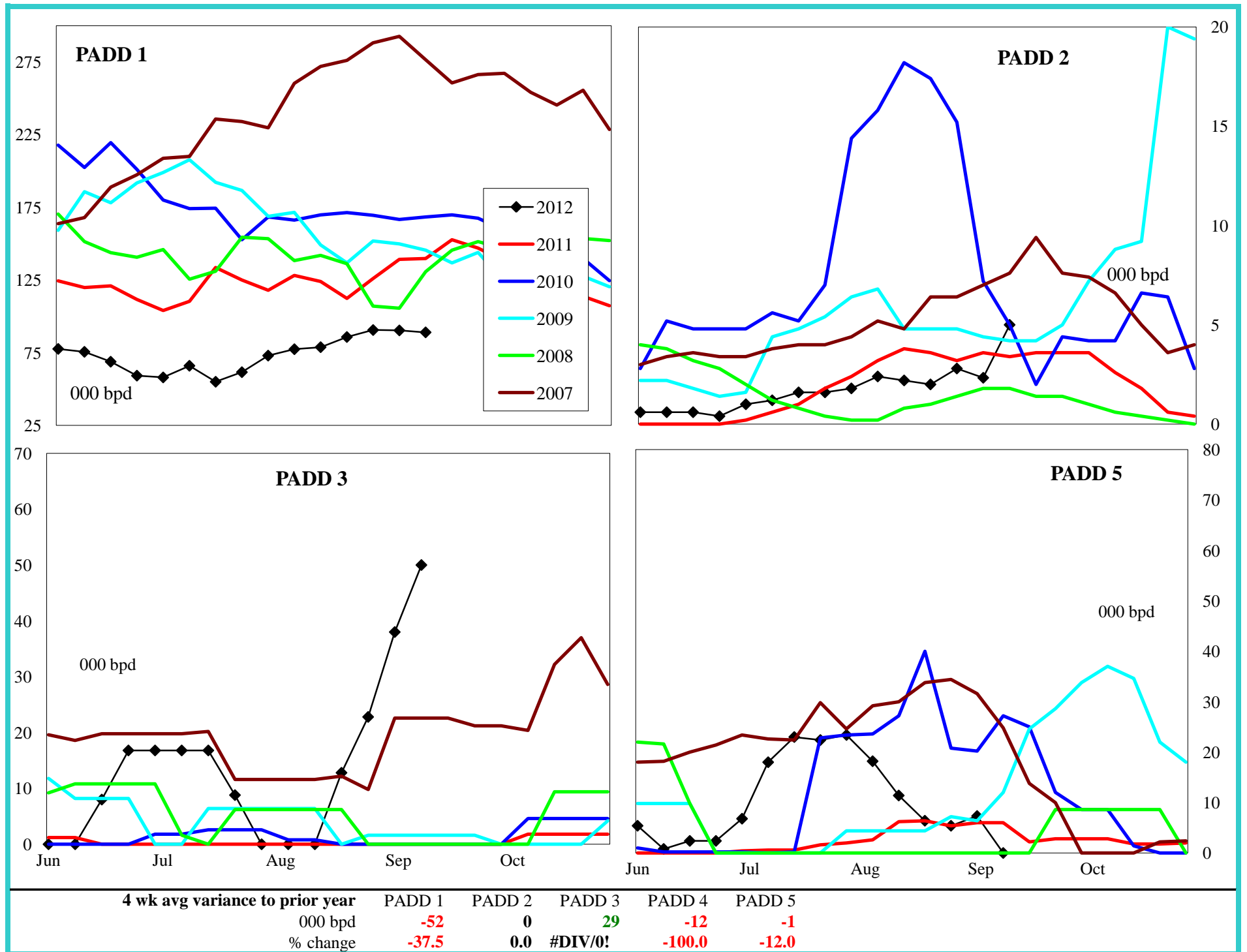
Crude Oil Imports by PADD



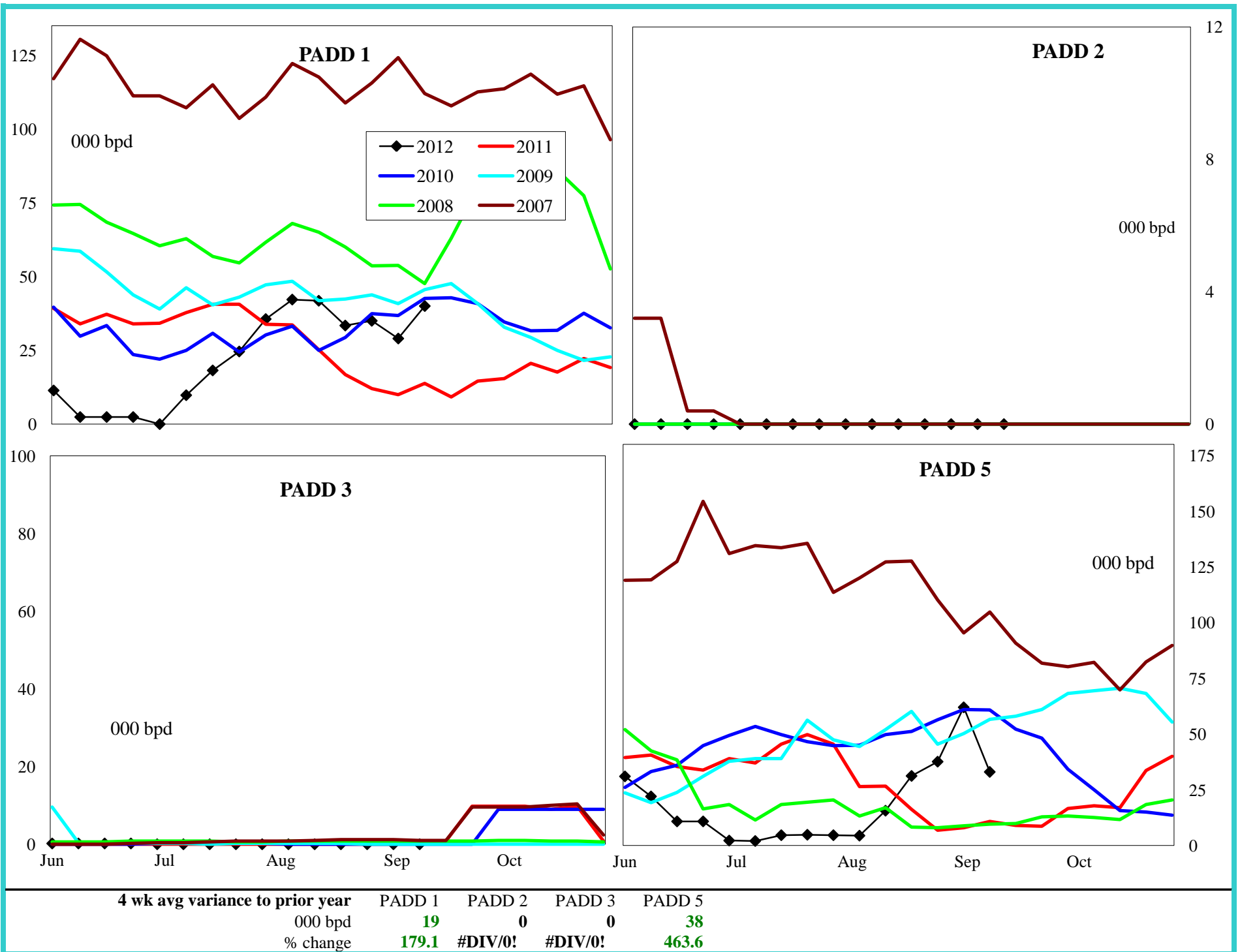
Gasoline Imports by PADD (Finished + Blend Stocks)



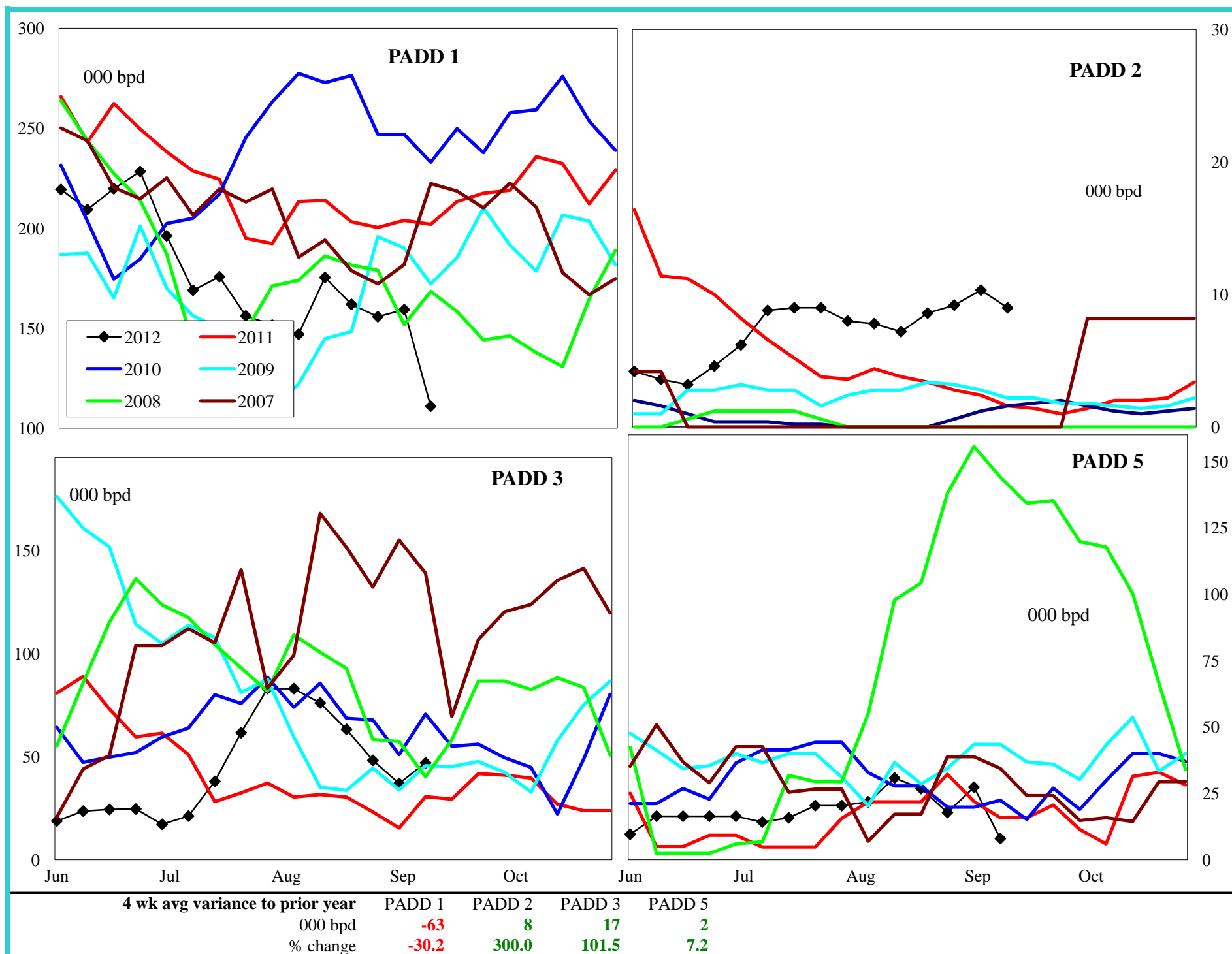
Distillate Imports by PADD



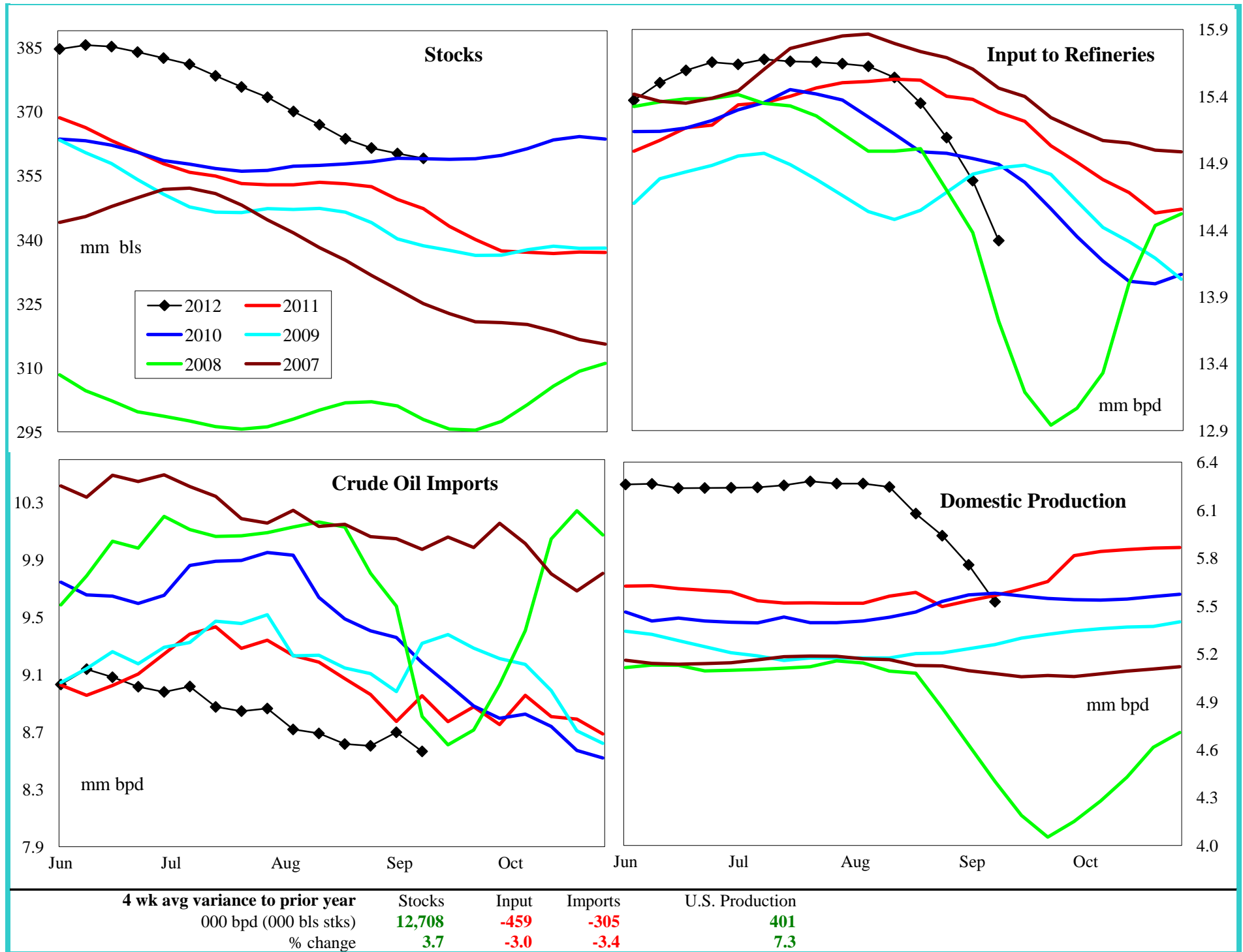
Jet Fuel Imports by PADD



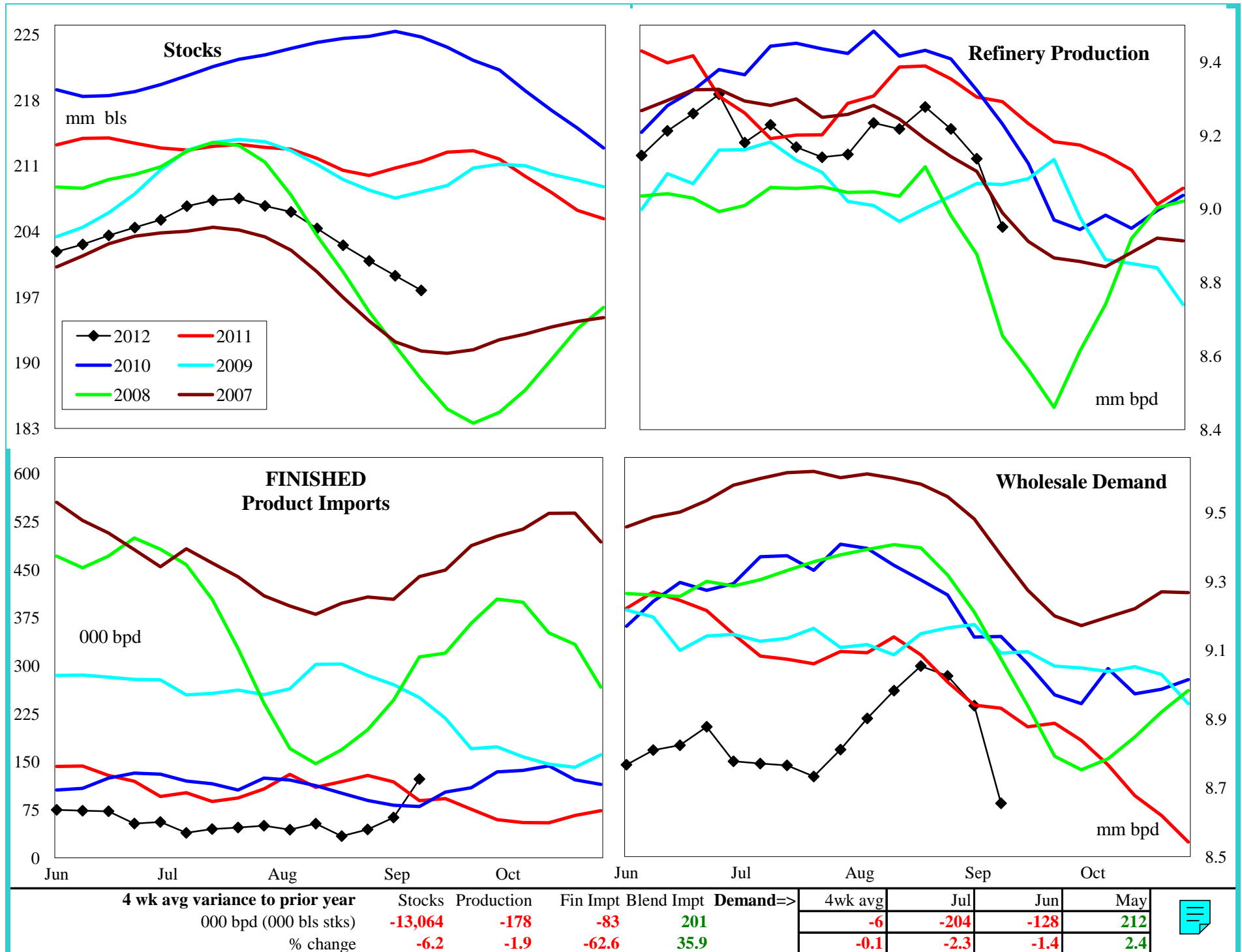
Residual Fuel Oil Imports by PADD



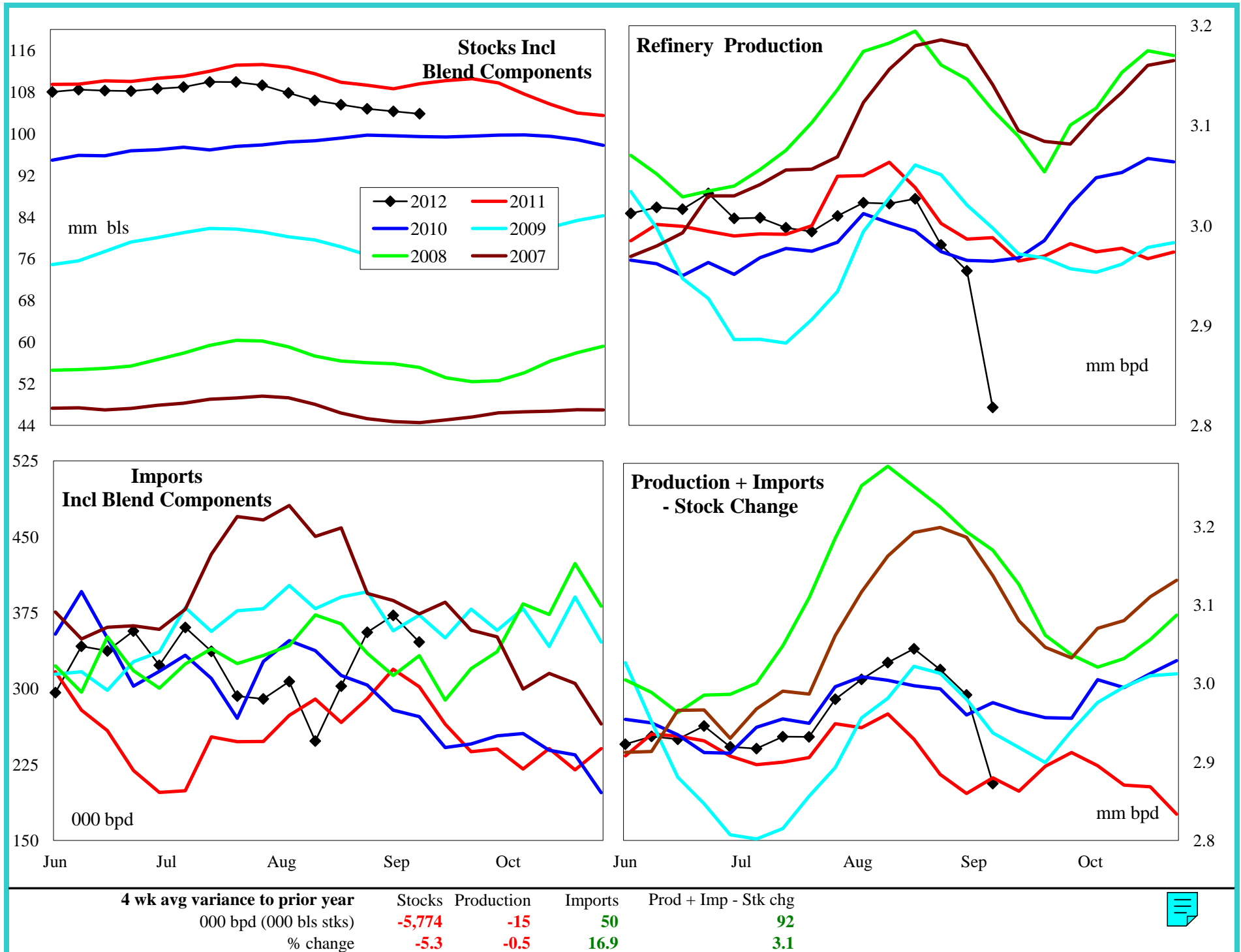
United States Crude Oil Supply and Demand Balance



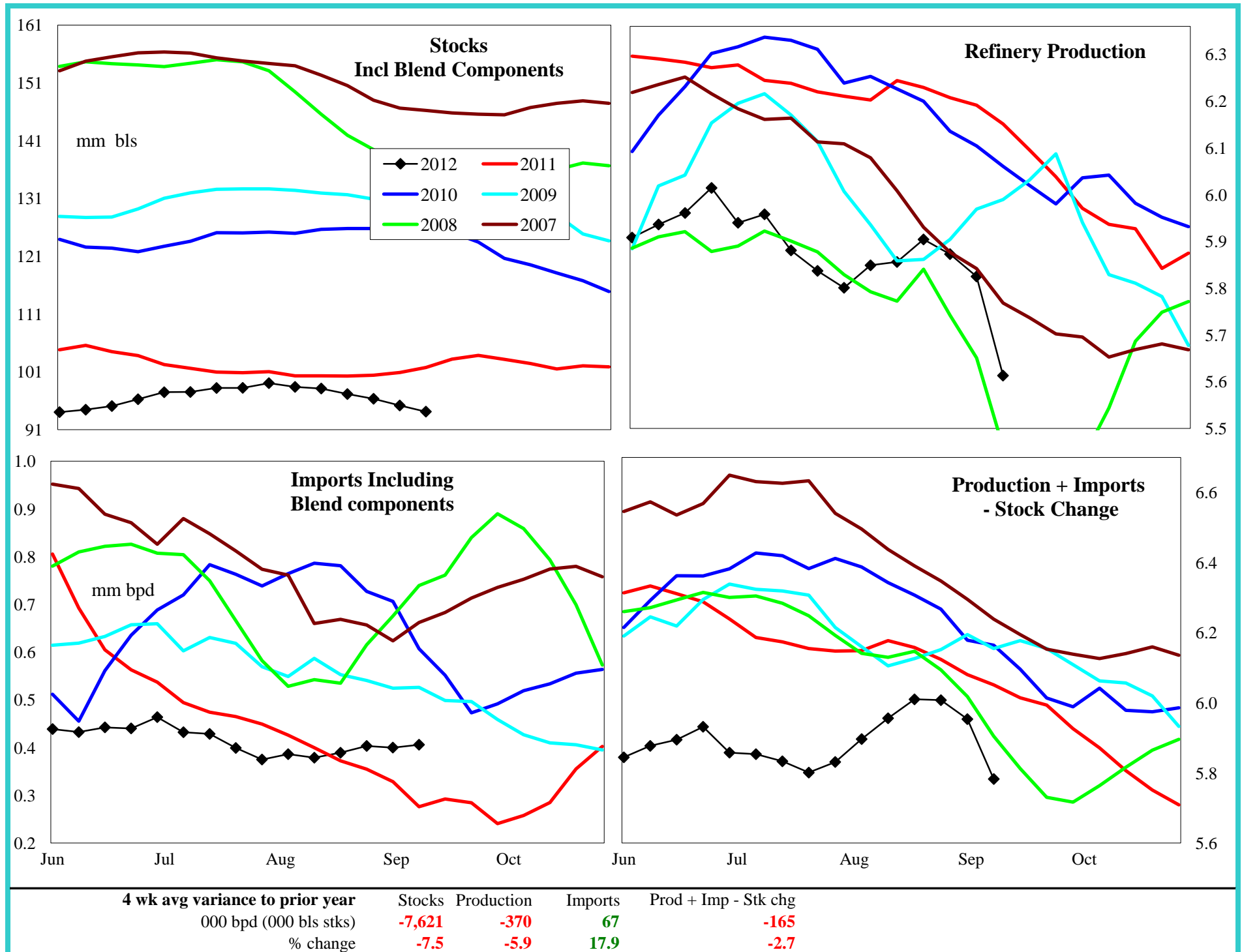
United States Gasoline Supply and Demand Balance



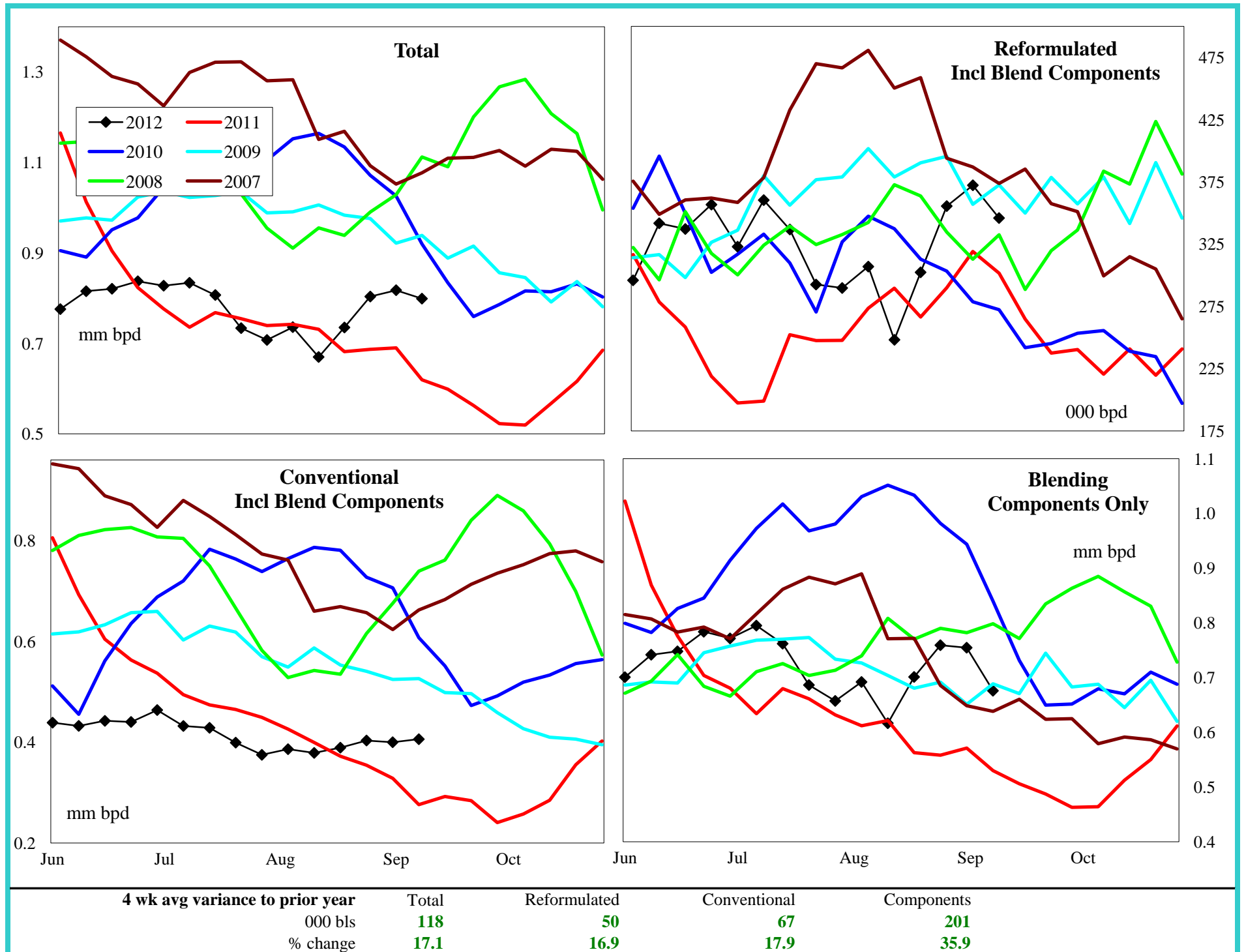
United States Reformulated Gasoline Supply



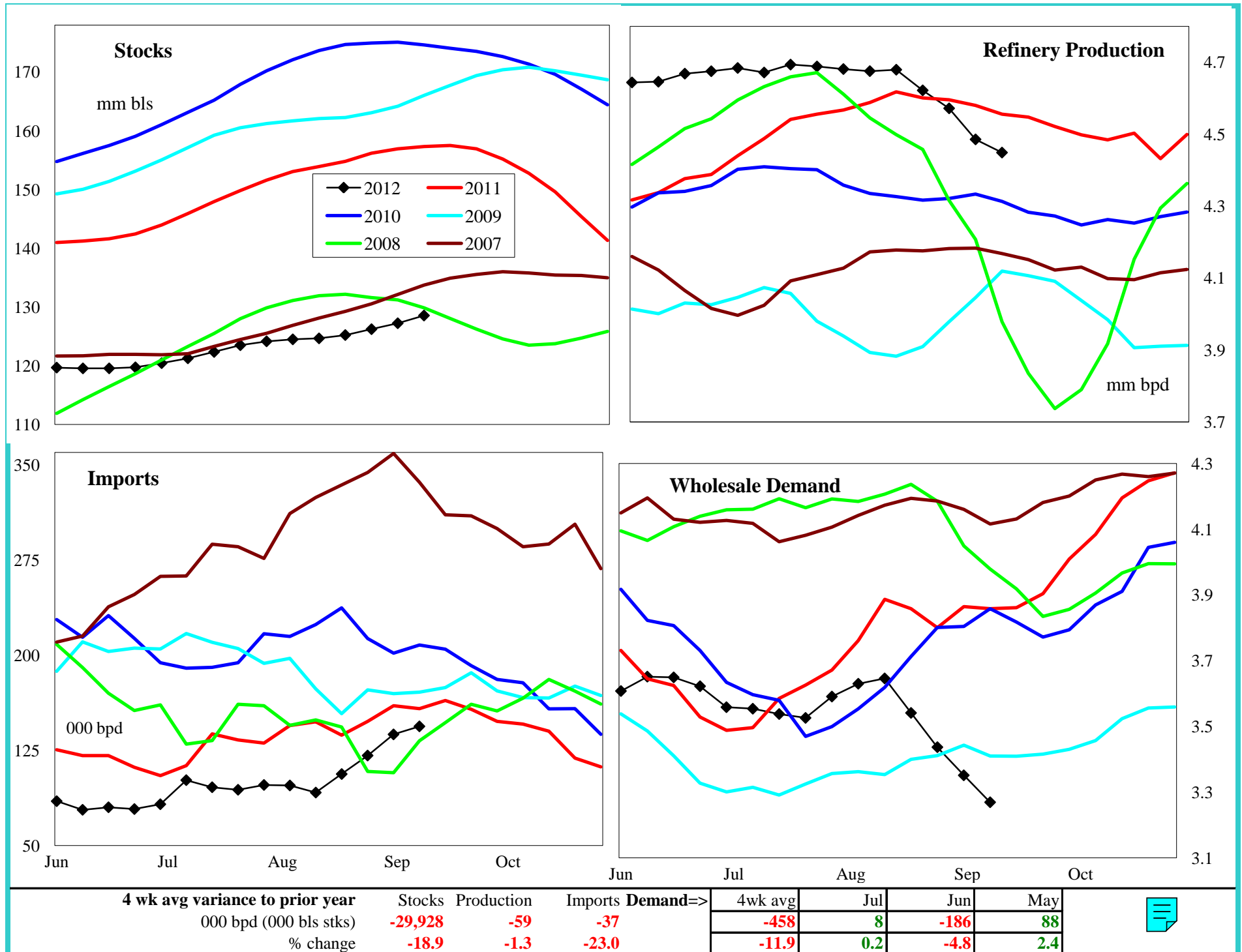
United States Conventional Gasoline Supply



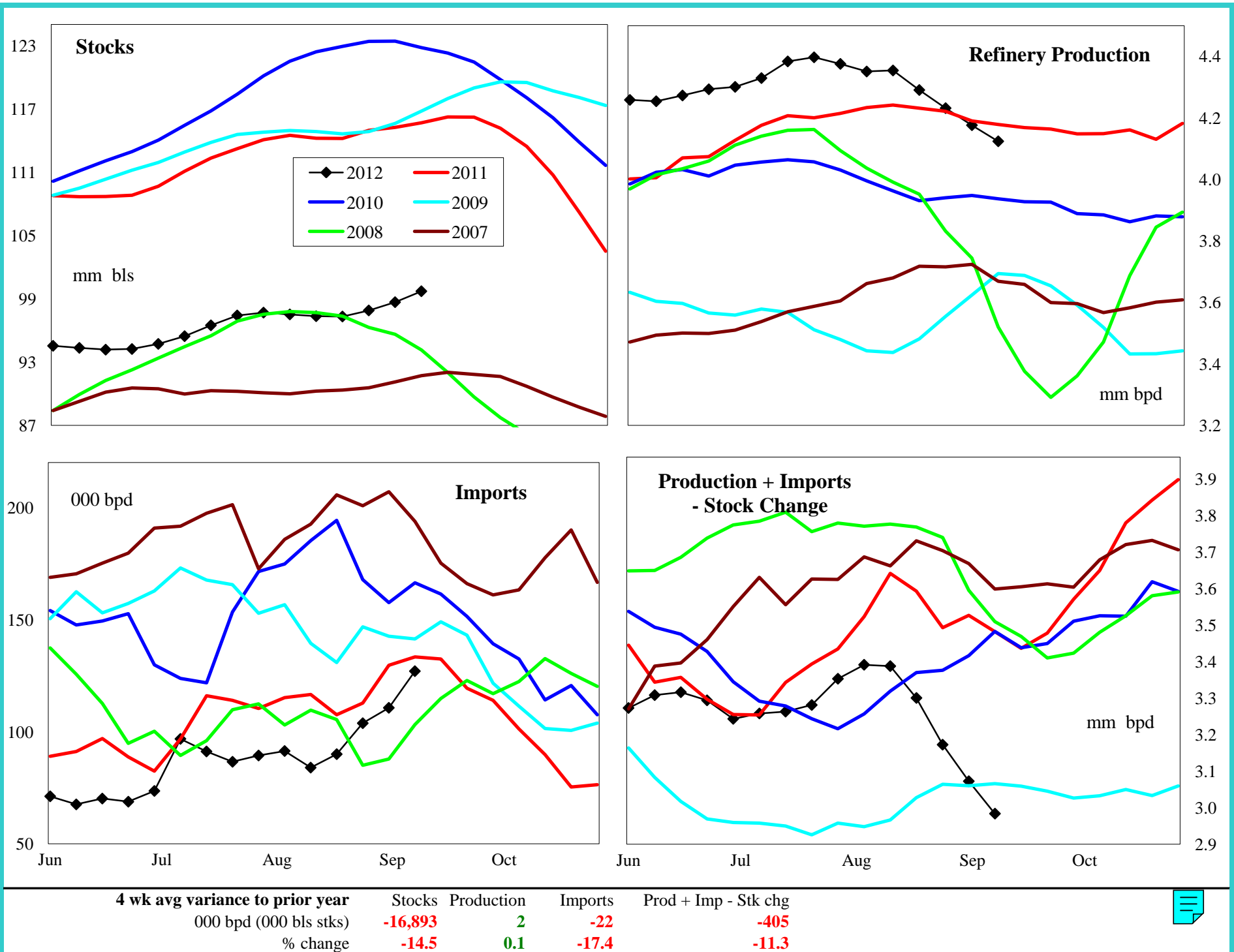
United States Gasoline Imports by Type



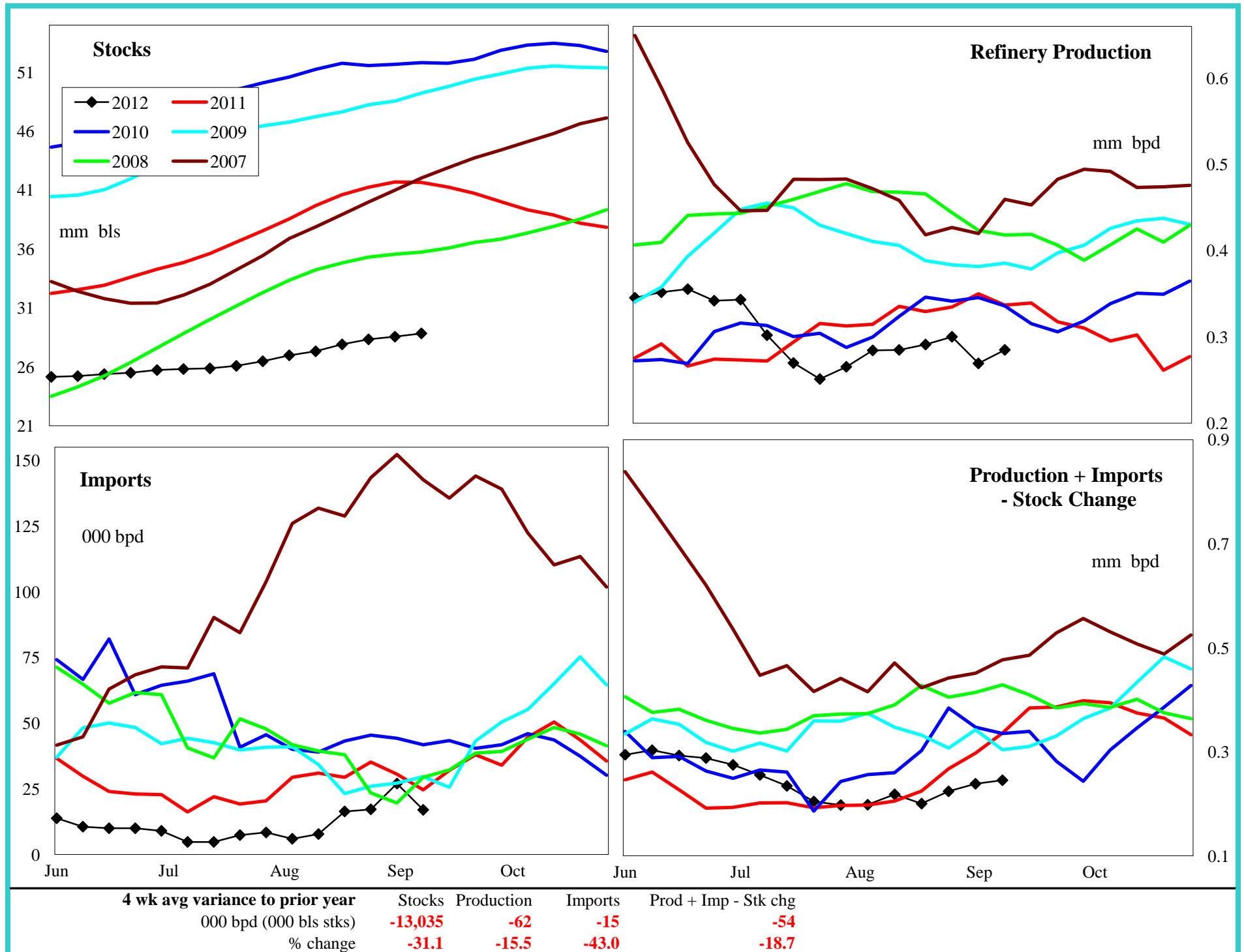
United States Distillate Supply and Demand Balance



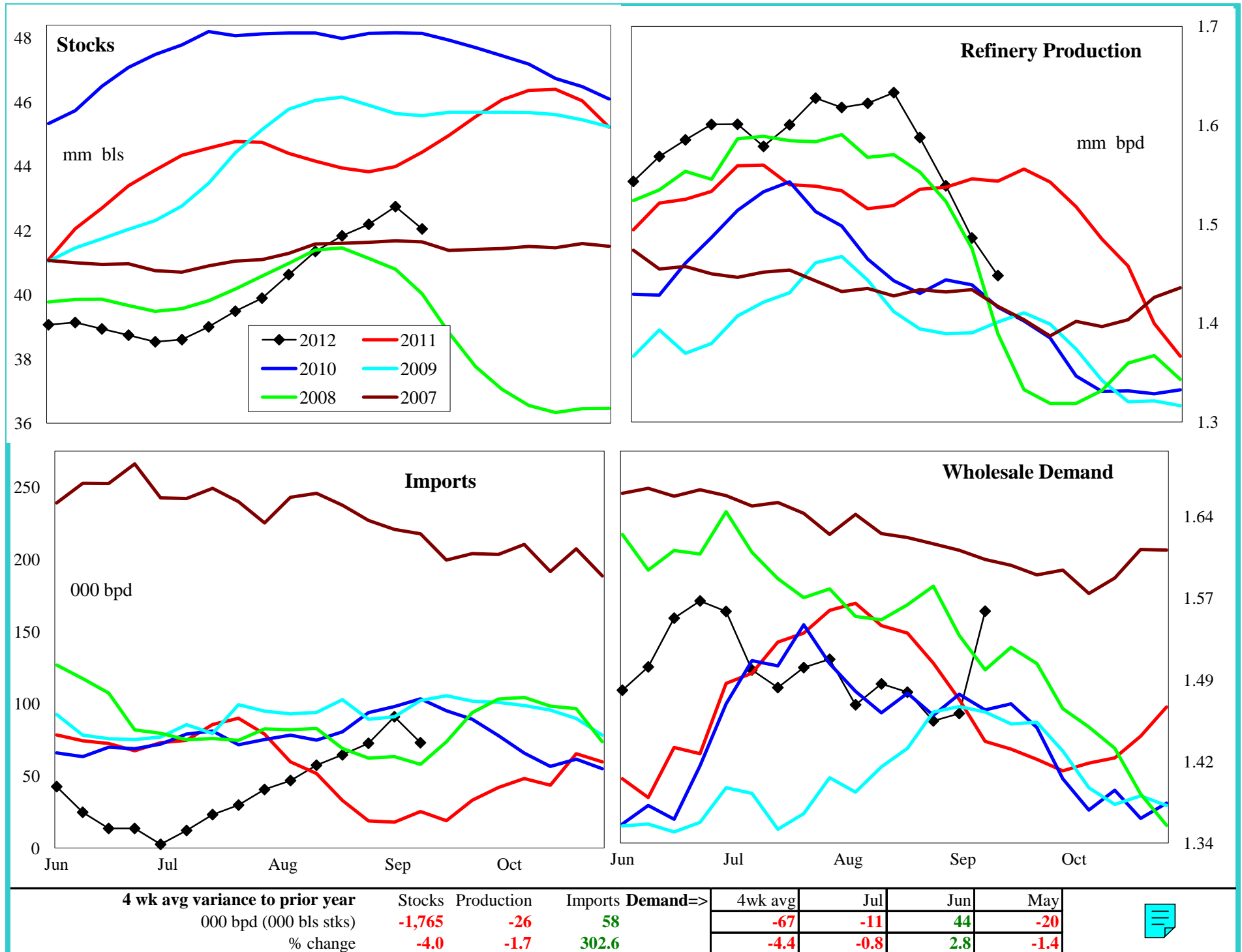
United States Low Sulfur Distillate Supply



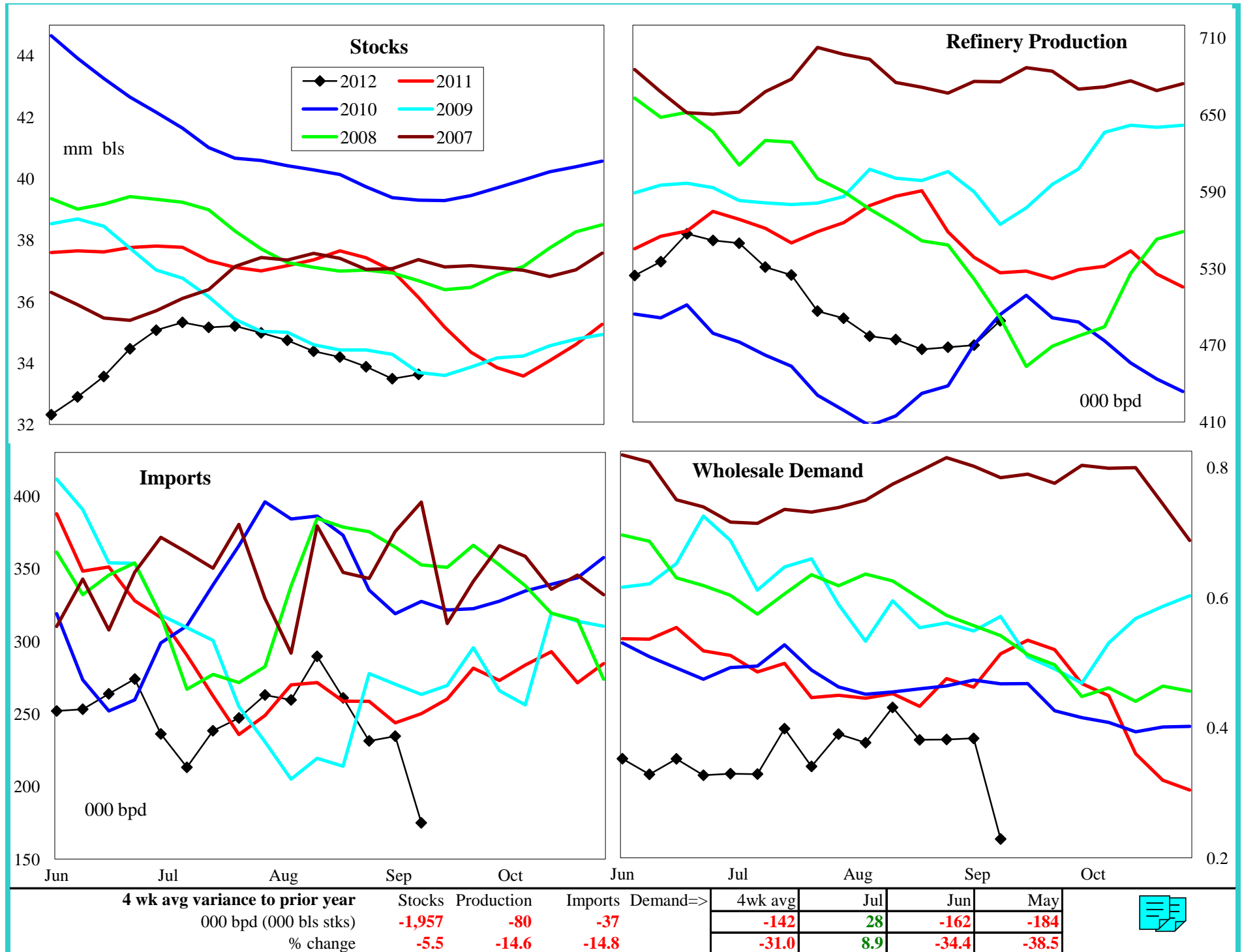
United States High Sulfur Distillate Supply



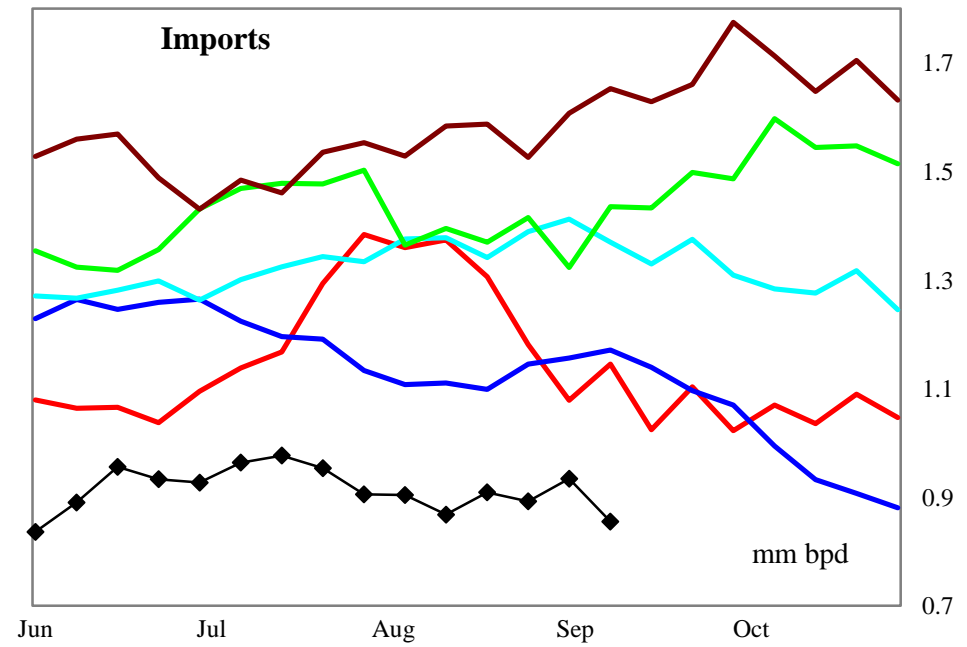
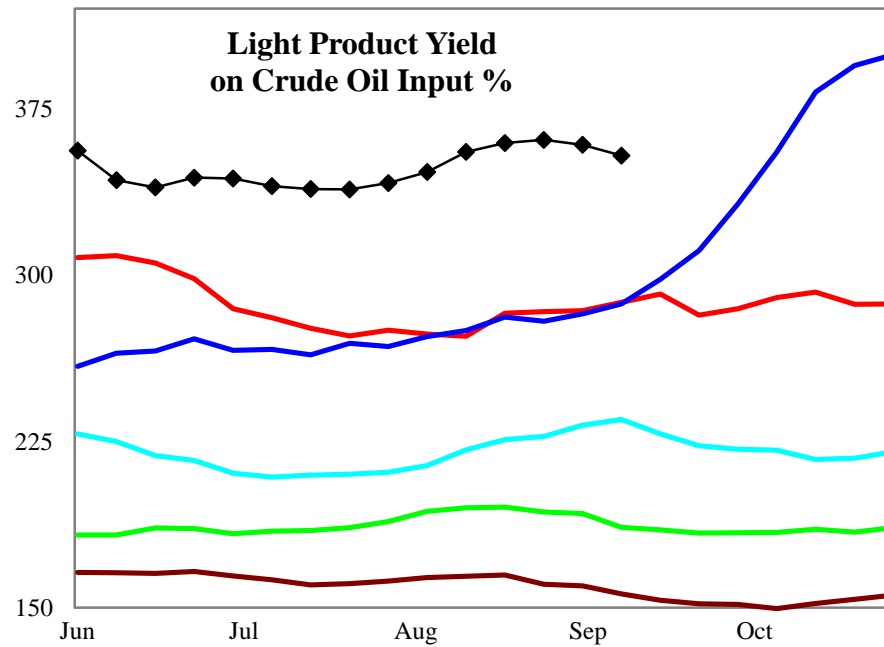
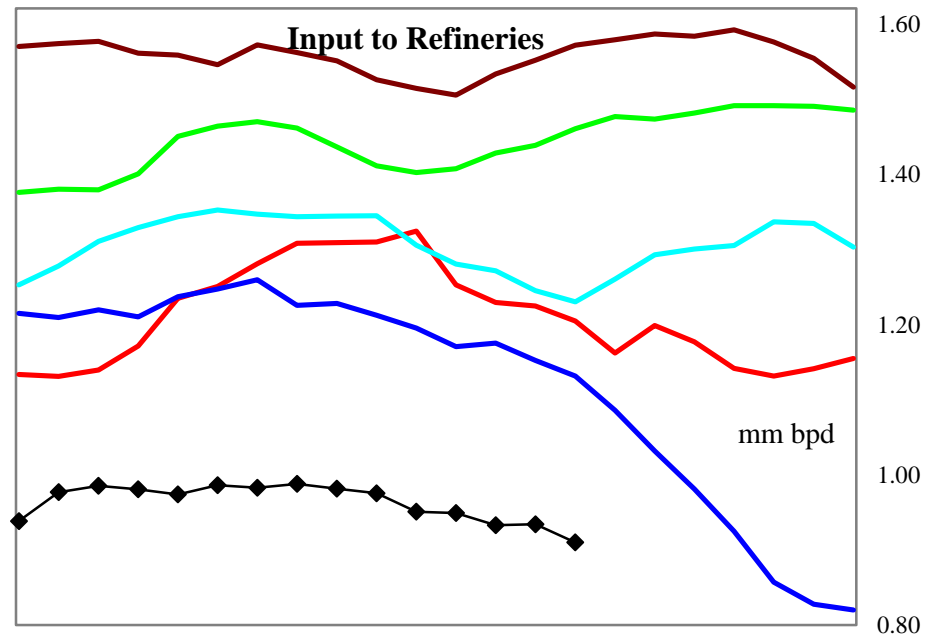
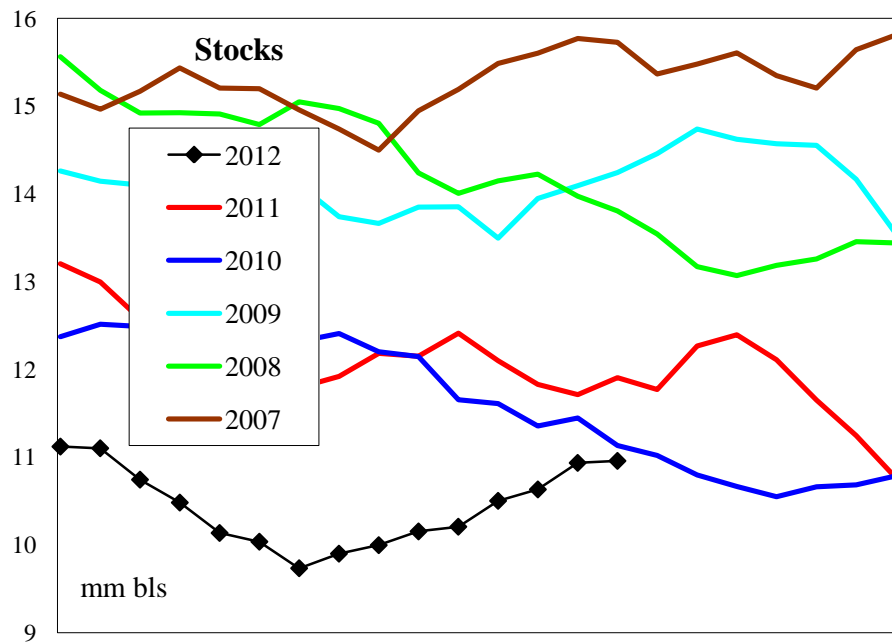
United States Jet Fuel Supply and Demand Balance



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

-948

-8.0

Input

-278

-22.9

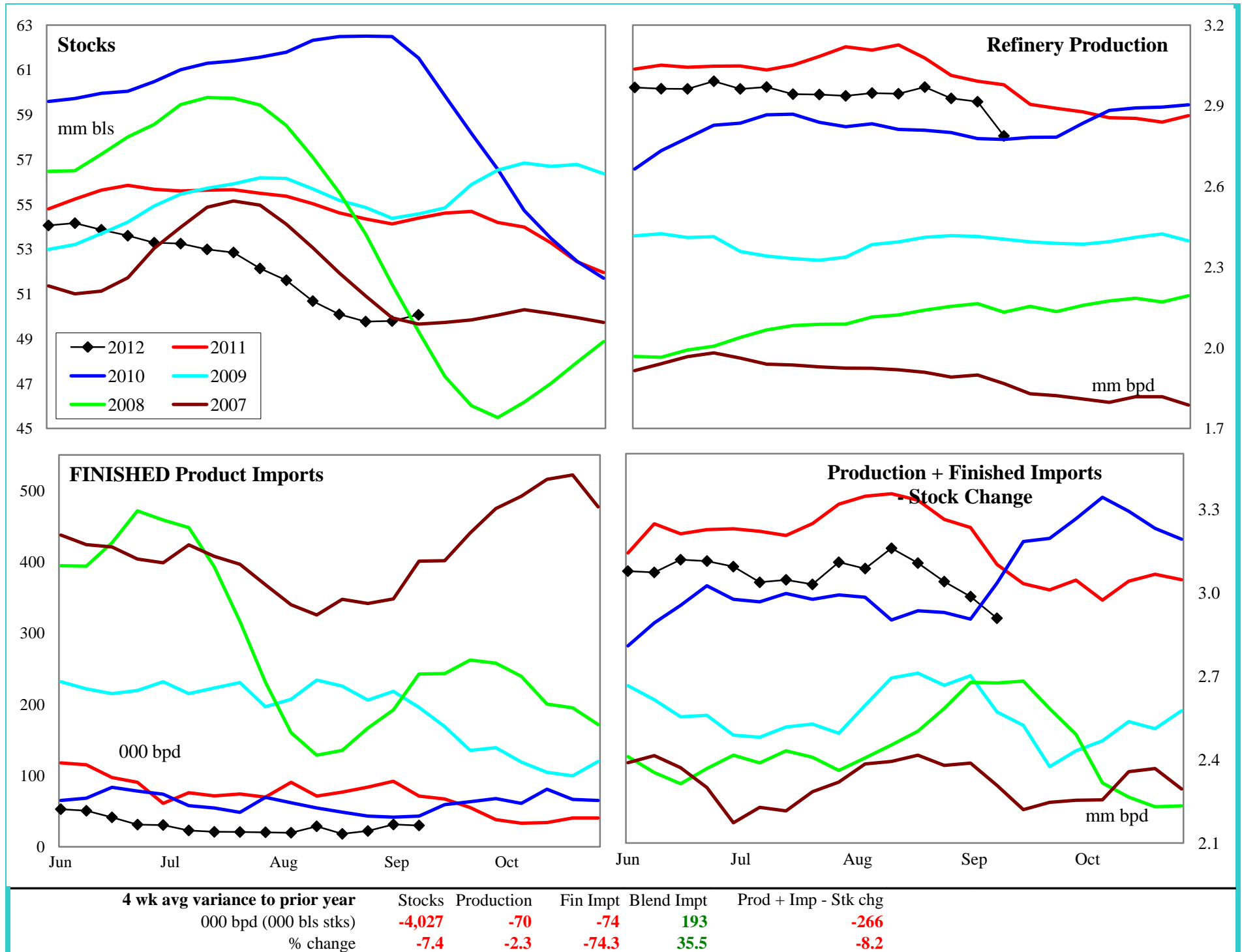
Imports

-199

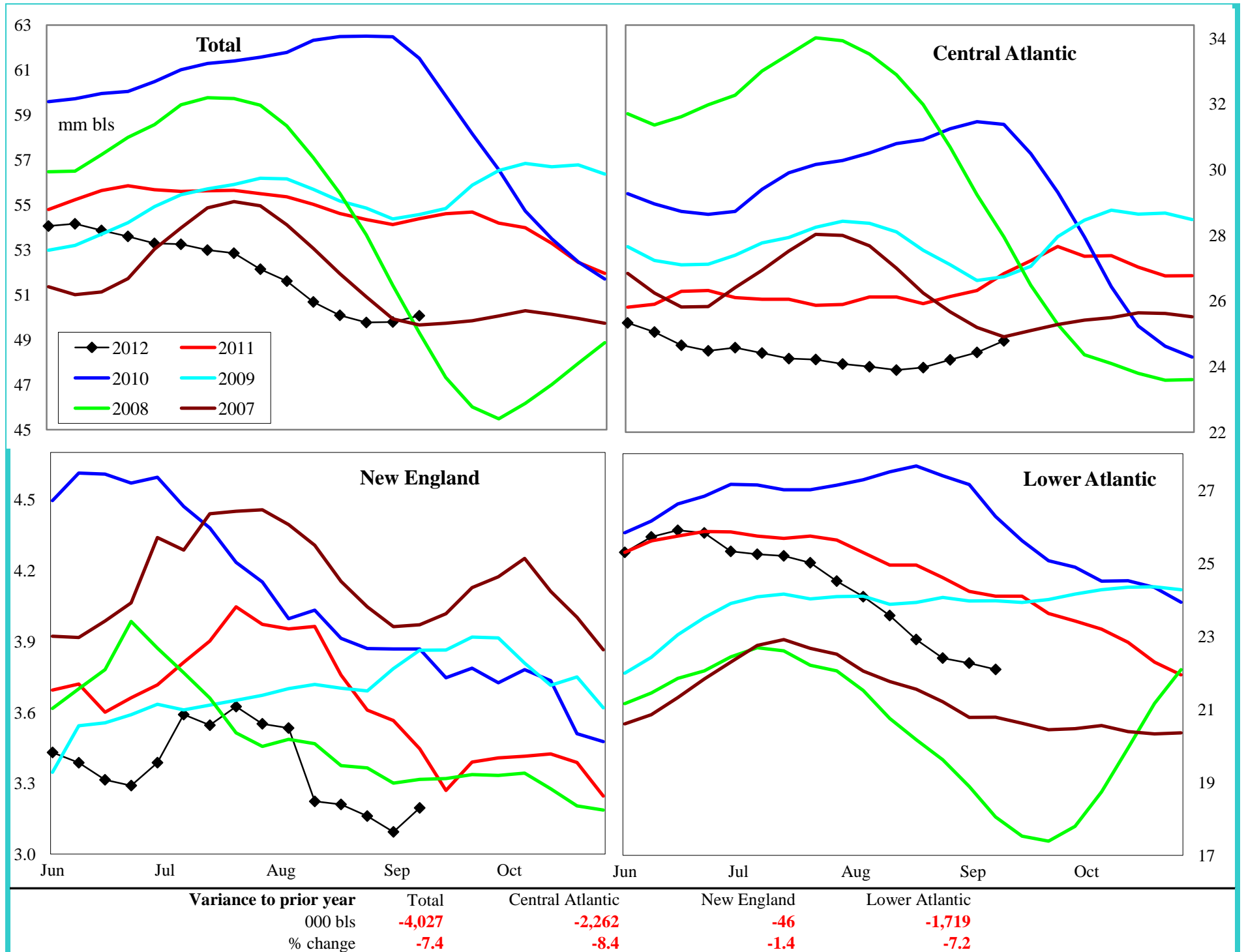
-17.7



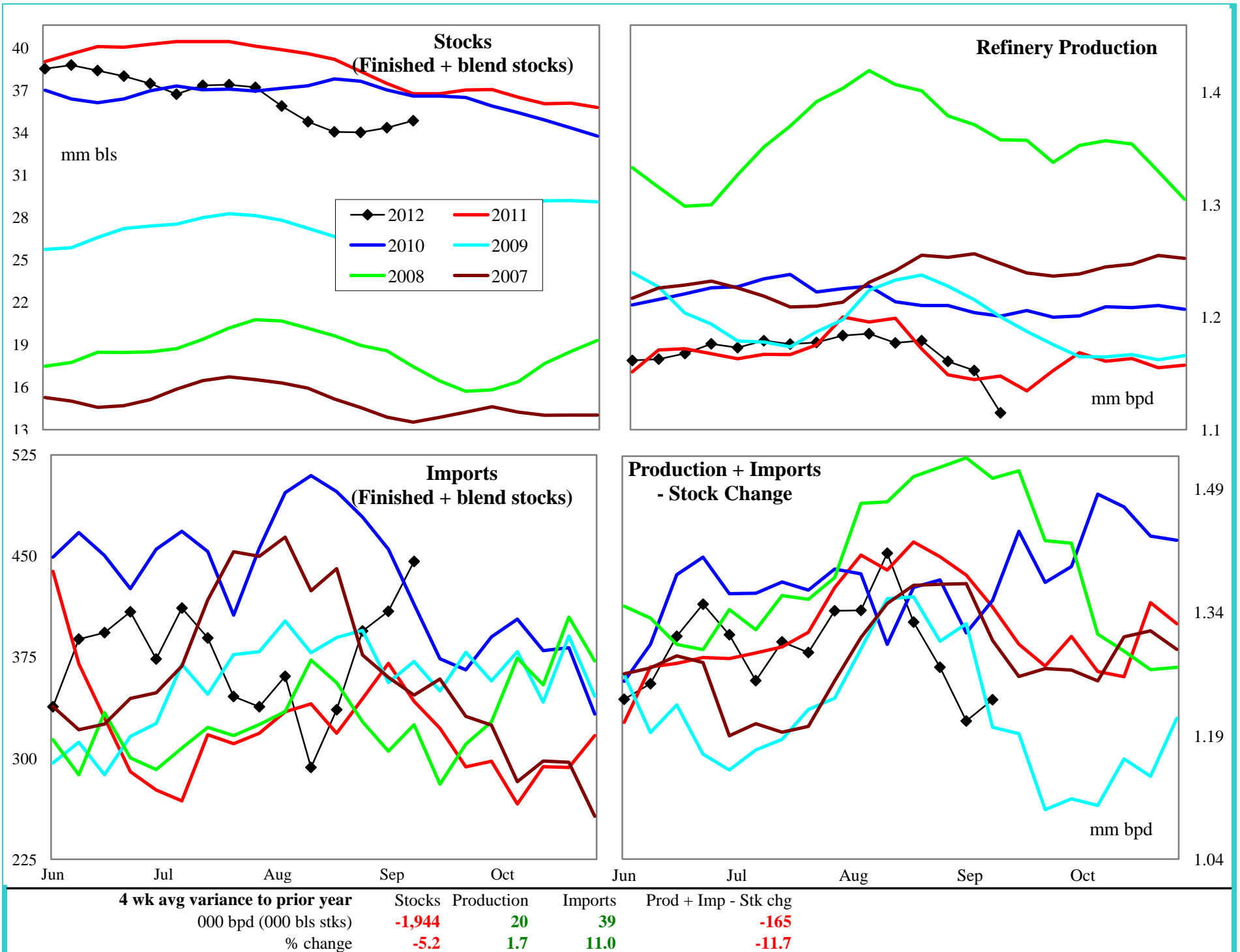
PADD 1 Gasoline Supply



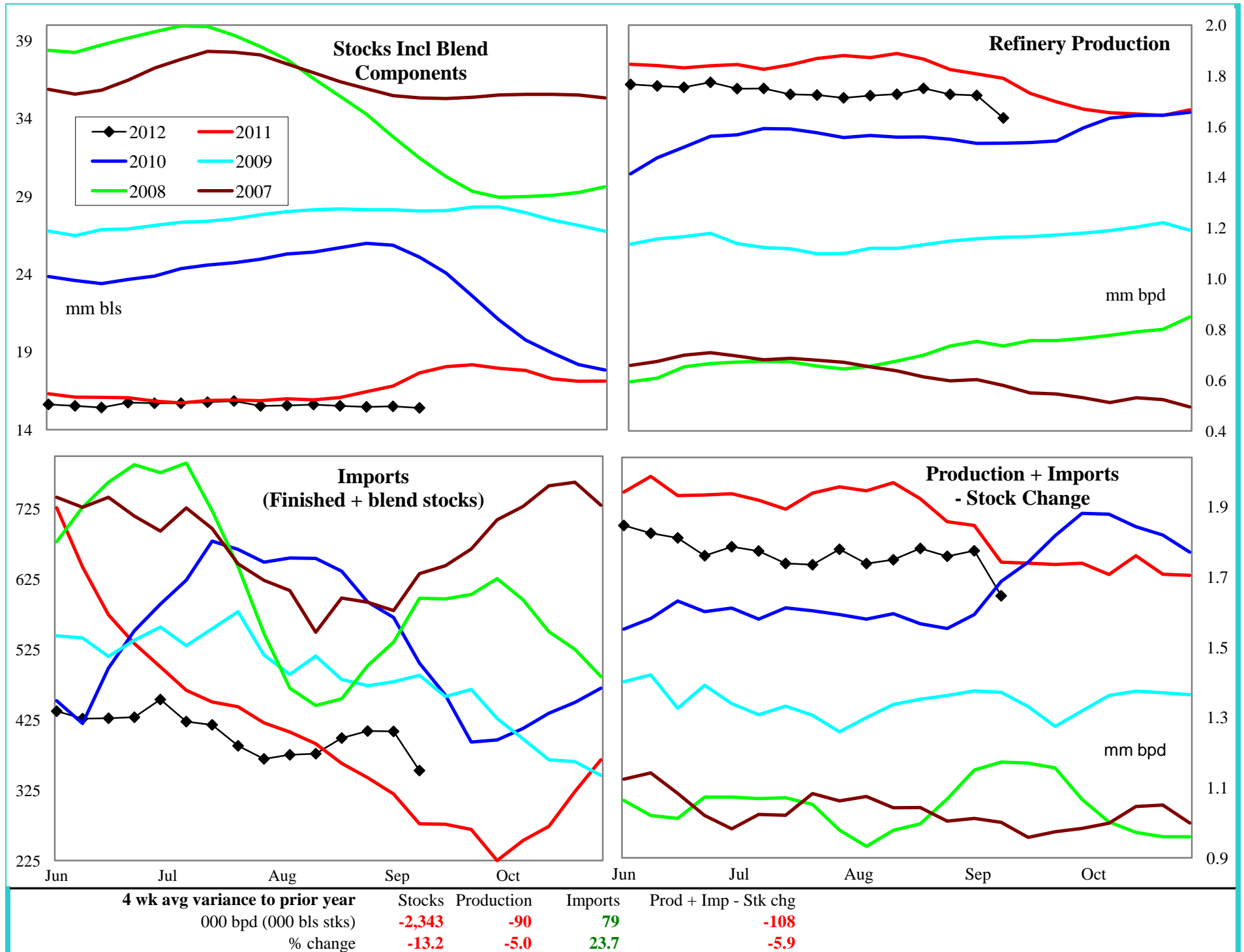
PADD 1 Gasoline Stocks by Region



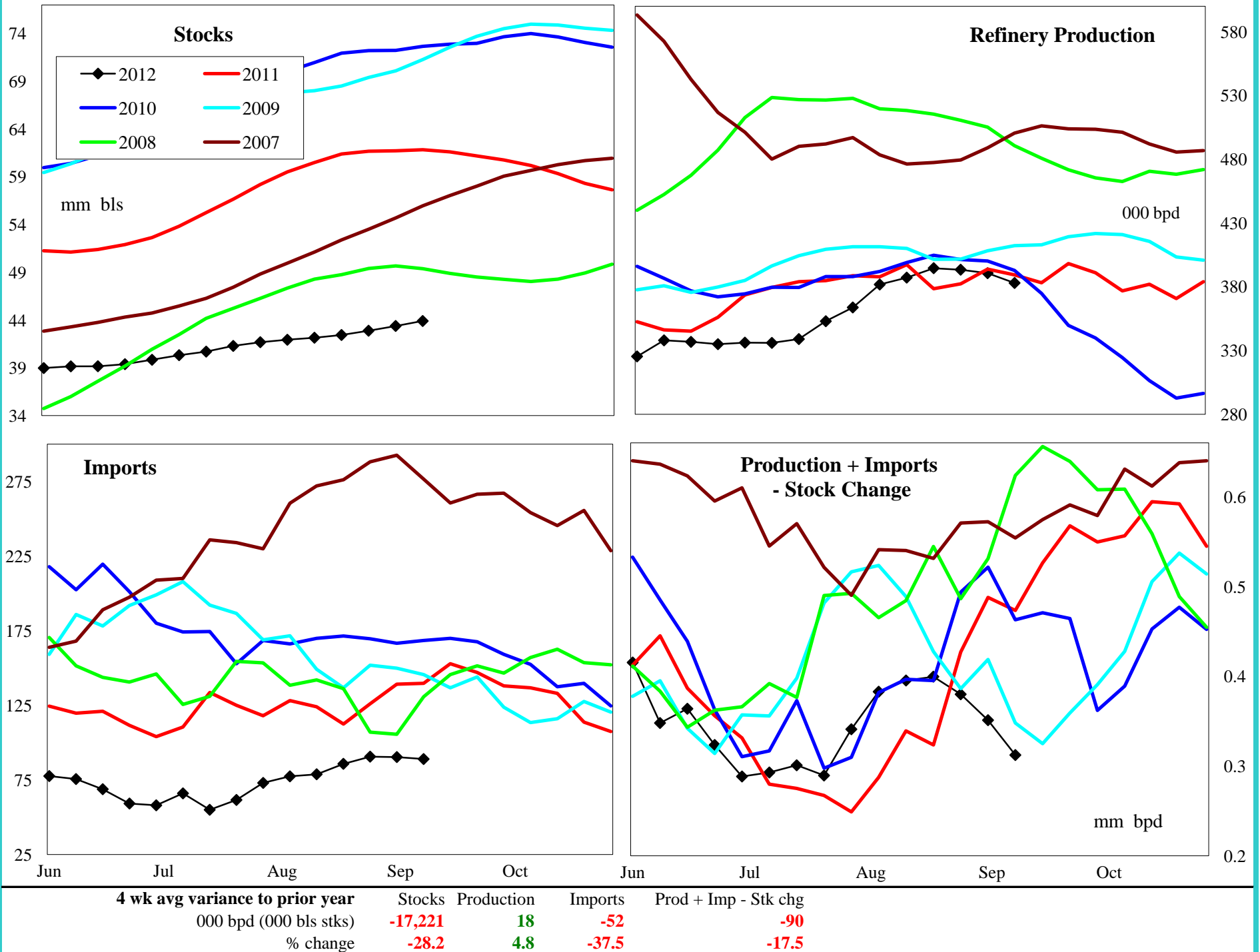
PADD 1 Reformulated Gasoline Supply



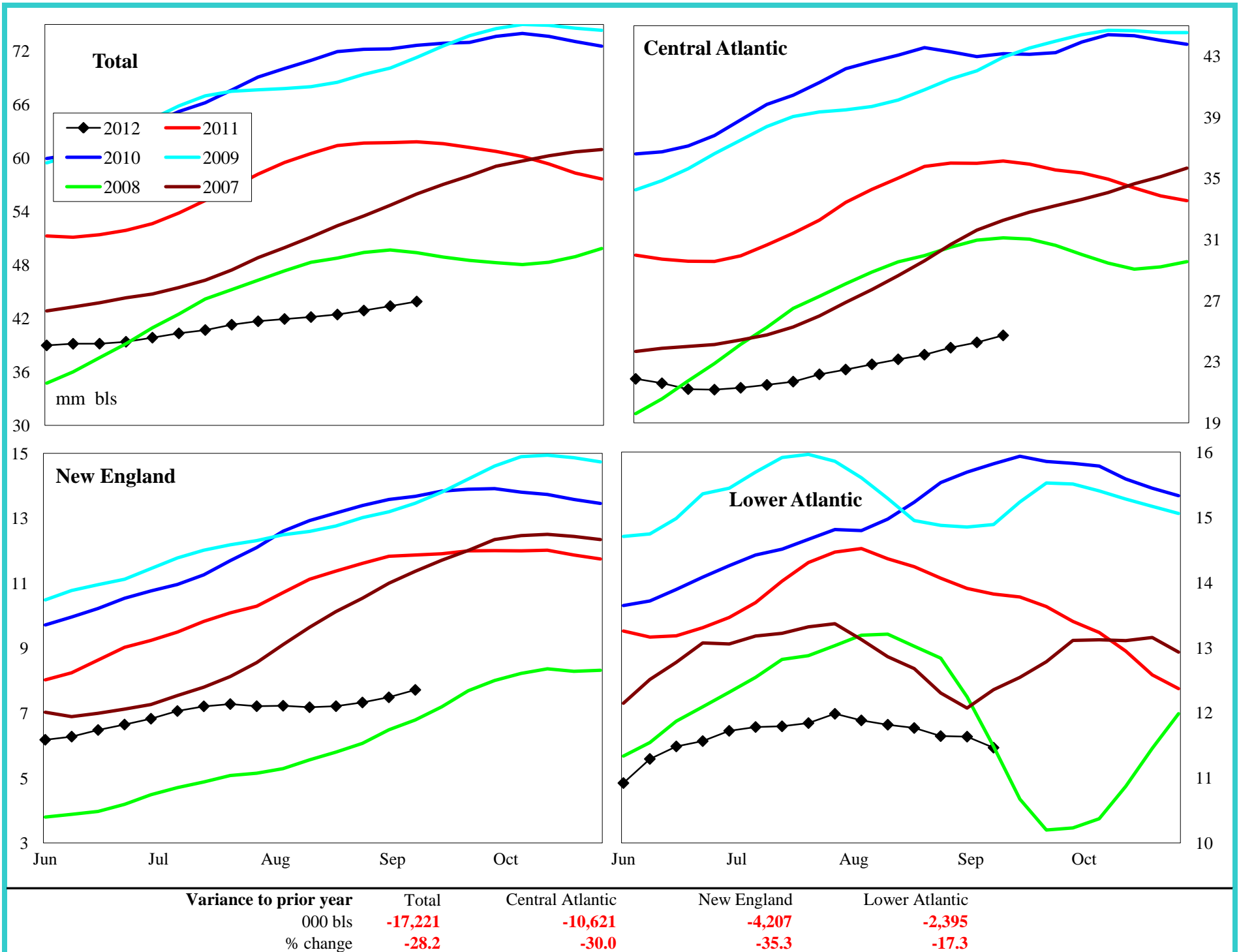
PADD 1 Conventional Gasoline Supply



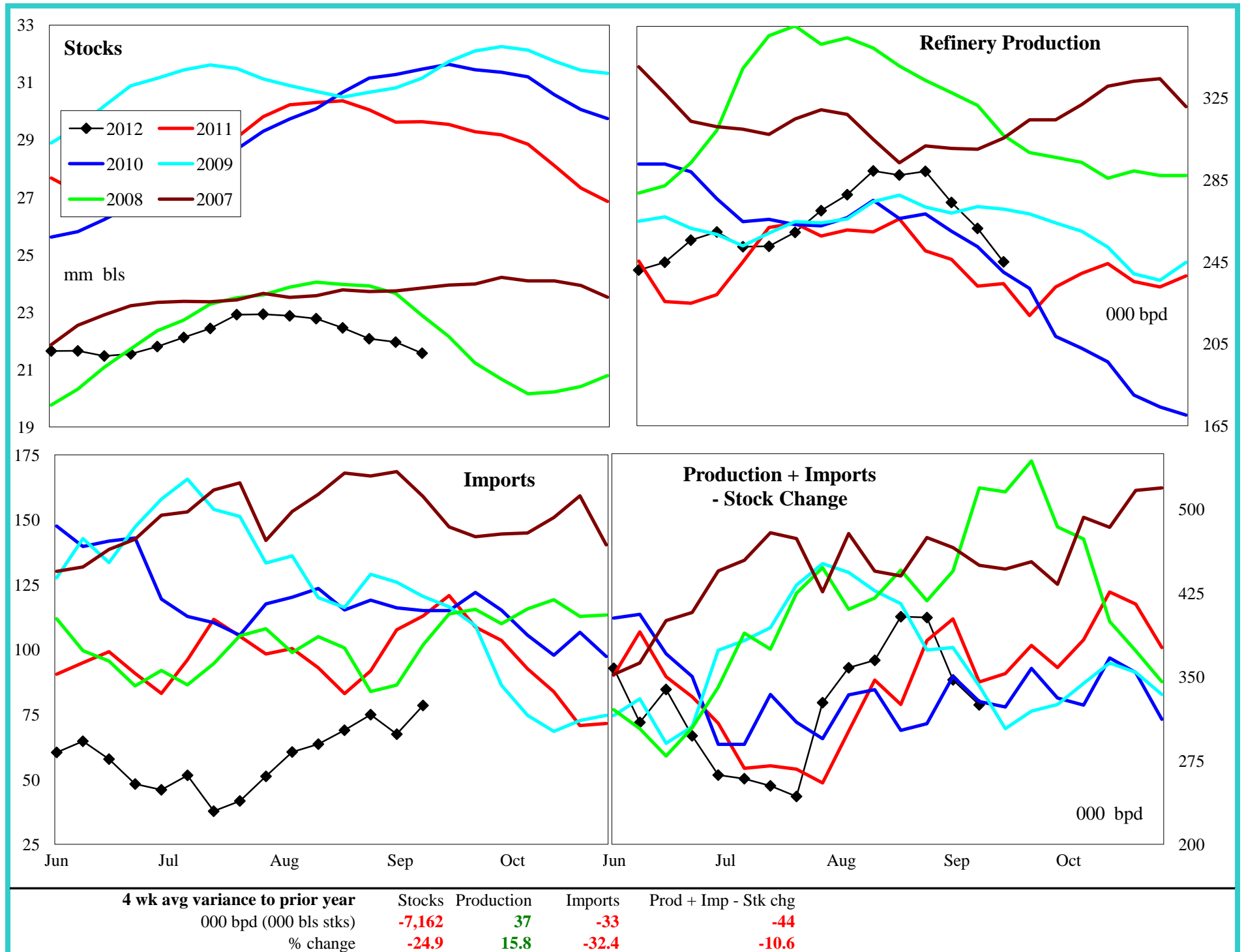
PADD 1 Distillate Supply



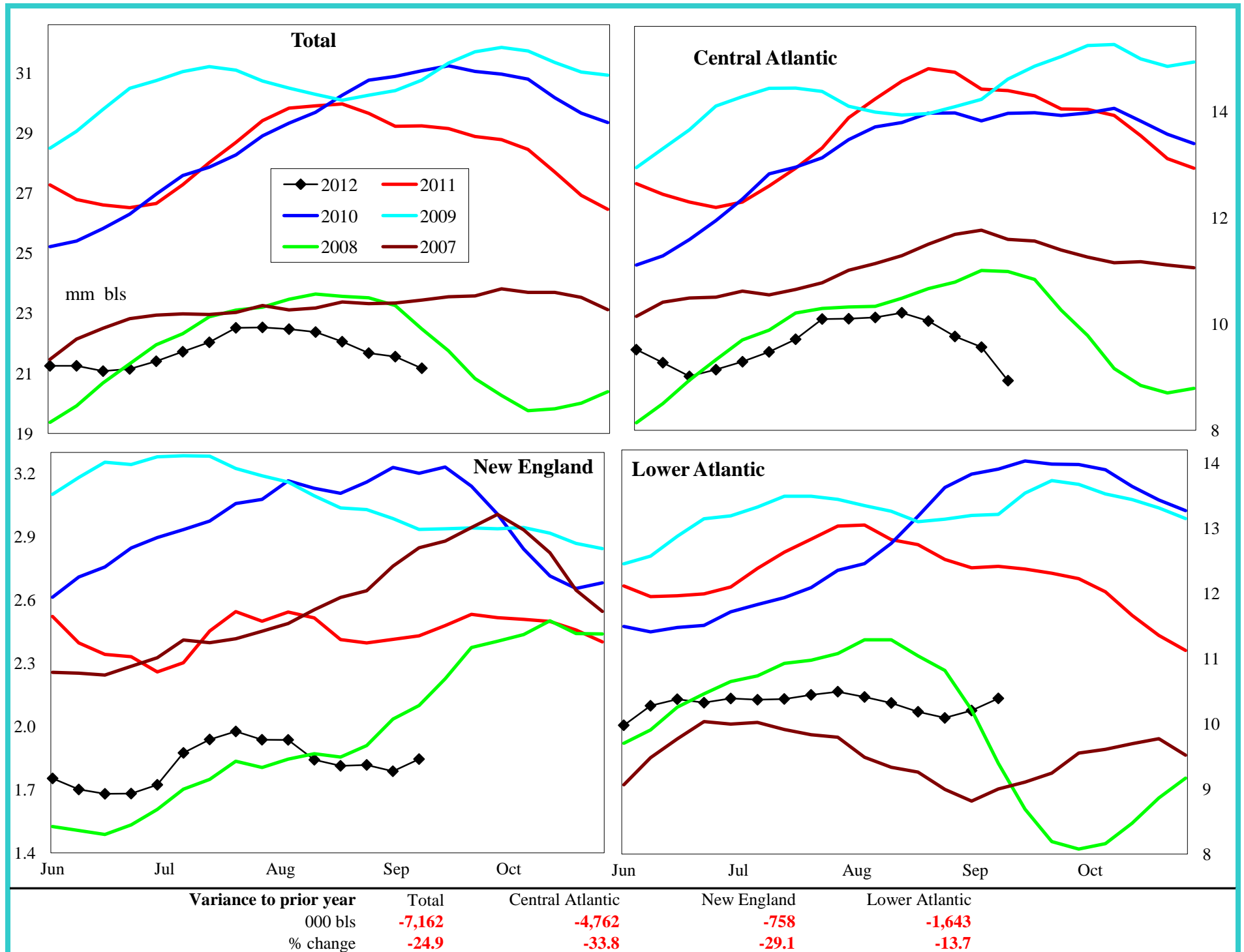
PADD 1 Distillate Stocks by Region



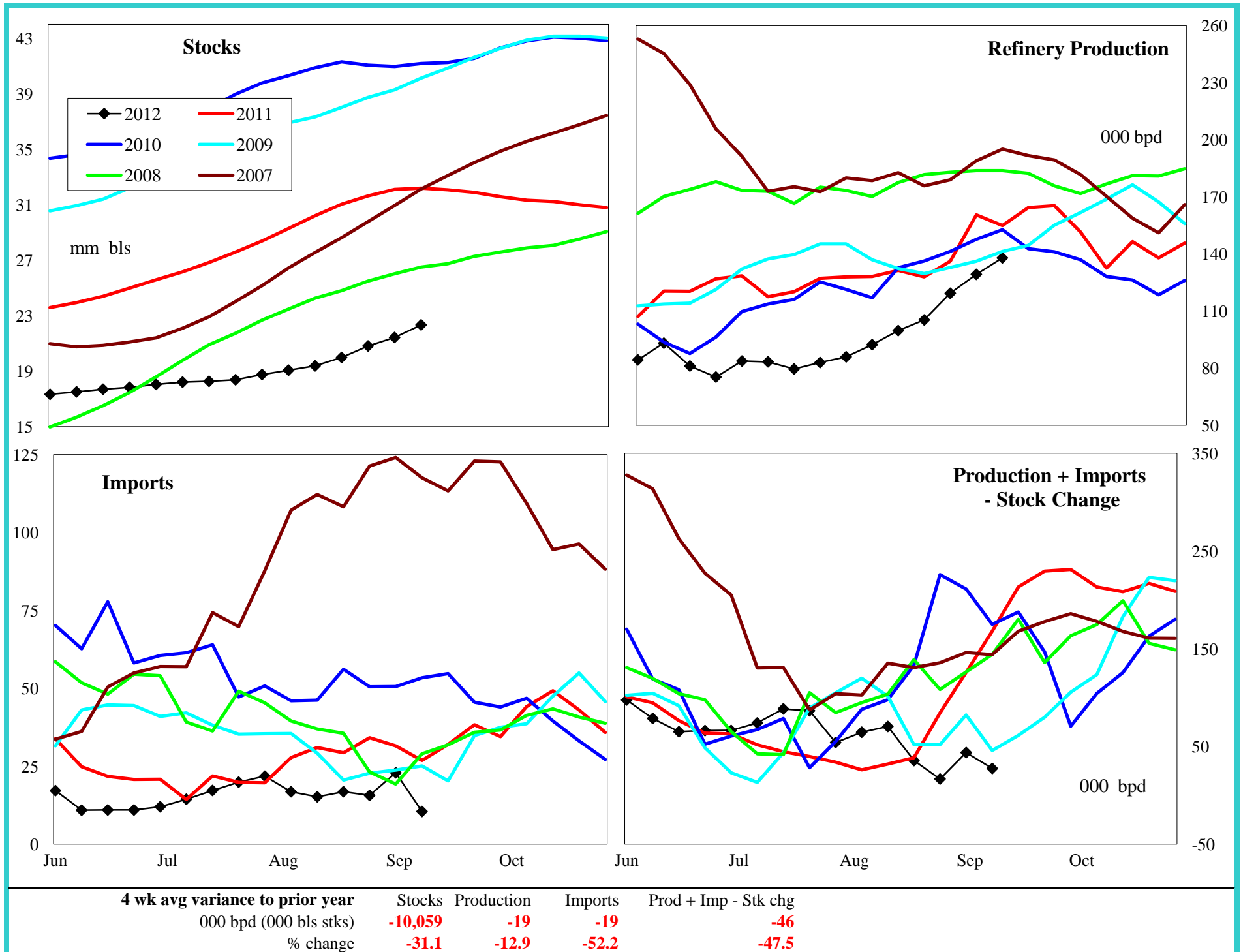
PADD 1 Low Sulfur Distillate Supply



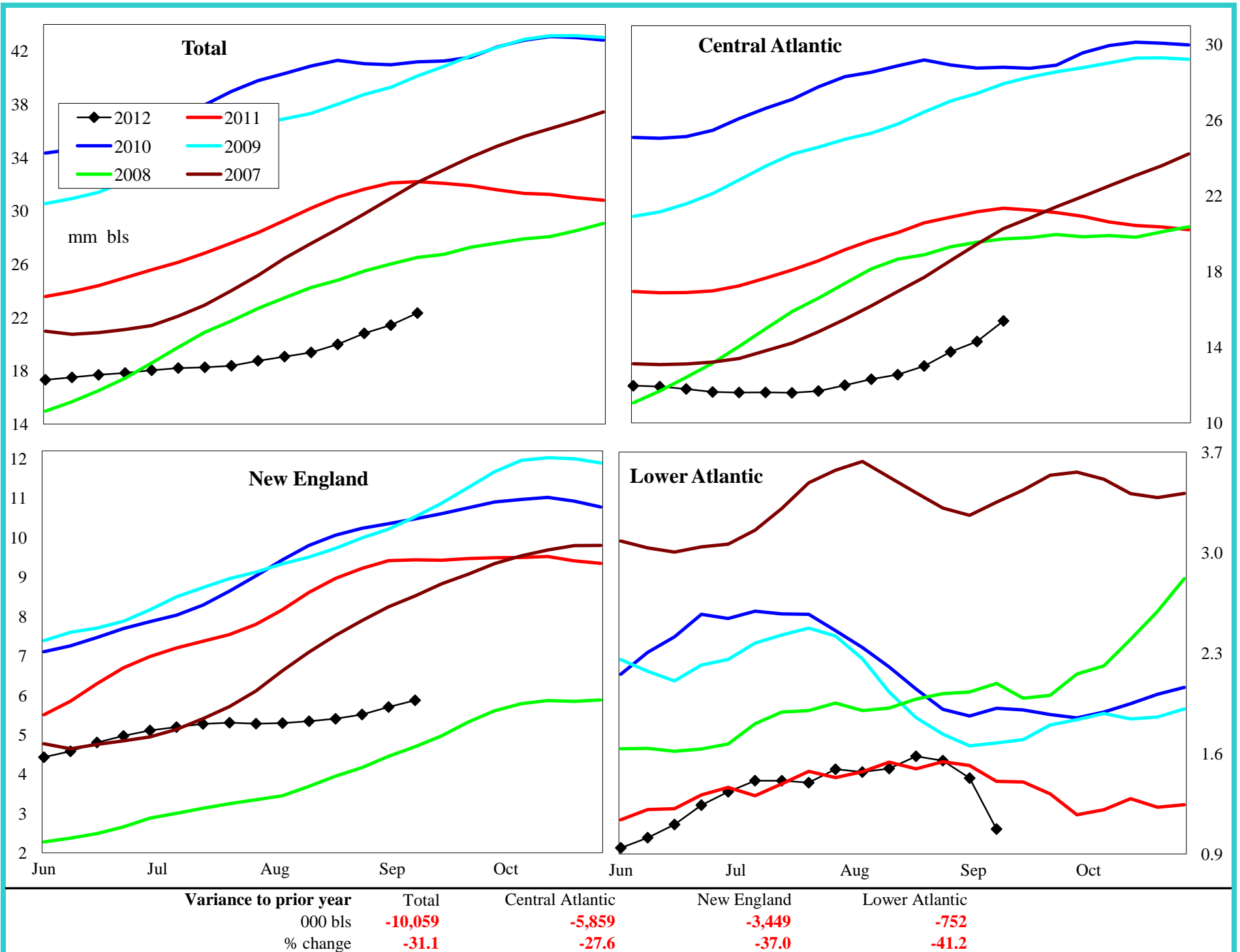
PADD 1 Low Sulfur Distillate Stocks by Region



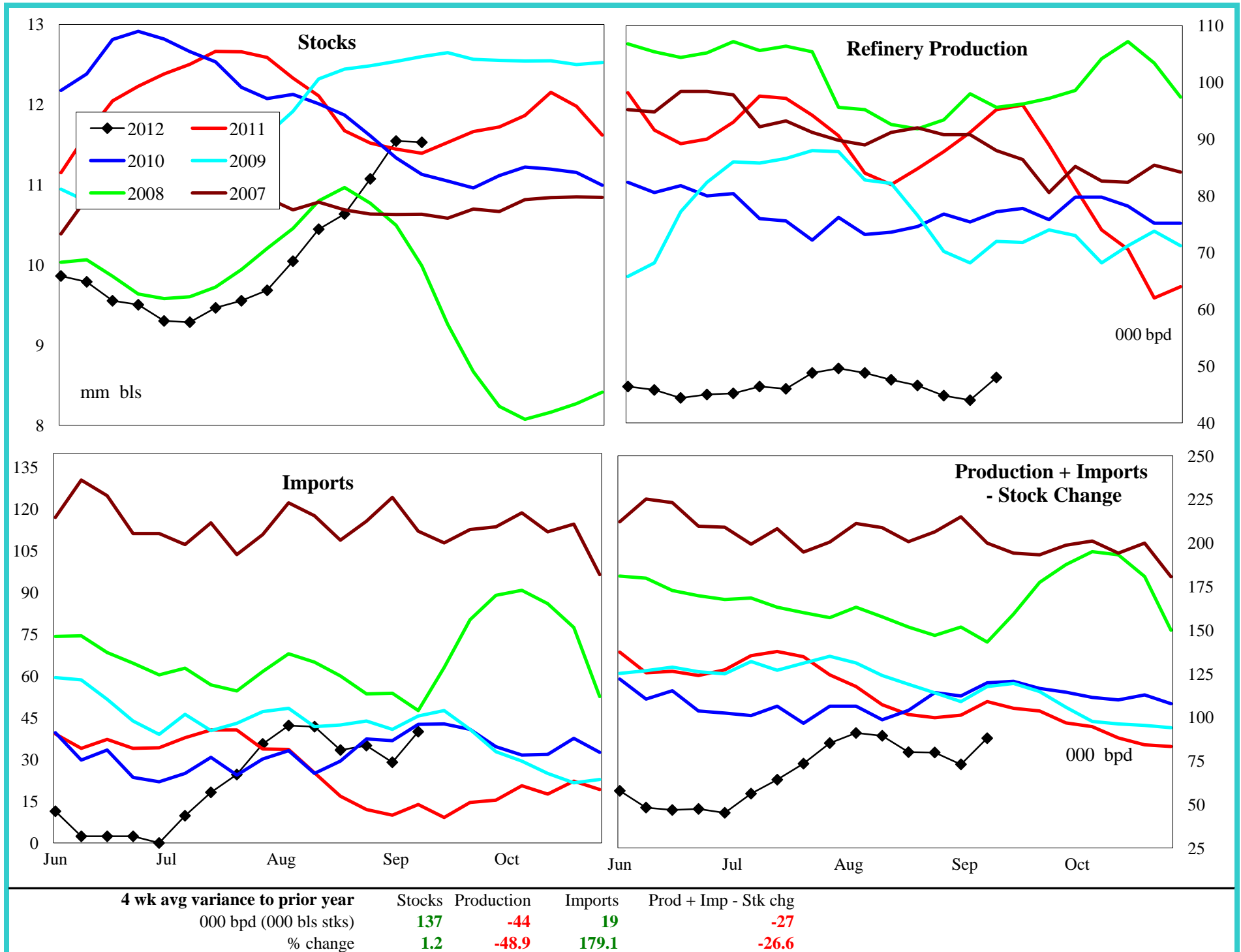
PADD 1 High Sulfur Distillate Supply



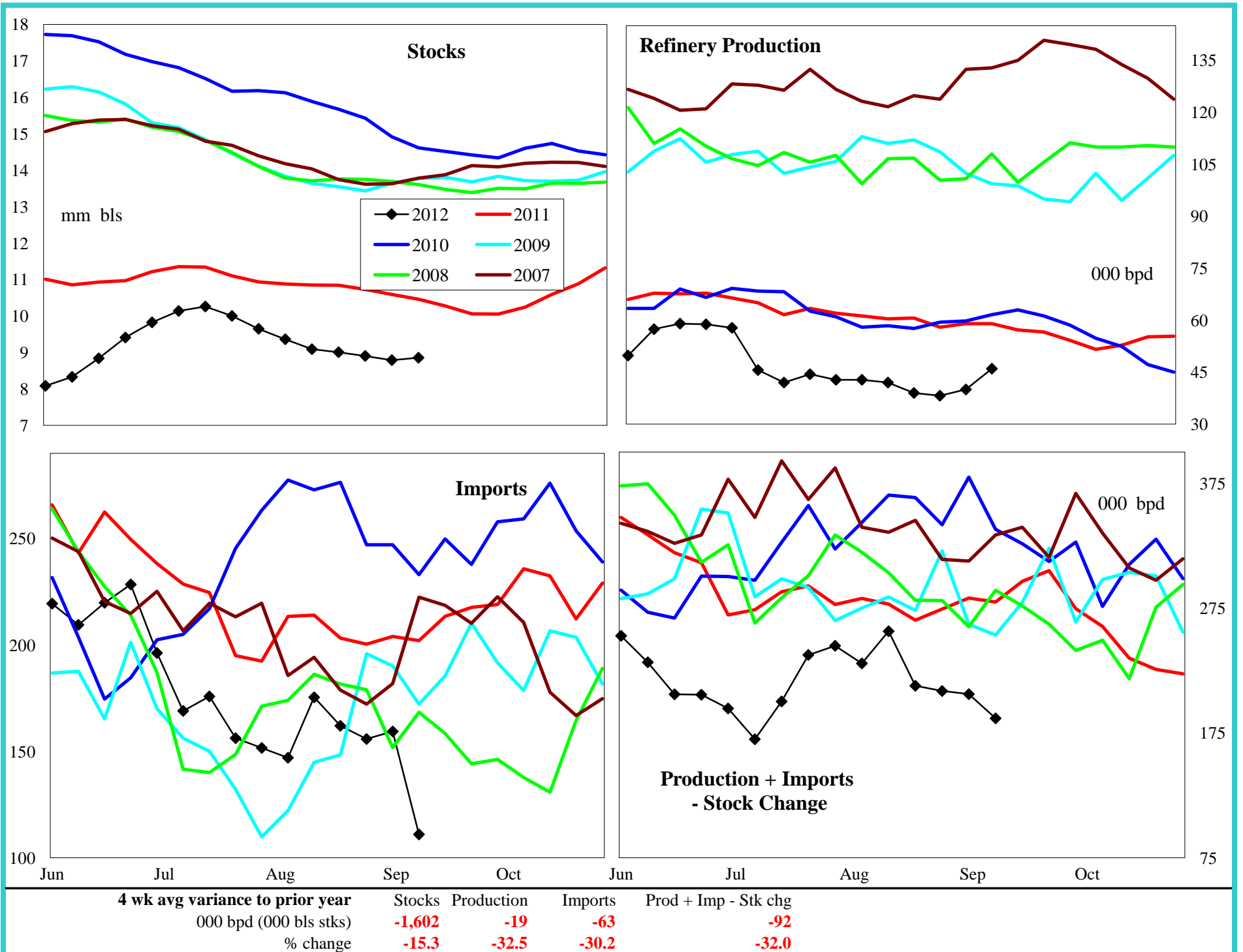
PADD 1 High Sulfur Distillate Stocks by Region



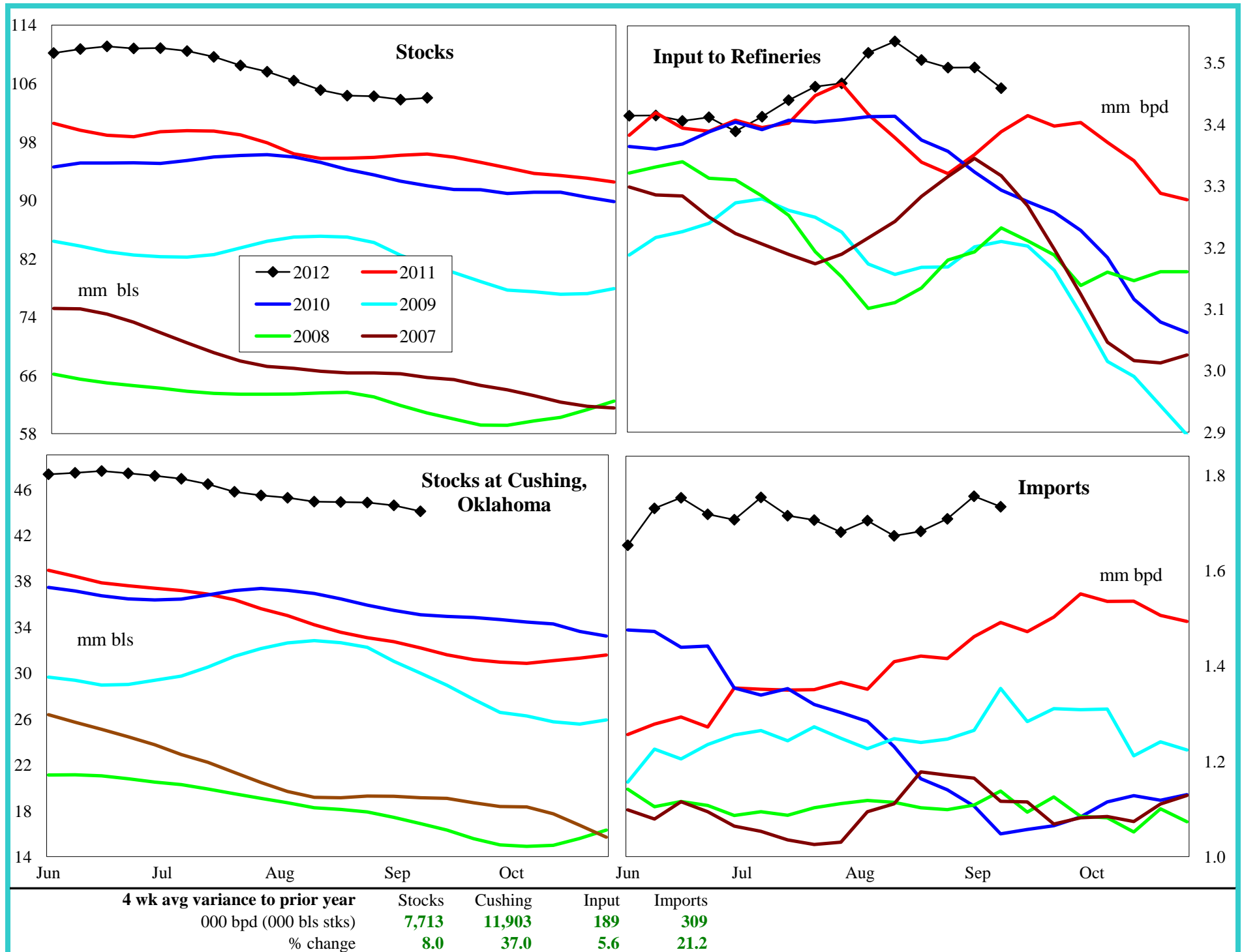
PADD 1 Jet Fuel Supply



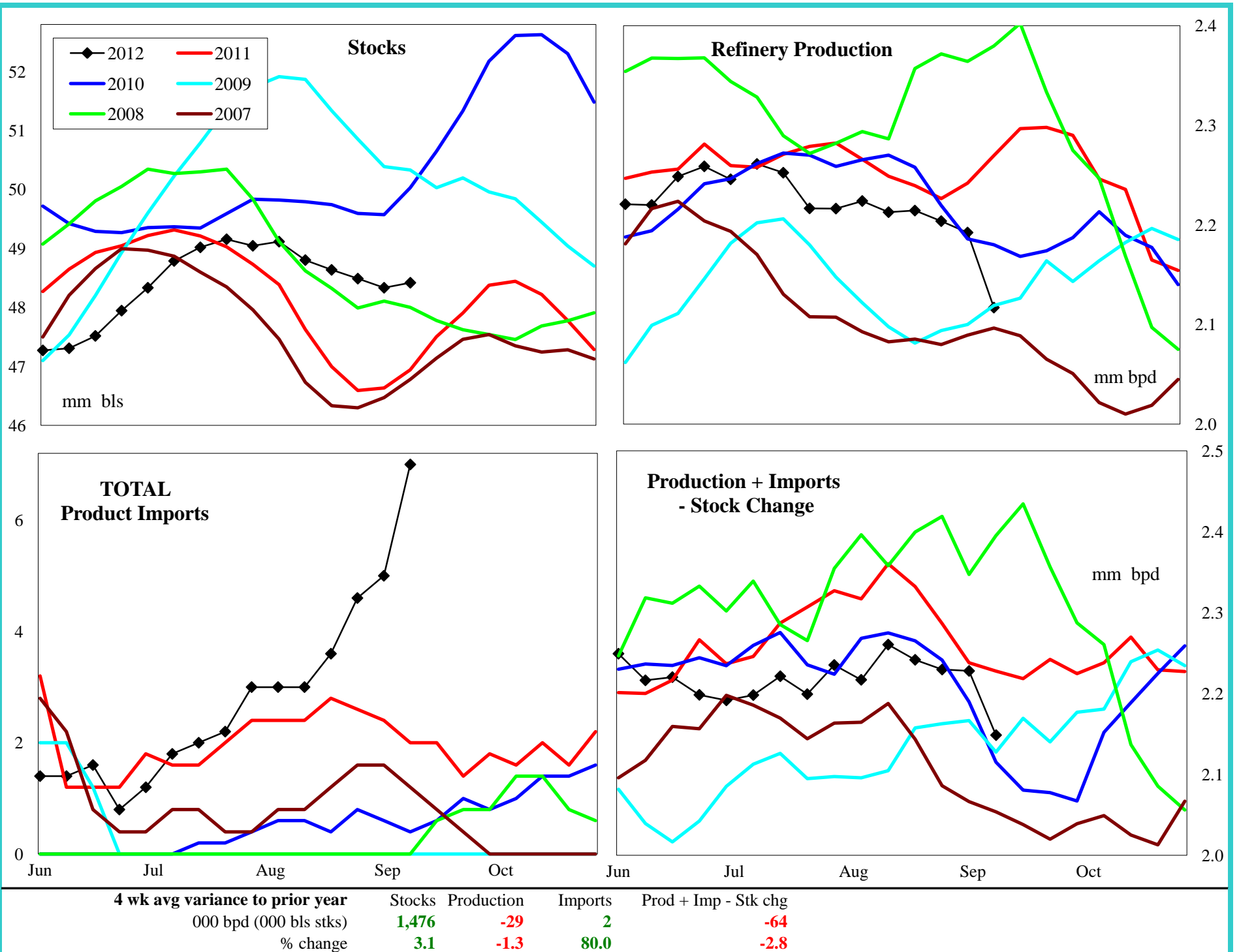
PADD 1 Residual Fuel Oil Supply



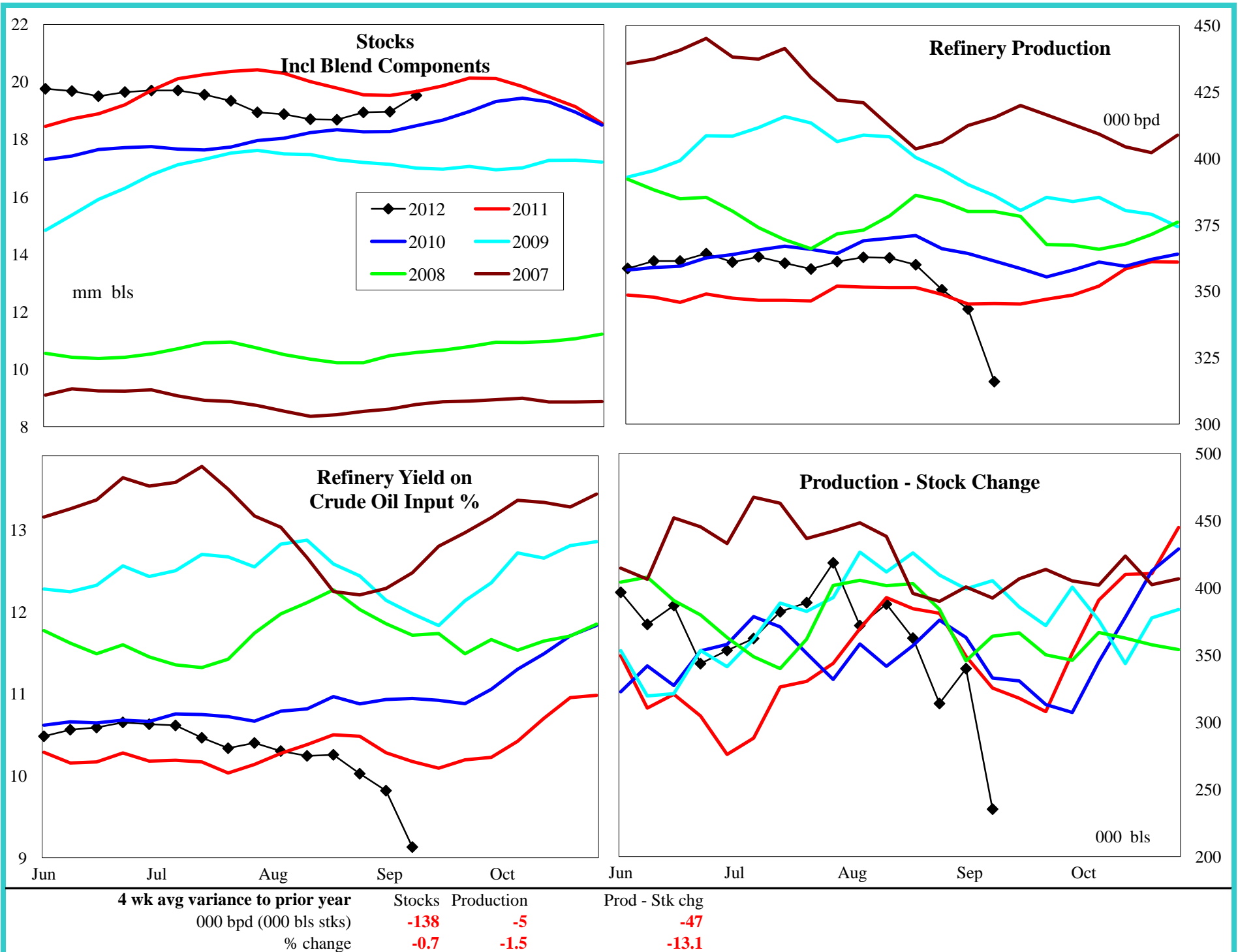
PADD 2 Crude Oil Supply and Refining



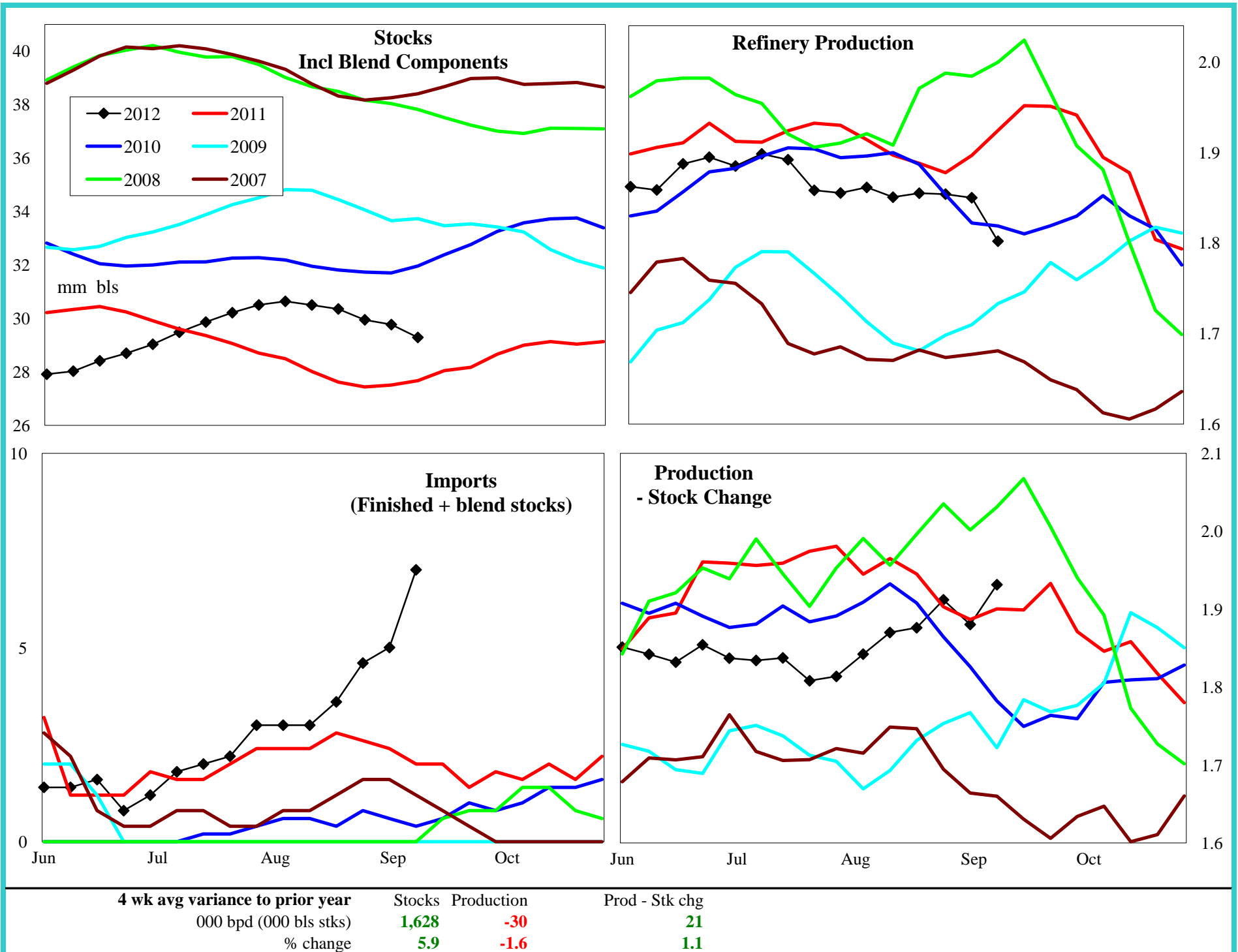
PADD 2 Gasoline Supply



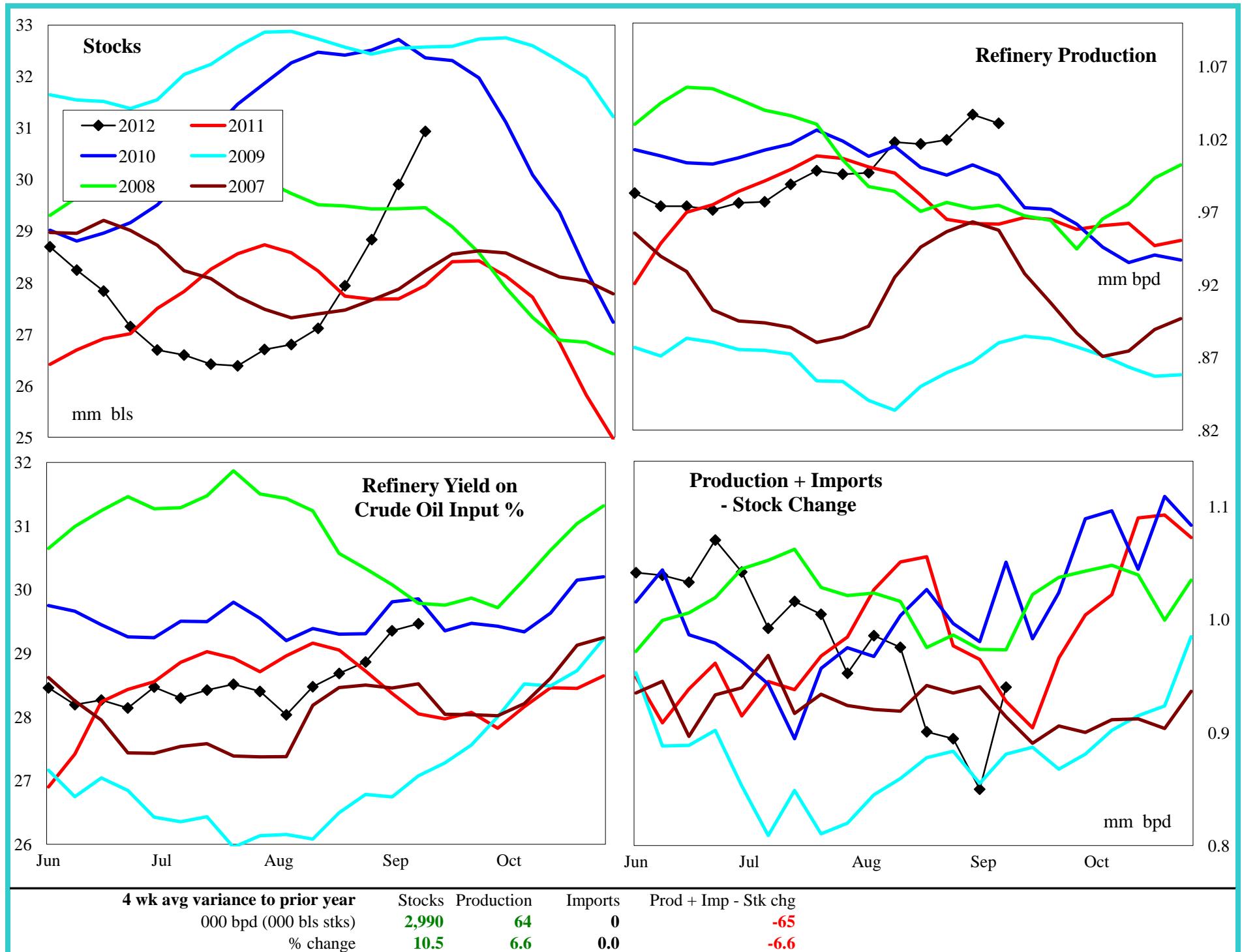
PADD 2 Reformulated Gasoline Supply



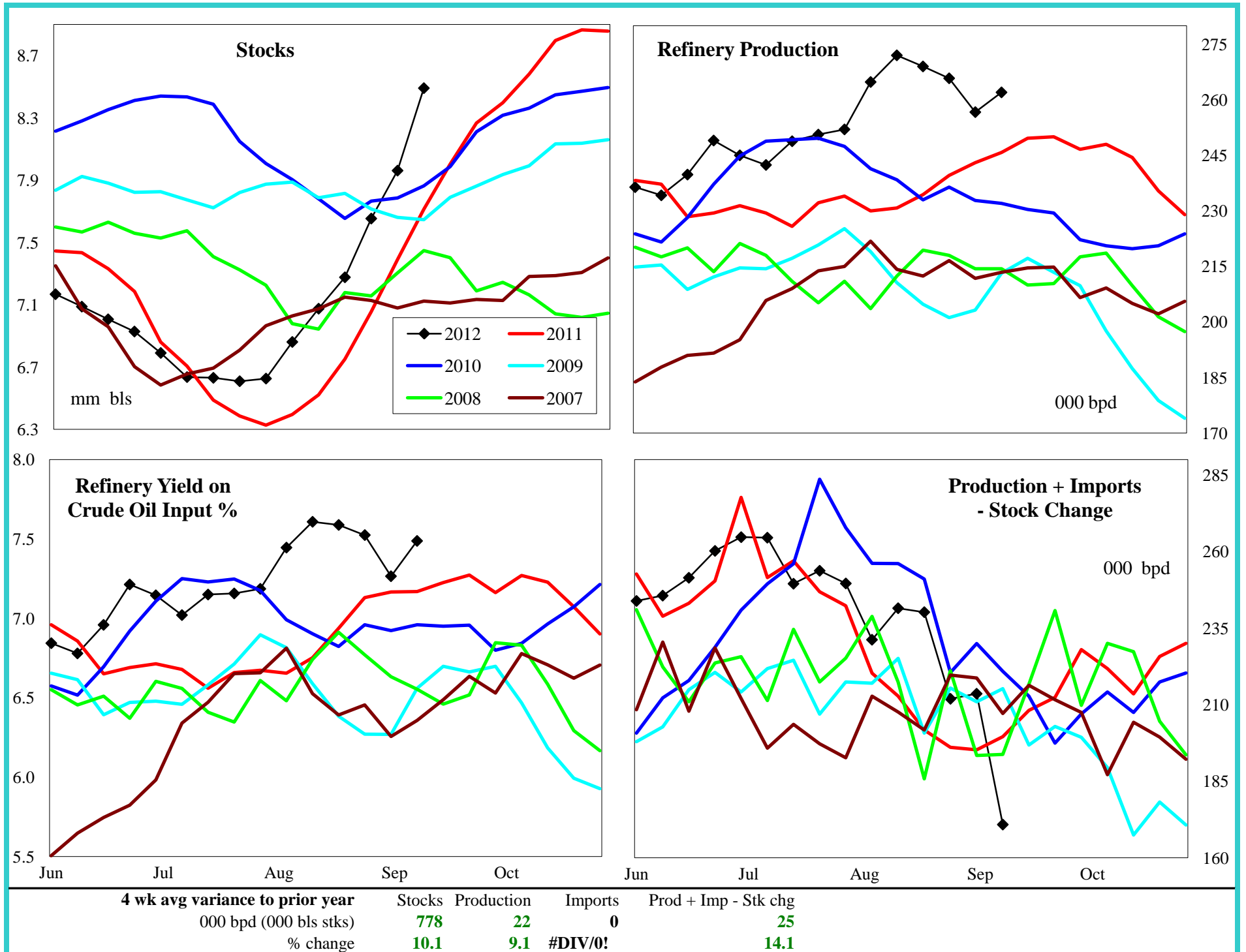
PADD 2 Conventional Gasoline Supply



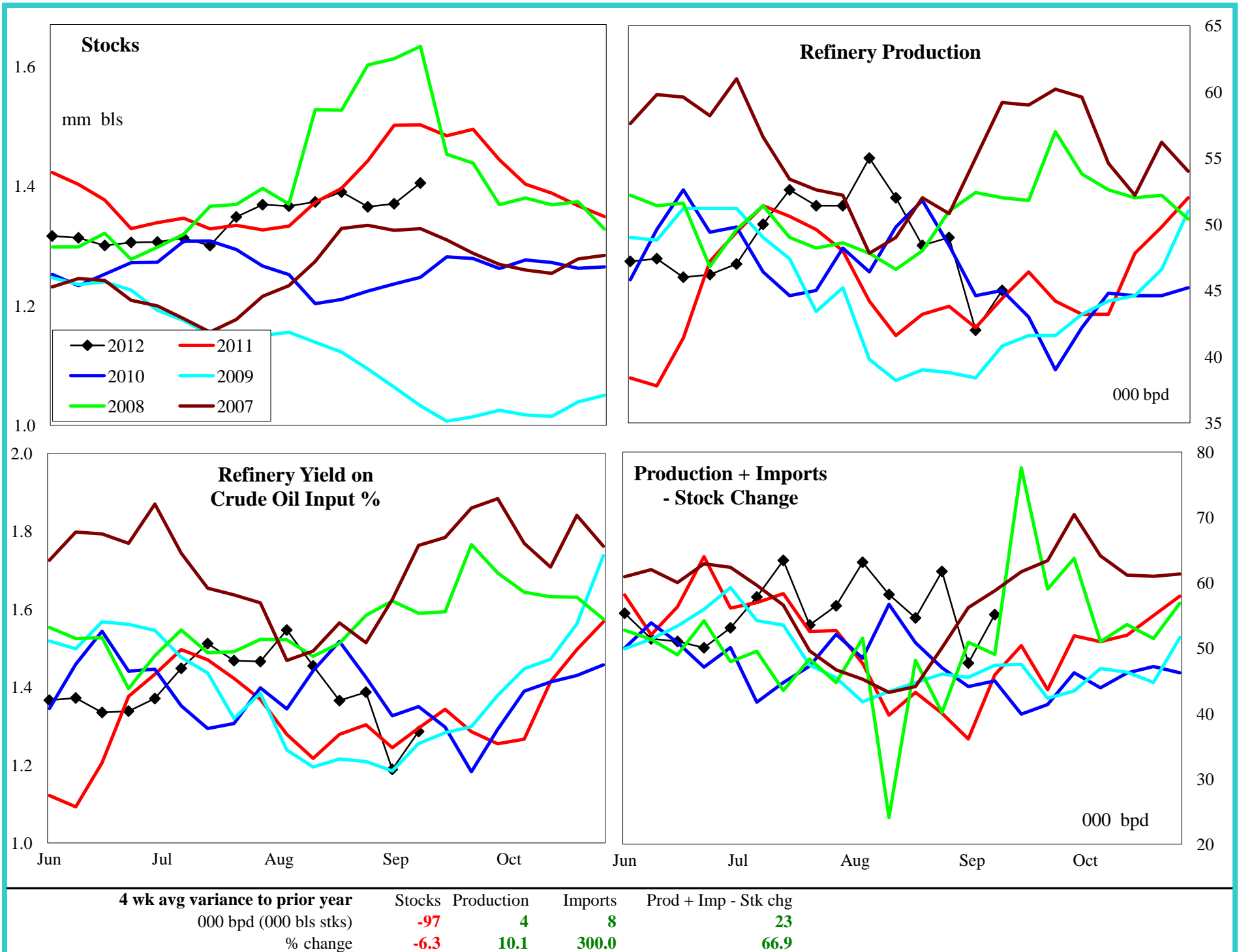
PADD 2 Distillate Supply



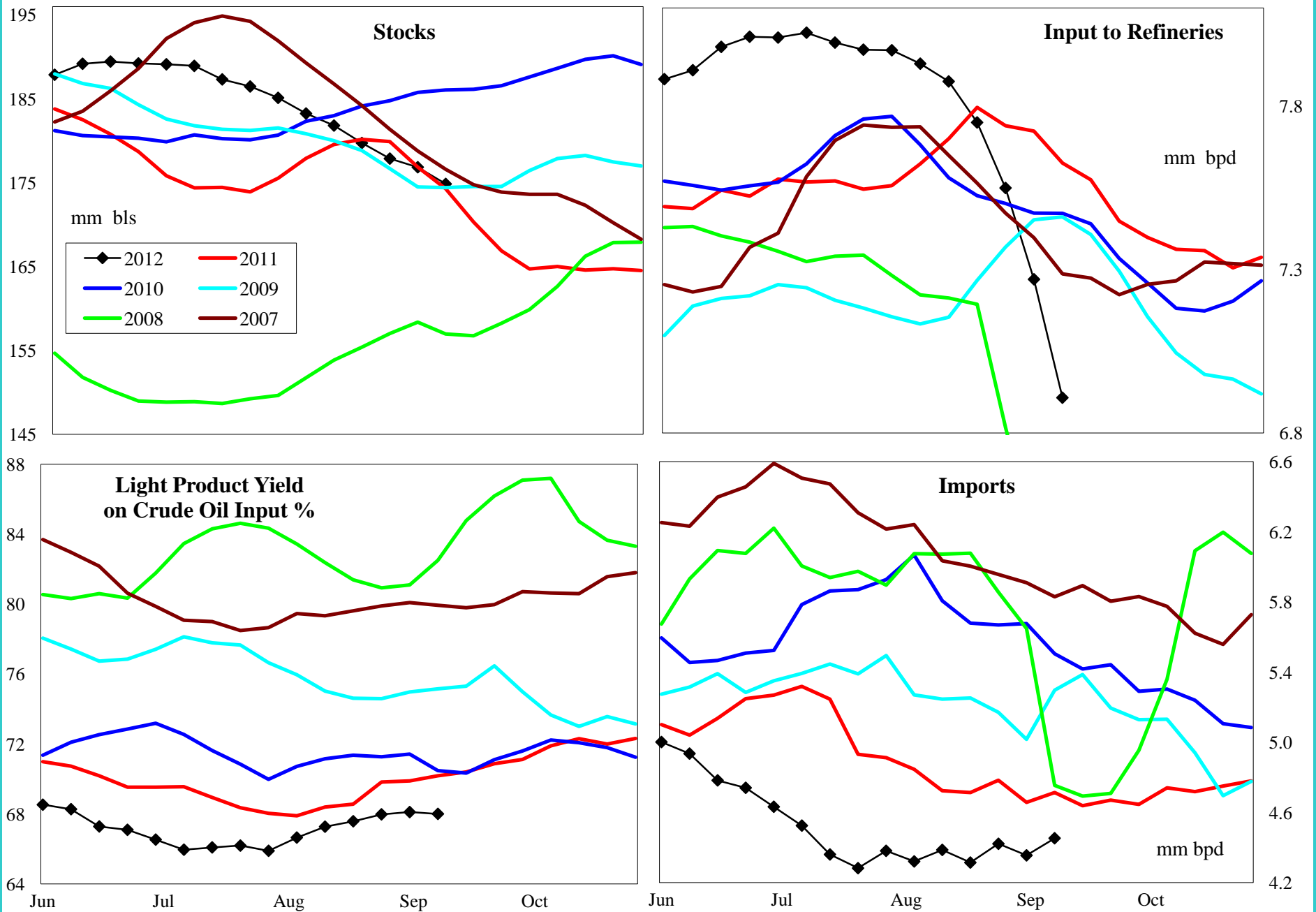
PADD 2 Jet Fuel Supply



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

567

0.3

Input

-363

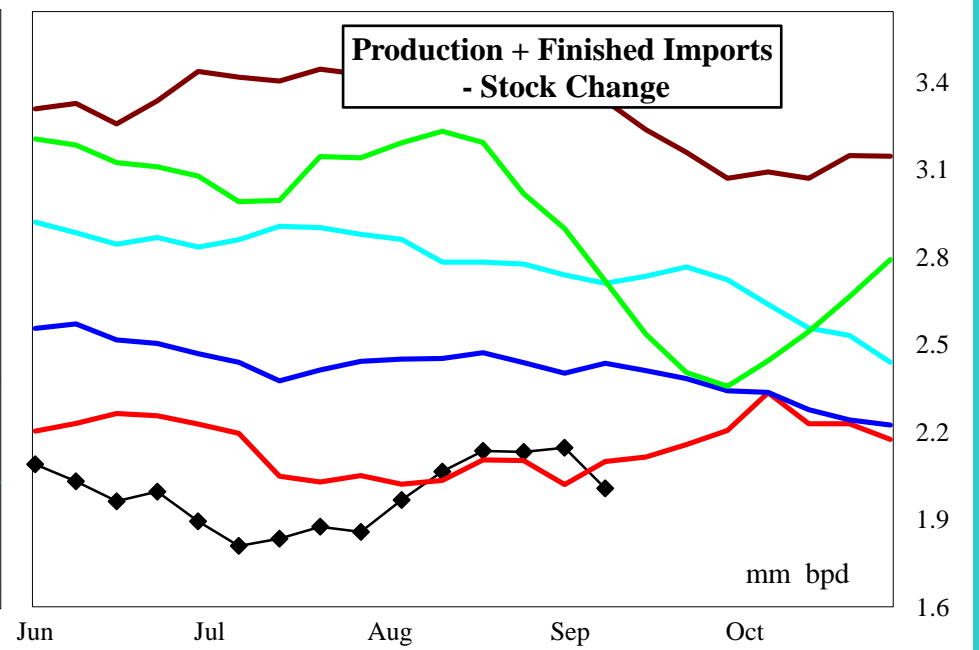
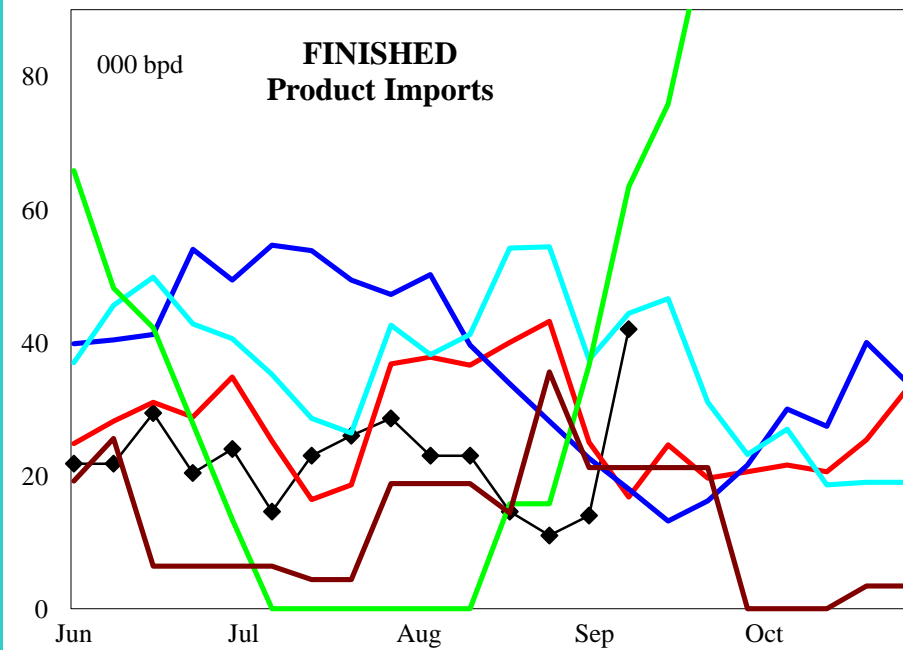
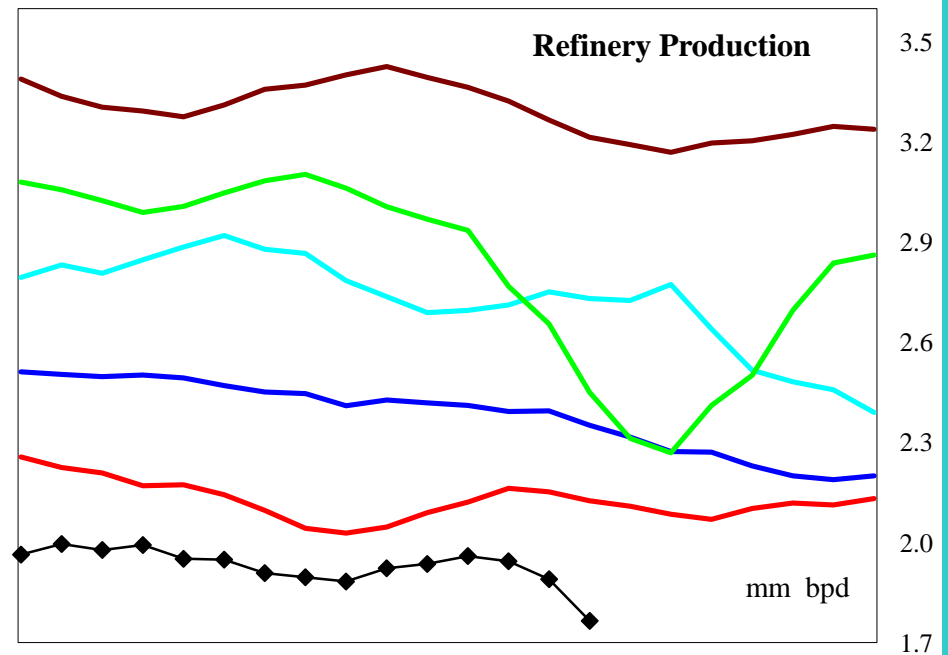
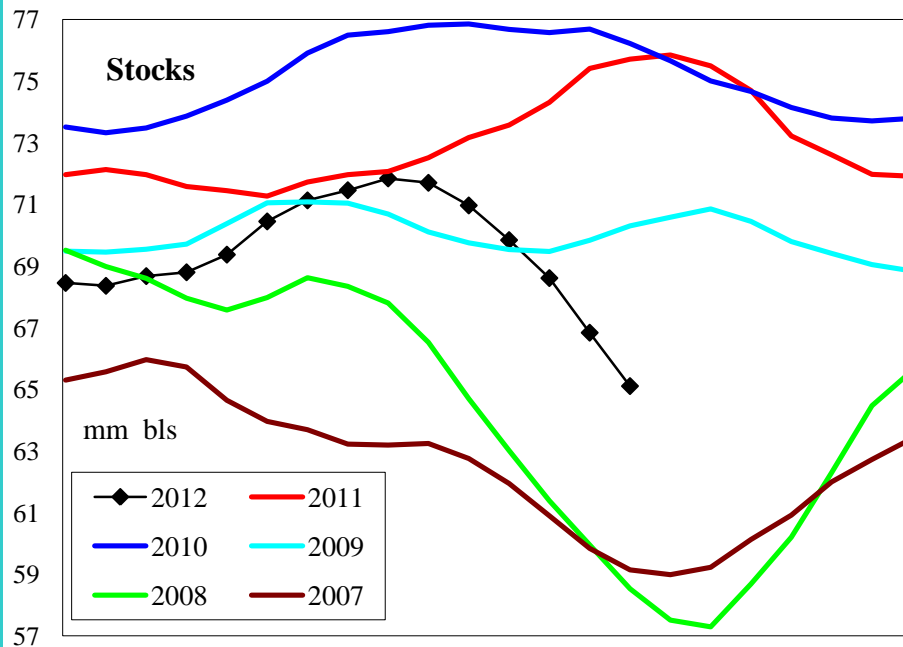
-4.7

Imports

-410

-8.8

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-10,910

-14.4

Production

-255

-11.7

Fin Impt

-21

-66.4

Blend Impt

13

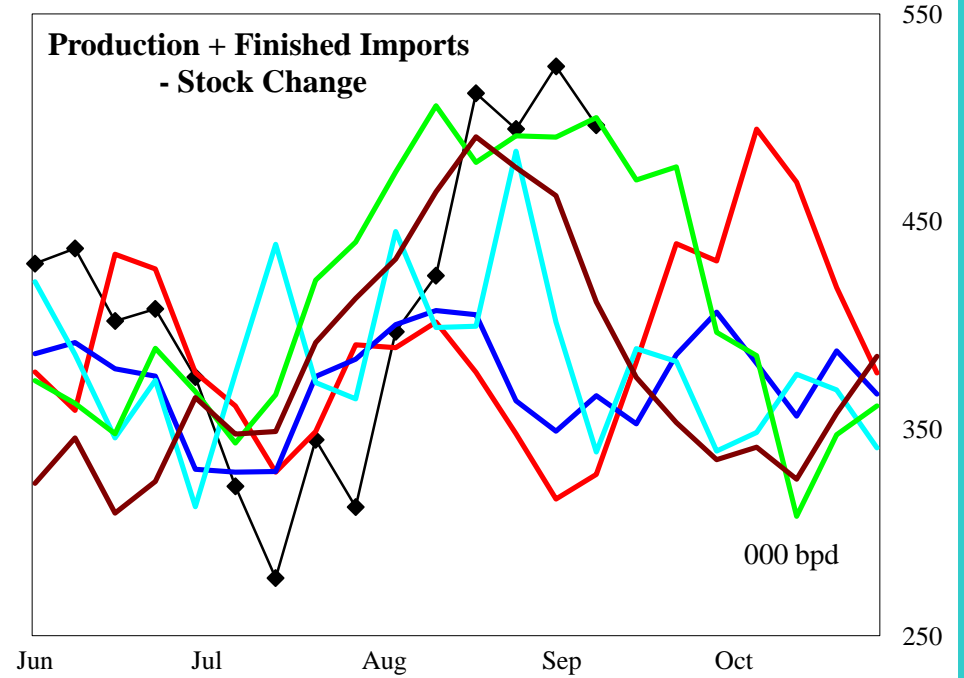
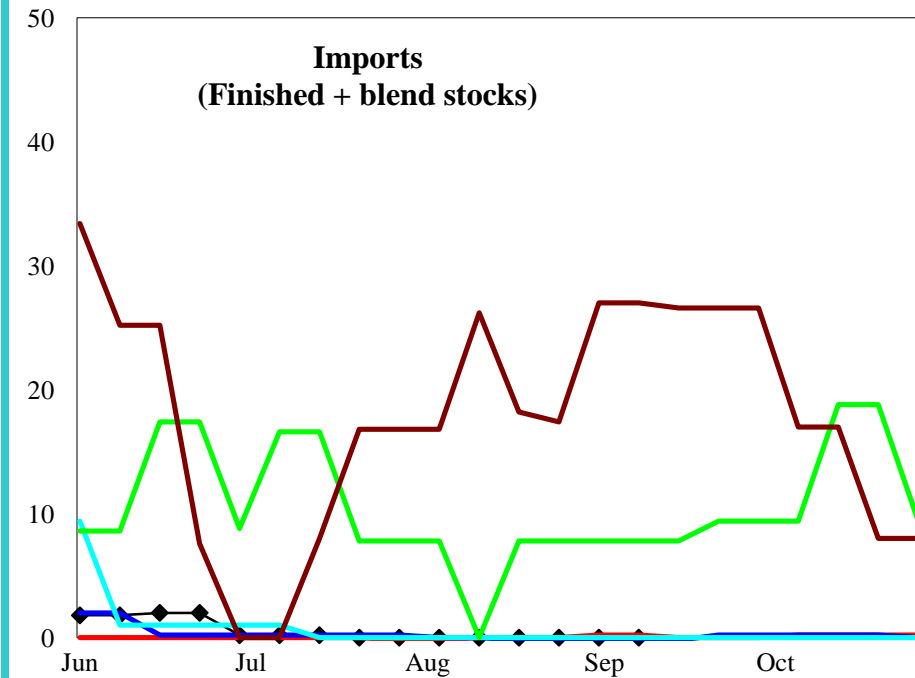
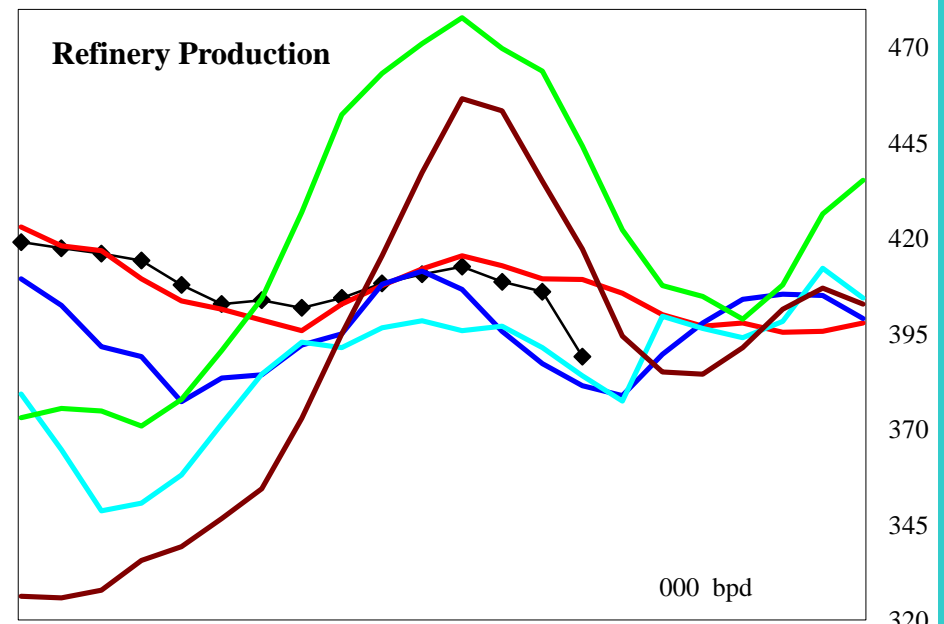
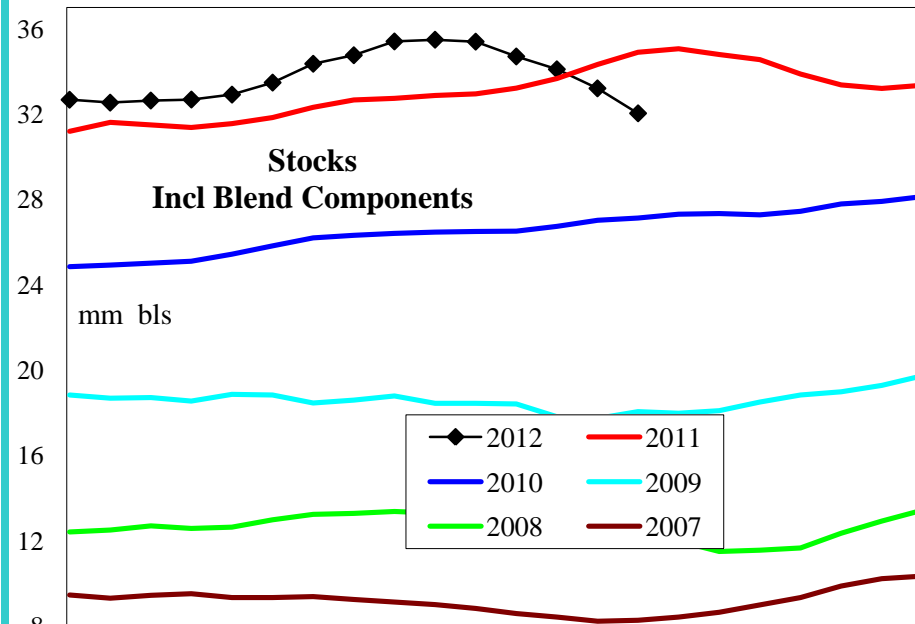
1,000.0

Prod + Imp - Stk chg

120

5.8

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

-2,732

-5

0

239

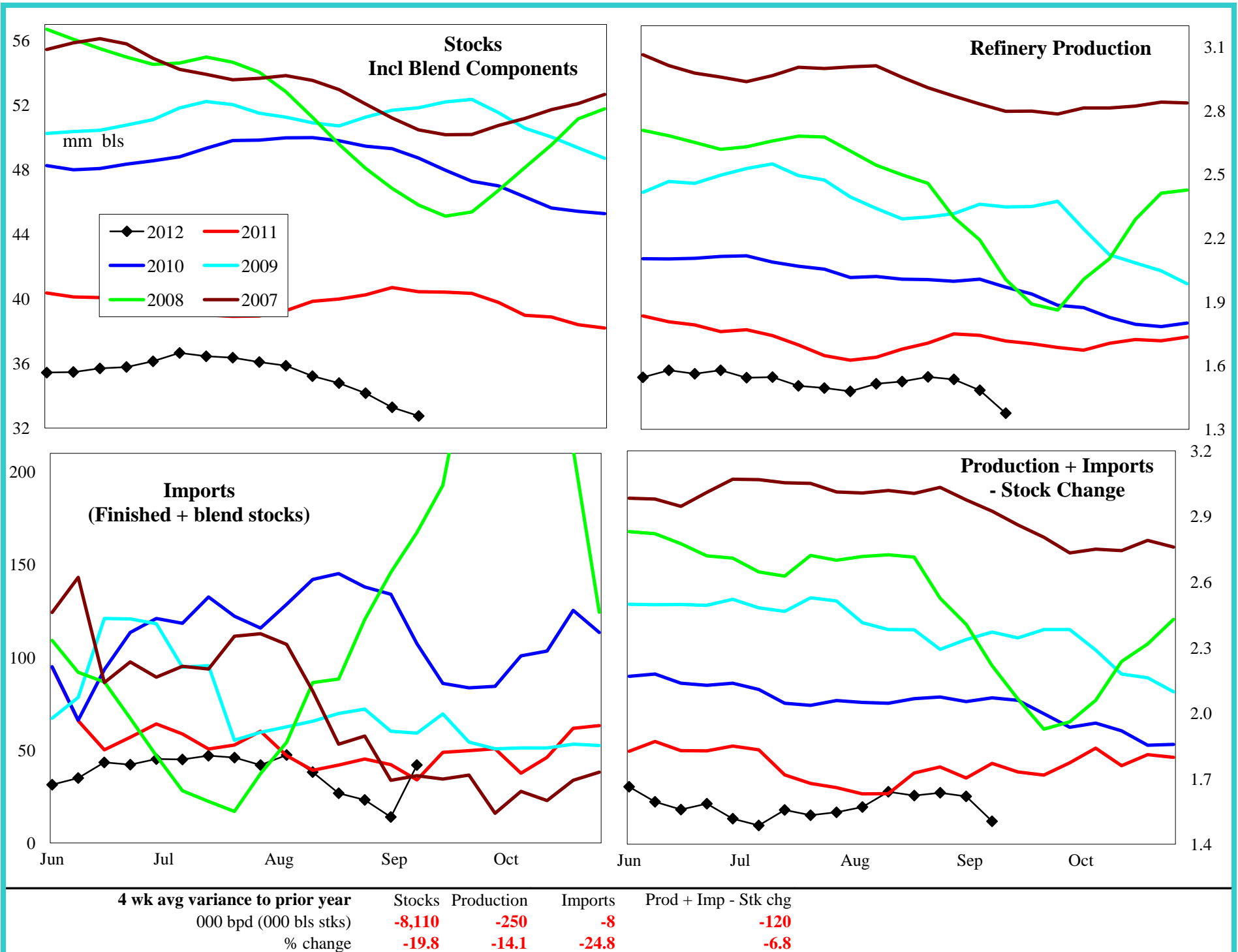
-7.8

-1.3

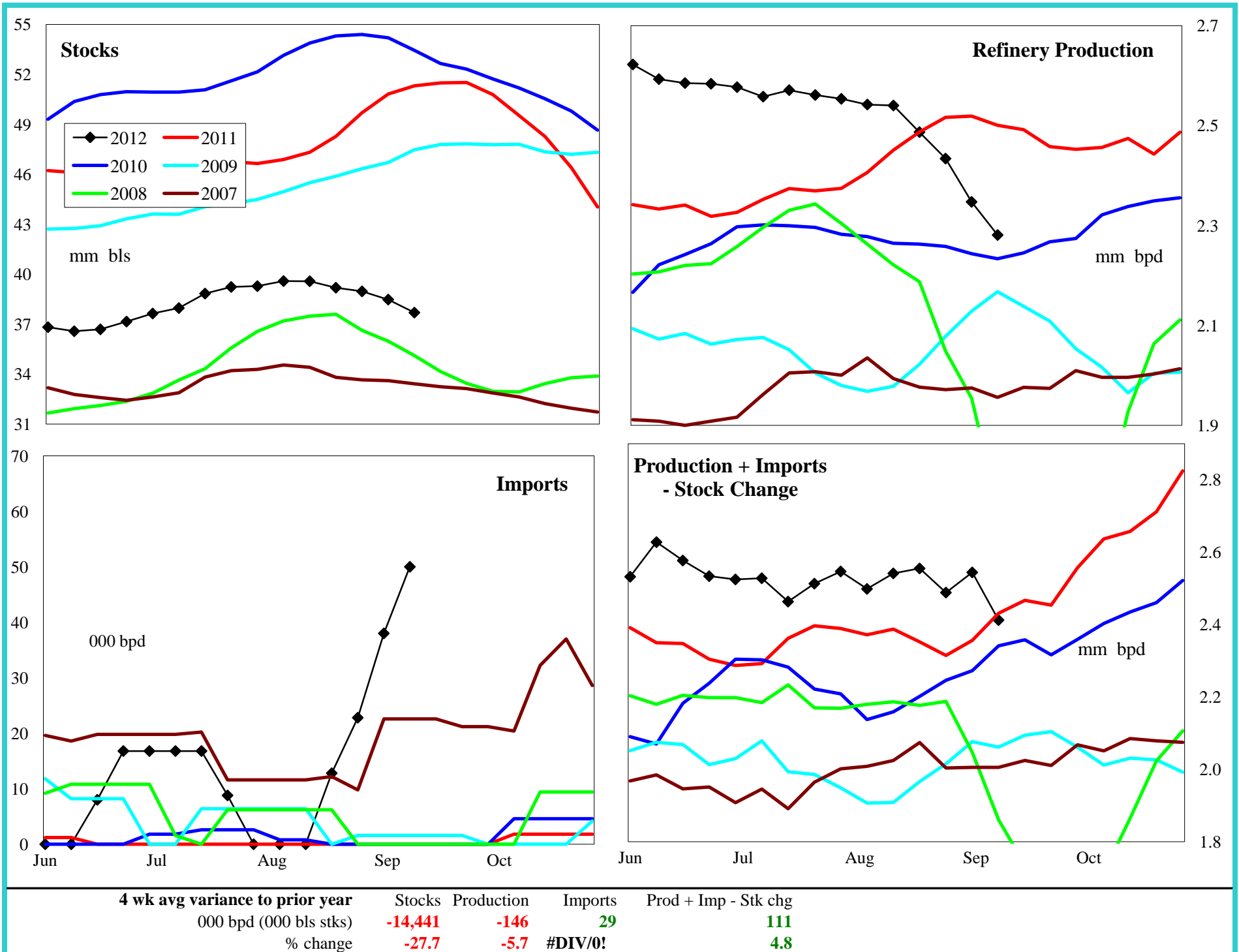
-100.0

74.4

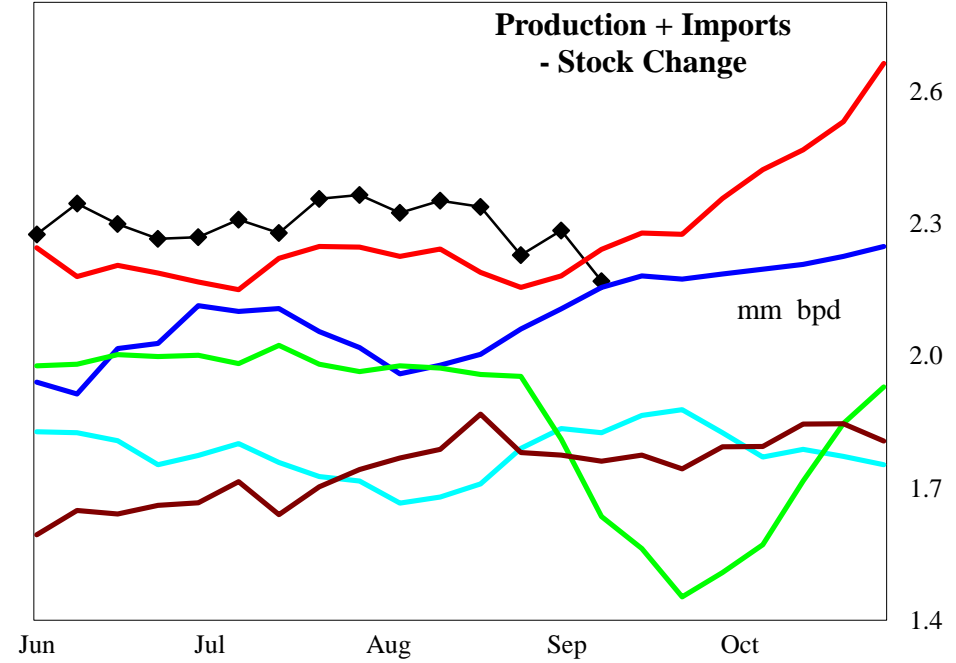
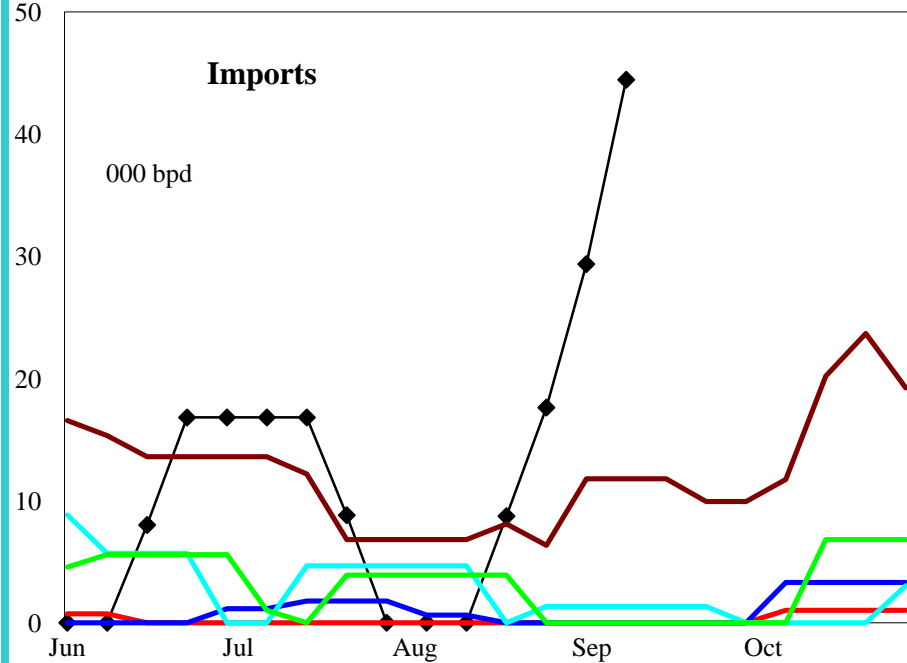
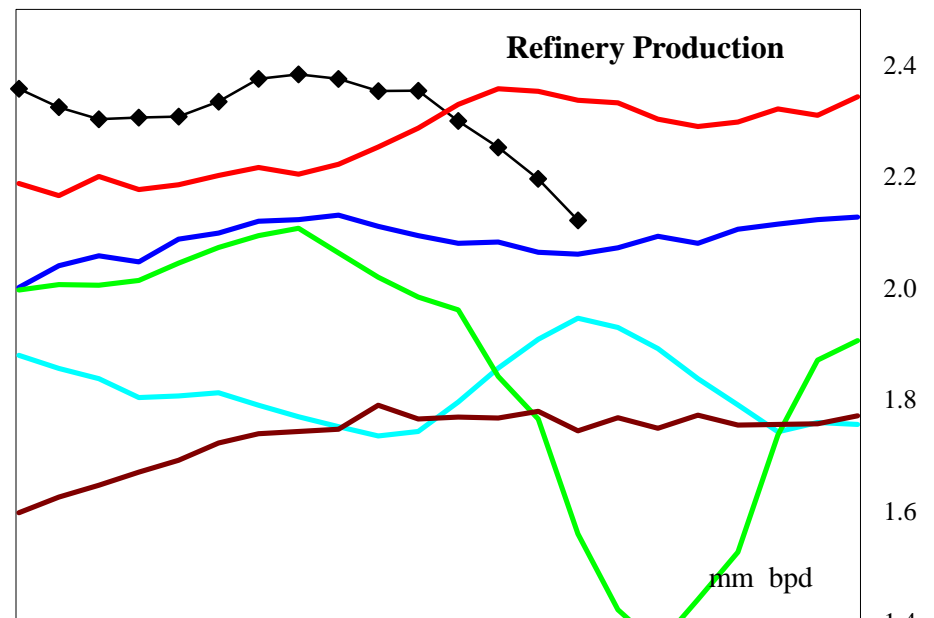
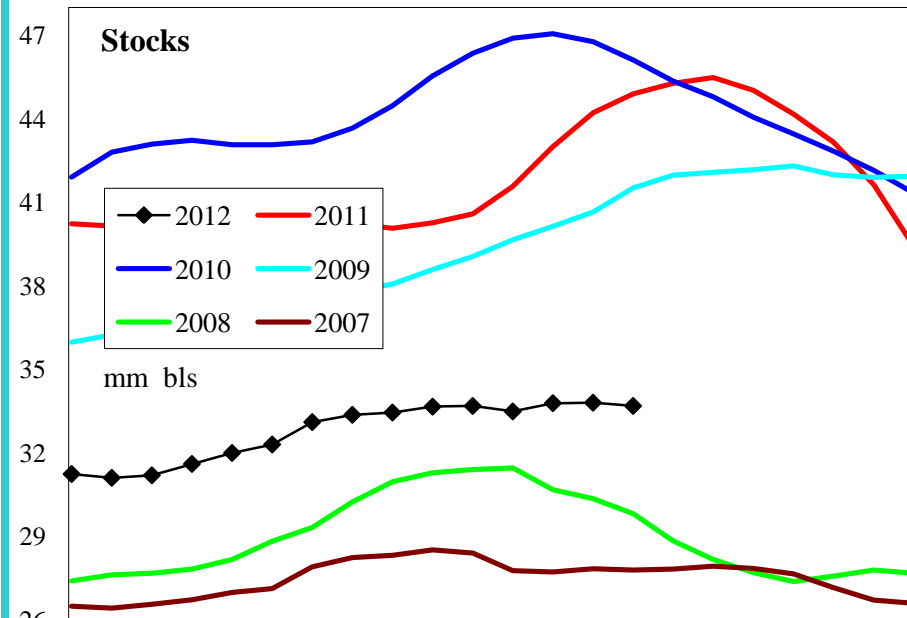
PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



PADD 3 Low Sulfur Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-11,939

-26.2

Production

-147

-6.2

Imports

22

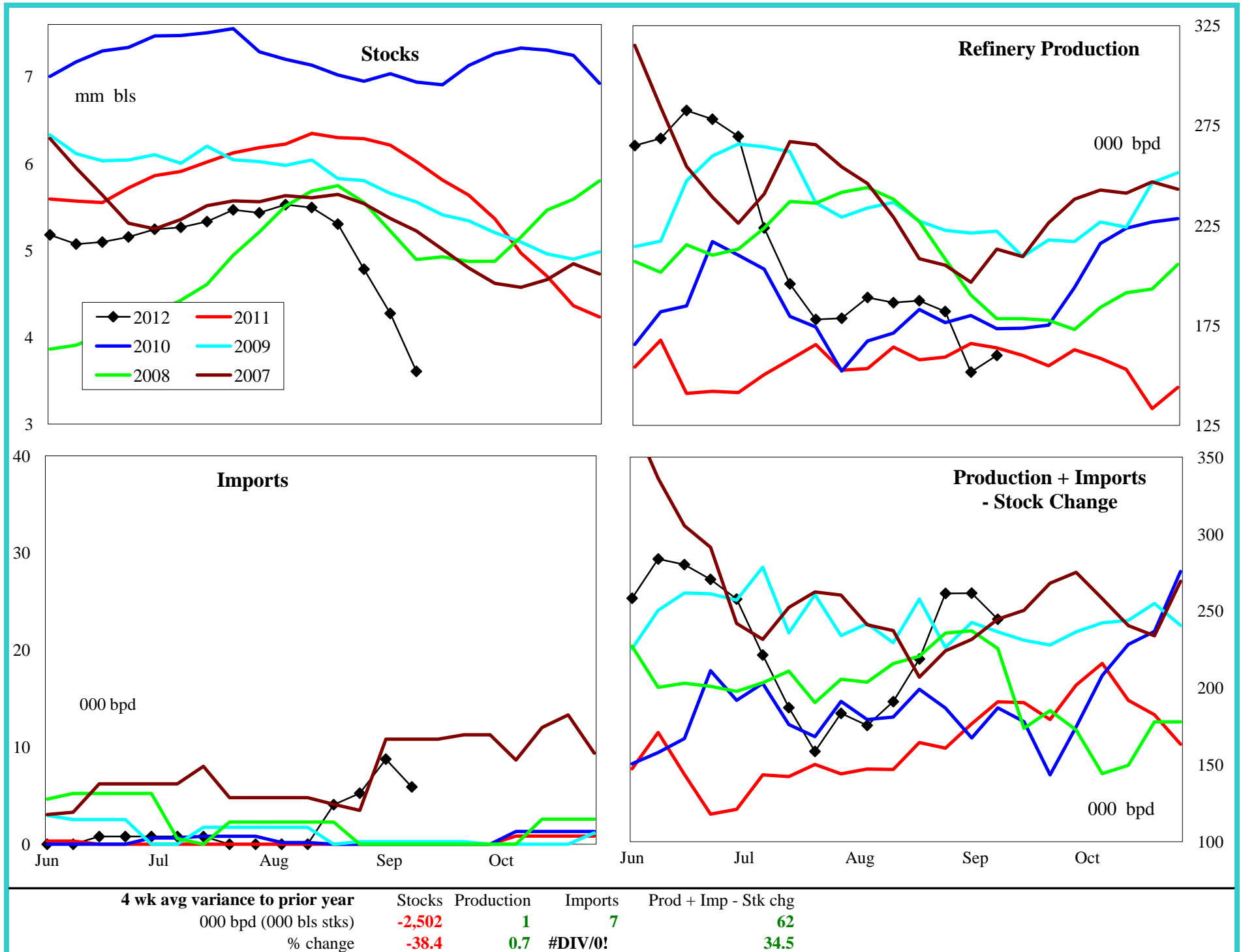
#DIV/0!

Prod + Imp - Stk chg

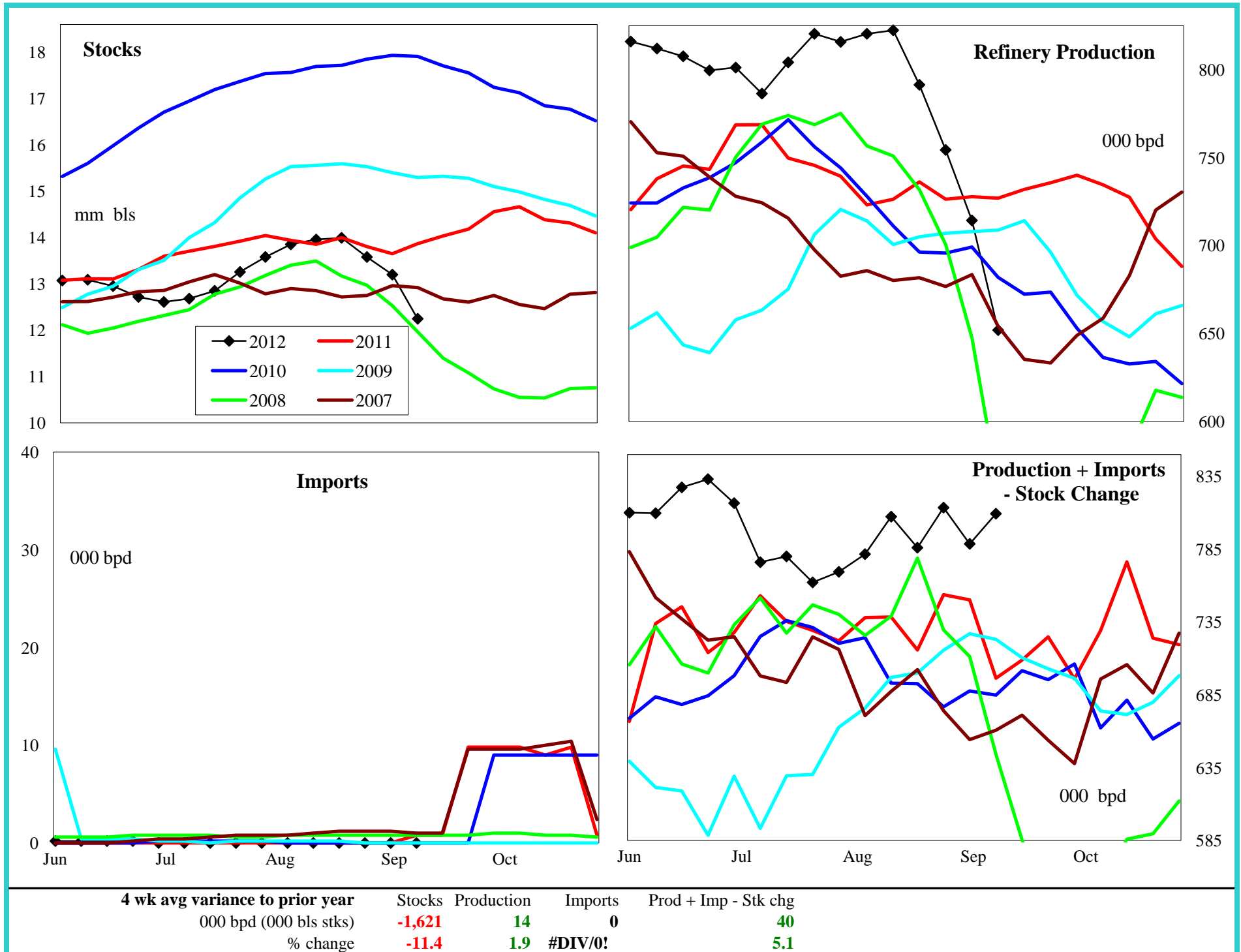
49

2.3

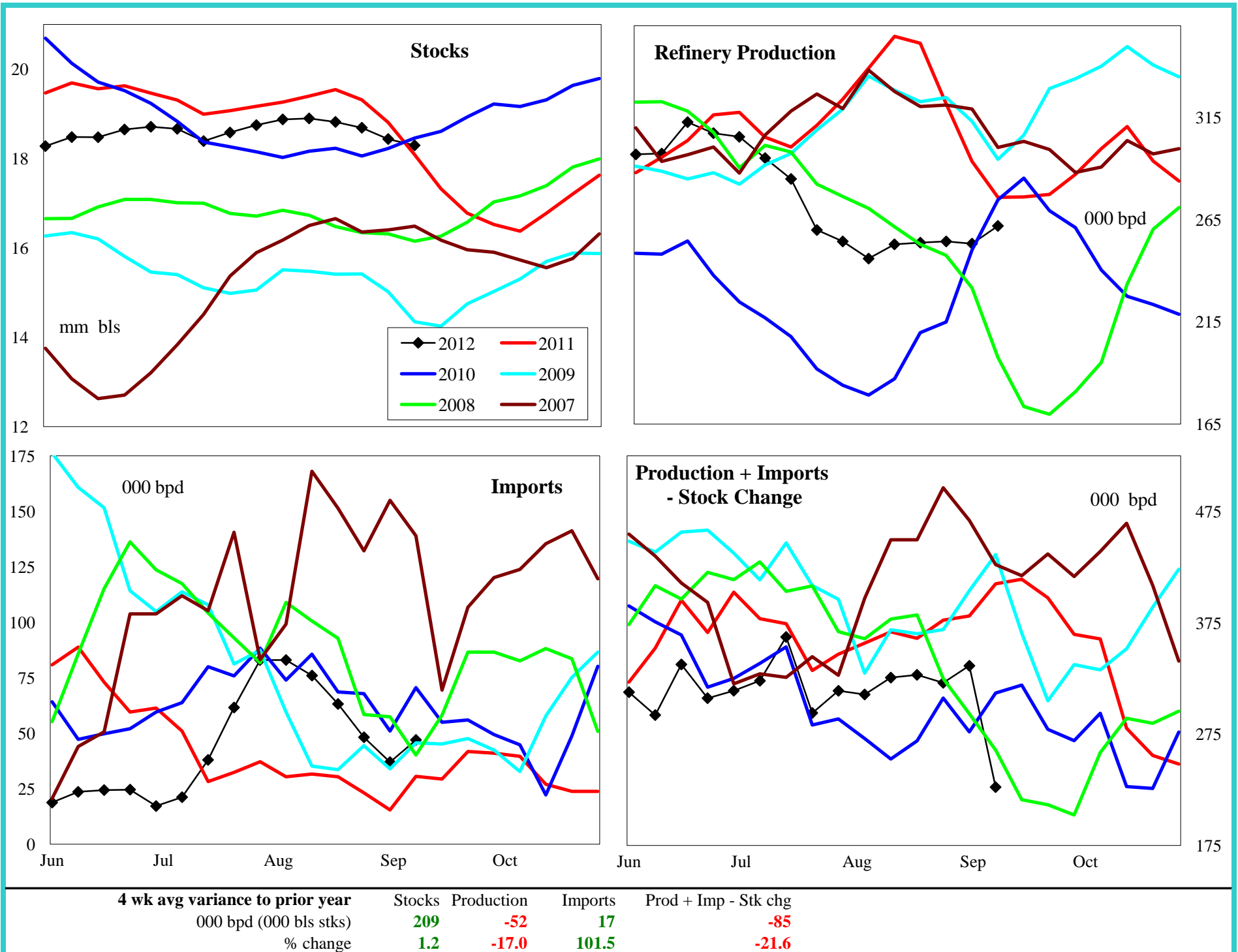
PADD 3 High Sulfur Distillate Supply



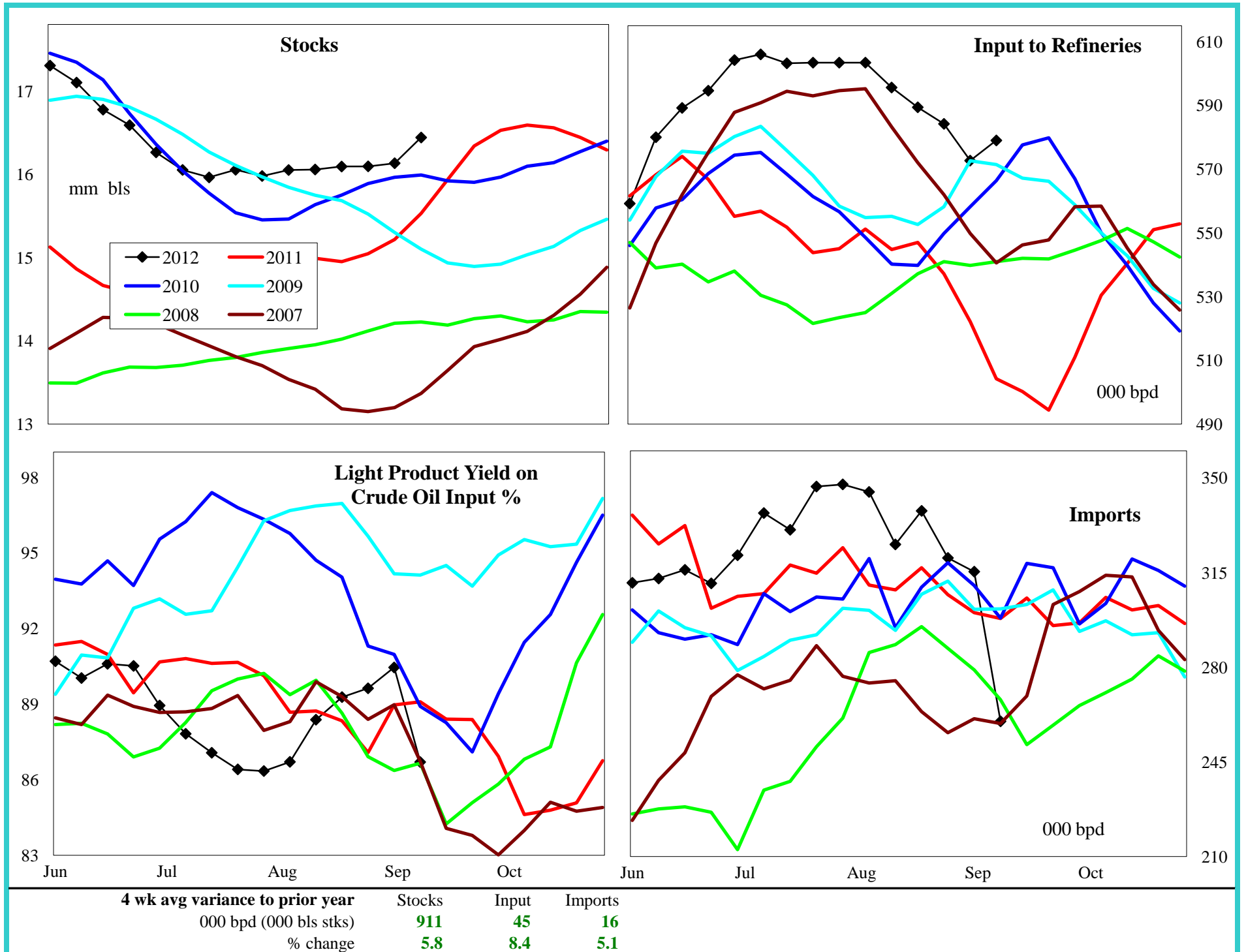
PADD 3 Jet Fuel Supply



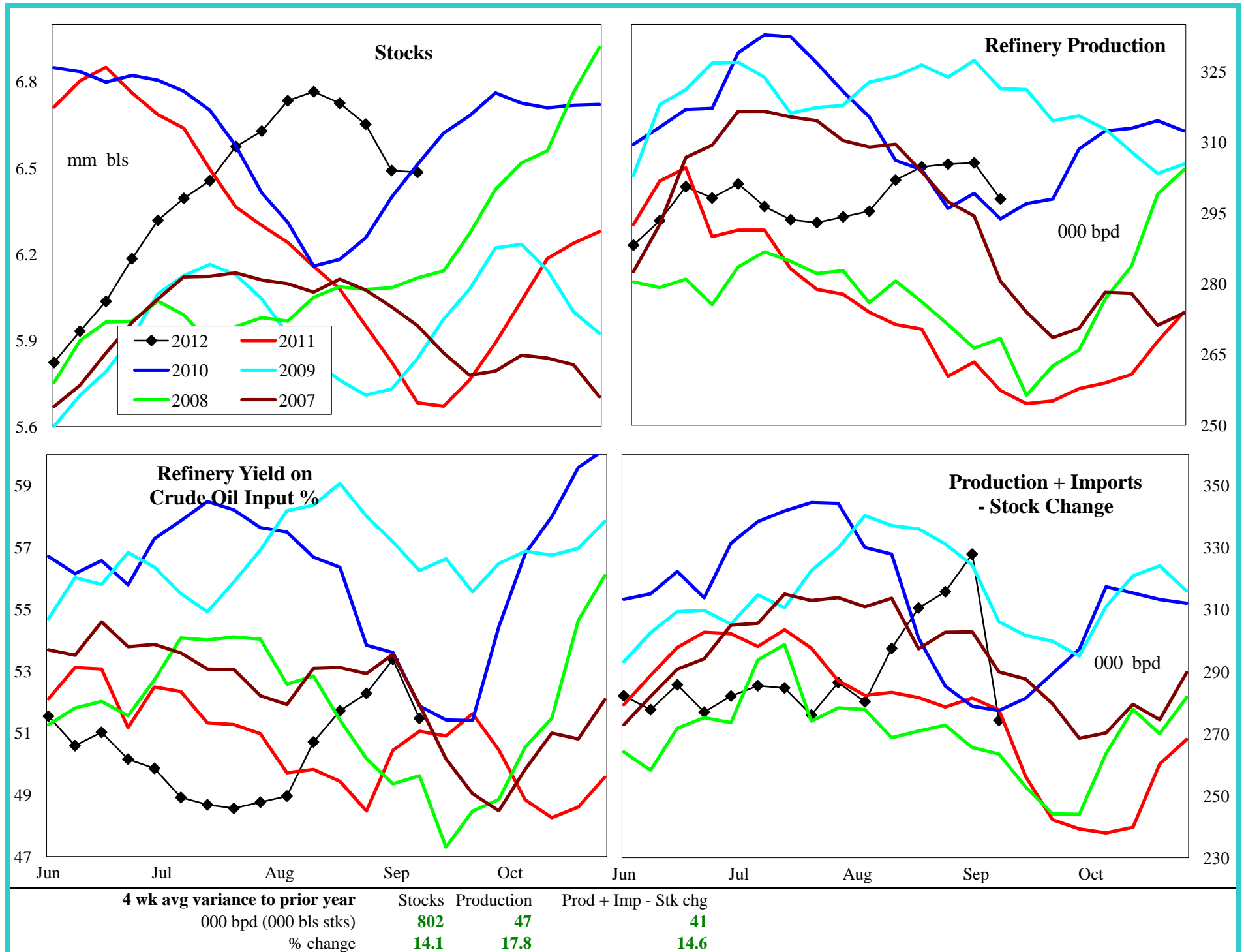
PADD 3 Residual Fuel Oil Supply



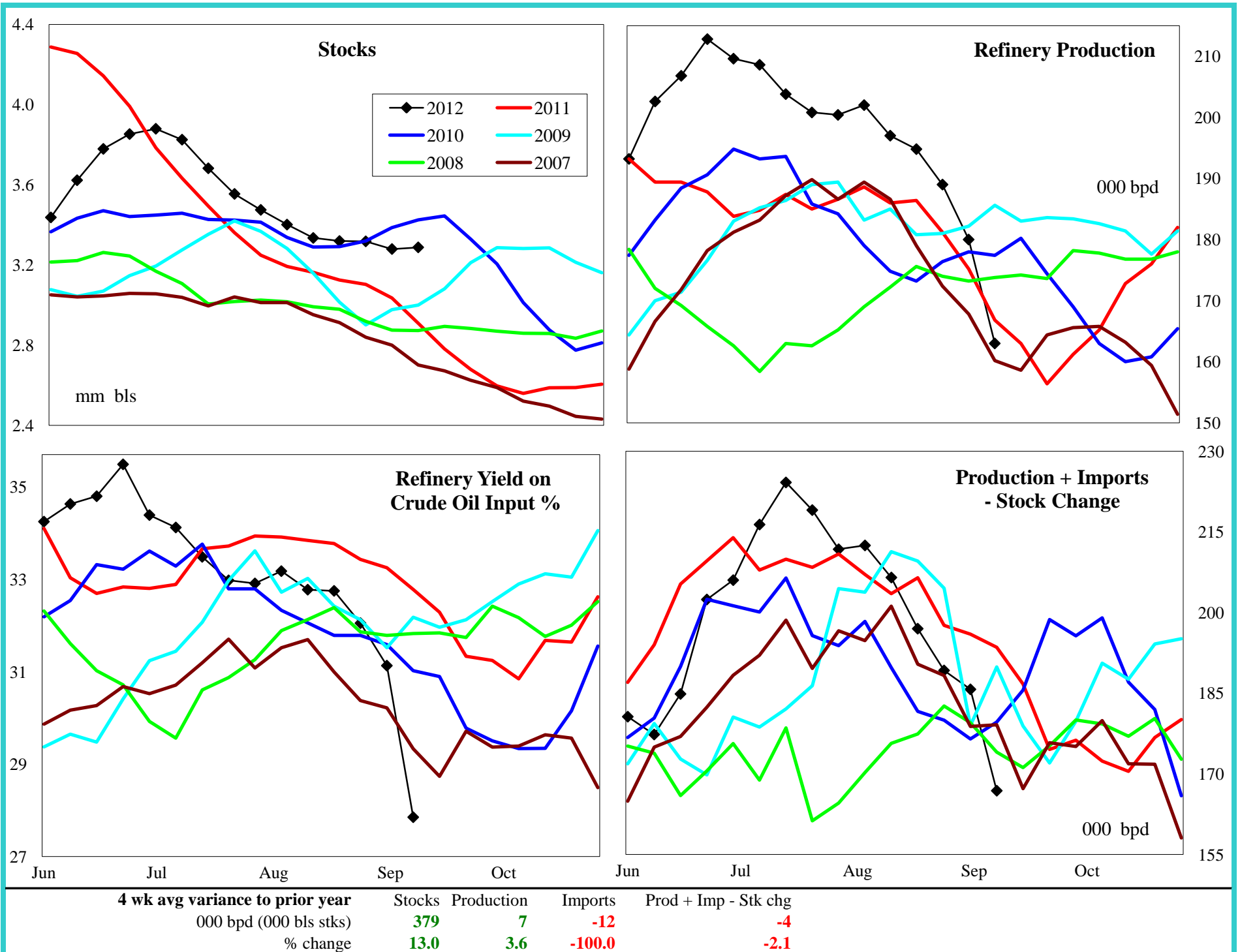
PADD 4 Crude Oil Supply and Refining



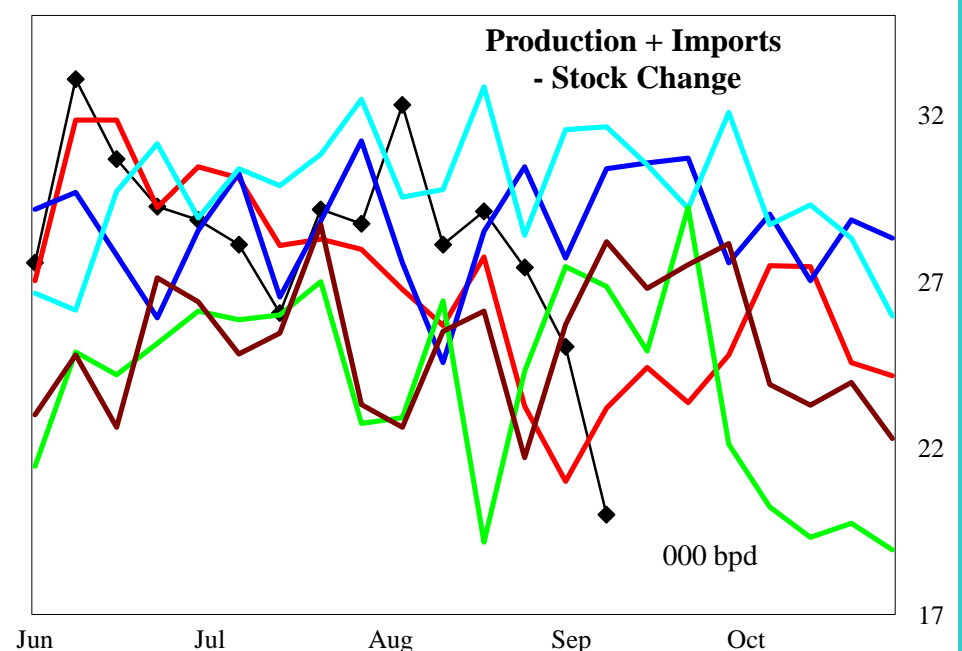
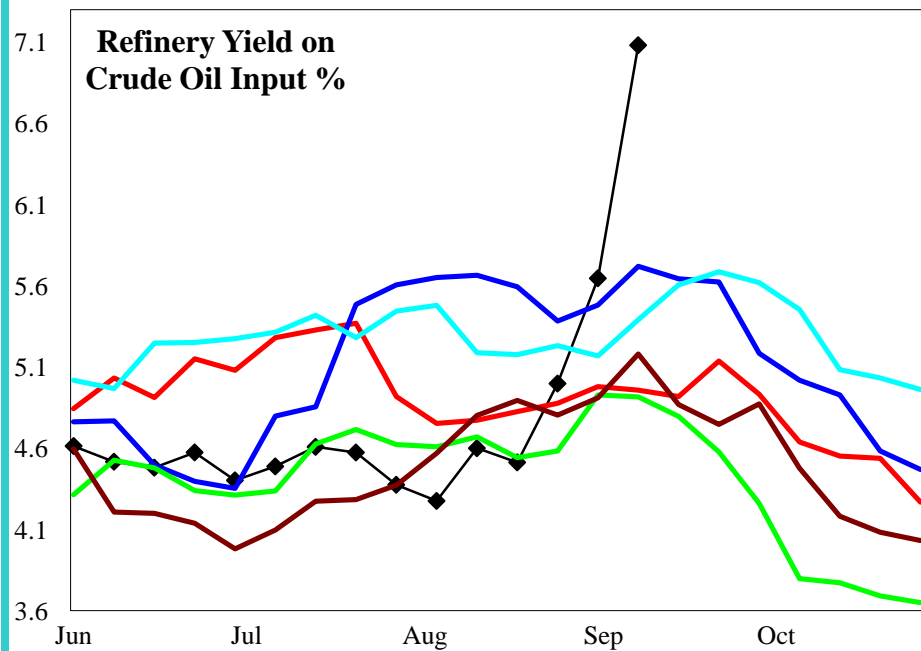
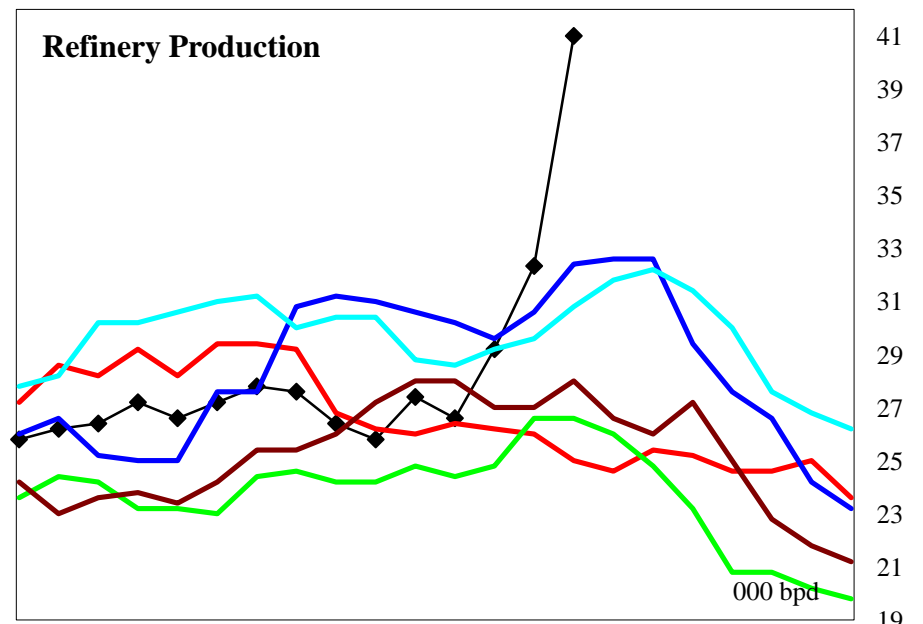
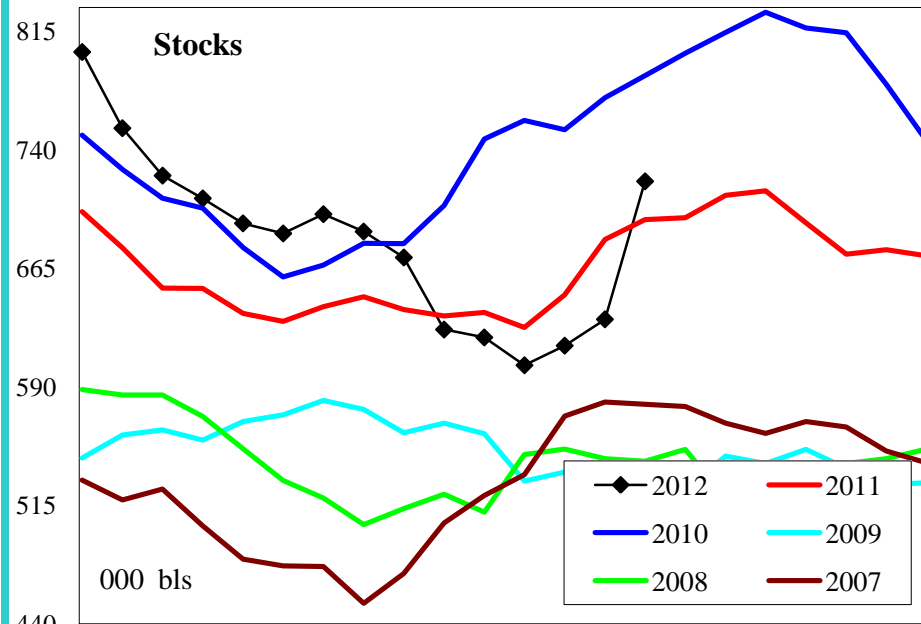
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

24

3.5

Production

4

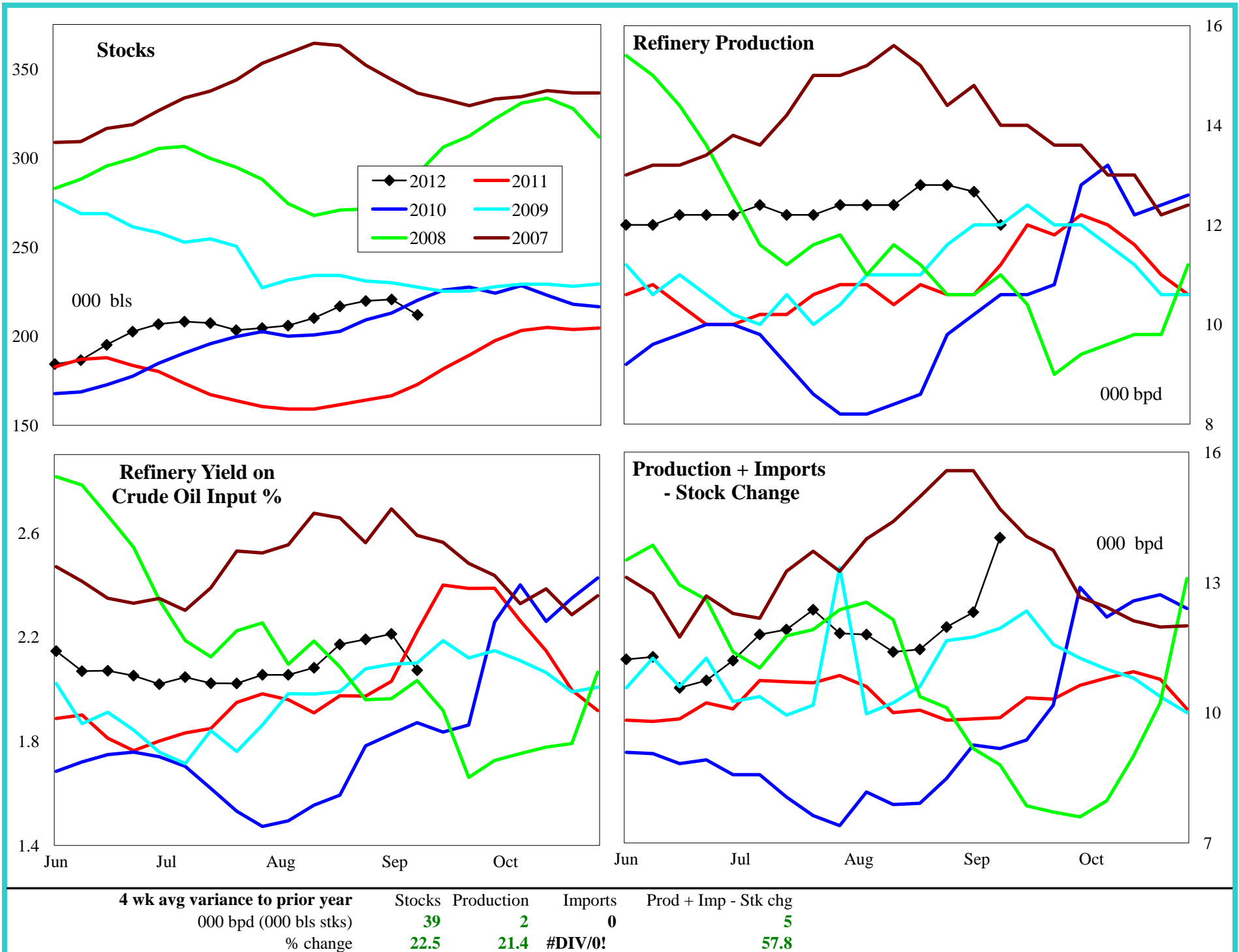
16.2

Prod + Imp - Stk chg

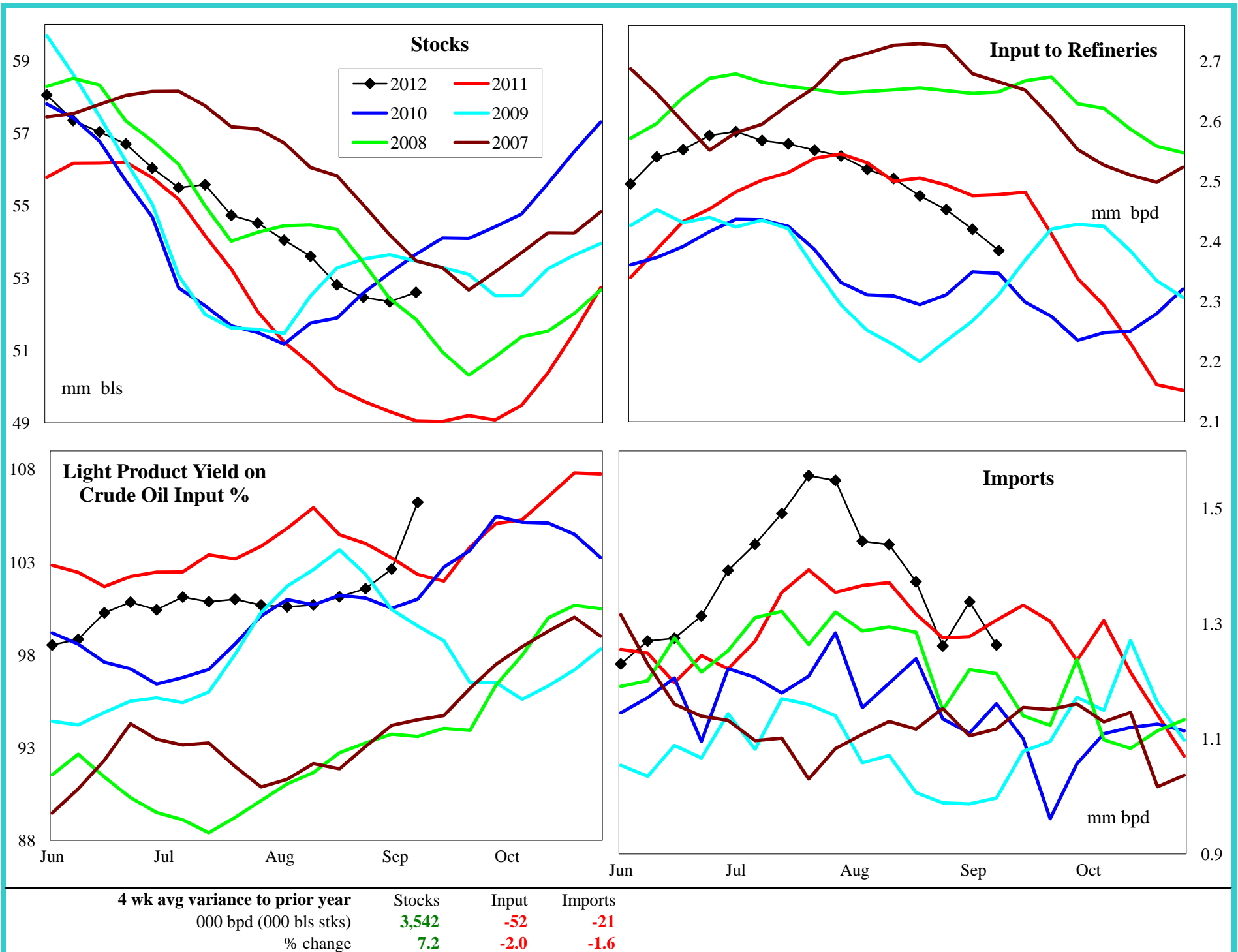
4

18.3

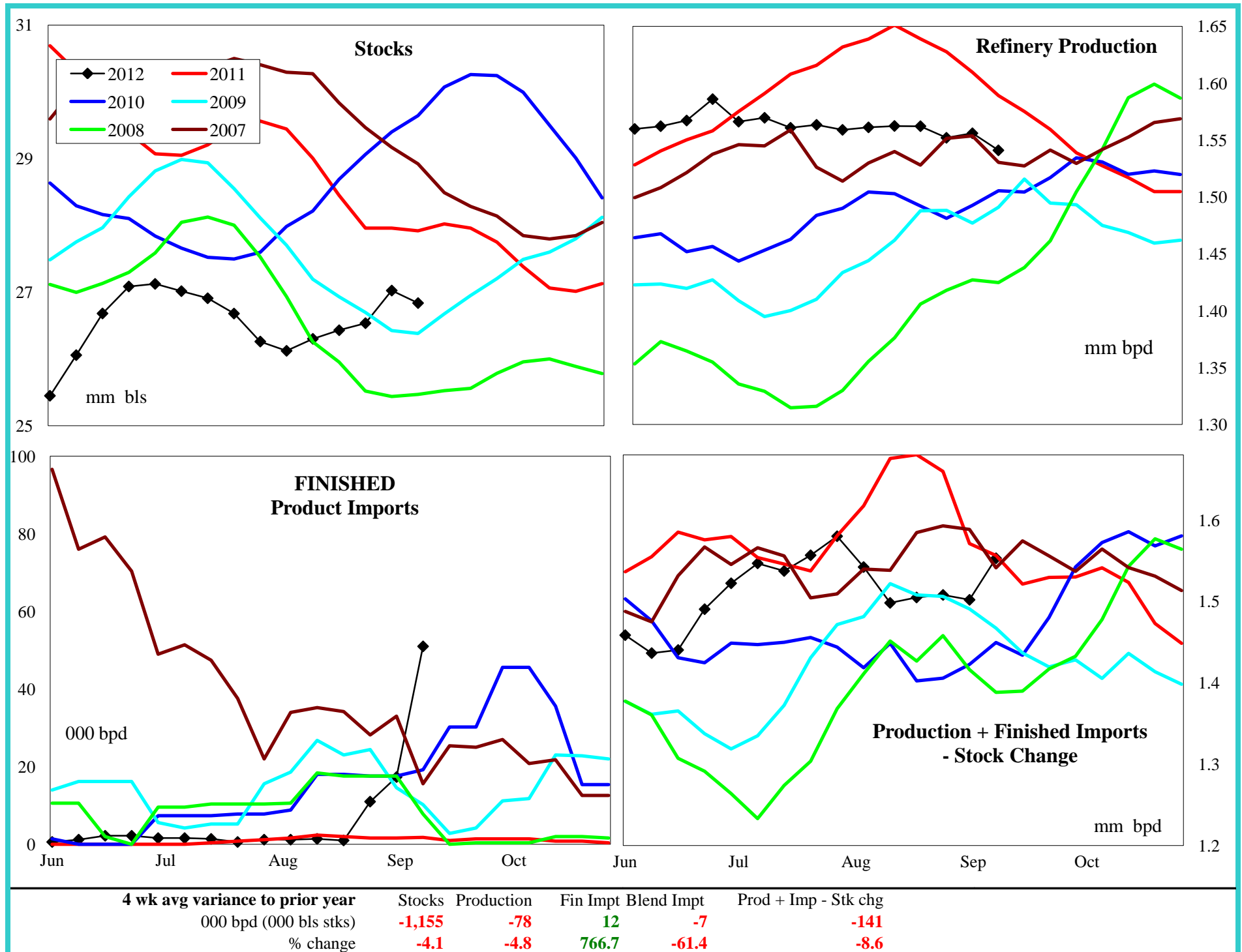
PADD 4 Residual Fuel Oil Supply



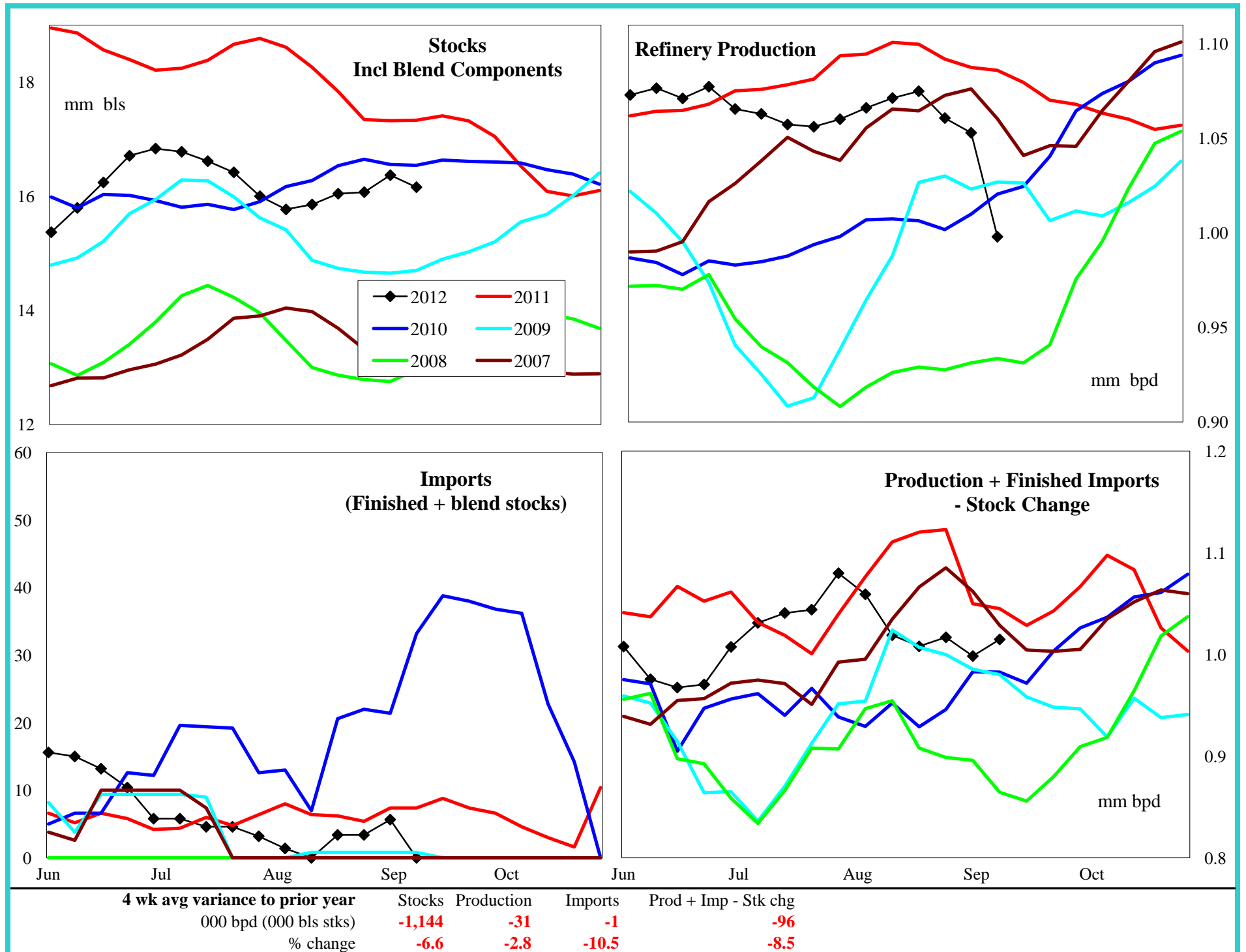
PADD 5 Crude Oil Supply and Refining



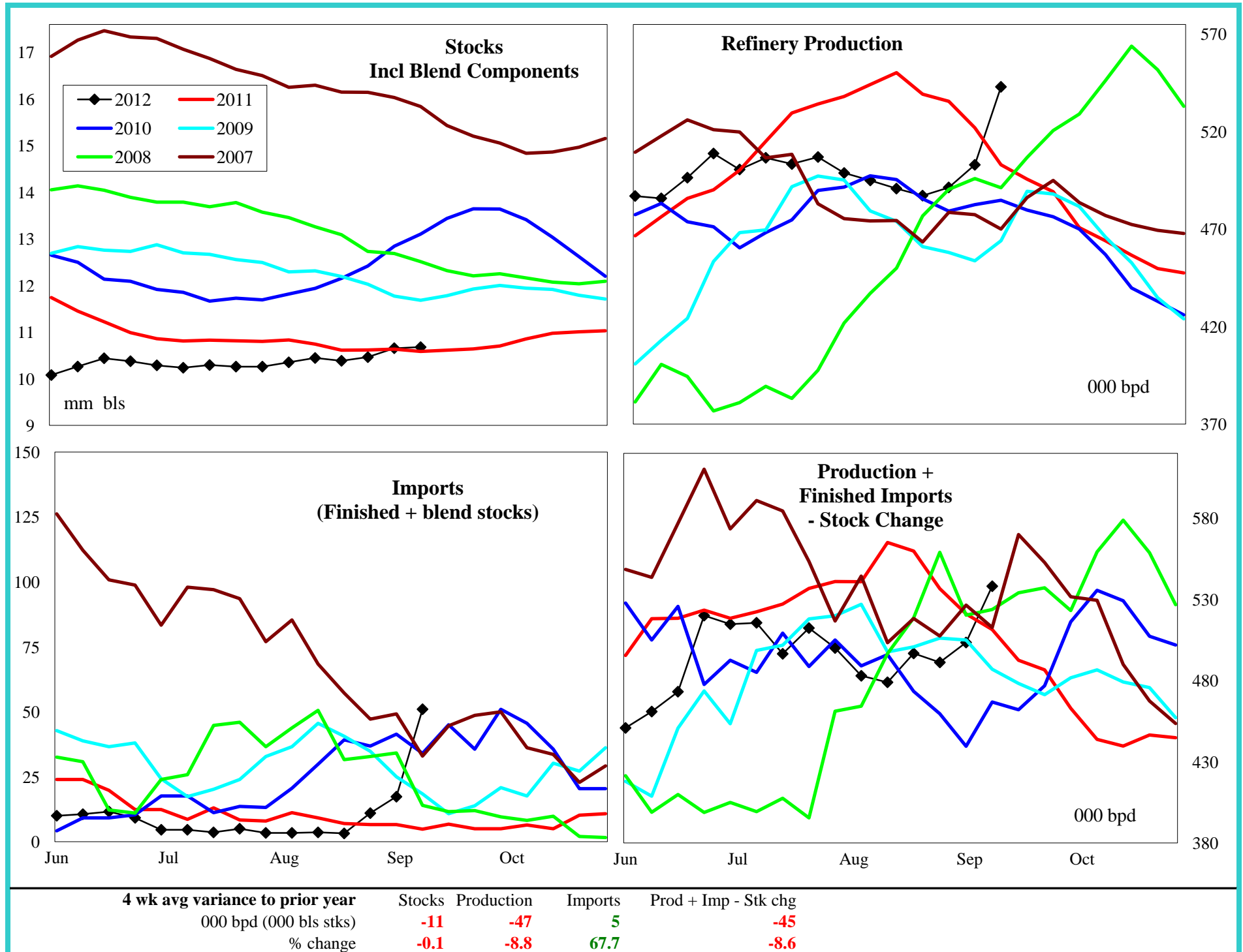
PADD 5 Gasoline Supply



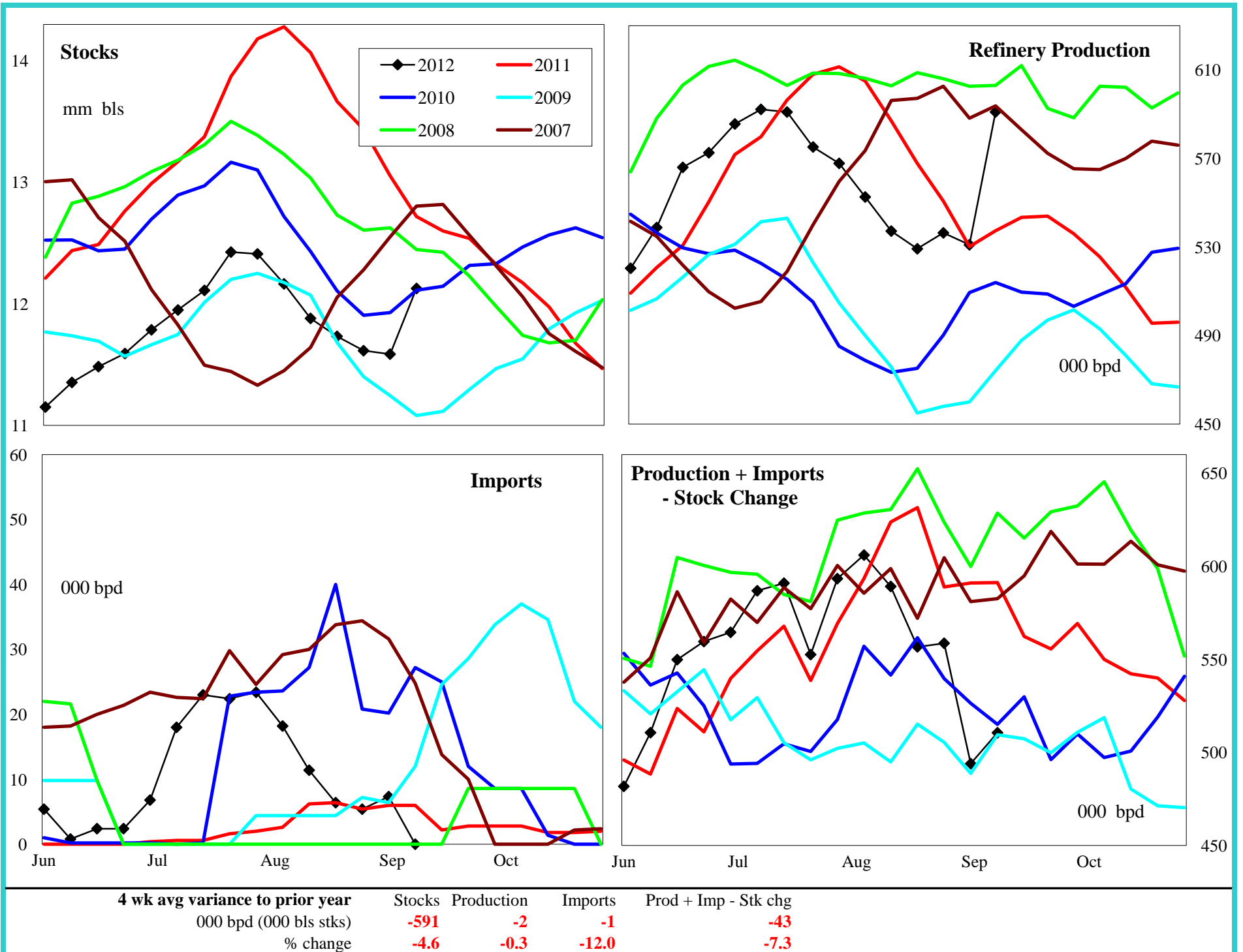
PADD 5 Reformulated Gasoline Supply



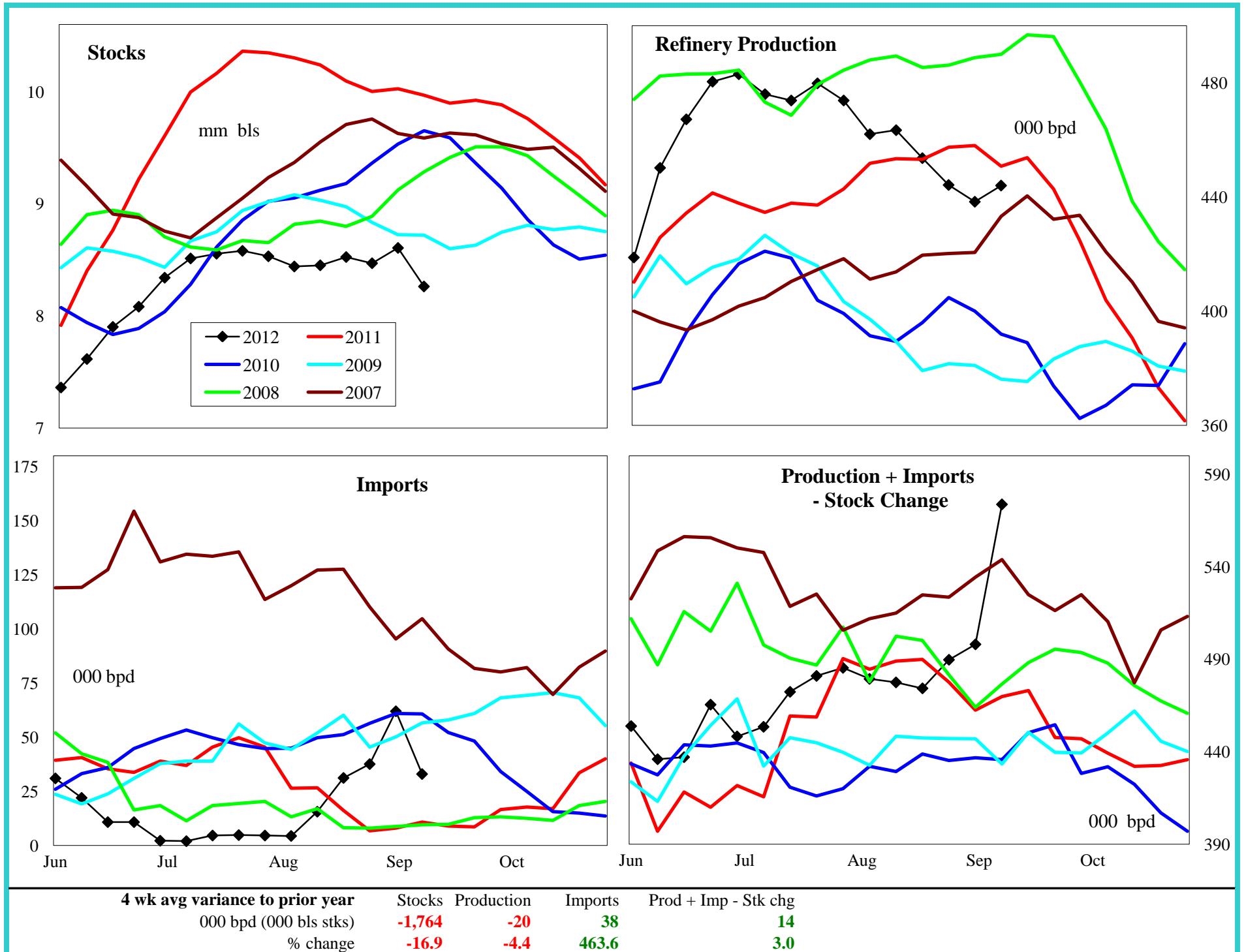
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

