



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

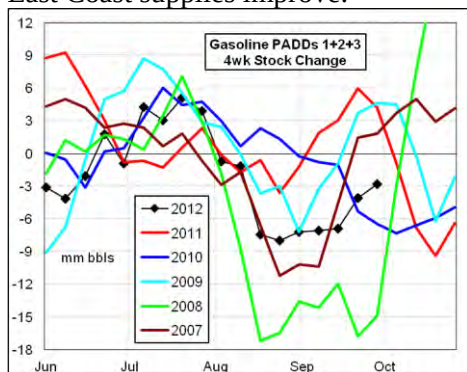
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 03, 2012

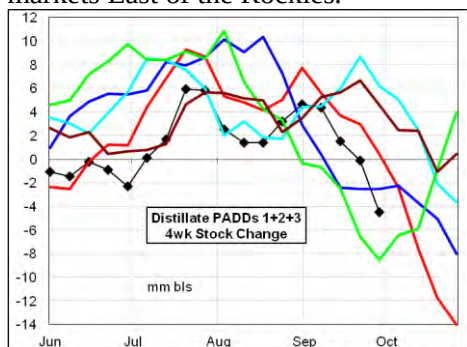


Major Fundamental Trends¹

Gasoline supplies in the key Central Atlantic Region of PADD 1 are likely to see marked improvement over the next month on lower seasonal demand, higher imports and increased production. Stock draws in markets East of the Rockies have begun to decline from levels seen in late August and early September, with counter seasonal builds likely in October as East Coast supplies improve.



Distillate supplies continue to tighten with a combined stock draw of -4 million barrels last week in regional markets East of the Rockies.

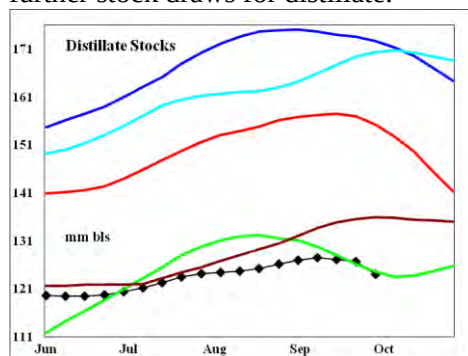


Distillate stocks in the Central Atlantic Region of PADD 1 were -38% below last year, and -26% lower in the Gulf Region. Refining centers in these regions are primary sources for exports which underlie the continued draw down in stock levels.

There is significant risk of a supply squeeze for distillate on the East and Gulf coasts during the winter heating season. Look for exceptional price strength for distillate compared to

crude oil and gasoline, further steepening of the forward price curve and depressed cash basis in markets outside NYH and the Gulf during the winter heating season.

Crude oil refinery input increased last week in the Gulf region, lifting U.S. thru put to match last years' level. Look for seasonal refinery maintenance to drive crude oil runs lower over the next 60-days, leading to further stock draws for distillate.



Demand for distillate and jet fuel each surged last week, rising a combined +0.6 million bpd. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.5%; distillate fell -4.5%; jet fuel up +1.7% while residual fuel oil decreased -43%.

Stocks forward coverage: Gasoline demand coverage improved last week on lower demand and +0.1 million barrel increase in stocks. Coverage levels were below the last 3-years.

Distillate coverage decreased on a -3.7 million barrel stock draw and higher demand. Coverage levels matched 5-year lows.

Jet fuel coverage decreased on a +162,000 bpd surge in demand, more than offsetting a +0.4 million barrel stock build on the week. Coverage levels ended the week well below the last 3-years.

Refinery utilization rates increased last week on a +0.2 million bpd increase in crude oil runs, driven by a rise in the Gulf. During the latest 4-wk period crude oil input was -0.5 million bpd below a year ago.

Gasoline yield % on crude oil runs

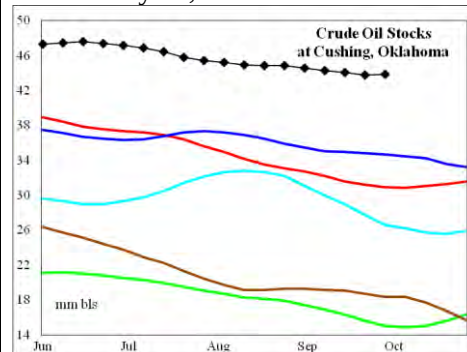
increased on a +177,000 bpd rise in output compared to the +0.2 million bpd upturn in crude oil runs. Yield % on crude oil runs matched the mid range.

Distillate yield % on crude oil runs decreased on a -20,000 bpd decline in production, compared to the increase in crude oil runs. The yield % remains above the 5-year range.

Jet fuel yield % on crude oil runs increased on a +59,000 bpd rise in output, compared to the increase in crude oil runs. The yield % reached a new 5-year high.

Petroleum Imports of crude oil, gasoline and jet fuel increased last week, while distillate imports were lower. During the latest 4-wk period crude oil imports were -0.3 million bpd below last year; distillate imports decreased -50,000 bpd; finished gasoline imports decreased -27,000 bpd, gasoline blend stock imports increased +8,000 bpd; jet fuel imports were +71,000 bpd higher, while residual fuel oil imports decreased -36,000 bpd.

Crude Oil imports climbed +0.5 million bpd last week, although the level remains at a record low for the season. Stocks decreased -0.4 million barrels, including a -1.5 million bpd draw in the Gulf. Cushing stocks ended the week +12.9 million barrels above last year, +42%.



¹ Source is latest EIA Weekly Statistics



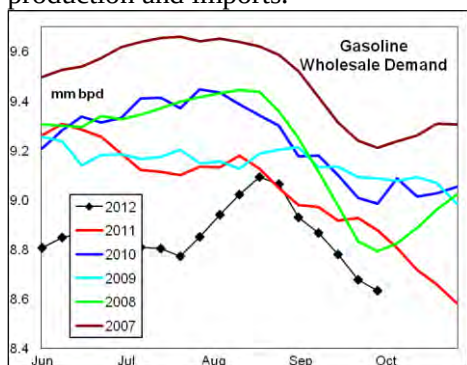
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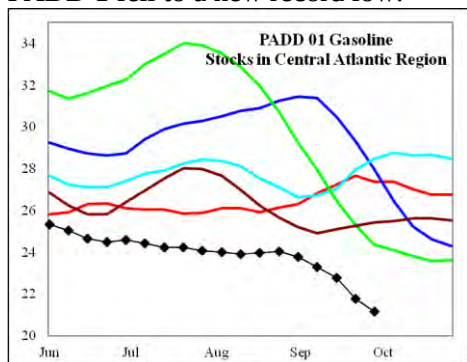
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Product Supply-Demand Trends

Gasoline demand fell -137,000 bpd last week, reversing the prior week increase. The latest 4-wk average demand was -225,000 bpd below a year ago. Supply increased +259,000 bpd on the week, the result of higher production and imports.



Stocks were nearly unchanged on the week, with builds in all regional markets except the East Coast where stocks declined -0.7 million barrels to match 5-year lows in the region. Stock levels in the Central Atlantic region of PADD 1 fell to a new record low.



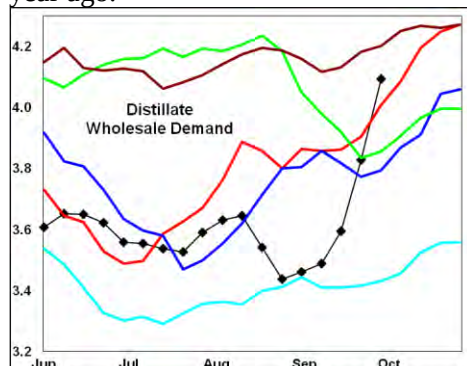
The latest 4-wk stock change in markets East of the Rockies was a -2.8 million barrel draw, compared to an average build of +0.2 million barrels during the last 3-years.

Expect the supply squeeze on the East Coast to improve on lower seasonal demand, higher imports and increased production of winter grade product during the next month.

A supply squeeze on the West Coast should also improve on lower seasonal demand, higher imports and completion of unplanned refinery maintenance.

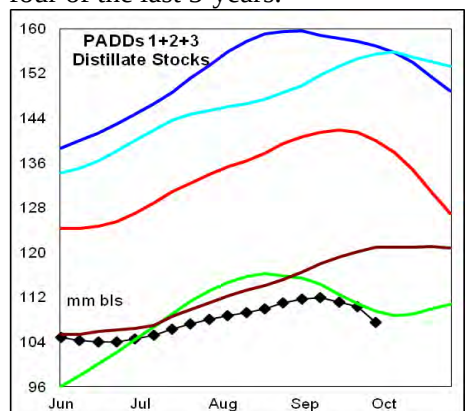
Distillate demand jumped +388,000 bpd last week, to a level above the last

3-years. The latest 4-wk average demand was -175,000 bpd below a year ago.



Supply decreased -70,000 bpd on the week with both imports and production lower. Stocks plunged -3.7 million barrels last week, with draws of -1.7 million barrels each in PADDs 2 and 3.

The latest 4-wk stock change in markets East of the Rockies was -4.5 million barrel draw, a larger draw than four of the last 5-years.



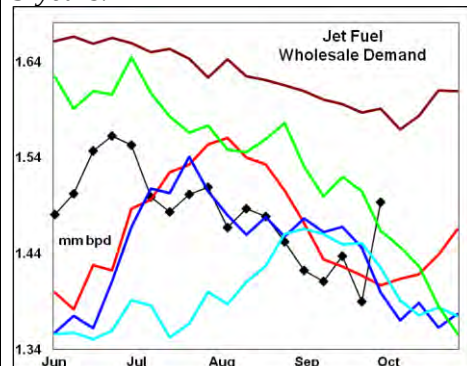
Stock levels ended the week below the 5-year range in combined regional markets East of the Rockies. A seasonal uptrend in demand, start of fall refinery maintenance and continued high exports are likely to prevent any meaningful stock builds over the next 60-days. Risk continues for a supply squeeze in the 4th quarter.

Jet Fuel demand jumped +162,000 bpd on the week to a level above the last 3-years. The latest 4-wk average demand was +23,000 bpd above a year ago.

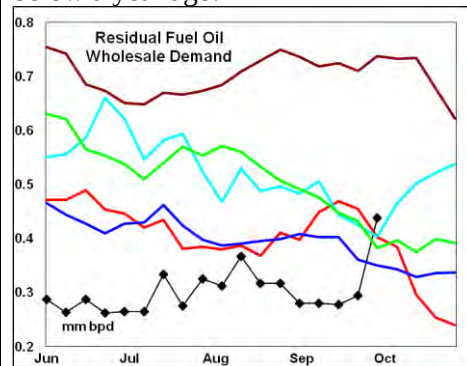
Supplies jumped +137,000 bpd last week, reversing the prior week decrease. Stocks climbed +0.4 million barrels on the week, to a level -4.4%

below last year.

Look for this week's surge in demand to reverse in the near term to follow the longer term seasonal downtrend. High production and imports offset the weekly jump in demand, to extend the counter seasonal stock build. Expect further stock building, to levels seen in the last 3-years.



Residual fuel oil demand surged +292,000 bpd last week, with the latest 4-wk average demand -230,000 bpd below a year ago.



Supply (production + imports) increased +28,000 bpd last week, on higher production. The latest 4-wk average supply was -73,000 bpd below last year on lower production and imports. Stocks were unchanged on the week, at a level +5% above the prior 5-year low.

Wholesale demand for the latest 4-wk period was -43% below a year ago. Concurrently, a +125,000 bpd surge in imports has stocks to the highest level of the last 3-months.

Stock levels in the key Gulf Region ended the week near 5-year highs set in 2010.



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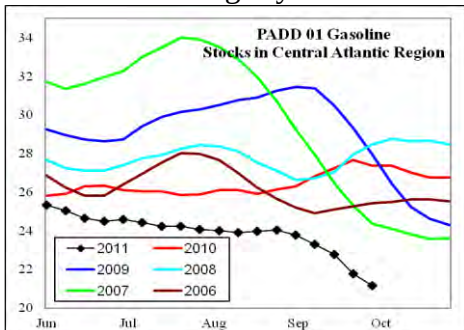
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -12,000 bpd last week, with the latest 4-wk average -301,000 bpd below last year.

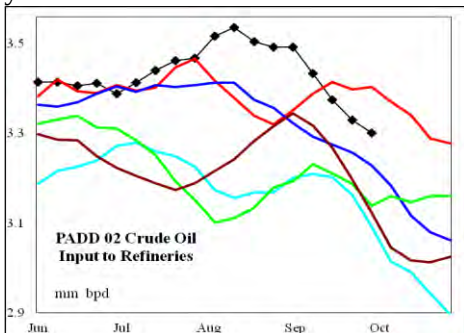
Gasoline supply increased +28,000 bpd last week on higher imports. Stocks decreased -0.7 million barrels on the week, with the level matching 5-year lows.



Stock levels in the Central Atlantic region ended the week -24% below last year, and at all time lows for the fall quarter.

Distillate supply was nearly unchanged on the week. Supply for the latest 4-wk period was -107,000 bpd below last year, and at a record low for the season. Stocks decreased -0.4 million barrels, a level -33% below a year ago, a new record low.

Jet fuel supply decreased -25,000 bpd last week as a result of no imports. Stocks decreased -0.2 million barrels to a level below each of the last 3-years.



PADD 2 crude oil refinery runs increased +35,000 bpd to a level above the mid range of the last 3-years. The latest 4-wk average crude runs were -69,000 bpd below last year. Crude oil imports fell -155,000 bpd on the week

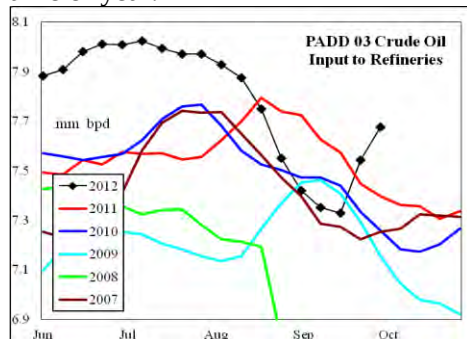
to a level that matched last years' record high. Stocks increased +0.5 million barrels, with the level +10.8 million barrels above the prior record high.

Gasoline production declined -36,000 bpd on the week, with the latest 4-wk average -139,000 bpd below a year ago. Stocks increased +0.3 million barrels to a level above the 5-year mid range.

Distillate production increased +73,000 bpd on the week, a level above the 5-year range. Stocks plunged -1.9 million barrels last week to a level that matched the historic mid range.

Jet fuel production decreased -7,000 bpd last week, to a level still above the historic range. Stocks increased +0.3 million barrels to a new record high for the season.

PADD 3 refinery runs climbed +214,000 bpd on the week, to a level above the 5-year range. Crude oil imports increased +0.3 million bpd. Stocks decreased -1.5 million bpd last week, to a record low level for this time of year.



Gasoline supply increased +33,000 bpd last week, a level comparable to the last quarter average. Stocks increased +0.2 million barrels last week, a level -10% below a year ago.

Distillate supply fell -154 +155,000 bpd on the week, to a level that matched historic highs for the period. Stocks fell -1.7 million barrels on the week, to a level -26% below last year.

Jet fuel production increased +33,000 bpd last week, to a record high for the period. Stocks increased

+0.3 million barrels for the week, to a level -4% below last year.

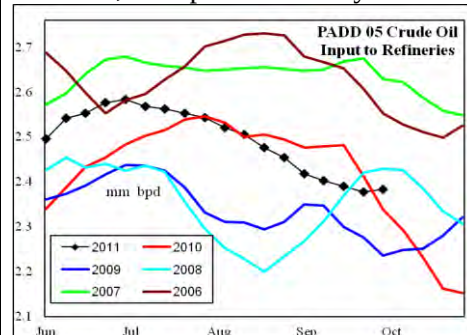
Residual fuel oil stocks fell -0.5 million barrels on the week, with the level still near 5-year highs.

PADD 4 refinery crude runs decreased -20,000 bpd on the week, with the level last years' record low. The most recent 4-wk average run rate was +70,000 above a year ago.

Gasoline supply fell -35,000 bpd on the week, to a level near the 5-year mid range. Stocks increased +0.1 million barrels on the week, with the level matching 5-year highs for the period.

Distillate production increased +10,000 bpd last week, with the latest 4-wk average +18,000 bpd above last year. Stocks ended the week +42% above last year, and a 5-year high for this time of year.

PADD 5 crude oil refinery runs increased +6,000 bpd last week, to a level comparable with a year ago. Runs for the most recent 4-wk period were -89,000 bpd below last year.



Gasoline supply fell -75,000 bpd on the week, with production at the historic mid range for the period. Stocks increased +0.2 million barrels on the week, with the level near 5-year lows.

Distillate supply increased +14,000 bpd on the week, with the latest 4-wk +23,000 bpd above a year ago. Stocks were nearly unchanged on the week, at a level that matched historic highs for this time of year.

Jet fuel supplies spiked +144,000 bpd last week, on a surge in imports. Stock levels ended the week at the mid range of the last 3-years.

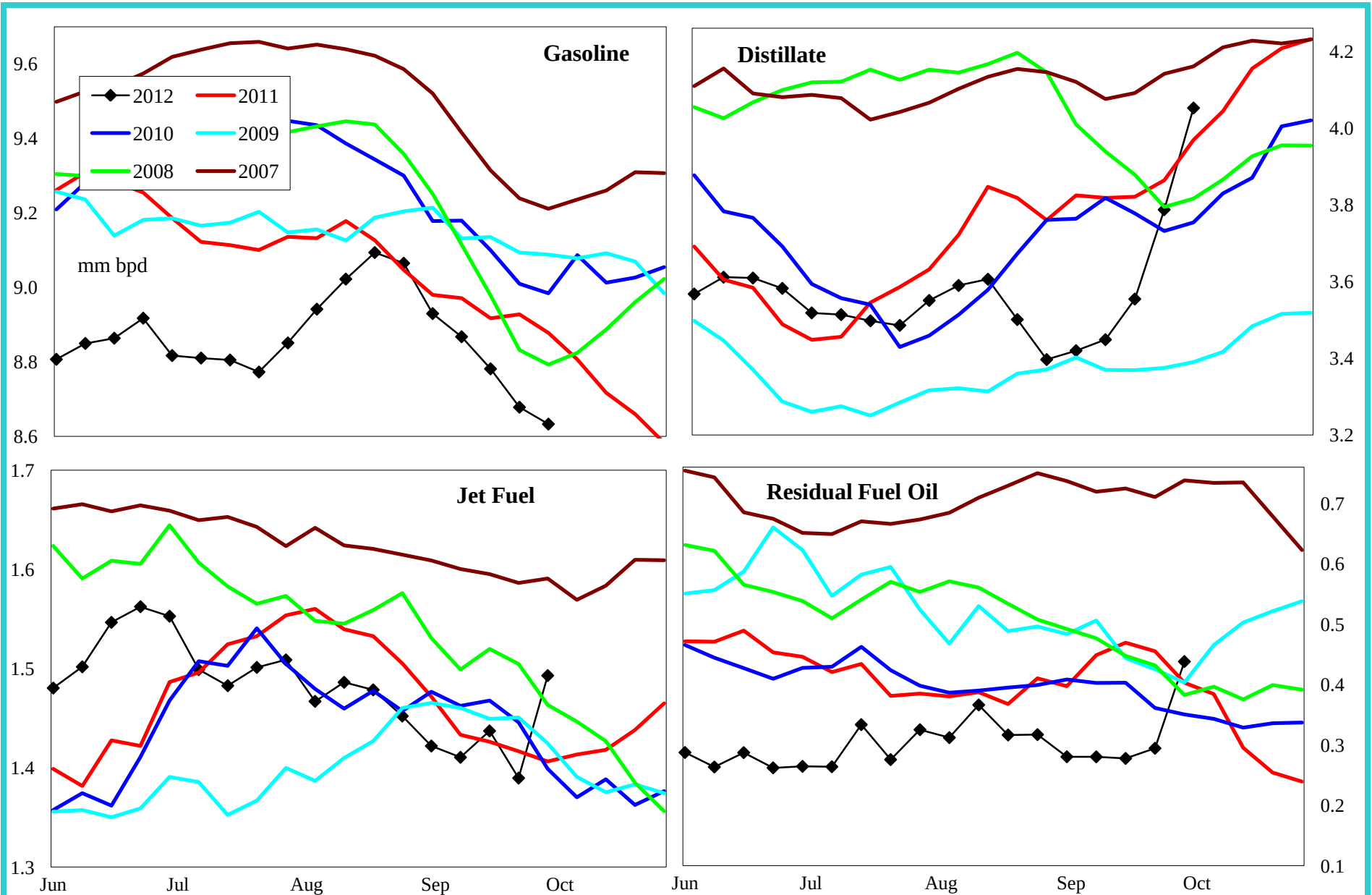


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	28-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	-482	-313	504	-1,457	497	286
	Imports	511	263	-155	343	-94	153
	Input	222	-12	35	214	-20	6
	% Utilization	0.80					
Gasoline	Stocks	114	-665	333	175	92	178
	Production	177	-44	-36	34	-35	-85
	Imports	82	72	0	-1	0	10
	Supplied	-137					
Distillate	Stocks	-3,689	-410	-1,872	-1,670	201	63
	Production	-20	-9	73	-104	10	11
	Imports	-50	3	-4	-50	-1	3
	Supplied	388					
Jet Fuel	Stocks	408	-165	264	333	-110	86
	Production	59	6	-7	33	-8	35
	Imports	78	-31	0	0	0	109
	Supplied	162					
Residual Fuel Oil	Stocks	-17	184	-150	-503	-5	457
	Production	23	-6	-9	37	1	1
	Imports	-5	19	1	-107	0	84
	Supplied	292					

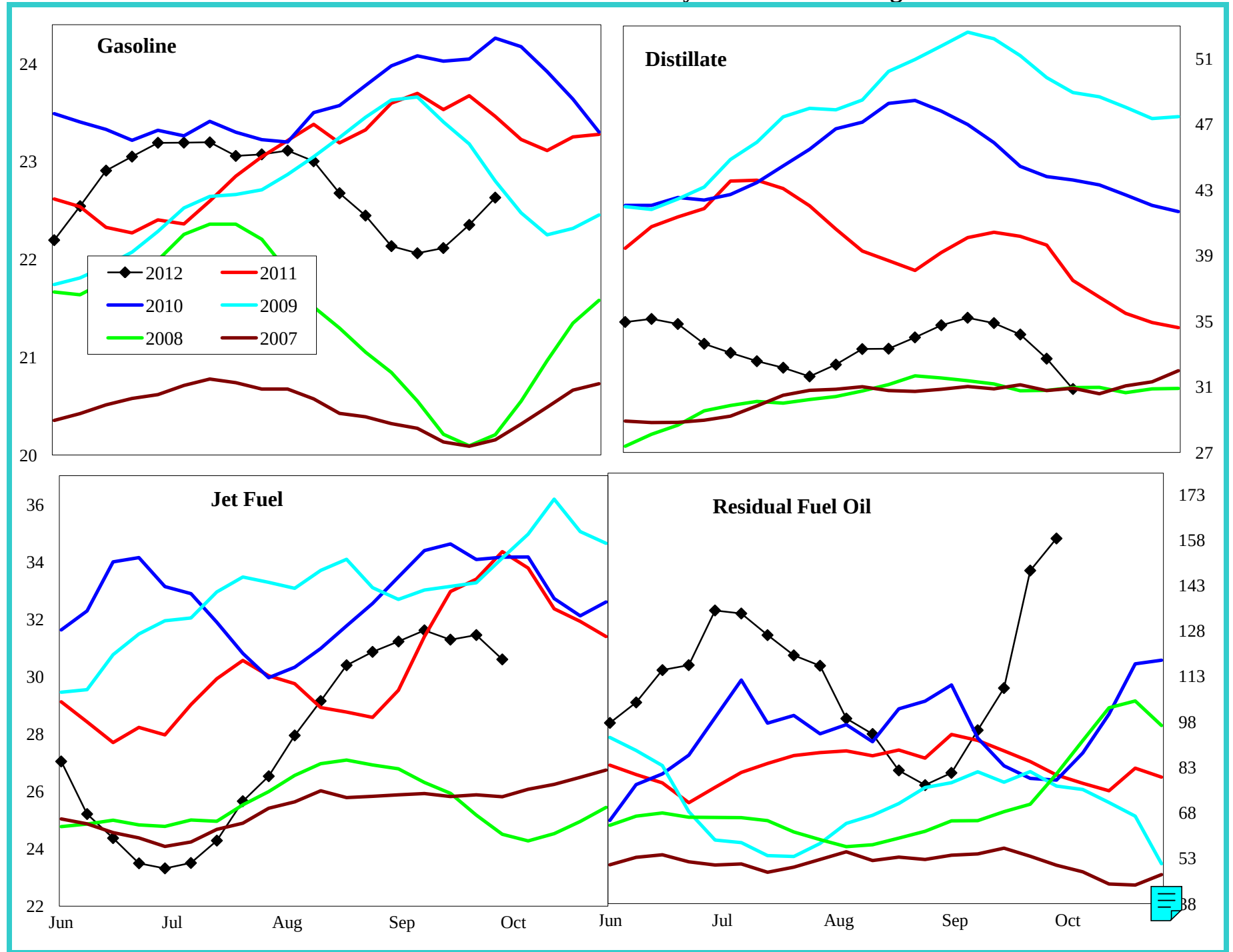
United States Wholesale Petroleum Demand



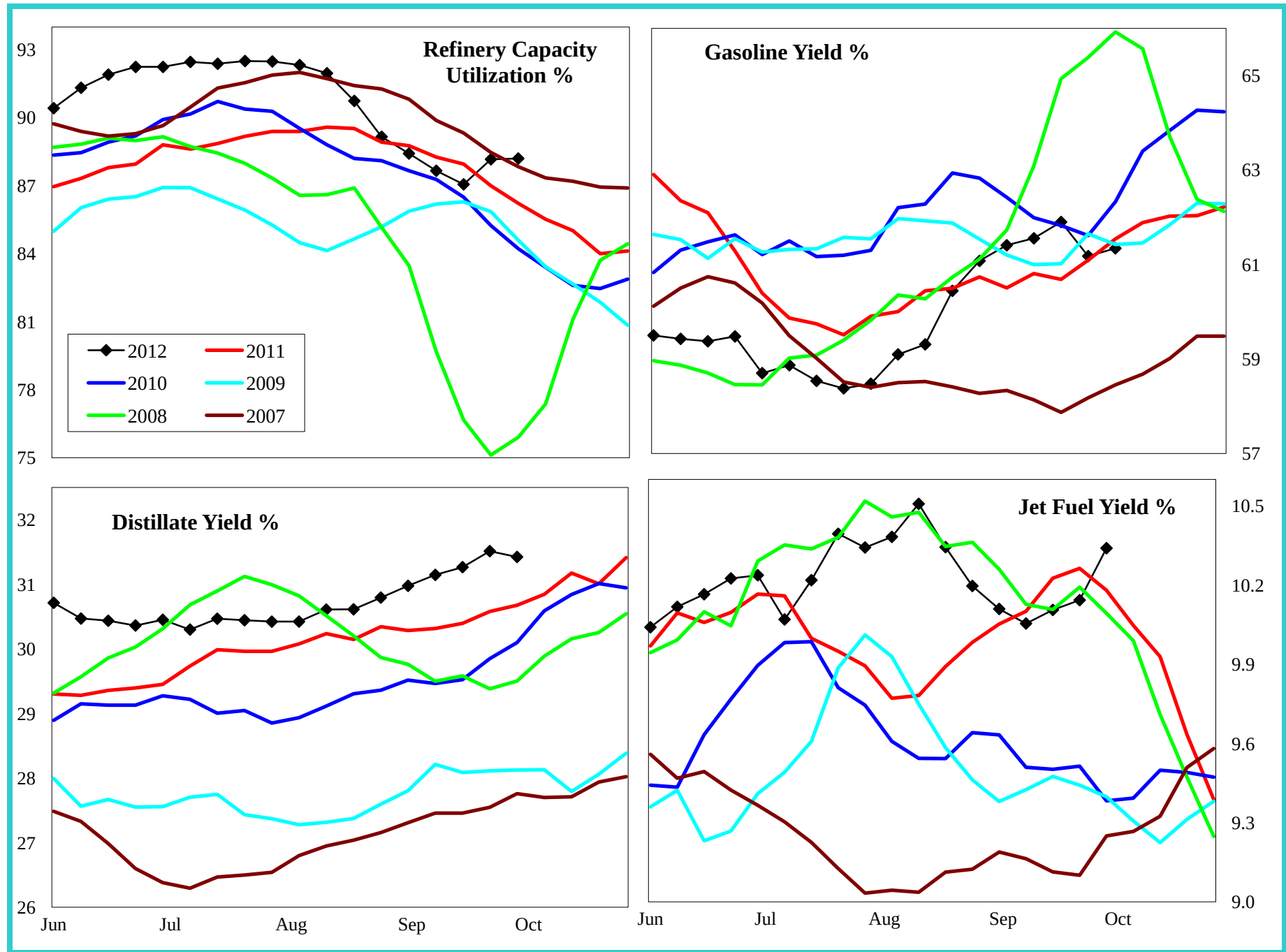
	000 bpd change from prior year				% change from prior year			
	4wk avg	Aug	Jul	Jun	4wk avg	Aug	Jul	Jun
Gasoline	-225	251	-204	-11	-2.5	2.8	-2.3	-0.1
Distillate	-175	-480	8	-174	-4.5	-12.1	0.2	-4.5
Jet Fuel	23	-128	-11	0	1.7	-8.2	-0.8	0.0
Resid	-230	76	28	-99	-43.2	23.8	8.9	-21.0



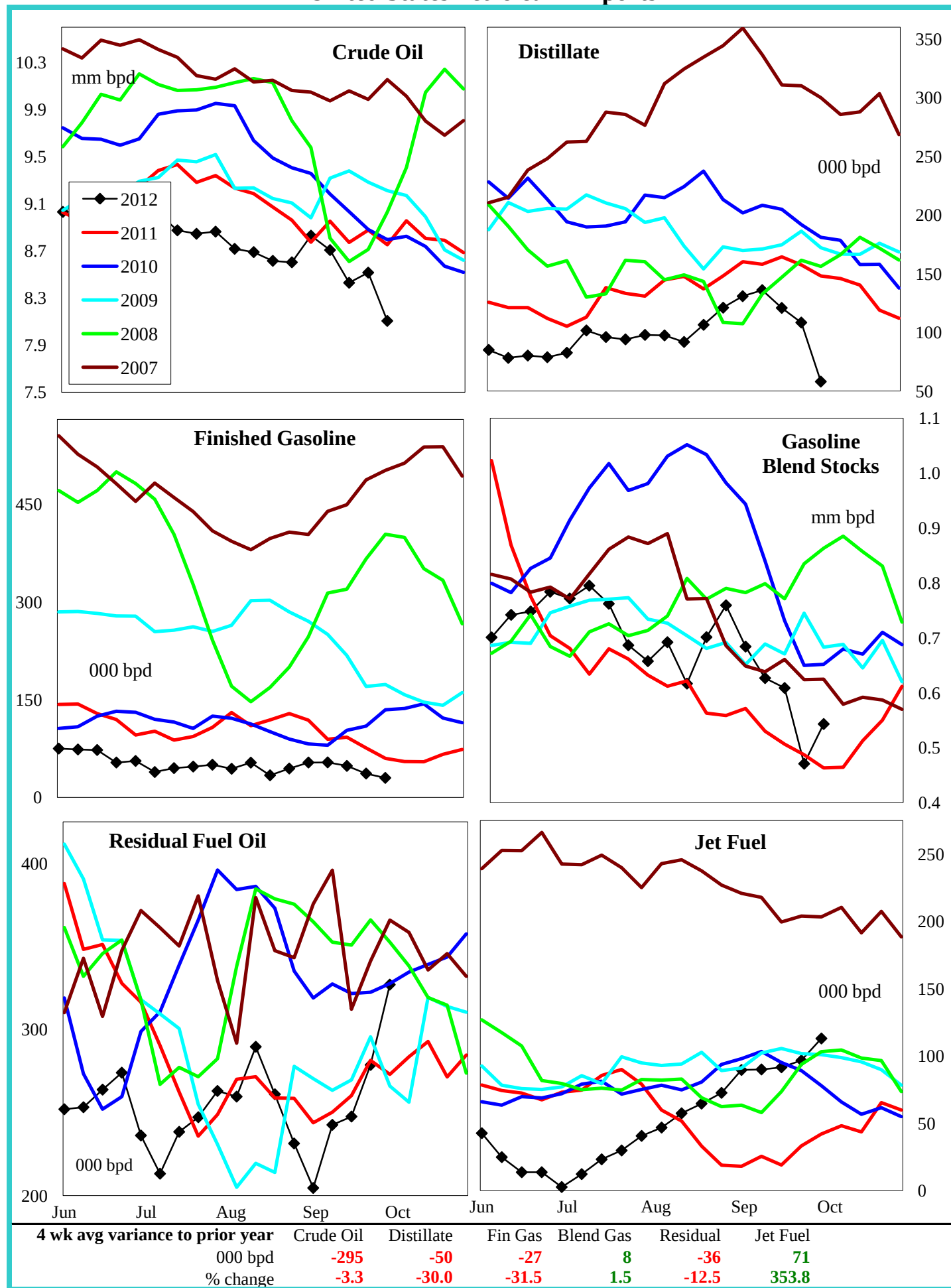
United States Product Stocks: Days Forward Coverage



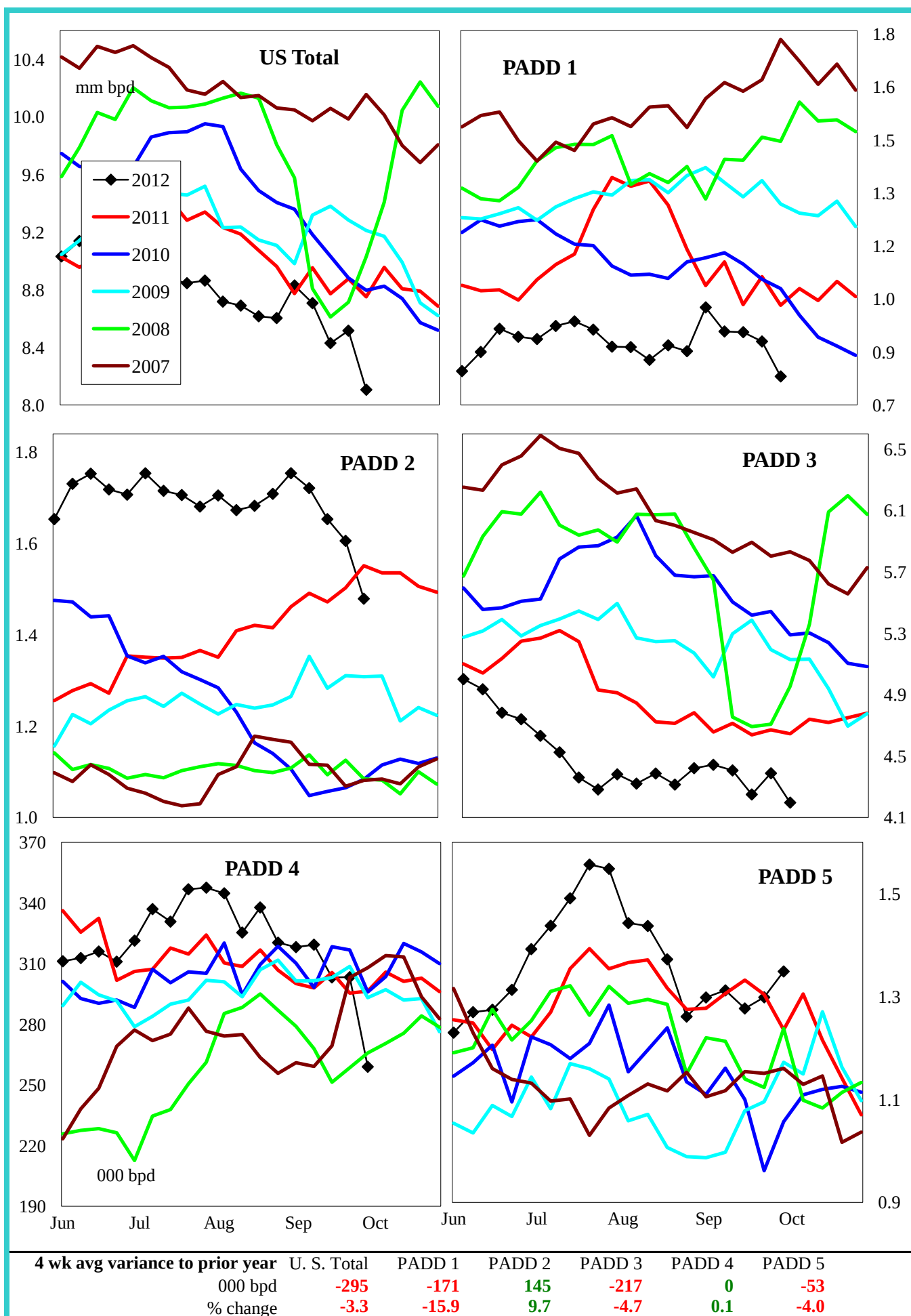
United States Refinery Percent Utilization Rate and Product Yields



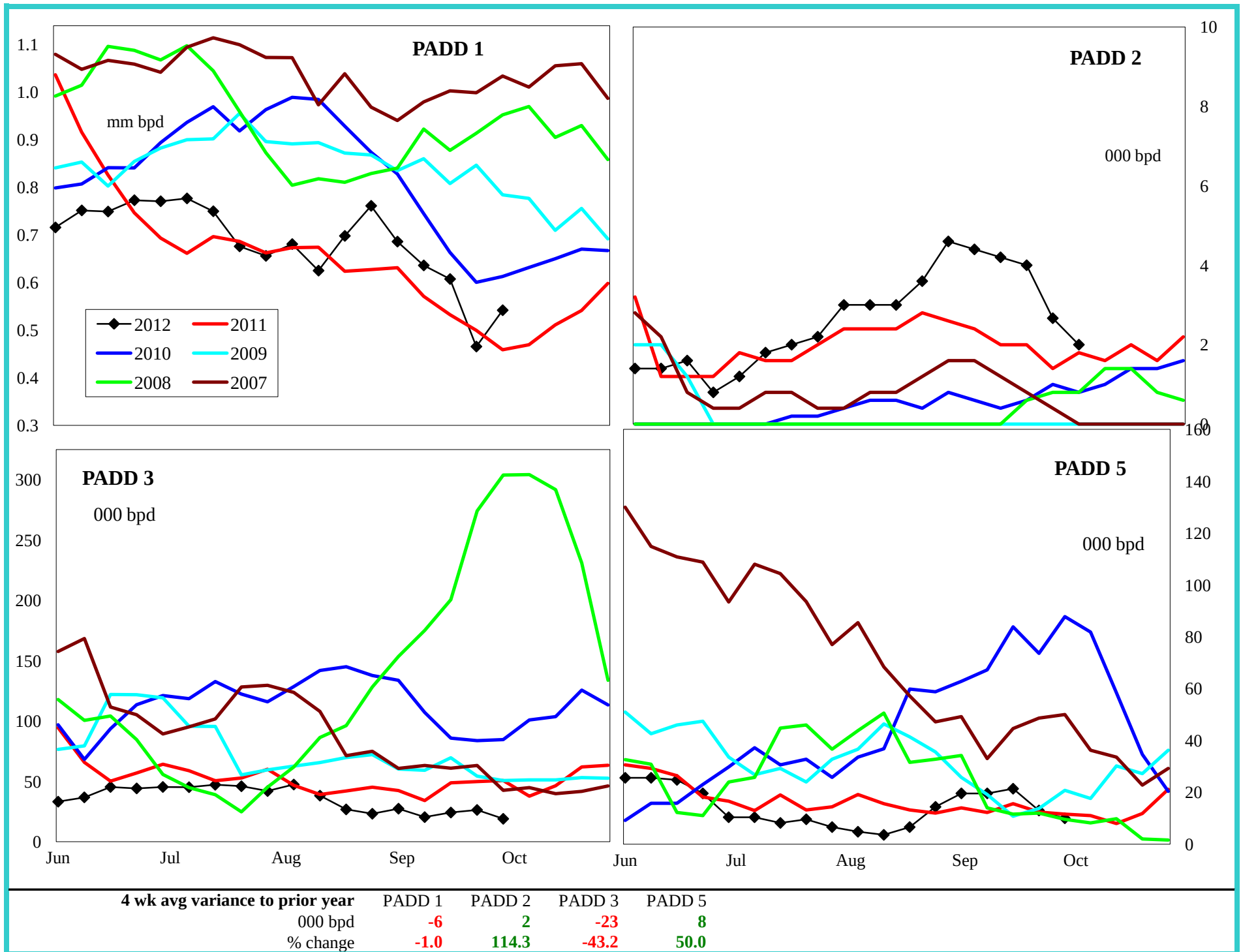
United States Petroleum Imports



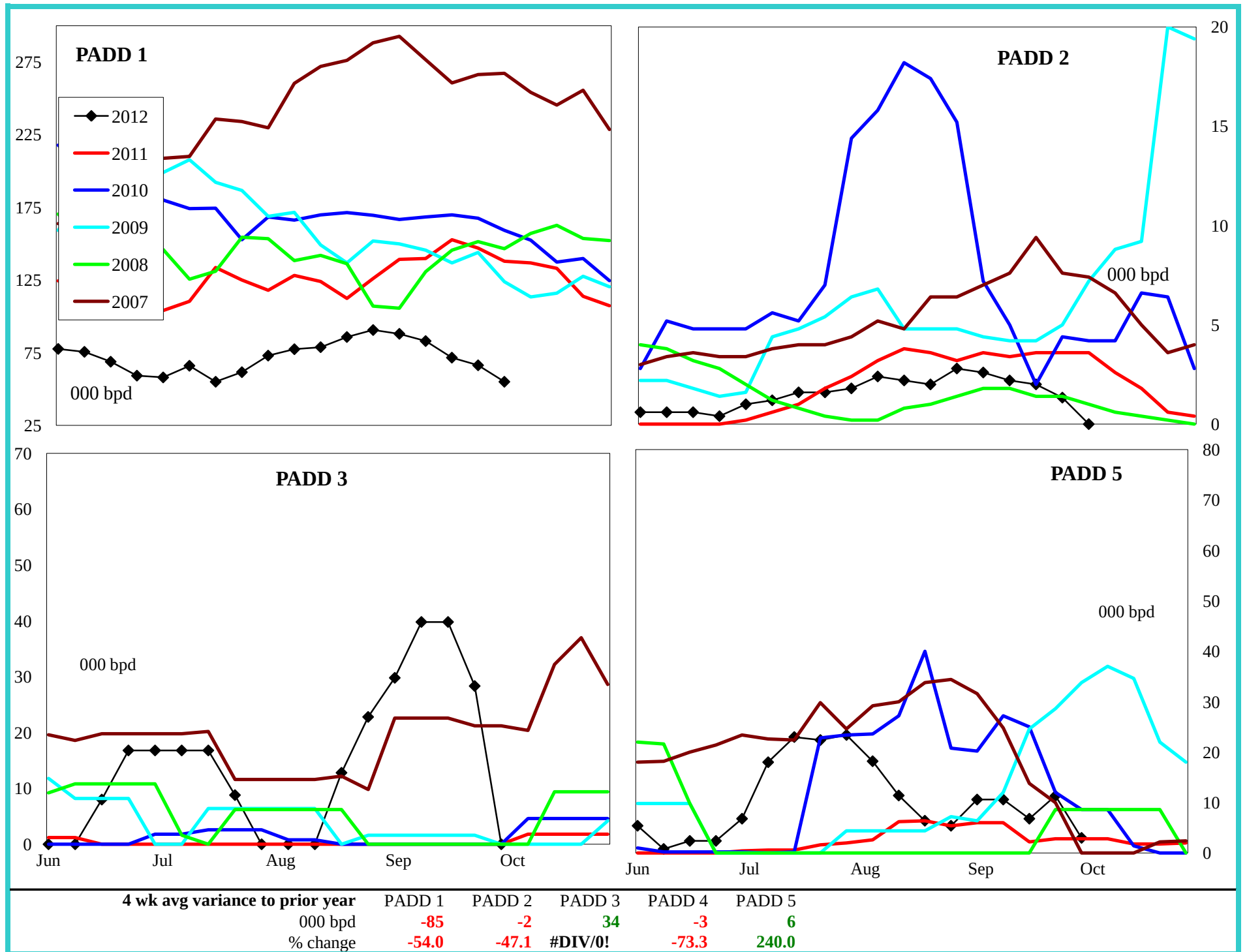
Crude Oil Imports by PADD



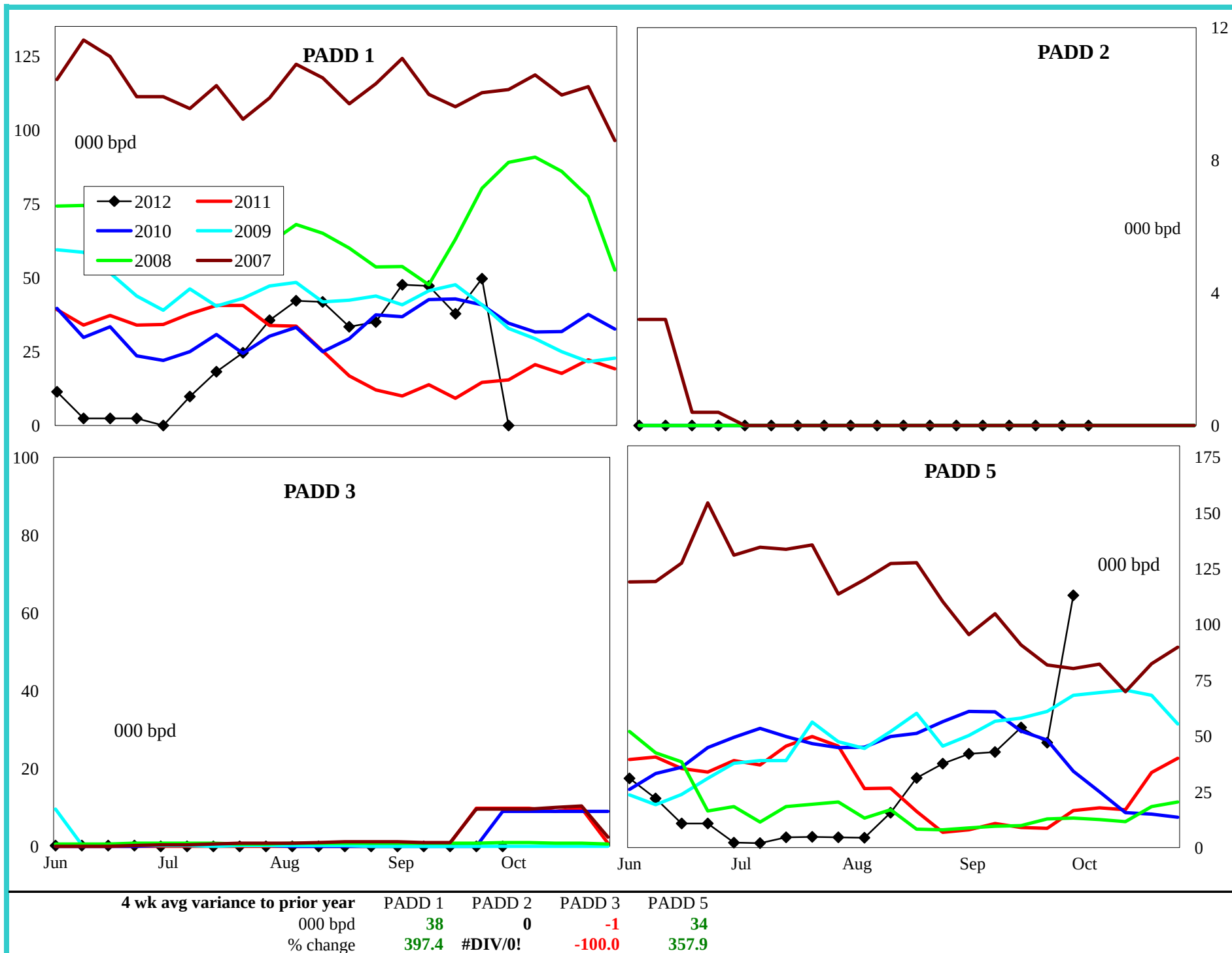
Gasoline Imports by PADD (Finished + Blend Stocks)



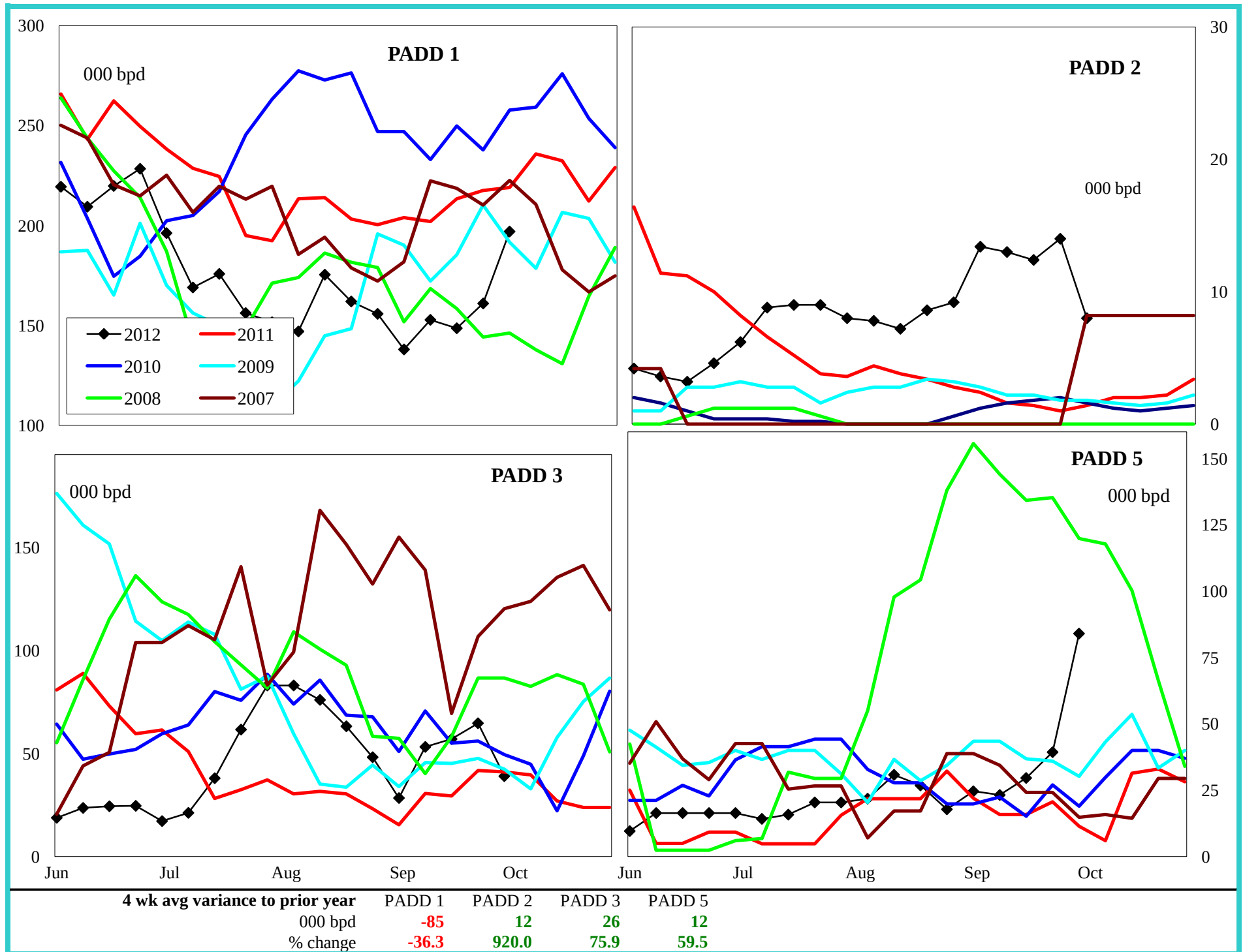
Distillate Imports by PADD



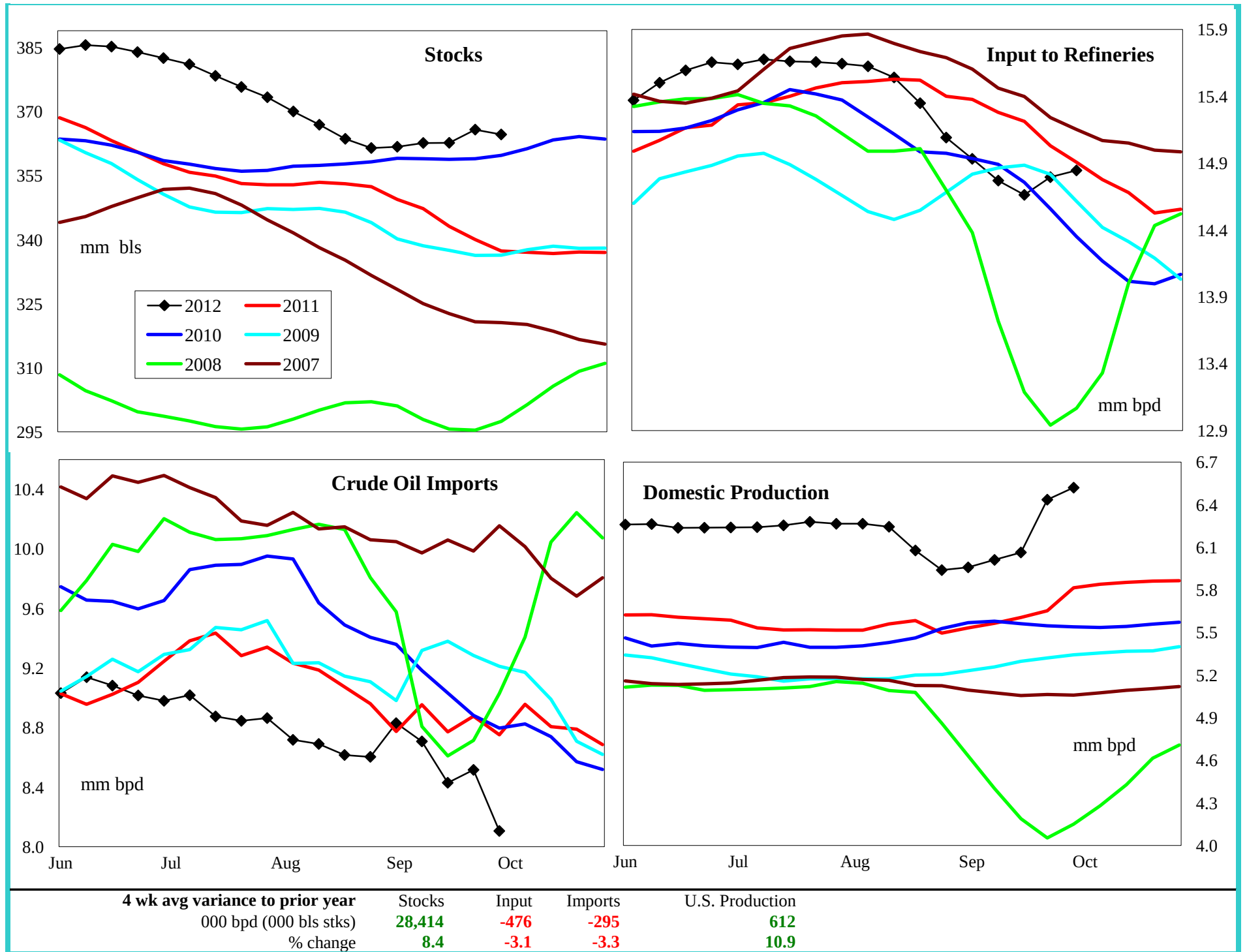
Jet Fuel Imports by PADD



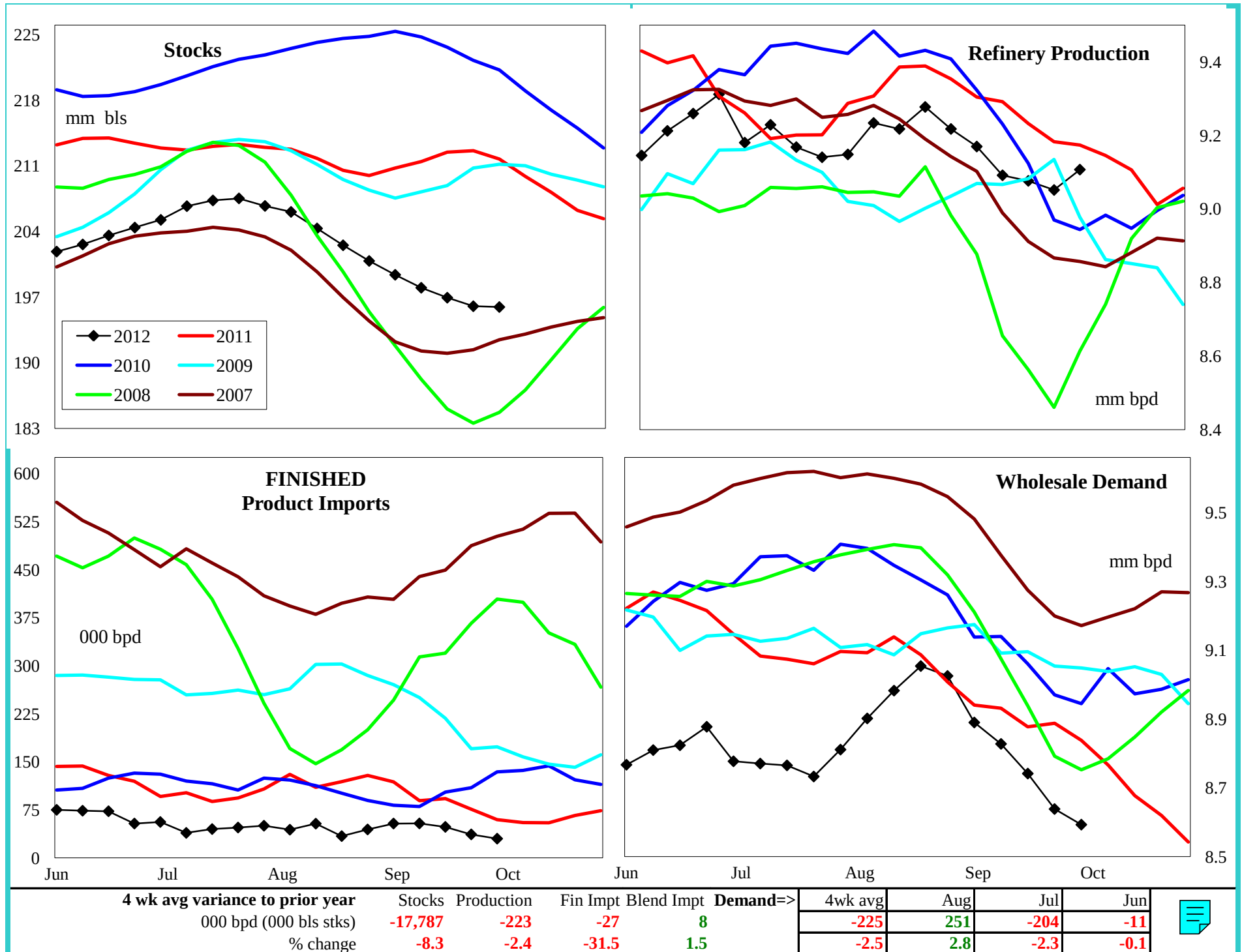
Residual Fuel Oil Imports by PADD



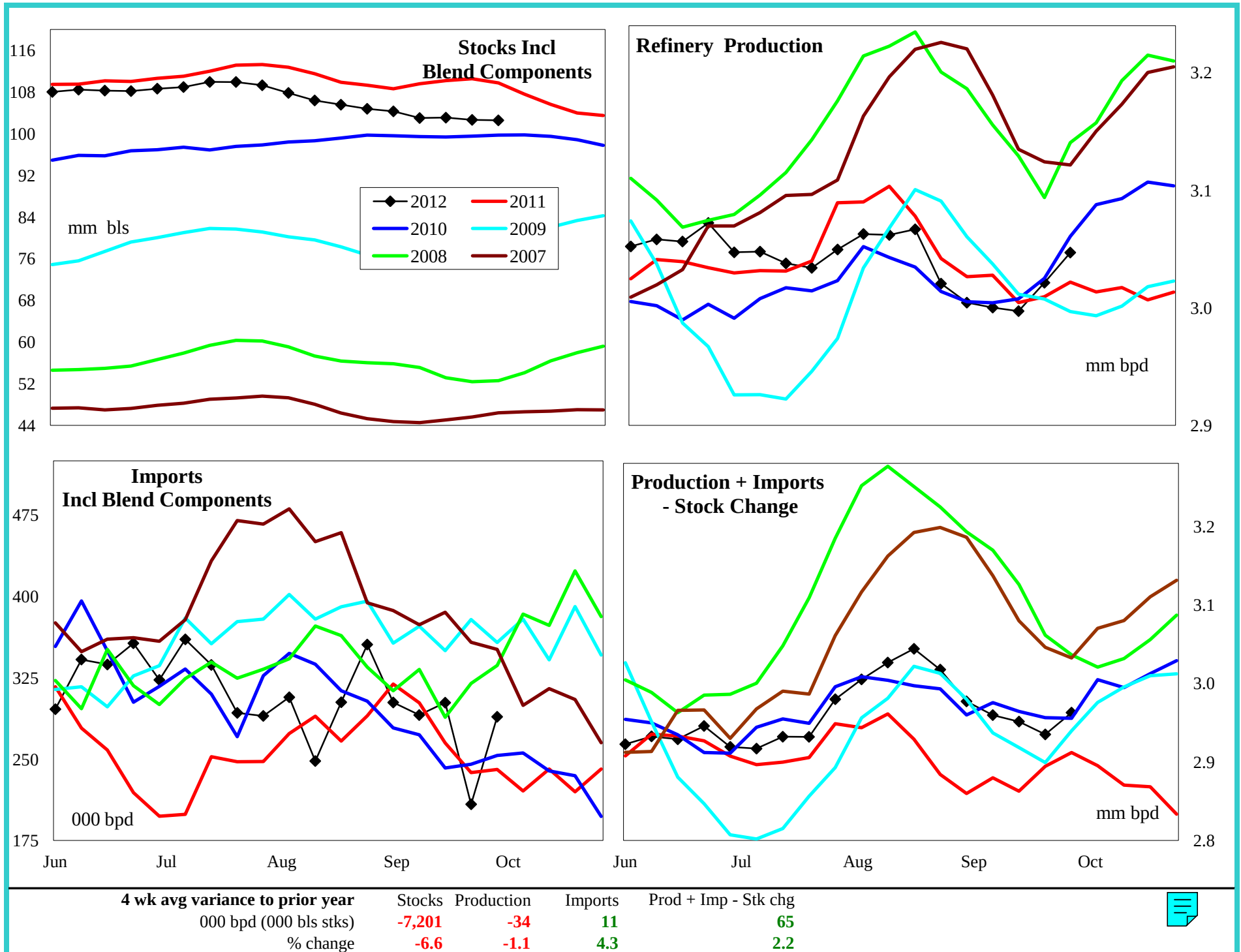
United States Crude Oil Supply and Demand Balance



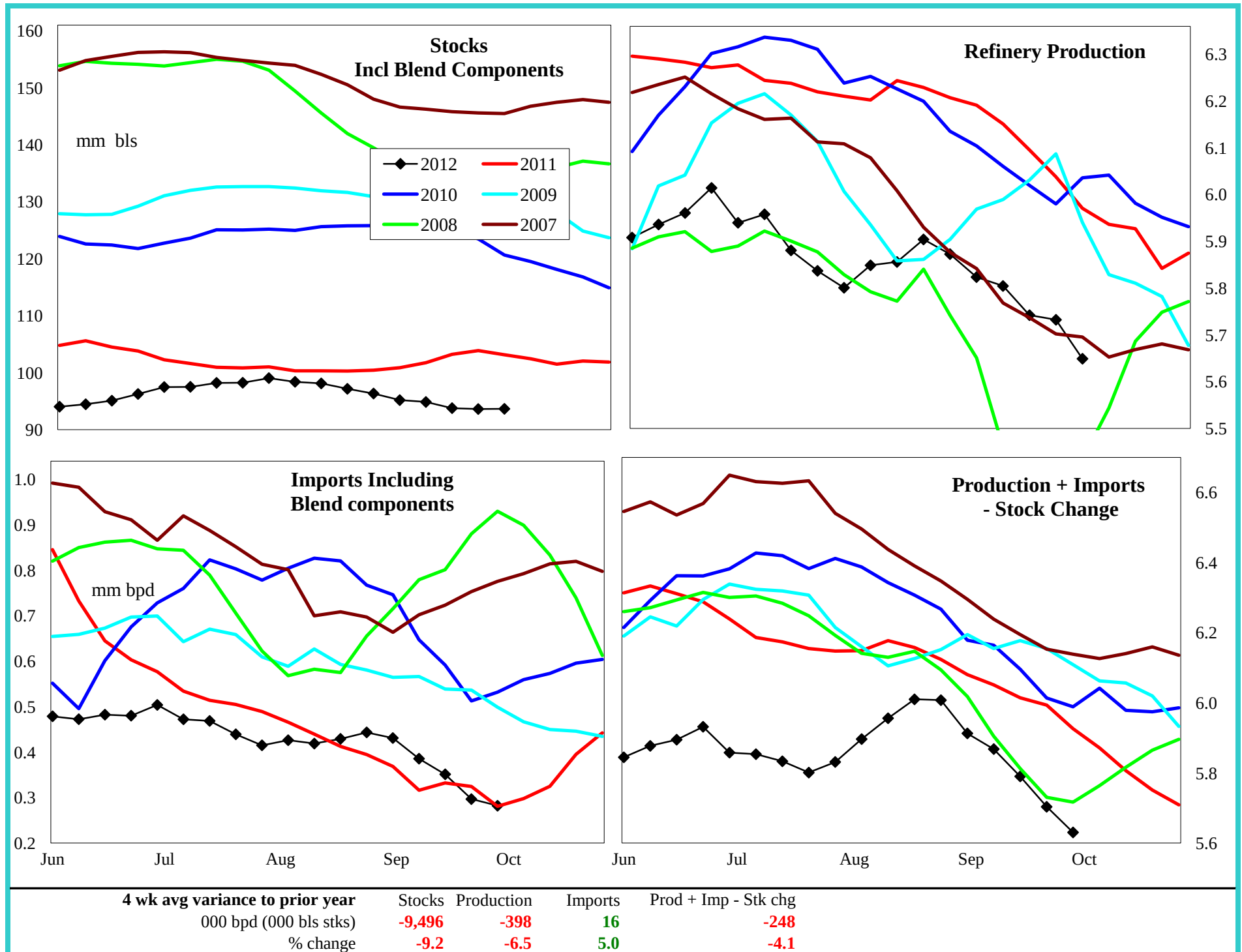
United States Gasoline Supply and Demand Balance



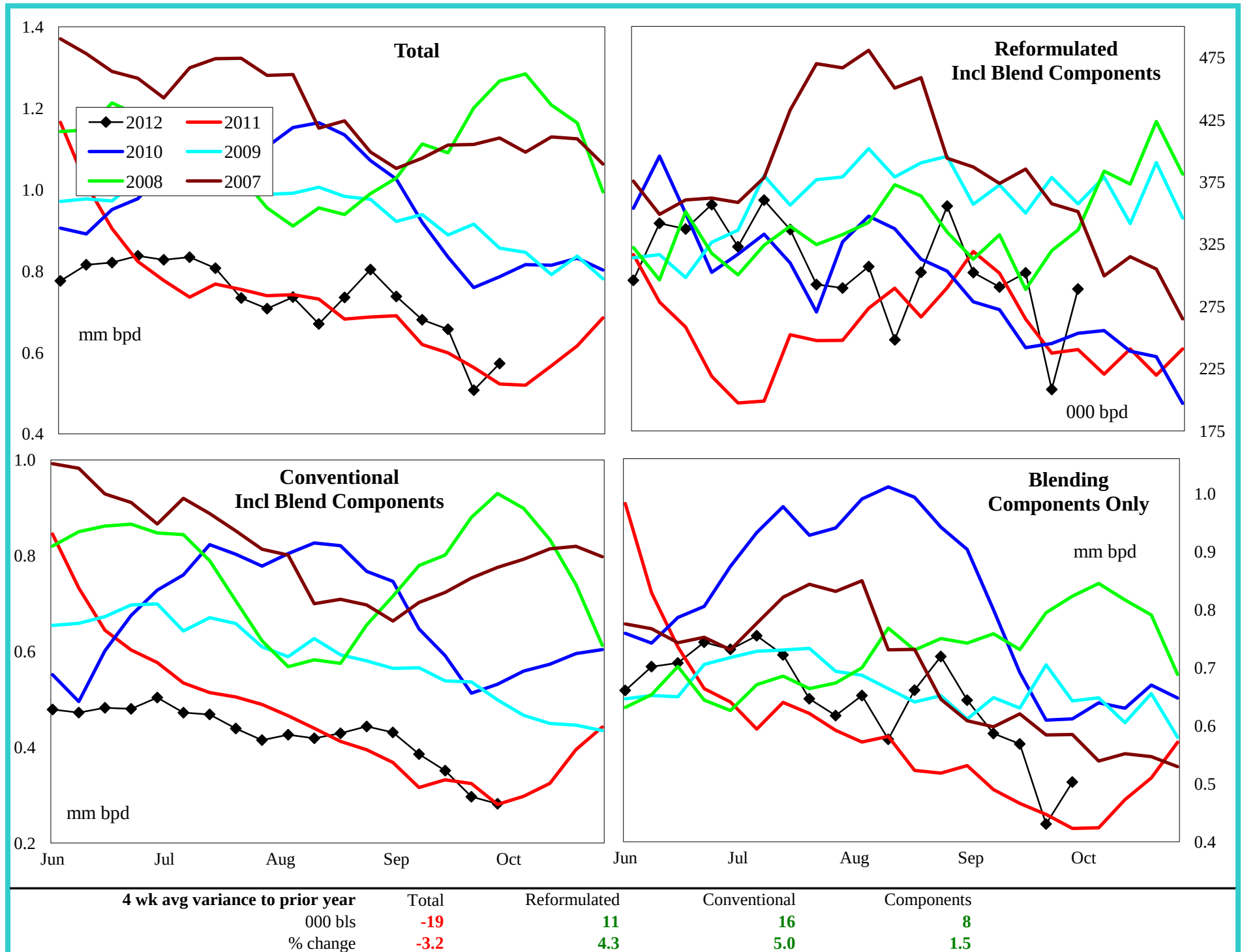
United States Reformulated Gasoline Supply



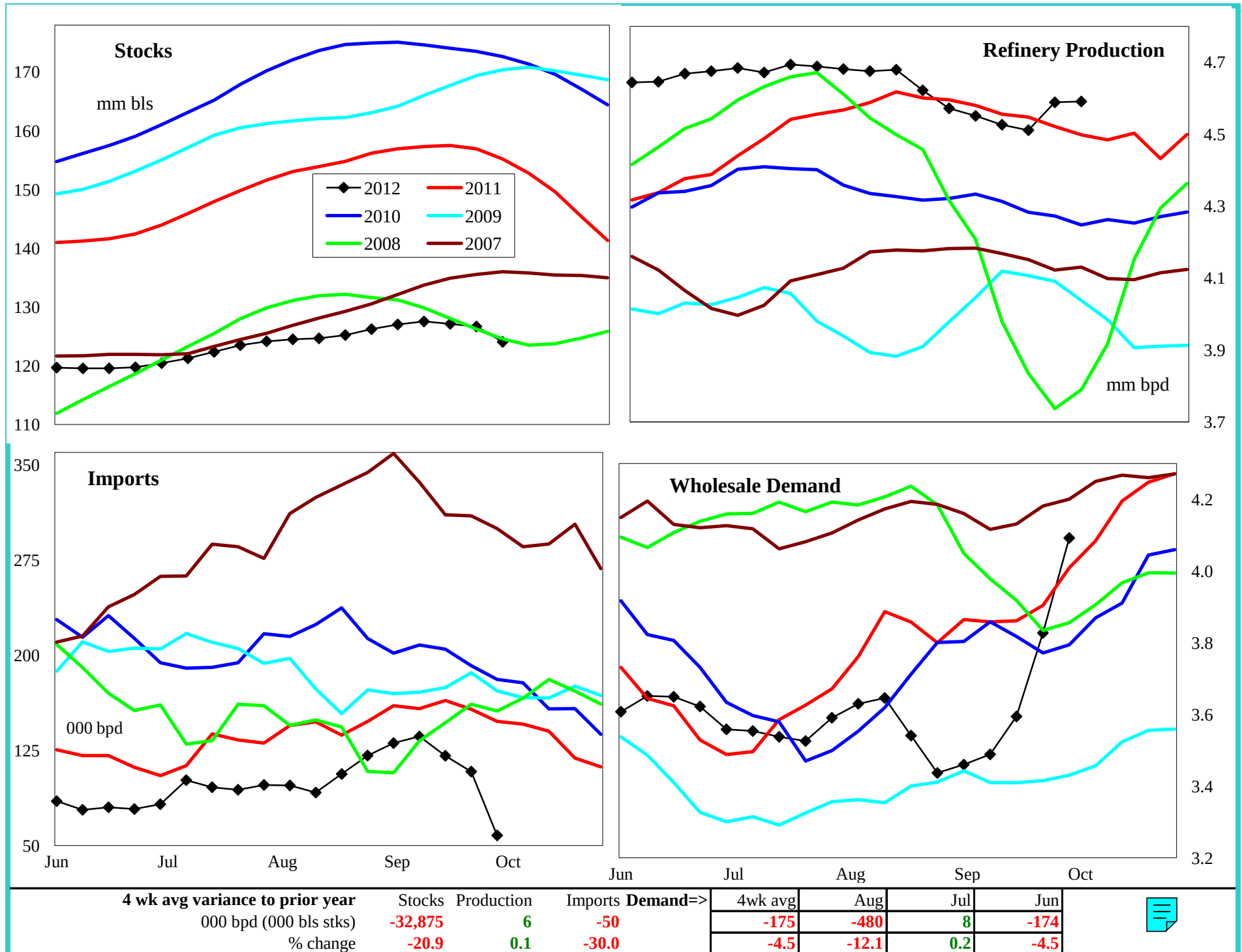
United States Conventional Gasoline Supply



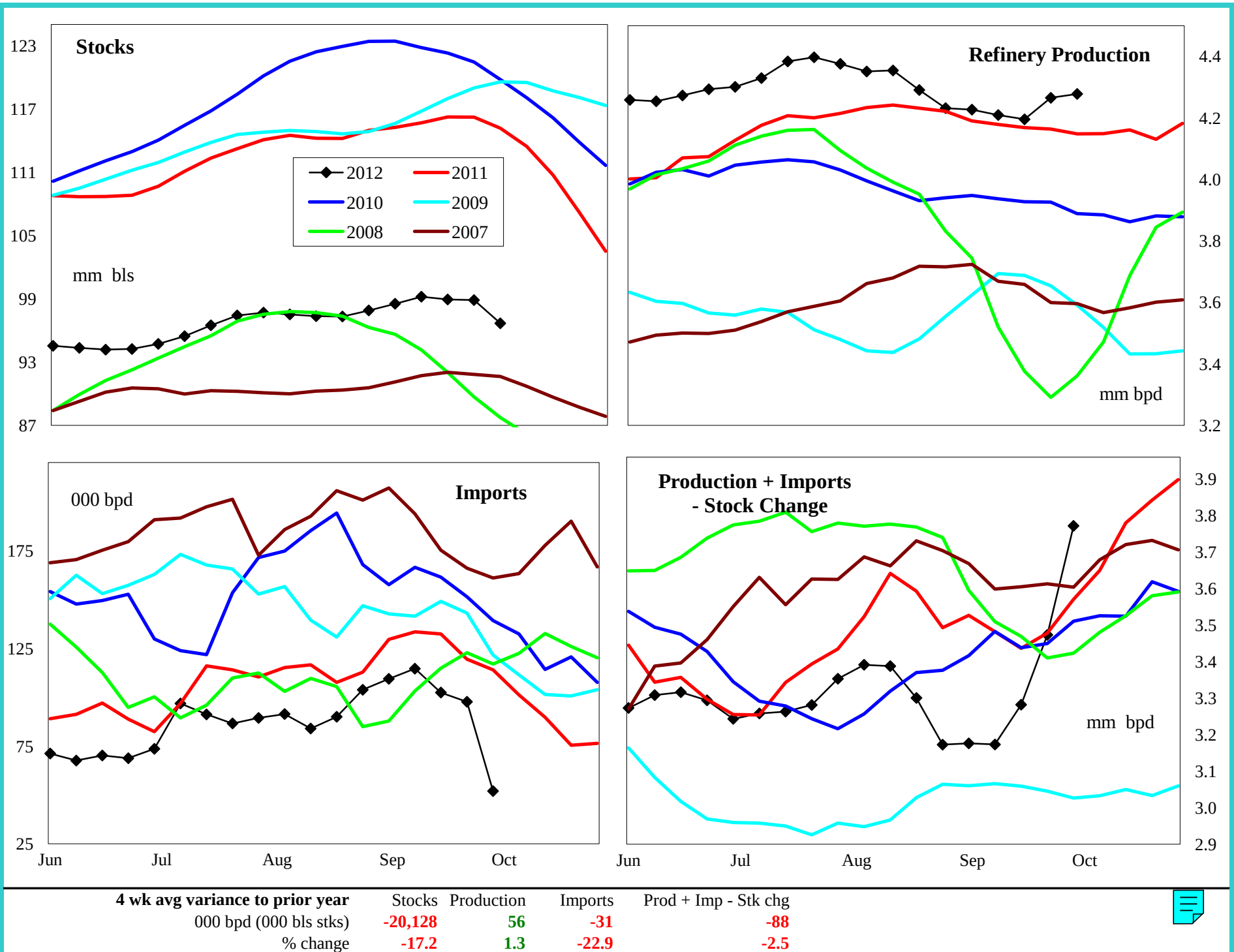
United States Gasoline Imports by Type



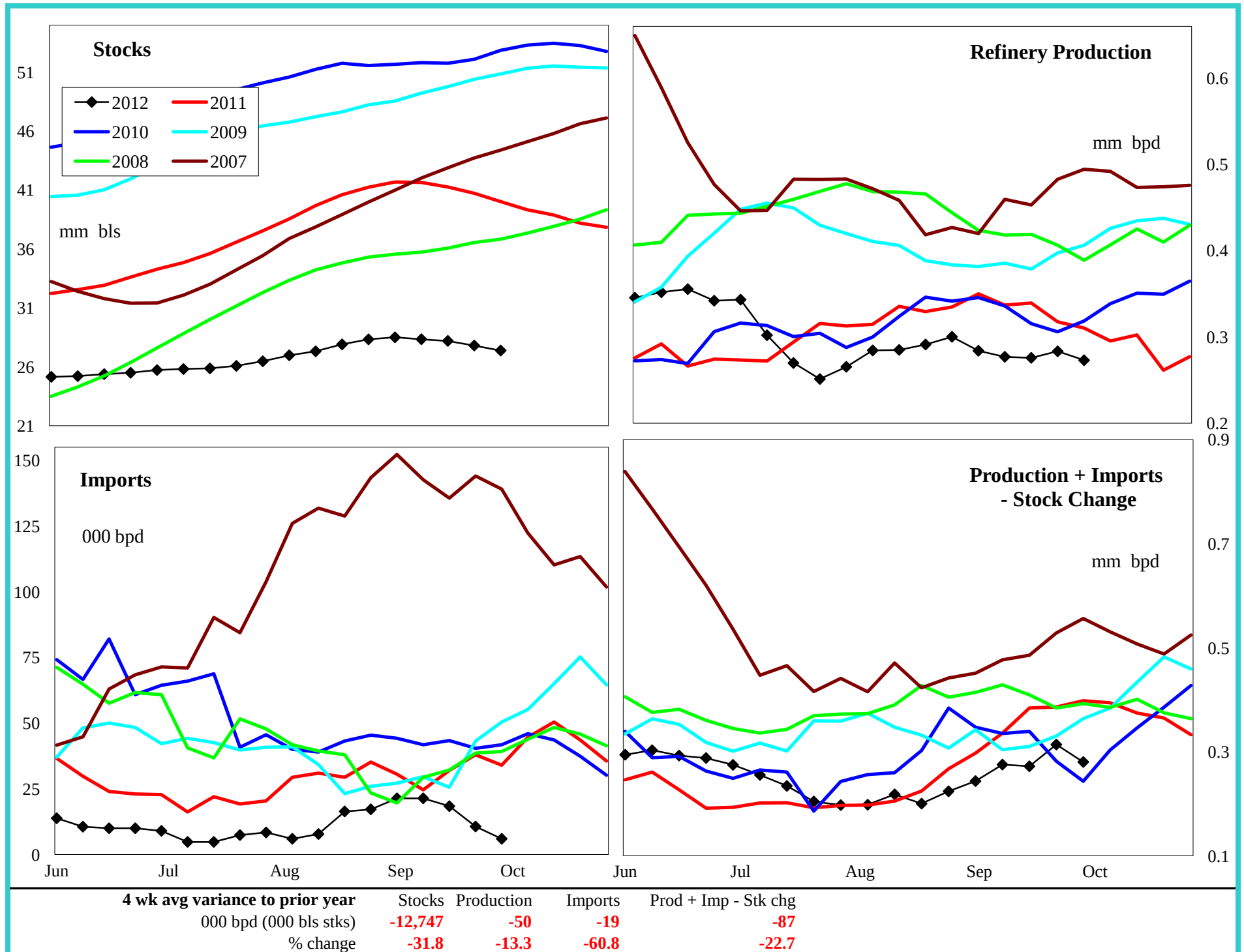
United States Distillate Supply and Demand Balance



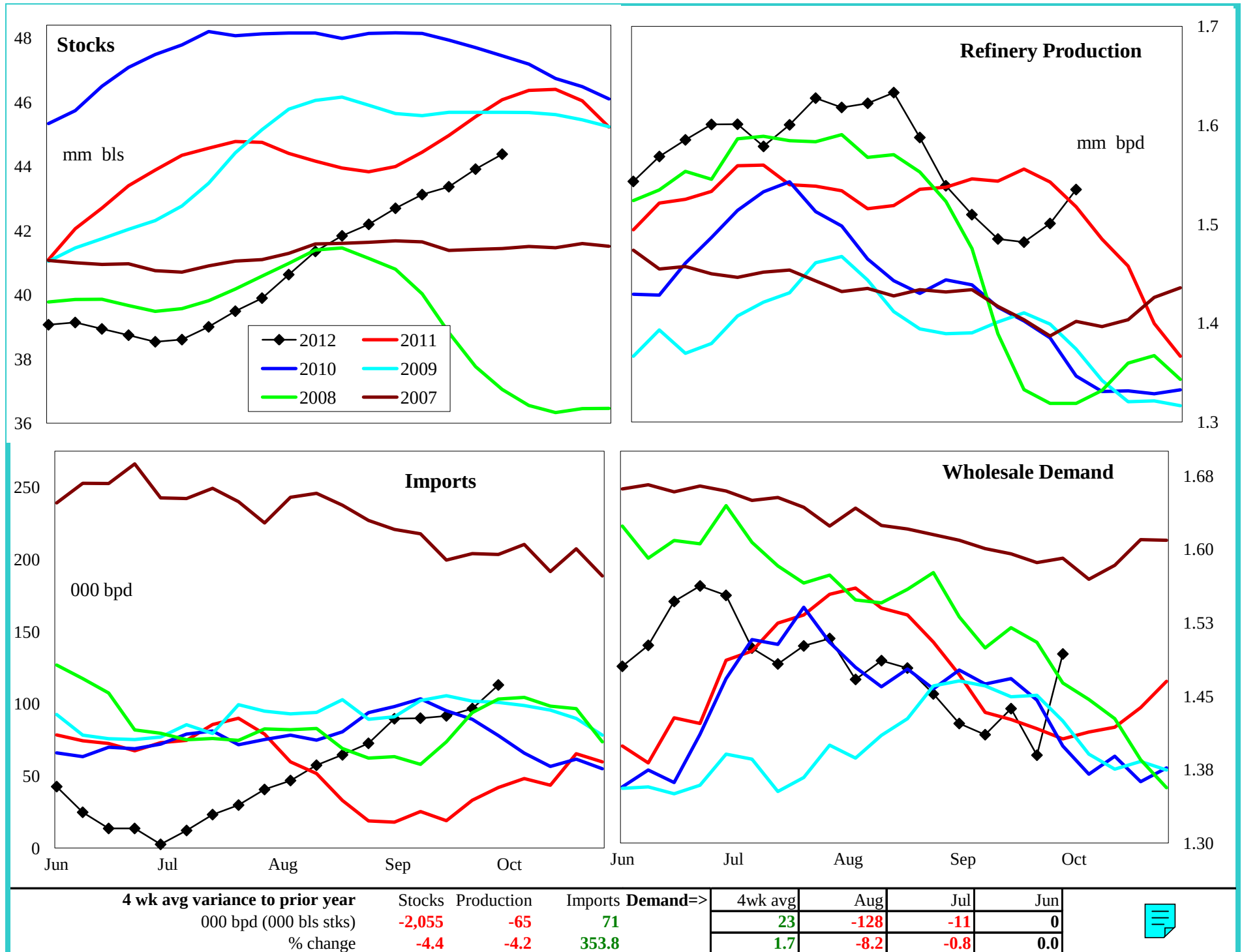
United States Low Sulfur Distillate Supply



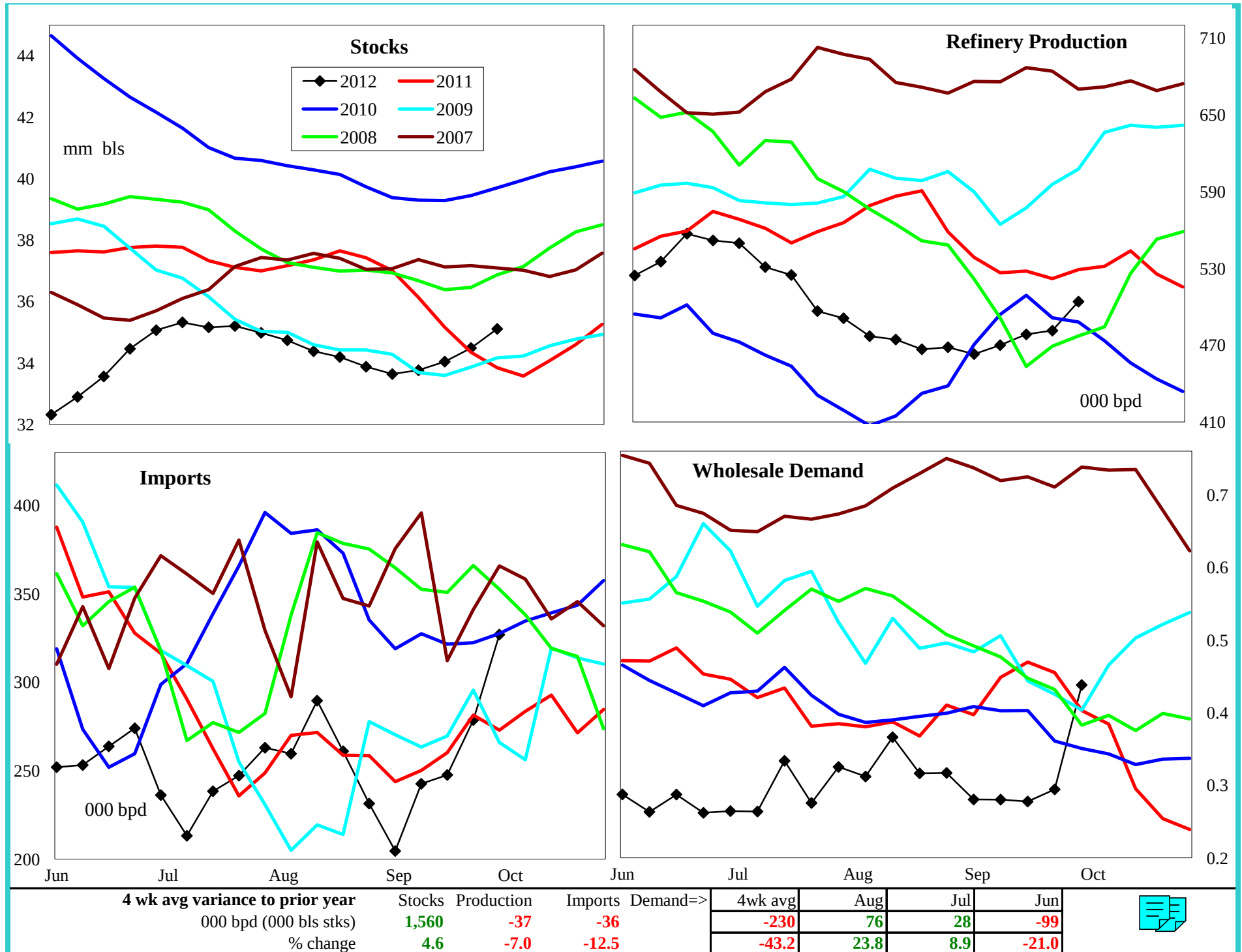
United States High Sulfur Distillate Supply



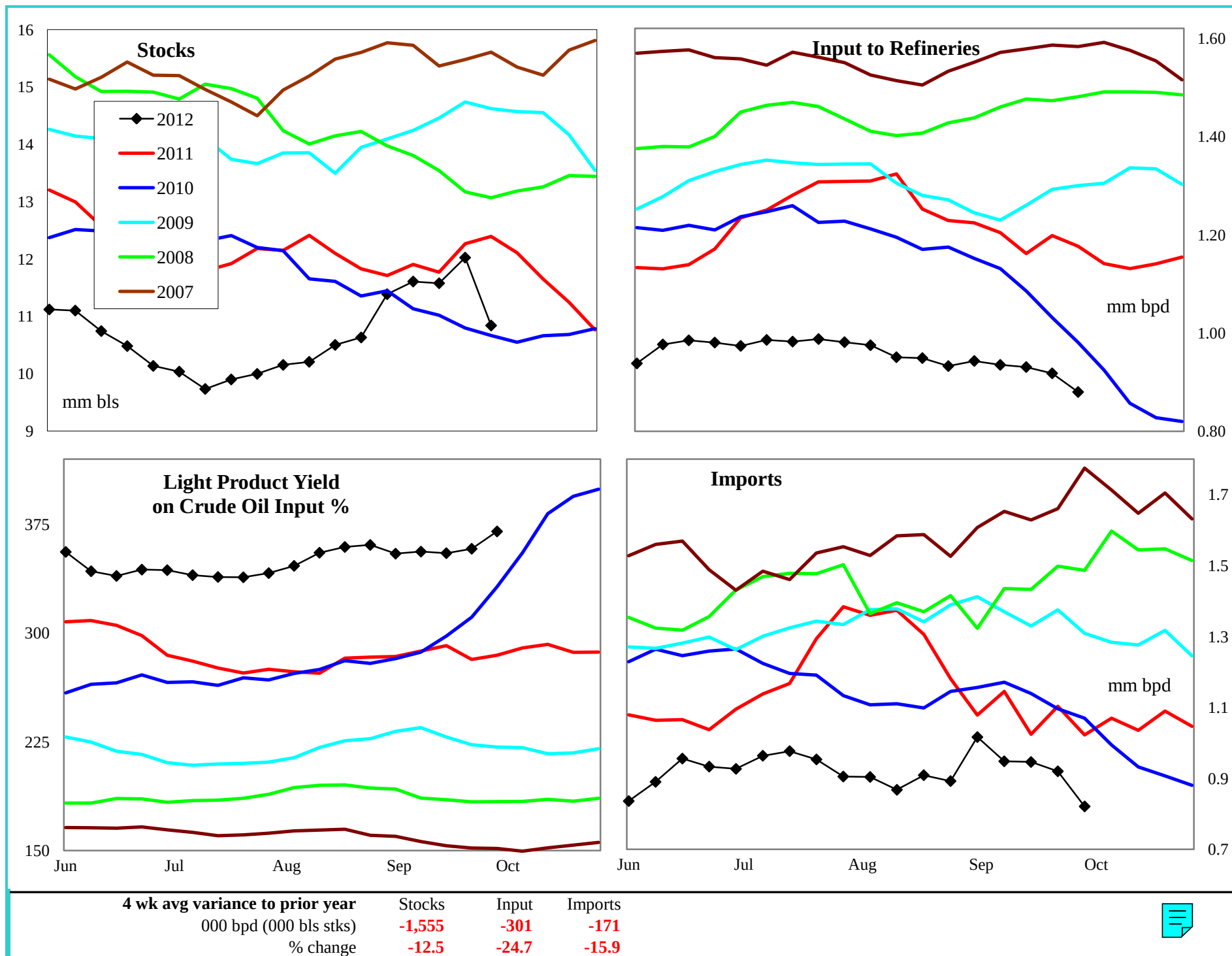
United States Jet Fuel Supply and Demand Balance



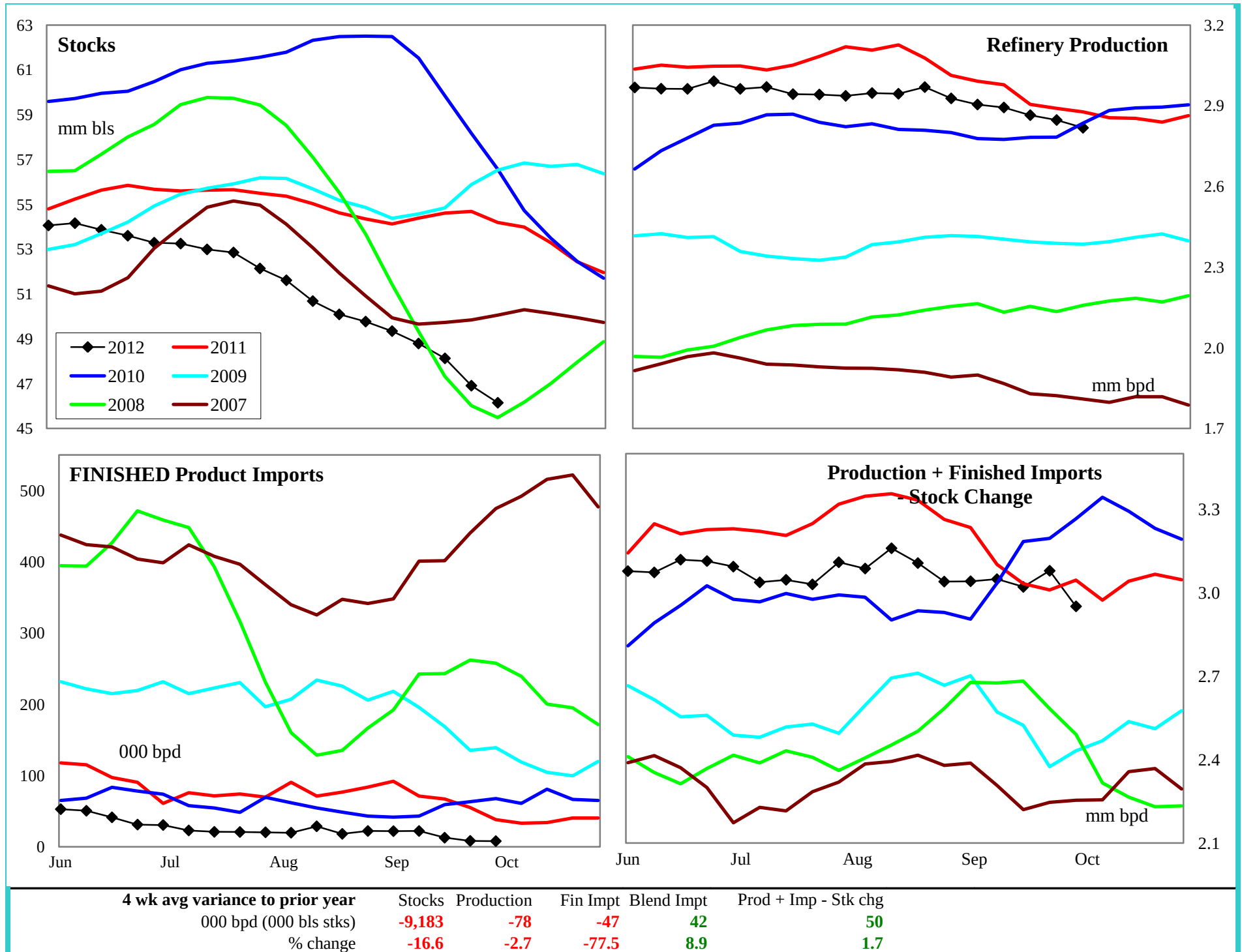
United States Residual Fuel Oil Supply and Demand Balance



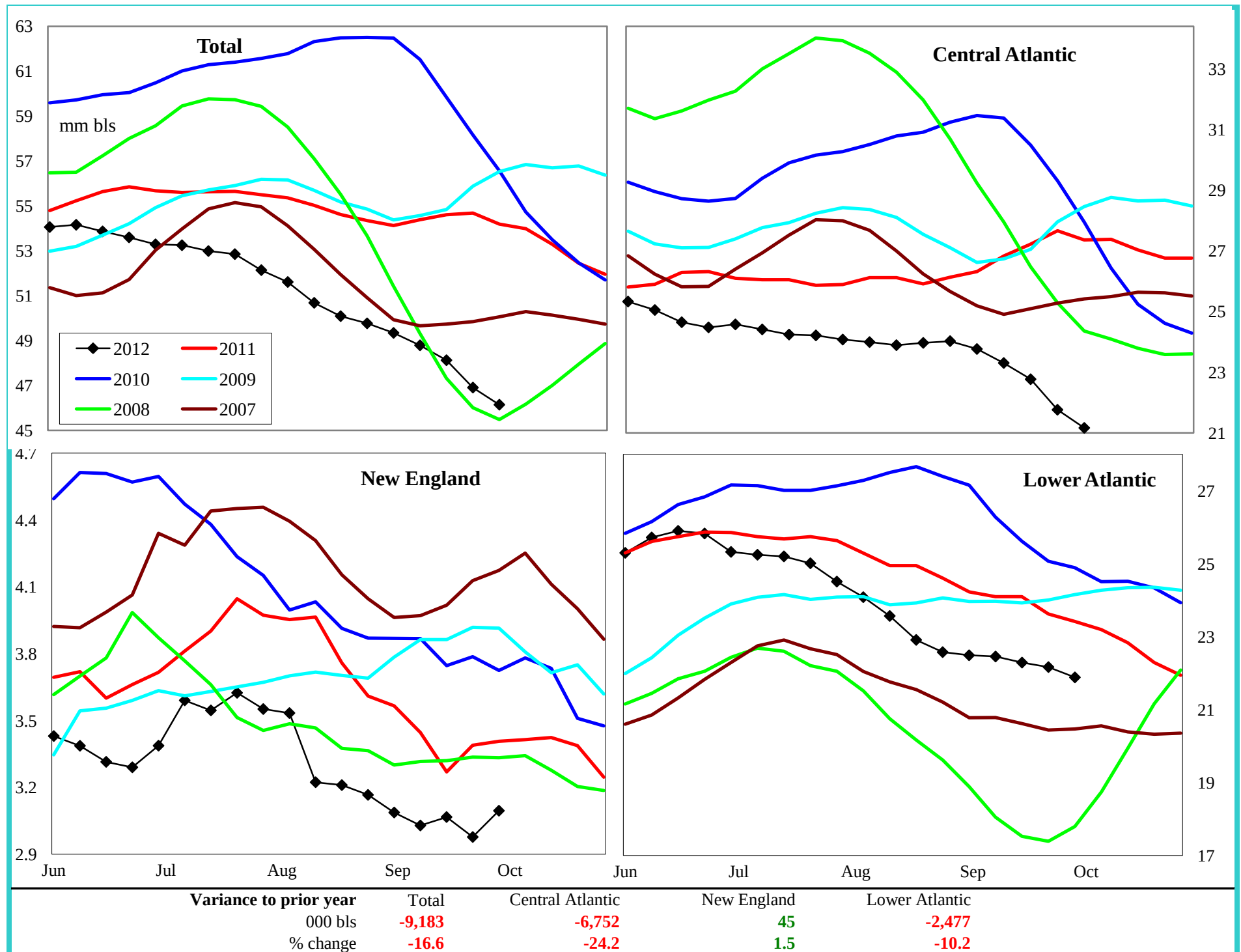
PADD 1 Crude Oil Supply and Refining



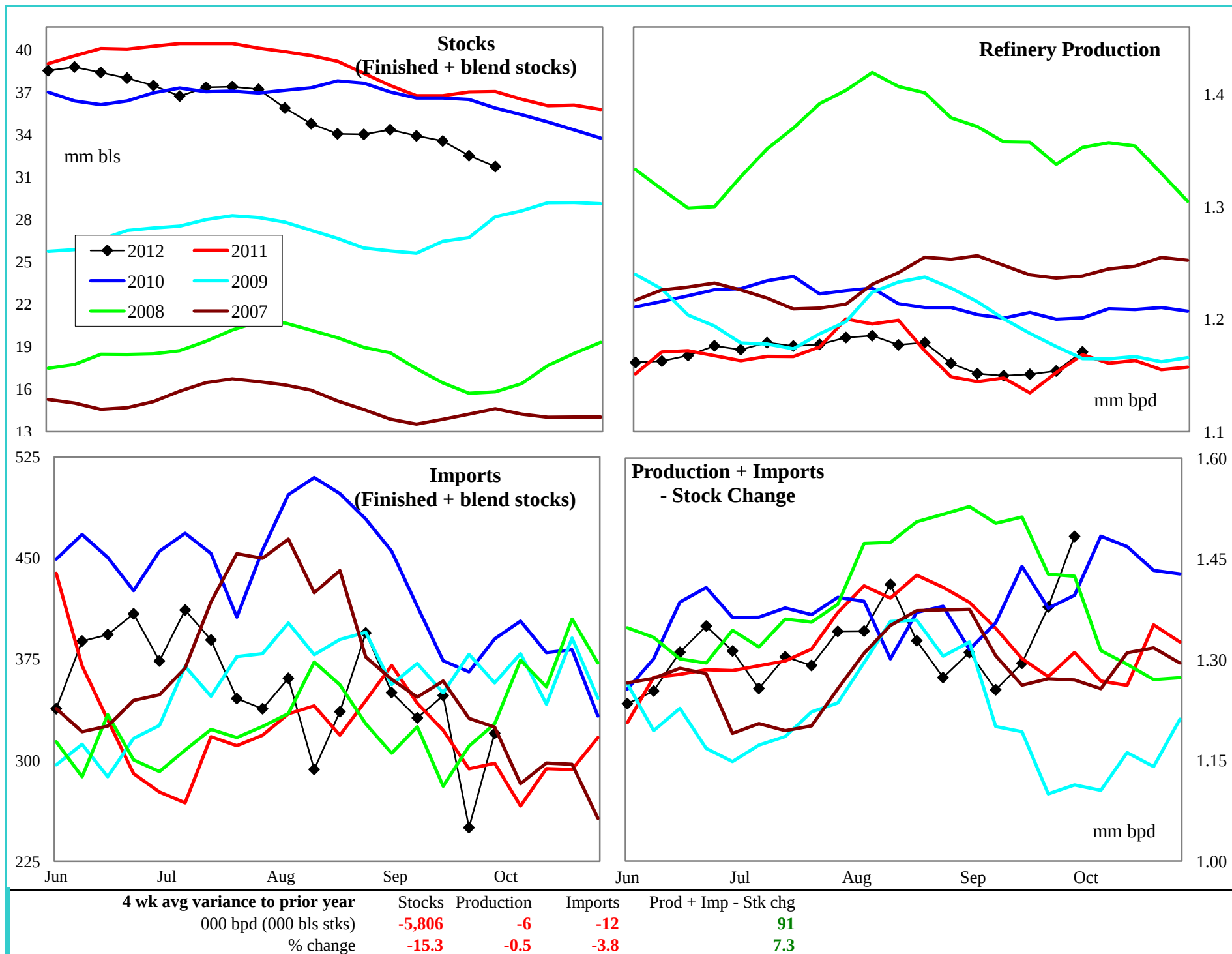
PADD 1 Gasoline Supply



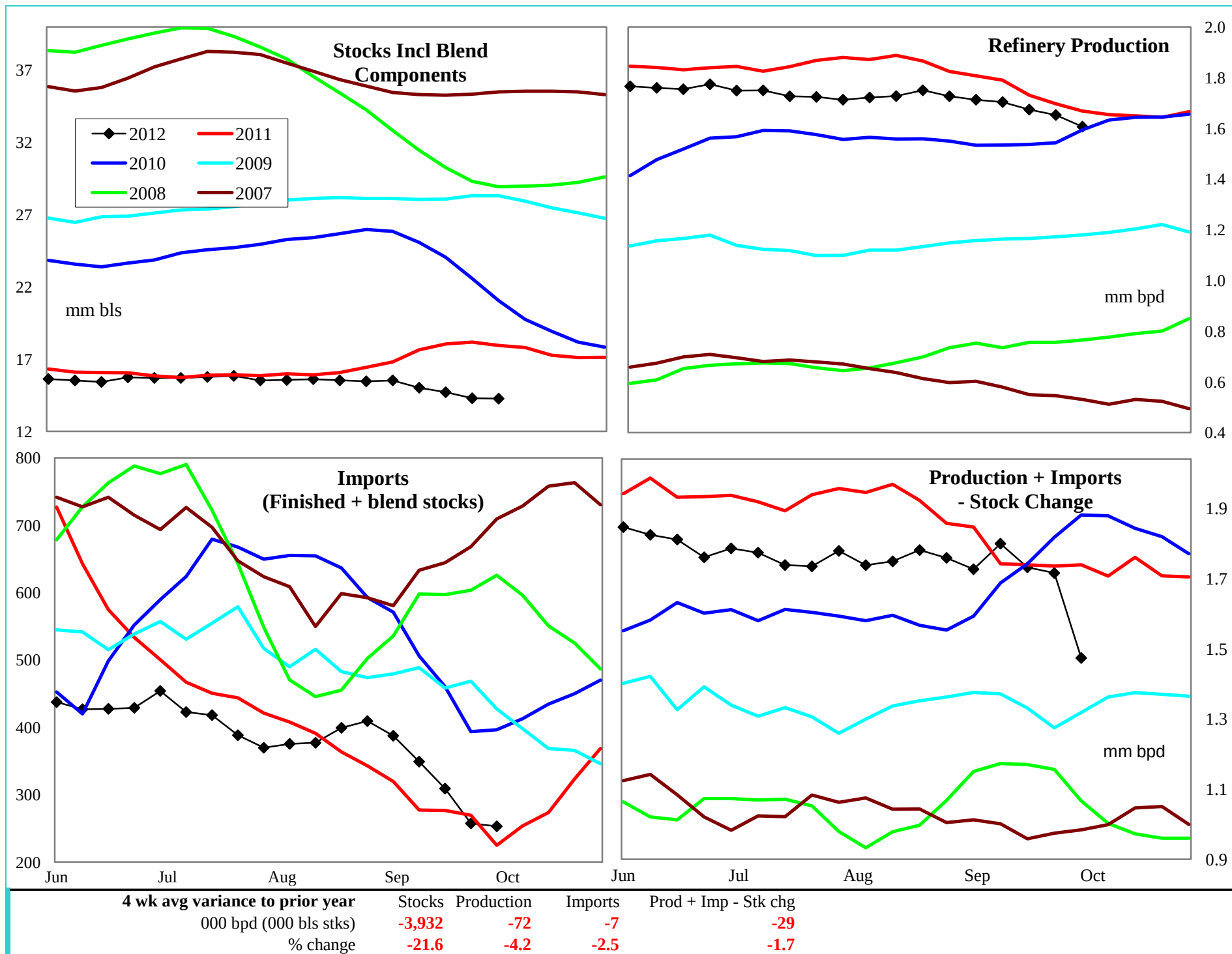
PADD 1 Gasoline Stocks by Region



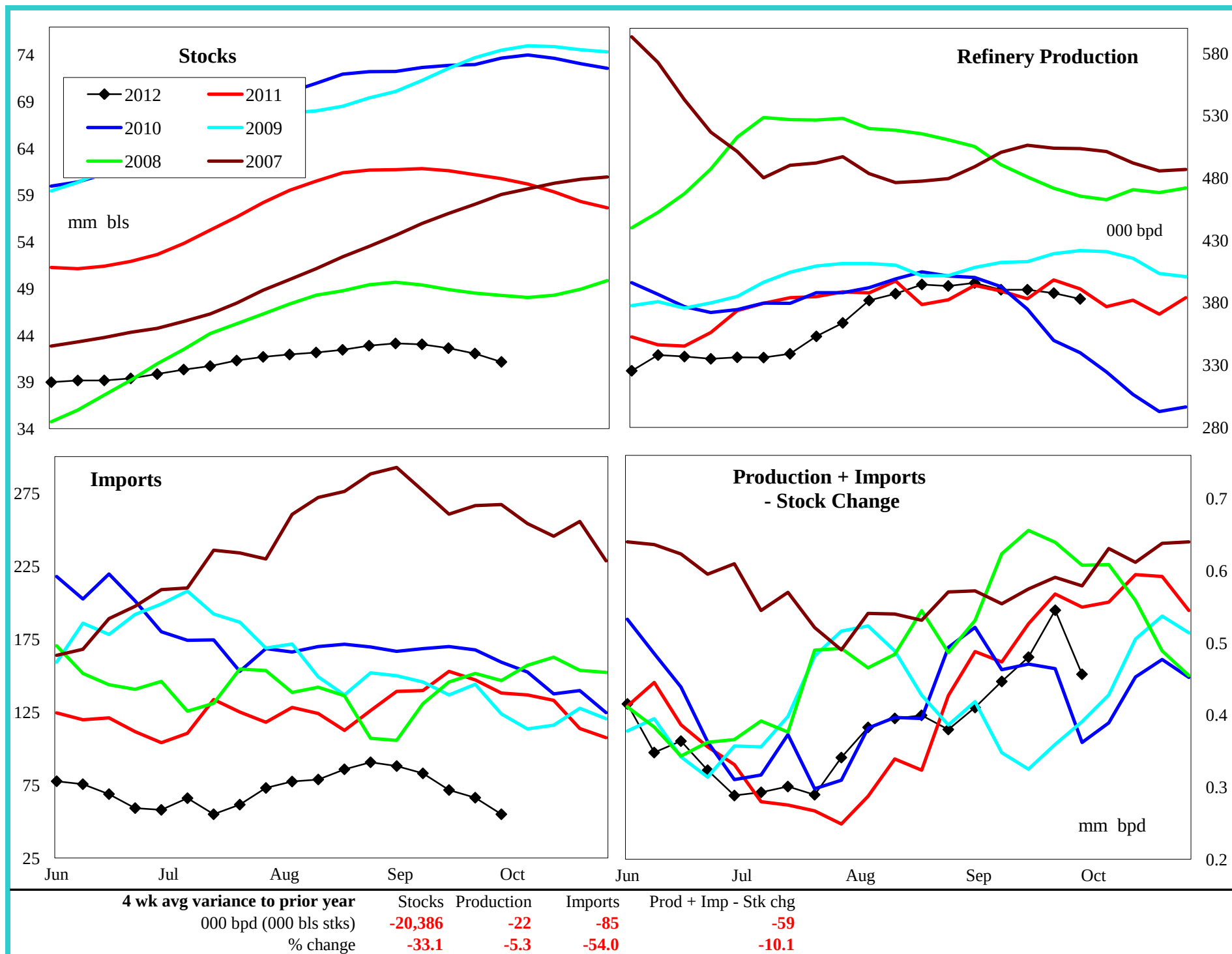
PADD 1 Reformulated Gasoline Supply



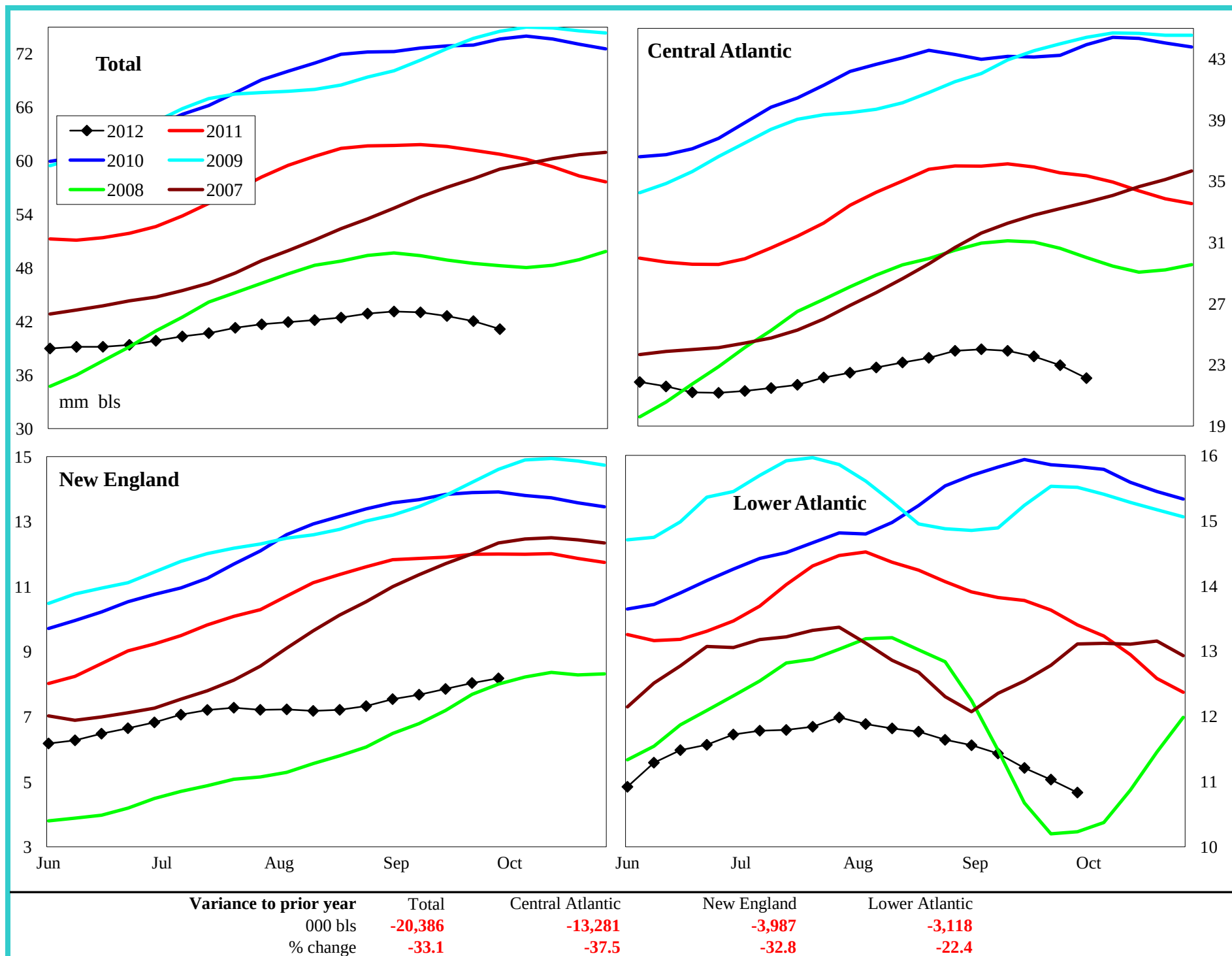
PADD 1 Conventional Gasoline Supply



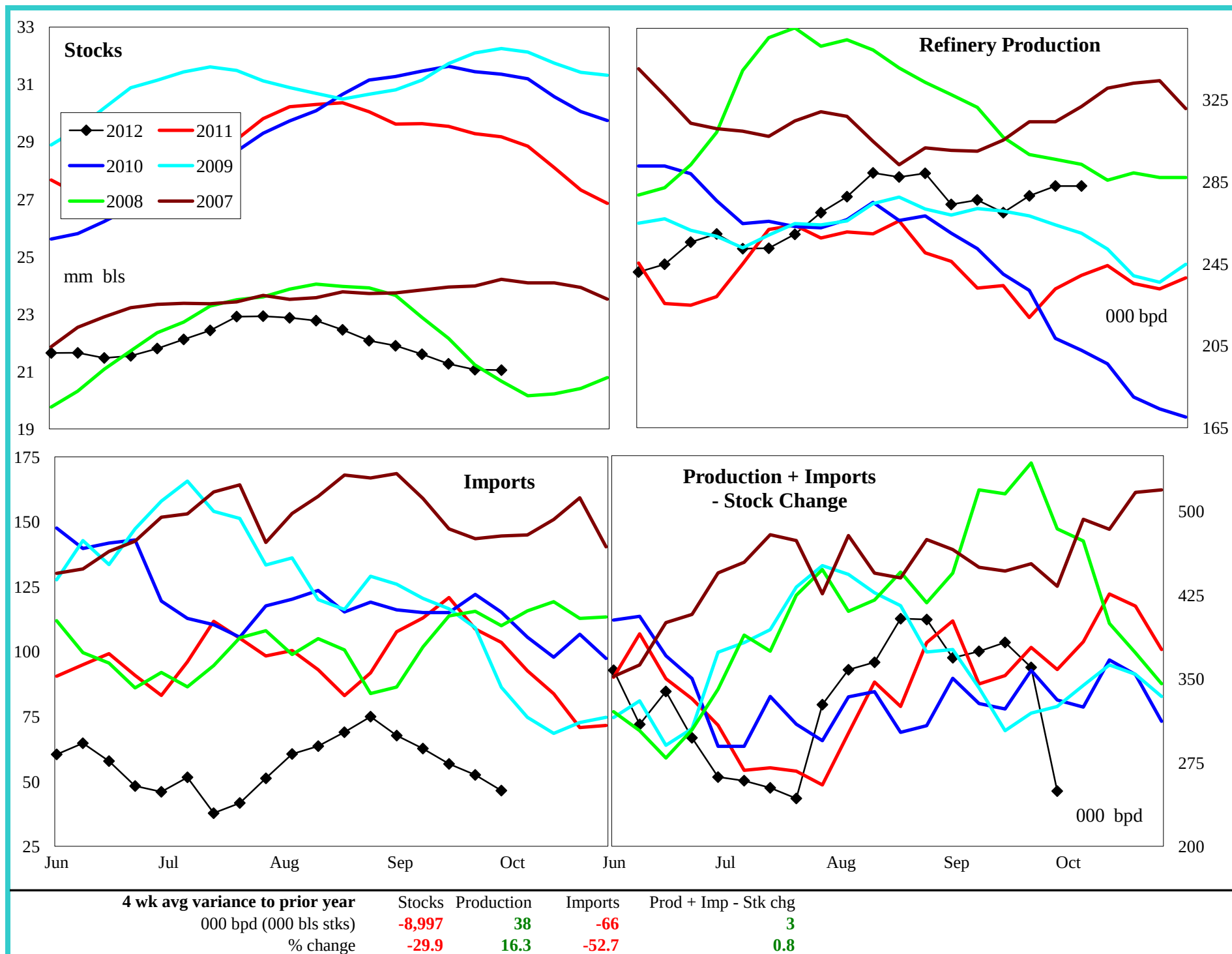
PADD 1 Distillate Supply



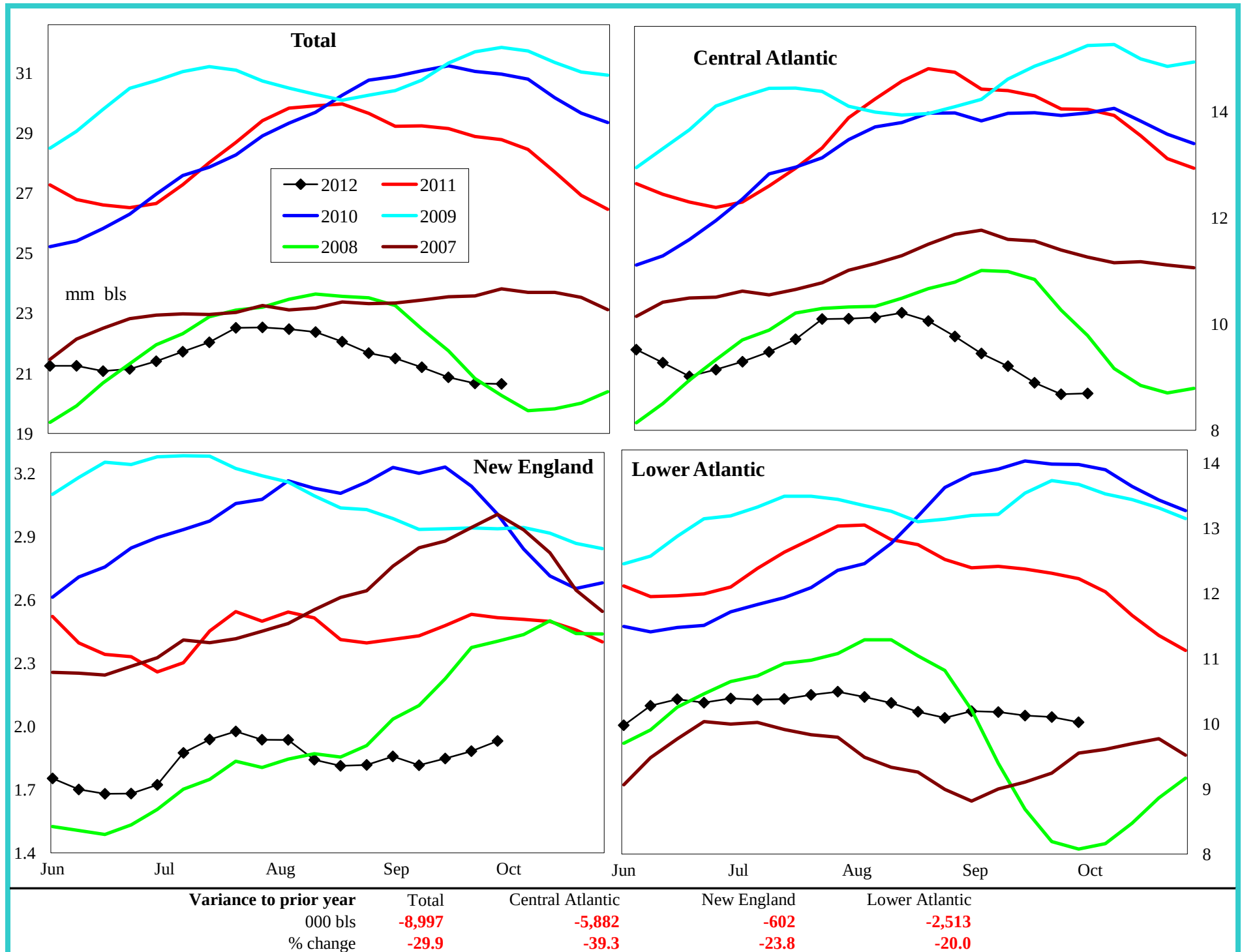
PADD 1 Distillate Stocks by Region



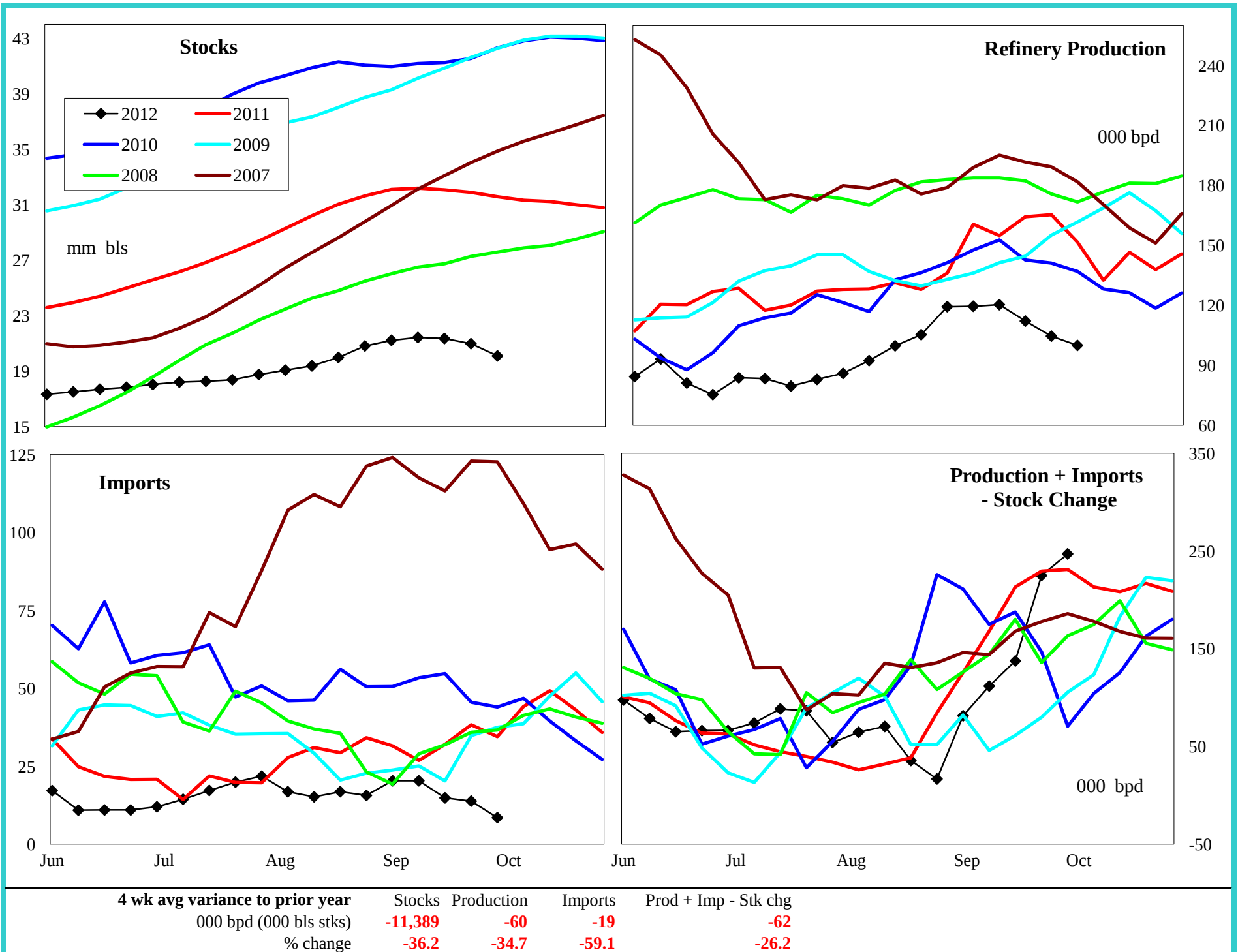
PADD 1 Low Sulfur Distillate Supply



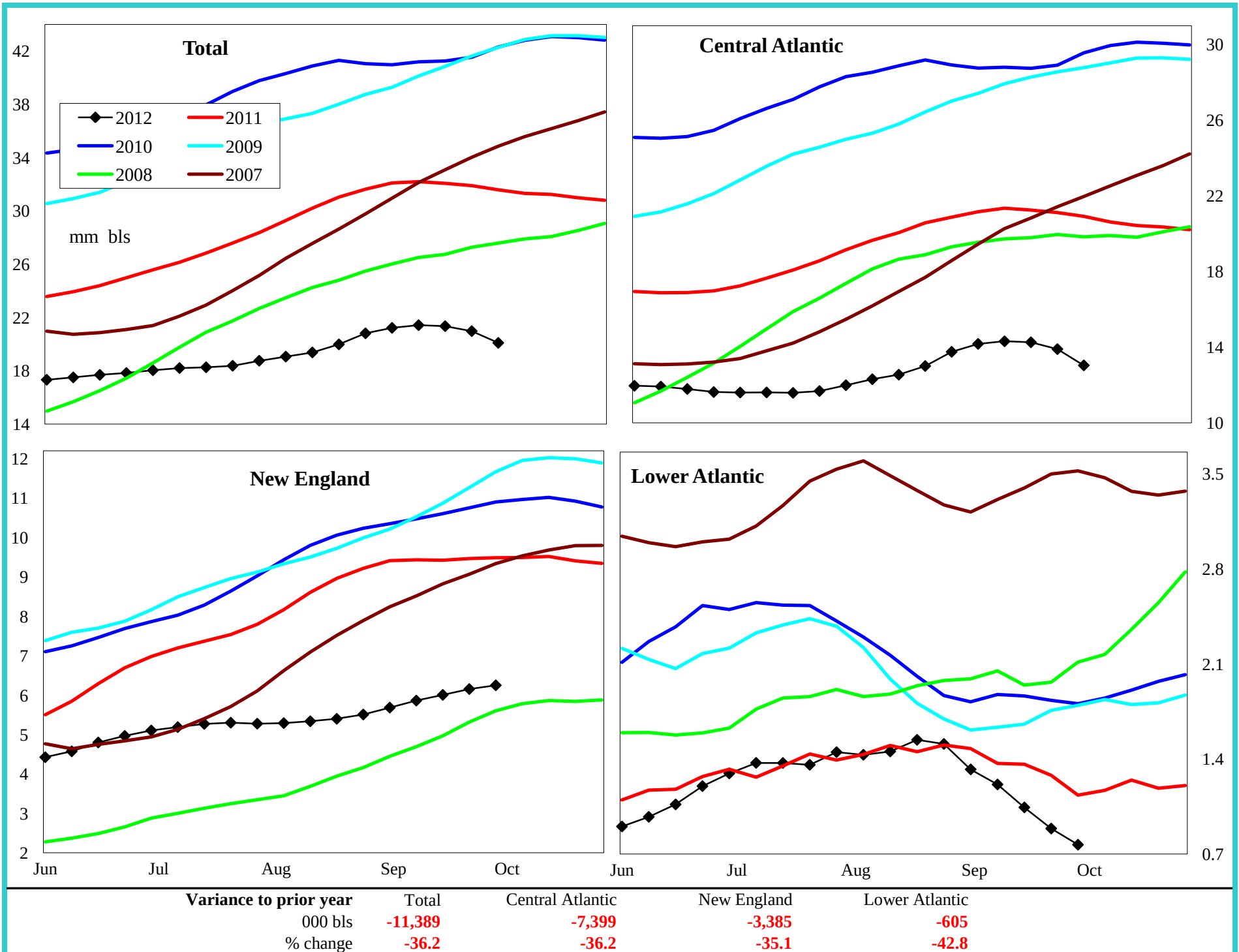
PADD 1 Low Sulfur Distillate Stocks by Region



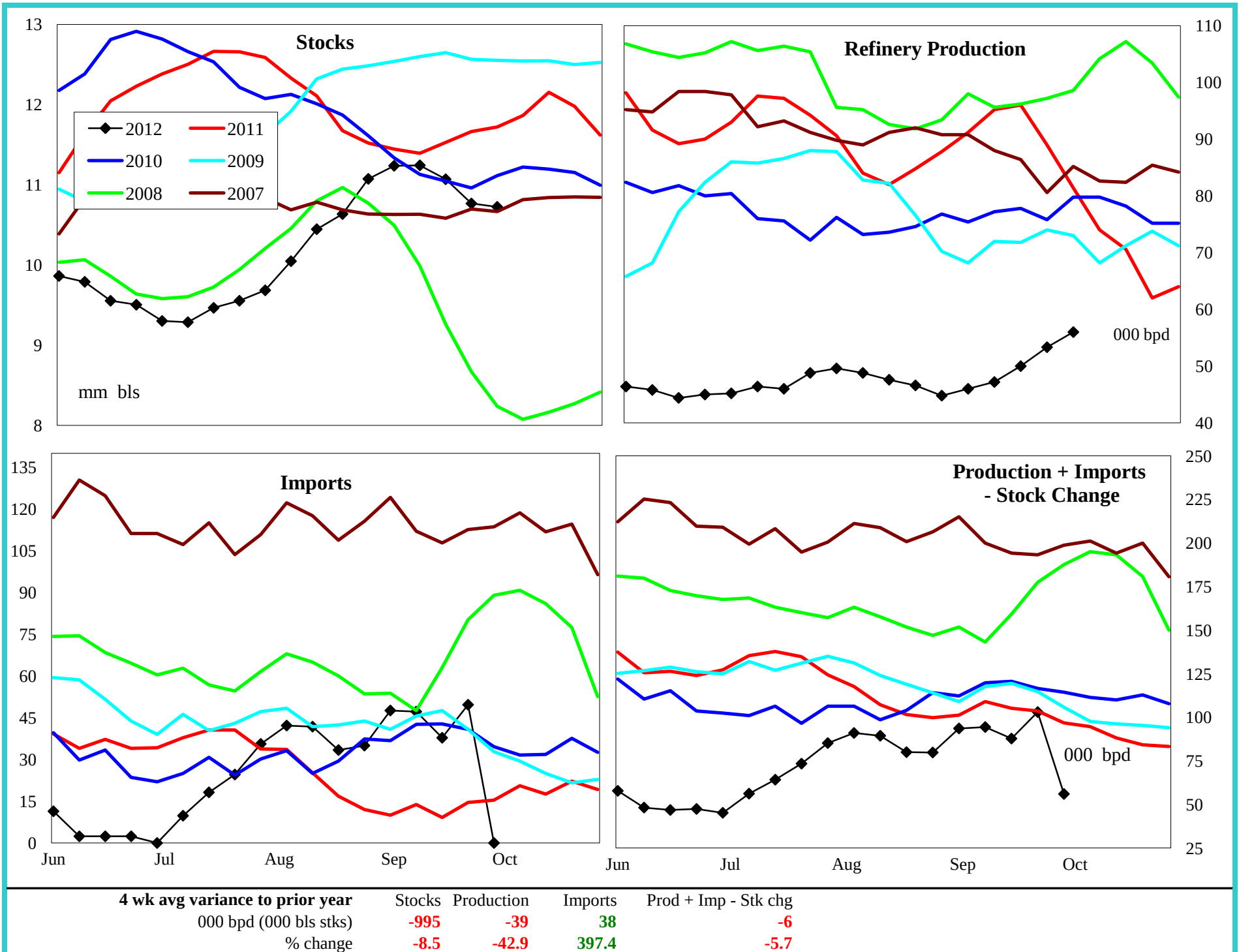
PADD 1 High Sulfur Distillate Supply



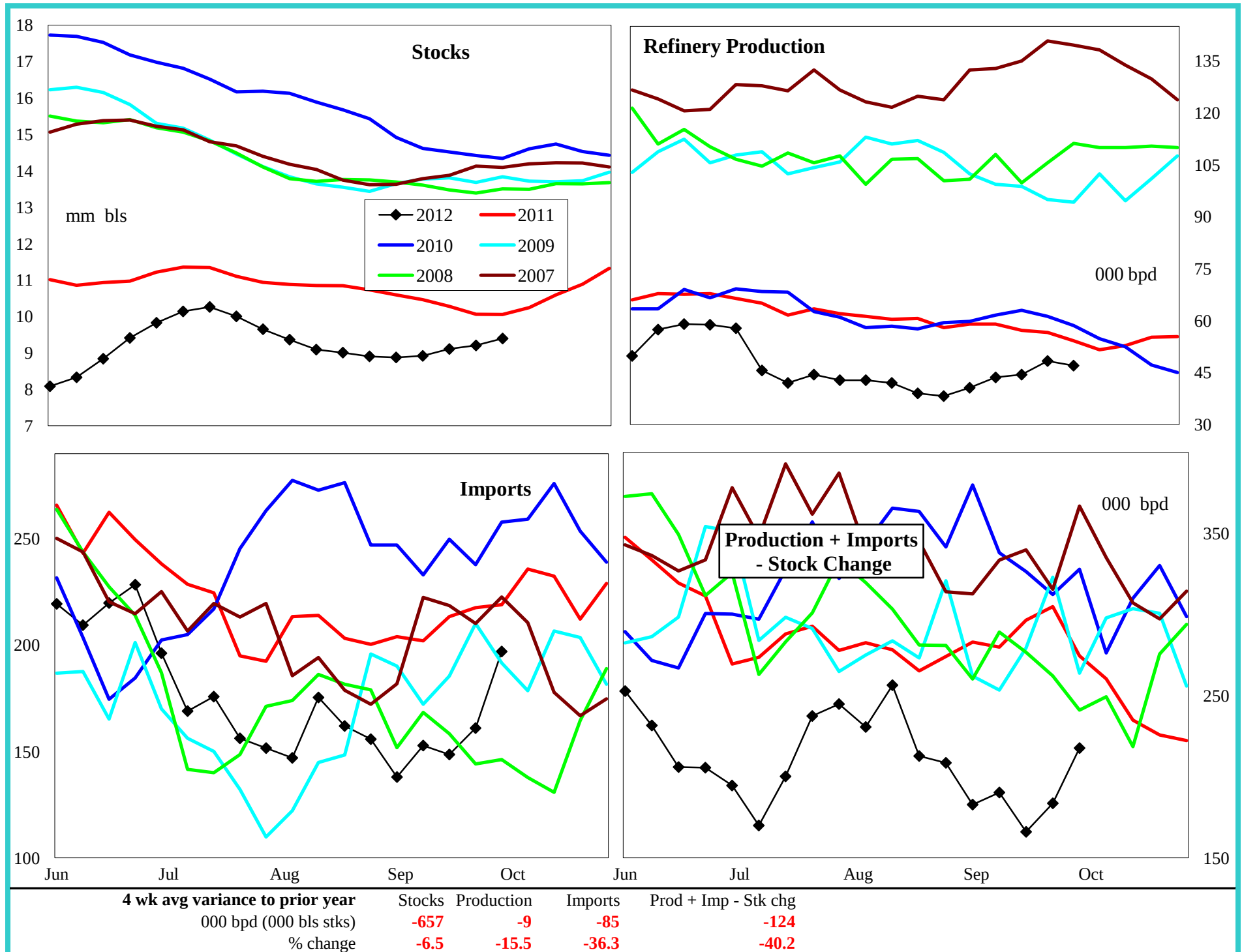
PADD 1 High Sulfur Distillate Stocks by Region



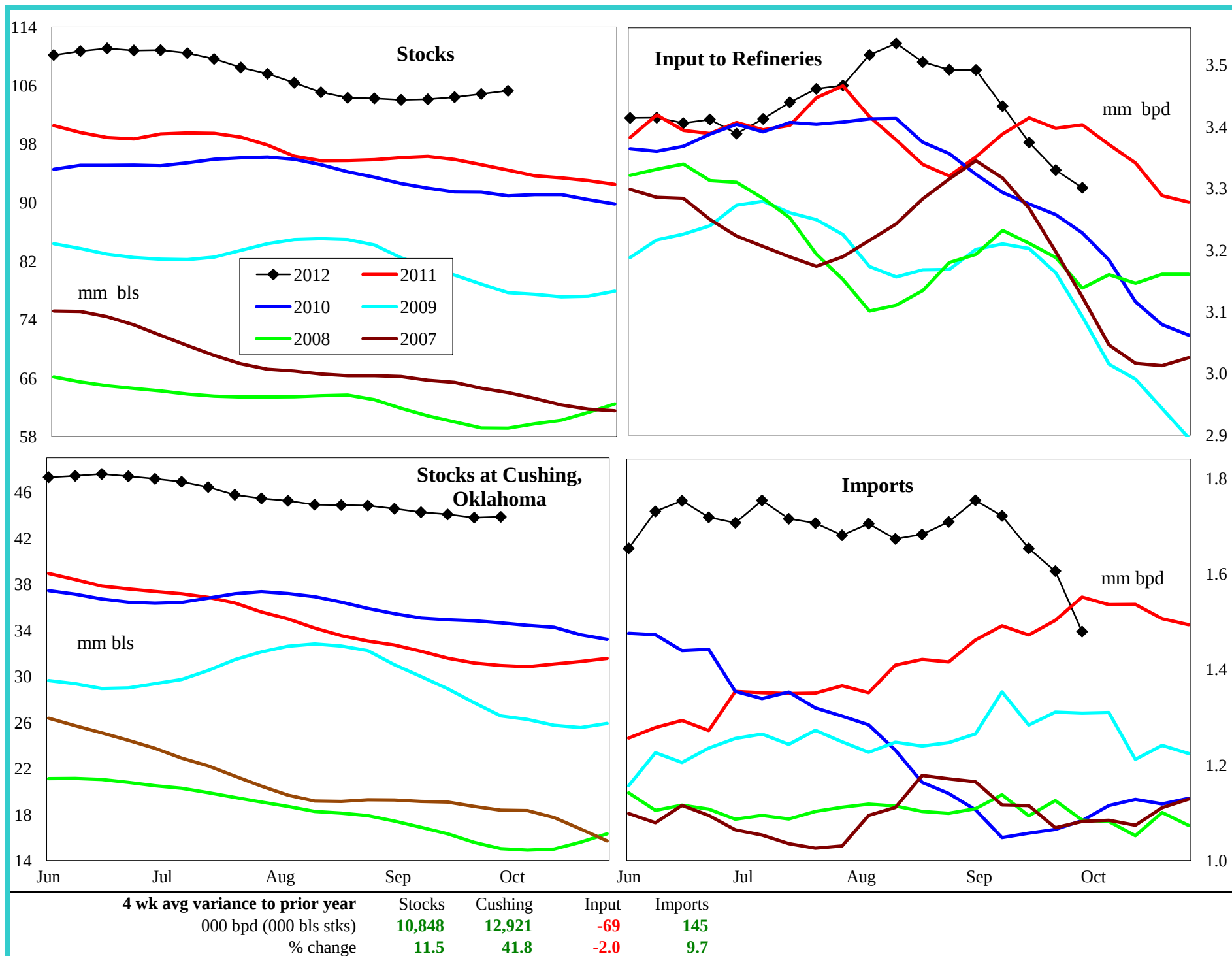
PADD 1 Jet Fuel Supply



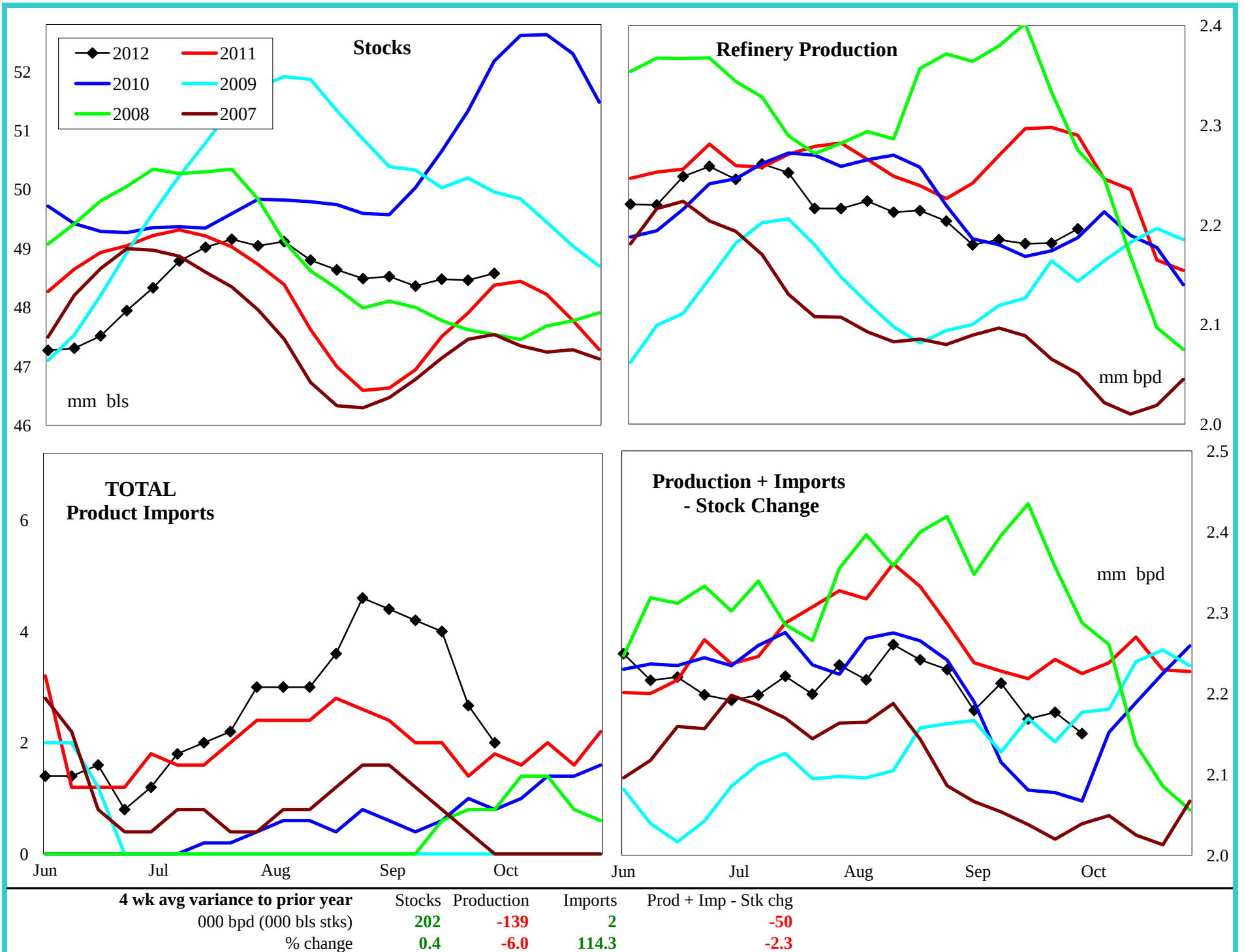
PADD 1 Residual Fuel Oil Supply



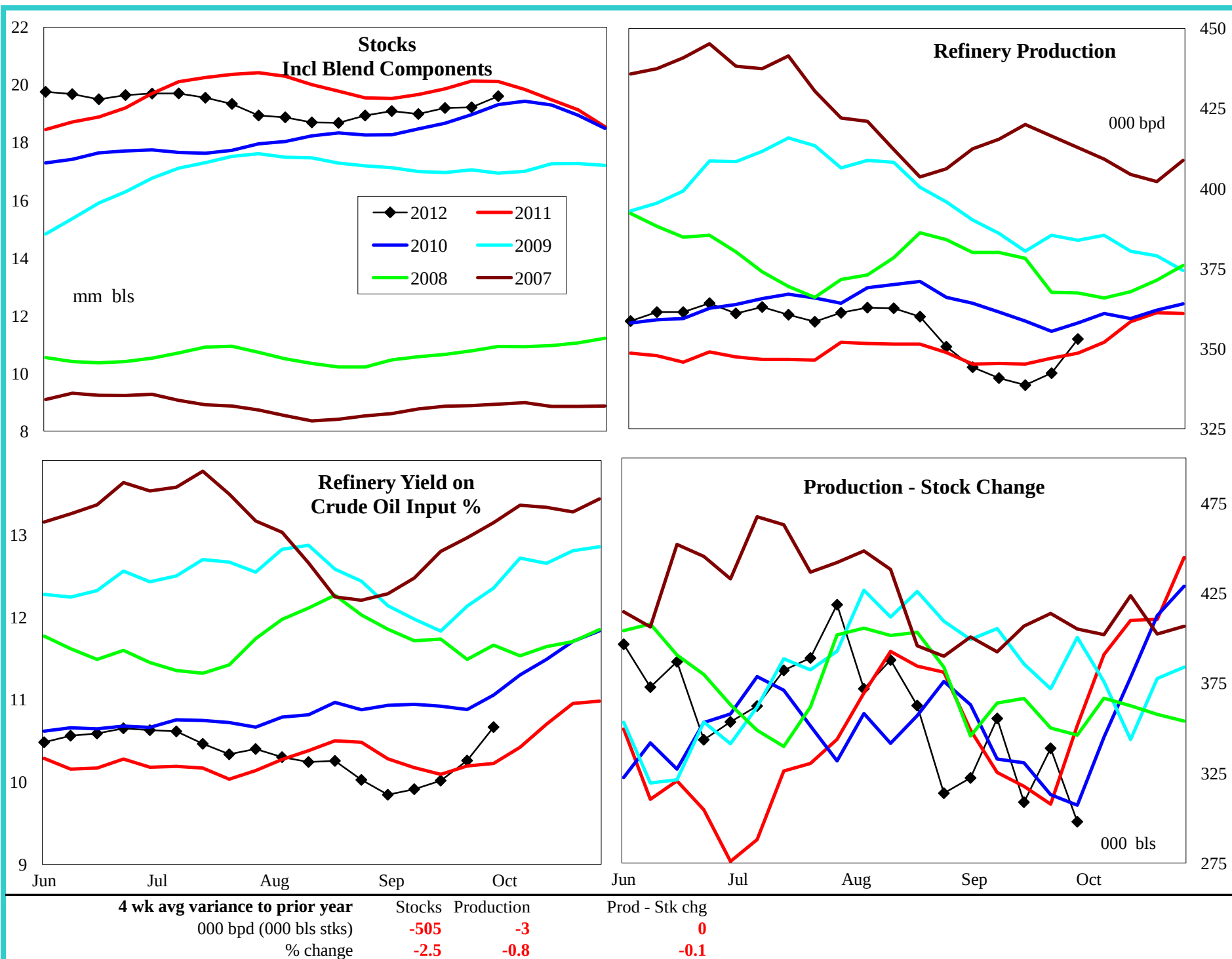
PADD 2 Crude Oil Supply and Refining



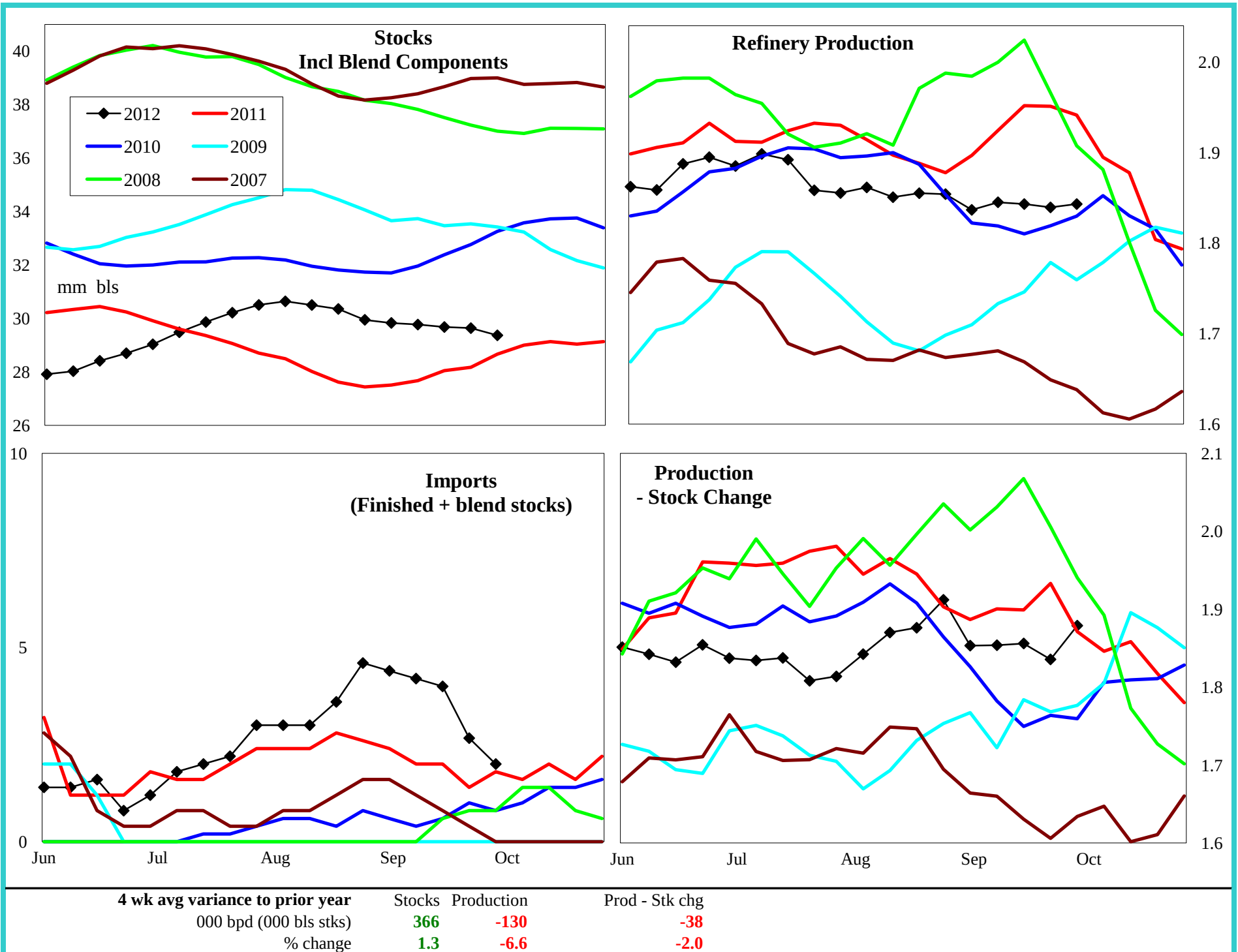
PADD 2 Gasoline Supply



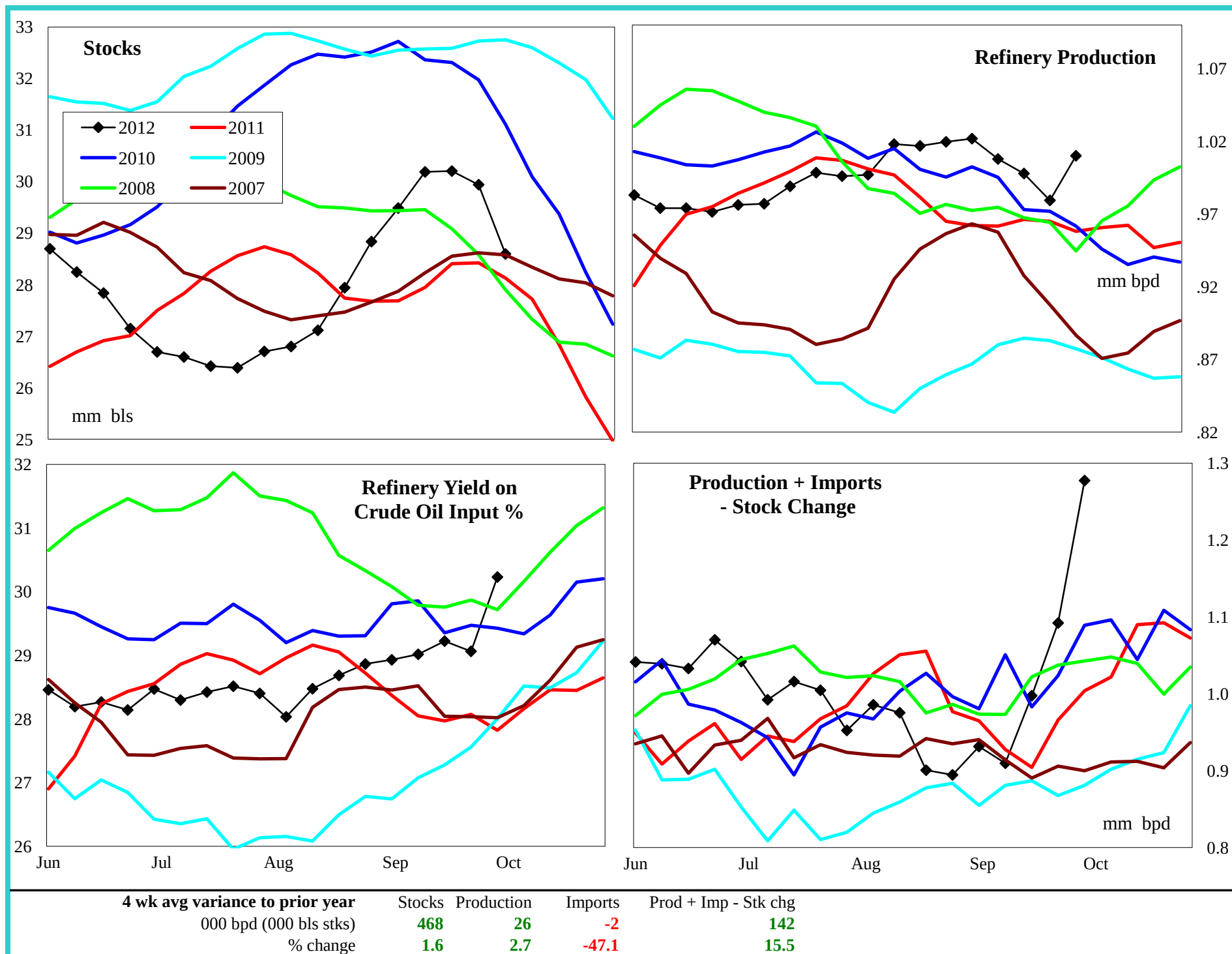
PADD 2 Reformulated Gasoline Supply



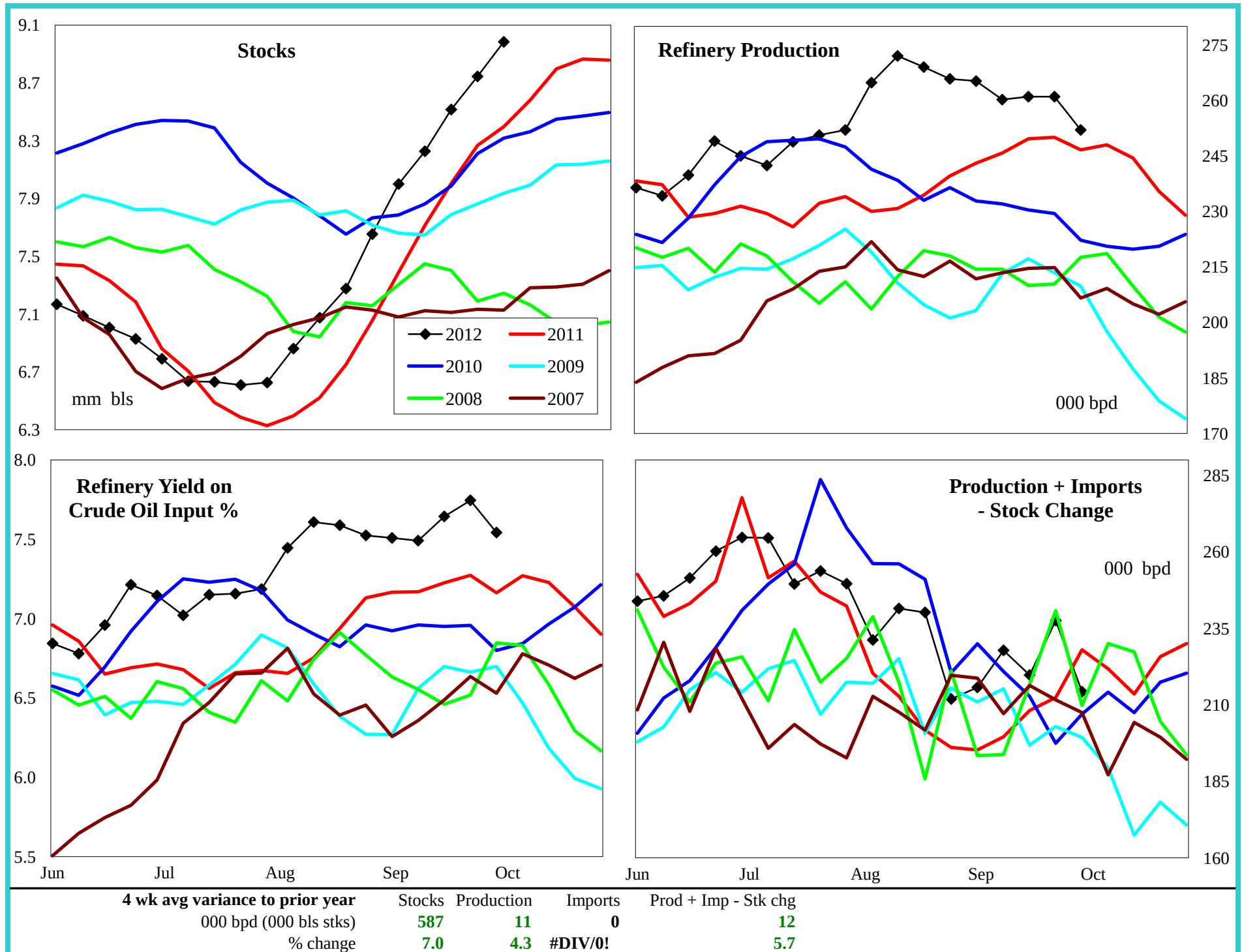
PADD 2 Conventional Gasoline Supply



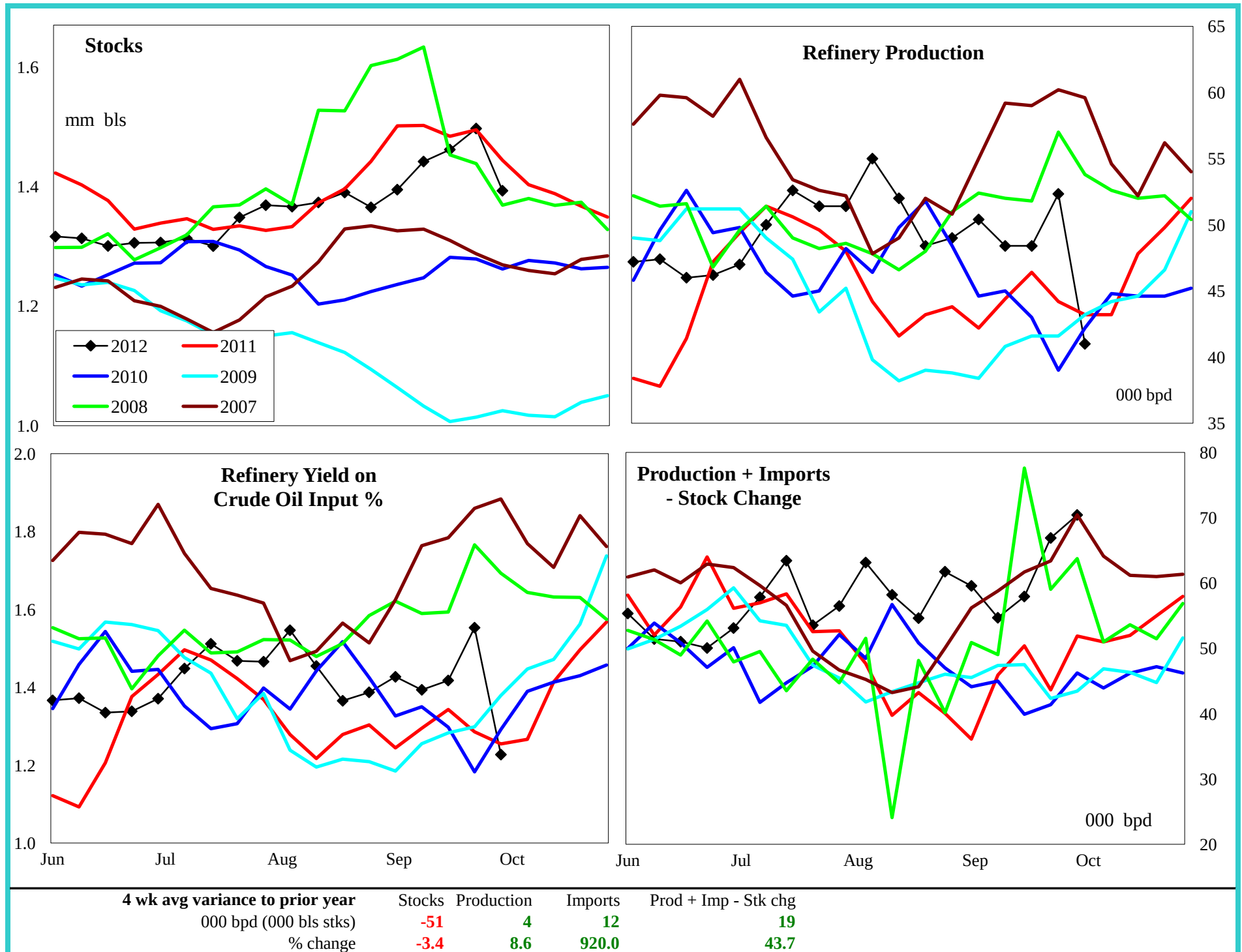
PADD 2 Distillate Supply



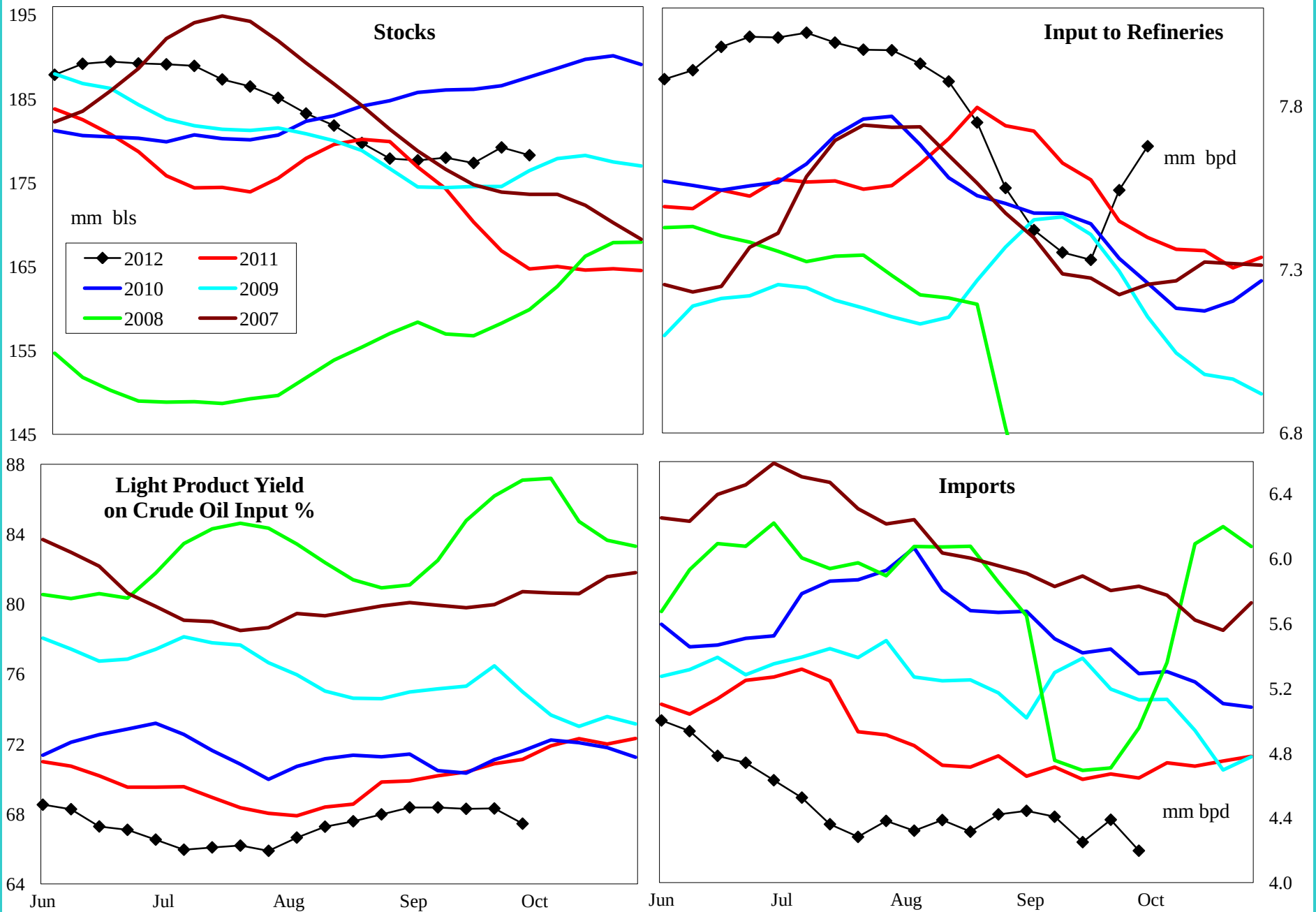
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

13,565

8.2

Input

-89

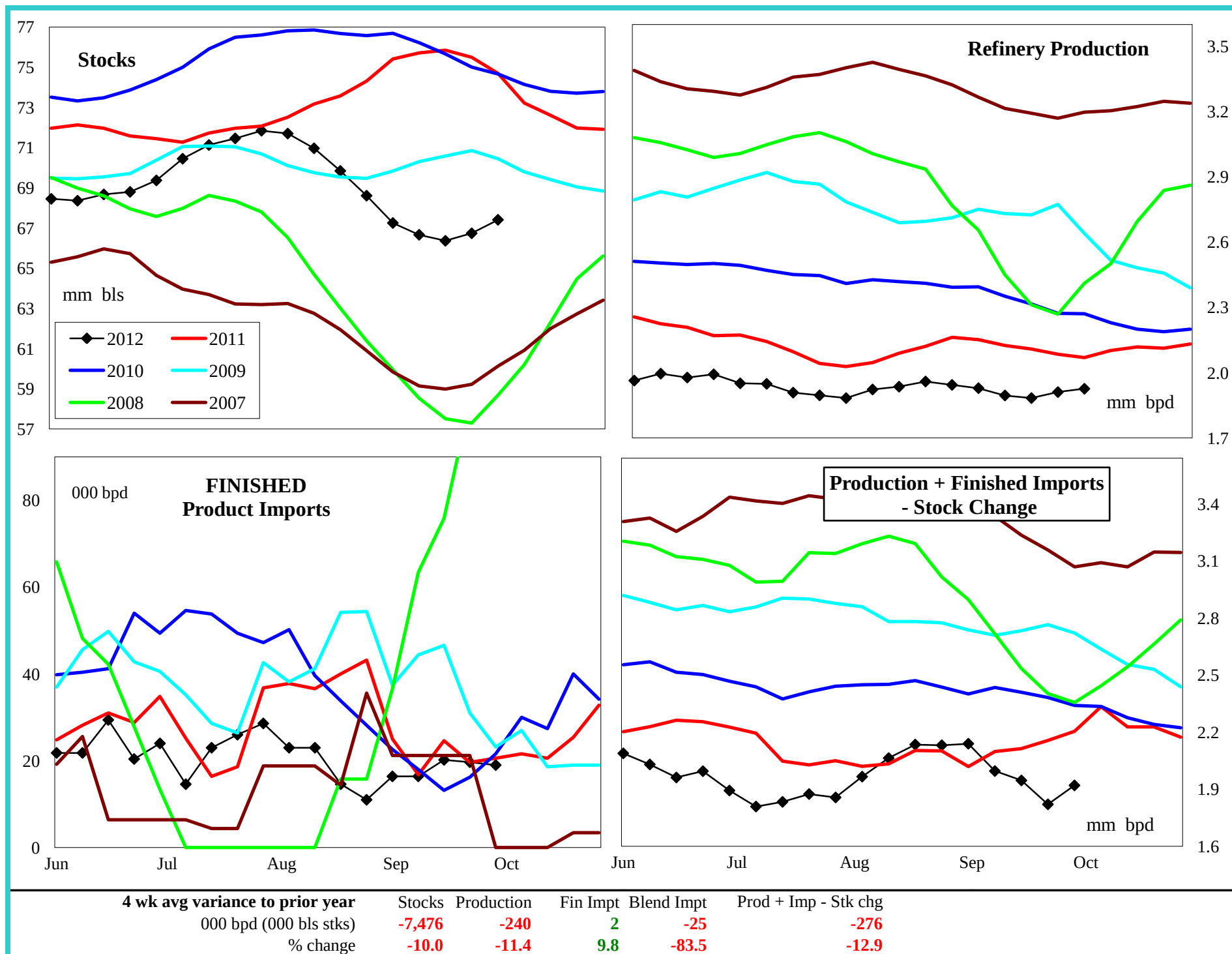
-1.2

Imports

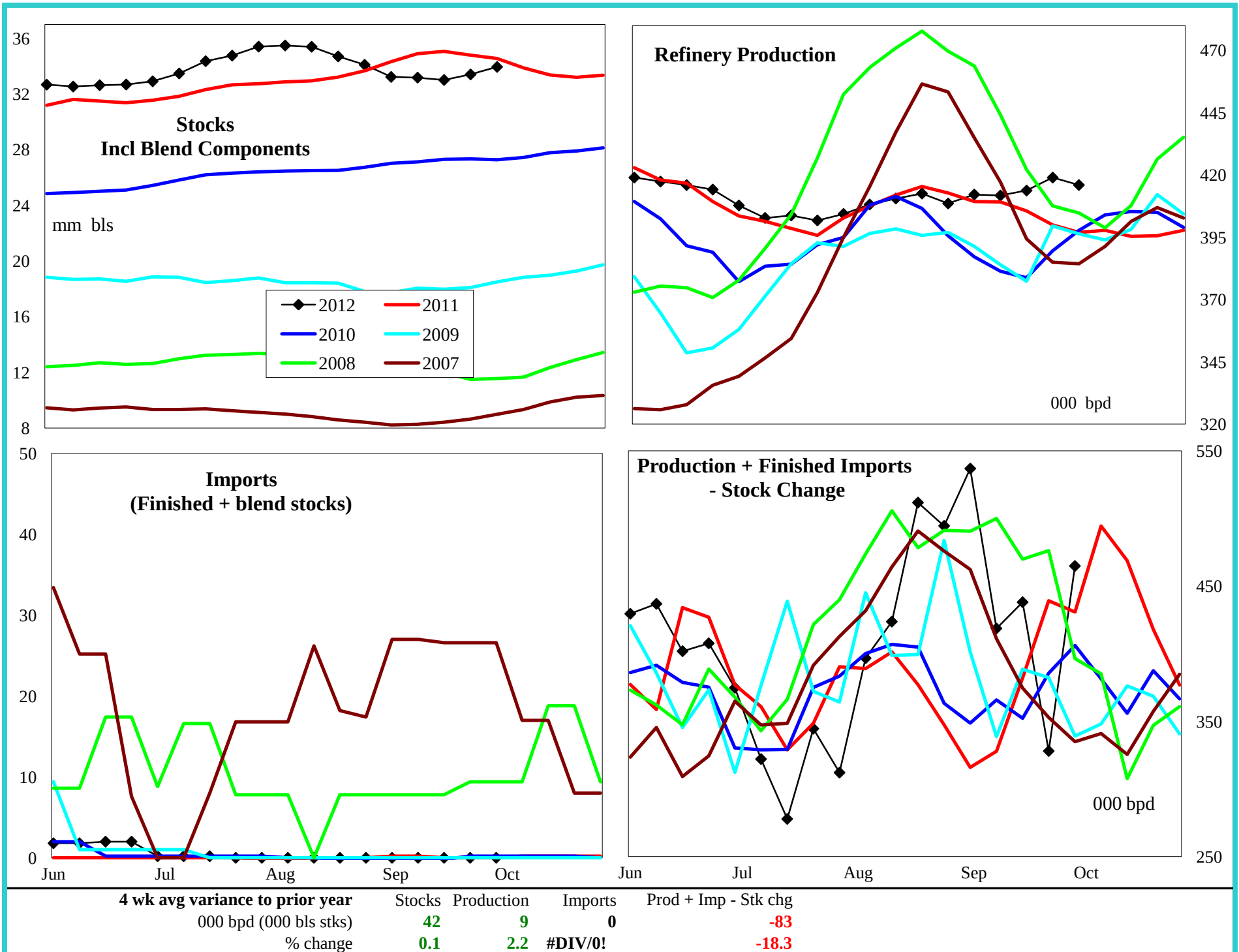
-217

-4.7

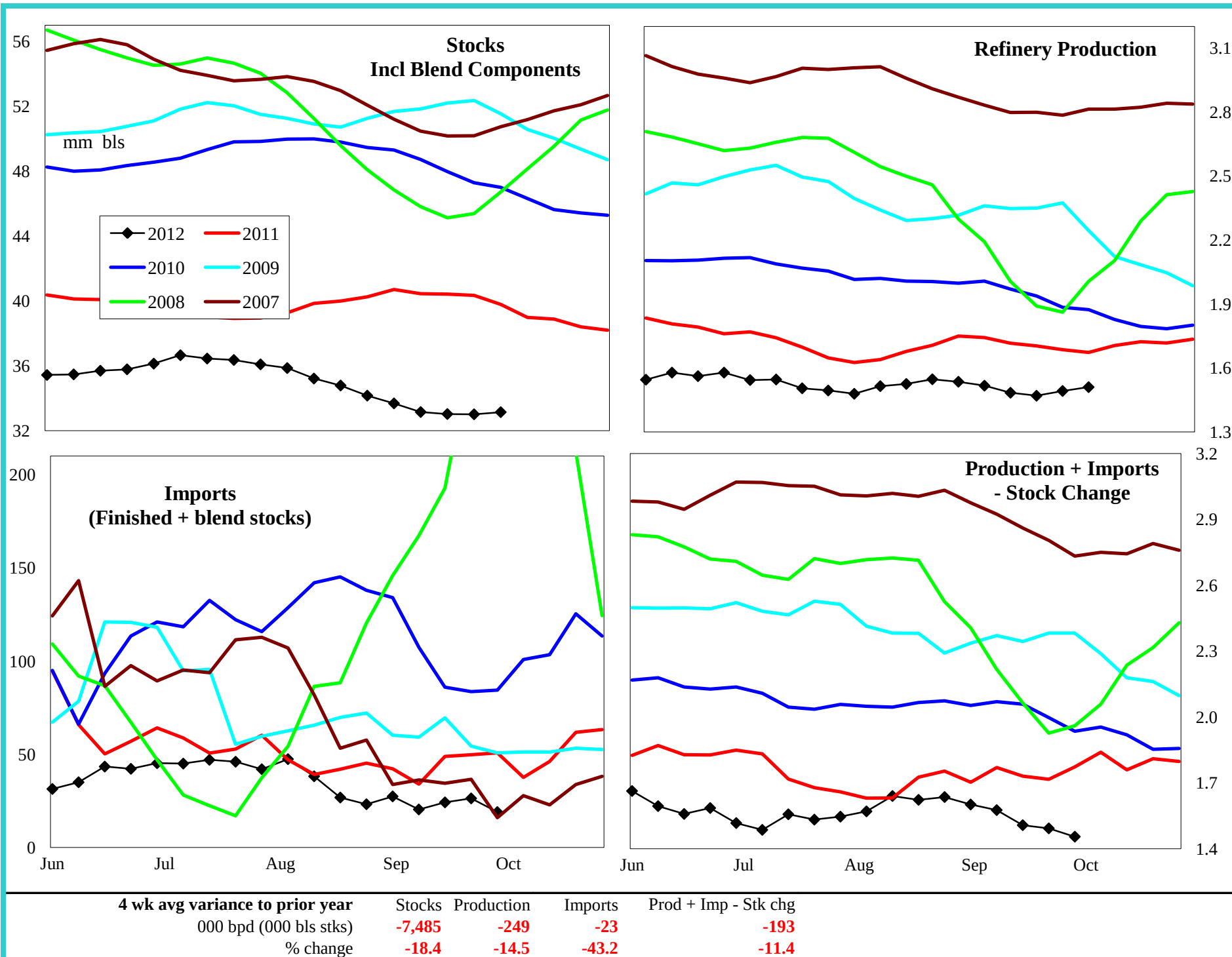
PADD 3 Gasoline Supply



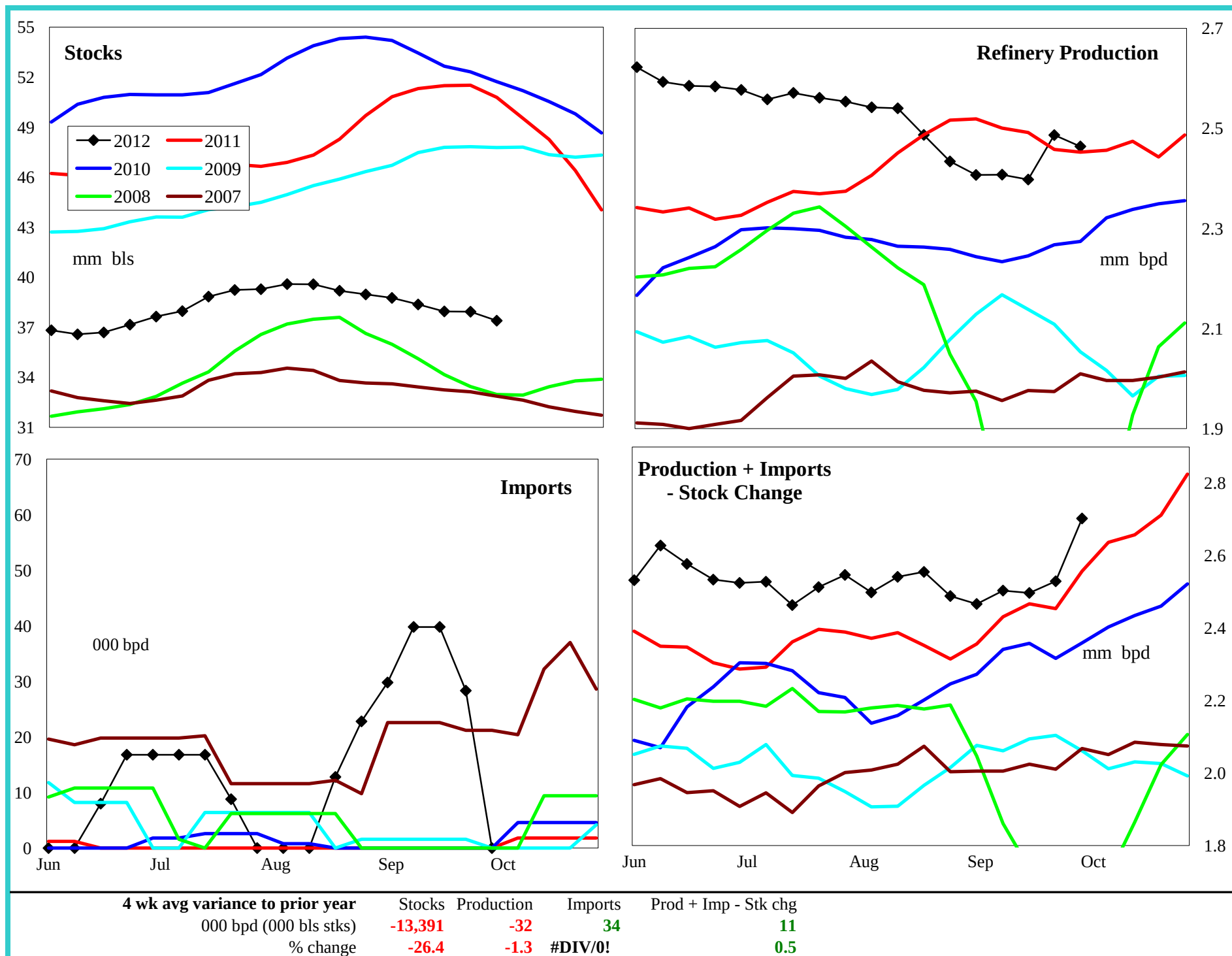
PADD 3 Reformulated Gasoline Supply



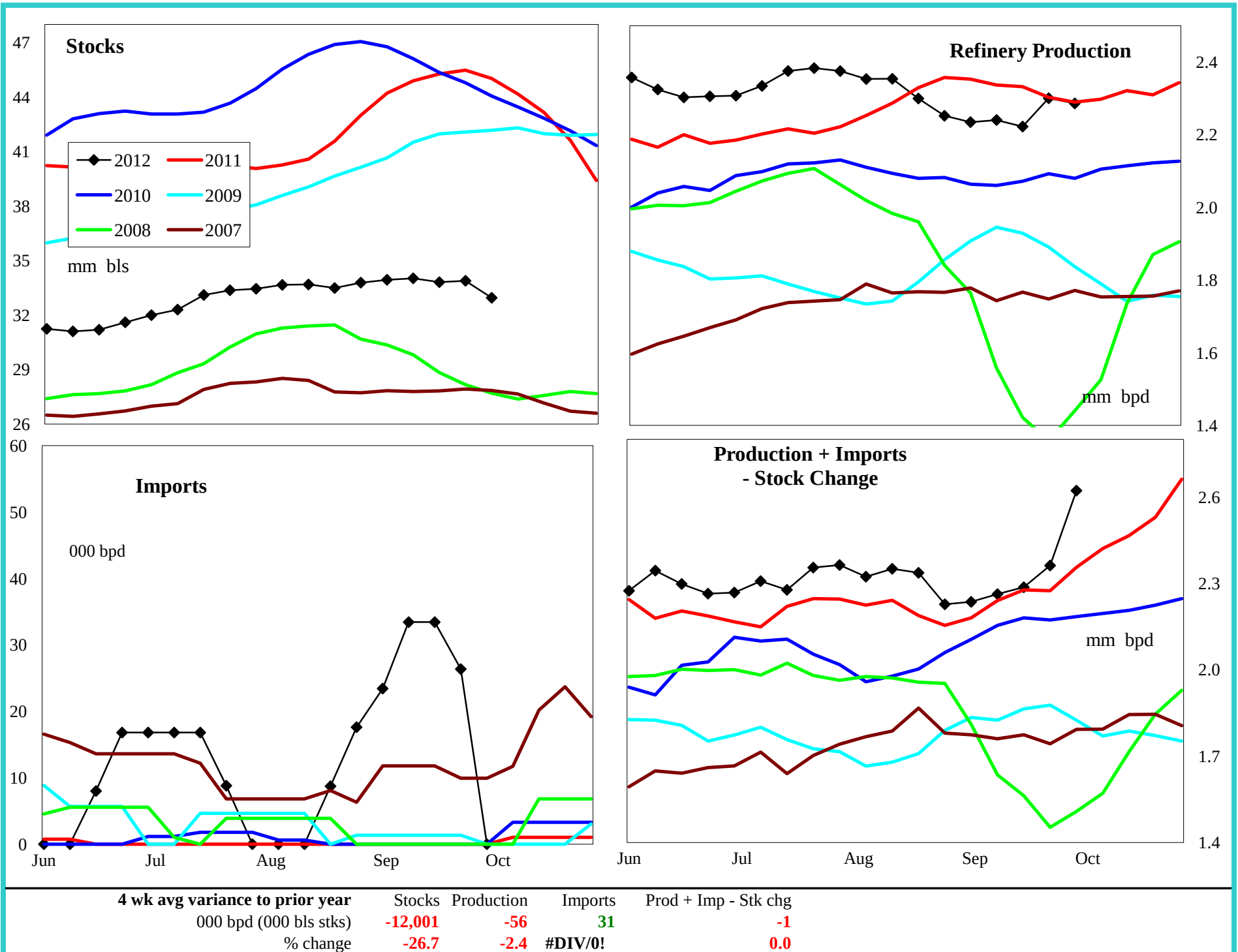
PADD 3 Conventional Gasoline Supply



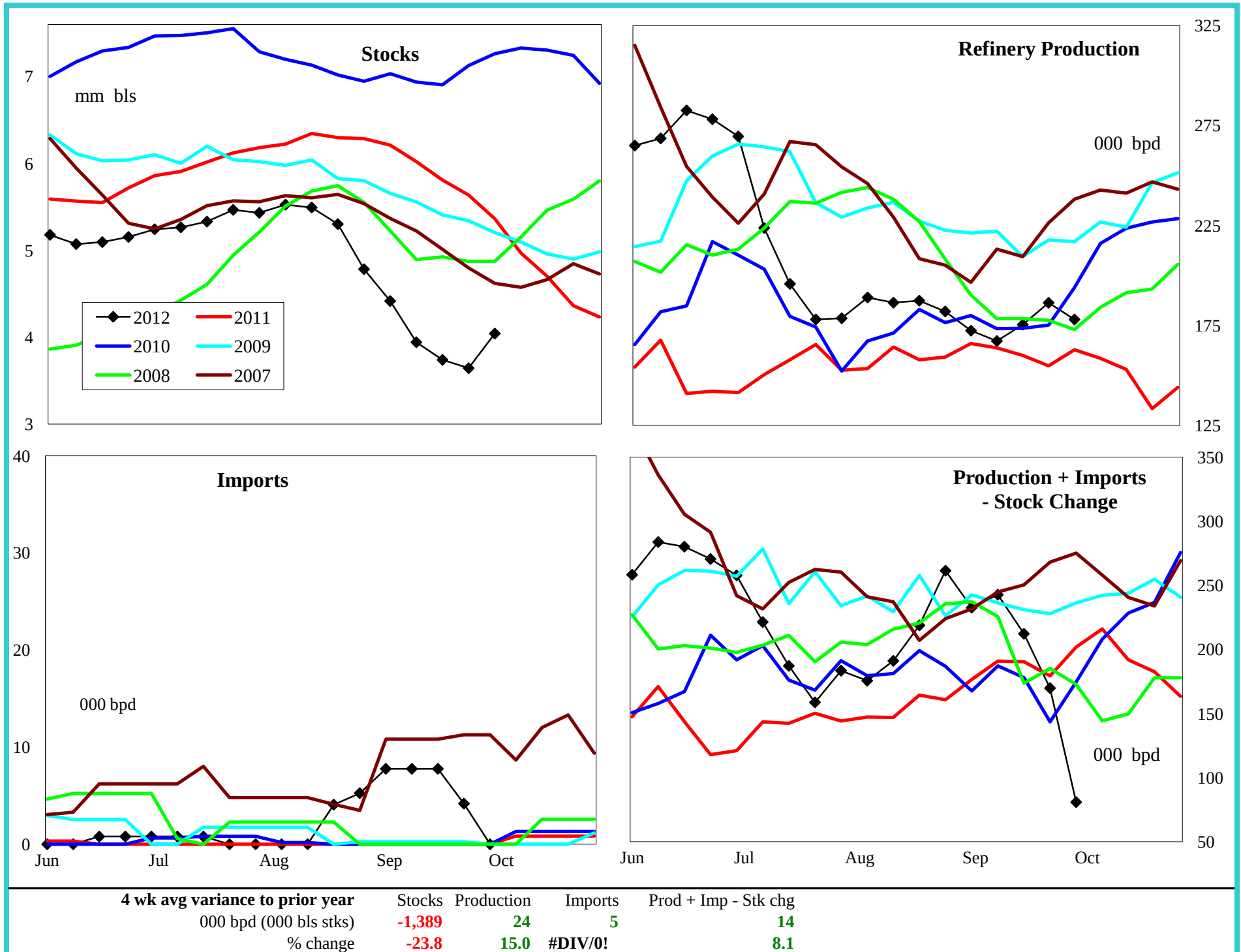
PADD 3 Distillate Supply



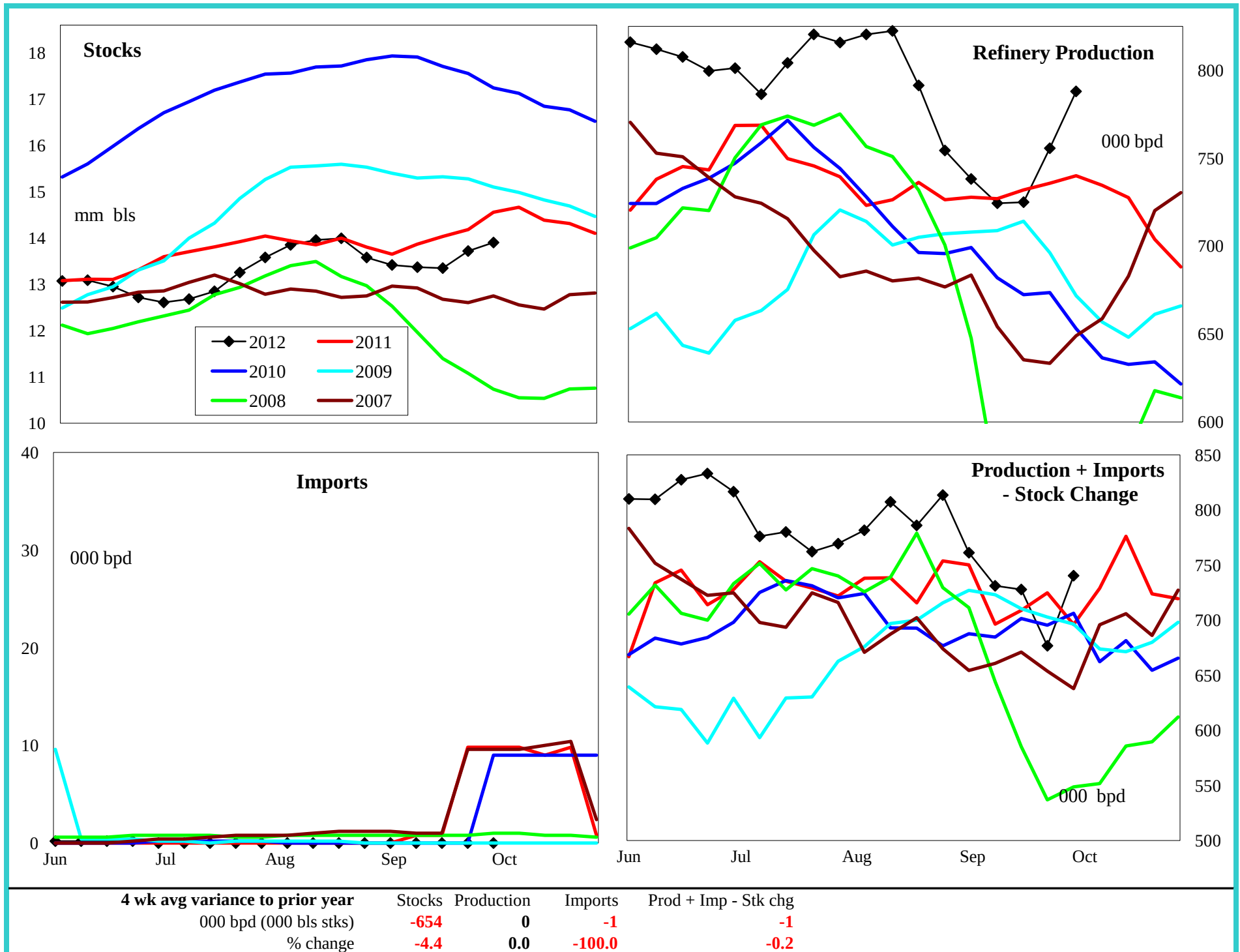
PADD 3 Low Sulfur Distillate Supply



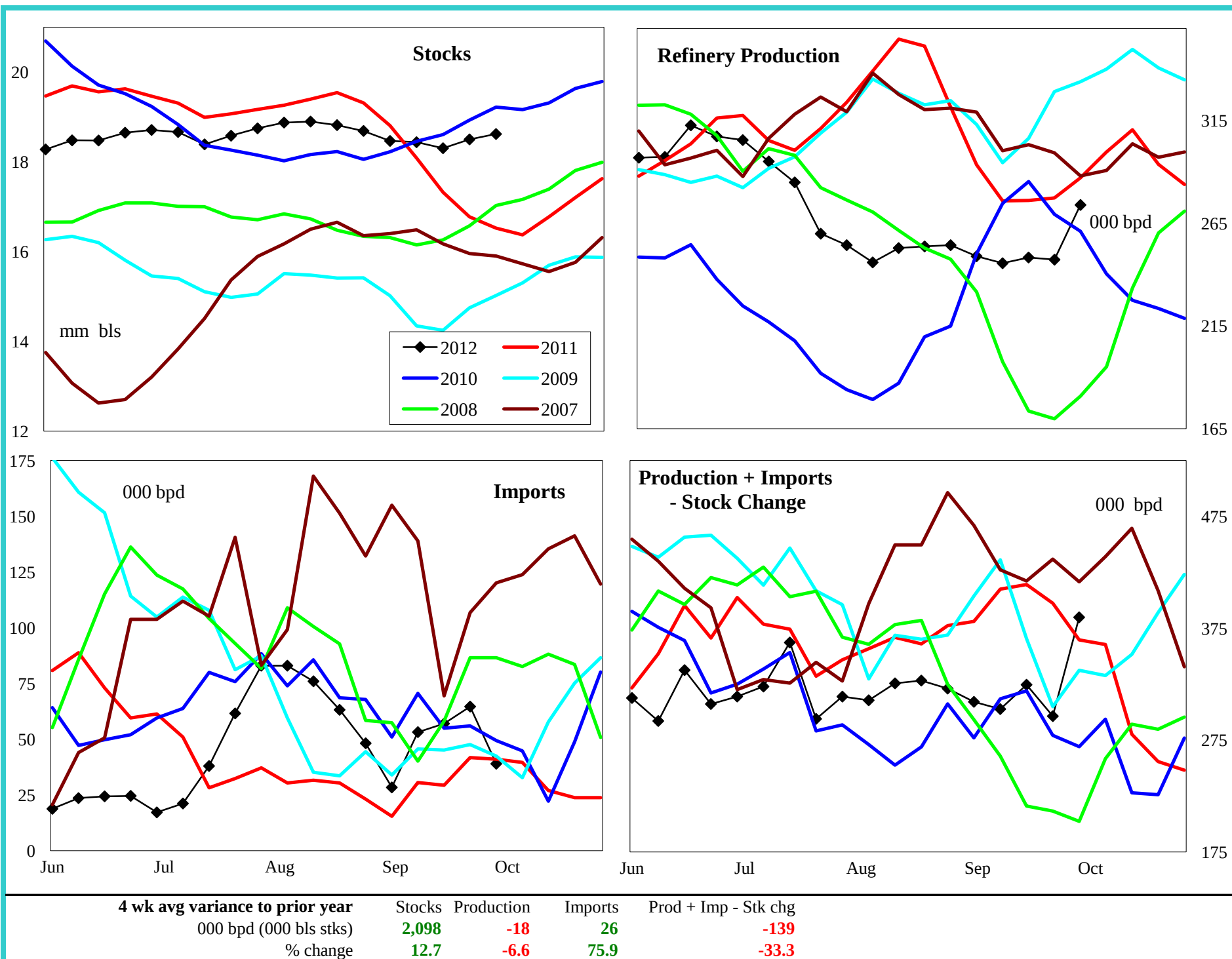
PADD 3 High Sulfur Distillate Supply



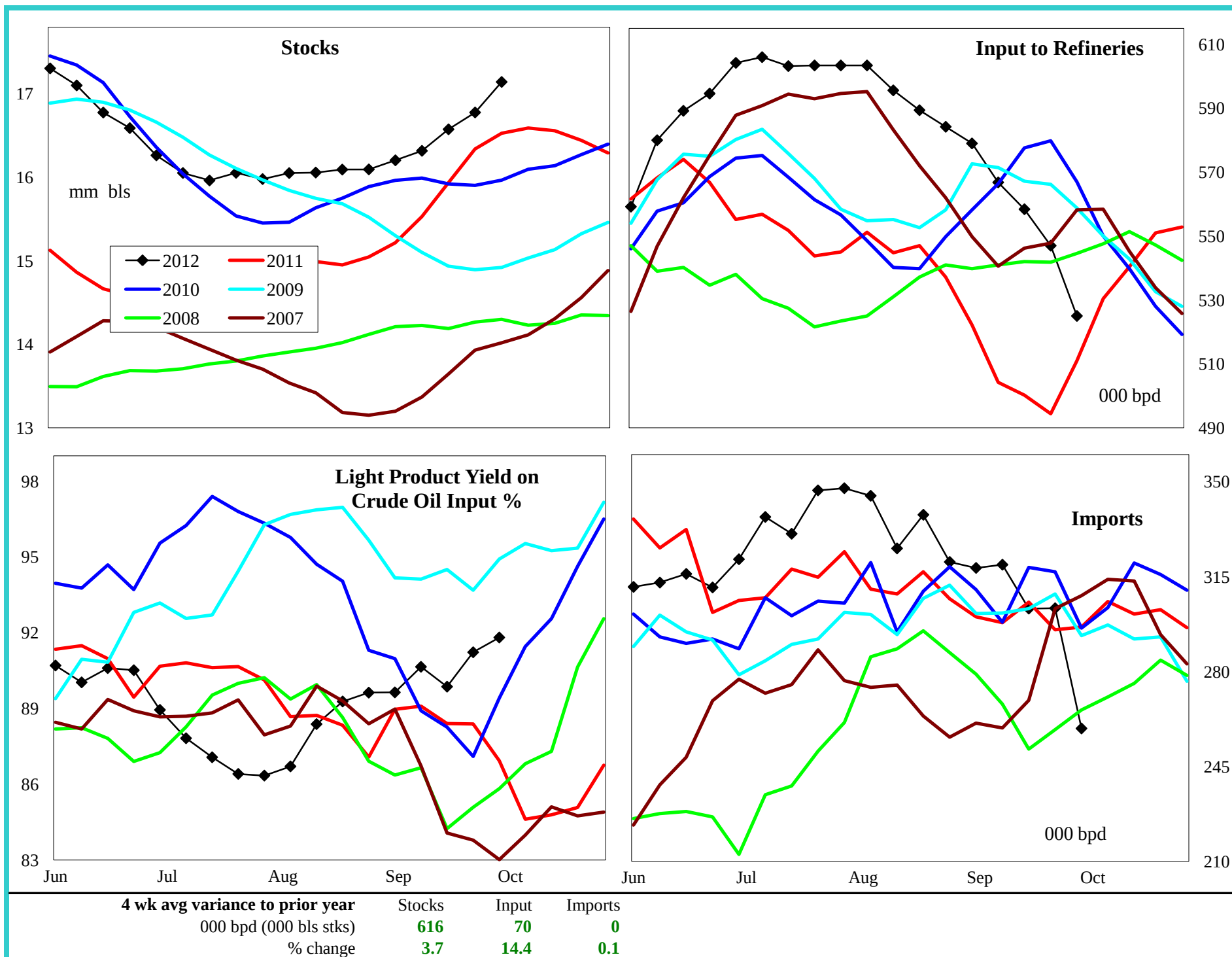
PADD 3 Jet Fuel Supply



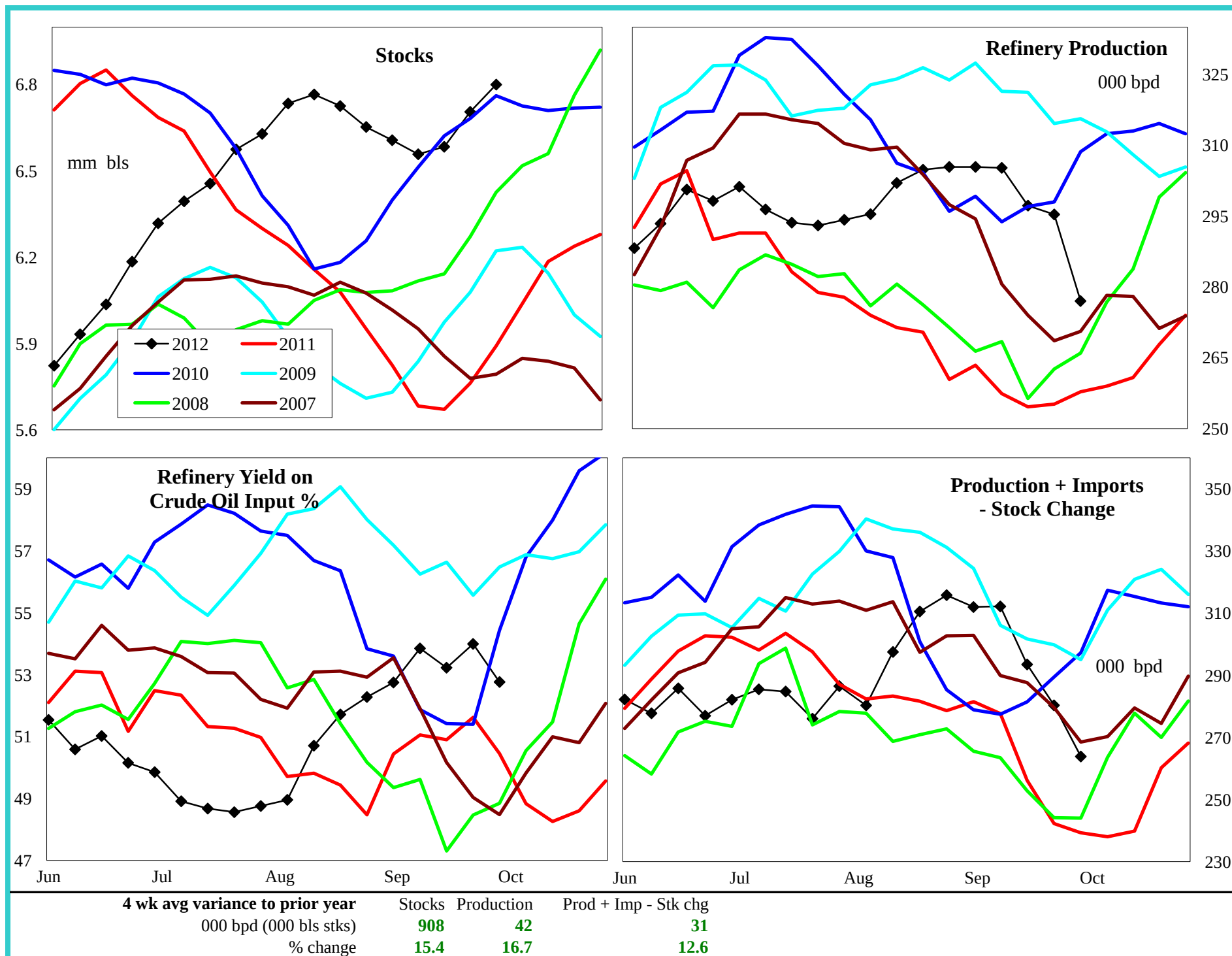
PADD 3 Residual Fuel Oil Supply



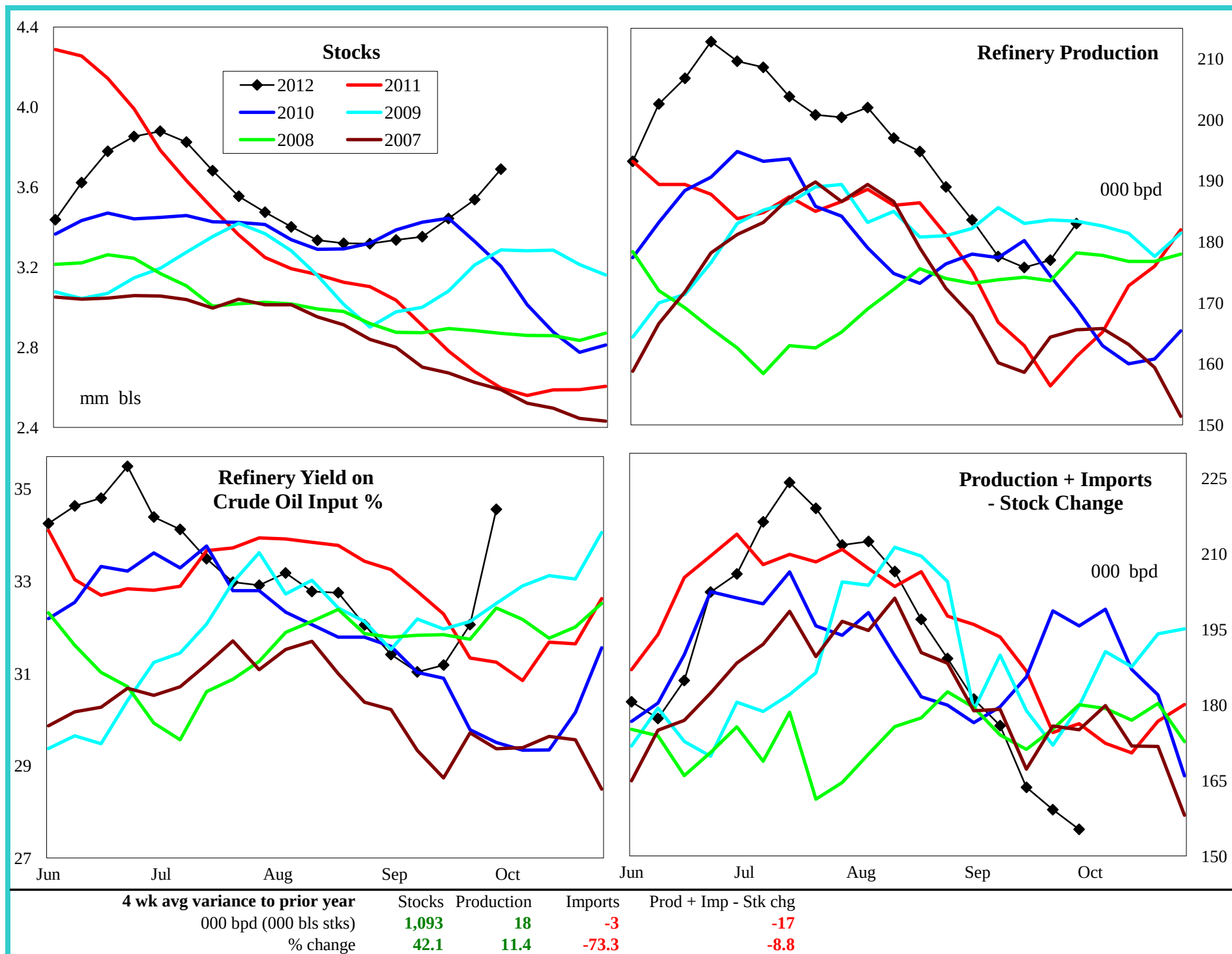
PADD 4 Crude Oil Supply and Refining



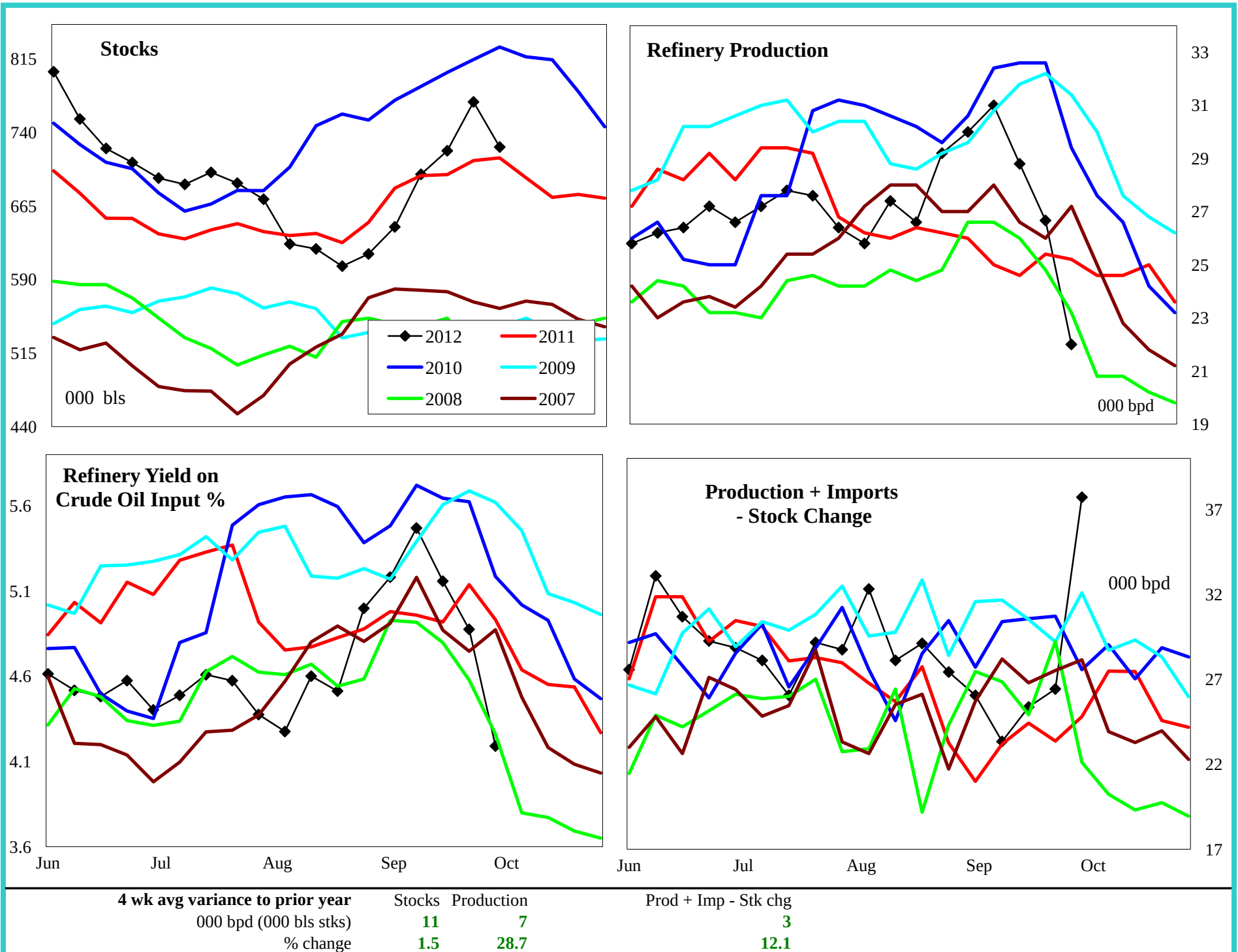
PADD 4 Gasoline Supply



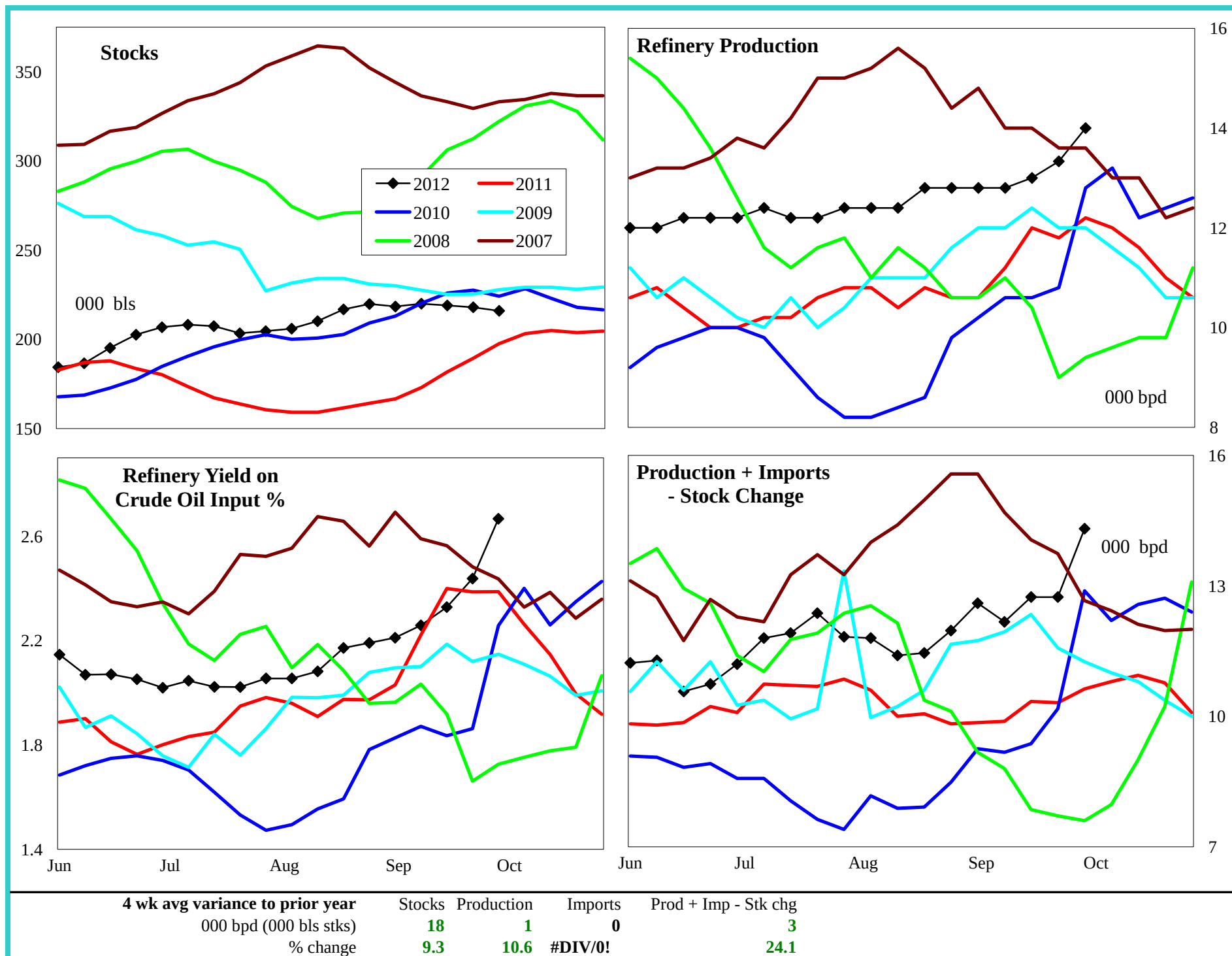
PADD 4 Distillate Supply



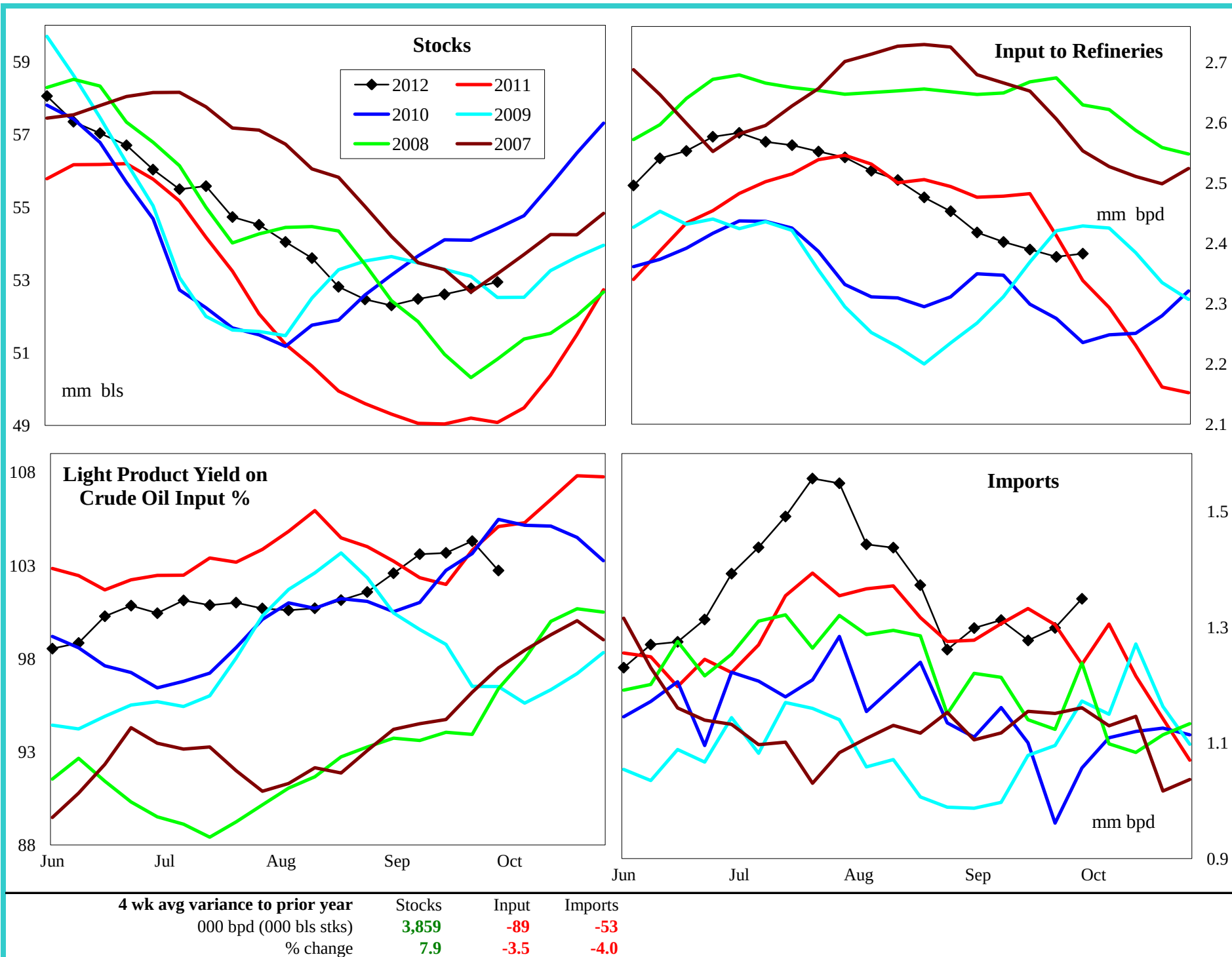
PADD 4 Jet Fuel Supply



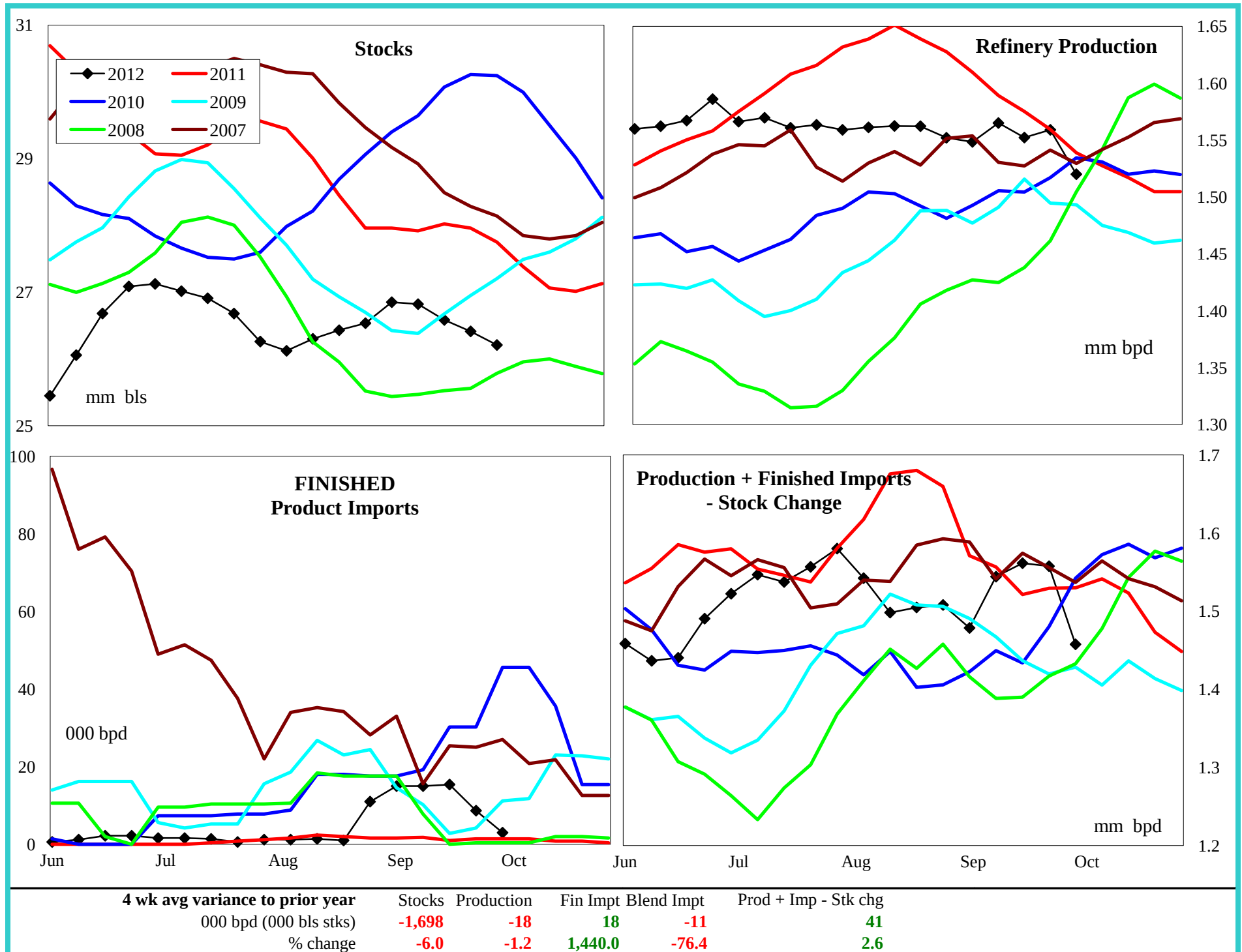
PADD 4 Residual Fuel Oil Supply



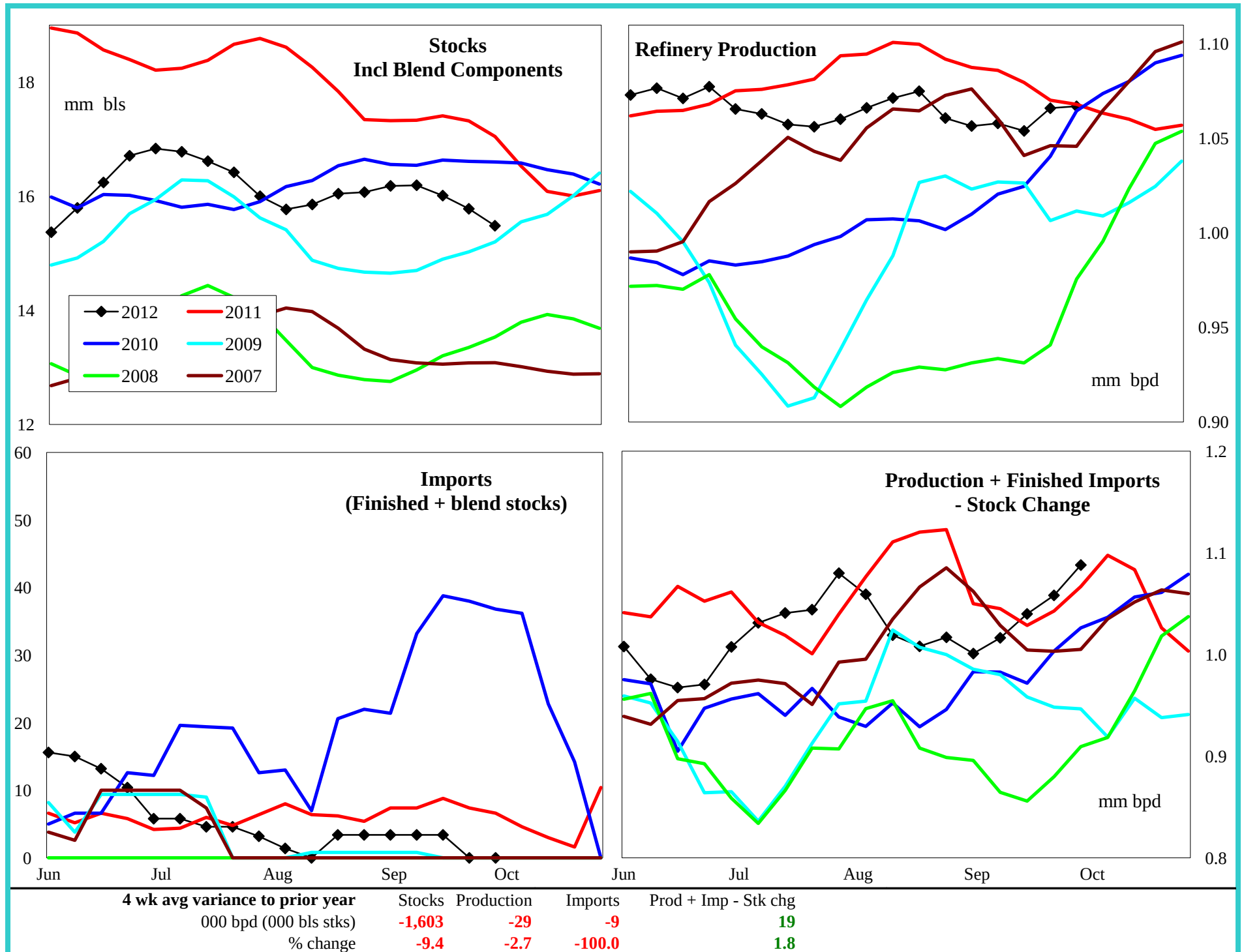
PADD 5 Crude Oil Supply and Refining



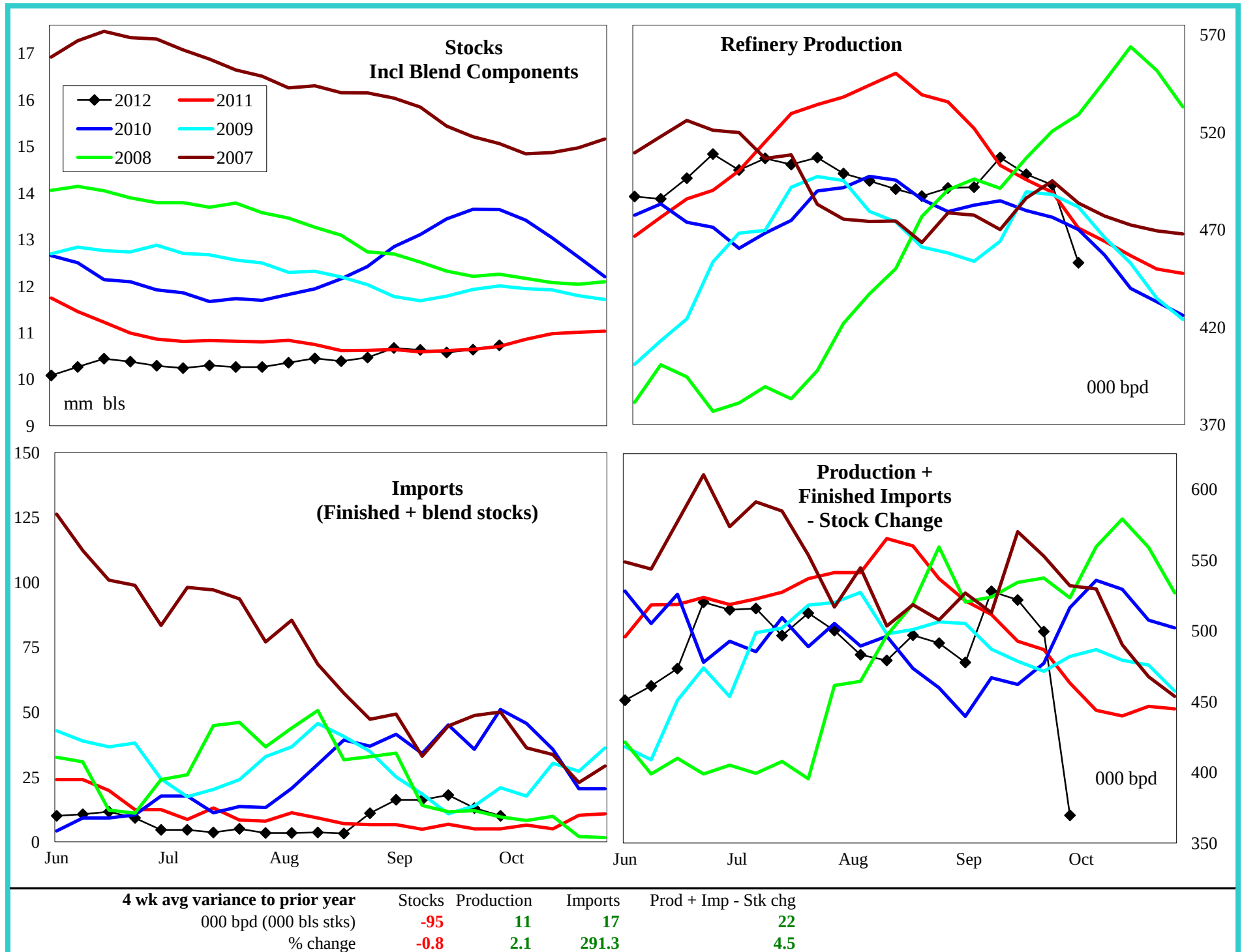
PADD 5 Gasoline Supply



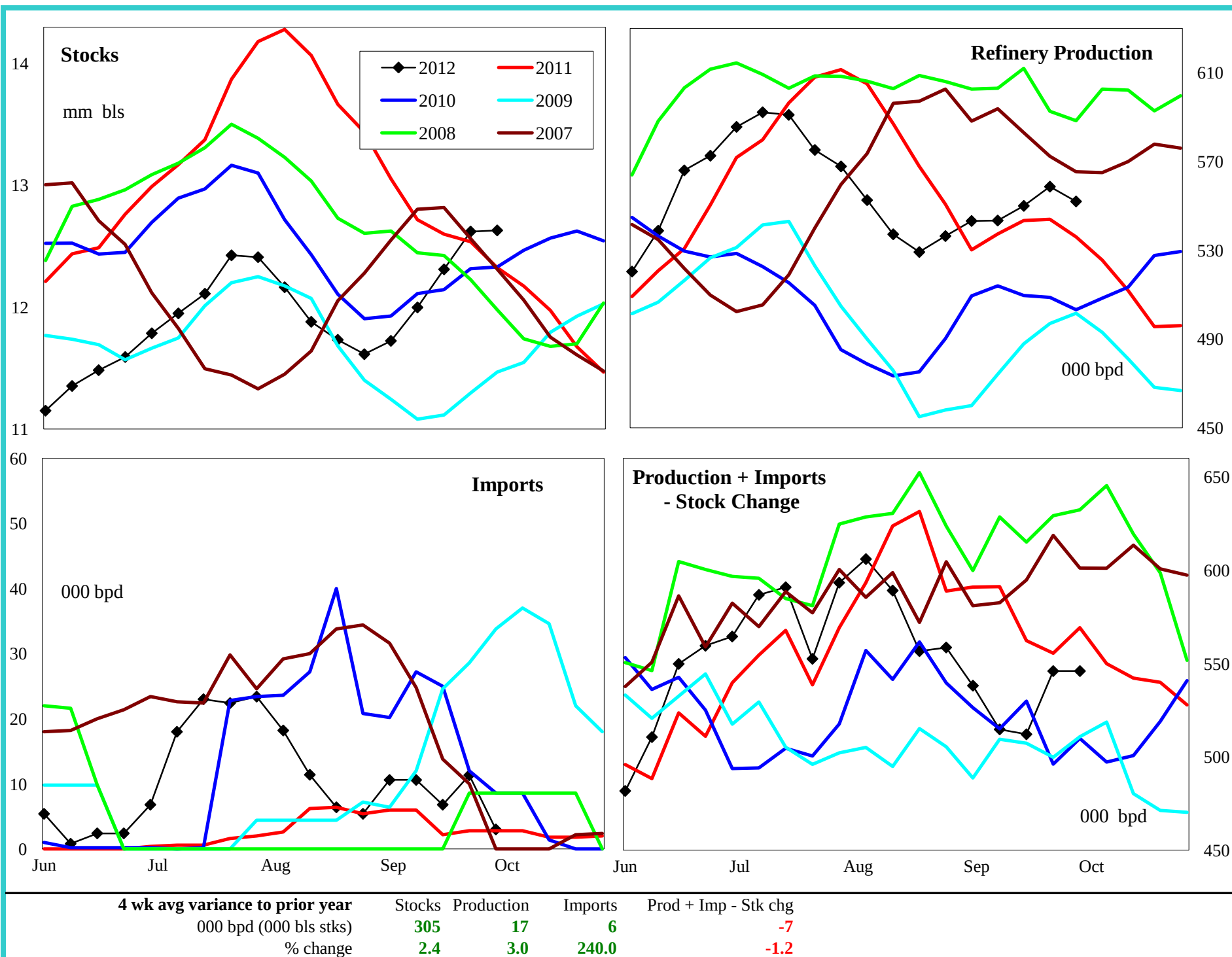
PADD 5 Reformulated Gasoline Supply



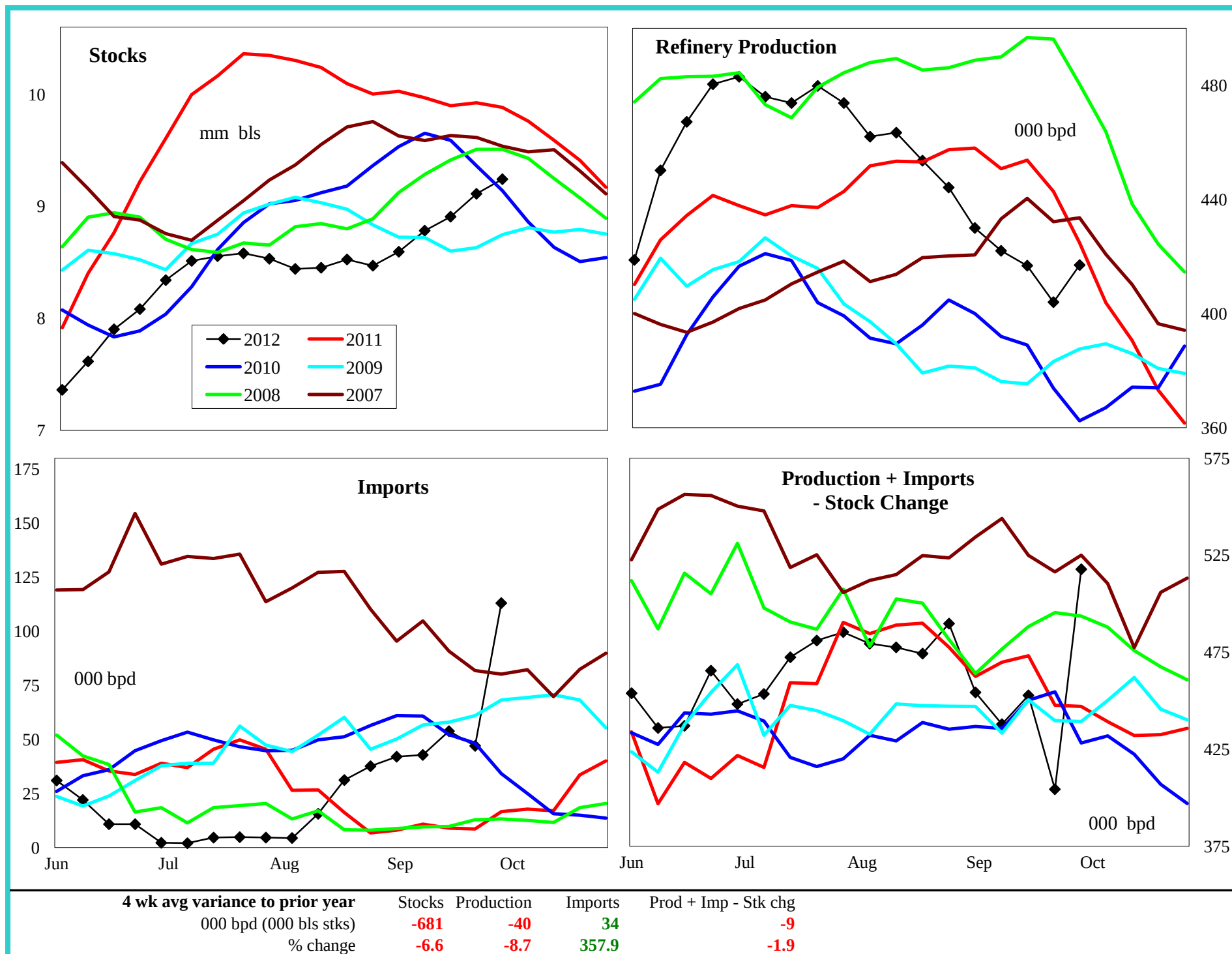
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

