



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

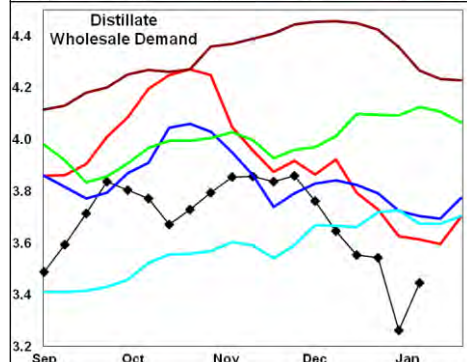
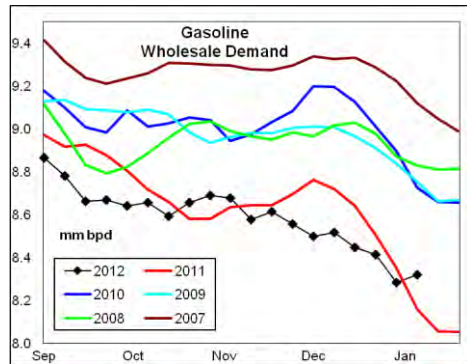
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 16, 2013

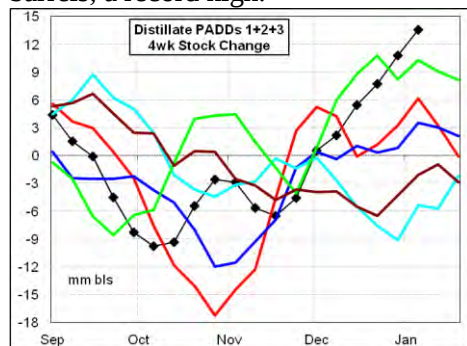


Major Fundamental Trends¹

Wholesale gasoline and distillate demand each rebounded +0.3 million bpd last week. With the increase, demand for the latest 4-wk period still lags year ago levels. Gasoline was -0.6% lower while distillate saw a decline of -5.2%.



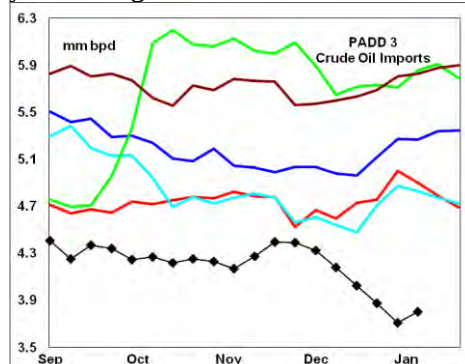
Low seasonal demand combined with high crude oil thru put led to stock builds on the week for transport fuels, particularly in the Gulf region. The latest distillate 4-wk build in markets East of the Rockies was 13.6 million barrels, a record high.



The rate of gasoline stock builds continued to exceed 5-year highs,

lifting stock levels to new record highs.

Winter refinery maintenance in the Gulf led to a -269,000 bpd decrease in runs last week for the region. In anticipation of further declines in runs as maintenance increases, imports into the Gulf were -1.3 million bpd below a year ago for the latest 4-wk period, pushing stock levels to below the 3-year average.



Demand for gasoline and distillate each increased +0.3 million bpd last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.6%; distillate was -5.2% lower; jet fuel was up +1.1% while residual fuel oil decreased -52%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.9 million barrel stock build and low wholesale demand. Coverage levels matched all time high.

Distillate coverage increased on a +1.7 million barrel stock build and low demand. Coverage levels matched last year for the 2nd consecutive week.

Jet fuel coverage increased on a +0.8 million barrel stock build. Coverage levels ended the week at a level near the last 3-years.

Residual fuel oil coverage surged to record levels experienced in Sep12 on increased stocks and extremely low demand.

Refinery utilization rates decreased on a -156,000 bpd drop in crude oil thru put. During the latest 4-wk period crude oil input was +0.5 million bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +0.2 million bpd

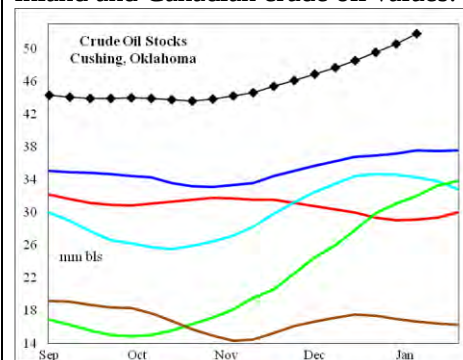
increase in output compared to the -156,000 bpd decrease in crude oil runs. Yield % on crude oil runs was at a record low.

Distillate yield % on crude oil runs fell on a -356,000 bpd collapse in production, compared to the smaller decrease in crude oil runs. The yield % on crude oil runs matched the 5-year mid range.

Jet fuel yield % on crude oil runs increased on a +6,000 bpd increase in output, compared to the drop in crude oil runs. The yield % was near the historic highs.

Petroleum Imports decreased for crude oil and each transport fuel last week. During the latest 4-wk period crude oil imports were -1.2 million bpd below last year; distillate imports decreased -18,000 bpd; finished gasoline imports decreased -30,000 bpd, gasoline blend stock imports decreased -56,000 bpd; jet fuel imports declined -5,000 bpd, while residual fuel oil imports fell -95,000 bpd.

Crude Oil imports decreased -0.3 million bpd last week, with the level still well below the historic range. Stocks decreased -1 million barrels last week, concentrated in the Gulf region which reported a -3.8 million barrel draw. Stock levels in Cushing ended the week +78% 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.



¹ Source is latest EIA Weekly Statistics



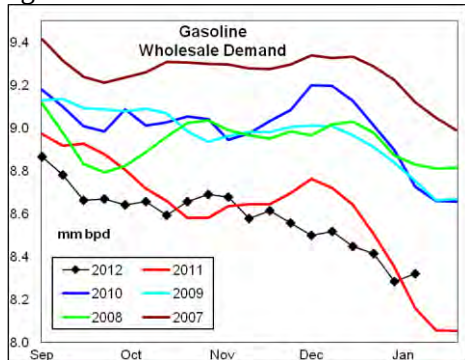
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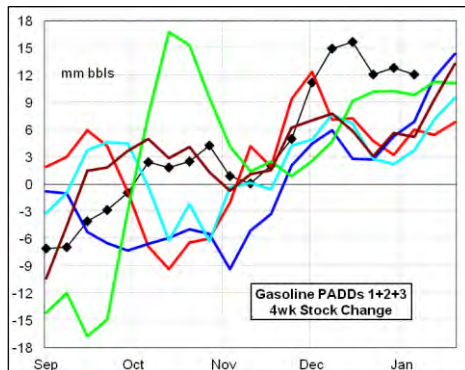
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Product Supply-Demand Trends

Gasoline demand increased +310,000 bpd on the week, with the level comparable to last year. The latest 4-wk average demand was -50,000 bpd below a year ago. Supply increased +133,000 bpd last week on higher production. Supply for the latest 4-wk period was -137,000 bpd below a year ago.

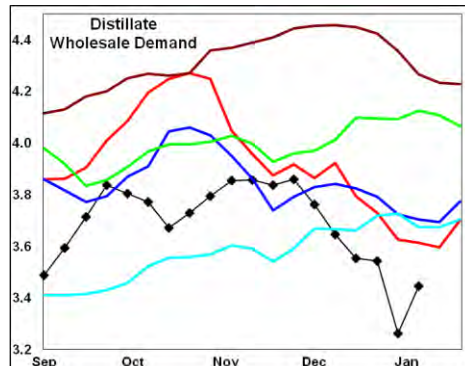


Stocks increased +1.9 million barrels last week, to a new record high level for the season. The latest 4-wk build of +12.1 million barrels was the 5th consecutive record rate of build.



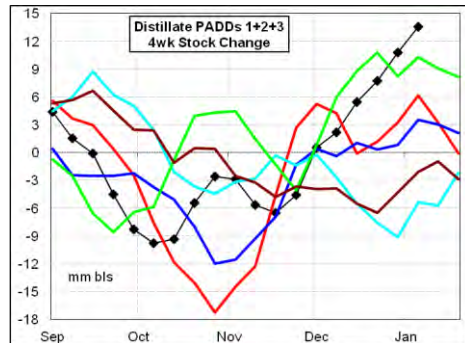
Refiners have reduced output due to lack of demand, very high stock levels, and collapse in refining margins across many regional markets. Look for further cuts in production on poor refining margins and start of winter maintenance in the Gulf and West Coast regional markets.

Distillate demand climbed +360,000 bpd last week, reversing a 3-wk decline. The latest 4-wk average demand was -187,000 bpd below a year ago.



Supply fell -367,000 bpd last week, with the latest 4-wk average +59,000 bpd above last year. Stocks increased +1.7 million barrels last week, on continued high output. The build was concentrated in the Gulf region.

The latest 4-wk stock change in markets East of the Rockies was a +13.6 million barrel build, a new record build for the season.



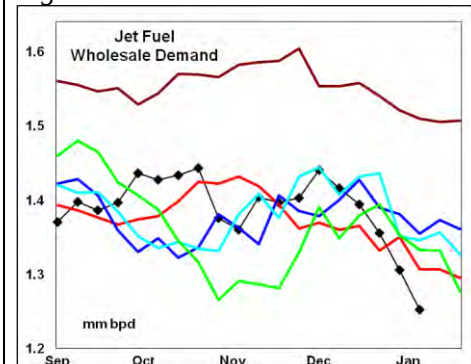
Stocks have witnessed a record build rate on exceptionally low demand and season high production. While stock levels remain -10.5% below last year, the builds have eliminated the risk of a supply squeeze during the balance of the heating season.

Jet Fuel demand fell -110,000 bpd last week, with the latest 4-wk average demand +15,000 bpd above a year ago.

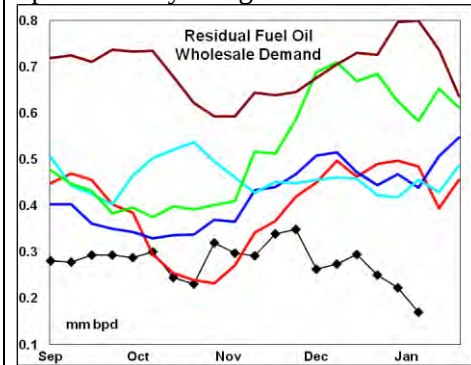
Supplies declined -57,000 bpd on the week, due to lower imports. Production levels exceed 5-year highs, with the 4-wk average +63,000 bpd above a year ago. Stocks increased +0.8 million barrels on the week, with the level below the last 3-years.

Wholesale demand should extended the current seasonal downtrend. Lower demand should lead to stock building on production rates well above the last 3-years.

Stock levels are below the last 2-years in the Rockies and Midwest regions.



Residual fuel oil demand declined -124,000 bpd last week. Demand for the latest 4-wk period was -276,000 bpd below a year ago.



Supply (production + imports) increased +89,000 bpd last week, on higher imports. The latest 4-wk average supply was -172,000 bpd below last year on lower imports and production. Stocks increased +0.6 million barrels on the week, with the level below the mid range.

Imports into PADD 1 fell to record lows, driving stock levels back to lows seen in the fall quarter. Stocks in the Gulf reached 5-year highs on a surge in imports last week. Other markets remain balanced with stock levels comparable to the last 2-years.



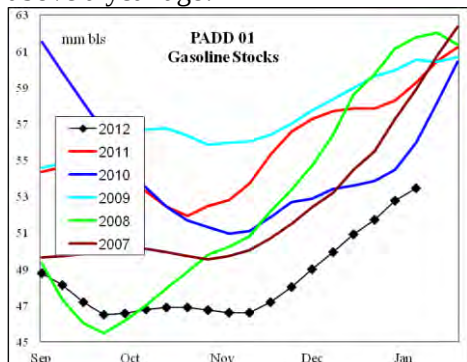
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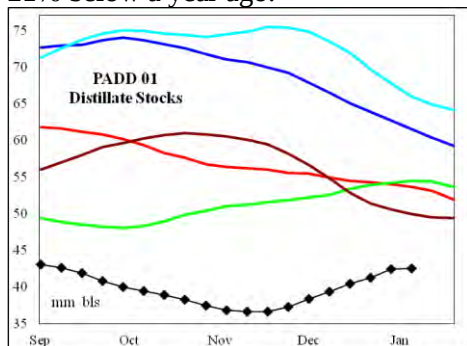
PADD Supply Trends

PADD 1 refinery crude oil runs increased +34,000 bpd last week. The latest 4-wk average was +127,000 bpd above a year ago.

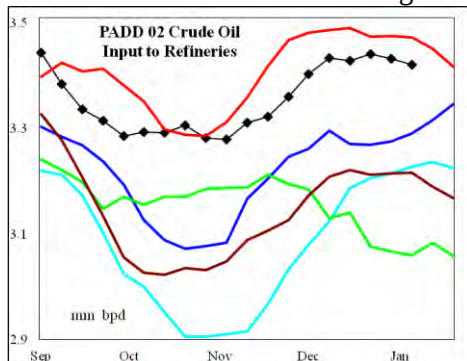


Gasoline supply increased +223,000 bpd on the week, due to higher production. Stocks increased +0.5 million barrels on the week, ending at a level -9.5% below last ago.

Distillate supply increased +4,000 bpd on the week due to higher production. Stocks fell -0.7 million barrels on the week, with the level -21% below a year ago.



Jet fuel supply fell -55,000 bpd while stocks increased +0.3 million barrels to a level above the historic mid range.



PADD 2 crude oil refinery runs decreased -20,000 bpd last week, to a

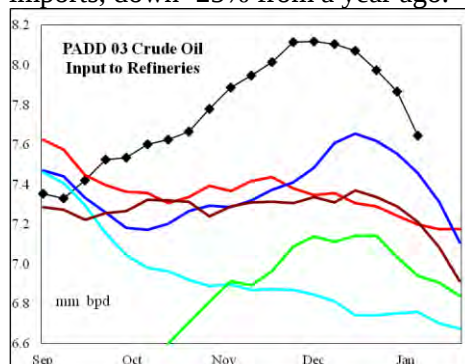
level just below last years' record high. Runs for the latest 4-wk period were -39,000 bpd below last year. Crude oil stocks increased +2.3 million barrels on the week. Stocks ended the week +78% above a year ago at Cushing, Oklahoma.

Gasoline production increased +48,000 bpd on the week, a level below the 5-year range. Stocks fell -1 million barrels on the week, a level still above the 5-year range.

Distillate supply fell -80,000 bpd on the week, to a level near the 5-year mid range. Stocks increased +0.1 million barrels last week, with the level -6% below a year ago.

Jet fuel production increased +34,000 bpd last week, to a record season high. Stocks increased +0.4 million barrels on the week, although the level remains -15% below a year ago.

PADD 3 refinery runs fell -269,000 bpd last week, with the latest 4-wk average +0.6 million bpd above a year ago. Crude oil stocks decreased -3.8 million barrels on exceptionally low imports, down -25% from a year ago.



Gasoline supply decreased -93,000 bpd last week, on lower production. Stocks increased +2.4 million barrels, +12% above last year and a new record high.

Distillate supply plunged -236,000 bpd on the week, with the latest 4-wk average +134,000 bpd above a year ago. Stocks increased +2.3 million barrels on the week, a level just below a year ago.

Jet fuel supply decreased -25,000 bpd to a level +82,000 bpd above a year ago for the most recent 4-wks.

Stocks increased +0.1 million barrels last week, a level which matched the 5-yaer mid range.

Residual fuel oil supplies increased +99,000 bpd on the week. Stocks jumped +1.5 million barrels to a level above the historic range.

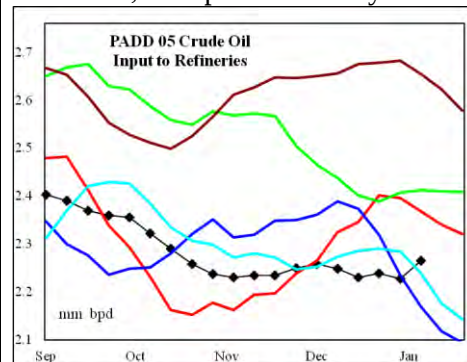
PADD 4 refinery crude runs decreased -16,000 bpd last week, but remain well above the 5-year range. The most recent 4-wk average run rate was +36,000 bpd above last year.

Gasoline production increased to a new record season high, with stock levels comparable to the last 2-years.

Distillate production decreased -20,000 bpd on the week, while stock levels ended the week comparable to the last 2-years.

Jet fuel stock levels fell below each of the last 2-years, with production near the historic aveage.

PADD 5 crude oil refinery runs increased +115,000 bpd on the week, a level comparable to the last 3-years. Runs for the most recent 4-wk period were -175,000 bpd below last year.



Gasoline supply increased +114,000 bpd on the week, to a level above the historic range. The latest 4-wk average supply was -4,000 bpd below last year. Stocks were nearly unchanged on the week, ending at a record season high.

Distillate stocks increased +0.3 million barrels to a new record high last week, although production decreased -31,000 bpd to a level -29,000 bpd below last years' record high.

Jet fuel stock levels and production were each at the mid range of the last 5-years.

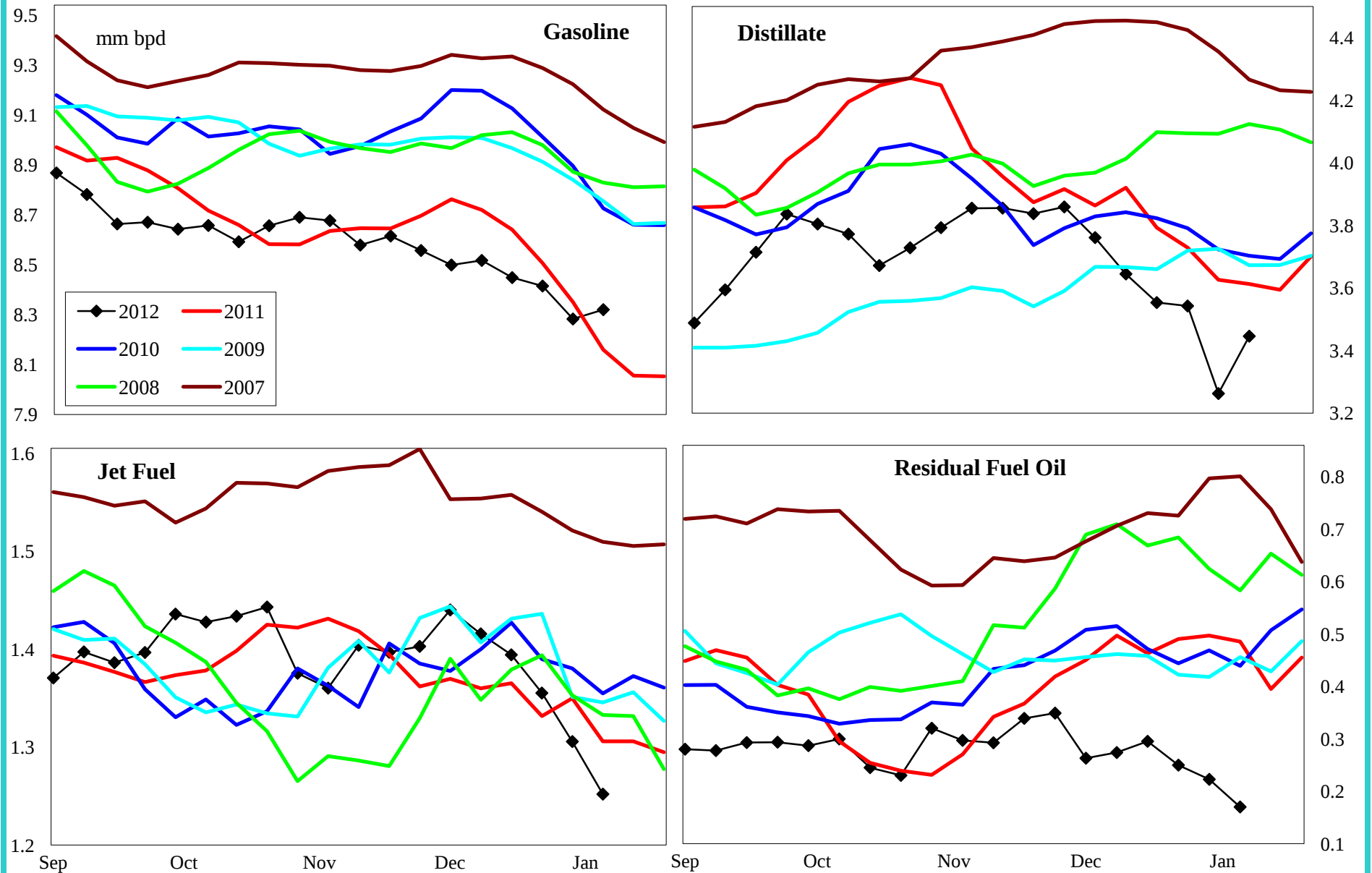


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	11-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	-951	-1,191	2,302	-3,807	295	1,451
	Imports	-312	-46	-34	84	9	-326
	Input	-156	34	-20	-269	-16	115
	% Utilization	-1.20					
Gasoline	Stocks	1,910	521	-969	2,377	-45	25
	Production	205	278	48	-93	23	132
	Imports	-72	-55	1	0	0	-18
	Supplied	310					
Distillate	Stocks	1,686	-736	53	2,285	-253	338
	Production	-356	20	-89	-236	-20	-31
	Imports	-11	-16	9	0	-3	0
	Supplied	360					
Jet Fuel	Stocks	809	347	436	125	-71	-29
	Production	6	0	34	-25	2	-6
	Imports	-63	-55	0	0	0	-7
	Supplied	-110					
Residual Fuel Oil	Stocks	638	-807	19	1,525	-11	-88
	Production	-10	15	3	-22	0	-8
	Imports	99	-34	9	121	-2	2
	Supplied	-124					

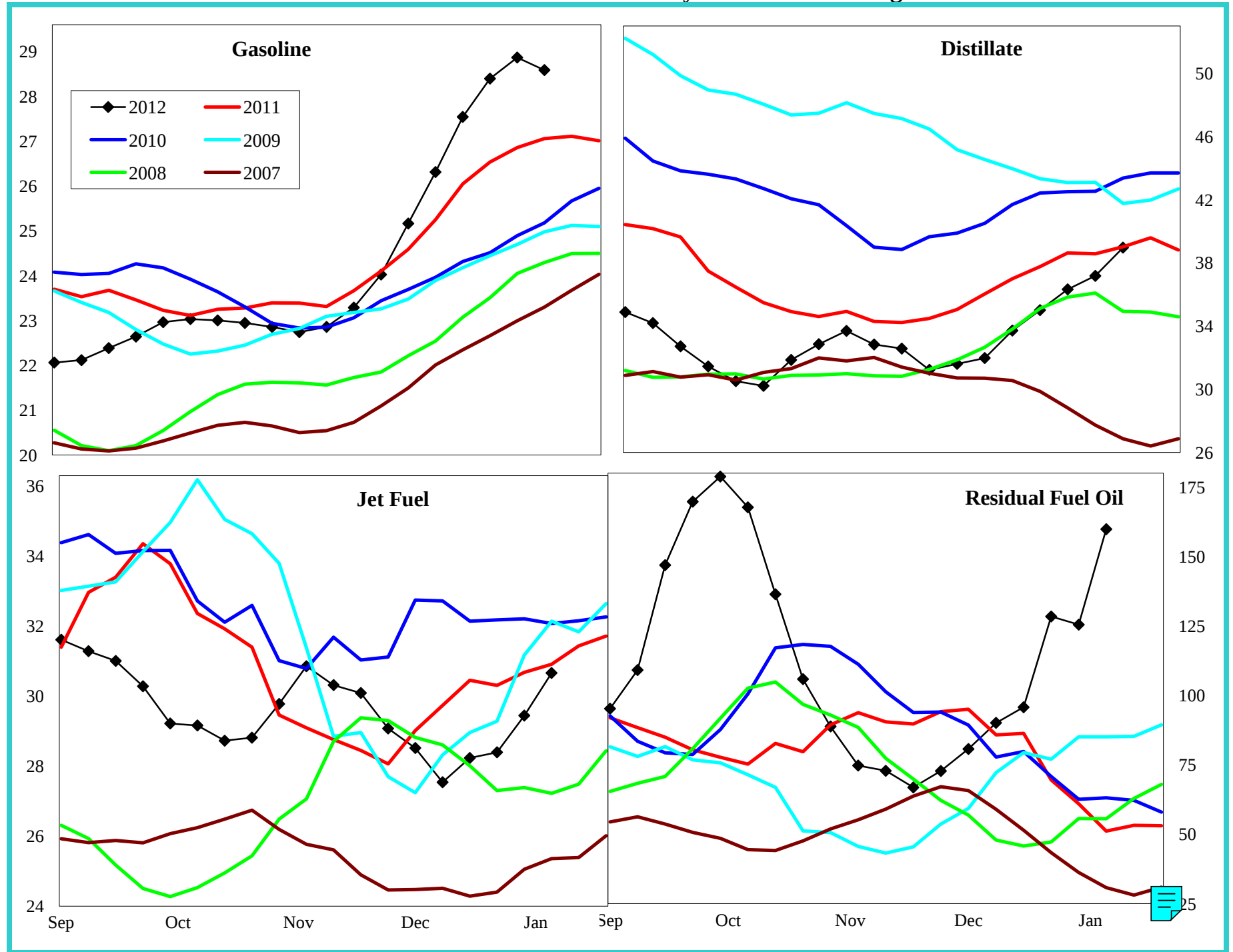
United States Wholesale Petroleum Demand



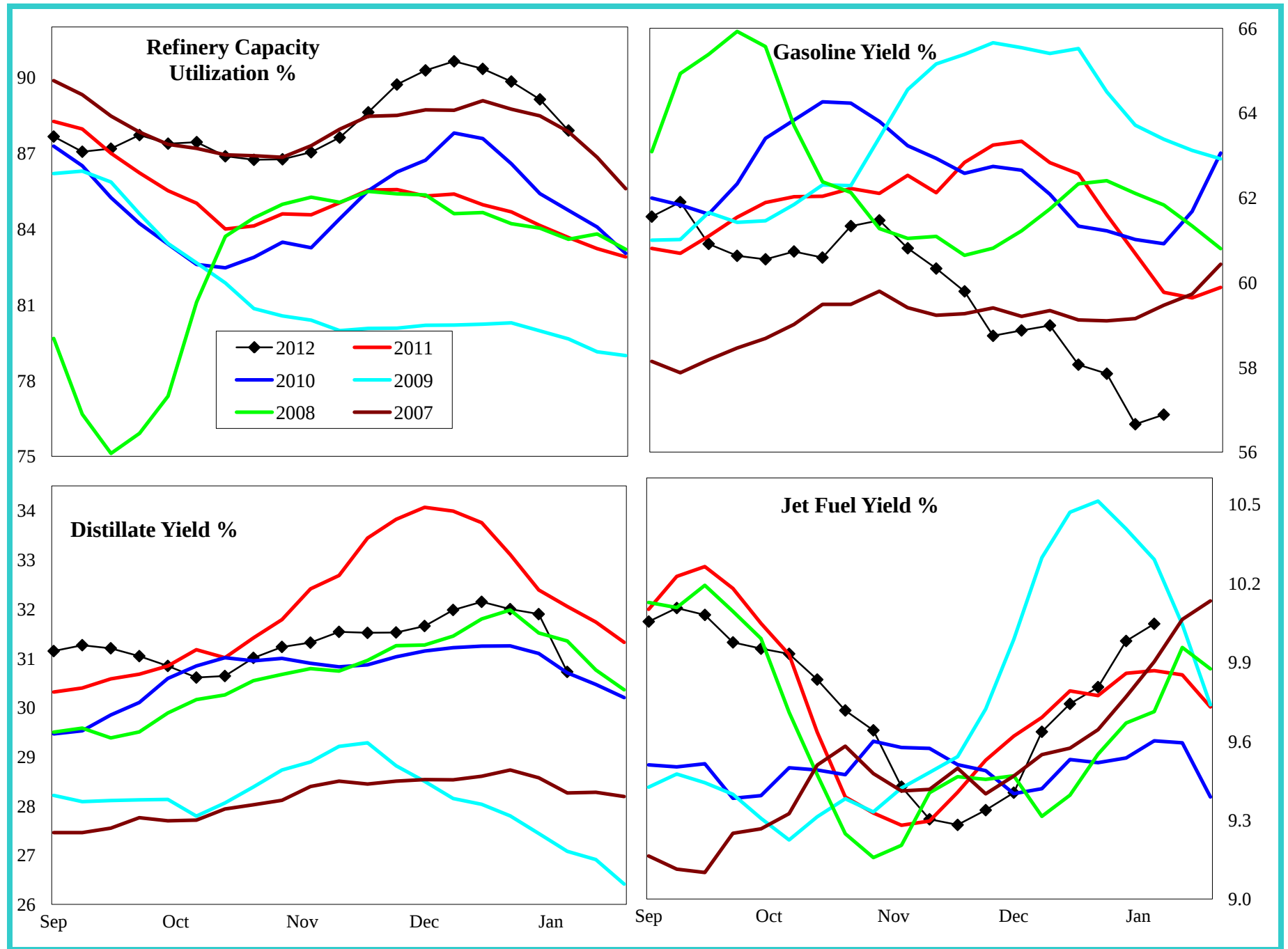
	000 bpd change from prior year				% change from prior year			
	4wk avg	Dec	Nov	Oct	4wk avg	Dec	Nov	Oct
Gasoline	-50	-244	110	51	-0.6	-2.8	1.3	0.6
Distillate	-187	-286	-187	-165	-5.2	-7.4	-4.6	-4.1
Jet Fuel	15	67	8	-43	1.1	4.9	0.6	-3.1
Resid	-276	-209	-30	-123	-52.1	-40.3	-7.6	-30.6



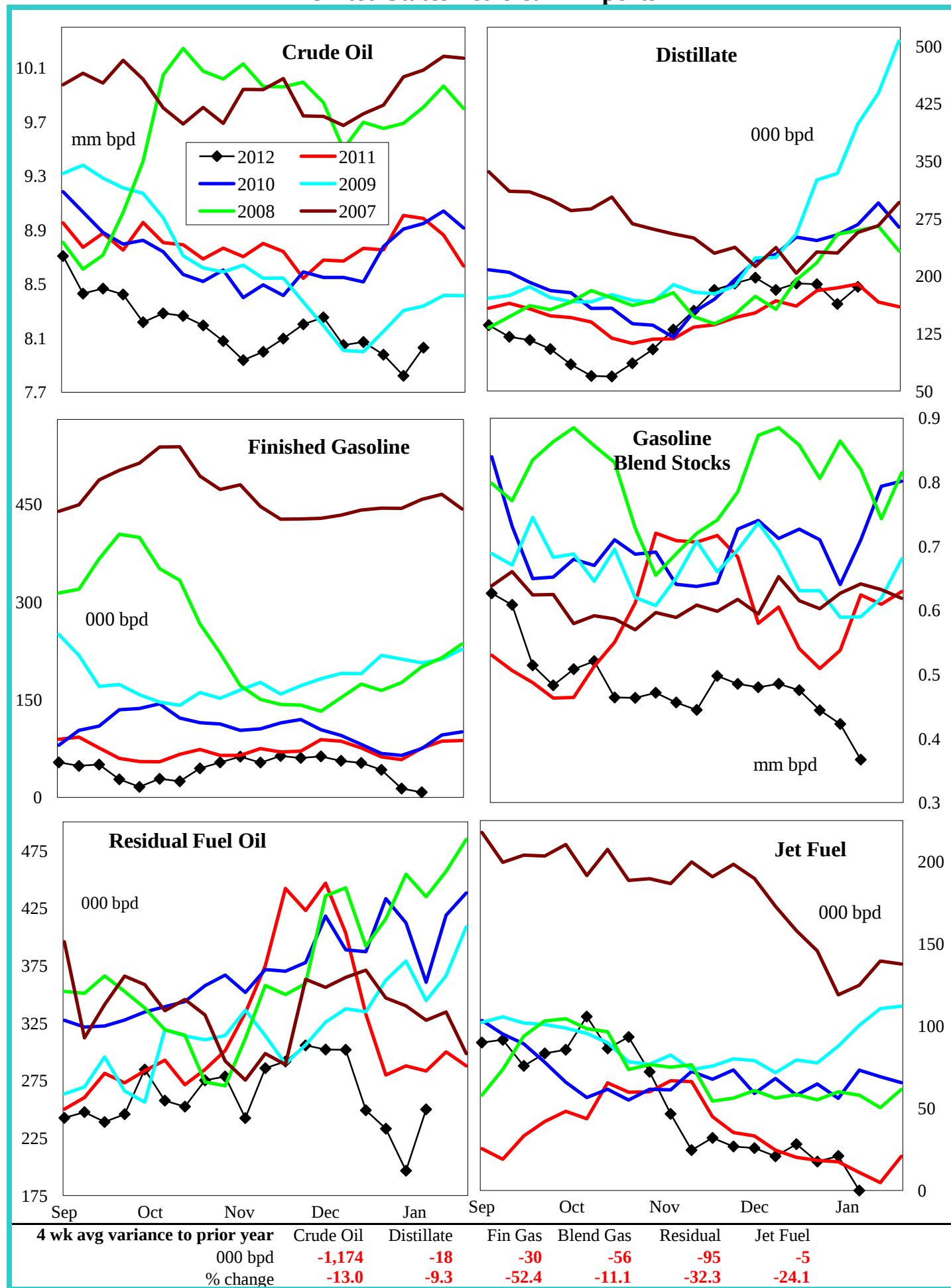
United States Product Stocks: Days Forward Coverage



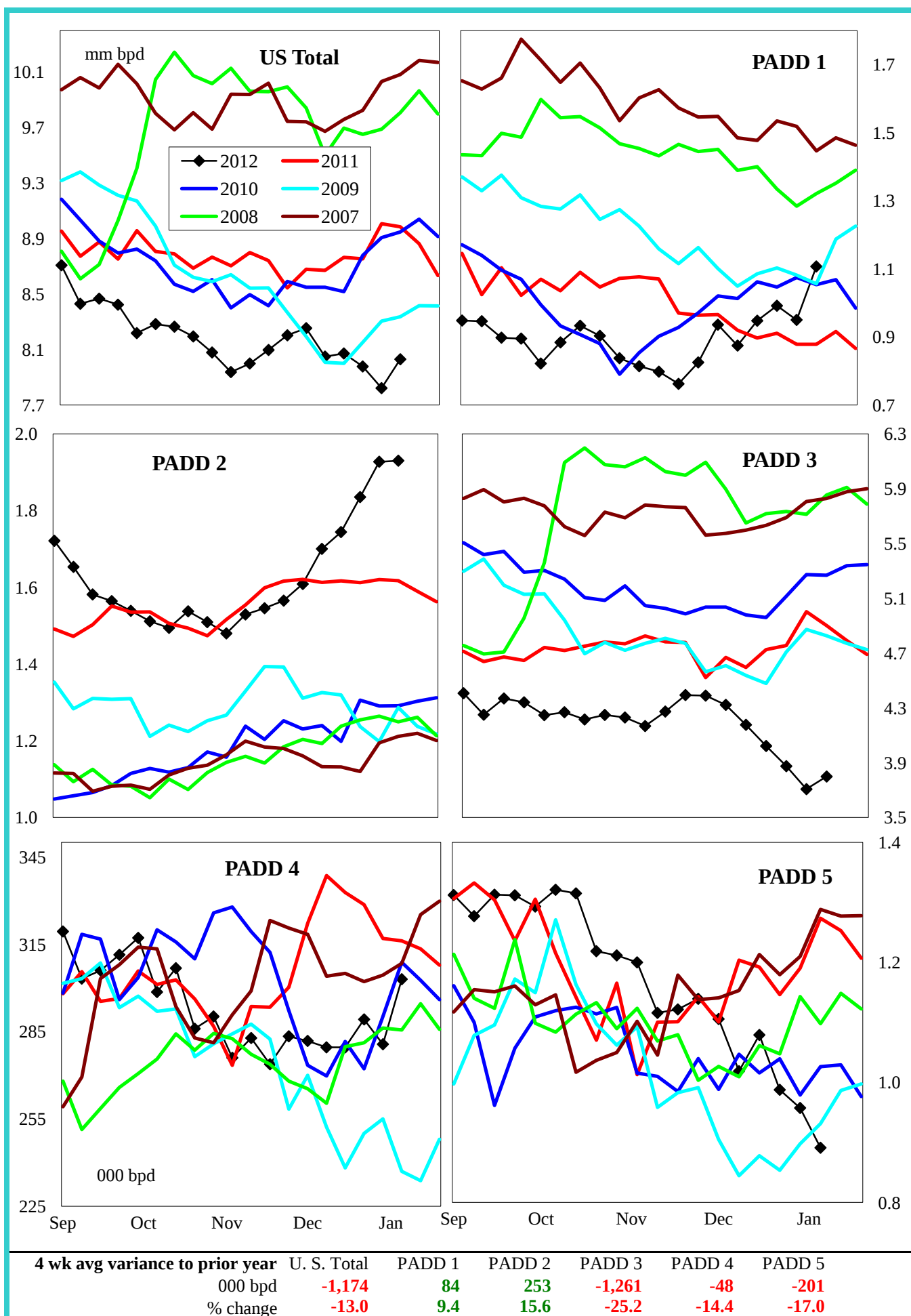
United States Refinery Percent Utilization Rate and Product Yields



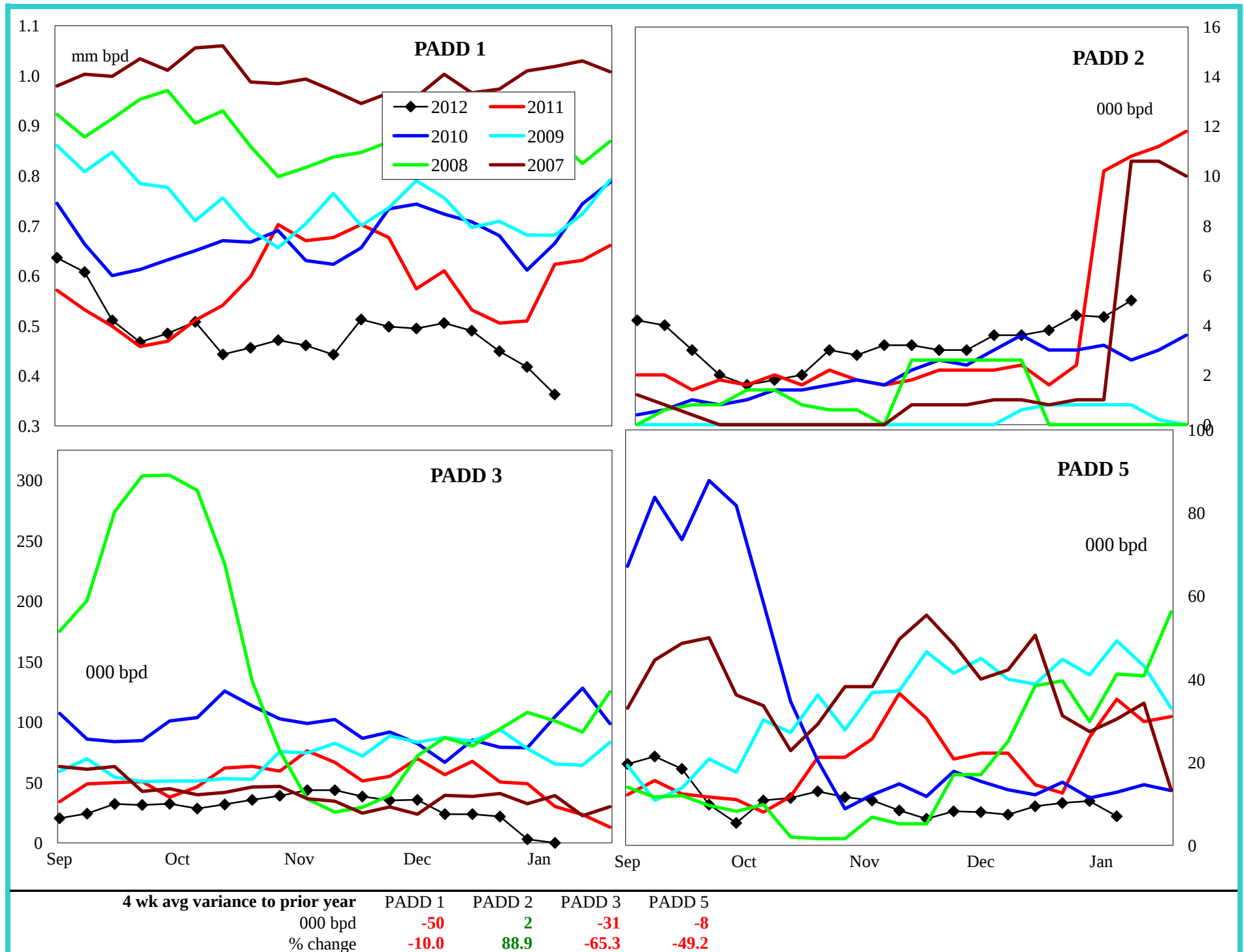
United States Petroleum Imports



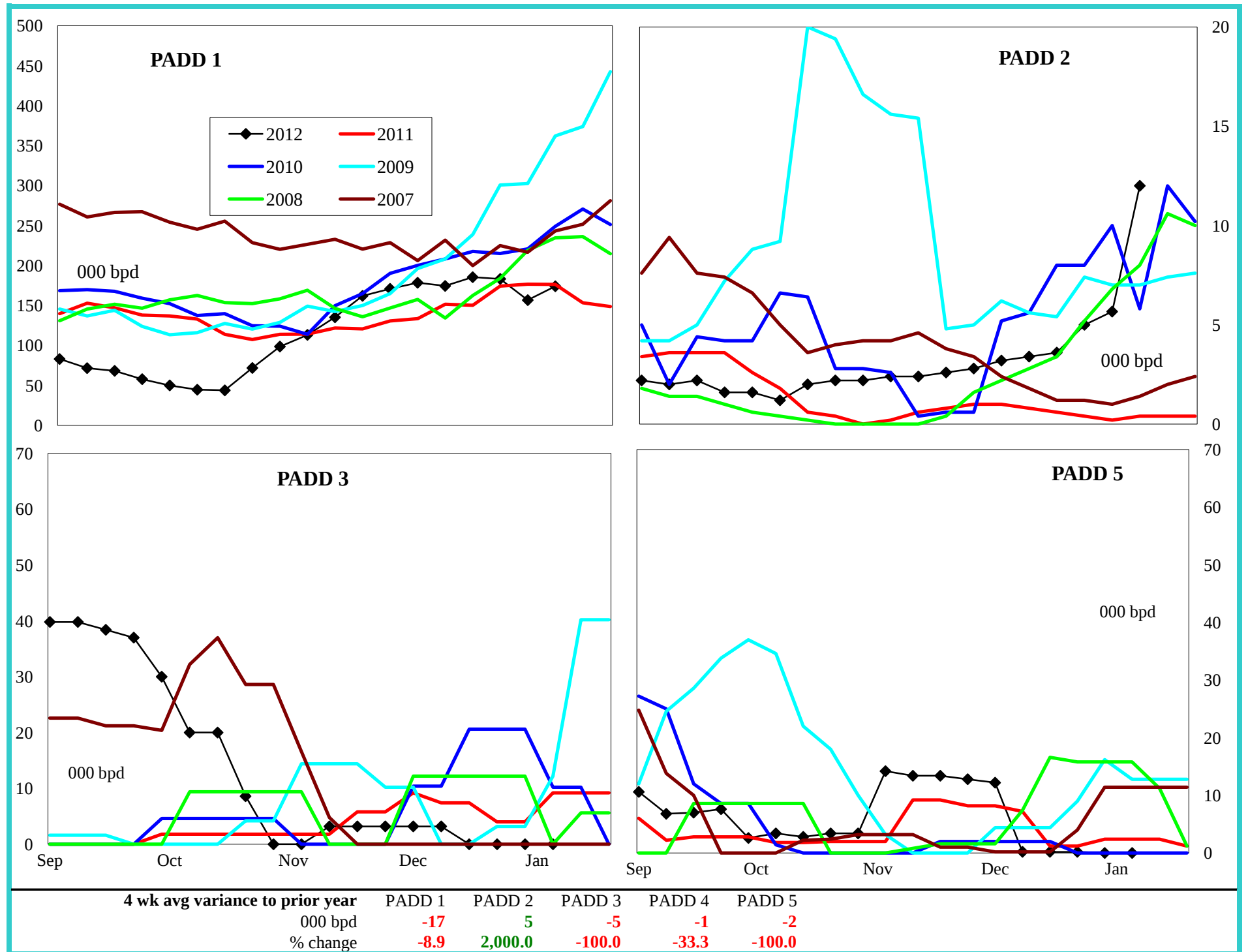
Crude Oil Imports by PADD



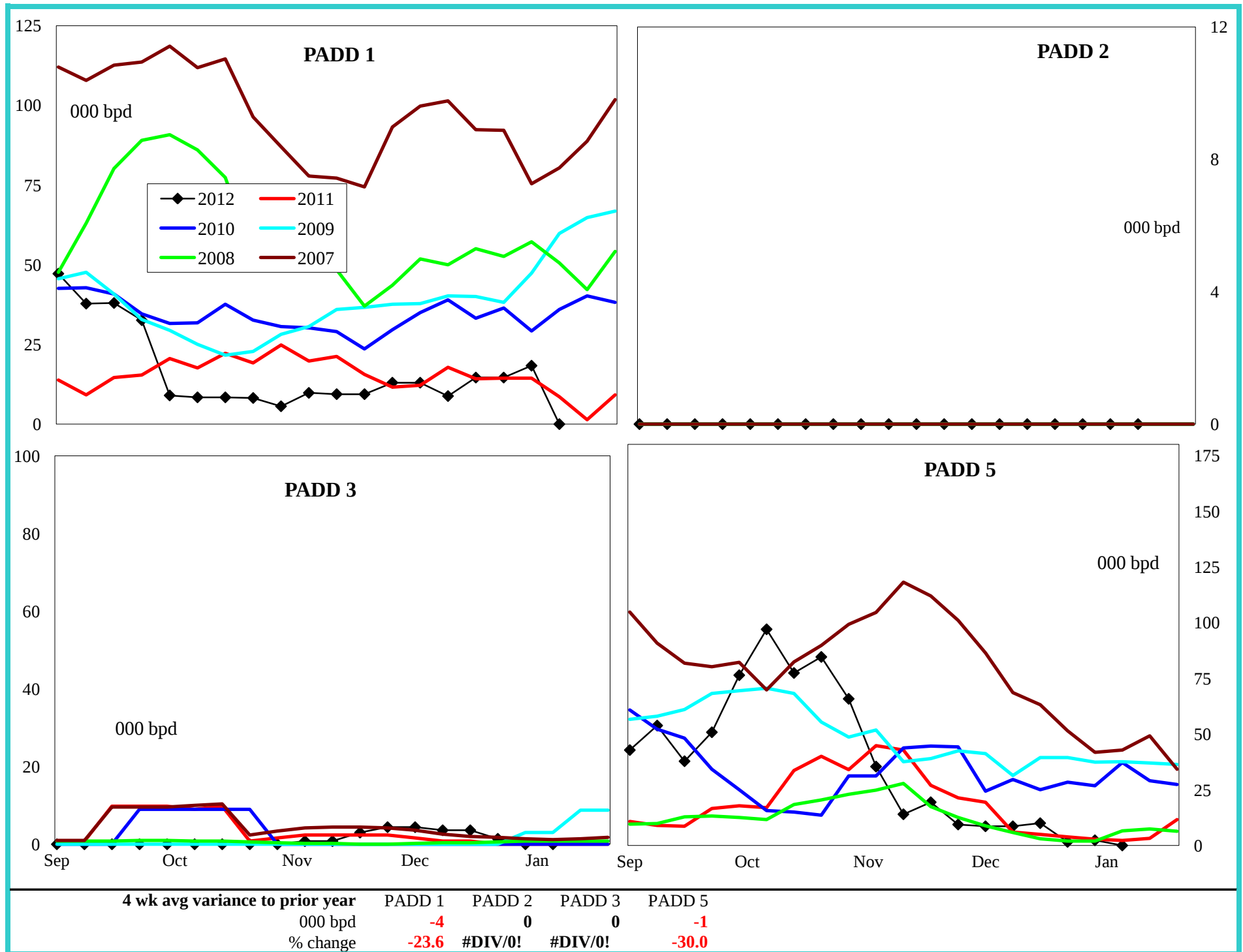
Gasoline Imports by PADD (Finished + Blend Stocks)



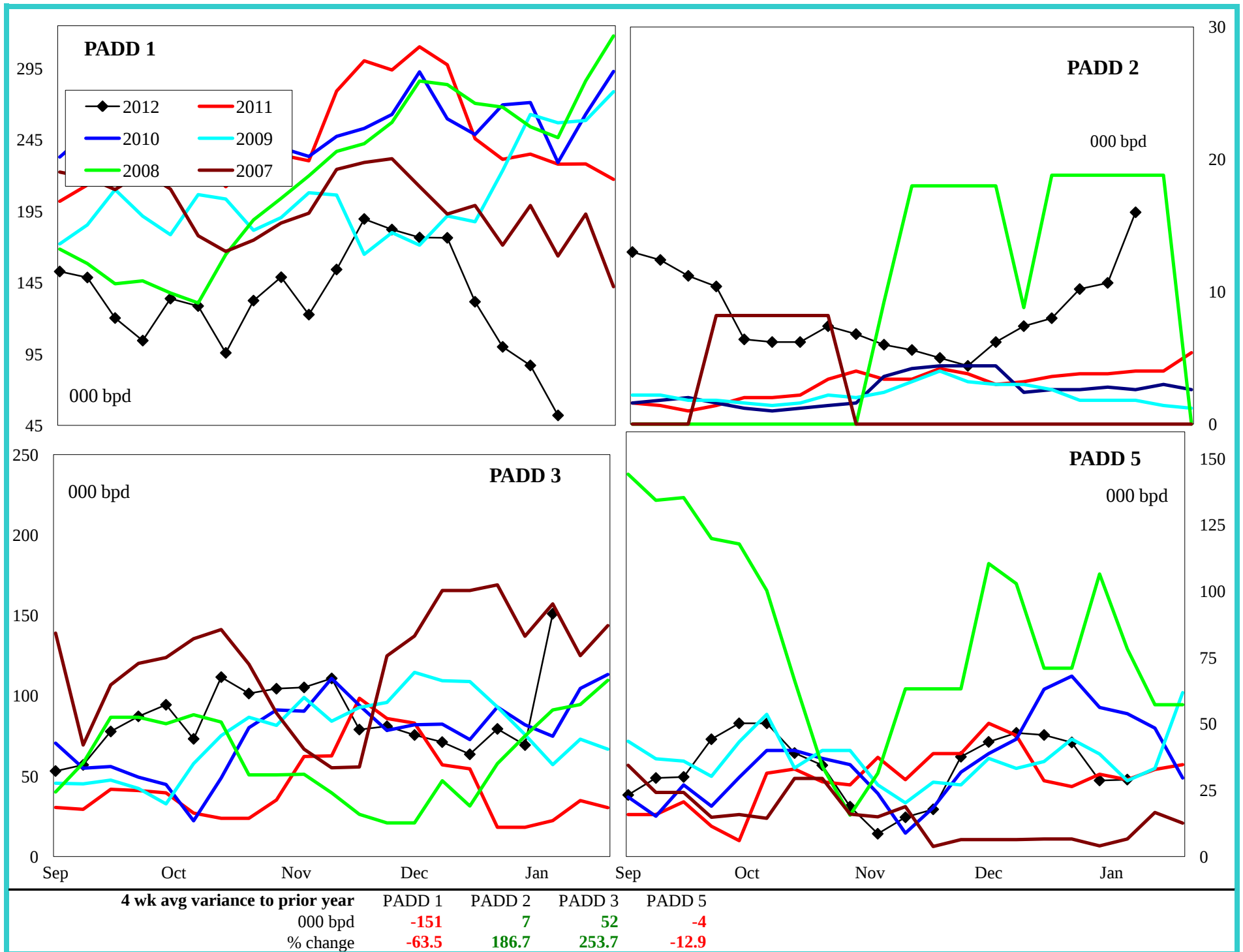
Distillate Imports by PADD



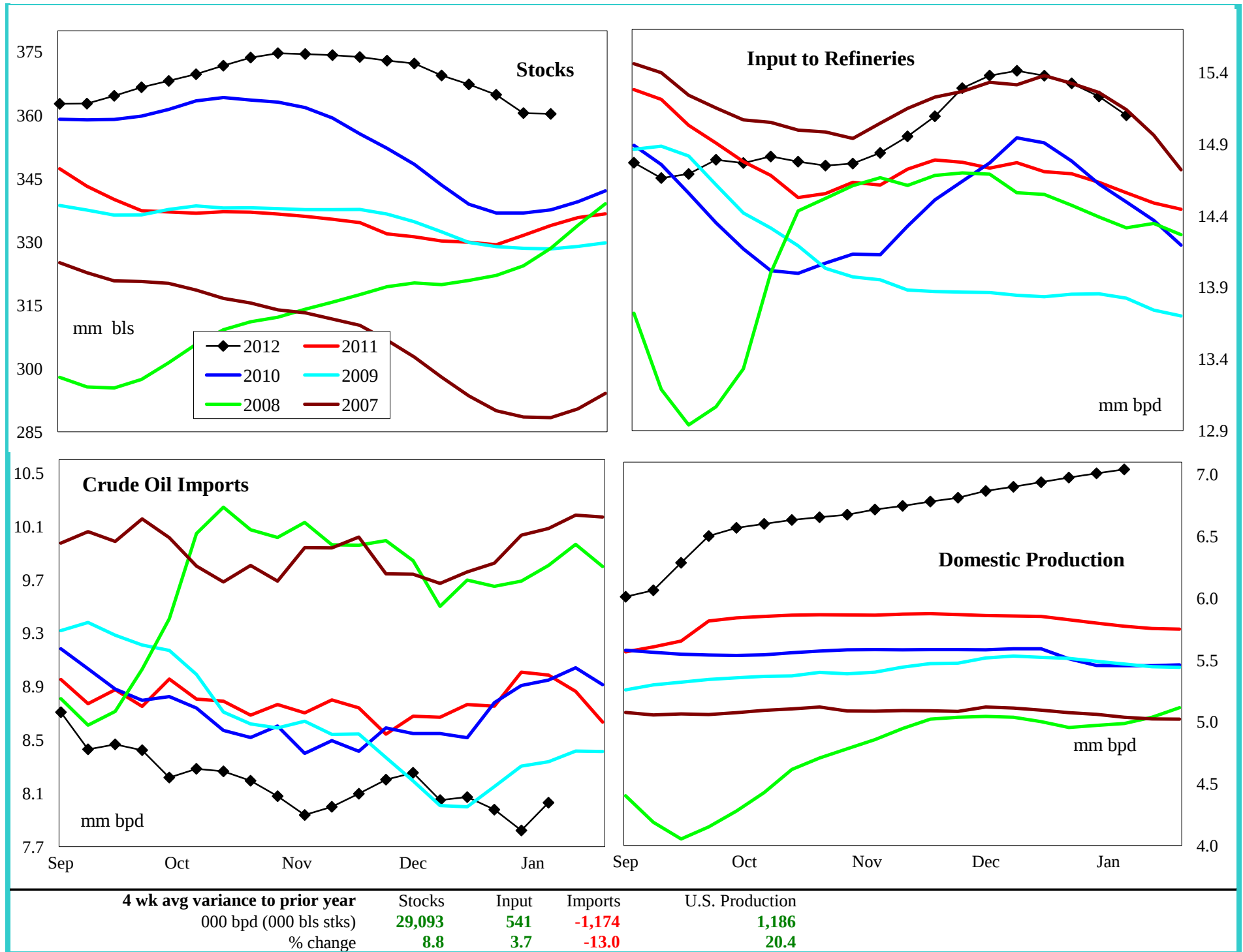
Jet Fuel Imports by PADD



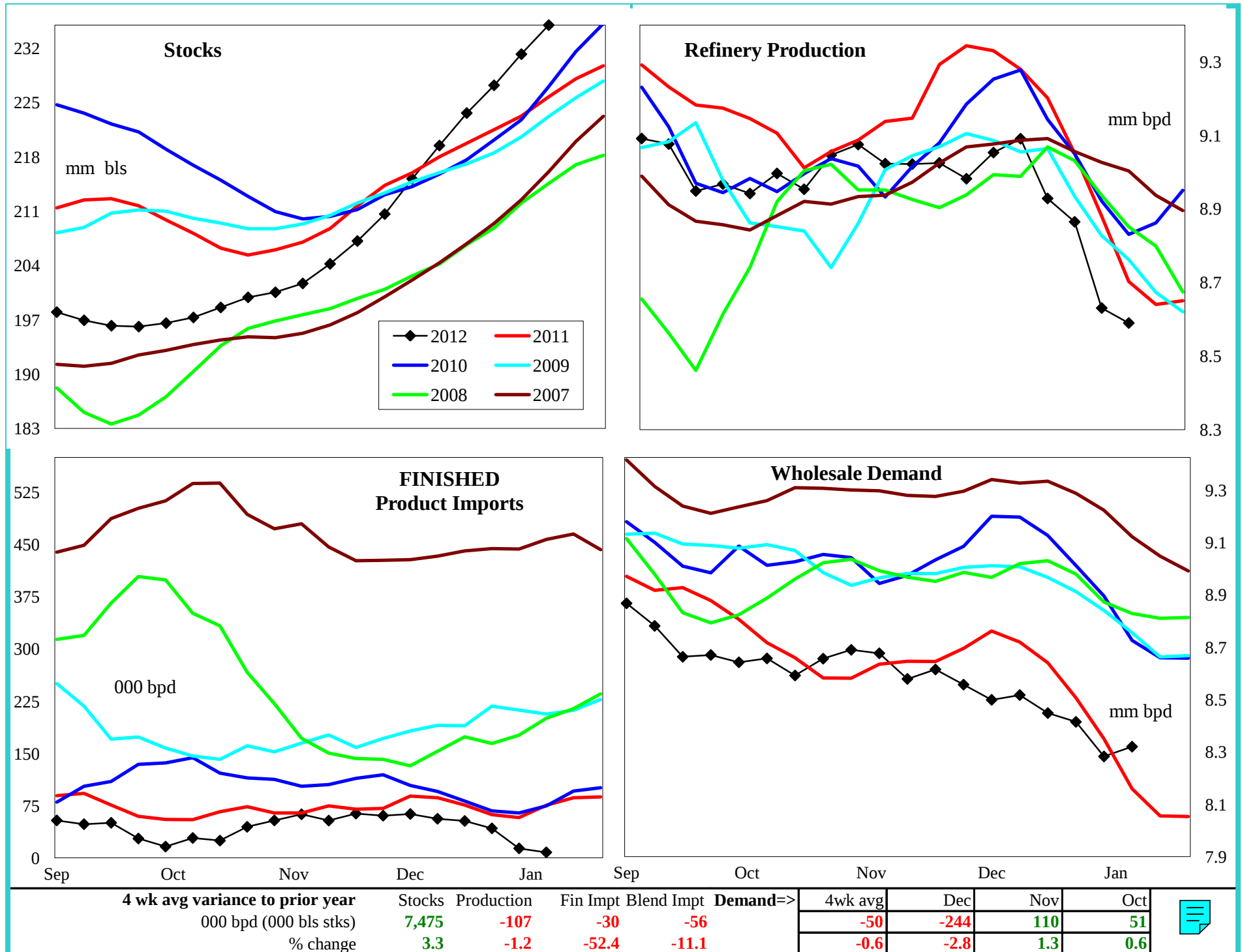
Residual Fuel Oil Imports by PADD



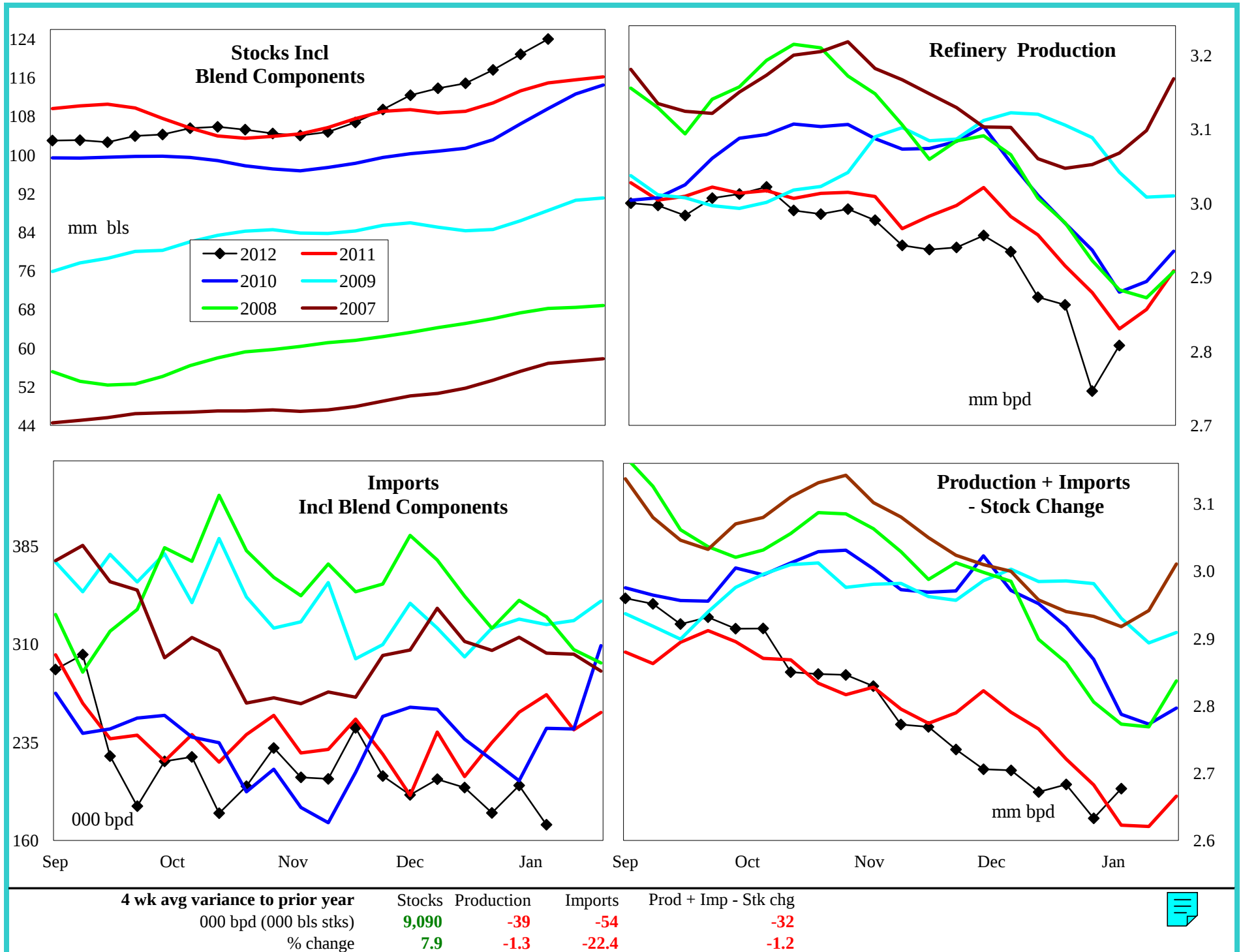
United States Crude Oil Supply and Demand Balance



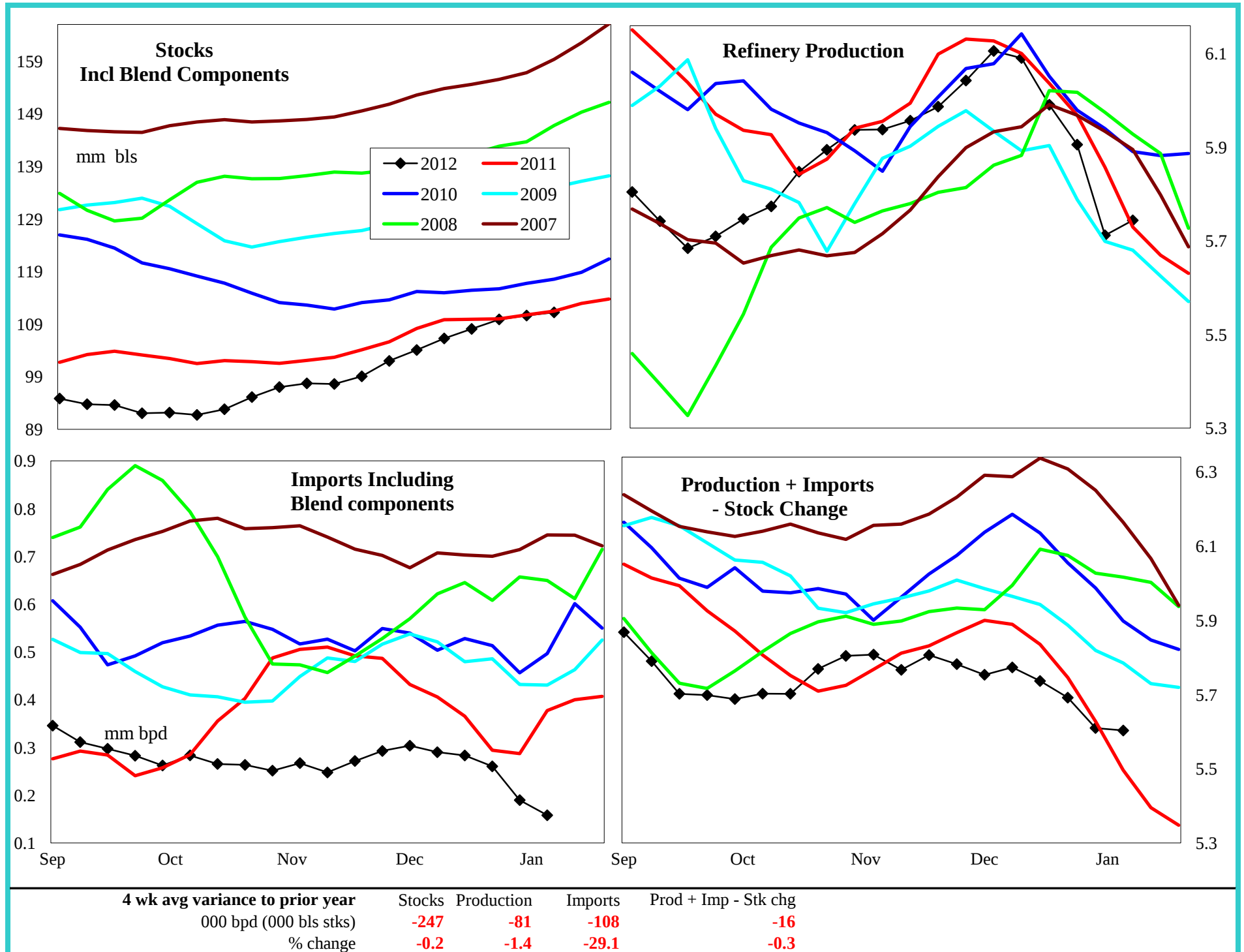
United States Gasoline Supply and Demand Balance



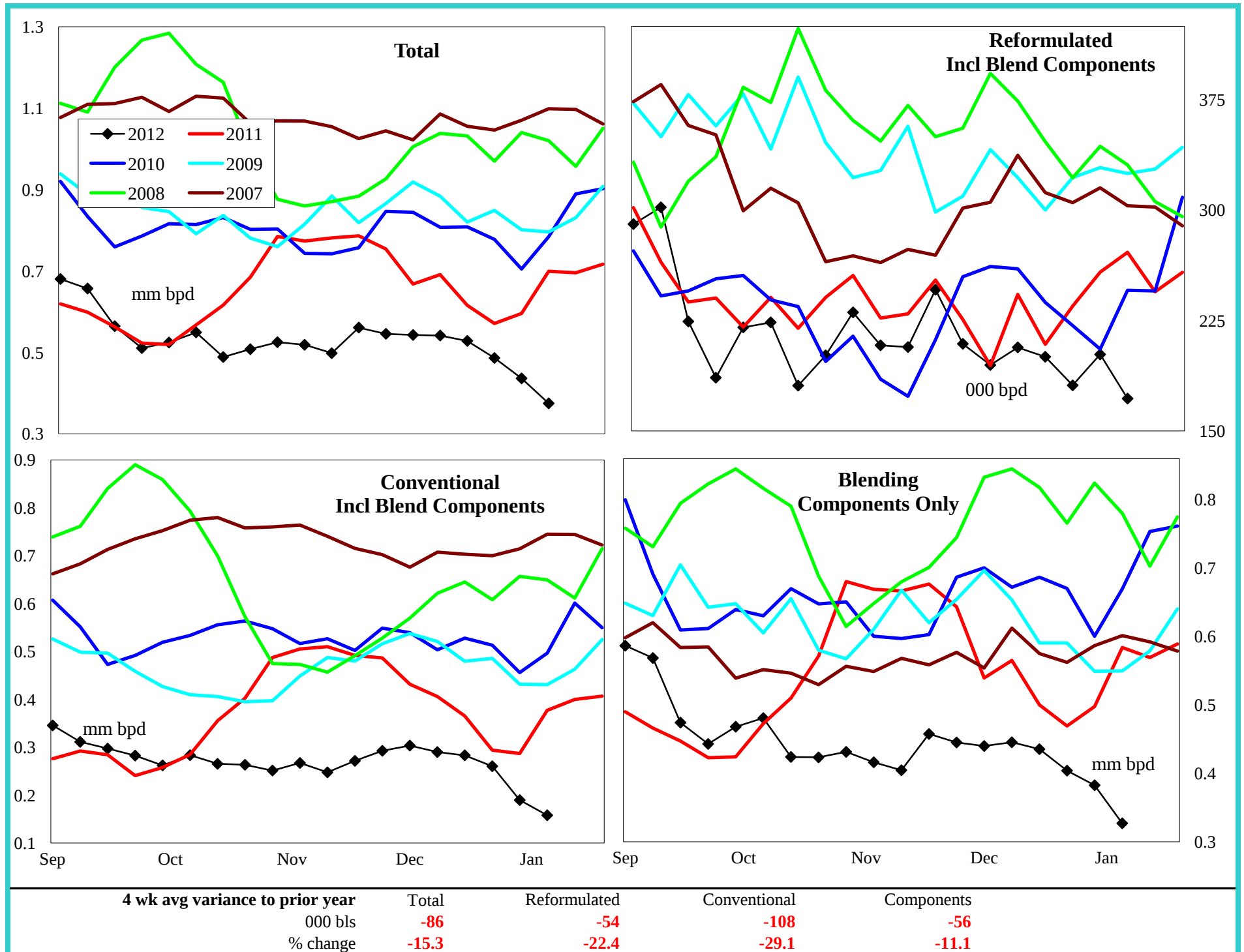
United States Reformulated Gasoline Supply



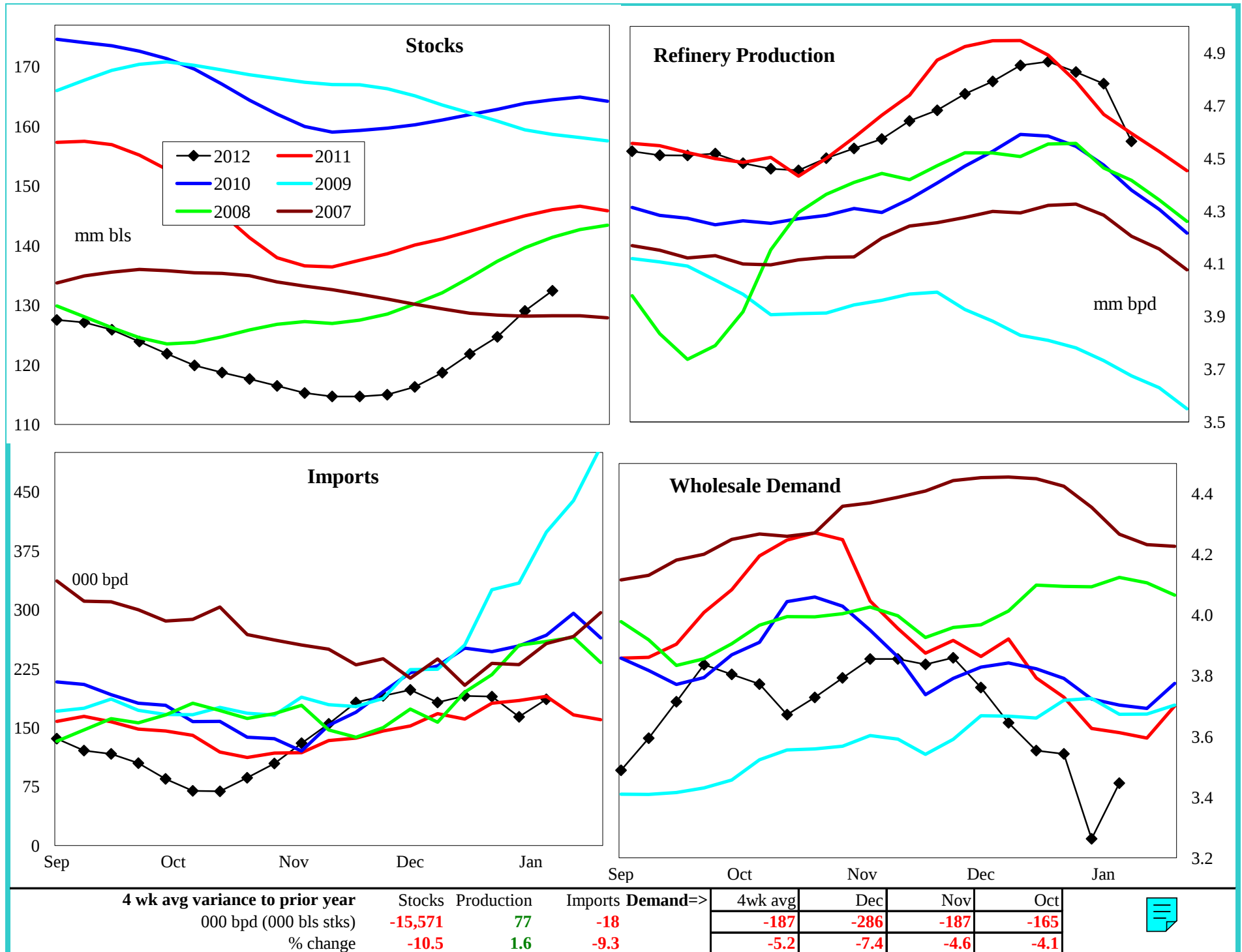
United States Conventional Gasoline Supply



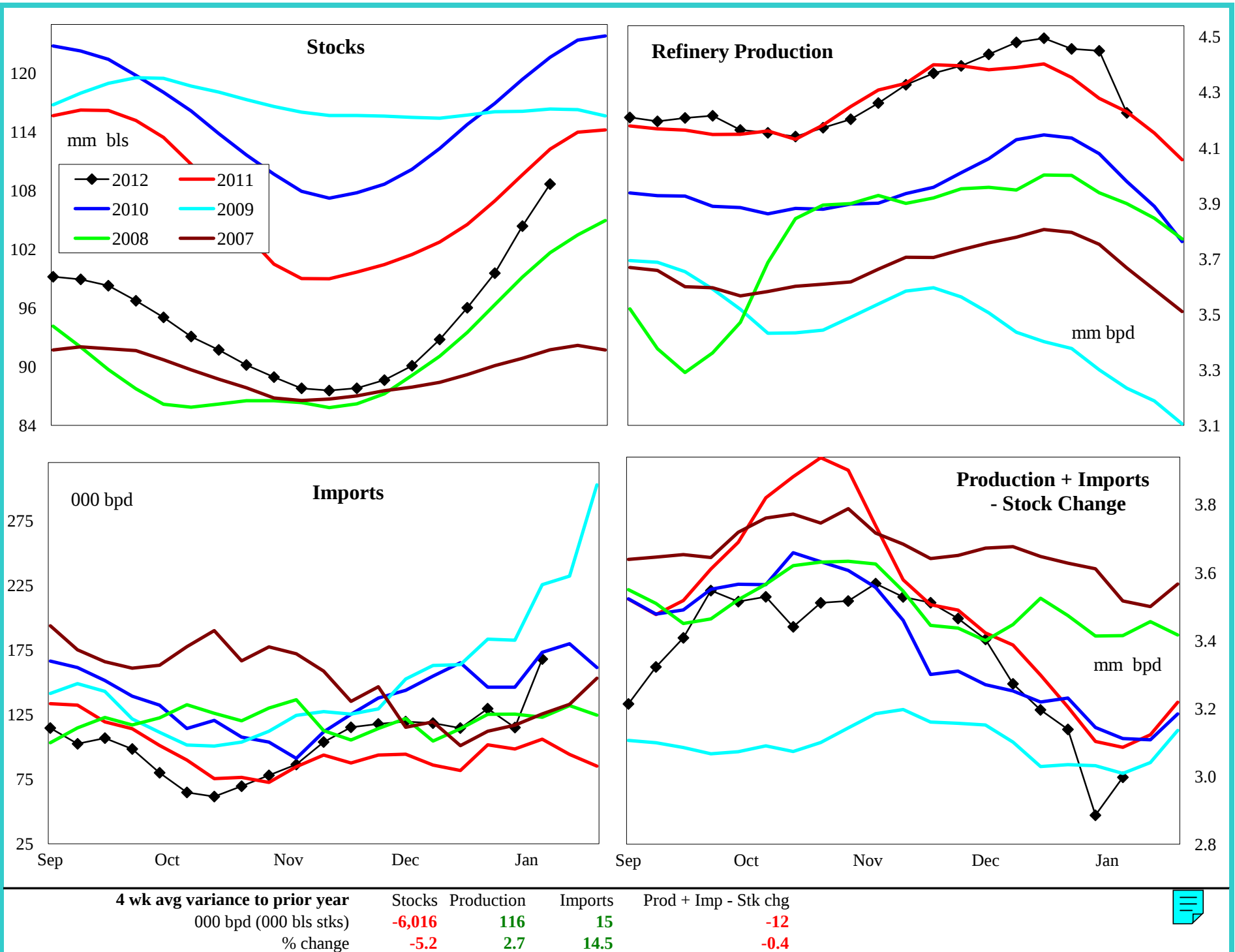
United States Gasoline Imports by Type



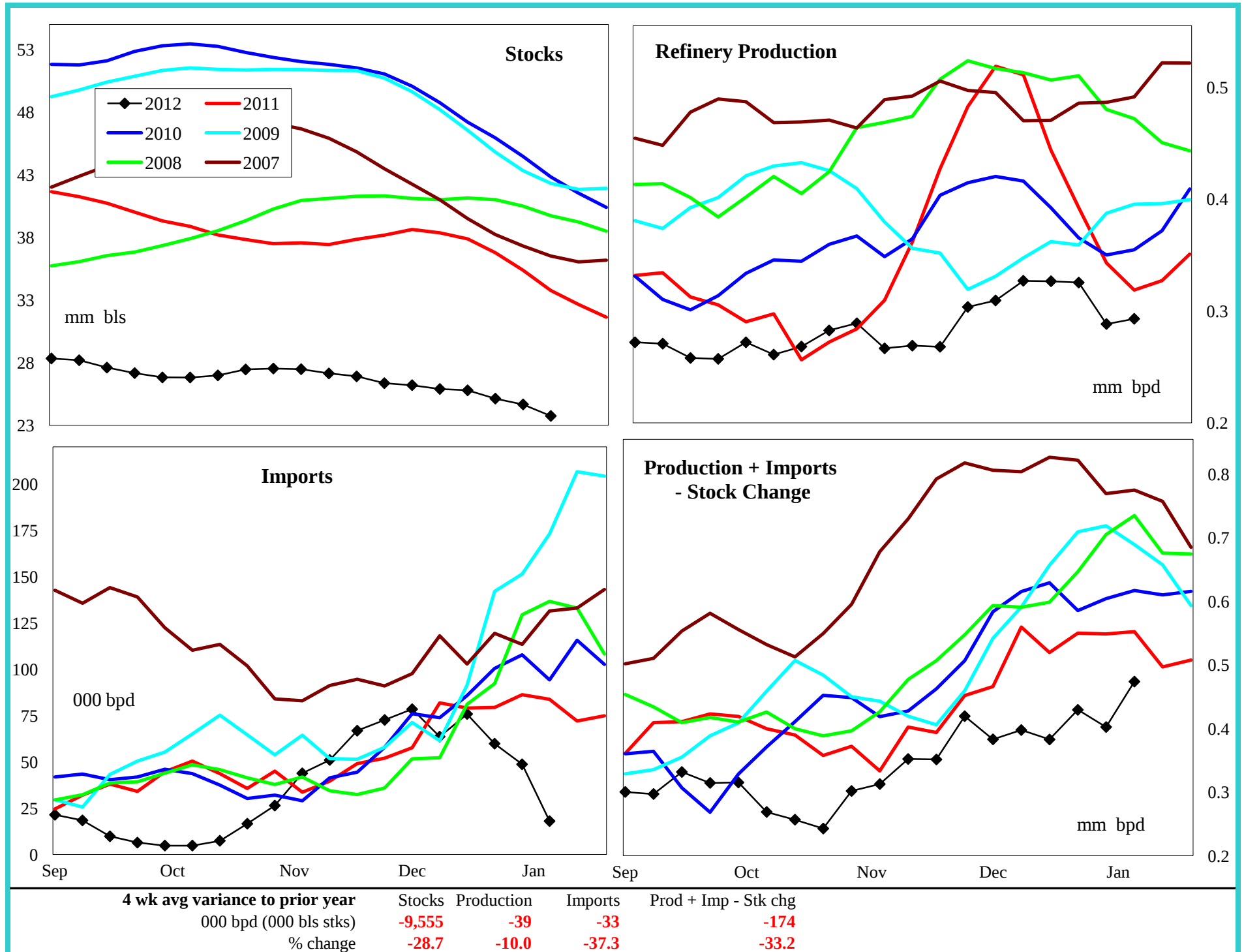
United States Distillate Supply and Demand Balance



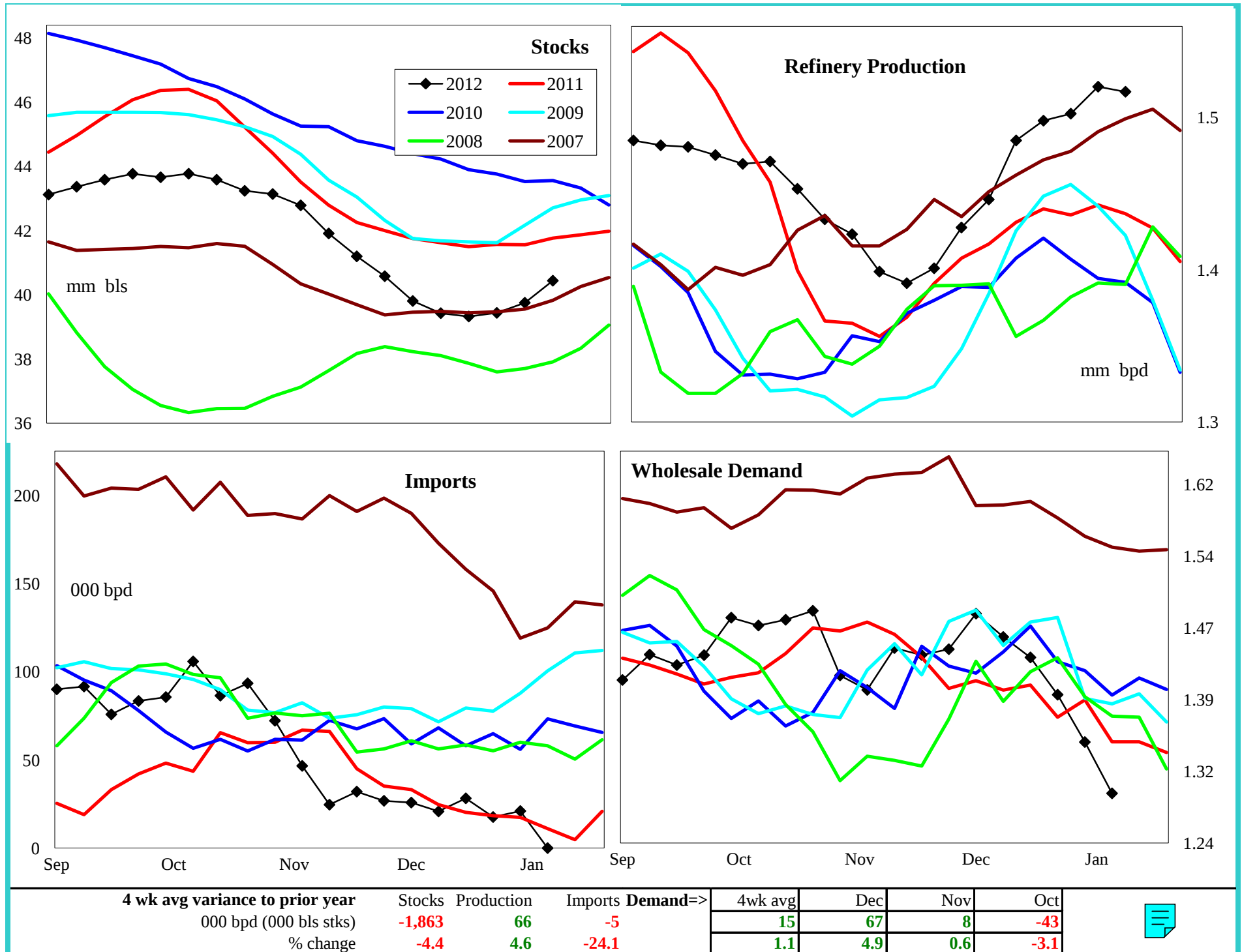
United States Low Sulfur Distillate Supply



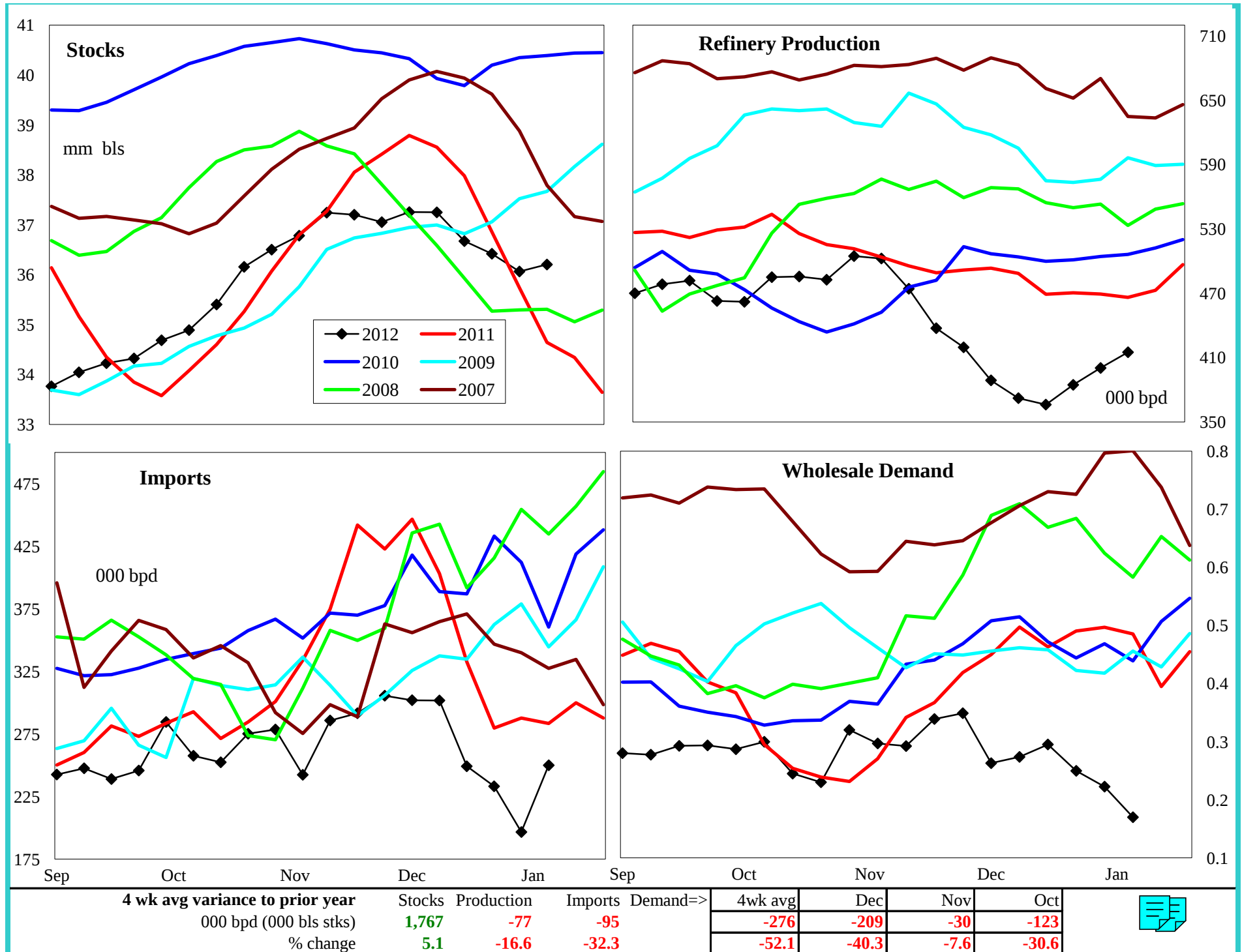
United States High Sulfur Distillate Supply



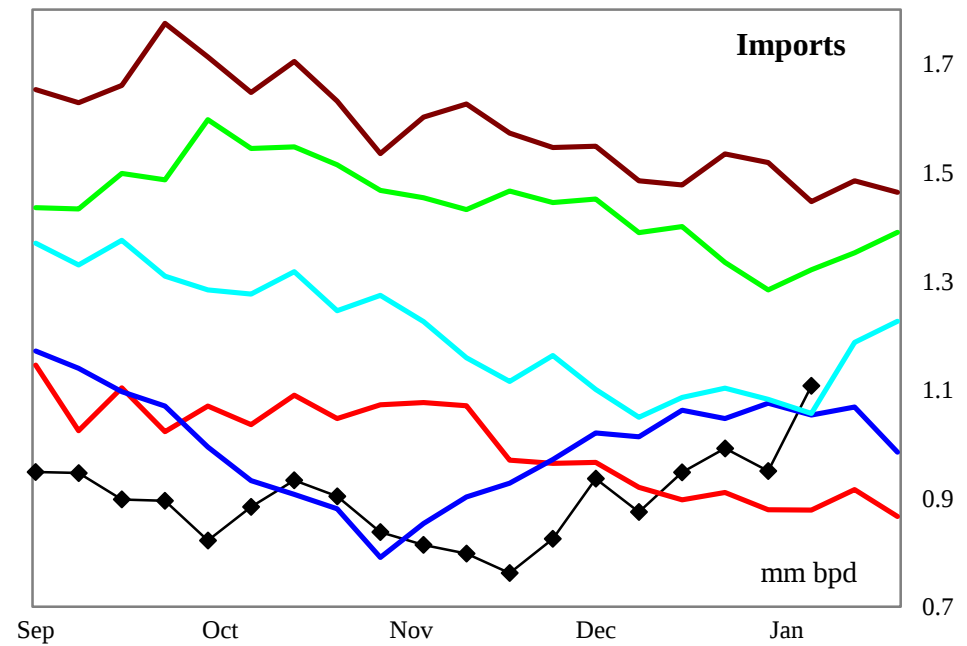
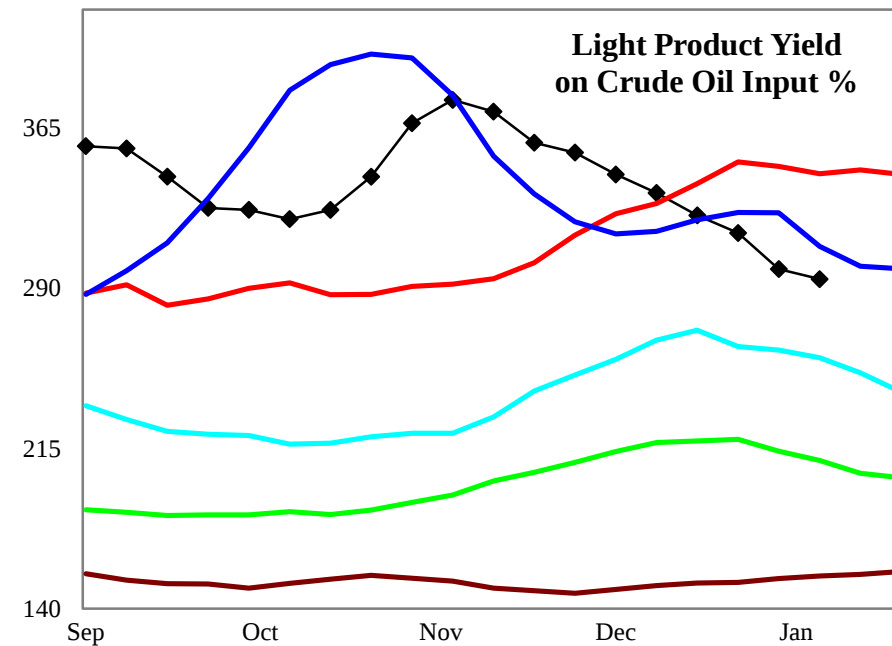
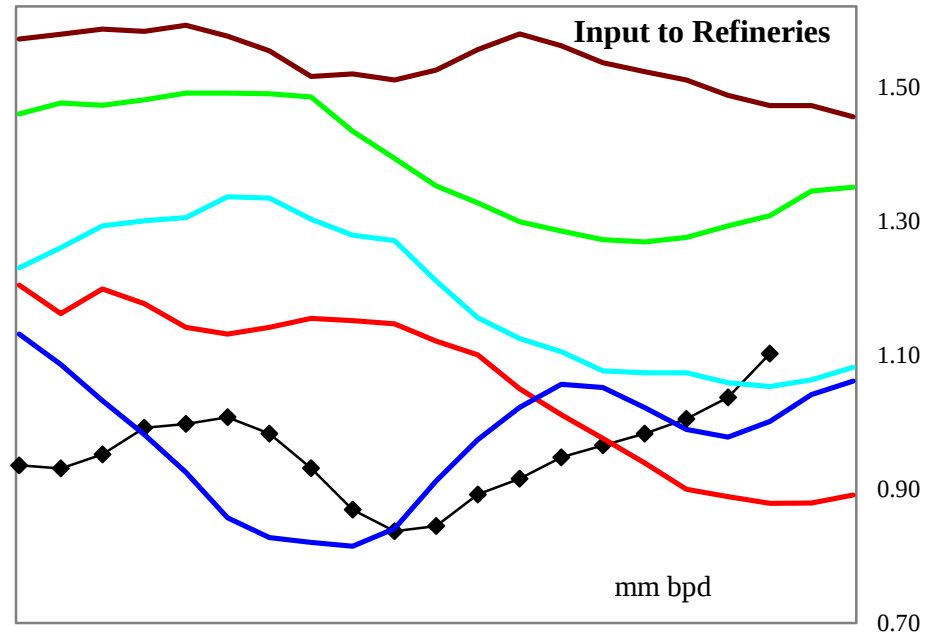
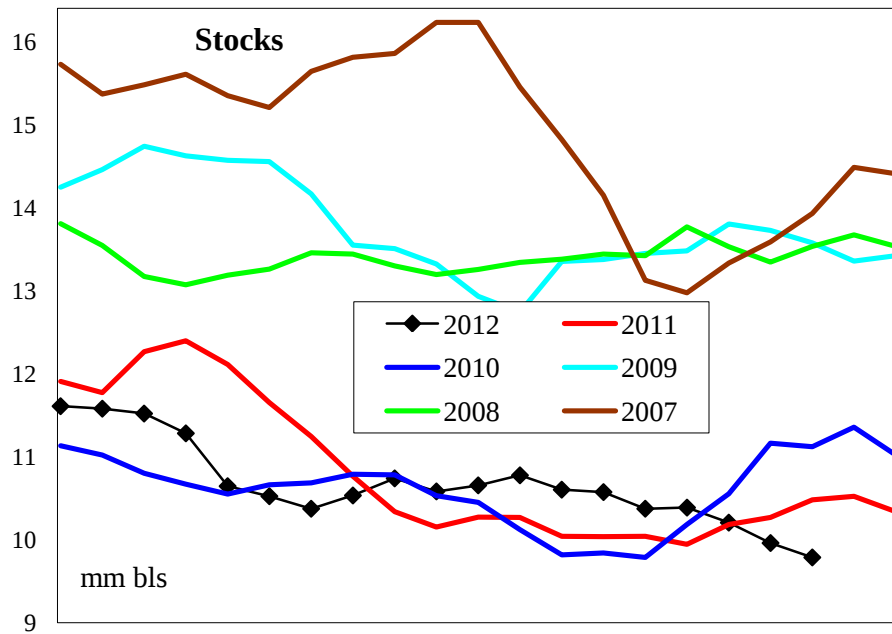
United States Jet Fuel Supply and Demand Balance



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

-695

-6.6

Input

127

14.3

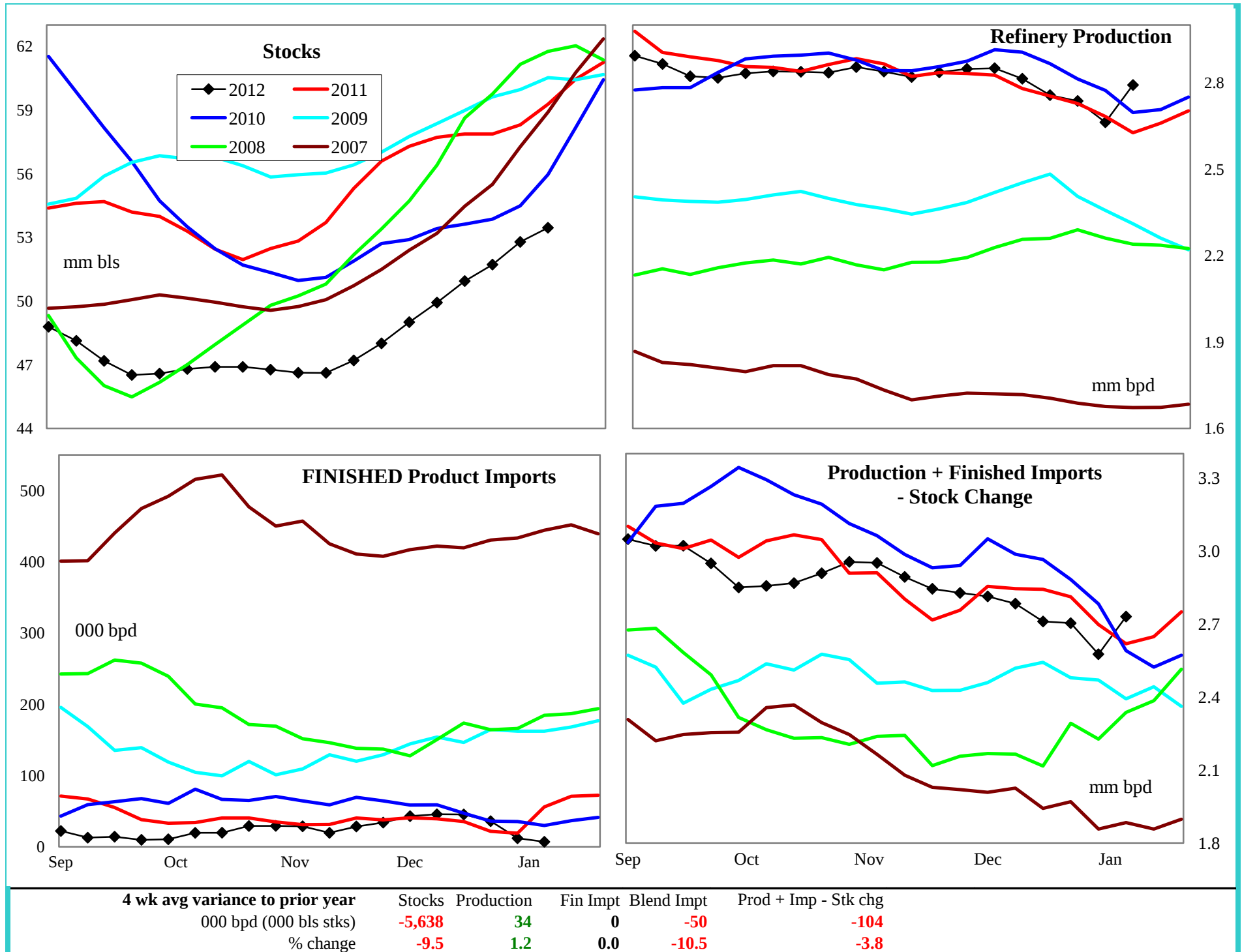
Imports

84

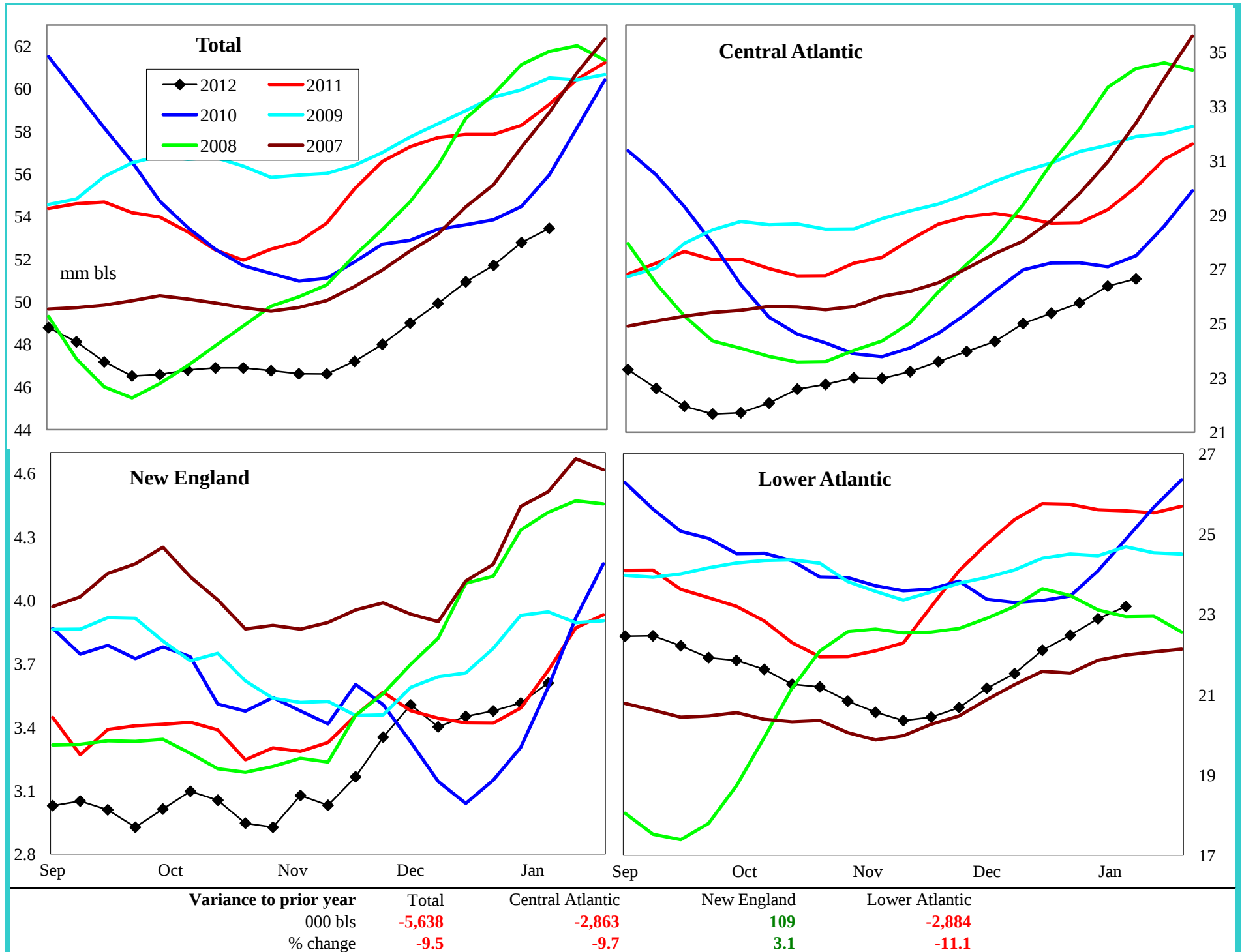
9.4



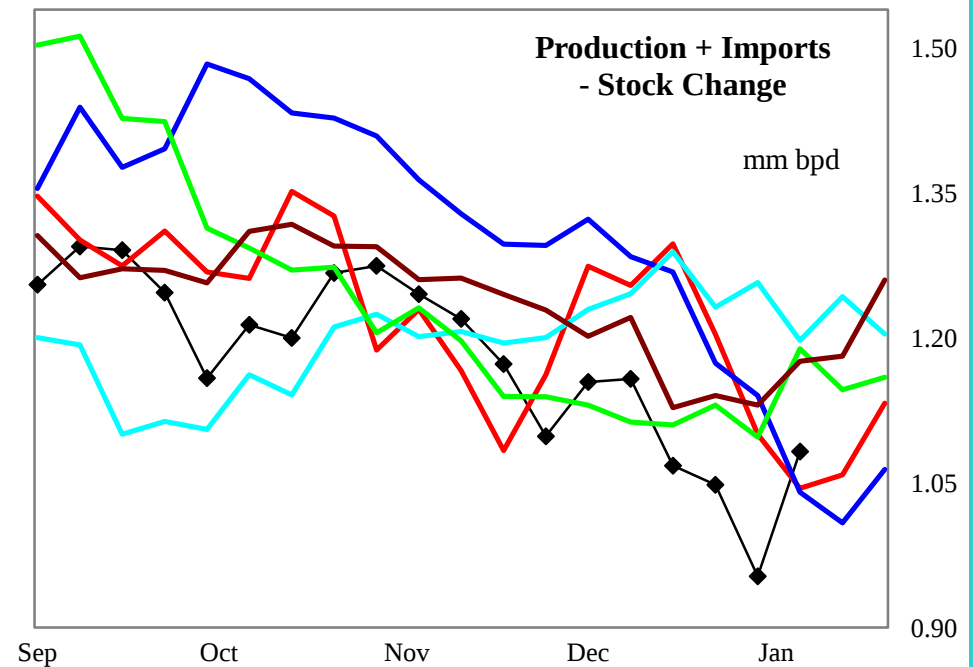
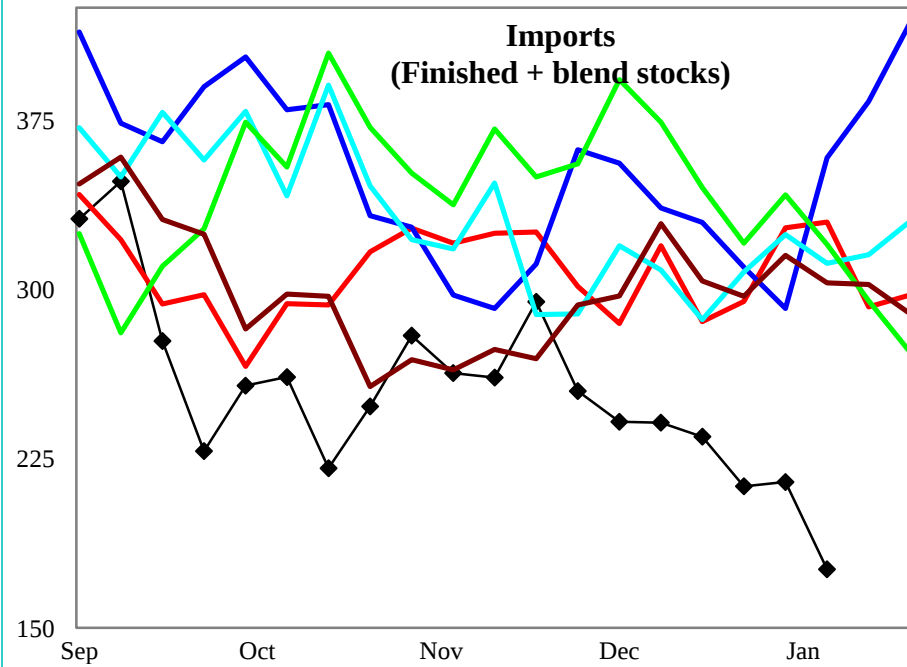
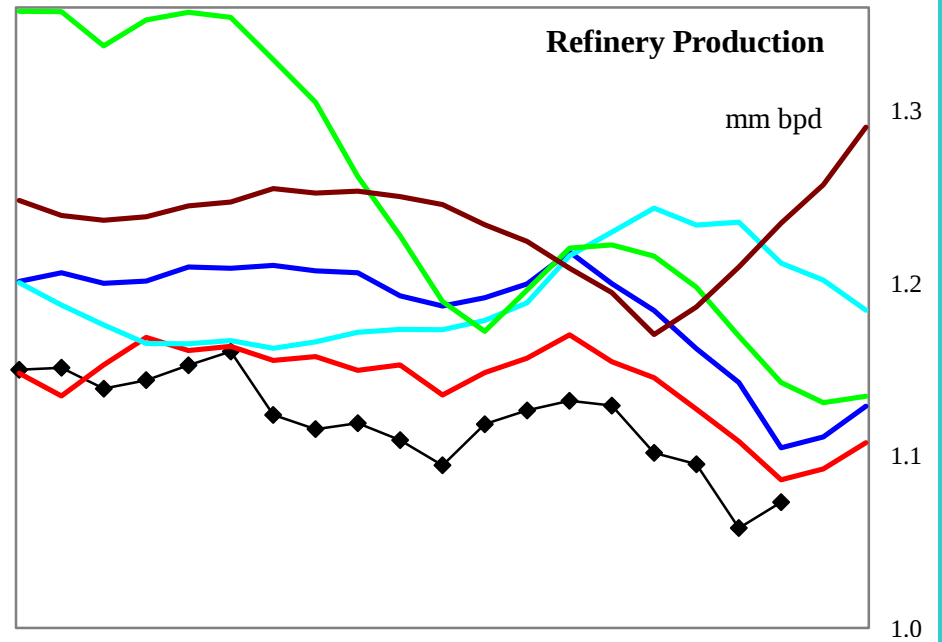
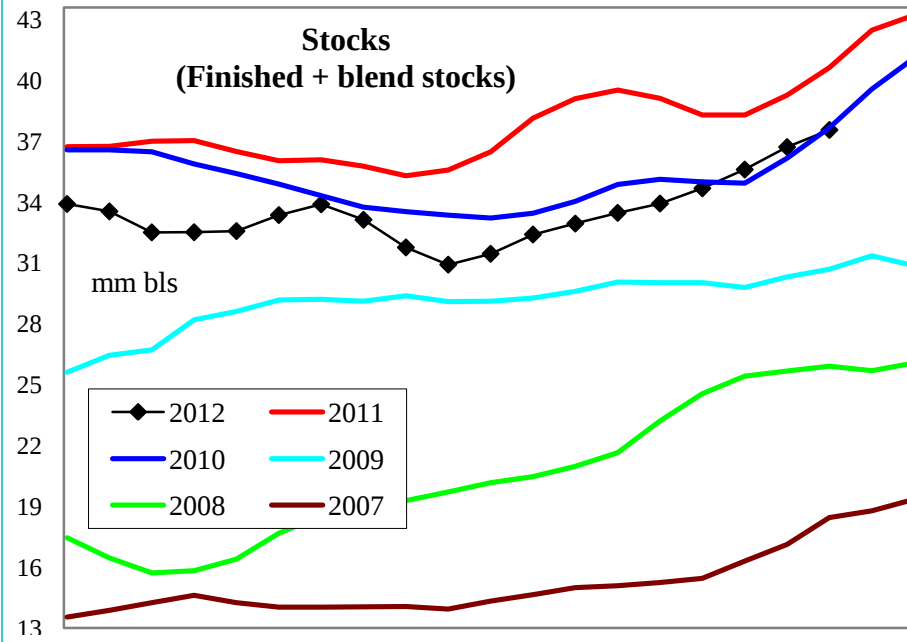
PADD 1 Gasoline Supply



PADD 1 Gasoline Stocks by Region



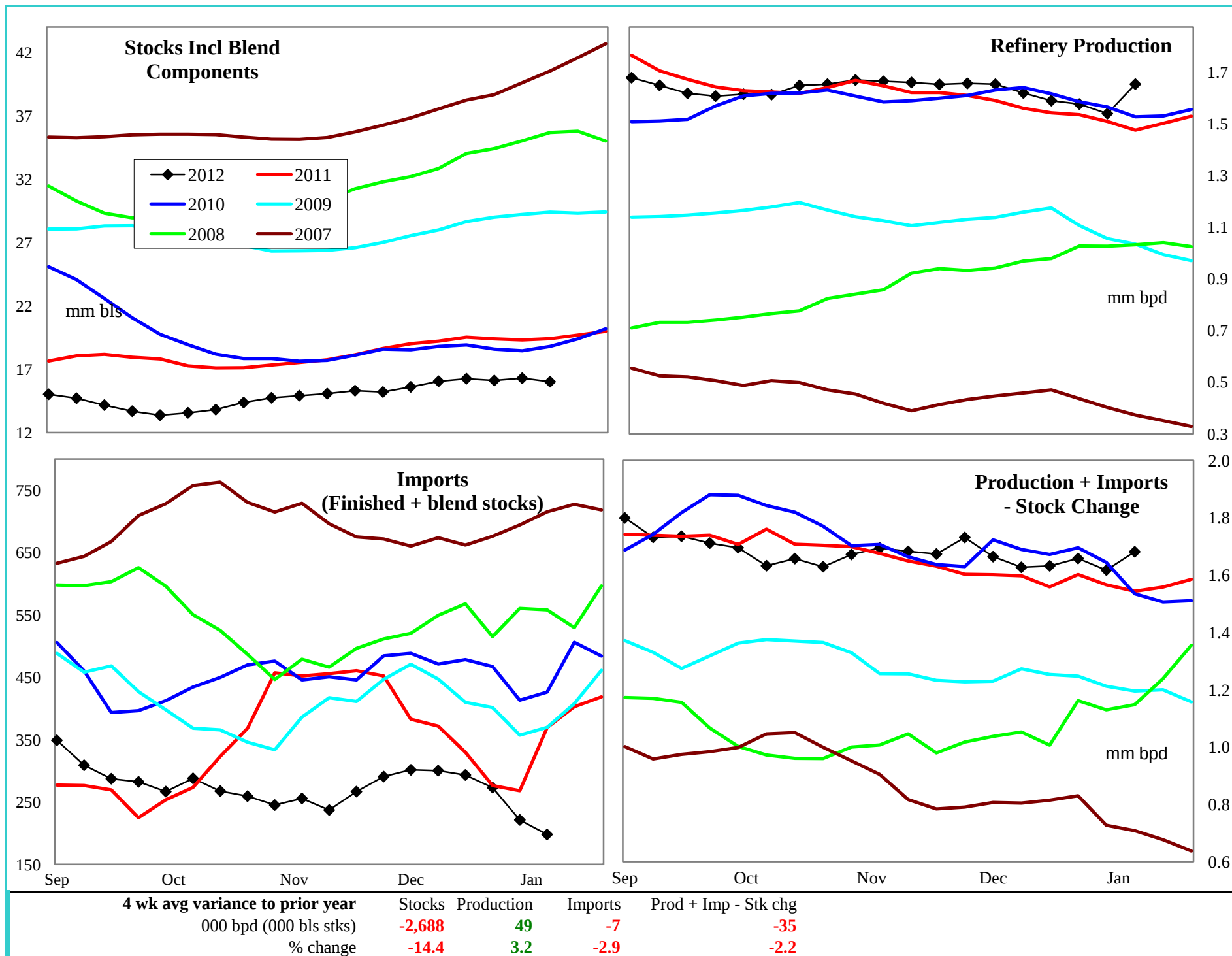
PADD 1 Reformulated Gasoline Supply



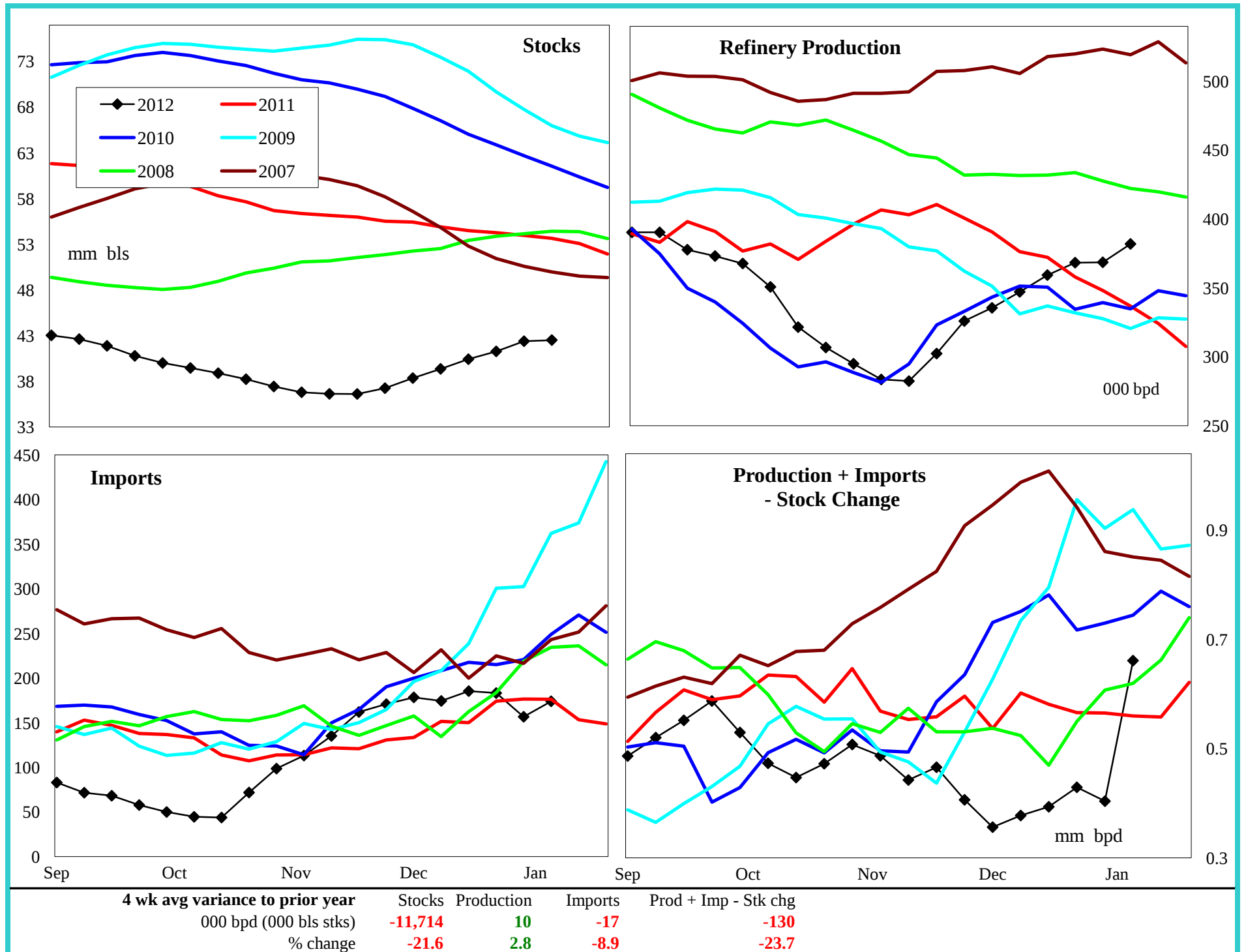
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

Stocks	Production	Imports	Prod + Imp - Stk chg
-3,812	-15	-79	-48
-9.1	-1.3	-25.3	-4.4

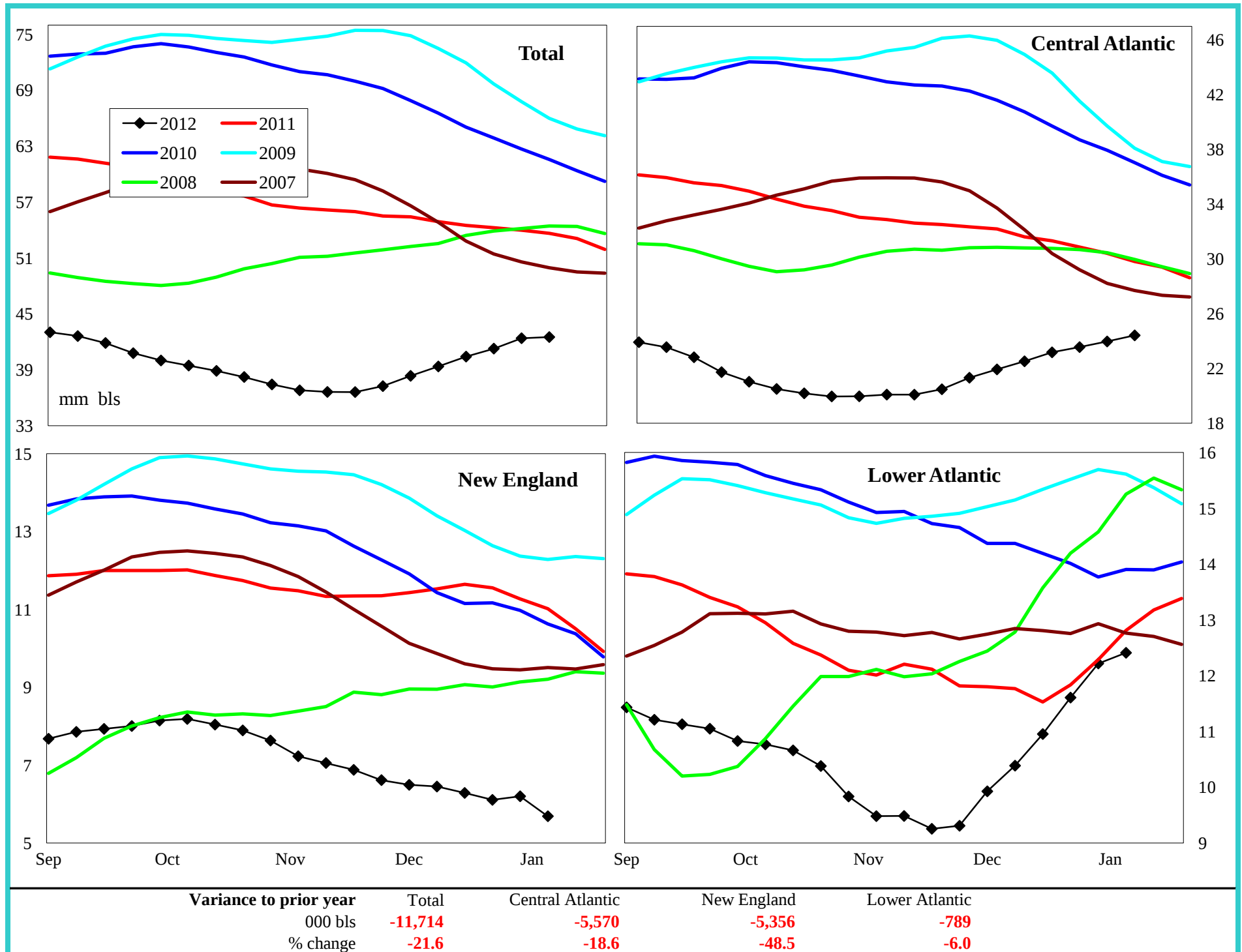
PADD 1 Conventional Gasoline Supply



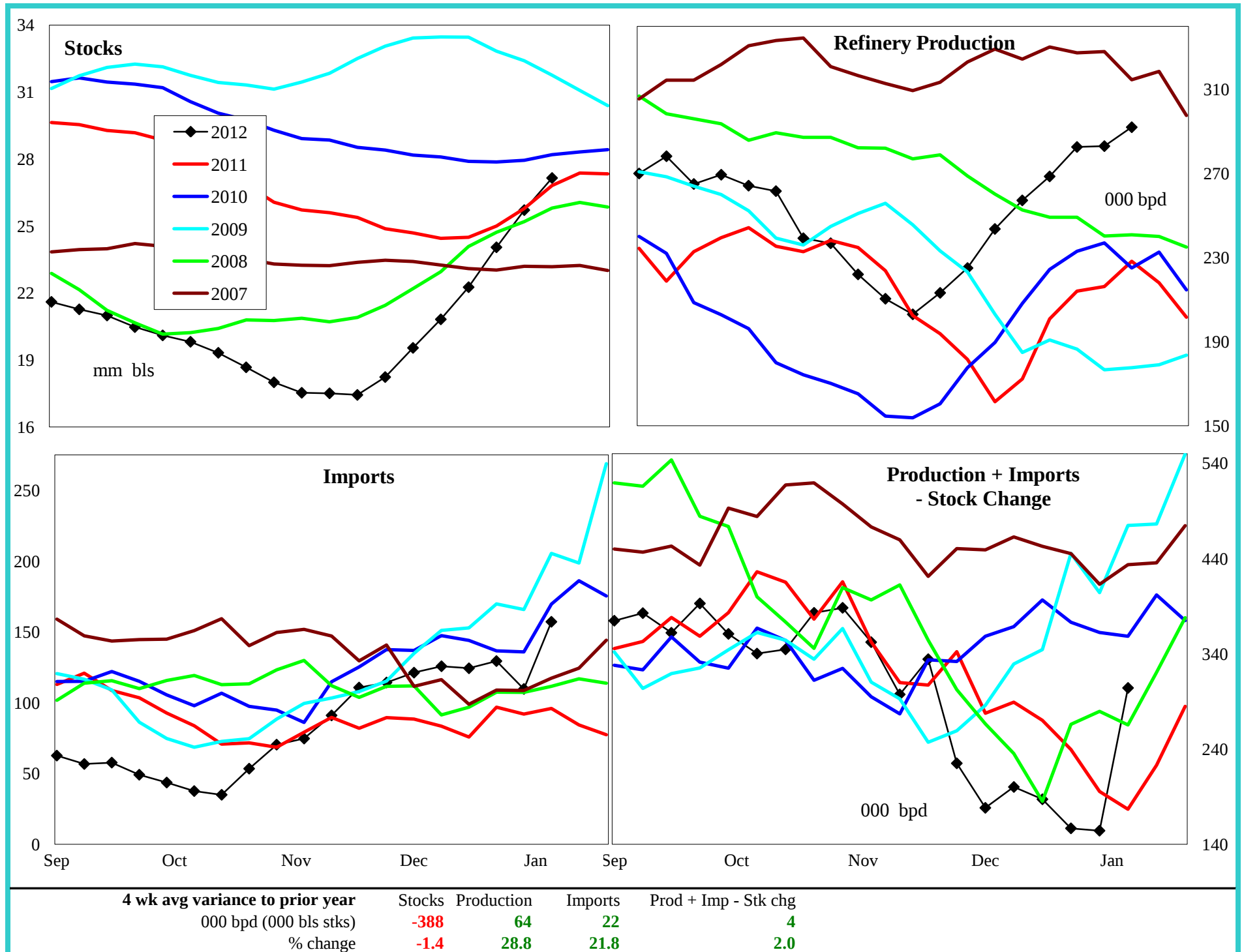
PADD 1 Distillate Supply



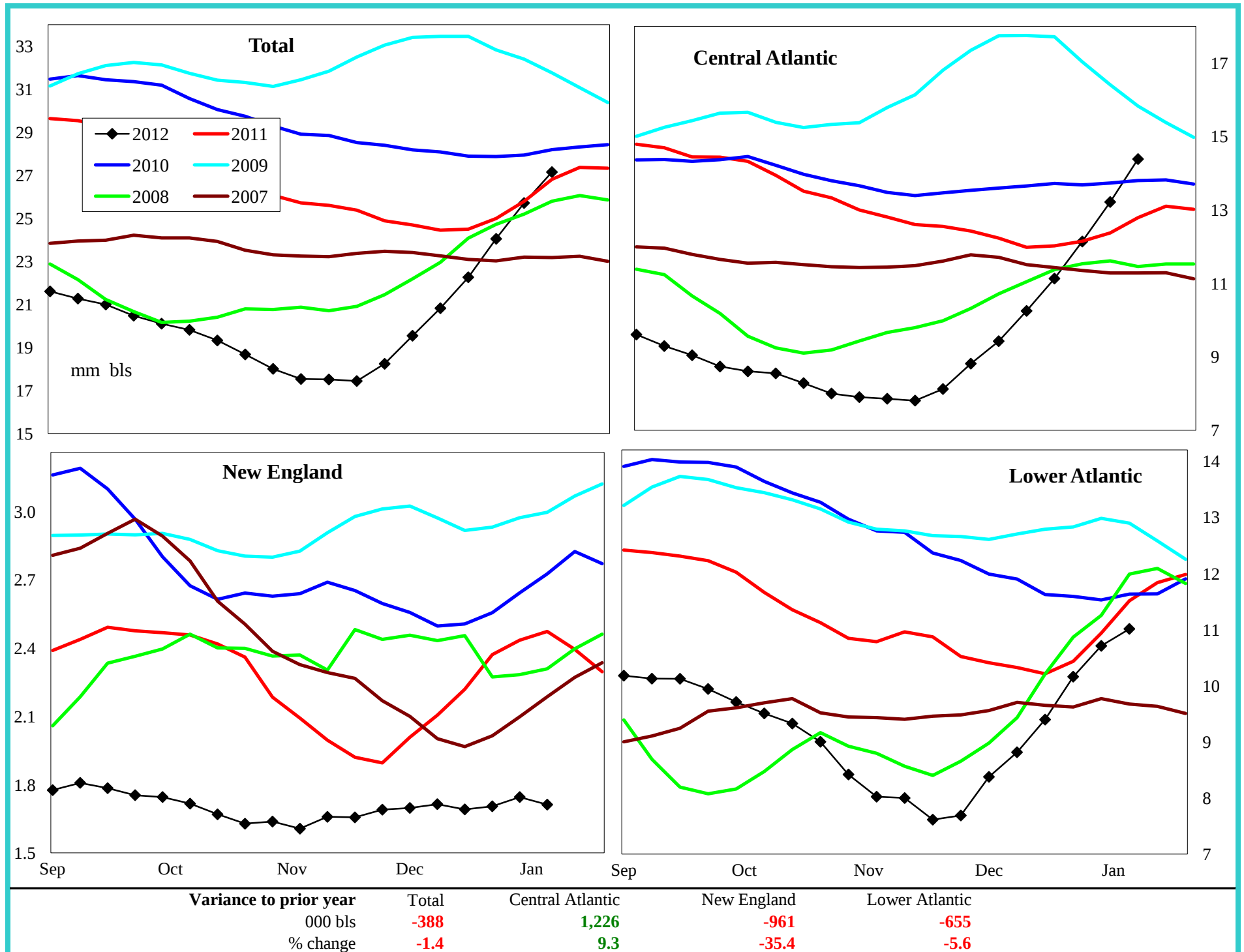
PADD 1 Distillate Stocks by Region



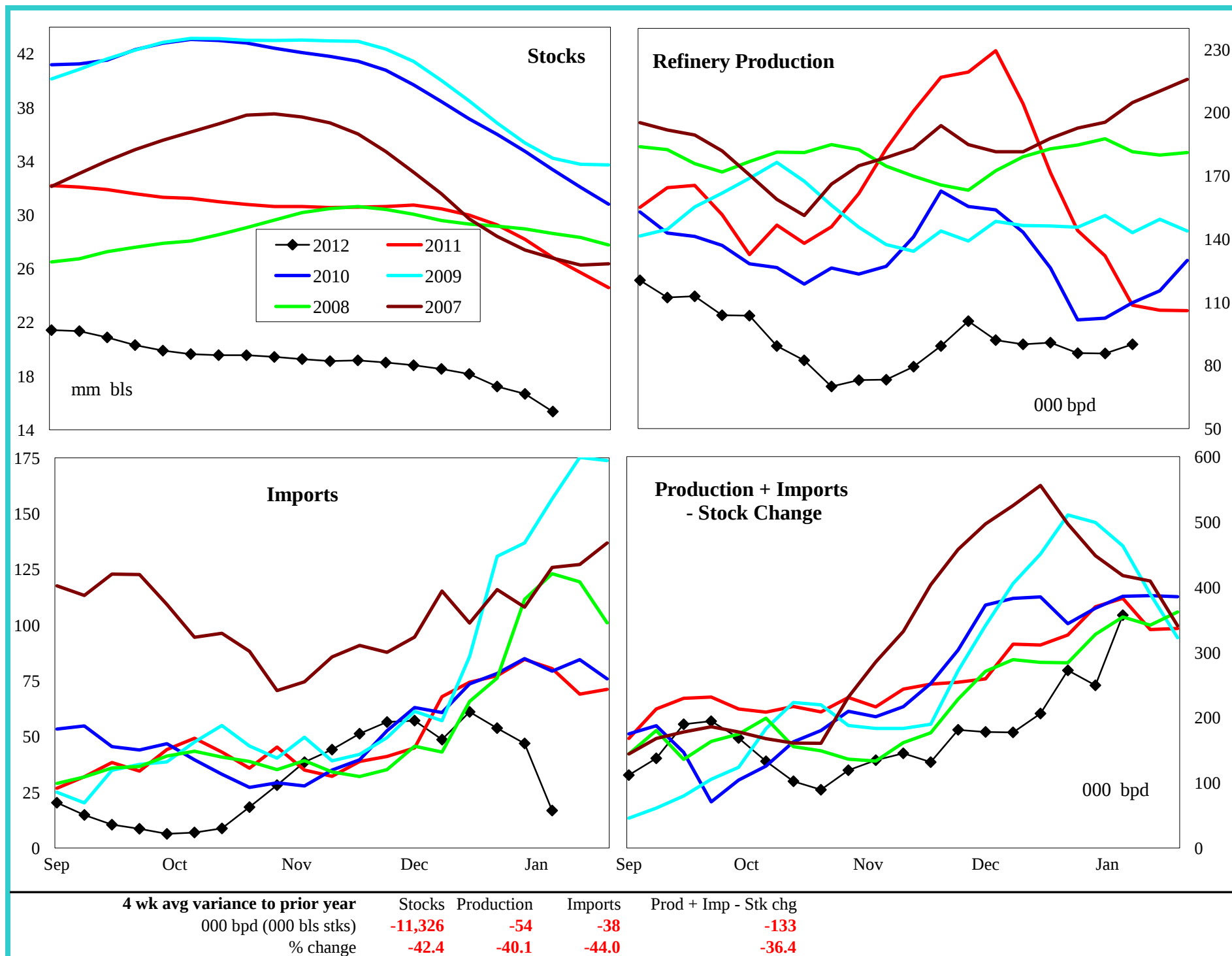
PADD 1 Low Sulfur Distillate Supply



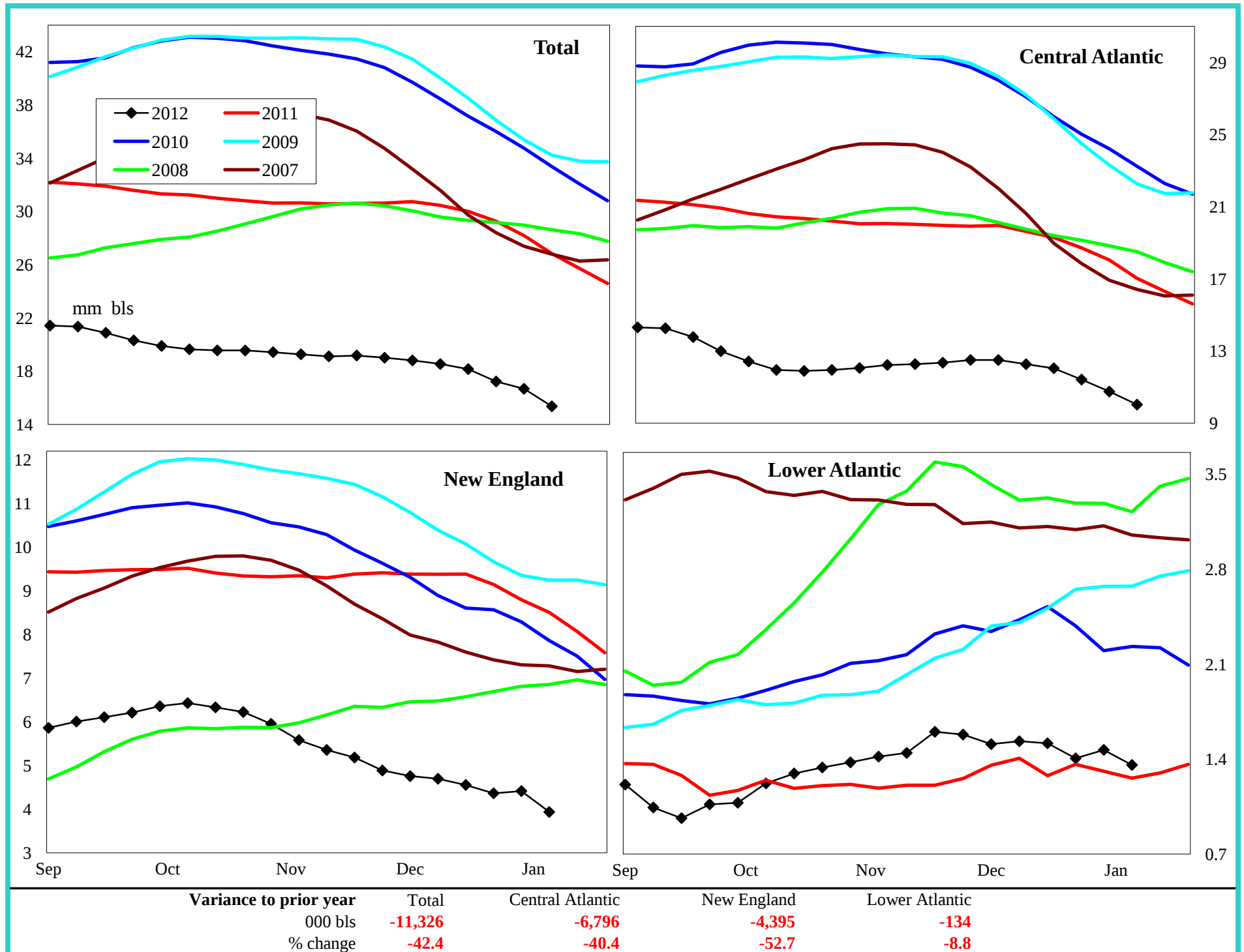
PADD 1 Low Sulfur Distillate Stocks by Region



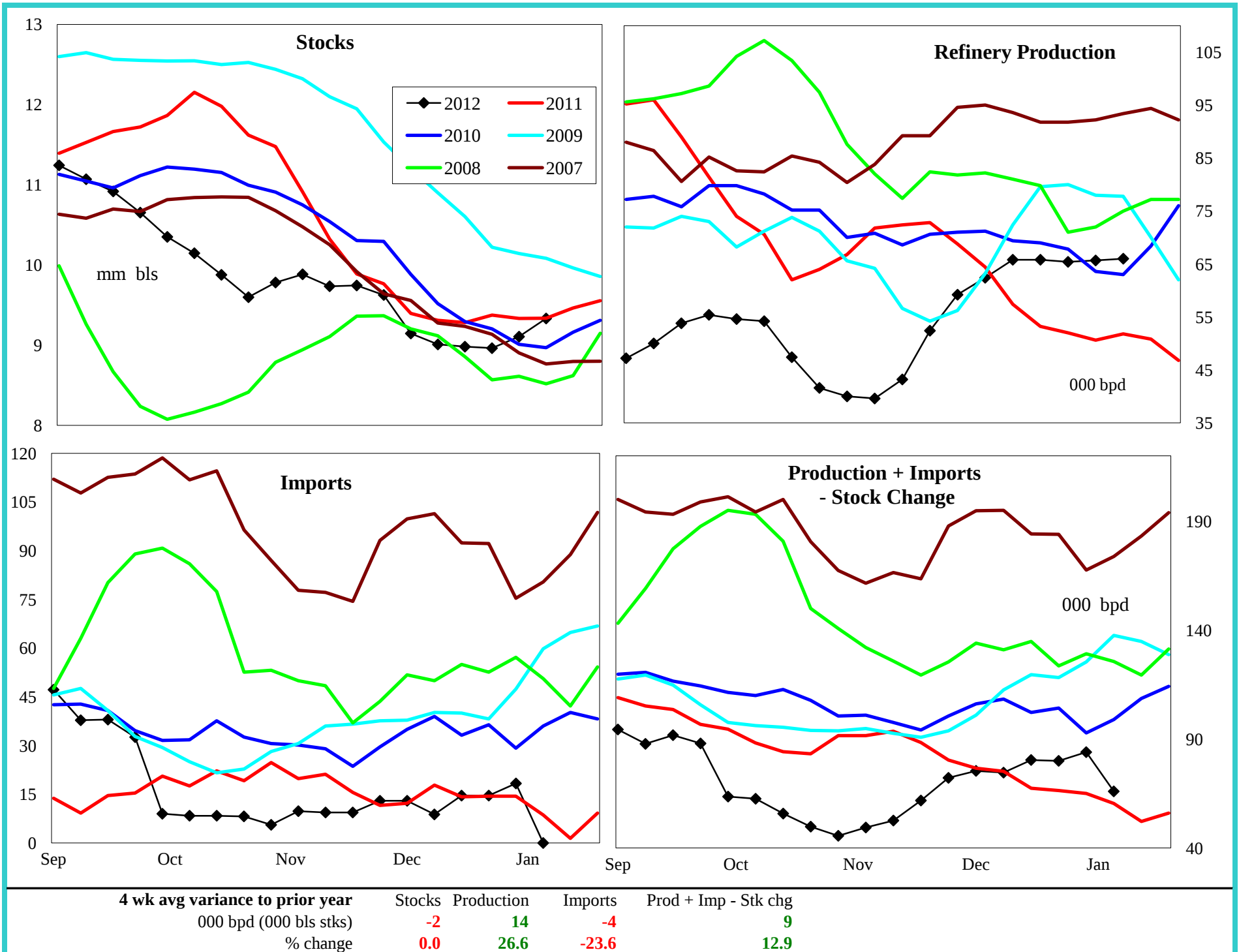
PADD 1 High Sulfur Distillate Supply



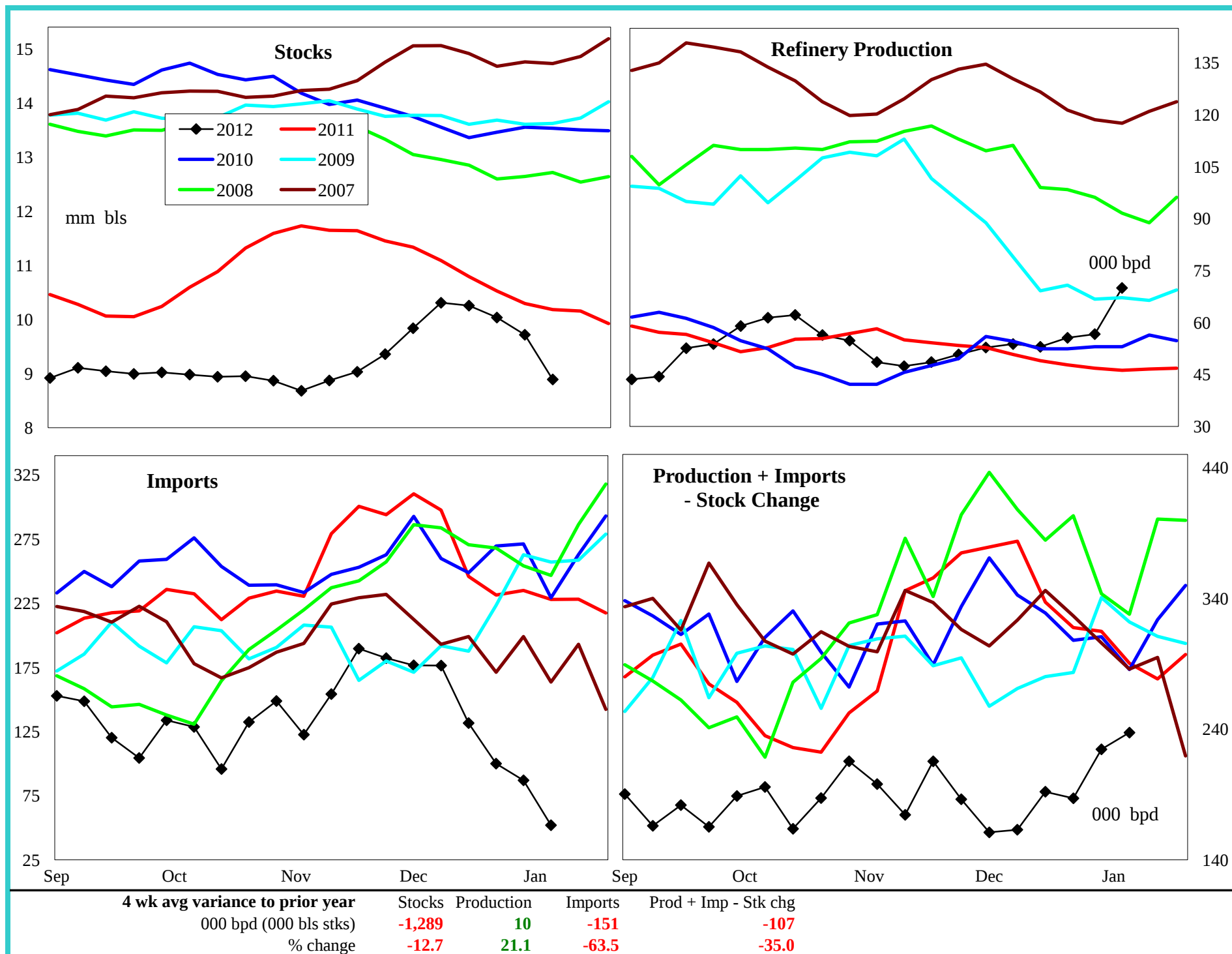
PADD 1 High Sulfur Distillate Stocks by Region



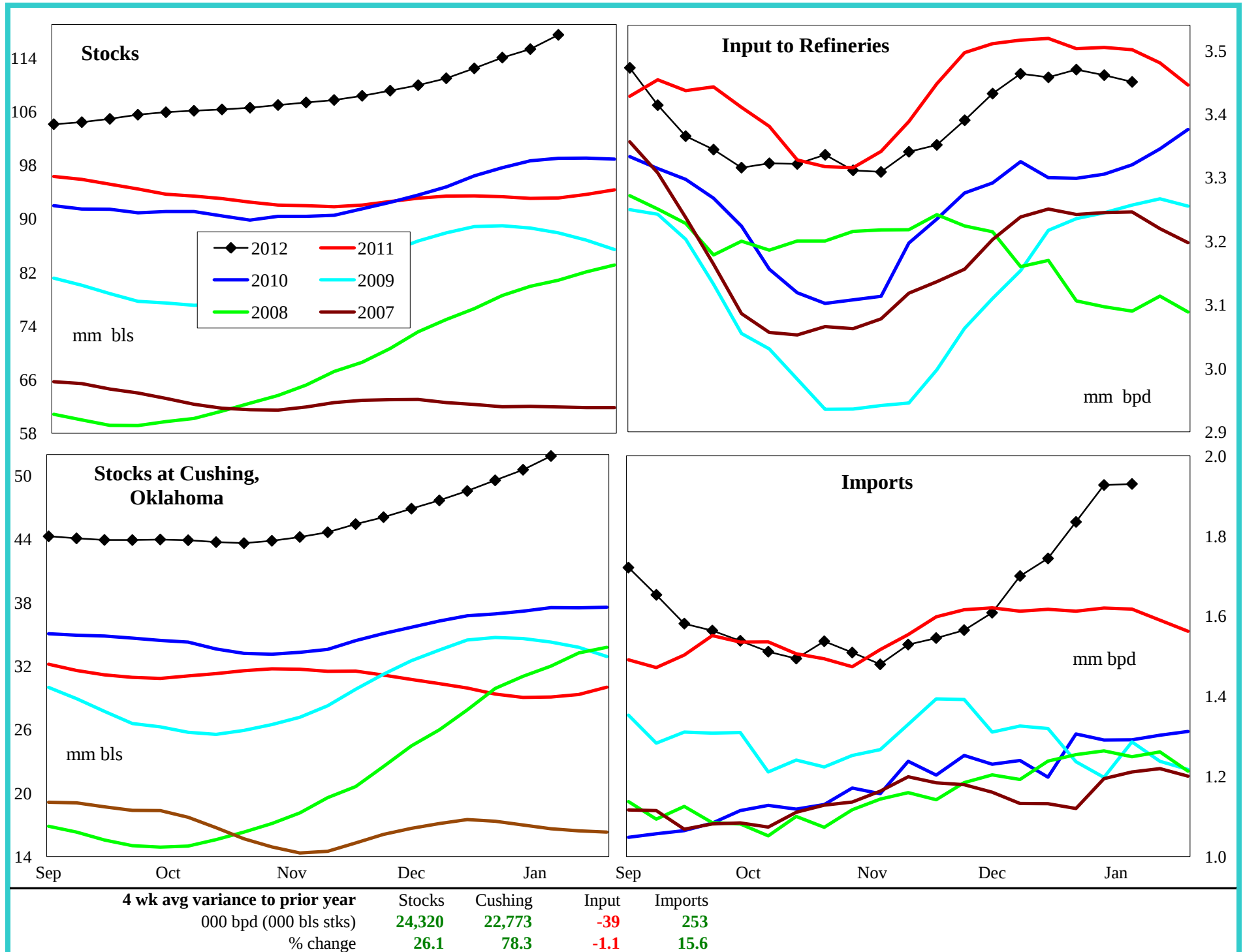
PADD 1 Jet Fuel Supply



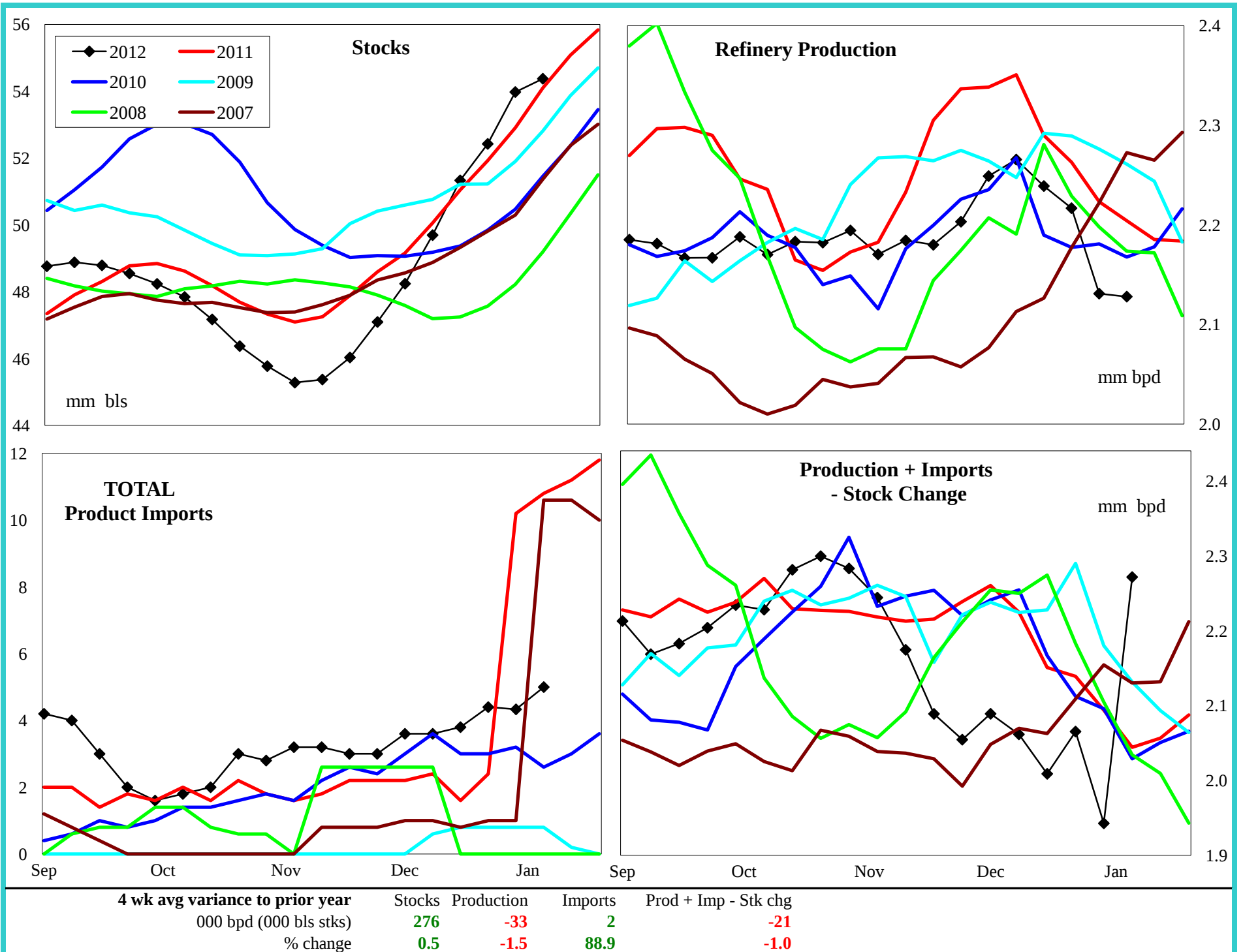
PADD 1 Residual Fuel Oil Supply



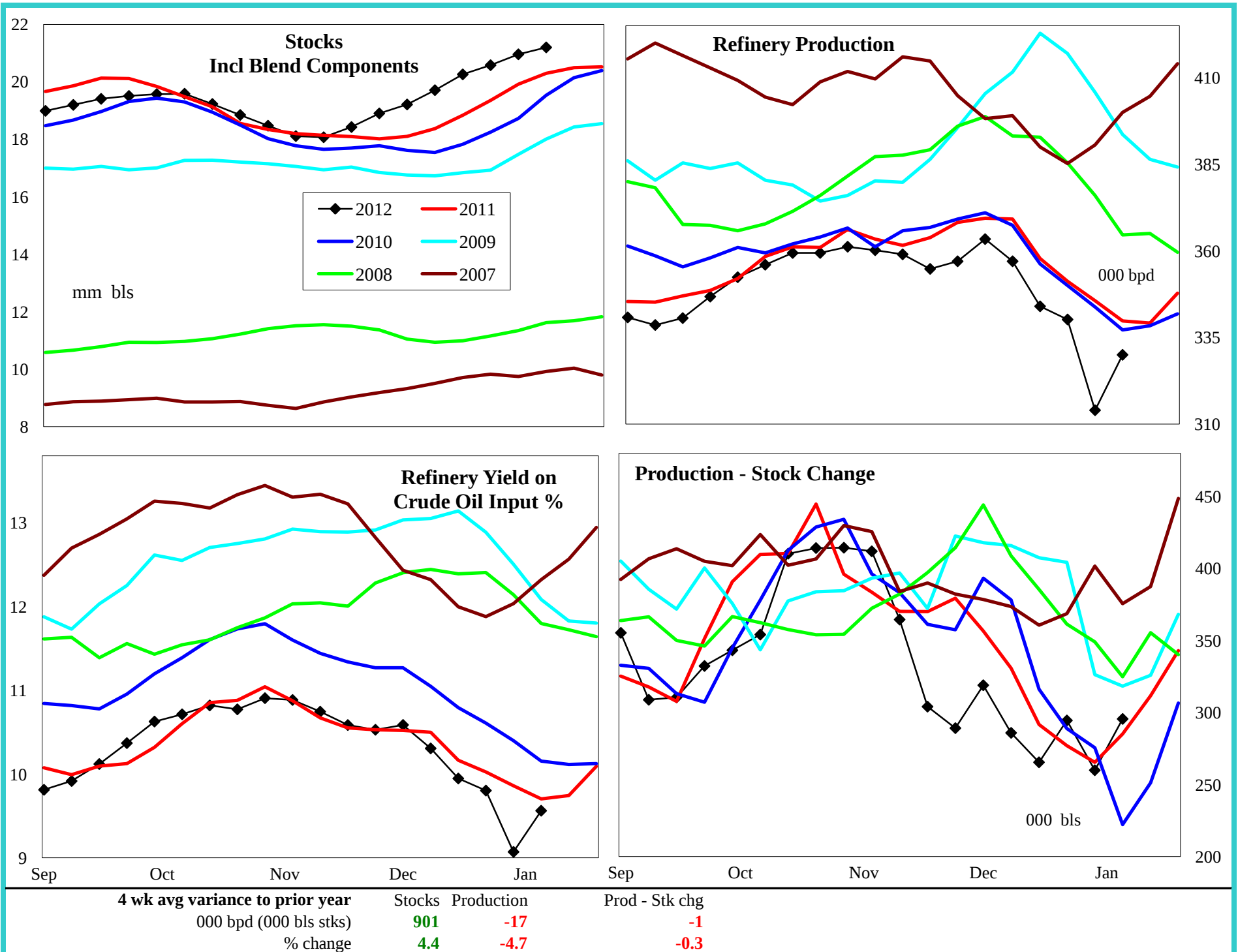
PADD 2 Crude Oil Supply and Refining



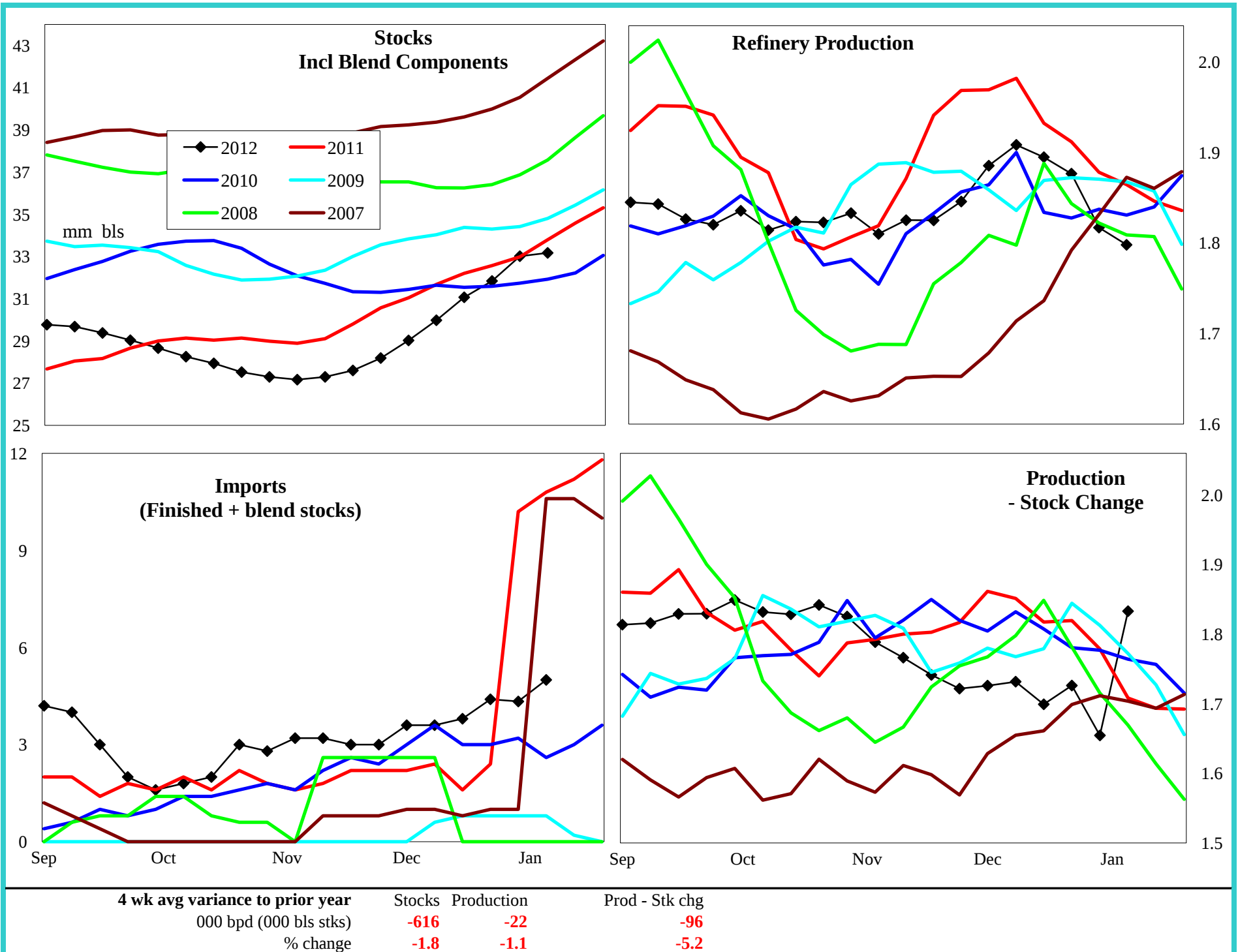
PADD 2 Gasoline Supply



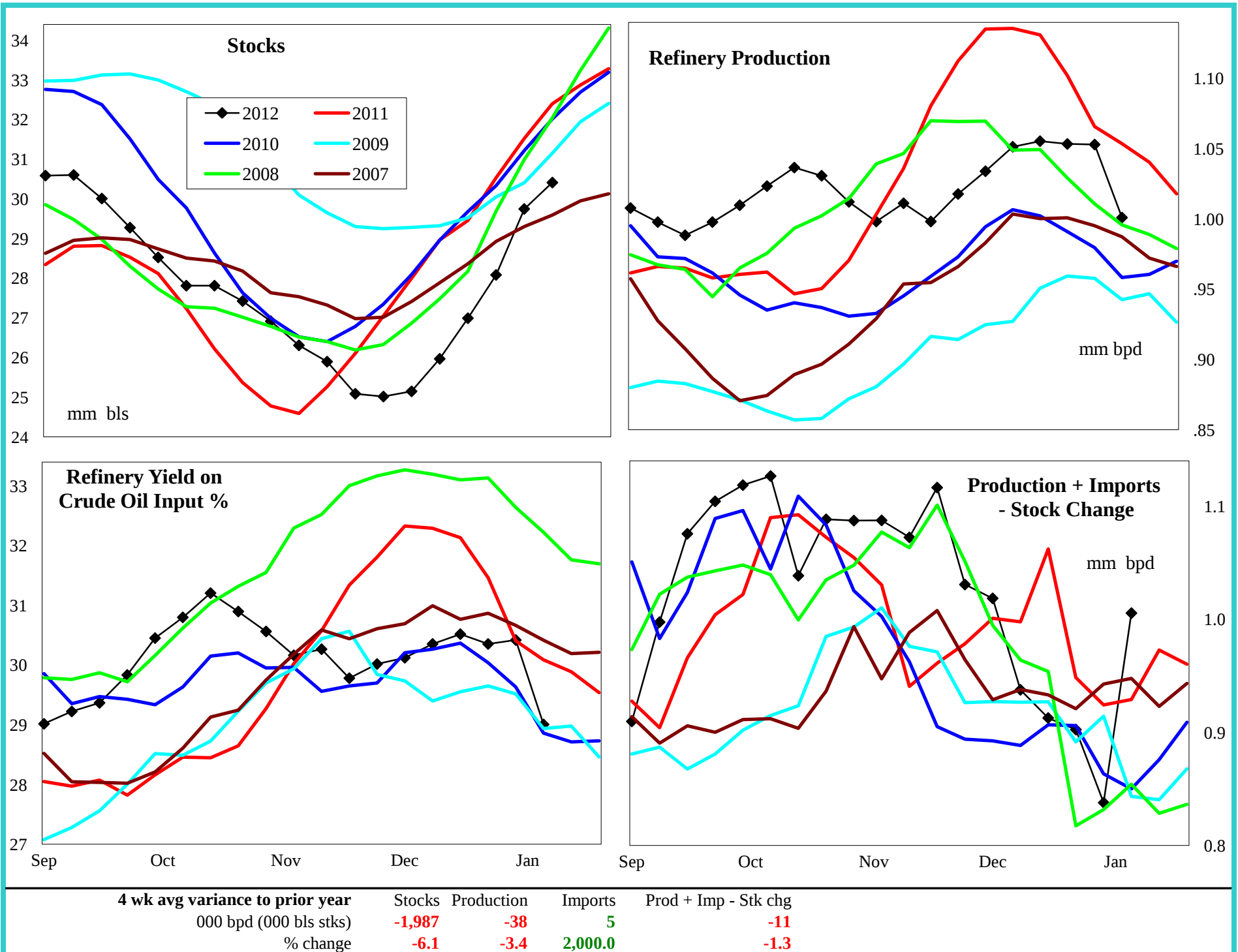
PADD 2 Reformulated Gasoline Supply



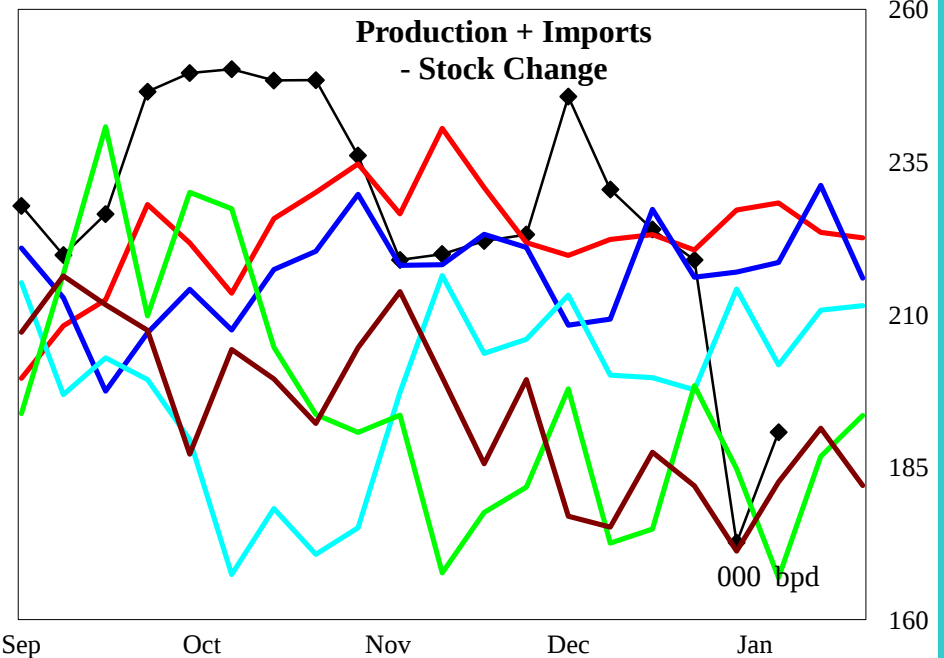
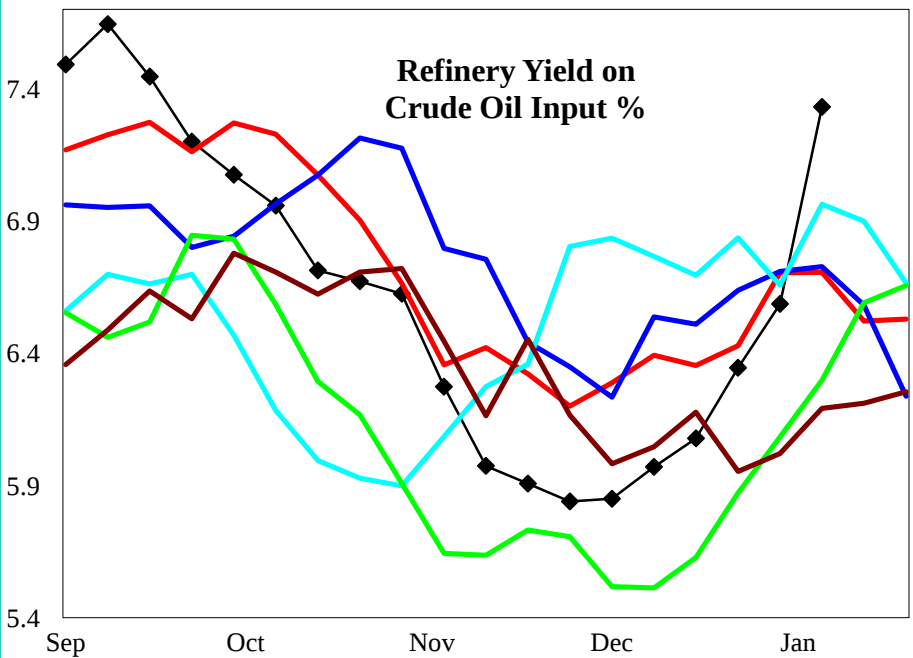
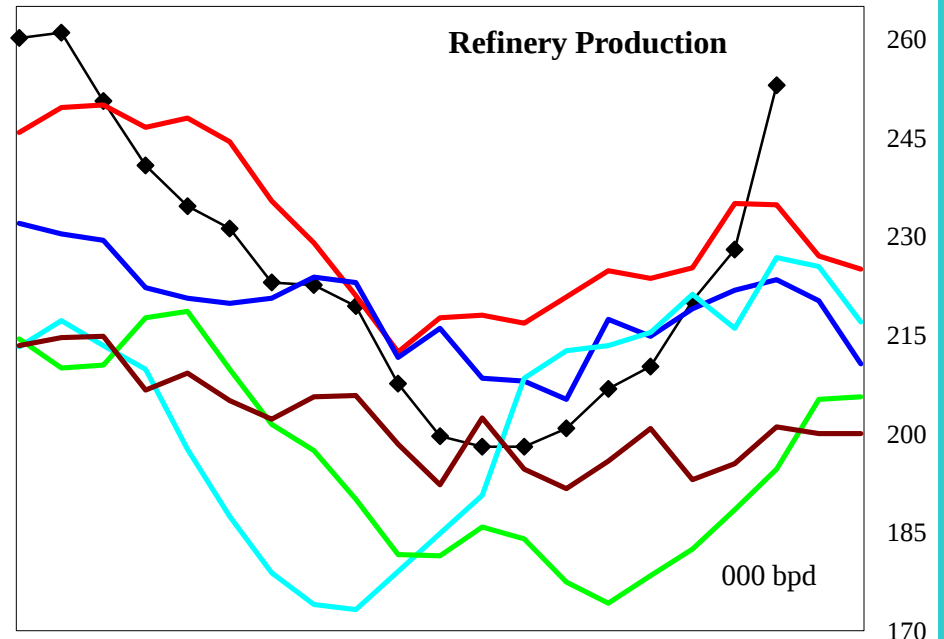
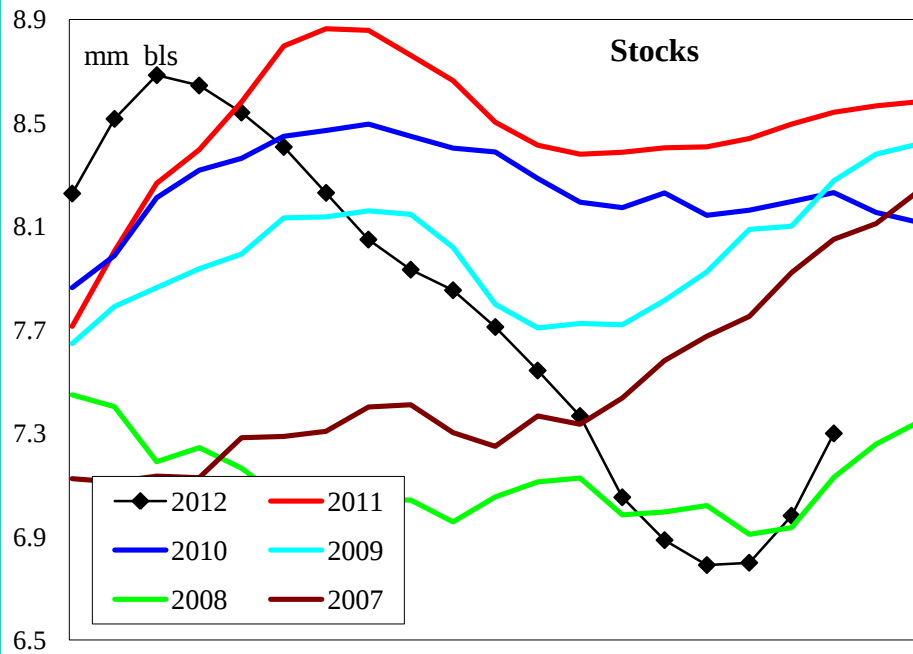
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,242

-5

0

-15

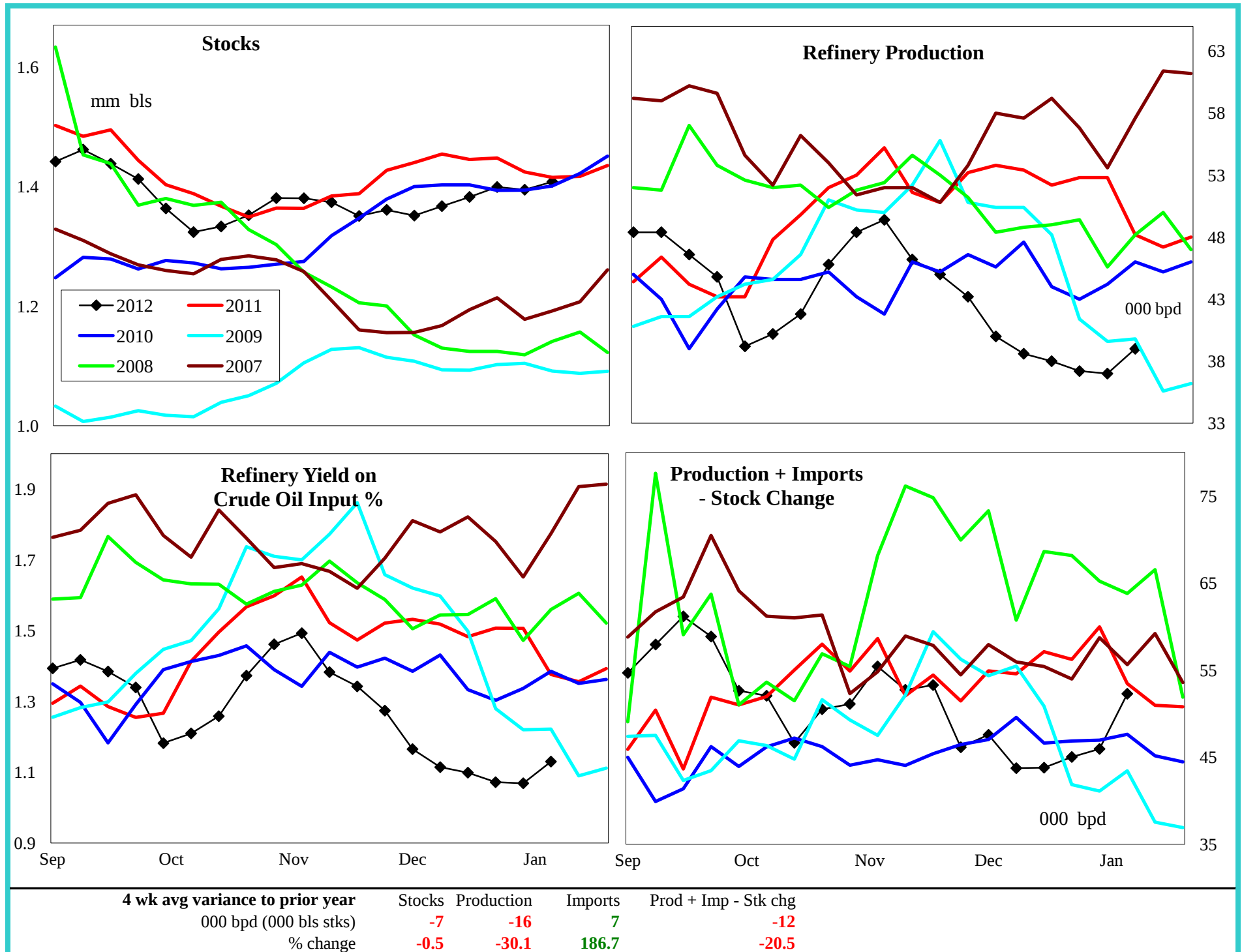
-14.5

-2.3

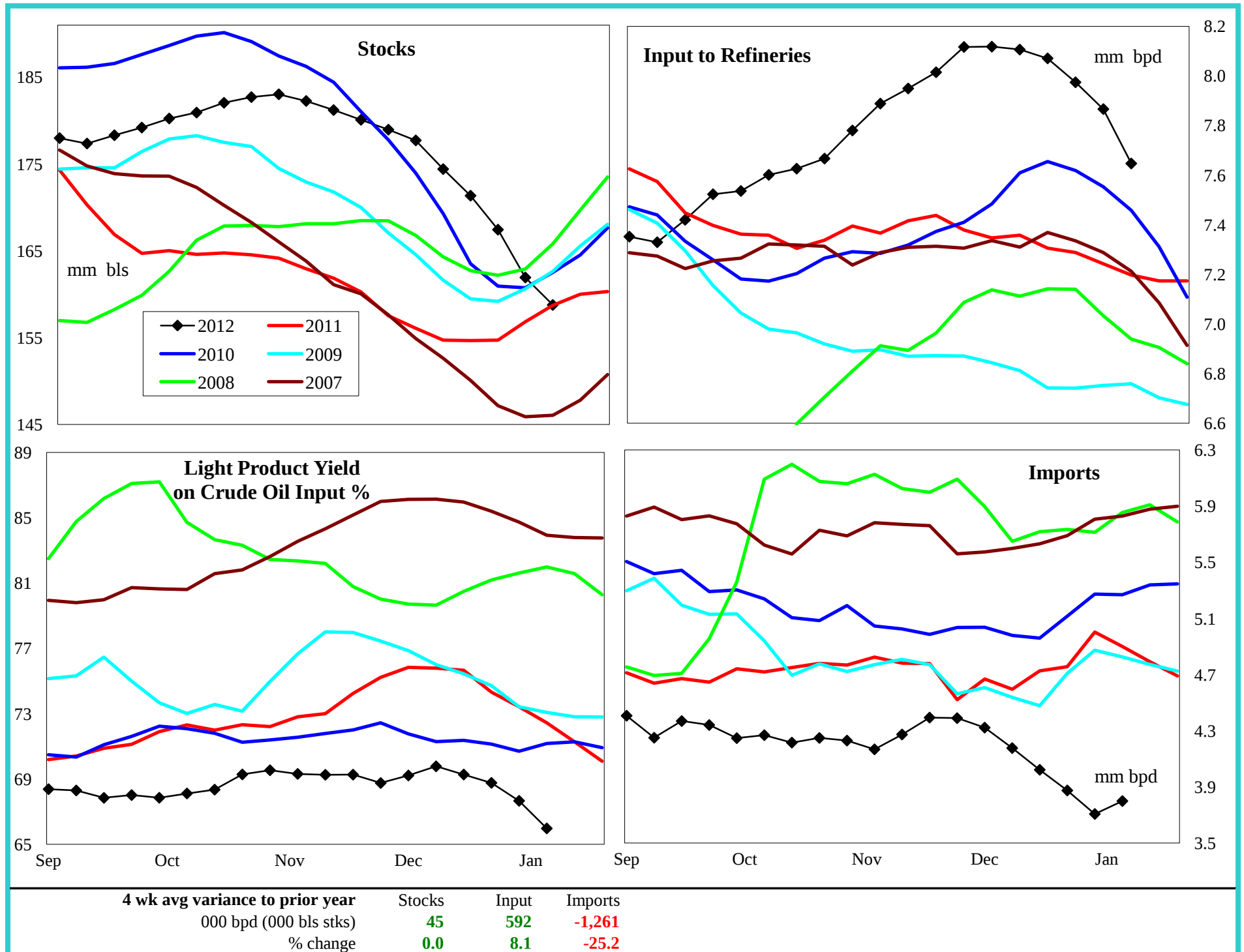
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-6.7

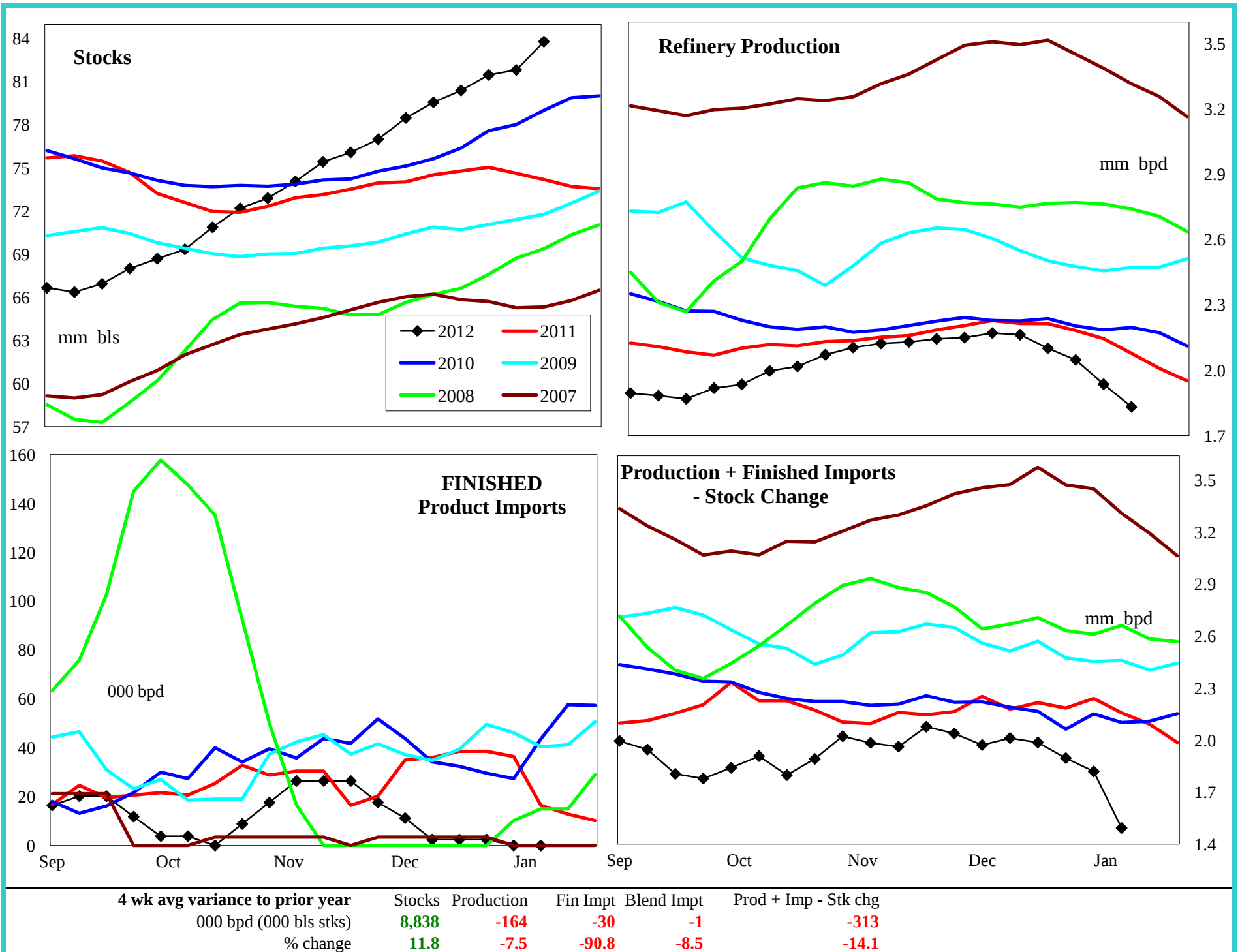
PADD 2 Residual Fuel Oil Supply



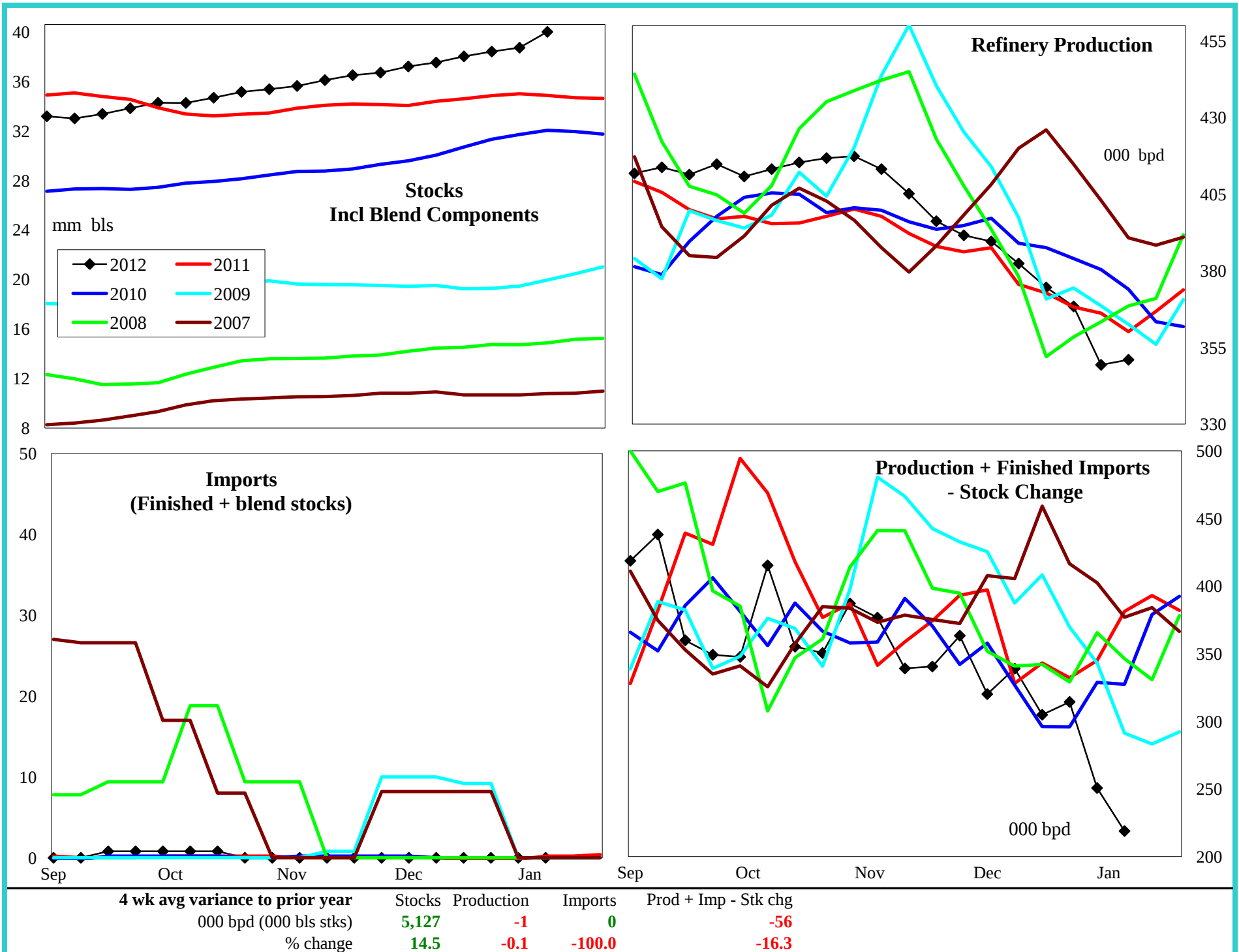
PADD 3 Crude Oil Supply and Refining



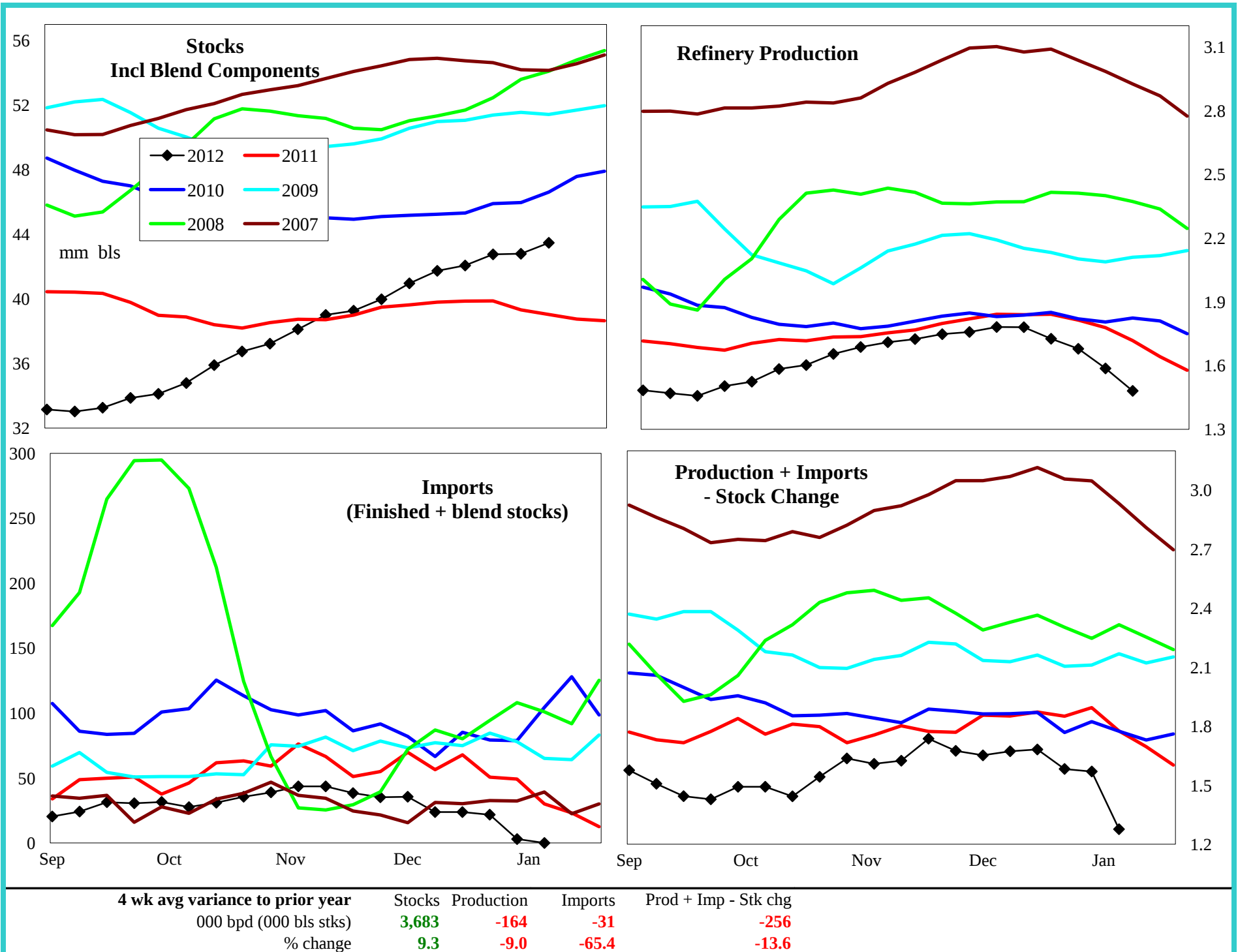
PADD 3 Gasoline Supply



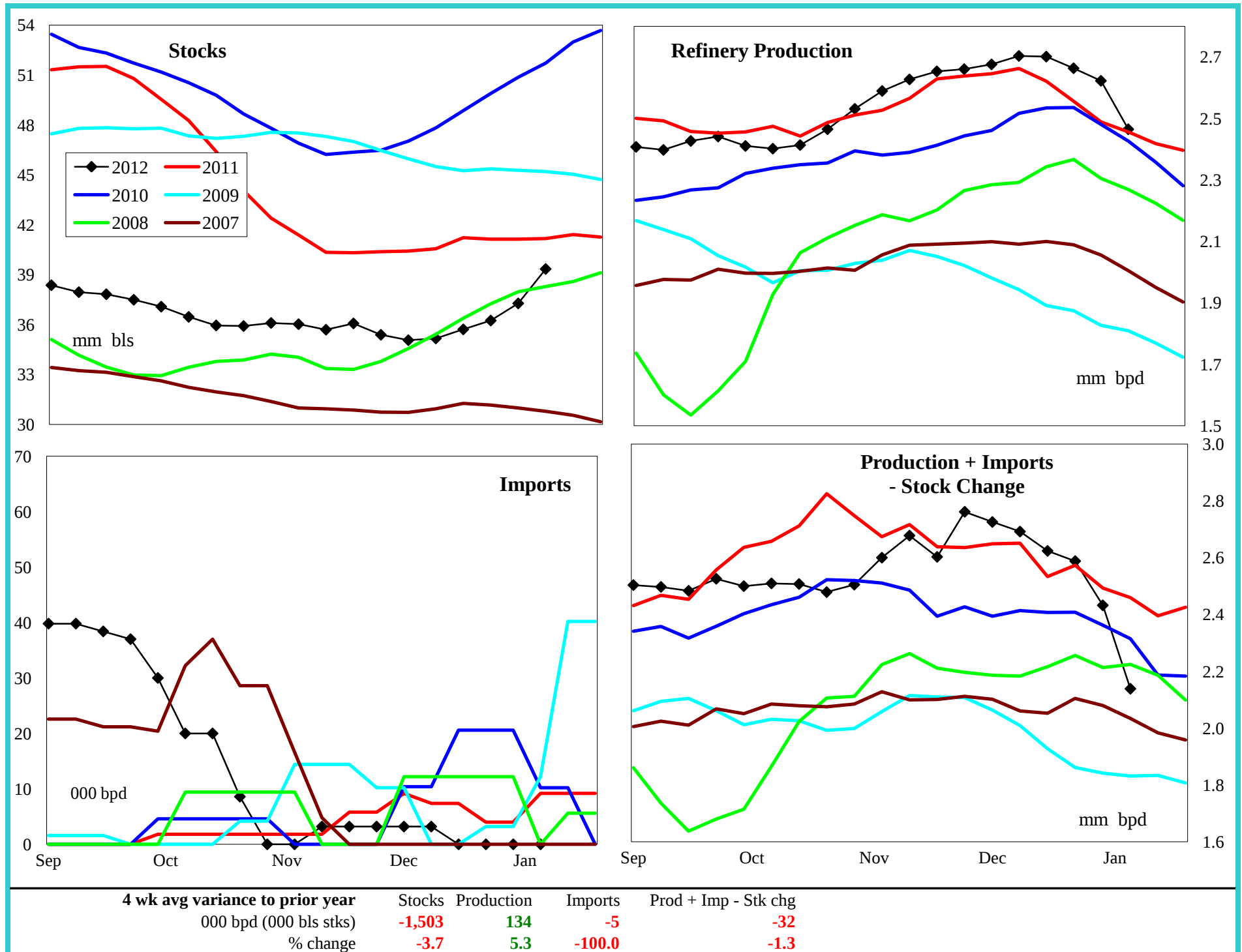
PADD 3 Reformulated Gasoline Supply



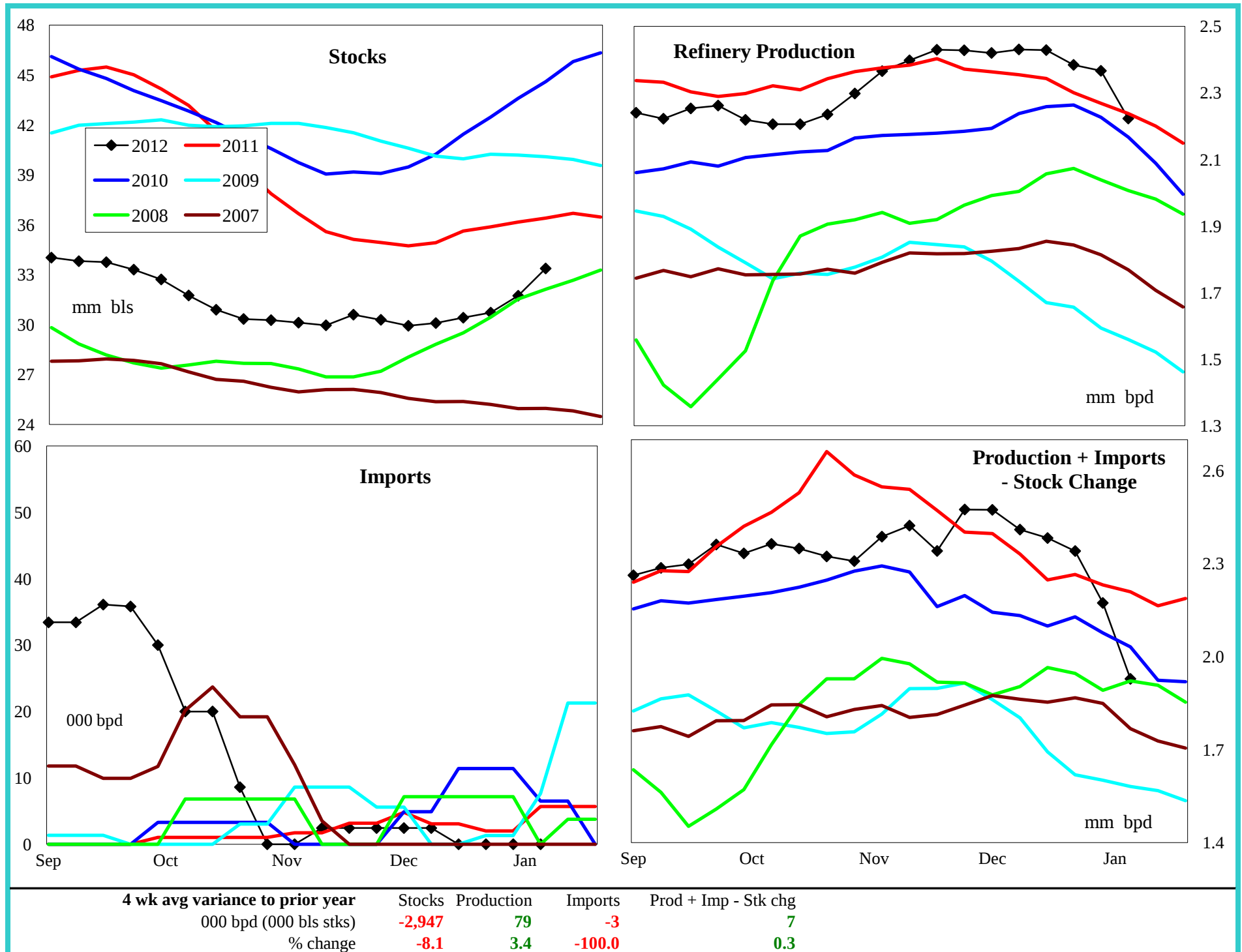
PADD 3 Conventional Gasoline Supply



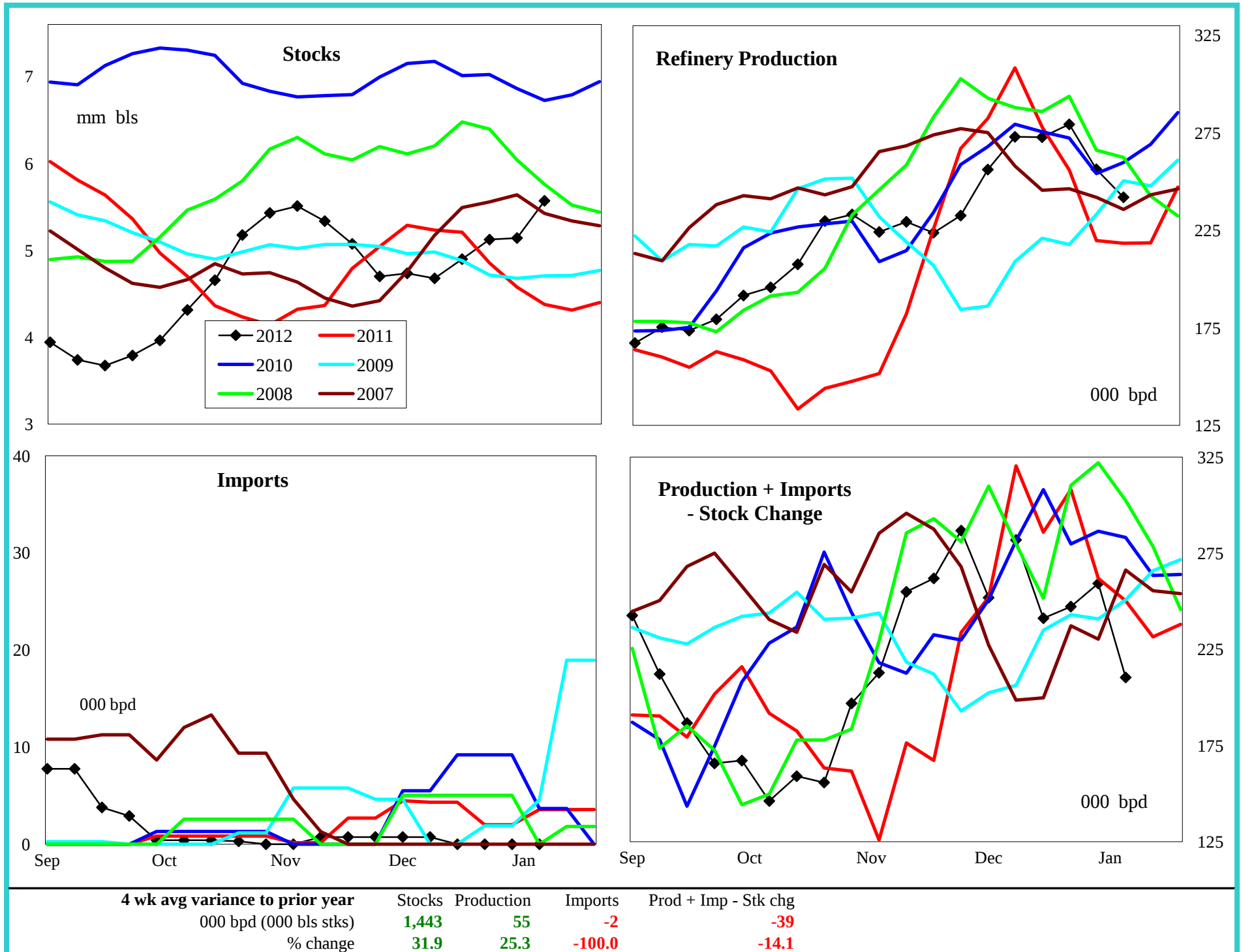
PADD 3 Distillate Supply



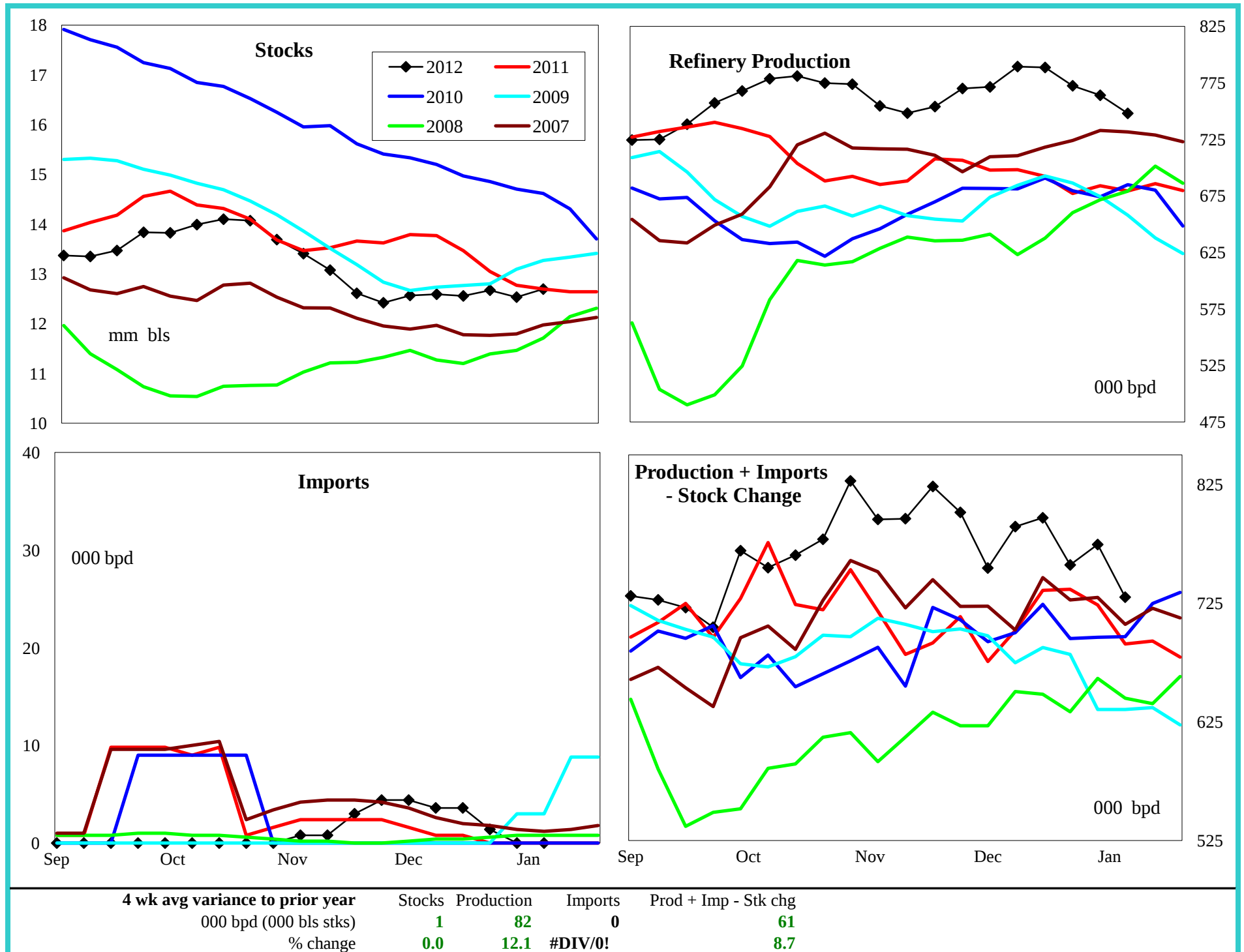
PADD 3 Low Sulfur Distillate Supply



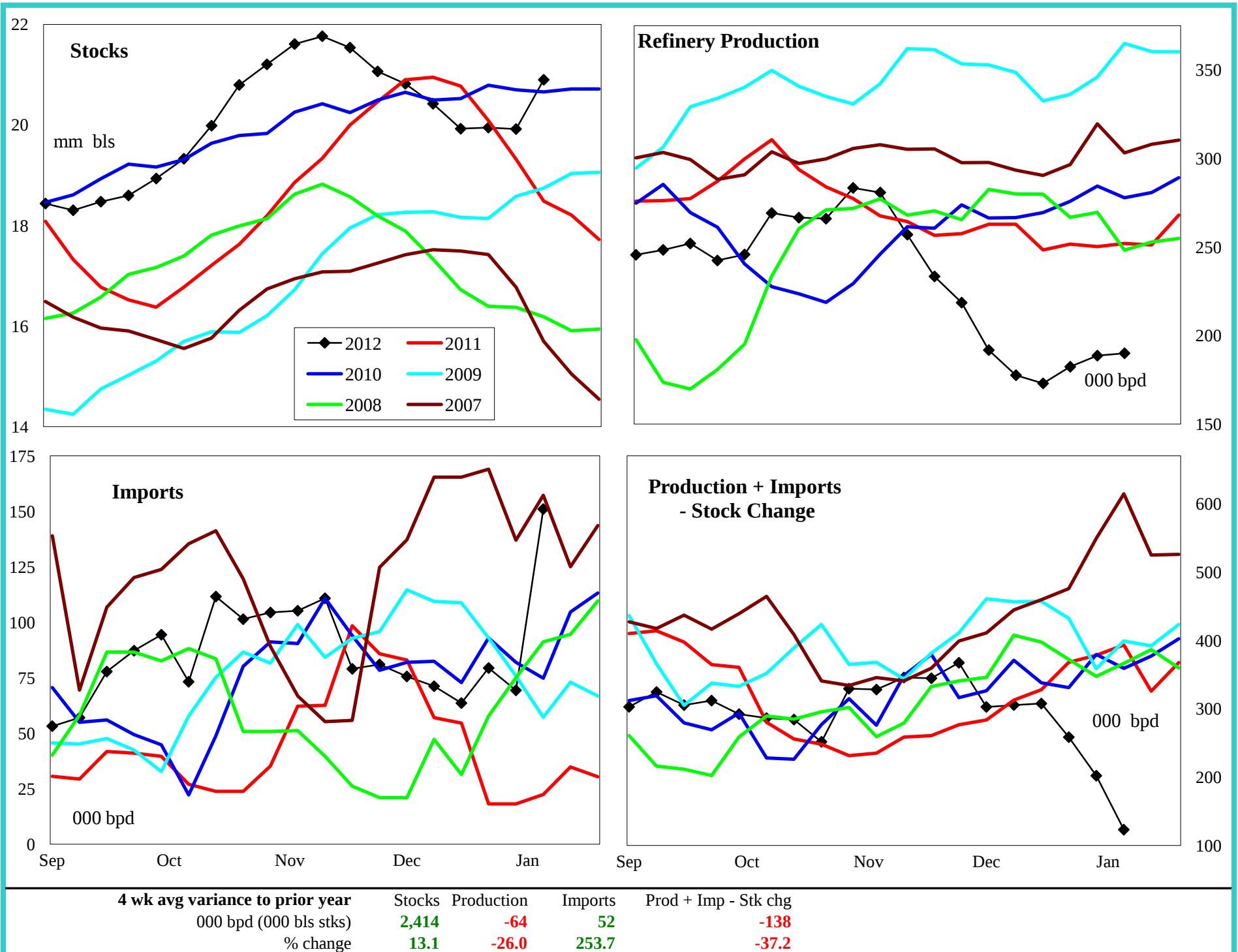
PADD 3 High Sulfur Distillate Supply



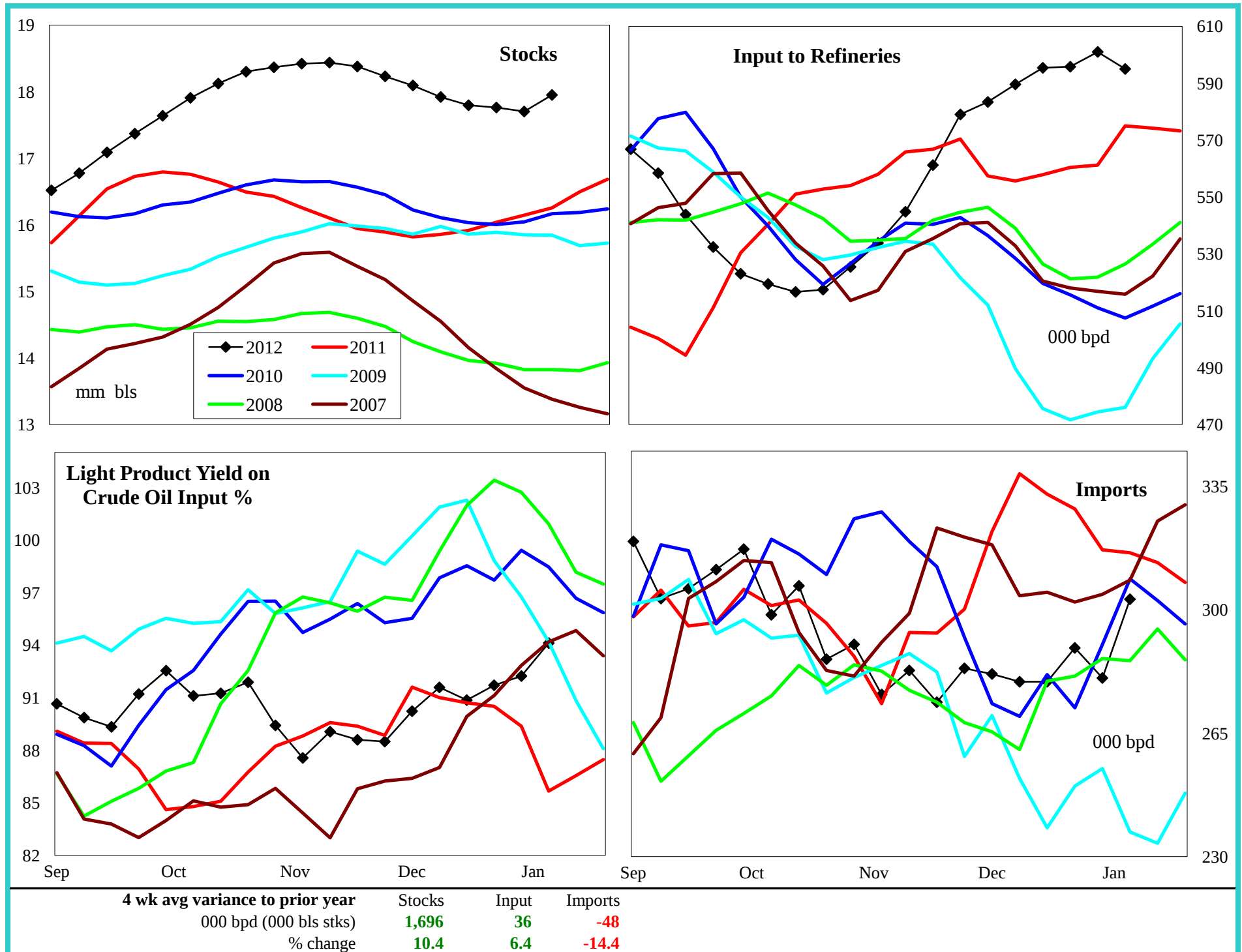
PADD 3 Jet Fuel Supply



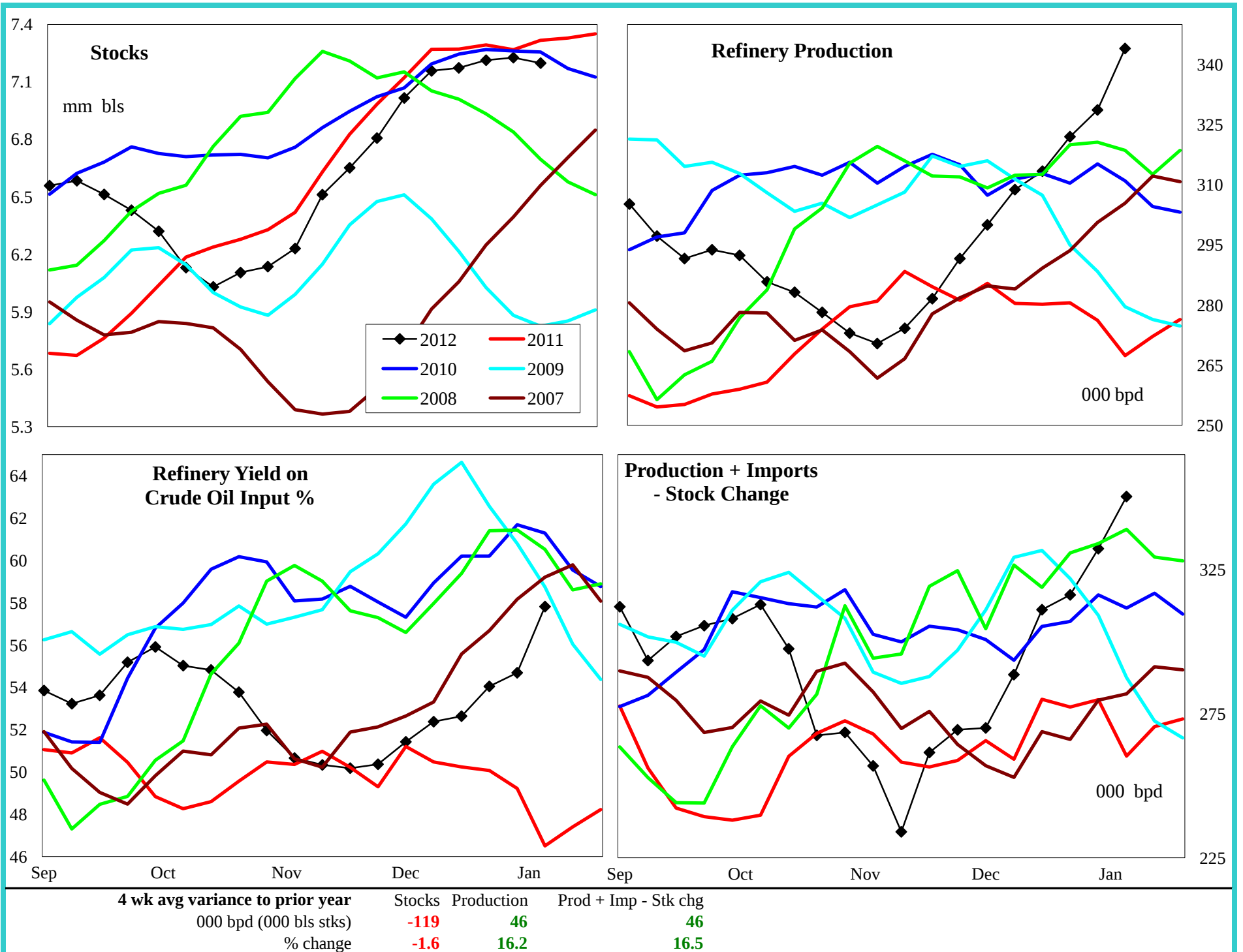
PADD 3 Residual Fuel Oil Supply



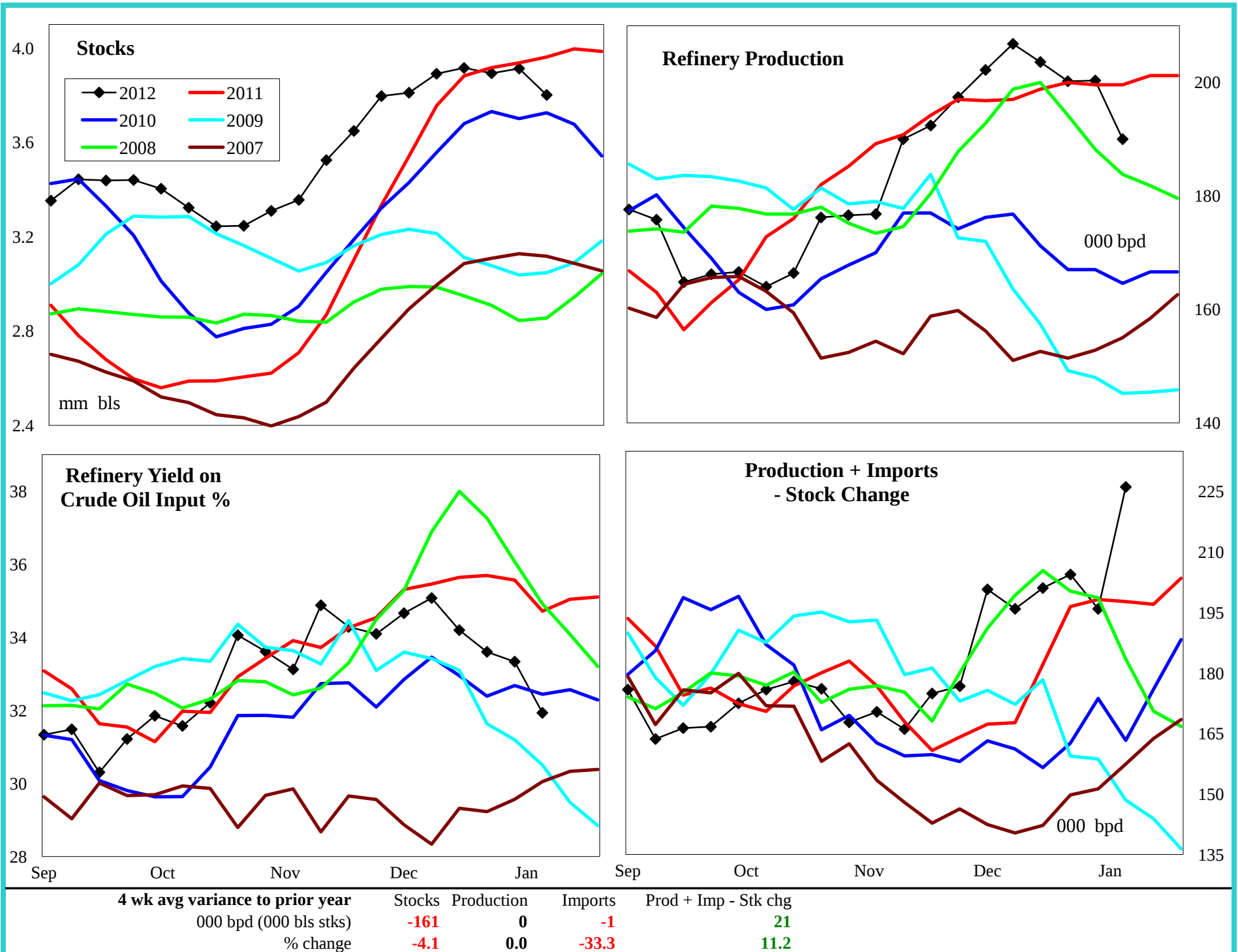
PADD 4 Crude Oil Supply and Refining



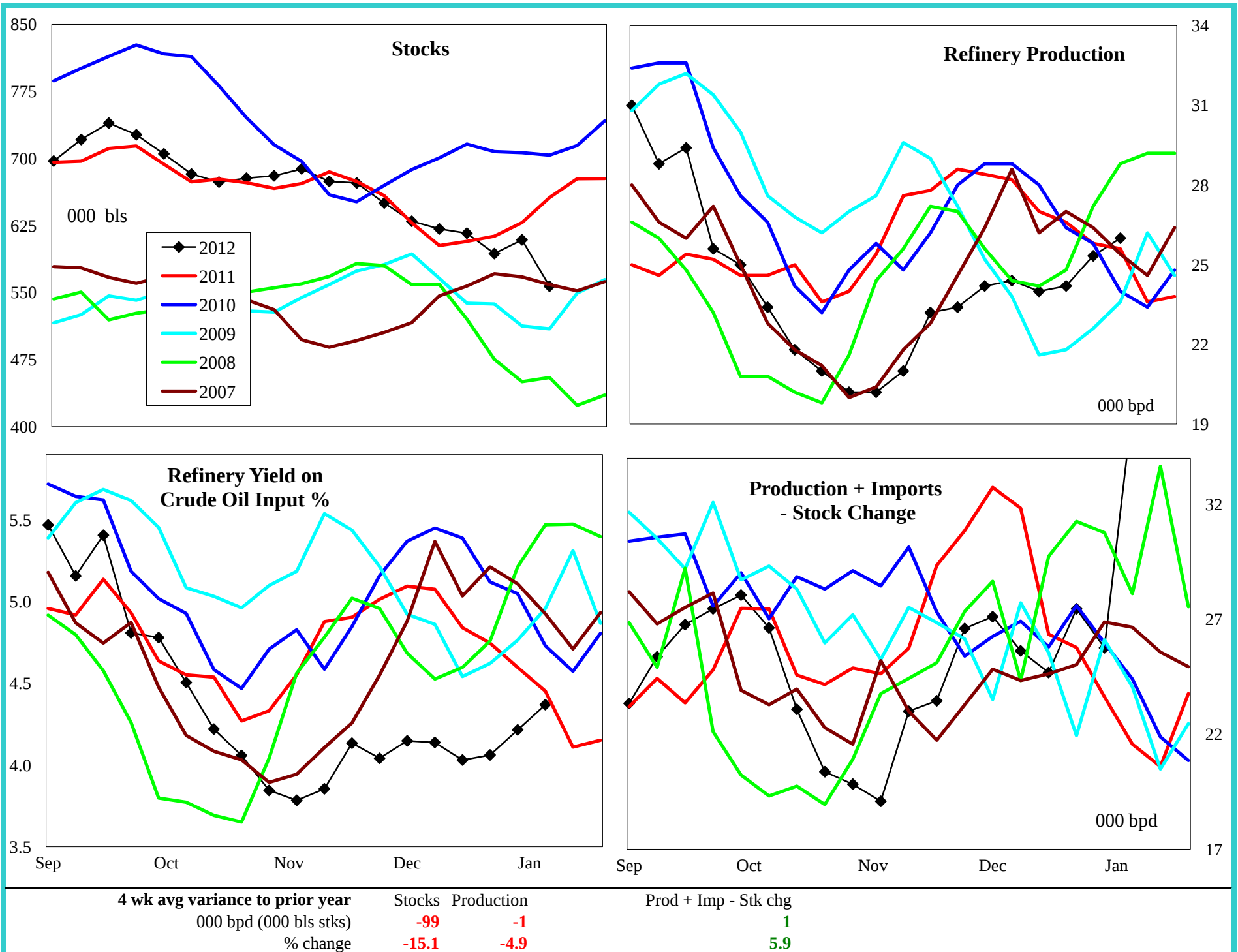
PADD 4 Gasoline Supply



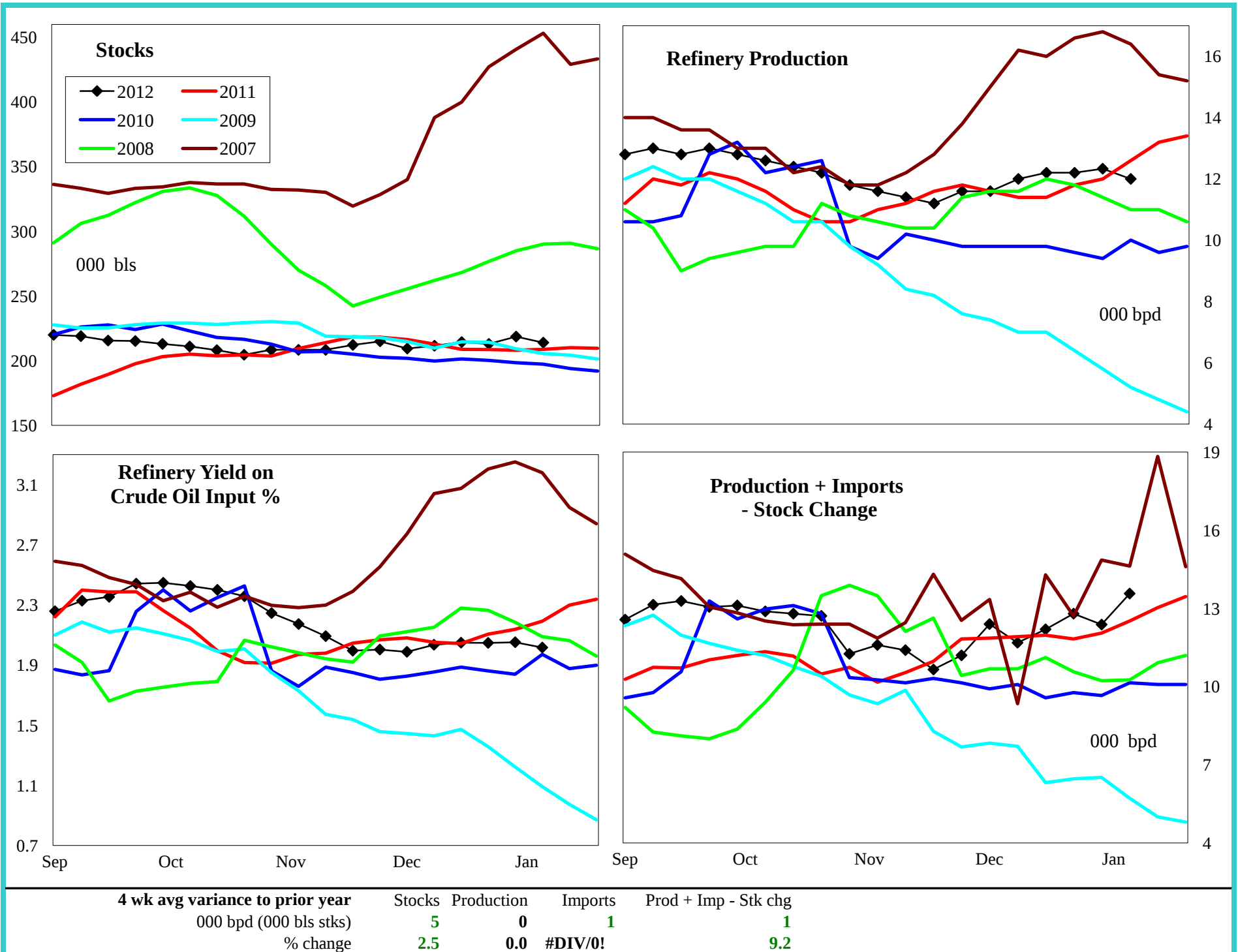
PADD 4 Distillate Supply



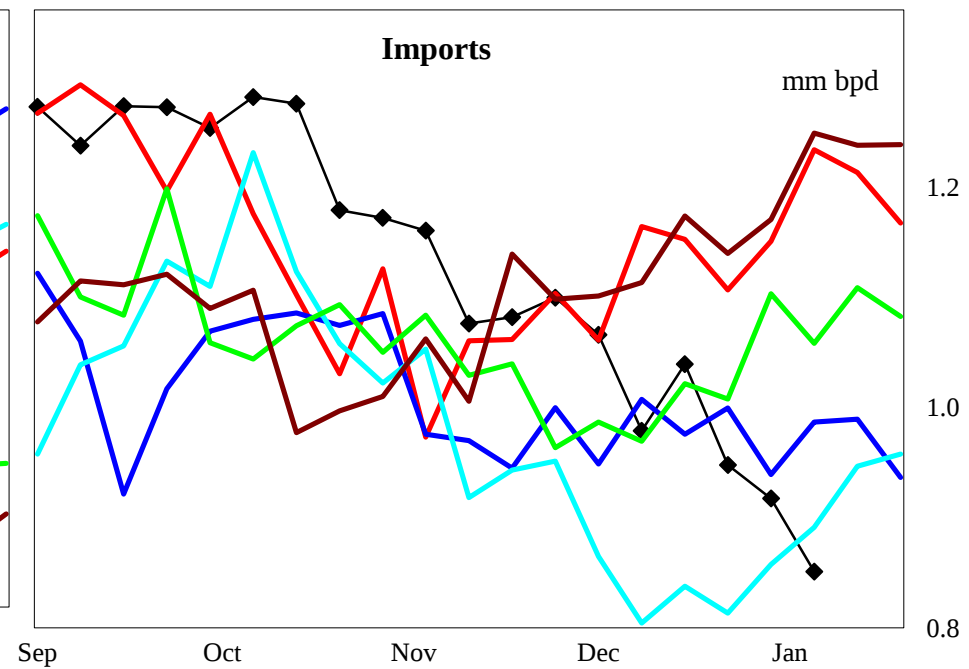
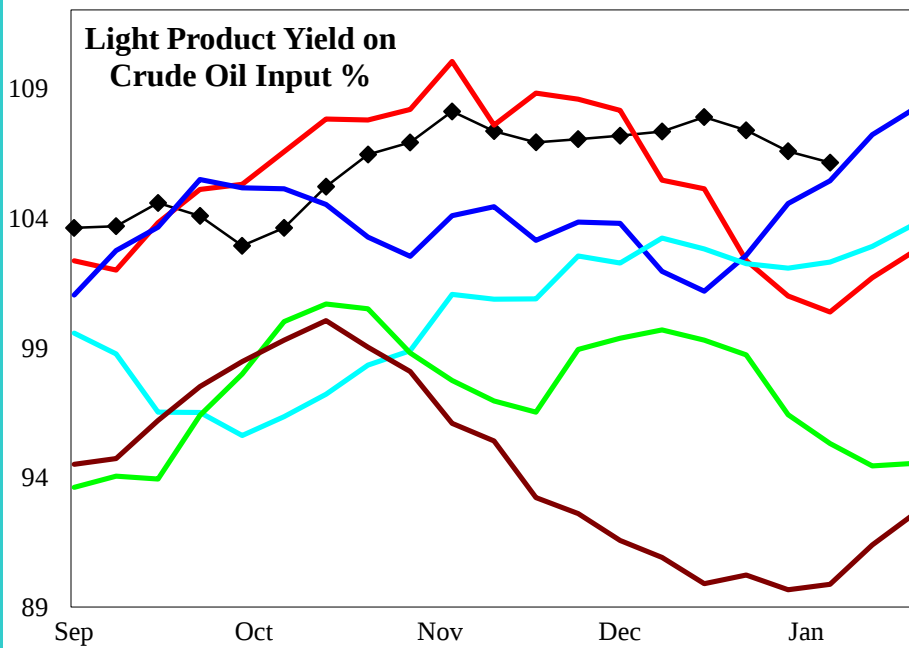
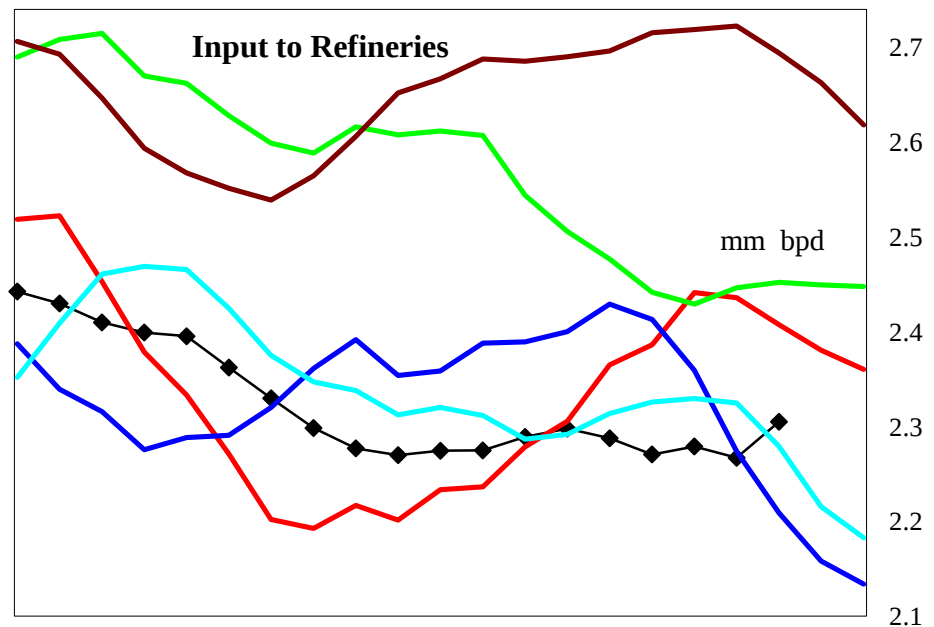
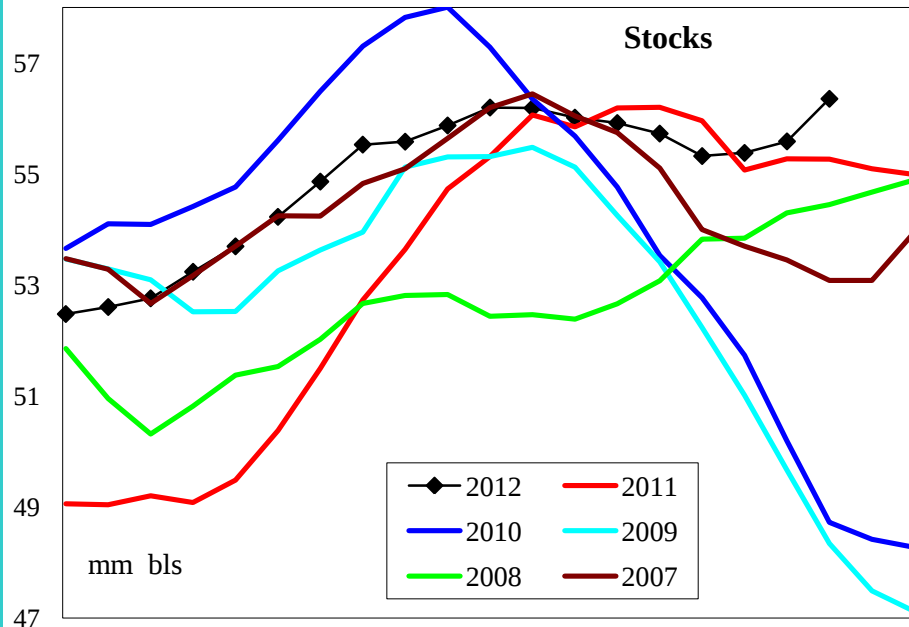
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



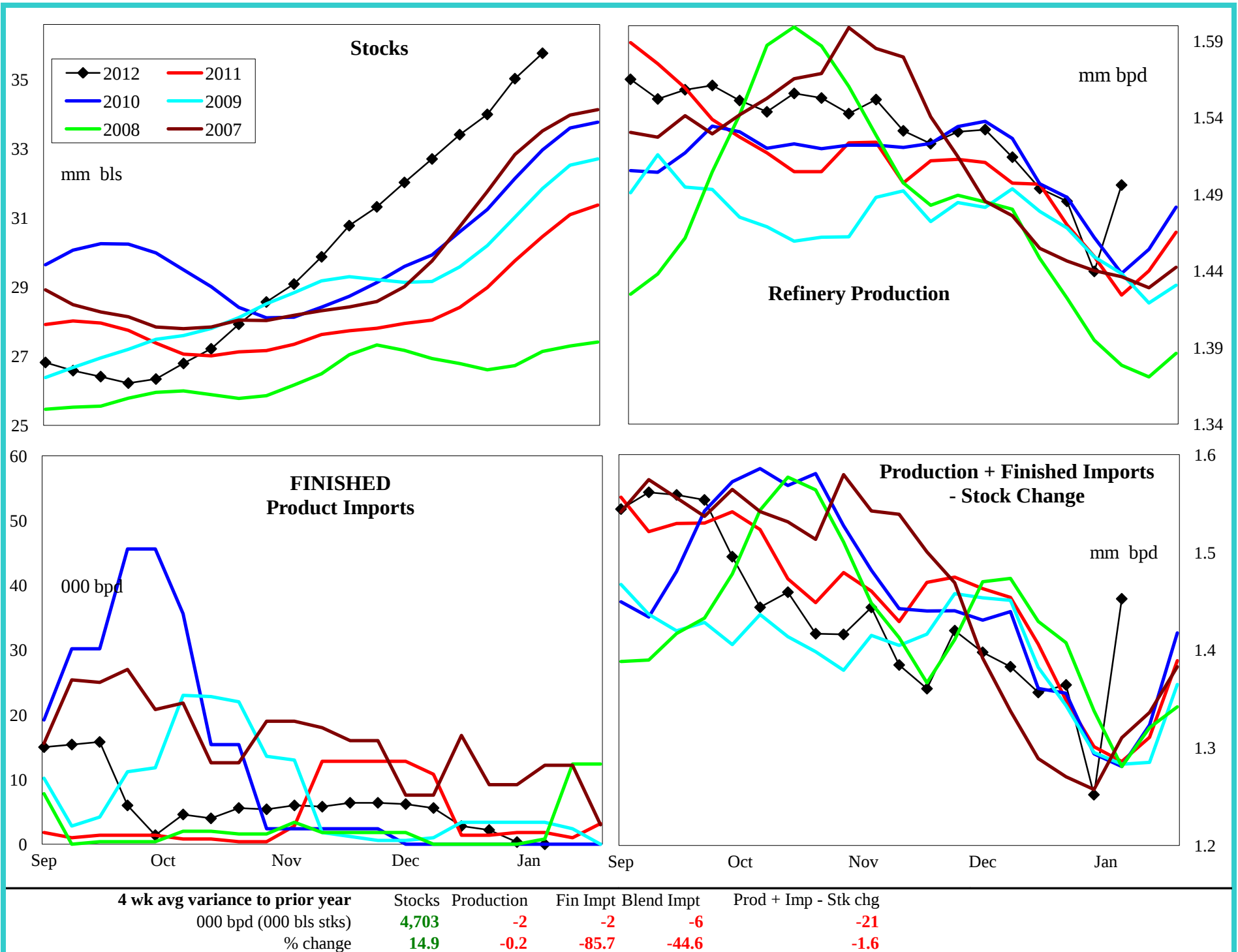
PADD 5 Crude Oil Supply and Refining



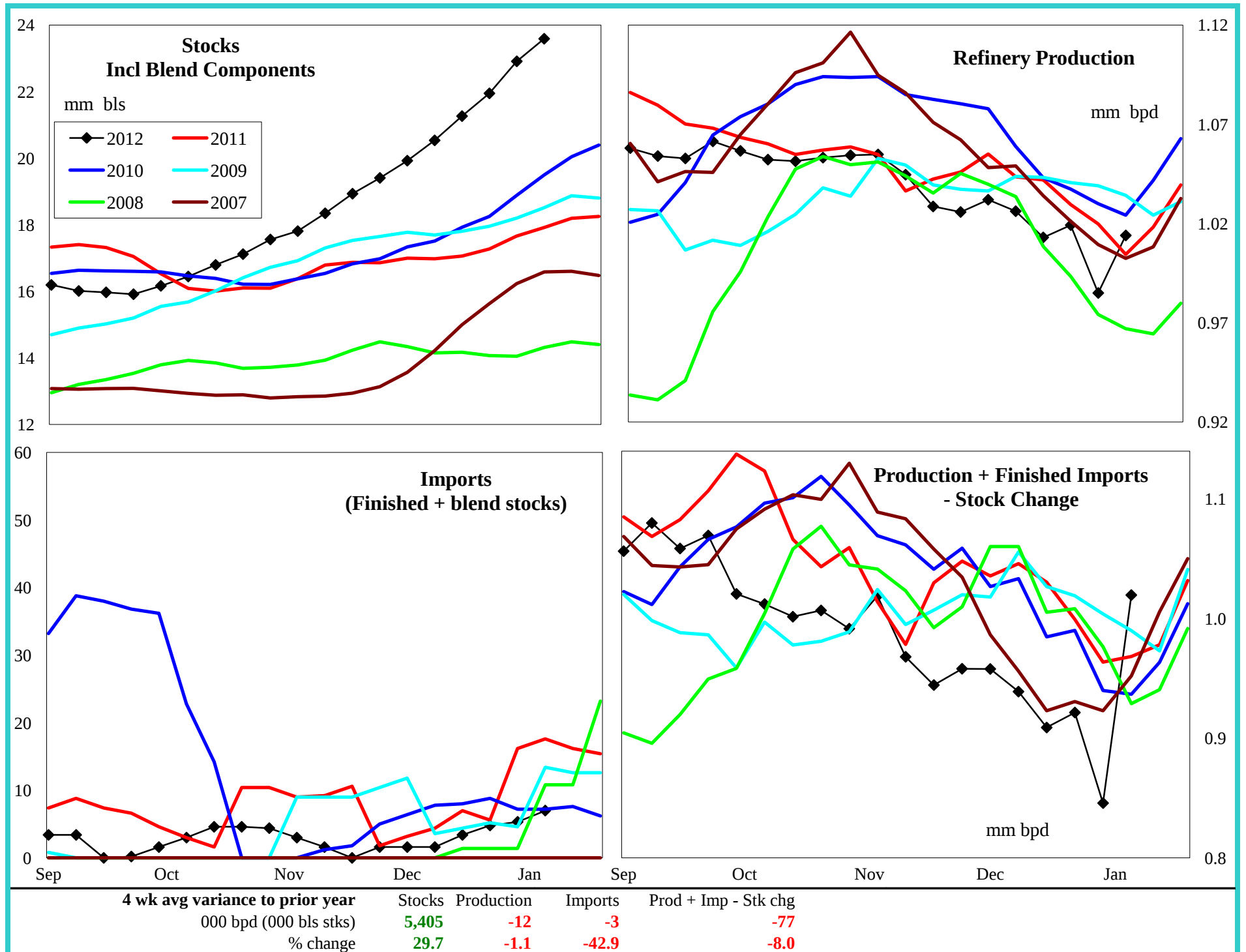
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	1,085	-175	-201
% change	2.0	-7.1	-17.0

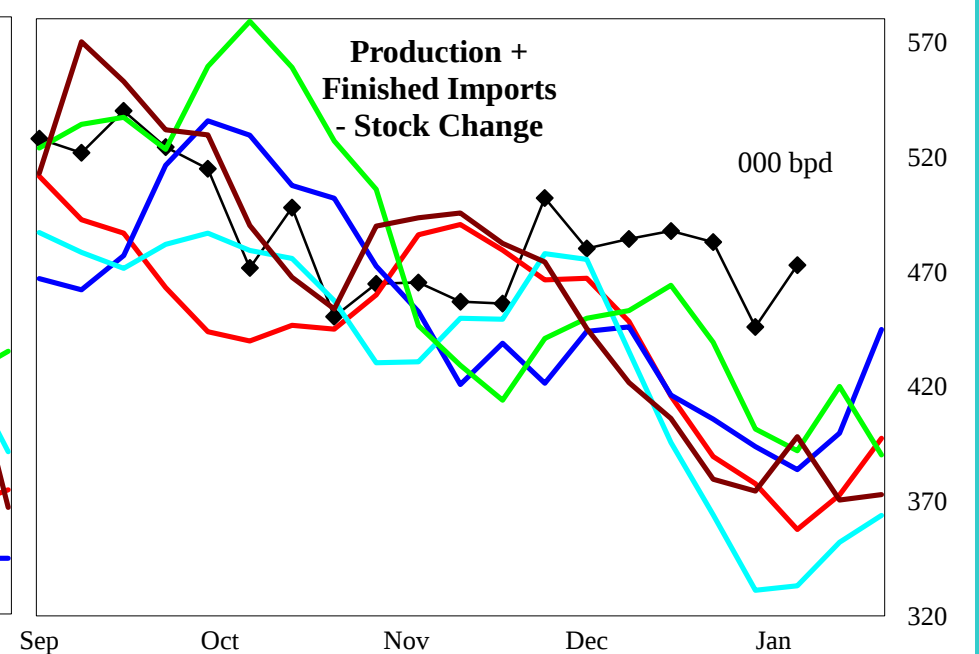
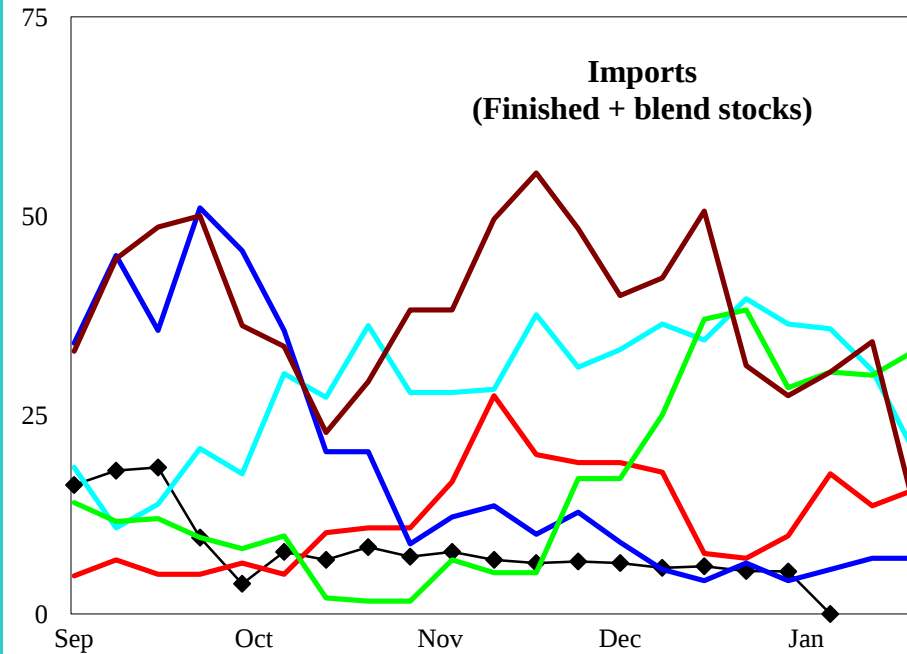
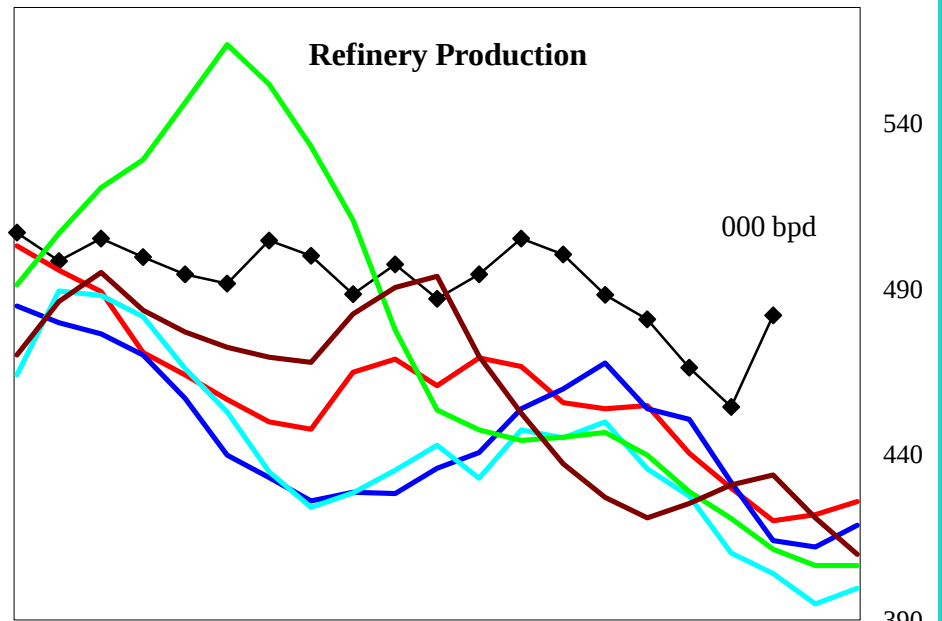
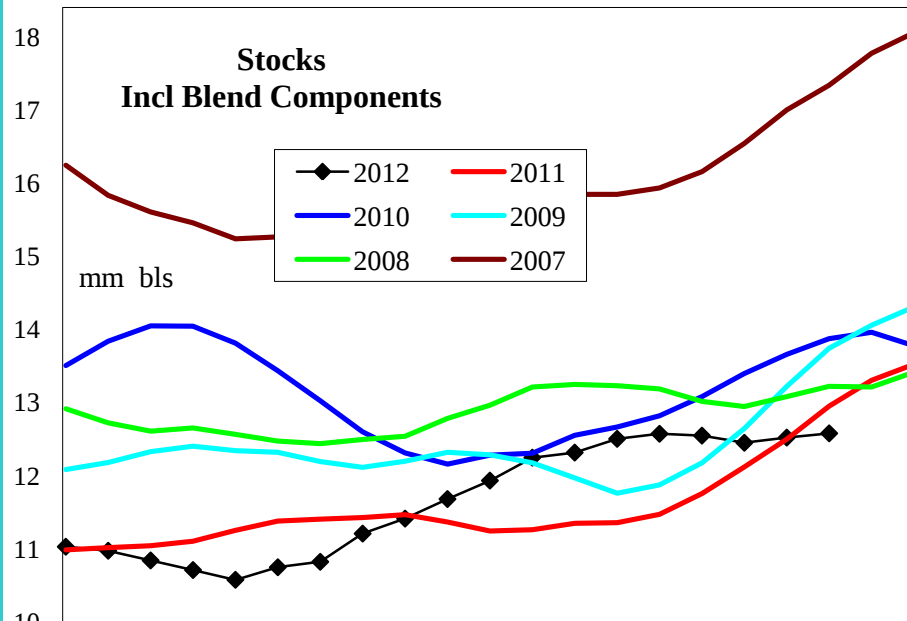
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-702

-5.3

Production

9

2.0

Imports

-5

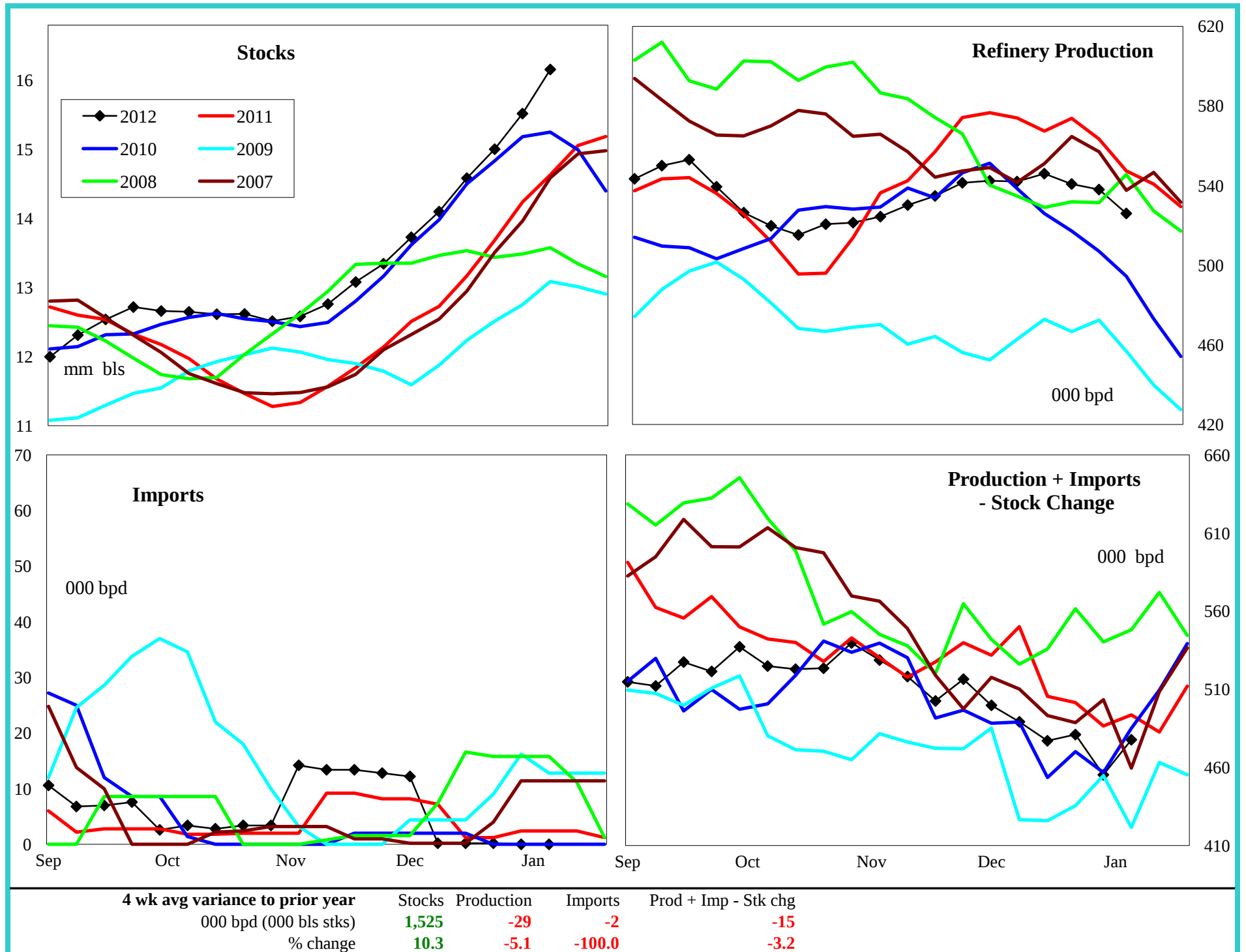
-54.3

Prod + Imp - Stk chg

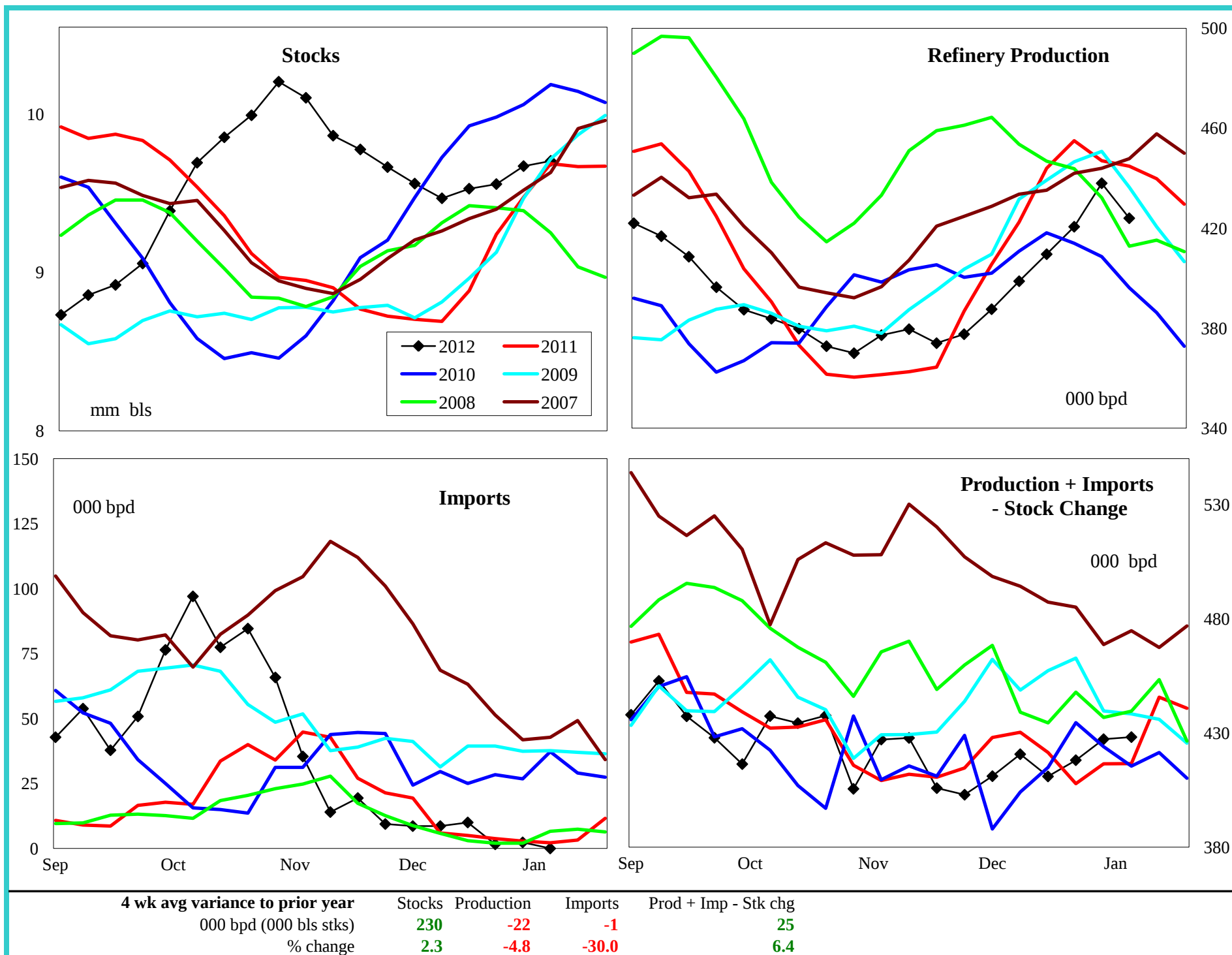
55

14.4

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

