



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

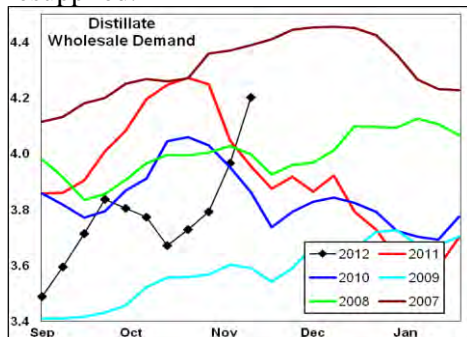
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, November 23, 2012

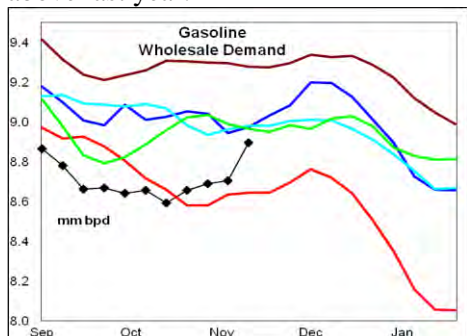


Major Fundamental Trends¹

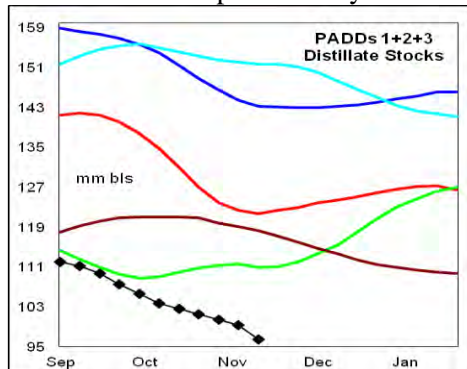
Distillate demand has increased over +0.6 million bpd during the last 2-wks as areas hit by Hurricane Sandy were resupplied.



Gasoline demand was nearly unchanged on the week, at a level above last year.



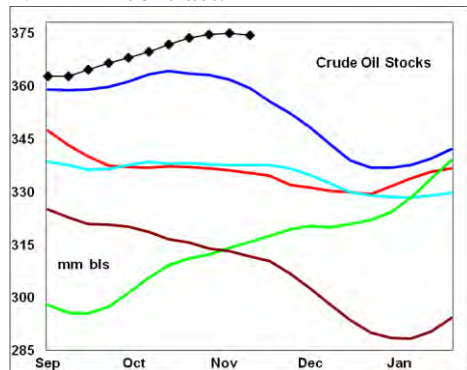
Robust distillate demand led to a -2.7 million barrel stock draw last week, with declines in all major regions. Stock levels in regions East of the Rockies ended the week -15 million barrels below the previous 5-year low.



Risk of a distillate supply squeeze in the Atlantic Basin continue on low stock levels, start of the winter heating season, very high exports and lack of a

year-on-year increase in production.

Inland crude oil markets have become extremely over supplied; driven by record production and maintenance at key refiners including Borger, TX and Chicago, IL. The result has been depressed prices for Canadian imports and domestic inland cash prices compared to the WTI NYMEX contract.



Crude oil refinery runs in the Gulf region reached a new record high, up over +0.5 million bpd from last year for the current week. However, all other regions saw runs at or below year ago levels, with runs in PADD 1 -0.4 million bpd lower.

Demand for distillate has increased over +0.6 million bpd during the last 2-wks as areas hit by Hurricane Sandy were resupplied. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +1.6%; distillate fell -9%; jet fuel down -6.9% while residual fuel oil increased +37%.

Stocks forward coverage: Gasoline demand coverage fell on a -1.5 million barrel stock draw and high demand. Coverage levels fell below the last 3-years.

Distillate coverage fell on a -2.7 million barrel stock draw and unusually high demand. Coverage levels matched 5-year lows.

Jet fuel coverage increased on a sharp decline in demand. Coverage levels ended the week at a level that matched historic highs.

Refinery utilization rates increased last week on a +277,000 bpd increase in crude oil runs. During the latest 4-wk

period crude oil input was +129,000 bpd above a year ago.

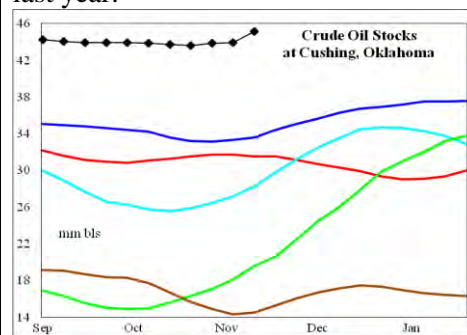
Gasoline yield % on crude oil runs decreased on a +86,000 bpd rise in output compared to the +277,000 bpd jump in crude oil runs. Yield % on crude oil runs remains below the 3-year range.

Distillate yield % on crude oil runs was slightly lower on a +100,000 bpd rise in production, compared to the larger increase in crude oil runs. The yield % on crude oil runs was near last years' historic high level.

Jet fuel yield % on crude oil runs fell on a +18,000 bpd rise in output, compared to the larger increase in crude oil runs. The yield % fell below the 5-year range.

Petroleum Imports of middle distillates were slightly lower on the week, while crude oil and gasoline were nearly unchanged. During the latest 4-wk period crude oil imports were -0.7 million bpd below last year; distillate imports increased +6,000 bpd; finished gasoline imports decreased -6,000 bpd, gasoline blend stock imports decreased -282,000 bpd; jet fuel imports were -12,000 bpd lower, while residual fuel oil imports fell -51,000 bpd.

Crude Oil imports decreased last week to a new record low level, very high domestic supplies. Stocks ended the week +44 million barrels above last year. Stock levels in PADDs 2, 3 & 4 remain exceptionally high, depressing domestic cash market prices compared to NYMEX WTI and Brent. Cushing stocks ended the week +43% above last year.



¹ Source is latest EIA Weekly Statistics



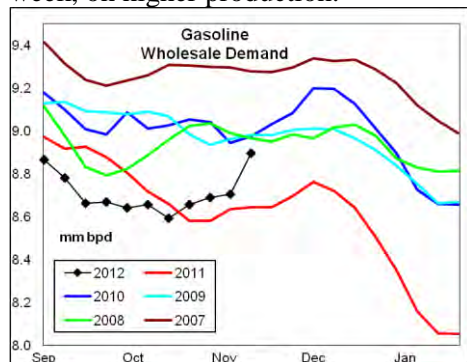
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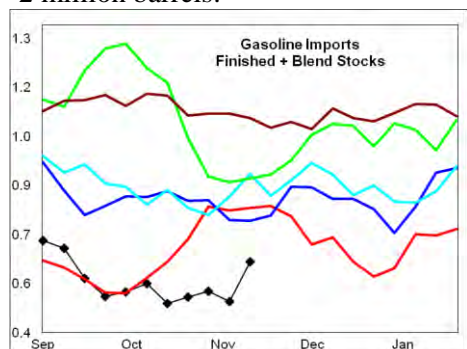
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Product Supply-Demand Trends

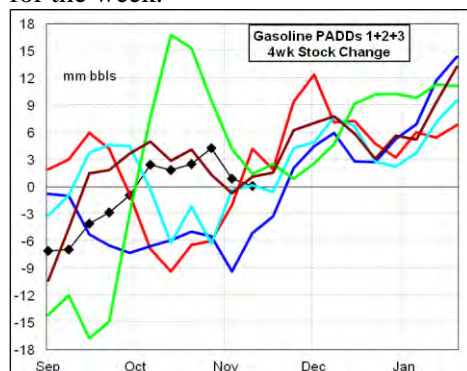
Gasoline demand was unchanged on the week, a level sharply above a year ago. The latest 4-wk average demand was +138,000 bpd above a year ago. Supply increased +104,000 bpd last week, on higher production.



Stocks declined -1.5 million barrels on the week, including +1 million barrel build on the East Coast as receipts arrived from the Gulf where stocks fell -2 million barrels.

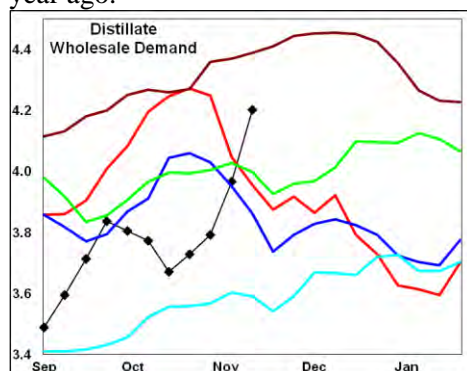


The latest 4-wk stock change in markets East of the Rockies was a +0.1 million barrel stock build. This build is near the average of the last 3-years for the week.



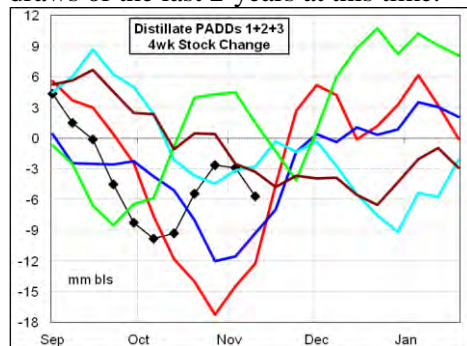
Expect further improvement in supplies on the East Coast as some refiners and terminals require further clean up to restart. Supplies in PADD 2 are

exceptionally tight for this time of year. Distillate demand increased +95,000 bpd on the week, an increase of over +0.6 million bpd during the last 2-wks as areas hit by Hurricane Sandy were resupplied. The latest 4-wk average demand was -389,000 bpd below a year ago.



Supply increased +76,000 bpd on the week due to higher production. Stocks fell -2.7 million barrels last week, with draws in all major regions. Stock levels in the key PADD 1 region ended the week -17 million barrels below the previous record low.

The latest 4-wk stock change in markets East of the Rockies was a -5.7 million barrel draw, less than the large draws of the last 2-years at this time.



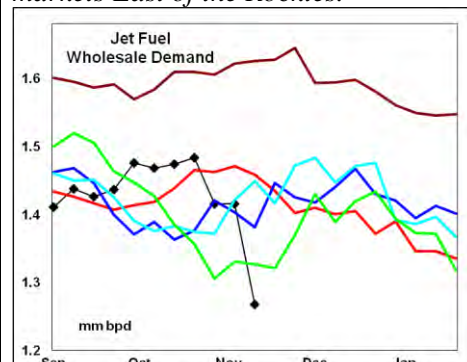
Expect continued higher levels of demand as the Northeast recovers from Hurricane Sandy, and start of the winter heating season.

Jet Fuel demand fell -189,000 bpd on the week, with the latest 4-wk average demand -103,000 bpd below a year ago.

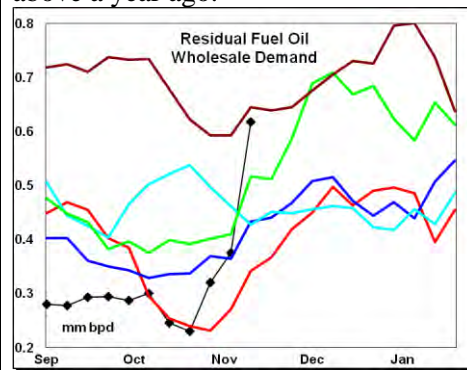
Supplies declined -28,000 bpd on the week, due to a sharp drop in imports. Stocks increased +0.1 million barrels on the week to a level below the 3-year range.

Stocks jumped +1.8 million barrels on the east coast, to a level near historic highs. The increase was offset by a similar draw in Gulf Coast stocks.

Higher seasonal demand should lead to further tightening of supplies in markets East of the Rockies.



Residual fuel oil demand has surged +0.5 million bpd in the last 2-wks, with the latest 4-wk average +100,000 bpd above a year ago.



Supply (production + imports) decreased -23,000 bpd last week, on lower imports. The latest 4-wk average supply was -40,000 bpd below last year on lower imports. Stocks fell -2 million barrels on the week, to a level below the historic range.

Wholesale demand for the latest 4-wk period surged to a level above the last 3-years. Stock levels in the key Gulf region remain above the 5-year range.



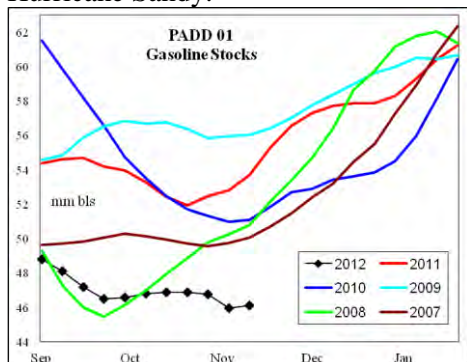
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PADD Supply Trends

PADD 1 refinery crude oil runs decreased -36,000 bpd last week. The latest 4-wk average was -330,000 bpd below a year ago, the result of Hurricane Sandy.

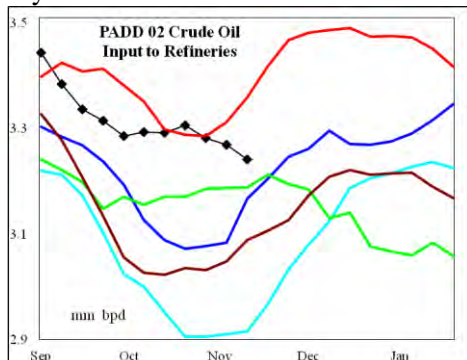


Gasoline supply climbed +126,000 bpd in the region on higher imports and production. Stocks increased +1 million barrels on the week, still sharply below the 5-year range.

Look for higher imports and pipeline receipts to gradually restore the supply balance; limited by delays in some refiners returning to full operation.

Distillate supply increased +10,000 bpd on the week, with imports above the last 3-years. Stocks fell -1.6 million barrels on the week, to a level -37% below a year ago.

Jet fuel supply increased +16,000 bpd with stocks surging +1.8 million barrels, to a level above four of the last 5-years.



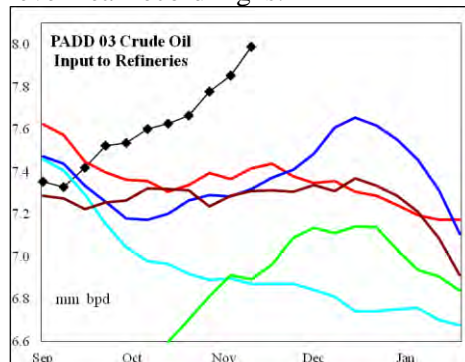
PADD 2 crude oil refinery runs decreased -21,000 bpd to a level below last years' record highs. Stocks increased +1.9 million barrels, to a level +17.3 million barrels above the prior record high.

Gasoline production increased +8,000 bpd on the week, with the latest 4-wk average -6,000 bpd below a year ago. Stocks were unchanged on the week at a level -2.6 million barrels below the prior 5-year low.

Distillate production increased +41,000 bpd on the week, to a level above the 5-year mid range. Stocks fell -0.6 million barrels on the week, matching 5-year lows.

Jet fuel production decreased -9,000 bpd last week, to a level near the historic mid range. Stocks ended the week below the last 3-years.

PADD 3 refinery runs increased +223,000 bpd on the week, to new all time high. The latest 4-wk average runs were +436,000 bpd above a year ago. Crude oil stocks decreased -1.4 million barrels last week, ending at a level near record highs.



Gasoline supply increased +58,000 bpd on the week, to a level comparable with the last 2-years. Stocks decreased -2.1 million barrels to a level that matched historic highs for the week.

Distillate supply increased +32,000 bpd on the week, with the latest 4-wk average supply +63,000 bpd above last years' record high. Stocks decreased -0.5 million barrels on the week, with the level -8% below last year.

Jet fuel production was unchanged last week, with the level +83,000 bpd above a year ago for the most recent 4-wks. Stocks fell -1.6 million barrels last week to a level below each of the last 3-years.

Residual fuel oil supplies increased +60,000 bpd on the week. A spike in demand led to a -1.7 million barrel

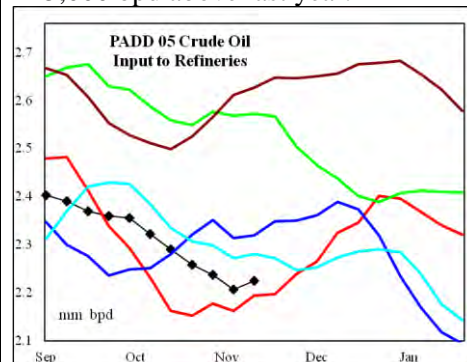
stock draw, with the level above the historic range.

PADD 4 refinery crude runs jumped +59,000 bpd on the week, to a level that matched historic highs. The most recent 4-wk average run rate was -26,000 bpd below last year.

Gasoline supply increased +34,000 bpd on the week, a level at the low end of the historic range. Stock levels remain at the low end of the last 3-years.

Distillate production decreased -7,000 bpd last week, to a level below the last 3-years. Stocks increased +0.3 million barrels, to fresh 5-year high for this time of year.

PADD 5 crude oil refinery runs increased +51,000 bpd last week, a level still near 5-year lows. Runs for the most recent 4-wk period were +45,000 bpd above last year.



Gasoline supply decreased -63,000 bpd on the week, with production at the average of the last 3-years. The latest 4-wk average supply was +21,000 bpd above last year. Stocks decreased -0.4 million barrels, with the level matching 5-year highs for the week.

Distillate supply was unchanged on the week, with the latest 4-wk average -3,000 bpd below a year ago. Stocks decreased -0.2 million barrels to a level near historic highs for the week.

Jet fuel supplies decreased -30,000 bpd last week with production and imports near 5-year lows. Stock levels remain +10% above prior historic highs for the period.

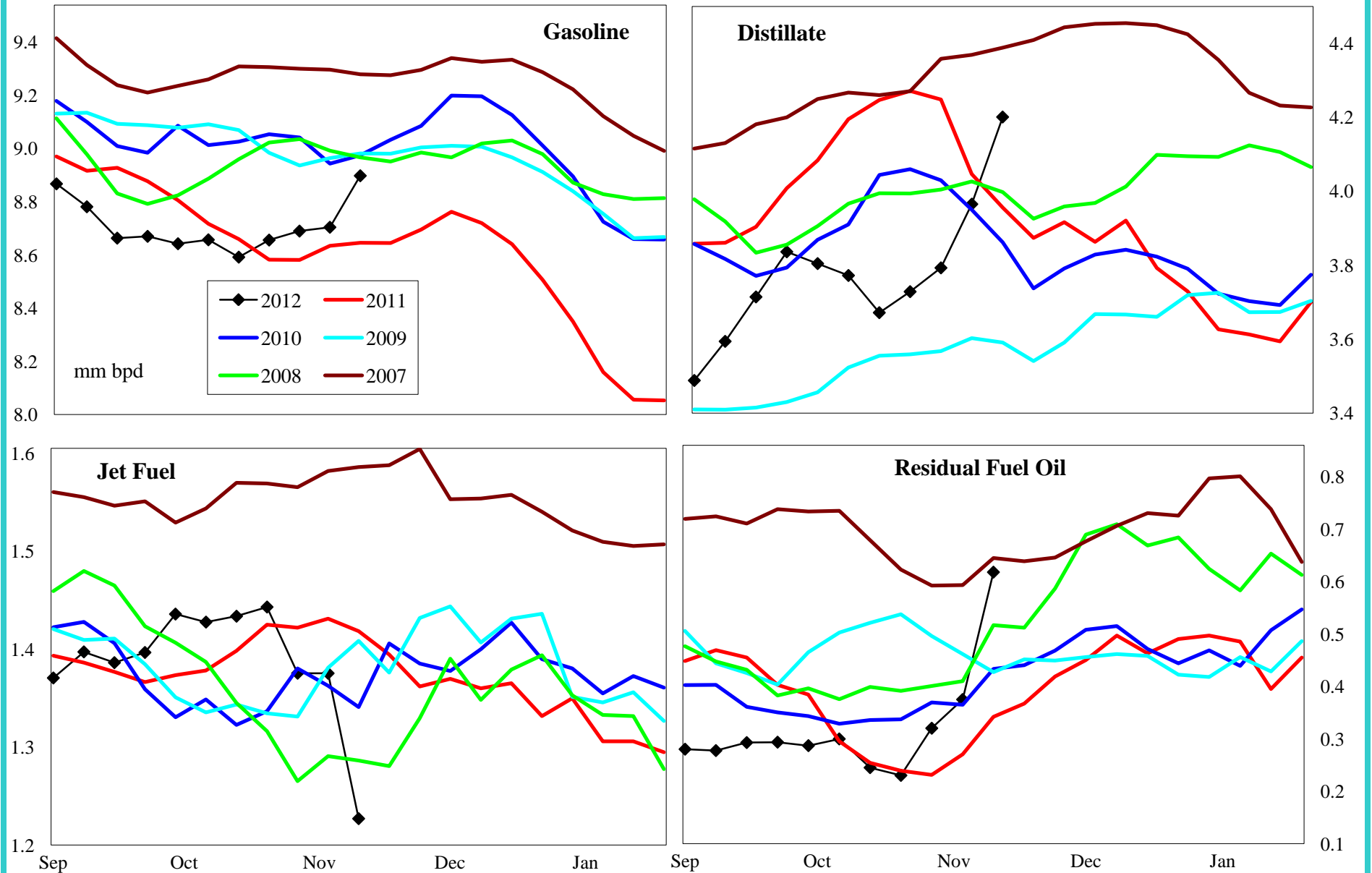


PETROLEUM: Graph Link and Weekly Summary

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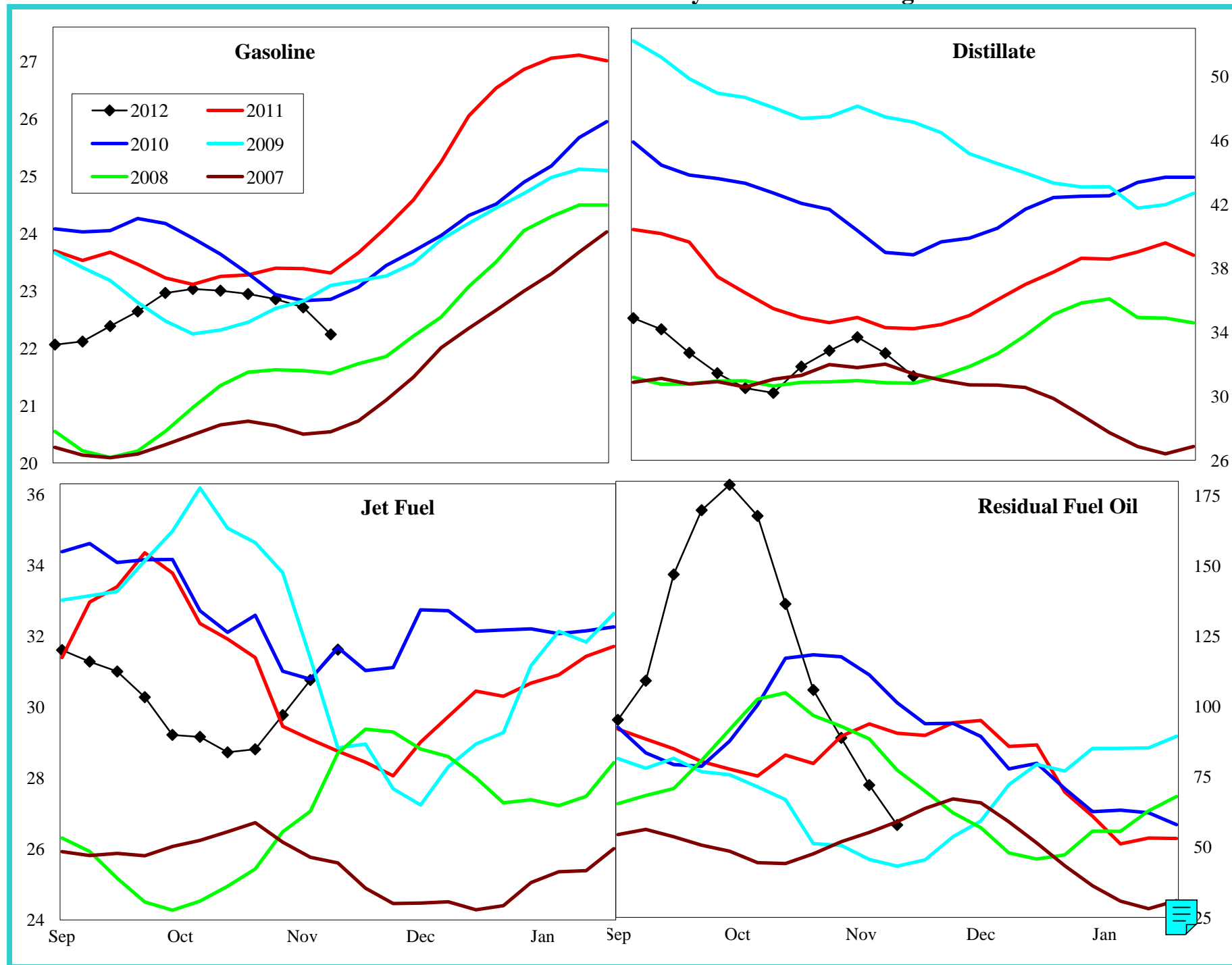
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage		Refinery Utilization Product Yield %			Imports
Supply/Demand Trends	16-Nov-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-1,466	-565	1,875	-1,423	-383	-970
	Imports	-102	-213	-66	-174	52	300
	Input	277	-36	-21	223	59	51
	% Utilization	1.50					
Gasoline	Stocks	-1,547	1,003	51	-2,085	-107	-410
	Production	86	93	12	62	34	-54
	Imports	18	33	-4	-4	0	-9
	Supplied	-10					
Distillate	Stocks	-2,675	-1,633	-637	-497	315	-221
	Production	100	32	41	32	-7	2
	Imports	-24	-22	-1	0	0	-1
	Supplied	95					
Jet Fuel	Stocks	81	1,763	-87	-1,622	-19	46
	Production	18	16	-9	-1	-4	17
	Imports	-46	0	0	0	0	-47
	Supplied	-189					
Residual Fuel Oil	Stocks	-1,987	-604	31	-1,673	35	223
	Production	43	1	-2	48	0	-6
	Imports	-72	-76	-9	12	0	0
	Supplied	275					

United States Wholesale Petroleum Demand

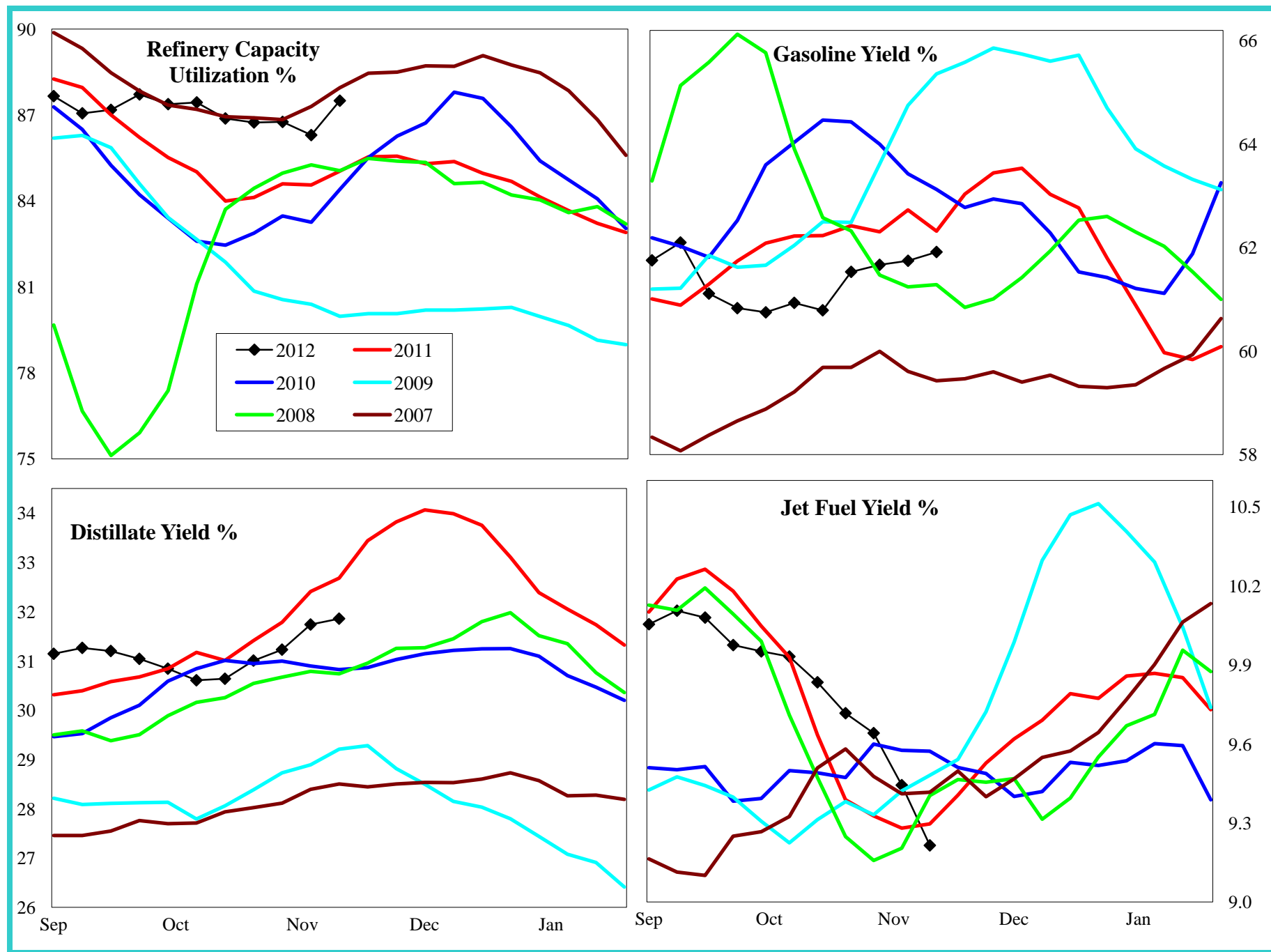


	000 bpd change from prior year				% change from prior year				
	4wk avg	Oct	Sep	Aug	4wk avg	Oct	Sep	Aug	
Gasoline	138	-56	-101	210	1.6	-0.6	-1.2	2.4	
Distillate	-389	-369	-248	-269	-9.2	-9.2	-6.3	-6.7	
Jet Fuel	-103	106	15	-85	-6.9	7.7	1.1	-5.5	
Resid	100	-160	-180	34	36.7	-39.8	-37.3	10.7	

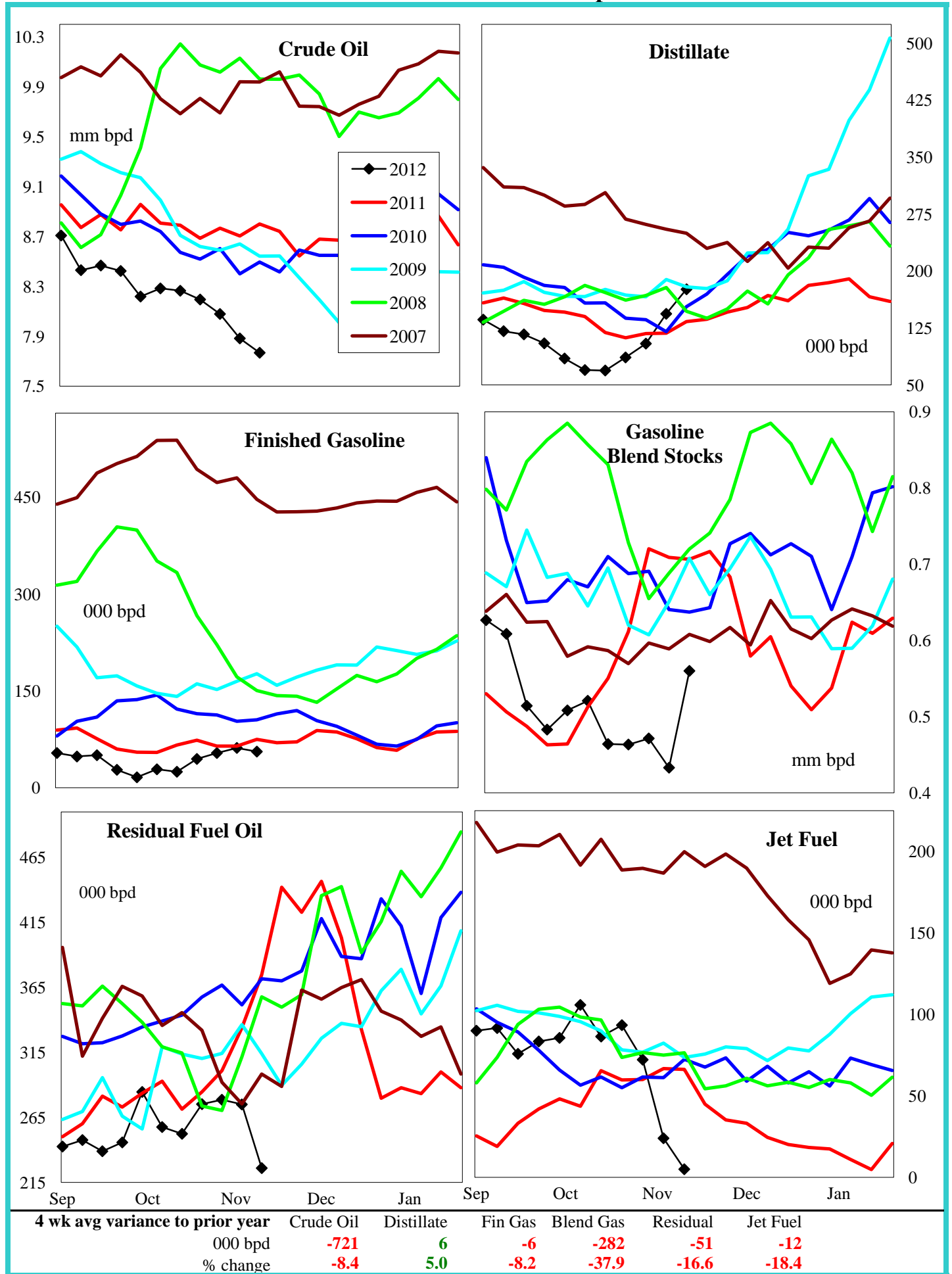
United States Product Stocks: Days Forward Coverage



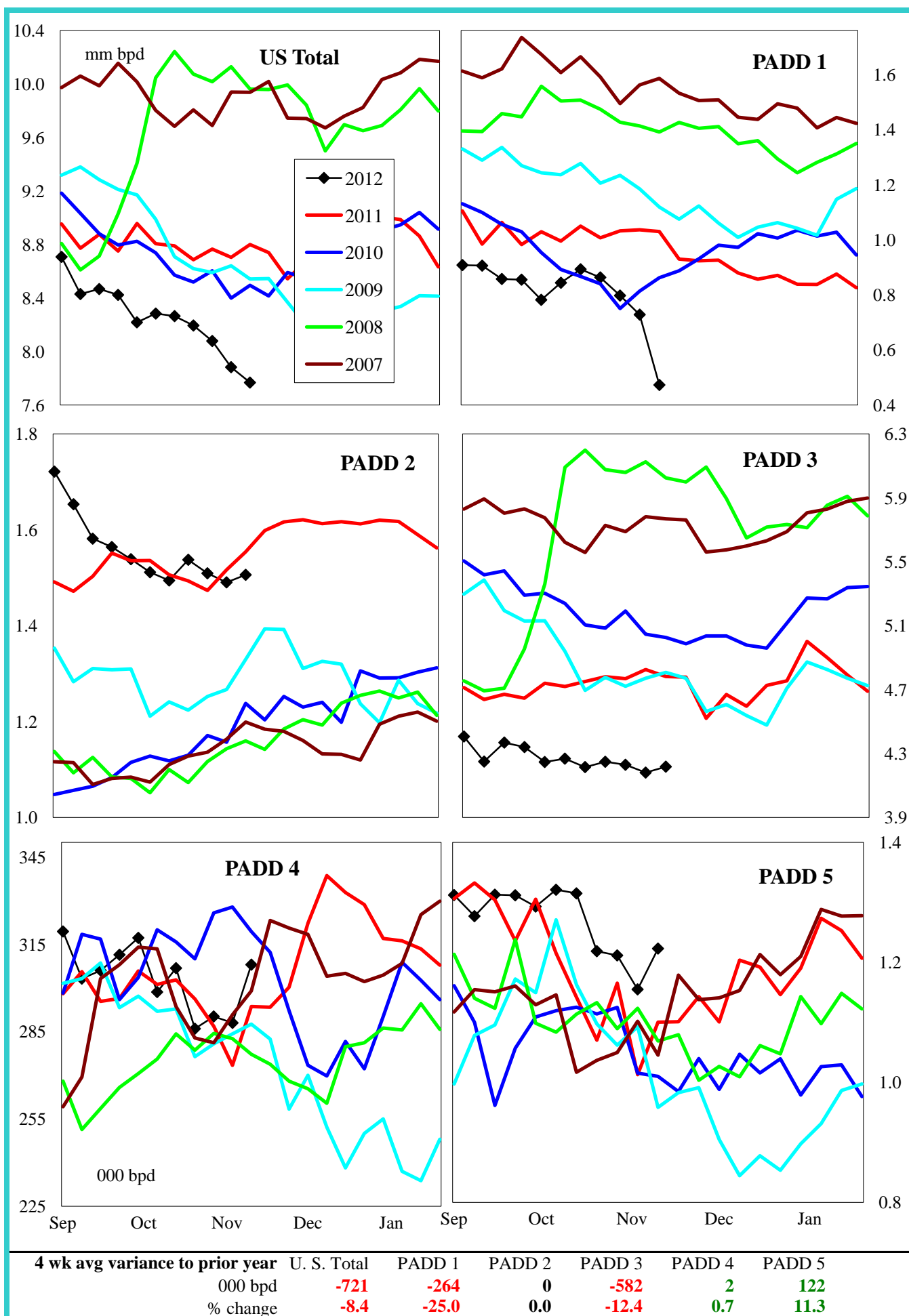
United States Refinery Percent Utilization Rate and Product Yields



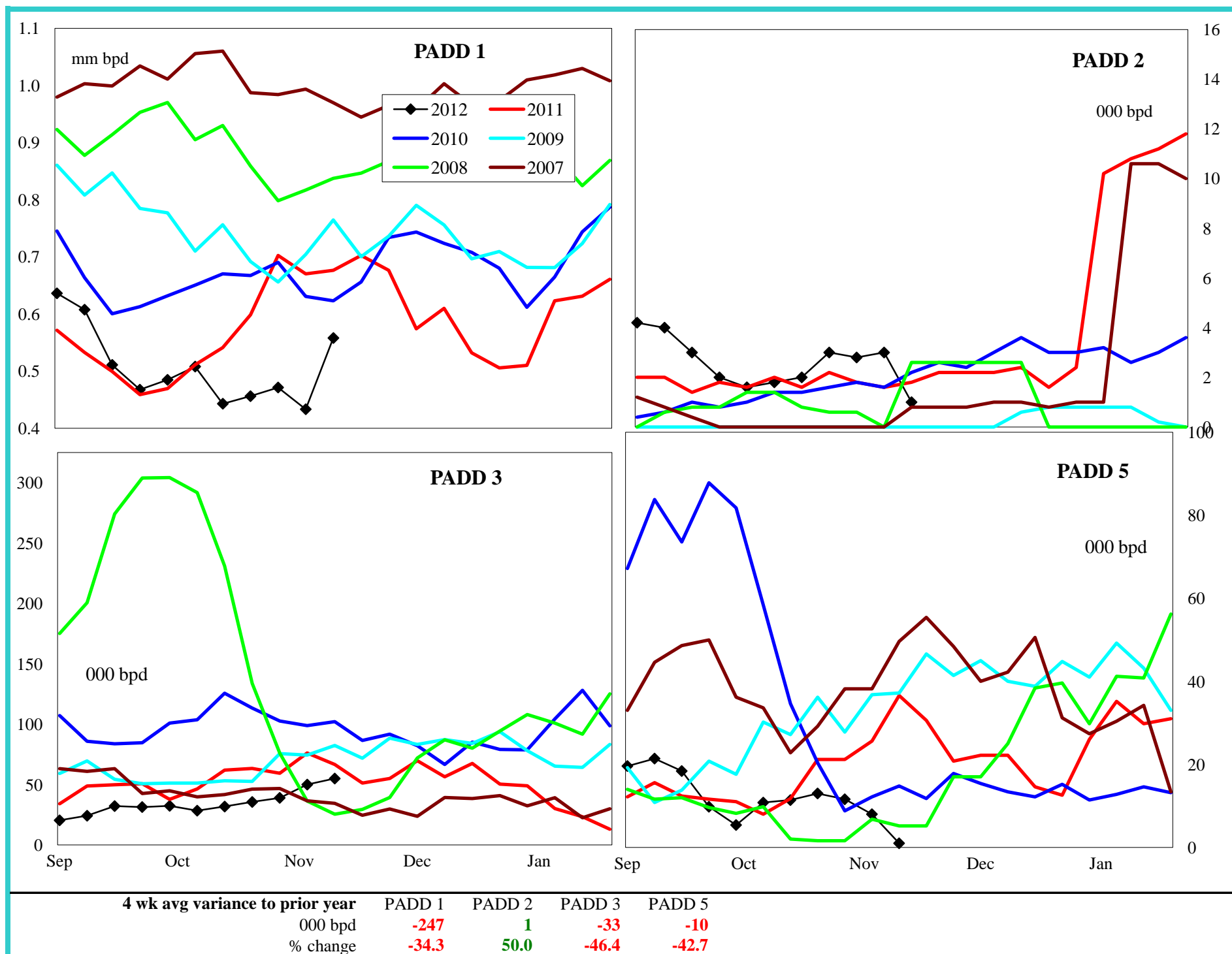
United States Petroleum Imports



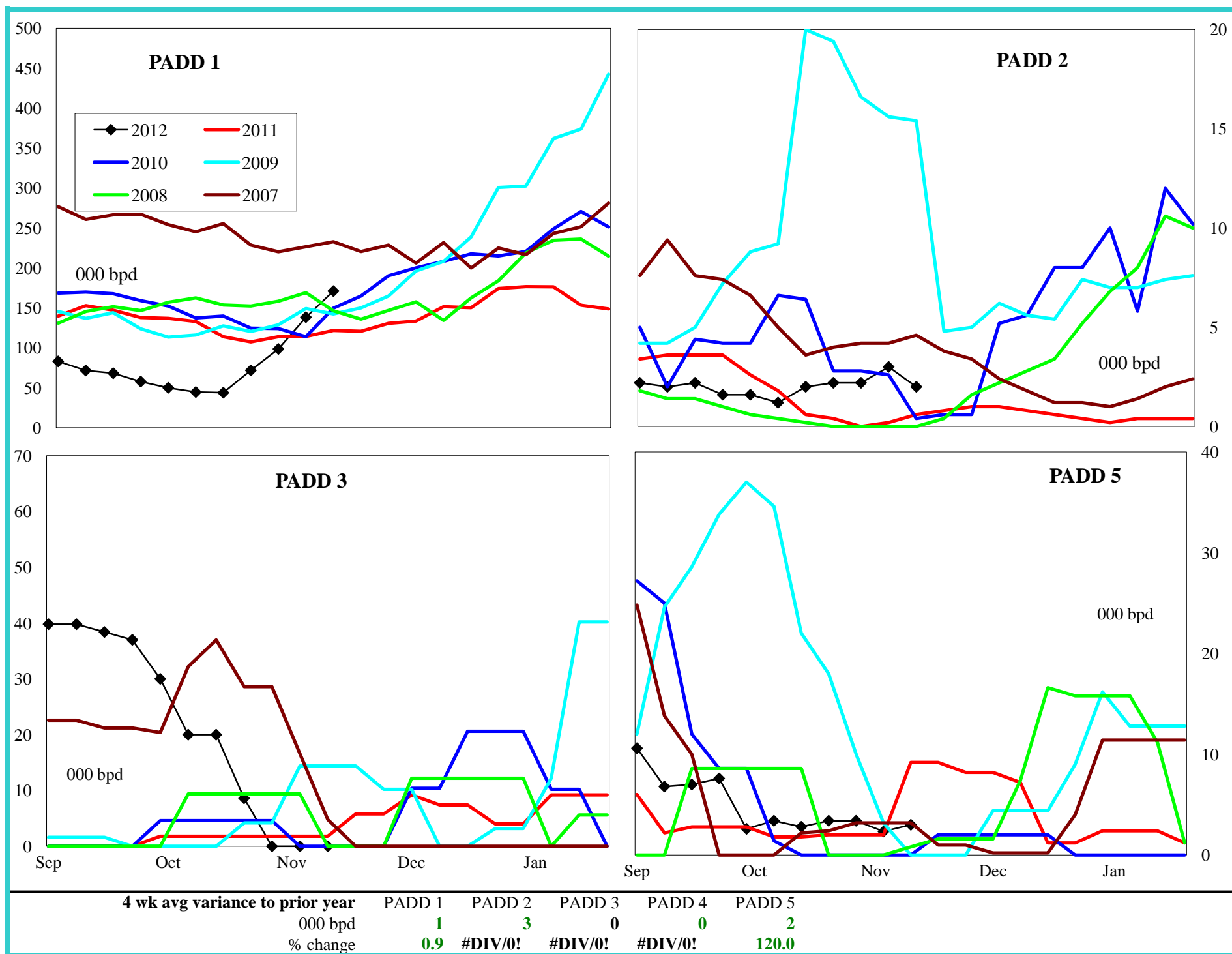
Crude Oil Imports by PADD



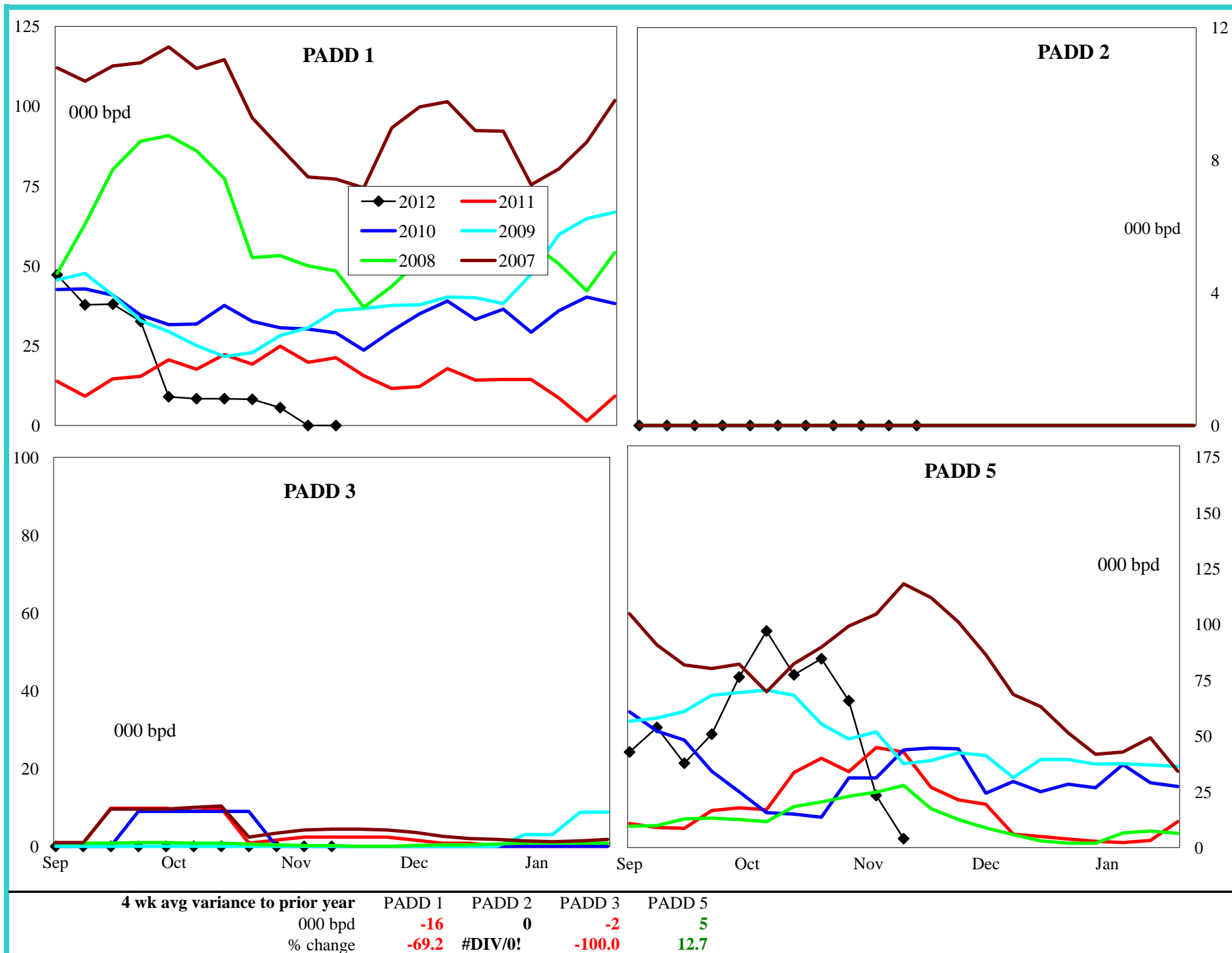
Gasoline Imports by PADD (Finished + Blend Stocks)



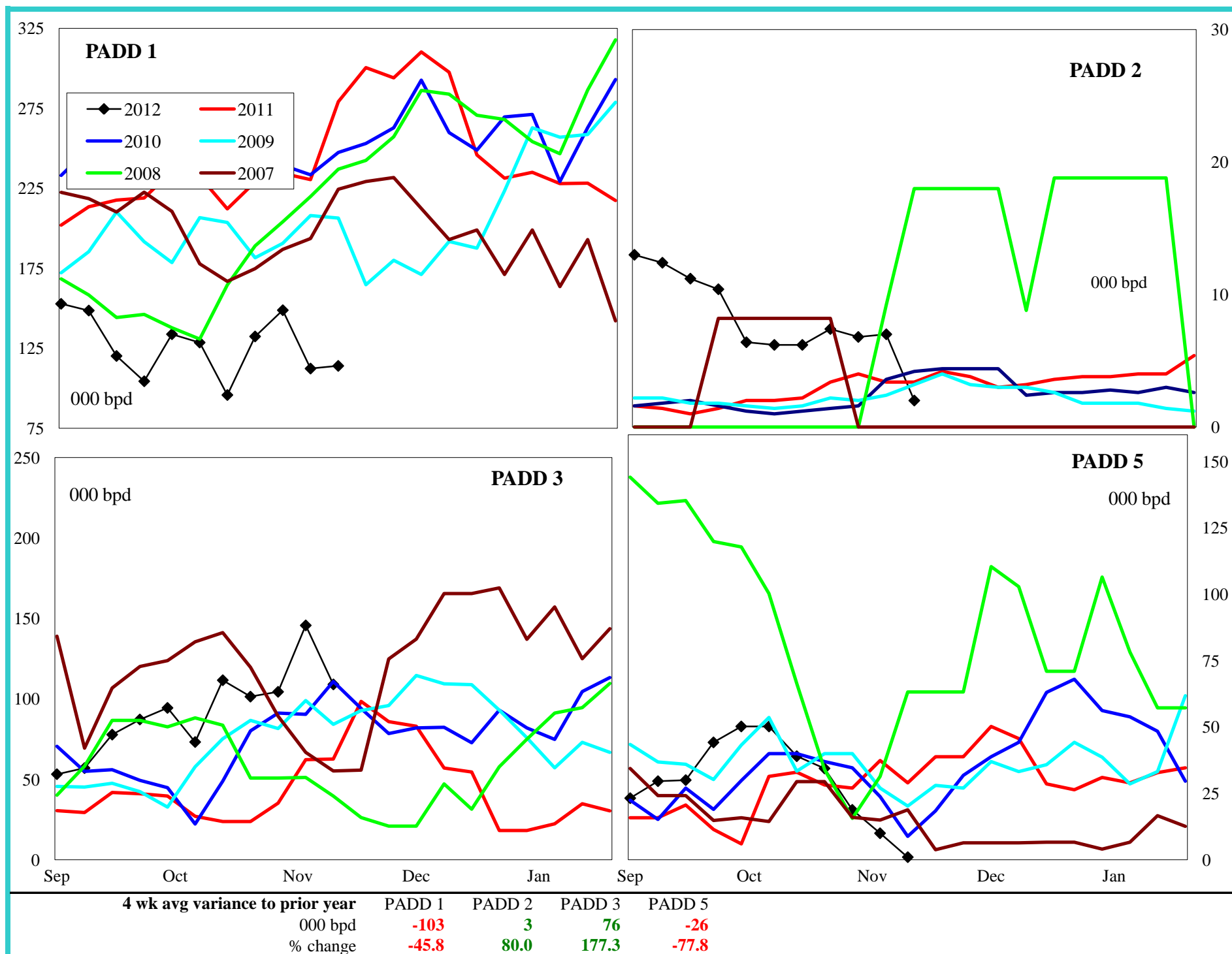
Distillate Imports by PADD



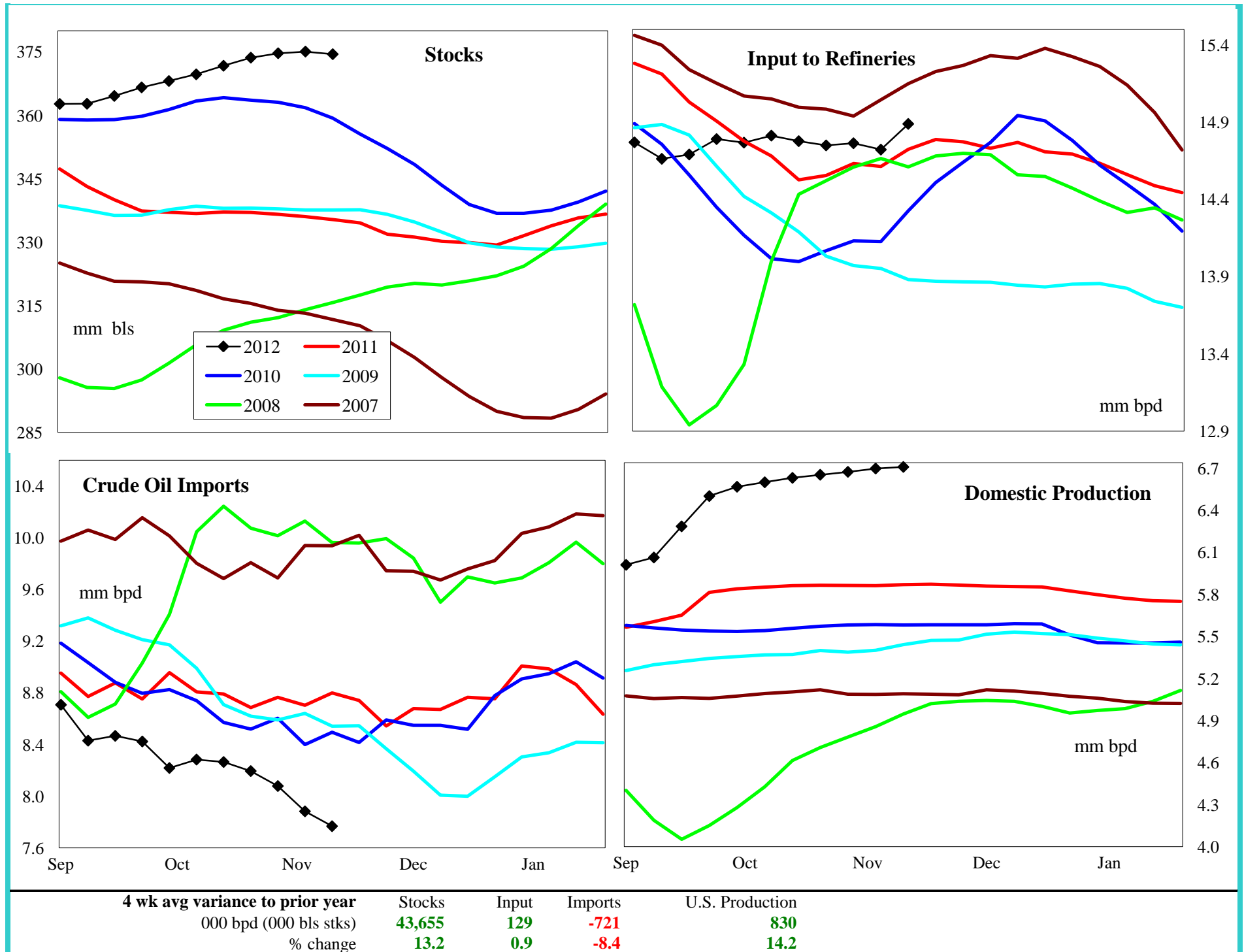
Jet Fuel Imports by PADD



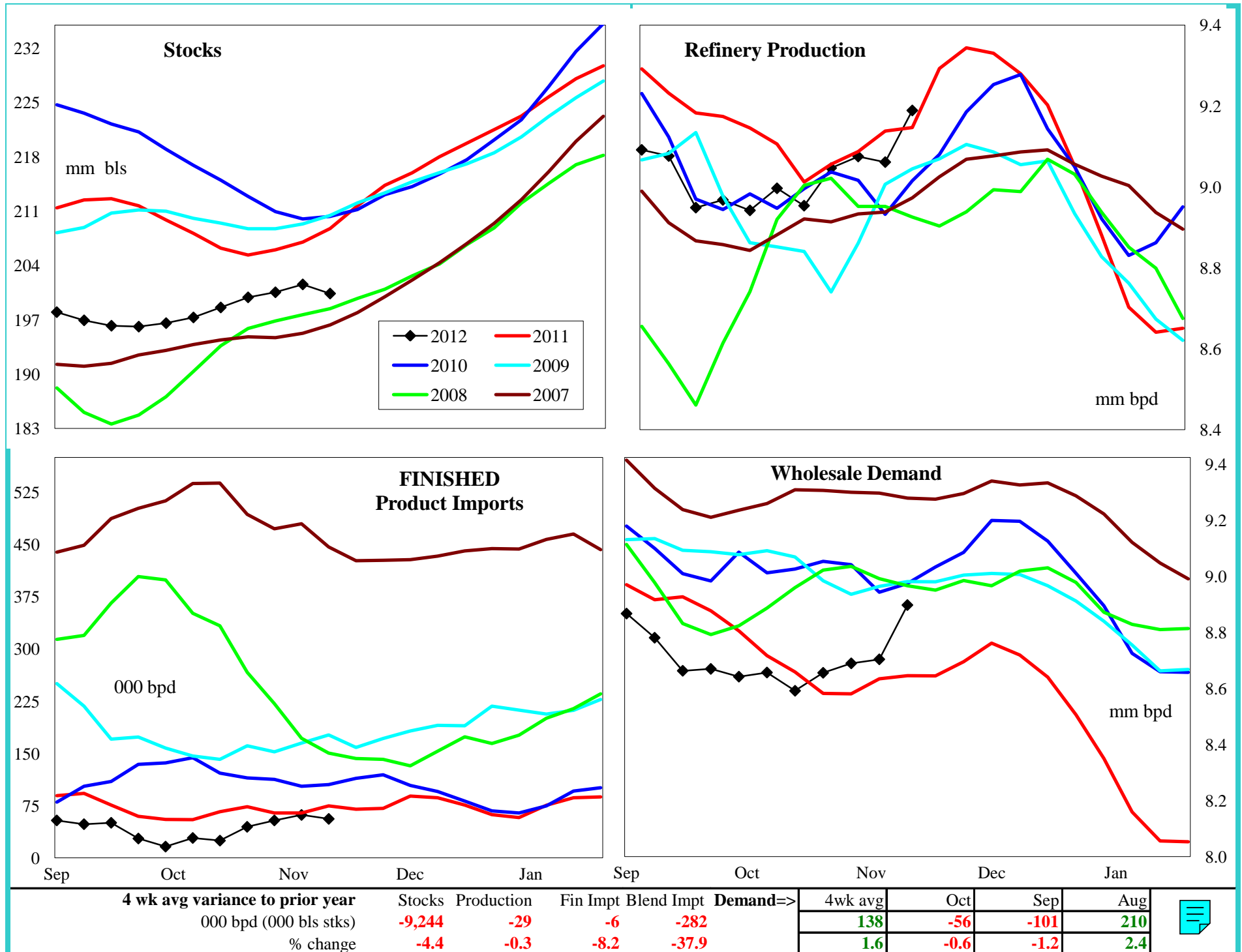
Residual Fuel Oil Imports by PADD



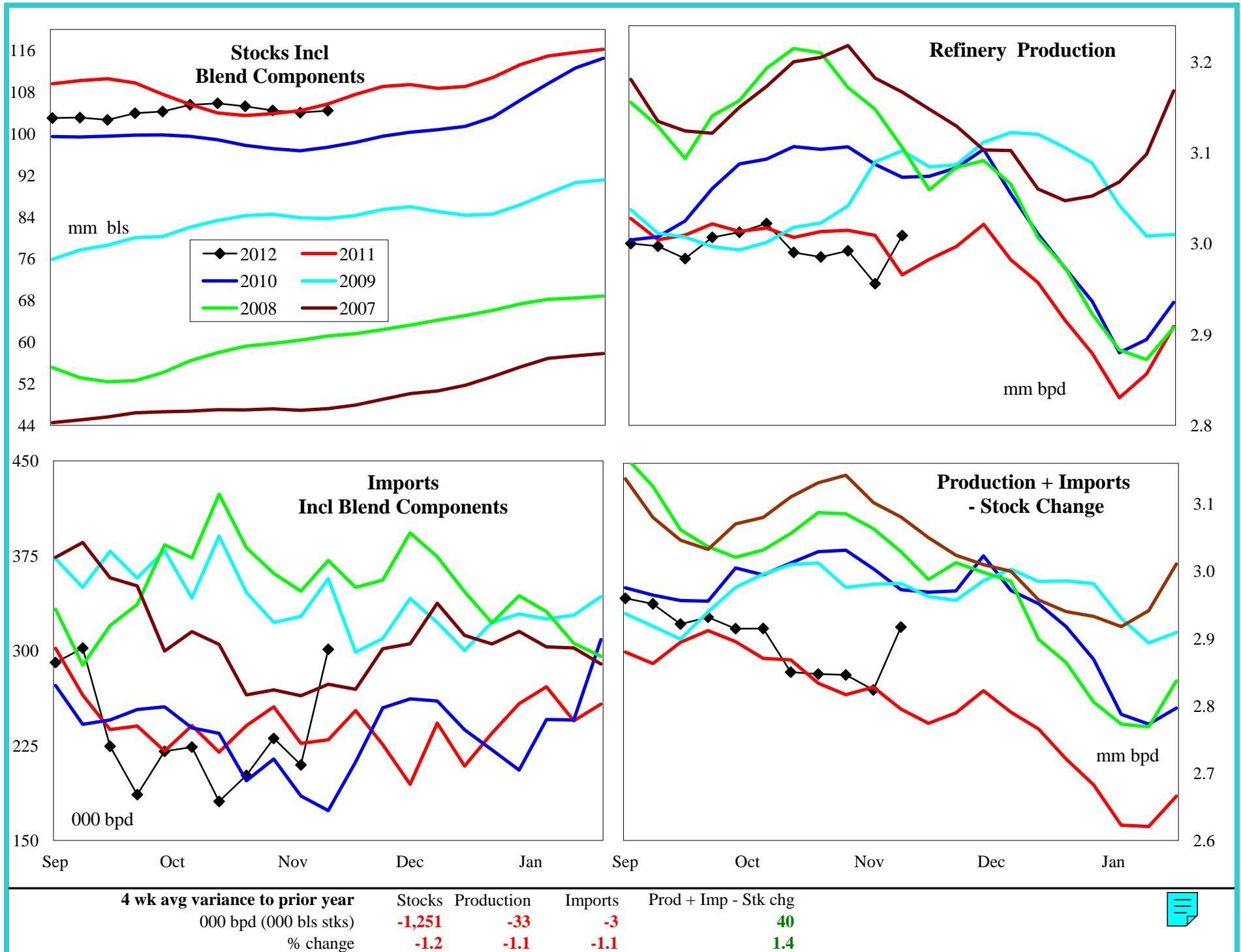
United States Crude Oil Supply and Demand Balance



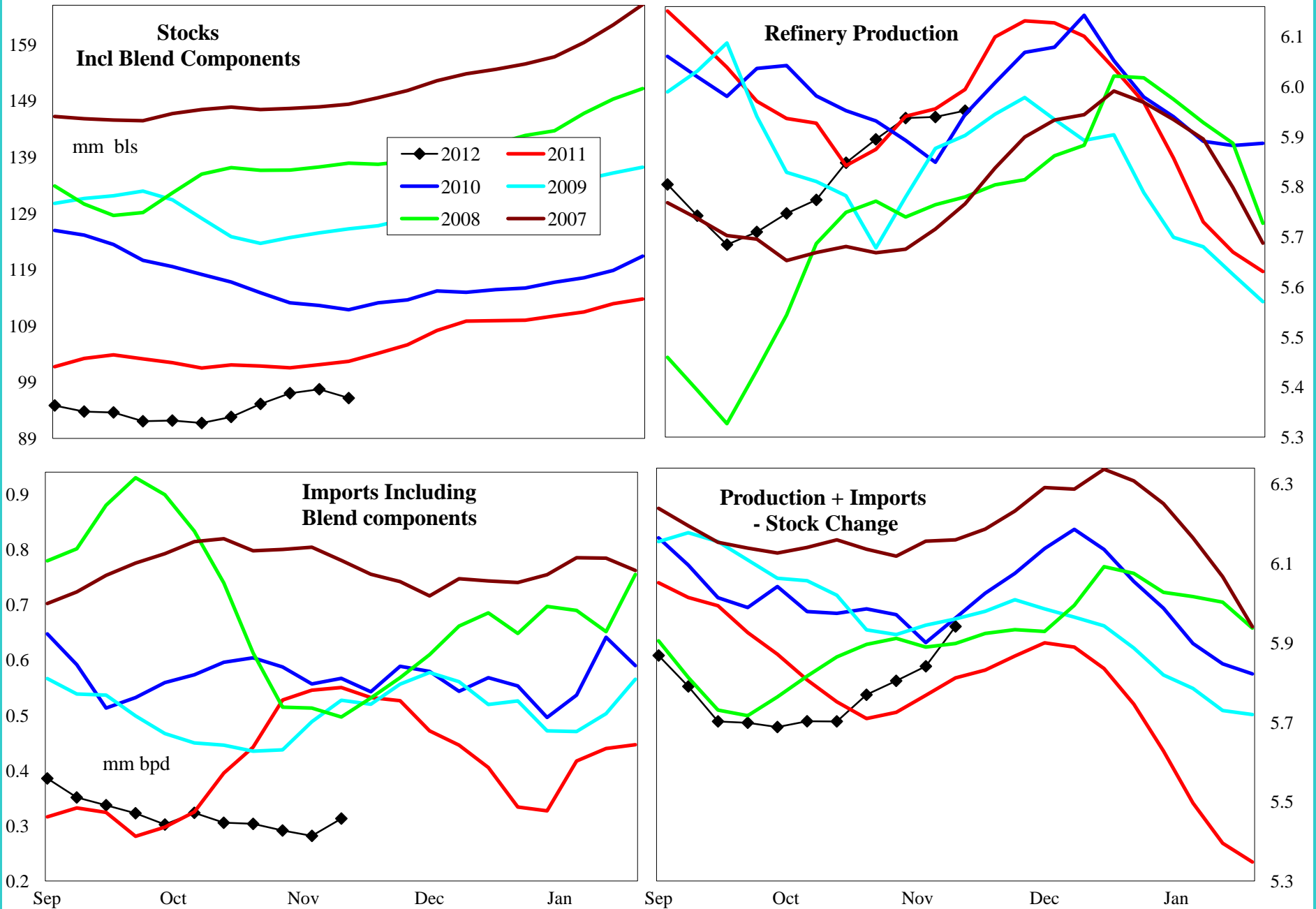
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-6,533

-6.4

Production

-4

-0.1

Imports

-219

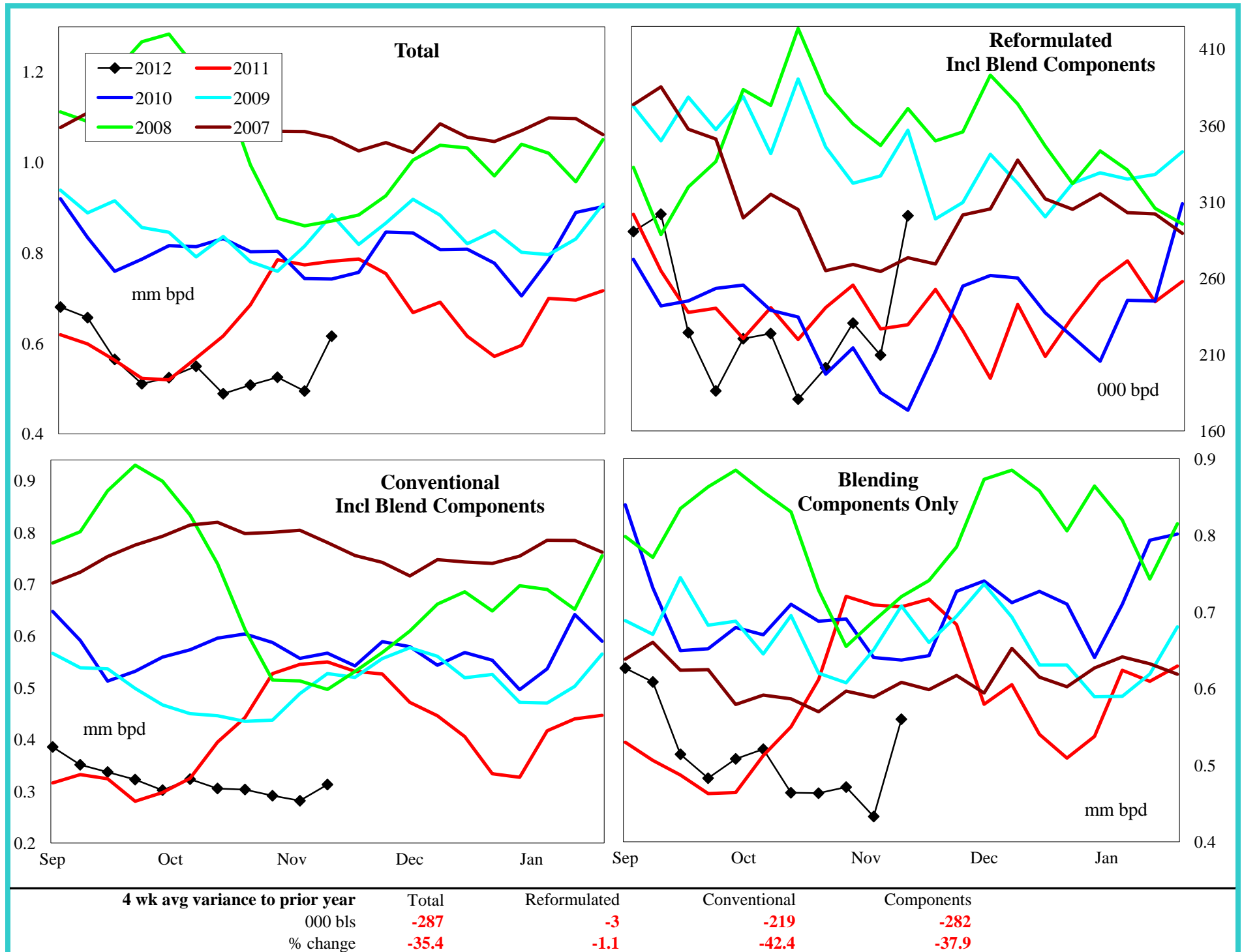
-42.4

Prod + Imp - Stk chg

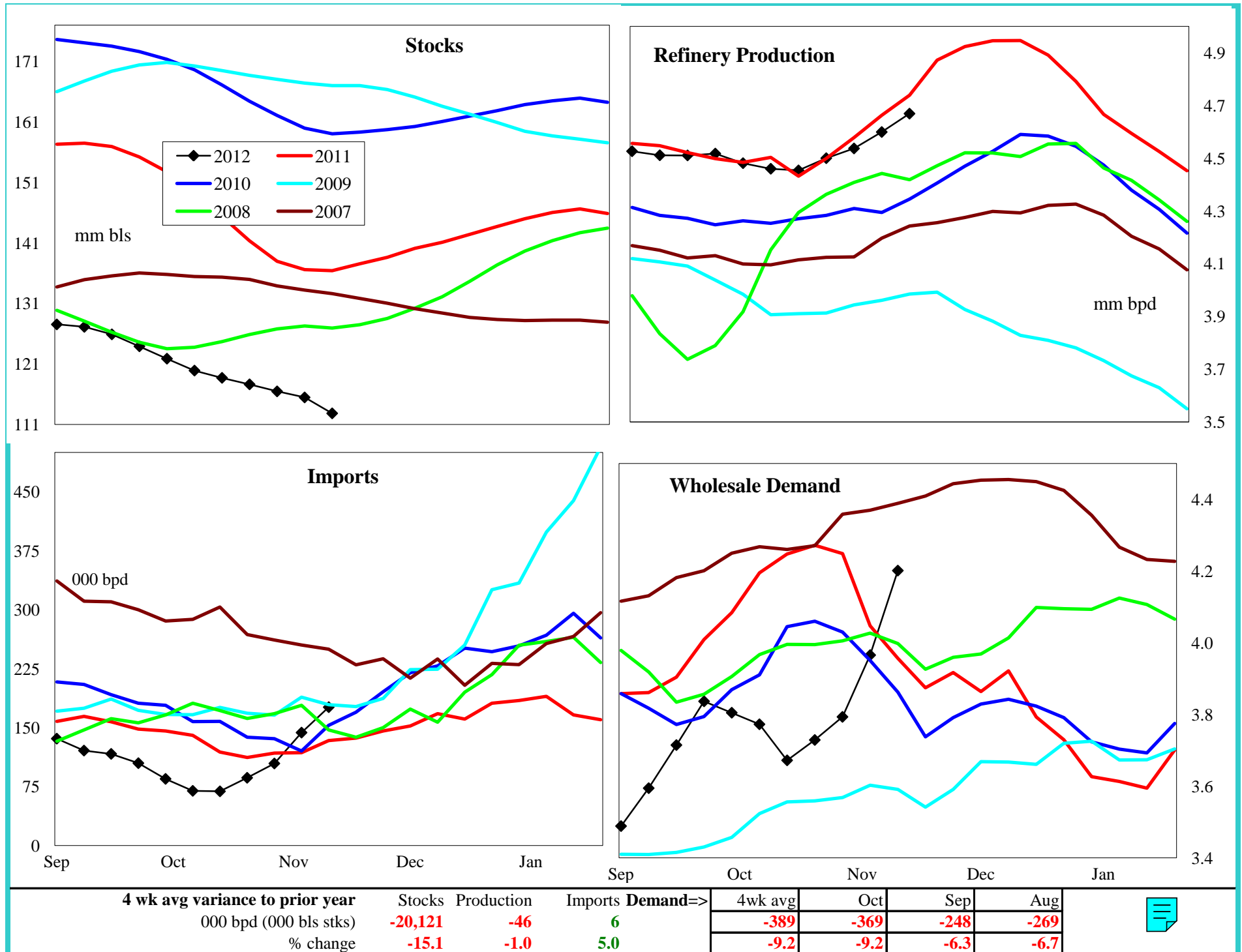
86

1.5

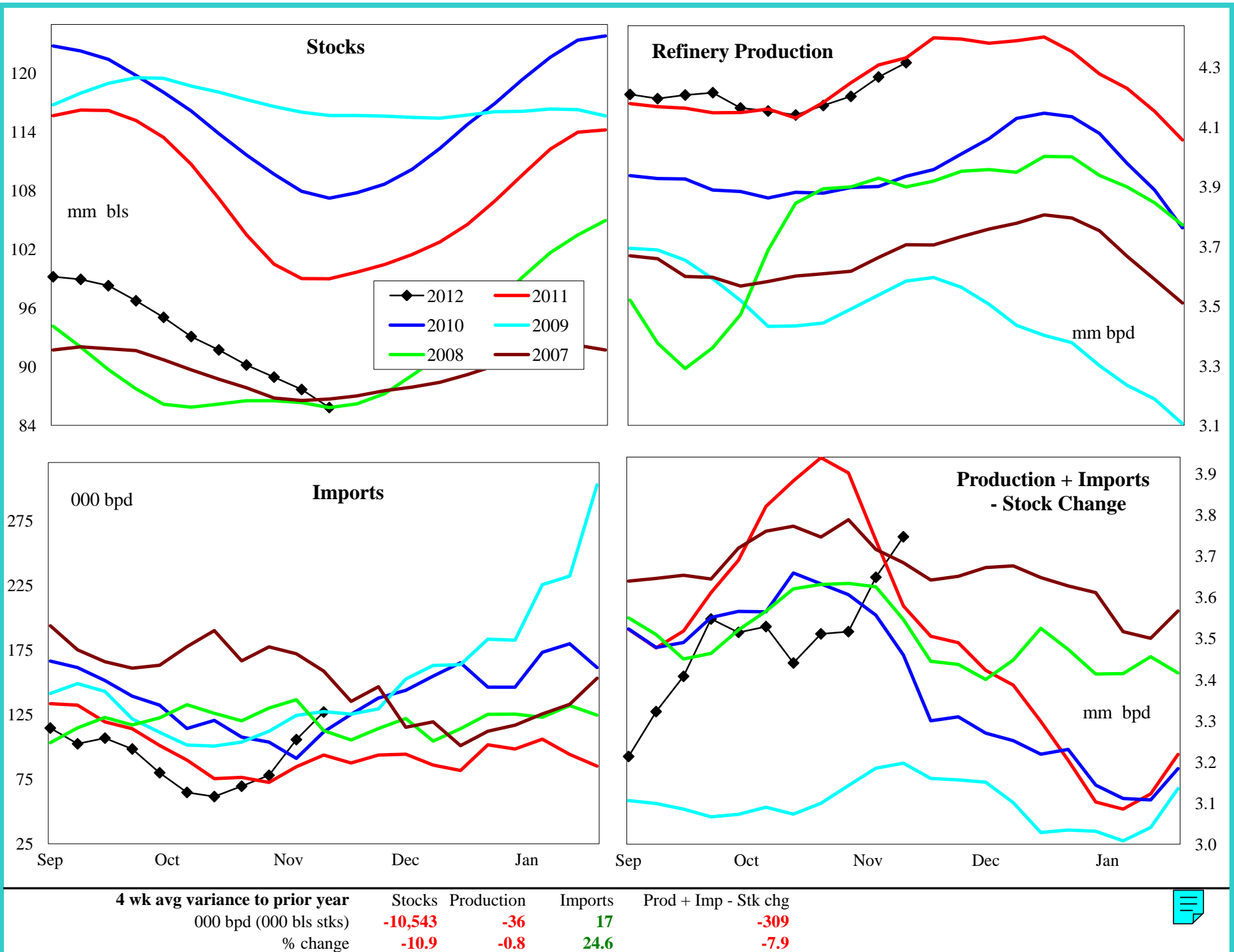
United States Gasoline Imports by Type



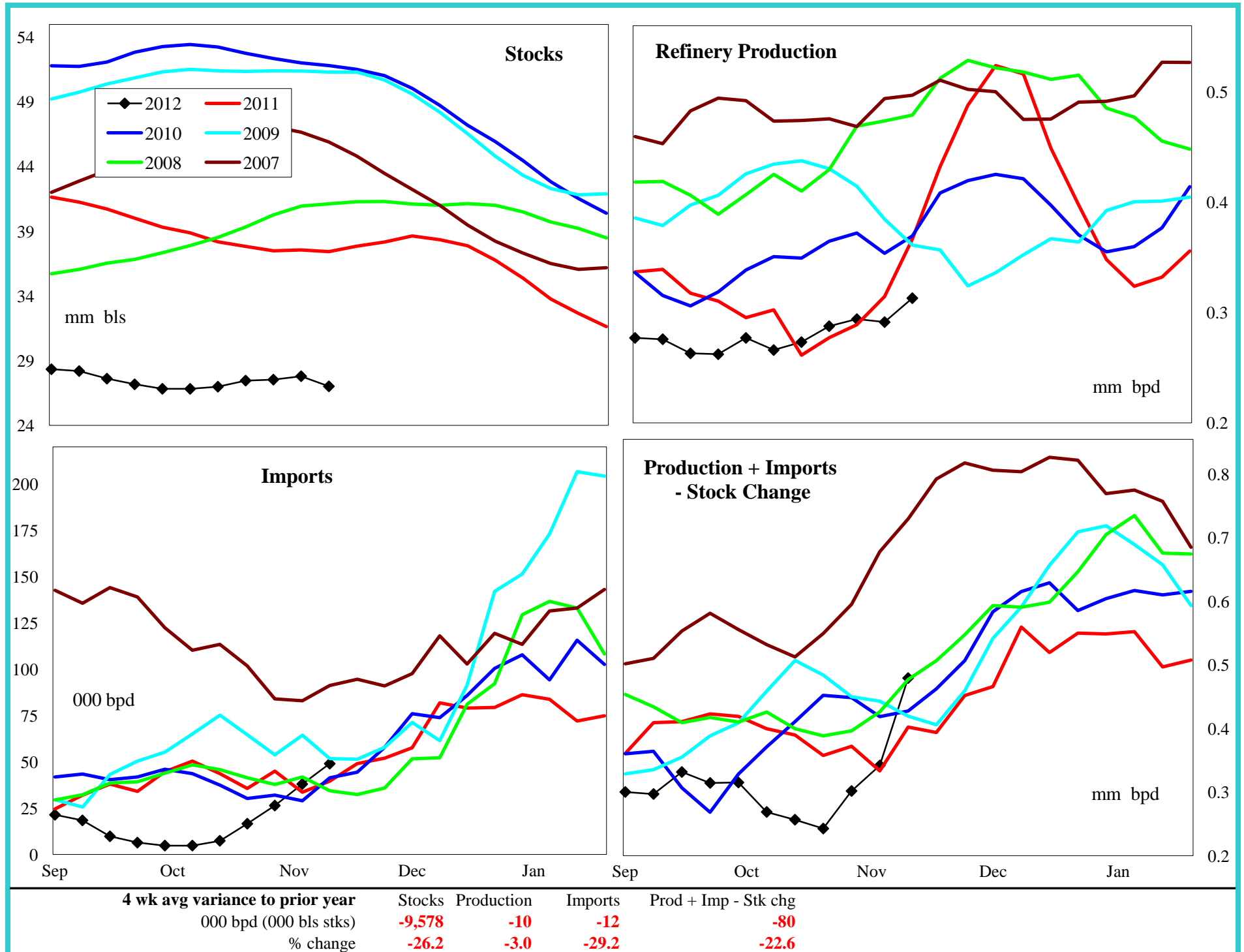
United States Distillate Supply and Demand Balance



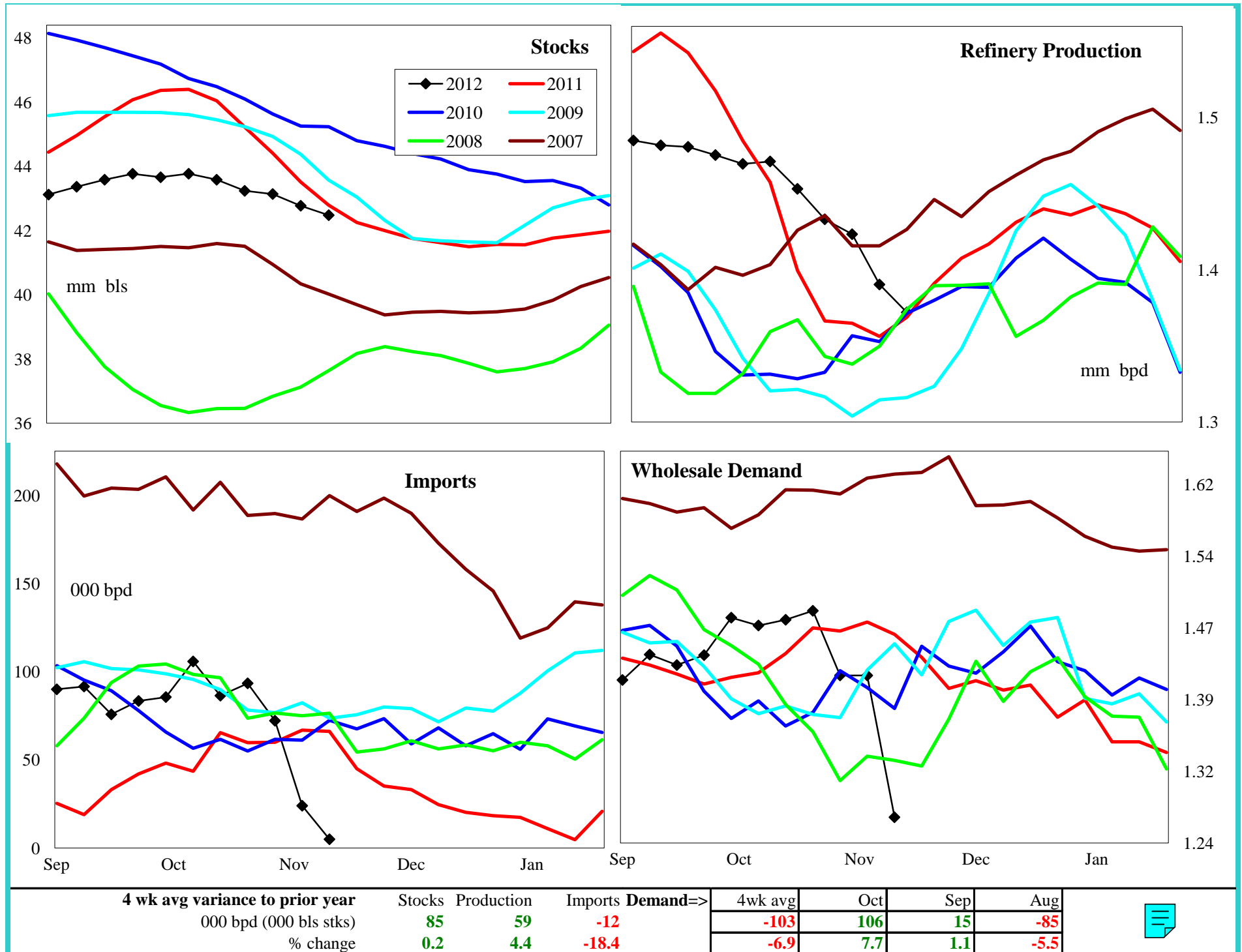
United States Low Sulfur Distillate Supply



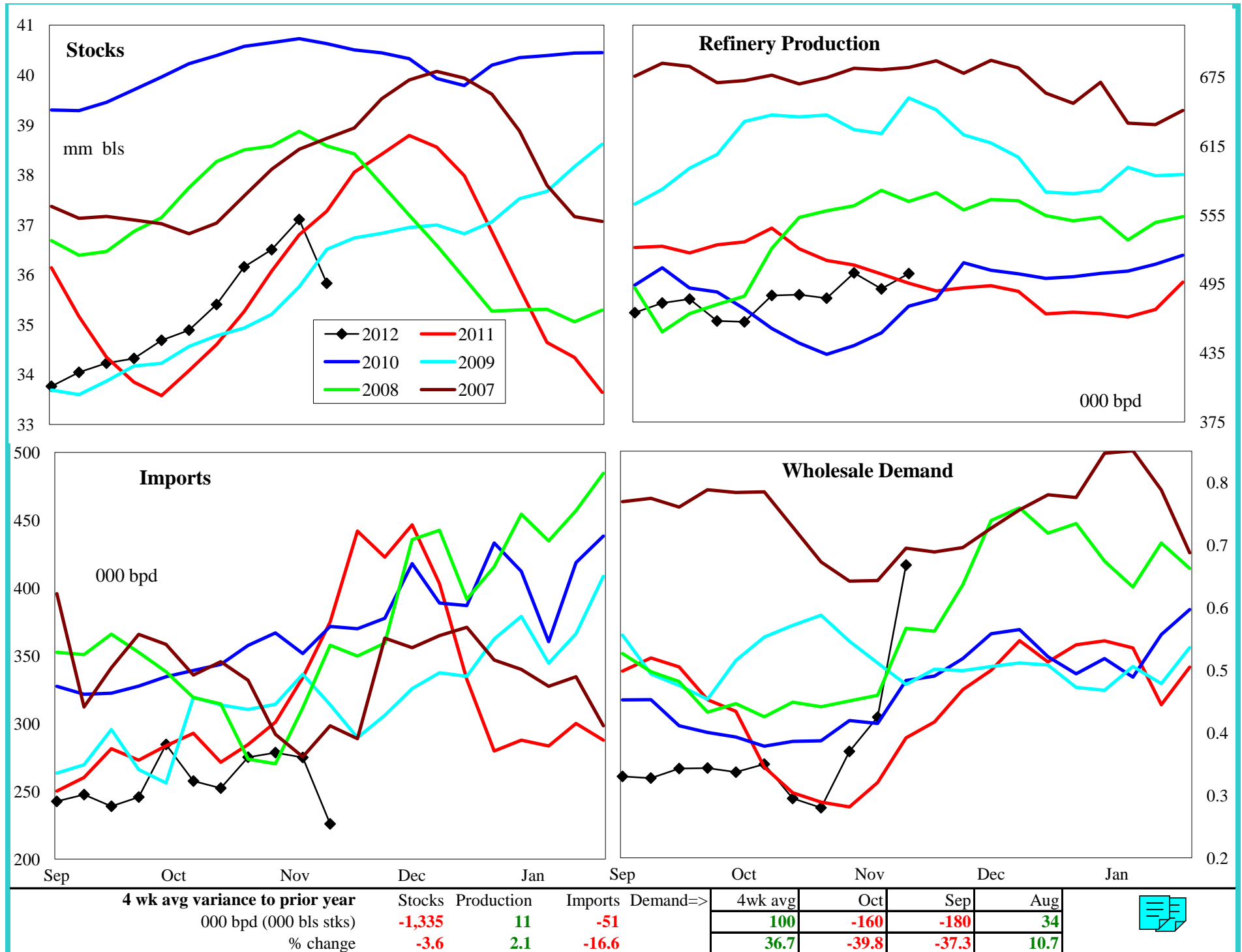
United States High Sulfur Distillate Supply



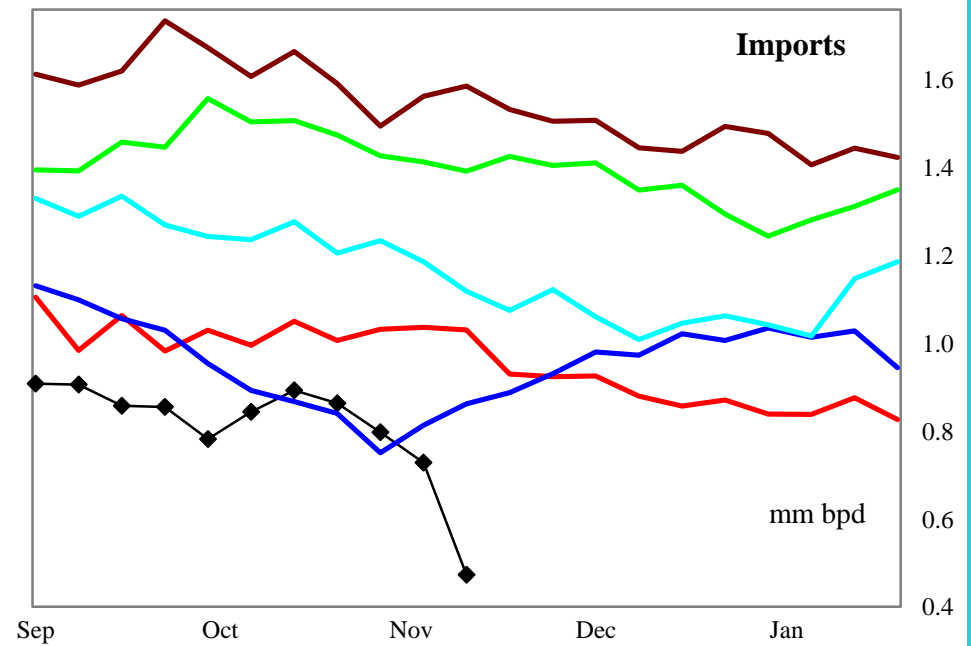
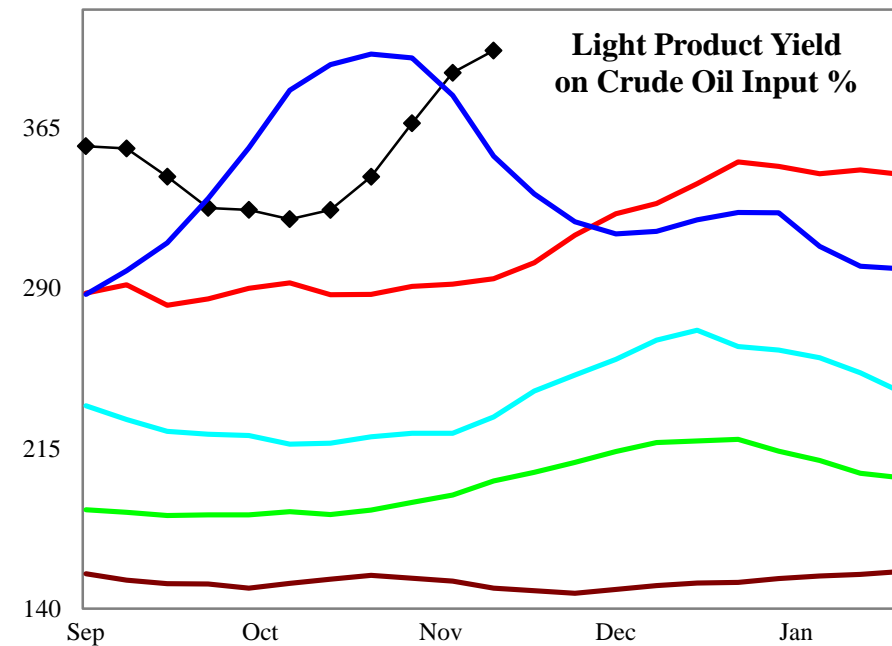
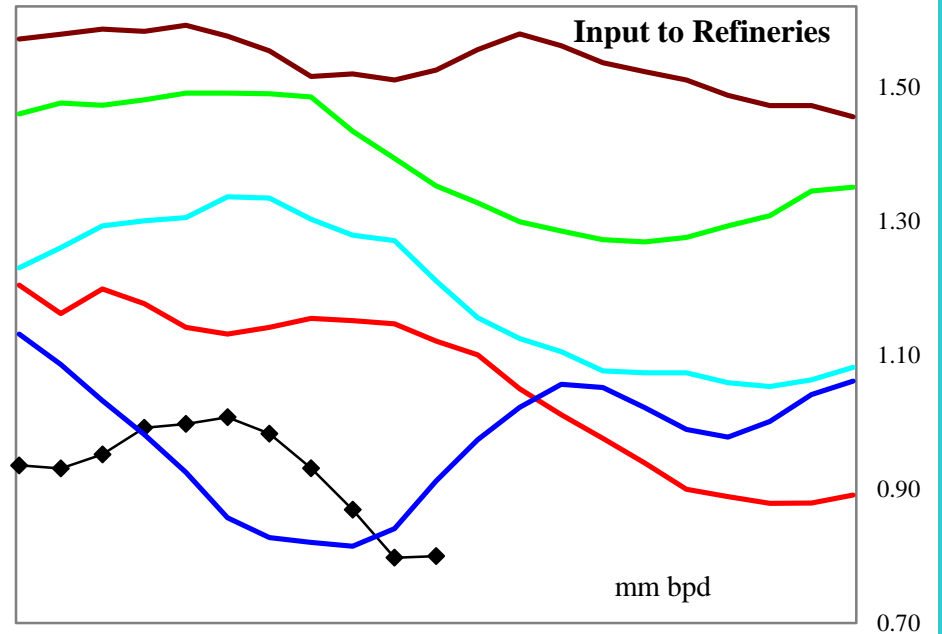
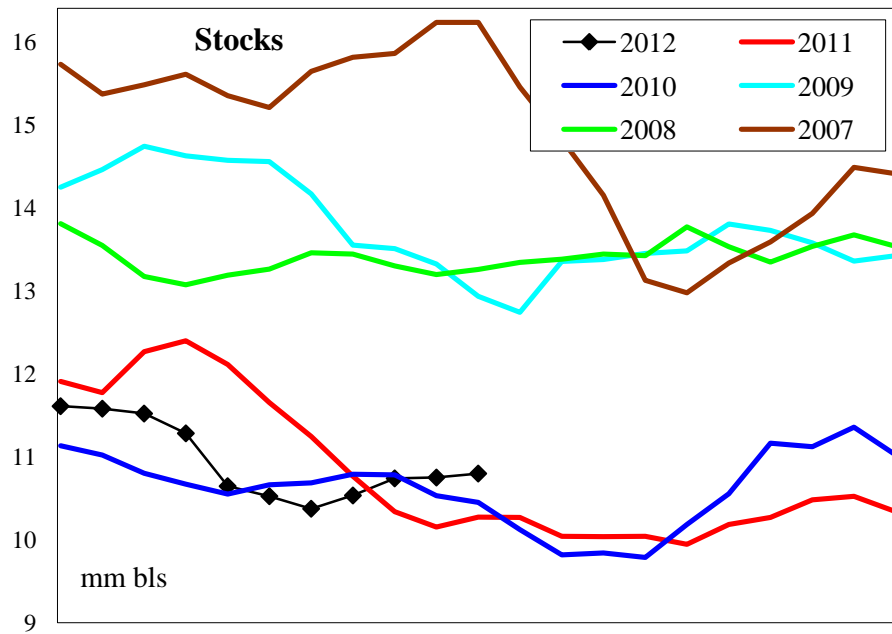
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

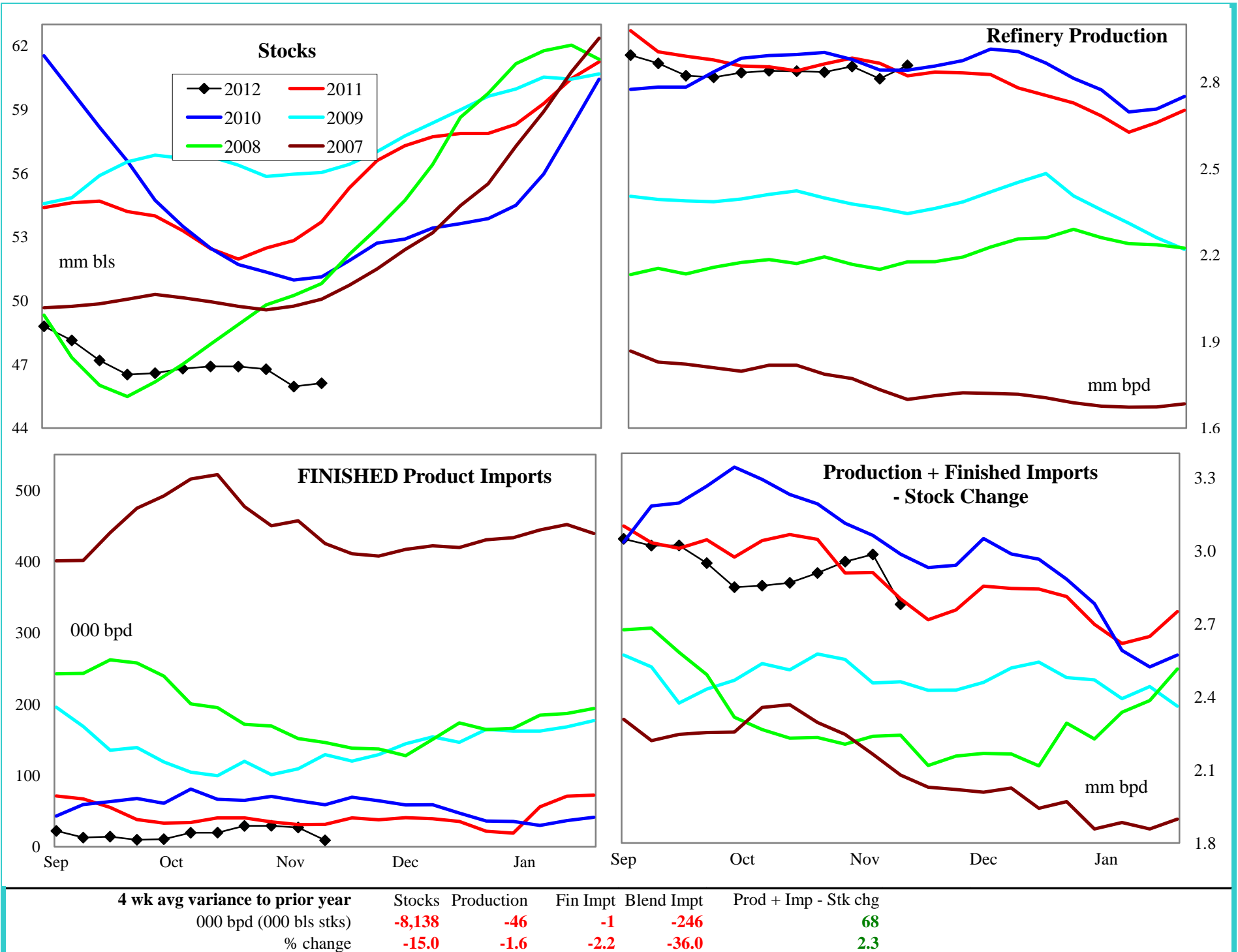


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

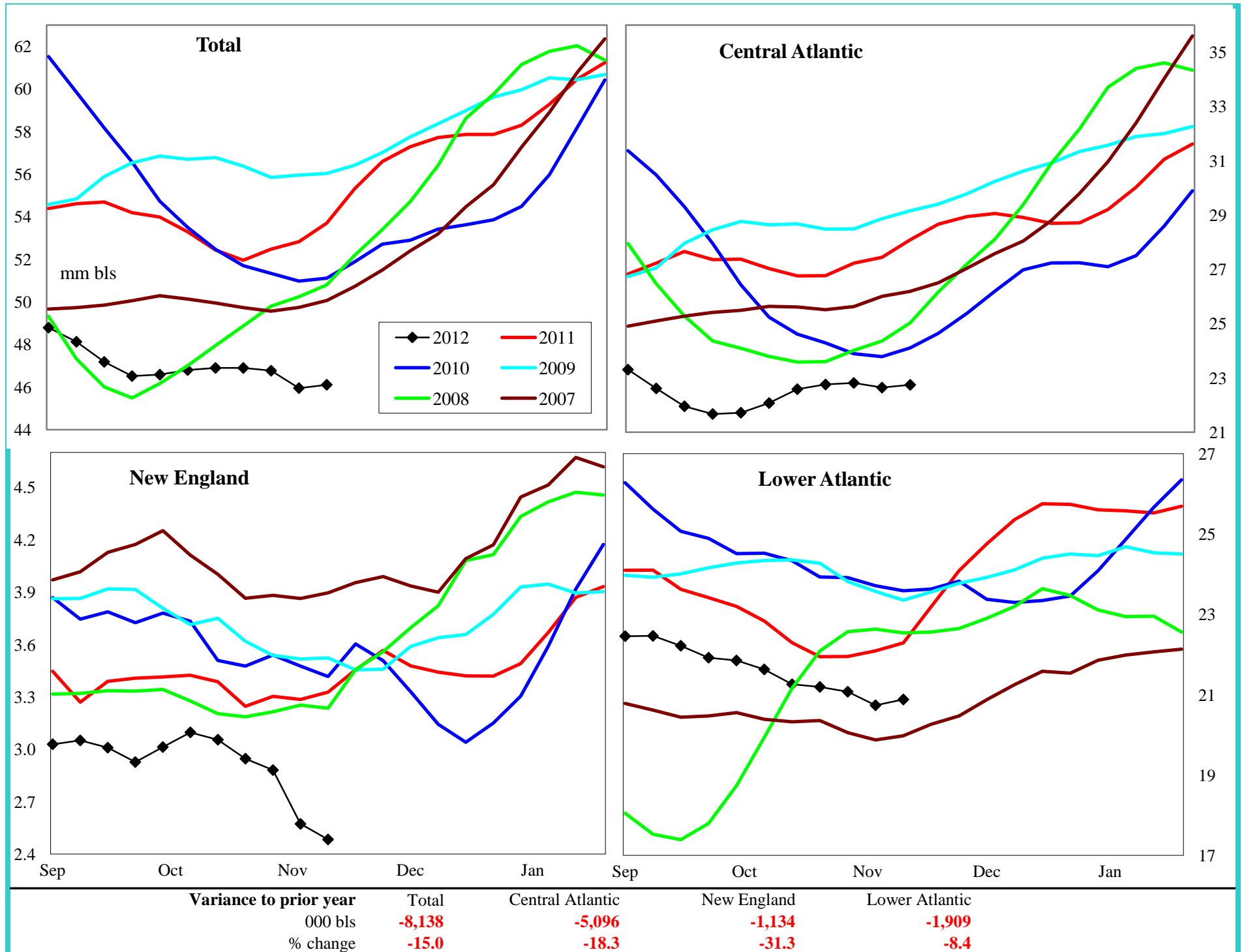
	Stocks	Input	Imports
000 bpd (000 bls stks)	525	-330	-264
% change	5.1	-28.4	-25.0



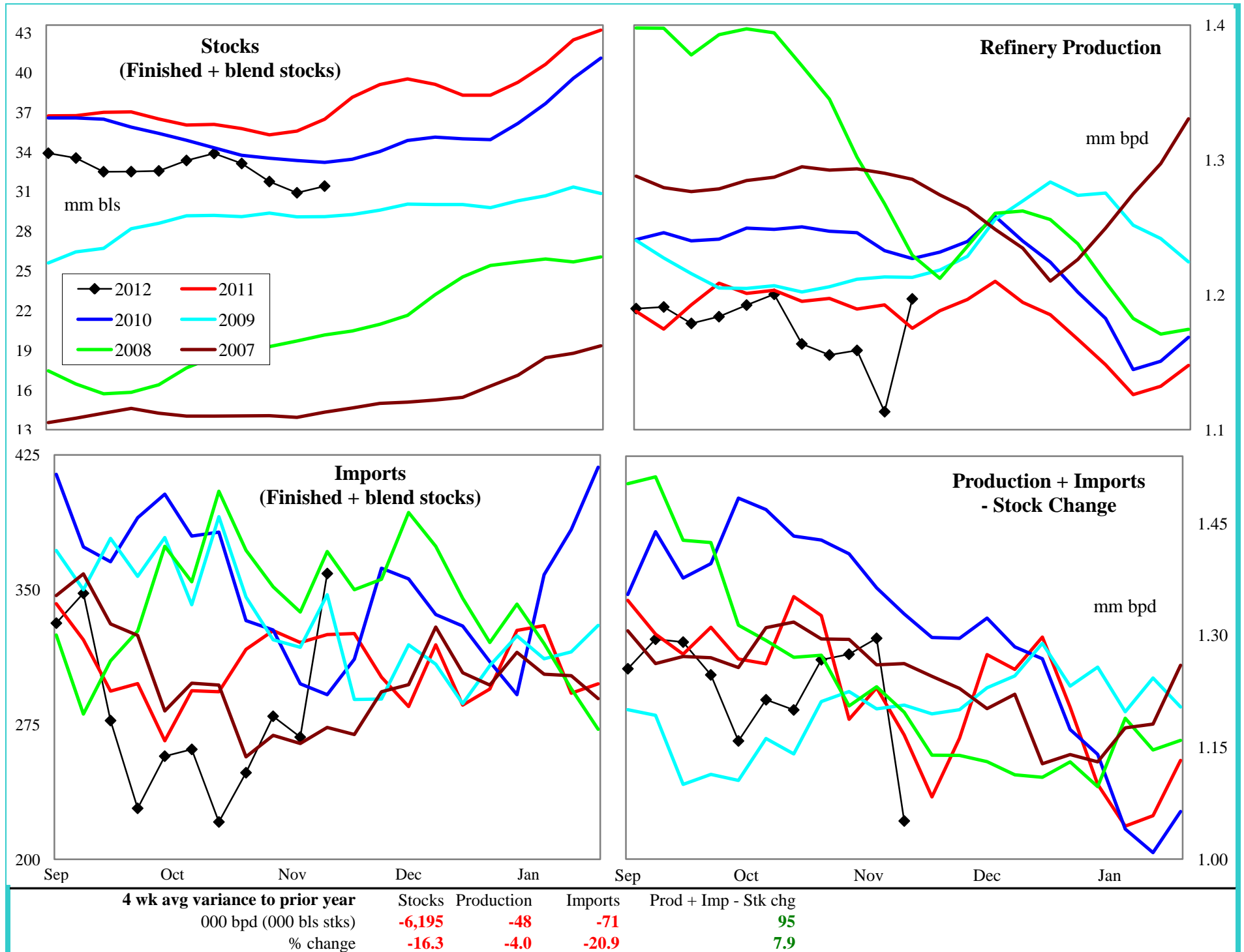
PADD 1 Gasoline Supply



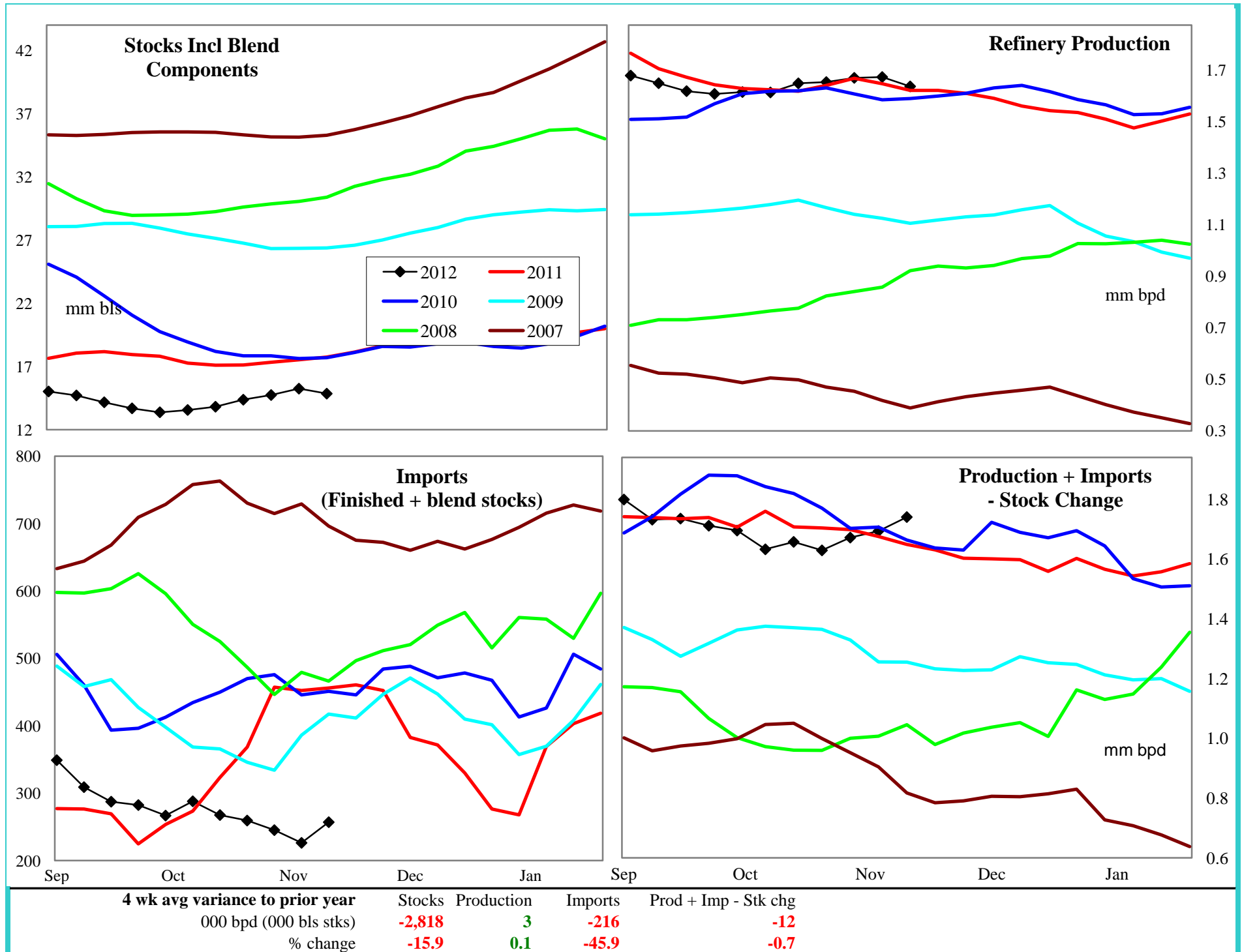
PADD 1 Gasoline Stocks by Region



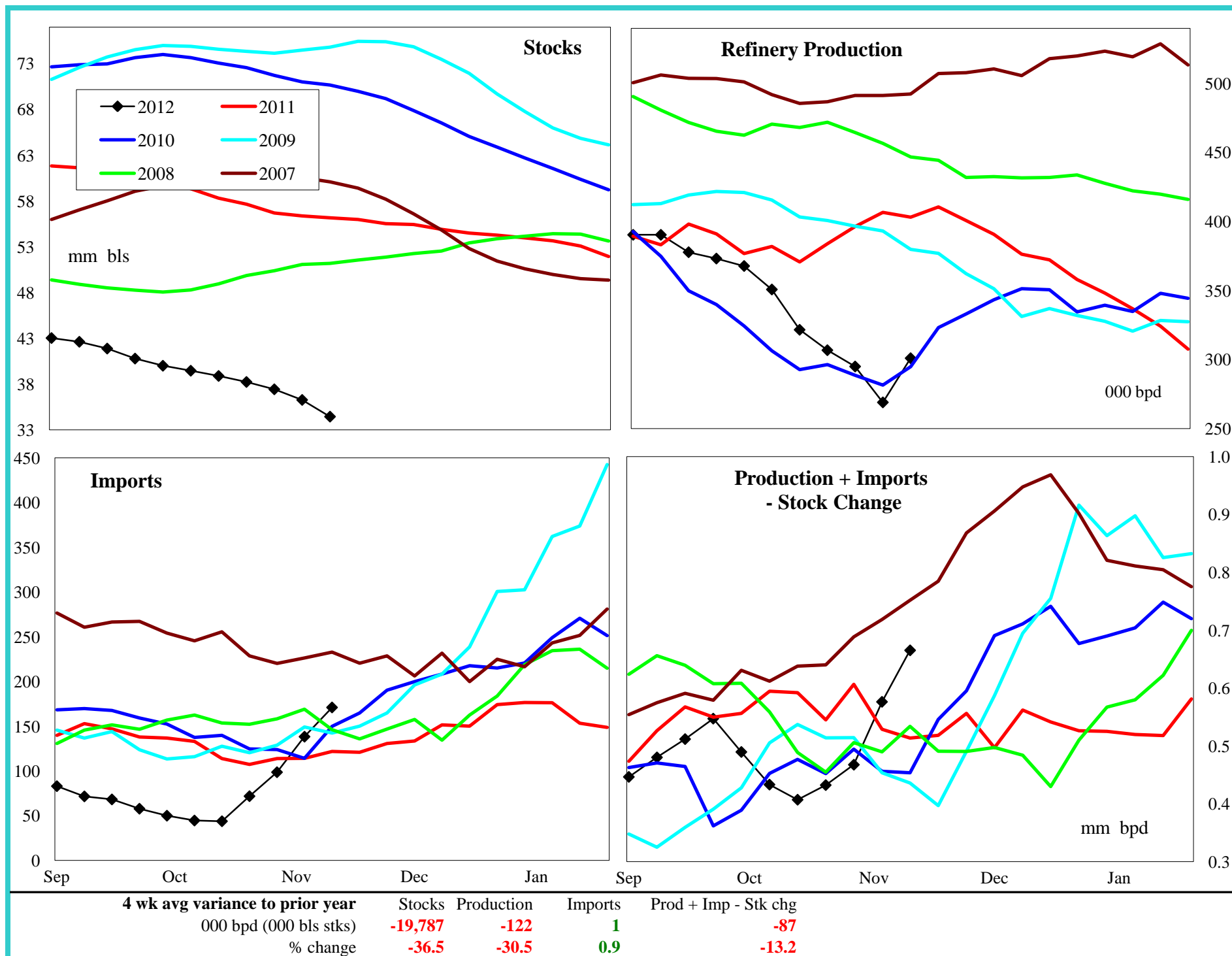
PADD 1 Reformulated Gasoline Supply



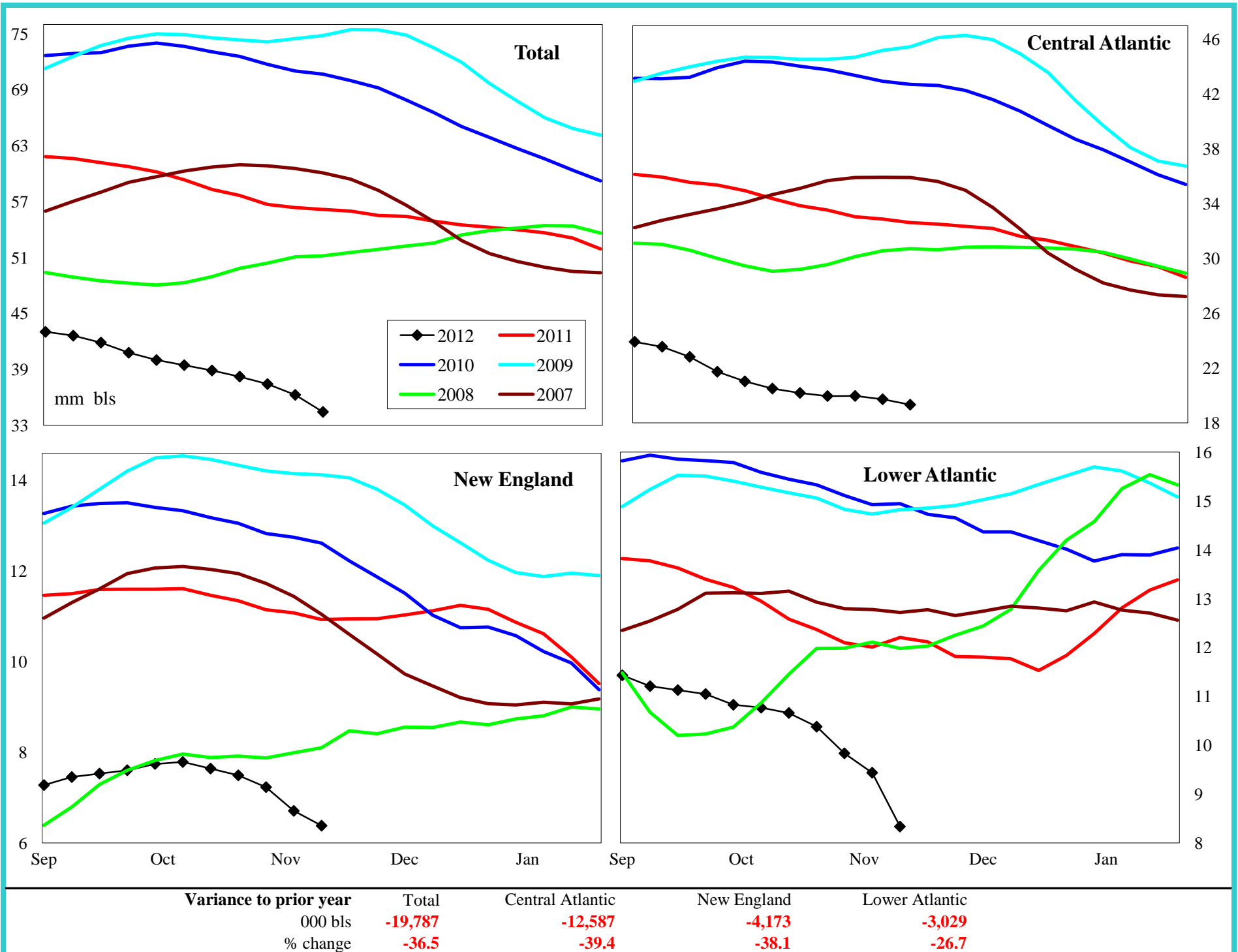
PADD 1 Conventional Gasoline Supply



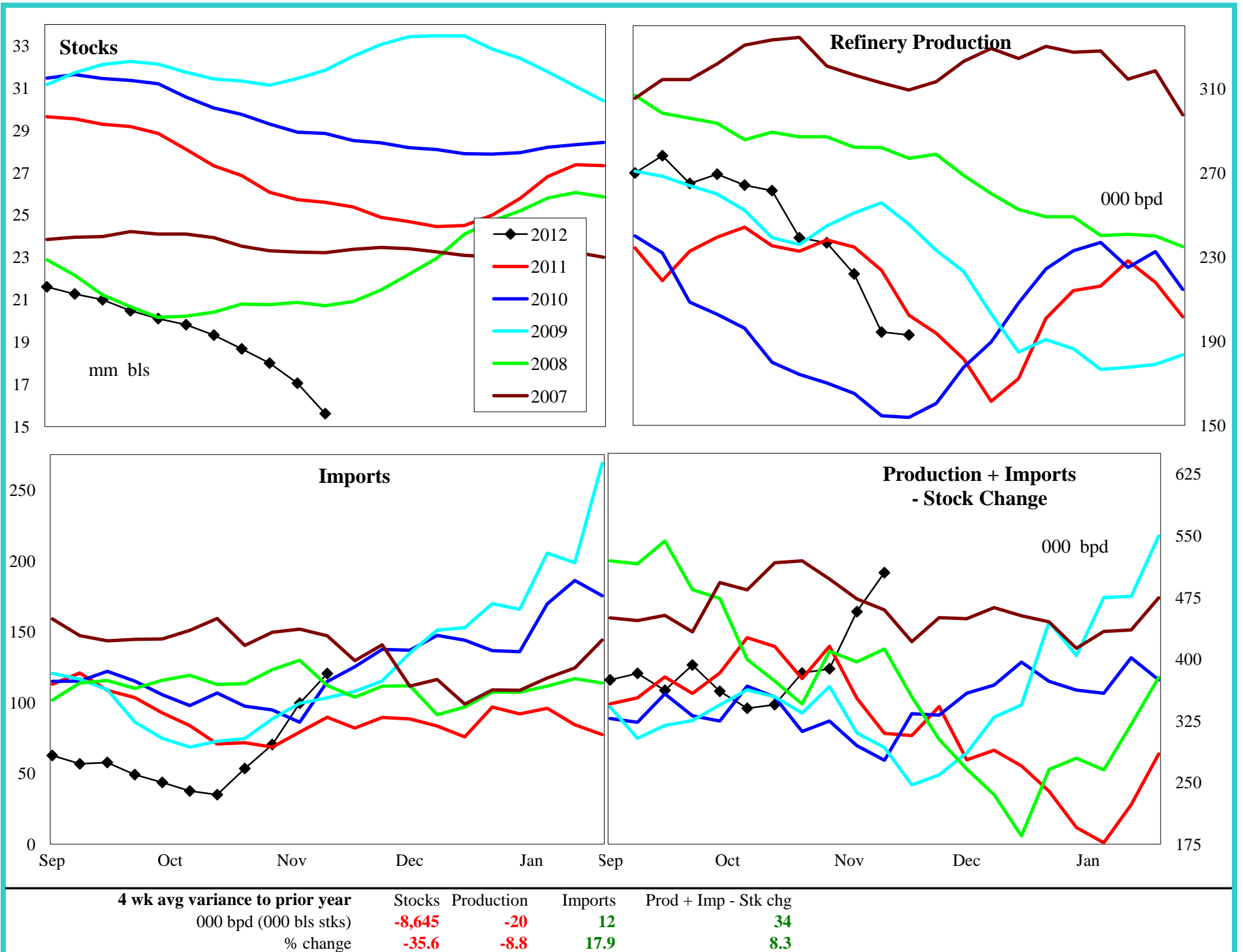
PADD 1 Distillate Supply



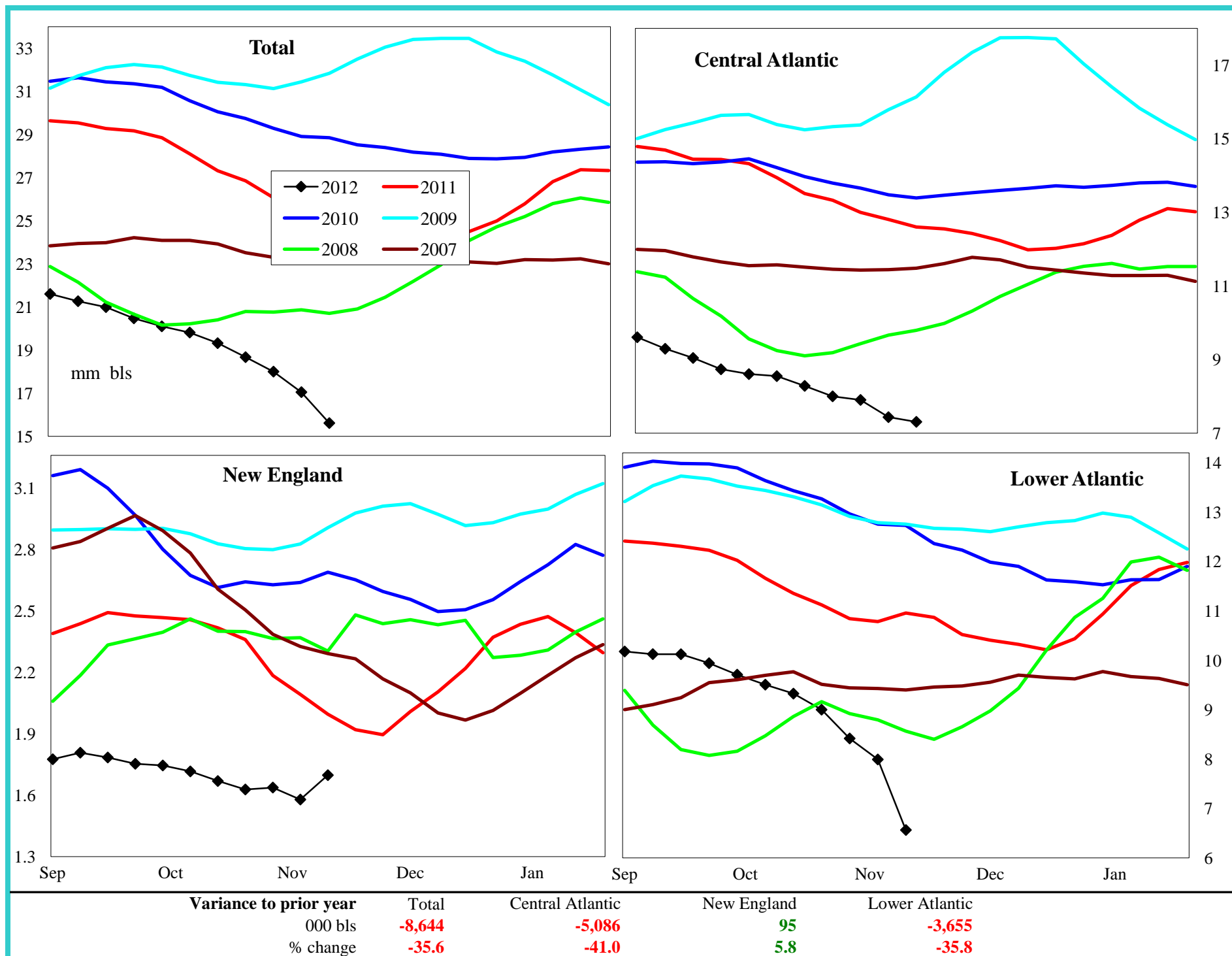
PADD 1 Distillate Stocks by Region



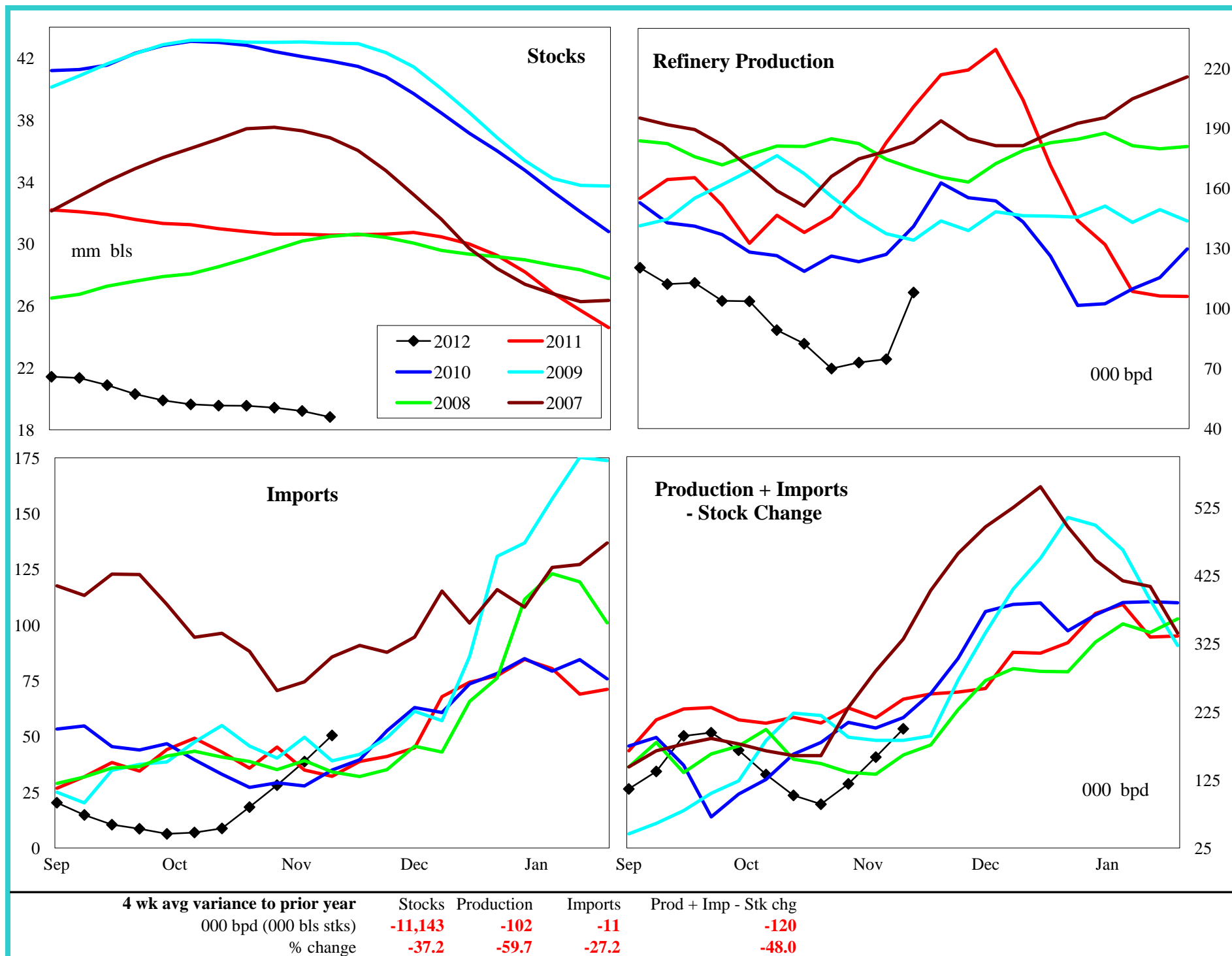
PADD 1 Low Sulfur Distillate Supply



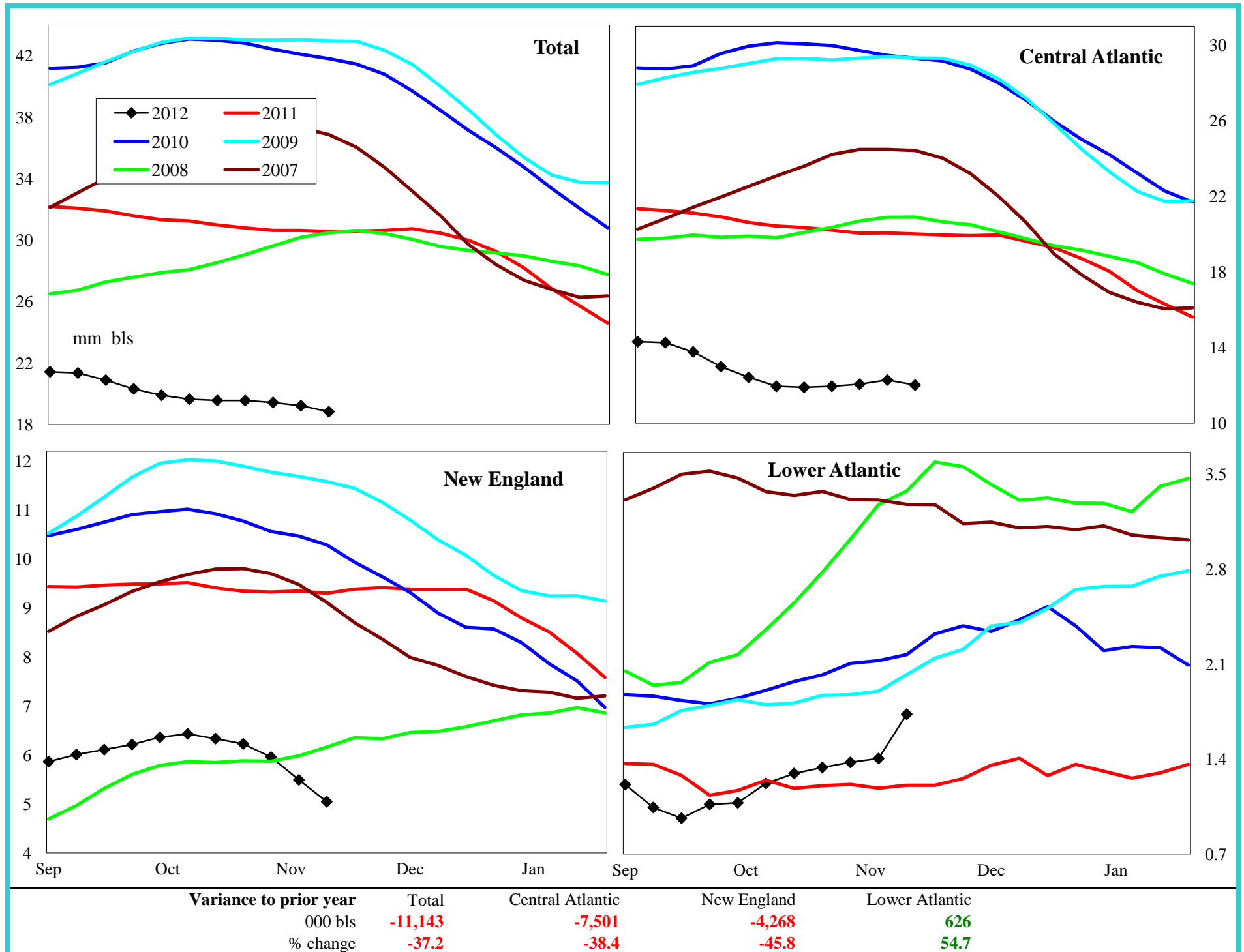
PADD 1 Low Sulfur Distillate Stocks by Region



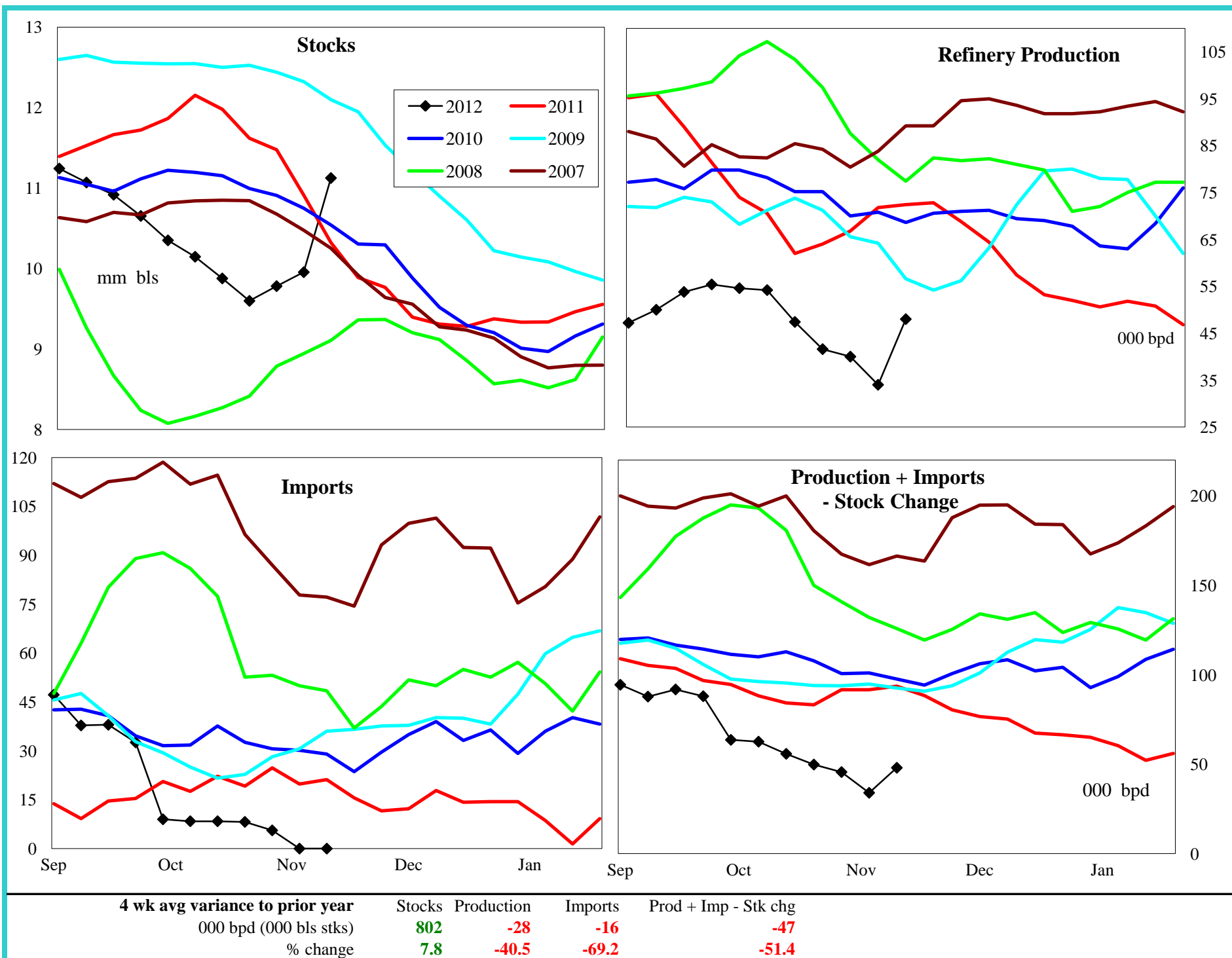
PADD 1 High Sulfur Distillate Supply



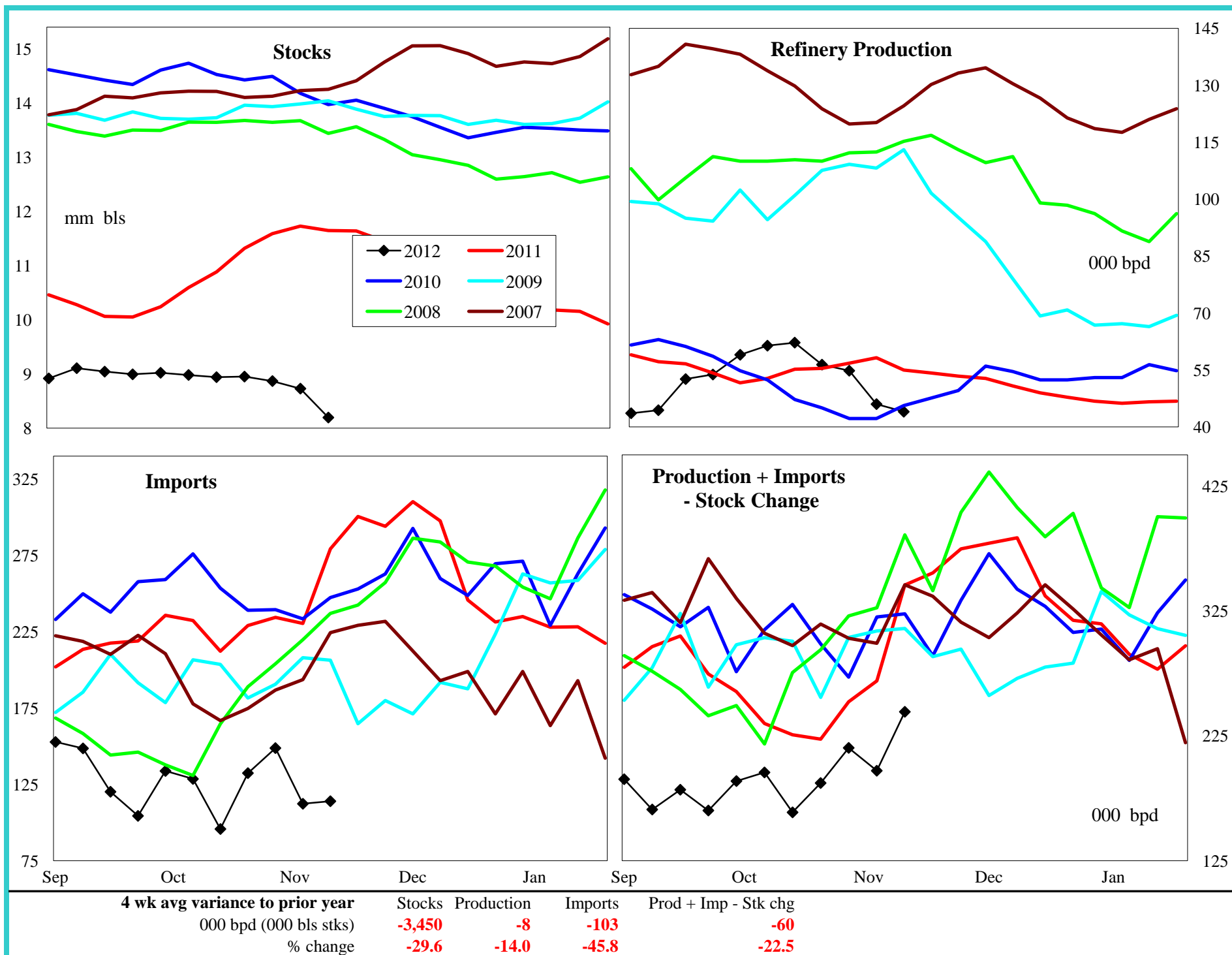
PADD 1 High Sulfur Distillate Stocks by Region



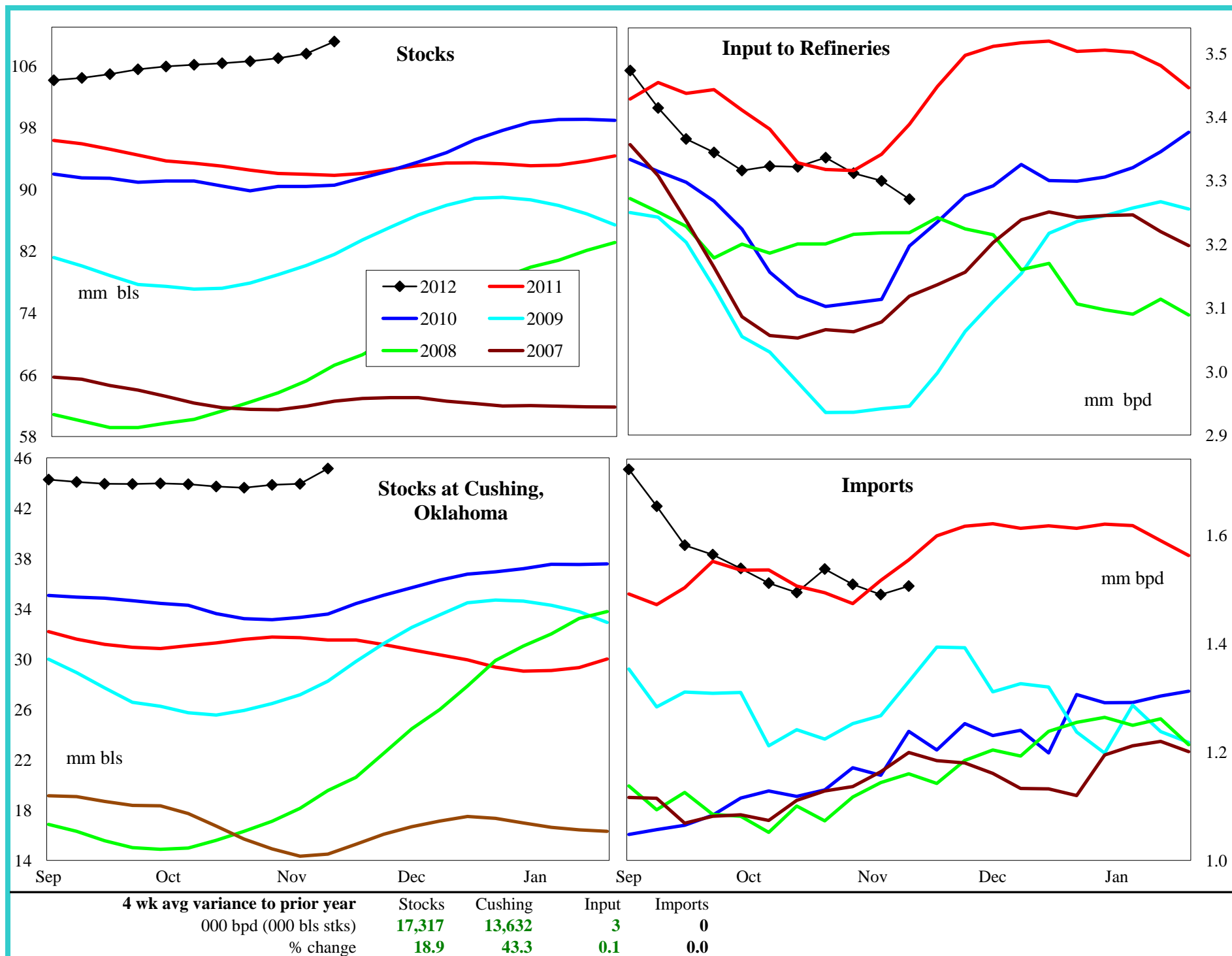
PADD 1 Jet Fuel Supply



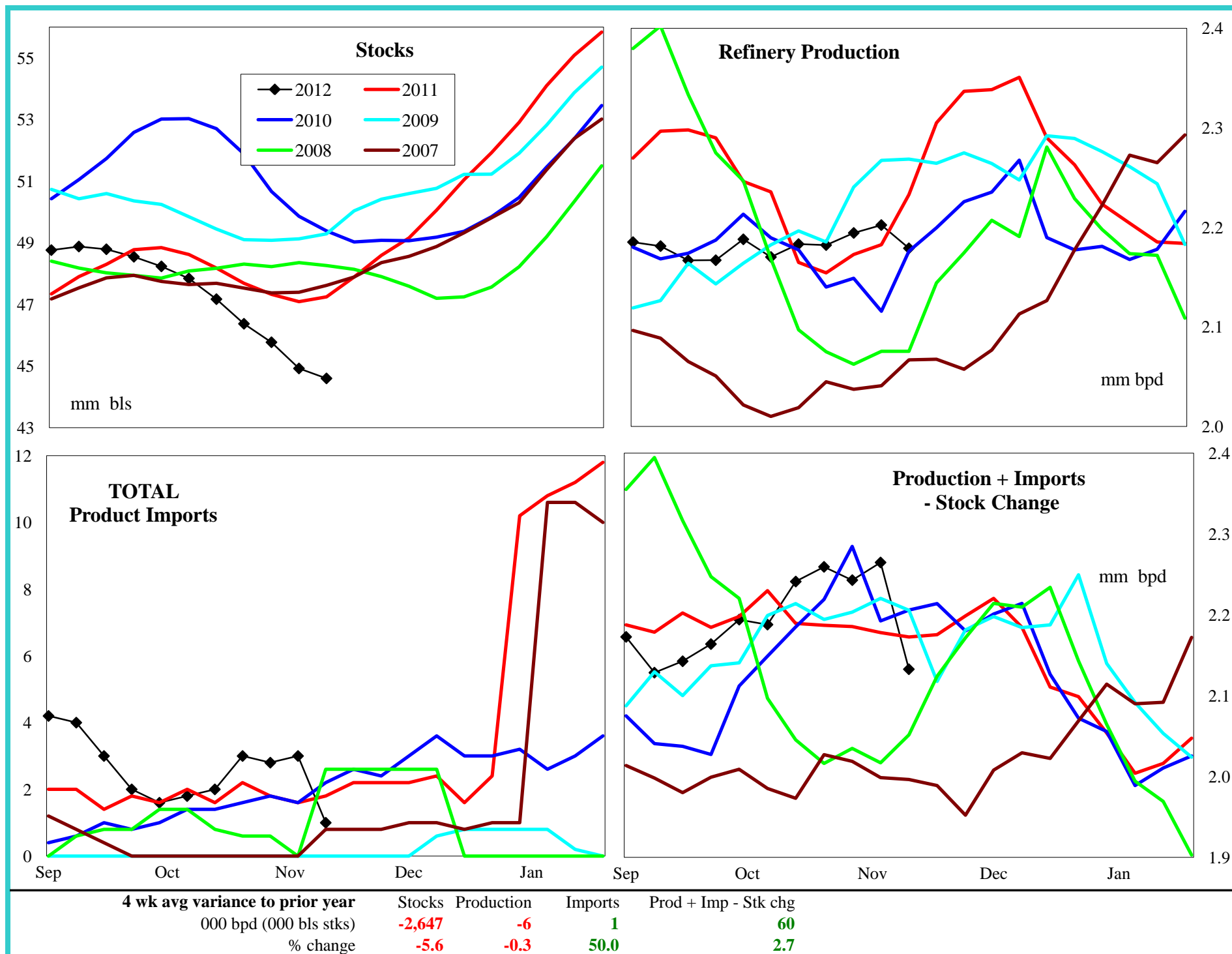
PADD 1 Residual Fuel Oil Supply



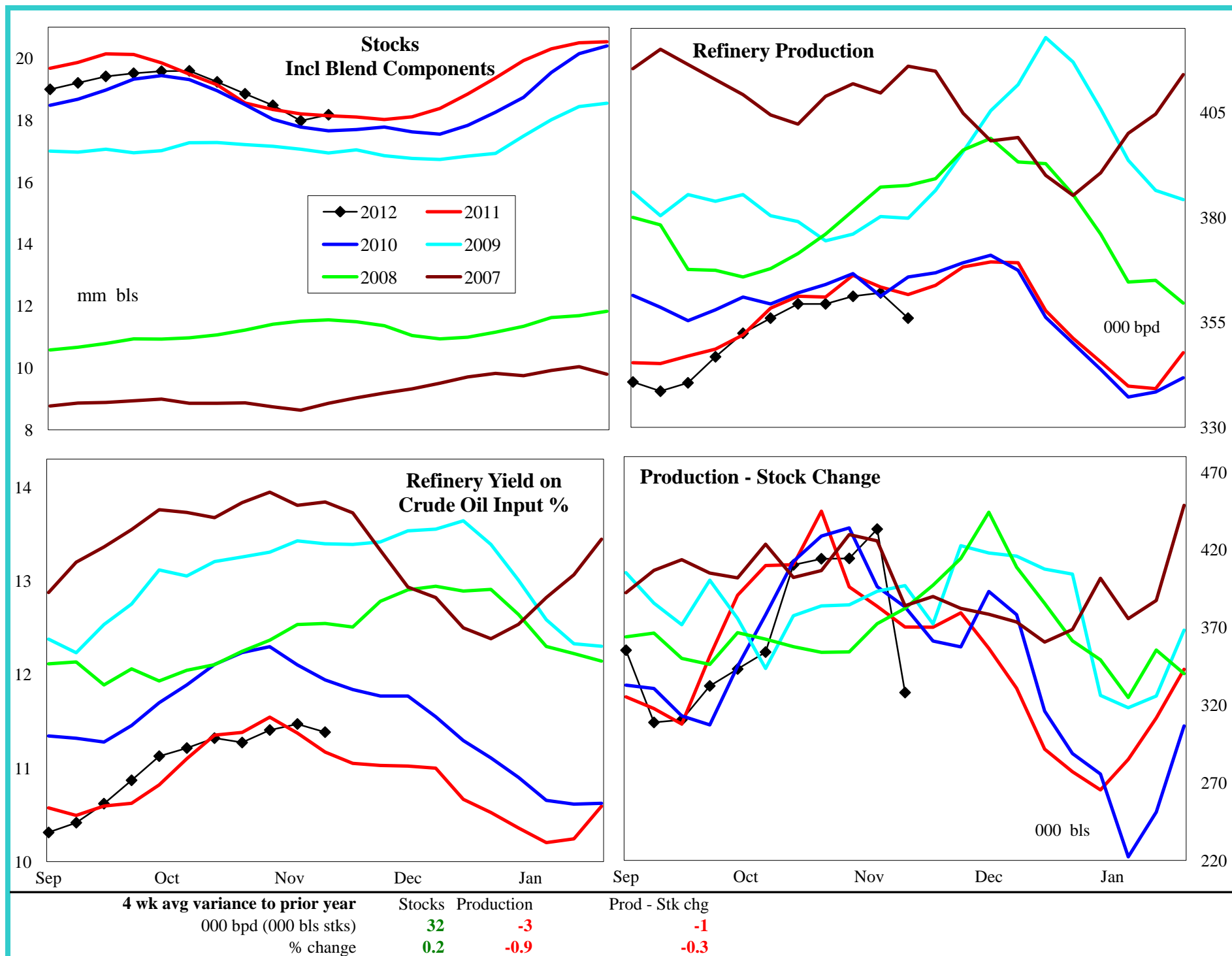
PADD 2 Crude Oil Supply and Refining



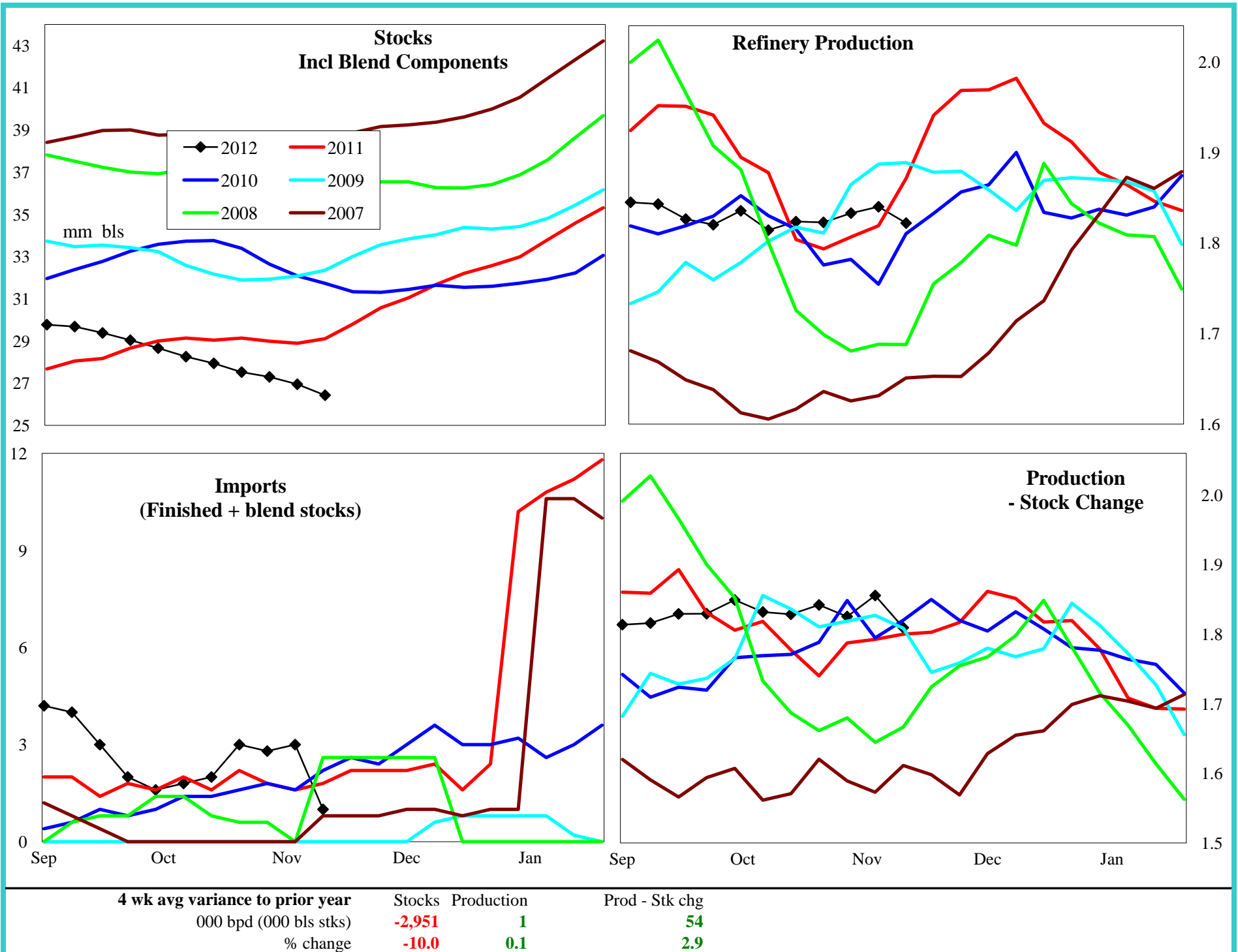
PADD 2 Gasoline Supply



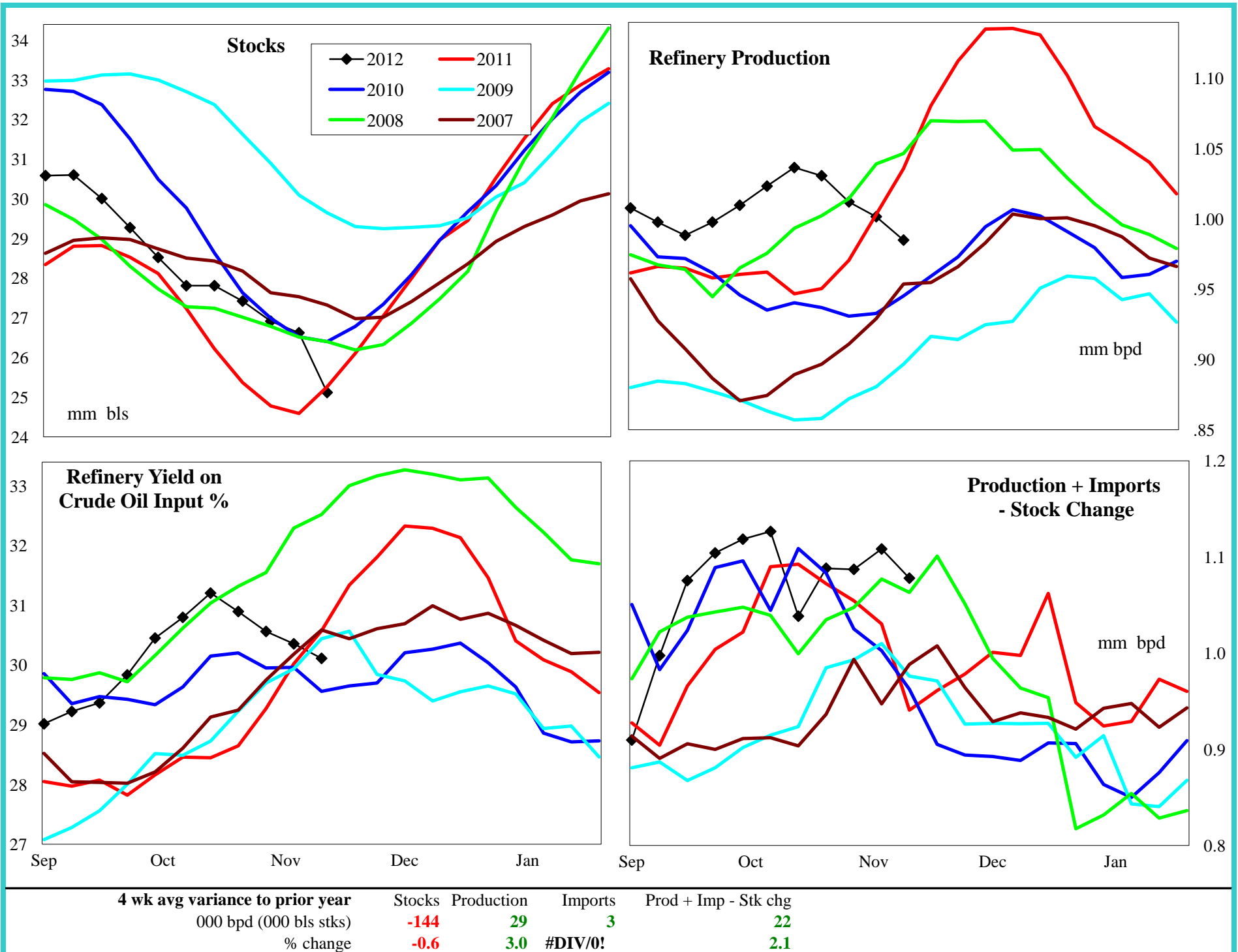
PADD 2 Reformulated Gasoline Supply



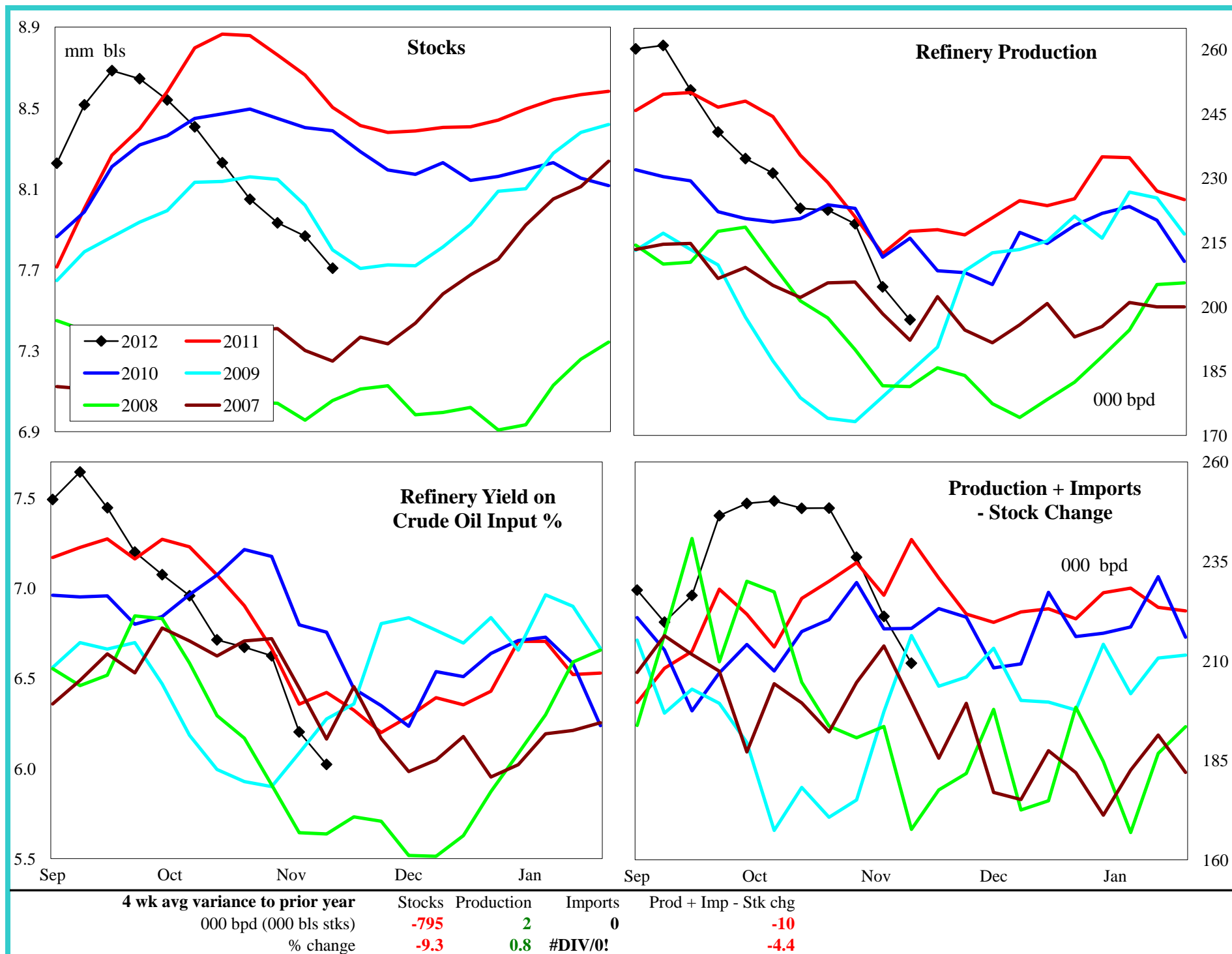
PADD 2 Conventional Gasoline Supply



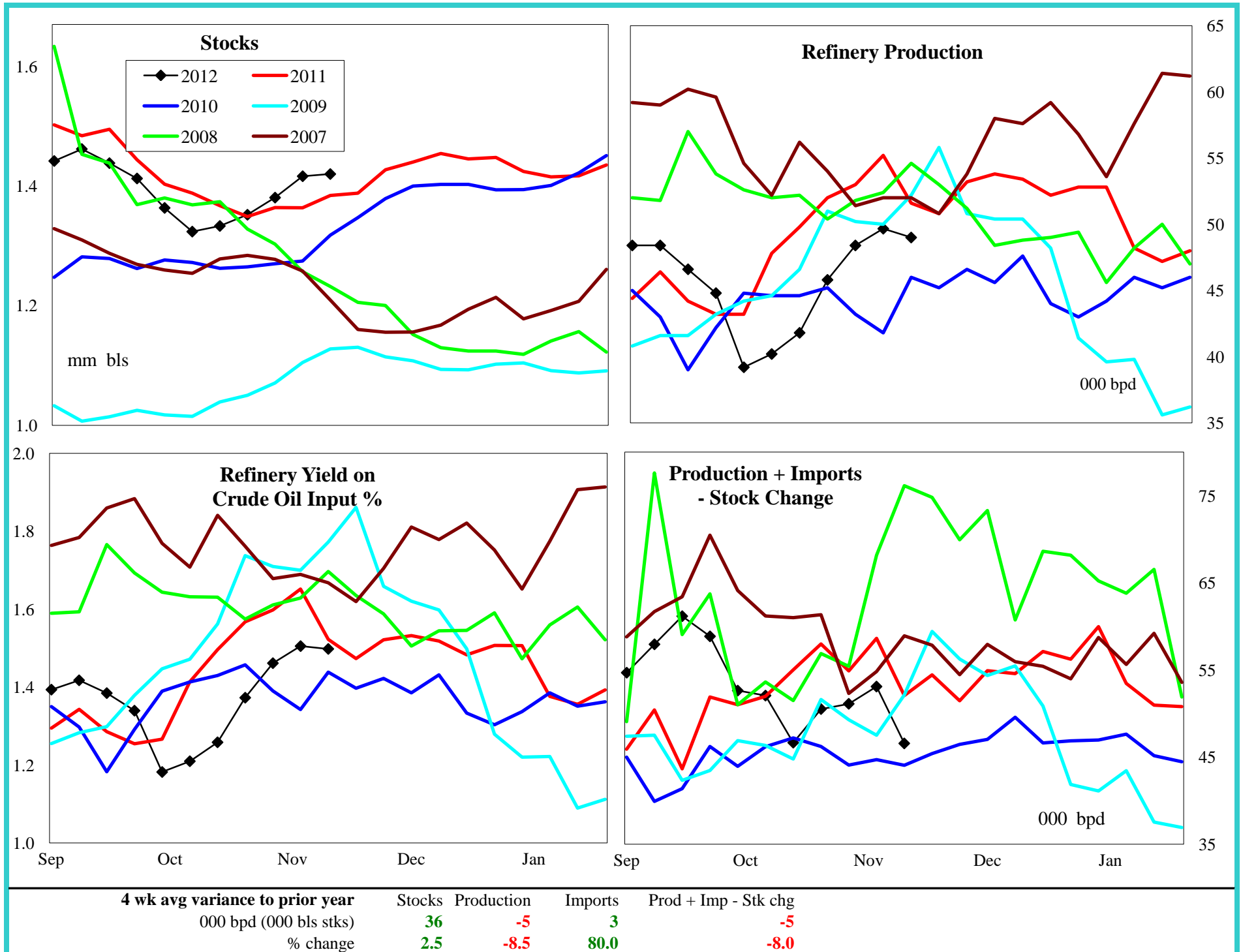
PADD 2 Distillate Supply



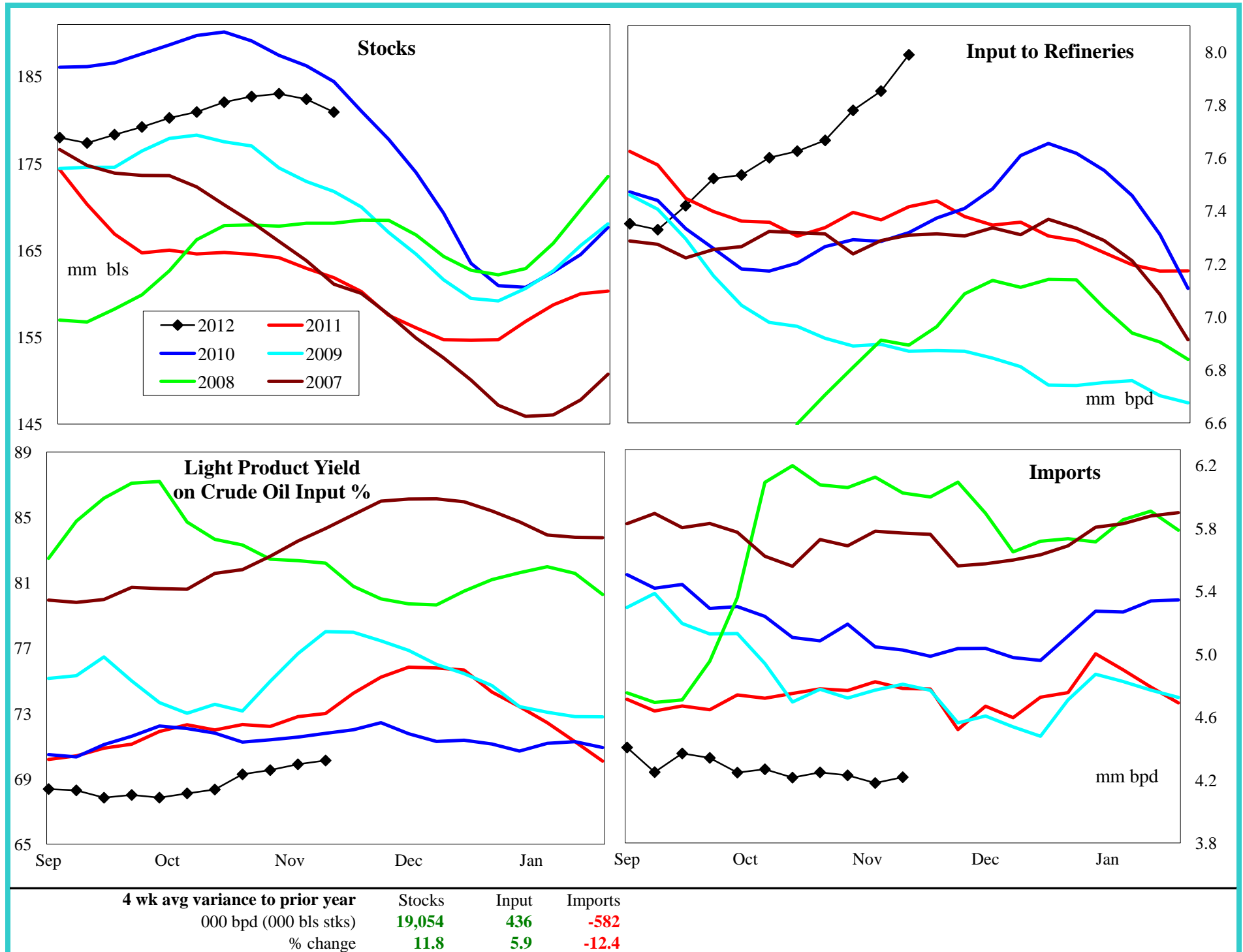
PADD 2 Jet Fuel Supply



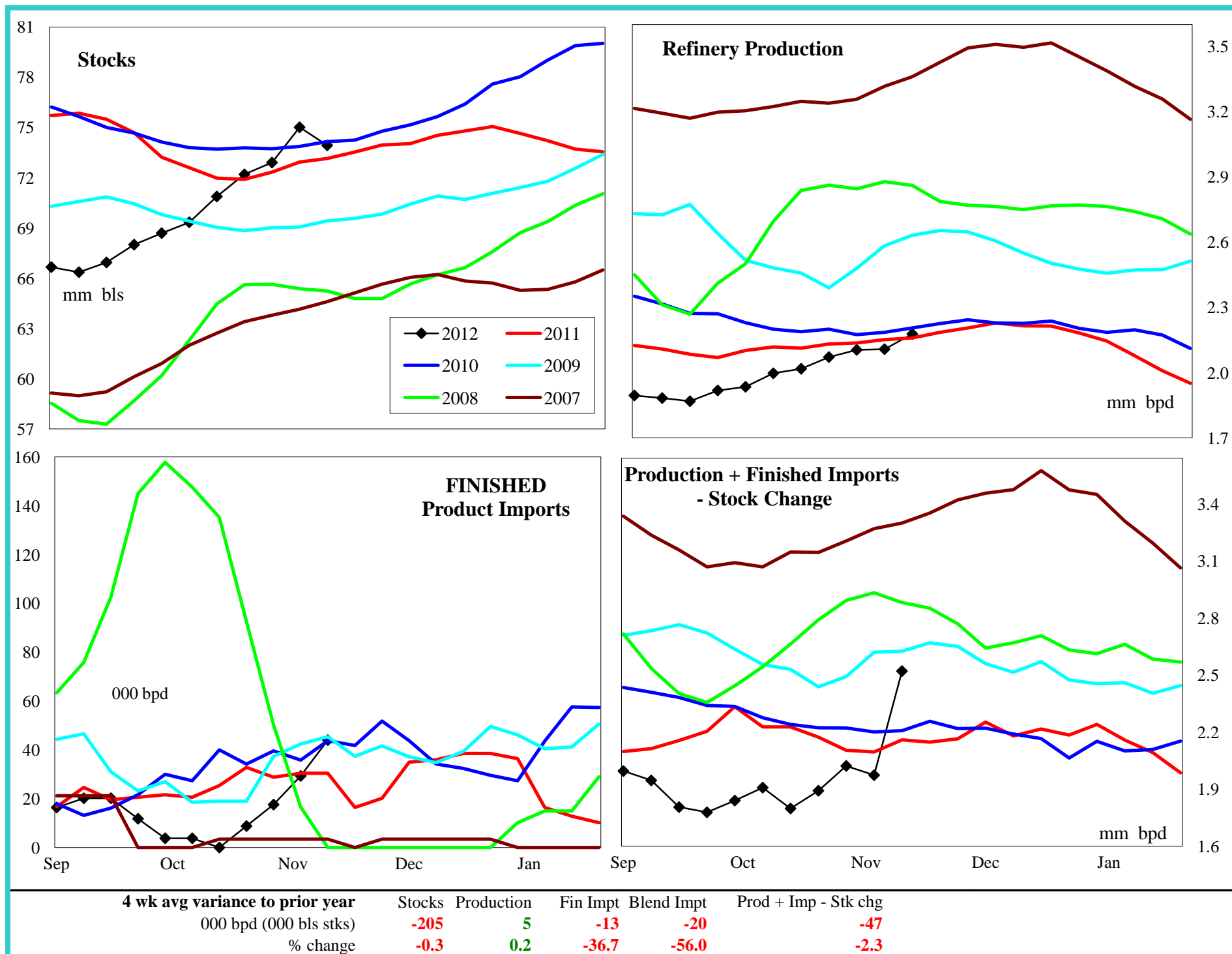
PADD 2 Residual Fuel Oil Supply



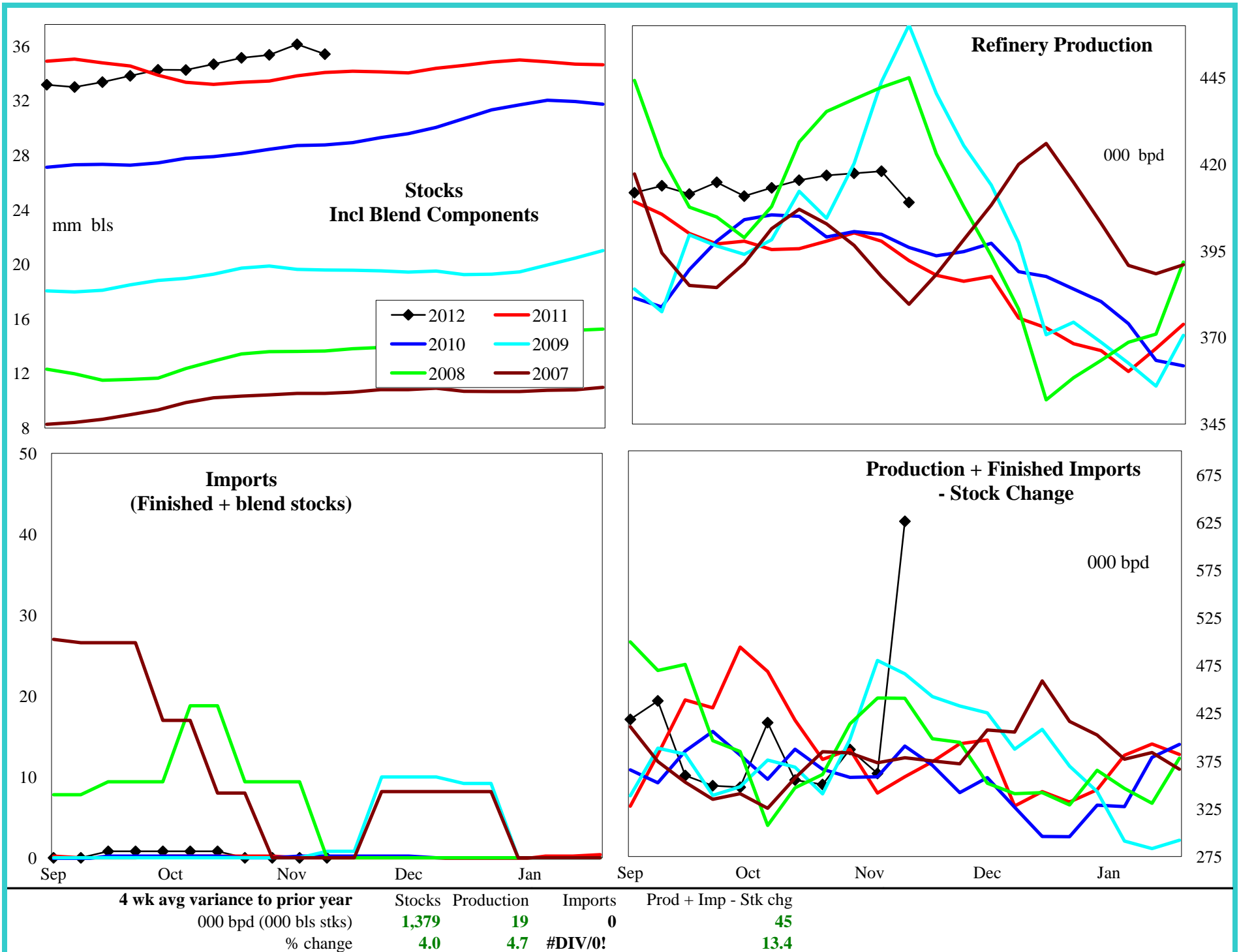
PADD 3 Crude Oil Supply and Refining



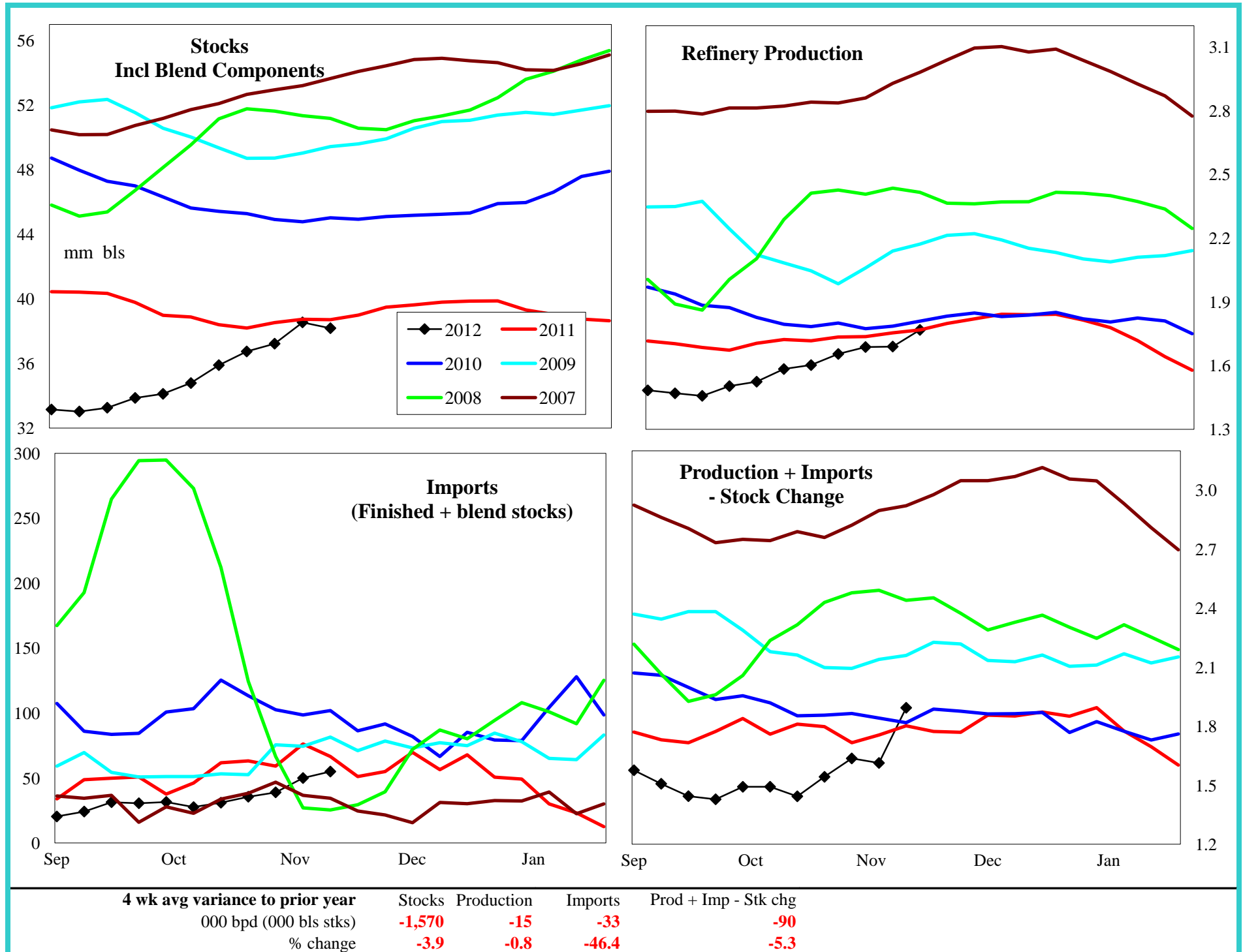
PADD 3 Gasoline Supply



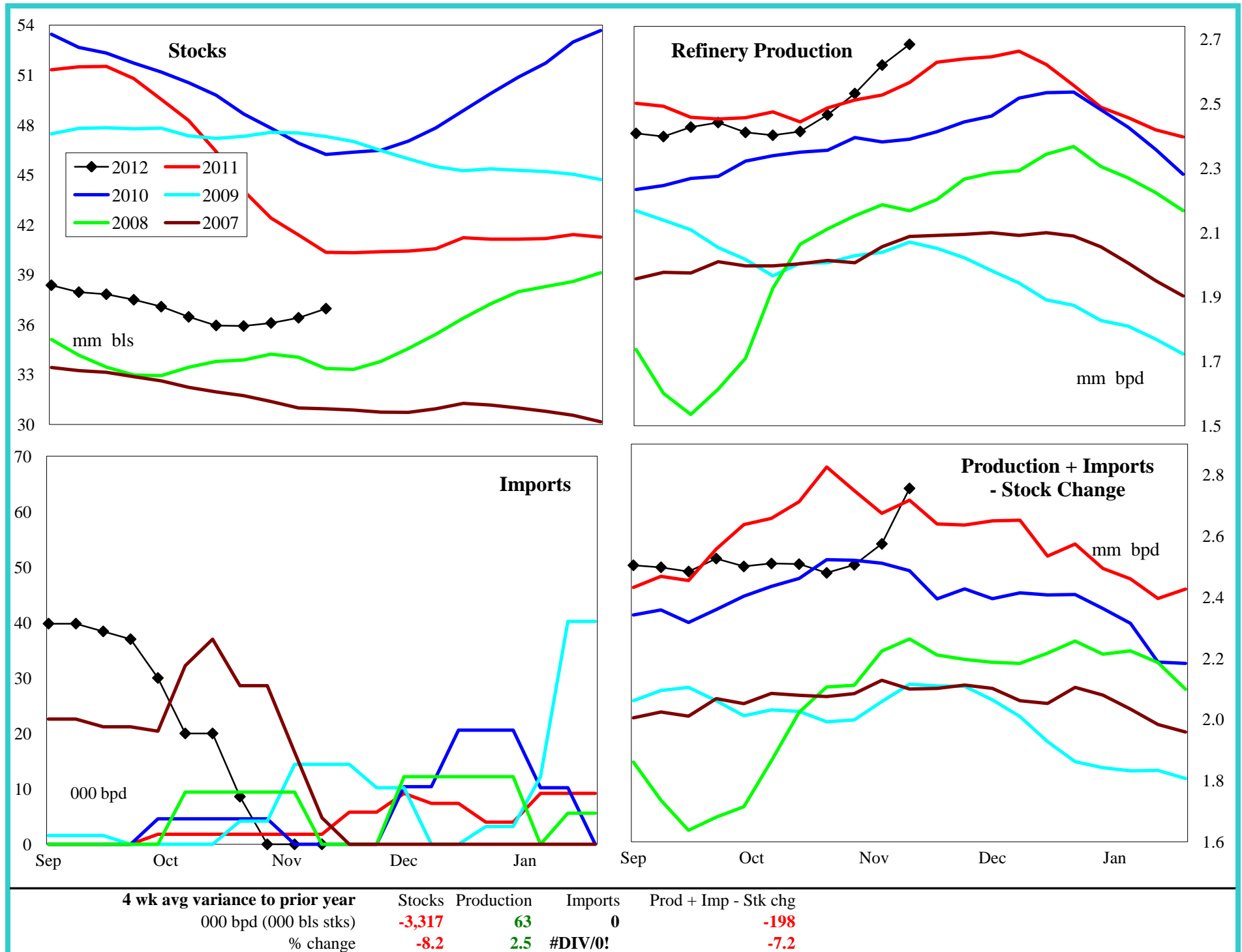
PADD 3 Reformulated Gasoline Supply



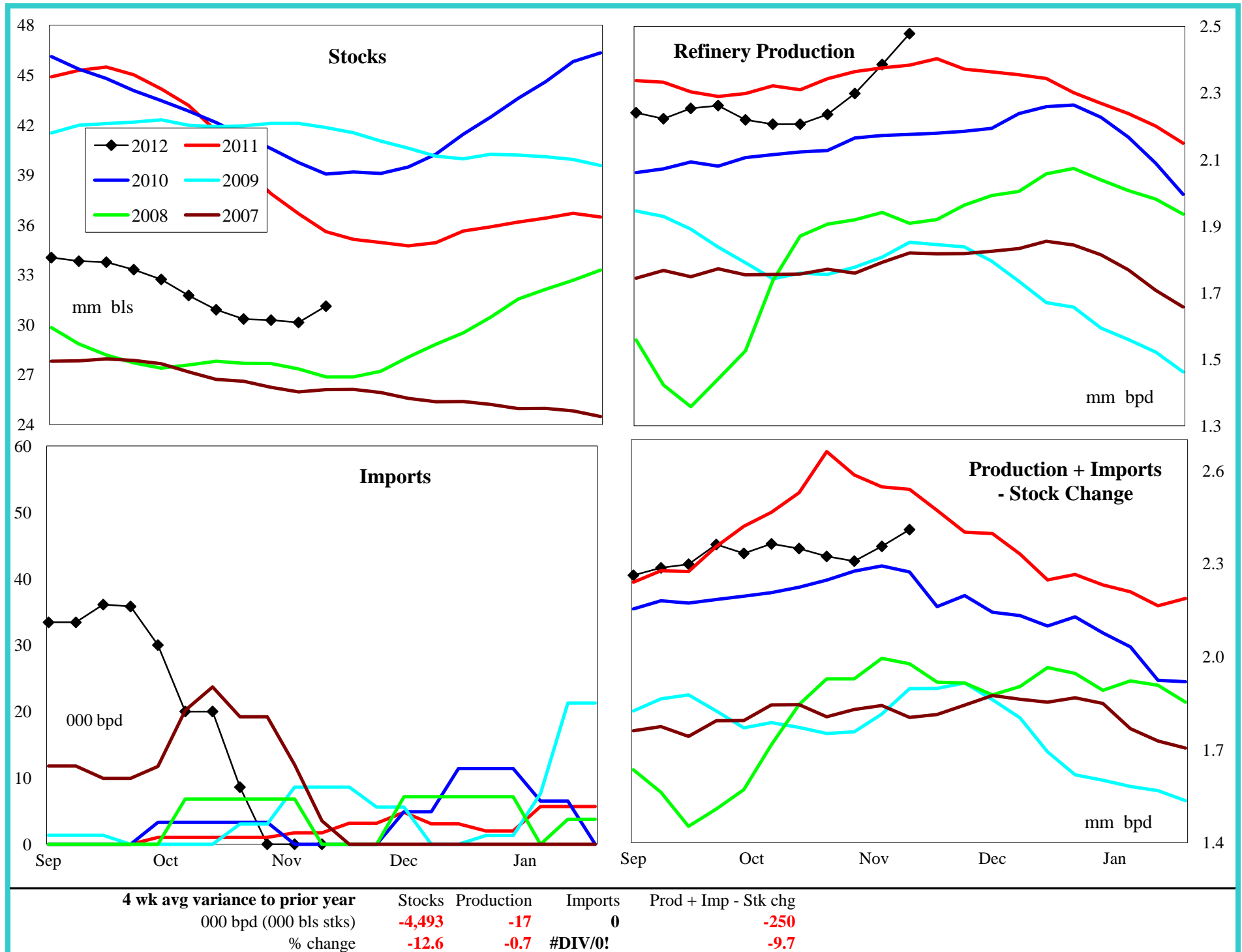
PADD 3 Conventional Gasoline Supply



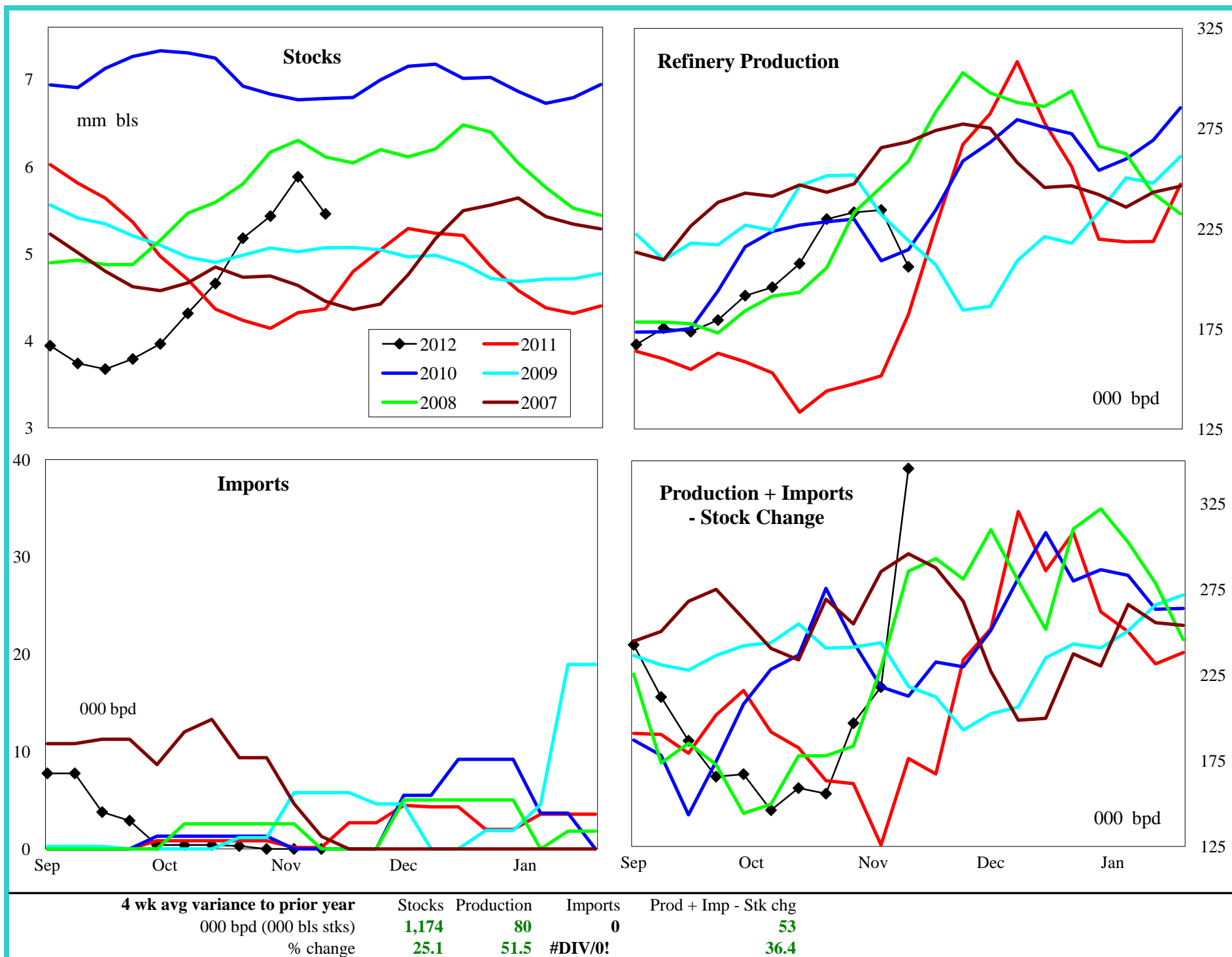
PADD 3 Distillate Supply



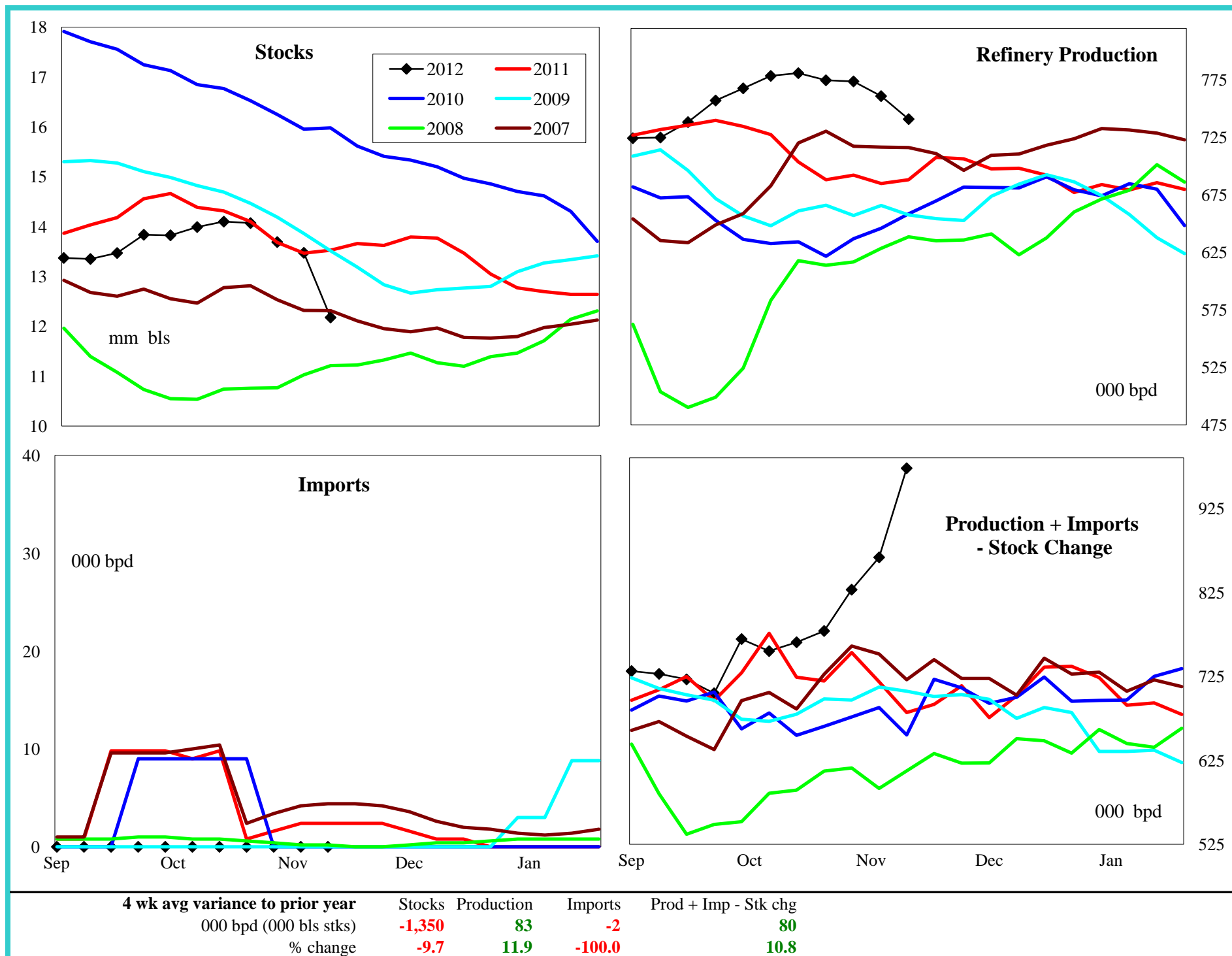
PADD 3 Low Sulfur Distillate Supply



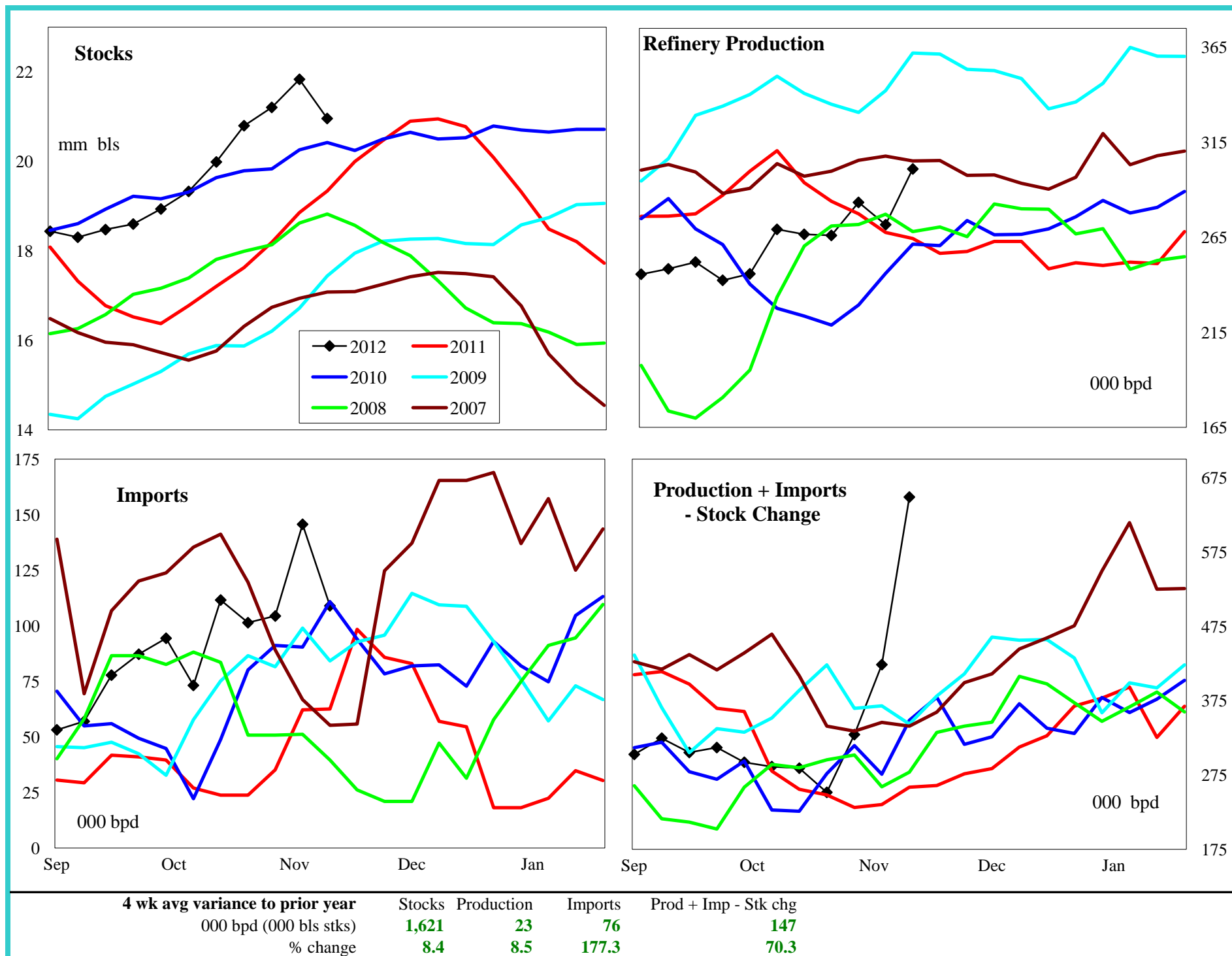
PADD 3 High Sulfur Distillate Supply



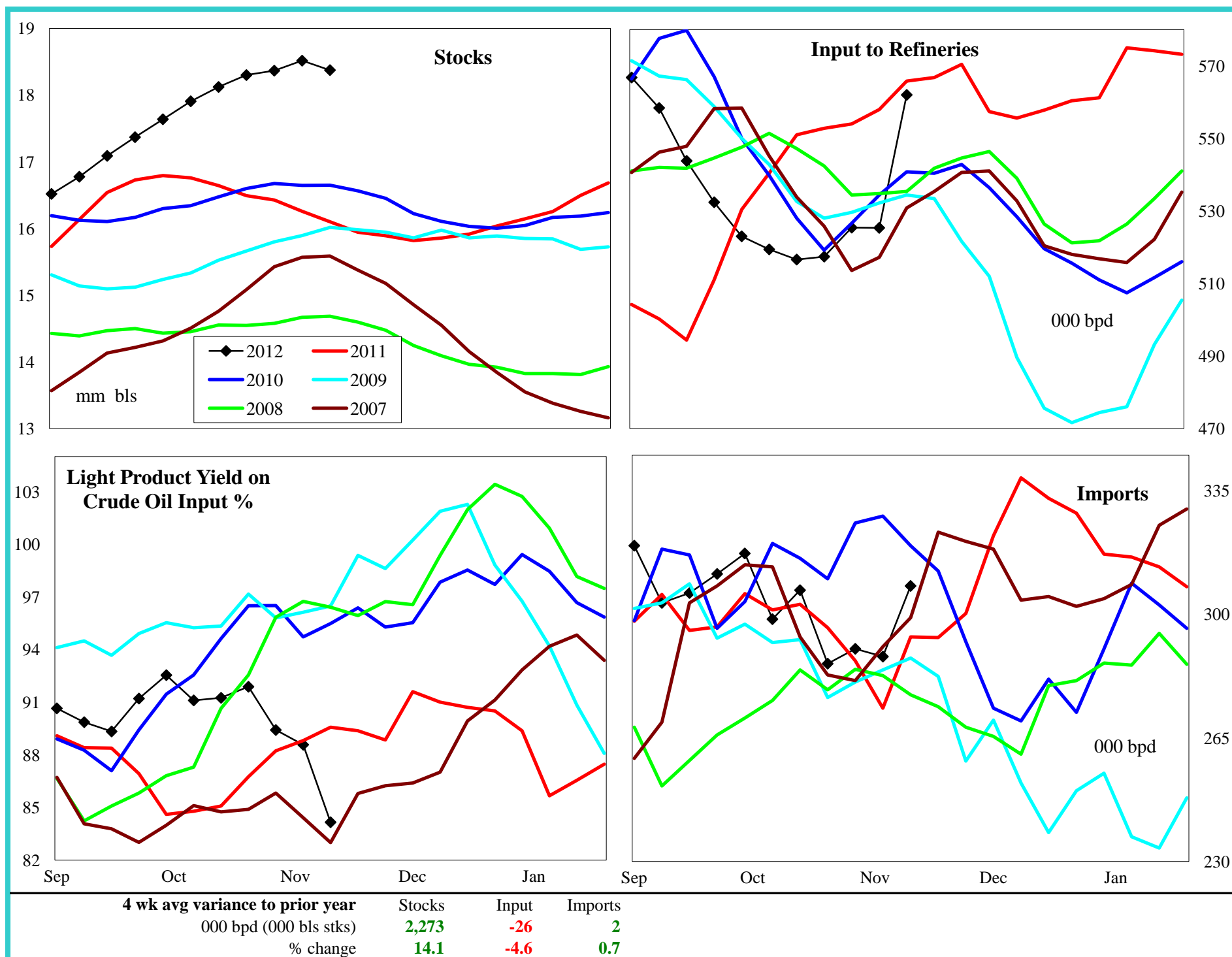
PADD 3 Jet Fuel Supply



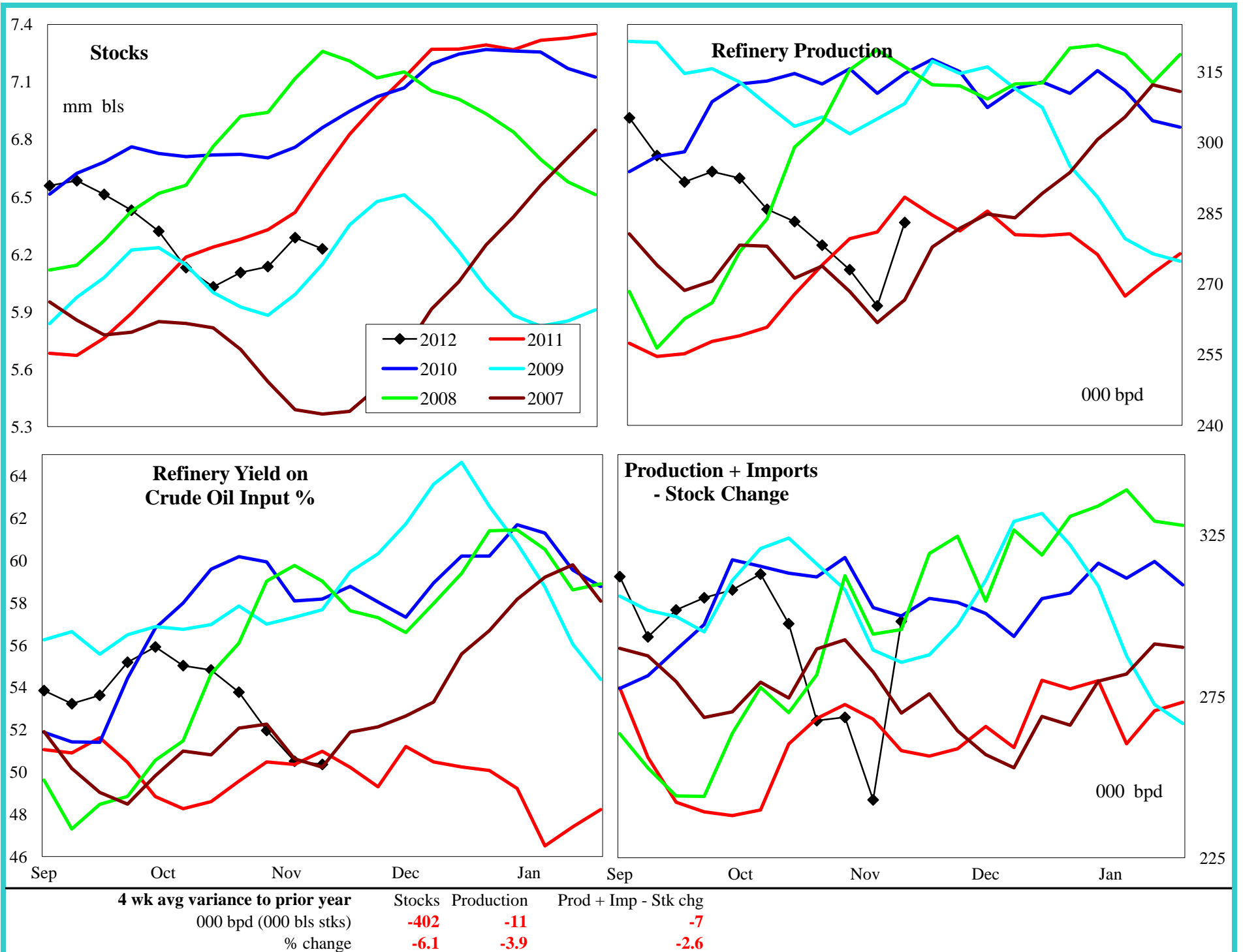
PADD 3 Residual Fuel Oil Supply



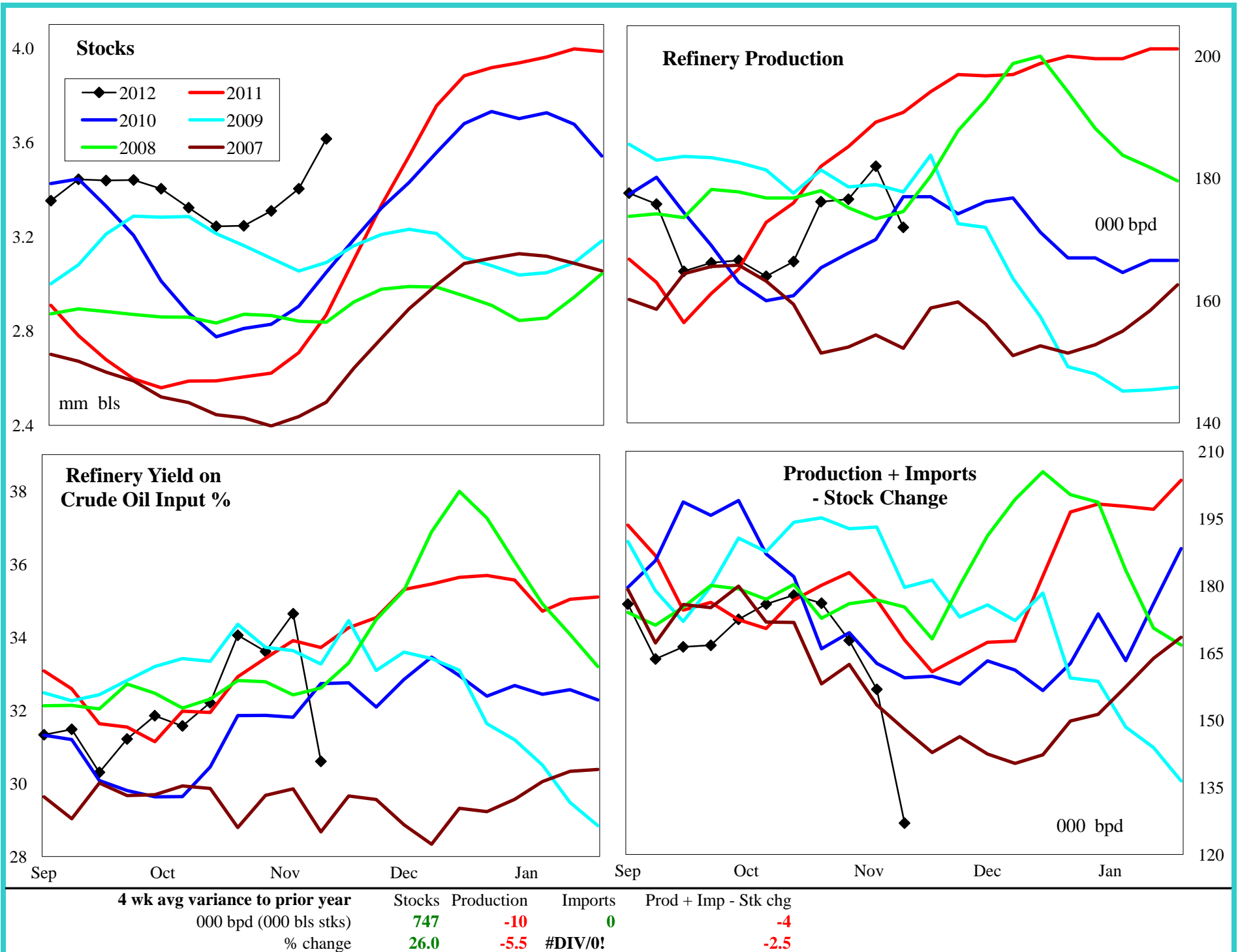
PADD 4 Crude Oil Supply and Refining



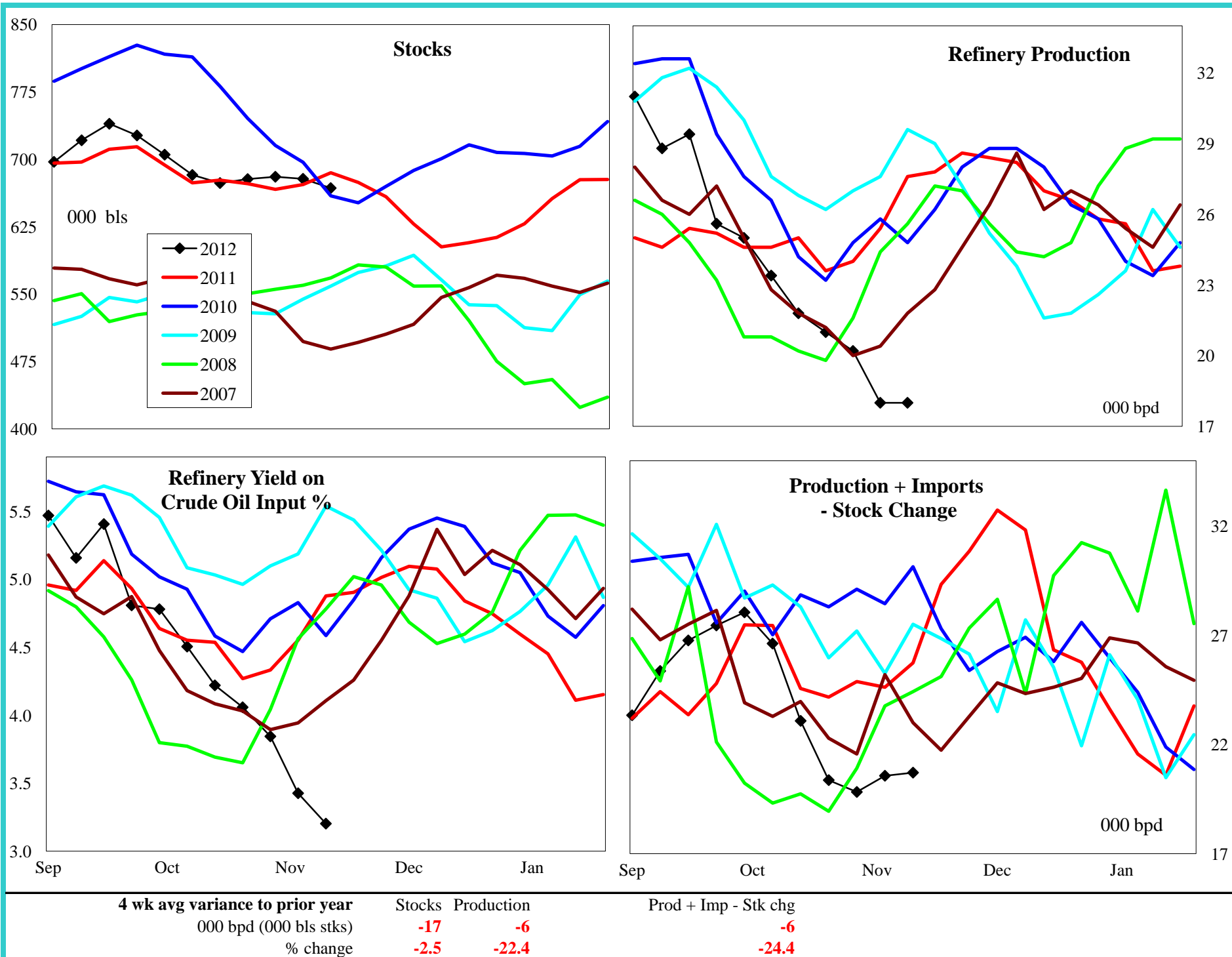
PADD 4 Gasoline Supply



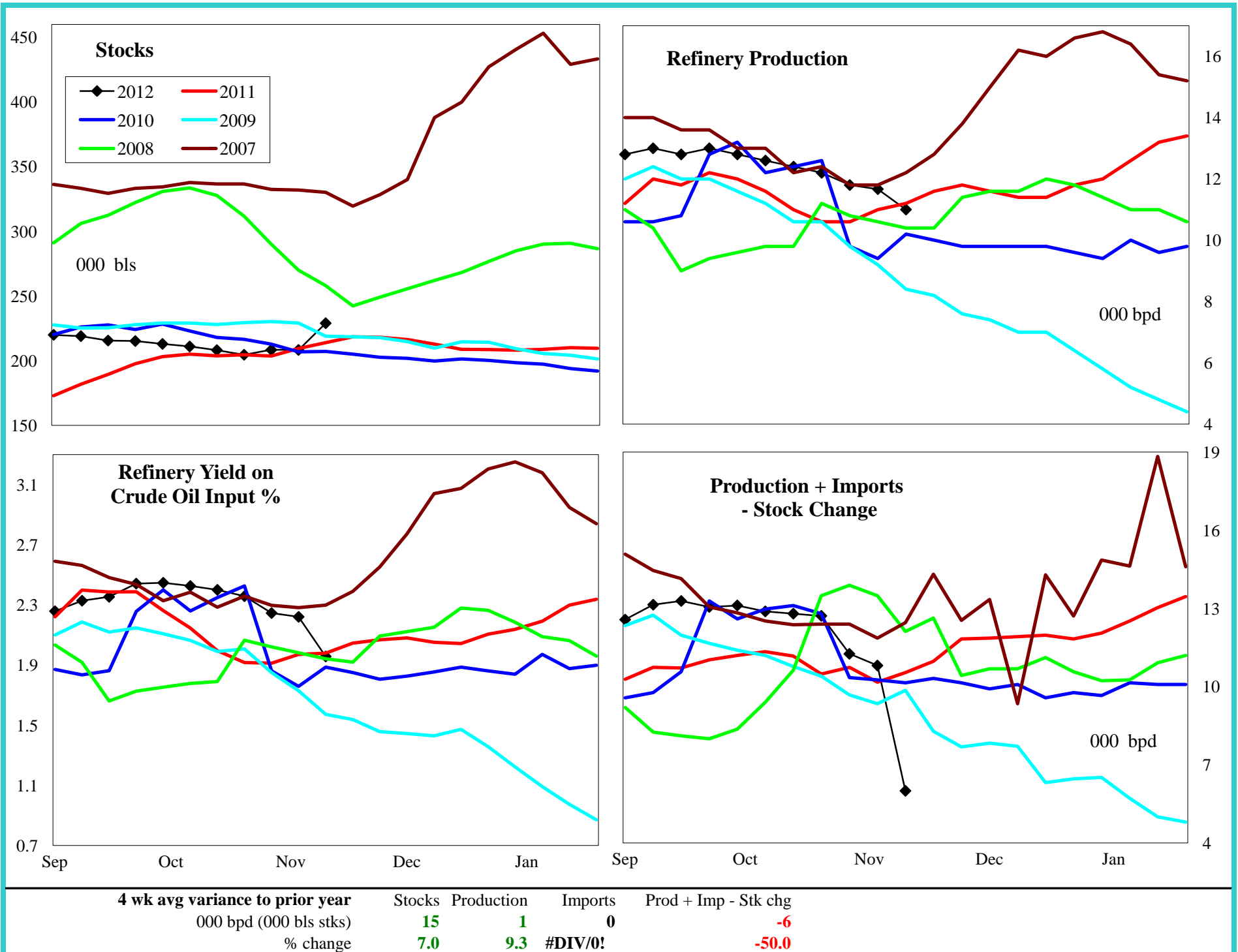
PADD 4 Distillate Supply



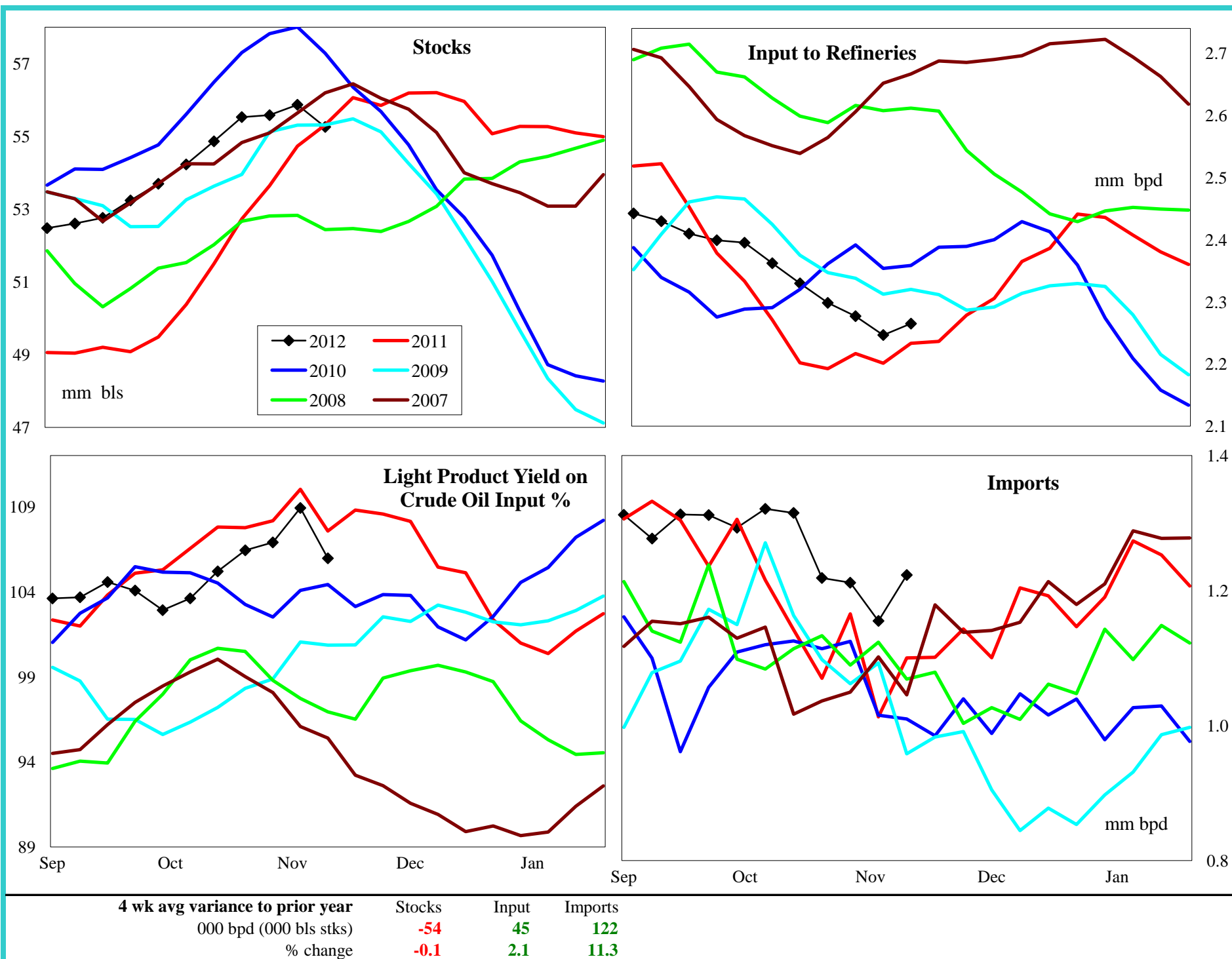
PADD 4 Jet Fuel Supply



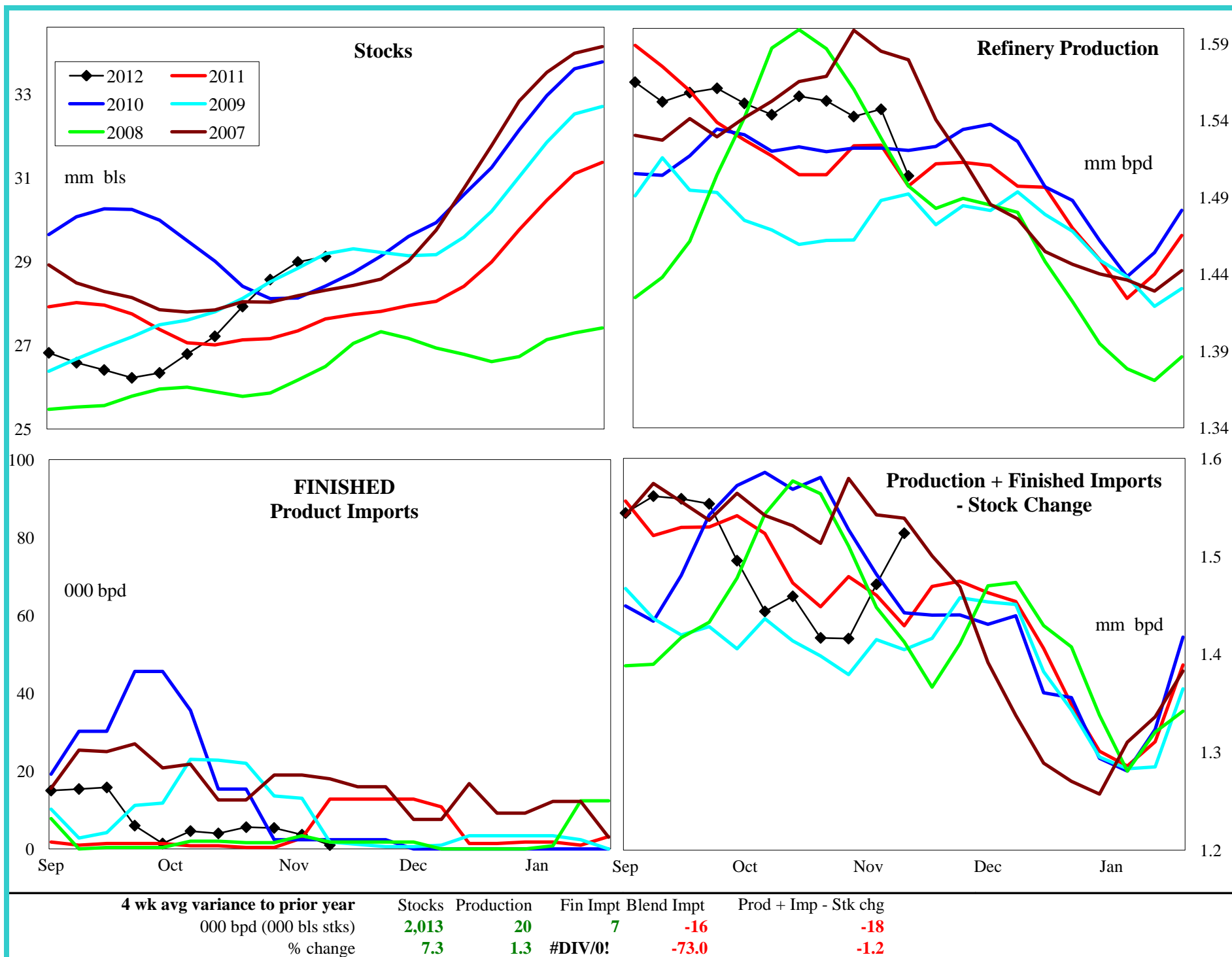
PADD 4 Residual Fuel Oil Supply



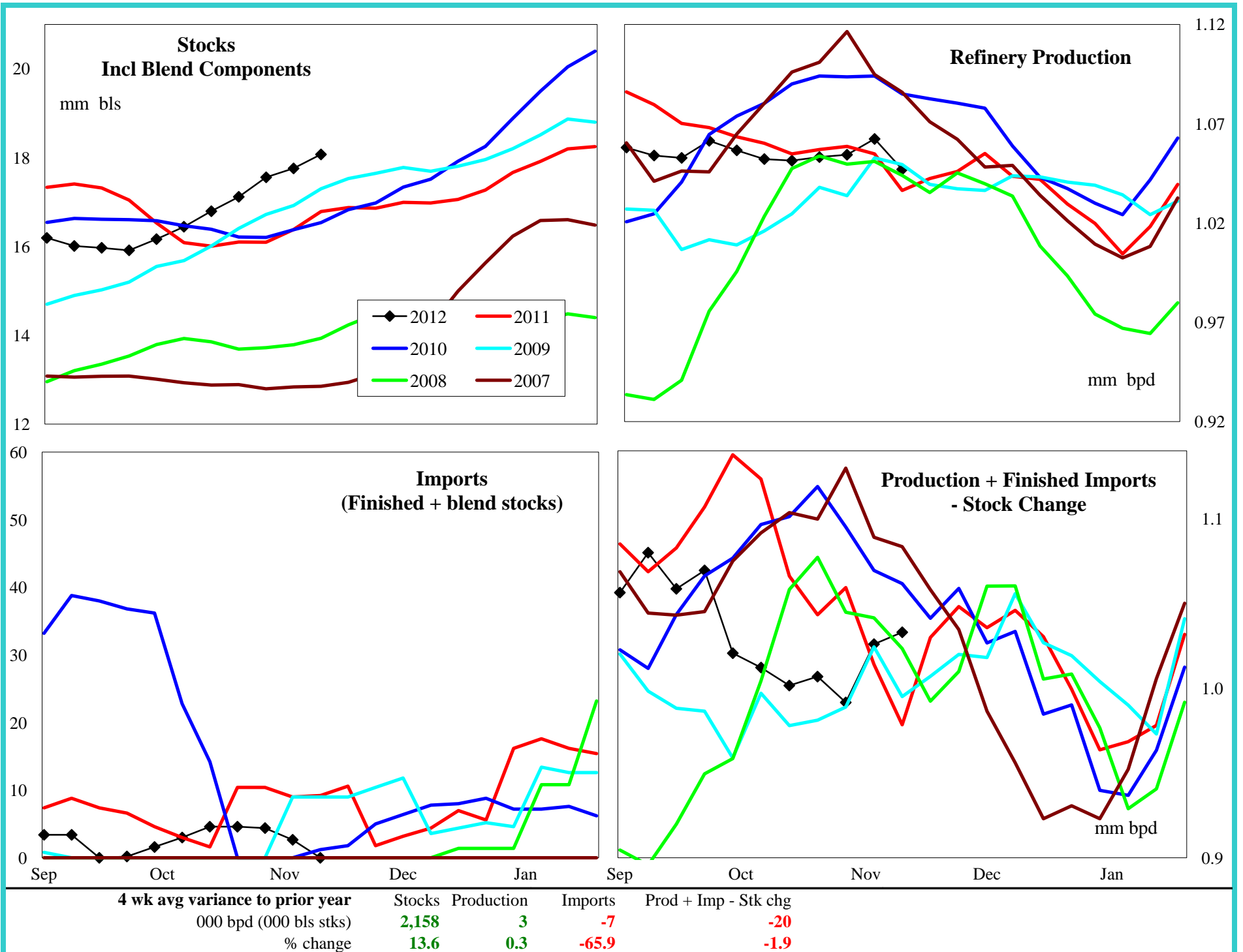
PADD 5 Crude Oil Supply and Refining



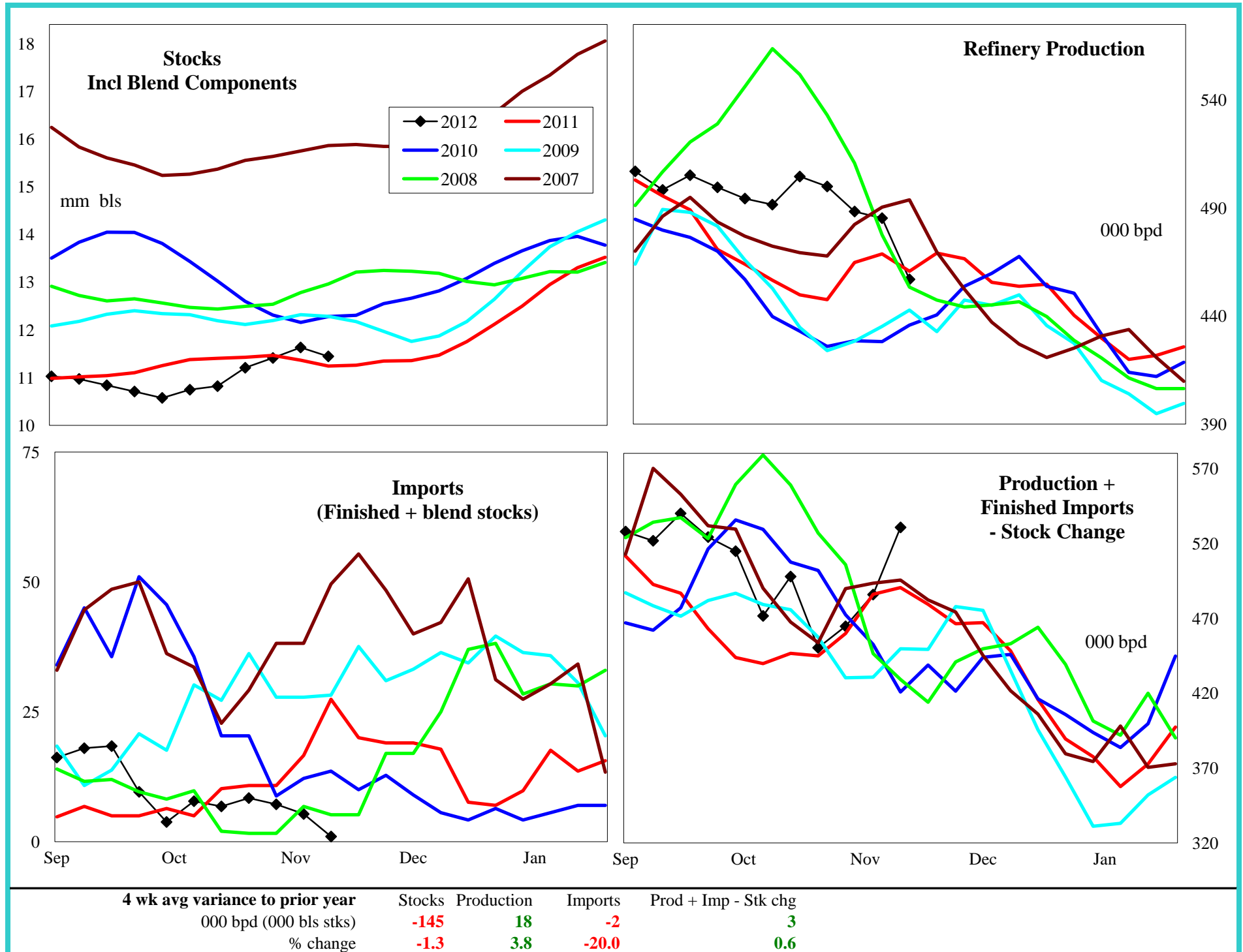
PADD 5 Gasoline Supply



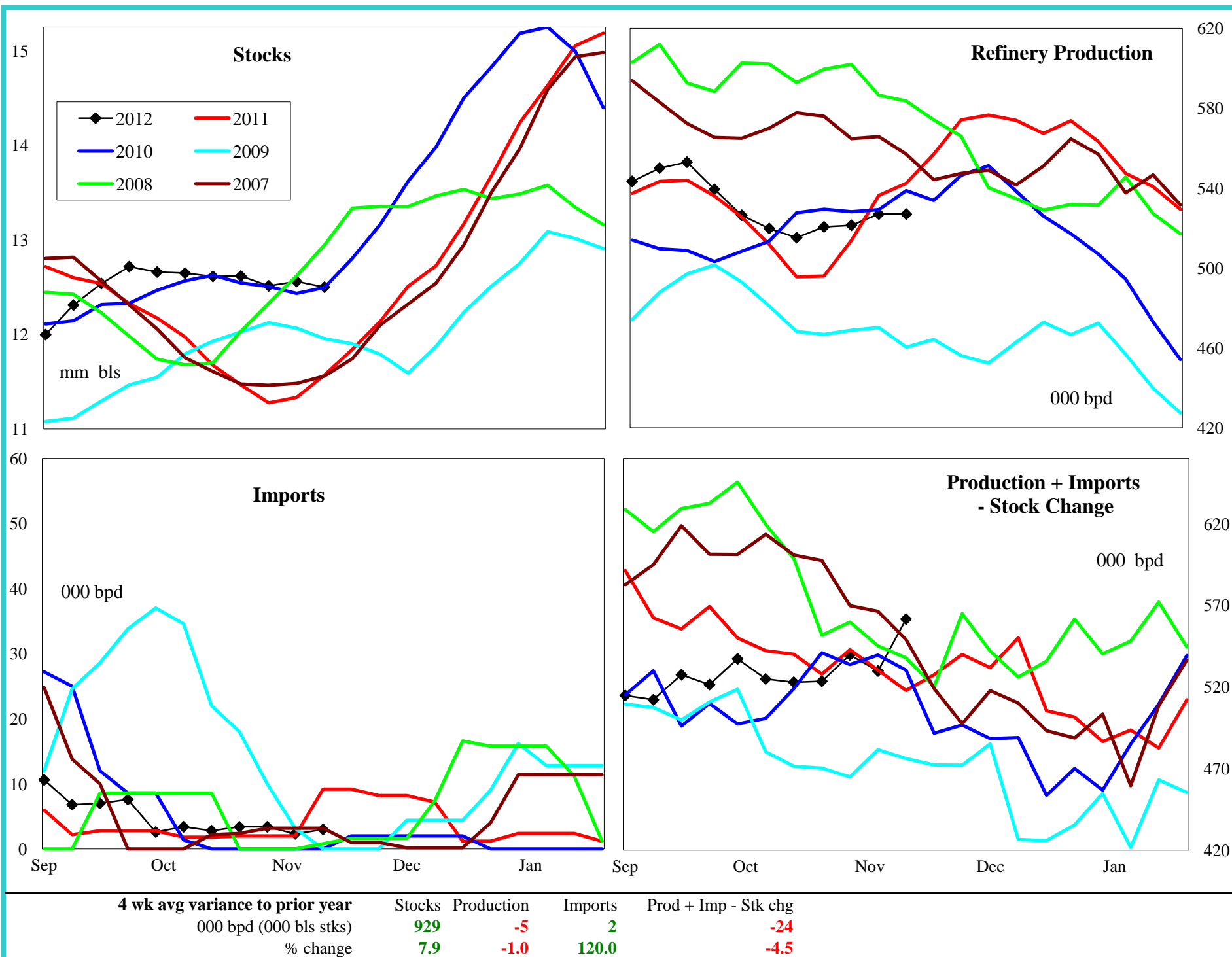
PADD 5 Reformulated Gasoline Supply



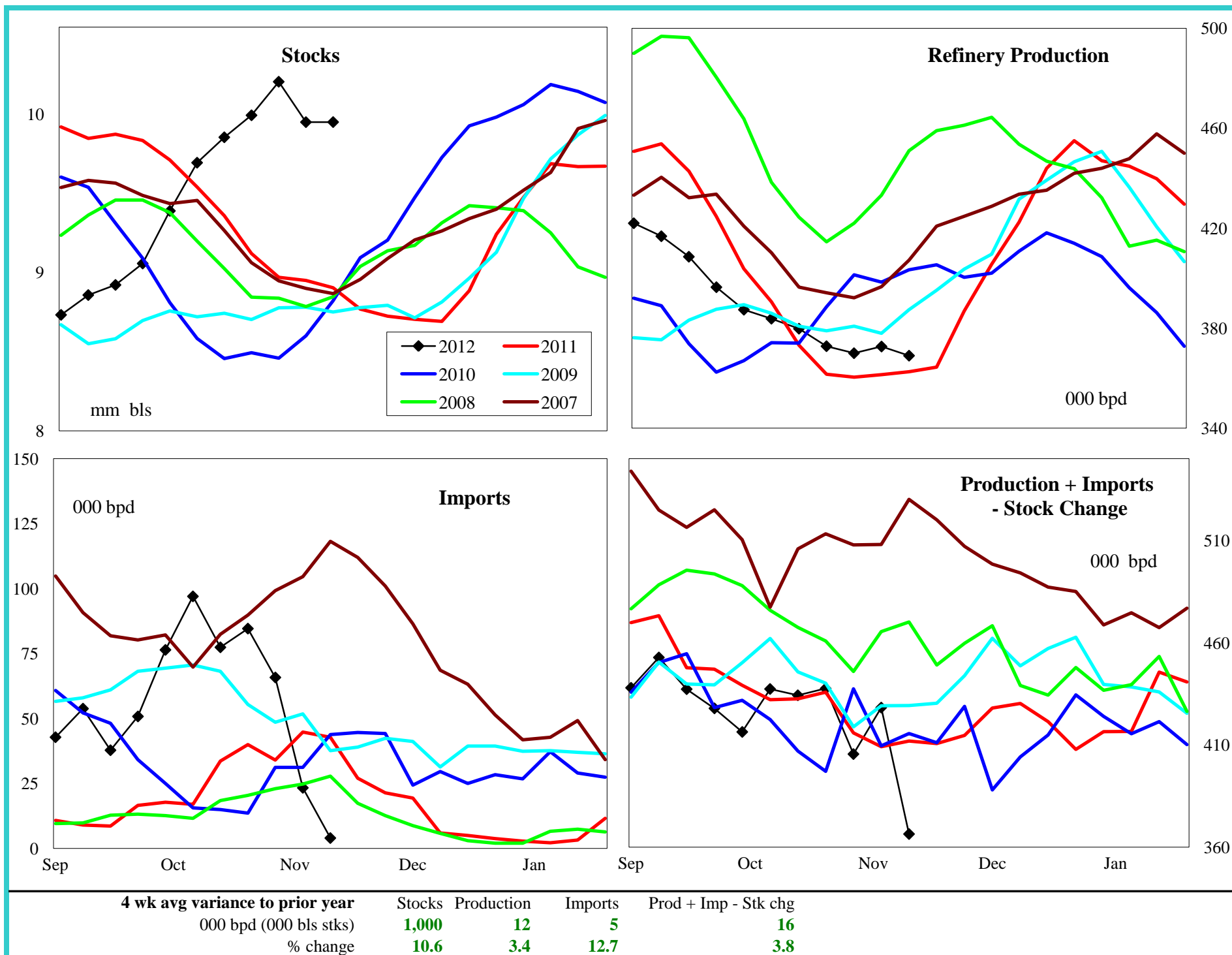
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

