



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

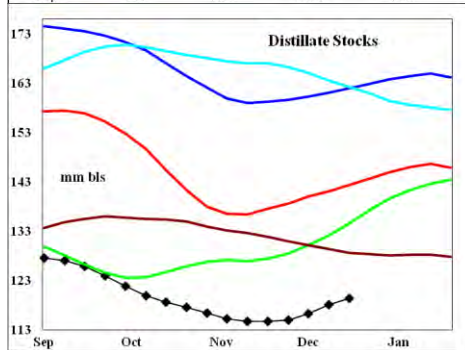
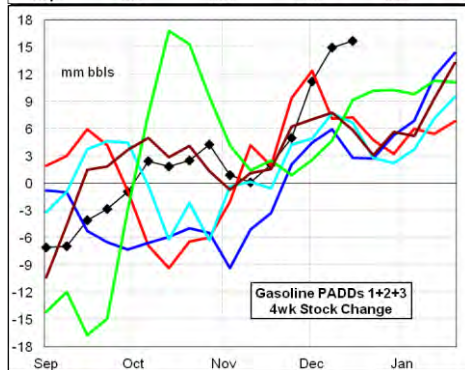
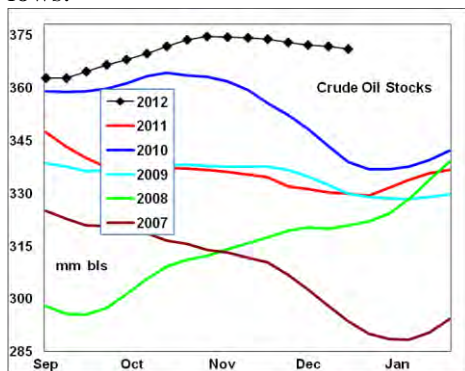
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Sunday, December 30, 2012



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

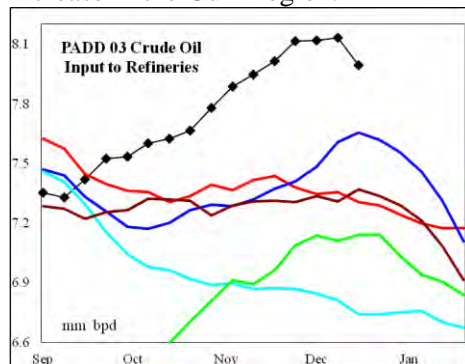
Notable fundamental trends at year end include a) exceptionally high crude oil stock levels across all regional markets except the East Coast where refinery closures have reduced operating inventories, b) combined 4-wk average demand for gasoline and distillate are over -0.5 million bpd below last year, c) the 4-wk rate of stock builds for both gasoline and distillate in regional markets East of the Rockies are record highs or near record high levels, and d) distillate stock levels are at record lows.



These trends point to a very over supplied crude oil market, weak

transport fuel demand, and over supplied gasoline market. Partially offsetting these trends are a tight Atlantic Basin distillate market.

Crude oil refinery runs declined -266,000 bpd on the week, including a -0.3 million bpd drop in the Gulf Region as winter maintenance began. The latest 4-wk average crude oil input was +0.7 million bpd ahead of a year ago, including a +0.8 million bpd increase in the Gulf Region.



The dramatic rise in Gulf crude oil runs accounts for a portion of the +12 million barrel rise in crude oil stocks for the region.

**Demand** for distillate reversed the prior week surge, falling -0.5 million bpd last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.8%; distillate was -6.9% lower; jet fuel was up +5.2% while residual fuel oil decreased -33%.

**Stocks forward coverage:** Gasoline demand coverage climbed on a +3.8 million barrel stock build and low wholesale demand. Coverage levels reached a new 5-year high for the season.

Distillate coverage increased on a +2.4 million barrel stock build and collapse in demand. Coverage levels remain well below the last 4-years.

Jet fuel coverage declined on a -0.7 million barrel stock draw and high demand. Coverage levels ended the week at a level below the last 4-years.

**Refinery utilization** rates decreased last week on a -266,000 bpd drop in crude oil runs. During the latest 4-wk period crude oil input was +0.7 million bpd

above a year ago.

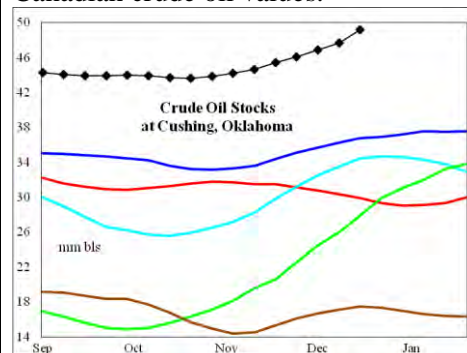
Gasoline yield % on crude oil runs surged on a +0.7 million bpd increase in output compared to the -266,000 bpd decline in crude oil runs. Yield % on crude oil runs was comparable to the last 2-years.

Distillate yield % on crude oil runs increased on a +26,000 bpd rise in production, compared to decrease in crude oil runs. The yield % on crude oil runs was above four of the last 5-years.

Jet fuel yield % on crude oil runs decreased on a -24,000 bpd decline in output, compared to the decline in crude oil runs. The yield % was near the historic mid range.

**Petroleum Imports** decreased for crude oil, gasoline, and middle distillates, while gasoline saw a modest increase for the week. During the latest 4-wk period crude oil imports were -0.3 million bpd below last year; distillate imports increased +48,000 bpd; finished gasoline imports decreased -35,000 bpd, gasoline blend stock imports decreased -90,000 bpd; jet fuel imports were nearly unchanged, while residual fuel oil imports fell -117,000 bpd.

**Crude Oil** imports decreased -0.4 million bpd last week to a level that matched 5-year lows. Stocks ended the week +44 million barrels above last year. Stock levels in Cushing ended the week +64% 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



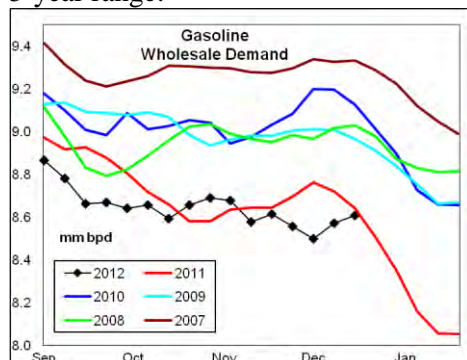
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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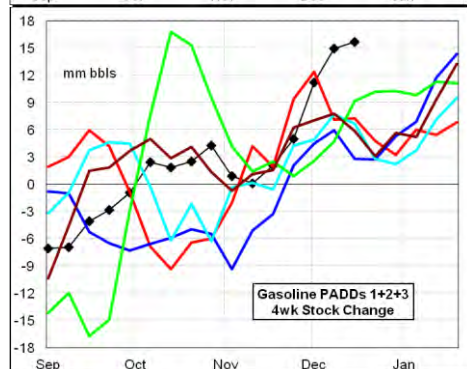
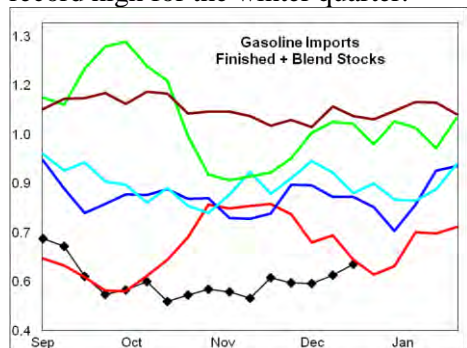
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#### Product Supply-Demand Trends

**Gasoline** demand was nearly unchanged last week at a level comparable to last years' record low. The latest 4-wk average demand was -244,000 bpd below a year ago. Supply jumped +0.7 million bpd on a higher production. Imports remain below the 5-year range.

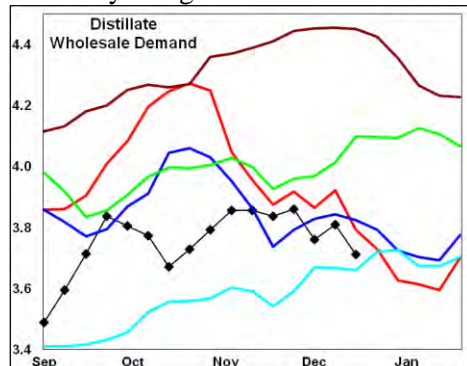


Stocks increased +3.9 million barrels last week, to a record high level for this time of year. The latest 4-wk build of +15.6 million barrels was a new record high for the winter quarter.



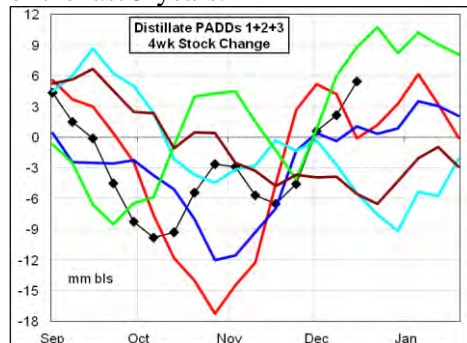
Look for the rate of stock building to slow as refiners began winter maintenance early next month. Stock levels are extremely high in the Gulf, Rockies and West Coast. Stock levels remain below the 5-year range on the East Coast.

**Distillate** demand plunged -503,000 bpd last week, to a level below each of the last 2-years. The latest 4-wk average demand was -277,000 bpd below a year ago.



Supply was unchanged last week, with the latest 4-wk average -78,000 bpd below last year. Stocks climbed +2.4 million barrels last week, driven by the drop in wholesale demand. There were stock builds in all major regions.

The latest 4-wk stock change in markets East of the Rockies was a +5.5 million barrel build, a level above four of the last 5-years.



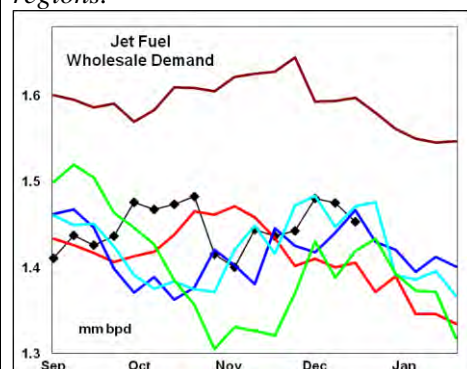
The pull back in demand last week led to a meaningful stock build. Production should trend sharply lower over the next 30-days as Gulf refiners begin winter maintenance; which combined with colder than normal temperatures in the Northeast early in the month should limit further builds.

**Jet Fuel** demand decreased -33,000 bpd last week, with the latest 4-wk average demand +74,000 bpd above a year ago.

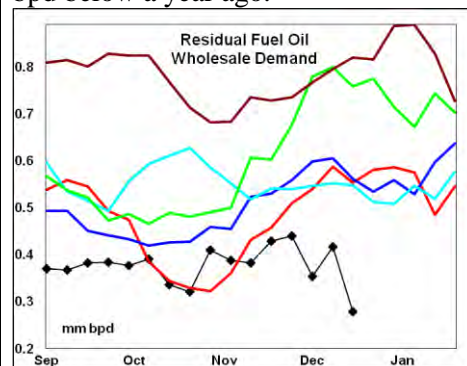
Supplies declined -49,000 bpd on the week, due to lower production and imports. Production levels match 5-year highs, with the 4-wk average +43,000 bpd above a year ago. Stocks

decreased -0.7 million barrels on the week to a level near 5-year lows.

Wholesale demand matched highs of the last 3-years, with record low imports; driving stock levels to near record lows. Stock levels remain very tight in the Midwest and East Coast regions.



**Residual fuel oil** demand decreased -205,000 bpd last week. Demand for the latest 4-wk period was -167,000 bpd below a year ago.



Supply (production + imports) fell -182,000 bpd last week, on lower imports and production. The latest 4-wk average supply was -236,000 bpd below last year on lower imports and production. Stocks decreased -0.2 million barrels on the week, with the level below the 5-year mid range.

Stock levels reached the highest level of the year on the East Coast last week, while other regional markets remain well supplied. Production has dropped -24% below last year's record lows for the most recent 4-wk period.



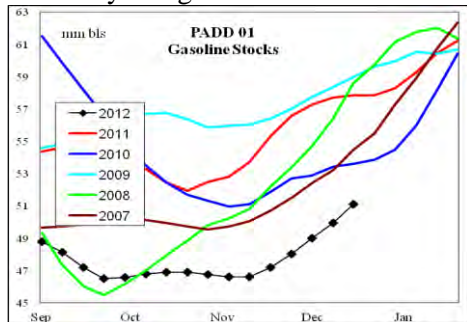
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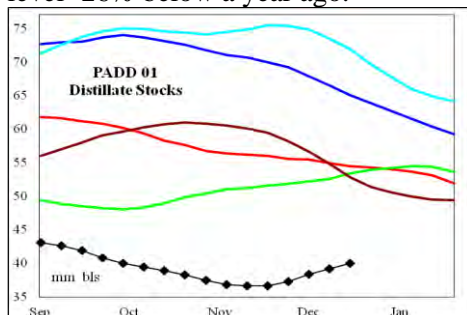
#### PADD Supply Trends

**PADD 1** refinery crude oil runs increased +5,000 bpd last week. The latest 4-wk average was -23,000 bpd below a year ago.

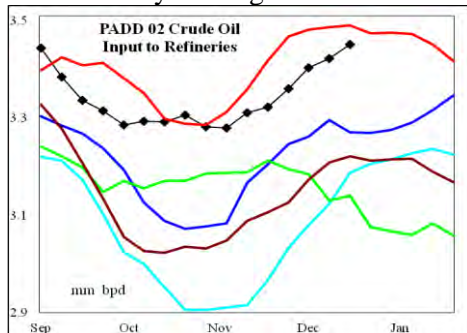


Gasoline supply increased +132,000 bpd in the region on higher production and imports. Stocks increased +2 million barrels on the week, ending at a level -11.5% below last ago.

Distillate supply decreased -66,000 bpd on the week due to lower imports and production. Stocks increased +0.7 million barrels on the week, with the level -26% below a year ago.



Jet fuel supply decreased -20,000 bpd while stocks were unchanged at a level below the 5-year range.



**PADD 2** crude oil refinery runs were nearly unchanged last week, a level near years' record high. Runs for the latest 4-wk period were -55,000 bpd below last year. Crude oil stocks

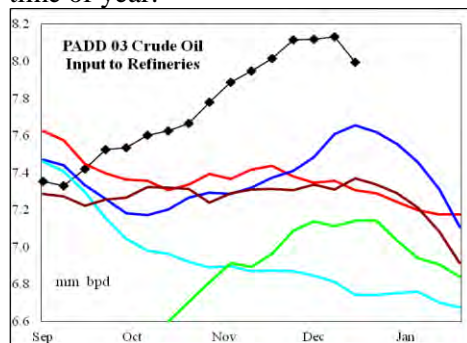
increased +2.1 million barrels last week. Stocks ended the week +64% above a year ago at Cushing, Oklahoma.

Gasoline production increased +125,000 bpd on the week, to a level above the prior record high for the season. Stocks increased +0.5 million barrels on the week, to a level above the 5-year mid range.

Distillate production increased +24,000 bpd on the week, to a level above four of the last 5-years. Stocks increased +0.4 million barrels last week, with the level -12.5% below a year ago.

Jet fuel production increased +5,000 bpd last week, to a level slightly below the last 3-years. Stocks plunged -0.8 million barrels to a level -27% below last year.

**PADD 3** refinery runs decreased -266,000 bpd last week, with the decline in the Gulf. The latest 4-wk average runs were +0.7 million bpd above a year ago. Crude oil stocks decreased -0.6 million barrels last week, ending at a record high for this time of year.



Gasoline supply increased +153,000 bpd on the week, to a level slightly above the last 2-years. Stocks increased +0.8 million barrels to a fresh 5-year high for this time of year.

Distillate supply increased +74,000 bpd on the week, with the latest 4-wk average +18,000 bpd above a year ago. Stocks increased +1.3 million barrels on the week, to a level -13% below last year.

Jet fuel supply declined -81,000 bpd with the level +92,000 bpd above a year ago for the most recent 4-wks.

Stocks climbed +0.1 million barrels last week, to a level that matched the 5-year mid range.

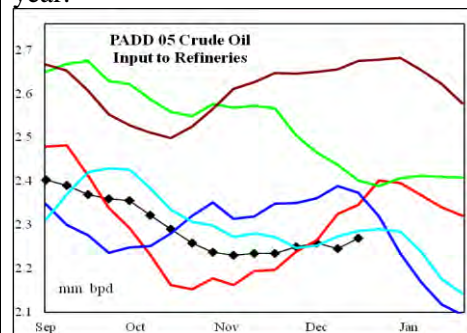
Residual fuel oil supplies decreased -37,000 bpd on the week. Stocks decreased -0.5 million barrels to a level near the level below the last 2-years.

**PADD 4** refinery crude runs decreased -8,000 bpd last week, with the level still a record high for this time of year. The most recent 4-wk average run rate was +37,000 bpd above last year.

Gasoline supply increased +26,000 bpd on the week, to a record high for the season. Stocks increased +0.2 million barrels, to a level that matched 5-year highs.


Distillate production declined -8,000 bpd last week, with the level near last years' 5-year high. Stocks fell -0.4 million barrels, to a level comparable to the last 2-years.

**PADD 5** crude oil refinery runs increased +24,000 bpd last week, to a level slightly below each of the last 3-years. Runs for the most recent 4-wk period were -50,000 bpd below last year.

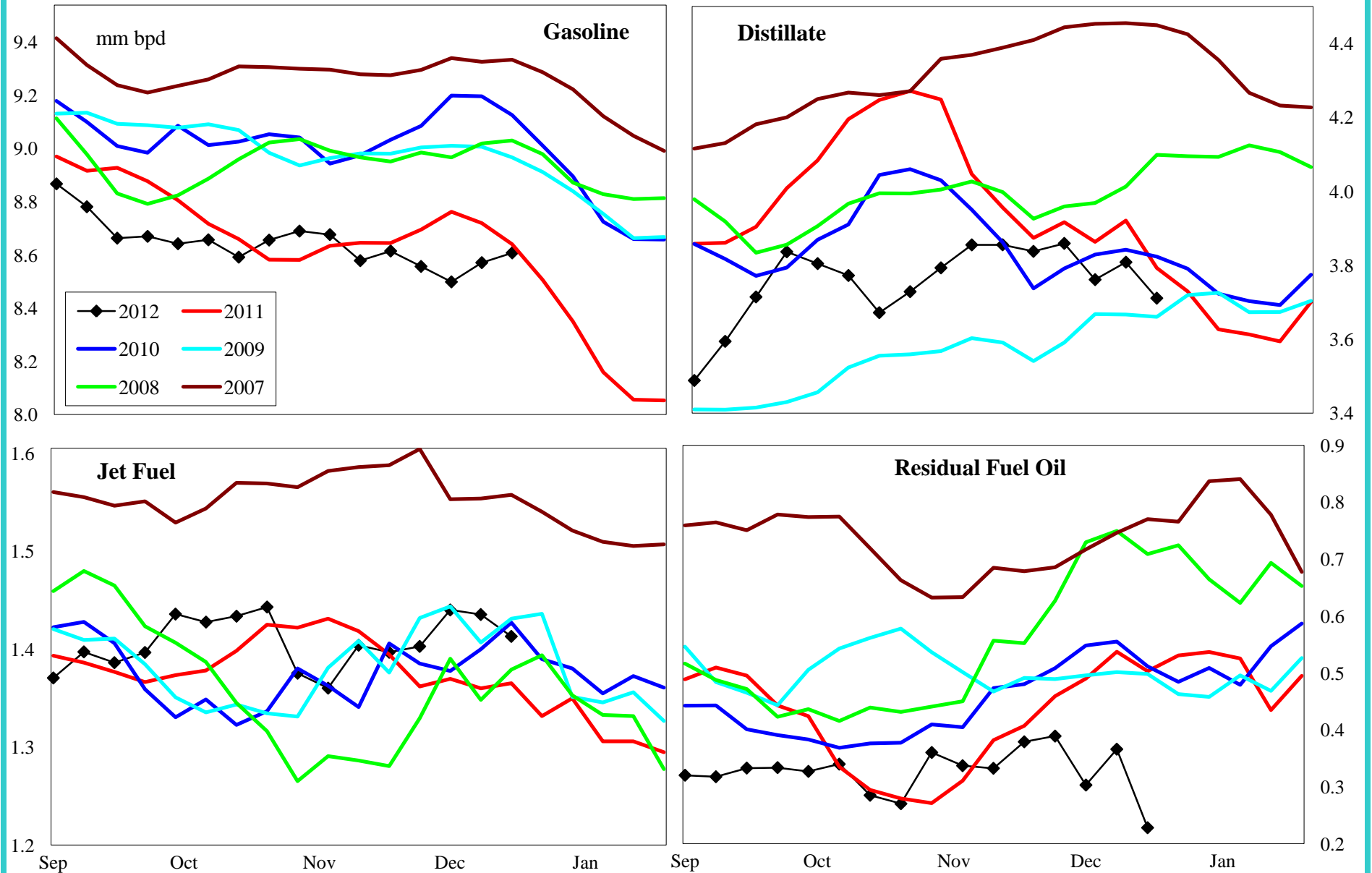


Gasoline supply declined -105,000 bpd on the week, although production remains above the 5-year range. The latest 4-wk average supply was -9,000 bpd below last year. Stocks increased +0.4 million barrels, to a level +17% above last year and a record high for the week.

Distillate stocks match record highs for this time of year, while production levels were at the historic mid range.

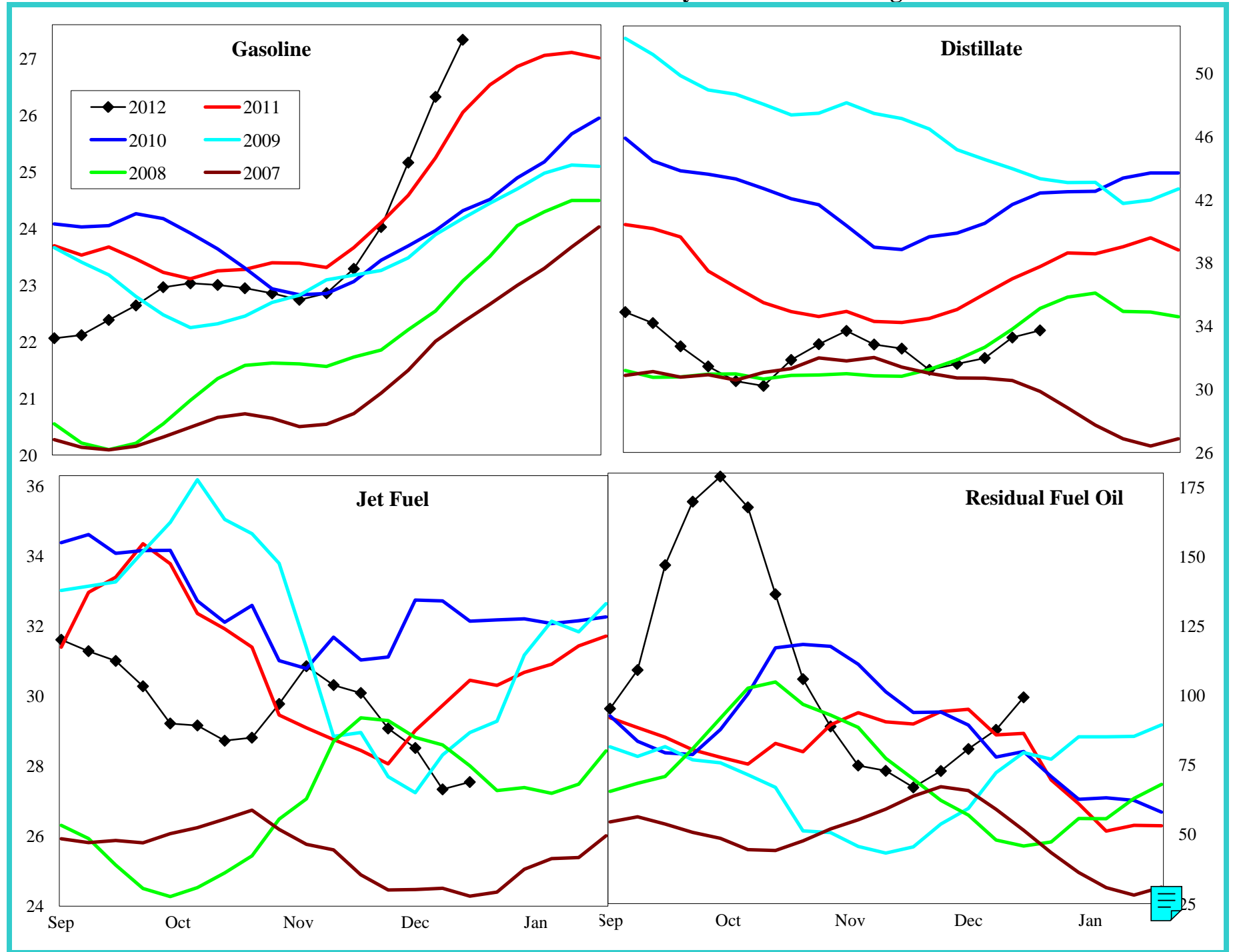
 FUNDAMENTAL PETROLEUM TRENDS		PETROLEUM: Graph Link and Weekly Summary					
A Fundamental Petroleum Trends Weekly Report    December 28, 2012							
Lehi German Tel: 816.505.0980 <a href="http://www.fundamentalpetroleumtrends.com">www.fundamentalpetroleumtrends.com</a>							
Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization</a>			<a href="#">Imports</a>	
Supply/Demand Trends	21-Dec-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	-586	151	2,110	-1,921	-326	-599
	Imports	-374	26	52	-492	-4	44
	Input	-266	5	-5	-281	-8	24
	% Utilization	-1.20					
<a href="#">Gasoline</a>	Stocks	3,782	1,981	467	763	164	408
	Production	657	45	125	139	26	-86
	Imports	81	87	-1	14	0	-19
	Supplied	-10					
<a href="#">Distillate</a>	Stocks	2,423	719	371	1,304	-351	380
	Production	26	-38	24	74	-8	-26
	Imports	-28	-28	0	0	0	-1
	Supplied	-503					
<a href="#">Jet Fuel</a>	Stocks	-683	-46	-780	69	-9	84
	Production	-24	-2	5	-74	-1	49
	Imports	-25	-18	0	-7	0	-1
	Supplied	-33					
<a href="#">Residual Fuel Oil</a>	Stocks	-241	156	-68	-537	-7	216
	Production	-22	0	-9	-12	-2	2
	Imports	-160	-67	3	-25	0	-71
	Supplied	-205					

# United States Wholesale Petroleum Demand

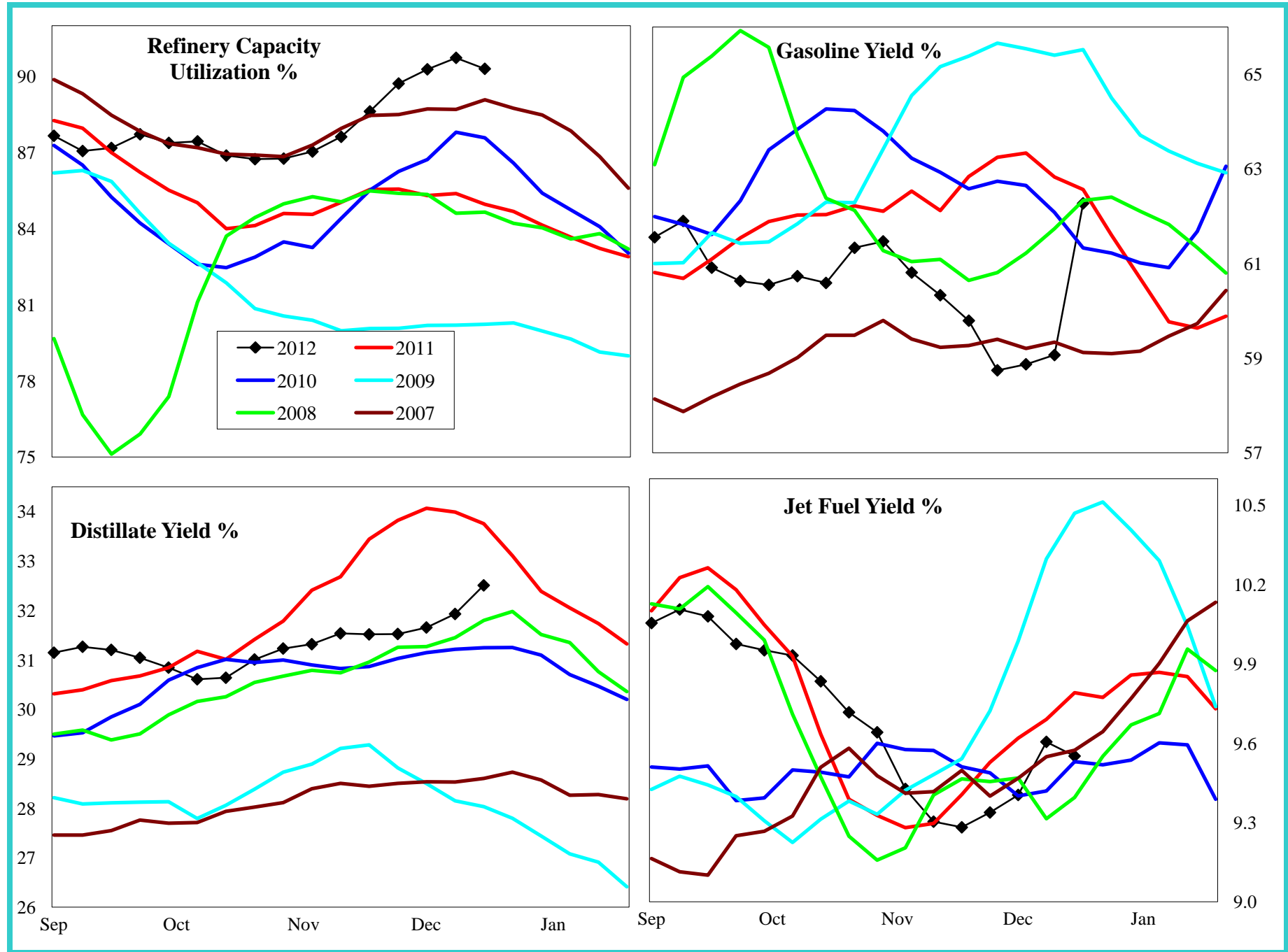


	000 bpd change from prior year				% change from prior year			
	4wk avg	Nov	Oct	Sep	4wk avg	Nov	Oct	Sep
<b>Gasoline</b>	-244	110	-56	-101	-2.8	1.3	-0.6	-1.2
<b>Distillate</b>	-277	-187	-369	-248	-6.9	-4.6	-9.2	-6.3
<b>Jet Fuel</b>	74	8	106	15	5.2	0.6	7.7	1.1
<b>Resid</b>	-167	-30	-160	-180	-33.5	-7.6	-39.8	-37.3

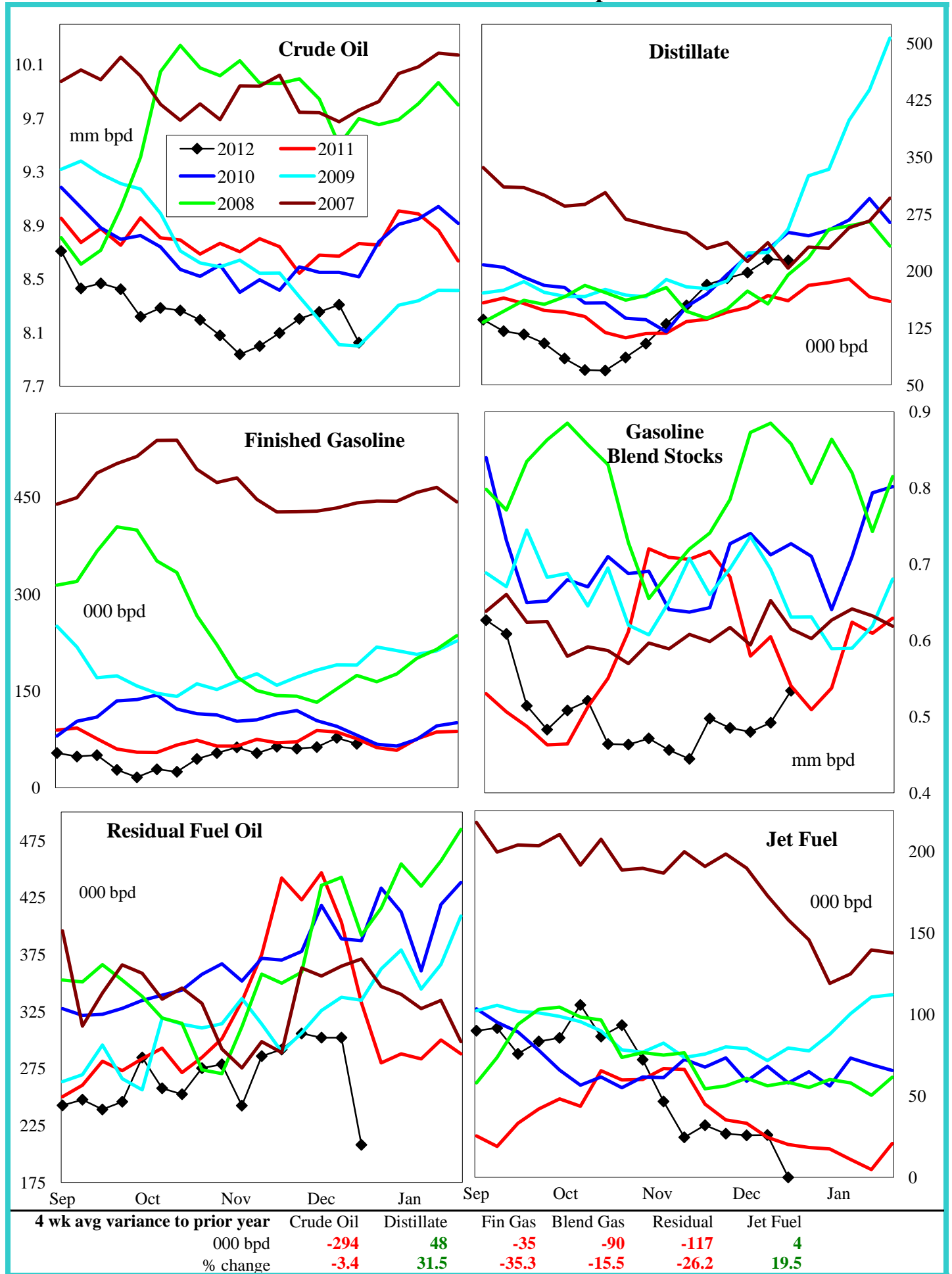


**United States Product Stocks: Days Forward Coverage**

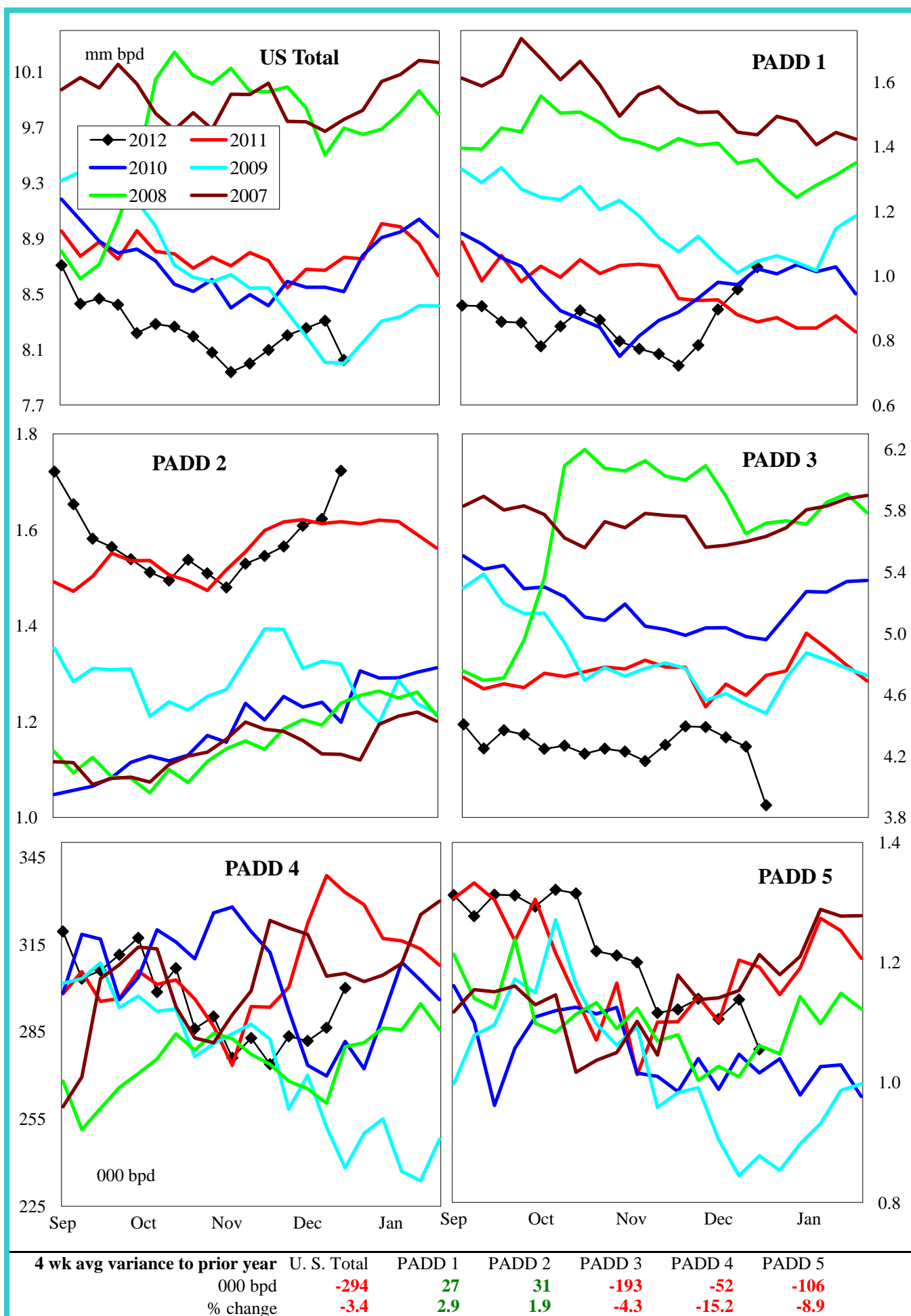
## United States Refinery Percent Utilization Rate and Product Yields



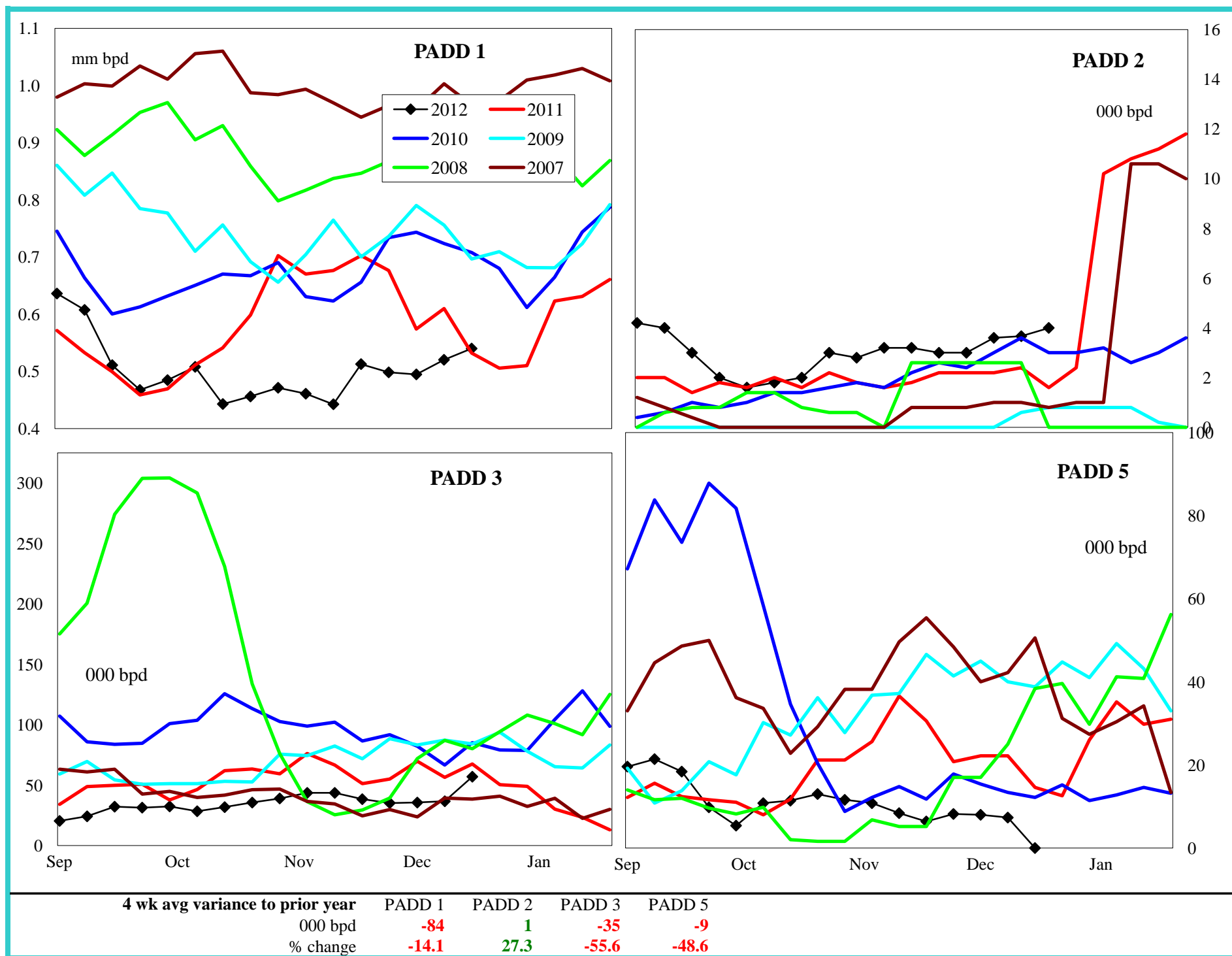
# United States Petroleum Imports



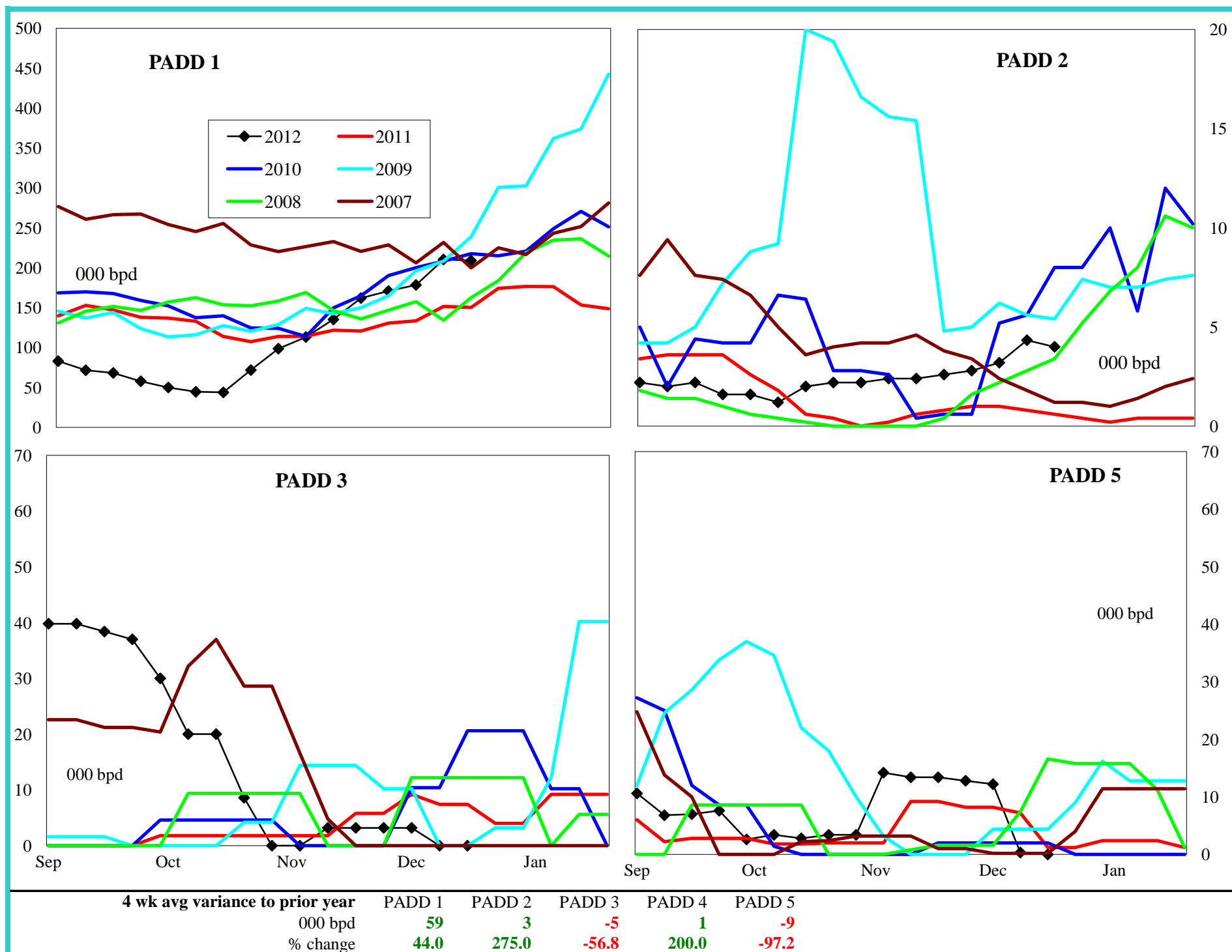
## Crude Oil Imports by PADD



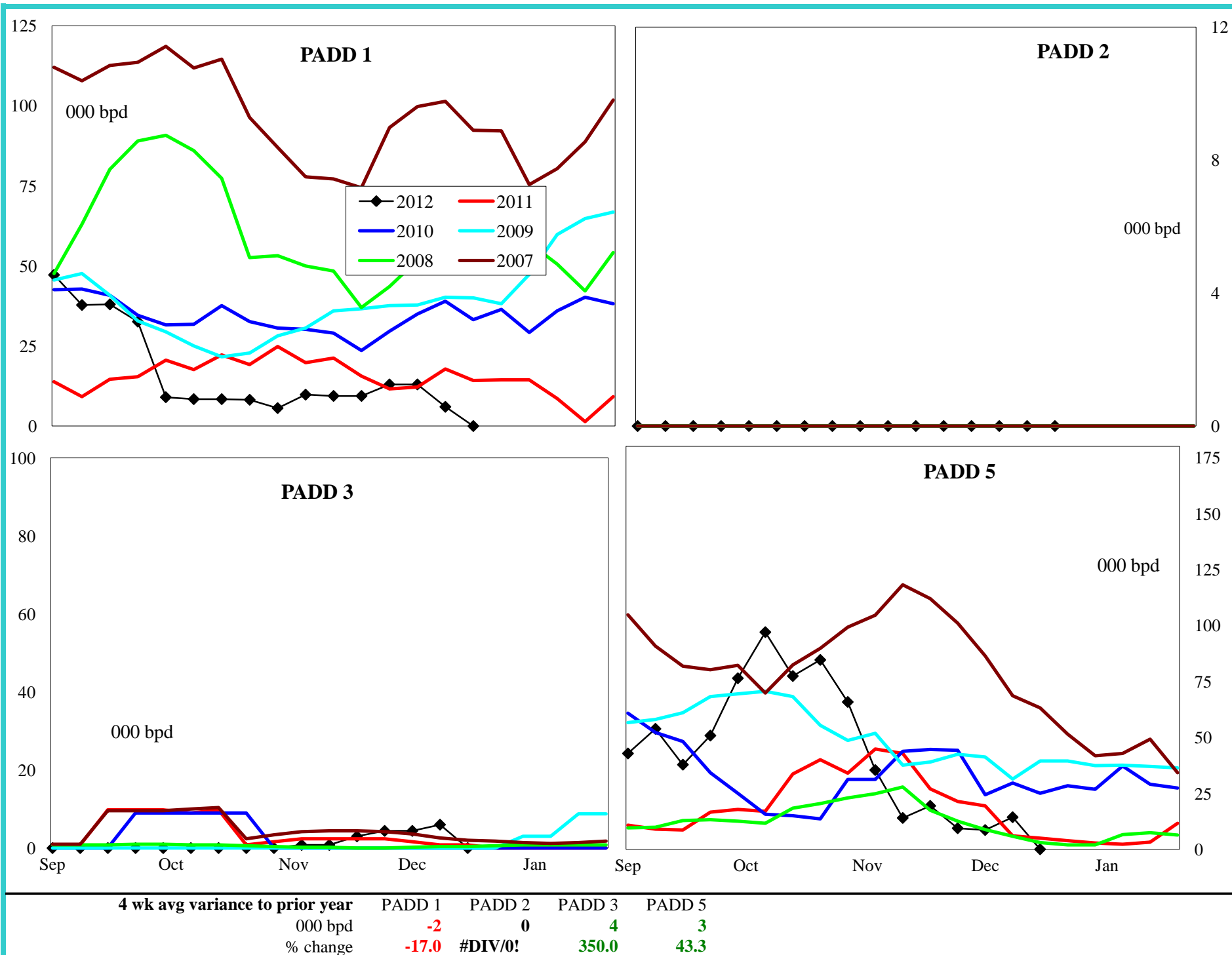
# Gasoline Imports by PADD (Finished + Blend Stocks)



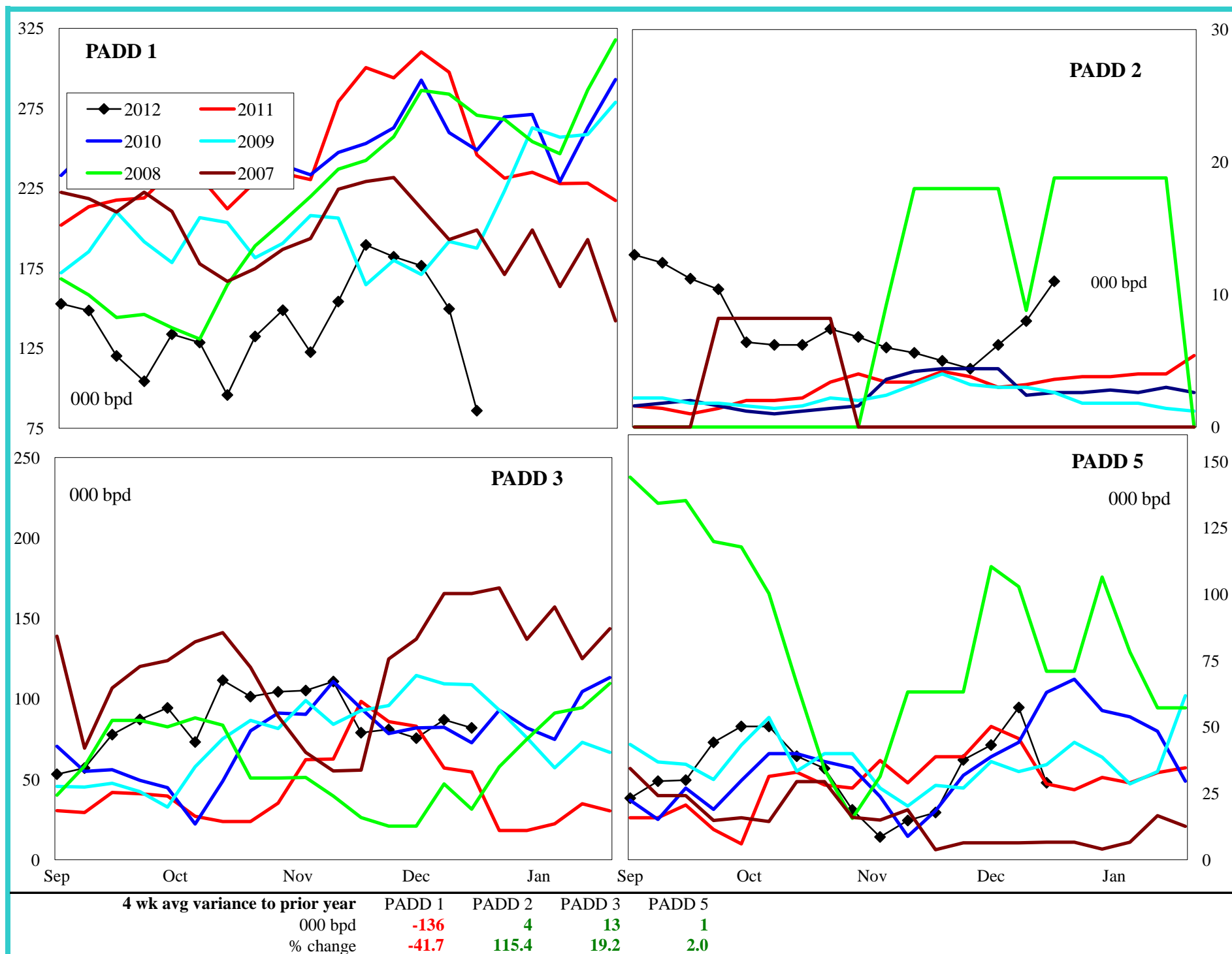
# Distillate Imports by PADD



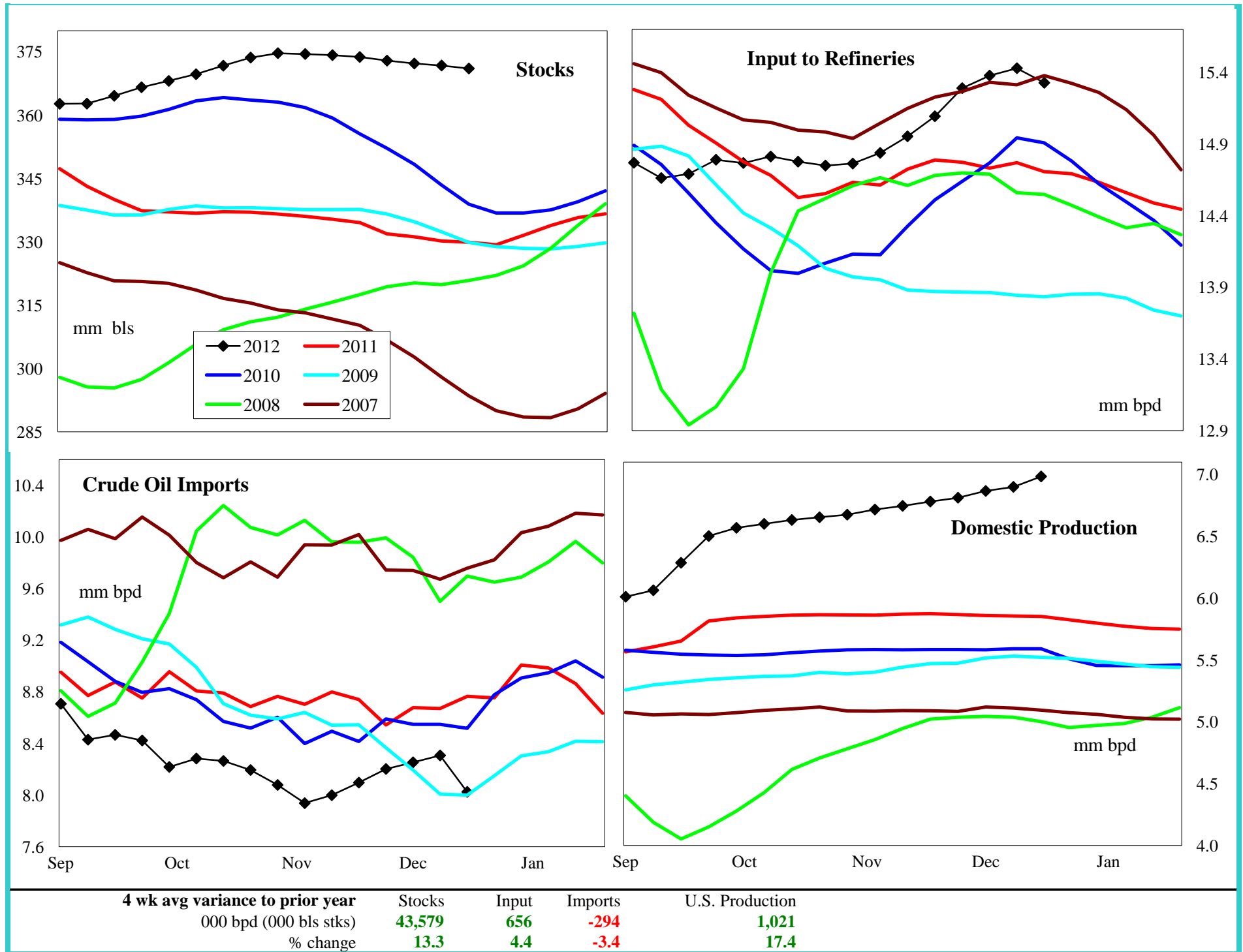
# Jet Fuel Imports by PADD



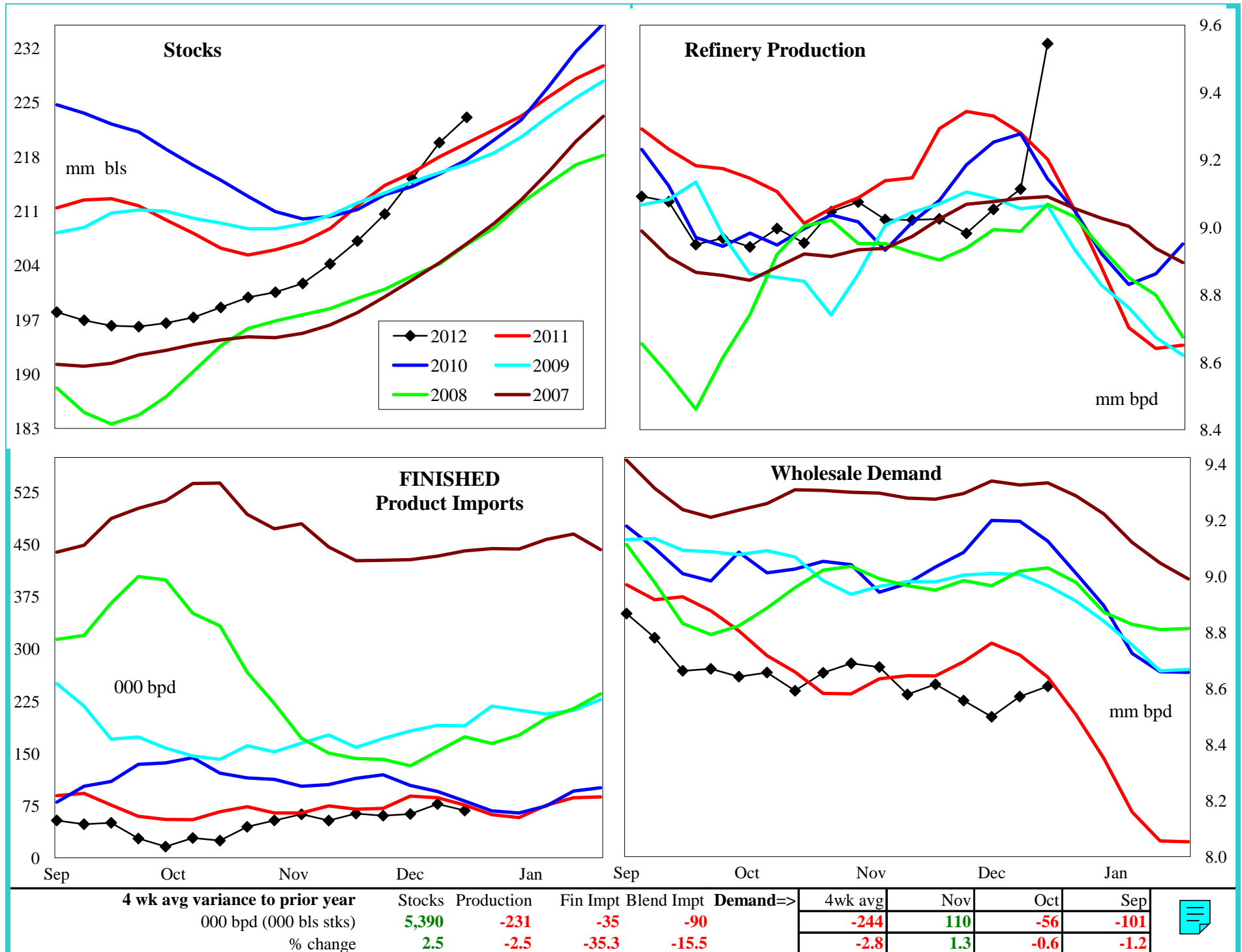
## Residual Fuel Oil Imports by PADD



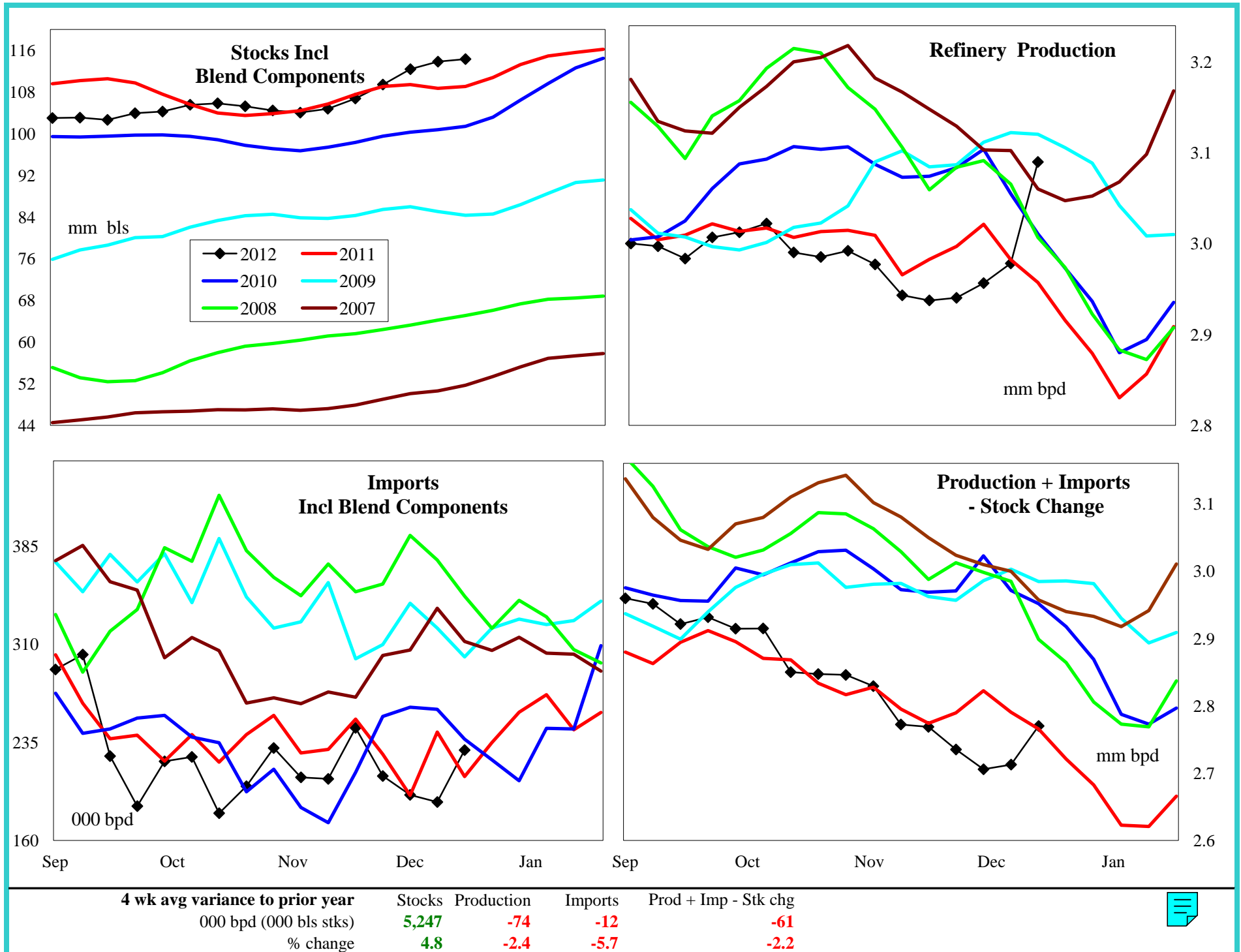
# United States Crude Oil Supply and Demand Balance



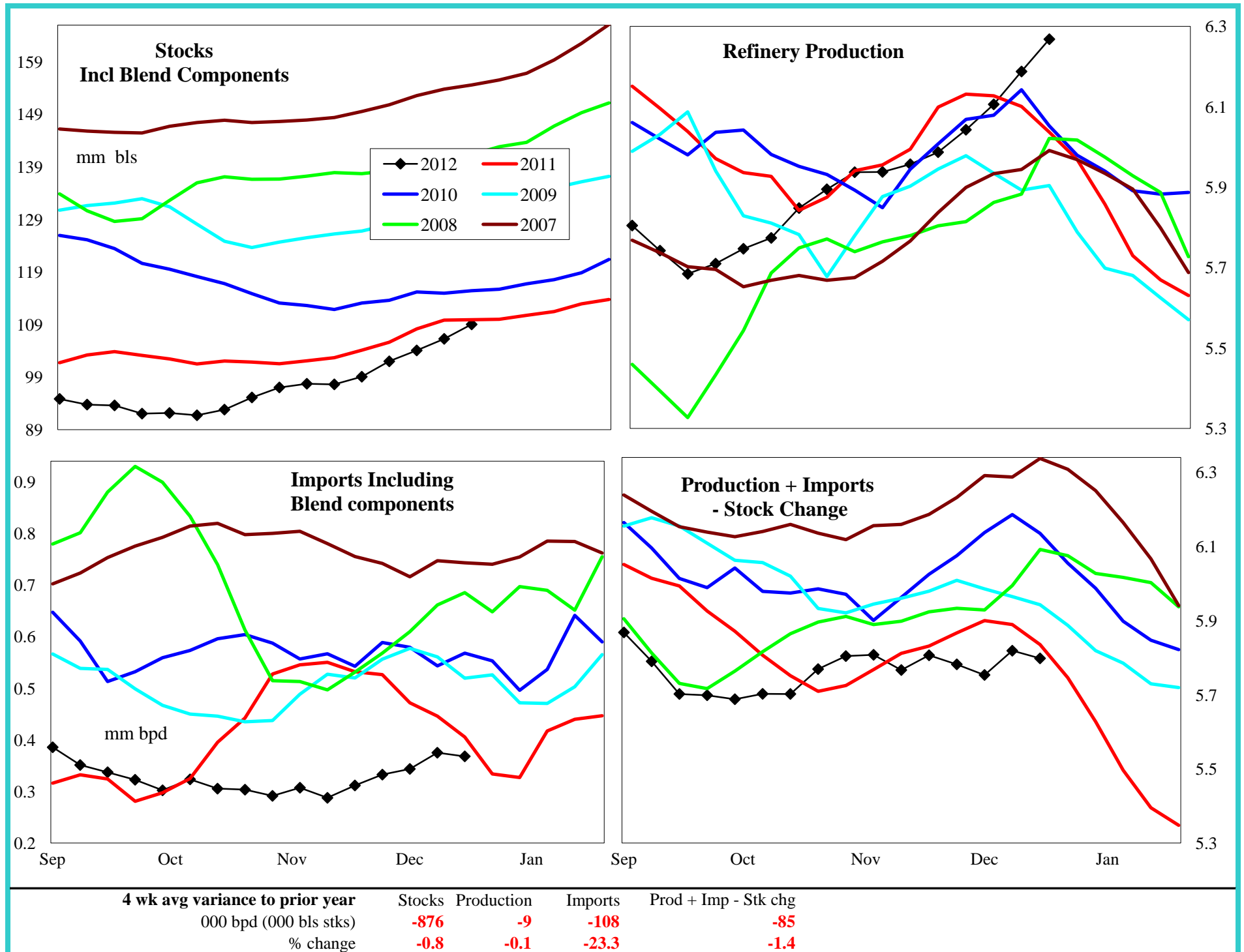
# United States Gasoline Supply and Demand Balance



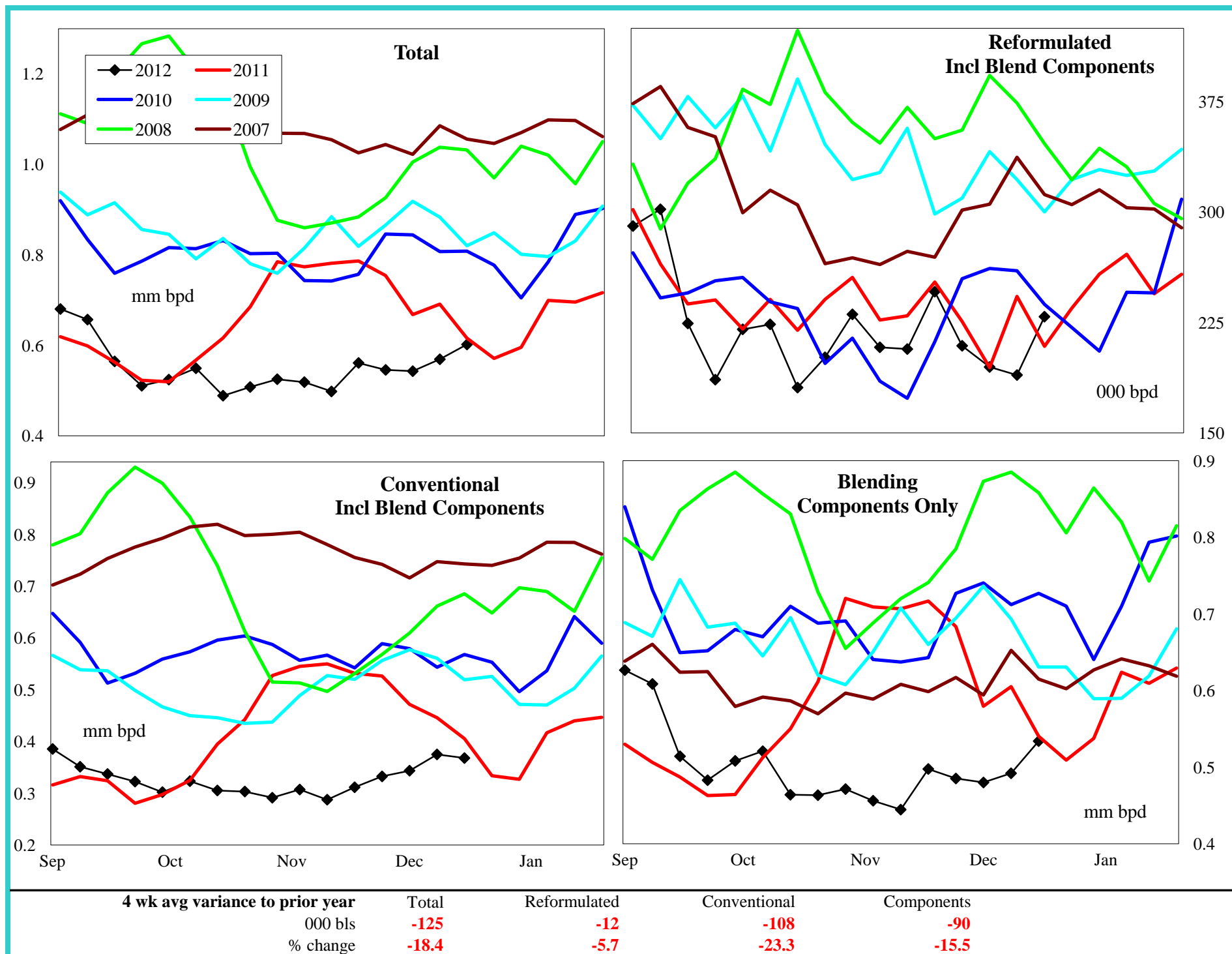
# United States Reformulated Gasoline Supply



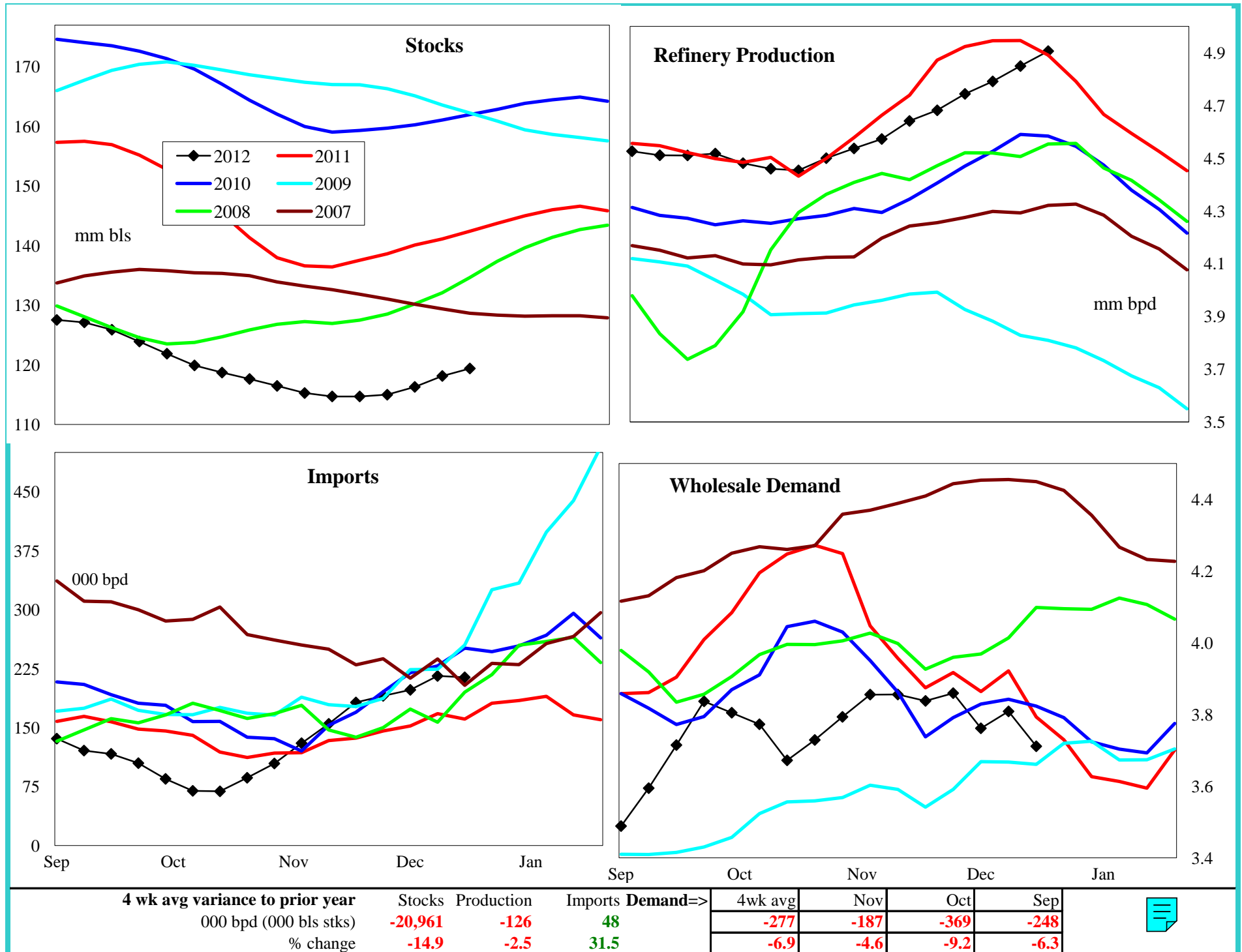
# United States Conventional Gasoline Supply



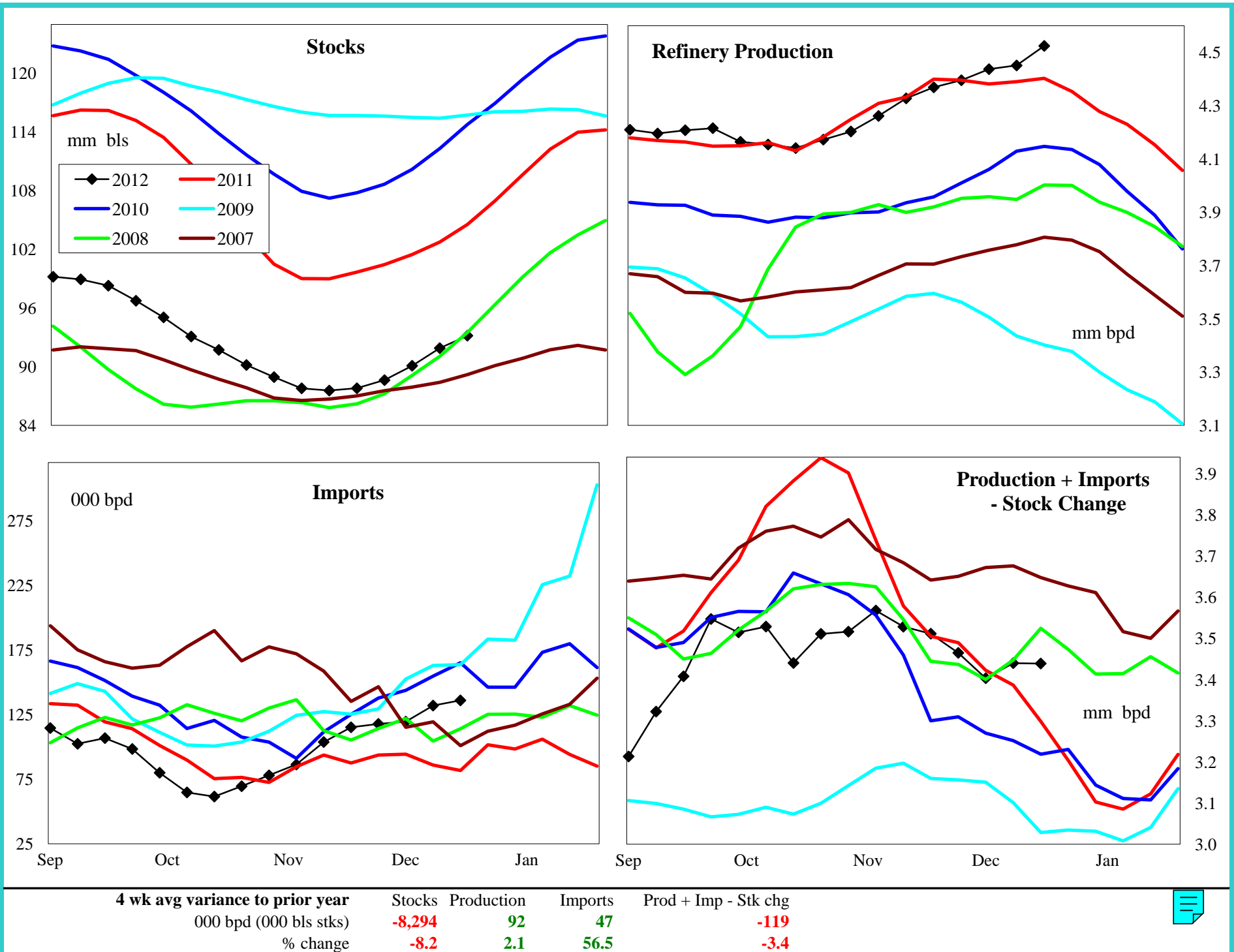
# United States Gasoline Imports by Type



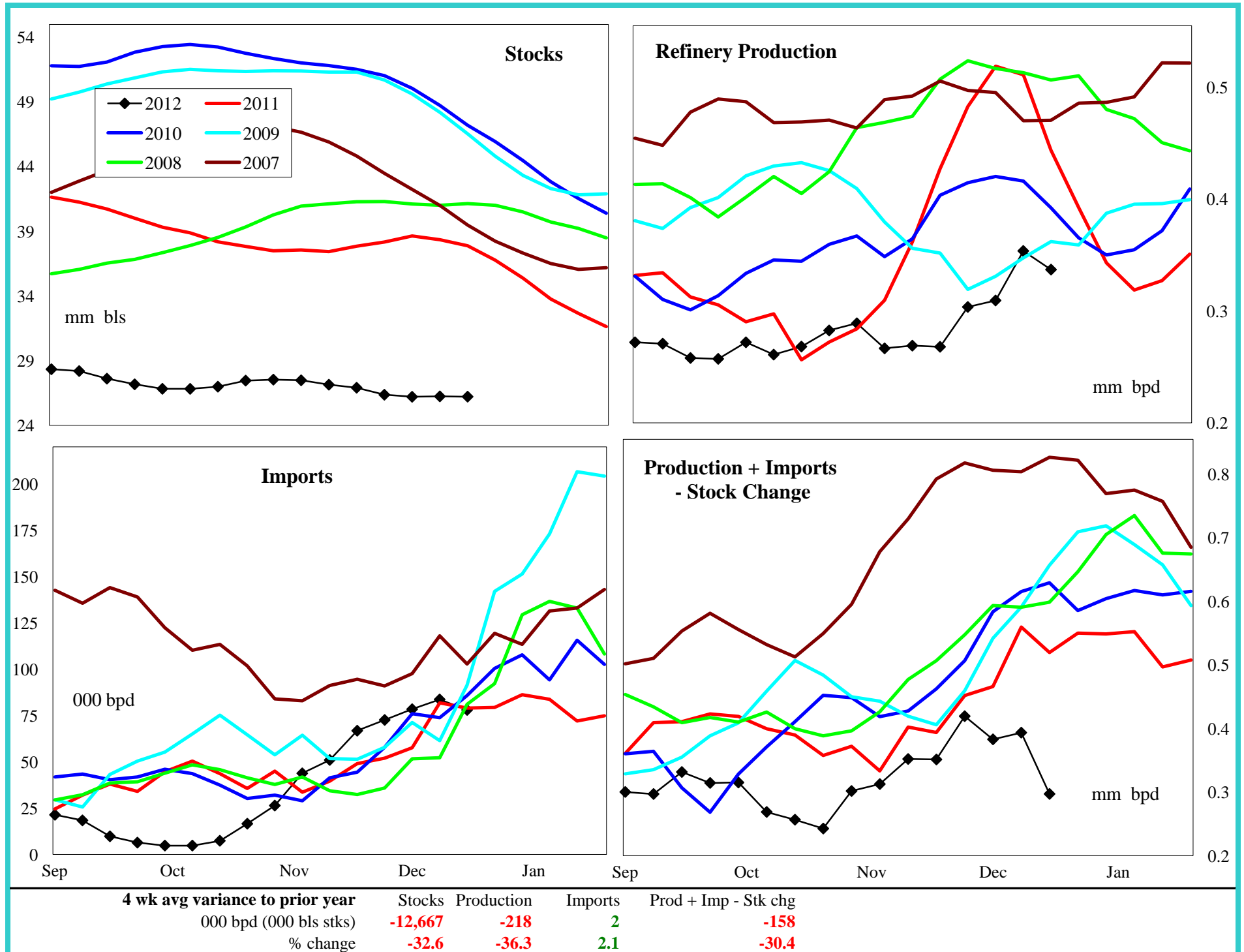
# United States Distillate Supply and Demand Balance



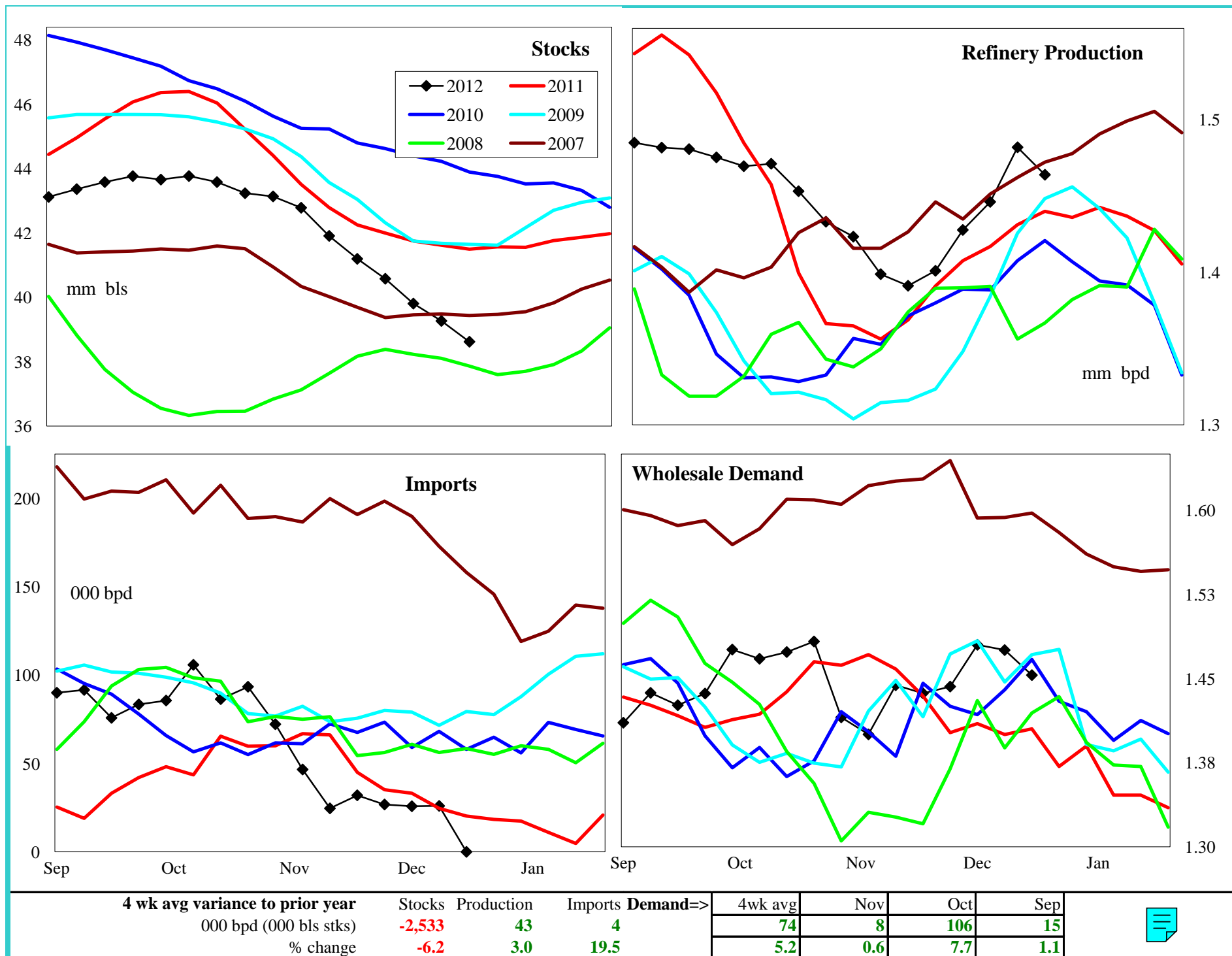
# United States Low Sulfur Distillate Supply



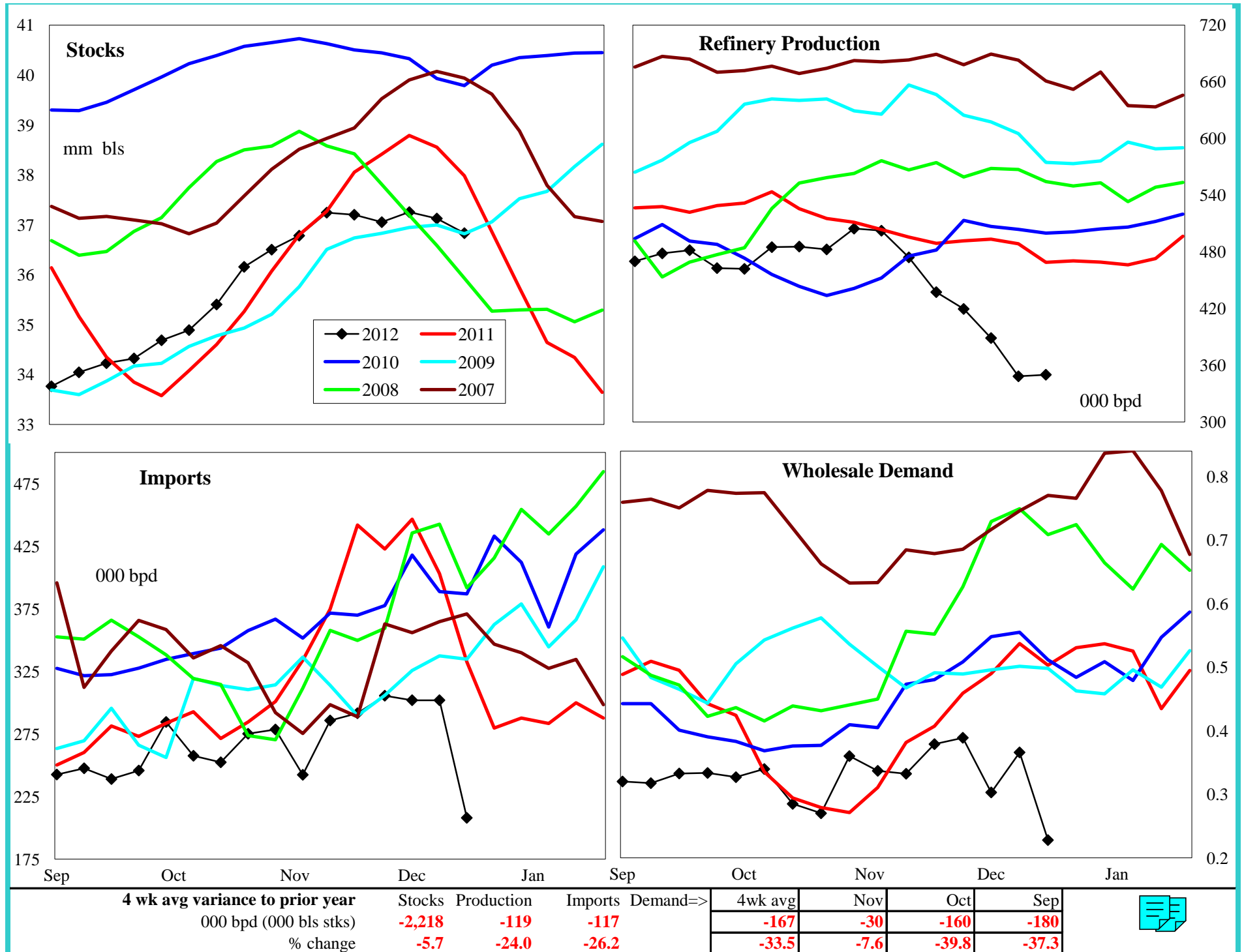
# United States High Sulfur Distillate Supply



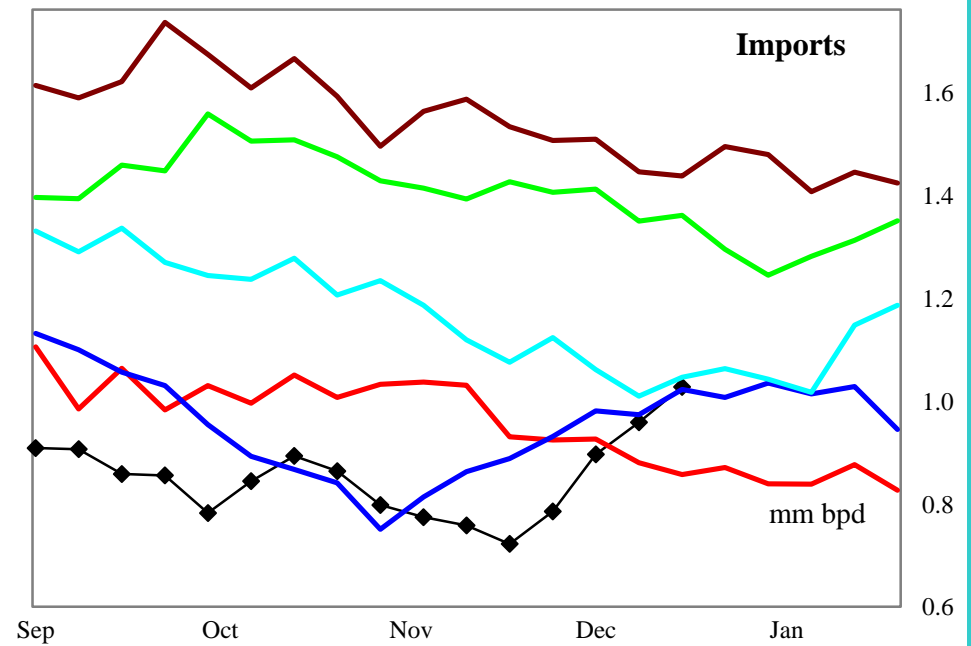
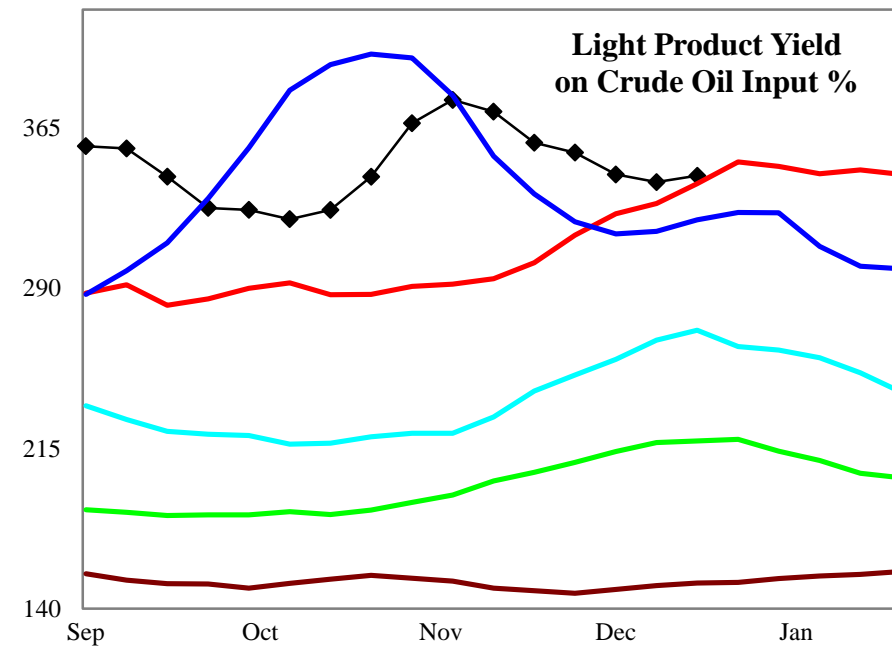
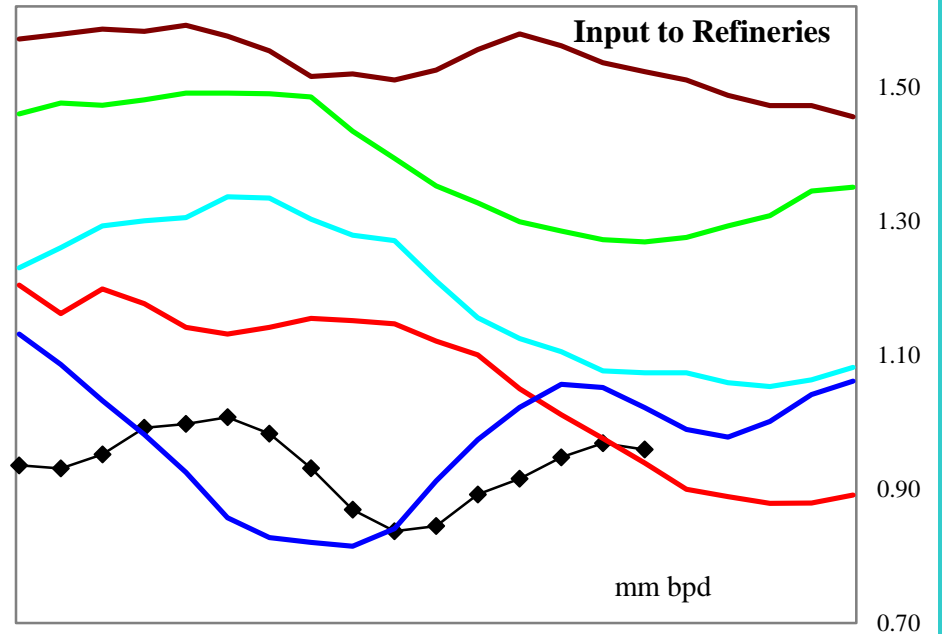
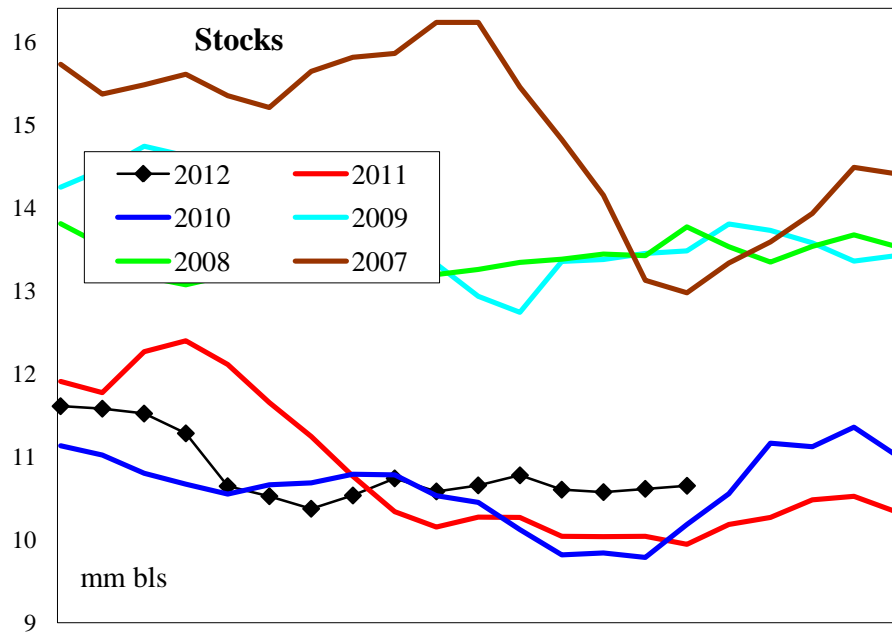
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance



# PADD 1 Crude Oil Supply and Refining

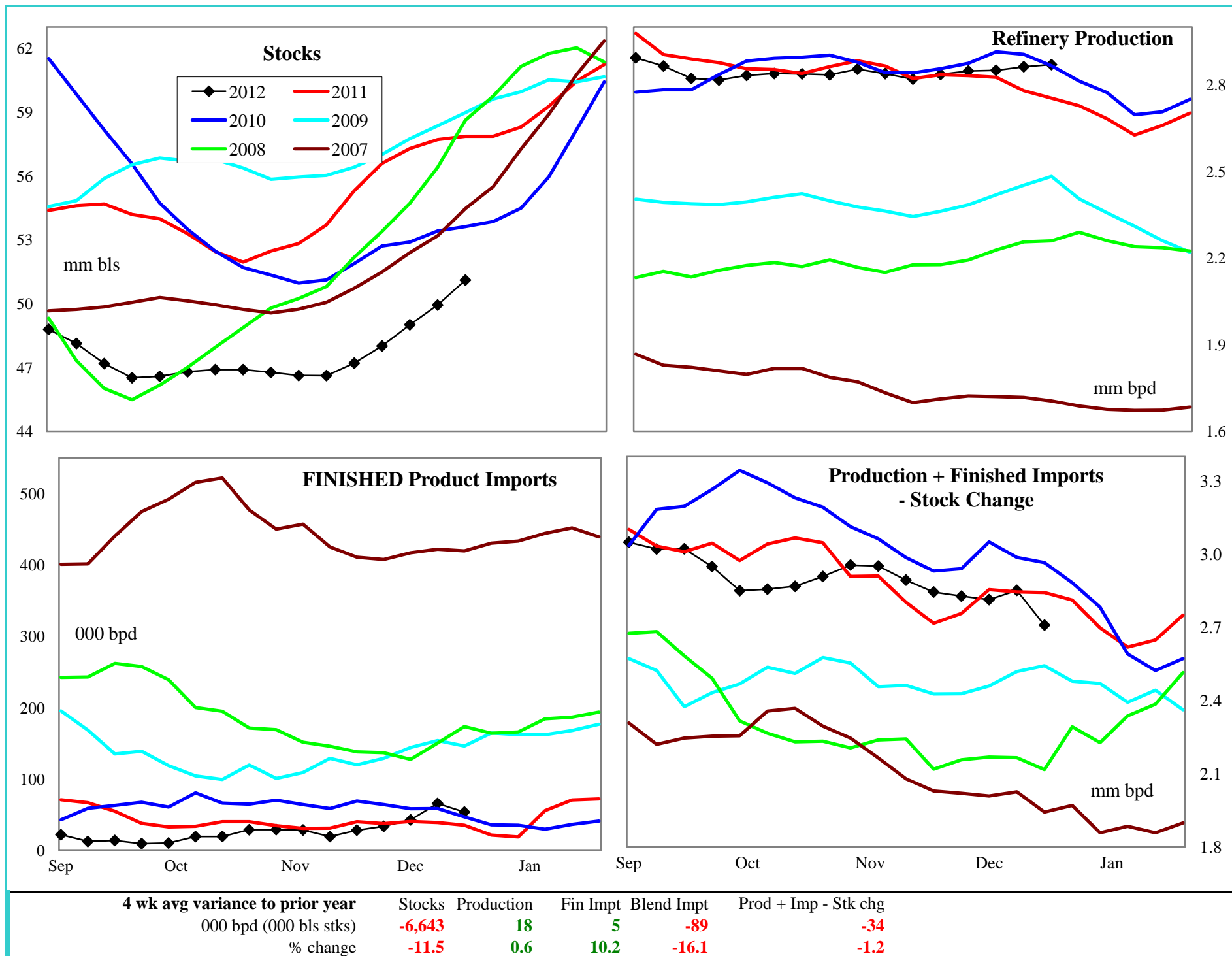


**4 wk avg variance to prior year**  
000 bpd (000 bls stks)  
% change

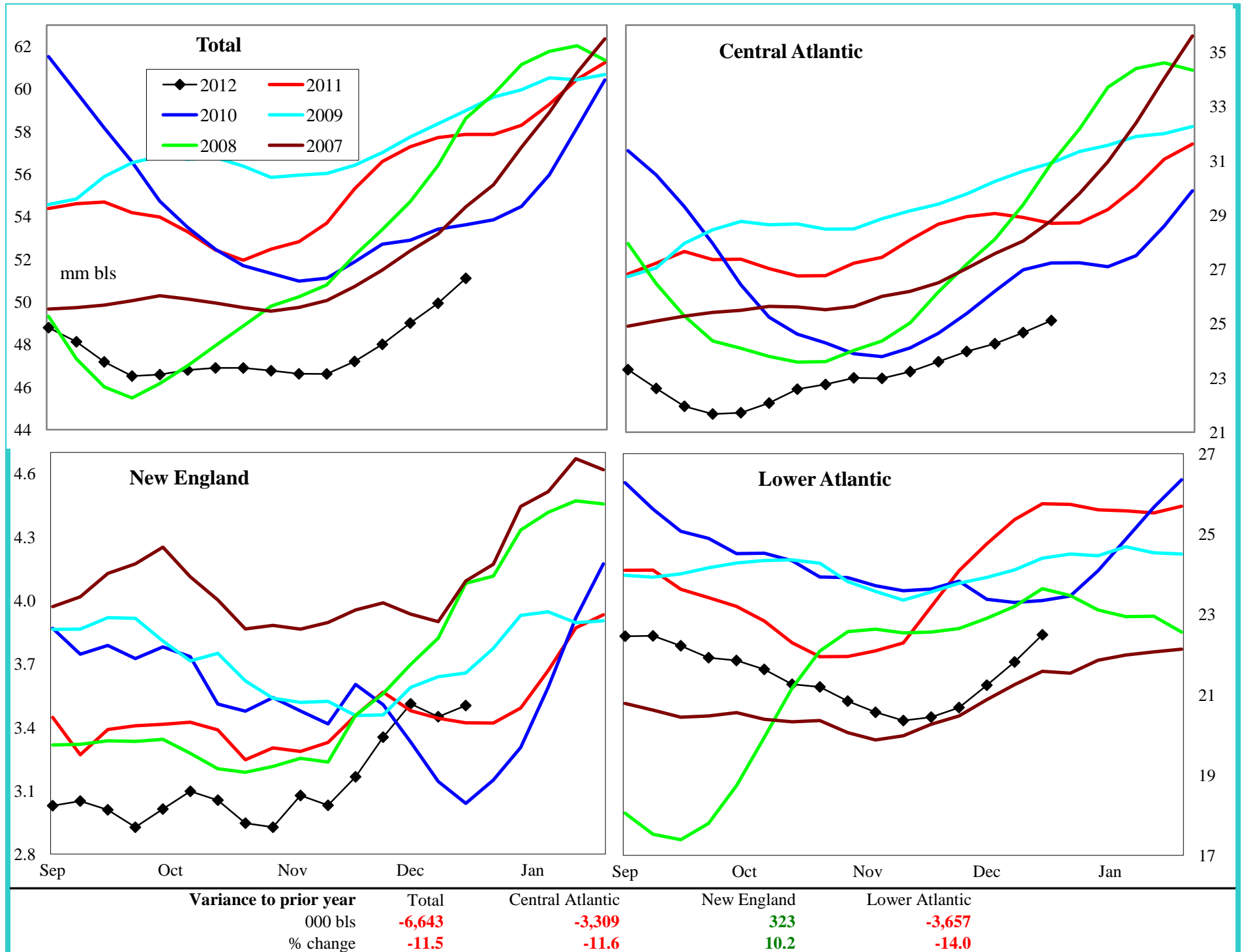
	Stocks	Input	Imports
000 bpd (000 bls stks)	703	-23	27
% change	7.1	-2.3	2.9



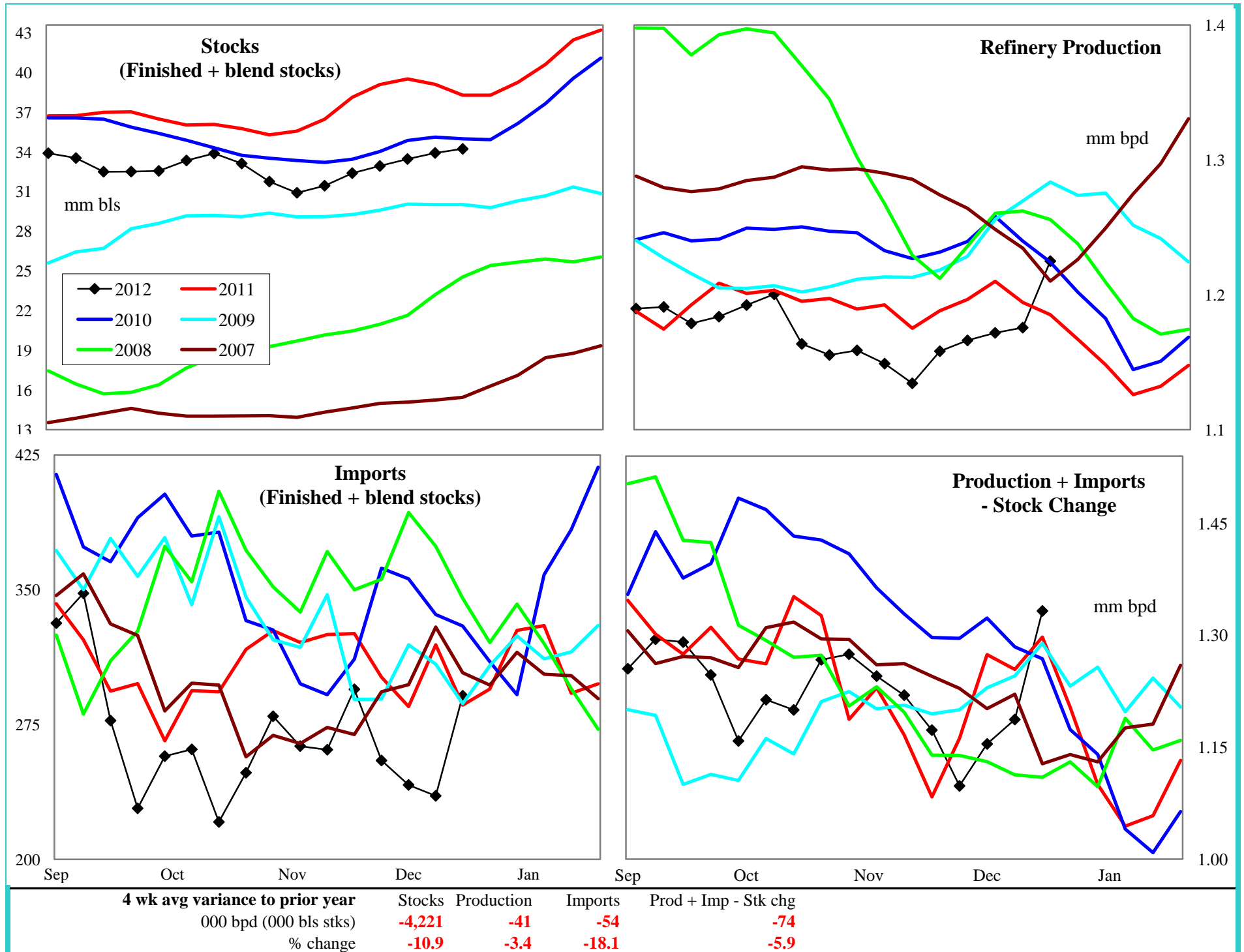
# PADD 1 Gasoline Supply



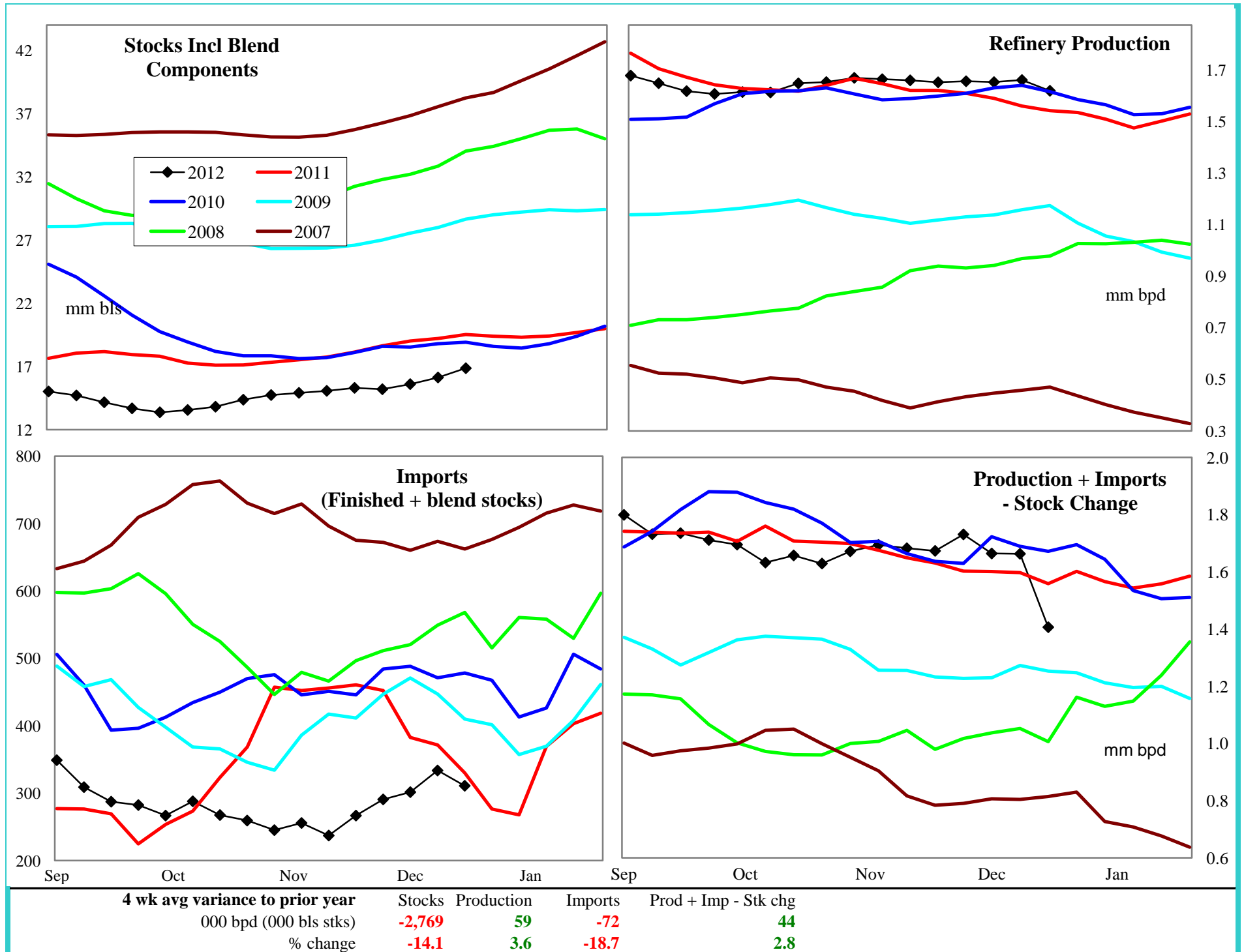
# PADD 1 Gasoline Stocks by Region



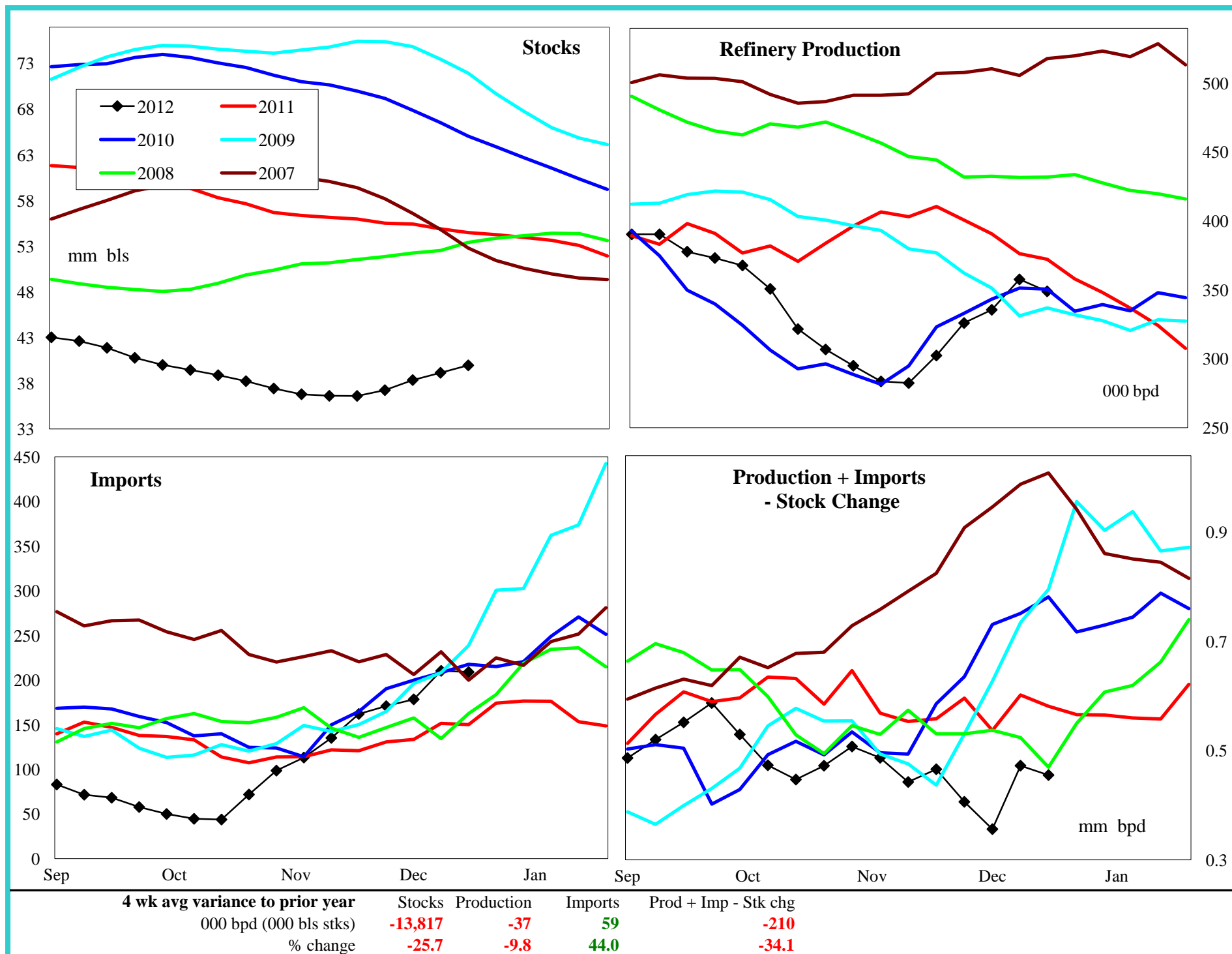
# PADD 1 Reformulated Gasoline Supply



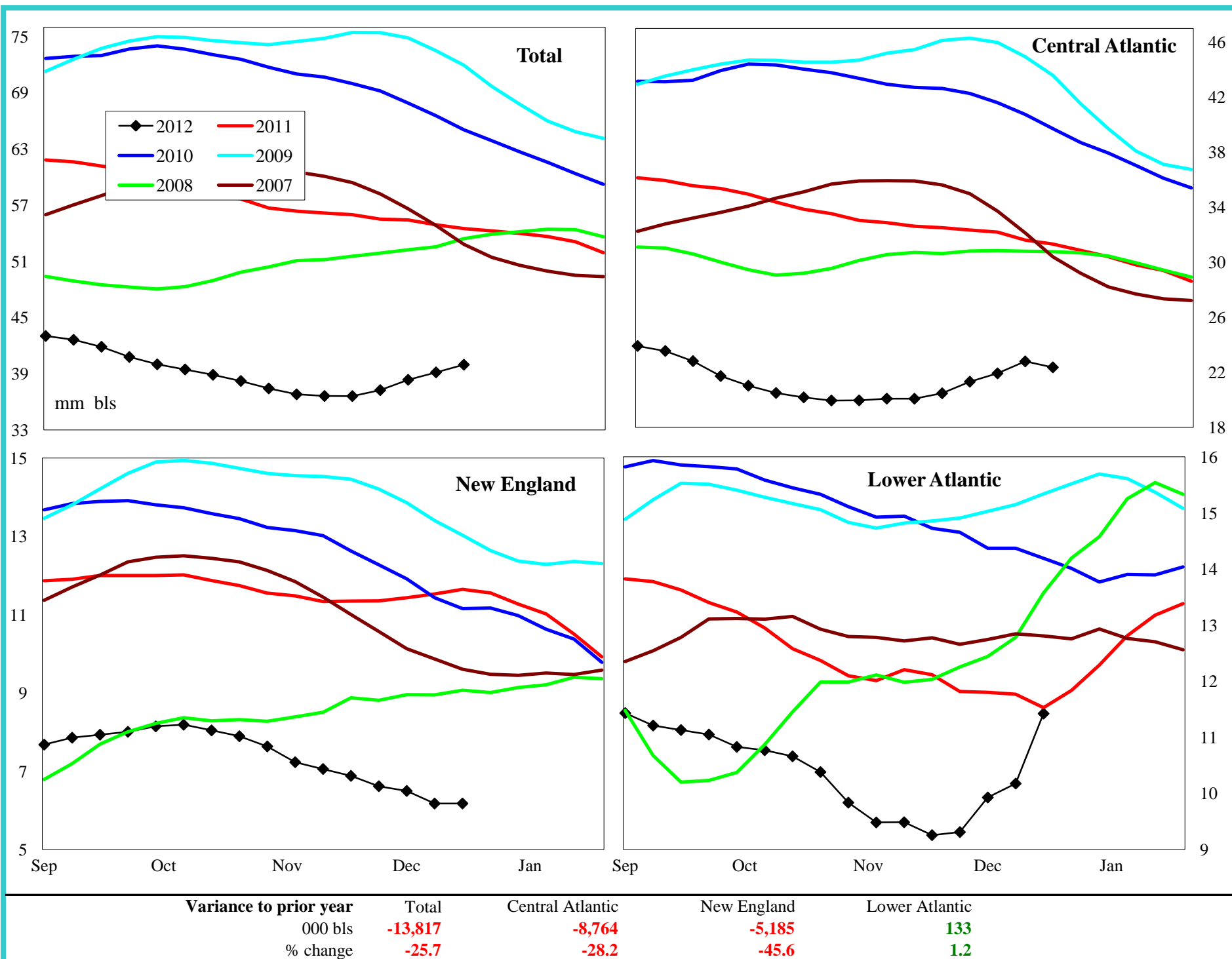
# PADD 1 Conventional Gasoline Supply



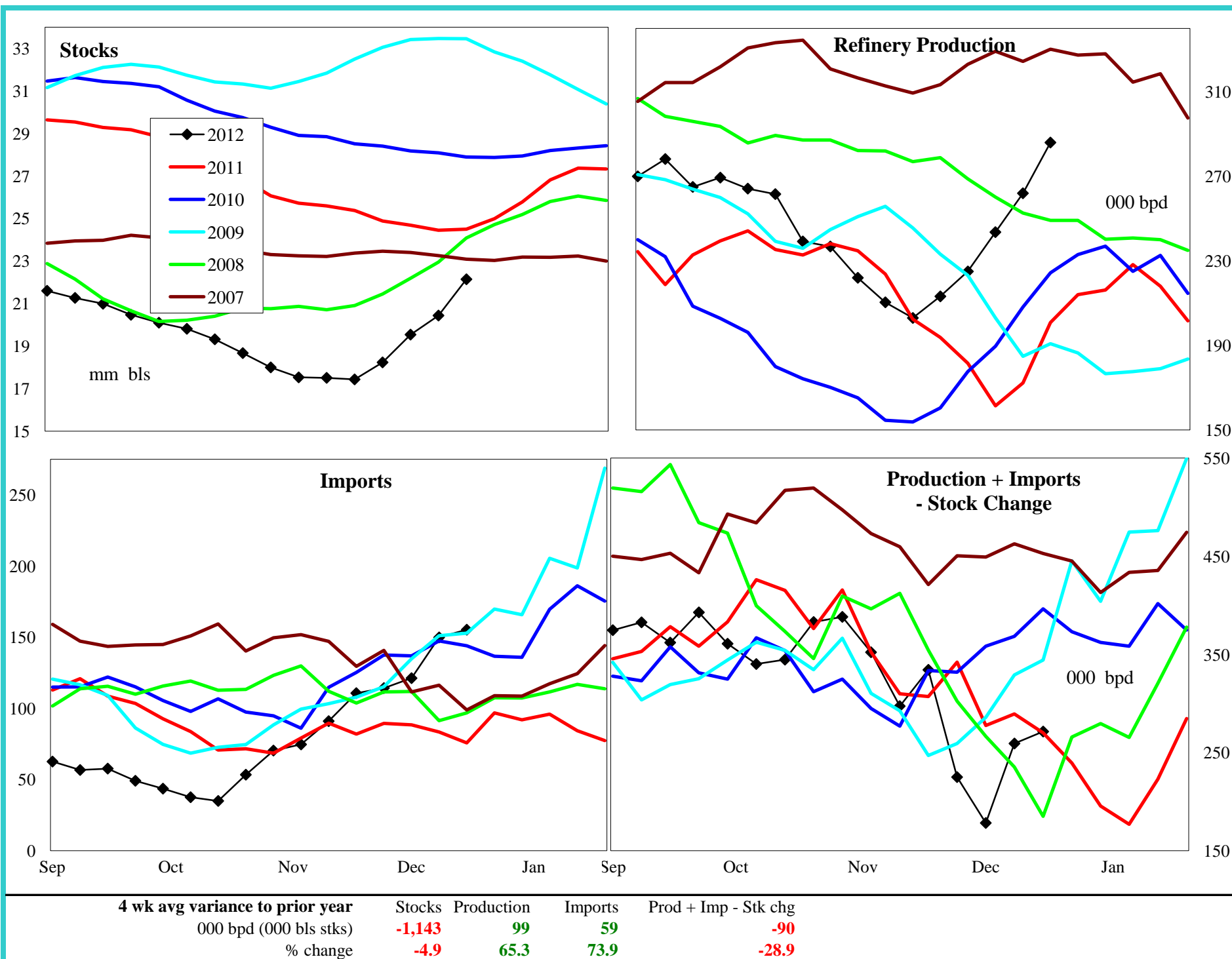
# PADD 1 Distillate Supply



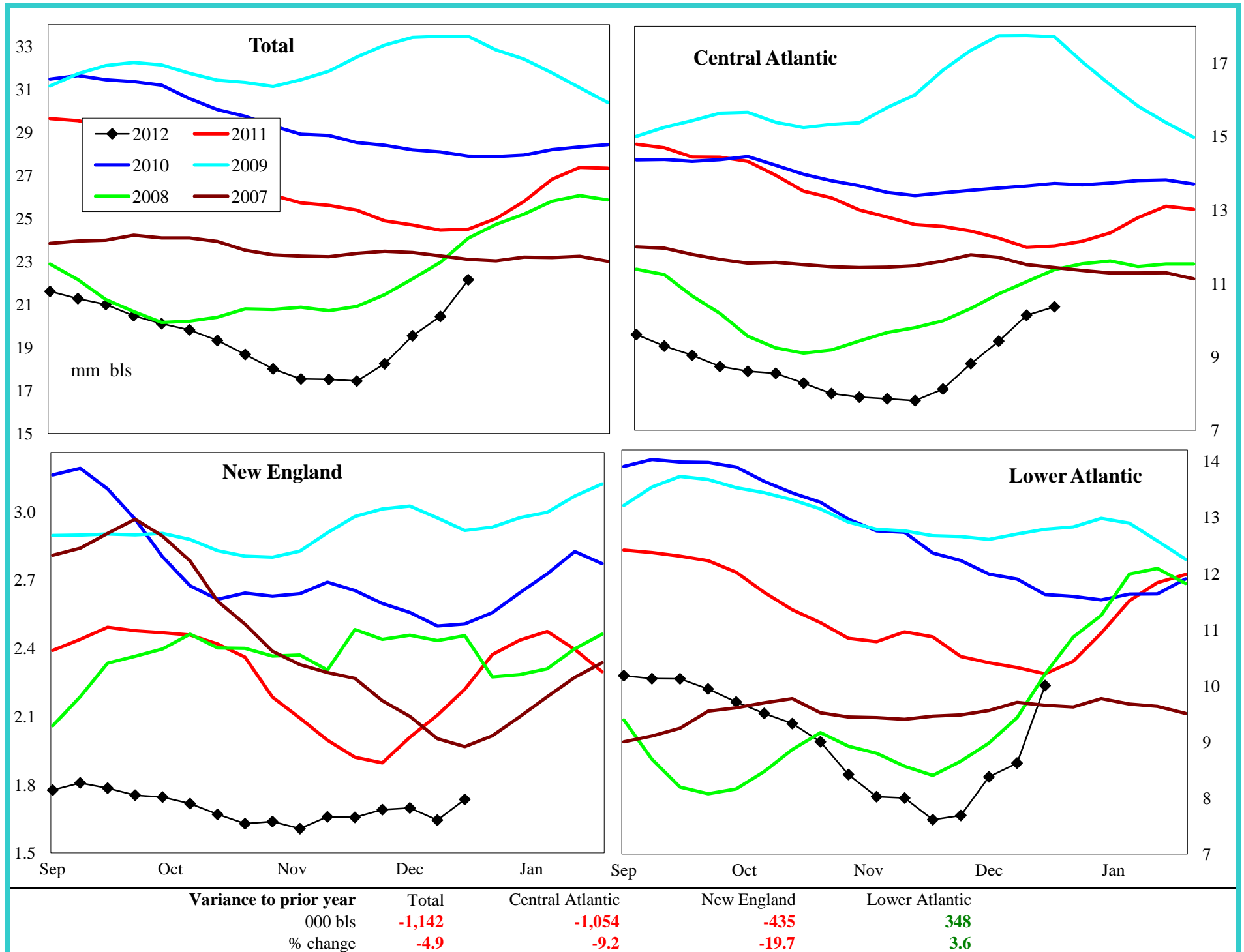
# PADD 1 Distillate Stocks by Region



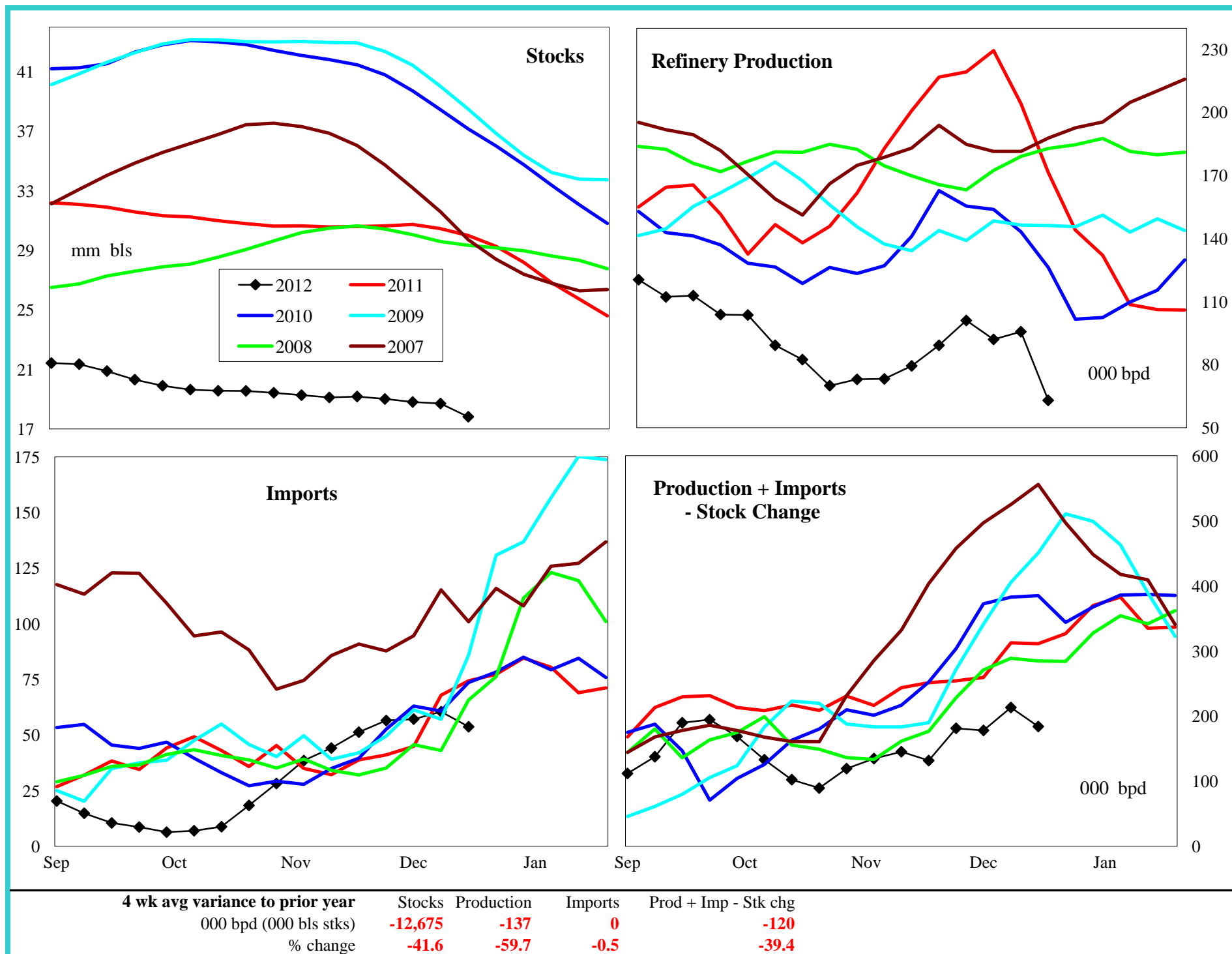
# PADD 1 Low Sulfur Distillate Supply



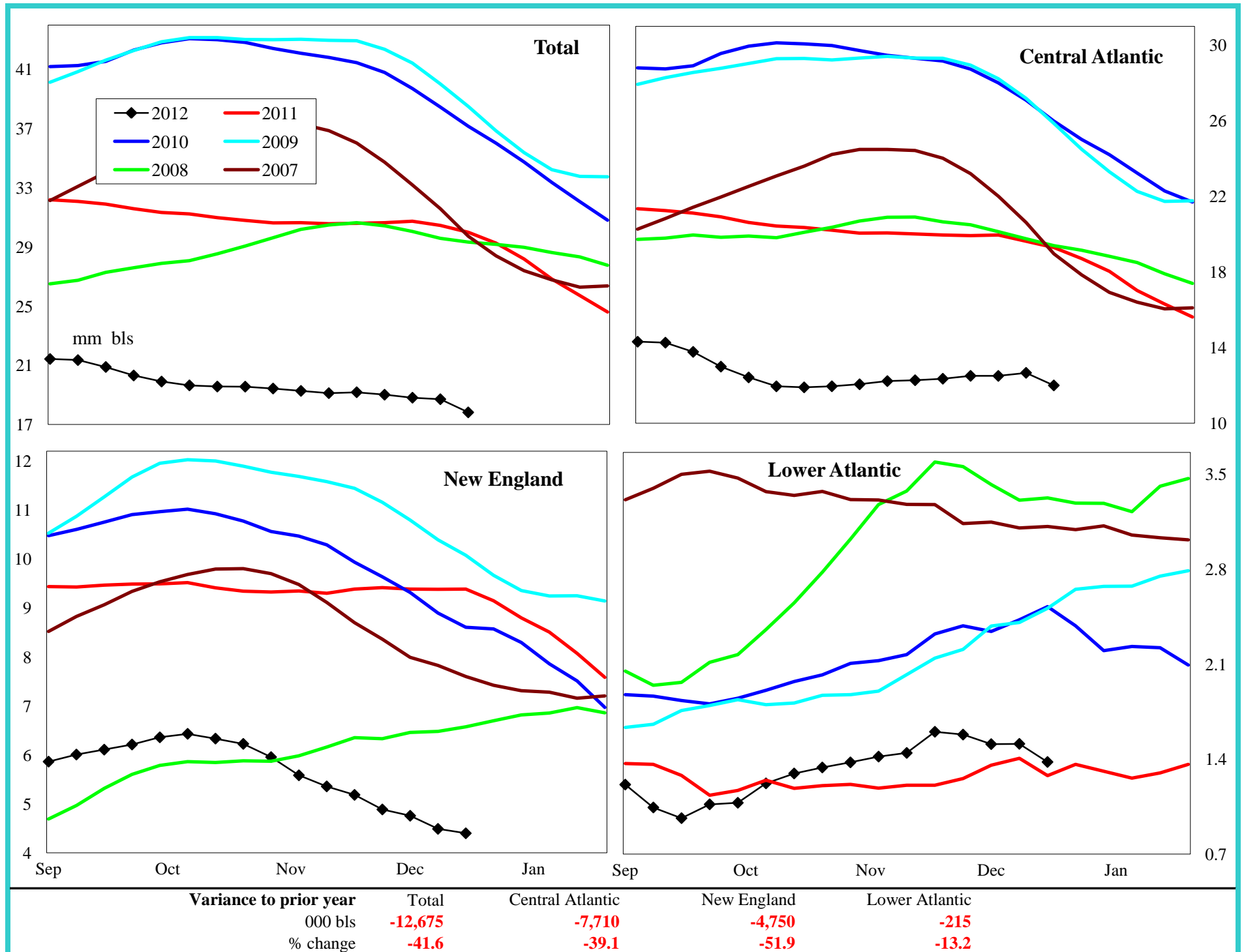
# PADD 1 Low Sulfur Distillate Stocks by Region



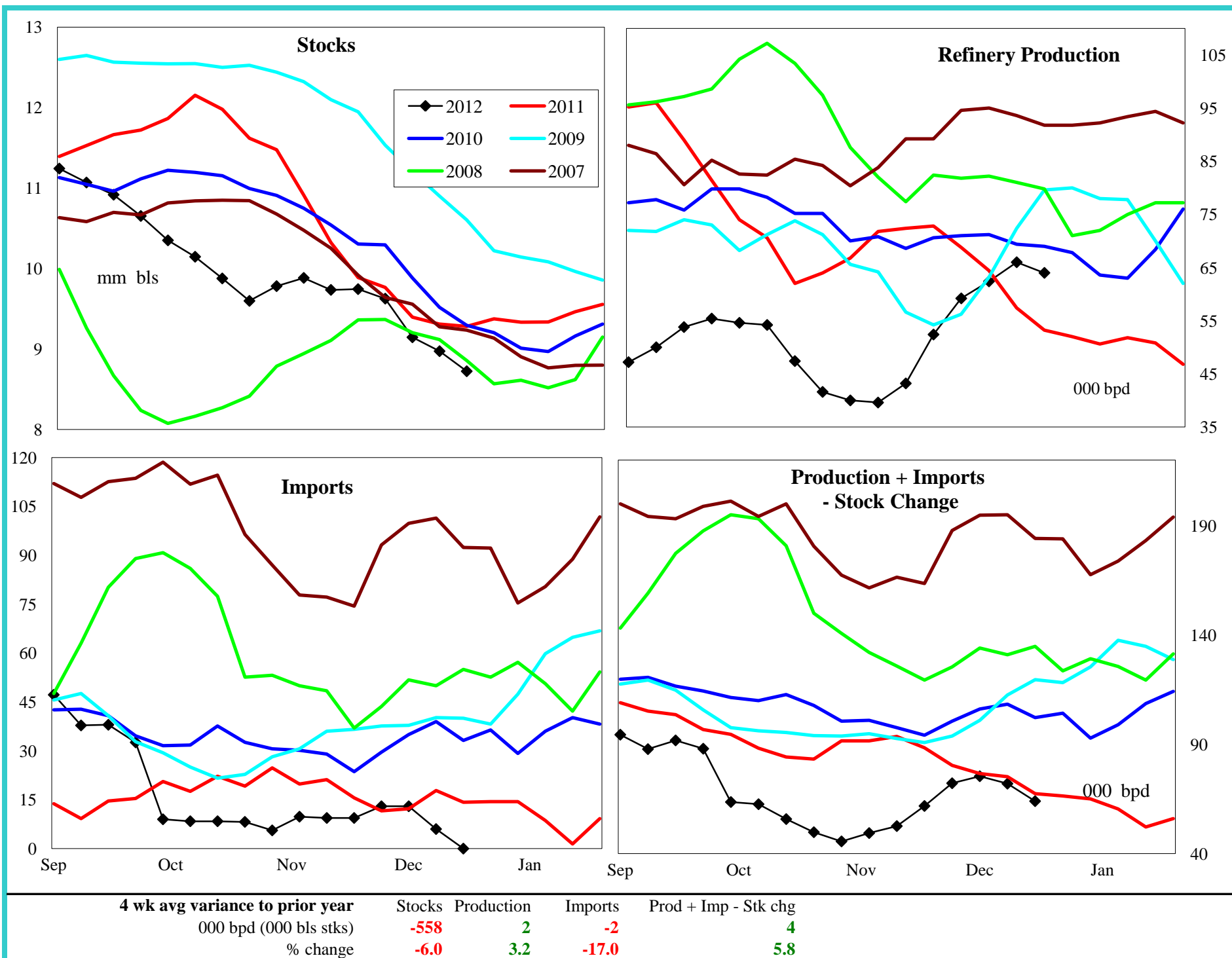
# PADD 1 High Sulfur Distillate Supply



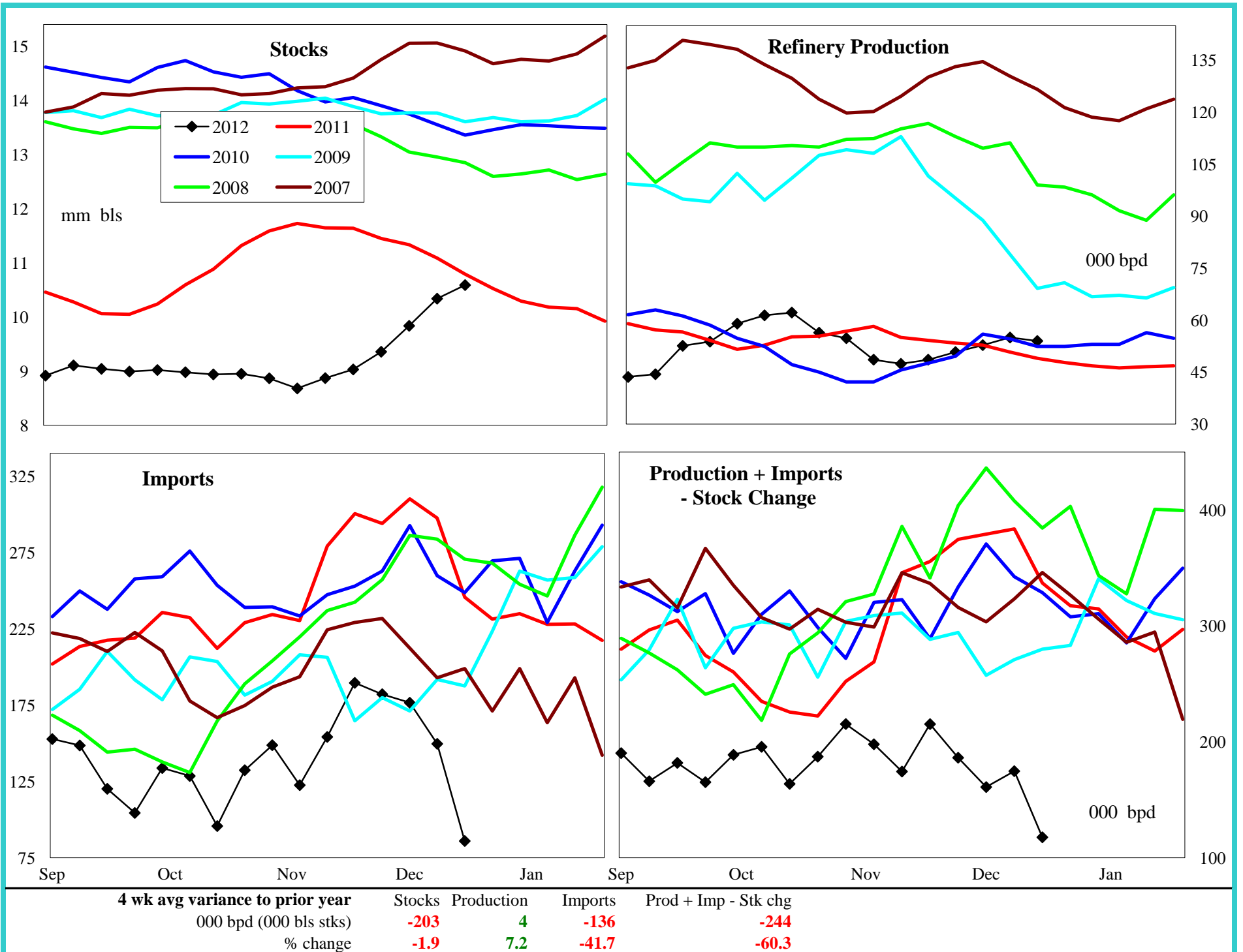
# PADD 1 High Sulfur Distillate Stocks by Region



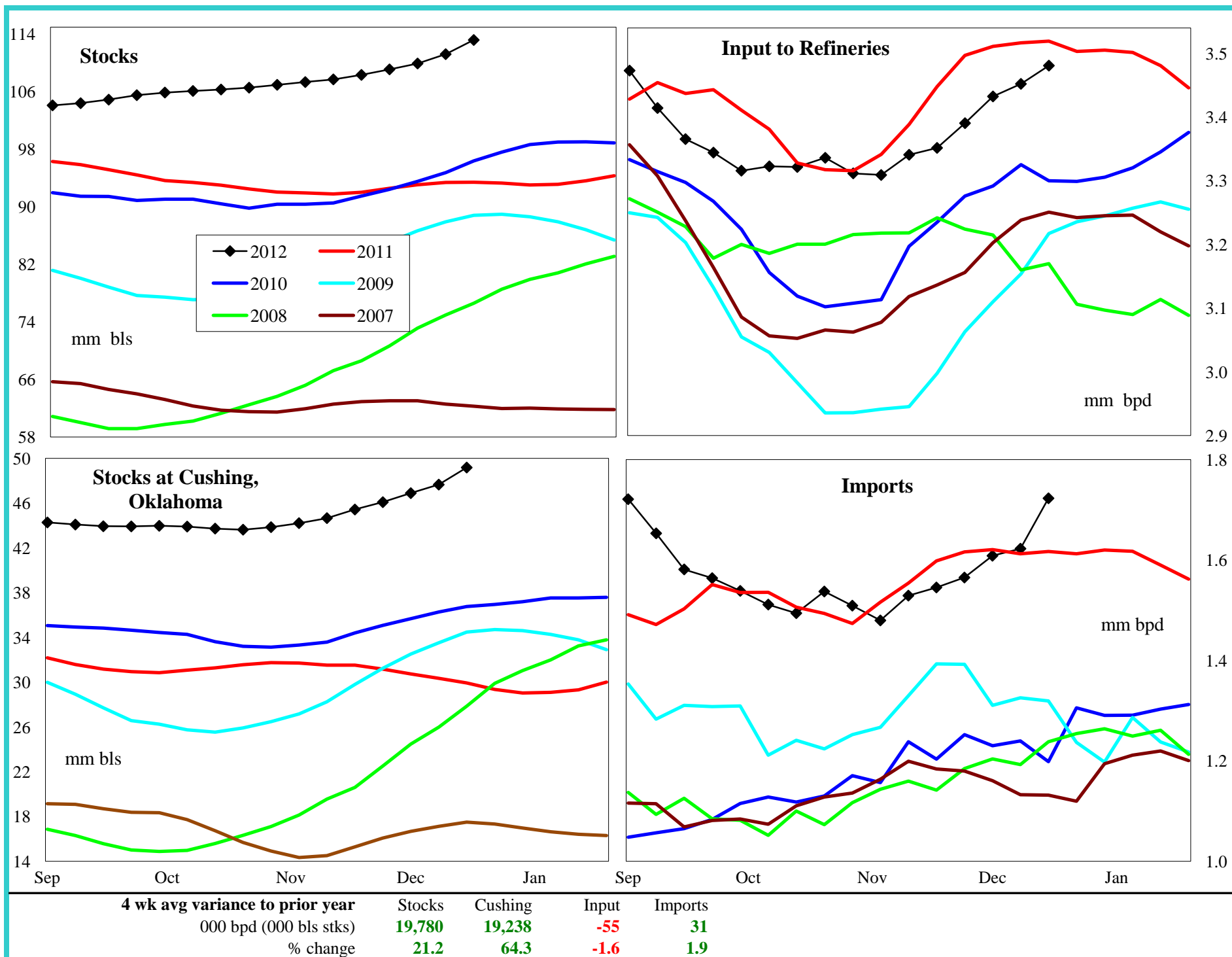
# PADD 1 Jet Fuel Supply



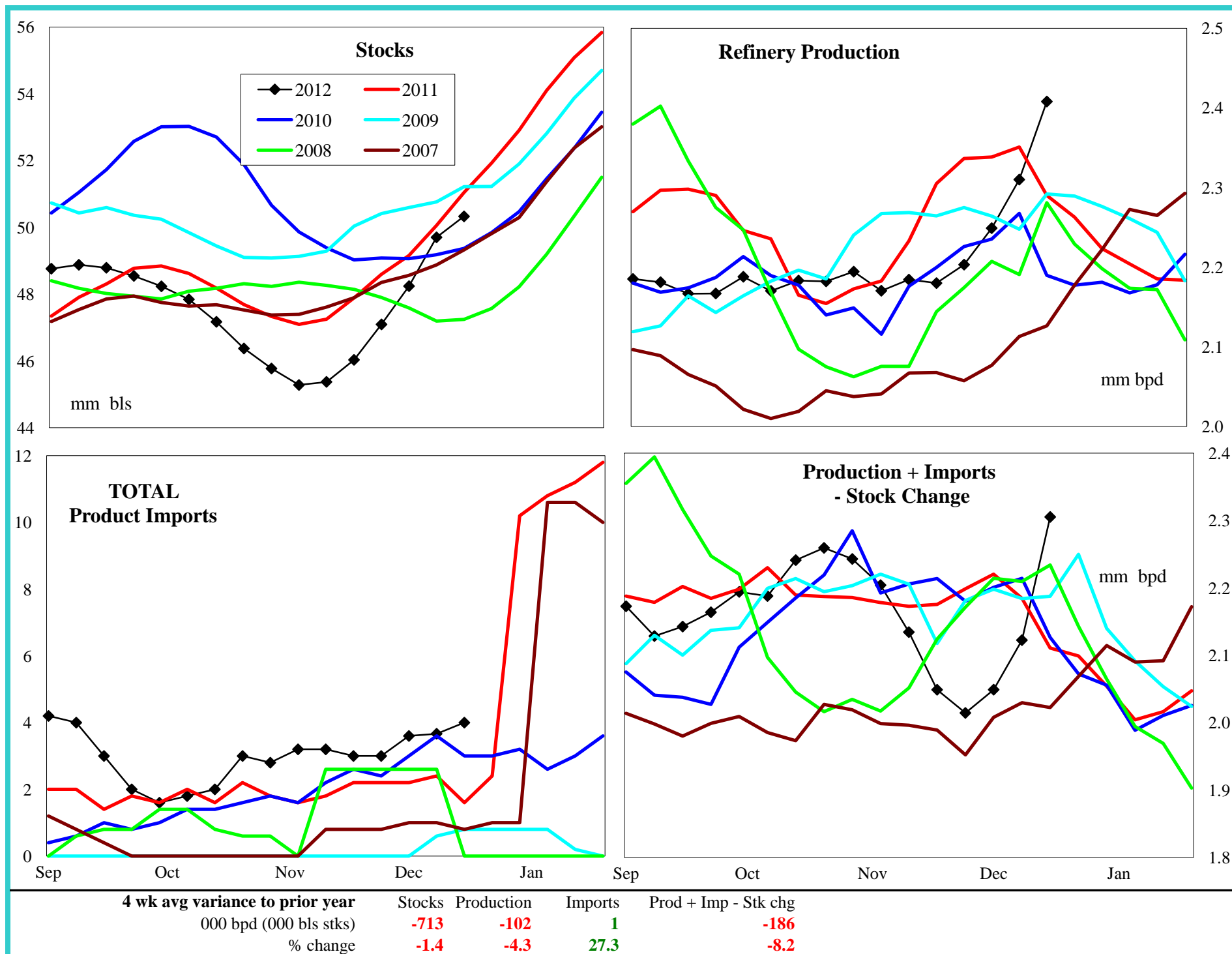
# PADD 1 Residual Fuel Oil Supply



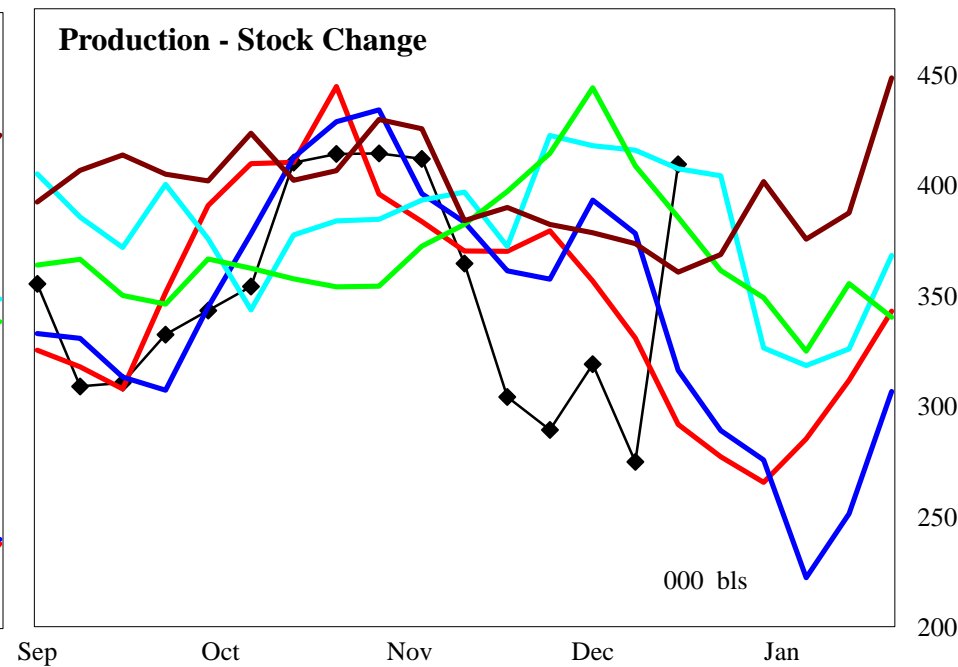
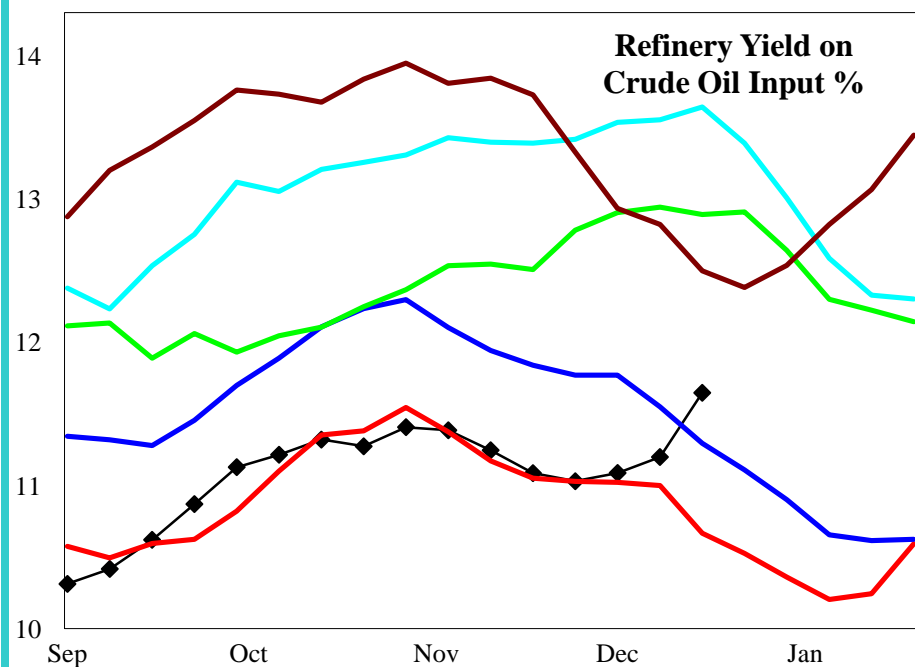
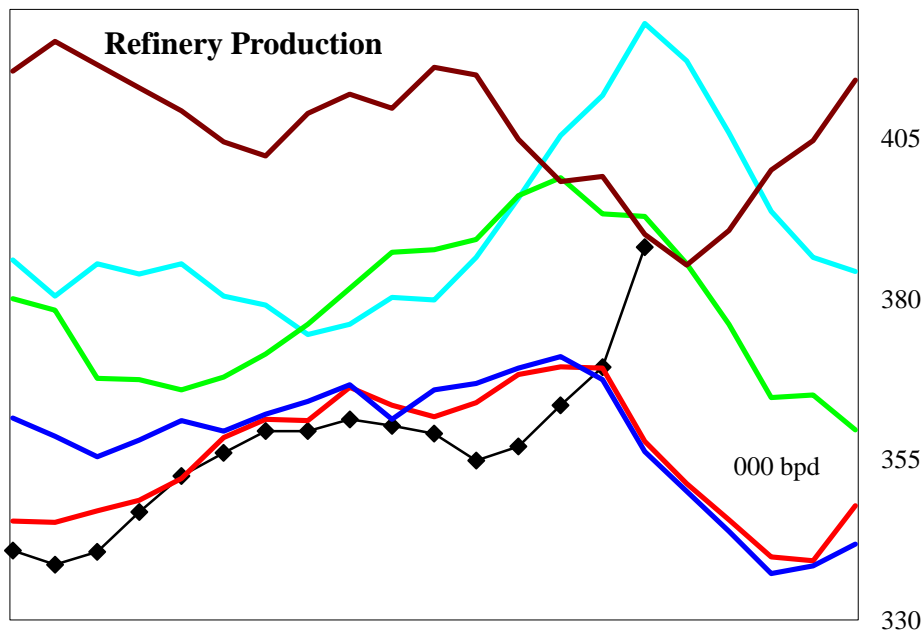
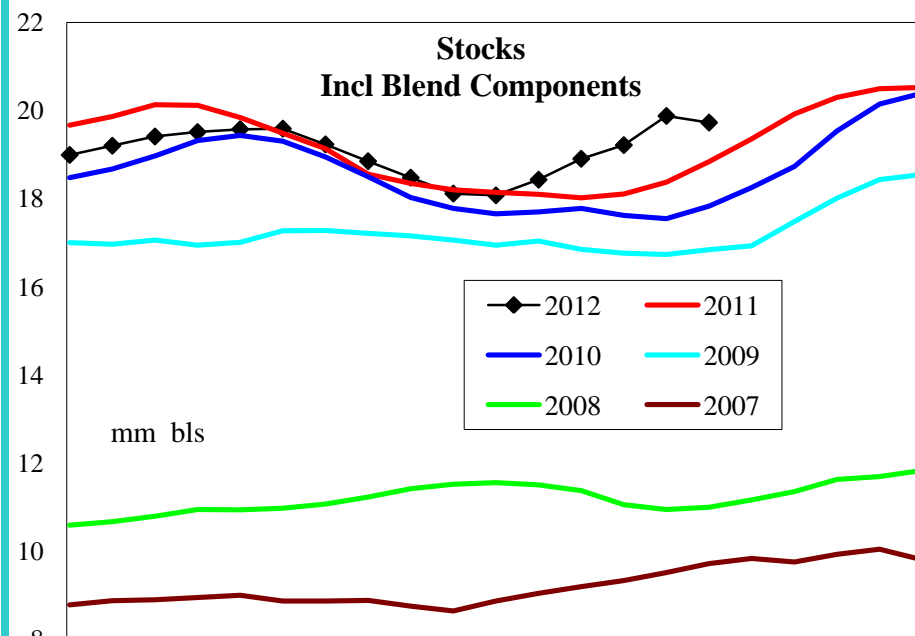
# PADD 2 Crude Oil Supply and Refining



# PADD 2 Gasoline Supply



# PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

889 3

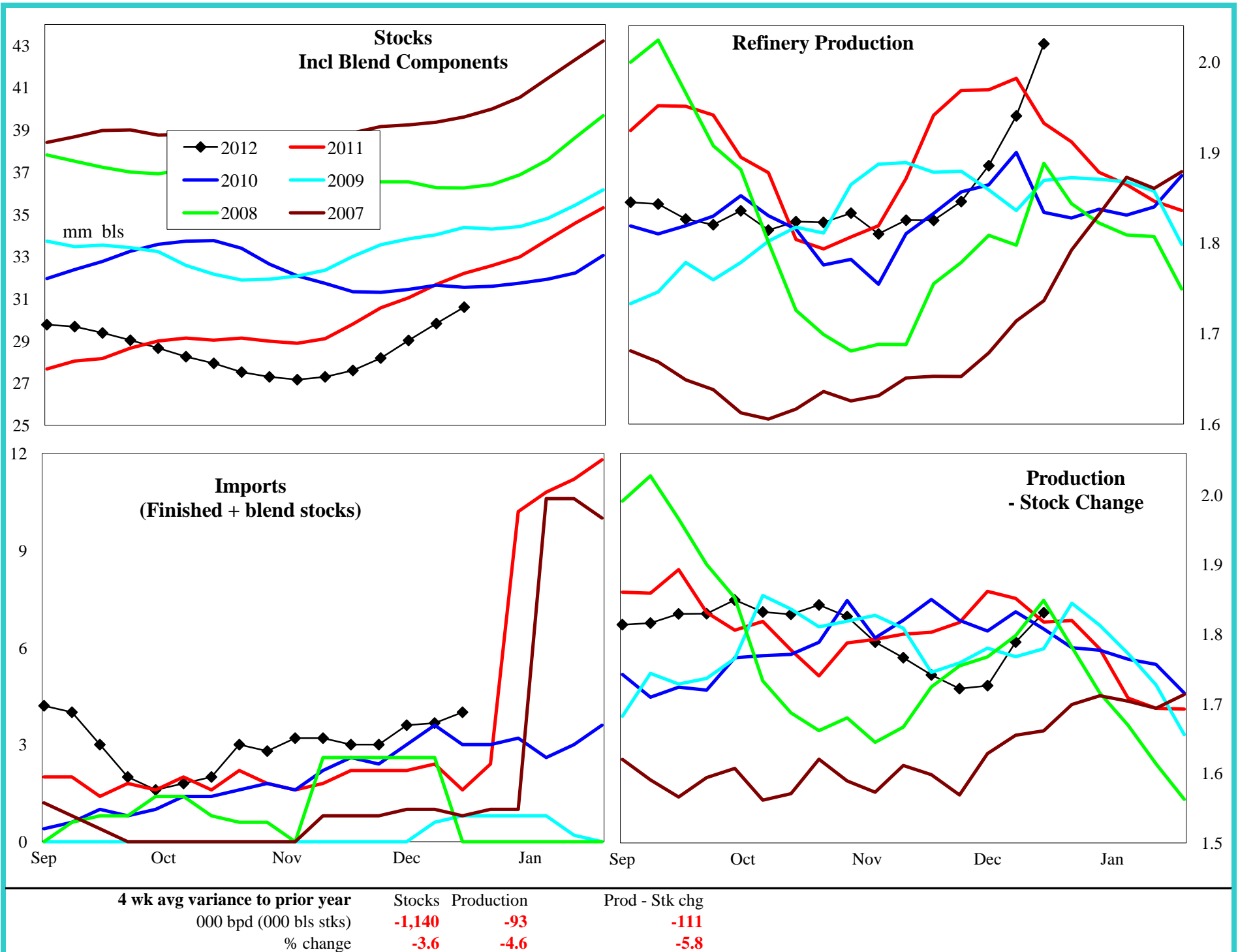
4.7 0.9

Prod - Stk chg

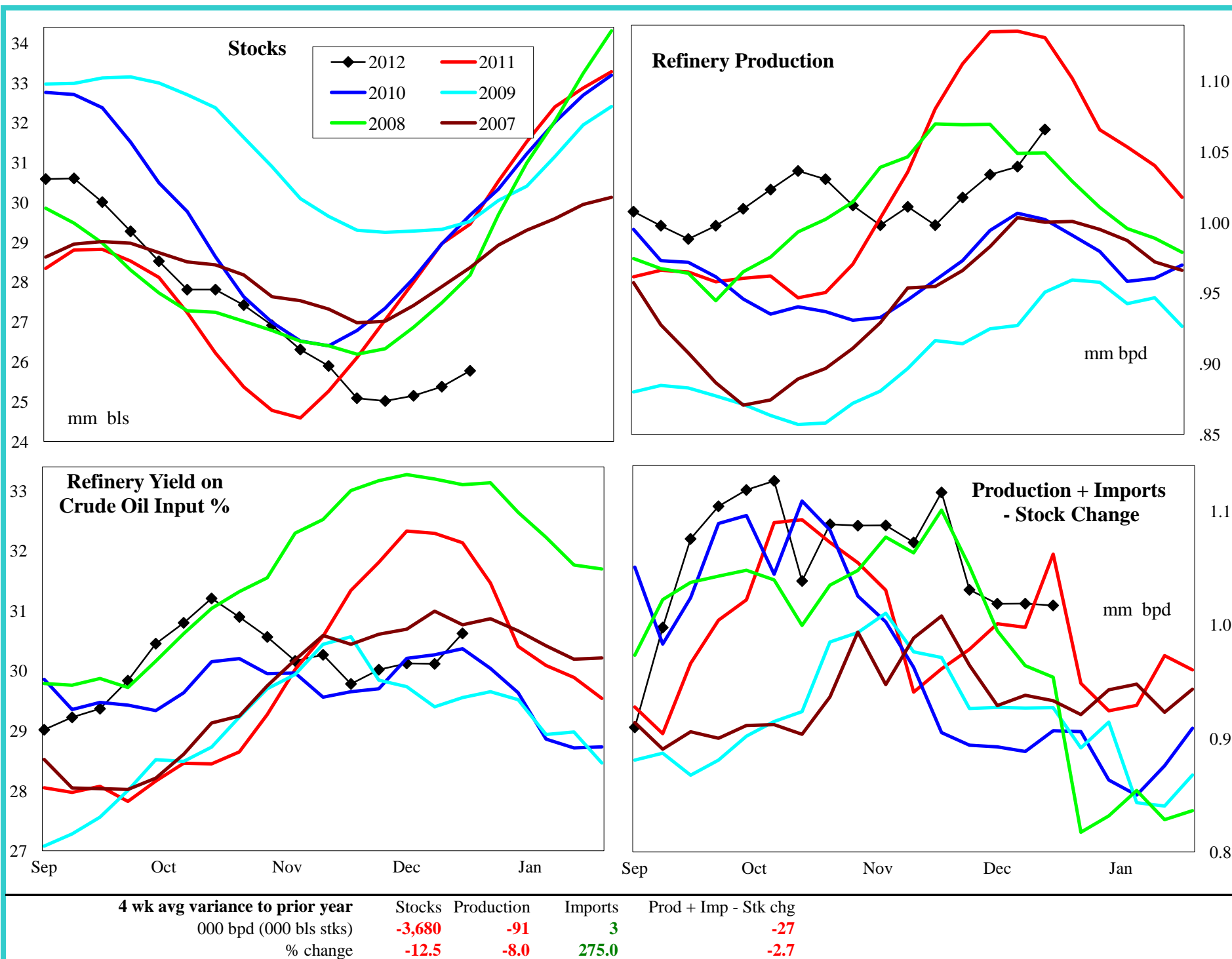
-17

-4.9

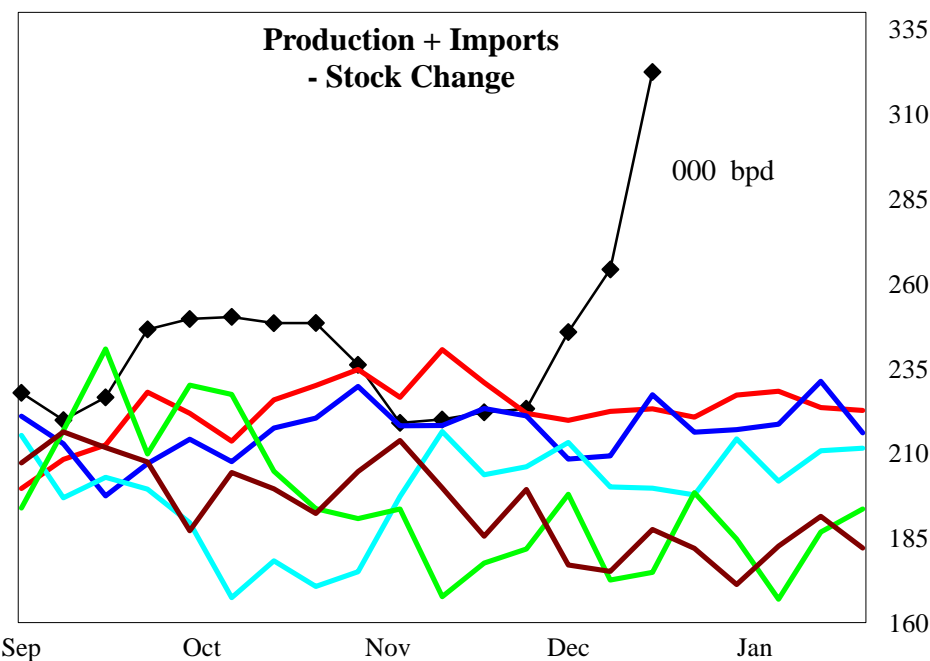
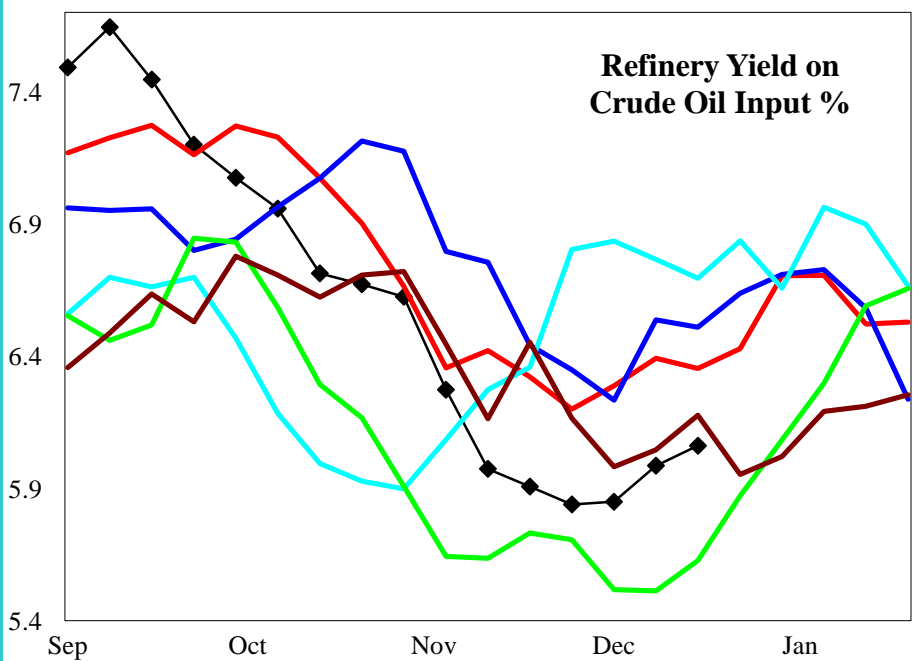
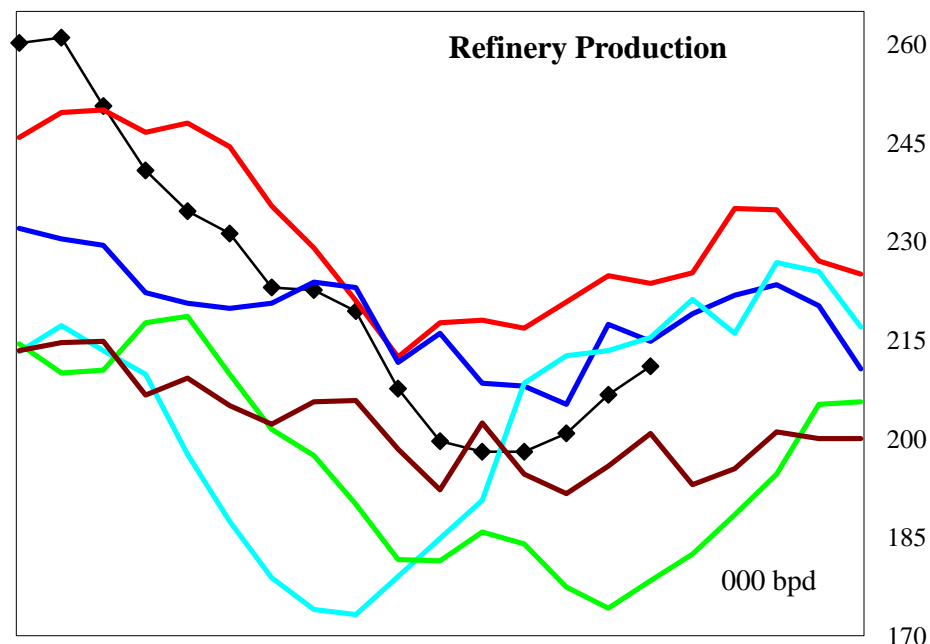
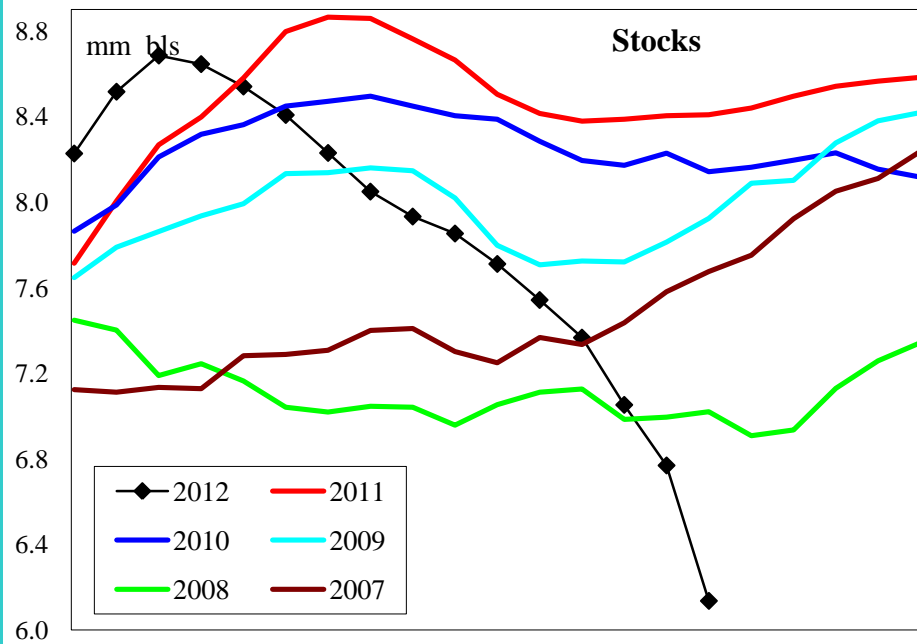
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-2,271

-17

0

32

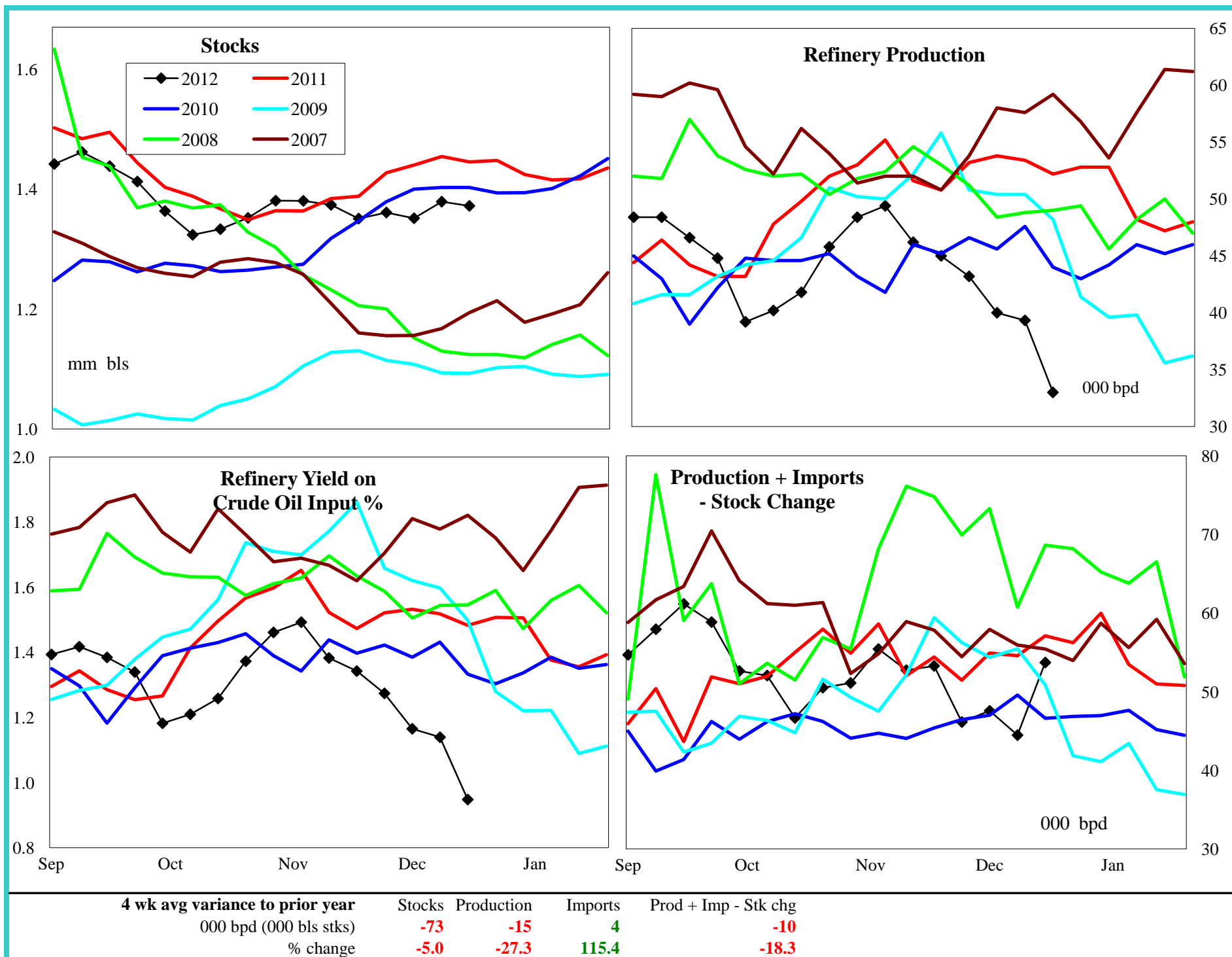
-27.0

-7.7

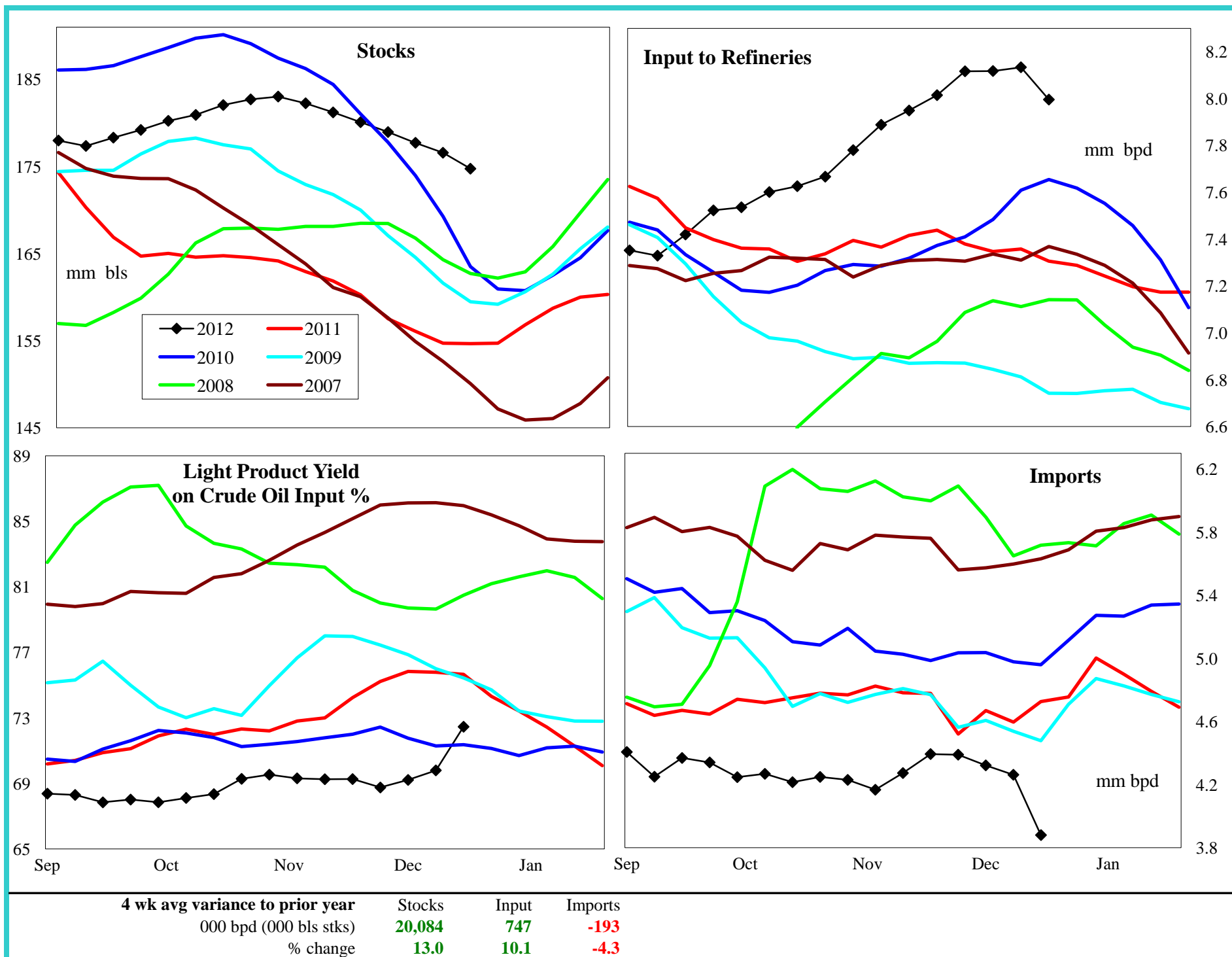
#DIV/0!

13.9

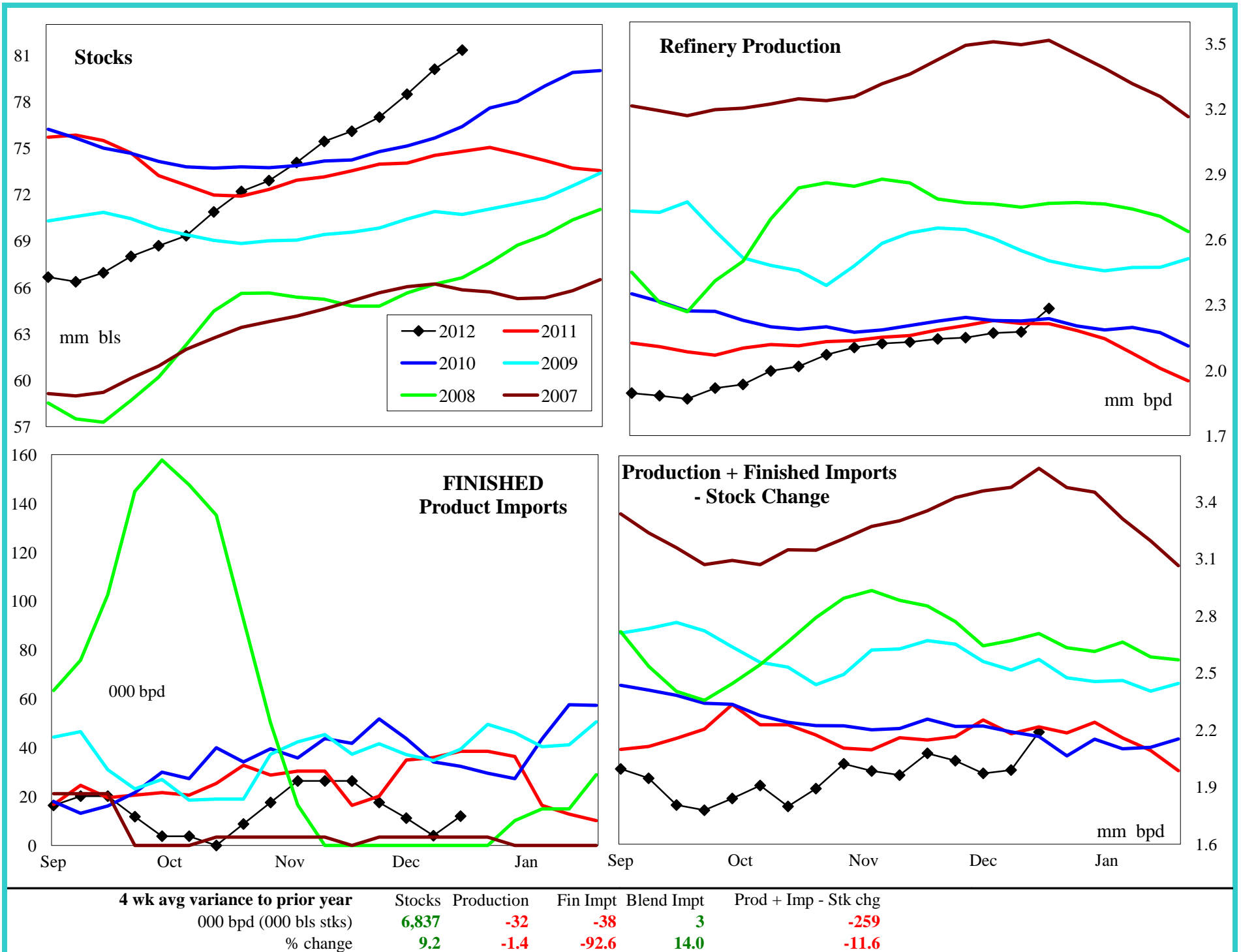
# PADD 2 Residual Fuel Oil Supply



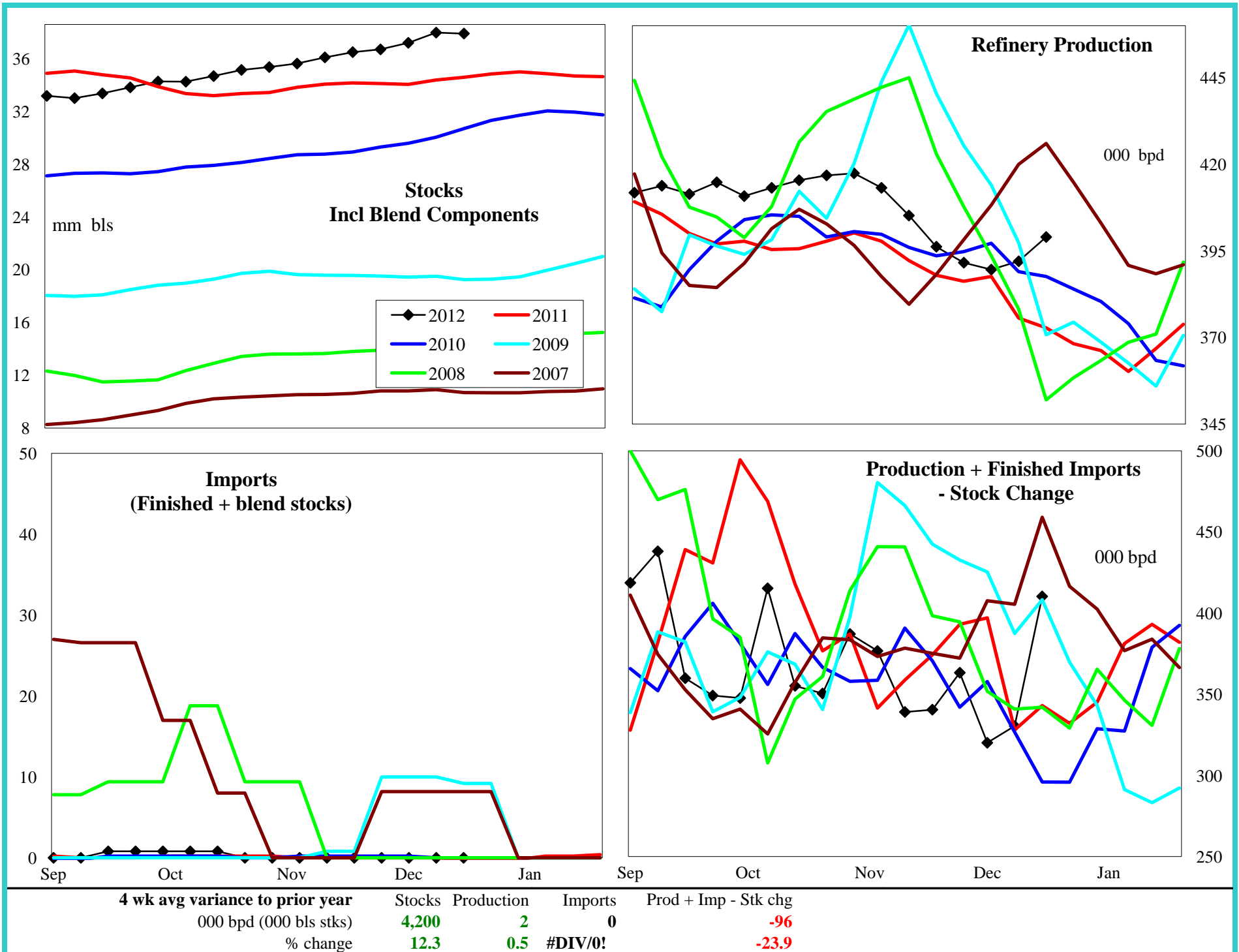
# PADD 3 Crude Oil Supply and Refining



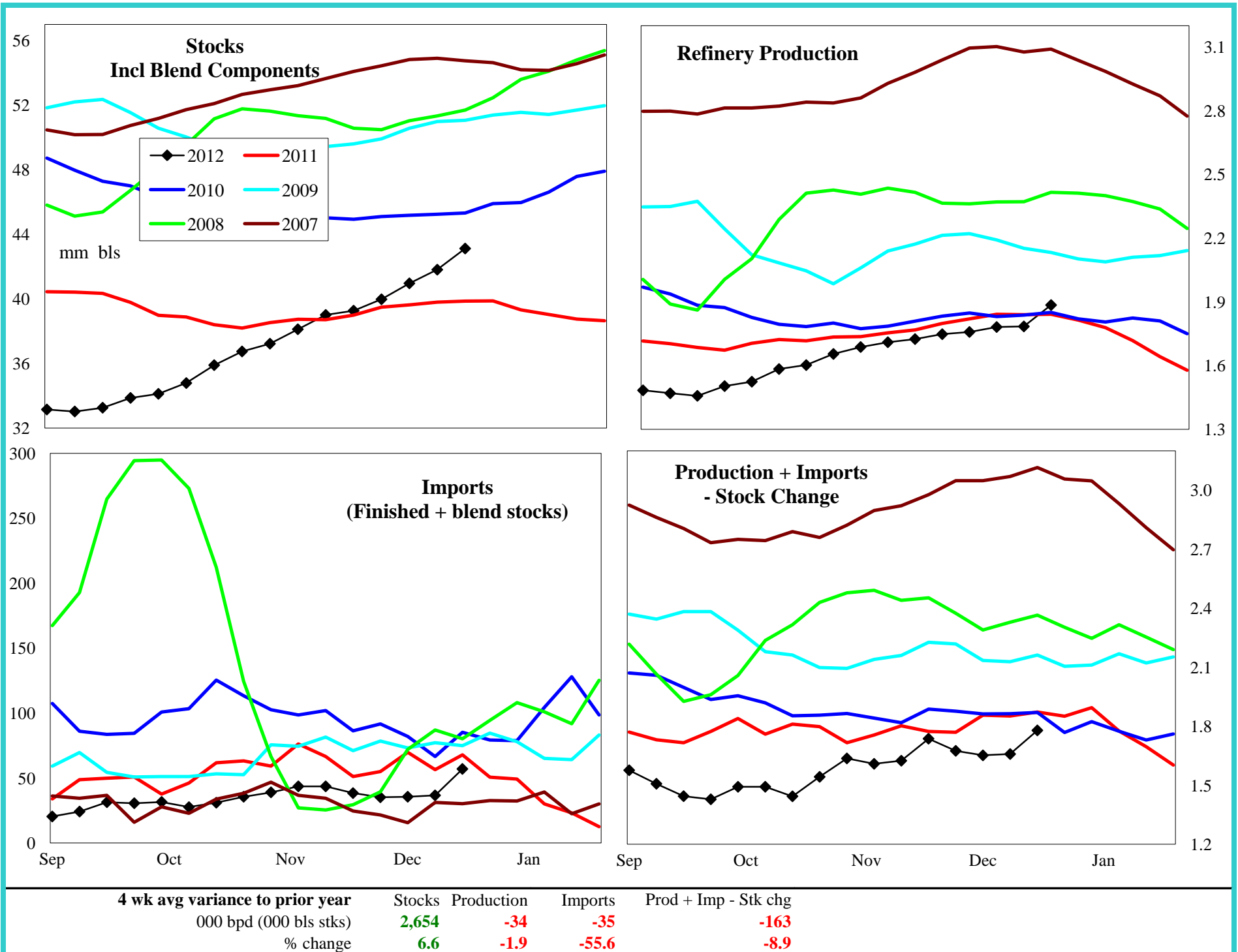
# PADD 3 Gasoline Supply



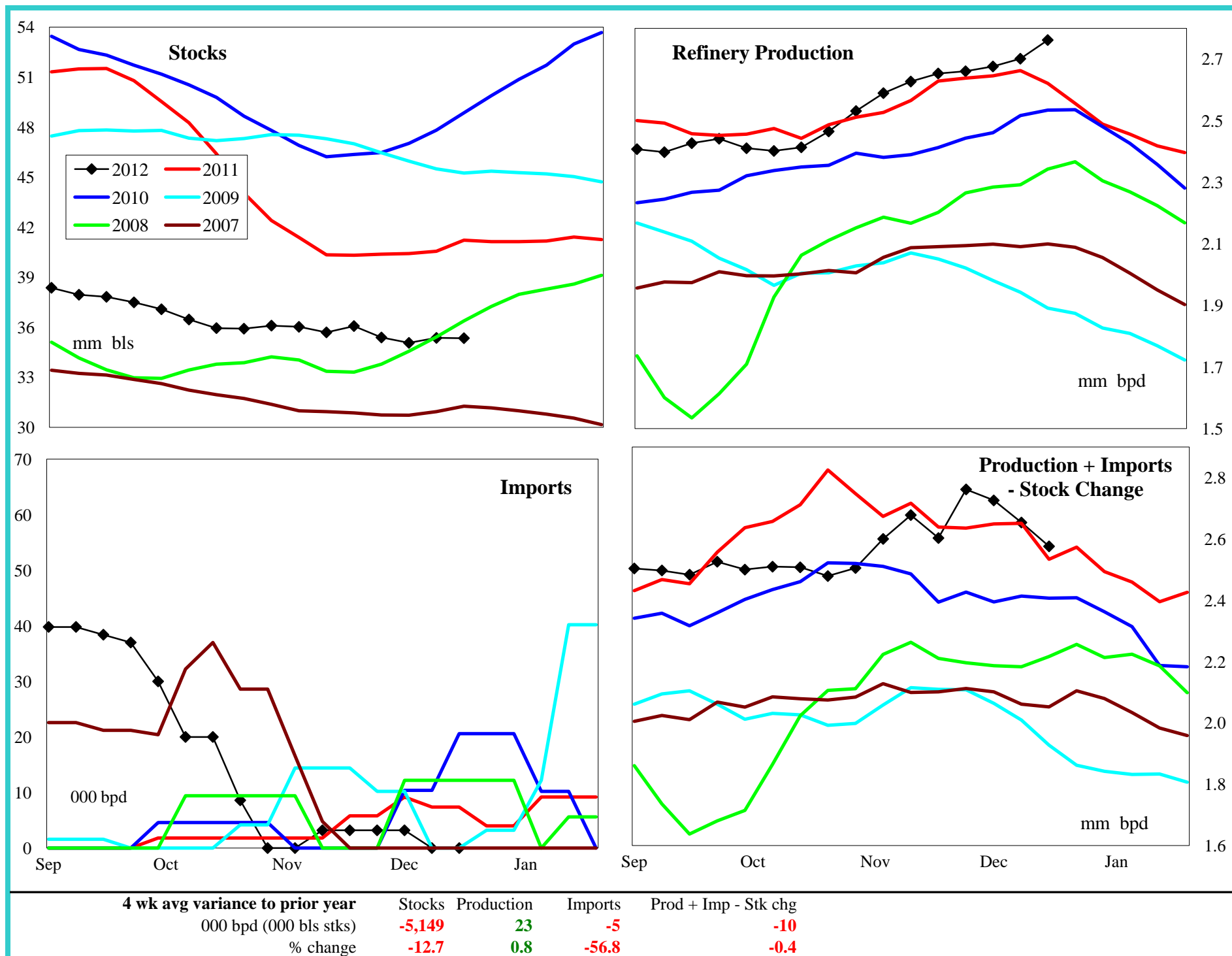
# PADD 3 Reformulated Gasoline Supply



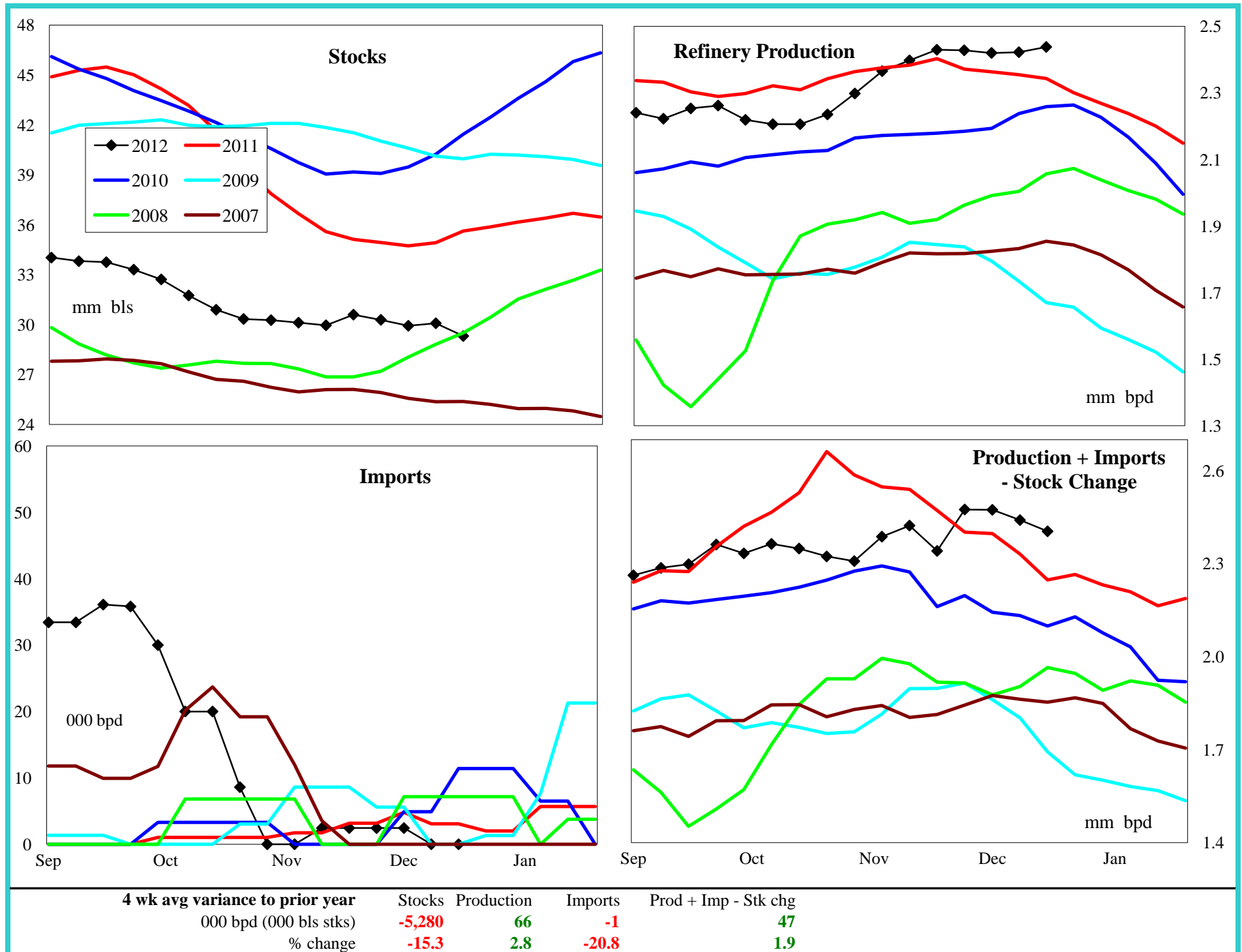
# PADD 3 Conventional Gasoline Supply



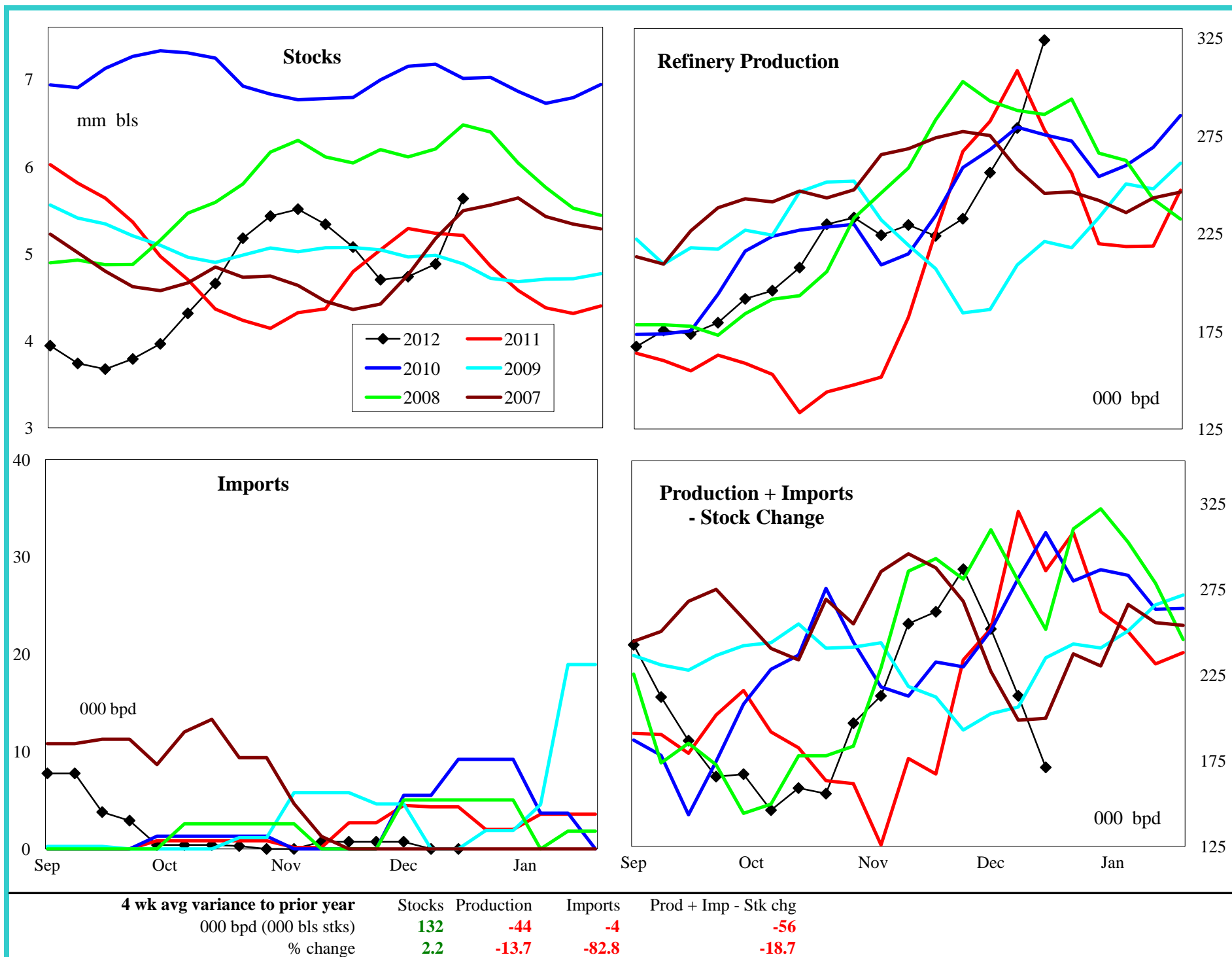
# PADD 3 Distillate Supply



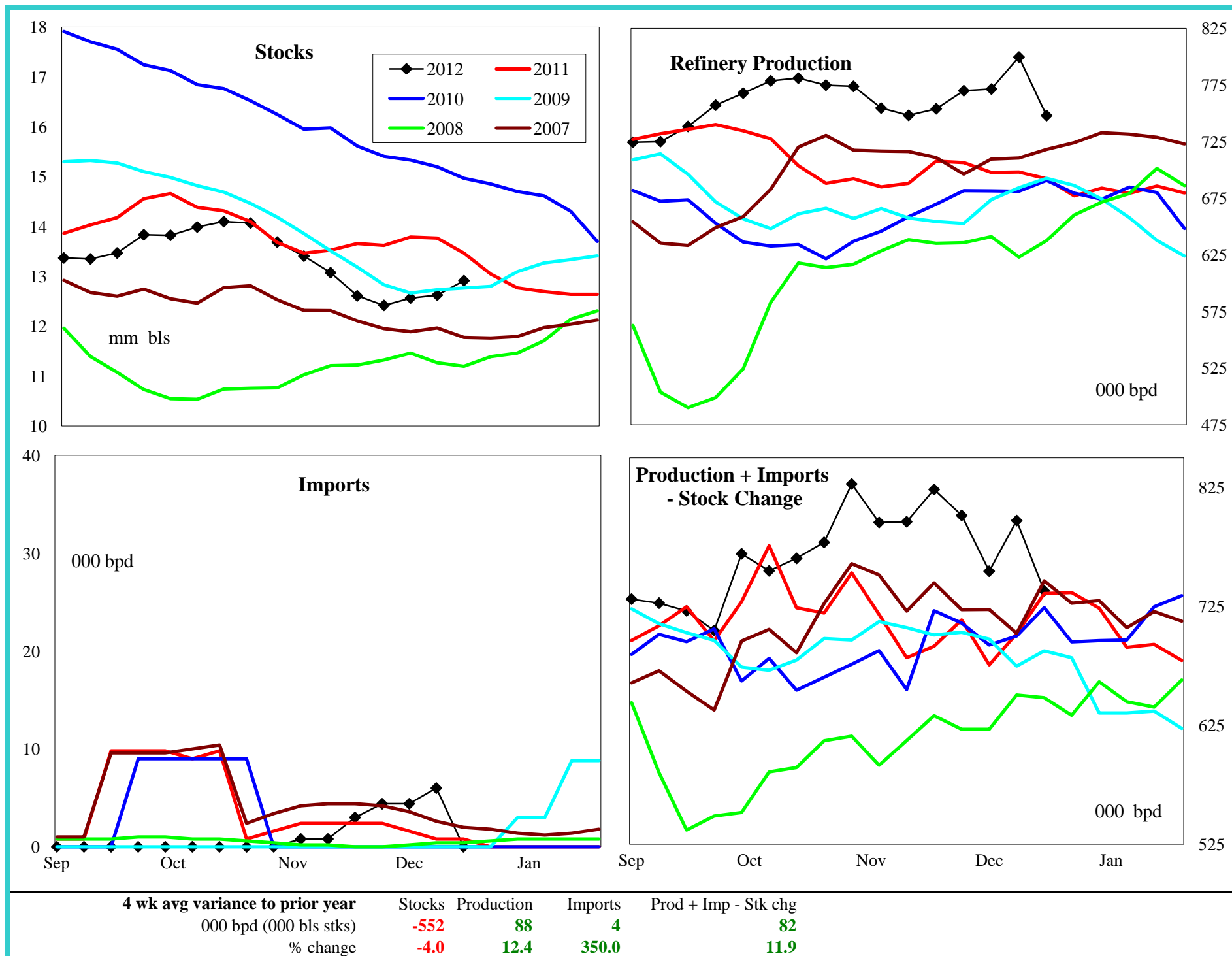
# PADD 3 Low Sulfur Distillate Supply



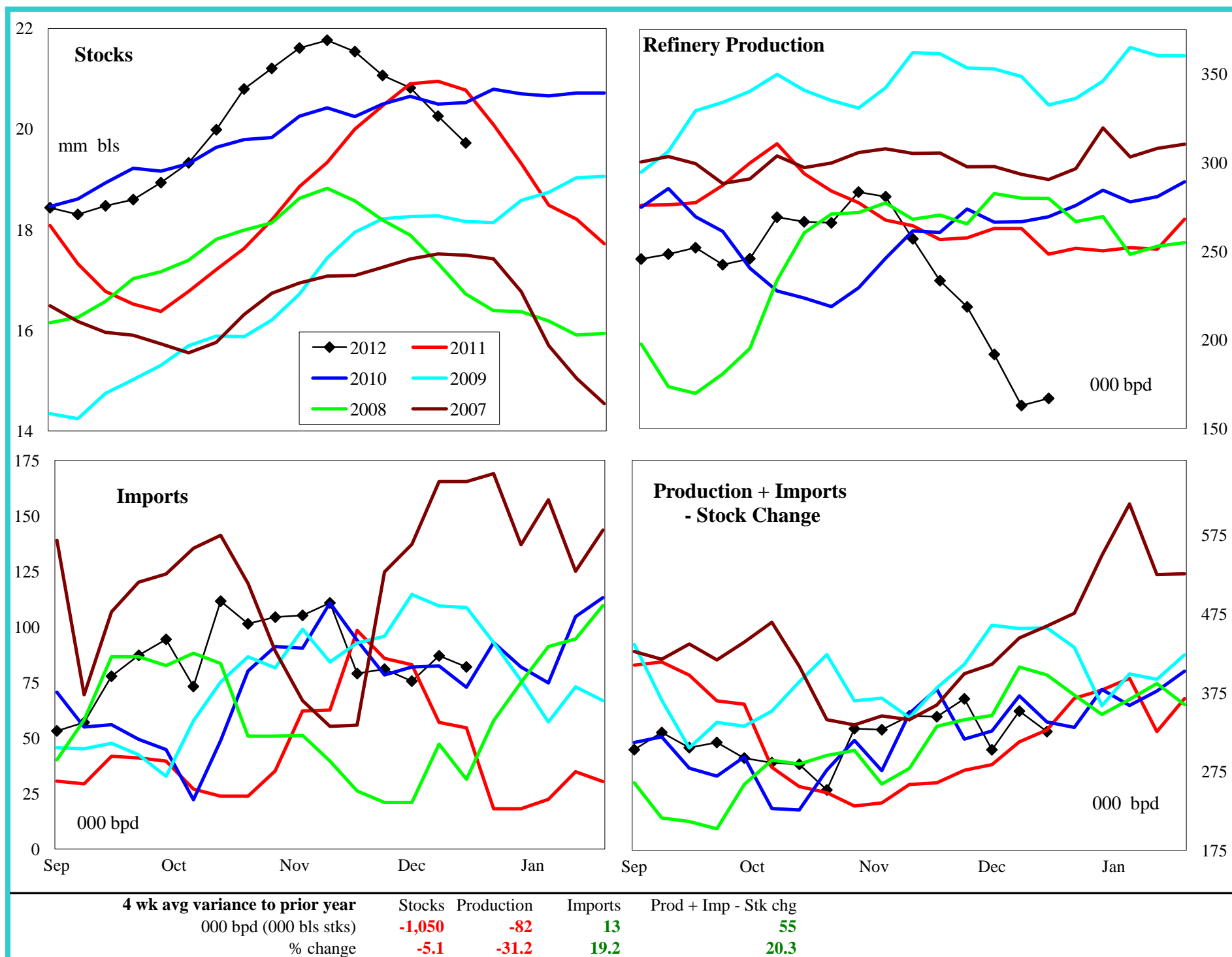
# PADD 3 High Sulfur Distillate Supply



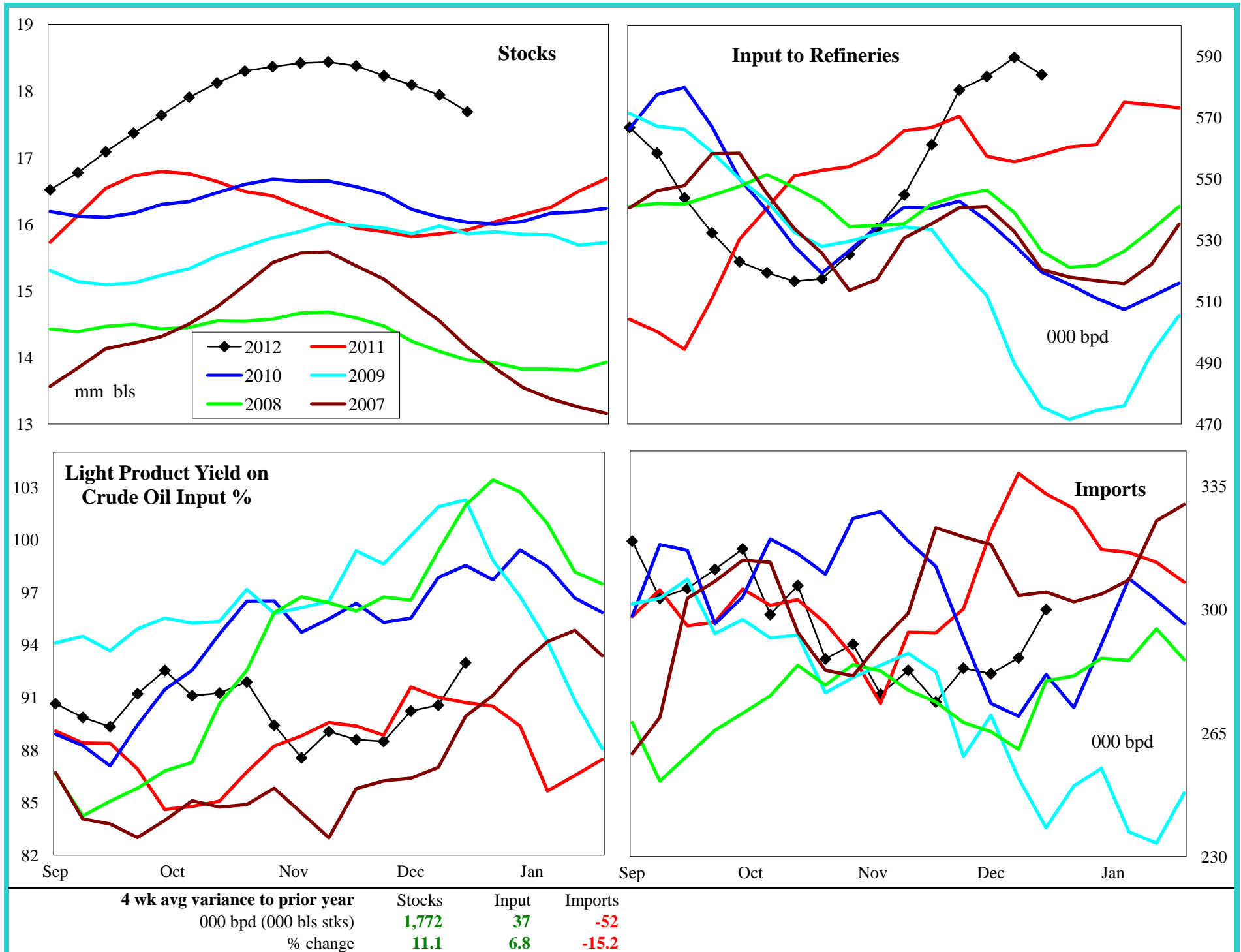
# PADD 3 Jet Fuel Supply



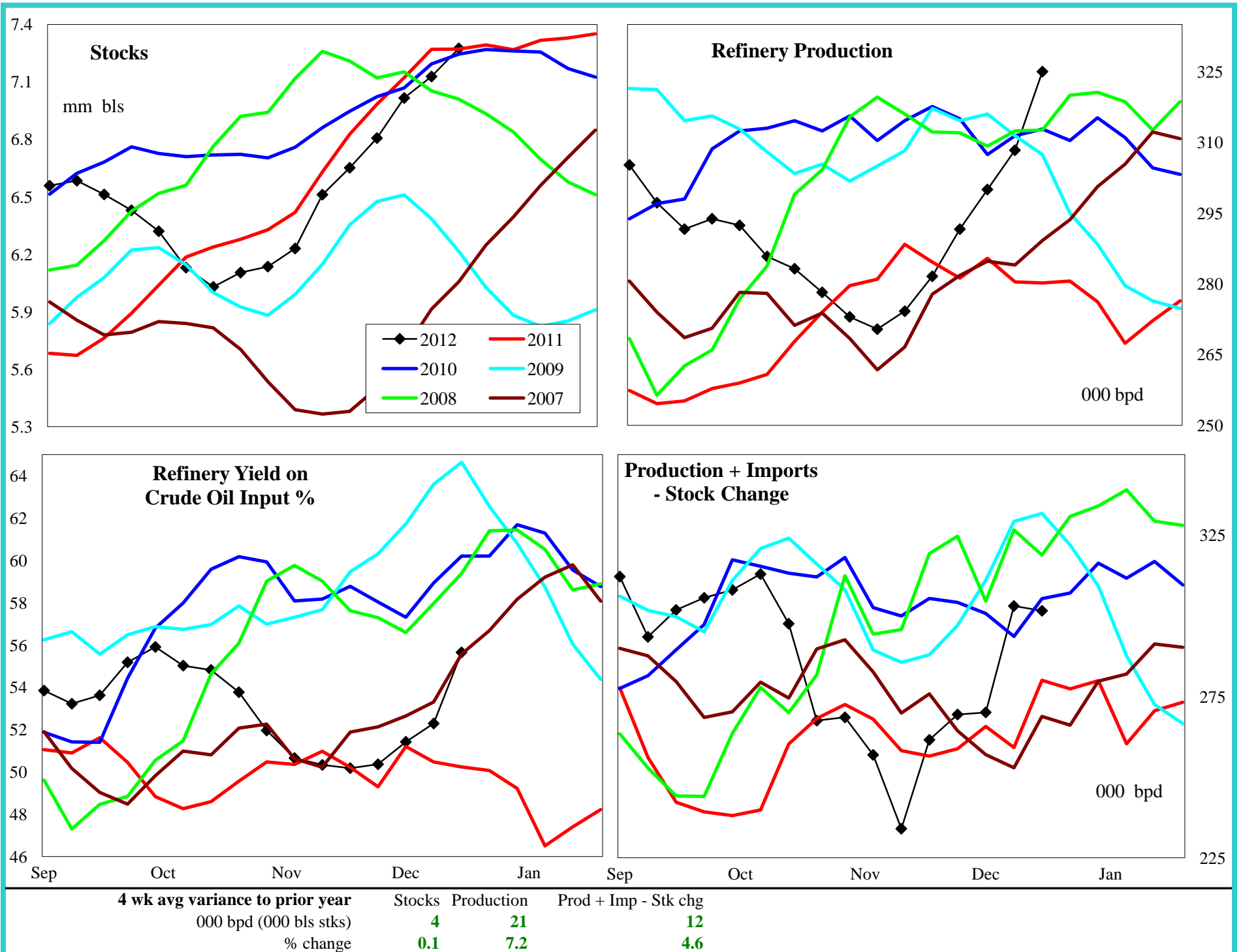
# PADD 3 Residual Fuel Oil Supply



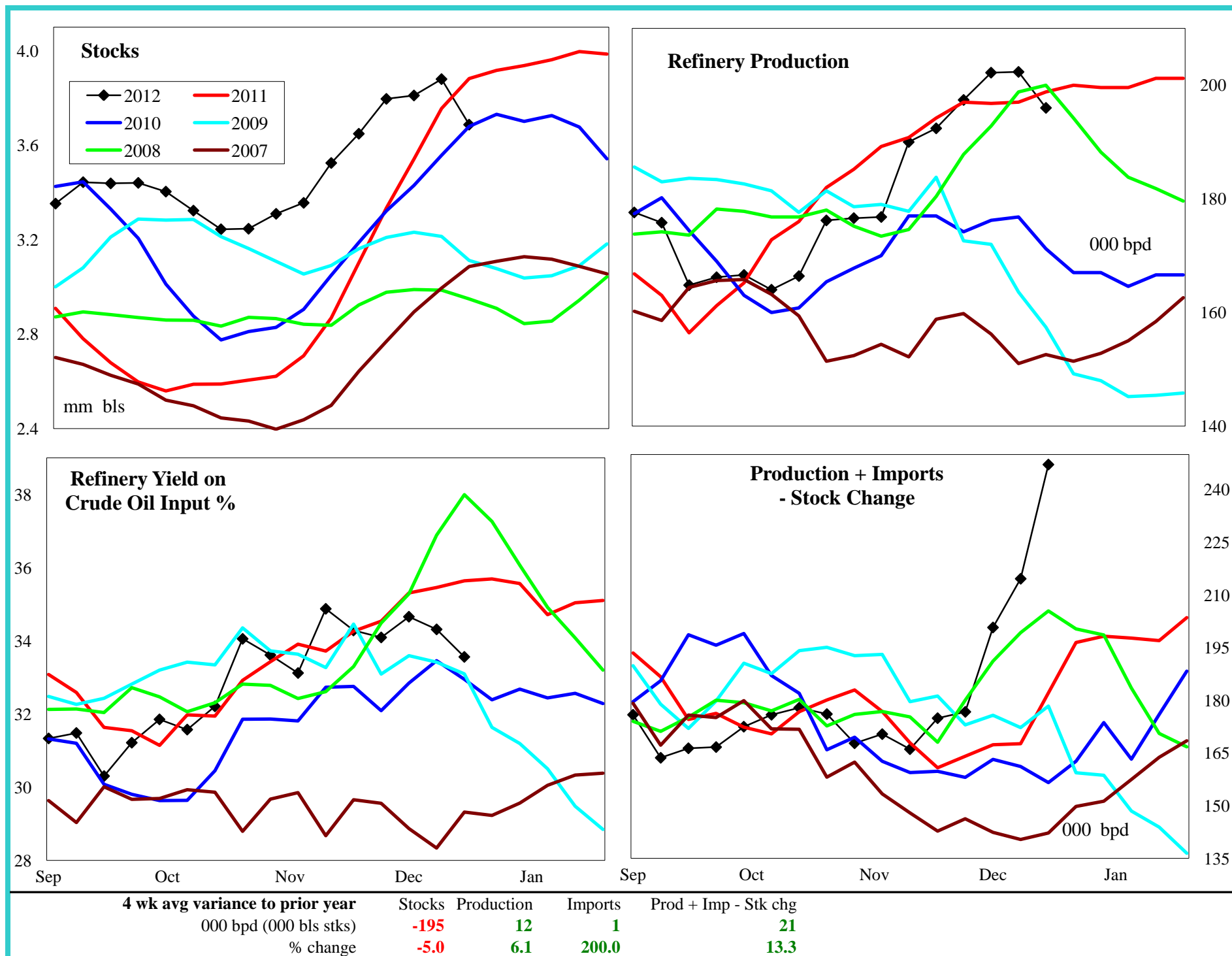
# PADD 4 Crude Oil Supply and Refining



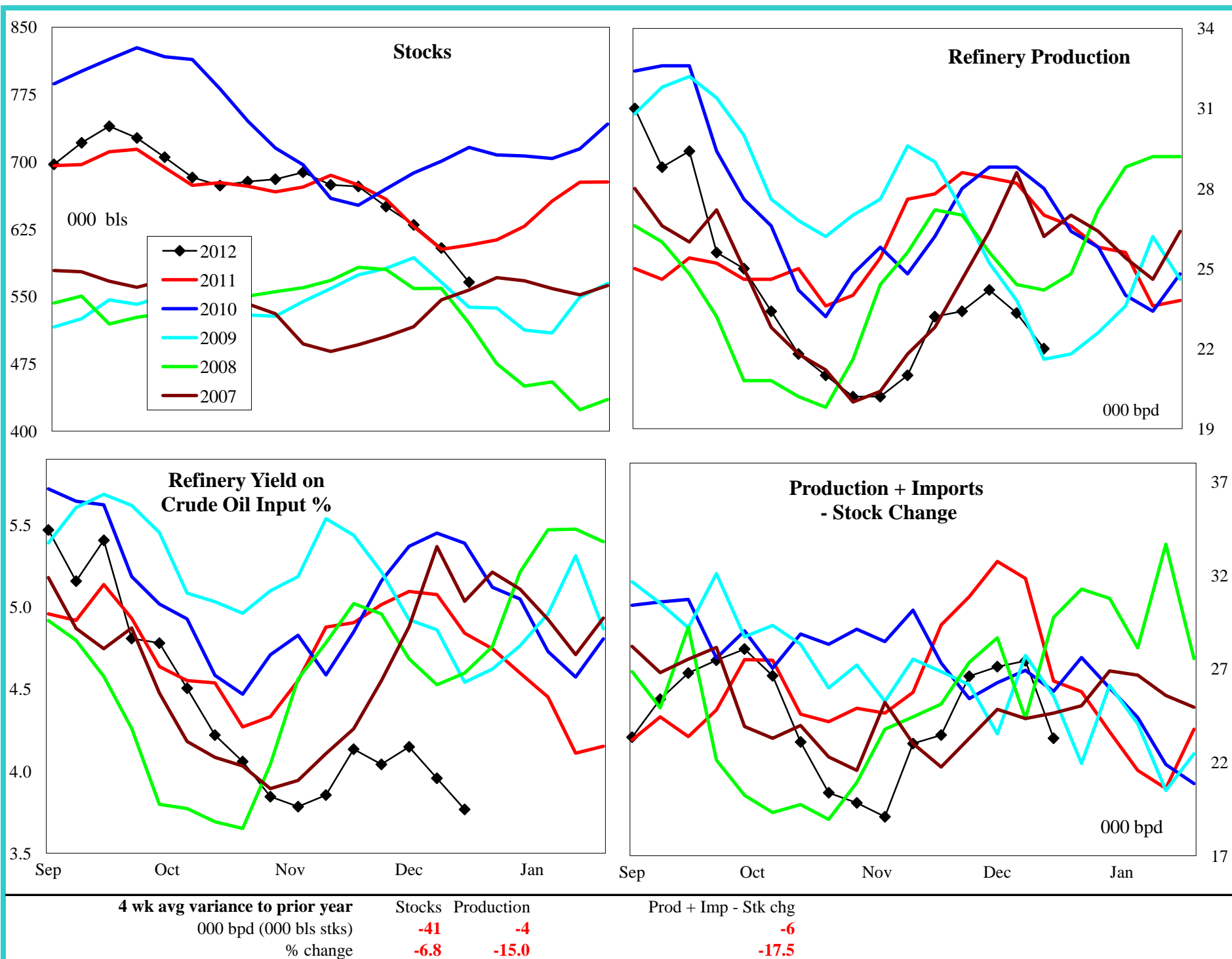
# PADD 4 Gasoline Supply



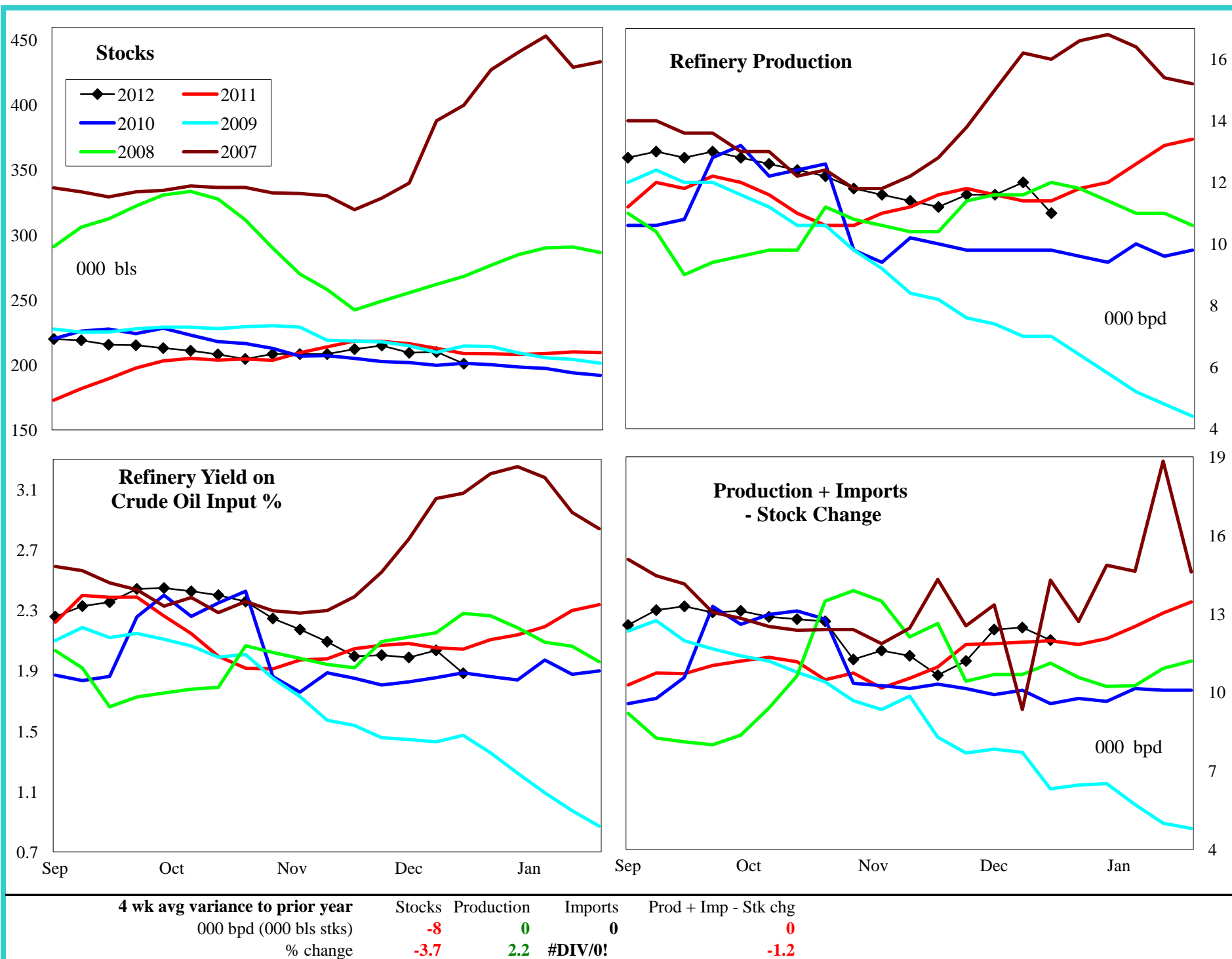
# PADD 4 Distillate Supply



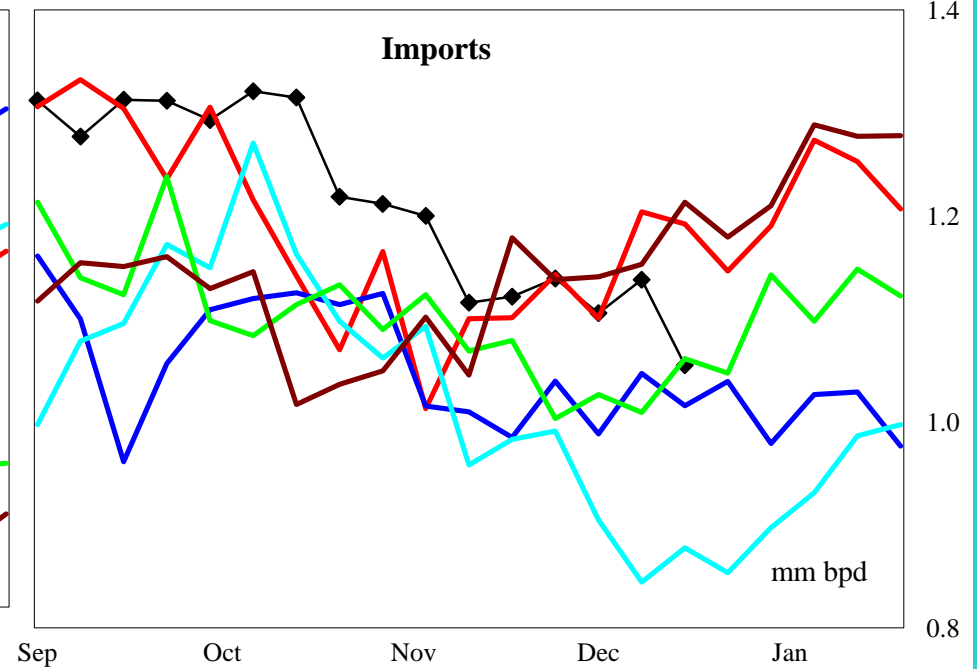
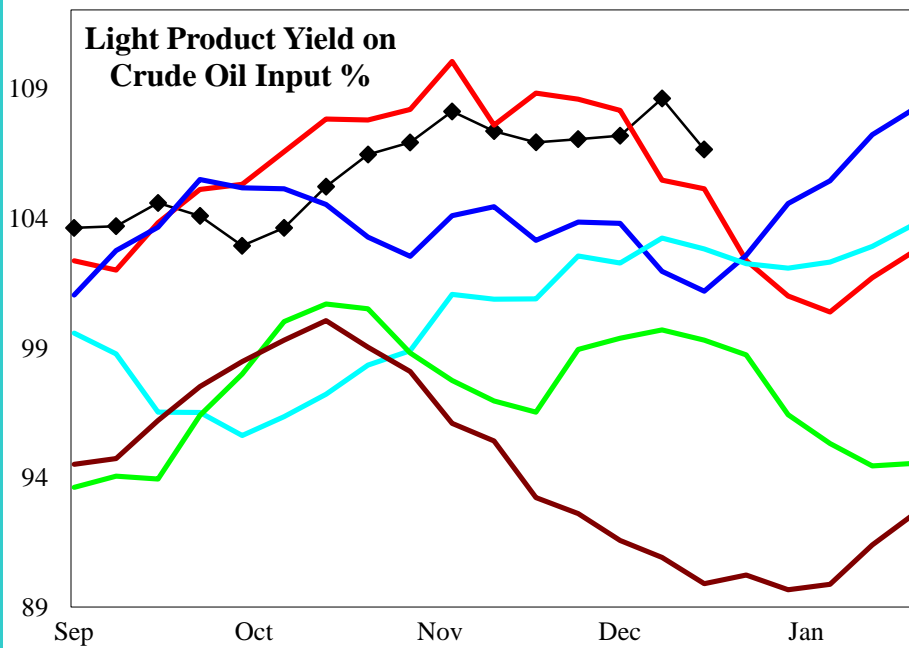
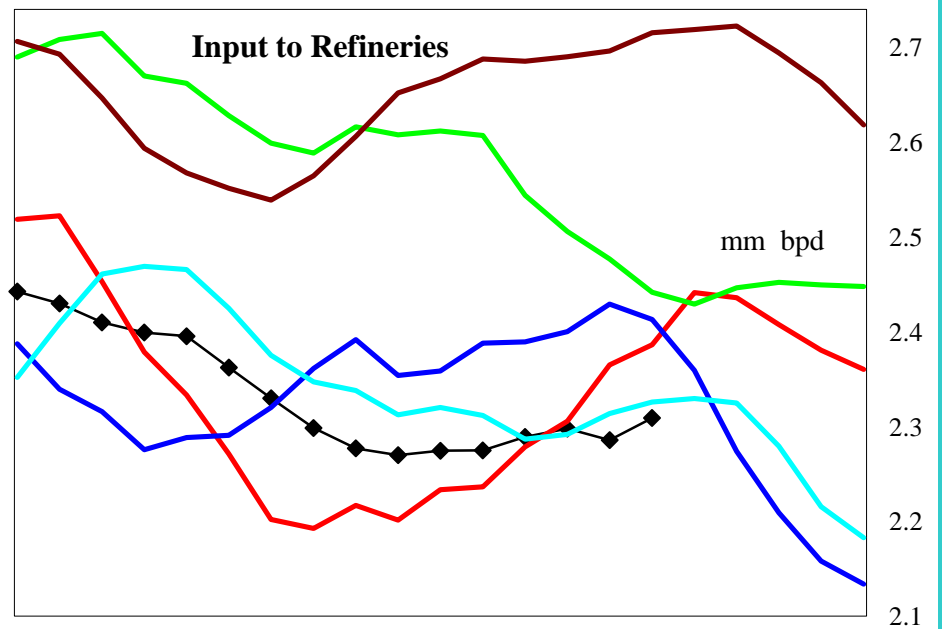
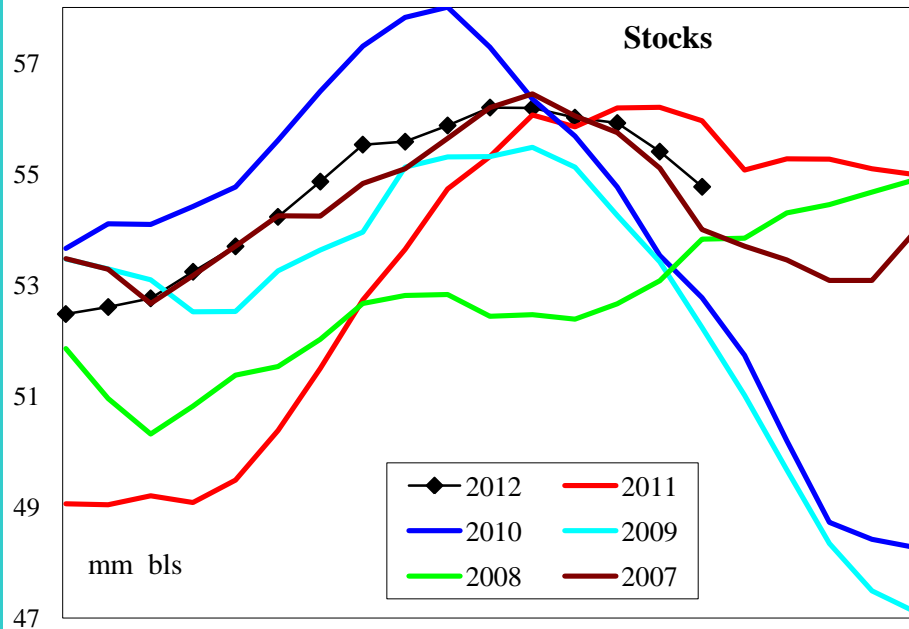
# PADD 4 Jet Fuel Supply



# PADD 4 Residual Fuel Oil Supply



# PADD 5 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**-1,189**

**-2.1**

Input

**-50**

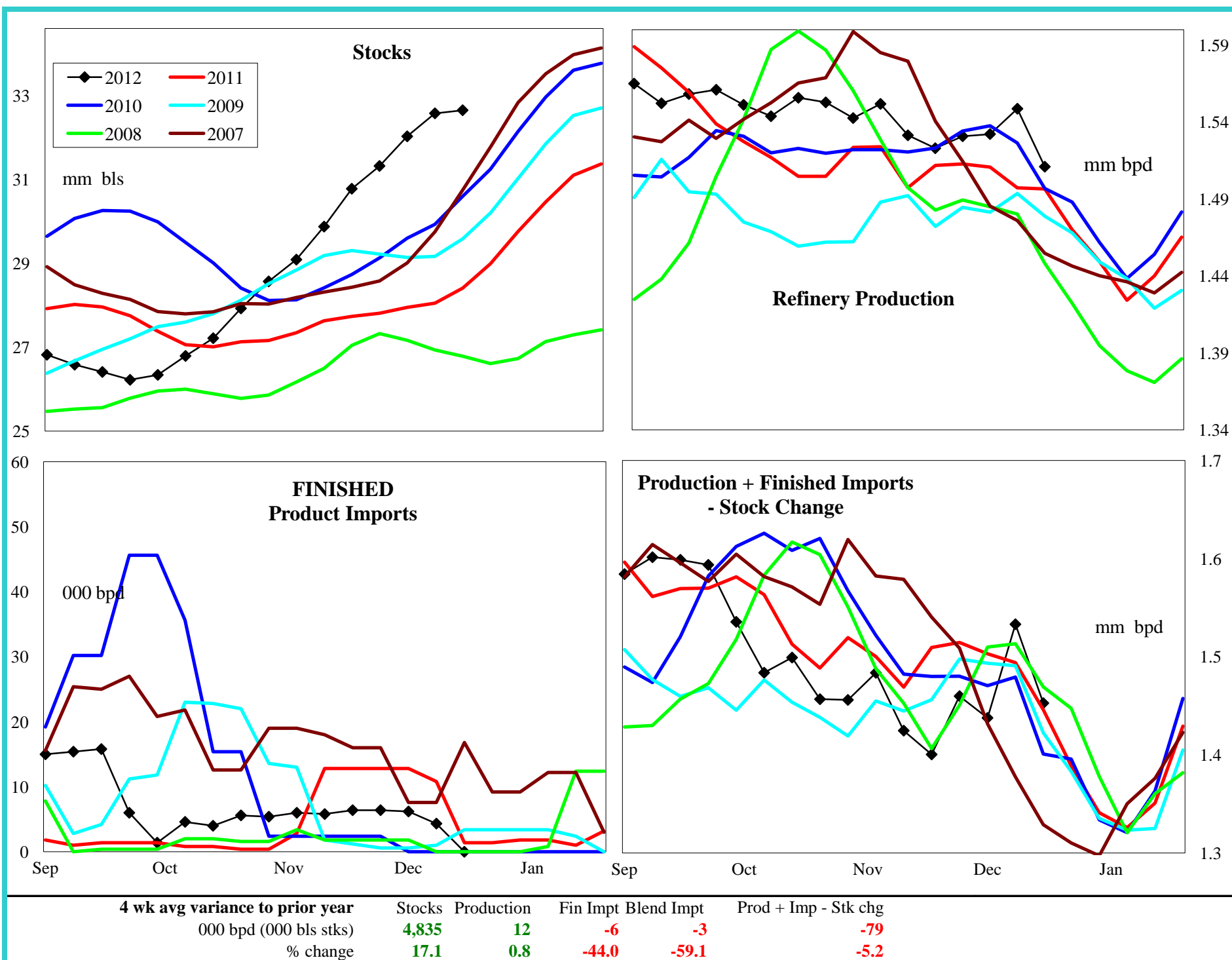
**-2.1**

Imports

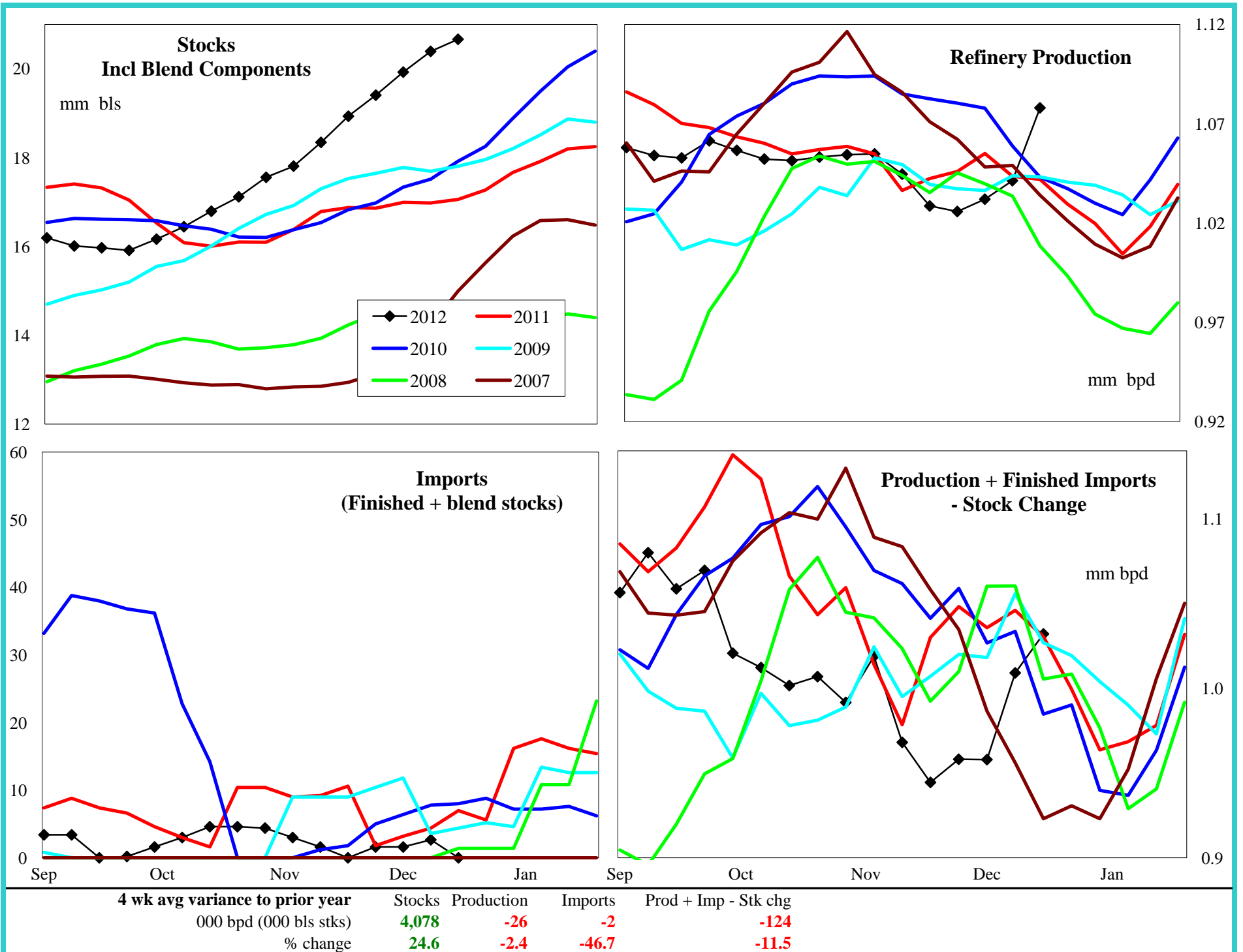
**-106**

**-8.9**

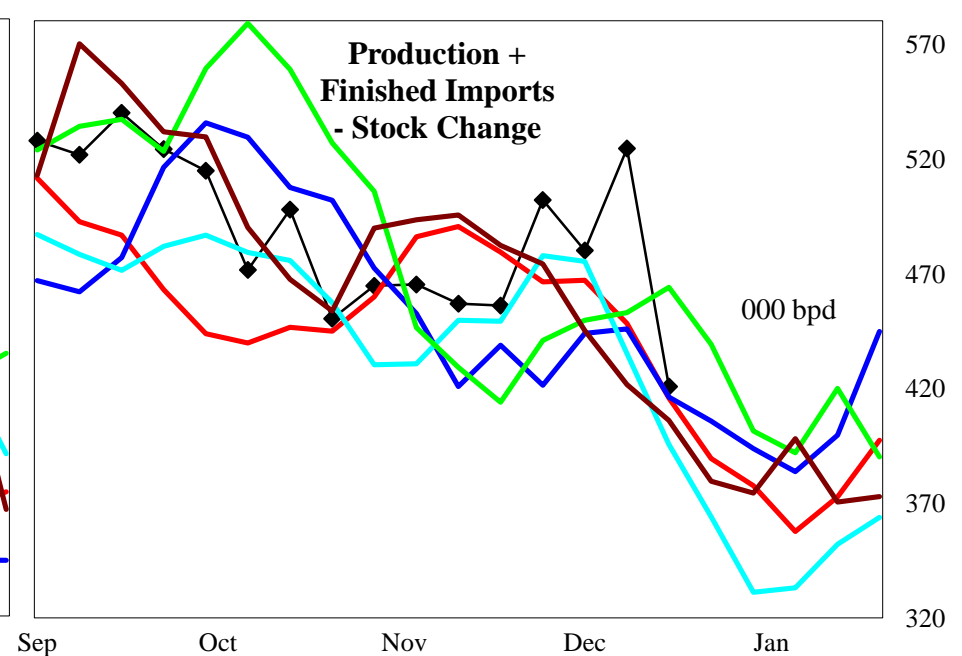
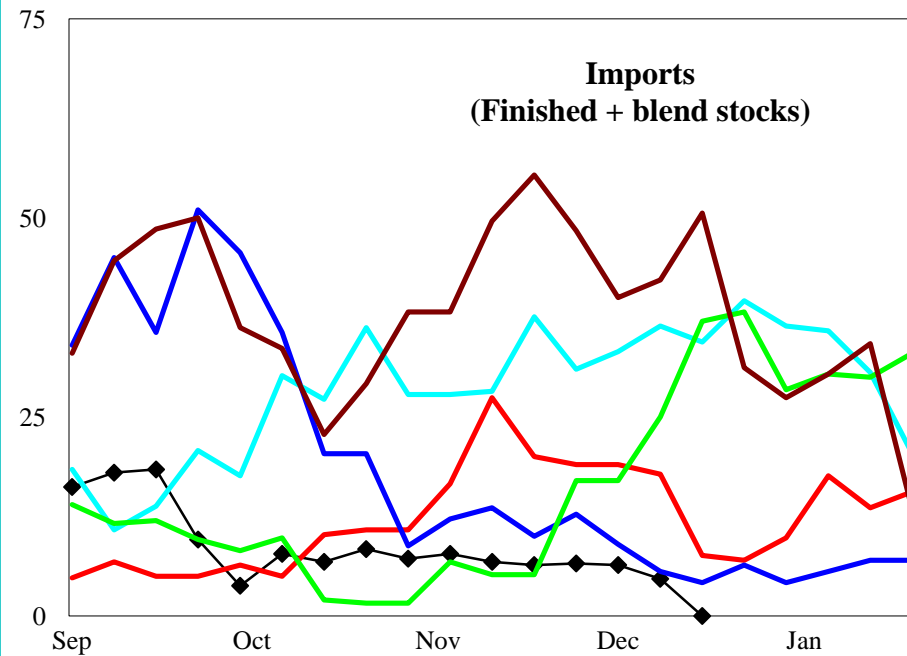
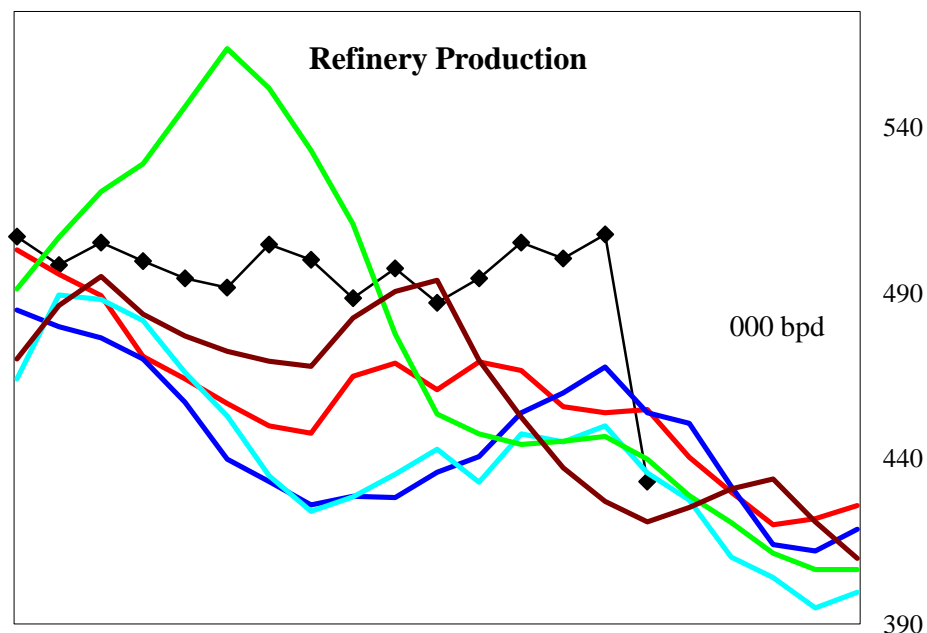
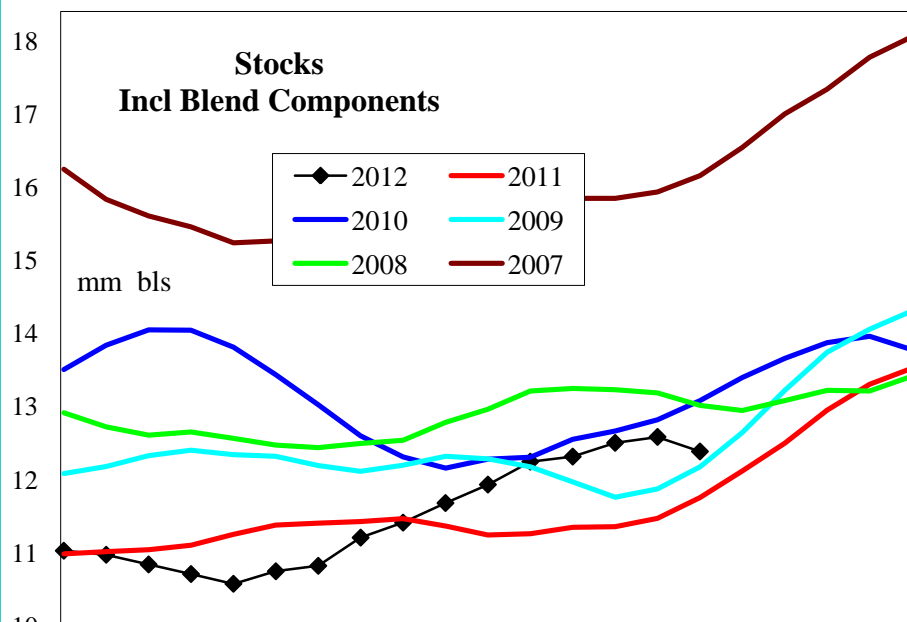
# PADD 5 Gasoline Supply



# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

757

38

-7

45

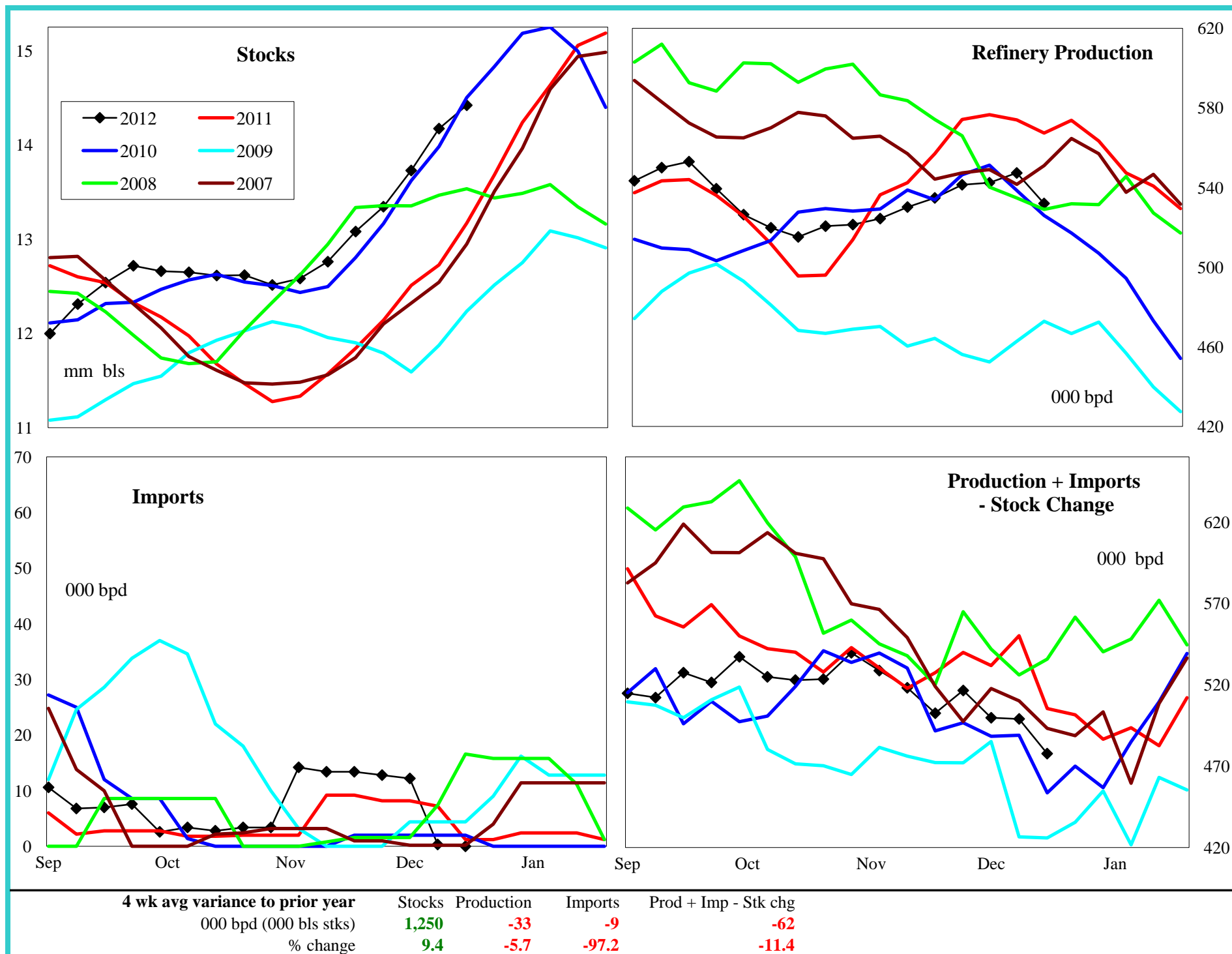
6.5

8.3

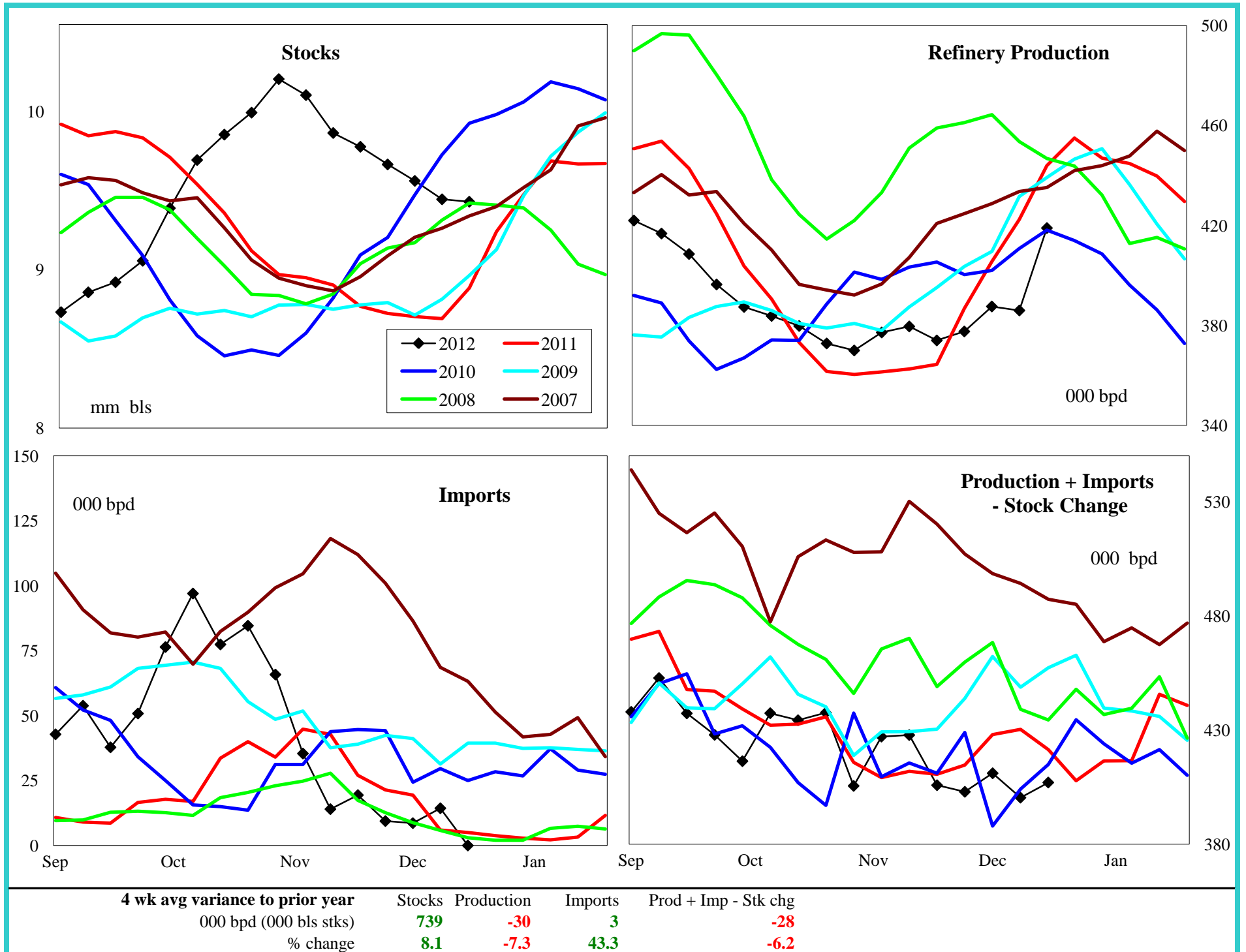
-49.1

10.0

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

