



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

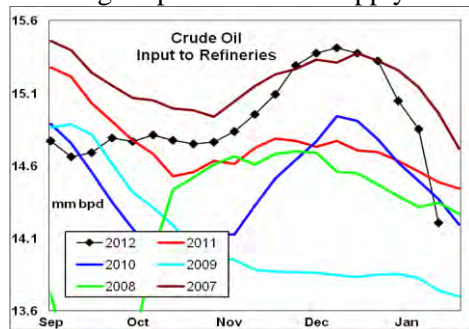
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, January 24, 2013

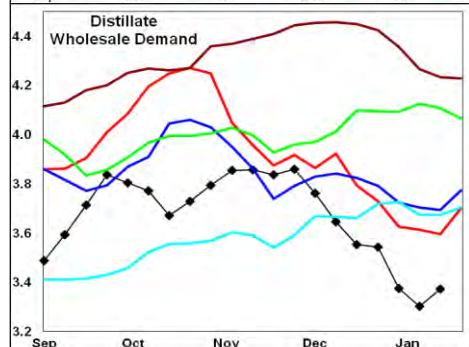
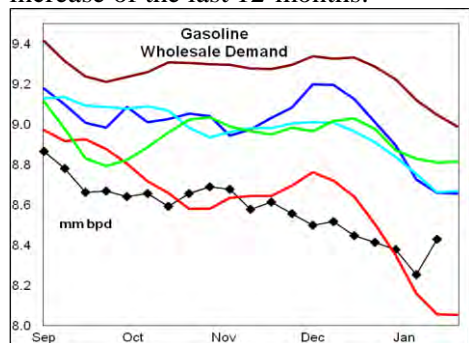


Major Fundamental Trends¹

Refinery crude oil runs were lower on the week in all regional markets, with an overall decline of -0.9 million bpd. A majority of the decrease was in the Gulf as winter maintenance began, decreases in other regions reflect the extreme over supply of transport fuels in some inland markets and refiners reducing output to balance supply.



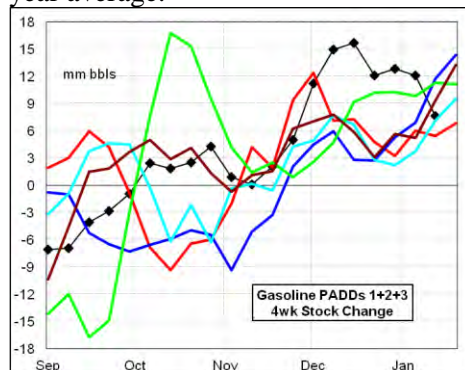
Wholesale gasoline demand has rebounded from season lows and exceeded year ago levels for the first time since early November. The latest 4-wk year-on-year increase of +113,000 bpd was the 2nd largest increase of the last 12-months.



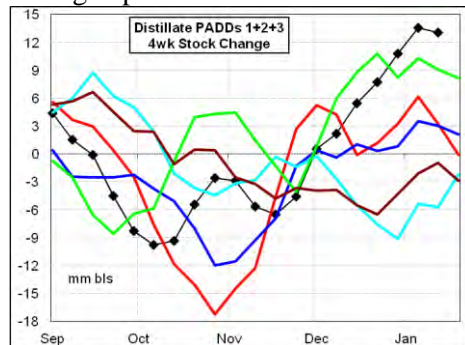
Distillate demand remains extremely depressed with the latest 4-wk average

-292,000 bpd below last year.

Higher gasoline demand and the start of seasonal maintenance has ended the rapid rate of stock builds, with the latest 4-wk average in markets East of the Rockies matching the 3-year average.



Distillate stocks maintained the record rate of builds, with the latest 4-wk average up +12.1 million barrels.



Demand for gasoline and jet fuel were higher last week, while distillate declined. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +1.4%; distillate was -8.2% lower; jet fuel was -2.3% lower while residual fuel oil decreased -42%.

Stocks forward coverage: Gasoline demand coverage decreased on a -1.7 million barrel stock draw and low higher wholesale demand. Coverage levels remain above the historic range.

Distillate coverage increased on a +0.5 million barrel stock build and very low demand. Coverage levels matched last year for the week.

Jet fuel coverage was nearly unchanged on a -0.6 million barrel stock draw, offset by lower demand. Coverage levels ended the week at a level below the last 3-years.

Residual fuel oil coverage decreased on a -1.3 million barrel sock draw. Coverage levels remain near record highs on low demand.

Refinery utilization rates fell on a -0.9 million bpd drop in crude oil thru put. During the latest 4-wk period crude oil input was +0.3 million bpd above a year ago.

Gasoline yield % on crude oil runs spiked on a +0.3 million bpd increase in output compared to the -0.9 million bpd decrease in crude oil runs. Yield % on crude oil runs was near historic highs.

Distillate yield % on crude oil runs was little changed on a -253,000 bpd decreased in production, compared to the large decrease in crude oil runs. The yield % on crude oil runs was near the 5-year mid range.

Jet fuel yield % on crude oil runs fell on a -131,000 bpd drop in output, compared to the large decreased in crude oil runs. The yield % was near the mid range of the last 3-years.

Petroleum Imports of crude oil decreased last week, while products were marginally higher. During the latest 4-wk period crude oil imports were -1.2 million bpd below last year; distillate imports decreased -12,000 bpd; finished gasoline imports decreased -20,000 bpd, gasoline blend stock imports decreased -159,000 bpd; jet fuel imports increased +4,000 bpd, while residual fuel oil imports were -18,000 bpd lower.

Crude Oil imports decreased -0.3 million bpd last week, falling to a new record low. Stocks increased +2.8 million barrels last week, concentrated in the Gulf region which reported a +5.4 million barrel build. Stock levels in Cushing ended the week +75% above a year ago, as marketers experienced bottlenecks on the gulf in receipts from 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



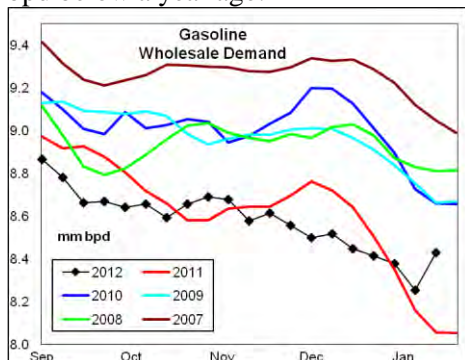
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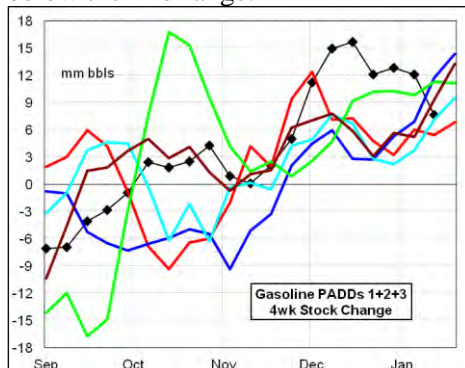
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Product Supply-Demand Trends

Gasoline demand increased +111,000 bpd on the week, with the level above last year. The latest 4-wk average demand was +113,000 bpd above a year ago. This represents the first year-on-year increase since early November and the 2nd largest 4-wk increase in the last 12-months. Supply increased +373,000 bpd last week on higher production and imports. Supply for the latest 4-wk period was -71,000 bpd below a year ago.



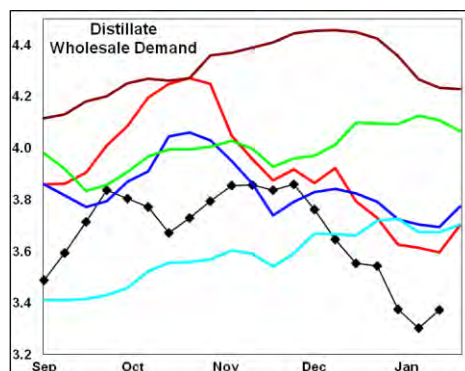
Stocks decreased -1.7 million barrels last week, although the level remains above the historic range. The latest 4-wk build of +7.1 million barrels was below the mid range.



Expect refiners to reduce output in the immediate future as maintenance expands on the Gulf and West Coast, followed by northern regions in early spring. Look for a tightening of supplies as seasonal demand increases, with the East Coast again vulnerable to tight supplies, on lower production in the area and reduced imports compared to prior years.

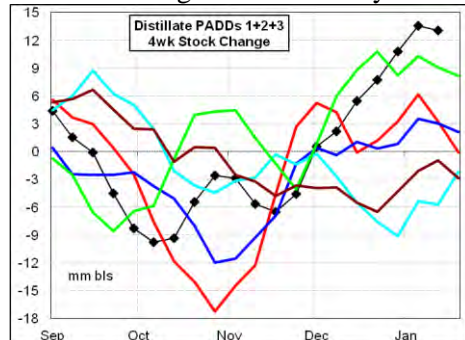
Distillate demand decreased -74,000 bpd last week, a level still below the 5-year range. The latest 4-wk average

demand was -292,000 bpd below a year ago.



Supply fell -222,000 bpd last week, with the latest 4-wk average +41,000 bpd above last year. Stocks increased +0.5 million barrels last week, on very weak demand. The build was concentrated in the Midwest and gulf regions.

The latest 4-wk stock change in markets East of the Rockies was a +13.1 million barrel build, a level more than double highs of the last 2-years.



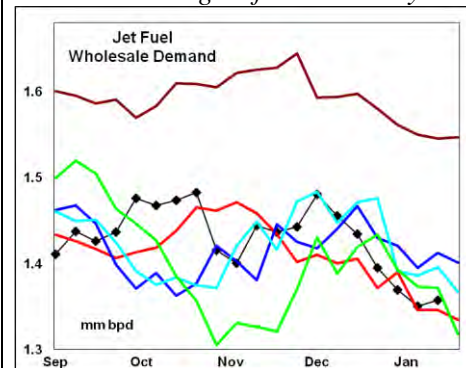
Stocks have witnessed a record build rate on exceptionally low demand and season high production. The start of refinery maintenance should lead to stock draws during the next quarter, tightening supplies in the Midwest and West Coast markets.

Jet Fuel demand increased +65,000 bpd last week, with the latest 4-wk average demand -32,000 bpd below a year ago.

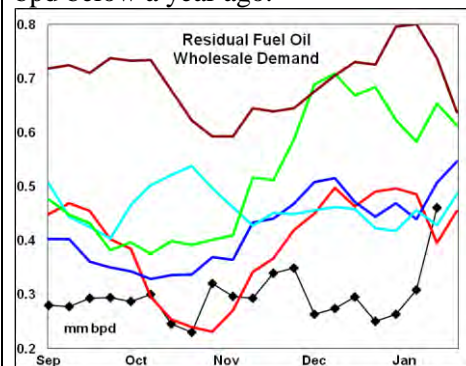
Supplies declined -128,000 bpd on the week, due to a sharp drop in production. Production levels match the latest 3-year average, with the 4-wk average +38,000 bpd above a year ago. Stocks decreased -0.6 million barrels on the week, with the level below the

last 3-years.

Wholesale demand should extend the current seasonal downtrend in the near term. Lower demand should lead to modest stock builds, even with the start of seasonal maintenance. Stock levels tight in PADDs 1, 2 and 4. Levels on the Gulf and West Coast are near the average of the last 3-years.



Residual fuel oil demand climbed +291,000 bpd last week. Demand for the latest 4-wk period was -236,000 bpd below a year ago.



Supply (production + imports) increased +51,000 bpd last week, on higher imports. The latest 4-wk average supply was -98,000 bpd below last year on lower imports and production. Stocks fell -1.3 million barrels on the week, with the level at the low end of the historic range.

Imports into PADD 1 surged nearly +0.2 million bpd last week to levels that matched the last 3-years on increased heating demand. Stock levels in the Gulf remain near historic highs. Other markets remain balanced with stock levels comparable to the last 2-years.



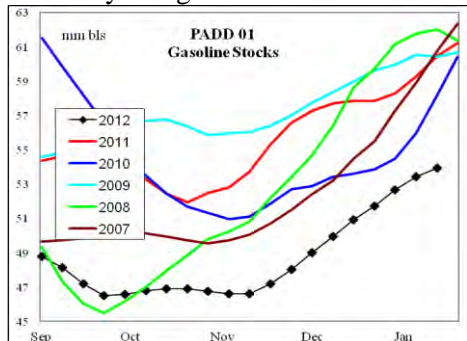
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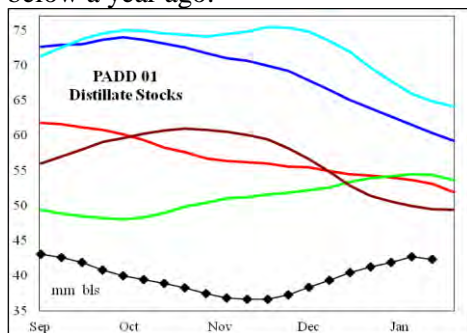
PADD Supply Trends

PADD 1 refinery crude oil runs decreased -67,000 bpd last week. The latest 4-wk average was +152,000 bpd above a year ago.

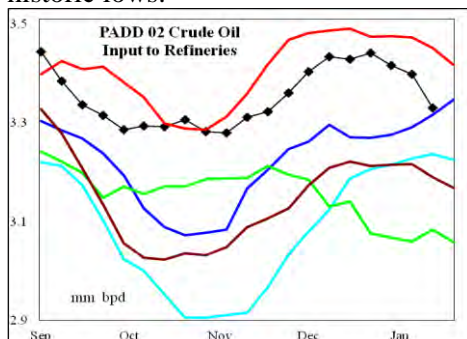


Gasoline supply was unchanged on the week with higher imports offset by lower production. Stocks increased +0.5 million barrels on the week, ending at a level -10% below last ago.

Distillate supply decreased -19,000 bpd on the week due to lower imports. Stocks decreased -0.2 million barrels on the week, with the level -20% below a year ago.



Jet fuel supply was unchanged on the week, while stocks decreased -0.6 million barrels to a level that matched historic lows.



PADD 2 crude oil refinery runs decreased -91,000 bpd last week, to a level below last years' high. Runs for

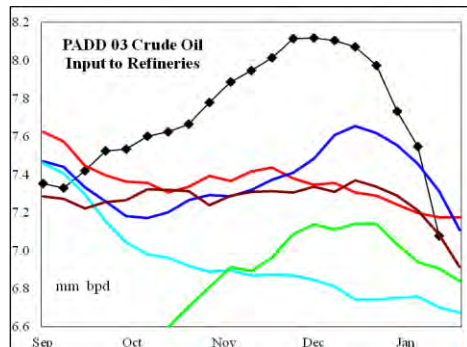
the latest 4-wk period were -78,000 bpd below last year. Crude oil stocks decreased -0.4 million barrels on the week. Stocks ended the week +75% above a year ago at Cushing, Oklahoma.

Gasoline production increased +53,000 bpd on the week, a level at eh historic mid range. Stocks fell -0.7 million barrels on the week, a level comparable to the last 3-years.

Distillate supply increased +28,000 bpd on the week, to a level near 5-year highs. Stocks increased +1 million barrels last week, with the level -4.6% below a year ago.

Jet fuel production decreased -34,000 bpd last week, to a comparable to the last 3-years. Stocks decreased -0.2 million barrels on the week, to a record low for the period.

PADD 3 refinery runs fell -0.6 million bpd last week, with the latest 4-wk average +0.4 million bpd above a year ago. Crude oil stocks jumped +5.4 million barrels on low imports, and capacity off line for winter maintenance.



Gasoline supply increased +124,000 bpd last week, on higher production. Stocks decreased -1 million barrels, +13% above last year, and well above the historic range.

Distillate supply fell -201,000 bpd on the week, with the latest 4-wk average +77,000 bpd above a year ago. Stocks increased +1.1 million barrels on the week, to a level just below last year.

Jet fuel supply decreased -42,000 bpd to a level +65,000 bpd above a year ago for the most recent 4-wks. Stocks increased +0.2 million barrels

last week, a level which matched the 5-year mid range.

Residual fuel oil supplies decreased -69,000 bpd on the week. Stocks declined -0.5 million barrels to a level near 5-year highs.

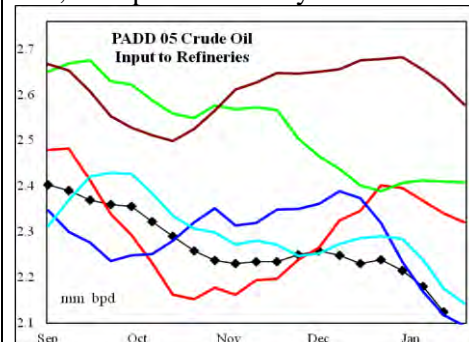
PADD 4 refinery crude runs decreased -27,000 bpd last week, to a level that matched last years' record highs. The most recent 4-wk average run rate was +21,000 bpd above last year.

Gasoline production decreased -27,000 bpd, but remains at a level above the historic range.

Distillate production increased +10,000 bpd on the week, to match prior record highs. Stock levels were comparable to the last 2-years.

Jet fuel stock levels were -20% below the last 2-years.

PADD 5 crude oil refinery runs fell -140,000 bpd on the week, to a level which matched 5-year lows. Runs for the most recent 4-wk period were -202,000 bpd below last year.



Gasoline supply decreased -16,000 bpd on the week, although the level remains above the historic range. The latest 4-wk average supply was +28,000 bpd above last year. Stocks decreased -0.2 million barrels, with the level well above the 5-year range.

Distillate stocks fell -1.3 million barrels to a level which matched the last 2-years. Production decreased -40,000 bpd with the latest 4-wk average -34,000 bpd below last year.

Jet fuel stock levels ended the week below the mid range, with production down -56,000 bpd to a level below the 5-year range.

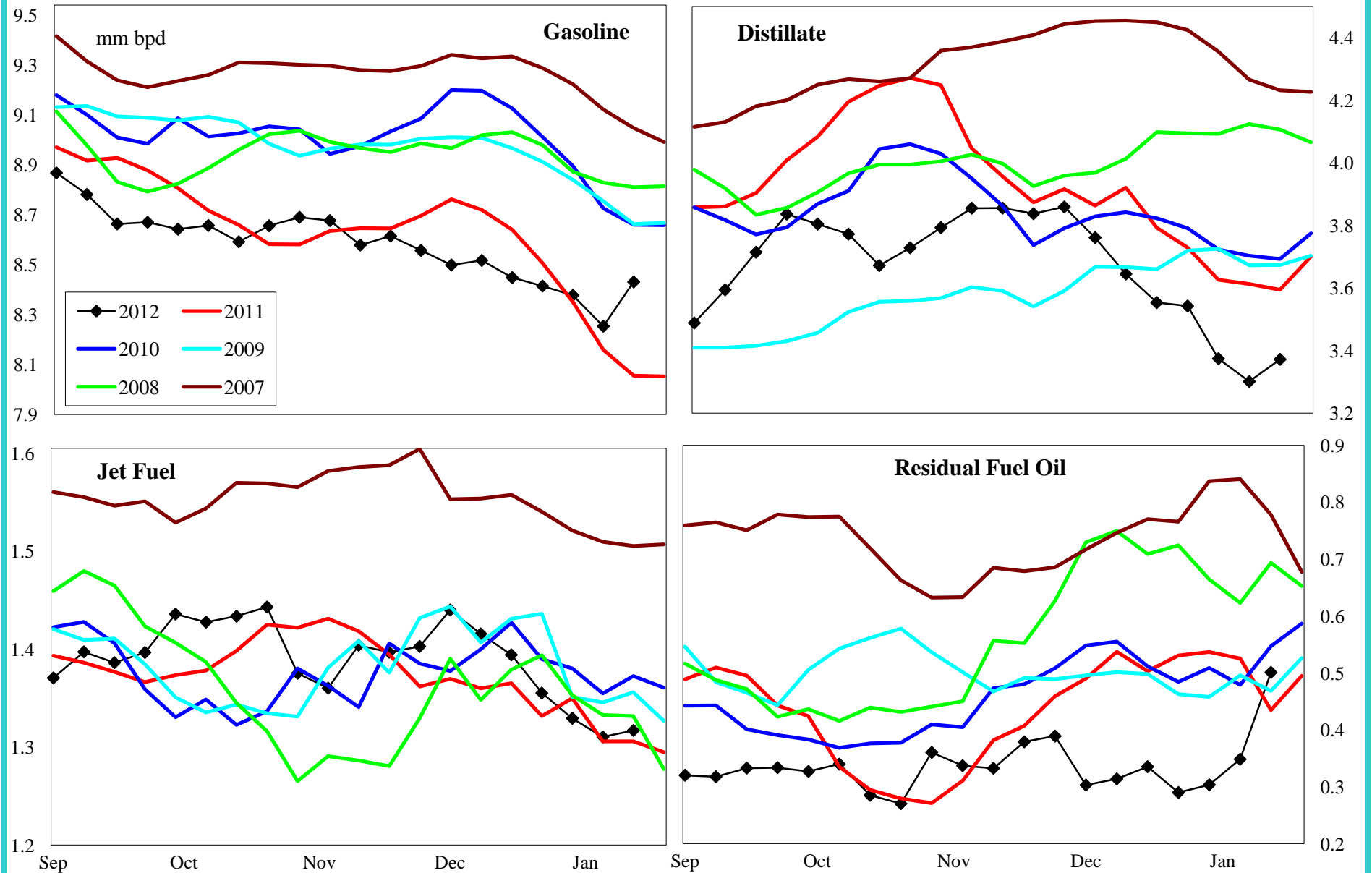


PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %				Imports
Supply/Demand Trends	18-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	2,813	-13	-417	5,432	332	-2,522
	Imports	-300	-338	-267	216	59	30
	Input	-895	-67	-91	-569	-27	-140
	% Utilization	-4.30					
Gasoline	Stocks	-1,738	494	-727	-986	-301	-217
	Production	318	-54	53	124	-27	-21
	Imports	55	50	0	0	0	5
	Supplied	111					
Distillate	Stocks	508	-175	958	1,128	-128	-1,275
	Production	-253	6	32	-261	10	-40
	Imports	31	-25	-4	60	1	0
	Supplied	-74					
Jet Fuel	Stocks	-637	-632	-211	201	-27	32
	Production	-131	1	-34	-42	0	-56
	Imports	2	0	0	0	0	1
	Supplied	65					
Residual Fuel Oil	Stocks	-1,296	-256	-60	-493	6	-493
	Production	-63	-14	8	-25	-1	-29
	Imports	114	190	-2	-44	0	-29
	Supplied	291					

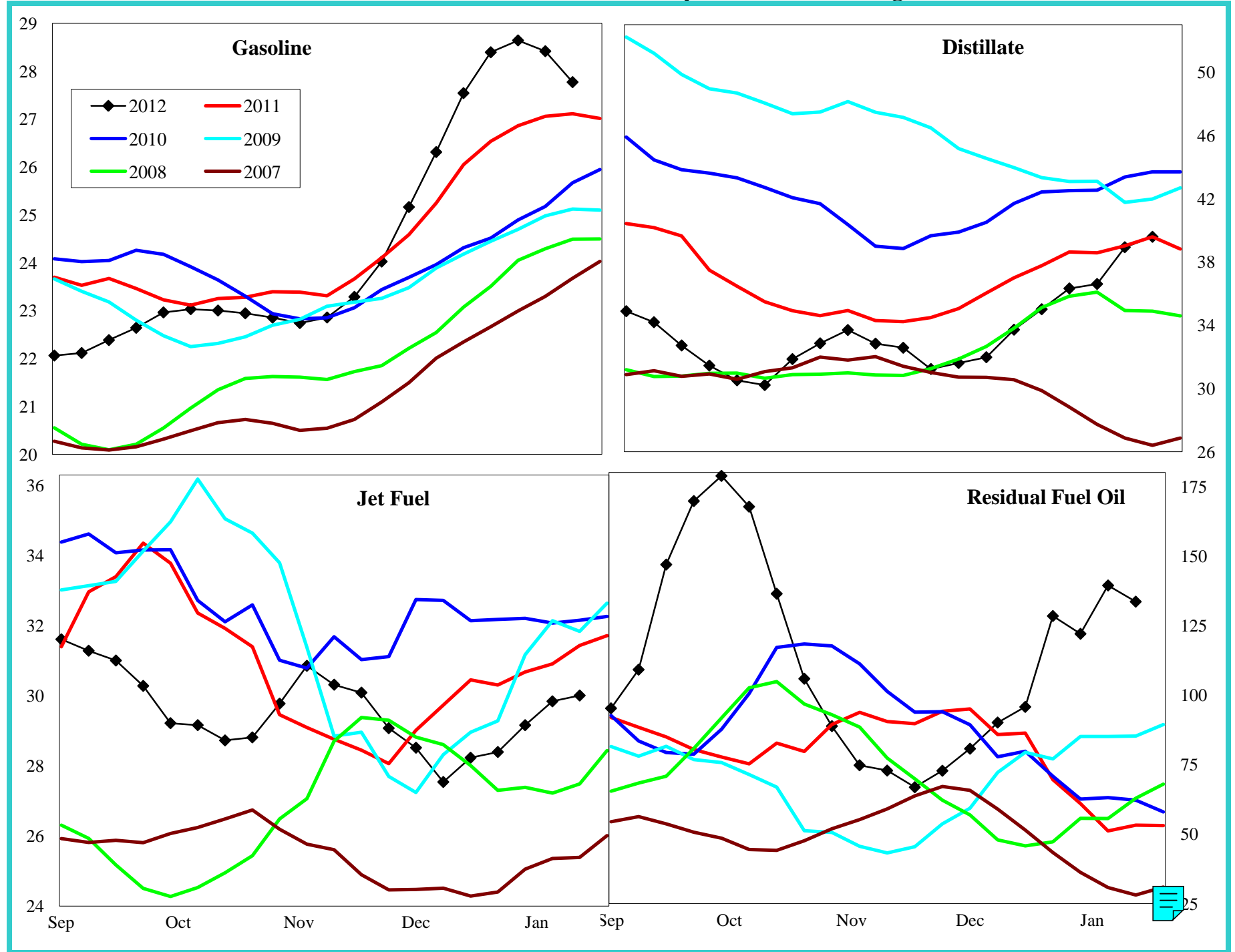
United States Wholesale Petroleum Demand



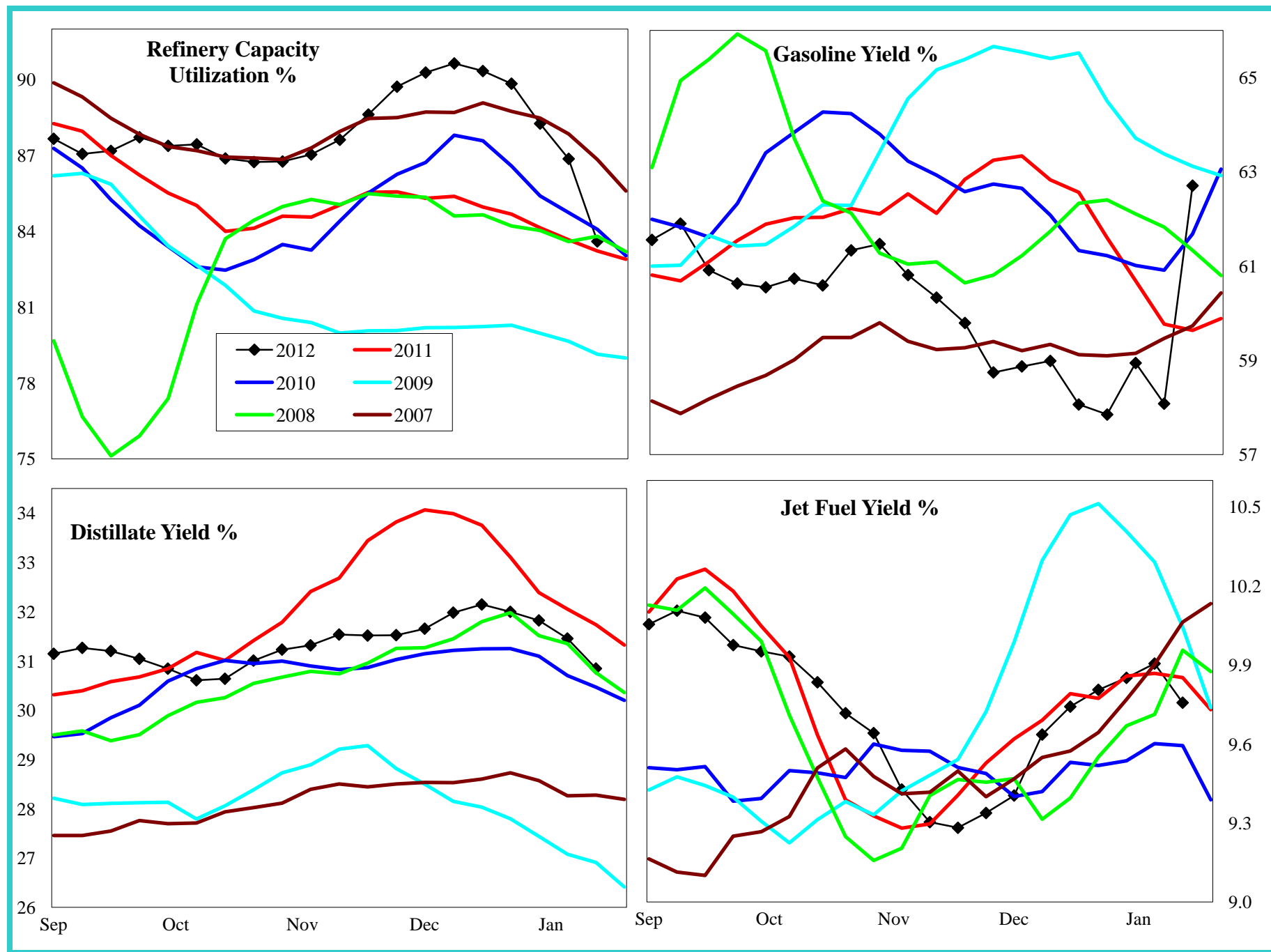
	000 bpd change from prior year				% change from prior year			
	4wk avg	Dec	Nov	Oct	4wk avg	Dec	Nov	Oct
Gasoline	113	-244	110	51	1.4	-2.8	1.3	0.6
Distillate	-292	-286	-187	-165	-8.2	-7.4	-4.6	-4.1
Jet Fuel	-32	67	8	-43	-2.3	4.9	0.6	-3.1
Resid	-236	-209	-30	-123	-42.3	-40.3	-7.6	-30.6



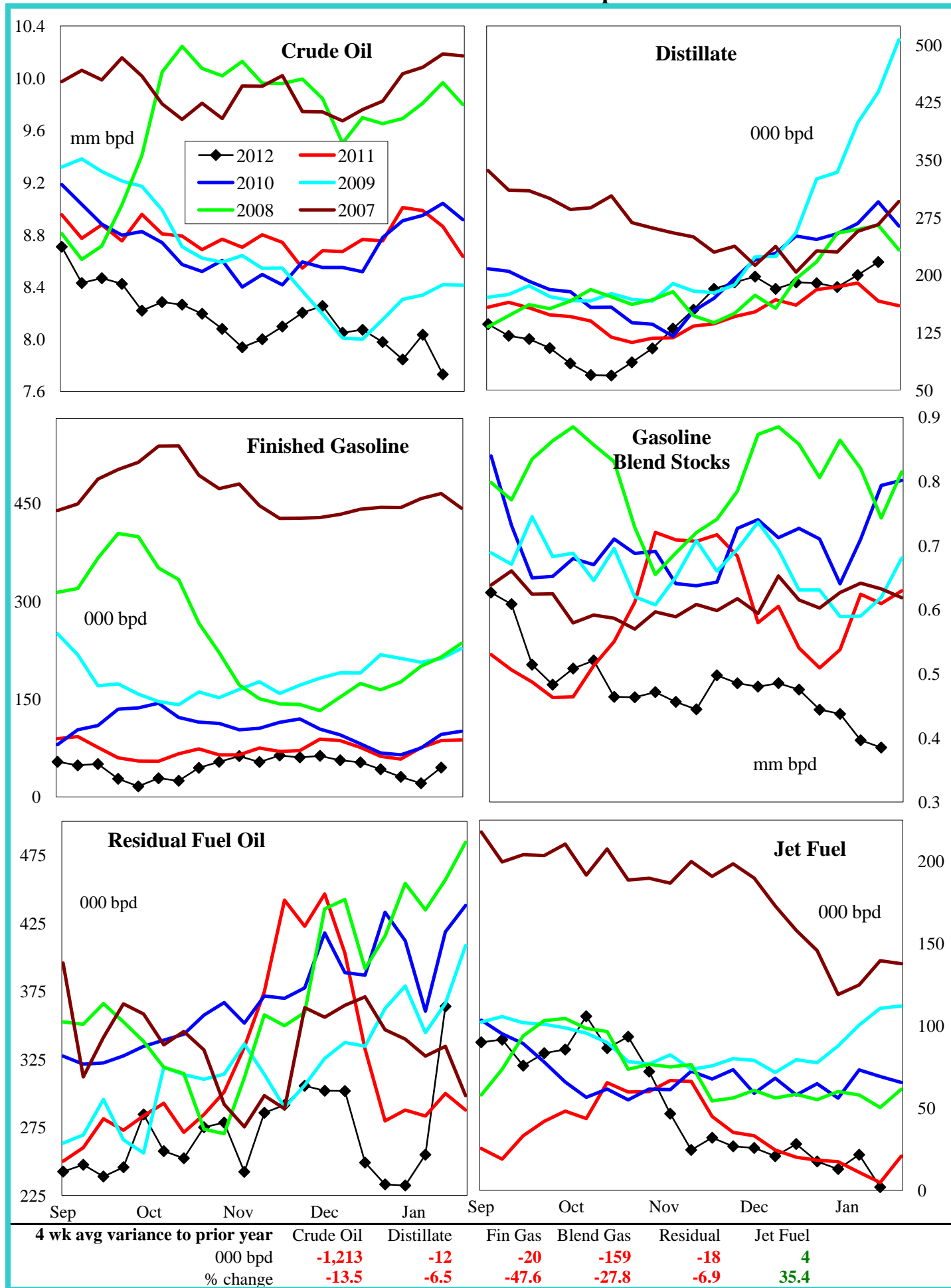
United States Product Stocks: Days Forward Coverage



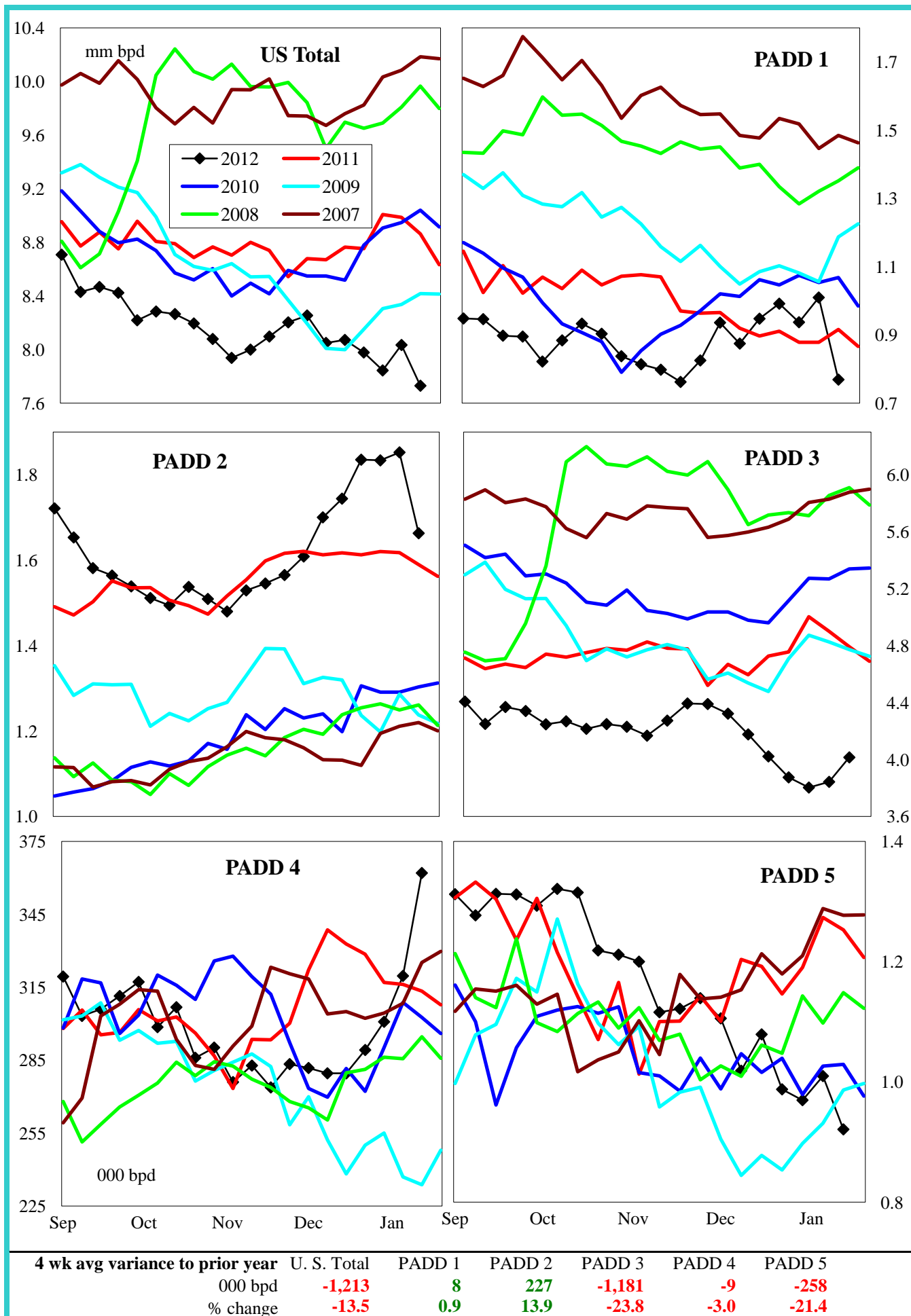
United States Refinery Percent Utilization Rate and Product Yields



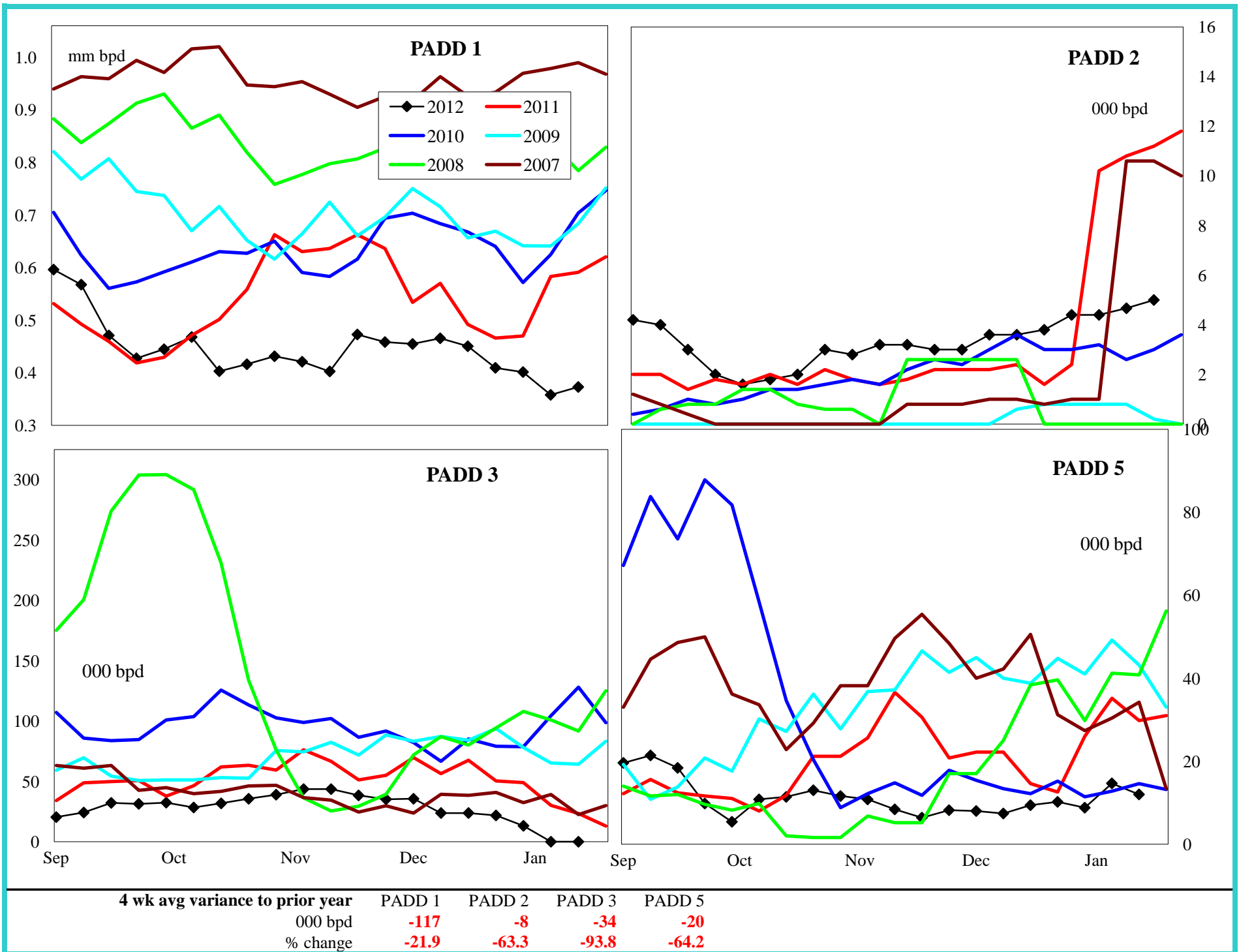
United States Petroleum Imports



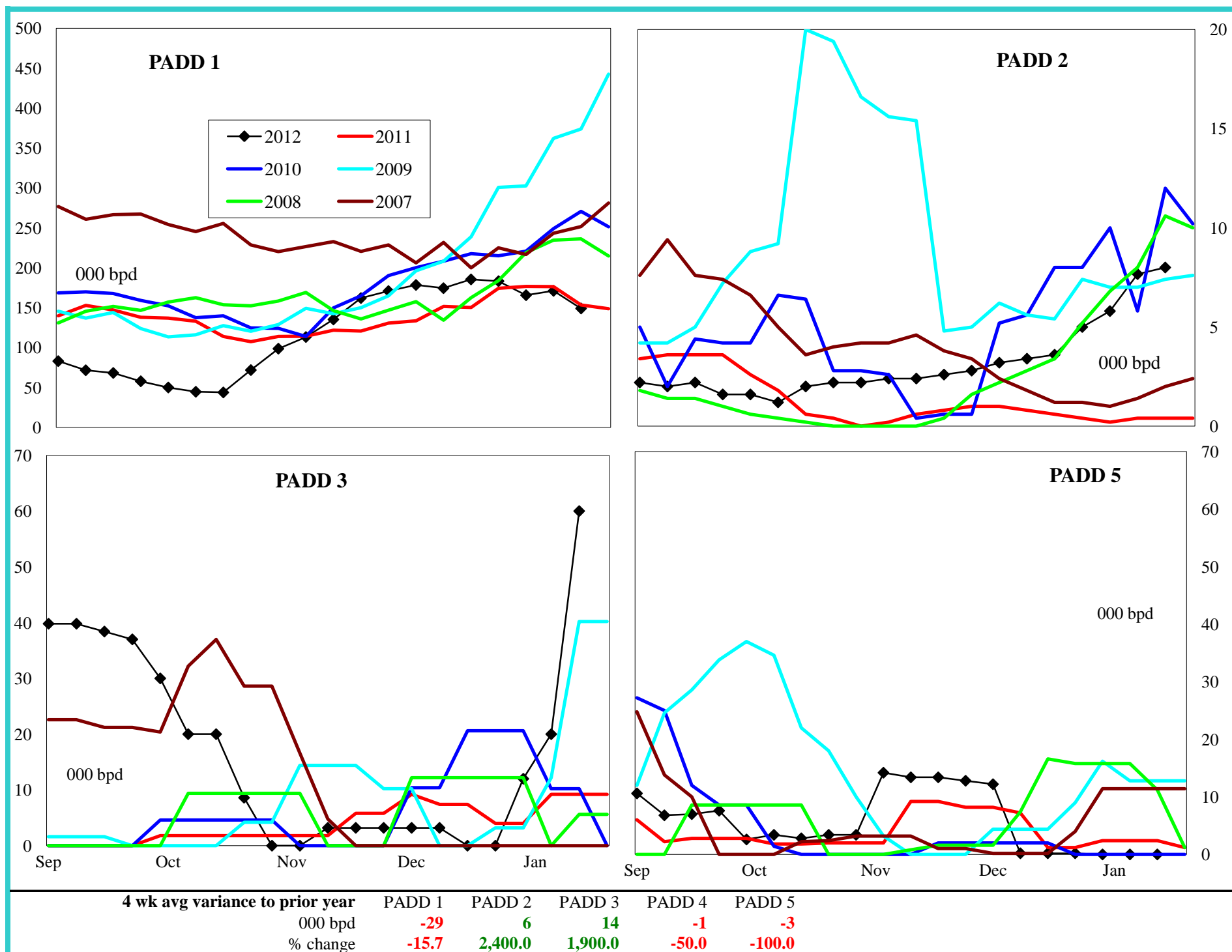
Crude Oil Imports by PADD



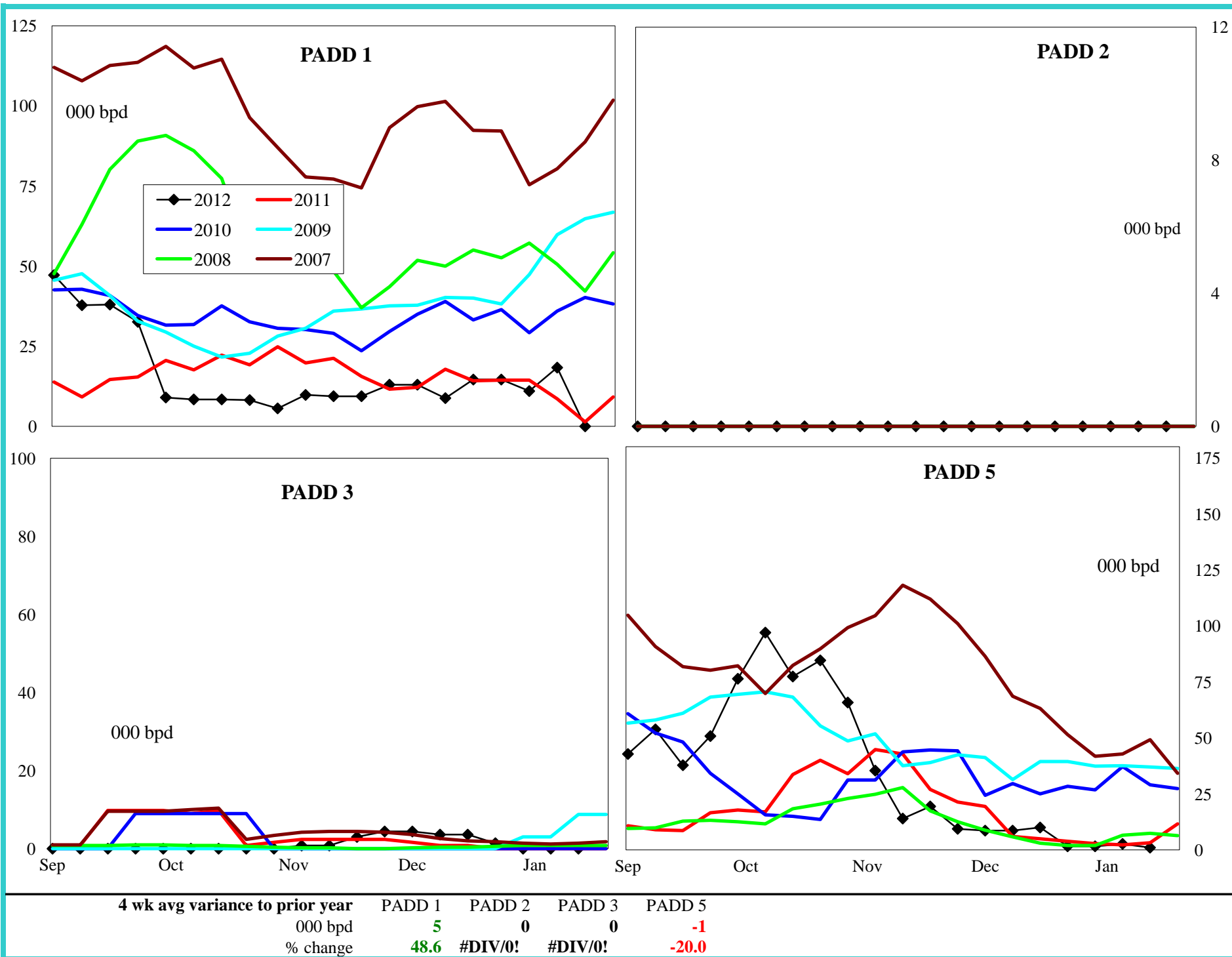
Gasoline Imports by PADD (Finished + Blend Stocks)



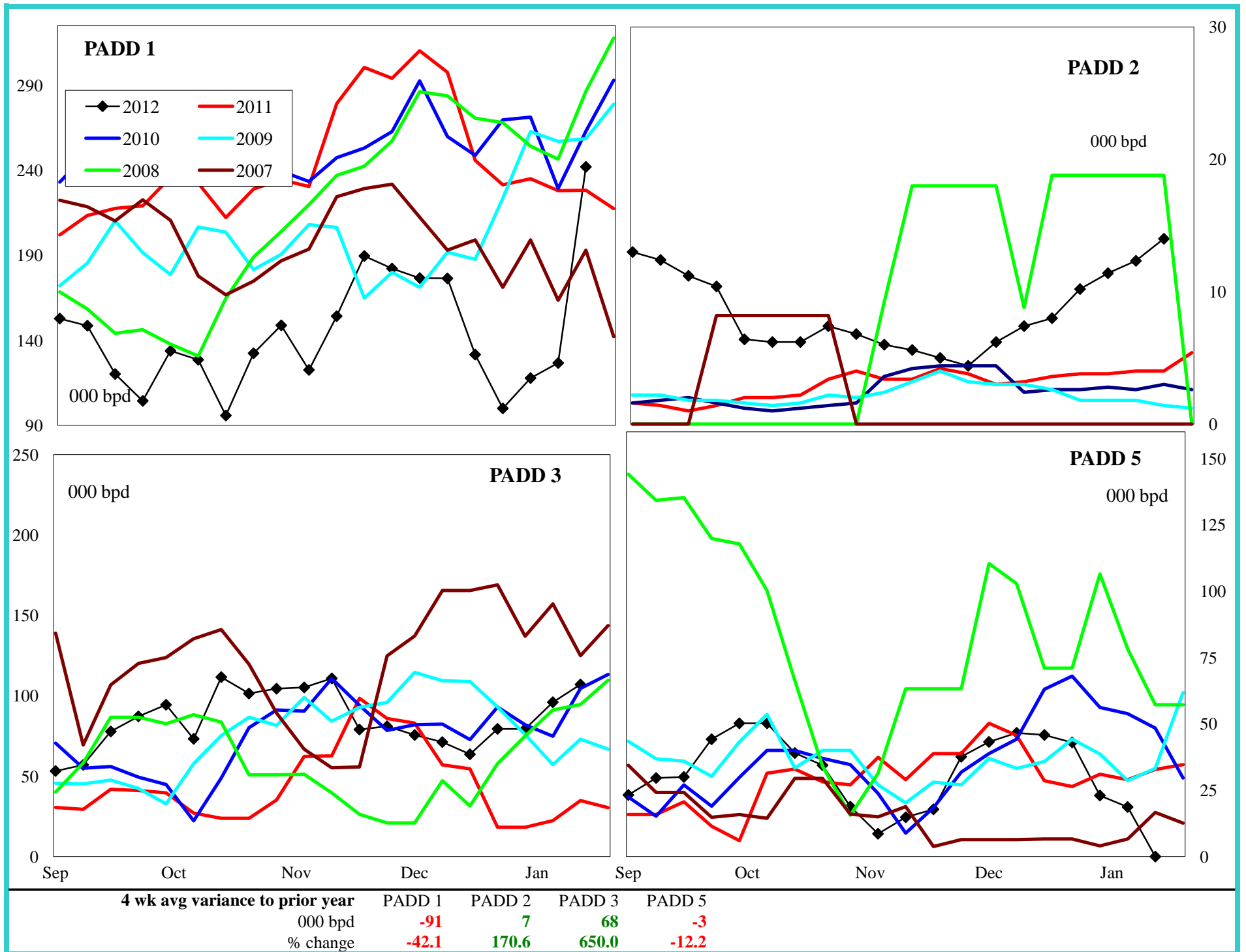
Distillate Imports by PADD



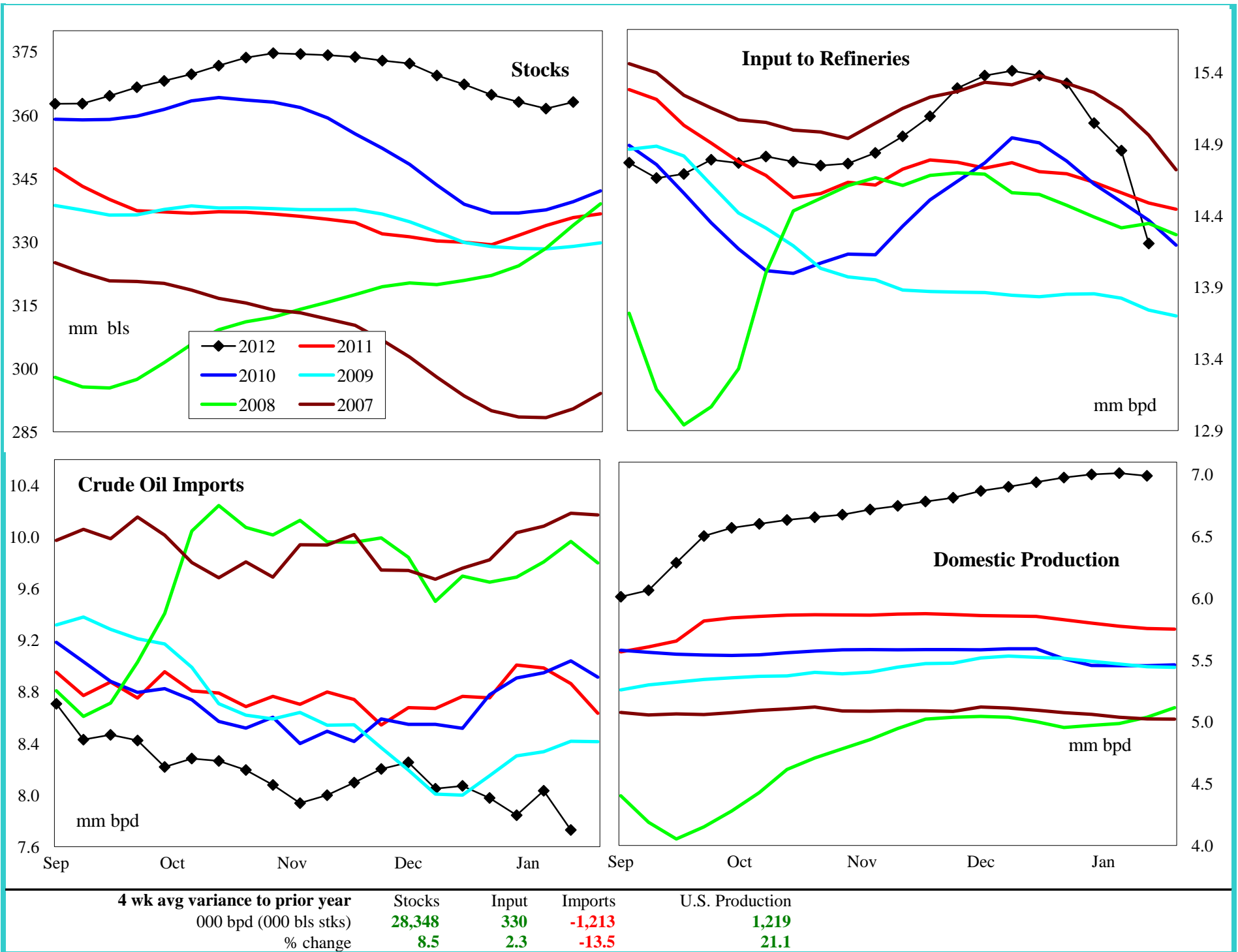
Jet Fuel Imports by PADD



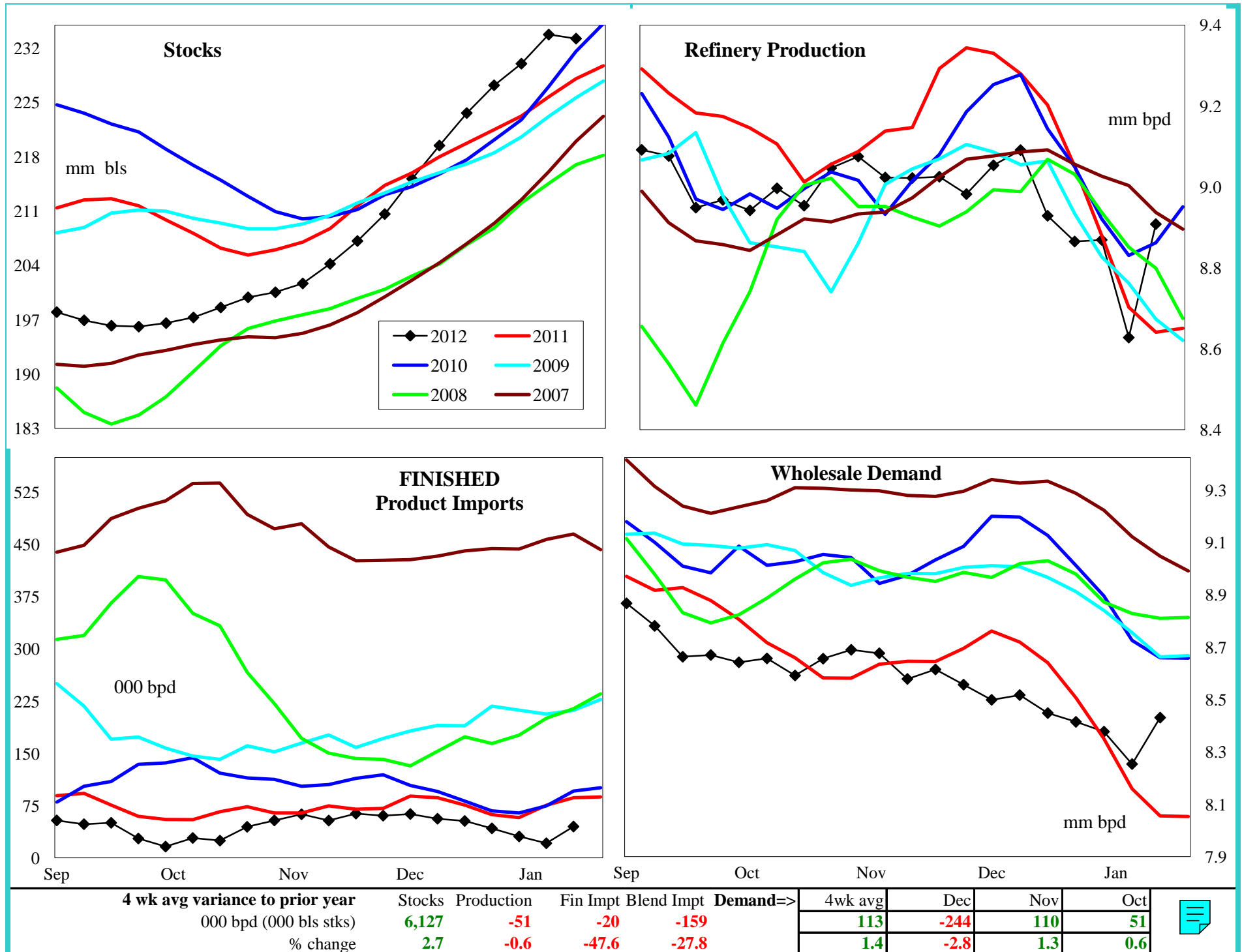
Residual Fuel Oil Imports by PADD



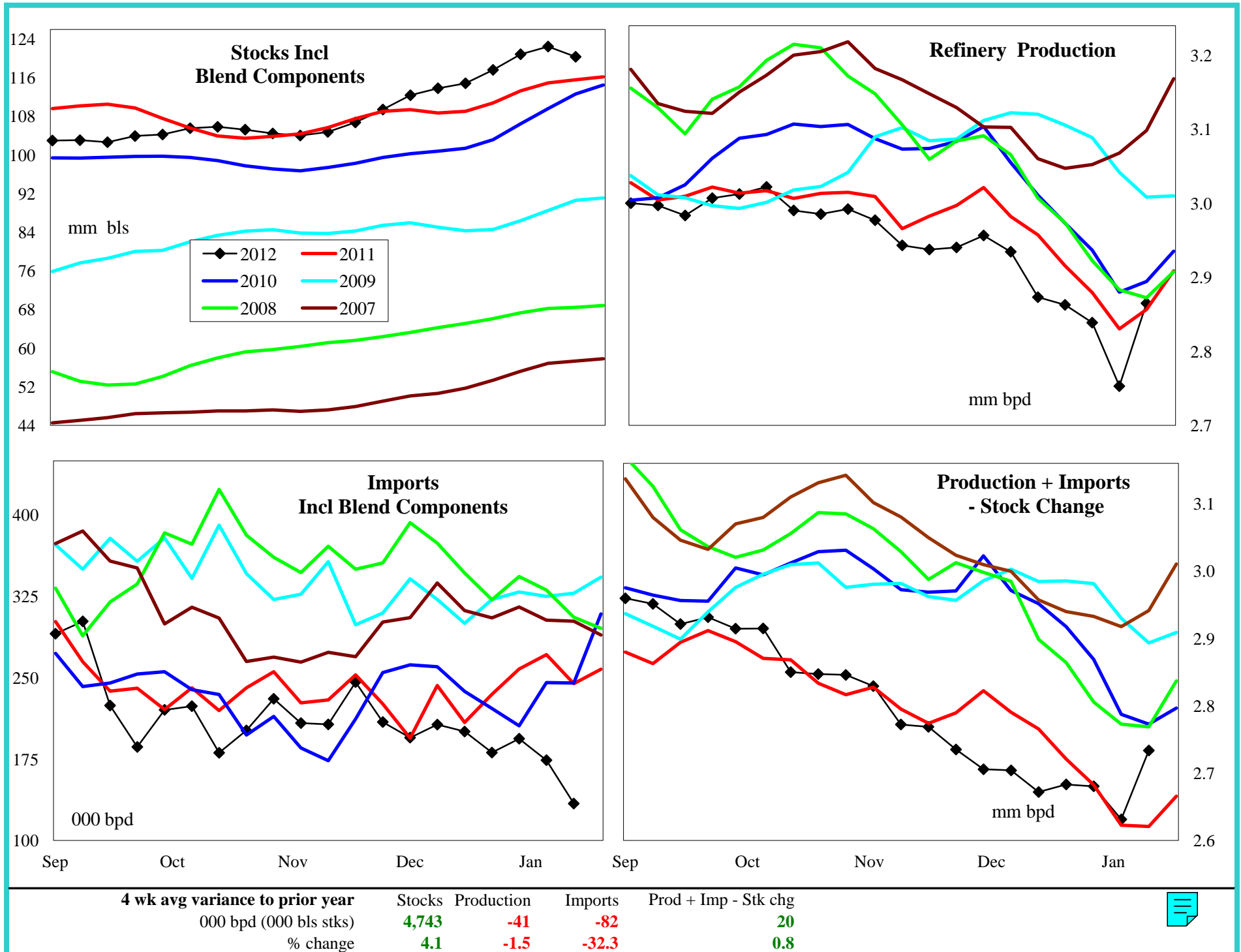
United States Crude Oil Supply and Demand Balance



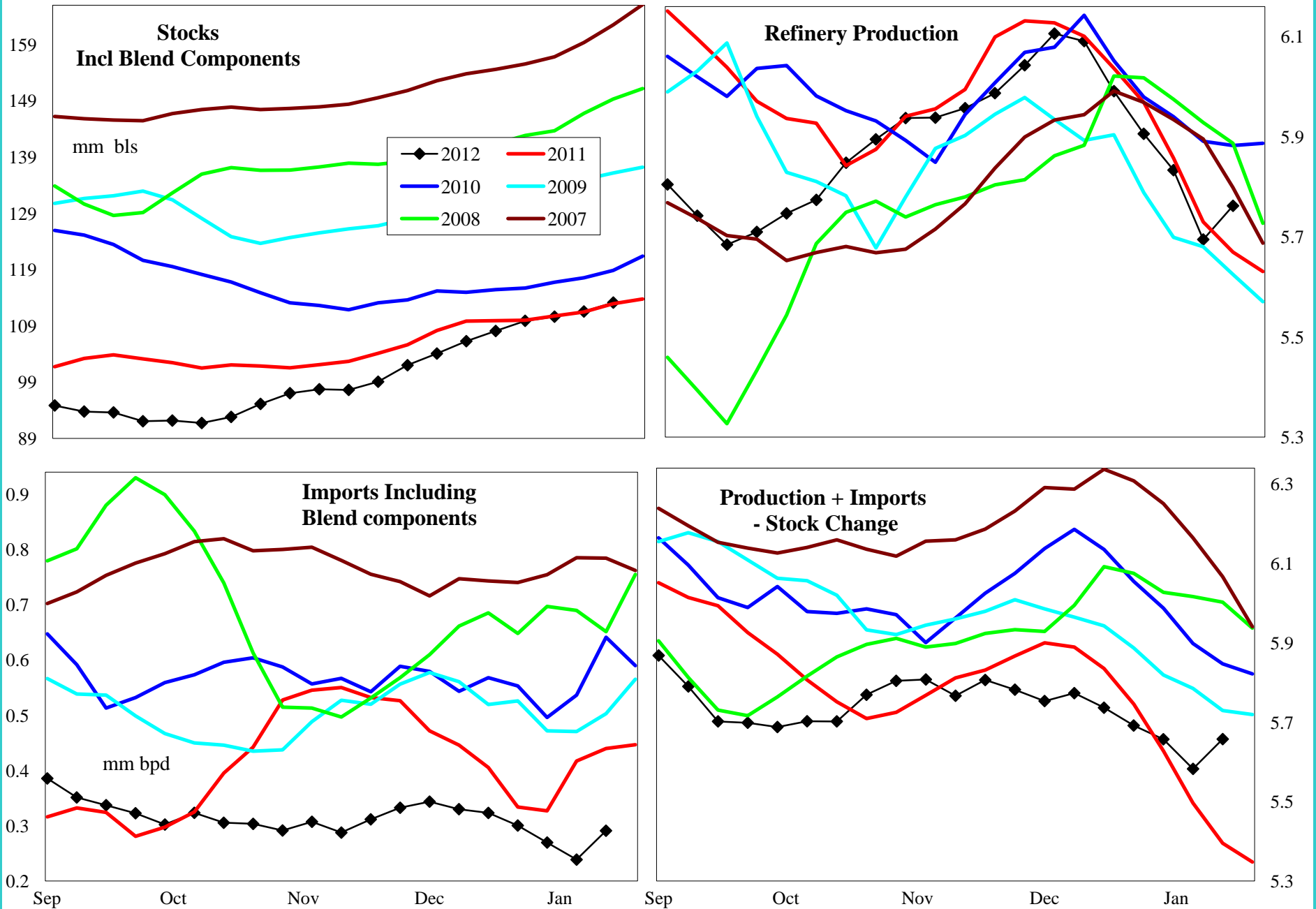
United States Gasoline Supply and Demand Balance



United States Reformulated Gasoline Supply



United States Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

186

-50

-105

81

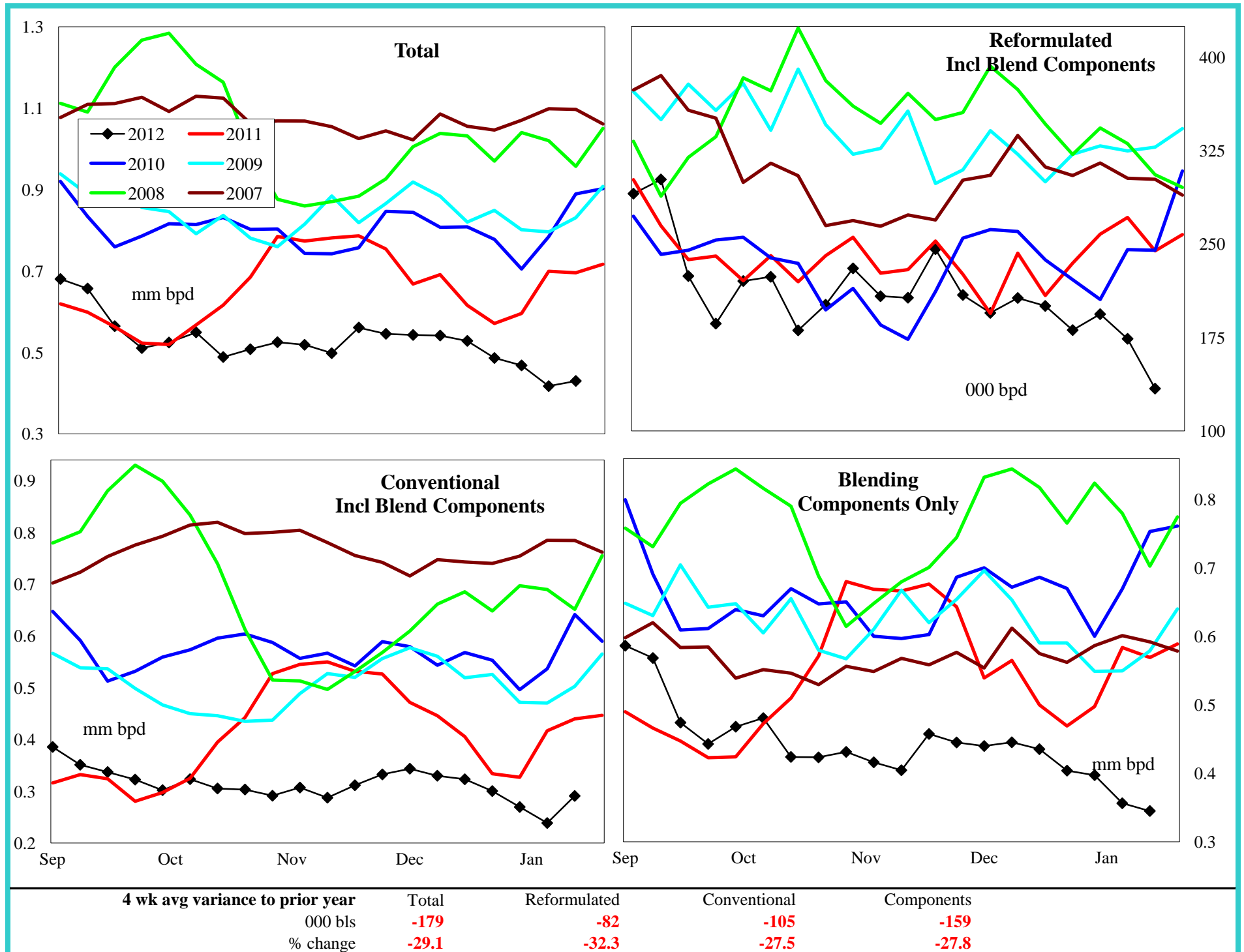
0.2

-0.9

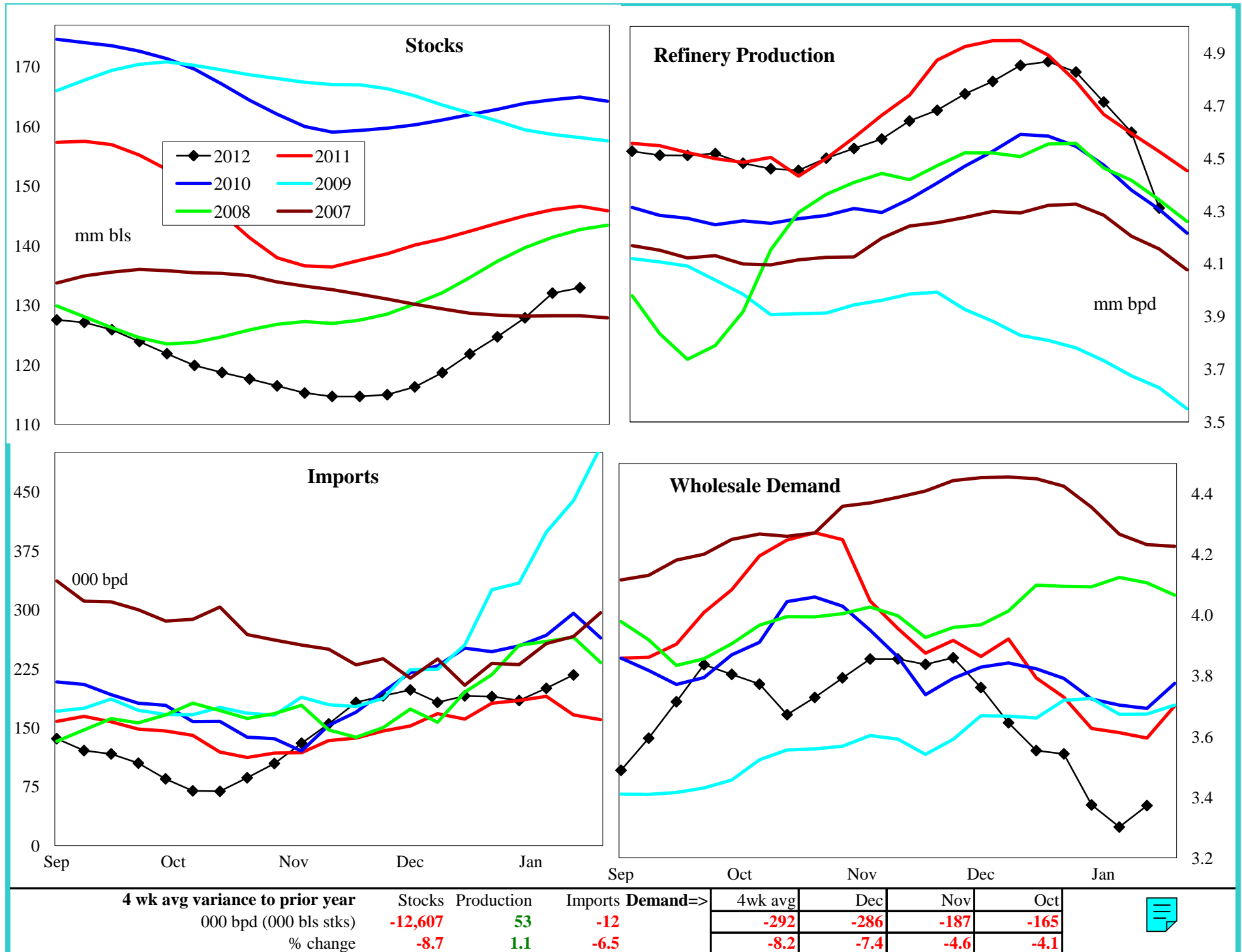
-27.5

1.5

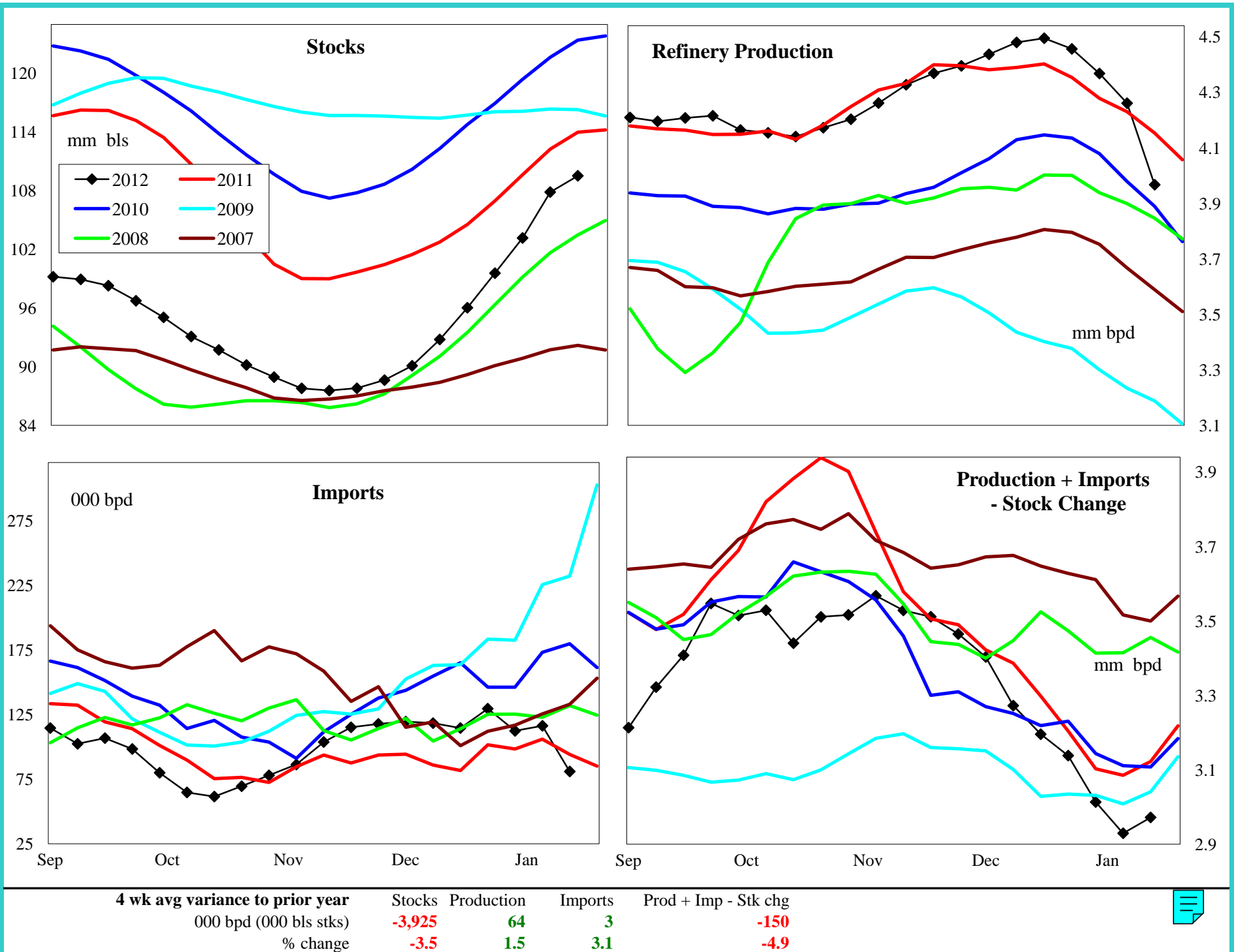
United States Gasoline Imports by Type



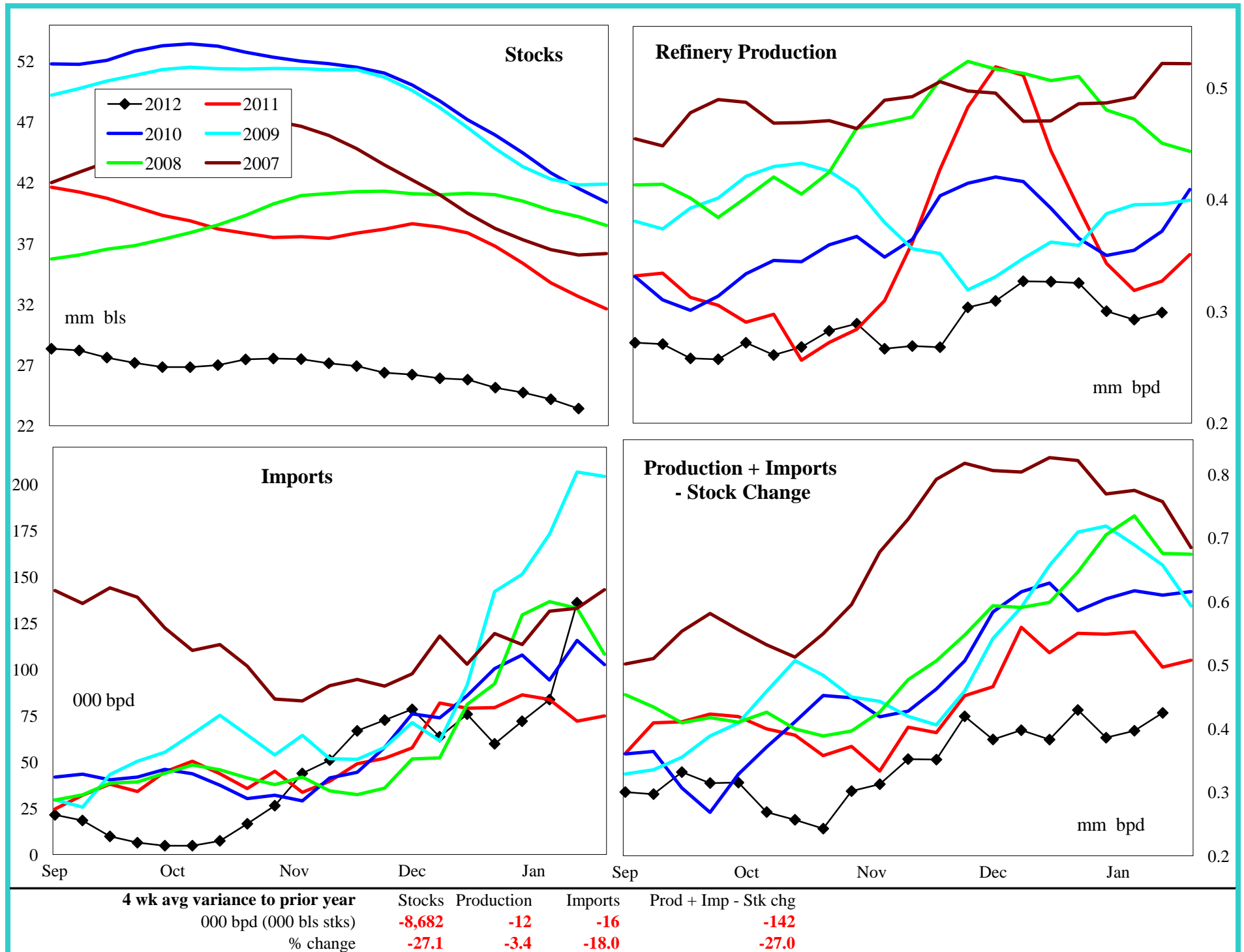
United States Distillate Supply and Demand Balance



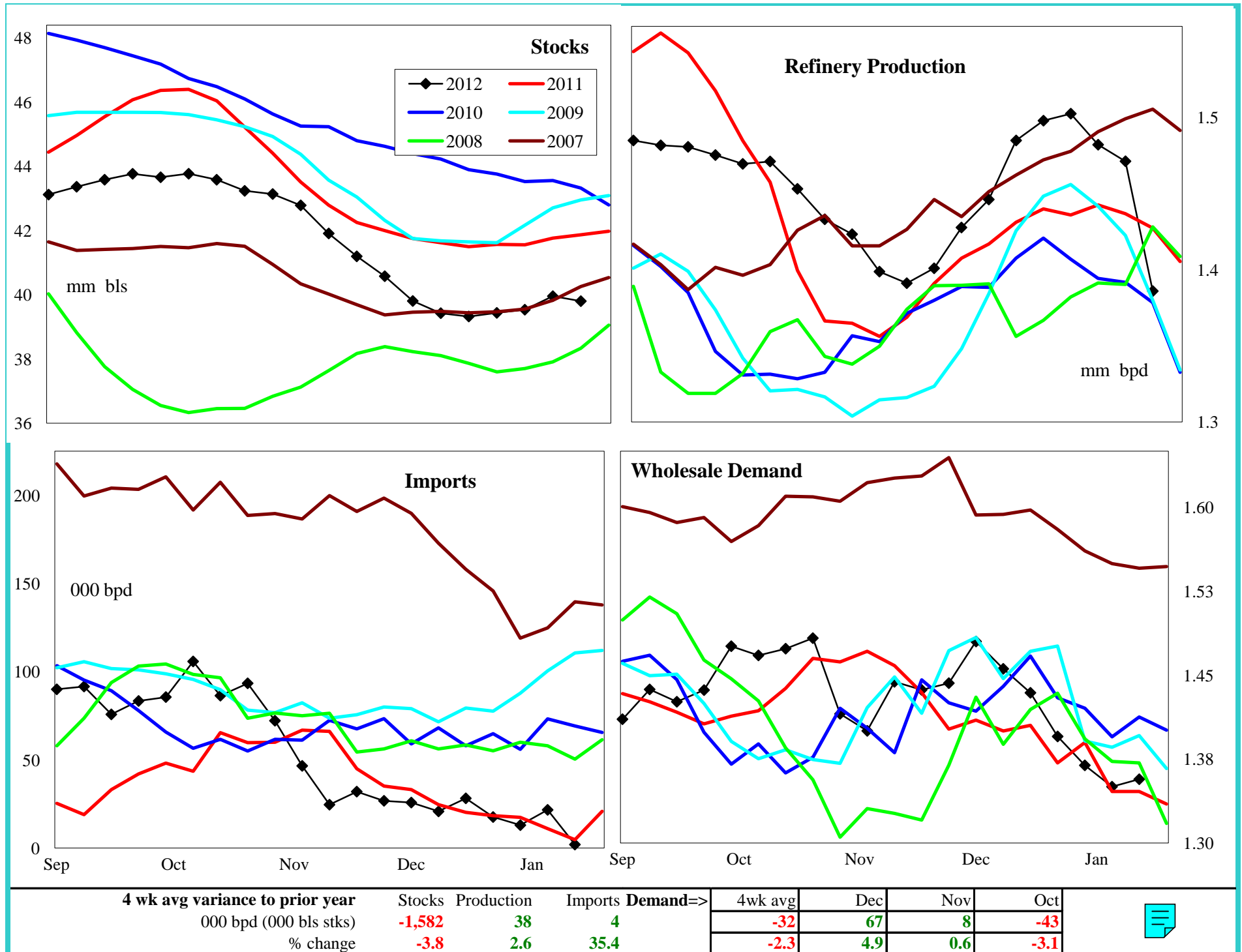
United States Low Sulfur Distillate Supply



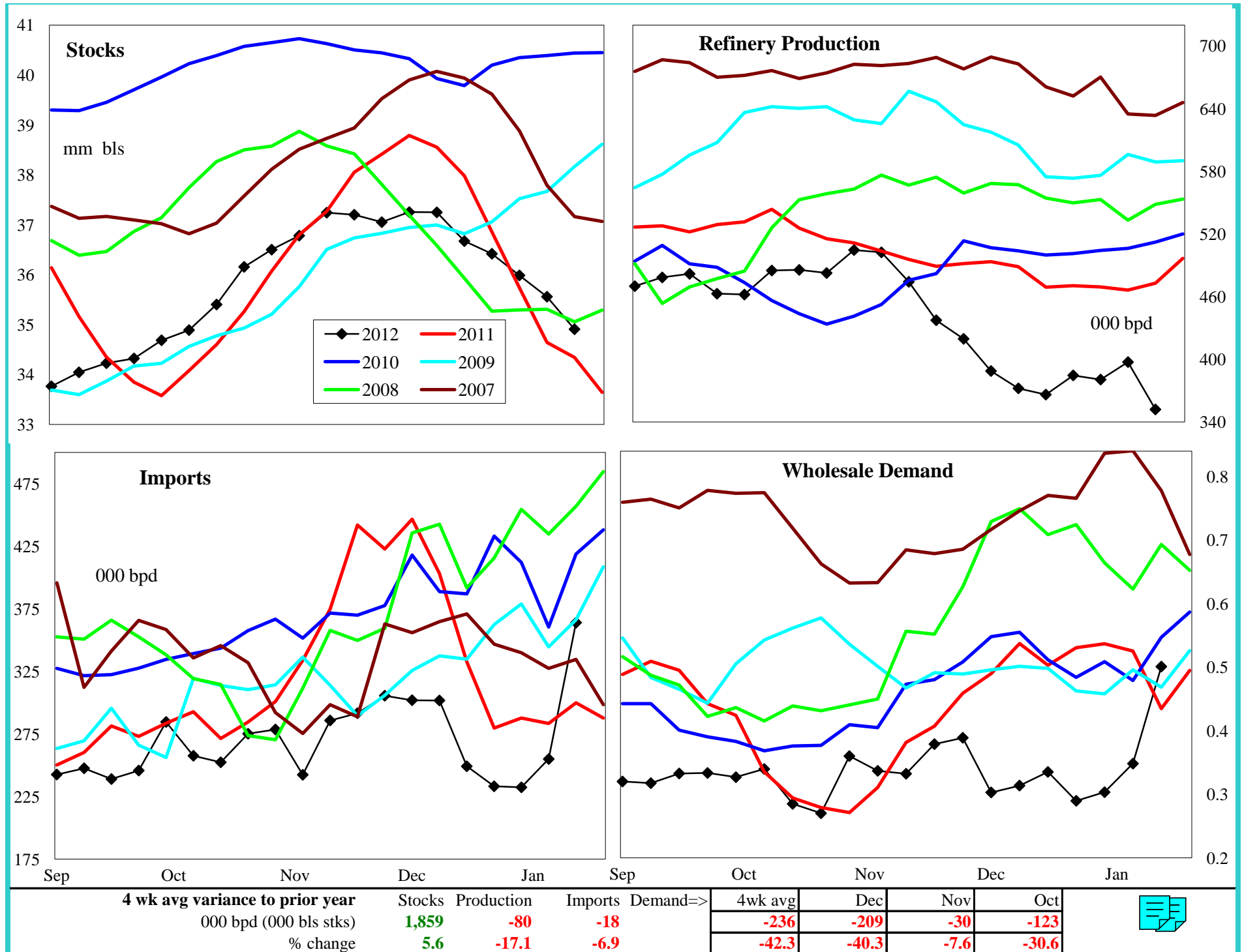
United States High Sulfur Distillate Supply



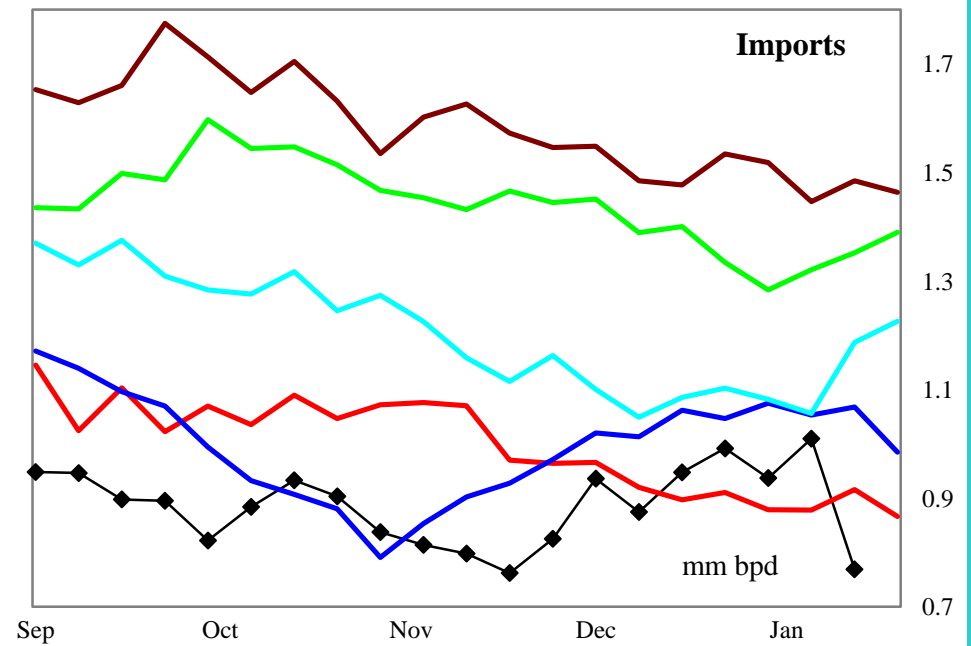
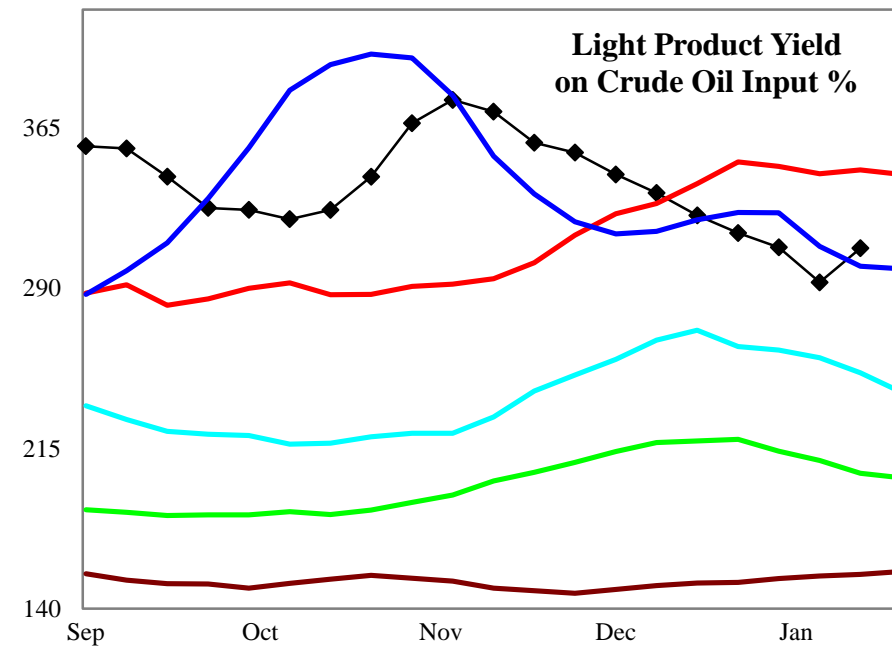
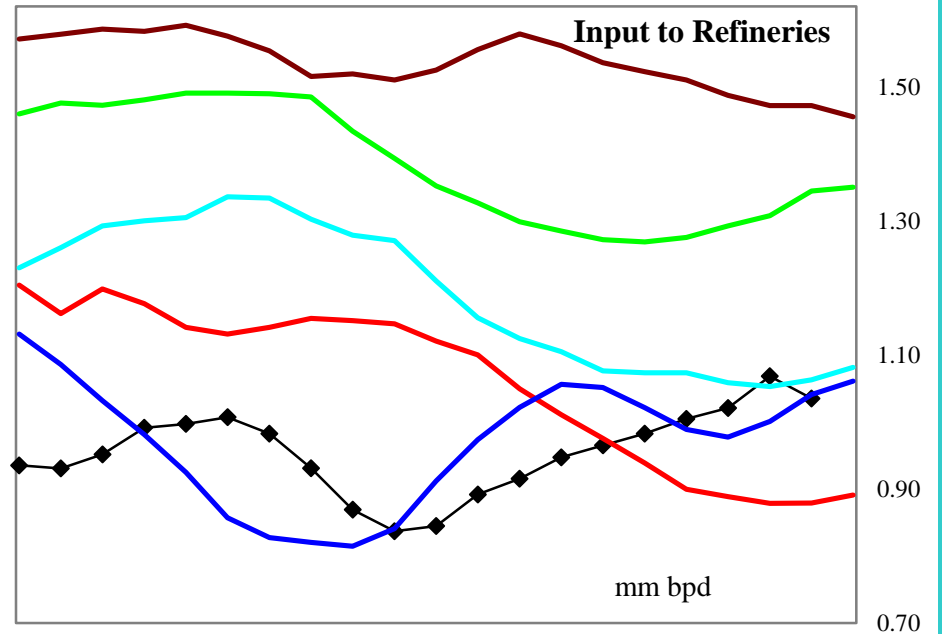
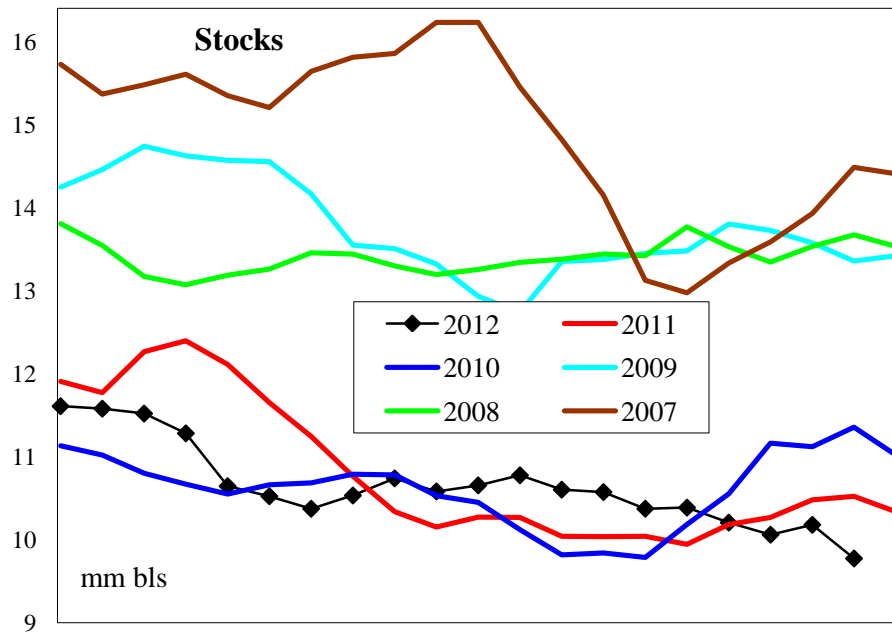
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining

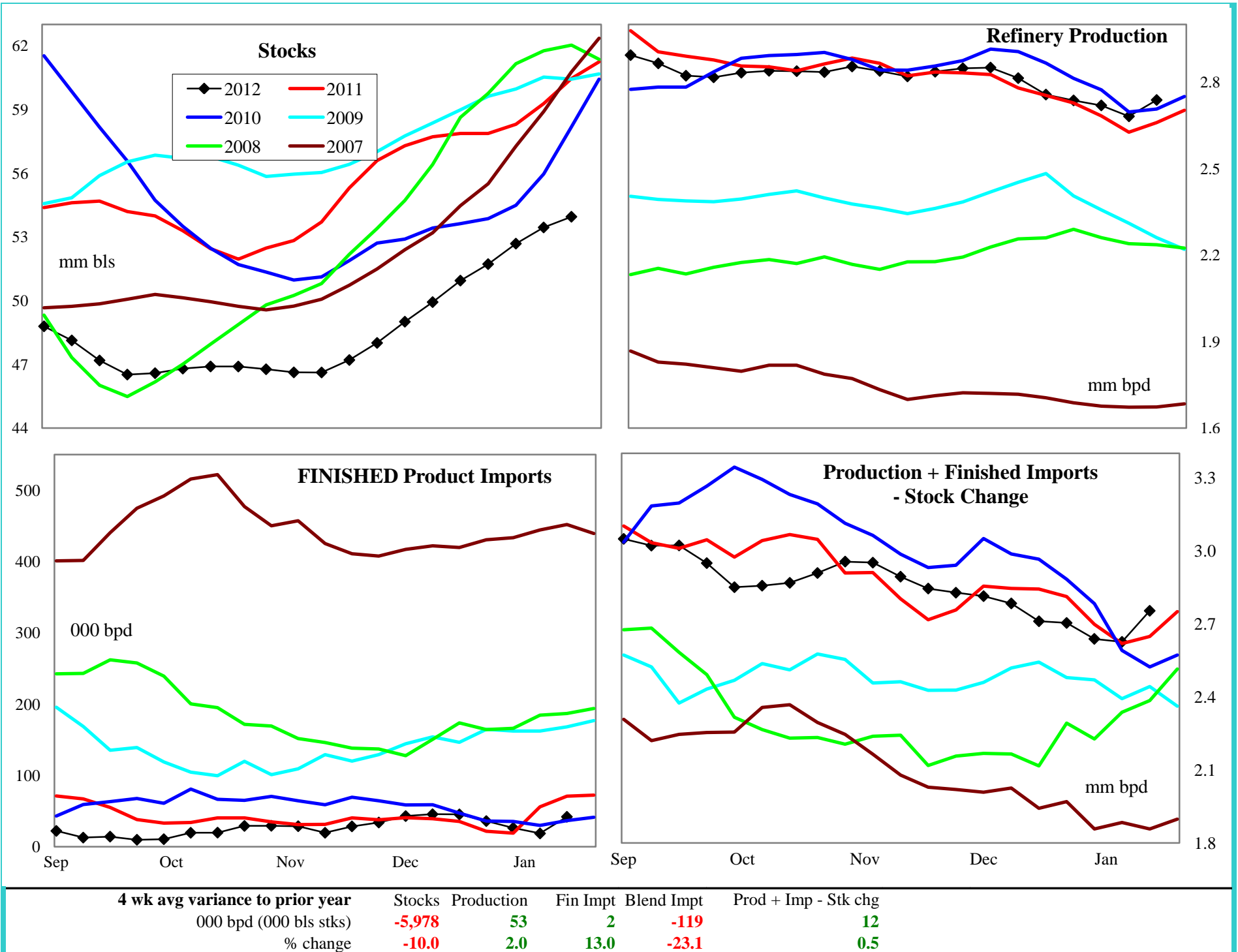


4 wk avg variance to prior year
 000 bpd (000 bbls stks)
 % change

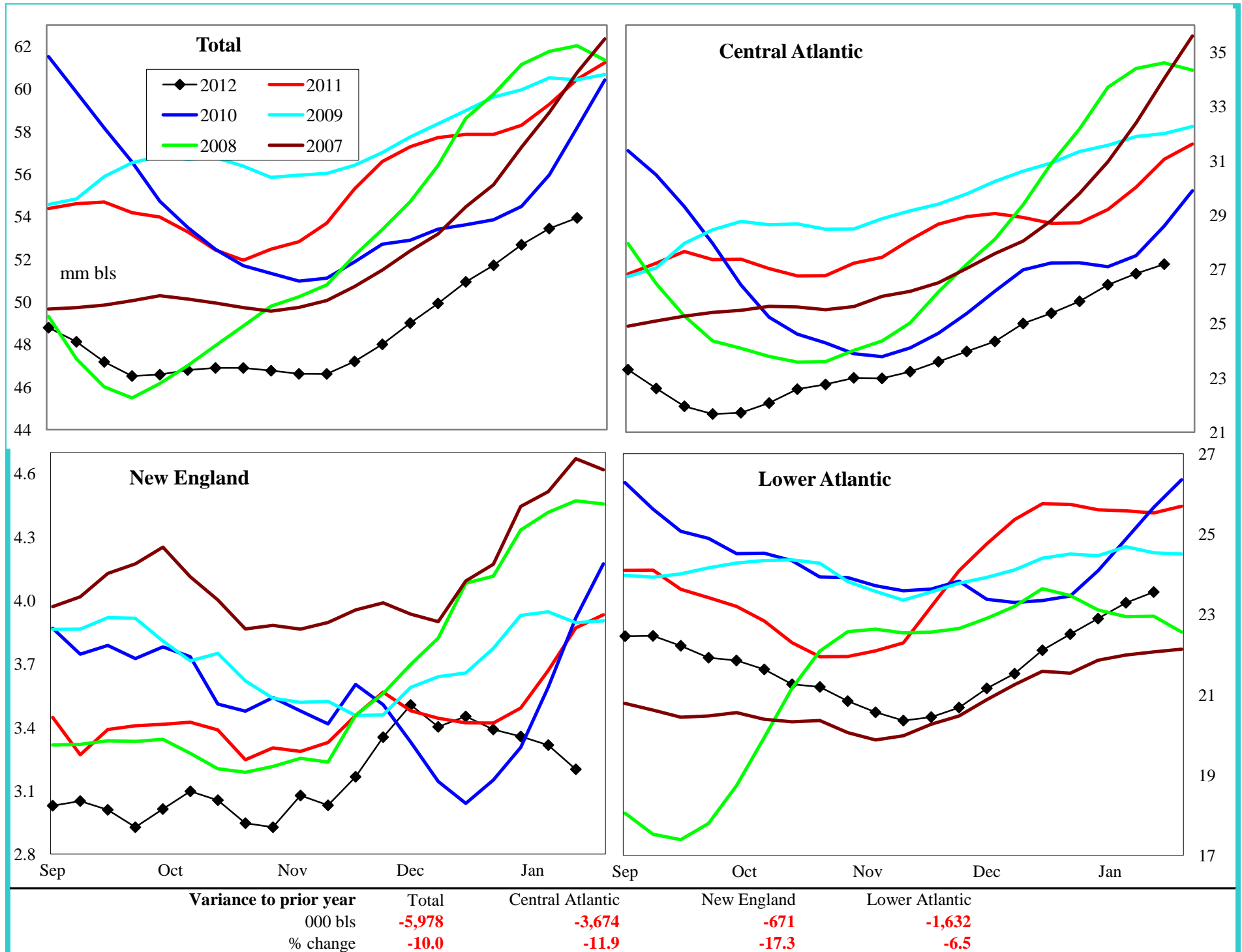
	Stocks	Input	Imports
000 bpd (000 bbls stks)	-750	152	8
% change	-7.1	17.2	0.9



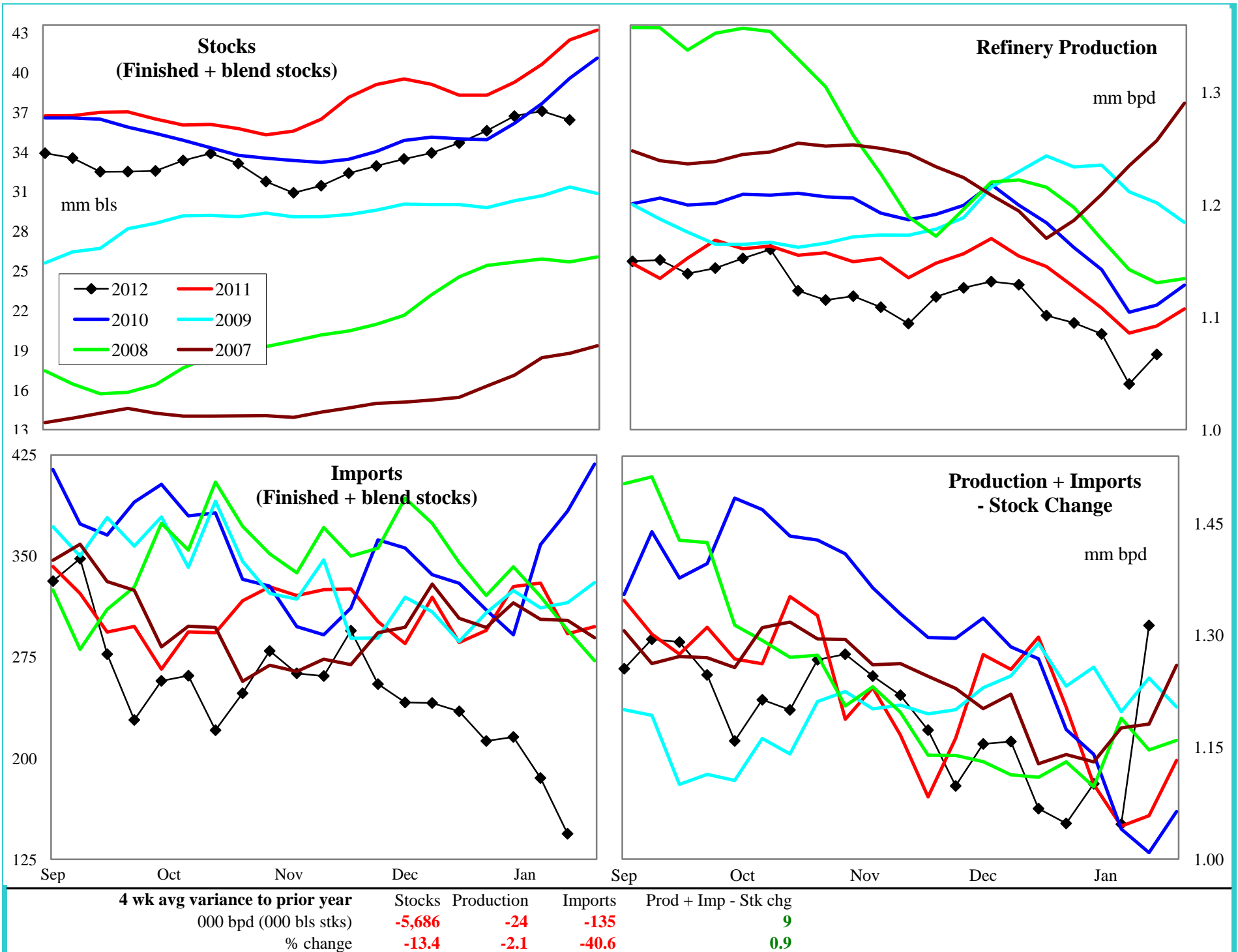
PADD 1 Gasoline Supply



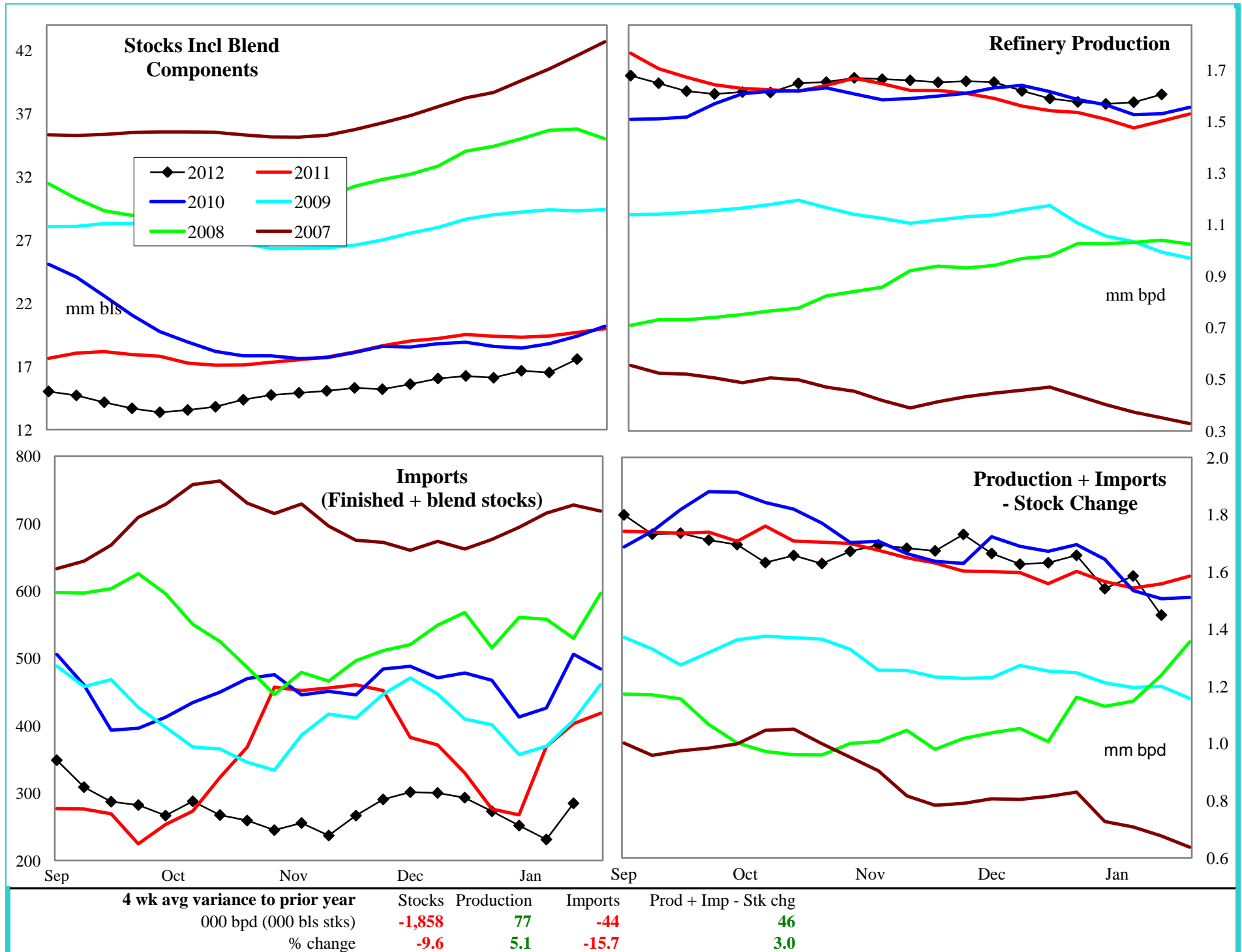
PADD 1 Gasoline Stocks by Region



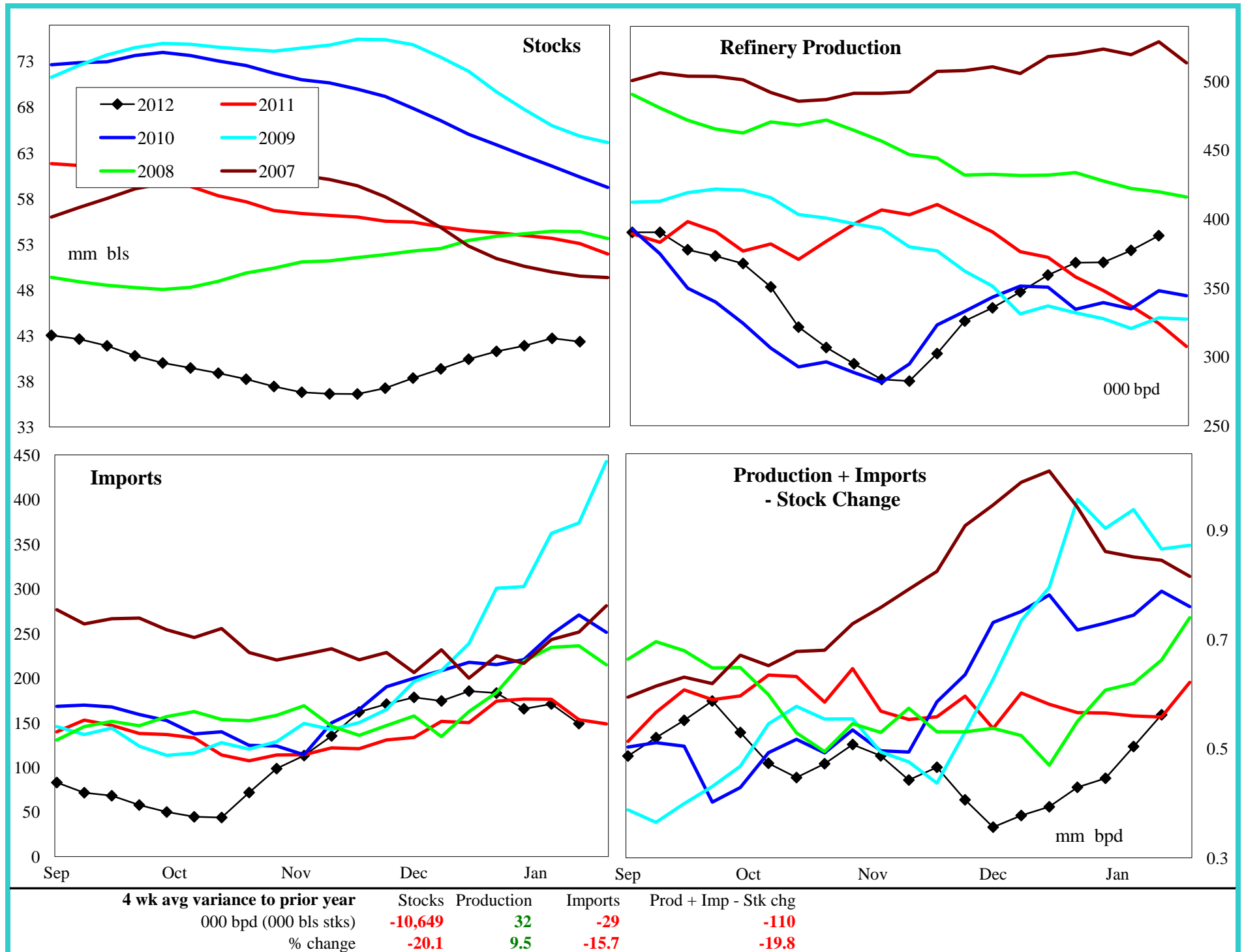
PADD 1 Reformulated Gasoline Supply



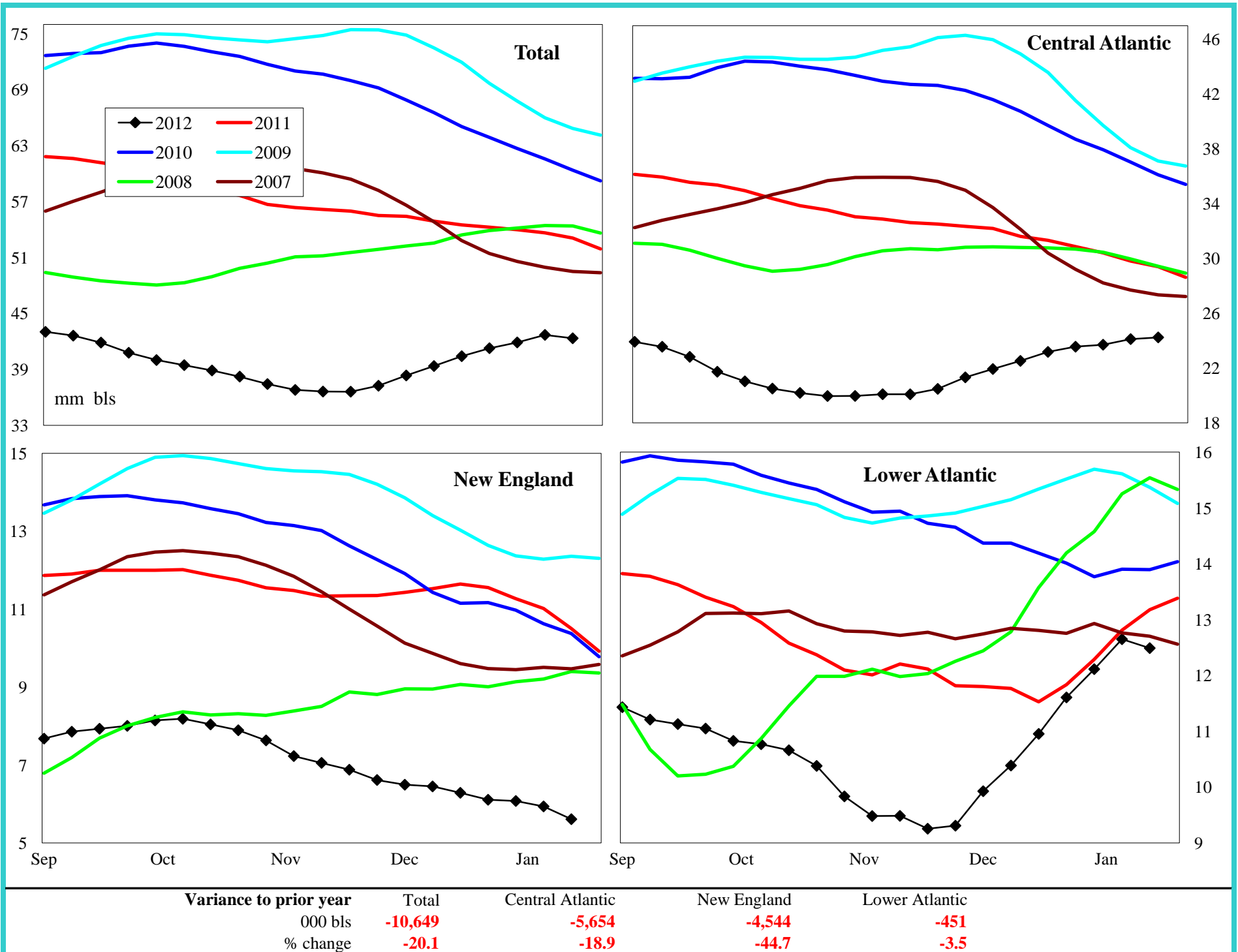
PADD 1 Conventional Gasoline Supply



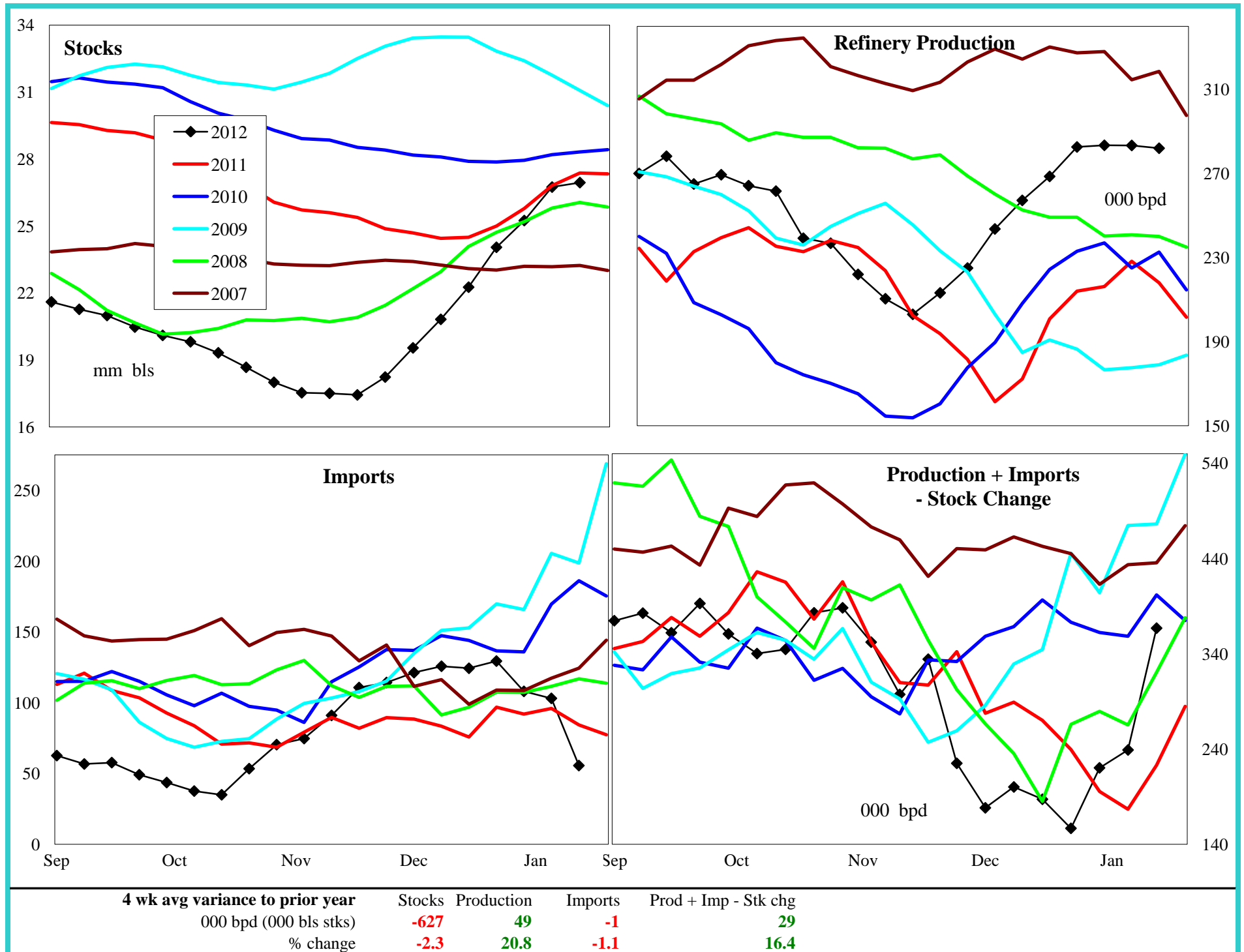
PADD 1 Distillate Supply



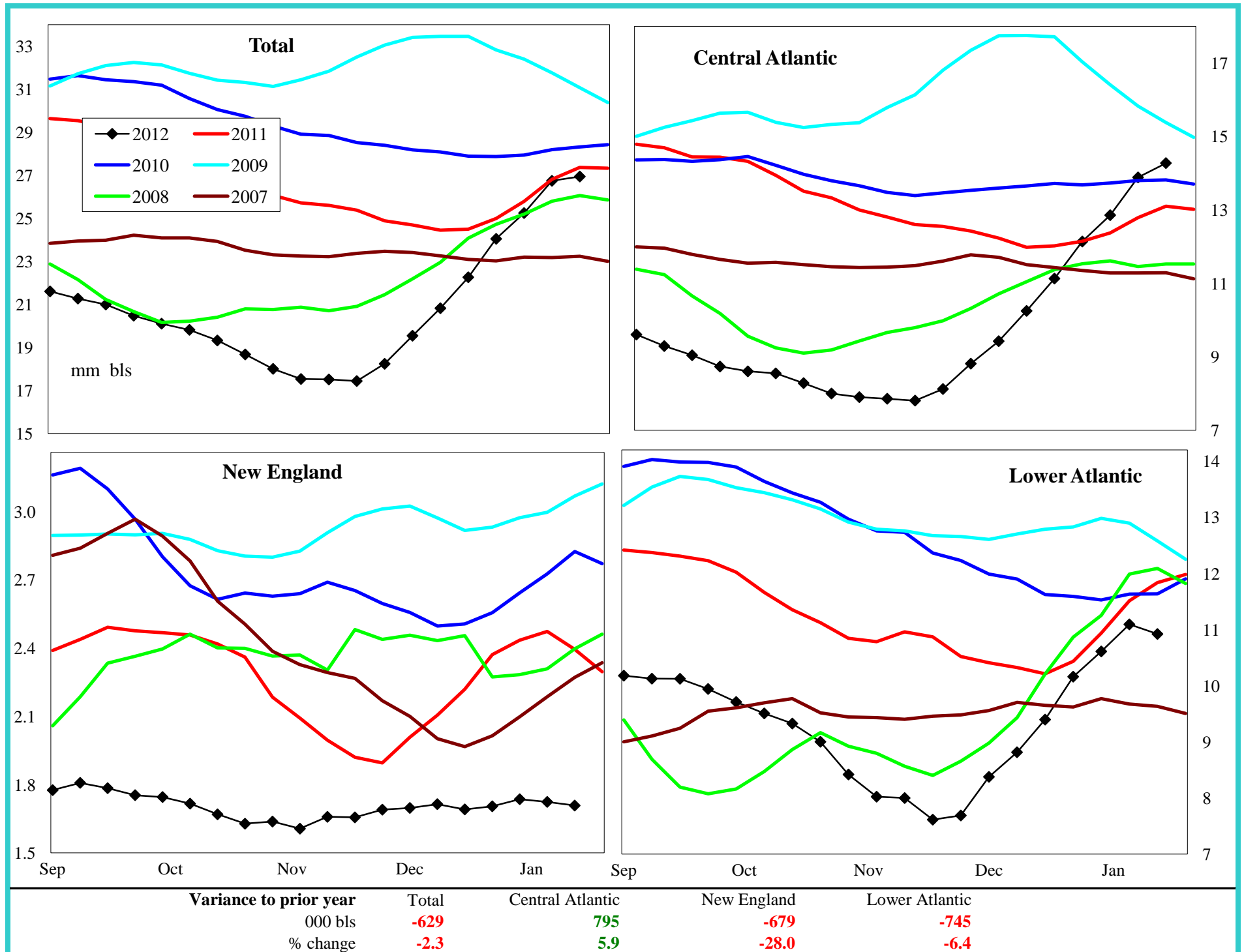
PADD 1 Distillate Stocks by Region



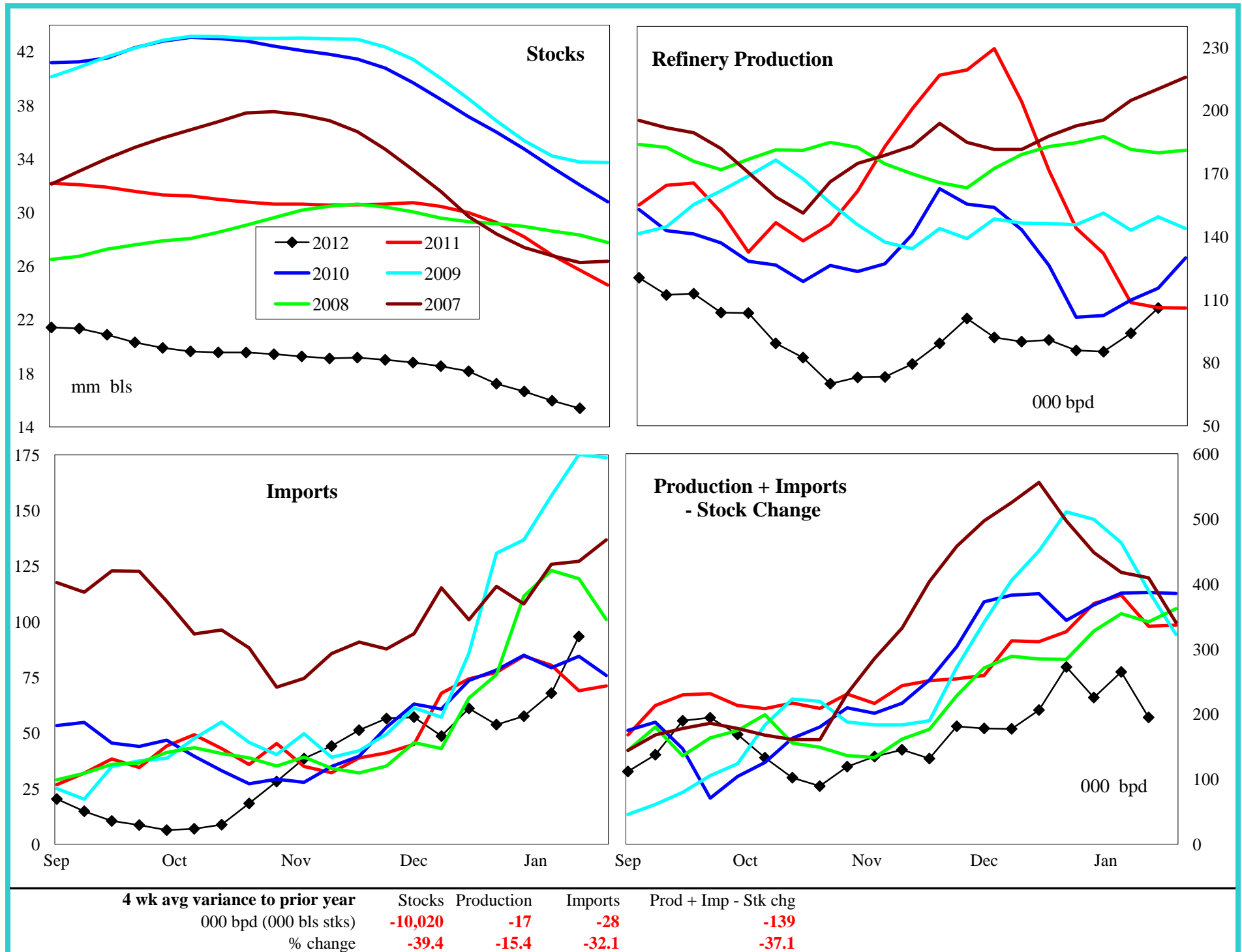
PADD 1 Low Sulfur Distillate Supply



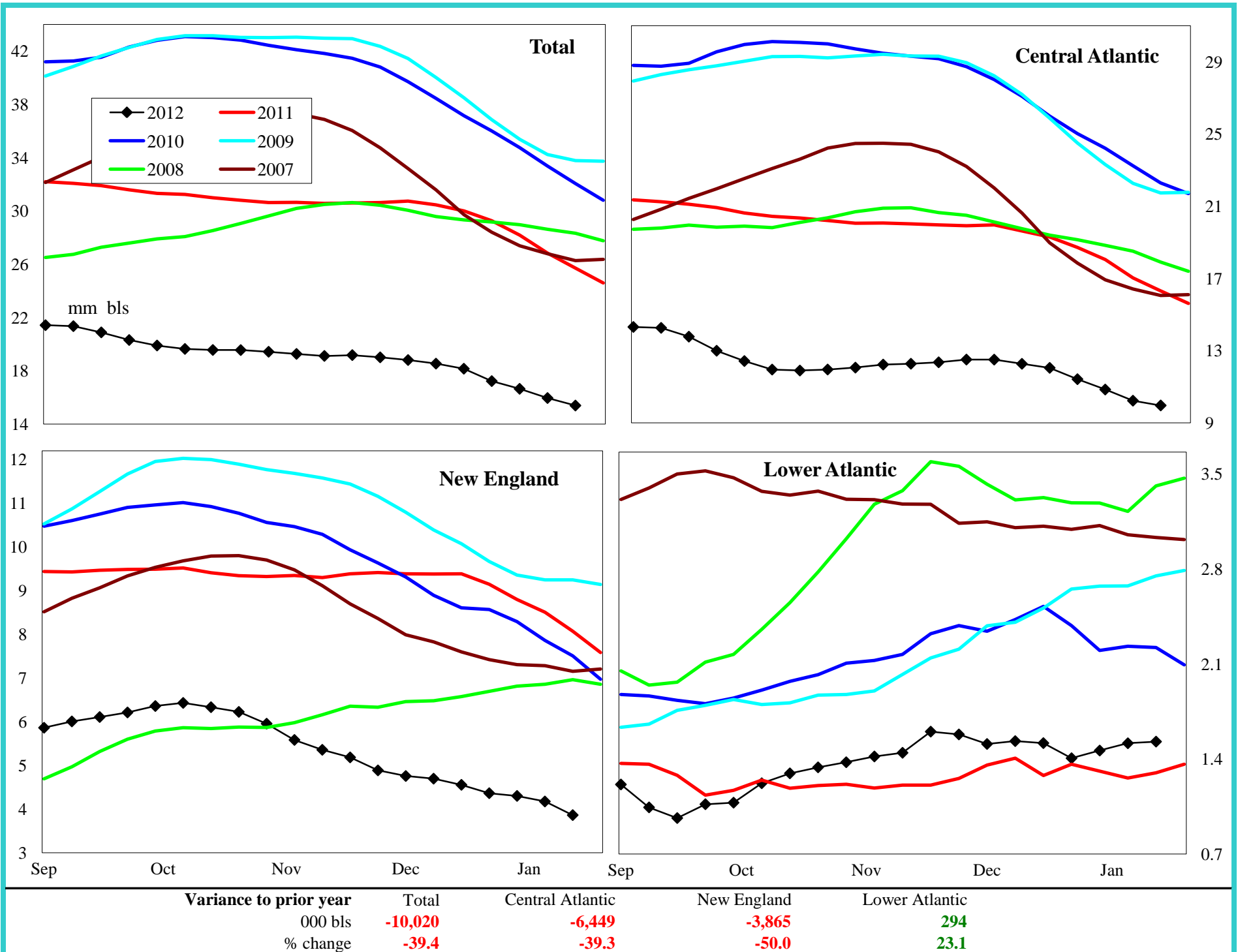
PADD 1 Low Sulfur Distillate Stocks by Region



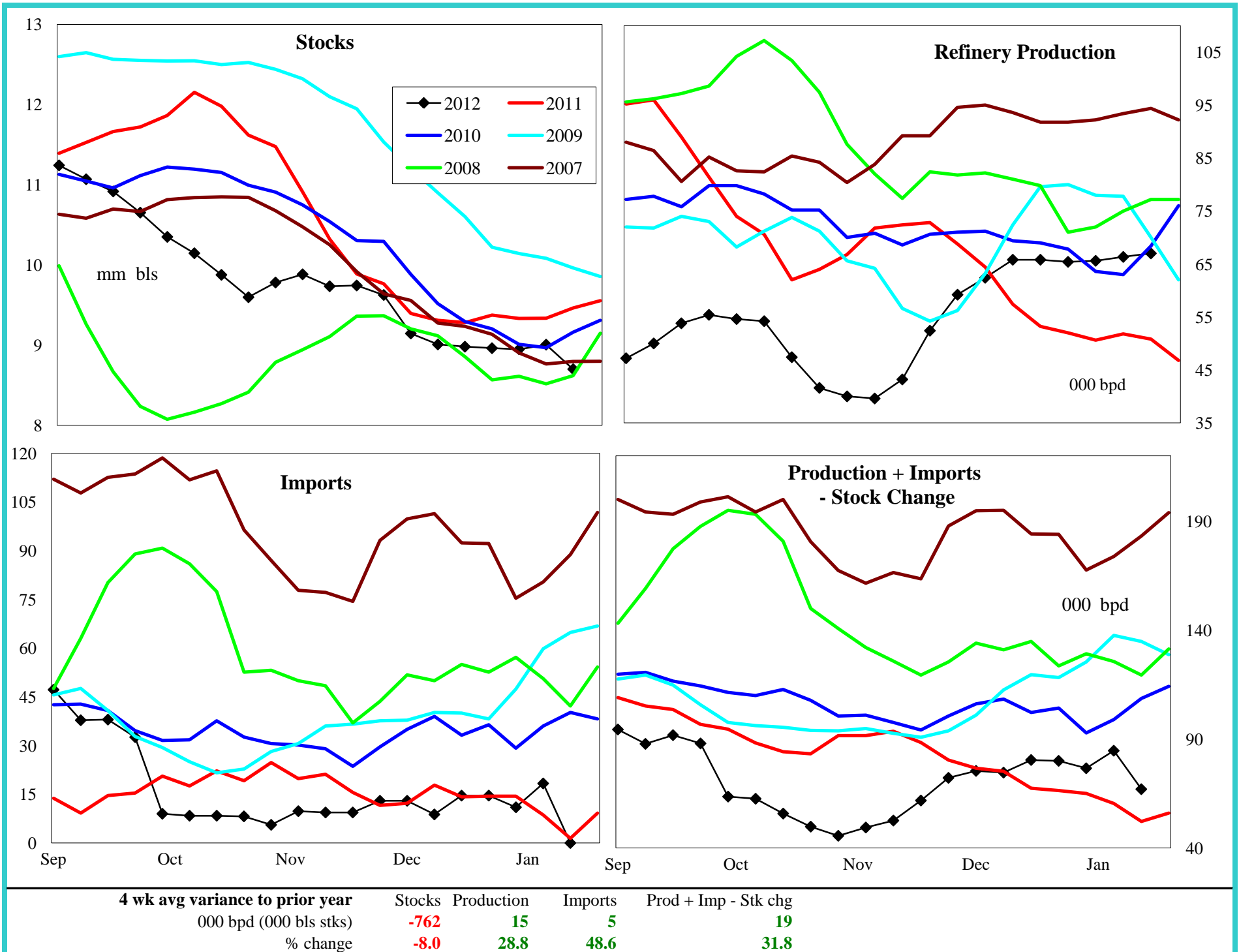
PADD 1 High Sulfur Distillate Supply



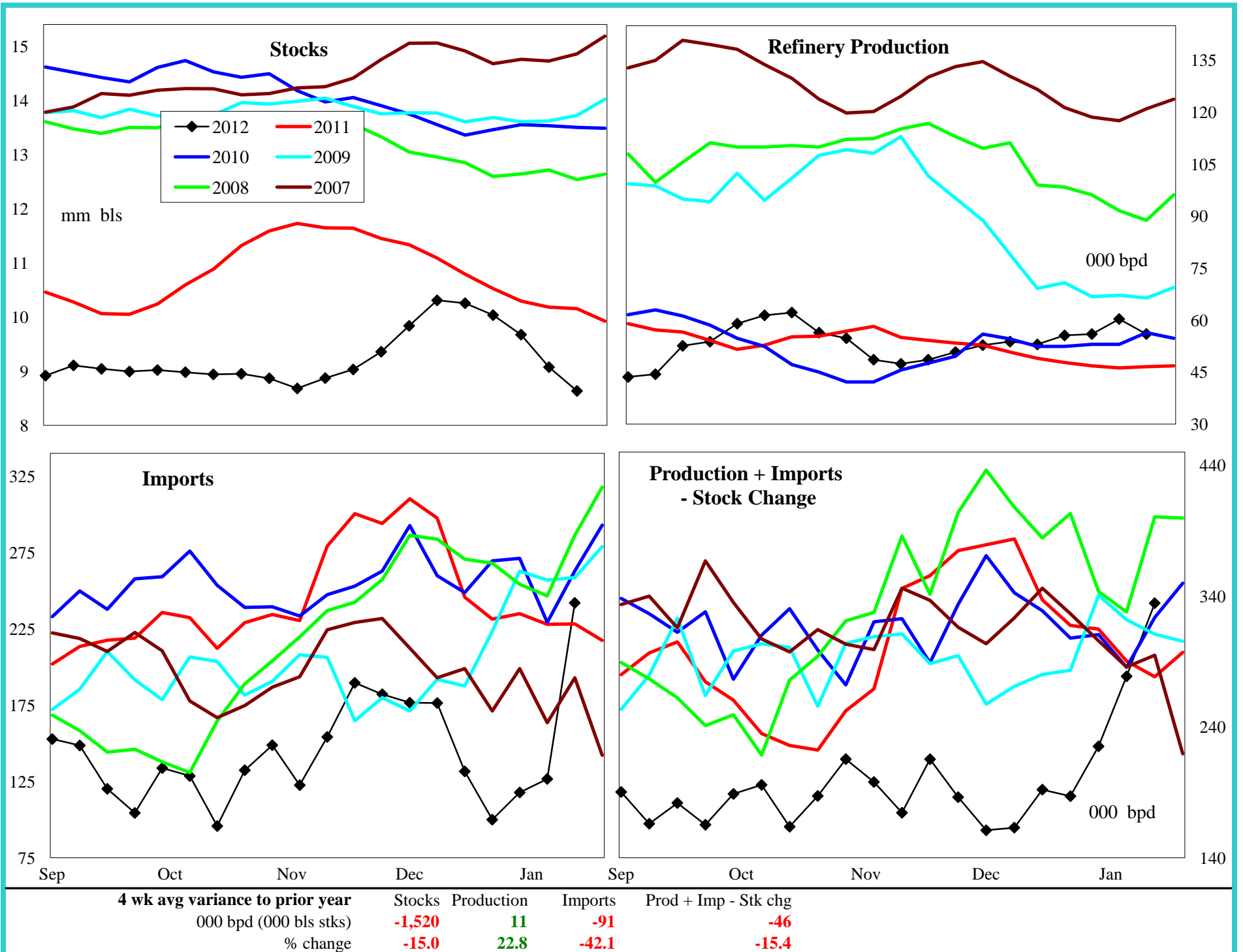
PADD 1 High Sulfur Distillate Stocks by Region



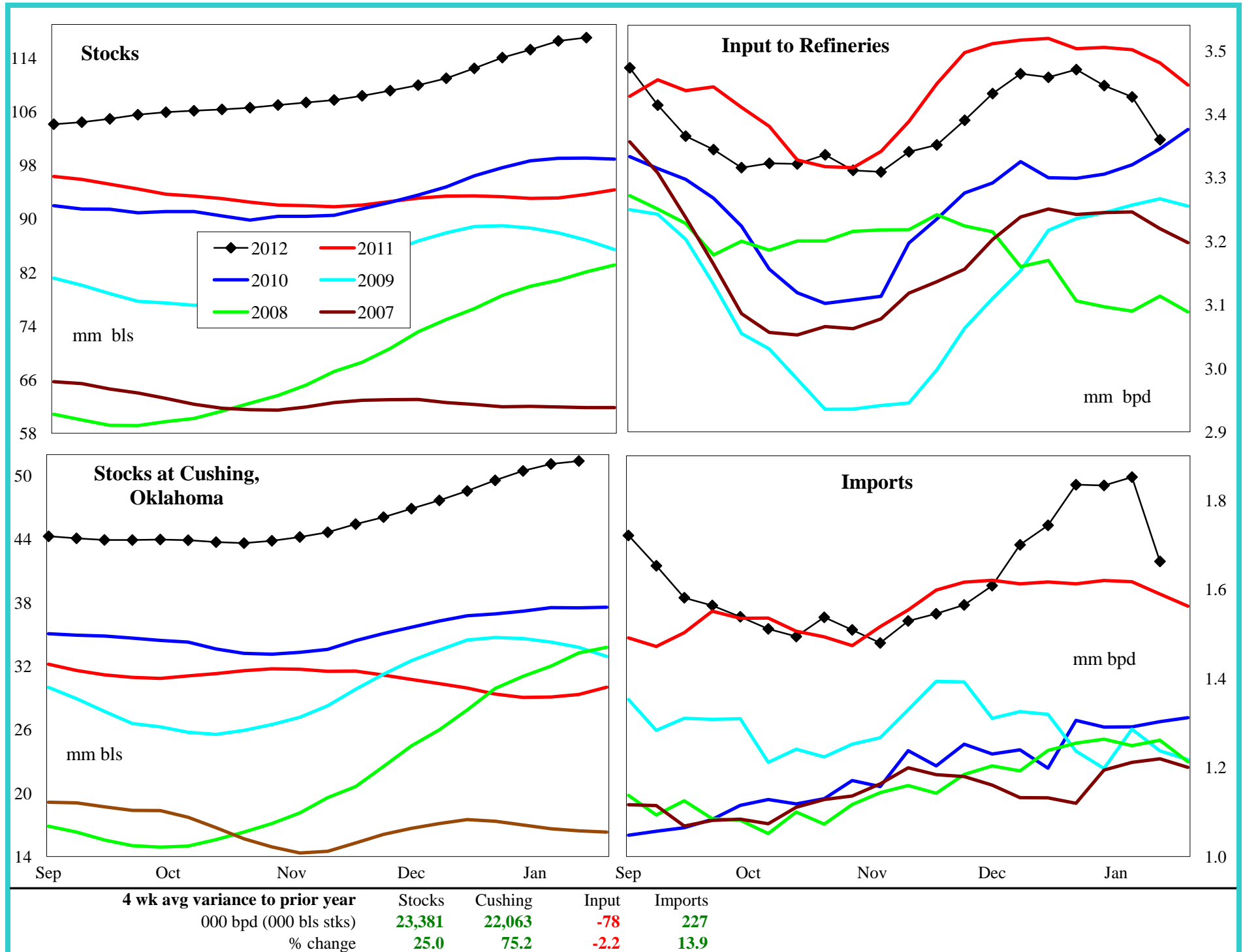
PADD 1 Jet Fuel Supply



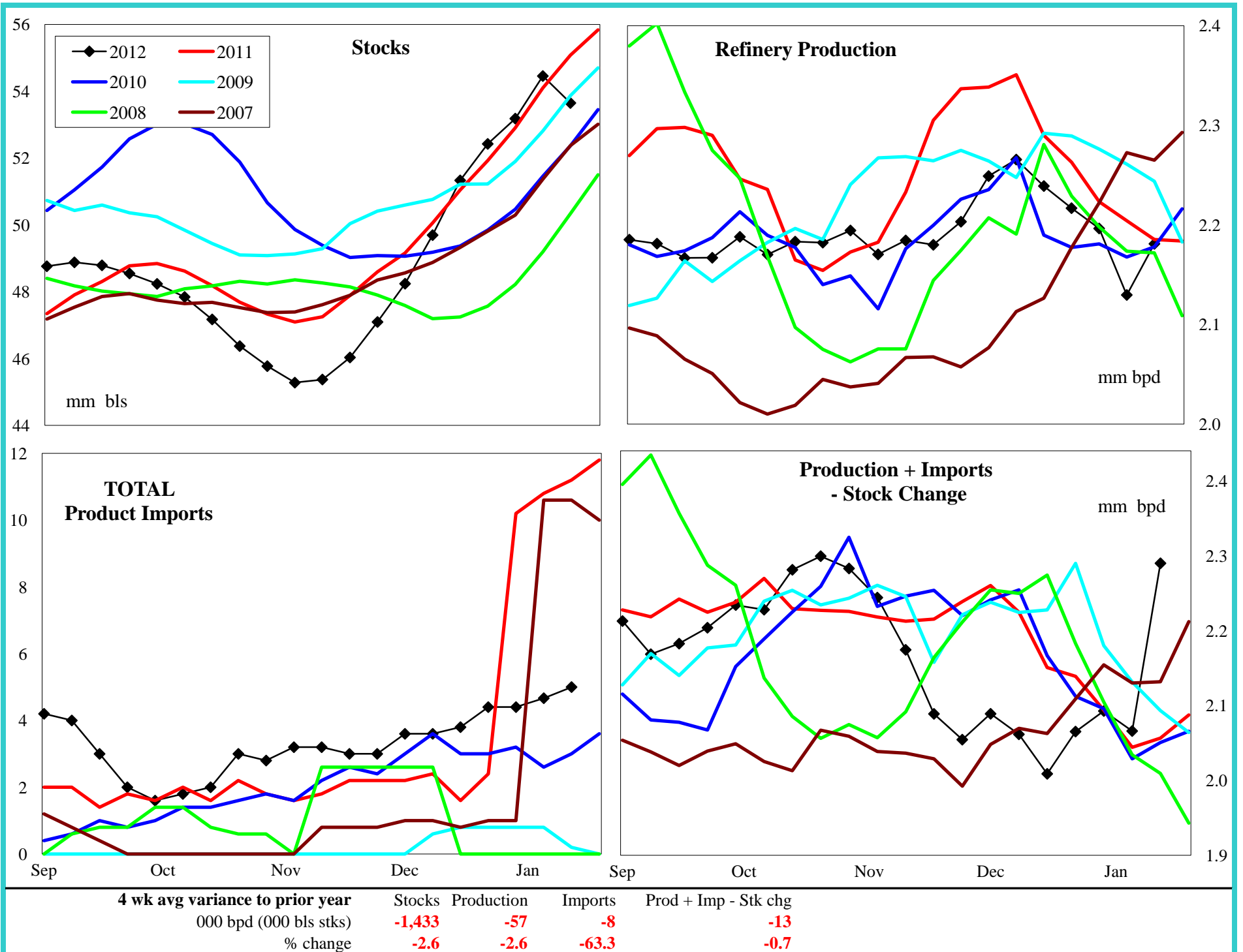
PADD 1 Residual Fuel Oil Supply



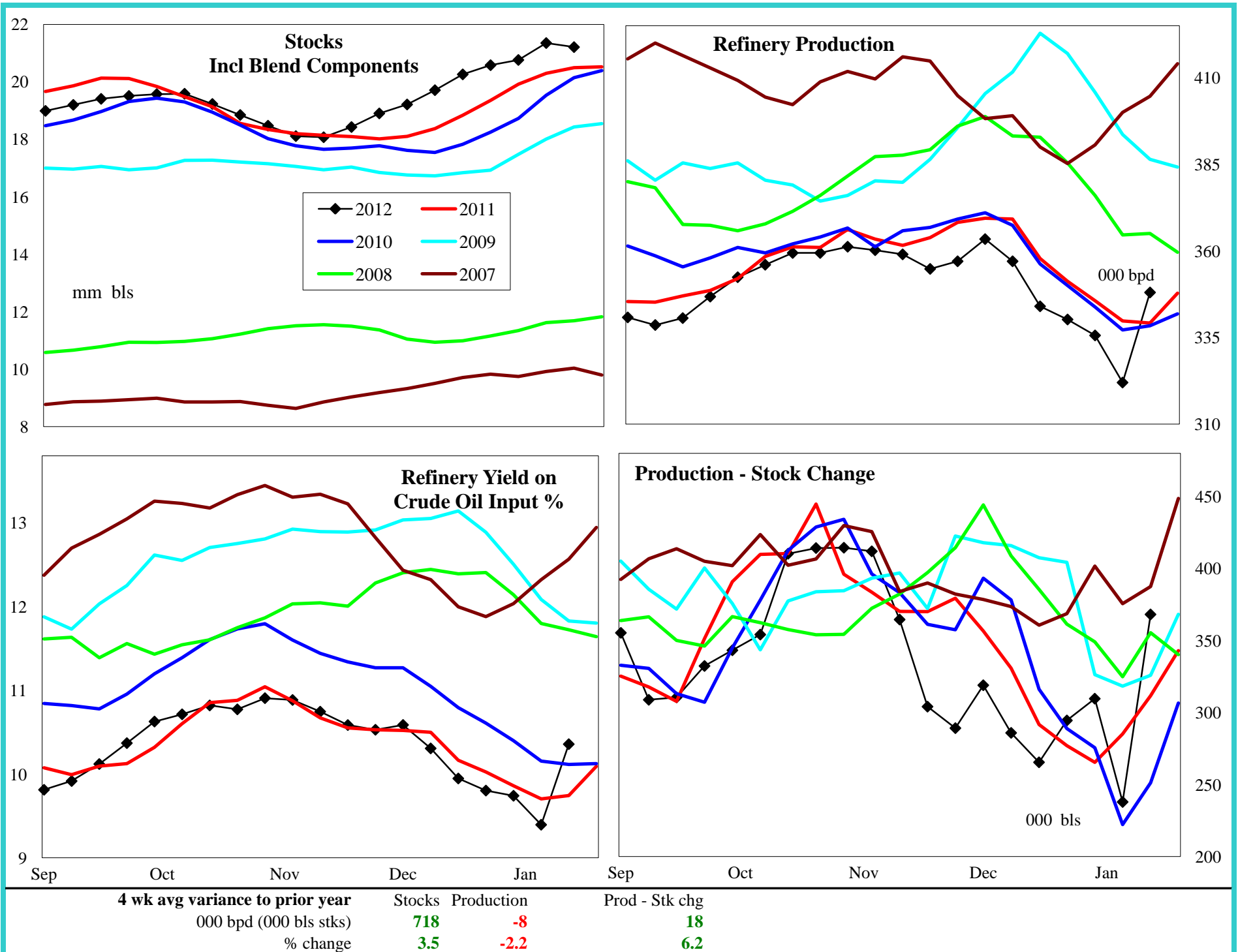
PADD 2 Crude Oil Supply and Refining



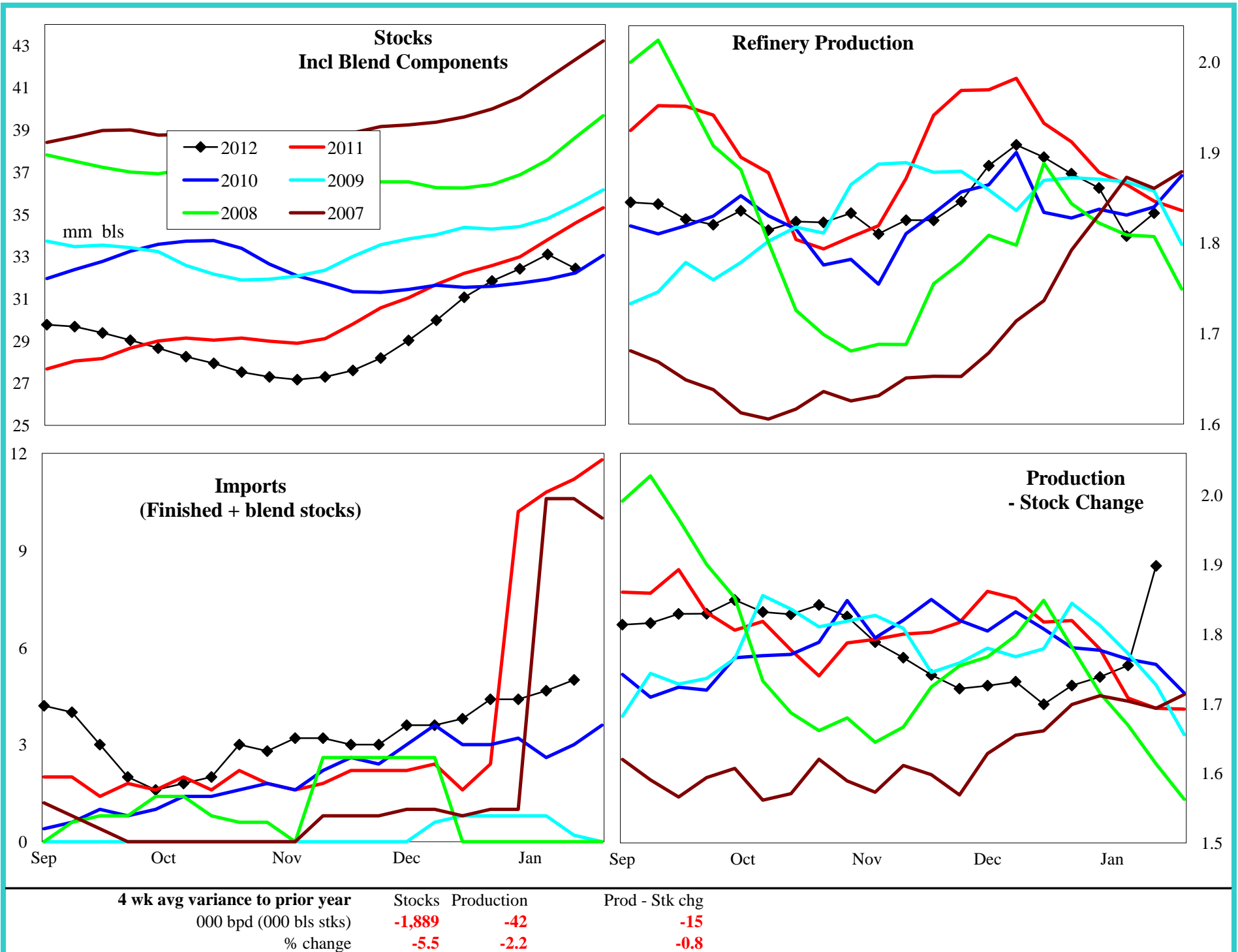
PADD 2 Gasoline Supply



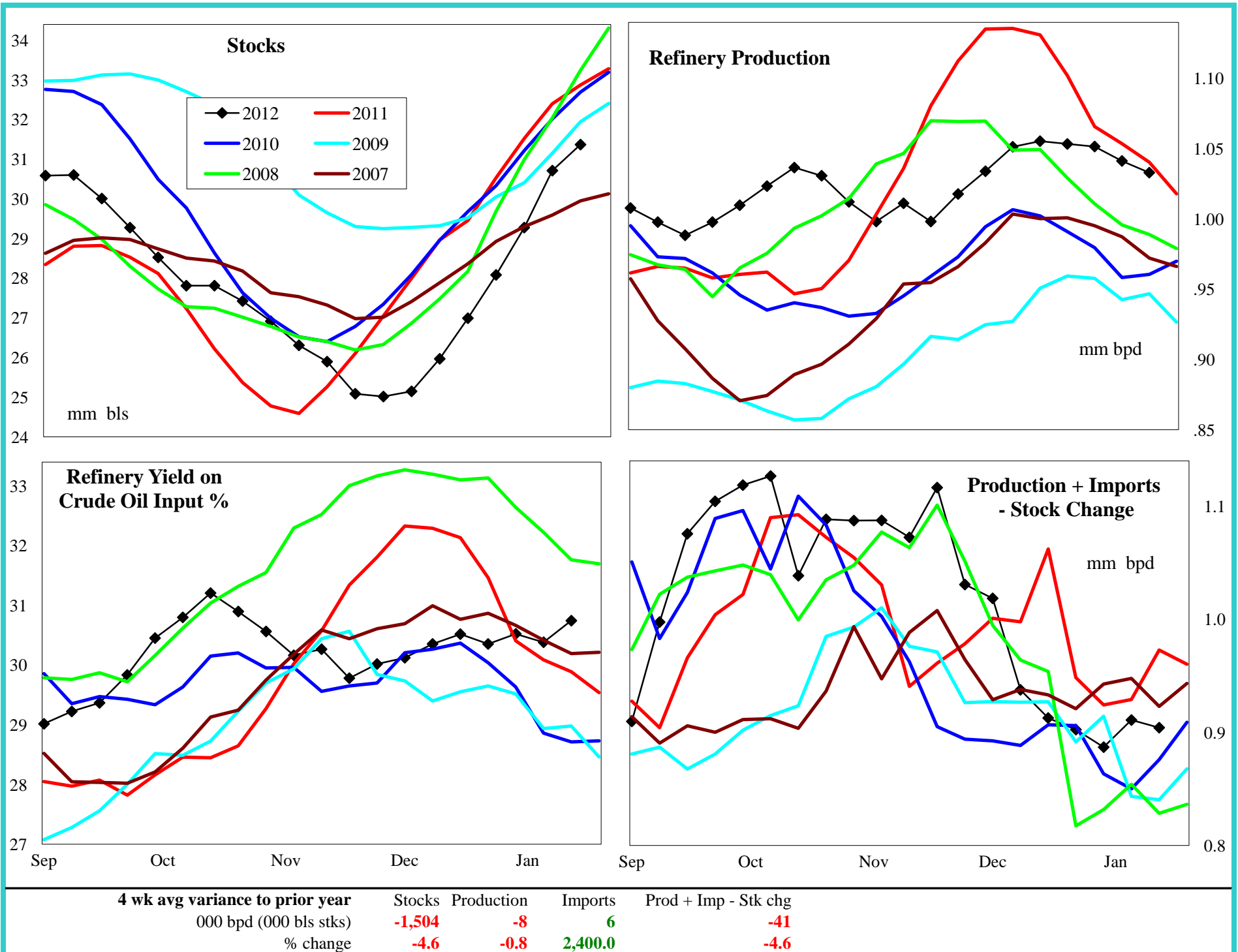
PADD 2 Reformulated Gasoline Supply



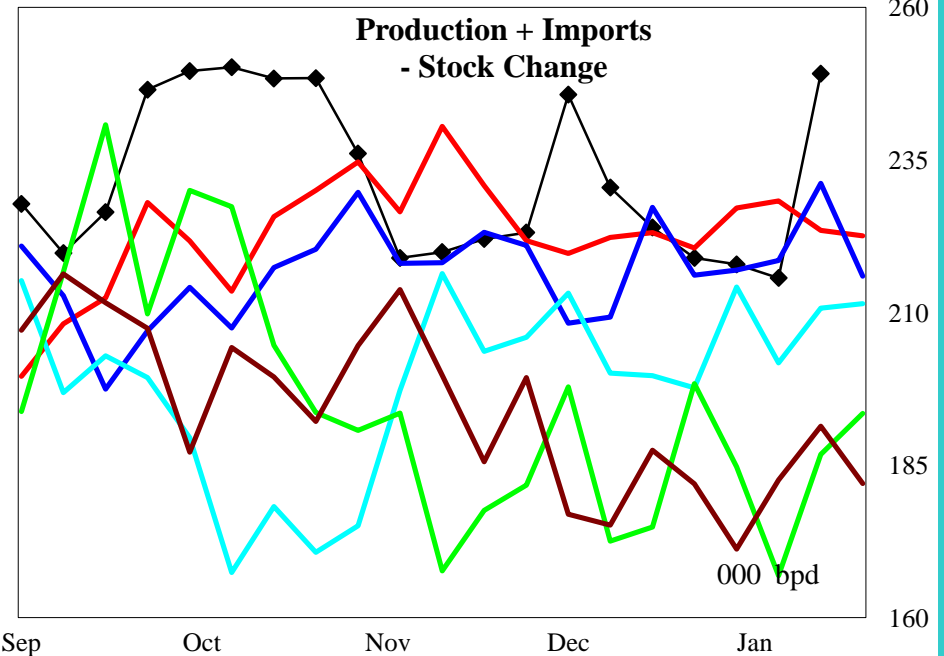
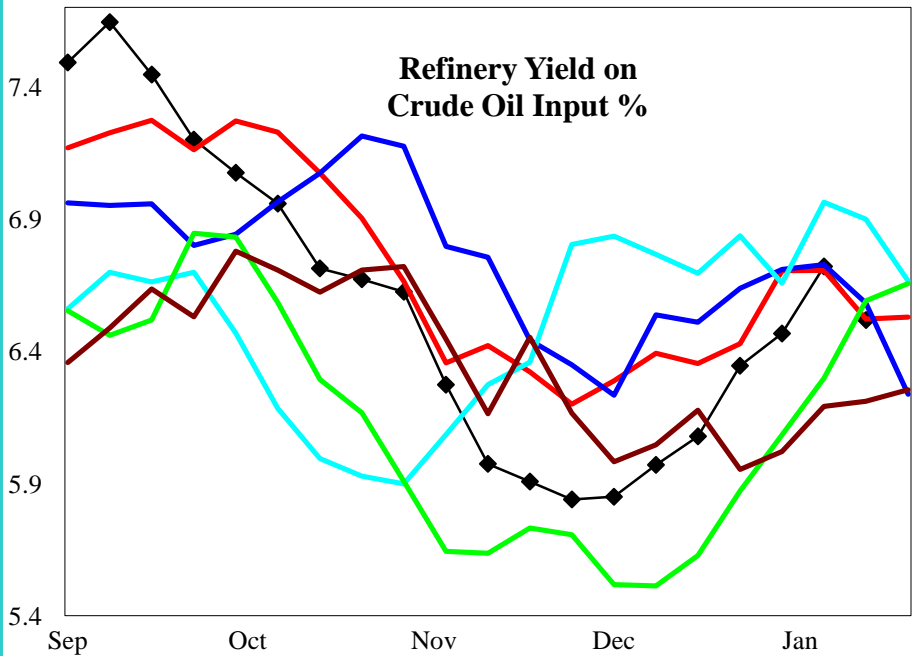
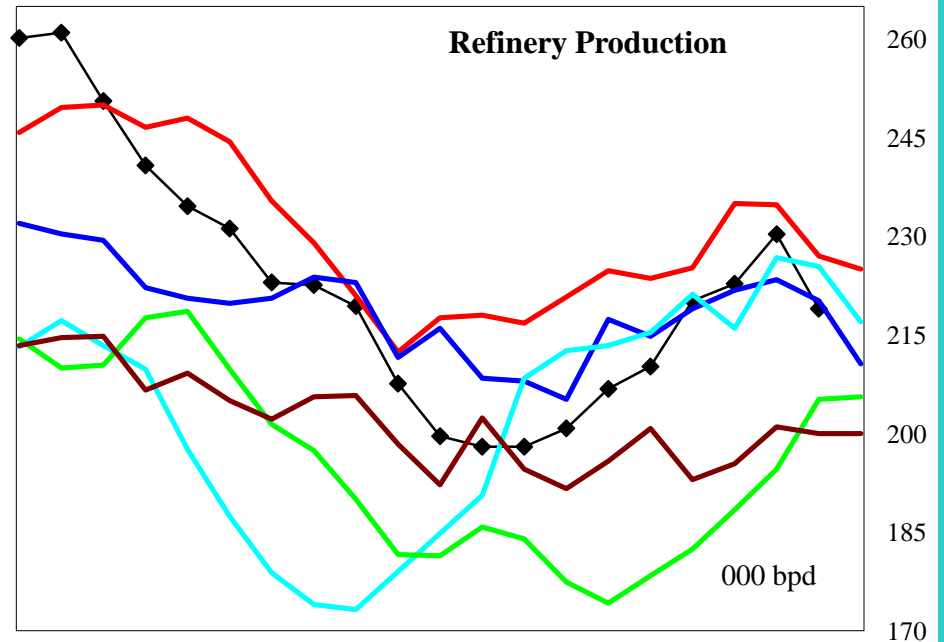
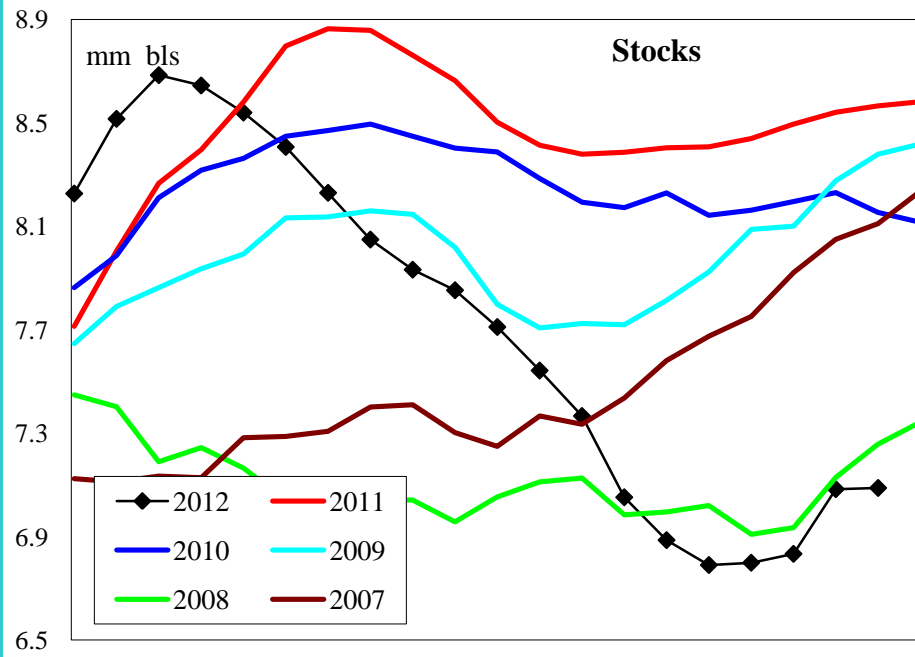
PADD 2 Conventional Gasoline Supply



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

-1,477

-14

0

-32

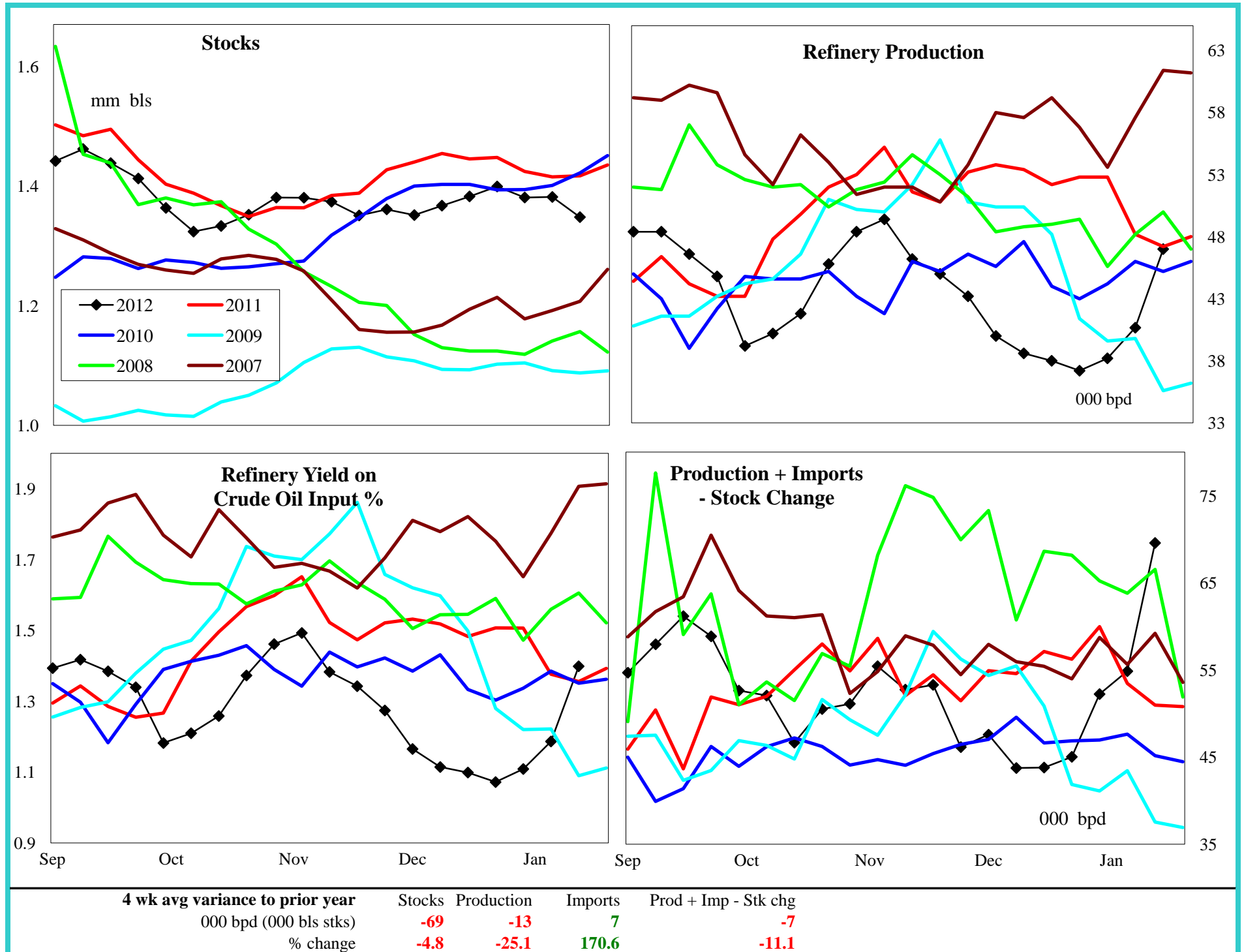
-17.2

-5.6

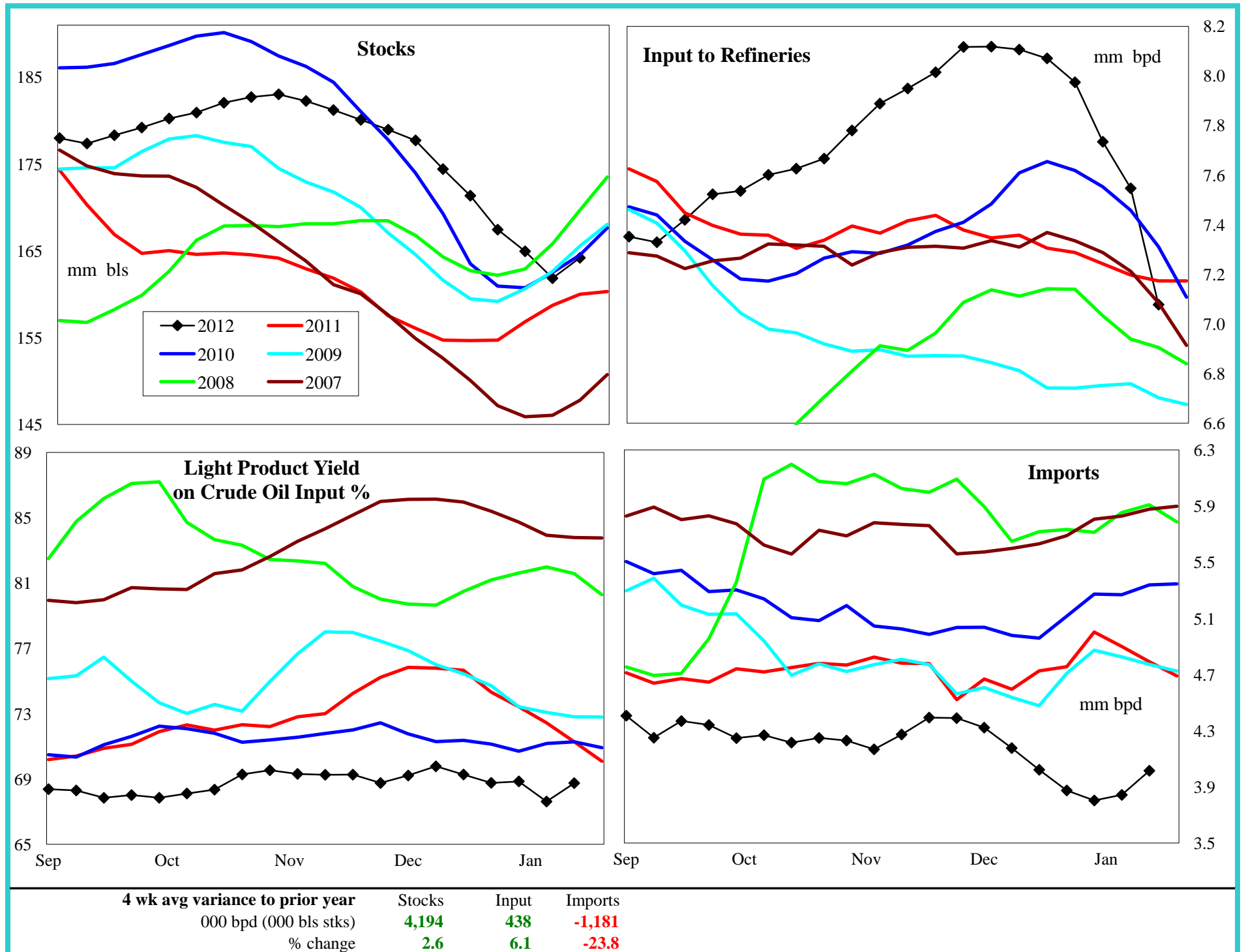
#DIV/0!

-14.2

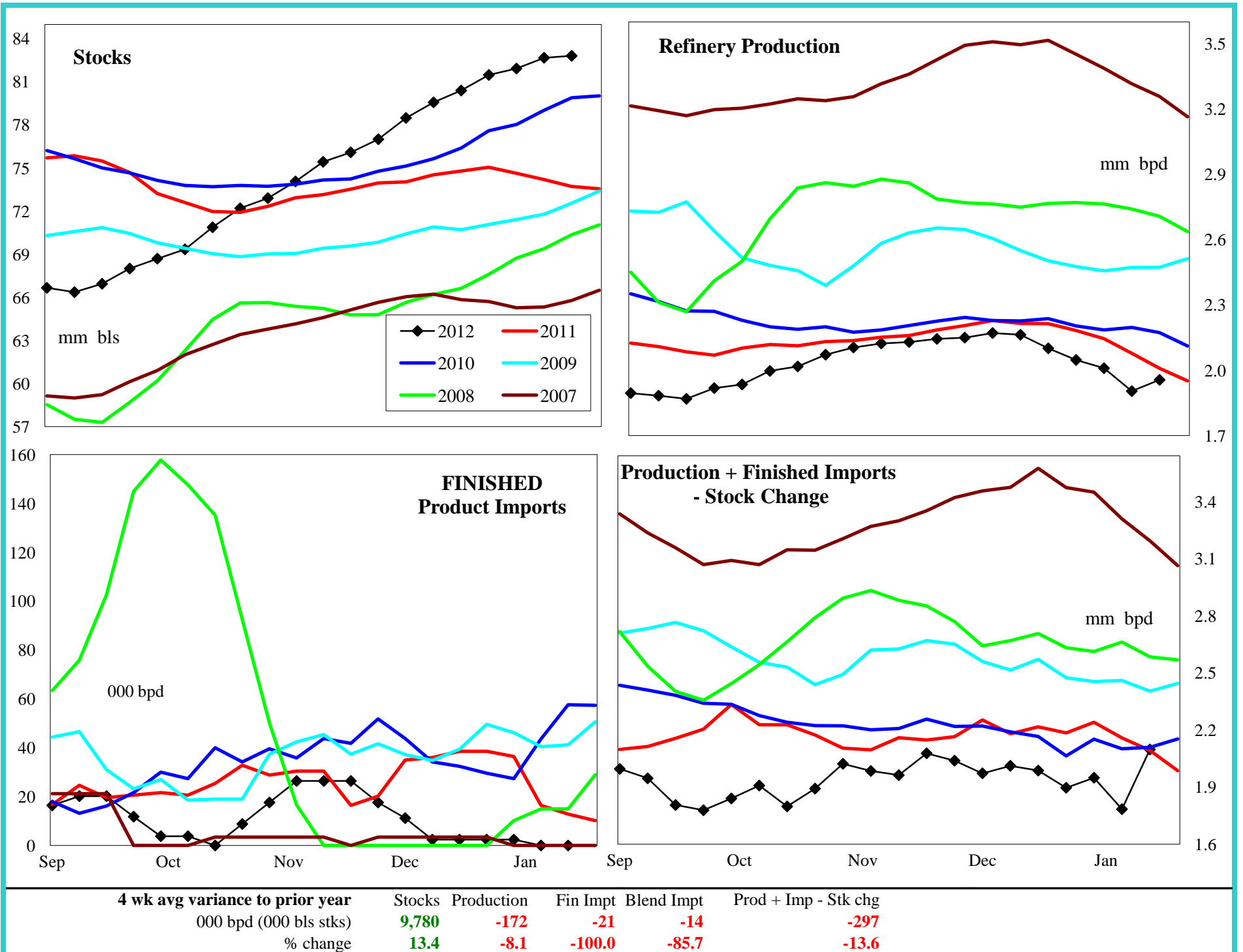
PADD 2 Residual Fuel Oil Supply



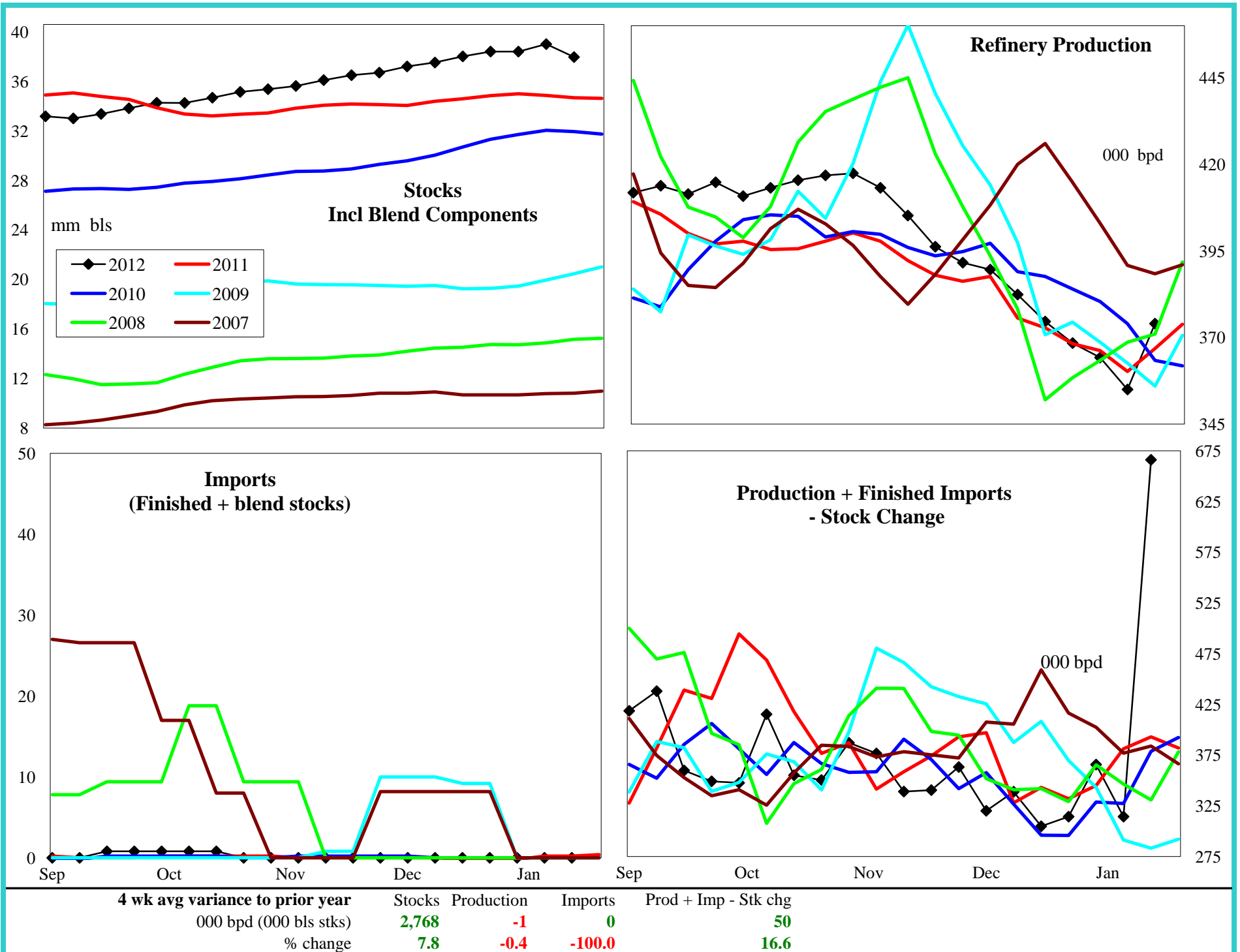
PADD 3 Crude Oil Supply and Refining



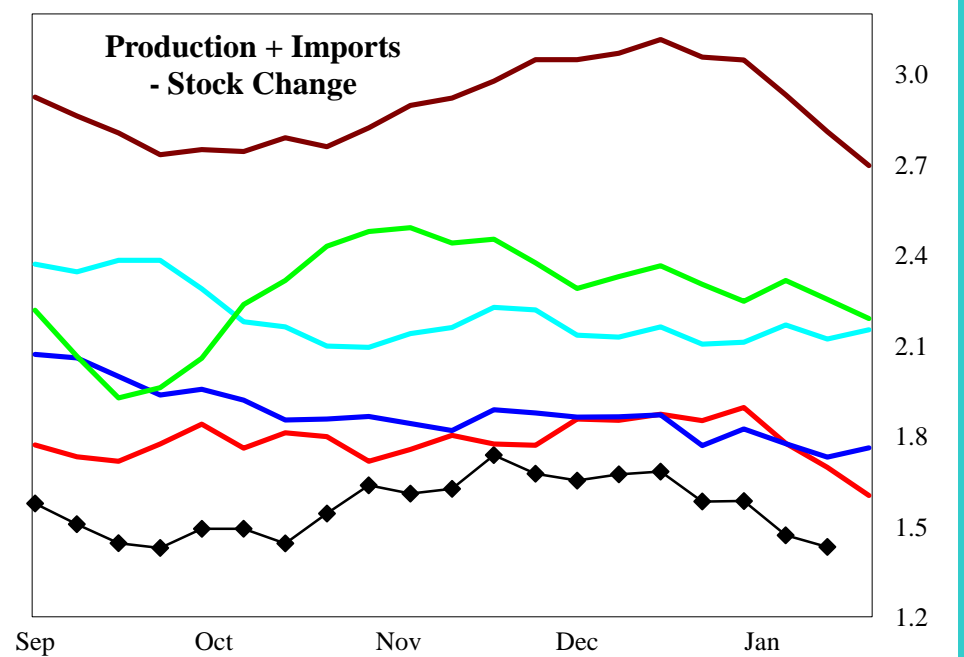
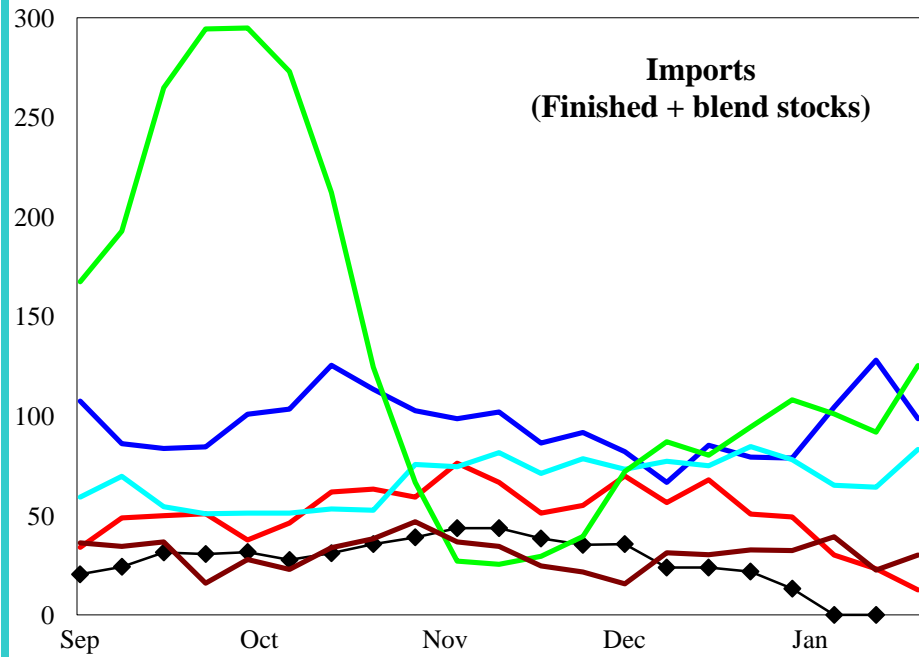
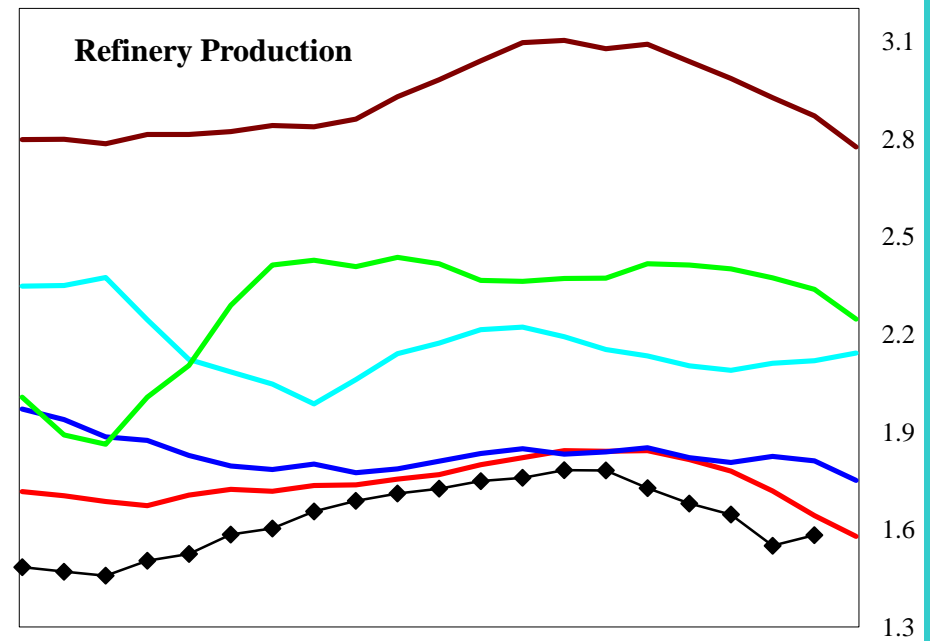
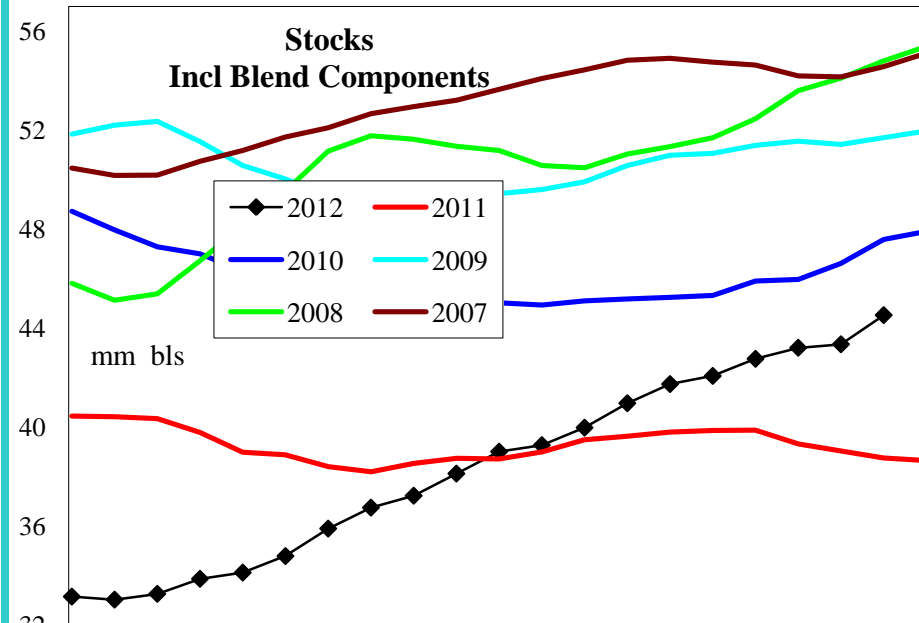
PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



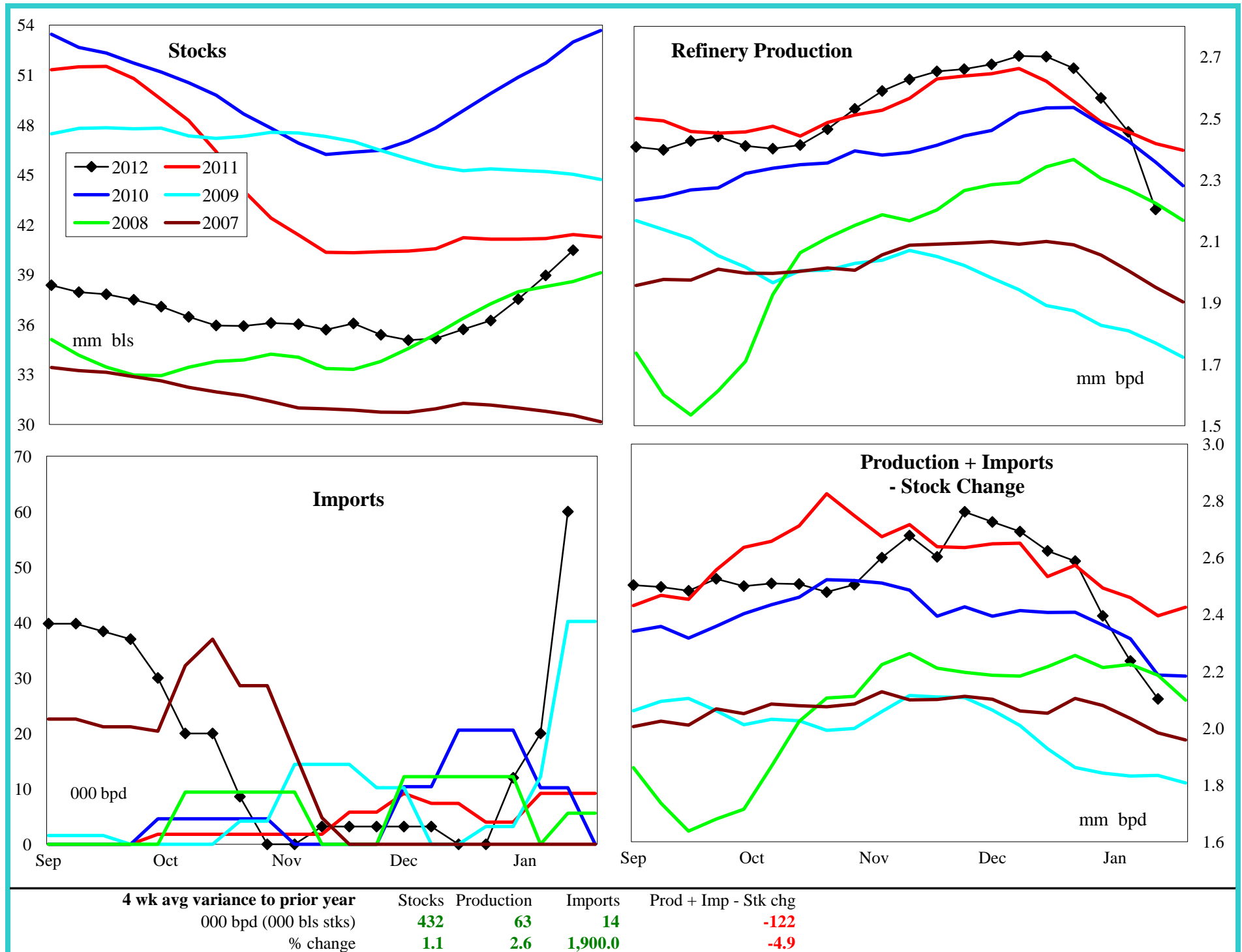
PADD 3 Conventional Gasoline Supply



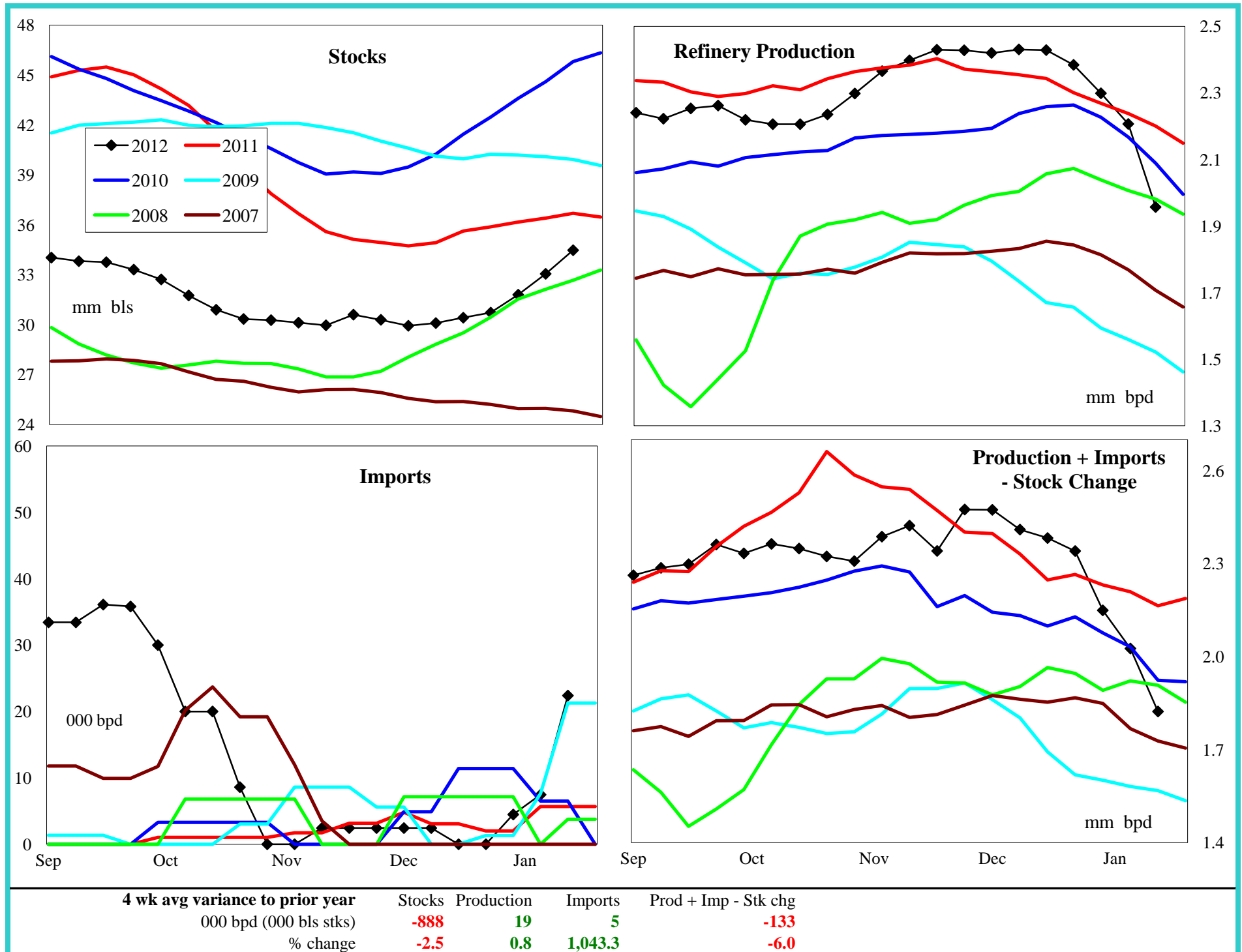
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Production	Imports	Prod + Imp - Stk chg
	6,935	-171	-34	-344
	18.4	-9.7	-93.8	-18.3

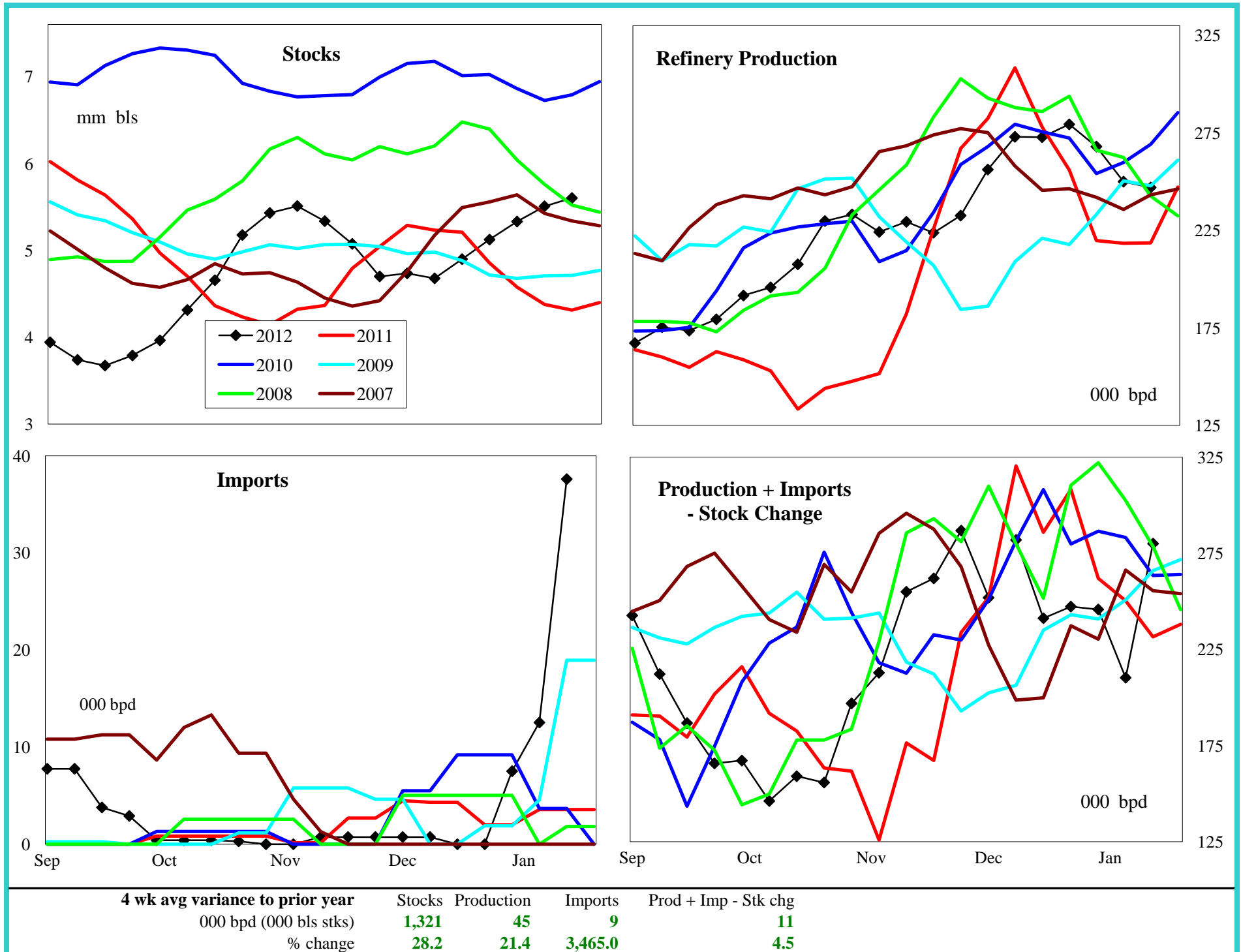
PADD 3 Distillate Supply



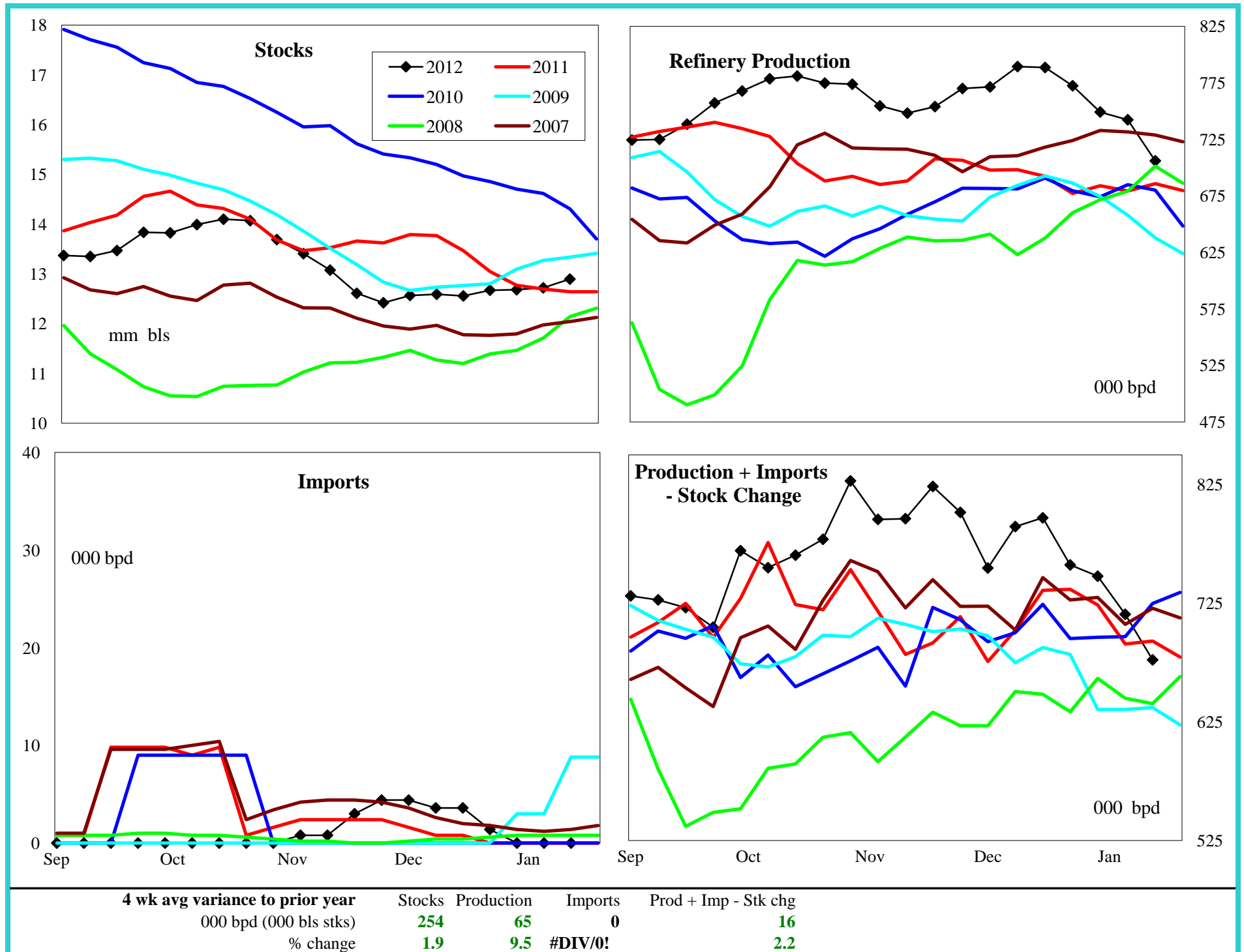
PADD 3 Low Sulfur Distillate Supply



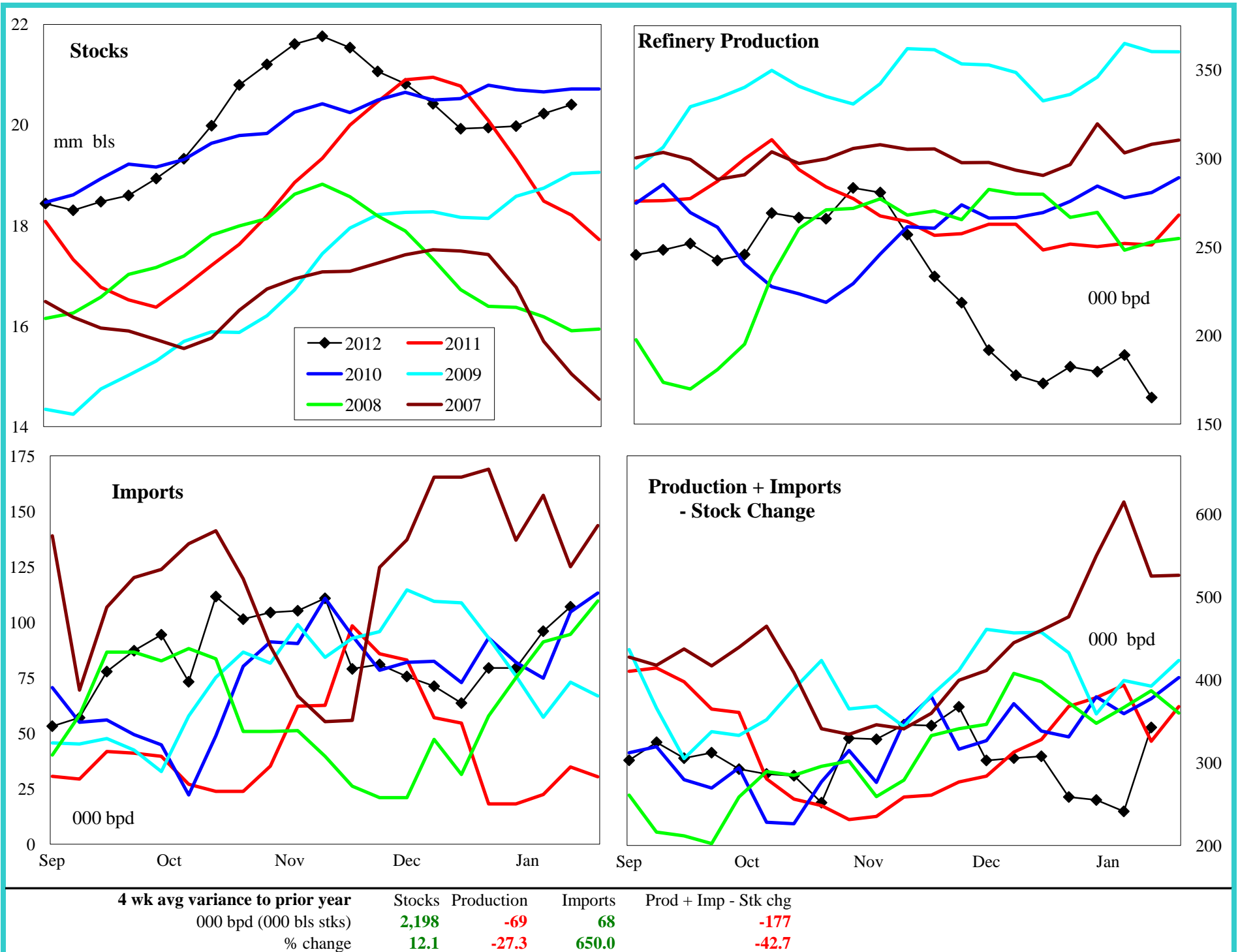
PADD 3 High Sulfur Distillate Supply



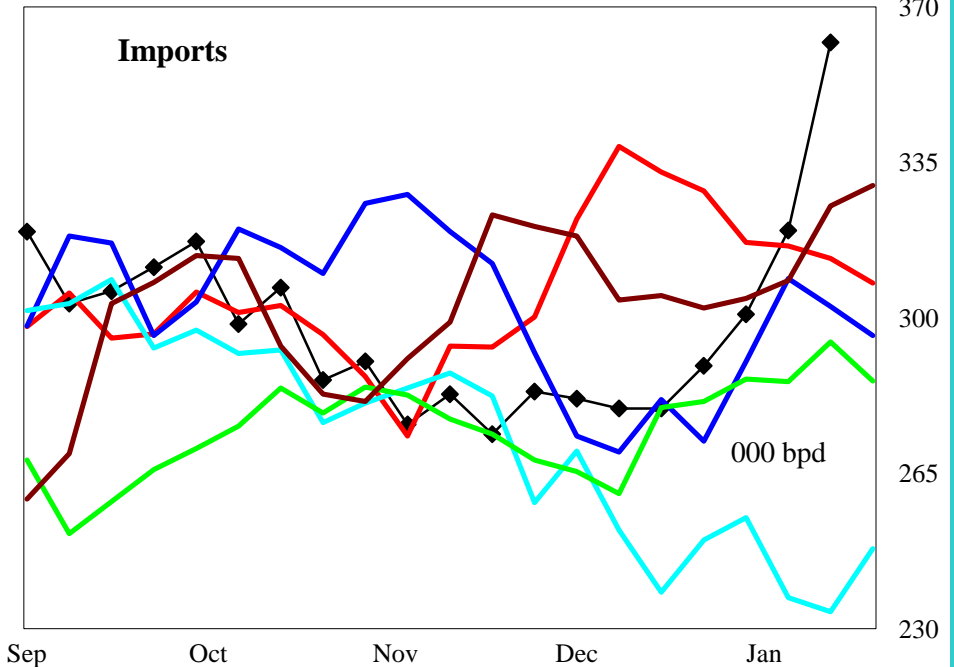
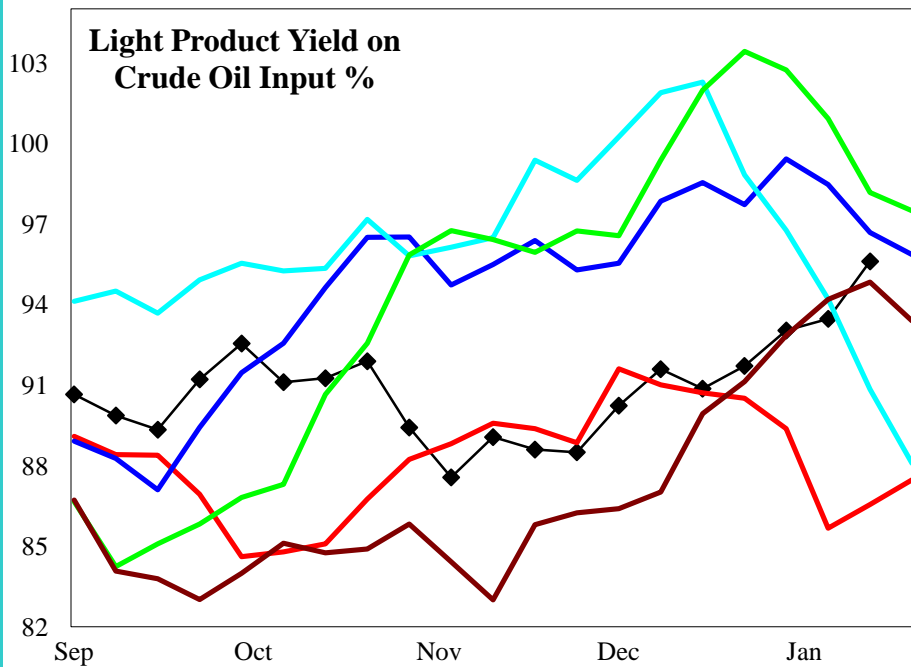
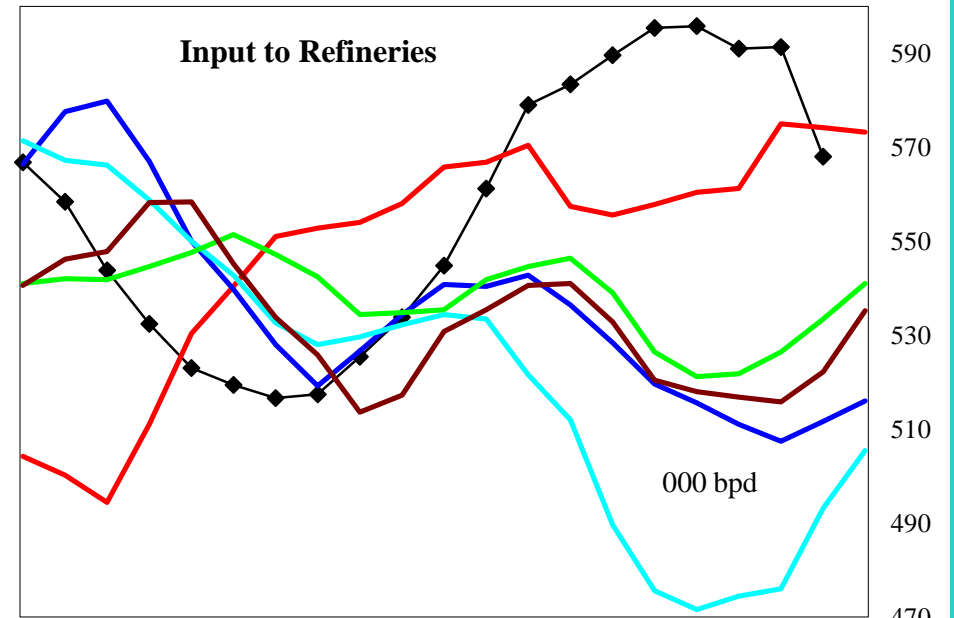
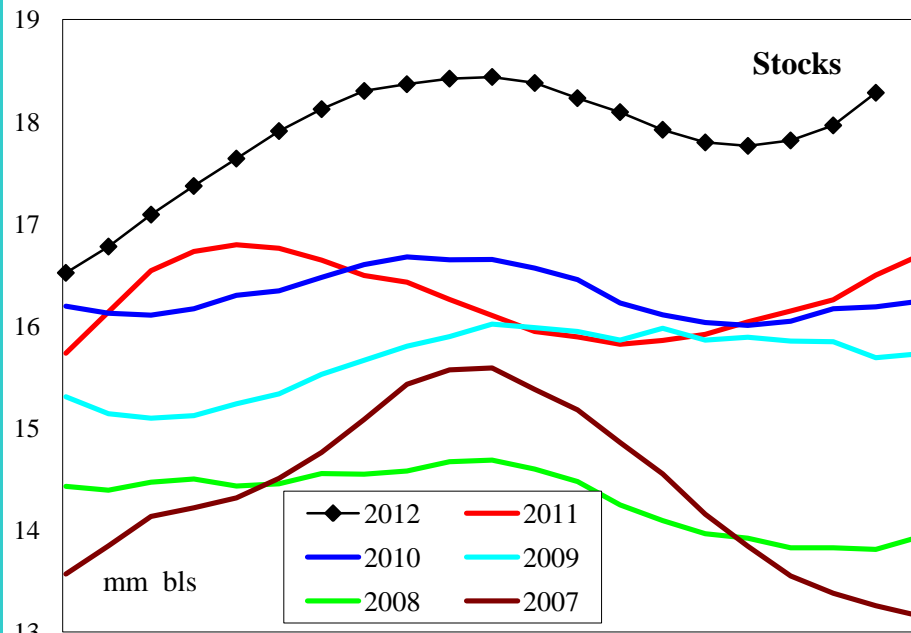
PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

1,787

10.8

Input

21

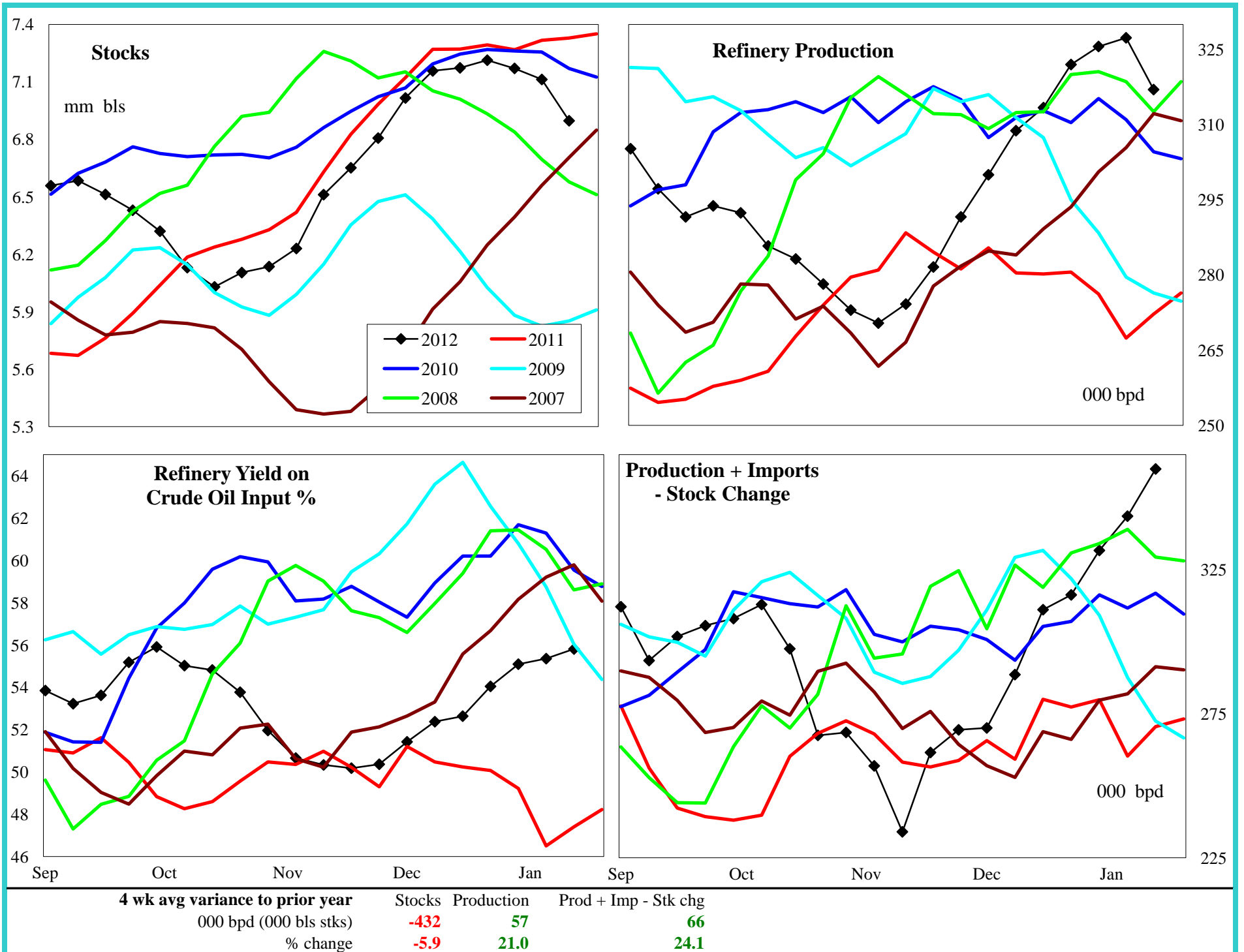
3.6

Imports

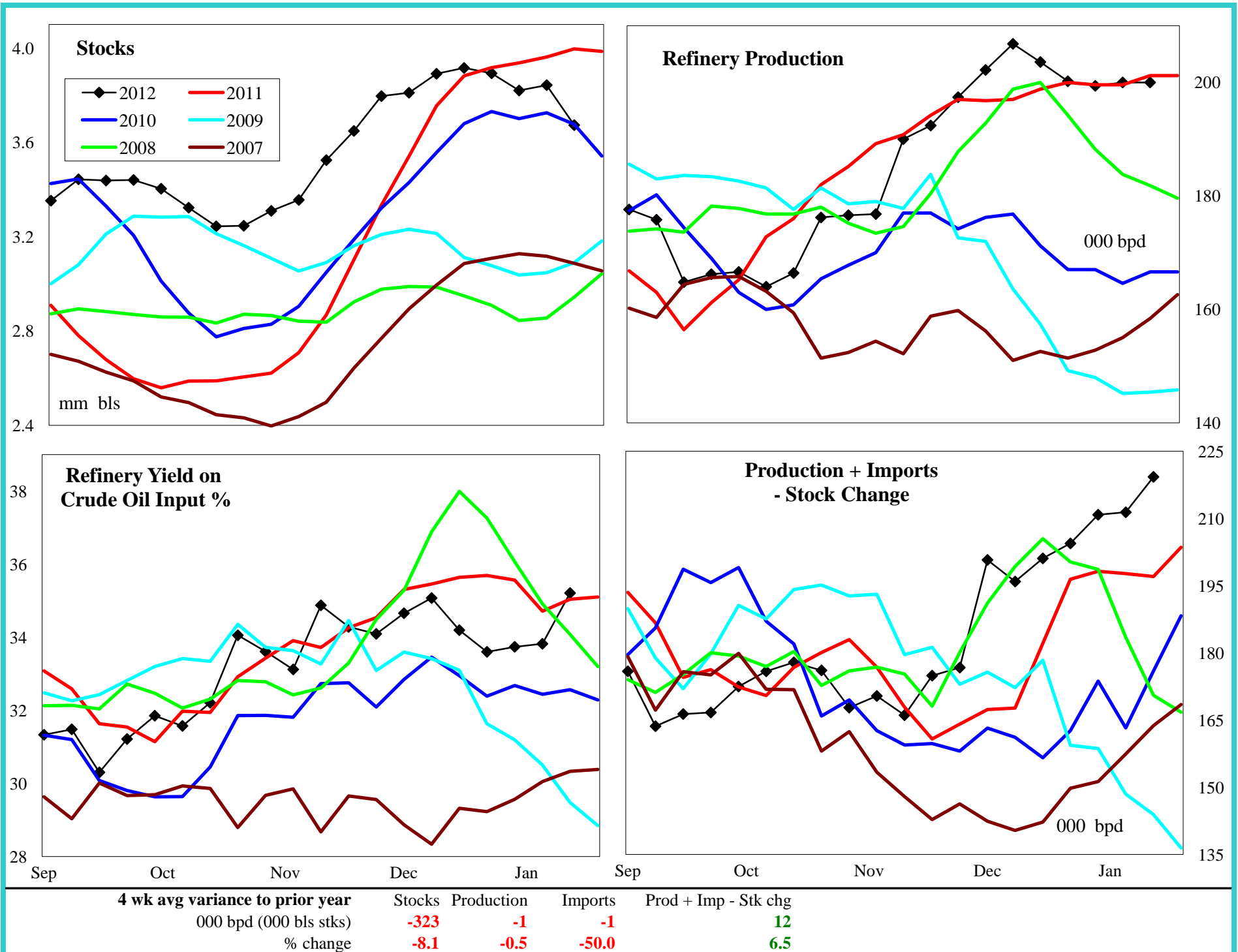
-9

-3.0

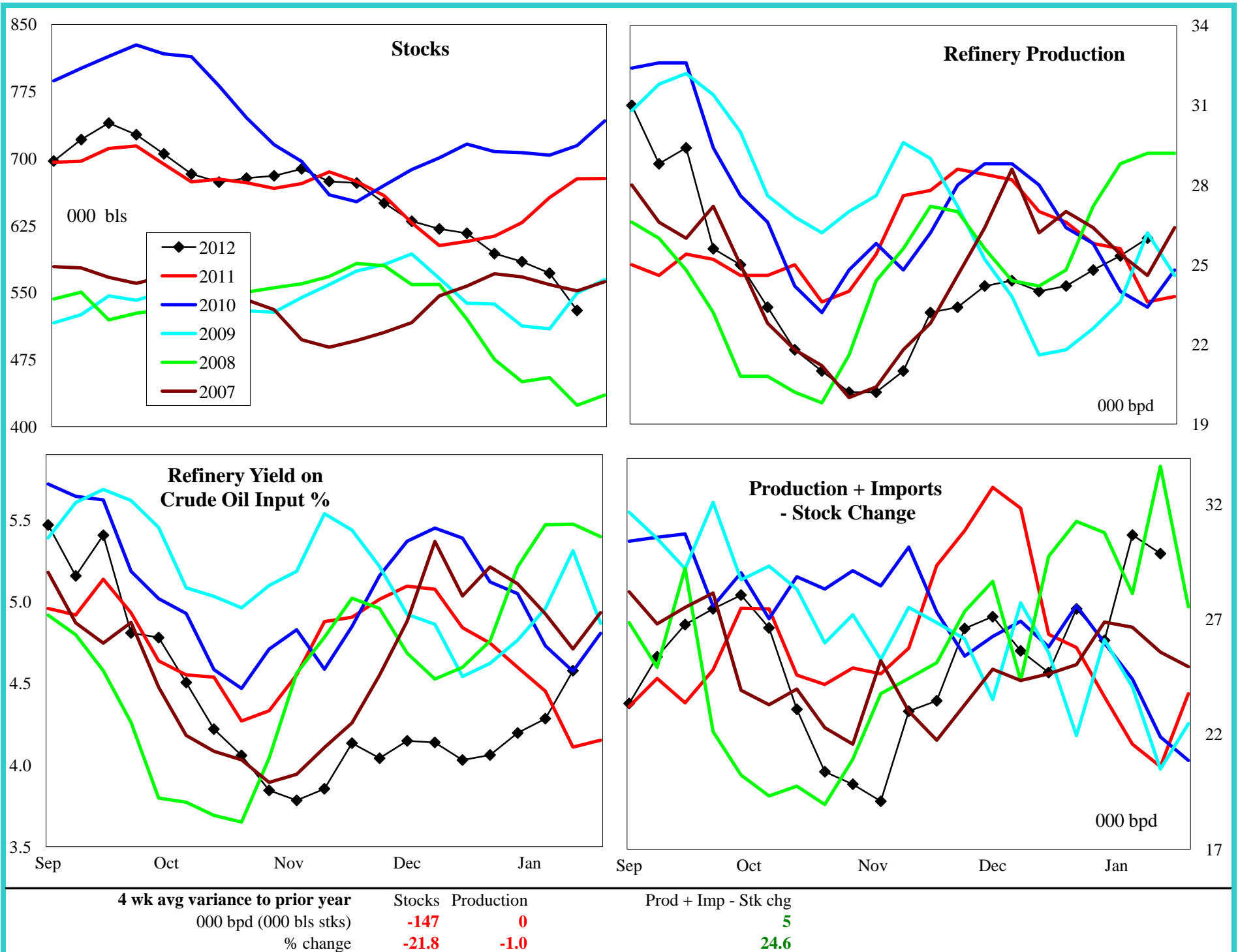
PADD 4 Gasoline Supply



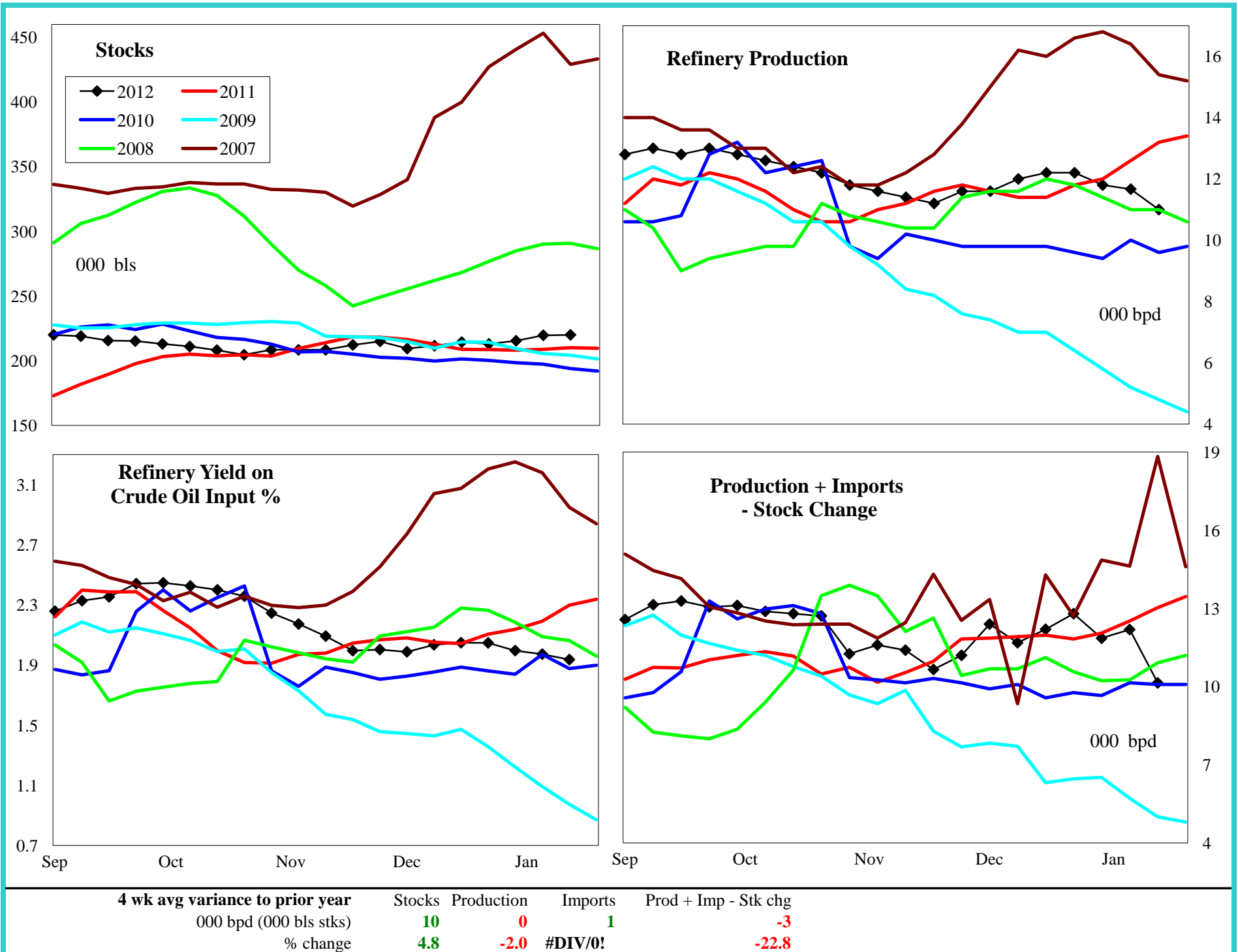
PADD 4 Distillate Supply



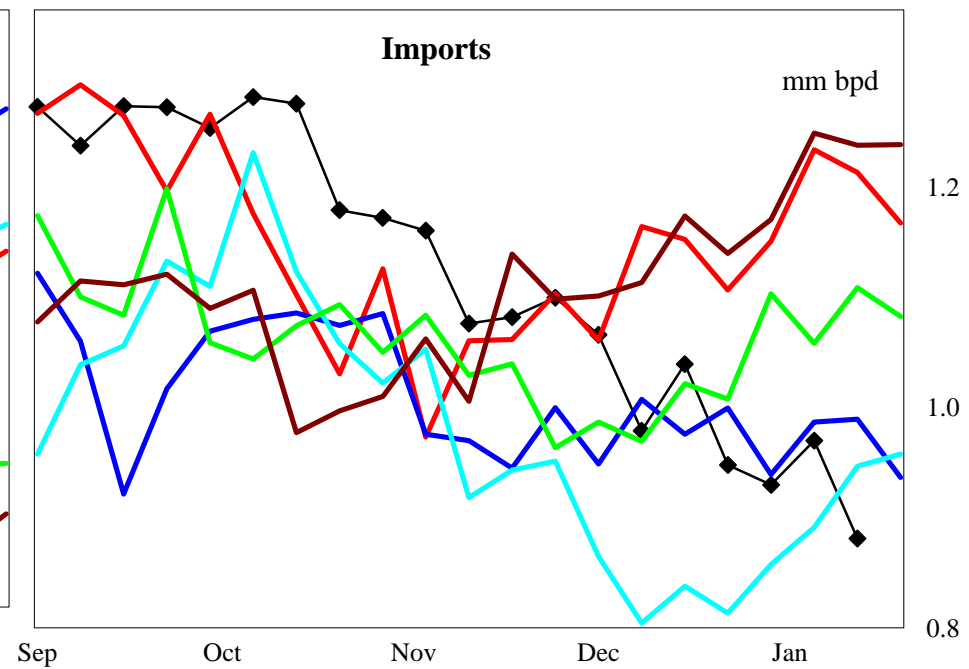
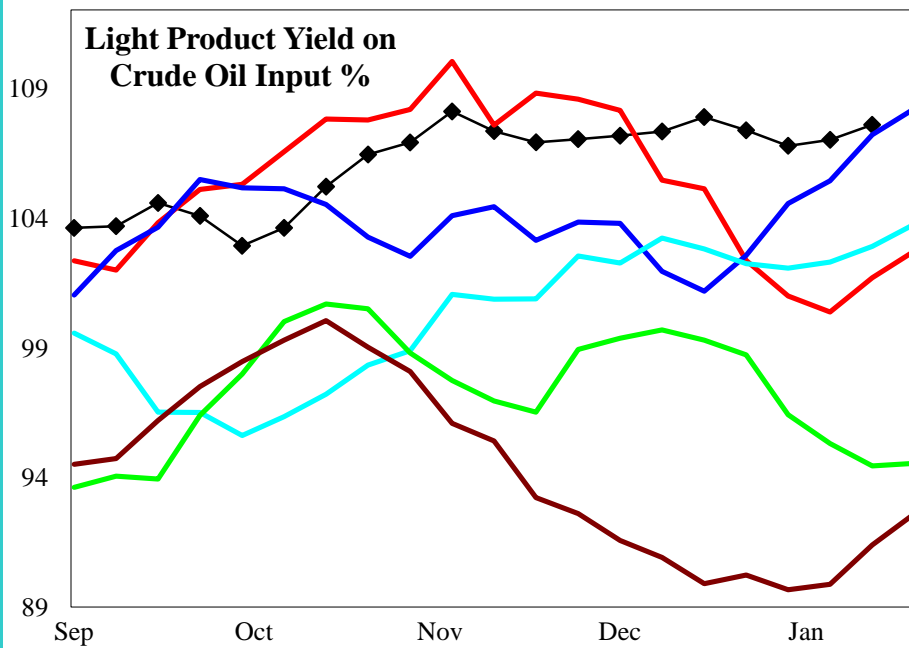
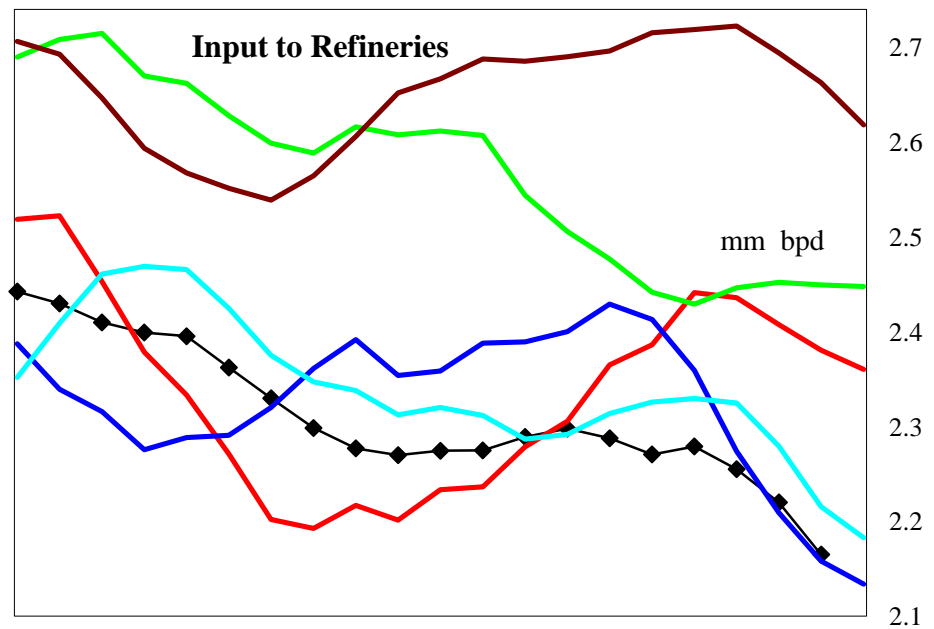
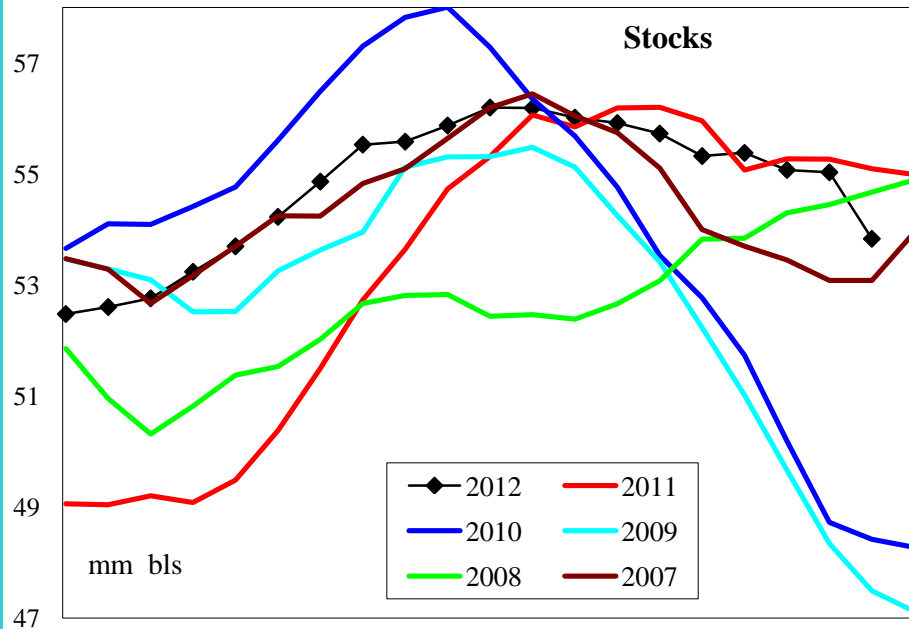
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



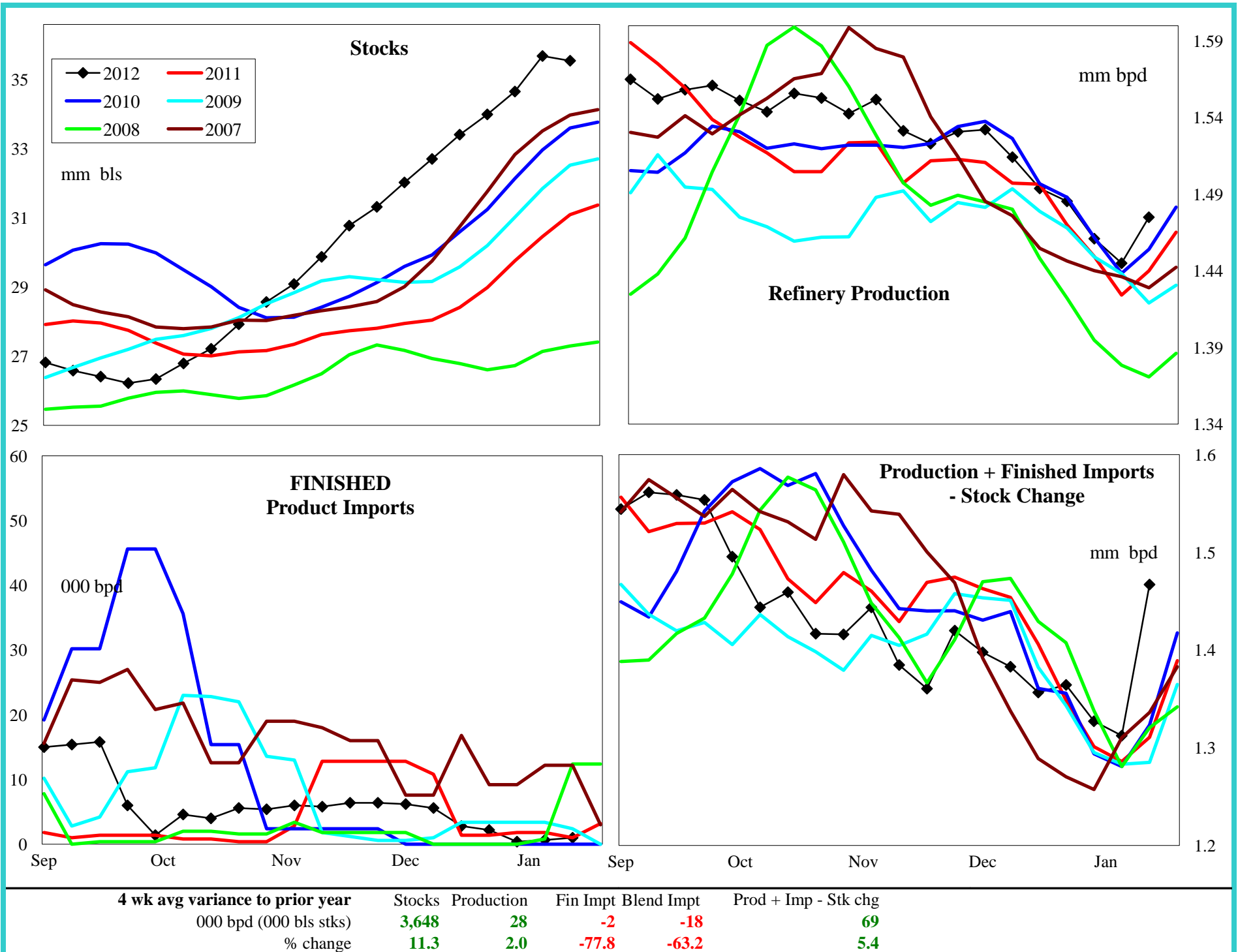
PADD 5 Crude Oil Supply and Refining



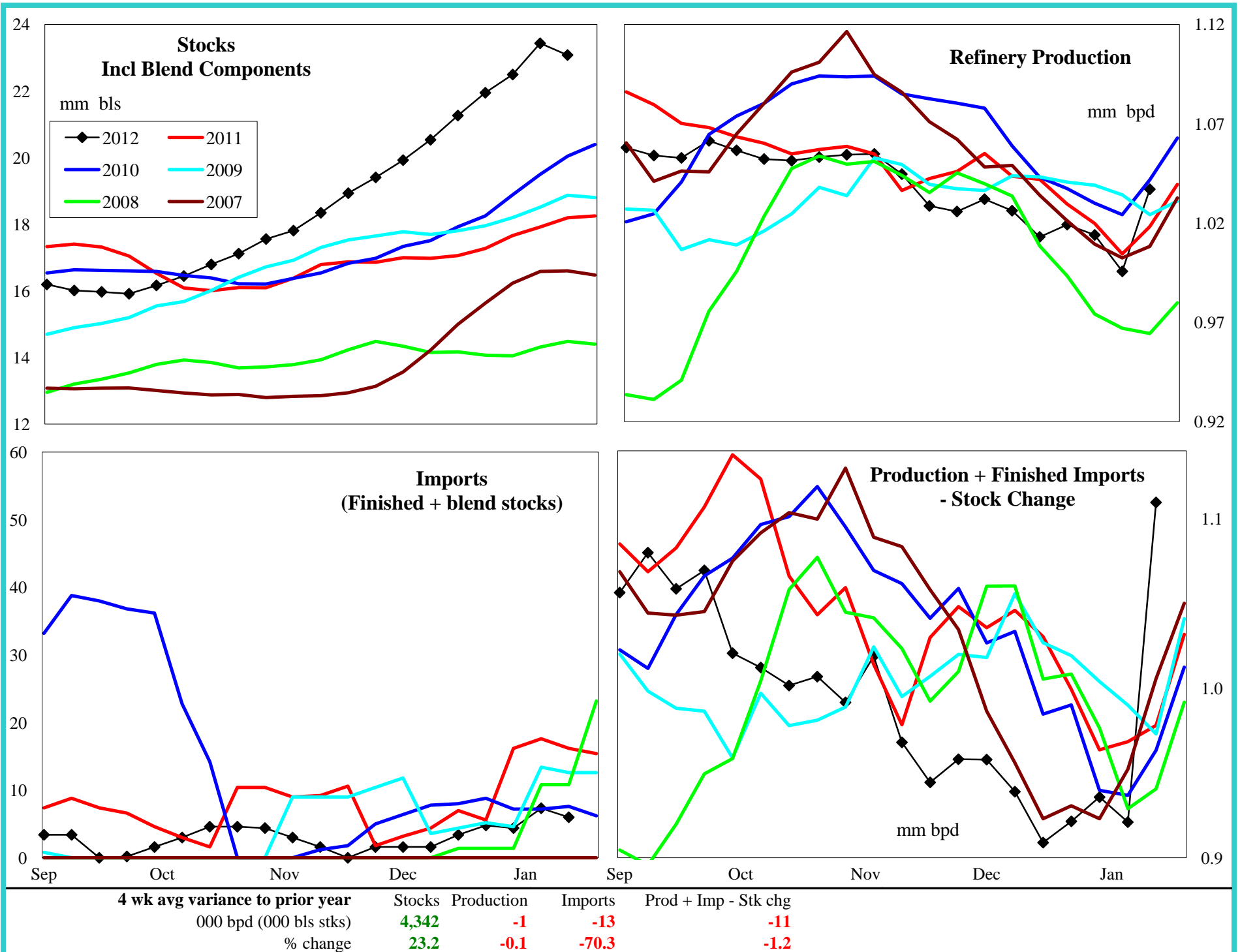
4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

	Stocks	Input	Imports
000 bpd (000 bls stks)	-1,260	-202	-258
% change	-2.3	-8.3	-21.4

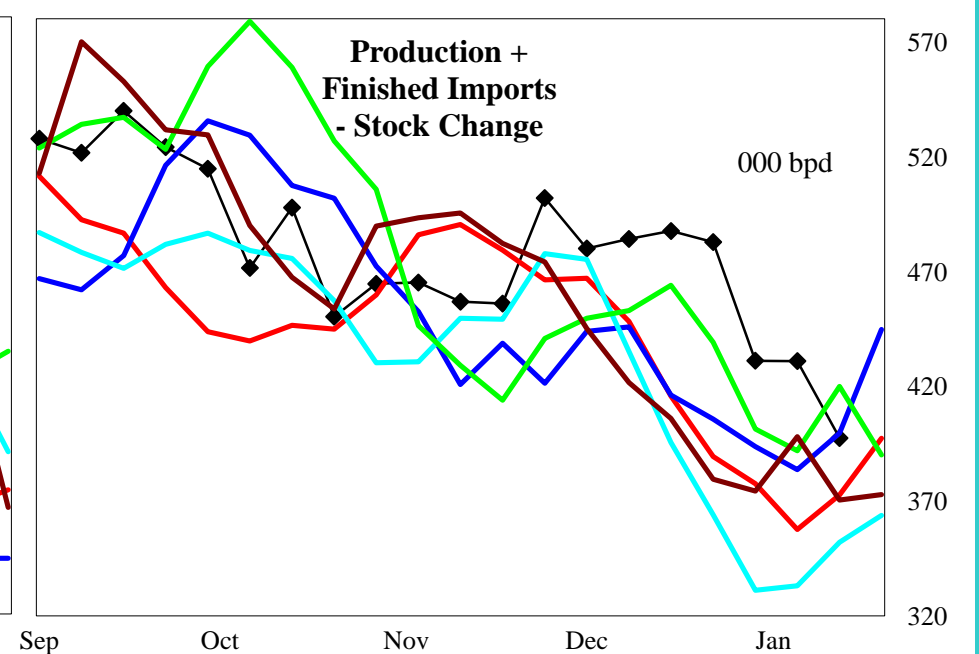
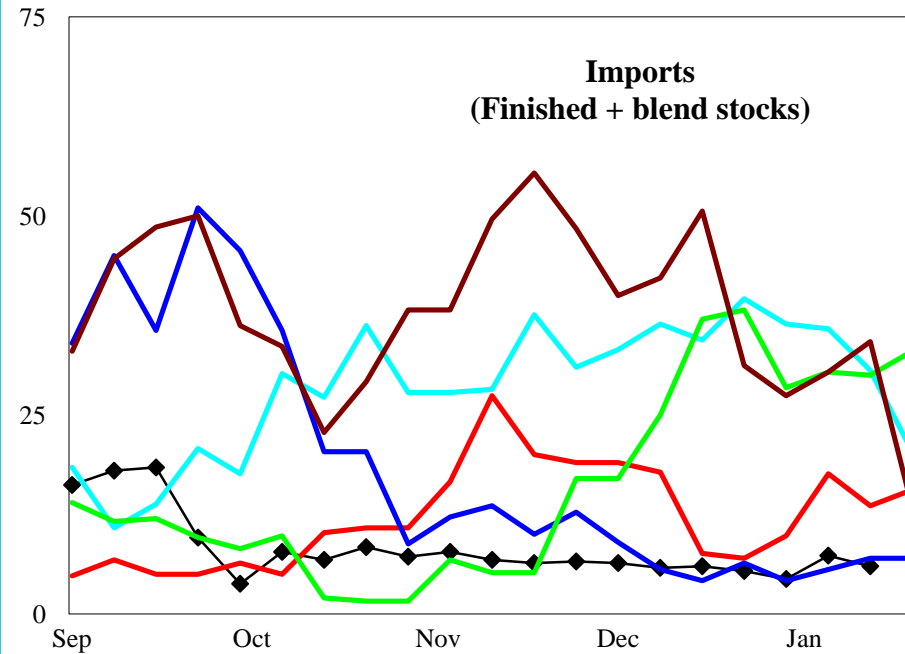
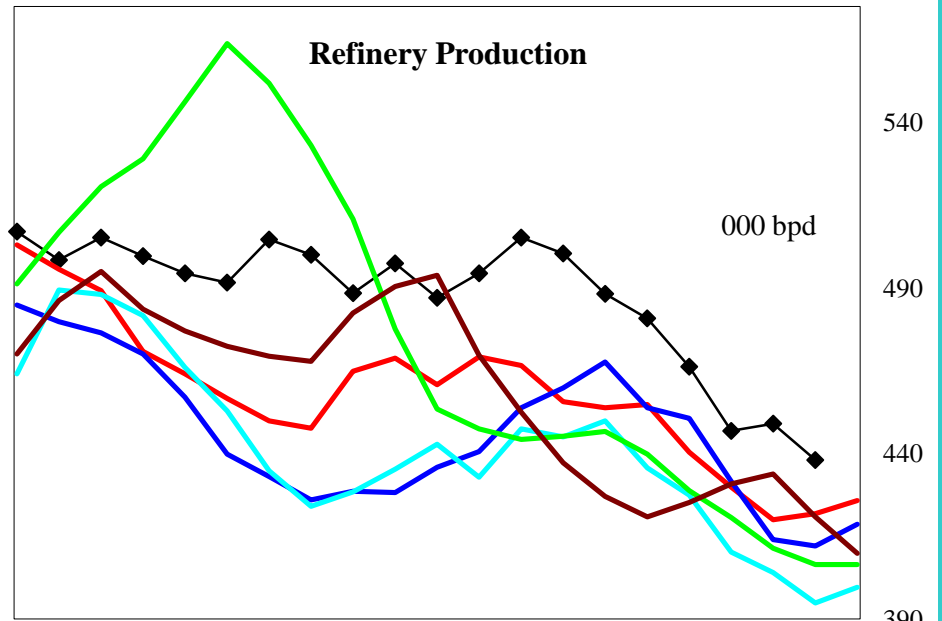
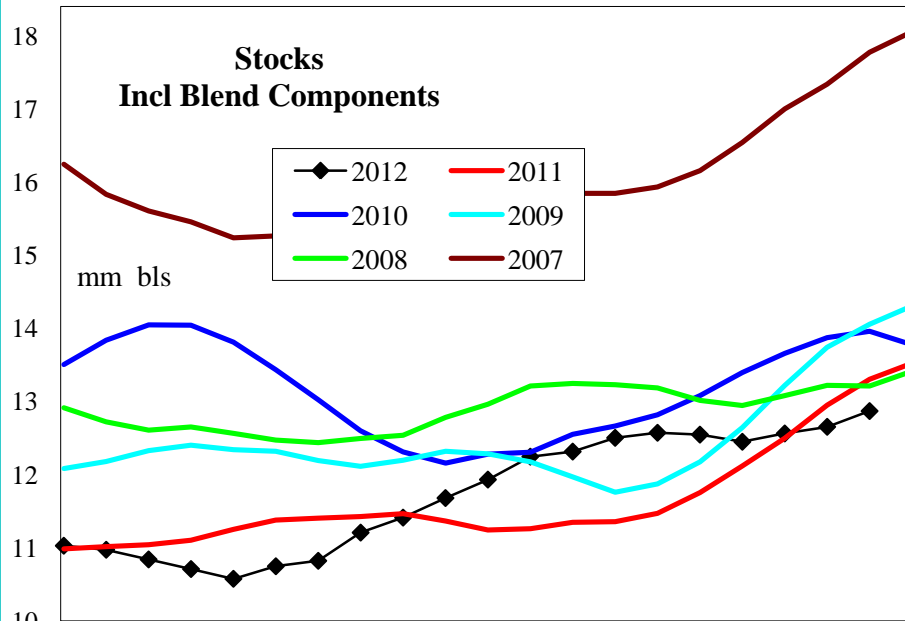
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-694

-5.1

Production

29

6.8

Imports

-7

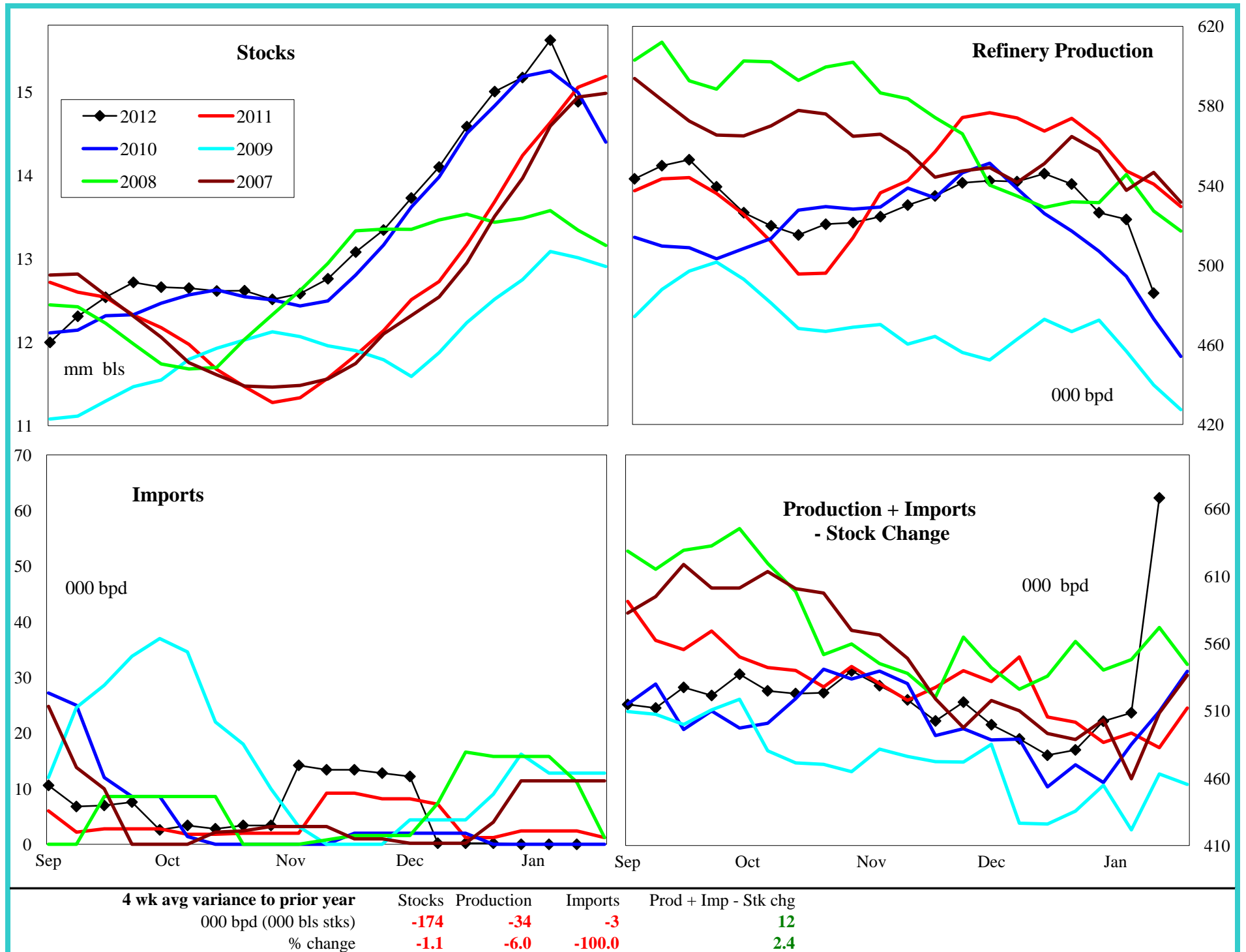
-55.1

Prod + Imp - Stk chg

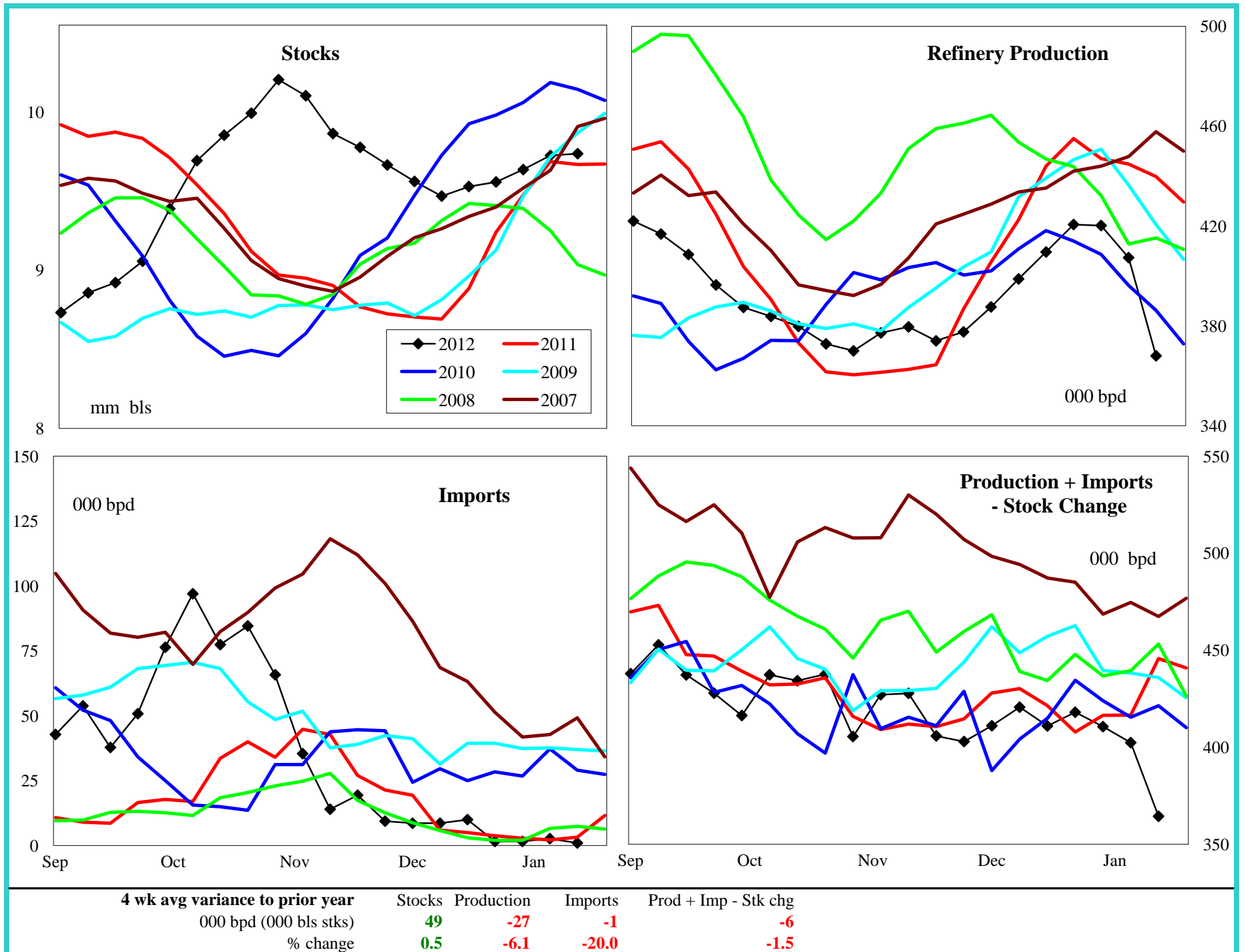
79

22.2

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

