



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

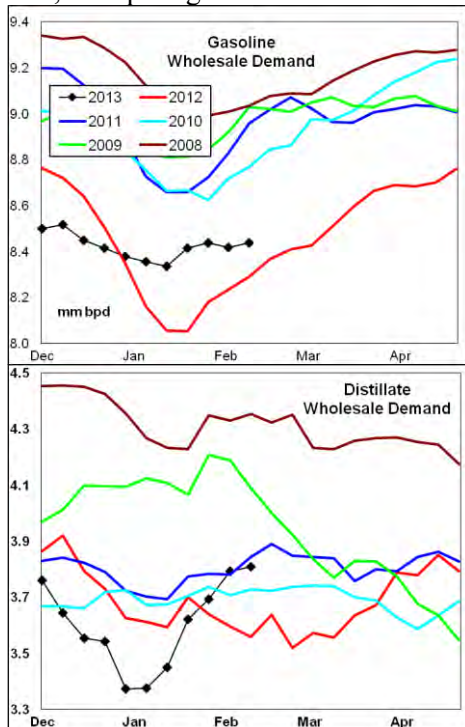
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Saturday, February 23, 2013

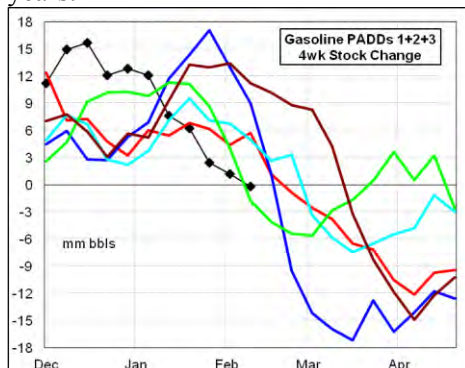


Major Fundamental Trends¹

Wholesale demand for both gasoline and distillate are each reporting significant year-on-year increases; +239,000 bpd for gasoline and +197,000 bpd for distillate during the latest 4-wk period. Jet fuel was also +82,000 bpd higher.

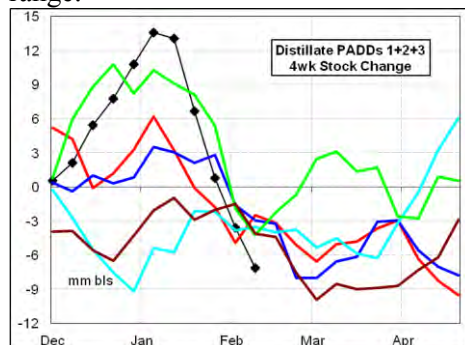


This upturn in demand during the start of winter refinery maintenance has led to stock draws in markets East of the Rockies during the last 4-wks that significantly exceed each of the last 3-years.

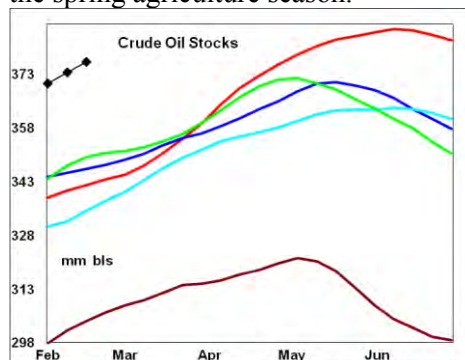


Such early season stock draws have kept gasoline stock levels in PADDs 1

& 2 at the low end of the historic range.



Distillate stock levels East of the Rockies match 5-year lows, risking a supply squeeze in the Midwest during the spring agriculture season.



U.S. crude oil stock levels are at all time highs for this time of year, driven by year-on-year increases in PADDs 2, 3 and 4. The high level of stocks in these regions is due in part to the increase in domestic production and associated working stocks.

During each of the last 5-years, seasonal crude oil stock builds peaked between early May and mid June. Based on the seasonal trend of refinery maintenance and crude oil stock builds, expect stocks to extend the current build for the next quarter, at new all time highs. These trends risk downward pressure on WTI prices.

Demand for middle distillates fell -272,000 bpd last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +2.9%; distillate was +5.5% higher; jet fuel was +6.4% higher and residual fuel fell -43%. **Stocks forward coverage:** Gasoline demand coverage decreased on a -0.8 million barrel stock draw. Coverage

levels were near last years' record.

Distillate coverage decreased on a -3.7 million barrel stock draw and sharply higher demand. Coverage levels were well below the last 3-years.

Jet fuel coverage remains below four of the last 5-years on record low stock levels and higher demand.

Residual fuel oil coverage climbed to new record highs of 200 days supply on very low demand and record high stocks in the Gulf region.

Refinery utilization rates decreased on a -134,000 bpd decline in crude oil thru put. During the latest 4-wk period crude oil input was -206,000 bpd below a year ago.

Gasoline yield % on crude oil runs increased on a +40,000 bpd rise in output compared to the -134,000 bpd decline in crude oil runs. Yield % on crude oil runs was above each of the last 3-years.

Distillate yield % on crude oil runs decreased on a -85,000 bpd drop in output compared to the decrease in crude oil throughput. The yield % on crude oil runs matched last years' 5-year high.

Jet fuel yield % on crude oil runs increased on a +7,000 bpd rise in output, compared to the decrease in crude oil runs. The yield % reached a new 5-year high.

Petroleum Imports of crude oil, and distillate increased last week, while gasoline declined. During the latest 4-wk period crude oil imports were -1.1 million bpd below last year; distillate imports increased +44,000 bpd; finished gasoline imports decreased -63,000 bpd, gasoline blend stock imports decreased -118,000 bpd; jet fuel imports increased +29,000 bpd, while residual fuel oil imports were -86,000 bpd lower.

Crude Oil stocks increased +4.1 million barrels last week, including a +3.5 million barrel build in the Gulf Region. U.S. stocks ended the week +10.5% above last year and a record high for the winter quarter.

¹ Source is latest EIA Weekly Statistics



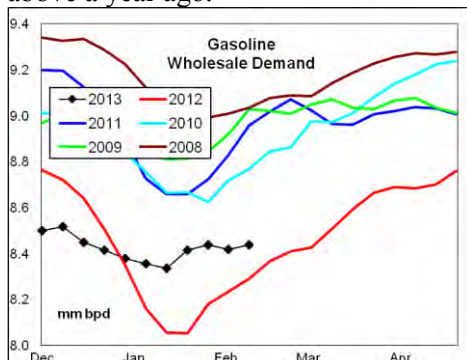
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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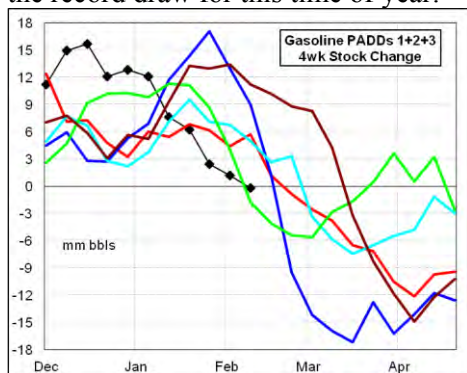
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Product Supply-Demand Trends

Gasoline demand increased +33,000 bpd on the week, with the level above last years' record lows. The latest 4-wk average demand was +239,000 bpd above a year ago. This represents a significant year-on-year increase. Supply decreased -66,000 bpd last week on lower imports. Supply for the latest 4-wk period was +126,000 bpd above a year ago.



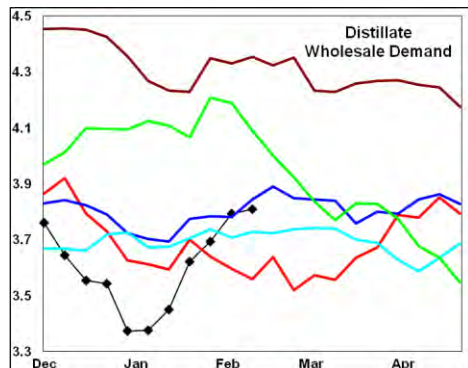
Stocks decreased -2.9 million barrels last week, with the level equal to the historic mid range. The latest 4-wk draw of -0.2 million barrels matched the record draw for this time of year.



Look for year-on-year demand growth to drive a near record stock draw down East of the Rockies during the next 30-days.

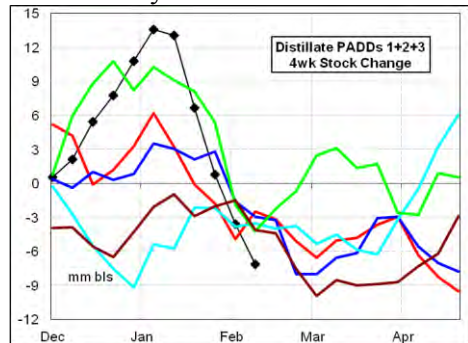
A meaningful stock build on the East Coast has reduced risk of a supply squeeze in the Central Atlantic Region this spring. Midwest stock levels are at 5-year lows, pointing to risk of a supply squeeze in the region.

Distillate demand decreased -134,000 bpd last week, to a level at the upper end of the 3-year range. The latest 4-wk average demand was +197,000 bpd above a year ago.



Supply increased +66,000 bpd last week, on a spike in imports. The latest 4-wk average supply was -40,000 bpd below last year. Stocks fell -2.3 million barrels last week, on lower seasonal supplies.

The latest 4-wk stock change in markets East of the Rockies was a -7.1 million barrel draw, a record draw for this time of year.



Robust wholesale demand and seasonal refinery maintenance should lead to further stock draws over the next quarter. Stock levels remain at 5-year lows in the Midwest and East coast regions while above average rates of draw in the Rockies and West Coast are tightening supplies in those markets.

Jet Fuel demand decreased -138,000 bpd on the week, to a level below the 5-year range. The latest 4-wk average demand was +82,000 bpd above a year ago.

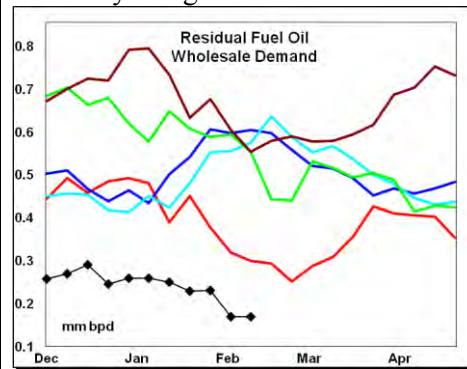
Supplies were nearly unchanged on the week, with stocks climbing +0.7 million barrels on weak demand. Supply for the latest 4-wk period was +46,000 bpd above a year ago. Stock levels ended the week below the 5-year range.

Expect refiners to maximize jet

output on very low stock levels in key regions. Record low stocks and a seasonal draw down should keep supplies tight for the next 60-days in key markets.



Residual fuel oil demand declined -17,000 bpd last week. Demand for the latest 4-wk period was -167,000 bpd below a year ago.



Supply (production + imports) declined -46,000 bpd last week, on lower production and imports. The latest 4-wk average supply was -179,000 bpd below last year on lower imports and production. Stocks increased +0.5 million barrels last week, to a level below the mid range.

Stocks reached new record highs in the Gulf Region last week on continued low demand and exports. Stock levels on the East and West coasts were each below the 5-year range.



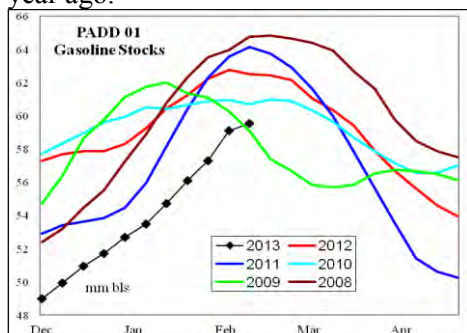
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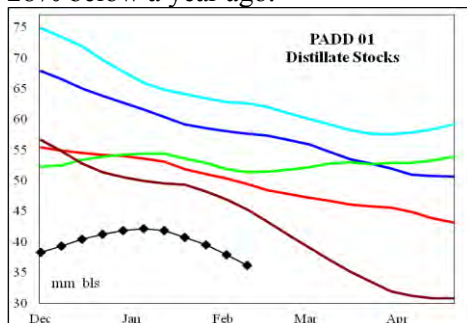
PADD Supply Trends

PADD 1 refinery crude oil runs decreased -103,000 bpd last week, falling to a 5-year low. The latest 4-wk average was +58,000 bpd above a year ago.

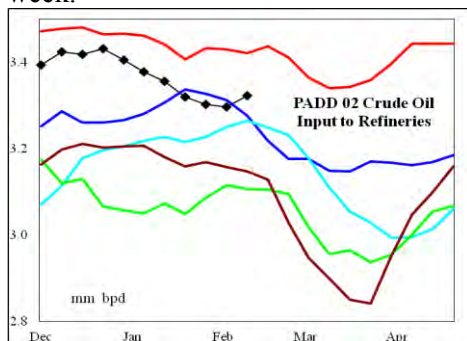


Gasoline supply decreased -163,000 bpd on a sharp drop in imports last week. Stock levels ended the week at the low end of the historic range.

Distillate supply climbed +157,000 bpd on the week due to a surge in imports. Stocks fell -1.3 million barrels on the week, with the level -28% below a year ago.



Jet fuel supply and stock levels were each below the historic mid range last week.



PADD 2 crude oil refinery runs increased +71,000 bpd last week, to a level above the 3-year average. Runs for the latest 4-wk period were -127,000 bpd below last year. Crude oil

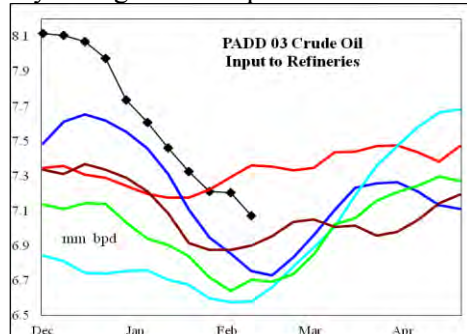
stocks were nearly unchanged on the week. Stocks ended the week +53% above a year ago at Cushing, Oklahoma.

Gasoline production increased +43,000 bpd on the week, a level still below the 5-year range. Stocks increased +0.2 million barrels on the week, with the level a record low for this time of year.

Distillate supply increased +71,000 bpd on the week, to a level near last years' 5-year highs. Stock levels remained below the 5-year range.

Jet fuel production was at the historic mid range for the week. Stock levels continued to fall, ending the week -23% below last year and a season record low.

PADD 3 refinery runs decreased -163,000 bpd last week, with the latest 4-wk average -37,000 bpd below a year ago. Crude oil stocks increased +3.5 million barrels with the level near 3-year highs for the period.



Gasoline supply decreased -84,000 bpd last week, ending the week at a level near the average of the last 2-years. Stocks fell -2.6 million barrels, to a level that matched prior record highs.

Distillate supply fell -107,000 bpd on the week, with the latest 4-wk average -90,000 bpd below a year ago. Stocks decreased -0.6 million bpd last week, to a level below the historic mid range.

Jet fuel remained at a level above the 5-year range for the week. Stocks increased +0.5 million barrels on the week, to a level that matched historic highs for the period.

Residual fuel oil supplies declined -48,000 bpd on the week. Stocks

increased +0.2 million barrels ending the week at a new record high for the season.

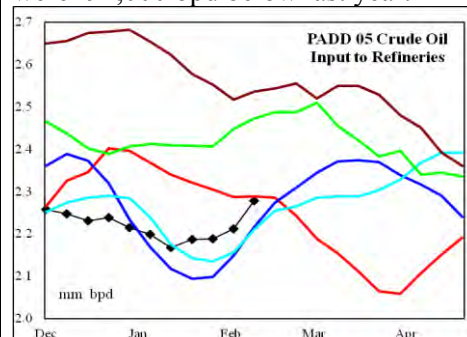
PADD 4 refinery crude runs increased +27,000 bpd on the week, to a record high level for this time of year.

Gasoline production increased +19,000 bpd on the week, also a record high for this time of year. Stocks increased +0.5 million barrels to match 5-year highs for the period.

Distillate production increased +14,000 bpd on the week, matching record levels set a year ago. Stocks extended the seasonal draw, to match the 5-year mid range, and -21% below last years' record high.

Jet fuel production fell to a record low for the period, while stocks extended the recent uptrend with the level slightly below the last 2-years.

PADD 5 crude oil refinery runs increased +34,000 bpd on the week, to a level comparable to the last 3-years. Runs for the most recent 4-wk period were -94,000 bpd below last year.



Gasoline supply increased +76,000 bpd on the week, a level still below the . last 3-years. The latest 4-wk average supply was -10,000 bpd below a year ago. Stocks fell -0.7 million barrels, with the level equal to the 3-year mid range.

Distillate supply fell -68,000 bpd, to a level near the 3-year mid range. Stocks extended the seasonal decreased, ending the week at level equal to the average of the last 3-years.

Jet fuel stocks and production each remain near 5-year lows, with imports matching historic highs for the week.

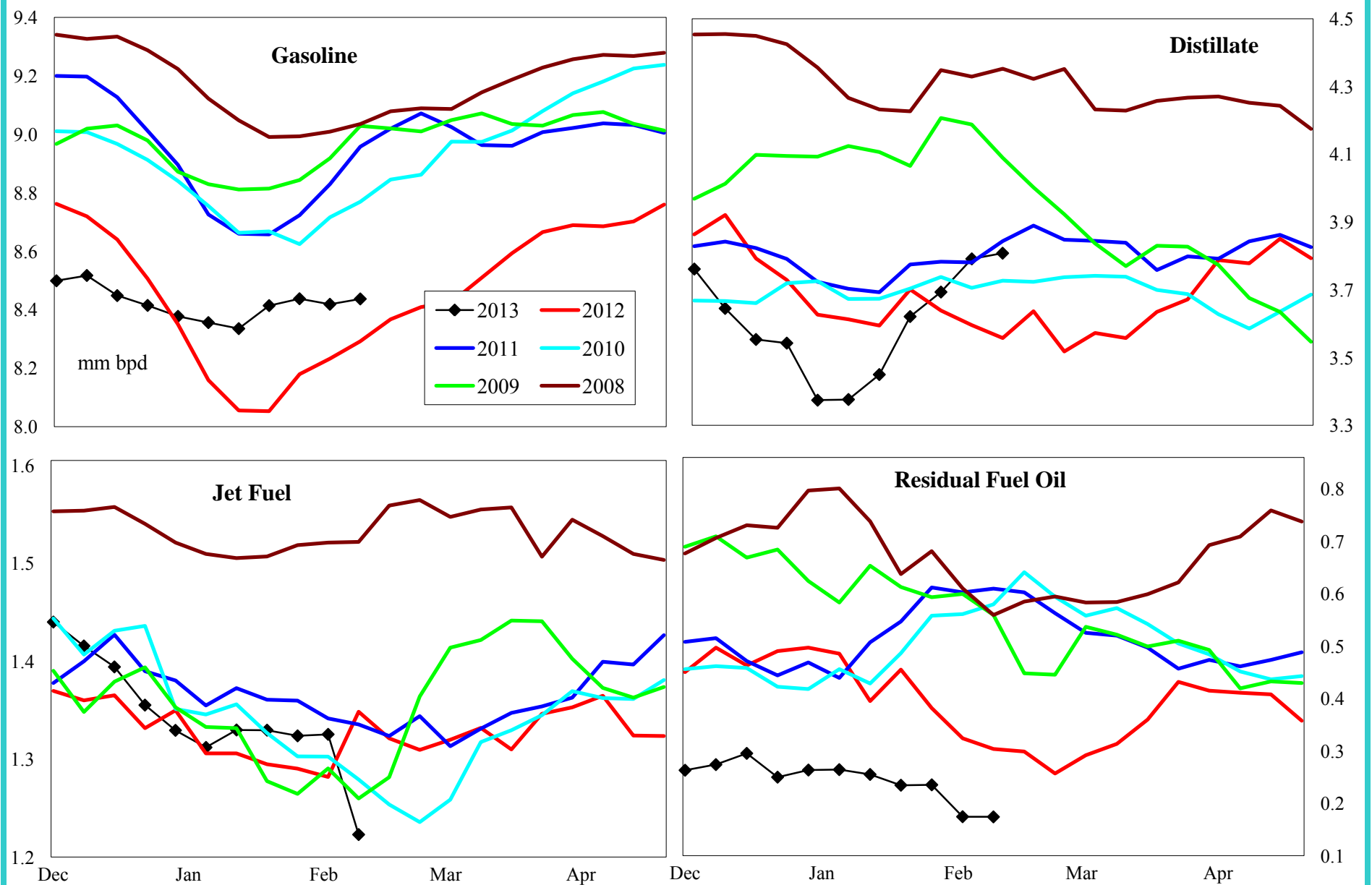


PETROLEUM: Graph Link and Weekly Summary

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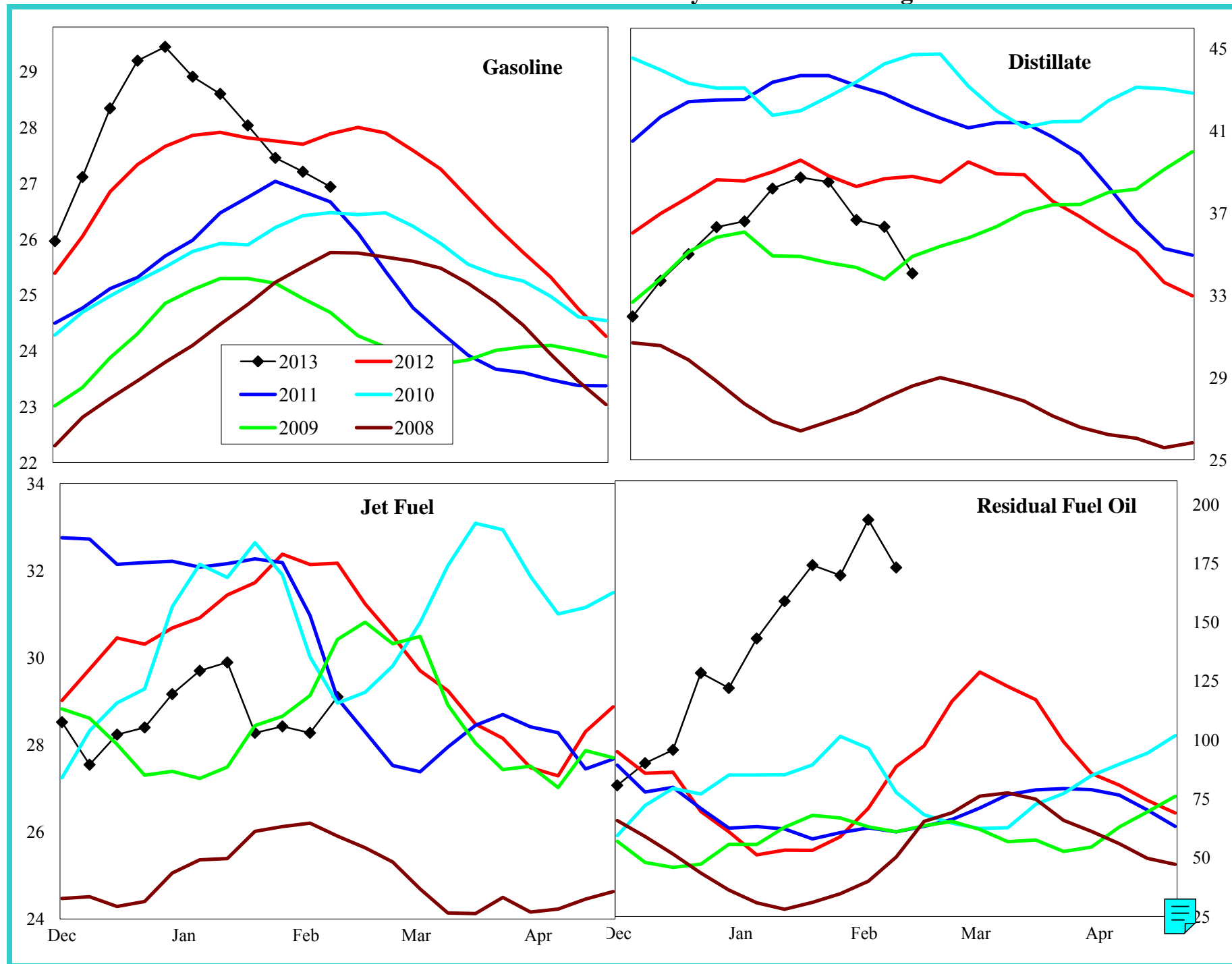
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage		Refinery Utilization Product Yield %			Imports
Supply/Demand Trends	15-Feb-13	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	4,143	1,457	-99	3,469	105	-789
	Imports	176	-169	-183	345	53	130
	Input	-134	-103	71	-163	27	34
	% Utilization	-0.90					
Gasoline	Stocks	-2,884	-225	215	-2,608	456	-723
	Production	40	-4	43	-86	19	22
	Imports	-106	-159	-2	2	0	54
	Supplied	33					
Distillate	Stocks	-2,277	-1,307	245	-560	-209	-445
	Production	-85	-11	71	-89	14	-68
	Imports	151	168	0	-17	0	0
	Supplied	-134					
Jet Fuel	Stocks	722	-240	-178	491	11	638
	Production	7	-13	1	6	-1	14
	Imports	-2	13	0	0	0	-15
	Supplied	-138					
Residual Fuel Oil	Stocks	485	58	14	187	-8	234
	Production	-8	-1	9	-35	1	18
	Imports	-38	-30	0	-13	-3	8
	Supplied	-17					

United States Wholesale Petroleum Demand

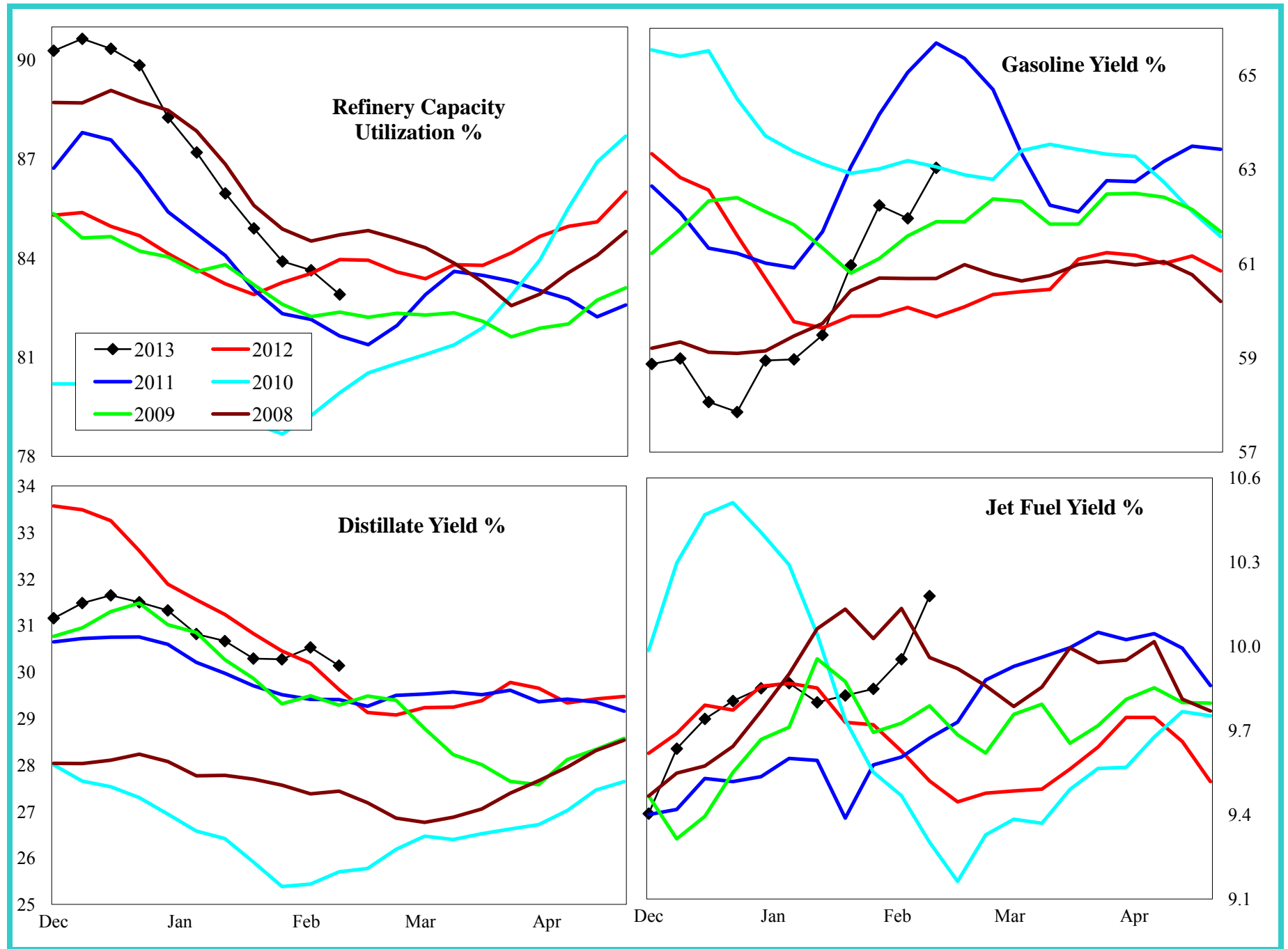


	000 bpd change from prior year				% change from prior year			
	4wk avg	Jan	Dec	Nov	4wk avg	Jan	Dec	Nov
Gasoline	239	230	-244	2	2.9	2.8	-2.8	0.0
Distillate	197	-282	-286	-207	5.5	-7.4	-7.4	-5.0
Jet Fuel	82	49	67	-9	6.4	3.7	4.9	-0.6
Resid	-167	-135	-209	-100	-43.3	-32.1	-40.3	-25.3

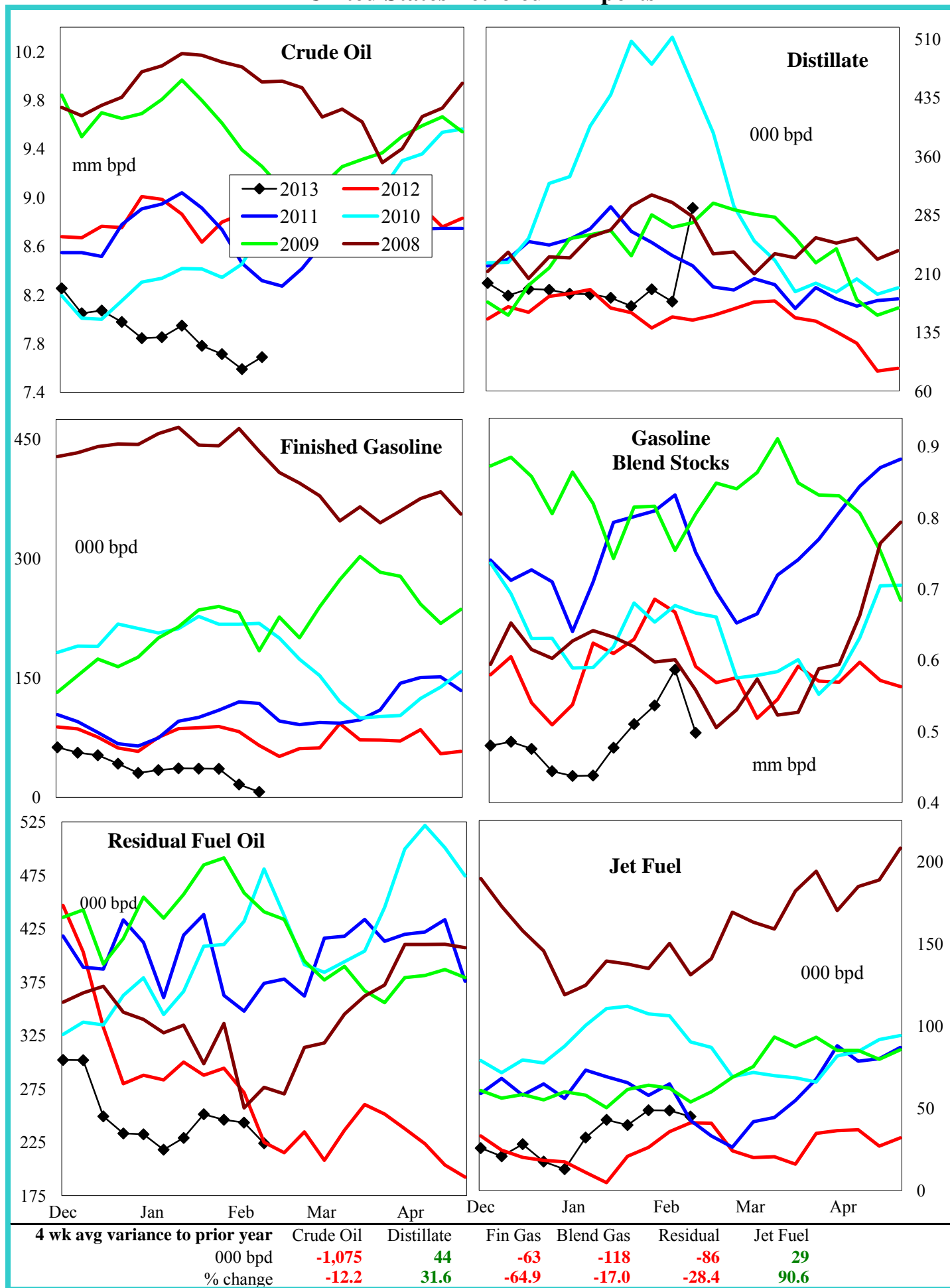


United States Product Stocks: Days Forward Coverage

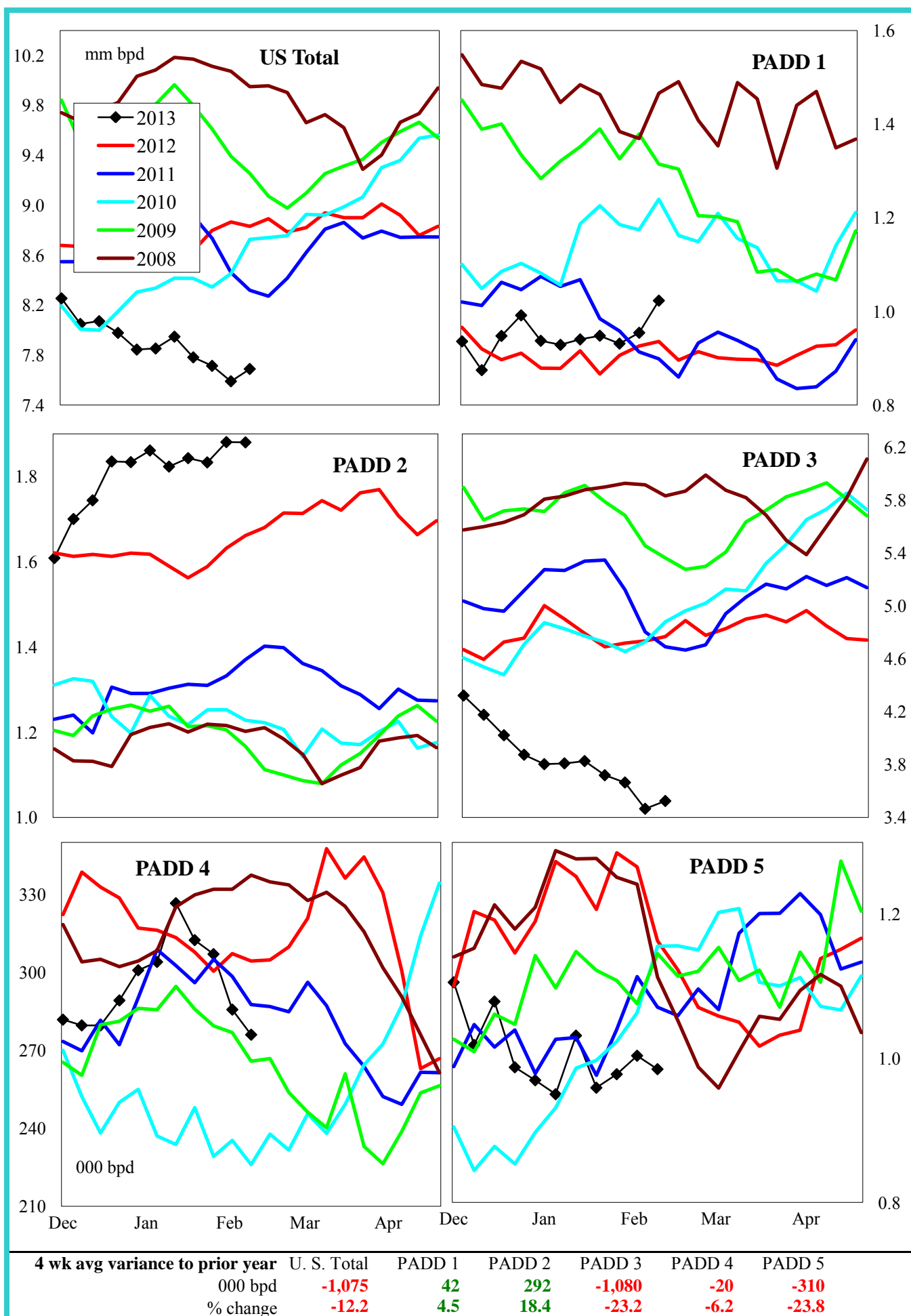
United States Refinery Percent Utilization Rate and Product Yields



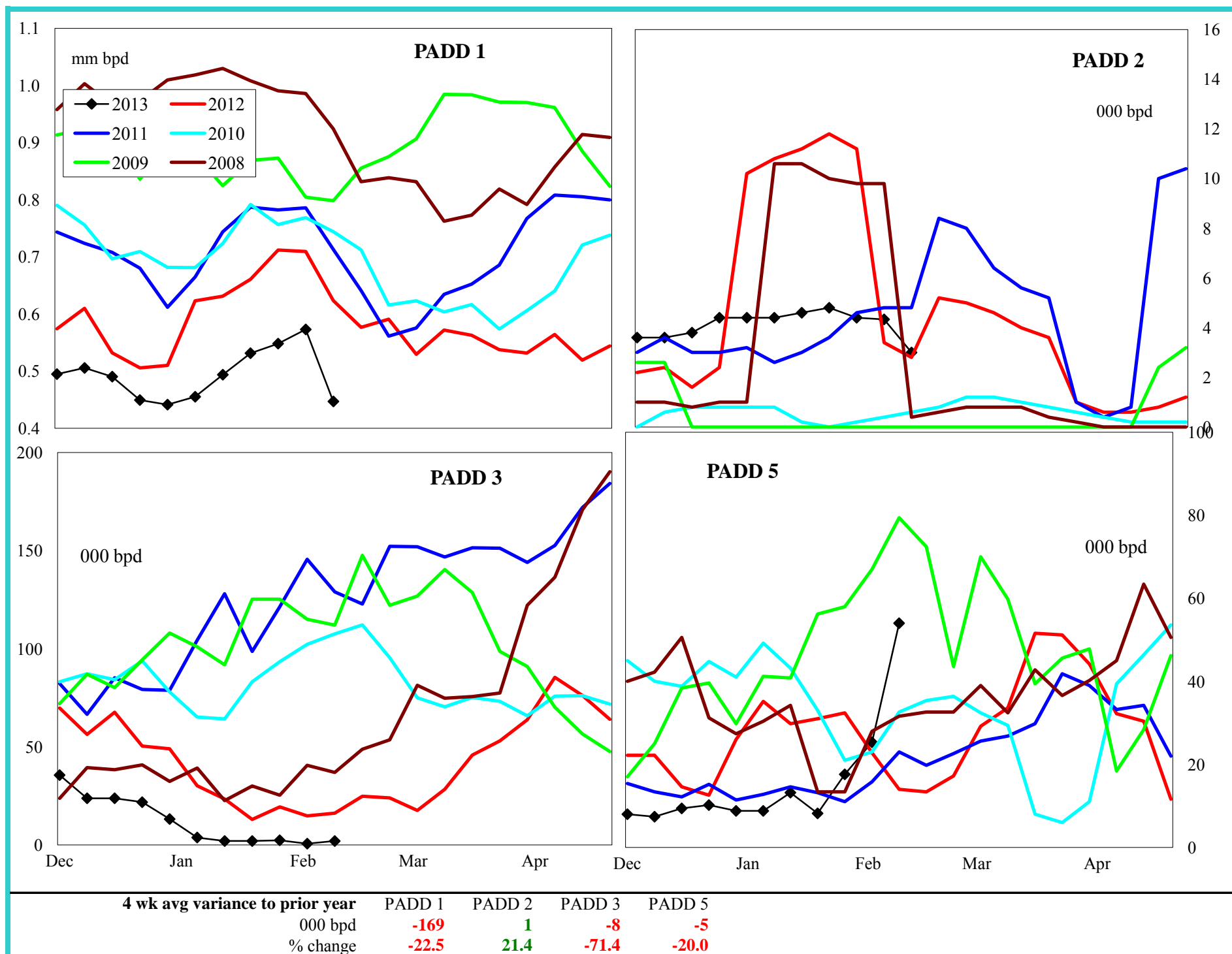
United States Petroleum Imports



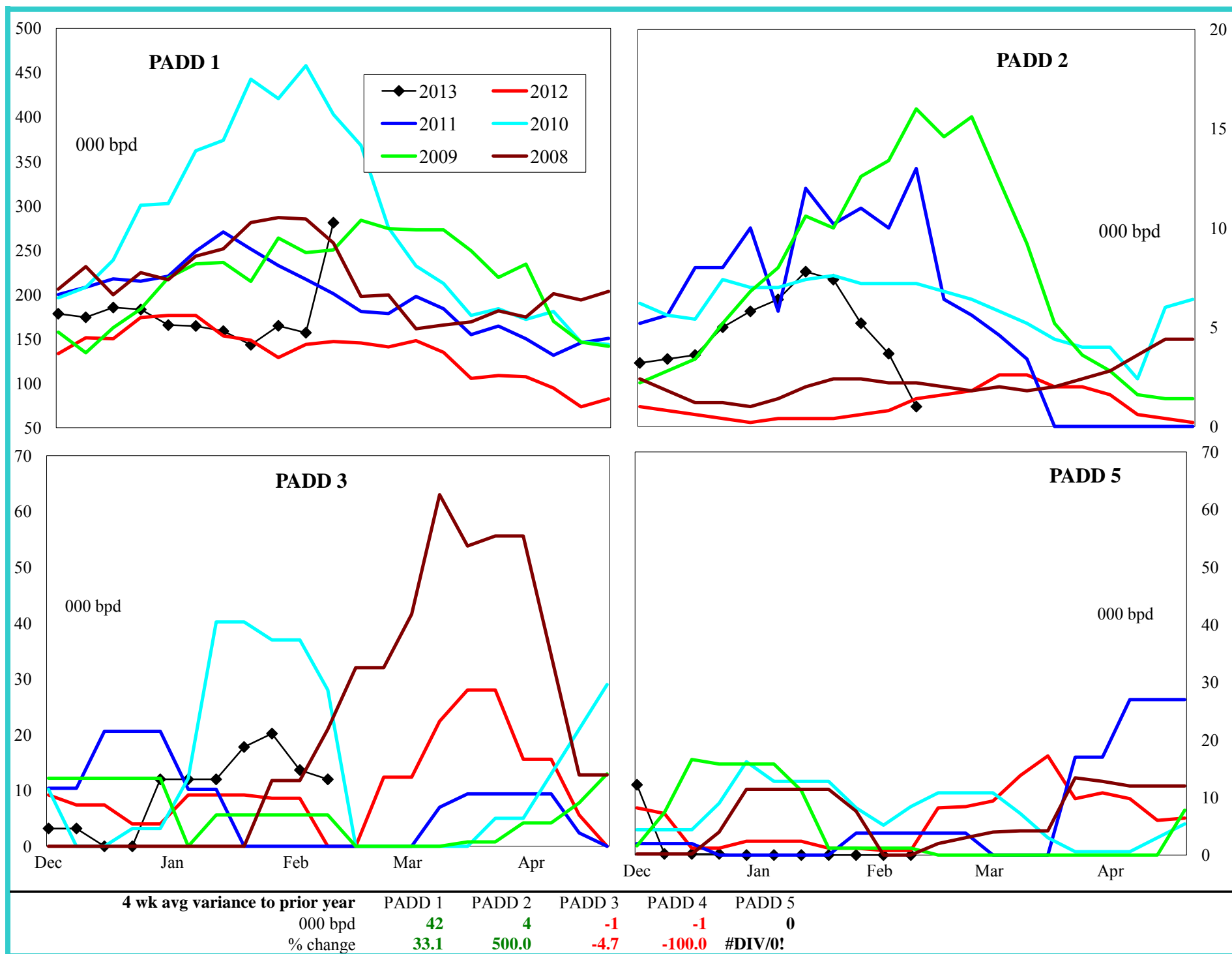
Crude Oil Imports by PADD



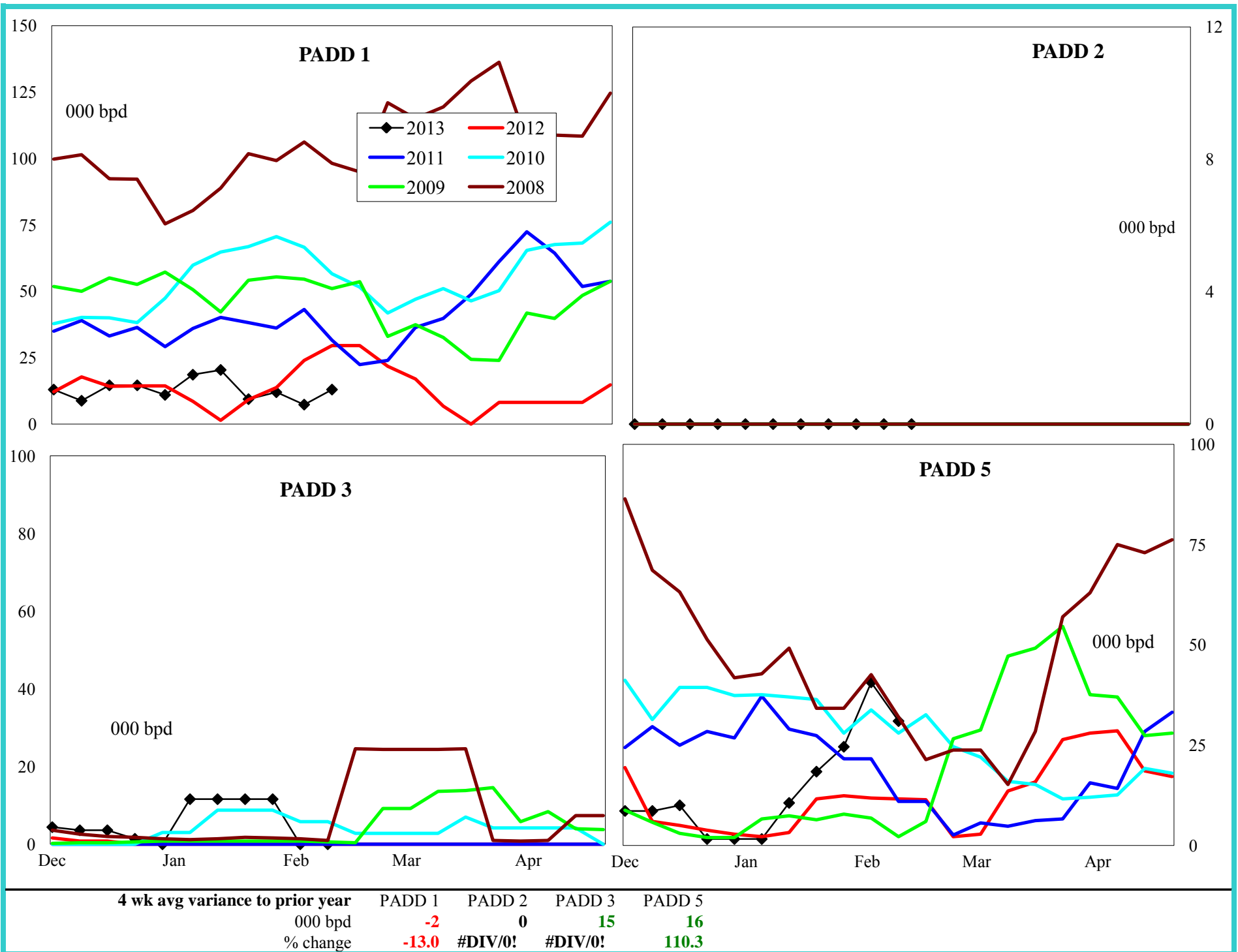
Gasoline Imports by PADD (Finished + Blend Stocks)



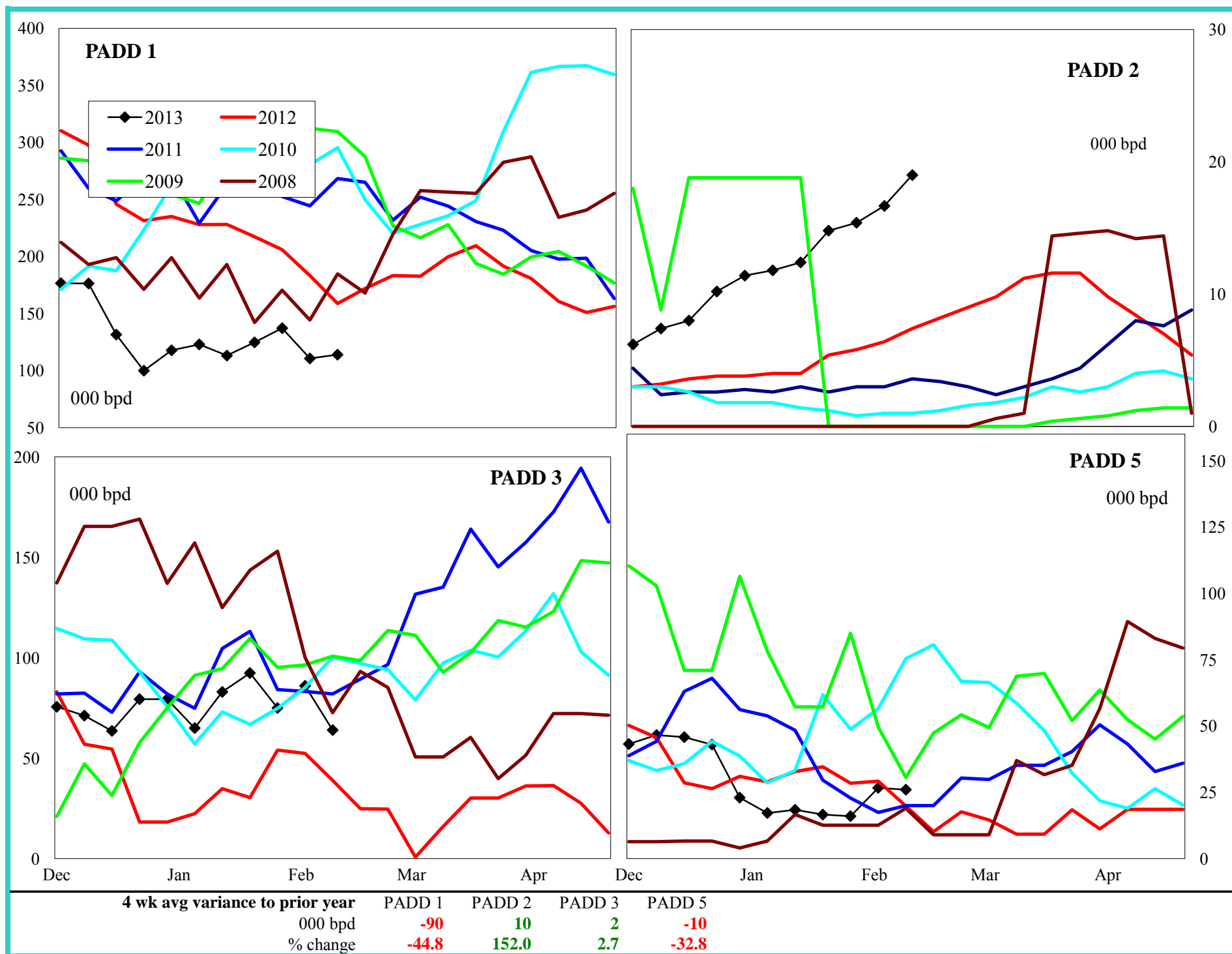
Distillate Imports by PADD



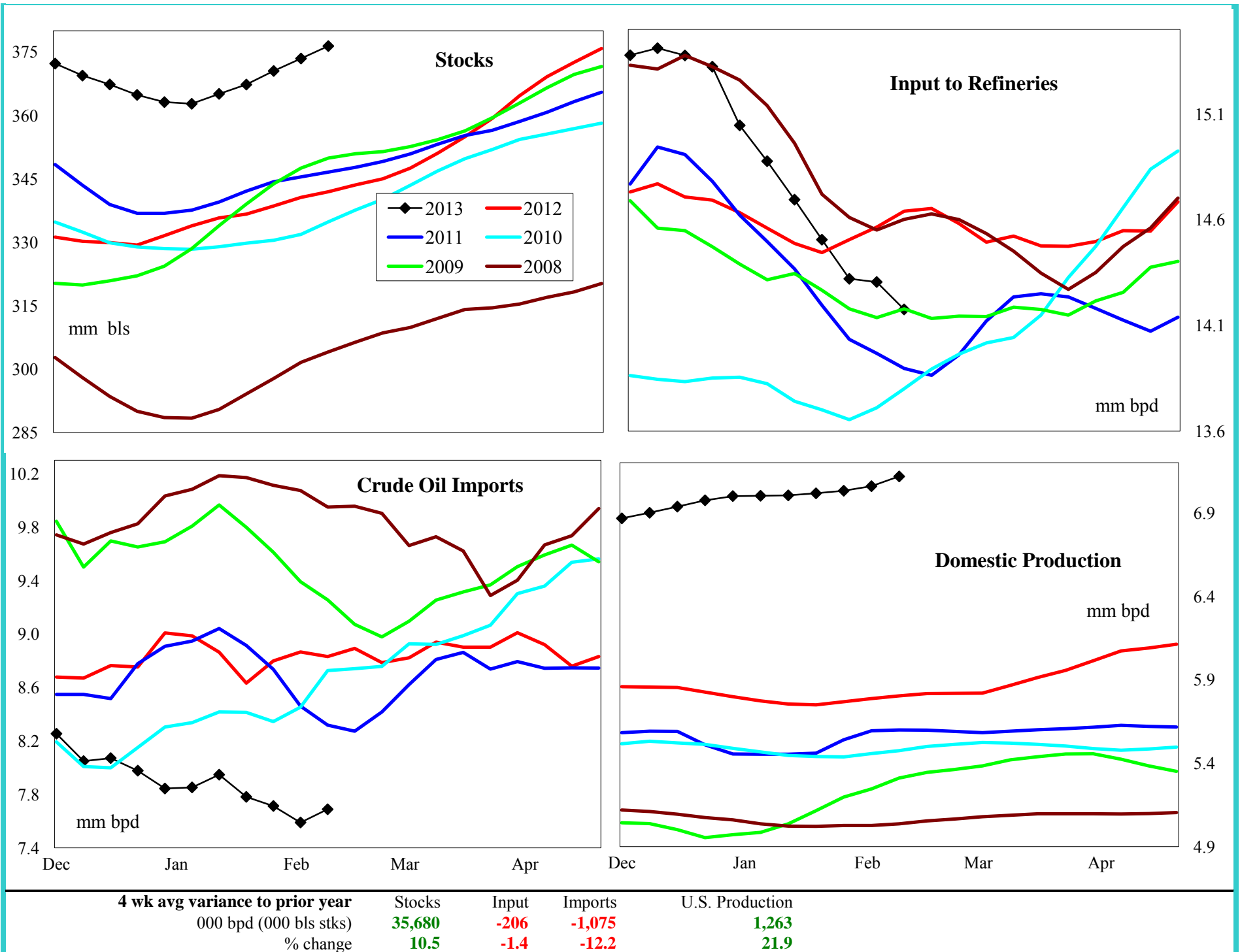
Jet Fuel Imports by PADD



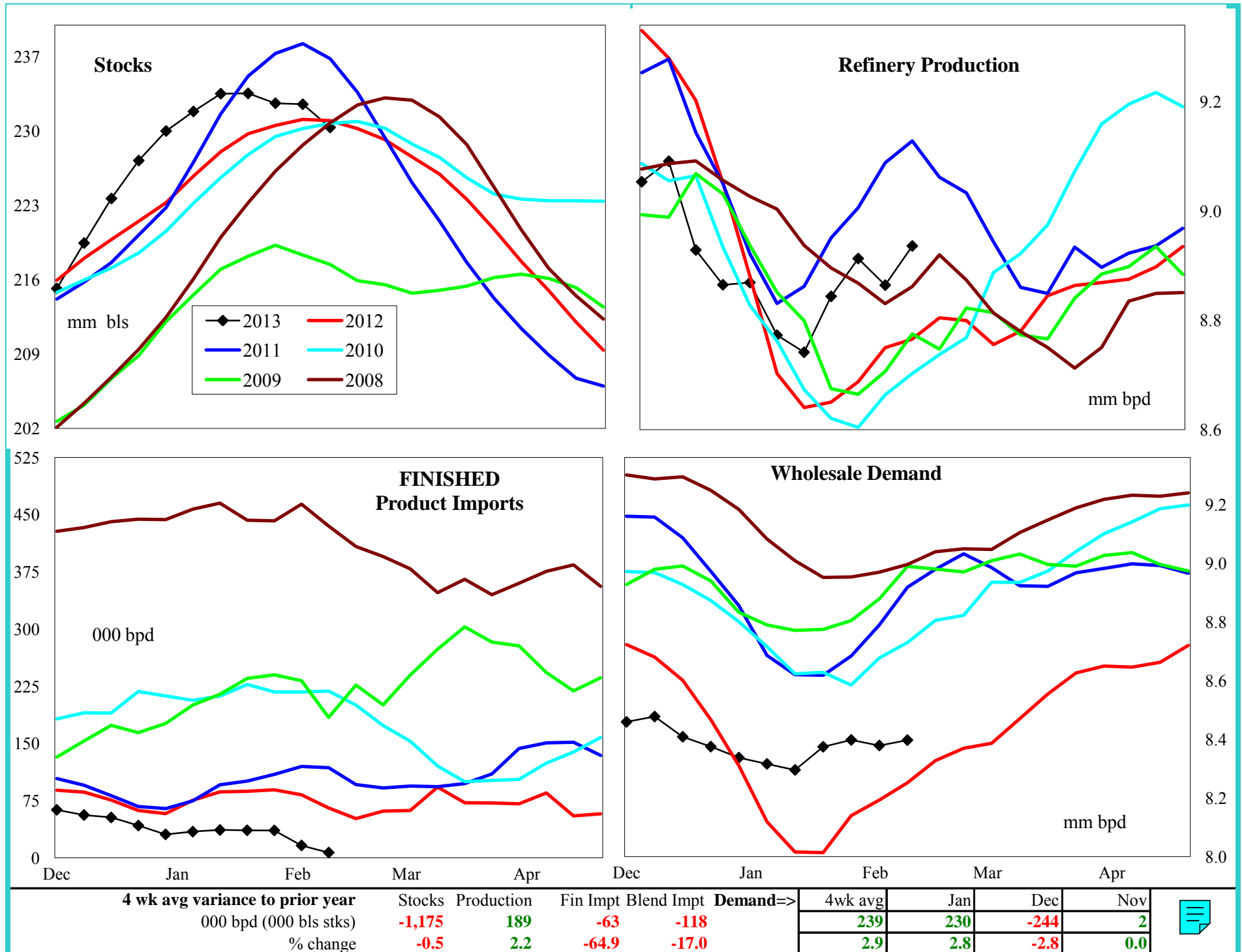
Residual Fuel Oil Imports by PADD



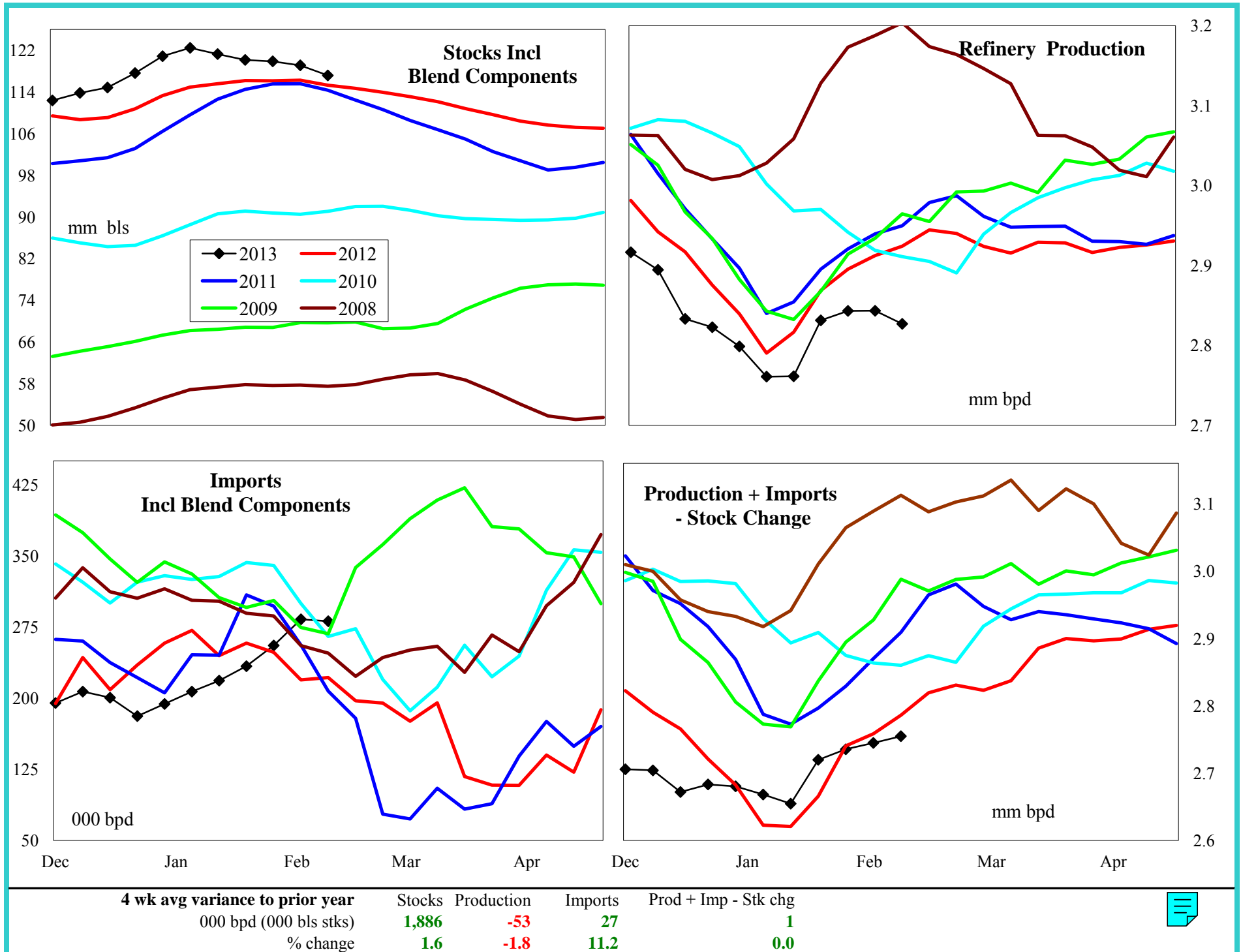
United States Crude Oil Supply and Demand Balance



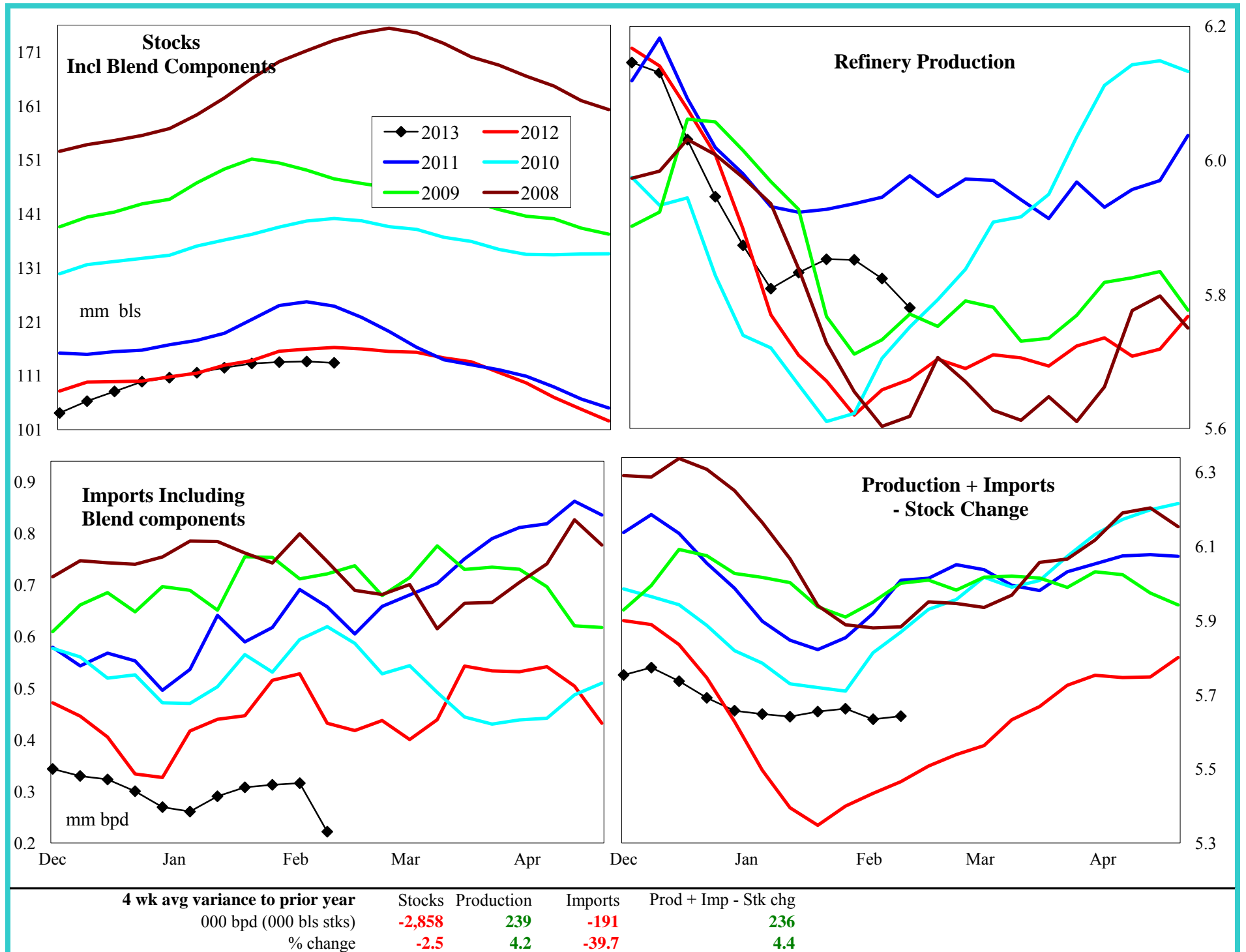
United States Gasoline Supply and Demand Balance



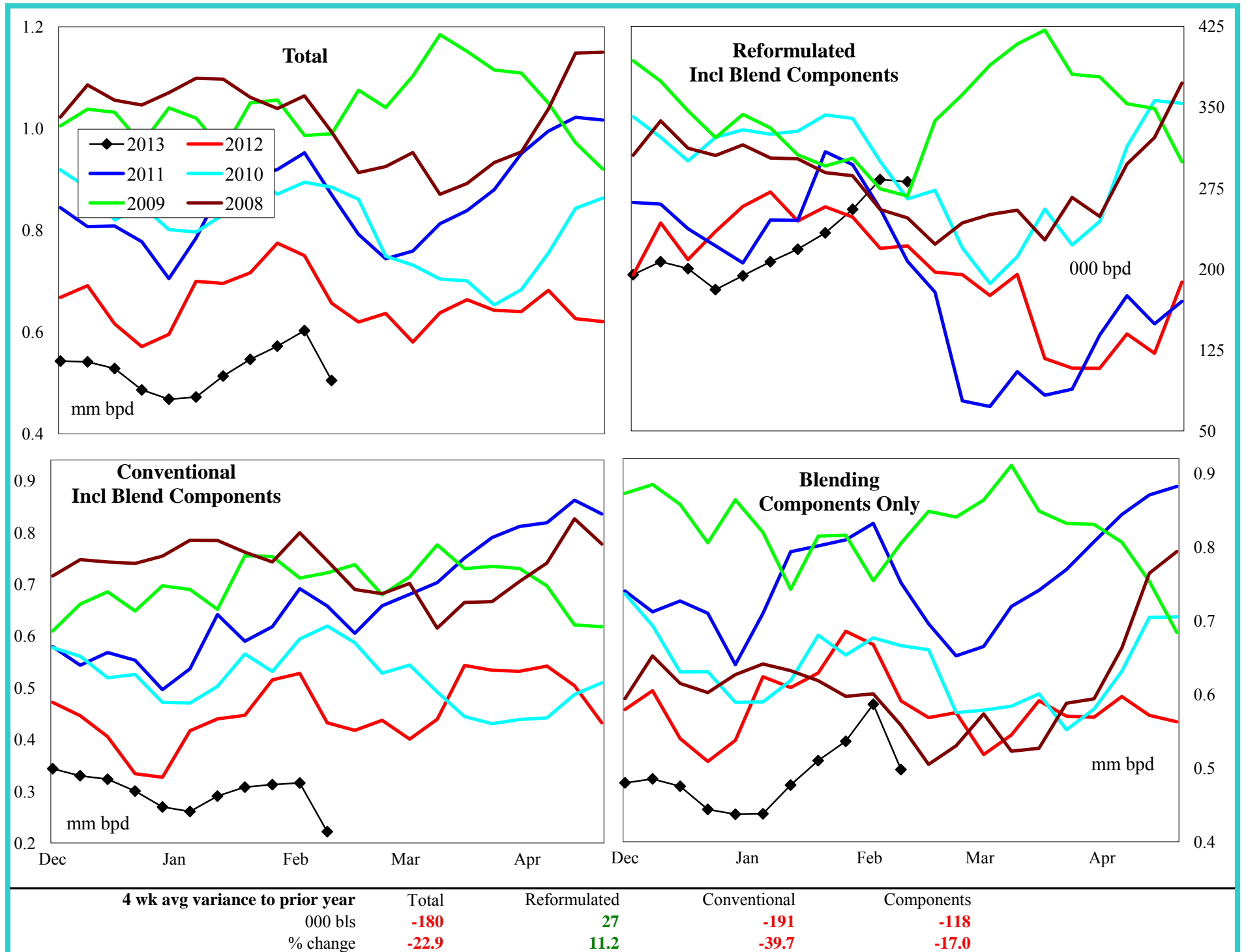
United States Reformulated Gasoline Supply



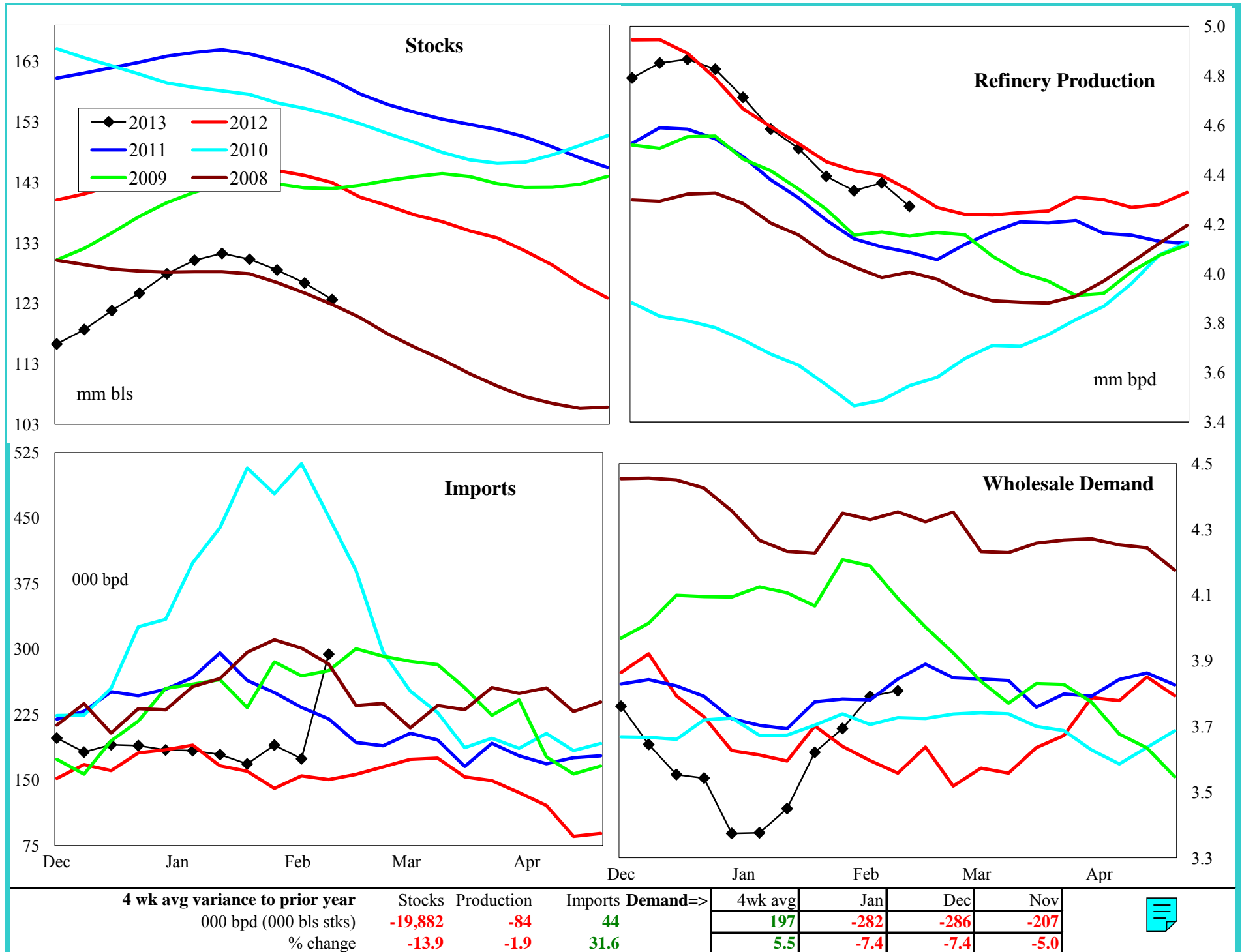
United States Conventional Gasoline Supply



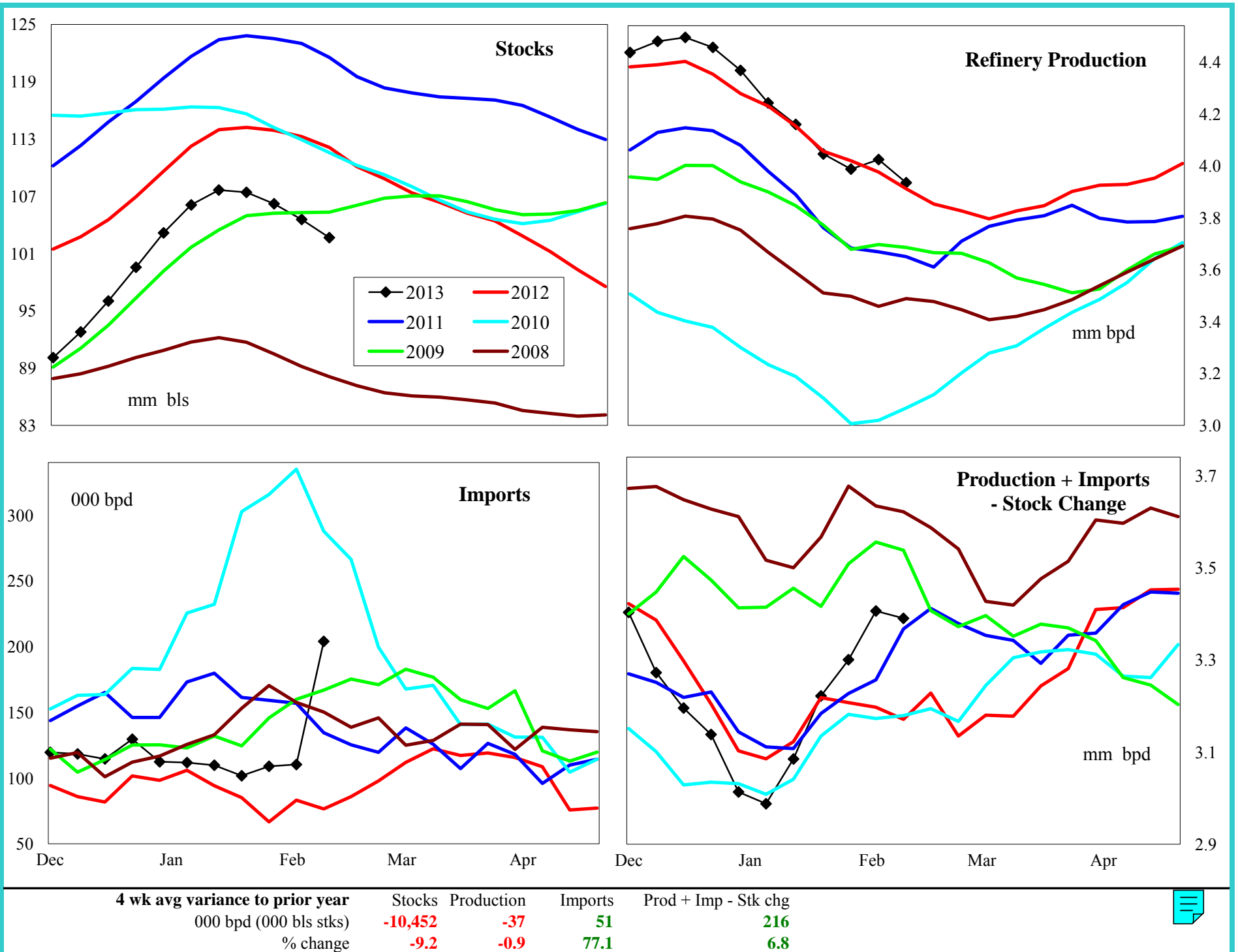
United States Gasoline Imports by Type



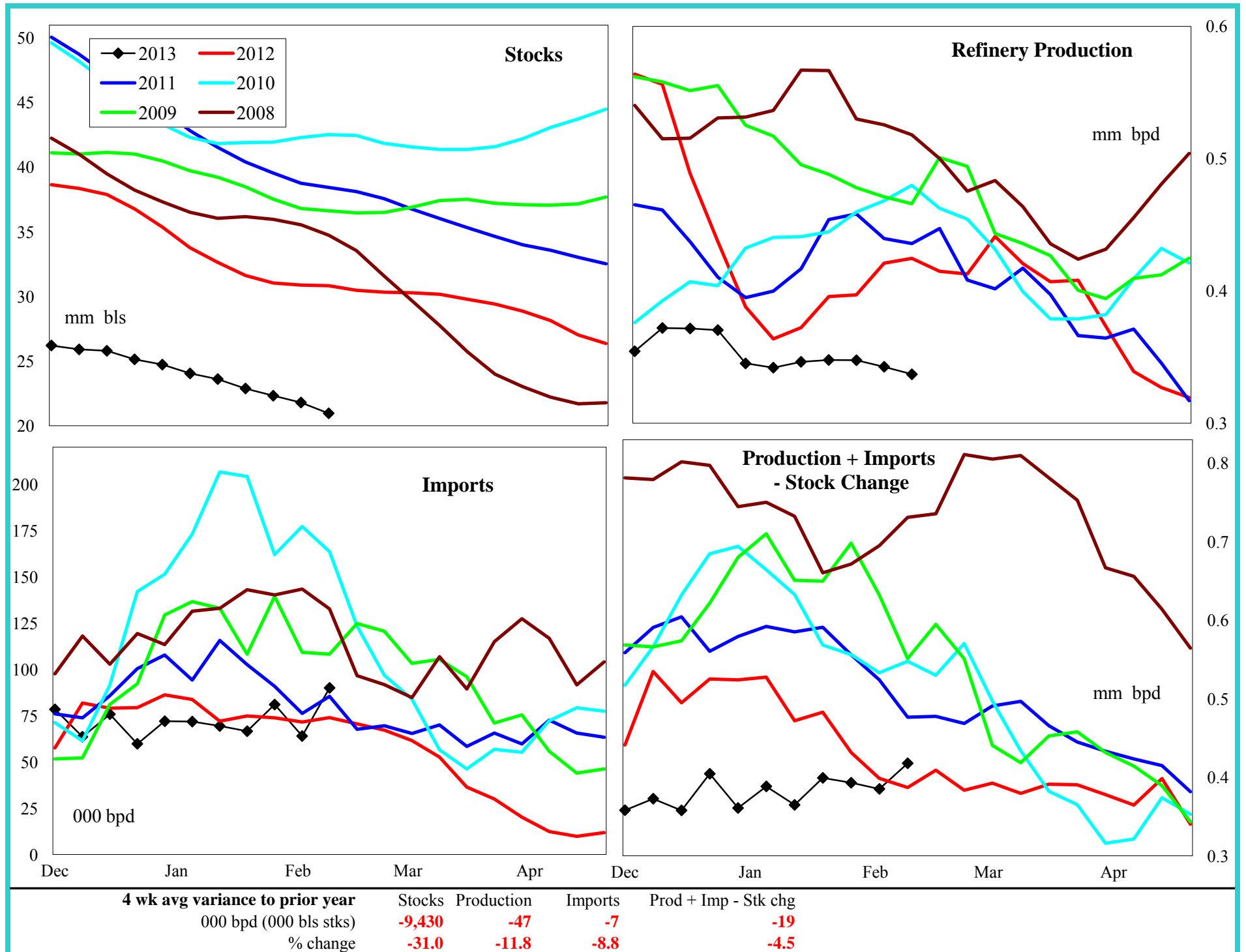
United States Distillate Supply and Demand Balance



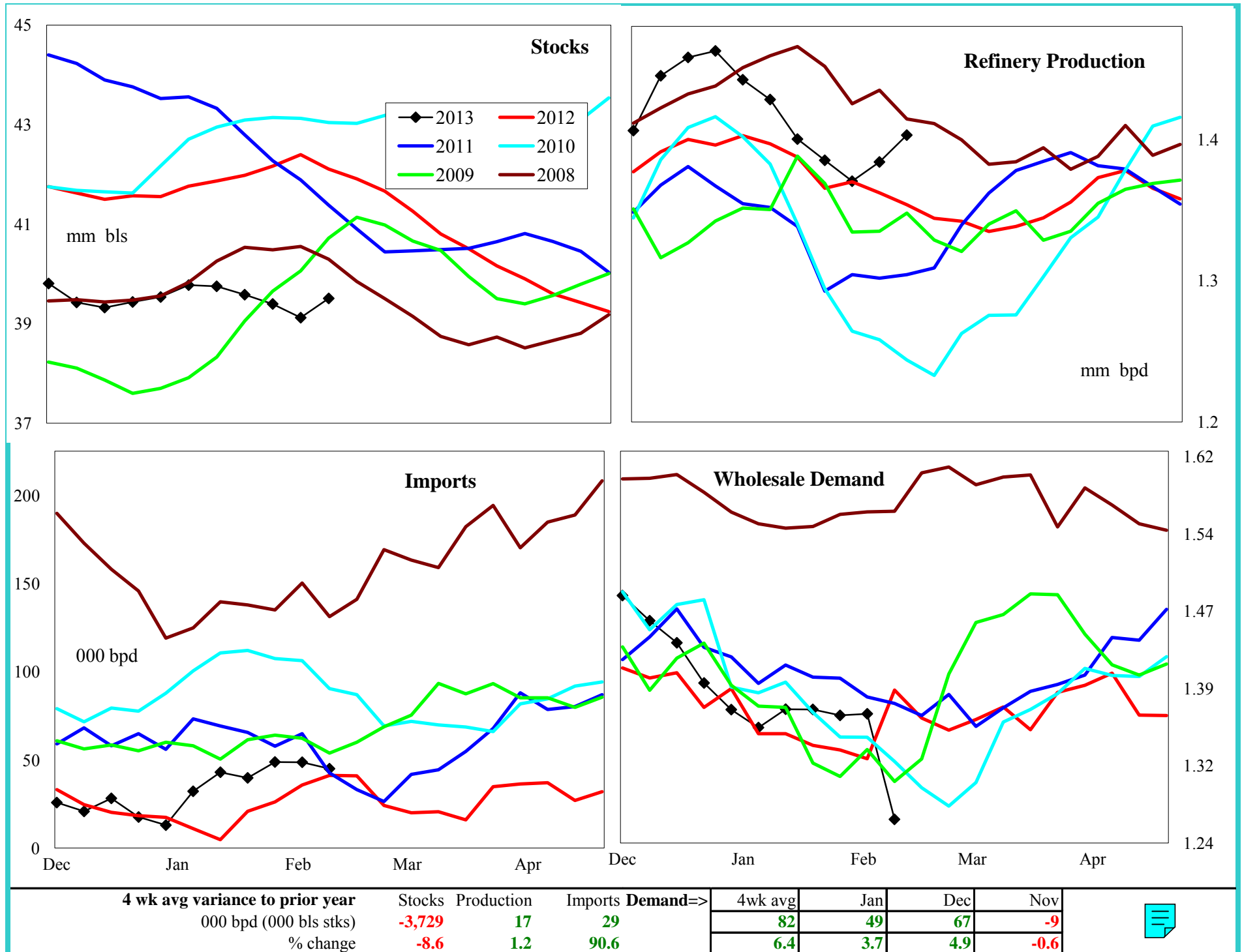
United States Low Sulfur Distillate Supply



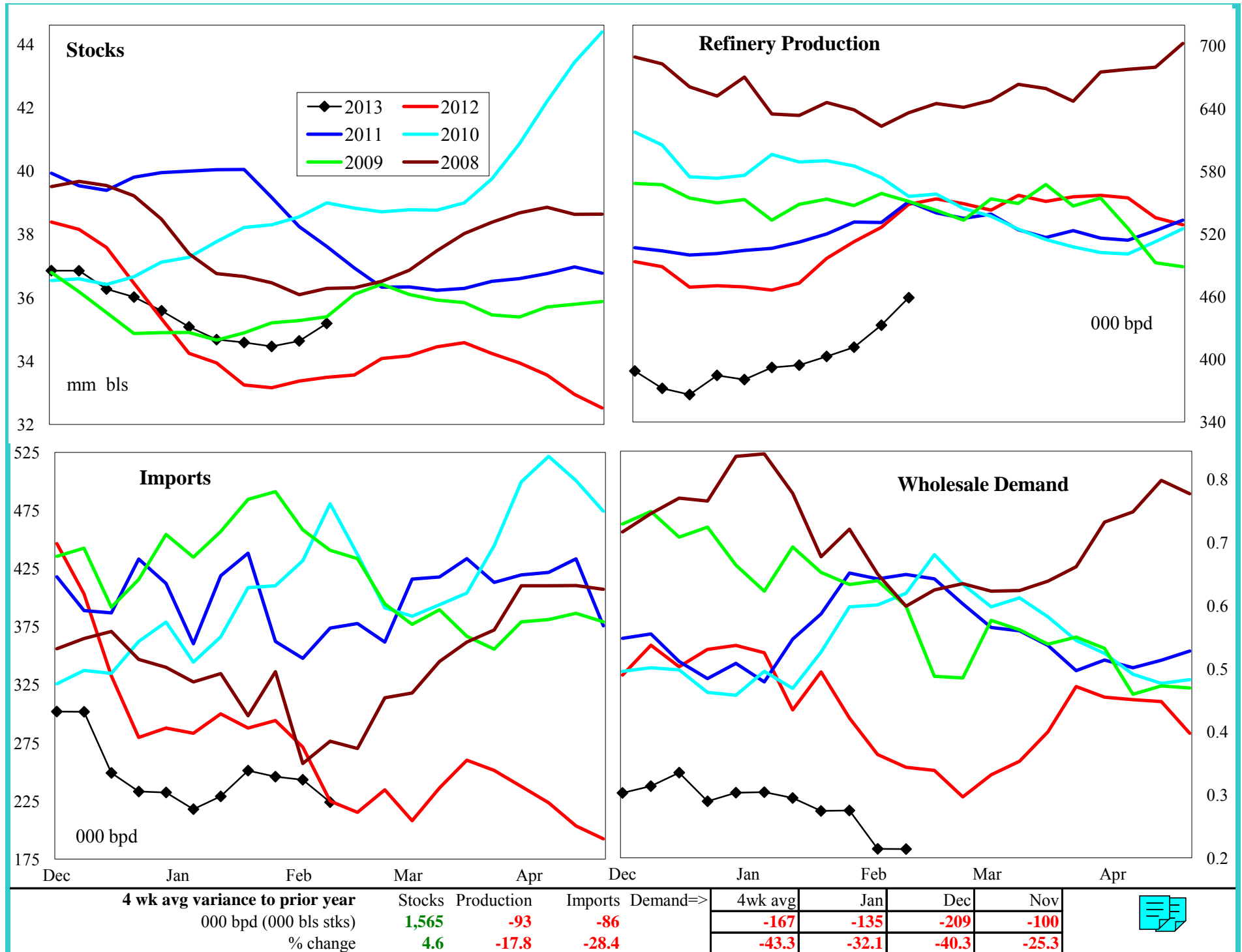
United States High Sulfur Distillate Supply



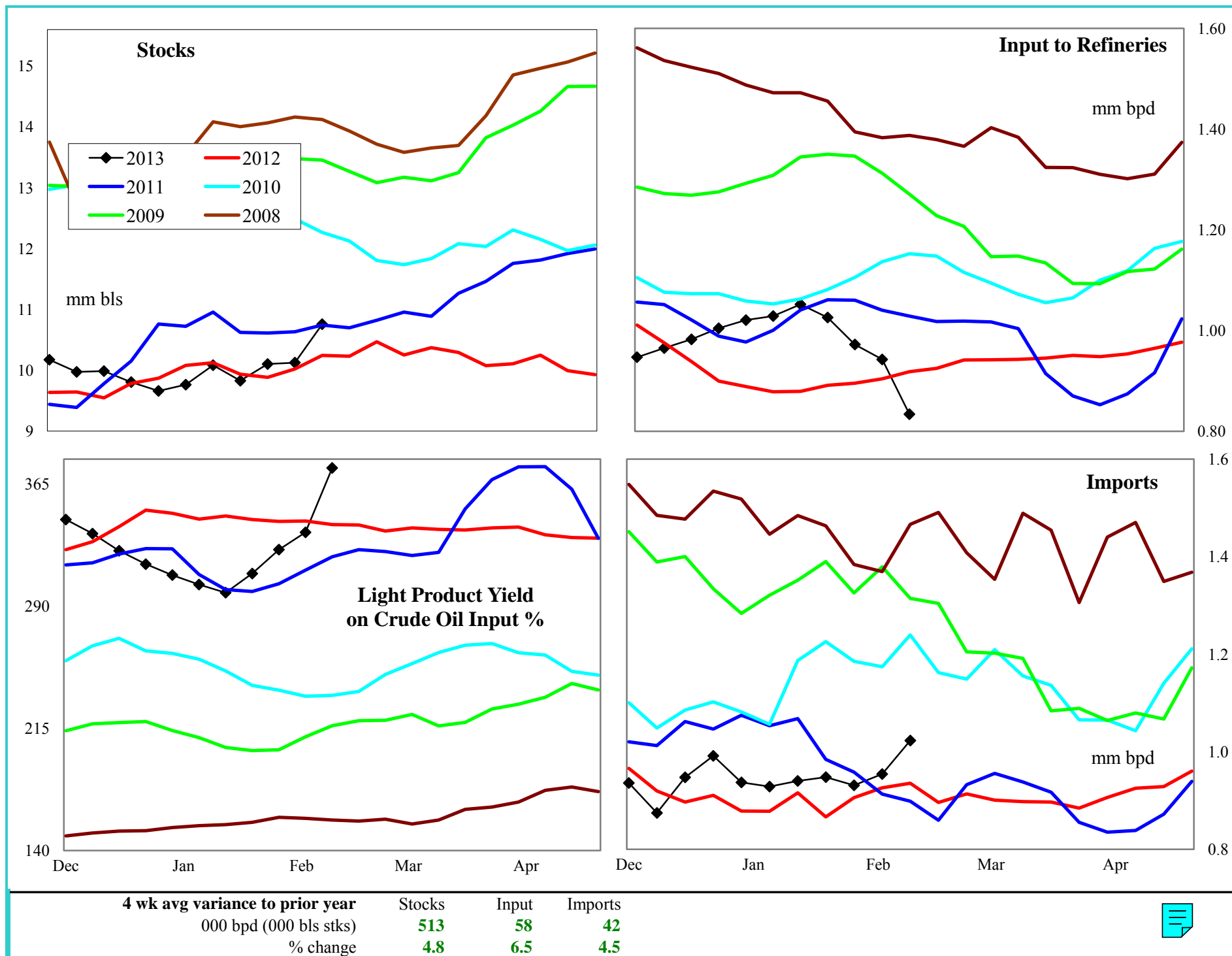
United States Jet Fuel Supply and Demand Balance



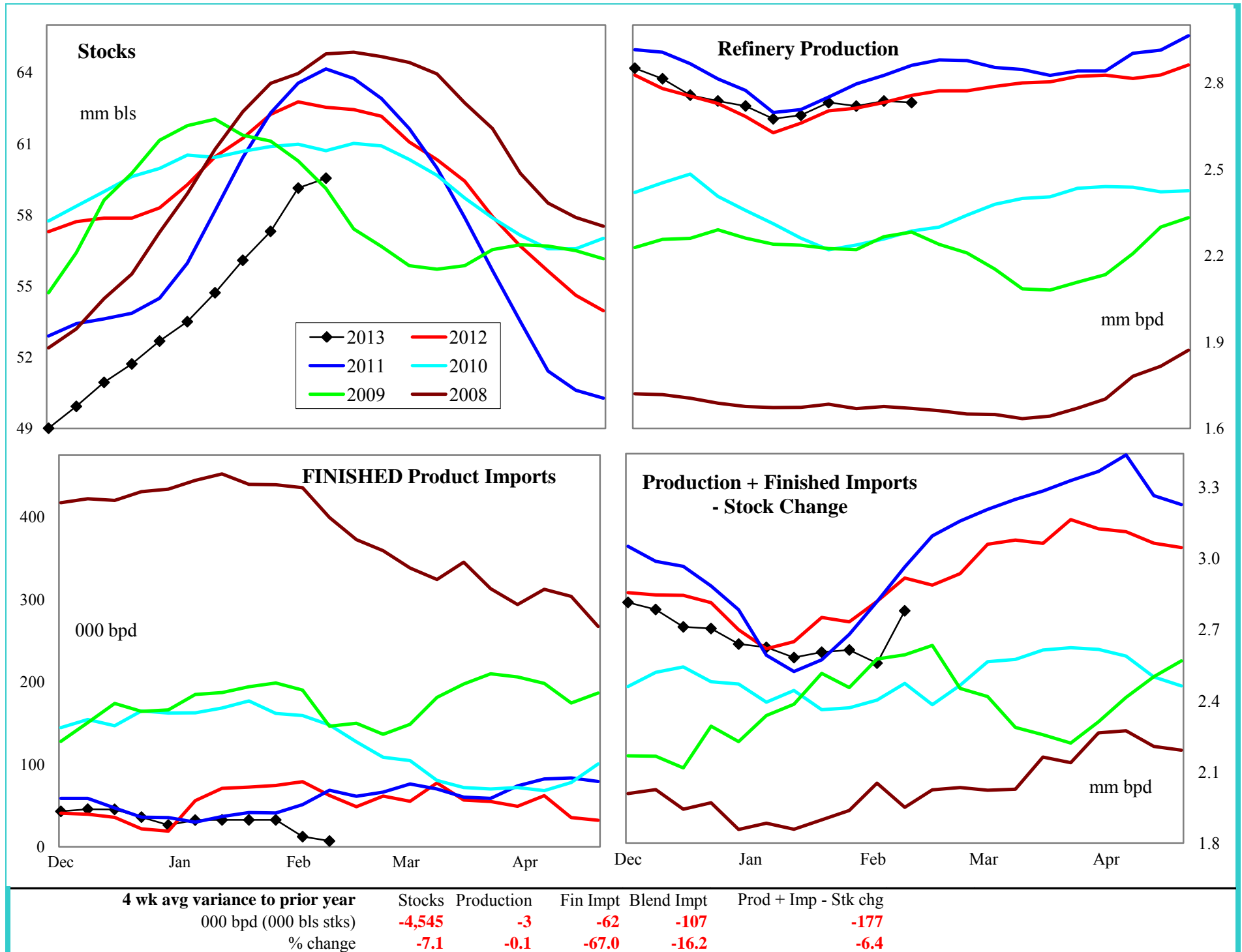
United States Residual Fuel Oil Supply and Demand Balance



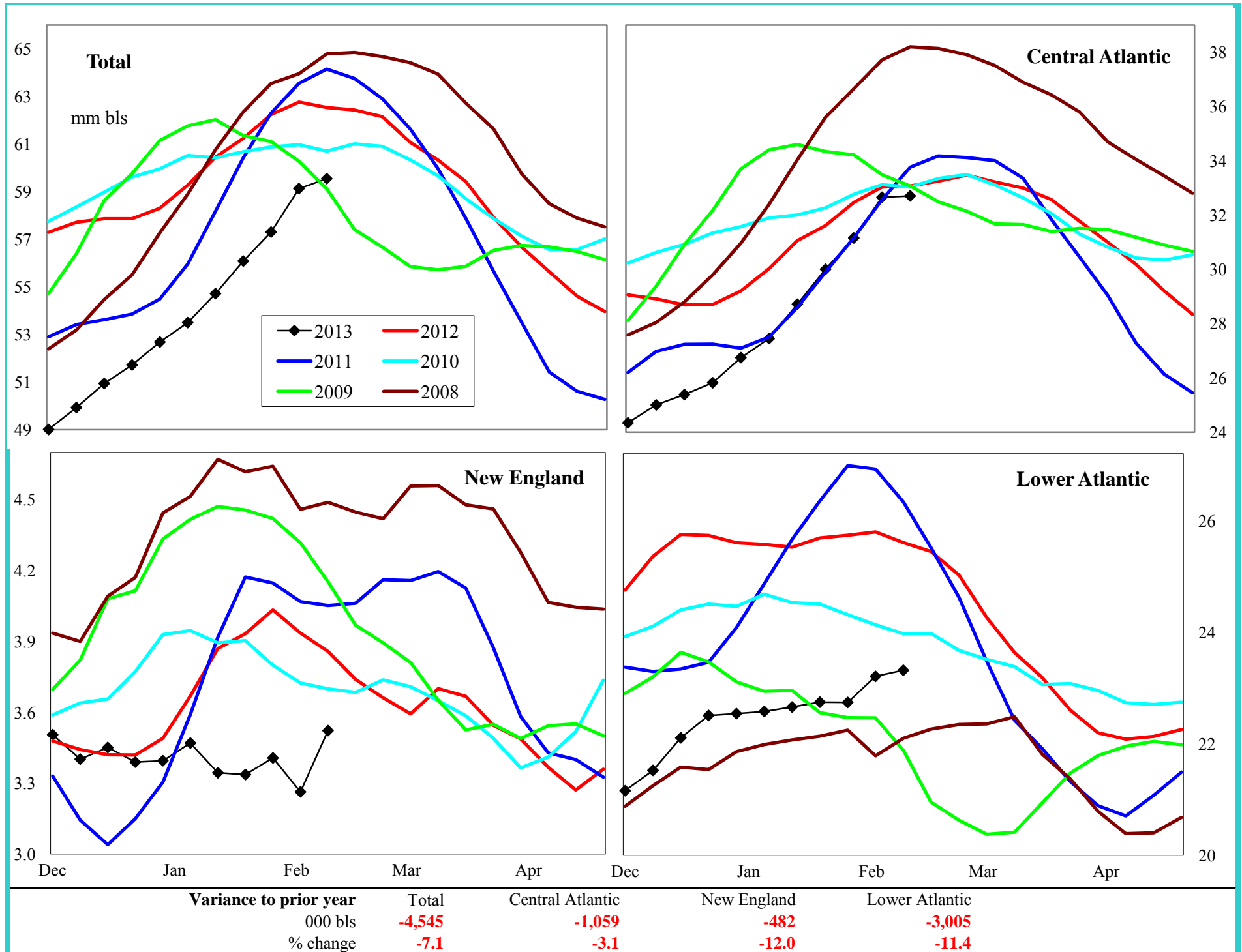
PADD 1 Crude Oil Supply and Refining



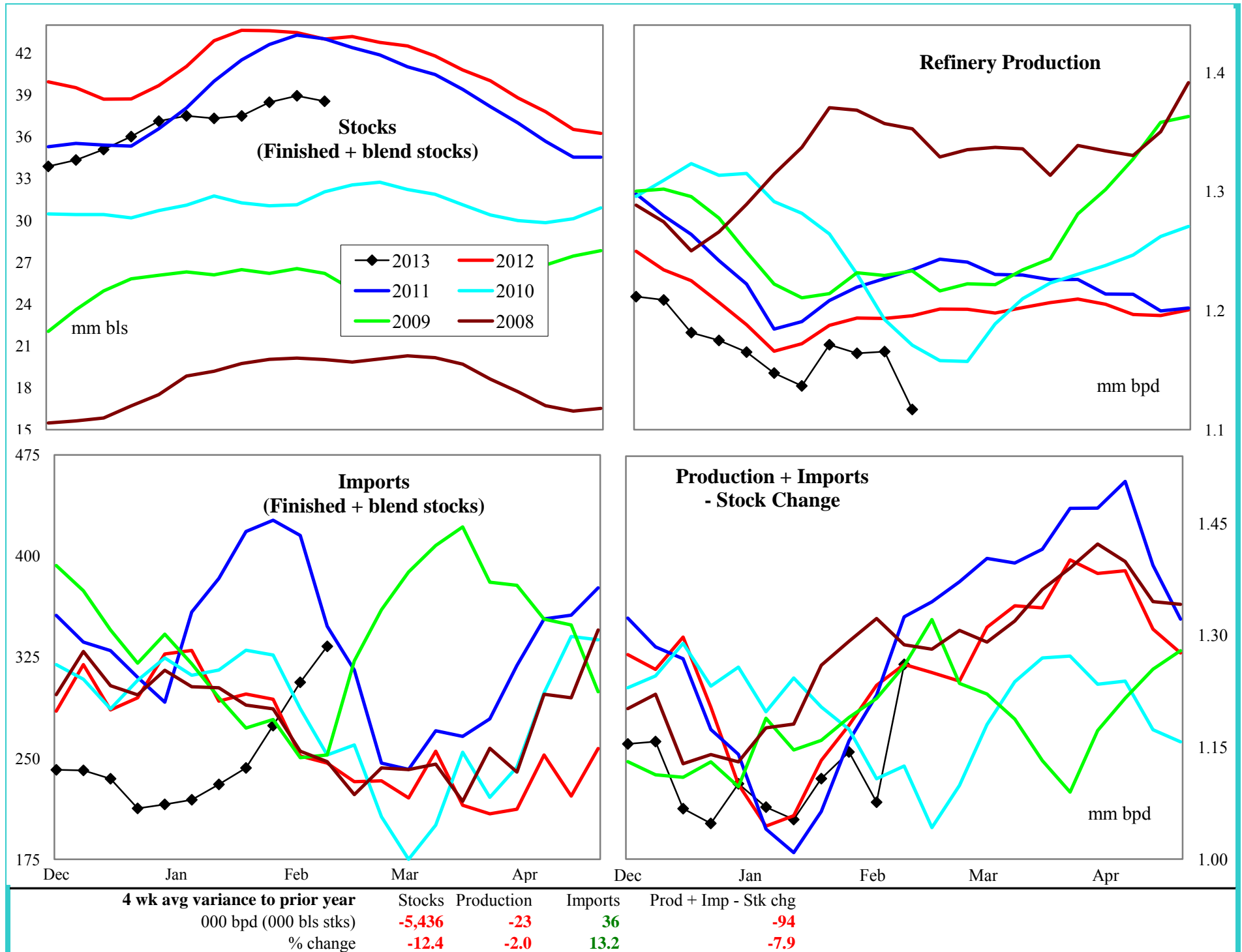
PADD 1 Gasoline Supply



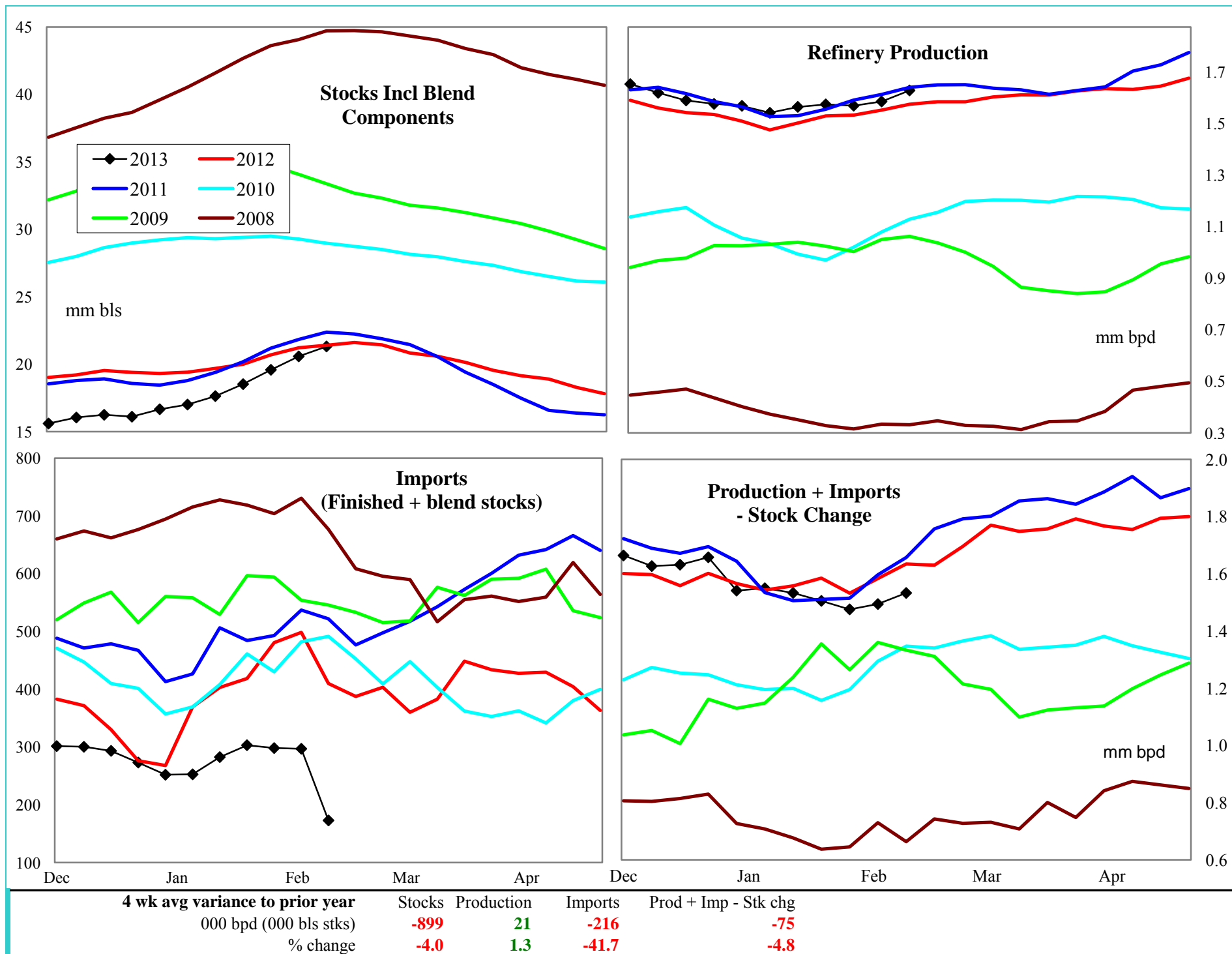
PADD 1 Gasoline Stocks by Region



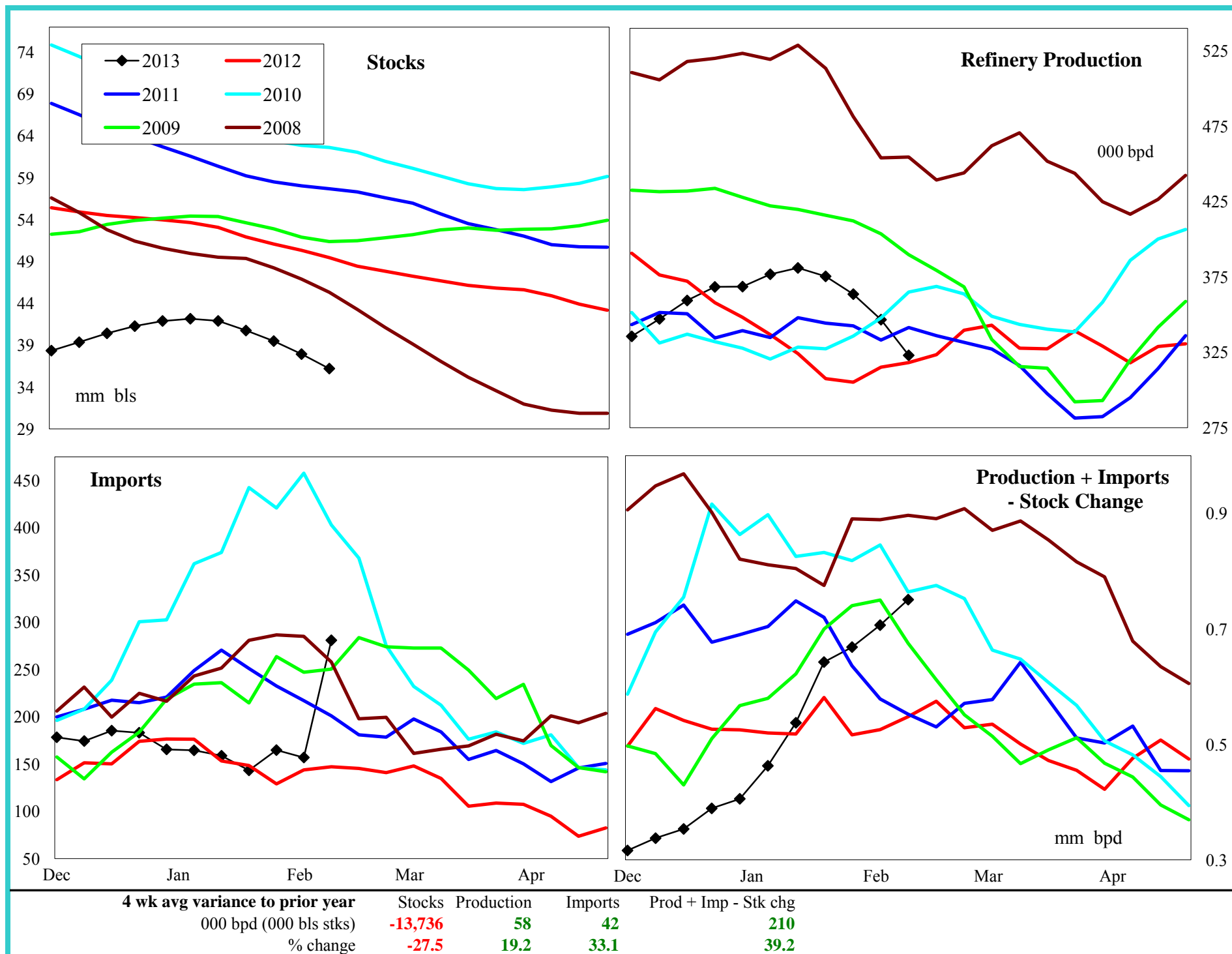
PADD 1 Reformulated Gasoline Supply



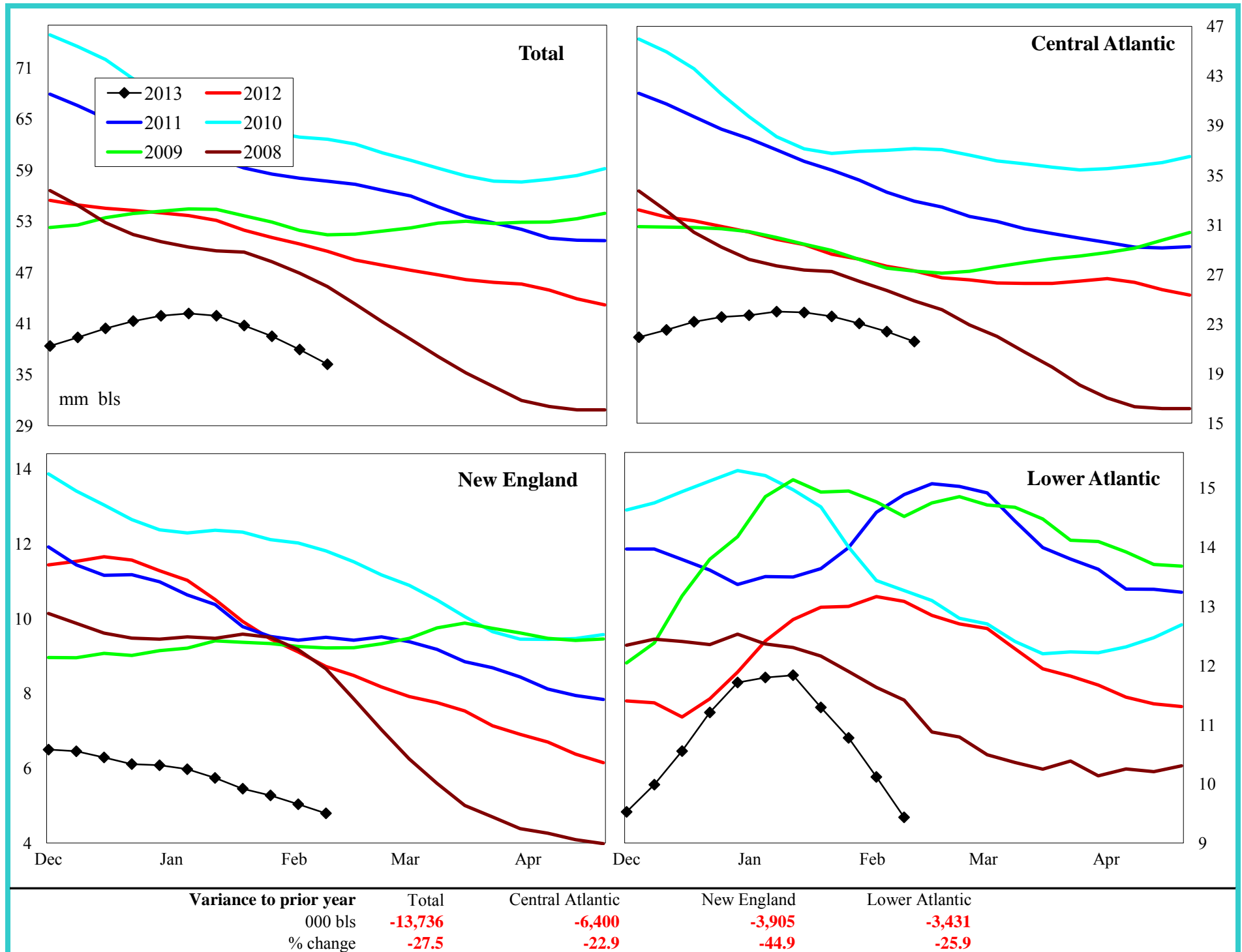
PADD 1 Conventional Gasoline Supply



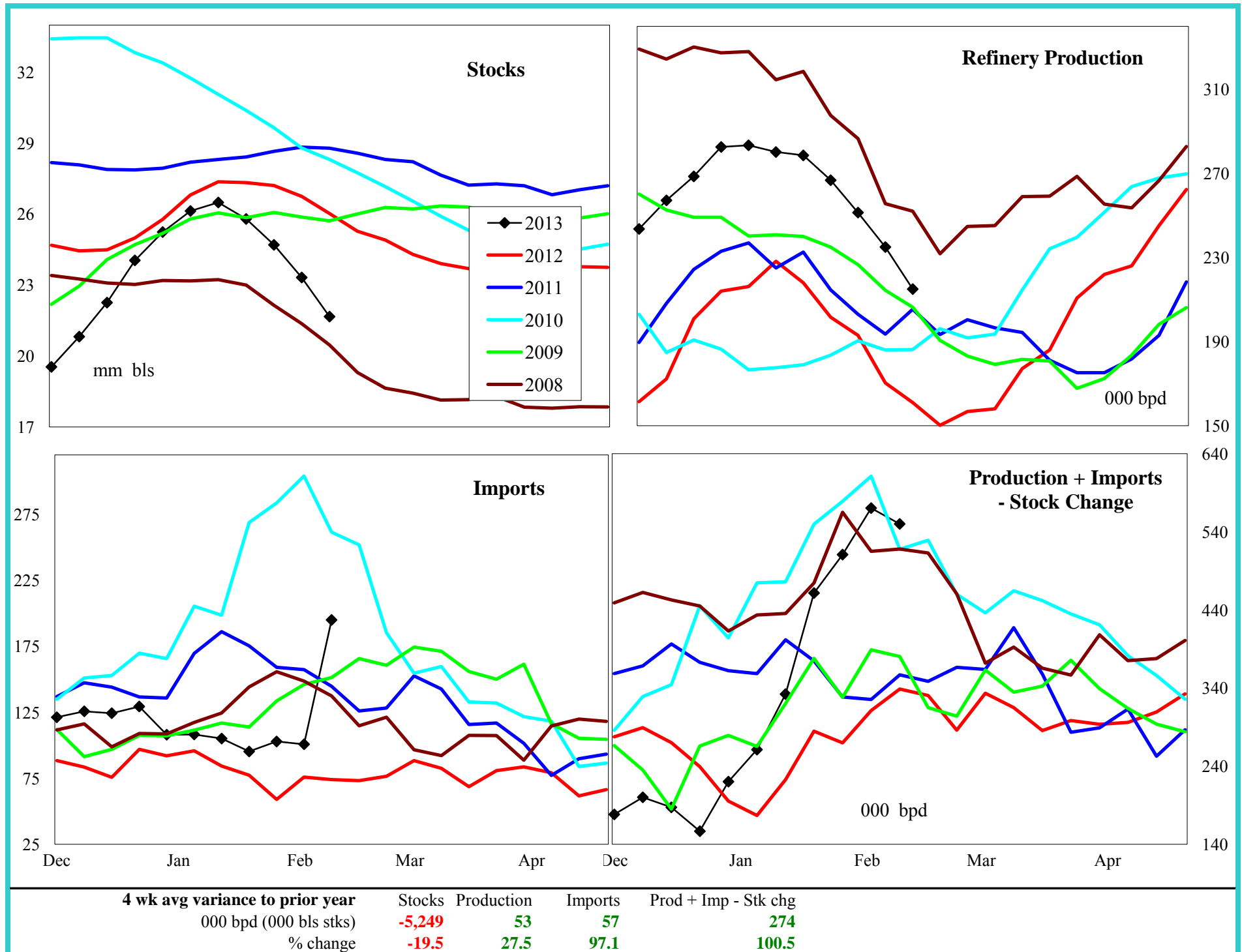
PADD 1 Distillate Supply



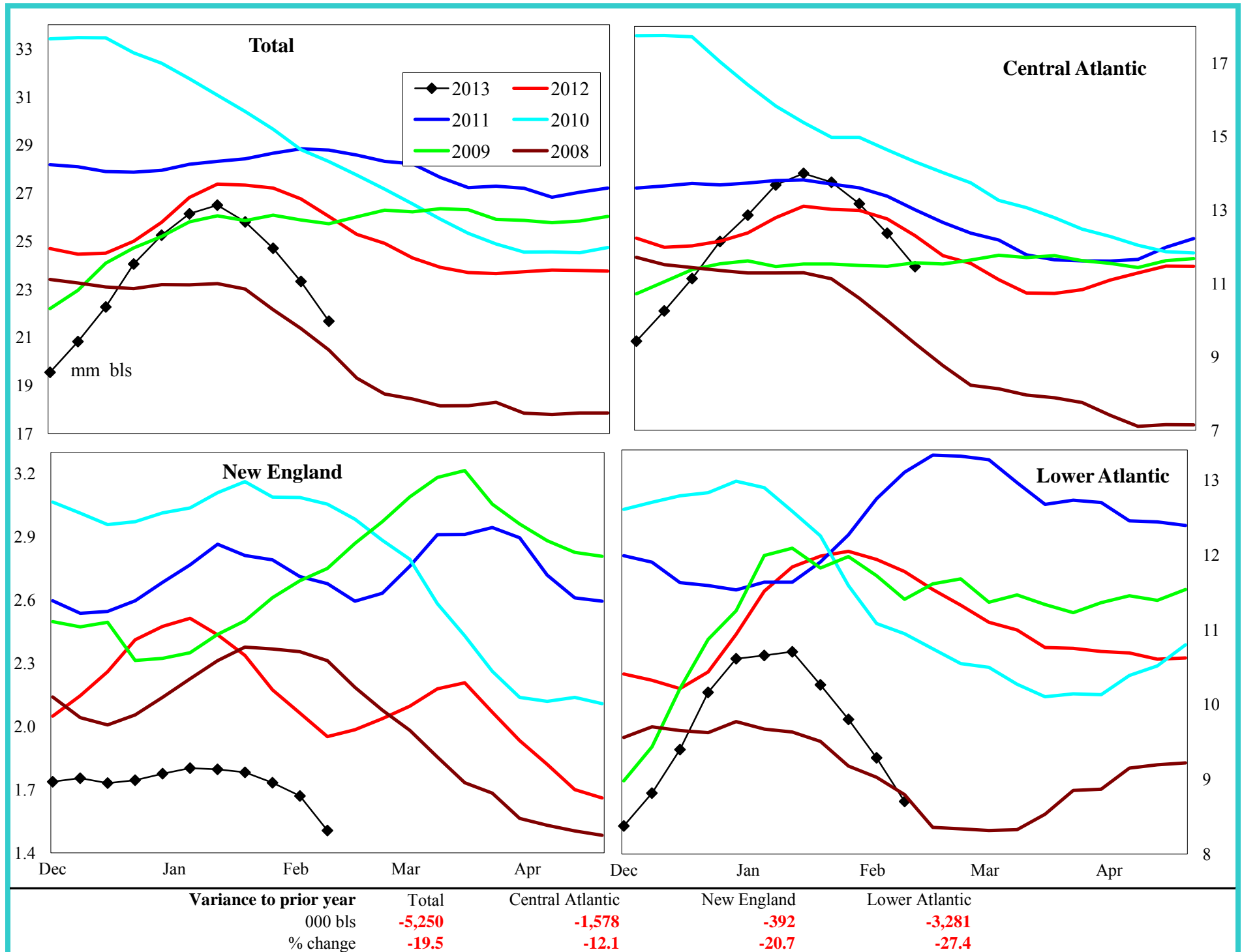
PADD 1 Distillate Stocks by Region



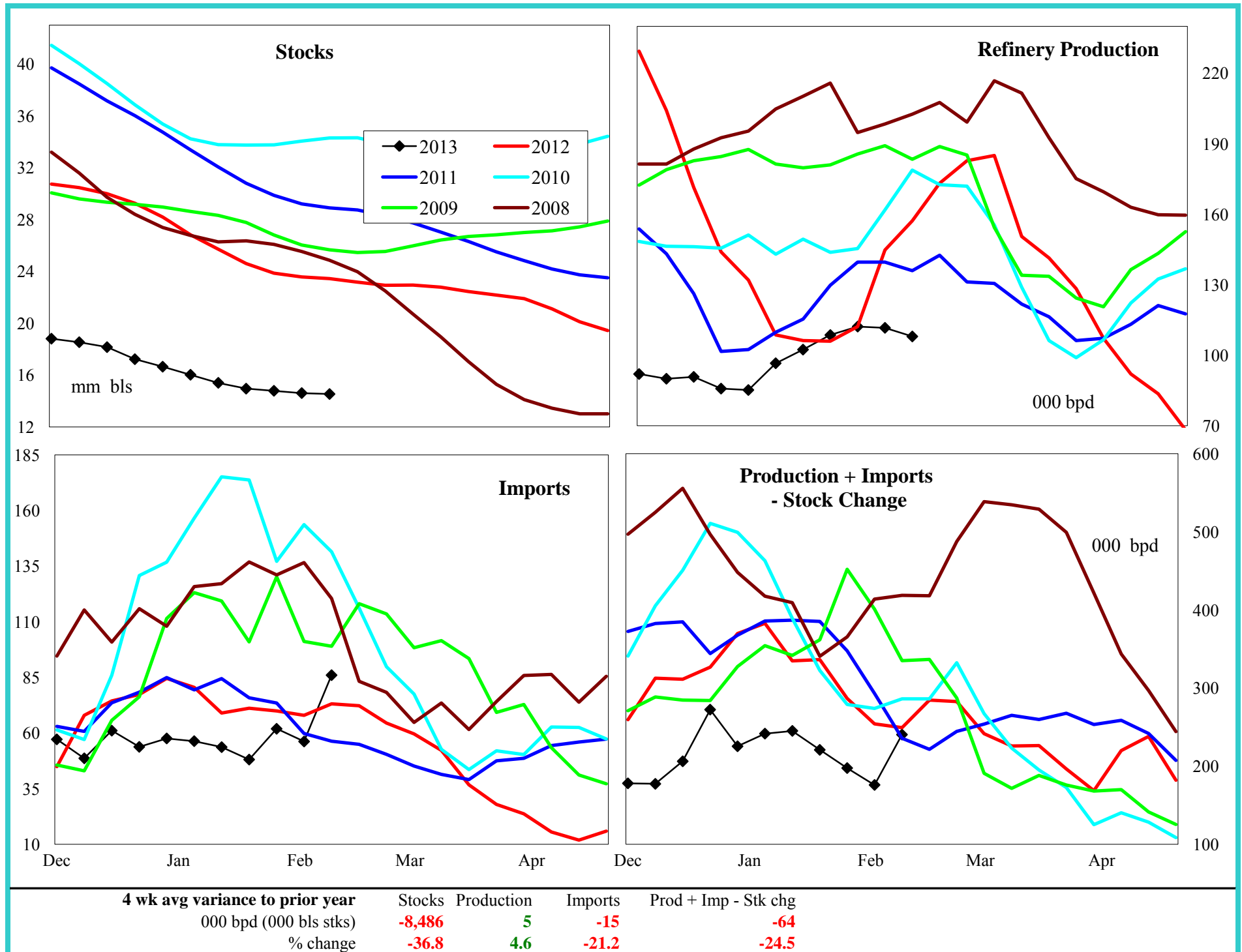
PADD 1 Low Sulfur Distillate Supply



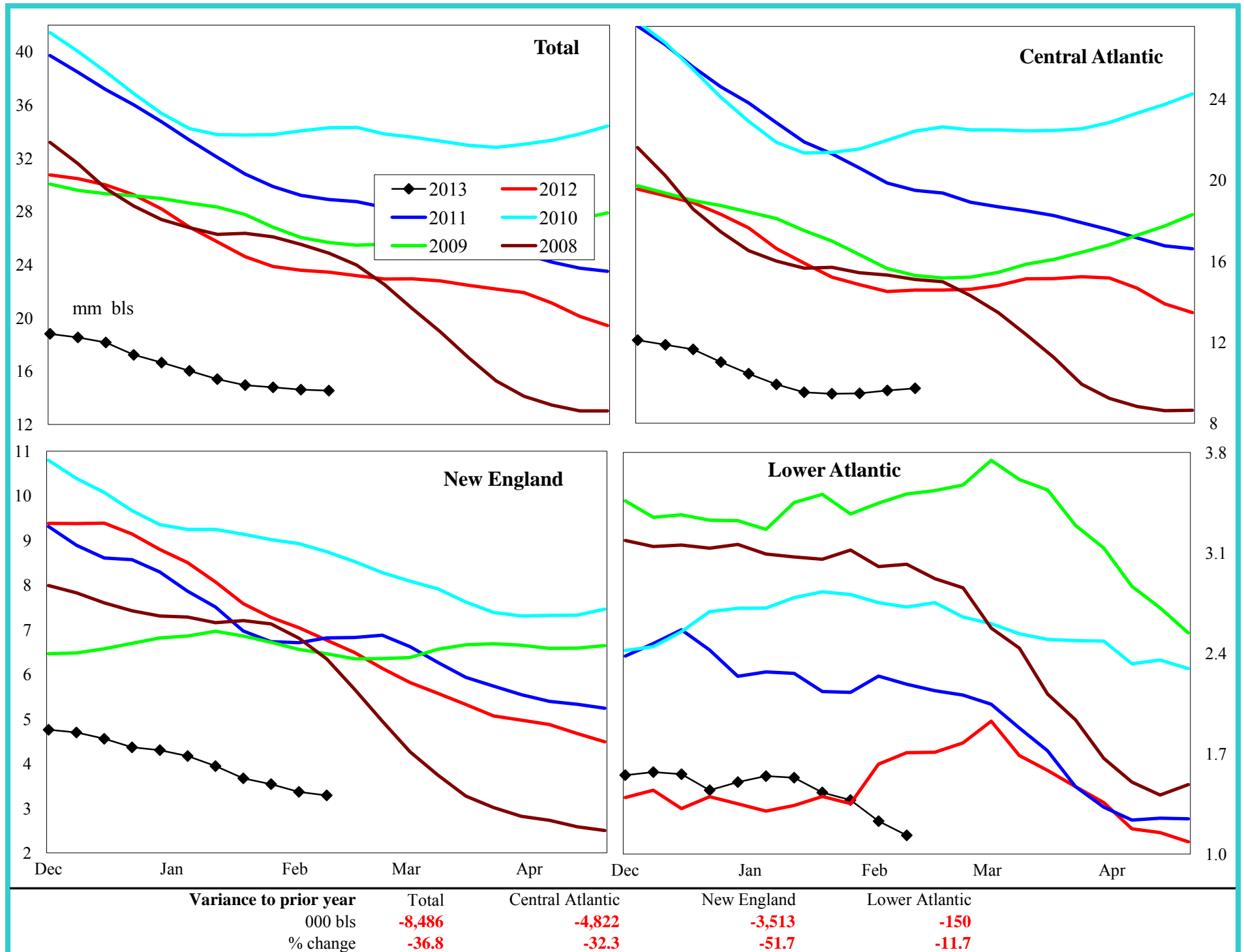
PADD 1 Low Sulfur Distillate Stocks by Region



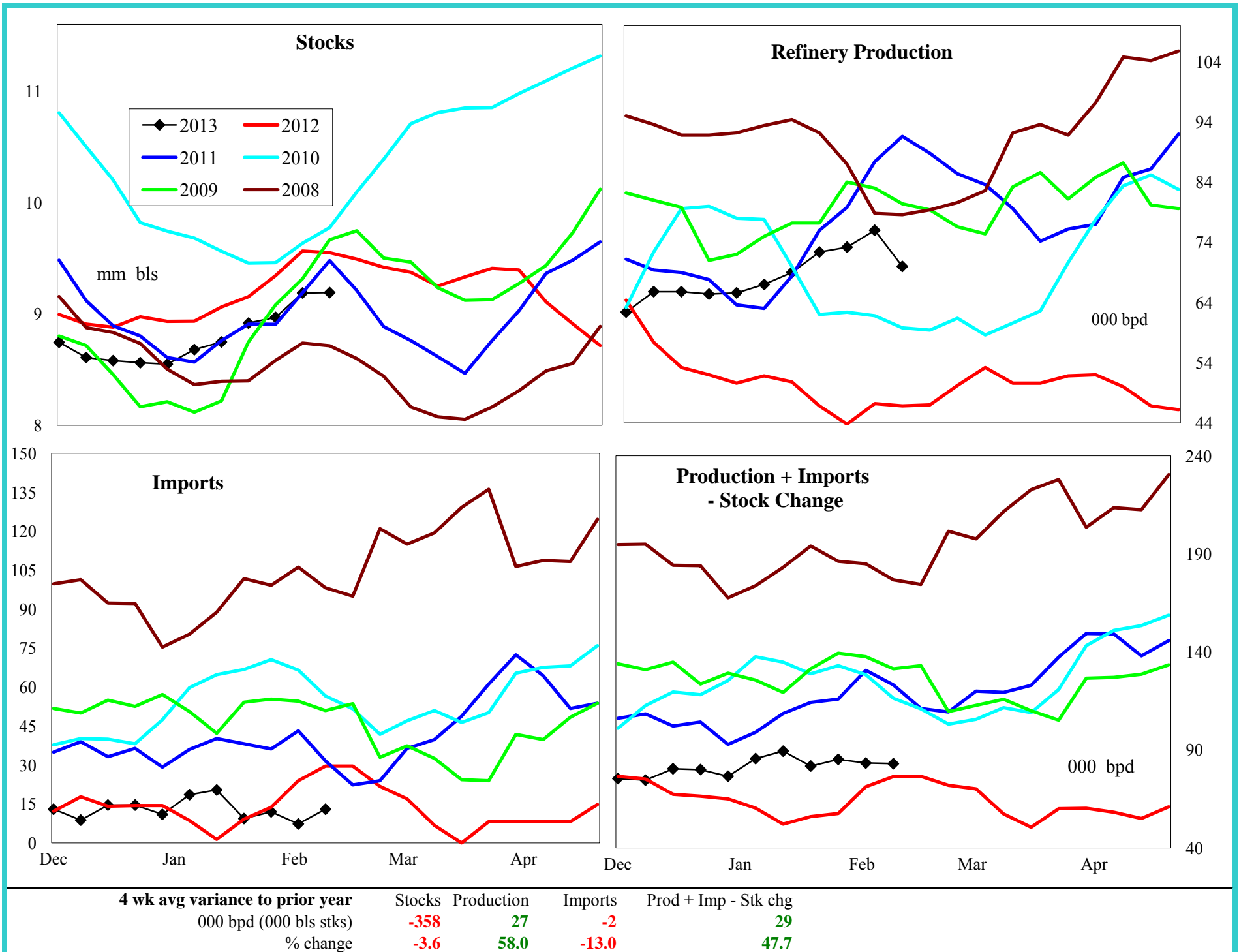
PADD 1 High Sulfur Distillate Supply



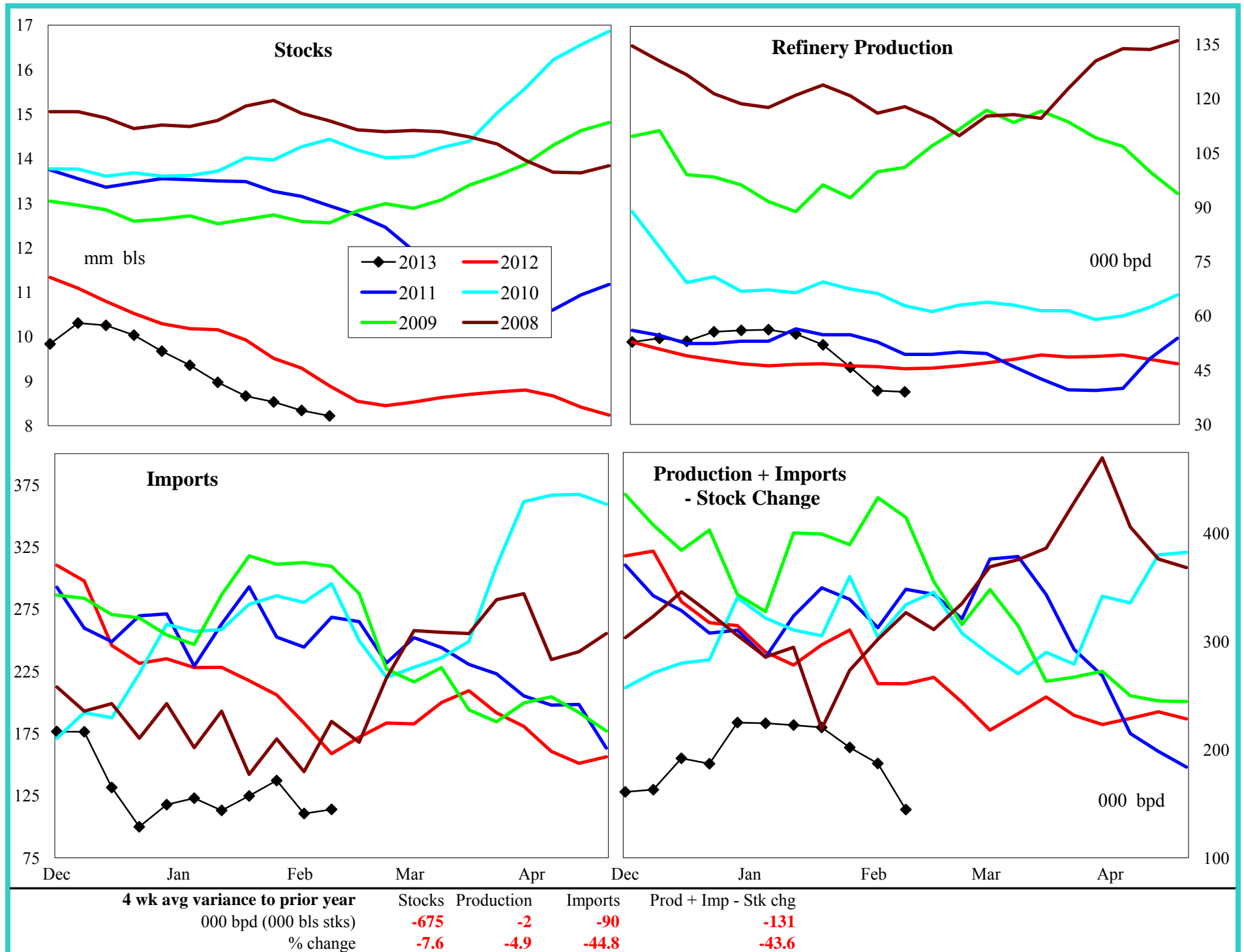
PADD 1 High Sulfur Distillate Stocks by Region



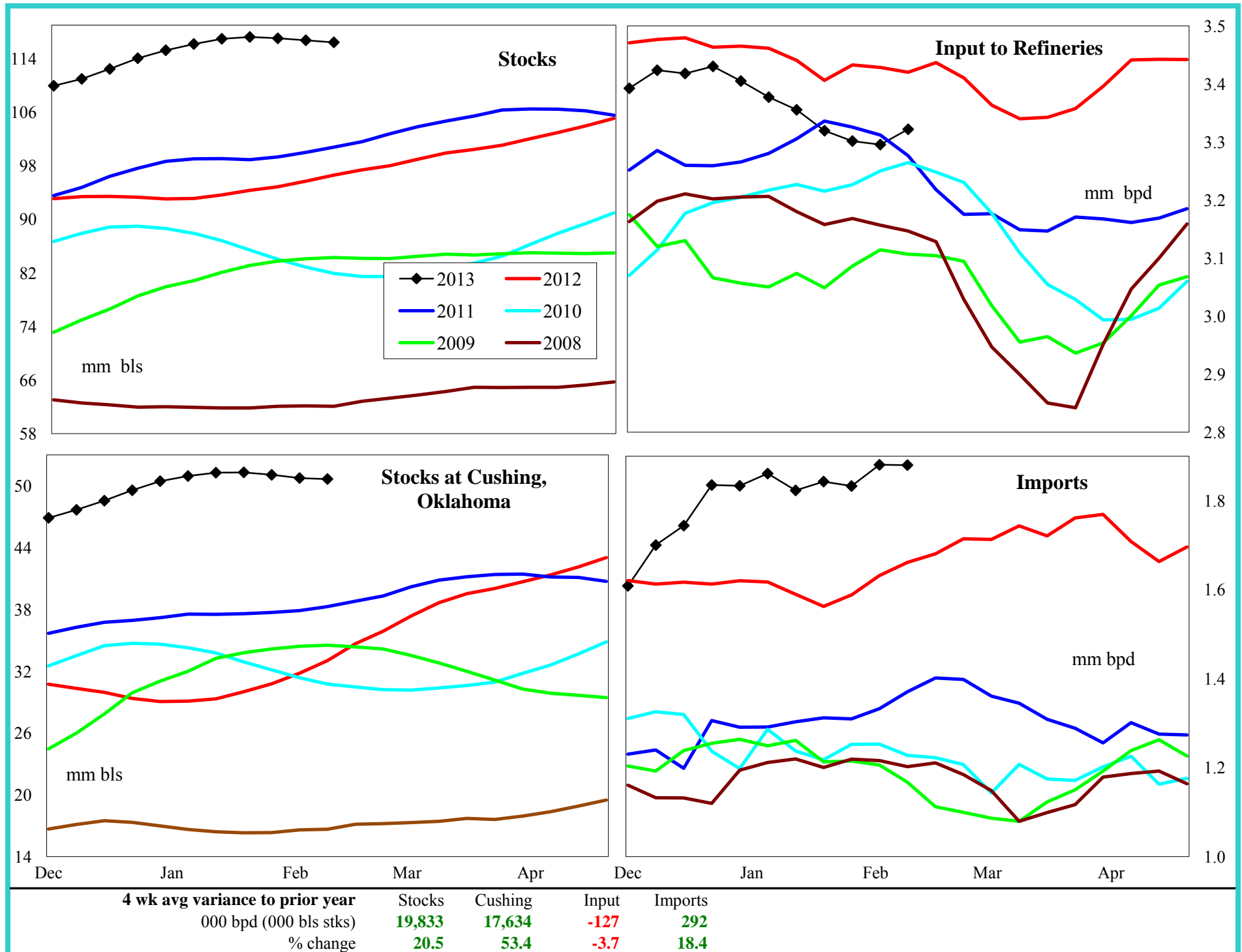
PADD 1 Jet Fuel Supply



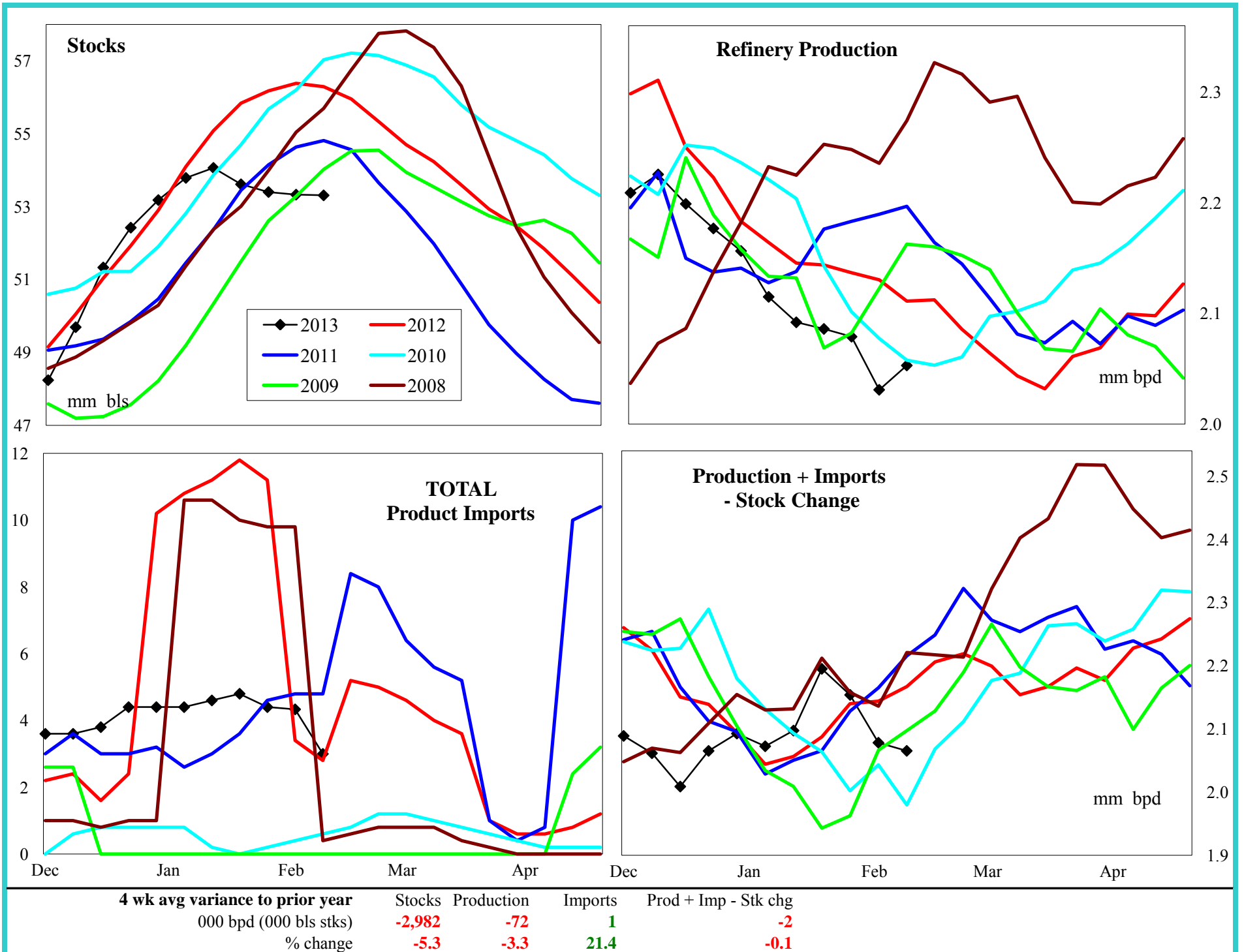
PADD 1 Residual Fuel Oil Supply



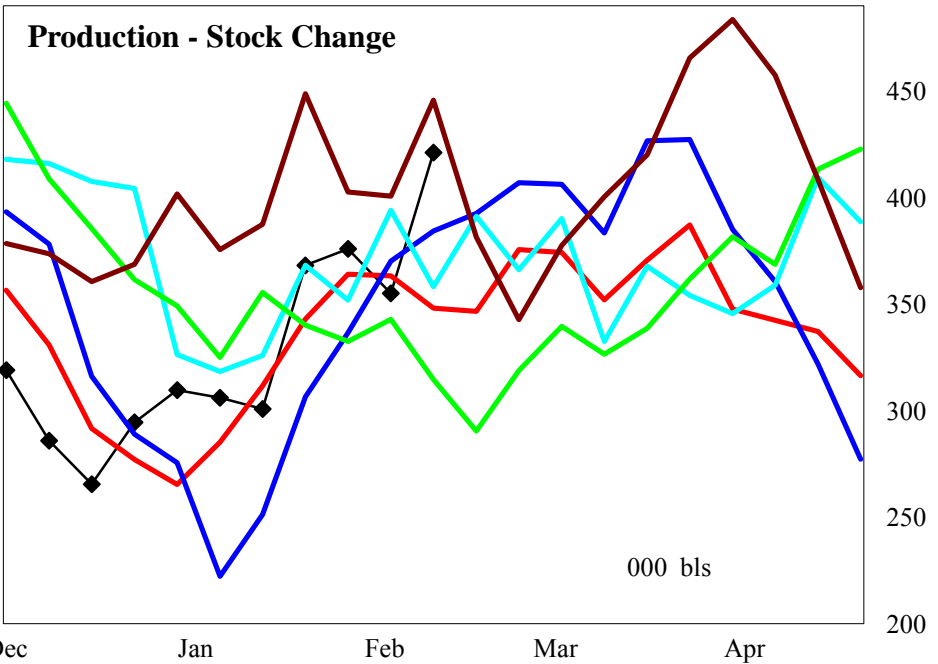
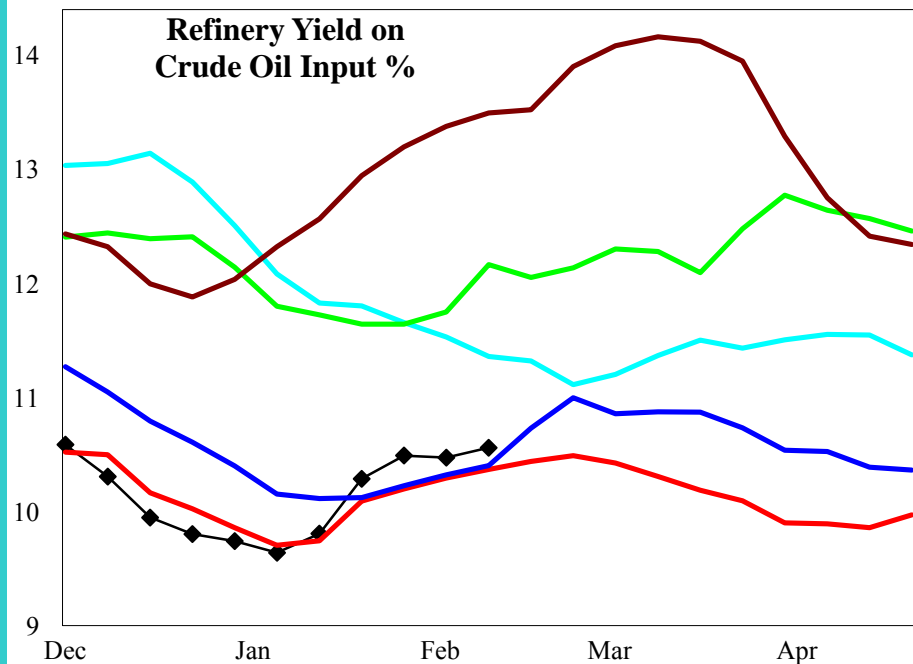
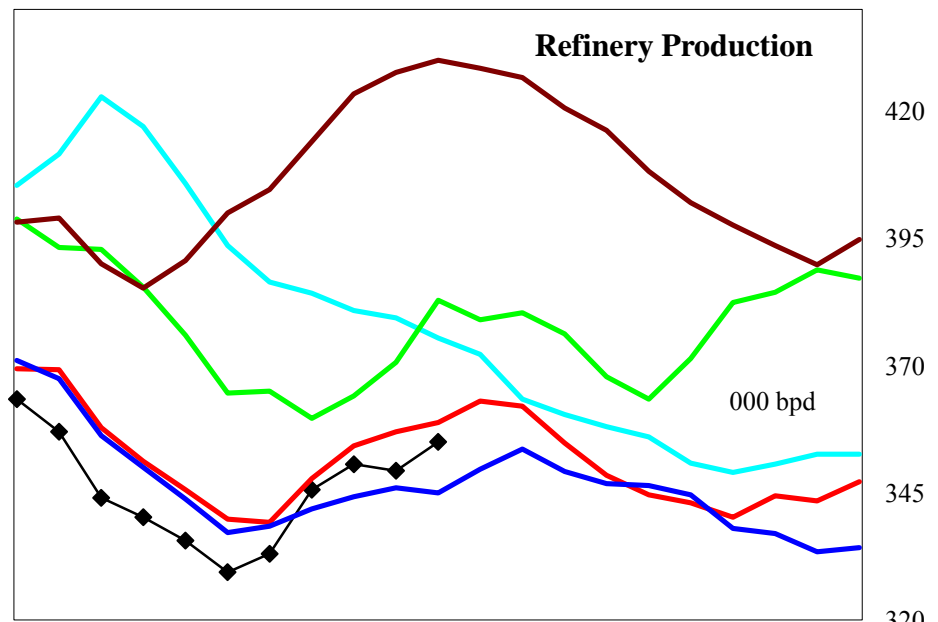
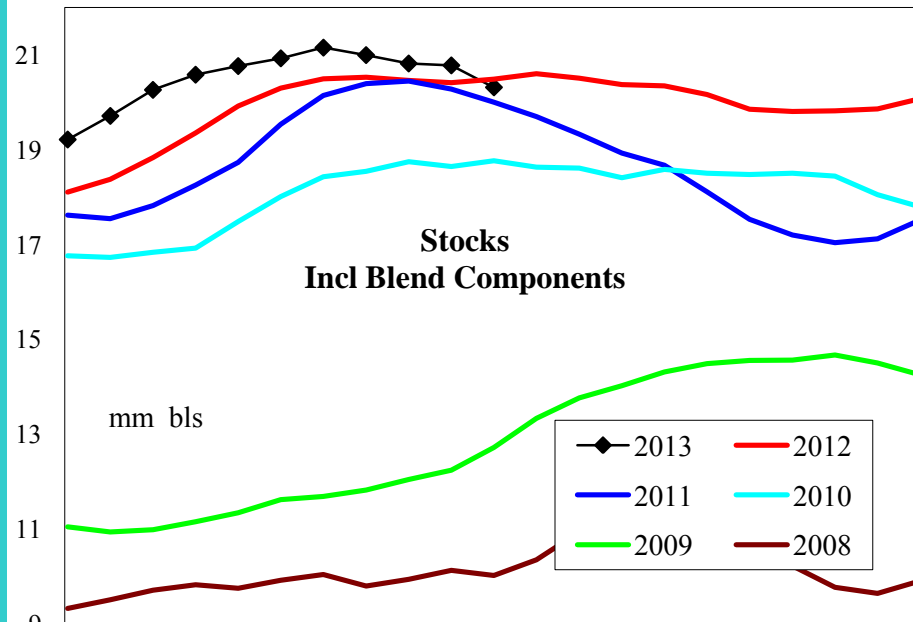
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

-174 -4

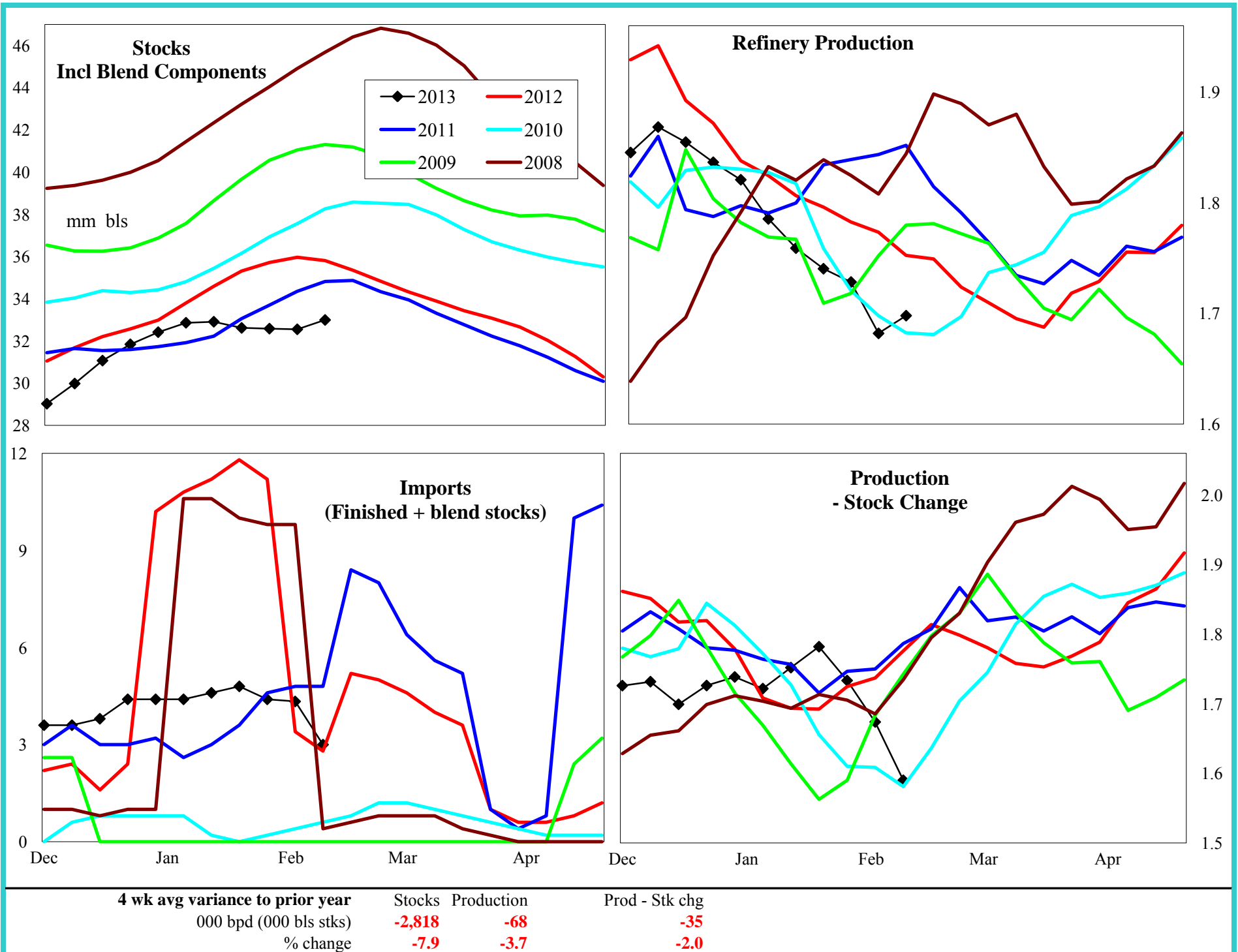
-0.8 -1.2

Prod - Stk chg

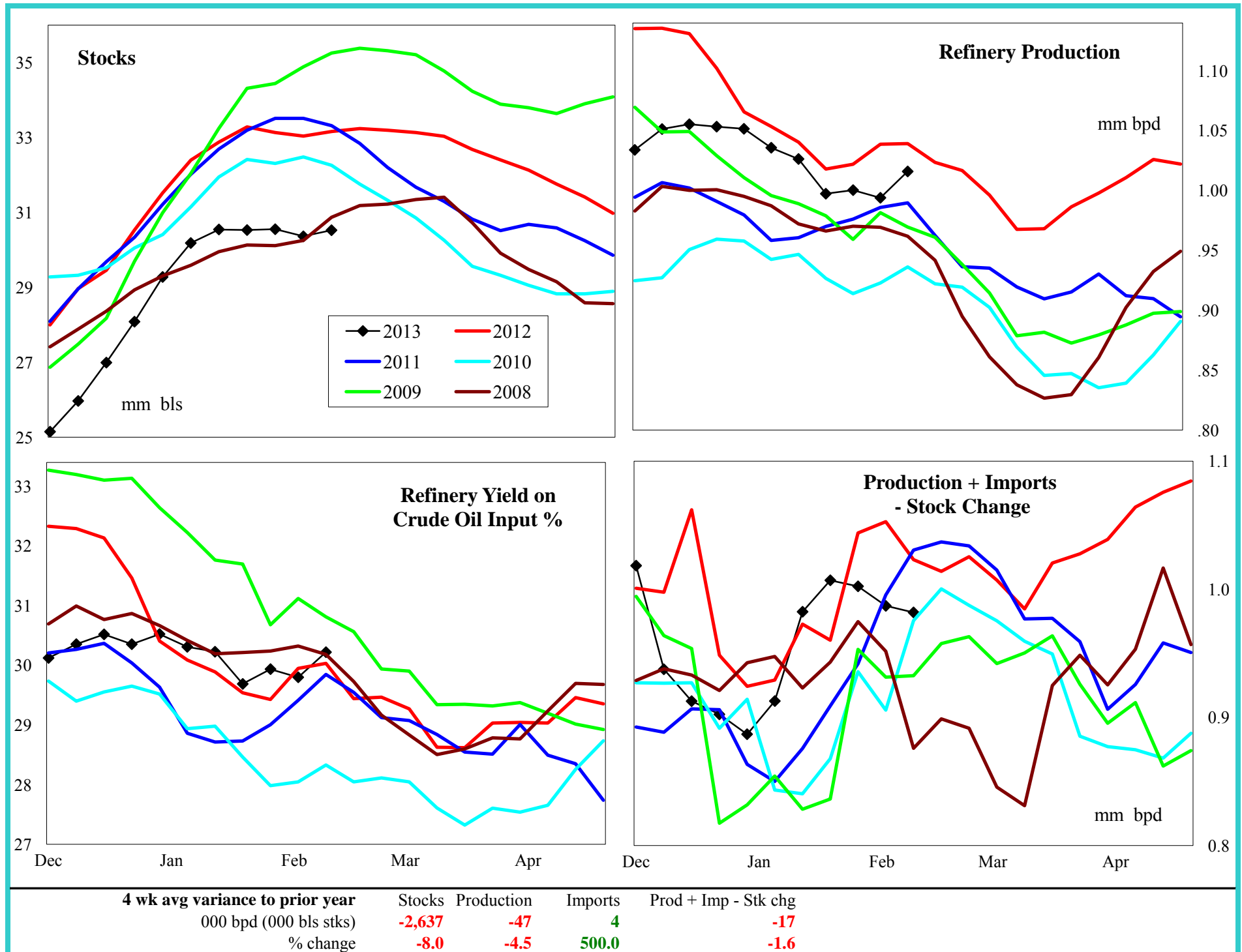
25

7.2

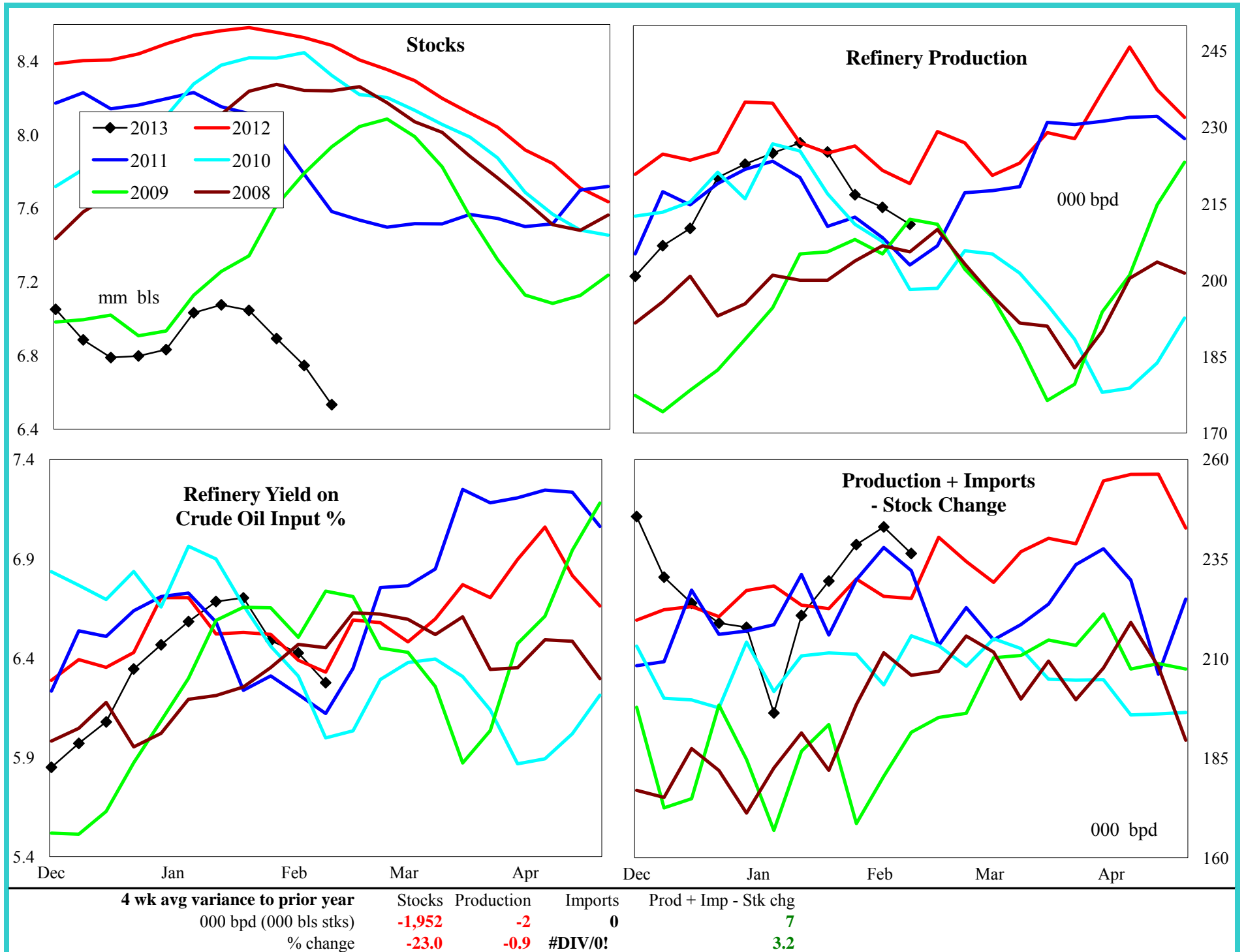
PADD 2 Conventional Gasoline Supply



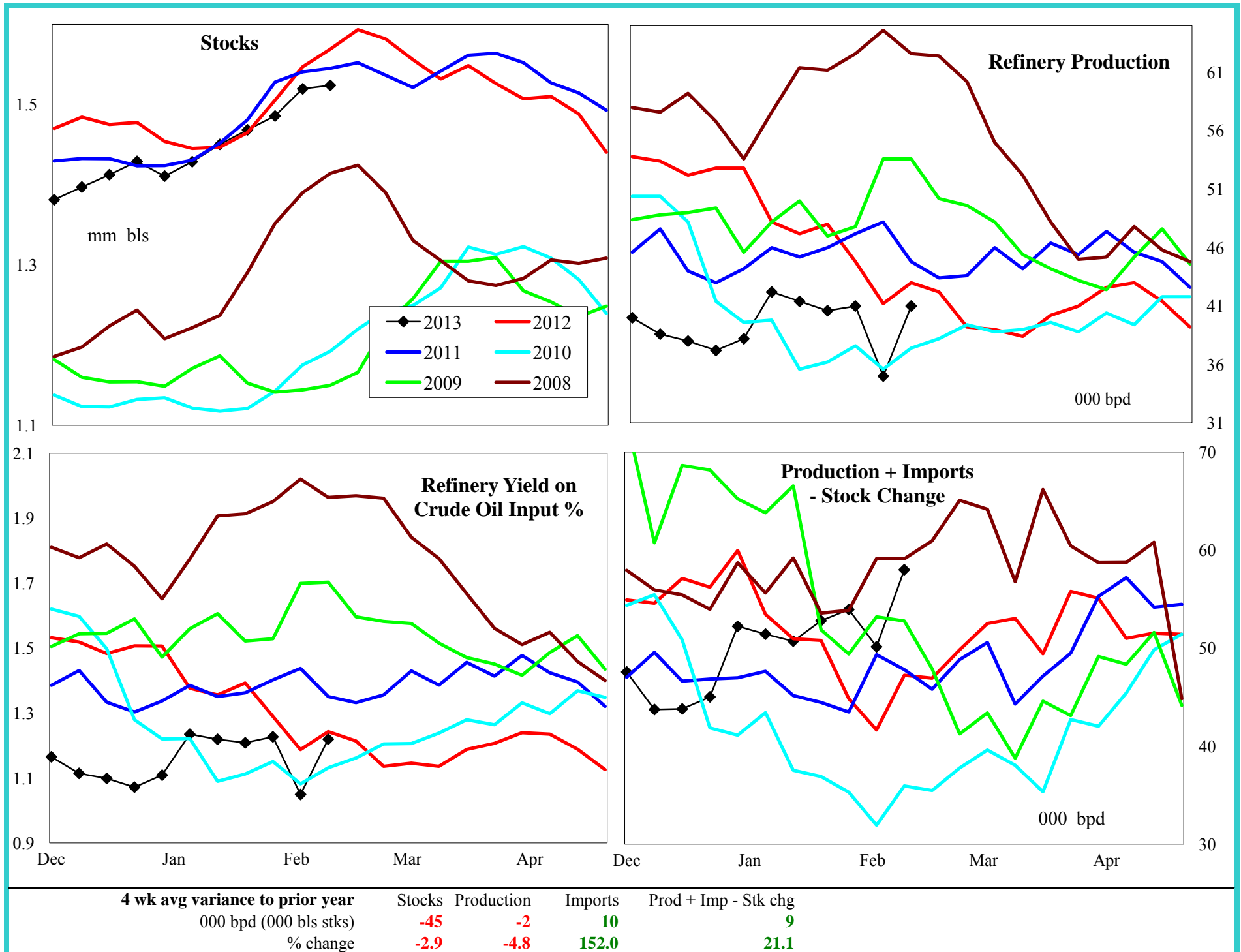
PADD 2 Distillate Supply



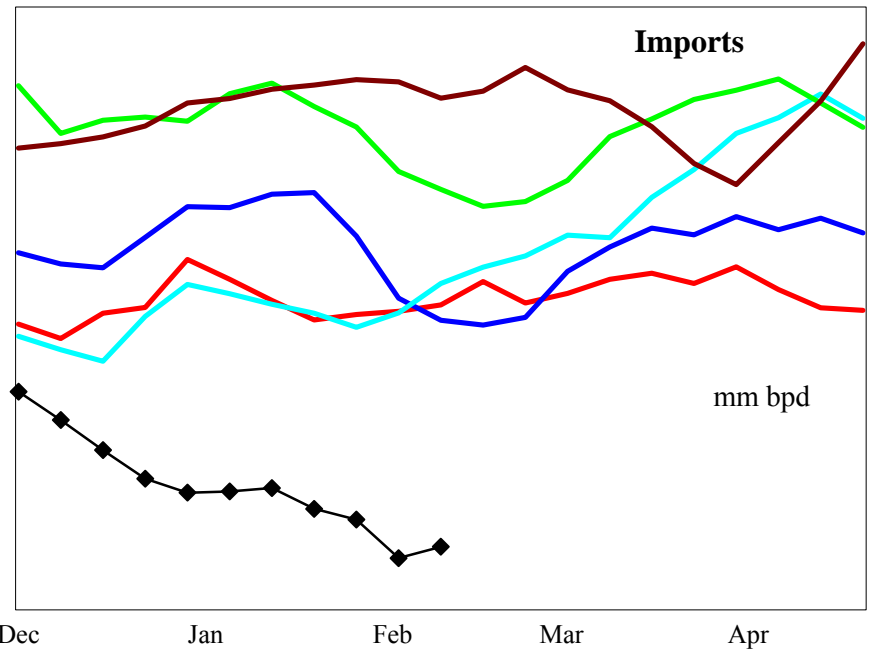
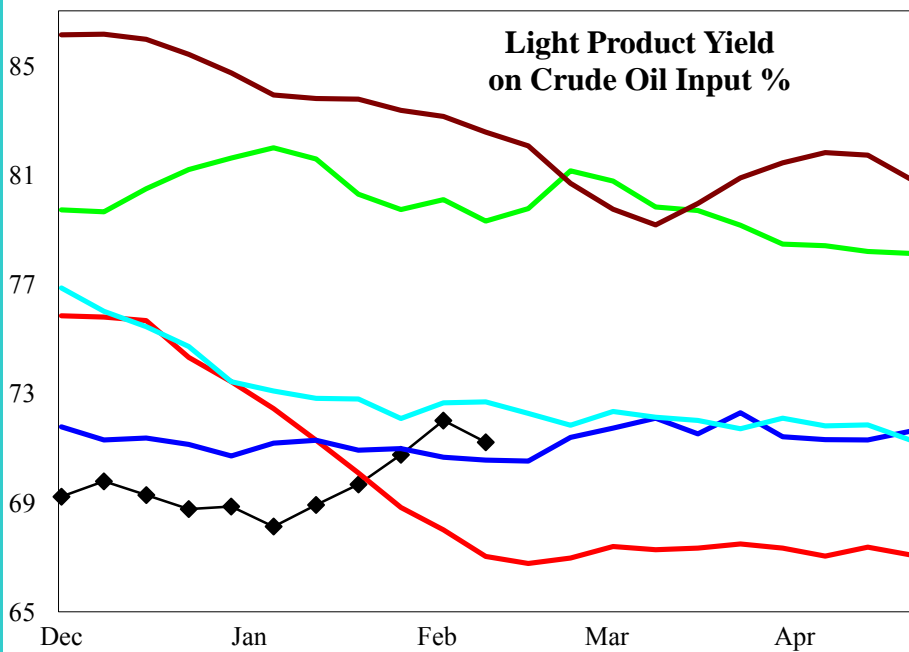
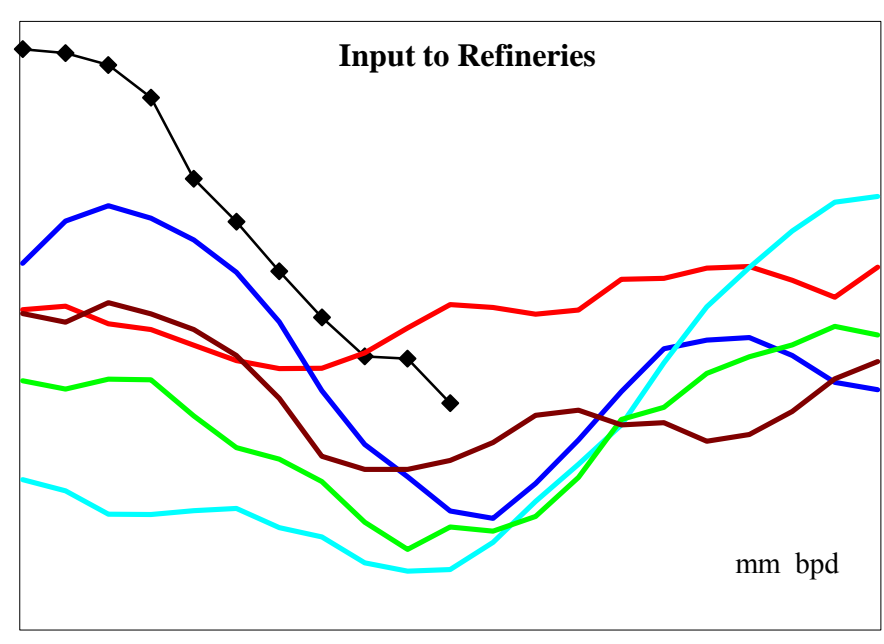
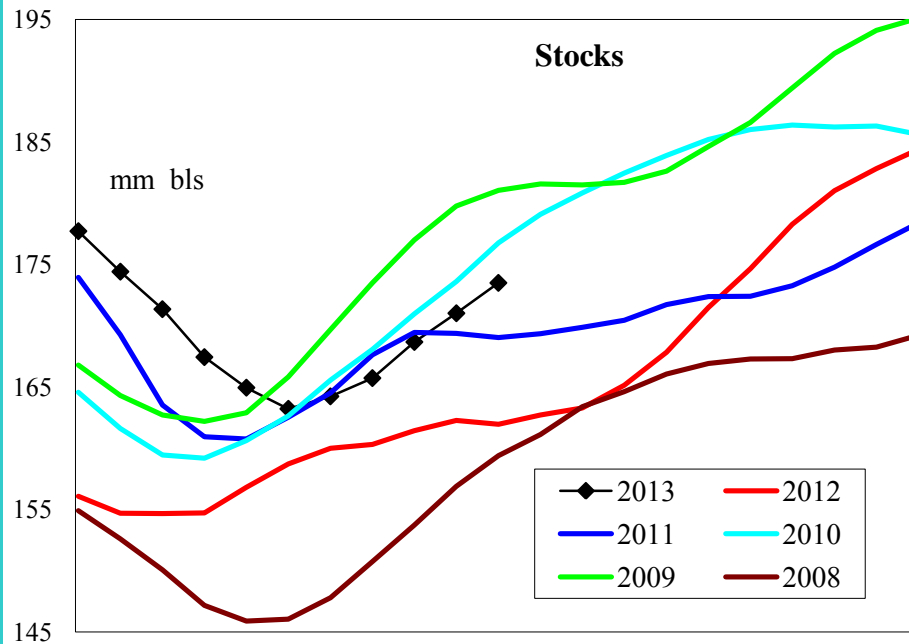
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



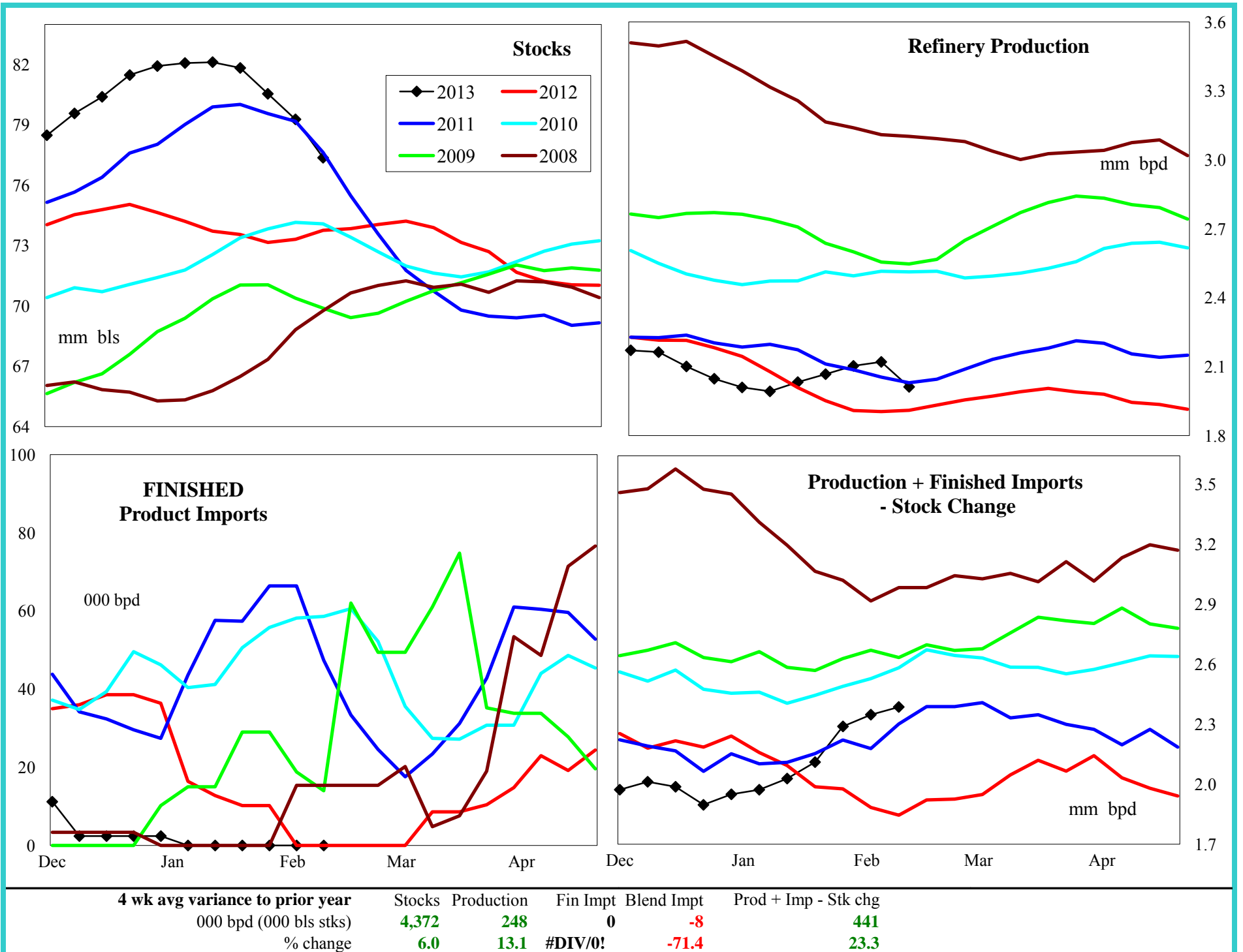
PADD 3 Crude Oil Supply and Refining



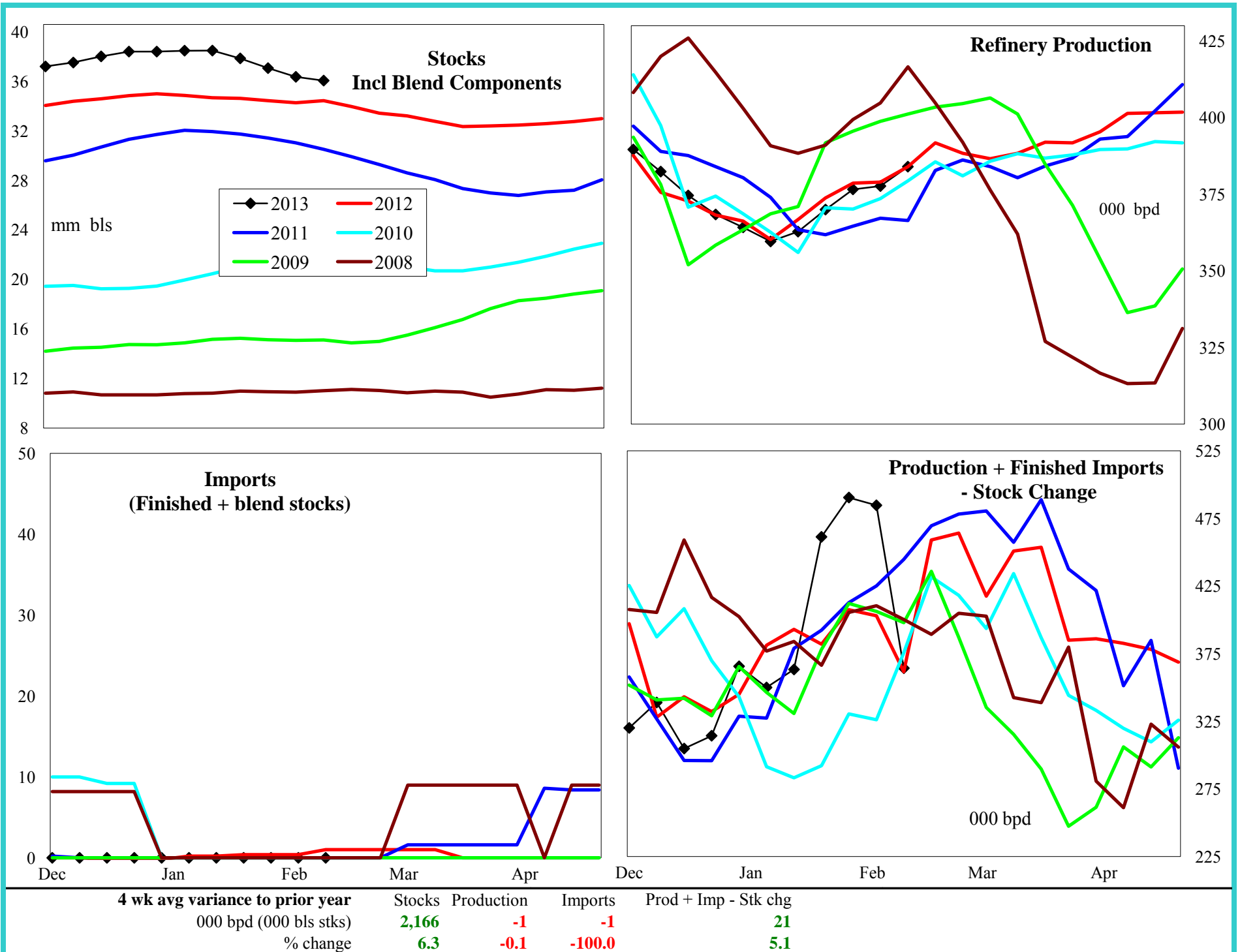
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

	Stocks	Input	Imports
000 bpd (000 bls stks)	11,547	-37	-1,080
% change	7.1	-0.5	-23.2

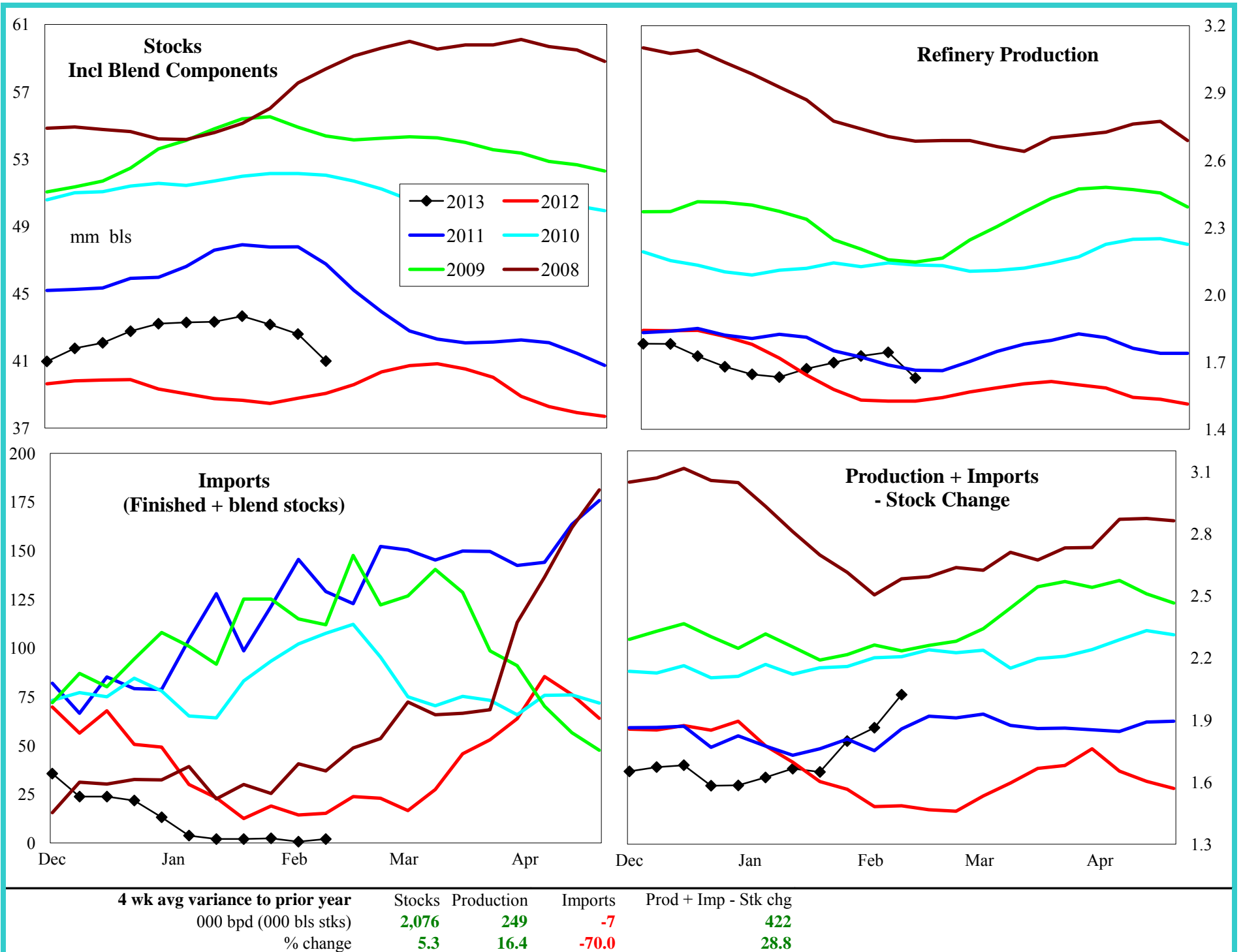
PADD 3 Gasoline Supply



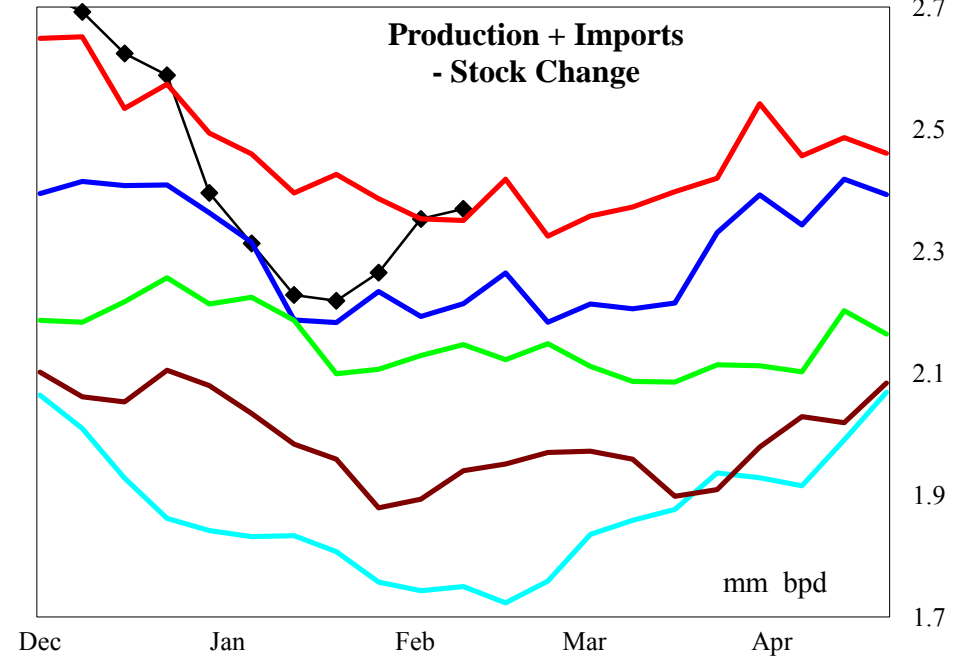
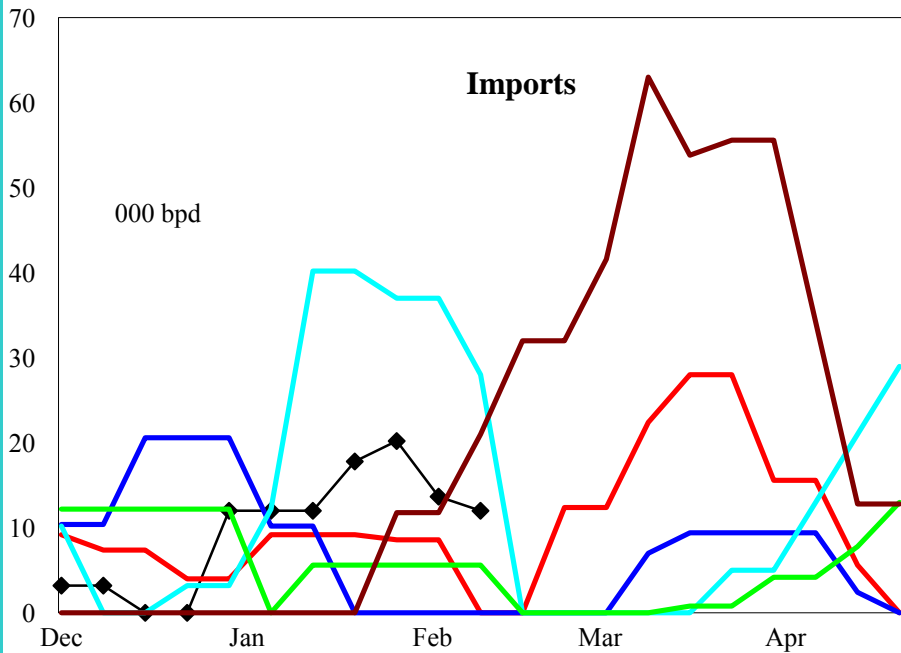
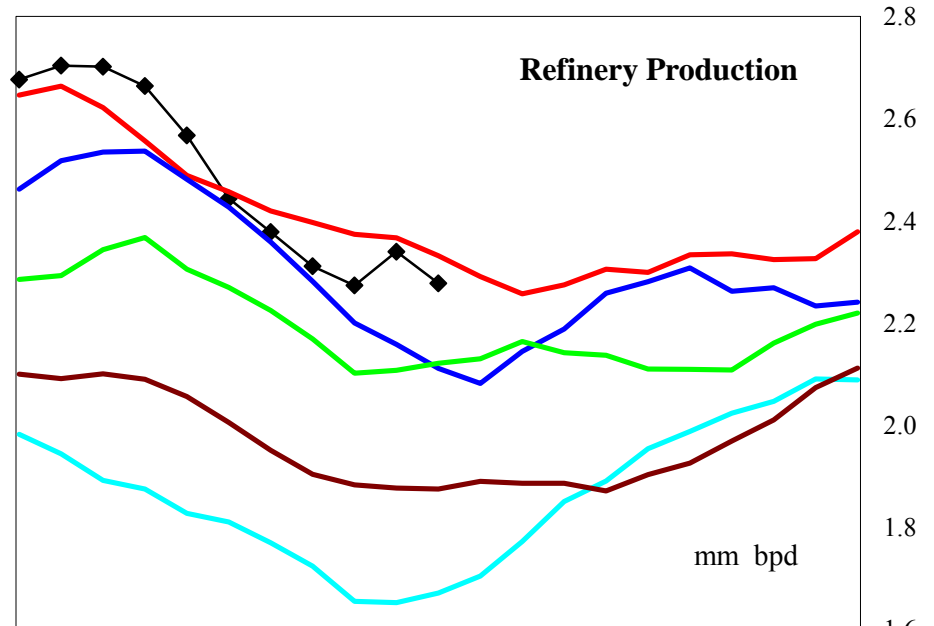
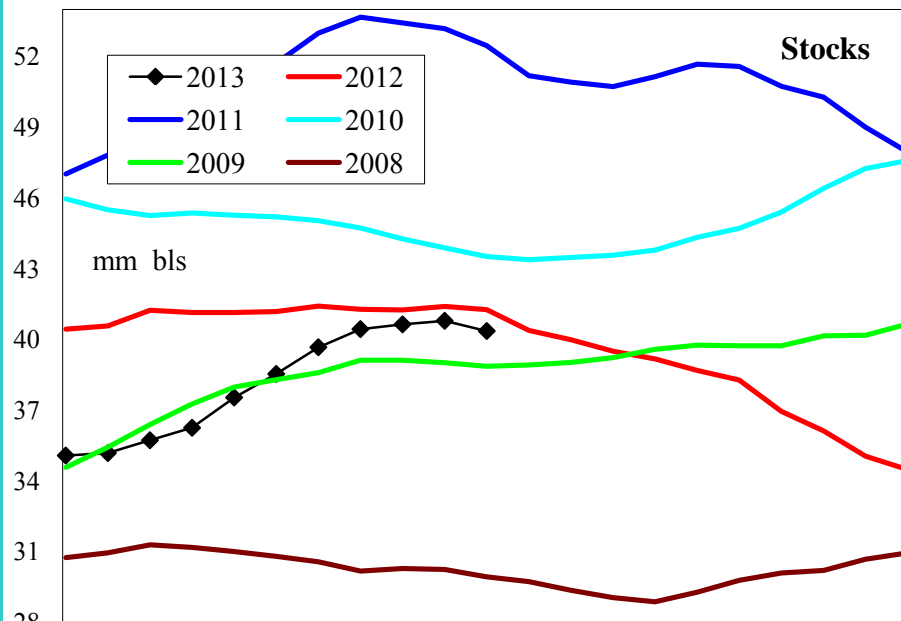
PADD 3 Reformulated Gasoline Supply



PADD 3 Conventional Gasoline Supply



PADD 3 Distillate Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-366

-0.9

Production

-89

-3.7

Imports

-1

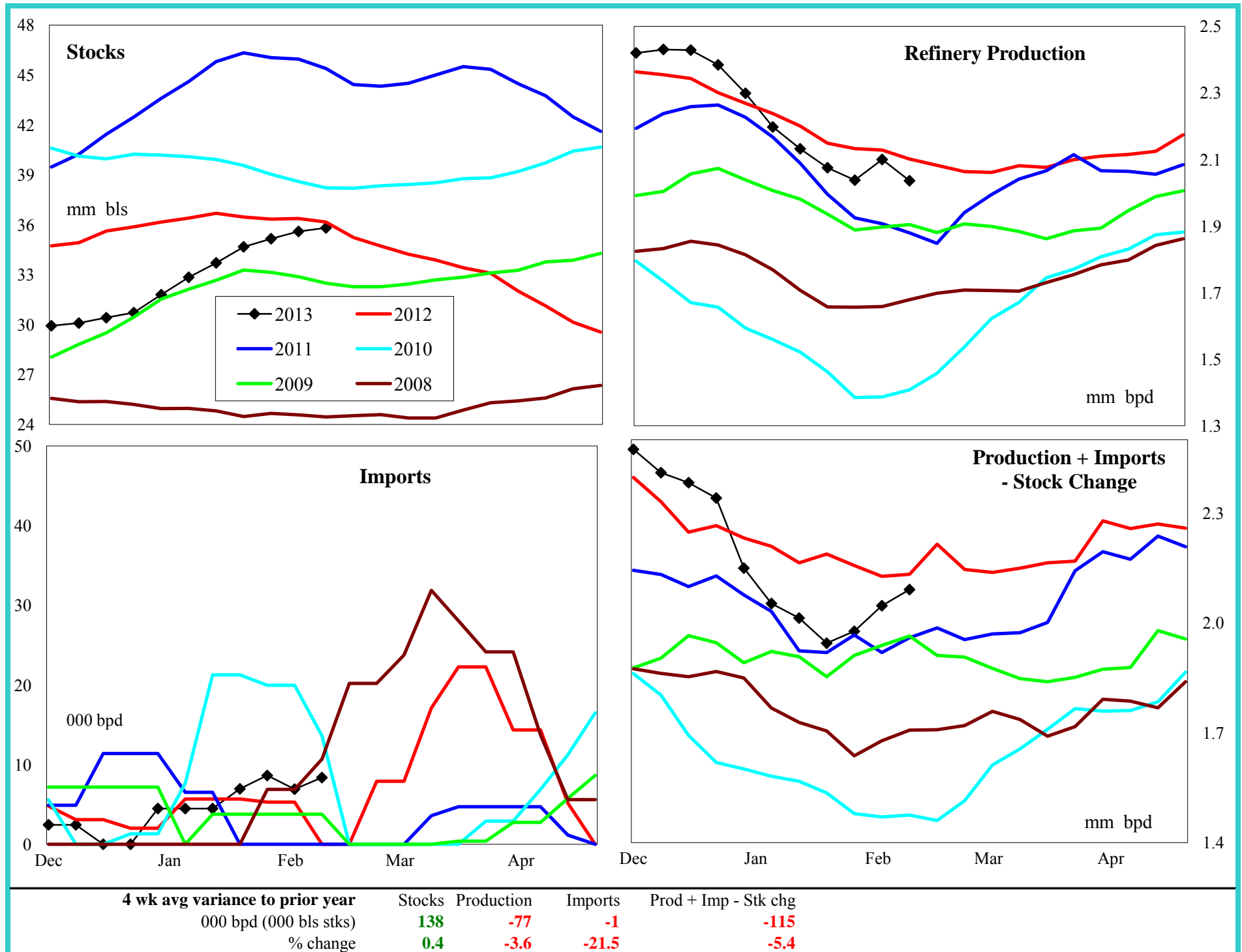
-4.7

Prod + Imp - Stk chg

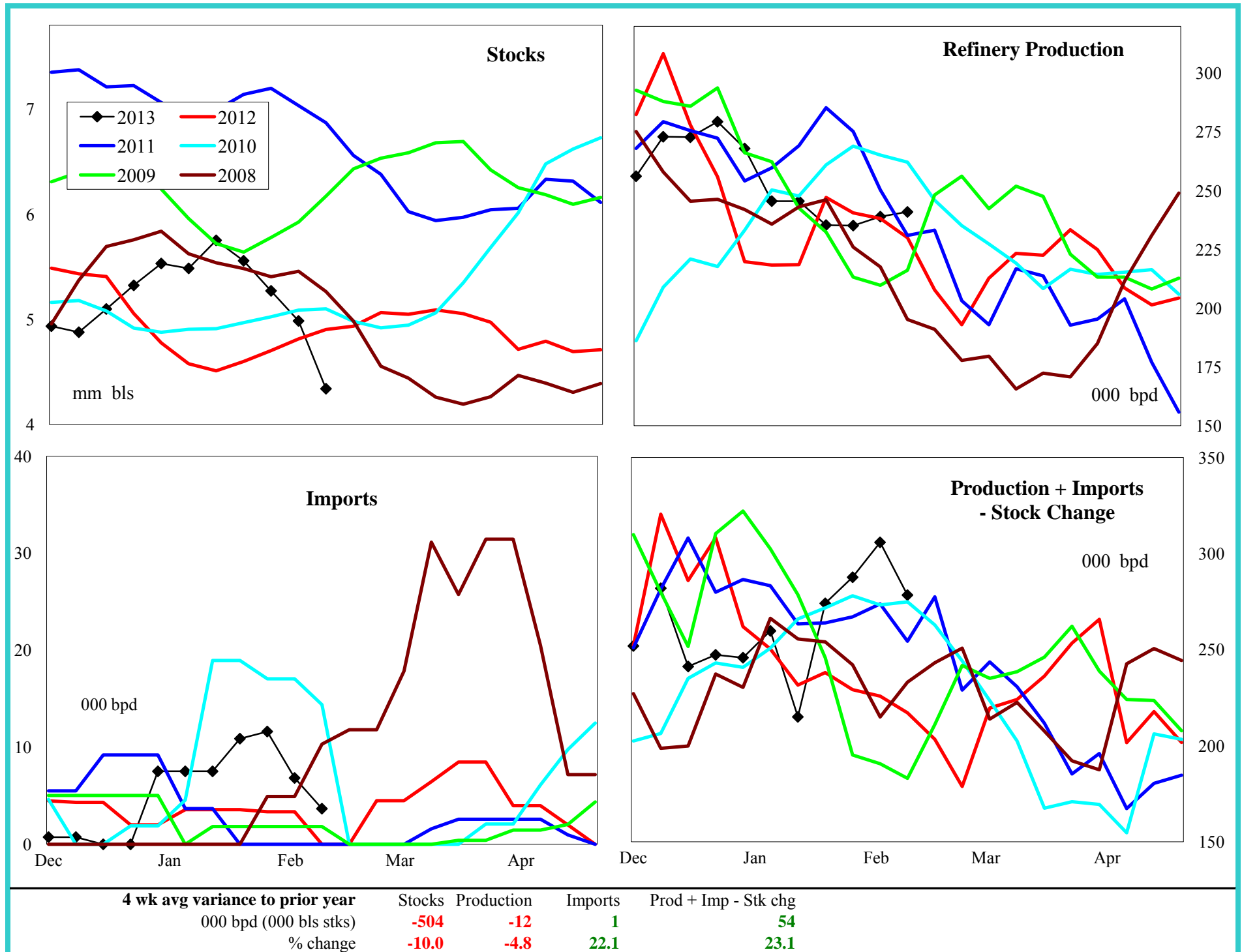
-61

-2.6

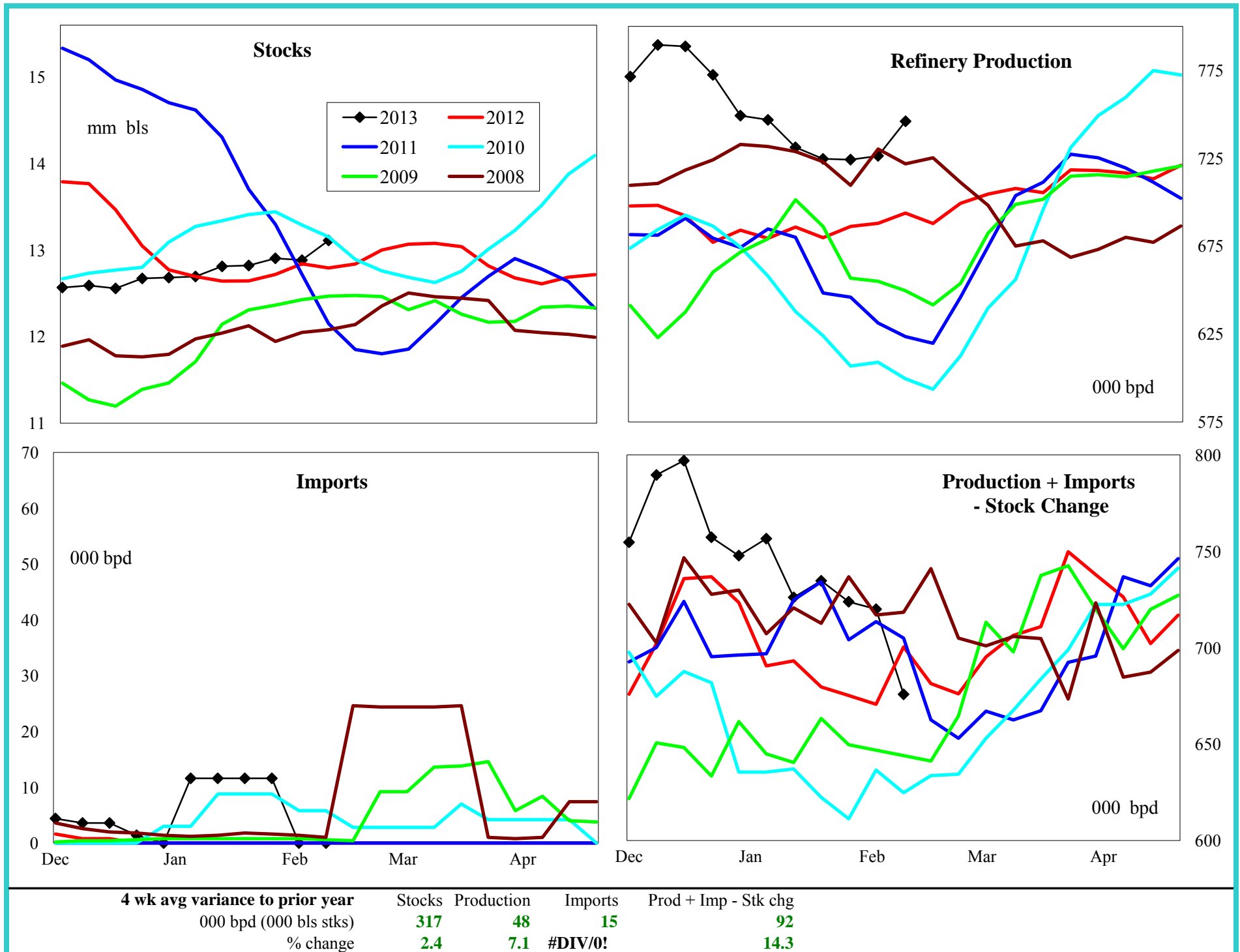
PADD 3 Low Sulfur Distillate Supply



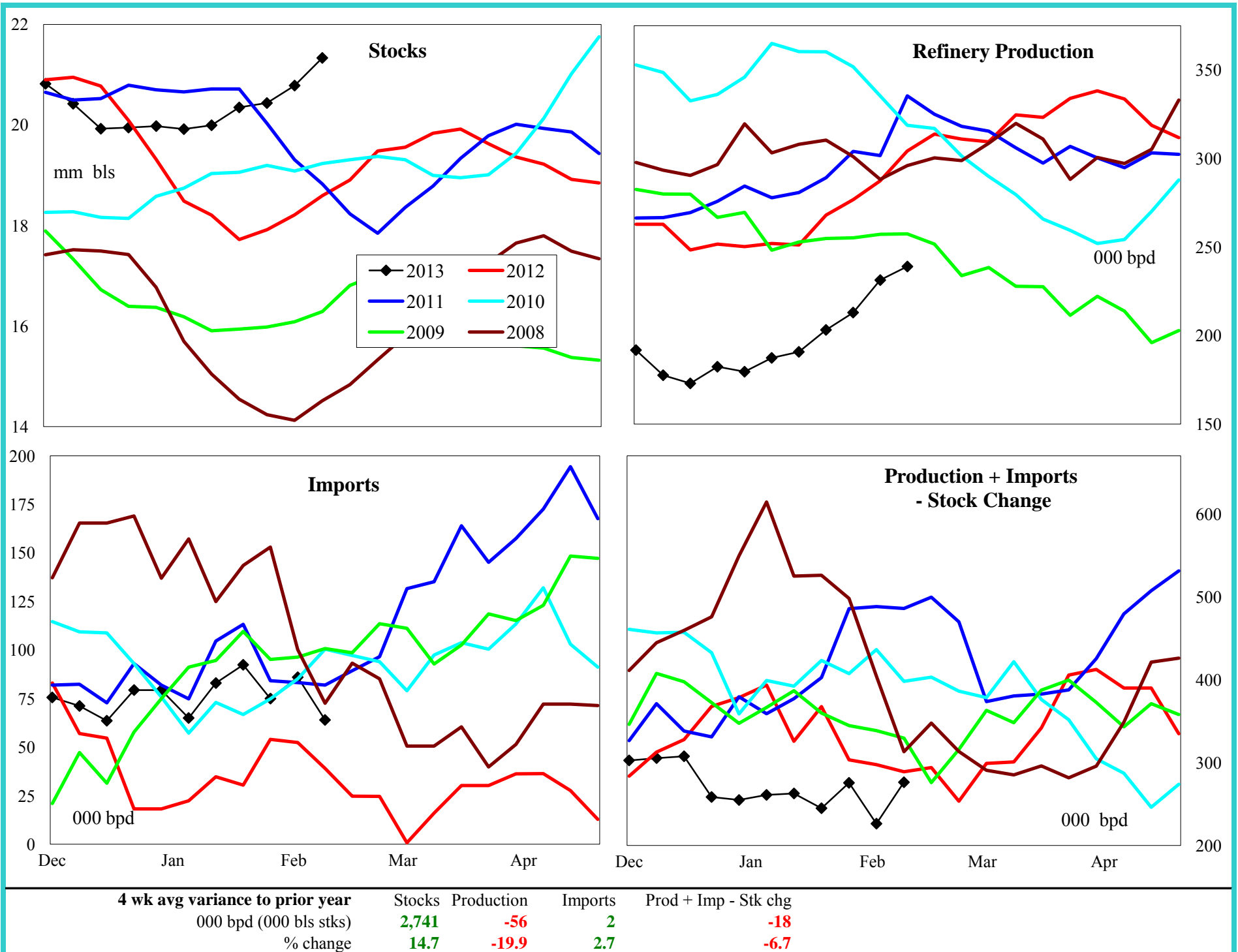
PADD 3 High Sulfur Distillate Supply



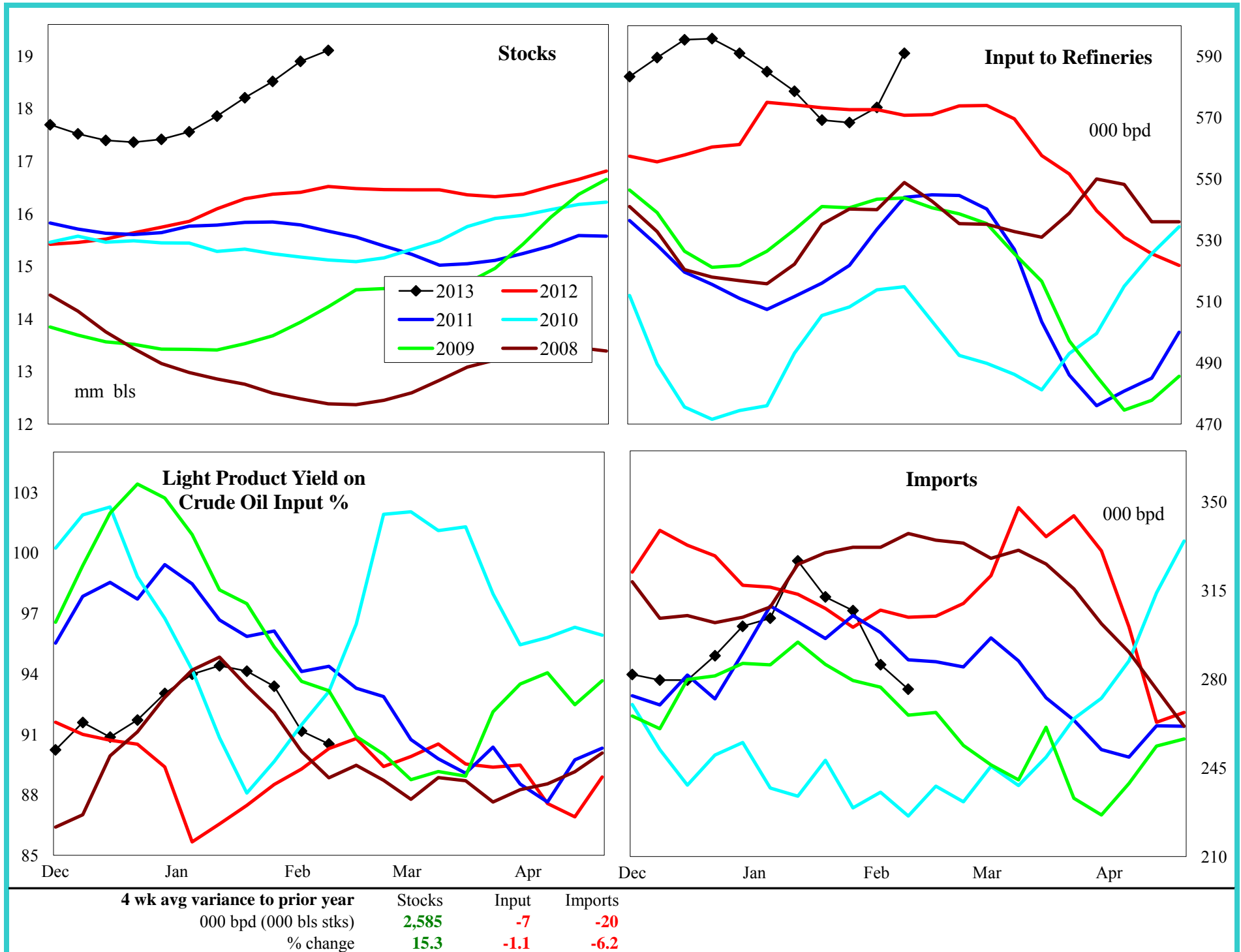
PADD 3 Jet Fuel Supply



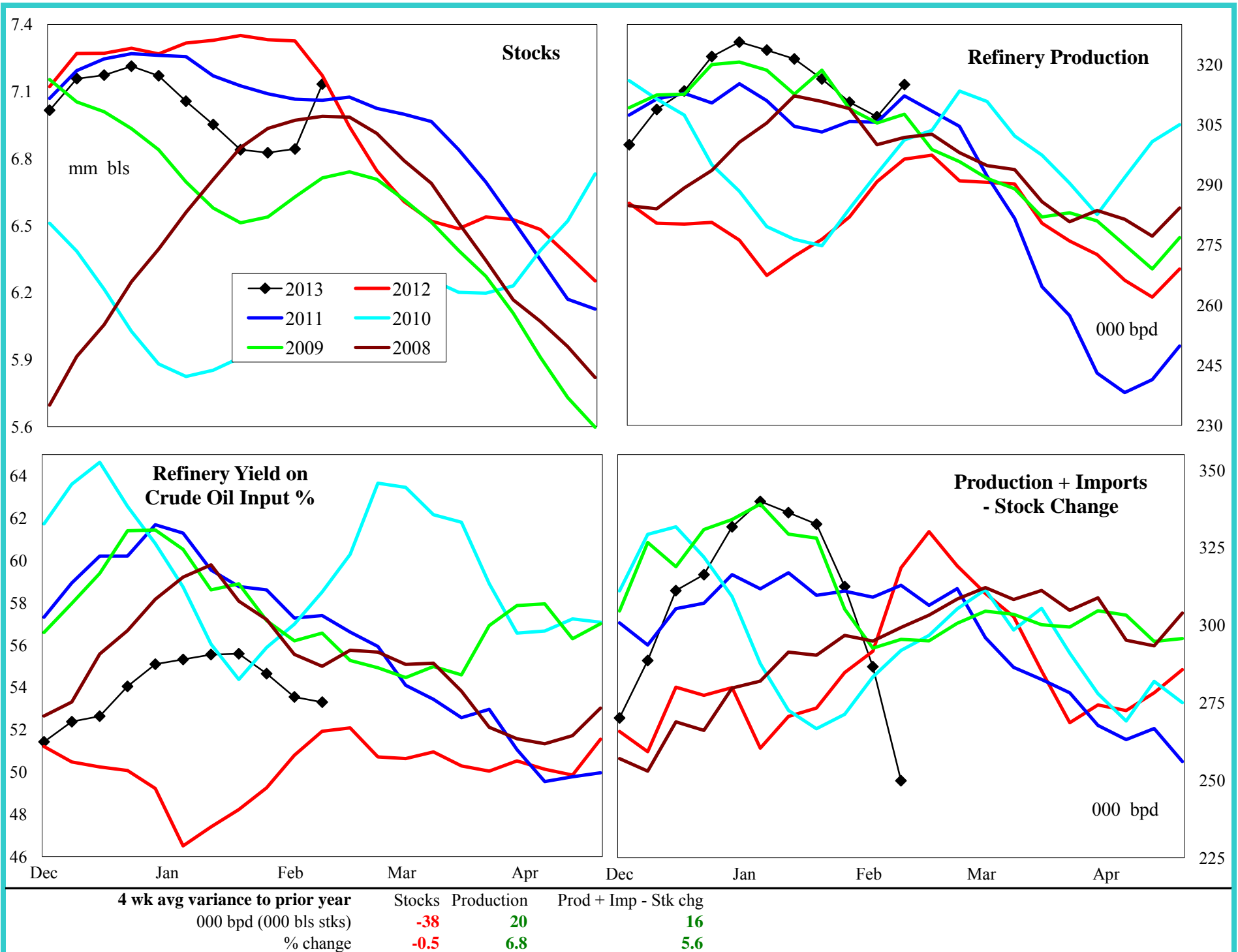
PADD 3 Residual Fuel Oil Supply



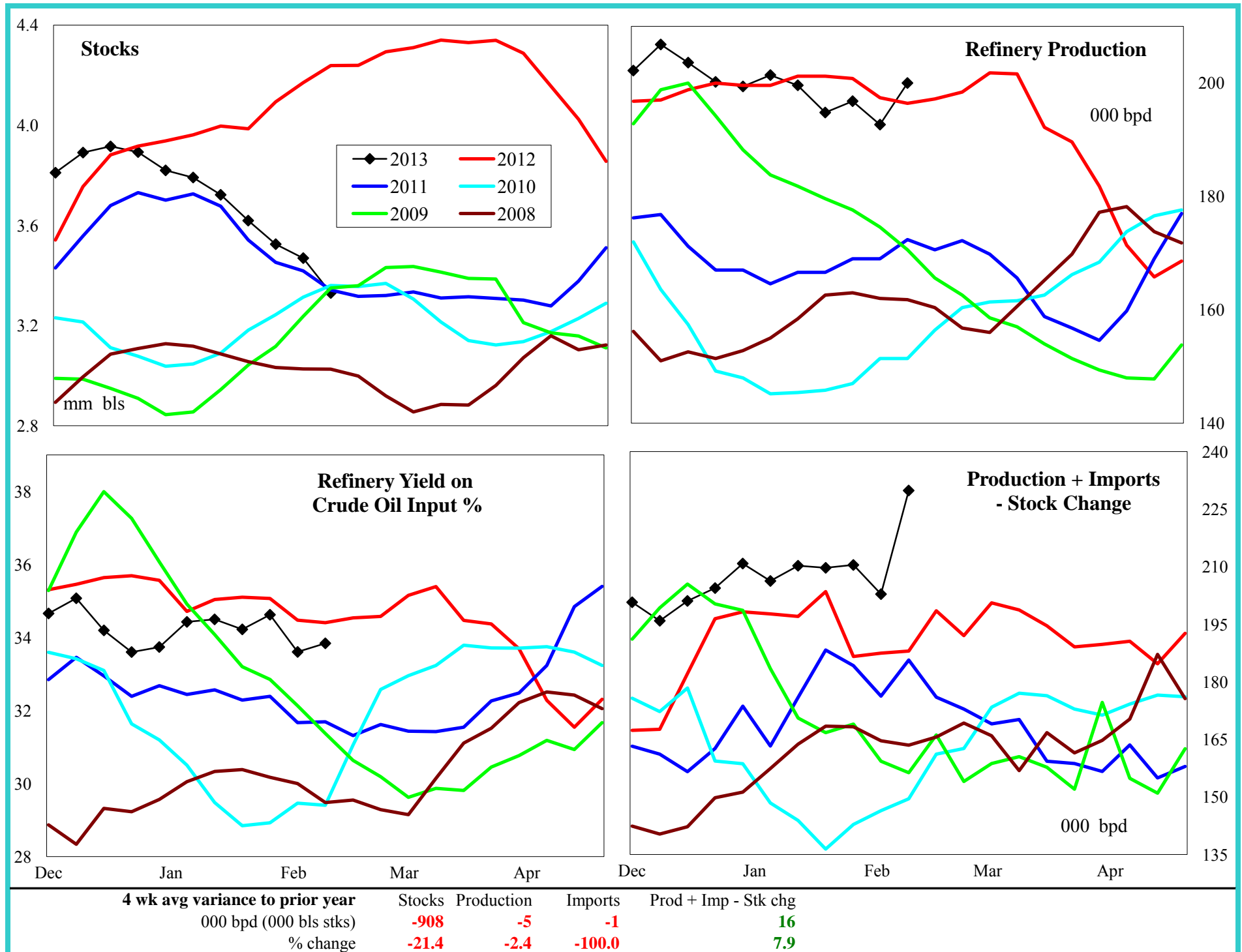
PADD 4 Crude Oil Supply and Refining



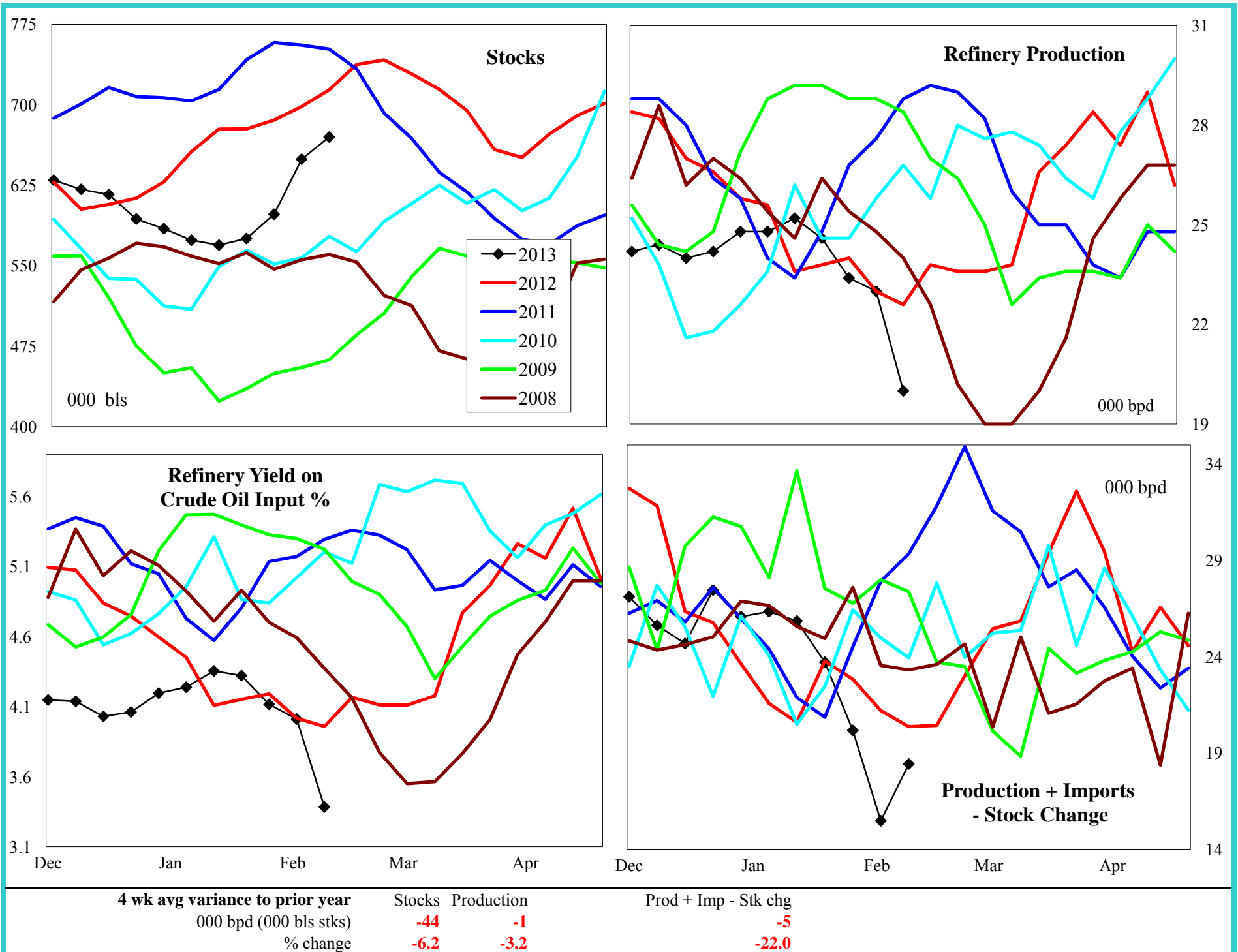
PADD 4 Gasoline Supply



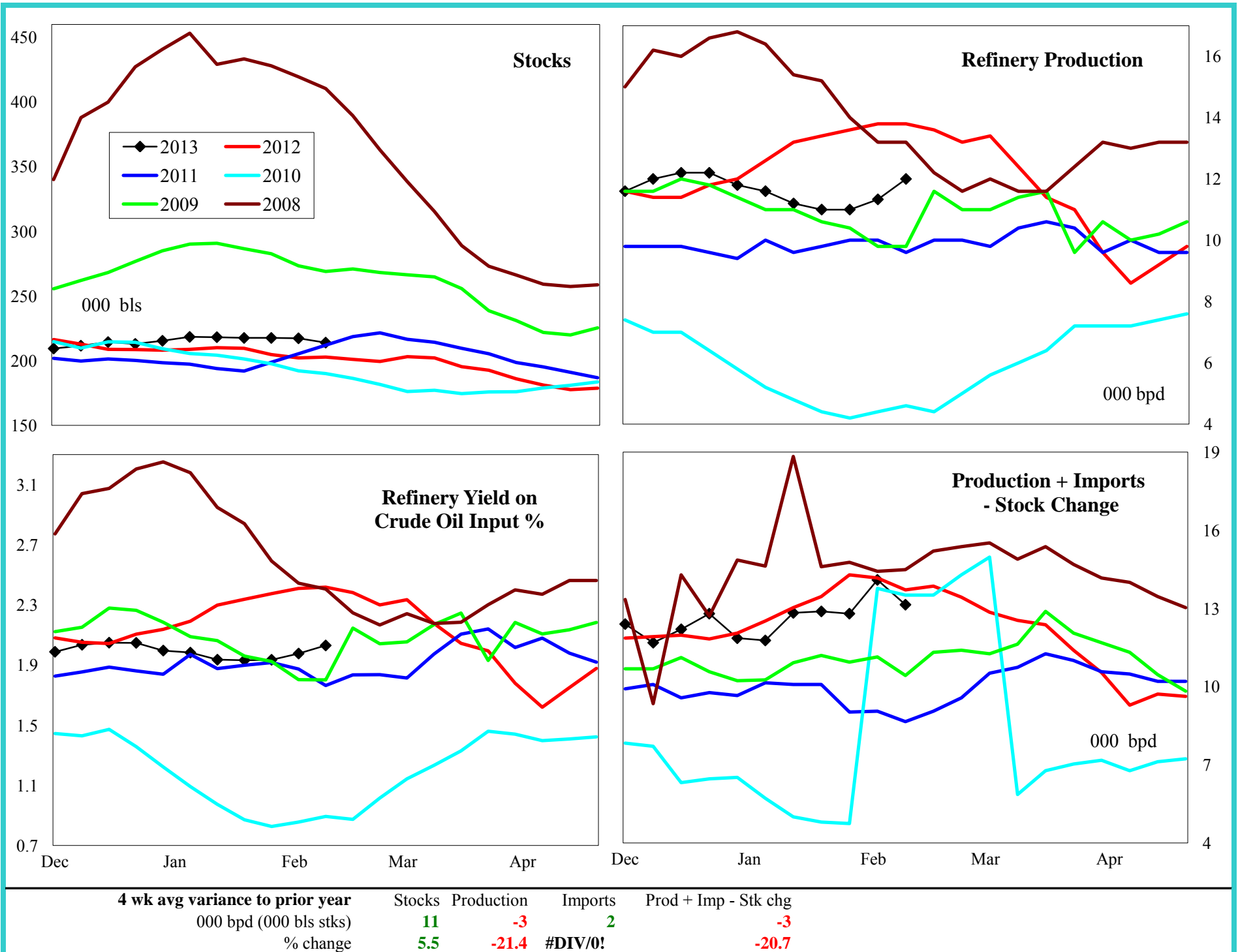
PADD 4 Distillate Supply



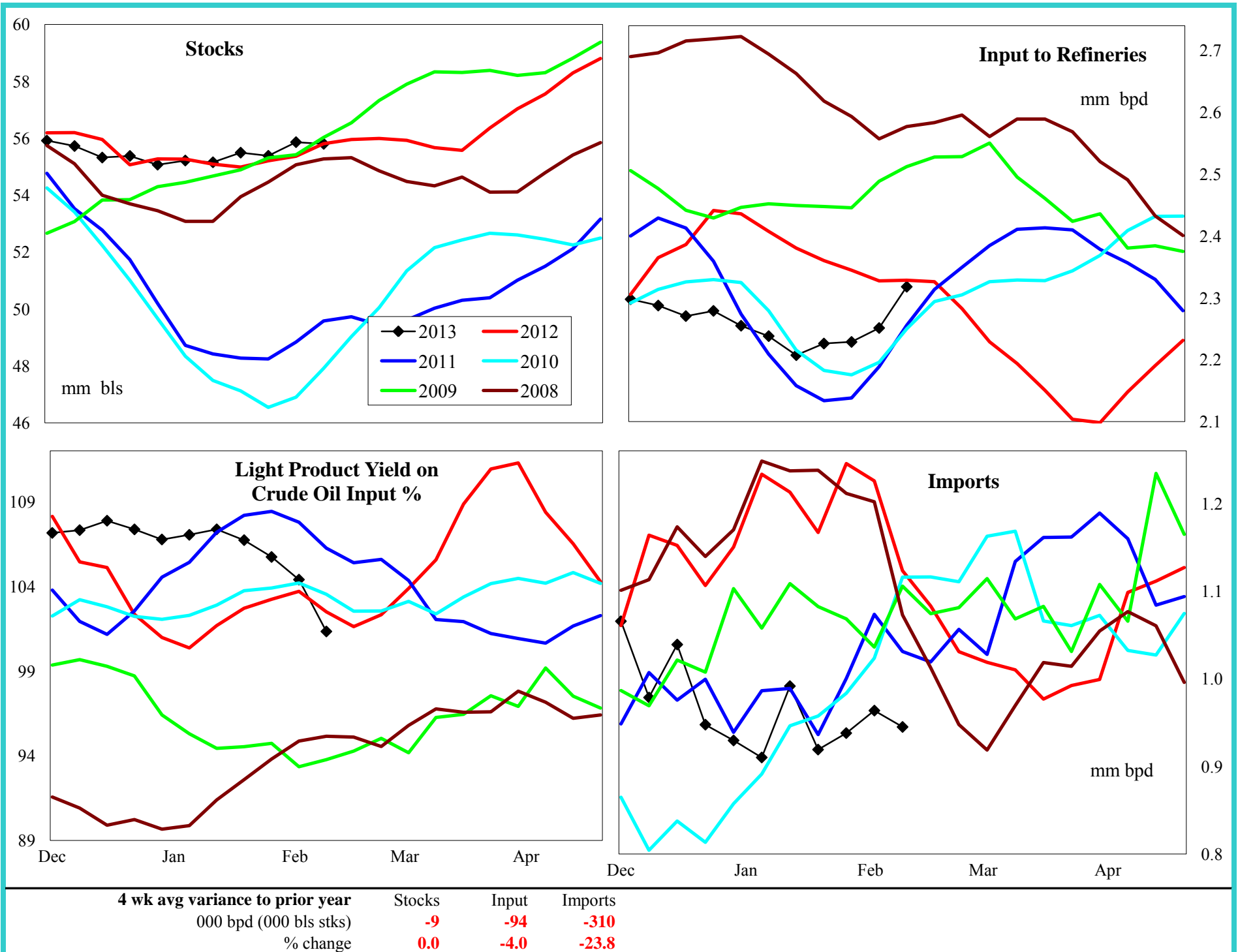
PADD 4 Jet Fuel Supply



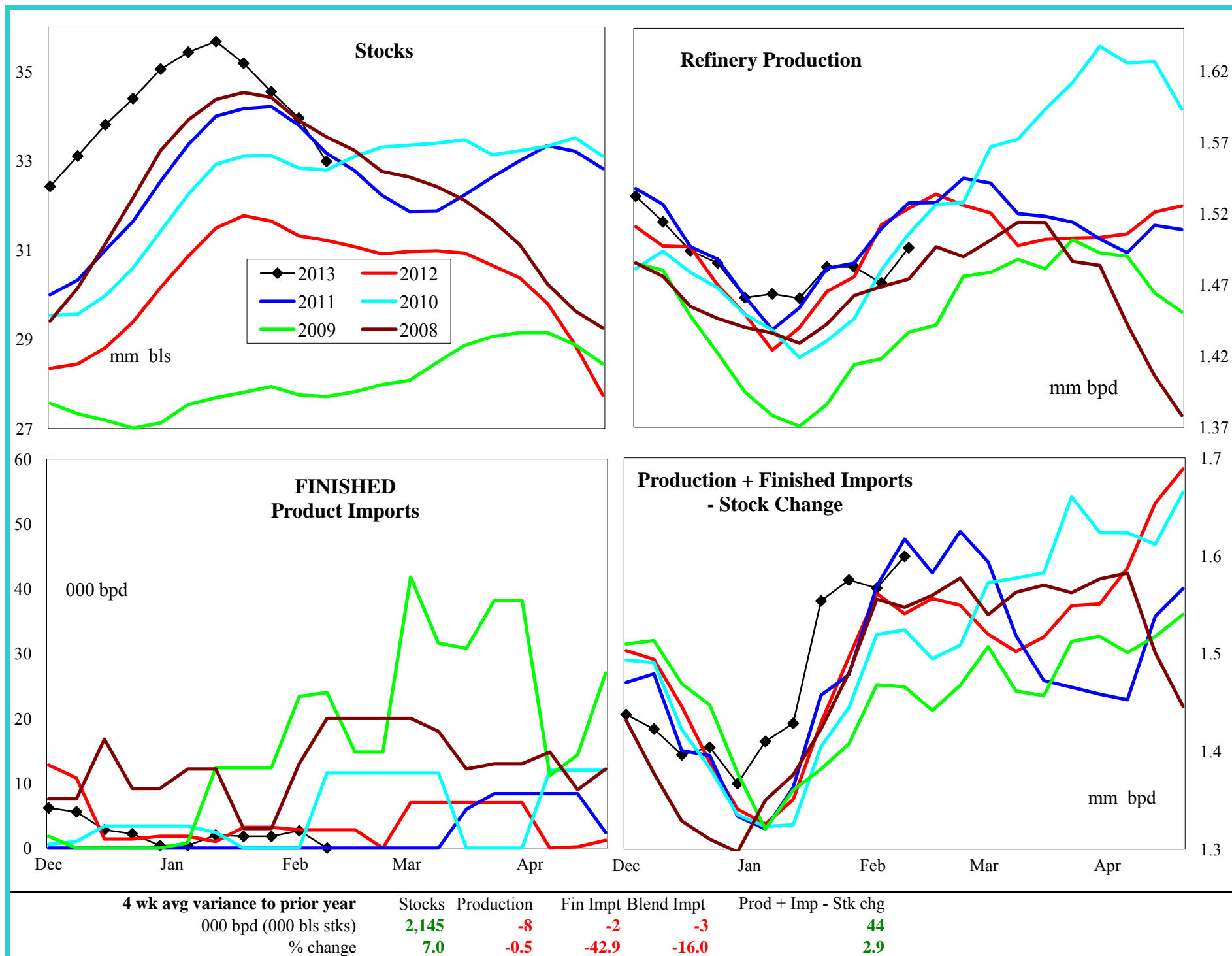
PADD 4 Residual Fuel Oil Supply



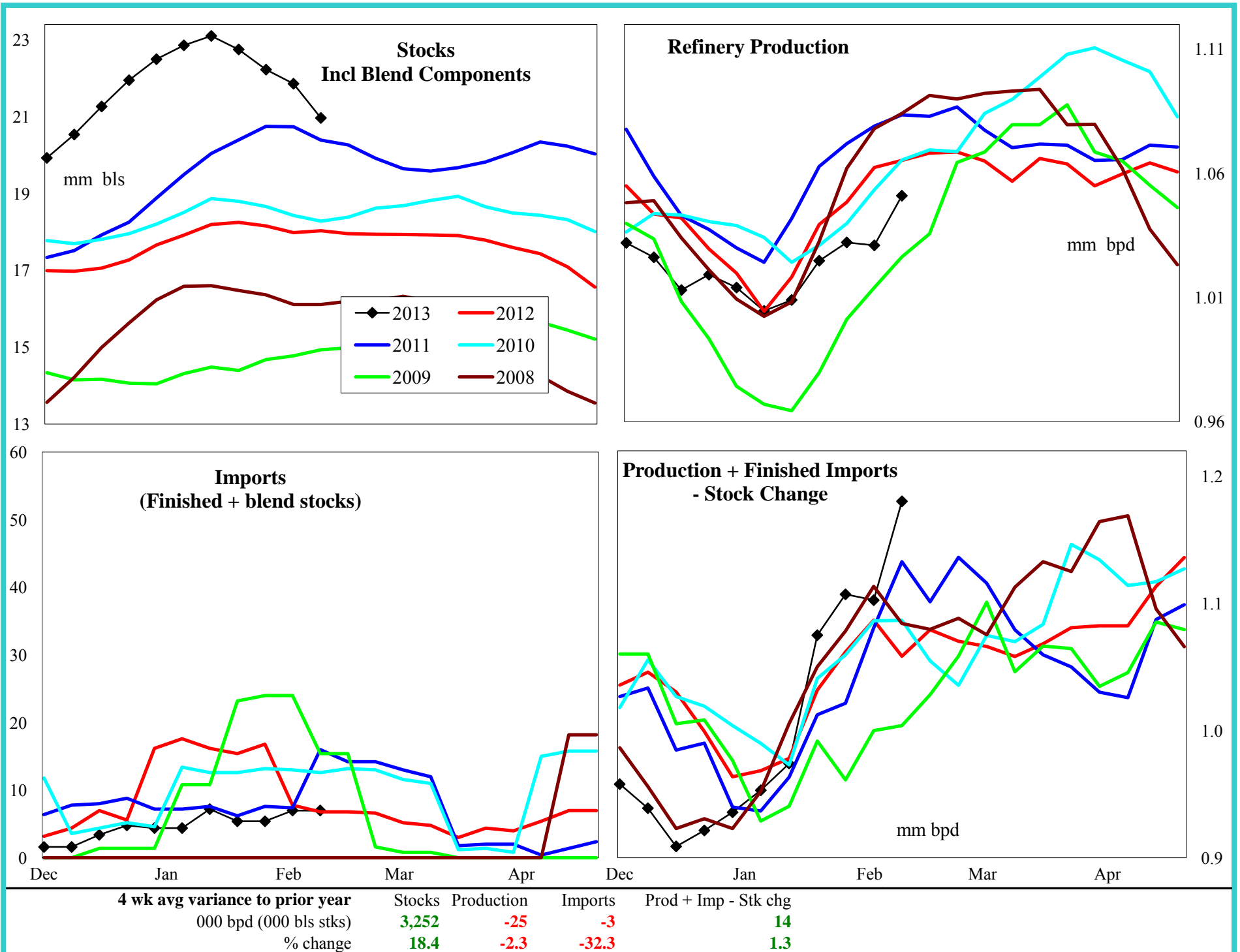
PADD 5 Crude Oil Supply and Refining



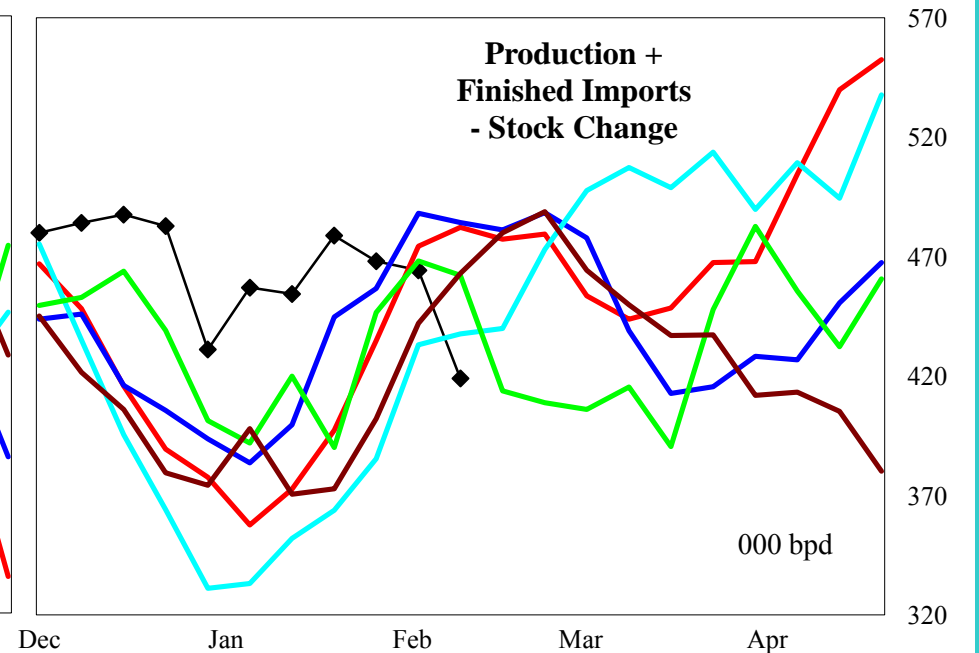
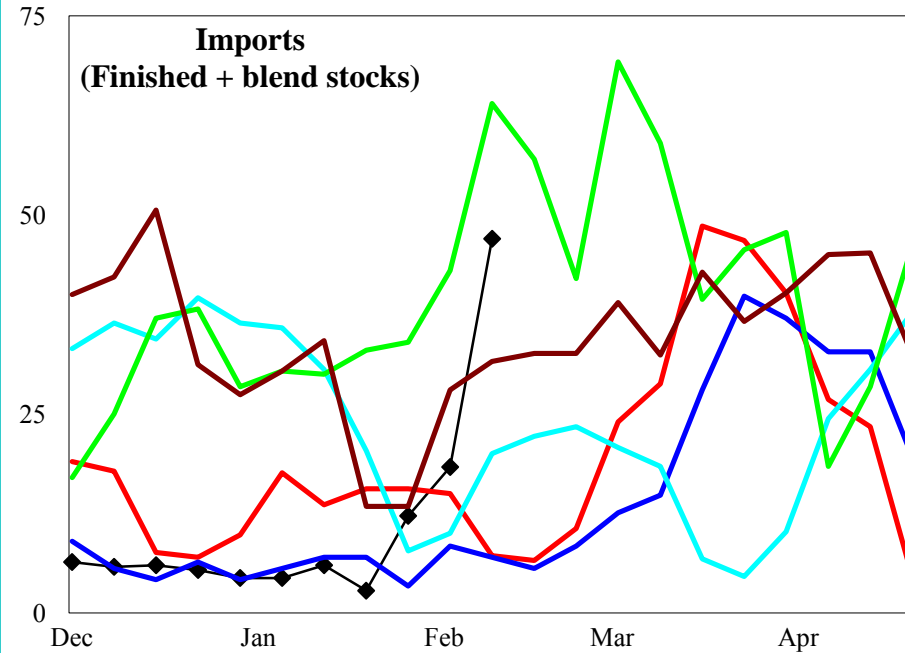
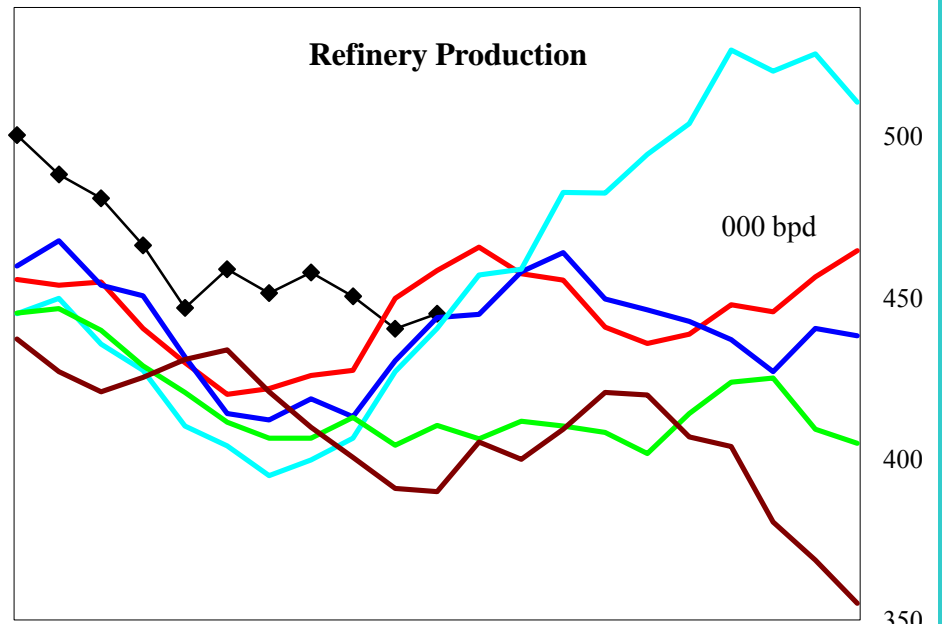
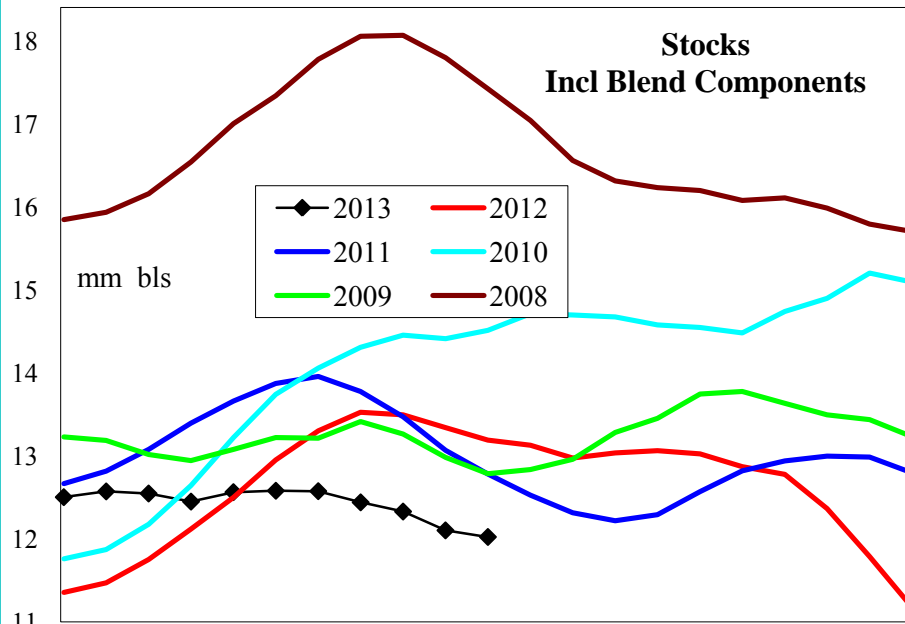
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-1,107

-8.4

Production

17

3.8

Imports

-2

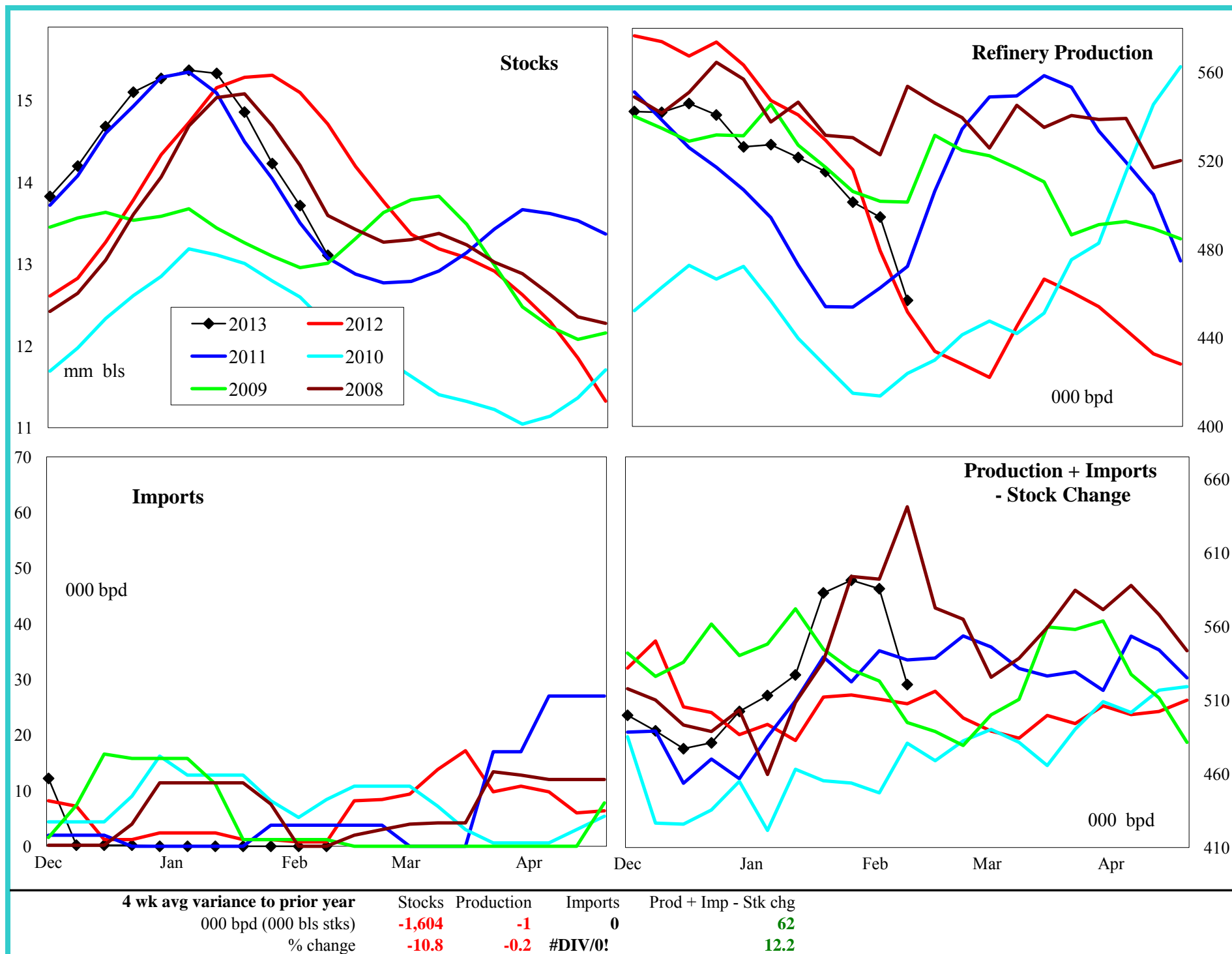
-14.1

Prod + Imp - Stk chg

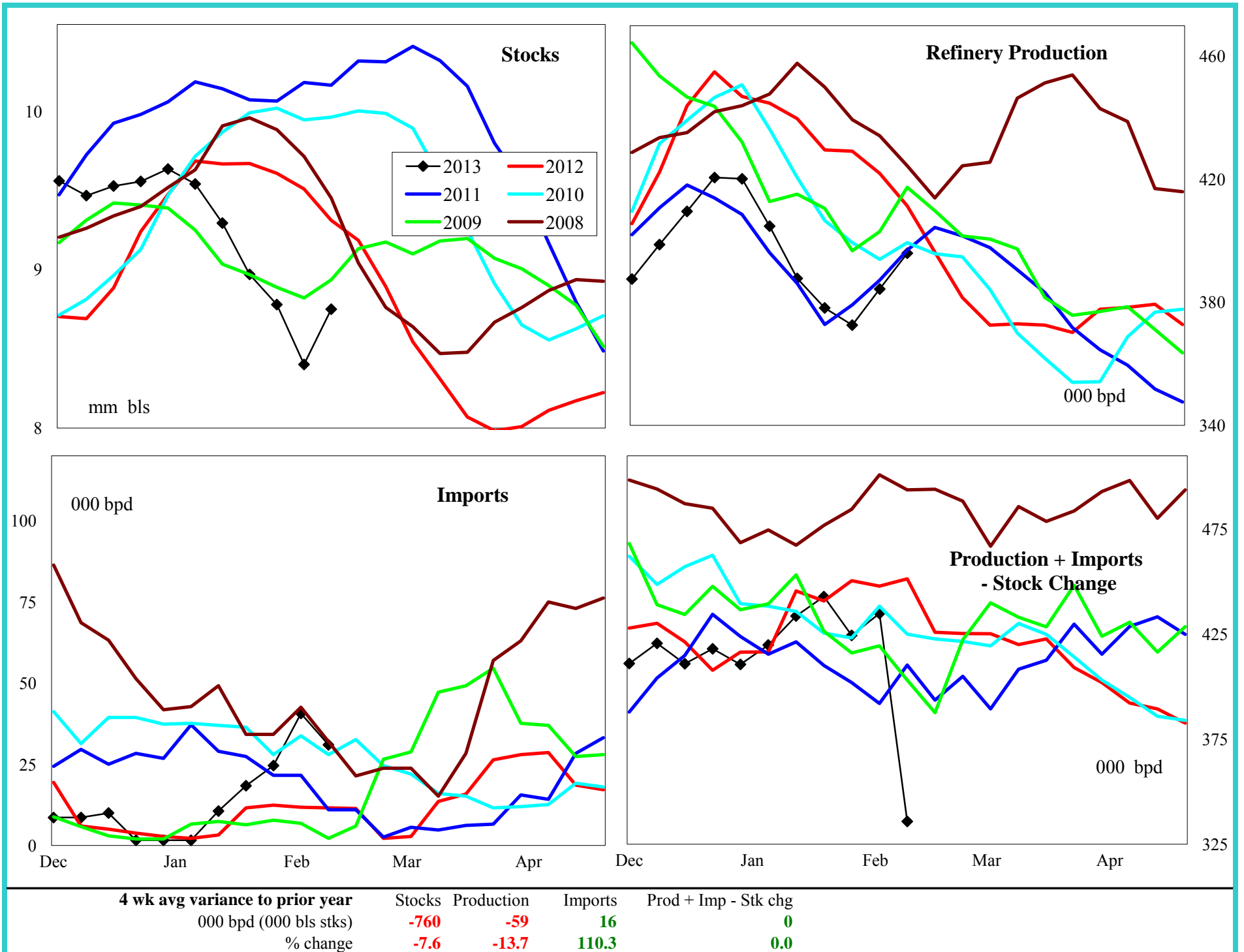
30

6.6

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

