



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

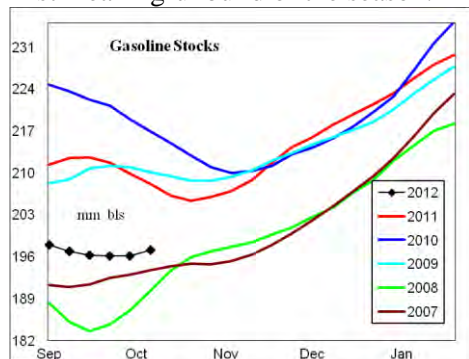
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 17, 2012

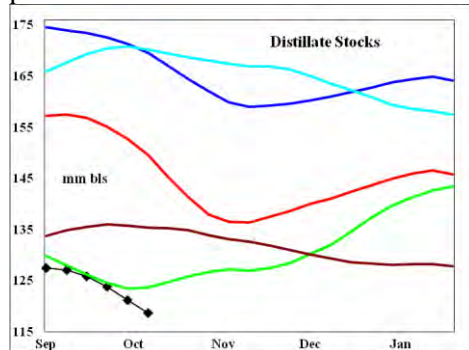


Major Fundamental Trends¹

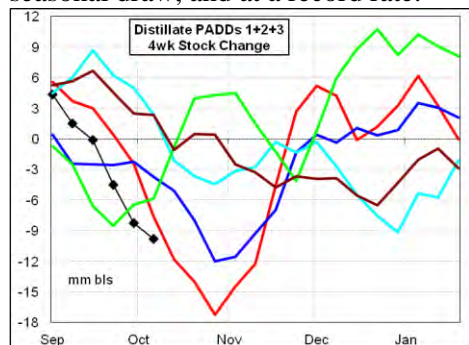
Production of both gasoline and distillate saw meaningful increases last week, largely offsetting the prior week decline. Gasoline stocks increased +1.7 million barrels on the week; the first meaningful build of the season.



Distillate stocks fell -2.2 million barrels for the week, extending a long term down trend on record exports and a lack of year-on-year increase in production.



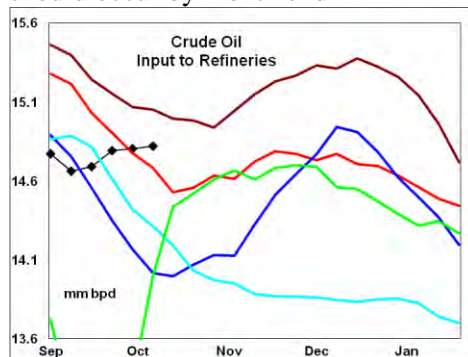
The latest 4-wk stock distillate stock draw in markets East of the Rockies was -9.8 million barrels. This represents an earlier than normal seasonal draw, and at a record rate.



The record low stock level and high

rate of draw down has been the result of an extended period of record exports and lack of year-on-year increase in production. These fundamental trends point to high risk of a supply squeeze during the winter heating season for the Atlantic Basin region (East Coast, Gulf Coast and Europe regional markets).

Refinery crude oil runs increased slightly last week to a level just above the last 3-years. Peak maintenance should occur by month end



Crude oil imports fell -0.8 million bpd below a year ago for the most recent 4-wk period; driven by an offsetting increase in domestic production. Stock levels ended the week +11% above the record highs set in 2010.

Demand for jet fuel spiked +196,000 bpd last week, while other refined fuels saw modest increases. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.3%; distillate fell -4.2%; jet fuel up +2.3% while residual fuel oil decreased -28%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.7 million barrel stock build. Coverage levels were comparable to the average of the last 3-years.

Distillate coverage fell on a -2.2 million barrel stock draw and robust demand. Coverage levels fell to a new 5-year low.

Jet fuel coverage decreased on a -1.2 million barrel stock draw last week. Coverage levels ended the week at the low end of the 5-year range.

Refinery utilization rates increased last week on a +70,000 bpd increase in

crude oil runs. During the latest 4-wk period crude oil input was -48,000 bpd below a year ago.

Gasoline yield % on crude oil runs surged on a +408,000 bpd rise in output compared to the +70,000 bpd increase in crude oil runs. Yield % on crude oil runs was below each of the last 3-years.

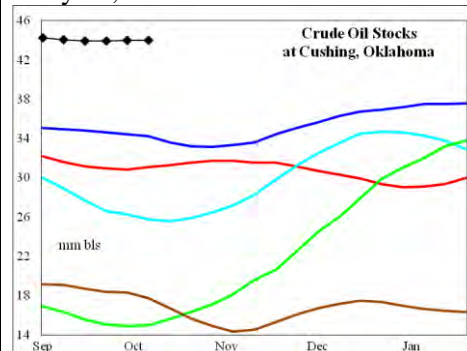
Distillate yield % on crude oil runs increased on a +146,000 bpd rise in production, compared to the small increase crude oil runs. The yield % was comparable to the last 2-years.

Jet fuel yield % on crude oil runs fell on a -33,000 bpd decline in output, compared to the small increase in crude oil runs. The yield % was near the average of the last 3-years.

Petroleum Imports of jet fuel jumped +95,000 bpd on the week, concentrated on the West Coast. During the latest 4-wk period crude oil imports were -0.8 million bpd below last year; distillate imports decreased -54,000 bpd; finished gasoline imports decreased -41,000 bpd, gasoline blend stock imports increased +85,000 bpd; jet fuel imports were +20,000 bpd higher, while residual fuel oil imports decreased -22,000 bpd.

Crude Oil imports increased +0.1 million bpd last week, although the latest 4-wk average was -0.8 million bpd below last year and a record low.

Stocks increased +2.9 million barrels, including a +2.1 million barrel build on the West Coast. Cushing stocks ended the week +12.9 million barrels above last year, +42%.



¹ Source is latest EIA Weekly Statistics



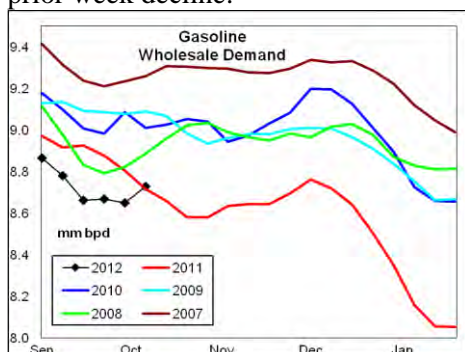
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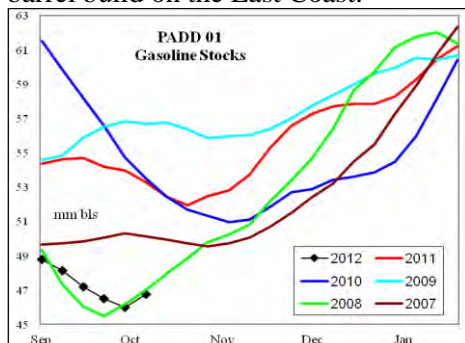
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Product Supply-Demand Trends

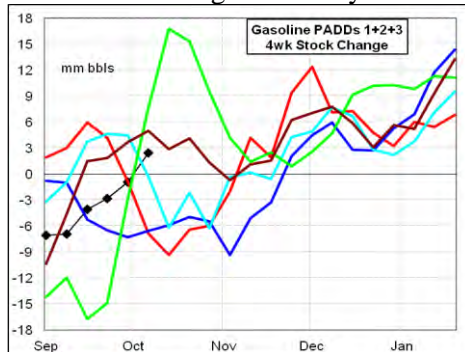
Gasoline demand increased +142,000 bpd last week, a level that matched last years' 5-year lows. The latest 4-wk average demand was -203,000 bpd below a year ago. Supply increased +436,000 bpd last week, reversing the prior week decline.



Stocks climbed +1.7 million barrels on the week, including a +1.6 million barrel build on the East Coast.



The latest 4-wk stock change in markets East of the Rockies was a +2.5 million barrel stock build. This build compares to an average -7 million barrel draw during the last 3-years.

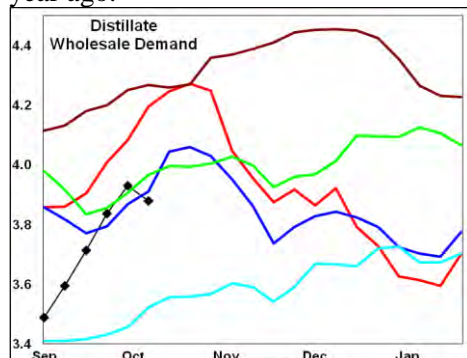


Expect supplies on the East Coast to show significant improvement over the next 30-days on increased production of winter grades, and lower seasonal demand.

The supply squeeze on the West

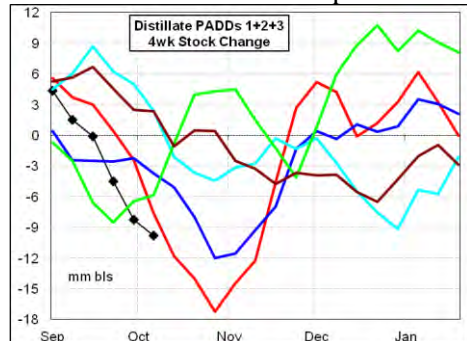
Coast has begun to improve as a result of high production. Stocks should begin to build from record low levels on high production and lower seasonal demand.

Distillate demand increased +57,000 bpd last week, with the level comparable to the average of the last 3-years. The latest 4-wk average demand was -168,000 bpd below a year ago.



Supply increased +117,000 bpd on the week due to higher production. Stocks fell -2.2 million barrels last week, including a -0.9 million barrel draw on the East Coast.

The latest 4-wk stock change in markets East of the Rockies was an -9.8 million barrel draw, an earlier than normal record draw for the period.



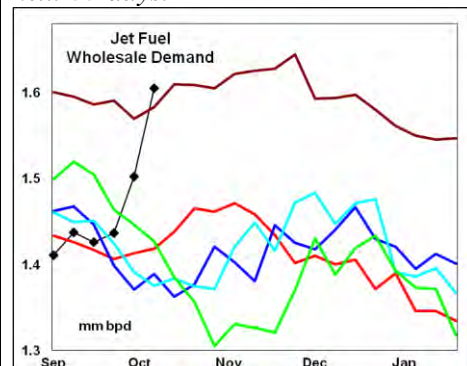
Record exports, extremely low imports and a lack of year-on-year growth in production underlie the very large stock draw down. Look for further stock draws during the next 60-days while refiners complete maintenance. Risk is very high for a supply squeeze in the Atlantic Basin during the winter heating season.

Jet Fuel demand spiked +196,000 bpd on the week to a level near 5-year highs. The latest 4-wk average

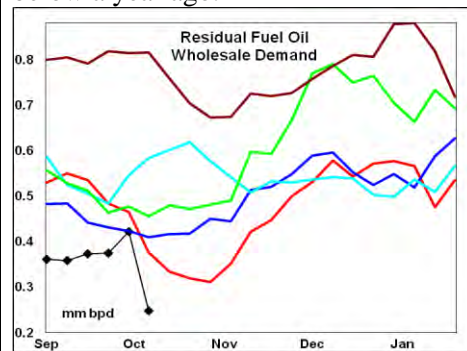
demand was +34,000 bpd above a year ago.

Supplies increased +62,000 bpd last week, on a surge in imports to the West Coast. Stocks fell -1.2 million barrels on the week to a level -7.5% below last year.

Look for demand to see a sharp pull back from current levels. A seasonal downtrend in production should lead to stock draws over the next 60-days.



Residual fuel oil demand decreased -249,000 bpd last week, with the latest 4-wk average demand -132,000 bpd below a year ago.



Supply (production + imports) fell -57,000 bpd last week, on lower production. The latest 4-wk average supply was -90,000 bpd below last year on lower production and imports. Stocks were unchanged on the week, at a level that matched historic lows.

Wholesale demand for the latest 4-wk period was -132,000 bpd below last year; partially offset by a -90,000 bpd decrease in supply. Stock levels remain at historic lows for this time of year.

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



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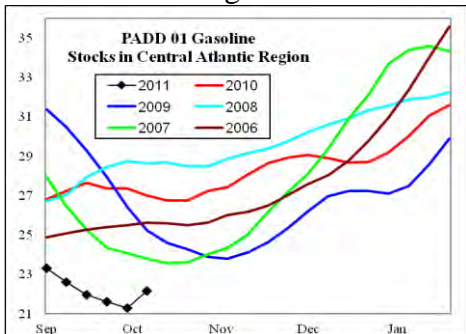
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +15,000 bpd last week, to a level near last year.

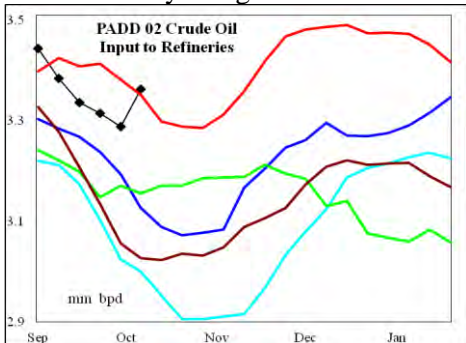
Gasoline supply was unchanged on the week, at a level below the last 2-years. Stocks increased +1.6 million barrels on the week, with the level matching historic lows.



Stock levels in the Central Atlantic region increased last week for the first time in 60-days; expect a meaningful improvement in supply over the next 30-days.

Distillate supply was unchanged on the week. Imports were -89,000 bpd below last year for the most recent 4-wk period. Stocks fell -0.9 million barrels on the week, to a level -35% below last year.

Jet fuel supply increased +5,000 bpd last week, with the level below the 5-year range. Stocks fell -0.6 million barrels on the week, with the level -16% below a year ago.



PADD 2 crude oil refinery runs climbed +173,000 bpd to a level that matched last years' record high. The latest 4-wk average crude runs were -111,000 bpd below last year. Crude oil imports increased +291,000 bpd on the week to a level above last years' record

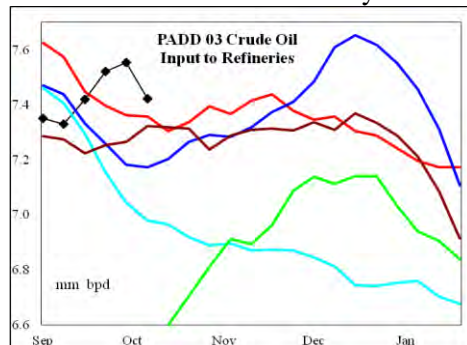
high. Stocks increased +1.2 million barrels, with the level +13.7 million barrels above the prior record high.

Gasoline production declined -54,000 bpd on the week, with the latest 4-wk average -105,000 bpd below a year ago. Stocks fell -0.9 million barrels to a level that matched 5-year lows.

Distillate production jumped +105,000 bpd on the week, with the level sharply above the 5-year range. Stocks were unchanged for the week, at a level near 5-year lows for this time of year.

Jet fuel production increased +5,000 bpd last week, to a level below the last 2-years. Stocks decreased -0.4 million barrels to a level below the last 2-years.

PADD 3 refinery runs declined -141,000 bpd on the week, at a level above the 5-year range. The latest 4-wk average runs were +172,000 bpd above a year ago. Stocks increased +0.2 million barrels last week, to a level above four of the last 5-years.



Gasoline supply increased +163,000 bpd last week. Stocks jumped +1 million barrels last week, to a level -2% below a year ago.

Production was below year ago levels, with the latest 4-wk average supply -20,000 bpd below a year ago. Stocks fell -1.6 million barrels on the week, to a level -26% below last year.

Jet fuel production decreased -27,000 bpd last week, with the level slightly above the 5-year range. Stocks increased +0.1 million barrels on the week with the level below the mid range.

Residual fuel oil stocks were

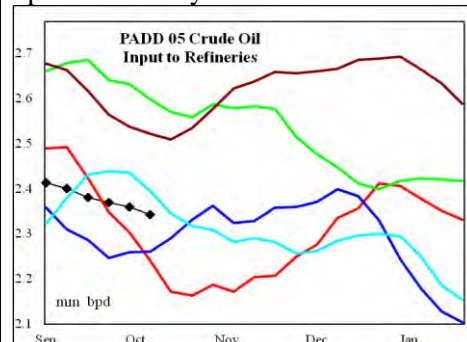
increased +0.3 million barrels on the week. Supply fell -96,000 bpd last week, to a level comparable to last year.

PADD 4 refinery crude runs increased +23,000 bpd on the week, with the level below the 5-year range. The most recent 4-wk average run rate was unchanged from last year.

Gasoline supply increased +35,000 bpd on the week, to a level at the upper end of the historic range. Stocks increased +0.1 million barrels on the week, to a level near the mid range.

Distillate production increased +40,000 bpd last week, to a level near the mid range for this time of year. Stocks were unchanged last week, at a level that matched historic highs for the week.

PADD 5 crude oil refinery runs were unchanged last week, at a level slightly above the last 2-years. Runs for the most recent 4-wk period were +47,000 bpd above last year.



Gasoline supply decreased -12,000 bpd on the week, with production levels above the last 3-years. Stocks decreased -0.1 million barrels on the week, to a level that matched 5-year lows.

Distillate supply increased +27,000 bpd on the week, with the latest 4-wk average -14,000 bpd below a year ago. Stocks increased +0.3 million barrels on the week, with the level above the 5-year range.

Jet fuel supplies jumped +79,000 bpd last week on higher imports. Stocks decreased -0.3 million barrels last week, a level near the mid range of the last 3-years.



PETROLEUM: Graph Link and Weekly Summary

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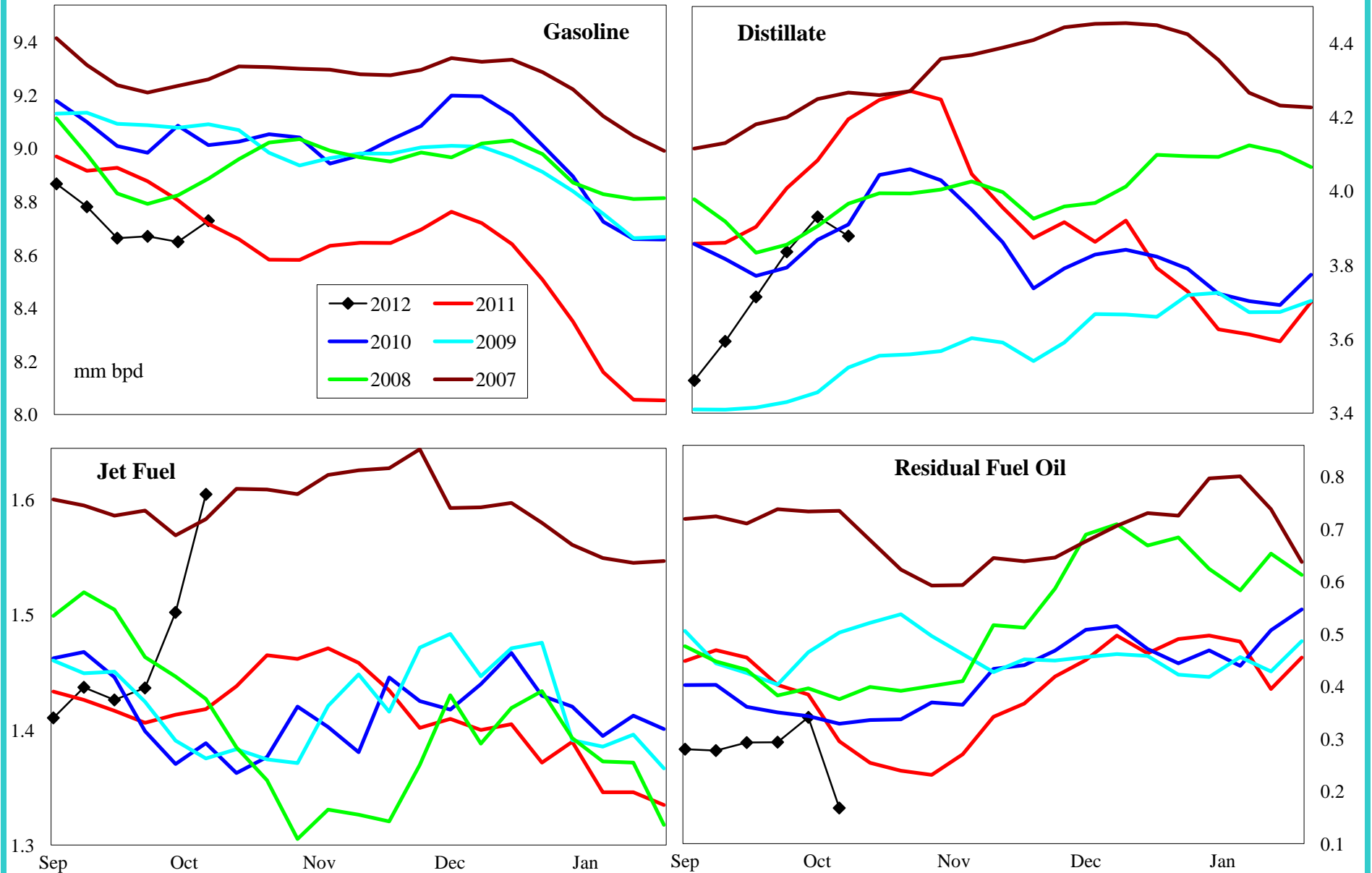
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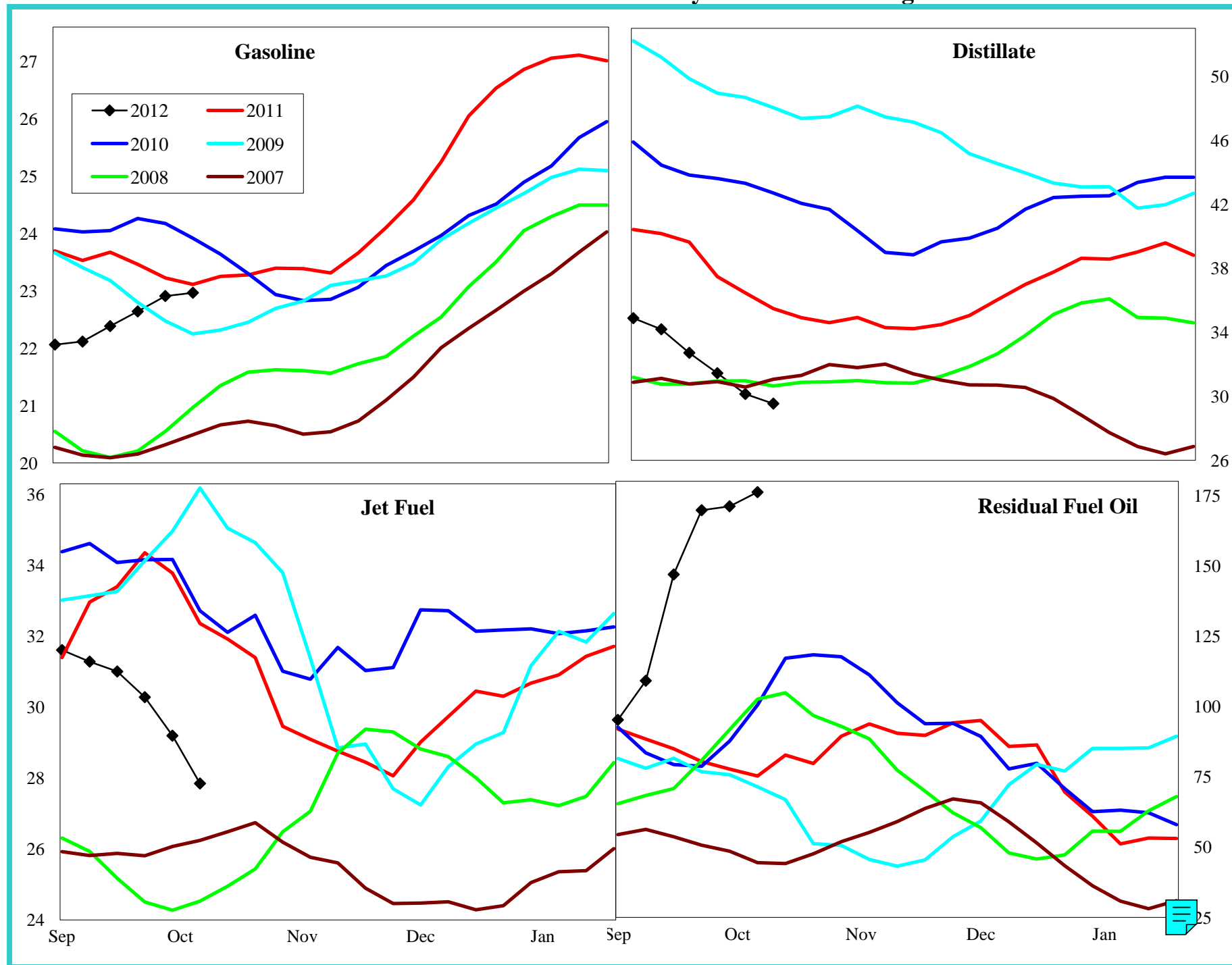
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	12-Oct-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	2,860	-797	1,170	213	177	2,098
	Imports	126	-32	291	86	-73	-147
	Input	70	15	173	-141	23	1
	% Utilization	0.70					
Gasoline	Stocks	1,720	1,635	-944	998	111	-79
	Production	408	-22	-54	165	35	-18
	Imports	28	23	2	-2	0	6
	Supplied	142					
Distillate	Stocks	-2,218	-926	-25	-1,594	10	318
	Production	146	17	105	-41	40	25
	Imports	-29	-16	0	-14	0	2
	Supplied	57					
Jet Fuel	Stocks	-1,152	-550	-407	135	-10	-320
	Production	-33	-5	5	-27	-4	-4
	Imports	95	12	0	0	0	83
	Supplied	196					
Residual Fuel Oil	Stocks	63	-137	-18	332	-2	-112
	Production	-82	-20	5	-42	1	-25
	Imports	25	25	0	-54	0	55
	Supplied	-249					

United States Wholesale Petroleum Demand

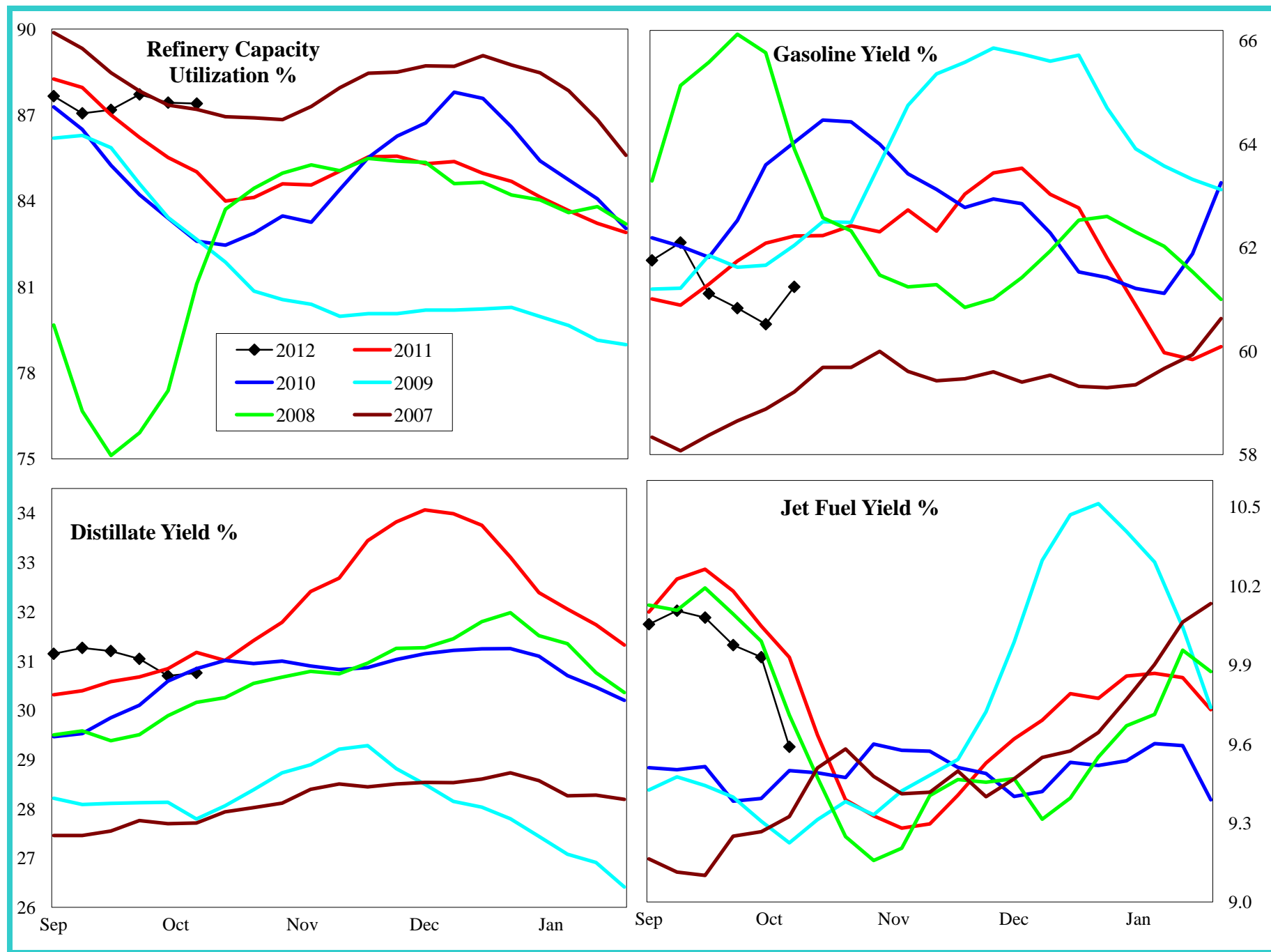


	000 bpd change from prior year				% change from prior year			
	4wk avg	Sep	Jan	Jul	4wk avg	Sep	Aug	Jul
Gasoline	-203	-101	31	-212	-2.3	-1.2	0.3	-2.3
Distillate	-168	-248	-156	-12	-4.2	-6.3	-3.9	-0.3
Jet Fuel	34	15	-52	-5	2.3	1.1	-3.3	-0.3
Resid	-132	-180	102	102	-28.5	-37.3	32.0	32.3

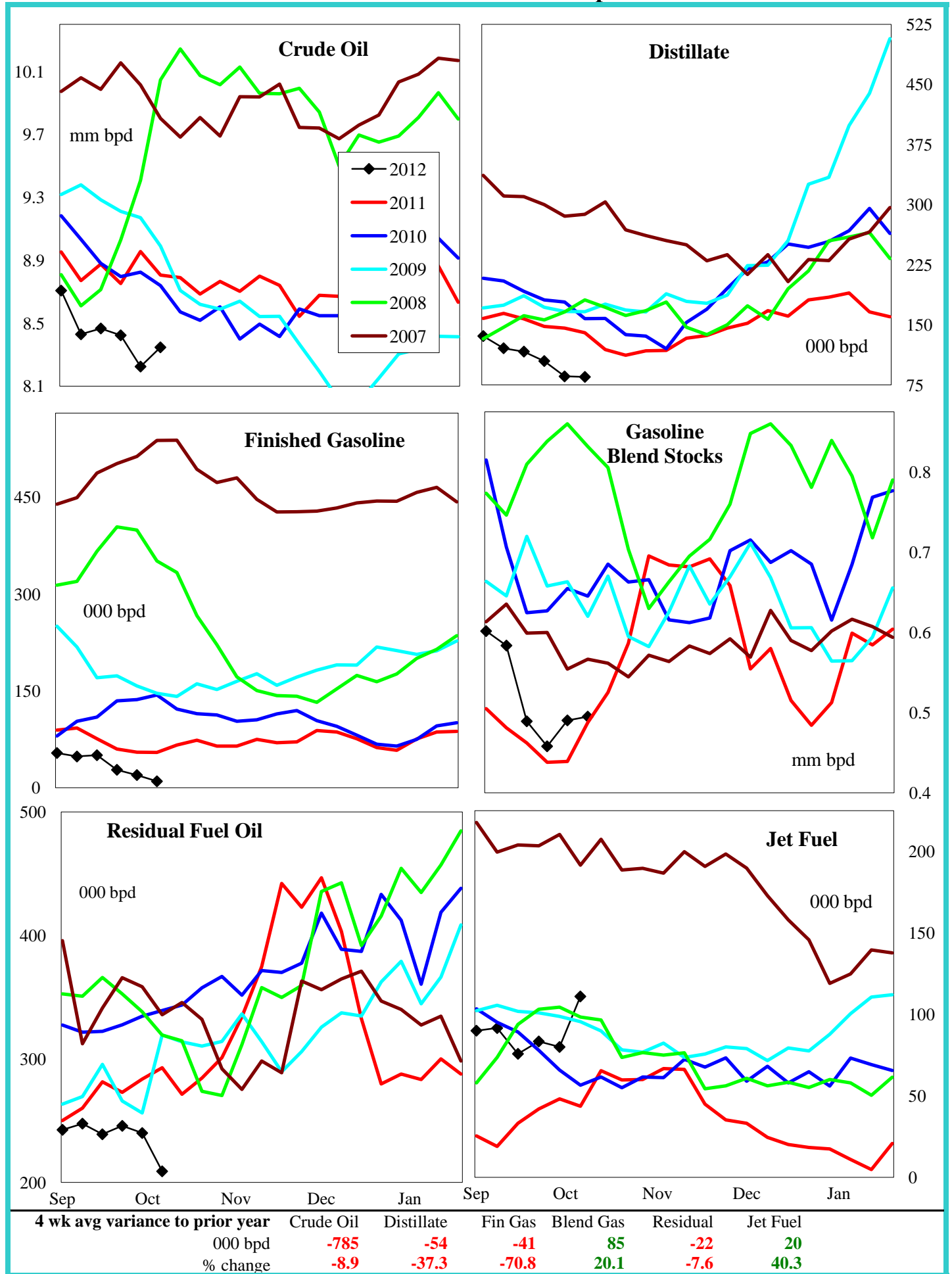


United States Product Stocks: Days Forward Coverage

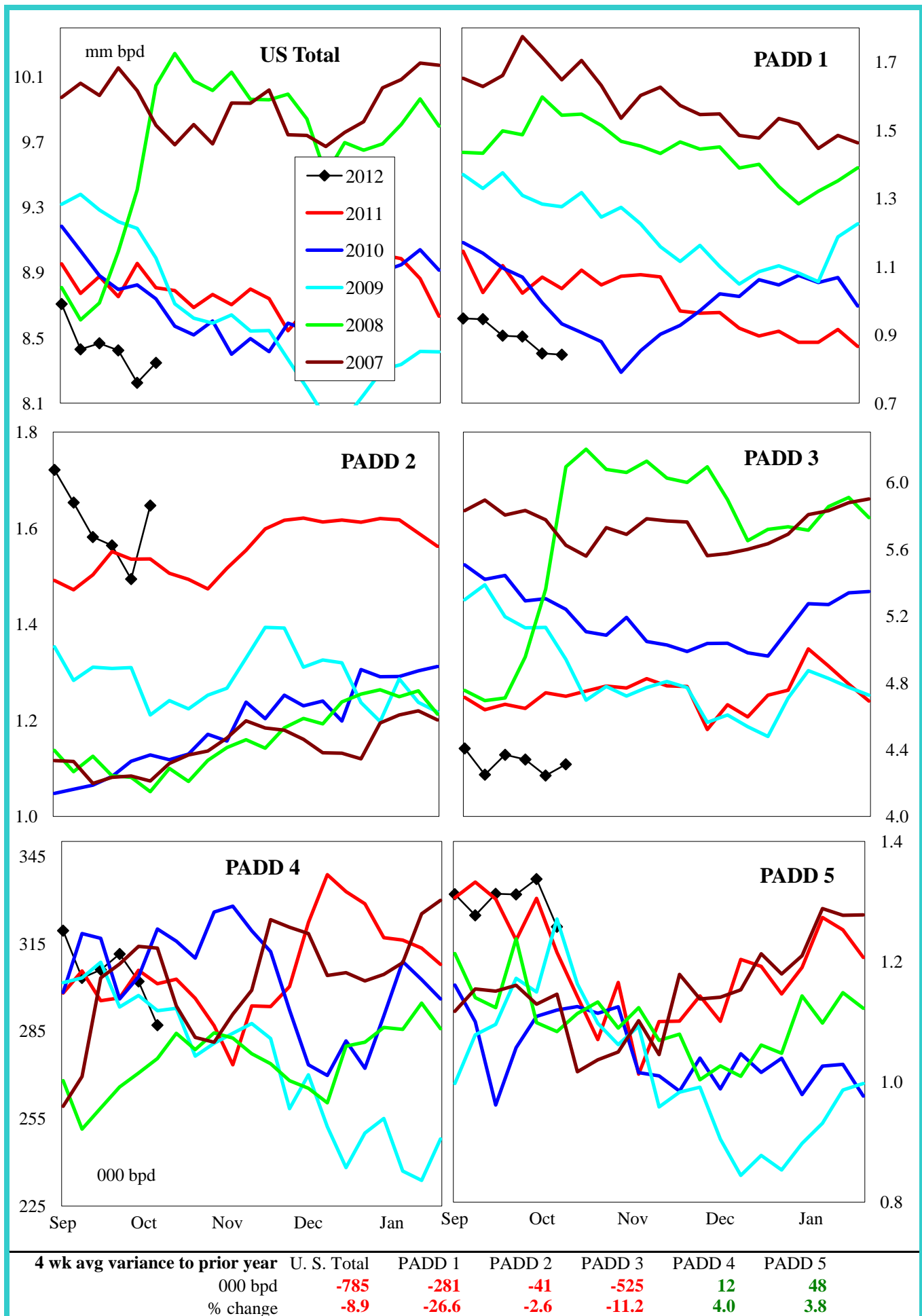
United States Refinery Percent Utilization Rate and Product Yields



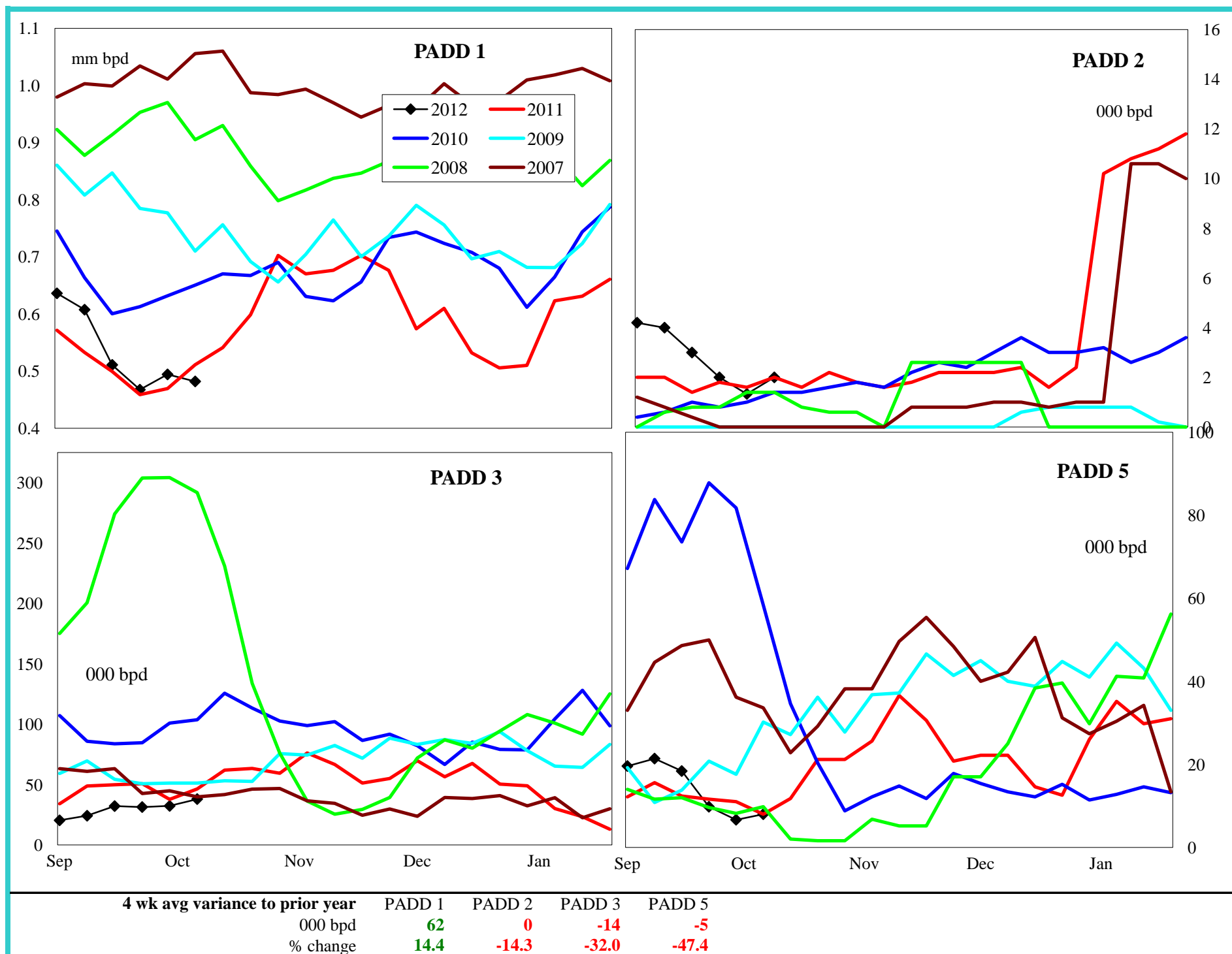
United States Petroleum Imports



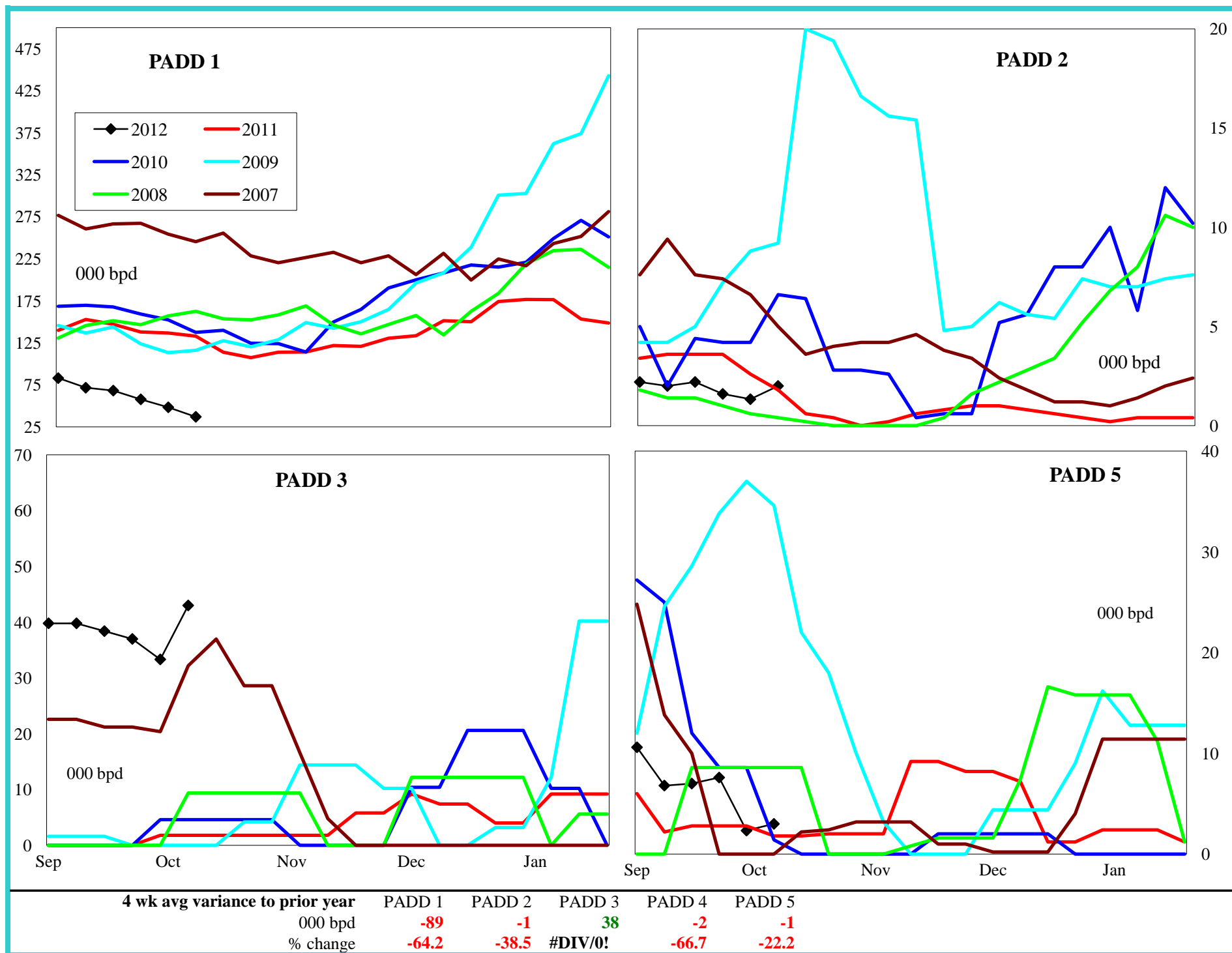
Crude Oil Imports by PADD



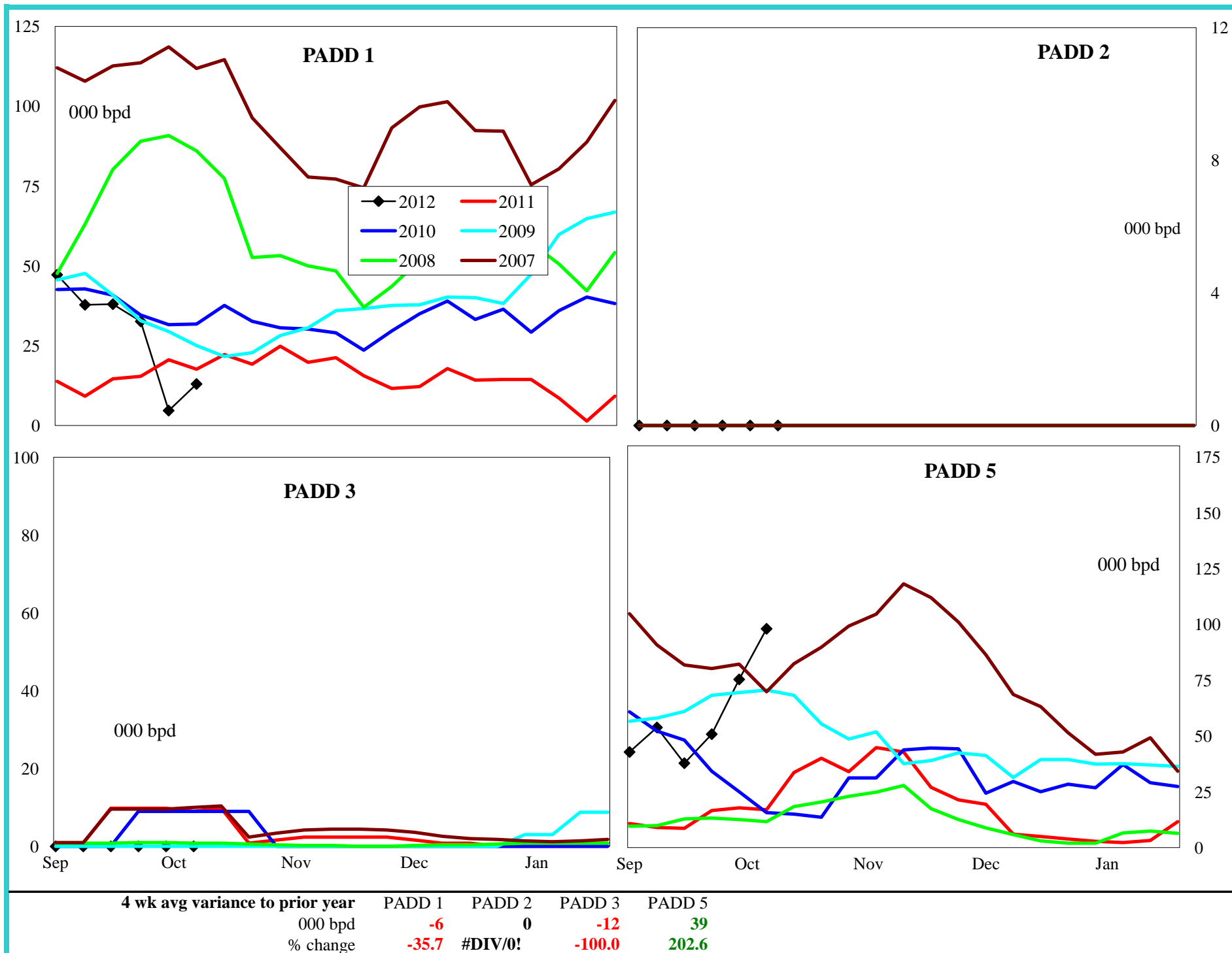
Gasoline Imports by PADD (Finished + Blend Stocks)



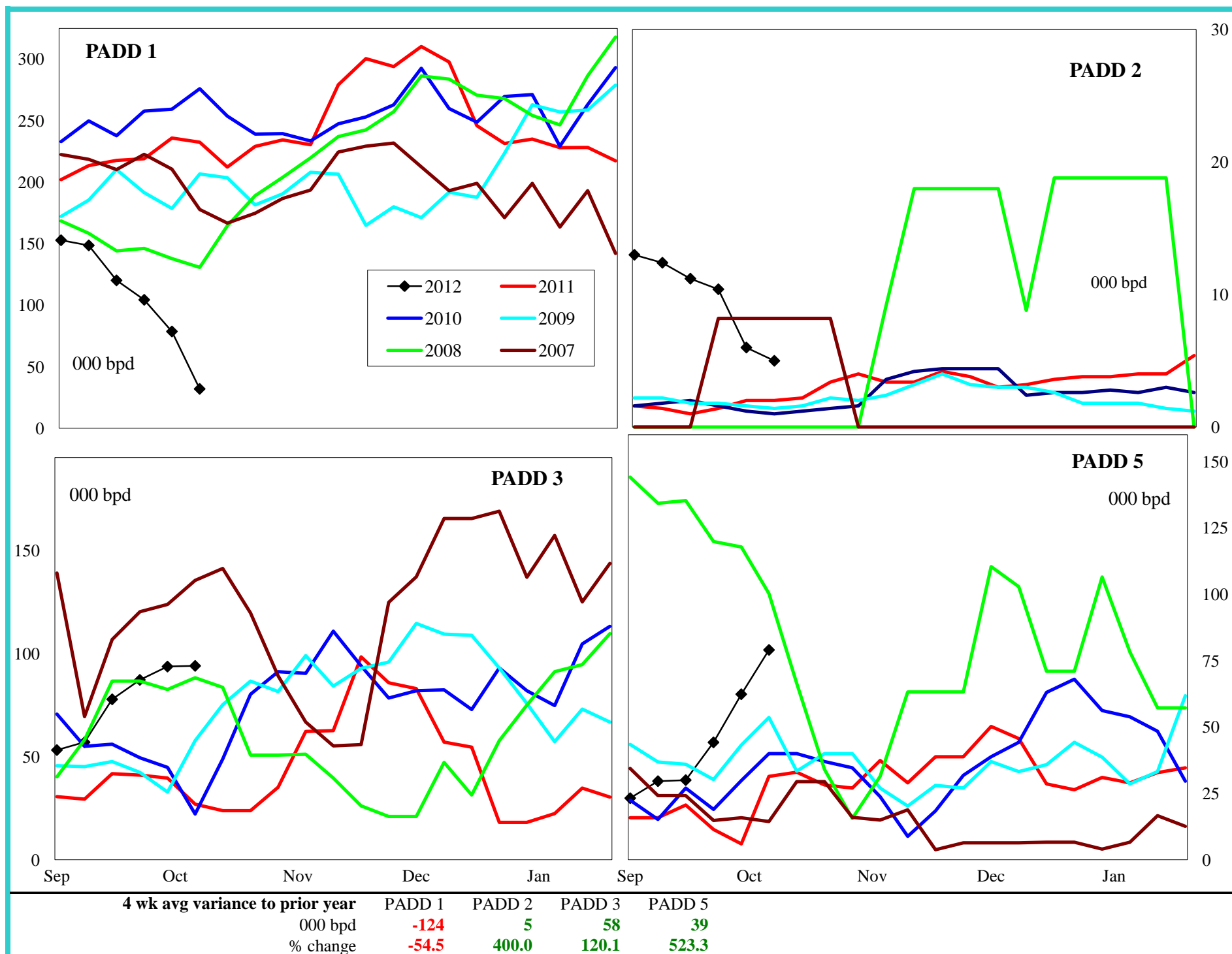
Distillate Imports by PADD



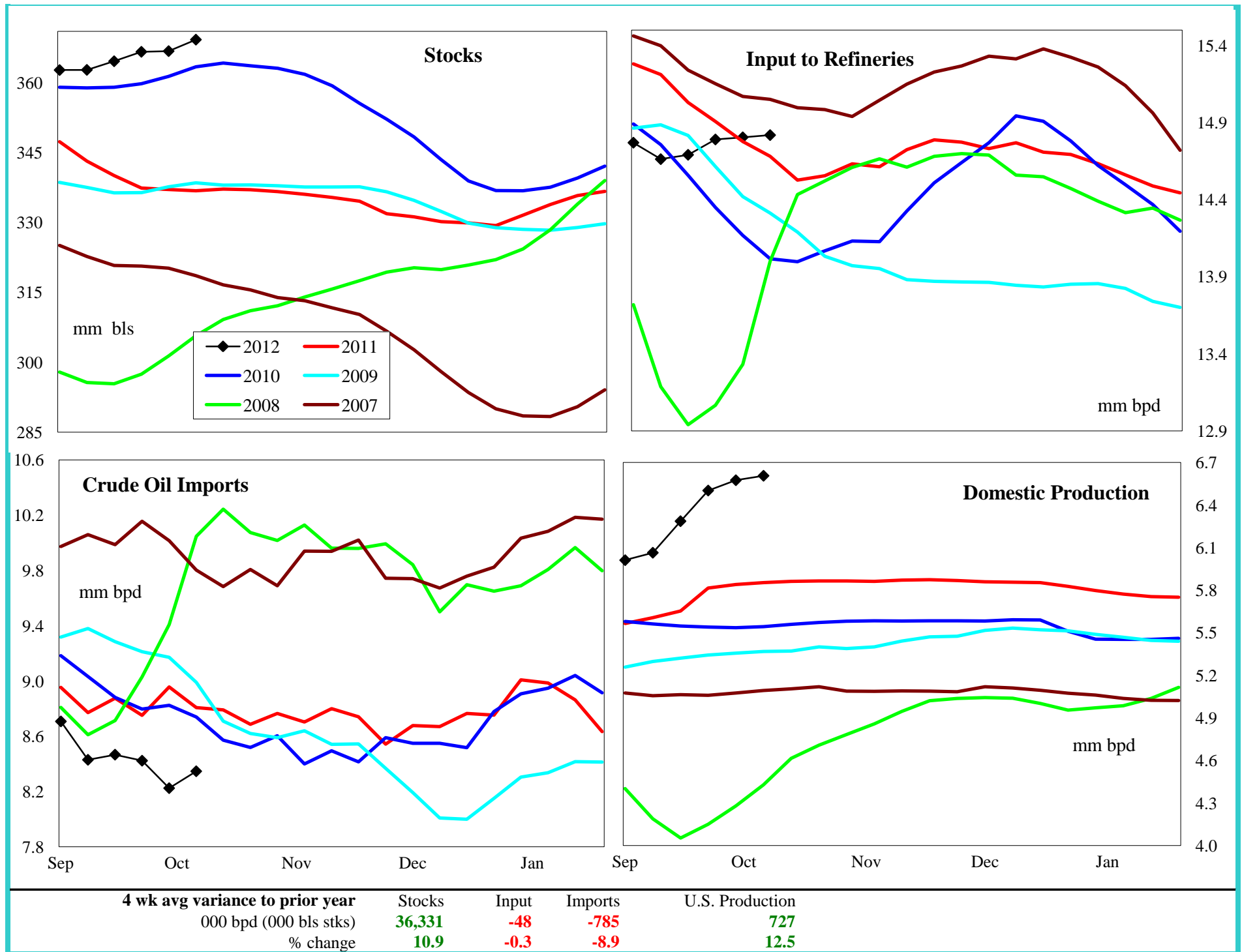
Jet Fuel Imports by PADD



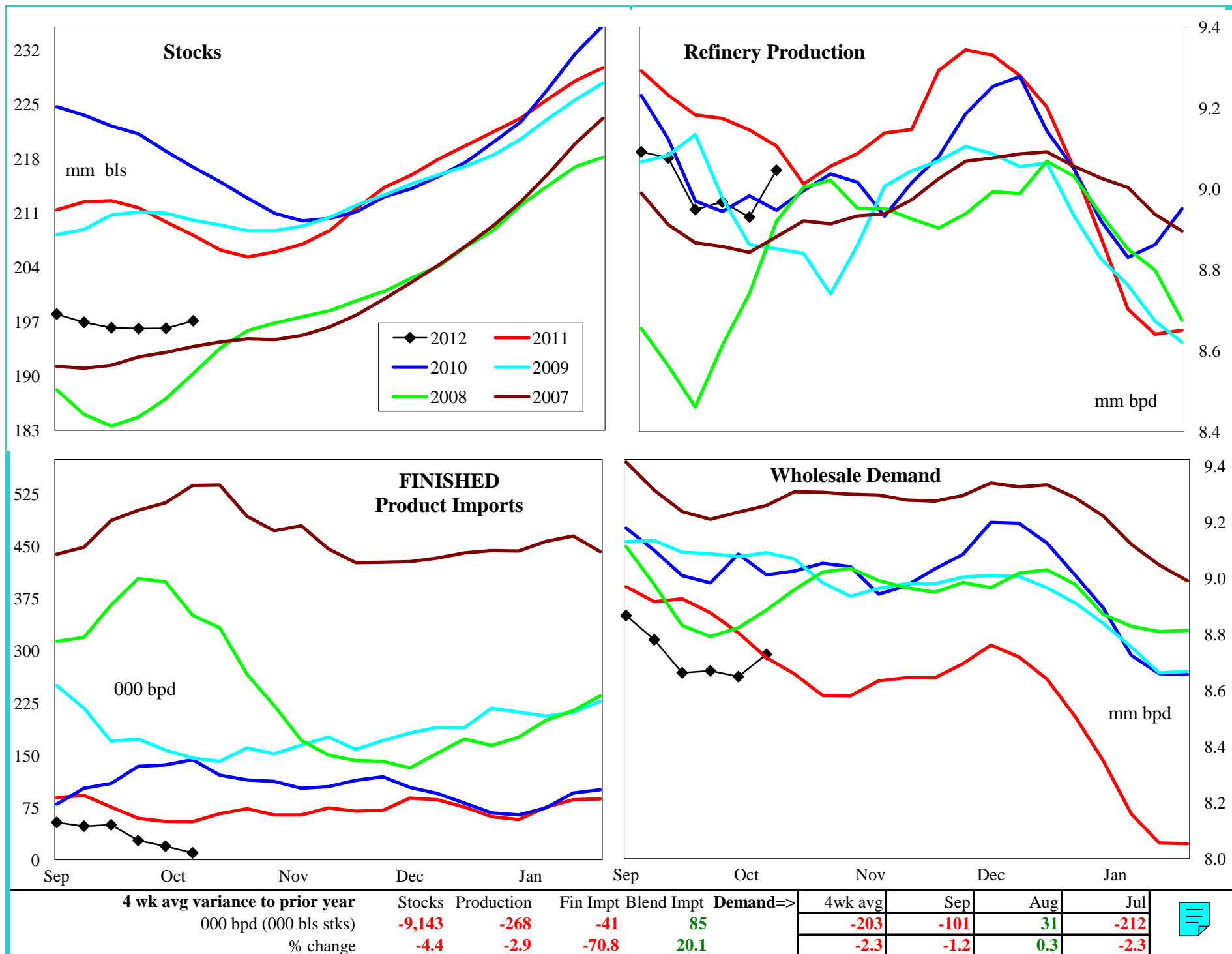
Residual Fuel Oil Imports by PADD



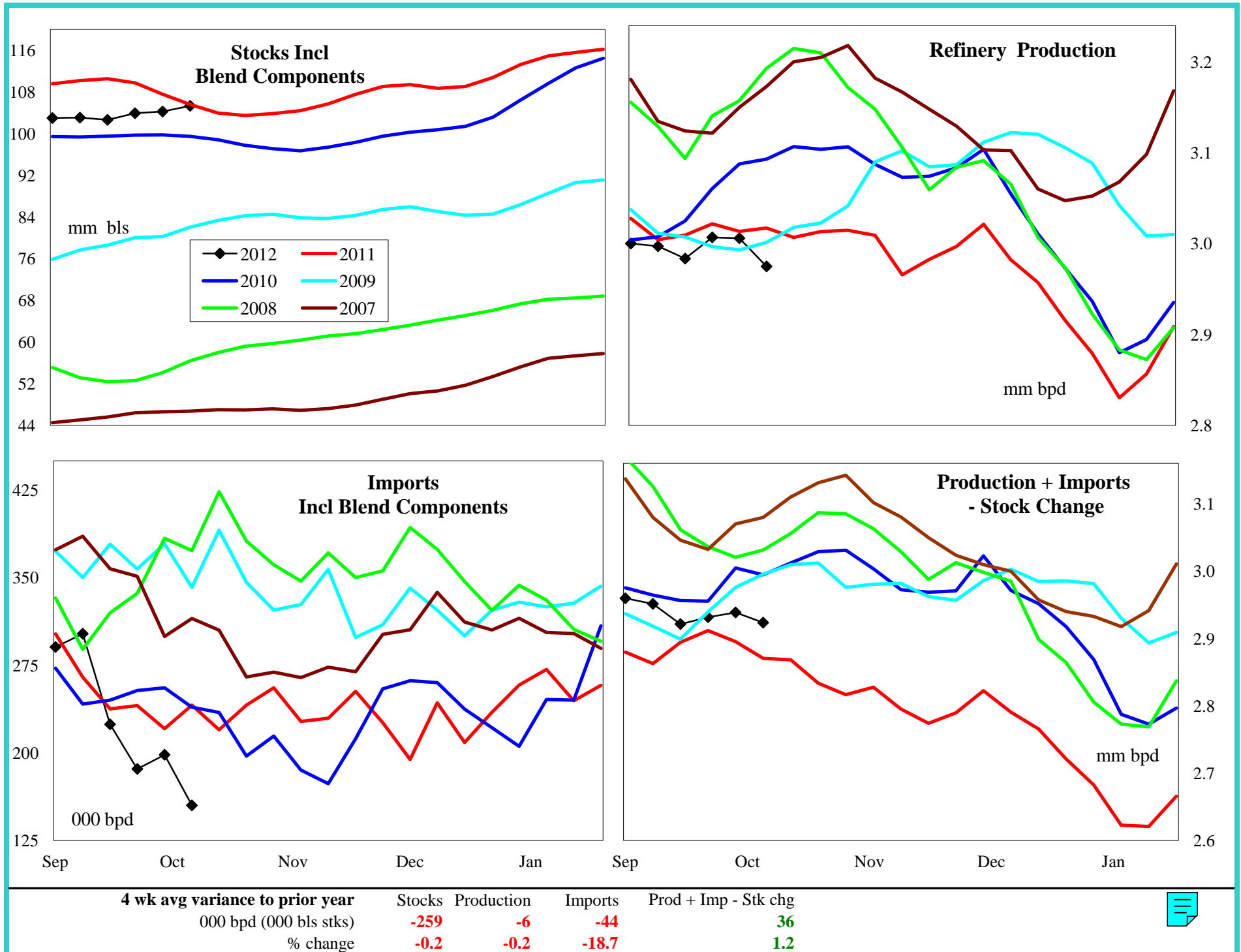
United States Crude Oil Supply and Demand Balance



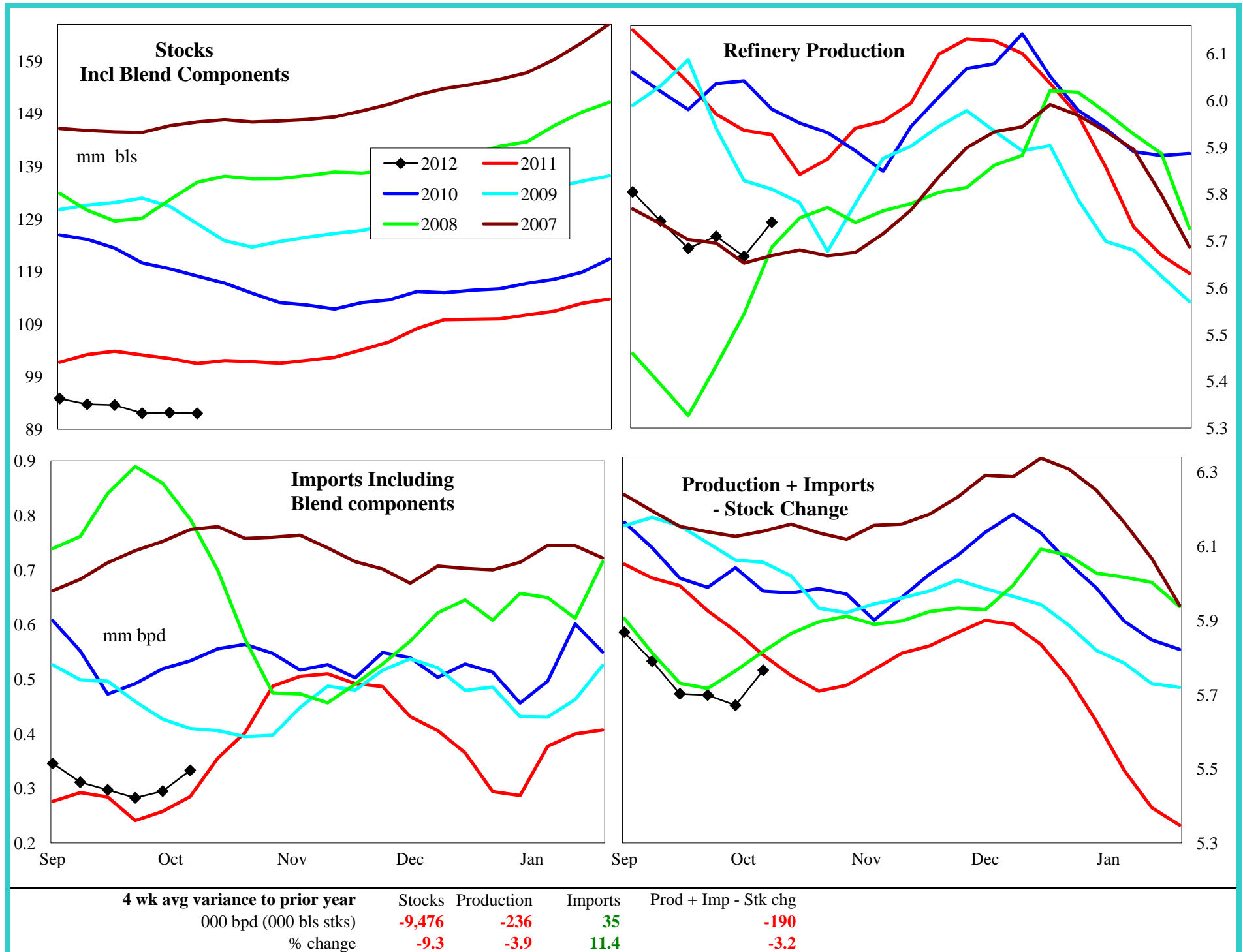
United States Gasoline Supply and Demand Balance



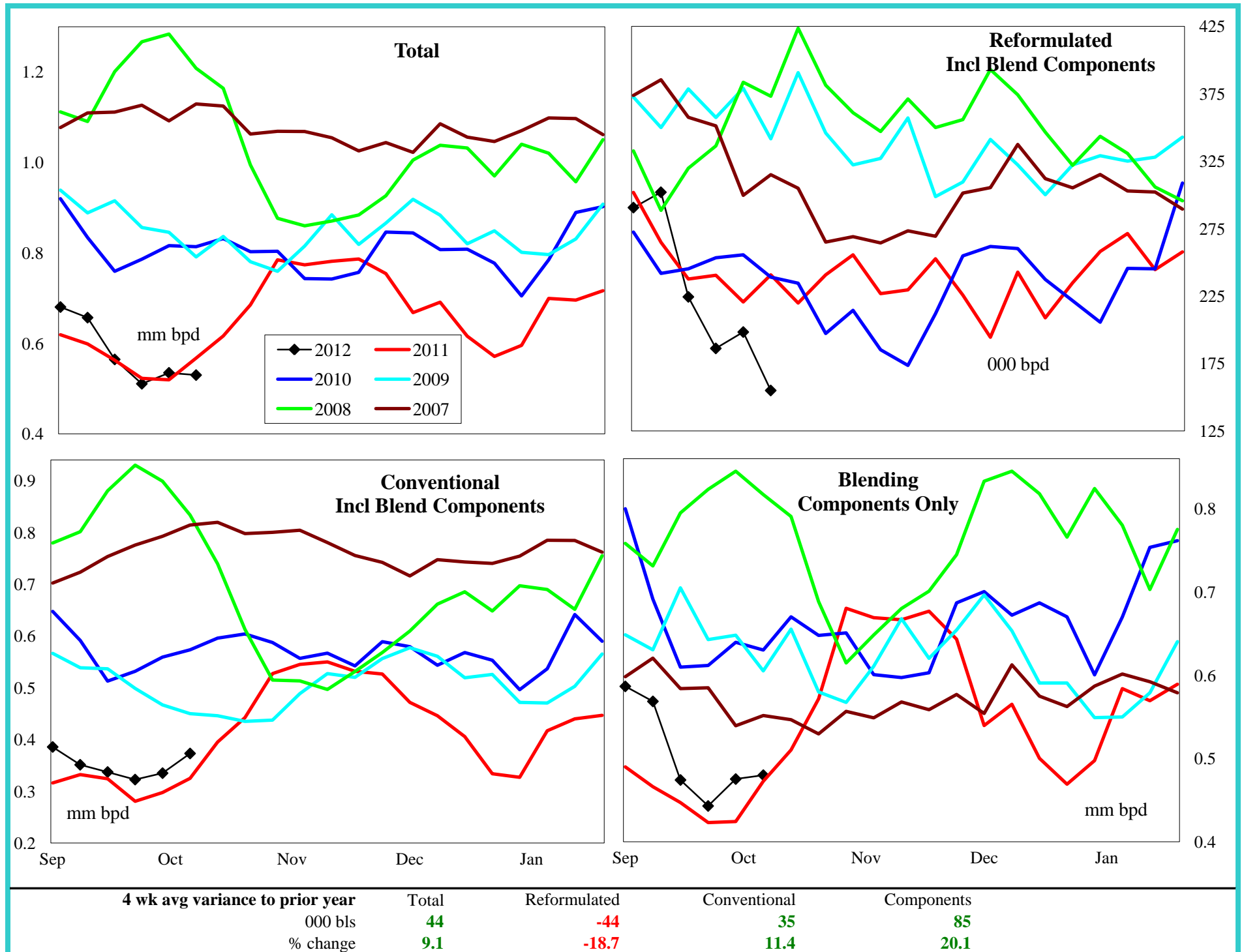
United States Reformulated Gasoline Supply



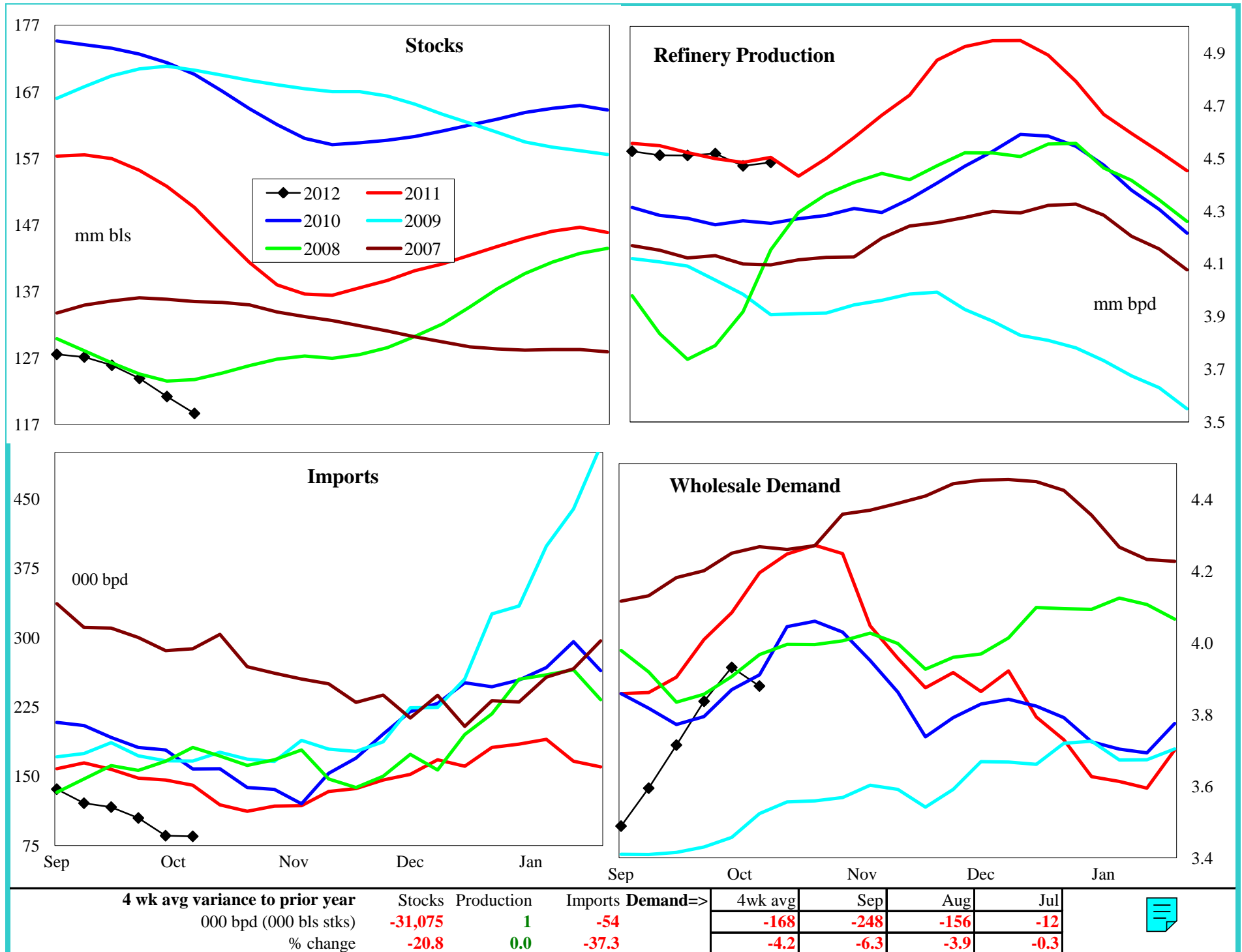
United States Conventional Gasoline Supply



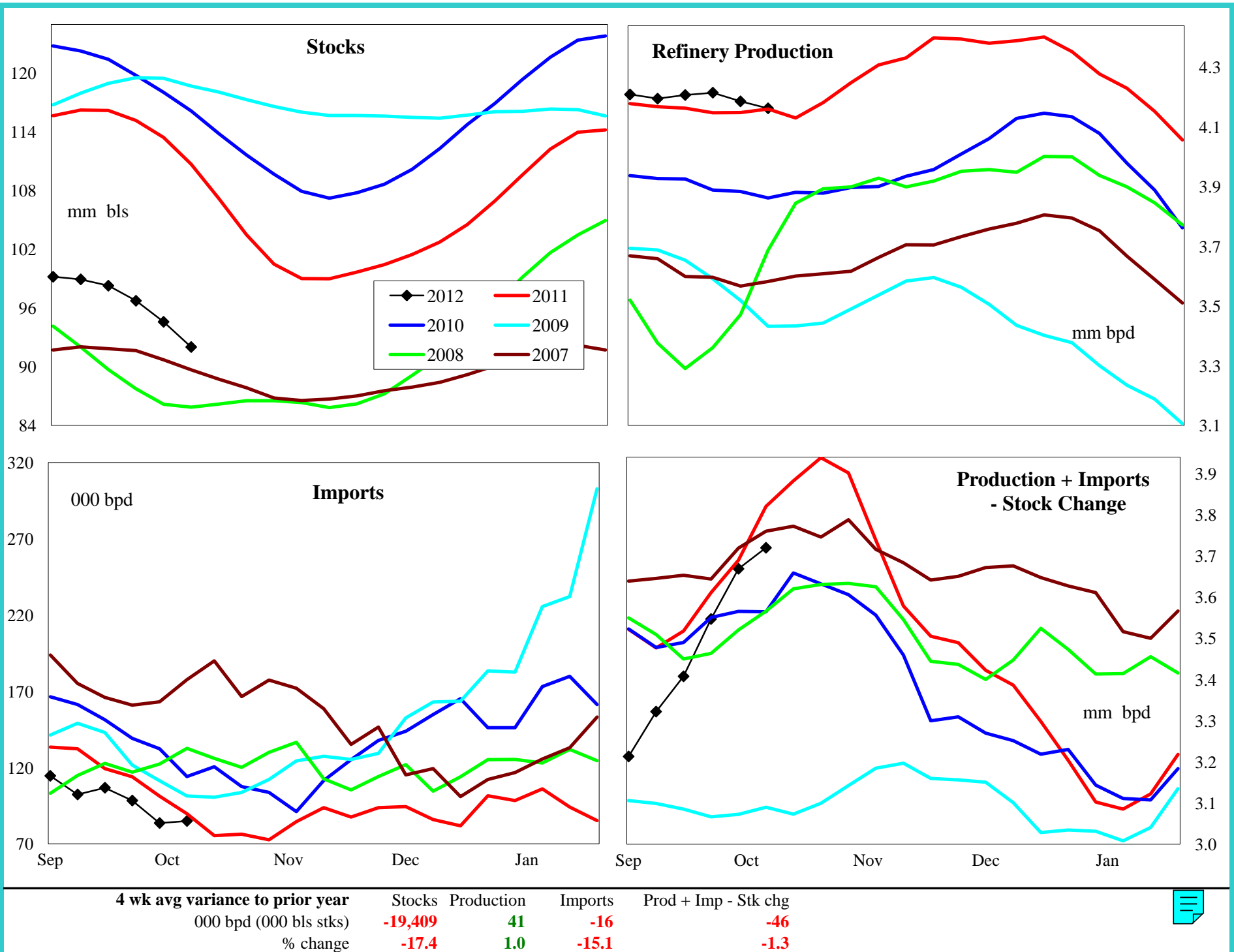
United States Gasoline Imports by Type



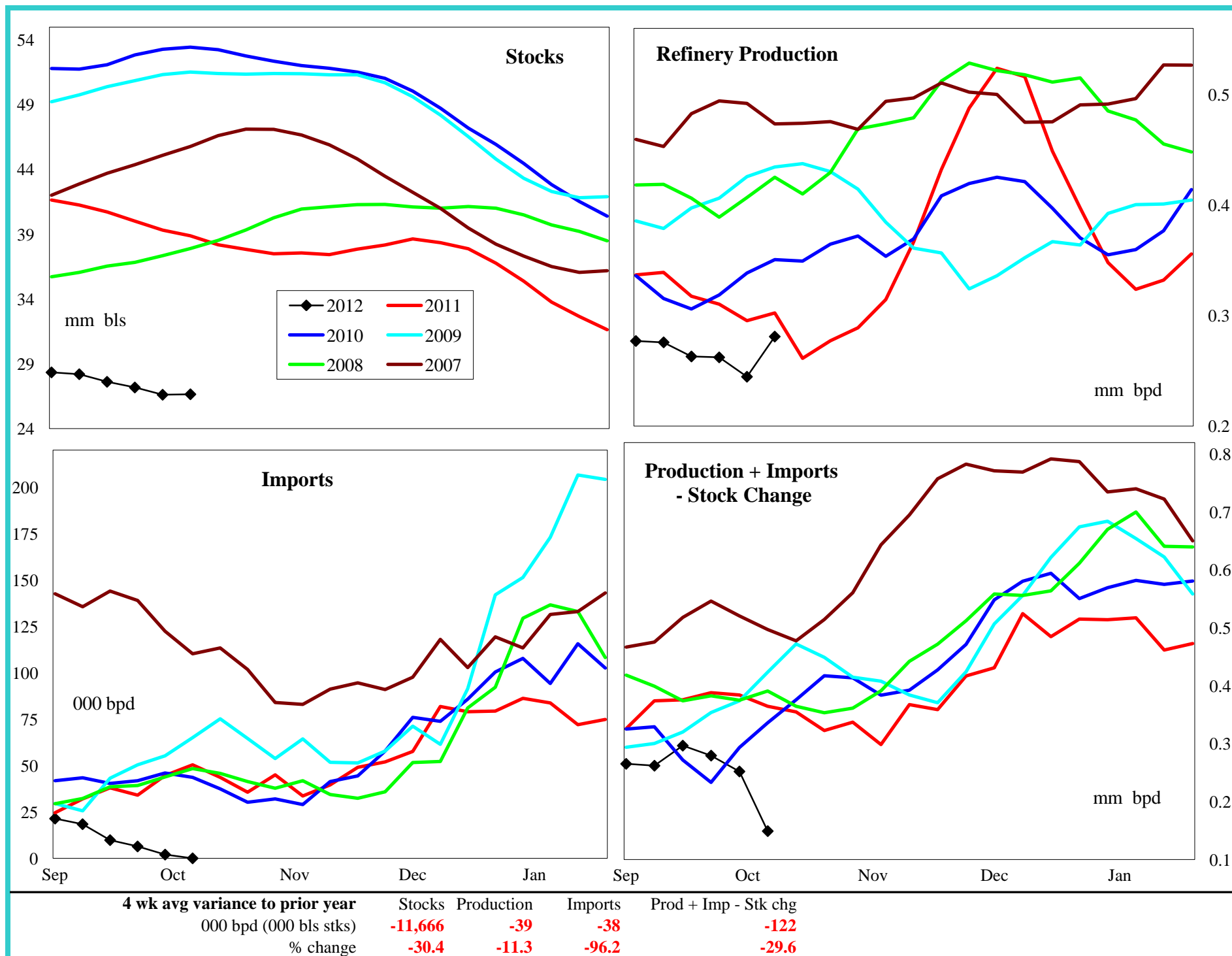
United States Distillate Supply and Demand Balance



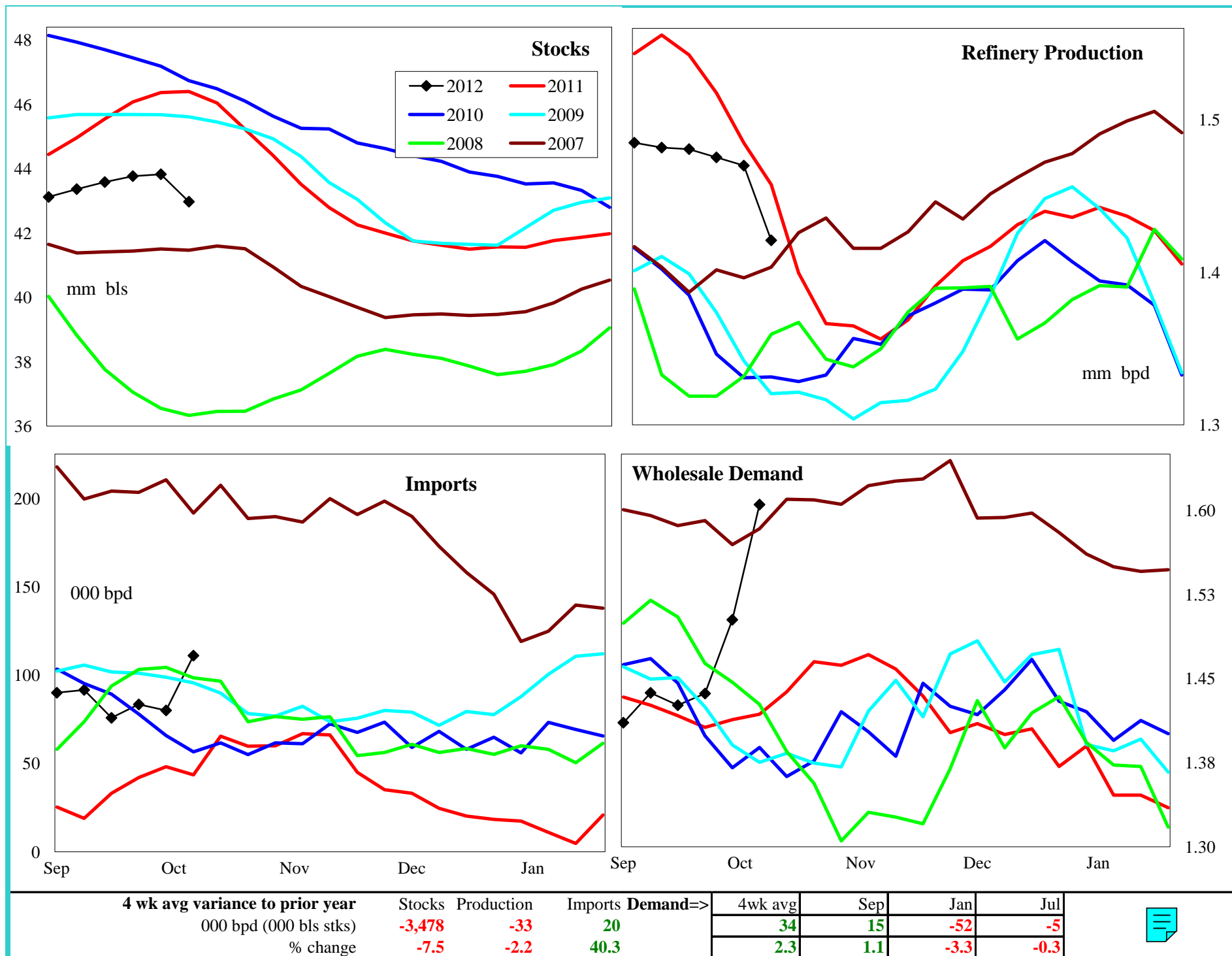
United States Low Sulfur Distillate Supply



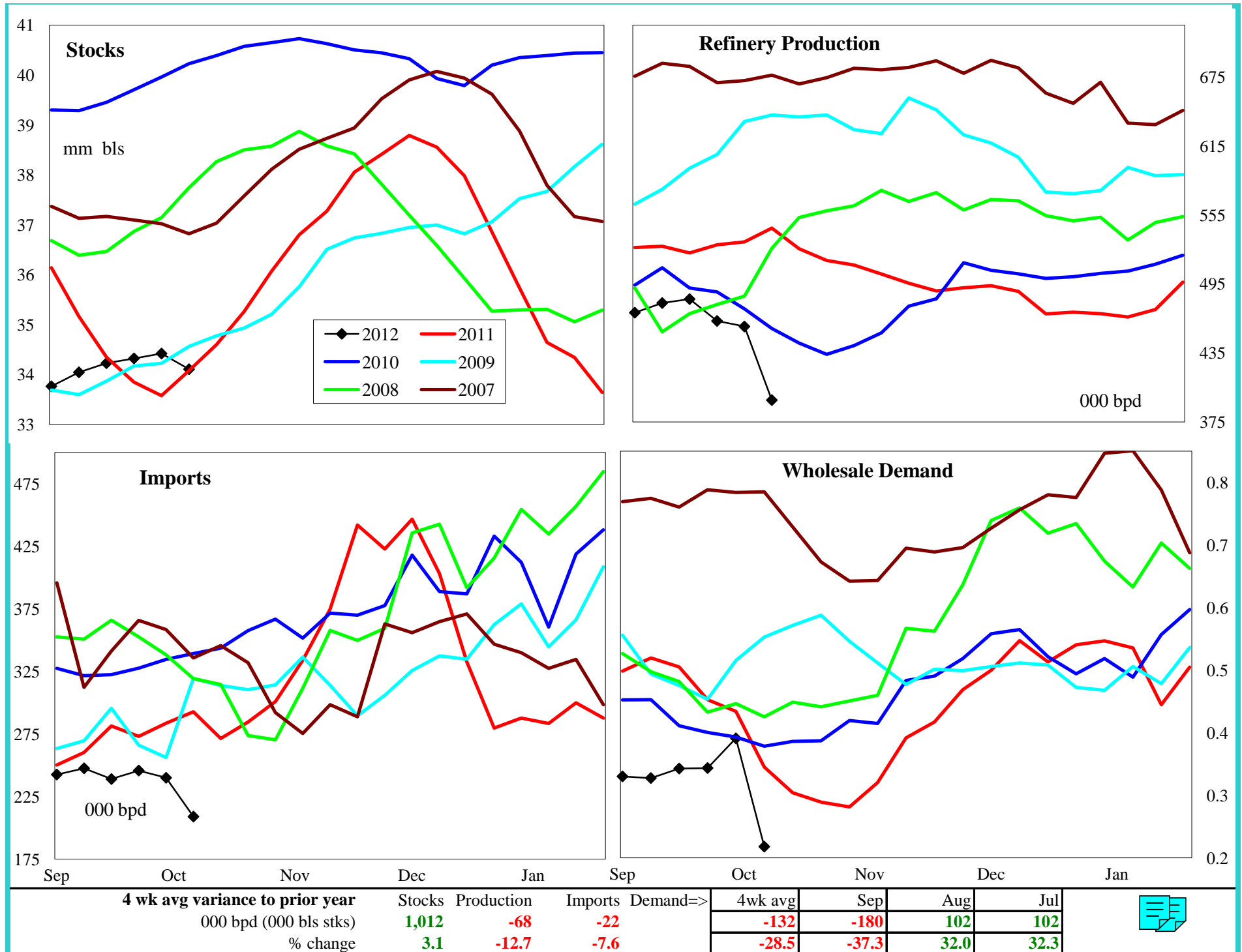
United States High Sulfur Distillate Supply



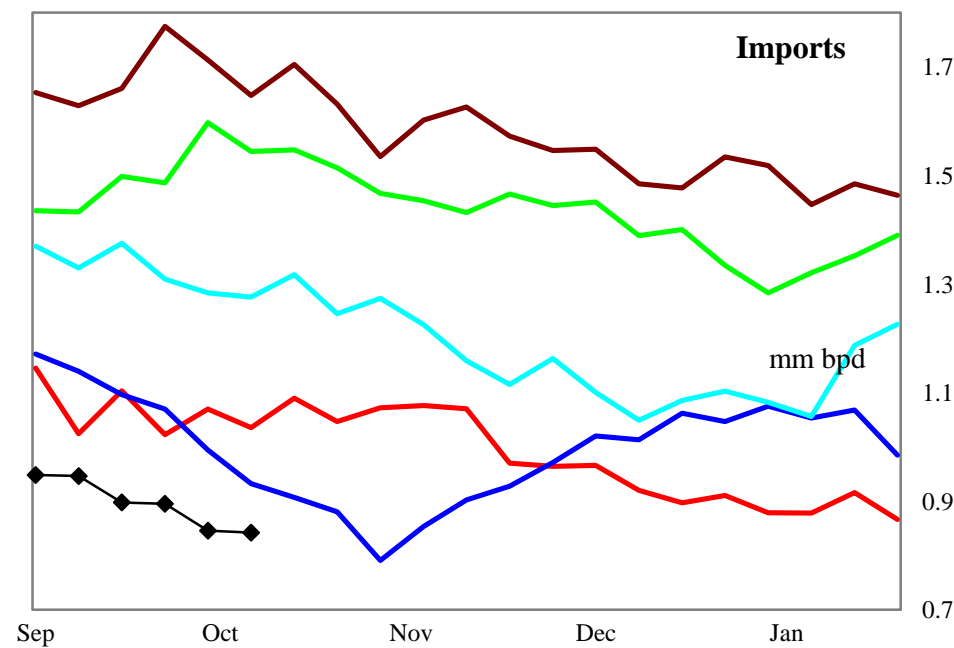
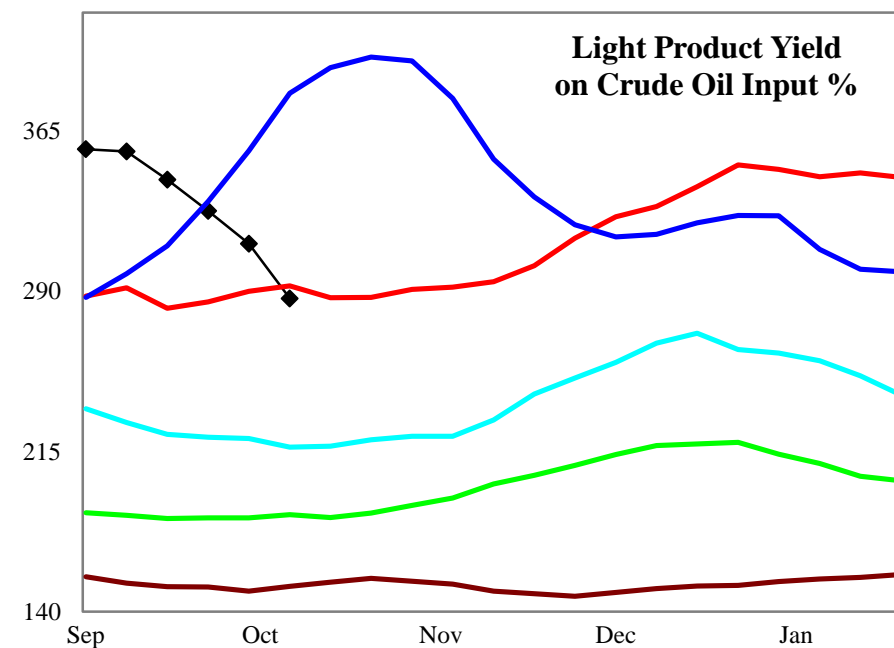
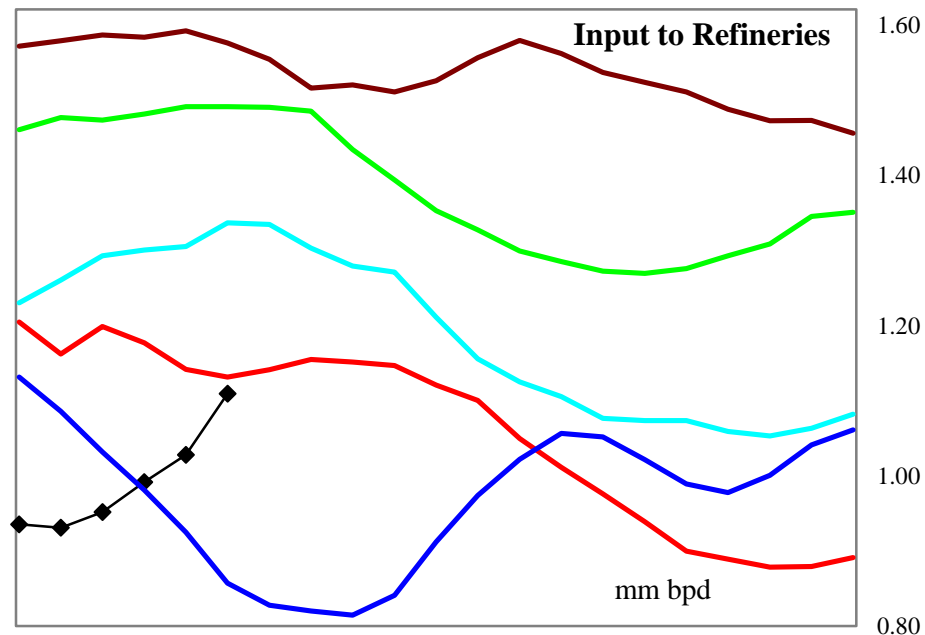
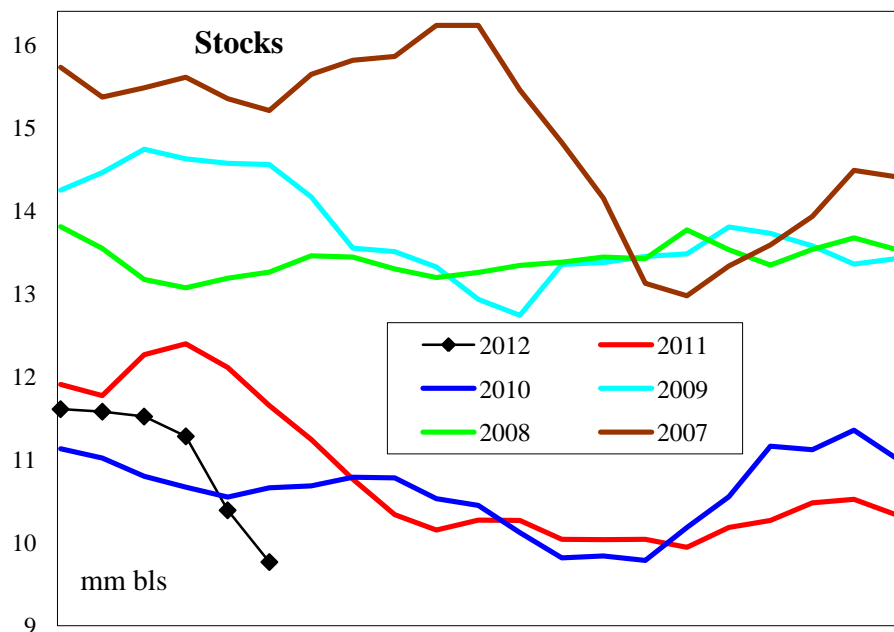
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

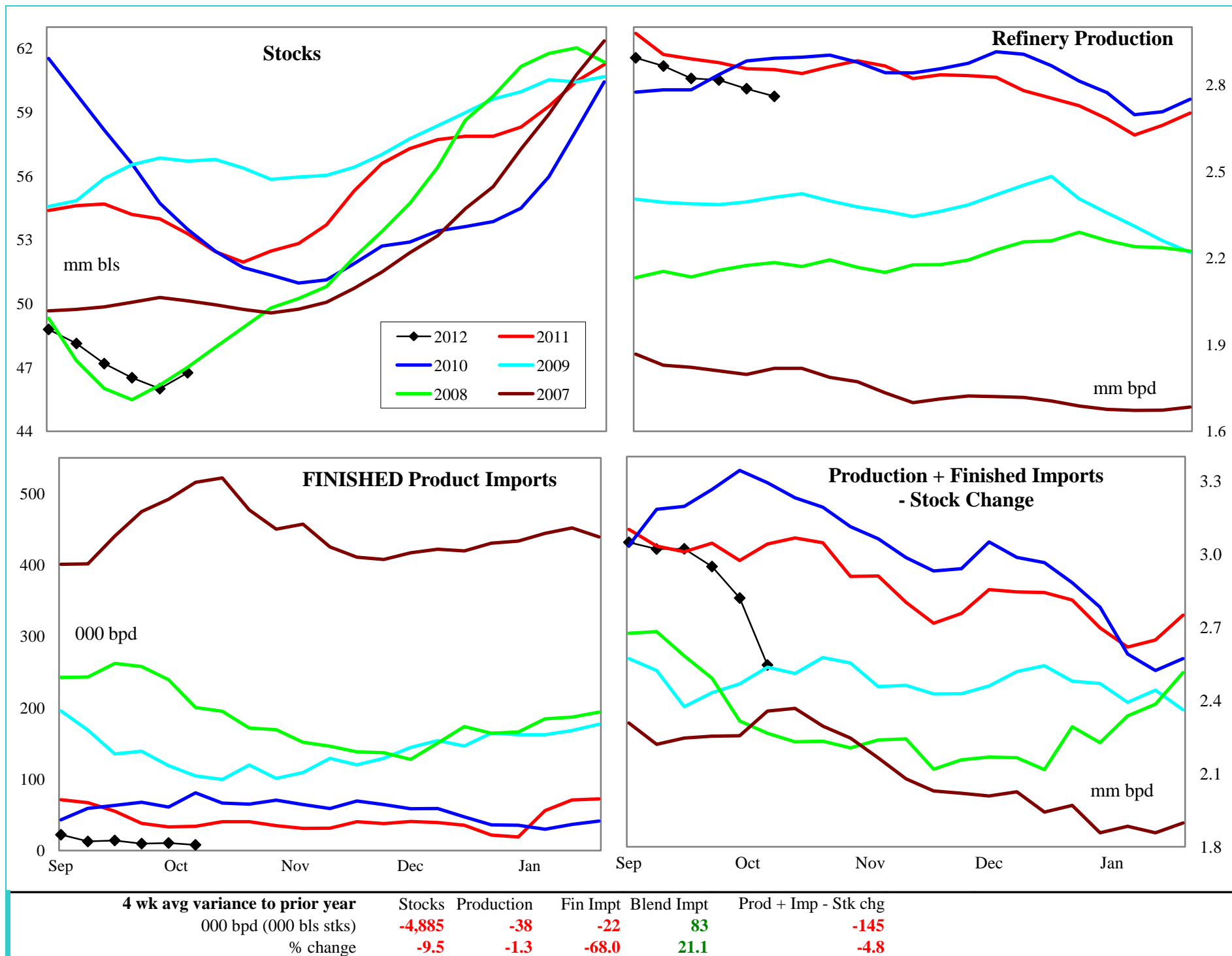


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

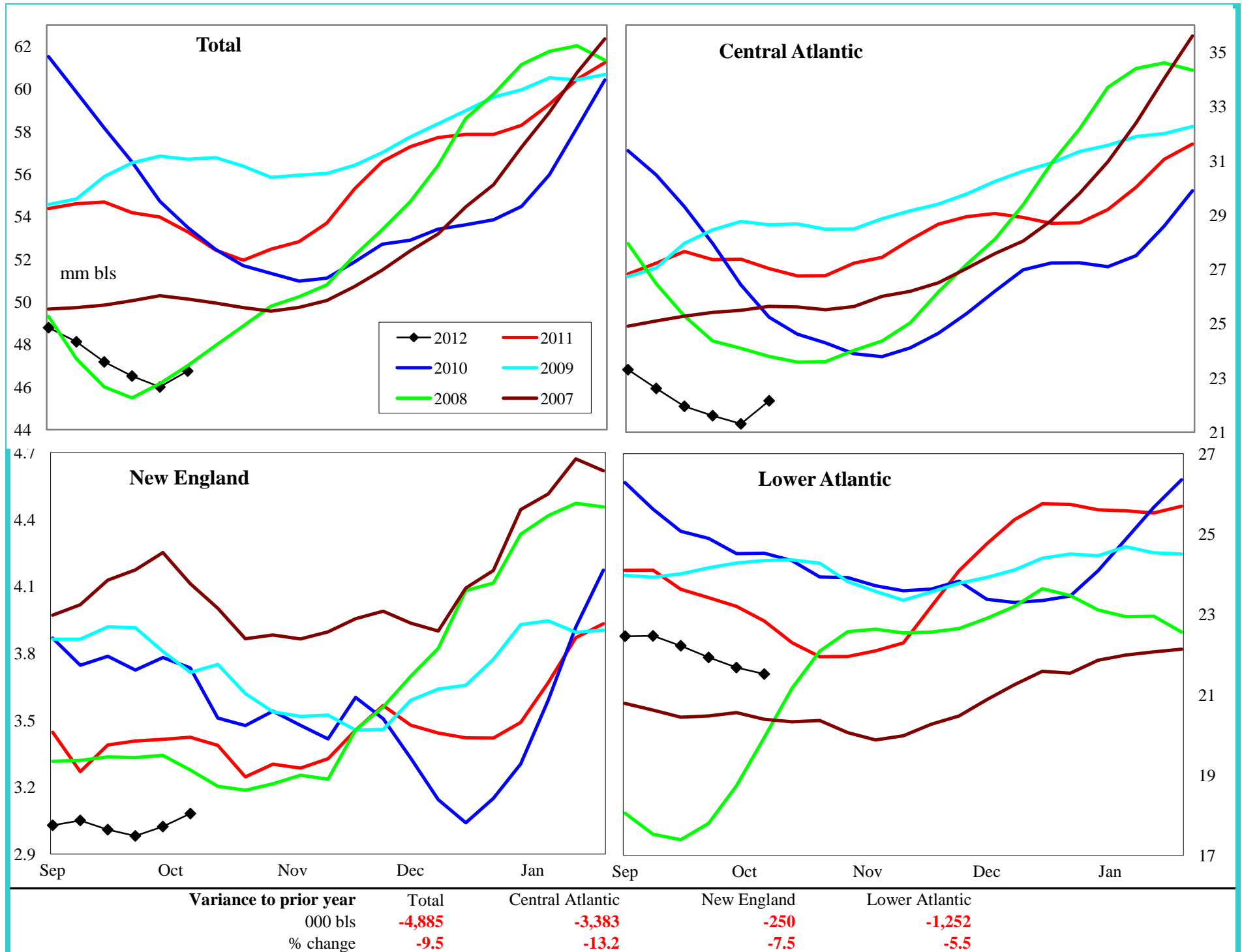
	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,885	-158	-281
% change	-16.2	-13.7	-26.6



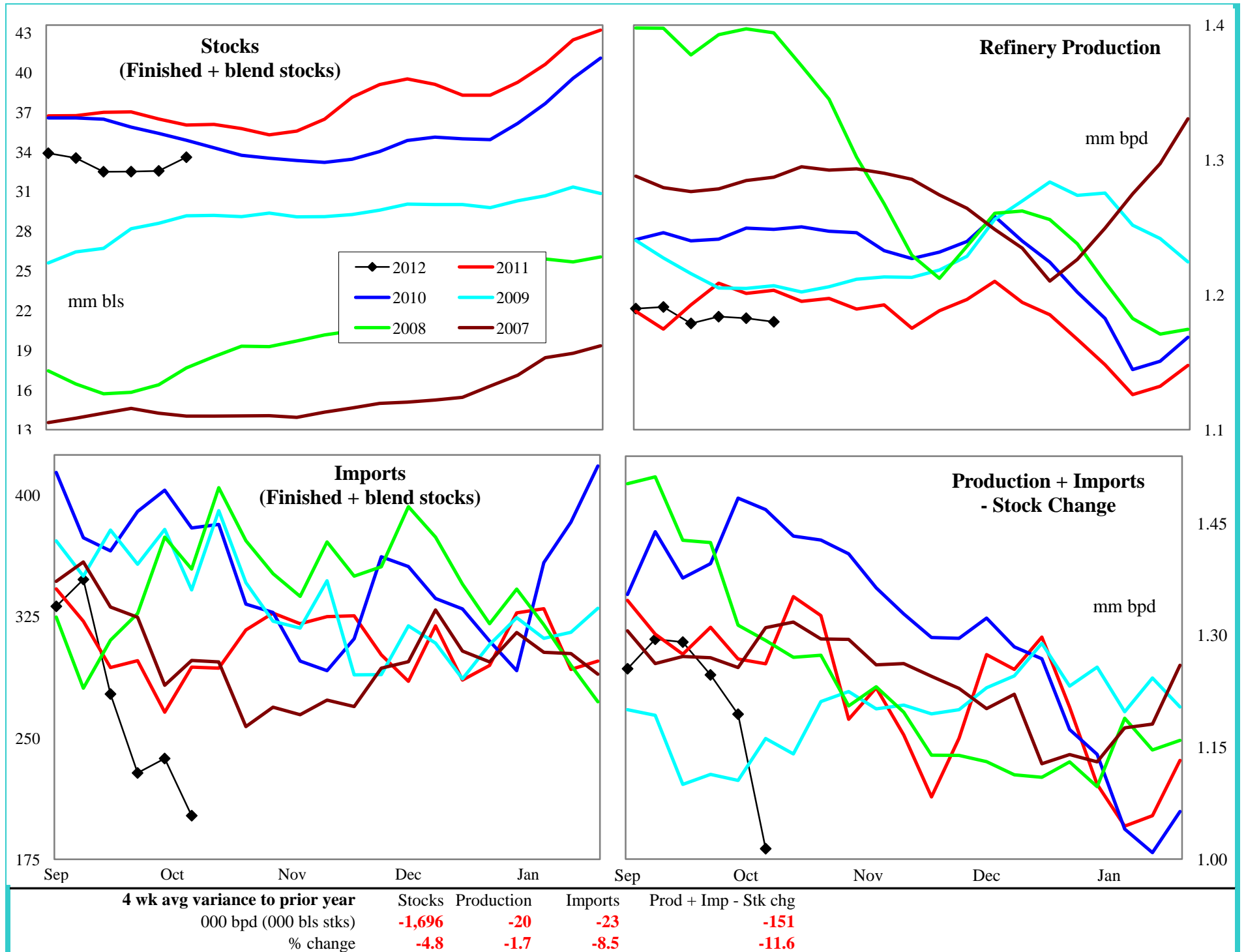
PADD 1 Gasoline Supply



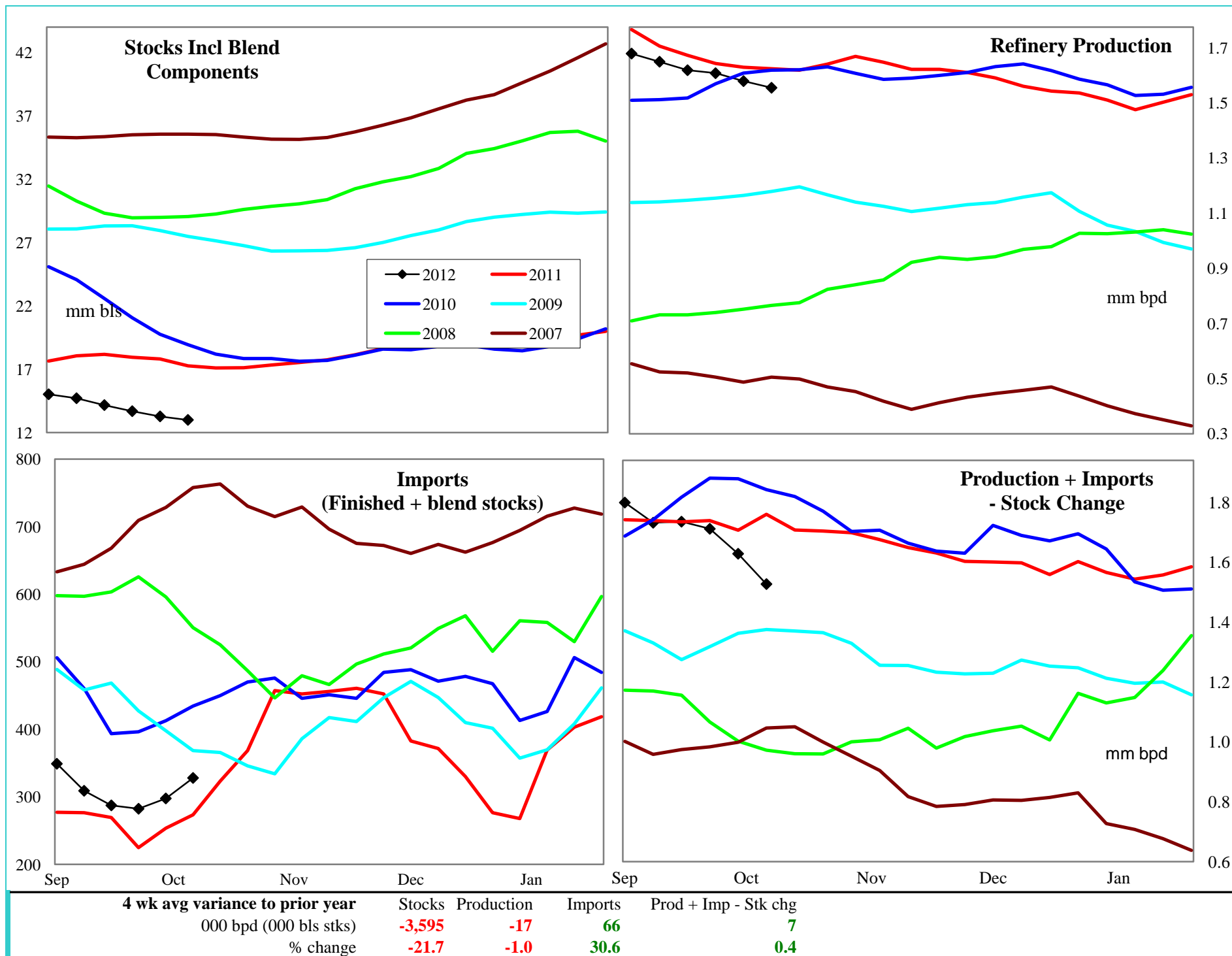
PADD 1 Gasoline Stocks by Region



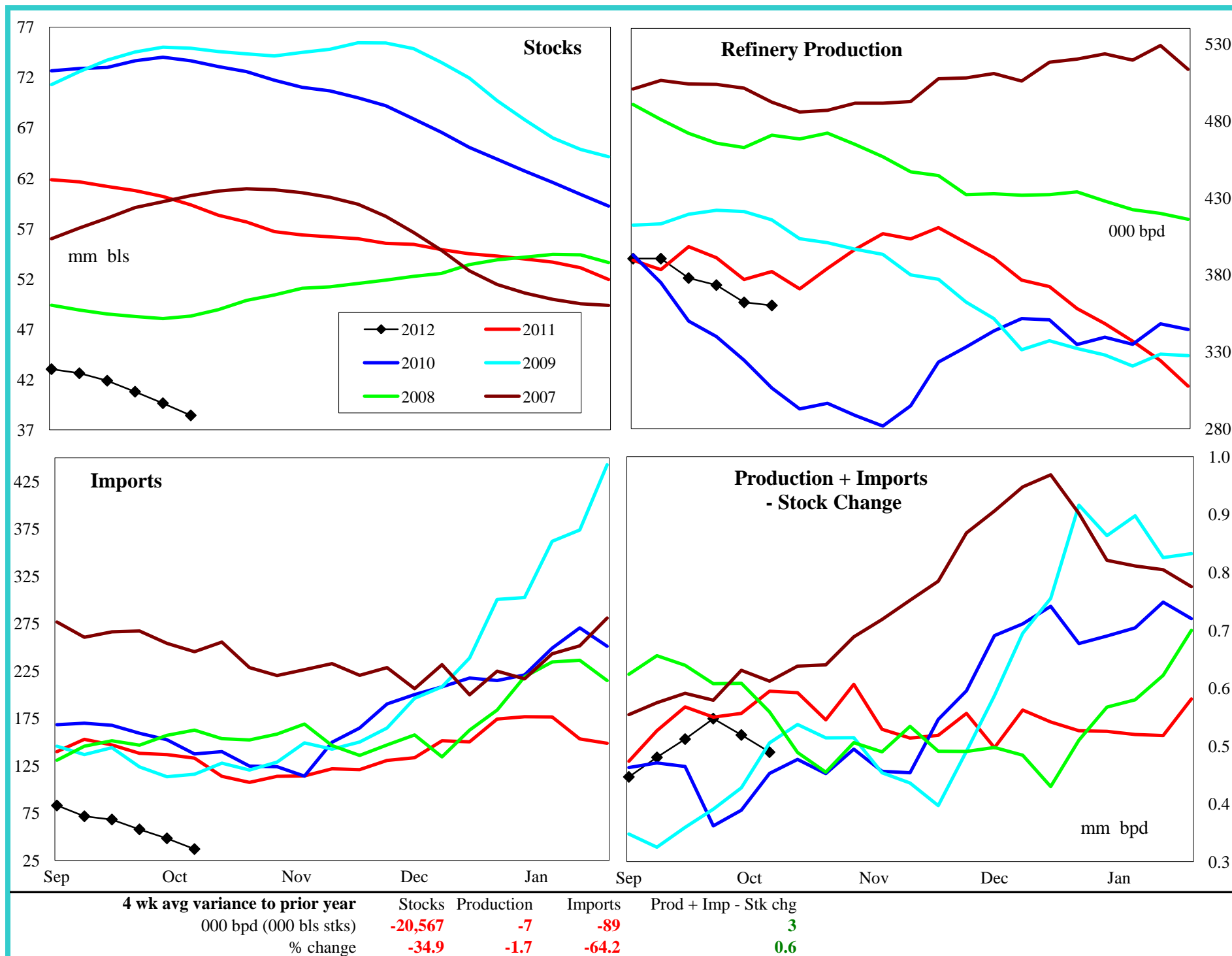
PADD 1 Reformulated Gasoline Supply



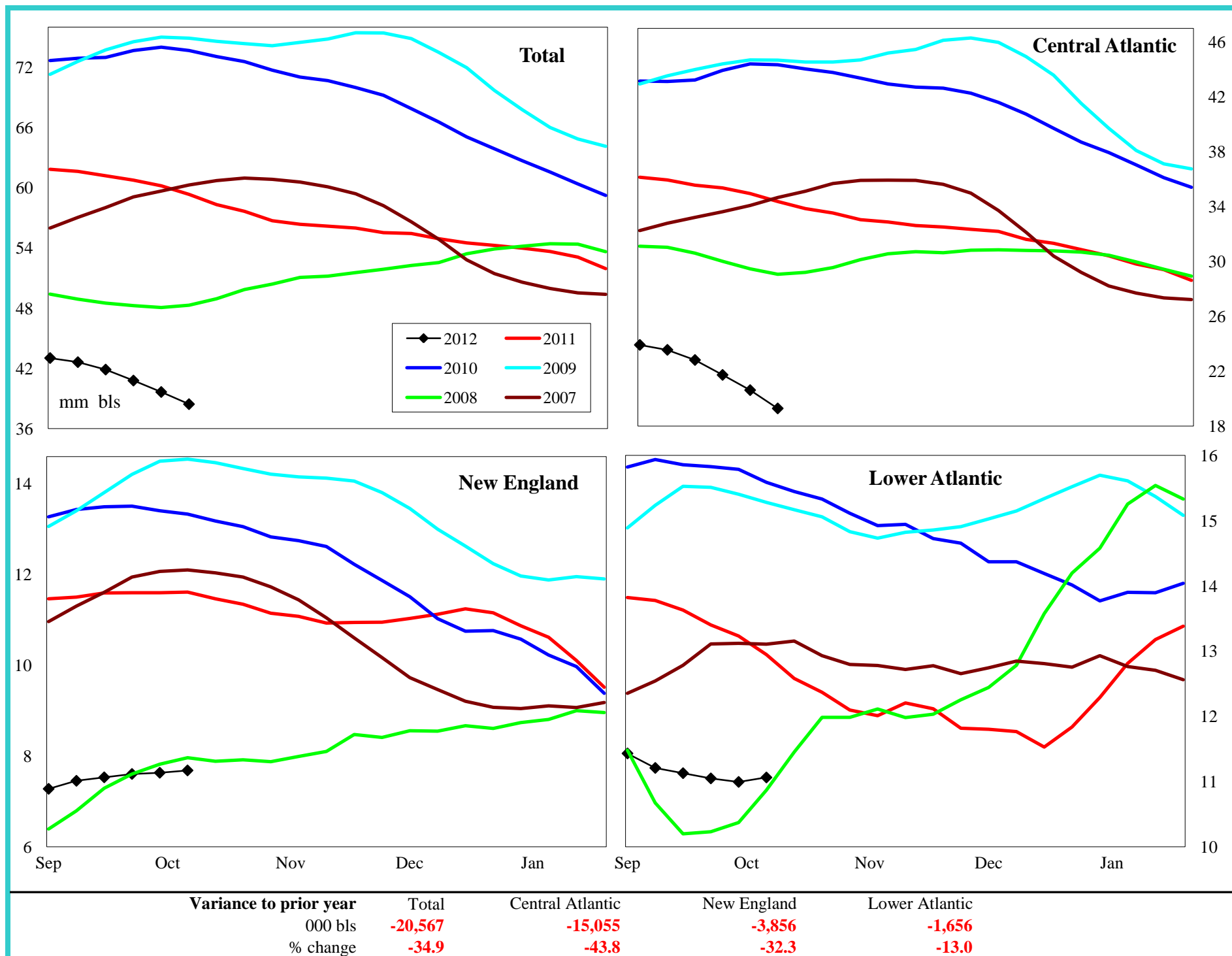
PADD 1 Conventional Gasoline Supply



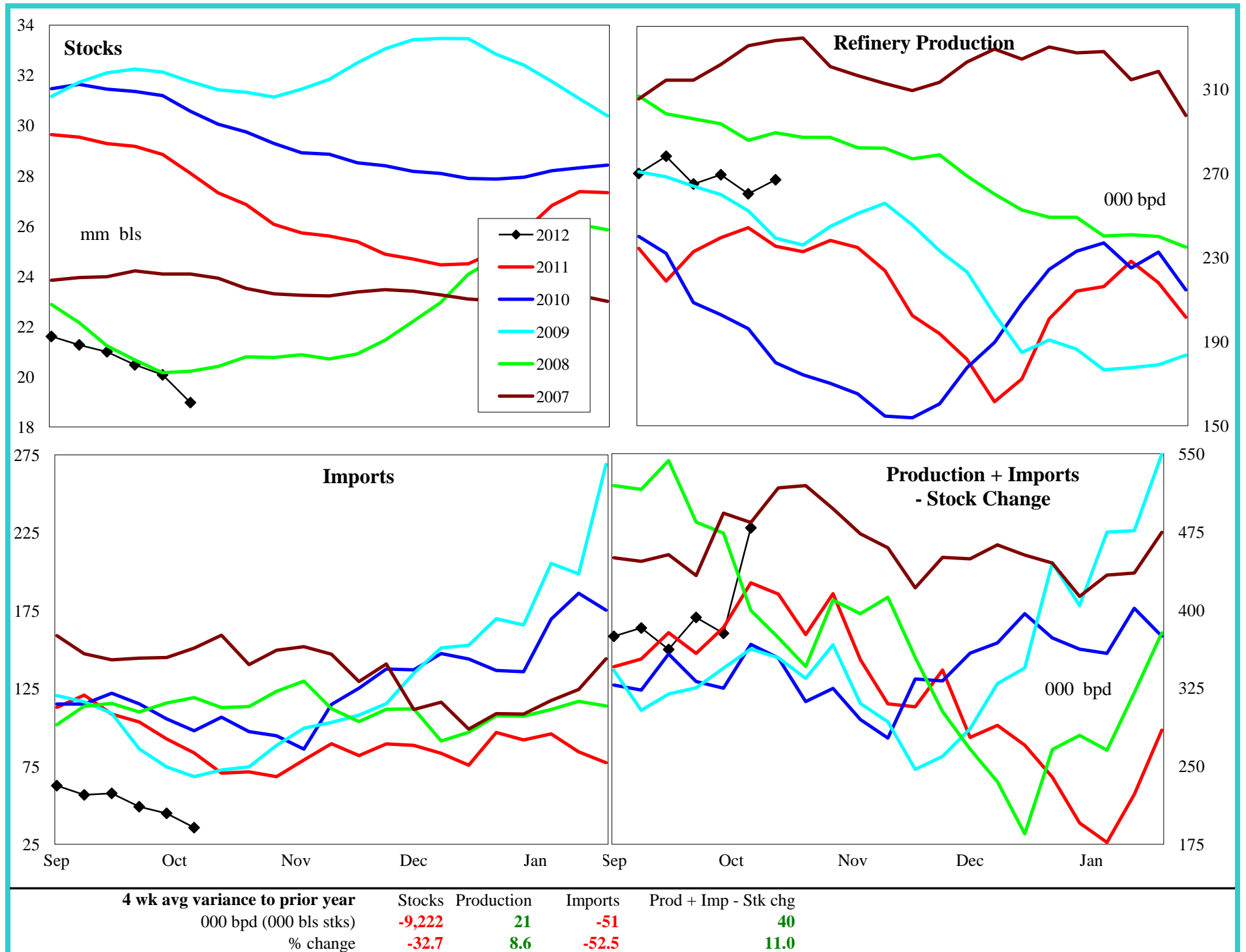
PADD 1 Distillate Supply



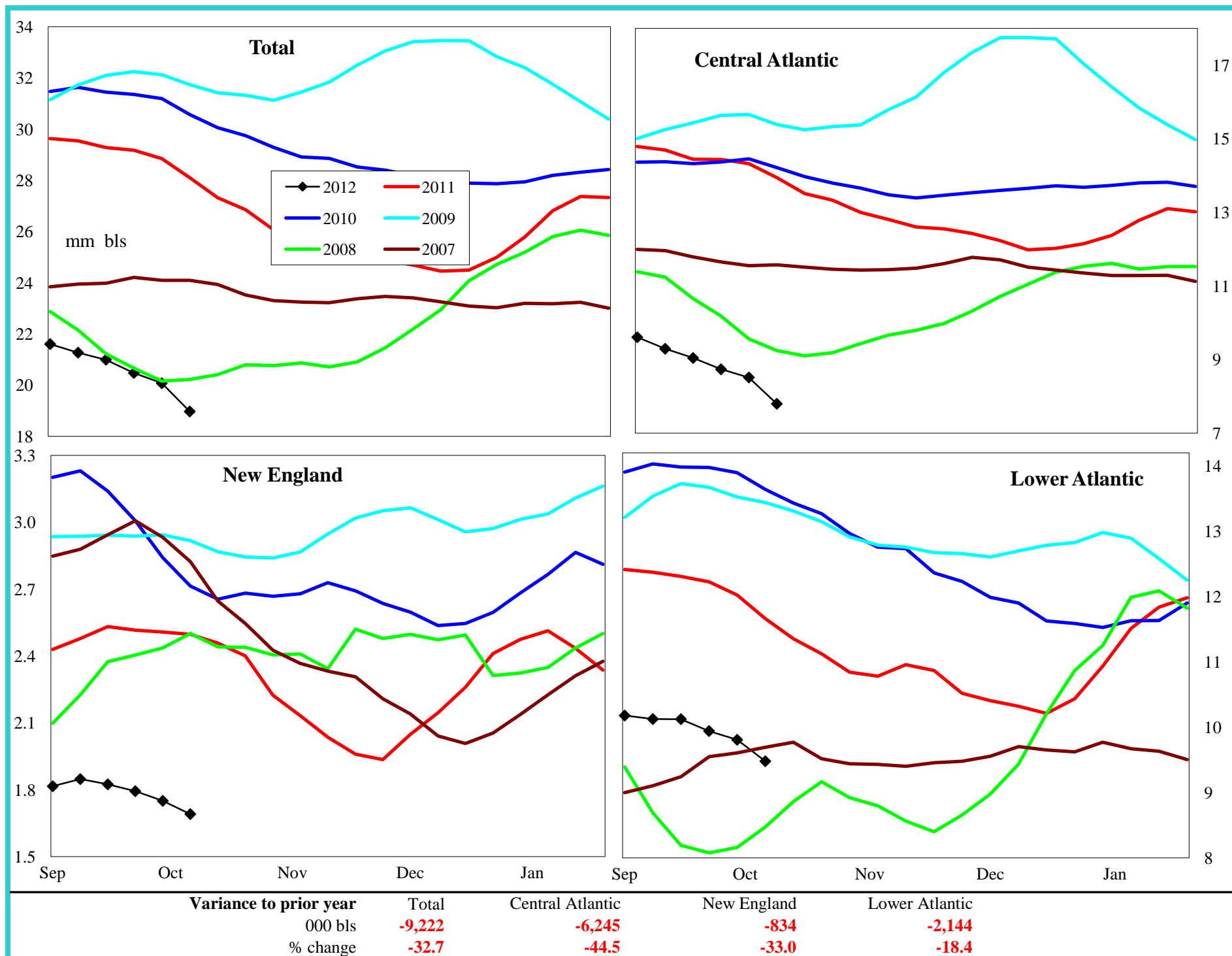
PADD 1 Distillate Stocks by Region



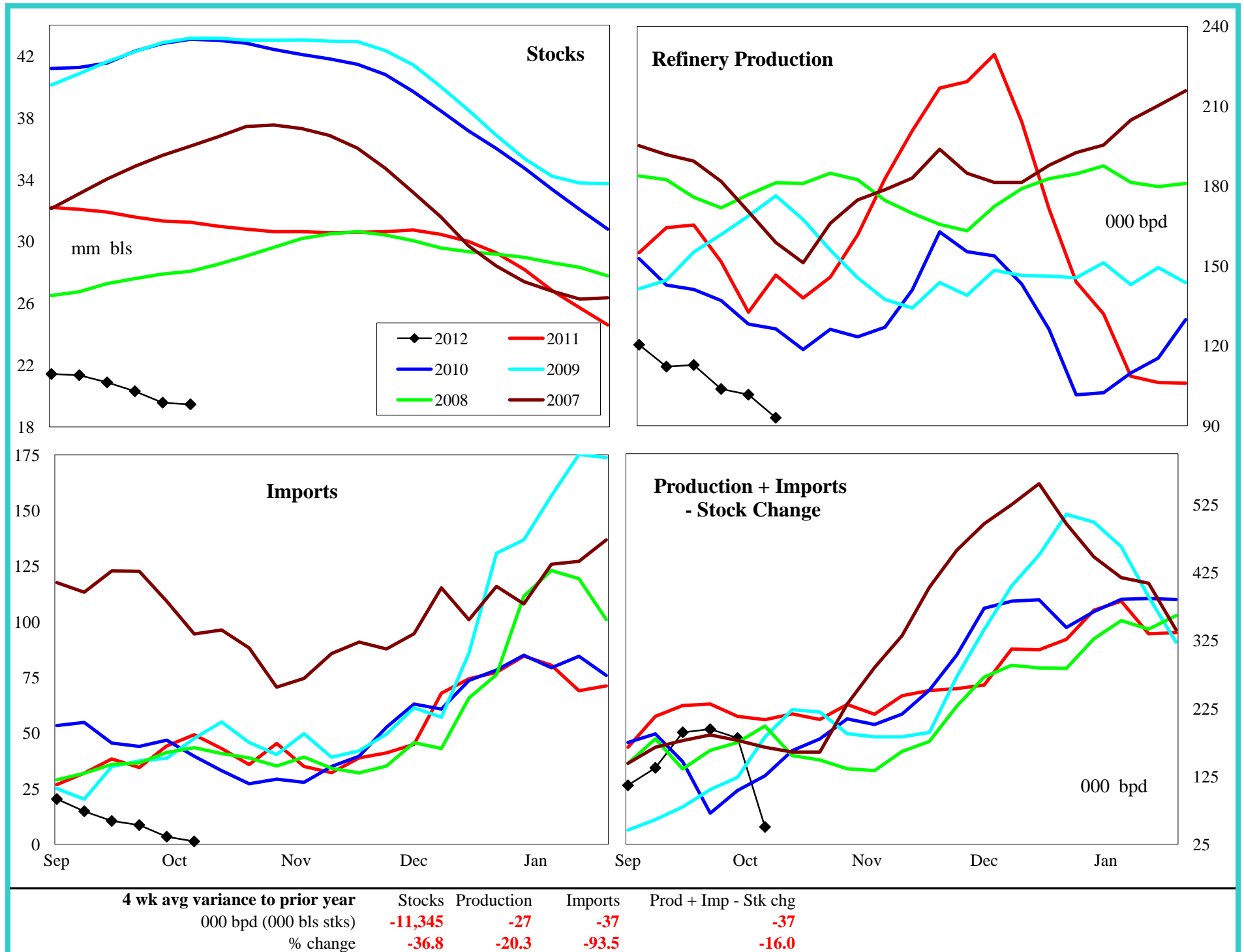
PADD 1 Low Sulfur Distillate Supply



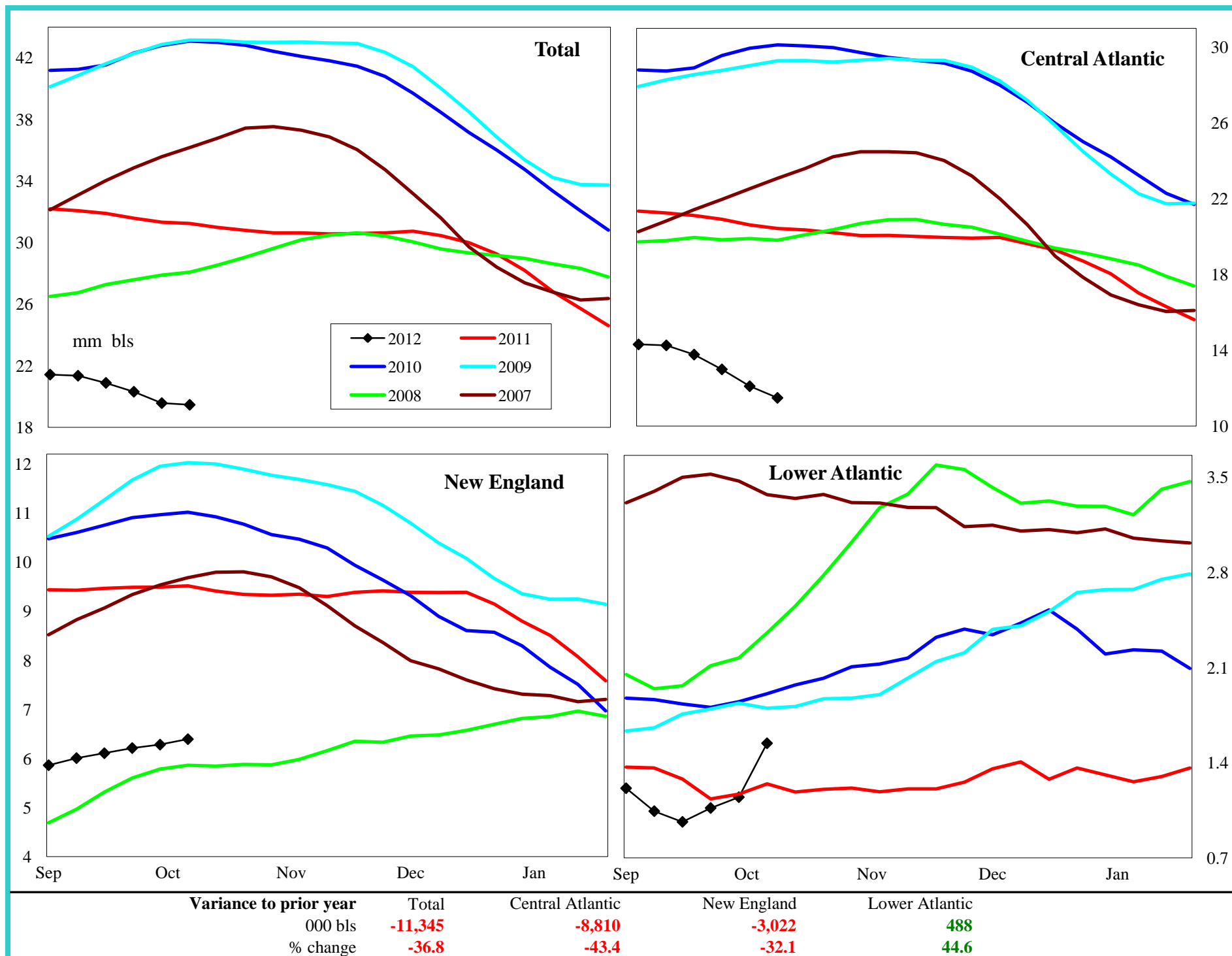
PADD 1 Low Sulfur Distillate Stocks by Region



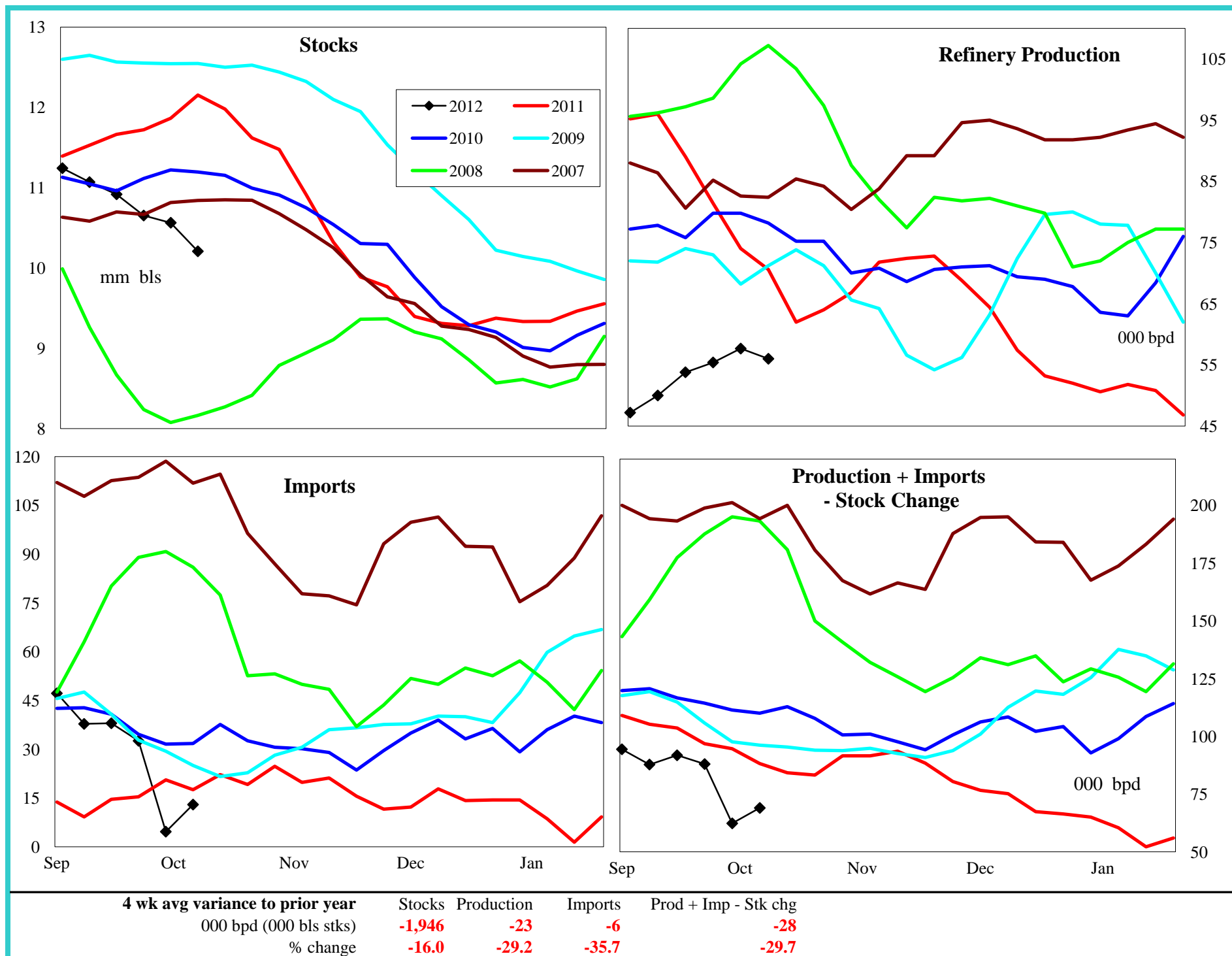
PADD 1 High Sulfur Distillate Supply



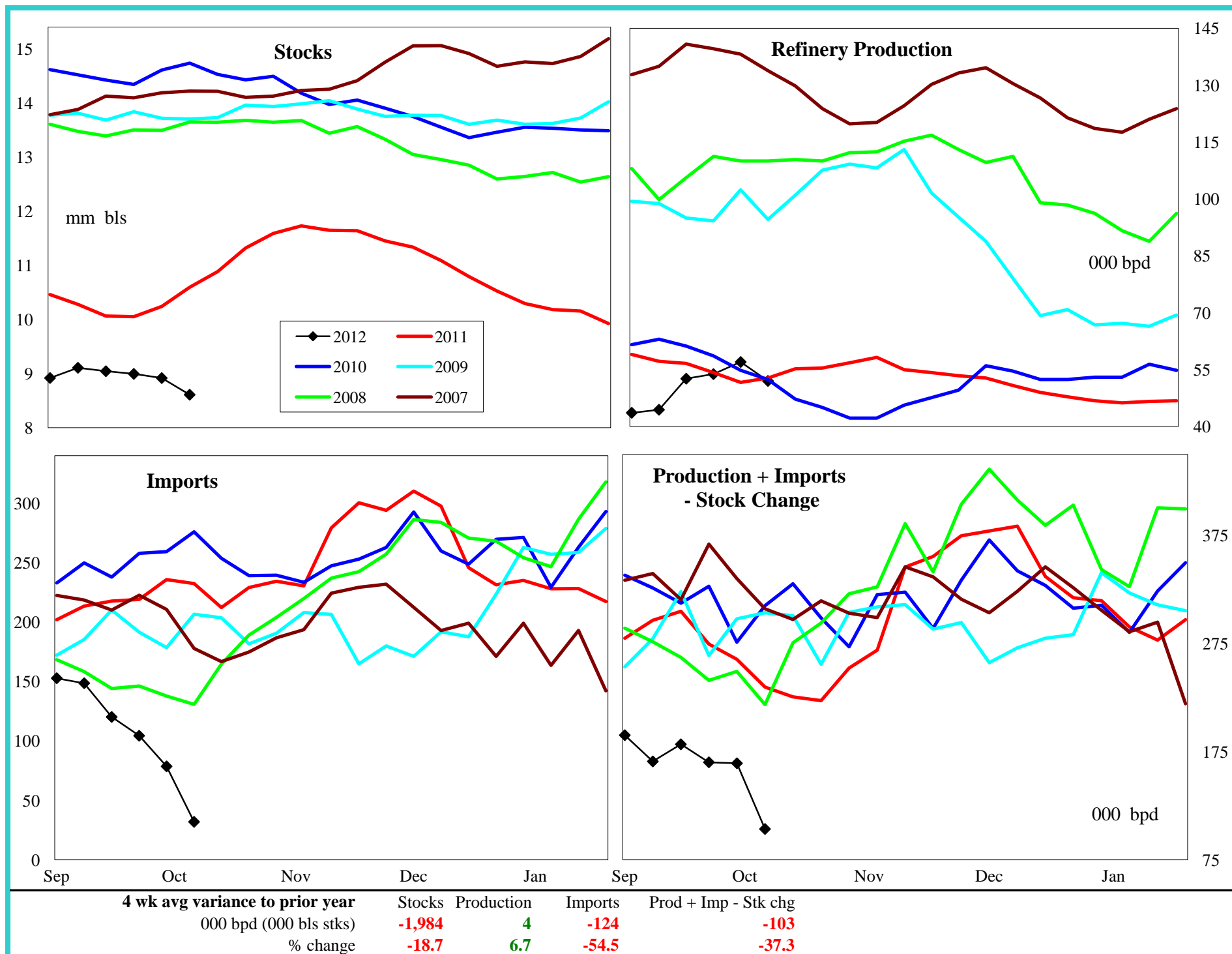
PADD 1 High Sulfur Distillate Stocks by Region



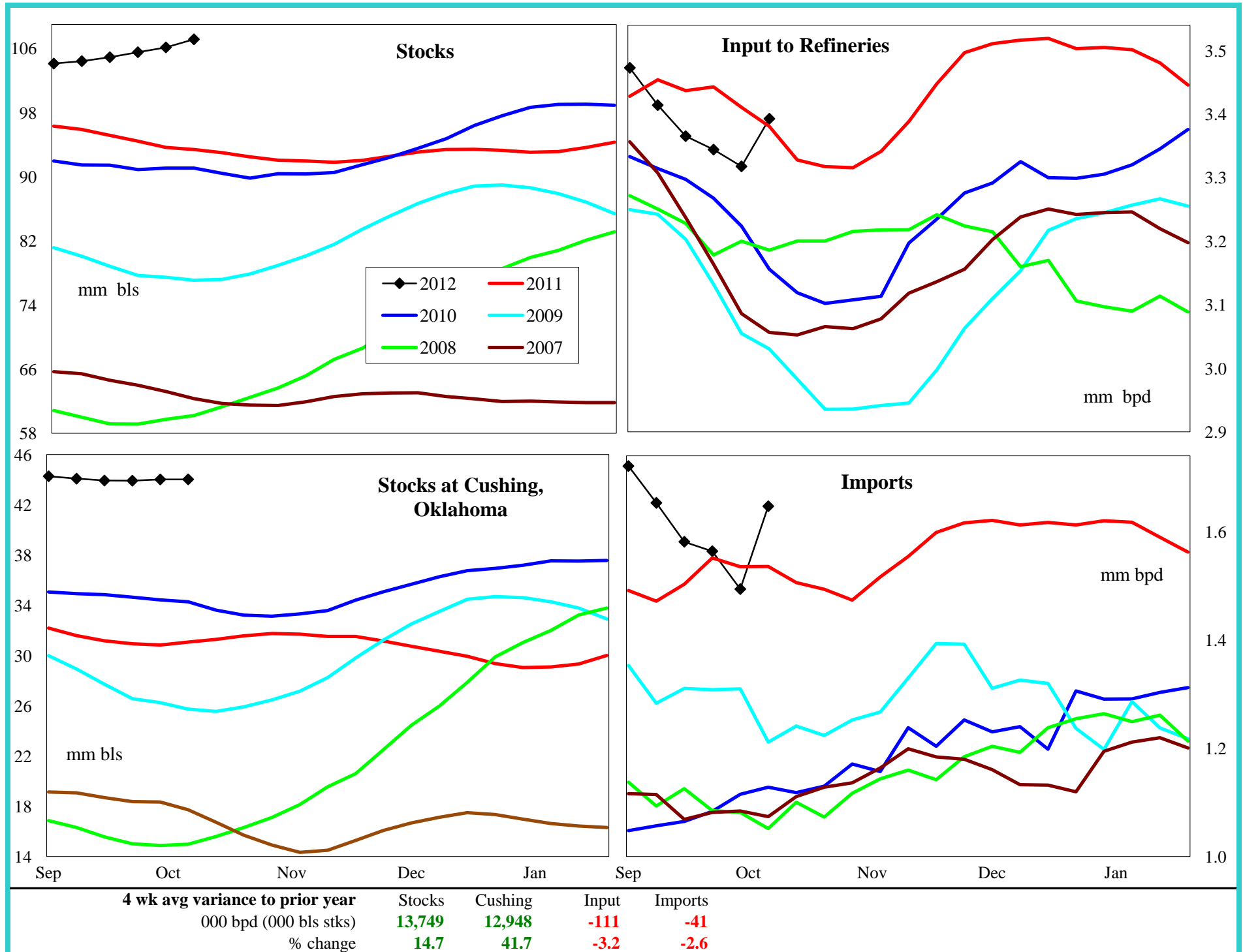
PADD 1 Jet Fuel Supply



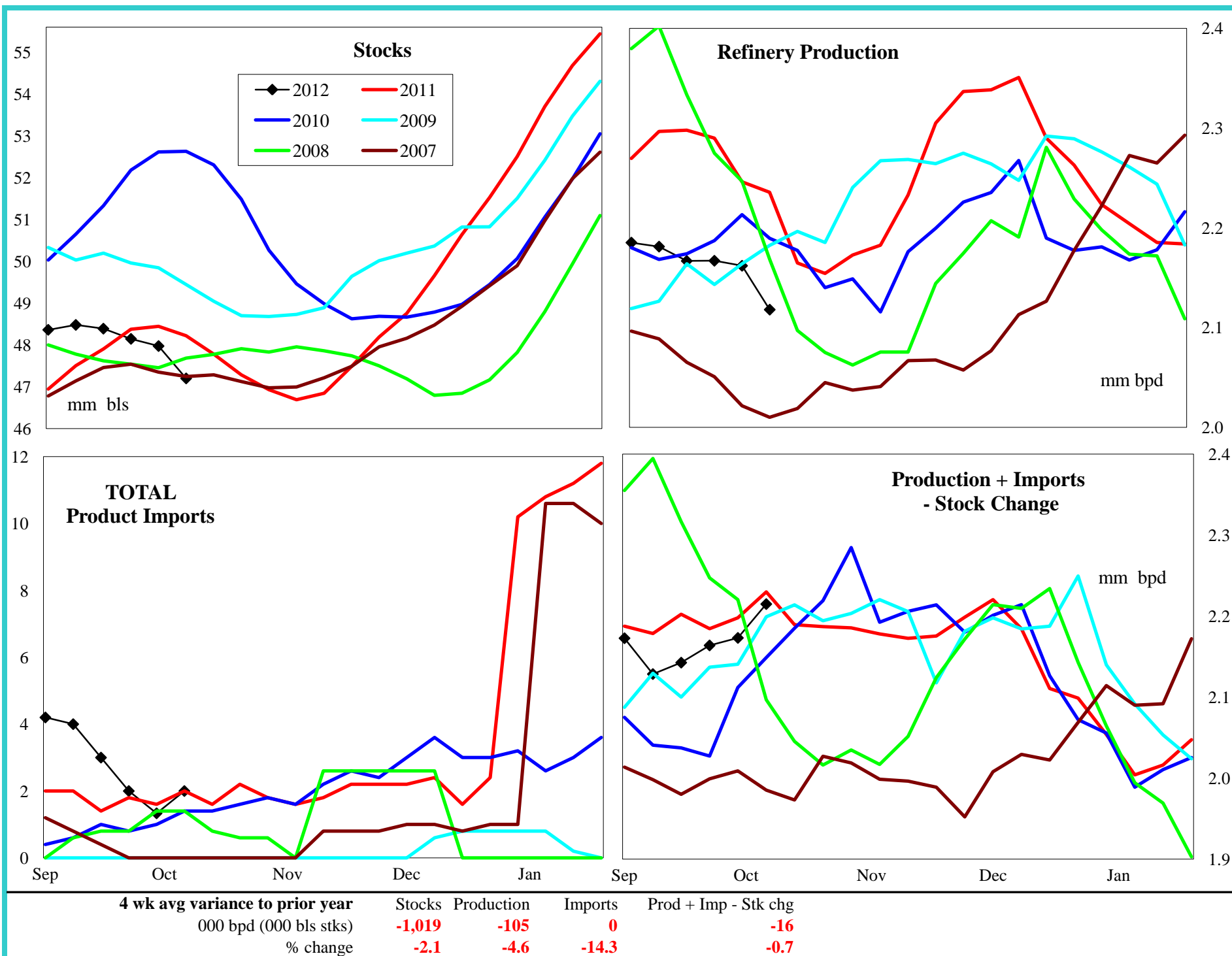
PADD 1 Residual Fuel Oil Supply



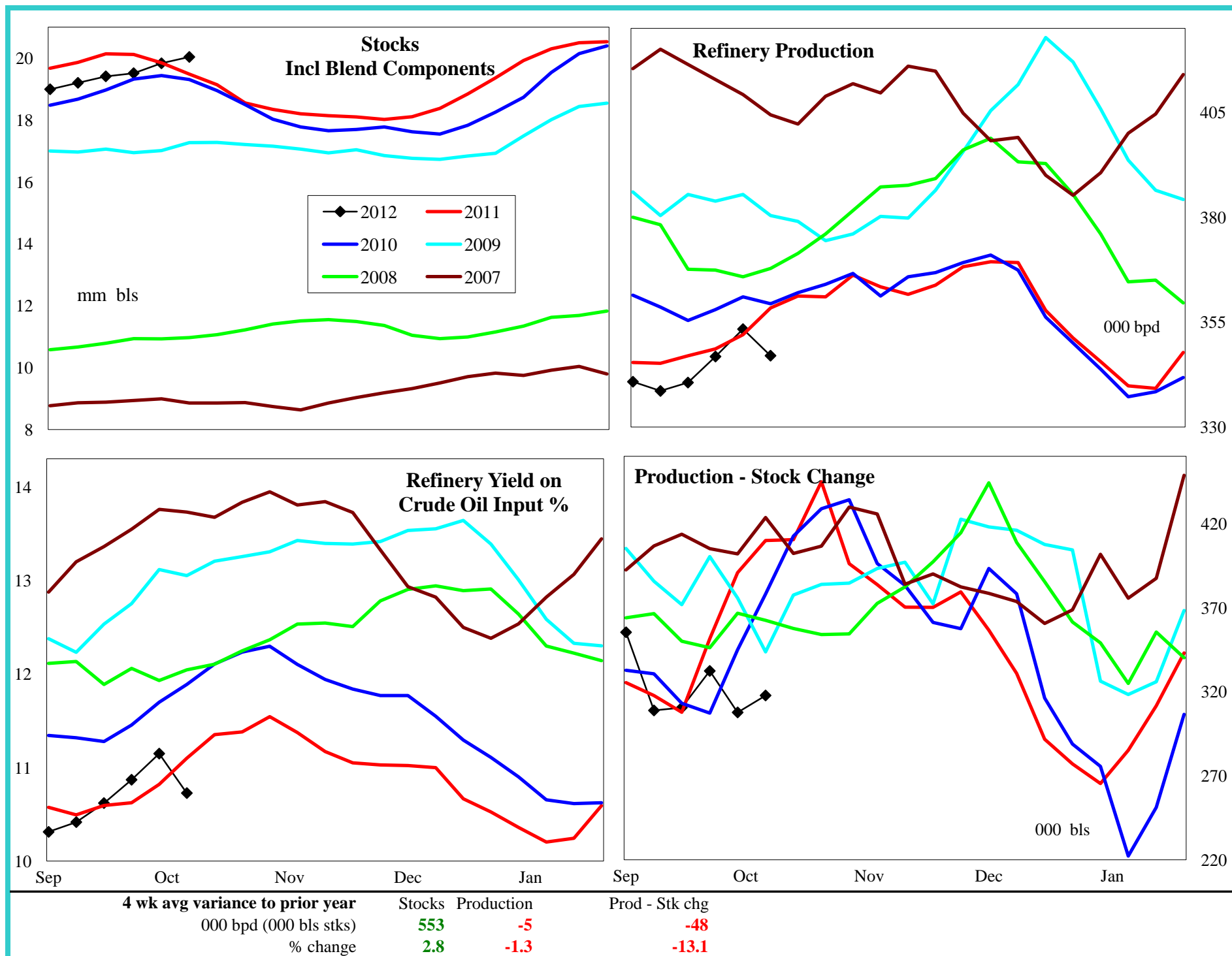
PADD 2 Crude Oil Supply and Refining



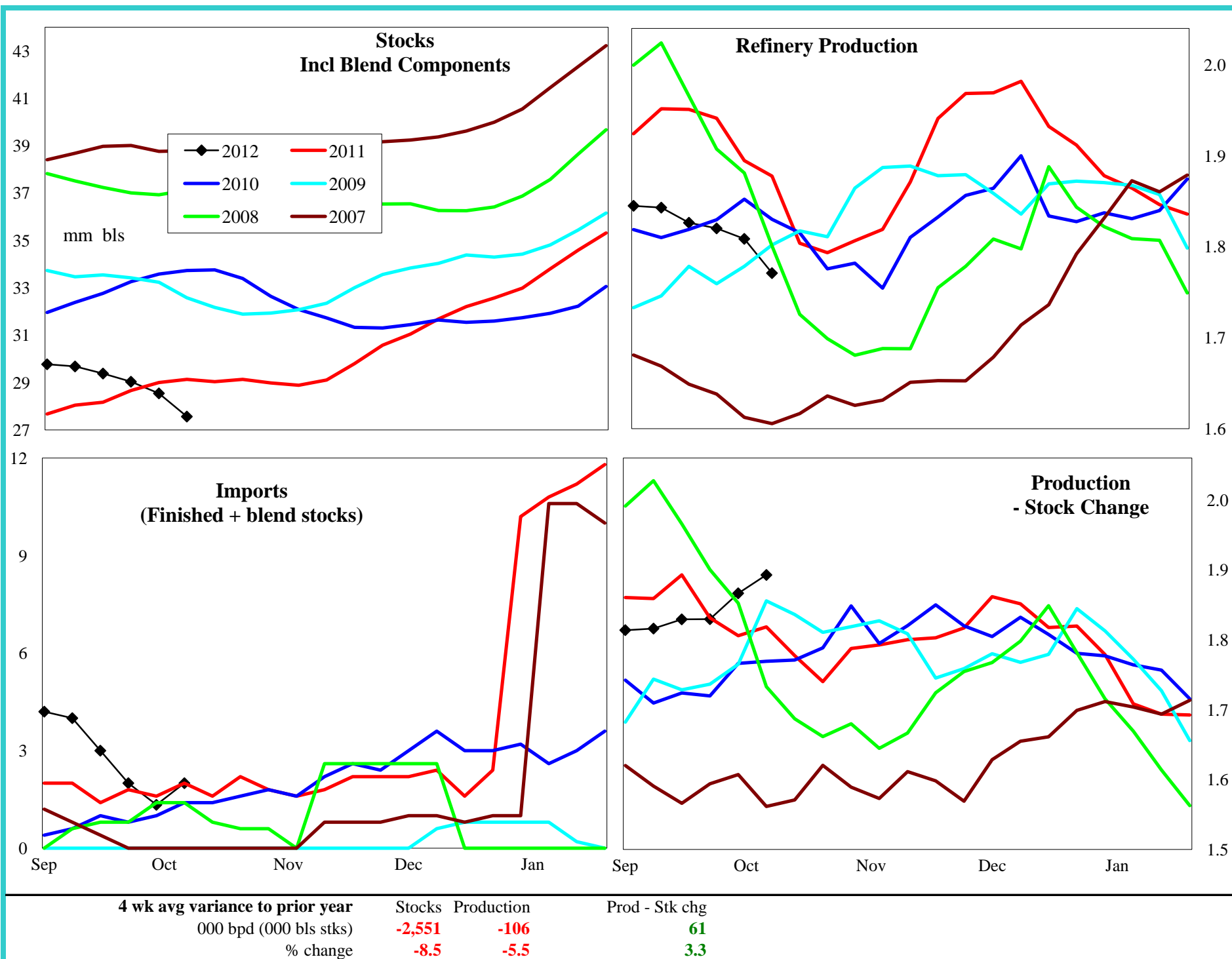
PADD 2 Gasoline Supply



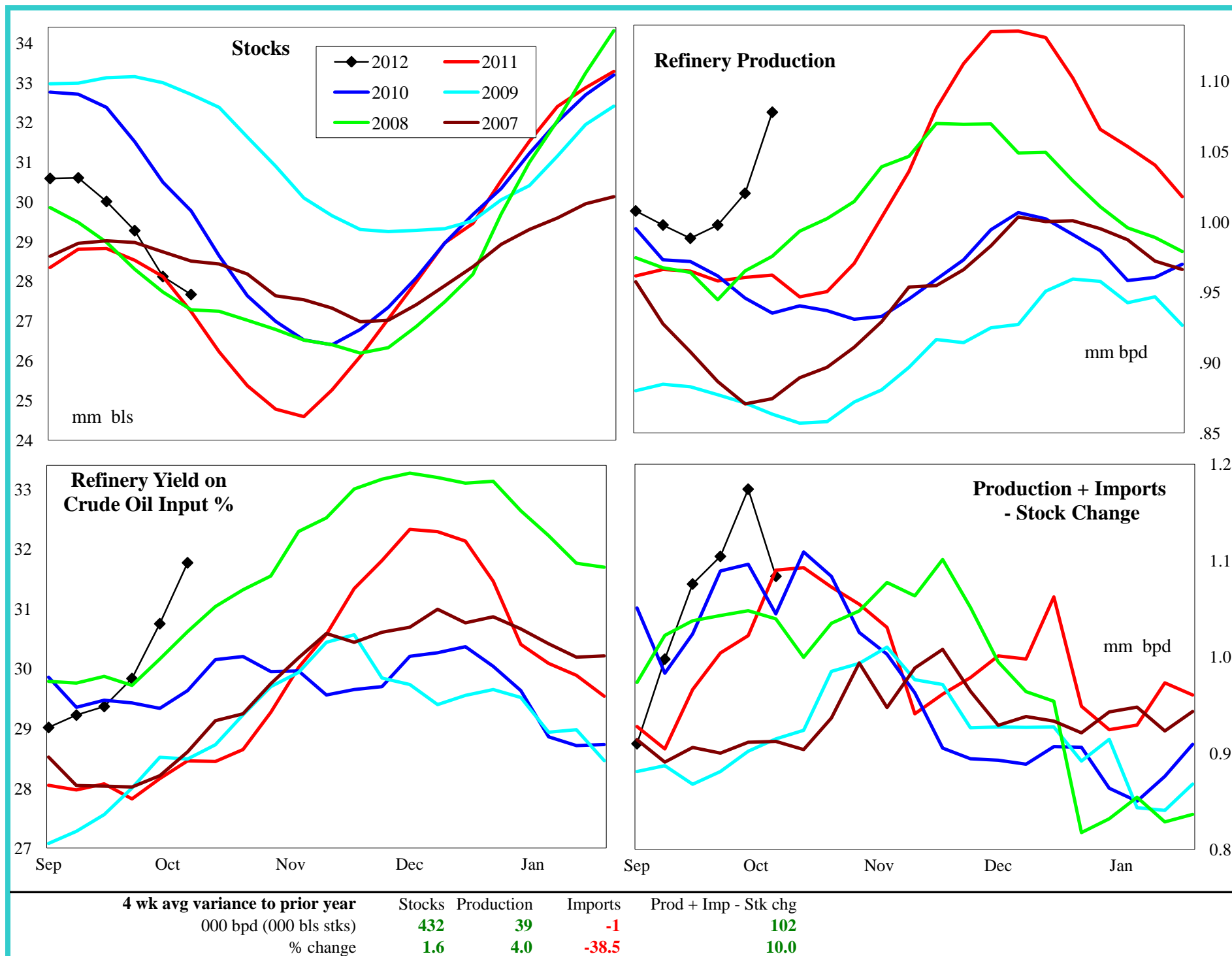
PADD 2 Reformulated Gasoline Supply



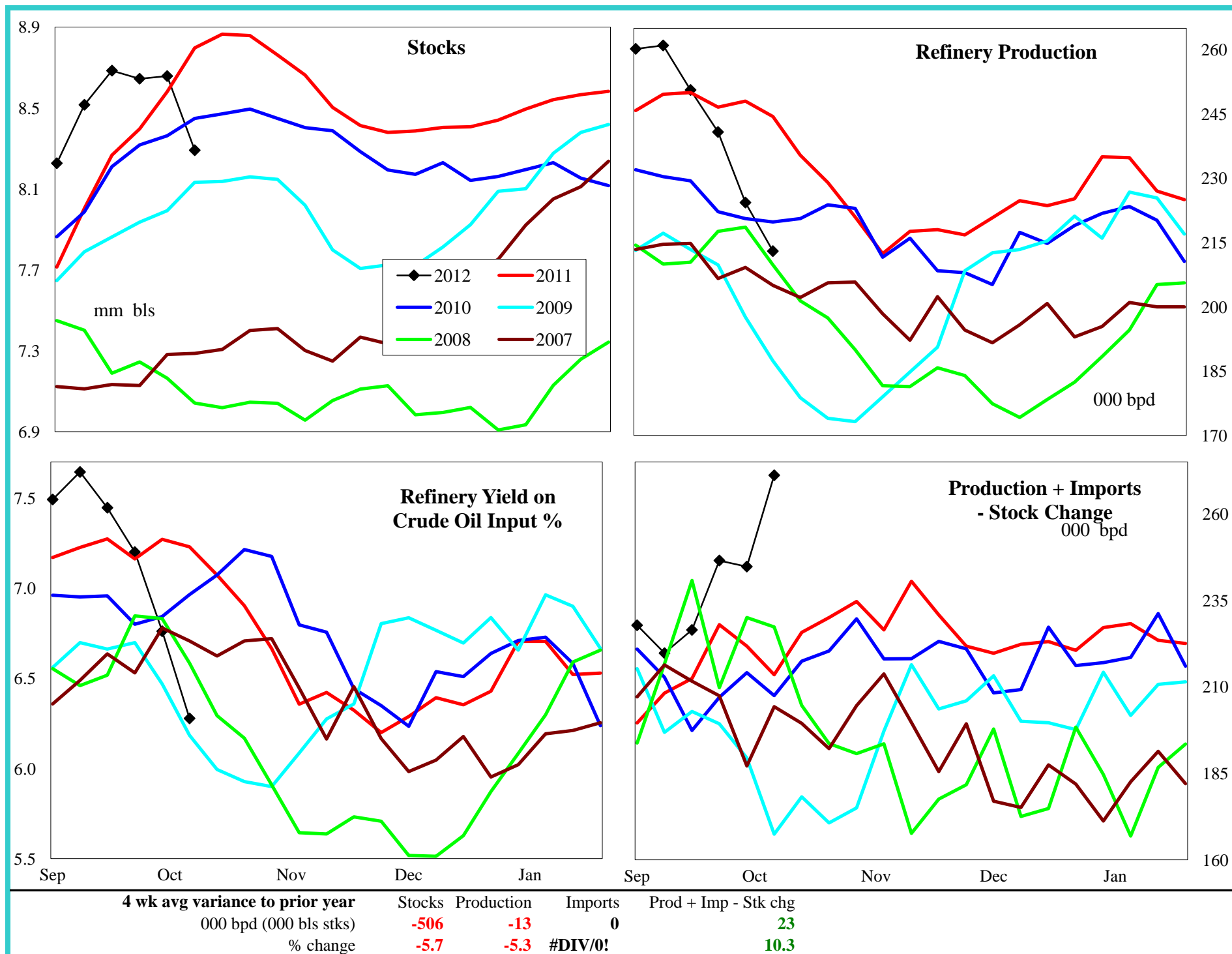
PADD 2 Conventional Gasoline Supply



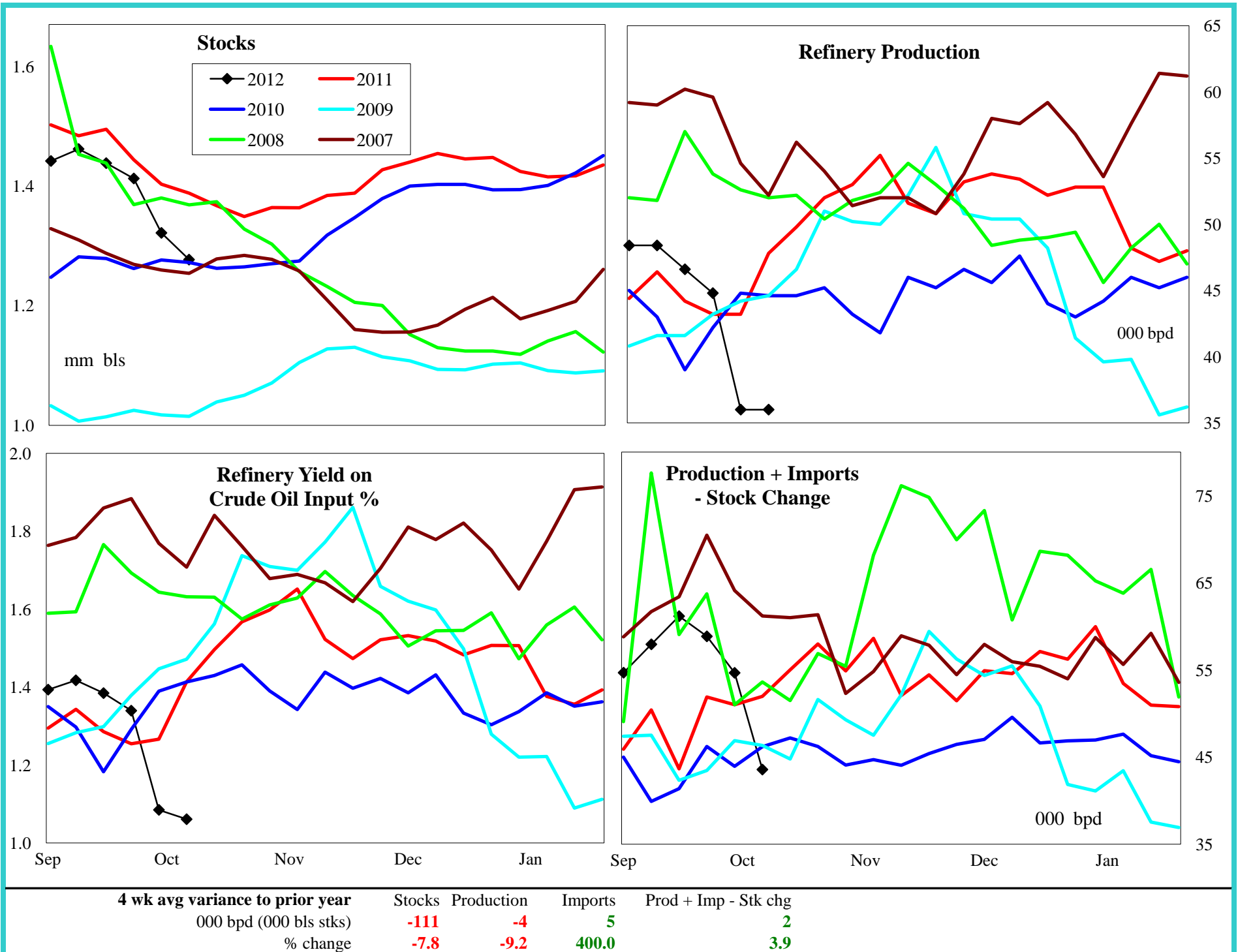
PADD 2 Distillate Supply



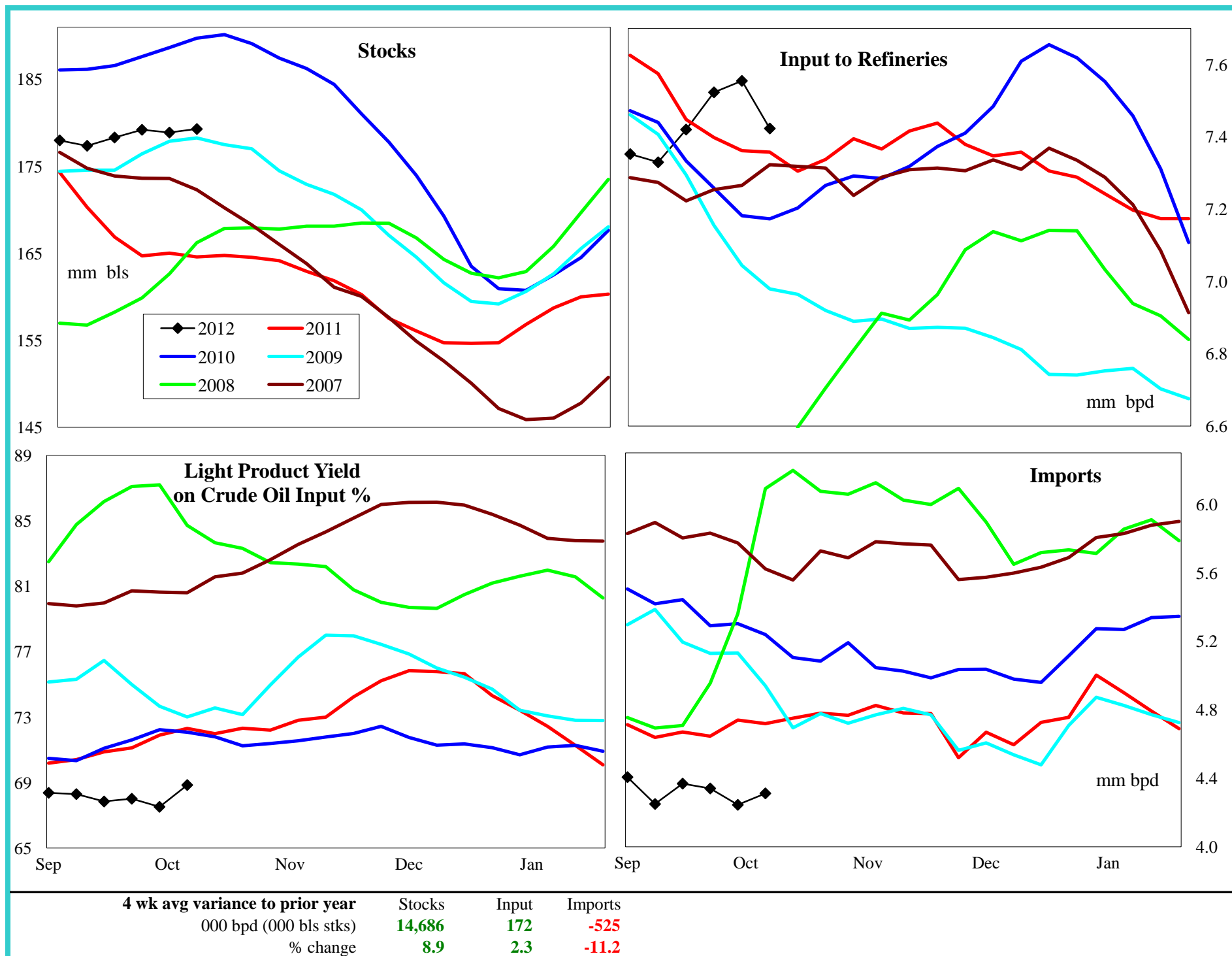
PADD 2 Jet Fuel Supply



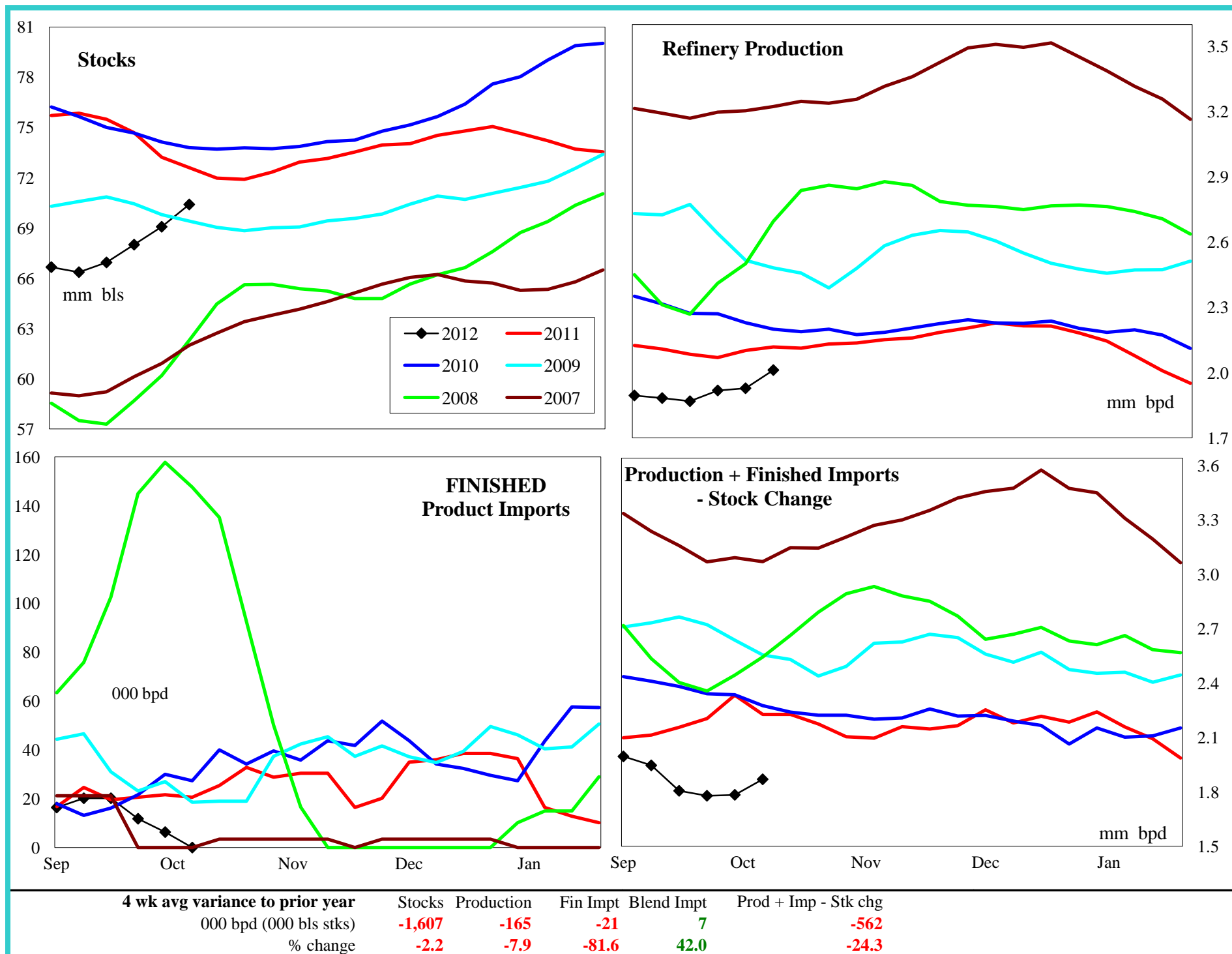
PADD 2 Residual Fuel Oil Supply



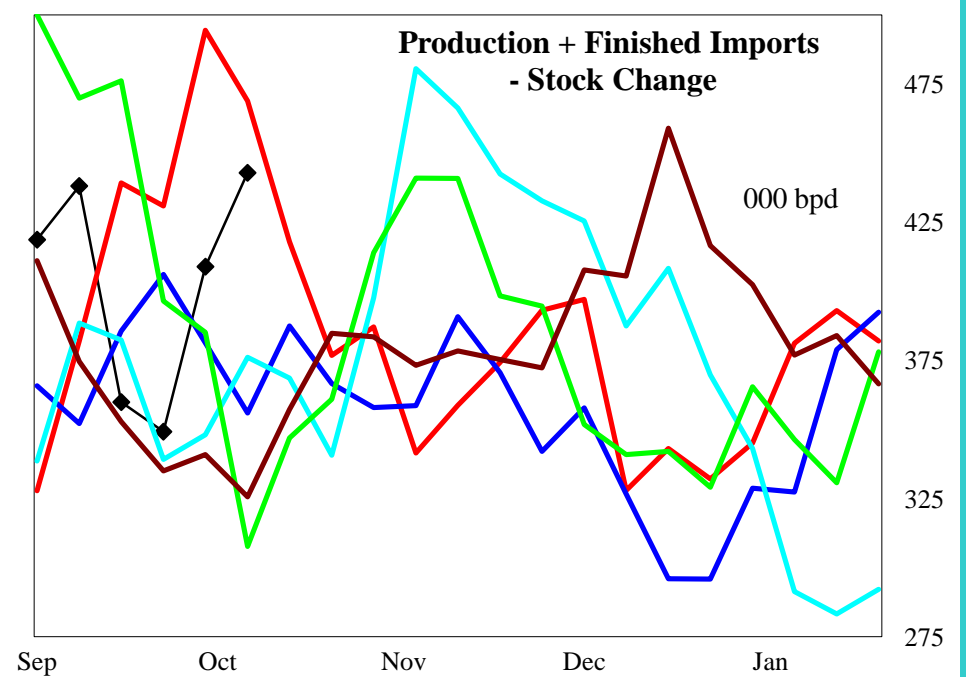
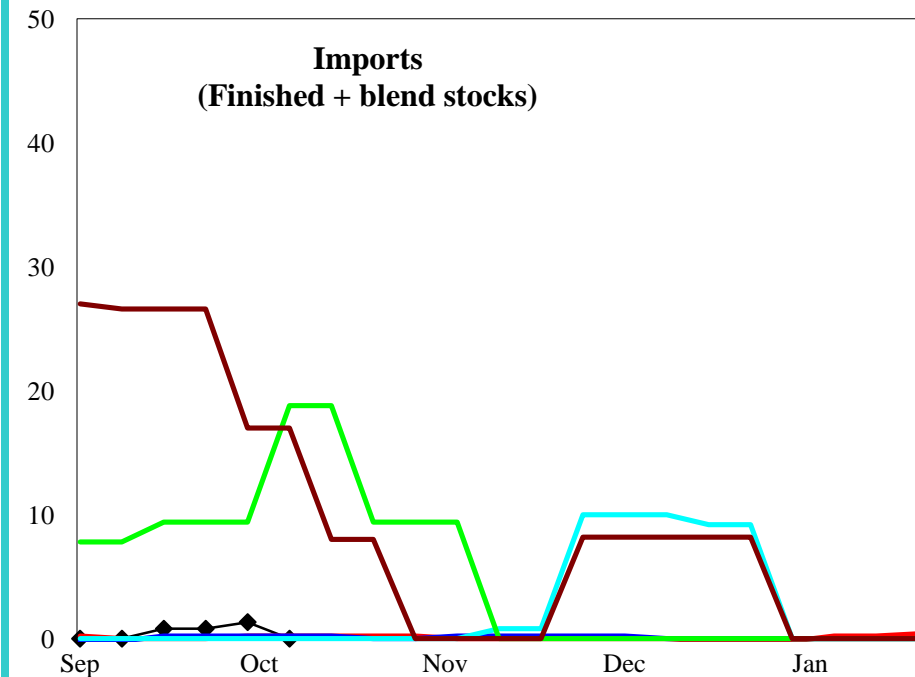
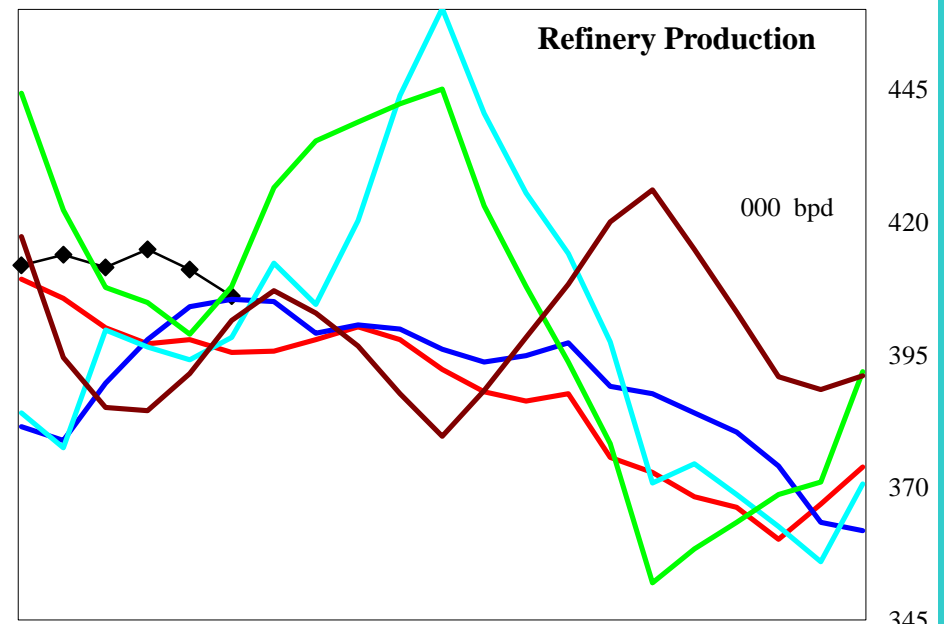
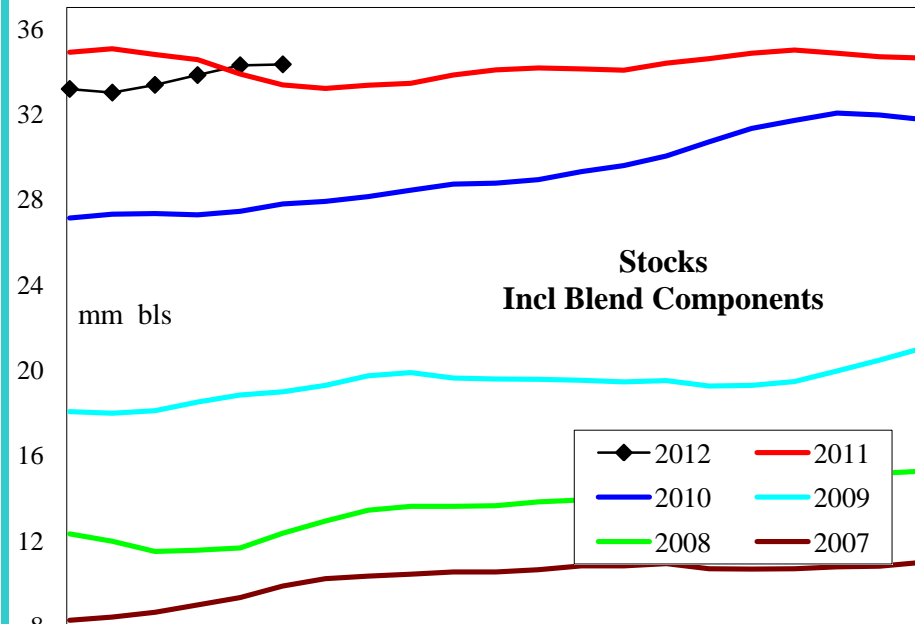
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

749

14

1

-139

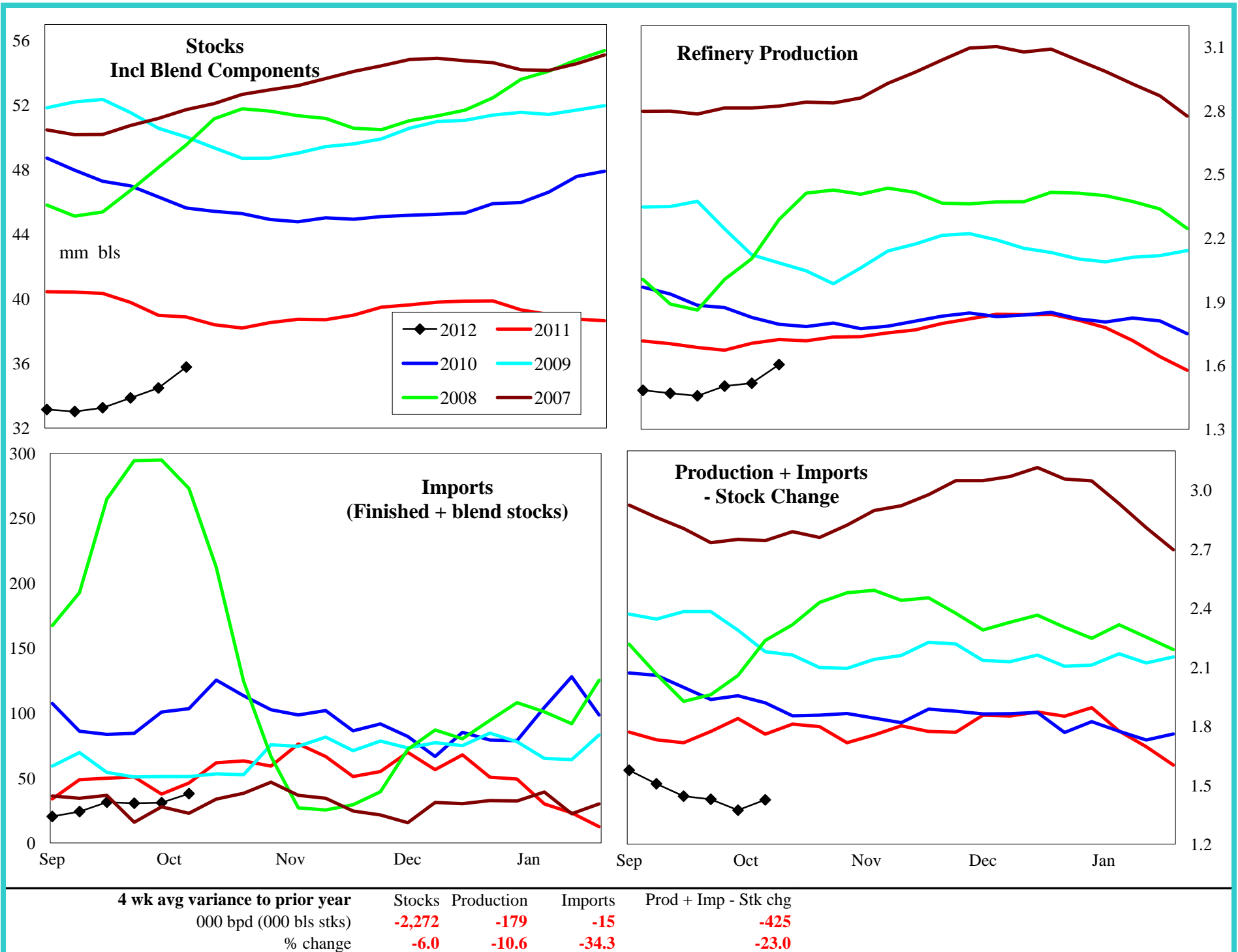
2.2

3.4

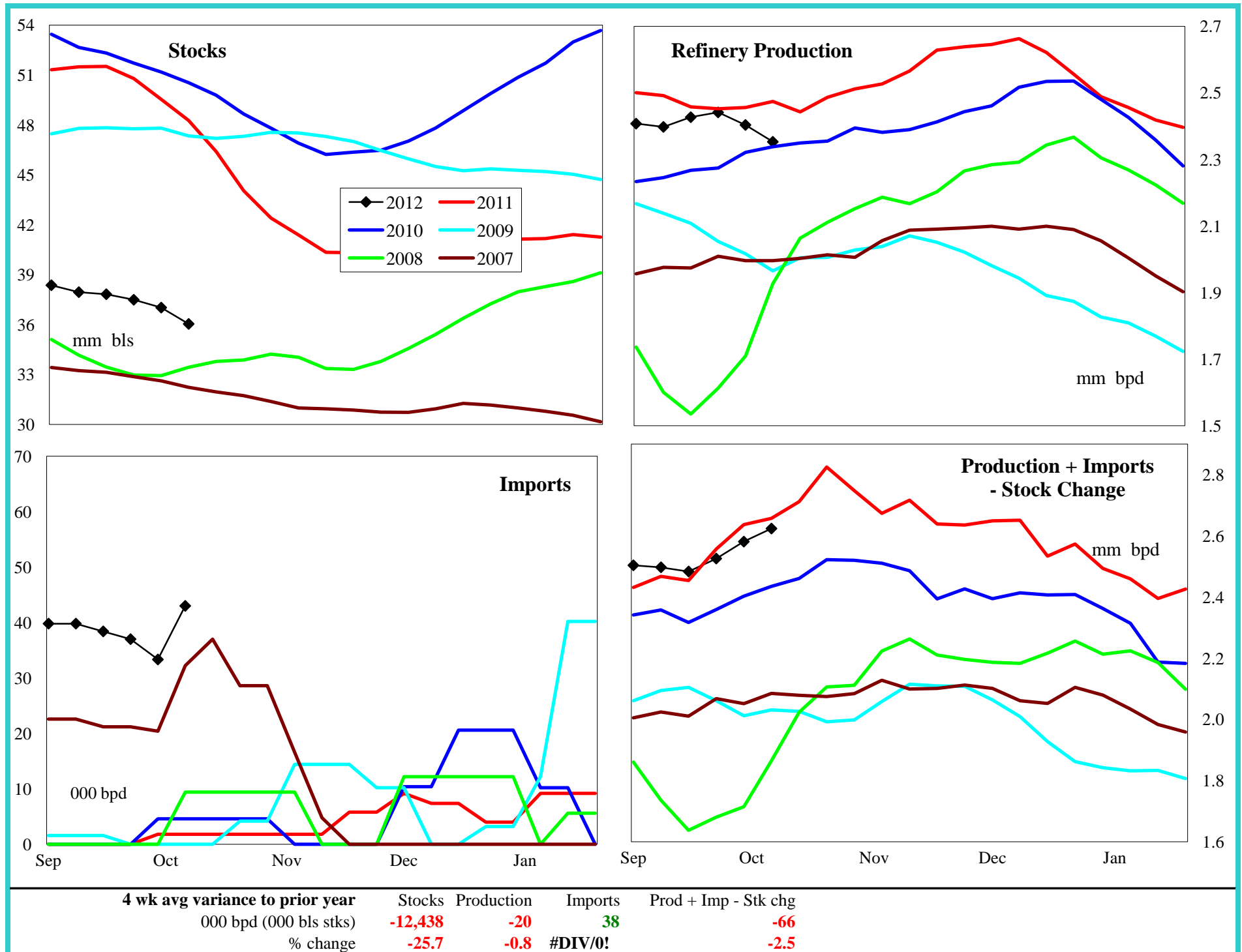
#DIV/0!

-29.9

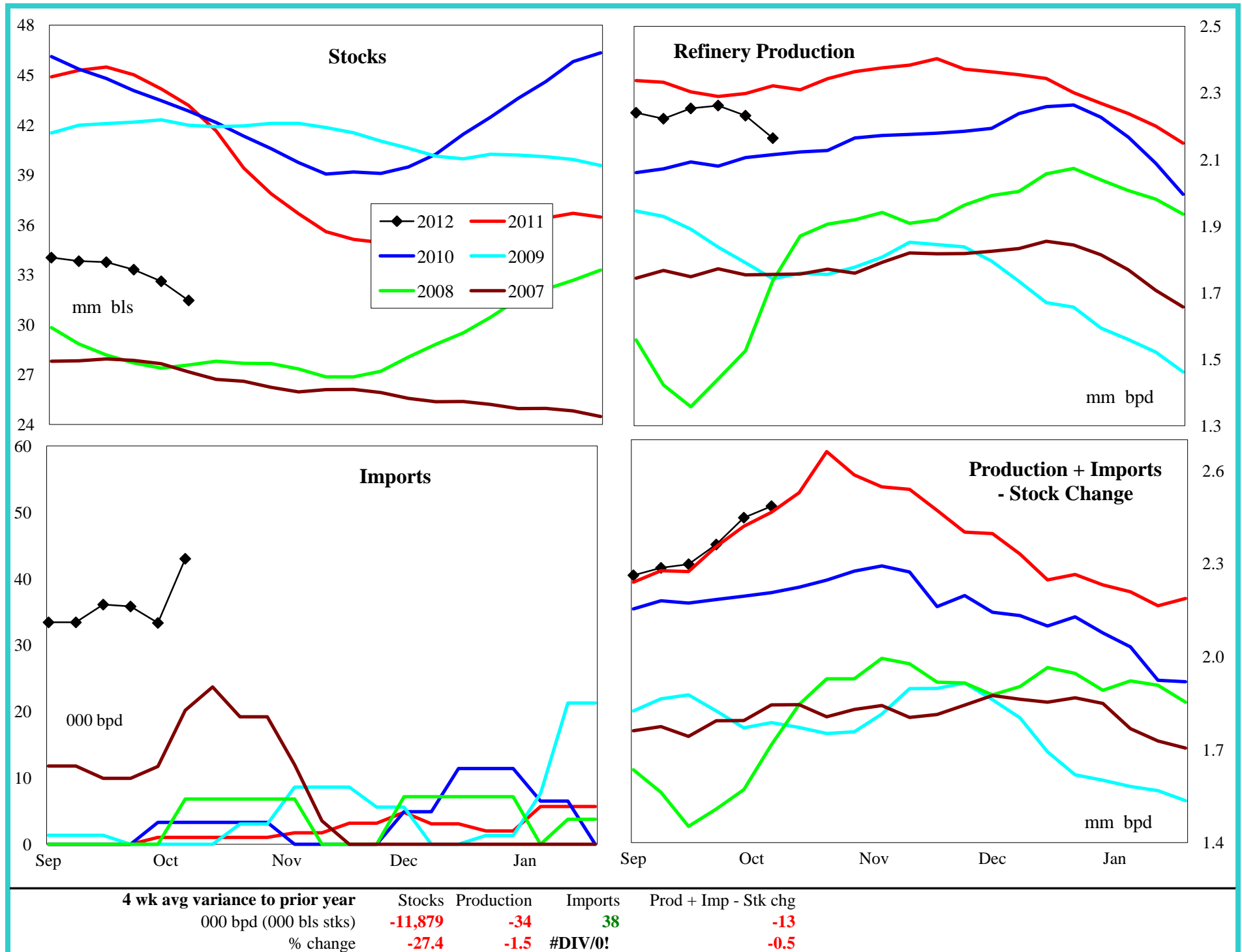
PADD 3 Conventional Gasoline Supply



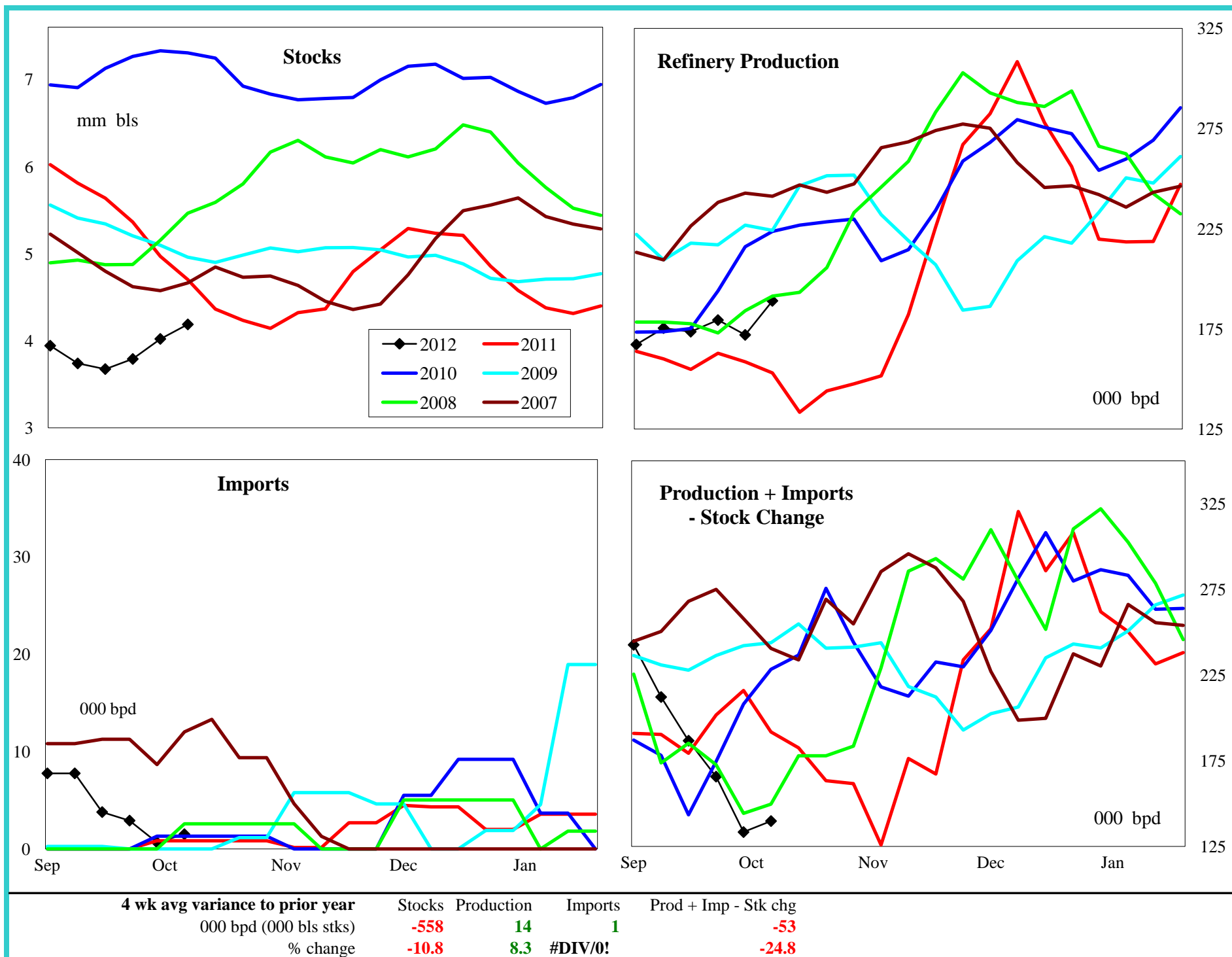
PADD 3 Distillate Supply



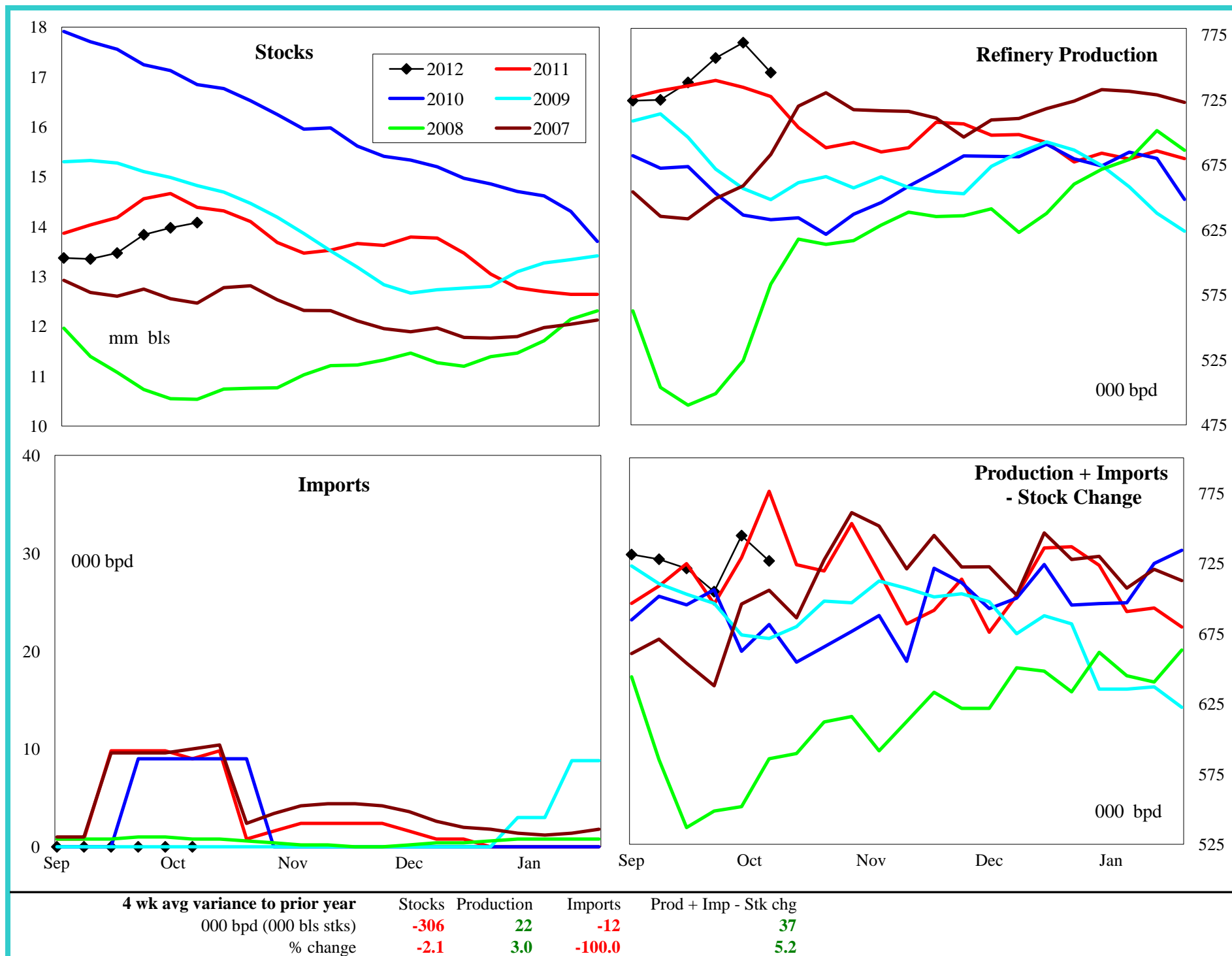
PADD 3 Low Sulfur Distillate Supply



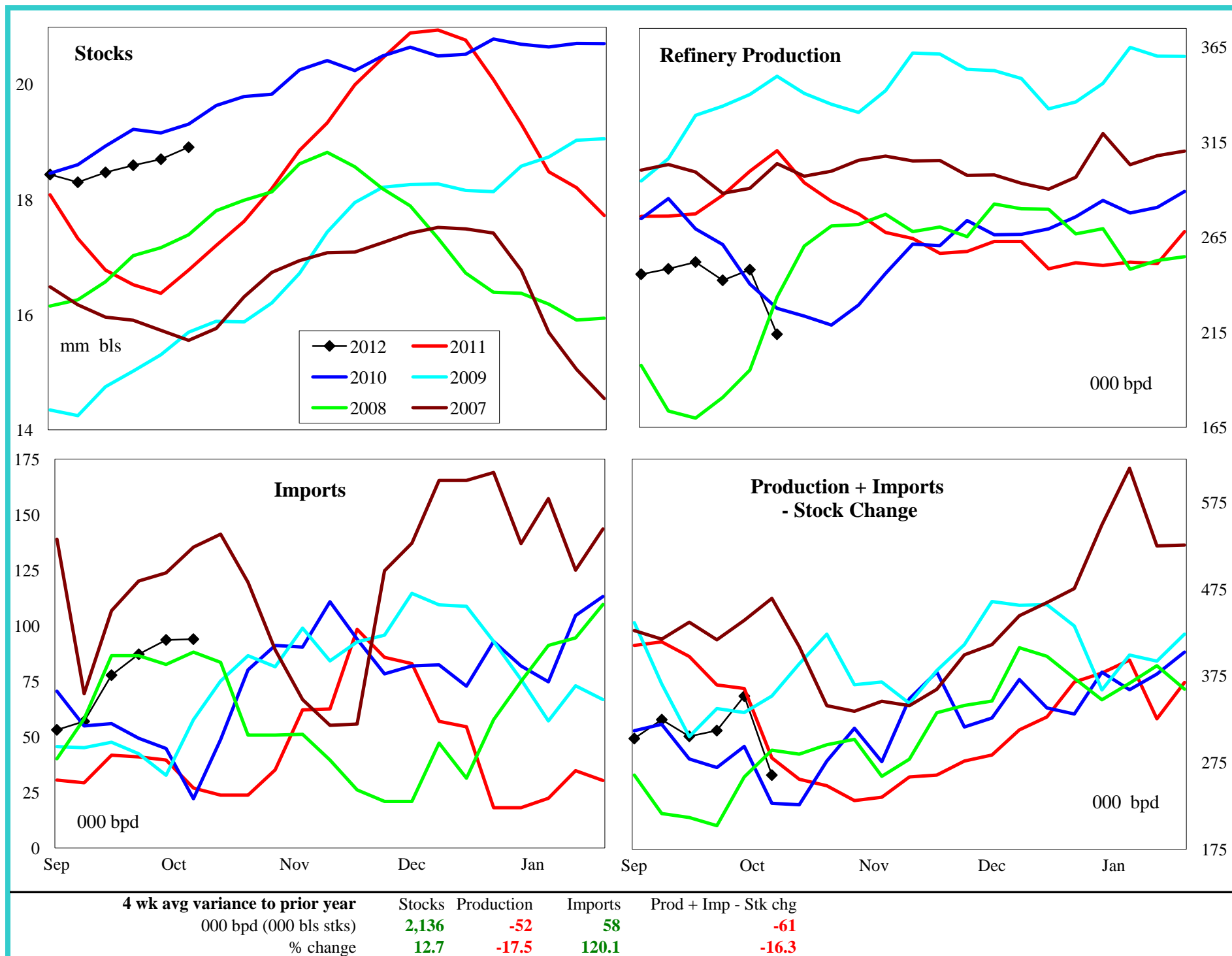
PADD 3 High Sulfur Distillate Supply



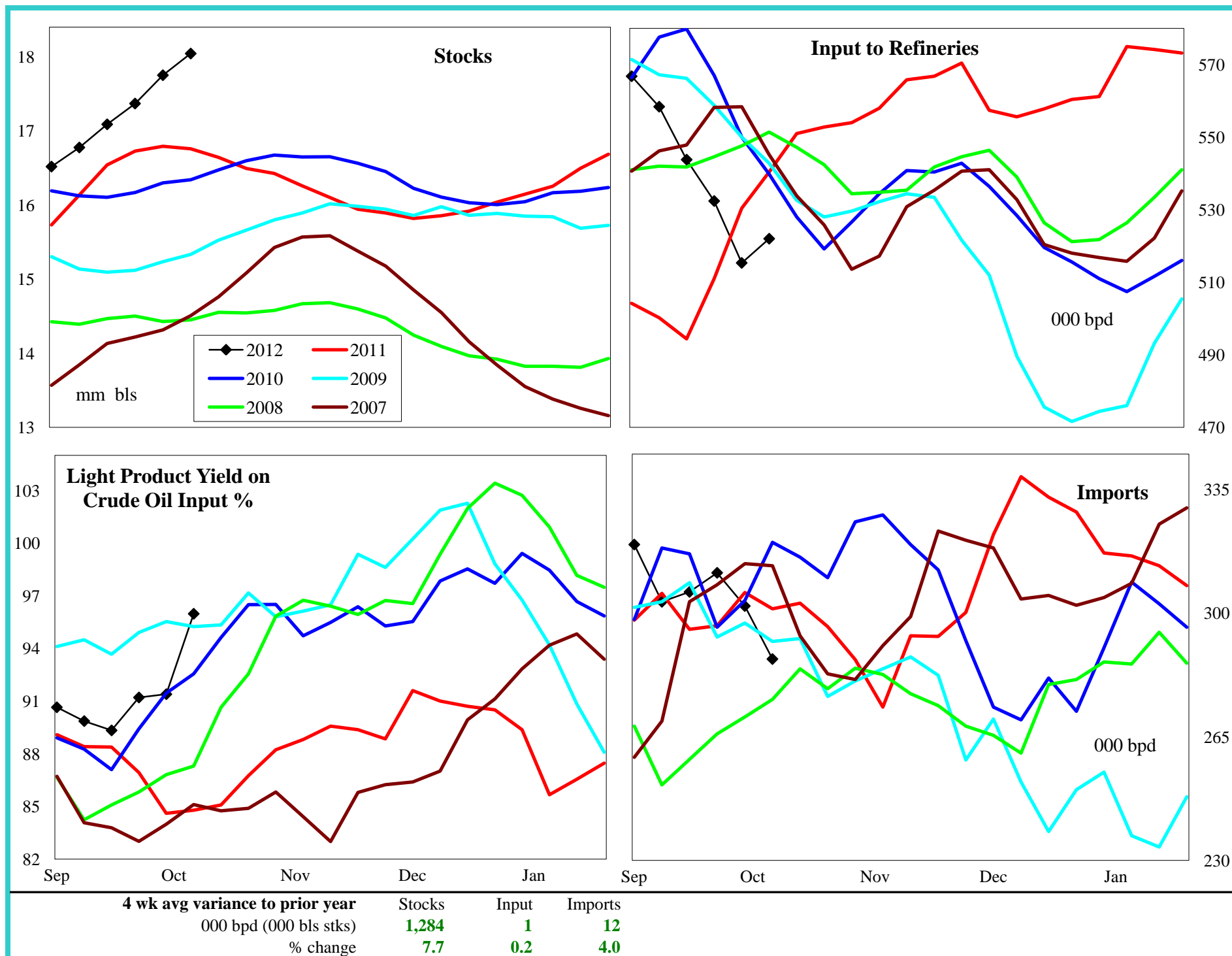
PADD 3 Jet Fuel Supply



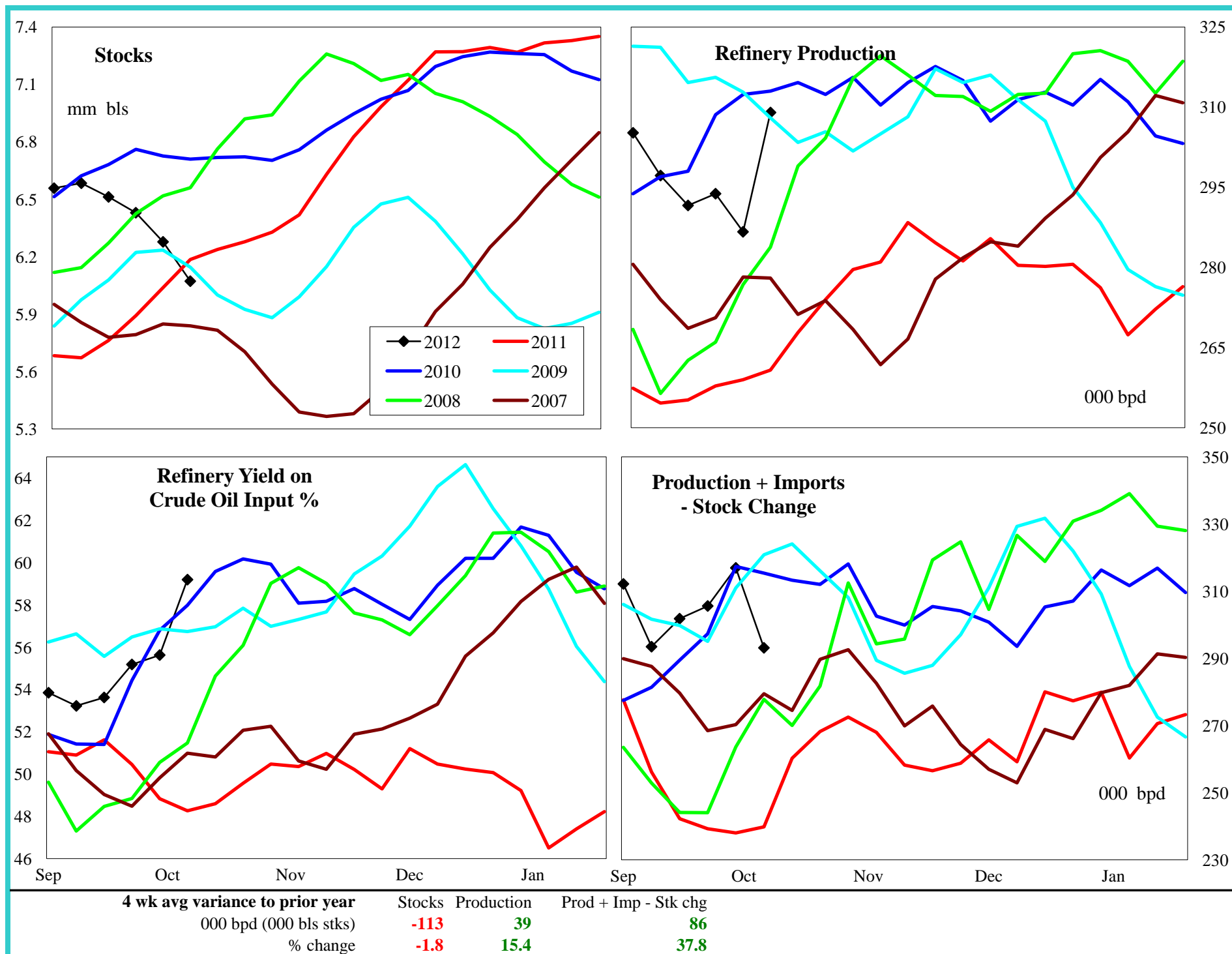
PADD 3 Residual Fuel Oil Supply



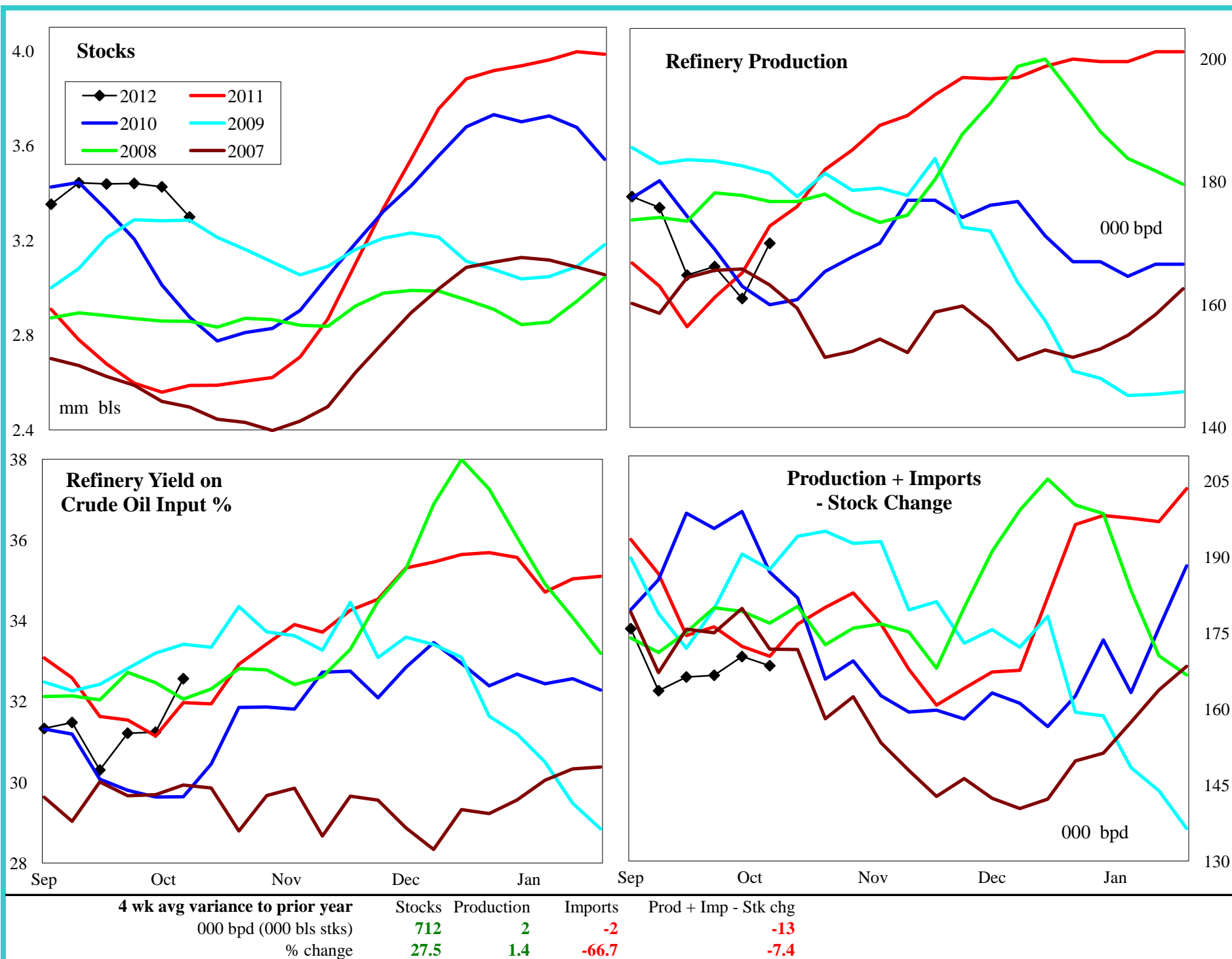
PADD 4 Crude Oil Supply and Refining



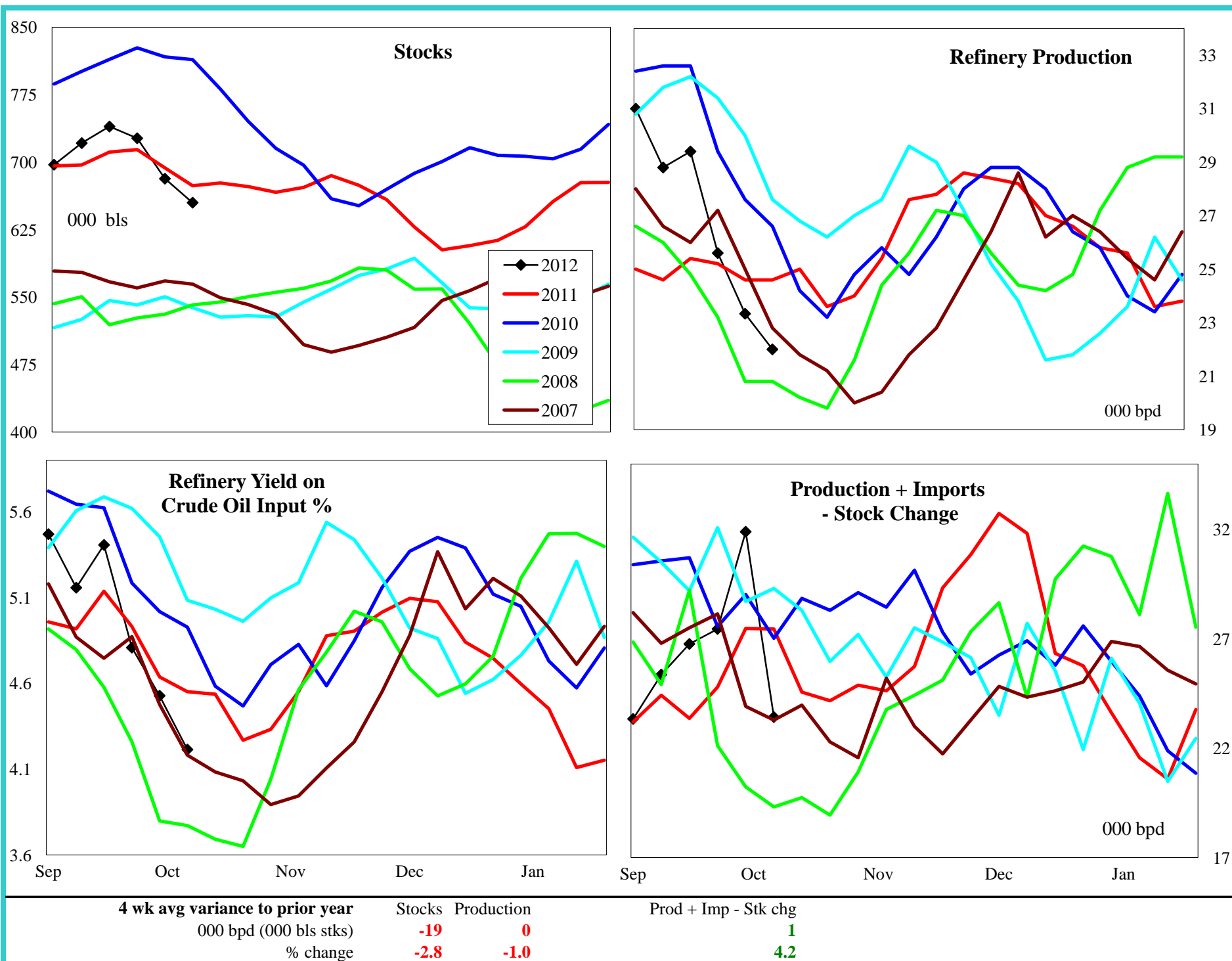
PADD 4 Gasoline Supply



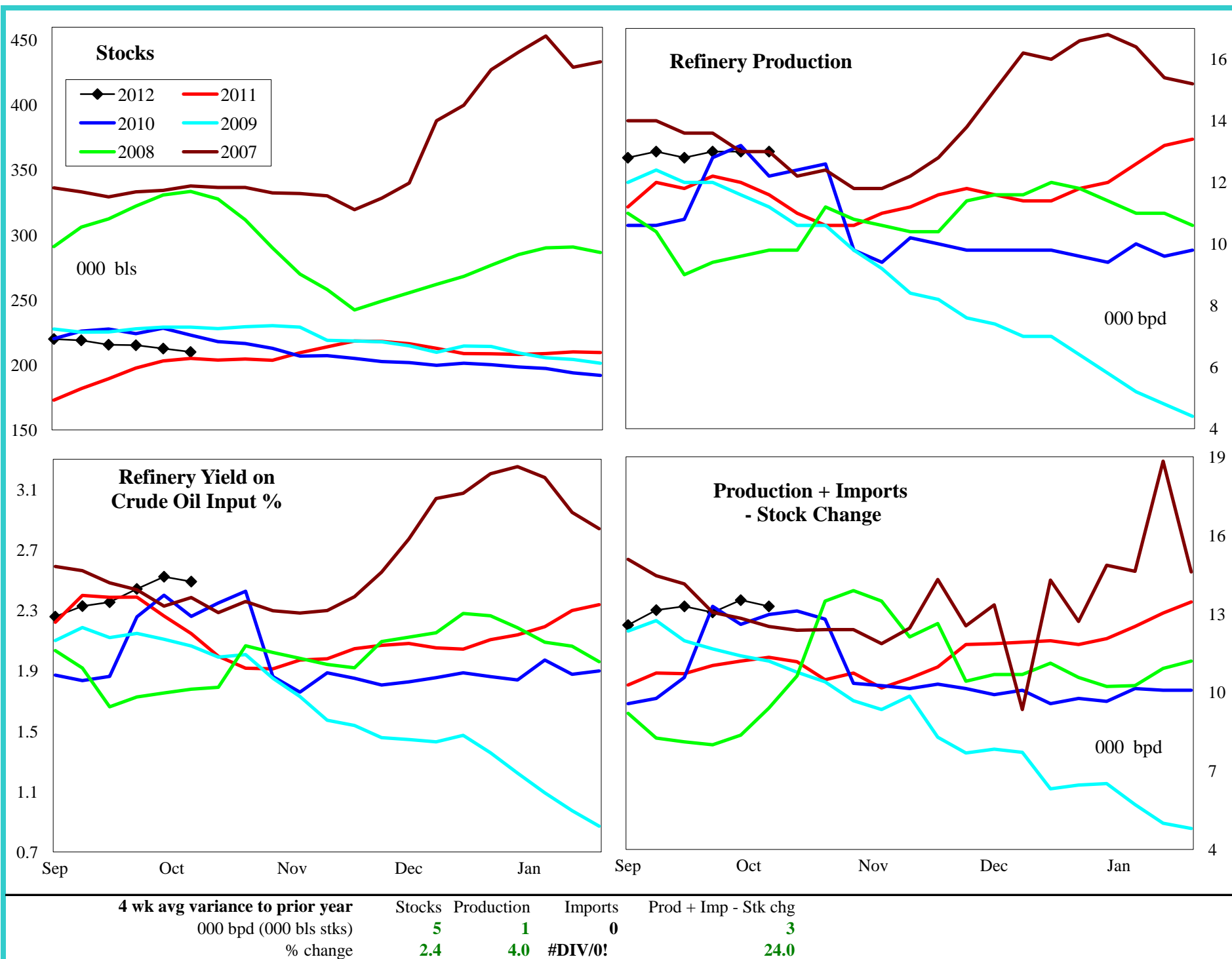
PADD 4 Distillate Supply



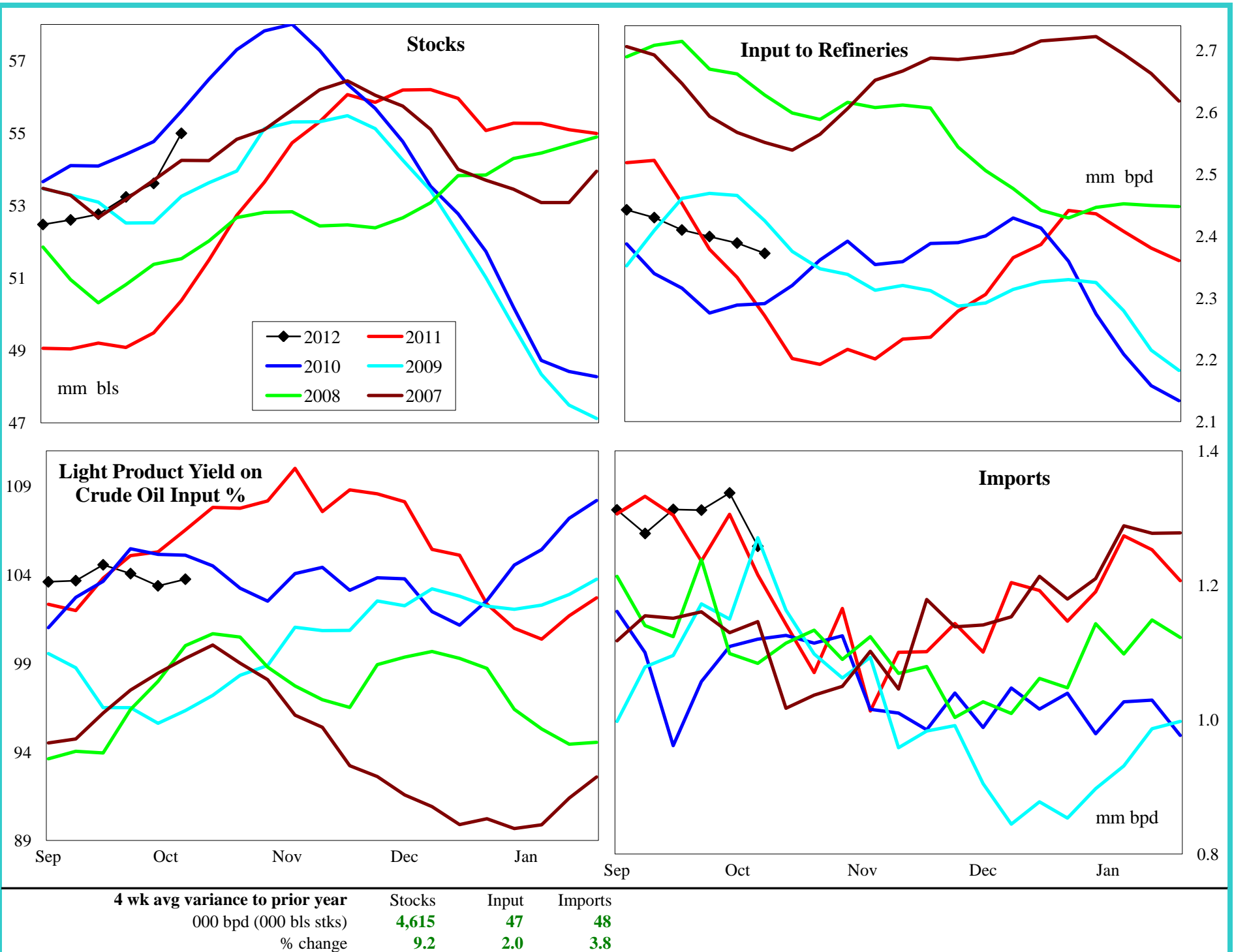
PADD 4 Jet Fuel Supply



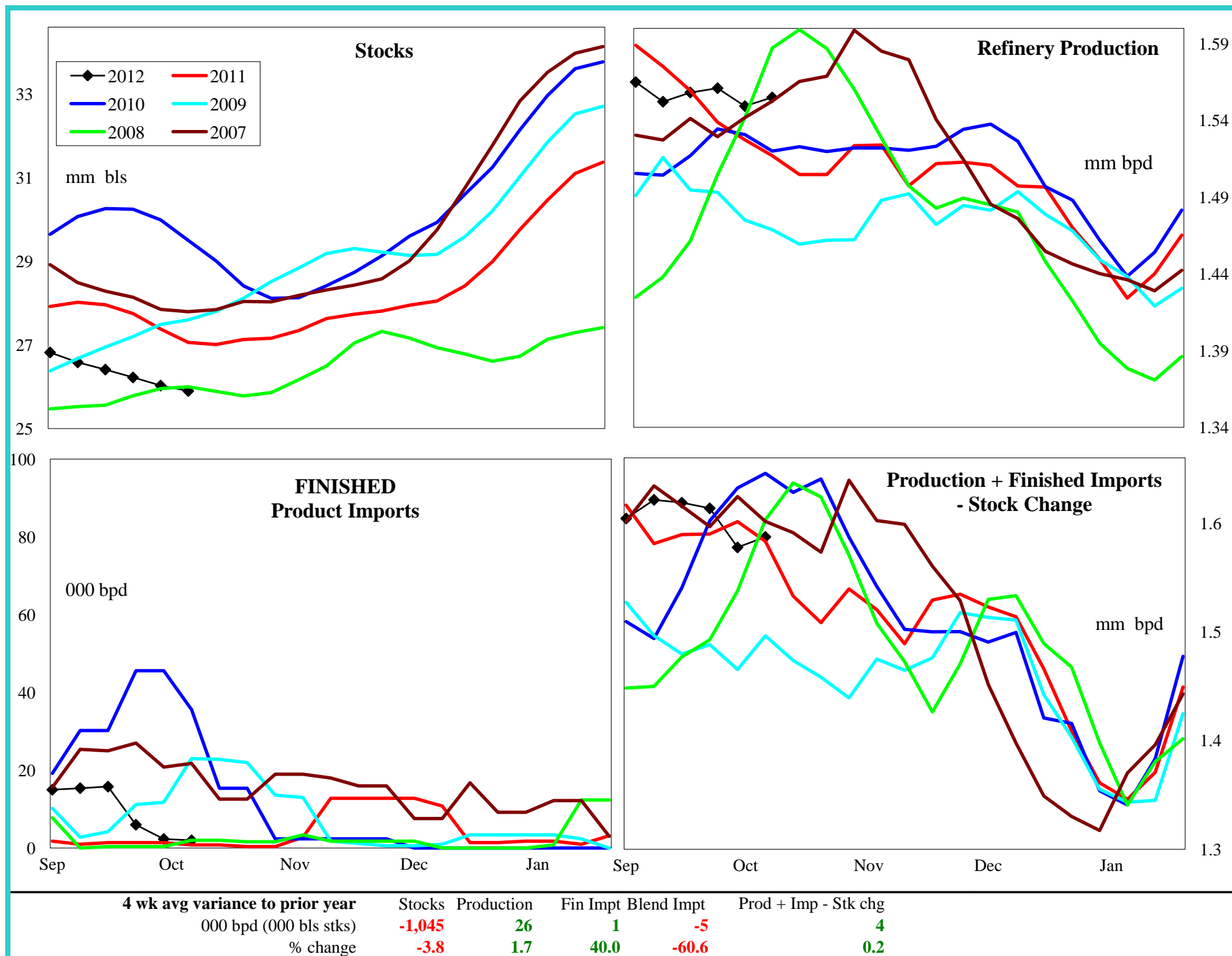
PADD 4 Residual Fuel Oil Supply



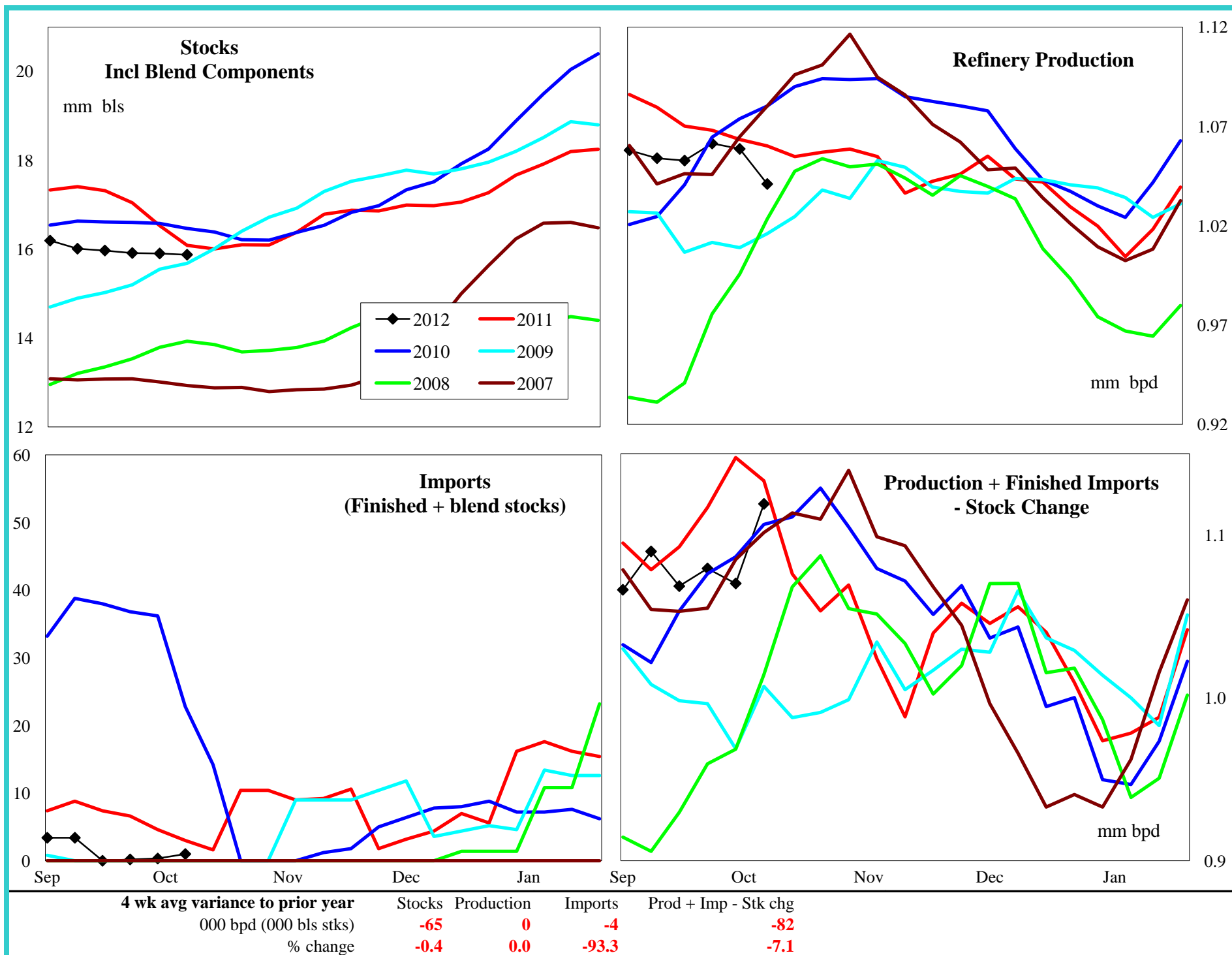
PADD 5 Crude Oil Supply and Refining



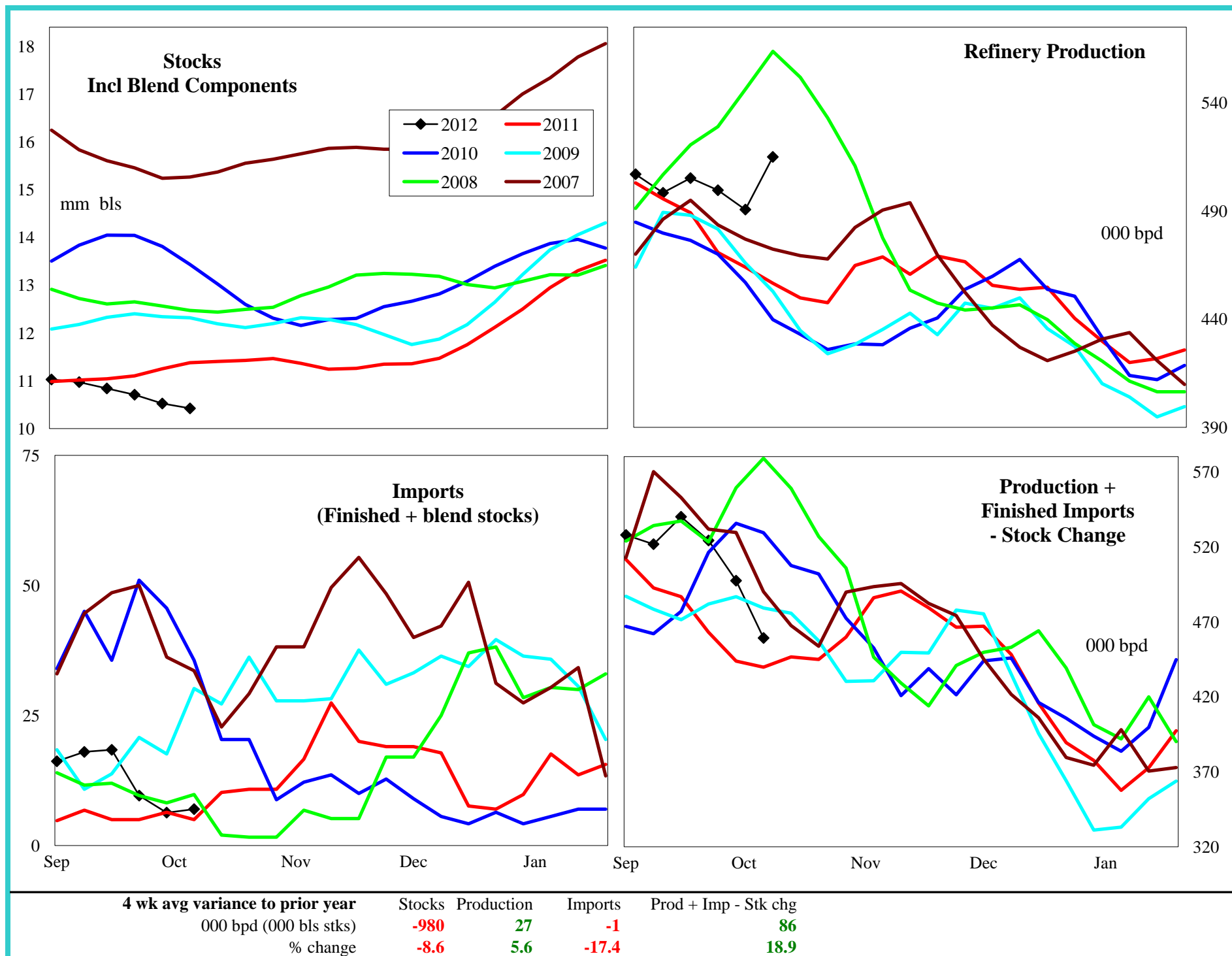
PADD 5 Gasoline Supply



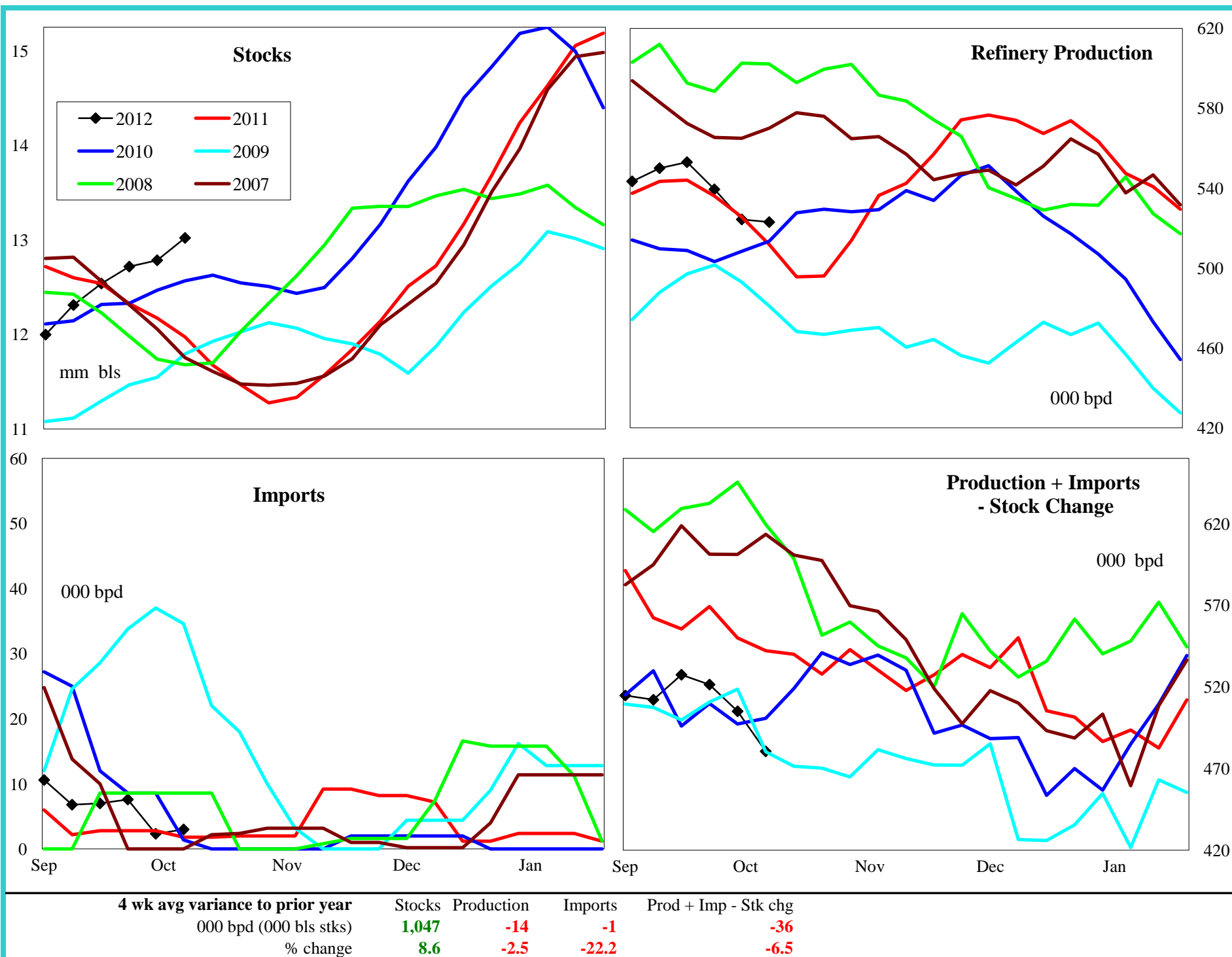
PADD 5 Reformulated Gasoline Supply



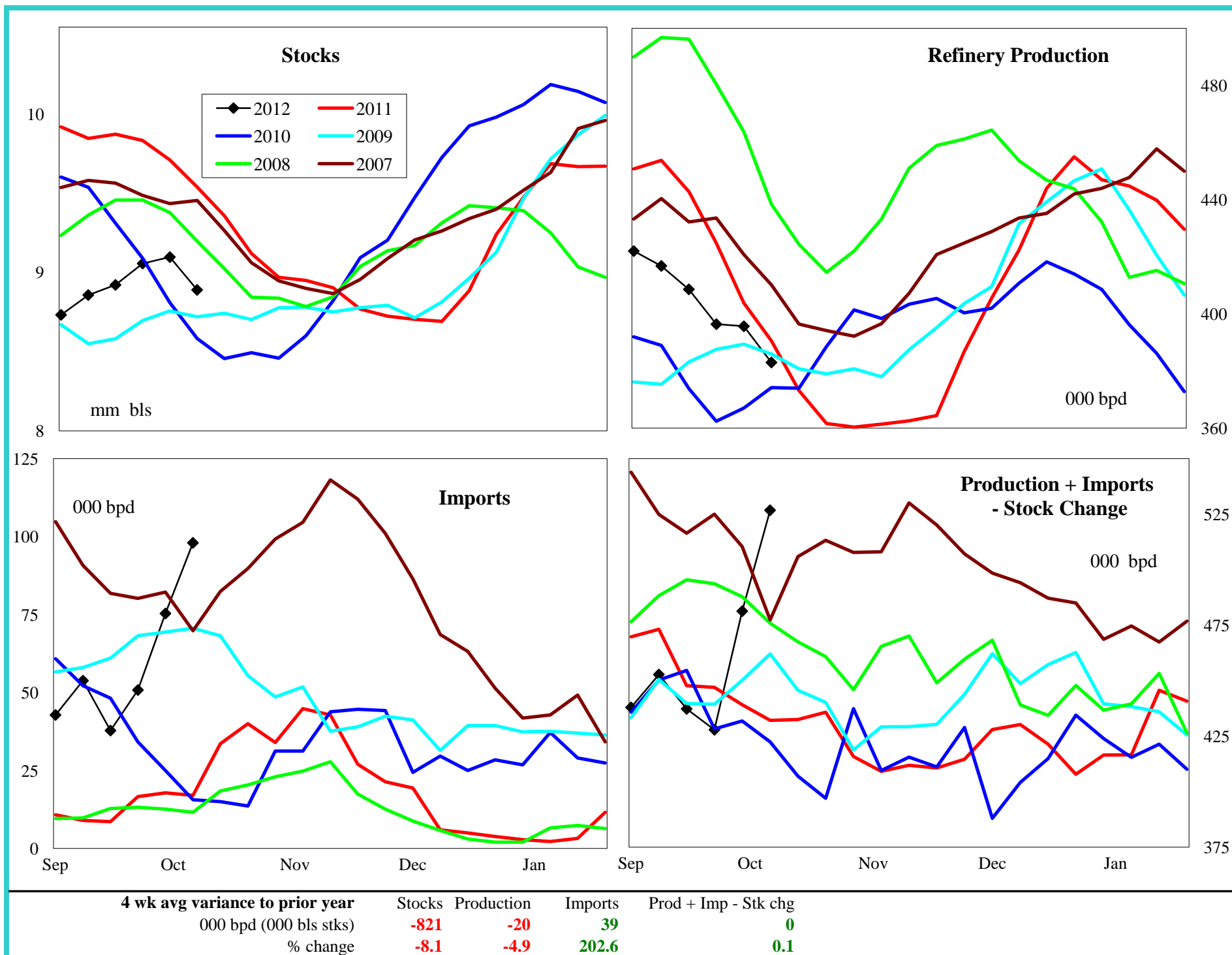
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

