



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

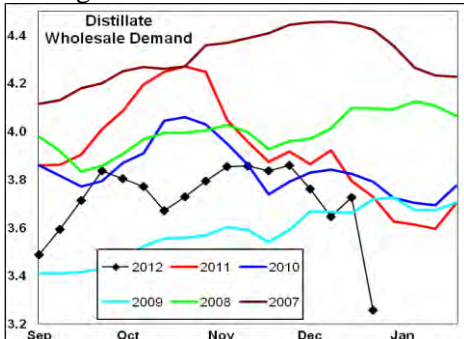
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, January 04, 2013

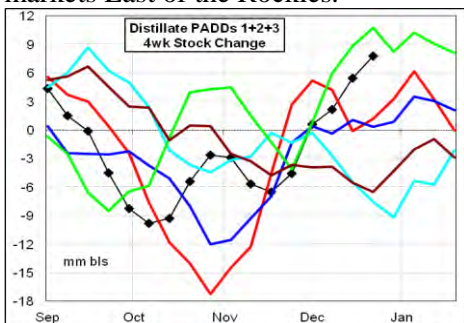


Major Fundamental Trends¹

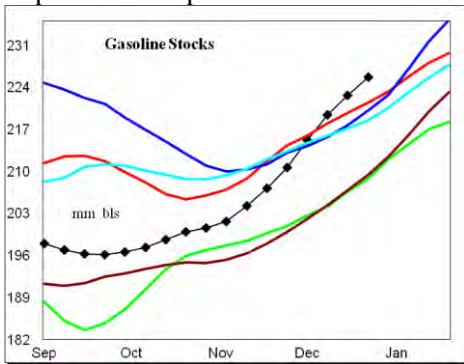
Wholesale distillate demand fell -0.9 million bpd during the last 2-wks, driven by reduced holiday transport use, a draw down in stocks for the downstream supply chain and significant weakness in Northeast heating oil use.



Exceptionally weak demand, combined with season high production has led to a near record rate of stock building in markets East of the Rockies.

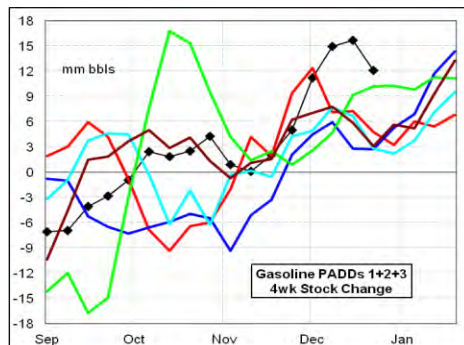


Gasoline stocks have reached new 5-year highs on low demand and season high output, that offset record low imports for the past several months.



The rate of stock building in markets East of the Rockies has been at record highs for the last 3-wks.

¹ Source is latest EIA Weekly Statistics



Crude oil refinery input was +0.8 million bpd above last year for the latest 4-wk period, with nearly the entire increase concentrated in the Gulf Region. Refiners in the region held tankers off shore at year end, leading to a -10 million barrel stock draw last week, even with record high runs. Stock levels remain above the 5-year range in the region.

Domestic crude oil production has lifted stocks in Cushing +70% above last year.

On balance, U.S. petroleum markets are very well supplied, with relative tightness only in the Northeast that is due in part to earlier refinery closures that caused structural declines in working stocks.

Demand for distillate has collapsed -0.9 million bpd during the last 2-wks. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.3%; distillate was -6.4% lower; jet fuel was up +2.7% while residual fuel oil decreased -37%.

Stocks forward coverage: Gasoline demand coverage climbed on a +2.6 million barrel stock build and low wholesale demand. Coverage levels reached a new all time high.

Distillate coverage surged on a +4.6 million barrel stock build and exceptionally low demand. Coverage levels reached the highest level of the last 6-months.

Jet fuel coverage increased on a +0.60 million barrel stock build and sharply lower demand. Coverage levels ended the week at a level below the last 3-years.

Refinery utilization rates were

unchanged last week with only a +13,000 bpd rise in thru put. During the latest 4-wk period crude oil input was +0.8 million bpd above a year ago.

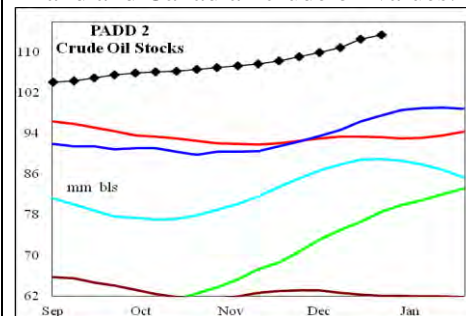
Gasoline yield % on crude oil runs fell on a -0.6 million bpd decrease in output compared no change in crude oil runs. Yield % on crude oil runs fell below the 5-year range.

Distillate yield % on crude oil runs decreased -42,000 bpd drop in production, compared to no change 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 increased on a +69,000 bpd rise in output, compared to no change in crude oil runs. The yield % was near the historic highs.

Petroleum Imports decreased for crude oil, gasoline, and middle distillates last week. During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports increased +29,000 bpd; finished gasoline imports decreased -24,000 bpd, gasoline blend stock imports decreased -86,000 bpd; jet fuel imports were nearly unchanged, while residual fuel oil imports fell -82,000 bpd.

Crude Oil imports decreased -0.9 million bpd last week to an extremely low level. Stocks fell -11.1 million barrels last week, concentrated in the Gulf region as refiners held tankers offshore ahead of year end tax exposure. Stock levels in Cushing ended the week +70% above a year ago. The record high stocks in Cushing continue to depress domestic inland and Canadian crude oil values.





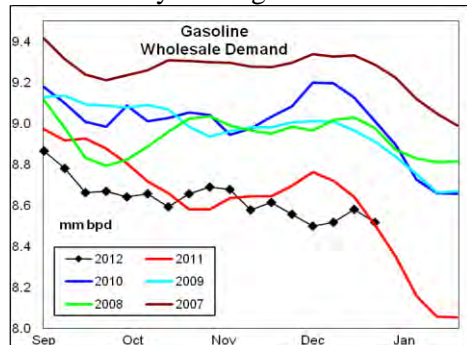
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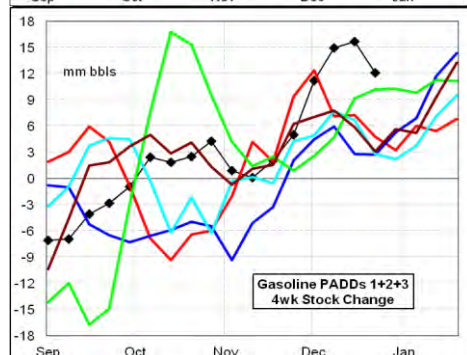
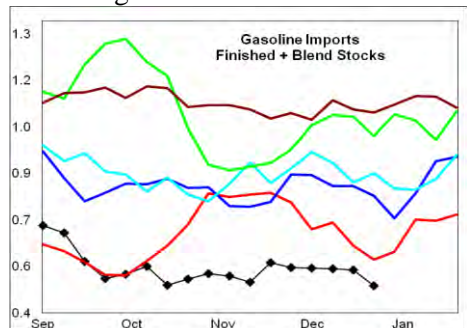
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Product Supply-Demand Trends

Gasoline demand decreased -90,000 bpd on the week, to a level that matched last years' record lows. The latest 4-wk average demand was -198,000 bpd below a year ago. Supply reversed the prior week surge, with the latest 4-wk average -0.3 million bpd below a year ago. Imports remain below the 5-year range.



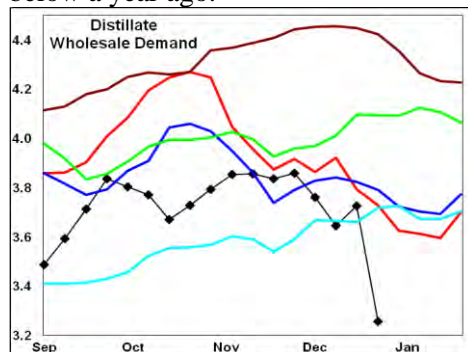
Stocks increased +2.6 million barrels last week, to a record high level for this time of year. The latest 4-wk build of +12.1 million barrels extended the record high rate of builds.



Look for the rate of stock building to slow as refiners began winter maintenance early next month. Stock levels match or exceed 5-year highs in all regions other than the East Coast. The long term downtrend in gasoline demand should extend into the 1st

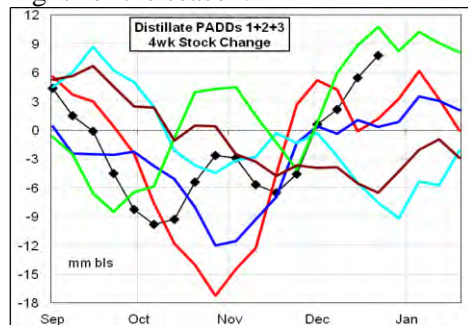
quarter, pressuring refining margins in most regions.

Distillate demand plunged -0.95 million bpd in the last 2-wks to a record low level. The latest 4-wk average demand was -251,000 bpd below a year ago.



Supply fell -148,000 bpd last week, with the latest 4-wk average -43,000 bpd below last year. Stocks jumped +4.6 million barrels last week, driven by the drop in wholesale demand. There were stock builds in all regions.

The latest 4-wk stock change in markets East of the Rockies was a +7.8 million barrel build, a level near 5-year highs for the season.



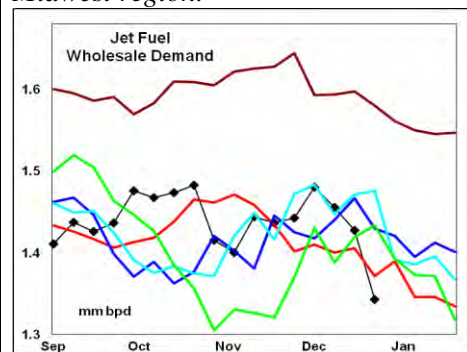
Stocks have witnessed a near record build rate on very weak demand and season high production. While stock levels remain -14% below last year, the builds have mitigated the risk of any supply squeeze during the balance of the heating season.

Jet Fuel demand decreased -110,000 bpd last week, with the latest 4-wk average demand +38,000 bpd above a year ago.

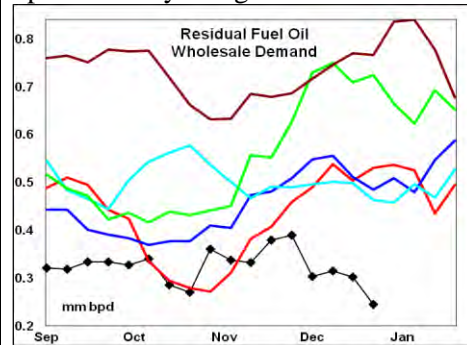
Supplies increased +69,000 bpd on the week, due to higher production. Production levels exceed 5-year highs, with the 4-wk average +67,000 bpd above a year ago. Stocks increased

+0.6 million barrels on the week, with the level still near 5-year lows.

Wholesale demand should trend seasonally lower after peak season holiday travel. Lower demand should lead to stock building on production rates well above the last 3-years. Stock levels remain very low in the Midwest region.



Residual fuel oil demand increased +16,000 bpd last week. Demand for the latest 4-wk period was -197,000 bpd below a year ago.



Supply (production + imports) decreased -8,000 bpd last week, on lower imports. The latest 4-wk average supply was -208,000 bpd below last year on lower imports and production. Stocks decreased -0.4 million barrels on the week, with the level below the 5-year mid range.

Each regional market reports stock levels comparable to the average of the last 2-years, with the exception of PADD 1 where refinery closures have led to a structural decline in working stocks.

Demand has decreased nearly 40% compared to the last 3-years on fuel switching to lower cost natural gas.



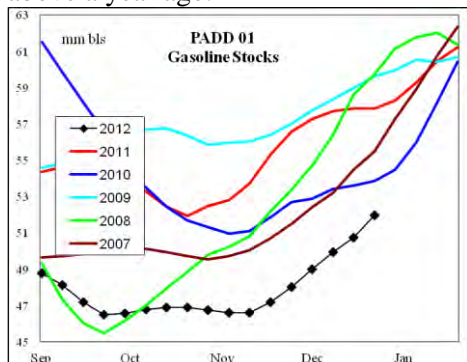
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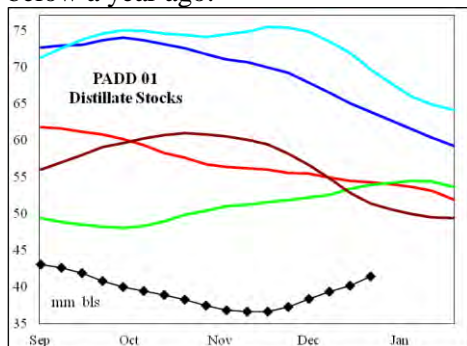
PADD Supply Trends

PADD 1 refinery crude oil runs decreased -19,000 bpd last week. The latest 4-wk average was +2,000 bpd above a year ago.

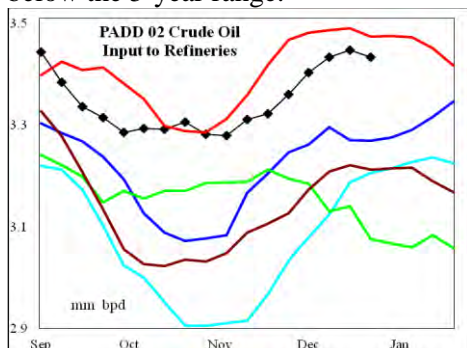


Gasoline supply fell -255,000 bpd on the week, due to lower production and imports. Stocks increased +0.9 million barrels on the week, ending at a level -8% below last ago.

Distillate supply decreased -90,000 bpd on the week due to lower imports. Stocks increased +1.4 million barrels on the week, with the level -23% 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 decreased -18,000 bpd last week, to a

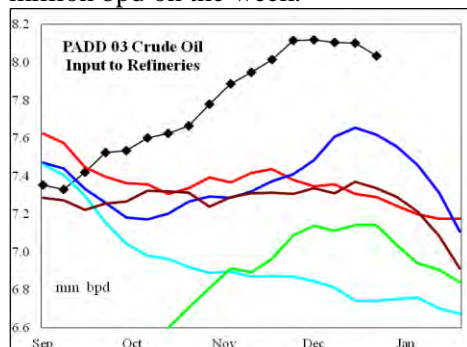
level below last years' record high. Runs for the latest 4-wk period were -40,000 bpd below last year. Crude oil stocks were nearly unchanged on the week. Stocks ended the week +70% above a year ago at Cushing, Oklahoma.

Gasoline production fell -223,000 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 at the low end of the historic range.

Distillate was unchanged on the week, at a level near the 5-year high. Stocks jumped +2.7 million barrels last week, with the level -7% below a year ago.

Jet fuel production was unchanged last week, at a level slightly below the last 3-years. Stocks increased +0.6 million barrels on the week, although the level remains -20% below a year ago.

PADD 3 refinery runs increased +40,000 bpd last week, with the latest 4-wk average +0.8 million bpd above a year ago. Crude oil stocks plunged -10.3 million barrels as refiners held tankers off shore ahead of year end tax exposure. Imports were off only -0.3 million bpd on the week.



Gasoline supply fell -0.3 million bpd last week, on lower imports and production. Stocks fell -1.1 million barrels, although the level remains above the 5-year range.

Distillate supply declined -60,000 bpd on the week, with the latest 4-wk average +53,000 bpd above a year ago. Stocks were nearly unchanged at a level -15% below a year ago.

Jet fuel supply increased +23,000

bpd to a level +98,000 bpd above a year ago for the most recent 4-wks. Stocks fell -0.6 million barrels last week, to a level below each of the last 3-years.

Residual fuel oil supplies decreased -58,000 bpd on the week. Stocks decreased -0.2 million barrels to a level below the last 2-years, but well above the historic mid range.

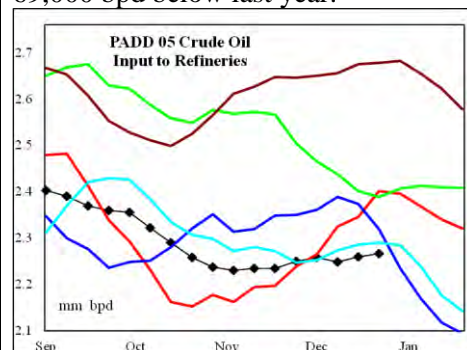
PADD 4 refinery crude runs climbed +13,000 bpd last week, to a new record high for the year. The most recent 4-wk average run rate was +39,000 bpd above last year.

Gasoline production and stock levels each matched record highs for the period.

Distillate production and stock levels also matched 5-year highs for the week.

Jet fuel production and stock levels each ended the week near the historic mid range.

PADD 5 crude oil refinery runs were unchanged on the week, with the level slightly below the 5-year range. Runs for the most recent 4-wk period were -69,000 bpd below last year.



Gasoline supply declined -52,000 bpd on the week, with production at the historic mid range. The latest 4-wk average supply was +4,000 bpd above last year. Stocks increased +0.9 million barrels, to a new 5-year high and +19% above last year.

Distillate stocks ended the week near 5-year highs with production above the average of the last 3-years.

Jet fuel production and stock levels were each near record highs for the week.

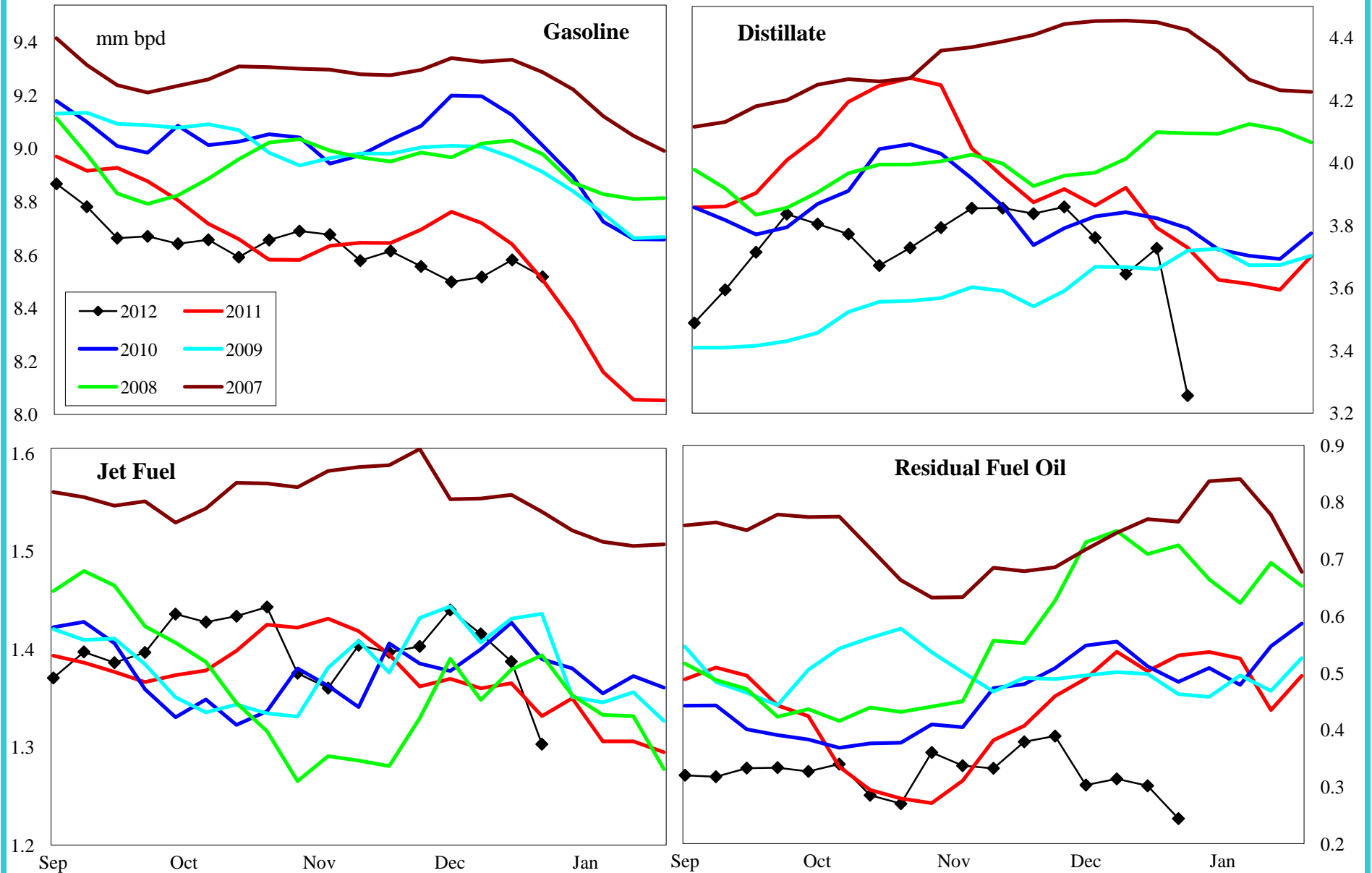


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report January 4, 2013
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	28-Dec-12	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-11,120	-1,534	166	-10,297	-190	735
	Imports	-931	-477	165	-273	-55	-291
	Input	13	-19	-18	40	13	-3
	% Utilization	0.10					
Gasoline	Stocks	2,569	863	1,882	-1,071	-36	932
	Production	-628	-188	-223	-233	-4	-52
	Imports	-115	-67	0	-48	1	0
	Supplied	-90					
Distillate	Stocks	4,574	1,443	2,696	78	197	160
	Production	-42	13	2	-60	5	-1
	Imports	-106	-103	-2	0	-1	0
	Supplied	-455					
Jet Fuel	Stocks	565	277	644	-579	76	147
	Production	69	1	1	23	4	41
	Imports	0	0	0	0	0	0
	Supplied	-110					
Residual Fuel Oil	Stocks	-409	-29	15	-239	16	-173
	Production	11	-9	3	-3	2	17
	Imports	-19	37	-2	-55	0	1
	Supplied	16					

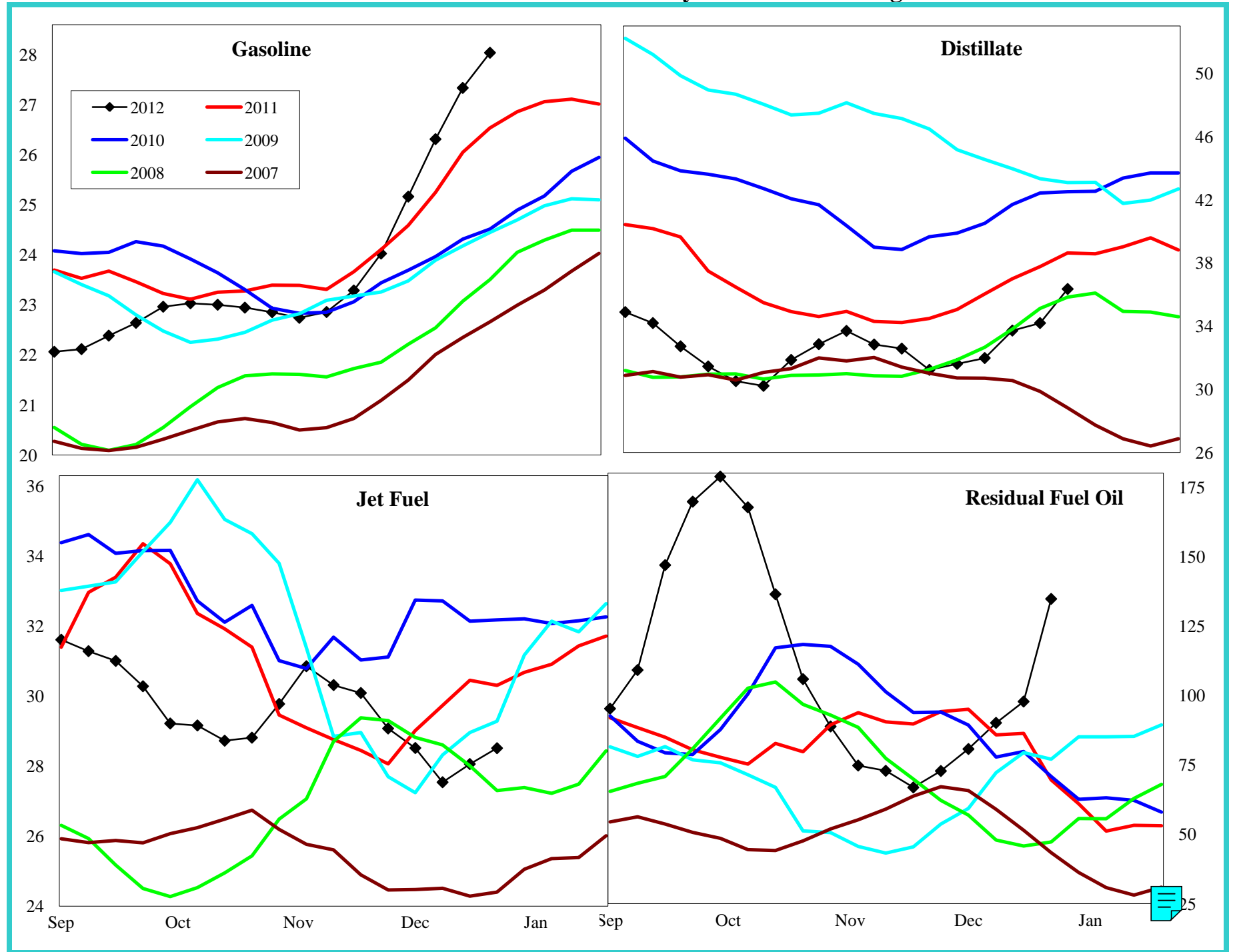
United States Wholesale Petroleum Demand



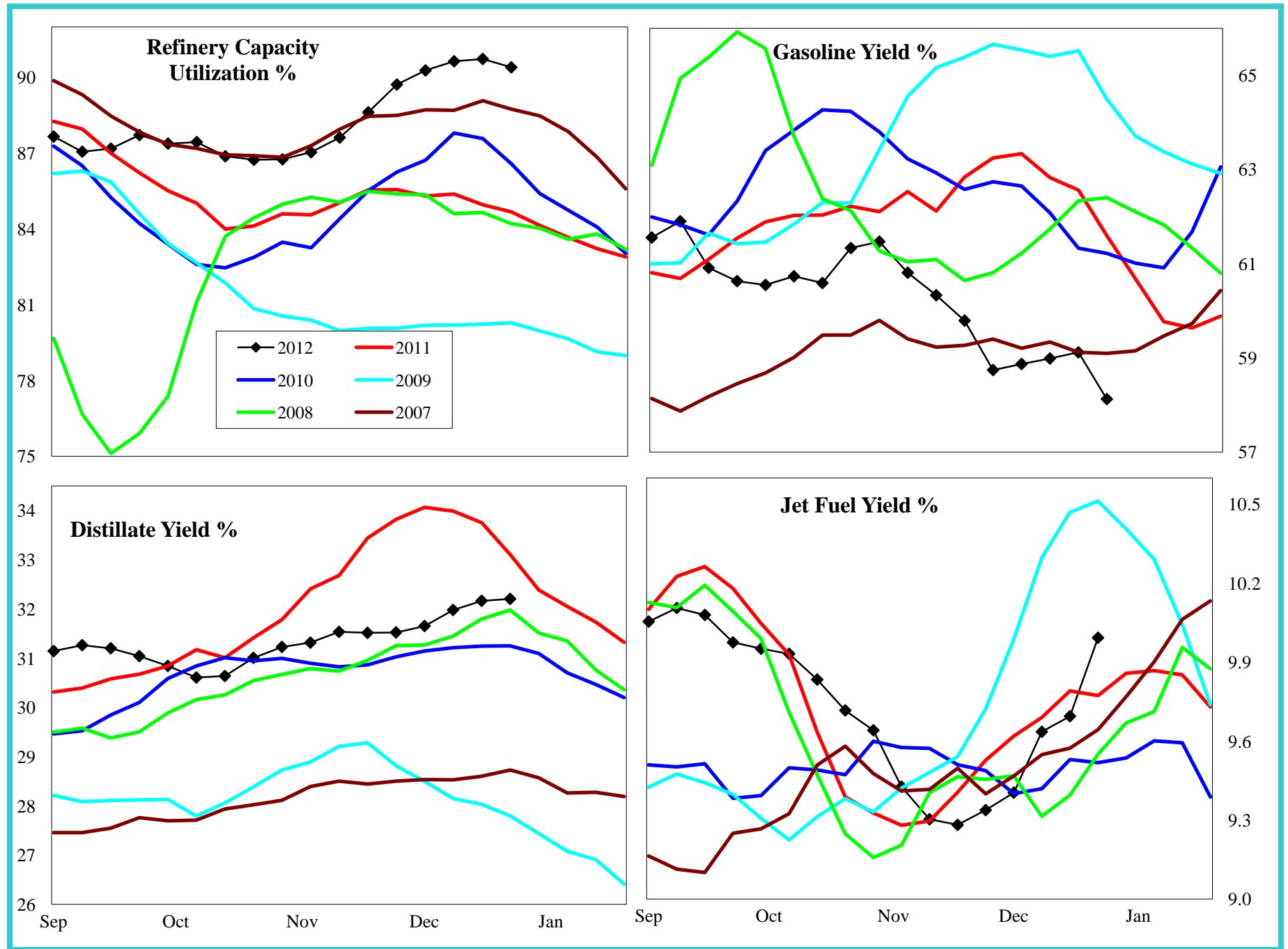
	000 bpd change from prior year				% change from prior year			
	4wk avg	Nov	Oct	Sep	4wk avg	Nov	Oct	Sep
Gasoline	-198	110	-56	-101	-2.3	1.3	-0.6	-1.2
Distillate	-251	-187	-369	-248	-6.4	-4.6	-9.2	-6.3
Jet Fuel	38	8	106	15	2.7	0.6	7.7	1.1
Resid	-197	-30	-160	-180	-37.0	-7.6	-39.8	-37.3



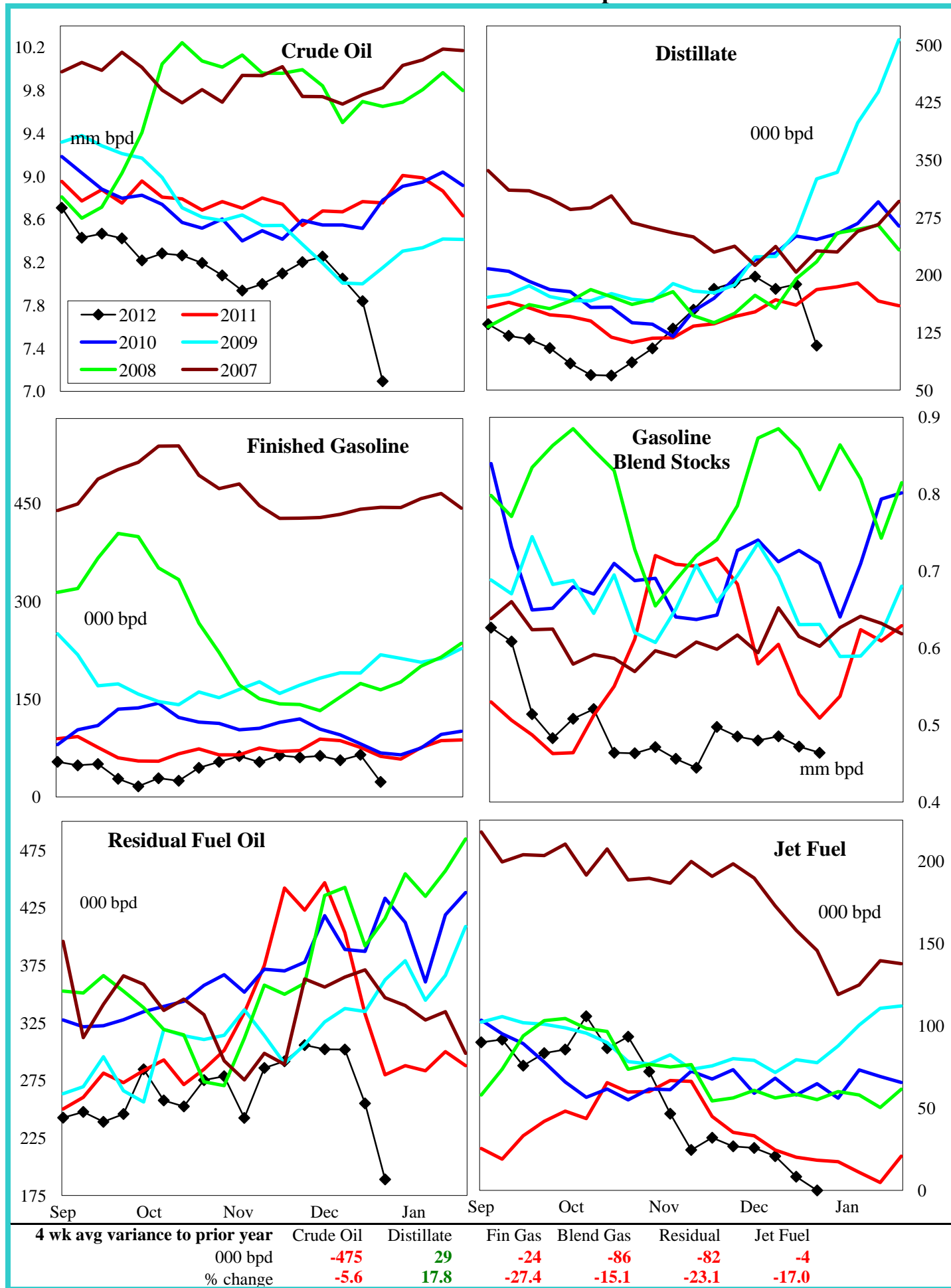
United States Product Stocks: Days Forward Coverage



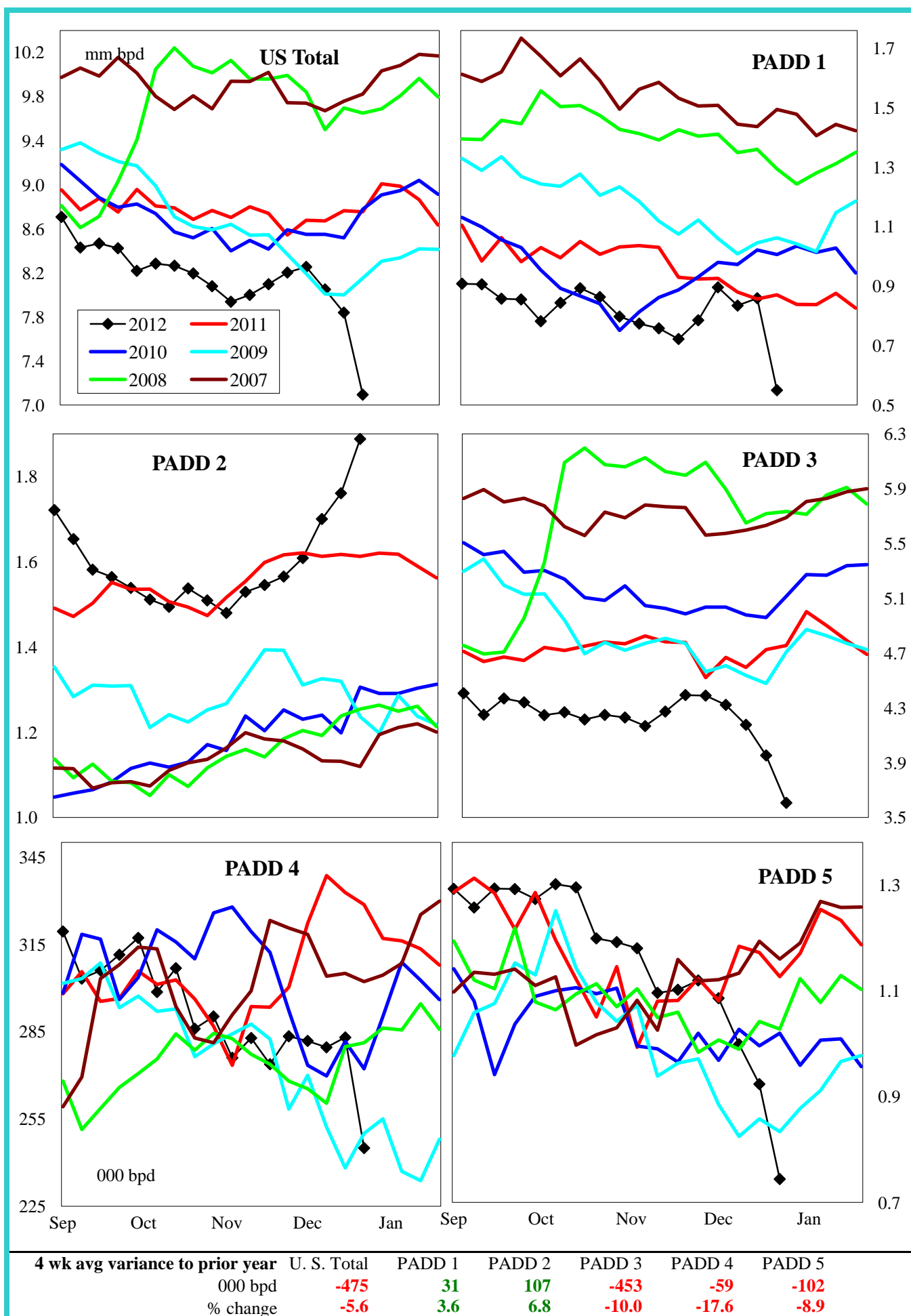
United States Refinery Percent Utilization Rate and Product Yields



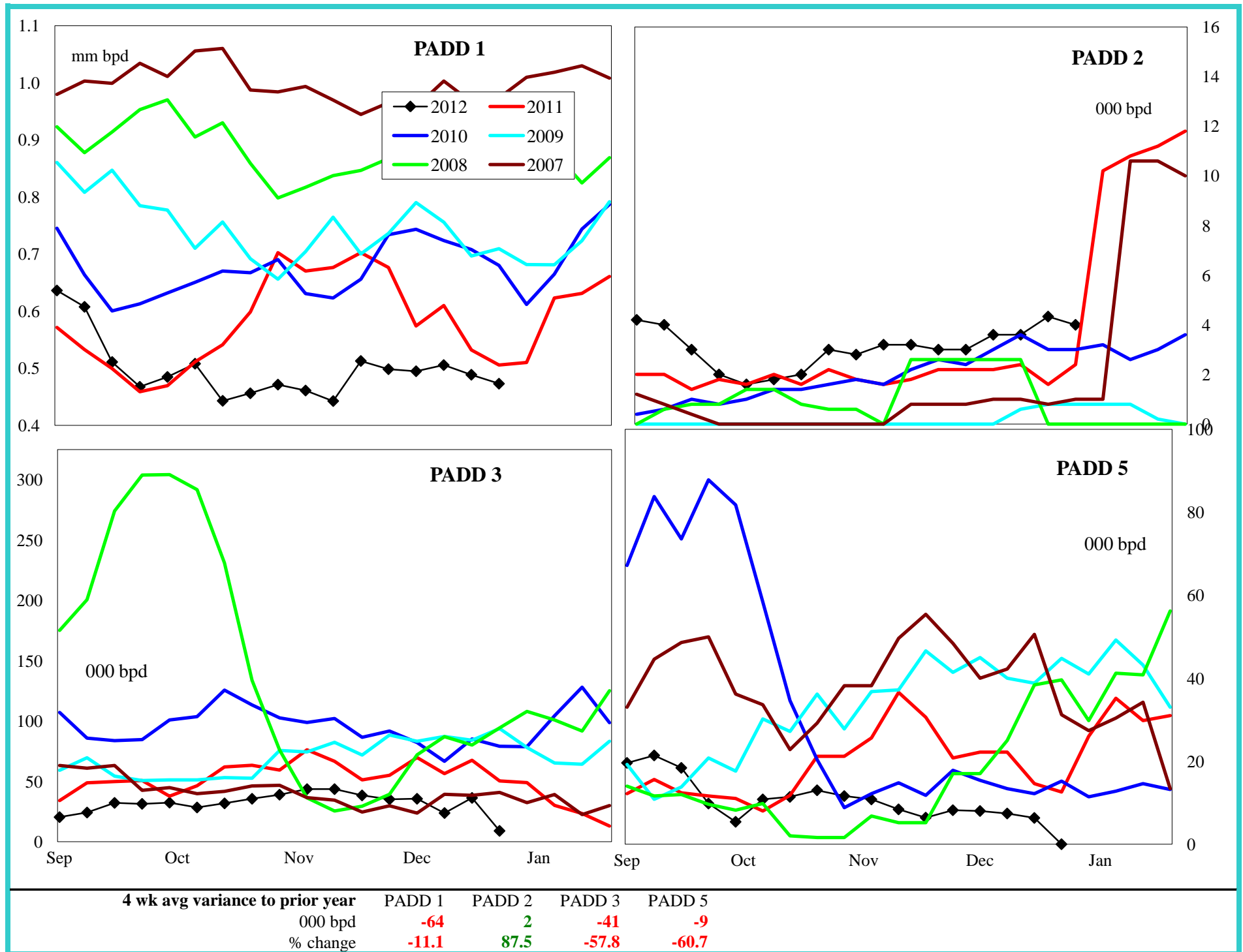
United States Petroleum Imports



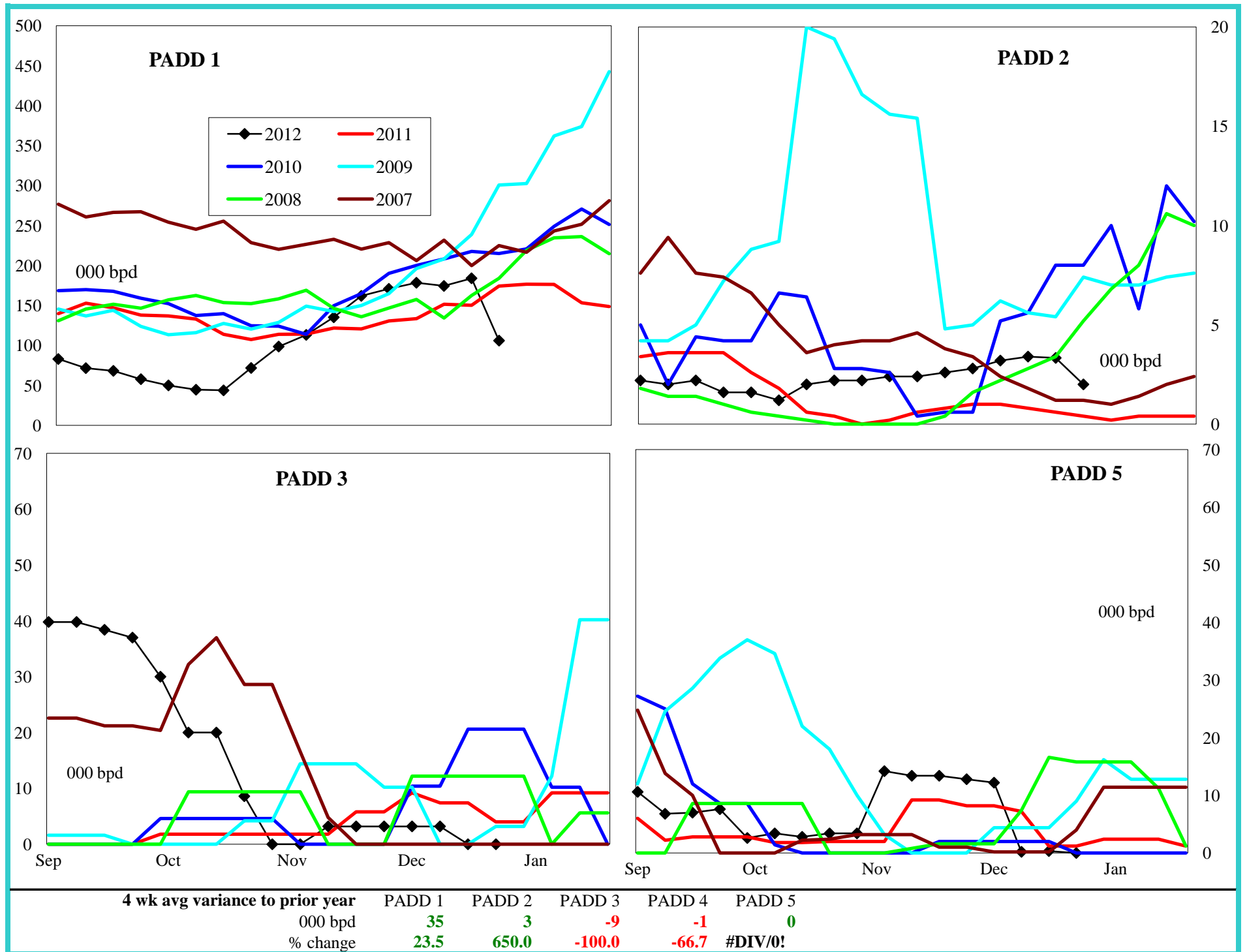
Crude Oil Imports by PADD



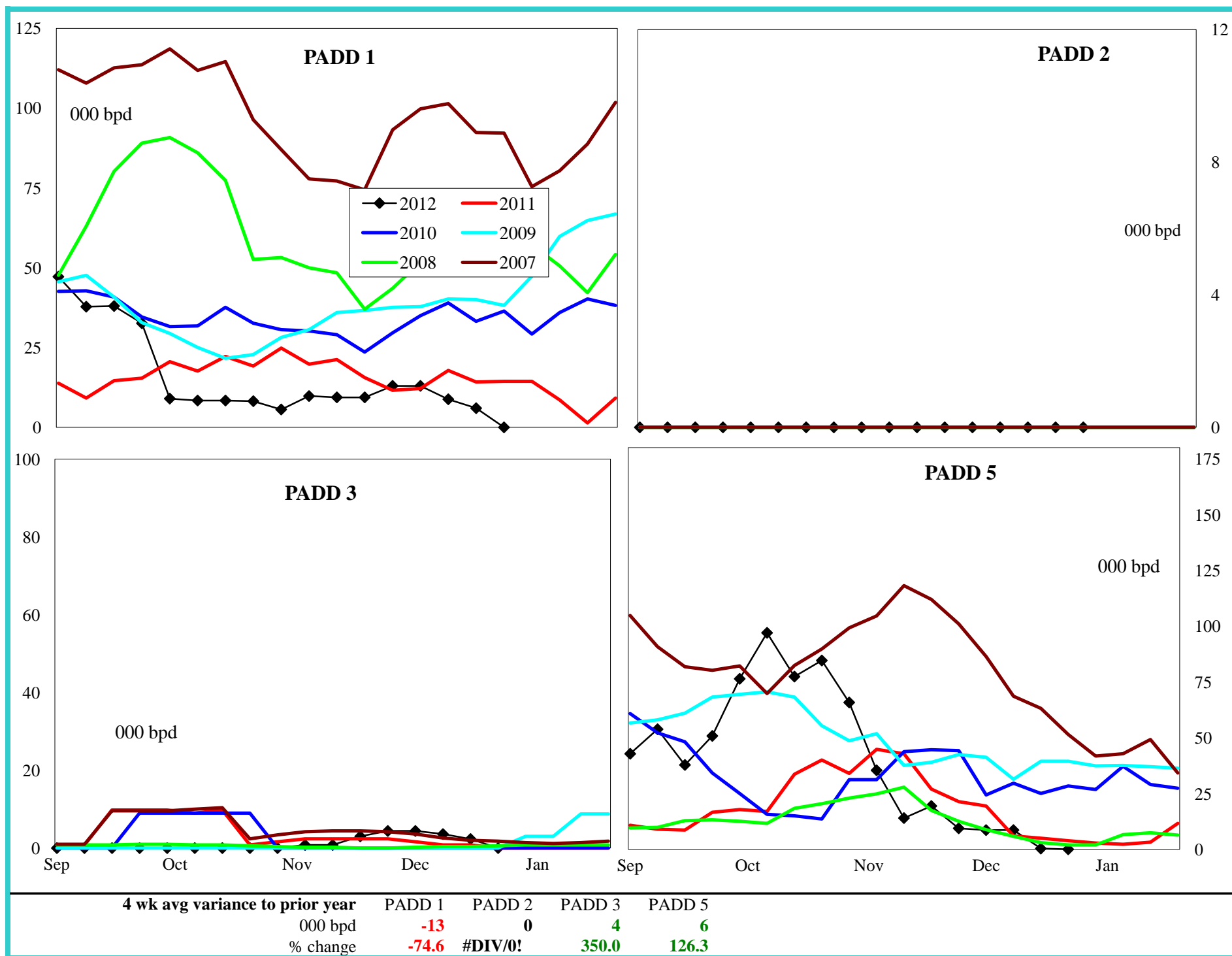
Gasoline Imports by PADD (Finished + Blend Stocks)



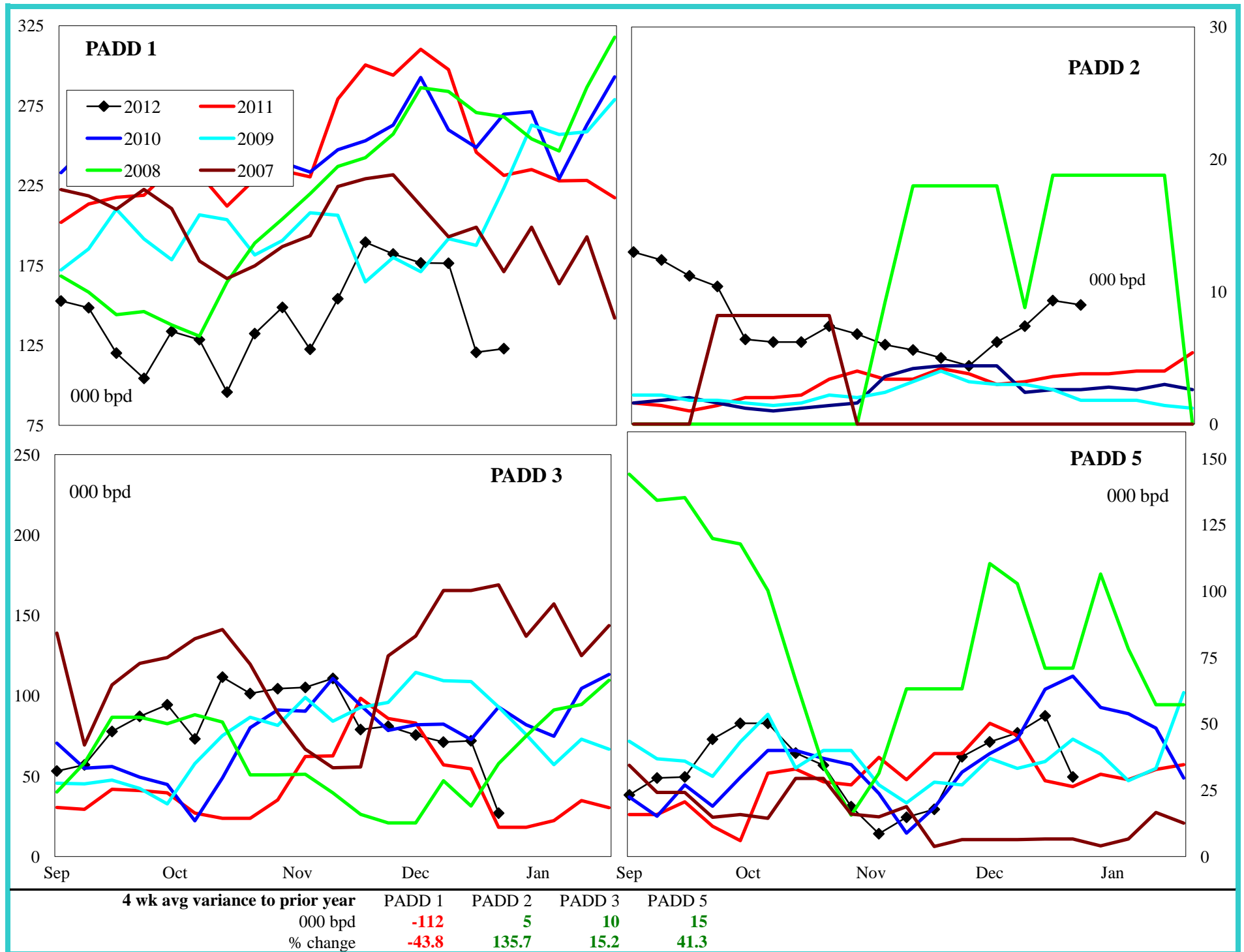
Distillate Imports by PADD



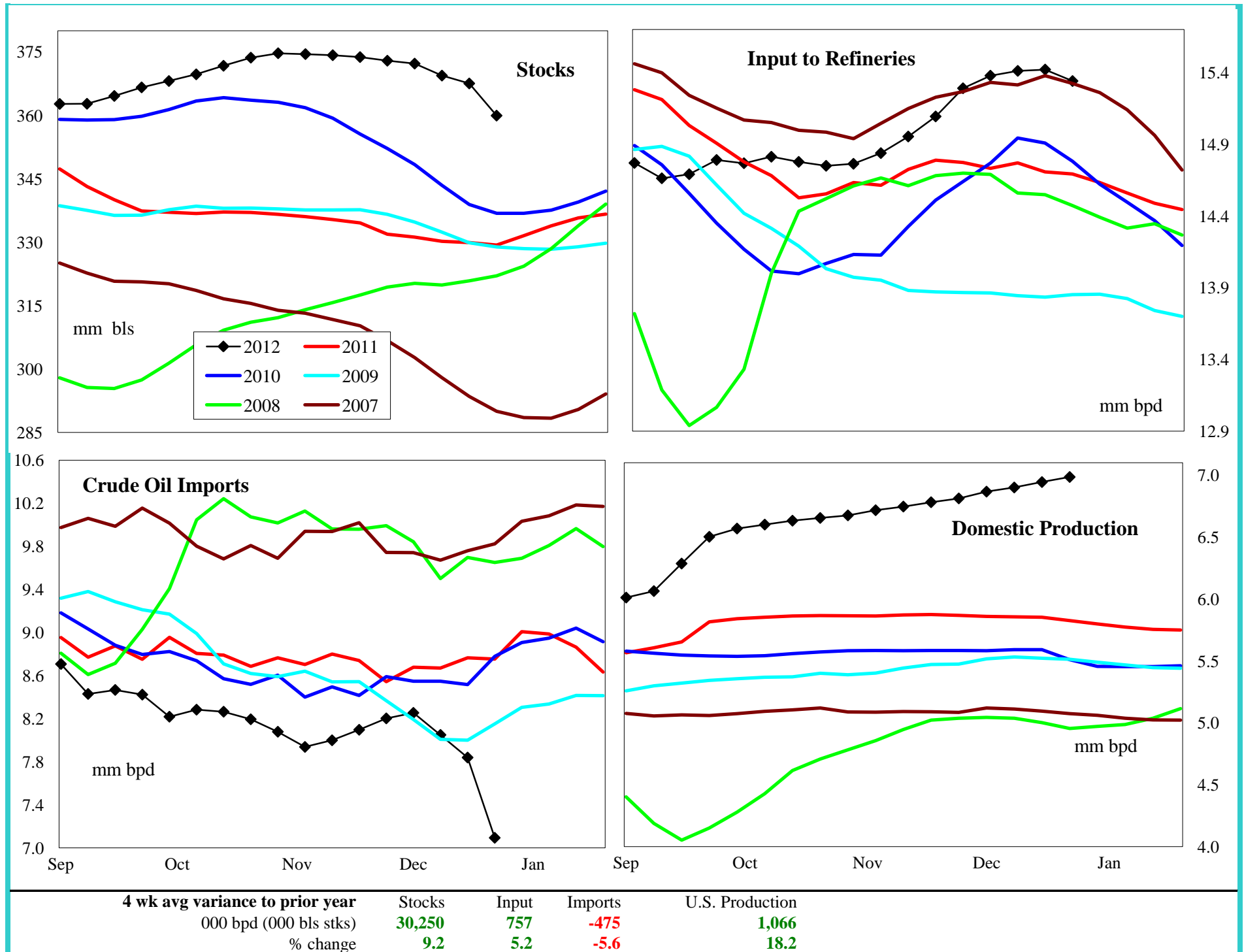
Jet Fuel Imports by PADD



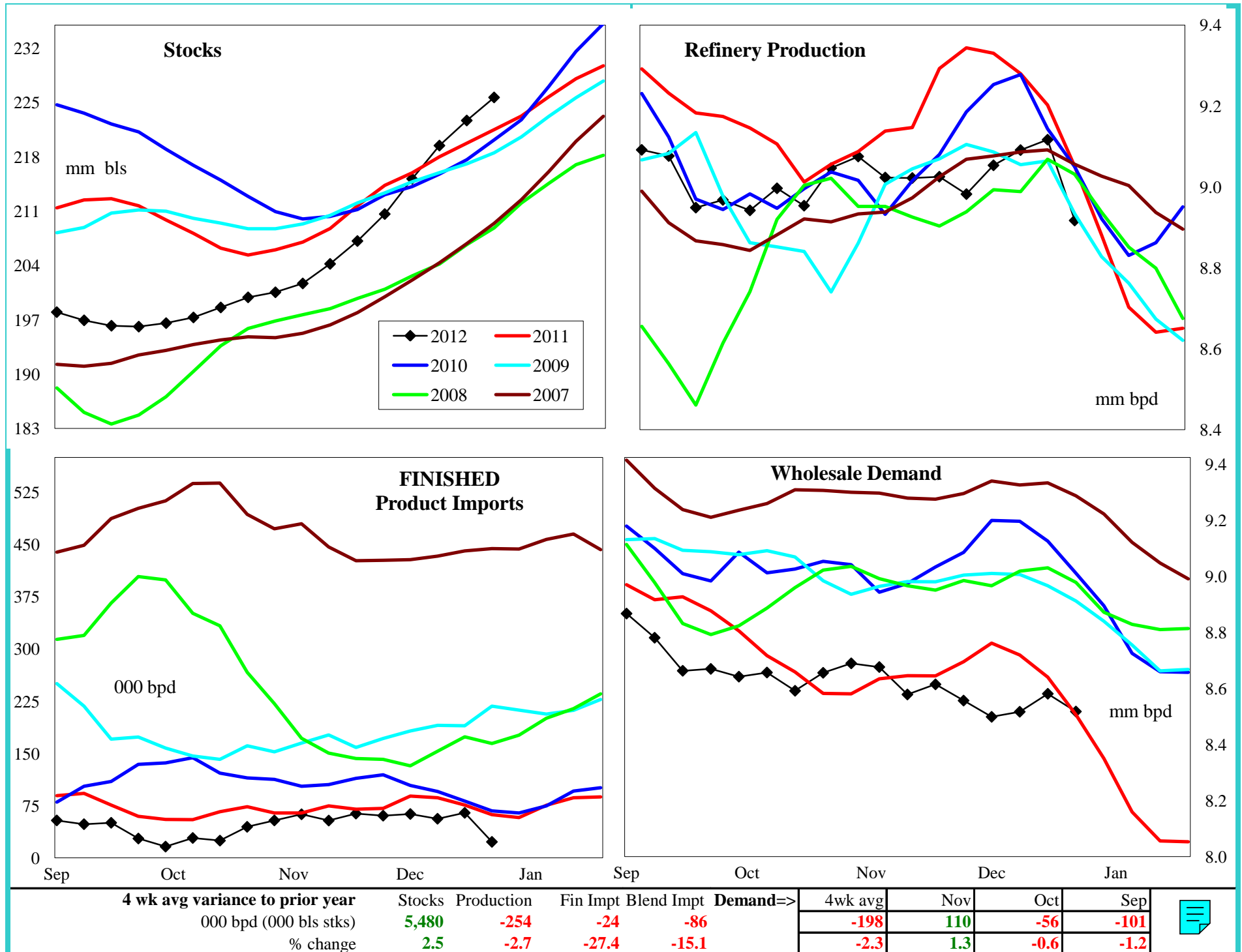
Residual Fuel Oil Imports by PADD



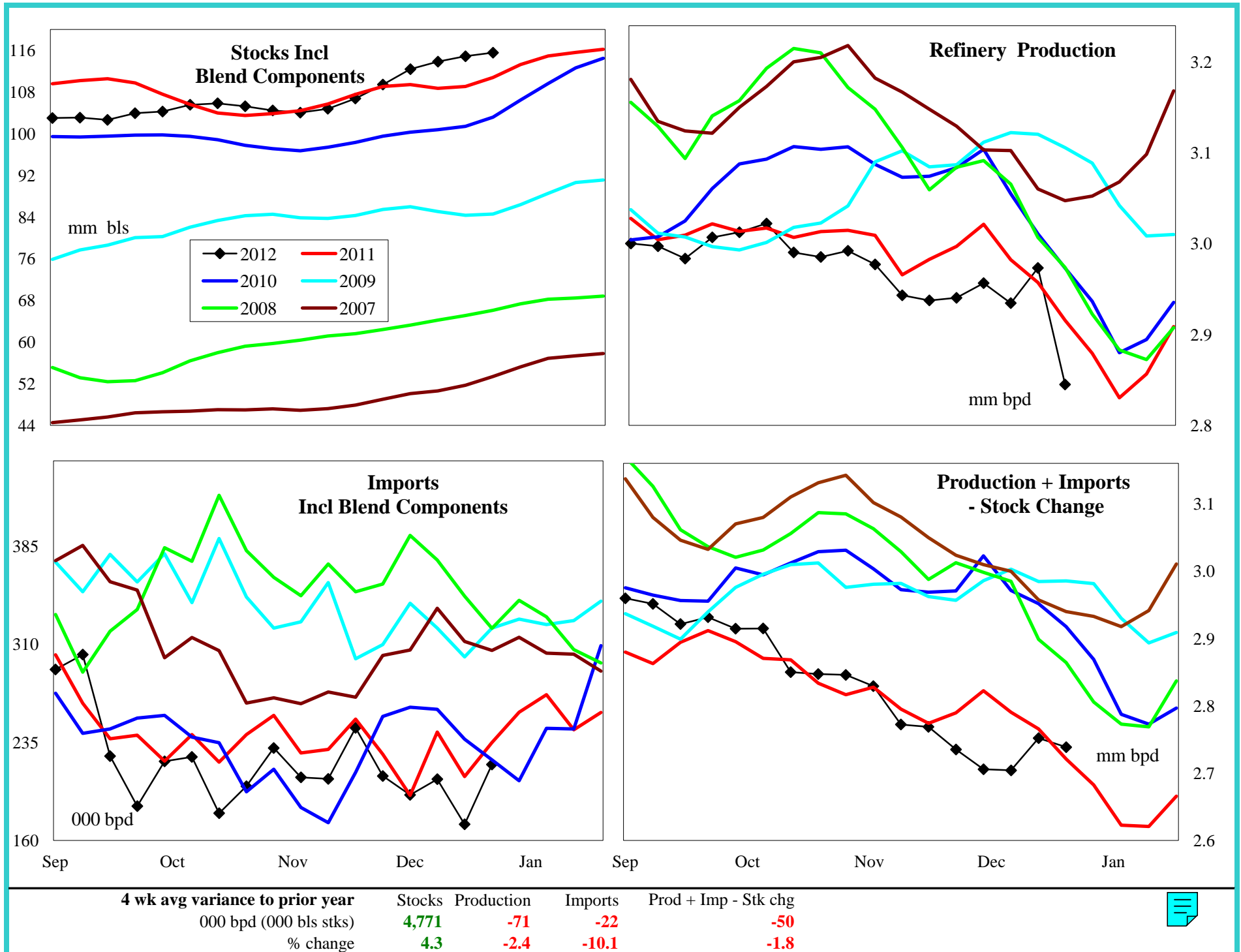
United States Crude Oil Supply and Demand Balance



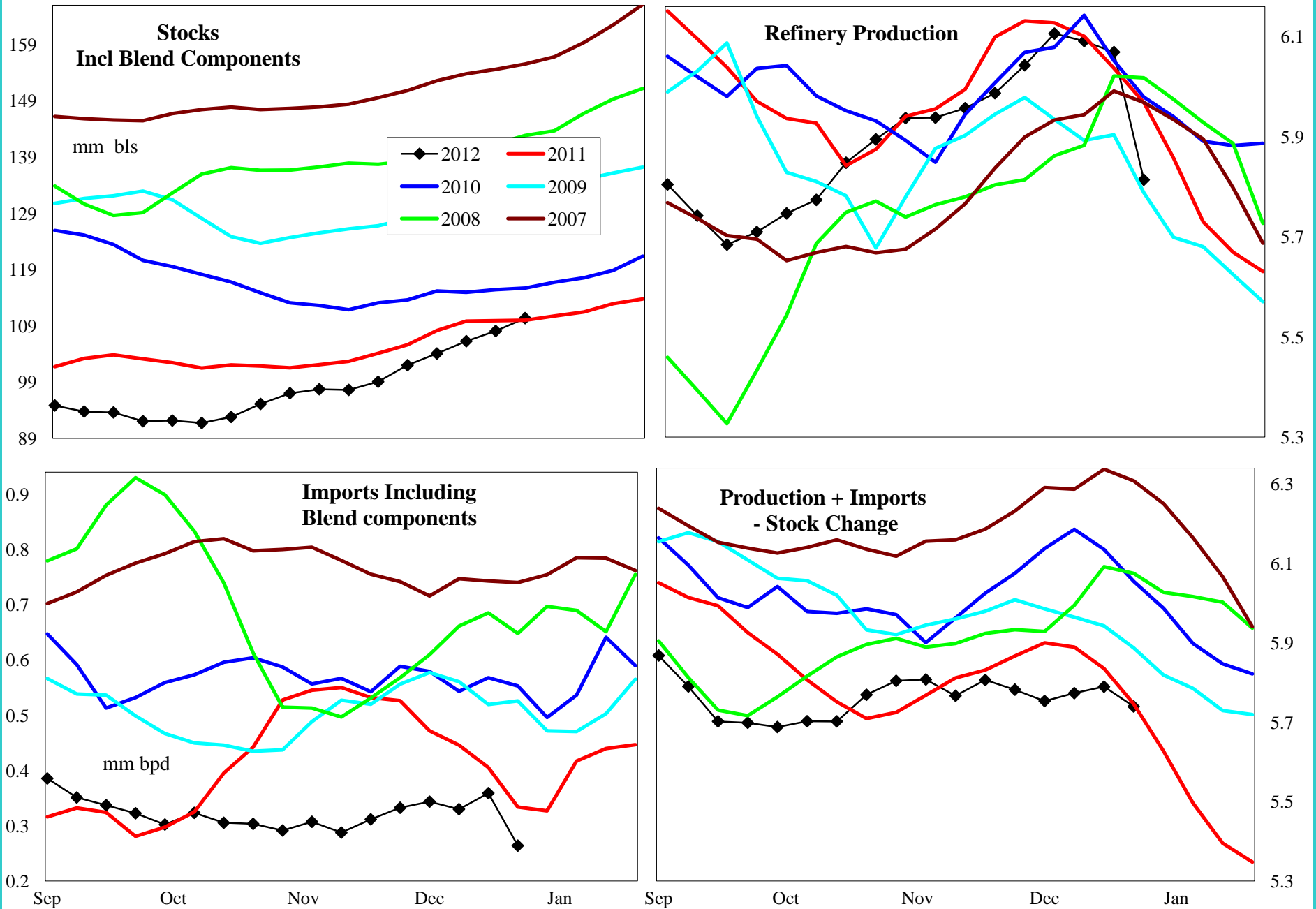
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

380

0.3

Production

8

0.1

Imports

-90

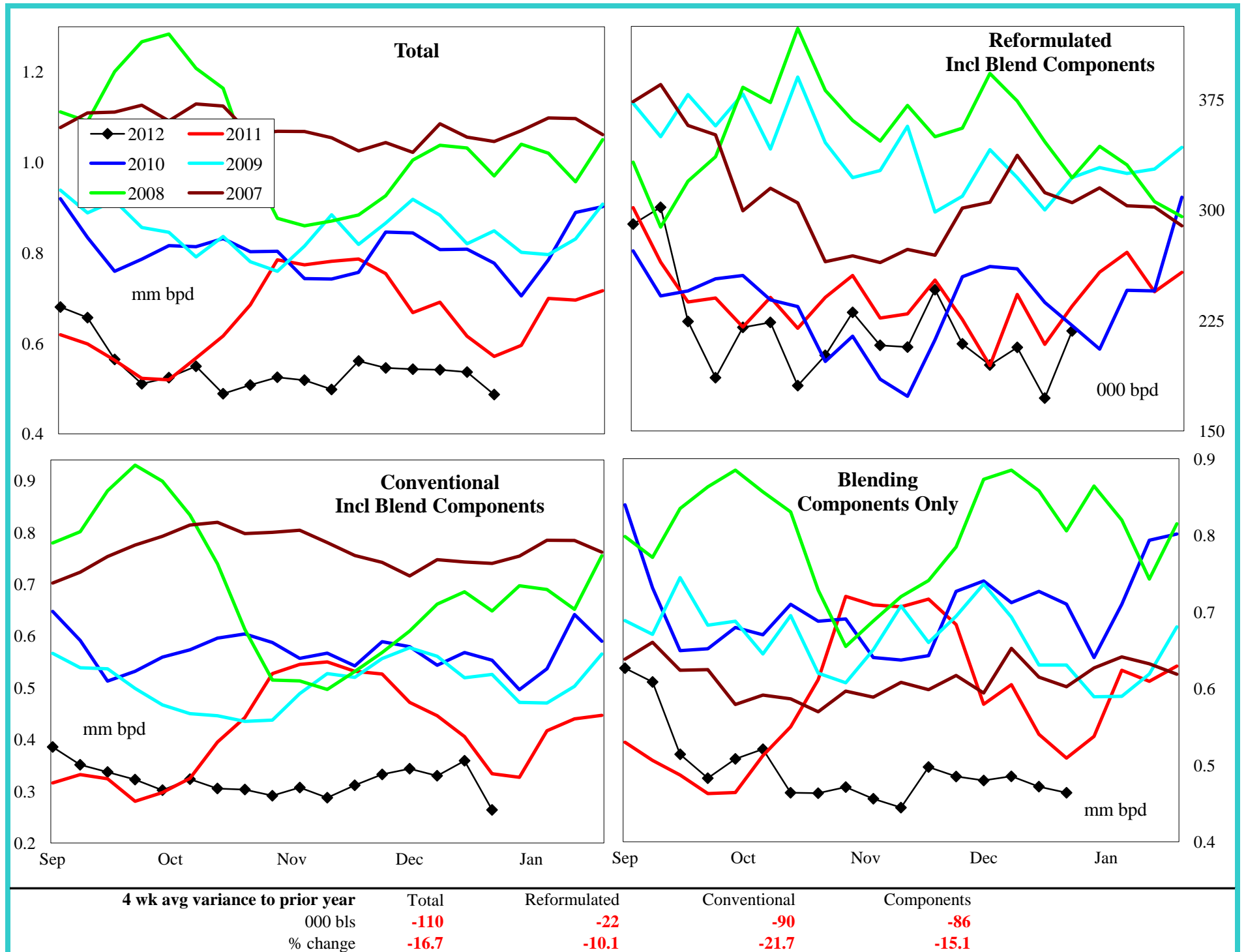
-21.7

Prod + Imp - Stk chg

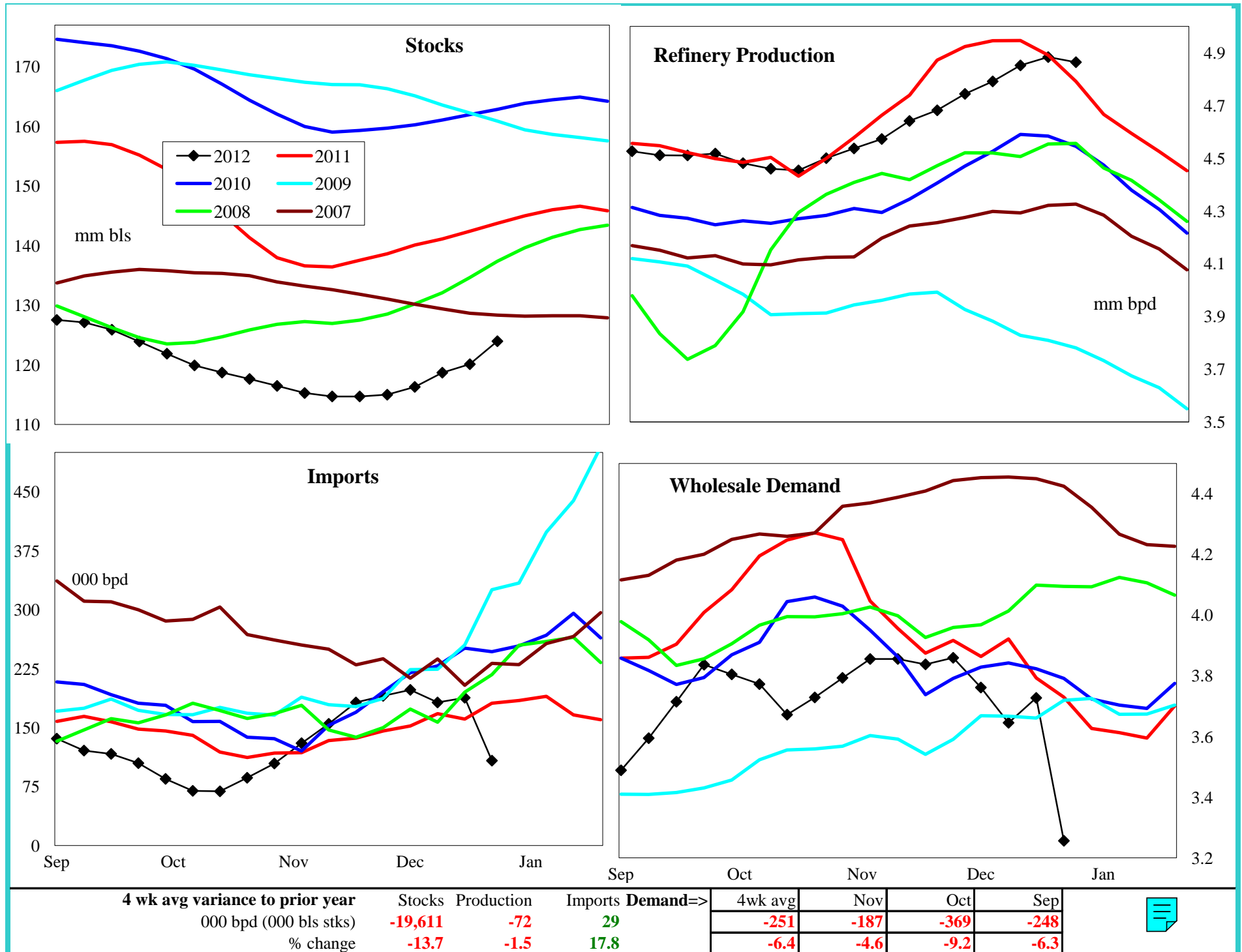
-79

-1.3

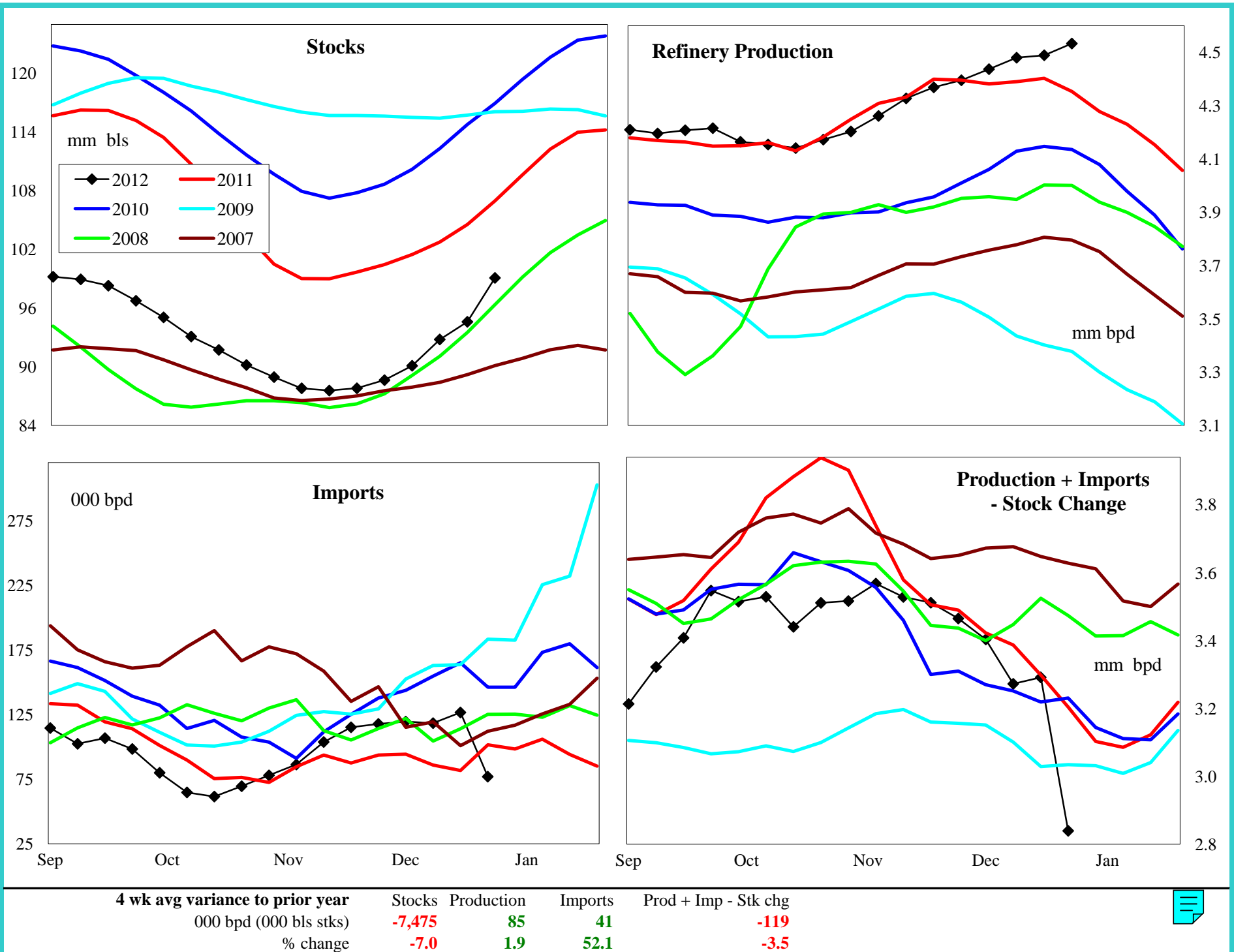
United States Gasoline Imports by Type



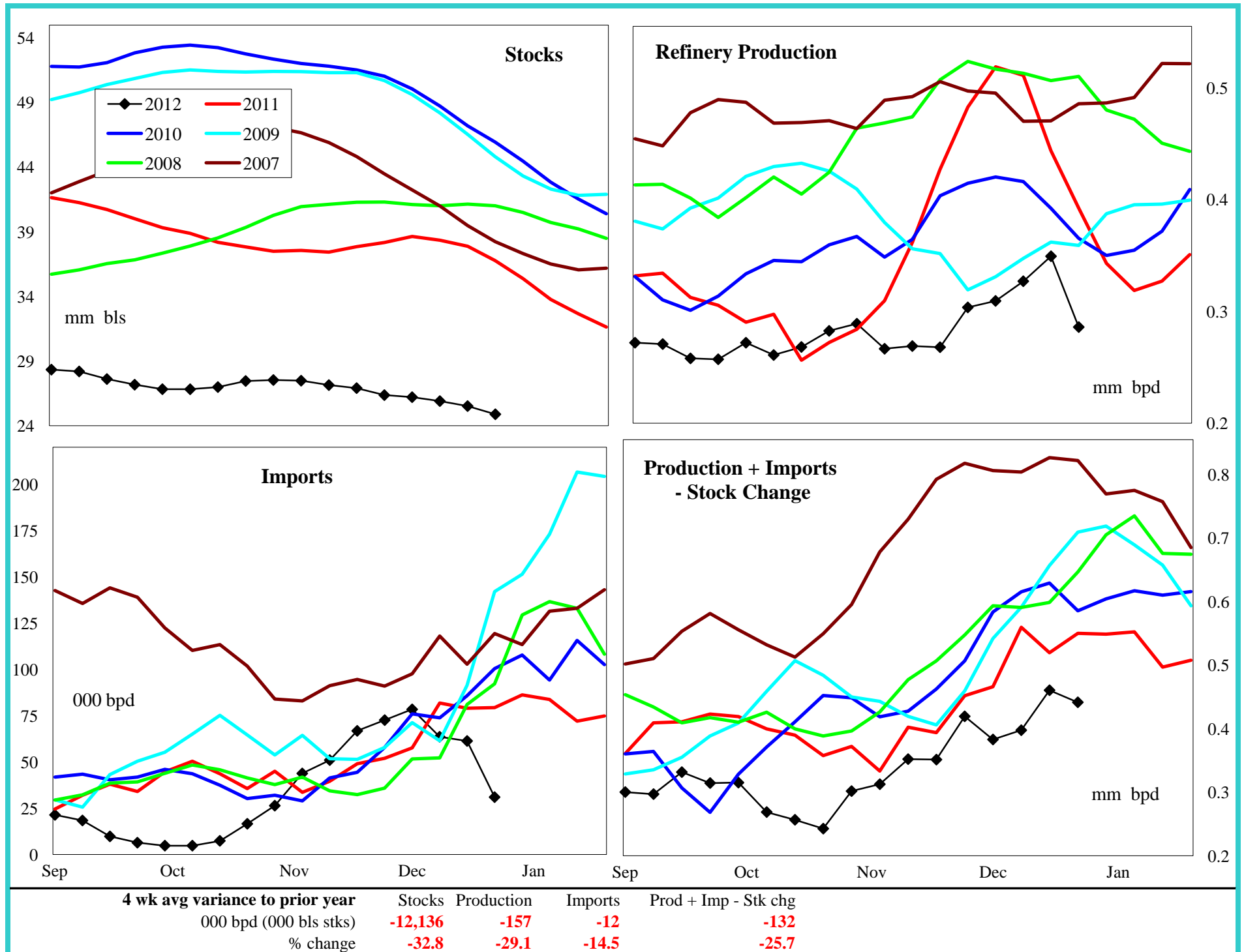
United States Distillate Supply and Demand Balance



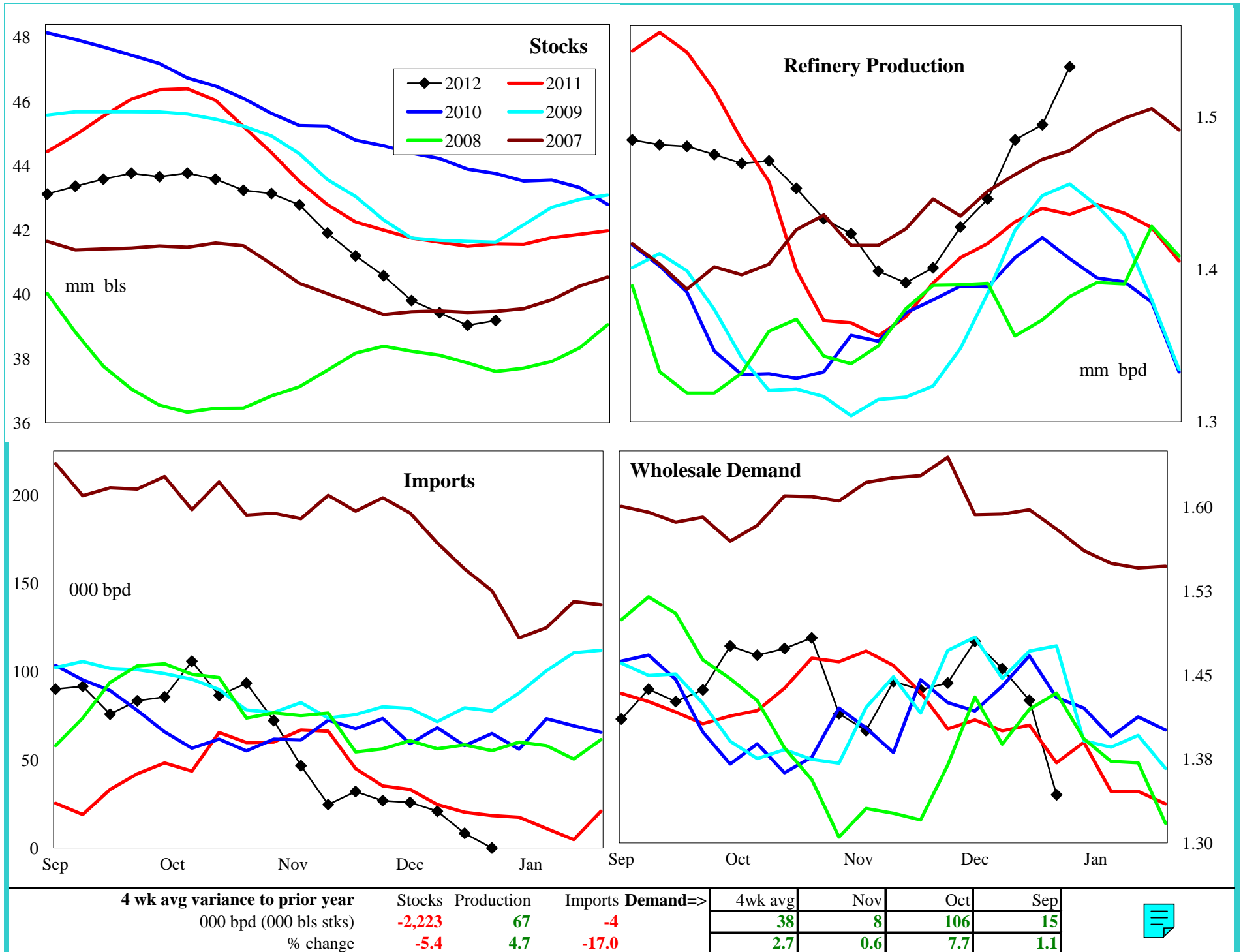
United States Low Sulfur Distillate Supply



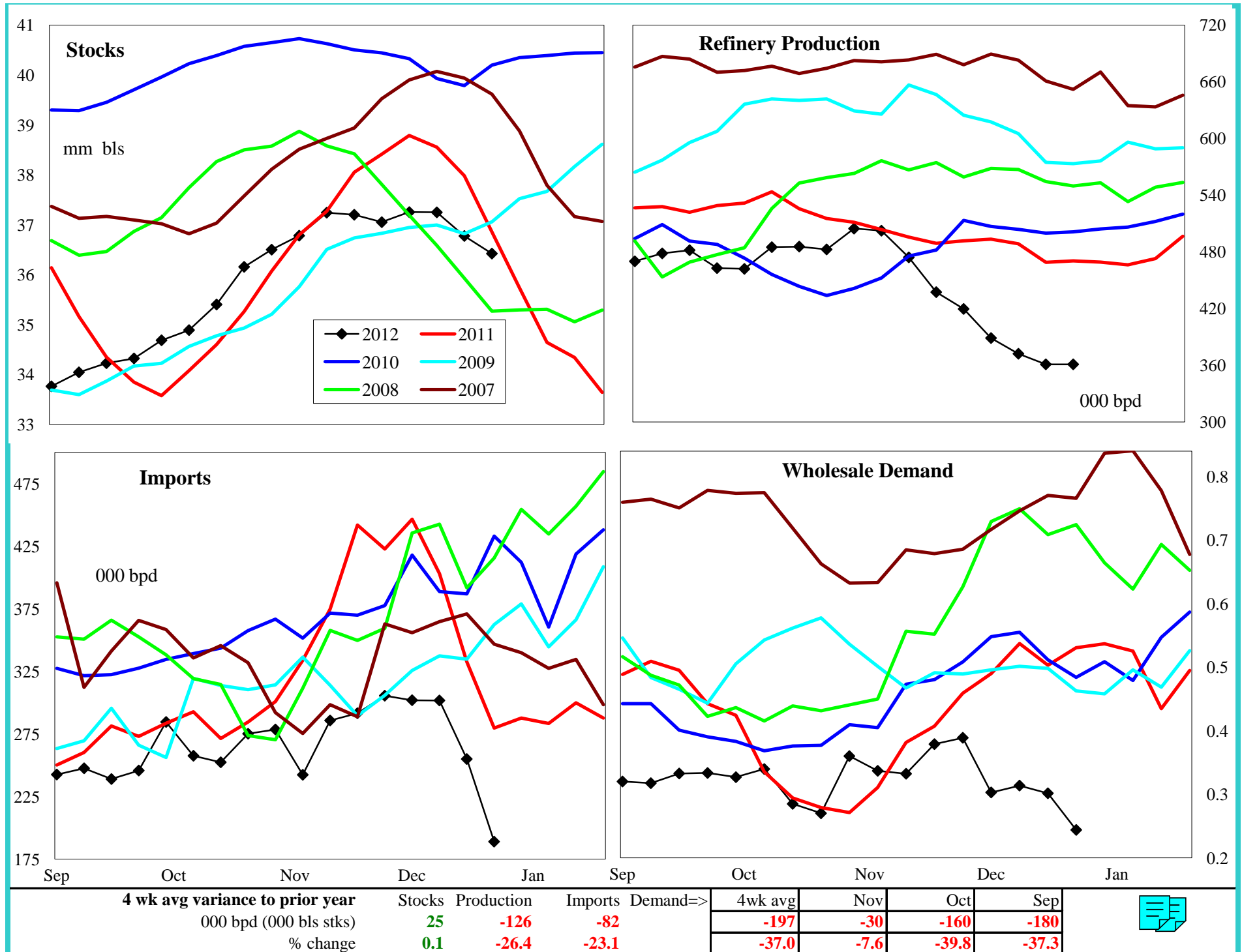
United States High Sulfur Distillate Supply



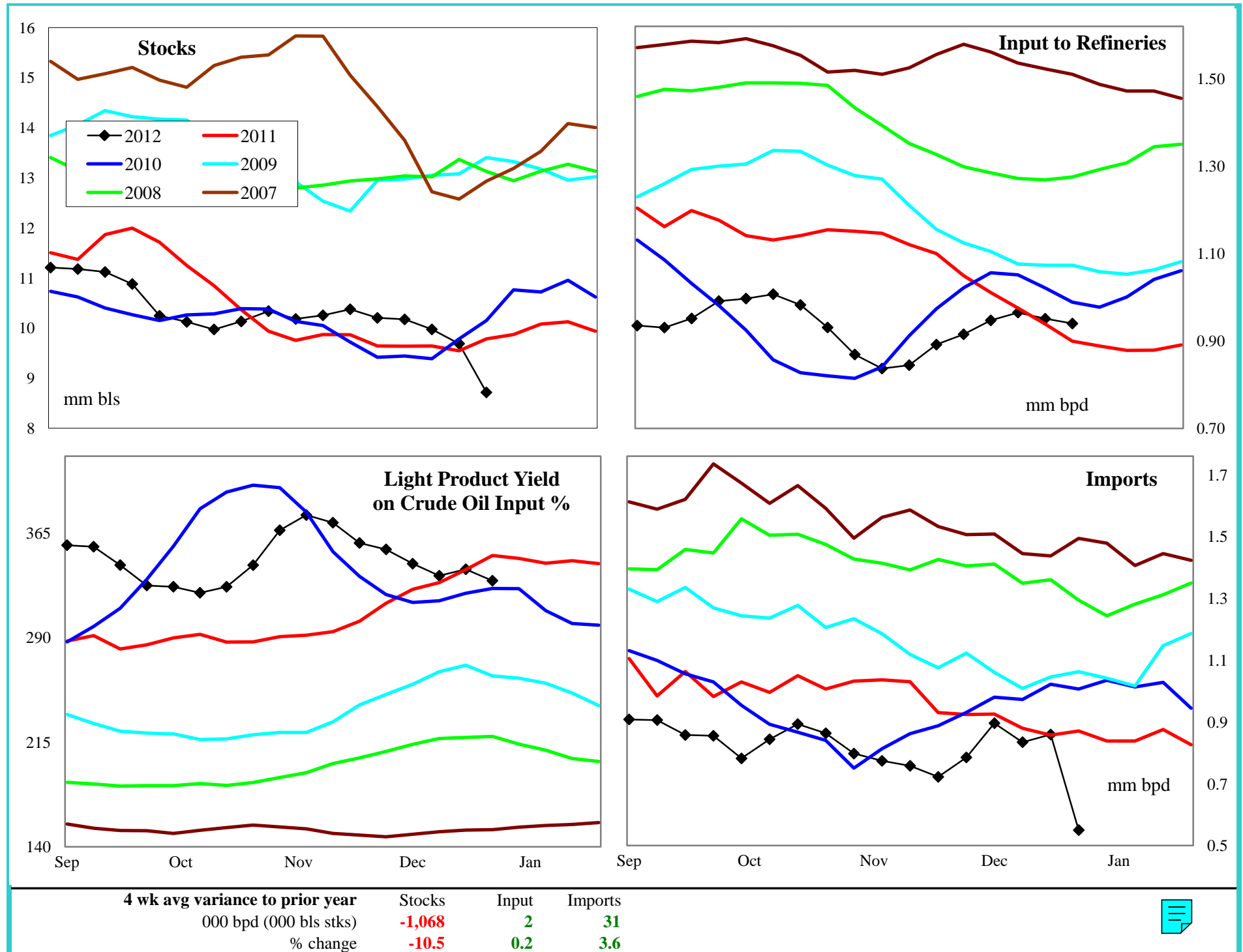
United States Jet Fuel Supply and Demand Balance



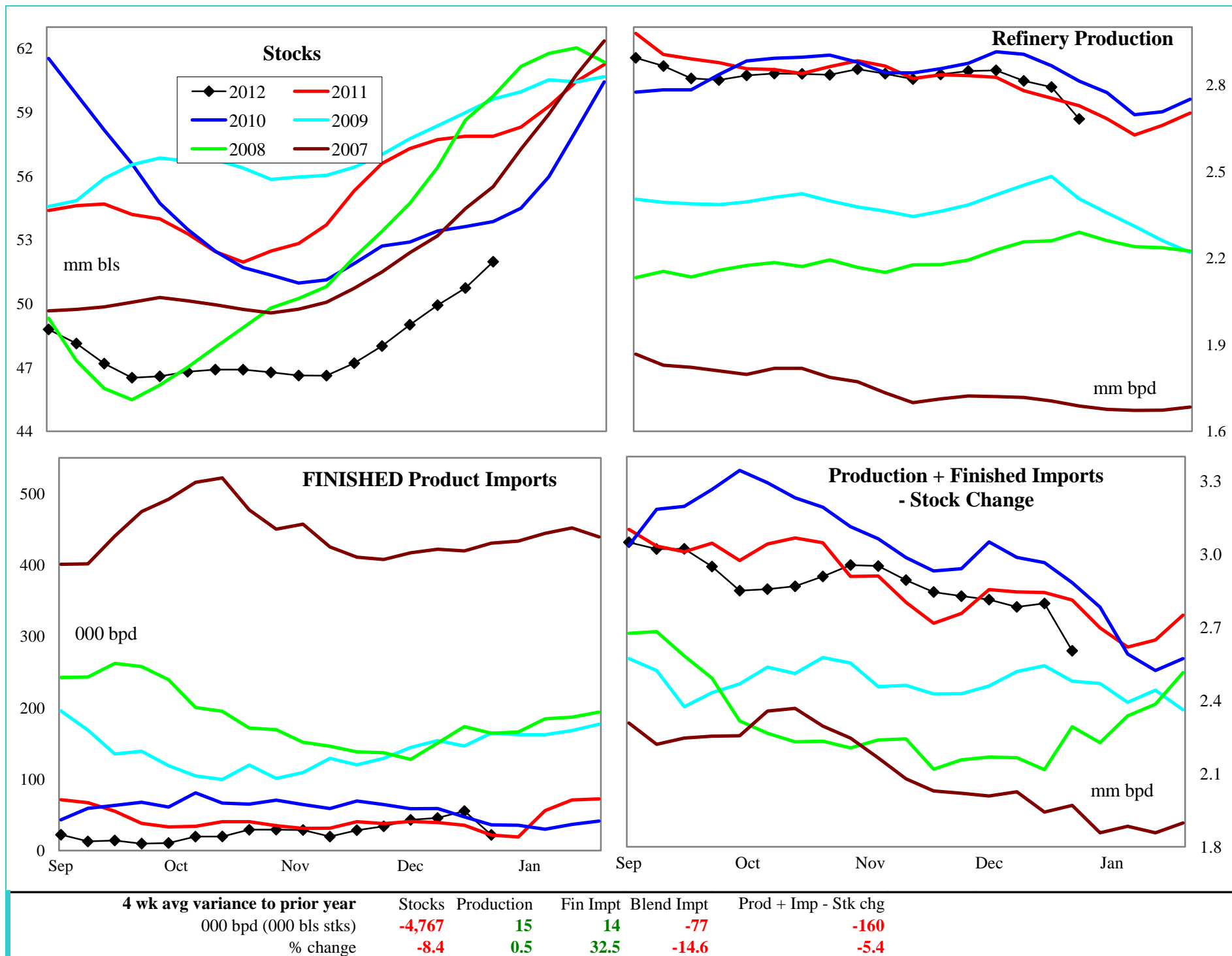
United States Residual Fuel Oil Supply and Demand Balance



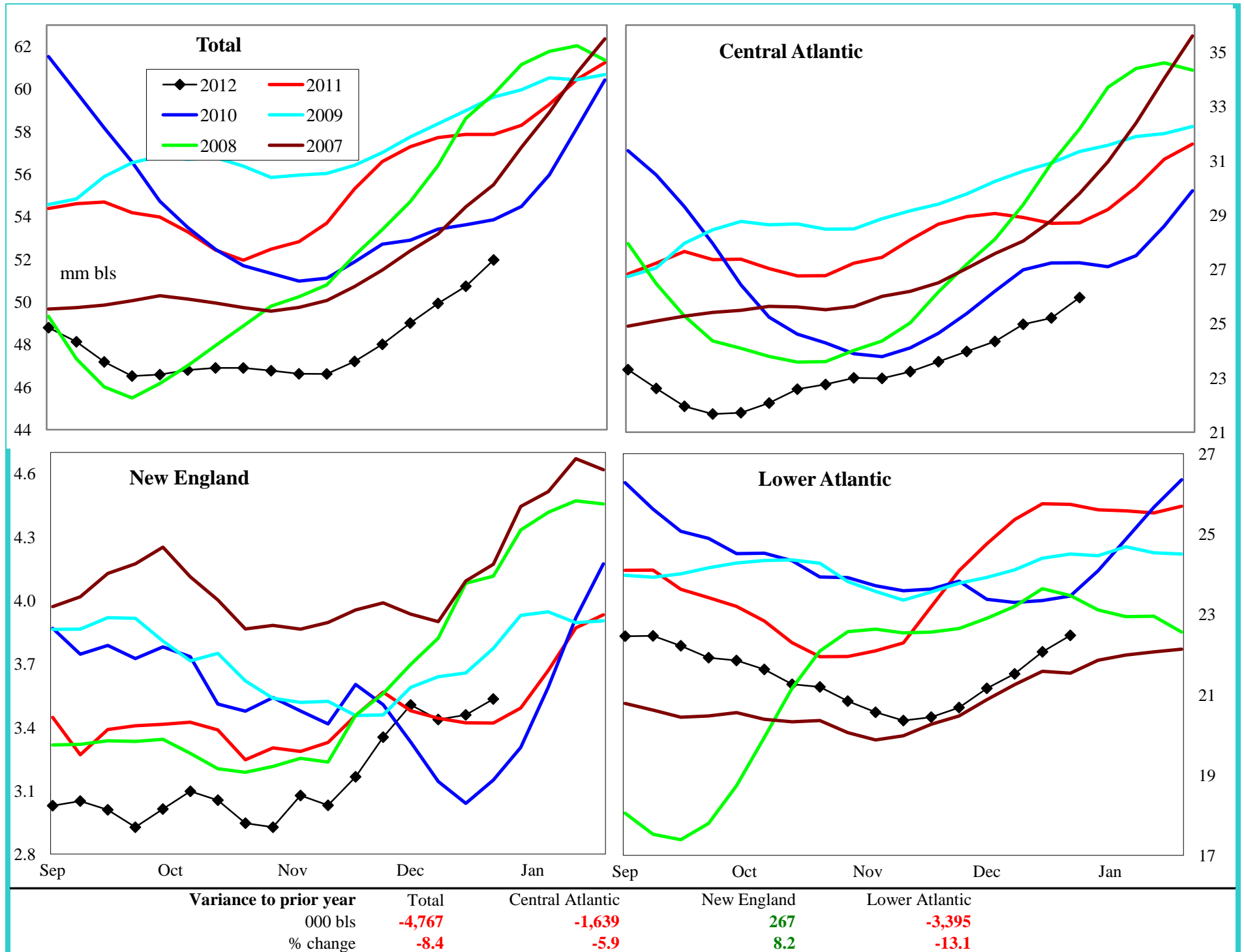
PADD 1 Crude Oil Supply and Refining



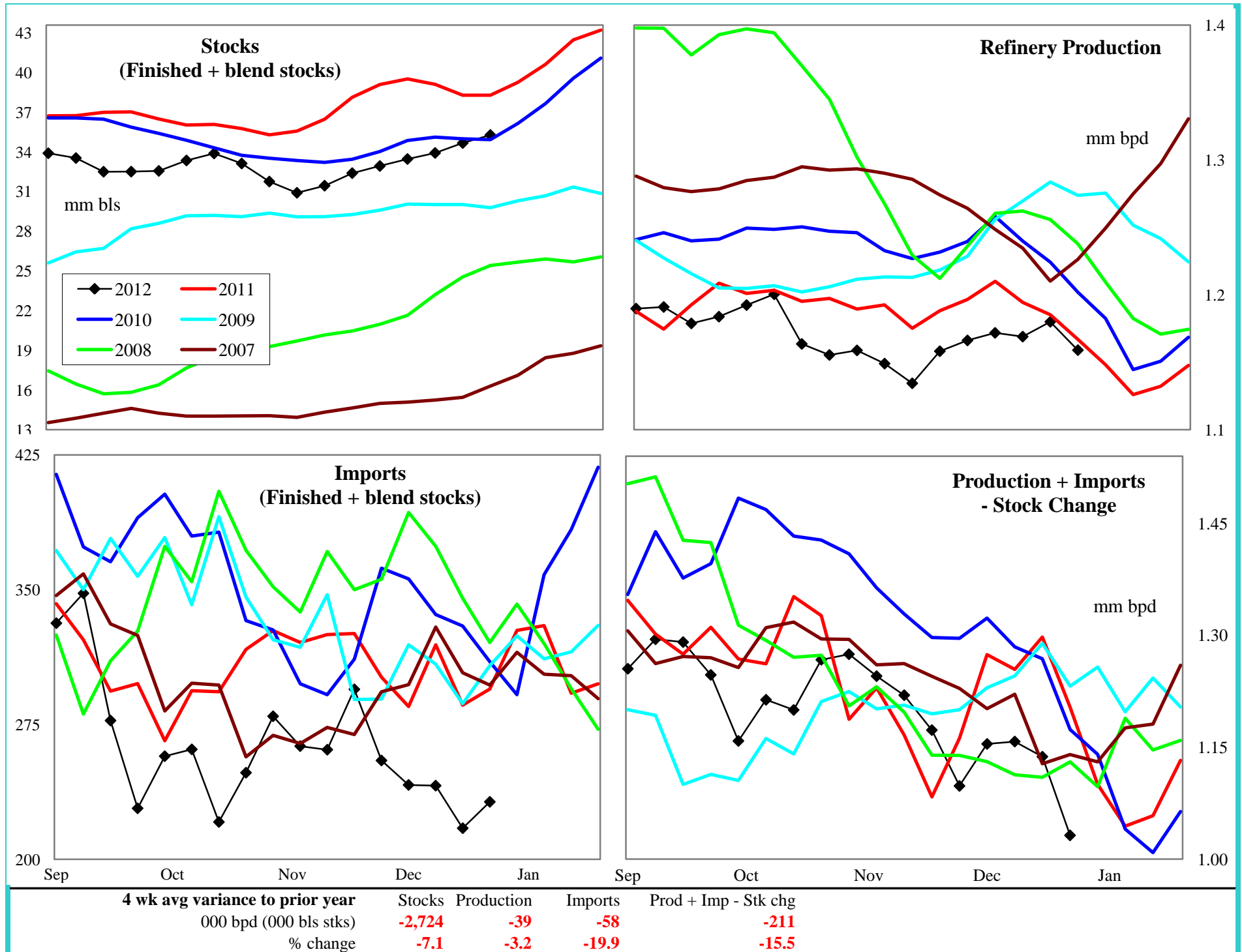
PADD 1 Gasoline Supply



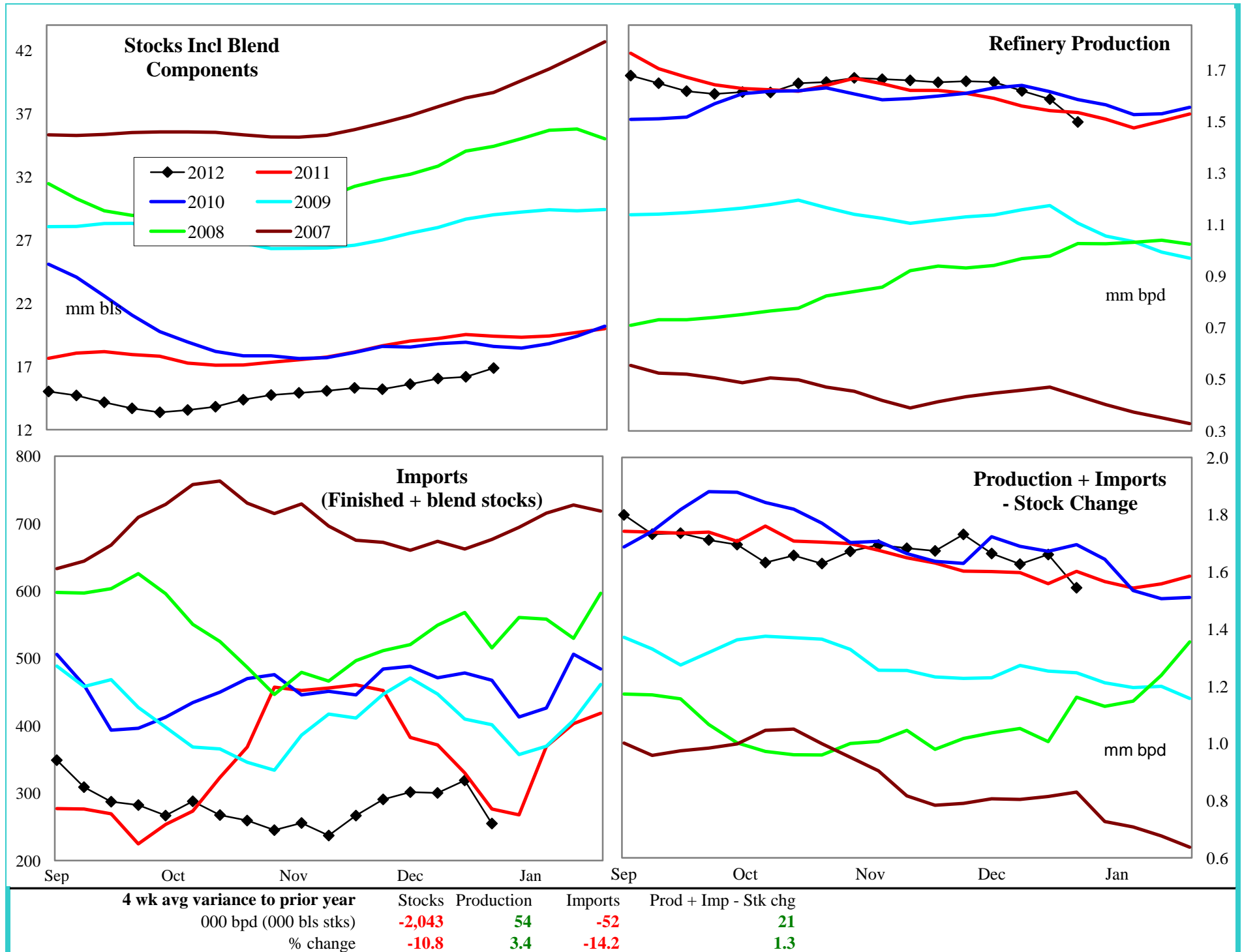
PADD 1 Gasoline Stocks by Region



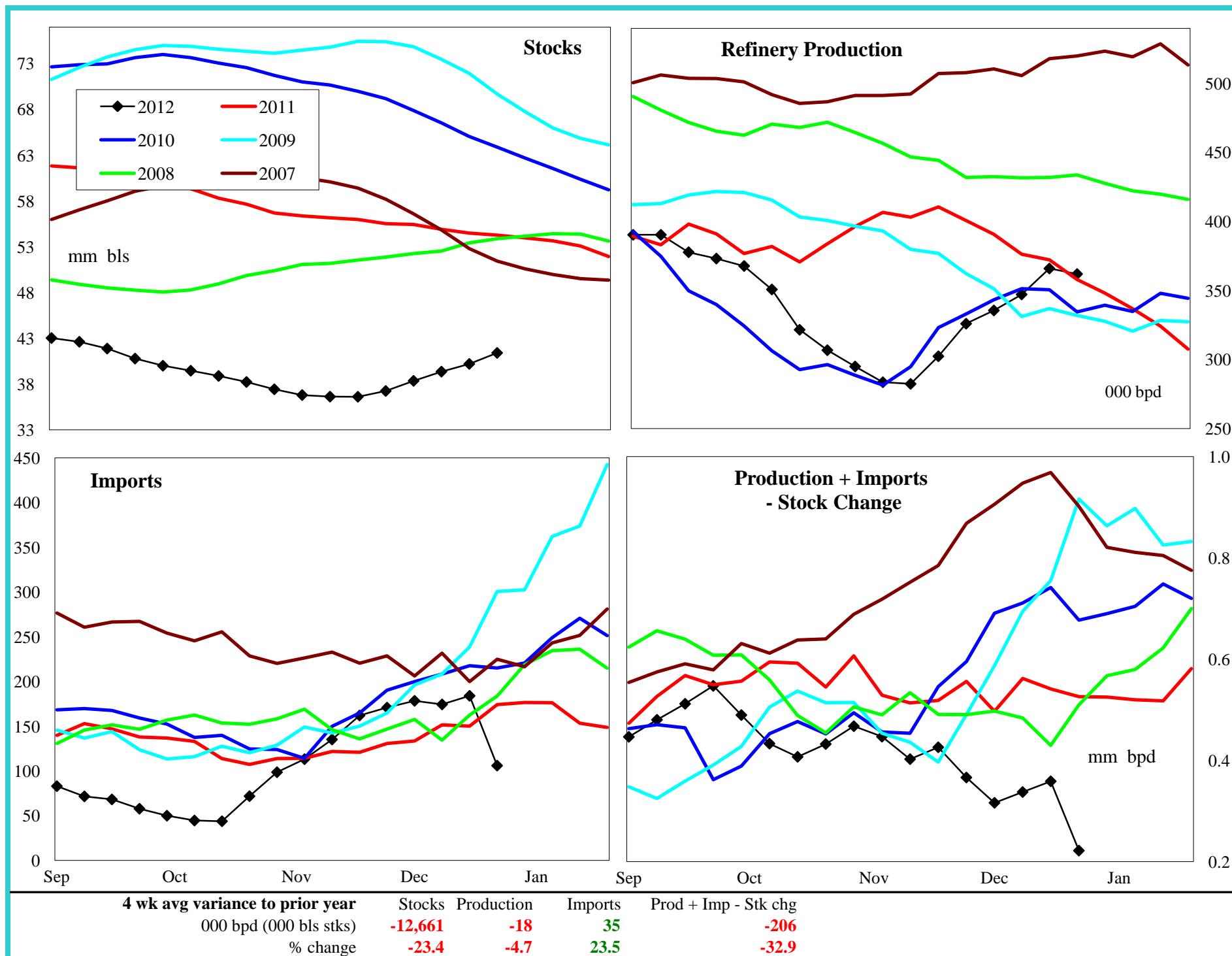
PADD 1 Reformulated Gasoline Supply



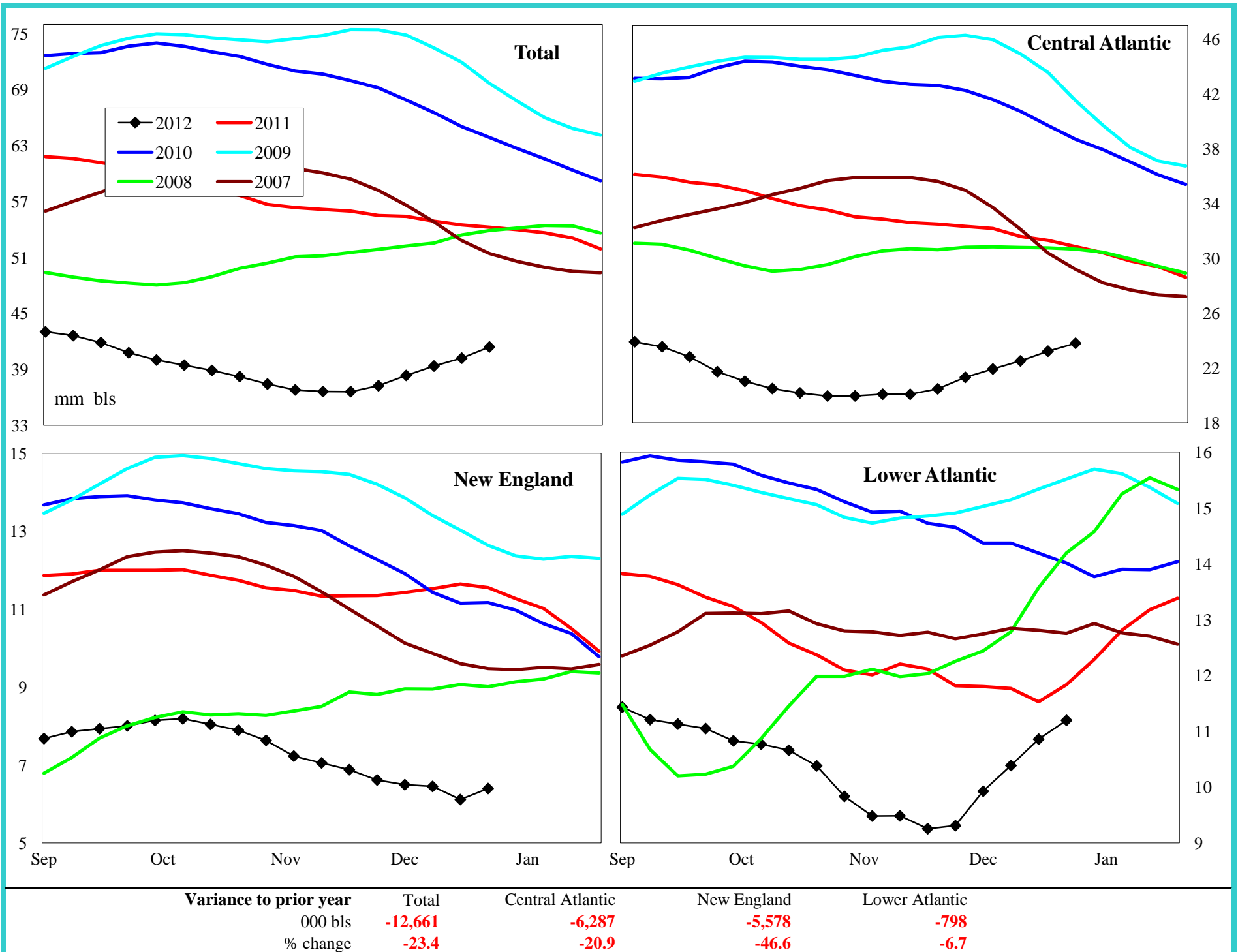
PADD 1 Conventional Gasoline Supply



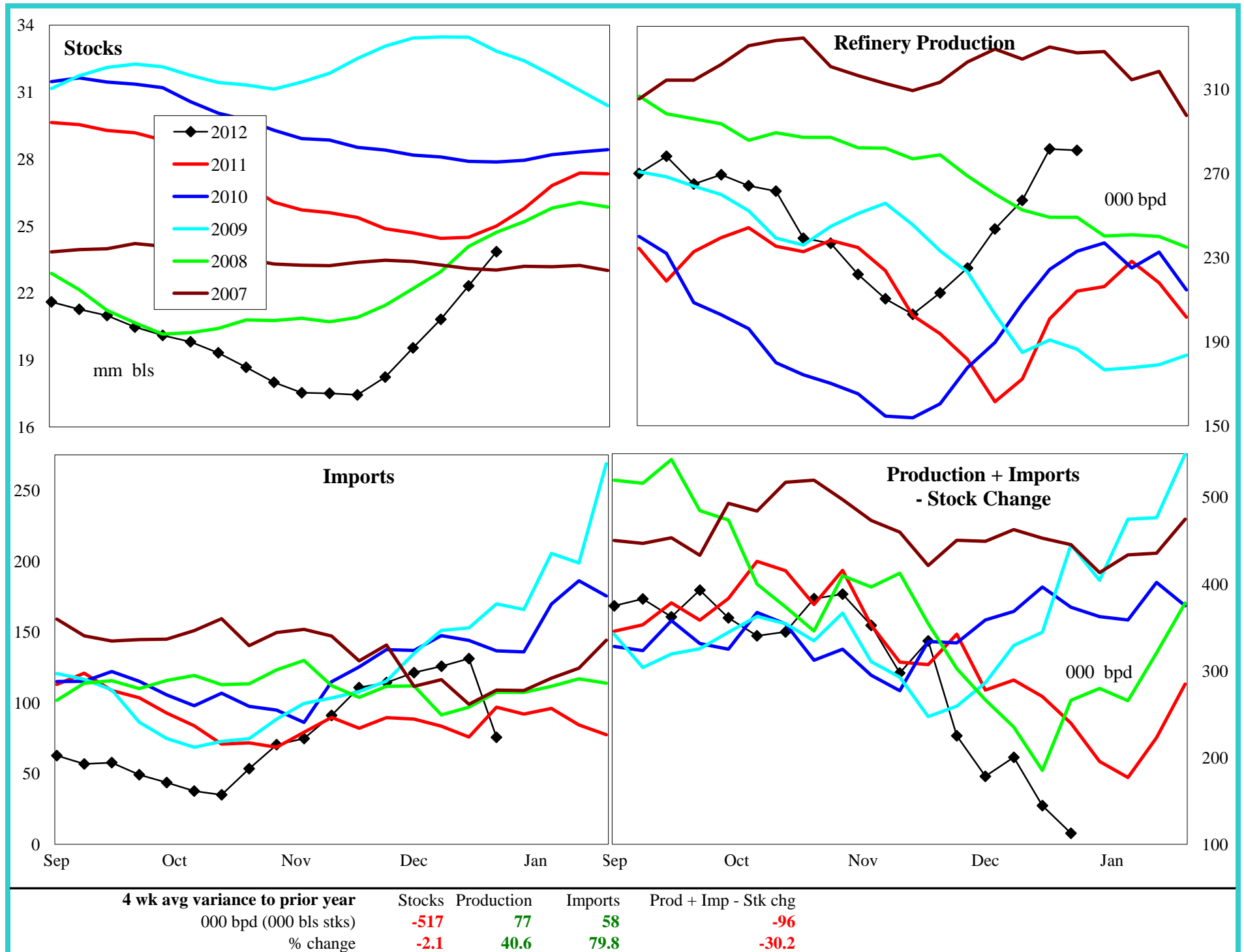
PADD 1 Distillate Supply



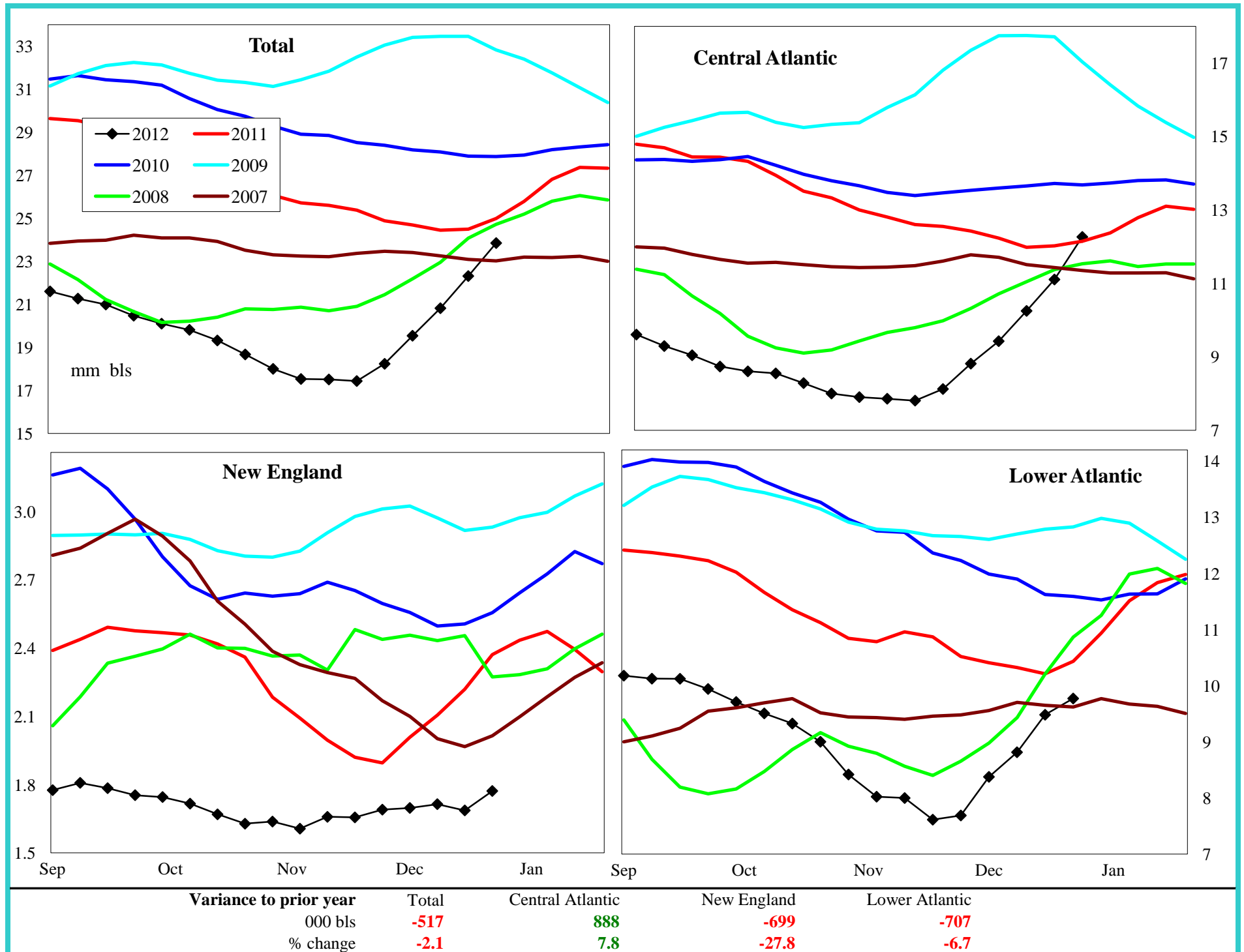
PADD 1 Distillate Stocks by Region



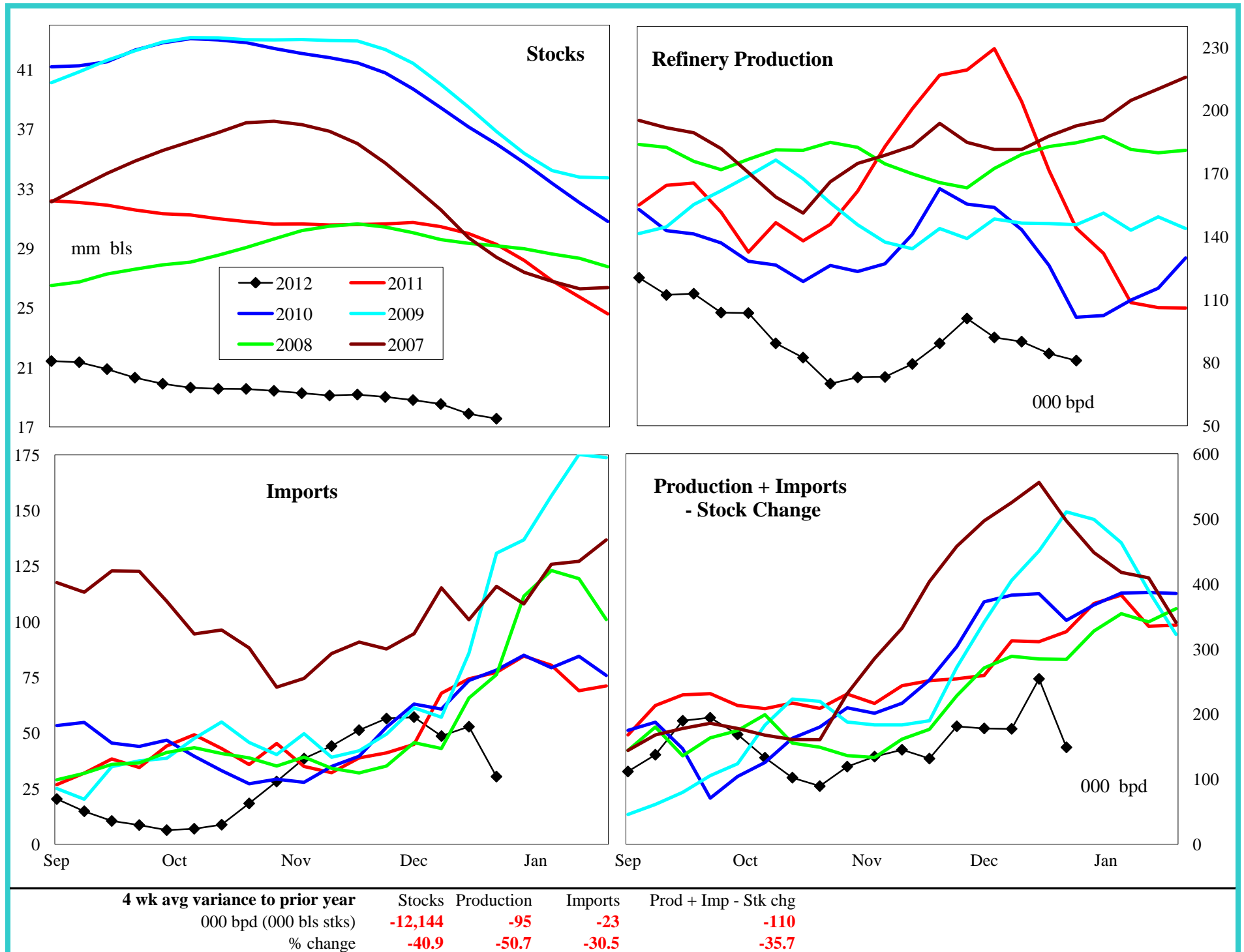
PADD 1 Low Sulfur Distillate Supply



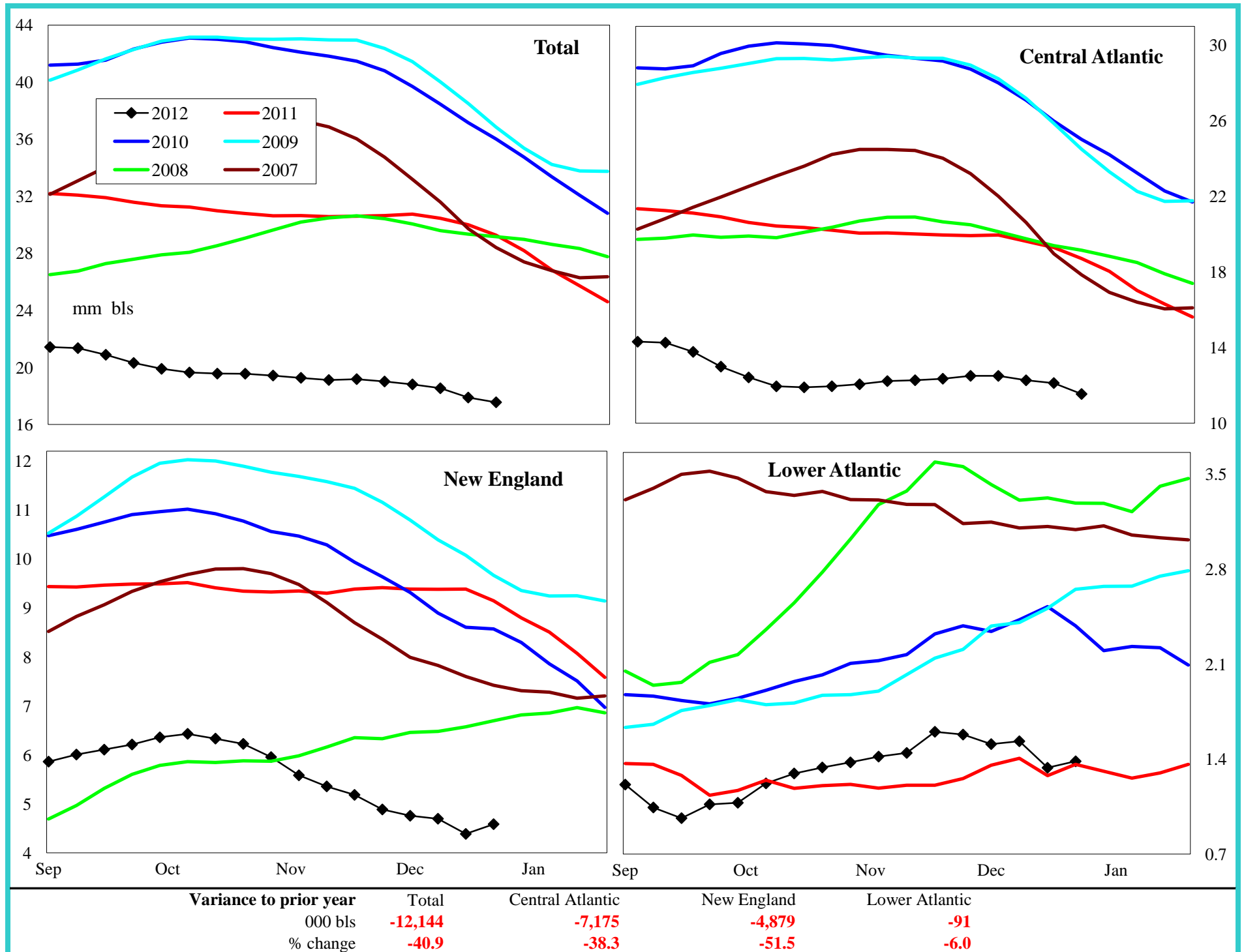
PADD 1 Low Sulfur Distillate Stocks by Region



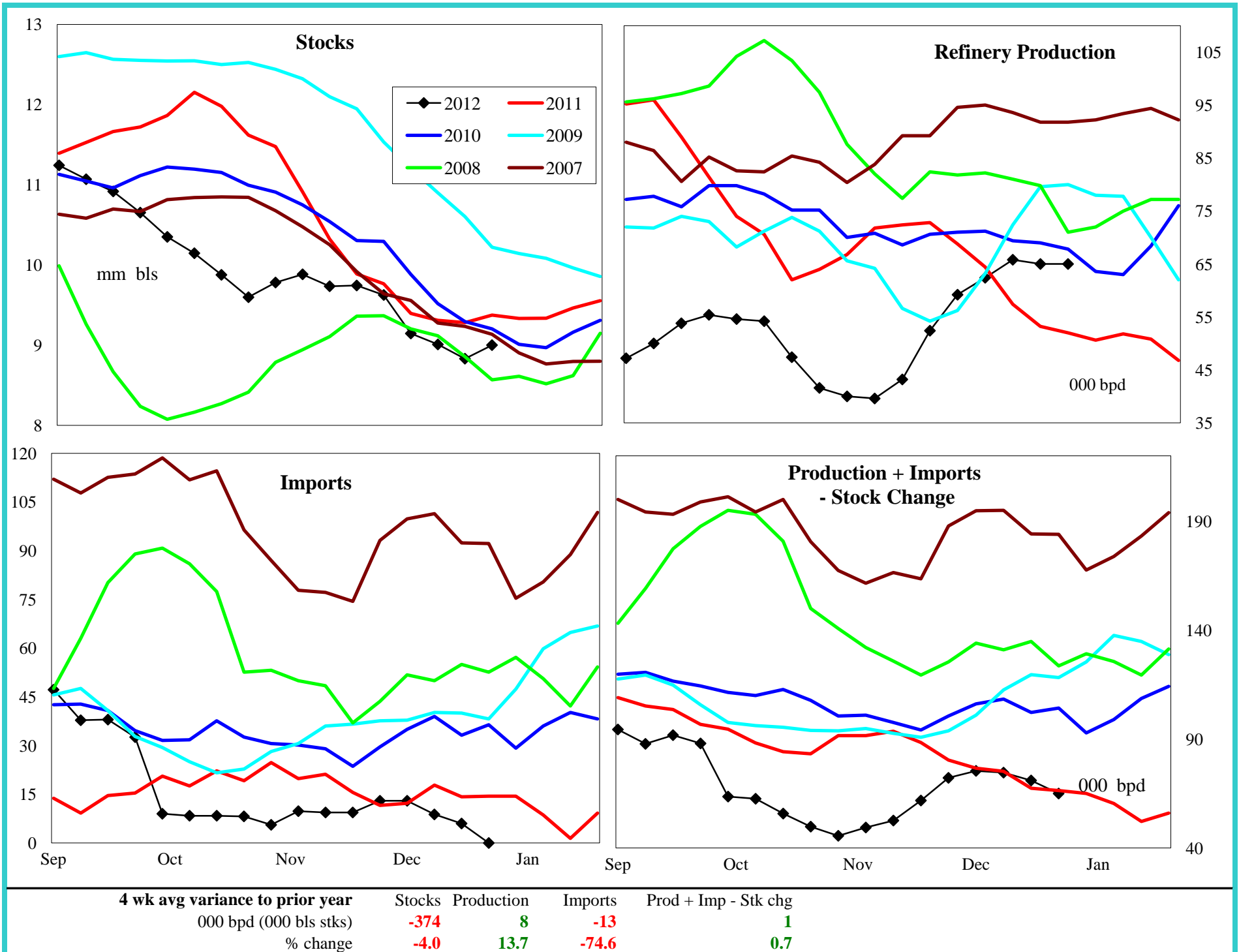
PADD 1 High Sulfur Distillate Supply



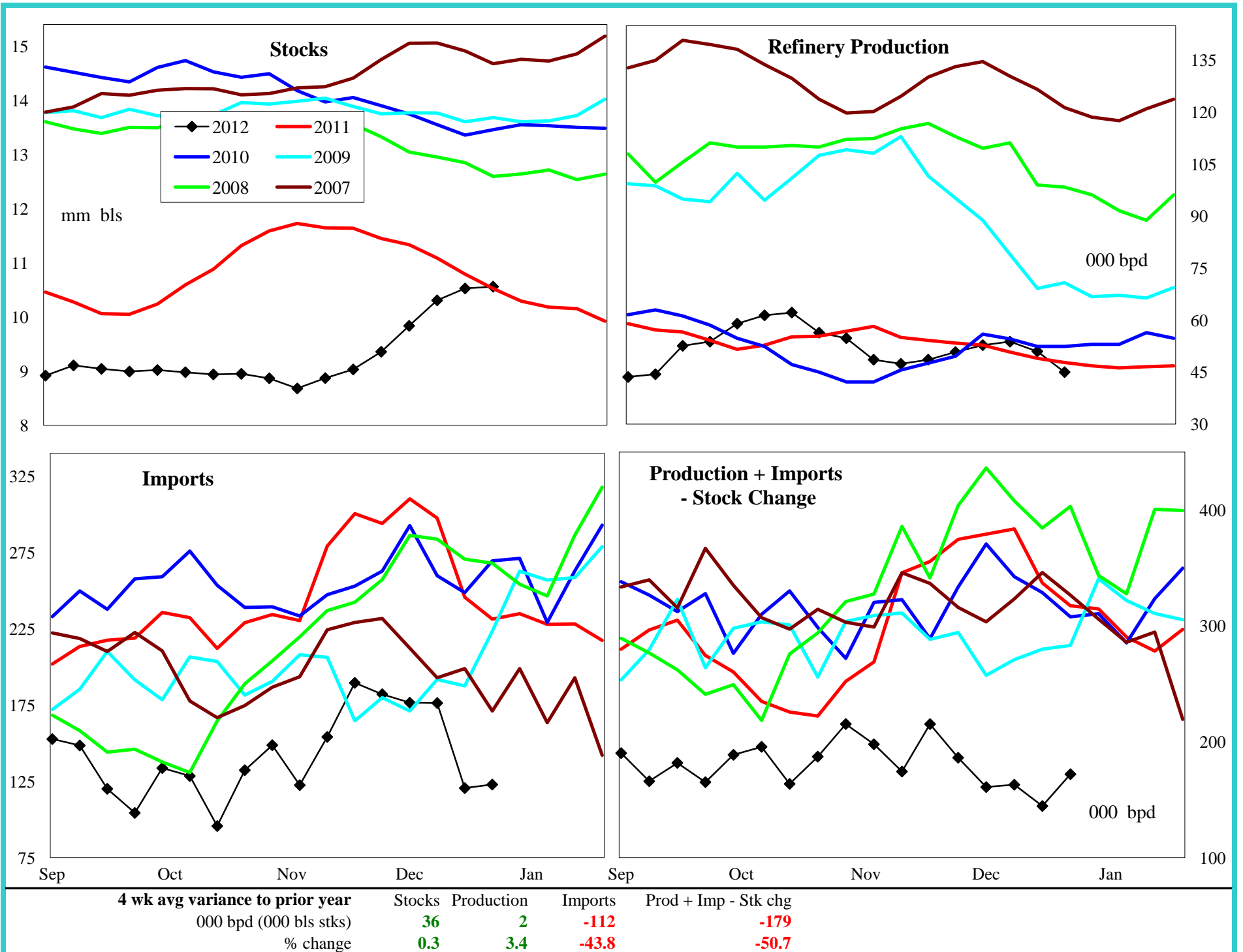
PADD 1 High Sulfur Distillate Stocks by Region



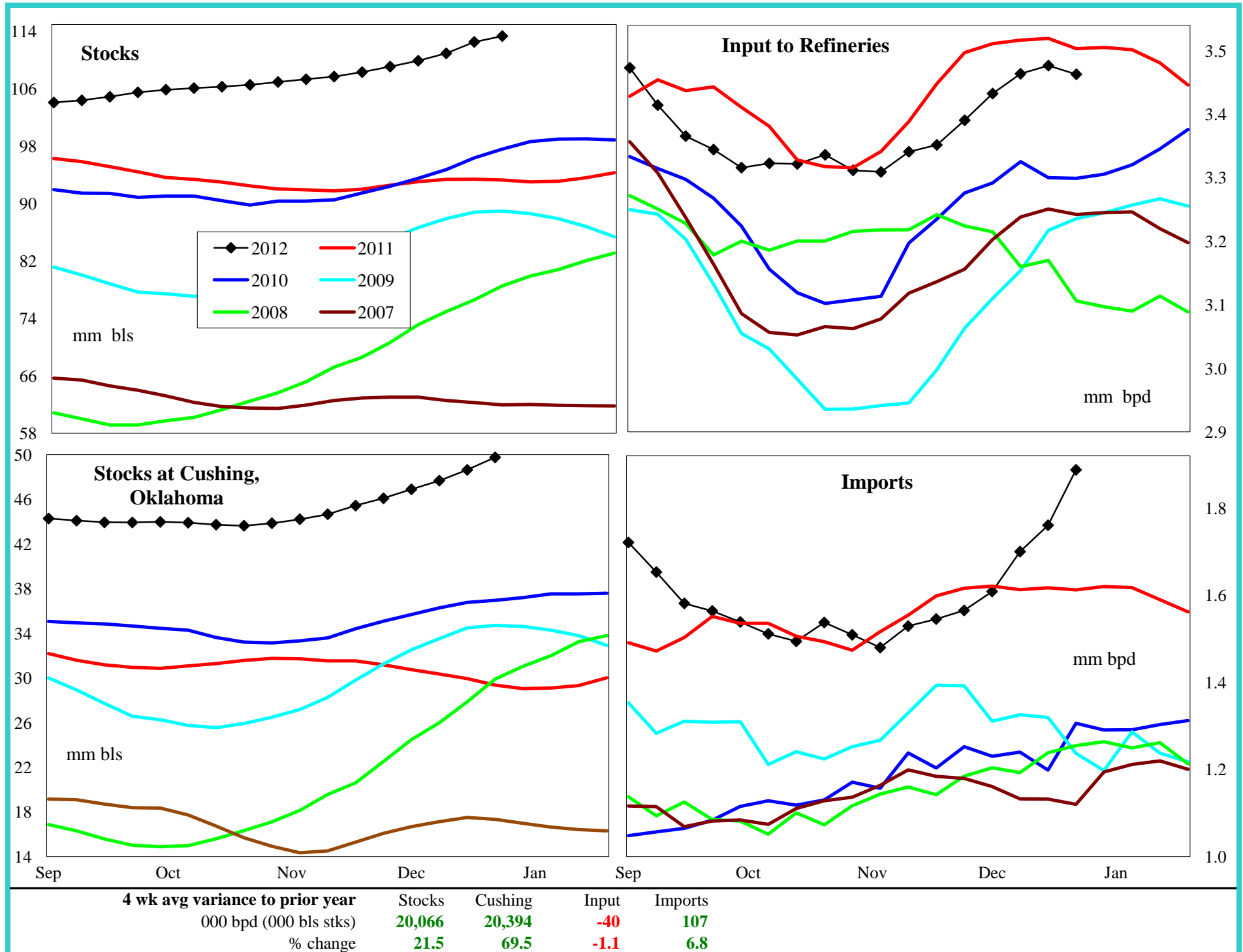
PADD 1 Jet Fuel Supply



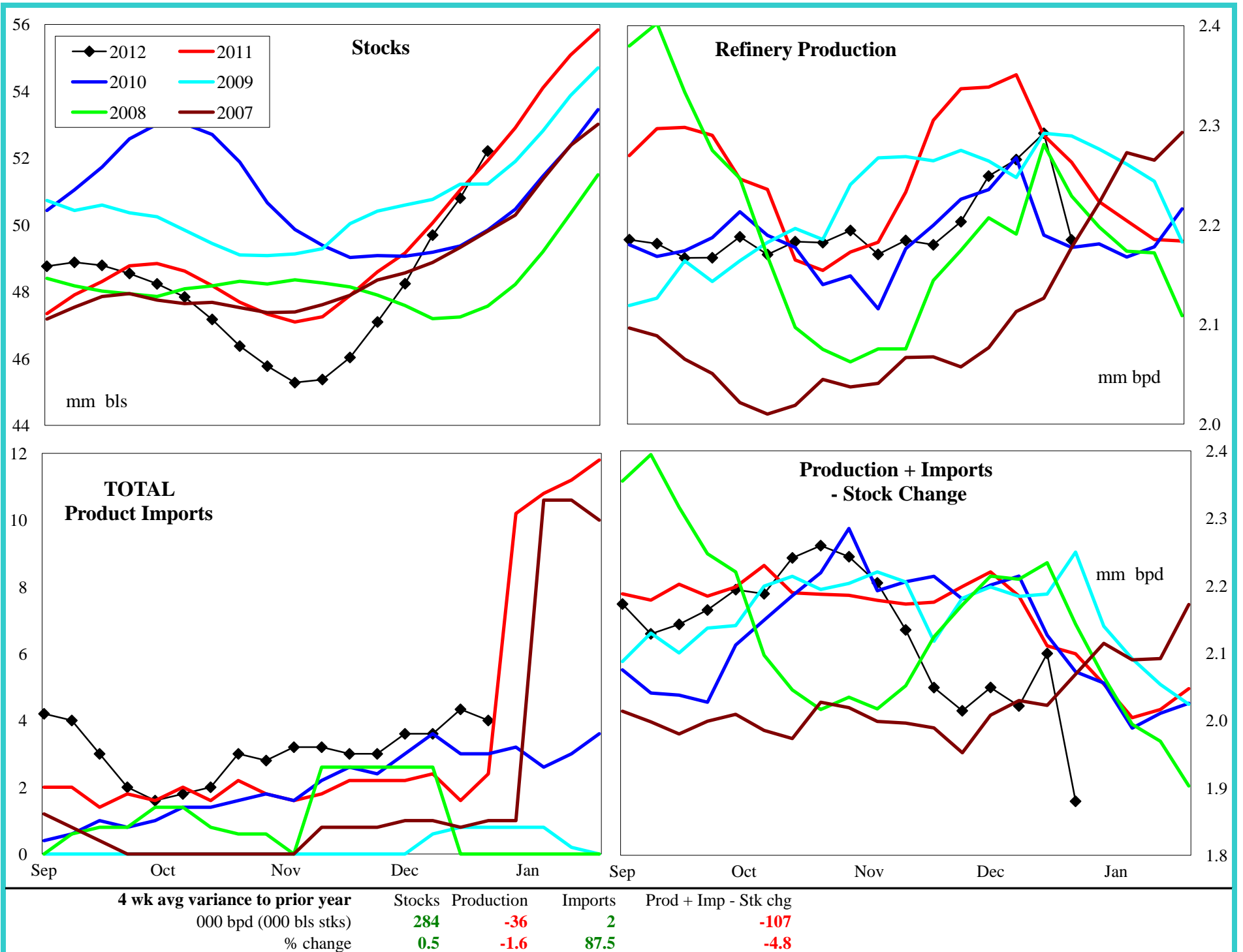
PADD 1 Residual Fuel Oil Supply



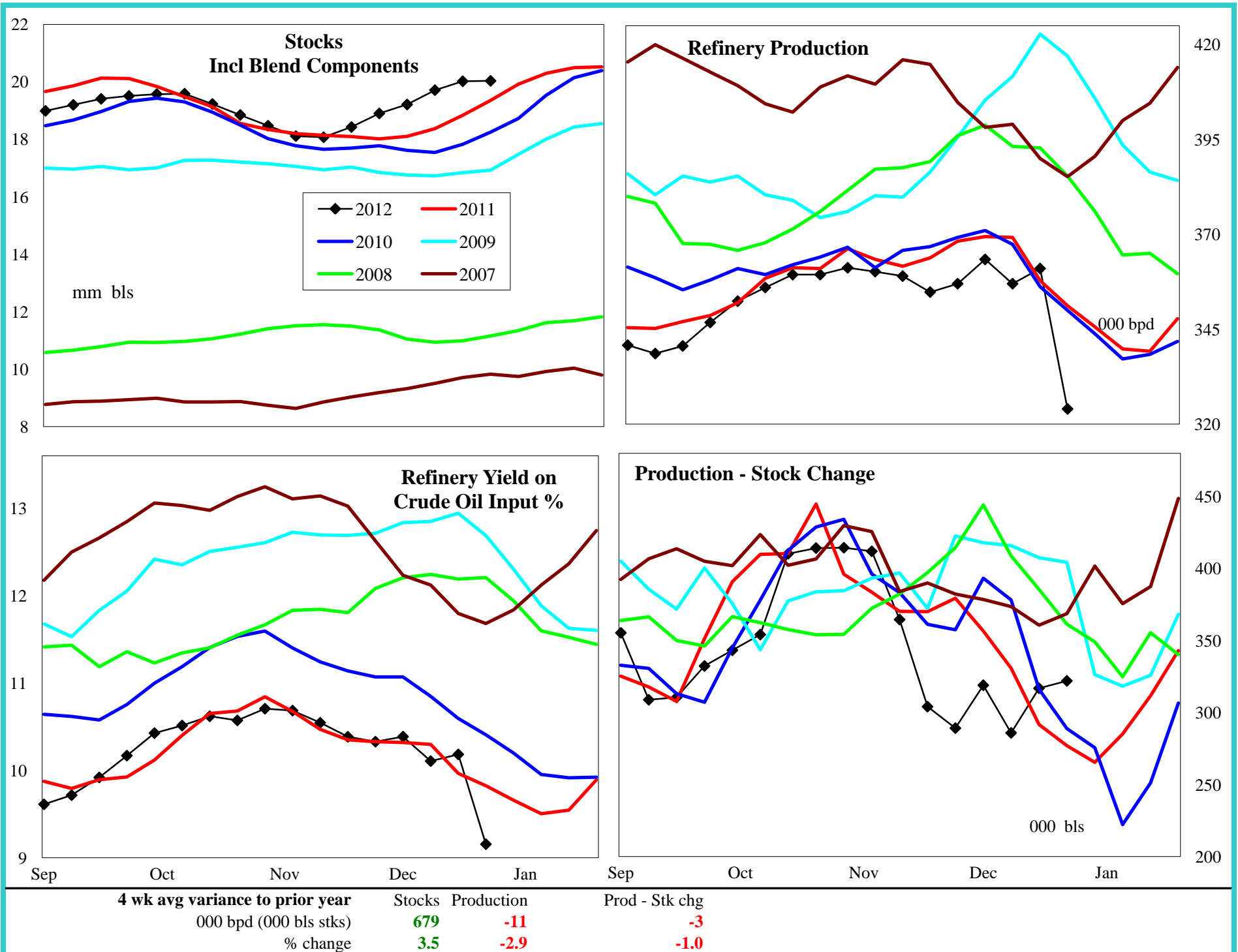
PADD 2 Crude Oil Supply and Refining



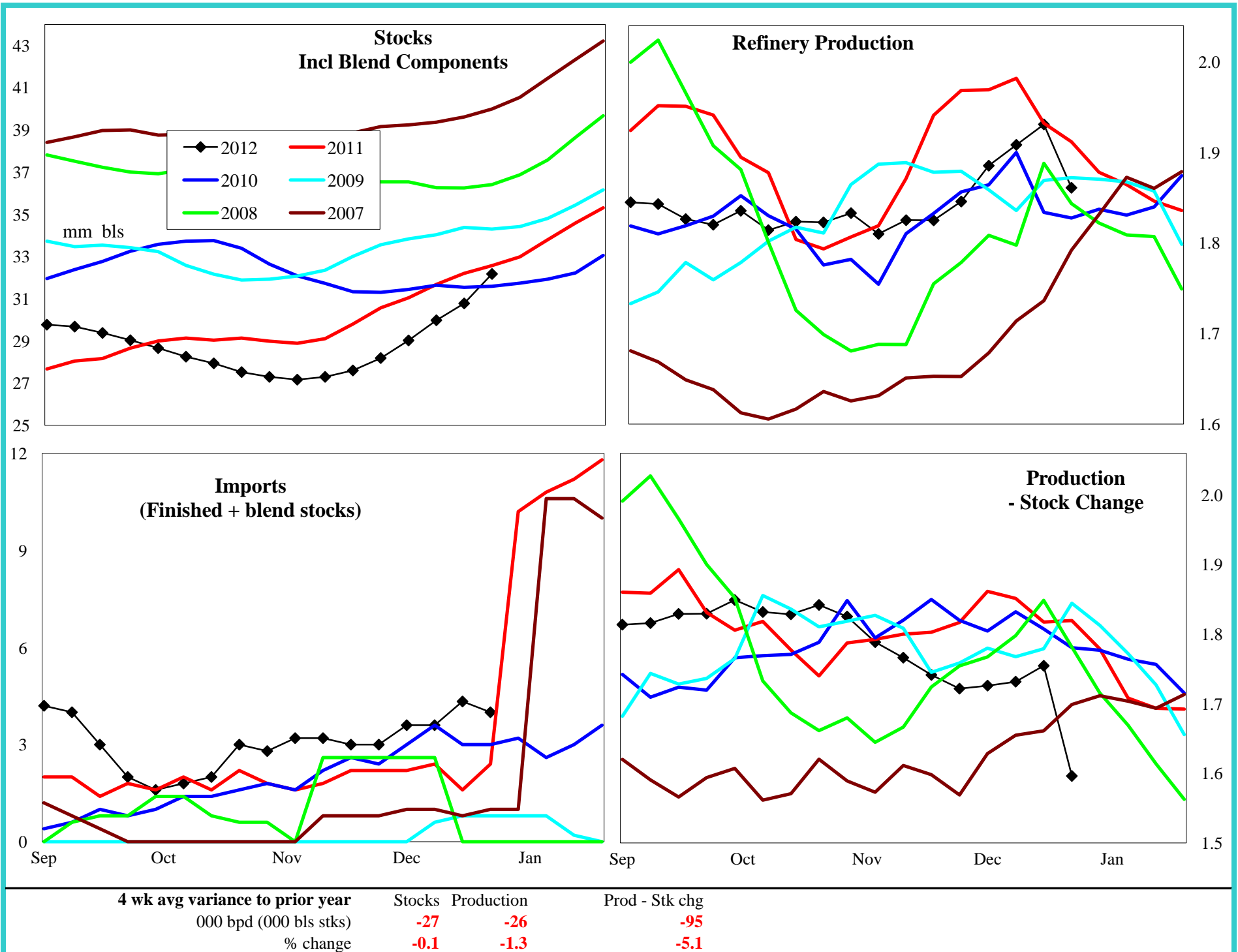
PADD 2 Gasoline Supply



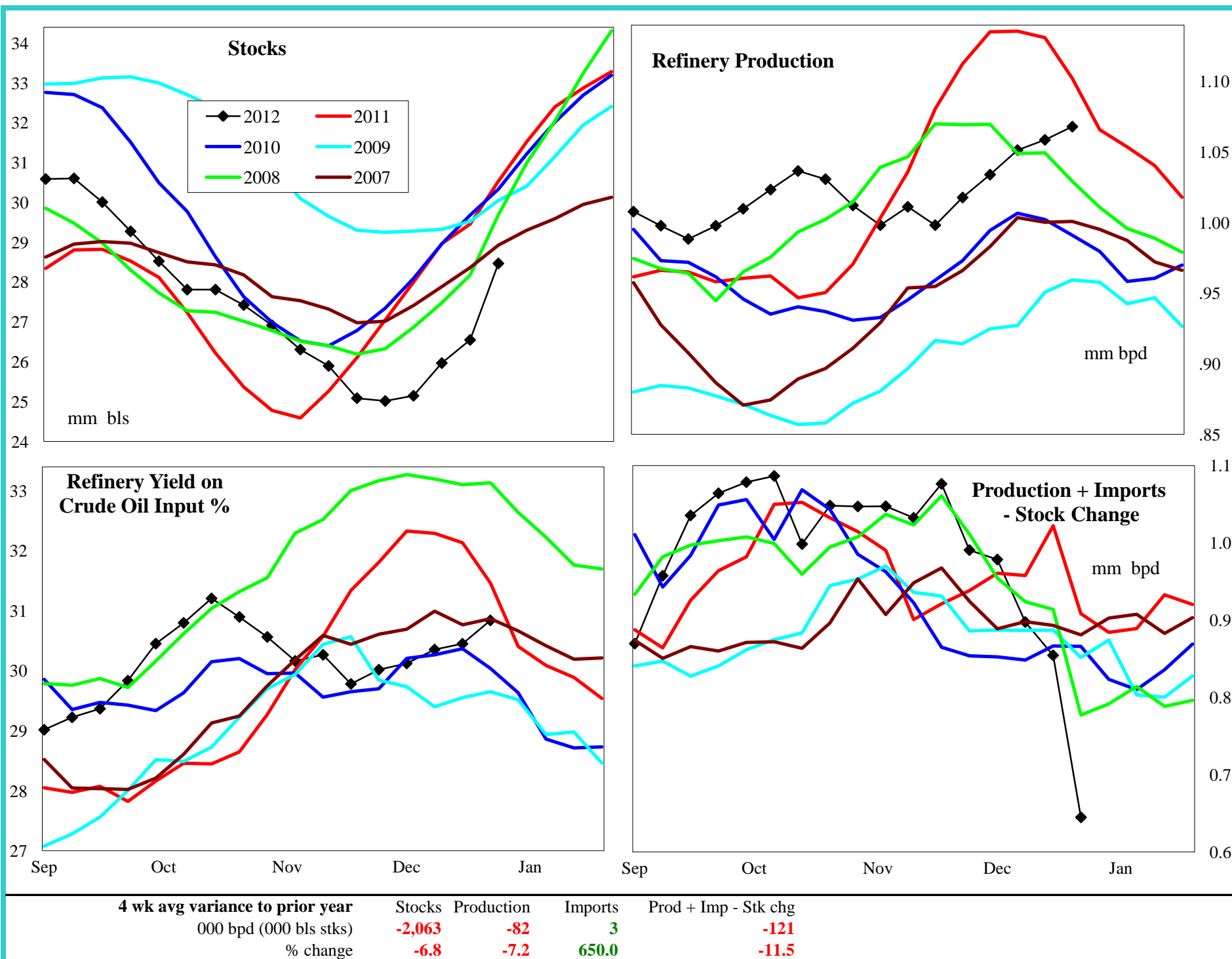
PADD 2 Reformulated Gasoline Supply



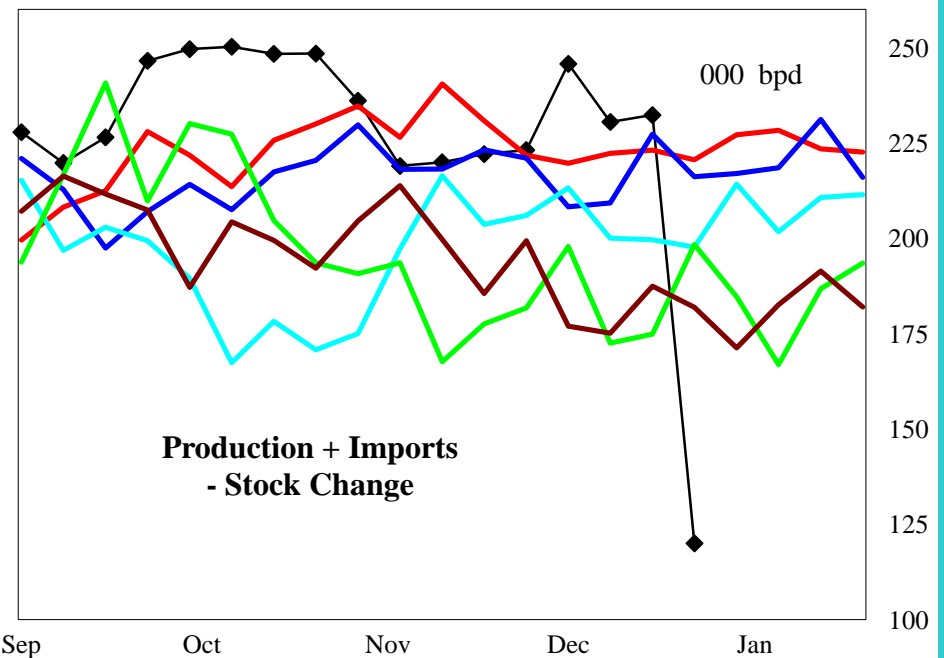
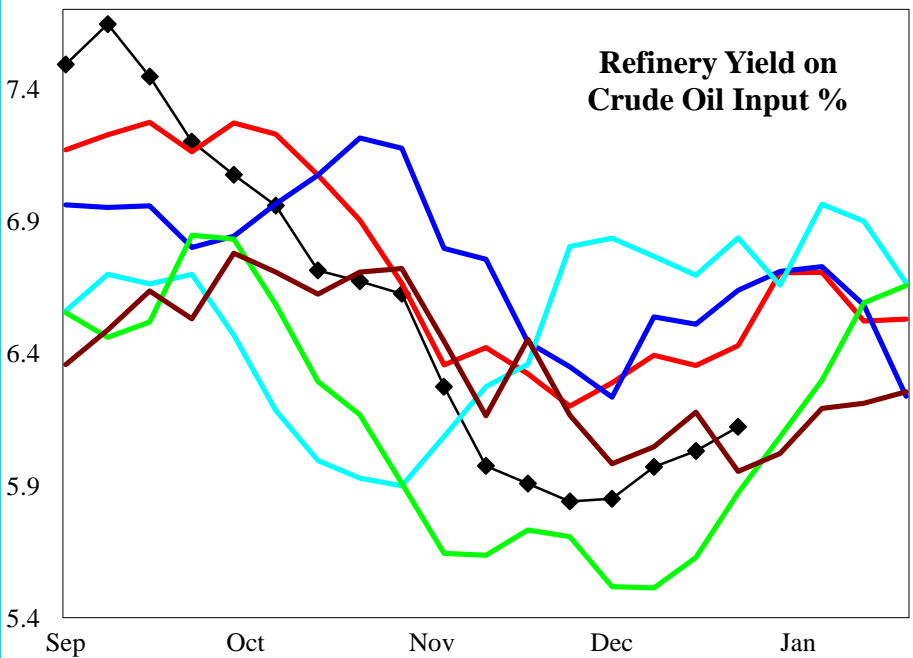
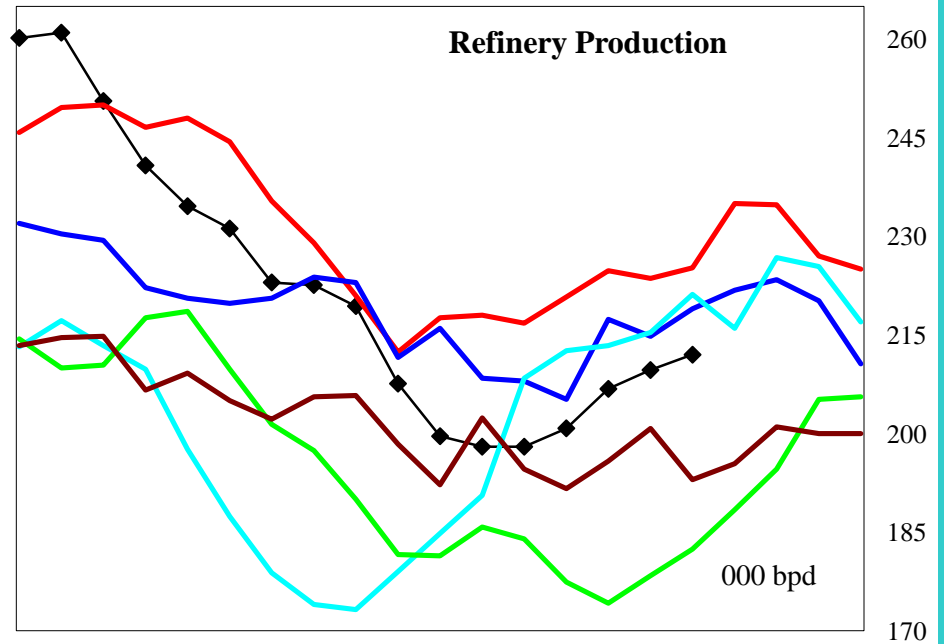
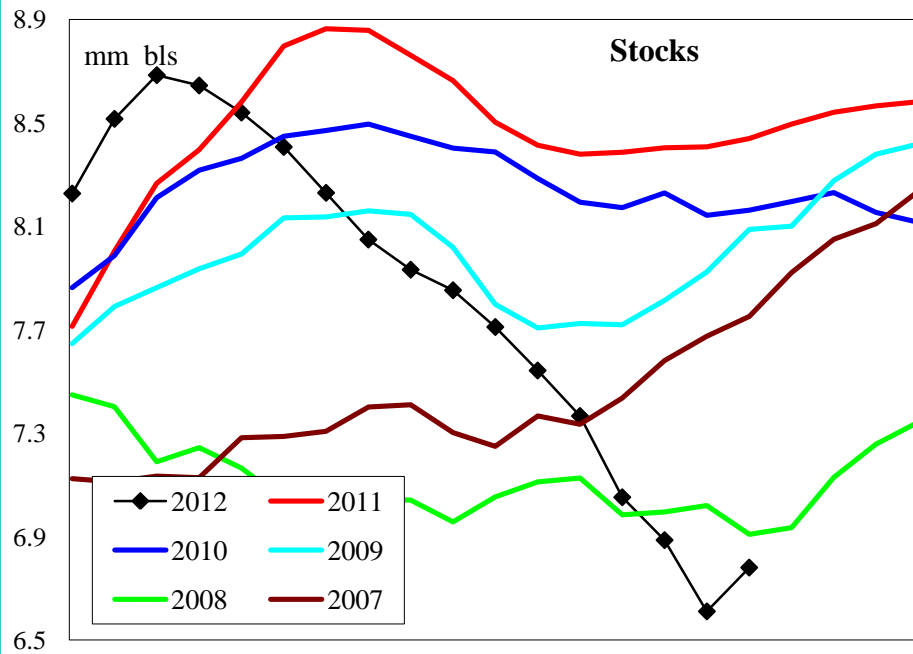
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-1,660

-19.7

Production

-13

-5.8

Imports

0

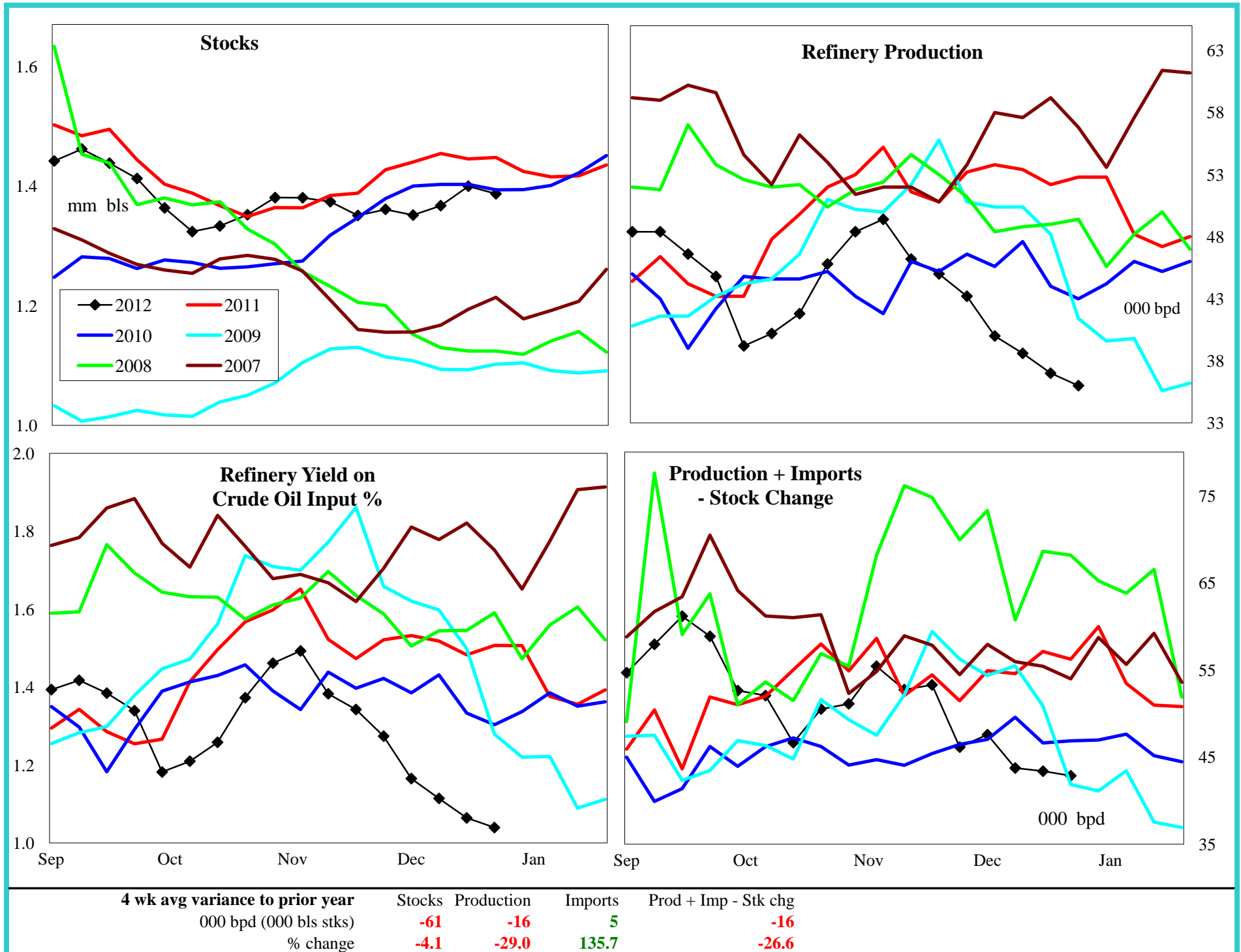
#DIV/0!

Prod + Imp - Stk chg

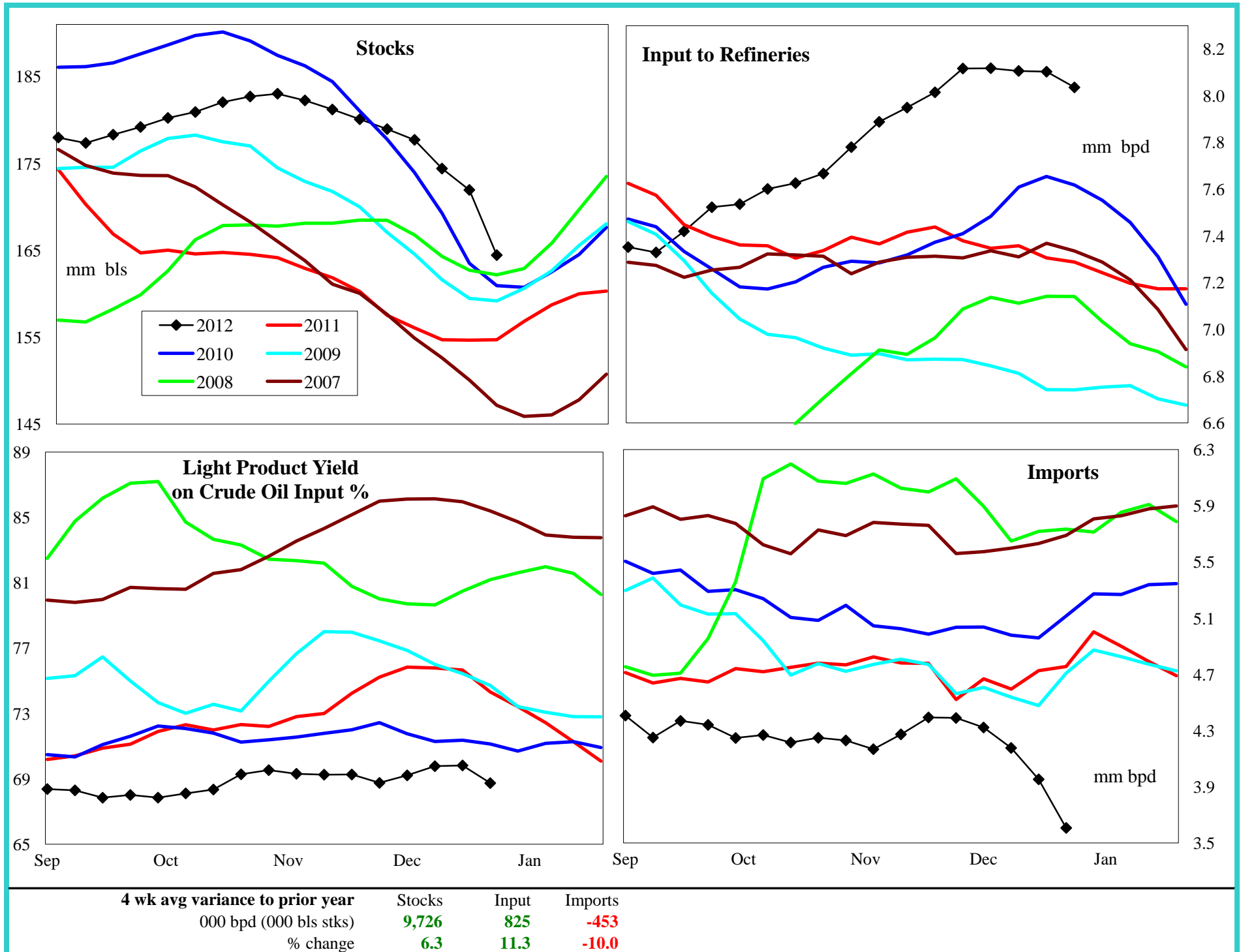
7

3.0

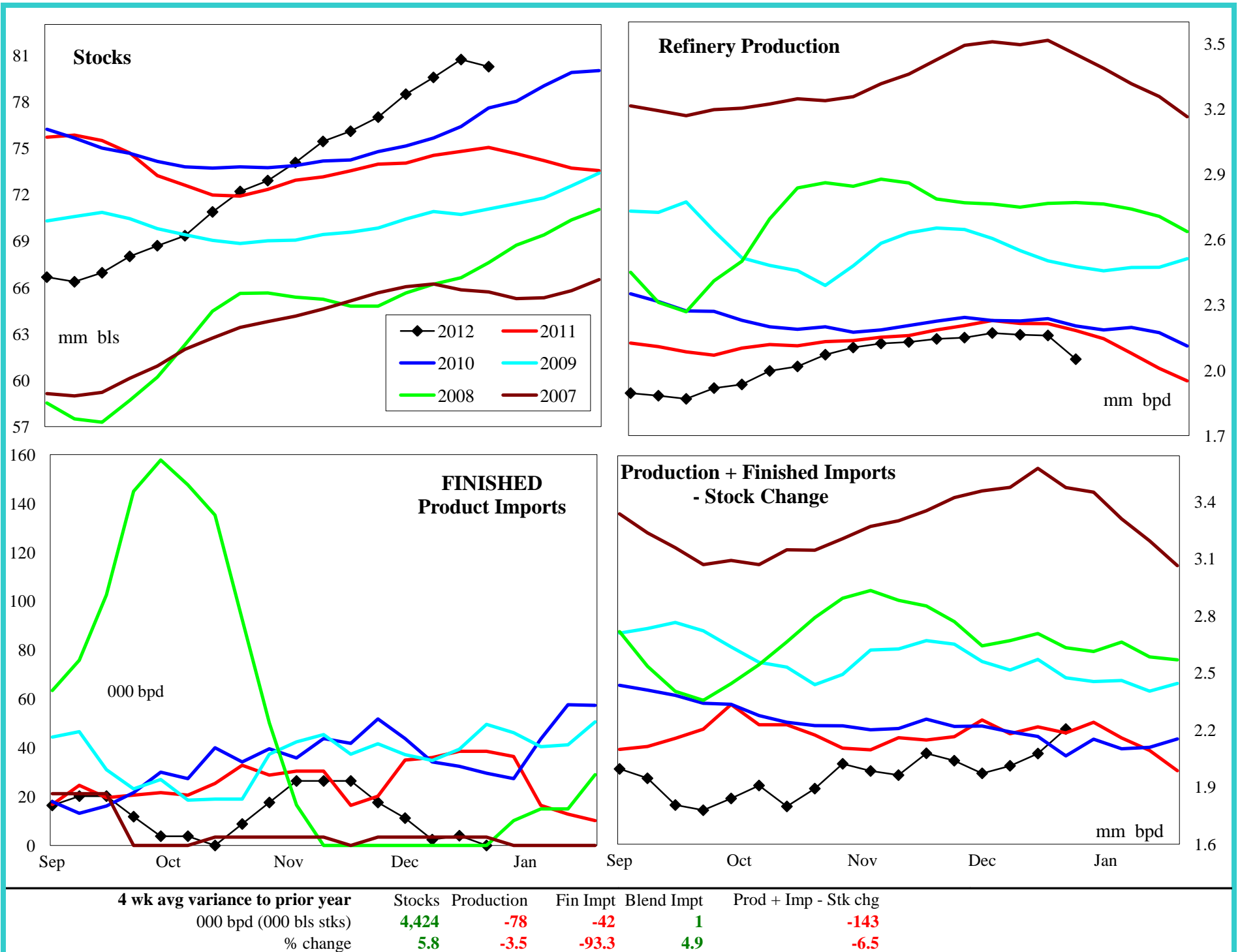
PADD 2 Residual Fuel Oil Supply



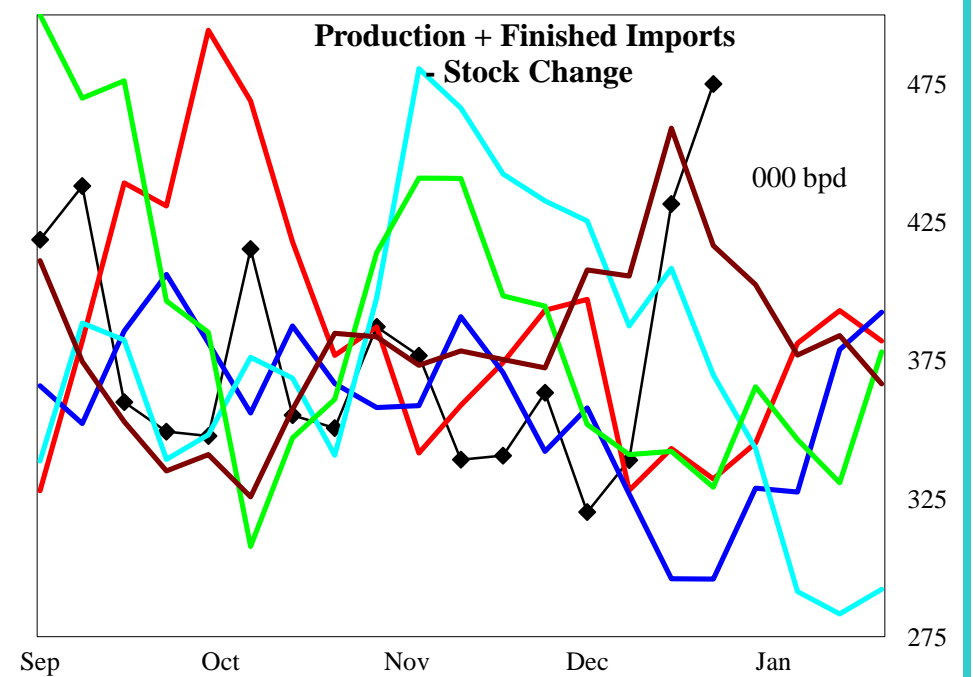
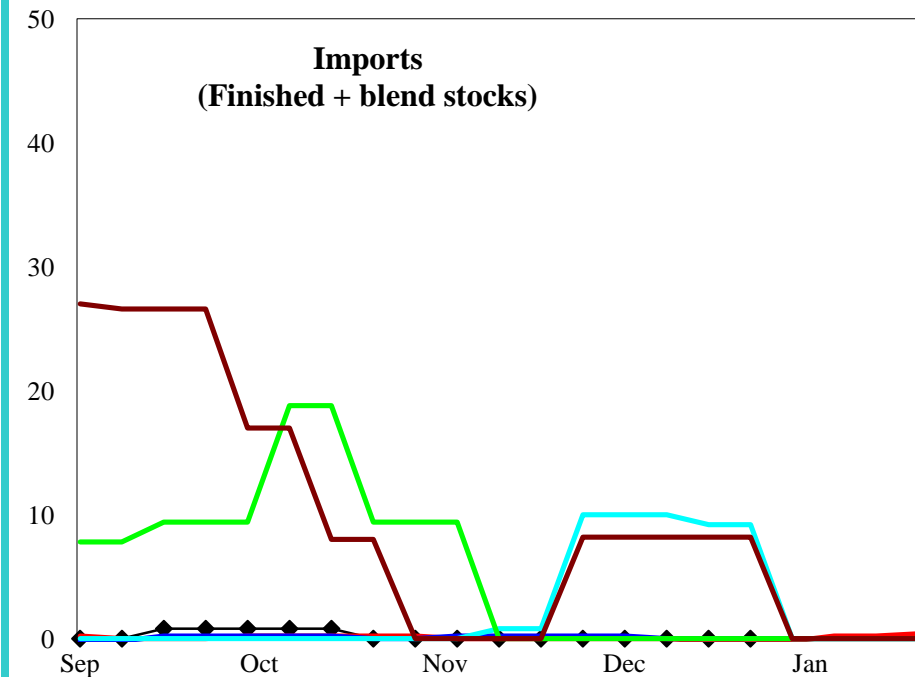
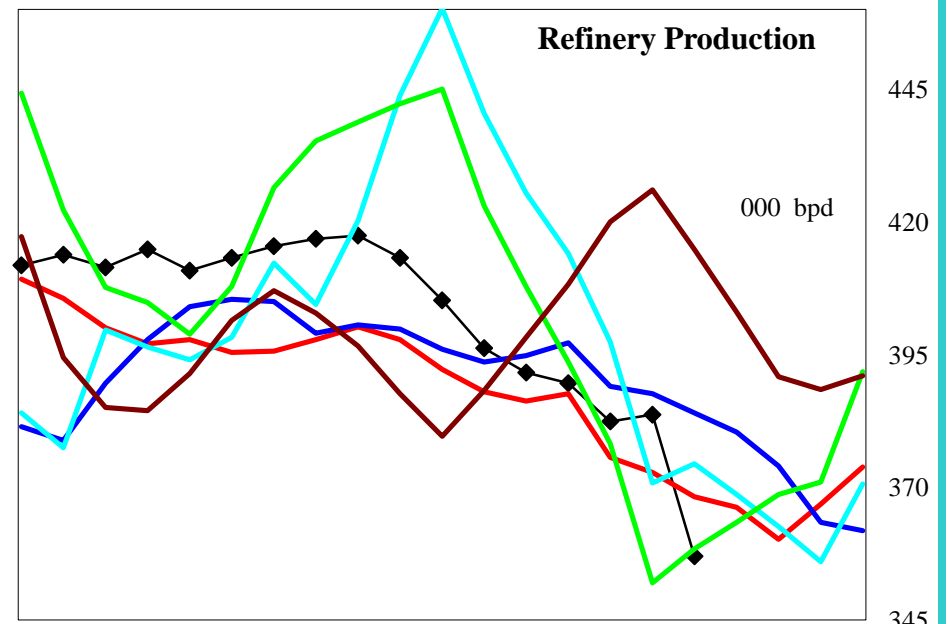
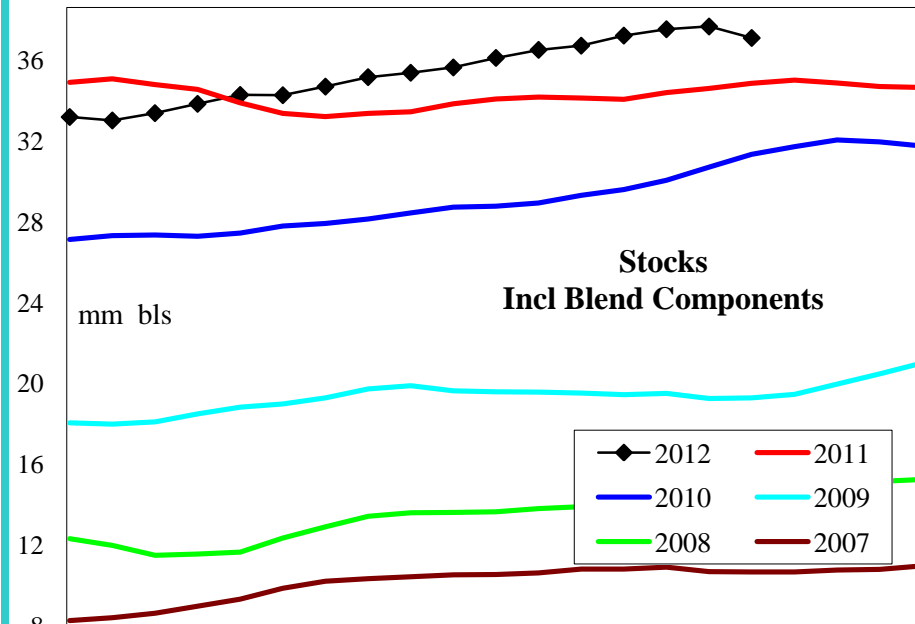
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,325

3.7

Production

6

1.6

Imports

0

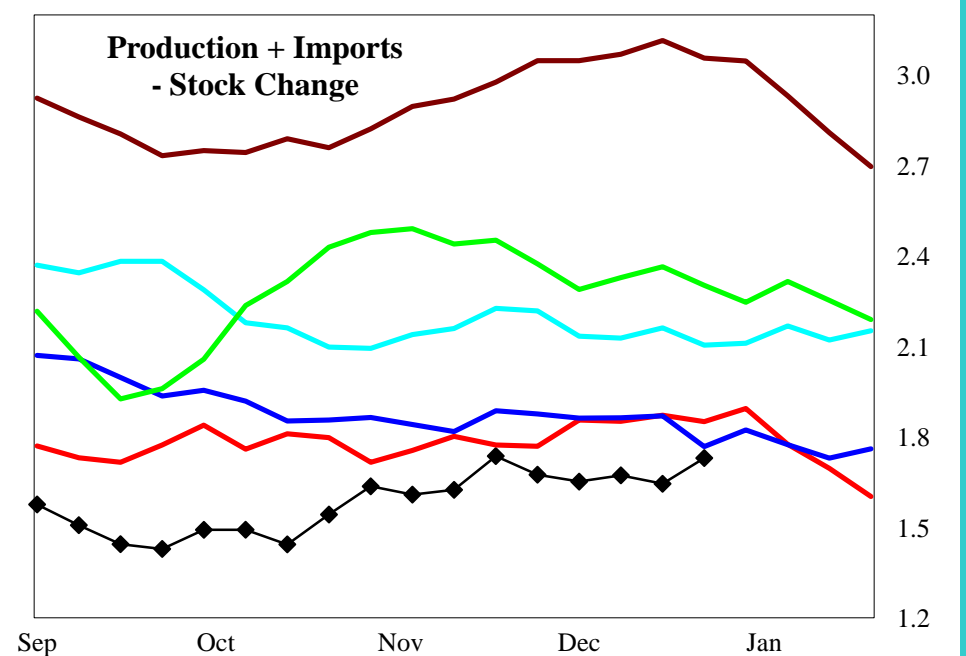
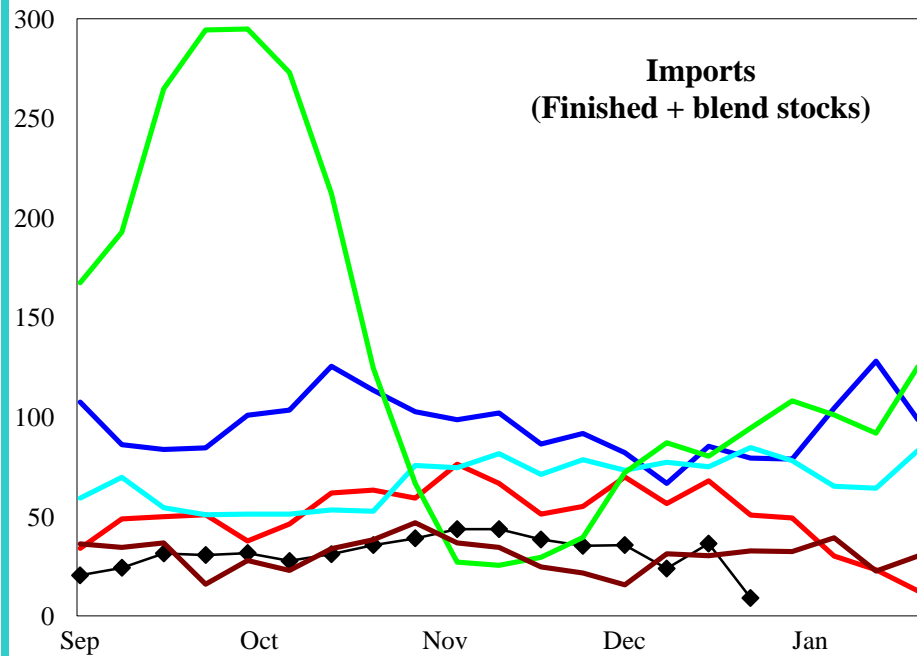
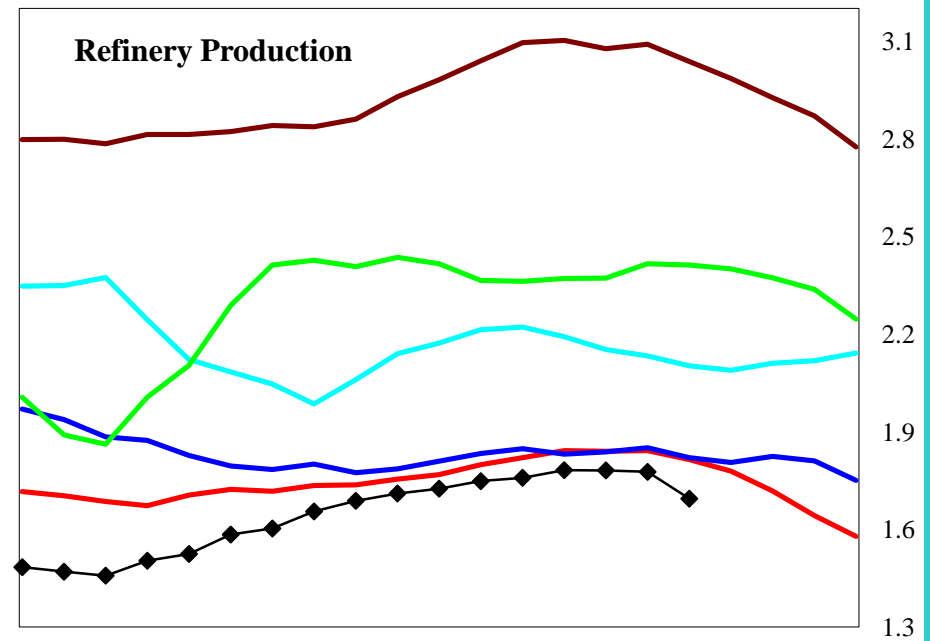
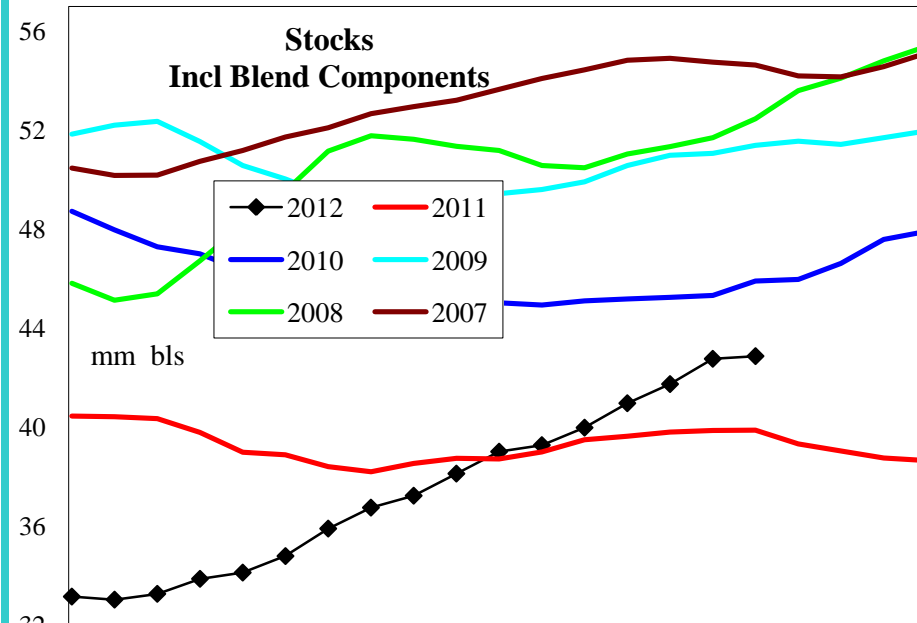
#DIV/0!

Prod + Imp - Stk chg

37

11.3

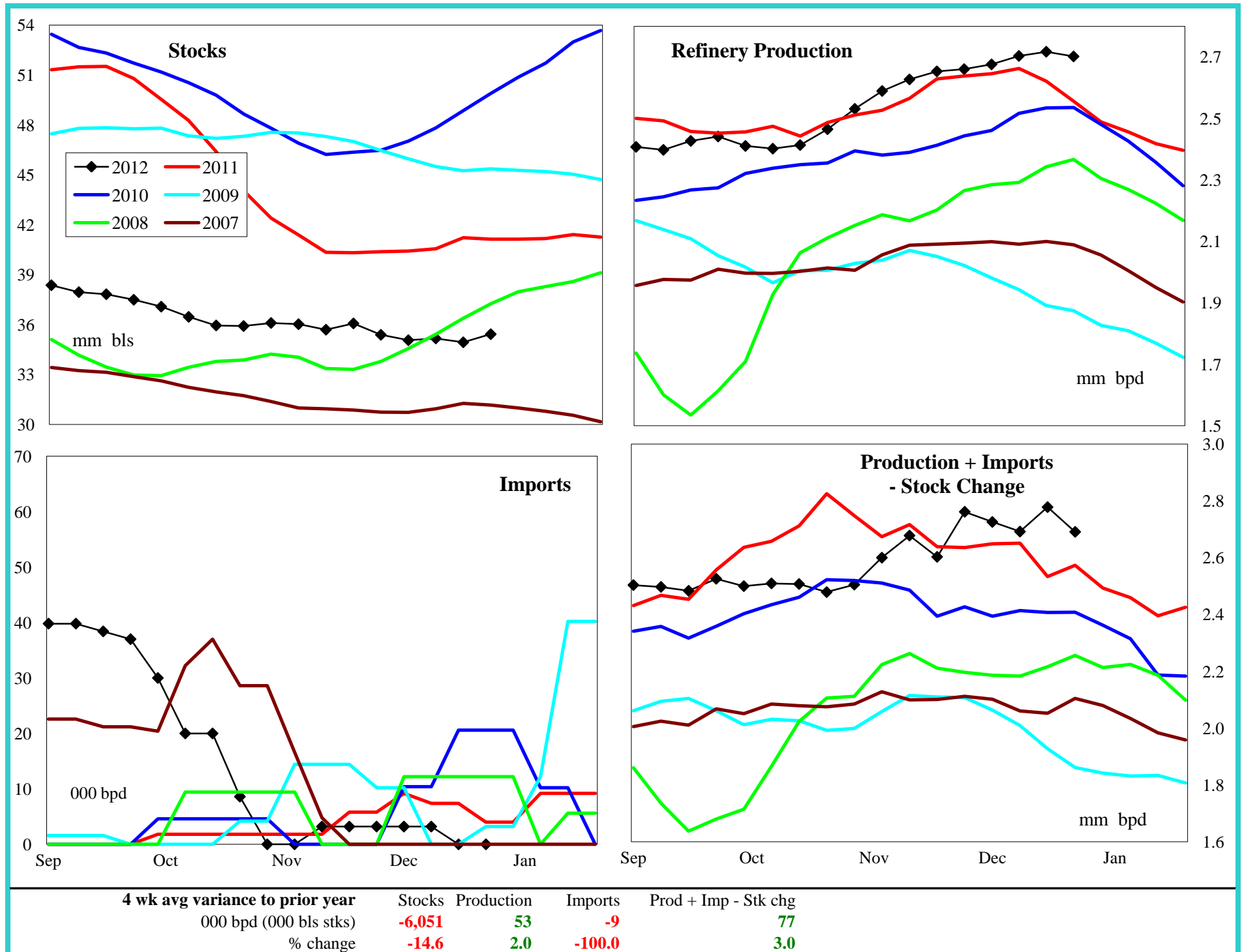
PADD 3 Conventional Gasoline Supply



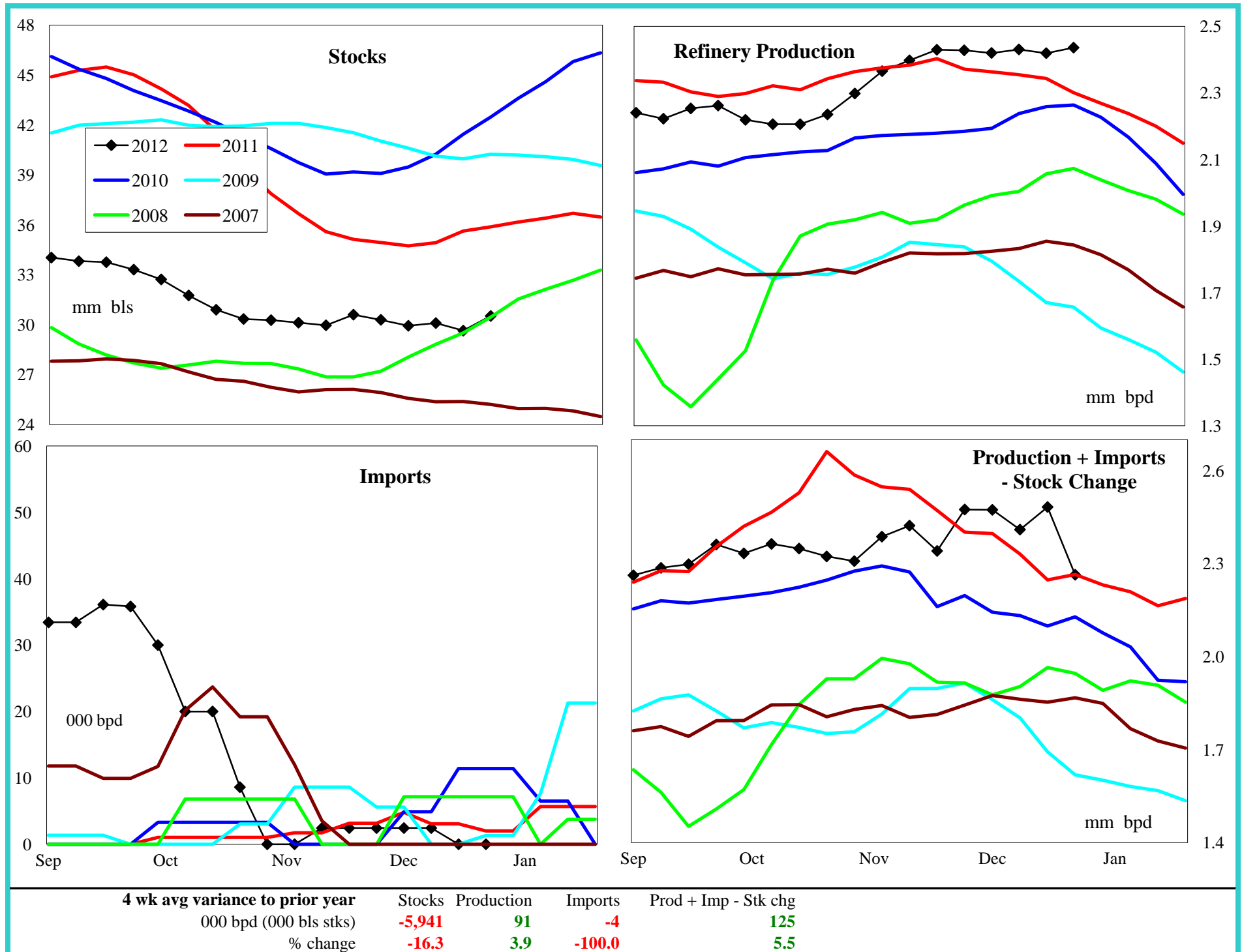
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Production	Imports	Prod + Imp - Stk chg
000 bpd (000 bls stks)	3,136	-84	-41	-180
% change	7.9	-4.5	-57.8	-9.7

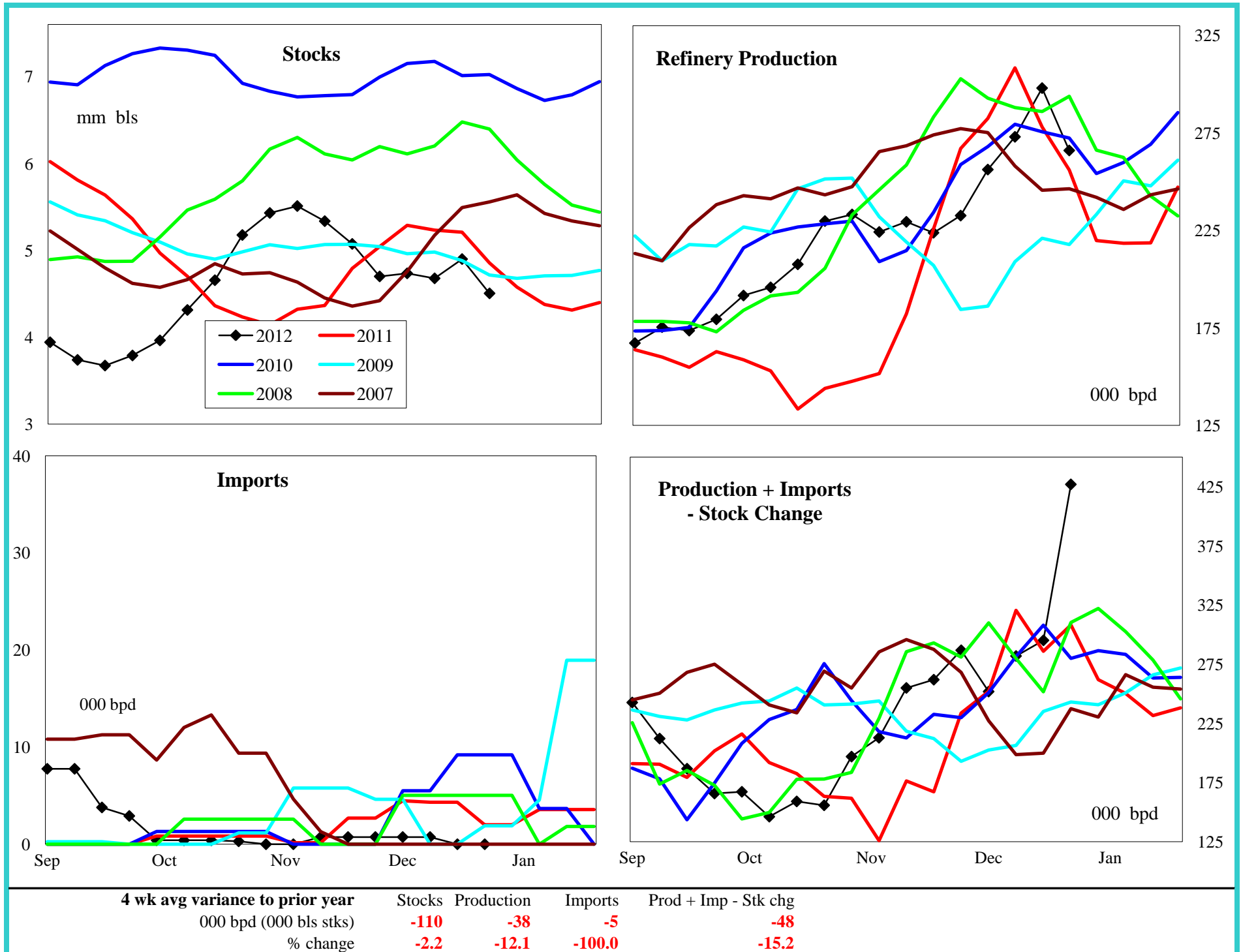
PADD 3 Distillate Supply



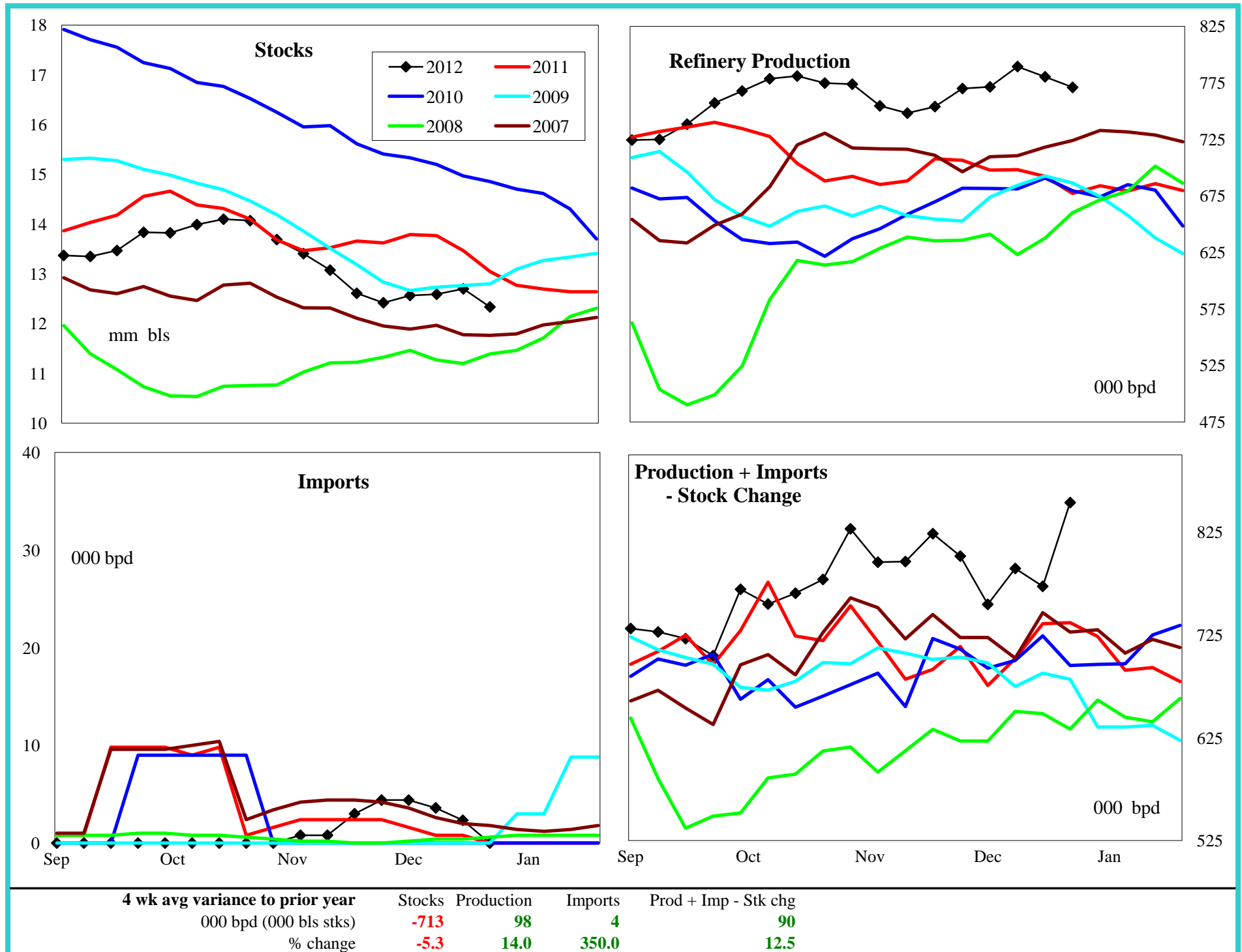
PADD 3 Low Sulfur Distillate Supply



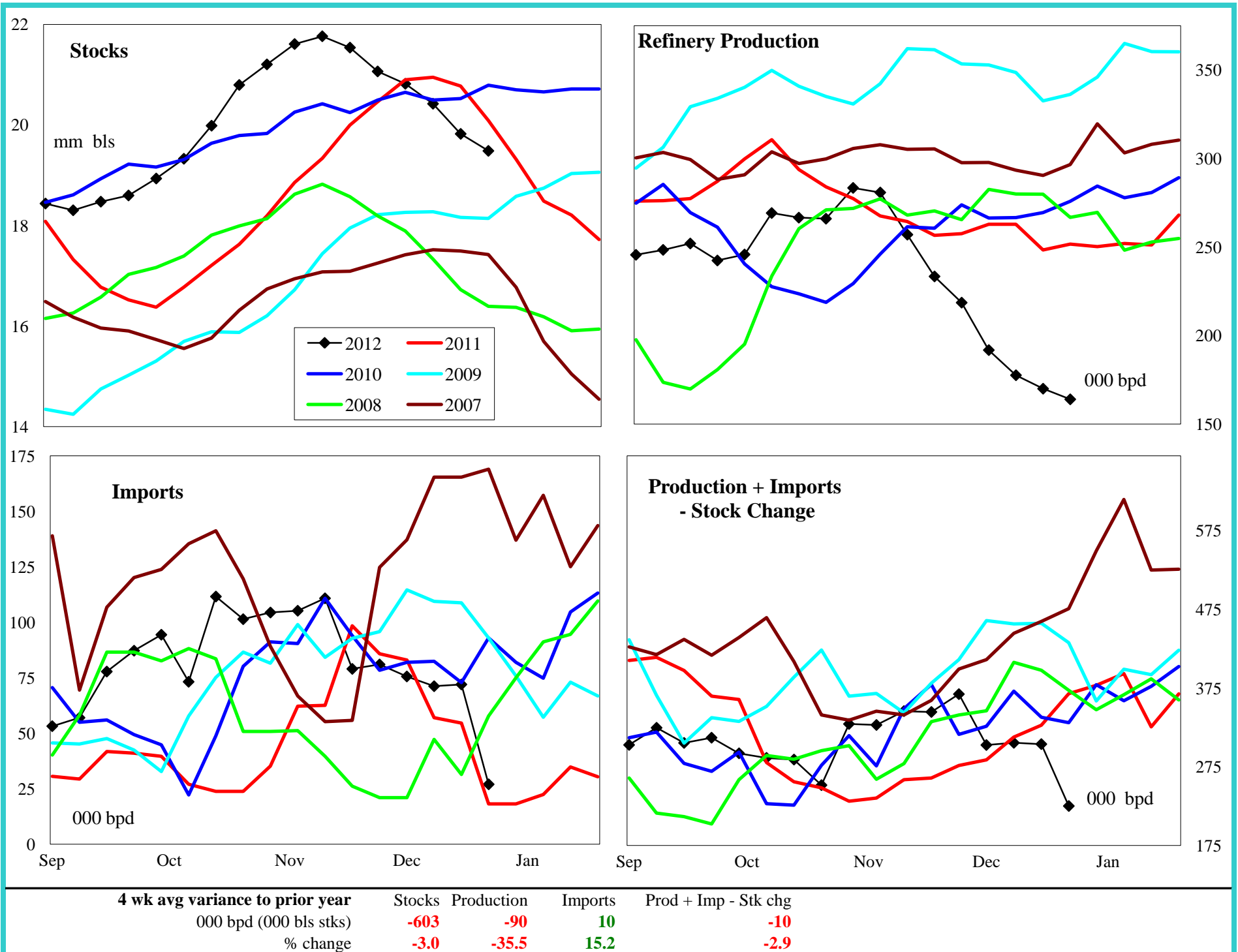
PADD 3 High Sulfur Distillate Supply



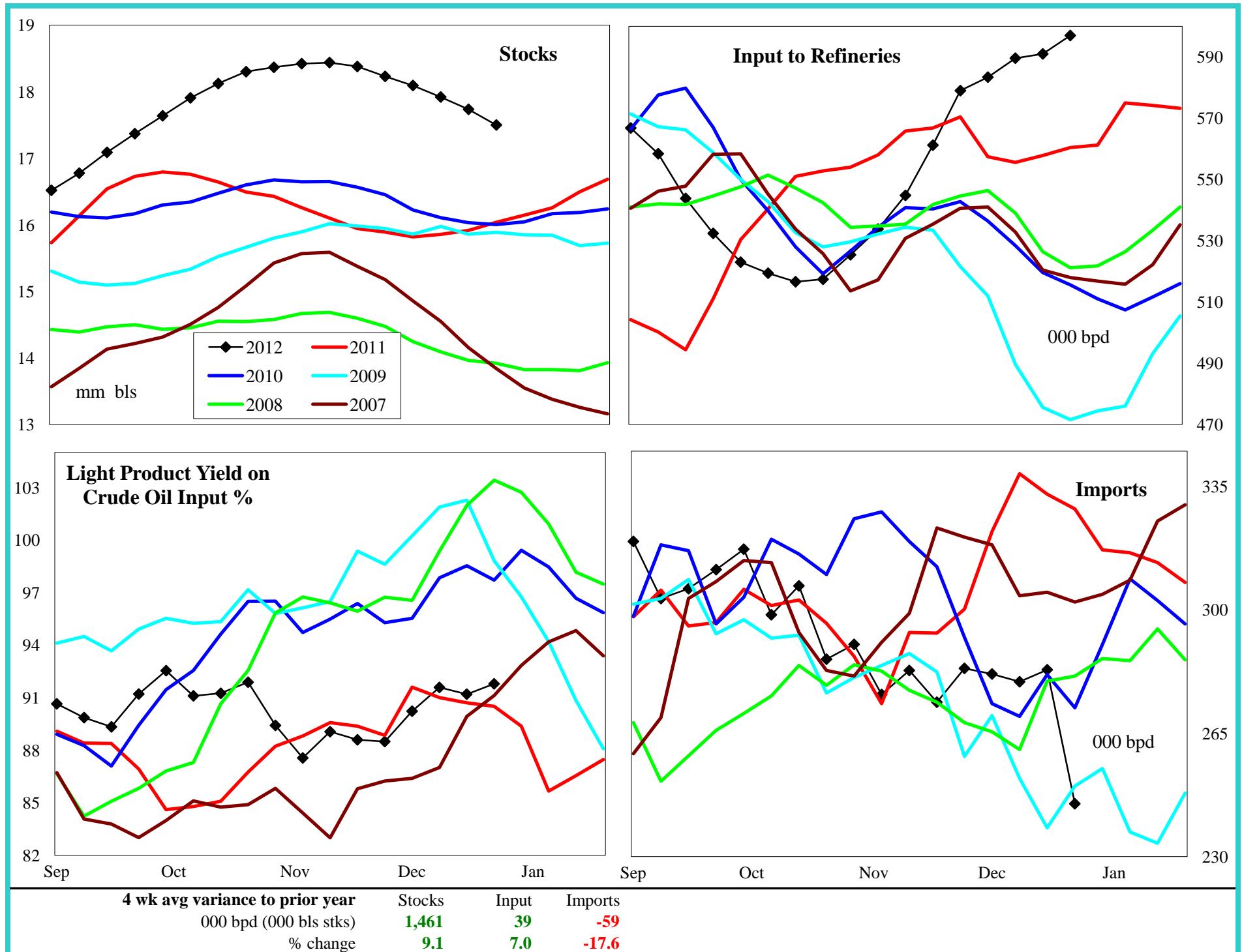
PADD 3 Jet Fuel Supply



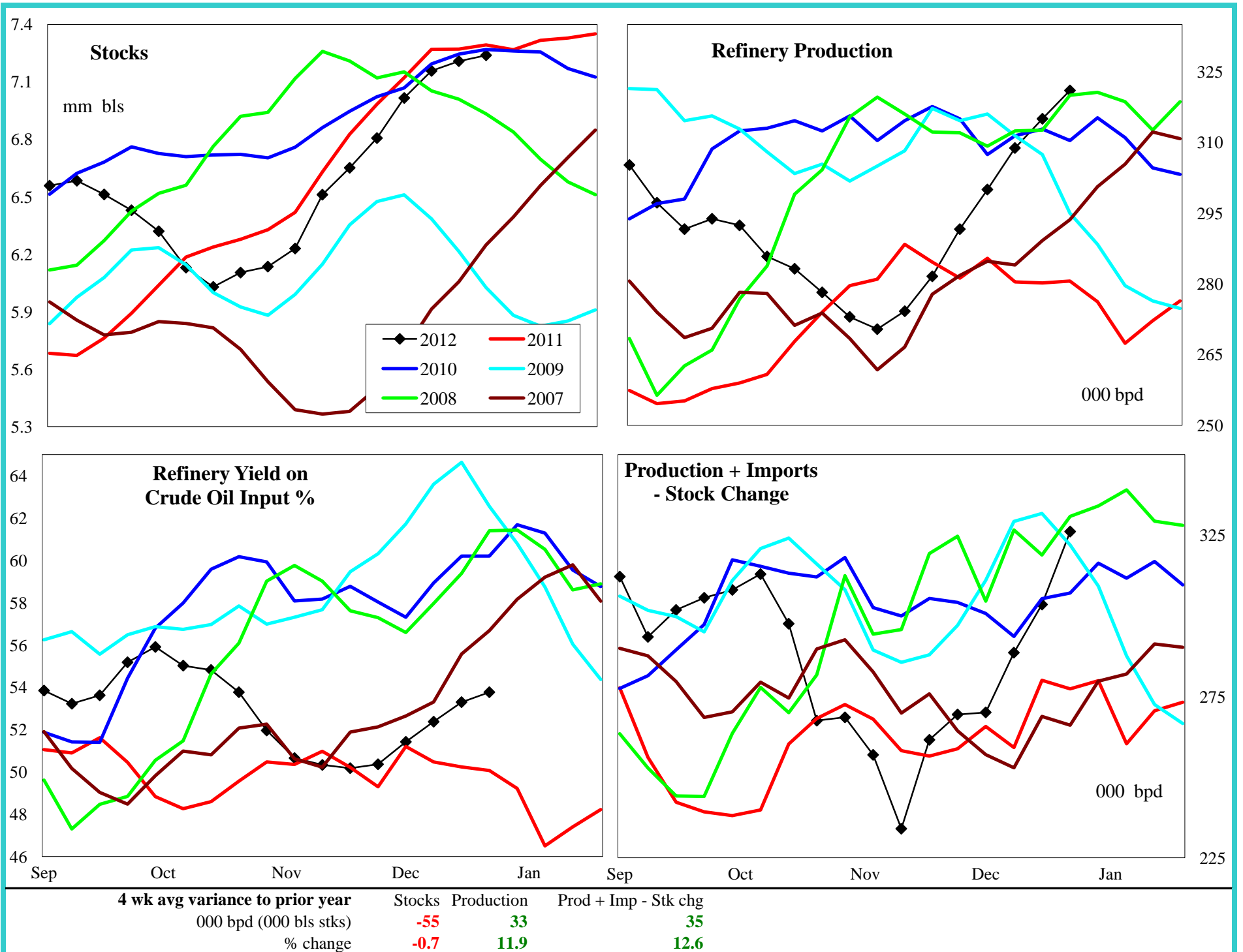
PADD 3 Residual Fuel Oil Supply



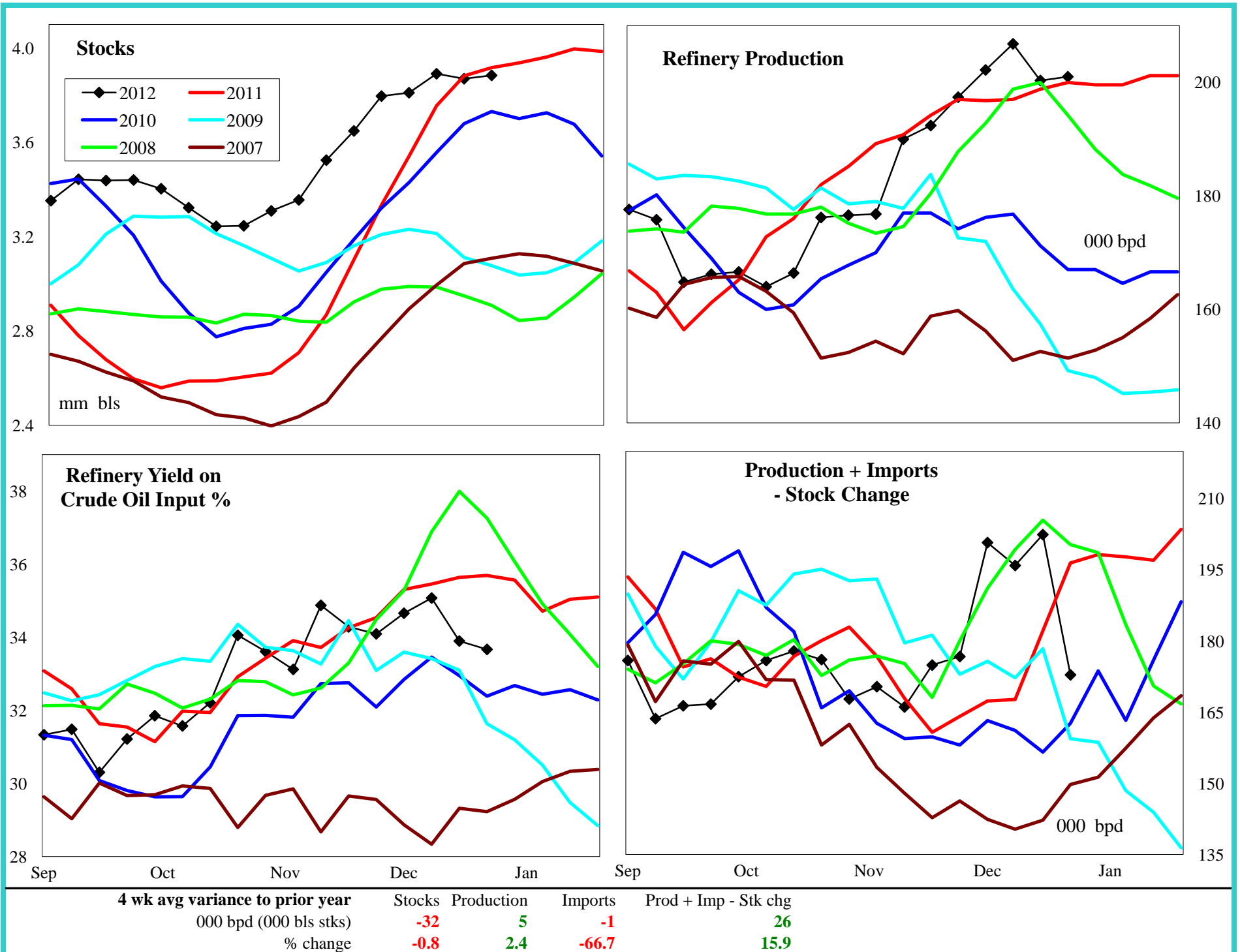
PADD 4 Crude Oil Supply and Refining



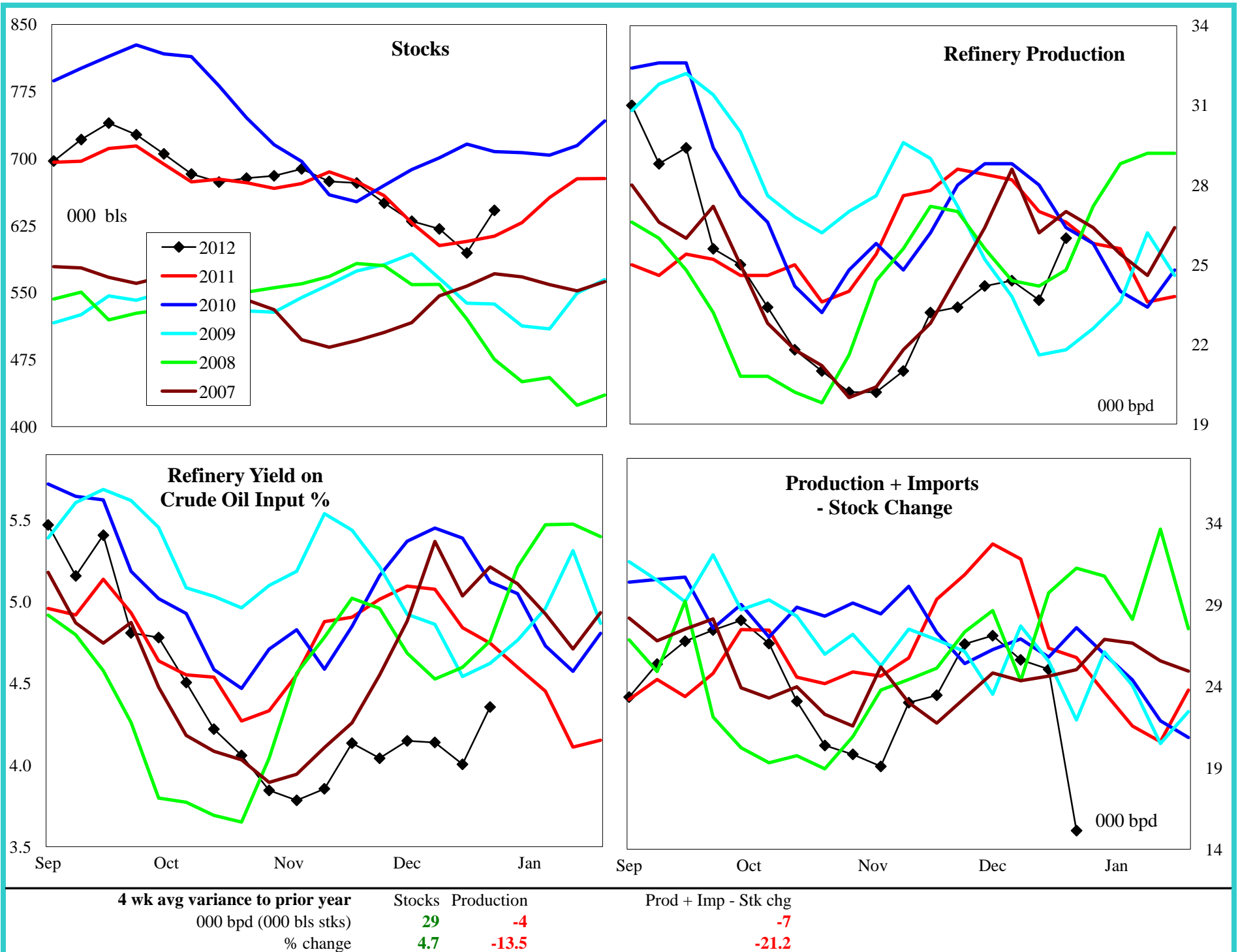
PADD 4 Gasoline Supply



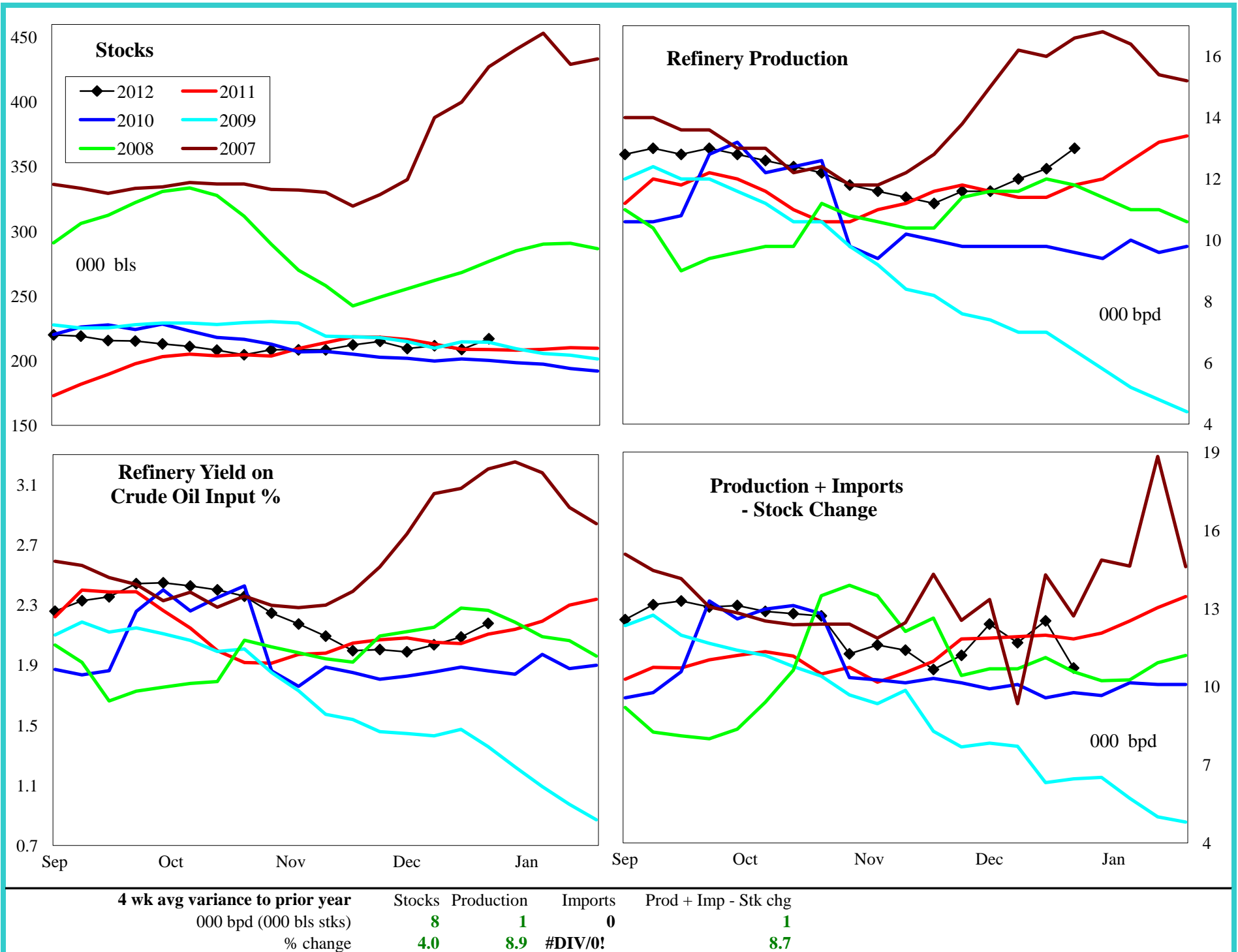
PADD 4 Distillate Supply



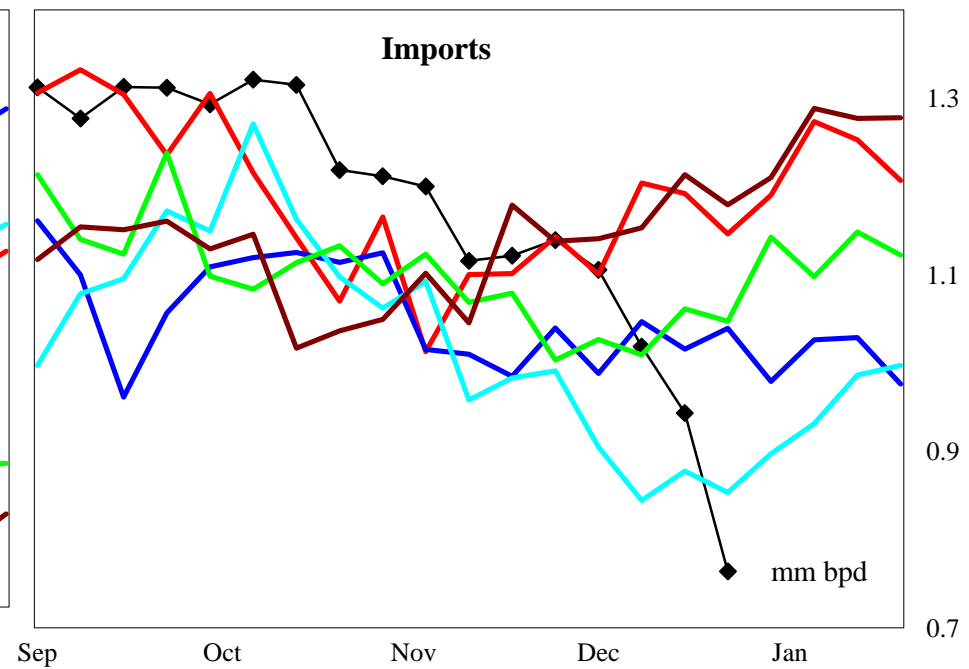
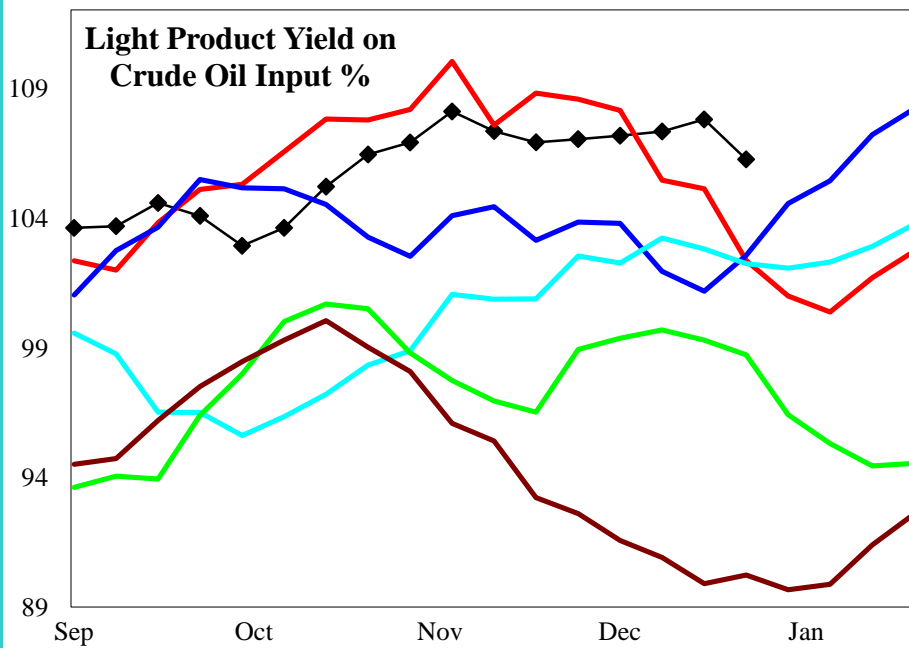
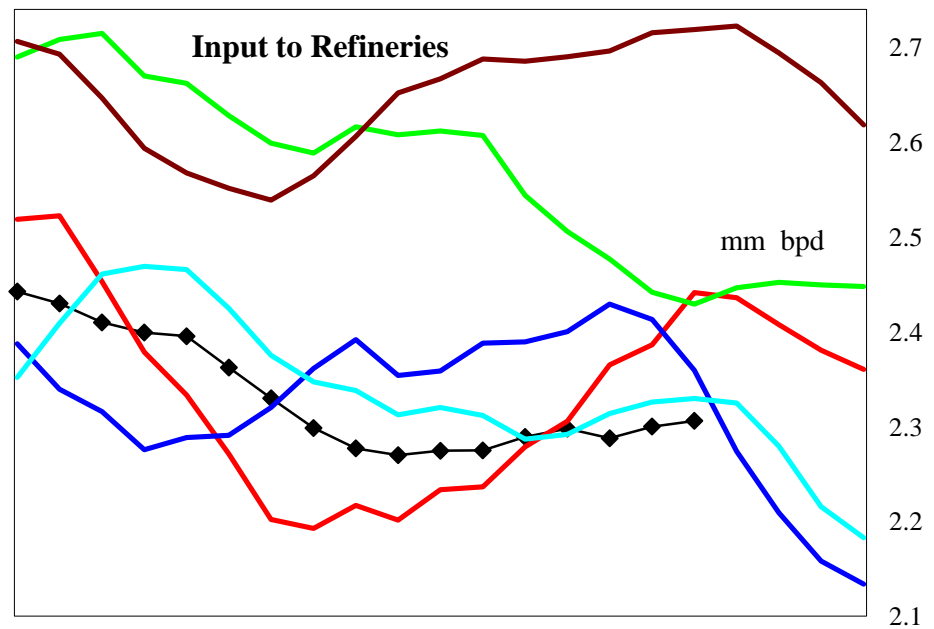
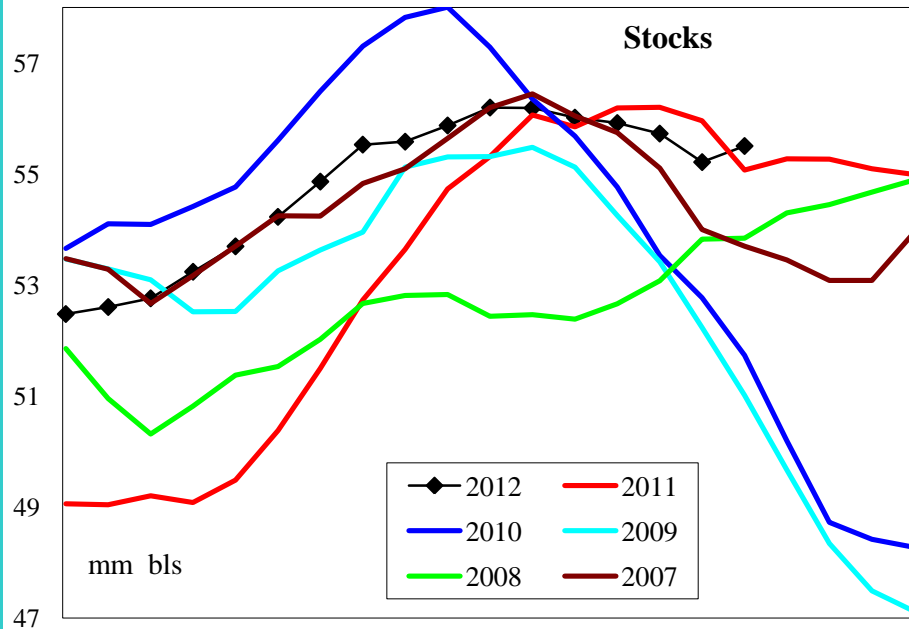
PADD 4 Jet Fuel Supply



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

434

0.8

Input

-69

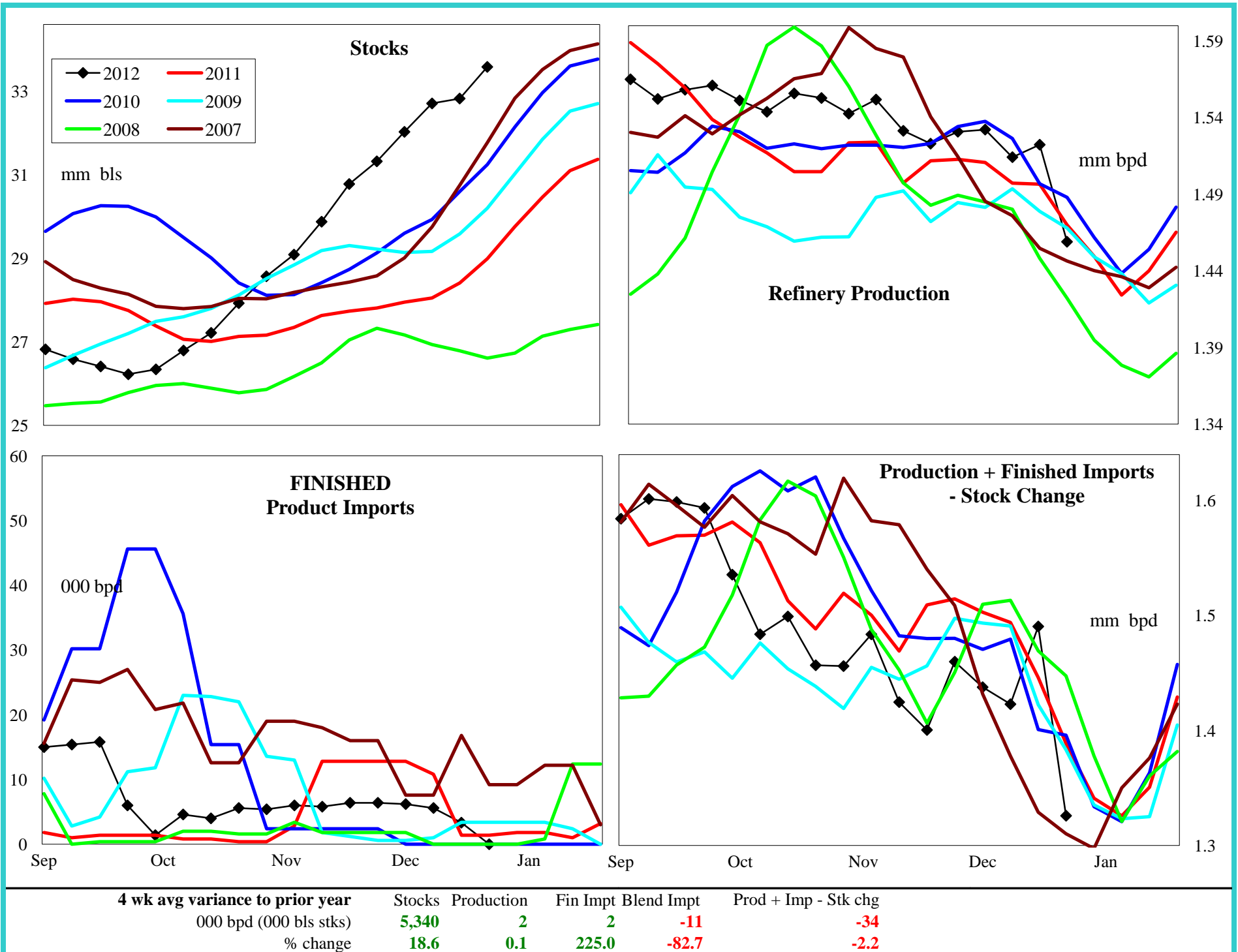
-2.9

Imports

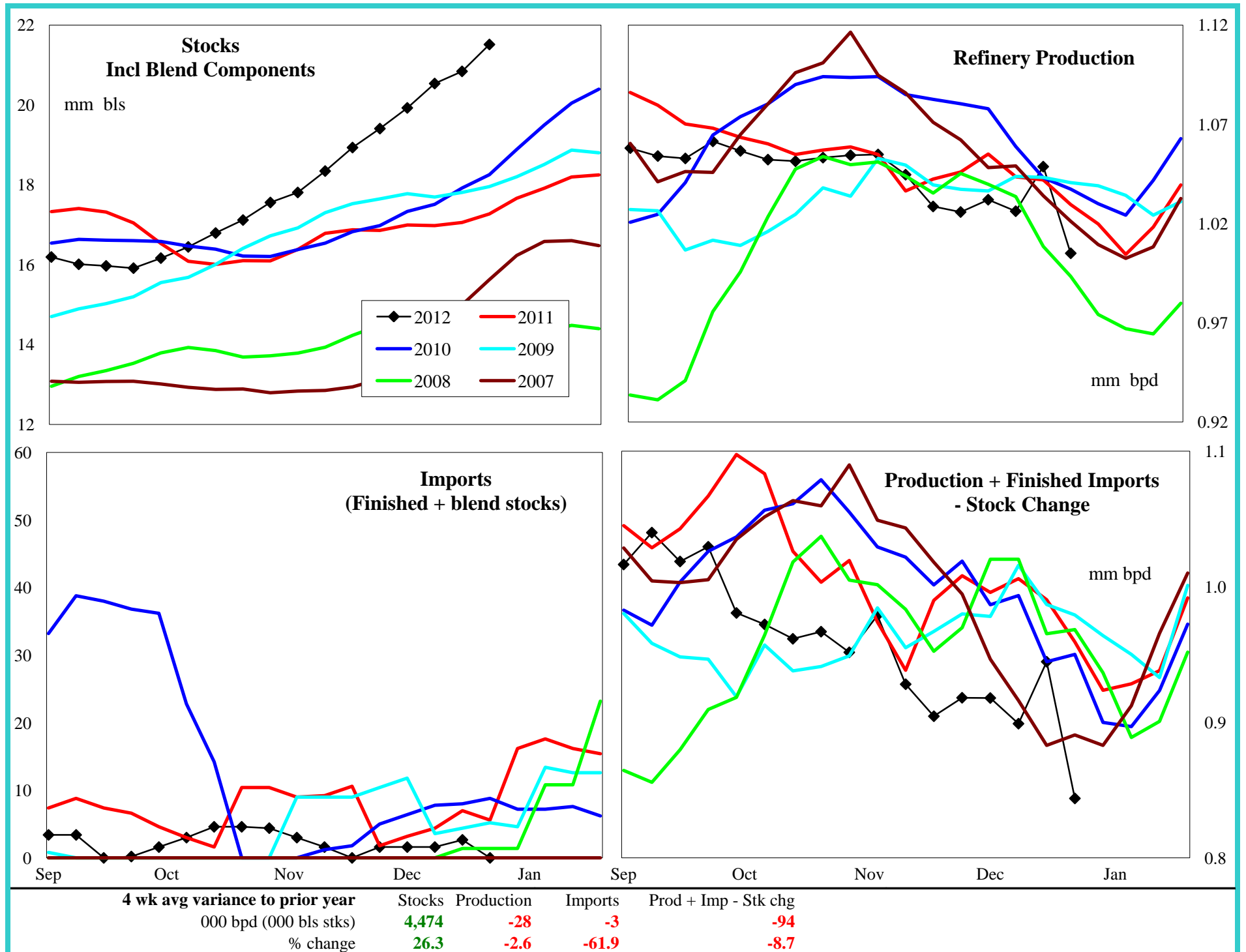
-102

-8.9

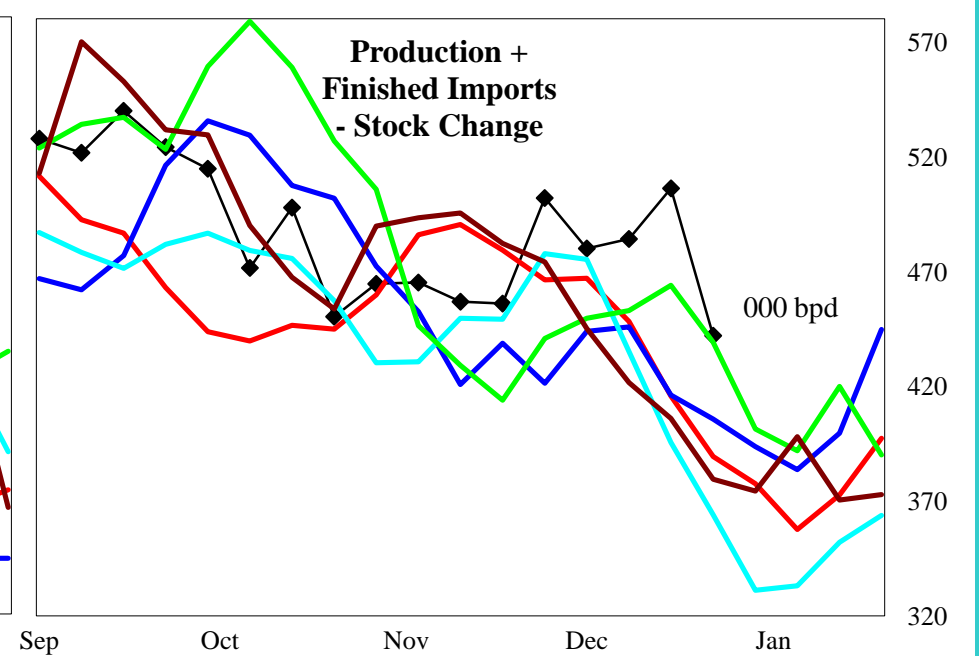
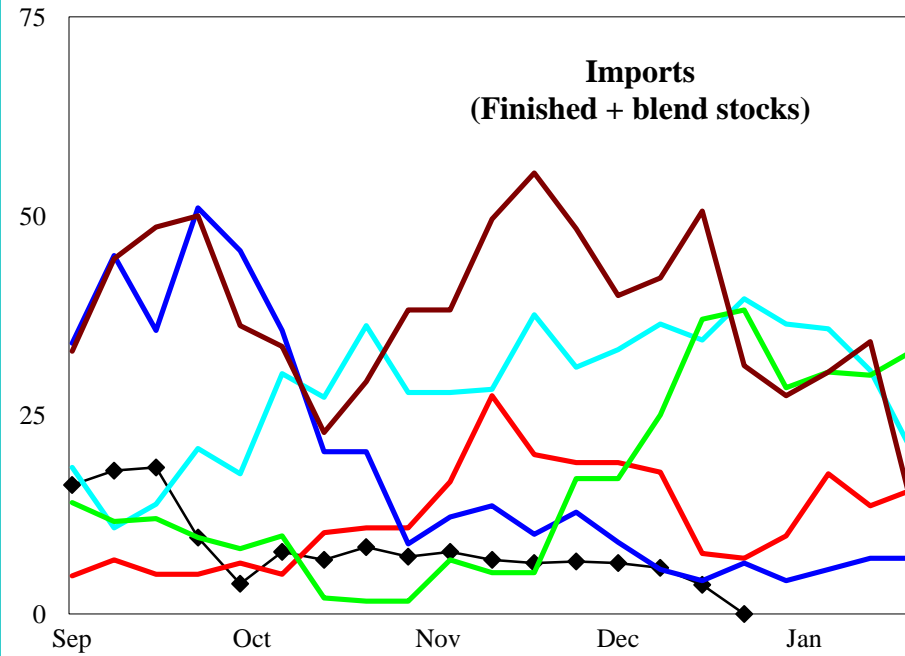
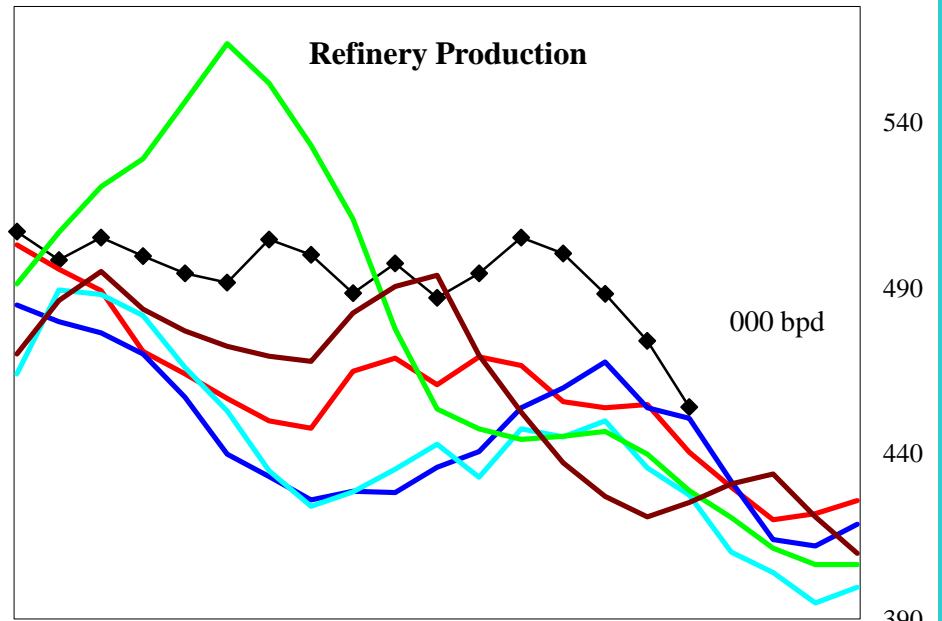
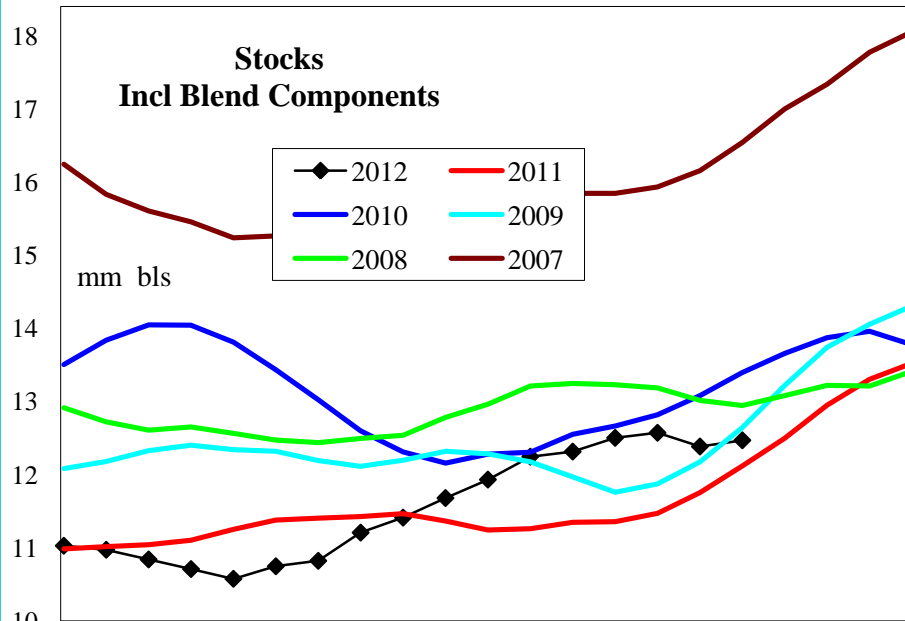
PADD 5 Gasoline Supply



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

866

30

-5

60

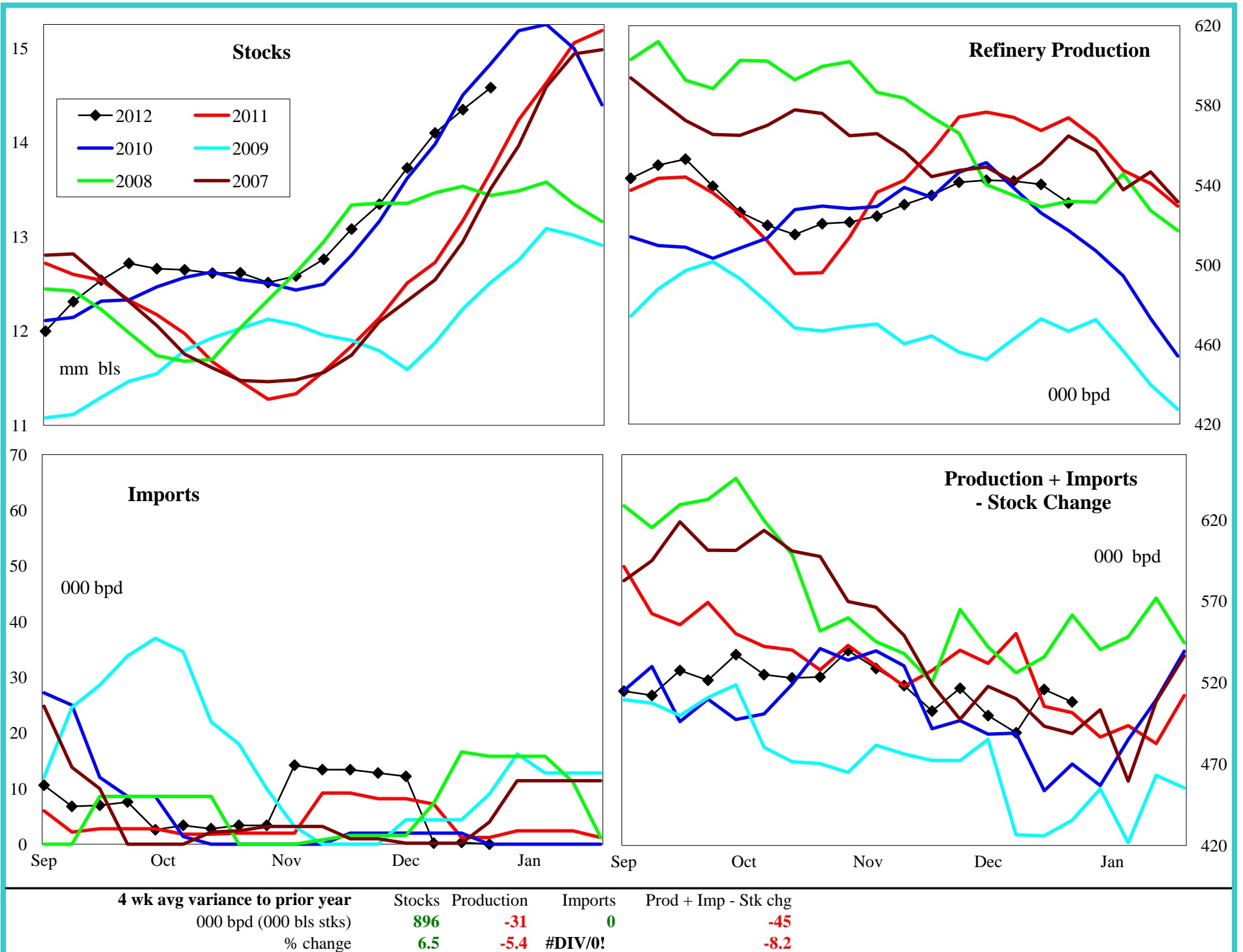
7.5

6.5

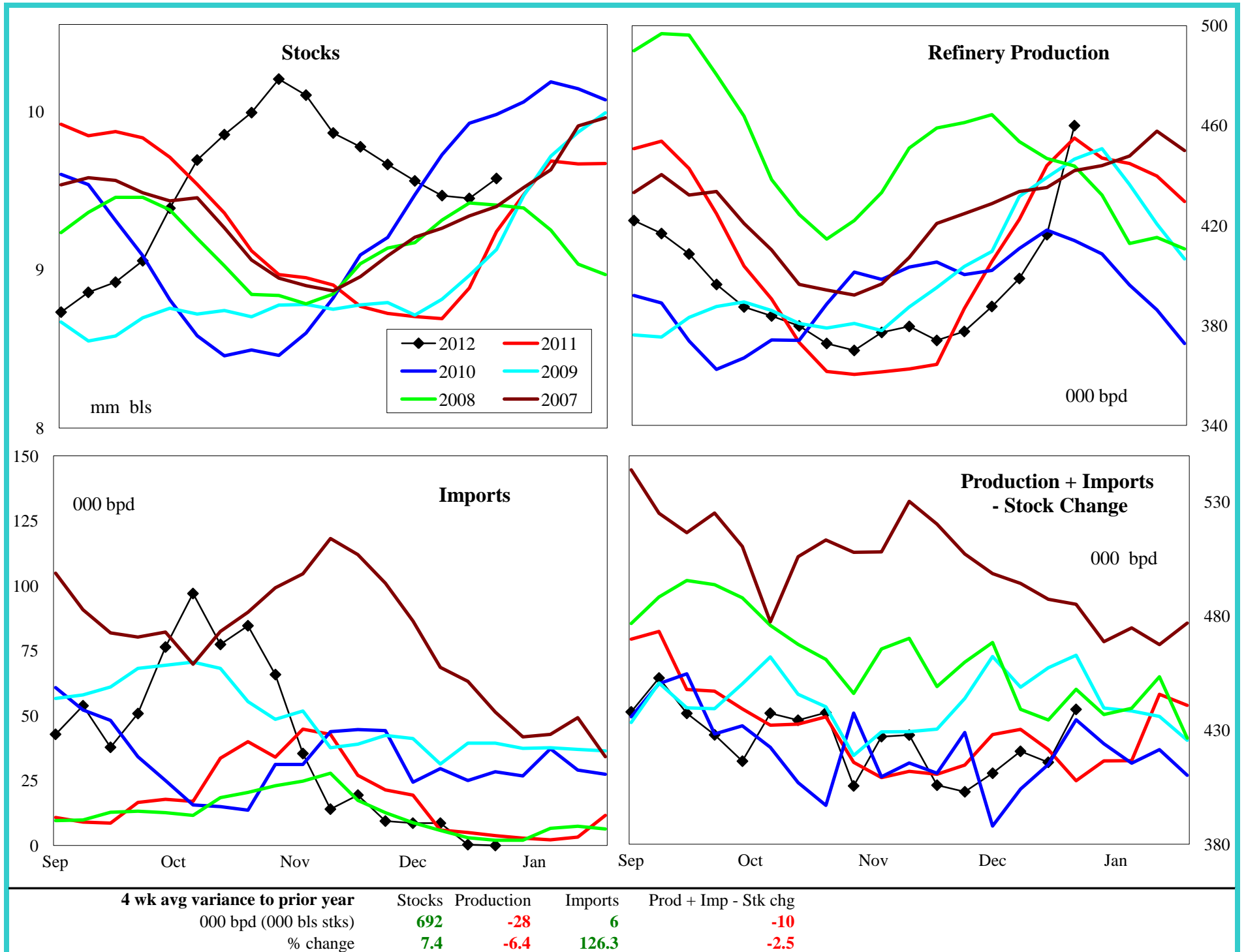
-60.0

13.5

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

