

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

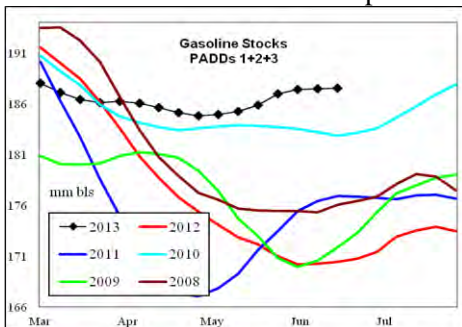
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 19, 2013

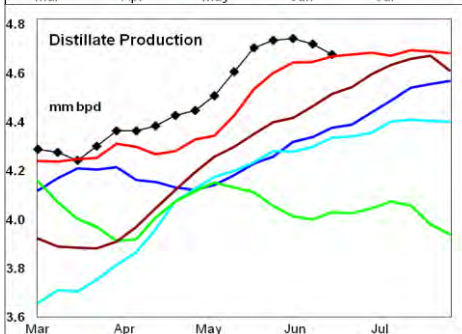
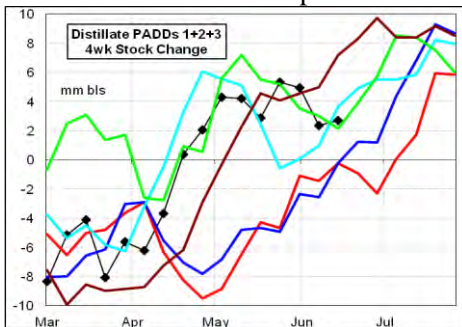


Major Fundamental Trends¹

Gasoline stocks were marginally higher last week even with an increase in wholesale demand and declines in both imports and production. Stock levels remain exceptionally high on the East and Gulf Coasts. Supplies have also improved in the Midwest as Chicago area refiners return downstream units to operation.

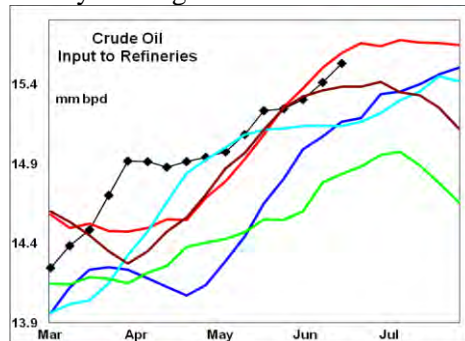


Distillate demand remains very robust with the latest 4-wk average +308,000 bpd above a year ago. Combined with lower production, the result is a slowing in the rate of stock building for the most recent 4-wk period.



Distillate production was unchanged from a year ago last week due to record low production in the Midwest where crude oil run rates remain -

300,000 bpd below last year and below the 5-year range.



With the extremely low runs in the Midwest, crude oil thru put for the entire U.S. fell -152,000 bpd below last year for the most recent 4-wk period.

Crude oil stocks saw a 2nd consecutive counter seasonal build last week, with the level +6.8 million barrels above a year ago and a record high for the period.

Demand for gasoline and jet fuel each increased, reversing the previous week's sharp declines. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.4%; distillate was +8.5% higher; jet fuel was -3.4% lower, and residual declined -7%.

Stocks forward coverage: Gasoline demand coverage was unchanged on a +0.2 million barrel stock build, offset by a jump in wholesale demand. Coverage is at a record high for the summer quarter.

Distillate coverage decreased on a -0.5 million barrel stock draw and continued robust demand. Coverage levels ended the week below year ago levels.

Jet fuel coverage decreased on a -0.9 million barrel stock draw and surge in wholesale demand. Coverage levels are below the historic mid range.

Residual fuel oil coverage remains extremely high on record low demand and stock levels near the mid range.

Refinery utilization rates increased last week on a +294,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was -152,000 bpd below a year ago.

Gasoline yield % on crude oil runs fell on a -103,000 bpd decrease in output compared the higher crude oil runs. Yield % on crude oil runs ended the week at a 5-year low.

Distillate yield % on crude oil runs fell on a -2,000 bpd drop in output compared to the increase in crude oil input. The yield % on crude oil runs nearly matched prior 5-year highs.

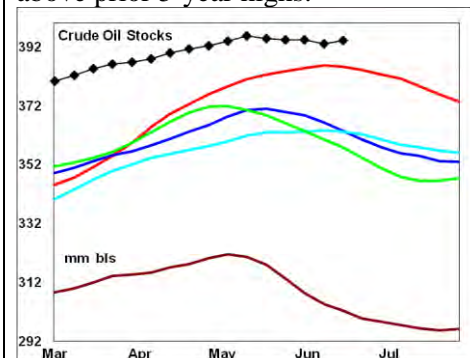
Jet fuel yield % on crude oil runs decreased slightly on a +25,000 bpd increase in output, compared to the larger increase crude oil input. The yield % level remains below the last 2-years.

Petroleum Imports/Exports: Imports of crude oil climbed +0.6 million bpd last week, to the highest level of the year.

During the latest 4-wk period crude oil imports were -1.3 million bpd below last year; distillate imports increased +29,000 bpd; finished gasoline imports decreased -30,000 bpd, gasoline blend stock imports were -178,000 bpd lower; jet fuel imports increased +52,000 bpd, while residual fuel oil imports were -35,000 bpd lower.

During the latest 4-wk period exports of gasoline were -87,000 bpd below last year, jet fuel was +24,000 bpd higher and distillate exports fell -269,000 bpd.

Crude Oil stocks increased +0.3 million barrels last week, with both imports and refinery thru put sharply higher on the week. Stock levels ended the week +6.8 million barrels above prior 5-year highs.



¹ Source is latest EIA Weekly Statistics



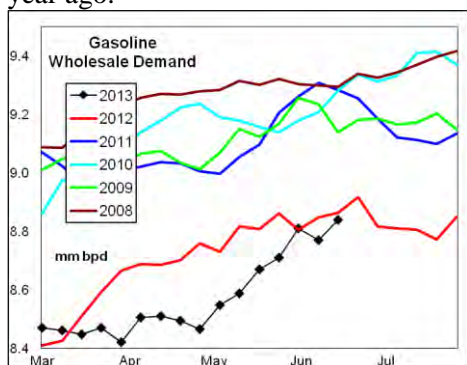
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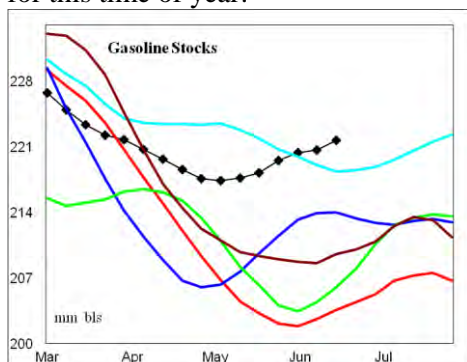
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Product Supply-Demand Trends

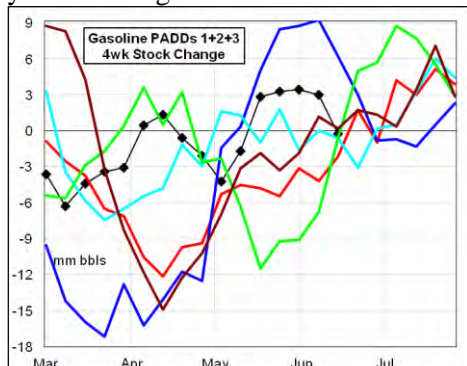
Gasoline wholesale demand increased +192,000 bpd on the week. The latest 4-wk average demand was -34,000 bpd below last year. Supply fell -239,000 bpd last week. Supply for the latest 4-wk period was -62,000 bpd below a year ago.



Stocks increased +0.2 million barrels last week, ending a record high level for this time of year.



The latest 4-wk stock build in markets East of the Rockies was a -0.6 million barrel draw, comparable to the latest 3-year mid range.

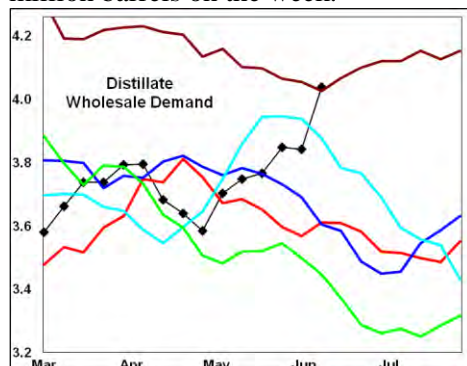


Wholesale demand is only slightly below last year for the most recent 4-wk period. Increased imports and higher production earlier in the quarter has kept stock levels extremely high on the East and Gulf coasts, with

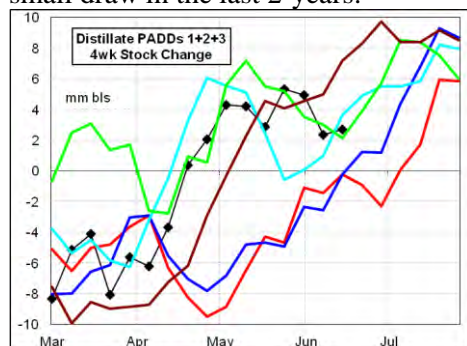
the mid west now recovering from an earlier supply squeeze. Recent unplanned maintenance on the West Coast should tighten supply in that region.

Distillate demand declined -63,000 bpd last week, although the level remains sharply above the last 2-years. The latest 4-wk average demand was +308,000 bpd above a year ago.

Supply increased +33,000 bpd last week, on higher imports. The latest 4-wk average supply was +81,000 bpd above last year. Stocks declined -0.5 million barrels on the week.



The latest 4-wk stock change in markets East of the Rockies was a +2.7 million barrel build, compared to a small draw in the last 2-years.



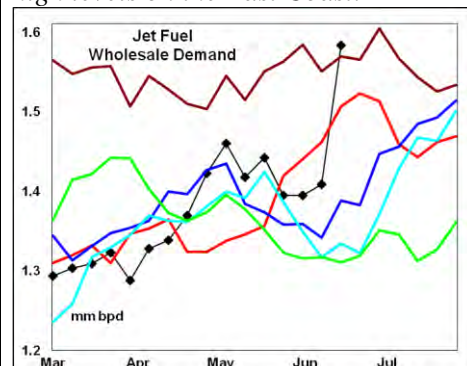
The recent surge in distillate demand, combined with lower production, has slowed the rate of stock building.

Look for a sharp pull back in seasonal demand, and higher seasonal production to lead to renewed above average rate of stock building over the summer quarter.

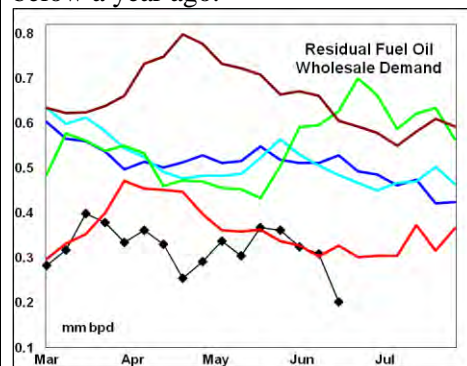
Jet Fuel wholesale demand spiked +388,000 bpd last week to a level above the 5-year range. The latest 4-wk average demand was -50,000 bpd below last year.

Supplies increased +19,000 bpd on the week, with production at the 3-year mid range. Supply for the latest 4-wk period was -12,000 bpd below a year ago. Stocks decreased -0.9 million barrels on the week, to a level at the low end of the 5-year range.

Look for demand to pull back from last week's surge, although a seasonal uptrend should continue. Stock levels remain particularly low in the Midwest and Gulf Regions, with near record high levels on the East Coast.



Residual fuel oil demand was nearly unchanged last week. Demand for the latest 4-wk period was -23,000 bpd below a year ago.



Supply (production + imports) decreased -43,000 bpd last week, on lower production and imports. Production levels were below the 5-year range. Stocks were nearly unchanged on the week, at a level near the mid range.

Stock levels remain exceptionally high in the Midwest and Gulf region. Demand for the latest 4-wk period was continues to make new lows.



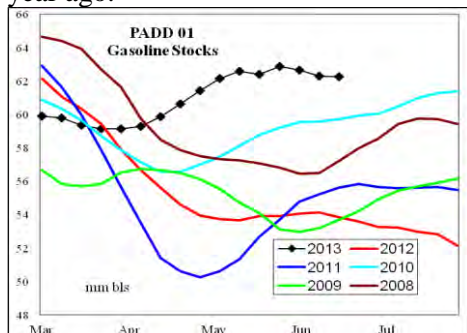
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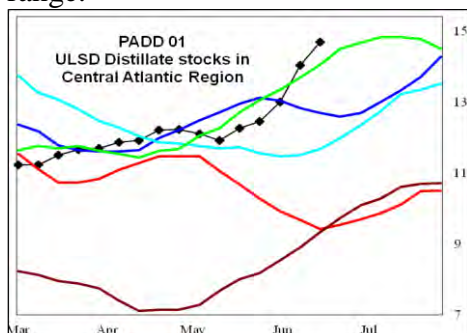
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +36,000 bpd last week, to a level matching highs of the last 2-years. The latest 4-wk average crude oil thru put was +169,000 bpd above a year ago.

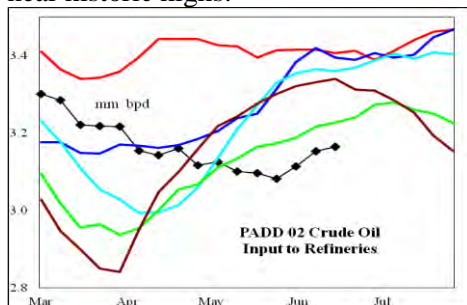


Gasoline supply fell -238,000 bpd on the week. Stocks fell -1.5 million barrels although the level remains well above the 5-year range.



Distillate supply increased +30,000 bpd on the week. Stocks surged +2.4 million barrels with the level of ULSD stocks at a 5-year high in the key Central Atlantic Region.

Jet fuel stocks fell -1 million barrels last week, with the level still near historic highs.



PADD 2 crude oil refinery runs increased +32,000 bpd on the week, with the level still below the 5-year range. Runs for the latest 4-wk period

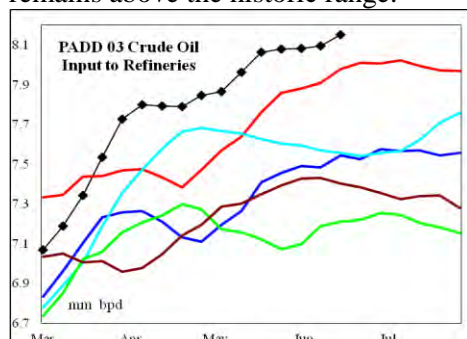
were -300,000 bpd below last year. Crude oil stocks were unchanged on the week. Stocks ended the week +2% above a year ago at Cushing.

Gasoline production decreased -46,000 bpd on the week, to level below the last 2-years. Stocks increased +0.5 million barrels to a level above the historic mid range.

Distillate supply fell -61,000 bpd last week, to a level below the 5-year range. Stocks declined -0.2 million barrels on the week, to a level that matched 5-year lows.

Jet fuel stocks ended the week -20% below the prior record lows.

PADD 3 refinery runs increased +151,000 bpd on the week. During the latest 4-wk period, average runs were +169,000 bpd above a year ago. Crude oil stocks decreased -1.2 million barrels last week, although the level remains above the historic range.



Gasoline supply decreased -65,000 bpd on the week, to a level near last year. Stocks were unchanged on the week and remain well above the historic range.

Distillate supply increased +17,000 bpd on the week with the level above the 5-year range. The latest 4-wk average supply was +69,000 bpd above last year. Stocks fell -3.3 million barrels on the week, a level +4% above a year ago.

Jet fuel supply increased +30,000 bpd on the week with production above near last years' record high. Stock levels matched historic lows.

Residual fuel oil supplies declined -34,000 bpd to a level comparable to a year ago. Stock levels ended the week at a 5-year high for the period.

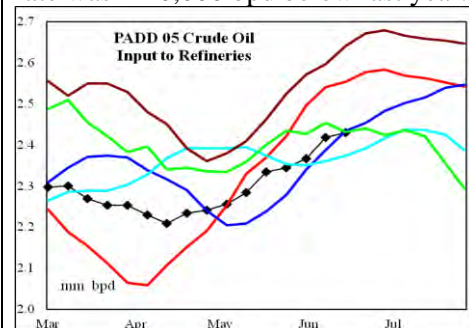
PADD 4 refinery crude runs increased +25,000 bpd on the week, ending the week nearly -80,000 bpd below last years' record high.

Gasoline production increased +1,000 bpd with the level still well below the historic range. Stock levels increased to match historic lows.

Distillate production increased +25,000 bpd last week, to a level near the 3-year mid range. Stock levels ended the week comparable to the last 2-years.

Jet fuel production increased to a level near the 3-year mid range with stocks increasing to match historic highs for the week.

PADD 5 crude oil refinery runs increased +49,000 bpd on the week; to a level comparable with the 3-year mid range. The latest 4-wk average run rate was -140,000 bpd below last year.



Gasoline supply increased +18,000 bpd on the week, with production well above the 5-year range. The latest 4-wk average supply was +73,000 bpd above a year ago. Stocks increased +0.9 million barrels, to a level near the 5-year mid range.

Distillate supply increased +20,000 bpd, with production above the historic range. The latest 4-wk average supply was +86,000 bpd above a year ago. Stocks increased +0.7 million barrels, a level near historic highs.

Jet fuel supply decreased -19,000 bpd to a level near the mid range. Stocks decreased -0.3 million barrels, to a level that matched historic highs.

Residual fuel oil supply increased +46,000 bpd on higher imports. Stocks ended the week at a level near the 5-year mid range.

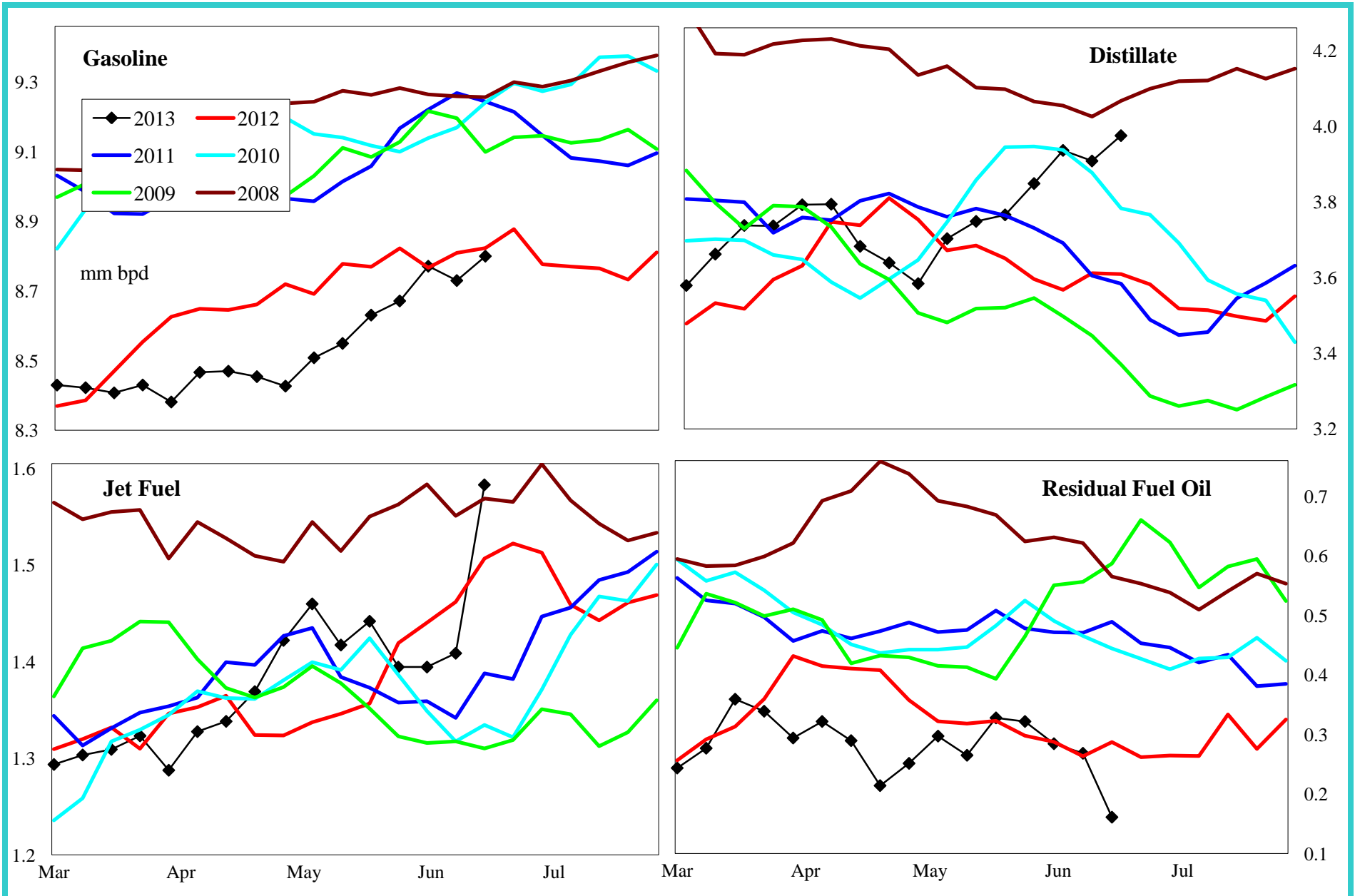


PETROLEUM: Graph Link and Weekly Summary

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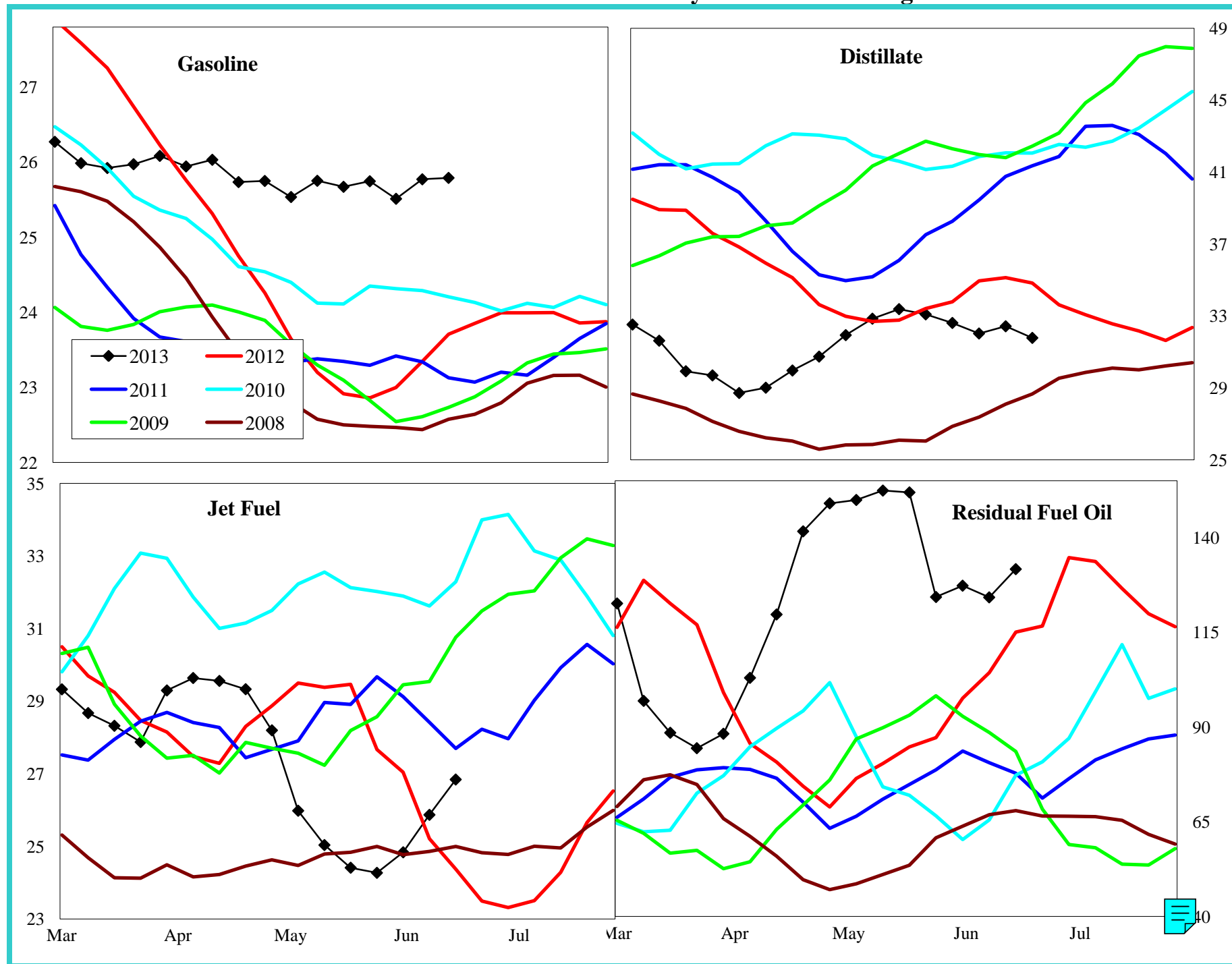
| Fundamental Trends | Wholesale Demand | Stocks Days Fwd Coverage | Refinery Utilization Product Yield % | | | | Imports |
|-----------------------------------|----------------------------------|--|--|------|--------|------|-------------------------|
| Supply/Demand Trends | 14-Jun-13 | EIA-DOE CHANGE FROM PRIOR WEEK | | | | | |
| | 000 bpd stocks 000 bls | U. S. Total | PADD | | | | |
| | | | 1 | 2 | 3 | 4 | 5 |
| Crude Oil | Stocks | 313 | 861 | -103 | -1,169 | -486 | 1,210 |
| | Imports | 586 | 443 | 59 | -201 | 71 | 212 |
| | Input | 294 | 36 | 32 | 151 | 25 | 49 |
| | % Utilization | 1.80 | | | | | |
| Gasoline | Stocks | 183 | -1,505 | 507 | -10 | 316 | 875 |
| | Production | -103 | -62 | -46 | -93 | 1 | 9 |
| | Imports | -136 | -176 | 2 | 28 | 0 | 9 |
| | Supplied | 192 | | | | | |
| Distillate | Stocks | -489 | 2,418 | -197 | -3,272 | -120 | 680 |
| | Production | -2 | -16 | -61 | 28 | 25 | 20 |
| | Imports | 35 | 46 | 0 | -11 | 0 | 0 |
| | Supplied | -63 | | | | | |
| Jet Fuel | Stocks | -913 | -1,006 | -385 | 740 | 81 | -343 |
| | Production | 25 | -9 | 9 | 30 | 3 | -8 |
| | Imports | -6 | 5 | 0 | 0 | 0 | -11 |
| | Supplied | 388 | | | | | |
| Residual Fuel Oil | Stocks | 146 | 27 | -26 | 89 | 2 | 54 |
| | Production | -14 | 11 | -14 | -5 | -2 | -4 |
| | Imports | -29 | -51 | 0 | -29 | 0 | 50 |
| | Supplied | 10 | | | | | |

United States Wholesale Petroleum Demand

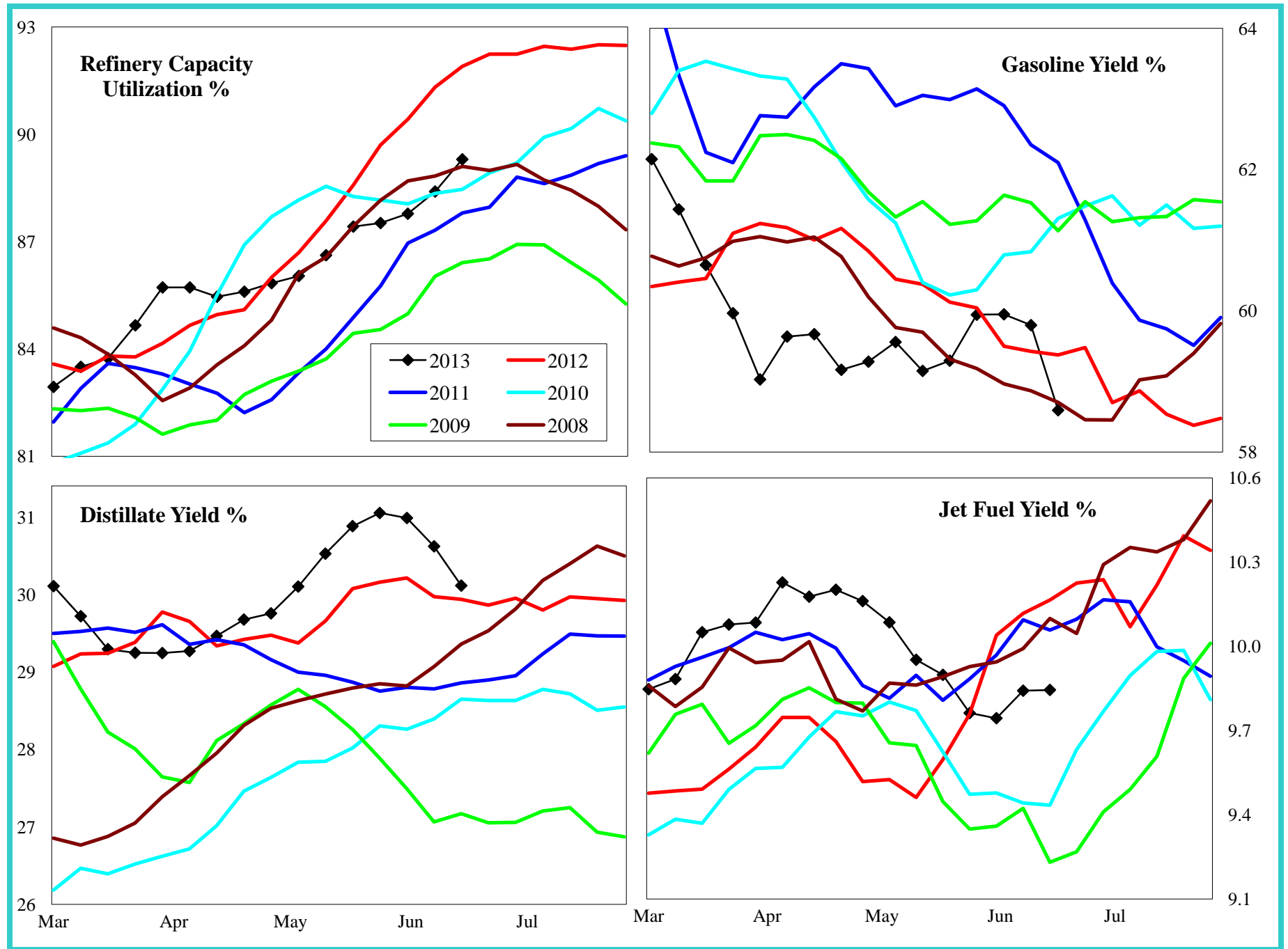


| | 000 bpd change from prior year | | | | % change from prior year | | | |
|------------|--------------------------------|------|------|-----|--------------------------|------|-------|------|
| | 4wk avg | May | Jan | Jan | 4wk avg | May | Apr | Mar |
| Gasoline | -34 | -269 | -319 | -17 | -0.4 | -3.0 | -3.6 | -0.2 |
| Distillate | 308 | 96 | -68 | 66 | 8.5 | 2.6 | -1.8 | 1.8 |
| Jet Fuel | -50 | 75 | 63 | -13 | -3.4 | 5.3 | 4.6 | -0.9 |
| Resid | -23 | 111 | -141 | 15 | -7.4 | 37.8 | -34.6 | 3.6 |

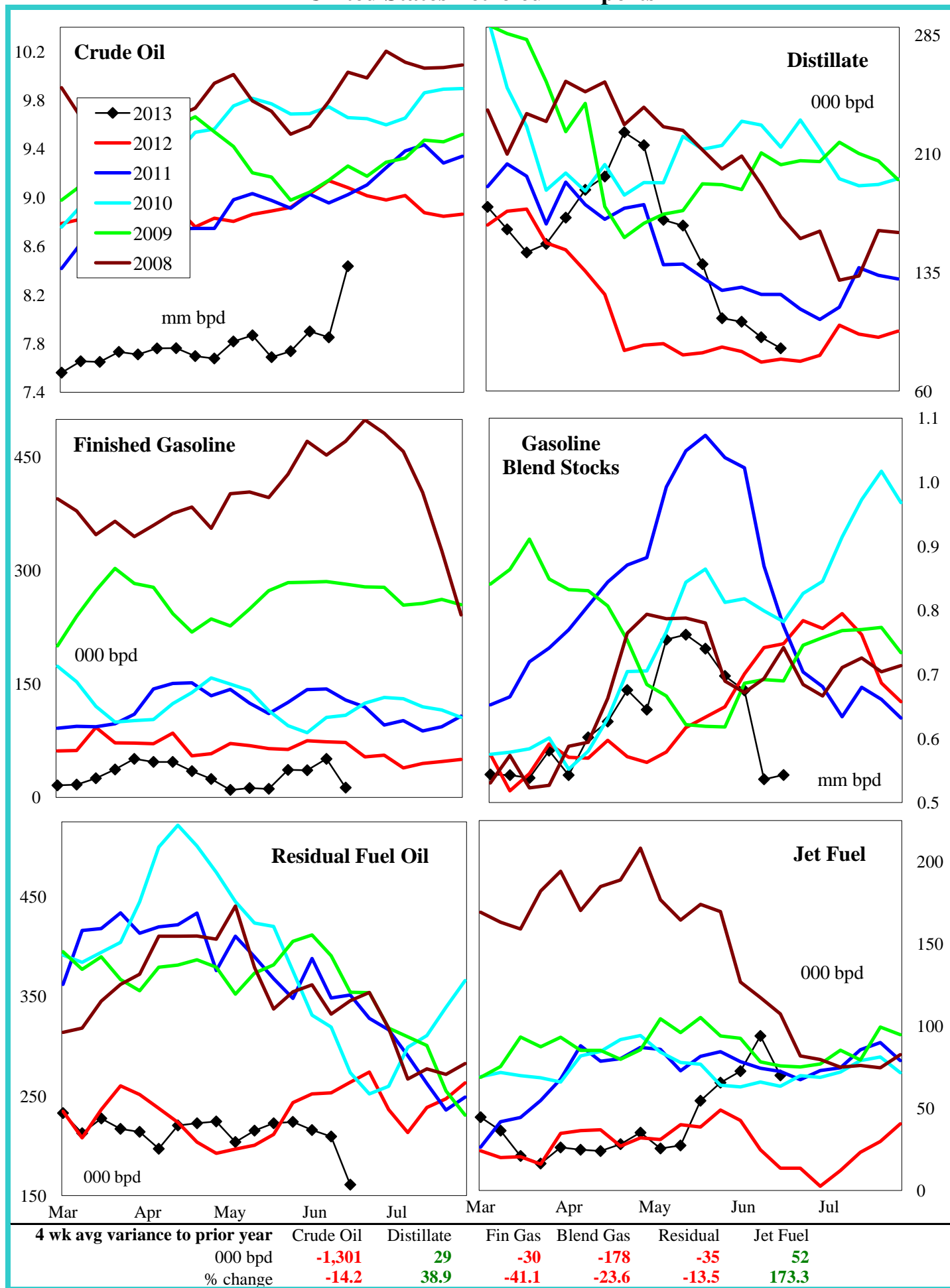


United States Product Stocks: Days Forward Coverage

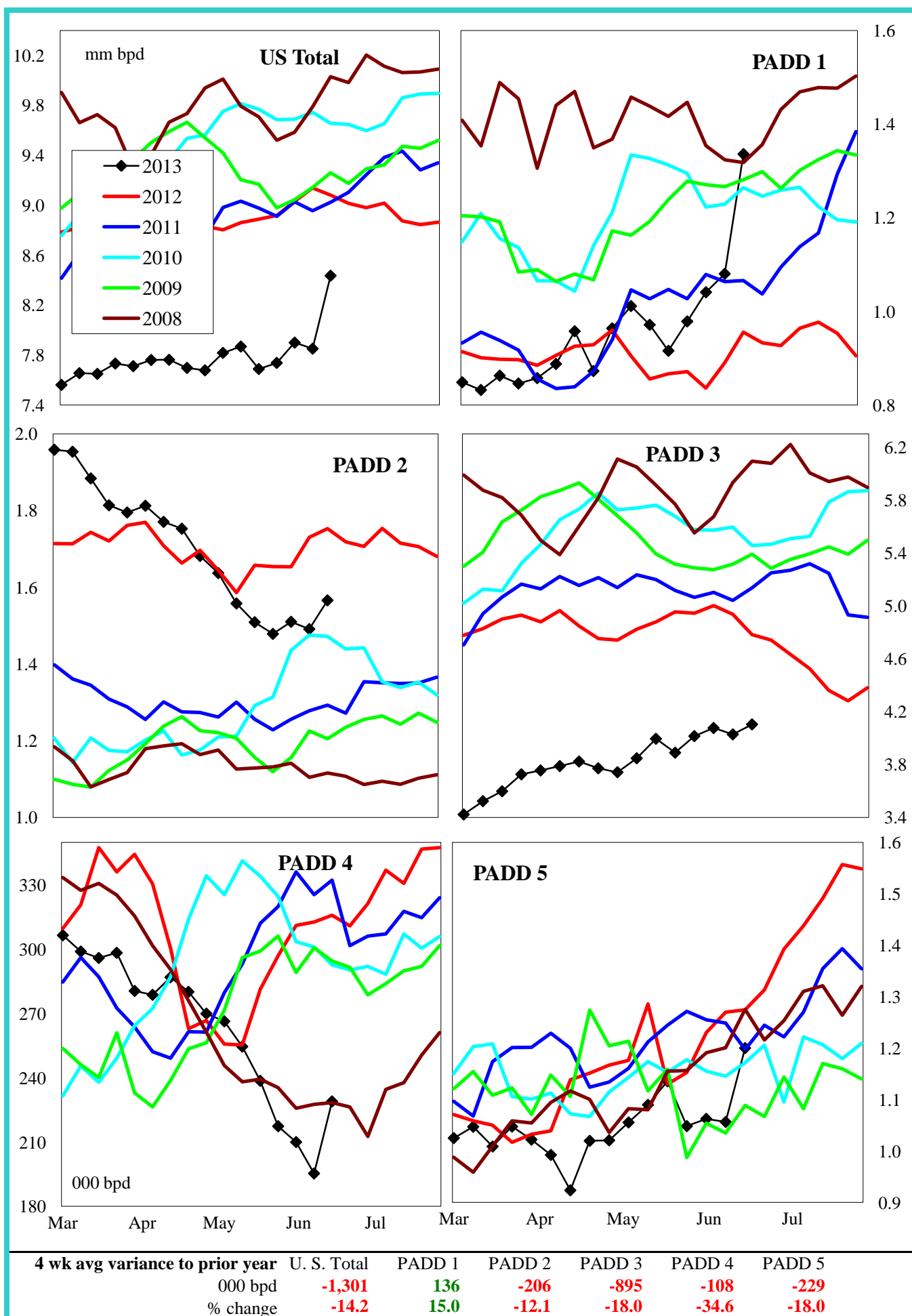
United States Refinery Percent Utilization Rate and Product Yields



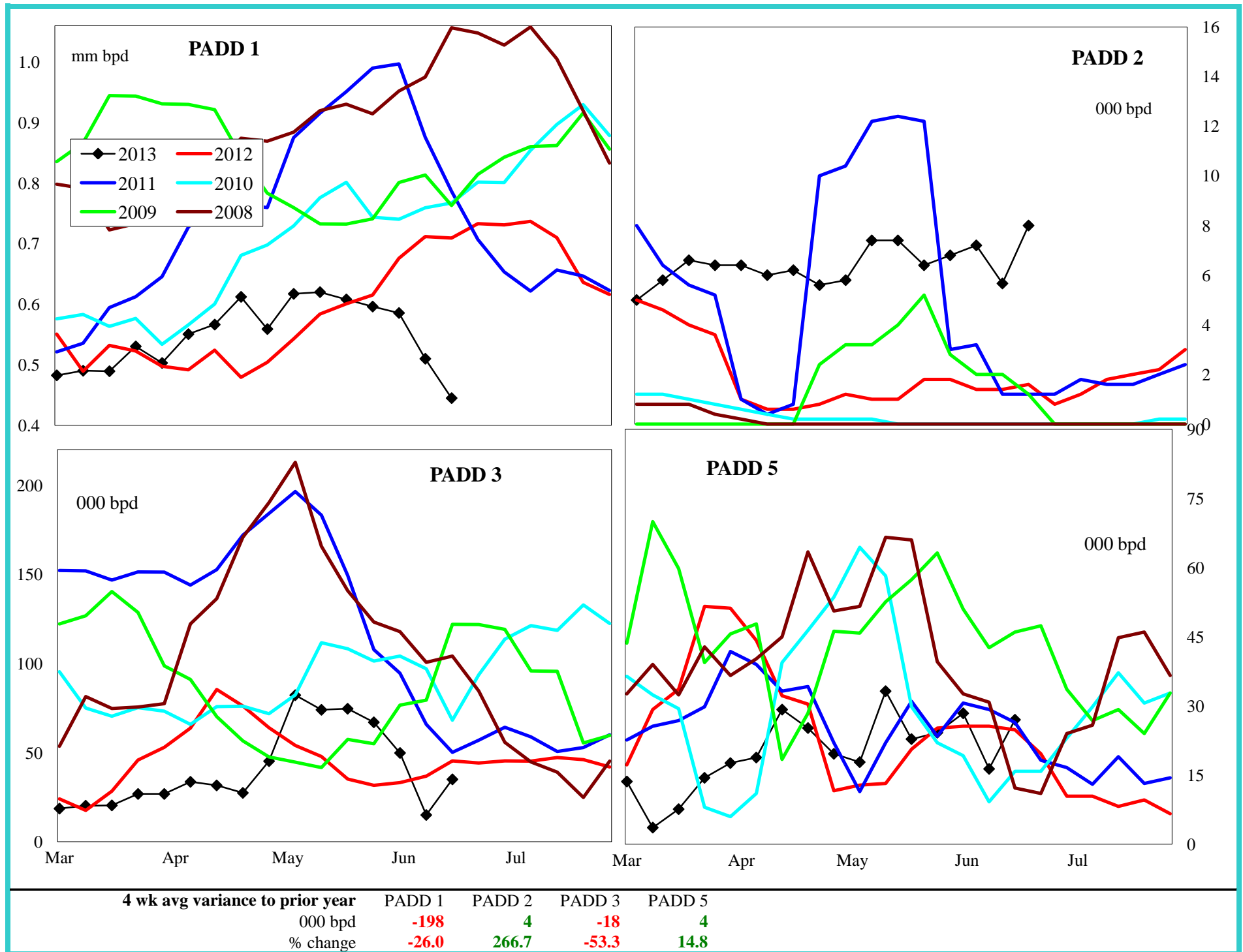
United States Petroleum Imports



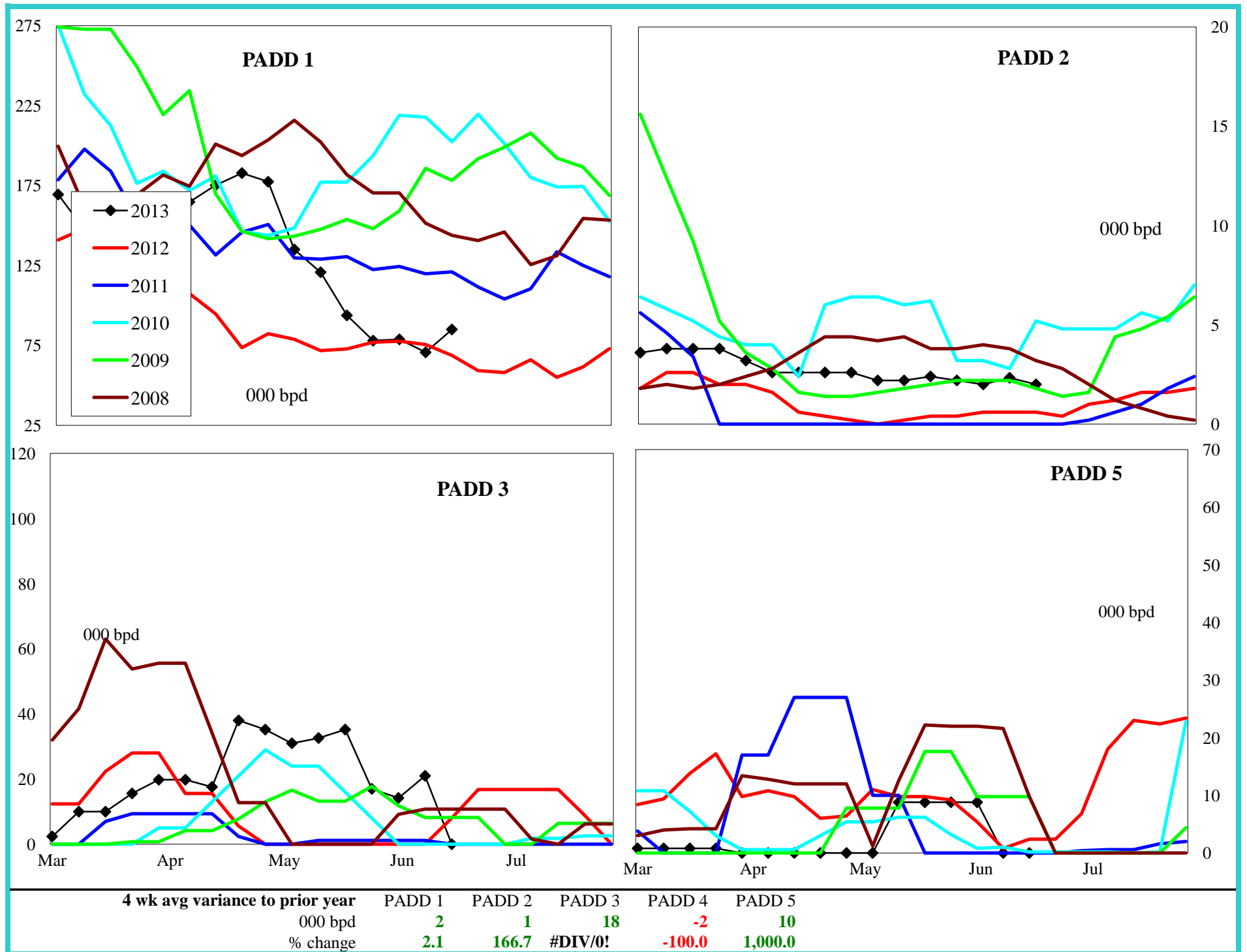
Crude Oil Imports by PADD



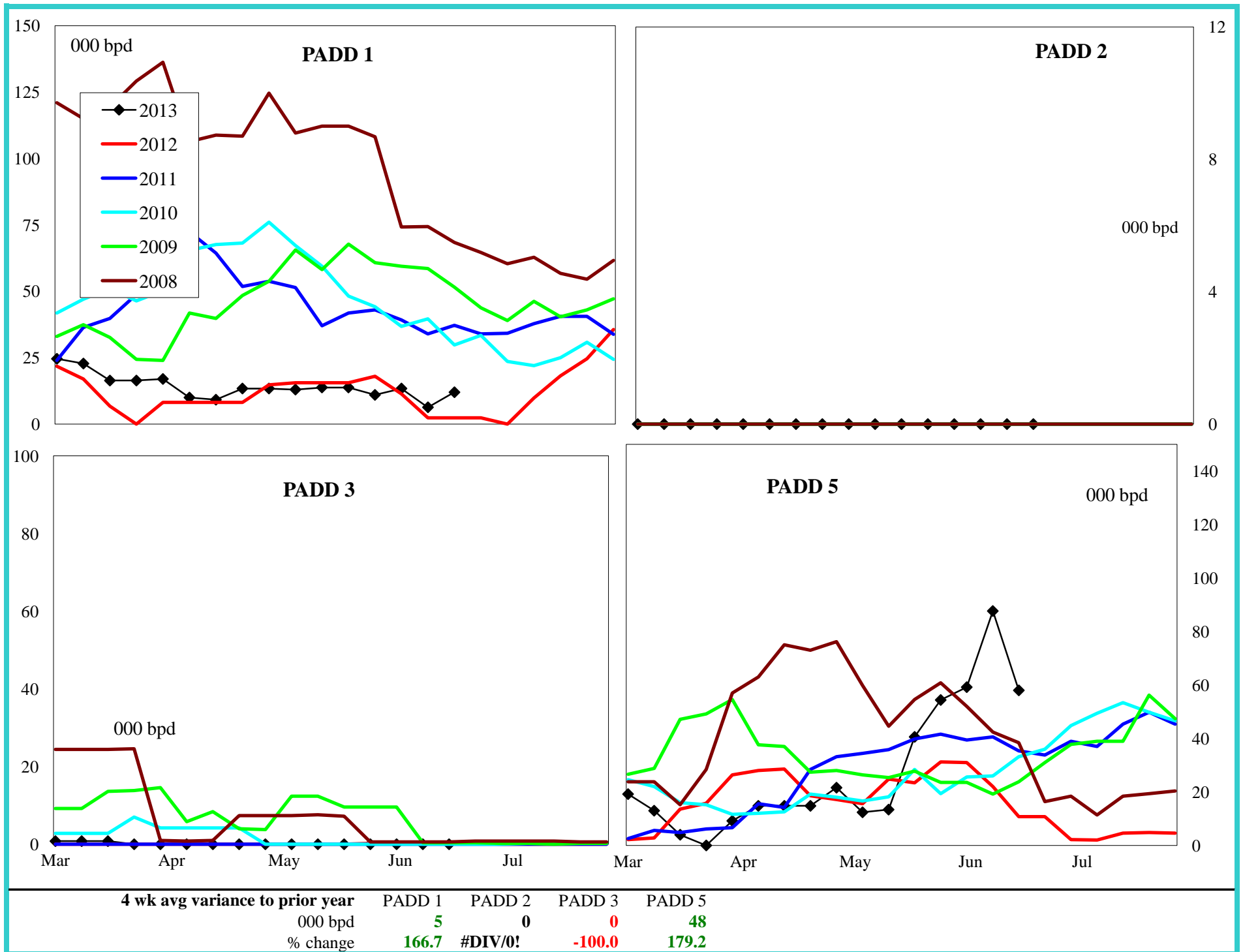
Gasoline Imports by PADD (Finished + Blend Stocks)



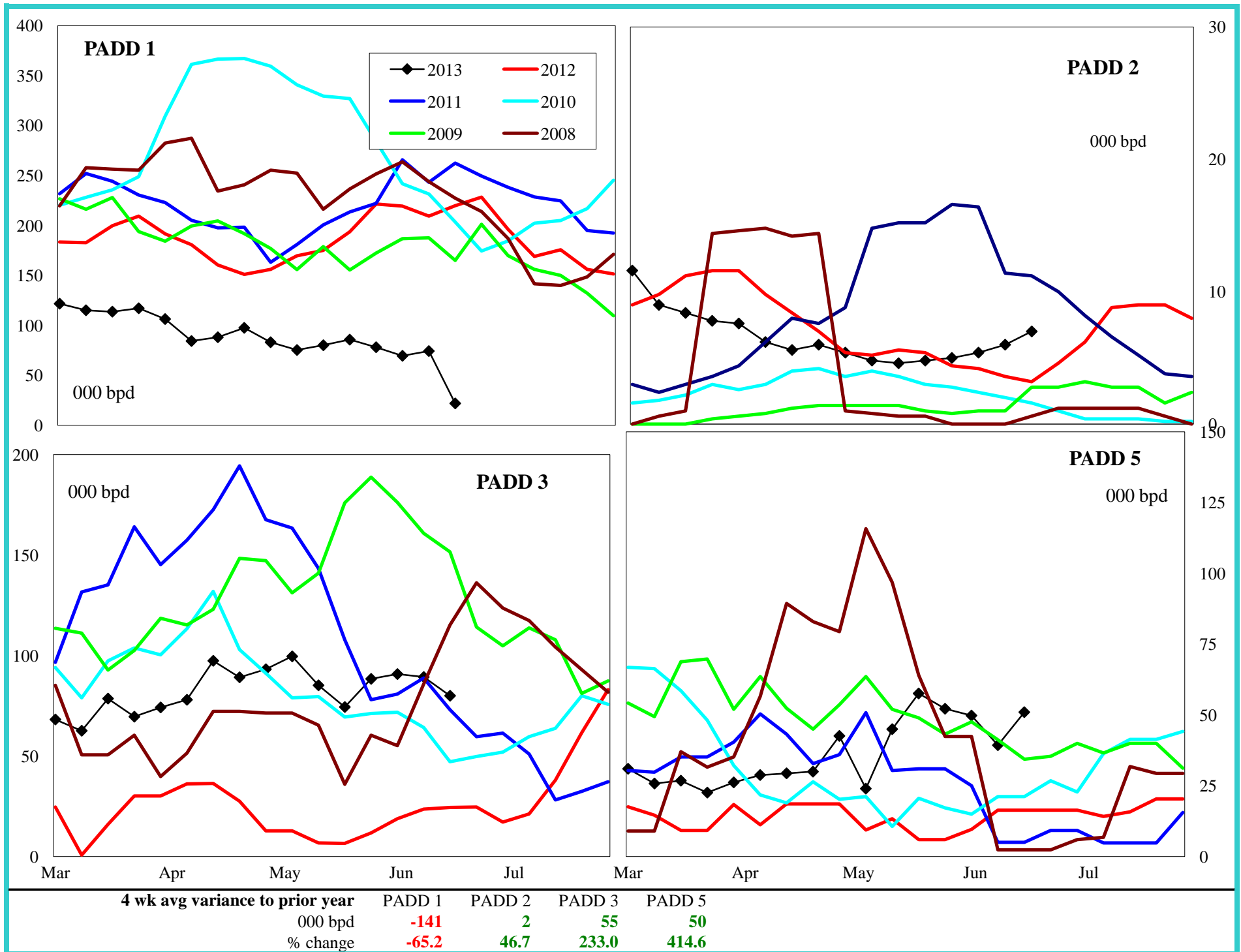
Distillate Imports by PADD



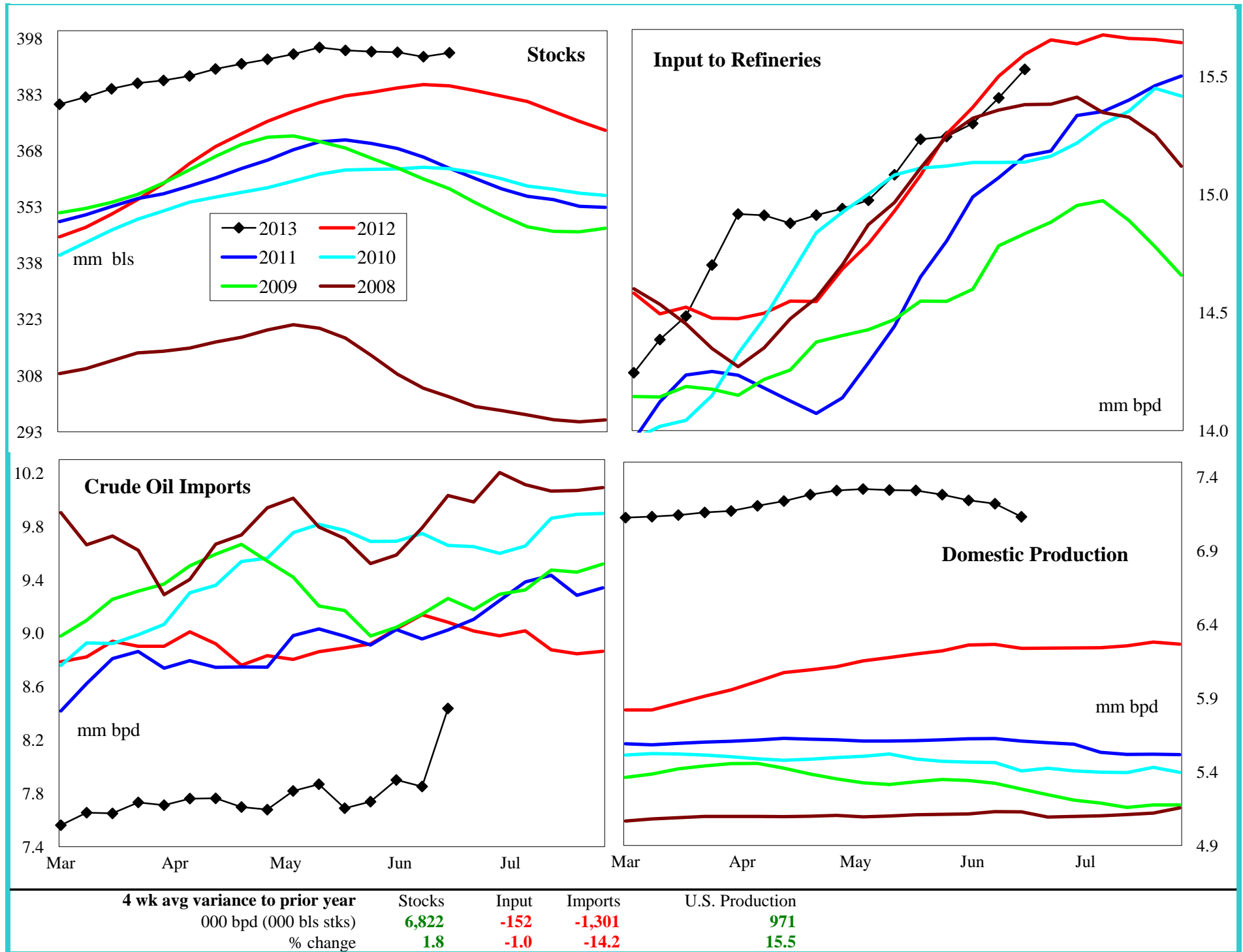
Jet Fuel Imports by PADD



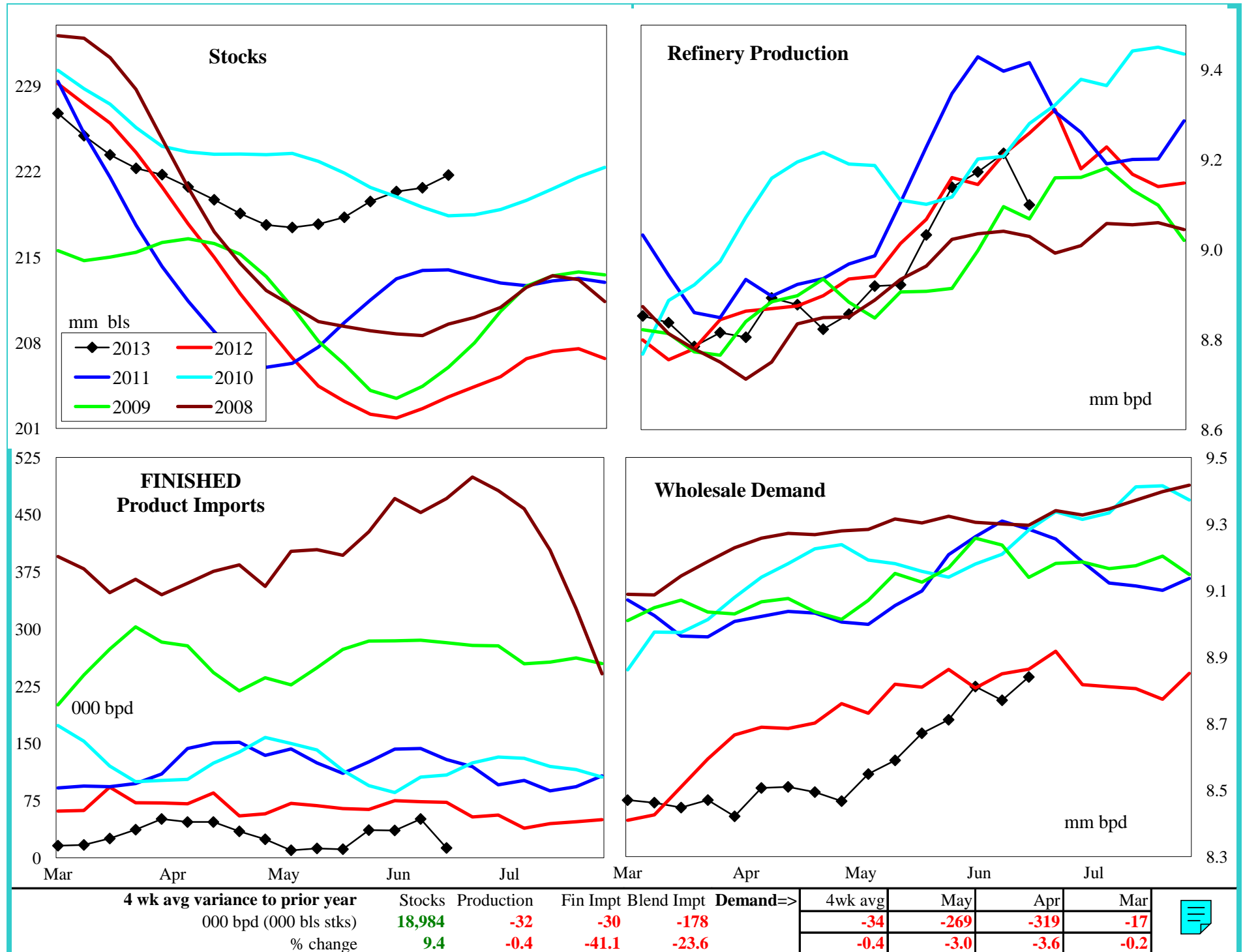
Residual Fuel Oil Imports by PADD



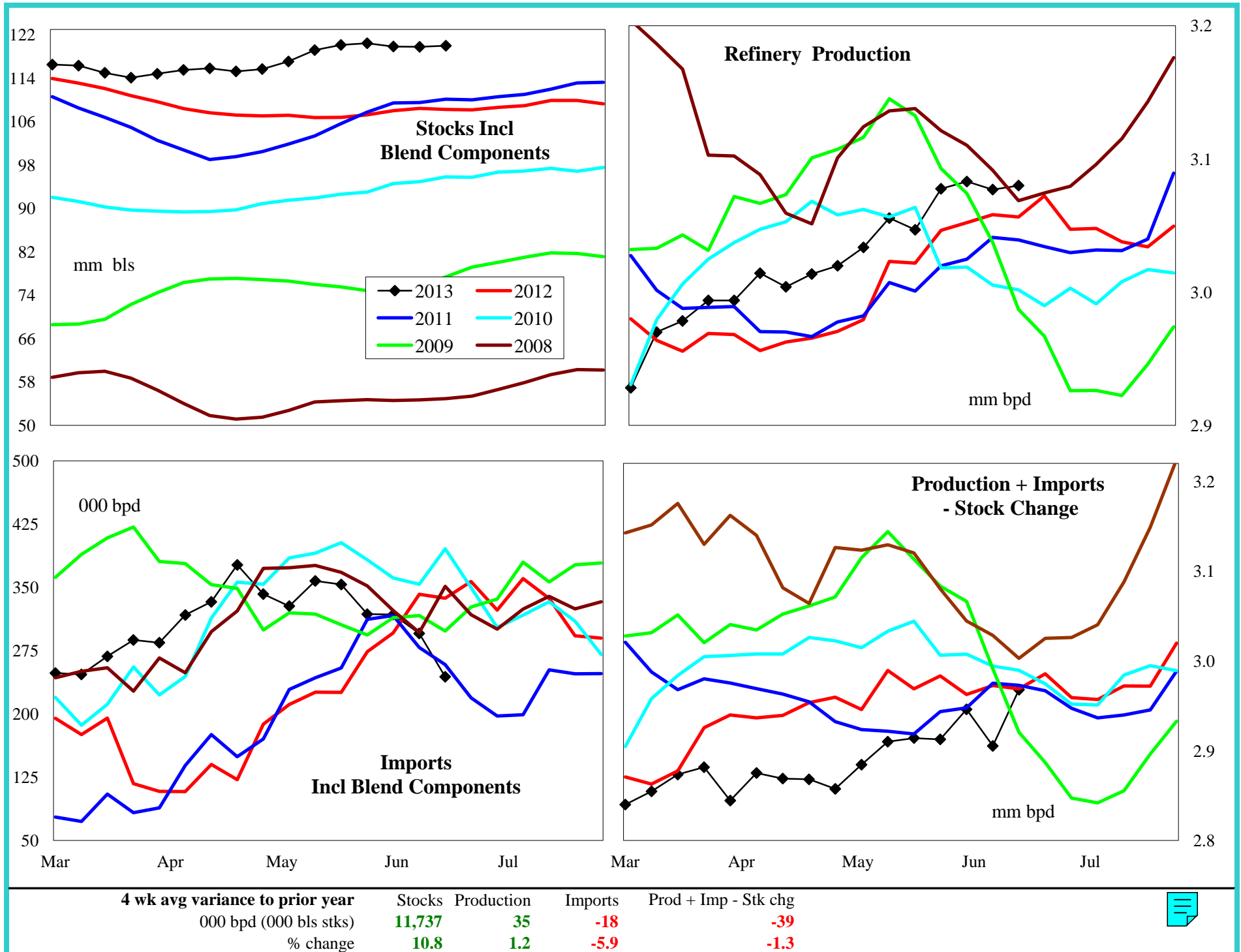
United States Crude Oil Supply and Demand Balance



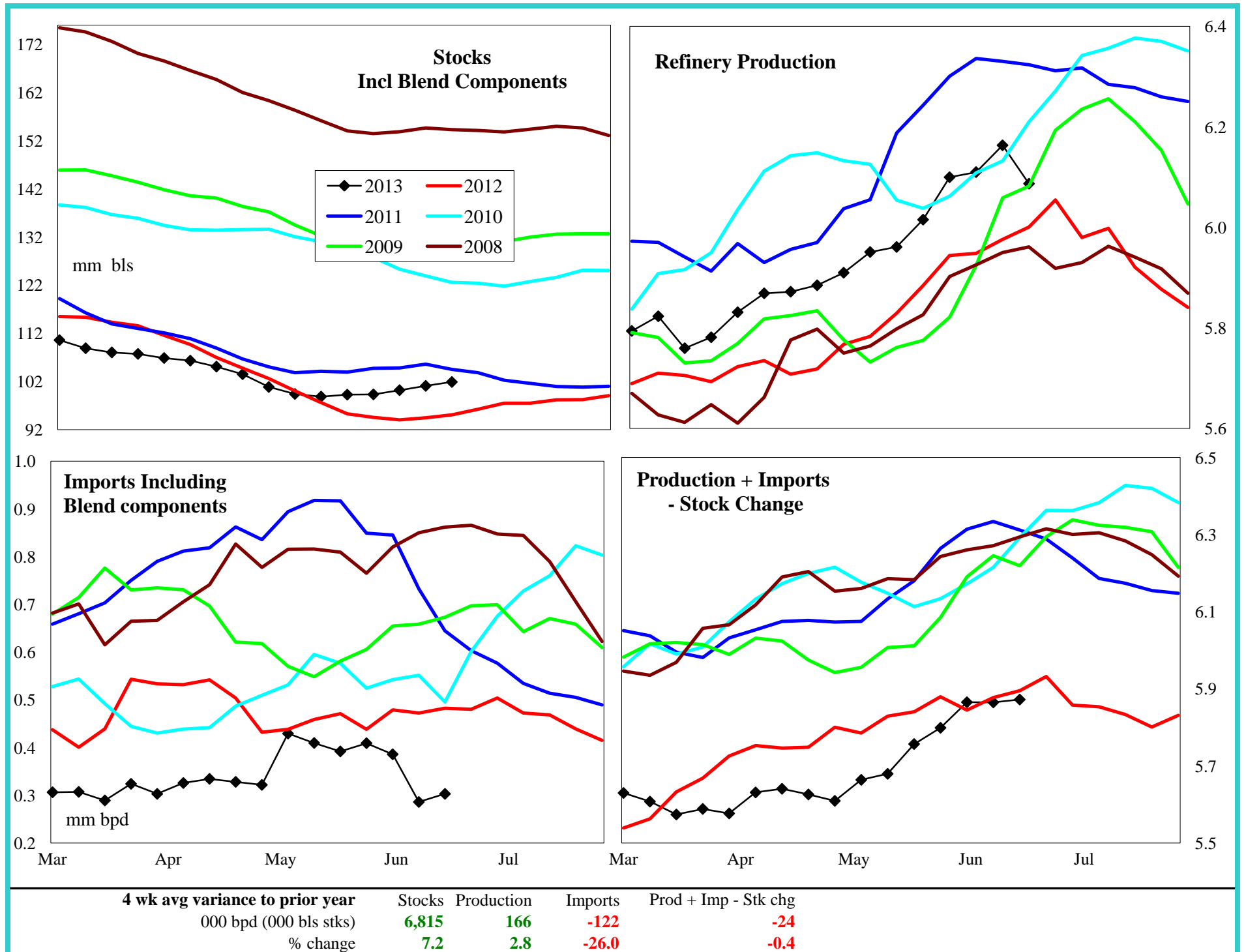
United States Gasoline Supply and Demand Balance



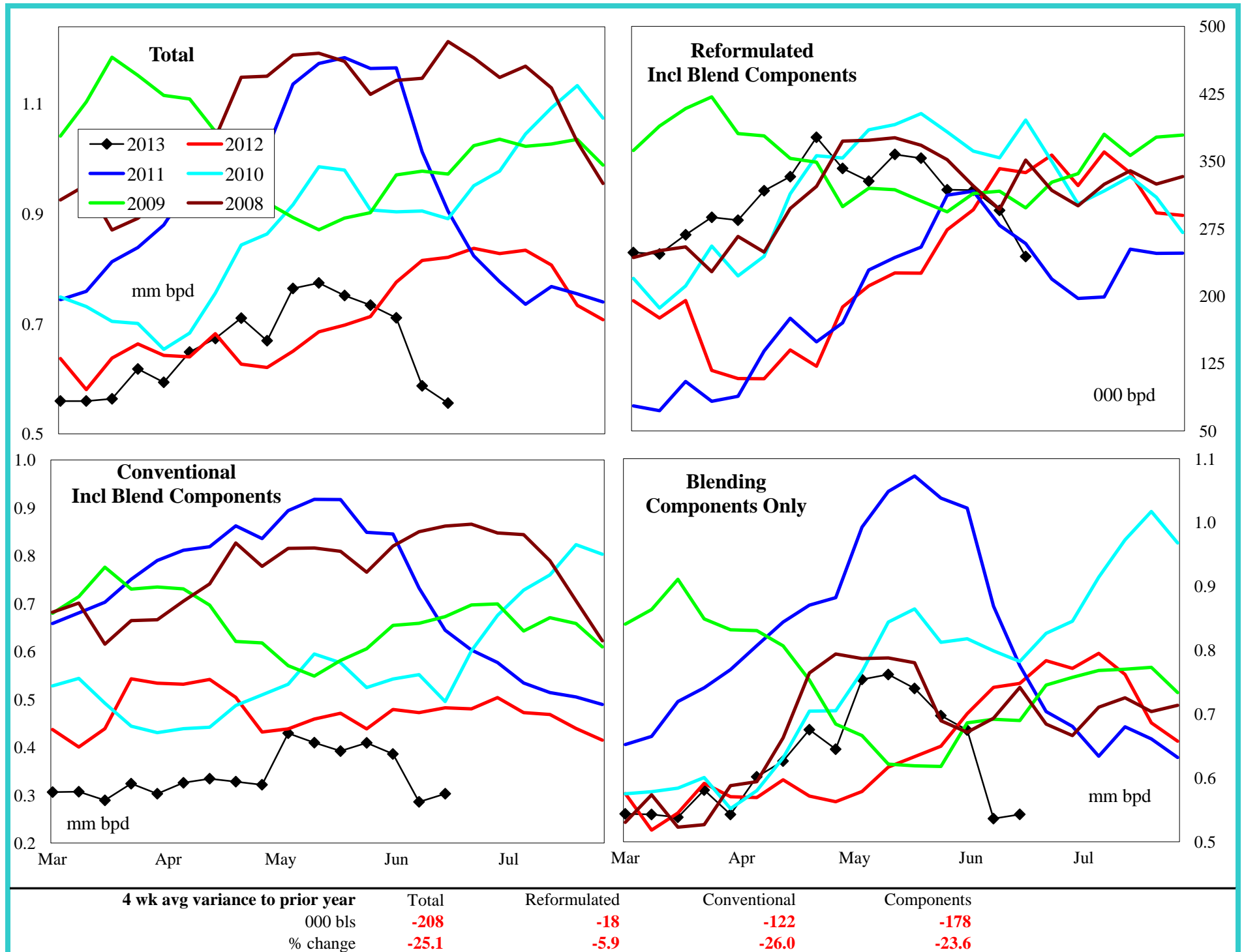
United States Reformulated Gasoline Supply



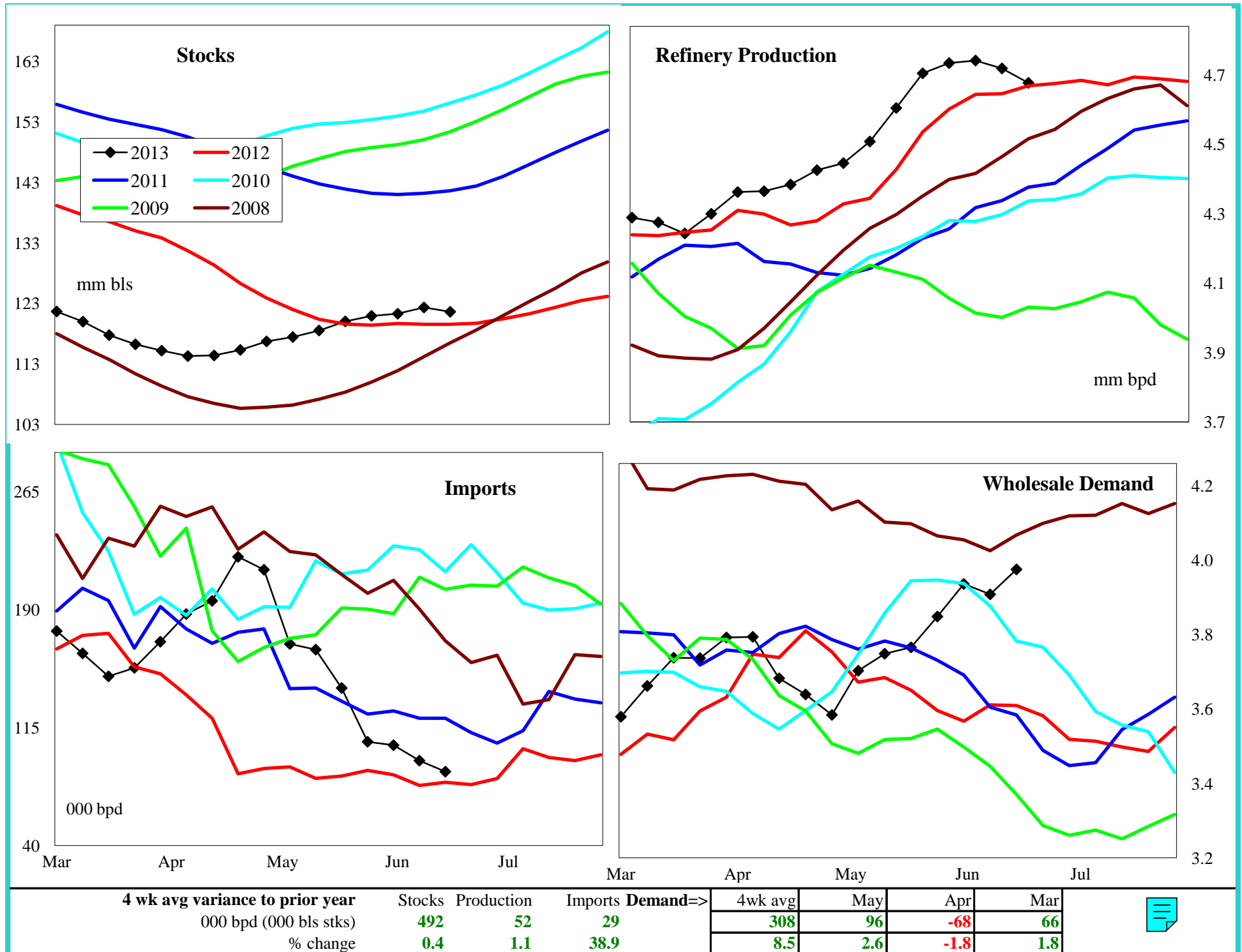
United States Conventional Gasoline Supply



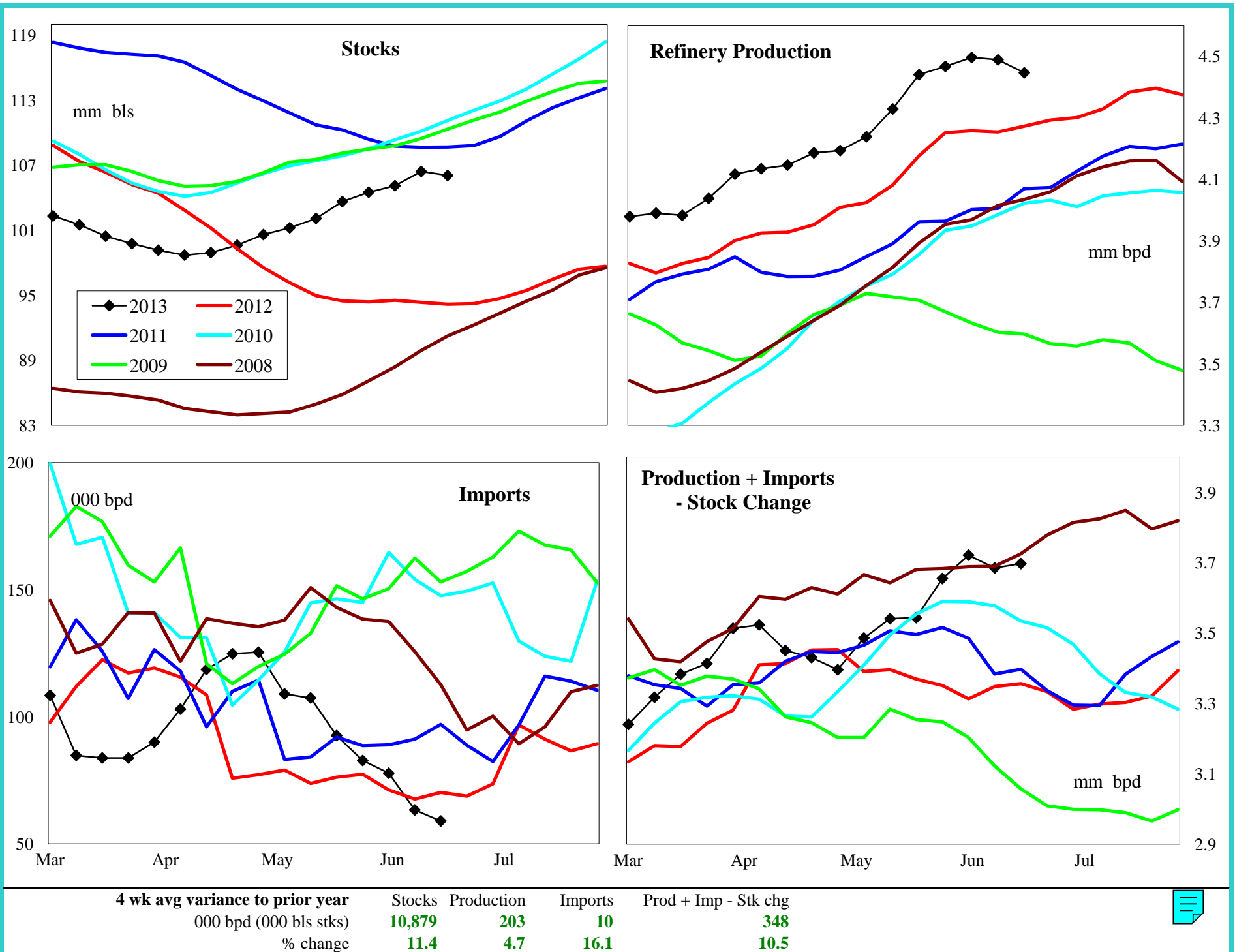
United States Gasoline Imports by Type



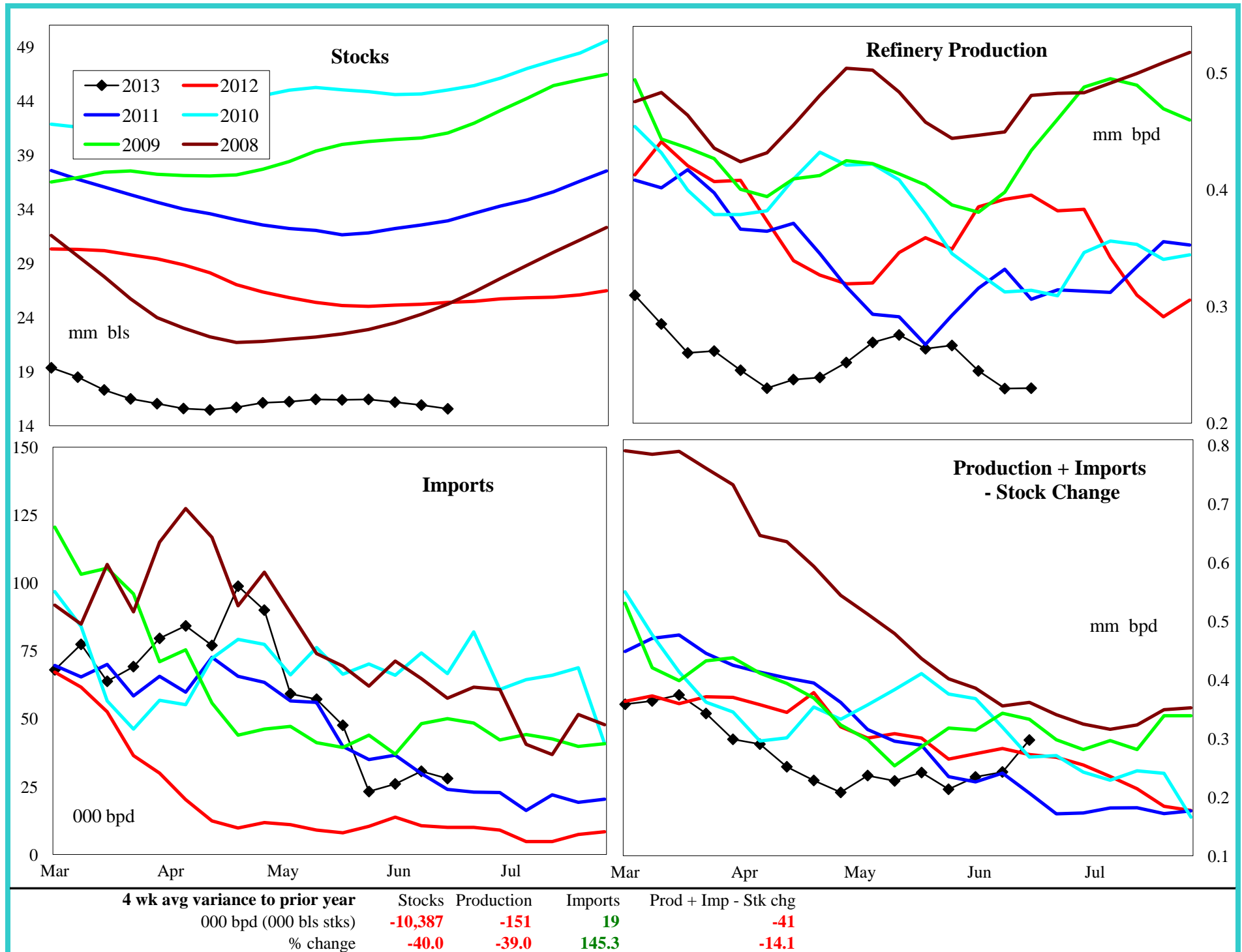
United States Distillate Supply and Demand Balance



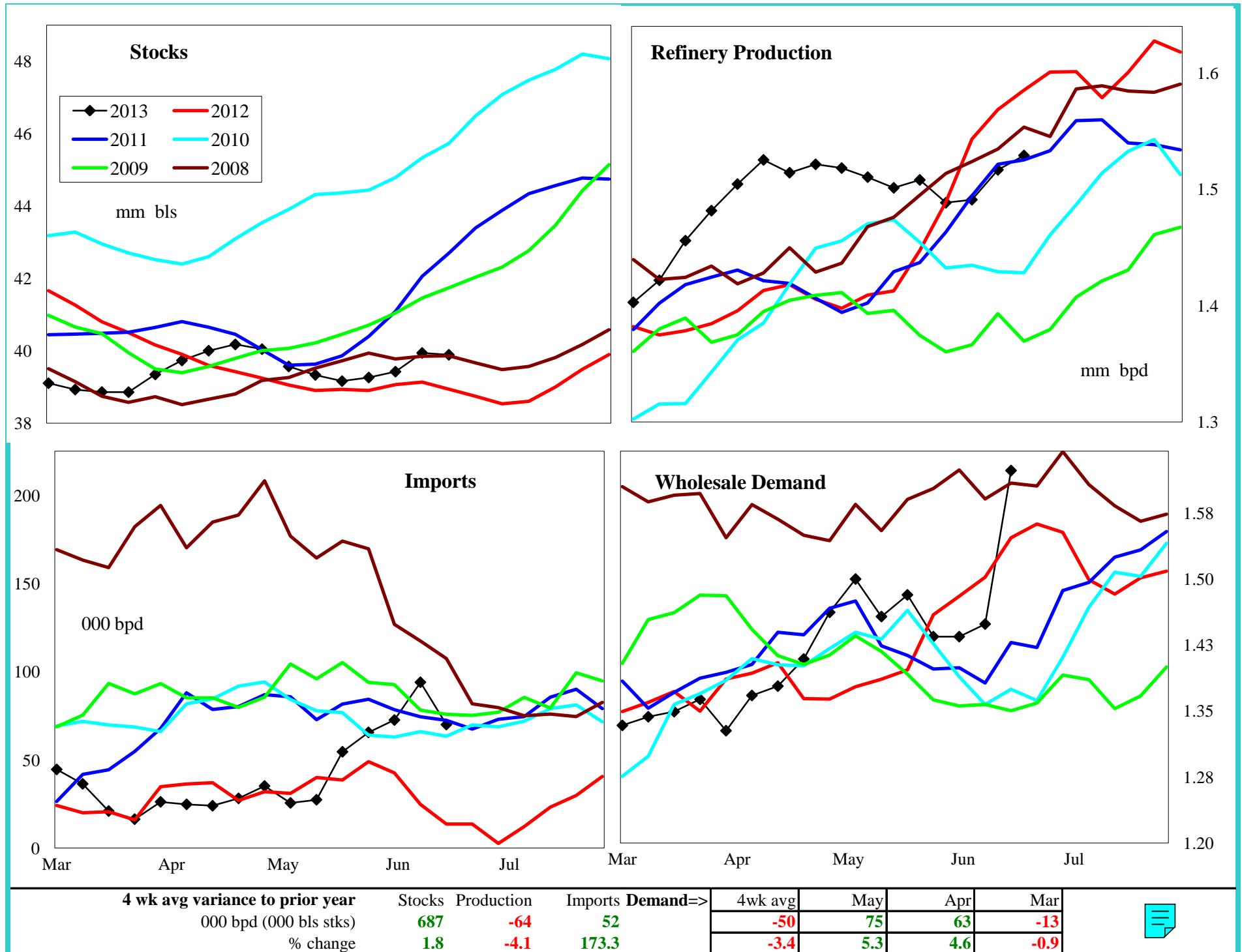
United States Low Sulfur Distillate Supply



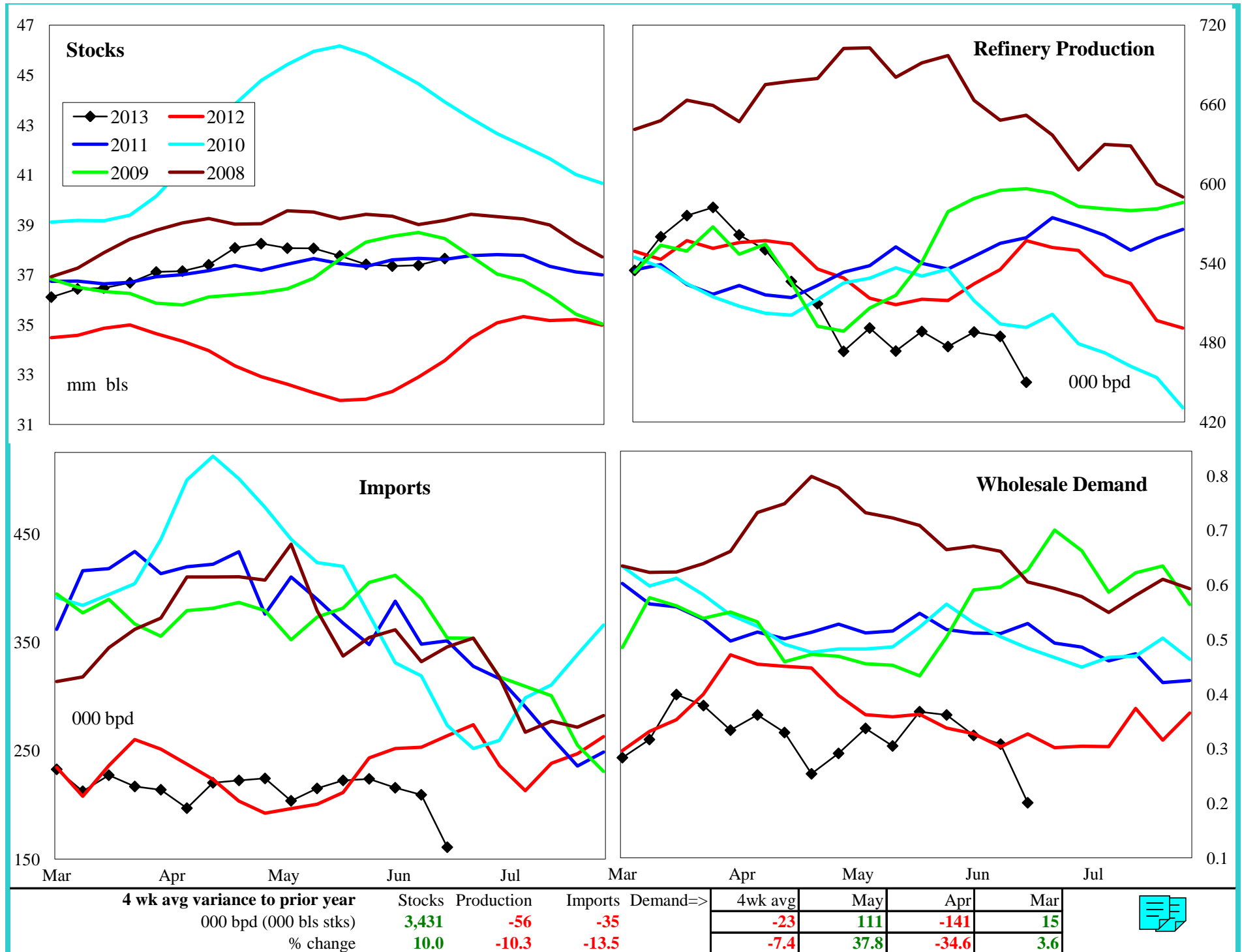
United States High Sulfur Distillate Supply



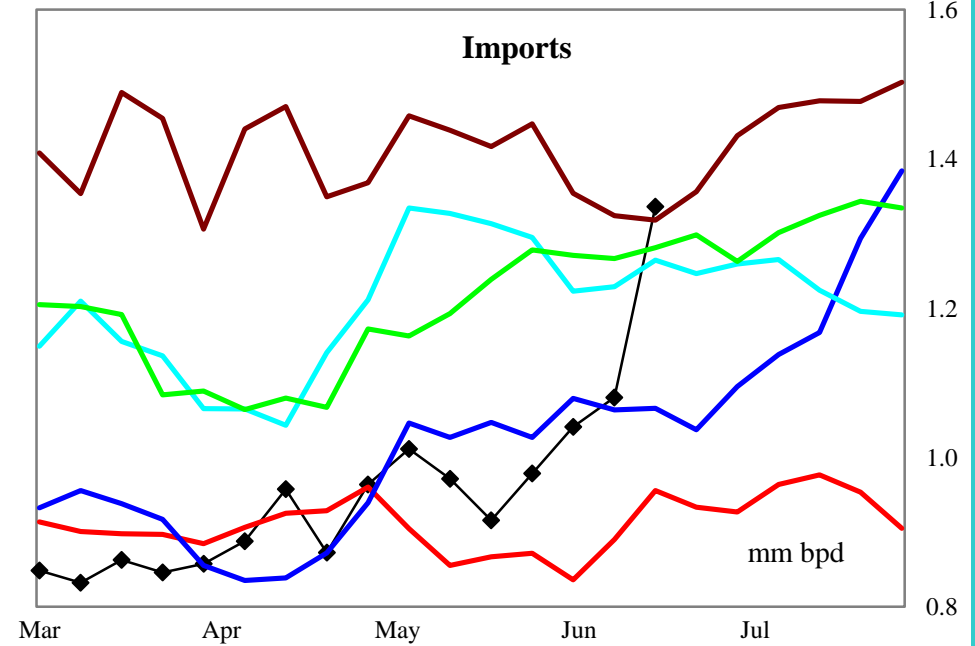
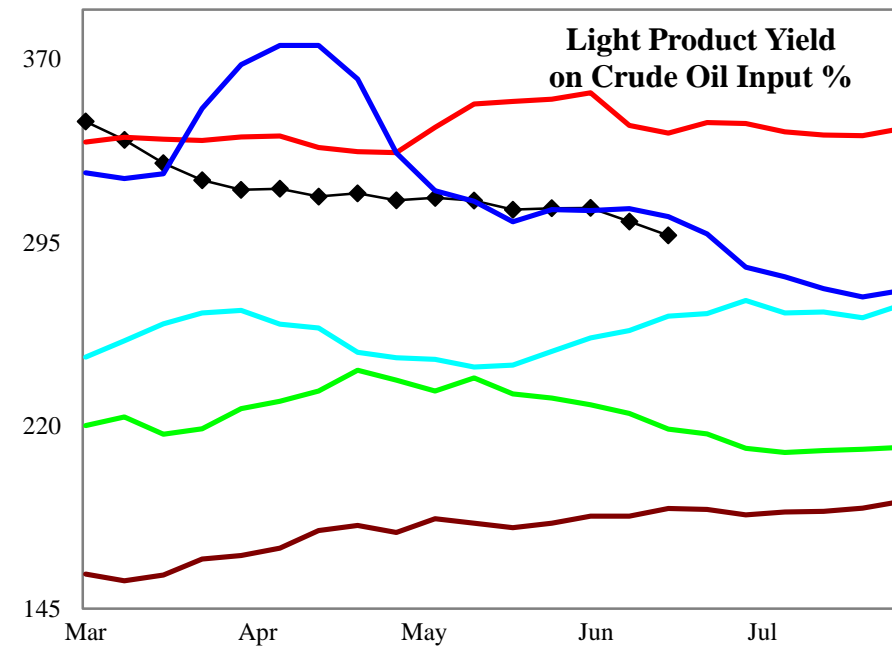
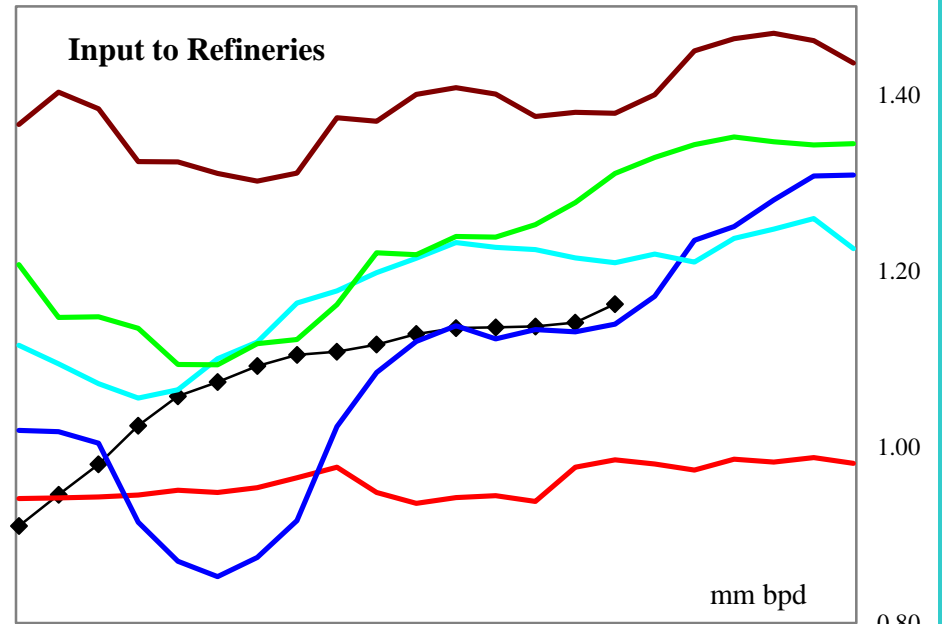
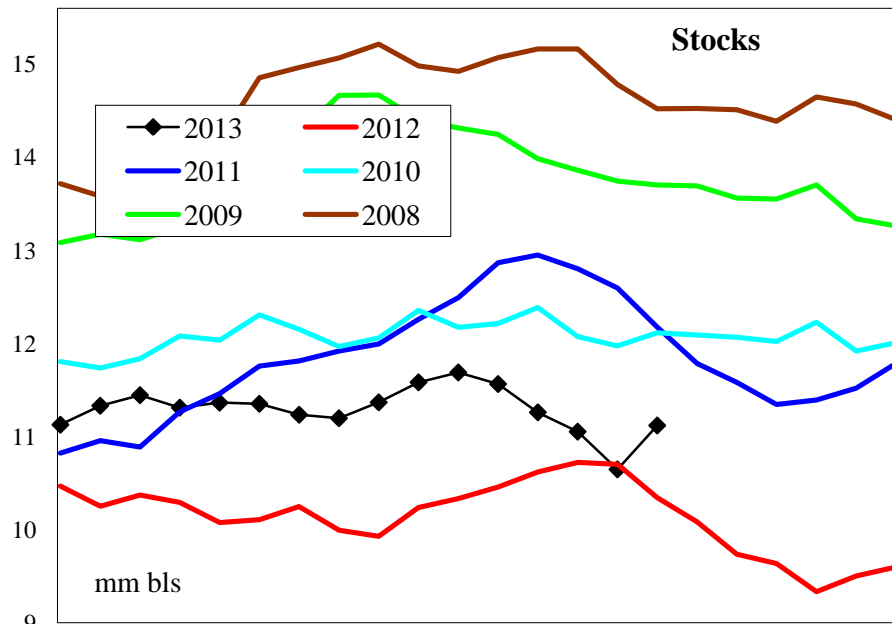
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

774

7.2

Input

169

17.5

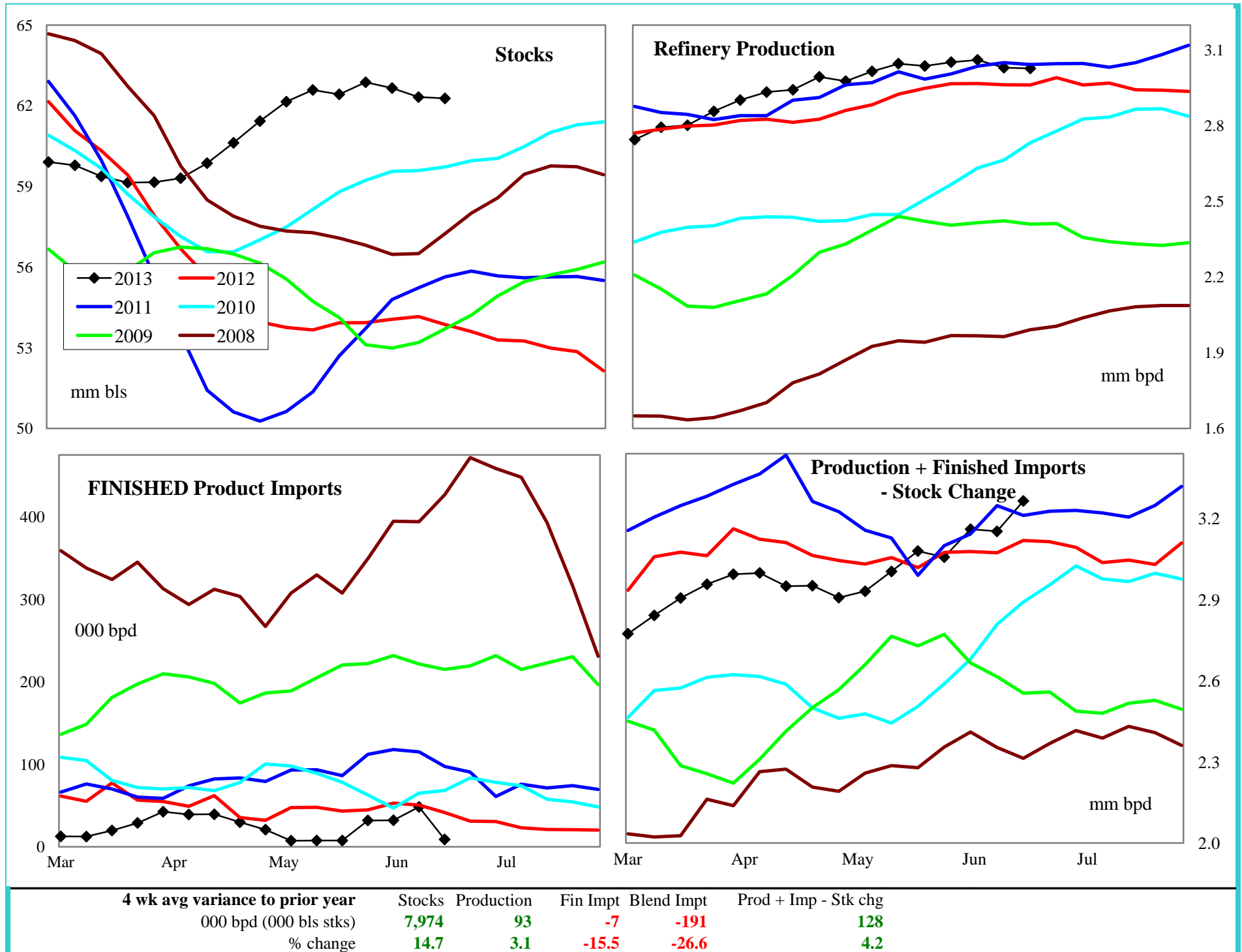
Imports

136

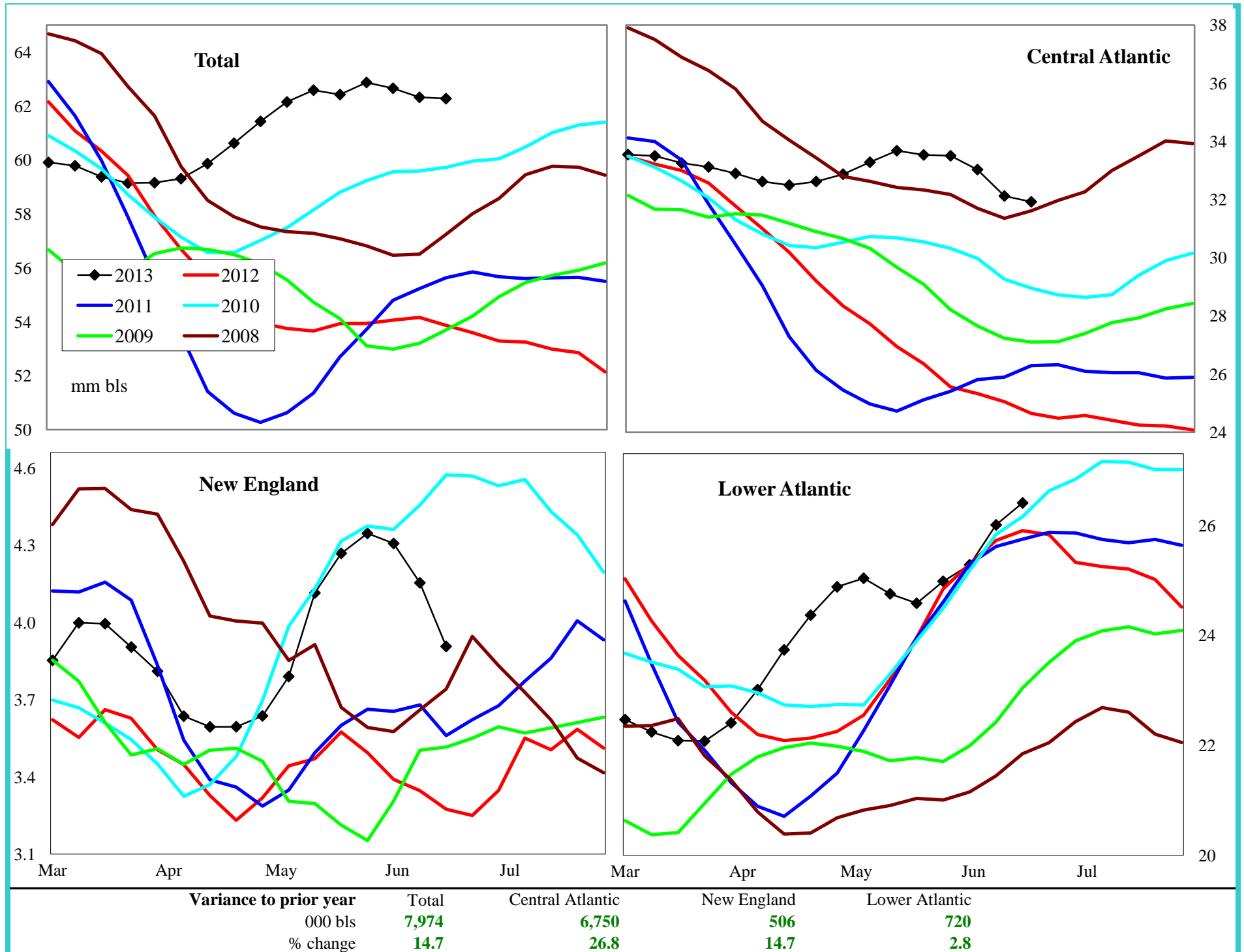
15.0



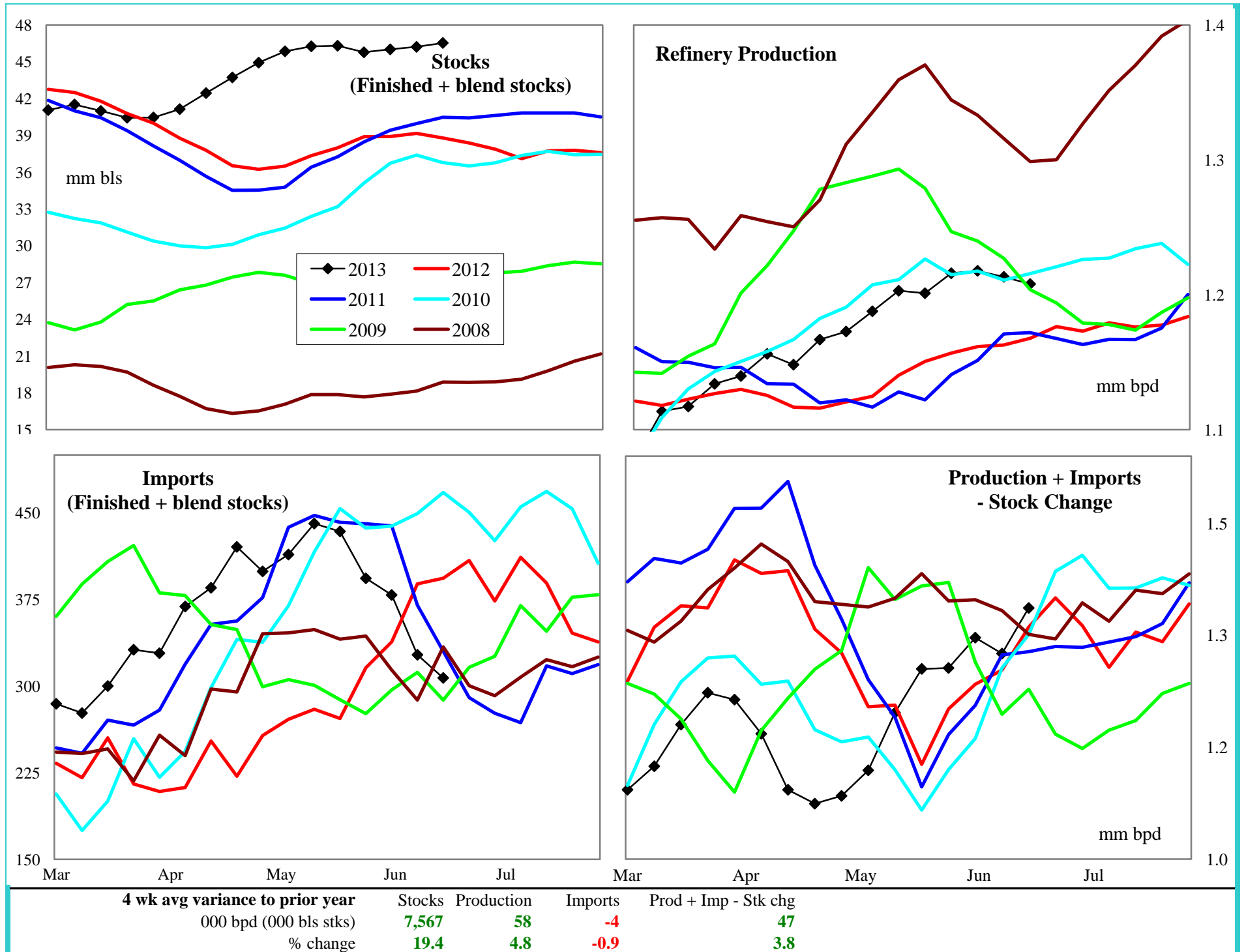
PADD 1 Gasoline Supply



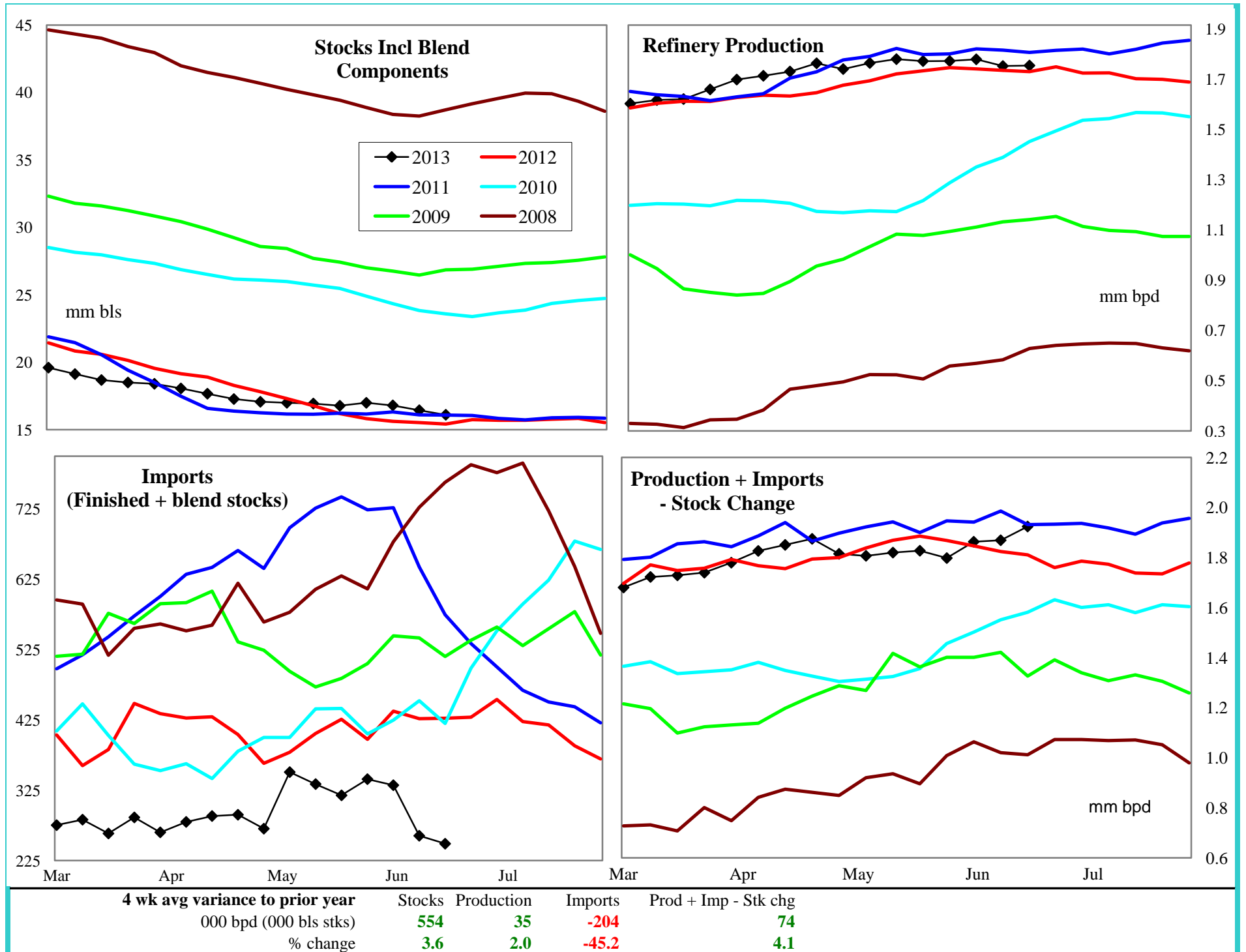
PADD 1 Gasoline Stocks by Region



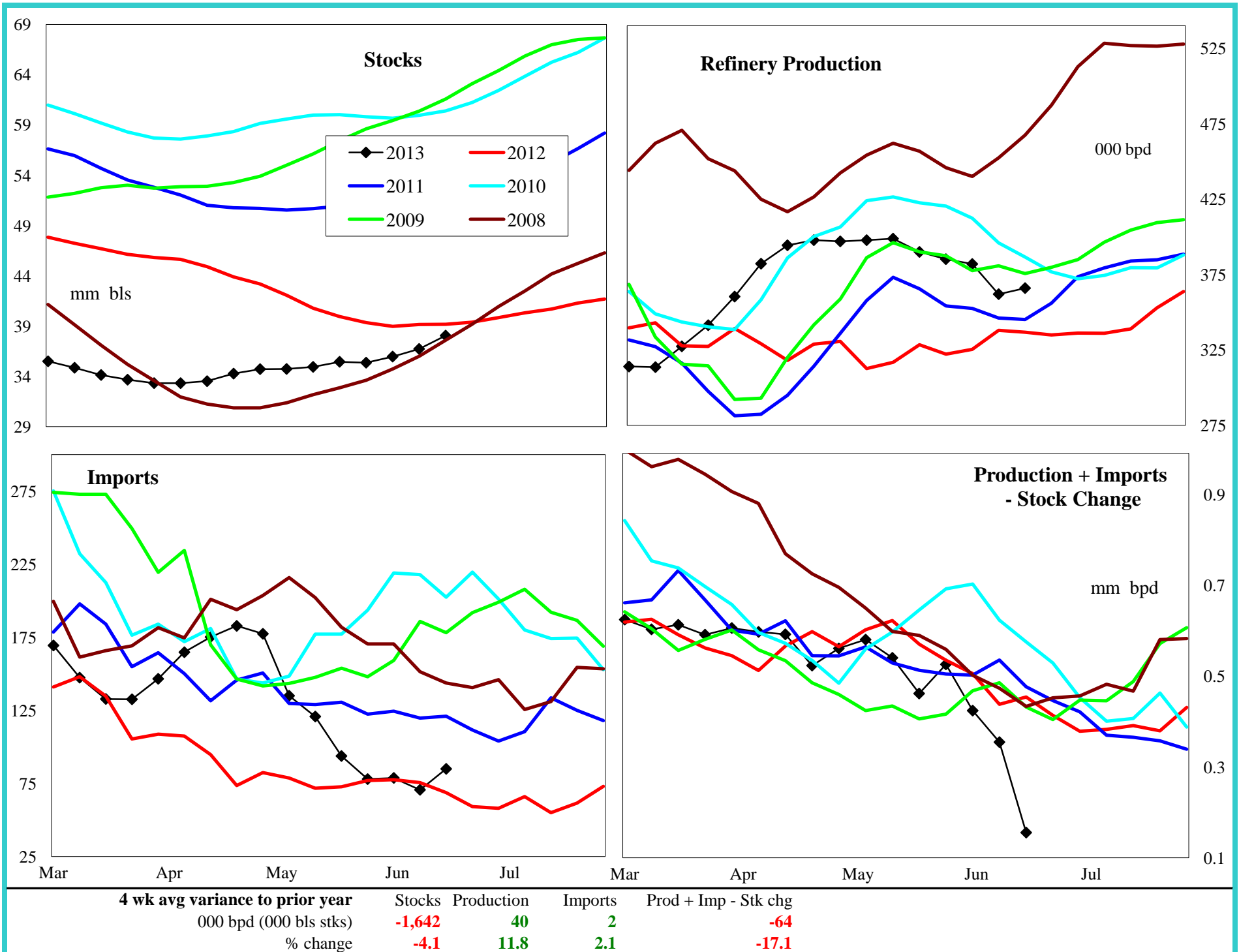
PADD 1 Reformulated Gasoline Supply



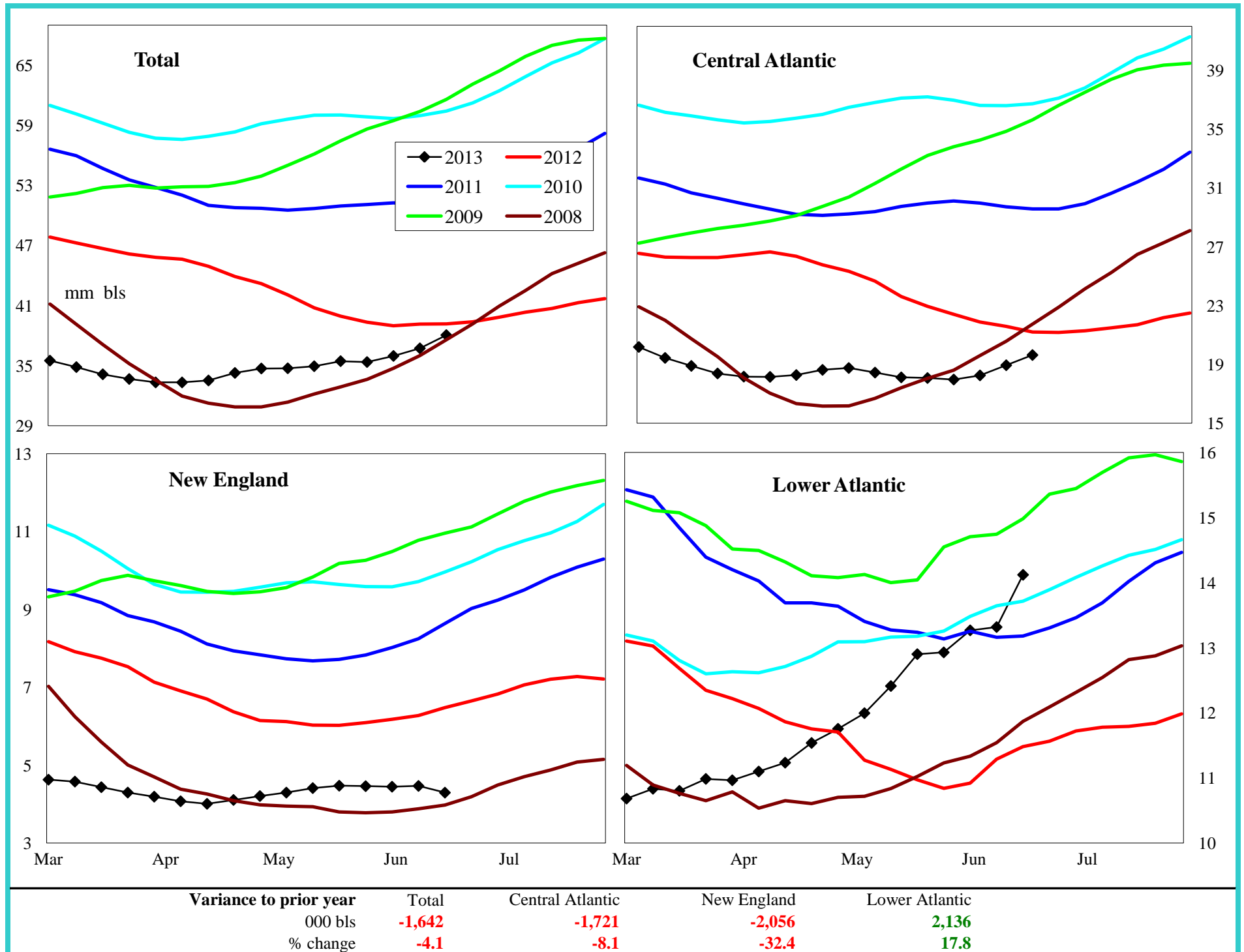
PADD 1 Conventional Gasoline Supply



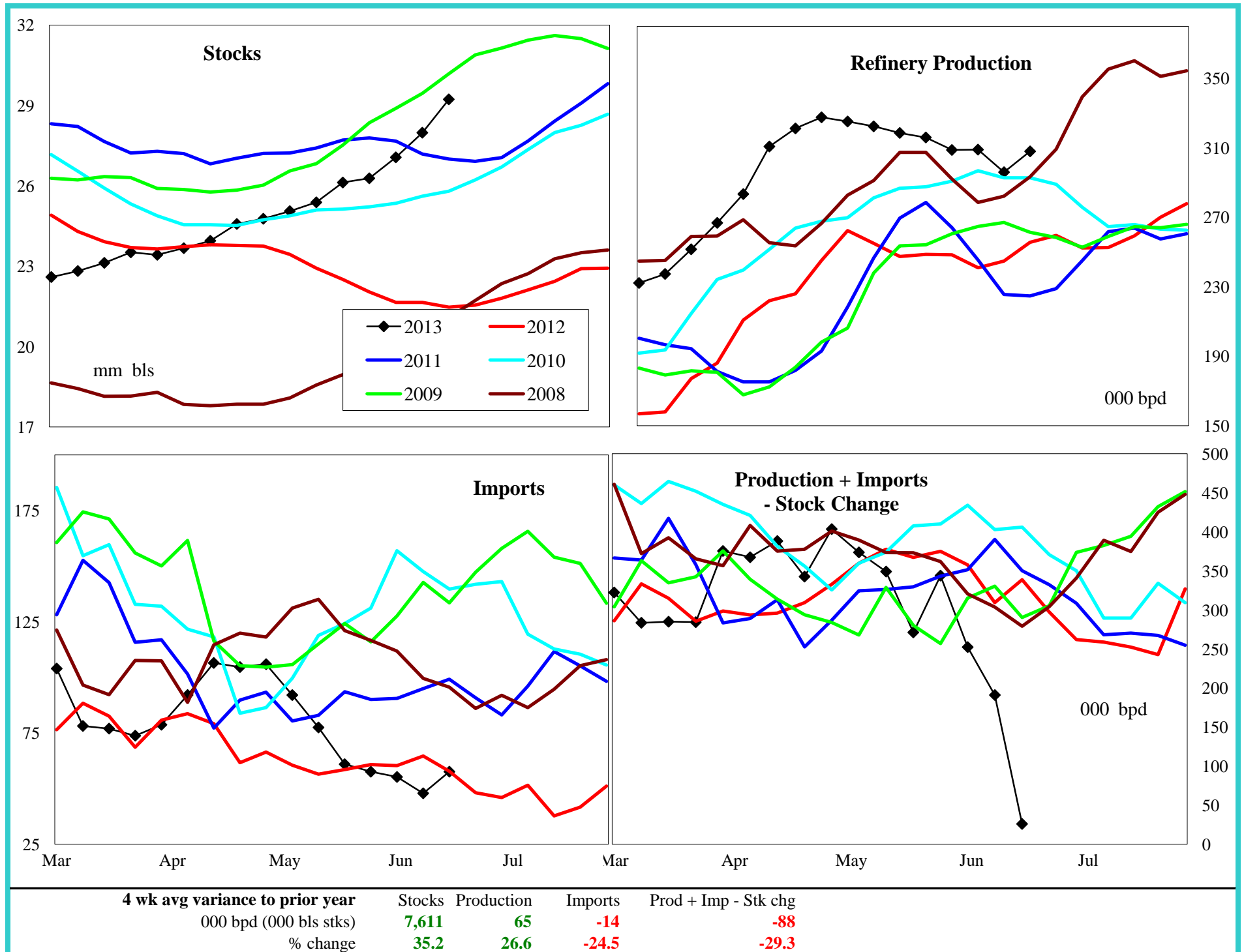
PADD 1 Distillate Supply



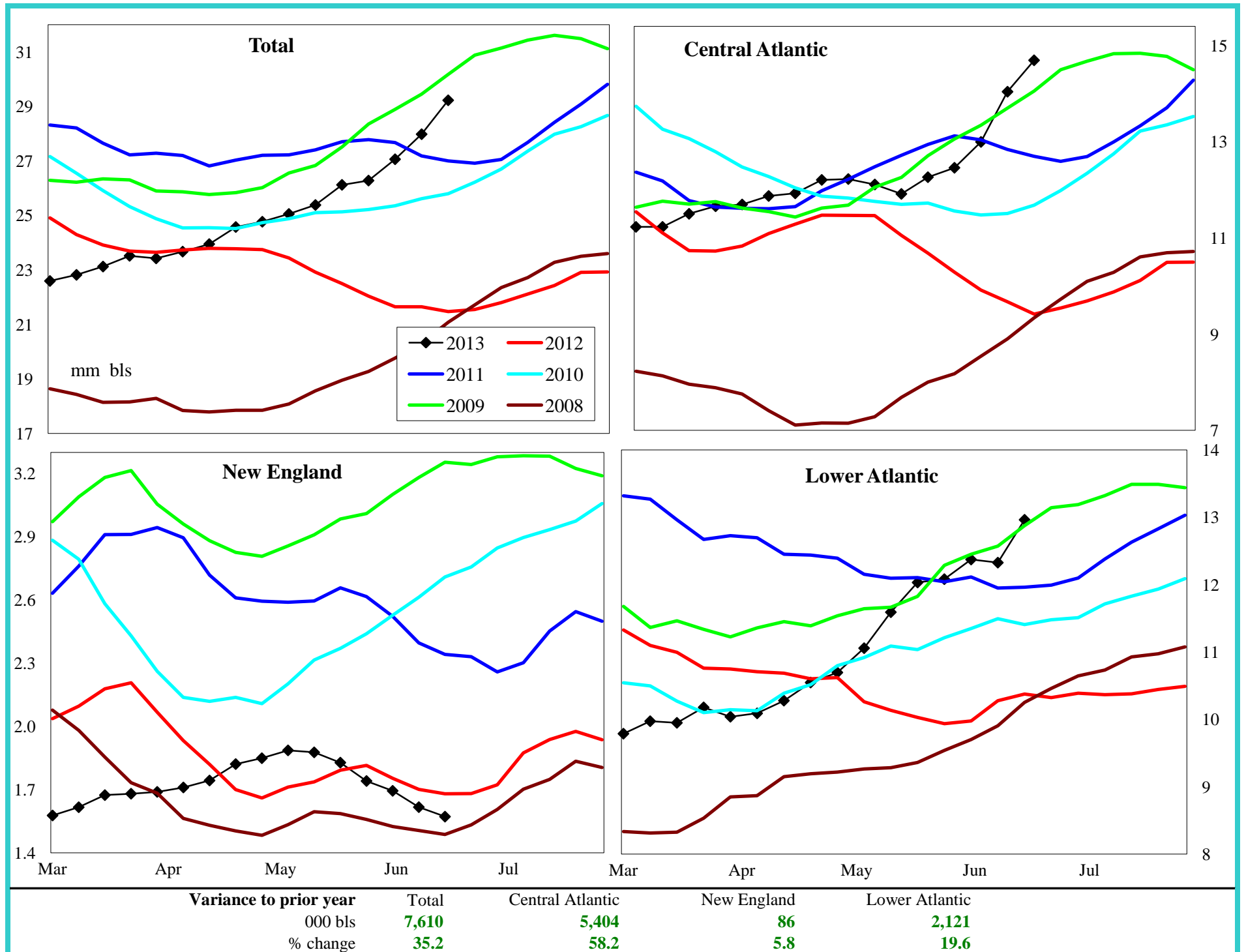
PADD 1 Distillate Stocks by Region



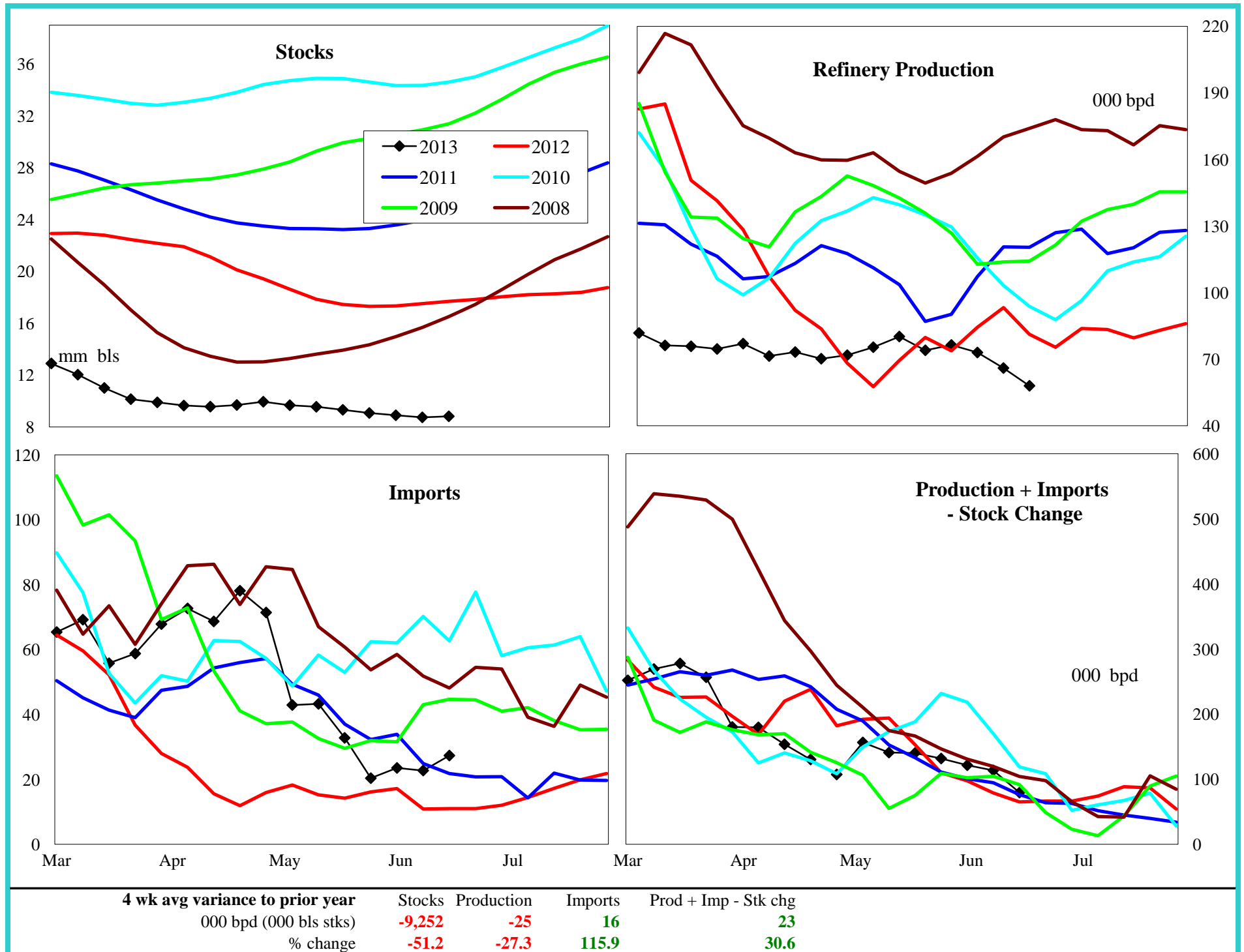
PADD 1 Low Sulfur Distillate Supply



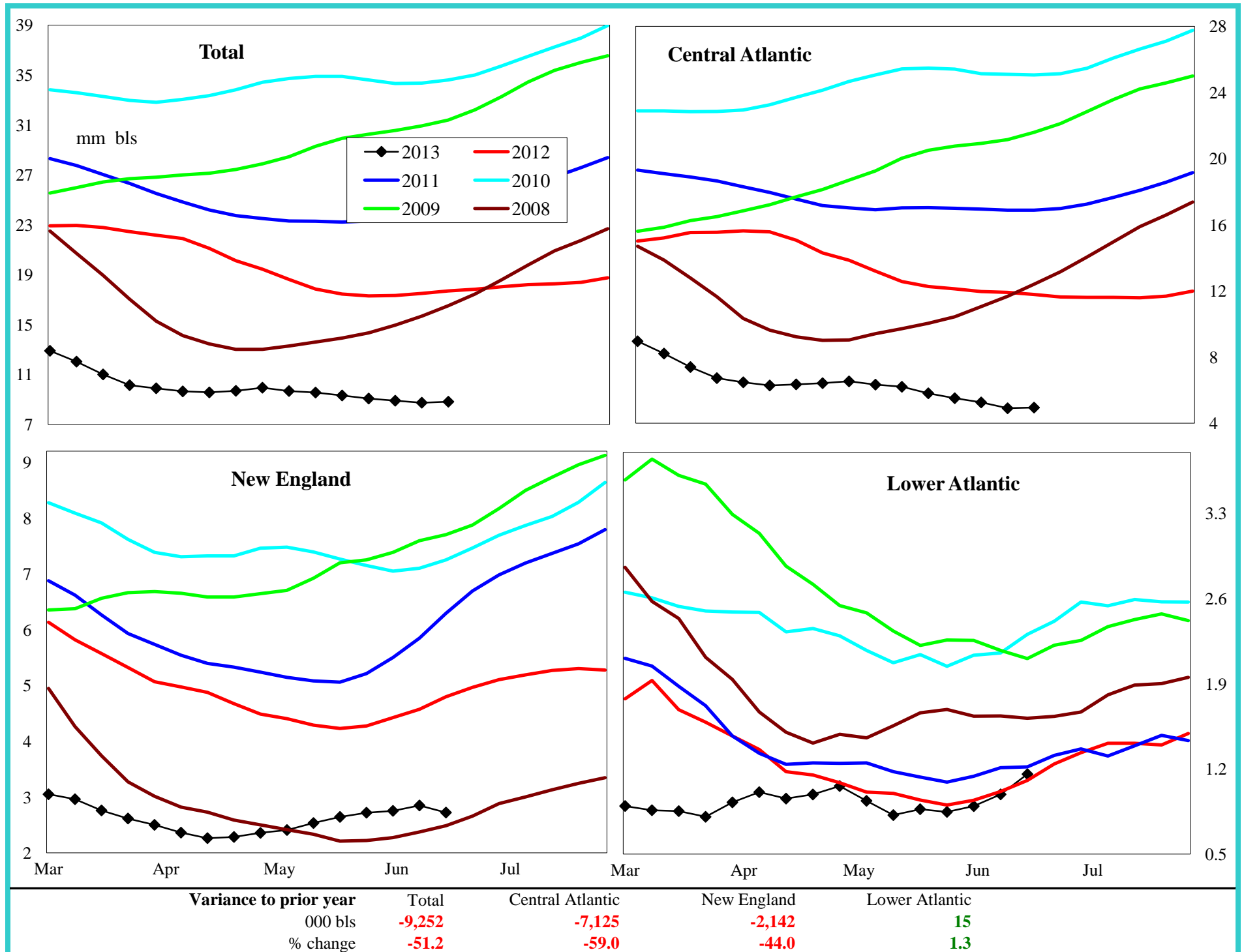
PADD 1 Low Sulfur Distillate Stocks by Region



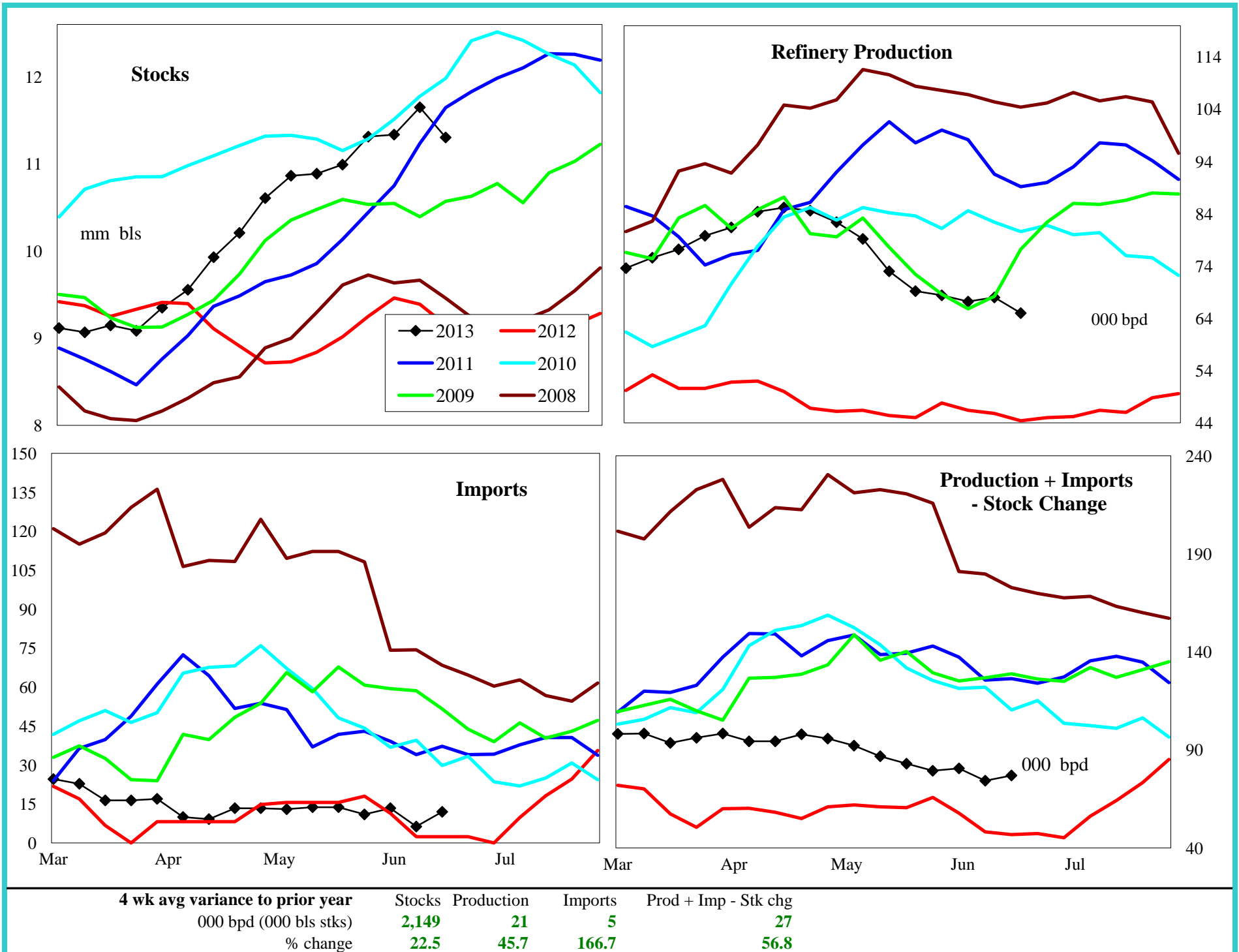
PADD 1 High Sulfur Distillate Supply



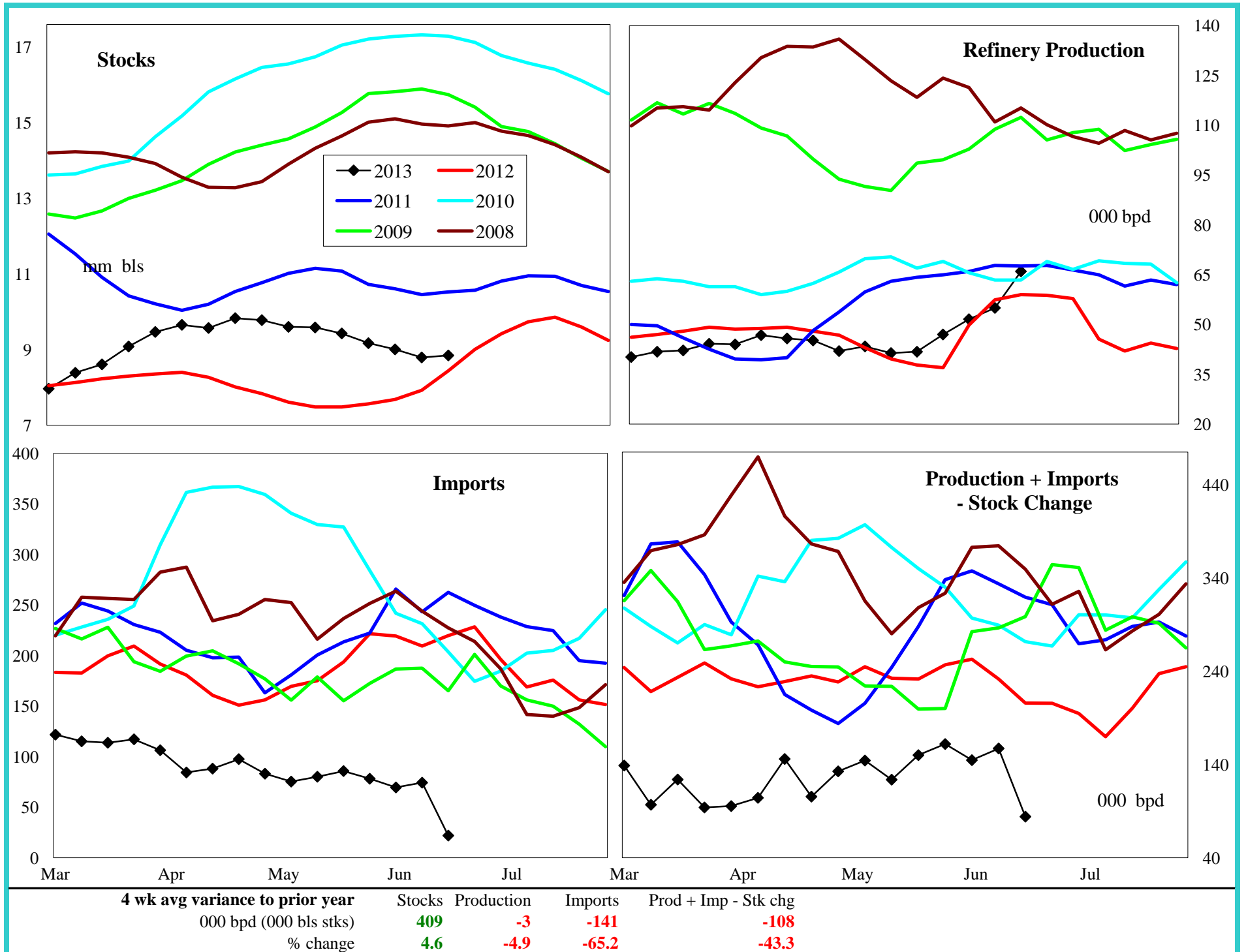
PADD 1 High Sulfur Distillate Stocks by Region



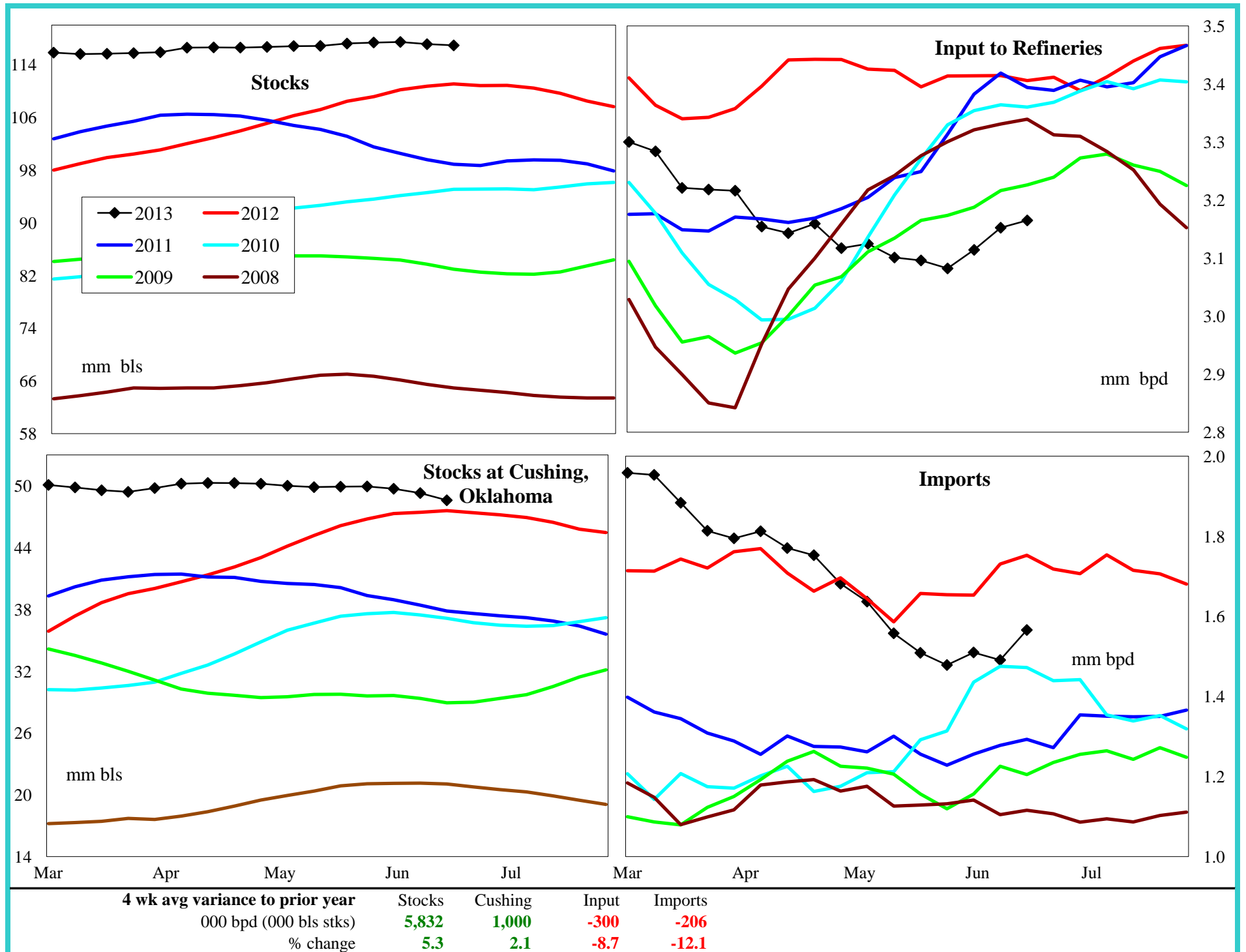
PADD 1 Jet Fuel Supply



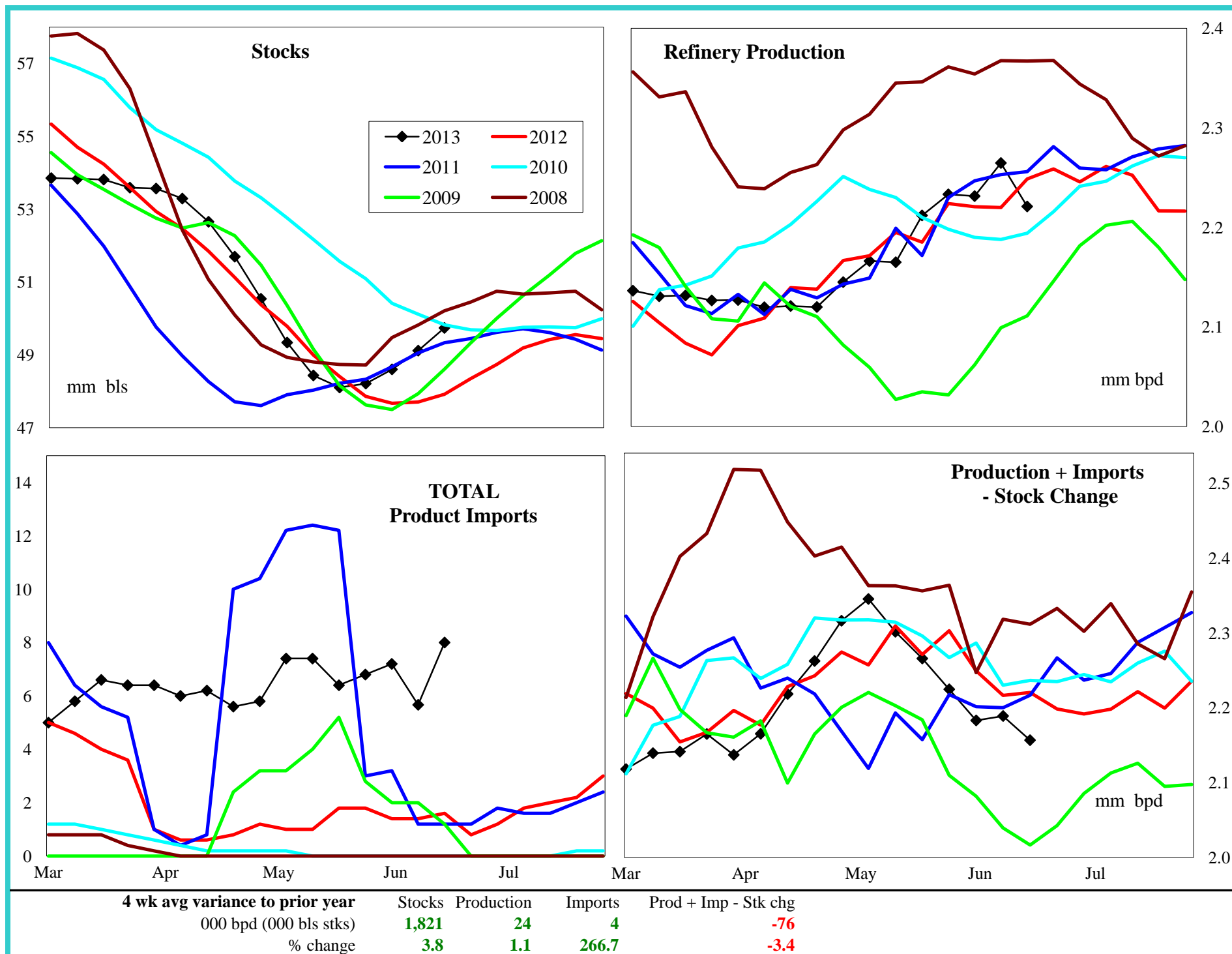
PADD 1 Residual Fuel Oil Supply



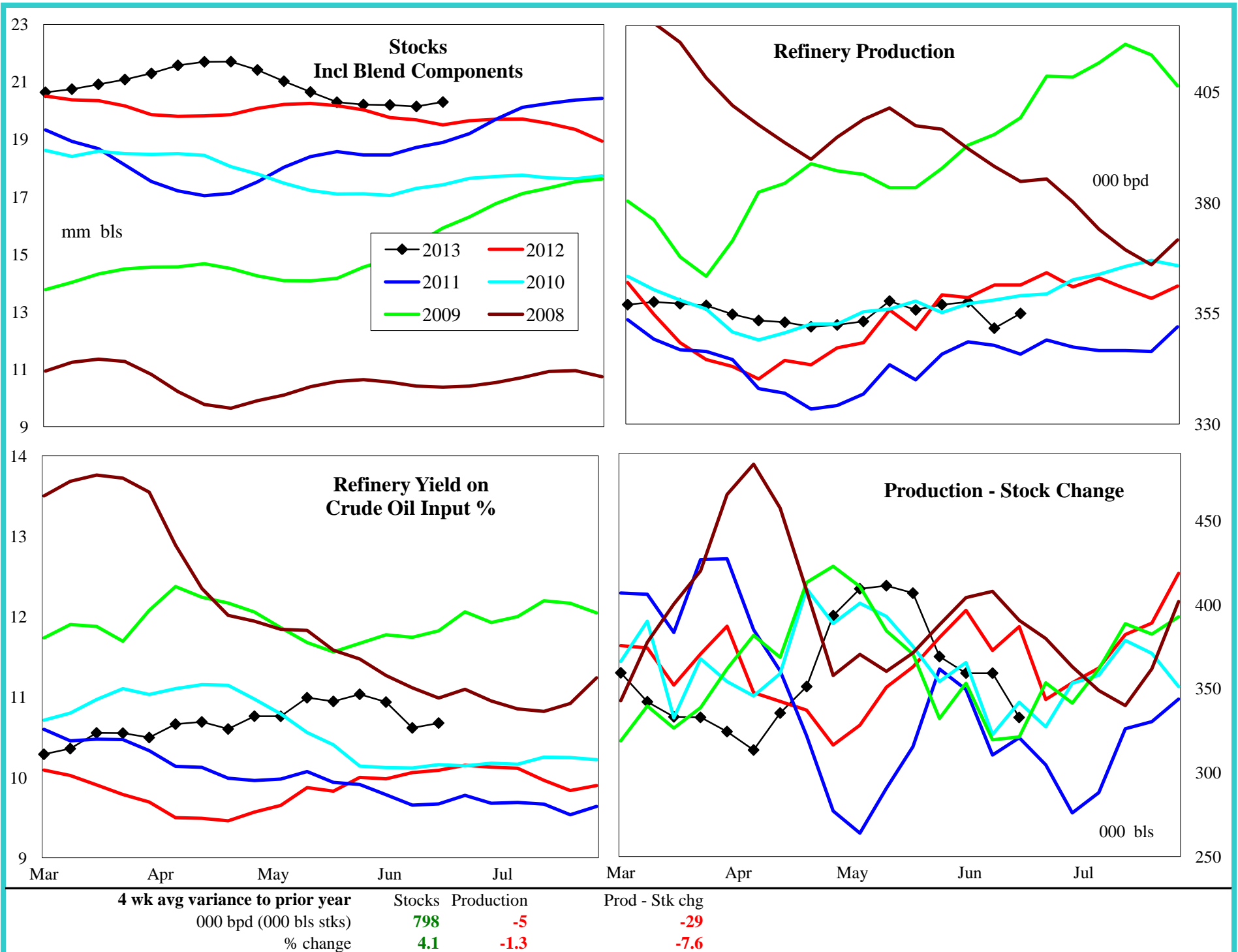
PADD 2 Crude Oil Supply and Refining



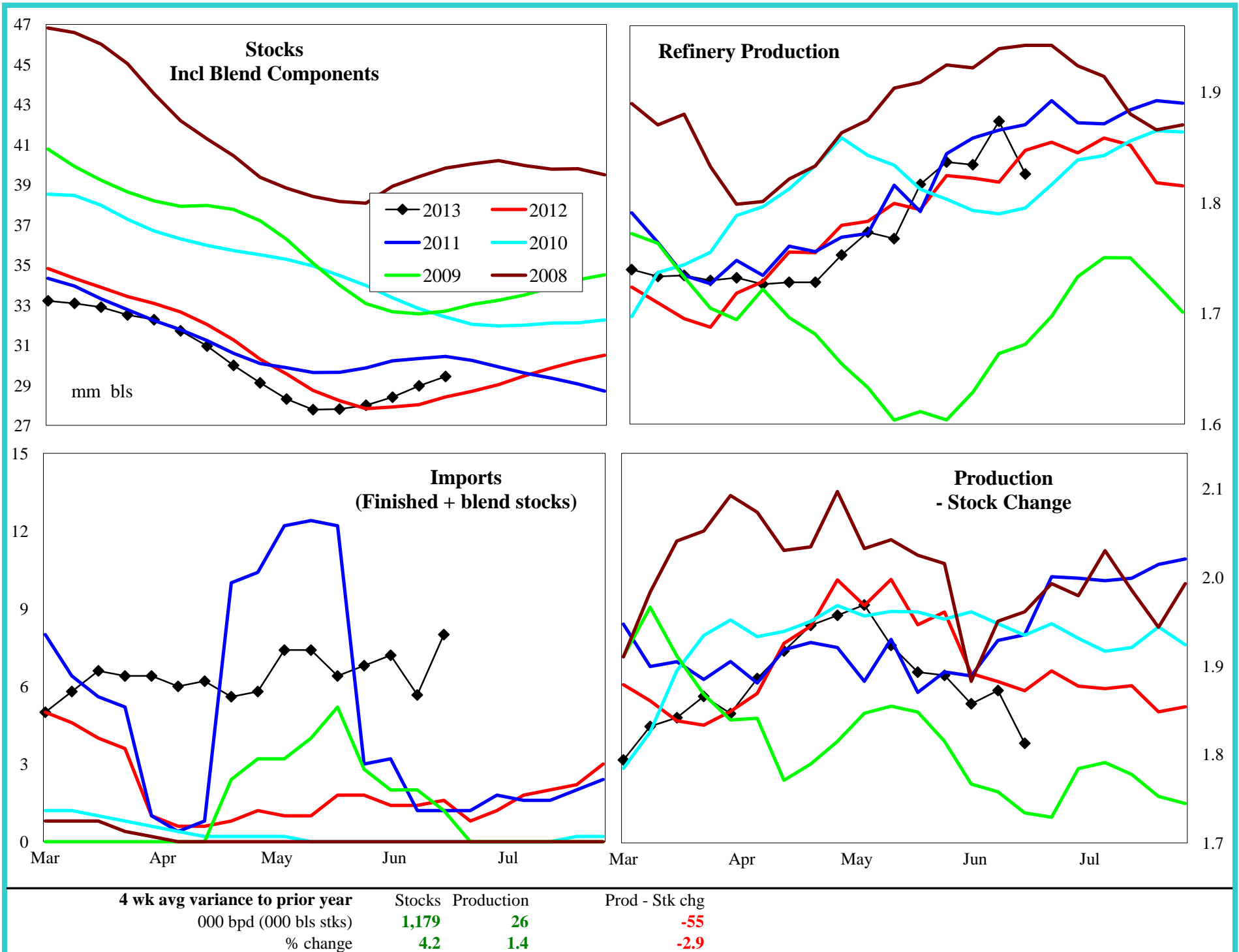
PADD 2 Gasoline Supply



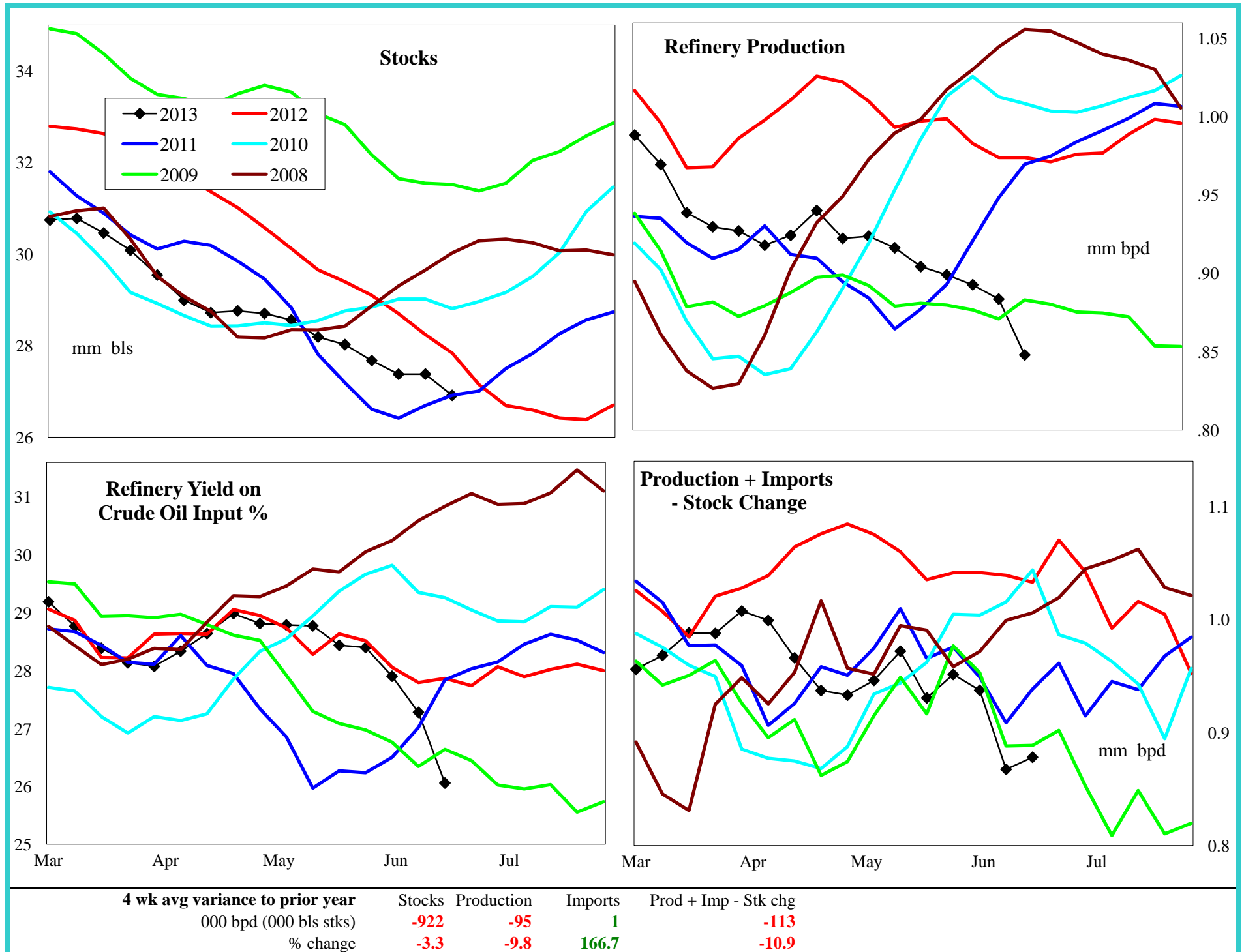
PADD 2 Reformulated Gasoline Supply



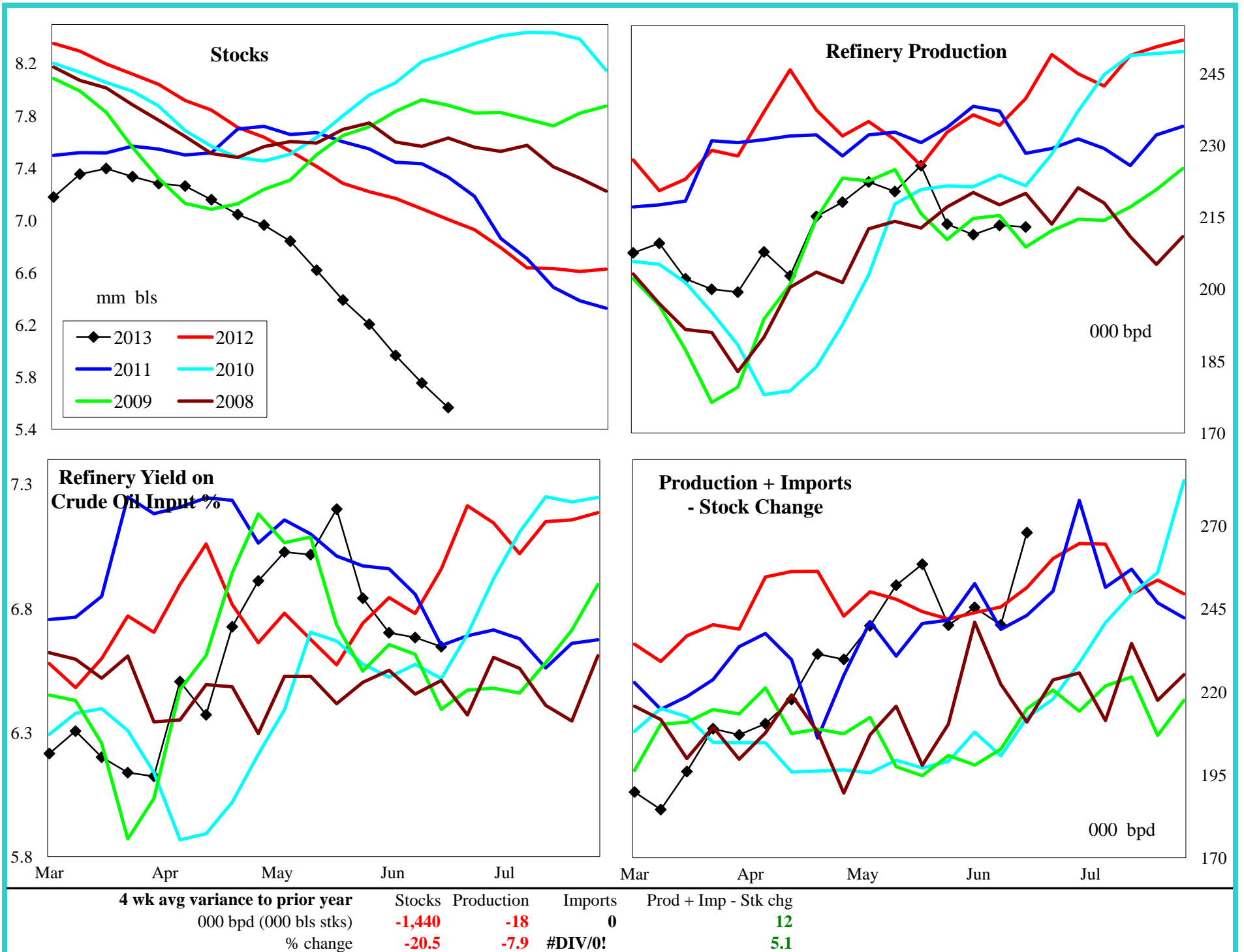
PADD 2 Conventional Gasoline Supply



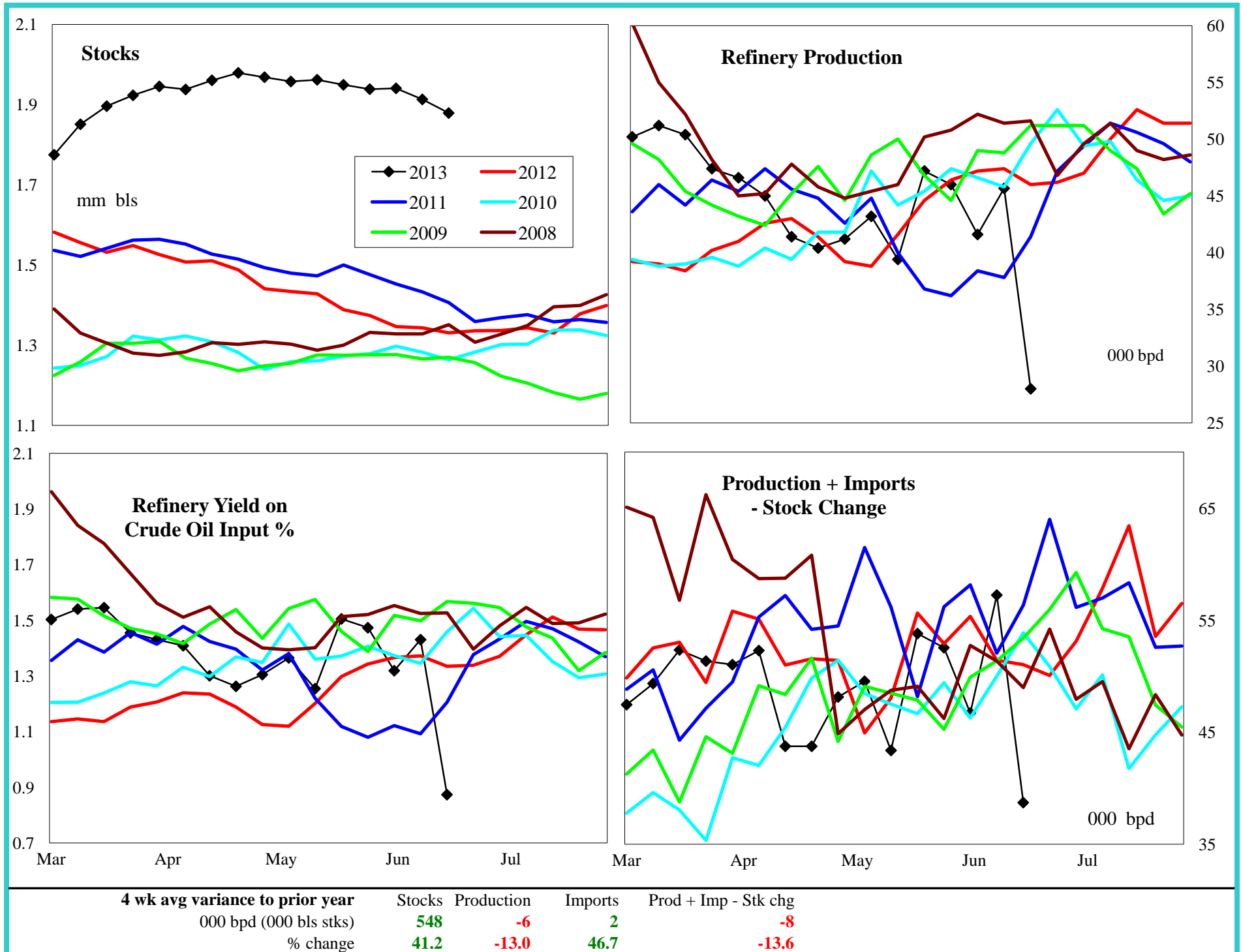
PADD 2 Distillate Supply



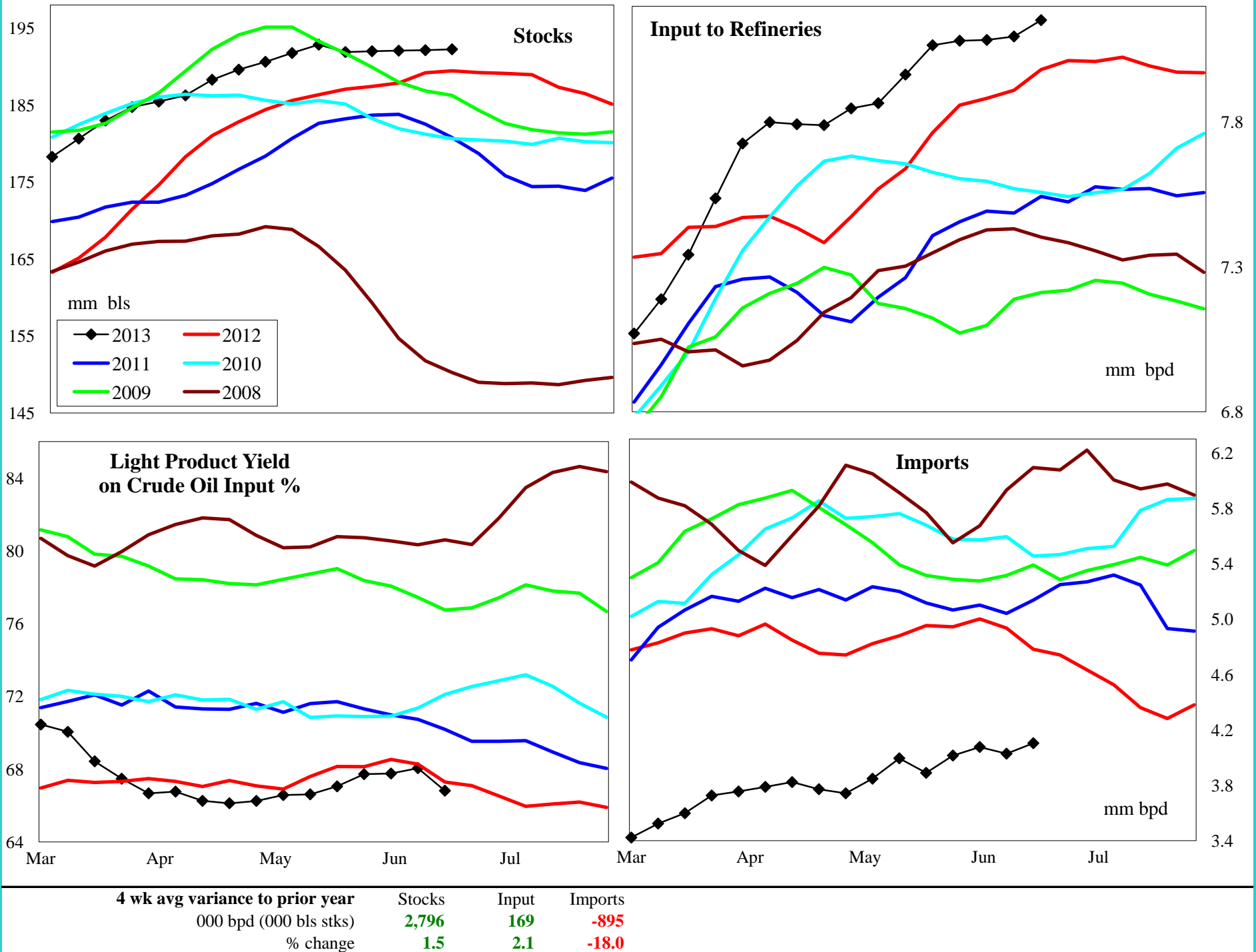
PADD 2 Jet Fuel Supply



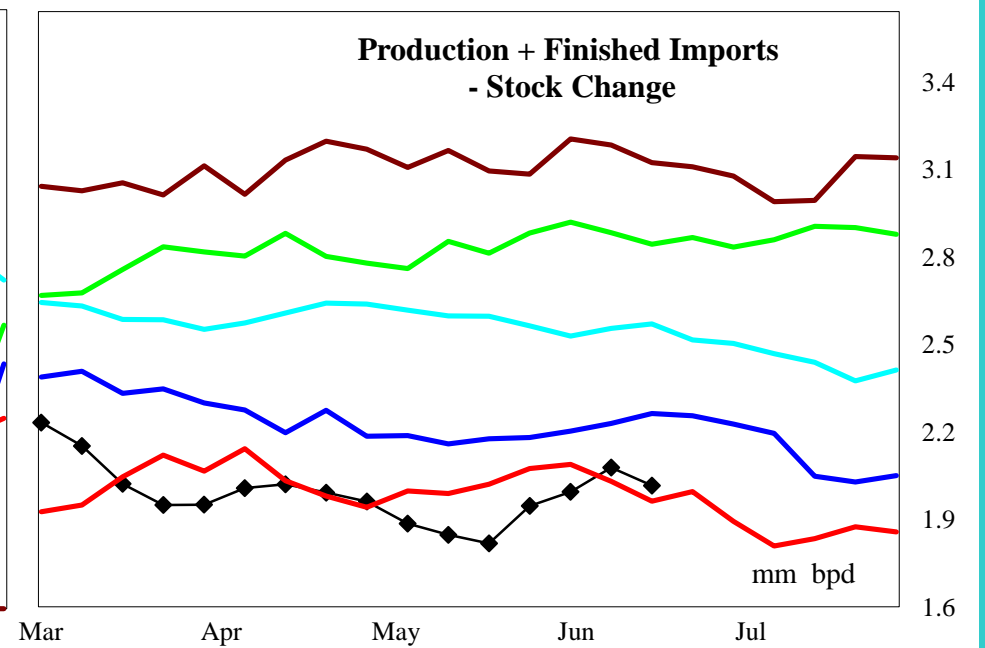
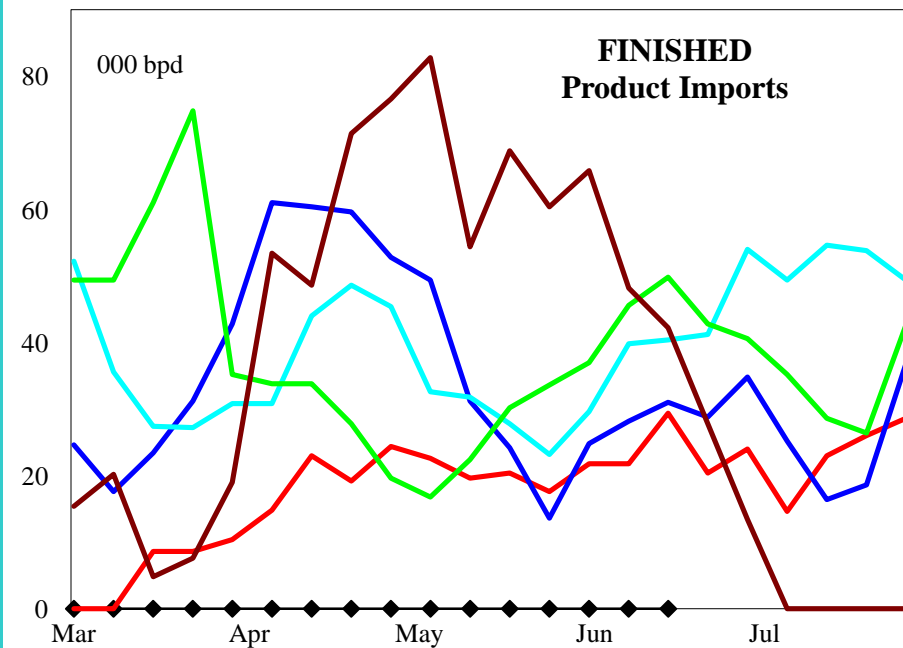
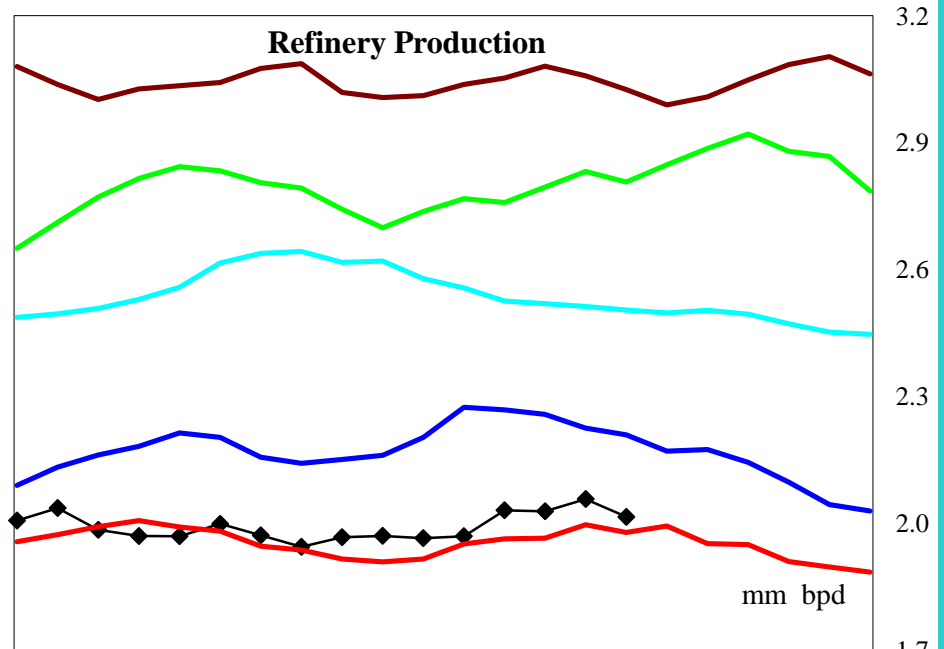
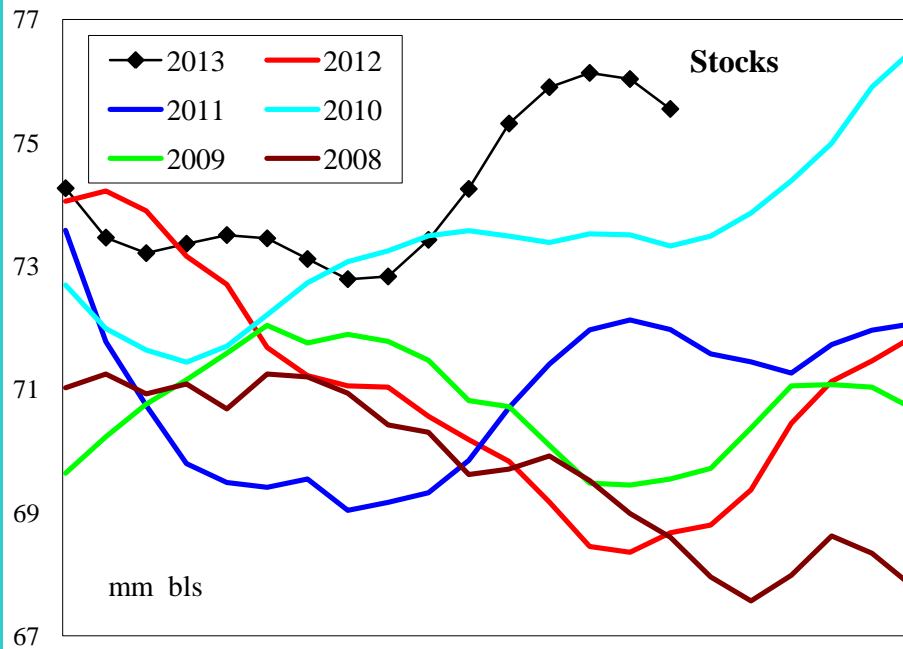
PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

8,358

12.4

Production

46

2.3

Fin Impt

-27

-100.0

Blend Impt

9

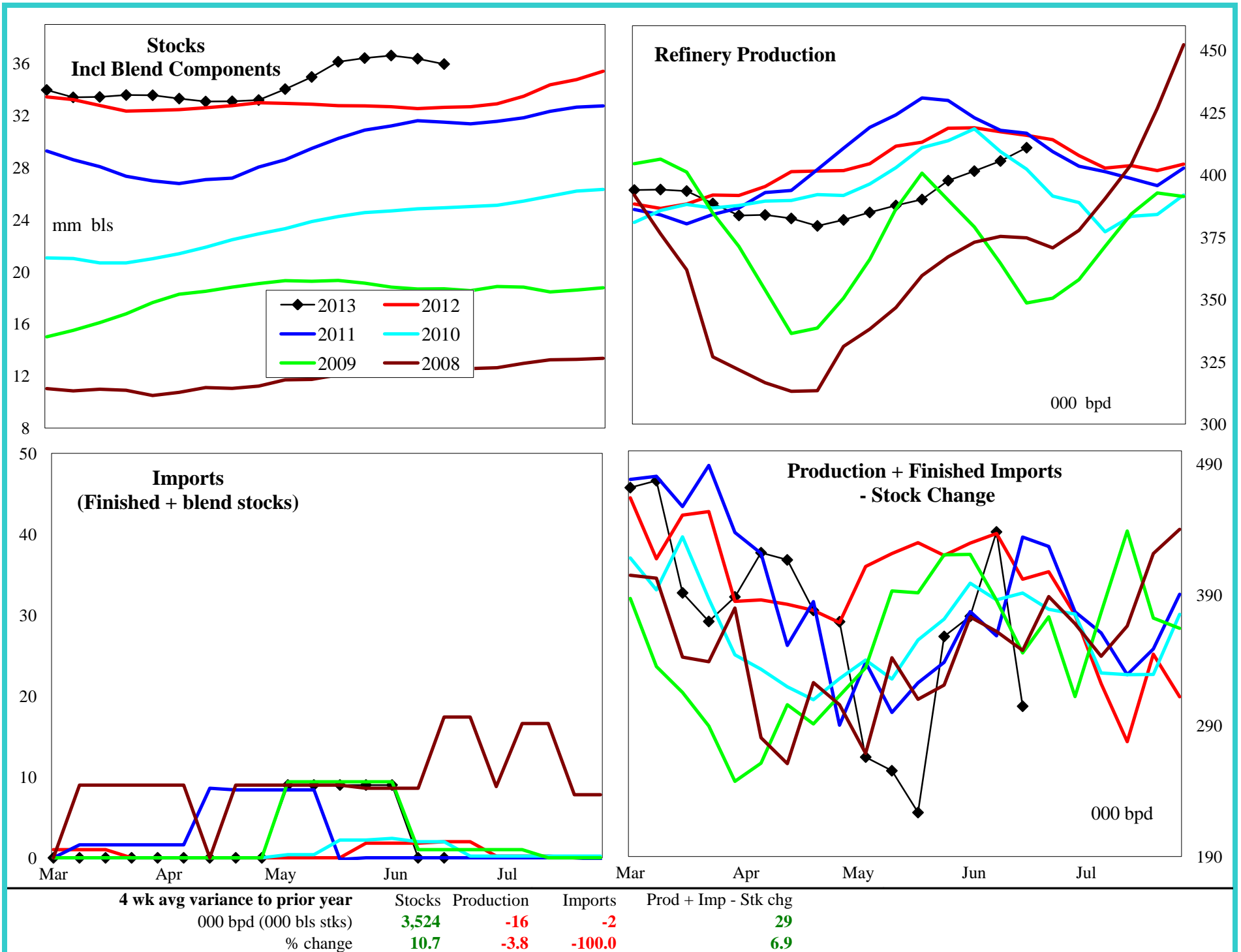
128.6

Prod + Imp - Stk chg

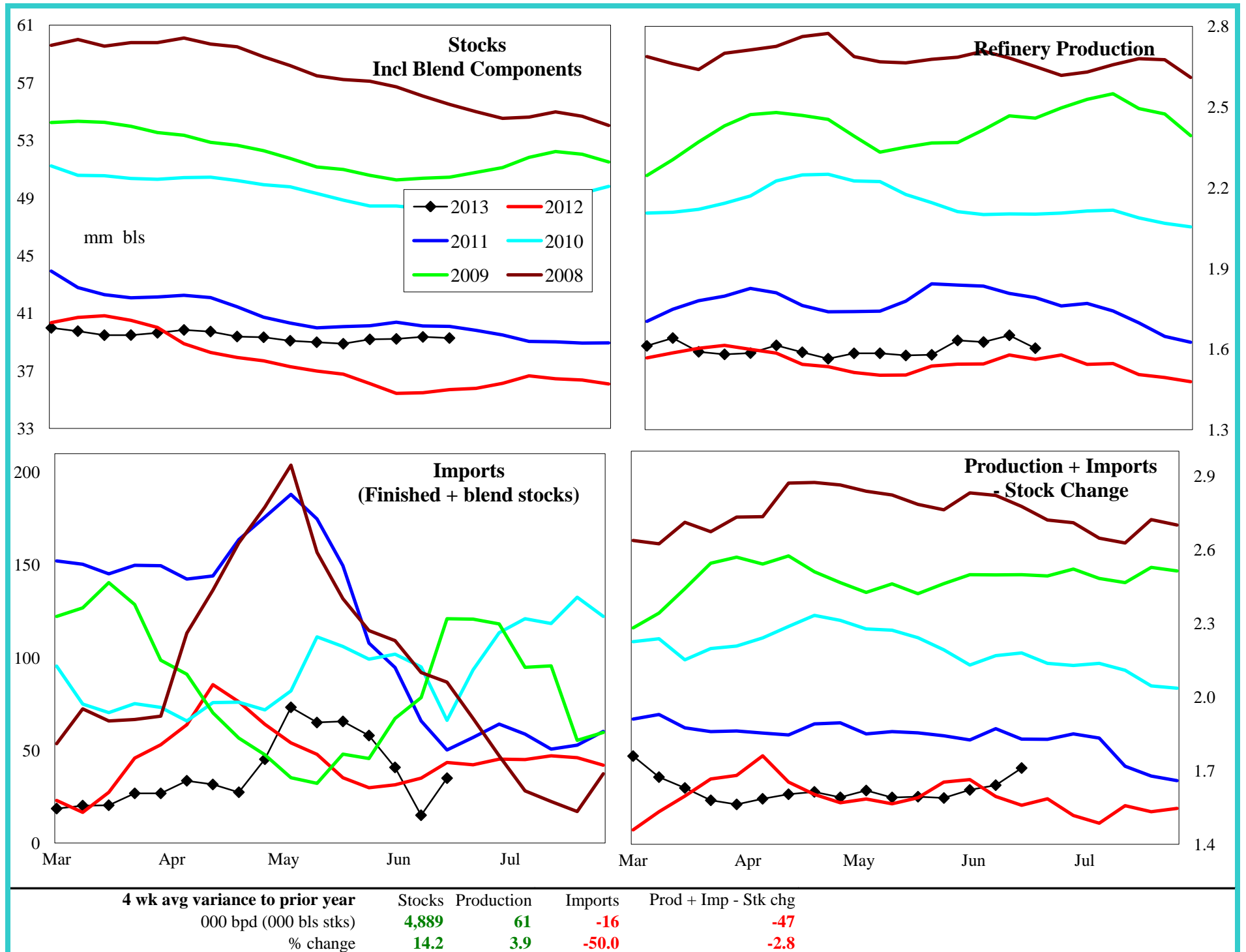
-16

-0.7

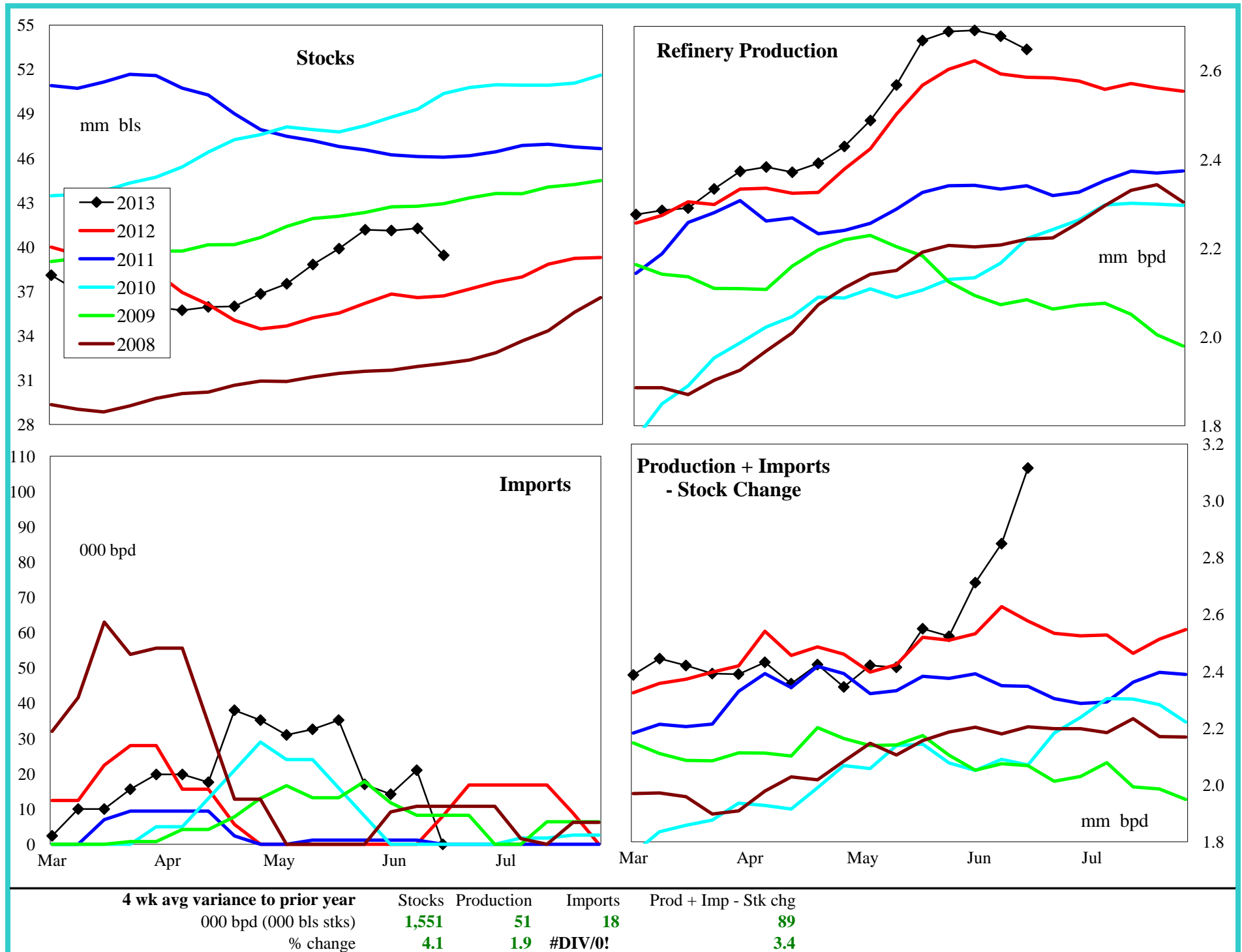
PADD 3 Reformulated Gasoline Supply



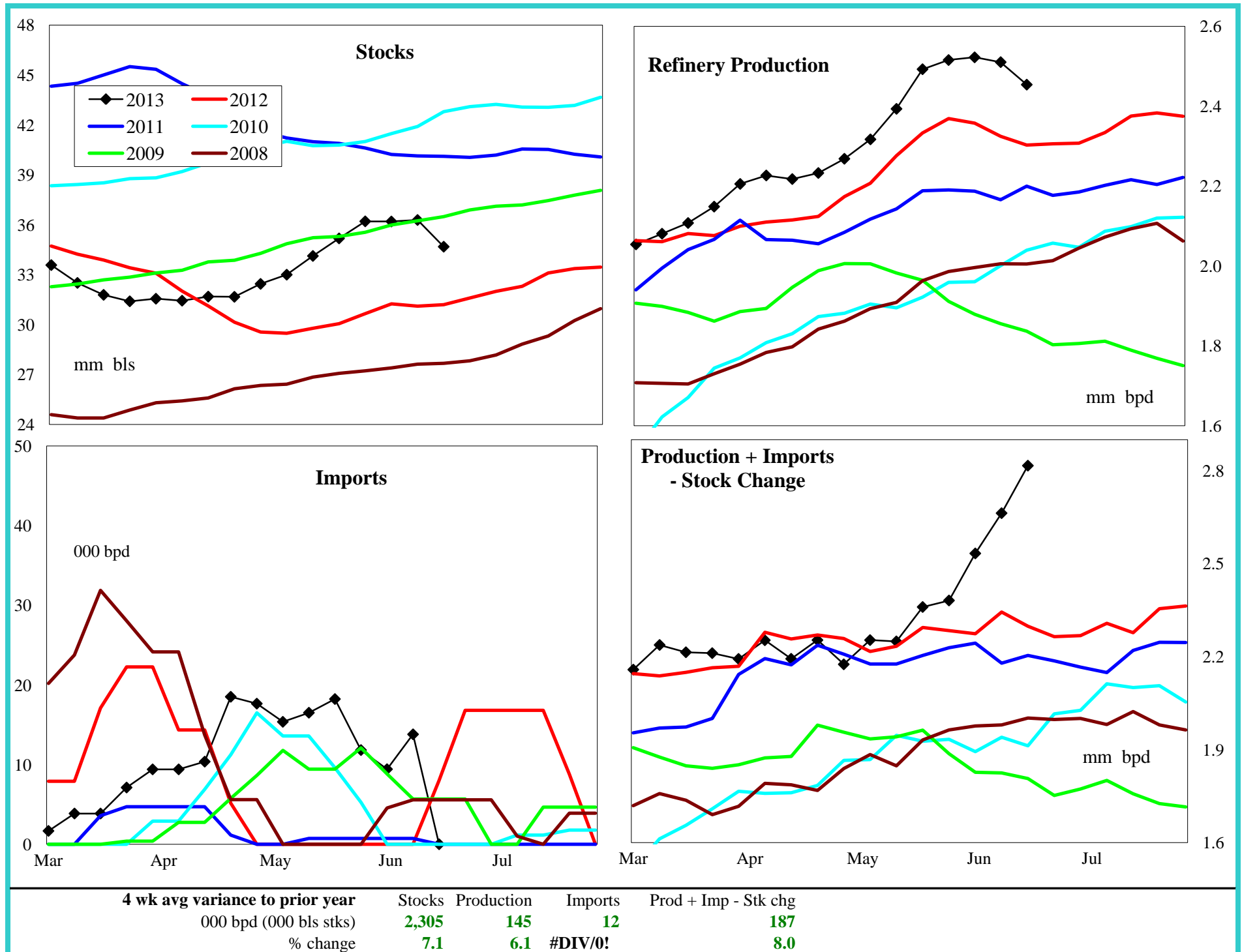
PADD 3 Conventional Gasoline Supply



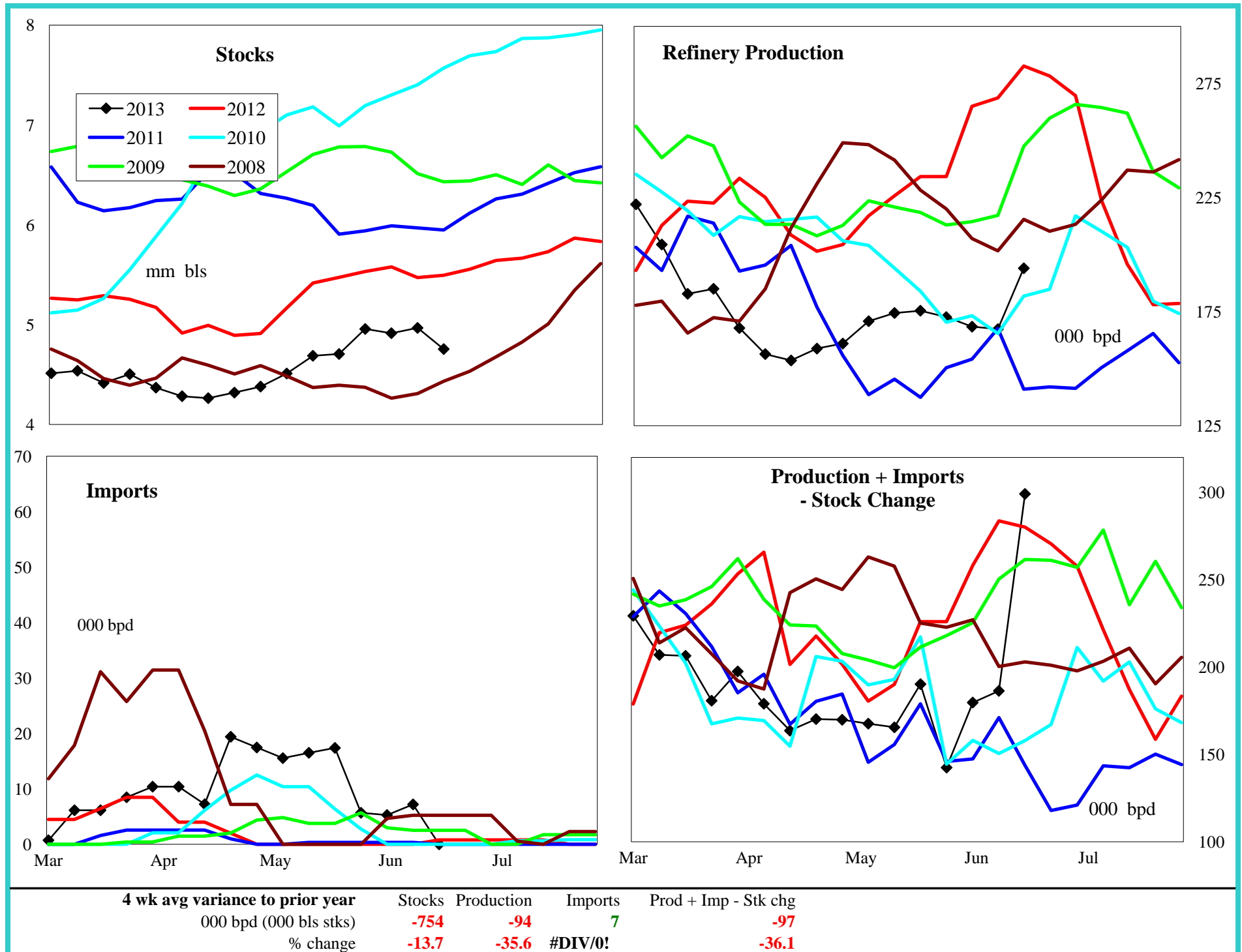
PADD 3 Distillate Supply



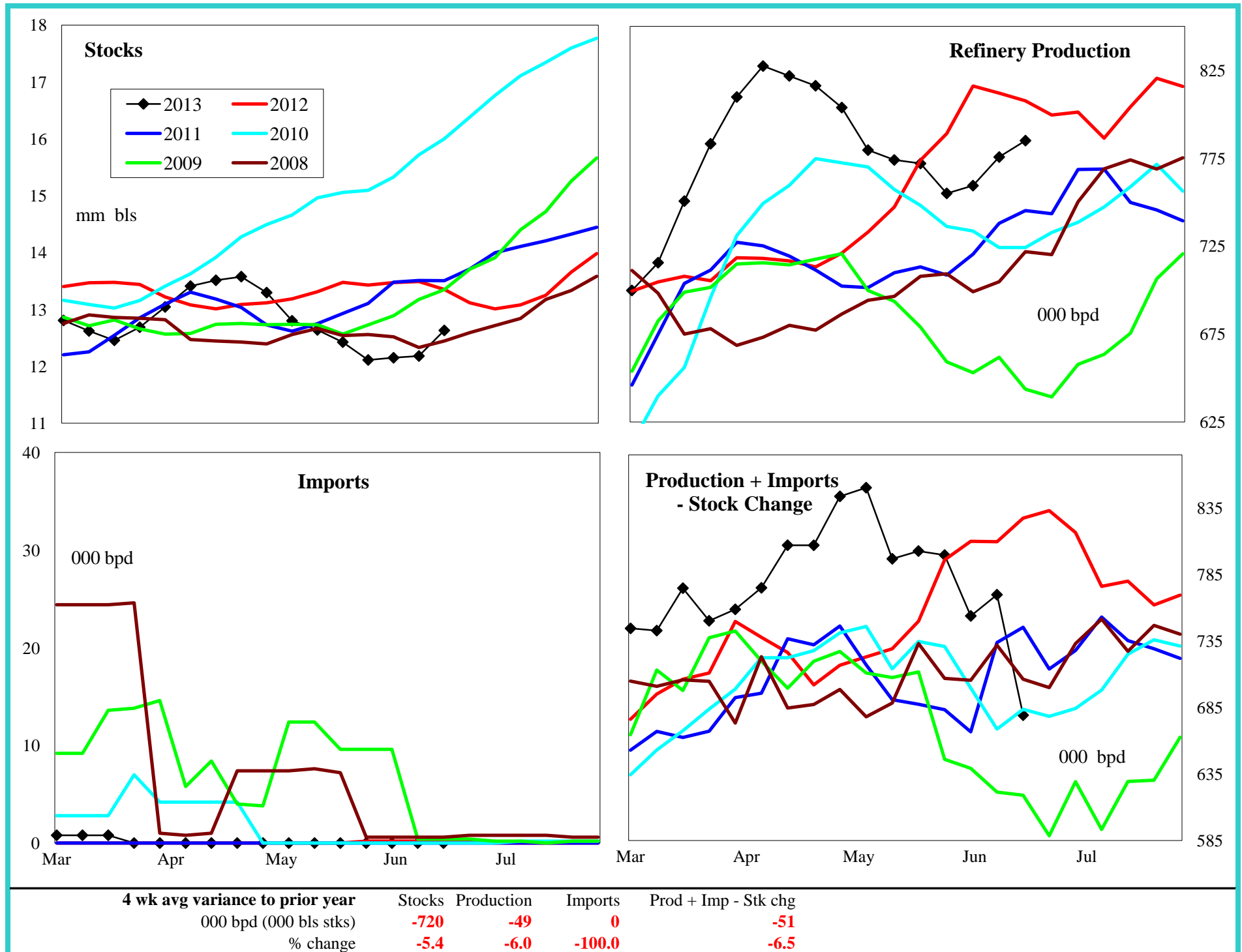
PADD 3 Low Sulfur Distillate Supply



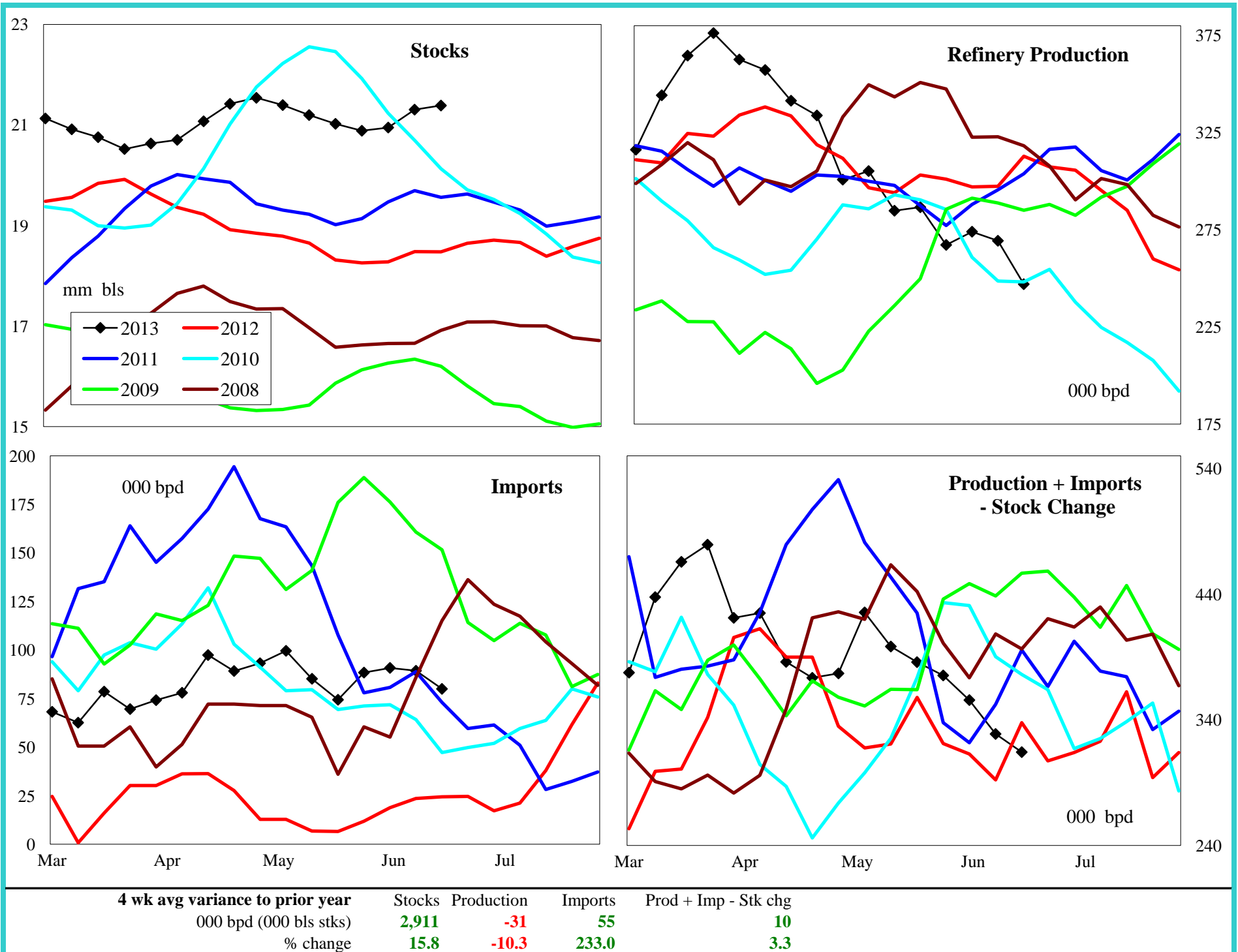
PADD 3 High Sulfur Distillate Supply



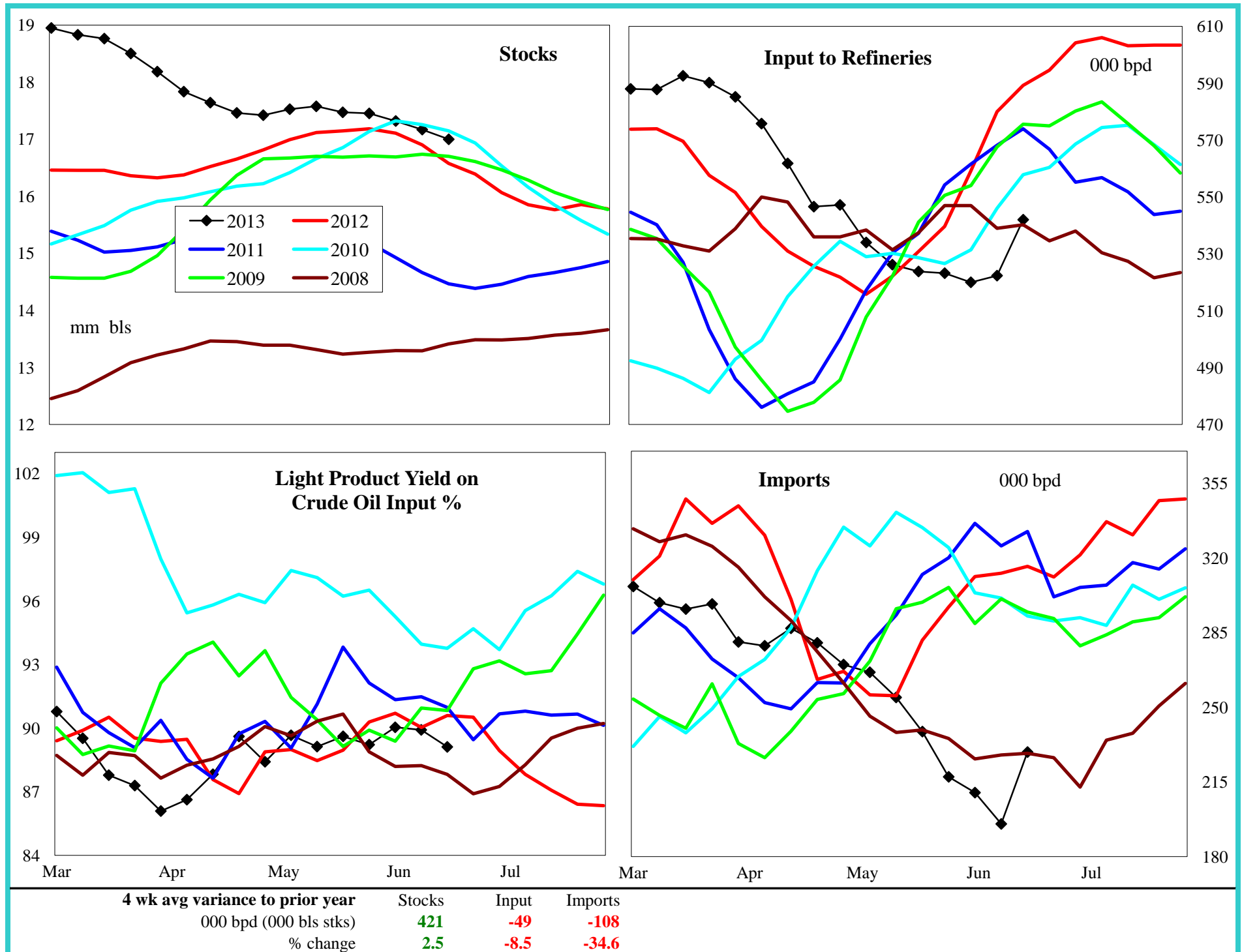
PADD 3 Jet Fuel Supply



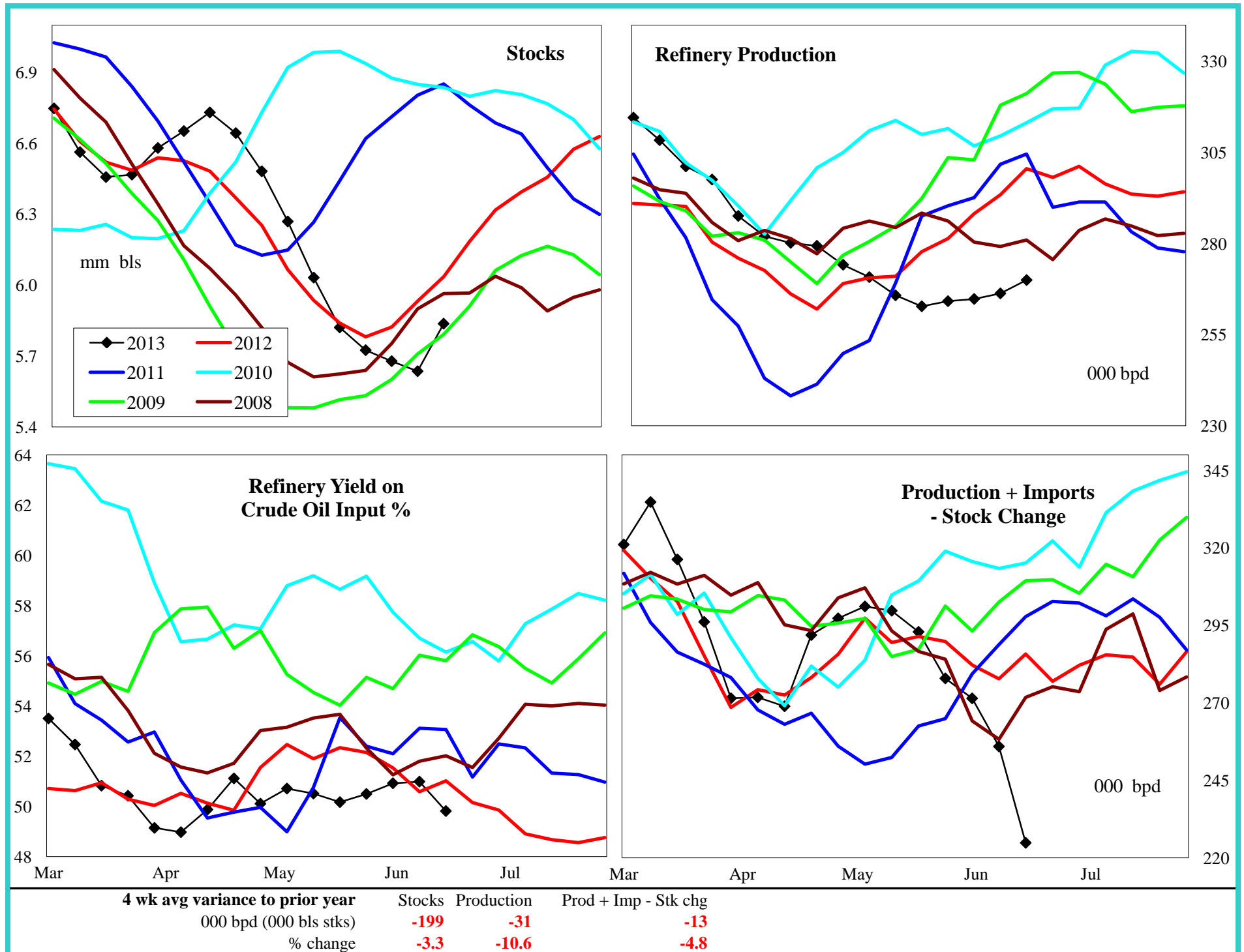
PADD 3 Residual Fuel Oil Supply



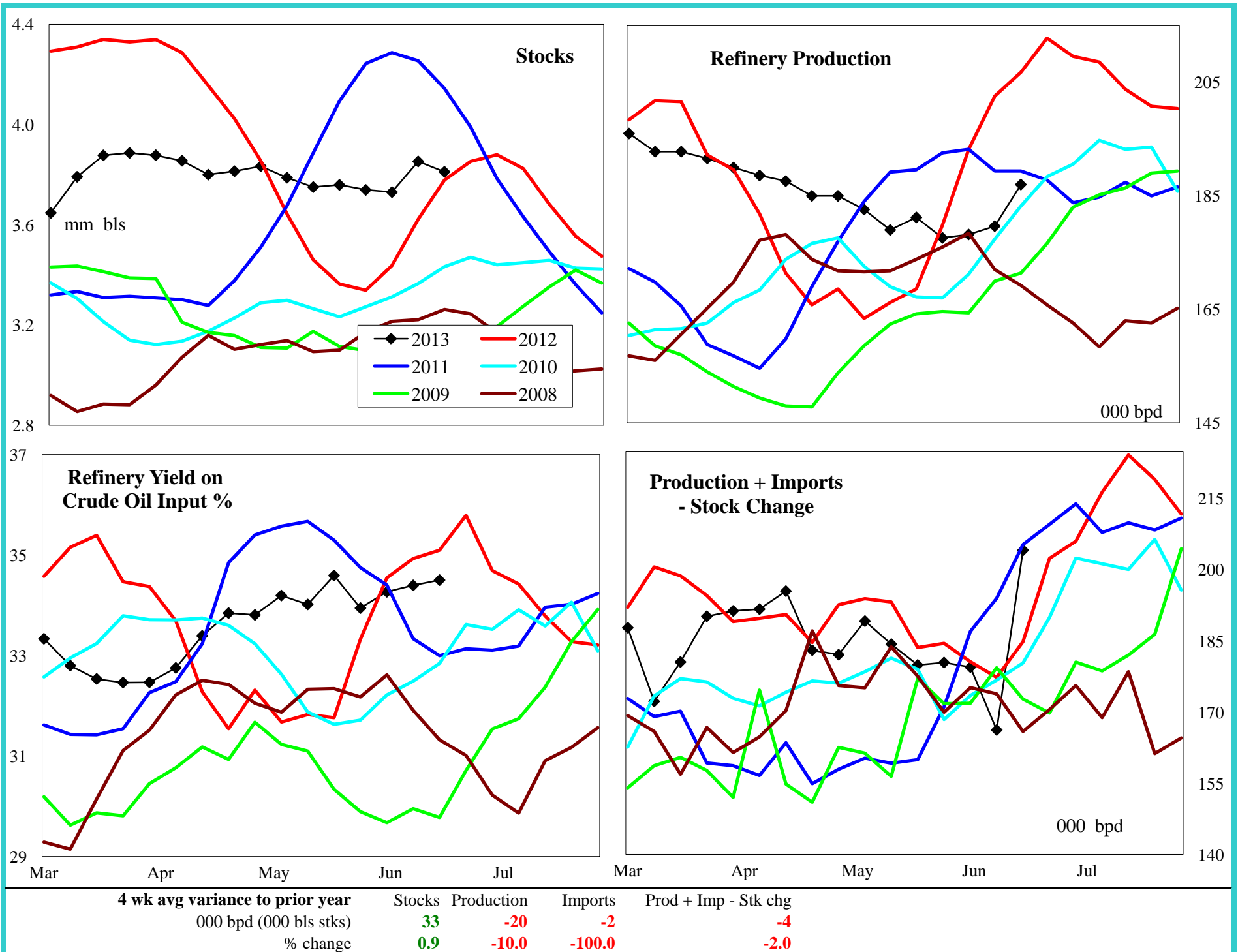
PADD 4 Crude Oil Supply and Refining



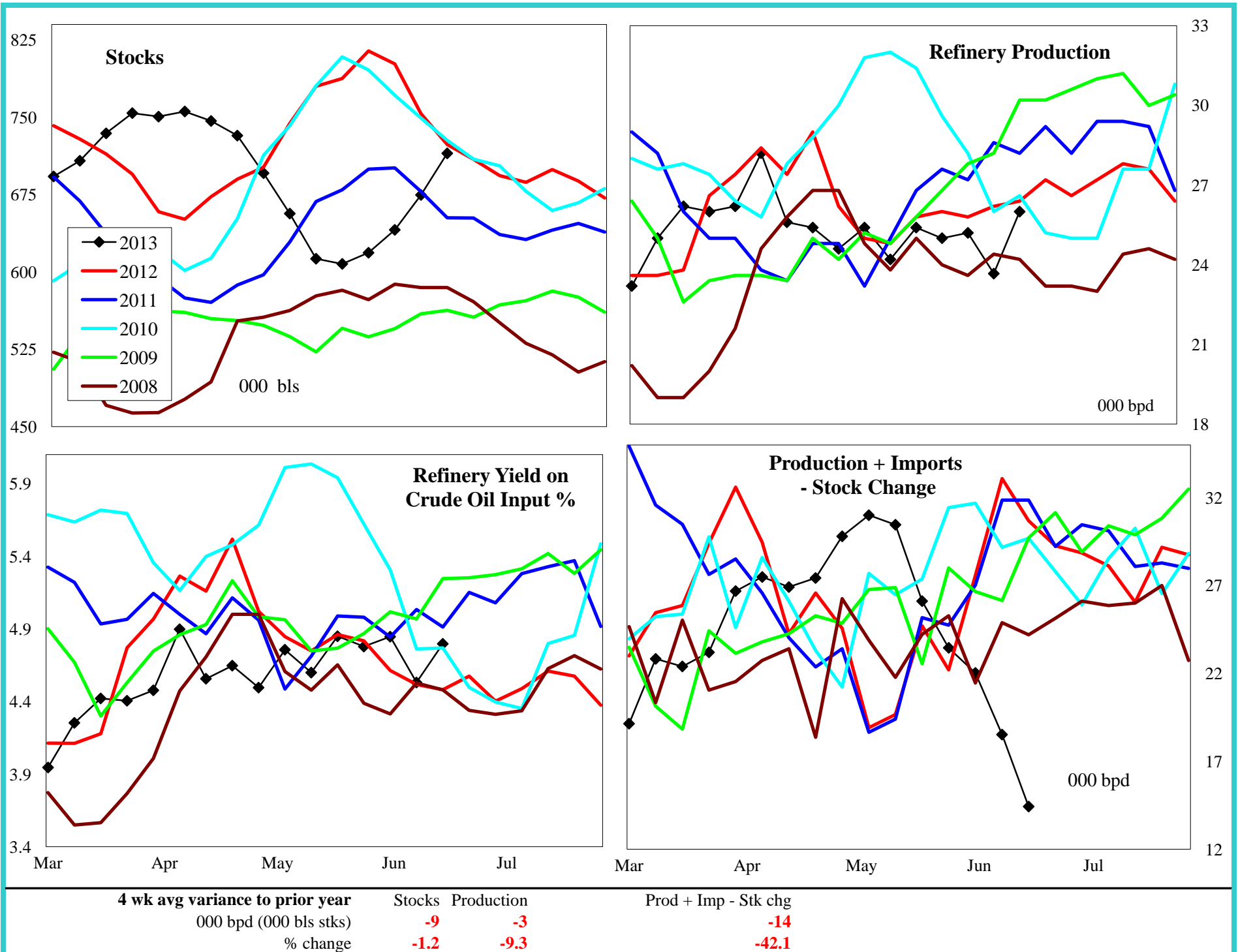
PADD 4 Gasoline Supply



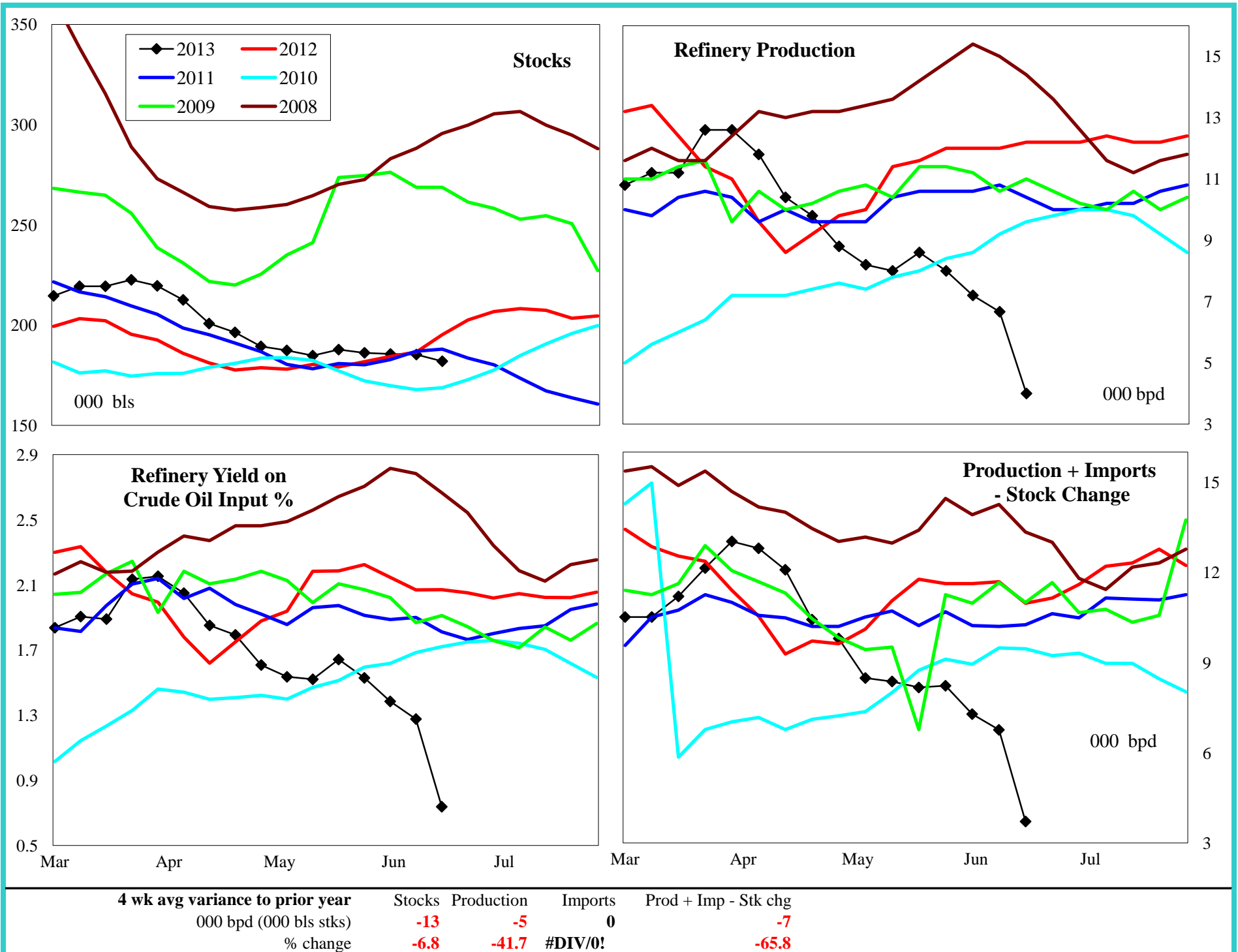
PADD 4 Distillate Supply



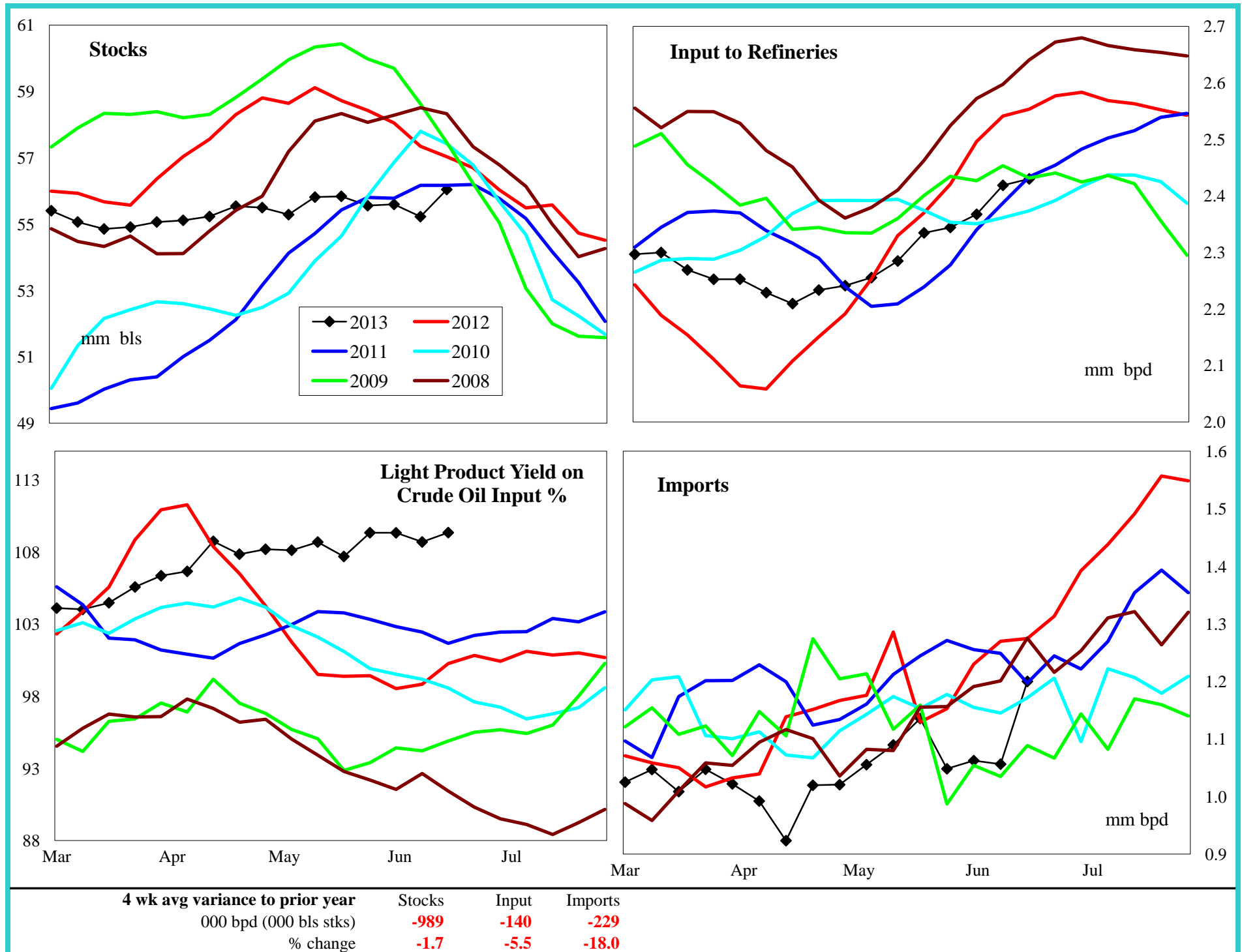
PADD 4 Jet Fuel Supply



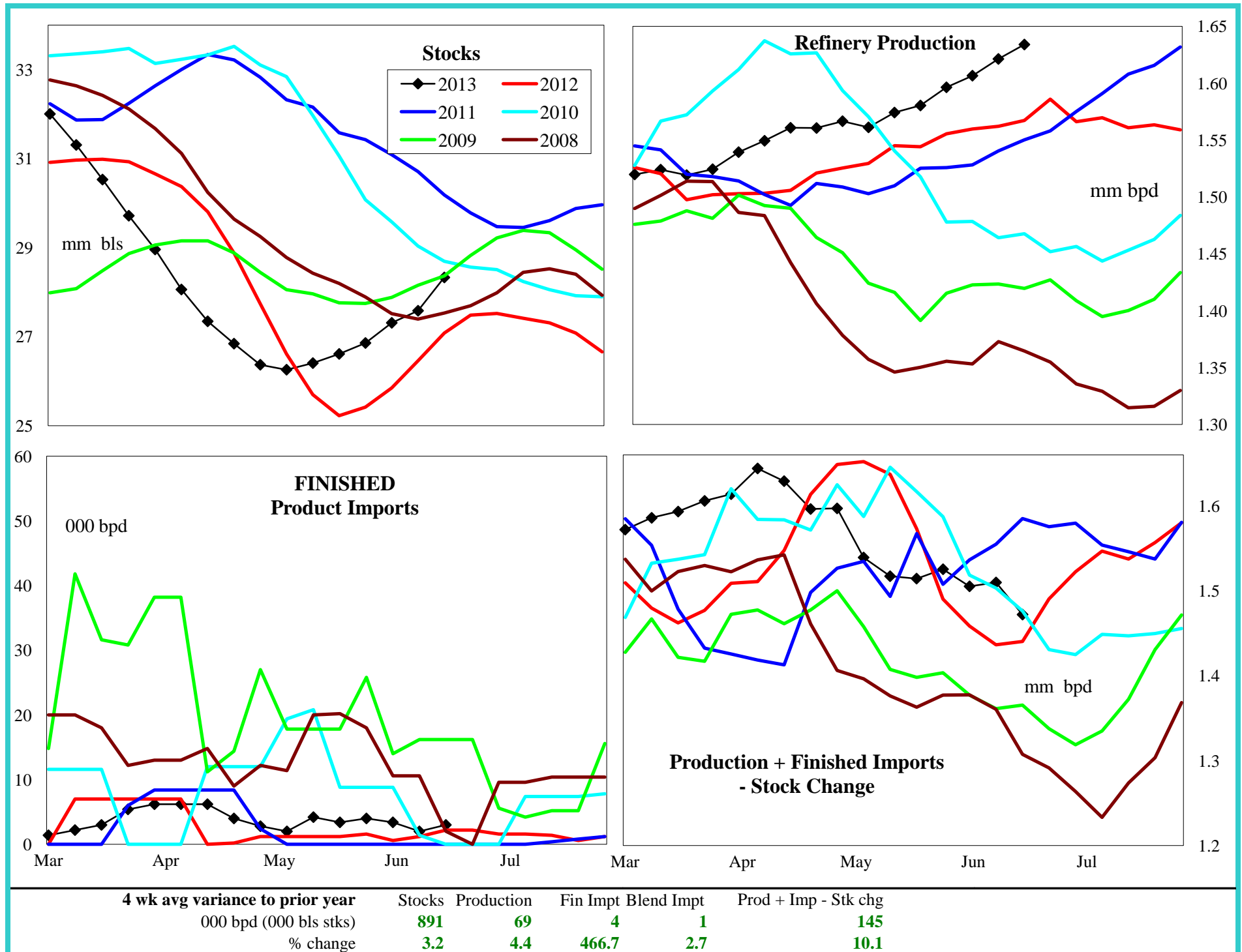
PADD 4 Residual Fuel Oil Supply



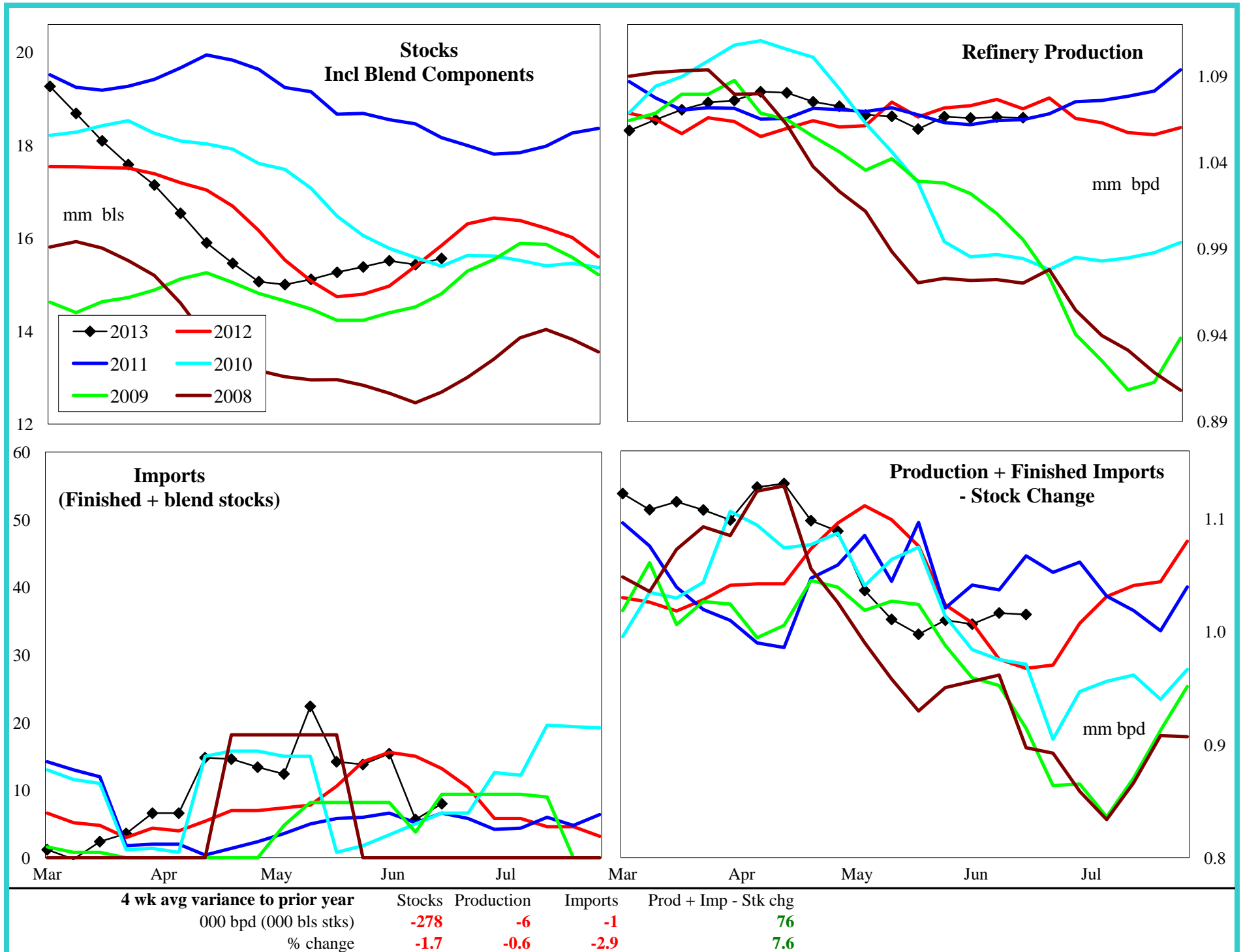
PADD 5 Crude Oil Supply and Refining



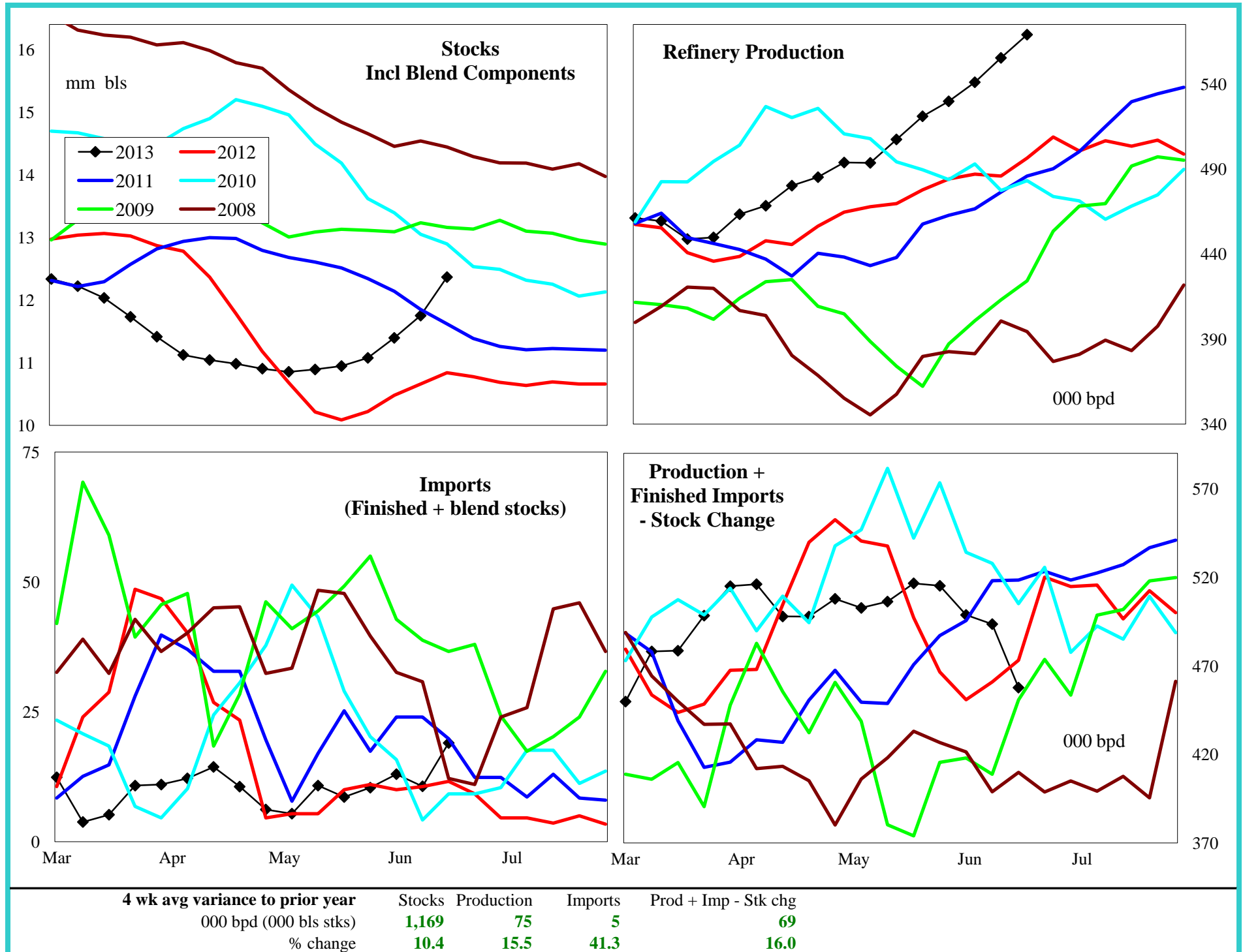
PADD 5 Gasoline Supply



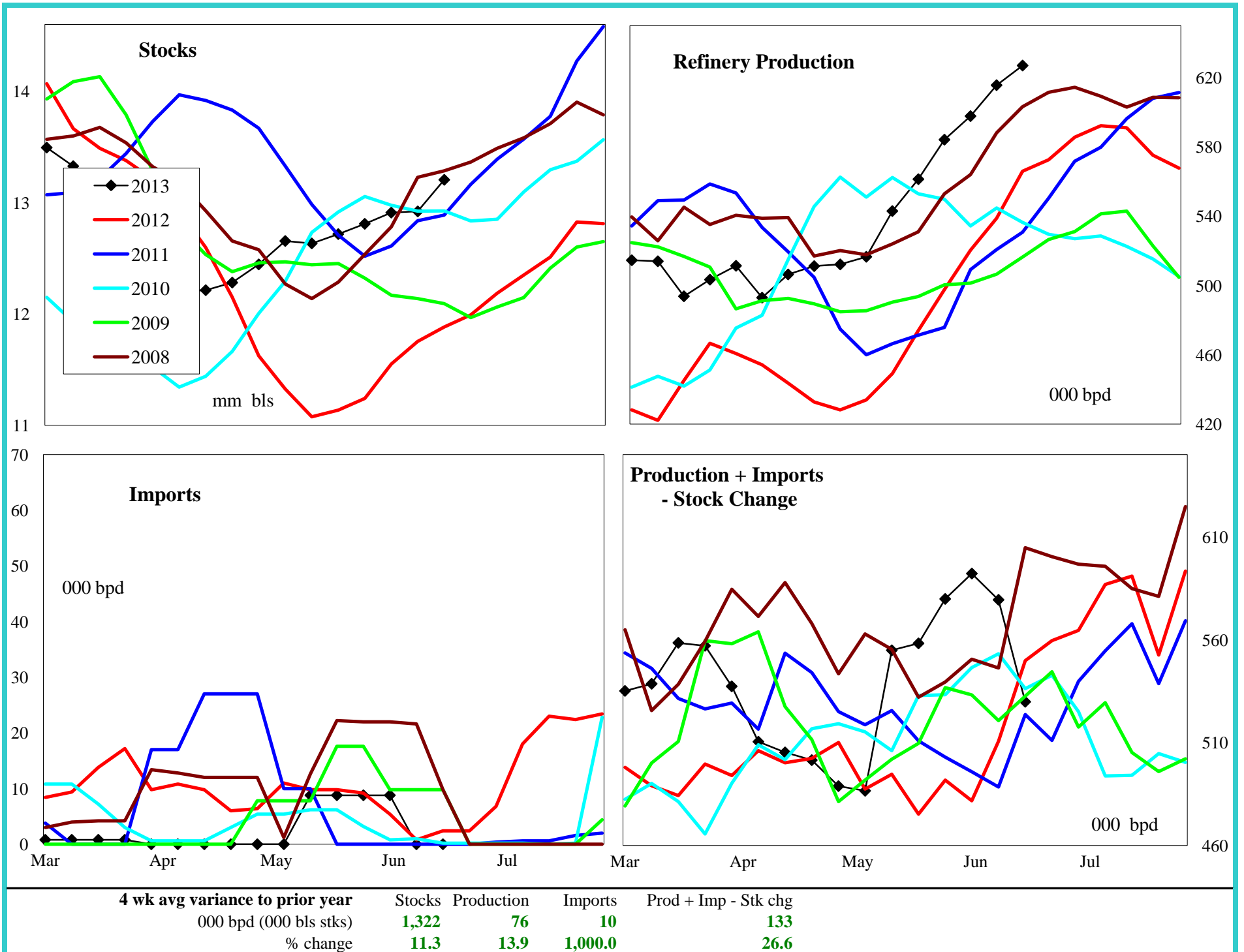
PADD 5 Reformulated Gasoline Supply



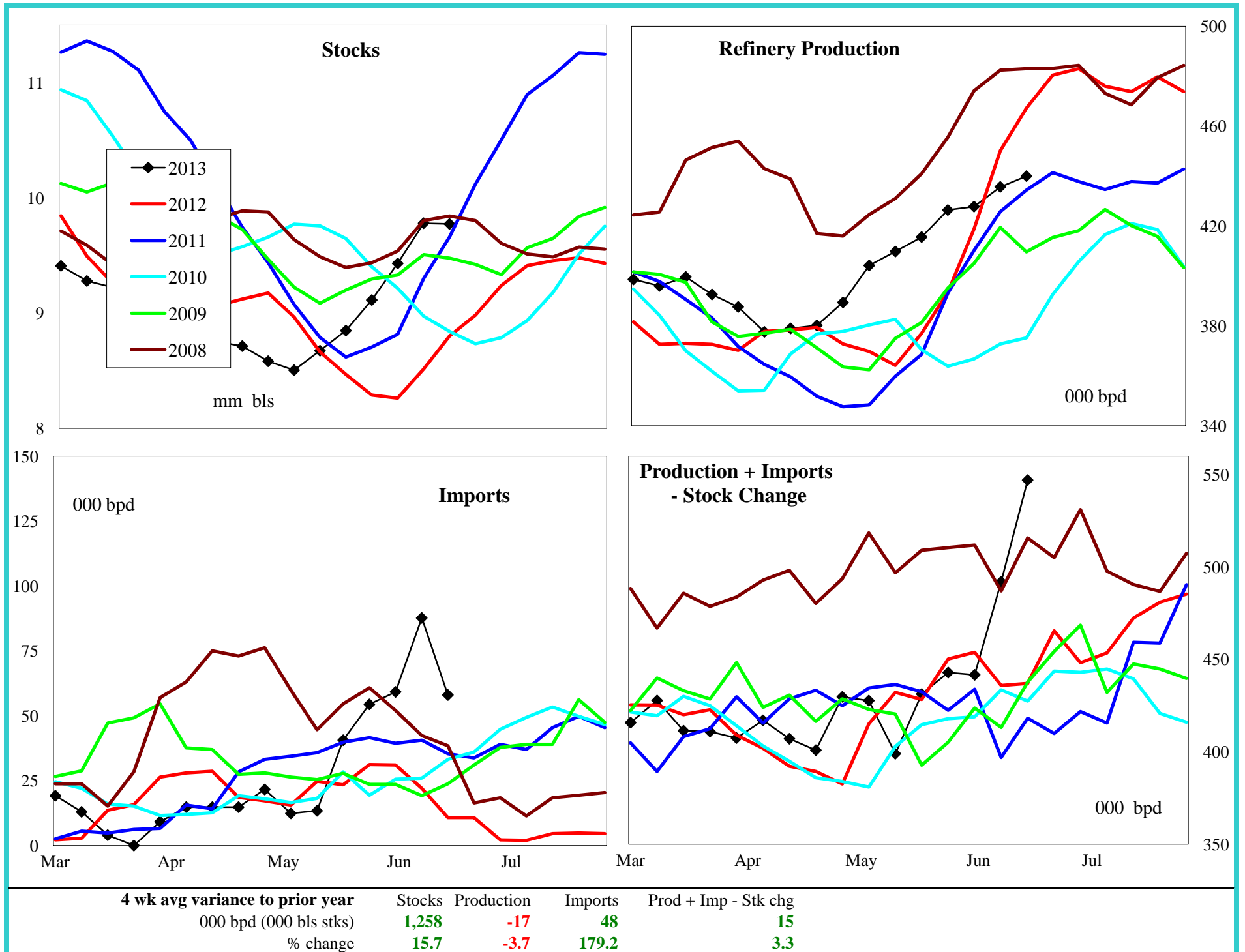
PADD 5 Conventional Gasoline Supply



PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

