



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

### A Fundamental Petroleum Trends Weekly Report

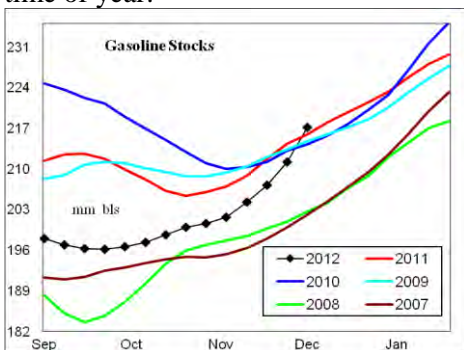
Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, December 12,



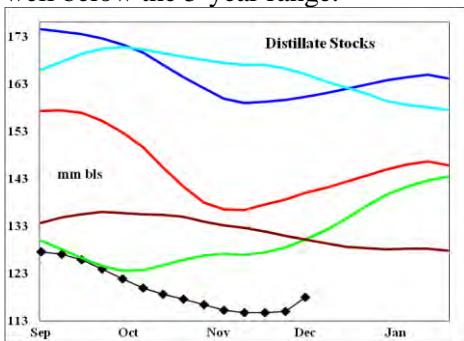
#### Major Fundamental Trends<sup>1</sup>

Combined gasoline and distillate stocks increased +8 million barrels last week as season high refinery thru put combined with weak demand contributed to the build.

The rate of stock building for gasoline matched last years' record high of +11 million barrels during the latest 4-wk period. Gasoline stocks are now above the 5-year range for this time of year.

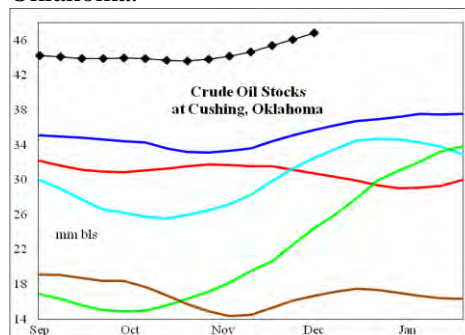


Distillate stocks increased +0.3 million barrels during the latest 4-wk period, a level that matched the average of the last 3-years for this time of year. Distillate stock levels remain -23 million barrels below last year and well below the 5-year range.



While refinery crude oil thru put exceeded last year by +0.4 million during the latest 4-wk period, crude oil stocks have failed to exhibit a meaningful seasonal draw down. Crude oil stocks ended the week +11.5% above last year and +25 million barrels above the previous record that occurred in 2010. The

extremely high U.S. stock levels have been driven largely by a +52% year-on-year increase in stocks at Cushing, Oklahoma.



High domestic crude oil production and imports from Canada have contributed to the stock build in Cushing. The result has been extremely depressed cash market crude oil prices in regional markets where production has increased.

Resulting enhanced refining margins for refiners sourcing product from these depressed cash markets may lead to excess supplies of finished products in these same local markets, particularly during the next few weeks when refiners typically operate at peak capacity and demand is seasonally low. Demand for gasoline increased slightly on the week while middle distillates were lower. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1.3%; distillate was -0.7% lower; jet fuel was up +2.6% while residual fuel oil decreased -14%.

**Stocks forward coverage:** Gasoline demand coverage climbed on a +5 million barrel stock build and low wholesale demand. Coverage levels were at a 5-year high for this time of year.

Distillate coverage increased on a +3 million barrel stock build and decrease in demand. Coverage levels remain well below the last 3-years.

Jet fuel coverage declined on a -0.3 million barrel stock draw and high demand. Coverage levels ended the week at a level near the historic mid range.

Refinery utilization rates decreased last

week on a -62,000 bpd decline in crude oil runs. During the latest 4-wk period crude oil input was +0.4 million bpd above a year ago.

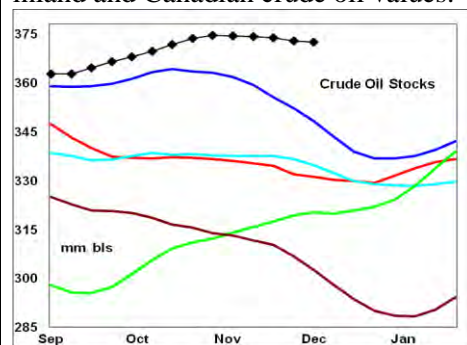
Gasoline yield % on crude oil runs declined on a -289,000 bpd fall in output compared to the -62,000 bpd decline in crude oil runs. Yield % on crude oil runs was below the 5-year range.

Distillate yield % on crude oil runs decreased on a -85,000 bpd drop in production, compared to the lower crude oil runs. The yield % on crude oil runs was above four of the last 5-years.

Jet fuel yield % on crude oil runs increased on a +48,000 bpd rise in output, compared to the decrease in crude oil runs. The yield % was above the historic mid range.

**Petroleum Imports** of crude oil and transport fuels were each higher last week. During the latest 4-wk period crude oil imports were -0.6 million bpd below last year; distillate imports increased +27,000 bpd; finished gasoline imports decreased -18,000 bpd, gasoline blend stock imports decreased -223,000 bpd; jet fuel imports were -15,000 bpd lower, while residual fuel oil imports fell -183,000 bpd.

**Crude Oil** imports increased +0.3 million bpd last week to a level comparable to the last 3-year average. Stocks ended the week +38 million barrels above last year. Stock levels in Cushing ended the week +52% above a year ago. The record high stocks in Cushing continue to depress domestic inland and Canadian crude oil values.



<sup>1</sup> Source is latest EIA Weekly Statistics



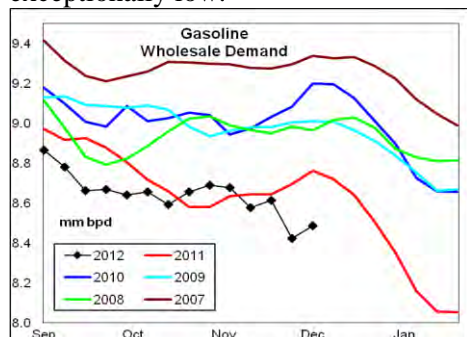
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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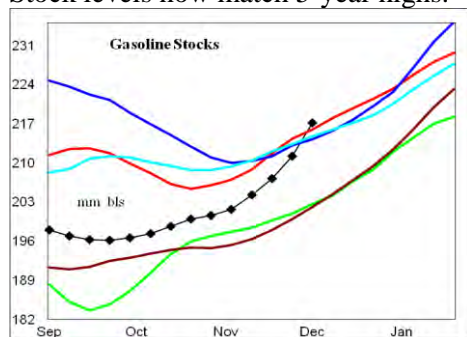
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#### Product Supply-Demand Trends

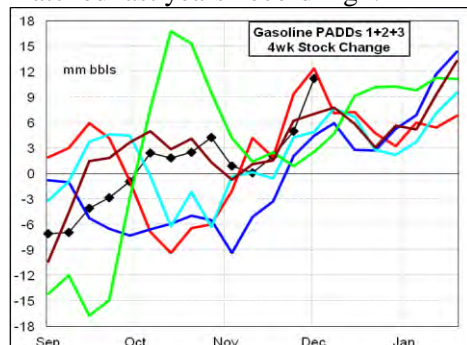
**Gasoline** demand increased +134,000 bpd last week, a level below the 5-year range. The latest 4-wk average demand was -109,000 bpd below a year ago. Supply decreased -0.2 million bpd on a sharp drop in production. Imports remain exceptionally low.



Stocks increased +5 million barrels last week, and have seen a build of +17 million barrels over the last 3-wks. Stock levels now match 5-year highs.



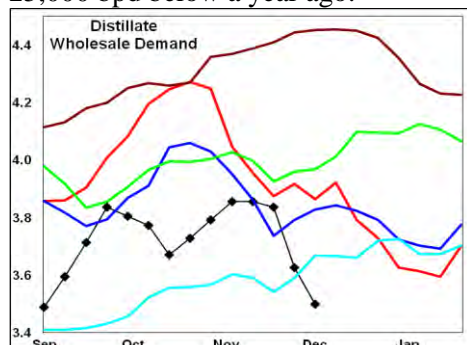
The latest 4-wk stock change in markets East of the Rockies was a +11 million barrel stock build. This build matched last years' record high.



Look for further seasonal stock building, though at a less rapid rate, on a rebound in seasonal demand in the near term. Stock levels are at record highs in the Gulf and West Coast. Stocks are ample in the

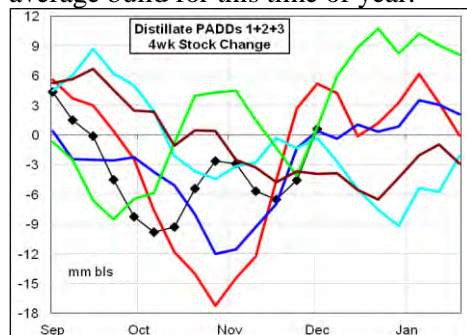
*Midwest and Rockies, with only the East Coast levels still below the 5-year range.*

**Distillate** demand declined -44,000 bpd last week, to a level below the 5-year range; driven in part by low heating degree days in key heating markets. The latest 4-wk average demand was -25,000 bpd below a year ago.



Supply decreased -49,000 bpd on the week due to lower production in the Midwest, Gulf and Rockies. Stocks have increased +6 million barrels over the last 2-wks on weak demand and season high production. Stocks increased on the East, Gulf and West Coasts.

The latest 4-wk stock change in markets East of the Rockies was a +0.3 million barrel build, equal to the average build for this time of year.

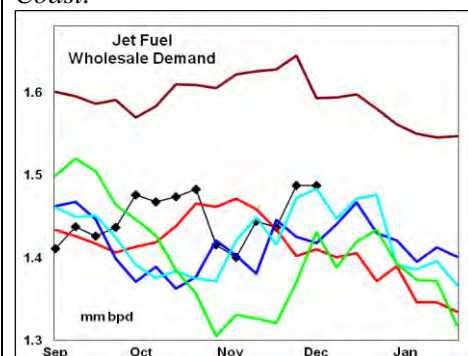


*Demand remains unusually weak on low heating degree days in key heating markets. Combined with season high production, the rate of stock builds has increased to match the last 3-years. Look for a rebound in demand and below average stock building.*

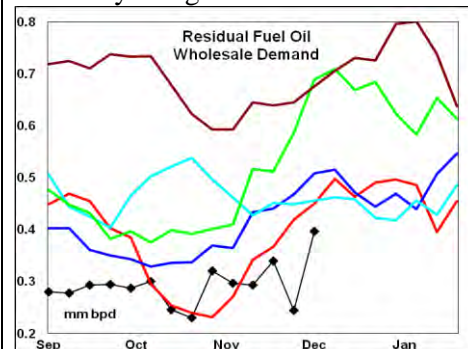
**Jet Fuel** demand decreased -22,000 bpd on the week, with the latest 4-wk average demand +36,000 bpd above a year ago.

Supplies increased +75,000 bpd on the week, due to higher production and imports. Production levels reached 5-year highs with imports at the low end of the historic range. Stocks decreased -0.3 million barrels on the week to a level well below each of the last 3-years.

*Stock levels match or are below each of the last 3-years in regional markets east of the Rockies; while near 5-year highs in the Rockies and West Coast.*



**Residual fuel oil** demand increased +210,000 bpd last week. Demand for the latest 4-wk period was -62,000 bpd below a year ago.



Supply (production + imports) fell -216,000 bpd last week, on lower imports and production. The latest 4-wk average supply was -243,000 bpd below last year on lower imports and production. Stocks decreased -1 million barrels on the week, with the level below the 5-year mid range.

*Stock levels in regions east of the Rockies are well above the lows seen in the fall quarter. Imports remain at levels that match 5-year lows, continuing the trend of the last 3-months.*





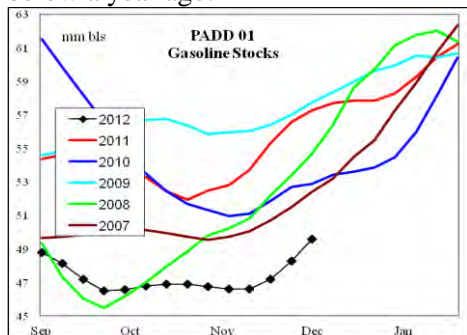
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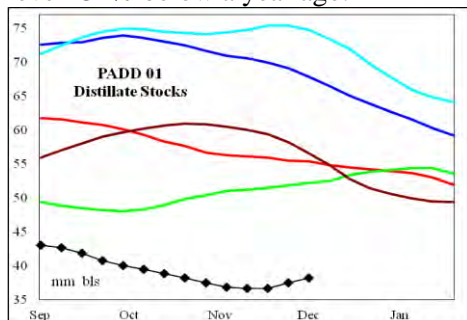
#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +11,000 bpd last week. The latest 4-wk average was -172,000 bpd below a year ago.

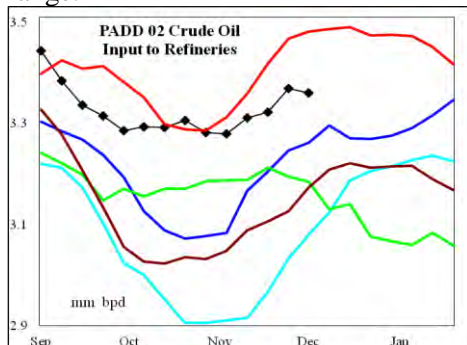


Gasoline supply increased +168,000 bpd in the region on higher production and imports. Stocks increased 1.6 million barrels on the week, the 4th consecutive weekly build. Stock levels remain below the 5-year range.

Distillate supply increased +86,000 bpd on the week due to higher imports and production. Stocks increased +0.3 million barrels on the week, with the level -31% below a year ago.



Jet fuel supply declined -24,000 bpd while stocks increased +0.3 million barrels, to a level near the 5-year mid range.



**PADD 2** crude oil refinery runs fell -109,000 bpd last week, to a level

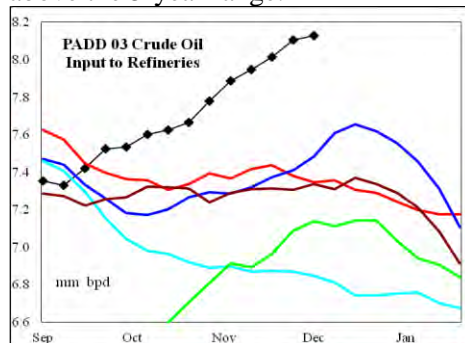
below last years' record high. Runs for the latest 4-wk period were -130,000 bpd below last year. Crude oil stocks increased +1.6 million barrels last week. Stocks at Cushing were +52% above last year.

Gasoline production increased +26,000 bpd on the week, to a level that matched the 5-year mid range. Stocks jumped +1.8 million barrels on the week, with the level matching the 5-year mid range.

Distillate production declined -59,000 bpd on the week, to a level near the average of the last 3-years. Stocks saw a counter seasonal -0.3 million barrel draw last week, with the level -11% below a year ago.

Jet fuel production increased +1,000 bpd last week, with the level slightly below the last 3-years. Stocks decreased -0.1 million barrels to a level near 5-year lows.

**PADD 3** refinery runs increased +36,000 bpd last week, to a new record high. The latest 4-wk average runs were +657,000 bpd above a year ago. Crude oil stocks increased +0.4 million barrels last week, ending at a level above the 5-year range.



Gasoline supply decreased -126,000 bpd on the week, to a level below the last 2-years. Stocks increased +1.1 million barrels to a fresh 5-year high for this time of year.

Distillate supply declined -74,000 bpd on the week, with the latest 4-wk average +25,000 bpd above last years' record high. Stocks jumped +2.4 million barrels on the week, with the level -11% below last year.

Jet fuel supply increased +63,000 bpd with the level +44,000 bpd above

a year ago for the most recent 4-wks. Stocks declined -0.6 million barrels last week, with the level below each of the last 3-years.

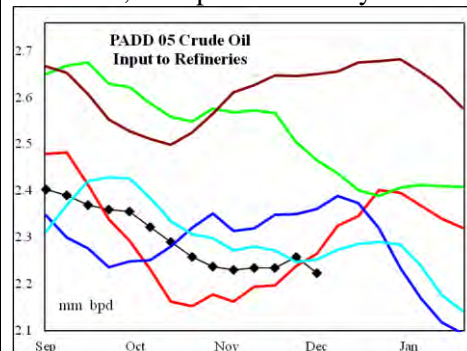
Residual fuel oil supplies declined -88,000 bpd on the week. Stocks fell -1.1 million barrels to a level that matched the last 2-years.

**PADD 4** refinery crude runs increased +11,000 bpd on the week, to a new record high. The most recent 4-wk average run rate was +3,000 bpd above last year.

Gasoline supply increased +5,000 bpd on the week, a level at the historic mid range. Stocks decreased -0.2 million barrels, to a level near the last 2-years.

Distillate production declined -19,000 bpd last week, although the level remains above the 5-year range. Stocks were unchanged, at a level above the 5-year range.

**PADD 5** crude oil refinery runs declined -12,000 bpd last week, a level slightly below each of the last 3-years. Runs for the most recent 4-wk period were +41,000 bpd above last year.



Gasoline supply increased +60,000 bpd on the week, with production matching historic highs for the period. The latest 4-wk average supply was -10,000 bpd above last year. Stocks increased +0.6 barrels, to a level +16% above last year and a record high.

Distillate supply increased +15,000 bpd on higher production, with the latest 4-wk average -23,000 bpd below a year ago. Stocks increased +0.7 million barrels, to a level above the 5-year range for this time of year.

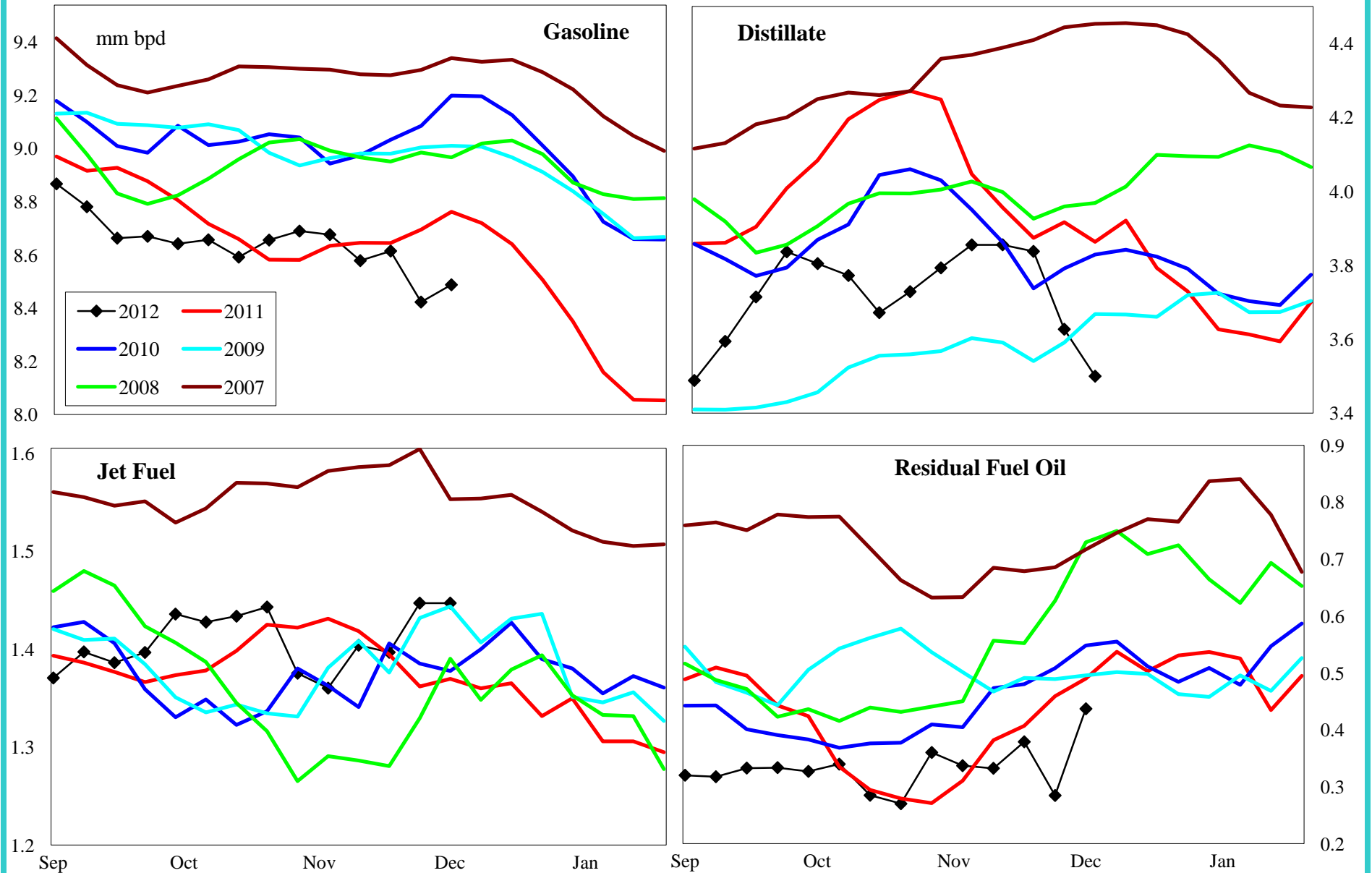


# PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report December 12, 2012  
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| Fundamental Trends                | <a href="#">Wholesale Demand</a> | <a href="#">Stocks Days Fwd Coverage</a> | <a href="#">Refinery Utilization Product Yield %</a> |       |        |      | <a href="#">Imports</a> |
|-----------------------------------|----------------------------------|--|--|-------|--------|------|-------------------------|
| Supply/Demand Trends              | 7-Dec-12                         | EIA-DOE CHANGE FROM PRIOR WEEK           |  |       |        |      |                         |
|                                   | 000 bpd<br>stocks 000 bls        | U. S.<br>Total                           | PADD   |       |        |      |                         |
|                                   |                                  |  | 1  | 2     | 3      | 4    | 5                       |
| <a href="#">Crude Oil</a>         | Stocks                           | 843                                      | -222   | 1,646 | 429    | -155 | -855                    |
|                                   | Imports                          | 269                                      | 99   | -271  | 47     | -39  | 433                     |
|                                   | Input                            | -62                                      | 11   | -109  | 36     | 11   | -12                     |
|                                   | % Utilization                    | -0.20                                    |  |       |        |      |                         |
| <a href="#">Gasoline</a>          | Stocks                           | 5,000                                    | 1,699  | 1,762 | 1,094  | -166 | 611                     |
|                                   | Production                       | -289                                     | 94   | 26    | -136   | 3    | 72                      |
|                                   | Imports                          | 72                                       | 74   | -1    | 10     | 2    | -12                     |
|                                   | Supplied                         | 134                                      |  |       |        |      |                         |
| <a href="#">Distillate</a>        | Stocks                           | 2,986                                    | 274  | -286  | 2,355  | -17  | 659                     |
|                                   | Production                       | -85                                      | 36   | -59   | -58    | -19  | 15                      |
|                                   | Imports                          | 36                                       | 50   | 3     | -16    | -1   | 0                       |
|                                   | Supplied                         | -44                                      |  |       |        |      |                         |
| <a href="#">Jet Fuel</a>          | Stocks                           | -265                                     | 300  | -89   | -622   | 19   | 129                     |
|                                   | Production                       | 48                                       | 2  | 1     | 52     | -1   | -7                      |
|                                   | Imports                          | 27                                       | -26  | 0     | 11     | 0    | 42                      |
|                                   | Supplied                         | -22                                      |  |       |        |      |                         |
| <a href="#">Residual Fuel Oil</a> | Stocks                           | -979                                     | 32   | 13    | -1,077 | 10   | 42                      |
|                                   | Production                       | -132                                     | -2   | 4     | -92    | 1    | -43                     |
|                                   | Imports                          | -84                                      | -100   | 1     | 4      | 0    | 12                      |
|                                   | Supplied                         | 210                                      |  |       |        |      |                         |

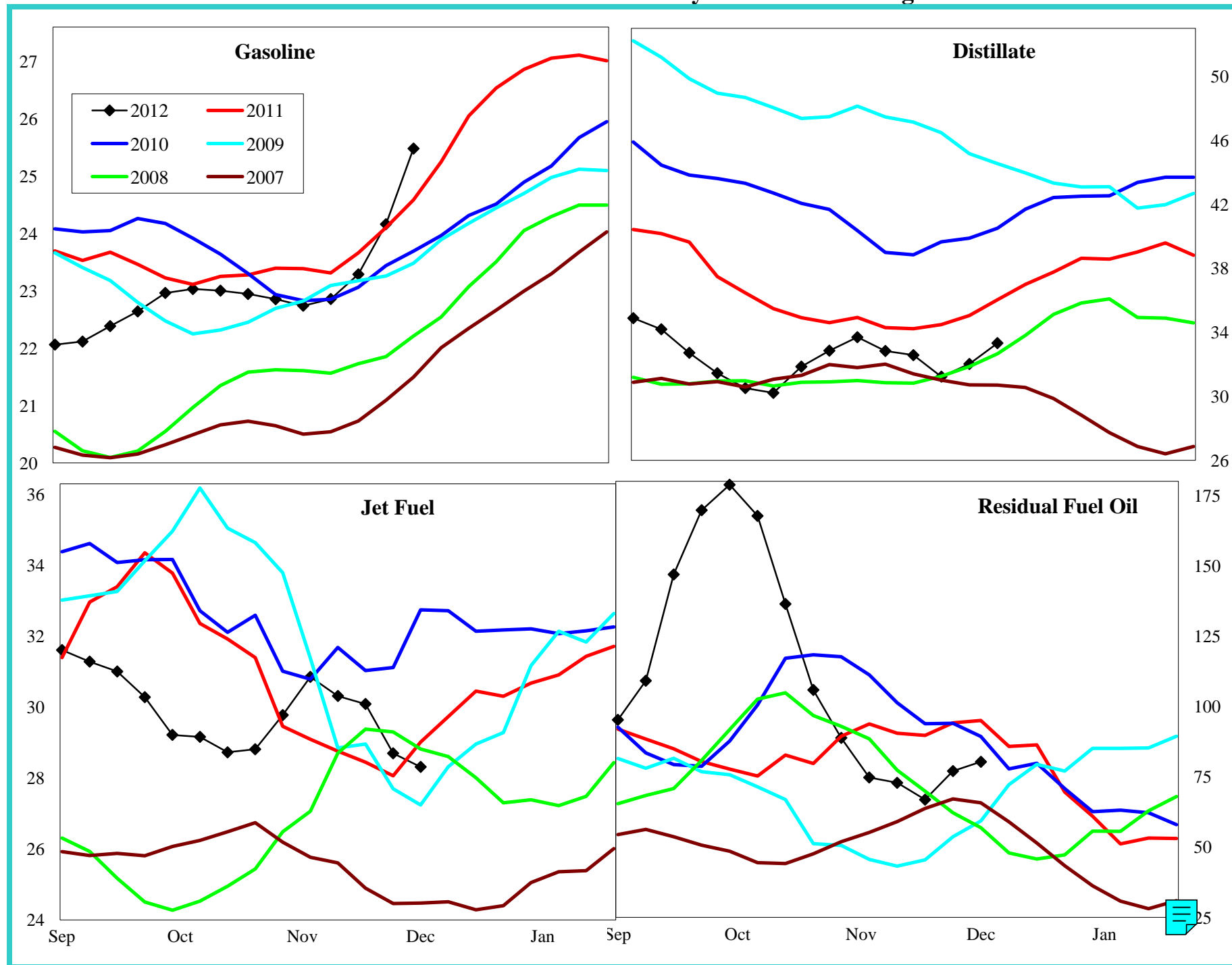
# United States Wholesale Petroleum Demand



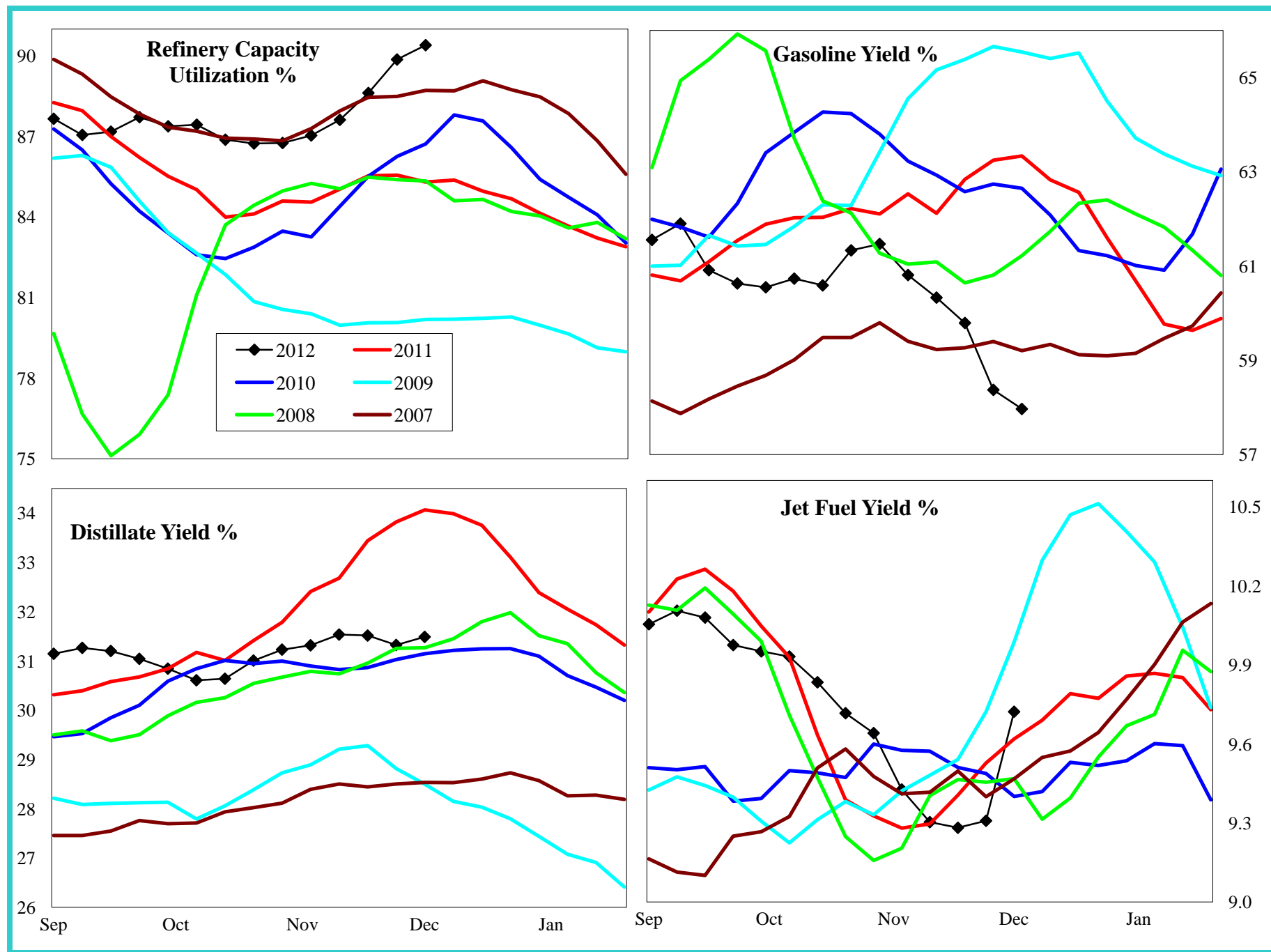
|                   | 000 bpd change from prior year |      |      |      | % change from prior year |       |       |      |
|-------------------|--------------------------------|------|------|------|--------------------------|-------|-------|------|
|                   | 4wk avg                        | Oct  | Sep  | Aug  | 4wk avg                  | Oct   | Sep   | Aug  |
| <b>Gasoline</b>   | -109                           | -56  | -101 | 210  | -1.3                     | -0.6  | -1.2  | 2.4  |
| <b>Distillate</b> | -25                            | -369 | -248 | -269 | -0.7                     | -9.2  | -6.3  | -6.7 |
| <b>Jet Fuel</b>   | 36                             | 106  | 15   | -85  | 2.6                      | 7.7   | 1.1   | -5.5 |
| <b>Resid</b>      | -62                            | -160 | -180 | 34   | -14.1                    | -39.8 | -37.3 | 10.7 |



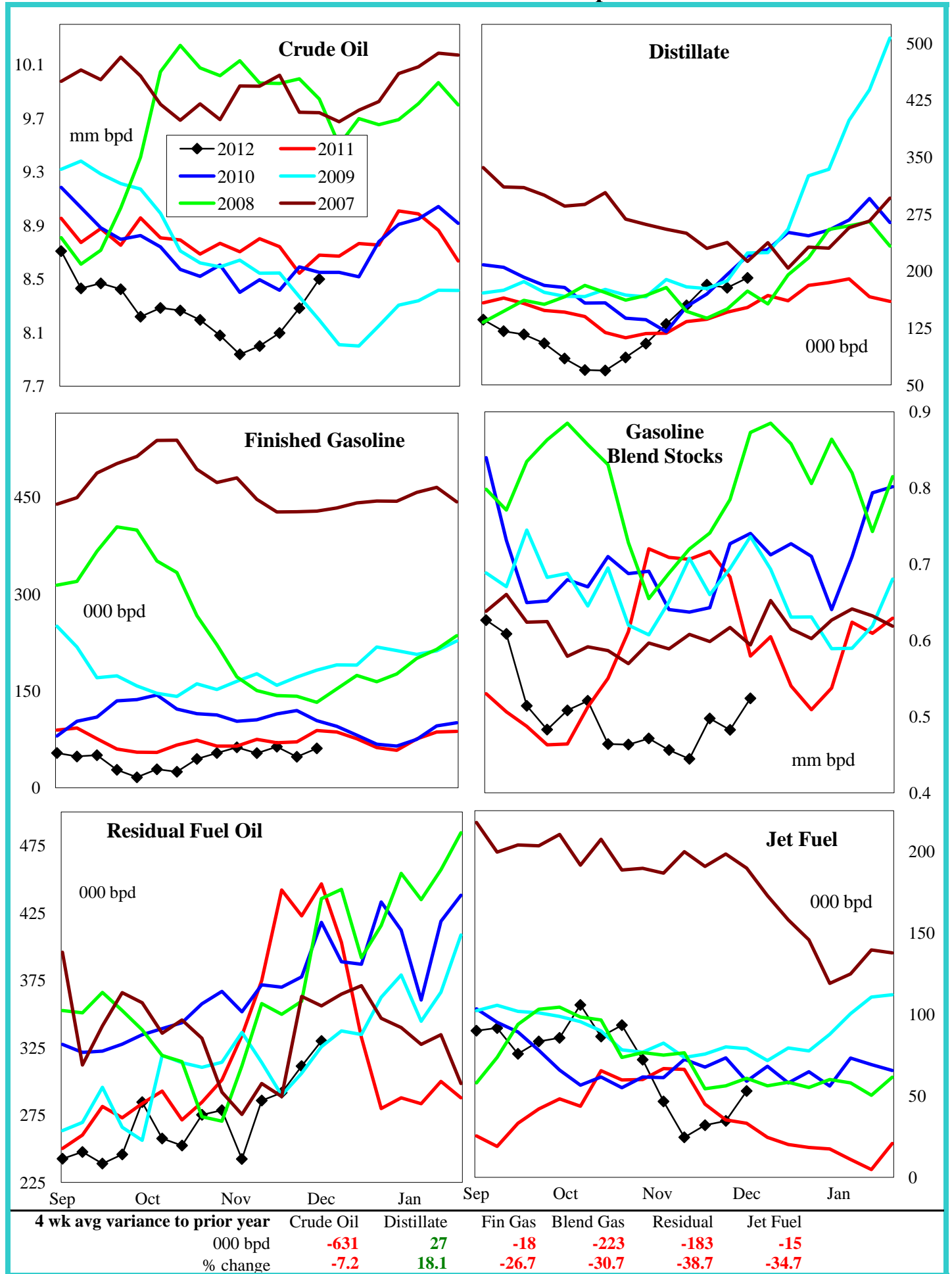
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

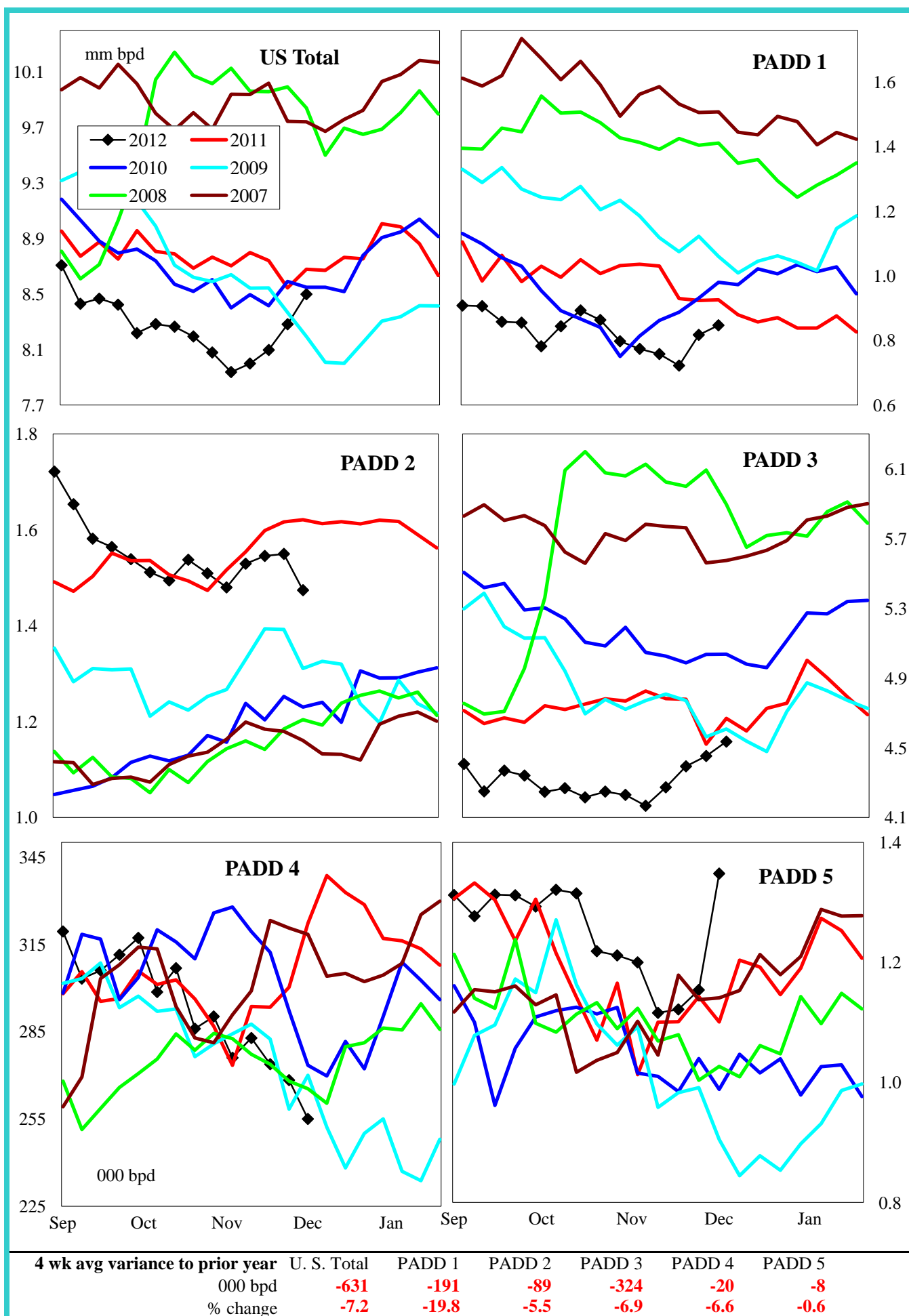


# United States Petroleum Imports

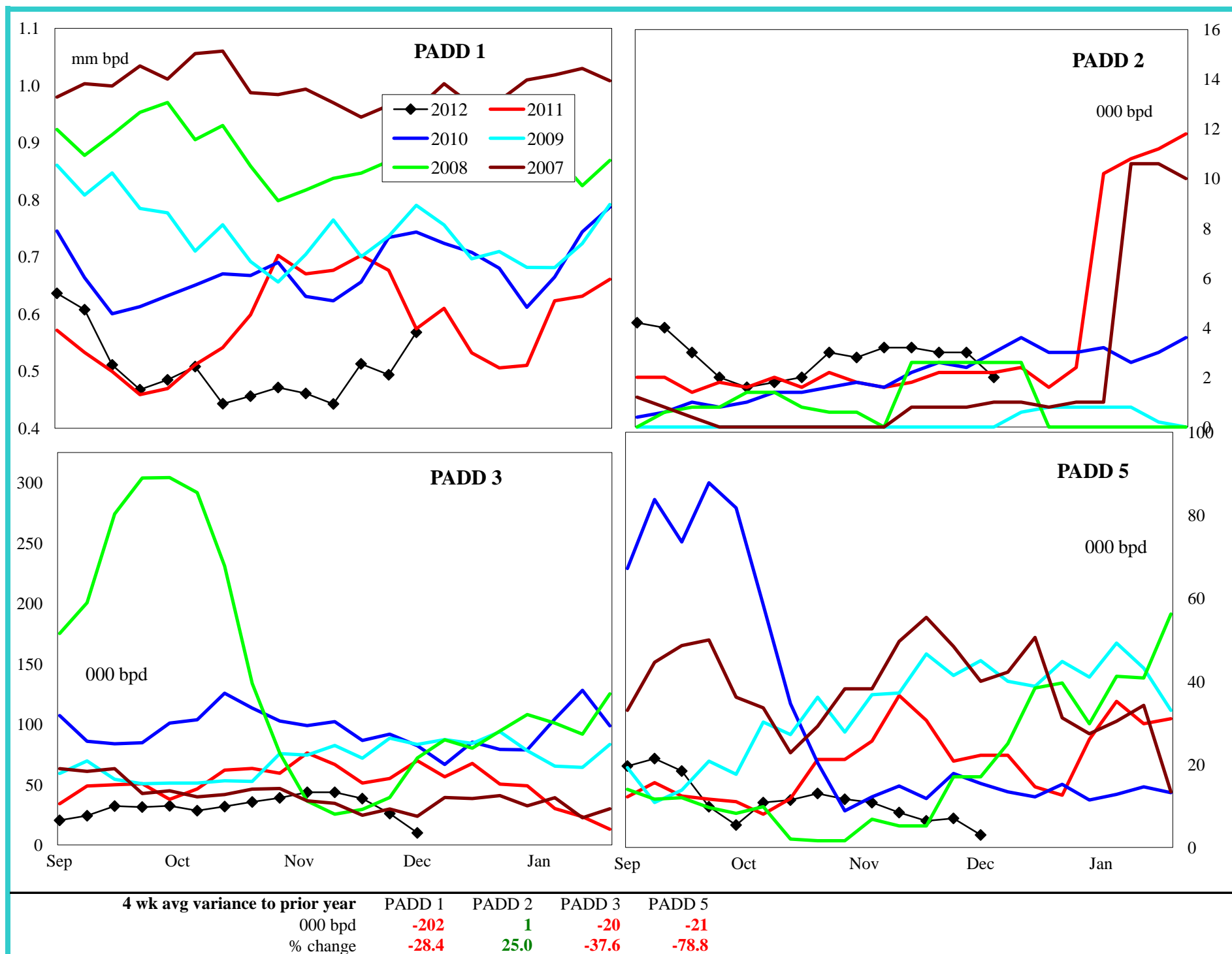




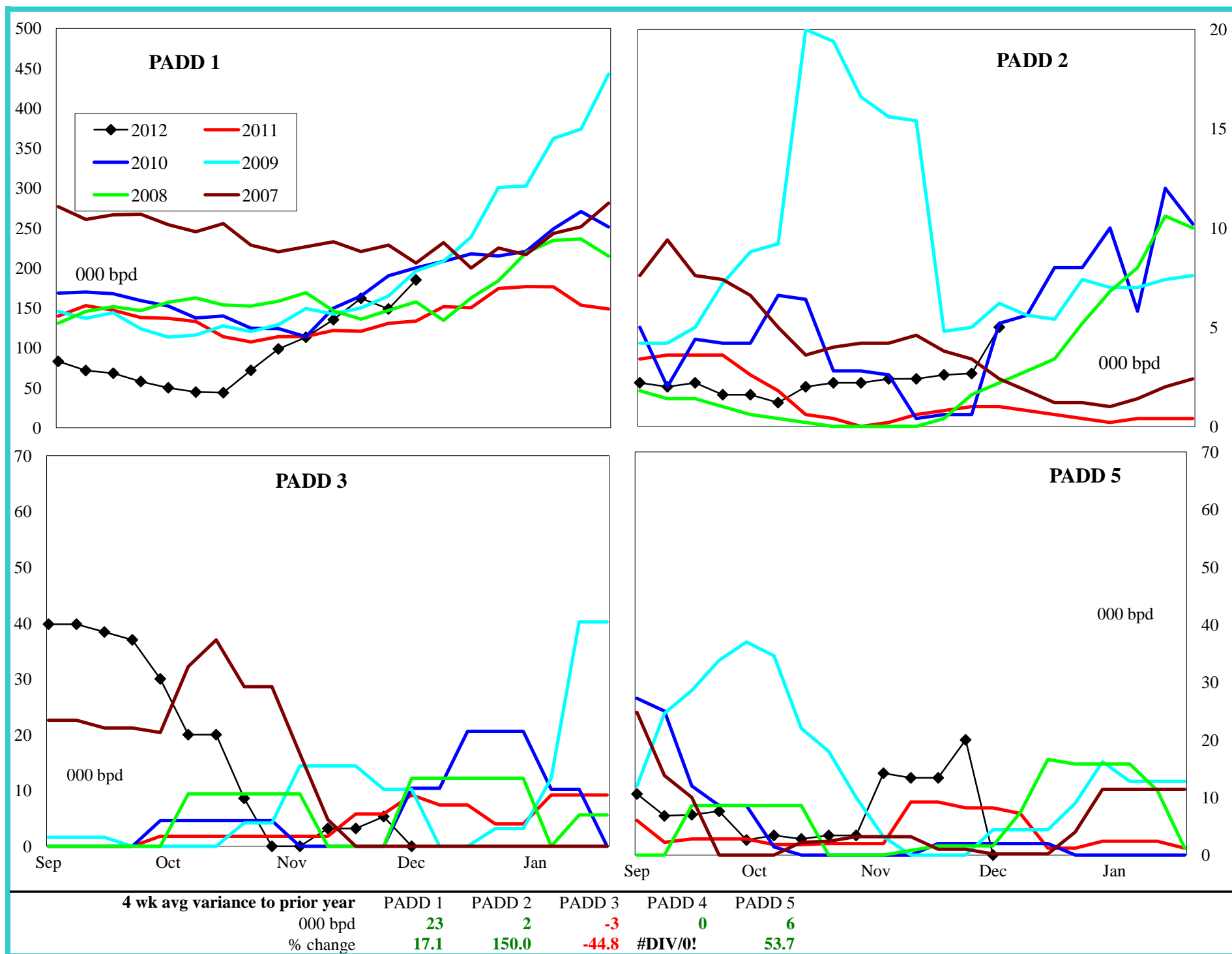
## Crude Oil Imports by PADD



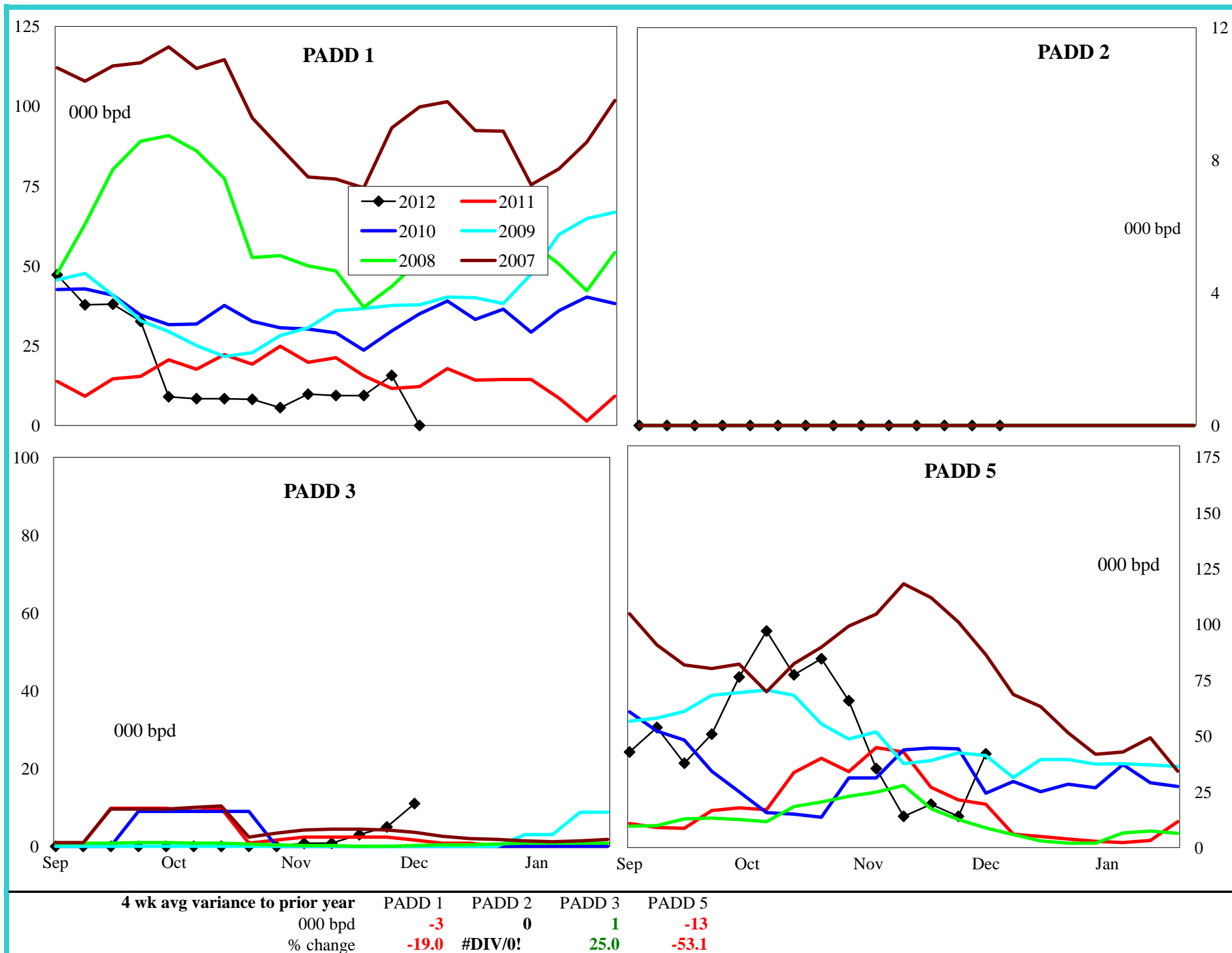
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

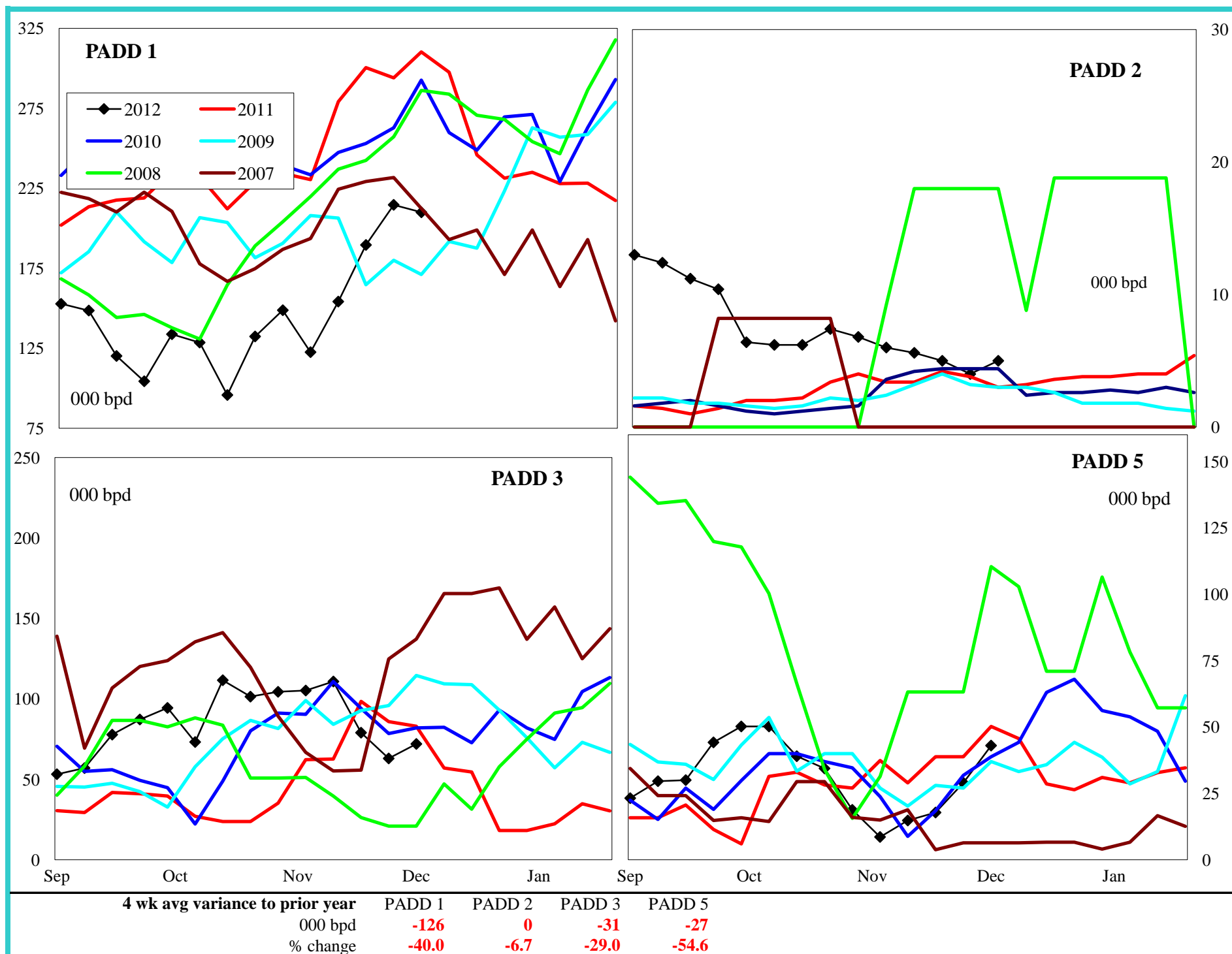


# Jet Fuel Imports by PADD

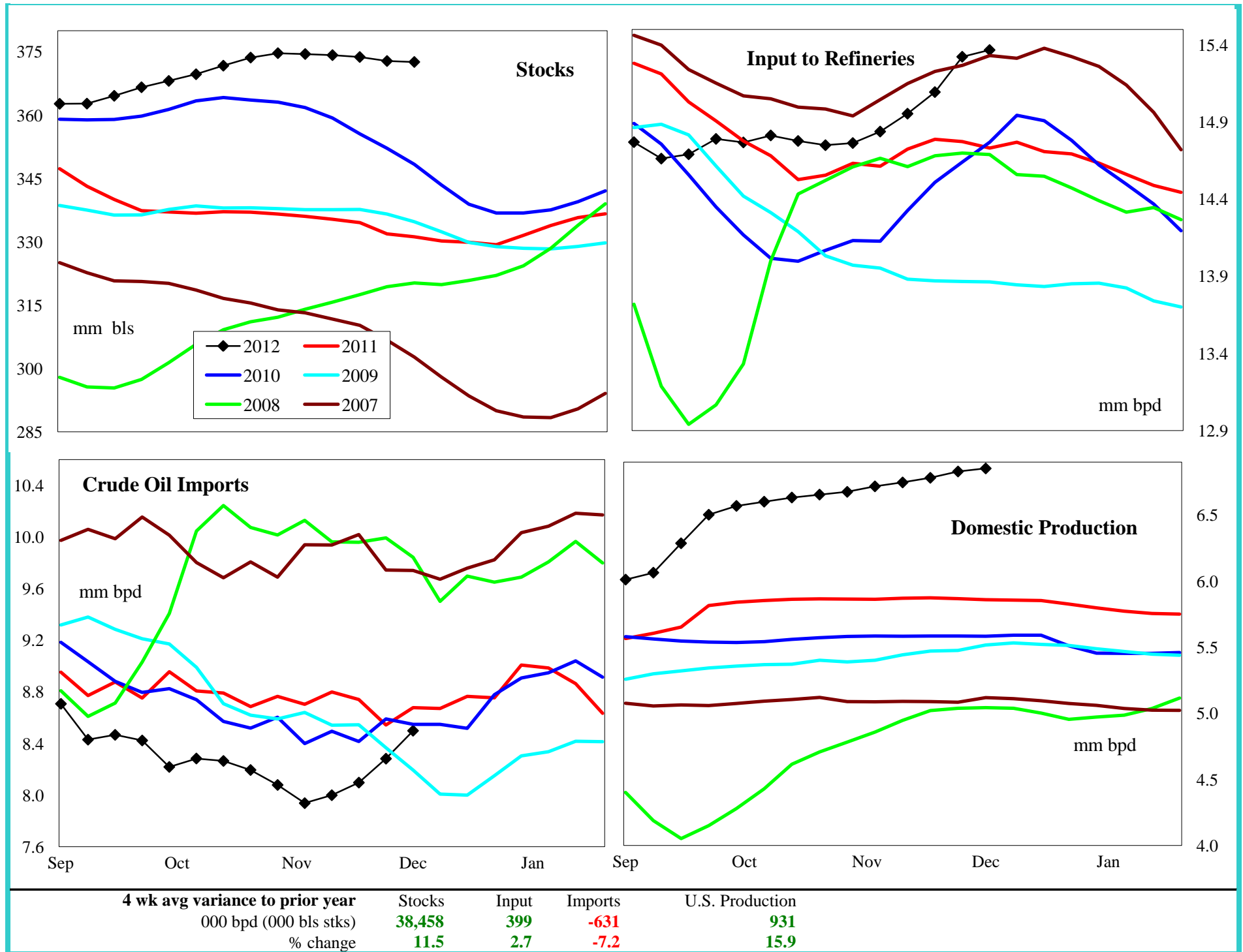




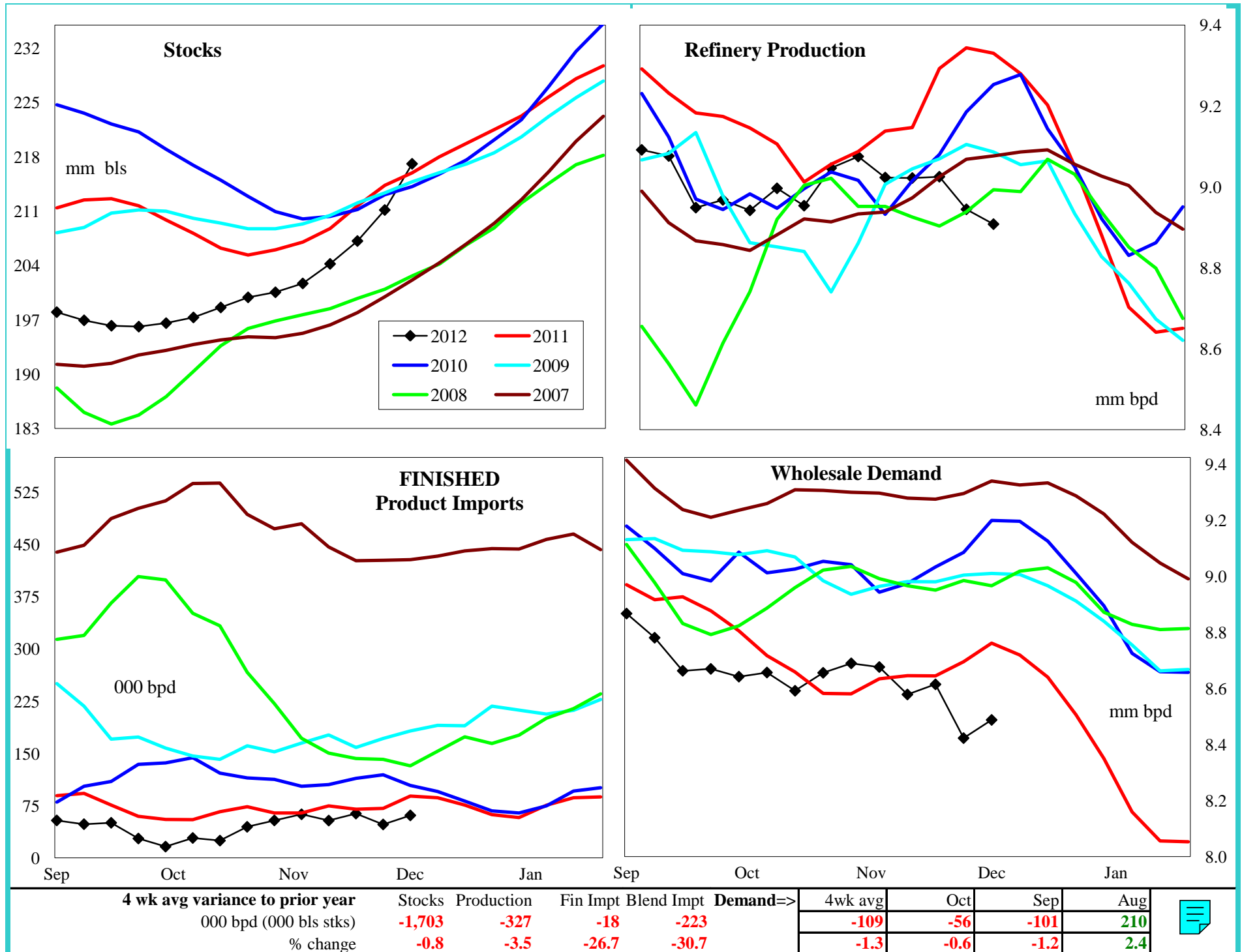
## Residual Fuel Oil Imports by PADD



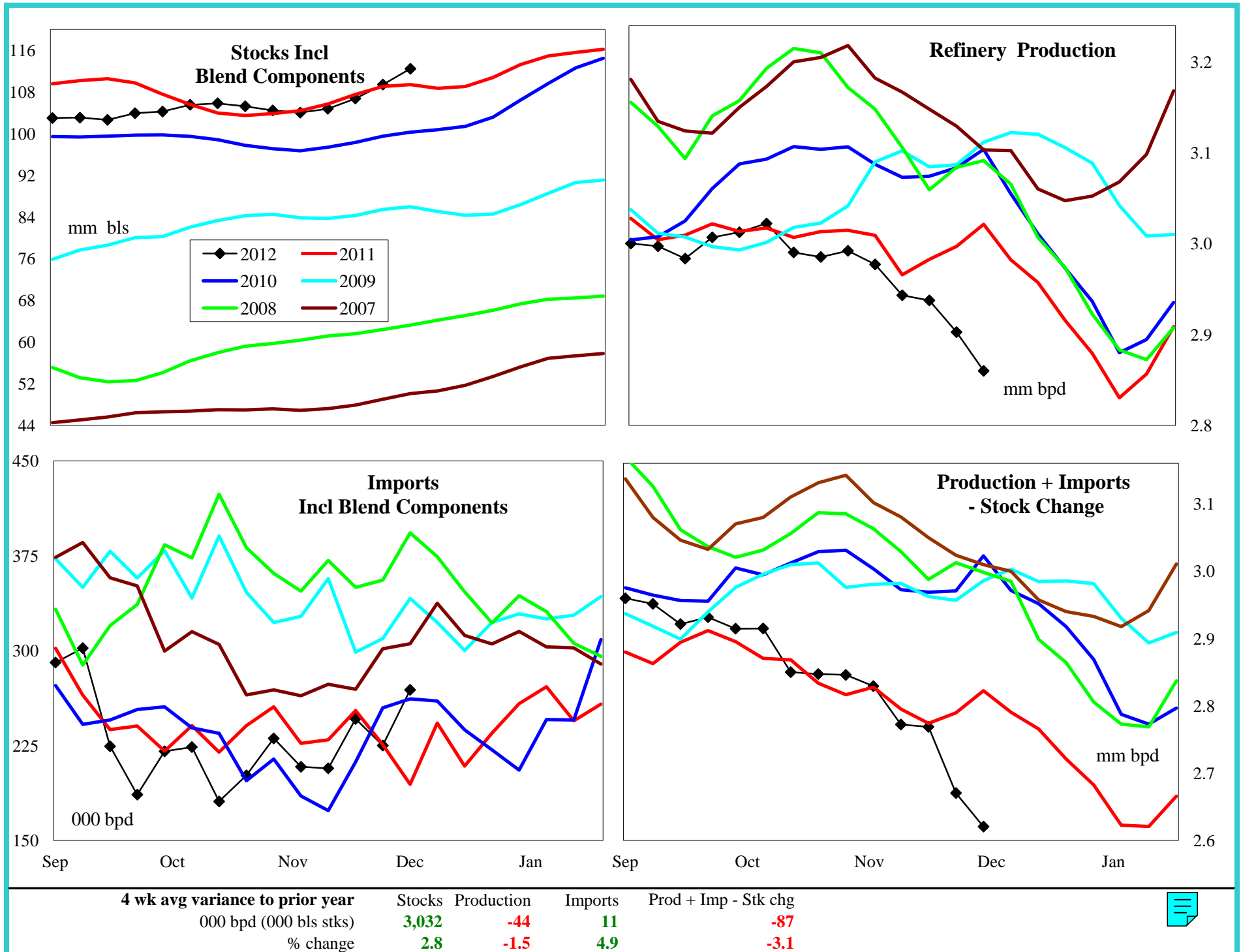
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

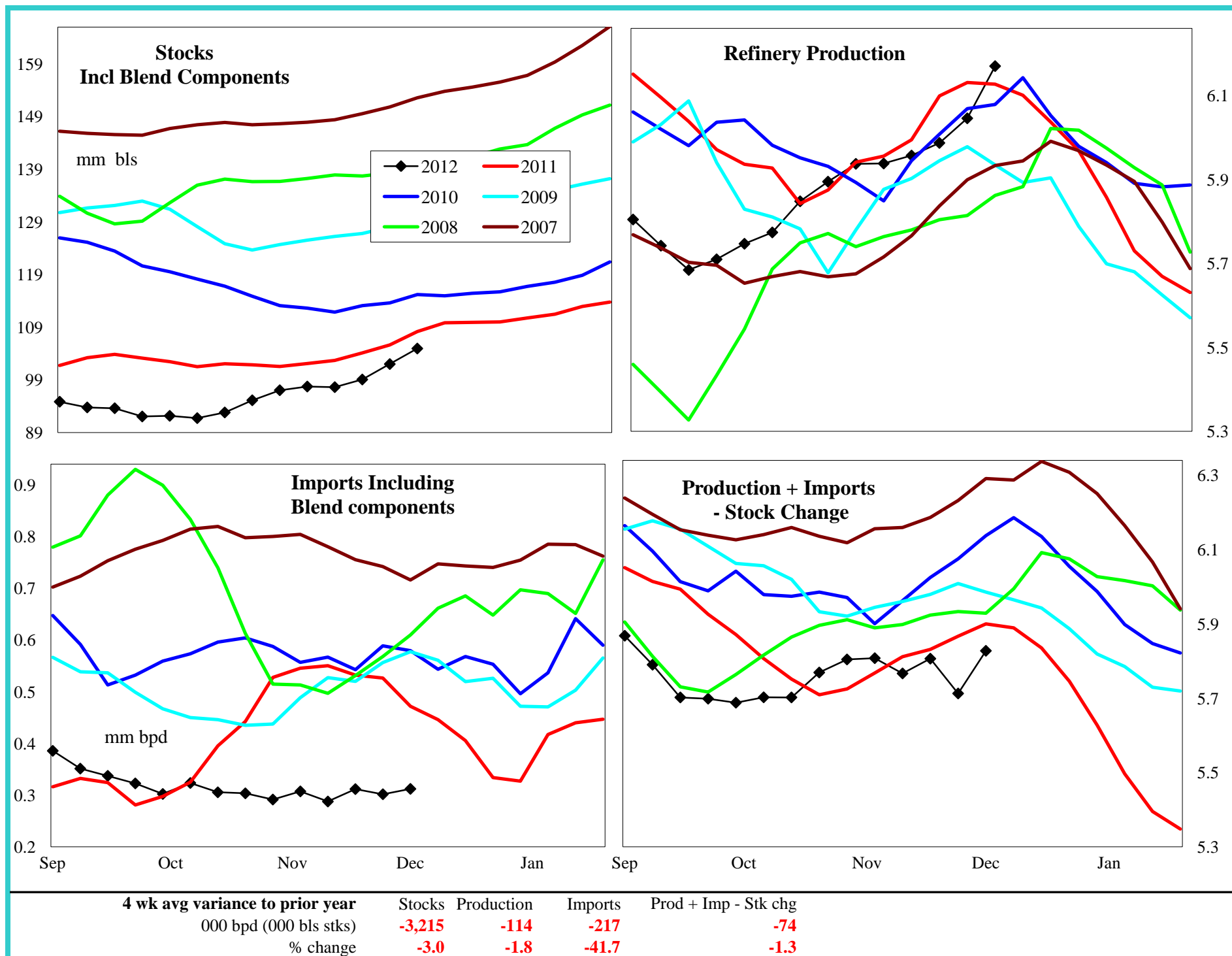


# United States Reformulated Gasoline Supply

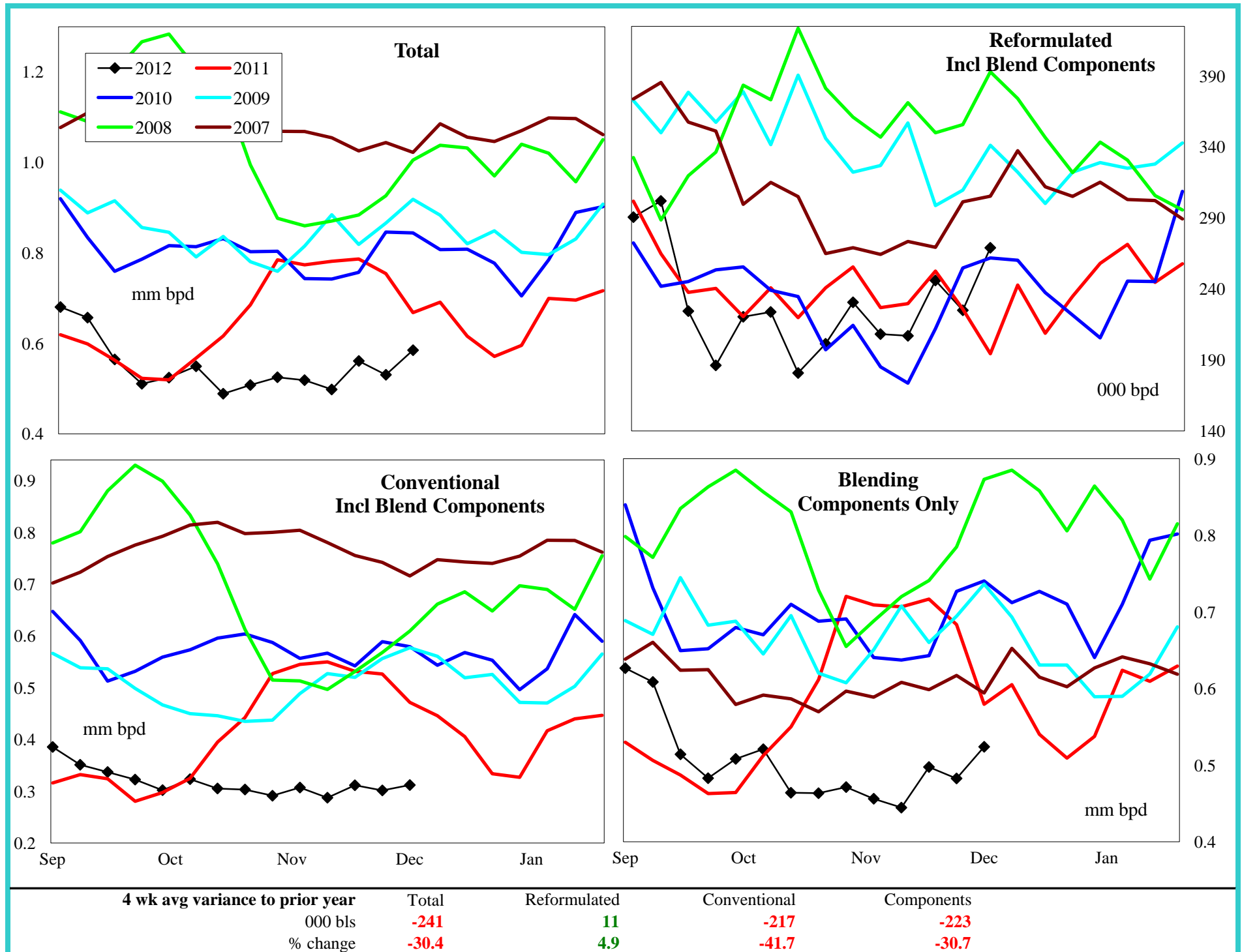




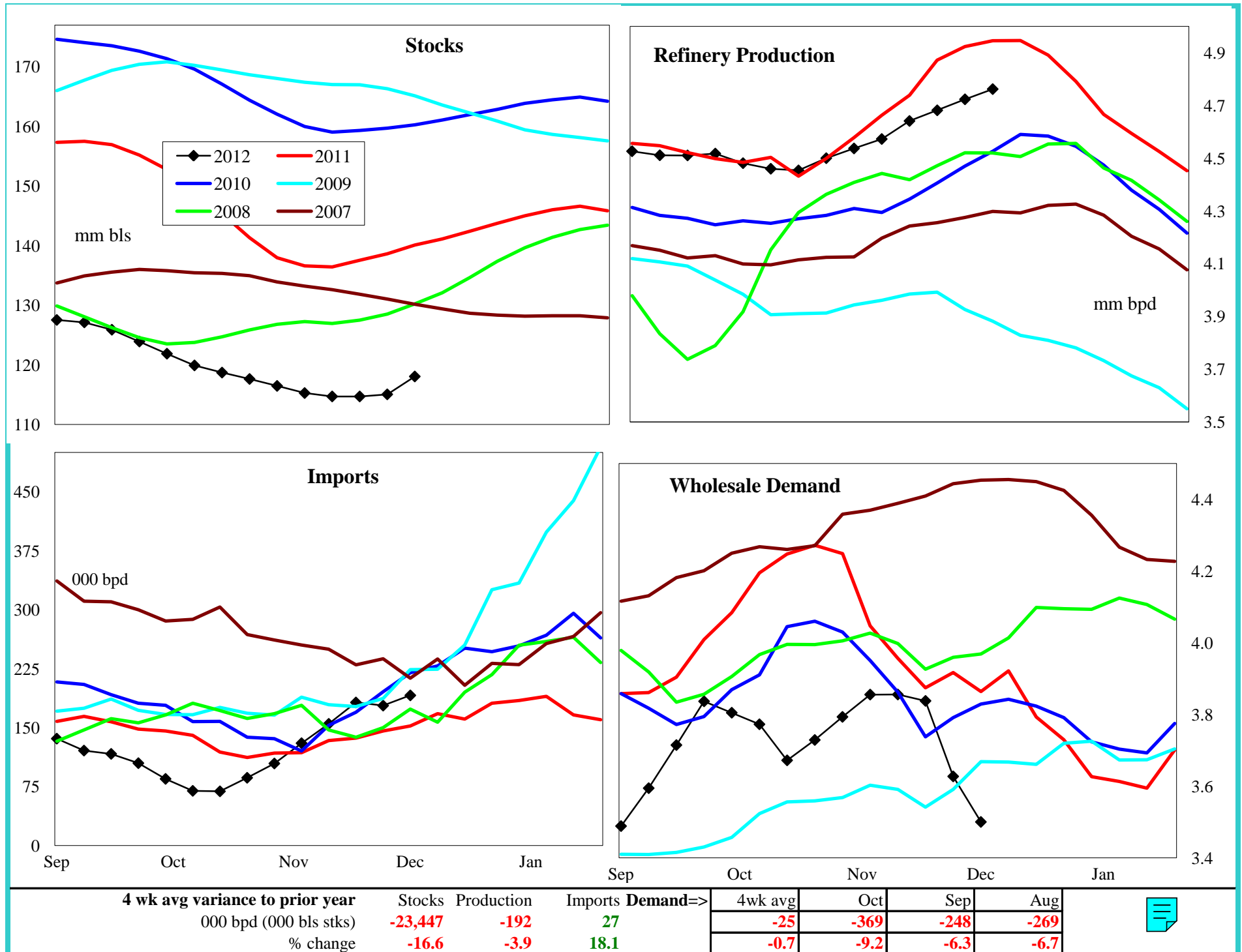
# United States Conventional Gasoline Supply



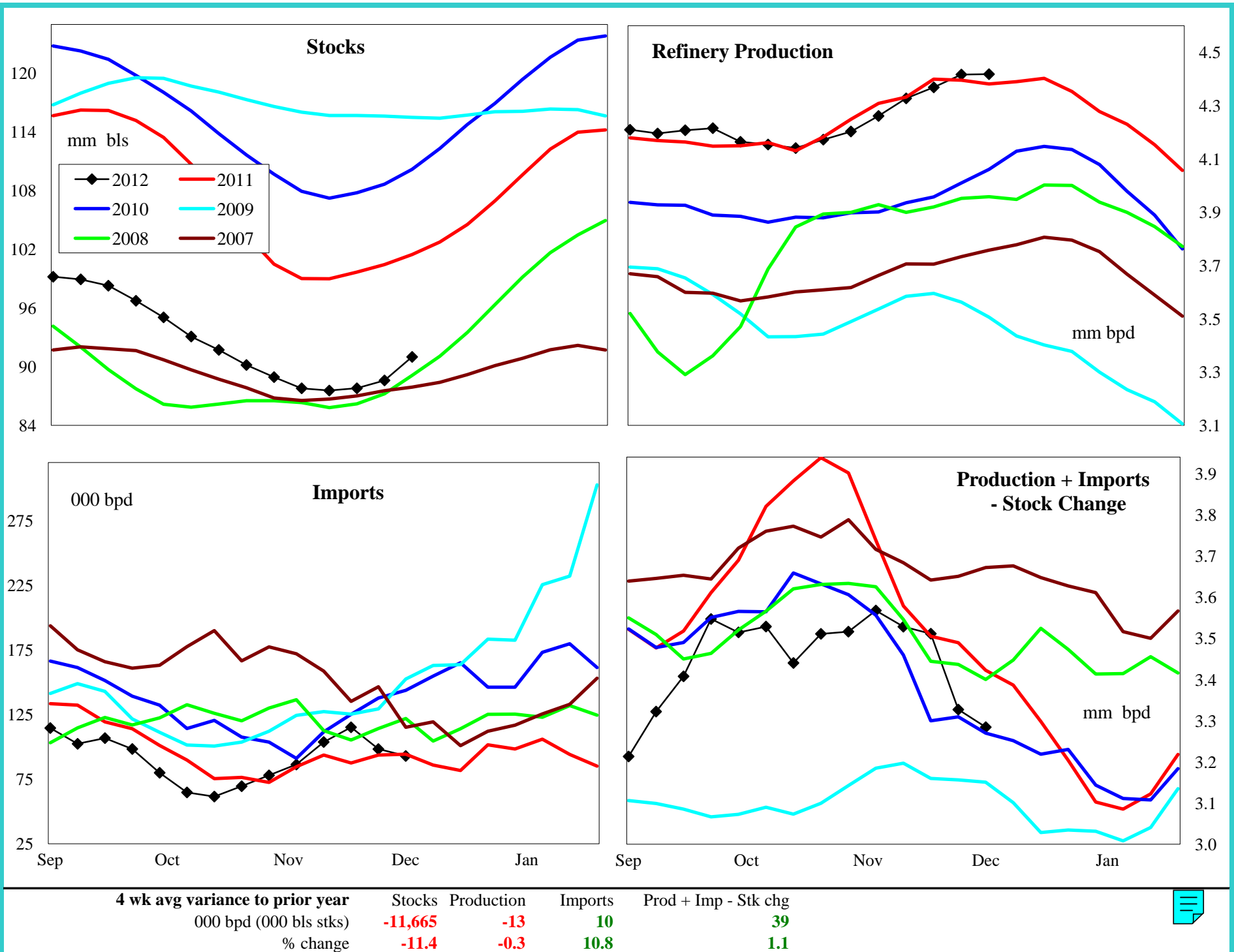
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

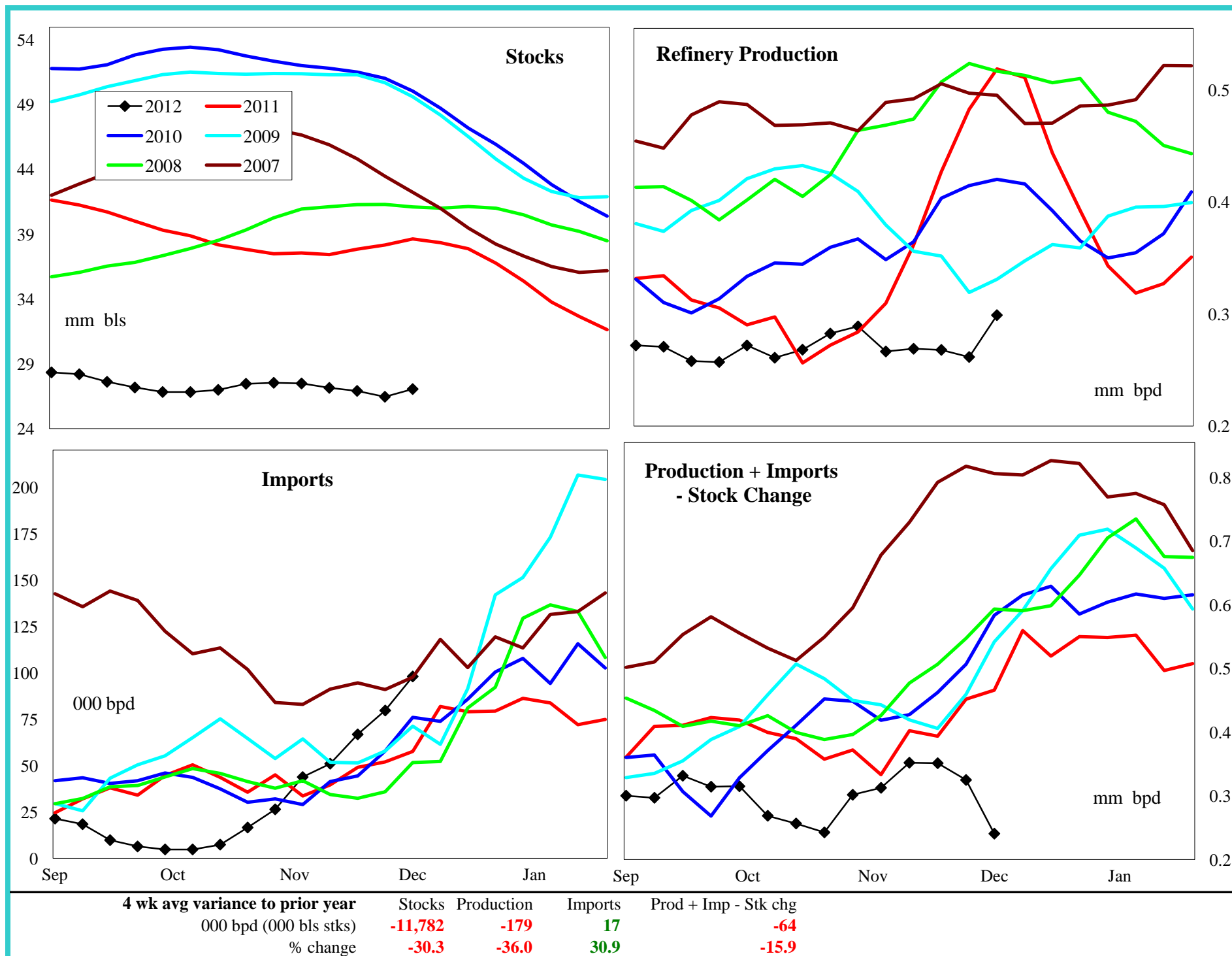


# United States Low Sulfur Distillate Supply

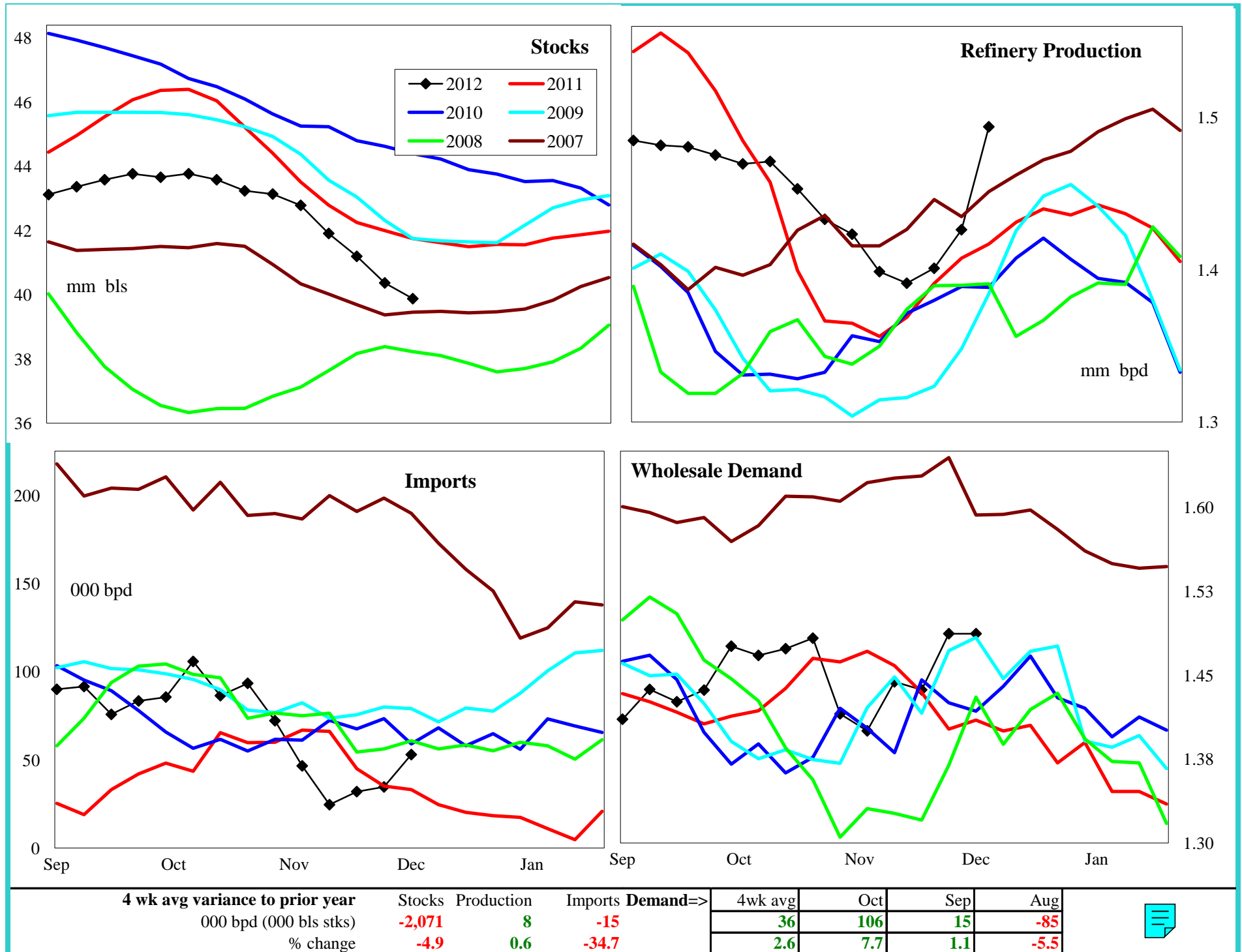




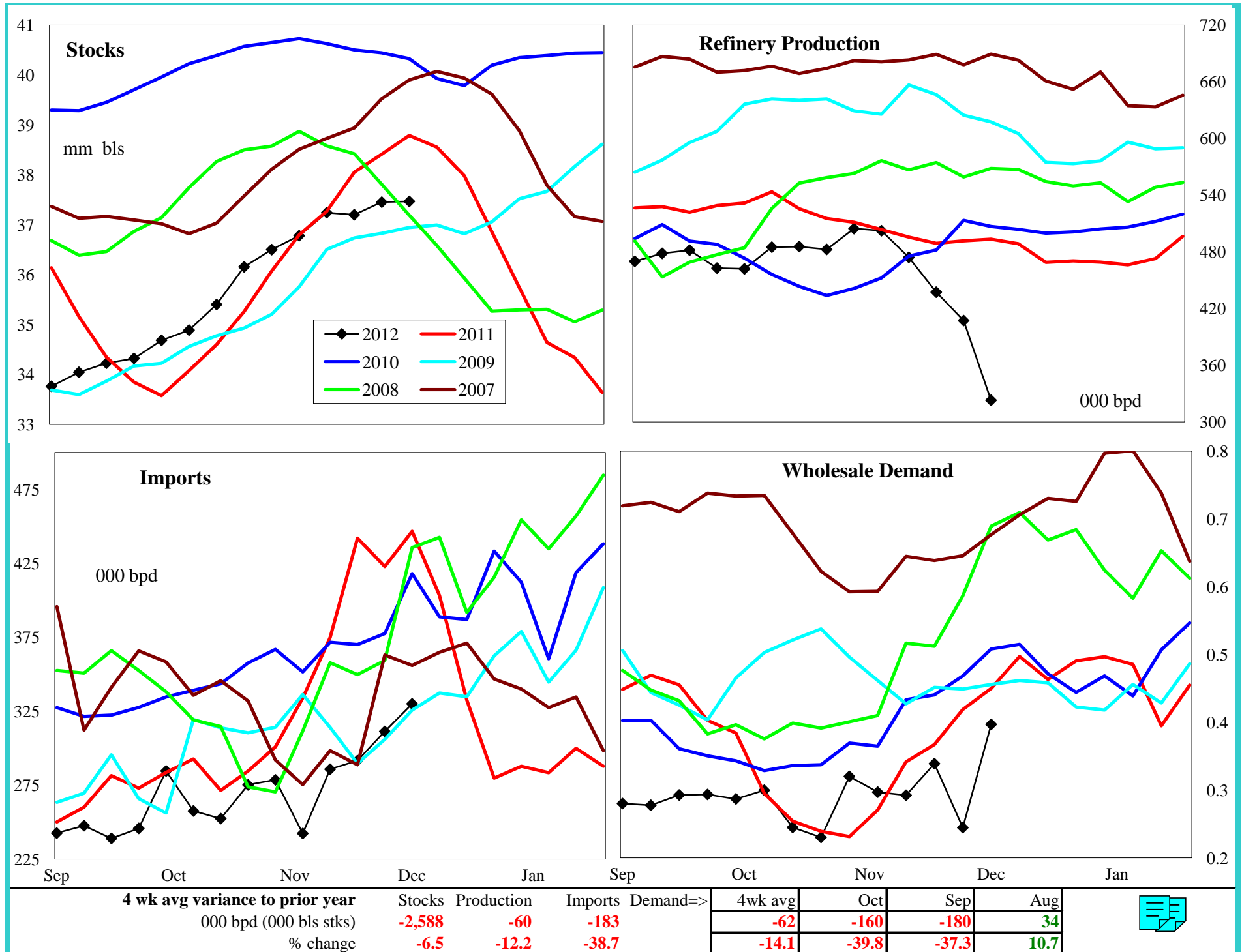
# United States High Sulfur Distillate Supply



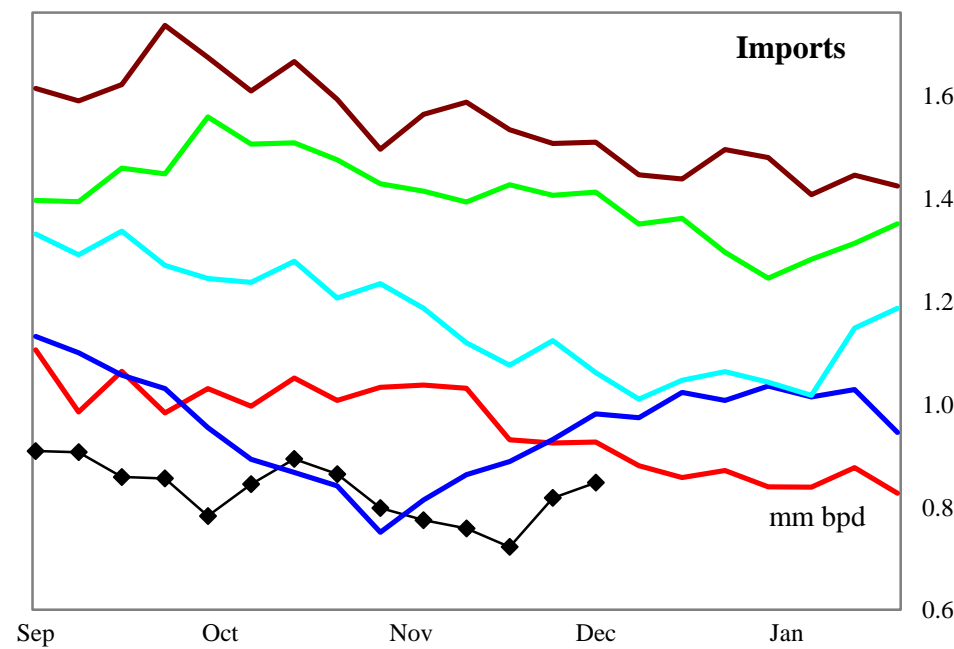
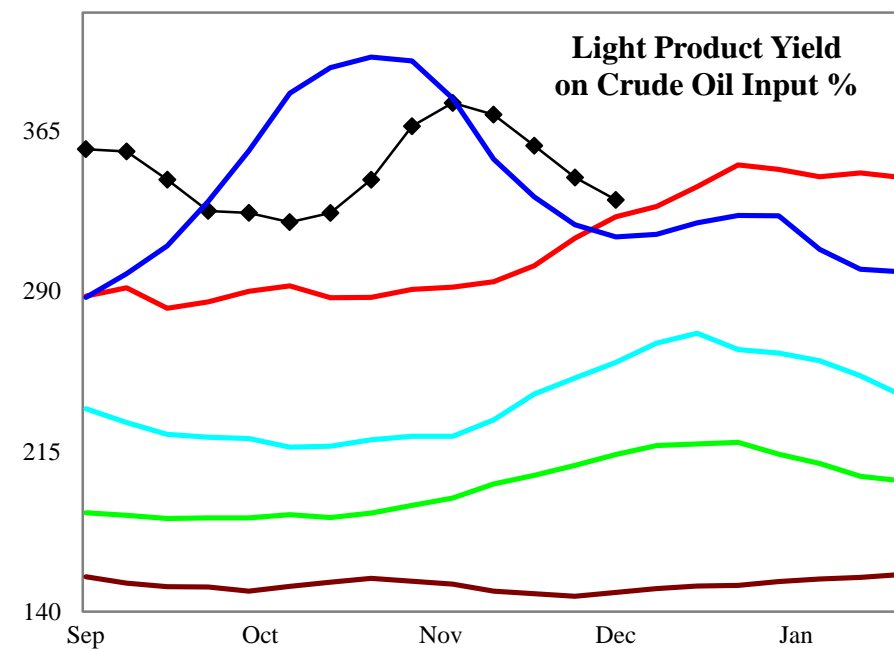
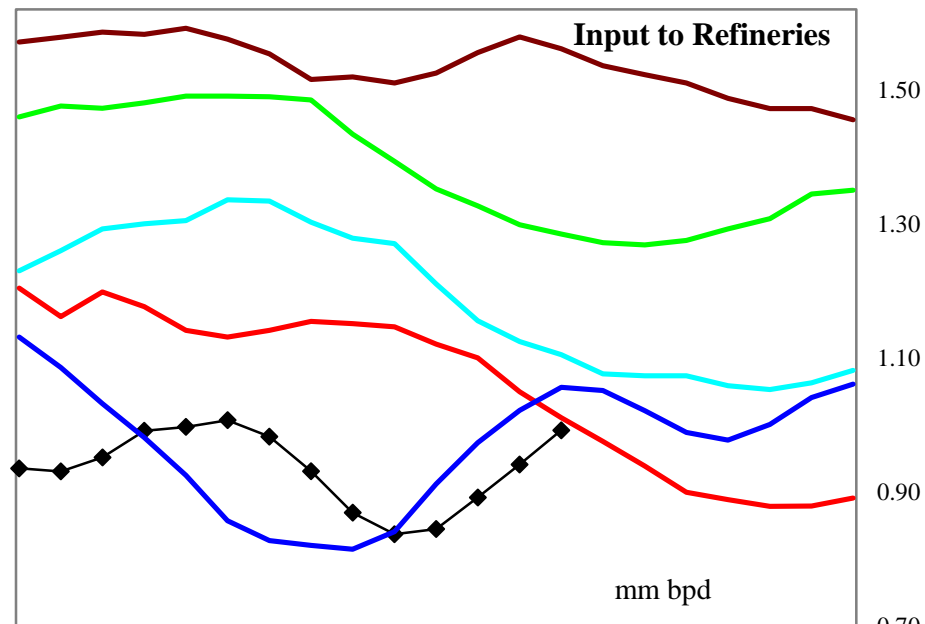
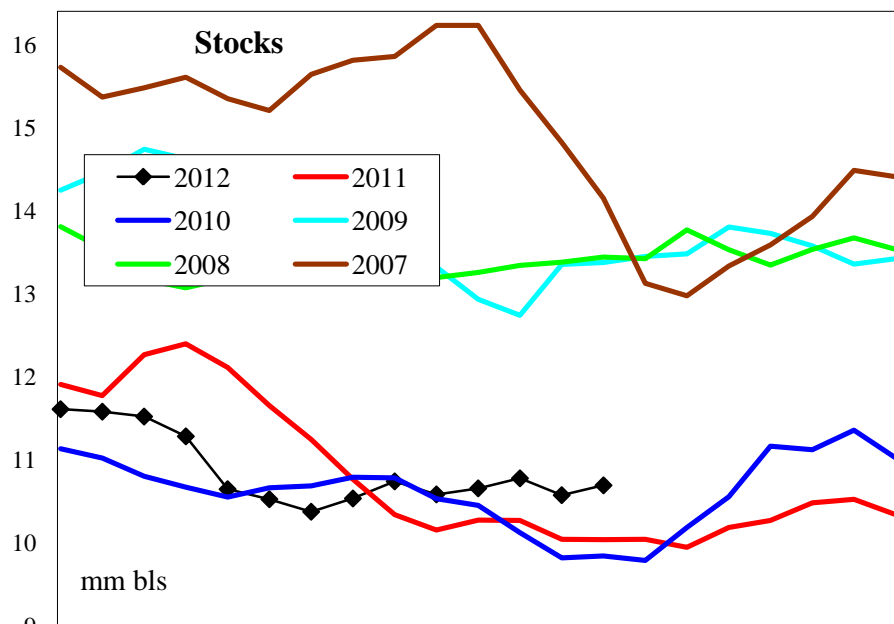
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance



# PADD 1 Crude Oil Supply and Refining



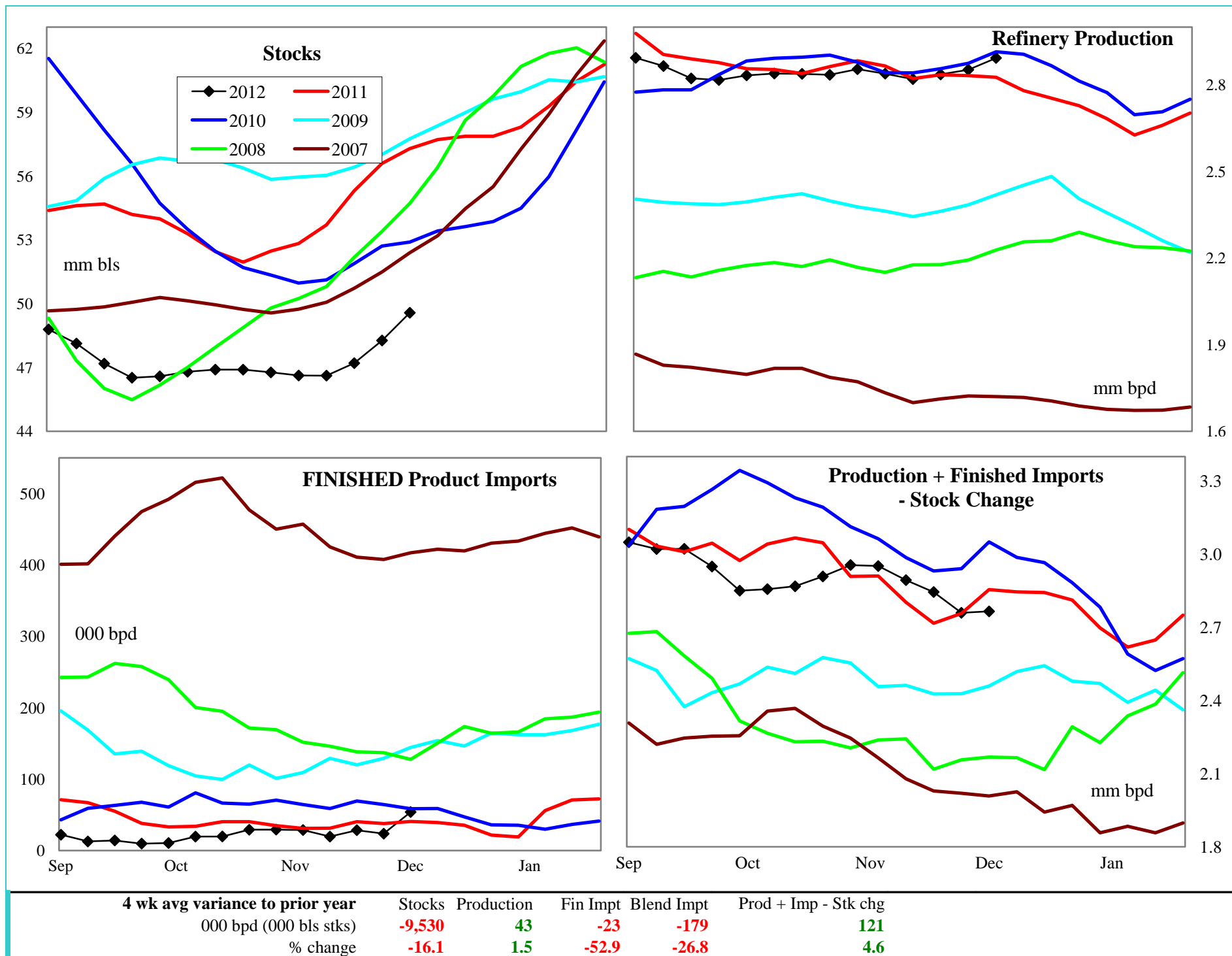
**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

|                        | Stocks | Input | Imports |
|------------------------|--------|-------|---------|
| 000 bpd (000 bls stks) | 655    | -172  | -191    |
| % change               | 6.5    | -15.9 | -19.8   |

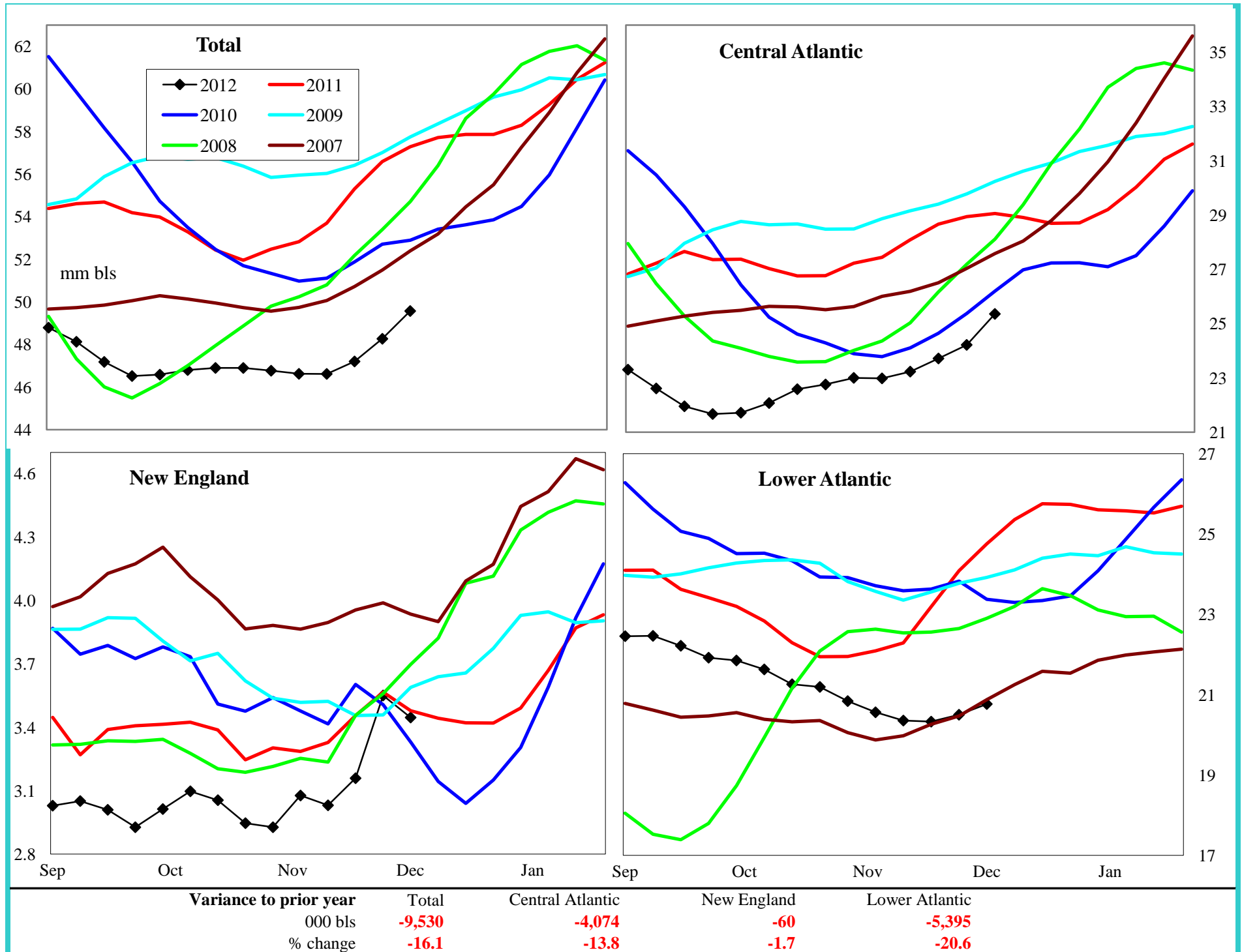




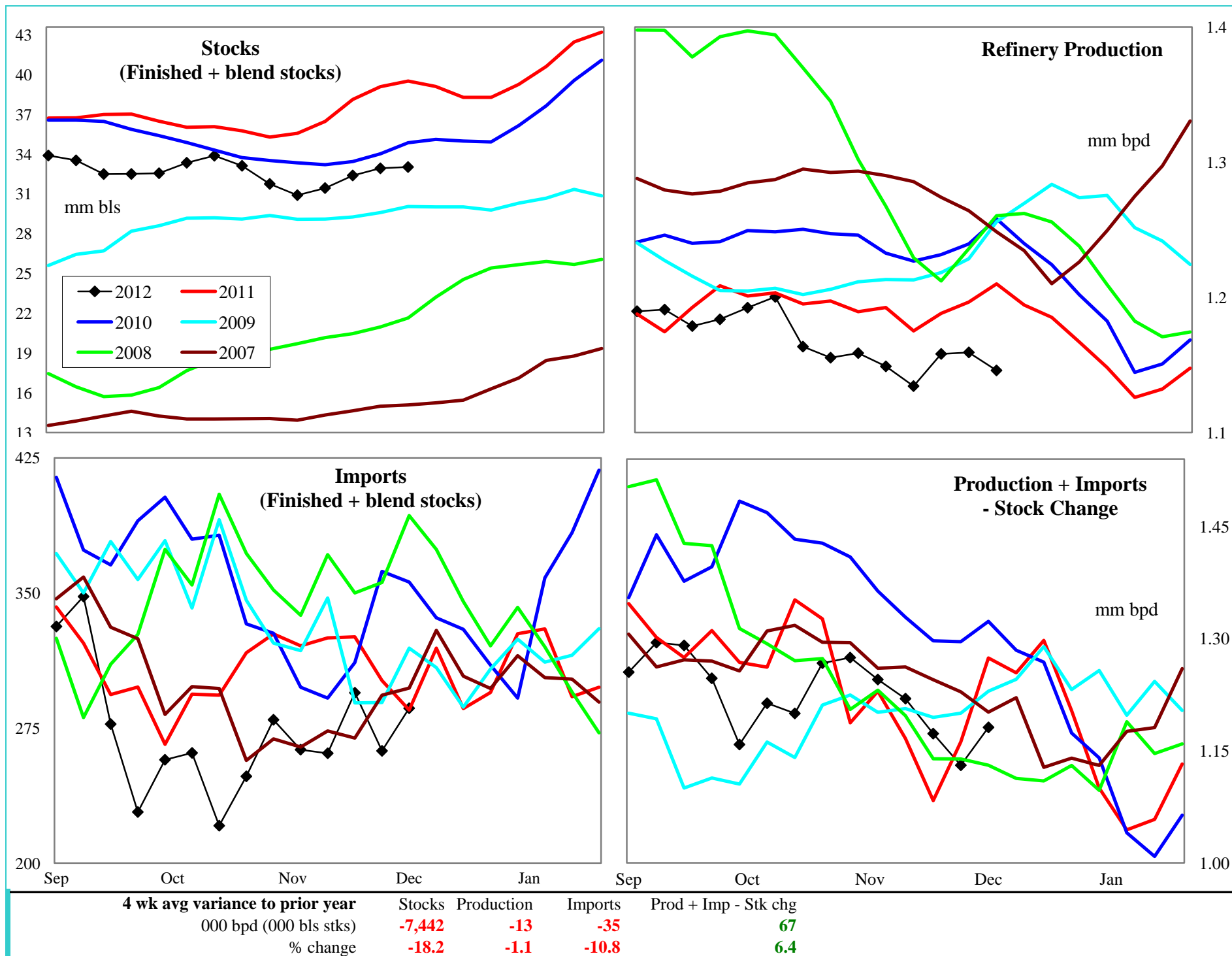
# PADD 1 Gasoline Supply



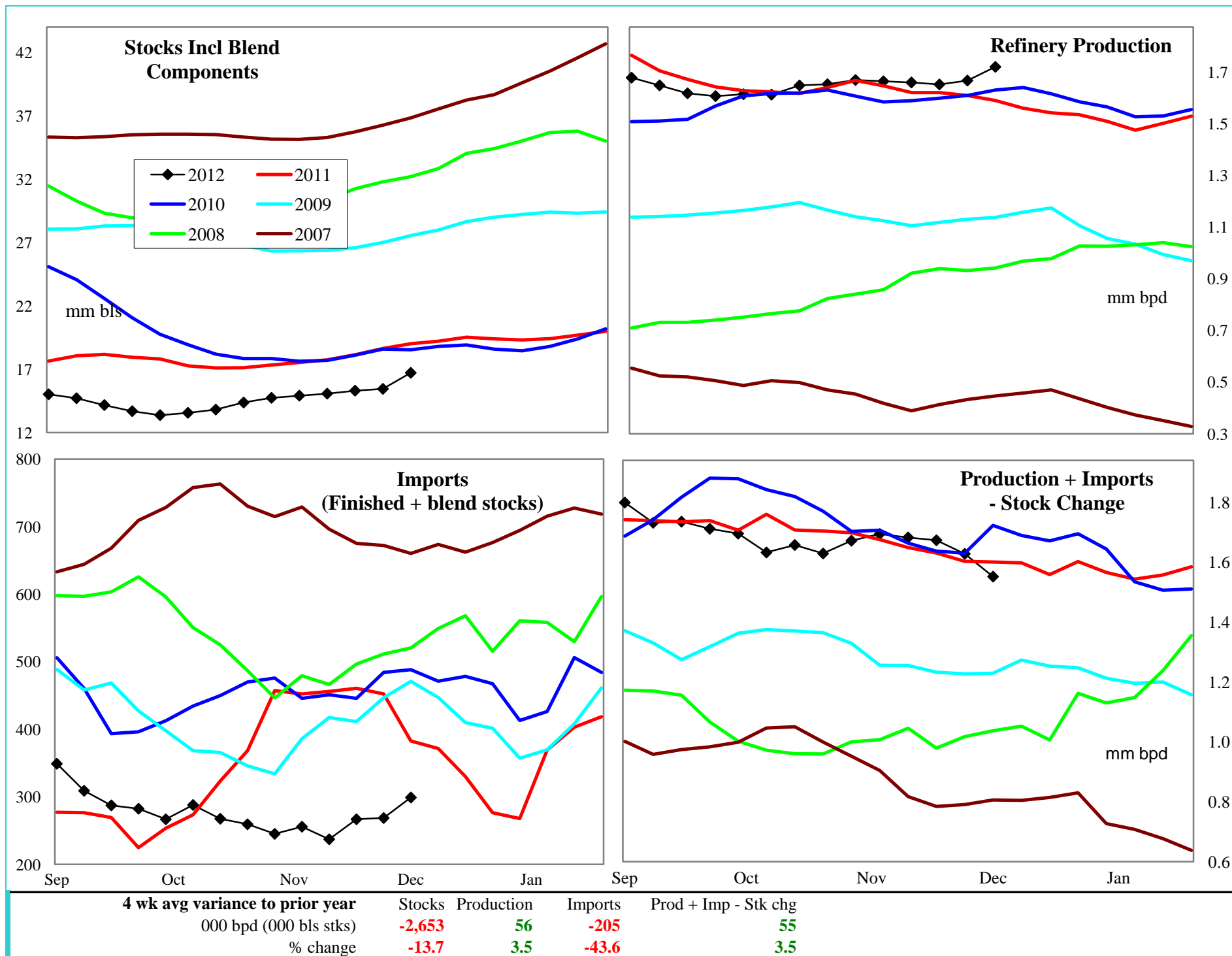
# PADD 1 Gasoline Stocks by Region



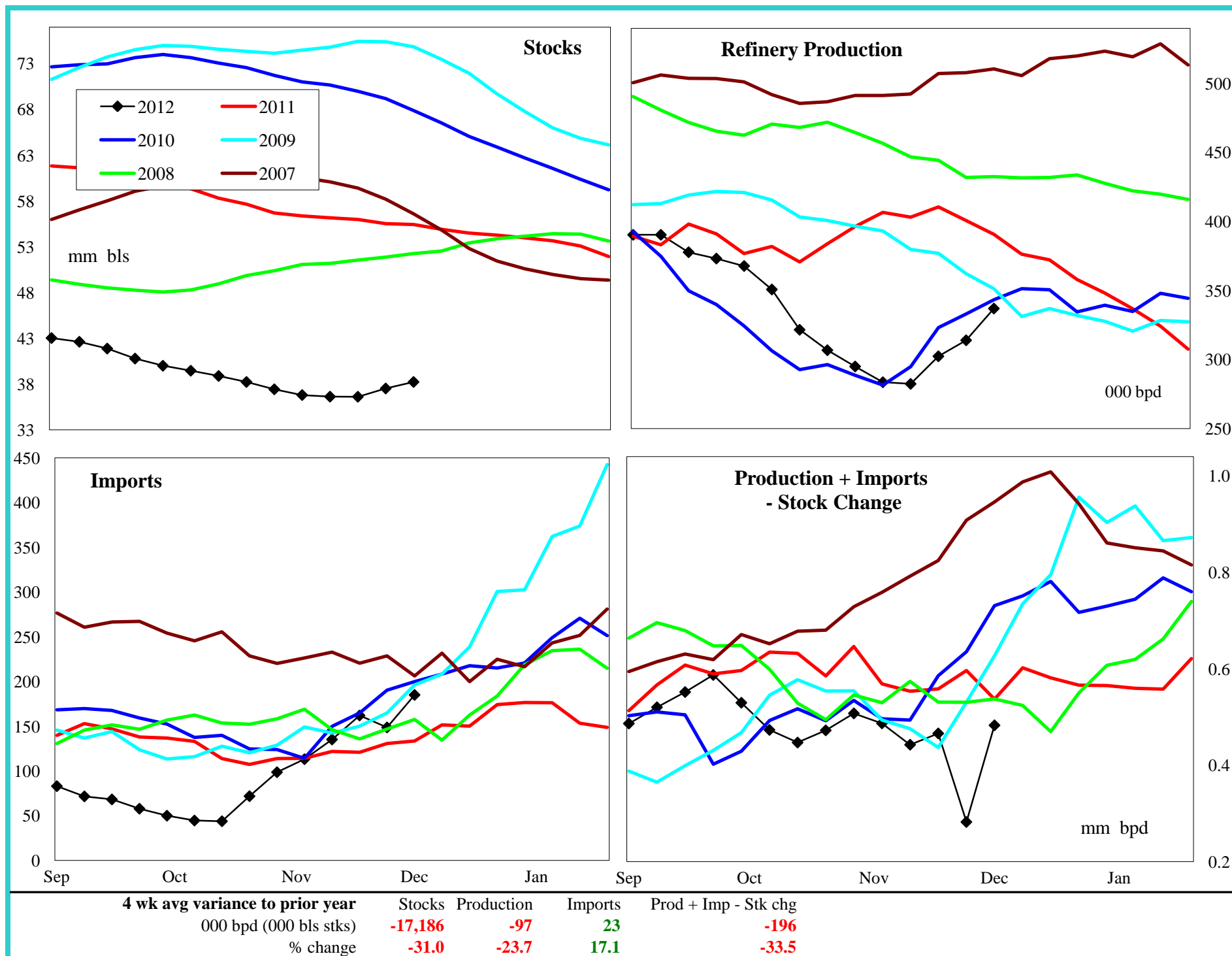
# PADD 1 Reformulated Gasoline Supply



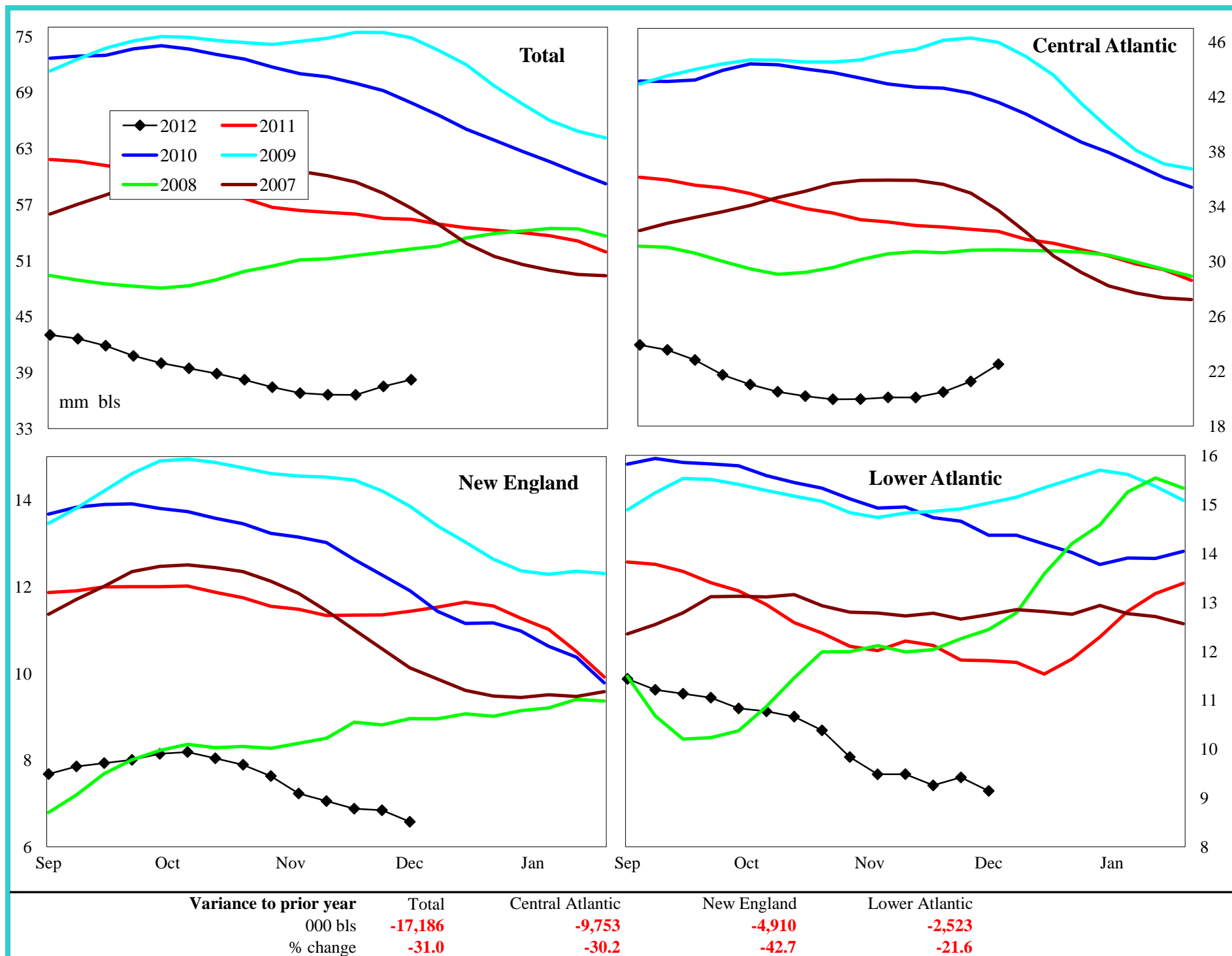
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

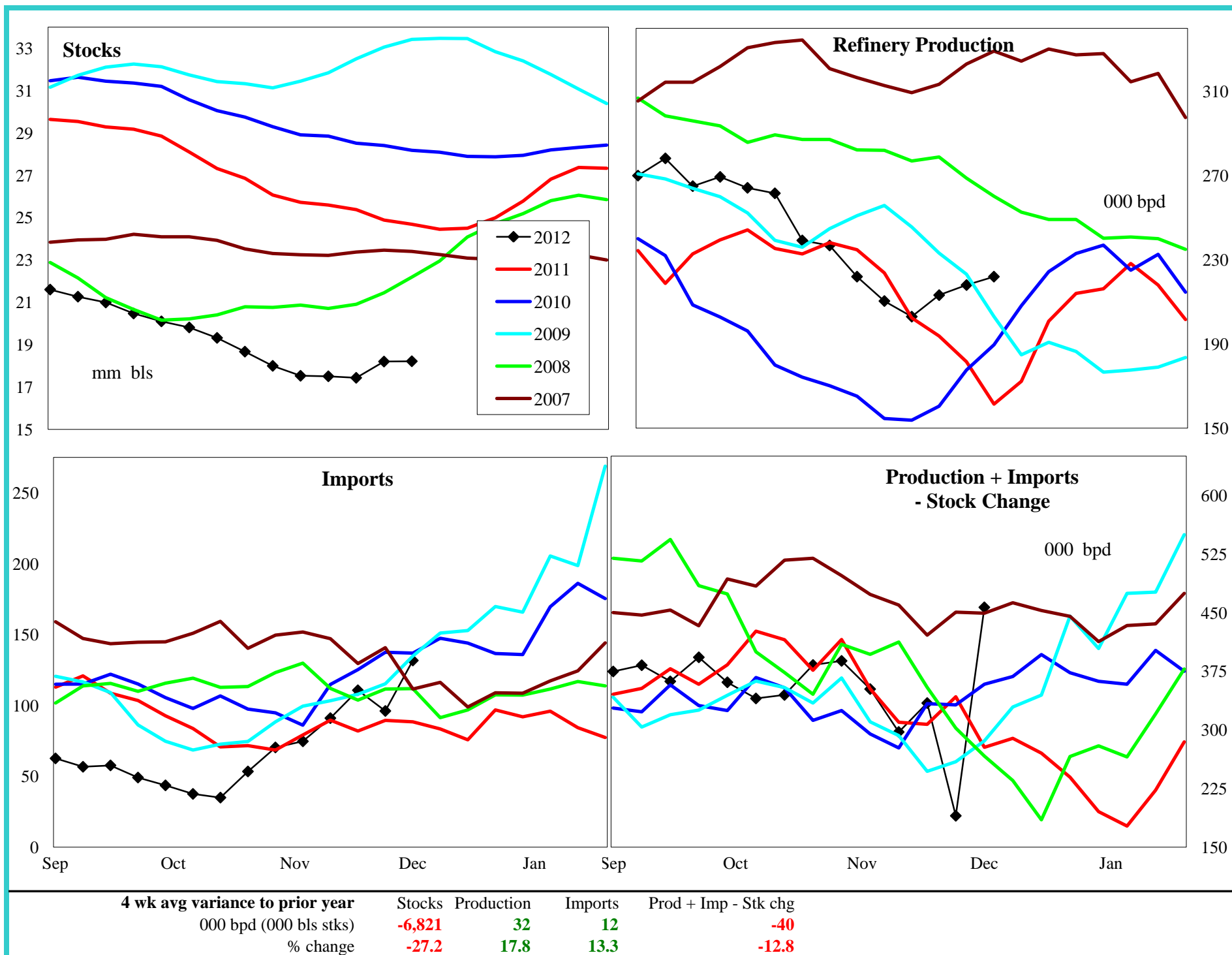


# PADD 1 Distillate Stocks by Region

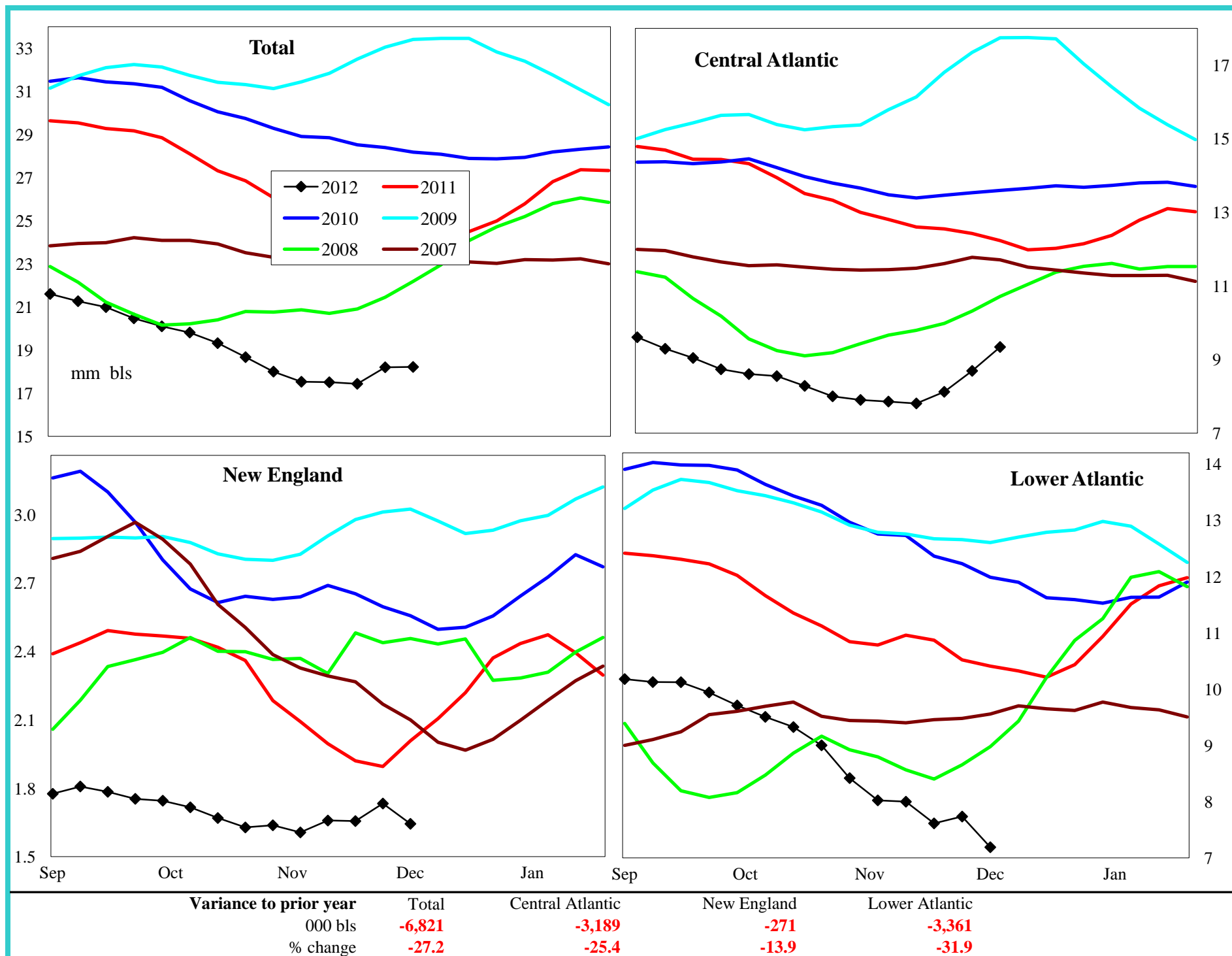




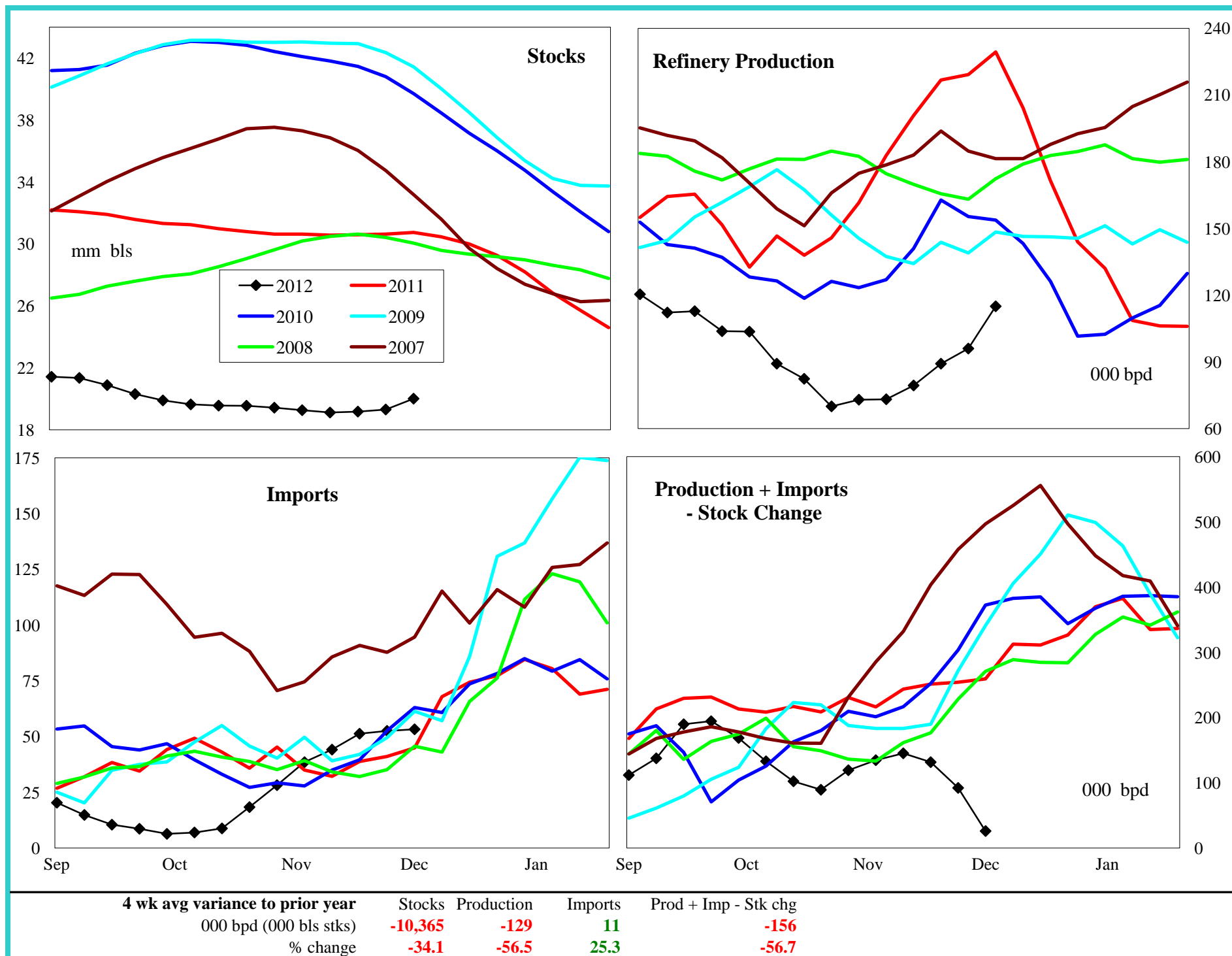
# PADD 1 Low Sulfur Distillate Supply



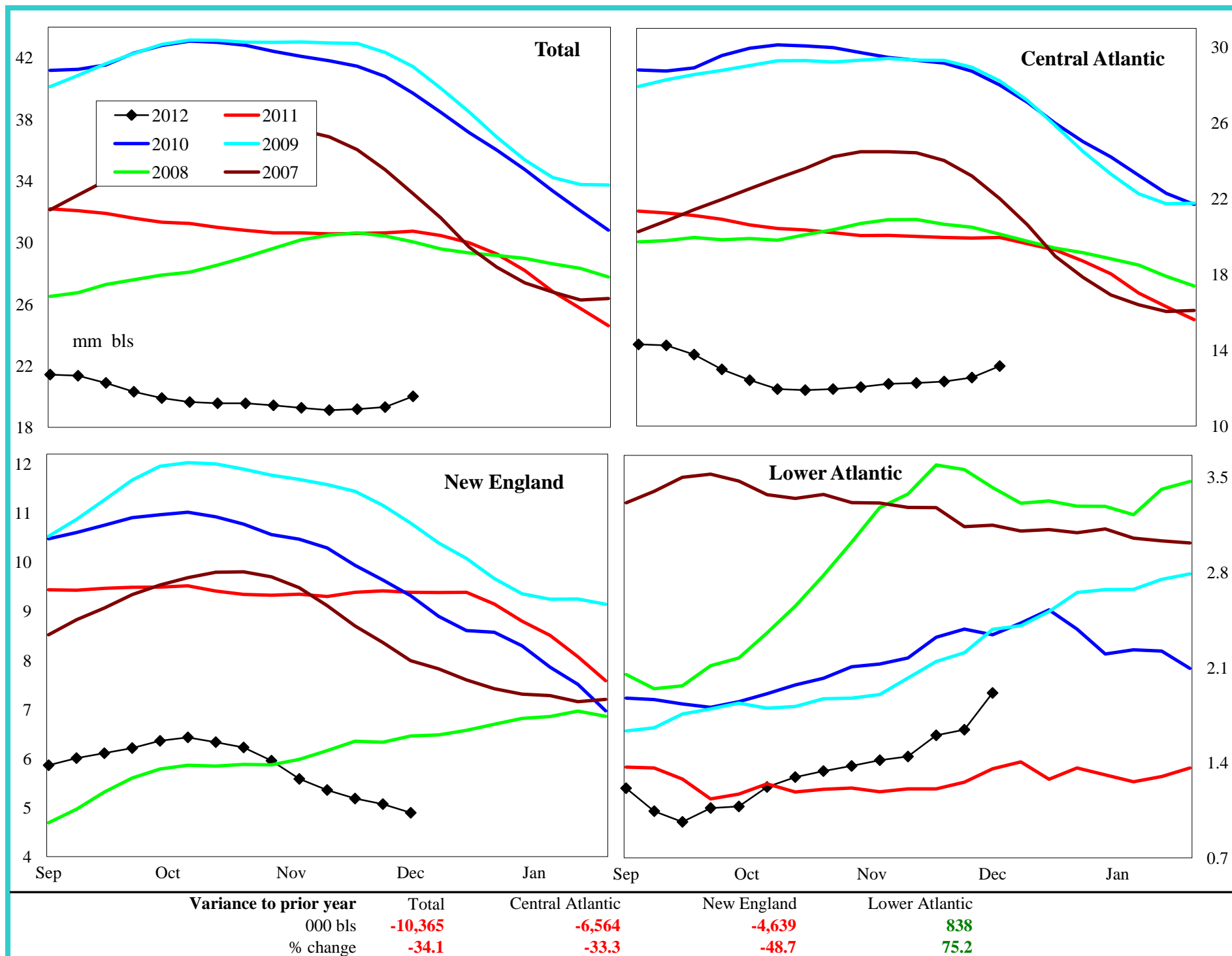
# PADD 1 Low Sulfur Distillate Stocks by Region



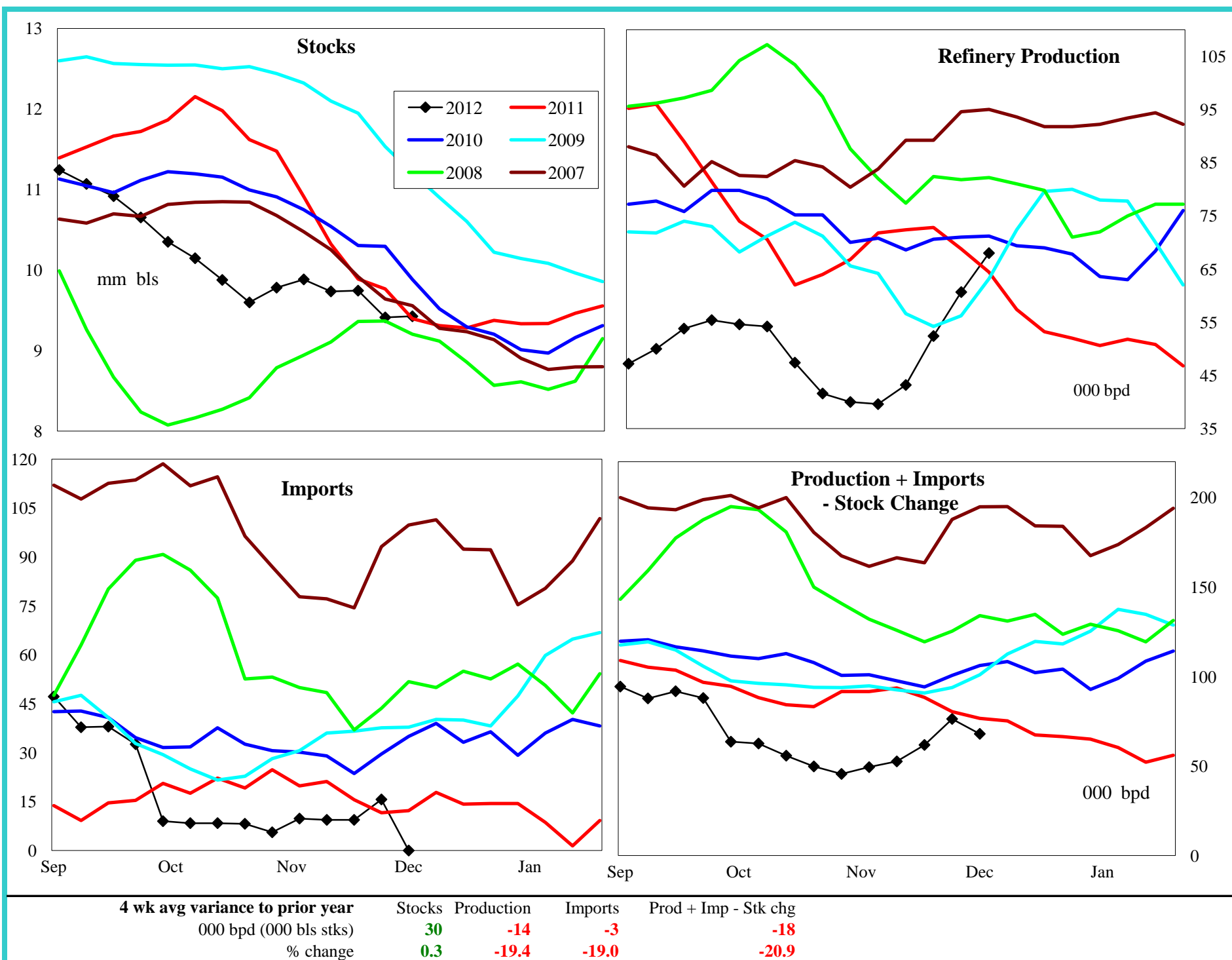
# PADD 1 High Sulfur Distillate Supply



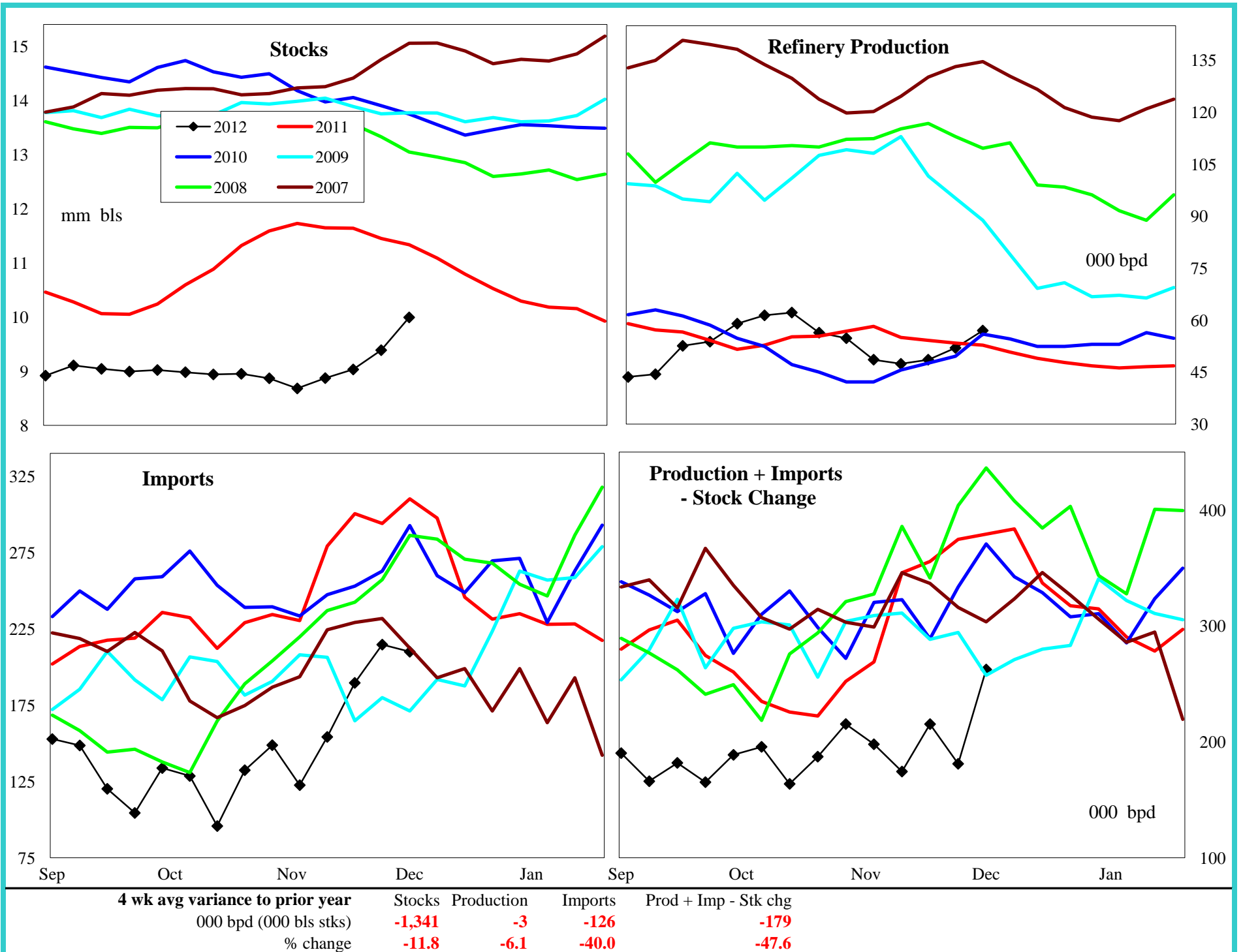
# PADD 1 High Sulfur Distillate Stocks by Region



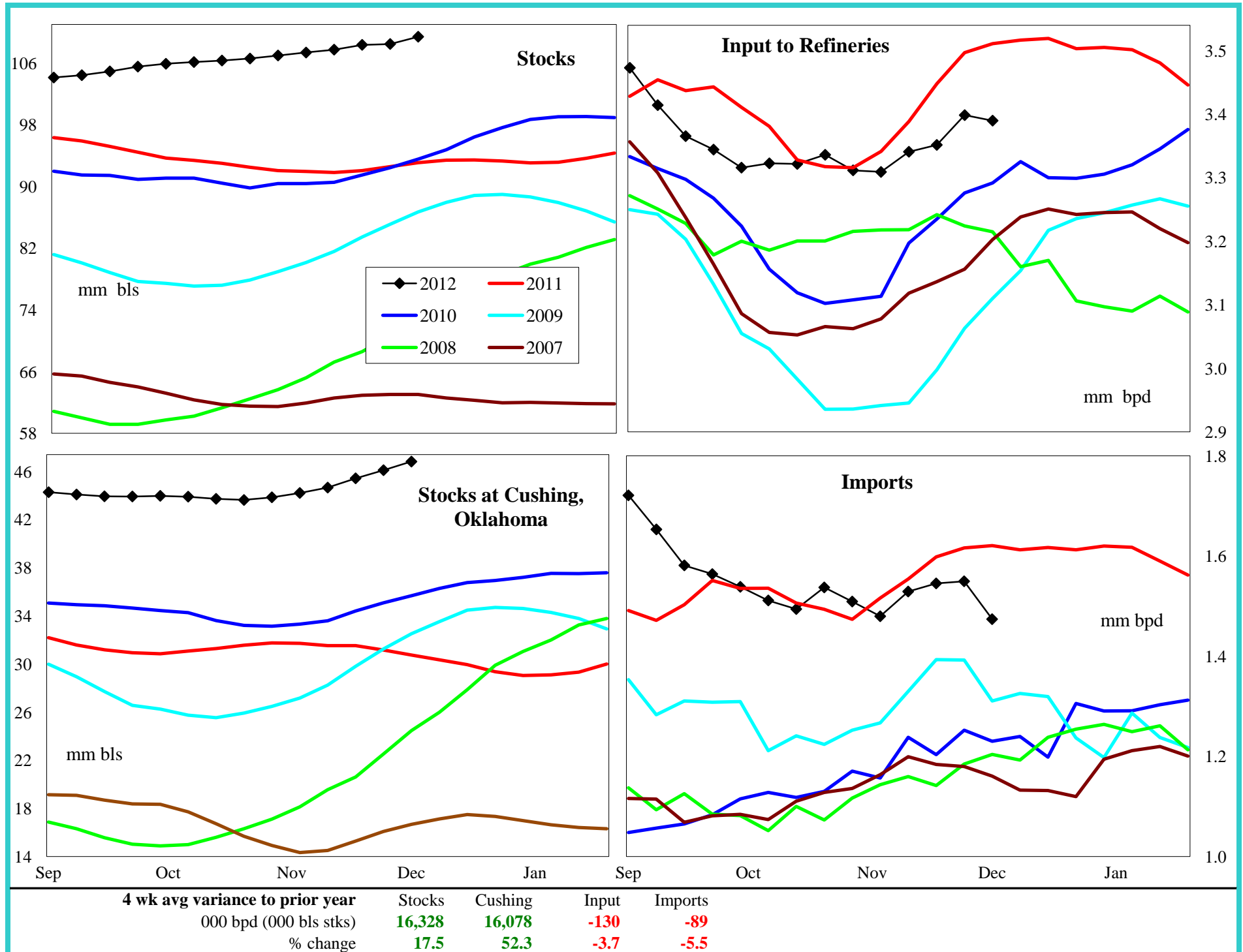
# PADD 1 Jet Fuel Supply



# PADD 1 Residual Fuel Oil Supply

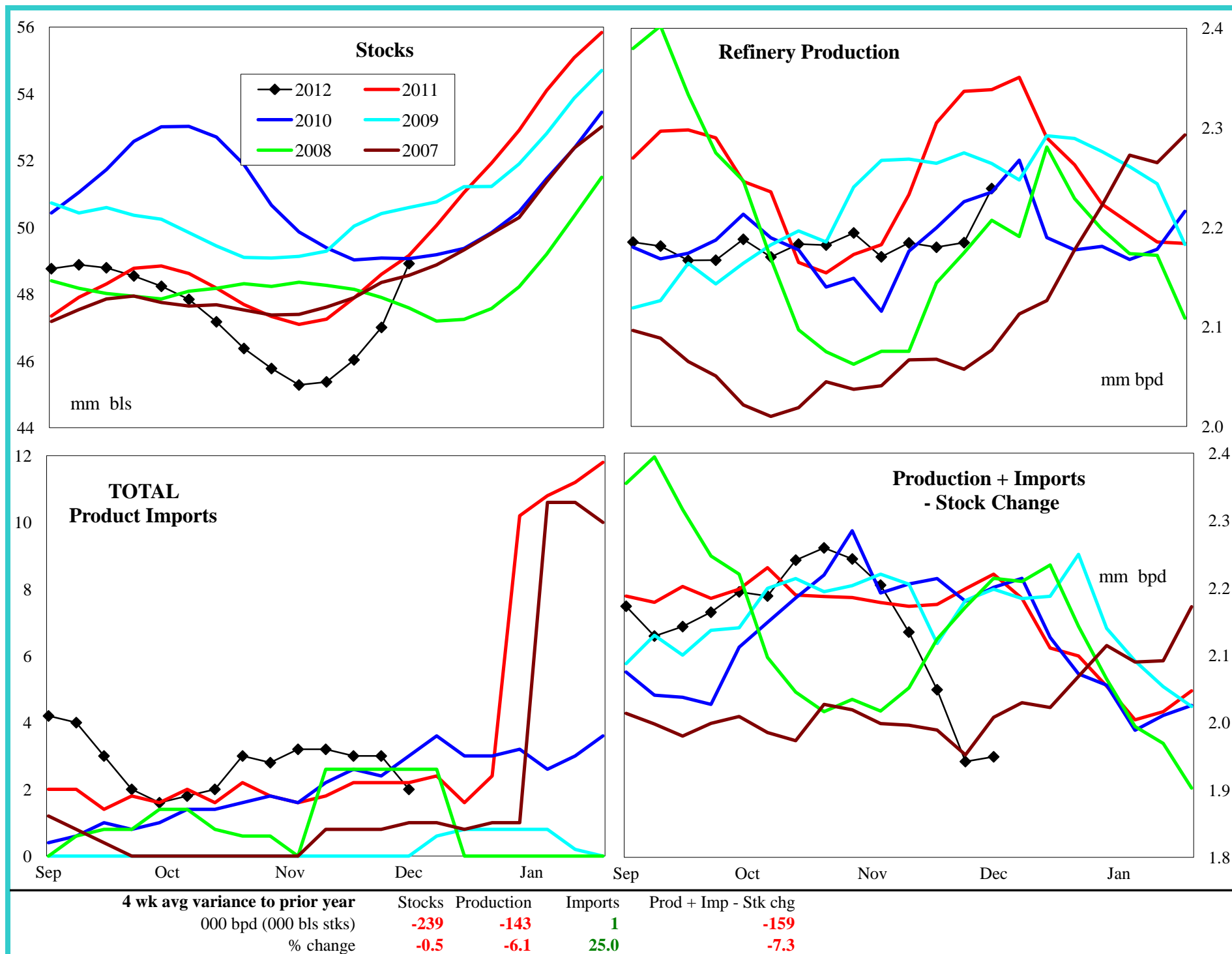


# PADD 2 Crude Oil Supply and Refining

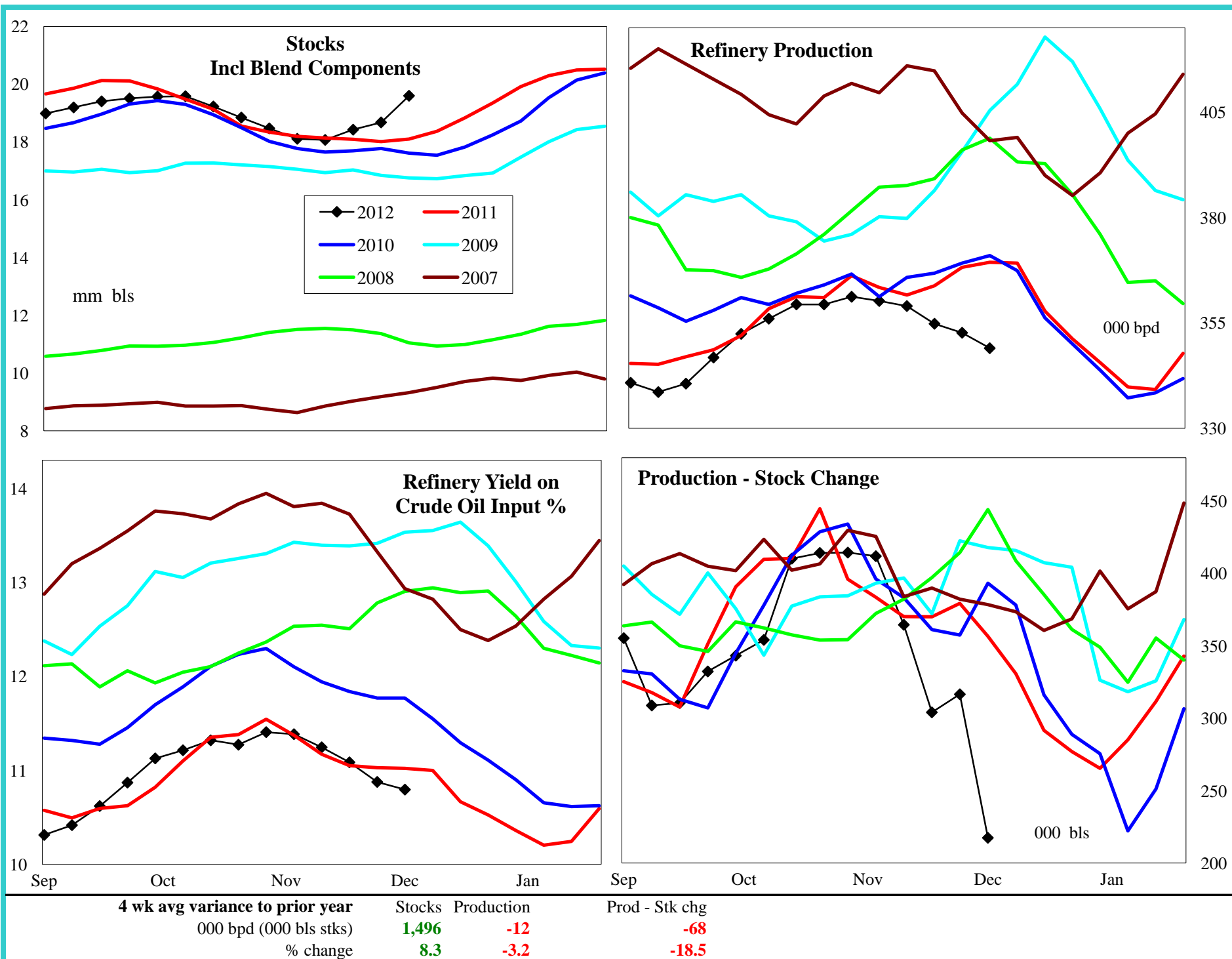




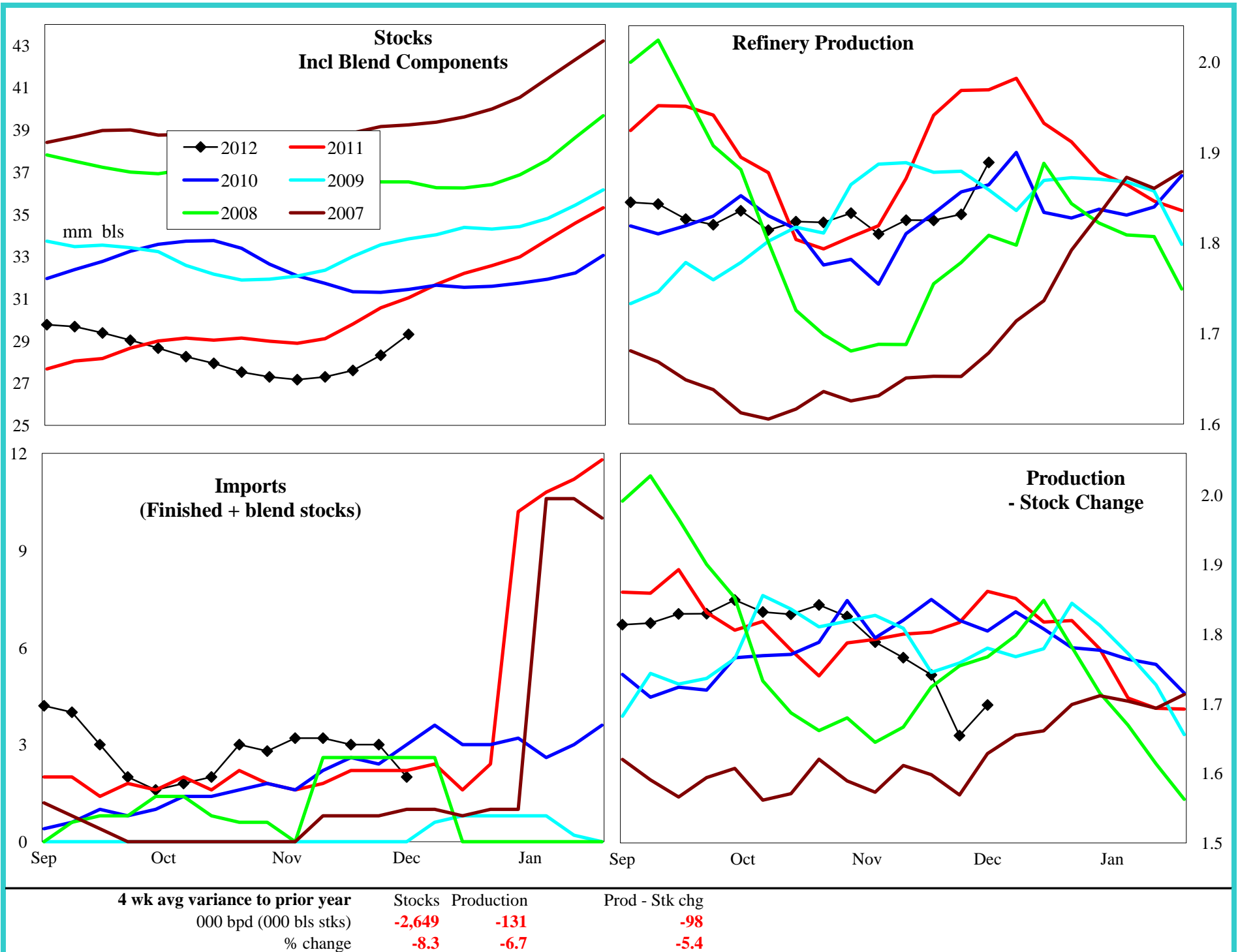
# PADD 2 Gasoline Supply



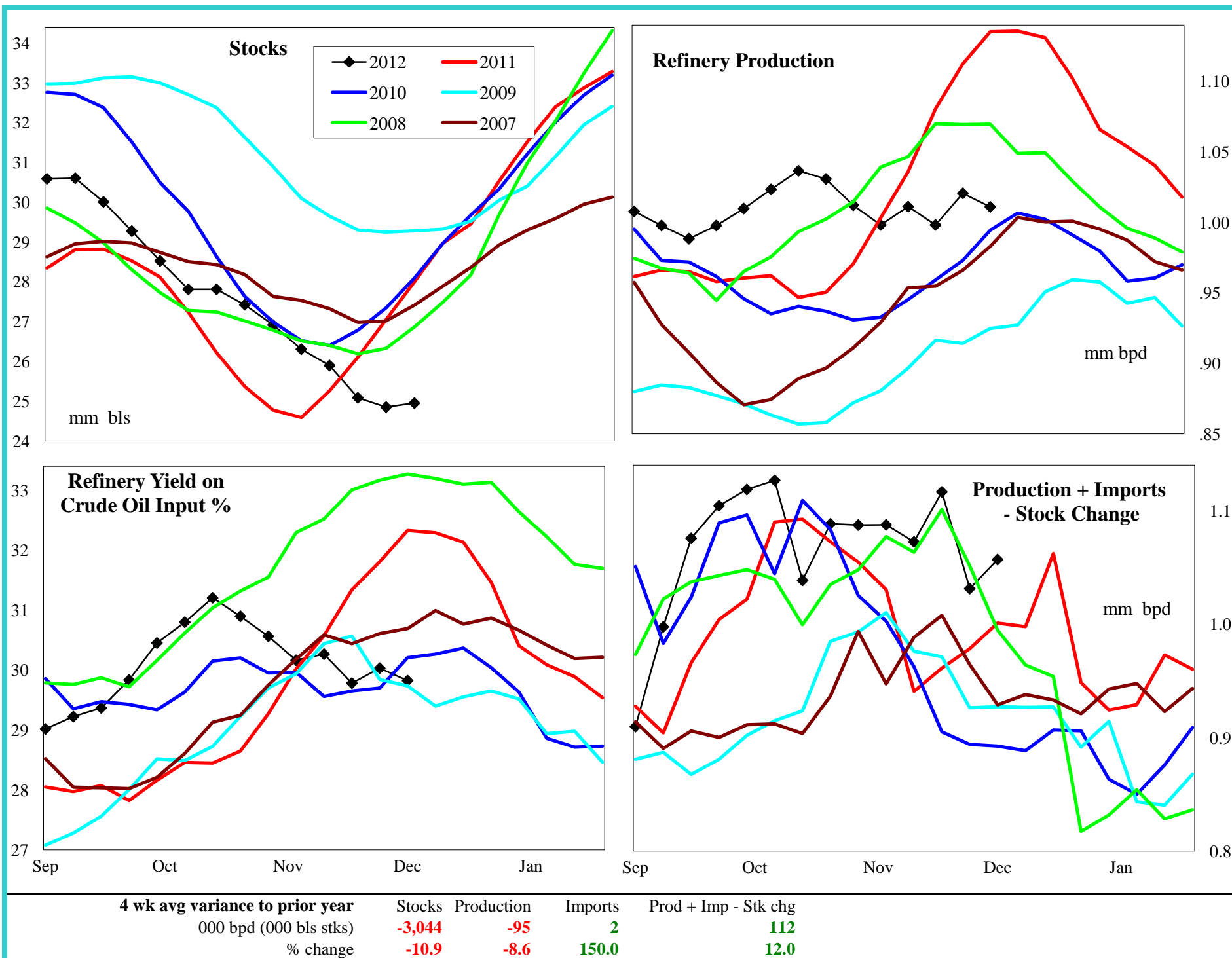
# PADD 2 Reformulated Gasoline Supply



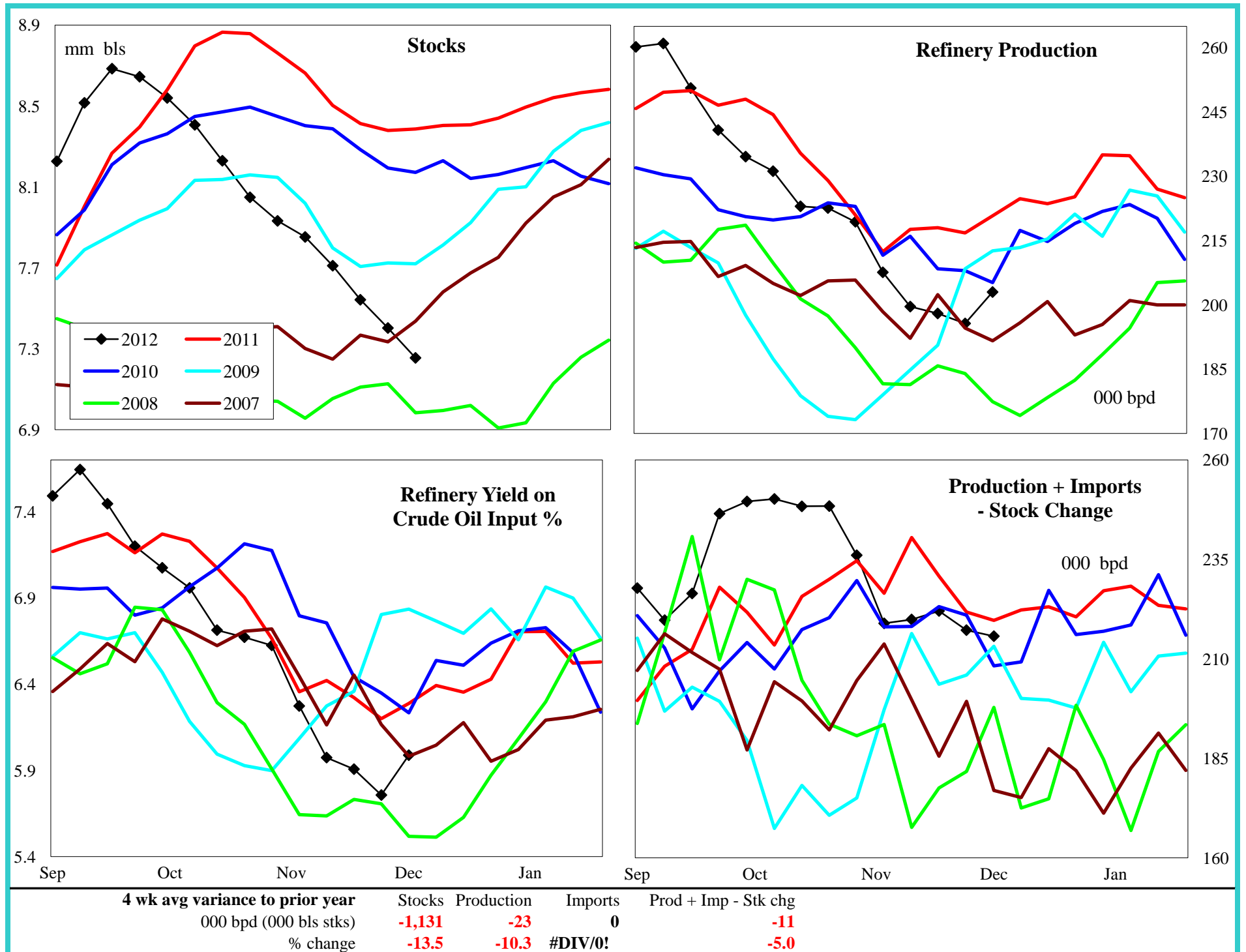
# PADD 2 Conventional Gasoline Supply



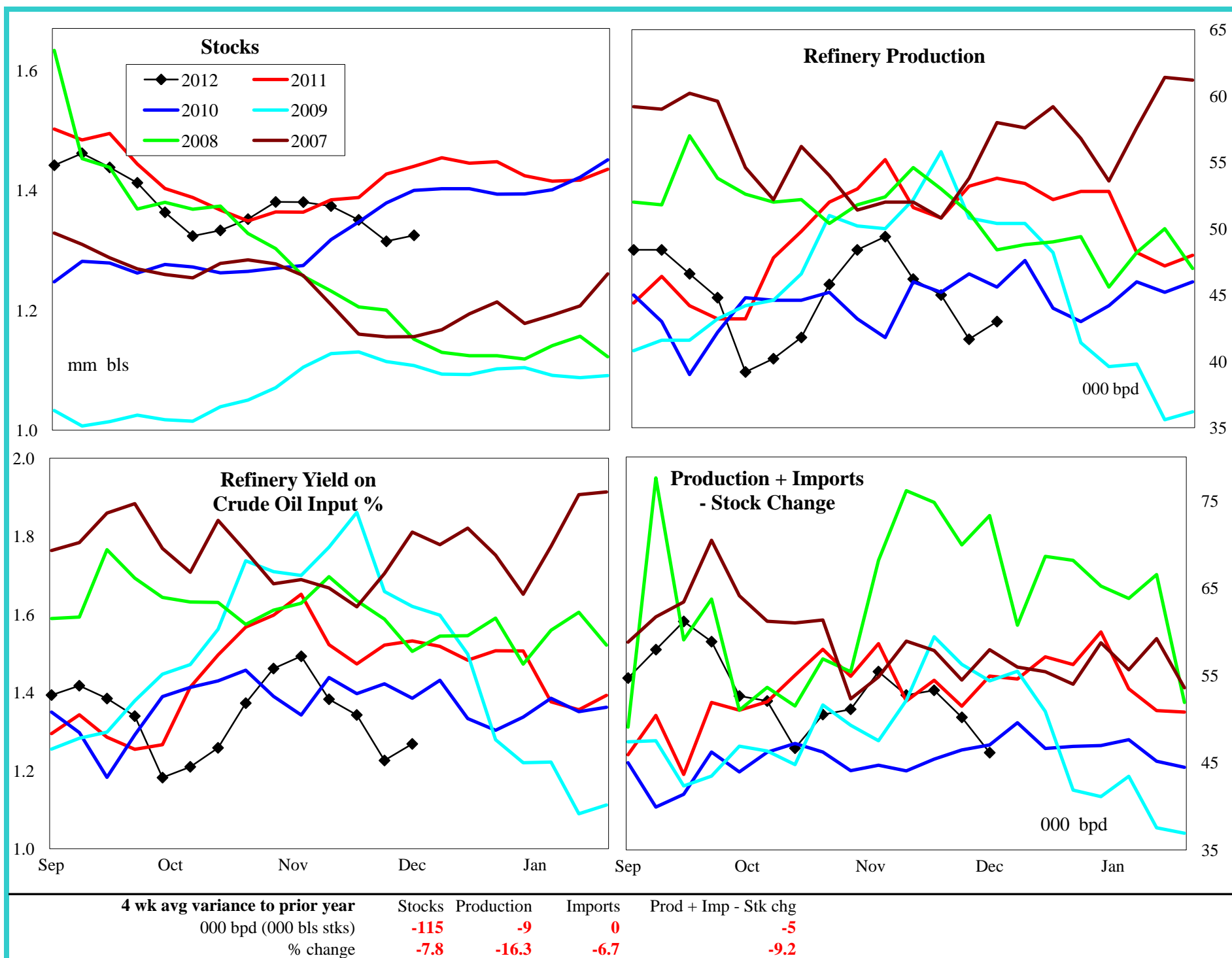
# PADD 2 Distillate Supply



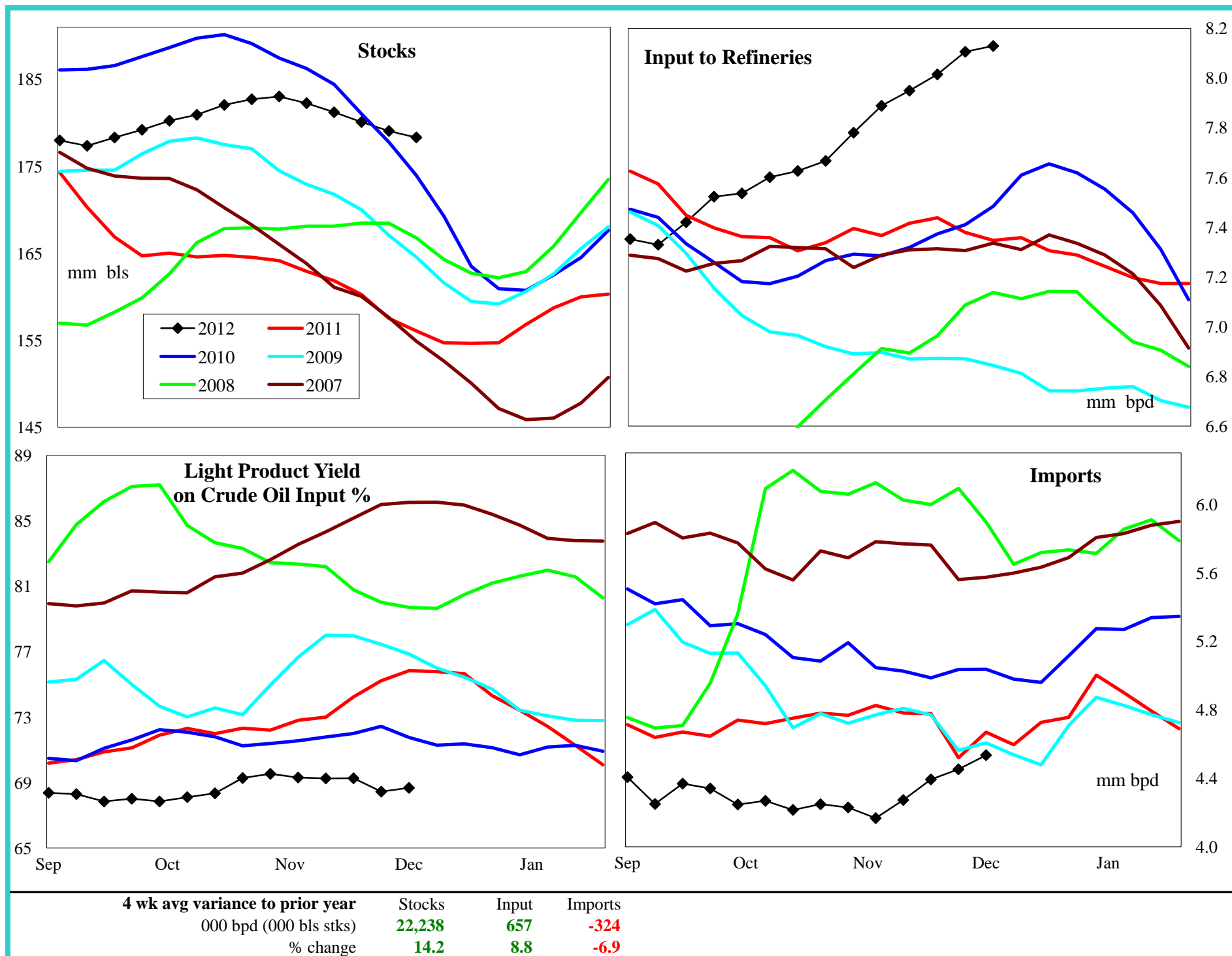
# PADD 2 Jet Fuel Supply



# PADD 2 Residual Fuel Oil Supply

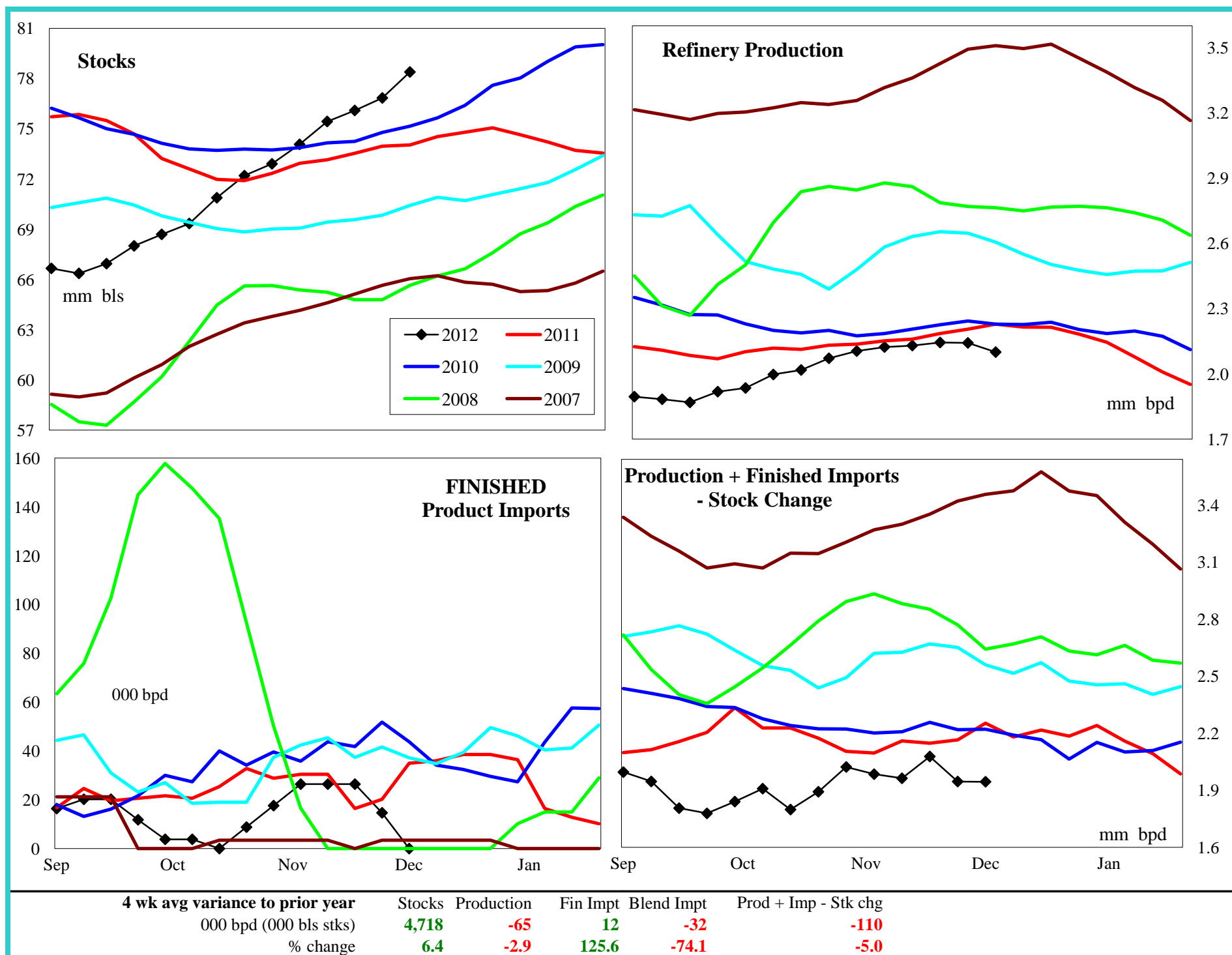


# PADD 3 Crude Oil Supply and Refining

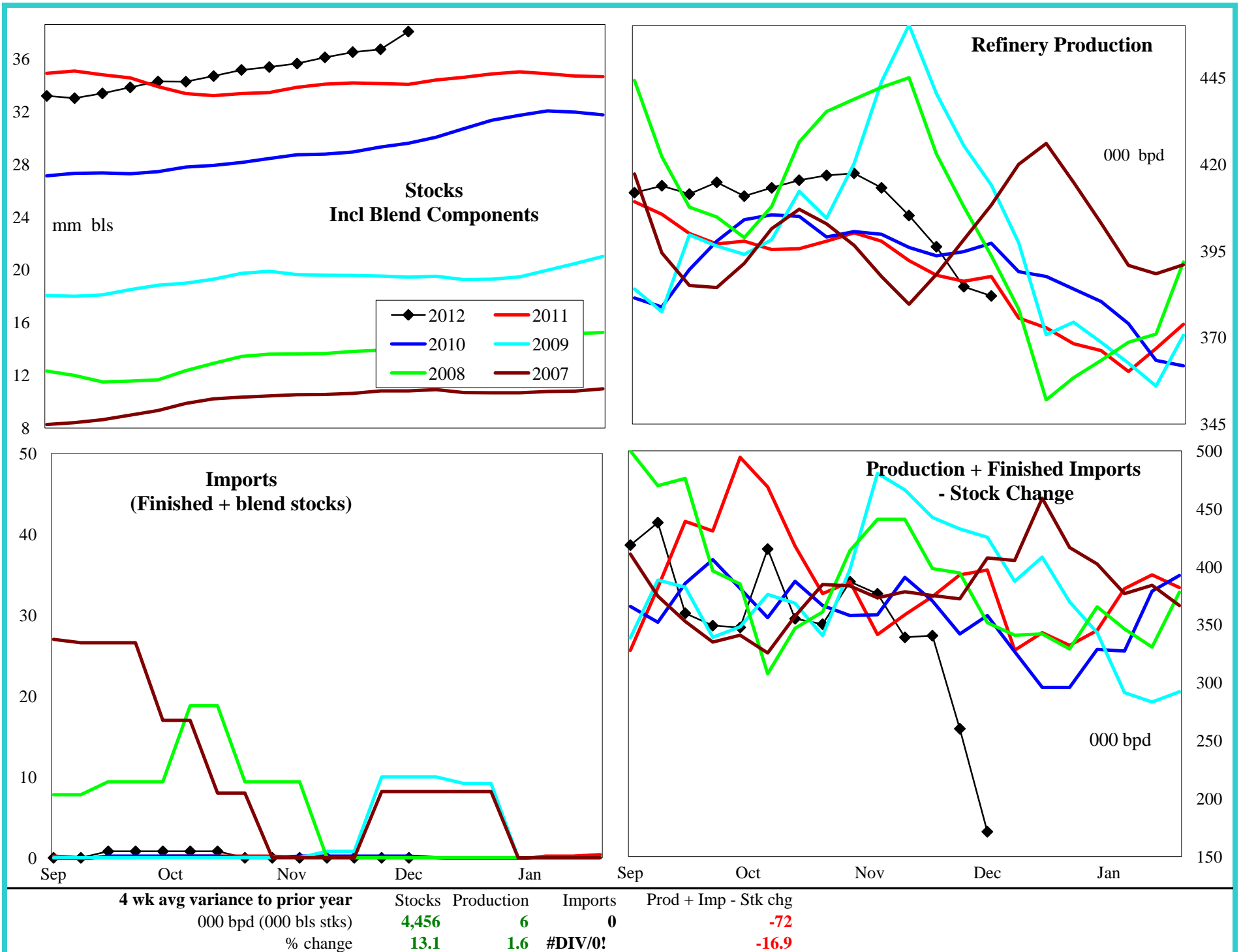




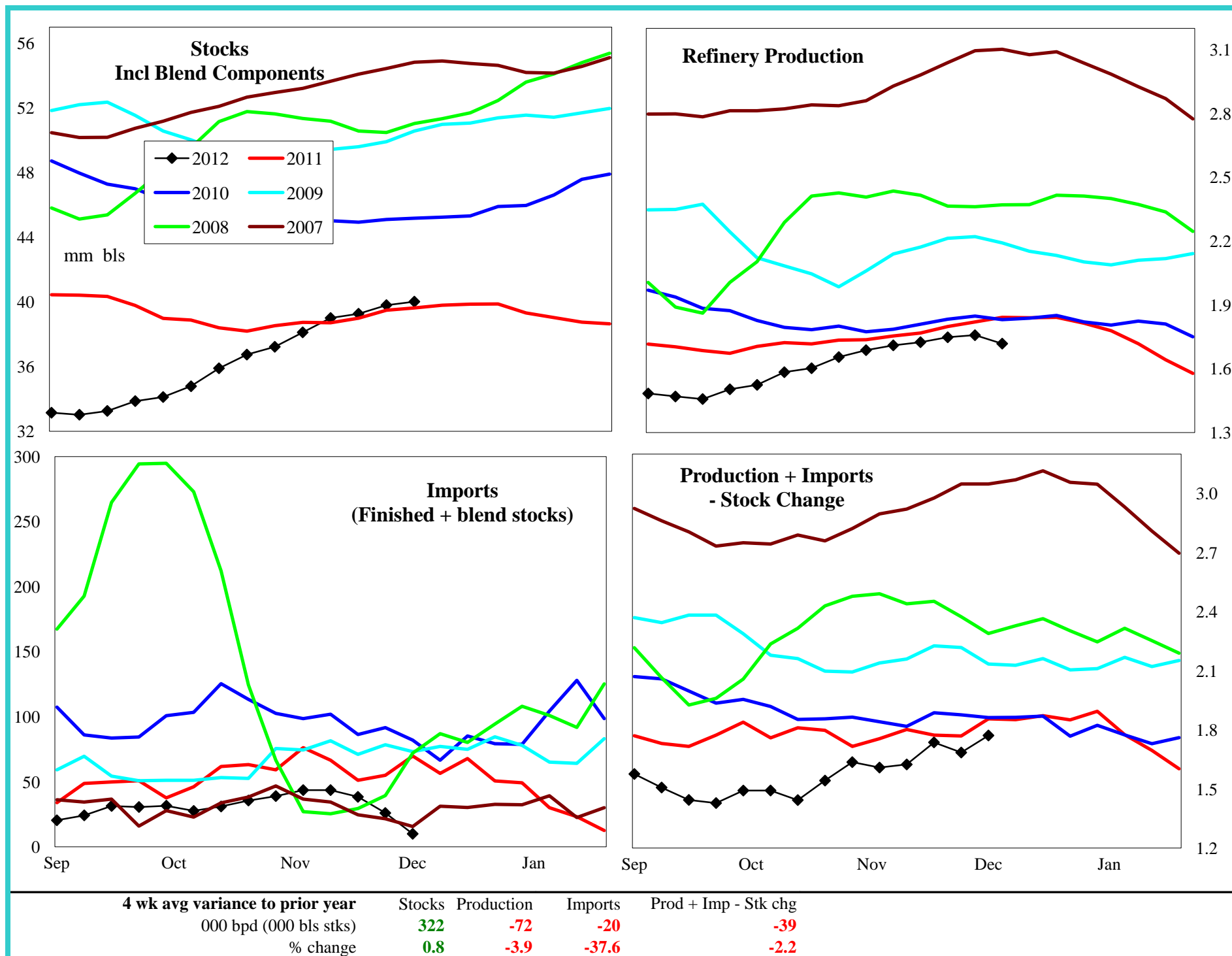
# PADD 3 Gasoline Supply



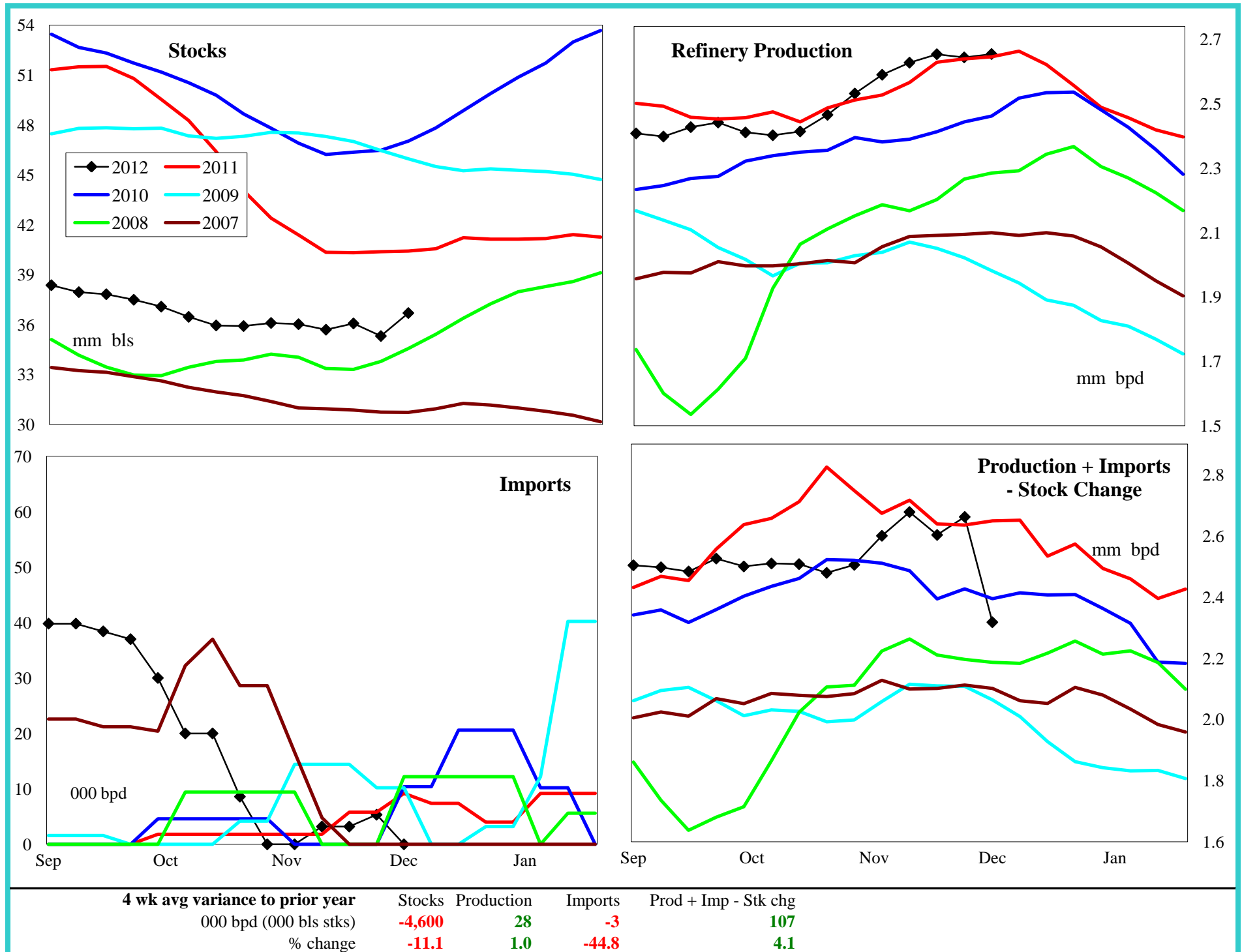
# PADD 3 Reformulated Gasoline Supply



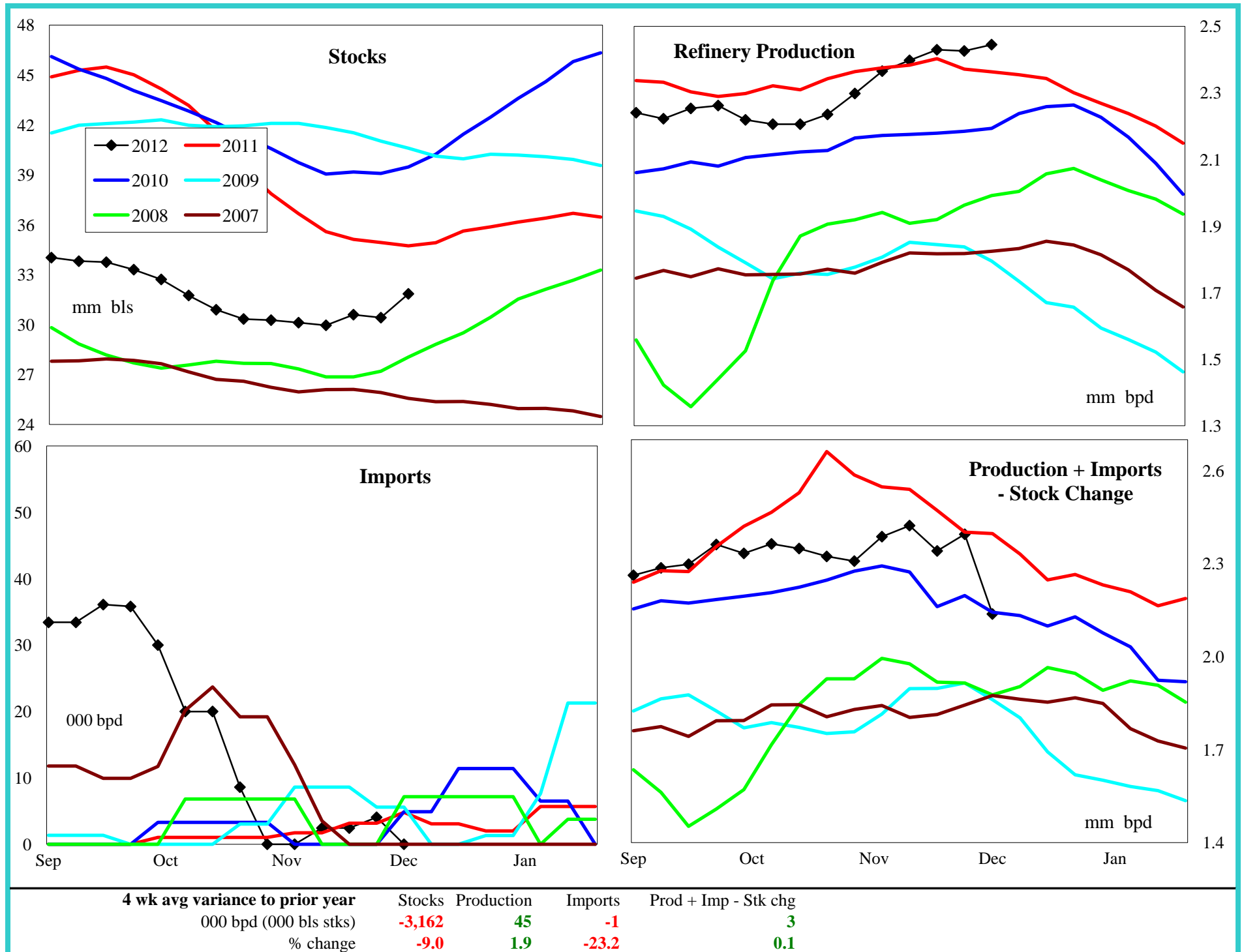
# PADD 3 Conventional Gasoline Supply



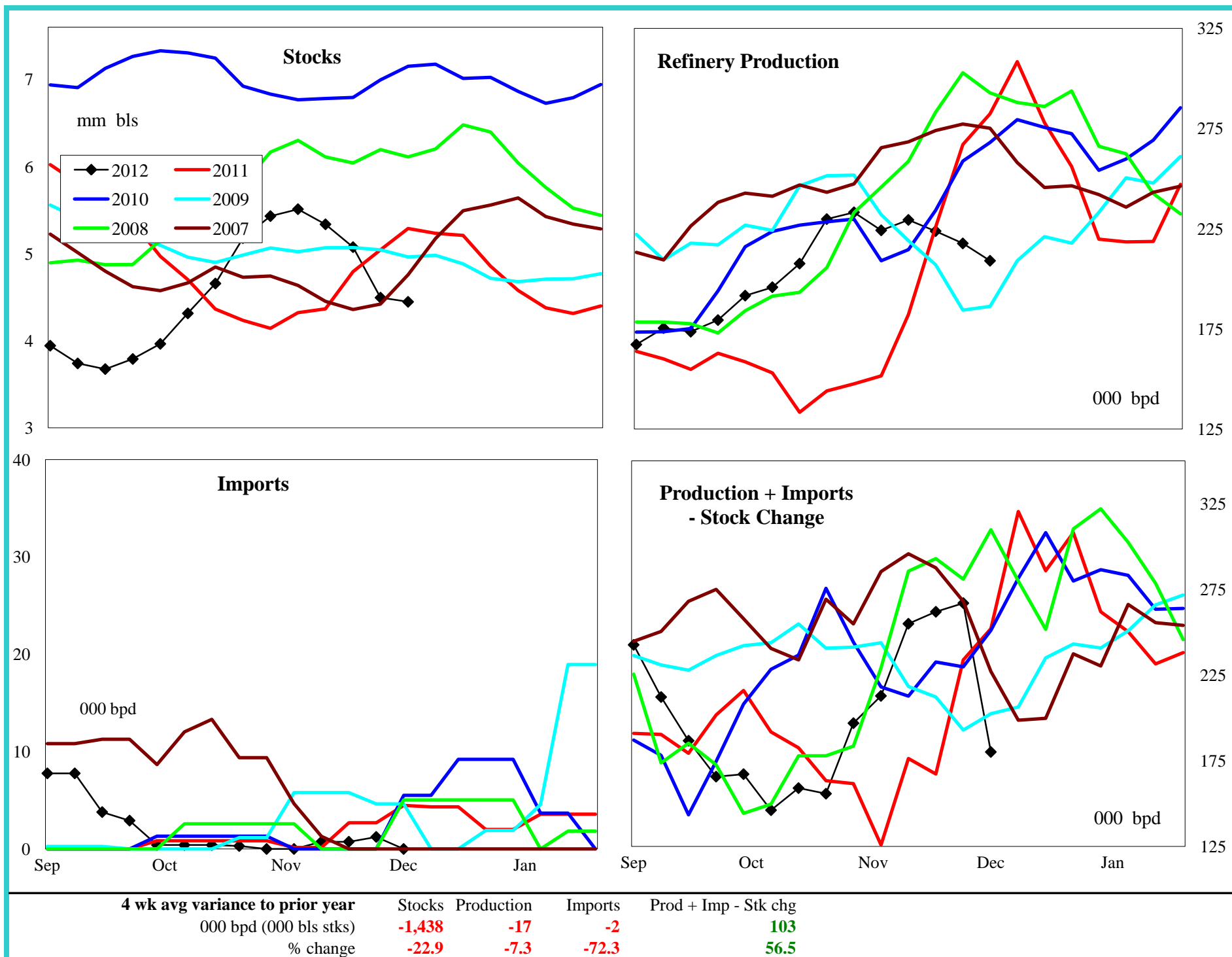
# PADD 3 Distillate Supply



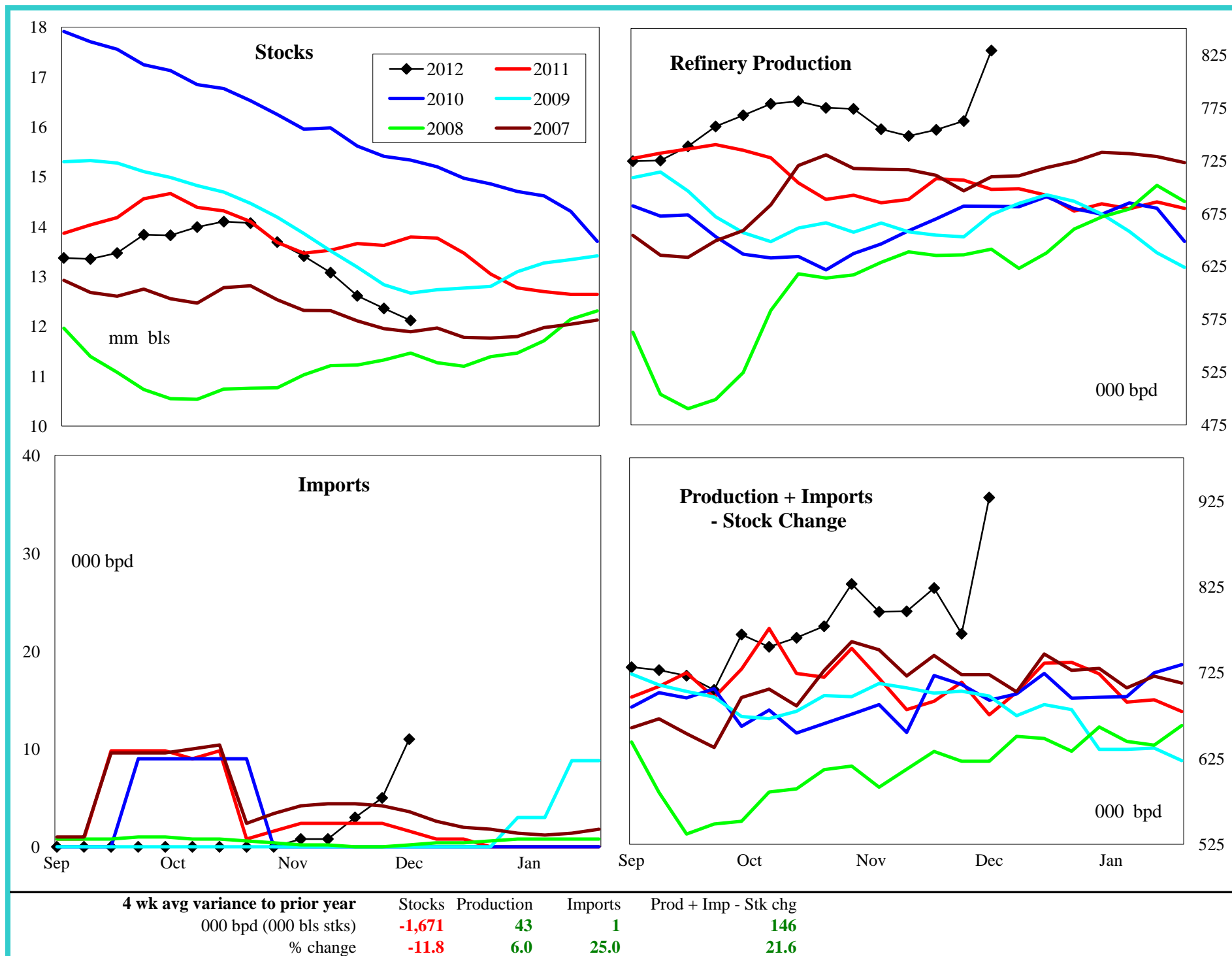
# PADD 3 Low Sulfur Distillate Supply



# PADD 3 High Sulfur Distillate Supply

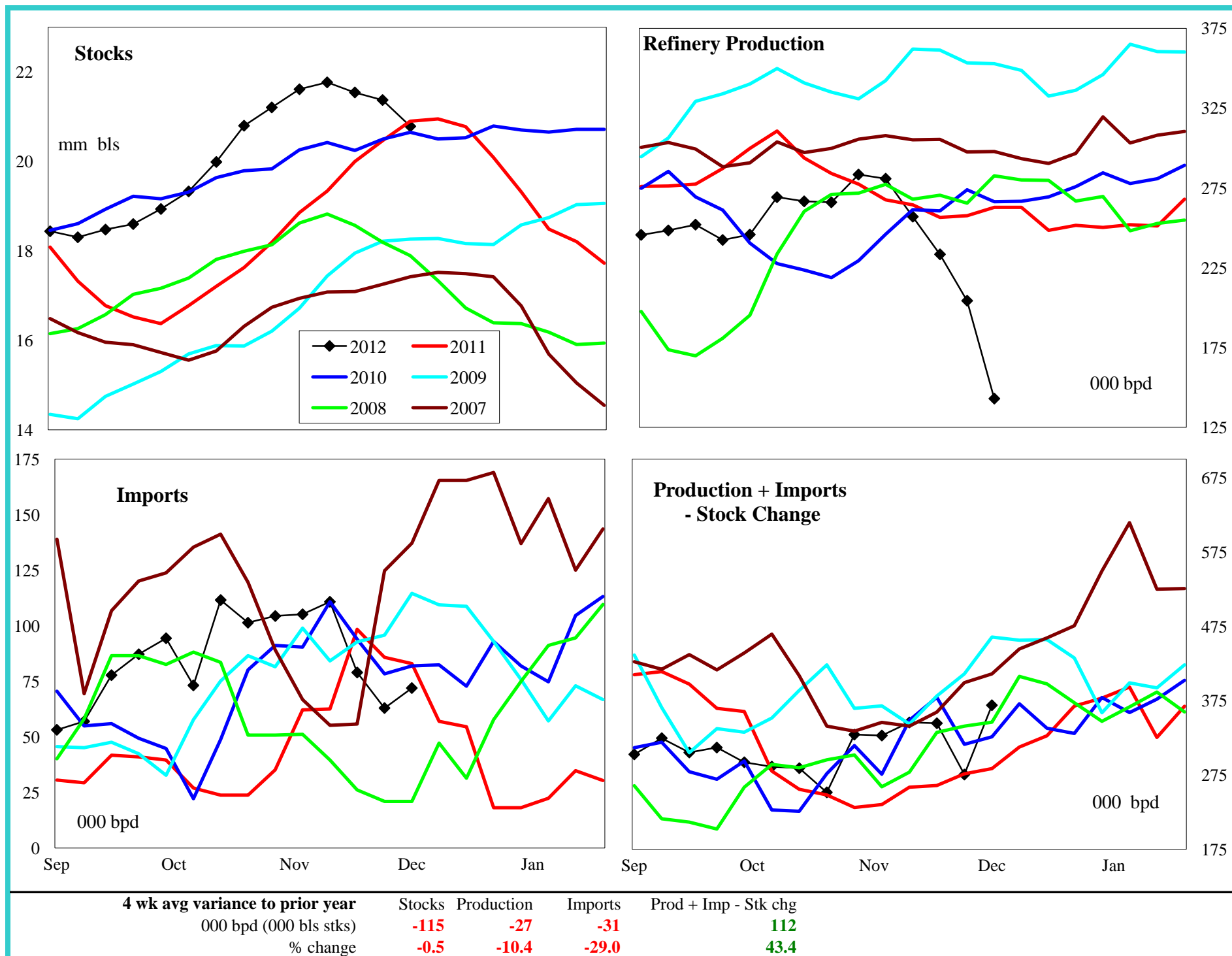


# PADD 3 Jet Fuel Supply

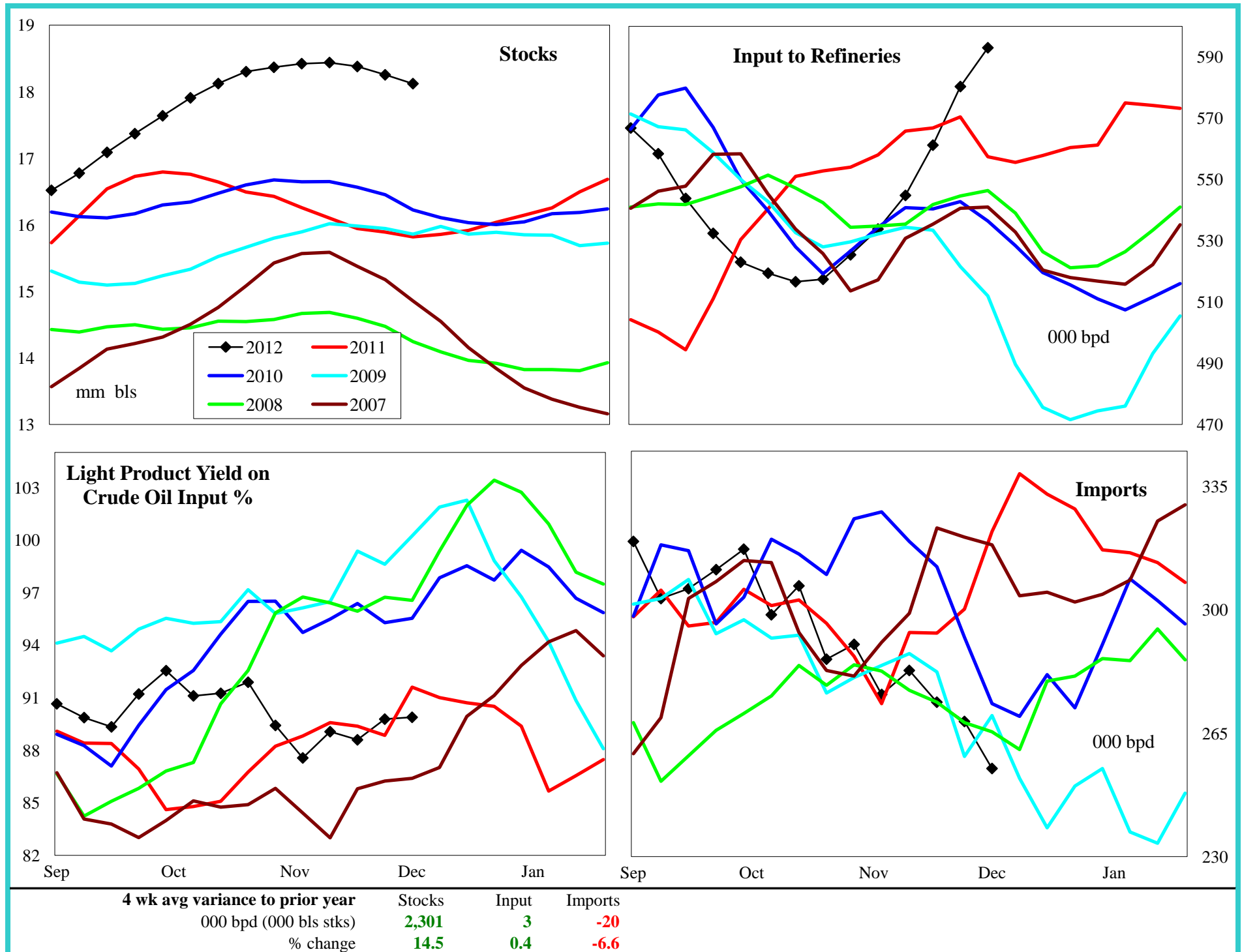




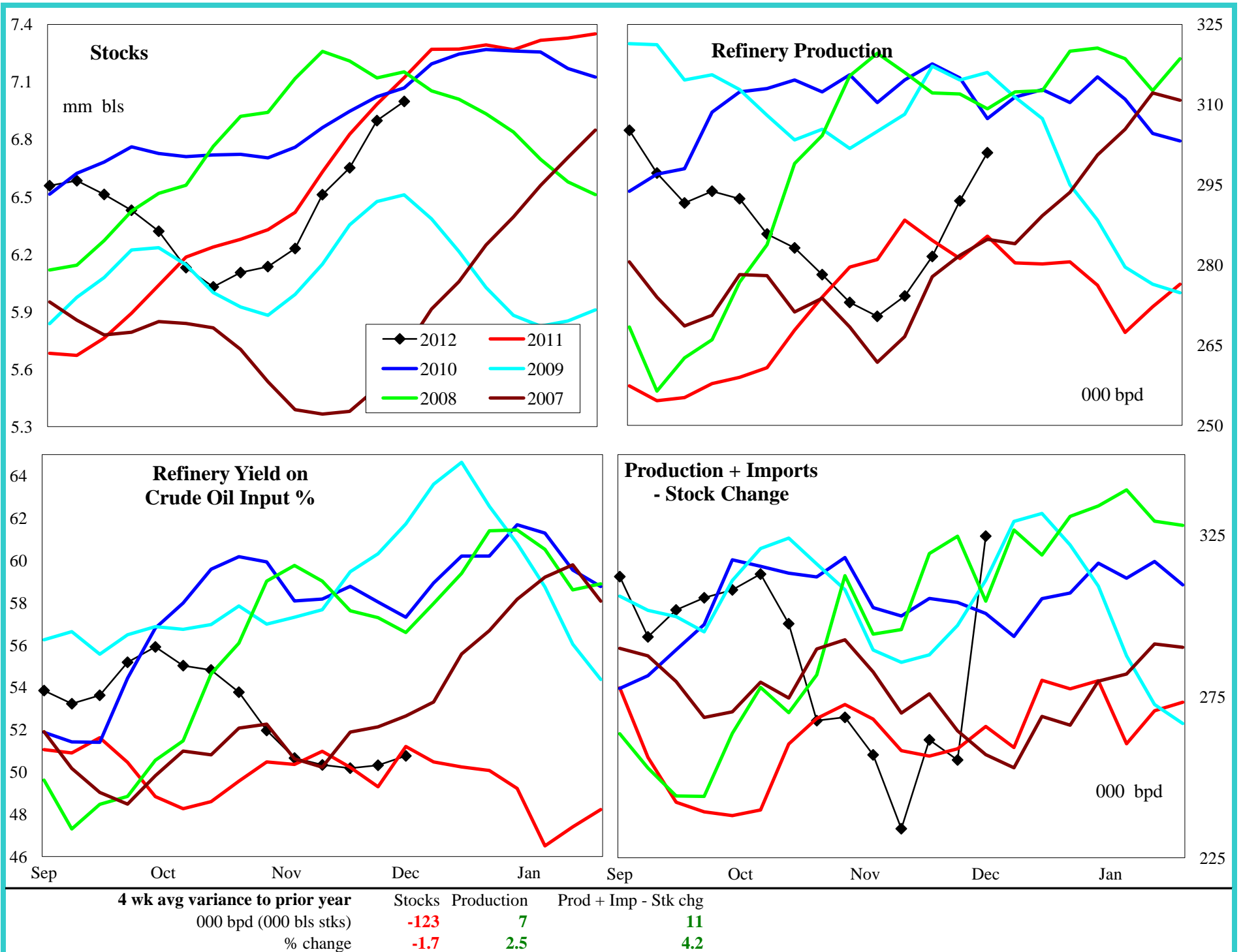
# PADD 3 Residual Fuel Oil Supply



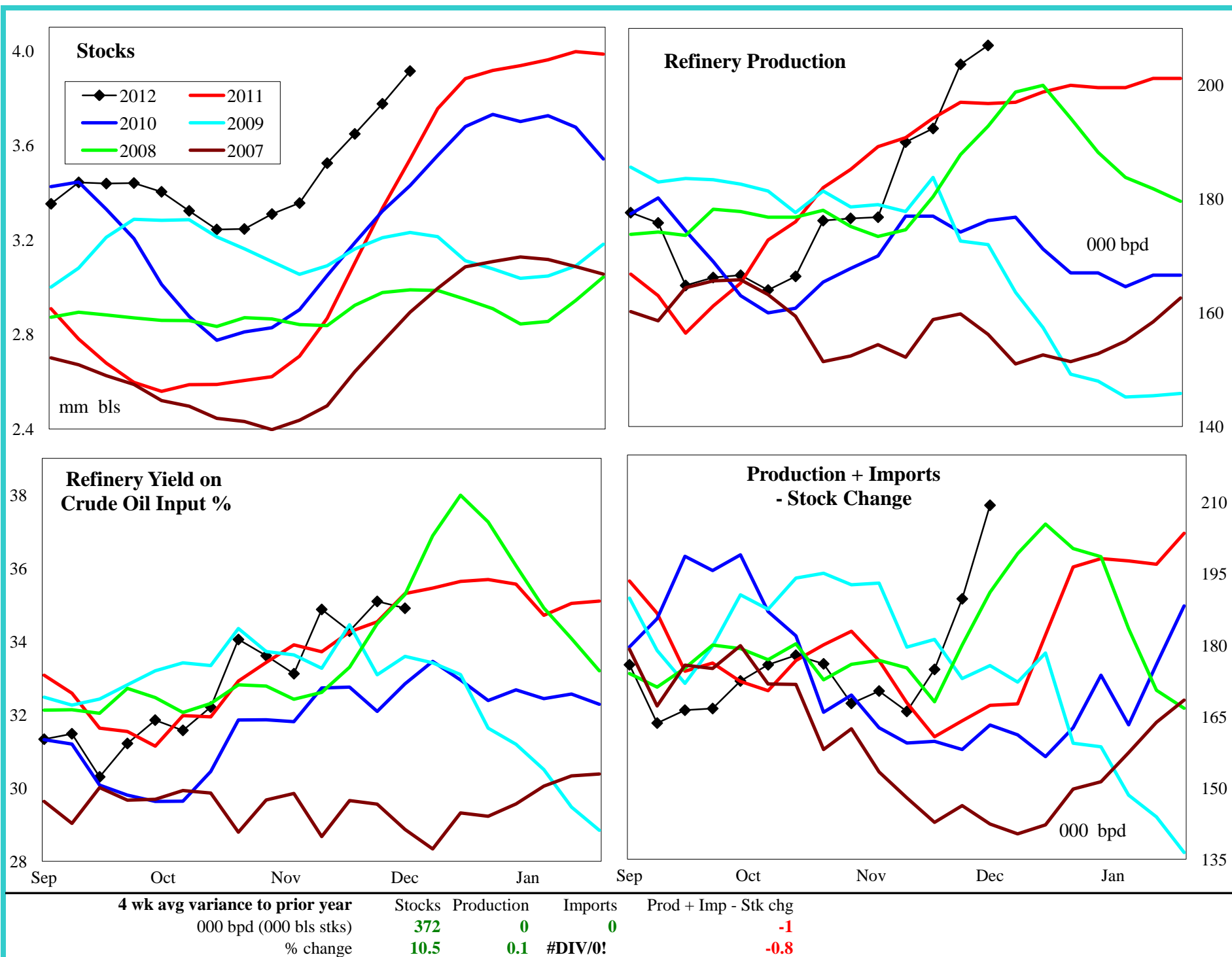
# PADD 4 Crude Oil Supply and Refining



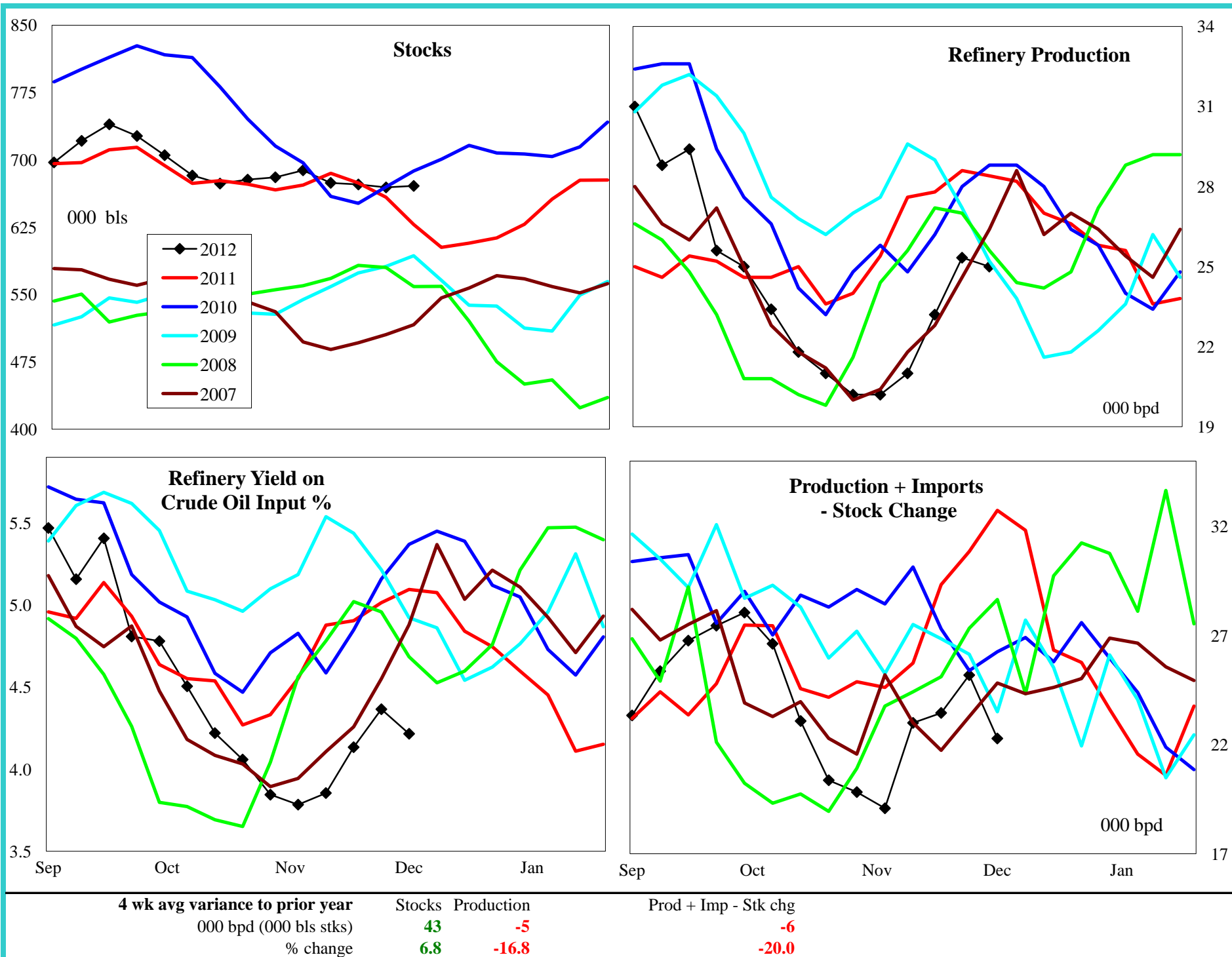
# PADD 4 Gasoline Supply



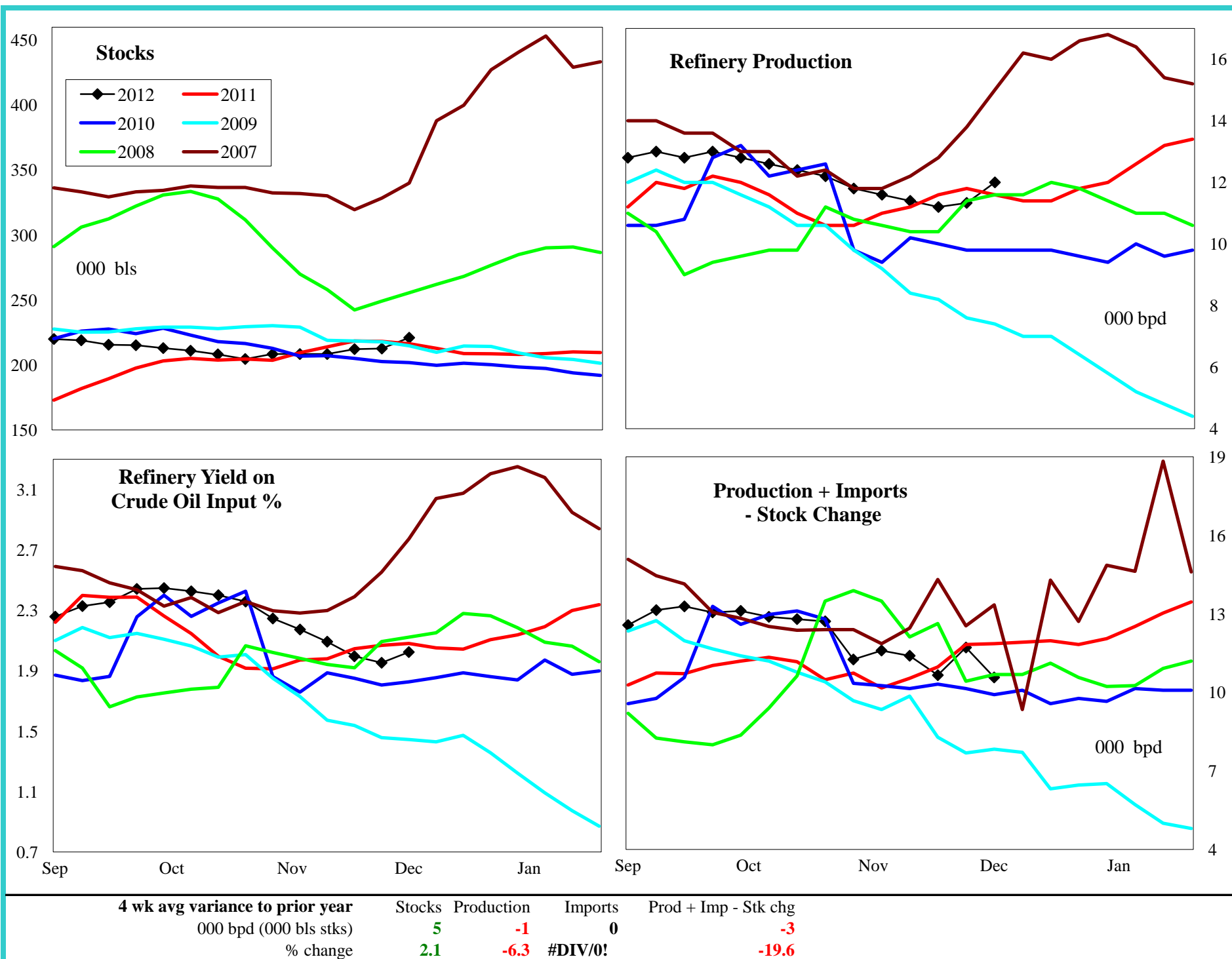
# PADD 4 Distillate Supply



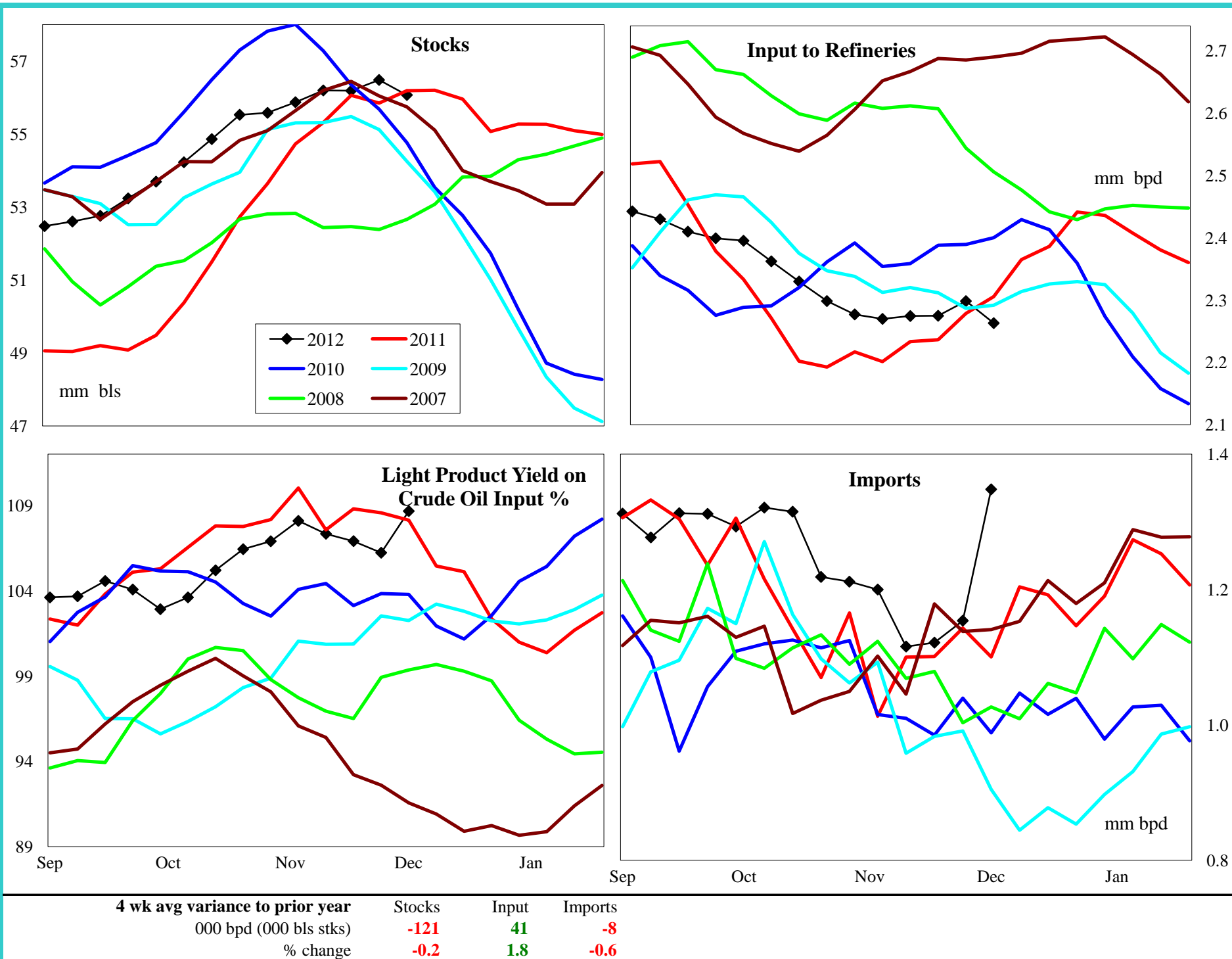
# PADD 4 Jet Fuel Supply



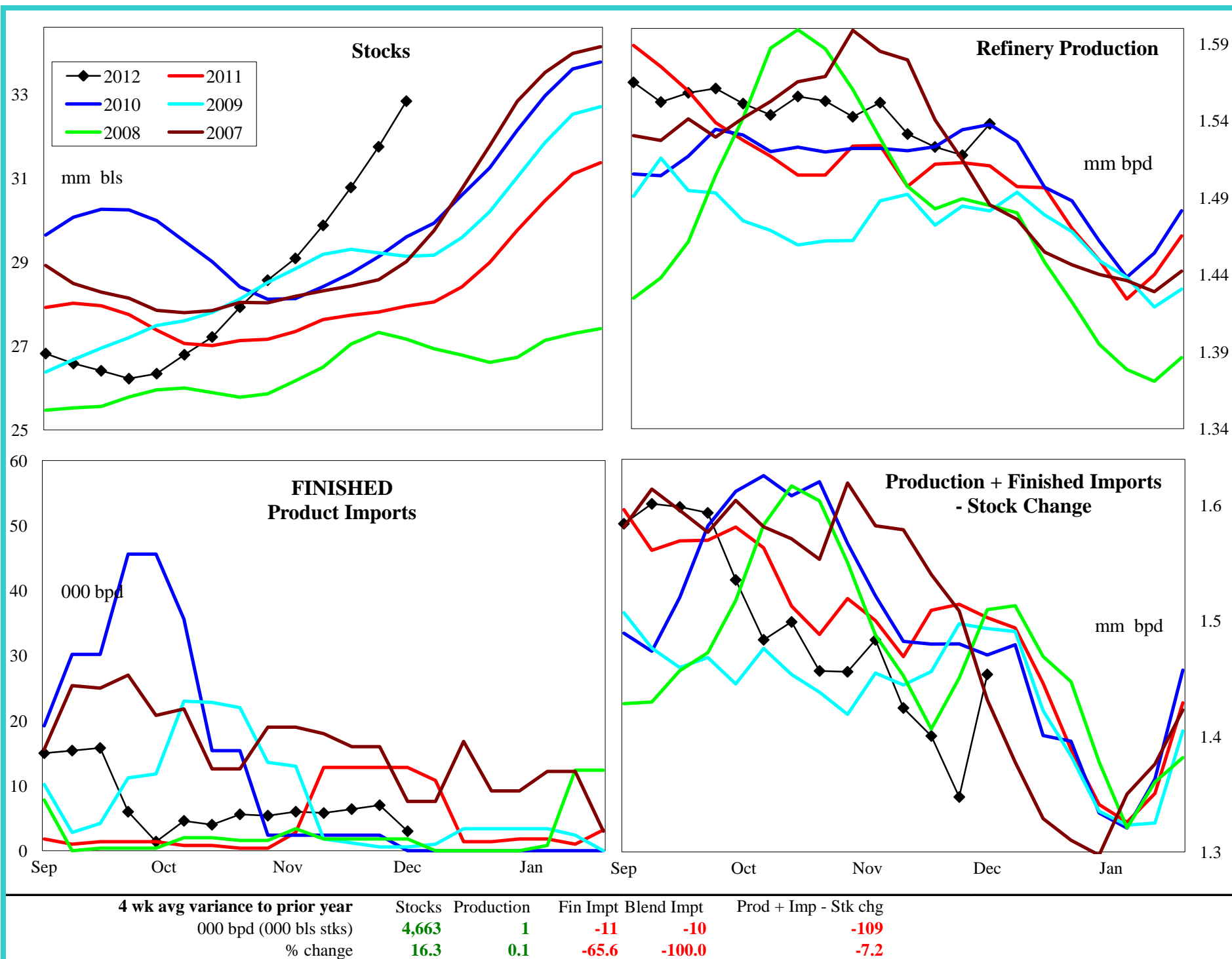
# PADD 4 Residual Fuel Oil Supply



# PADD 5 Crude Oil Supply and Refining

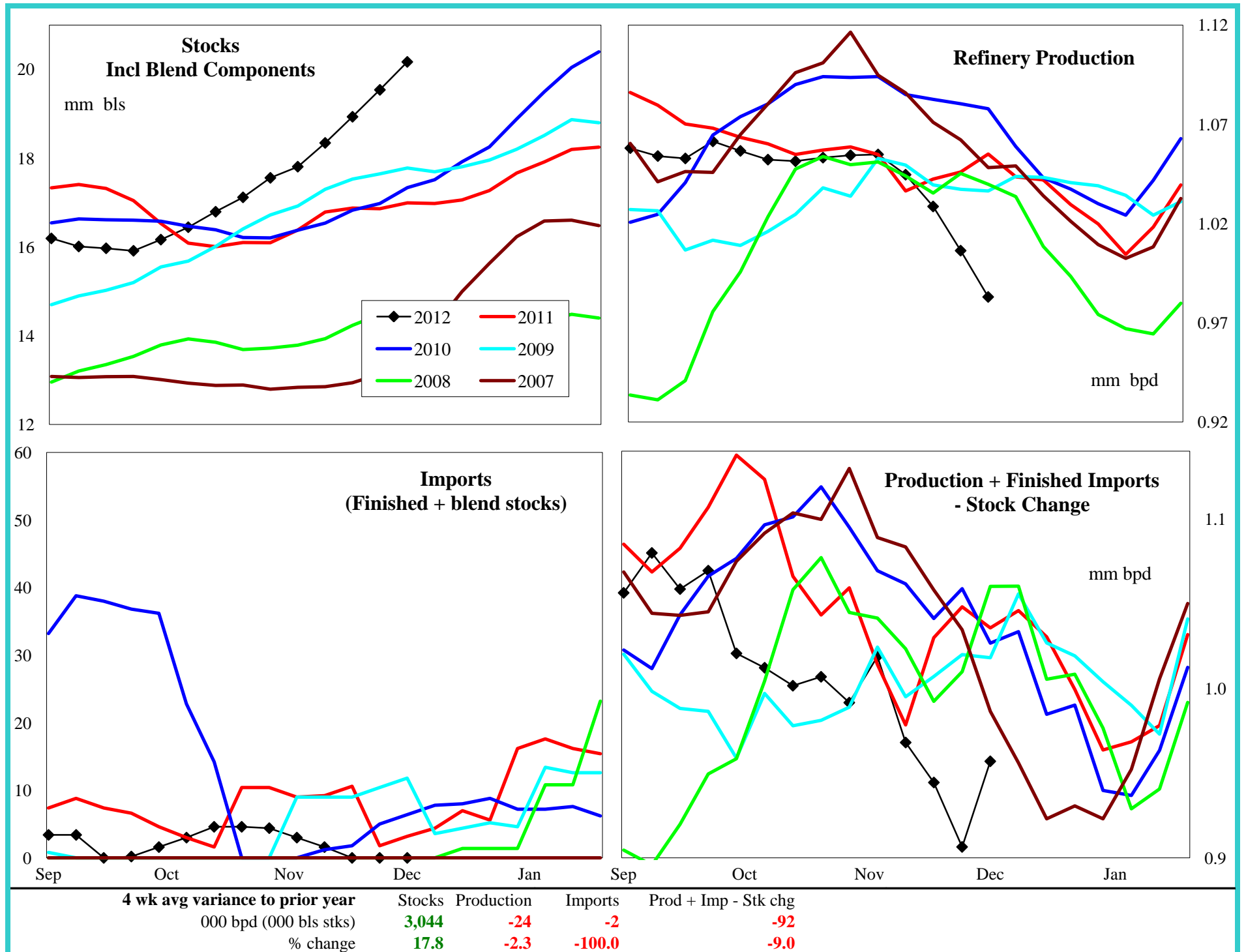


# PADD 5 Gasoline Supply

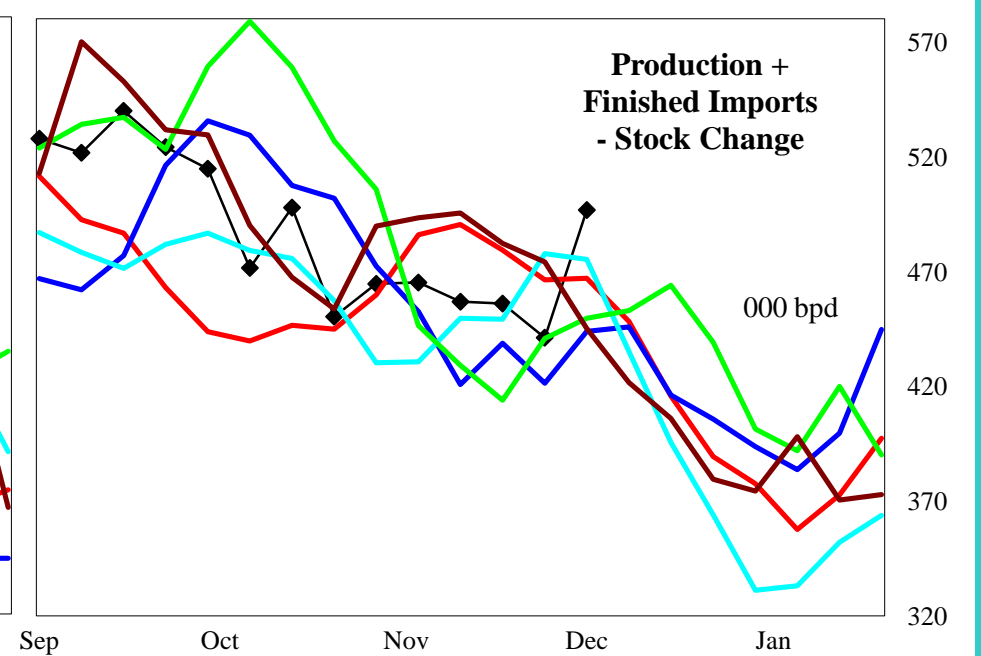
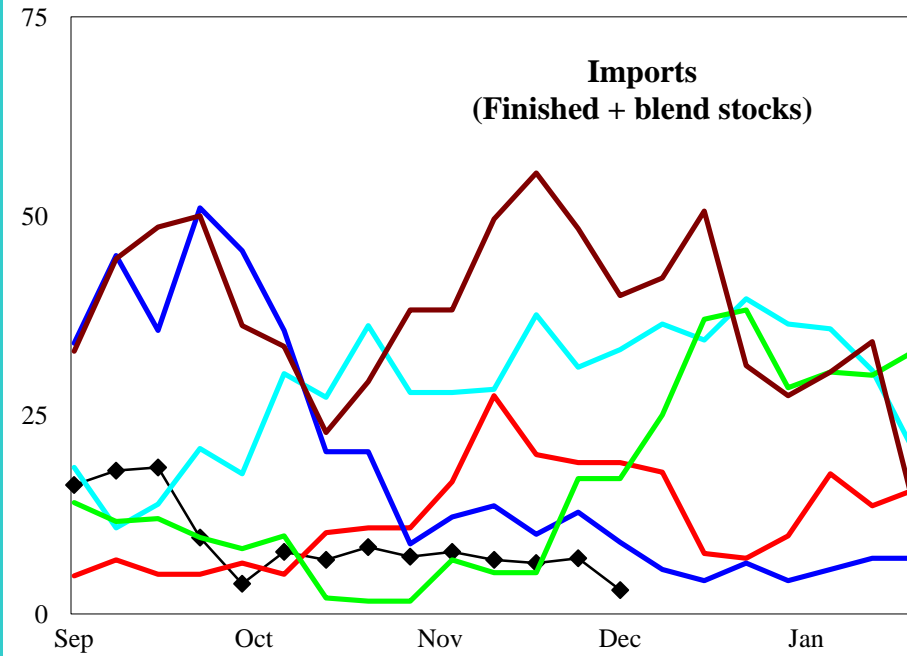
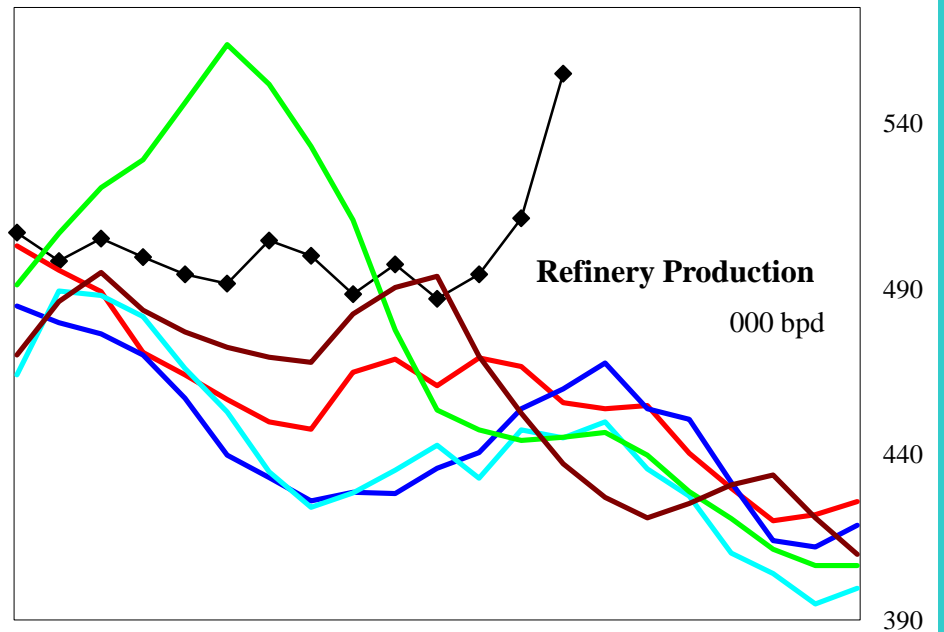
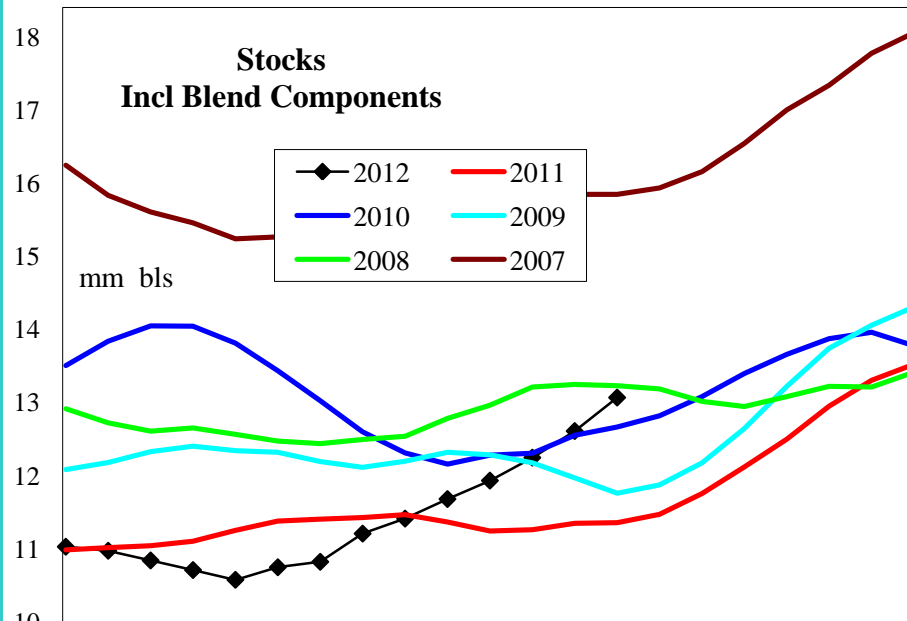




# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

**Stocks**

**1,619**

**14.1**

**Production**

**25**

**5.3**

**Imports**

**-18**

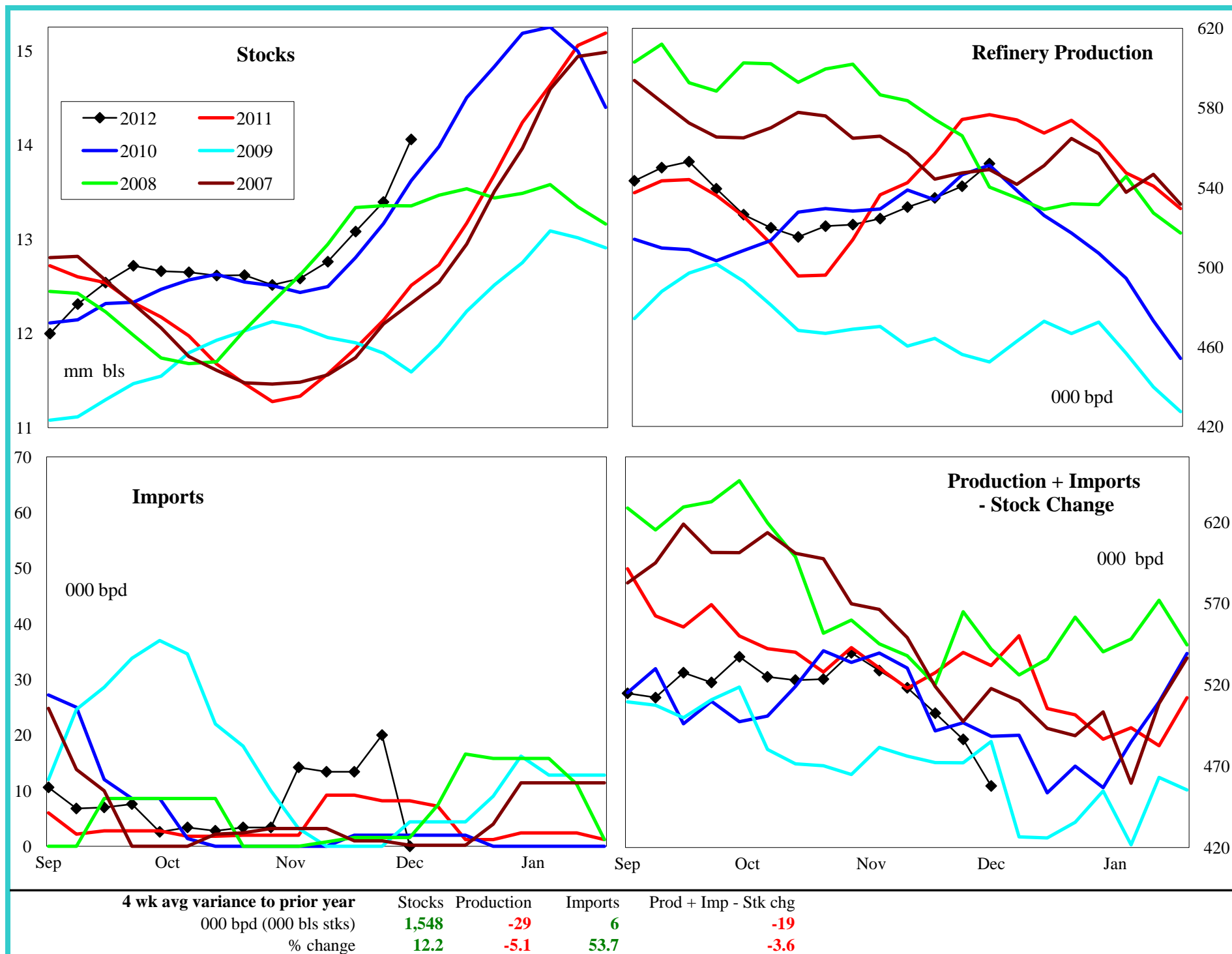
**-76.8**

**Prod + Imp - Stk chg**

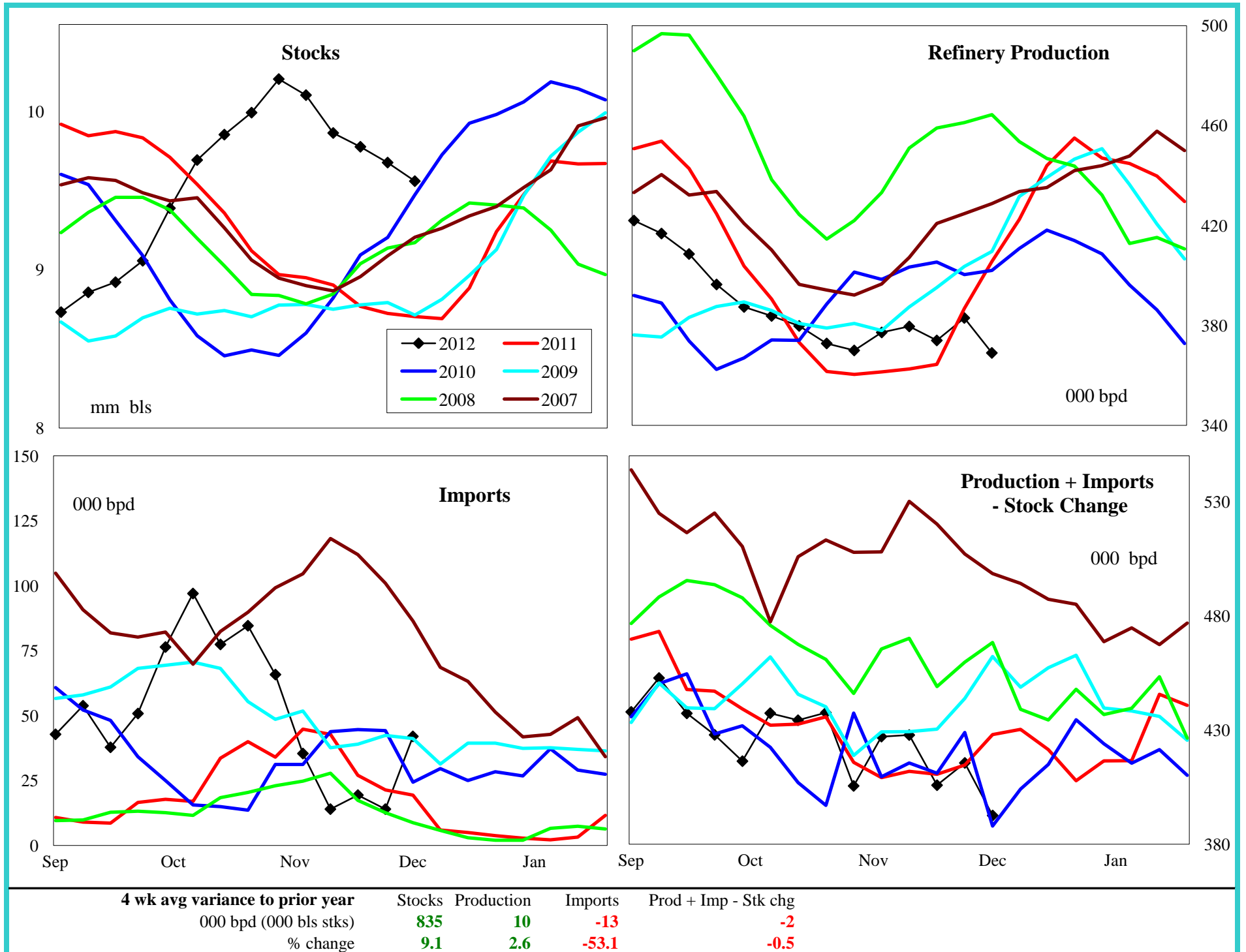
**-17**

**-3.5**

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

