



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

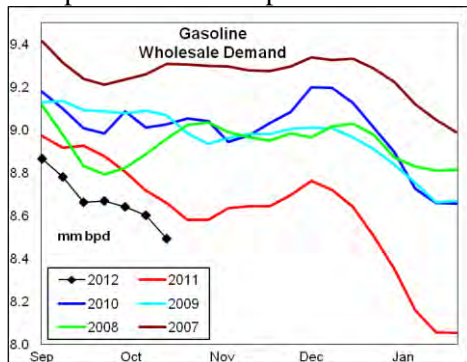
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 24, 2012

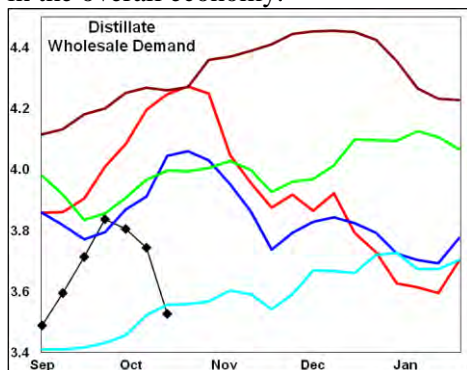


Major Fundamental Trends¹

Gasoline supplies are quickly healing on a nearly +3 million barrel build on the East Coast during the last 2-wks and a +1.7 million barrel build on the West Coast this past week. Combined with a seasonal decline in demand that is tracking at a level below last years' record lows; resulting in a broad based collapse in wholesale prices.

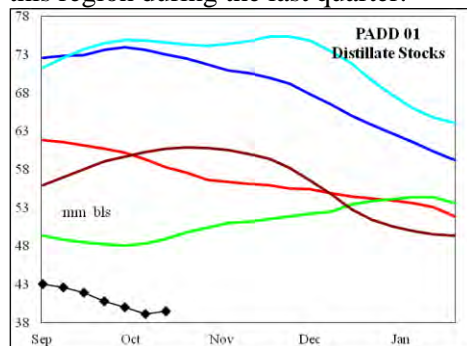


Wholesale distillate demand plunged last week, to a level -0.8 million bpd below last year for the week; due in part to extremely warm temperatures in heating oil markets. Unusually low demand may also point to a slowdown in the overall economy.

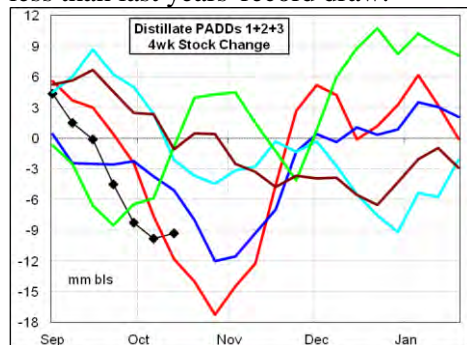


Even with the exceptionally low distillate demand, stocks decreased -0.6 million barrels on the week; driven by high exports, record low heating oil imports and a lack of year-on-year increase in refinery production. Stocks did increased +1.1 million barrels on the East Coast, due in part to the very warm temperatures last week. This was the first meaningful stock build in

this region during the last quarter.



The latest 4-wk stock distillate stock draw in markets East of the Rockies was -9.3million barrels, only slightly less than last years' record draw.



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).

Extremely high domestic production and an increase in imports led to a +5.9 million barrel crude oil stock build for the week, lifting stocks +37 million barrels above last year.

Demand for distillate plunged -0.4 million bpd last week, while jet fuel remained near 5-year highs, on record imports by end users. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1.8%; distillate fell -7.7%; jet fuel up +7.1% while residual fuel oil decreased -2%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.4 million barrel stock build and lower demand. Coverage levels were comparable to the average of the last 3-years.

Distillate coverage increased on a sharp drop in wholesale demand that offset the -0.6 million barrel stock

draw. Coverage levels matched historic lows for the period.

Jet fuel coverage decreased on a -0.1 million barrel stock draw last week and extremely high demand. Coverage levels ended the week at the low end of the 5-year range.

Refinery utilization rates were nearly unchanged last week on a -17,000 bpd decrease in crude oil runs. During the latest 4-wk period crude oil input was +126,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased on a -57,000 bpd drop in output compared to the -17,000 bpd decline in crude oil runs. Yield % on crude oil runs was below each of the last 3-years.

Distillate yield % on crude oil runs decreased on a -102,000 bpd drop in production, compared to the small decline crude oil runs. The yield % fell below the last 2-years.

Jet fuel yield % on crude oil runs increased on a +41,000 bpd rise in output, compared to the small decline in crude oil runs. The yield % was above the 5-year range.

Petroleum Imports of crude oil were +0.5 million bpd higher last week, while jet fuel remained extremely high due to a spike on the West Coast. During the latest 4-wk period crude oil imports were -0.4 million bpd below last year; distillate imports decreased -66,000 bpd; finished gasoline imports decreased -43,000 bpd, gasoline blend stock imports increased +62,000 bpd; jet fuel imports were +52,000 bpd higher, while residual fuel oil imports increased +4,000 bpd.

Crude Oil imports increased +0.5 million bpd last week, although the latest 4-wk average was -0.4 million bpd below last year and a record low. Stocks surged +5.9 million barrels, including a +5.5 million barrel build on the Gulf Coast. Cushing stocks ended the week +12.8 million barrels above last year, +41%.

¹ Source is latest EIA Weekly Statistics



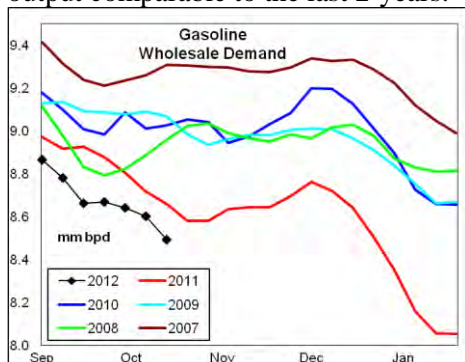
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

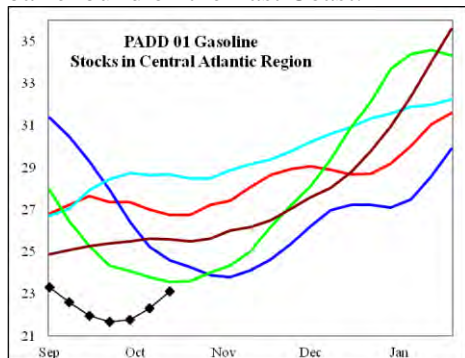
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 24, 2012

Product Supply-Demand Trends

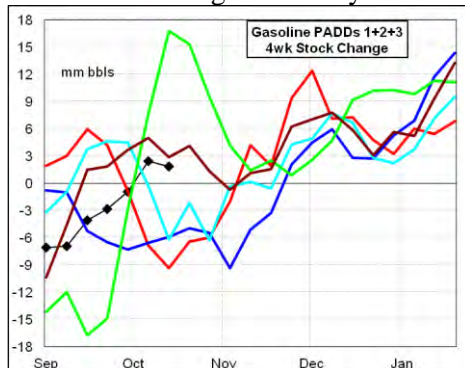
Gasoline demand fell -236,000 bpd last week, a level below the 5-year range. The latest 4-wk average demand was -157,000 bpd below a year ago. Supply decreased -61,000 bpd last week, with output comparable to the last 2-years.



Stocks climbed +1.4 million barrels on the week, including a +1.3 million barrel build on the East Coast.



The latest 4-wk stock change in markets East of the Rockies was a +1.8 million barrel stock build. This build compares to an average -6 million barrel draw during the last 3-years.

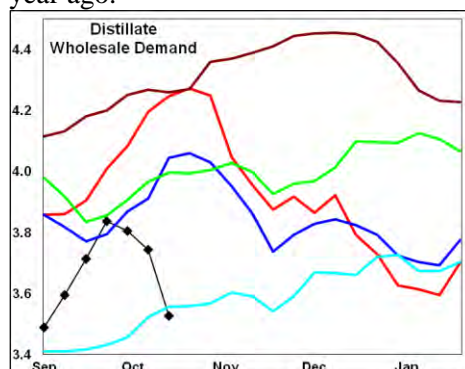


Expect supplies on the East Coast to show further improvement over the next 30-days on increased production of winter grades, and lower seasonal demand.

The supply squeeze on the West

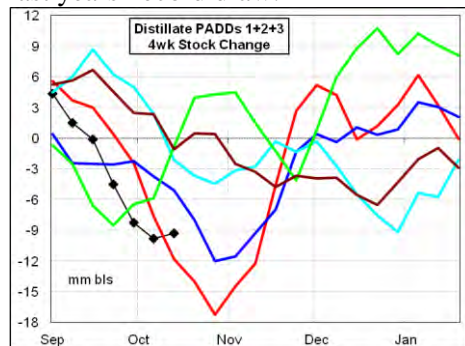
Coast has dramatically improved with a +1.7 million barrel stock build last week.

Distillate demand plunged -353,000 bpd last week, to a level that matched 5-year lows. The latest 4-wk average demand was -320,000 bpd below a year ago.



Supply fell -128,000 bpd on the week due to lower production. Stocks fell -0.6 million barrels last week, including a +1.1 million barrel build on the East Coast.

The latest 4-wk stock change in markets East of the Rockies was a -9.3 million barrel draw, slightly less than last years' record draw.



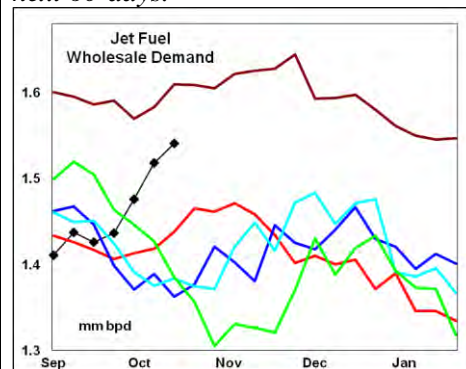
Record exports, extremely low imports and a lack of year-on-year growth in production underlies the very large stock draw down. Look for further stock draws during the next 60-days while refiners complete maintenance. Risk is very high for a supply squeeze in the Atlantic Basin during the winter heating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

Jet Fuel demand declined -64,000 bpd on the week with the level near 5-year highs. The latest 4-wk average demand was +101,000 bpd above a year ago.

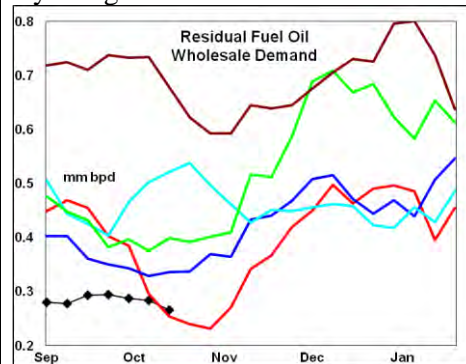
Supplies increased +83,000 bpd

last week, near record imports and production levels above the 5-year range. Stocks declined -0.1 million barrels on the week to a level -7.9% below last year.

Look for demand to see a sharp pull back from current levels, due in part to a surge in imports by end users. A seasonal downtrend in production should lead to stock draws over the next 60-days.



Residual fuel oil demand increased +98,000 bpd last week, with the latest 4-wk average demand unchanged from a year ago.



Supply (production + imports) jumped +224,000 bpd last week, on higher production and imports. The latest 4-wk average supply was -75,000 bpd below last year on lower production. Stocks increased +0.9 million barrels on the week, a level comparable to two of the last 3-years.

Wholesale demand for the latest 4-wk period was nearly unchanged from last years' record lows. Very low production has led to the low level of stocks in regions other than the Gulf where stock levels match 5-year highs.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

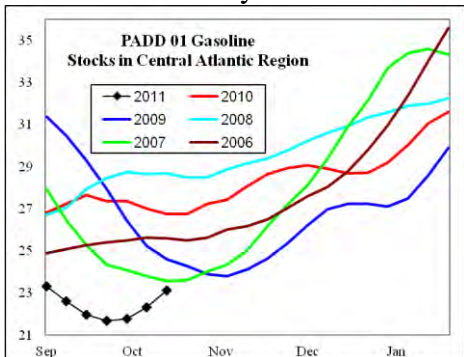
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 24, 2012

PADD Supply Trends

PADD 1 refinery crude oil runs declined -98,000 bpd last week, to a level comparable to the average of the last 2-years.

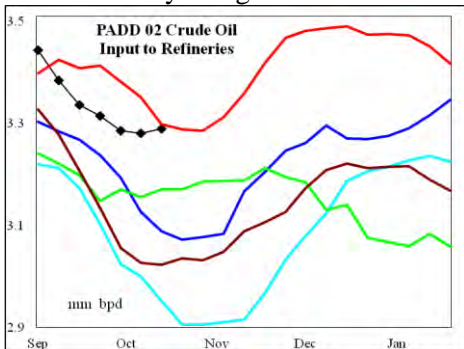
Gasoline supply increased +171,000 bpd on higher production. Stocks increased +1.3 million barrels on the week, the second consecutive weekly build.



While still very low, gasoline stocks are seeing a meaningful seasonal build, up +2.9 million barrels during the last 2-wks.

Distillate supply increased +17,000 bpd on the week. Imports were -86,000 bpd below last year for the most recent 4-wk period. Stocks increased +1.1 million barrels on the week, with the level -18.8 million barrels below a year ago.

Jet fuel supply decreased -19,000 bpd last week, with the level below the 5-year range. Stocks fell -0.6 million barrels on the week, with the level -23% below a year ago.



PADD 2 crude oil refinery runs decreased -73,000 bpd to a level that matched a year ago. The latest 4-wk average crude runs were -65,000 bpd below last year. Stocks decreased -0.8

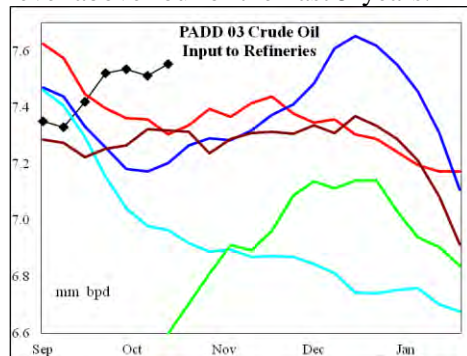
million barrels, to a level +13.3 million barrels above the prior record high.

Gasoline production jumped +104,000 bpd on the week, with the latest 4-wk average -57,000 bpd below a year ago. Stocks declined -0.2 million barrels to a level that matched 5-year lows.

Distillate production decreased -27,000 bpd on the week, although the level remains sharply above the 5-year range. Stocks decreased -0.3 million barrels on the week, to a level below the mid range.

Jet fuel production increased +28,000 bpd last week, to a level that matched 5-year highs. Stocks decreased -0.3 million barrels to a level below the last 3-years.

PADD 3 refinery runs increased +131,000 bpd on the week, to a level above the 5-year range. The latest 4-wk average runs were +208,000 bpd above a year ago. Stocks increased +5.5 million barrels last week, to a level above four of the last 5-years.



Gasoline supply was nearly unchanged on the week. Stocks fell -1.4 million barrels last week, to a level -2% below a year ago.

Distillate supply fell -122,000 bpd on the week, with the latest 4-wk average supply -67,000 bpd below a year ago. Stocks fell -0.8 million barrels on the week, to a level -23% below last year.

Jet fuel production increased +31,000 bpd last week, with the level at a new record high. Stocks decreased -0.5 million barrels on the week to a level below each of the last 3-years.

Residual fuel oil stocks increased

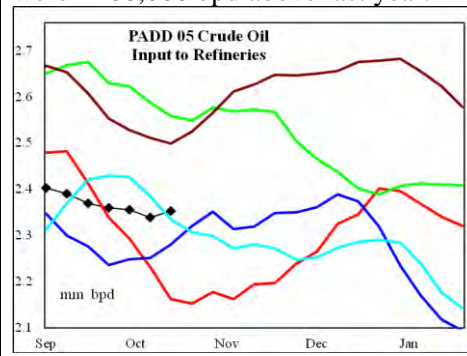
+0.5 million barrels on the week, a level that matched 5-year highs. Supply was nearly unchanged last week, at a level comparable to last year.

PADD 4 refinery crude runs increased +2,000 bpd on the week, with the level at the low end of the historic range. The most recent 4-wk average run rate was -26,000 bpd below last year.

Gasoline supply decreased -19,000 bpd on the week, with the level well below the mid range. Stocks were nearly unchanged at a level below the two of the last 3-years.

Distillate production increased +7,000 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.

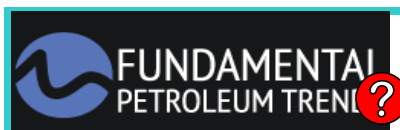
PADD 5 crude oil refinery runs increased +21,000 bpd last week, to a level slightly above the last 3-years. Runs for the most recent 4-wk period were +108,000 bpd above last year.



Gasoline supply decreased -53,000 bpd on the week, with production levels comparable to the 3-year average. Stocks surged +1.7 million barrels on the week to a level that matched the 5-year mid range.

Distillate supply was unchanged on the week, with the latest 4-wk average +20,000 bpd above a year ago. Stocks fell -0.6 million barrels on the week, yet the level remains above four of the last 5-years.

Jet fuel supplies increased +39,000 bpd last week on record high imports. Stocks spiked +1.7 million barrels to level +10% above the prior record high for this time of year.



PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

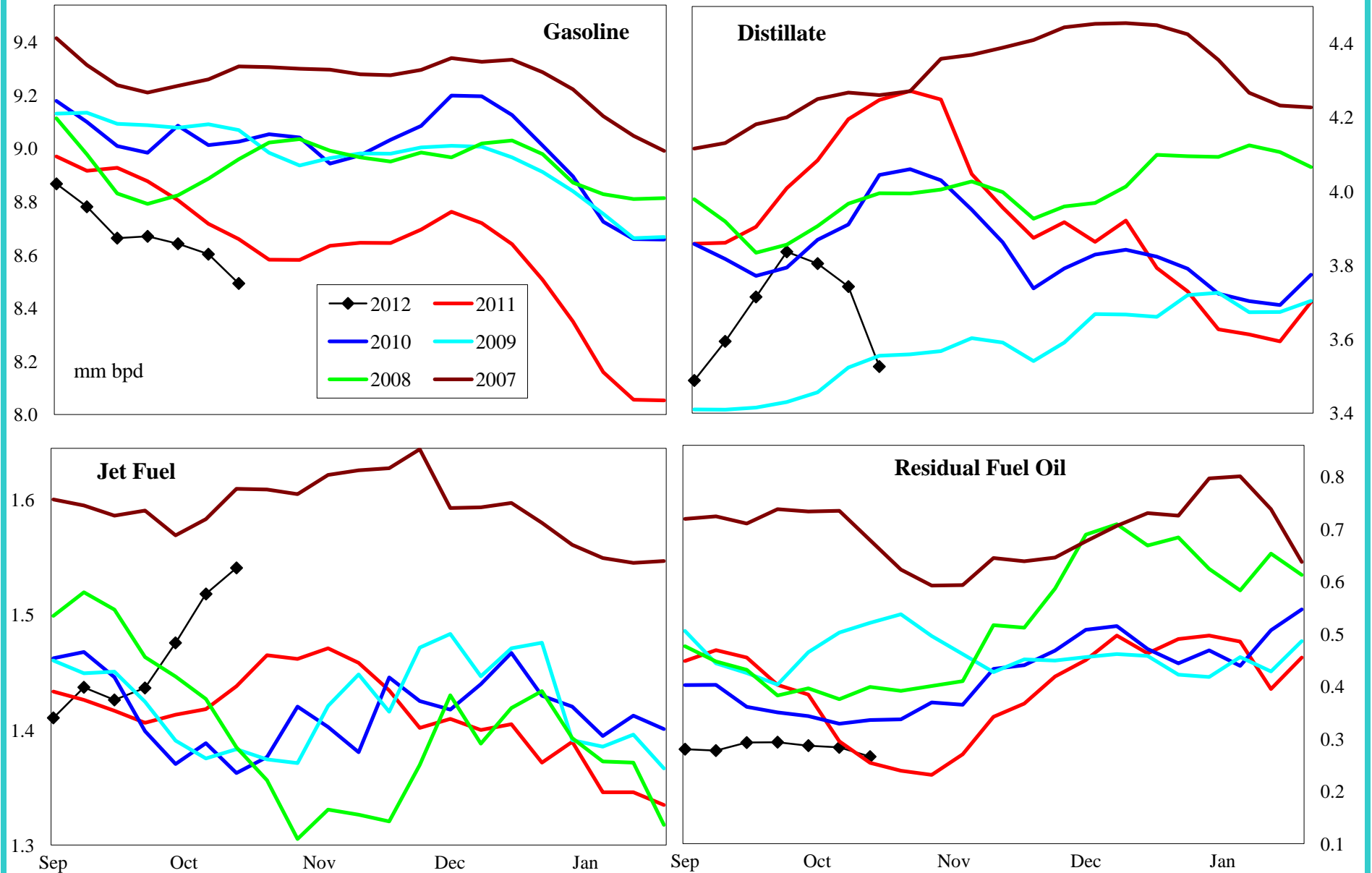
October 24, 2012

Lehi German Tel: 816.505.0980

www.fundamentalpetroleumtrends.com

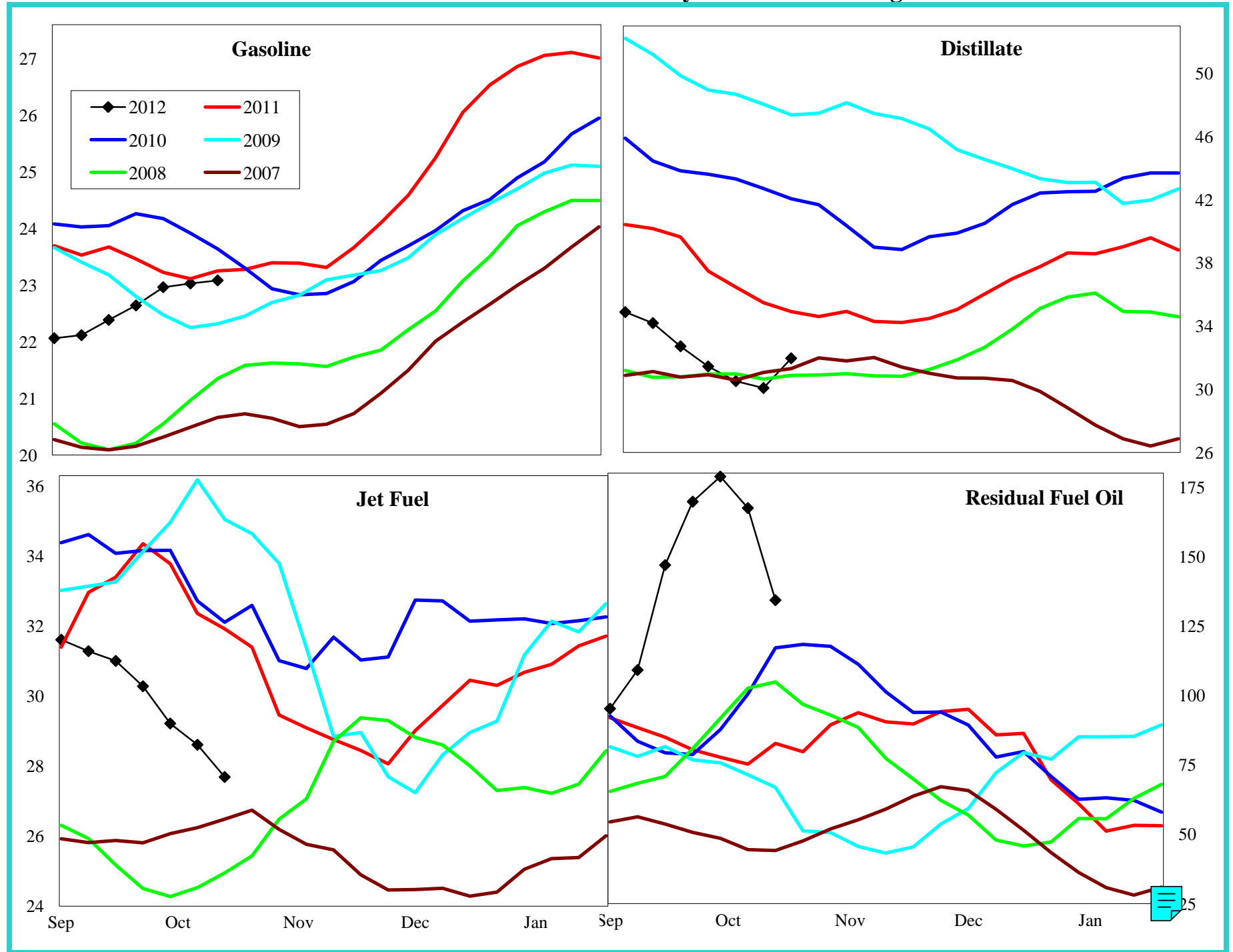
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	19-Oct-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	5,896	1,132	-828	5,544	46	0
	Imports	476	173	-70	335	40	-1
	Input	-17	-98	-73	131	2	21
	% Utilization	-0.20					
Gasoline	Stocks	1,439	1,341	-193	-1,389	-12	1,690
	Production	-57	182	104	-14	-19	-52
	Imports	-4	-11	0	7	0	-1
	Supplied	-236					
Distillate	Stocks	-646	1,085	-261	-778	-49	-642
	Production	-102	1	-27	-79	7	-5
	Imports	-26	16	-2	-43	0	3
	Supplied	-353					
Jet Fuel	Stocks	-123	-1,036	-285	-450	-9	1,658
	Production	41	-6	28	31	3	-15
	Imports	42	-13	0	0	0	54
	Supplied	-64					
Residual Fuel Oil	Stocks	937	537	32	529	-4	-157
	Production	61	19	2	34	-1	7
	Imports	162	223	2	-49	0	-15
	Supplied	98					

United States Wholesale Petroleum Demand

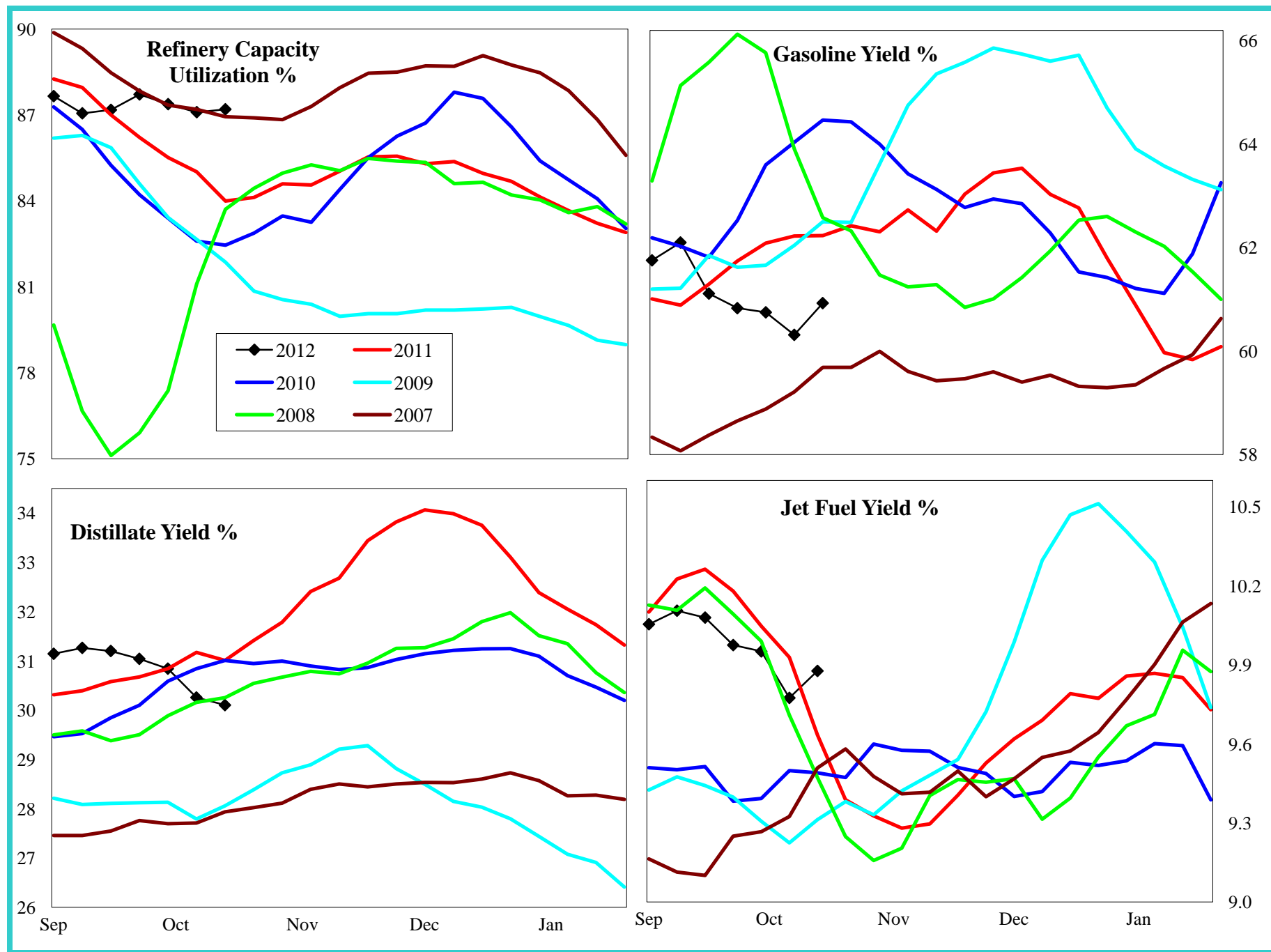


	000 bpd change from prior year				% change from prior year				
	4wk avg	Sep	Jan	Jul	4wk avg	Sep	Aug	Jul	
Gasoline	-157	-101	31	-212	-1.8	-1.2	0.3	-2.3	
Distillate	-320	-248	-156	-12	-7.7	-6.3	-3.9	-0.3	
Jet Fuel	101	15	-52	-5	7.1	1.1	-3.3	-0.3	
Resid	-7	-180	102	102	-1.8	-37.3	32.0	32.3	

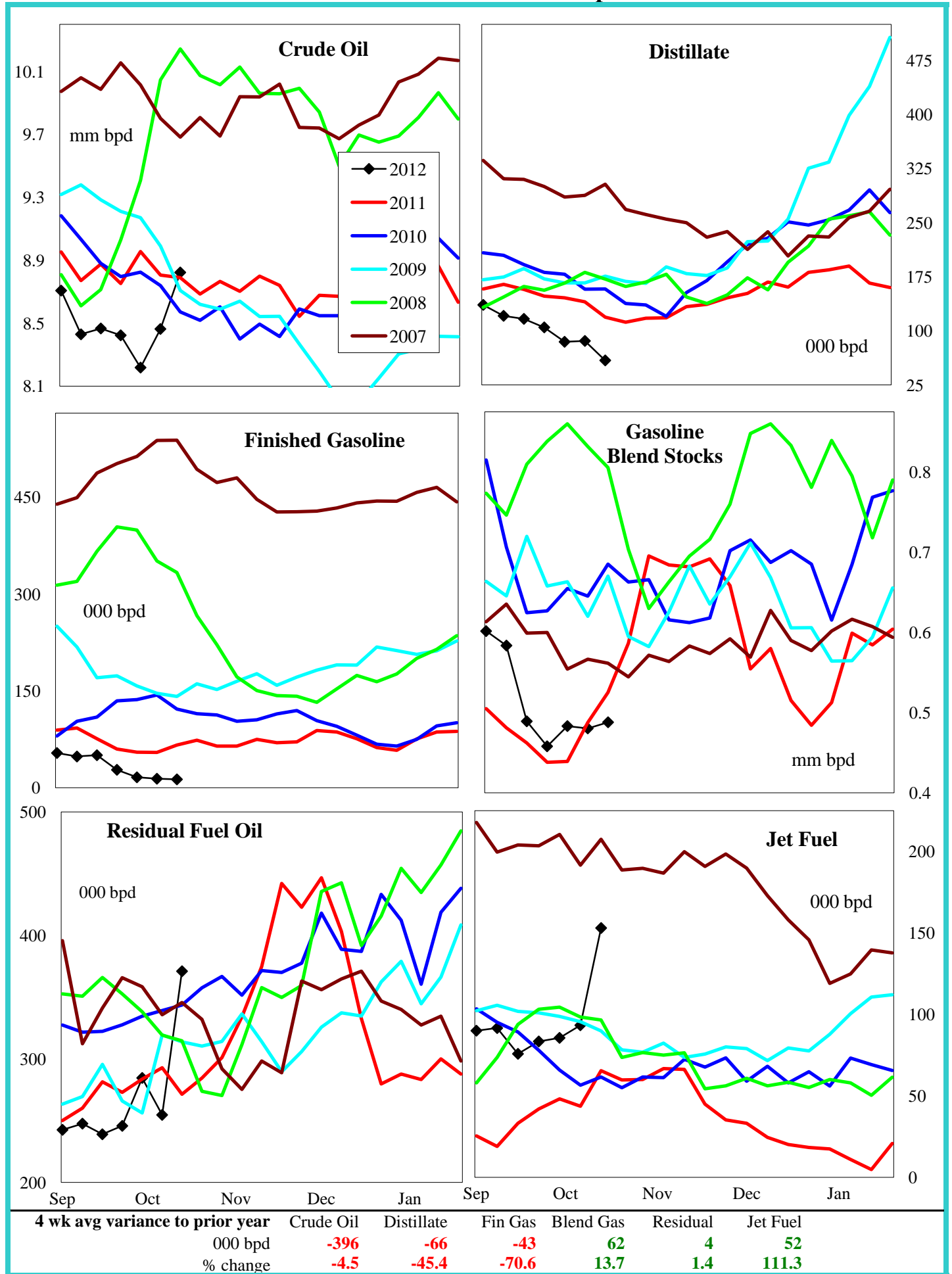
United States Product Stocks: Days Forward Coverage



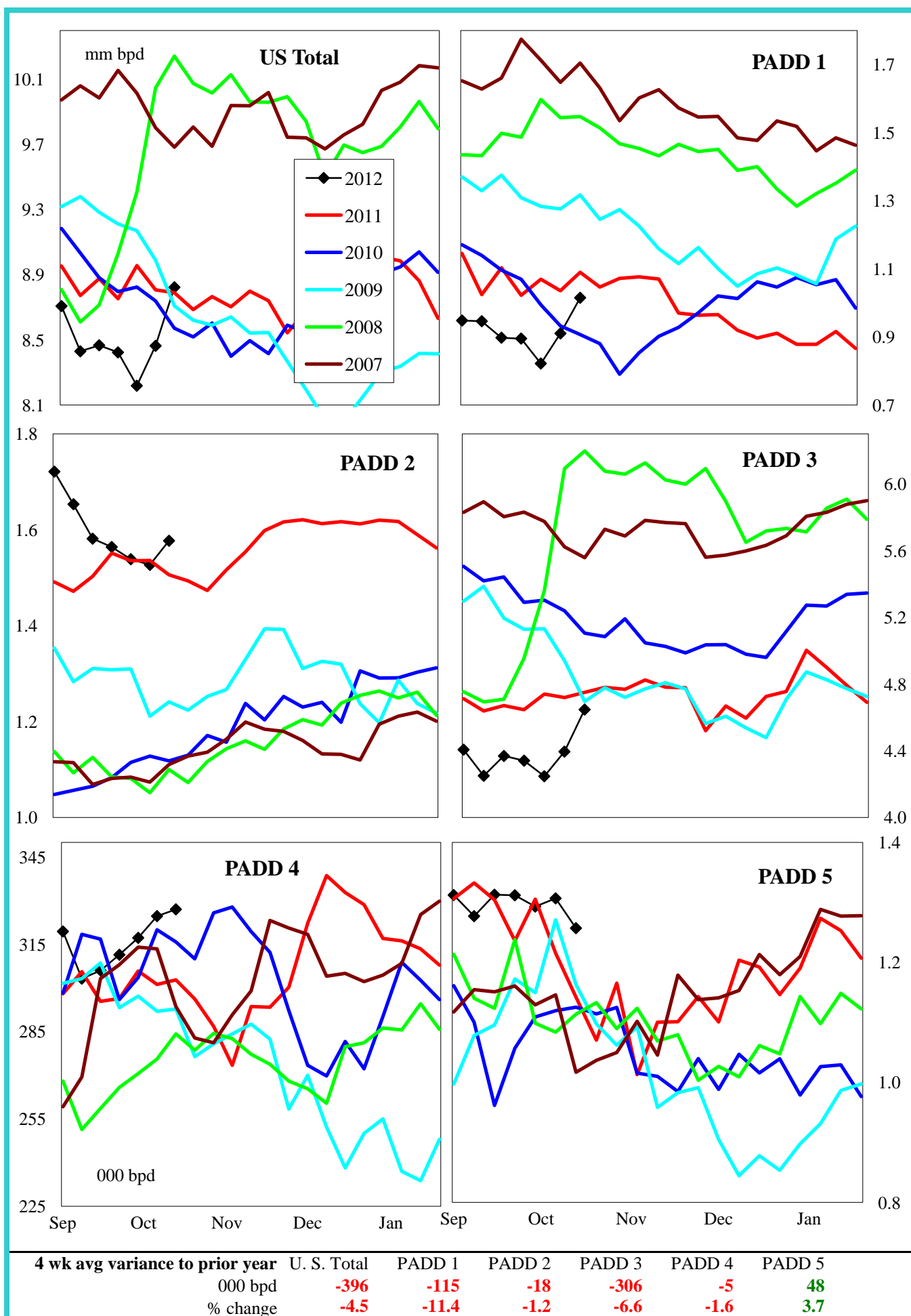
United States Refinery Percent Utilization Rate and Product Yields



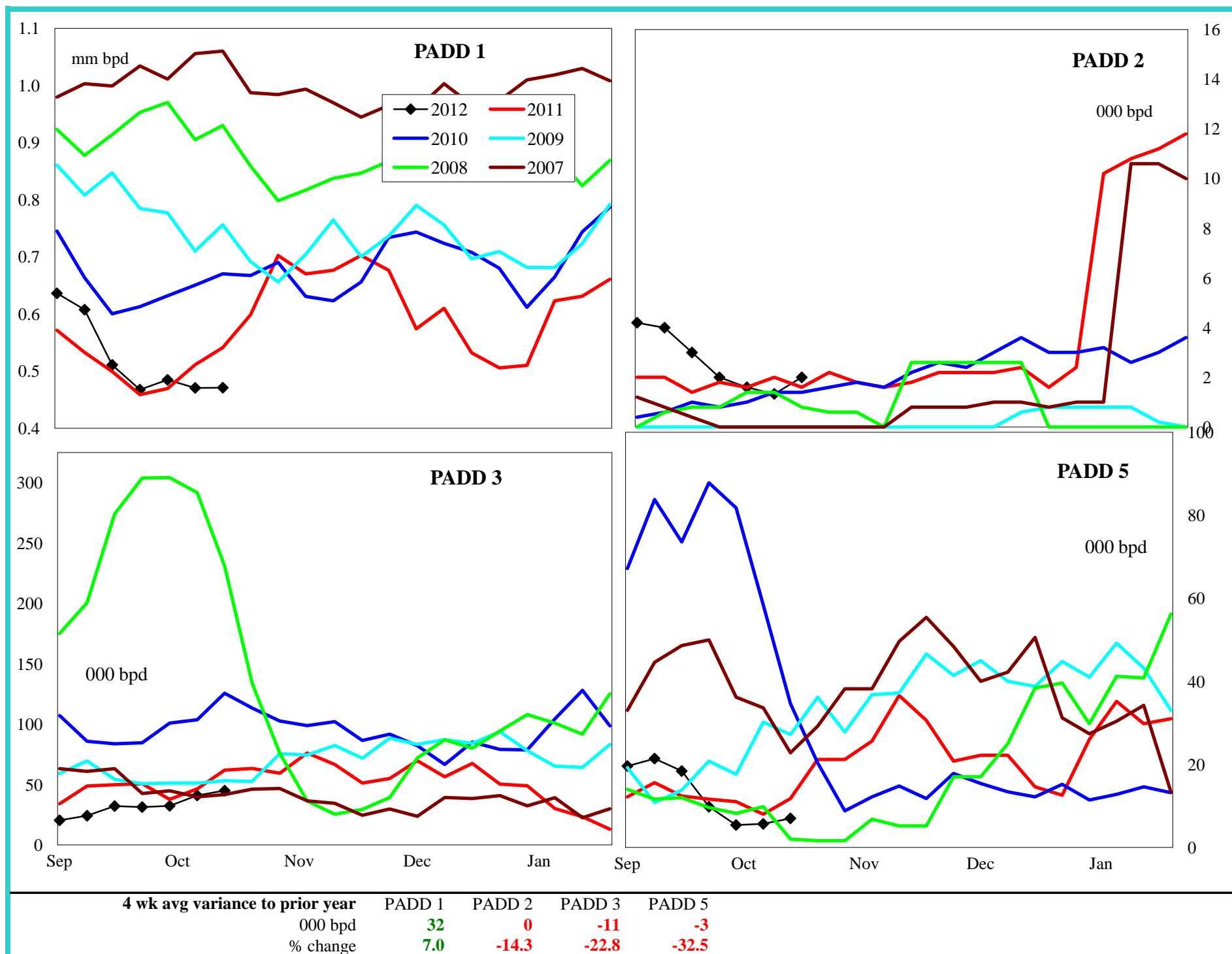
United States Petroleum Imports



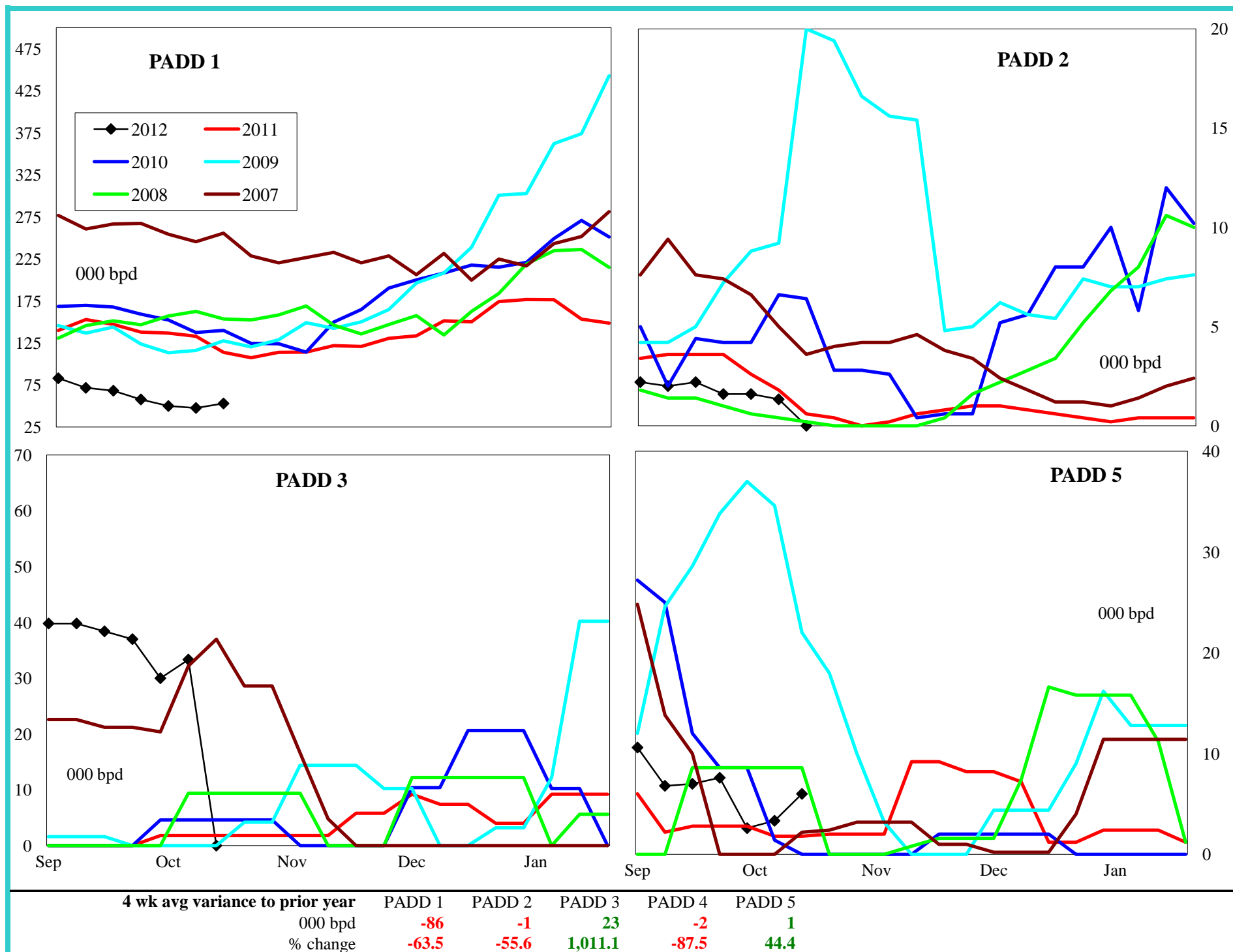
Crude Oil Imports by PADD



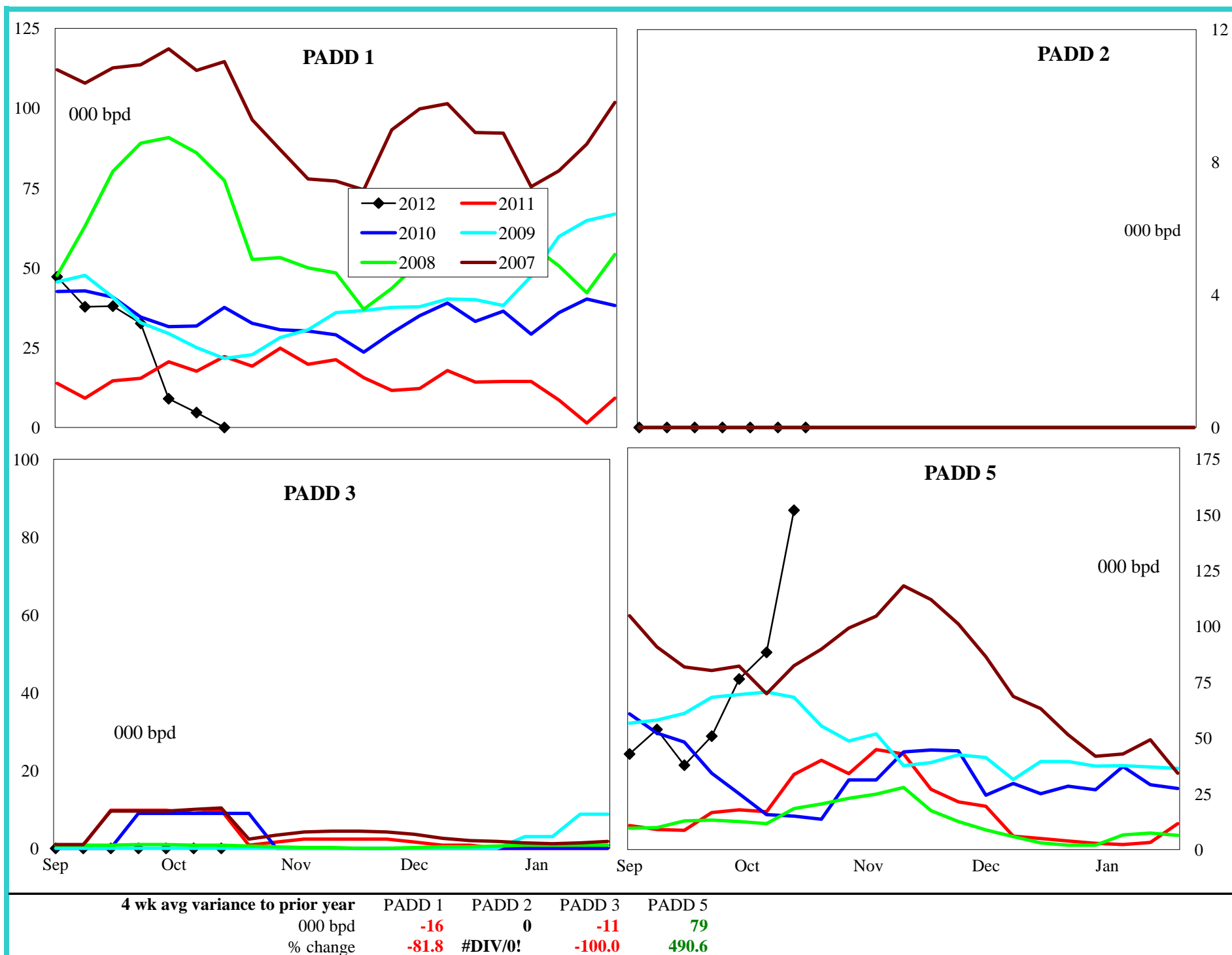
Gasoline Imports by PADD (Finished + Blend Stocks)



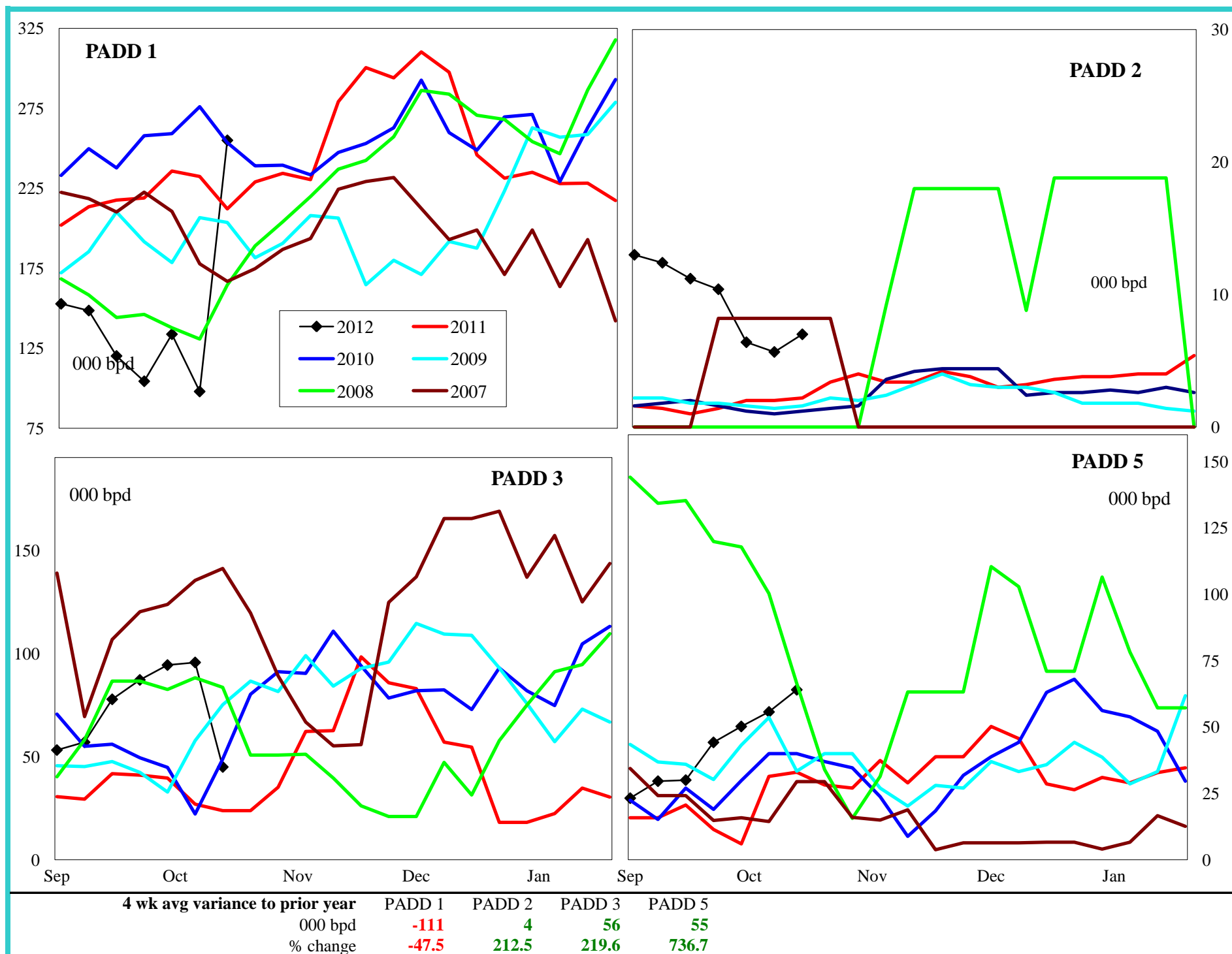
Distillate Imports by PADD



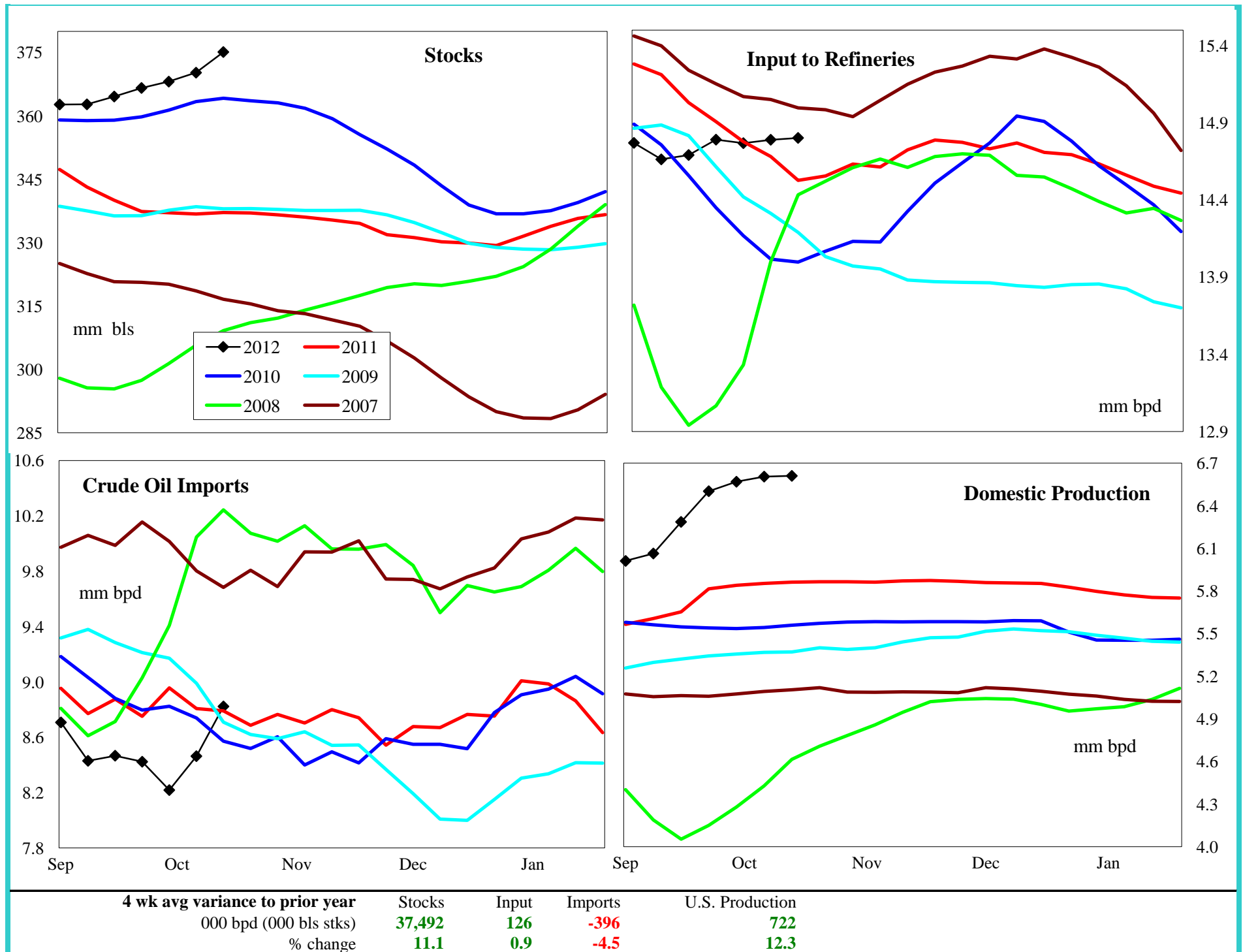
Jet Fuel Imports by PADD



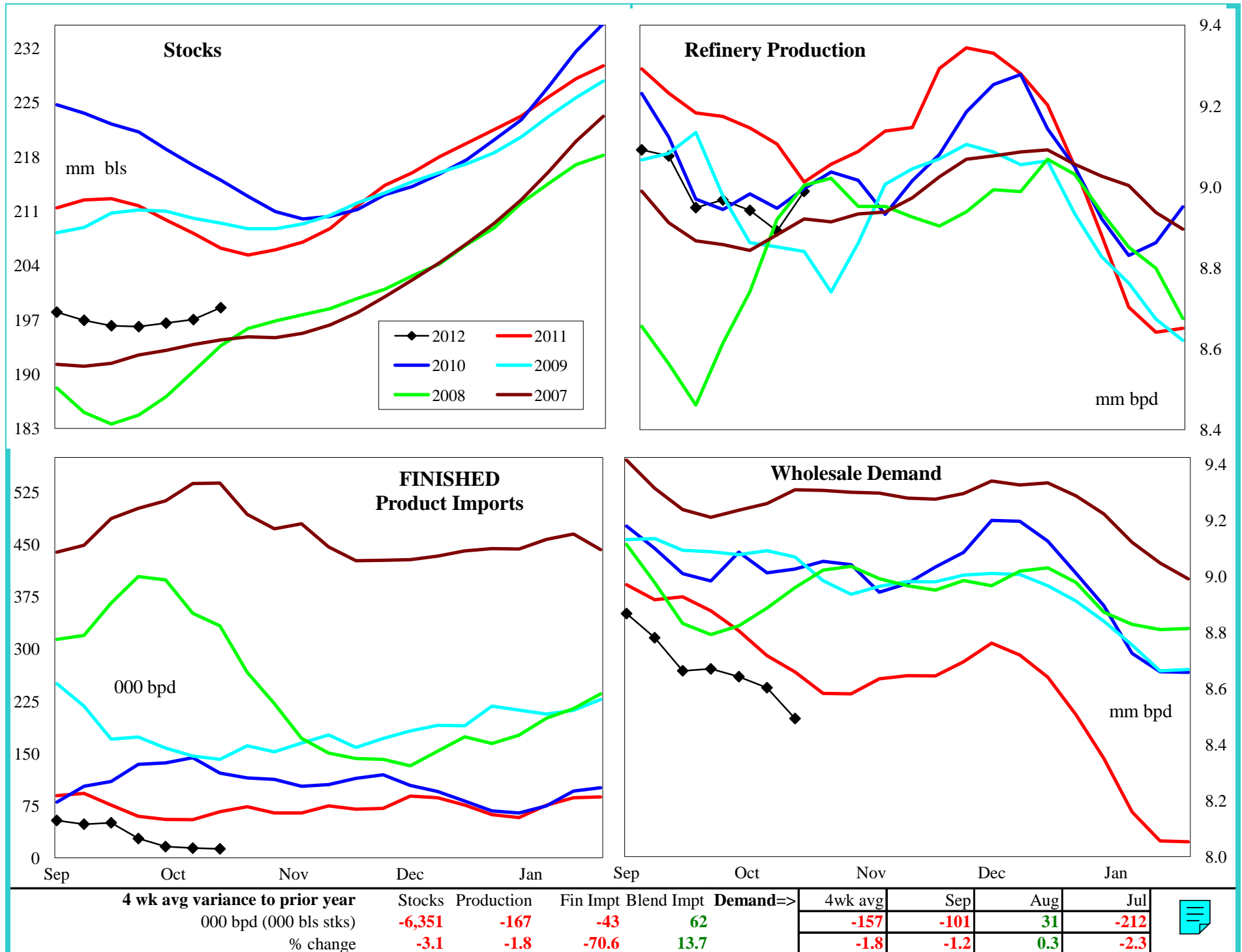
Residual Fuel Oil Imports by PADD



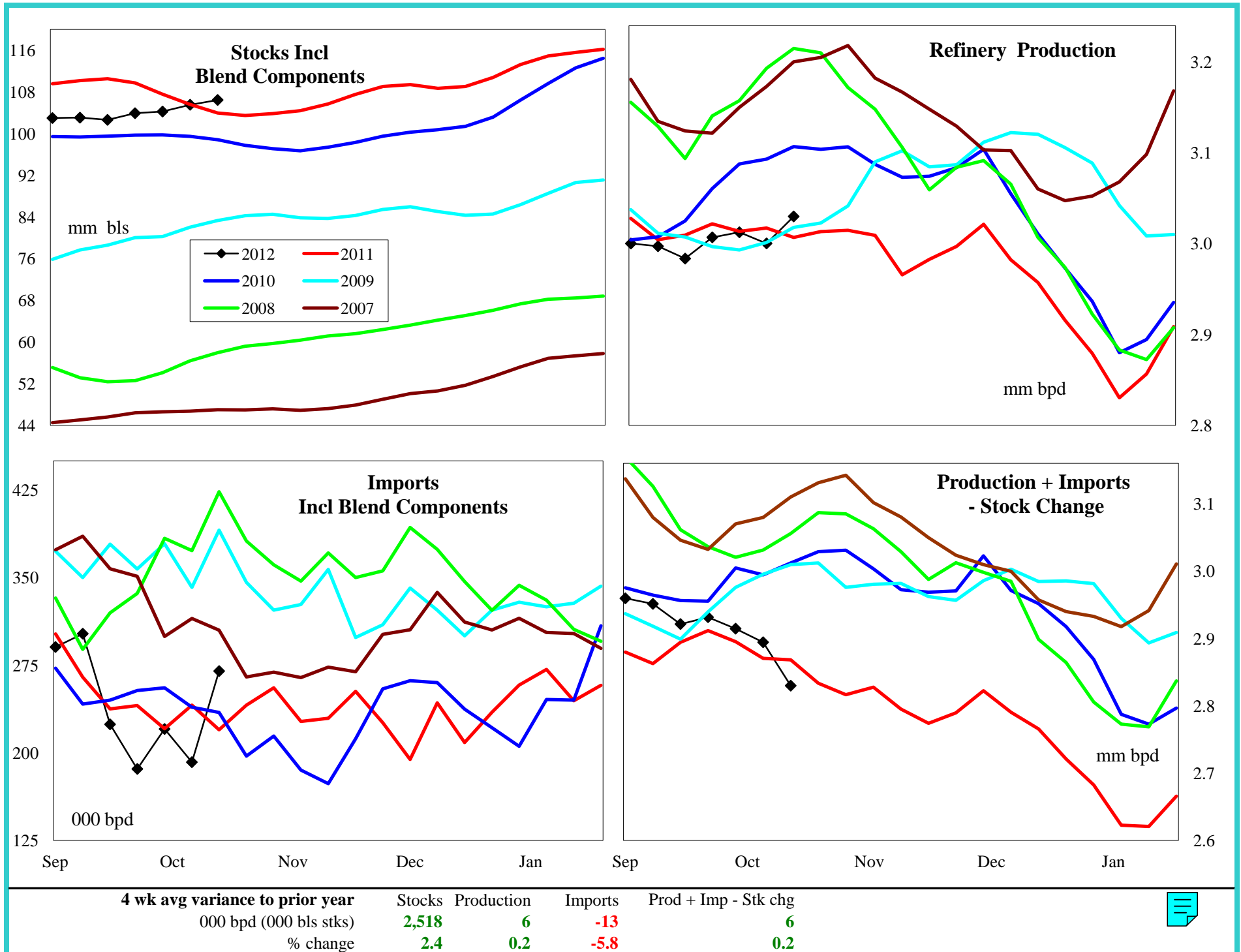
United States Crude Oil Supply and Demand Balance



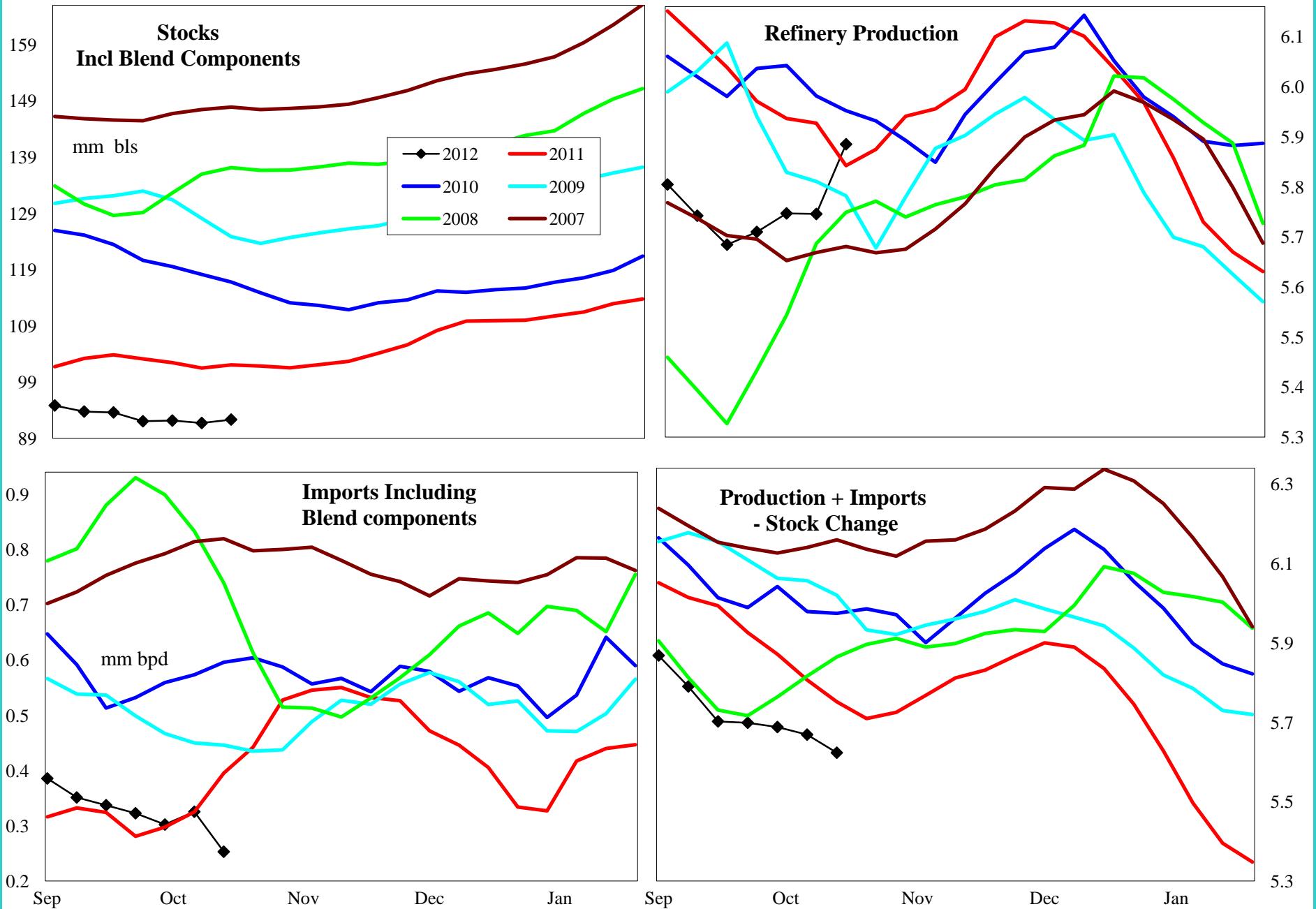
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-9,710

-9.5

Production

-196

-3.3

Imports

-24

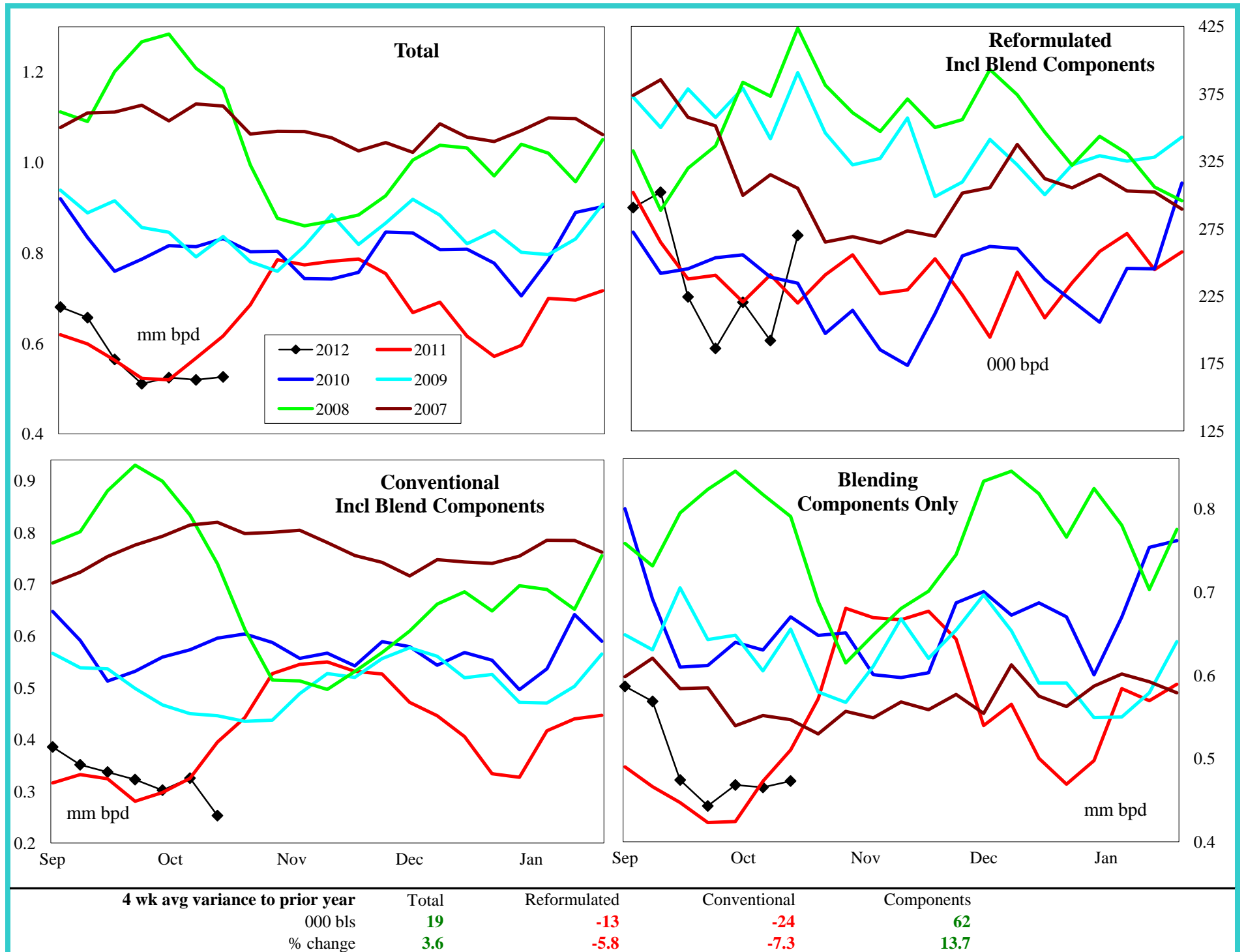
-7.3

Prod + Imp - Stk chg

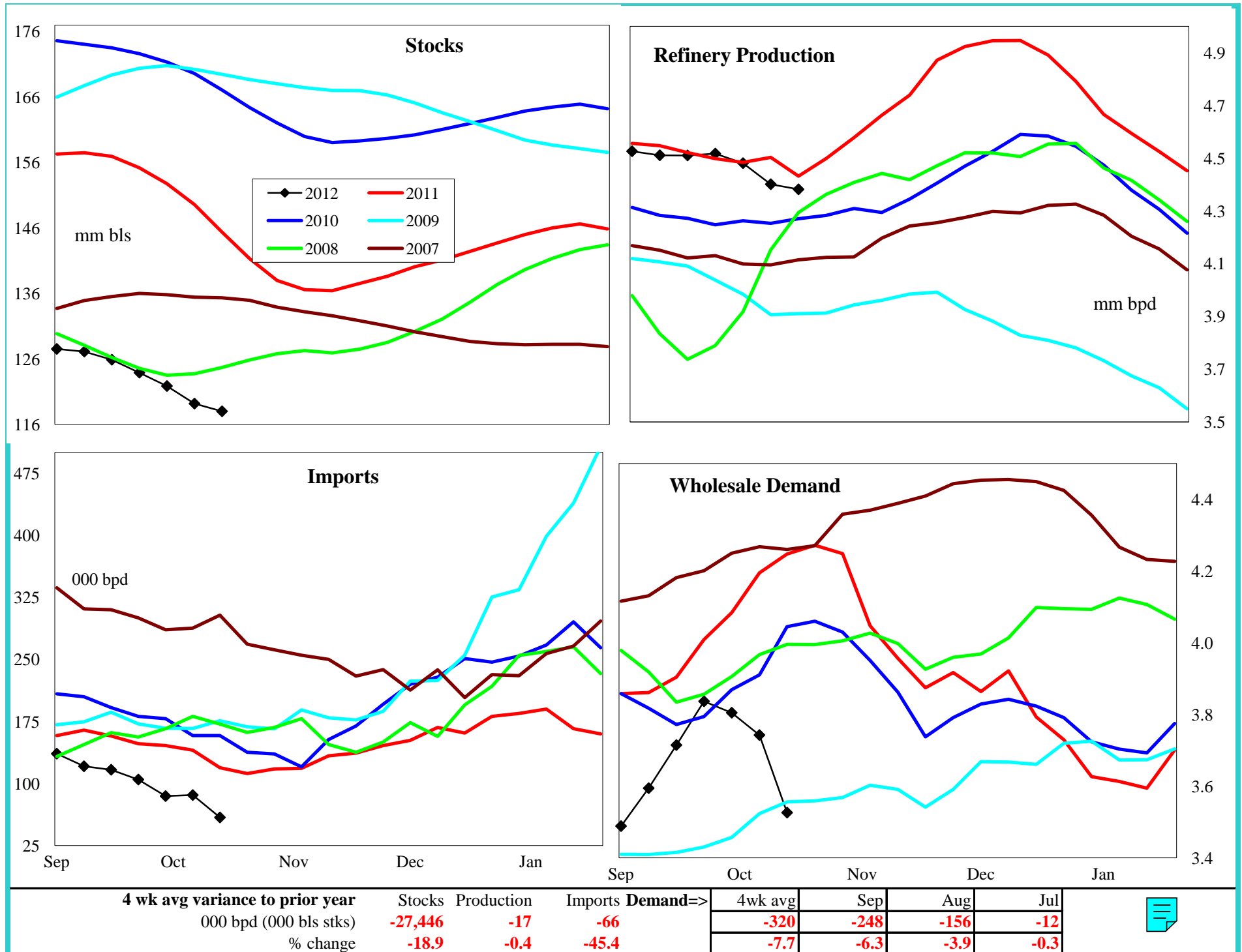
-169

-2.9

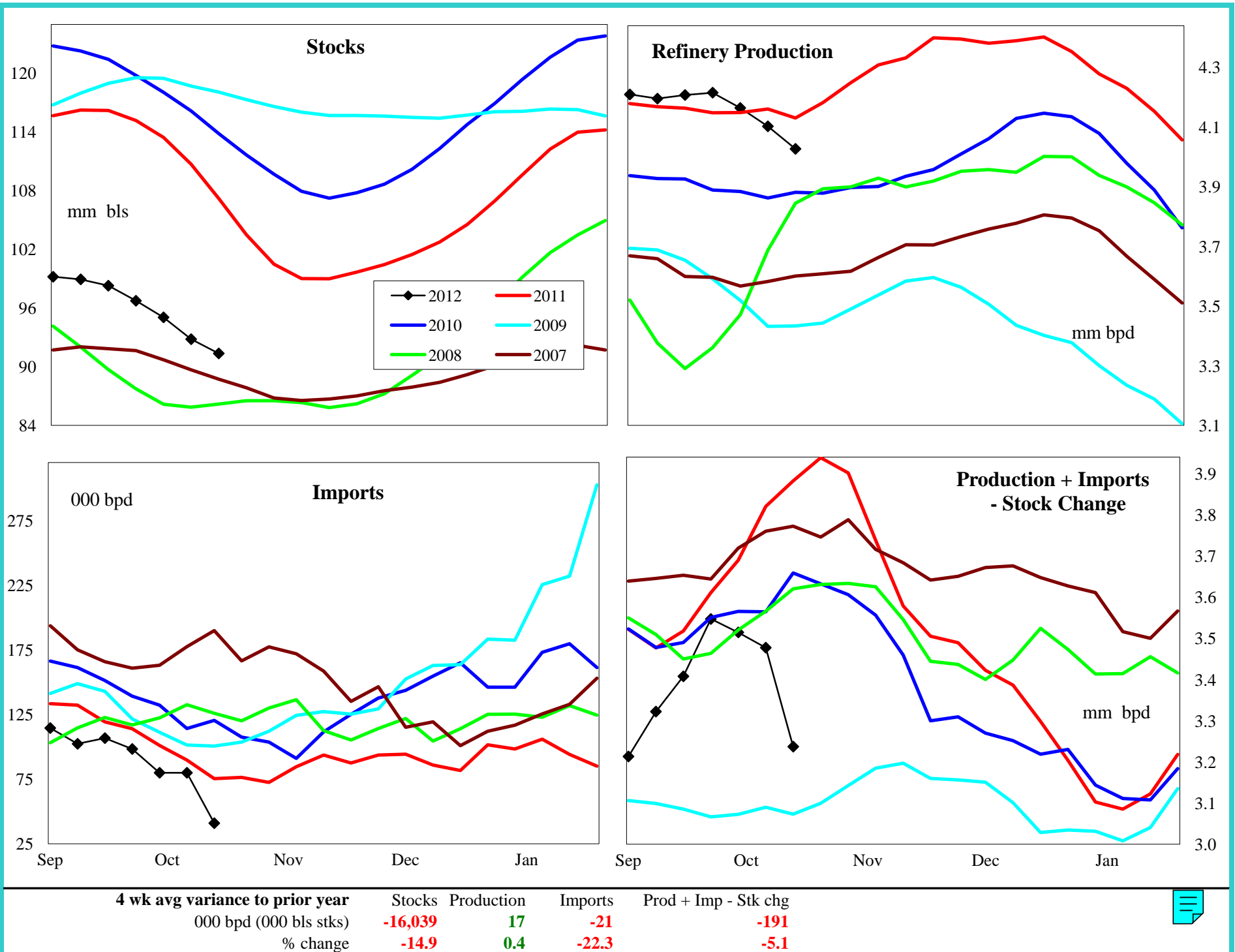
United States Gasoline Imports by Type



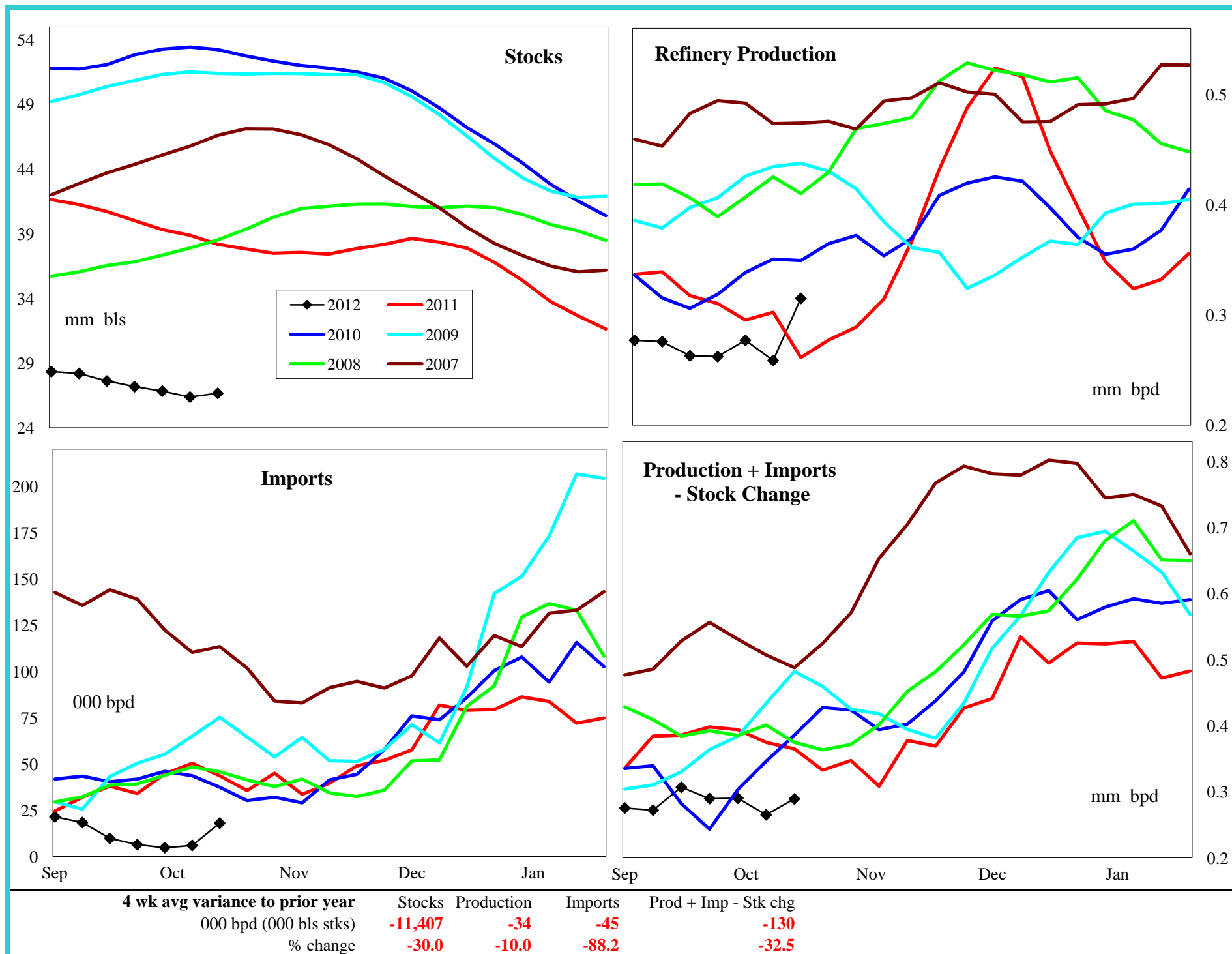
United States Distillate Supply and Demand Balance



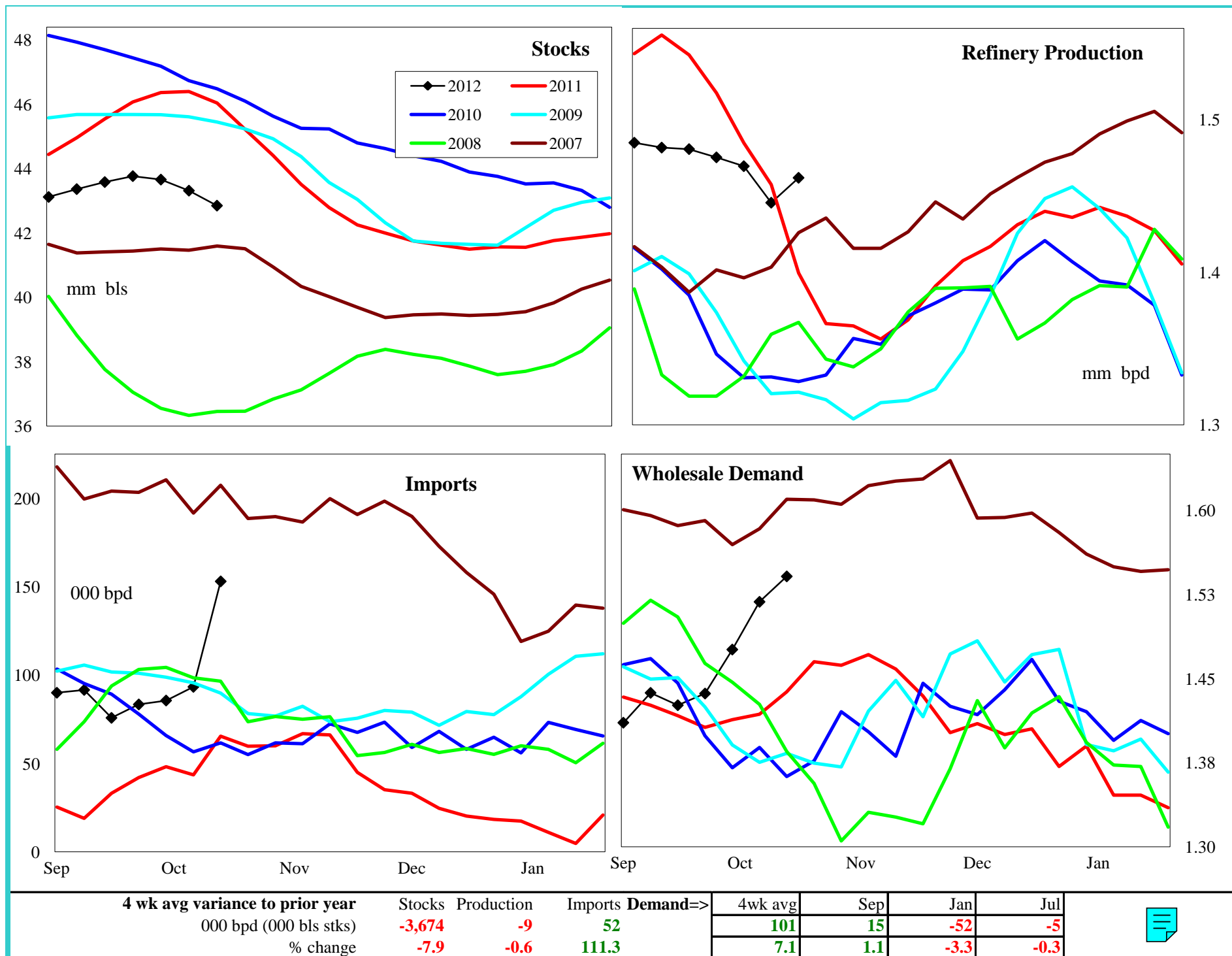
United States Low Sulfur Distillate Supply



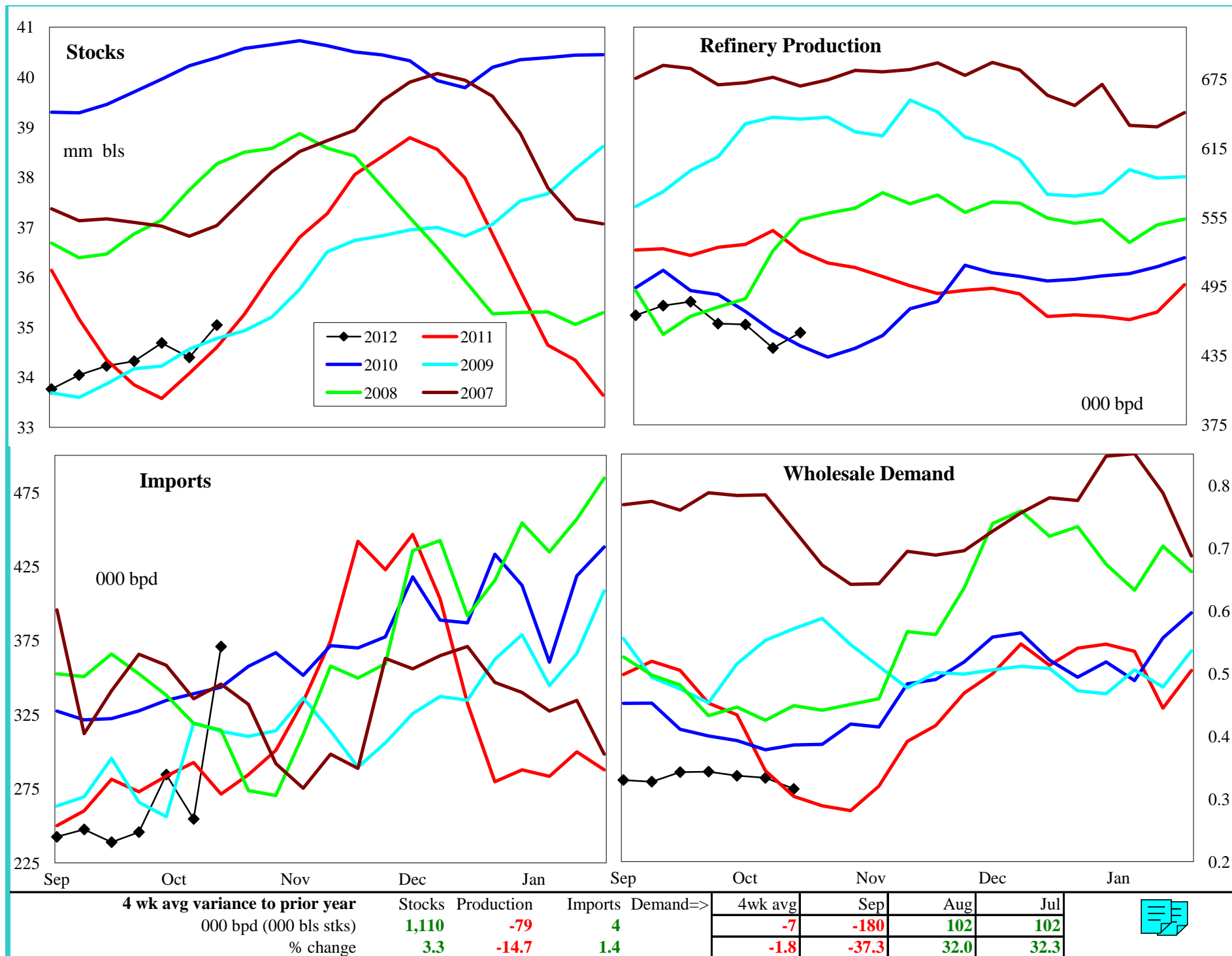
United States High Sulfur Distillate Supply



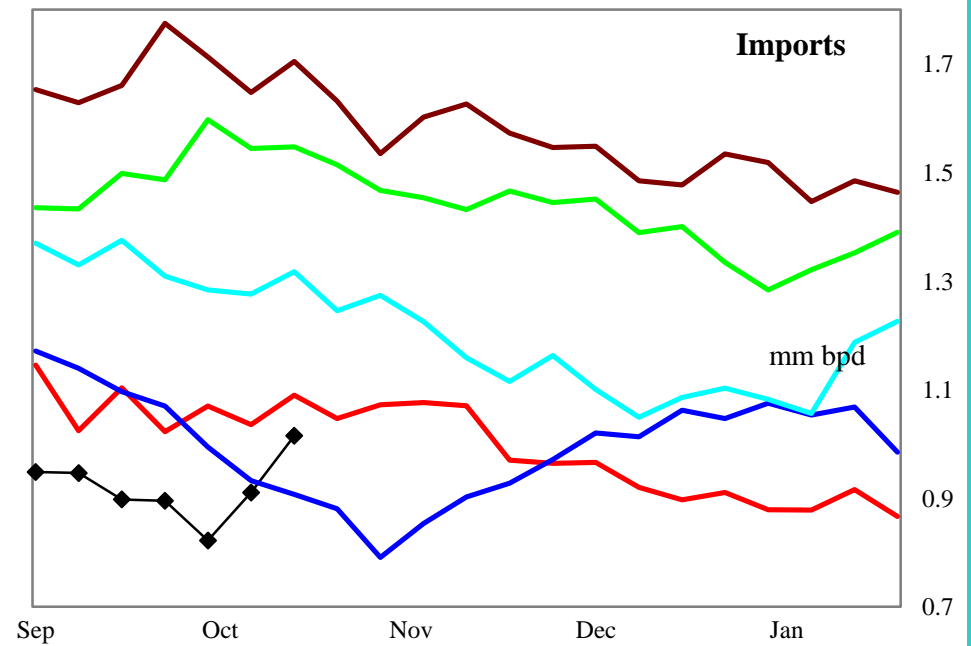
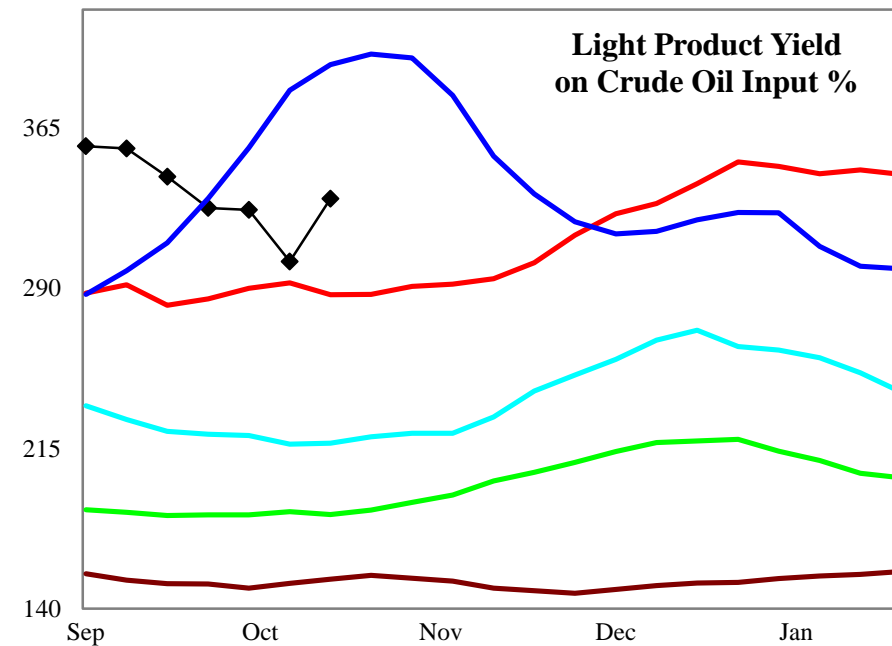
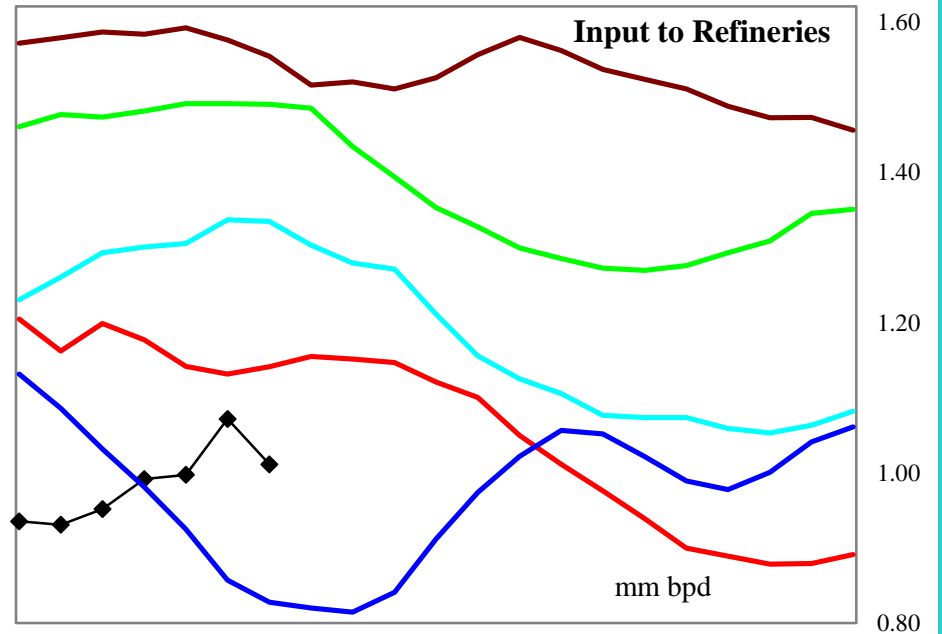
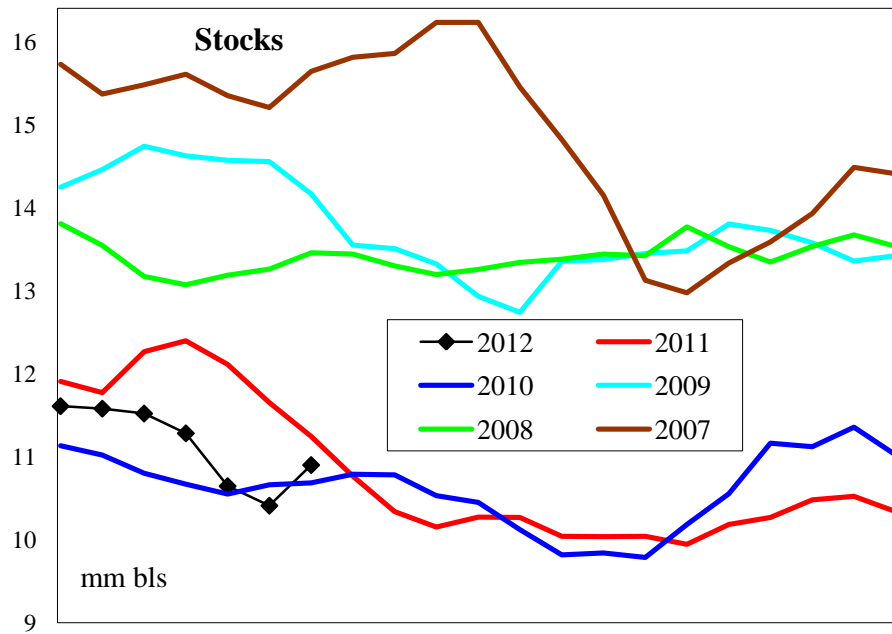
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

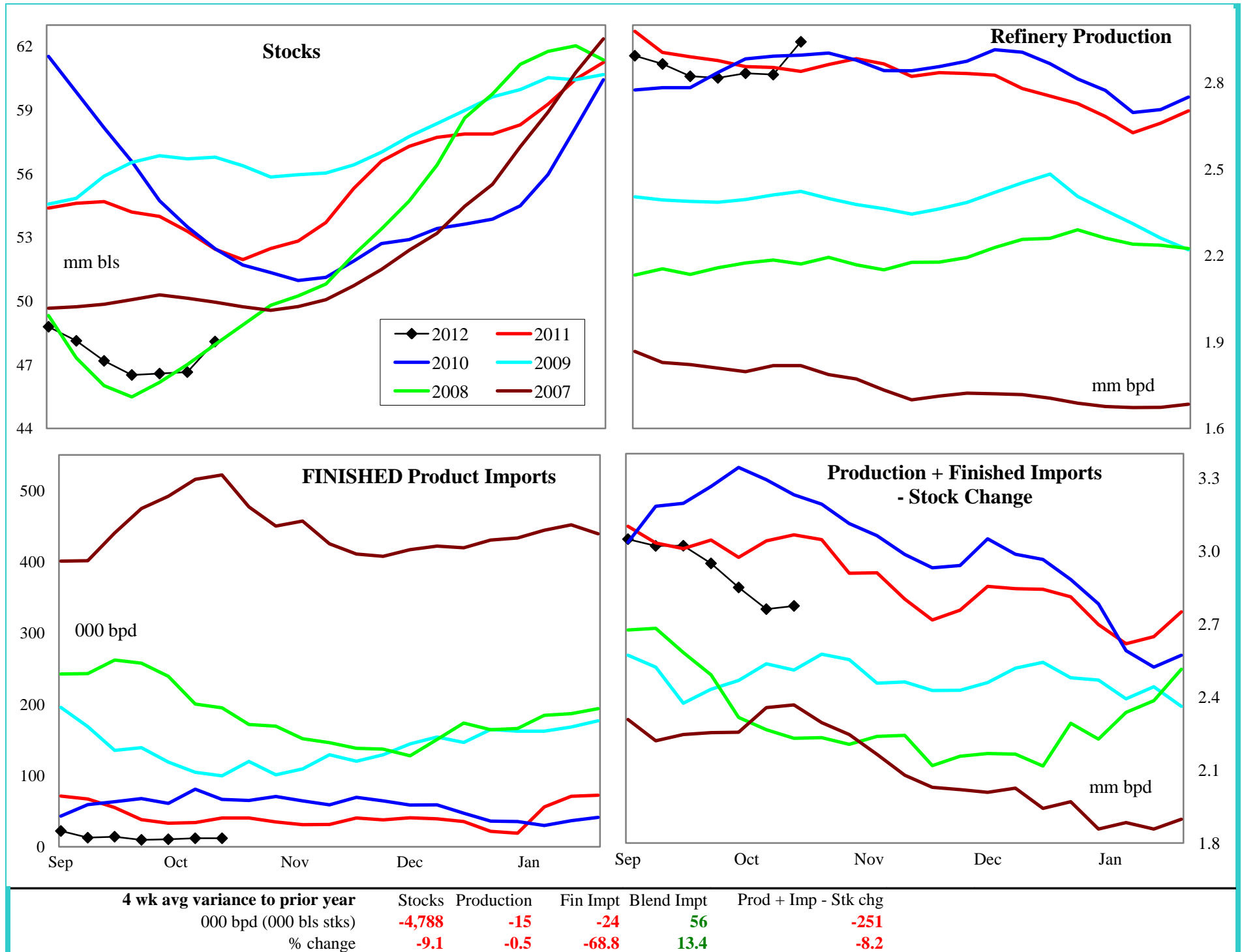


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

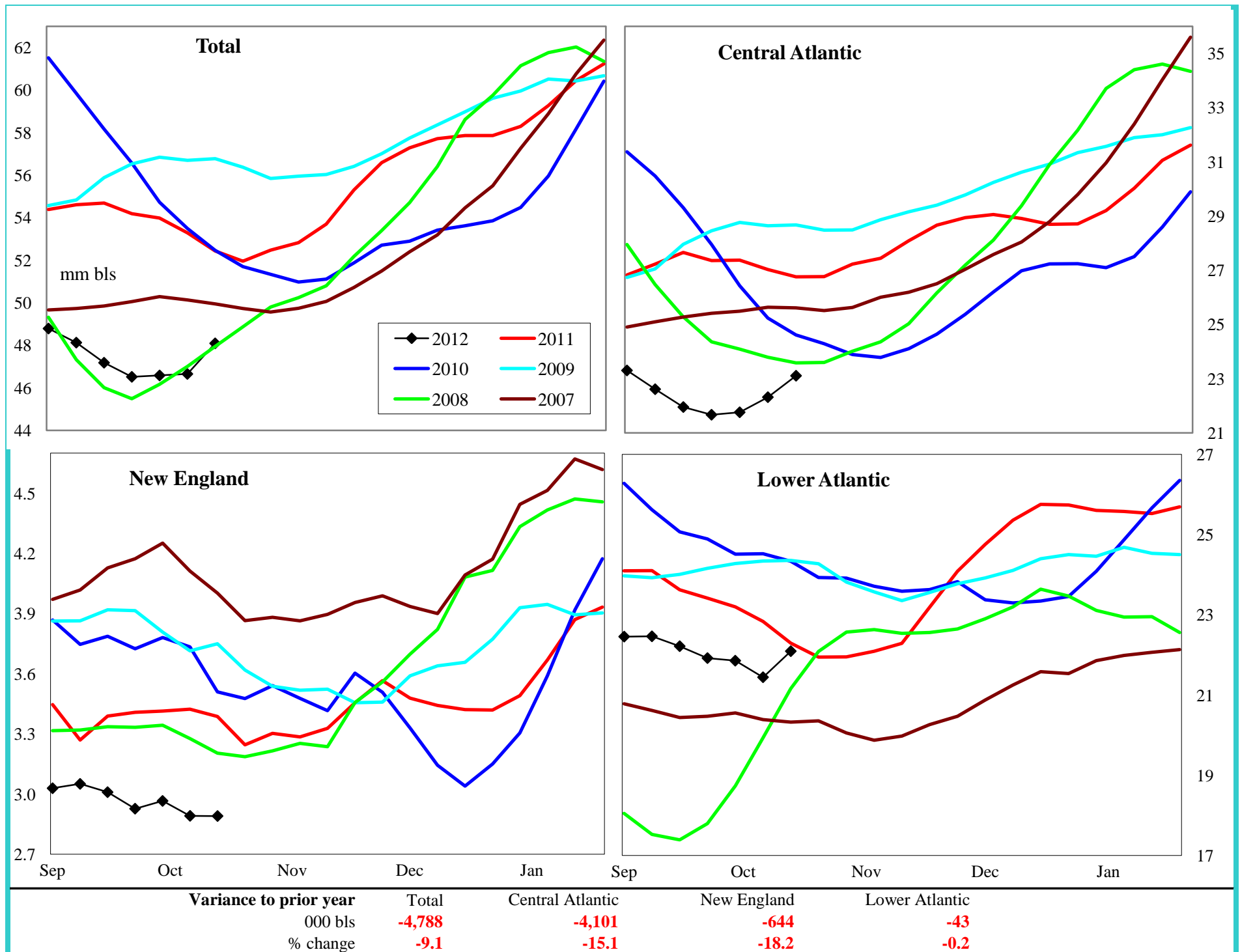
	Stocks	Input	Imports
000 bpd (000 bls stks)	-346	-98	-115
% change	-3.1	-8.7	-11.4



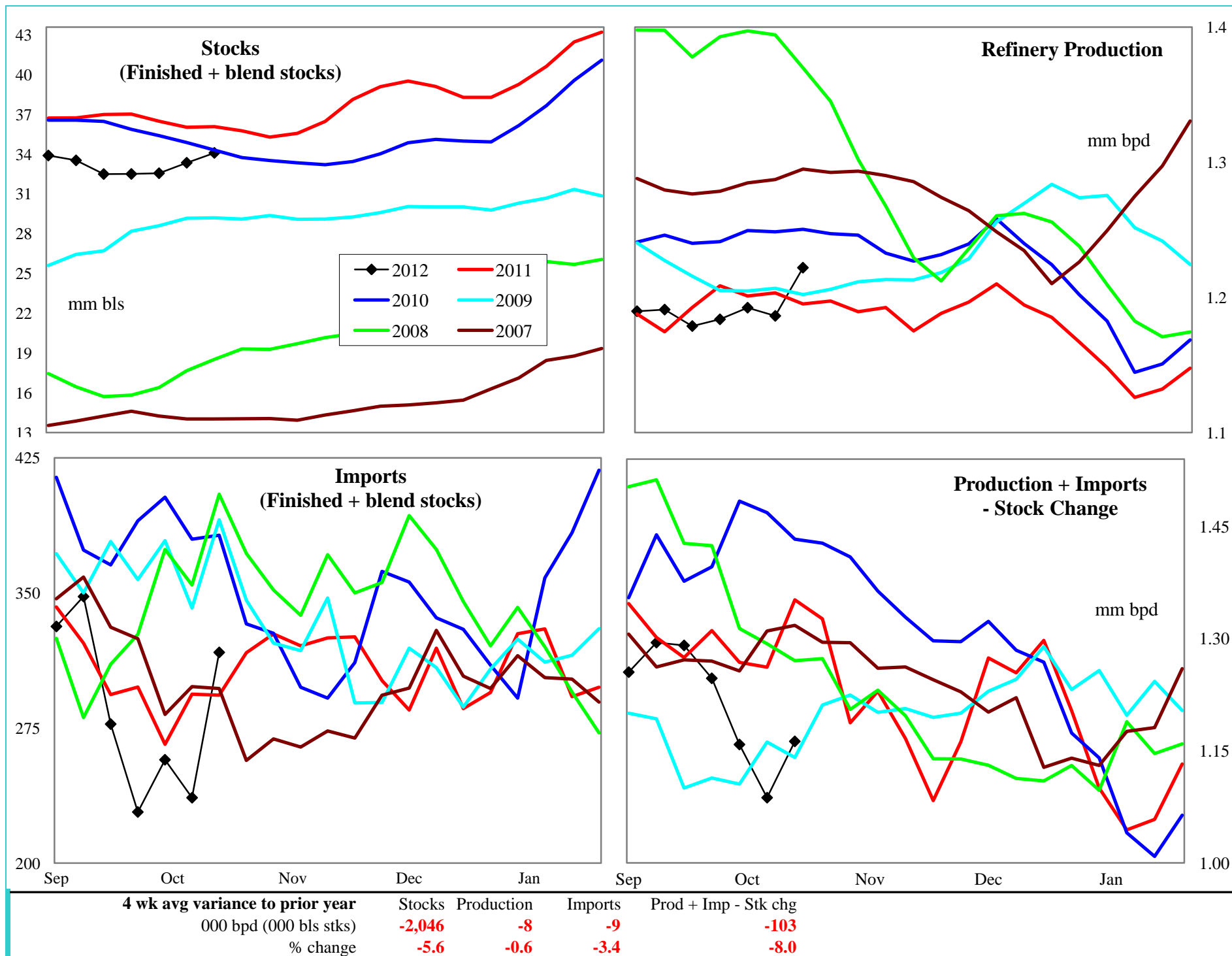
PADD 1 Gasoline Supply



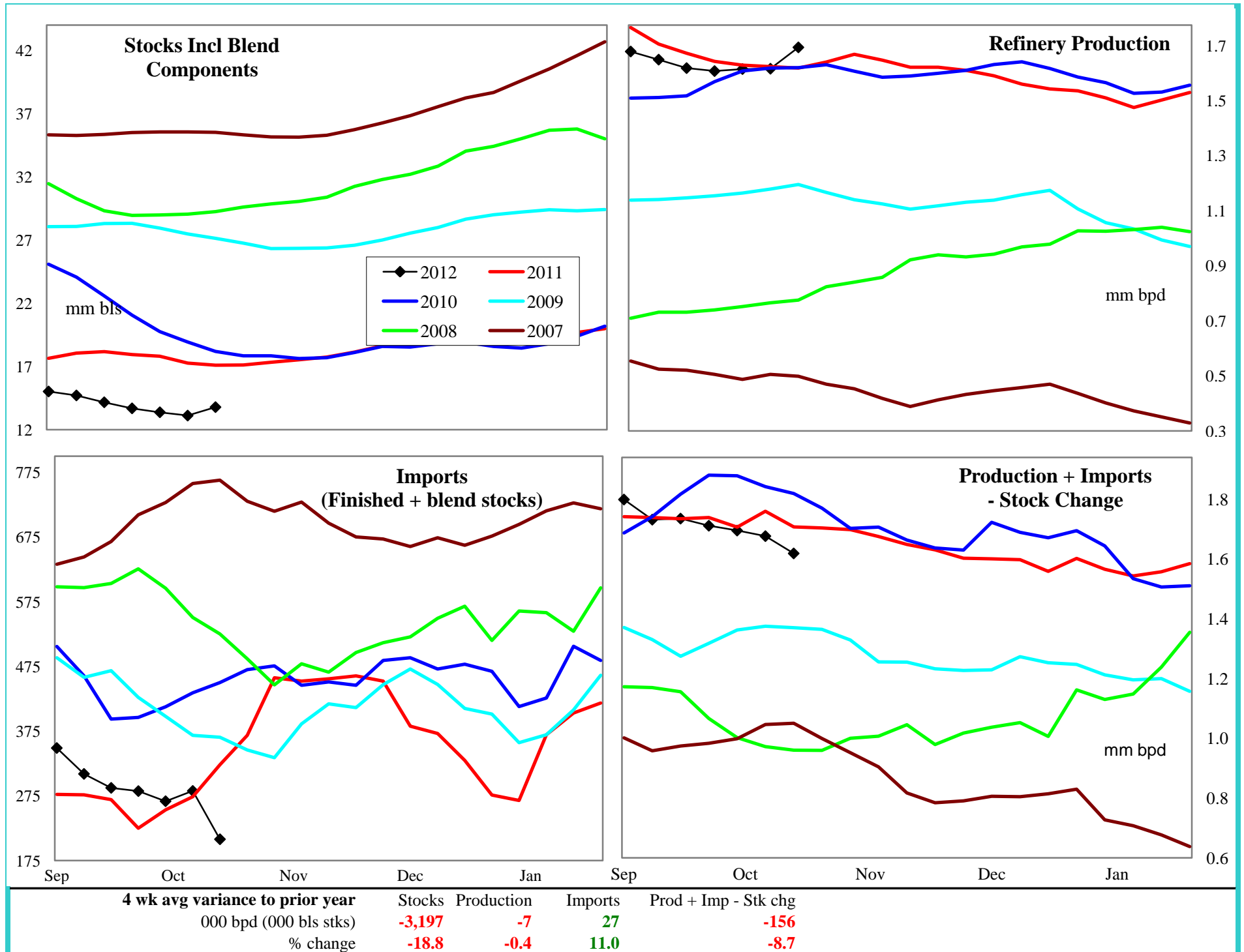
PADD 1 Gasoline Stocks by Region



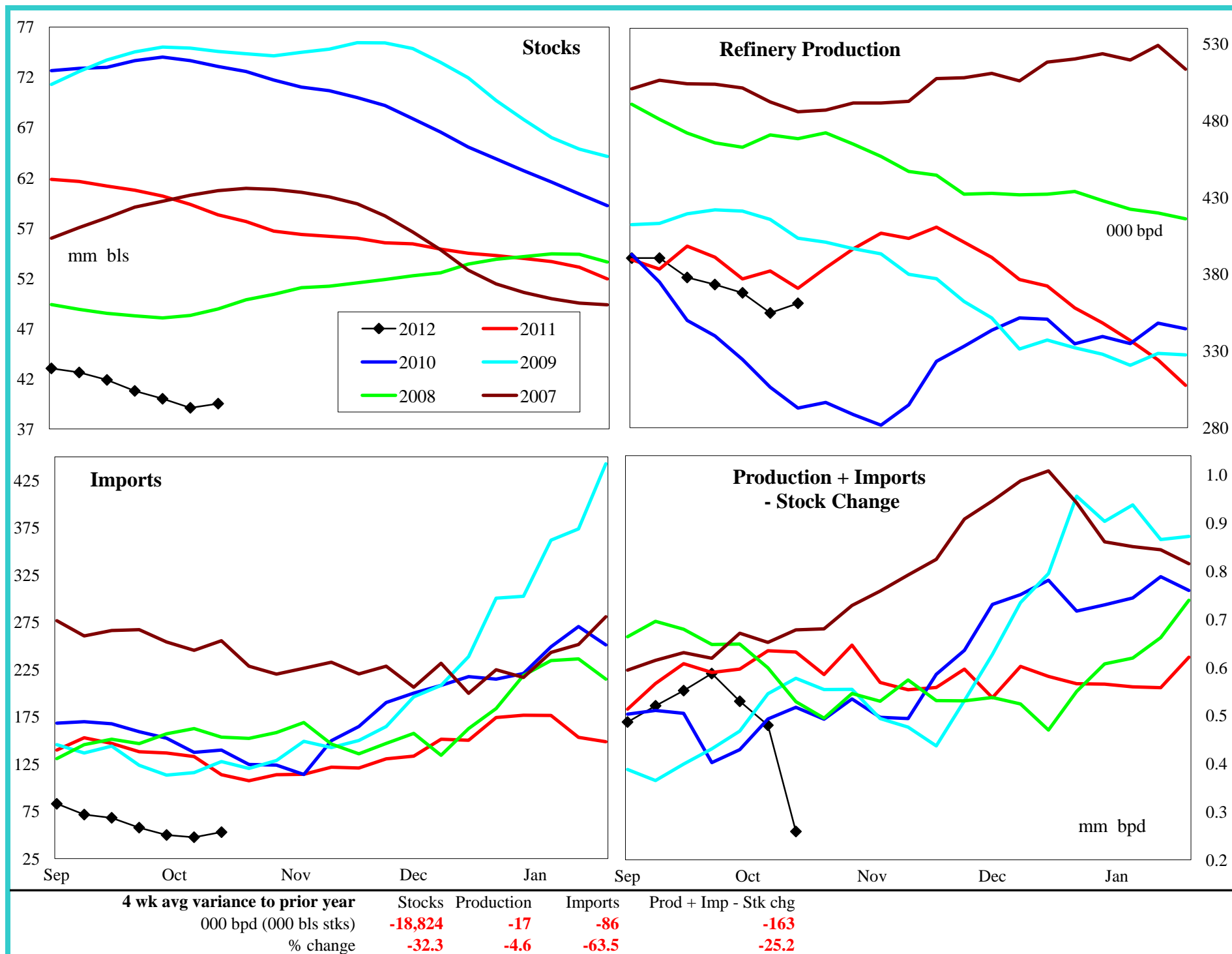
PADD 1 Reformulated Gasoline Supply



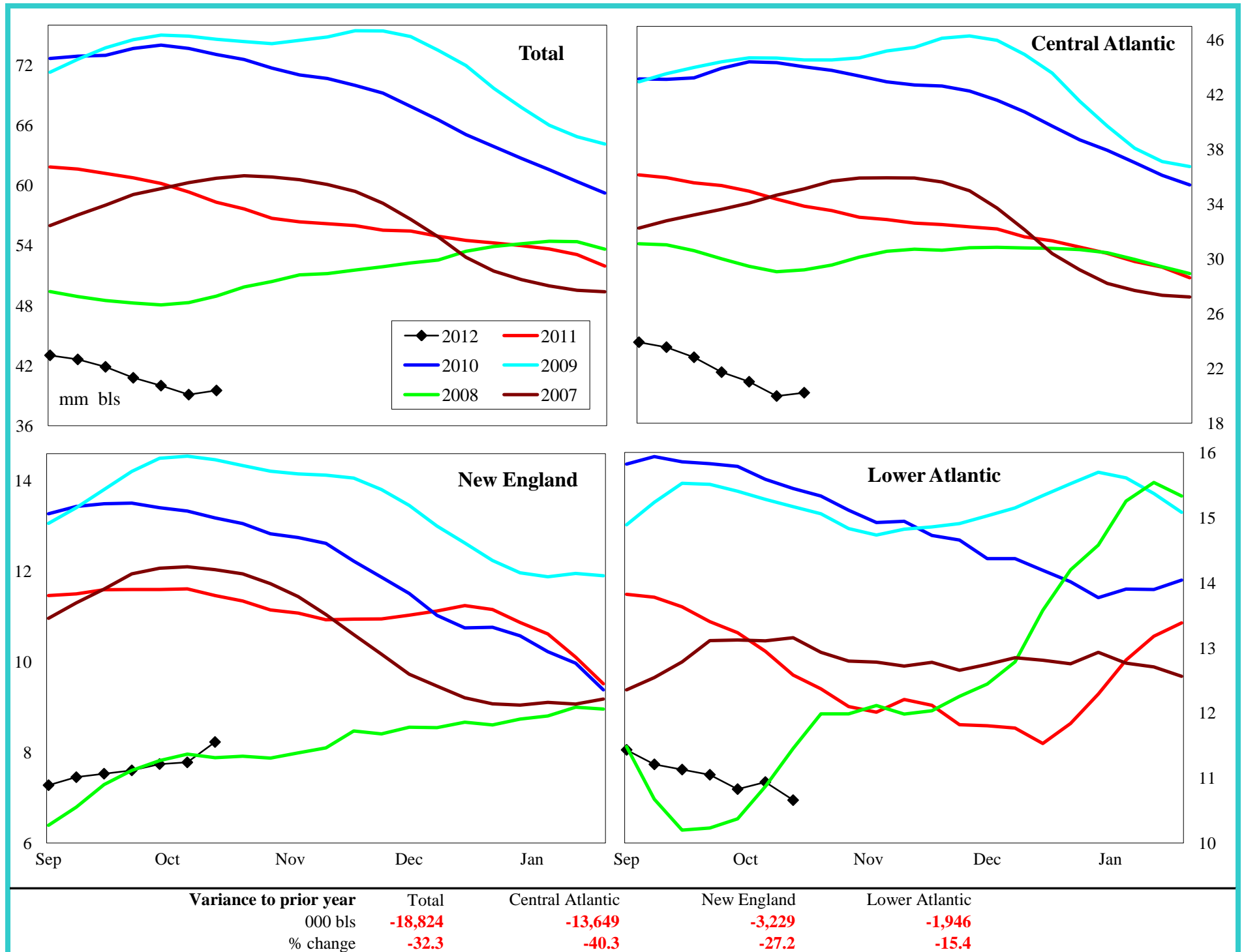
PADD 1 Conventional Gasoline Supply



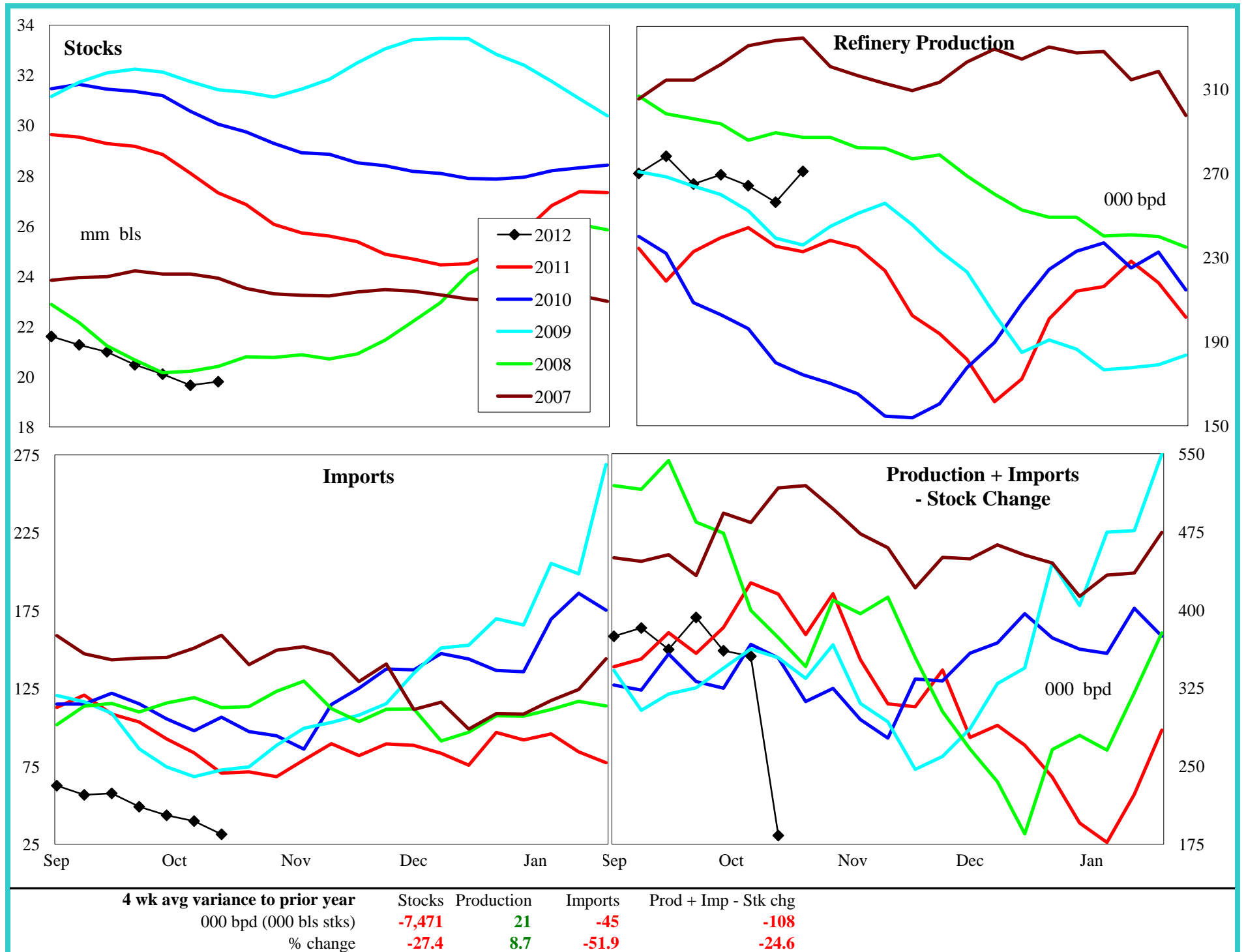
PADD 1 Distillate Supply



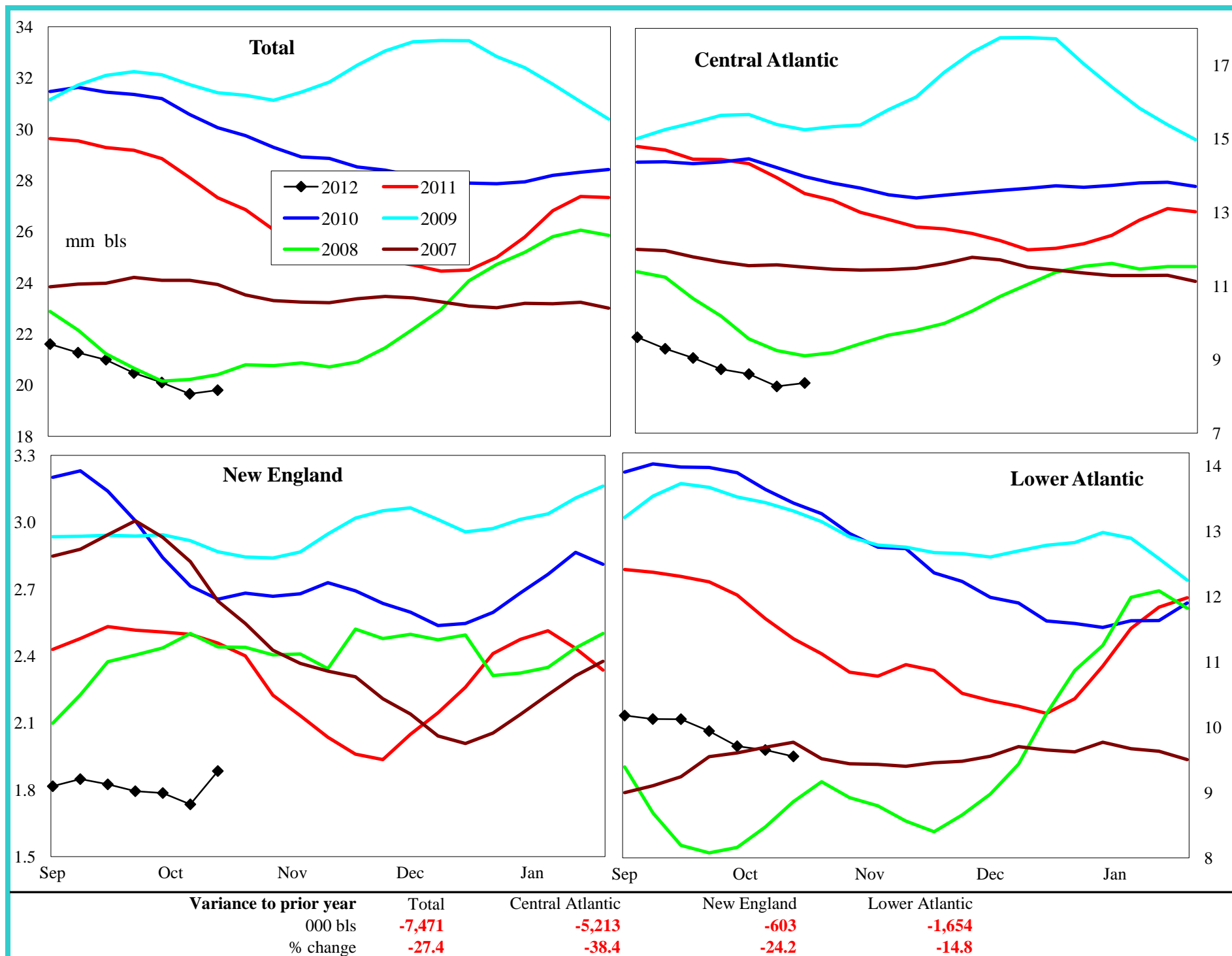
PADD 1 Distillate Stocks by Region



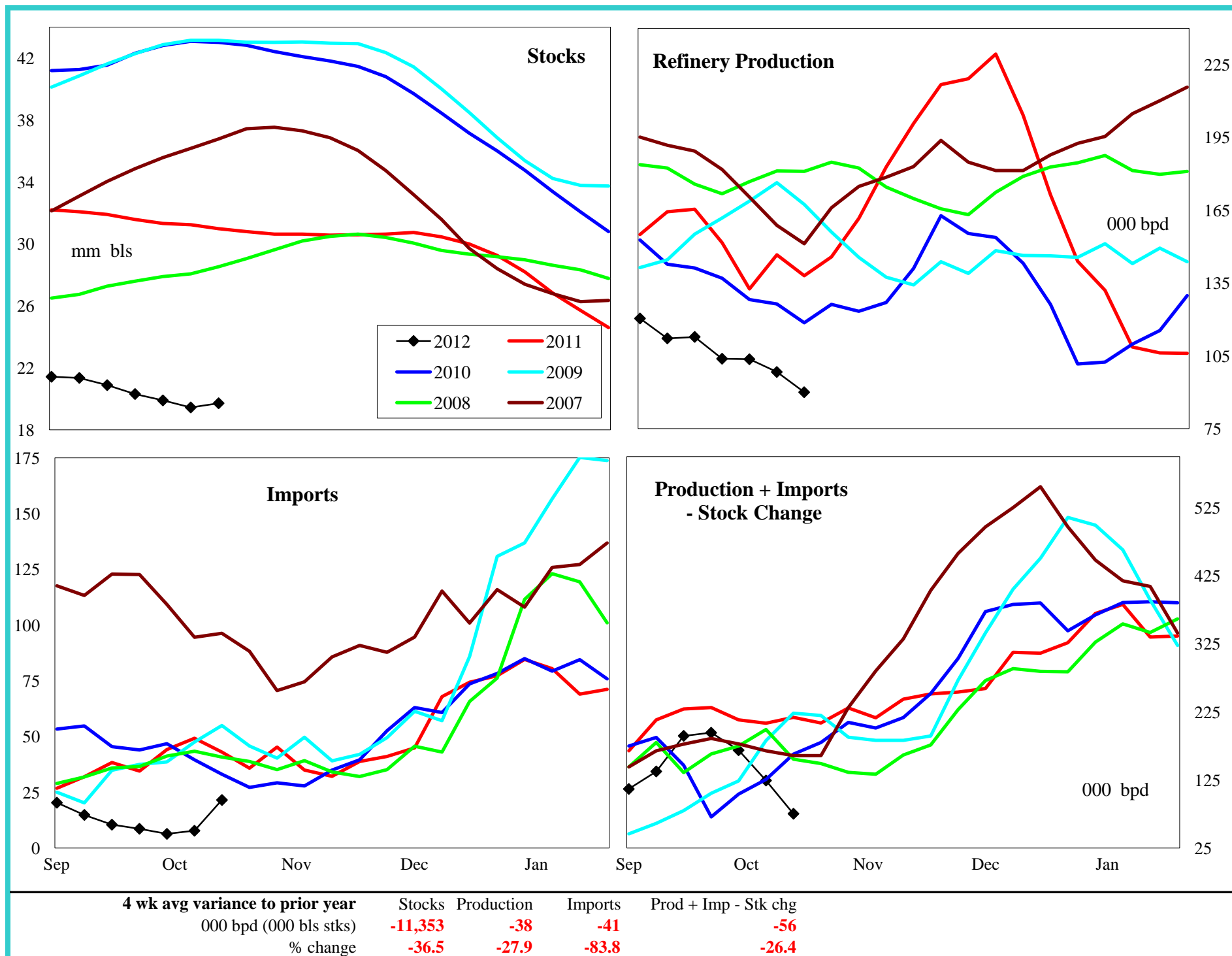
PADD 1 Low Sulfur Distillate Supply



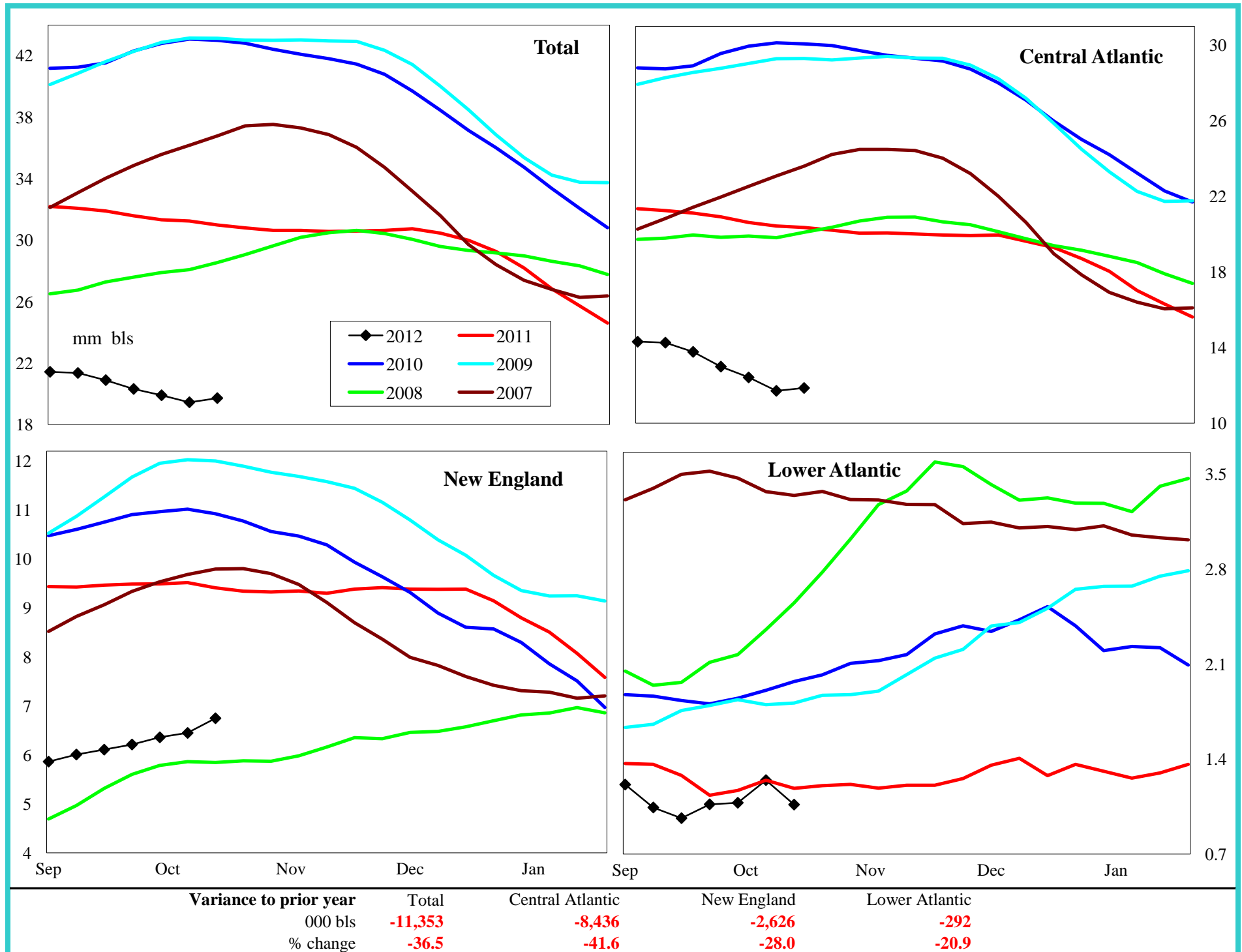
PADD 1 Low Sulfur Distillate Stocks by Region



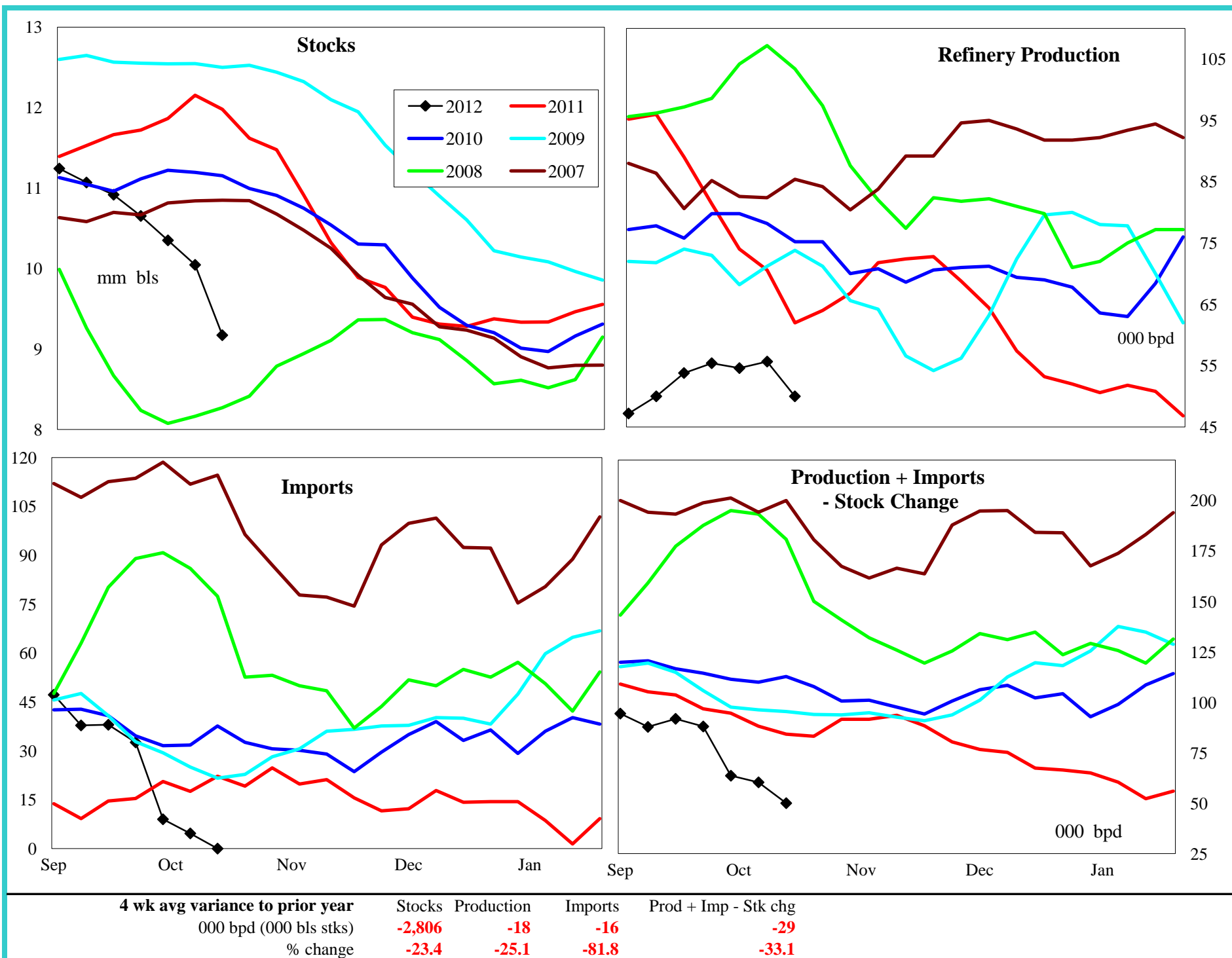
PADD 1 High Sulfur Distillate Supply



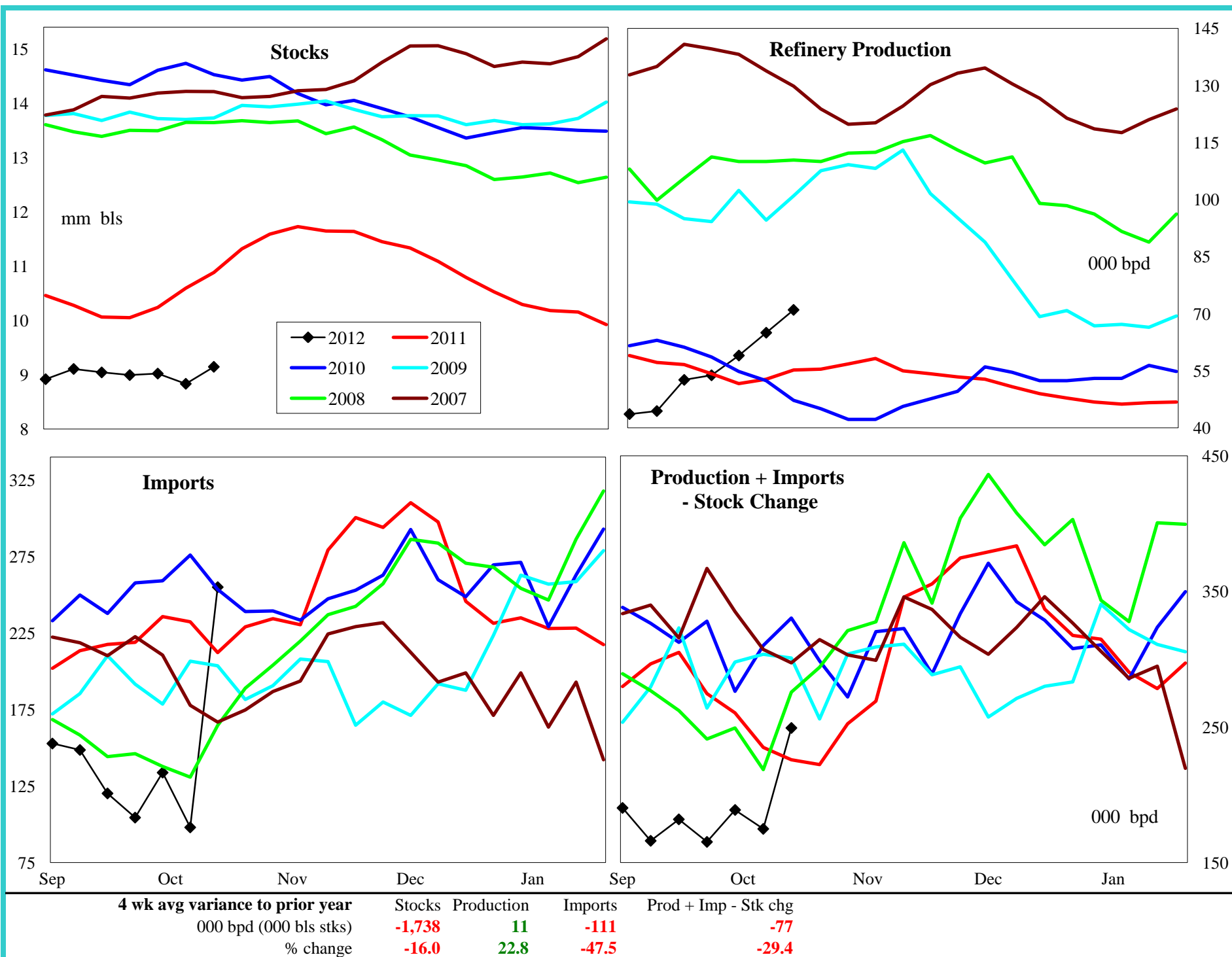
PADD 1 High Sulfur Distillate Stocks by Region



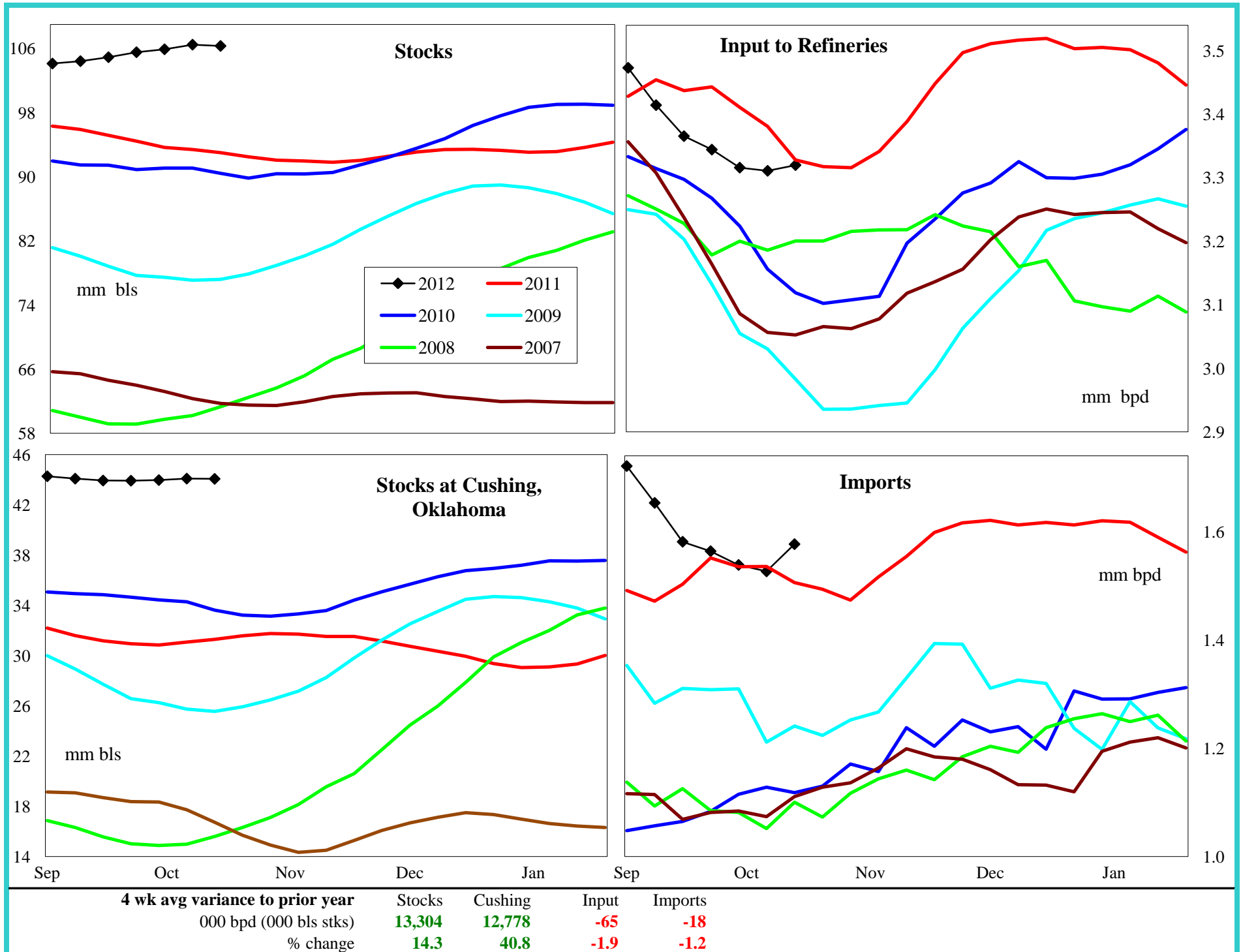
PADD 1 Jet Fuel Supply



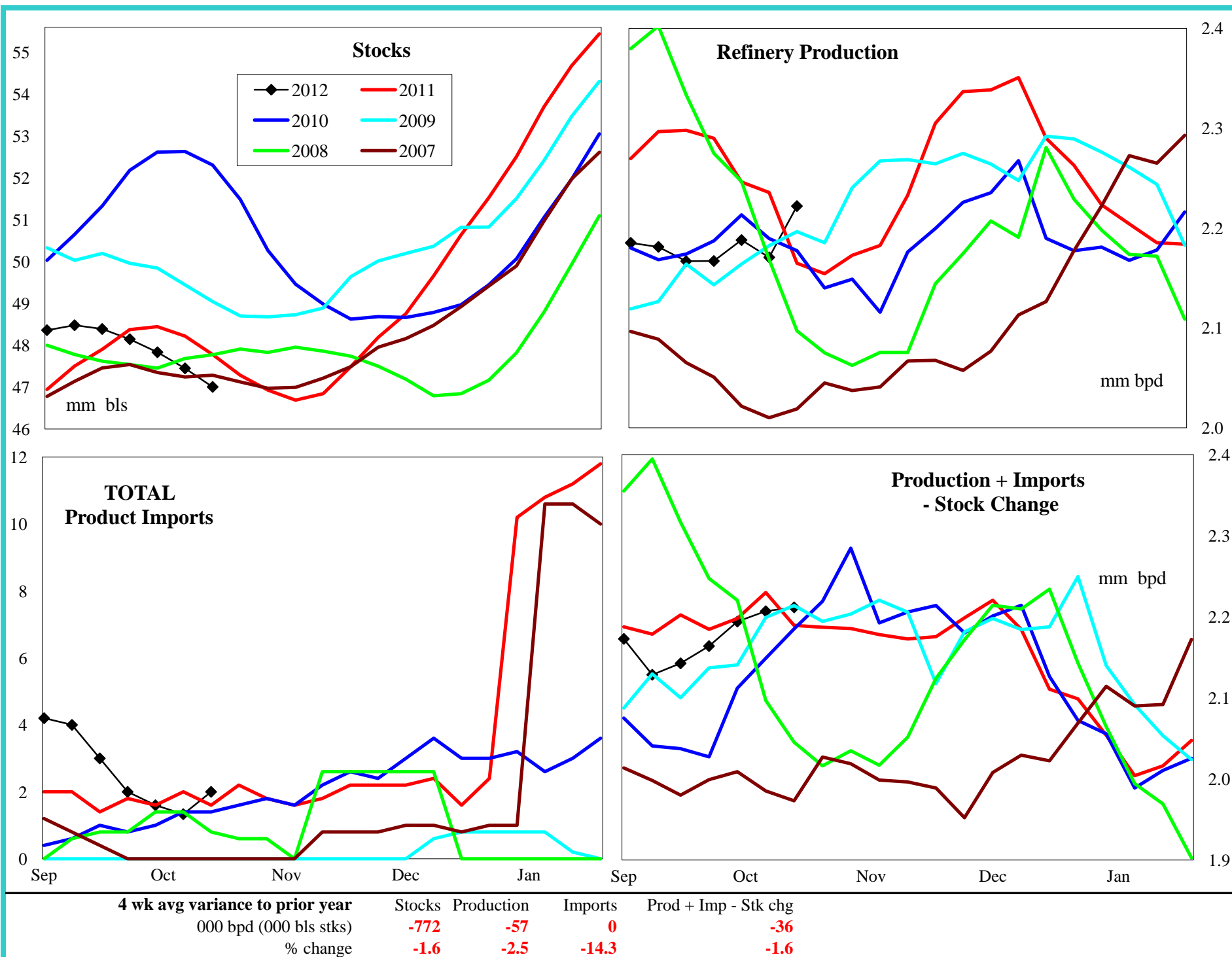
PADD 1 Residual Fuel Oil Supply



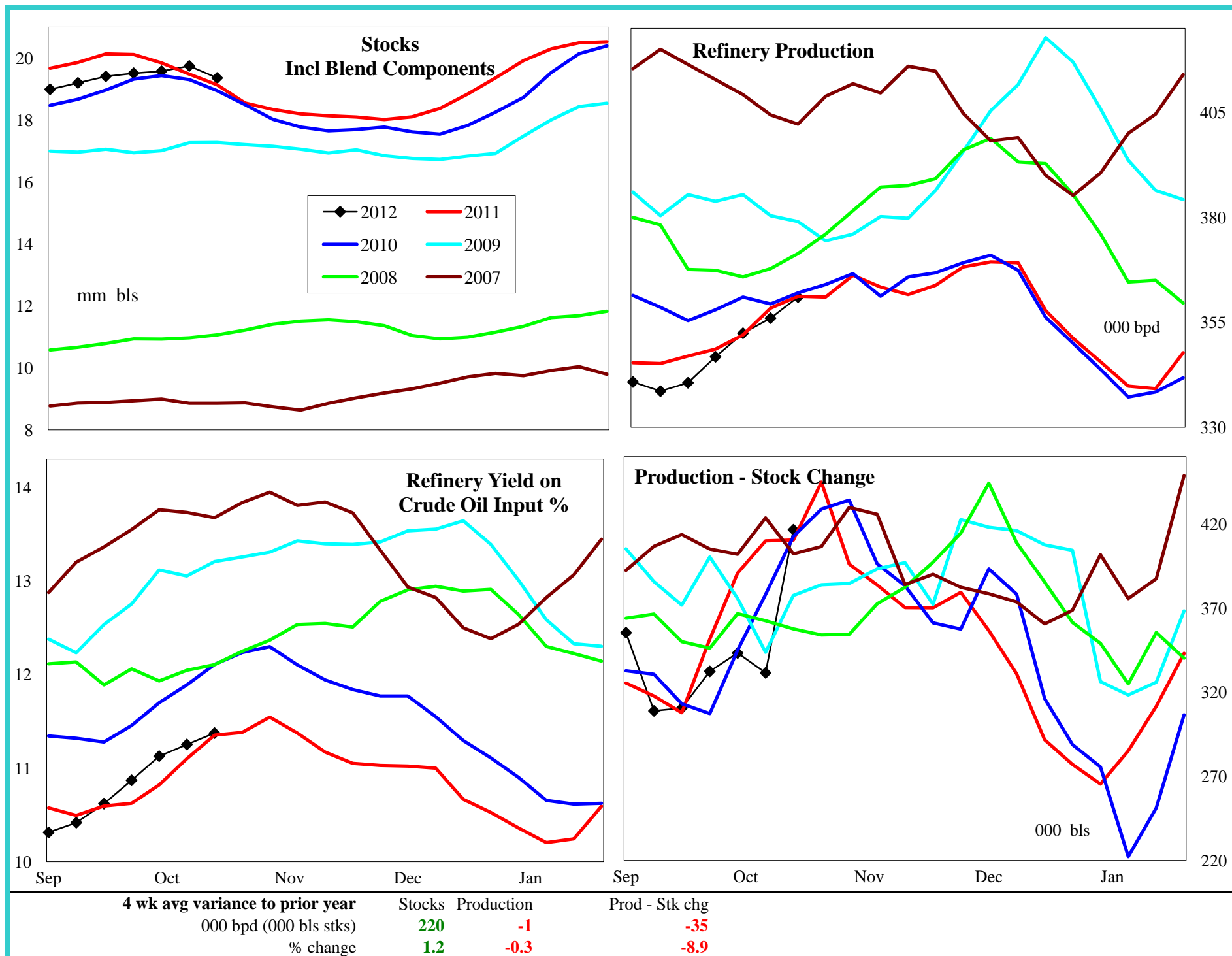
PADD 2 Crude Oil Supply and Refining



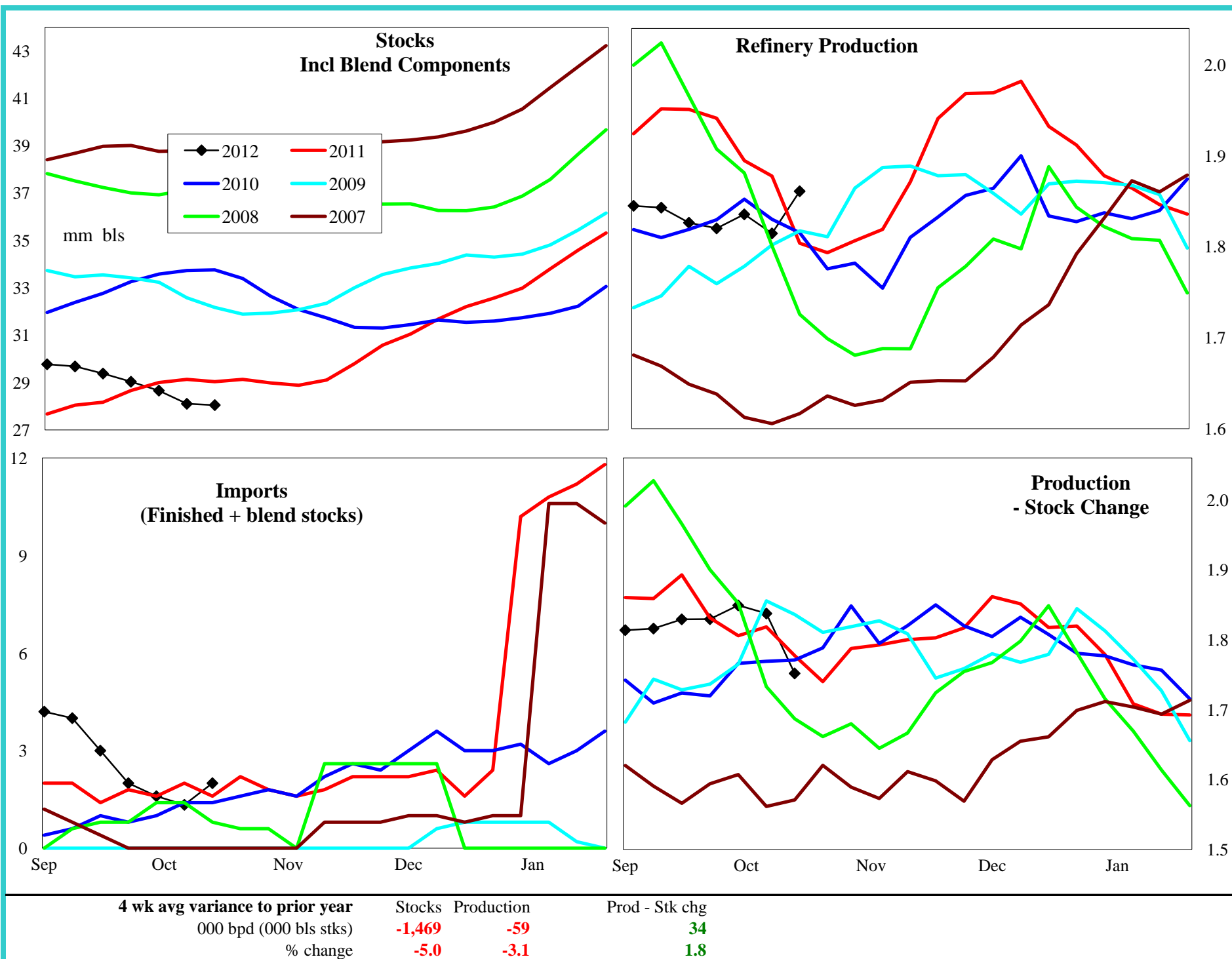
PADD 2 Gasoline Supply



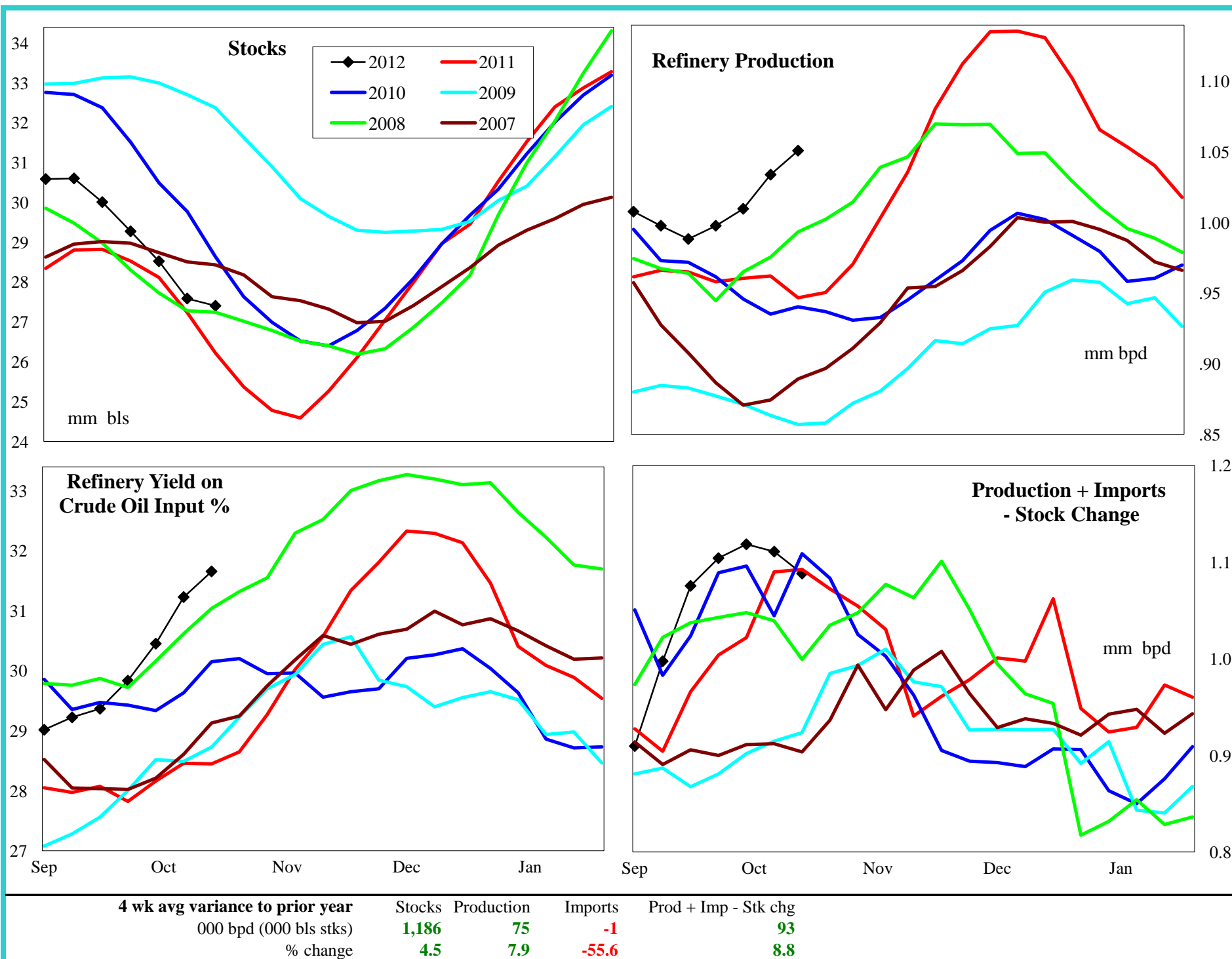
PADD 2 Reformulated Gasoline Supply



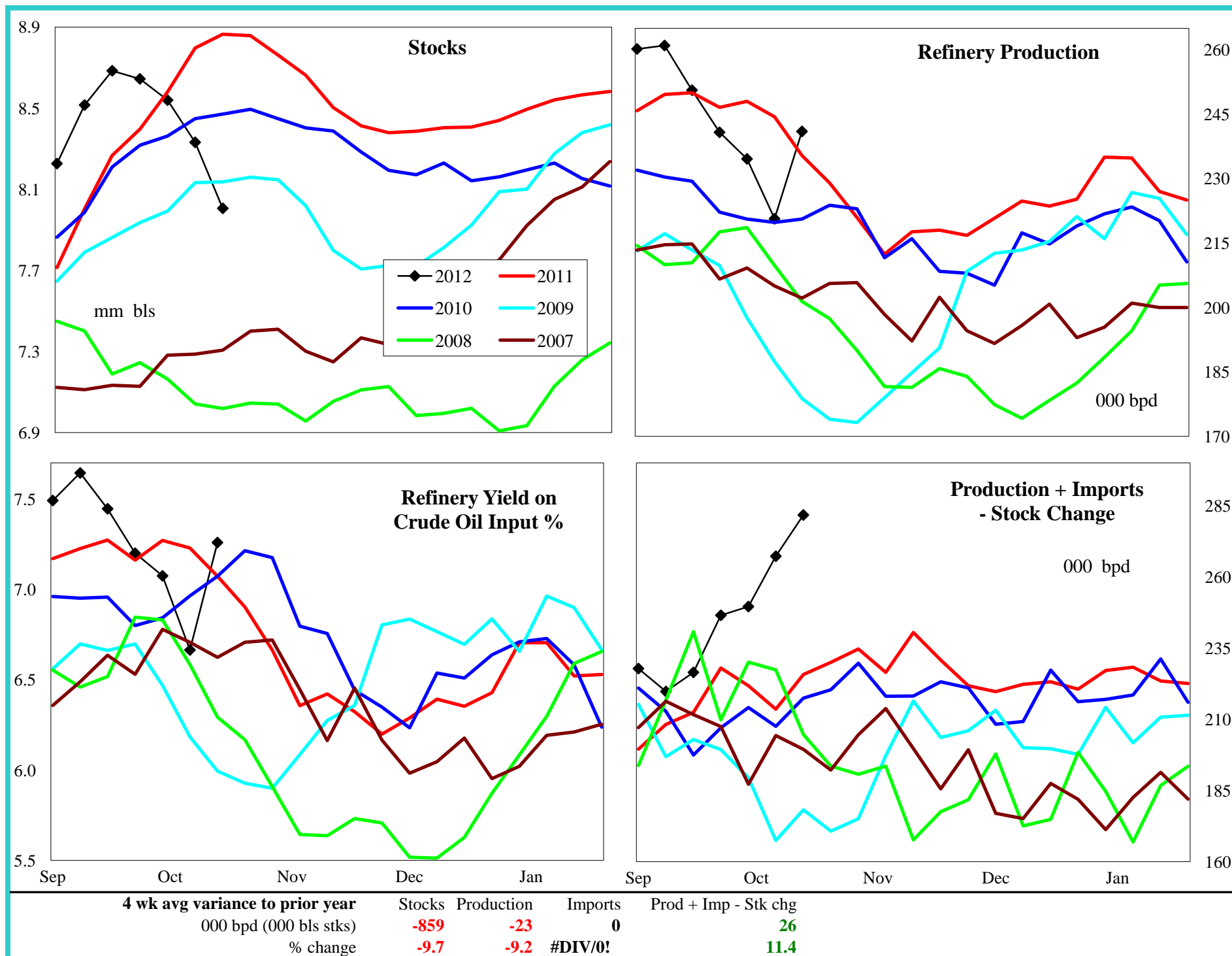
PADD 2 Conventional Gasoline Supply



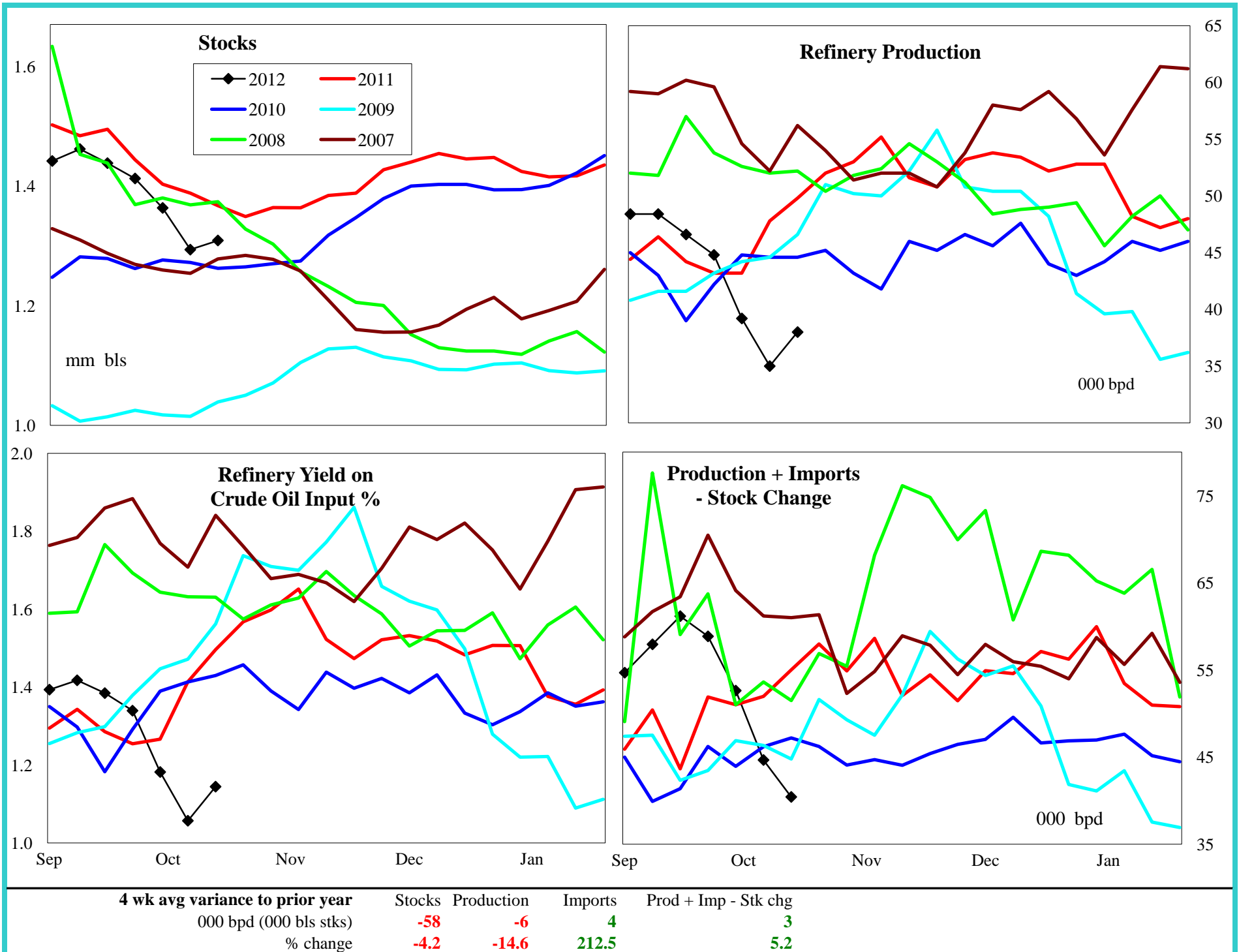
PADD 2 Distillate Supply



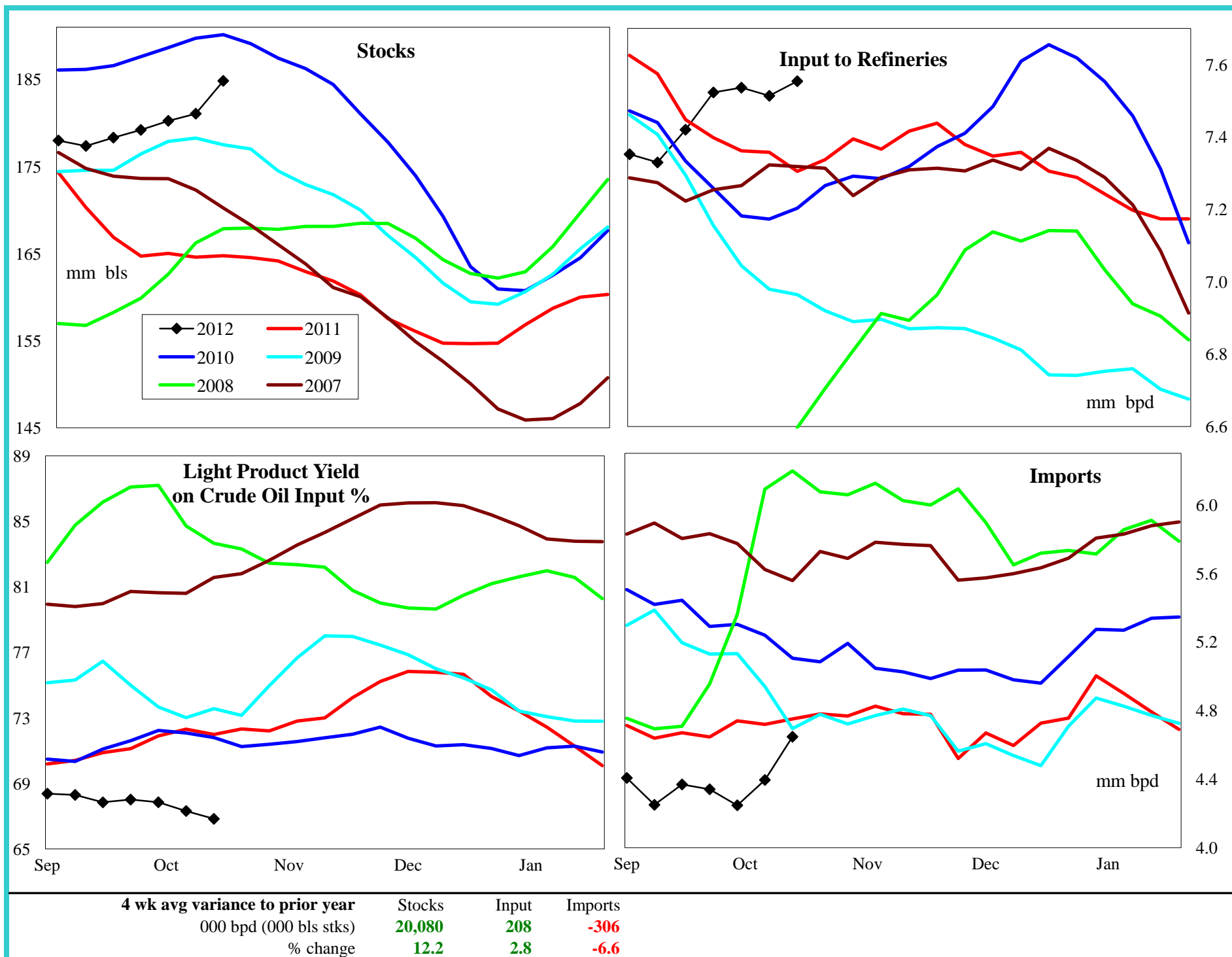
PADD 2 Jet Fuel Supply



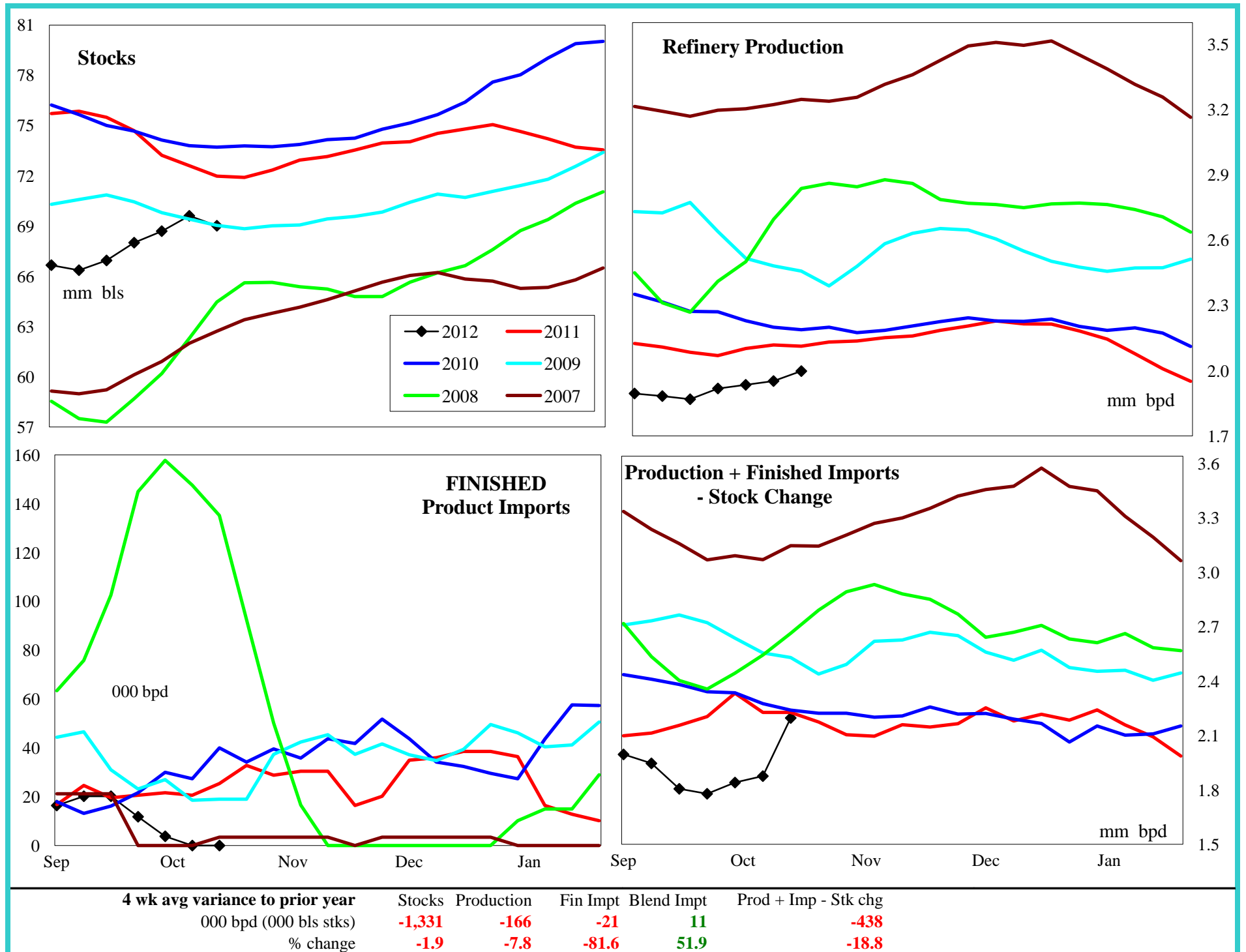
PADD 2 Residual Fuel Oil Supply



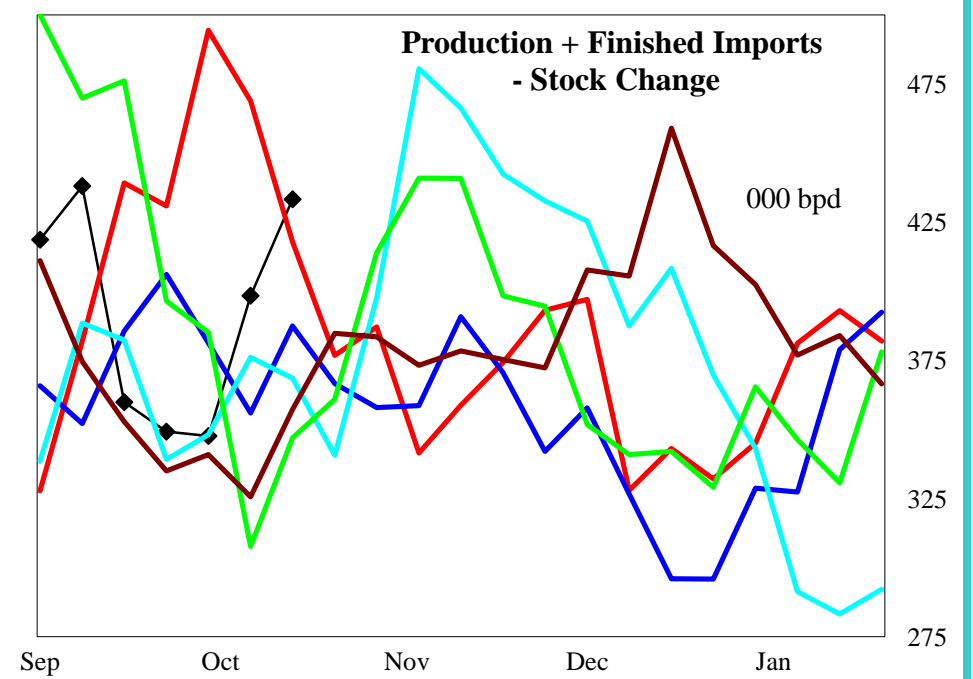
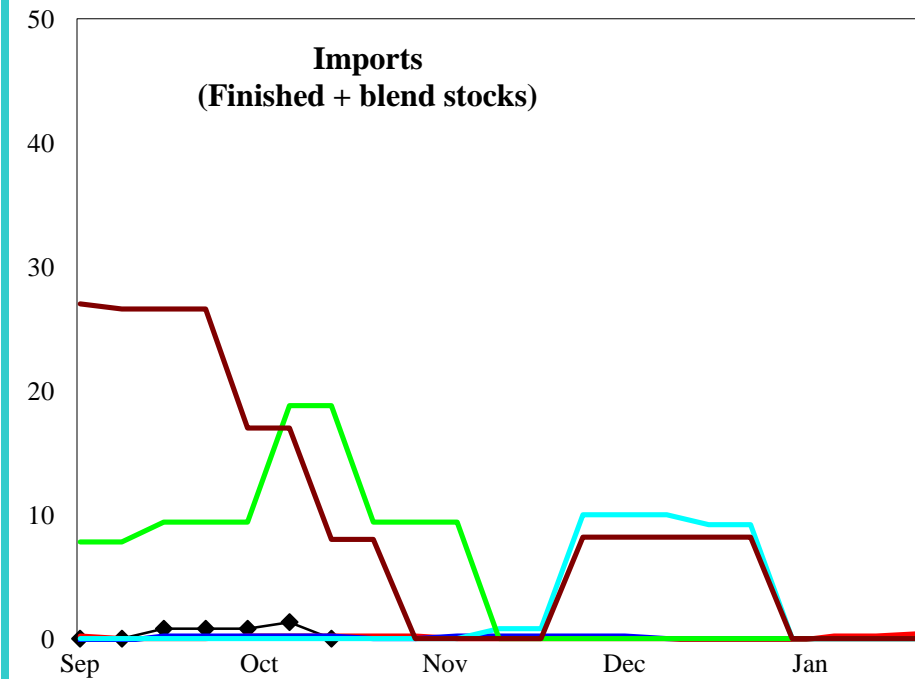
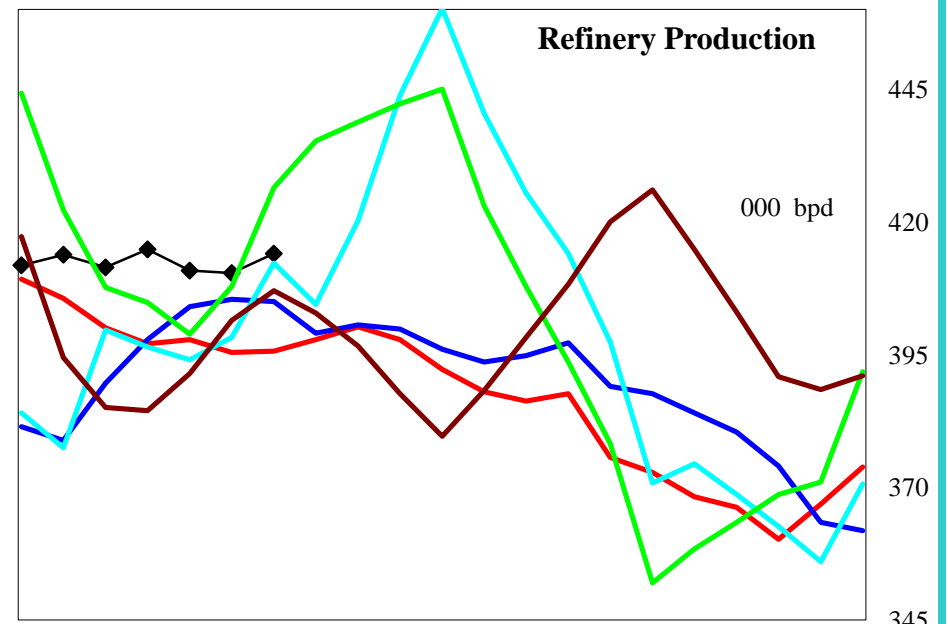
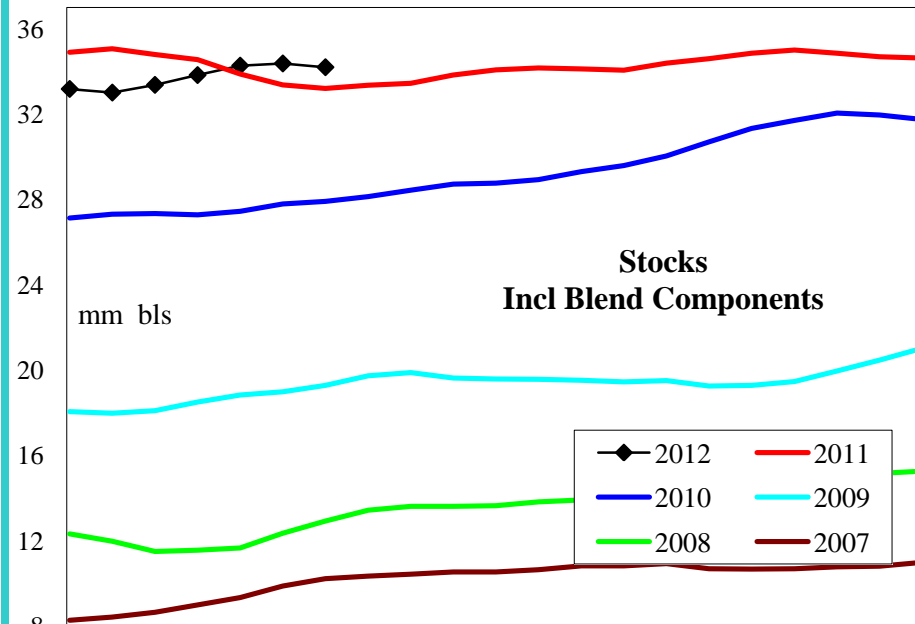
PADD 3 Crude Oil Supply and Refining



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

2,072

17

1

-112

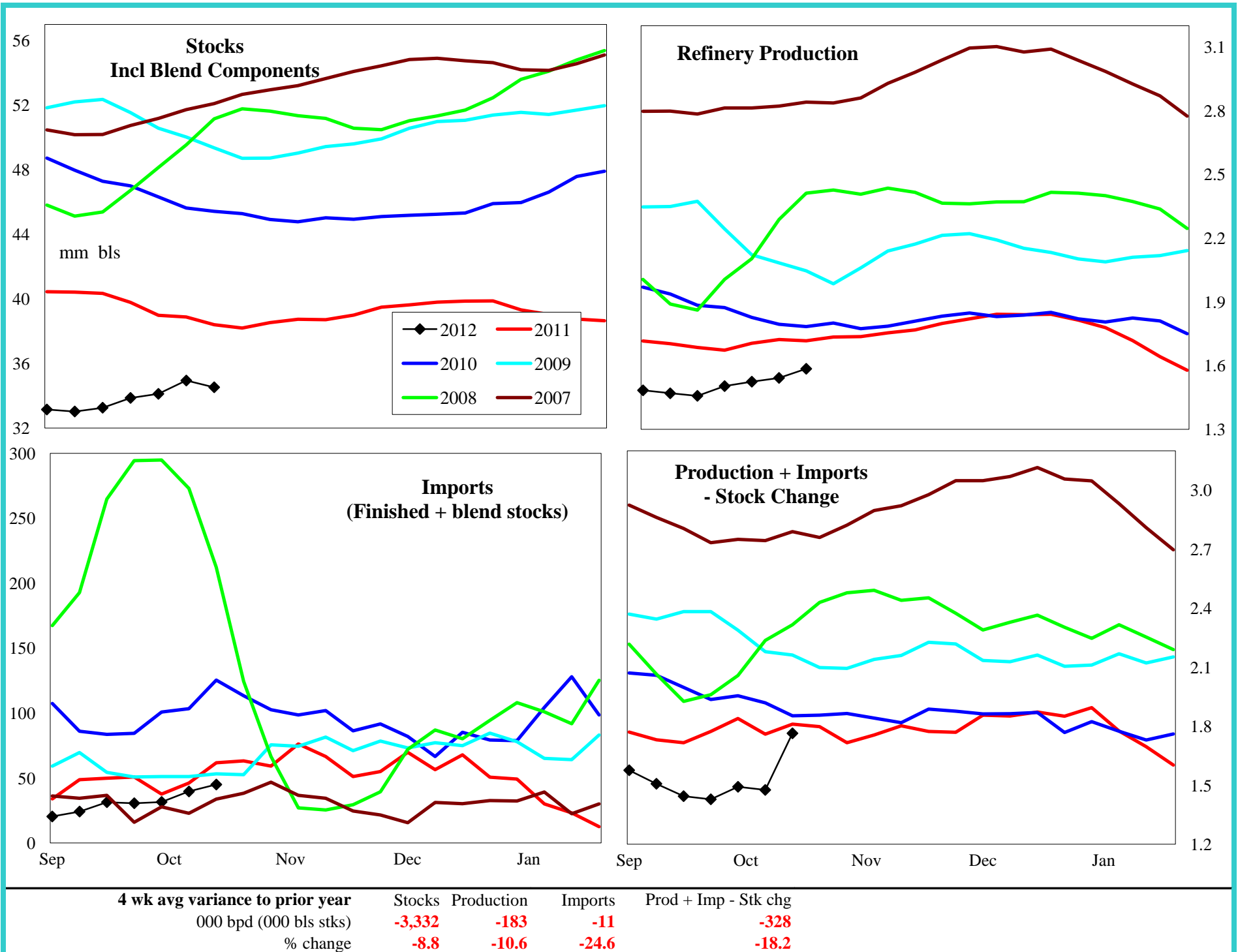
6.4

4.2

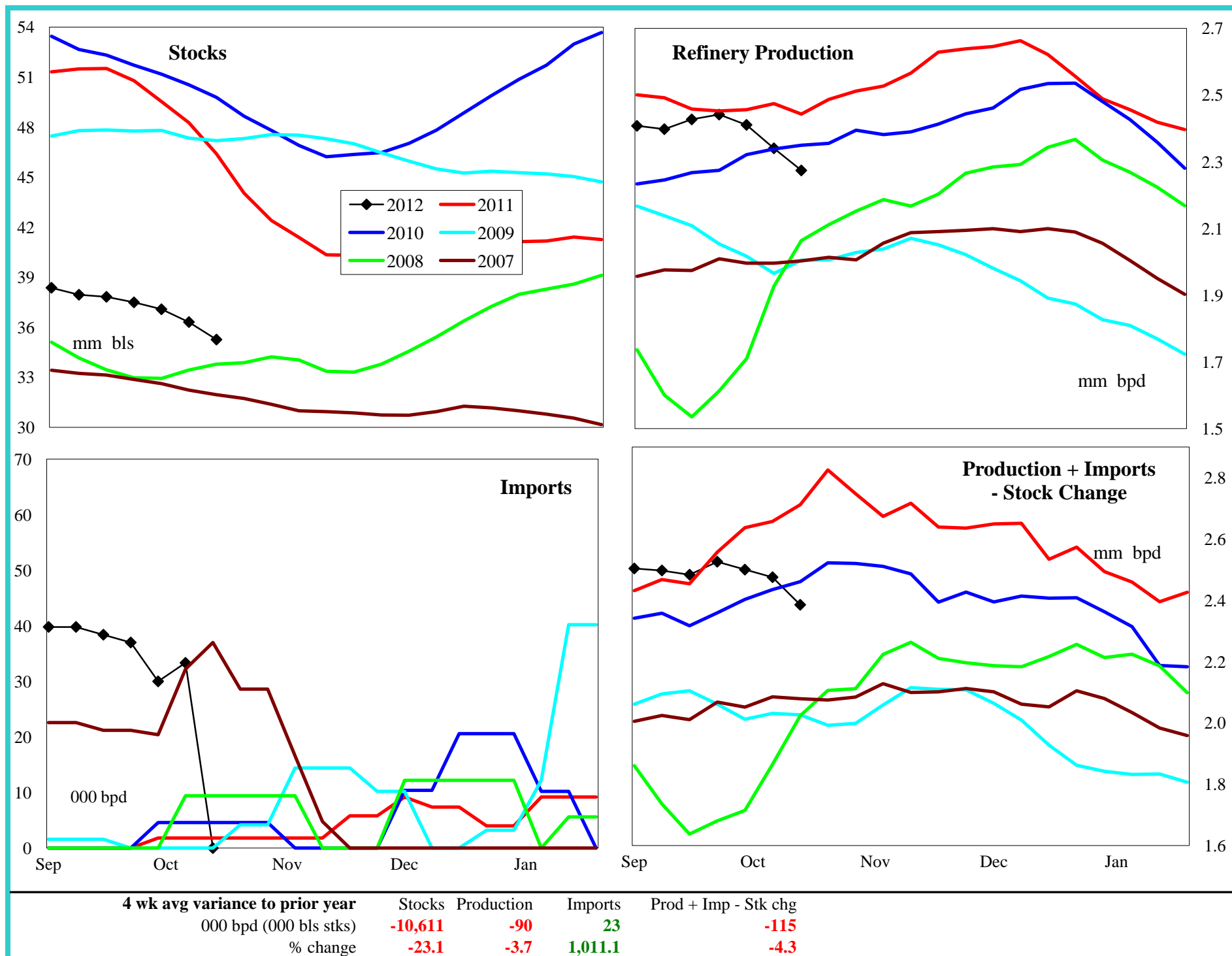
300.0

-21.2

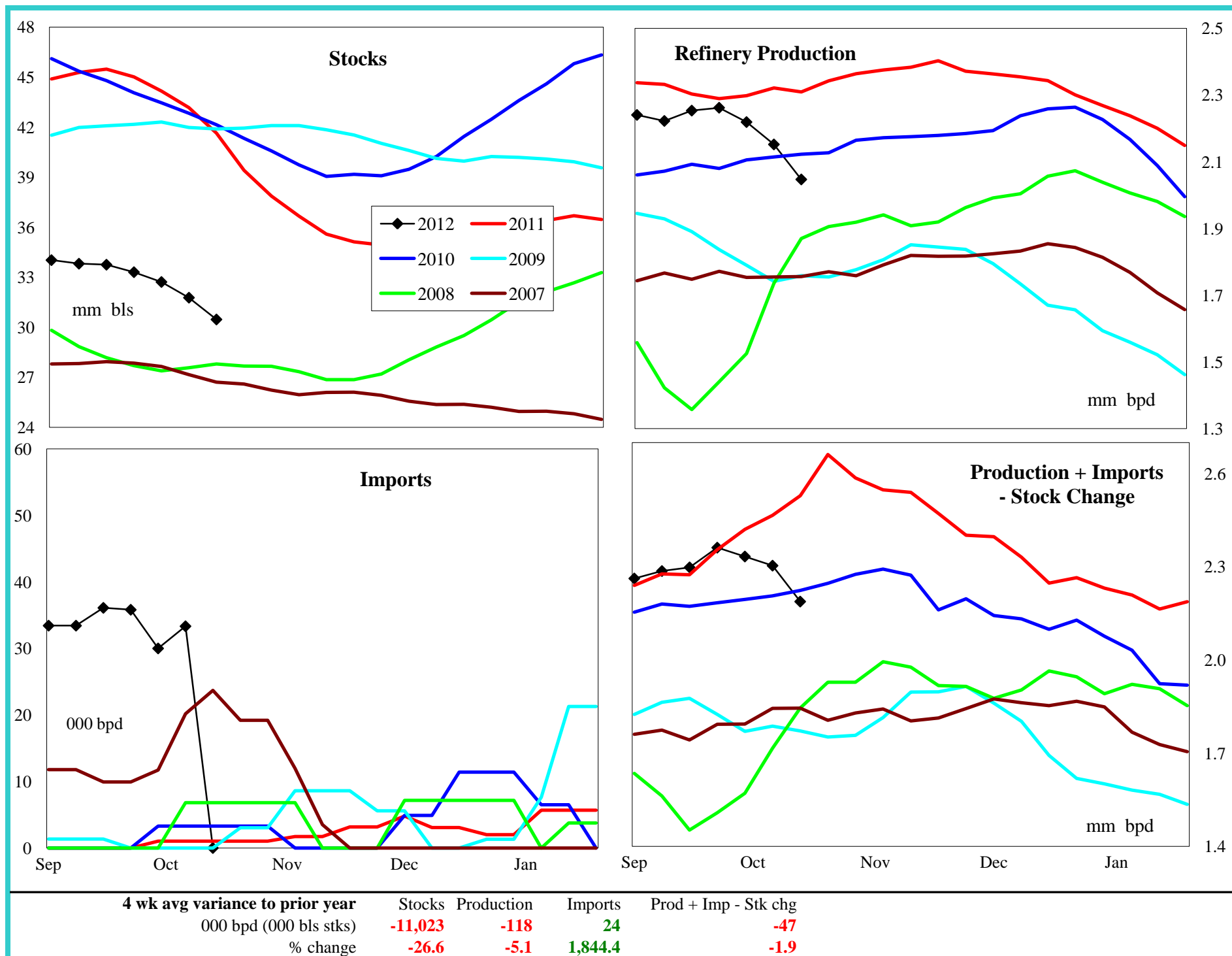
PADD 3 Conventional Gasoline Supply



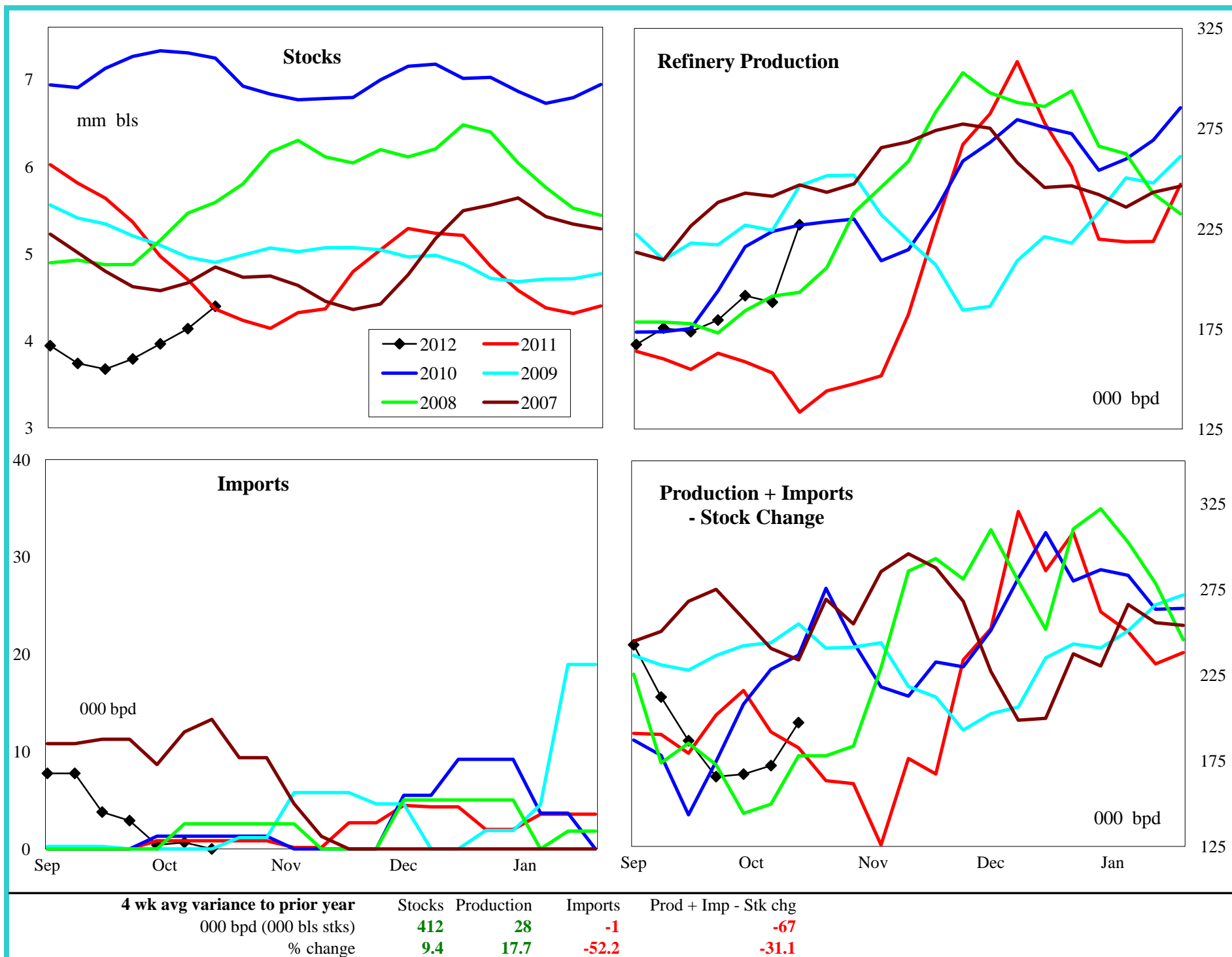
PADD 3 Distillate Supply



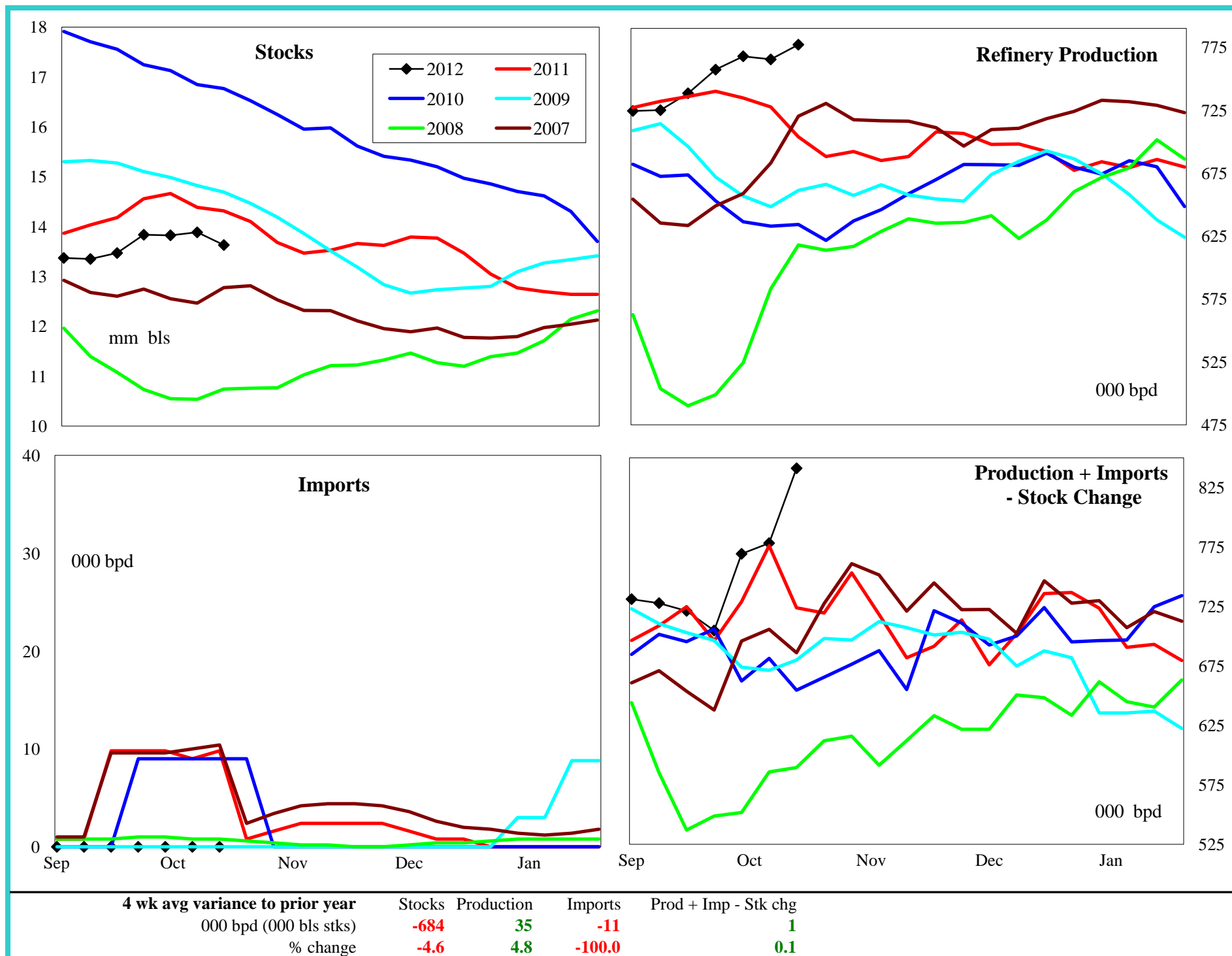
PADD 3 Low Sulfur Distillate Supply



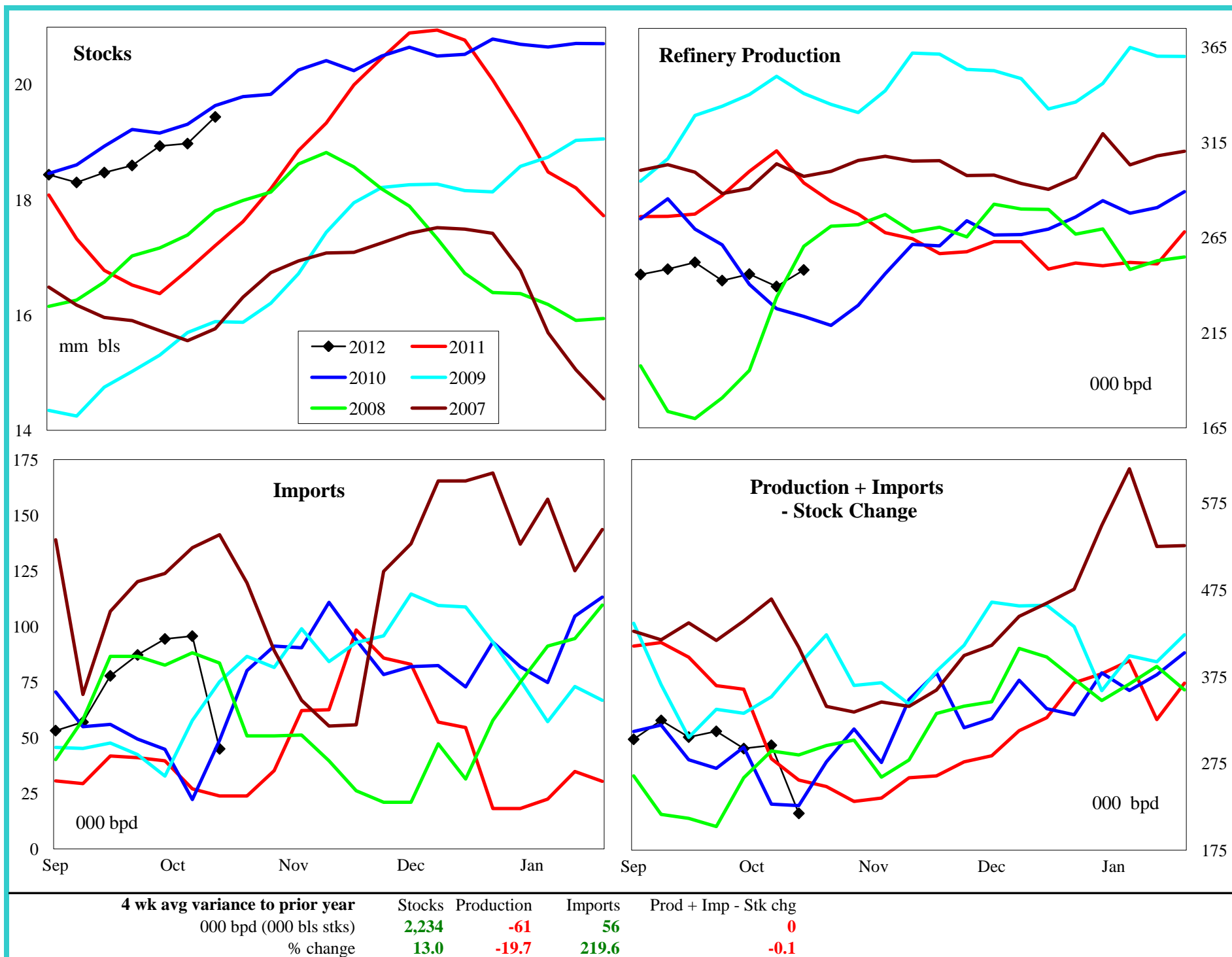
PADD 3 High Sulfur Distillate Supply



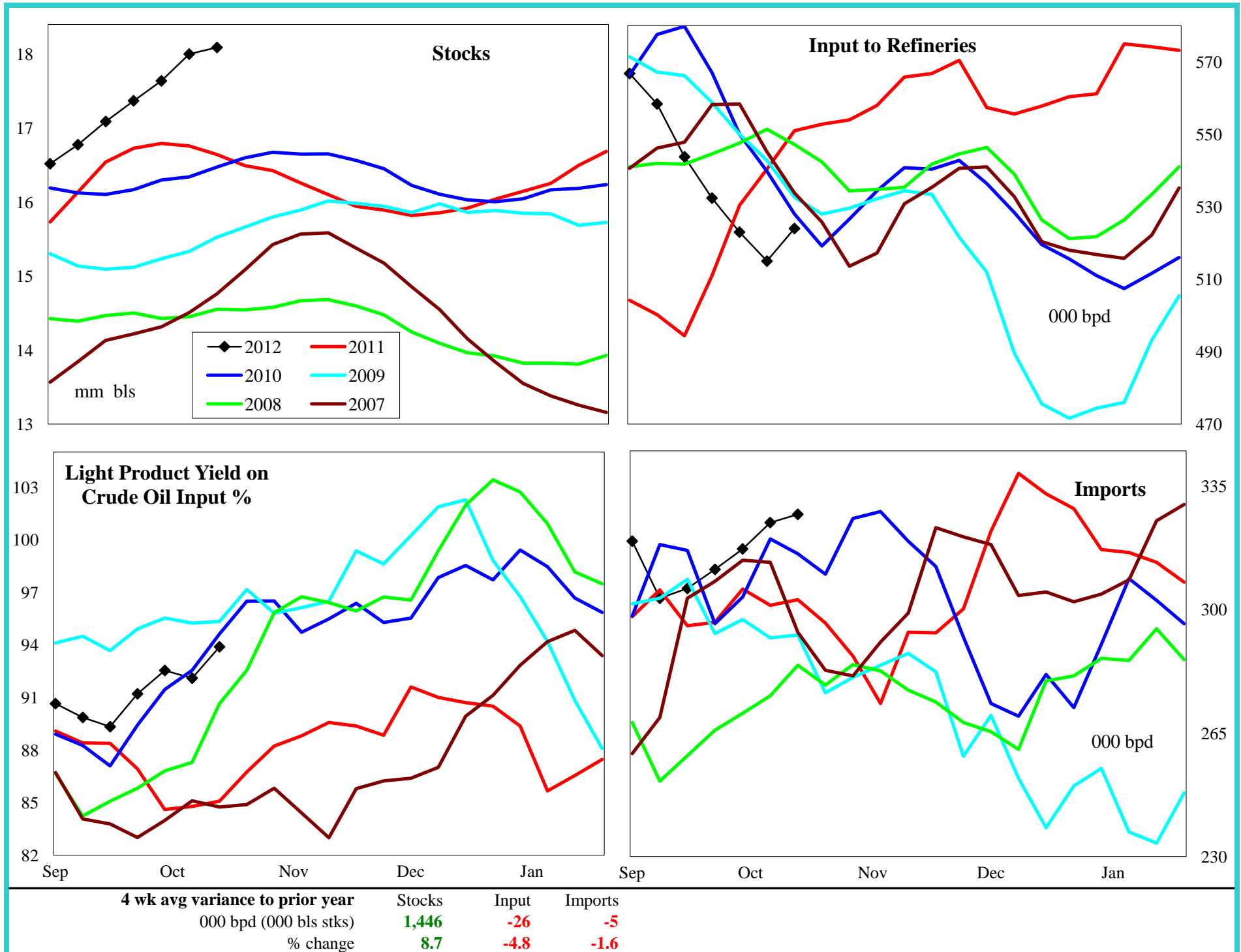
PADD 3 Jet Fuel Supply



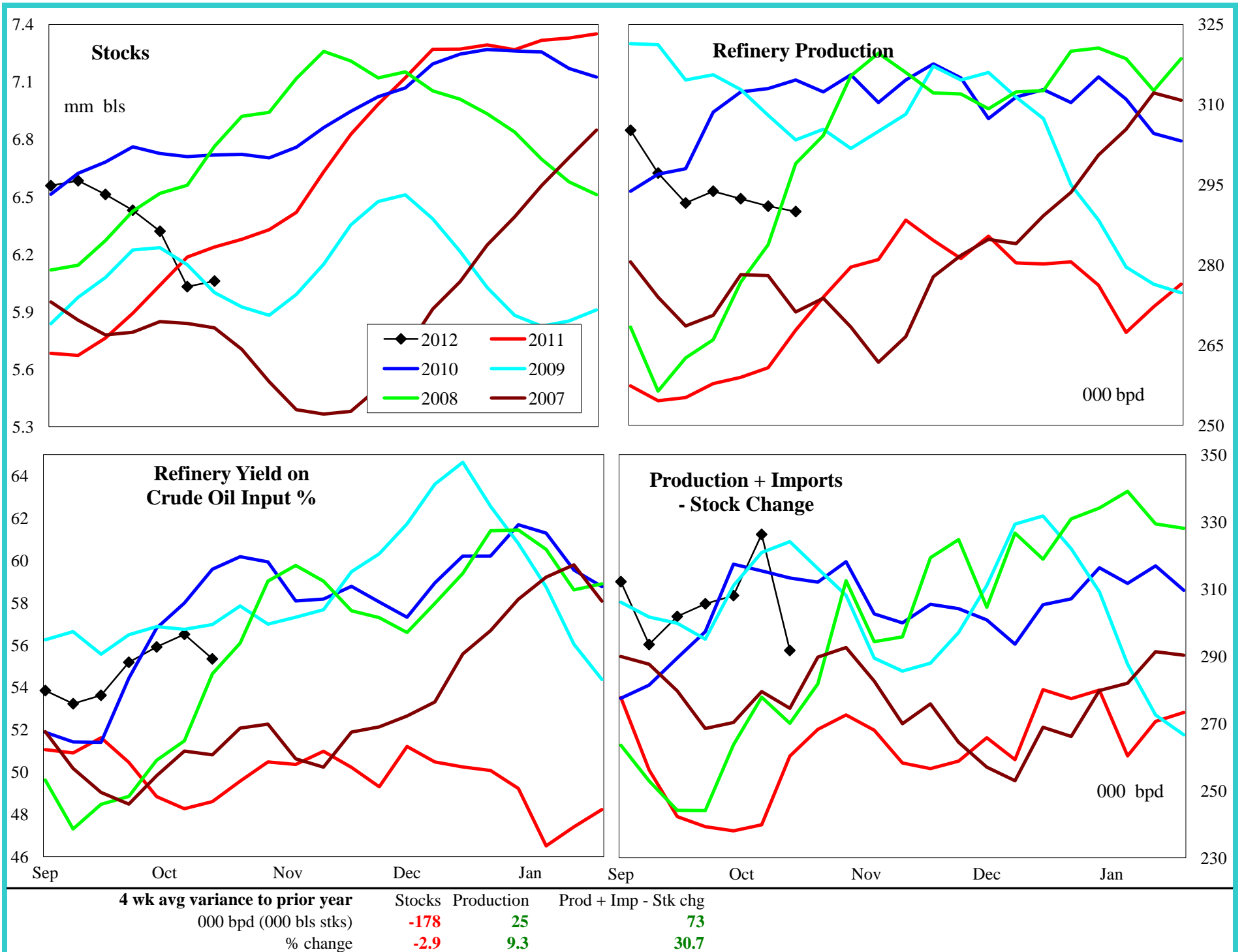
PADD 3 Residual Fuel Oil Supply



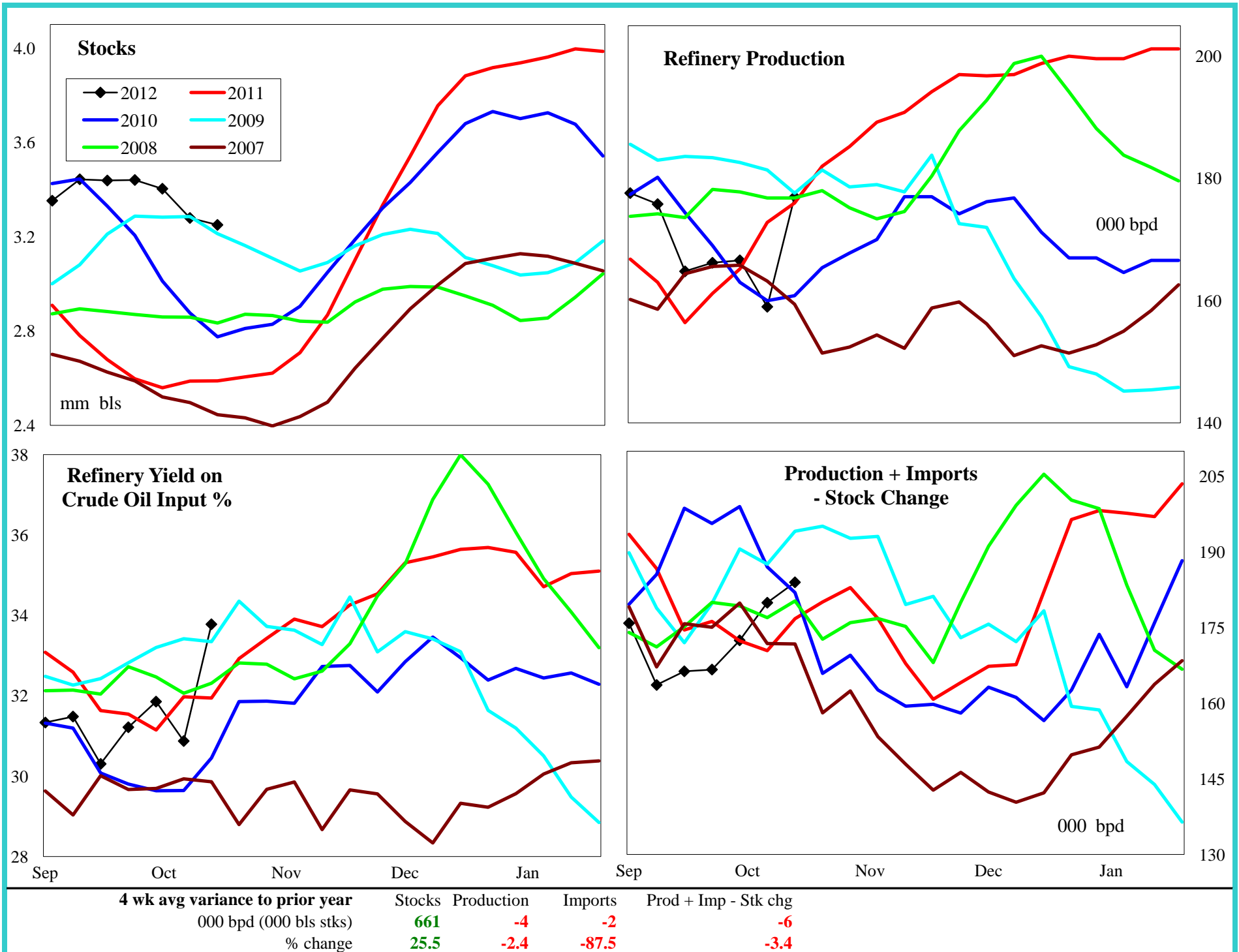
PADD 4 Crude Oil Supply and Refining



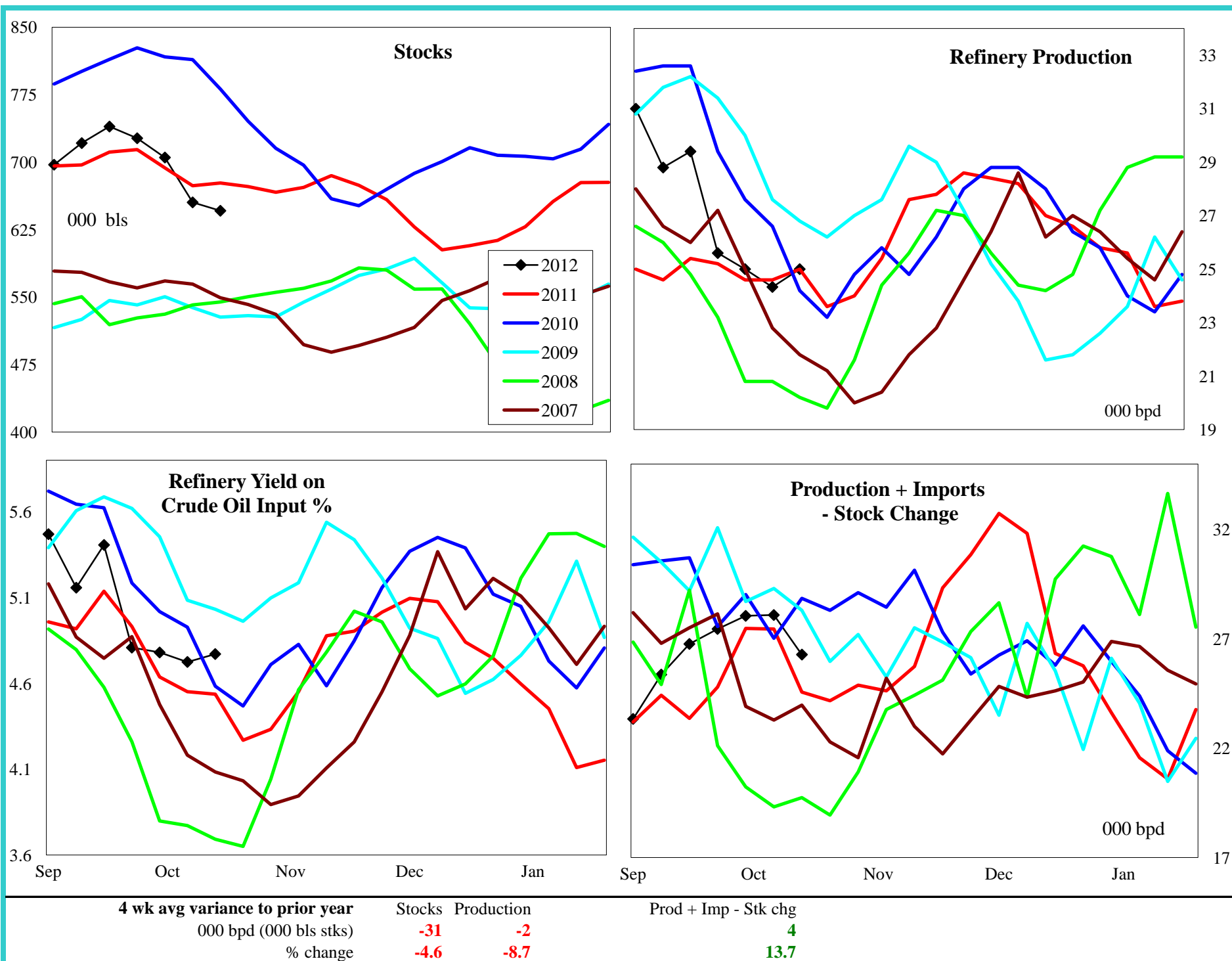
PADD 4 Gasoline Supply



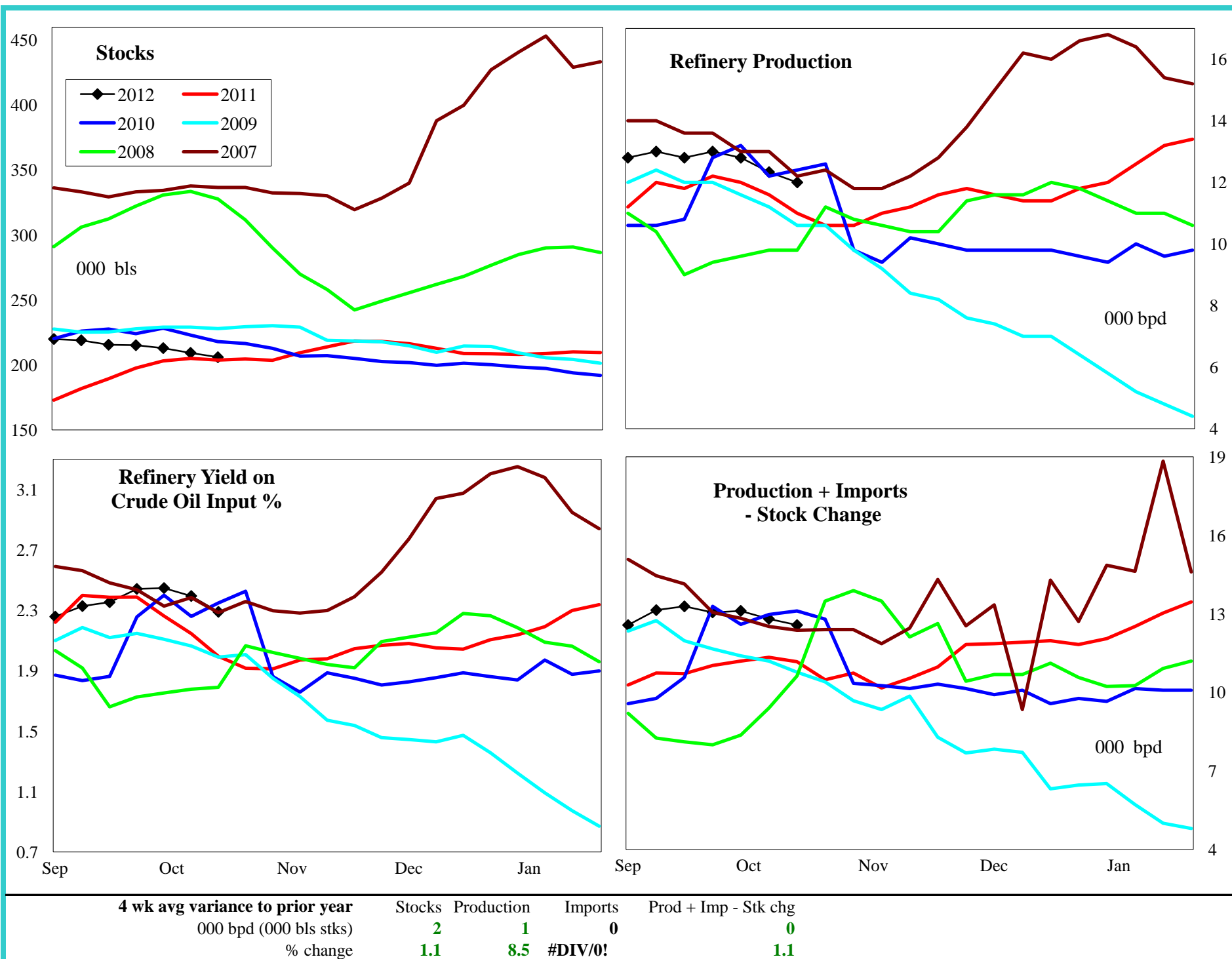
PADD 4 Distillate Supply



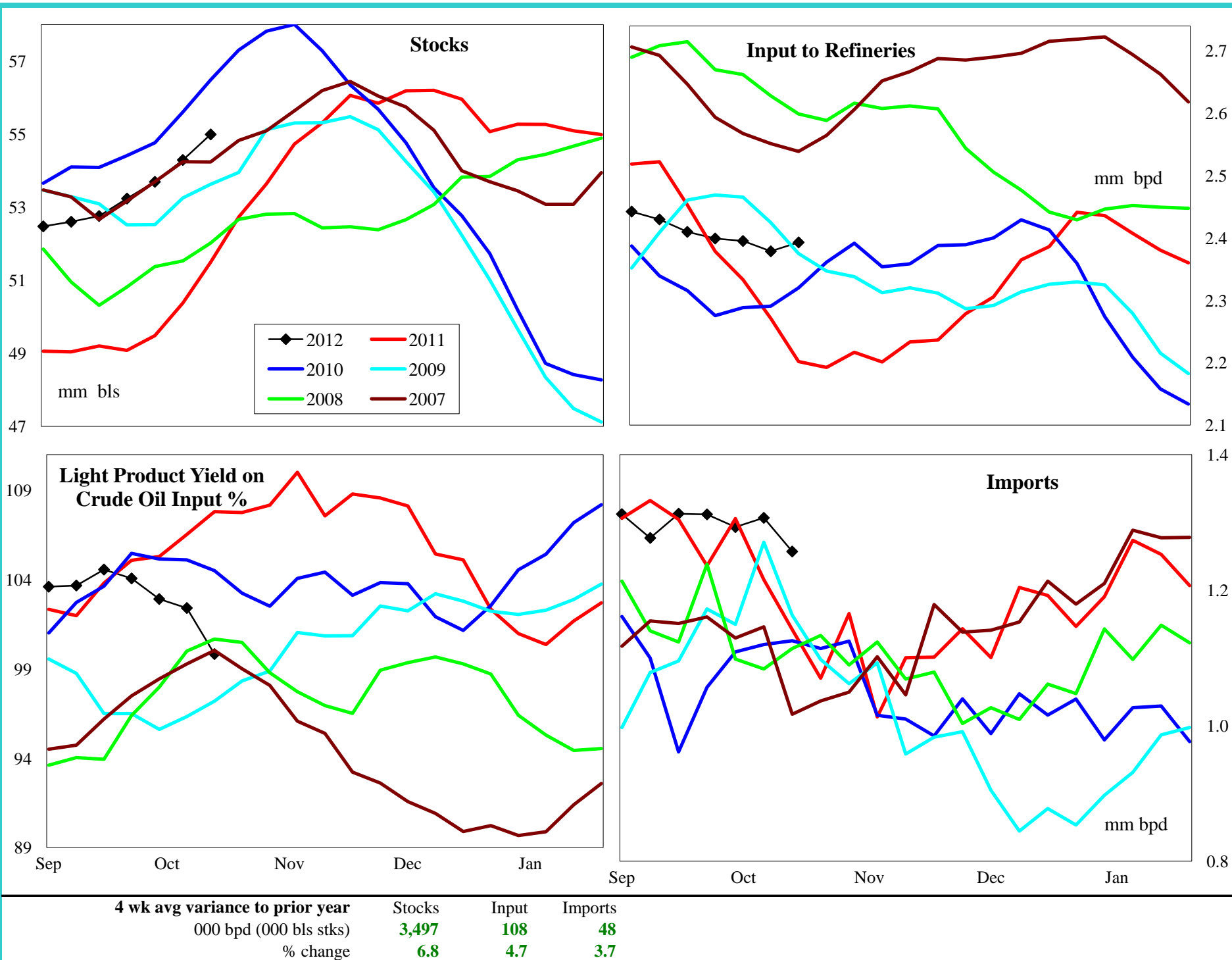
PADD 4 Jet Fuel Supply



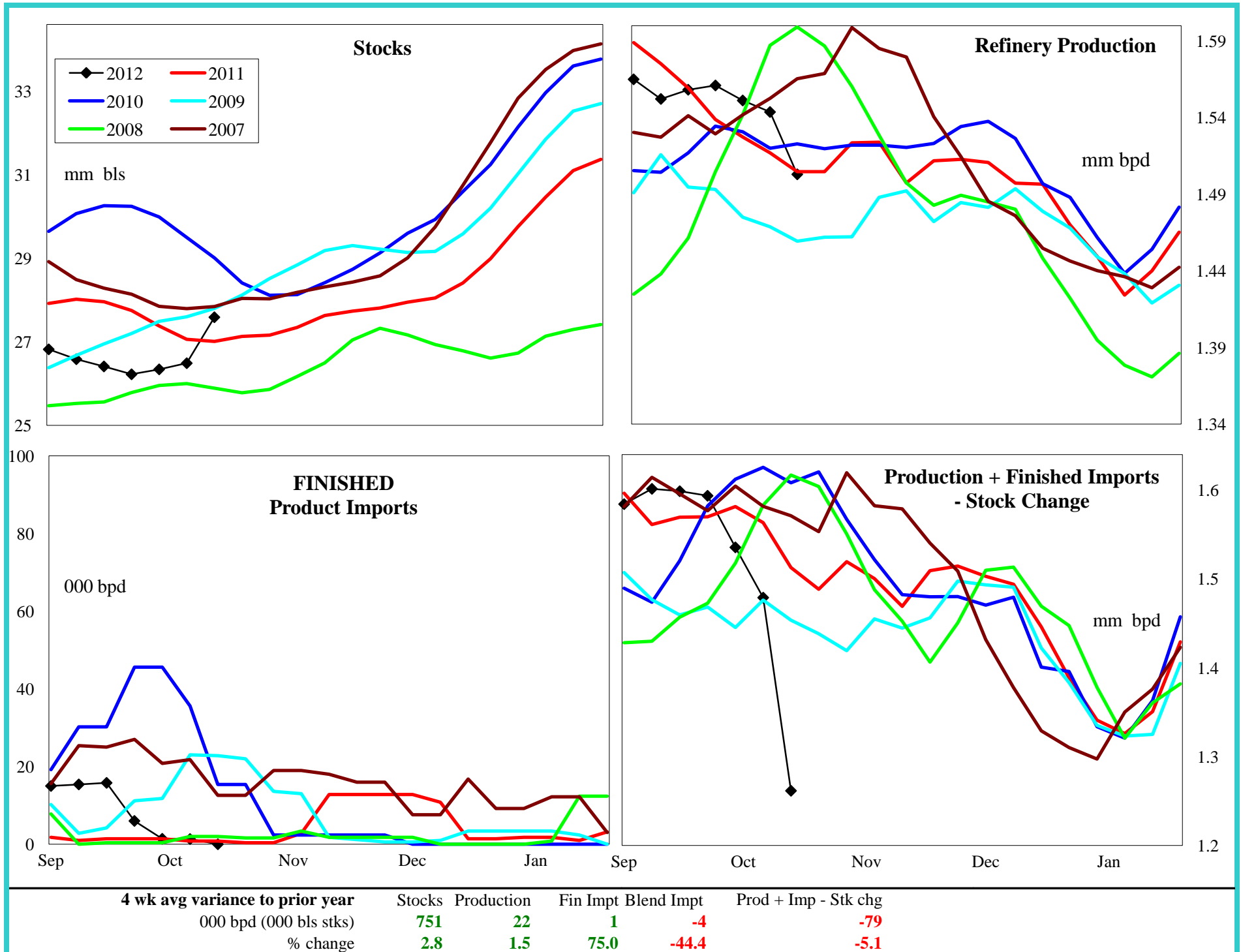
PADD 4 Residual Fuel Oil Supply



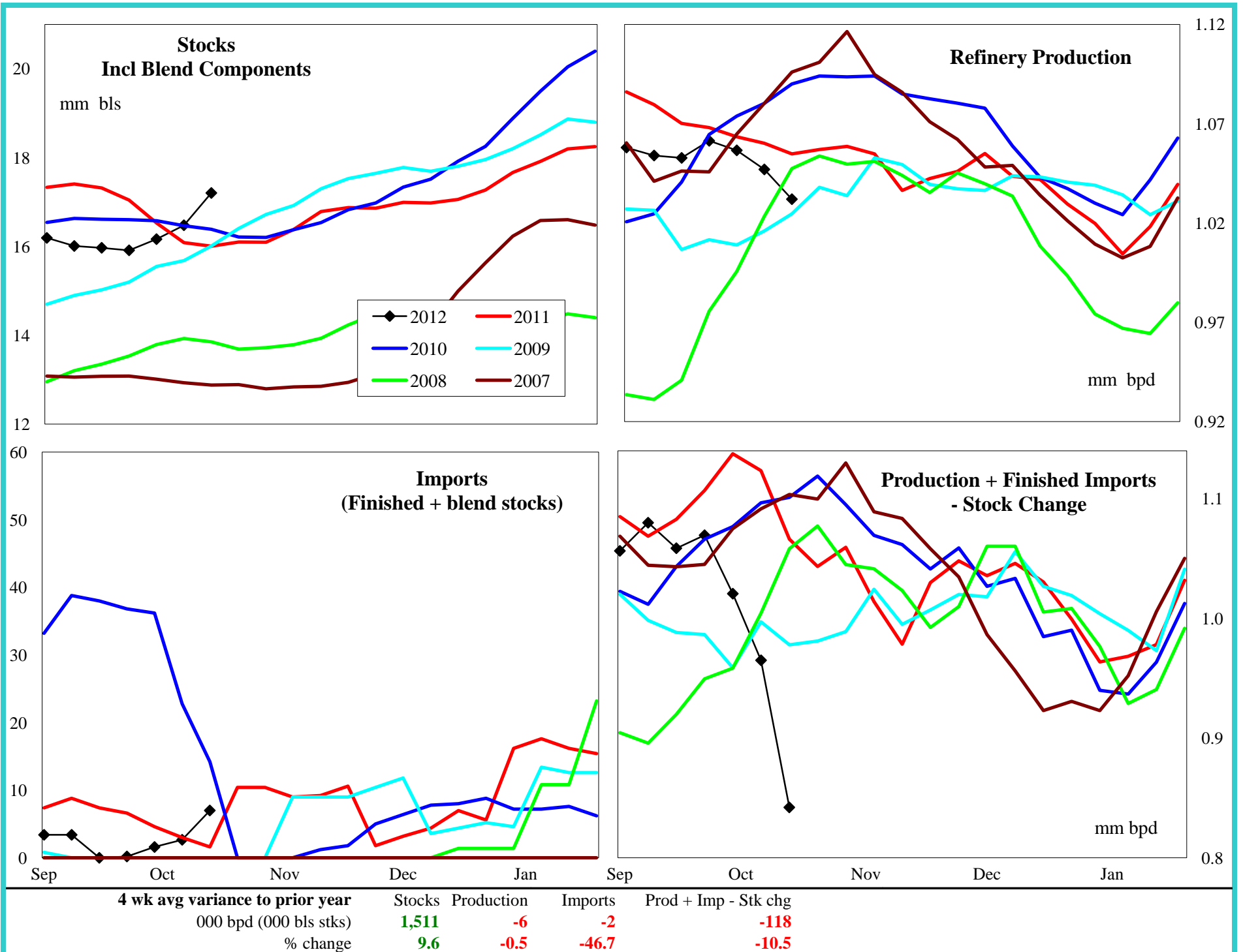
PADD 5 Crude Oil Supply and Refining



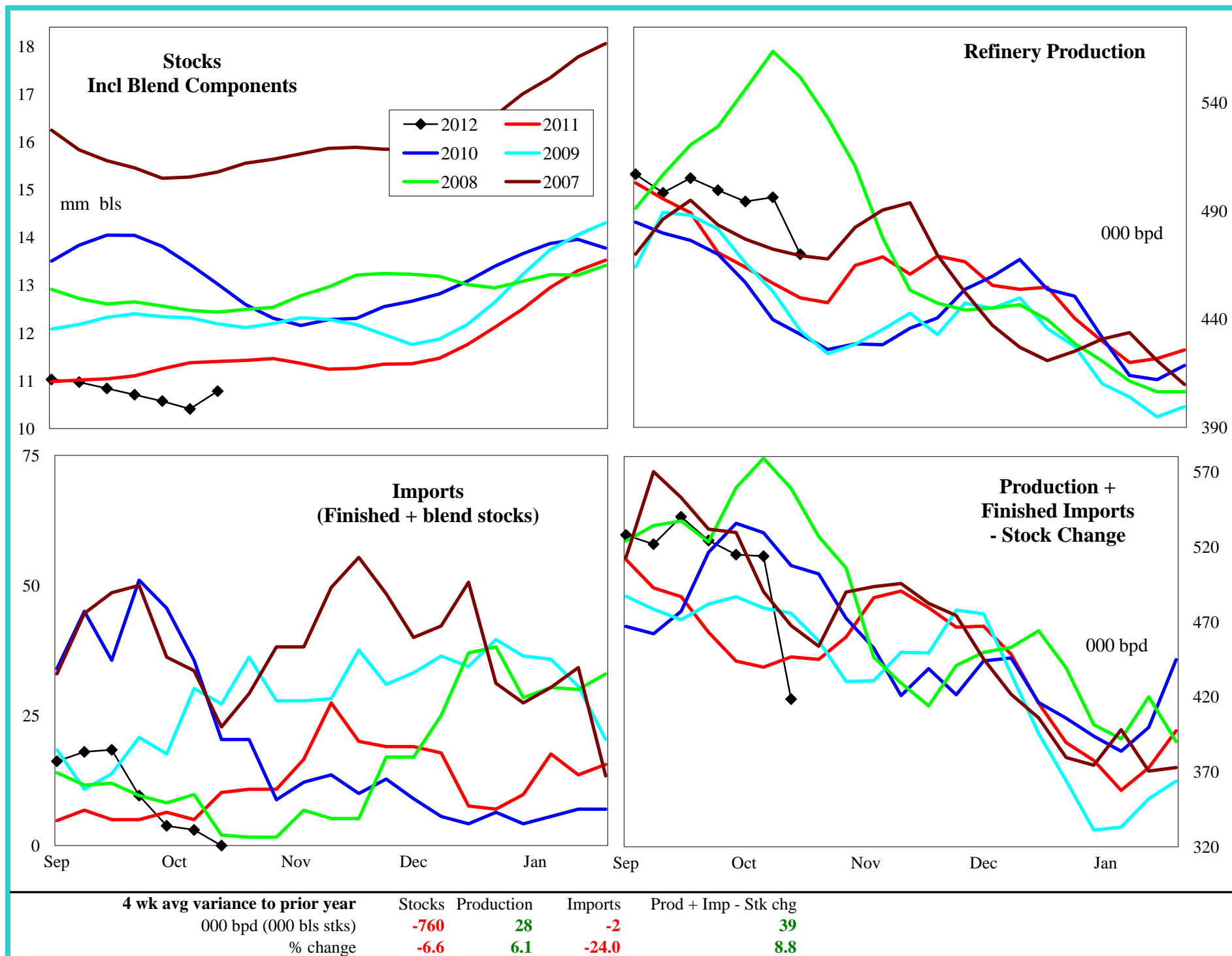
PADD 5 Gasoline Supply



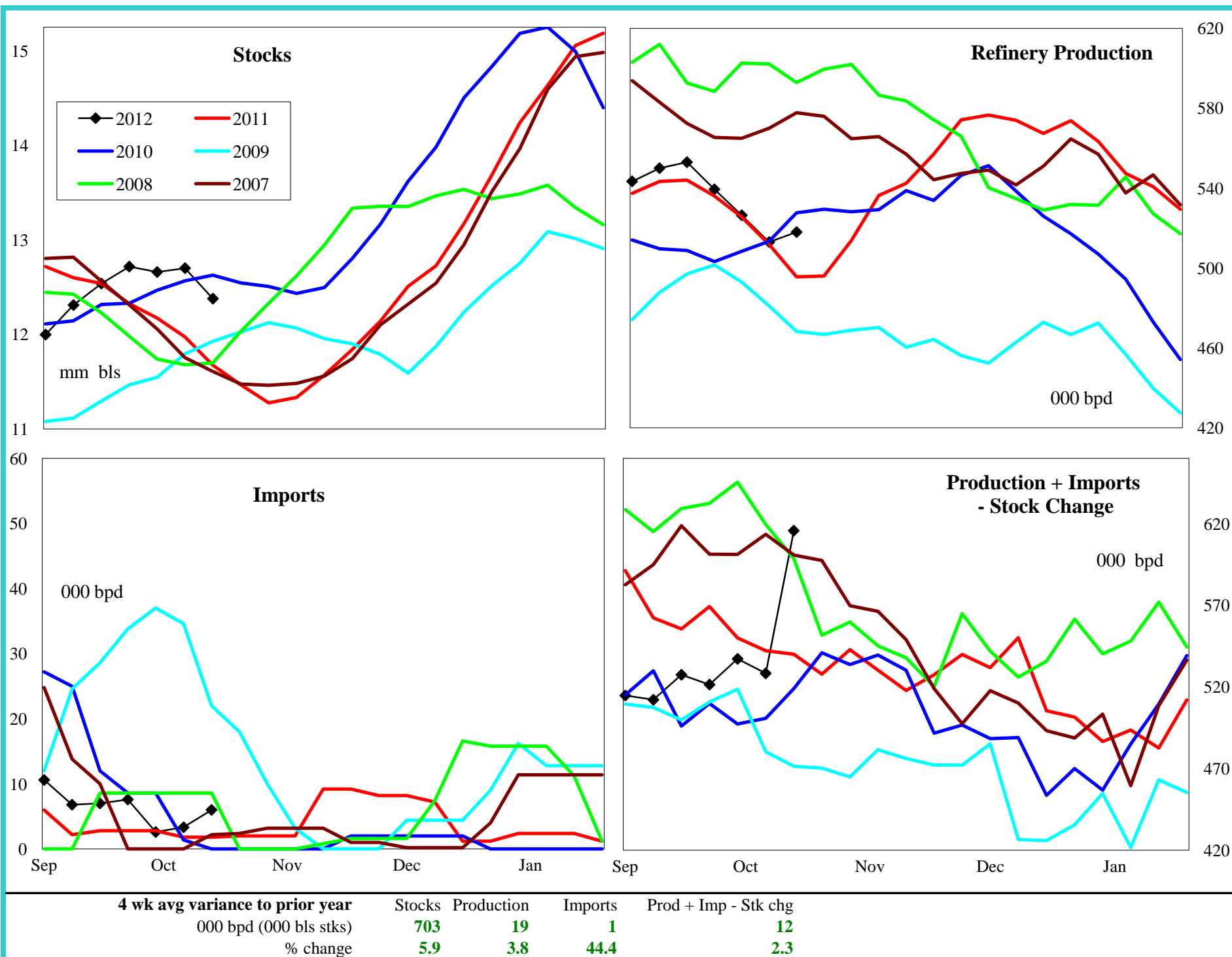
PADD 5 Reformulated Gasoline Supply



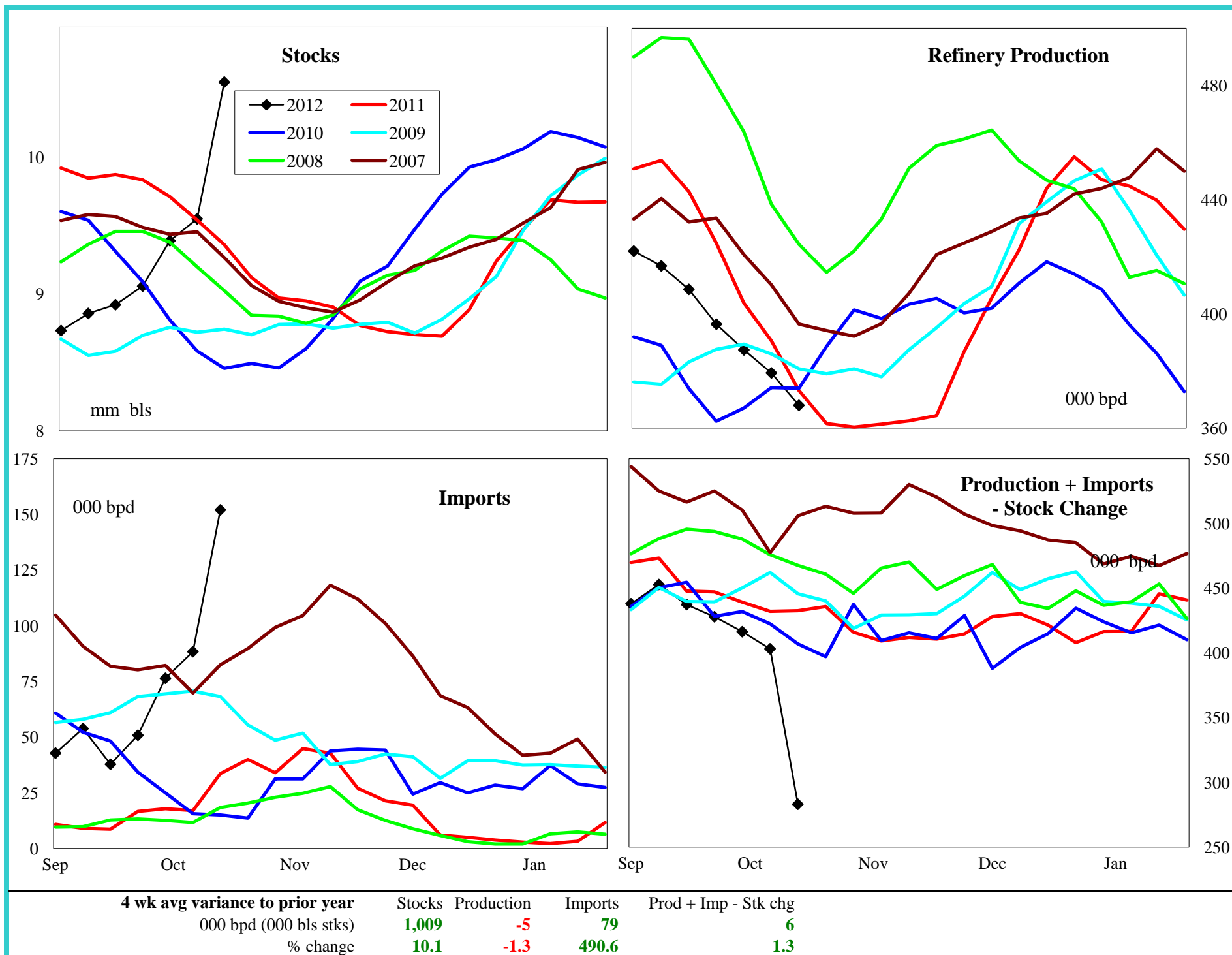
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

