



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

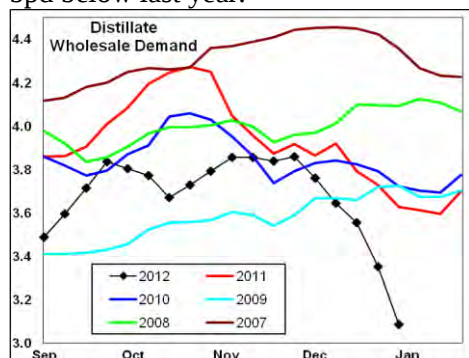
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 09, 2013

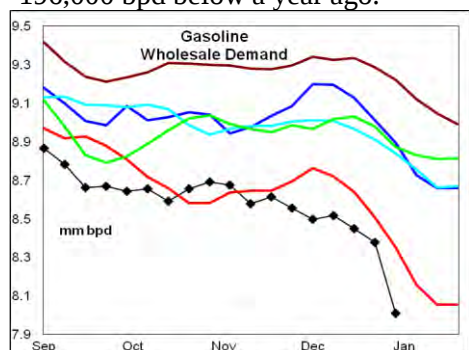


Major Fundamental Trends¹

Wholesale distillate demand has decreased for three consecutive weeks to a record low level. Although the decrease has been spectacular, the latest 4-wk average is only -186,000 bpd below last year.



Gasoline demand plunged -0.5 million bpd last week, also to a record low for the period with the latest 4-wk average -196,000 bpd below a year ago.

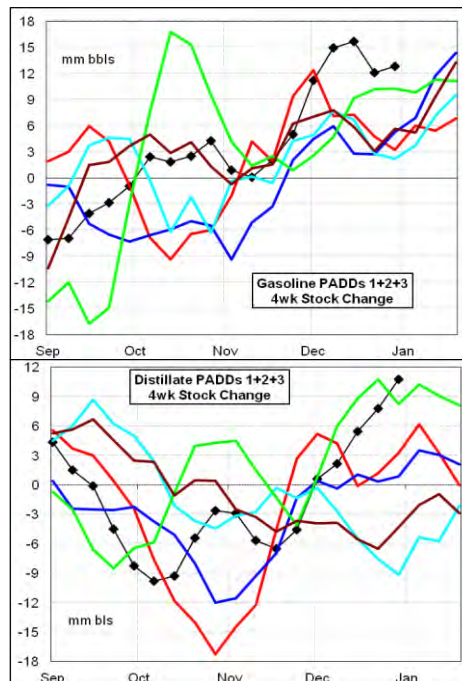


Combined gasoline and distillate stocks spiked +14.2 million barrels on demand weakness.

Refiners cut gasoline output by over 0.5 million bpd in response to weak demand, collapsed refining margins and physical containment in many distribution systems.

Weak demand led to a record rate of stock building for both gasoline and distillate in markets East of the Rockies last week. Gasoline stock builds have been at record levels for each of the last 4-wks. Distillate stock builds reached a new record this week after a year of persistent draws that pushed stock levels to 5-year lows.

¹ Source is latest EIA Weekly Statistics



The start of winter refinery maintenance in the Gulf and West Coast regional markets should limit stock builds during the next 60-days; although year-on-year decreases in demand for transport fuels will partially offset lower output.

Demand for distillate continued an exceptionally downtrend last week to a new record low level. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2.3%; distillate was -5% lower; jet fuel was up +1.1% while residual fuel oil decreased -40%. **Stocks forward coverage:** Gasoline demand coverage jumped on a +7.4 million barrel stock build and very low wholesale demand. Coverage levels spiked to a new all time high.

Distillate coverage surged on a +6.8 million barrel stock build and record low demand. Coverage levels matched last year for the first time in over a year.

Jet fuel coverage increased on a +0.4 million barrel stock build. Coverage levels ended the week at a level below the last 3-years.

Refinery utilization rates decreased on a -84,000 bpd drop in crude oil throughput. During the latest 4-wk period crude oil input was +0.7 million bpd

above a year ago.

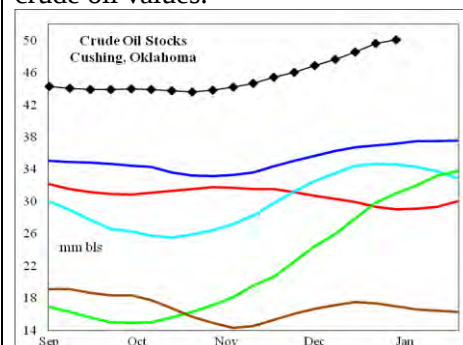
Gasoline yield % on crude oil runs fell on a -0.5 million bpd decrease in output compared to the -84,000 bpd decrease in crude oil runs. Yield % on crude oil runs fell to a record low.

Distillate yield % on crude oil runs increased on a +56,000 bpd rise in production, compared to the decrease in crude oil runs. The yield % on crude oil runs was a record high for the period.

Jet fuel yield % on crude oil runs decreased on a -22,000 bpd decline in output, compared to the small drop in crude oil runs. The yield % was near the historic highs.

Petroleum Imports surged +1.2 million bpd for crude oil, with middle distillates also higher on the week. During the latest 4-wk period crude oil imports were -0.9 million bpd below last year; distillate imports increased +19,000 bpd; finished gasoline imports decreased -16,000 bpd, gasoline blend stock imports decreased -46,000 bpd; jet fuel imports were nearly unchanged, while residual fuel oil imports fell -46,000 bpd.

Crude Oil imports surged +1.2 million bpd as cargos were received onshore following year end. Stocks increased +1.3 million barrels last week, concentrated in PADDs 1 & 2. Stock levels in Cushing ended the week +72% above a year ago, as marketers await startup of the expanded Keystone Cushing to Gulf pipeline. The record high stocks in Cushing continue to depress domestic inland and Canadian crude oil values.





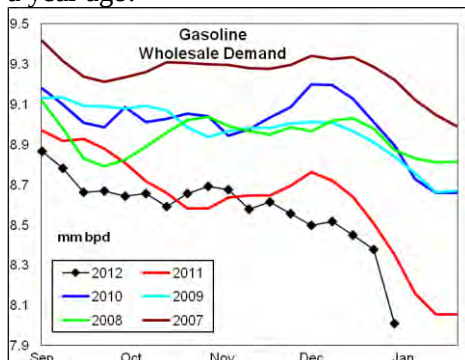
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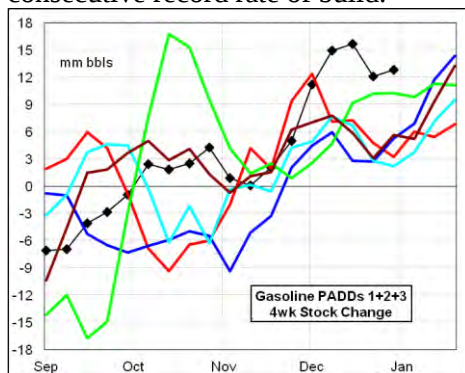
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Product Supply-Demand Trends

Gasoline demand plunged -0.5 million bpd on the week, to a new record low for the period. The latest 4-wk average demand was -196,000 bpd below a year ago. Supply fell -0.6 million barrels last week as refiners cut output due to low demand and extremely high stock levels. Supply for the latest 4-wk period was -0.2 million bpd below a year ago.

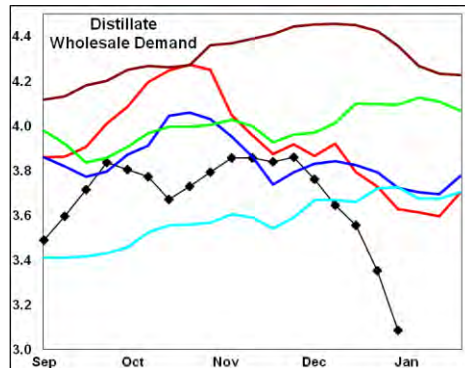


Stocks spiked +7.4 million barrels last week, to a record high level for this time of year. The latest 4-wk build of +12.8 million barrels was the 4th consecutive record rate of build.



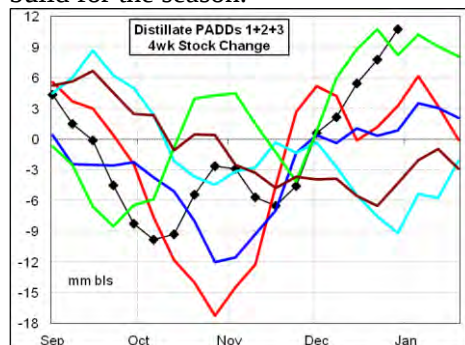
Refiners are sharply reducing output due to lack of demand, very high stock levels, and collapse in refining margins across many regional markets. Look for further cuts in production on poor refining margins and start of winter maintenance in the Gulf and West Coast regional markets.

Distillate demand decreased -170,000 bpd last week, extending a sharp downtrend over the last 3-wks. The latest 4-wk average demand was -186,000 bpd below a year ago.



Supply increased +145,000 bpd last week, with the latest 4-wk average +42,000 bpd above last year. Stocks spiked +6.8 million barrels last week, driven by the record low demand. There were large stock builds in all regions.

The latest 4-wk stock change in markets East of the Rockies was a +10.8 million barrel build, a record build for the season.



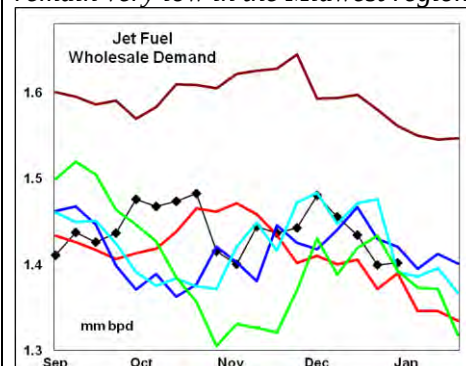
Stocks have witnessed a record build rate on exceptionally low demand and season high production. While stock levels remain -11% below last year, the builds have mitigated the risk of any supply squeeze during the balance of the heating season.

Jet Fuel demand increased +59,000 bpd last week, with the latest 4-wk average demand +16,000 bpd above a year ago.

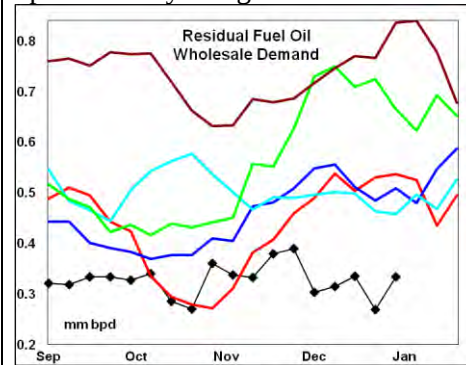
Supplies increased +41,000 bpd on the week, due to higher imports. Production levels exceed 5-year highs, with the 4-wk average +59,000 bpd above a year ago. Stocks increased +0.4 million barrels on the week, with the level below the last 3-years.

Wholesale demand should trend seasonally lower after peak 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 +90,000 bpd last week. Demand for the latest 4-wk period was -207,000 bpd below a year ago.



Supply (production + imports) increased +26,000 bpd last week, on higher production. The latest 4-wk average supply was -137,000 bpd below last year on lower imports and production. Stocks decreased -0.9 million barrels on the week, with the level near historic lows.

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



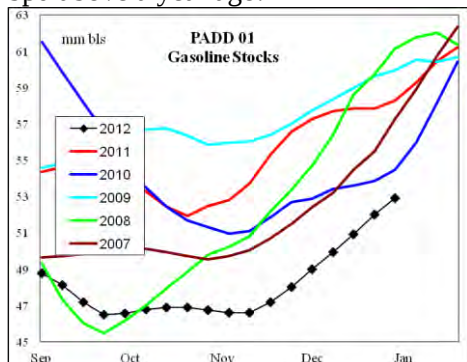
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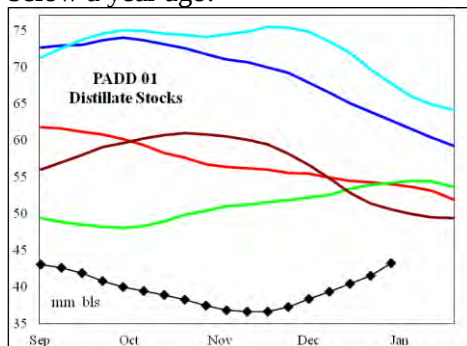
PADD Supply Trends

PADD 1 refinery crude oil runs increased +128,000 bpd last week. The latest 4-wk average was +80,000 bpd above a year ago.

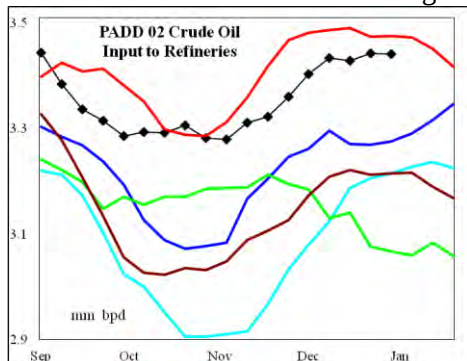


Gasoline supply fell -223,000 bpd on the week, due to lower production and imports. Stocks increased +1 million barrels on the week, ending at a level -9% below last ago.

Distillate supply increased +84,000 bpd on the week due to higher imports. Stocks increased +1.8 million barrels on the week, with the level -21% below a year ago.



Jet fuel supply increased +56,000 bpd while stocks were unchanged at a level which matched the historic mid range.



PADD 2 crude oil refinery runs increased +8,000 bpd last week, to a

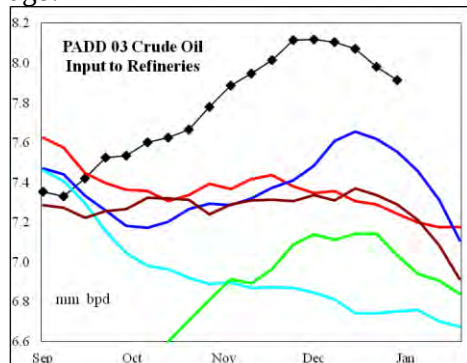
level just below last years' record high. Runs for the latest 4-wk period were -48,000 bpd below last year. Crude oil stocks increased +1.8 million barrels on the week. Stocks ended the week +72% above a year ago at Cushing, Oklahoma.

Gasoline production fell -105,000 bpd on the week, to a level below the 5-year range. Stocks surged +3.1 million barrels on the week, to a record high for this time of year.

Distillate supply increased +23,000 bpd on the week, to a level above the 5-year range. Stocks jumped +1.9 million barrels last week, with the level -4% below a year ago.

Jet fuel production increased +7,000 bpd last week, to a level comparable with the last 3-years. Stocks increased +0.1 million barrels on the week, although the level remains -19% below a year ago.

PADD 3 refinery runs declined -120,000 bpd last week, with the latest 4-wk average +0.8 million bpd above a year ago. Crude oil stocks decreased -1.9 million barrels on exceptionally low imports, down -19% from a year ago.



Gasoline supply decreased -135,000 bpd last week, on lower production. Stocks increased +1.2 million barrels, to a new record high level for the season.

Distillate supply was unchanged on the week, with the latest 4-wk average +110,000 bpd above a year ago. Stocks increased +1.6 million barrels on the week, a level below four of the last 5-years.

Jet fuel supply increased +2,000

bpd to a level +105,000 bpd above a year ago for the most recent 4-wks. Stocks increased +0.2 million barrels last week, to a level below the last 3-years.

Residual fuel oil supplies increased +51,000 bpd on the week. Stocks decreased -0.1 million barrels to a level above the historic mid range.

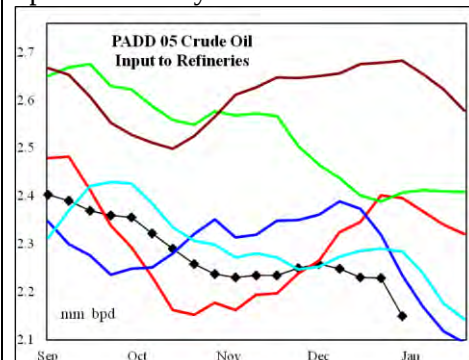
PADD 4 refinery crude runs climbed +14,000 bpd last week, to a new record high for the year. The most recent 4-wk average run rate was +39,000 bpd above last year.

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

Distillate production and stock levels also increased last week to new record highs for the season.

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

PADD 5 crude oil refinery runs fell -116,000 bpd on the week, a level below the 5-year range. Runs for the most recent 4-wk period were -175,000 bpd below last year.



Gasoline supply declined -70,000 bpd on the week, to a level below the historic range. The latest 4-wk average supply was +12,000 bpd above last year. Stocks surged +2.2 million barrels, to a new 5-year high for the season and +20% above last year.

Distillate stocks jumped +1.2 million barrels to a new record high last week on higher production and weak demand.

Jet fuel stock levels were above four of the last 5-years on lower seasonal demand.

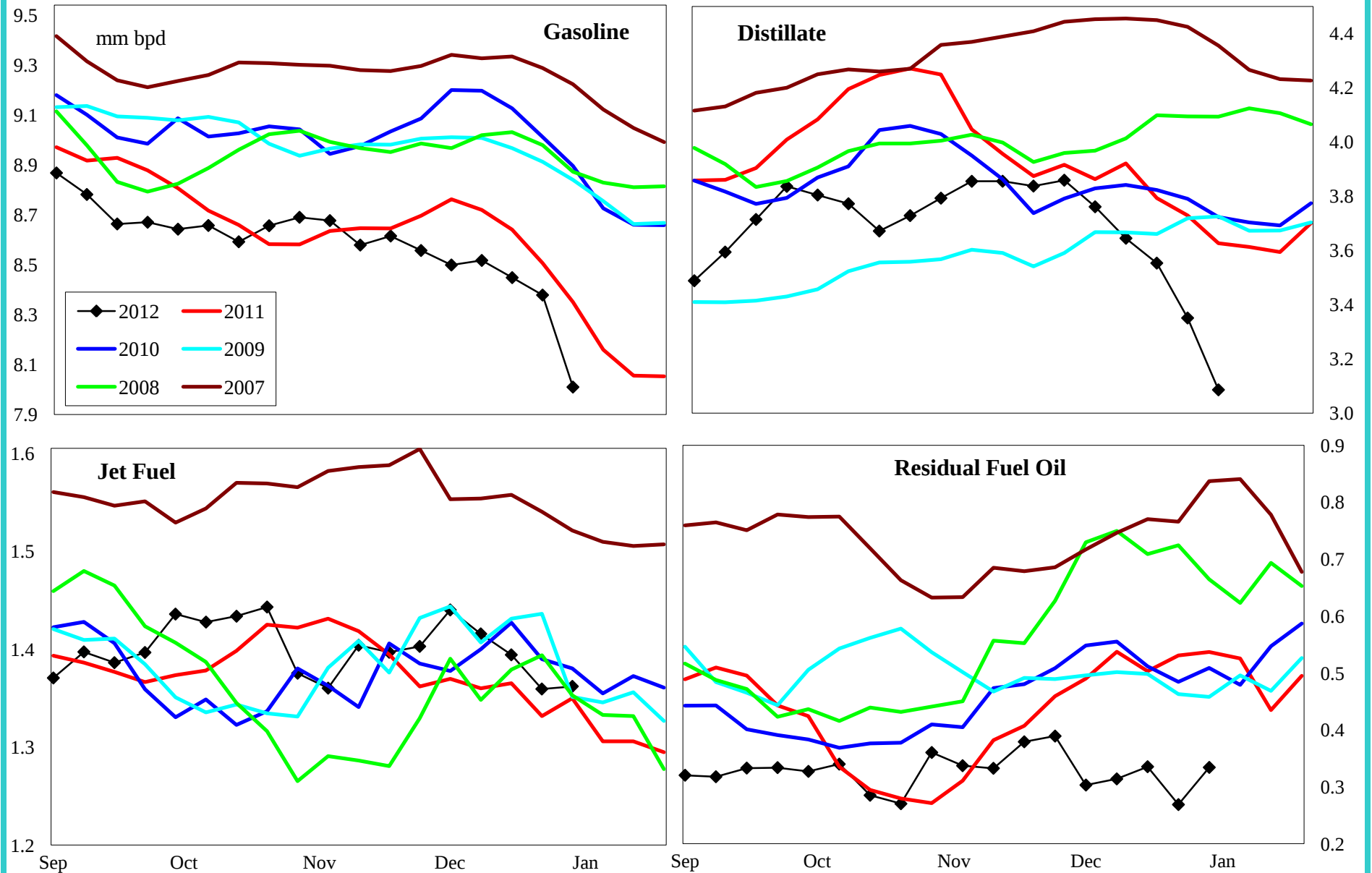


PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report January 9, 2013
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	4-Jan-13	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	1,314	1,862	1,772	-1,876	156	-601
	Imports	1,248	563	76	108	49	453
	Input	-84	128	8	-120	14	-116
	% Utilization	-1.30					
Gasoline	Stocks	7,412	962	3,133	1,153	4	2,159
	Production	-532	-168	-105	-126	0	-95
	Imports	-40	-55	0	-9	-1	25
	Supplied	-508					
Distillate	Stocks	6,777	1,844	1,889	1,634	170	1,239
	Production	56	0	22	-1	9	26
	Imports	89	84	1	0	3	0
	Supplied	-170					
Jet Fuel	Stocks	443	-15	83	233	-14	157
	Production	-22	1	7	2	-2	-30
	Imports	63	55	0	0	0	7
	Supplied	59					
Residual Fuel Oil	Stocks	-857	-862	2	-111	8	107
	Production	64	10	0	48	-1	9
	Imports	-38	-37	-2	3	2	-3
	Supplied	90					

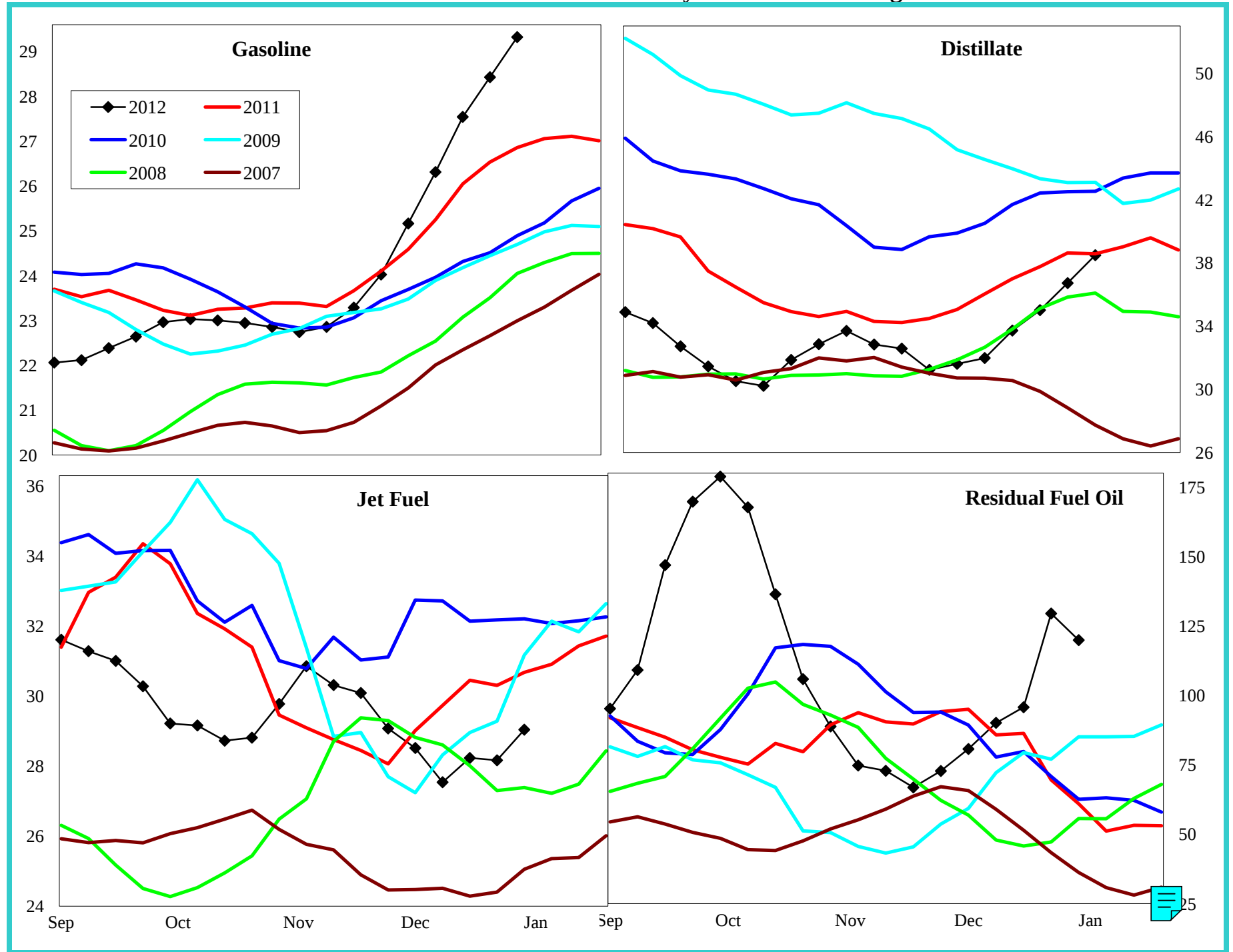
United States Wholesale Petroleum Demand



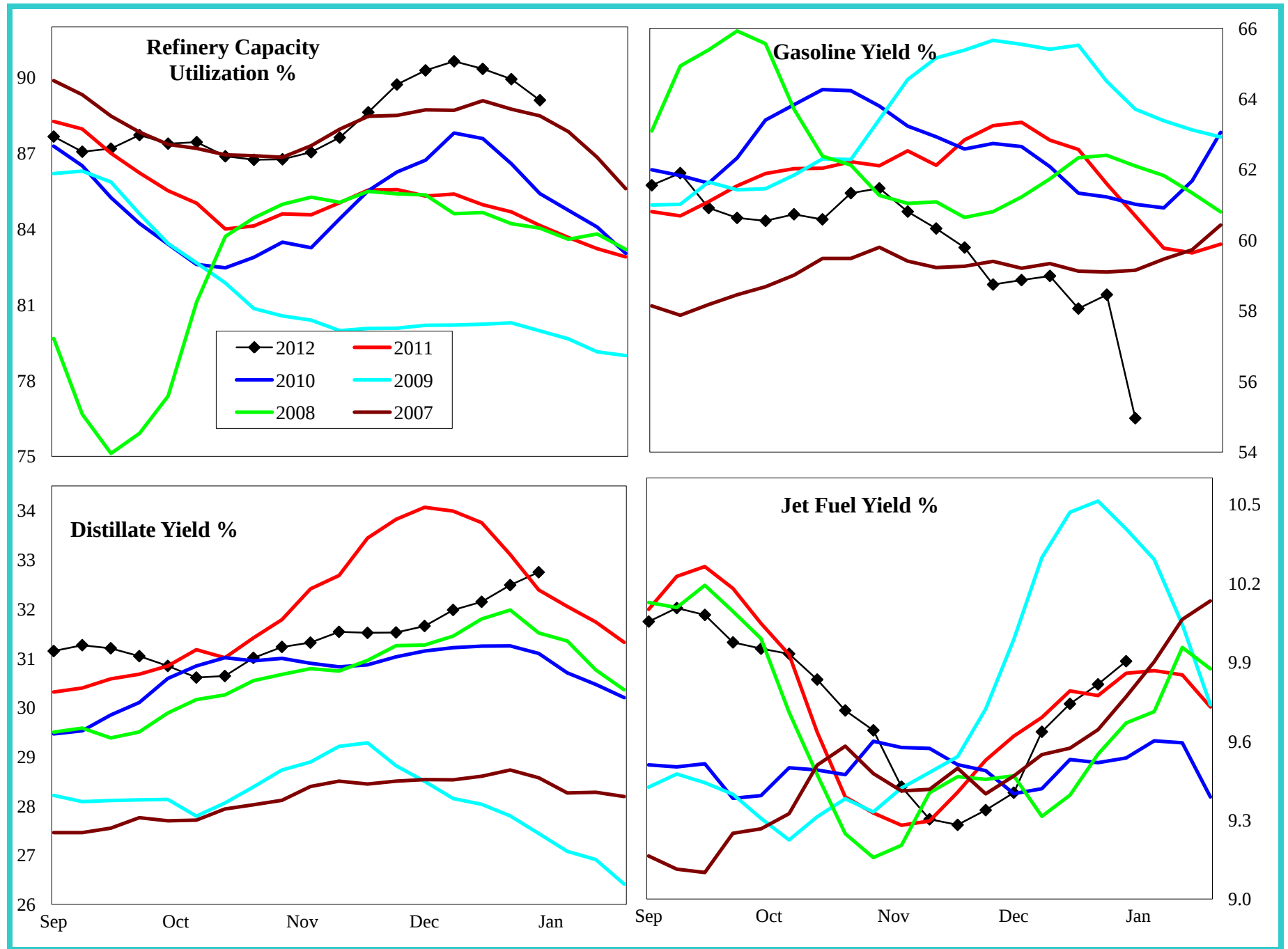
	000 bpd change from prior year				% change from prior year			
	4wk avg	Nov	Oct	Sep	4wk avg	Nov	Oct	Sep
Gasoline	-196	110	-56	-101	-2.3	1.3	-0.6	-1.2
Distillate	-186	-187	-369	-248	-5.0	-4.6	-9.2	-6.3
Jet Fuel	16	8	106	15	1.1	0.6	7.7	1.1
Resid	-207	-30	-160	-180	-40.0	-7.6	-39.8	-37.3



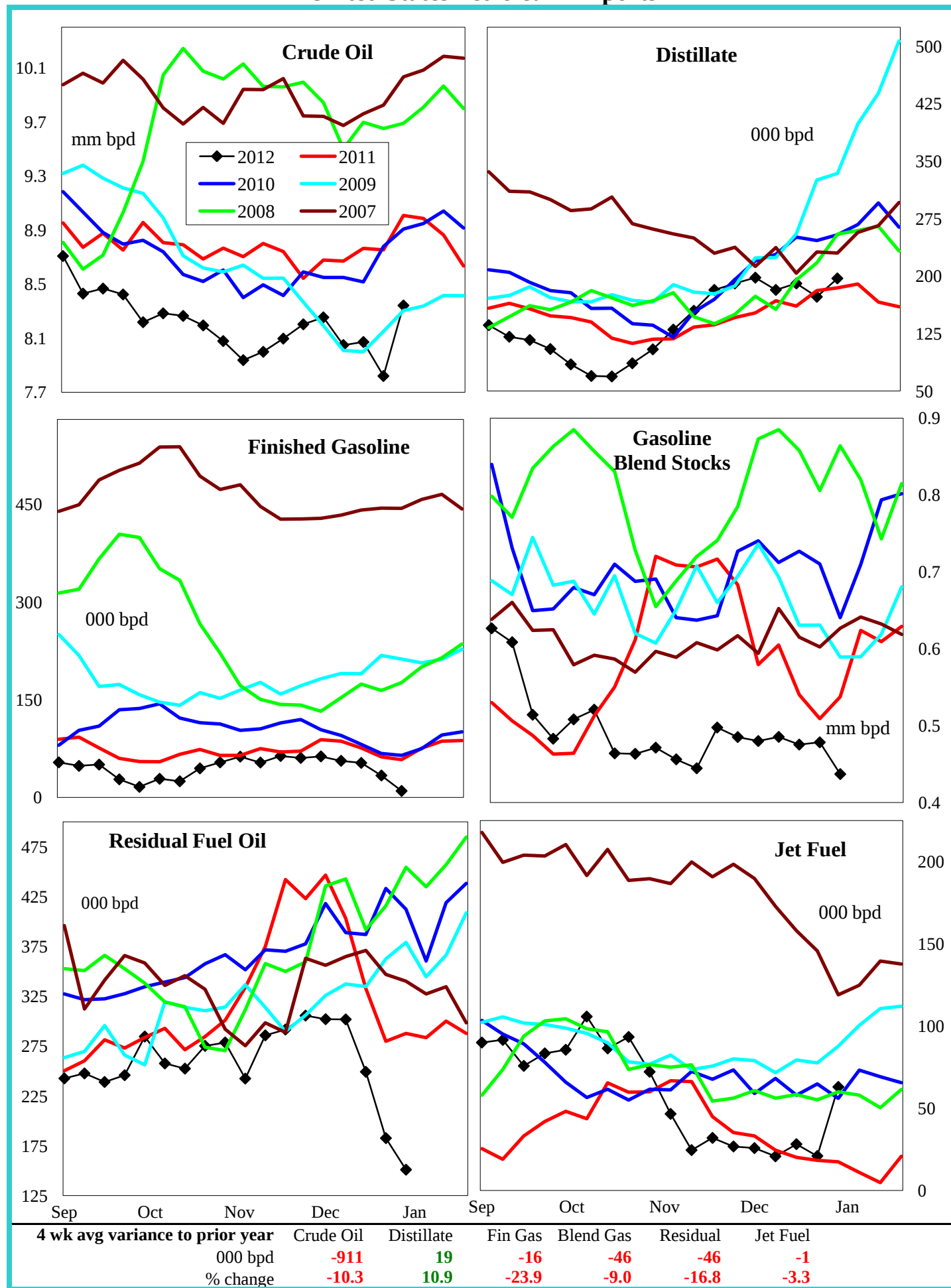
United States Product Stocks: Days Forward Coverage



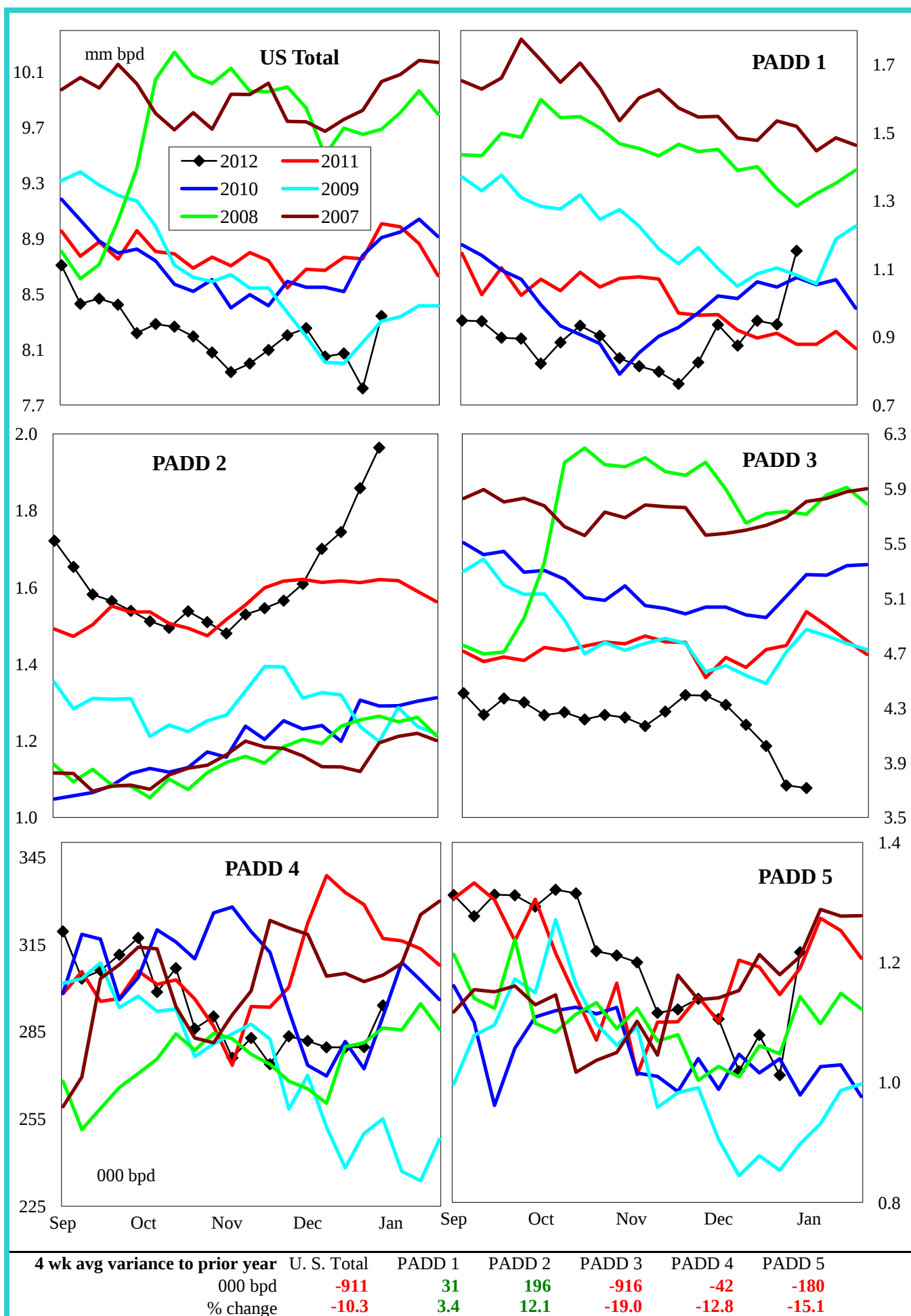
United States Refinery Percent Utilization Rate and Product Yields



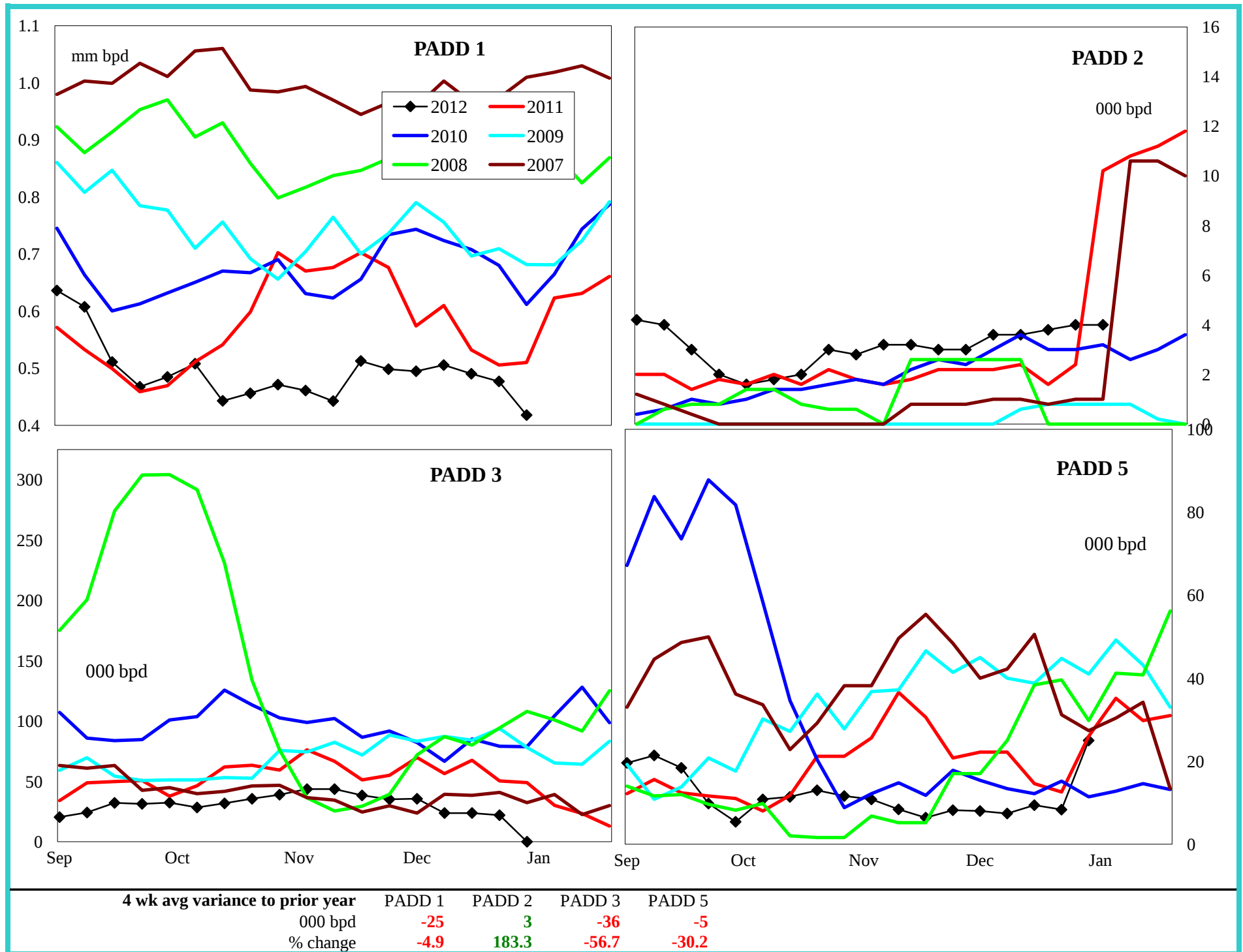
United States Petroleum Imports



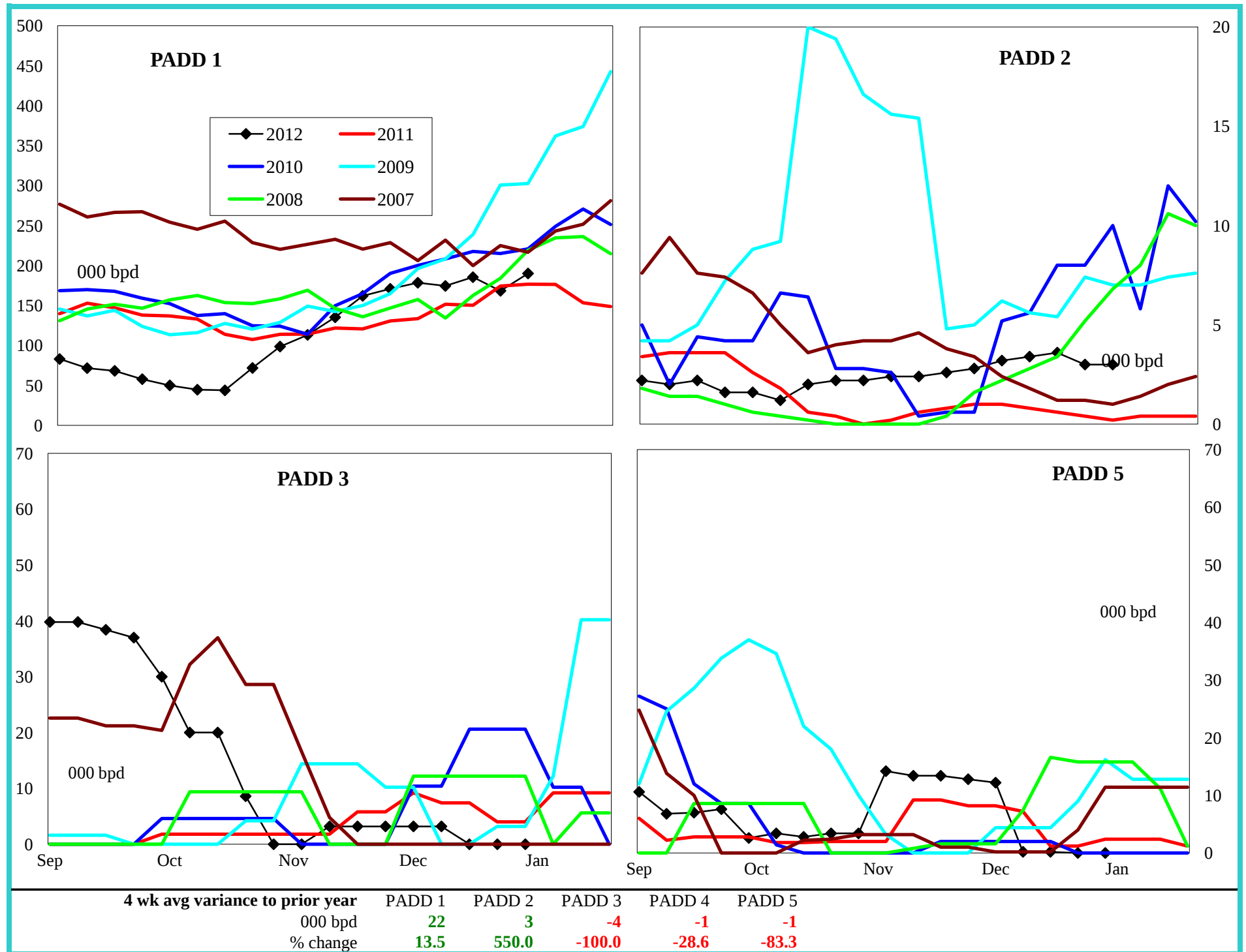
Crude Oil Imports by PADD



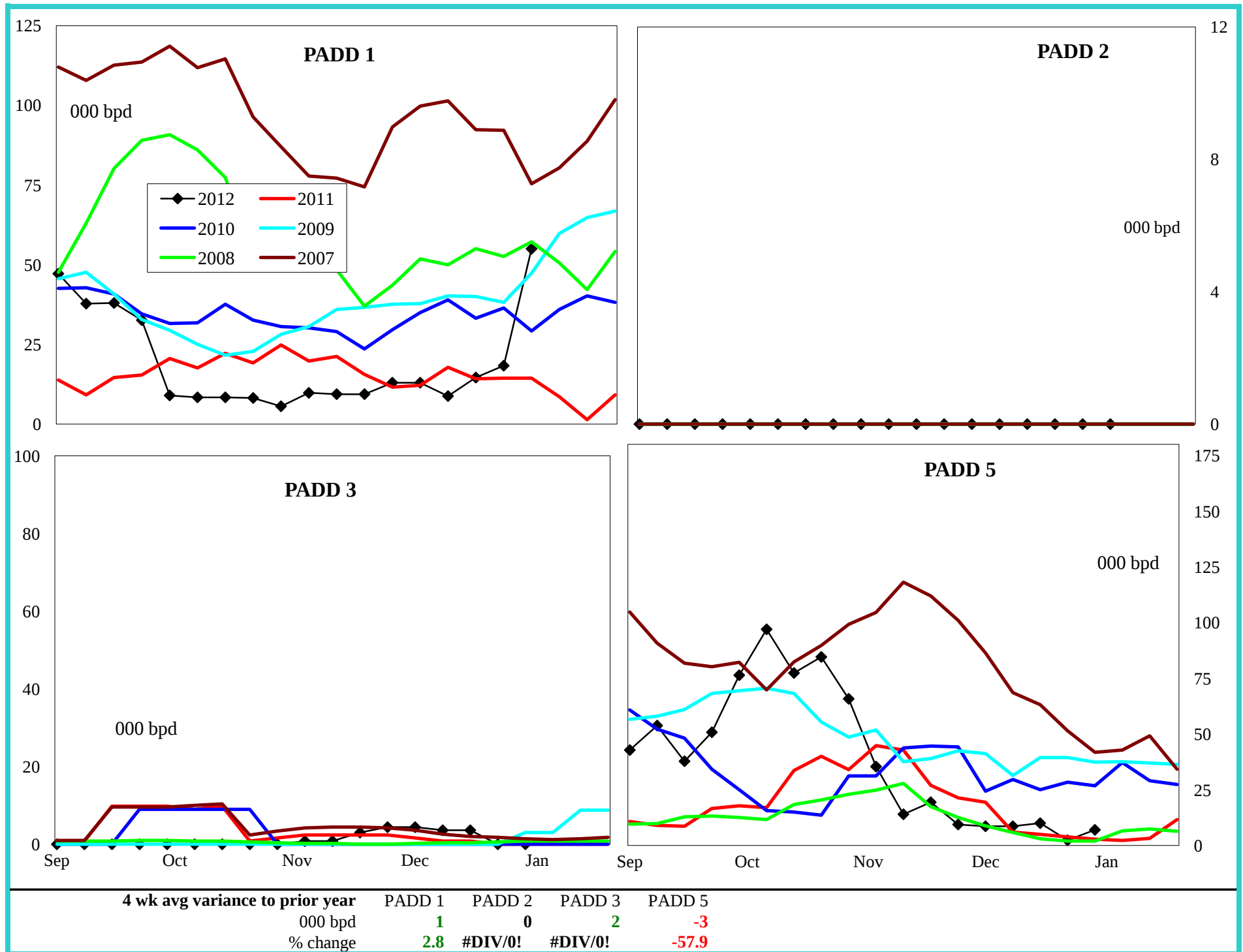
Gasoline Imports by PADD (Finished + Blend Stocks)



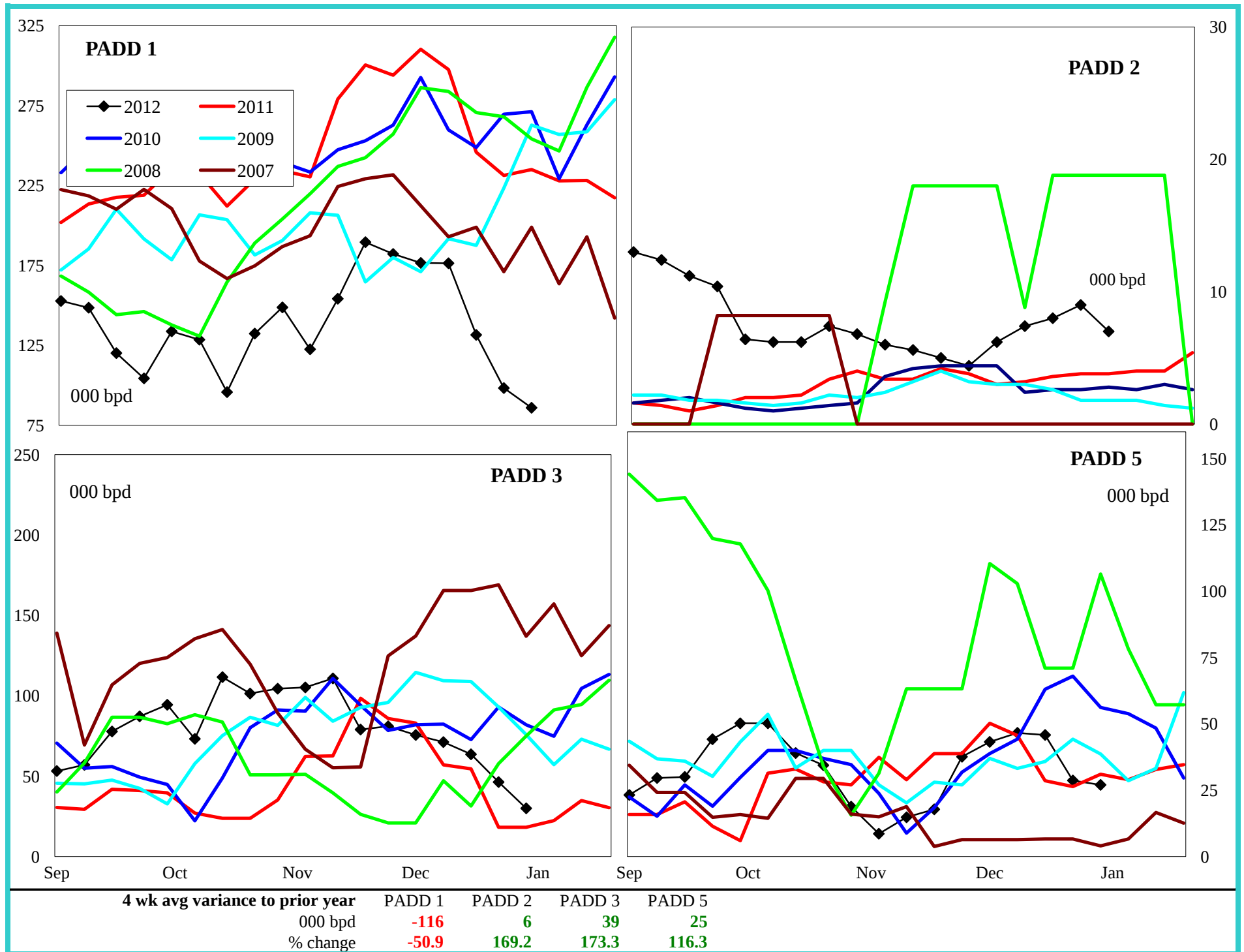
Distillate Imports by PADD



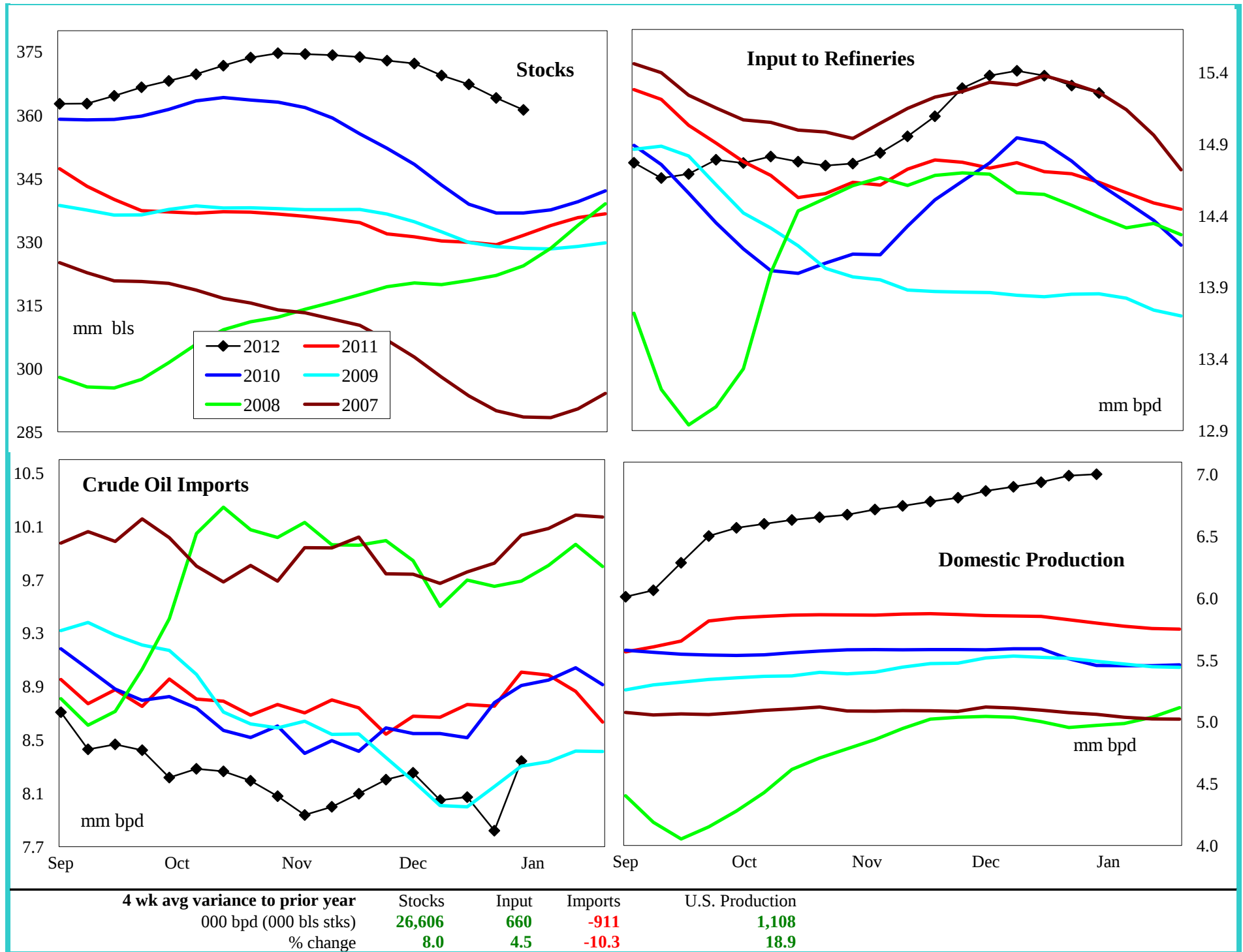
Jet Fuel Imports by PADD



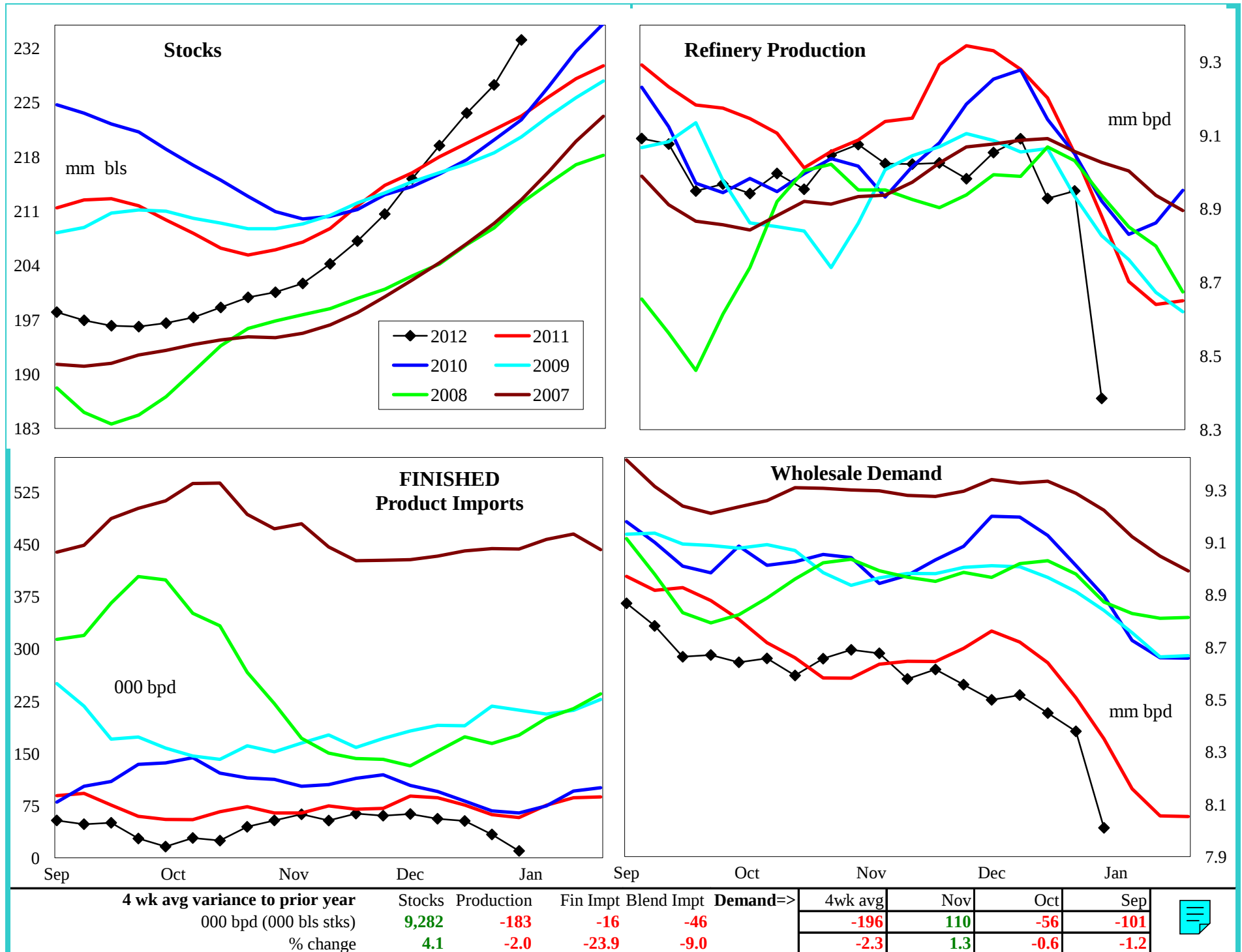
Residual Fuel Oil Imports by PADD



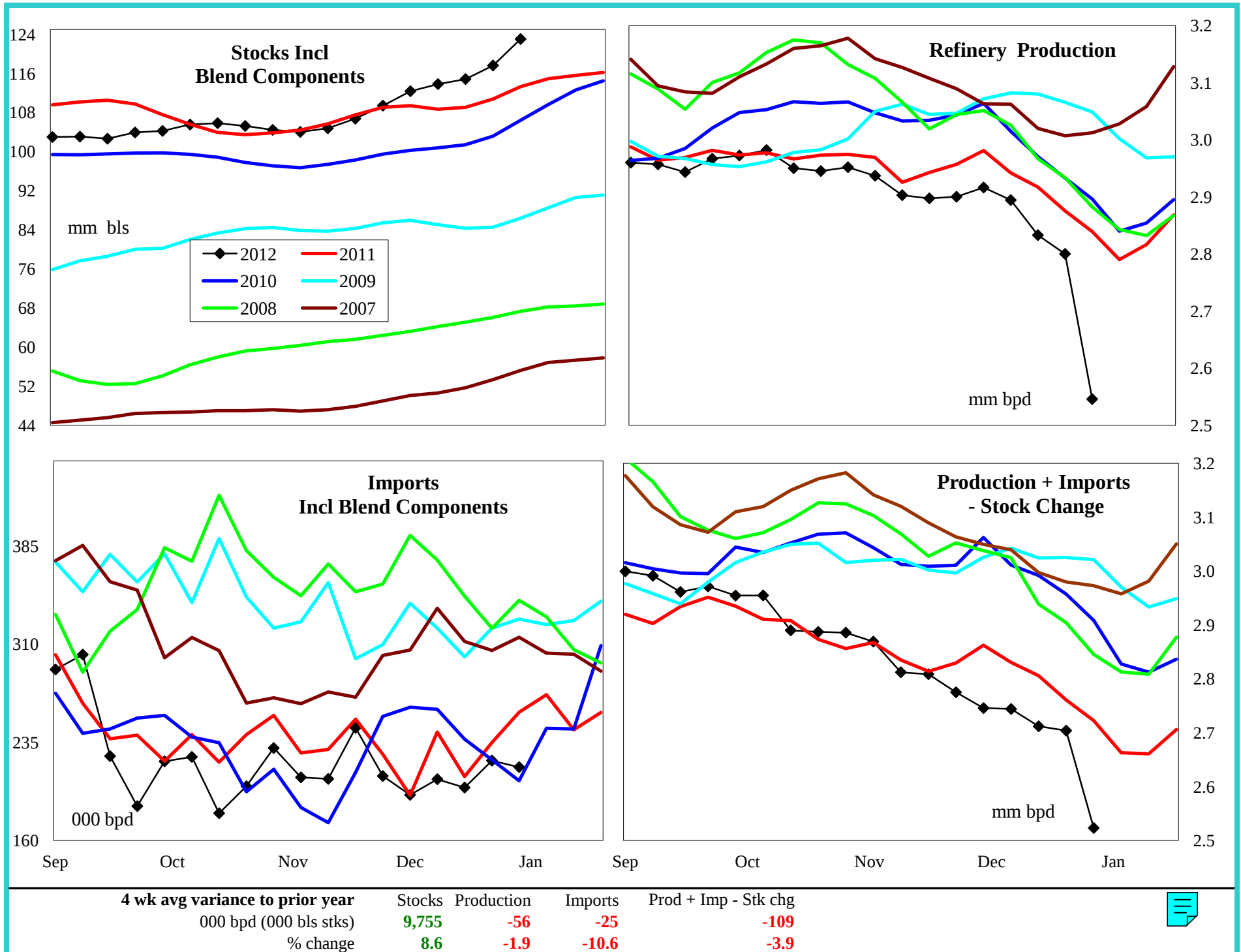
United States Crude Oil Supply and Demand Balance



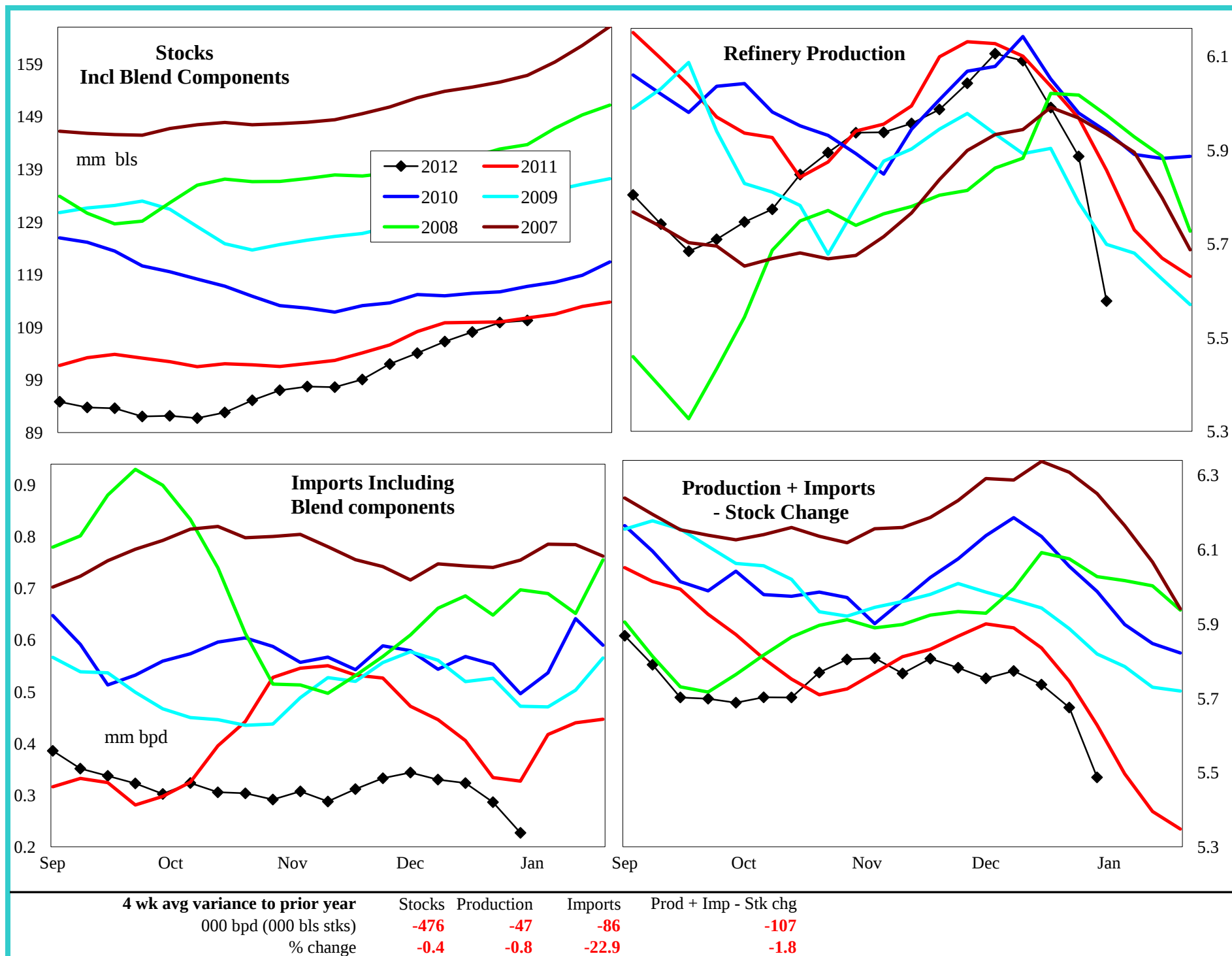
United States Gasoline Supply and Demand Balance



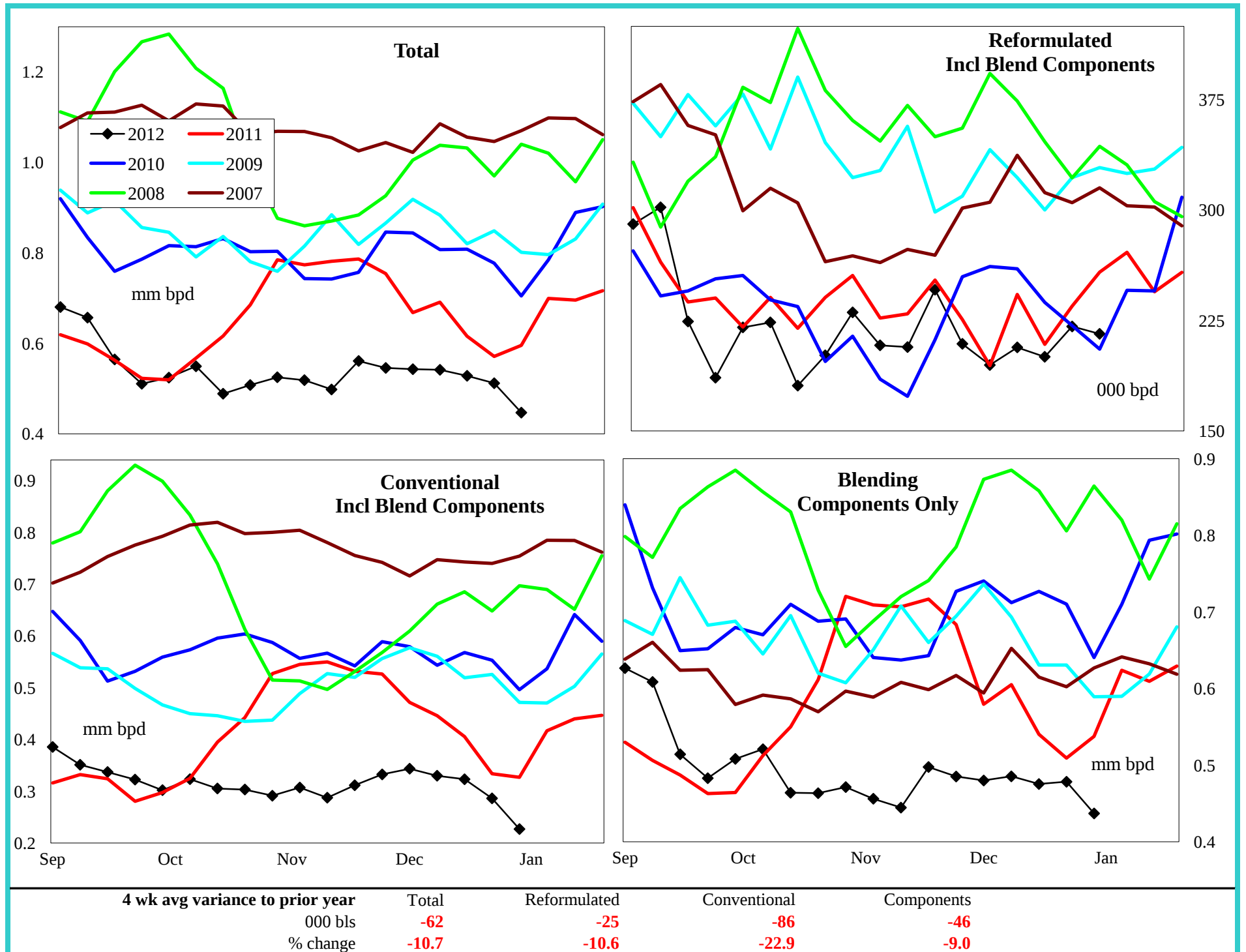
United States Reformulated Gasoline Supply



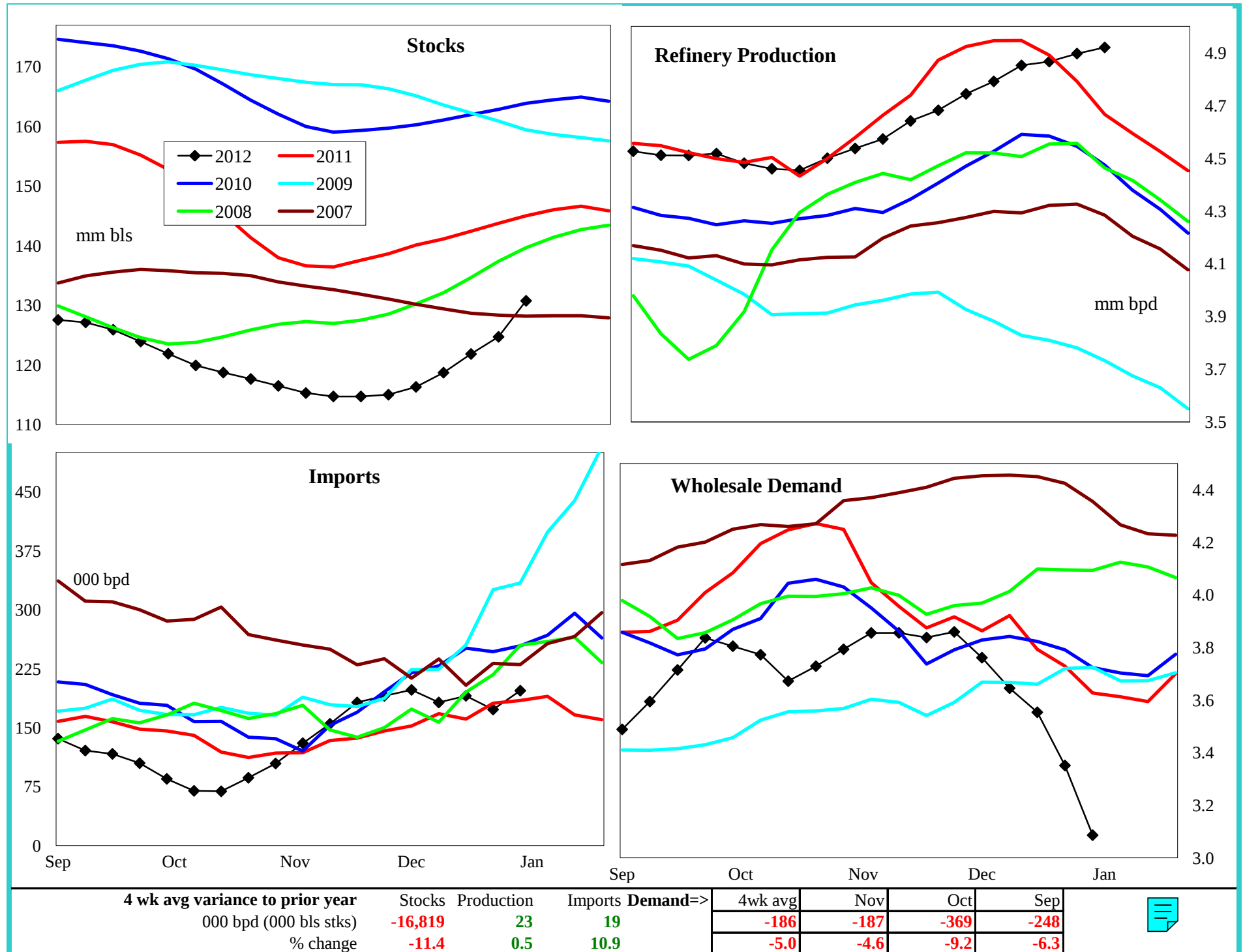
United States Conventional Gasoline Supply



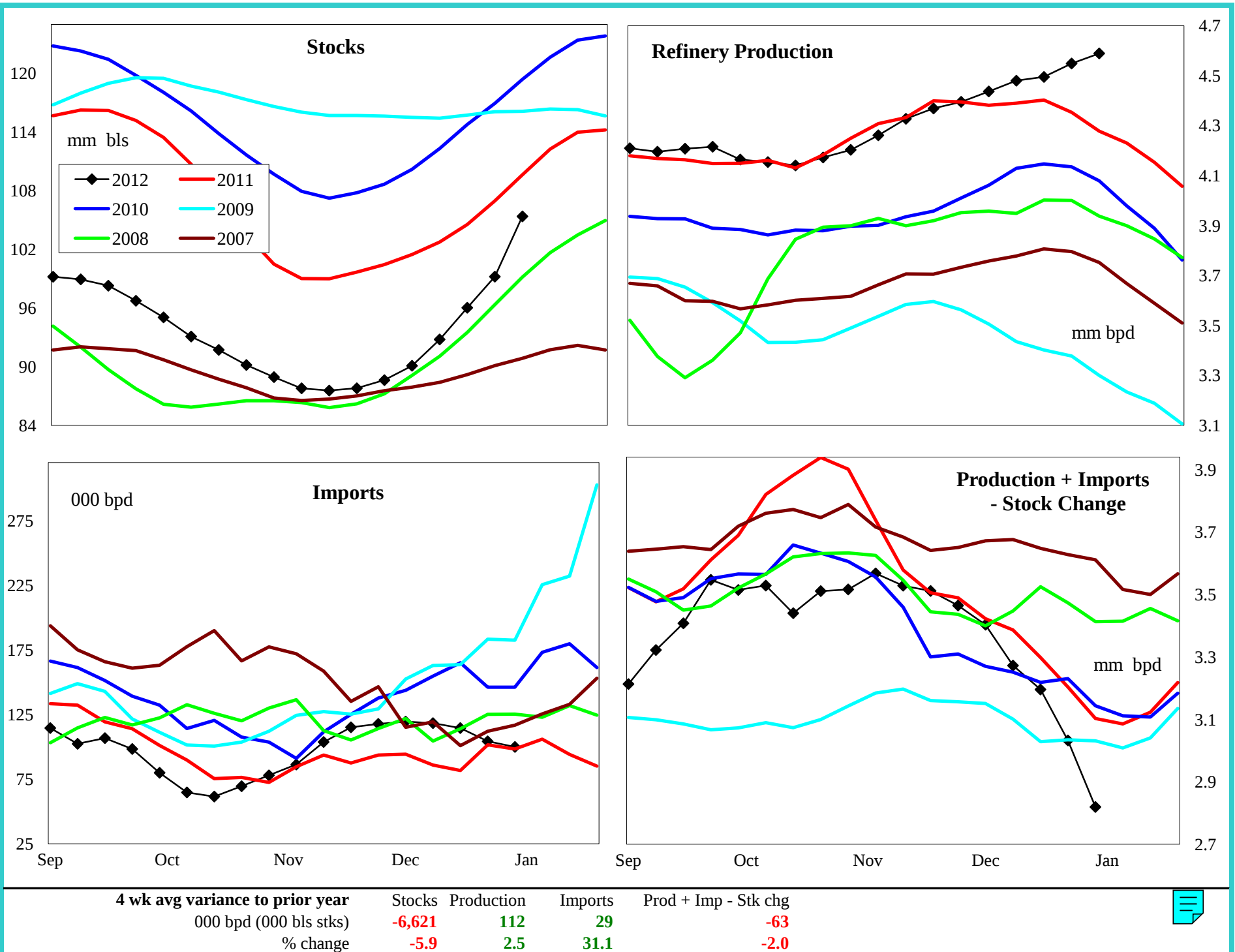
United States Gasoline Imports by Type



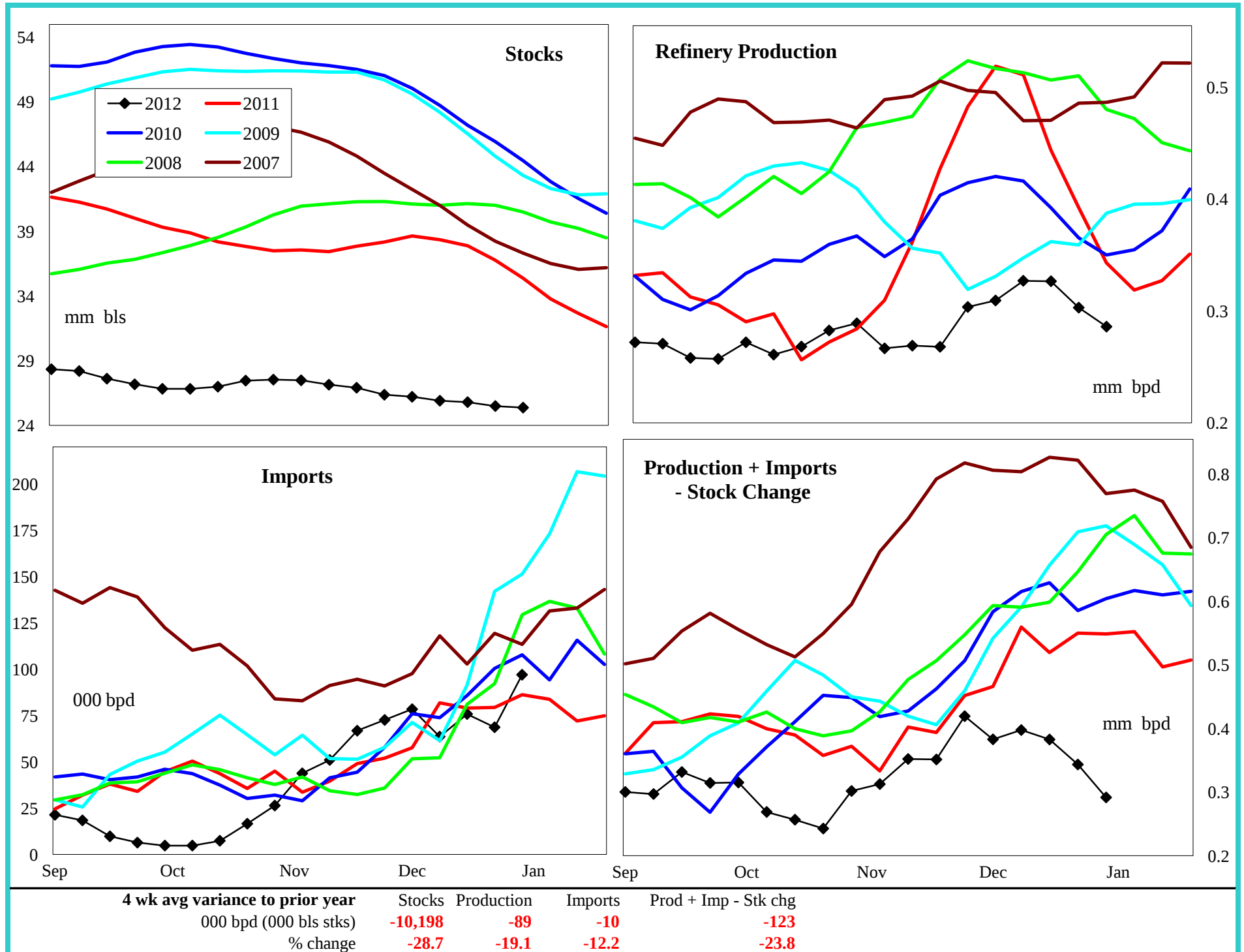
United States Distillate Supply and Demand Balance



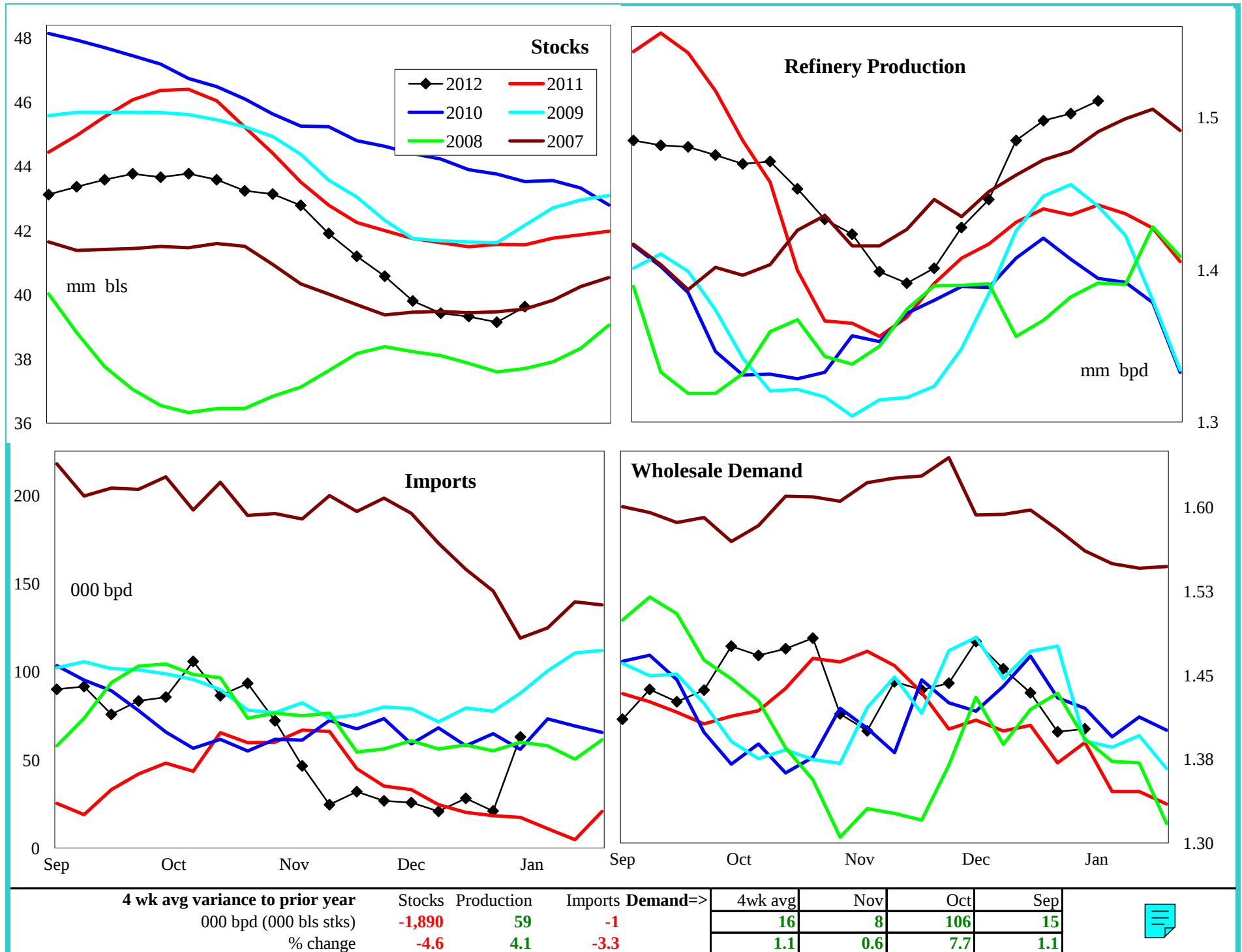
United States Low Sulfur Distillate Supply



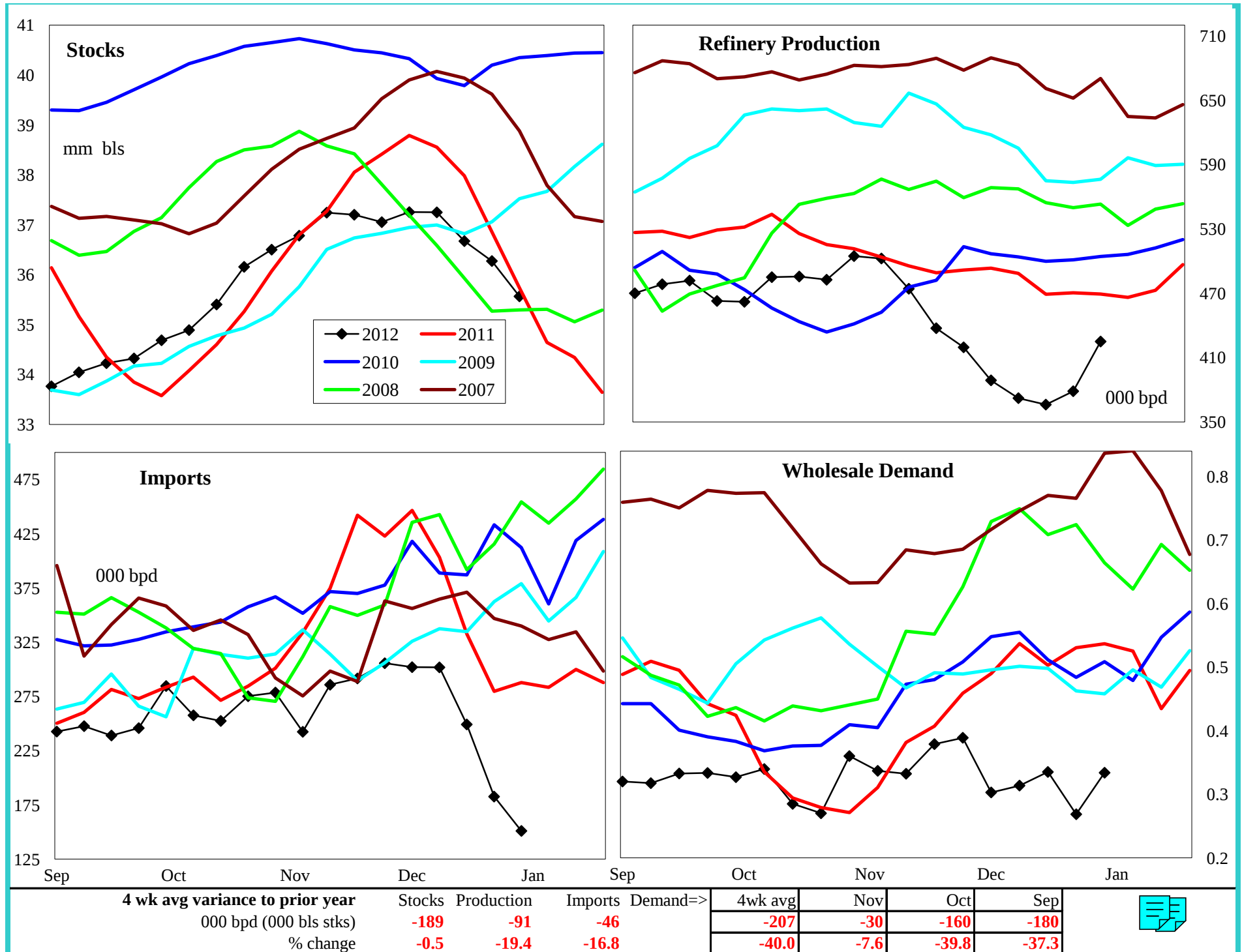
United States High Sulfur Distillate Supply



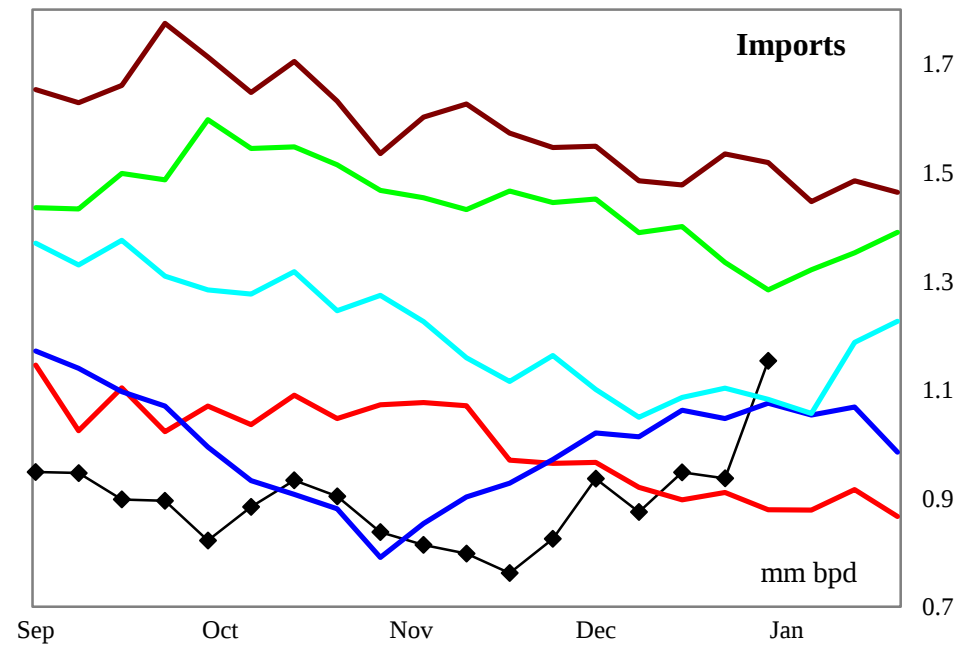
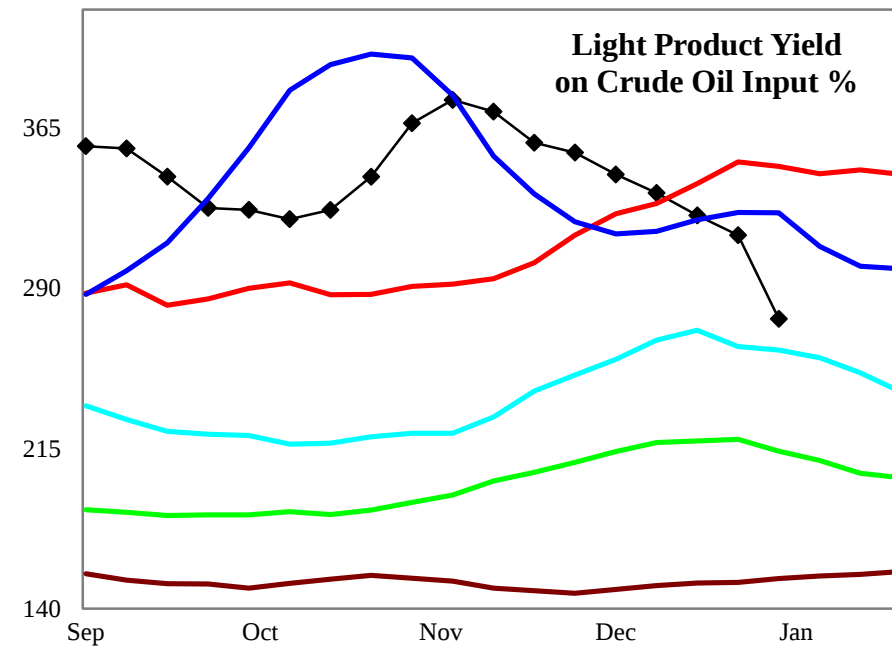
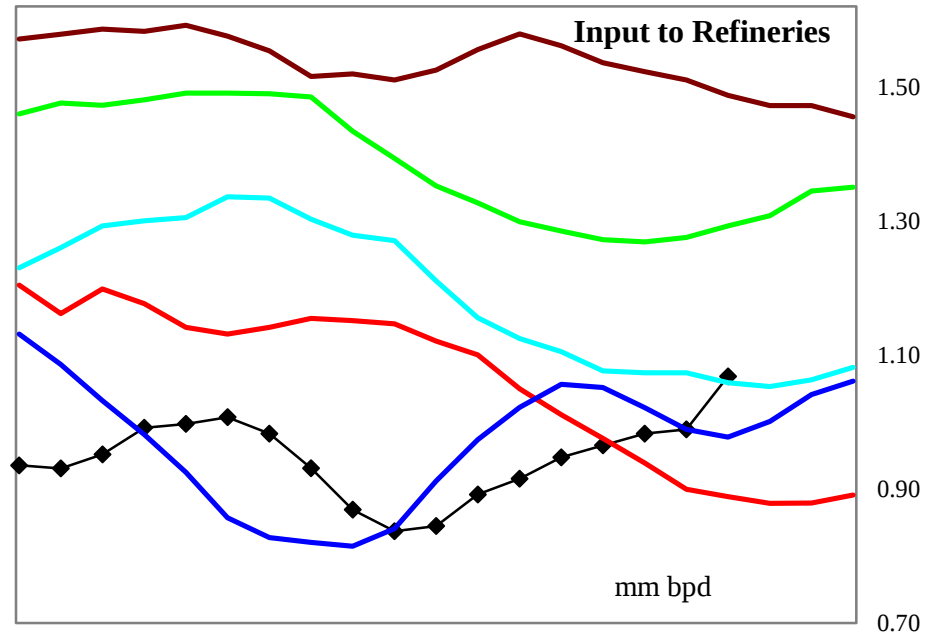
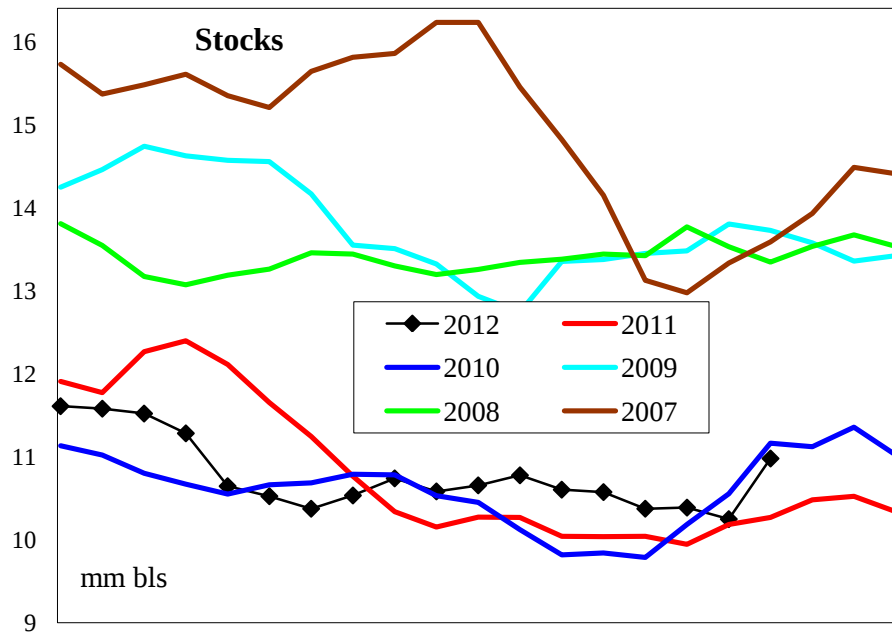
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

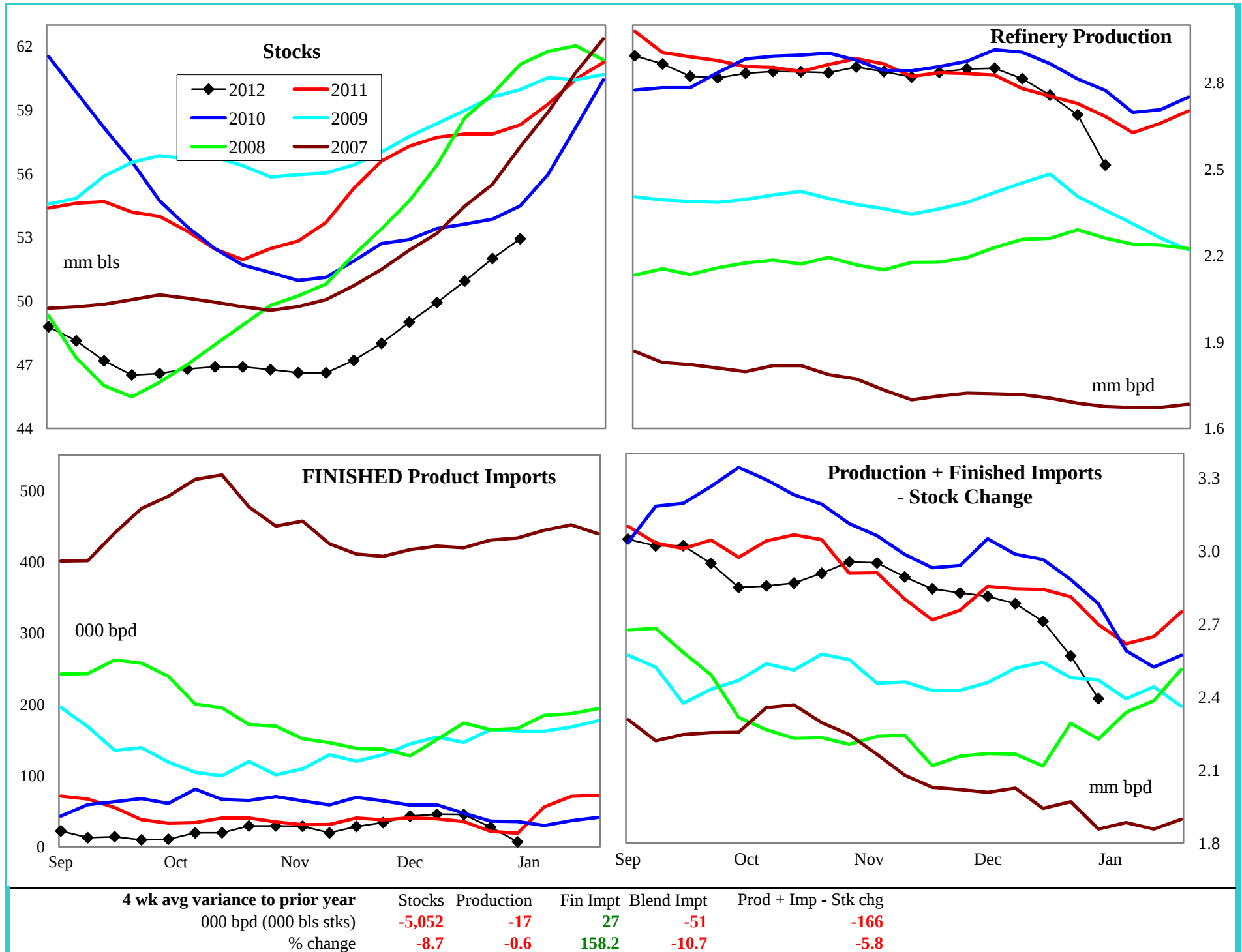


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

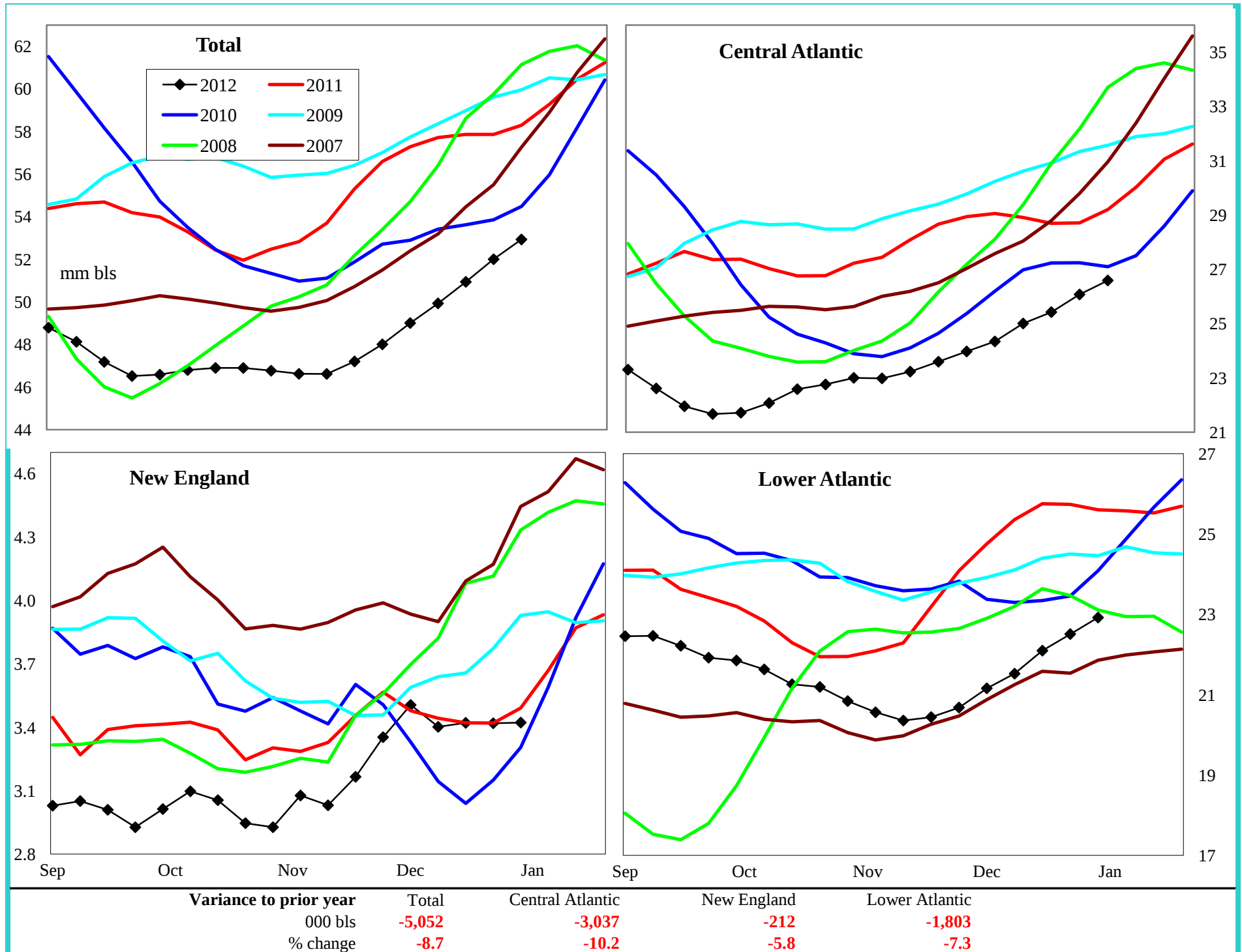
	Stocks	Input	Imports
000 bpd (000 bls stks)	708	80	31
% change	6.9	8.9	3.4



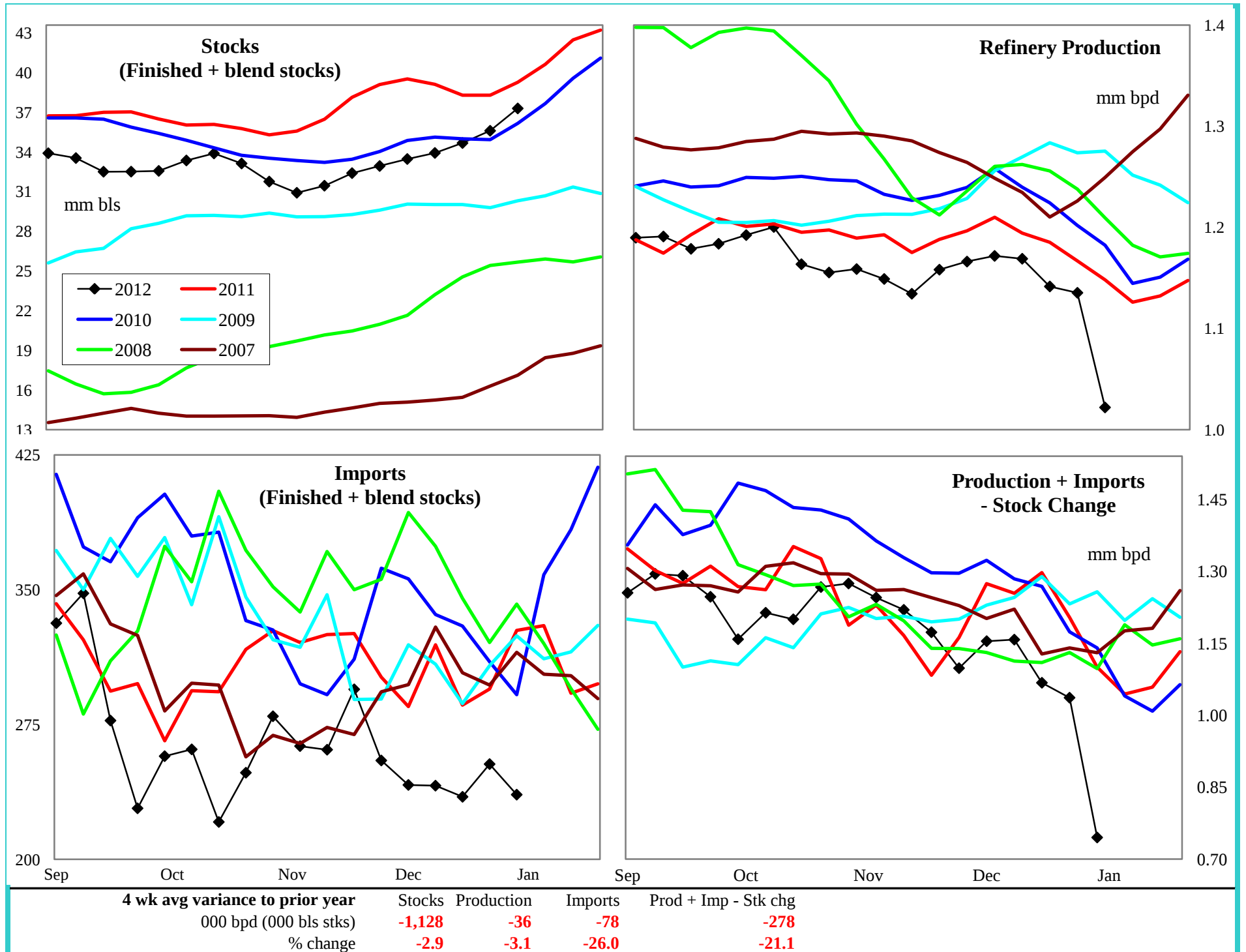
PADD 1 Gasoline Supply



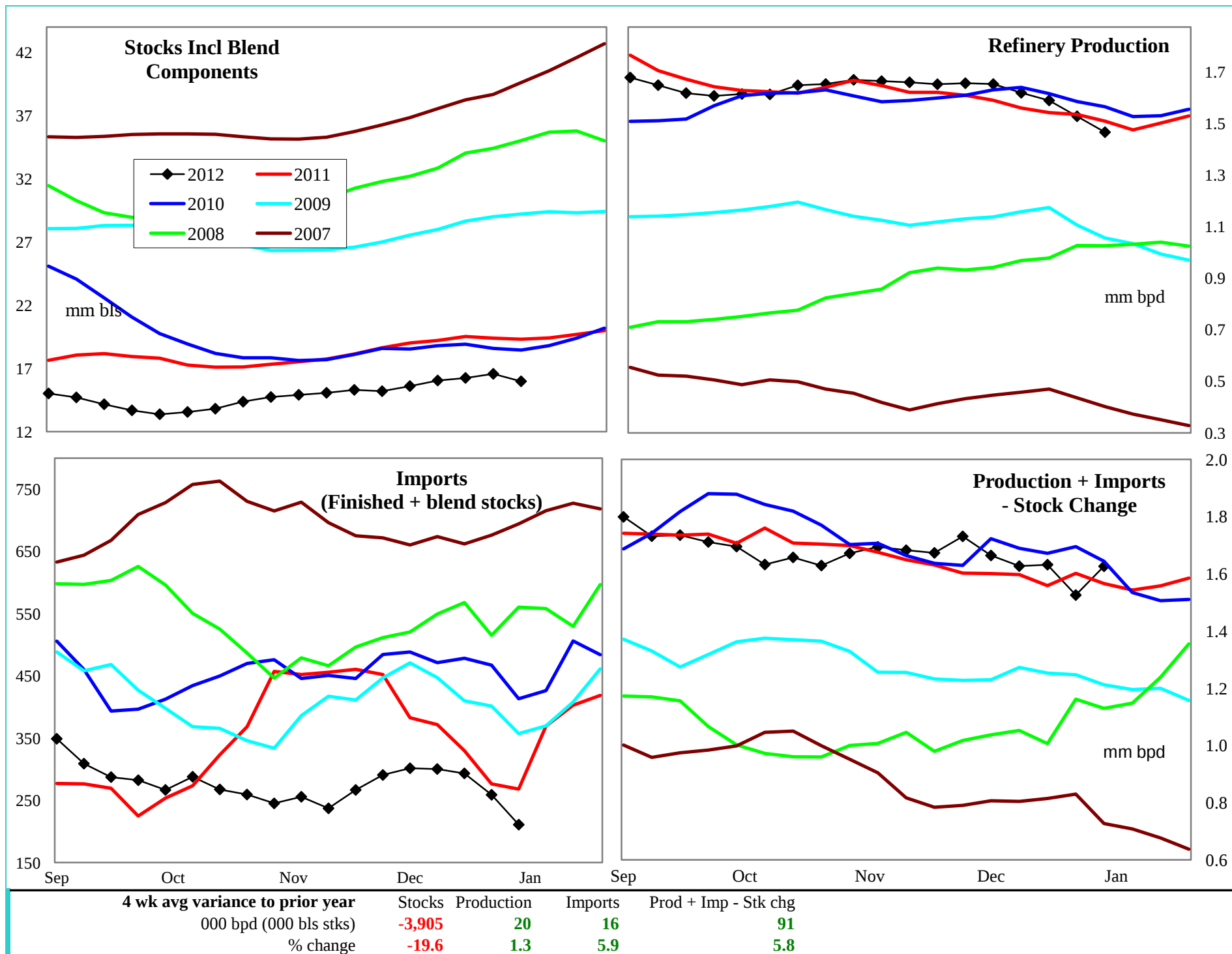
PADD 1 Gasoline Stocks by Region



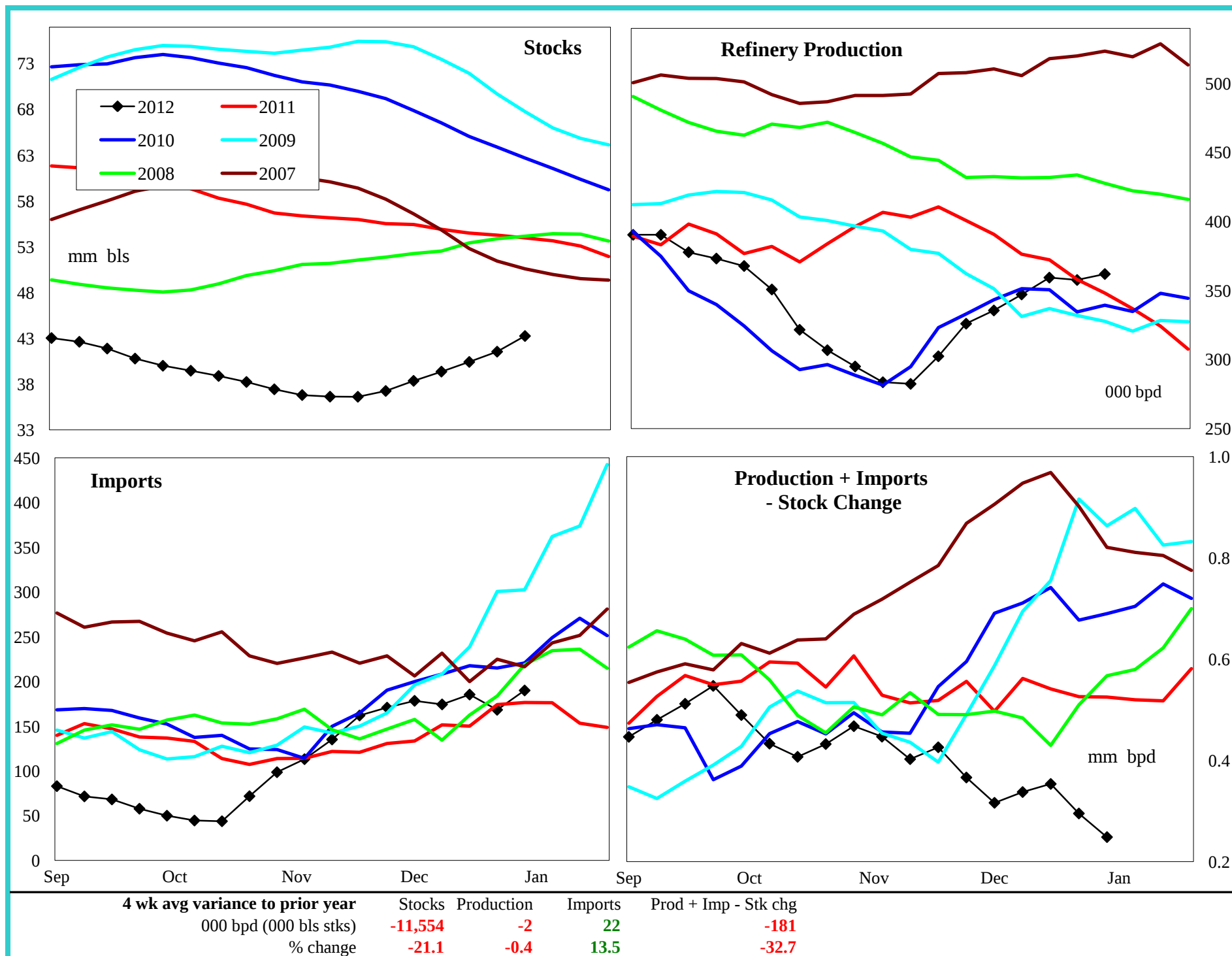
PADD 1 Reformulated Gasoline Supply



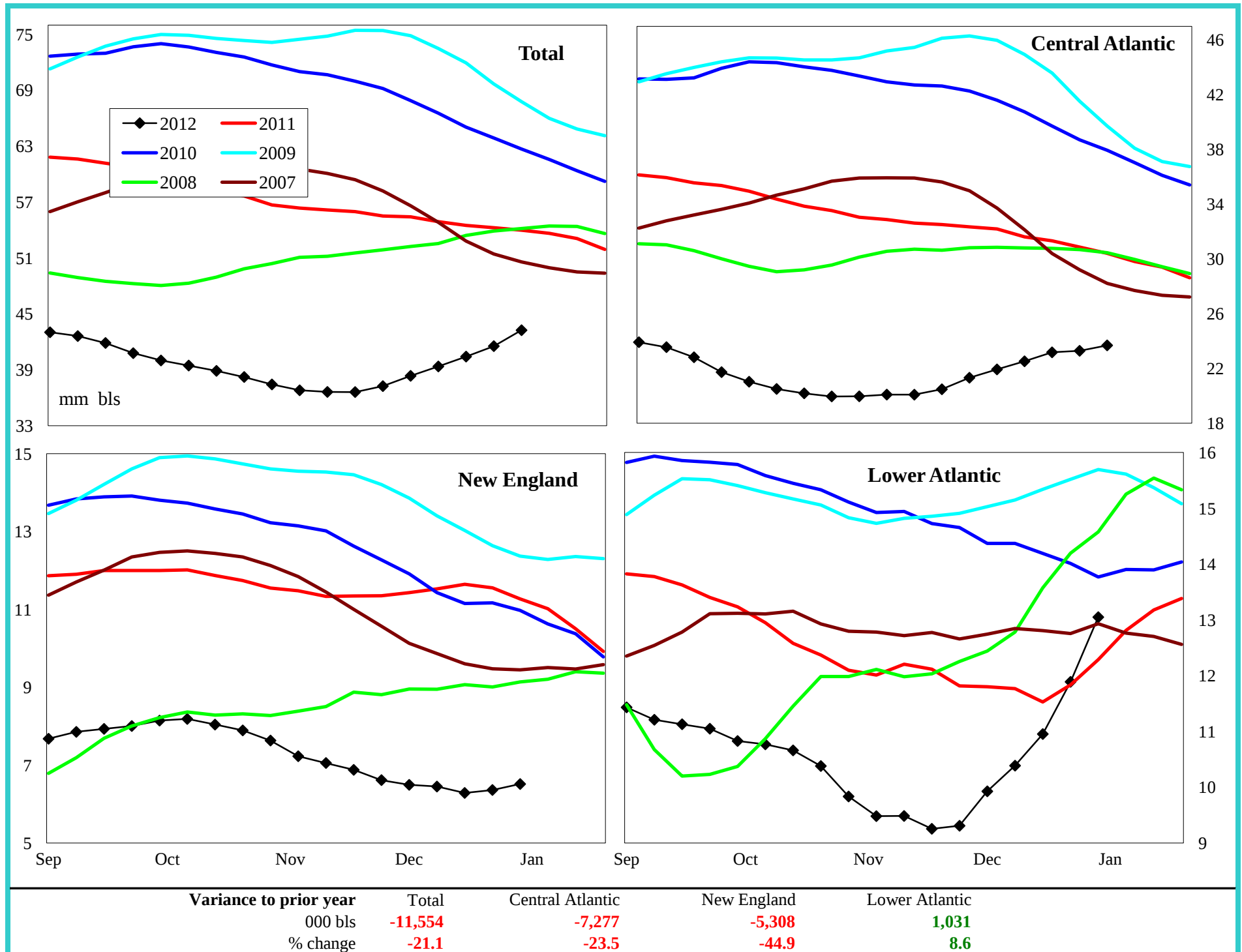
PADD 1 Conventional Gasoline Supply



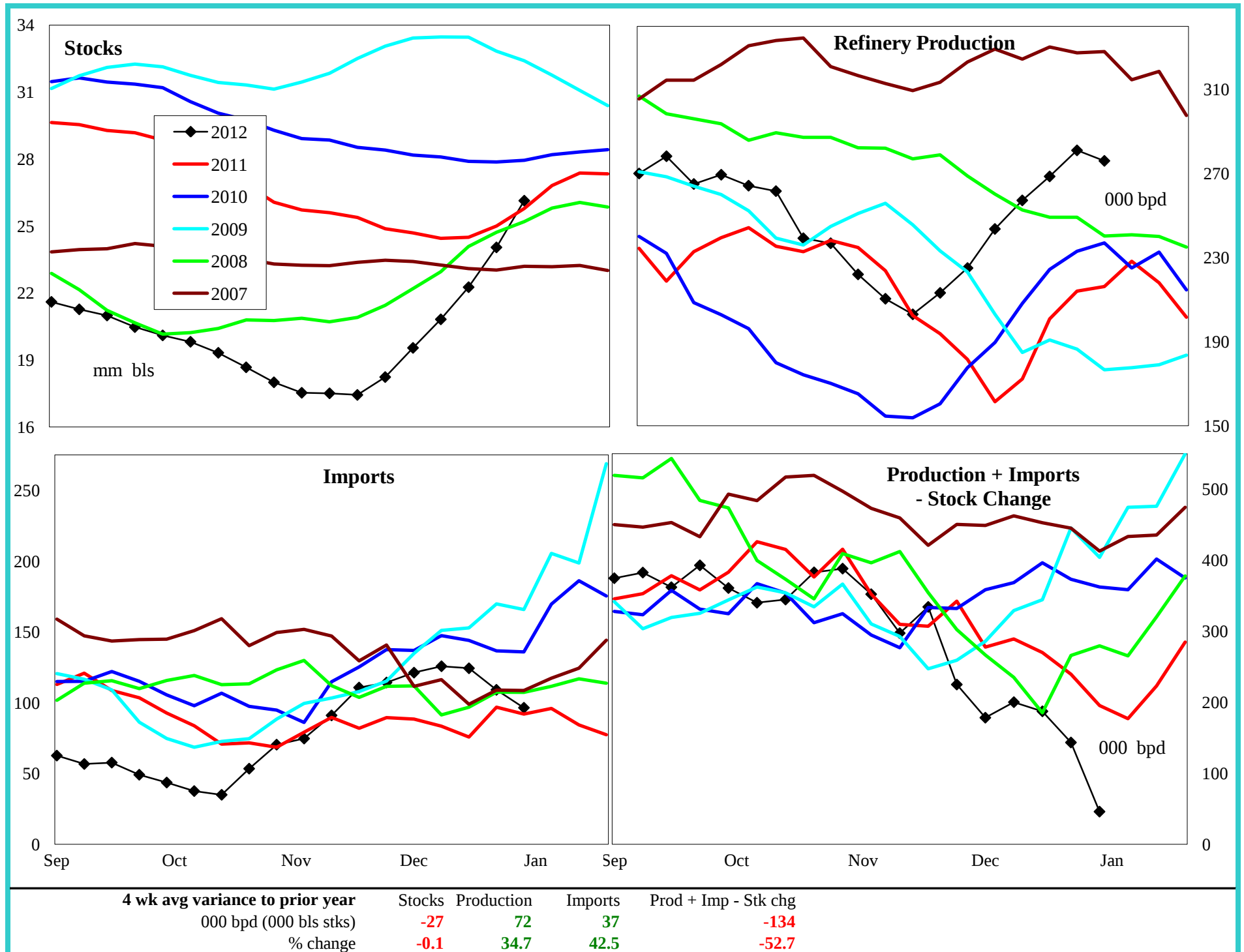
PADD 1 Distillate Supply



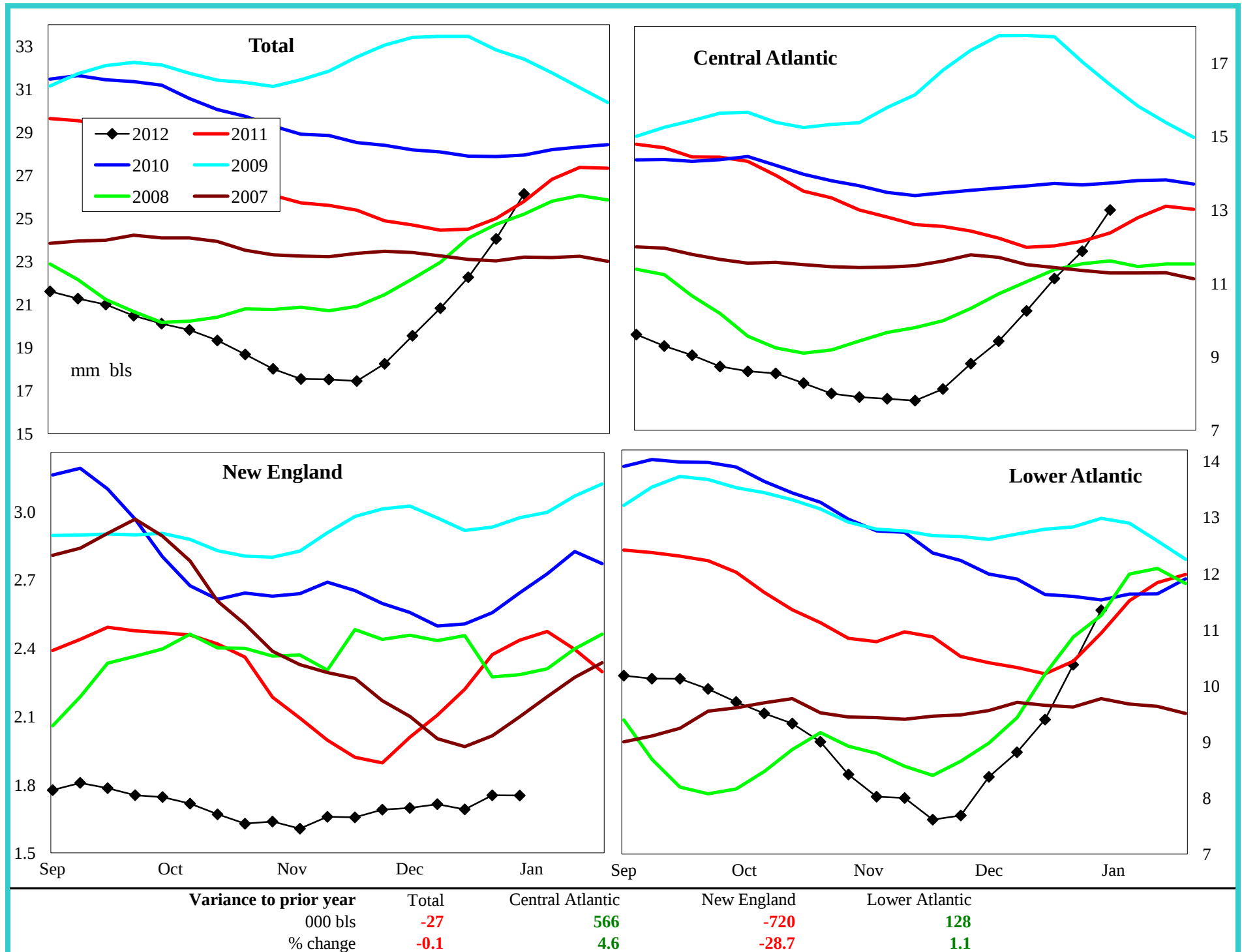
PADD 1 Distillate Stocks by Region



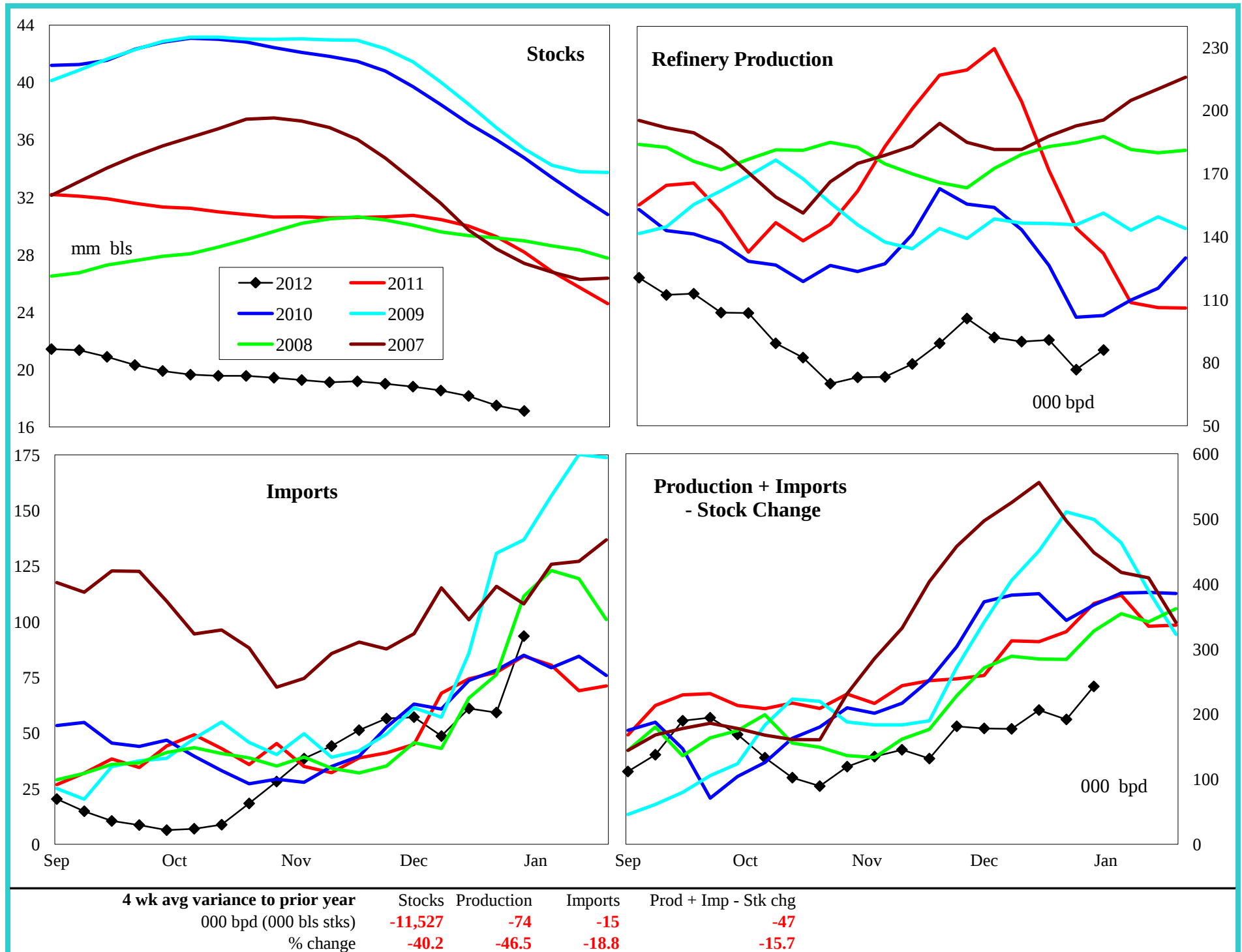
PADD 1 Low Sulfur Distillate Supply



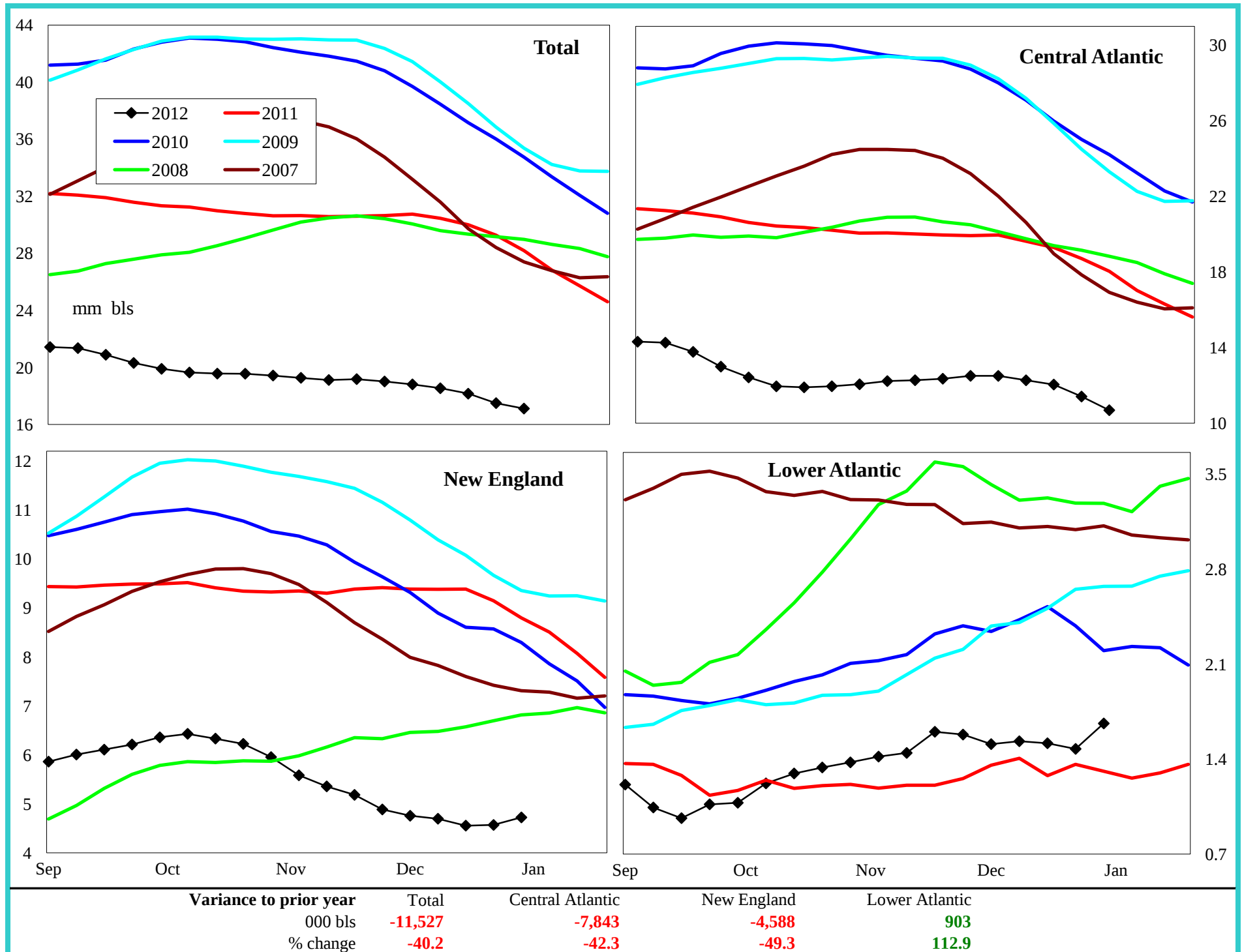
PADD 1 Low Sulfur Distillate Stocks by Region



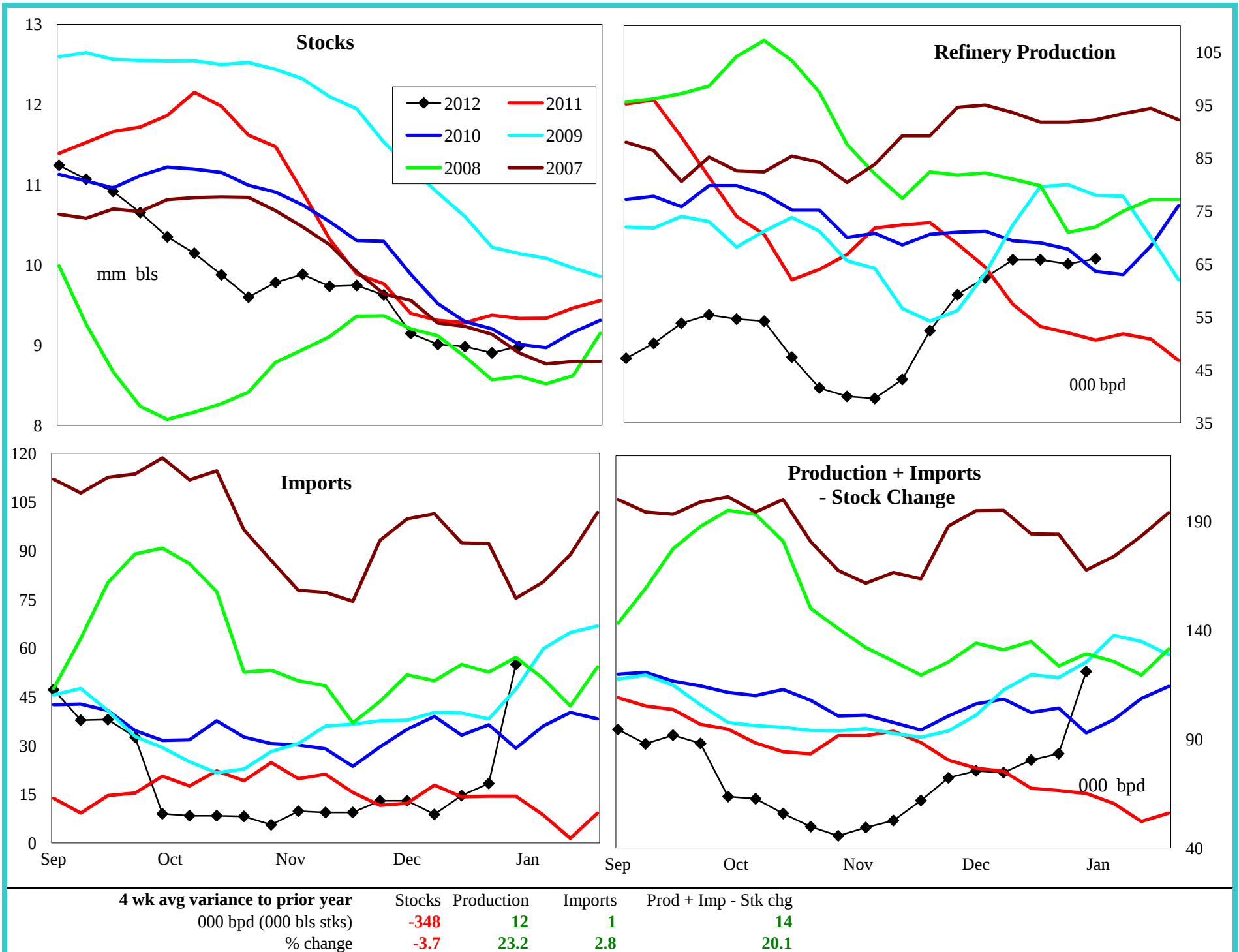
PADD 1 High Sulfur Distillate Supply



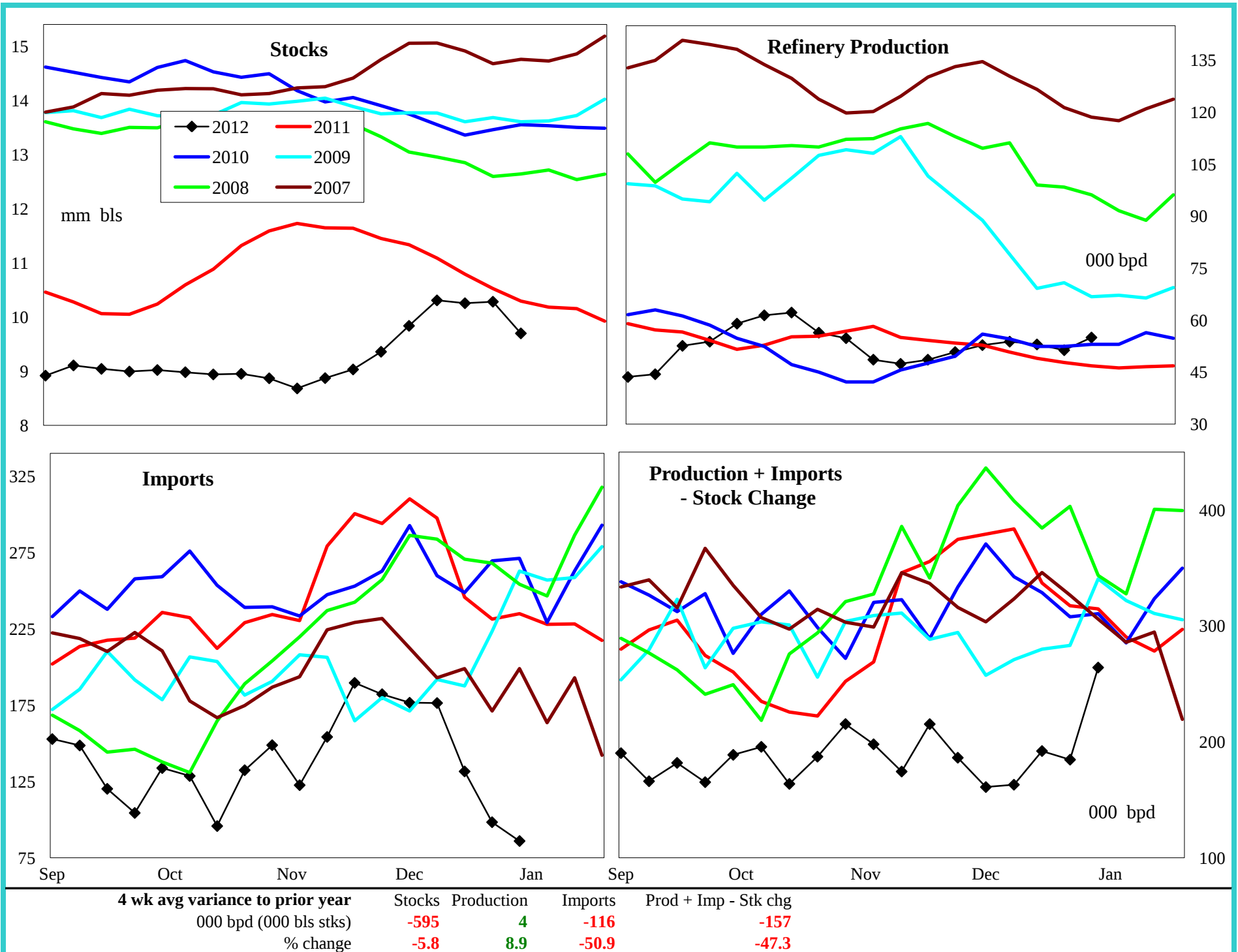
PADD 1 High Sulfur Distillate Stocks by Region



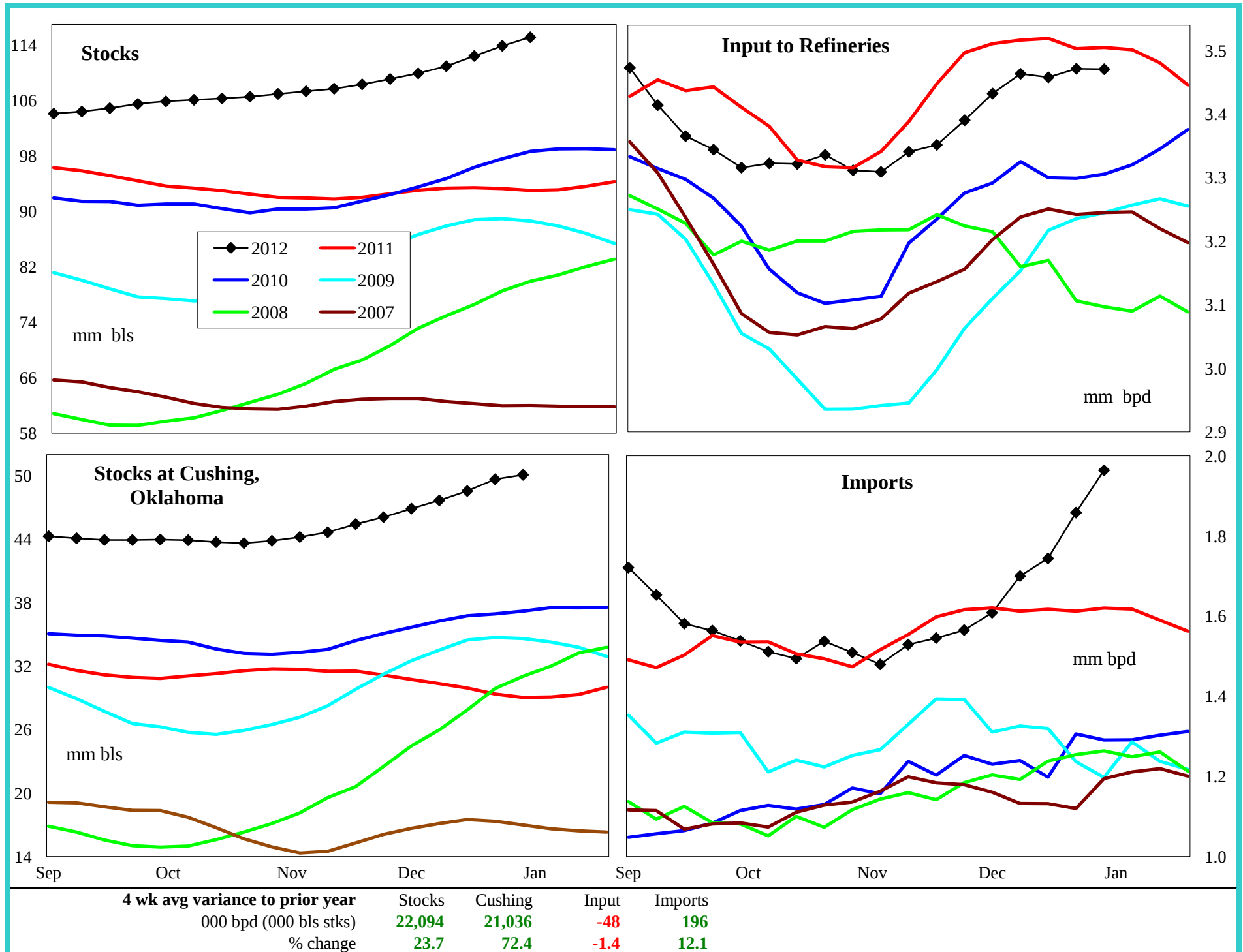
PADD 1 Jet Fuel Supply



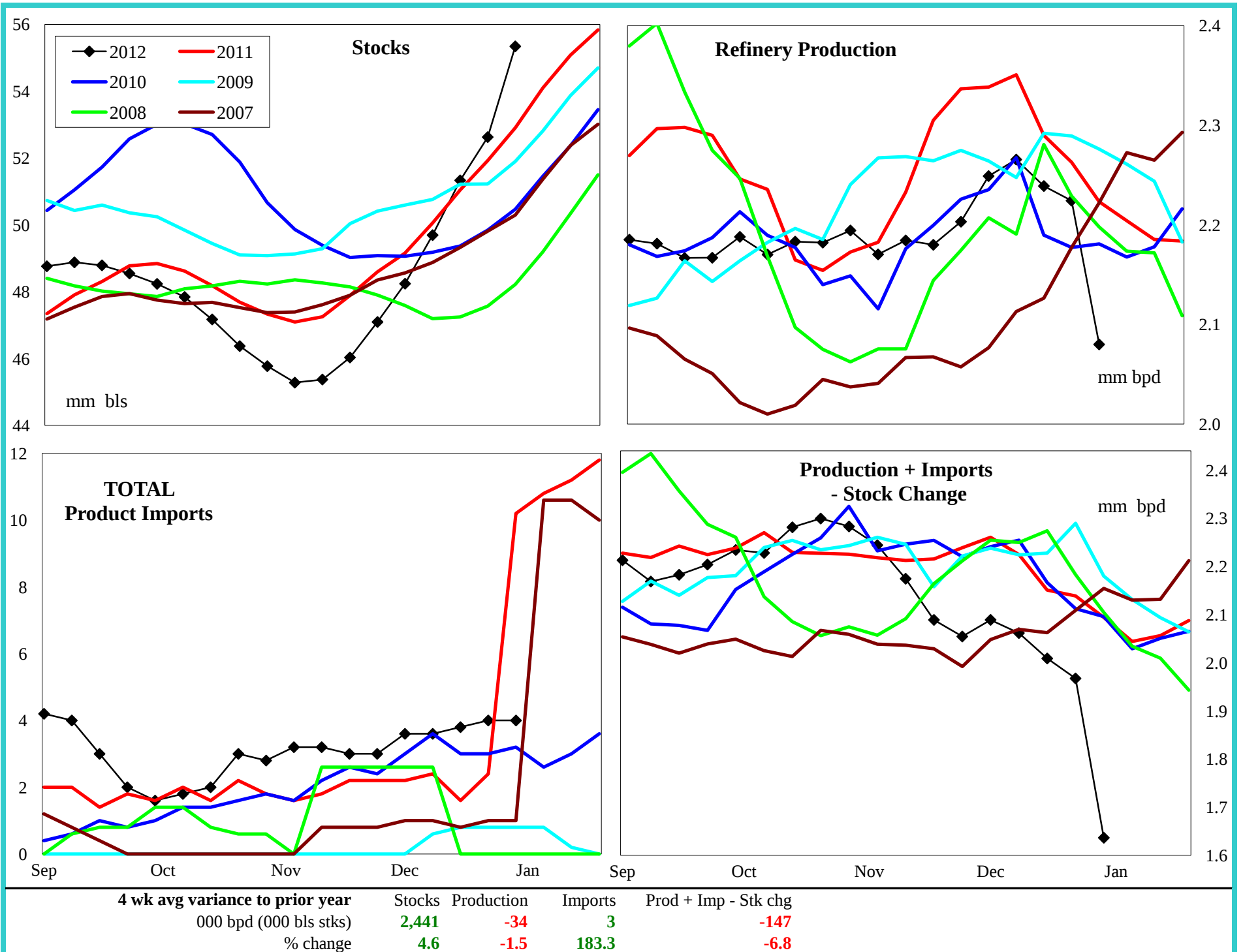
PADD 1 Residual Fuel Oil Supply



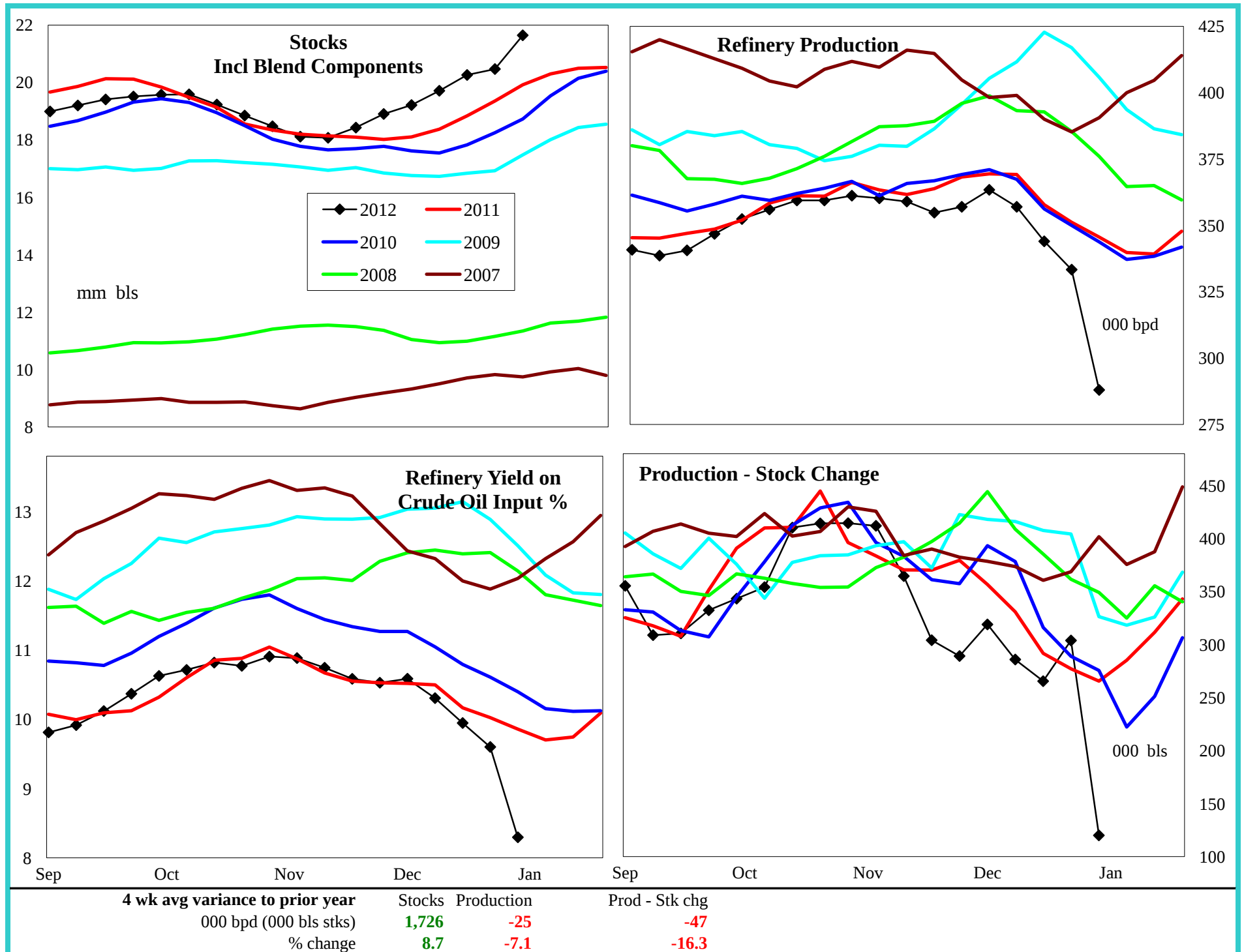
PADD 2 Crude Oil Supply and Refining



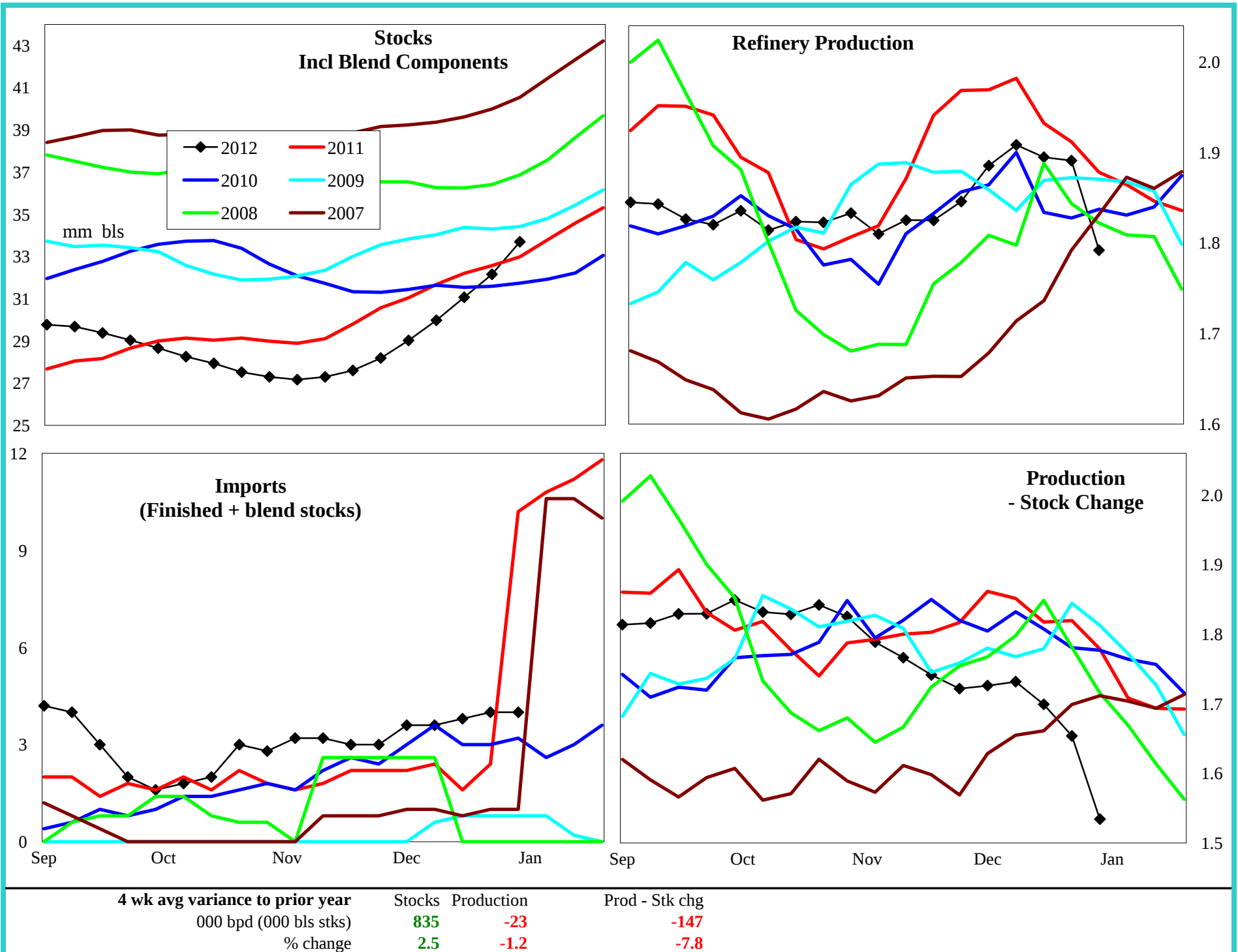
PADD 2 Gasoline Supply



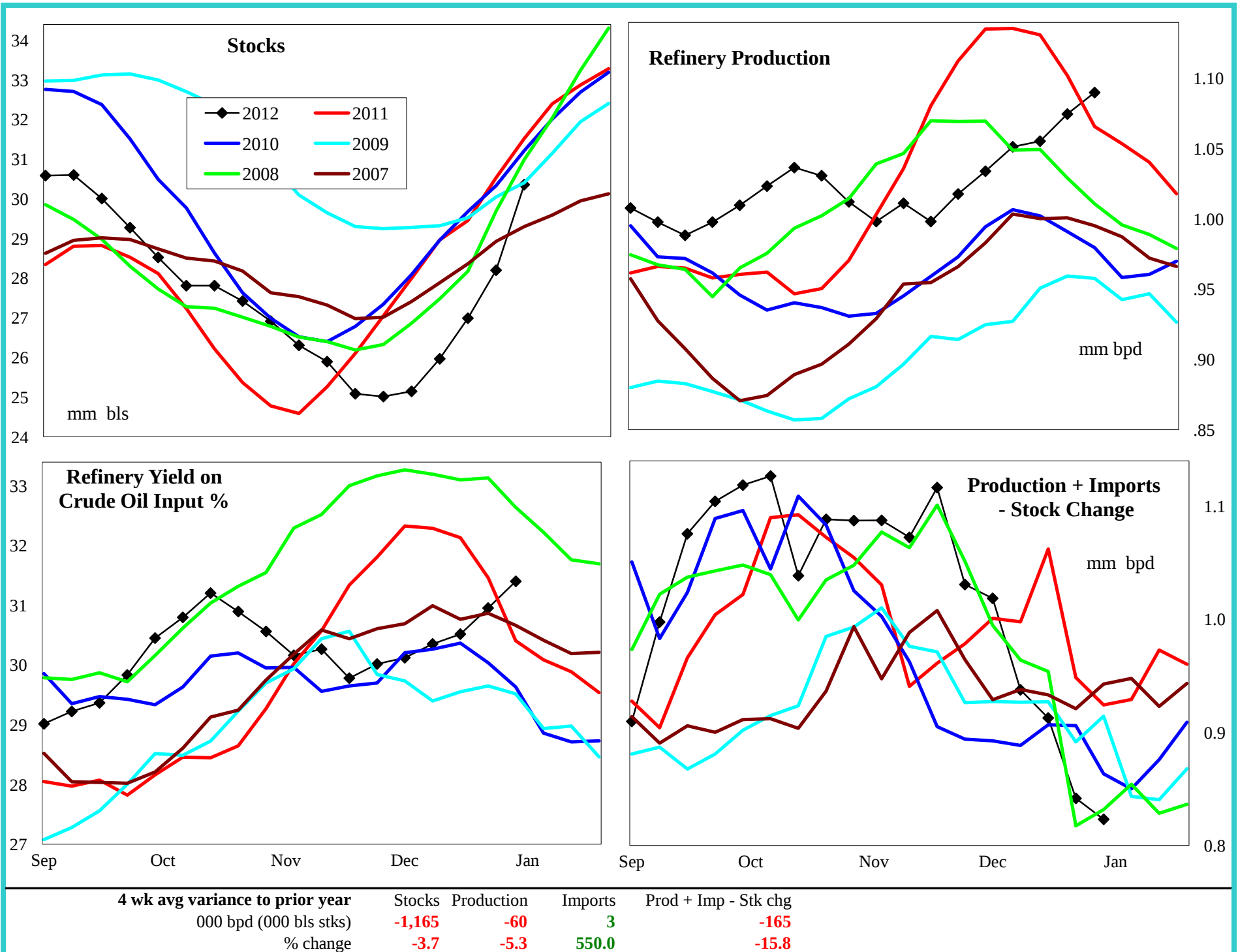
PADD 2 Reformulated Gasoline Supply



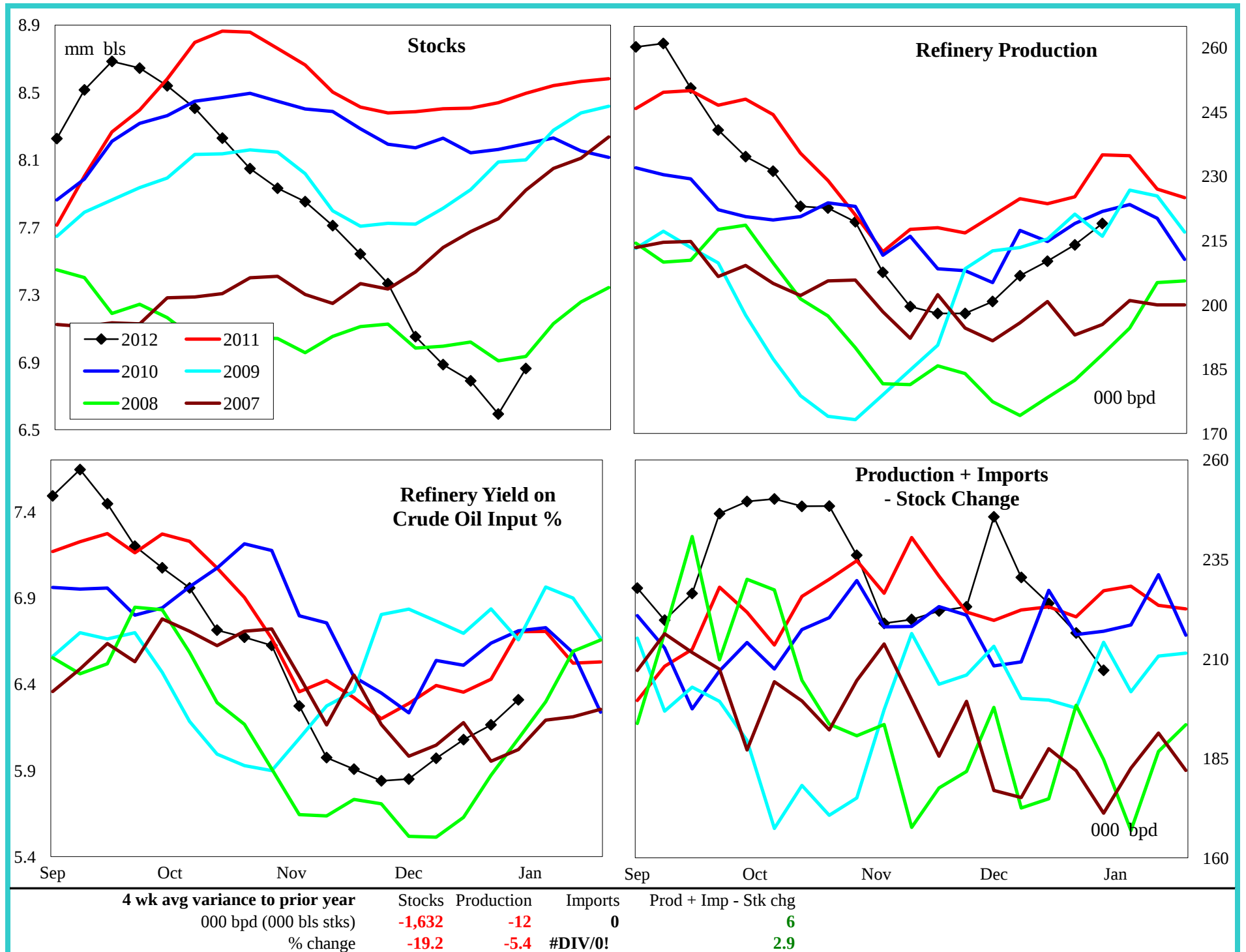
PADD 2 Conventional Gasoline Supply



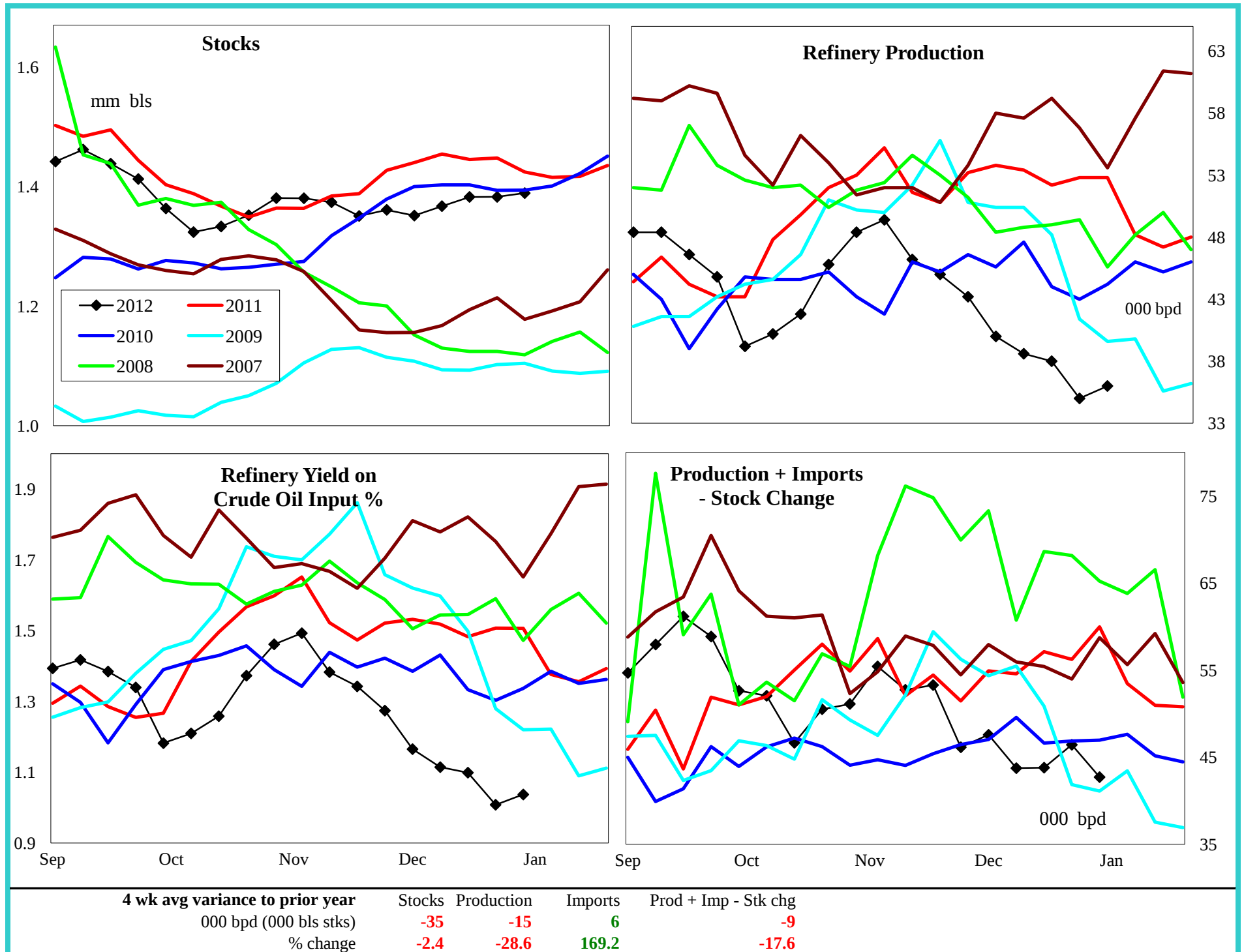
PADD 2 Distillate Supply



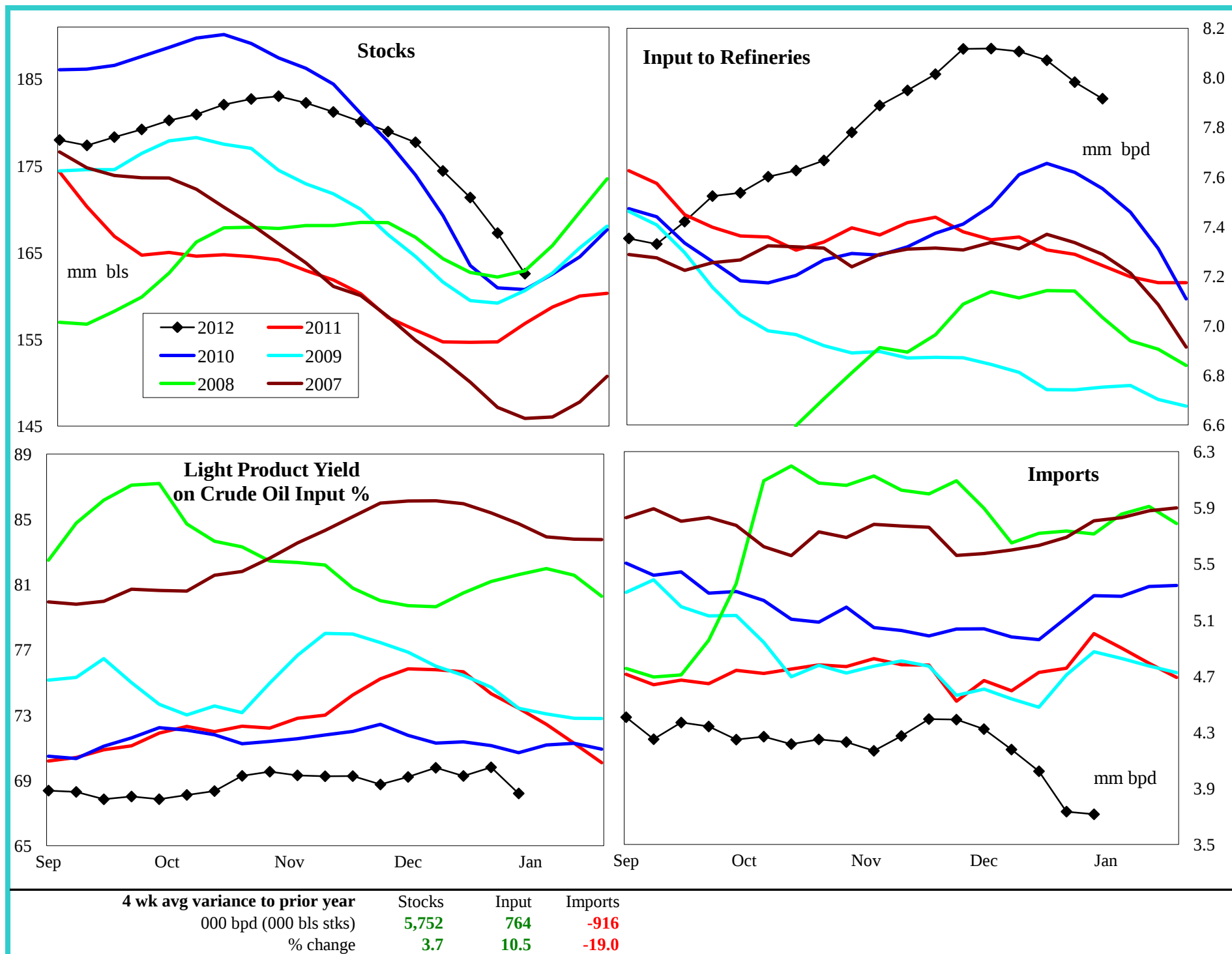
PADD 2 Jet Fuel Supply



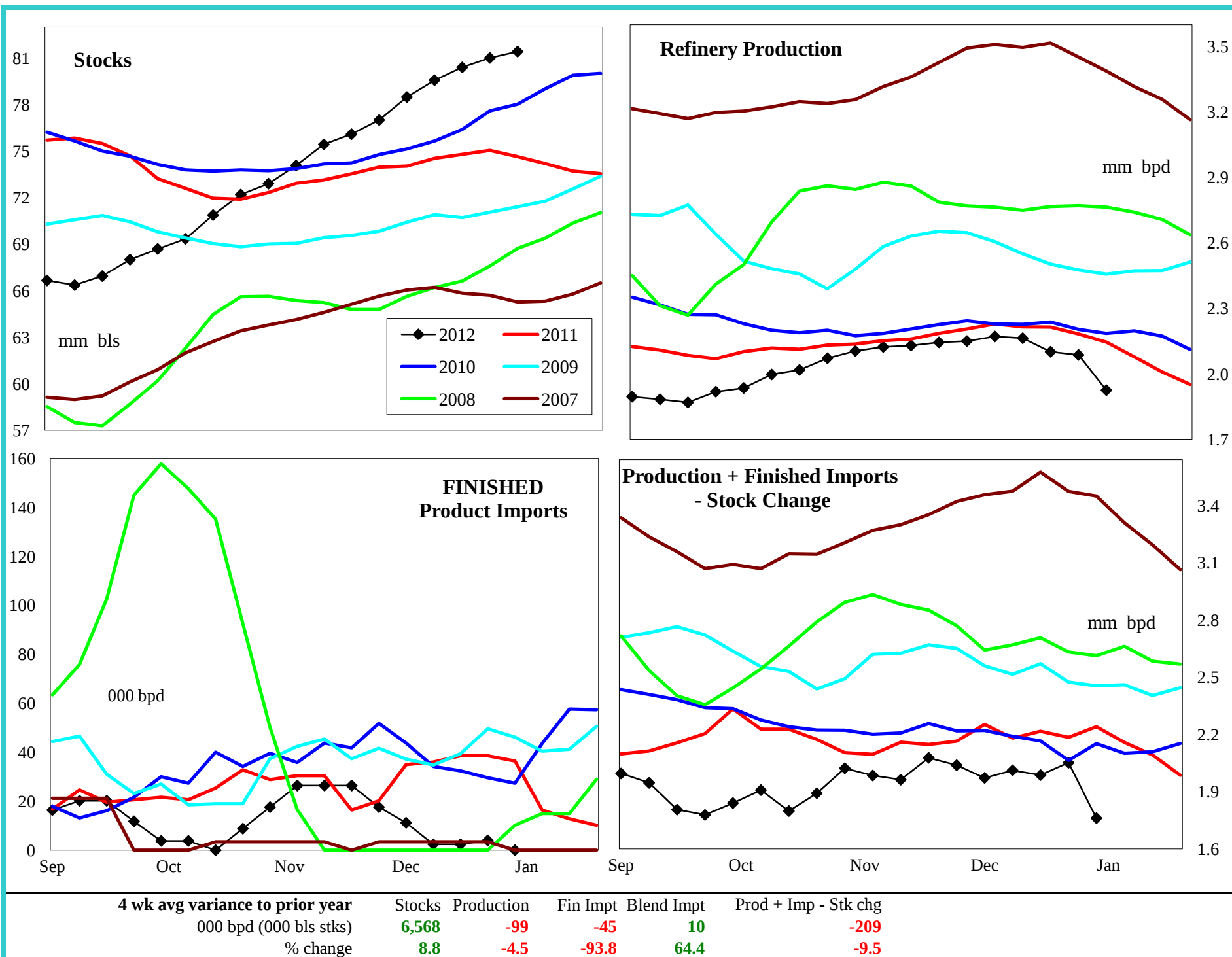
PADD 2 Residual Fuel Oil Supply



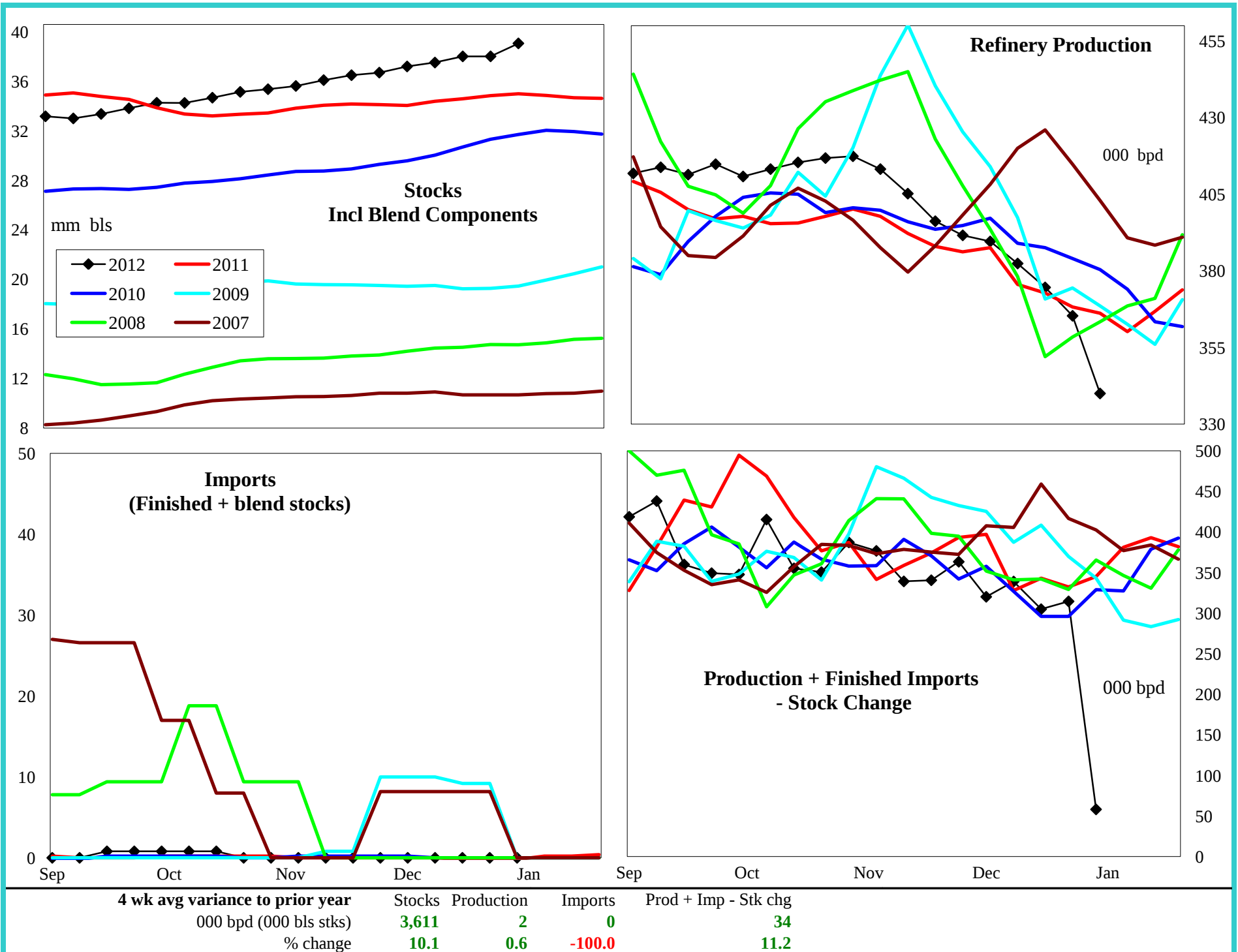
PADD 3 Crude Oil Supply and Refining



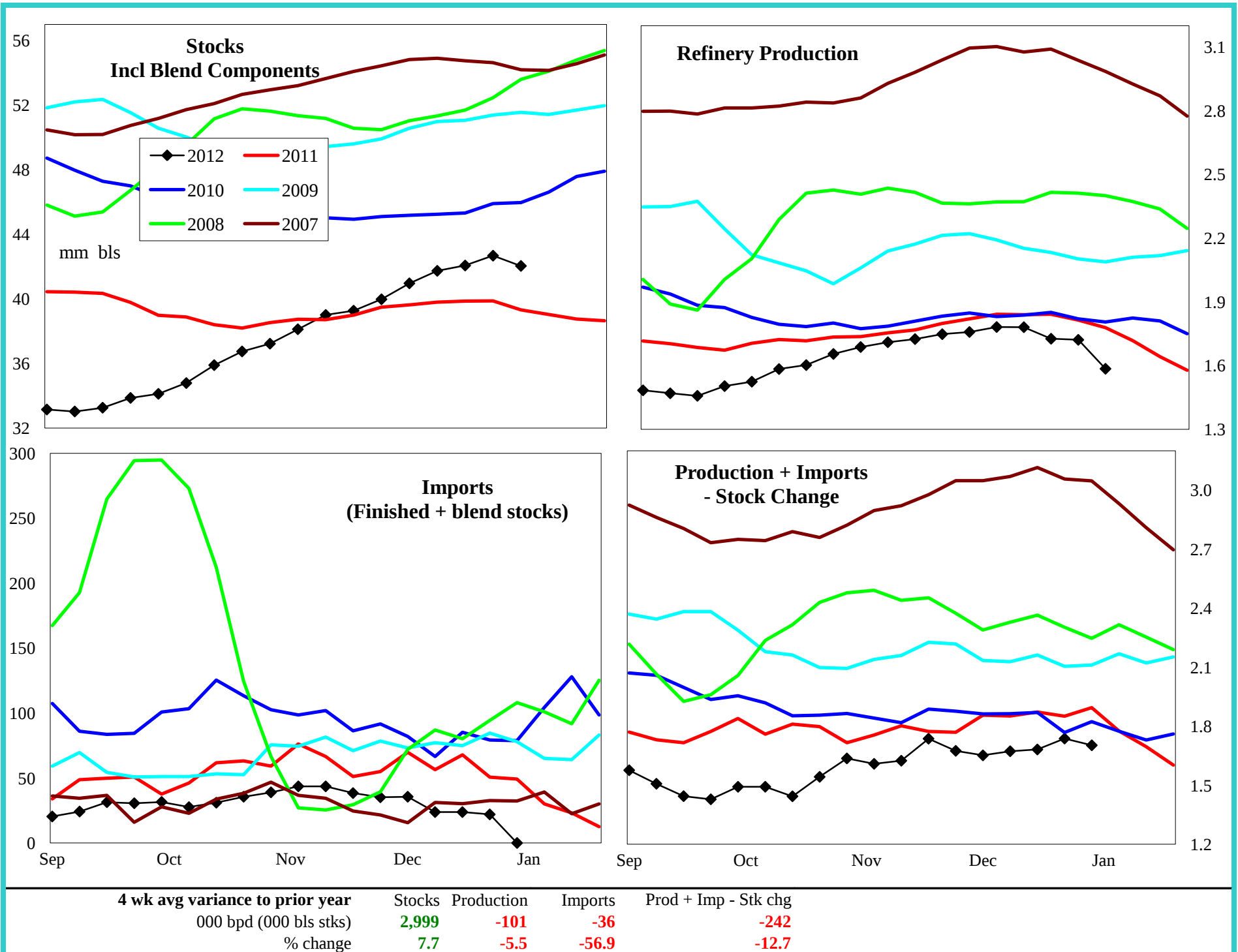
PADD 3 Gasoline Supply



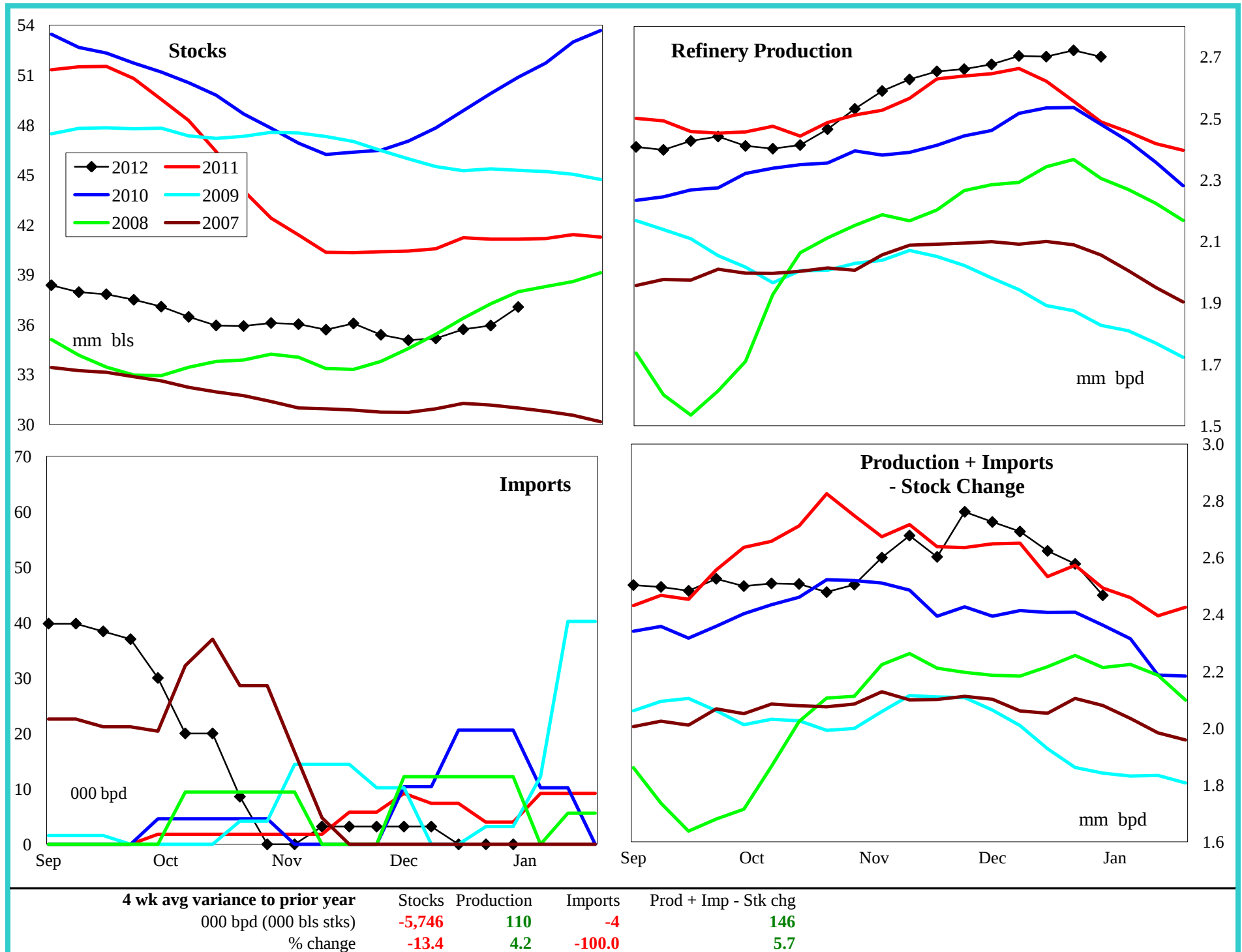
PADD 3 Reformulated Gasoline Supply



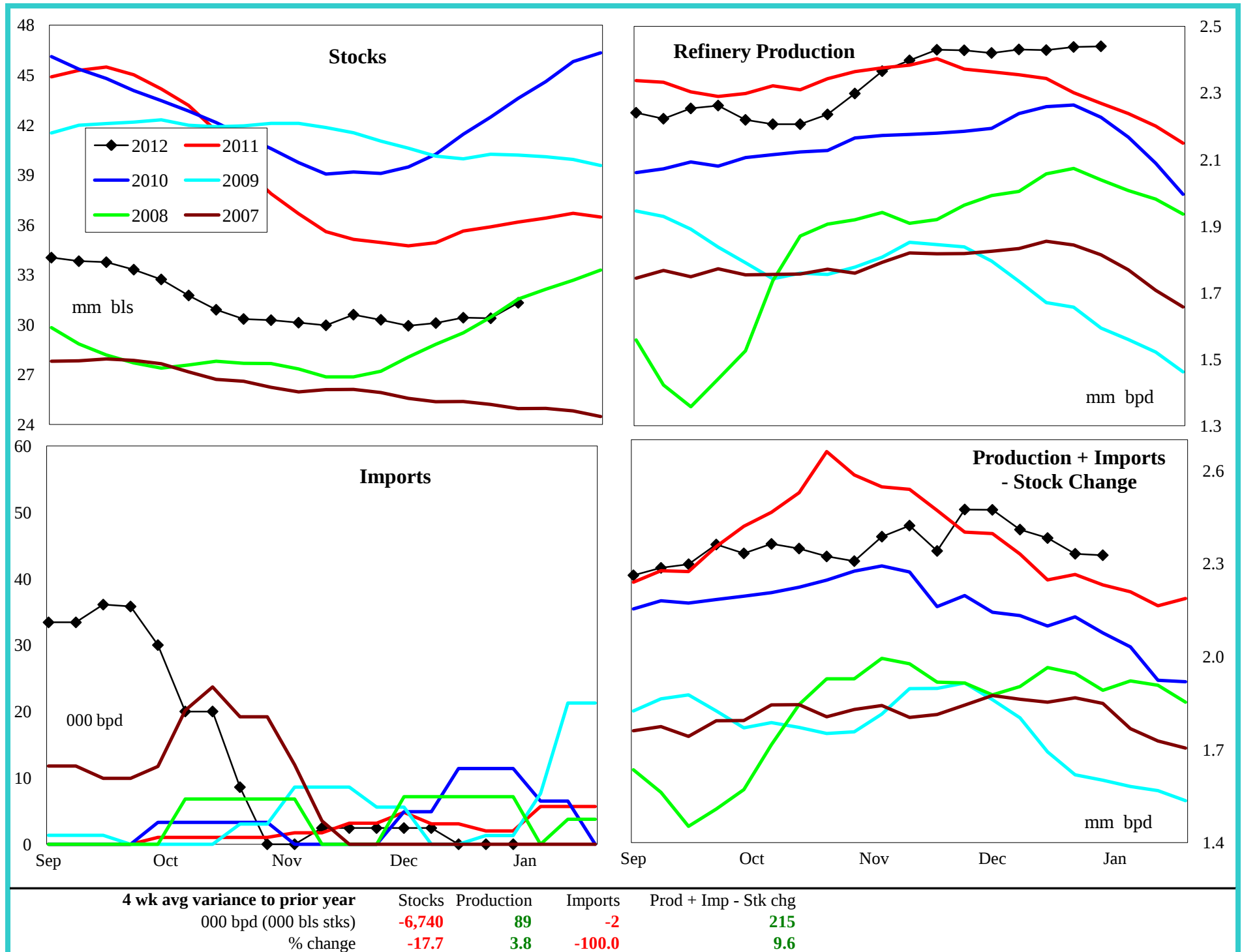
PADD 3 Conventional Gasoline Supply



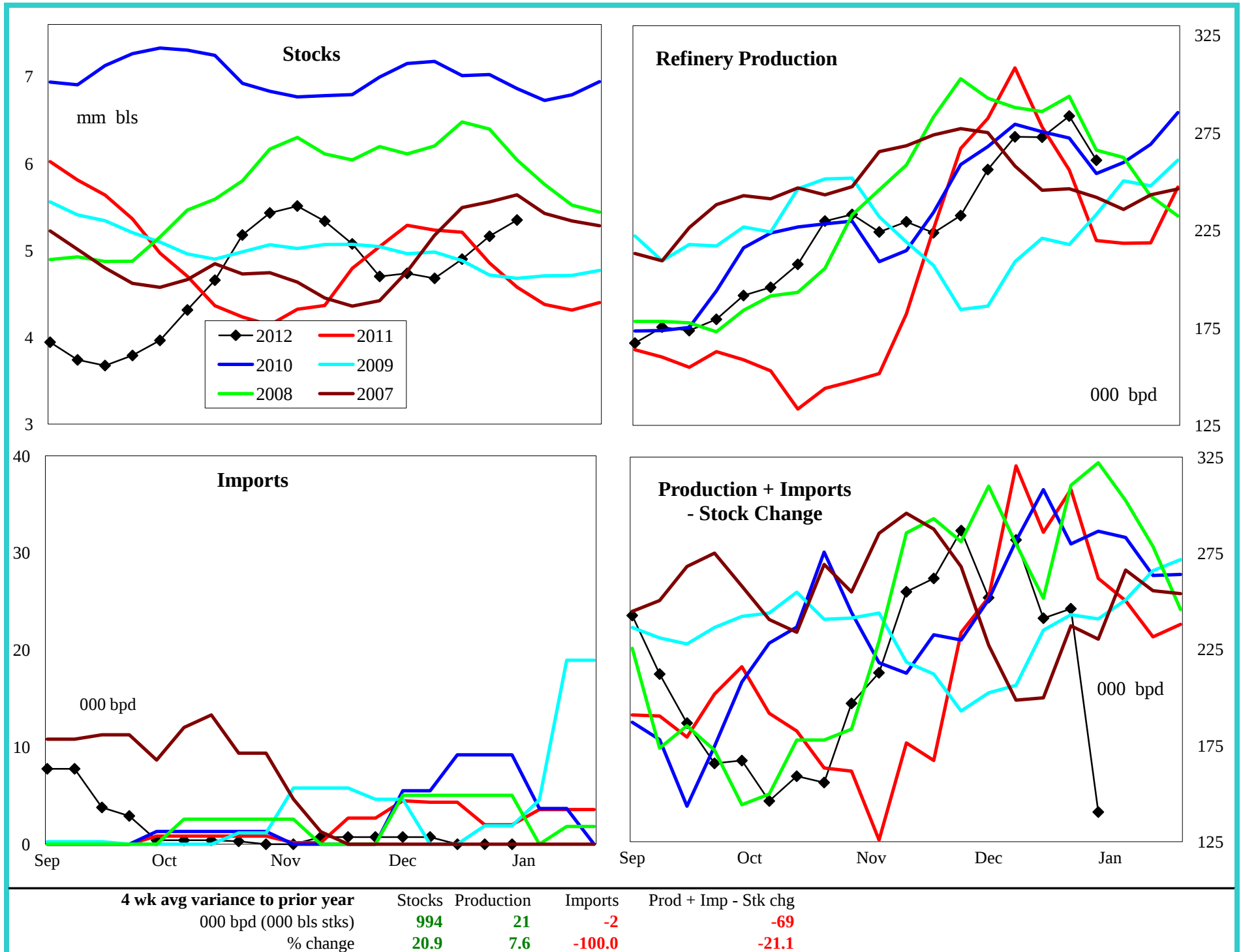
PADD 3 Distillate Supply



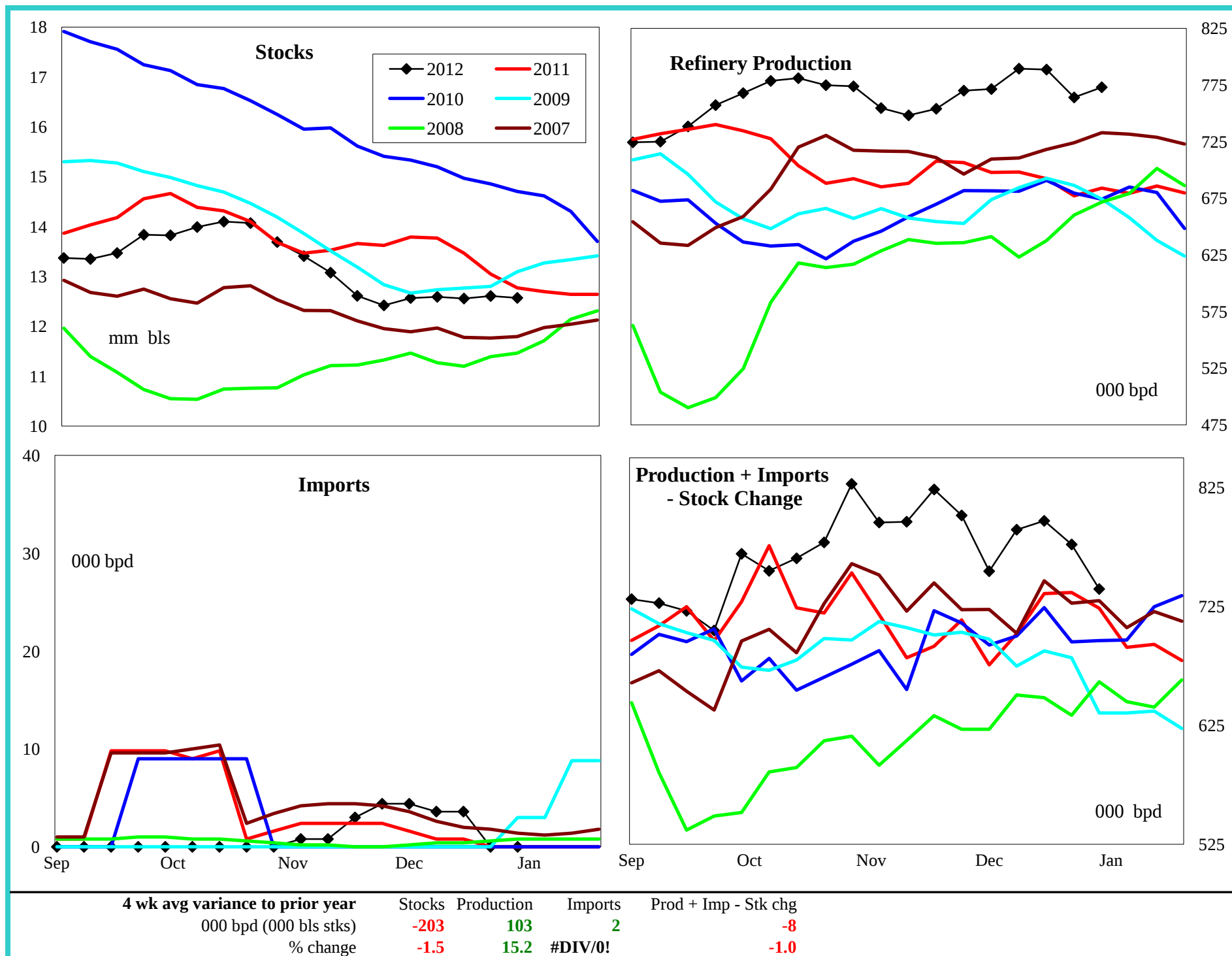
PADD 3 Low Sulfur Distillate Supply



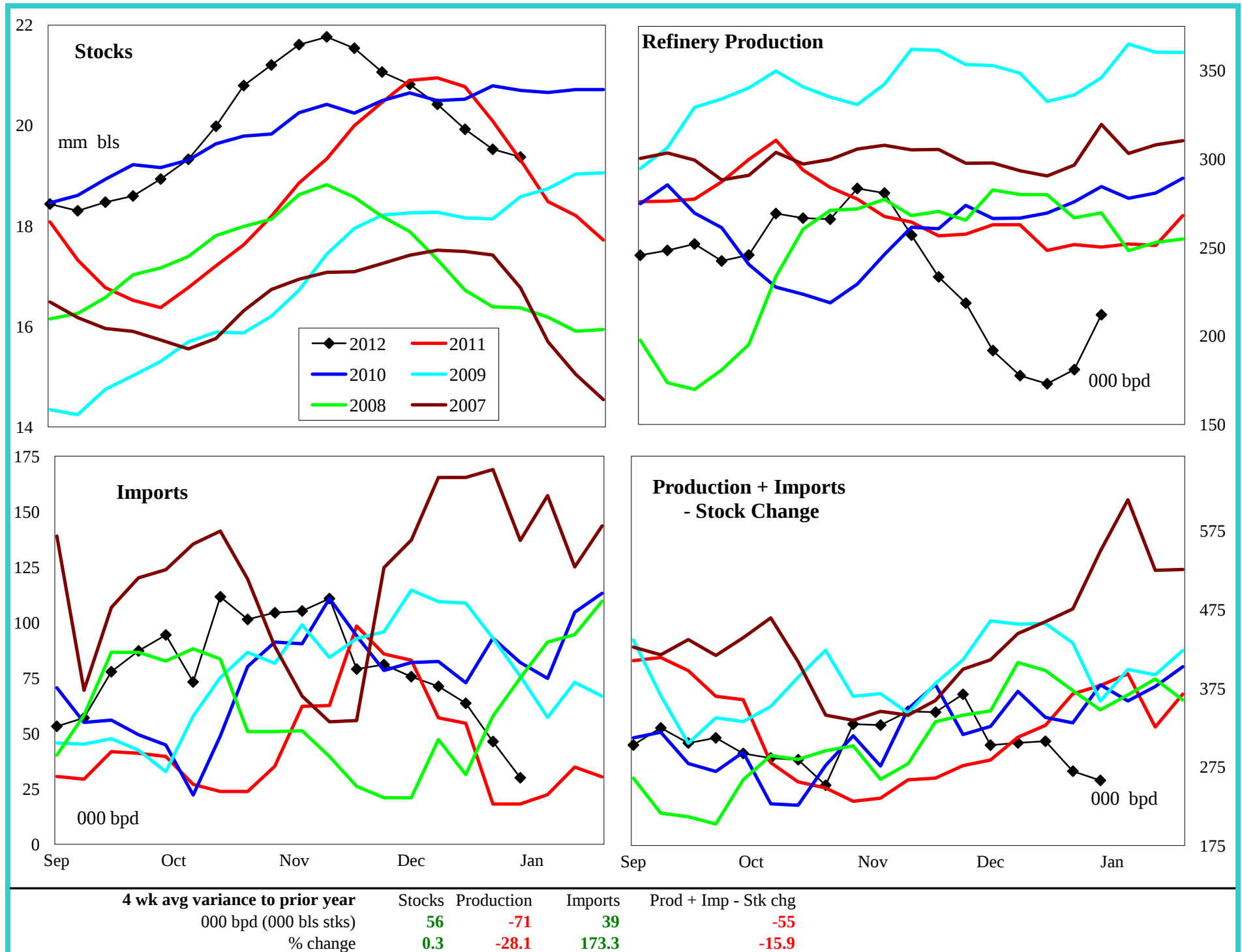
PADD 3 High Sulfur Distillate Supply



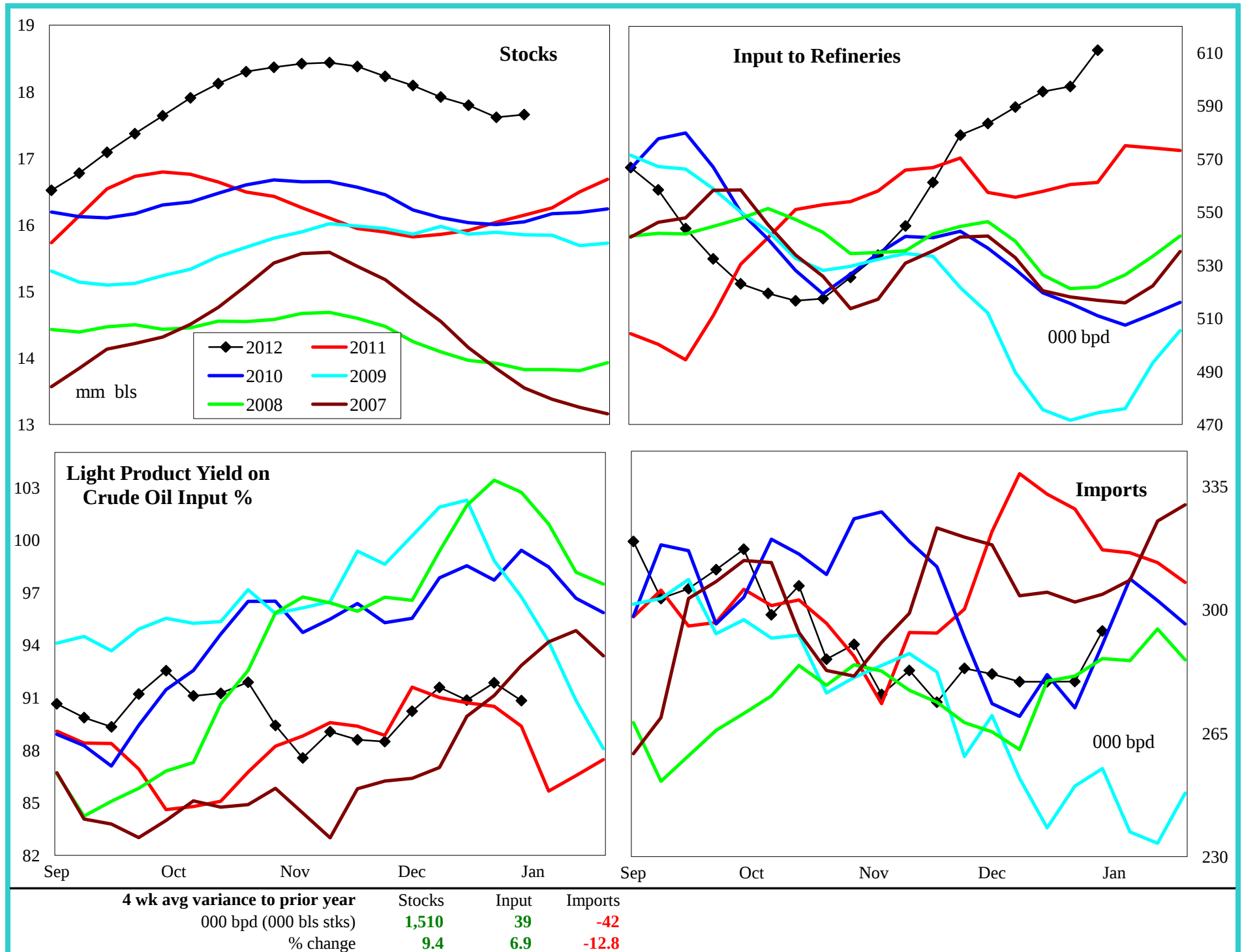
PADD 3 Jet Fuel Supply



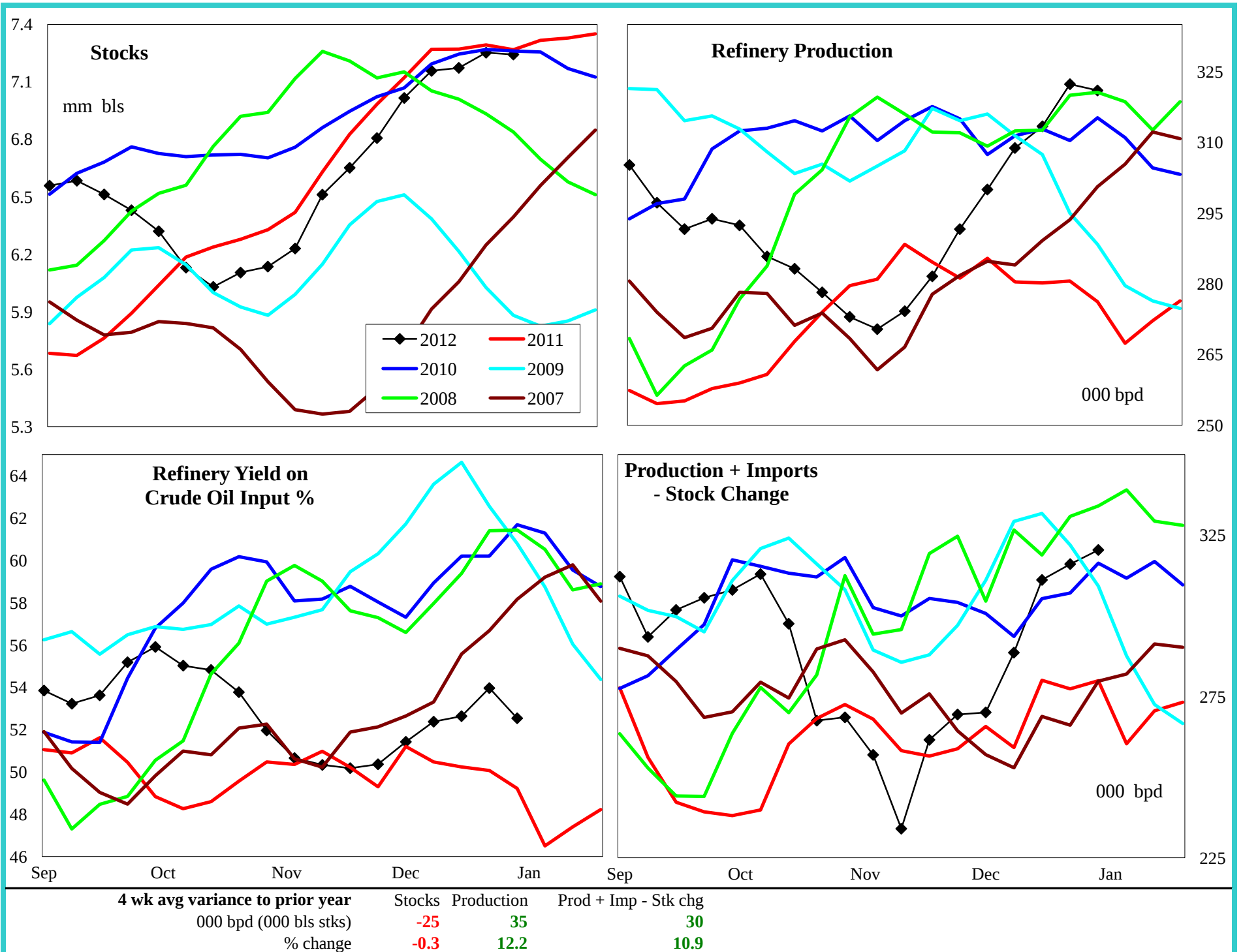
PADD 3 Residual Fuel Oil Supply



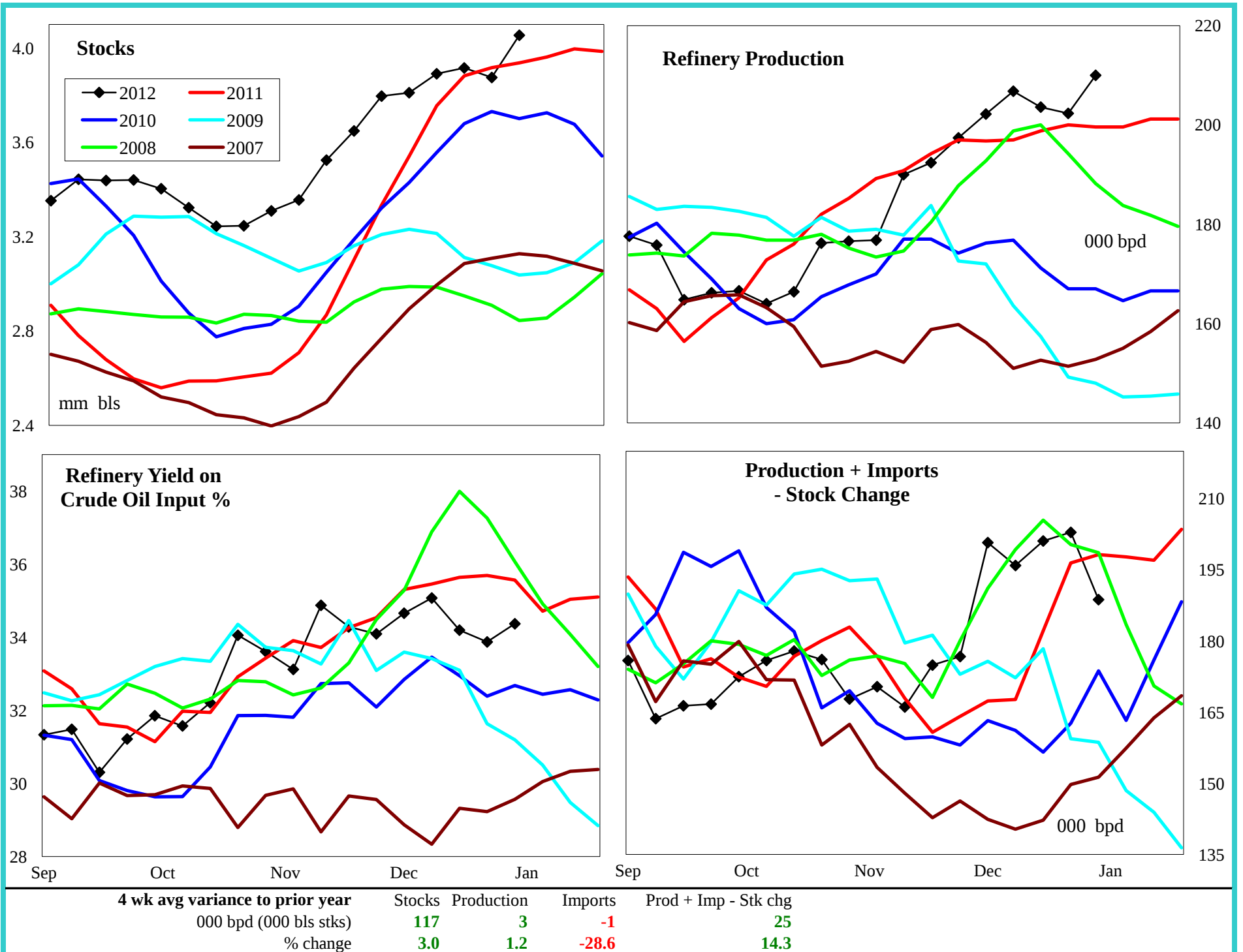
PADD 4 Crude Oil Supply and Refining



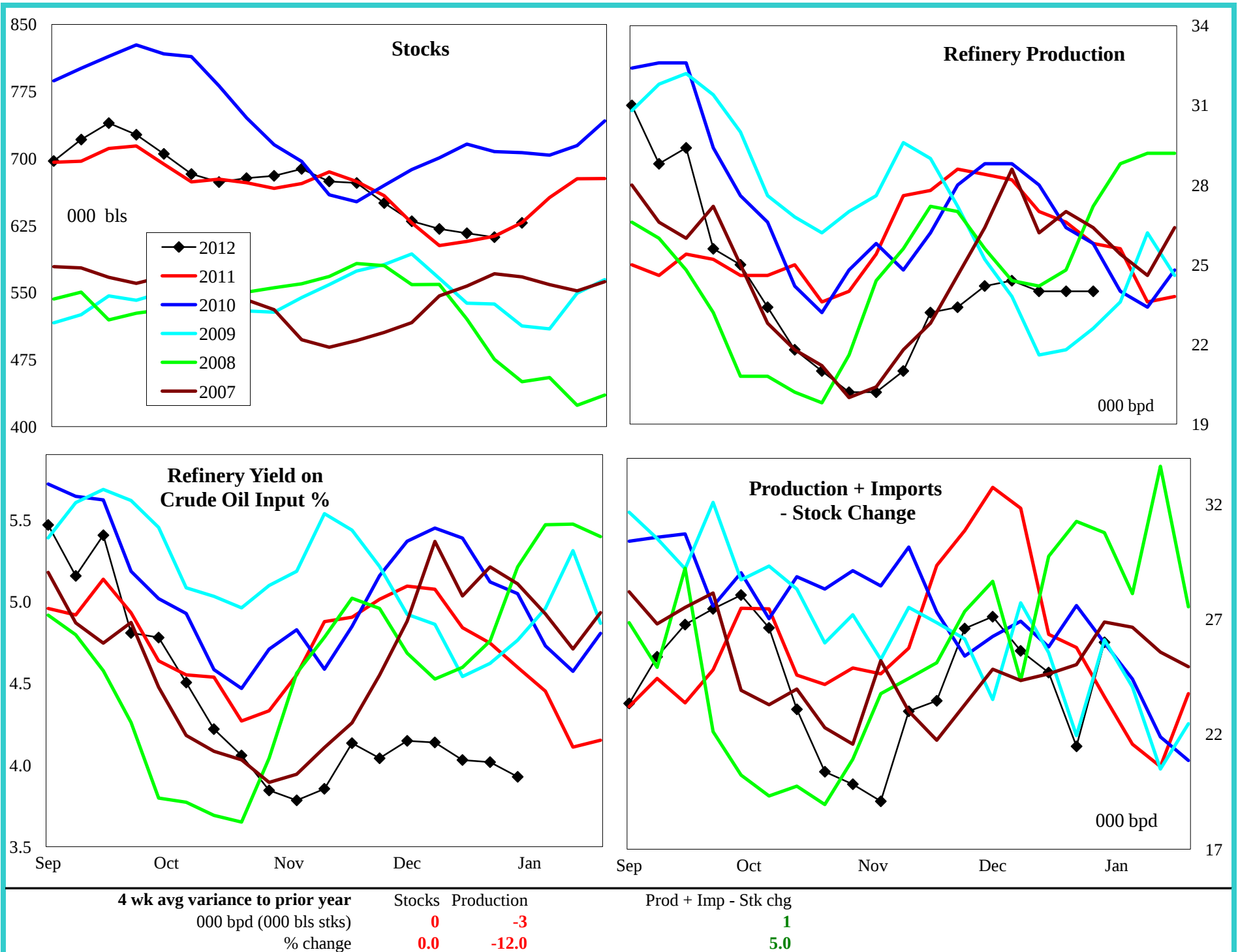
PADD 4 Gasoline Supply



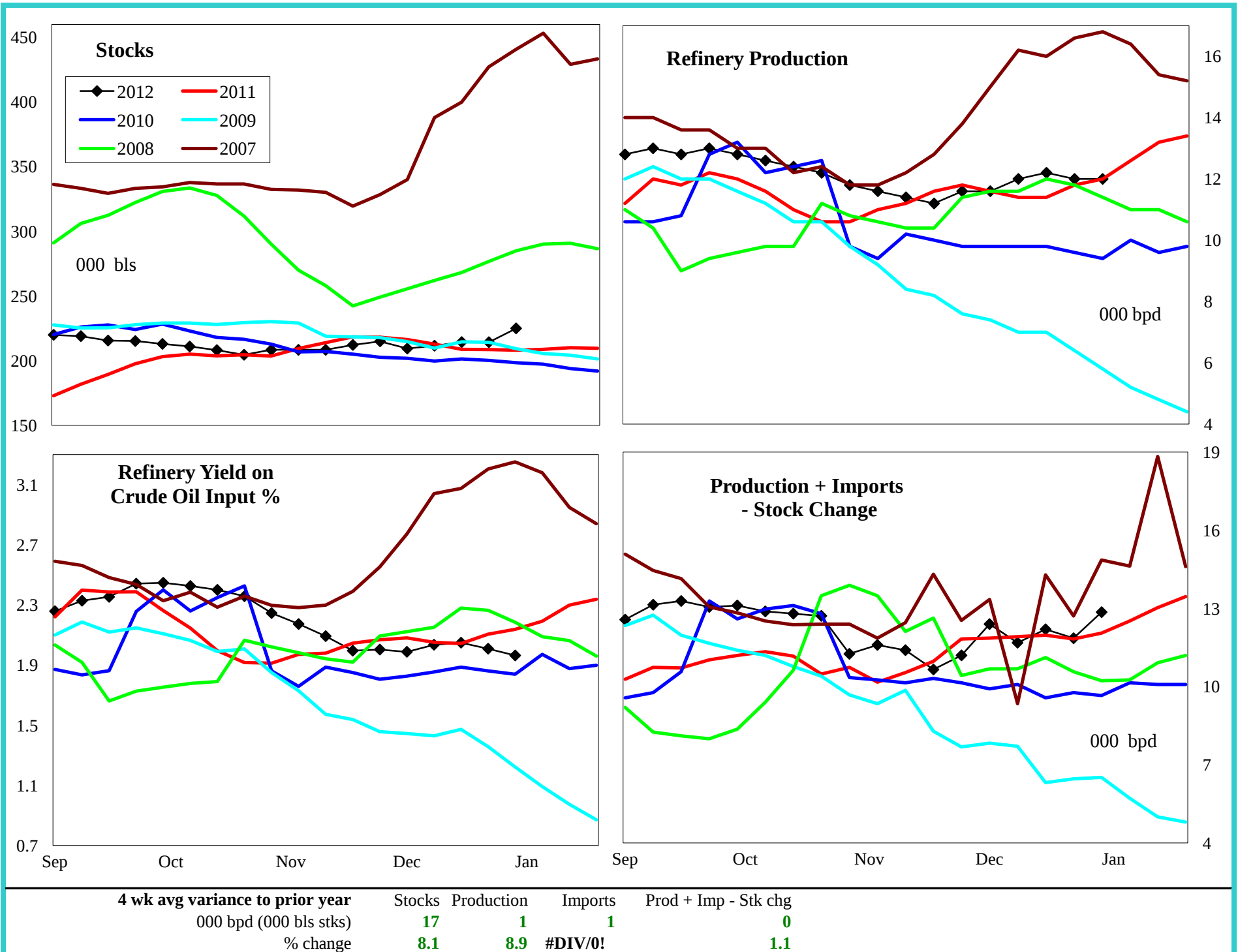
PADD 4 Distillate Supply



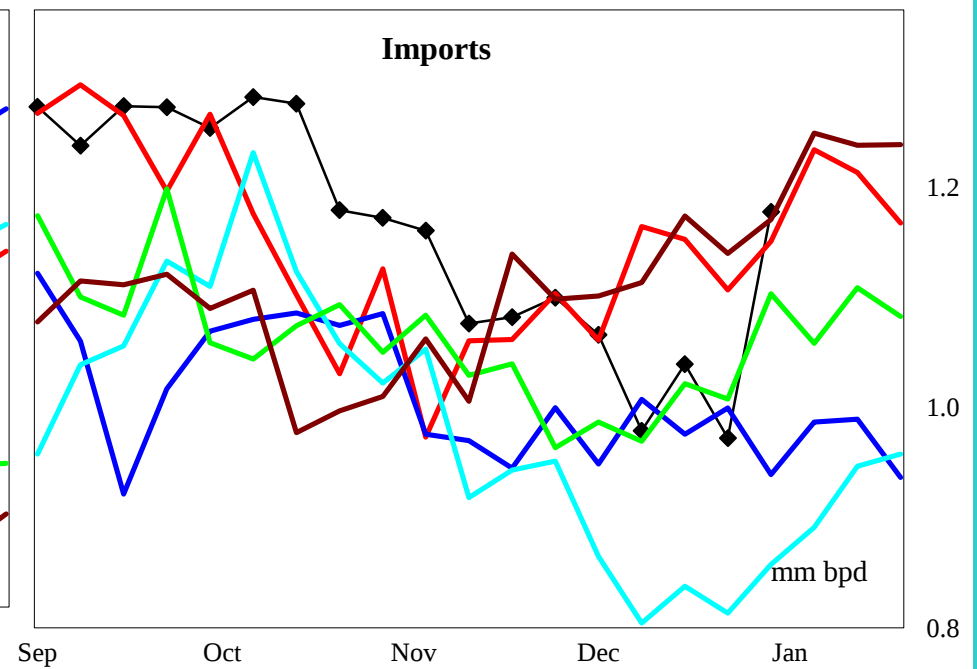
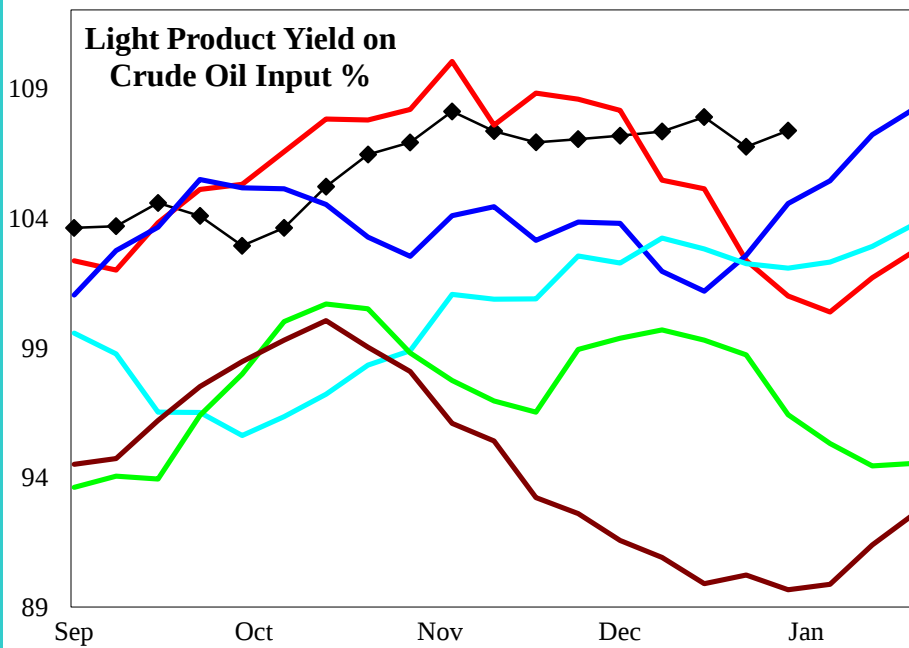
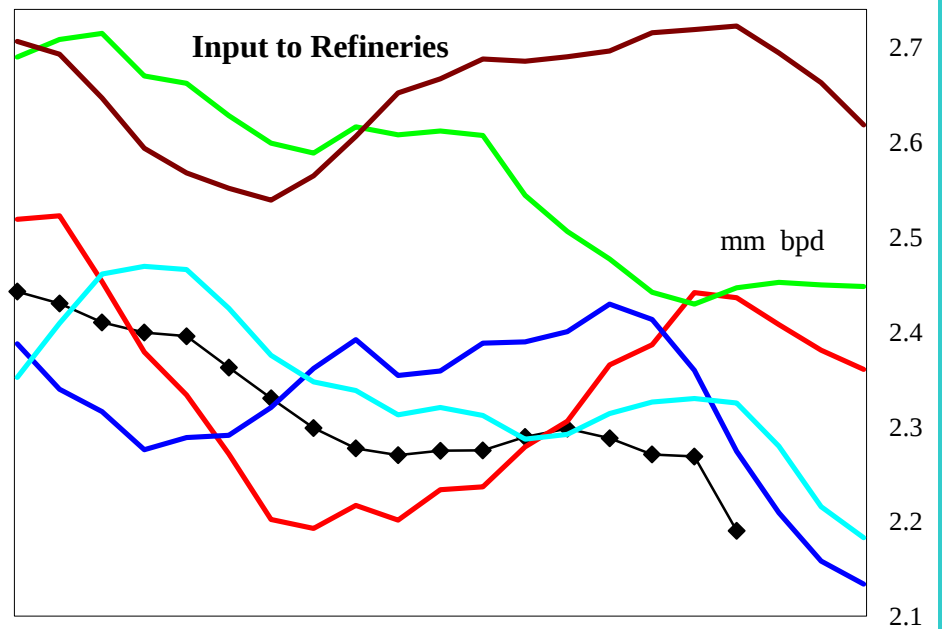
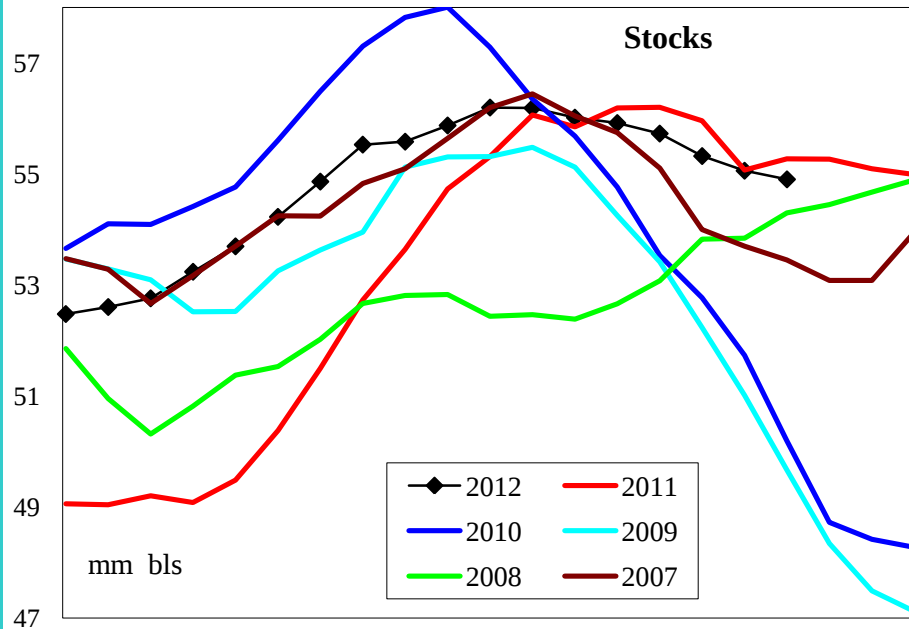
PADD 4 Jet Fuel Supply



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

-370

-0.7

Input

-175

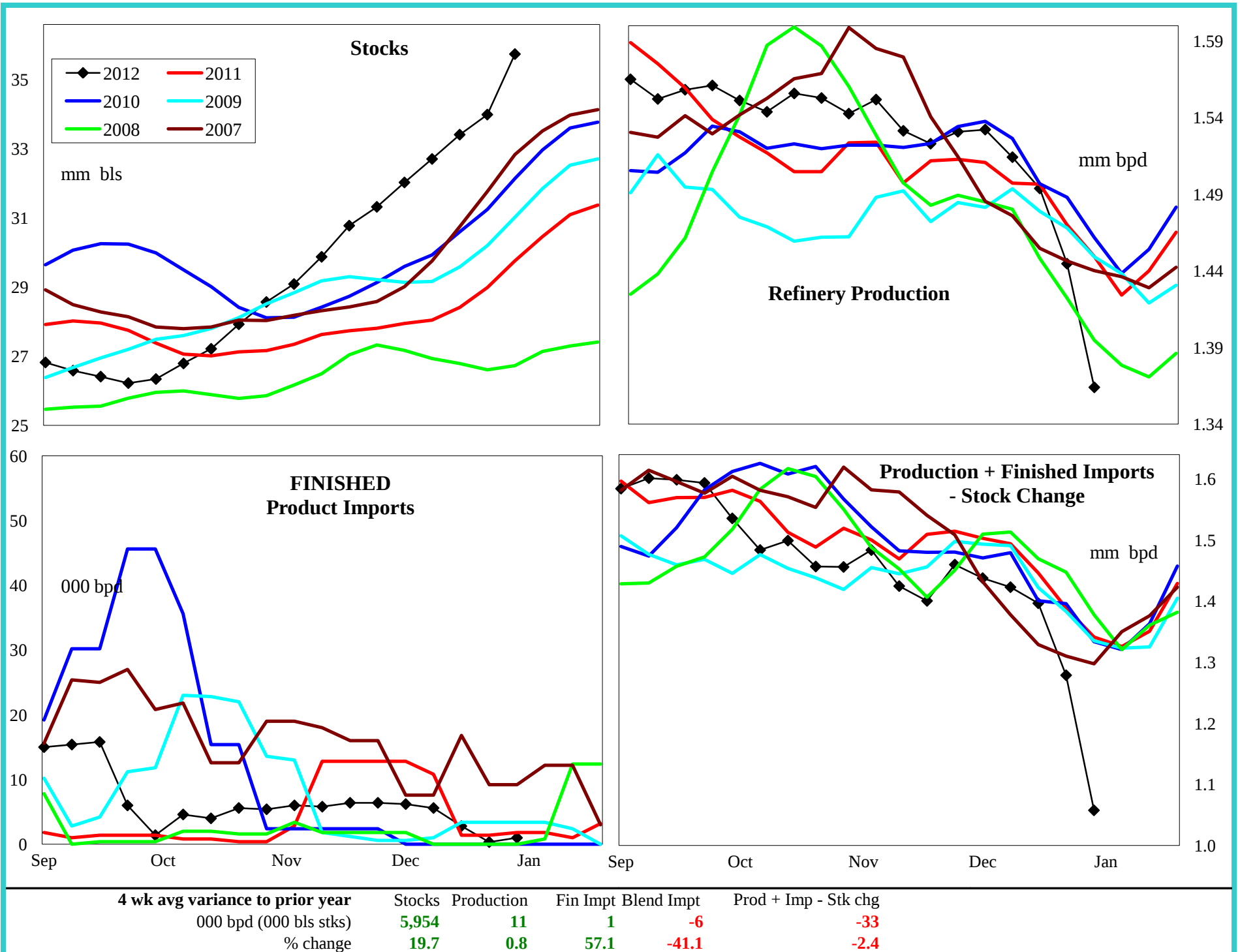
-7.1

Imports

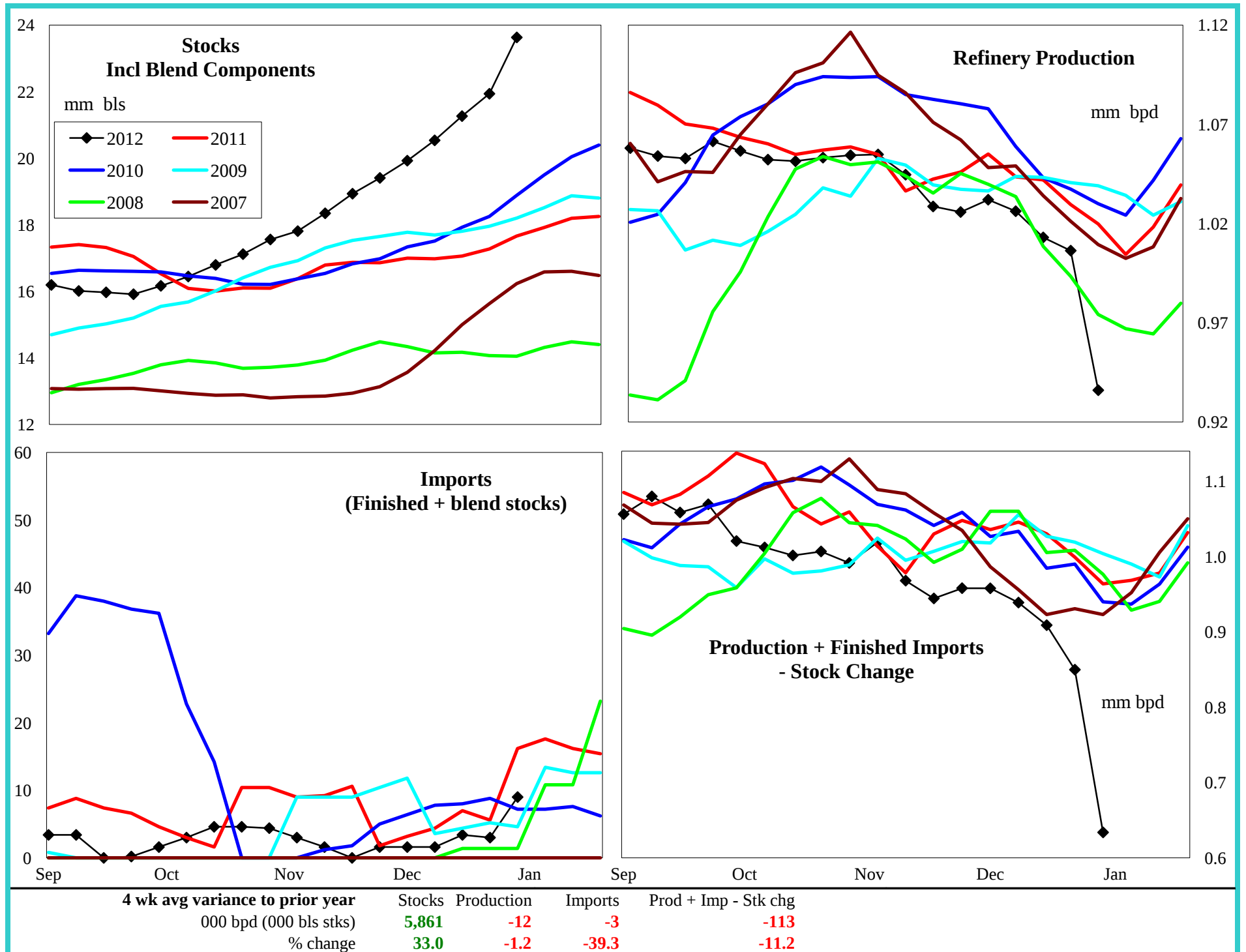
-180

-15.1

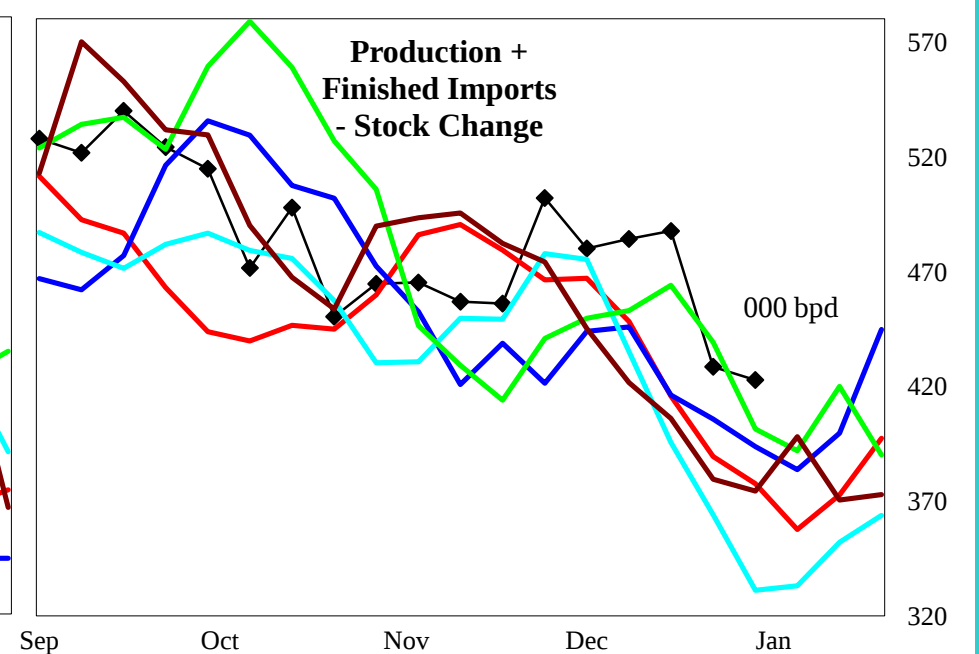
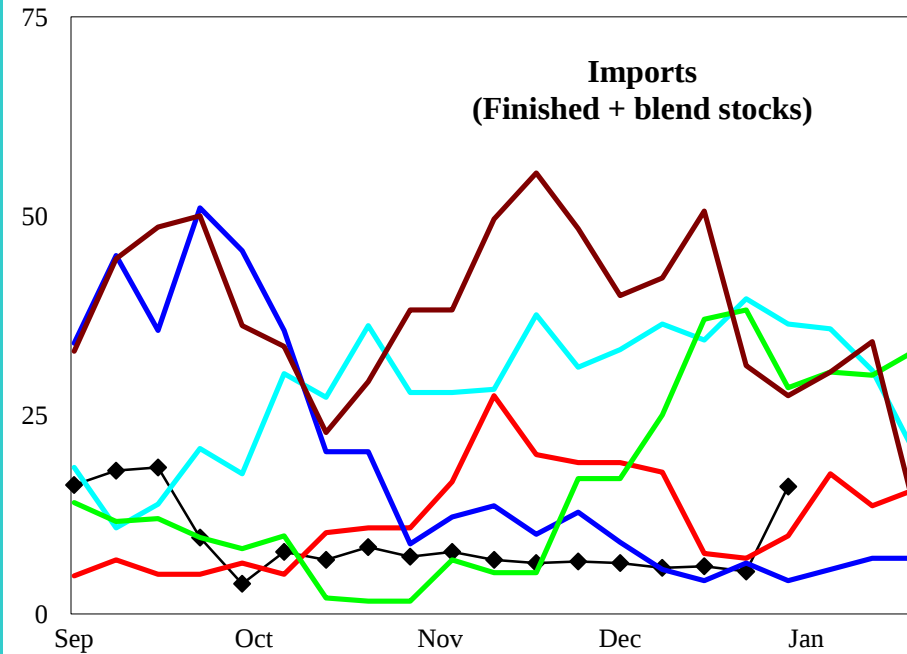
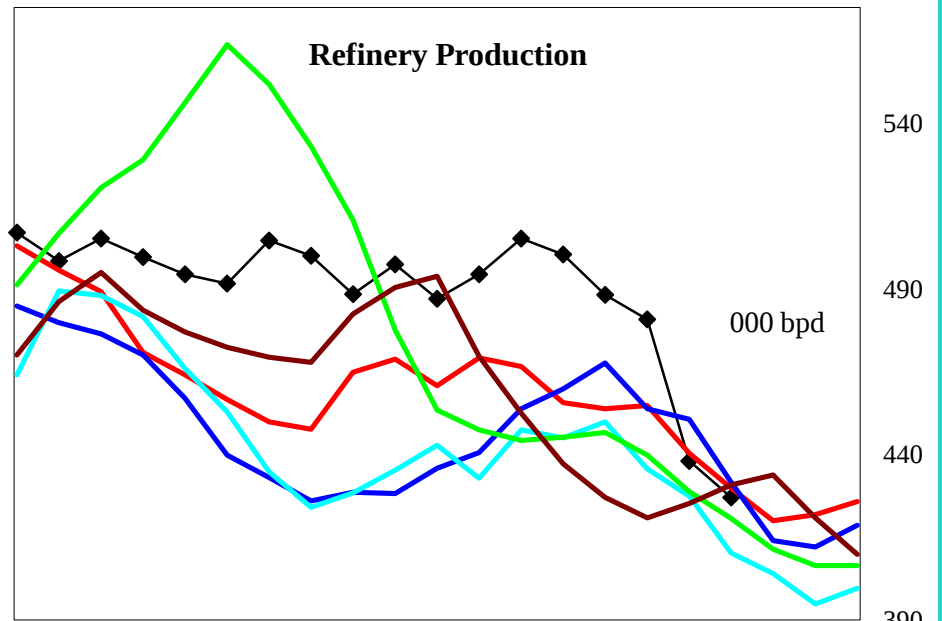
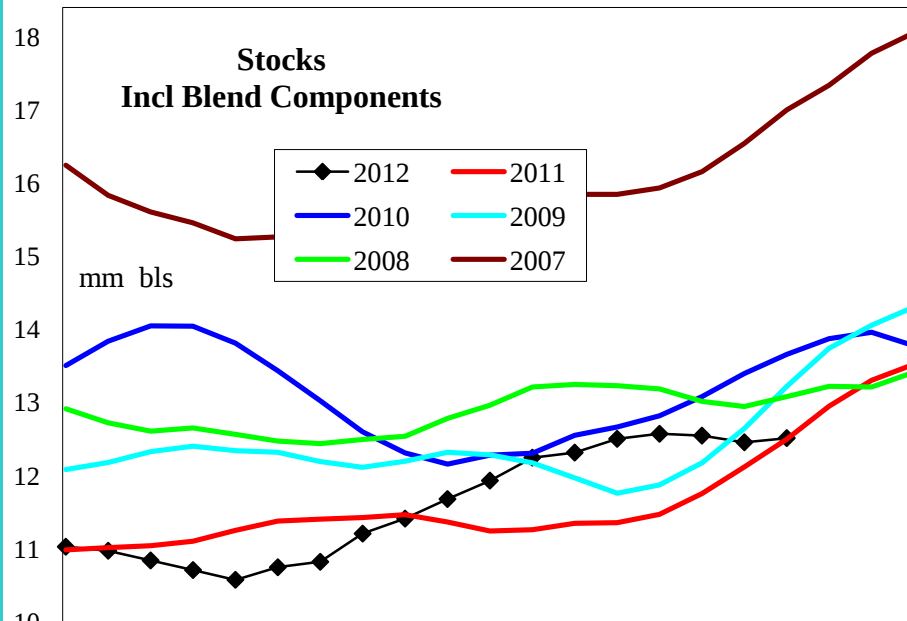
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



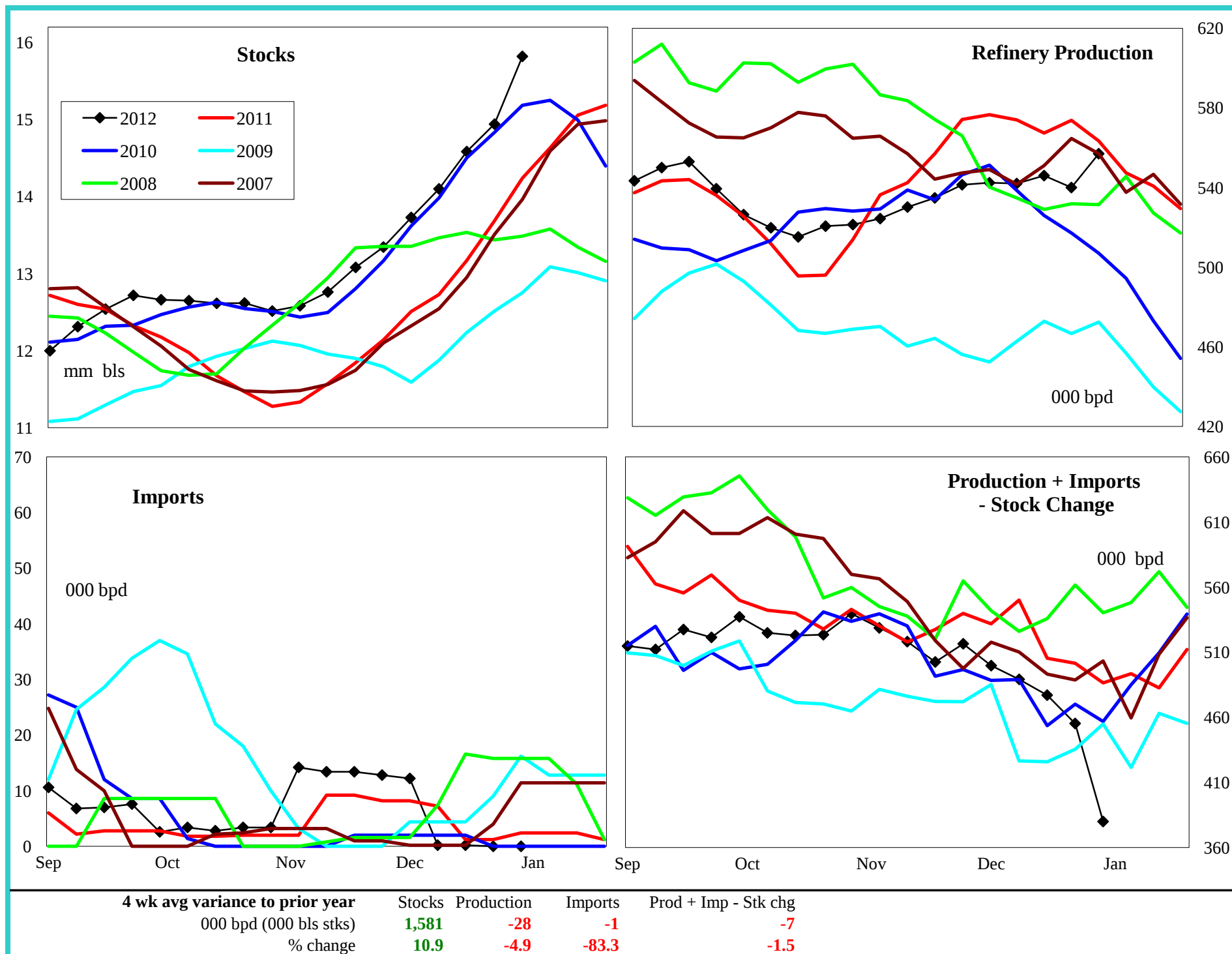
PADD 5 Conventional Gasoline Supply



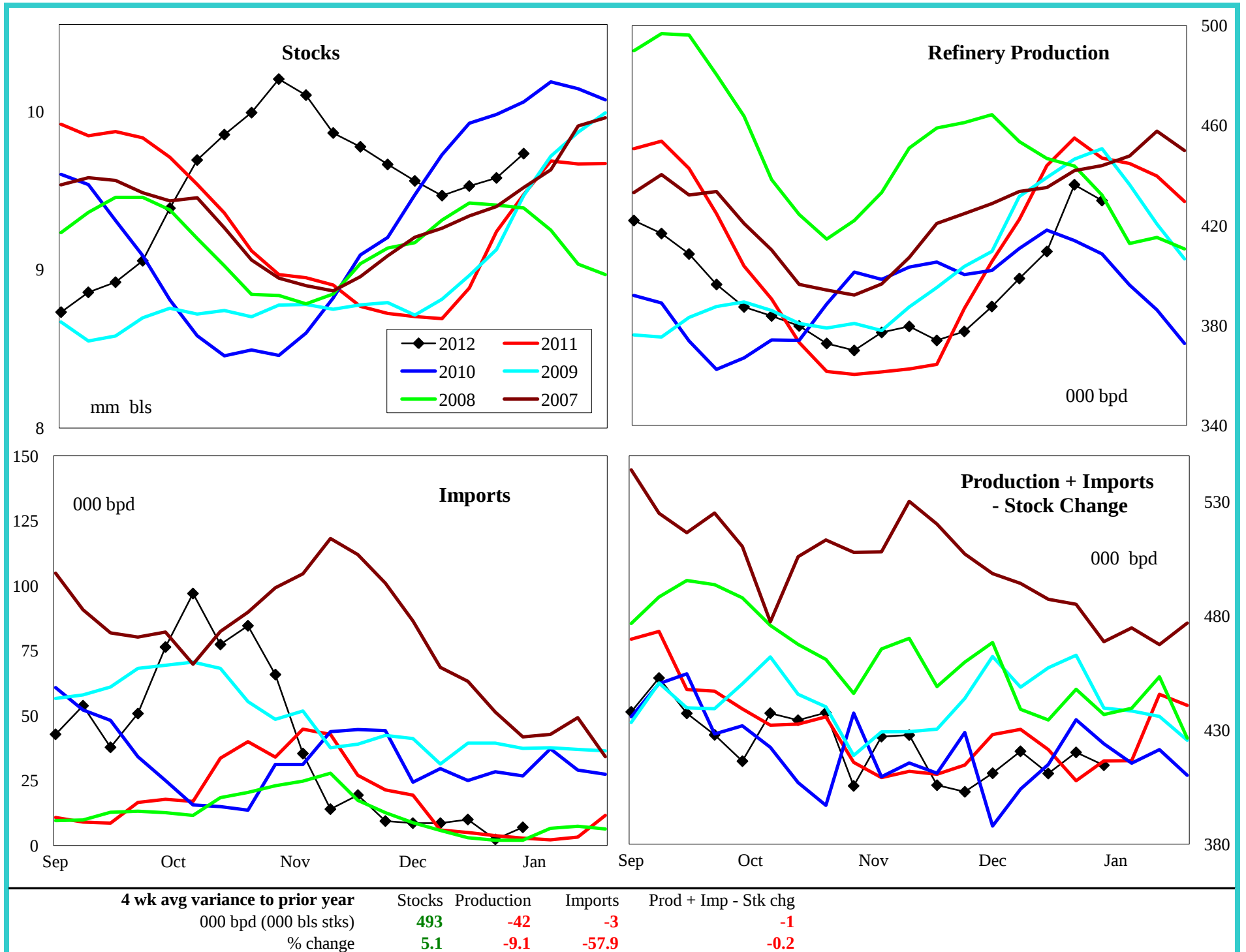
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
93	23	-2	79
0.7	5.2	-22.9	19.4

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

