



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

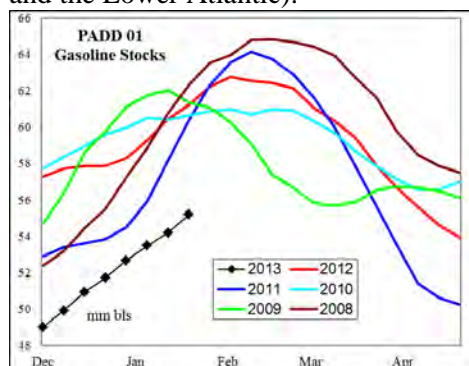
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, January 30, 2013

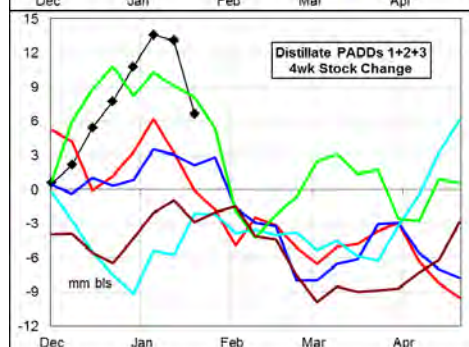
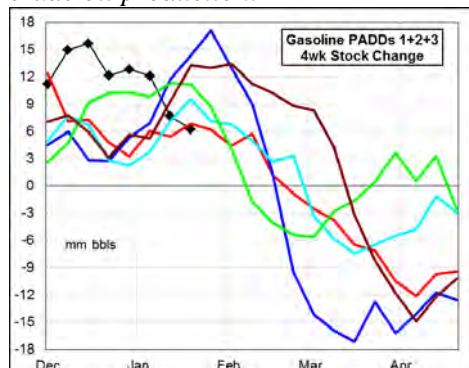


#### Major Fundamental Trends<sup>1</sup>

Gasoline stock levels remain well below the historic range in PADD 1, with very low stocks in each regional market (New England, Central Atlantic and the Lower Atlantic).



A recent shift in light product transport ships from movements between the Gulf and East Coast into crude oil service has led to a significant tightening of refined fuel supplies in the southeast; an *unintended consequence of the boom in domestic crude oil production*.



Higher seasonal demand and start of winter refinery maintenance led to stock draws for gasoline and distillate

last week. The latest 4-wk stock change in markets East of the Rockies, has dropped sharply from recent record rate of builds with gasoline matching 5-year lows for this time of year and distillate falling -8 million barrels.

The sharp decline in the rate of gasoline stock builds East of the Rockies, combined with very low stocks along the East coast underlies the recent winter surge in gasoline prices.

Crude oil stocks are +30 million barrels above a year ago and a record high for this time of year. With the primary refinery maintenance season ahead, record domestic production and seasonal stock building; expect exceptionally high stock levels by the middle of the 2<sup>nd</sup> quarter.

**Demand** for all transport fuels increased last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +3.2%; distillate was -6.3% lower; jet fuel was +0.9% higher and residual fuel fell -34%.

**Stocks forward coverage:** Gasoline demand coverage decreased on a -1 million barrel stock draw and higher wholesale demand. Coverage levels matched last years' record high.

Distillate coverage fell on a -2.3 million barrel stock draw and higher demand. Coverage levels were below the last 3-years.

Jet fuel coverage trended lower on higher demand and no change in stock levels for the week. Coverage levels ended the week at a level well below the last 3-years.

Residual fuel oil coverage increased on a sharp drop in demand that offset a -0.6 million barrel stock draw. Coverage levels reached a new all-time record high.

**Refinery utilization** rates increased on a +275,000 bpd rise in crude oil throughput. During the latest 4-wk period crude oil input was +250,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased slightly on a +156,000 bpd

rise in output compared to the +250,000 bpd higher crude oil runs.

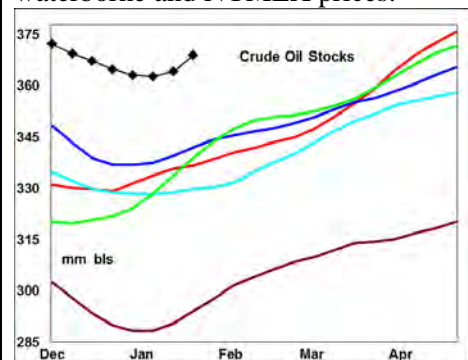
Yield % on crude oil runs was near historic highs for the week.

Distillate yield % on crude oil runs fell on a -48,000 bpd decrease in output compared to the increase in crude oil throughput. The yield % on crude oil runs matched the 5-year mid range.

Jet fuel yield % on crude oil runs decreased on a +8,000 bpd rise in output, compared to the larger increase in crude oil runs. The yield % fell below the historic mid range.

**Petroleum Imports** of crude oil, gasoline and jet fuel each saw increases last week. During the latest 4-wk period crude oil imports were -0.9 million bpd below last year; distillate imports increased +23,000 bpd; finished gasoline imports decreased -49,000 bpd, gasoline blend stock imports decreased -173,000 bpd; jet fuel imports increased +36,000 bpd, while residual fuel oil imports were -72,000 bpd lower.

**Crude Oil** stocks jumped +5.9 million barrels last week, reaching a +30 million year-on-year build over last year. Refinery maintenance and increased domestic supplies led to builds in all regional markets. Stock levels in Cushing ended the week +72% above a year ago, even as increased shipments to the Gulf lifted WTI Midland cash market compared to waterborne and NYMEX prices.



<sup>1</sup> Source is latest EIA Weekly Statistics



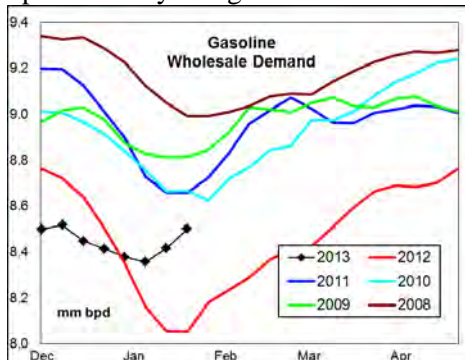
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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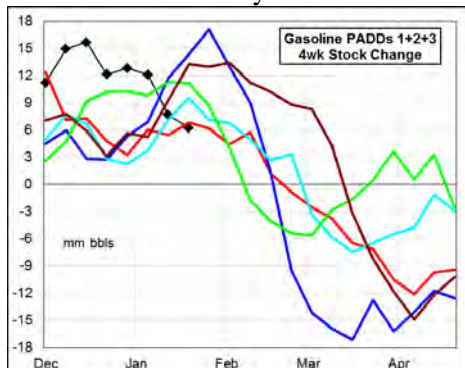
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#### Product Supply-Demand Trends

**Gasoline** demand increased +70,000 bpd on the week, with the level sharply above last years' record lows. The latest 4-wk average demand was +256,000 bpd above a year ago. This represents the largest year-on-year increase during the last year. Supply increased +349,000 bpd last week on higher production and imports. Supply for the latest 4-wk period was +44,000 bpd above a year ago.



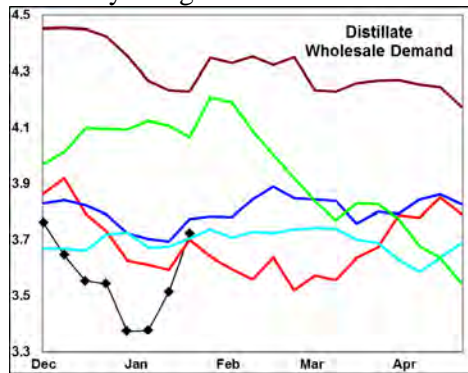
Stocks decreased -1 million barrels last week, although the level remains near record highs. The latest 4-wk build of +6.2 million barrels matched record lows for this time of year.



Look for stock draws as seasonal demand trends higher, with year-on-year increases, refinery winter maintenance and low imports due to a tight European market. The East Coast will continue to be at risk of a physical supply squeeze on low local production and low imports; increasing dependency on receipts from the Gulf.

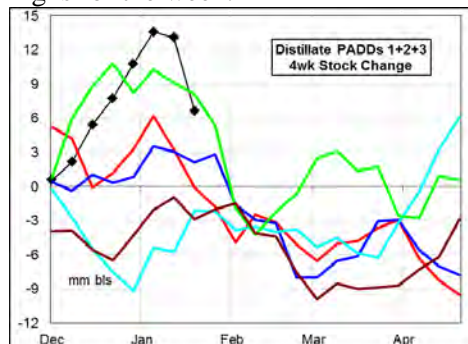
**Distillate** demand jumped +349,000 bpd last week, a level which matched the last 3-years. The latest 4-wk average demand was -228,000 bpd

below a year ago.



Supply increased +102,000 bpd last week, with the latest 4-wk average nearly unchanged year-on-year. Stocks fell -2.3 million barrels last week, on the demand rebound. Draws occurred in all regions except the west coast.

The latest 4-wk stock change in markets East of the Rockies was a +6.7 million barrel build, a level near record highs for the week.



The rebound in wholesale demand and seasonal refinery maintenance should lead to further stock draws over the next quarter. Supplies remain tight in the Midwest and East coast regions.

**Jet Fuel** demand was nearly unchanged last week, at a level comparable to the last 3-year, with the latest 4-wk average demand +12,000 bpd above a year ago.

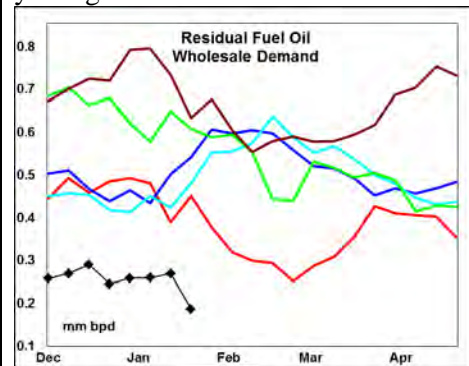
Supplies climbed +102,000 bpd on the week, due to a sharp rise in imports. Production levels were below the 3-year mid range, with the 4-wk average +15,000 bpd above a year ago. Stocks were unchanged on the week, at a level well below each of the last 3-years.

Expect above average imports as a result in the earlier spike in jet prices

on the East Coast. Stock levels will remain below average until refiners return from maintenance in key regional markets.



**Residual fuel oil** demand fell -269,000 bpd last week. Demand for the latest 4-wk period was -164,000 bpd below a year ago.



Supply (production + imports) fell -172,000 bpd last week, on lower imports. The latest 4-wk average supply was -138,000 bpd below last year on lower imports and production. Stocks declined -0.6 million barrels on the week, to a level near historic lows.

Production, imports and wholesale demand each remain at record lows as refiners have added coking units to processes residual fuel into lighter fuels. End users continue the substitution of low cost gas for residual fuel.





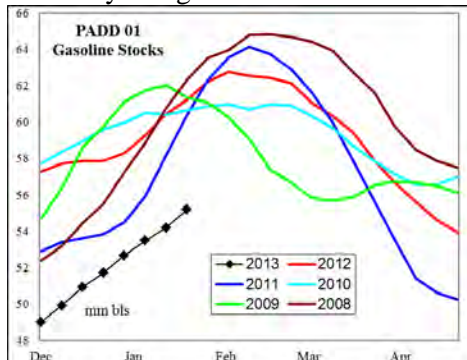
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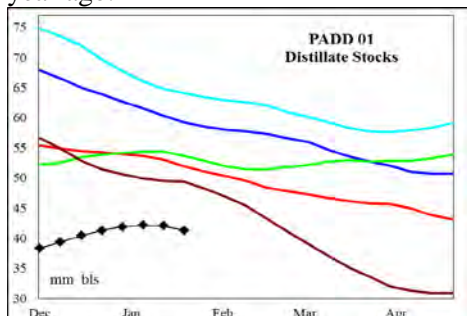
#### PADD Supply Trends

**PADD 1** refinery crude oil runs decreased -36,000 bpd last week. The latest 4-wk average was +178,000 bpd above a year ago.

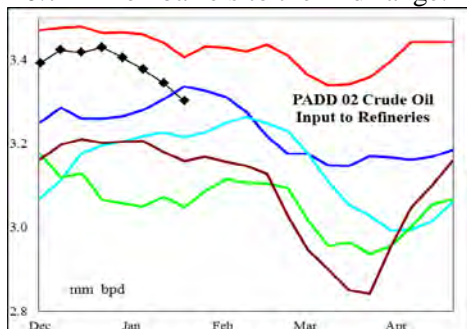


Gasoline supply increased +105,000 bpd on the week. Stocks increased +1.2 million barrels on the week, ending at a level -12% below last year, and a record low for this time of year.

Distillate supply increased +57,000 bpd on the week due to higher imports. Stocks fell -1 million barrels on the week, with the level -21% below a year ago.



Jet fuel supply increased +42,000 bpd on a jump in imports. Stocks increased +0.7 million barrels to the mid-range.



**PADD 2** crude oil refinery runs decreased -18,000 bpd last week, to a level below the last 2-years. Runs for the latest 4-wk period were -94,000

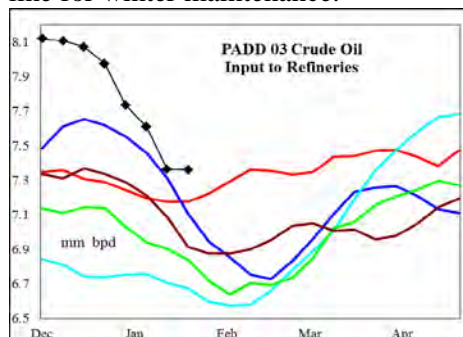
bpd below last year. Crude oil stocks increased +0.9 million barrels on the week. Stocks ended the week +72% above a year ago at Cushing, Oklahoma.

Gasoline production increased +20,000 bpd on the week, a level that matched the average of the last 3-years. Stocks decreased -0.3 million barrels on the week, a level at the historic mid range.

Distillate supply decreased -47,000 bpd on the week, to a level near the 5-year average. Stocks decreased -1.1 million barrels last week, a level that matched 5-year lows.

Jet fuel production was near last years' record high. Stock levels remain at record lows for this time of year.

**PADD 3** refinery runs increased +0.3 million bpd last week, with the latest 4-wk average +0.3 million bpd above a year ago. Crude oil stocks increased +1.9 million barrels due to capacity off line for winter maintenance.



Gasoline supply increased +253,000 bpd last week, reaching a level above the last 2-years. Stocks decreased -0.7 million barrels, a level still above the 5-year record high.

Distillate supply fell -120,000 bpd on the week, with the latest 4-wk average -41,000 bpd below a year ago. Stocks were nearly unchanged last week, with the level near the 5-year mid-range.

Jet fuel supply increased +88,000 bpd last week on record high imports and output above the 5-year range. Stocks were nearly unchanged for the week, with the level above the mid range.

Residual fuel oil supplies decreased -56,000 bpd on the week. Stocks declined -1 million barrels ending the week at a level comparable to the last 3-years.

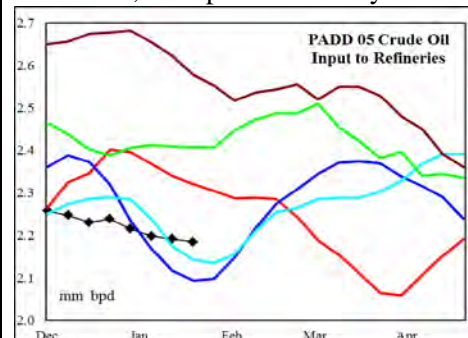
**PADD 4** refinery crude runs decreased -14,000 bpd last week, a level below last years' record highs.

Gasoline production was nearly unchanged on the week, with the level matching historic highs. Stock levels ended the week well below the last 2-years.

Distillate production matched last years' record highs. Stocks trended lower, with the level well below record highs seen a year ago.

Jet fuel production and stock levels were each at the low end of the historic range for the period.


**PADD 5** crude oil refinery runs increased +60,000 bpd on the week, to a level above the latest 3-year average. Runs for the most recent 4-wk period were -165,000 bpd below last year.



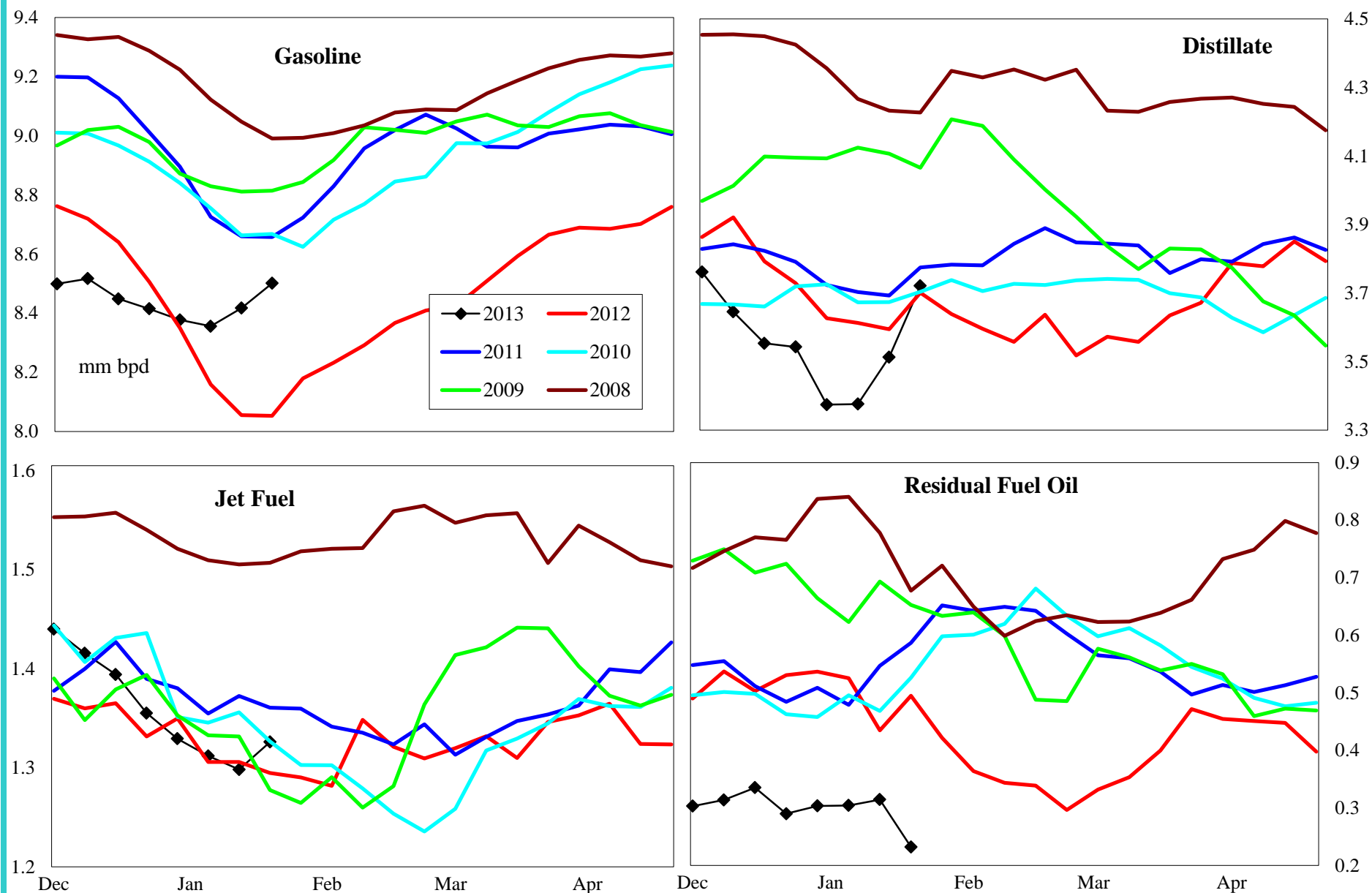
Gasoline supply increased +37,000 bpd on the week, to a record high for this time of year. The latest 4-wk average supply was +39,000 bpd above last year. Stocks fell -1 million barrels, on a spike in wholesale demand.

Distillate supply increased +51,000 bpd, a level that matched historic highs for the week. Stocks were nearly unchanged on the week, at a level comparable to the average of the last 2-years.

Jet fuel supplies decreased -27,000 bpd on the week, with stocks down -0.8 million barrels. Production and stock levels each fell to record lows for this time of year.

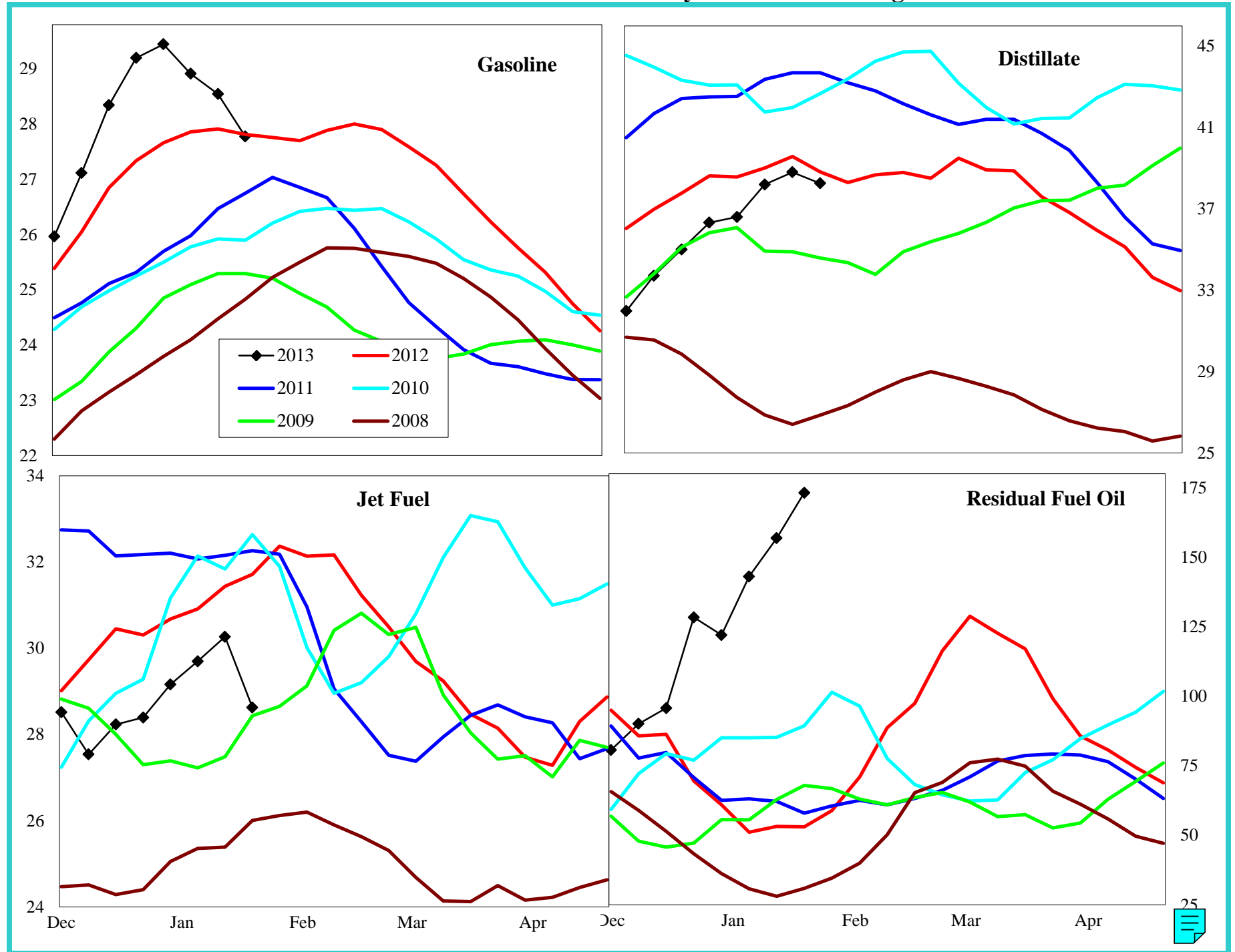
 <b>FUNDAMENTAL PETROLEUM TRENDS</b>		<b>CHARTS: Graph Link and Weekly Summary</b> A Fundamental Petroleum Trends Weekly Report    January 30, 2013 Lehi German Tel: 816.505.0980 <a href="http://www.fundamentalpetroleumtrends.com">www.fundamentalpetroleumtrends.com</a>					
<b>Fundamental Trends</b>	<b><u>Wholesale Demand</u></b>	<b><u>Stocks Days Fwd Coverage</u></b>	<b><u>Refinery Utilization</u>  Product Yield %</b>			<b><u>Imports</u></b>	
<b>Supply/Demand Trends</b>	<b>25-Jan-13</b>	<b>EIA-DOE CHANGE FROM PRIOR WEEK</b>					
	000 bpd stocks 000 bls	<b>U. S. Total</b>	<b>PADD</b>				
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b><u>Crude Oil</u></b>	Stocks	5,947	1,389	853	1,913	125	1,666
	Imports	338	255	197	-105	-46	37
	Input	275	-36	-18	283	-14	60
	% Utilization	1.40					
<b><u>Gasoline</u></b>	Stocks	-956	1,243	-278	-716	-192	-1,012
	Production	156	-91	20	243	-2	49
	Imports	193	196	-1	10	0	-12
	Supplied	70					
<b><u>Distillate</u></b>	Stocks	-2,315	-1,029	-1,067	-125	-129	37
	Production	-48	2	-46	-60	6	51
	Imports	-7	55	-1	-60	-1	0
	Supplied	349					
<b><u>Jet Fuel</u></b>	Stocks	16	680	50	83	-18	-779
	Production	8	4	3	30	-4	-26
	Imports	94	38	0	58	0	-1
	Supplied	9					
<b><u>Residual Fuel Oil</u></b>	Stocks	-616	370	114	-983	-4	-113
	Production	56	-1	6	41	-1	9
	Imports	-228	-130	-1	-97	1	0
	Supplied	-269					
<b><u>Propane</u></b>	Stocks	-3,450	-462	-1,709	-996	-284	
	Propylene stk	-81					
	Production	26	-1	-9	32	4	
	Imports	-27	-12	-7	0	-8	
	Supplied	53					

# United States Wholesale Petroleum Demand

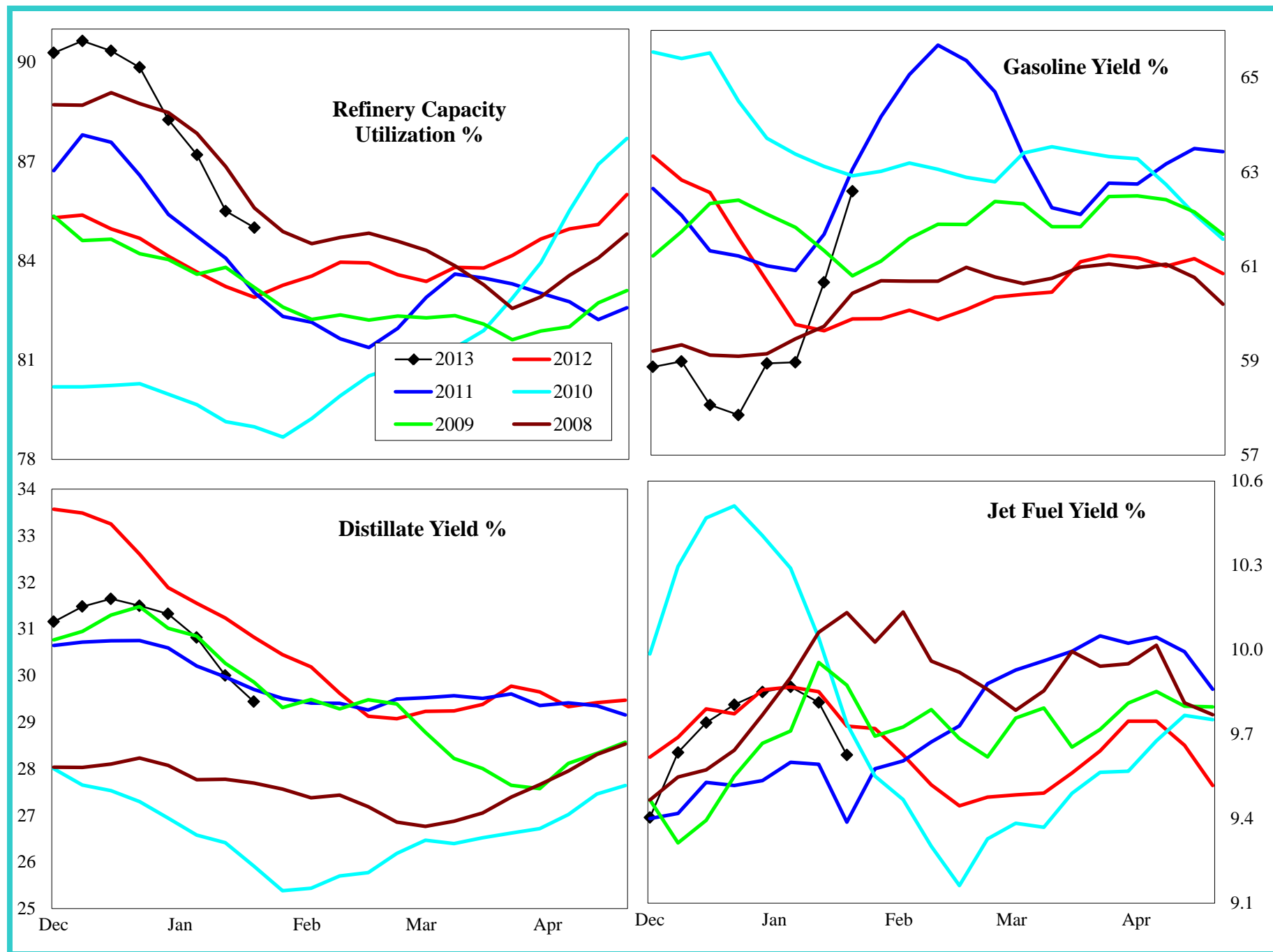


	000 bpd change from prior year				% change from prior year				
	4wk avg	Dec	Nov	Oct	4wk avg	Dec	Nov	Oct	
Gasoline	256	-244	110	51	3.2	-2.8	1.3	0.6	
Distillate	-228	-286	-187	-165	-6.3	-7.4	-4.6	-4.1	
Jet Fuel	12	67	8	-43	0.9	4.9	0.6	-3.1	
Resid	-164	-209	-30	-123	-33.9	-40.3	-7.6	-30.6	

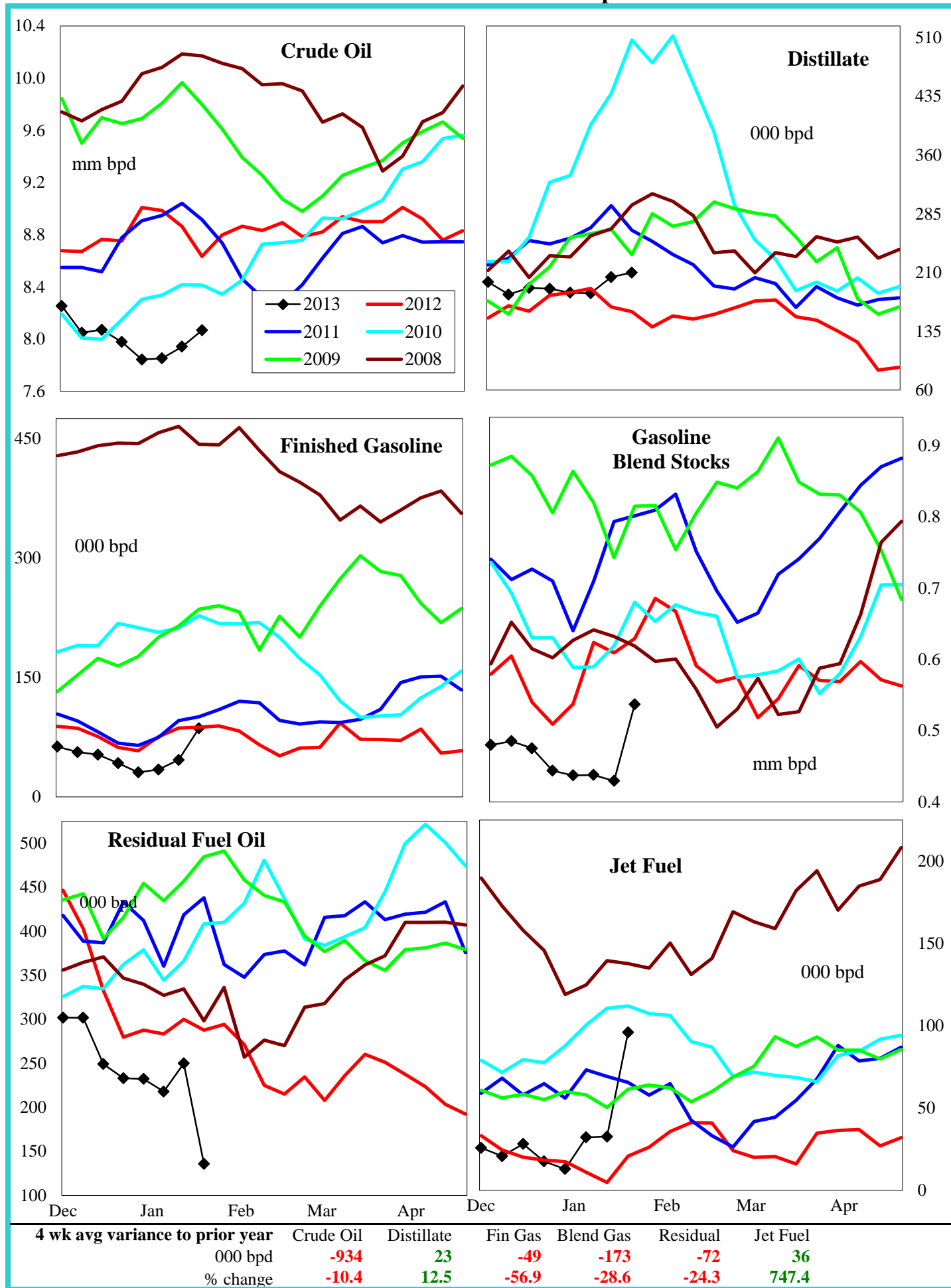
# United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

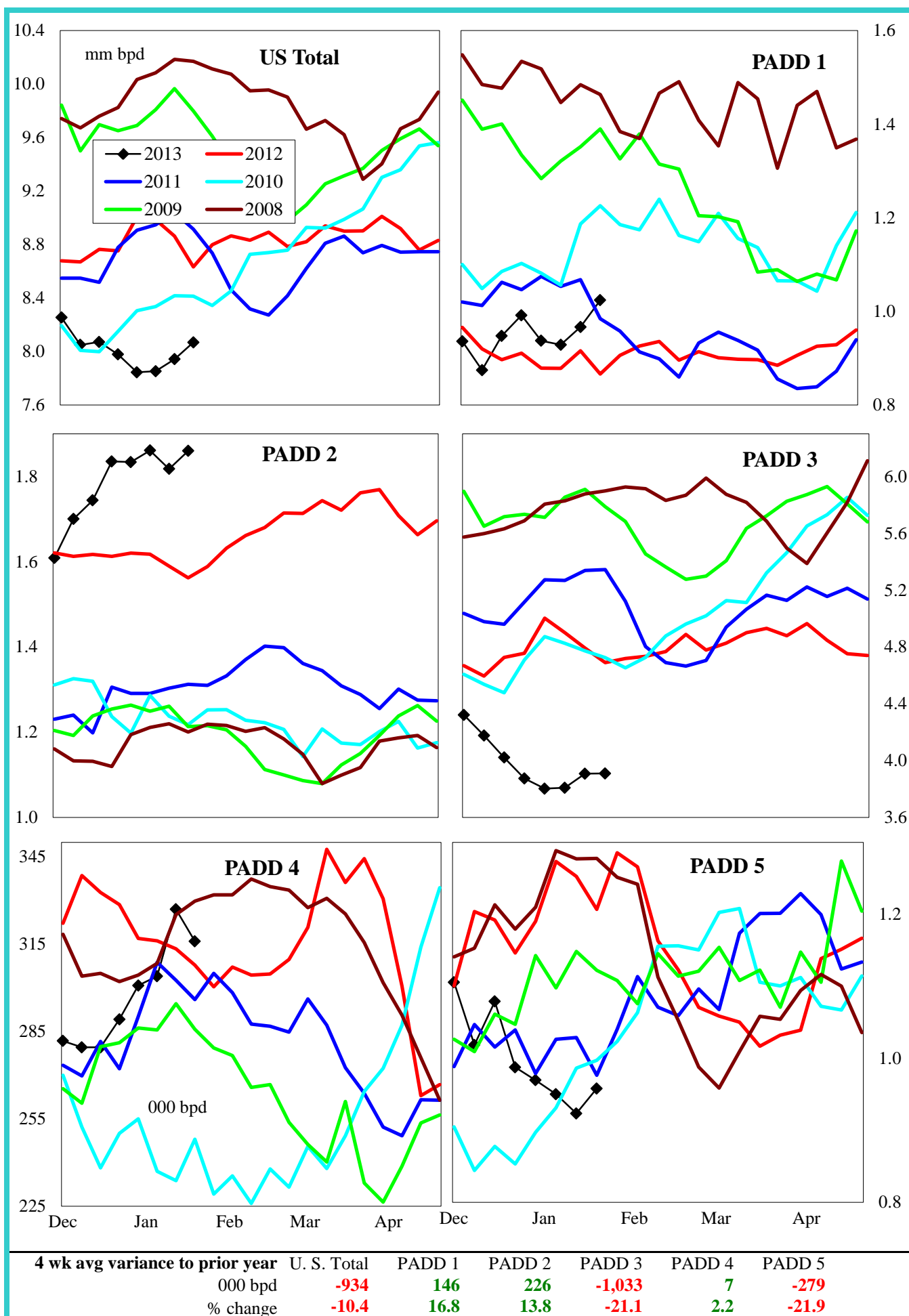


# United States Petroleum Imports

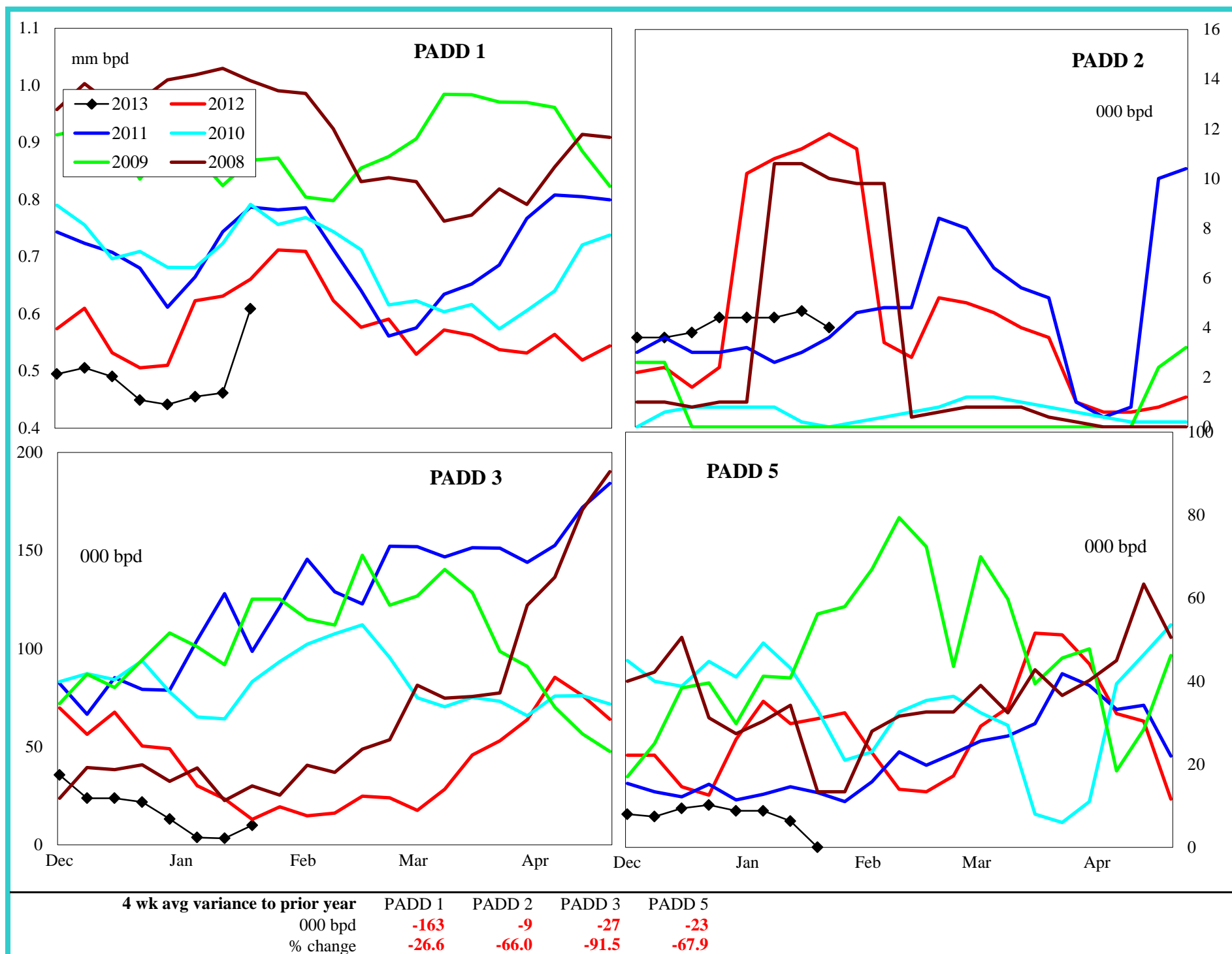




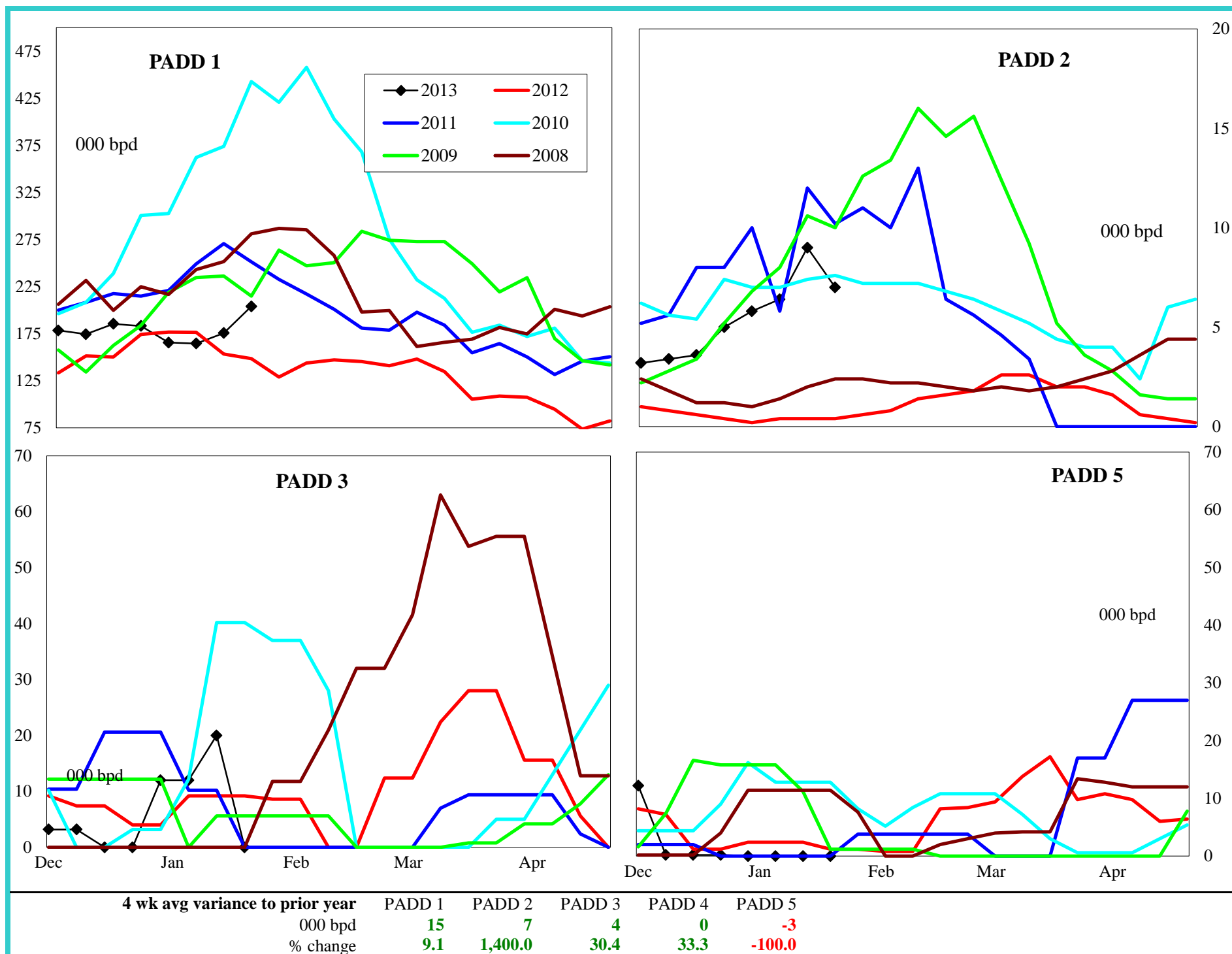
## Crude Oil Imports by PADD



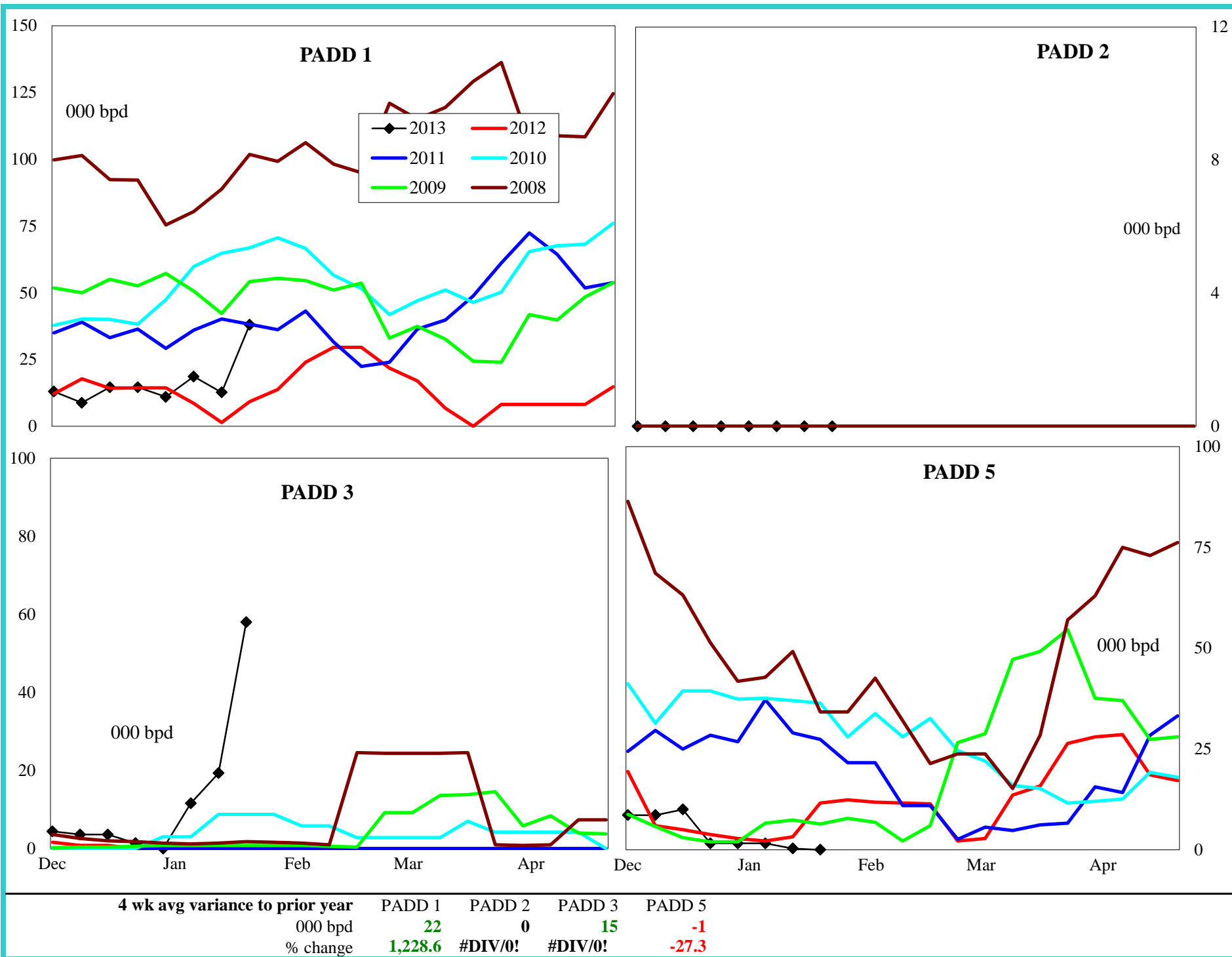
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

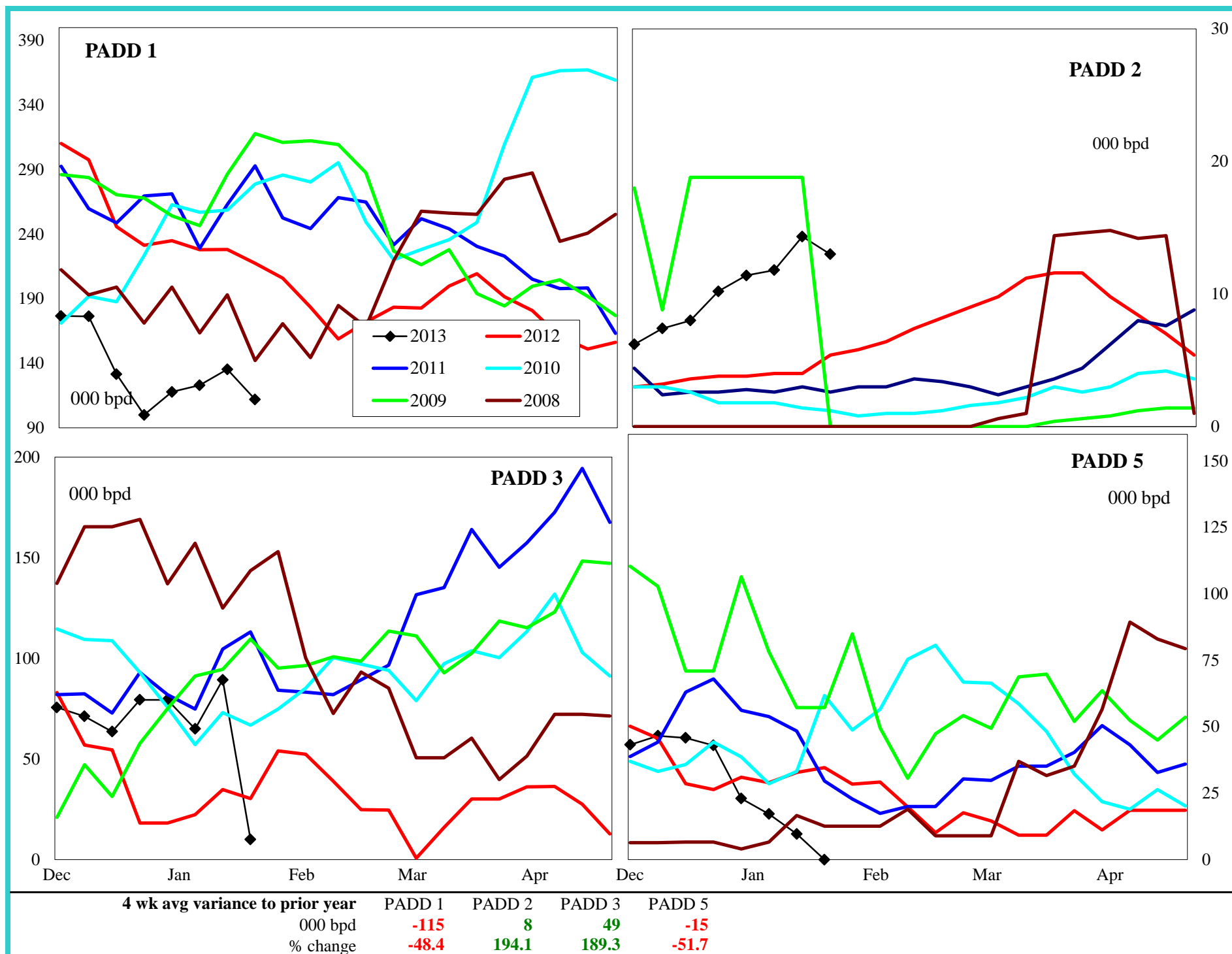


# Jet Fuel Imports by PADD

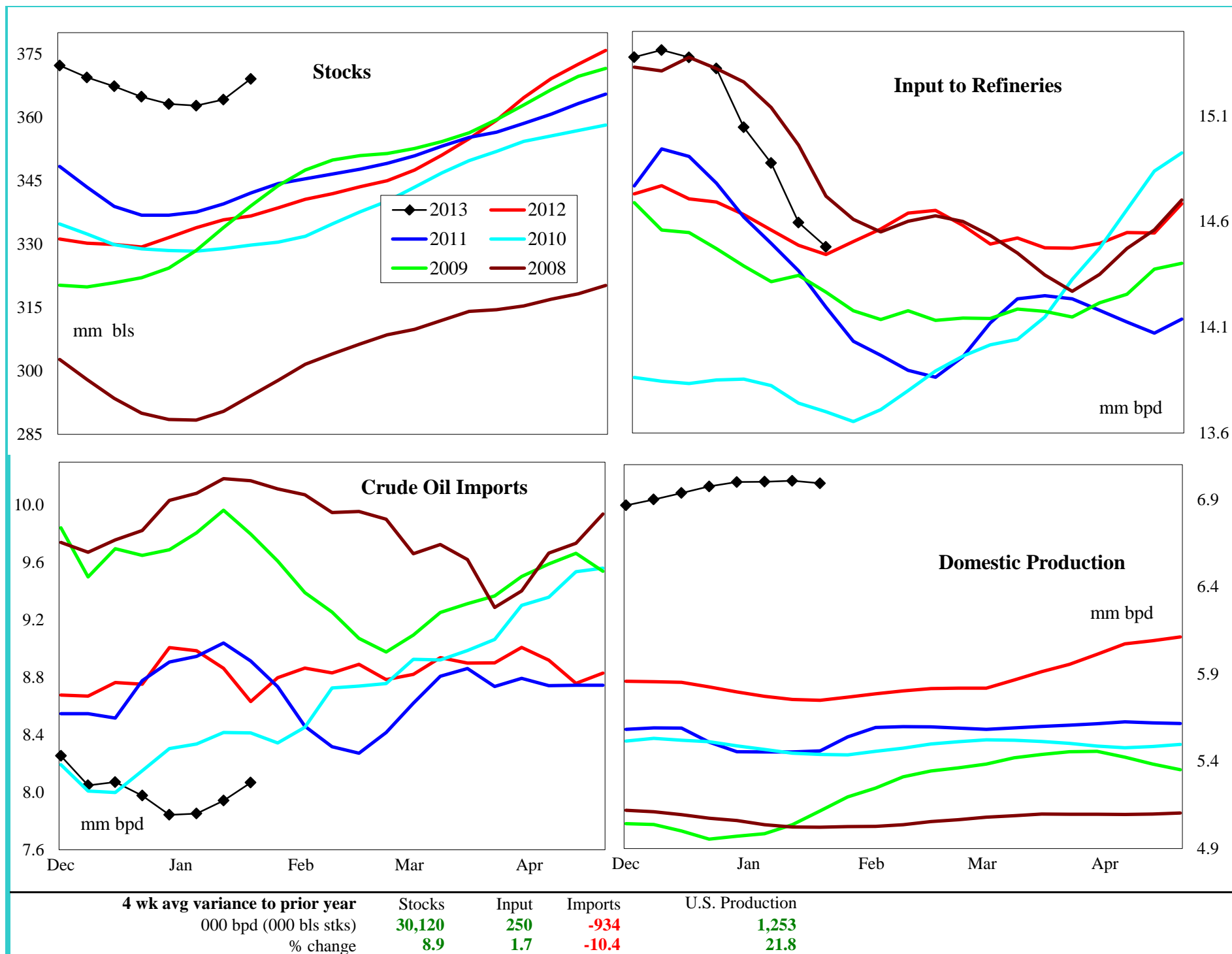




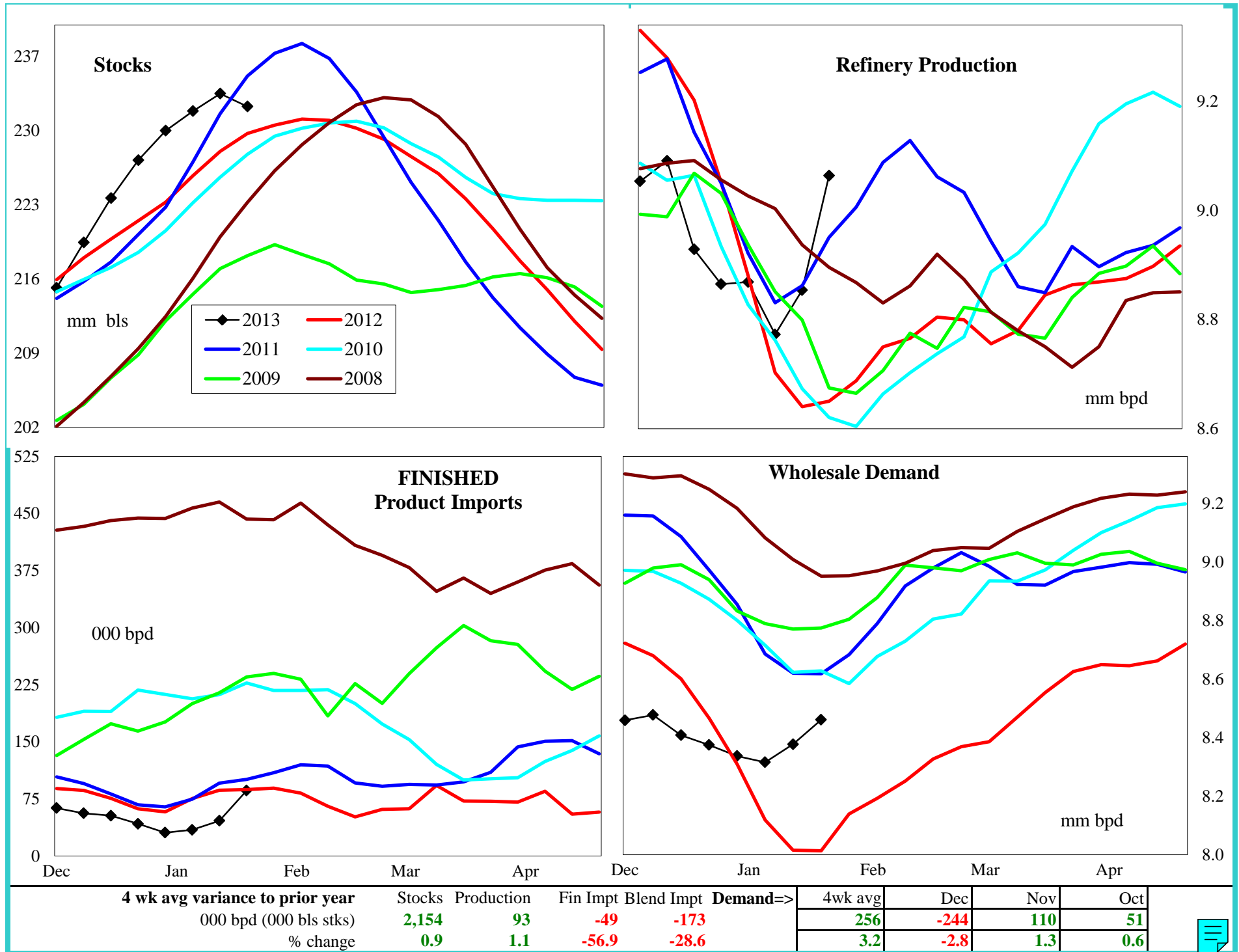
## Residual Fuel Oil Imports by PADD



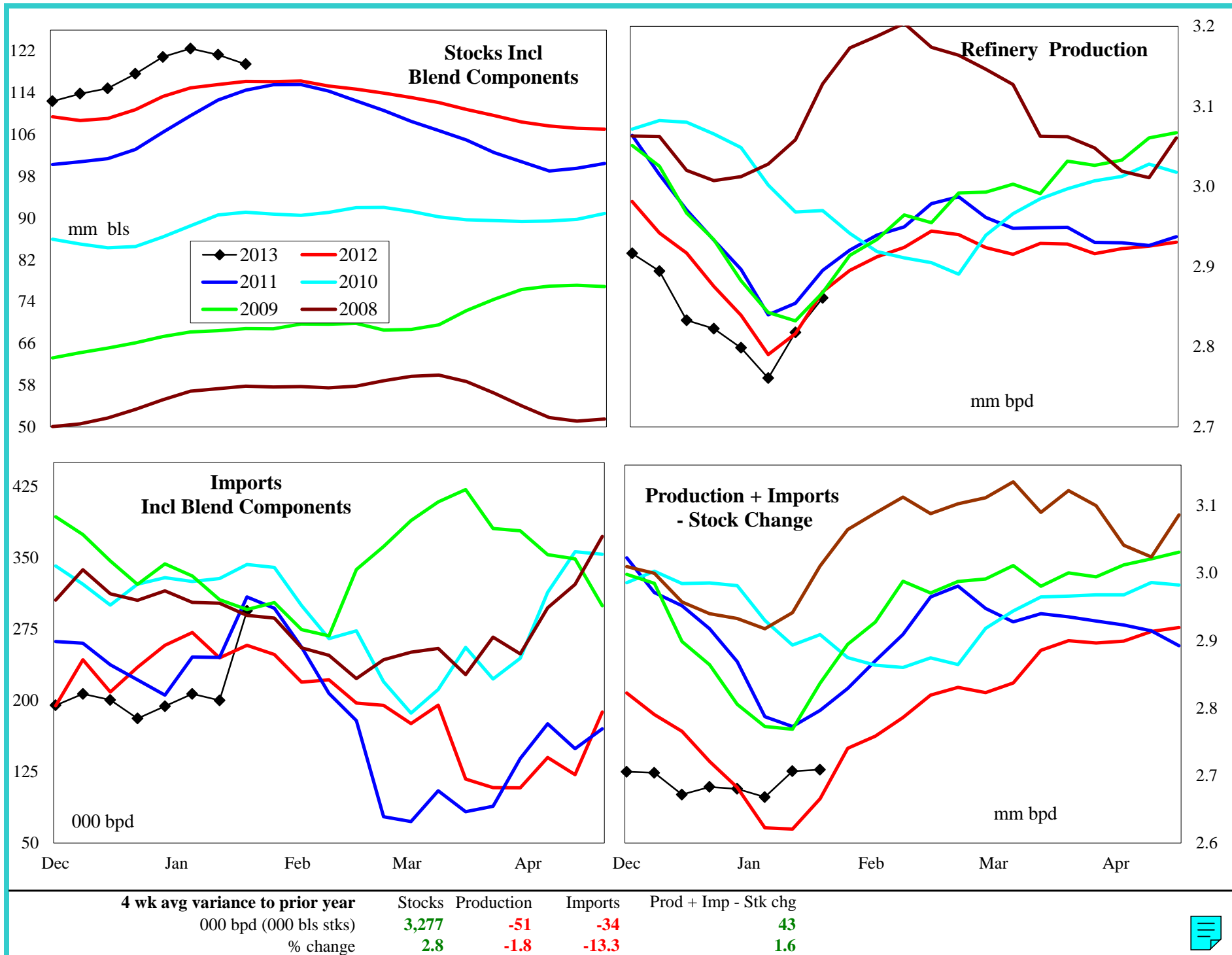
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

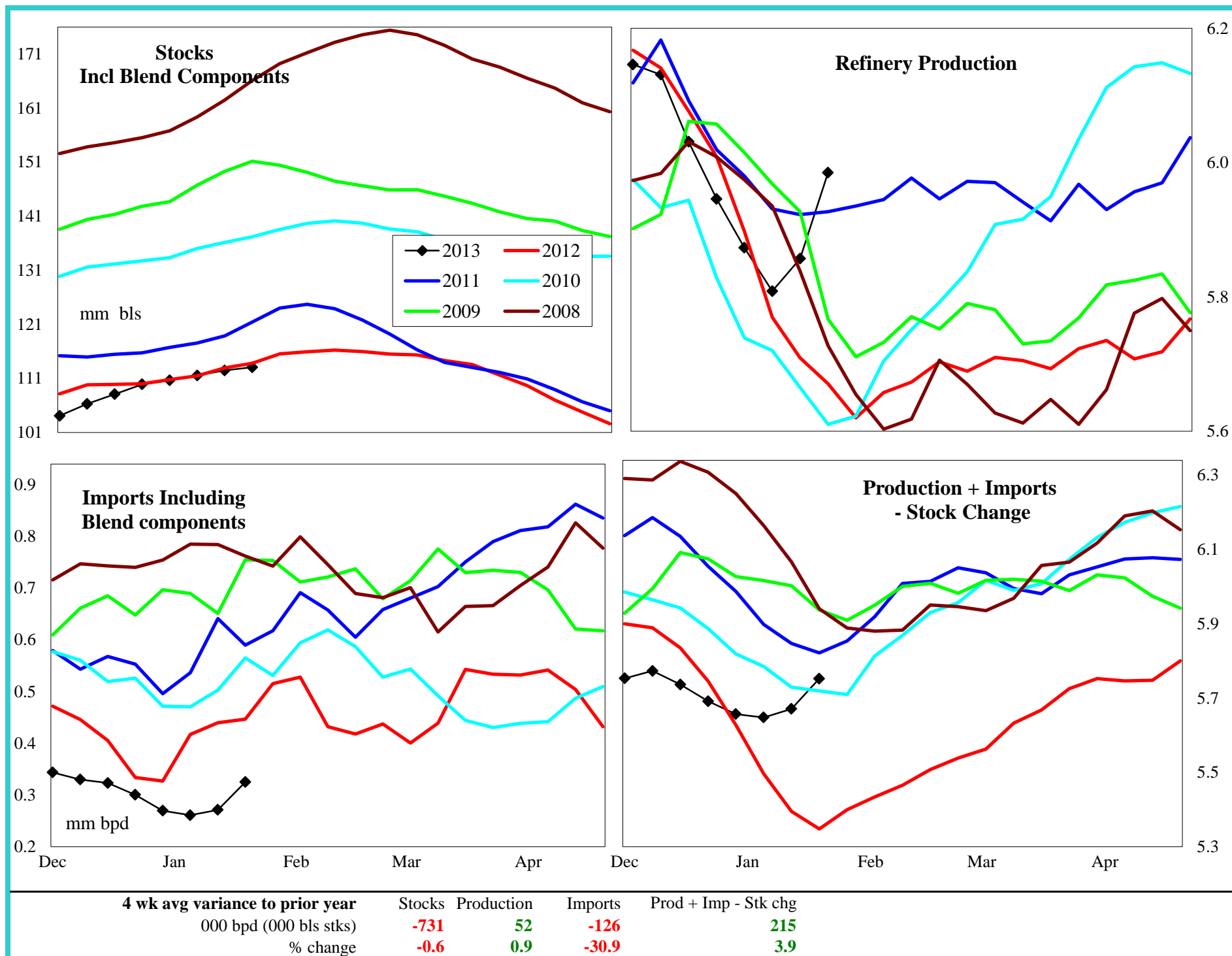


# United States Reformulated Gasoline Supply

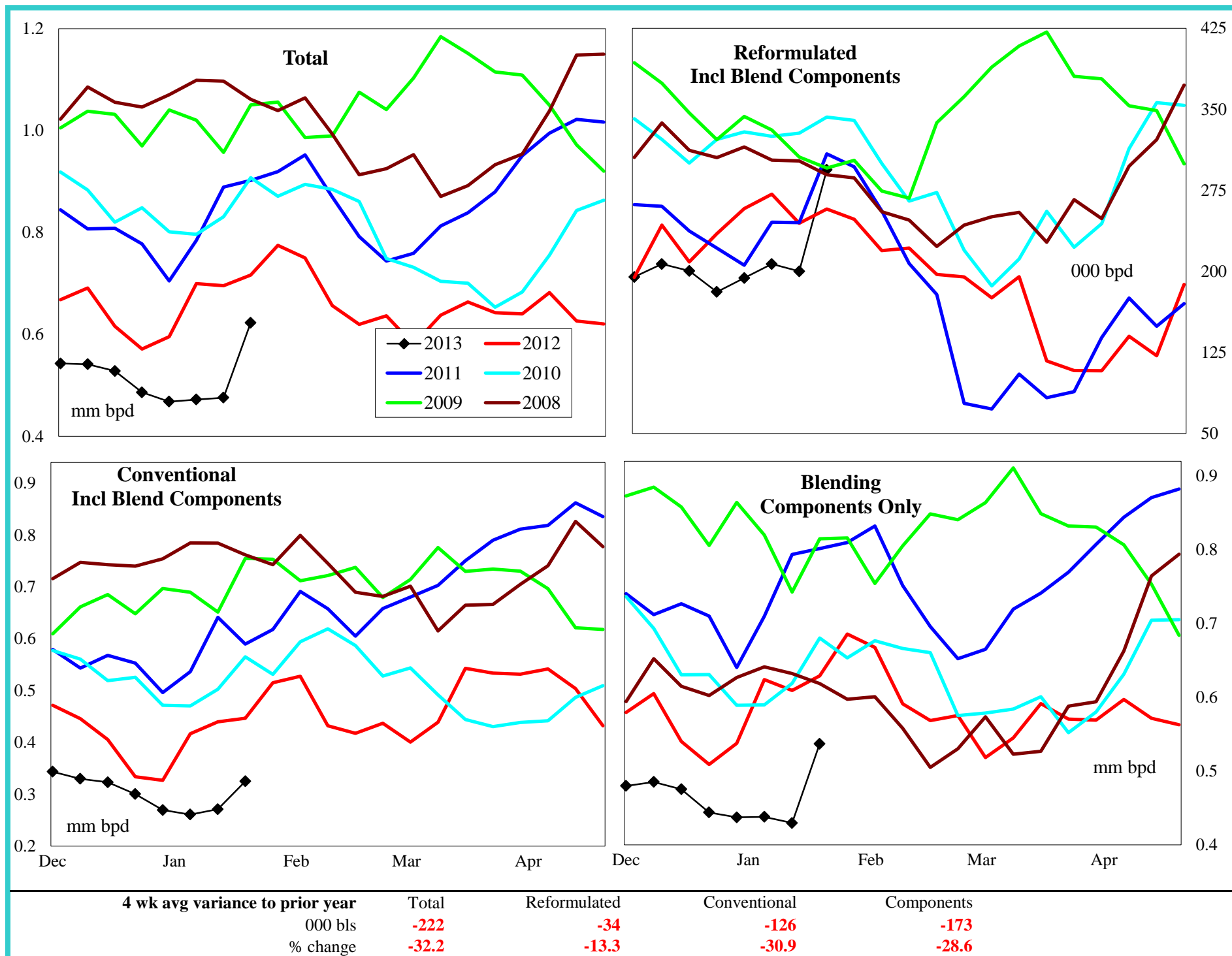




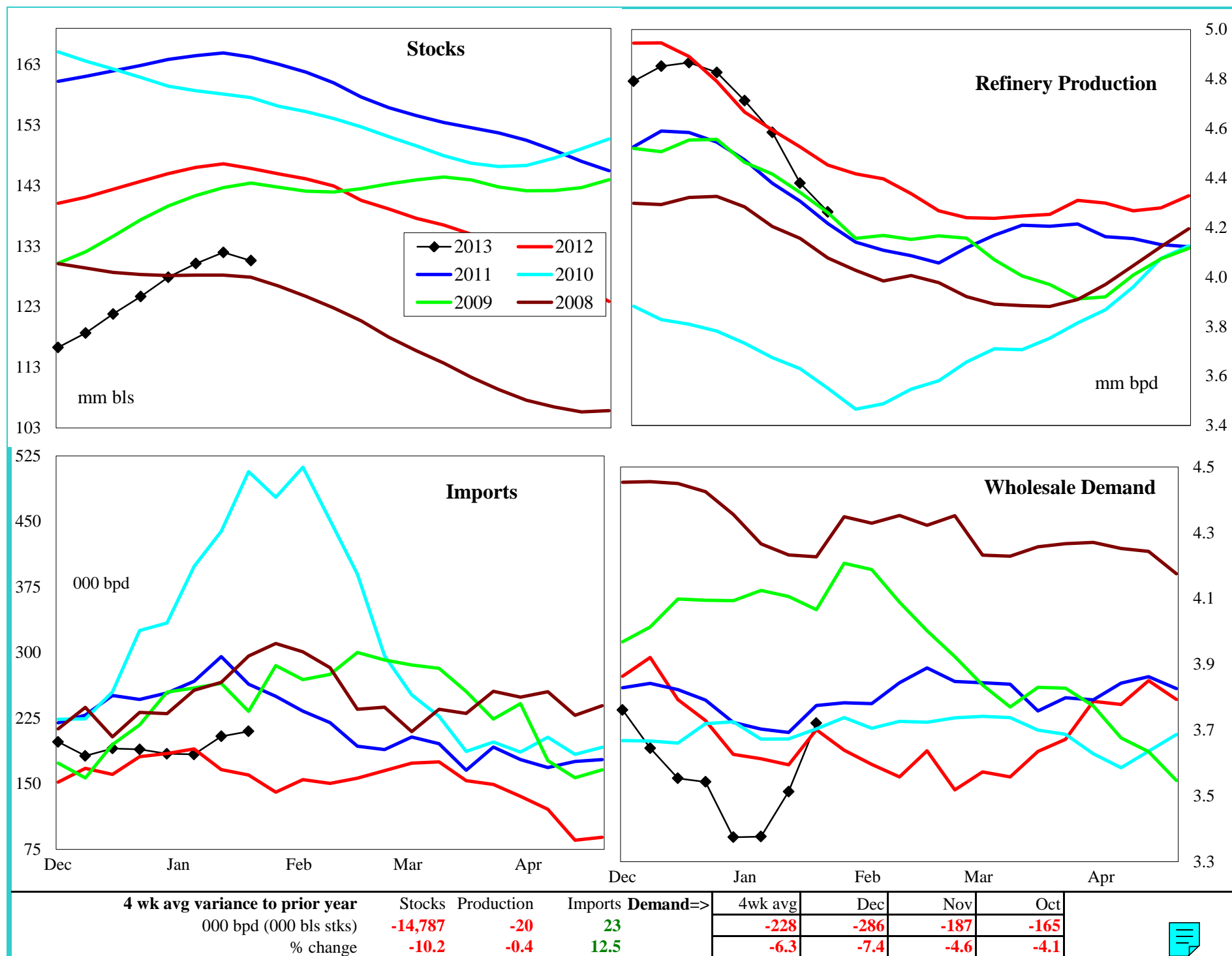
# United States Conventional Gasoline Supply



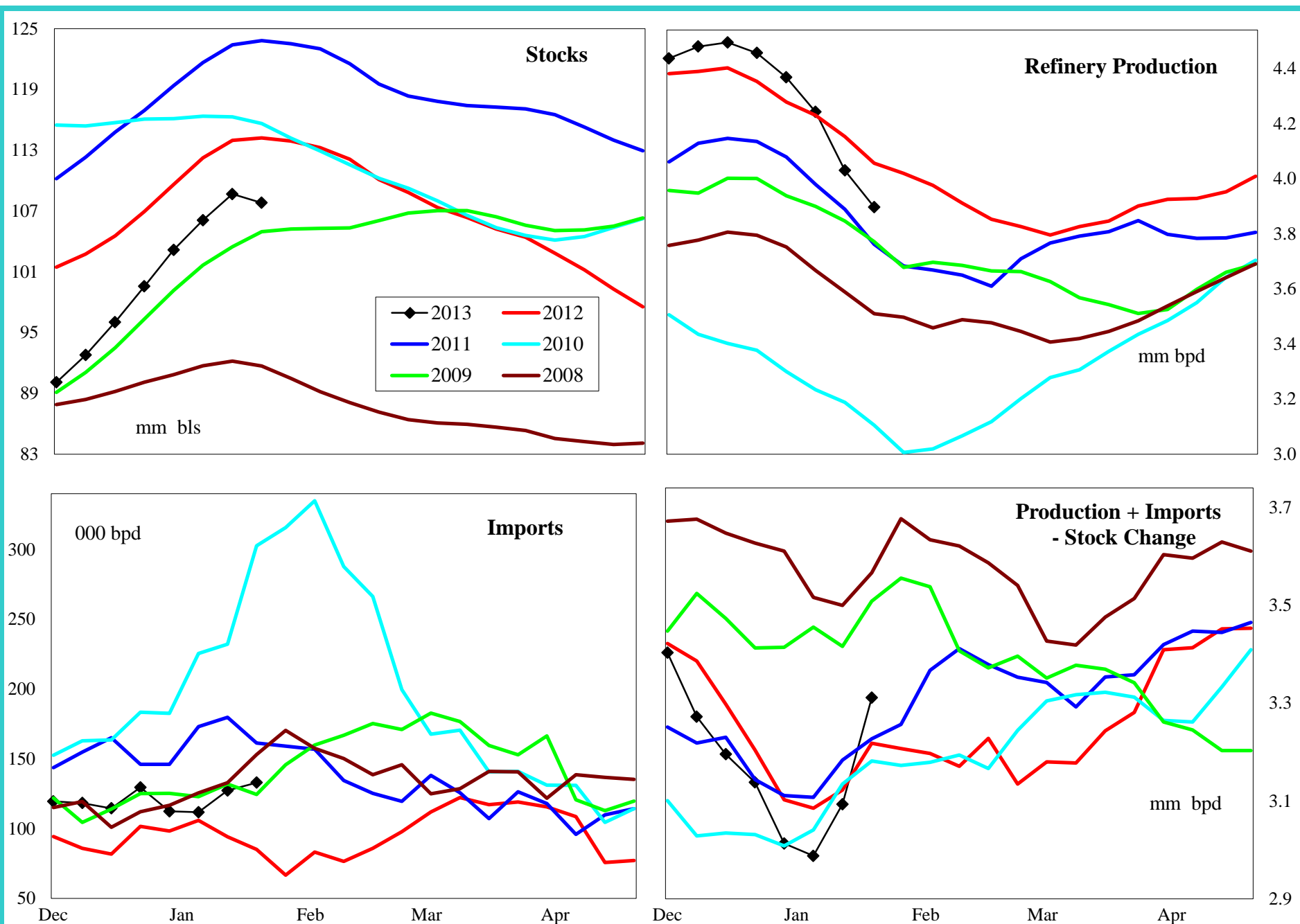
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance



# United States Low Sulfur Distillate Supply



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

**-6,759**

**-5.9**

Production

**-5**

**-0.1**

Imports

**13**

**12.4**

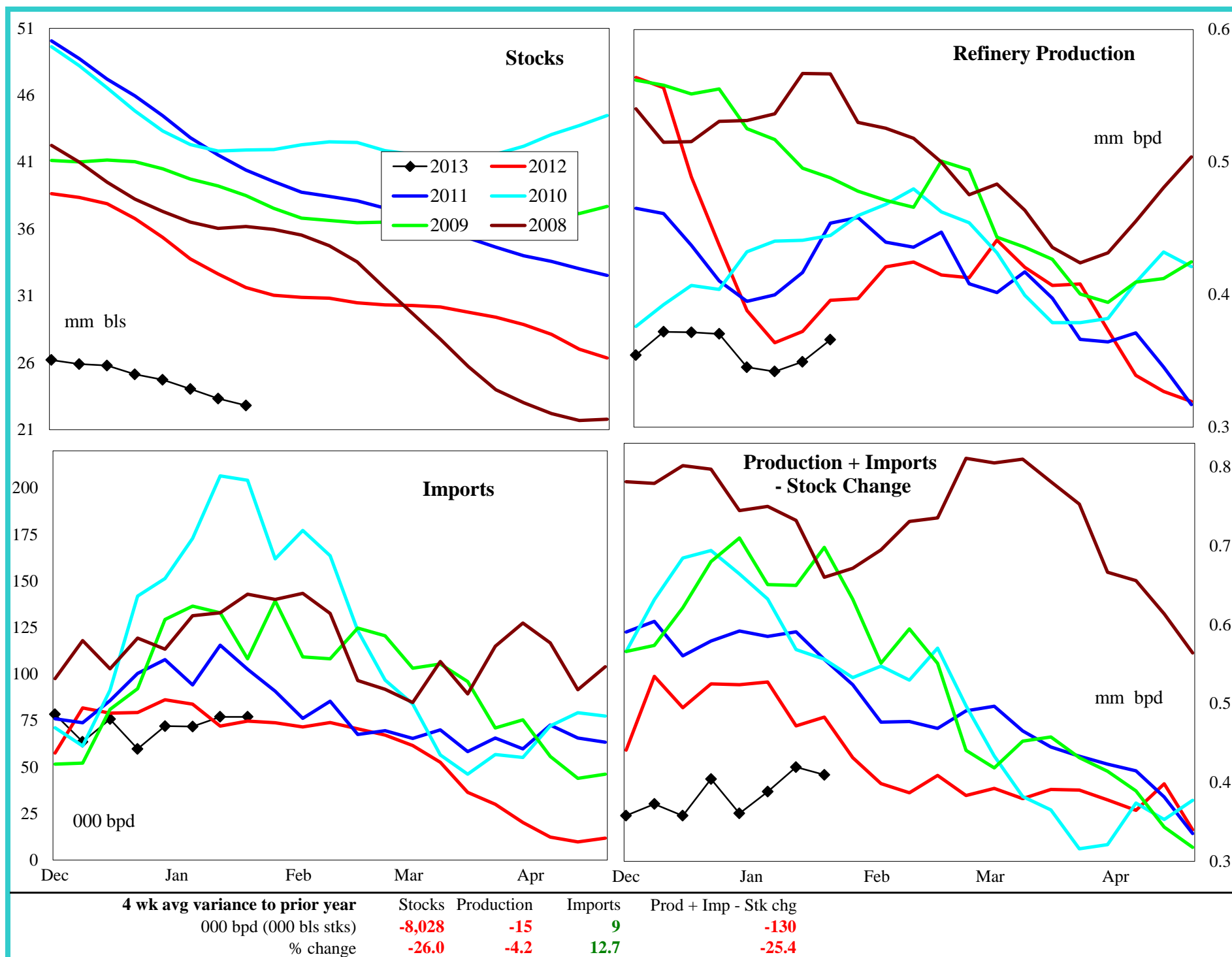
Prod + Imp - Stk chg

**-98**

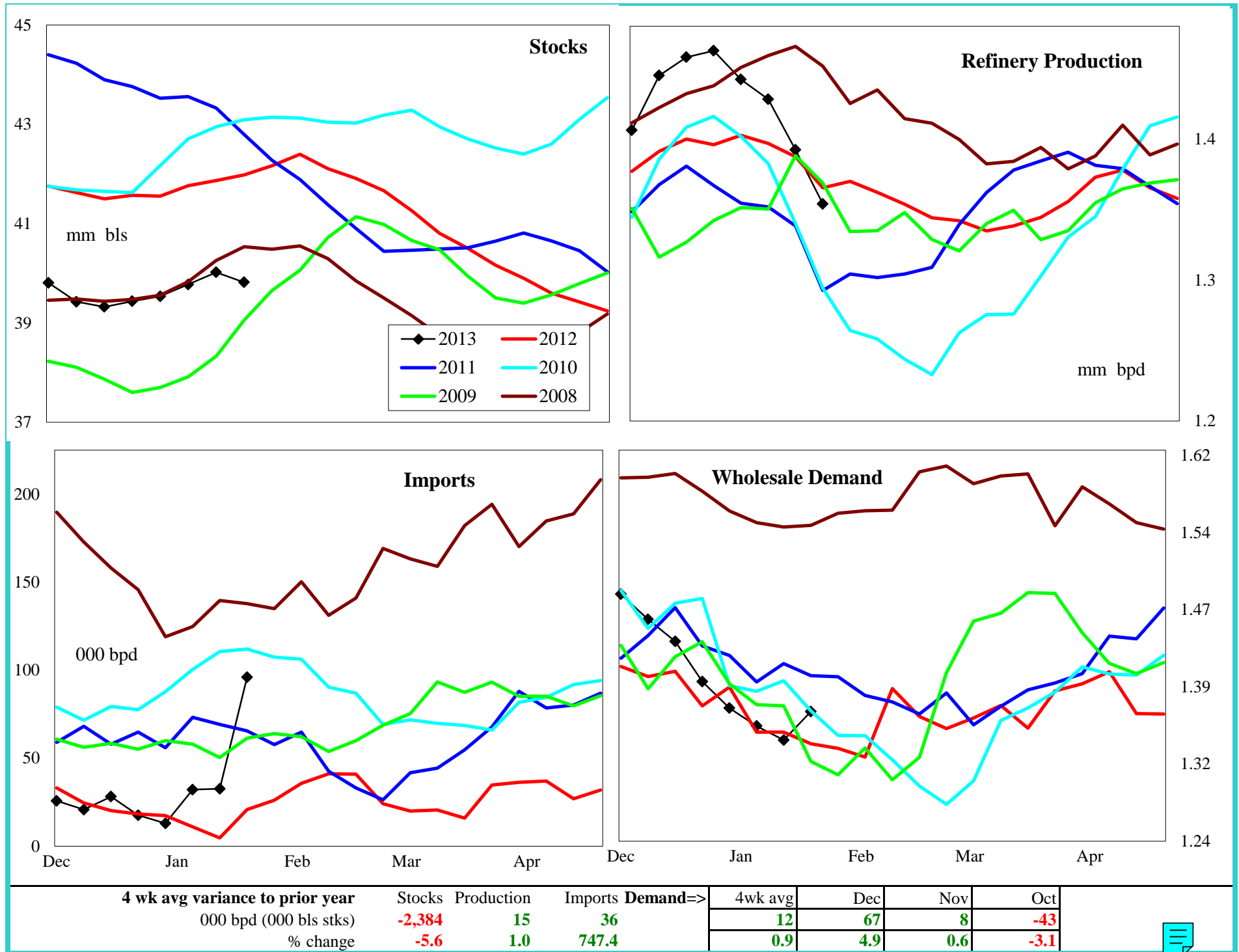
**-3.1**



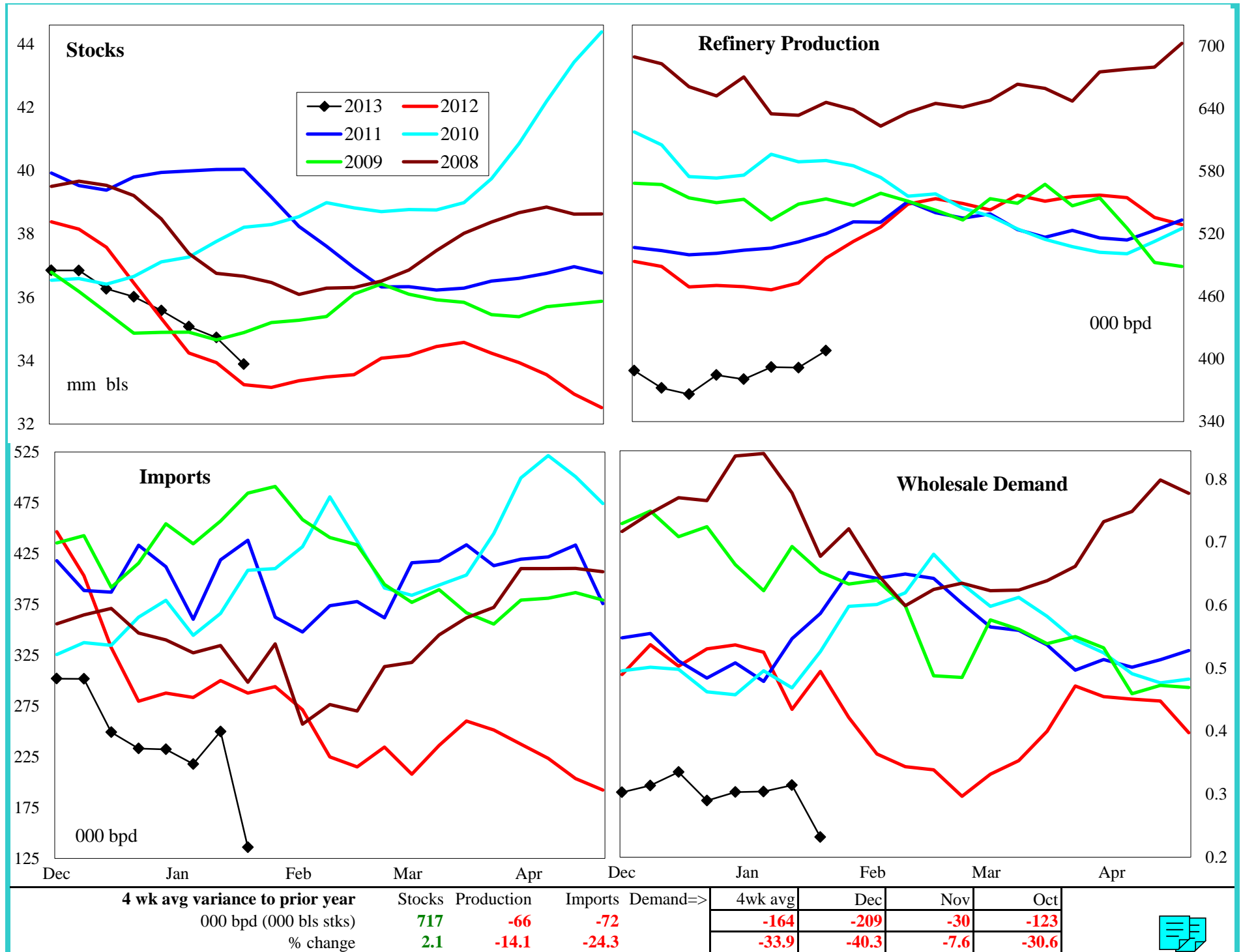
# United States High Sulfur Distillate Supply



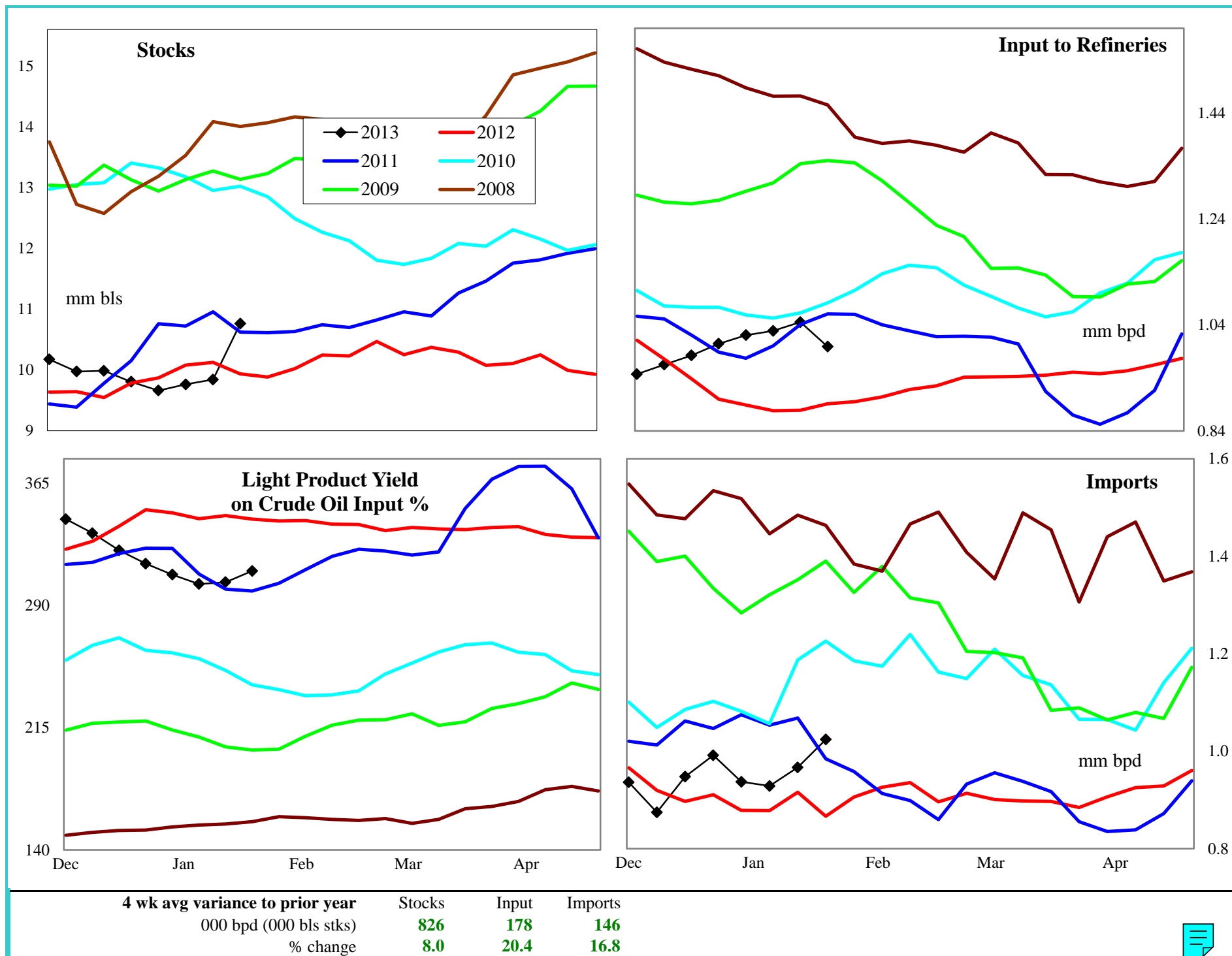
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

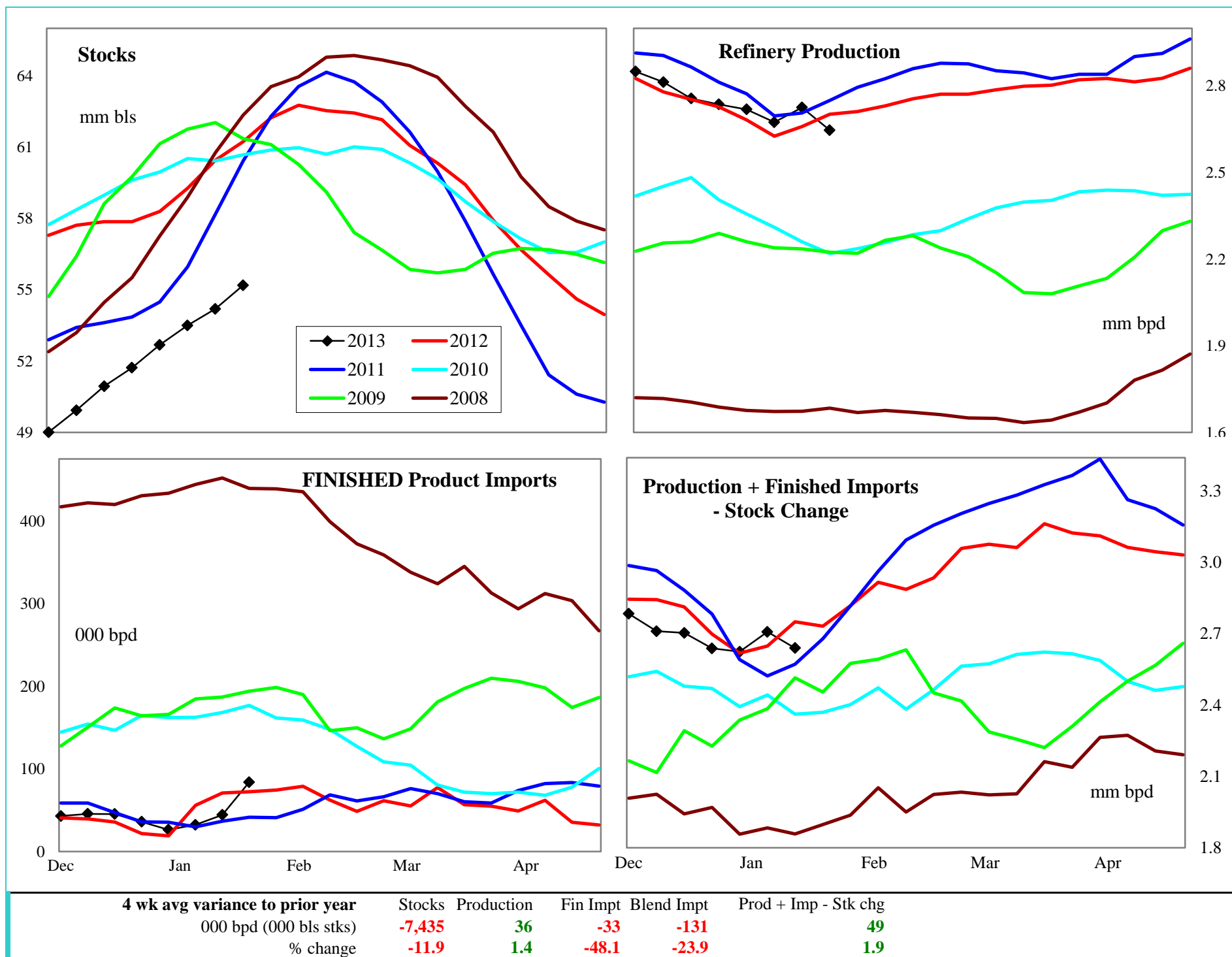


# PADD 1 Crude Oil Supply and Refining

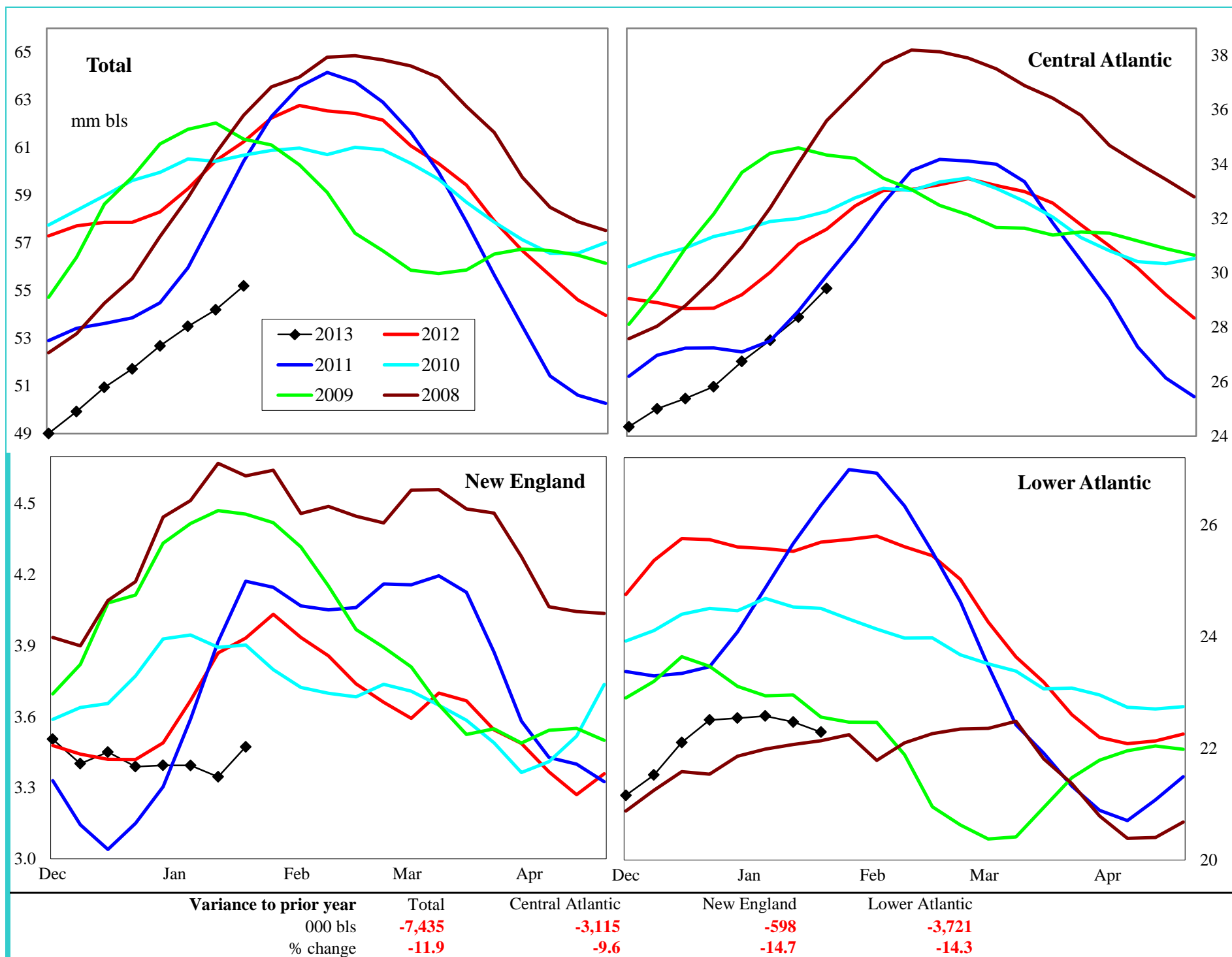




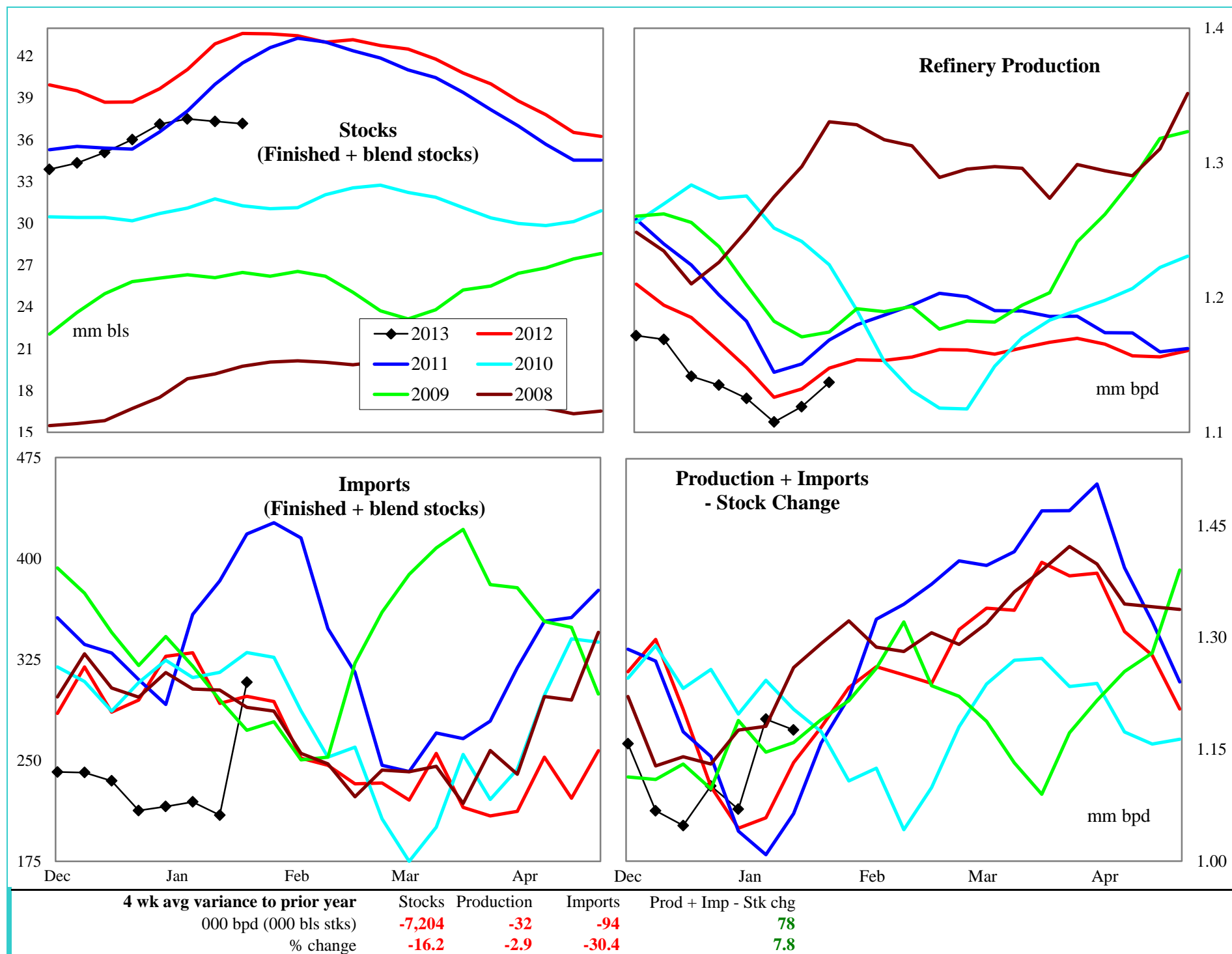
# PADD 1 Gasoline Supply



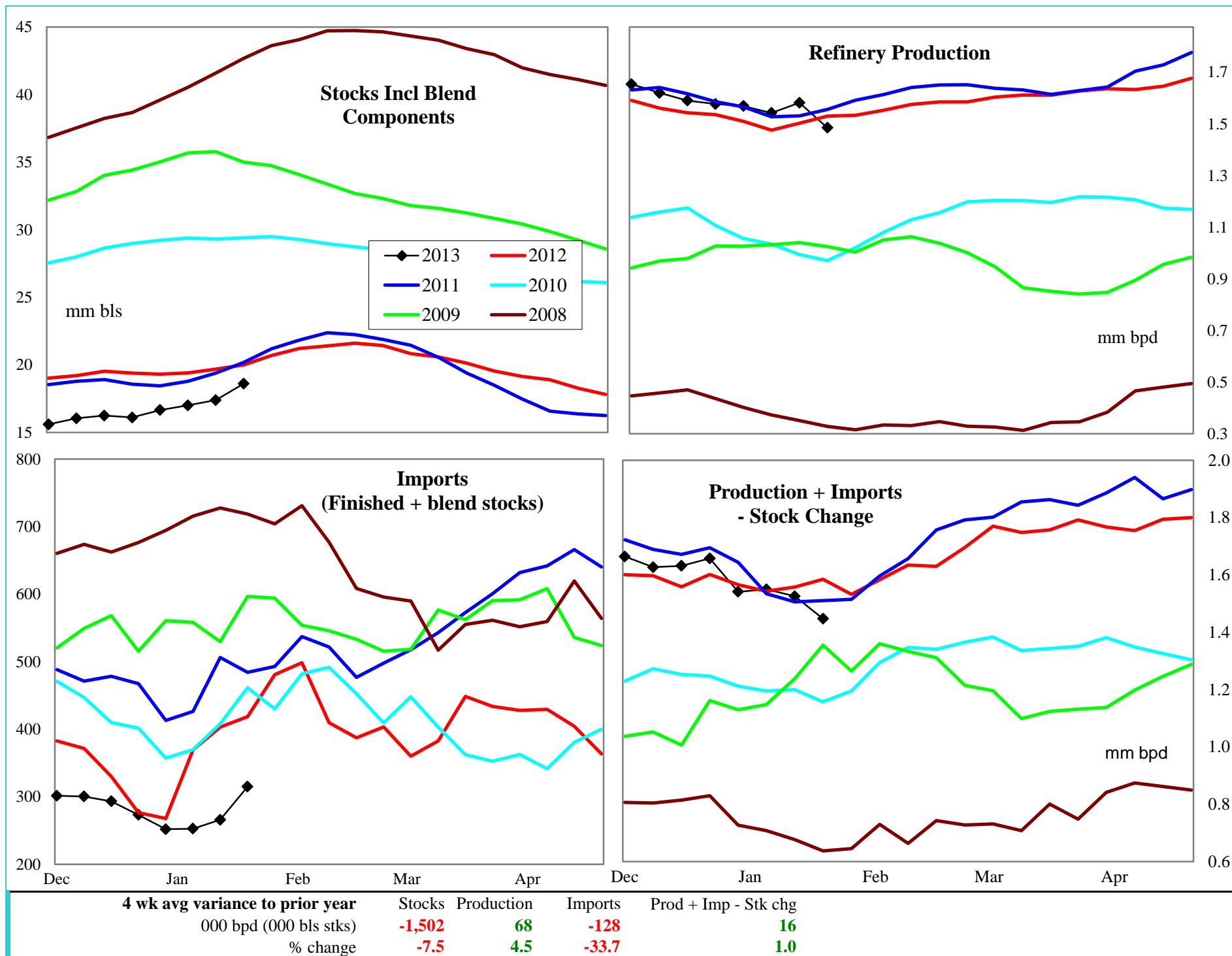
## PADD 1 Gasoline Stocks by Region



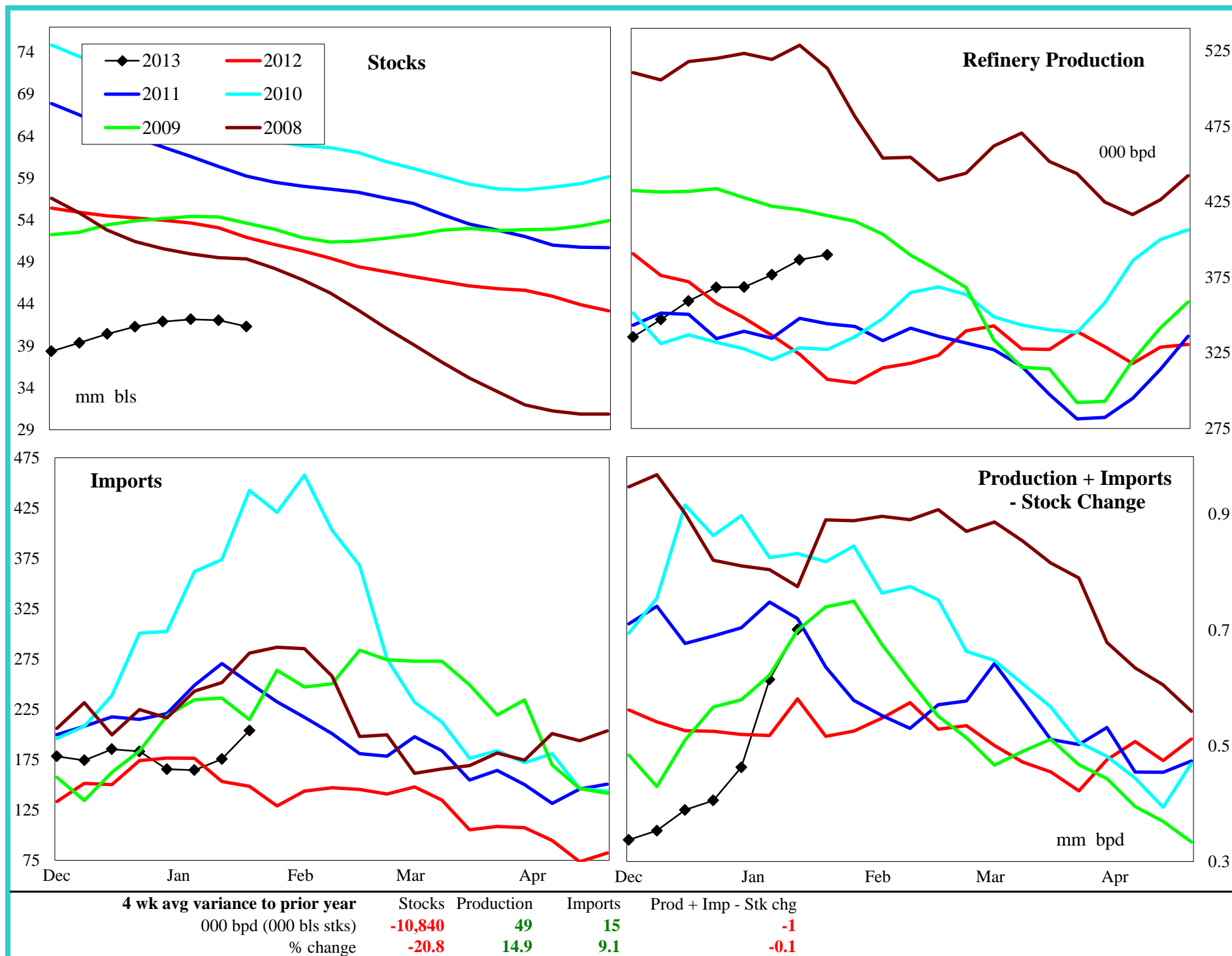
## PADD 1 Reformulated Gasoline Supply



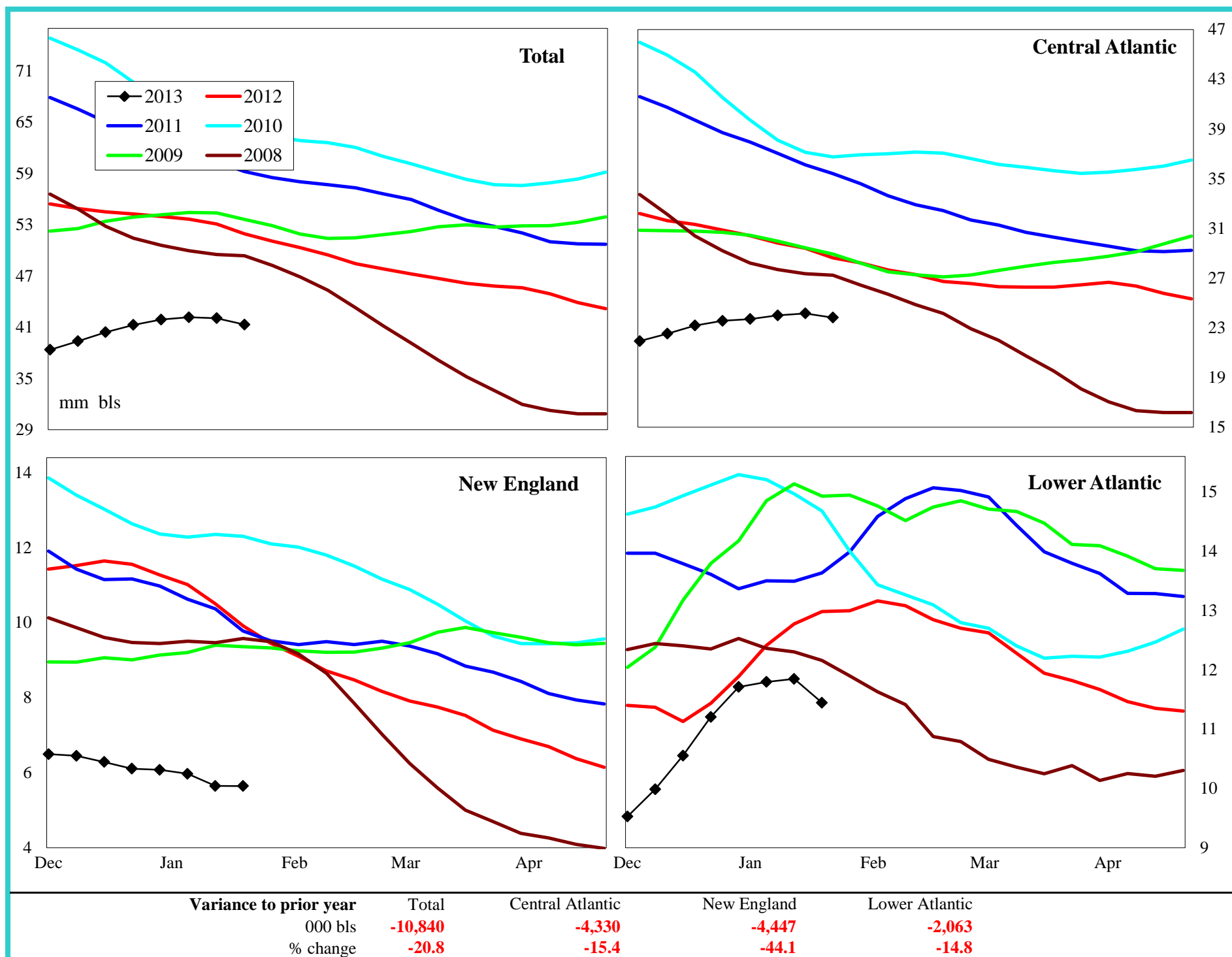
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

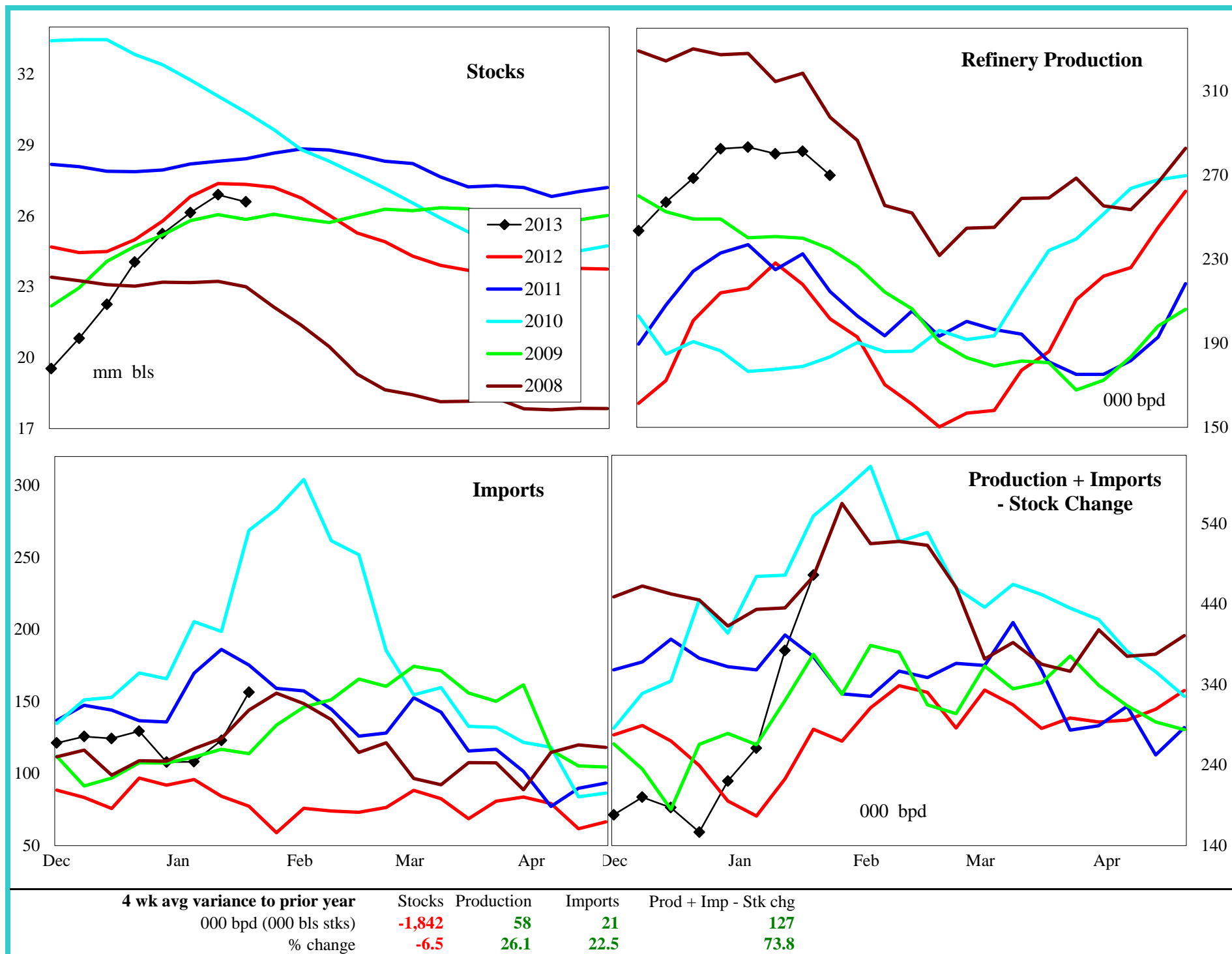


## PADD 1 Distillate Stocks by Region

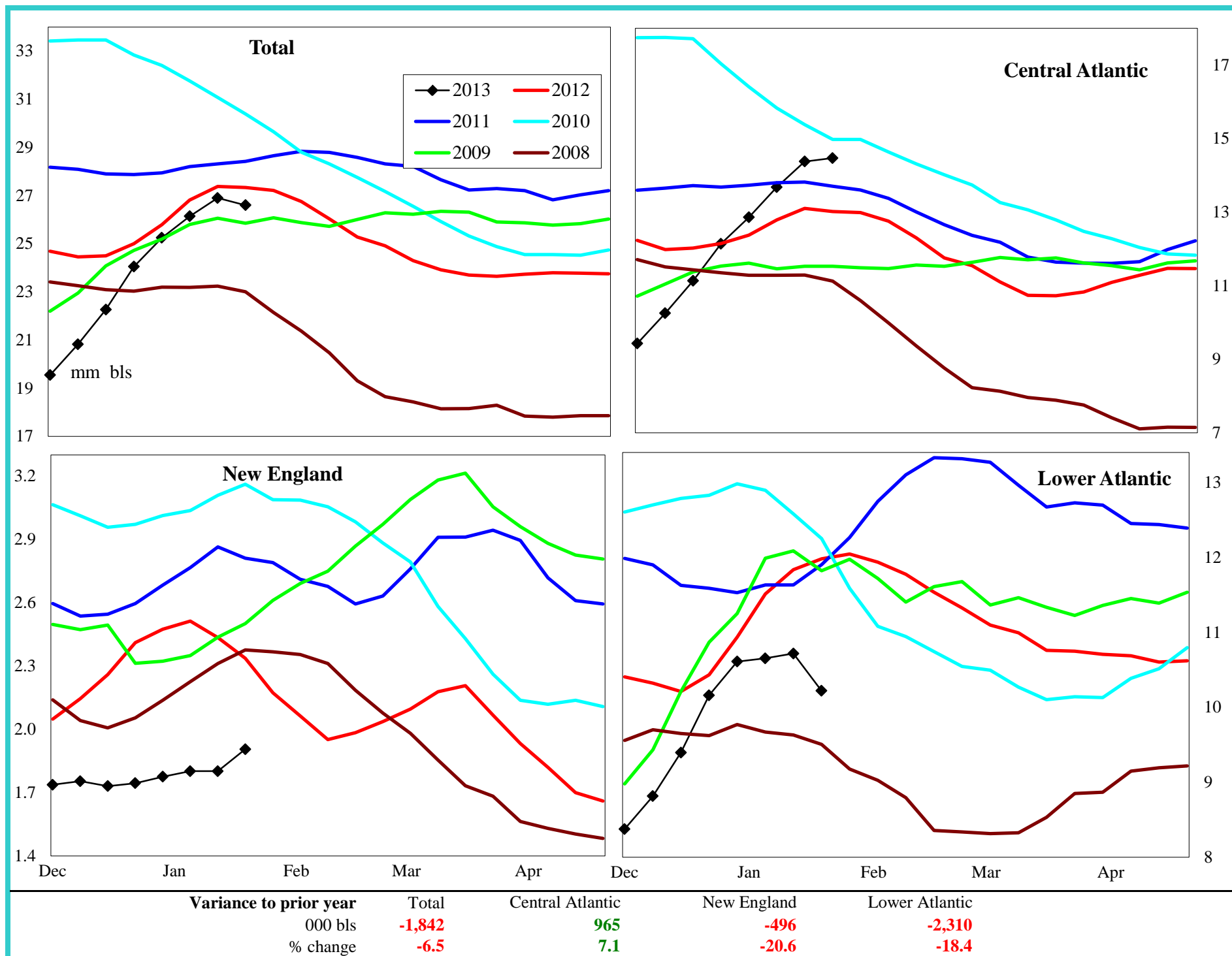




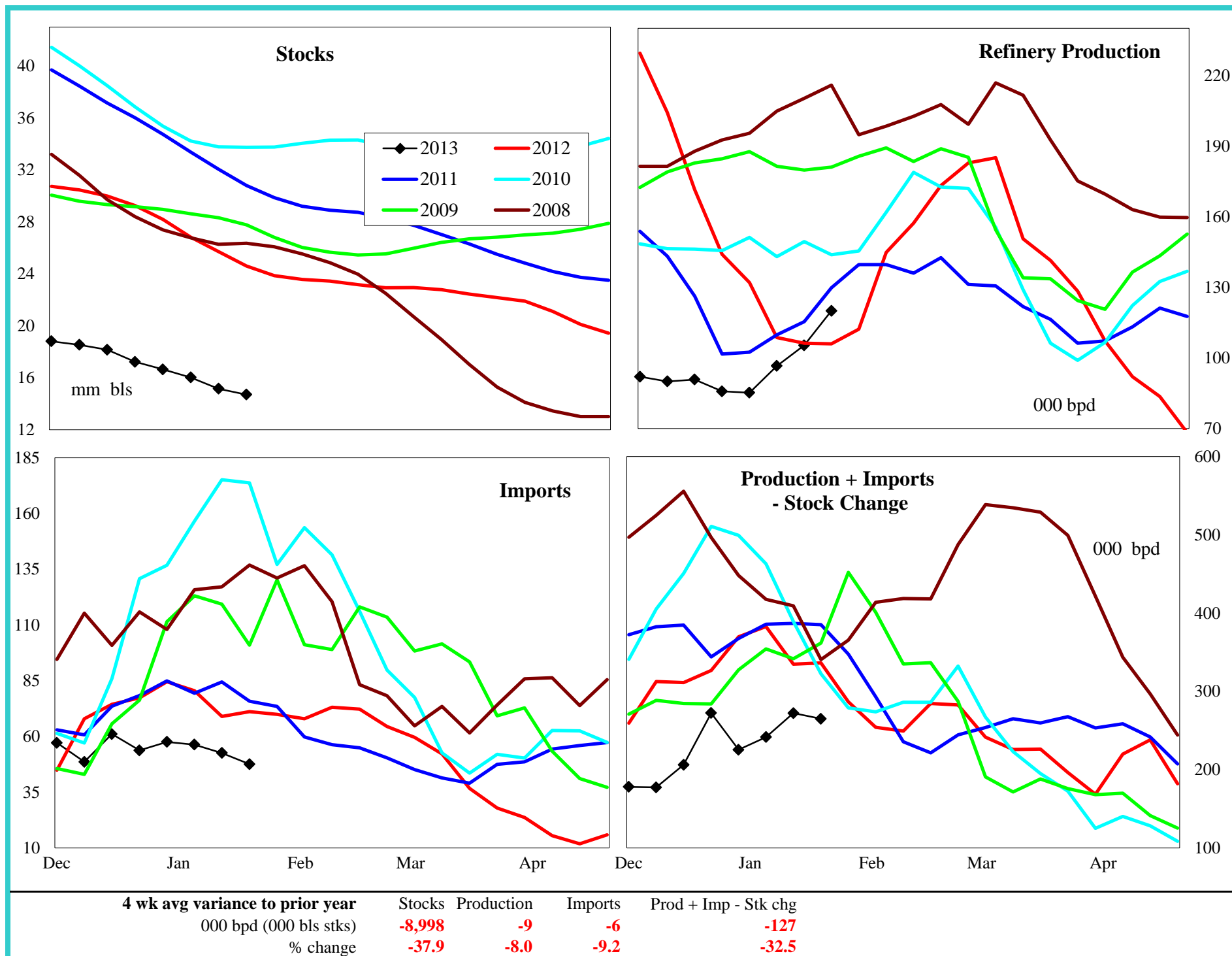
# PADD 1 Low Sulfur Distillate Supply



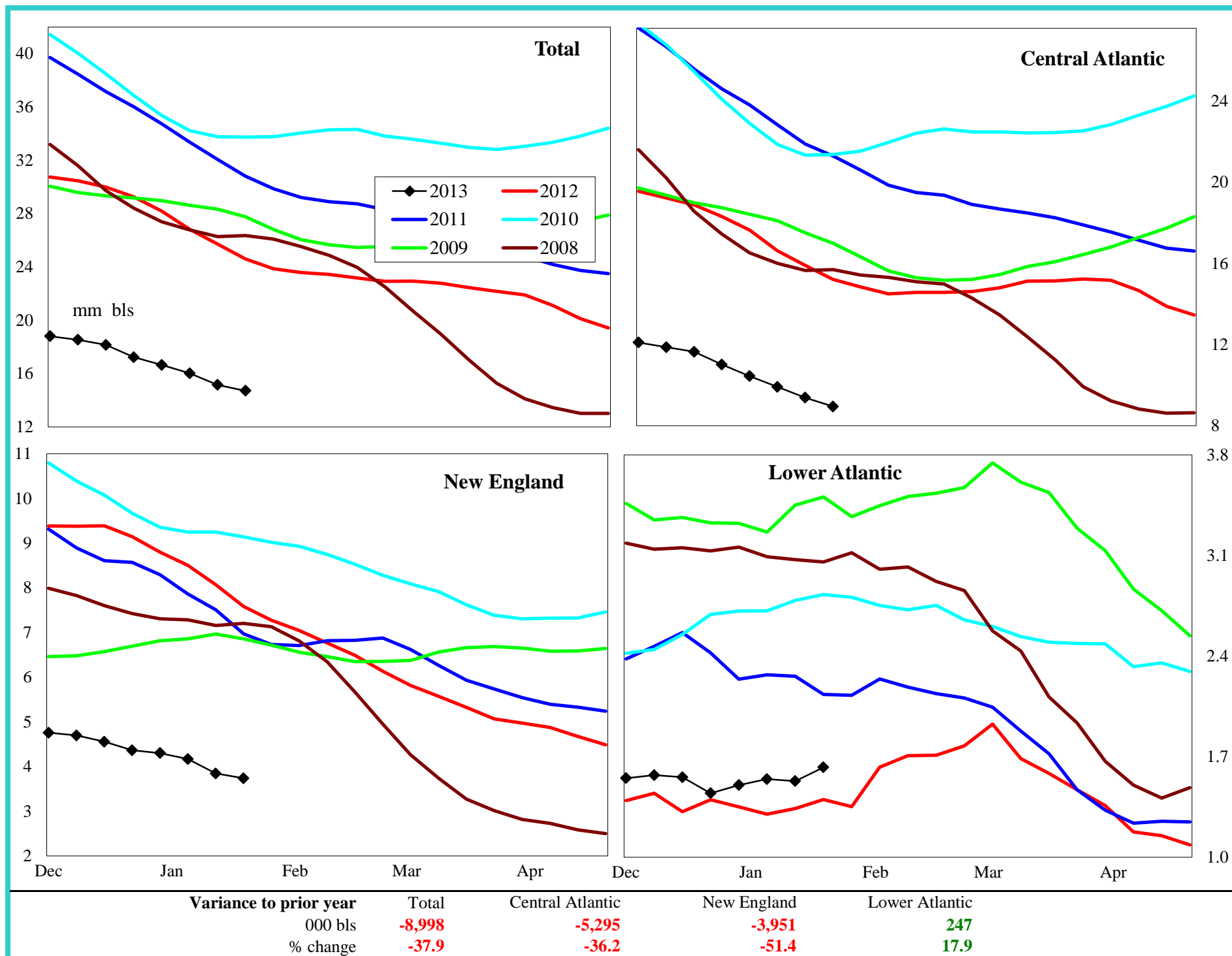
# PADD 1 Low Sulfur Distillate Stocks by Region



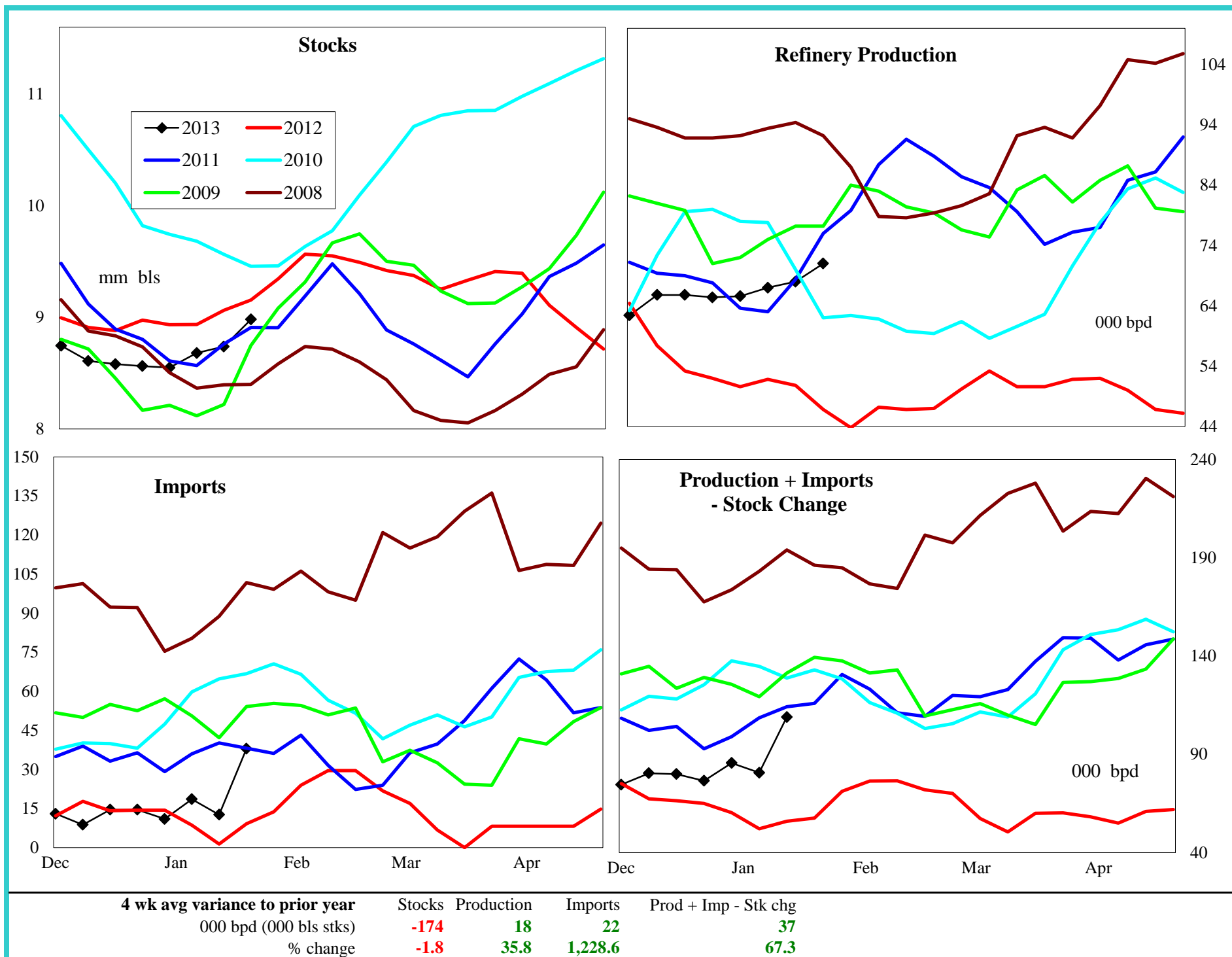
# PADD 1 High Sulfur Distillate Supply



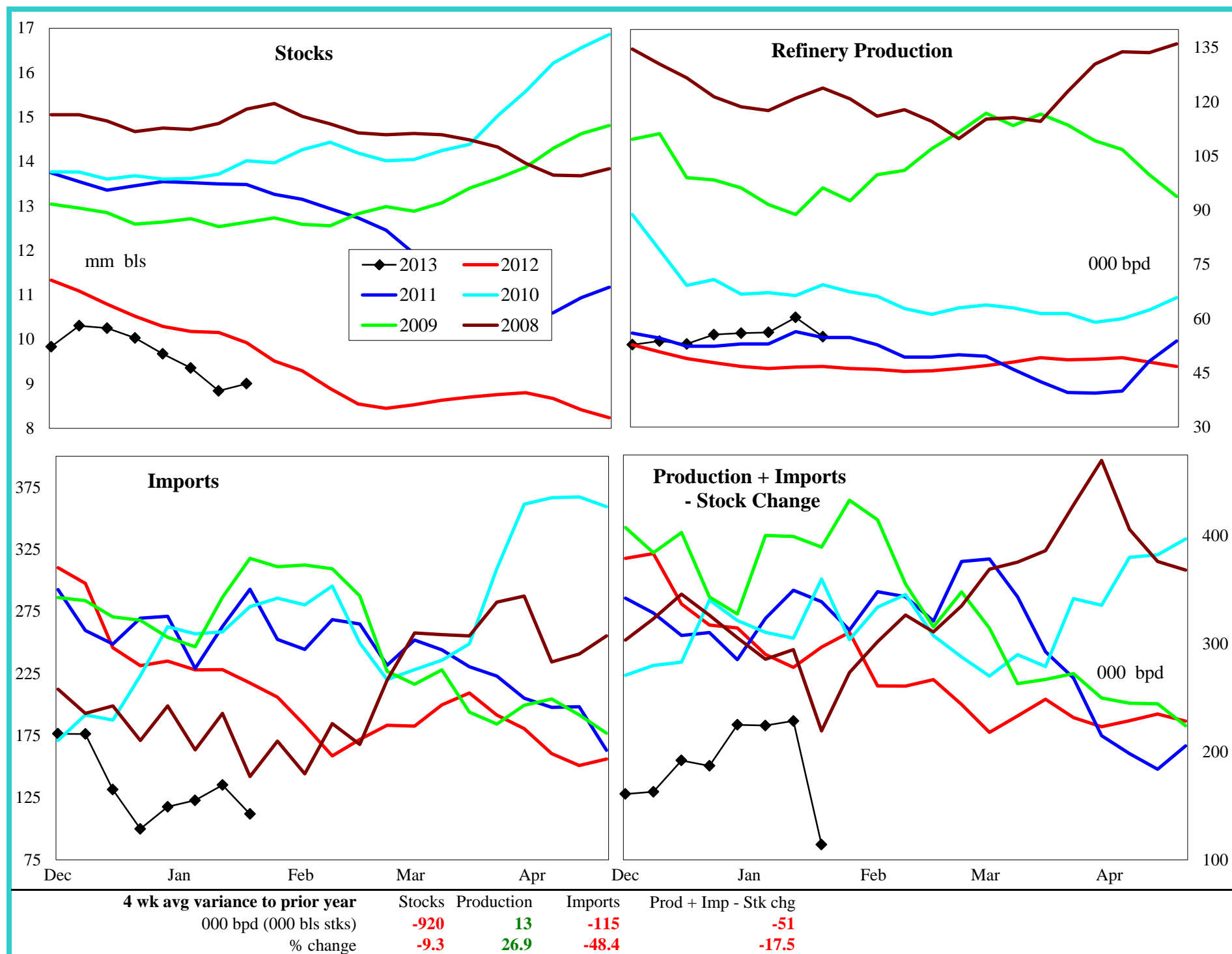
## PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

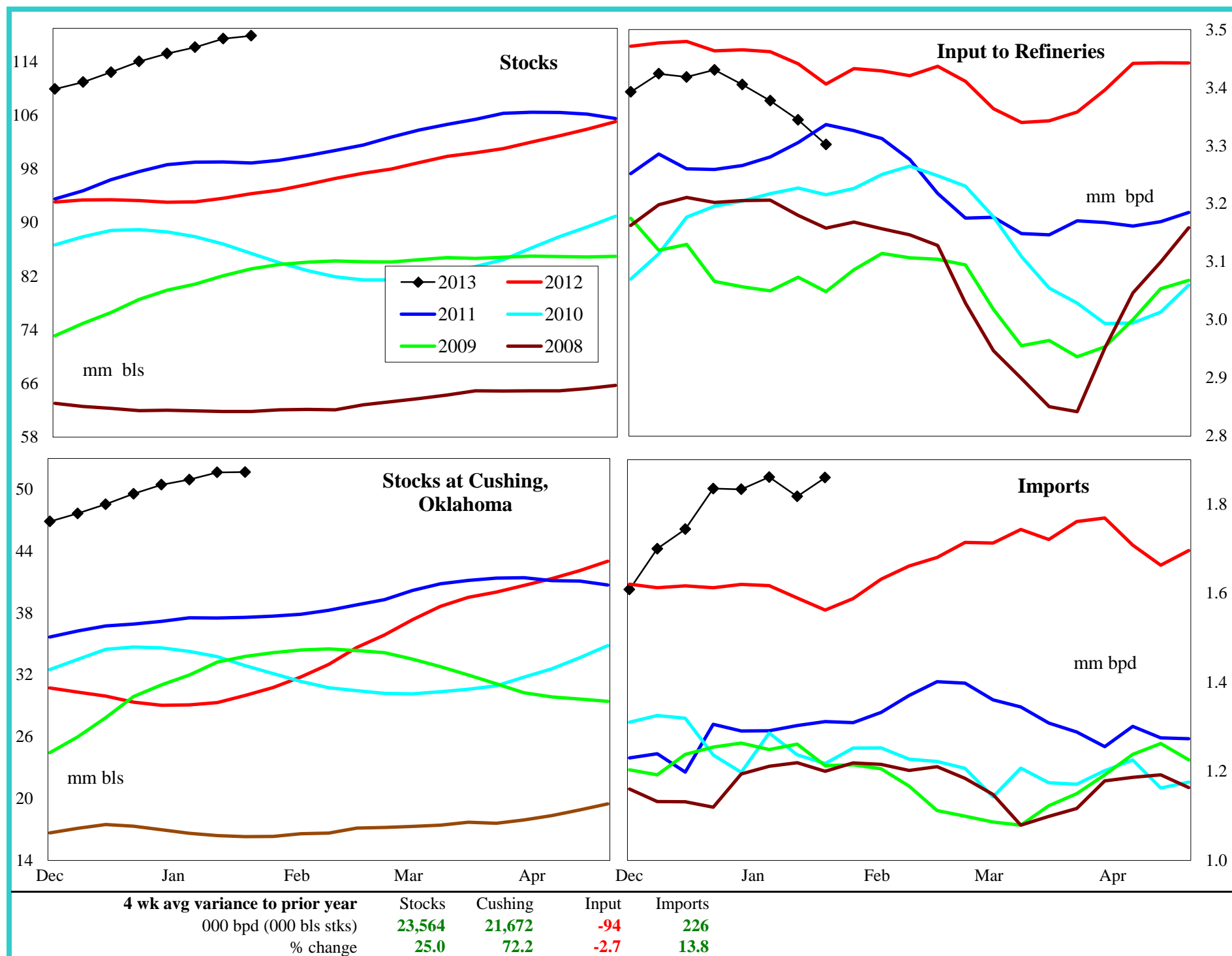


# PADD 1 Residual Fuel Oil Supply

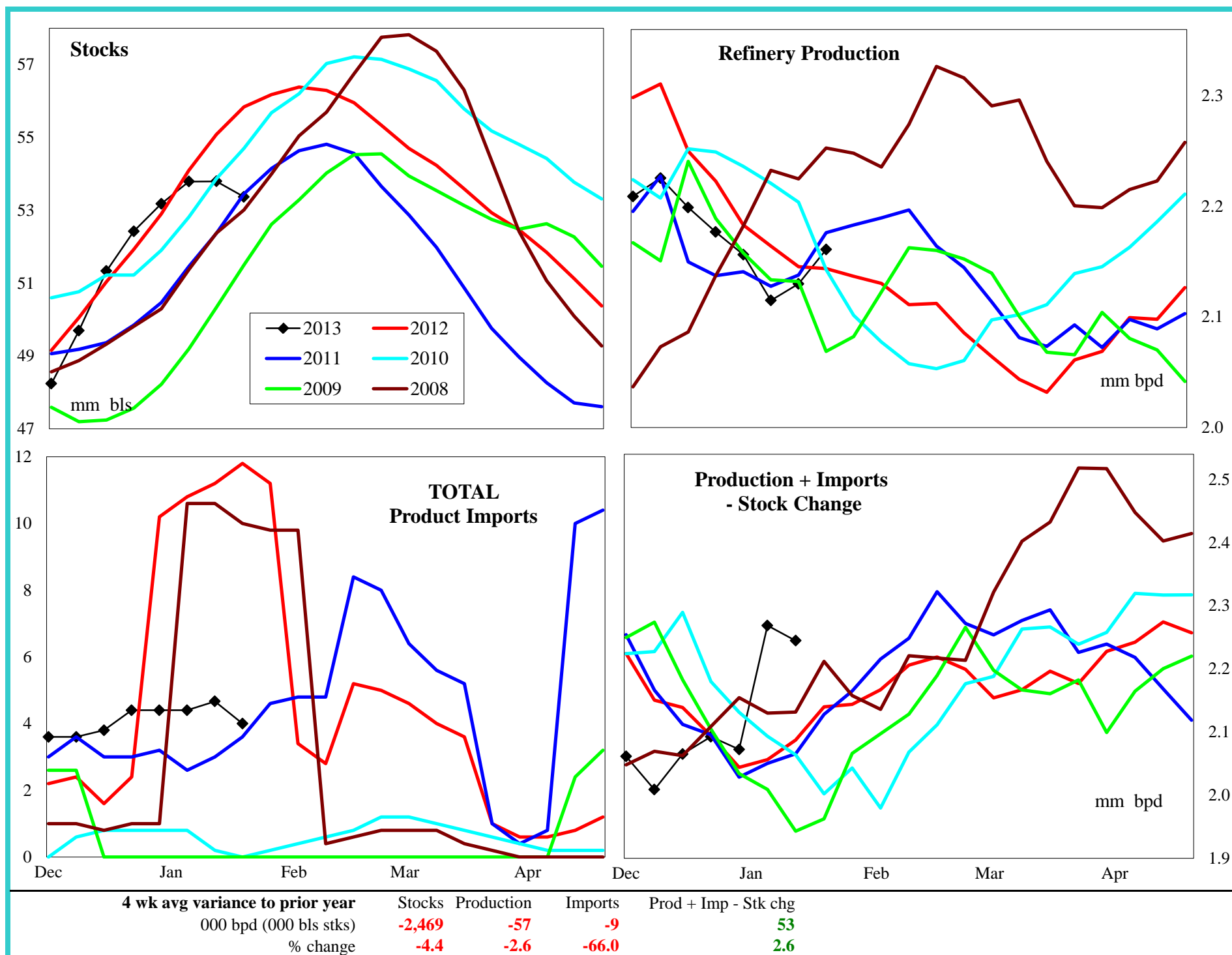




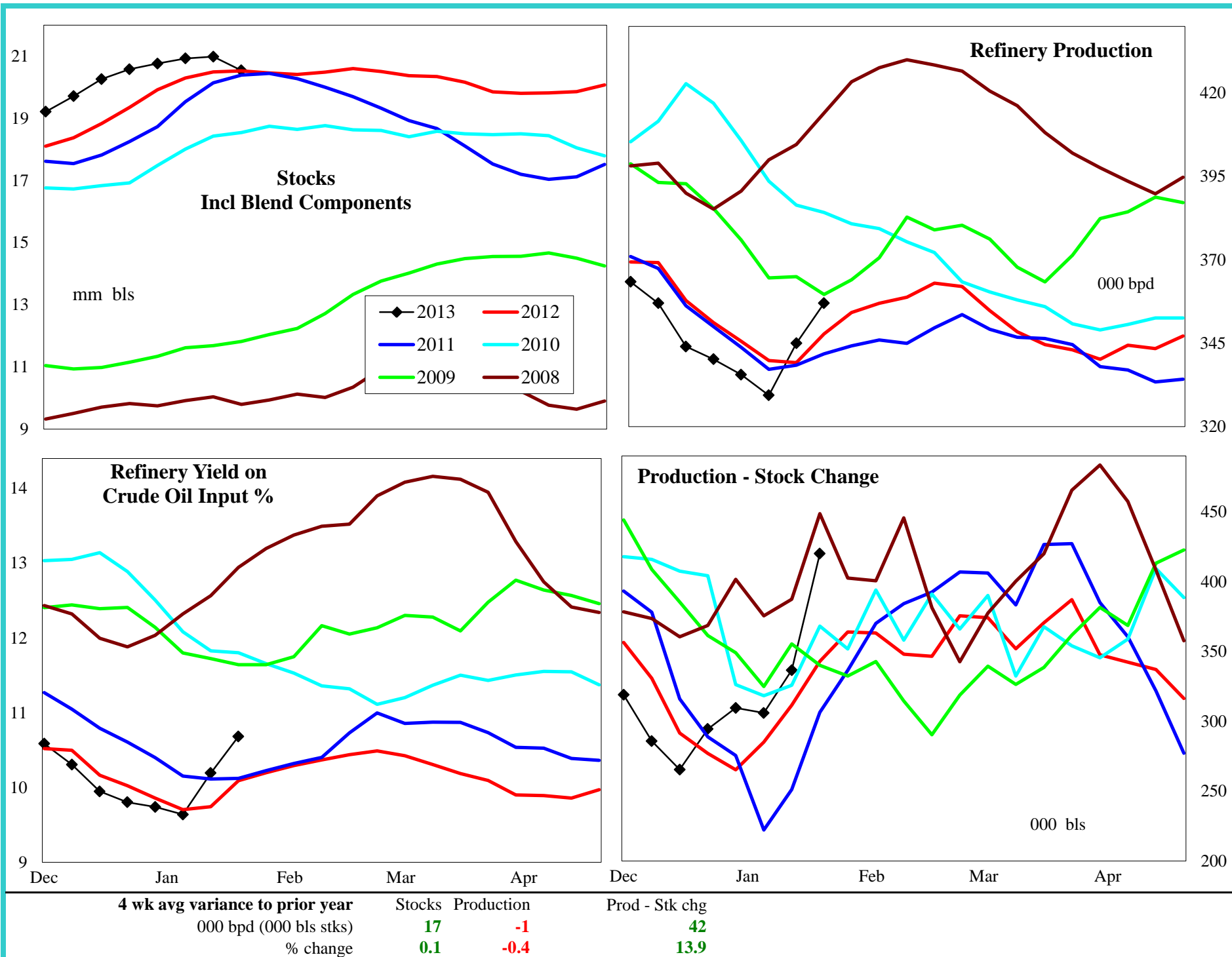
# PADD 2 Crude Oil Supply and Refining



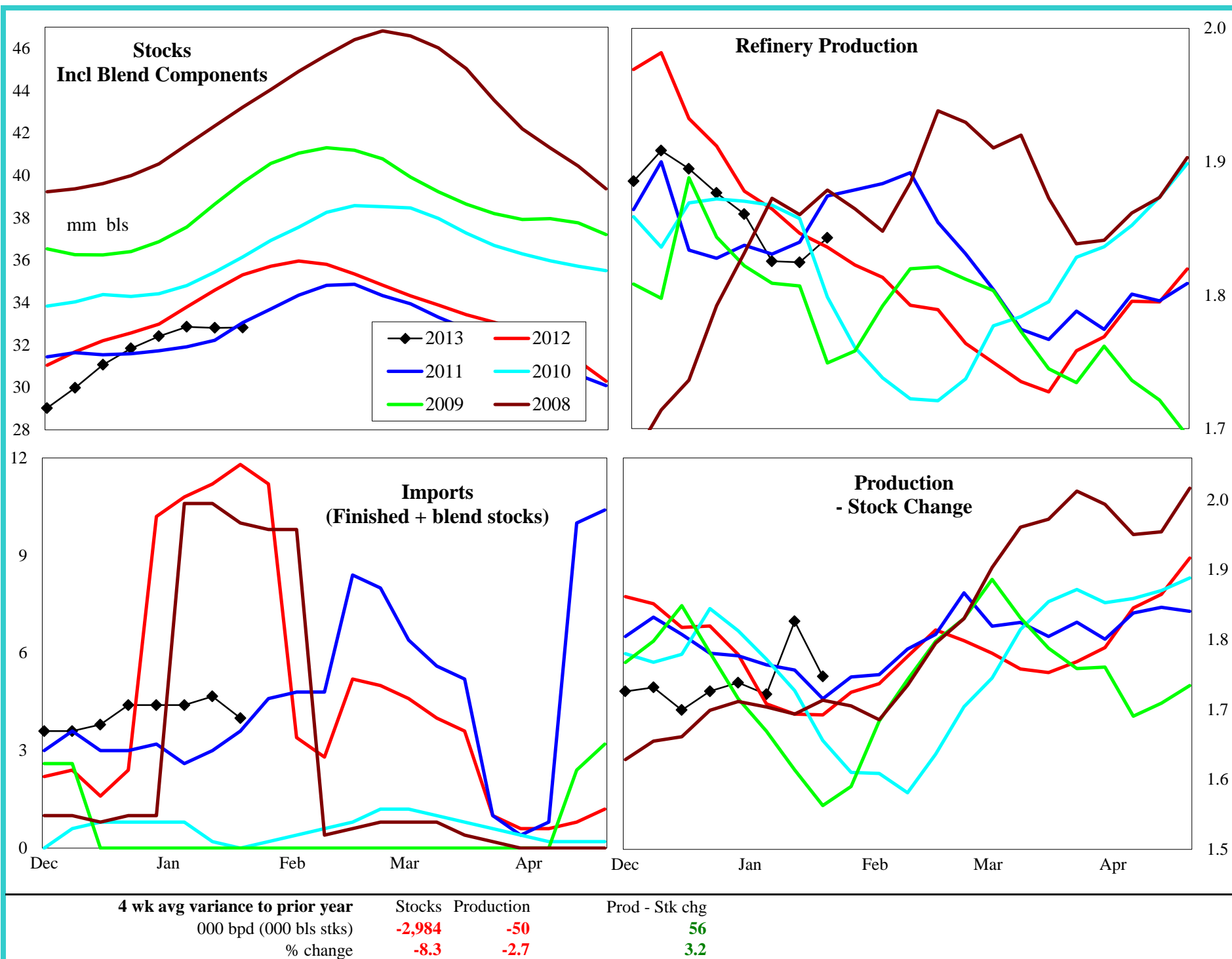
# PADD 2 Gasoline Supply



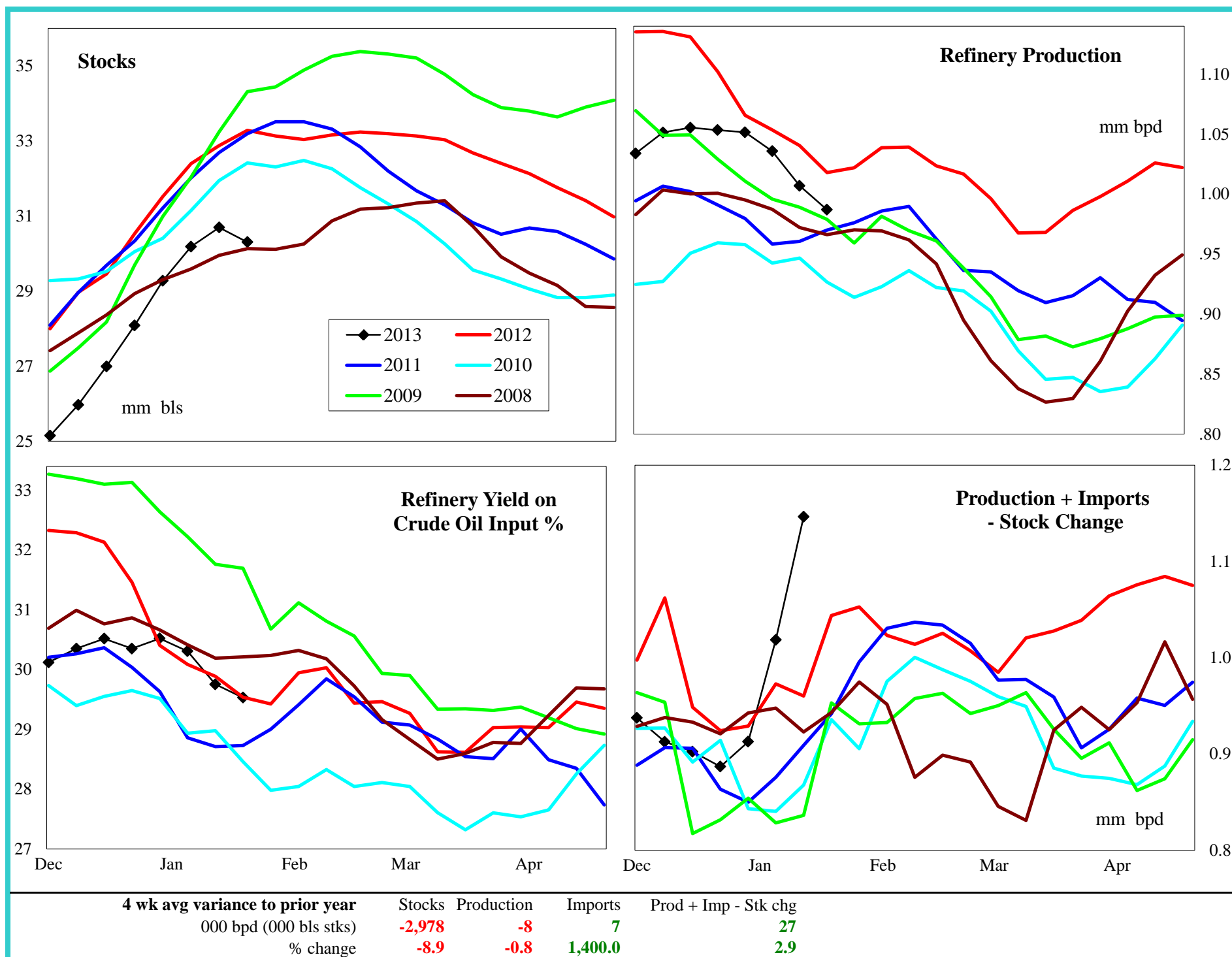
## PADD 2 Reformulated Gasoline Supply



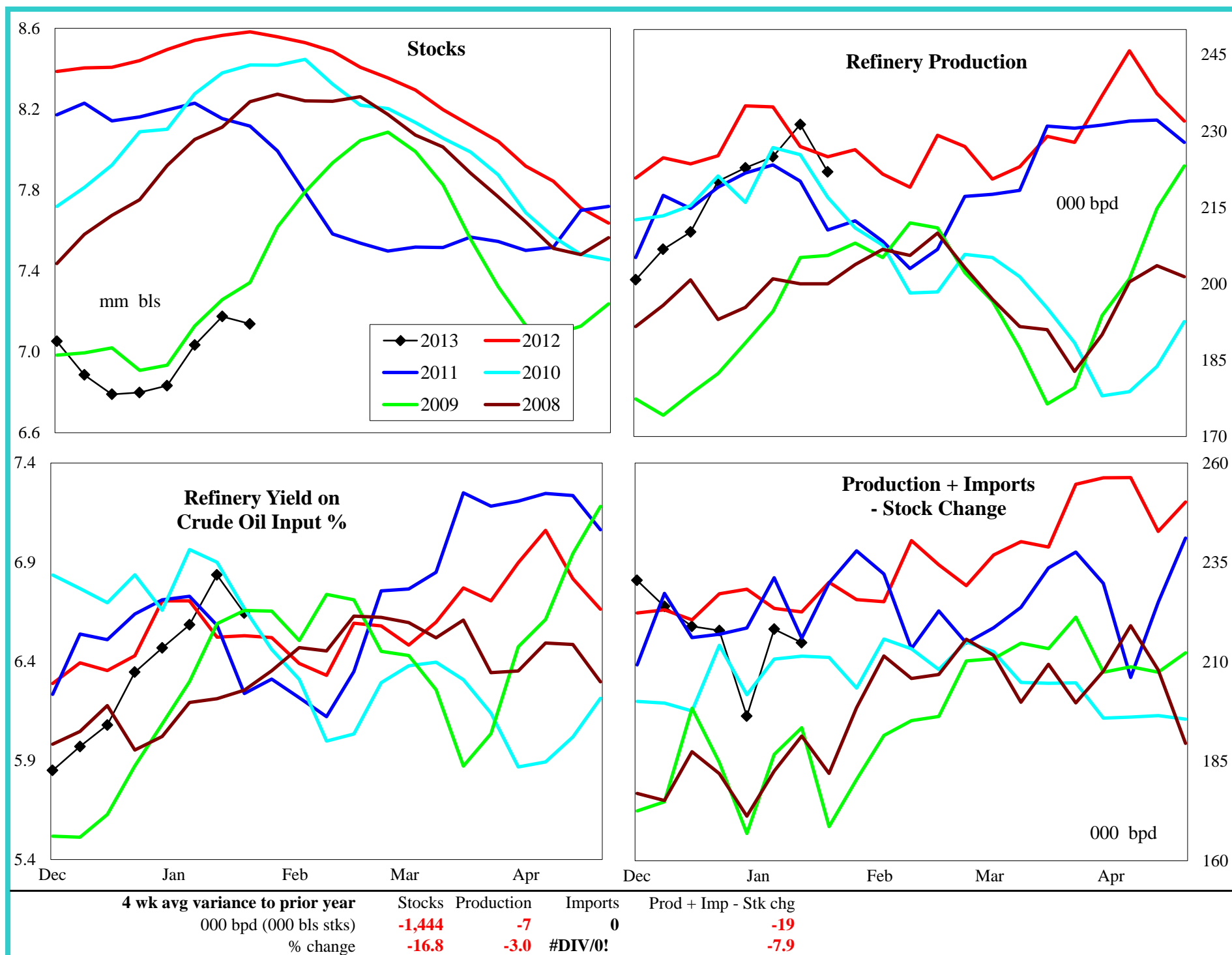
## PADD 2 Conventional Gasoline Supply



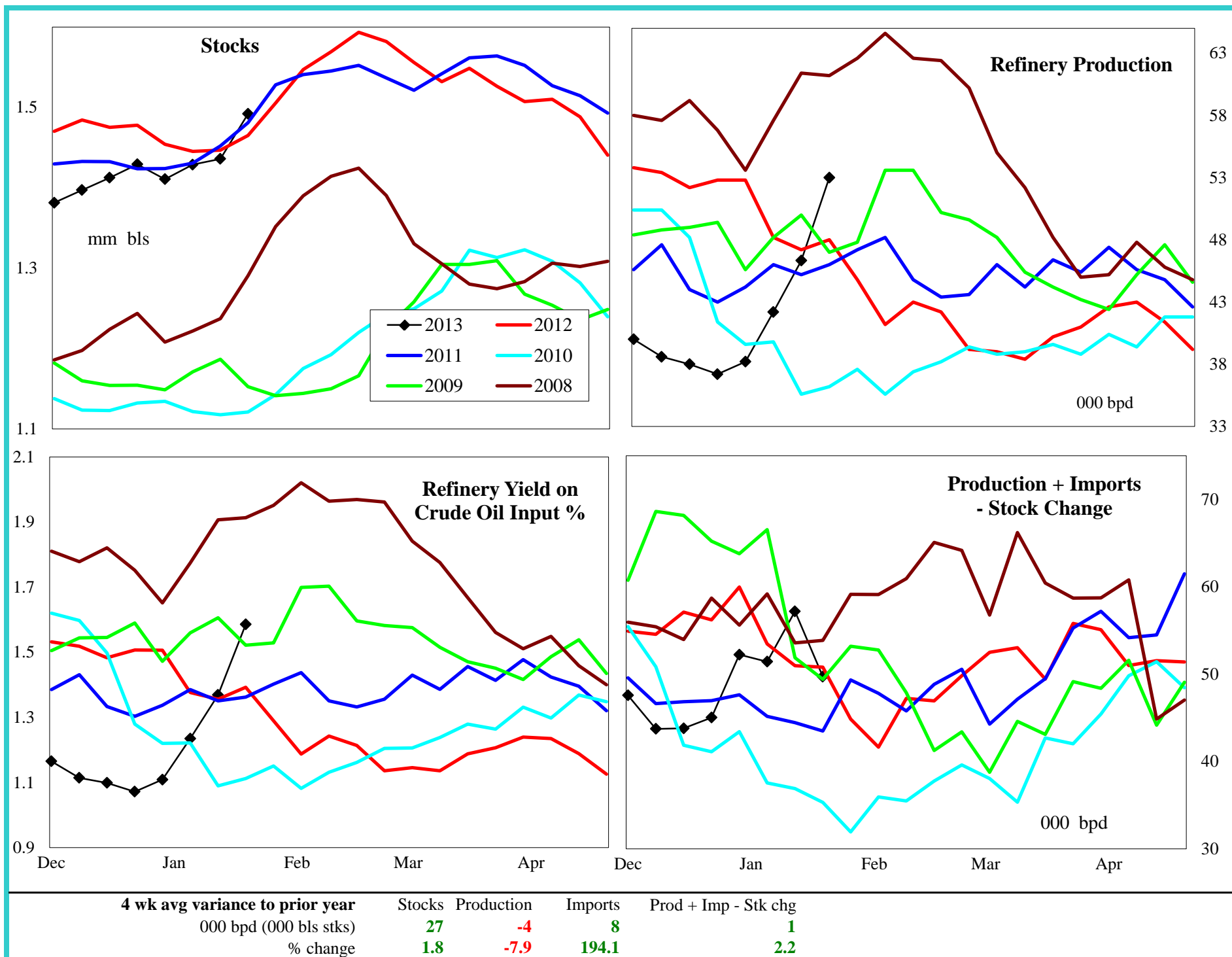
# PADD 2 Distillate Supply



# PADD 2 Jet Fuel Supply

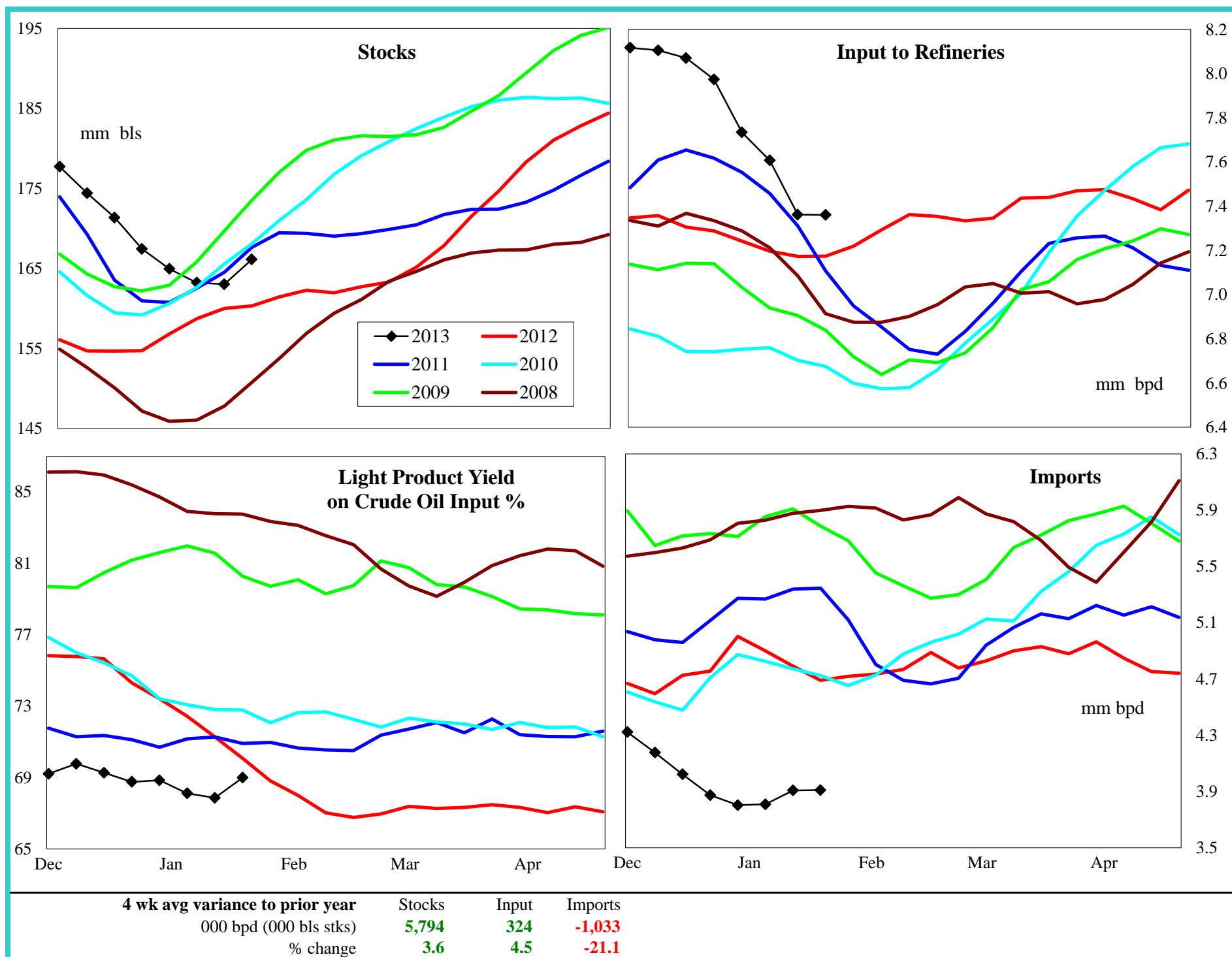


# PADD 2 Residual Fuel Oil Supply

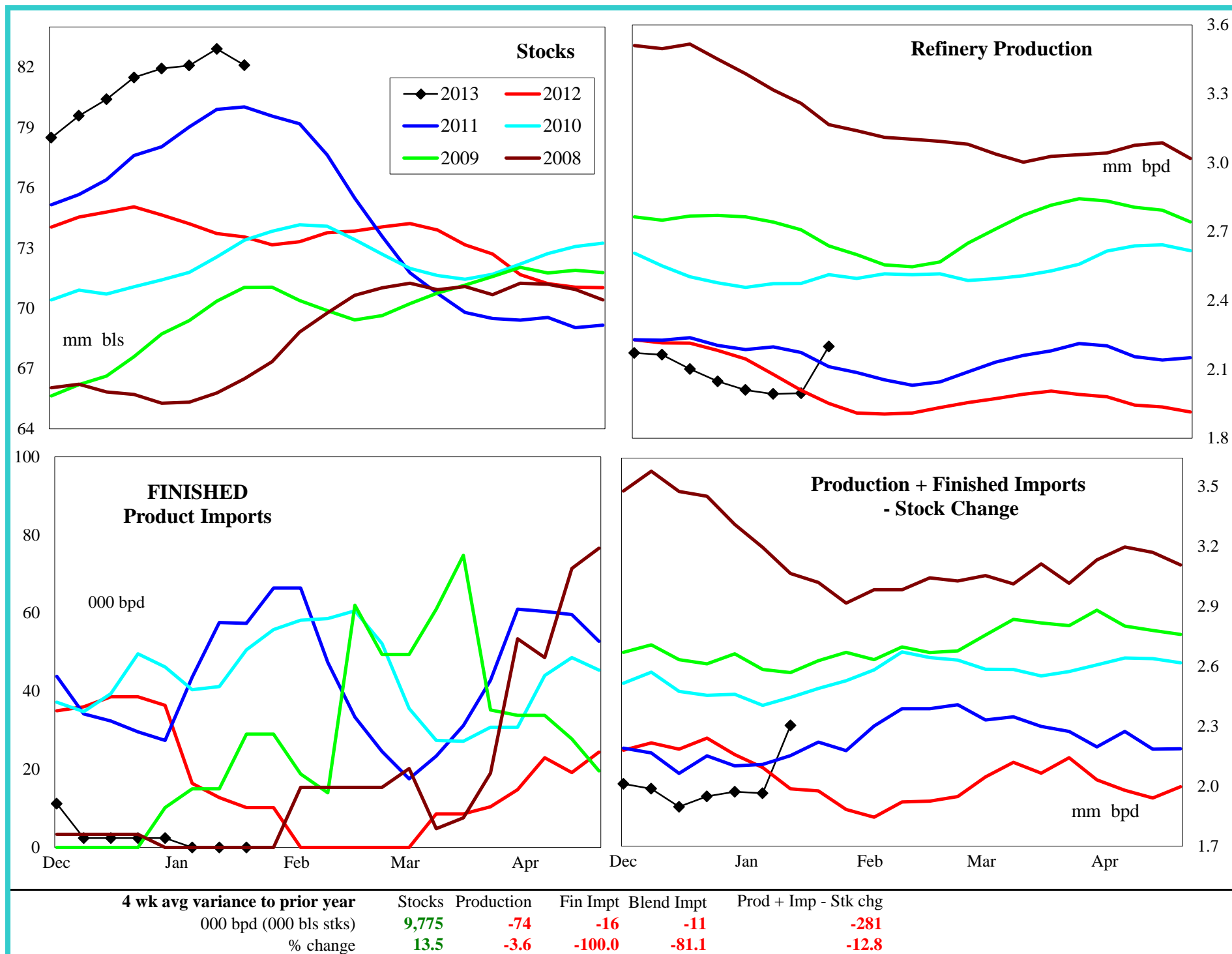




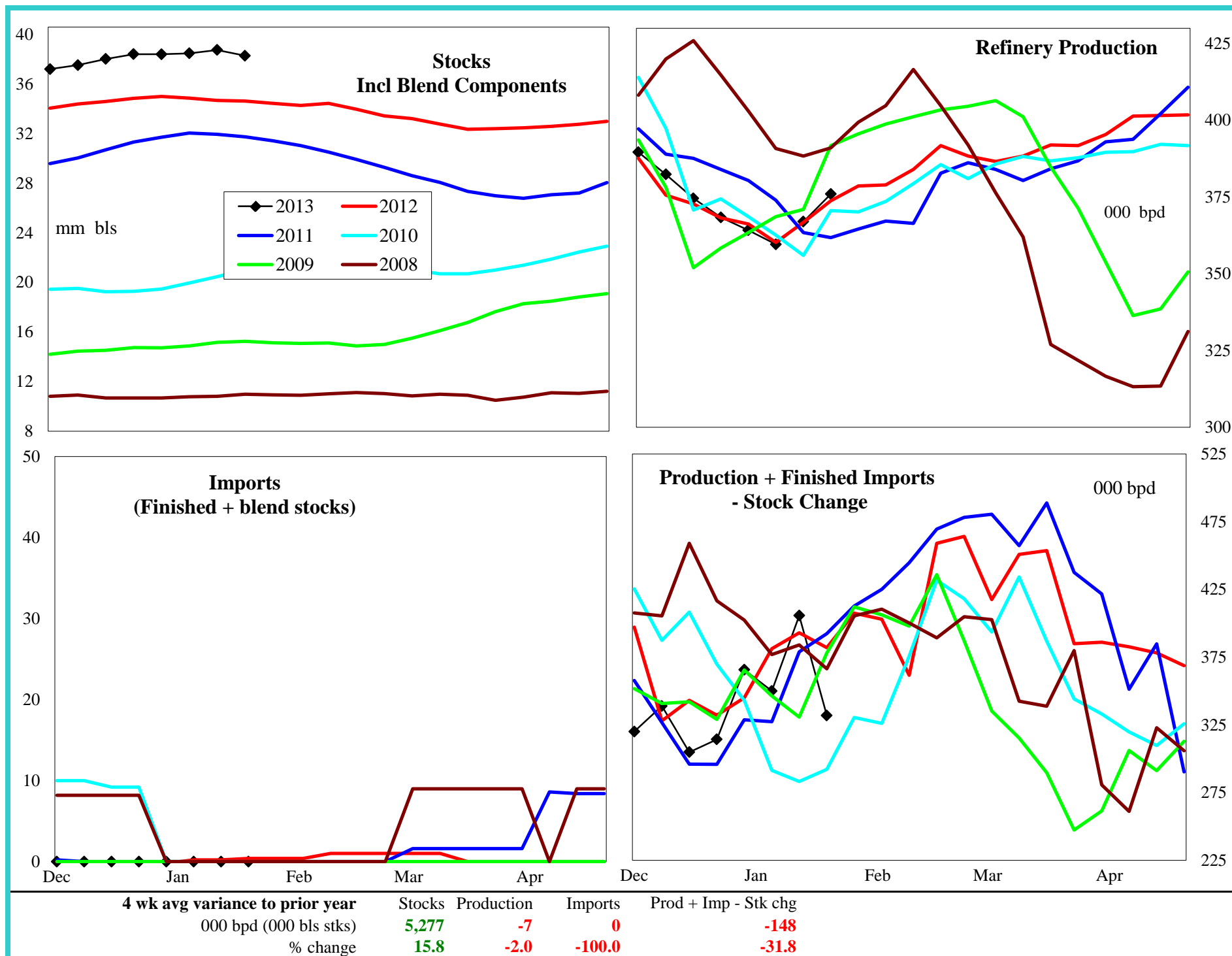
## PADD 3 Crude Oil Supply and Refining



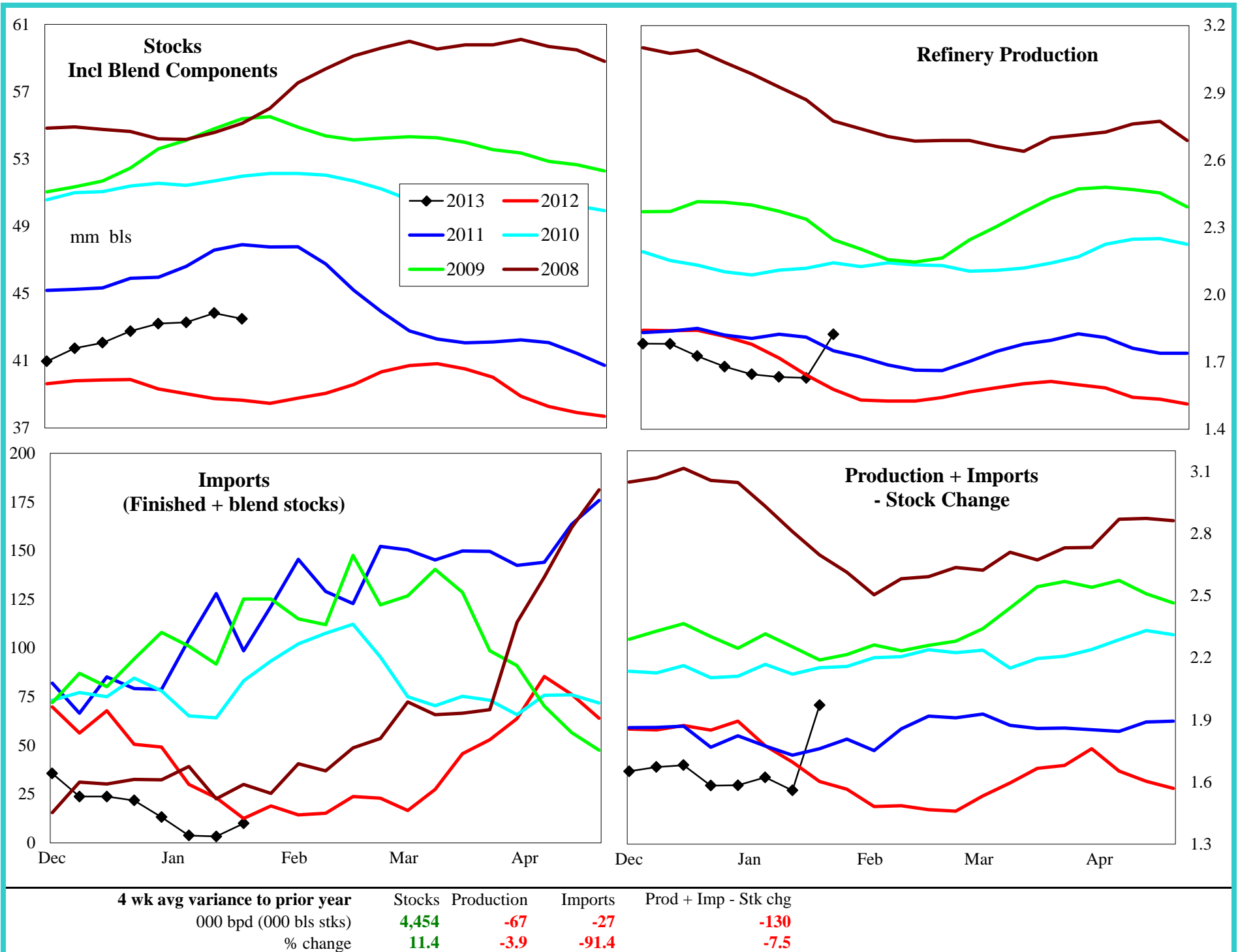
# PADD 3 Gasoline Supply



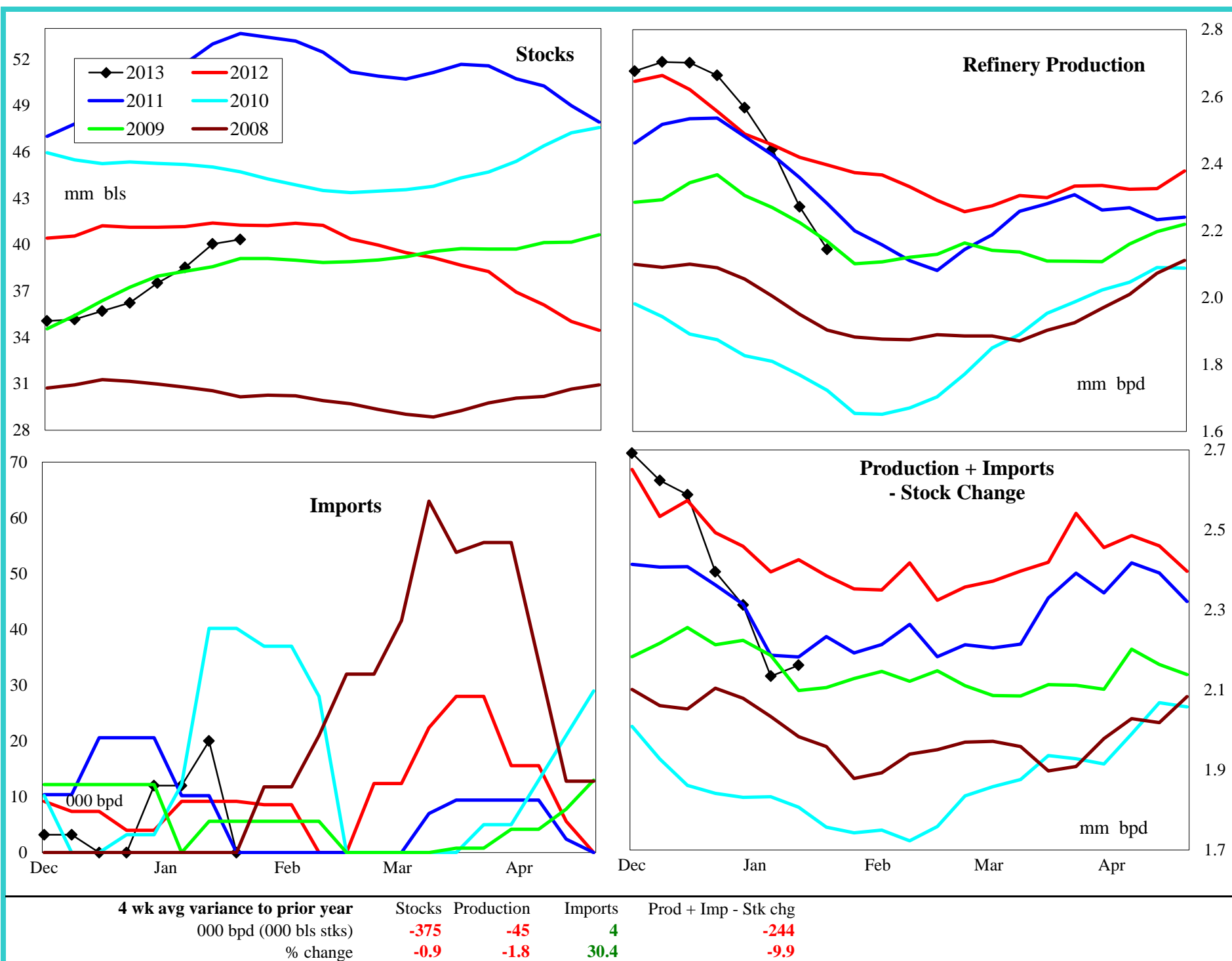
# PADD 3 Reformulated Gasoline Supply



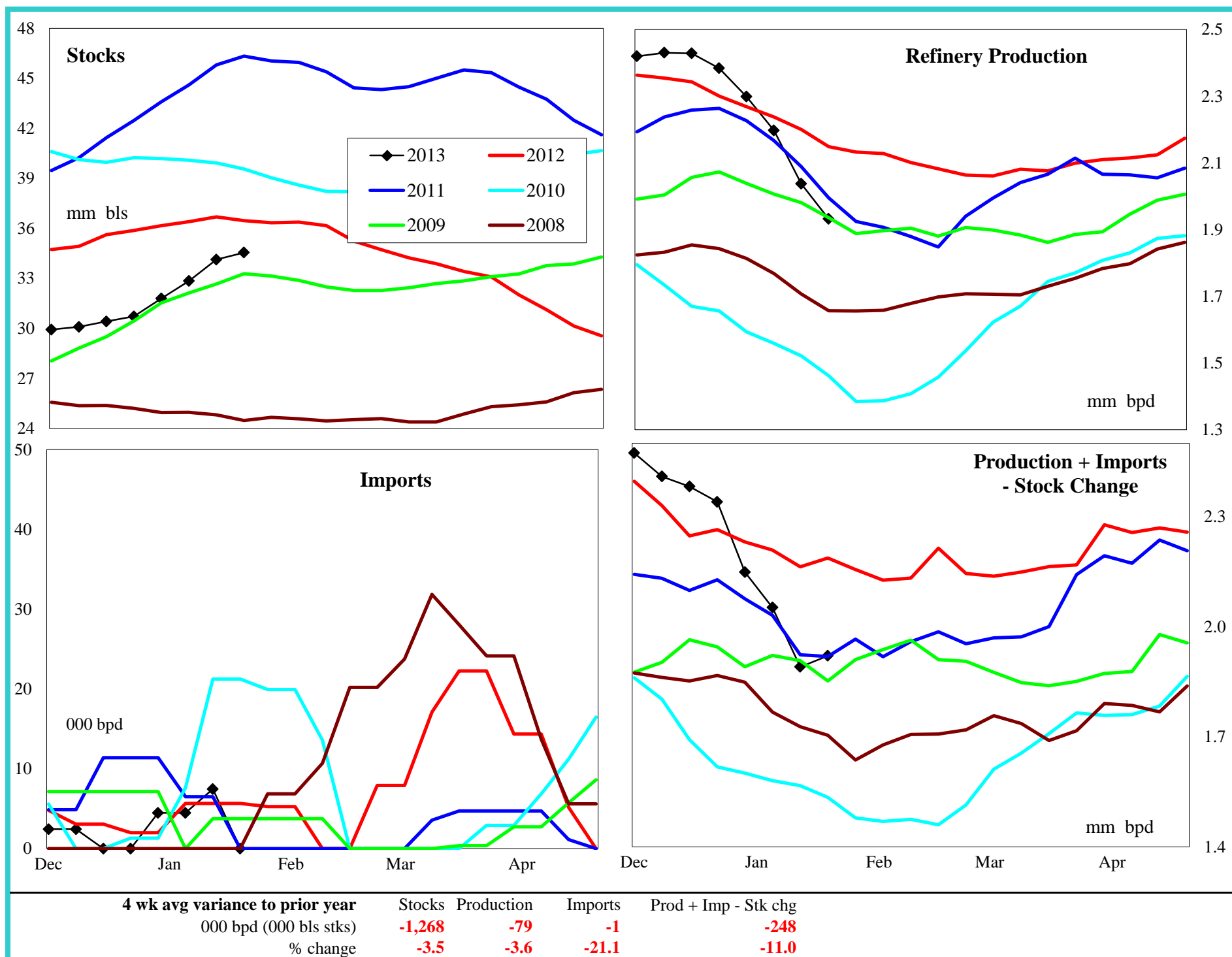
# PADD 3 Conventional Gasoline Supply



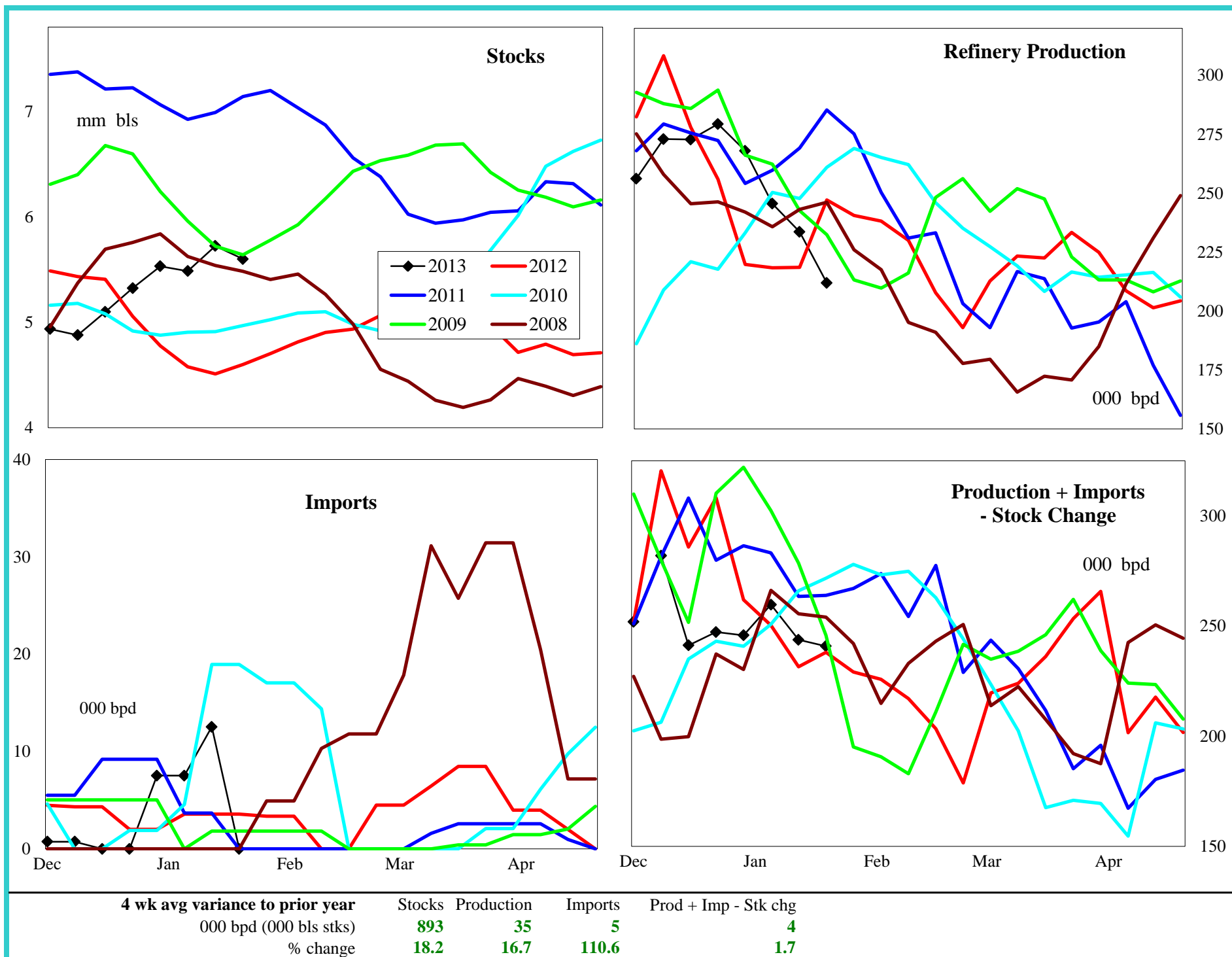
# PADD 3 Distillate Supply



# PADD 3 Low Sulfur Distillate Supply

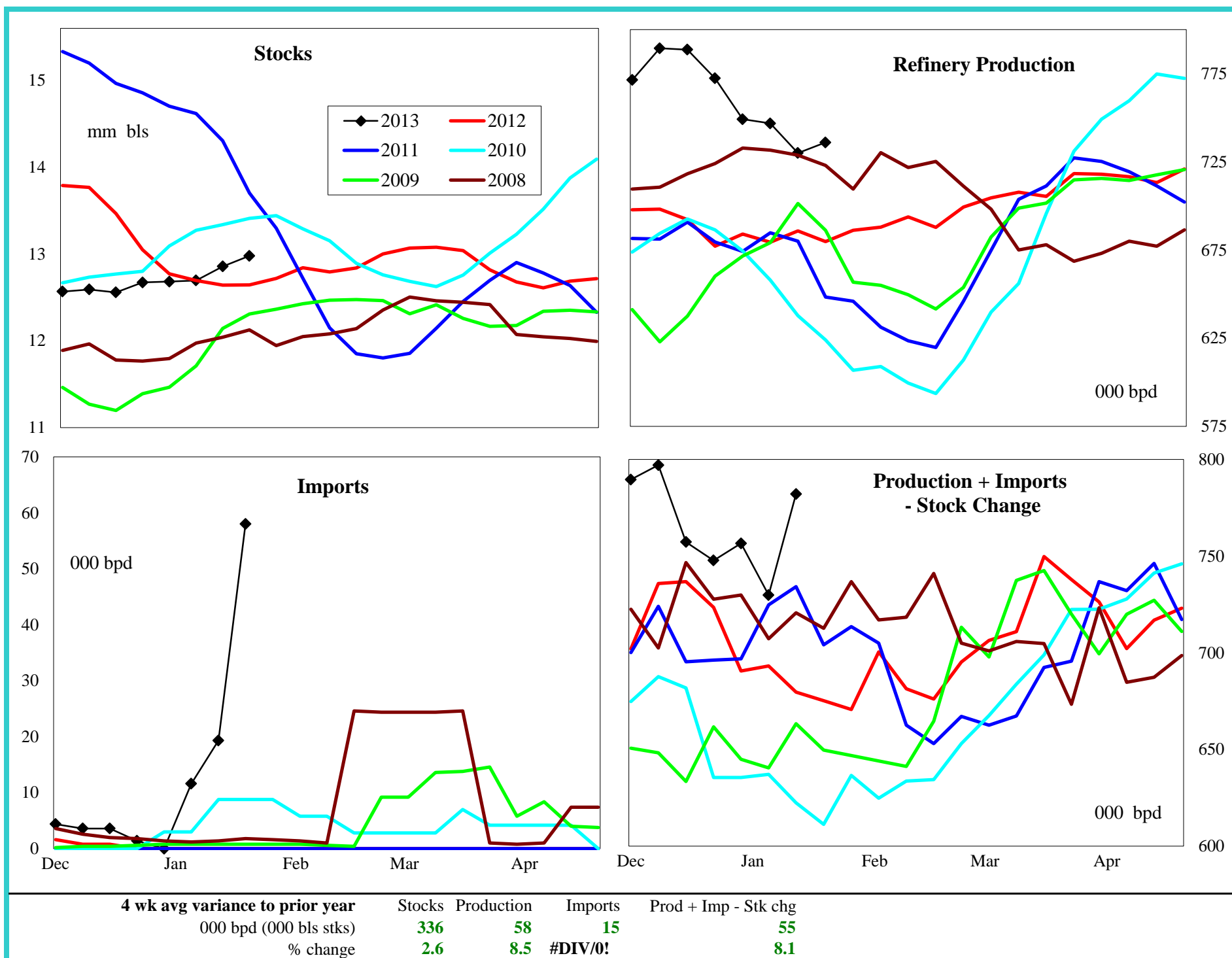


# PADD 3 High Sulfur Distillate Supply

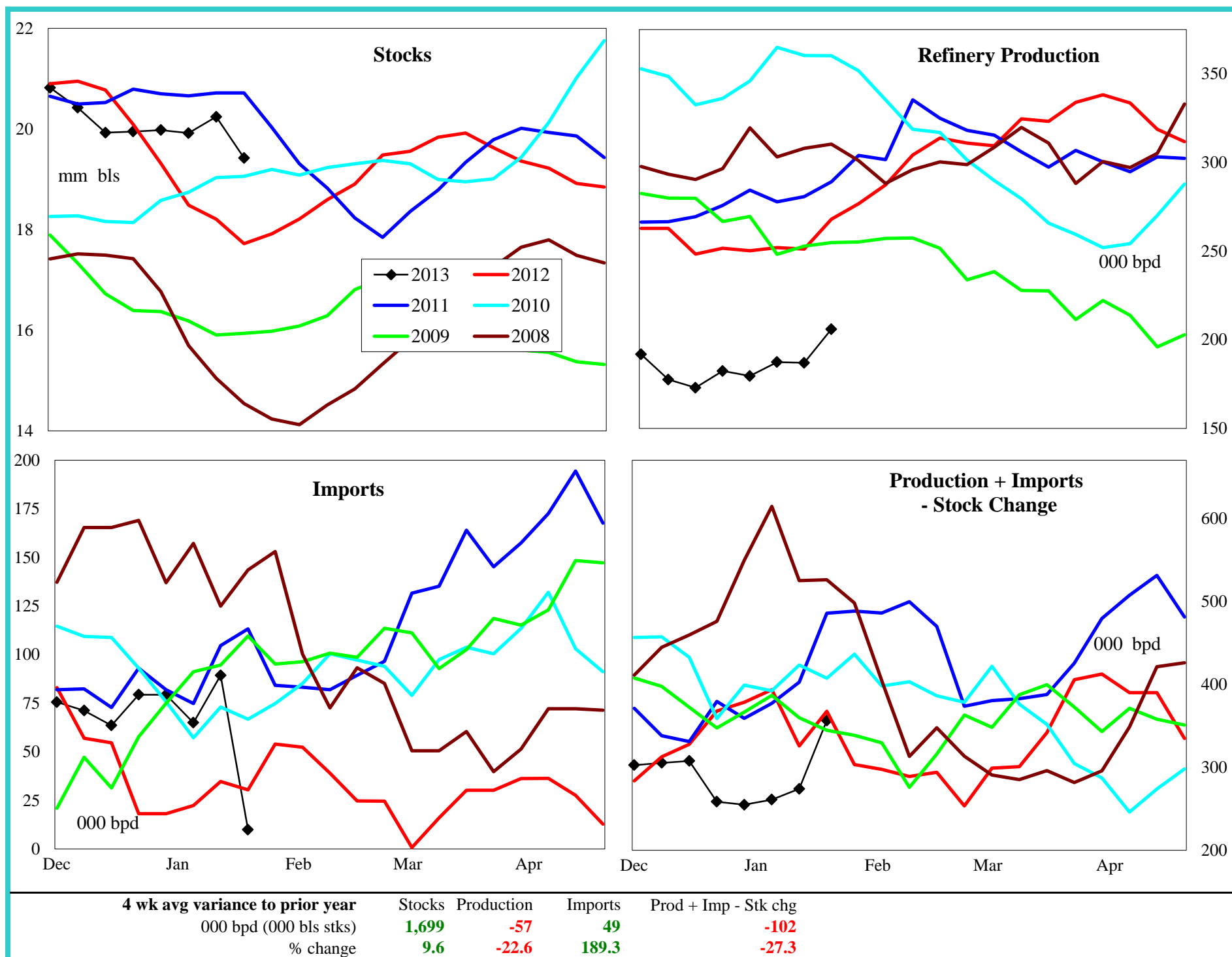




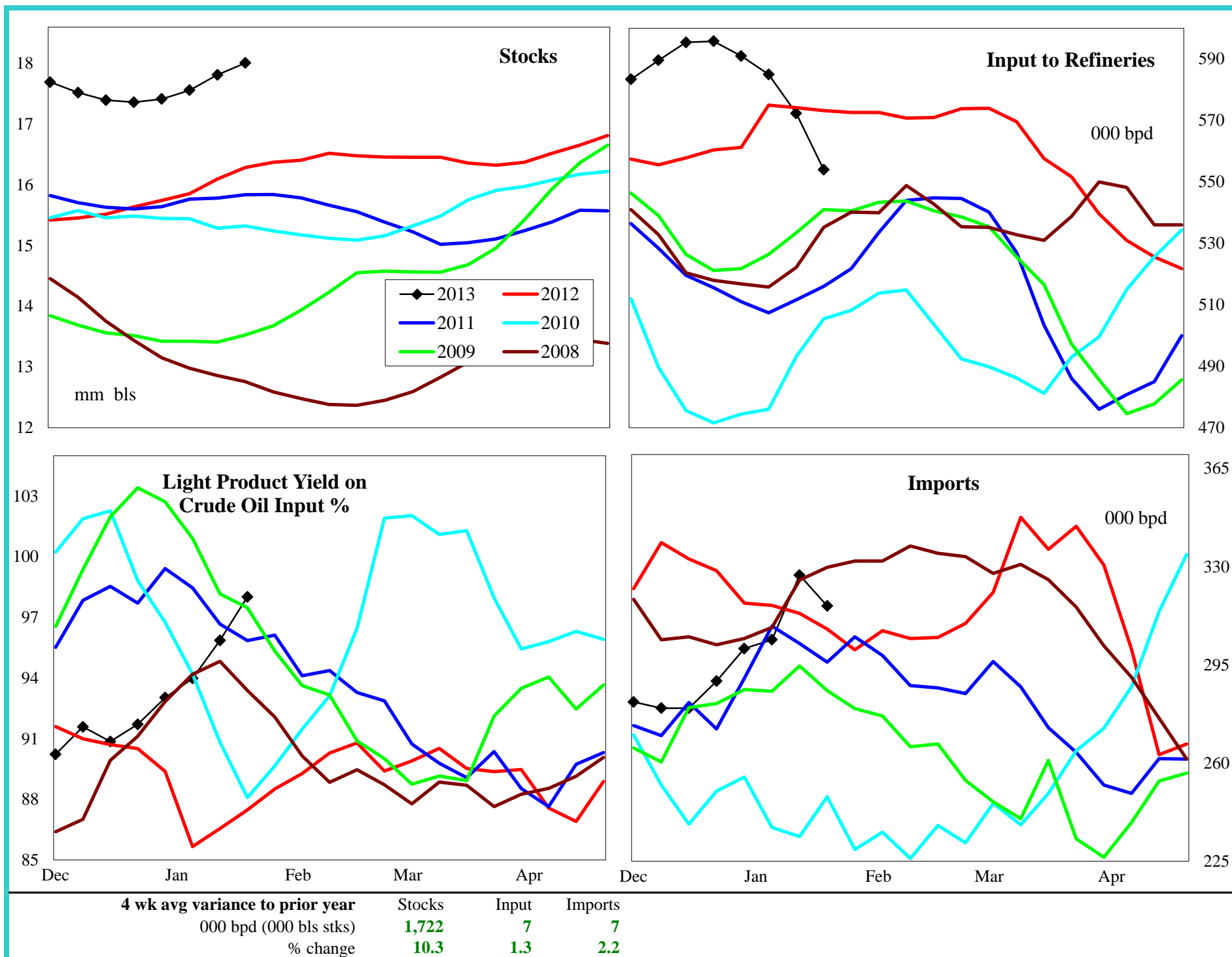
# PADD 3 Jet Fuel Supply



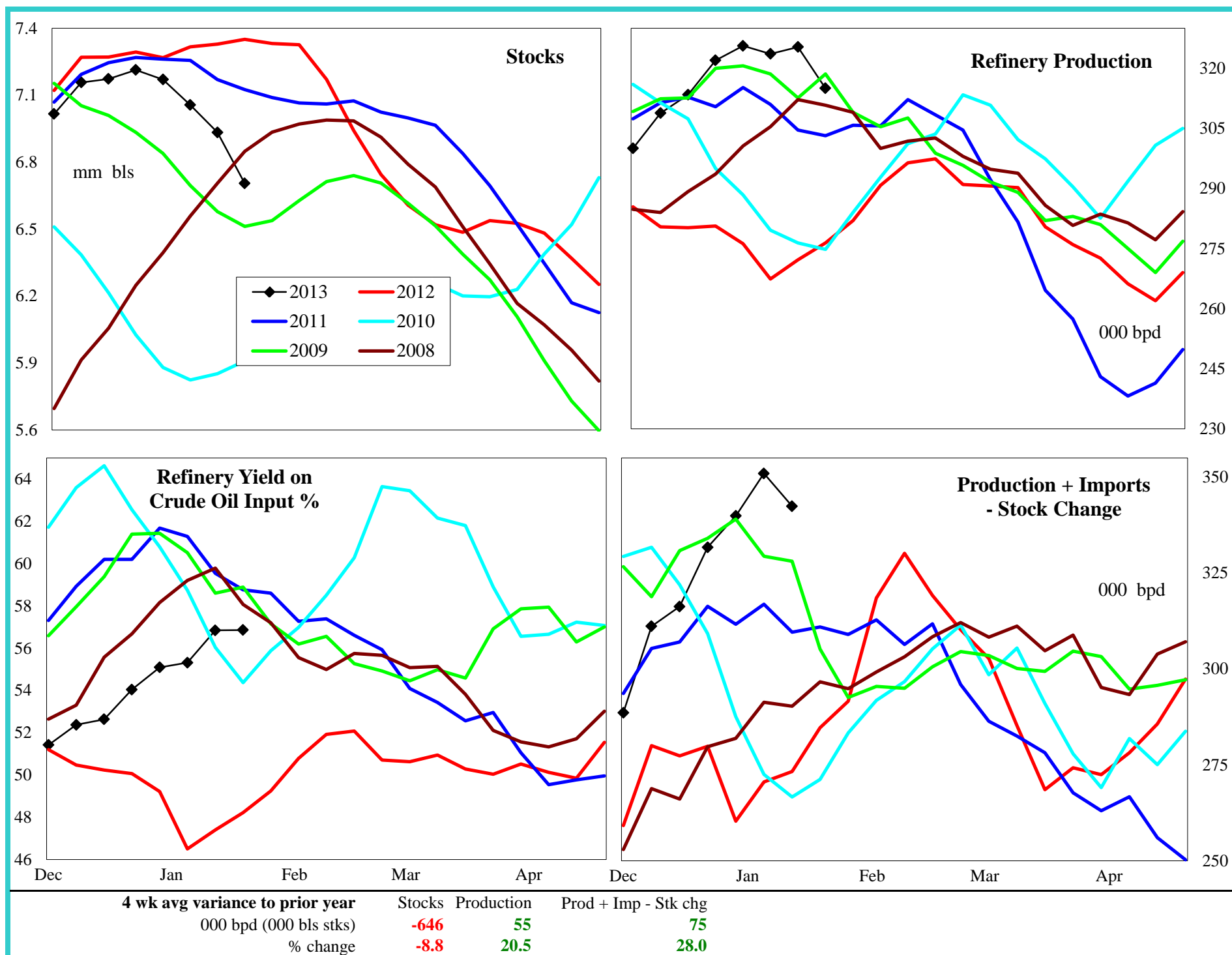
# PADD 3 Residual Fuel Oil Supply



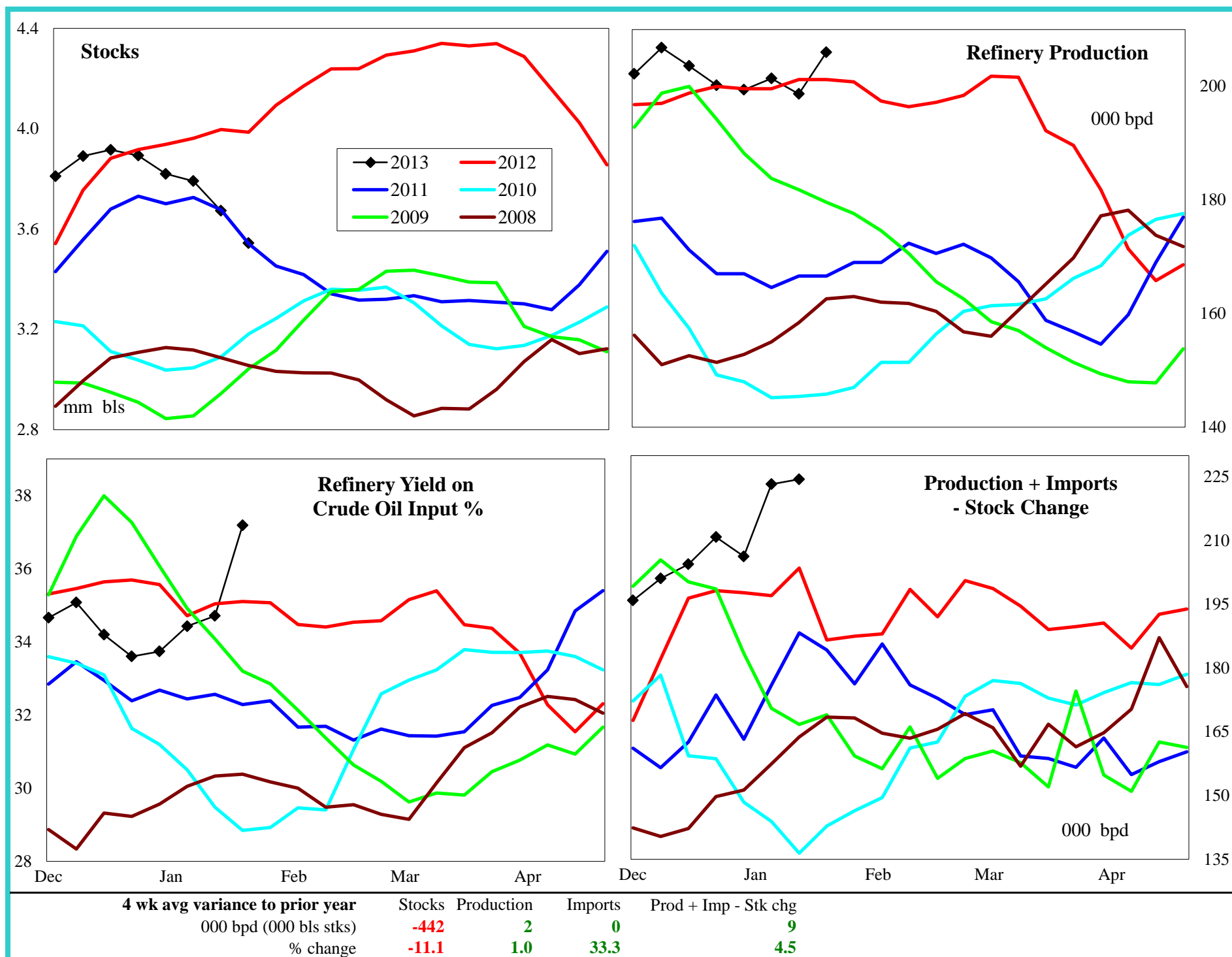
## PADD 4 Crude Oil Supply and Refining



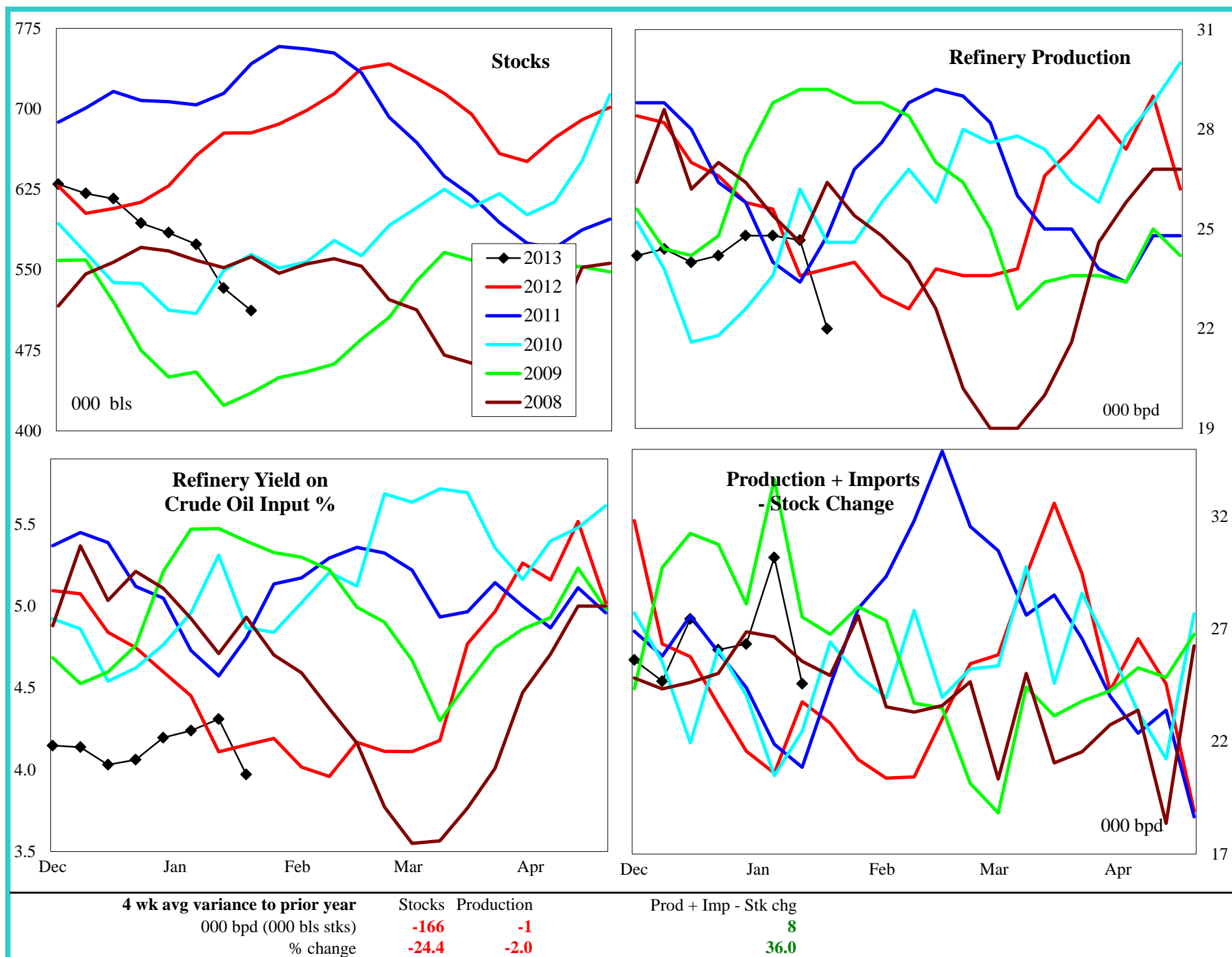
# PADD 4 Gasoline Supply



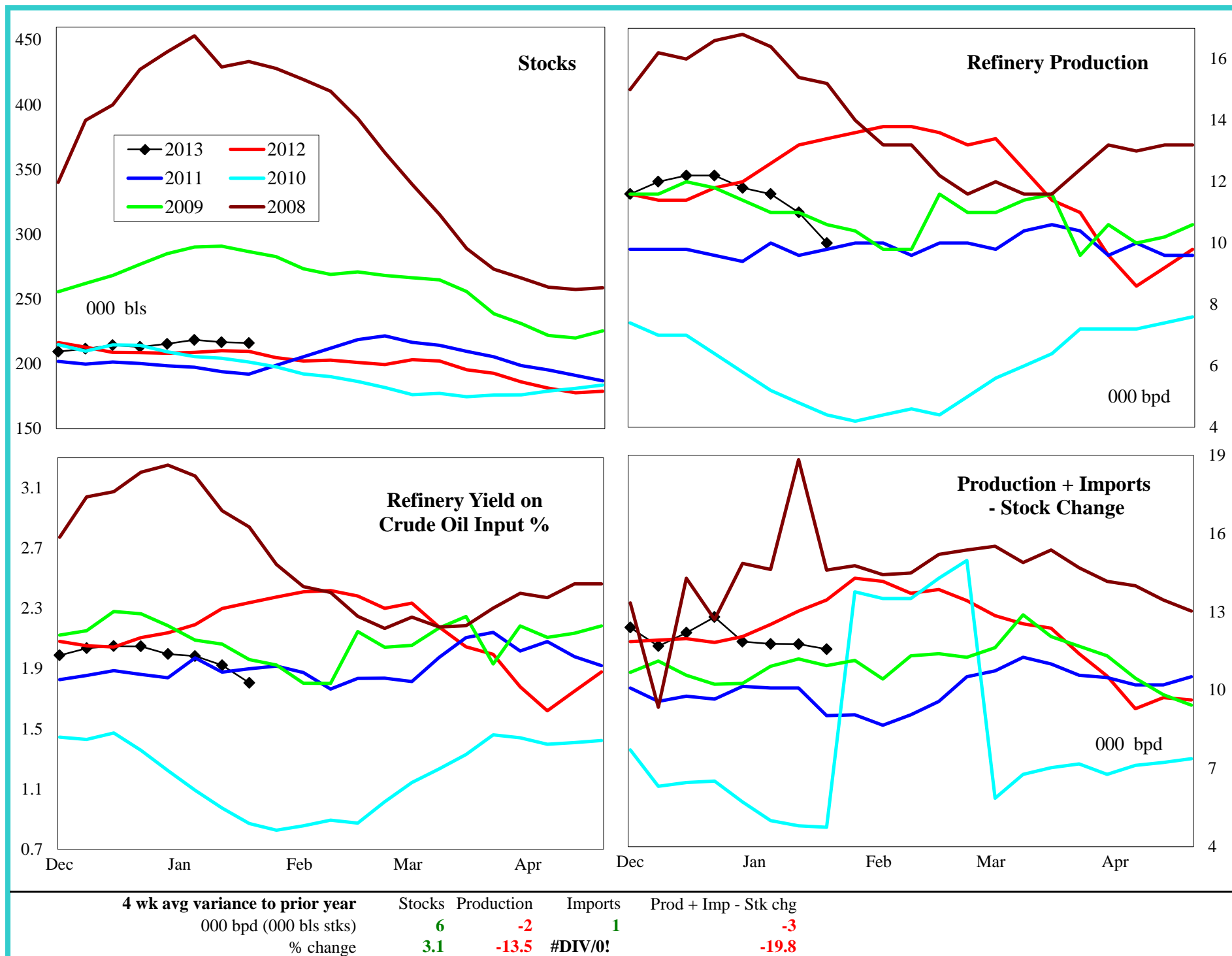
# PADD 4 Distillate Supply



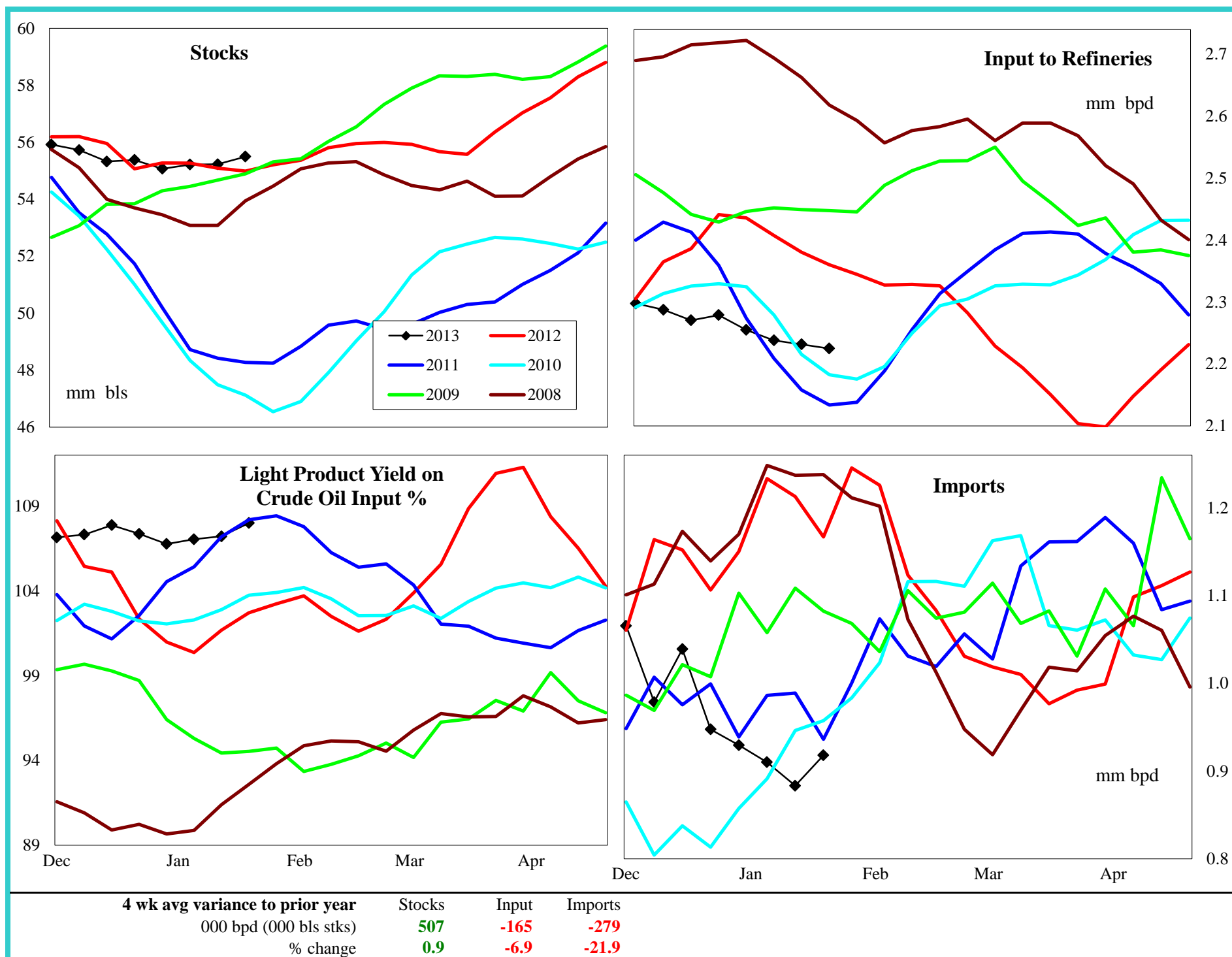
# PADD 4 Jet Fuel Supply



# PADD 4 Residual Fuel Oil Supply

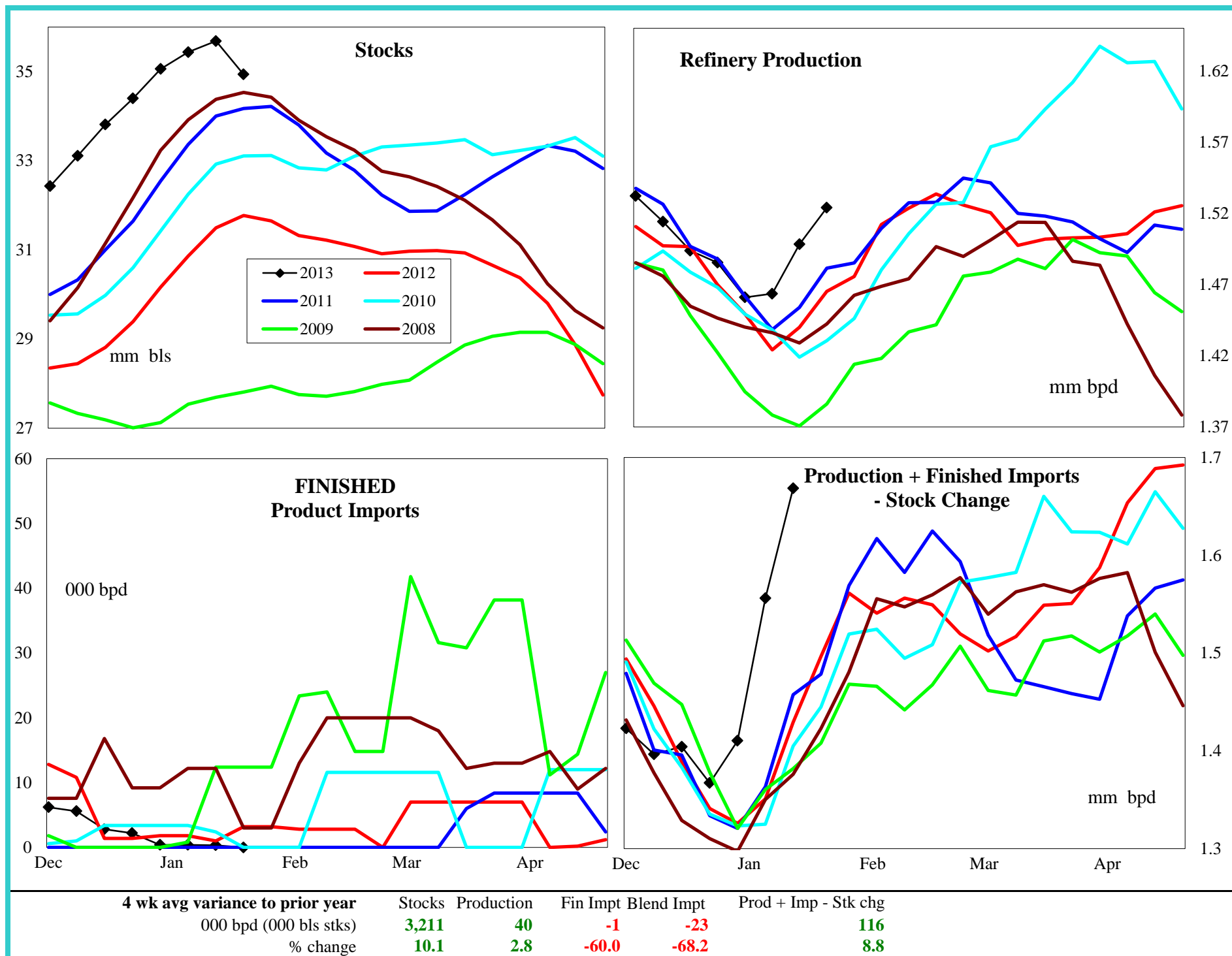


## PADD 5 Crude Oil Supply and Refining

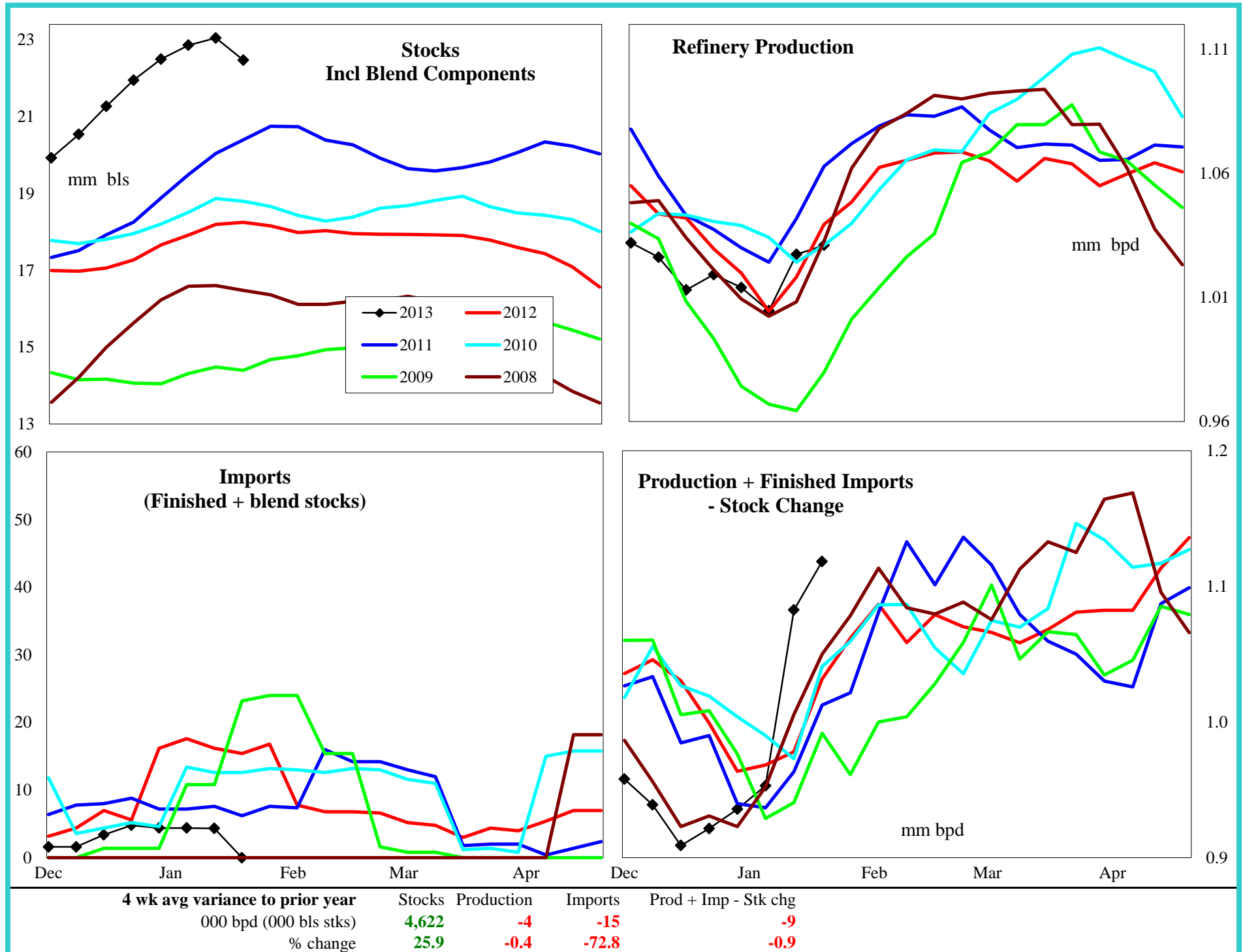




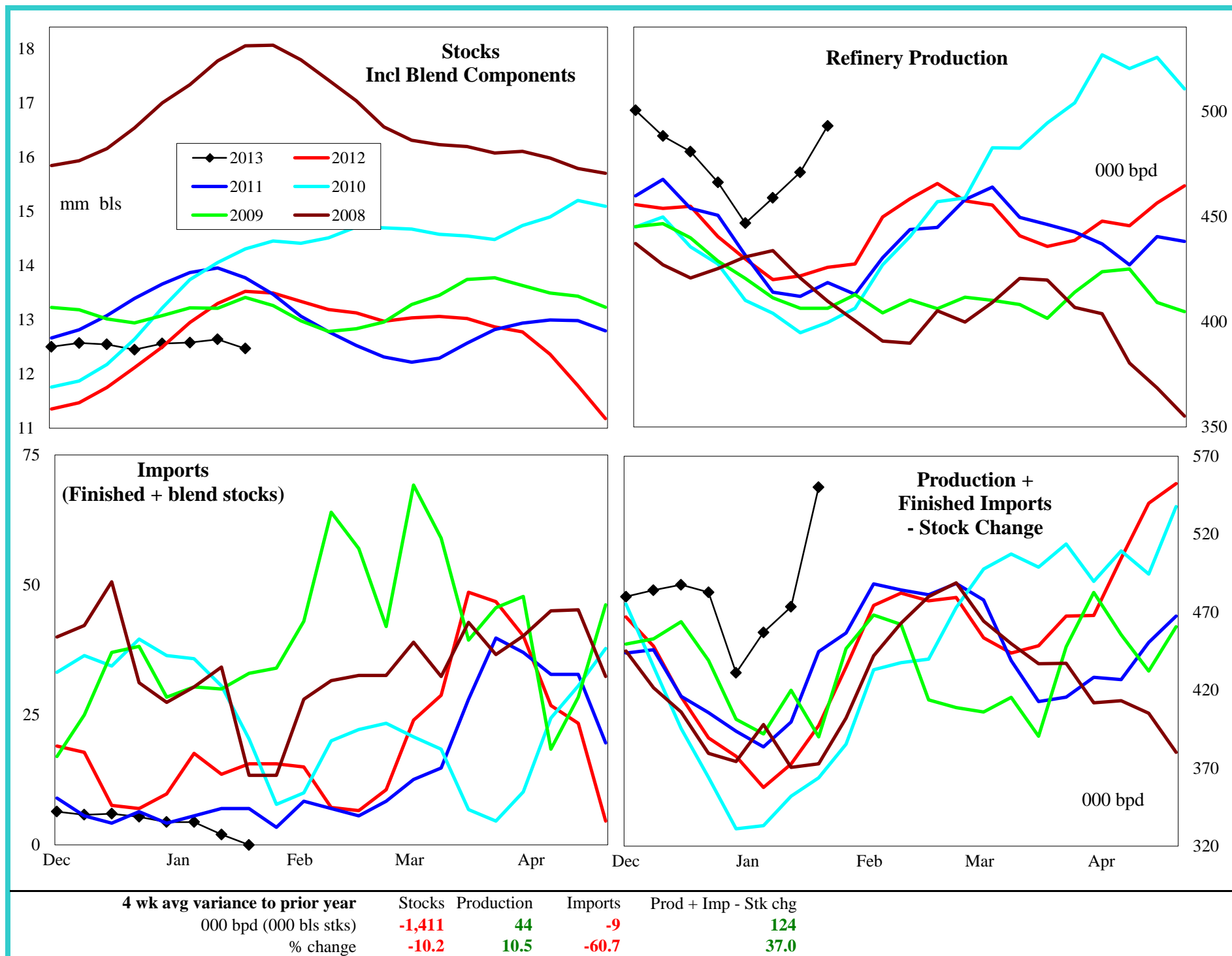
# PADD 5 Gasoline Supply



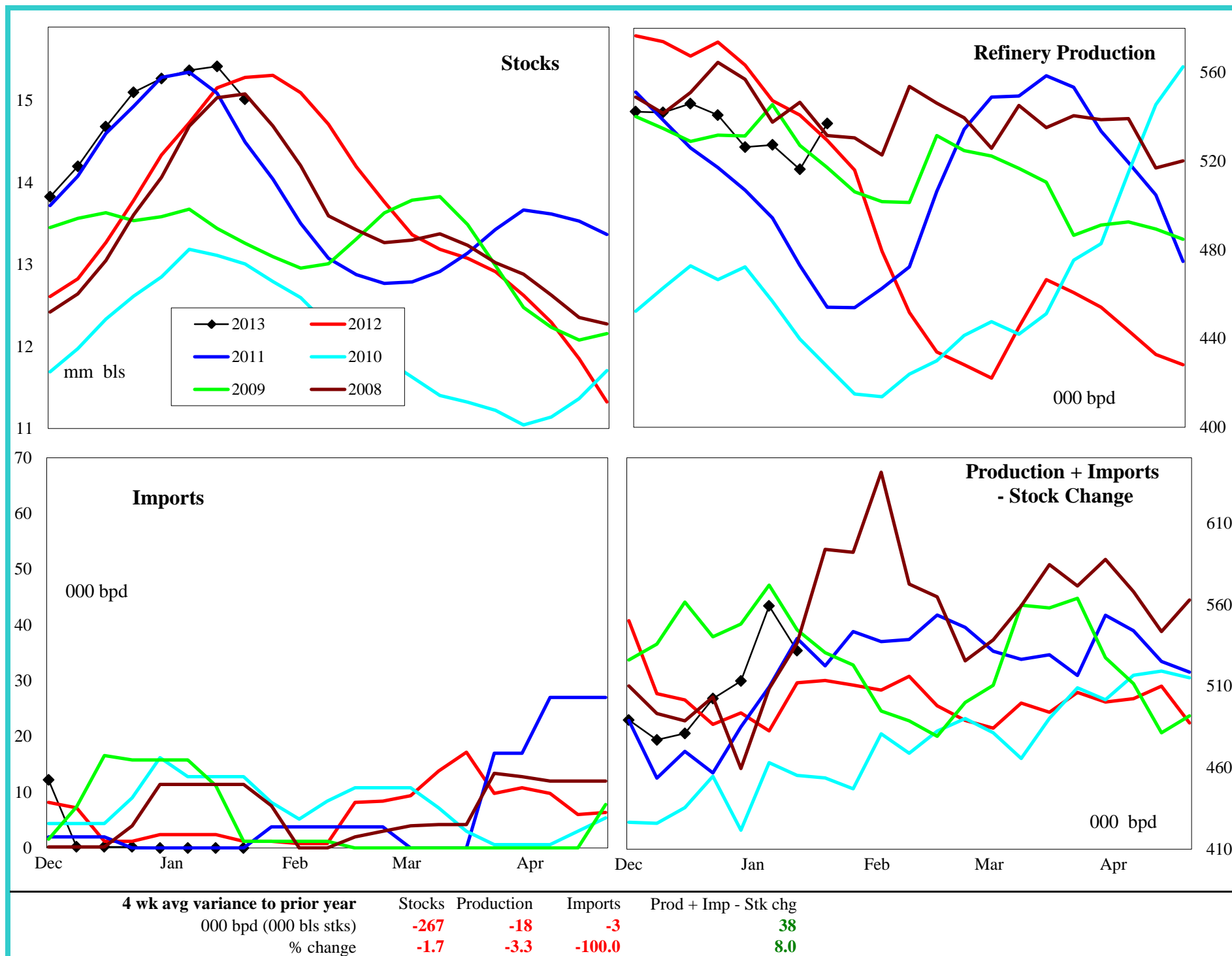
# PADD 5 Reformulated Gasoline Supply



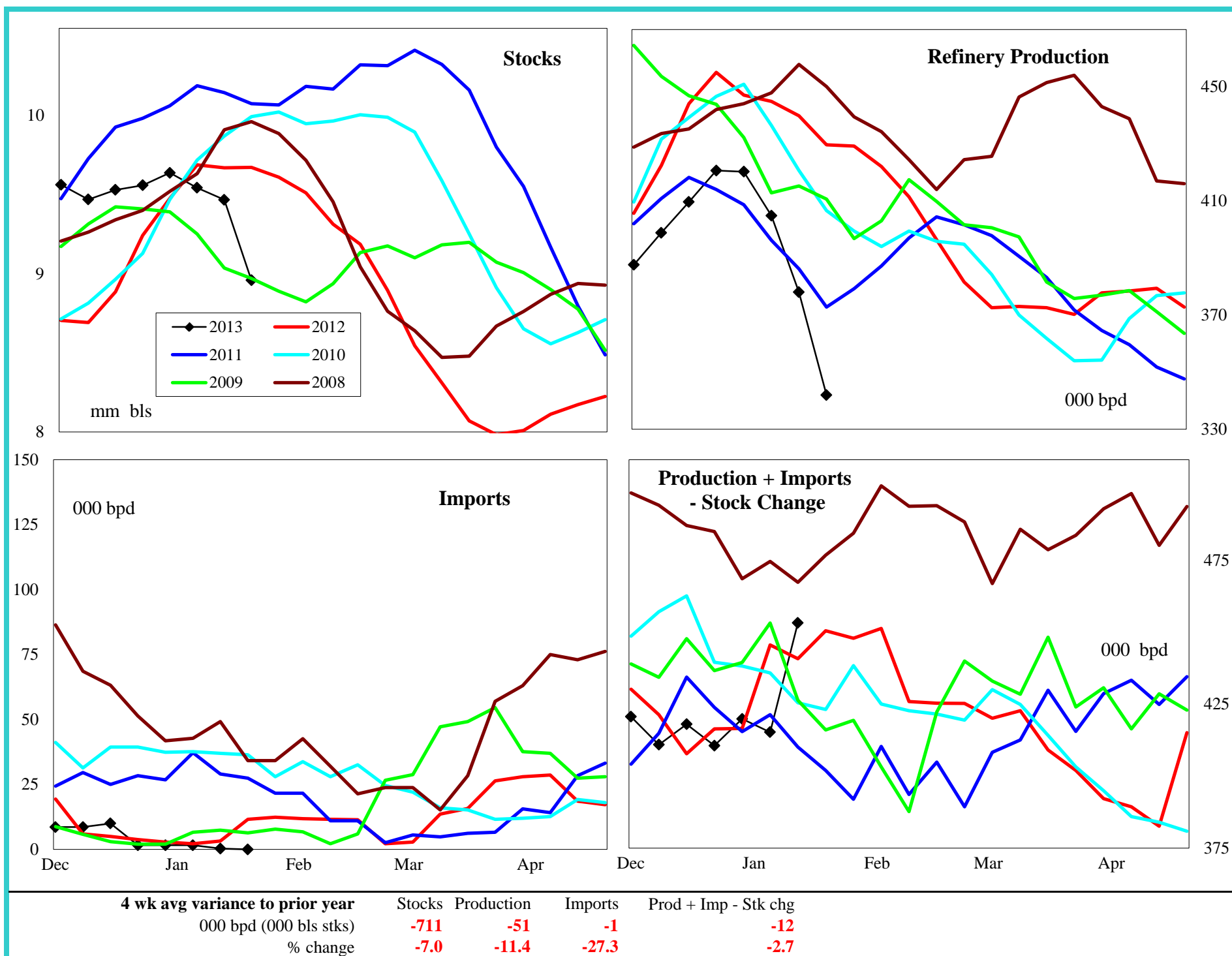
## PADD 5 Conventional Gasoline Supply



# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

