



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

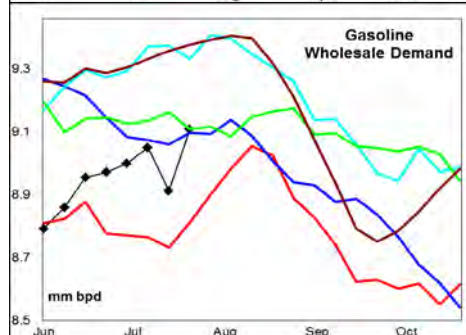
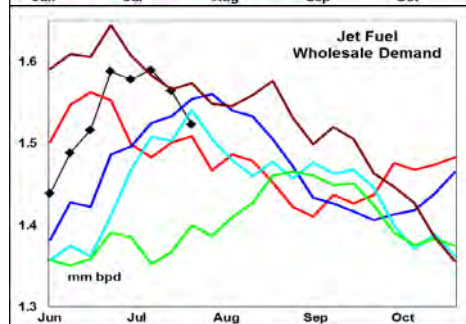
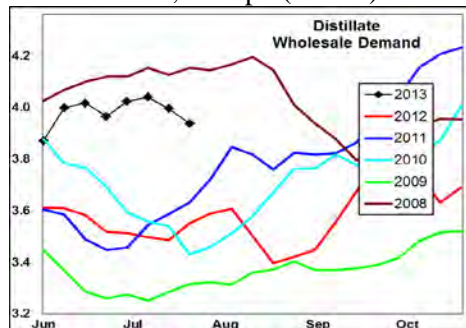
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 31, 2013



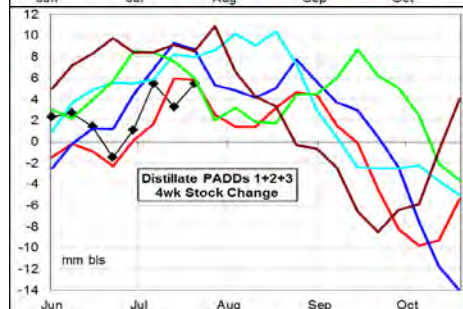
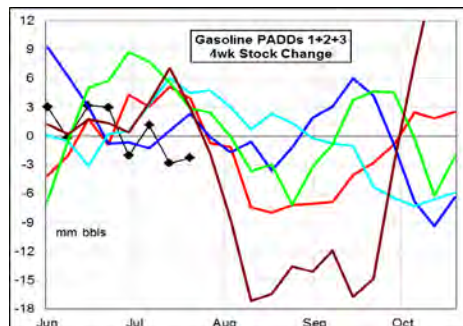
Major Fundamental Trends¹

Wholesale demand for gasoline, distillate and jet fuel continued to exhibit very high year on year increases. Distillate demand increased +527,000 bpd (+15%), jet fuel up +124,000 bpd (+9%) while gasoline increased 283,000 bpd (+3.2%).



The increase likely includes higher exports. Also contributing to the surge in year on year growth, was particularly low wholesale demand in 2012.

The surge in wholesale demand has led to record stock draws for gasoline during the latest 4-wk period, compared to builds in prior years, and record low stock builds for distillate.



Demand for gasoline and residual fuel oil each were higher in the week while middle distillates declined. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +3.2%; distillate was +15% higher; jet fuel was +9% higher, and residual decreased -11%.

Stocks forward coverage: Gasoline demand coverage increased on a +0.8 million barrel stock build and +0.2 million bpd rise in wholesale demand. Coverage remains slightly above the 5-year range.

Distillate coverage decreased on a -0.5 million barrel stock draw, partially offset by a -0.3 million bpd decrease in demand. Coverage levels were near historic lows.

Jet fuel coverage fell on a -0.2 million barrel stock draw and robust demand. Coverage levels remain below the 5-year range.

Residual fuel oil coverage decreased on the week with a -0.8 million barrel stock draw and +164,000 bpd increase in demand. Coverage levels ended the week at a level above the 3-year mid range.

Refinery utilization rates declined last week on a -666,000 bpd decrease in crude oil runs. During the latest 4-wk period crude oil input was +418,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased on a +291,000 bpd rise in output compared to the -66,000 bpd decline in crude oil runs. Yield % on crude oil runs ended the week at the highest level of the last 60-days.

Distillate yield % on crude oil runs decreased on a -171,000 bpd drop in output compared to the smaller decrease in crude oil thru put. The yield % on crude oil runs remains above the last 3-yrs.

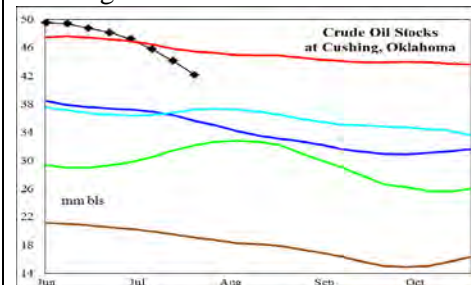
Jet fuel yield % on crude oil runs increased on a +37,000 bpd rise in output, compared to lower crude oil input. The yield % level was above the 5-yr mid range.

Petroleum Imports/Exports: Imports of crude oil and gasoline were each higher last week, while middle distillates saw modest declines.

During the latest 4-wk period crude oil *imports* were -1 million bpd below last year; distillate imports increased +24,000 bpd; finished gasoline imports increased +18,000 bpd, gasoline blend stock imports were -263,000 bpd lower; jet fuel imports increased +21,000 bpd, while residual fuel oil imports were -17,000 bpd lower.

The latest monthly (May) *export* estimate saw a -85,000 bpd year-on-year decrease for gasoline, distillate +23,000 bpd, jet fuel +9,000 bpd and residual fuel oil -11,000 bpd.

Crude Oil stocks increased +0.4 million barrels last week, including a -2.1 million barrel draw in the Midwest region. Stocks ended the week -9 million barrels below last year's record level (-2.4%). Stock levels ended the week -7.4% below last year in Cushing.



¹ Source is latest EIA Weekly Statistics



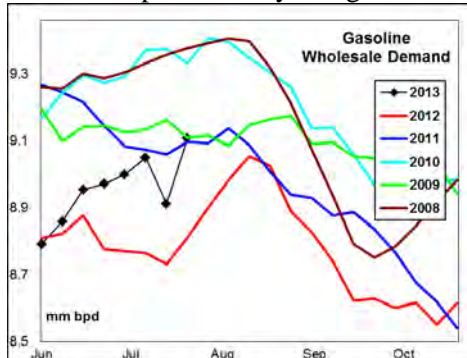
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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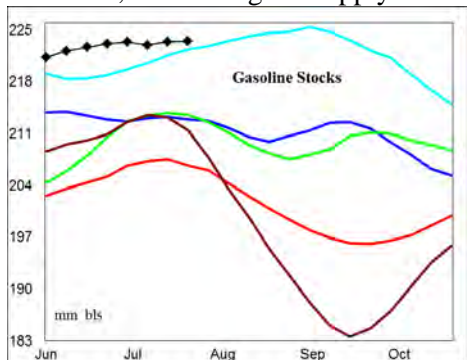
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Product Supply-Demand Trends

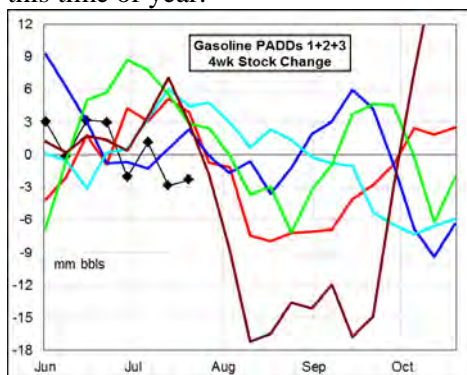
Gasoline wholesale demand increased +165,000 bpd on the week. The latest 4-wk average demand was +283,000 bpd above a year ago, and likely includes a rise in exports. Supply surged +0.7 million bpd last week on sharply higher imports and production. Supply for the latest 4-wk period was +242,000 bpd above a year ago.



Stocks increased +0.8 million barrels last week, on the surge in supply.



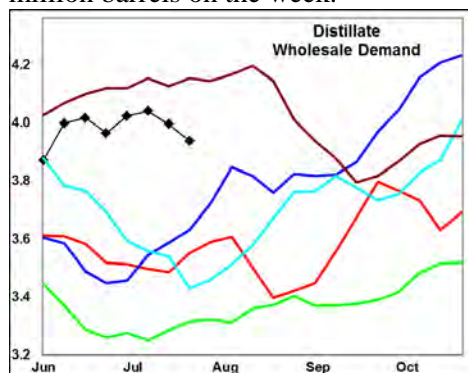
The latest 4-wk stock change in markets East of the Rockies was a -2.3 million barrel draw, a record draw for this time of year.



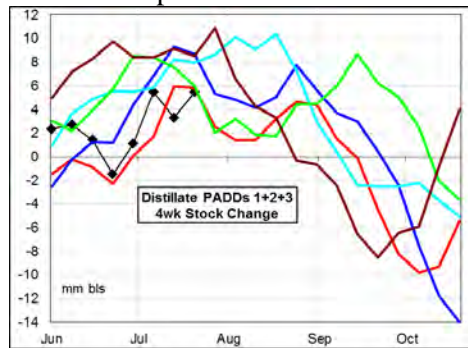
Robust demand, (including increased exports) has led to a +3.2% year over year increase for the most recent 4-wk period has driven record stock draws for this time of year. Look for a

seasonal stock draw during the next 45-days. Stock levels remain extremely high in PADDs 1, 3 and 5.

Distillate wholesale demand fell -0.3 million bpd on the week, to a level above four of the last 5-yrs. The high level of demand likely includes some increase in exports. The latest 4-wk average demand was +527,000 bpd above a year ago, a +15% increase. Supply decreased -224,000 bpd last week although the level remains above the historic range. The latest 4-wk average supply was +323,000 bpd above last year. Stocks decreased -0.5 million barrels on the week.



The latest 4-wk stock change in markets East of the Rockies was a +5.8 million barrel build, matching historic lows for the period.



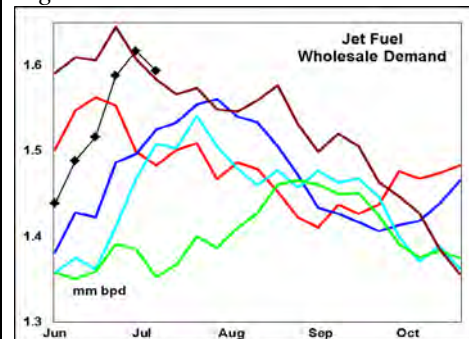
An exceptional increase in demand (likely including an increase in exports) of +15% over a year ago for the most recent 4-wk period has reduced the rate of stock building to a 5-year low. This fundamental trend points to a slower than normal rate of improvement in the supply balance.

Jet Fuel wholesale demand decreased -52,000 bpd last week, with the level matching the 3-yr mid range. The latest 4-wk average demand was

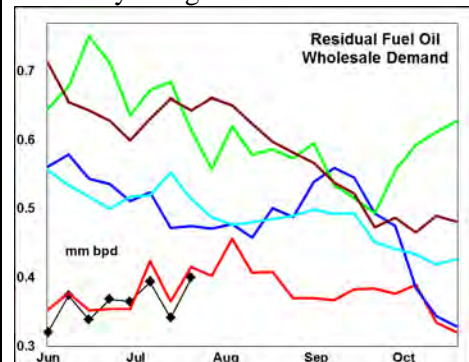
+124,000 bpd above last year, a +9% increase.

Supplies decreased -3,000 bpd on the week, with production near historic highs and imports falling to a record low. Supply for the latest 4-wk period was -14,000 bpd below a year ago. Stocks fell to a fresh 5-yr low.

Look for demand to extend a seasonal downtrend. Seasonally high production and a rebound in imports should lead to modest stock building during the next quarter. Stock levels are below the 5-yr range in all major regions.



Residual fuel oil demand increased +164,000 bpd last week. Demand for the latest 4-wk period was -37,000 bpd below a year ago.



Supply (production + imports) decreased -43,000 bpd last week, on lower imports. Production levels exceeded year ago levels last week. Stock levels matched the average of the last 3-years.

Stock levels remain above the 5-year range in the Gulf region where stocks are +3.2 million barrels above last year and a record. Demand for the latest 4-wk period remains below the 5-yr range.



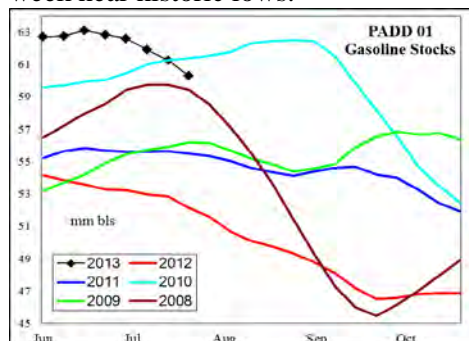
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PADD Supply Trends

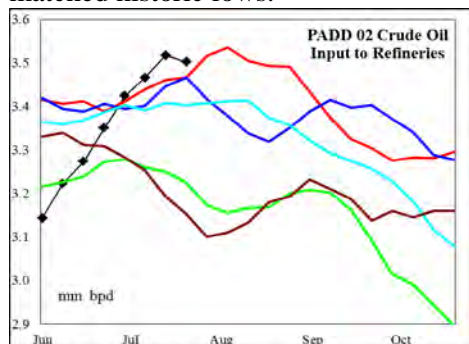
PADD 1 refinery crude oil runs increased +104,000 bpd last week, to a level +10% above a yr ago. Crude oil stocks and imports each ended the week near historic lows.



Gasoline supply increased +404,000 bpd on a jump in imports. Stocks declined -0.8 million barrels last week, to a level near 5-year highs.

Distillate supply decreased -11,000 bpd on the week, with the 4-wk average +67,000 bpd above a yr ago. Stocks increased +0.3 million barrels with ULSD stock levels at 5-year highs.

Jet fuel stocks fell -0.9 million barrels last week, to a level that matched historic lows.



PADD 2 crude oil refinery runs decreased -29,000 bpd on the week, with the level above the 5-year range. Runs for the latest 4-wk period were +44,000 bpd above prior 5-year highs. Crude oil stocks fell -2.1 million barrels last week, driven by the record refinery runs. Stocks ended the week -7% below a year ago in Cushing.

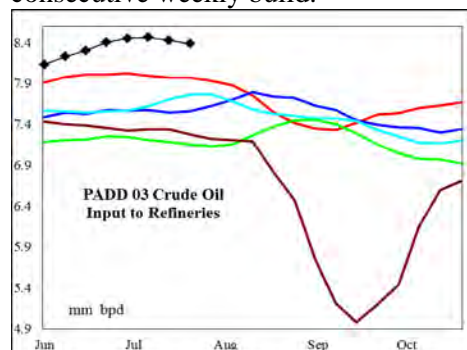
Gasoline production increased +11,000 bpd on the week, to a level that matched historic highs for the

period. Stocks declined -0.8 million barrels with the level well below the 5-year range.

Distillate supply fell -120,000 bpd last week, to a level that matched the last 2-yrs. Stocks decreased -0.2 million barrels on the week, to a level equal to the latest 3-year mid range.

Jet fuel production decreased -23,000 bpd last week, to a level that matched lows of the last 3-yrs. Stocks ended the week -9% below last year and a 5-yr low.

PADD 3 refinery runs were nearly unchanged last week with the level +6% above last year's record high. During the latest 4-wk period, average runs were +457,000 bpd above a year ago. Crude oil stocks increased +1.2 million barrels last week, the 2nd consecutive weekly build.



Gasoline supply decreased -40,000 bpd on the week, with the latest 3-wk average +121,000 bpd increased +1.4 million barrels with the level above the 5-year range.

Distillate supply decreased -38,000 bpd on the week, with the latest 4-wk average supply +204,000 bpd above last year. Stocks increased +0.9 million barrels on the week, with the level equal to a year ago.

Jet fuel supply increased +10,000 bpd on the week, with production matching historic highs. Stocks increased +1 million barrels, although the level remains below the 5-yr range.

Residual increased +15,000 bpd to a level comparable with last year. Stock levels ended the week +17% above a year ago, and a record high.

PADD 4 refinery crude runs increased +1,000 bpd on the week, to a level

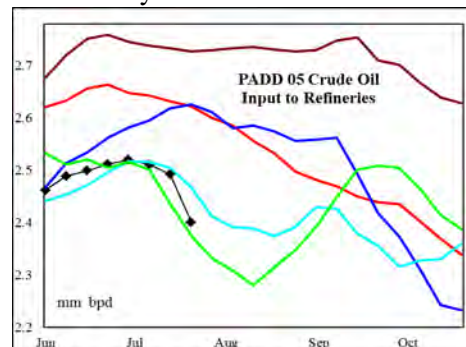
above four of the last 5-yrs.

Gasoline production increased +28,000 bpd on the week, to a level near historic highs for the period. Stocks were nearly unchanged at a level below each of the last 3-yrs.

Distillate production increased +19,000 bpd, to a level near the average of the last 3-yrs. Stock levels ended the week near historic lows.

Jet fuel production matched the average of the last 2-yrs, with stock levels also near the latest 2-yr average.

PADD 5 crude oil refinery runs decreased -149,000 bpd on the week; a level near historic lows. The latest 4-wk average run rate was -132,000 bpd below last year.




Gasoline supply fell -99,000 bpd on the week with production comparable to last year. The latest 4-wk average supply was +71,000 bpd above a year ago. Stocks increased +0.9 million barrels on the week, to a record high for this time of year.

Distillate supply fell -72,000 bpd, with production well below the last 2-years. The latest 4-wk average supply was -3,000 bpd below last year. Stocks fell -1.4 million barrels on the week, to a level that matched 5-year lows.

Jet fuel supply was nearly unchanged on the week. Stocks were also nearly unchanged at a level -11% below last years' record low.

Residual fuel oil imports for the most recent 4-wk period were +40,000 bpd above a year ago, more than offsetting record low production. Stock levels match the mid range of the last 2-yrs.



FUNDAMENTAL

PETROLEUM TRENDS

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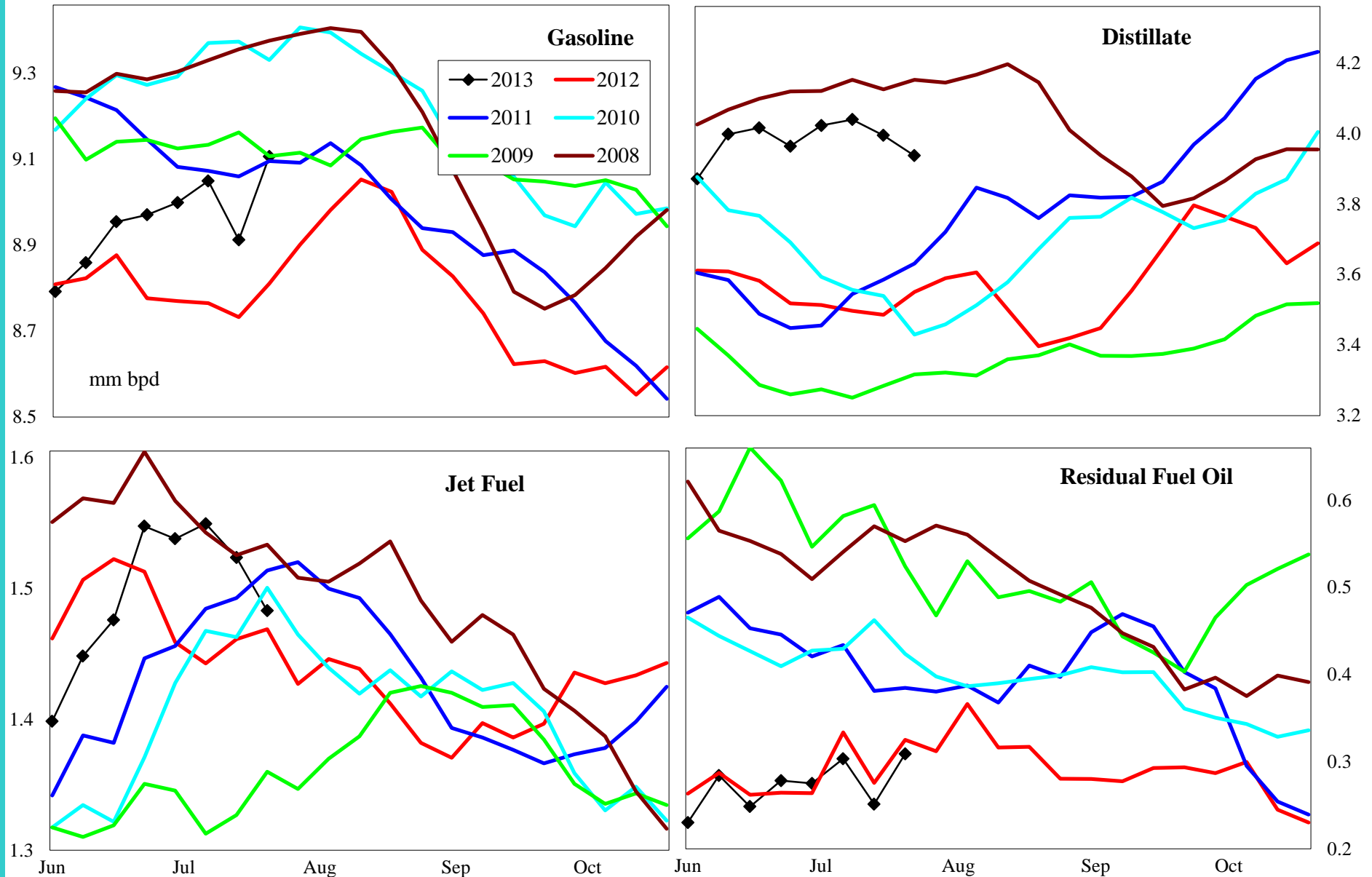
PETROLEUM: Graph Link and Weekly Summary

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July 31, 2013

Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	26-Jul-13	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	431	-12	-2,137	1,220	265	1,095
	Imports	136	56	-49	-78	74	133
	Input	-66	104	-29	8	1	-149
	% Utilization	-1.00					
Gasoline	Stocks	770	-778	-838	1,495	31	862
	Production	291	24	11	-40	28	-95
	Imports	378	380	2	0	0	-4
	Supplied	165					
Distillate	Stocks	-466	250	-177	890	-45	-1,384
	Production	-171	13	-129	-38	19	-35
	Imports	-53	-24	9	0	0	-37
	Supplied	-332					
Jet Fuel	Stocks	-239	-906	-251	952	-11	-23
	Production	37	3	-23	10	4	42
	Imports	-40	0	0	0	0	-40
	Supplied	-52					
Residual Fuel Oil	Stocks	-770	-719	-185	-162	2	294
	Production	9	0	31	-10	-2	-10
	Imports	-52	-70	1	25	-2	-8
	Supplied	164					

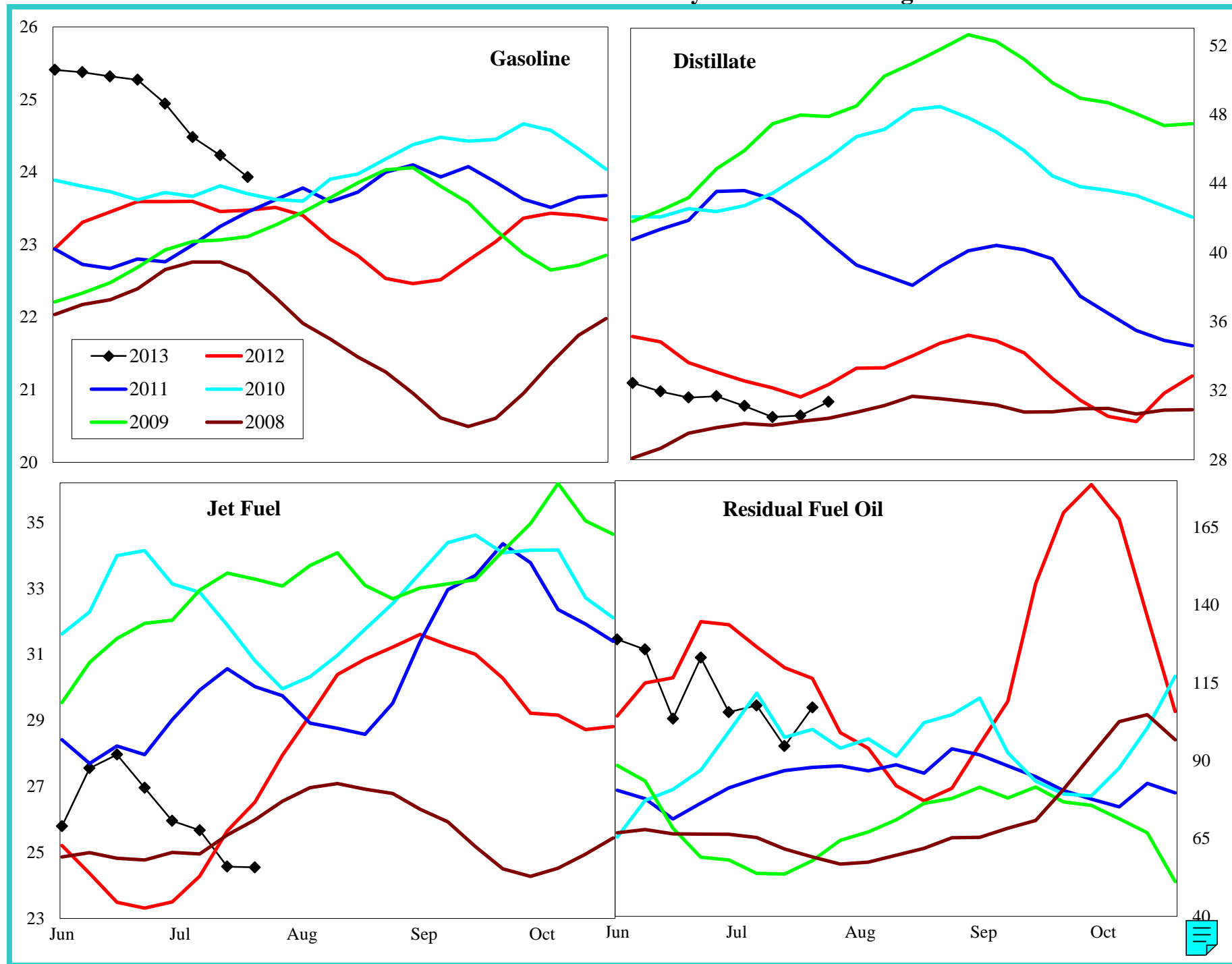
United States Wholesale Petroleum Demand



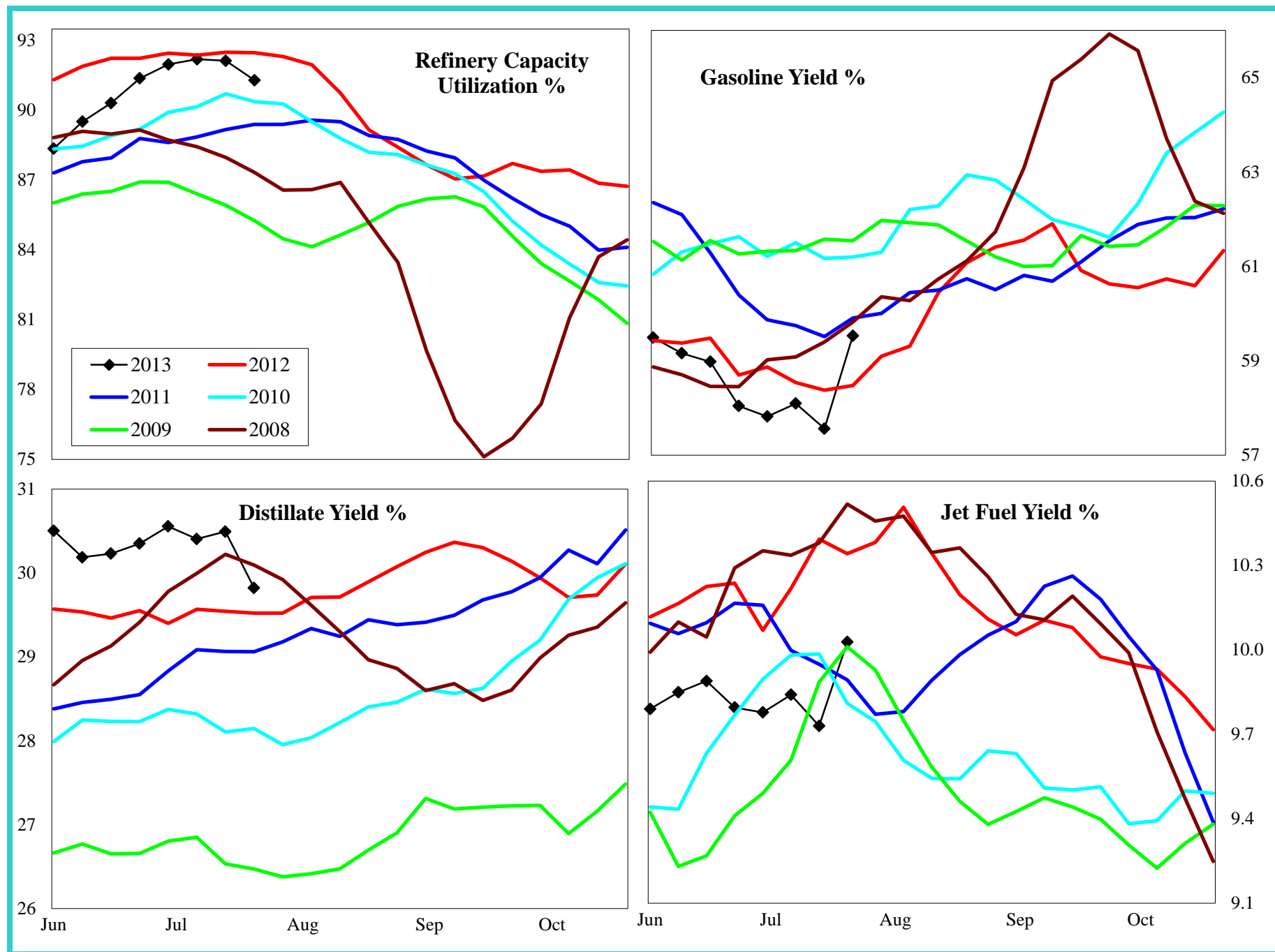
	000 bpd change from prior year				% change from prior year				
	4wk avg	Jun	May	Jan	4wk avg	Jun	May	Apr	
Gasoline	283	-116	-269	-51	3.2	-1.3	-3.0	-0.6	
Distillate	527	380	96	167	15.2	10.2	2.6	4.5	
Jet Fuel	124	-56	75	55	8.5	-3.6	5.3	4.0	
Resid	-37	-100	111	-124	-10.8	-26.9	37.8	-30.4	



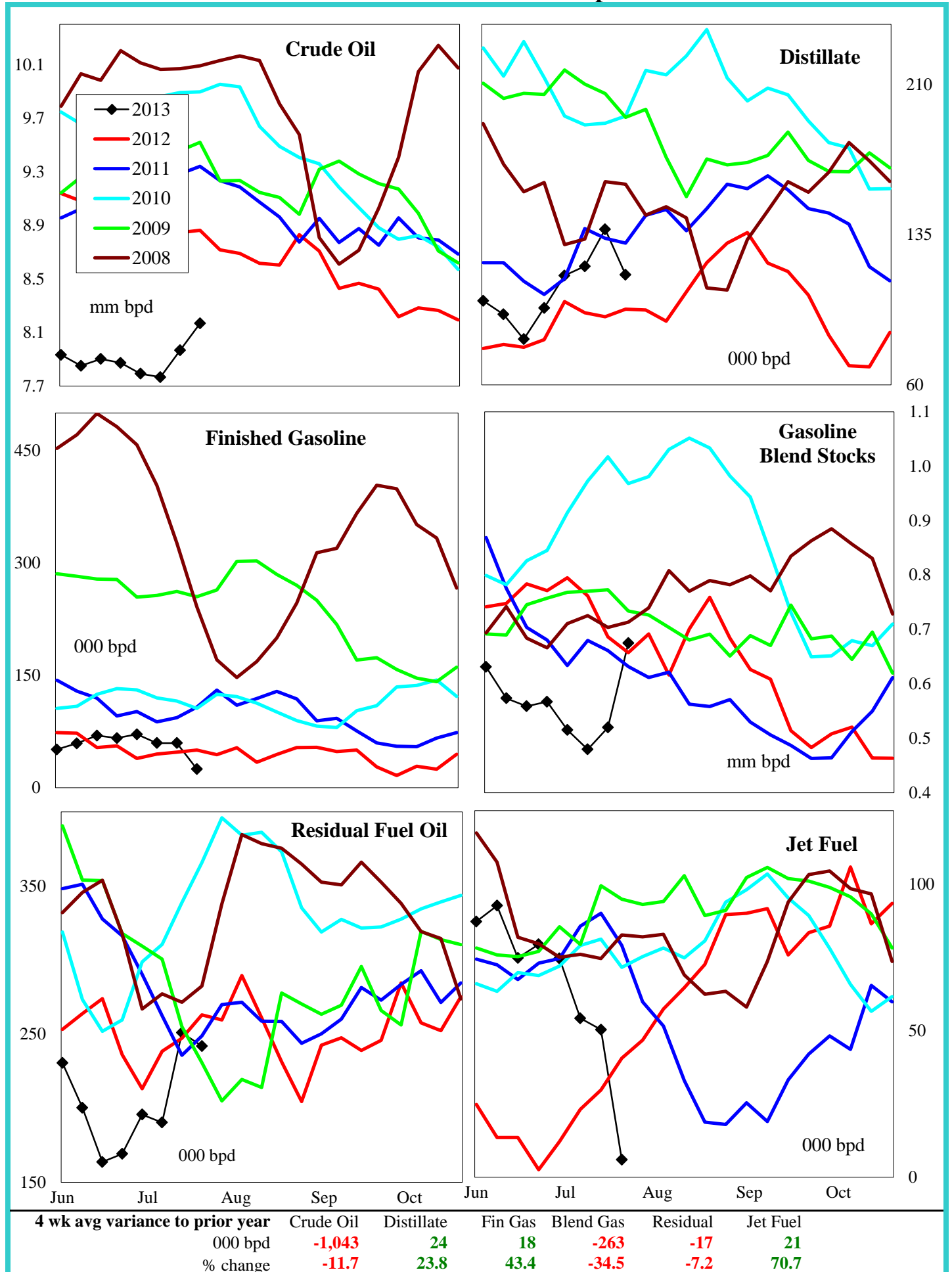
United States Product Stocks: Days Forward Coverage



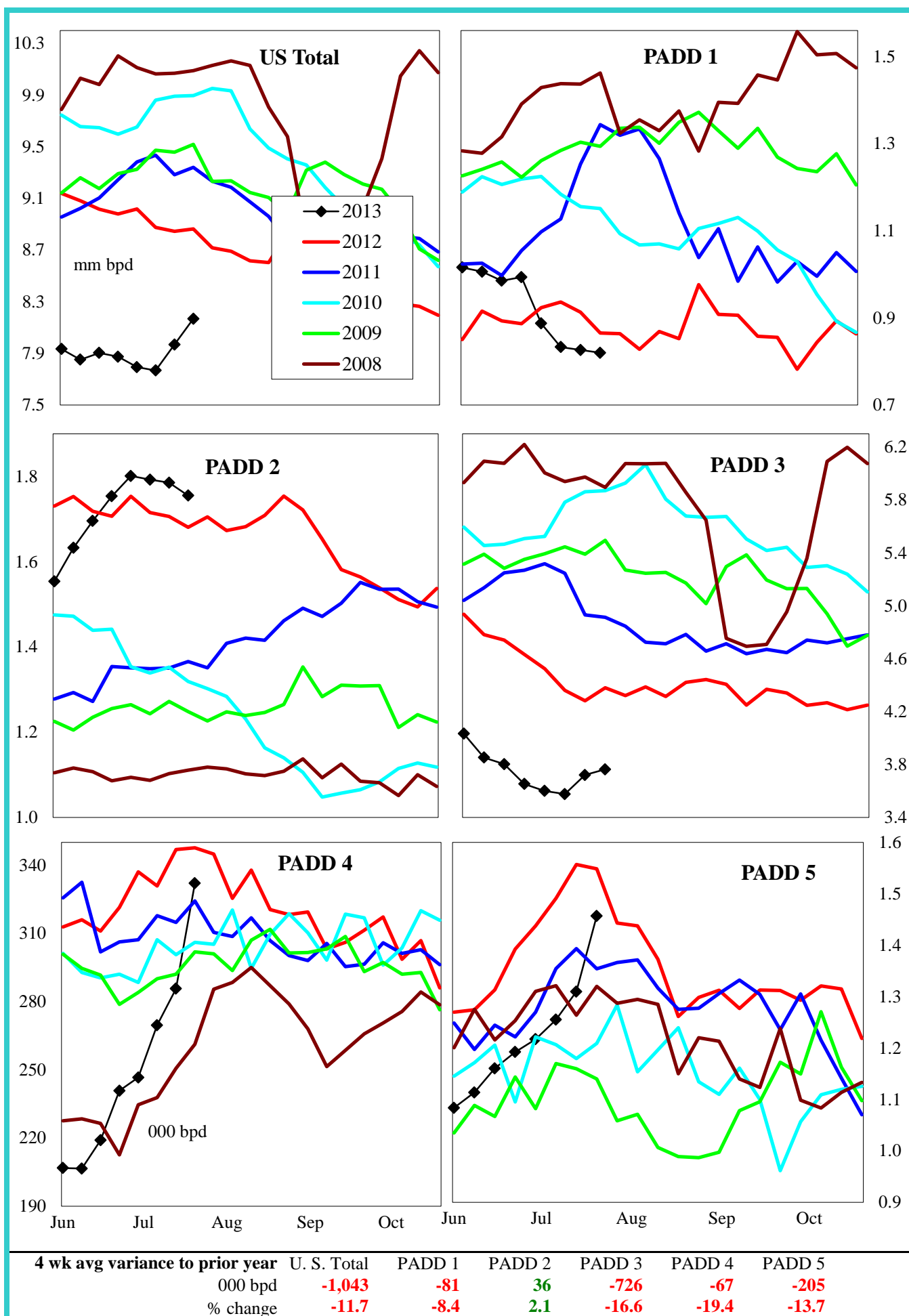
United States Refinery Percent Utilization Rate and Product Yields



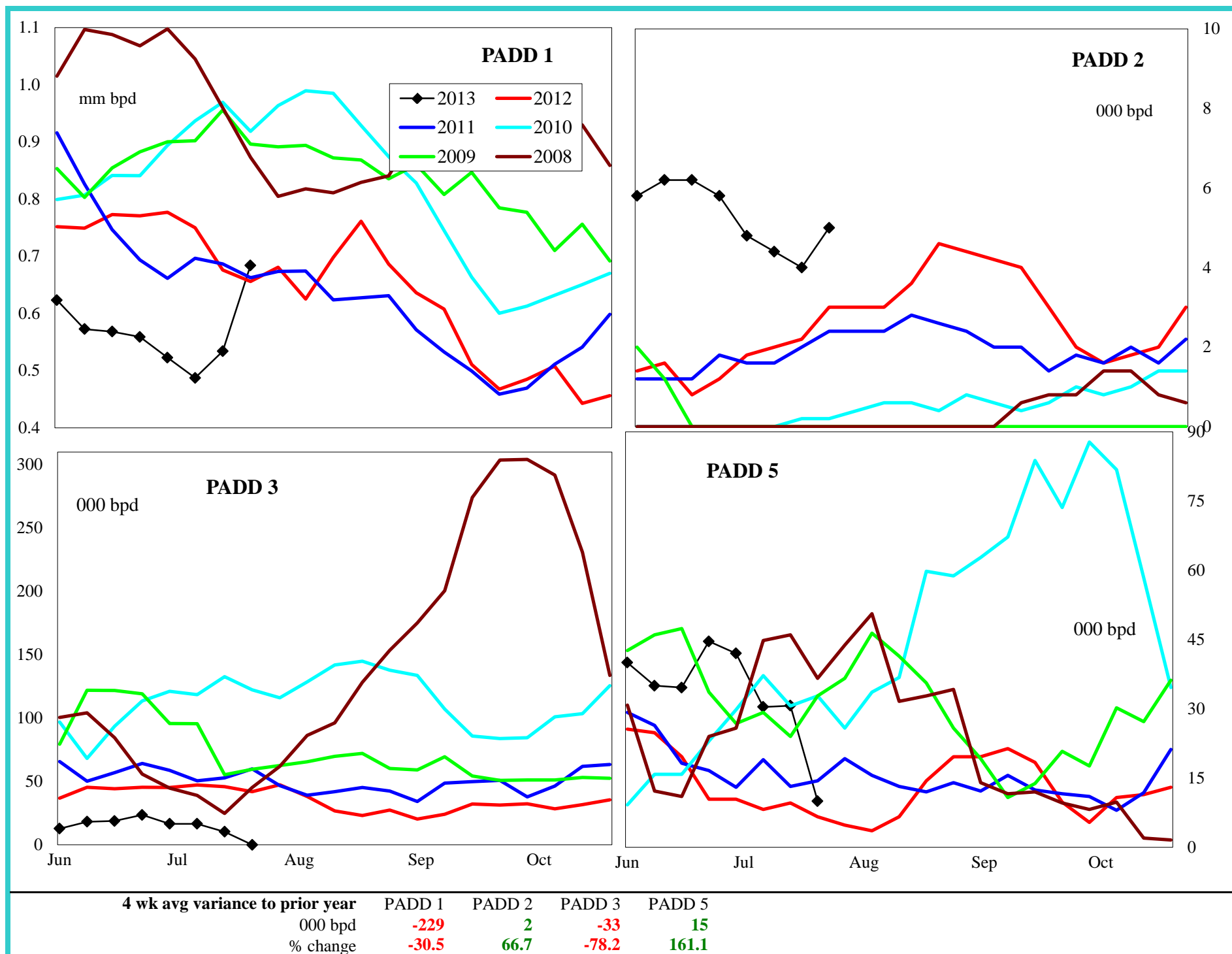
United States Petroleum Imports



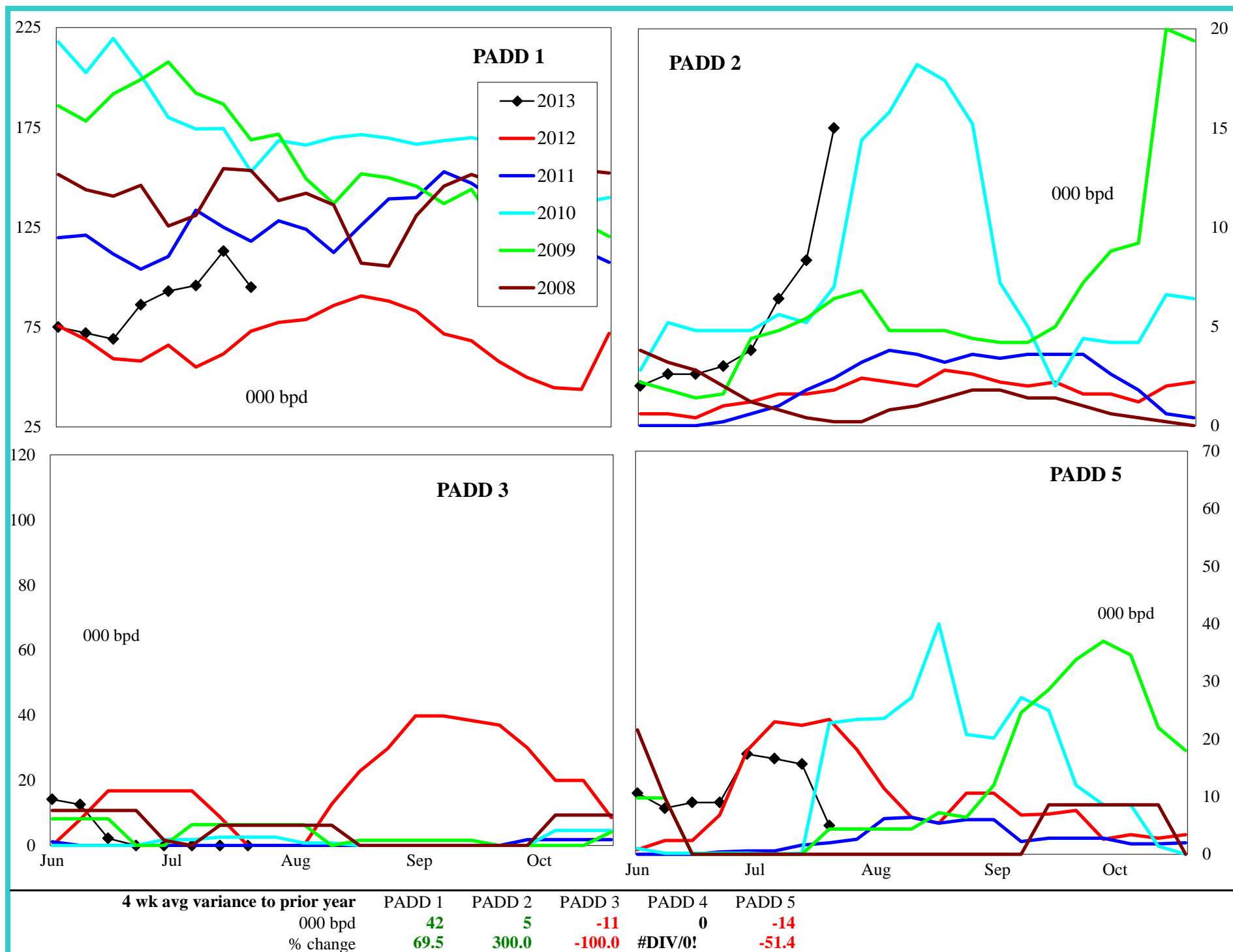
Crude Oil Imports by PADD



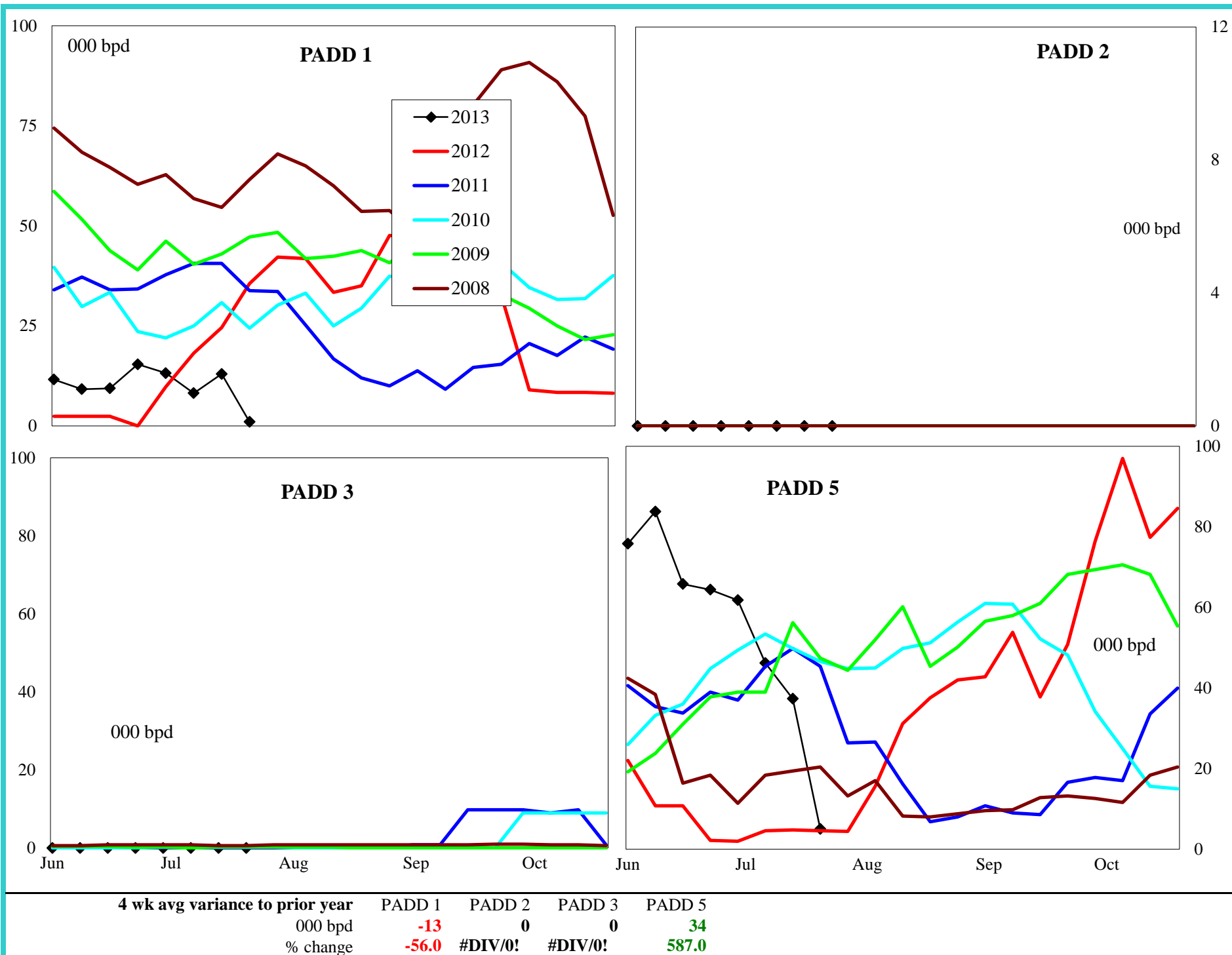
Gasoline Imports by PADD (Finished + Blend Stocks)



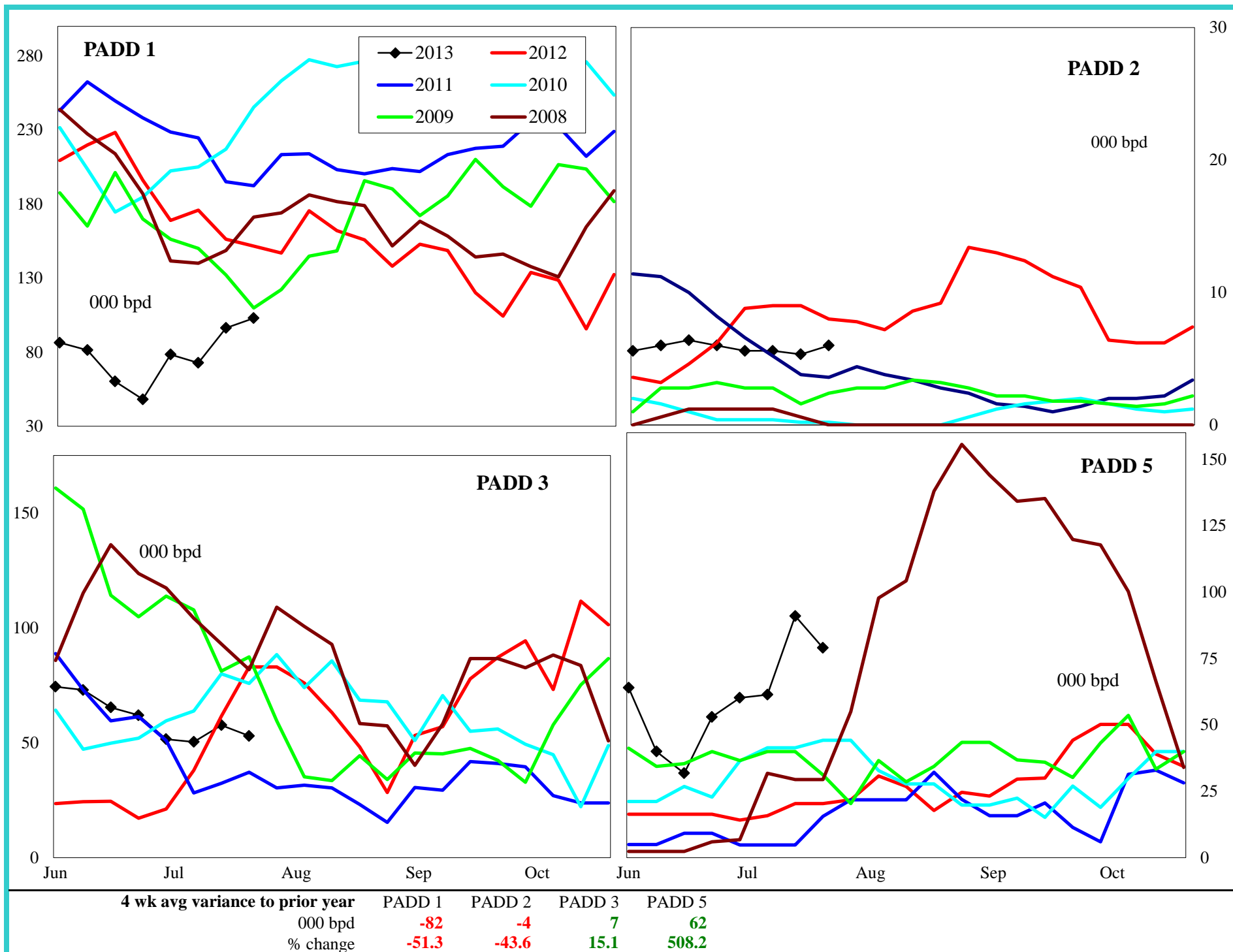
Distillate Imports by PADD



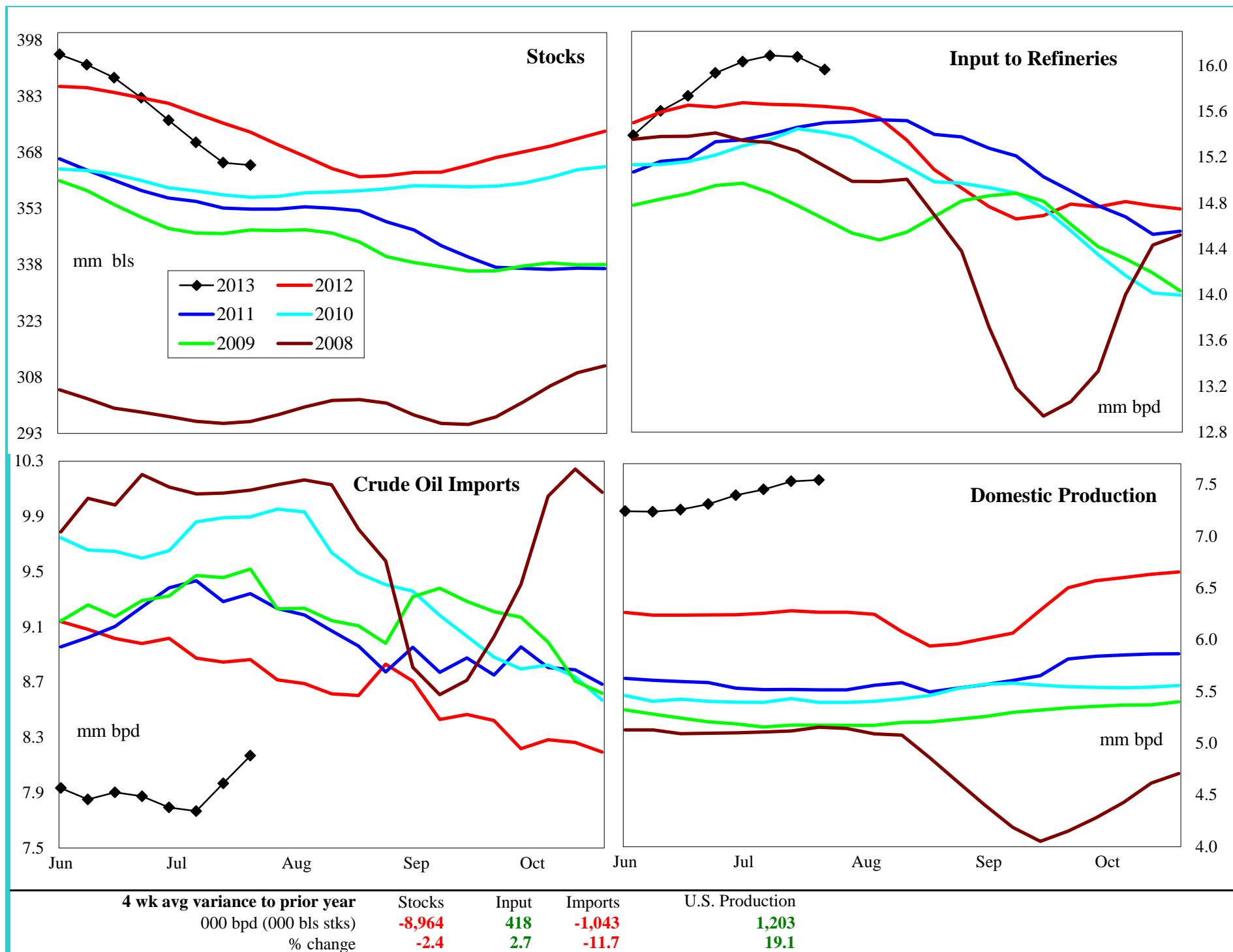
Jet Fuel Imports by PADD



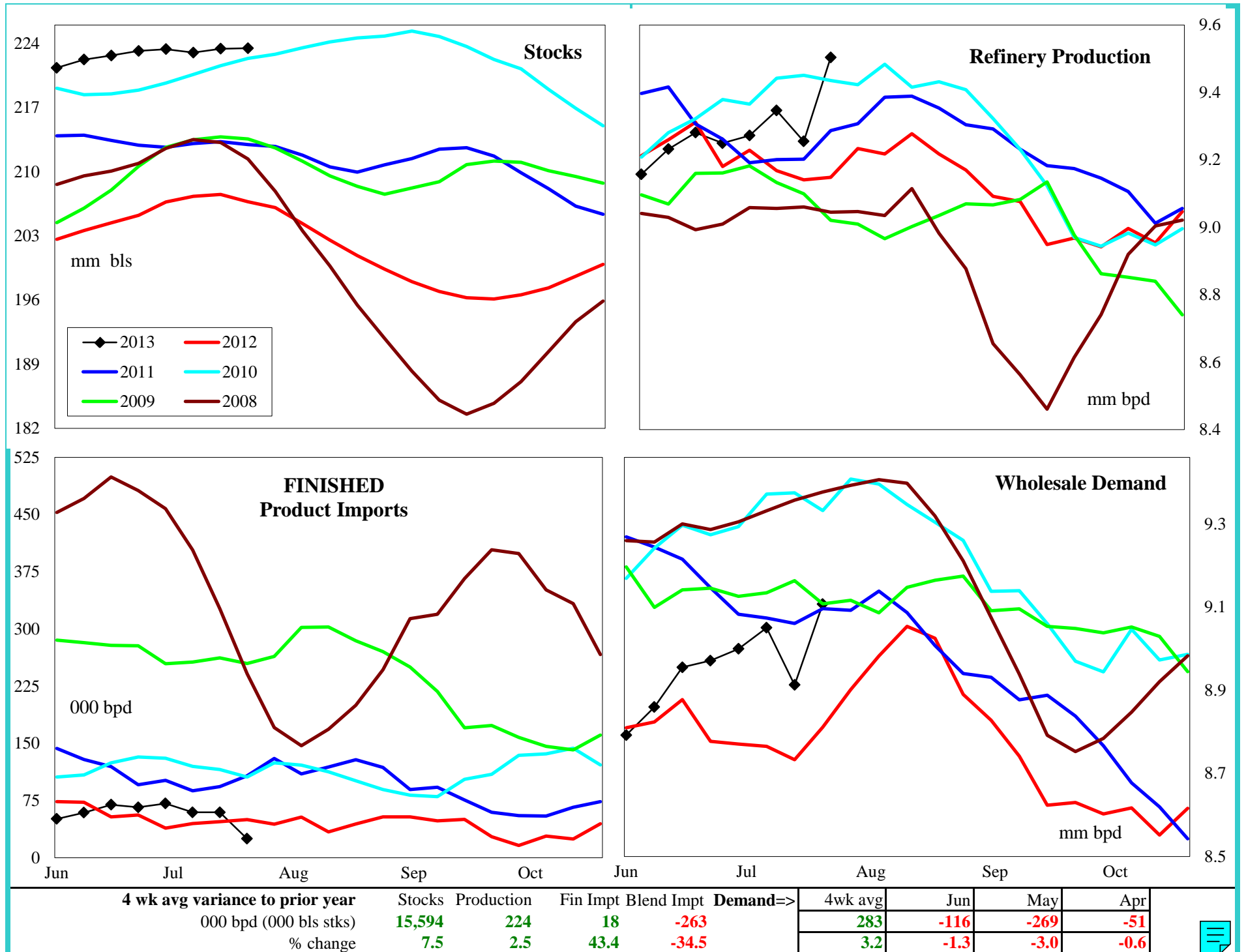
Residual Fuel Oil Imports by PADD



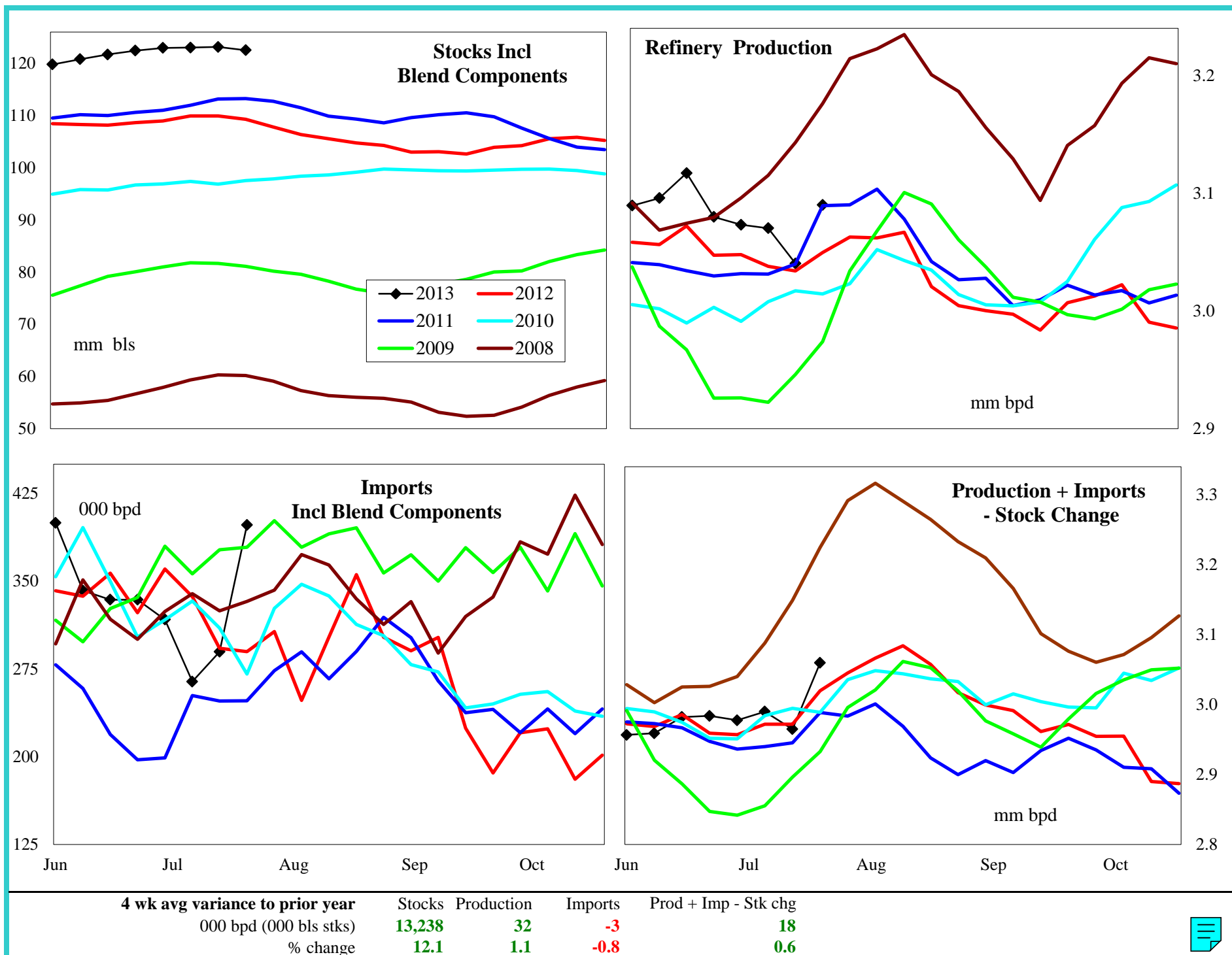
United States Crude Oil Supply and Demand Balance



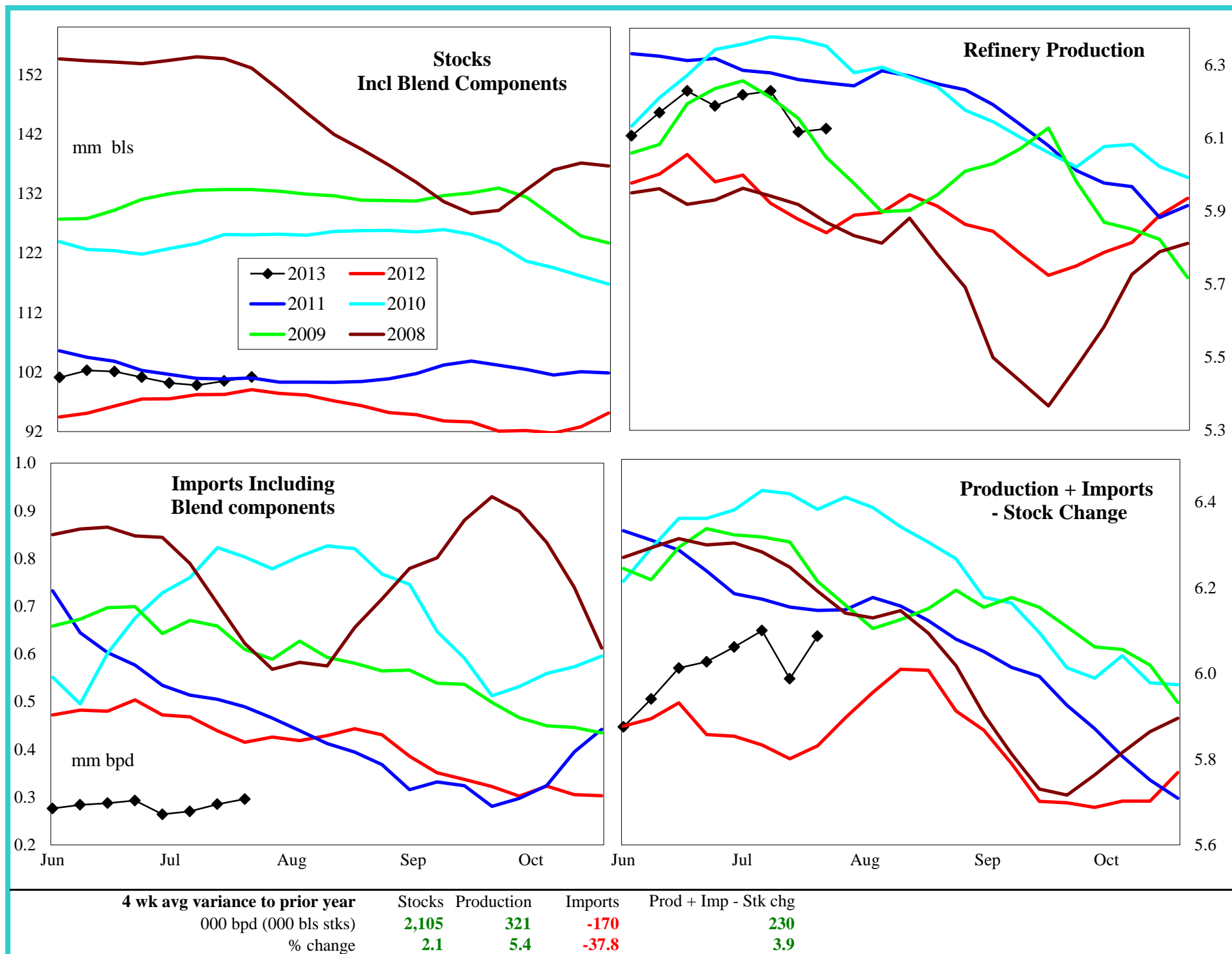
United States Gasoline Supply and Demand Balance



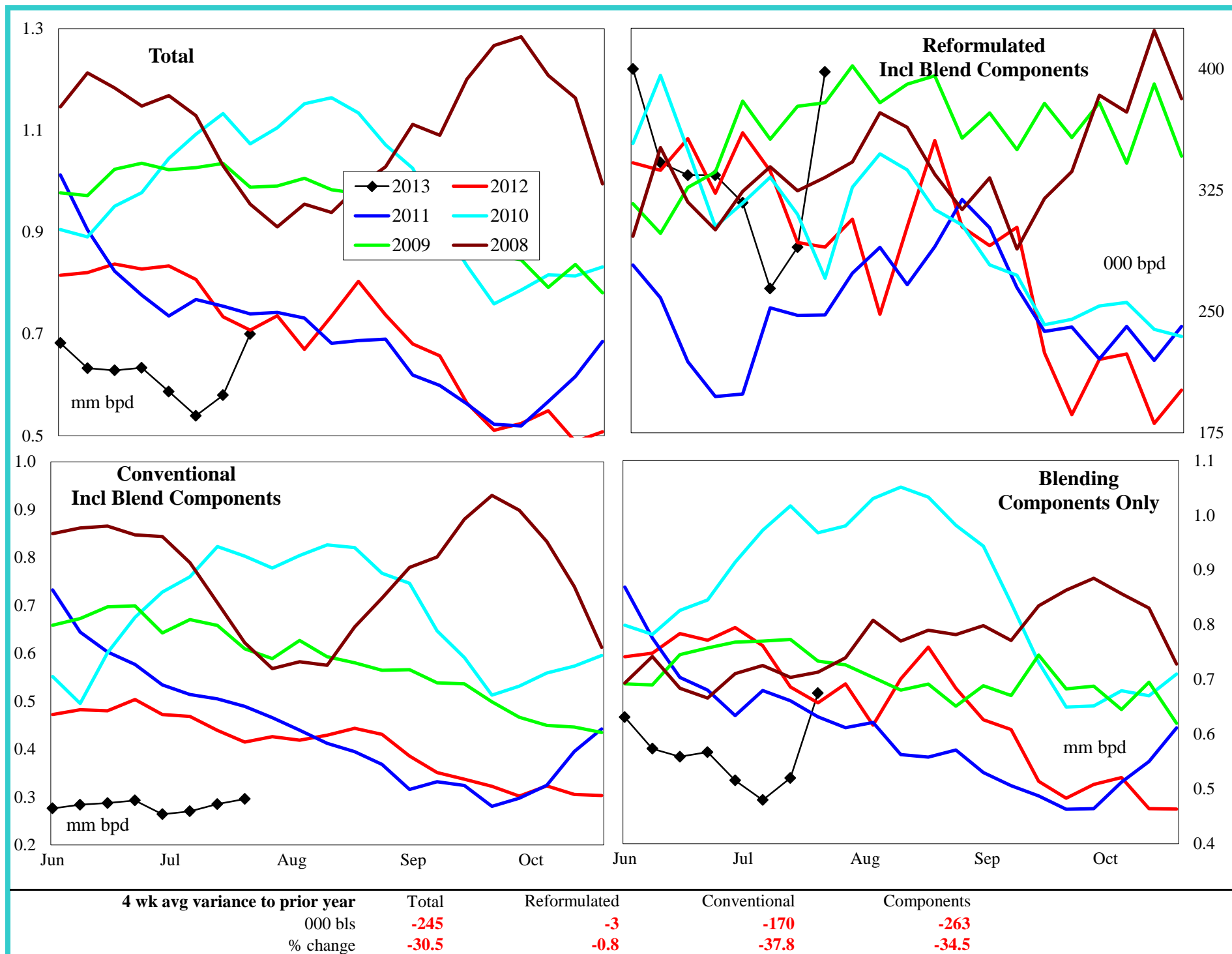
United States Reformulated Gasoline Supply



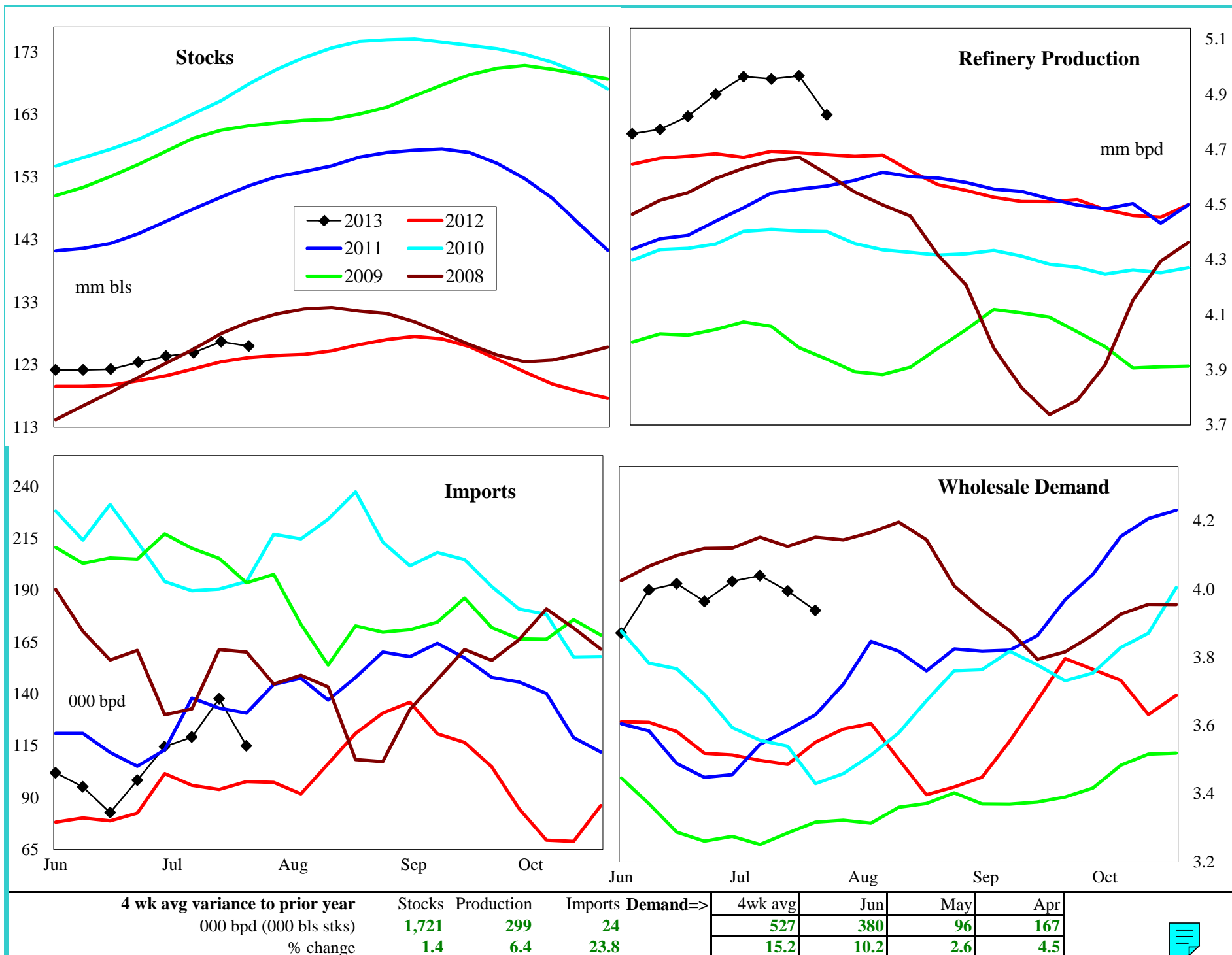
United States Conventional Gasoline Supply



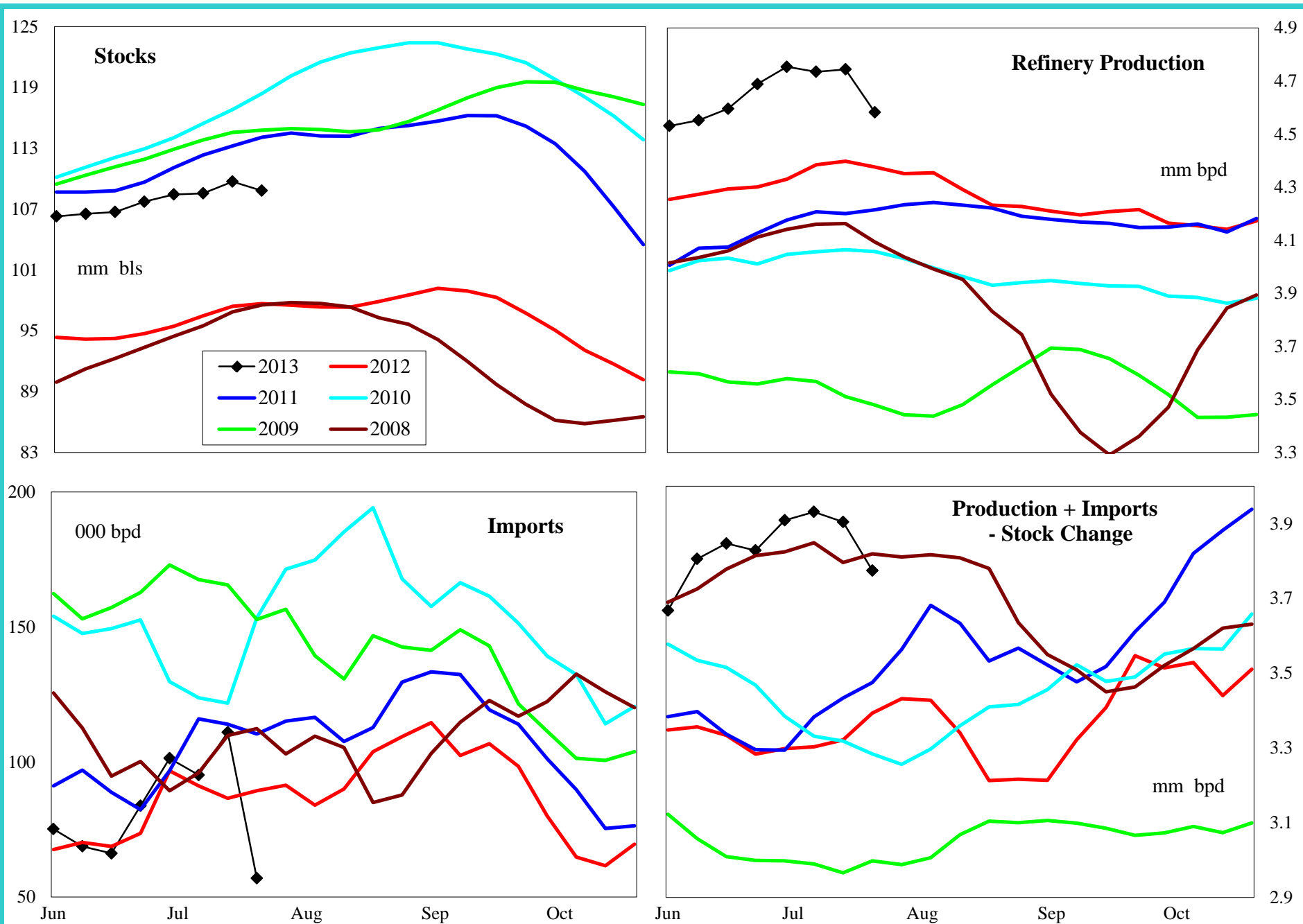
United States Gasoline Imports by Type



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

10,344

10.5

Production

372

8.5

Imports

9

9.3

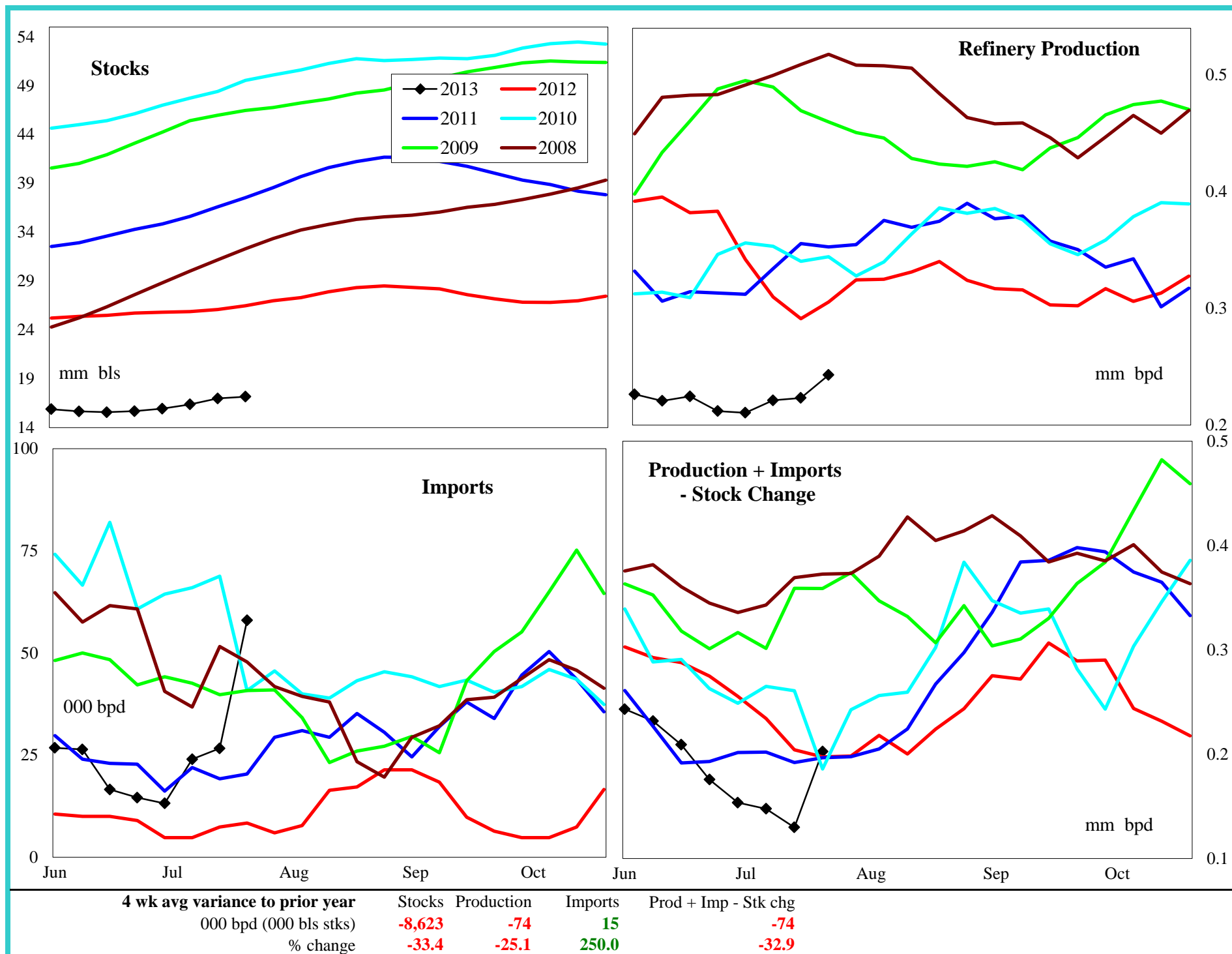
Prod + Imp - Stk chg

601

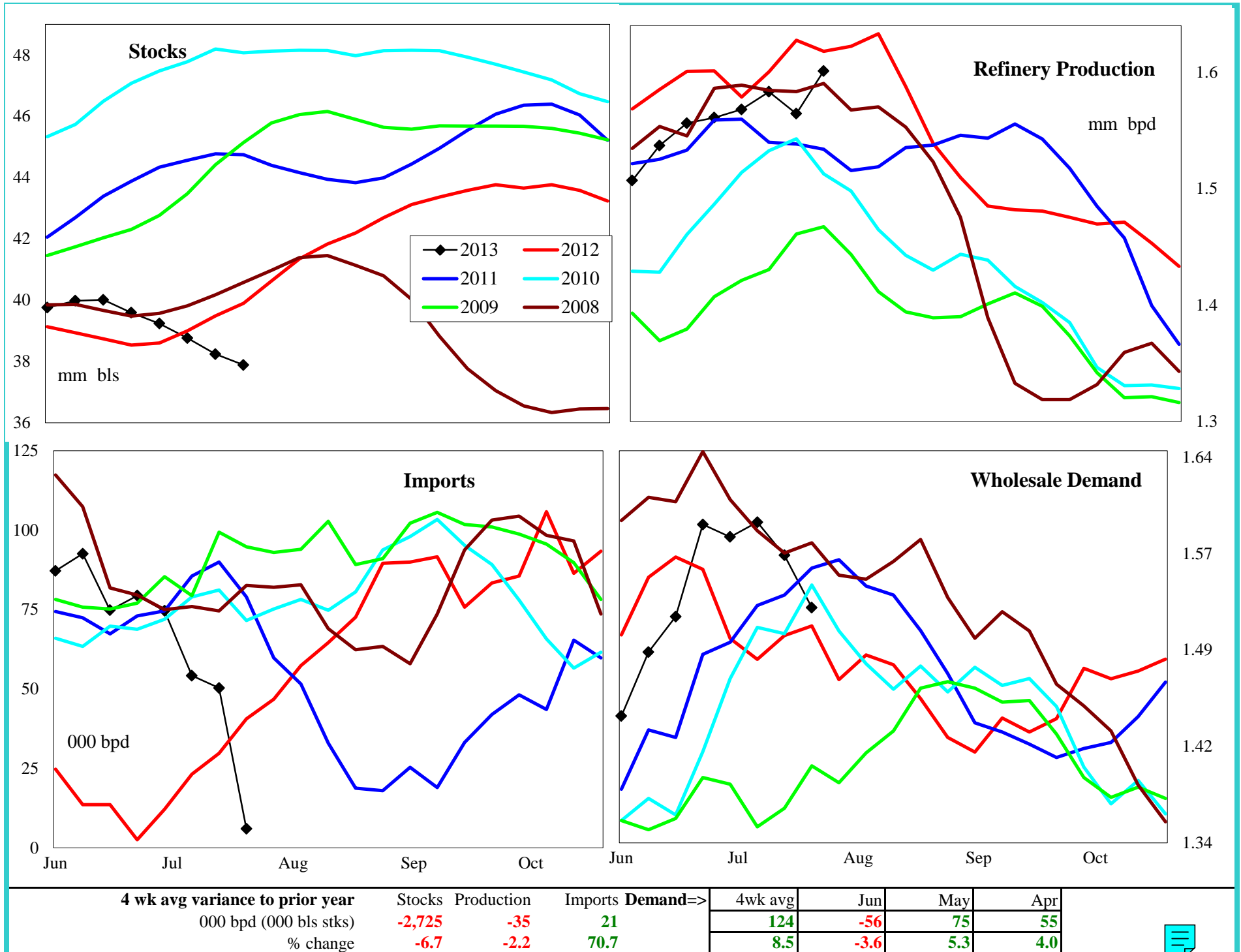
18.6



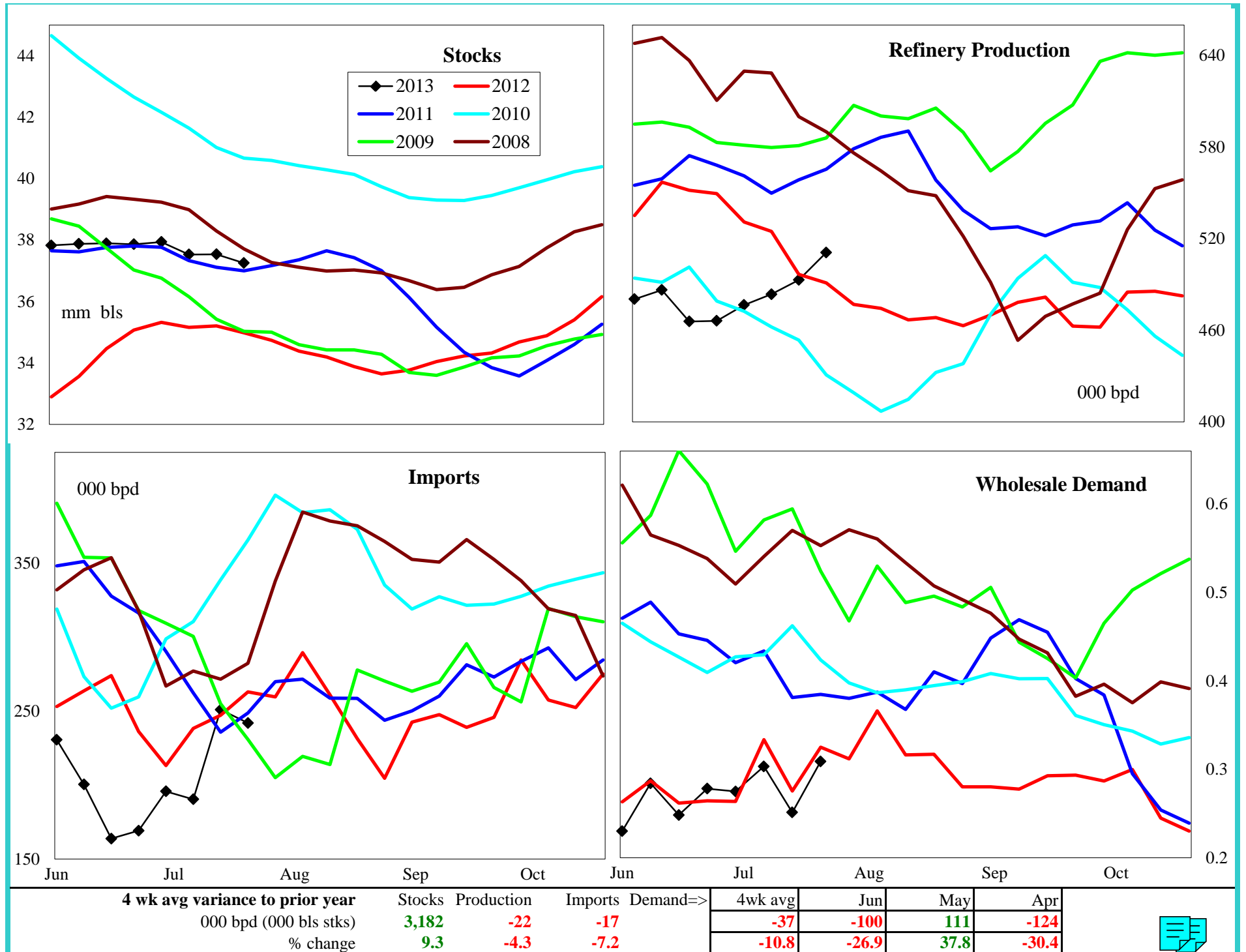
United States High Sulfur Distillate Supply



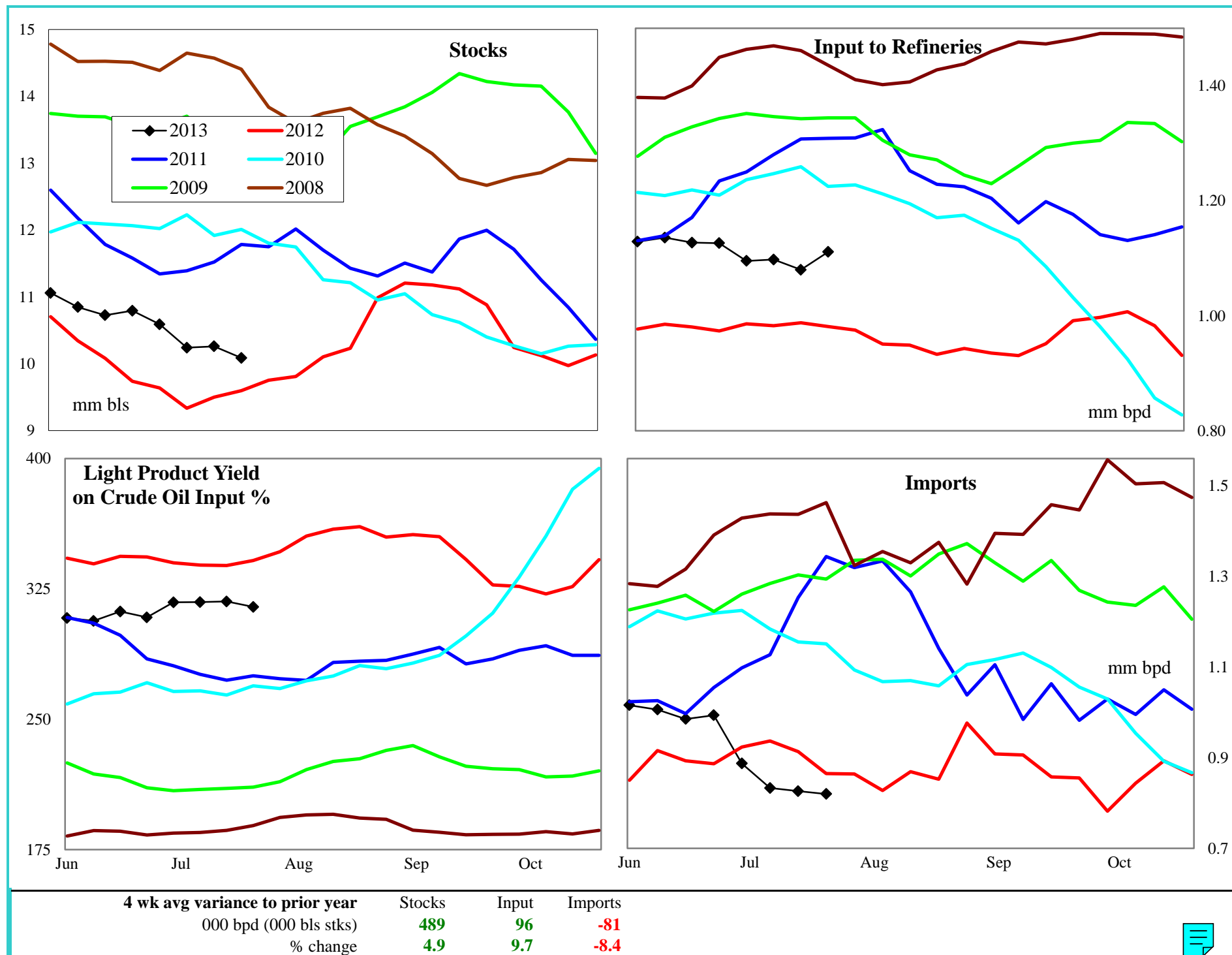
United States Jet Fuel Supply and Demand Balance



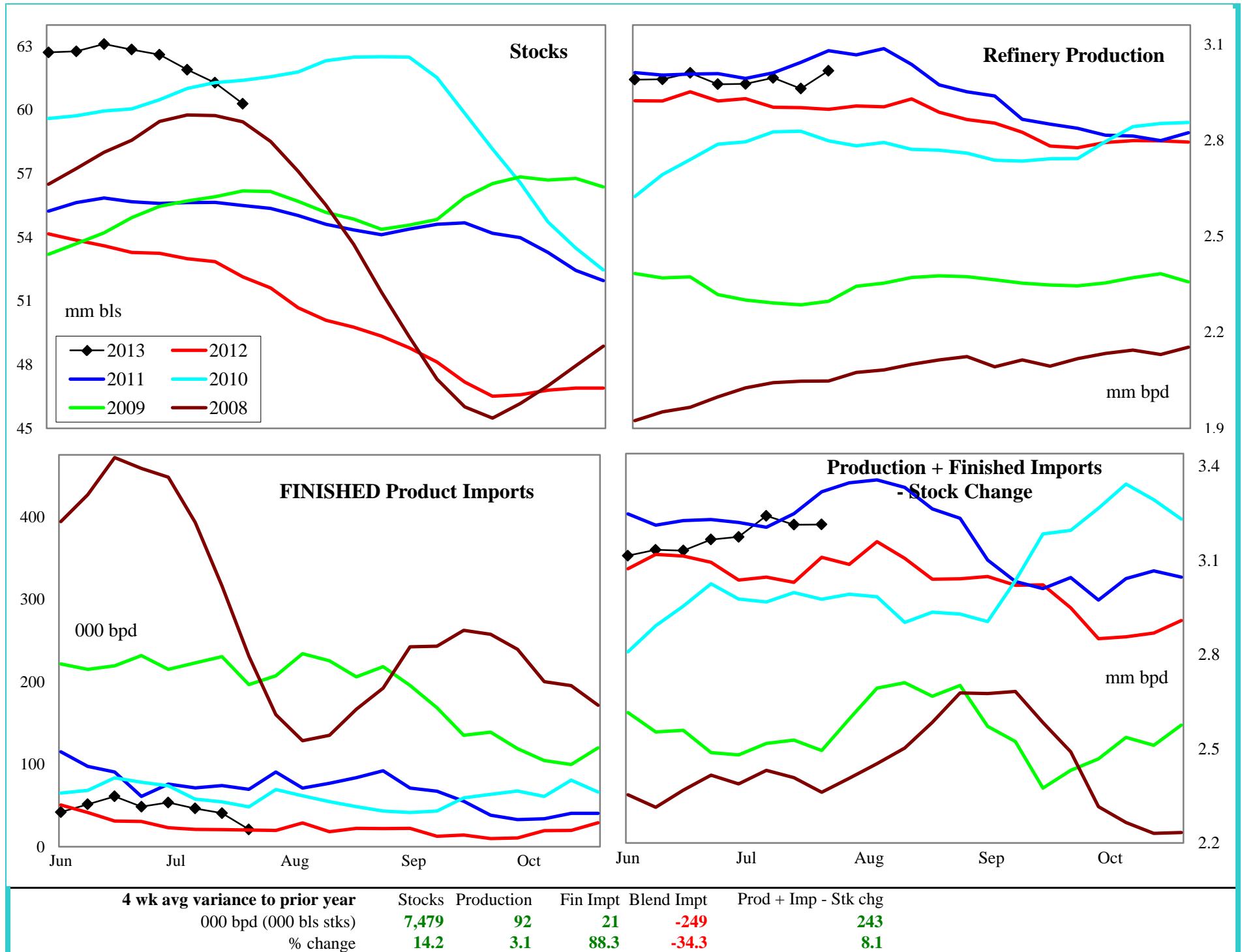
United States Residual Fuel Oil Supply and Demand Balance



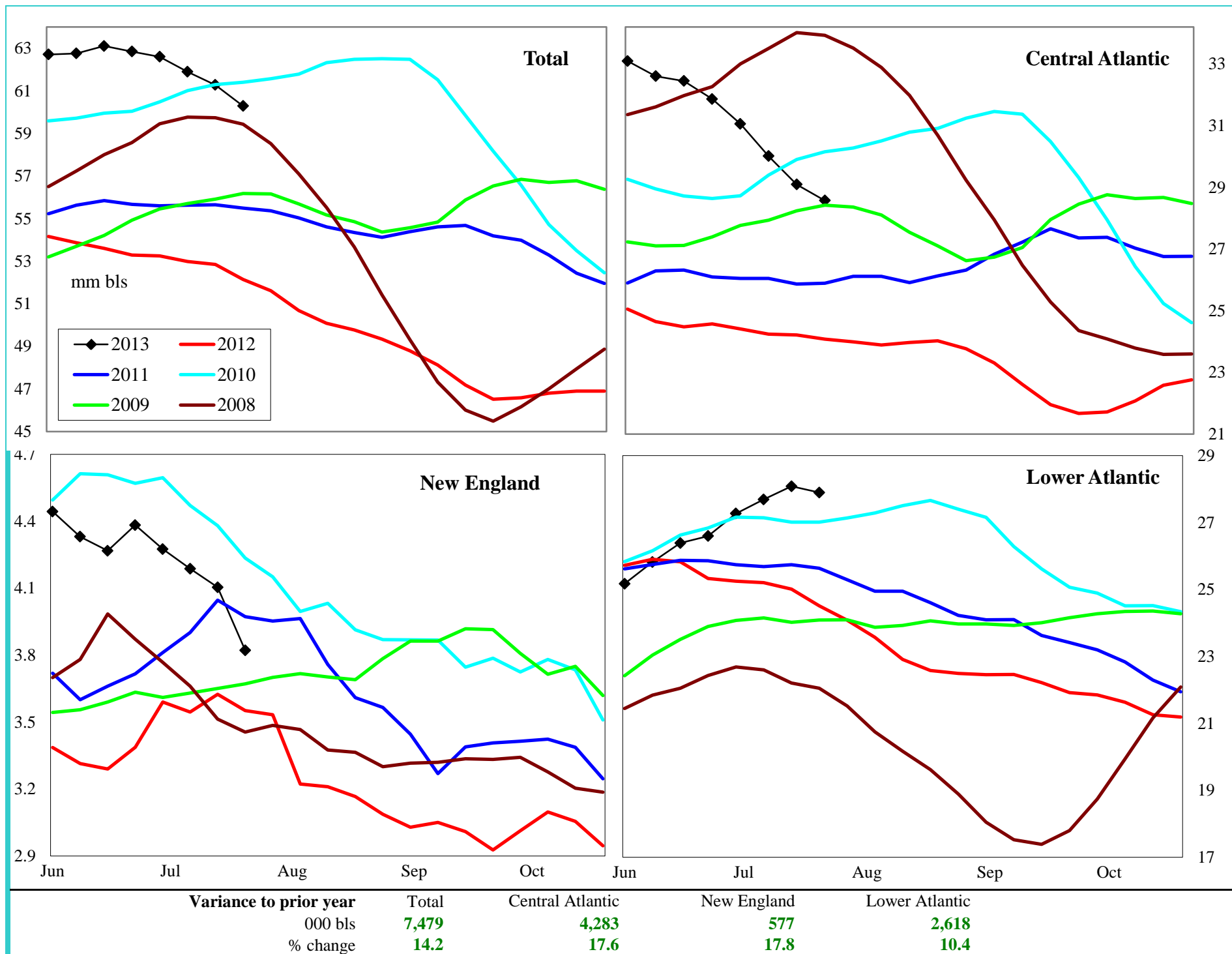
PADD 1 Crude Oil Supply and Refining



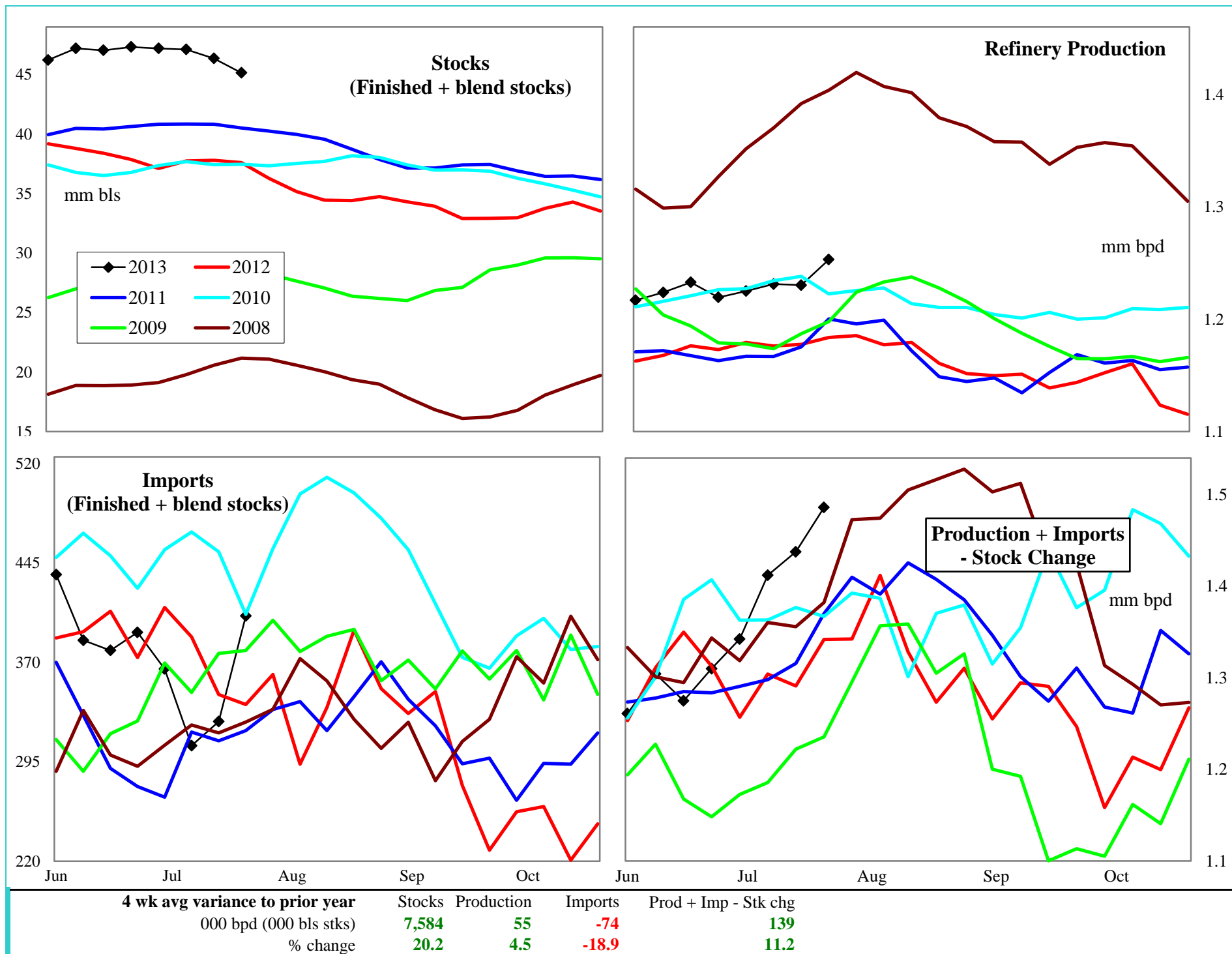
PADD 1 Gasoline Supply



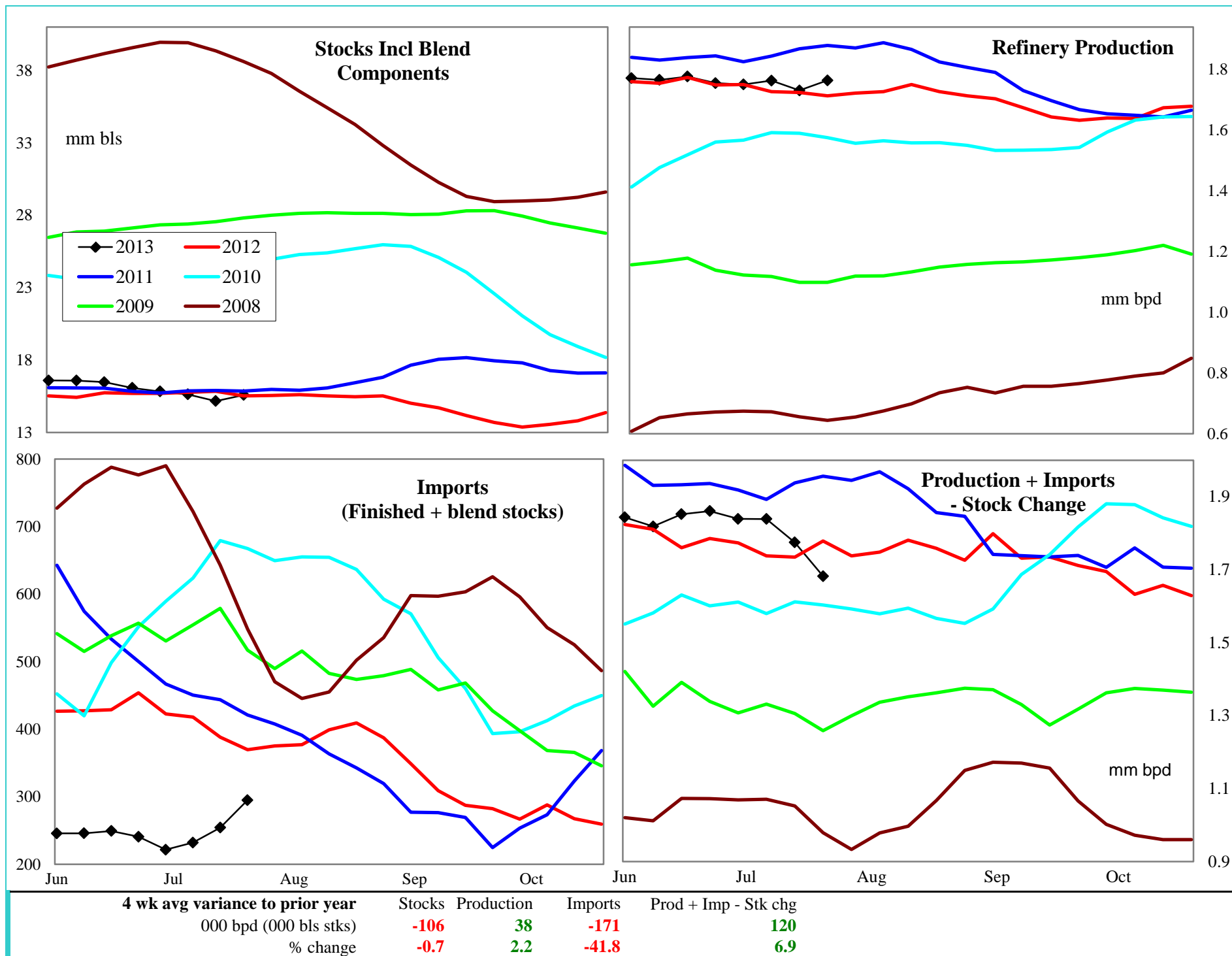
PADD 1 Gasoline Stocks by Region



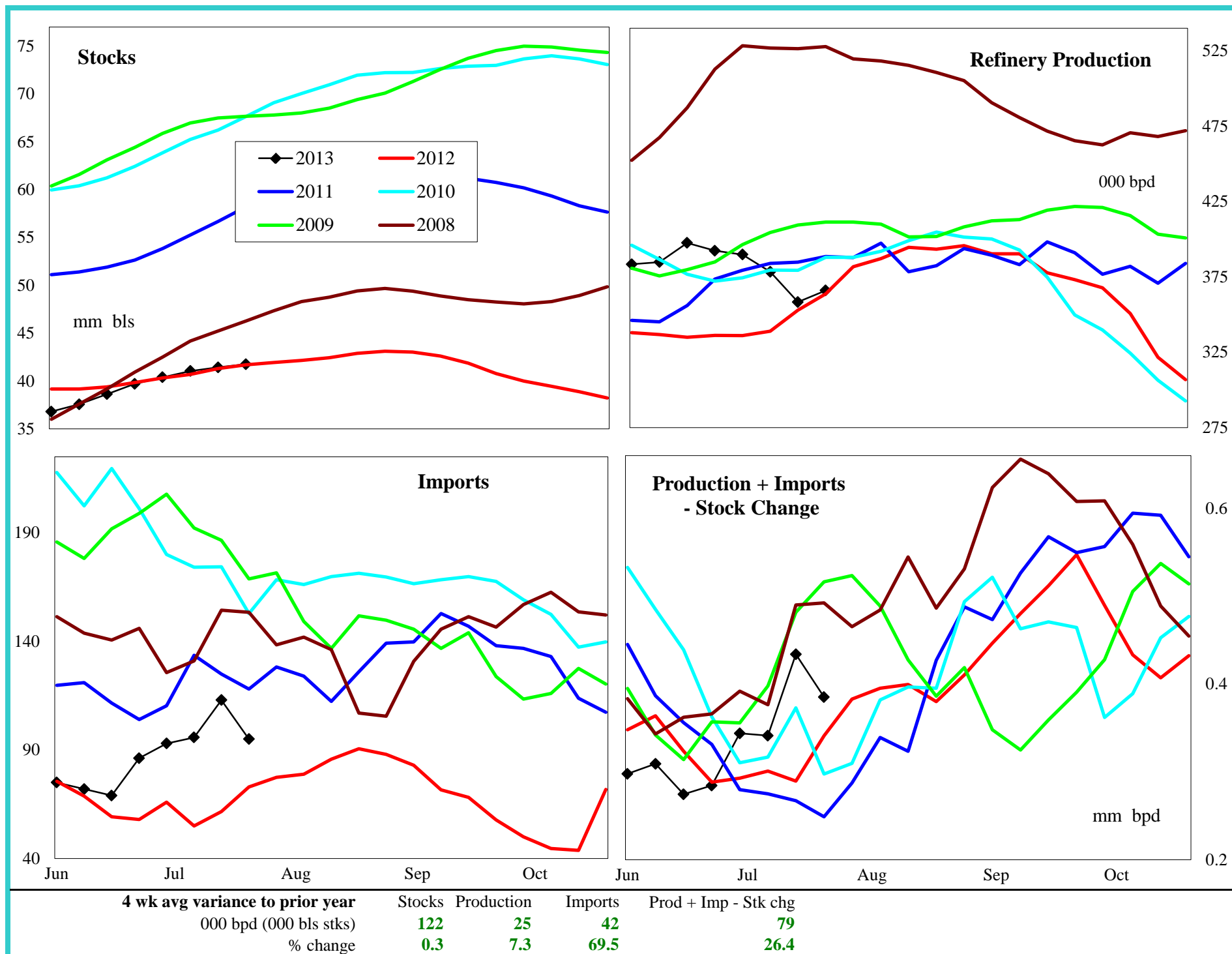
PADD 1 Reformulated Gasoline Supply



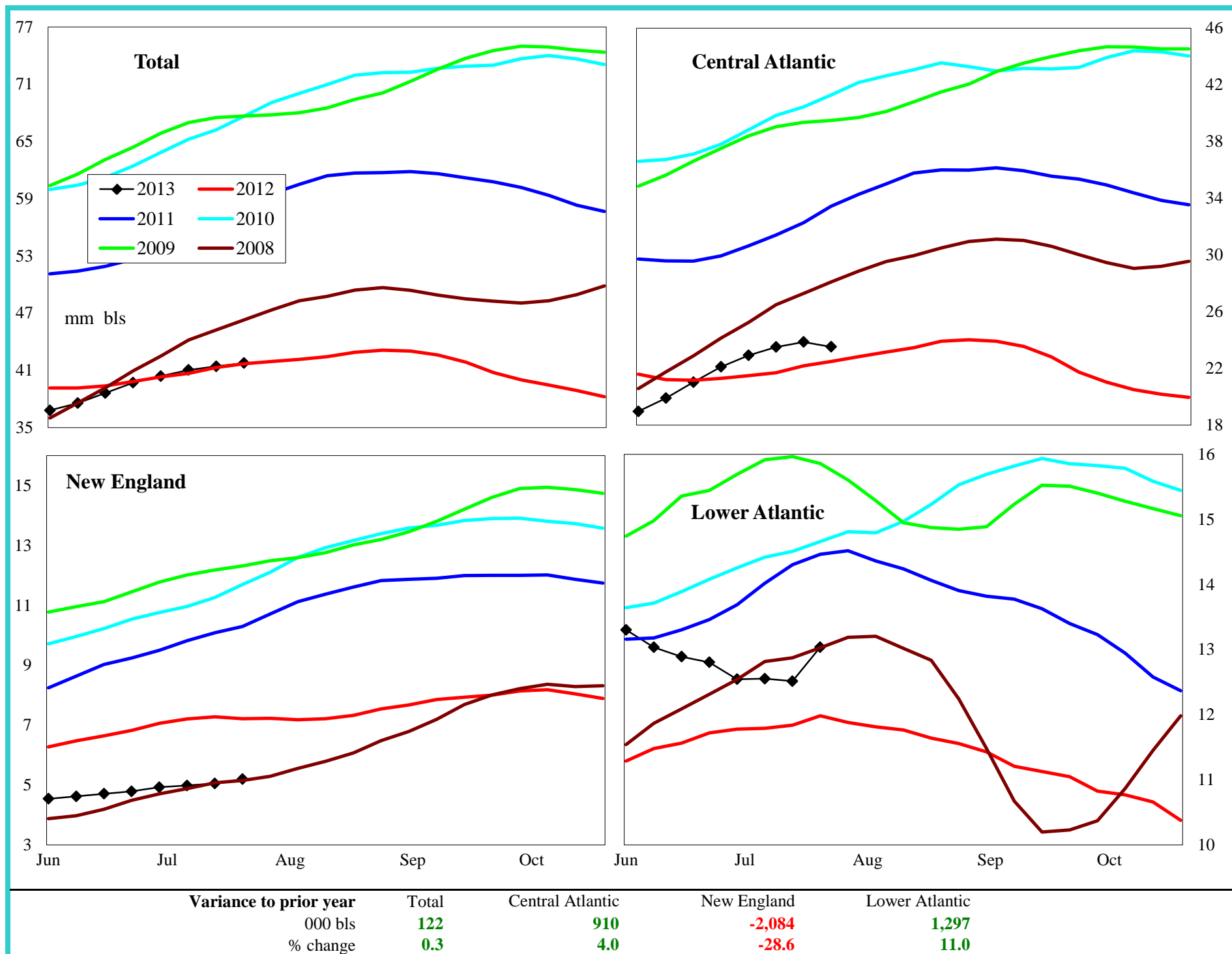
PADD 1 Conventional Gasoline Supply



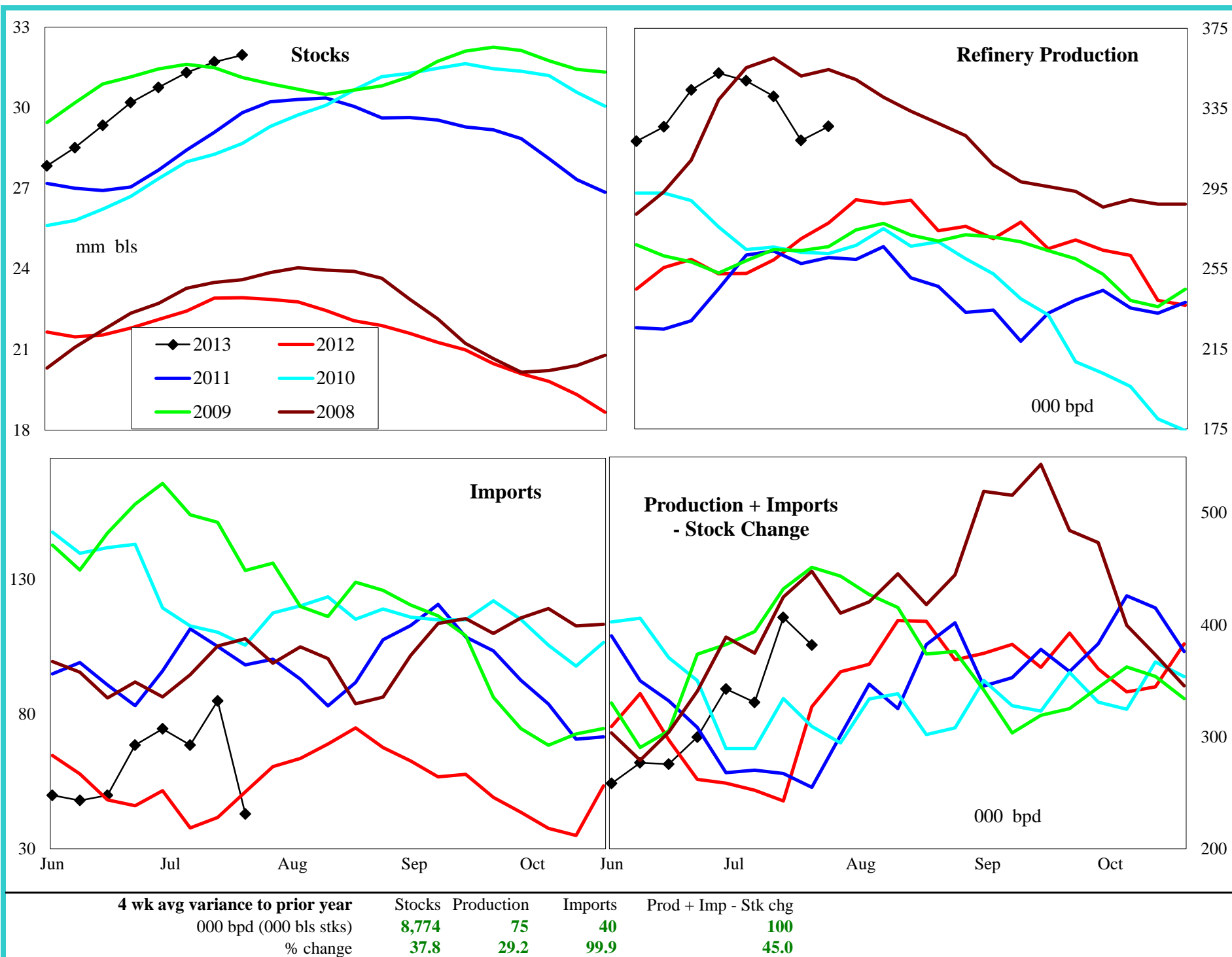
PADD 1 Distillate Supply



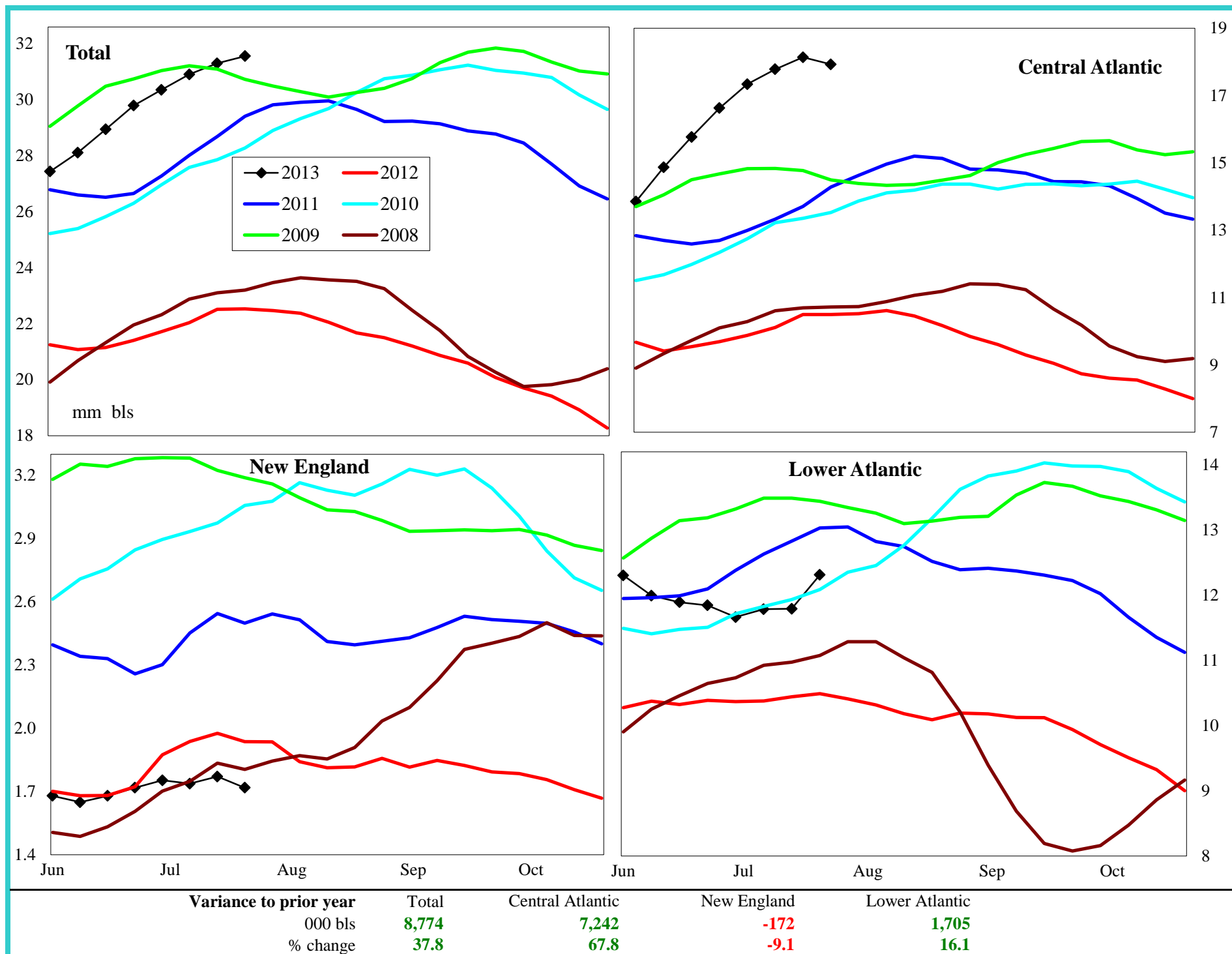
PADD 1 Distillate Stocks by Region



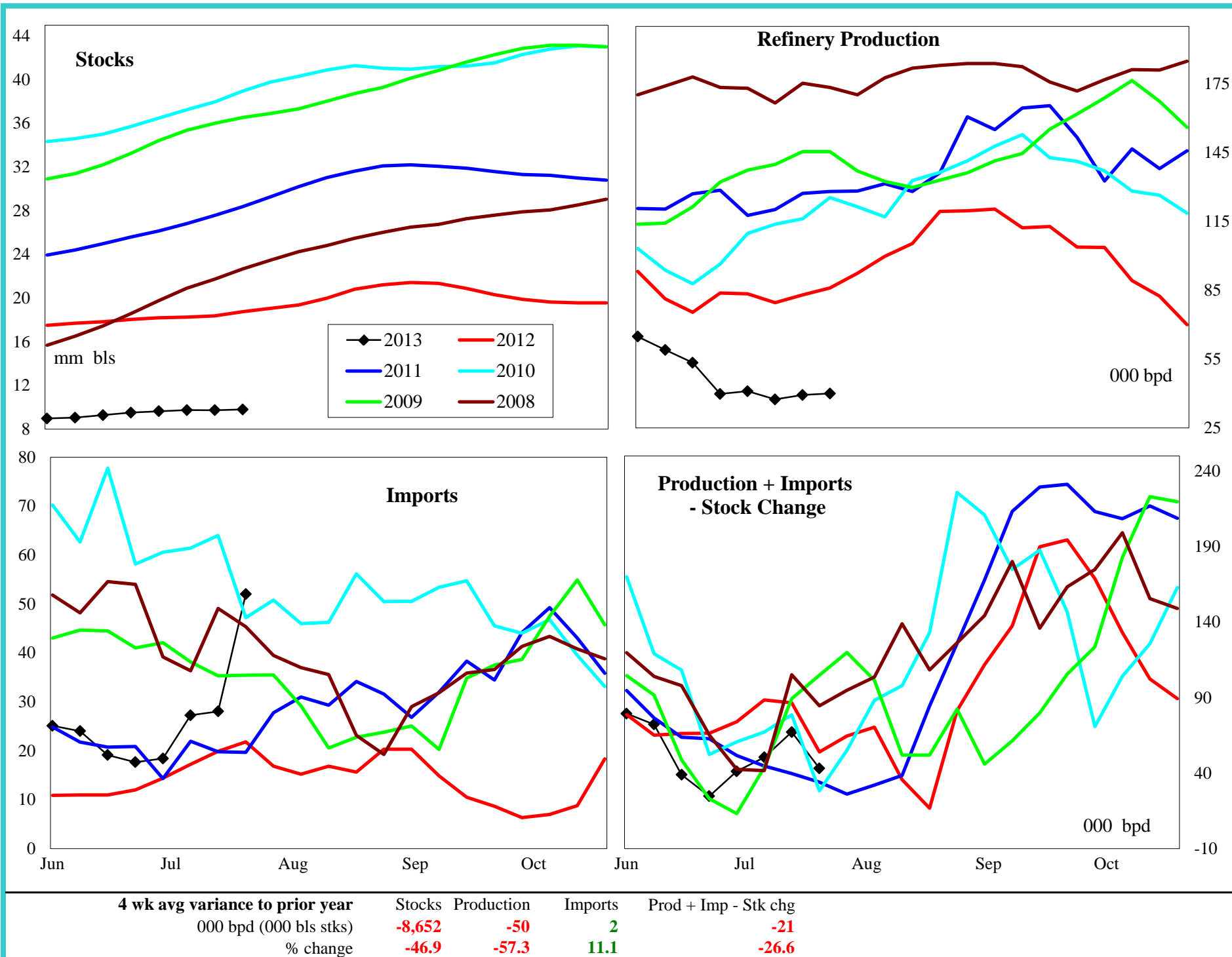
PADD 1 Low Sulfur Distillate Supply



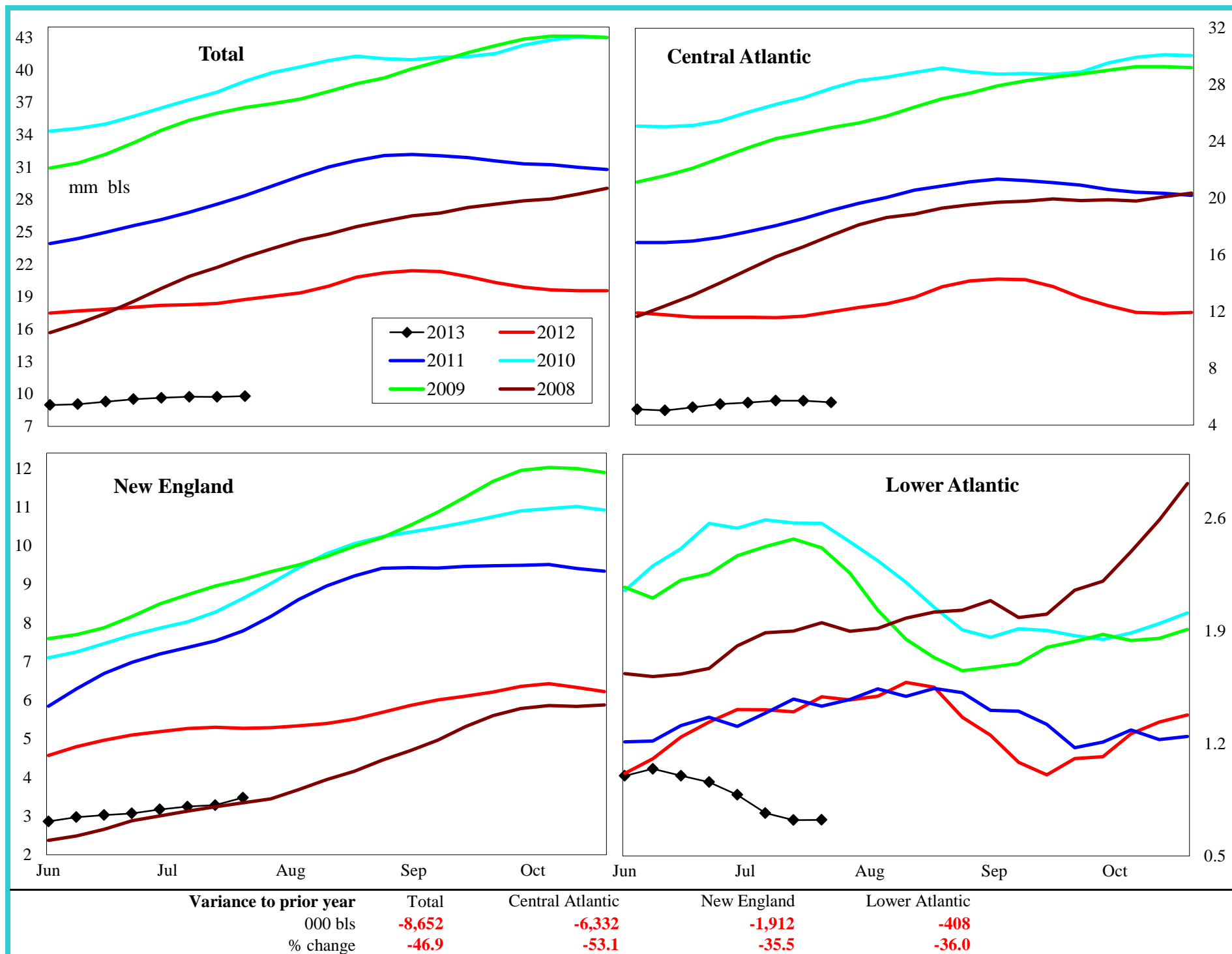
PADD 1 Low Sulfur Distillate Stocks by Region



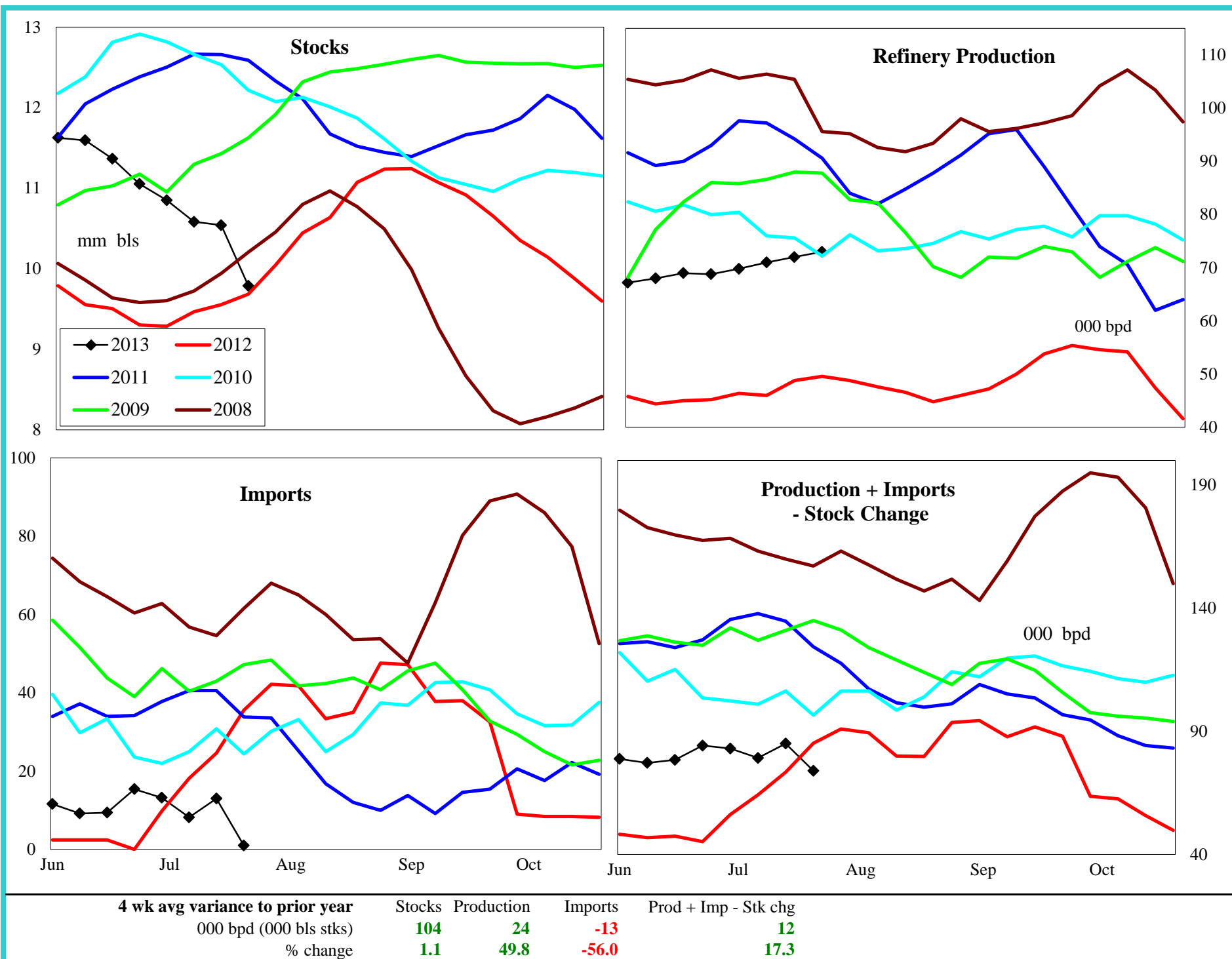
PADD 1 High Sulfur Distillate Supply



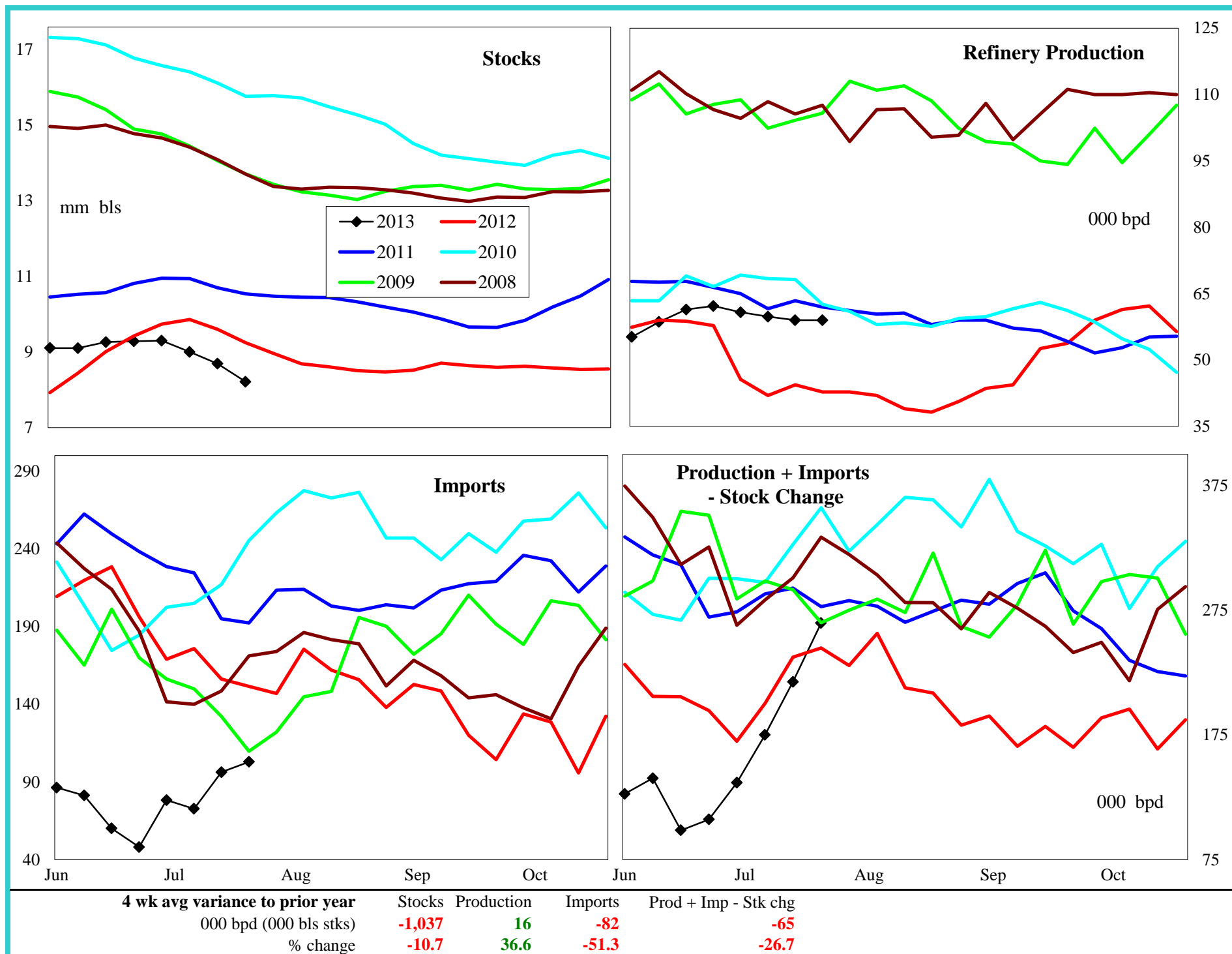
PADD 1 High Sulfur Distillate Stocks by Region



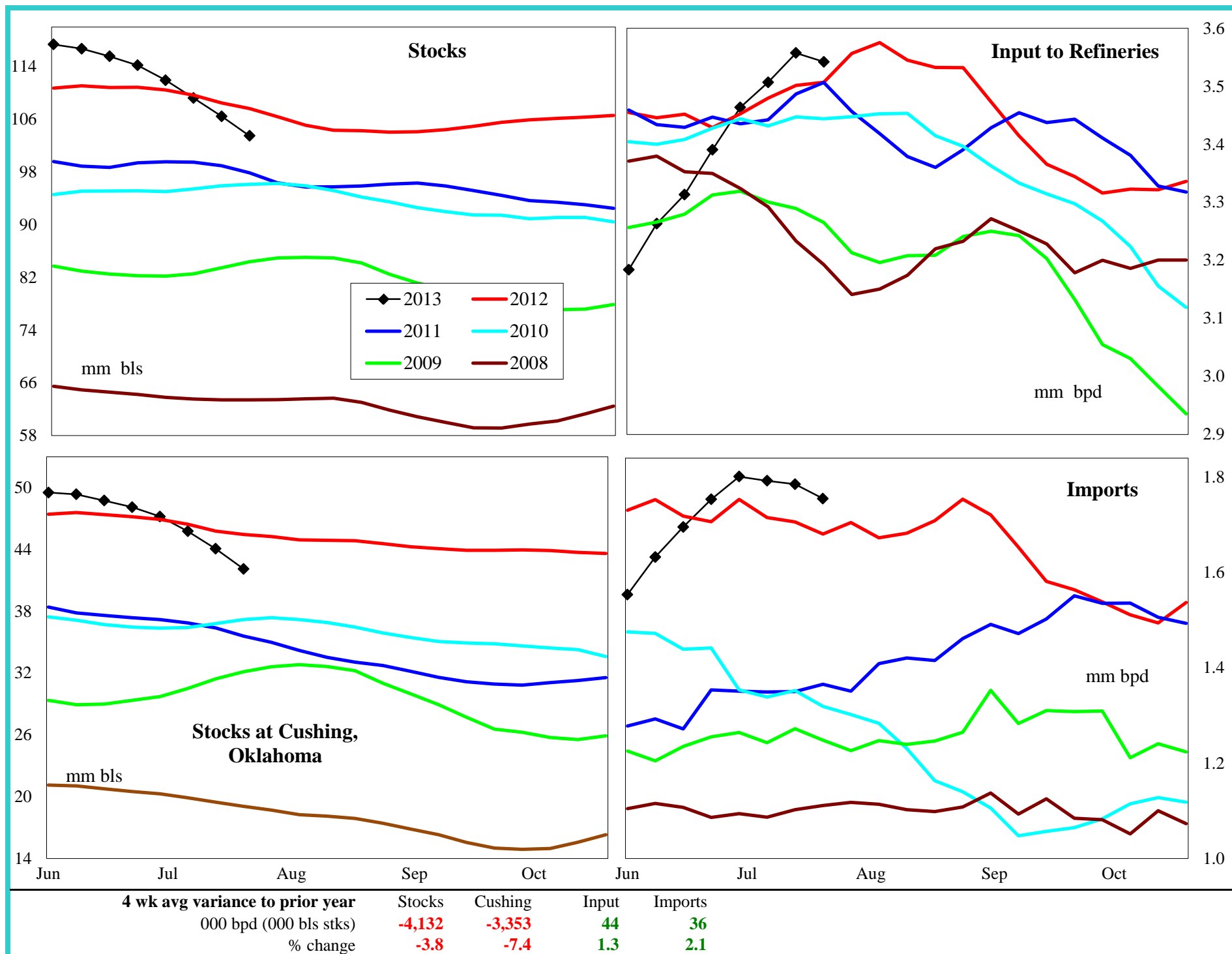
PADD 1 Jet Fuel Supply



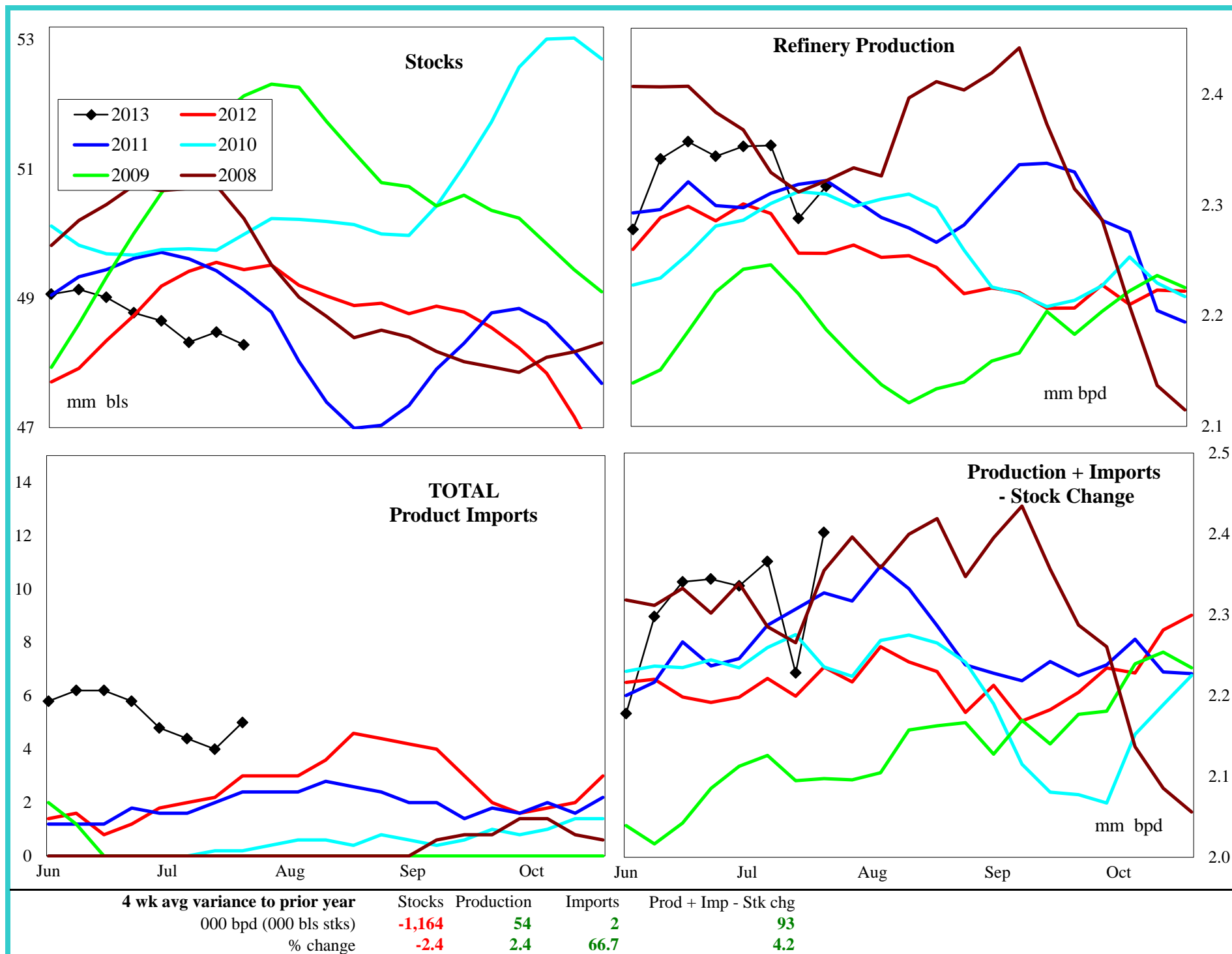
PADD 1 Residual Fuel Oil Supply



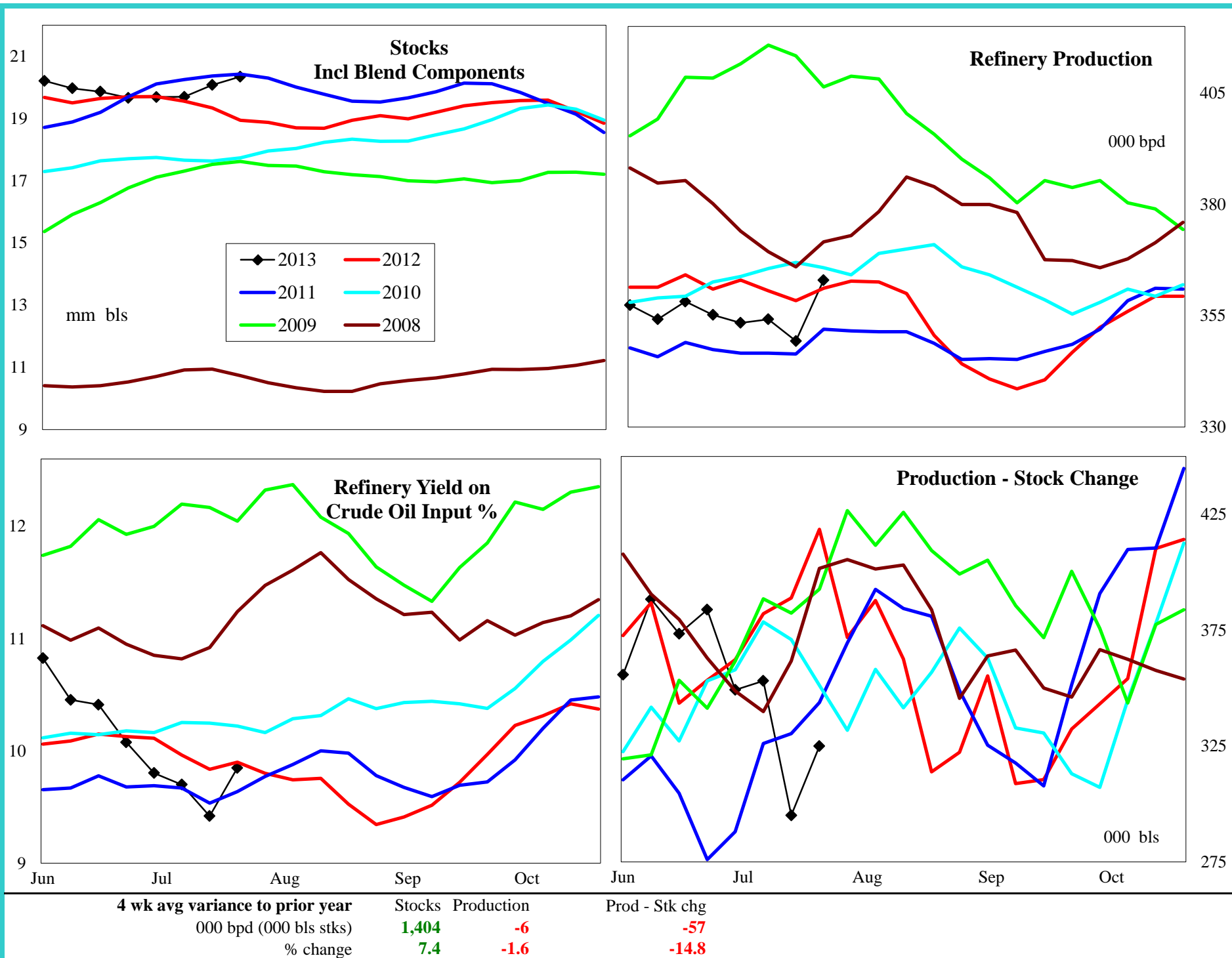
PADD 2 Crude Oil Supply and Refining



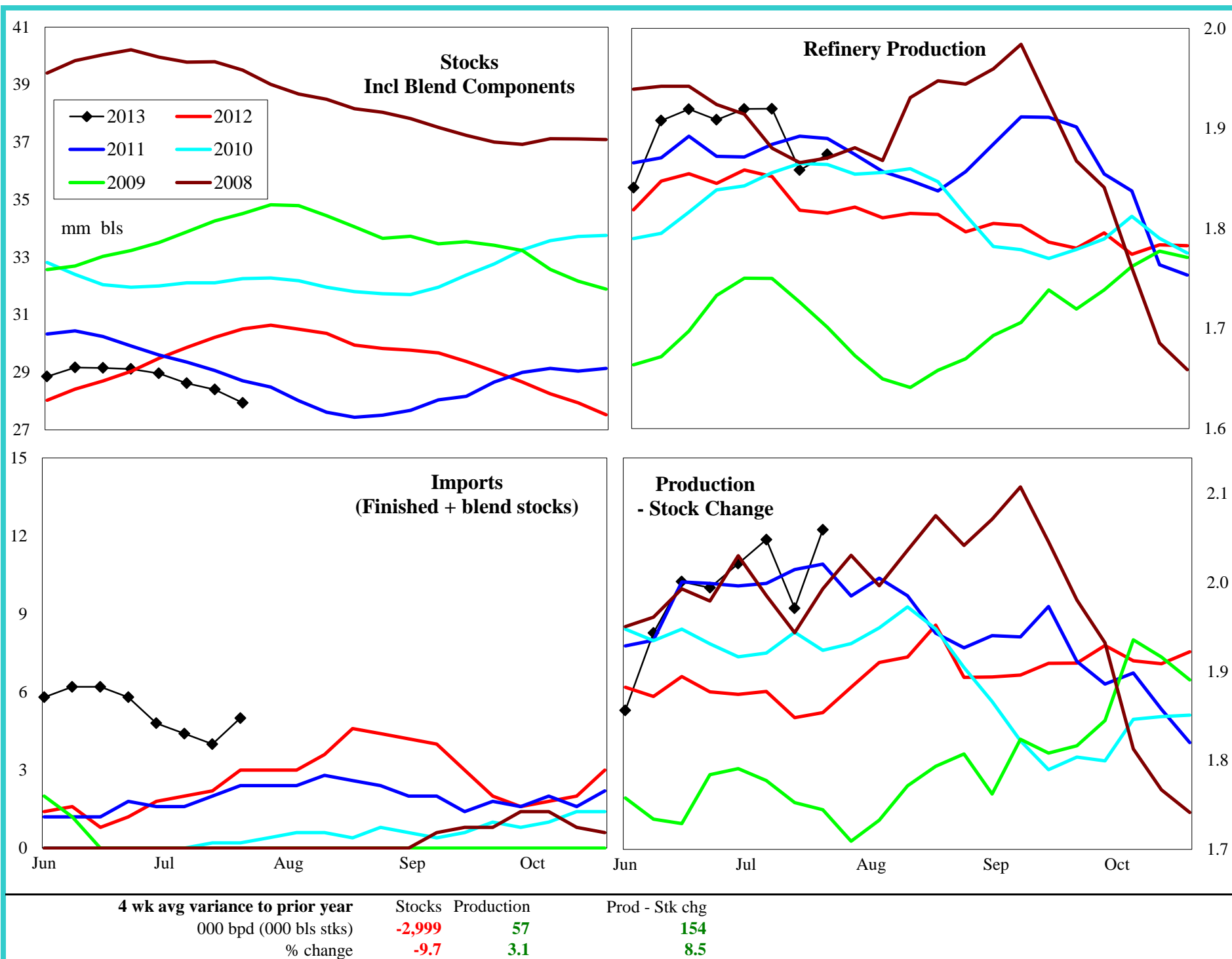
PADD 2 Gasoline Supply



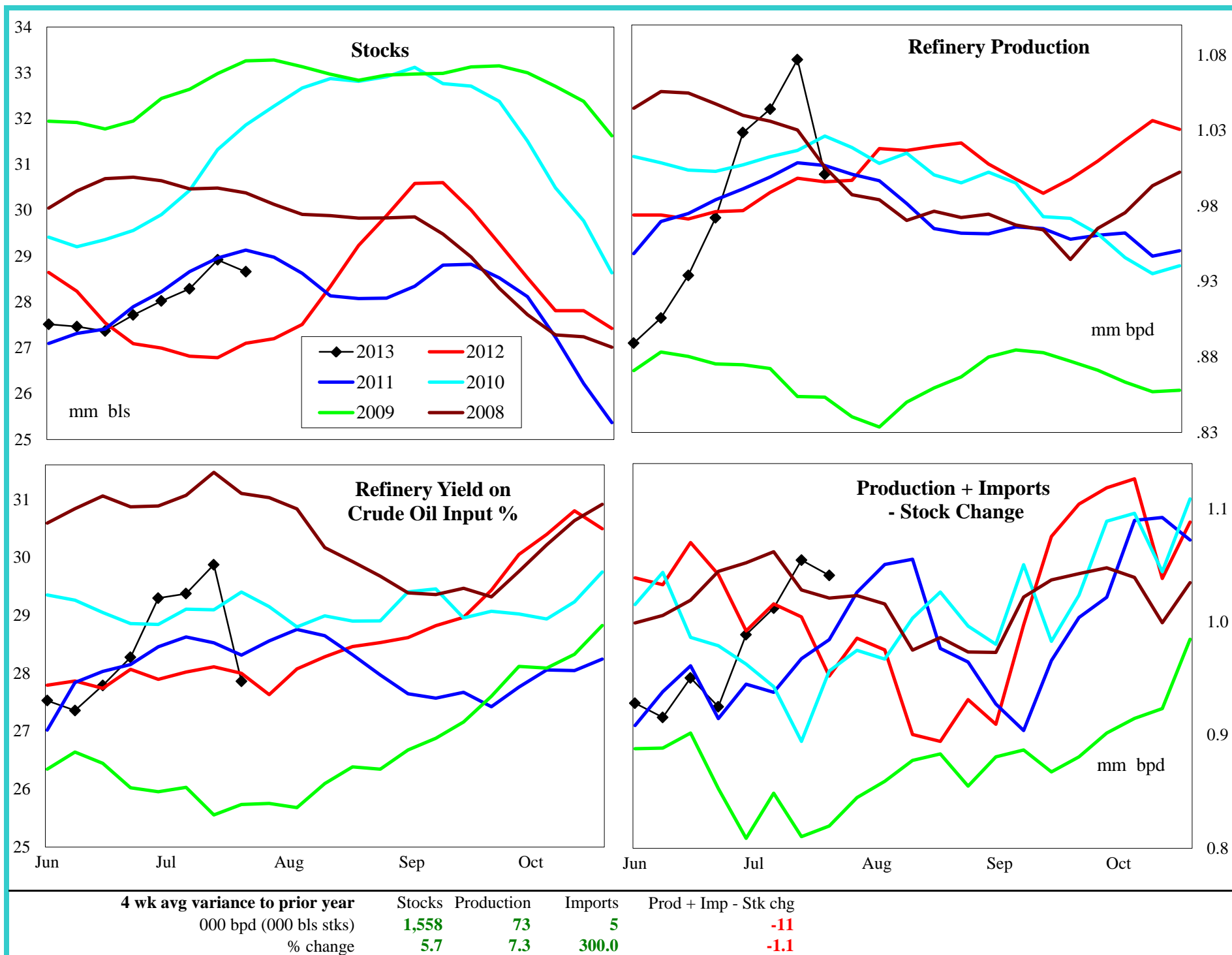
PADD 2 Reformulated Gasoline Supply



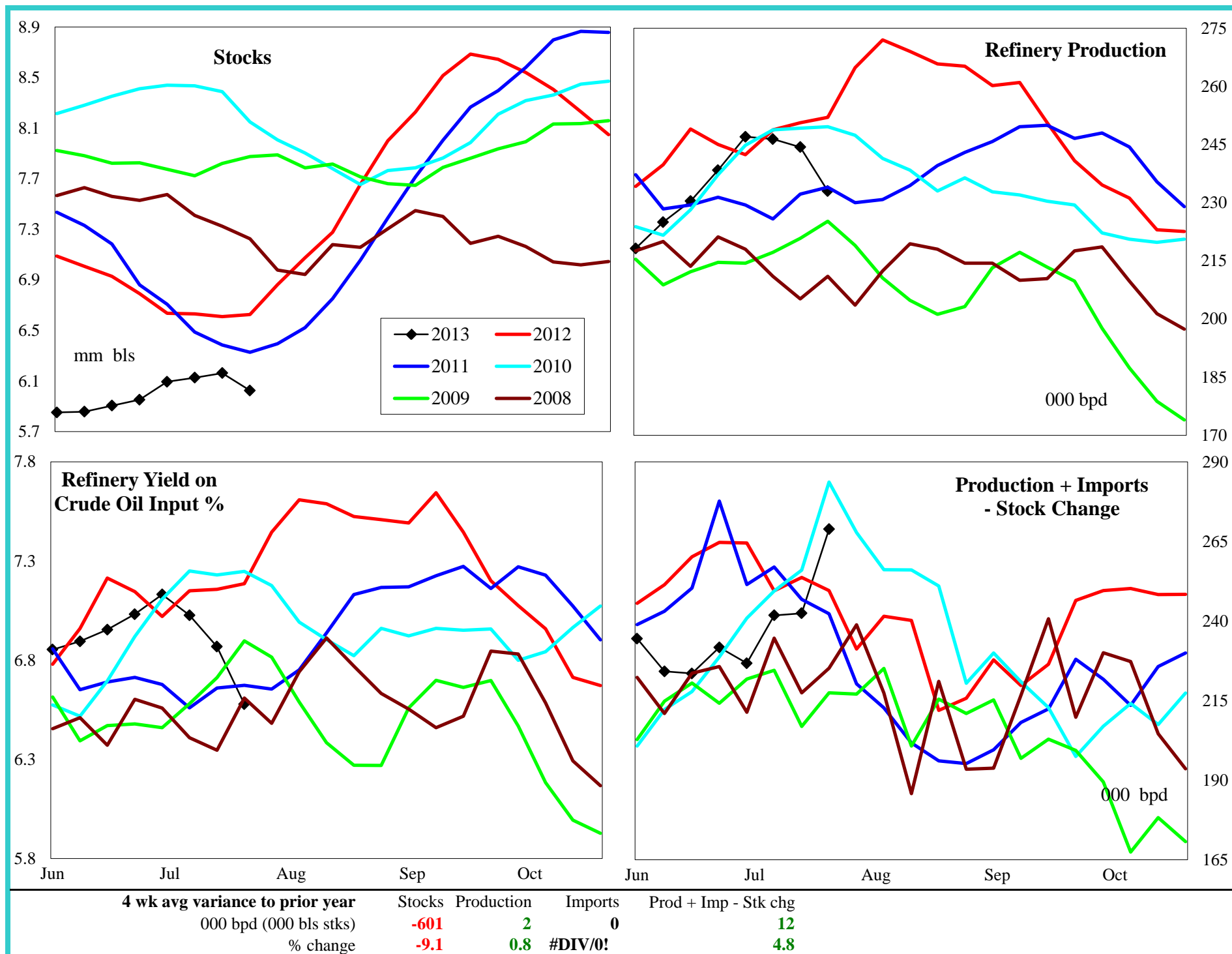
PADD 2 Conventional Gasoline Supply



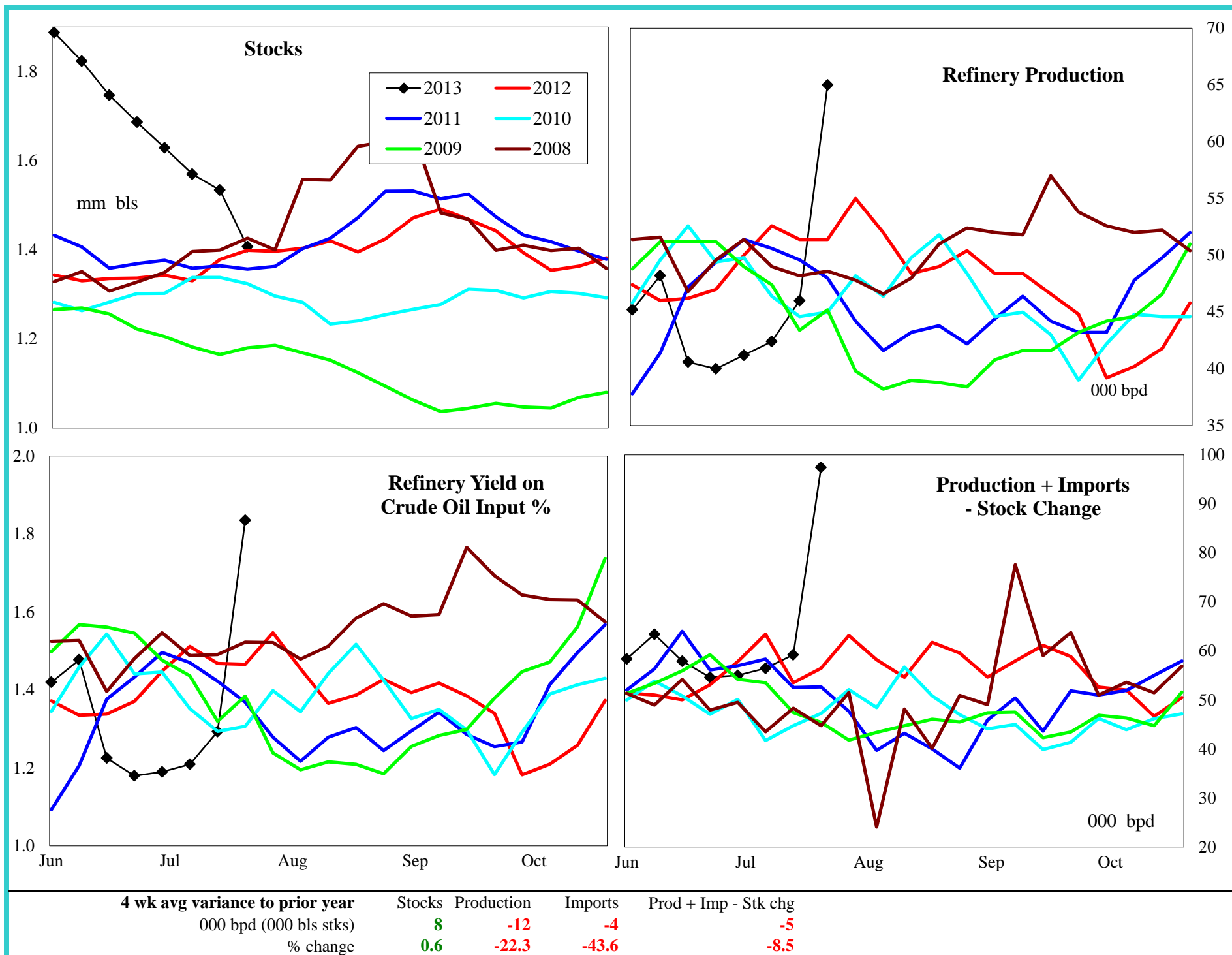
PADD 2 Distillate Supply



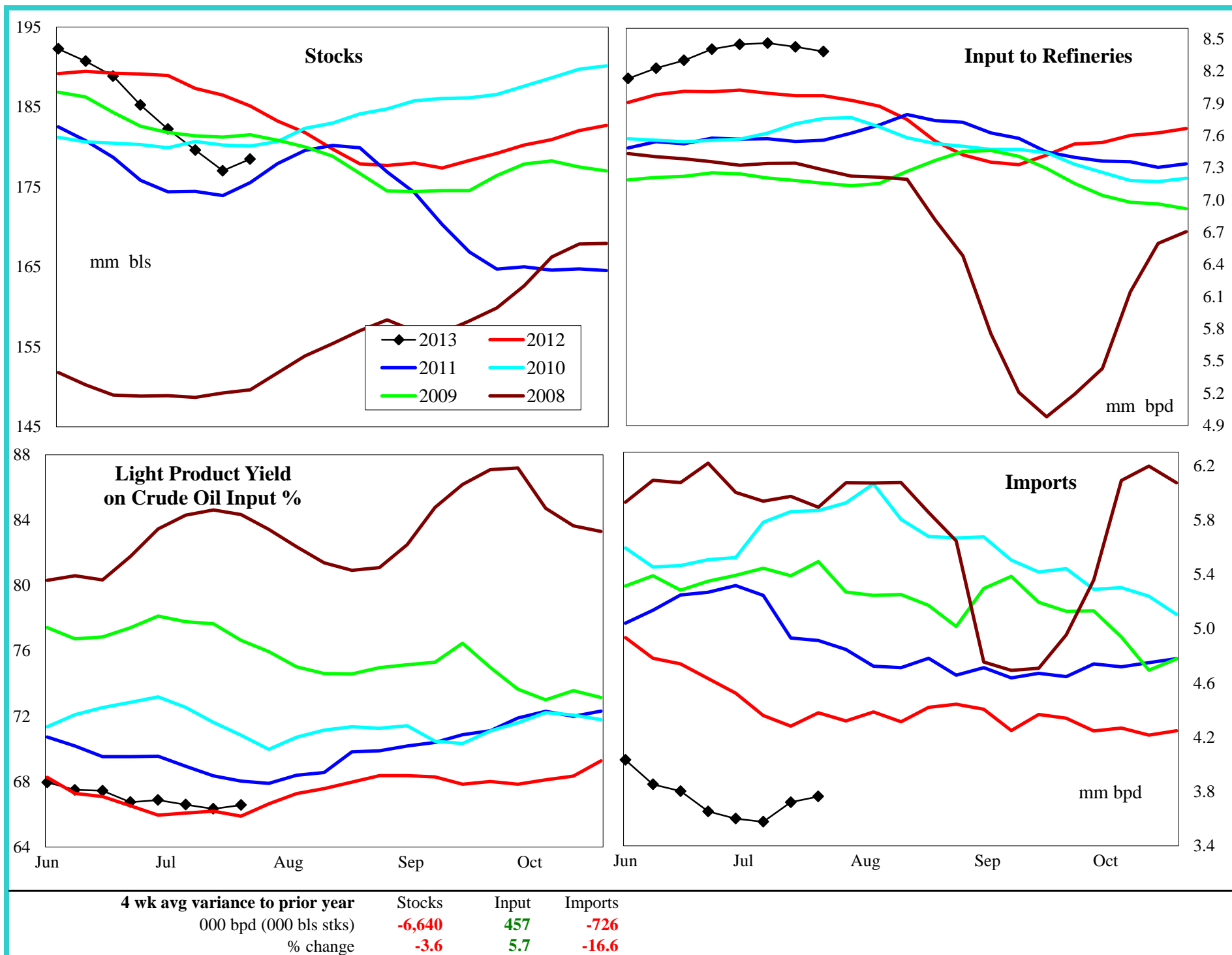
PADD 2 Jet Fuel Supply



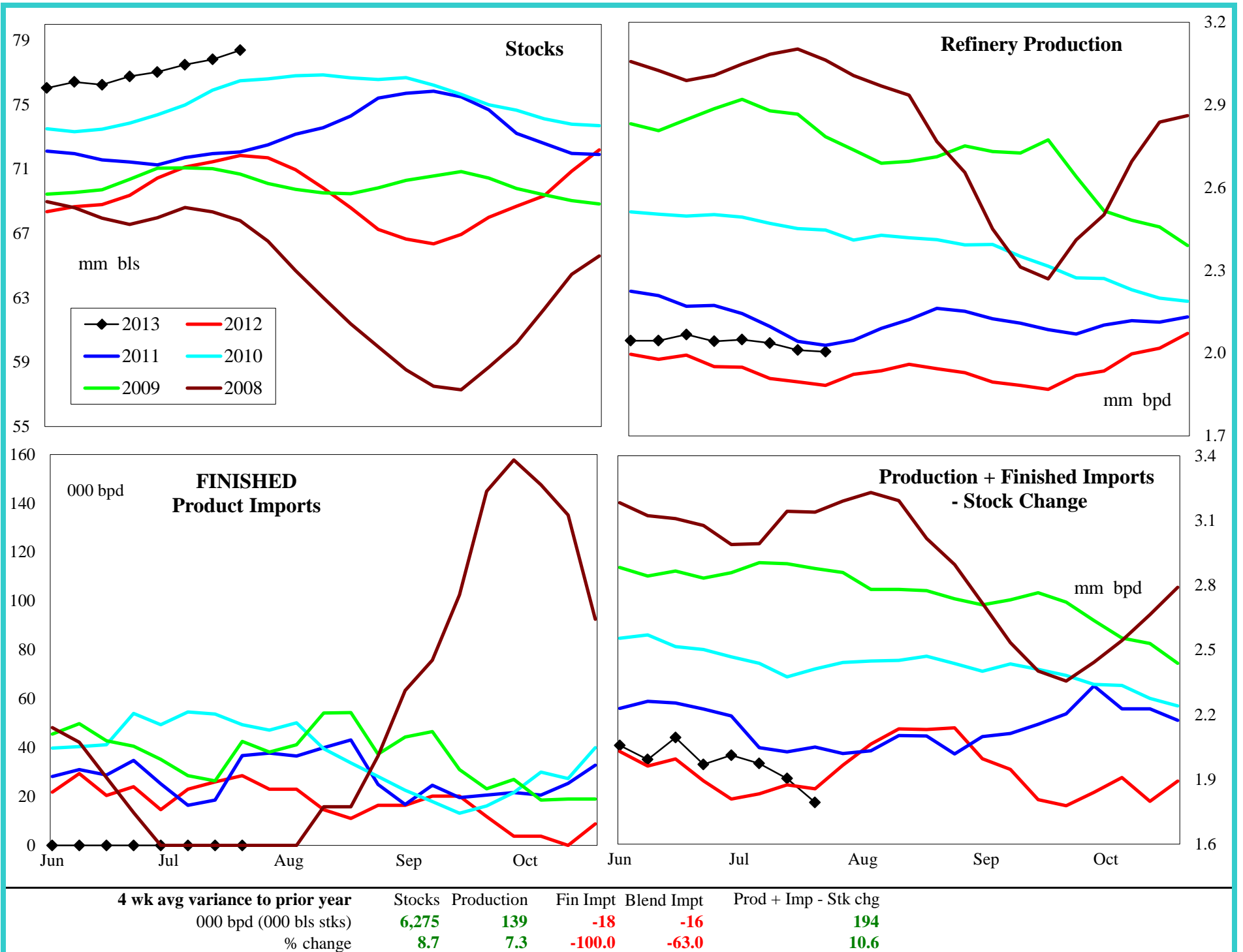
PADD 2 Residual Fuel Oil Supply



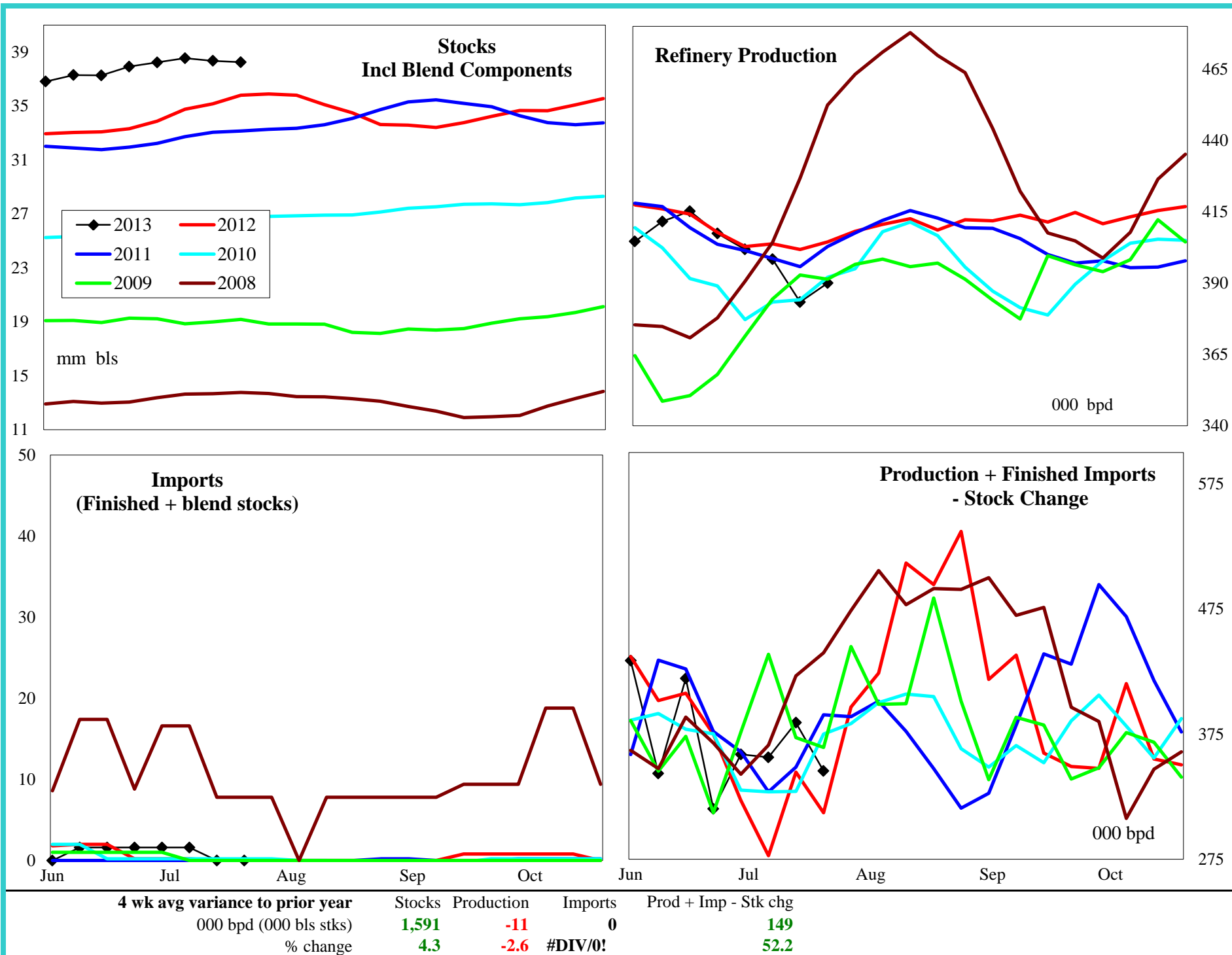
PADD 3 Crude Oil Supply and Refining



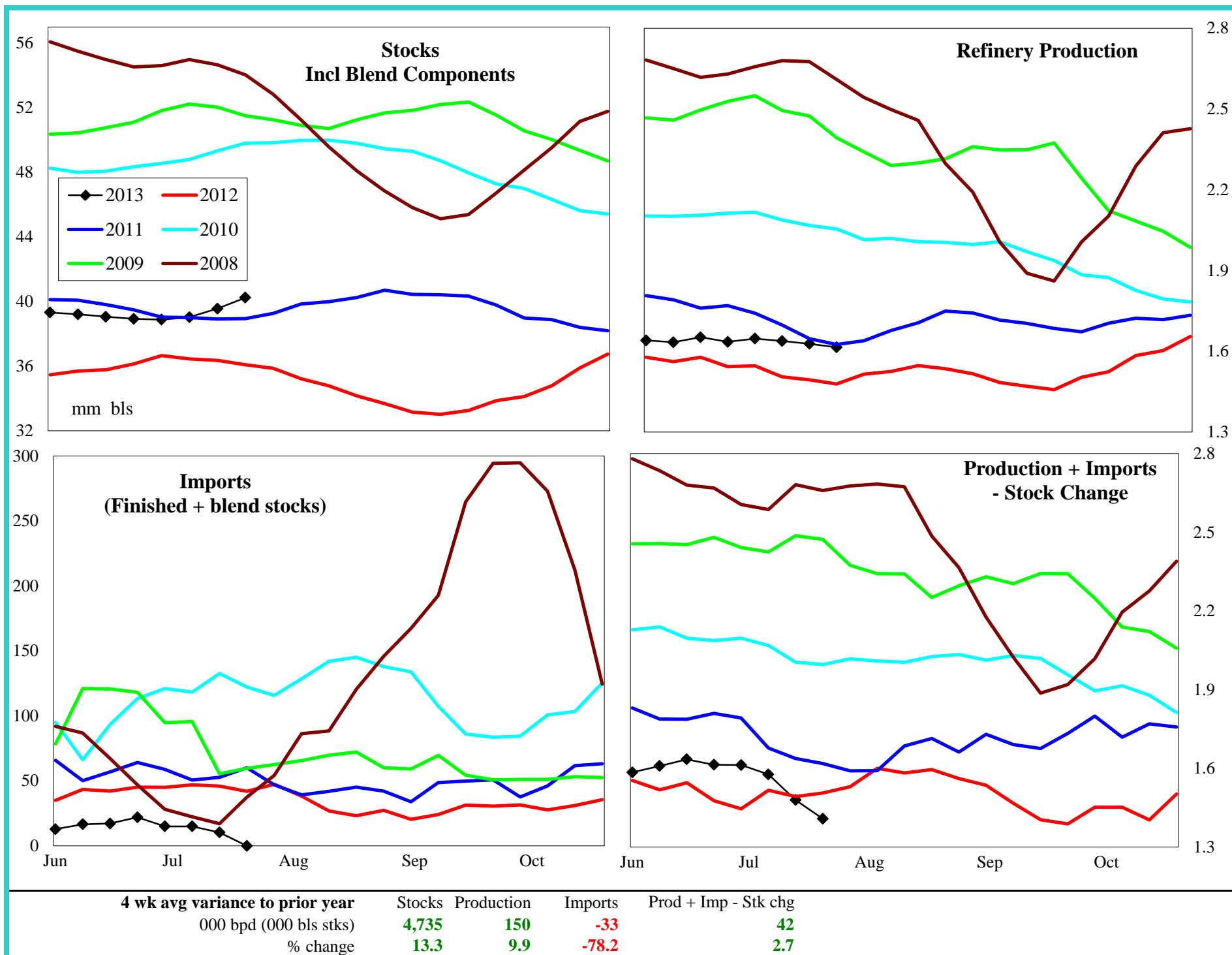
PADD 3 Gasoline Supply



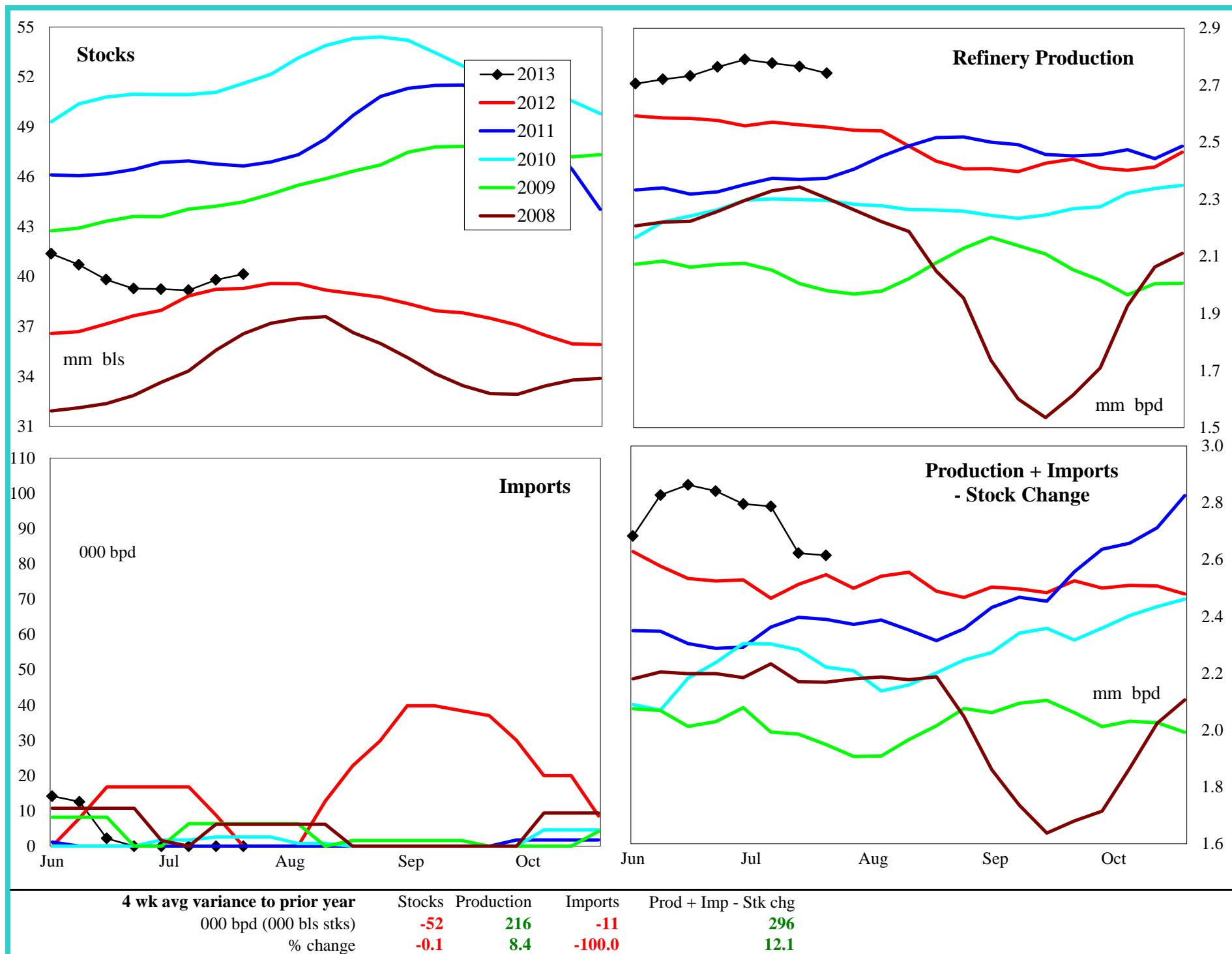
PADD 3 Reformulated Gasoline Supply



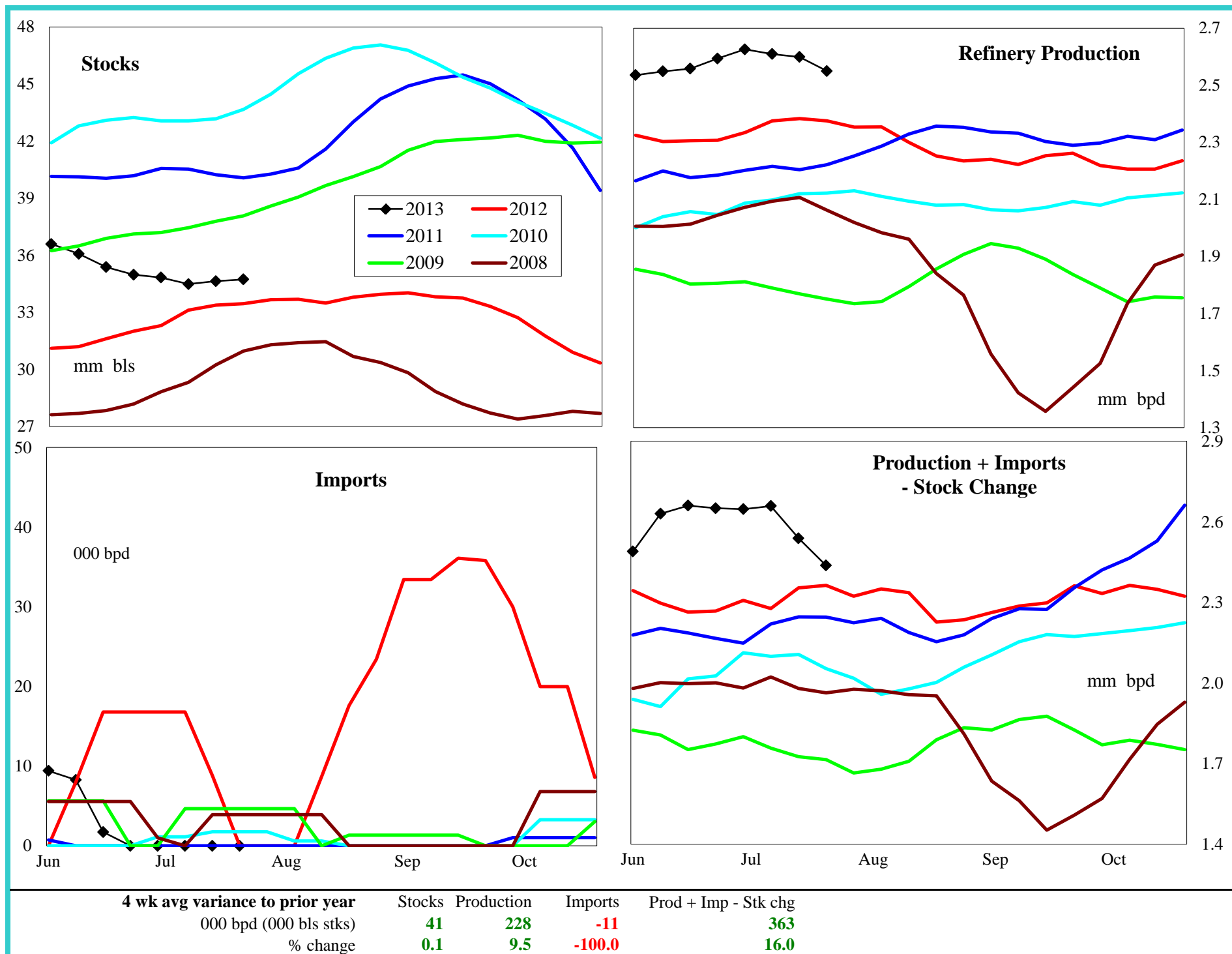
PADD 3 Conventional Gasoline Supply



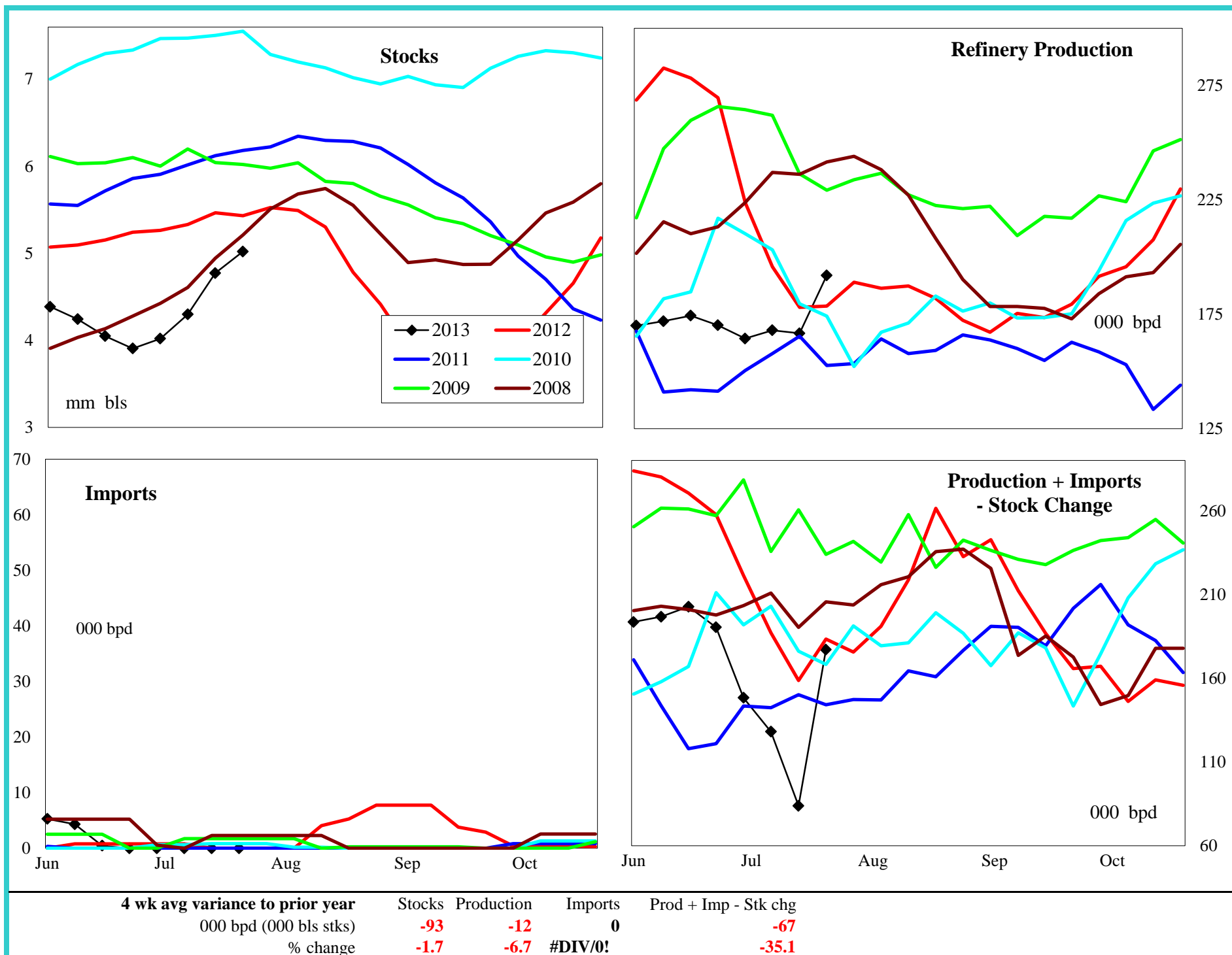
PADD 3 Distillate Supply



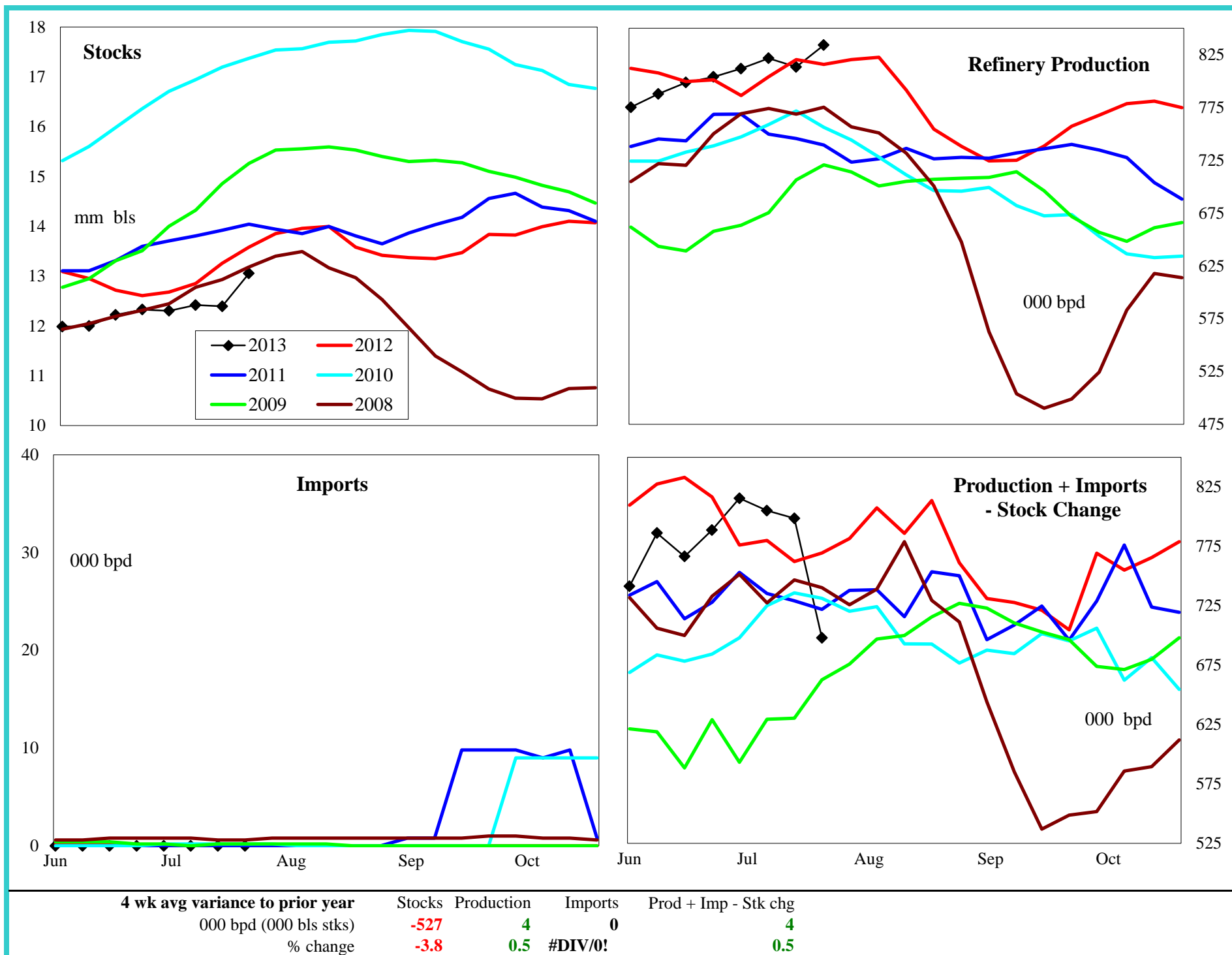
PADD 3 Low Sulfur Distillate Supply



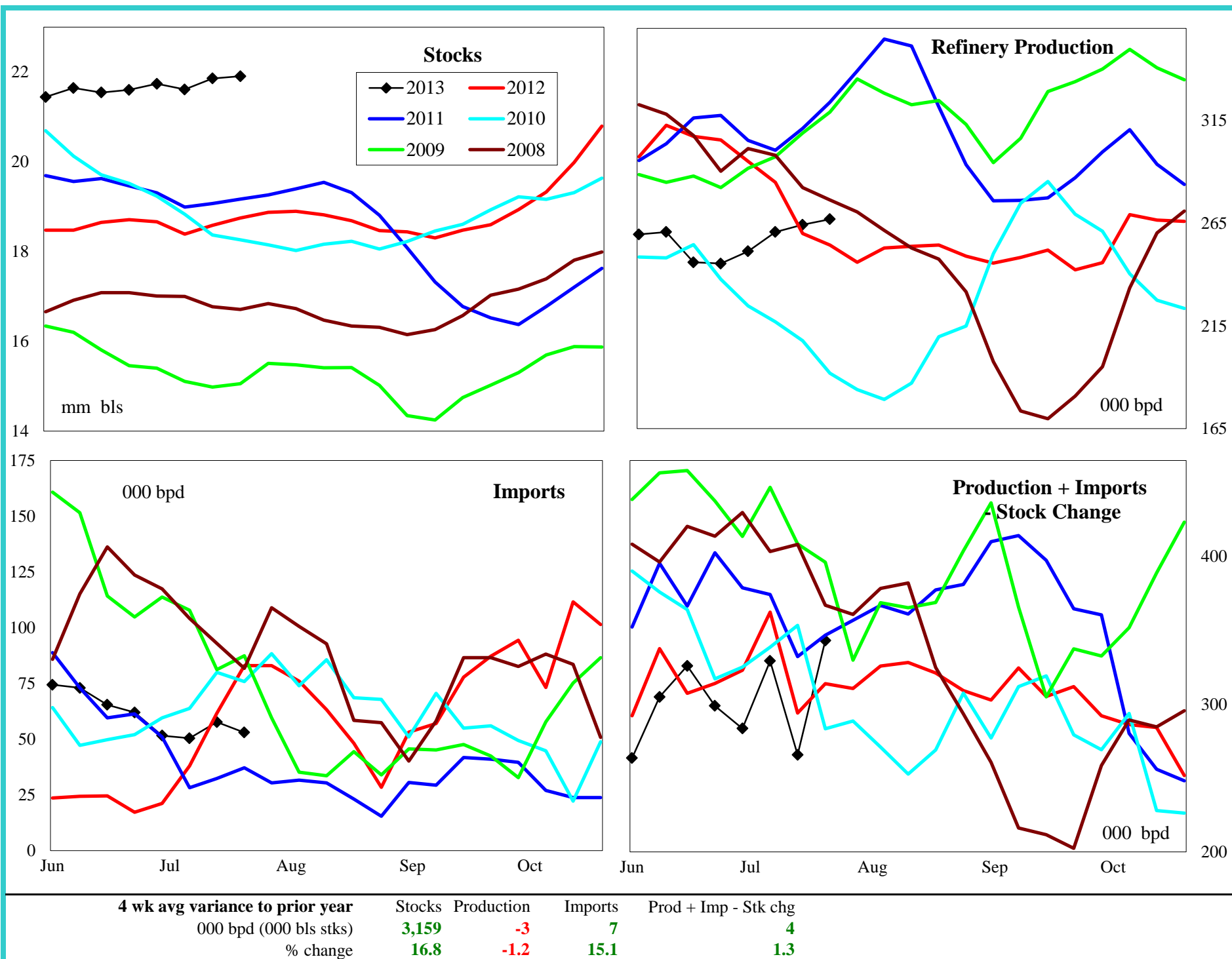
PADD 3 High Sulfur Distillate Supply



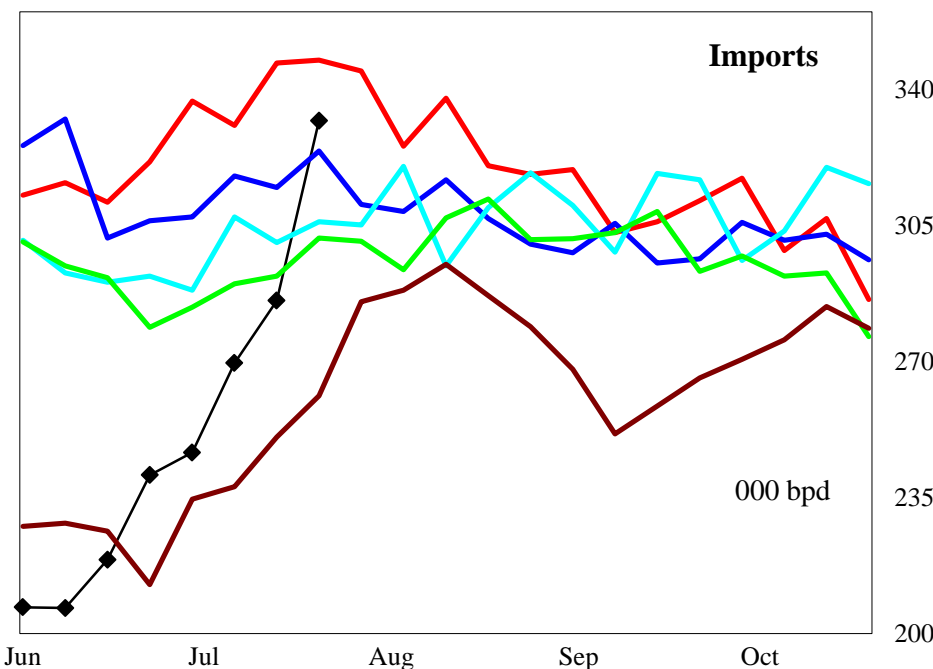
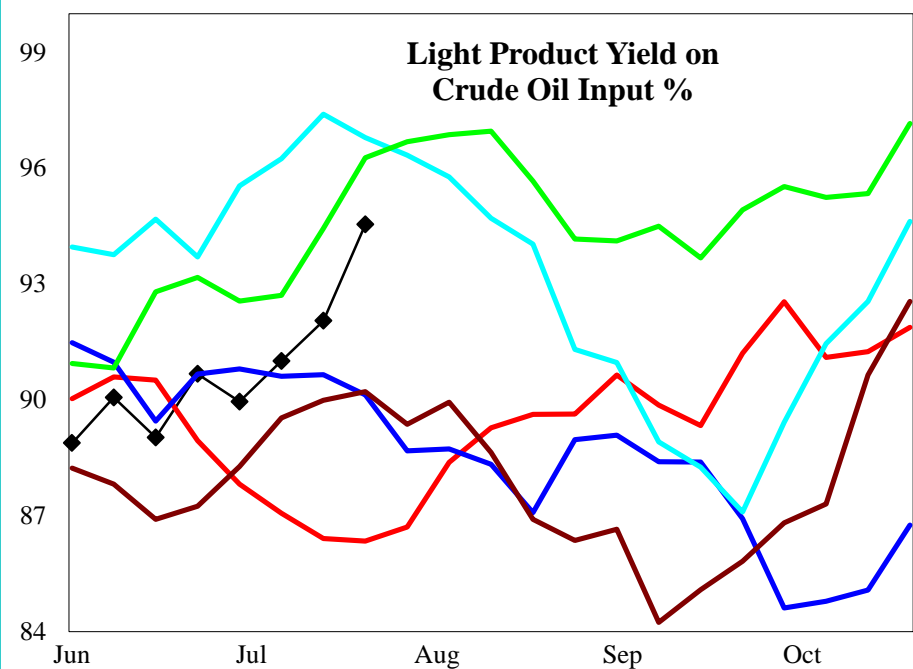
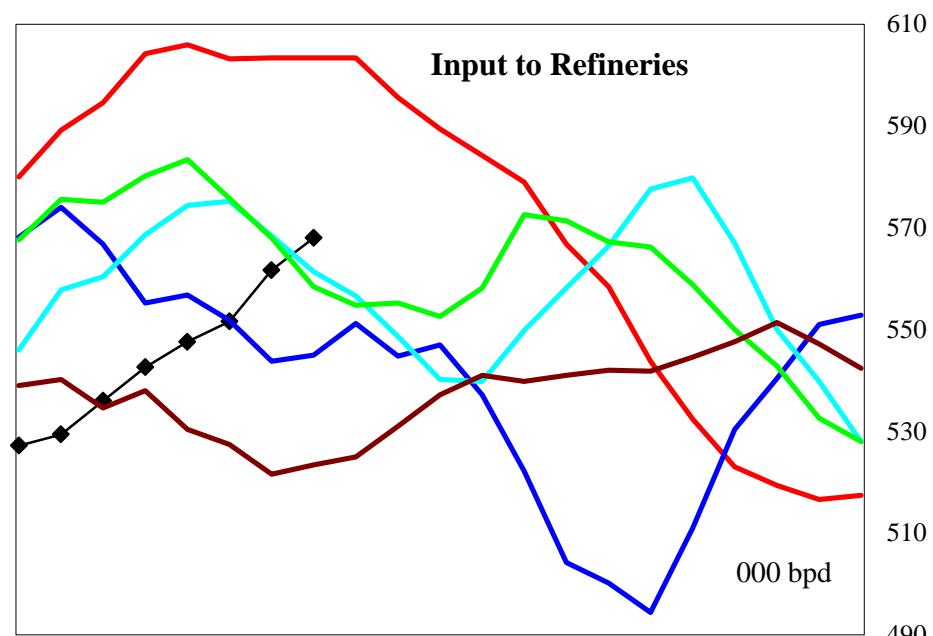
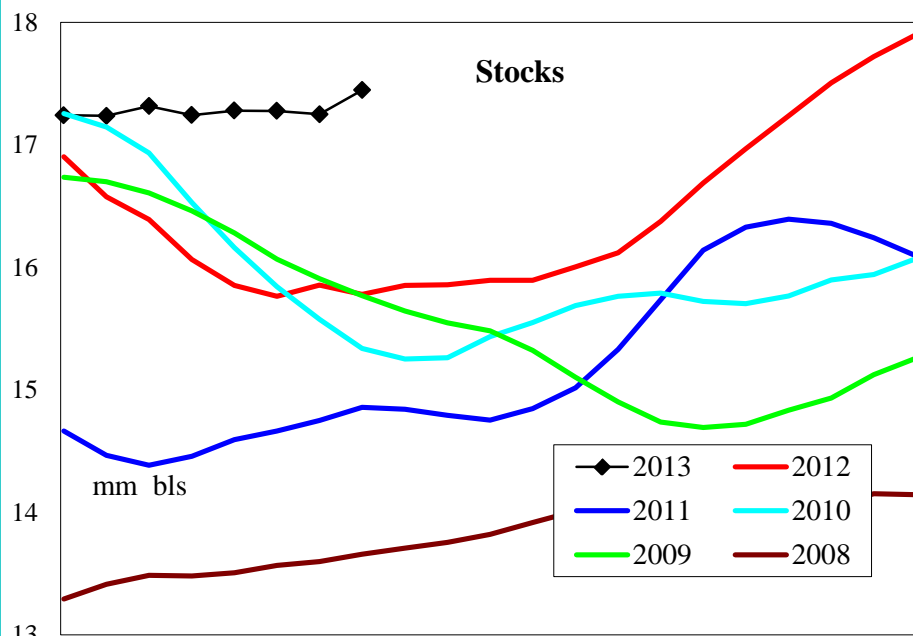
PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,667

10.3

Input

-47

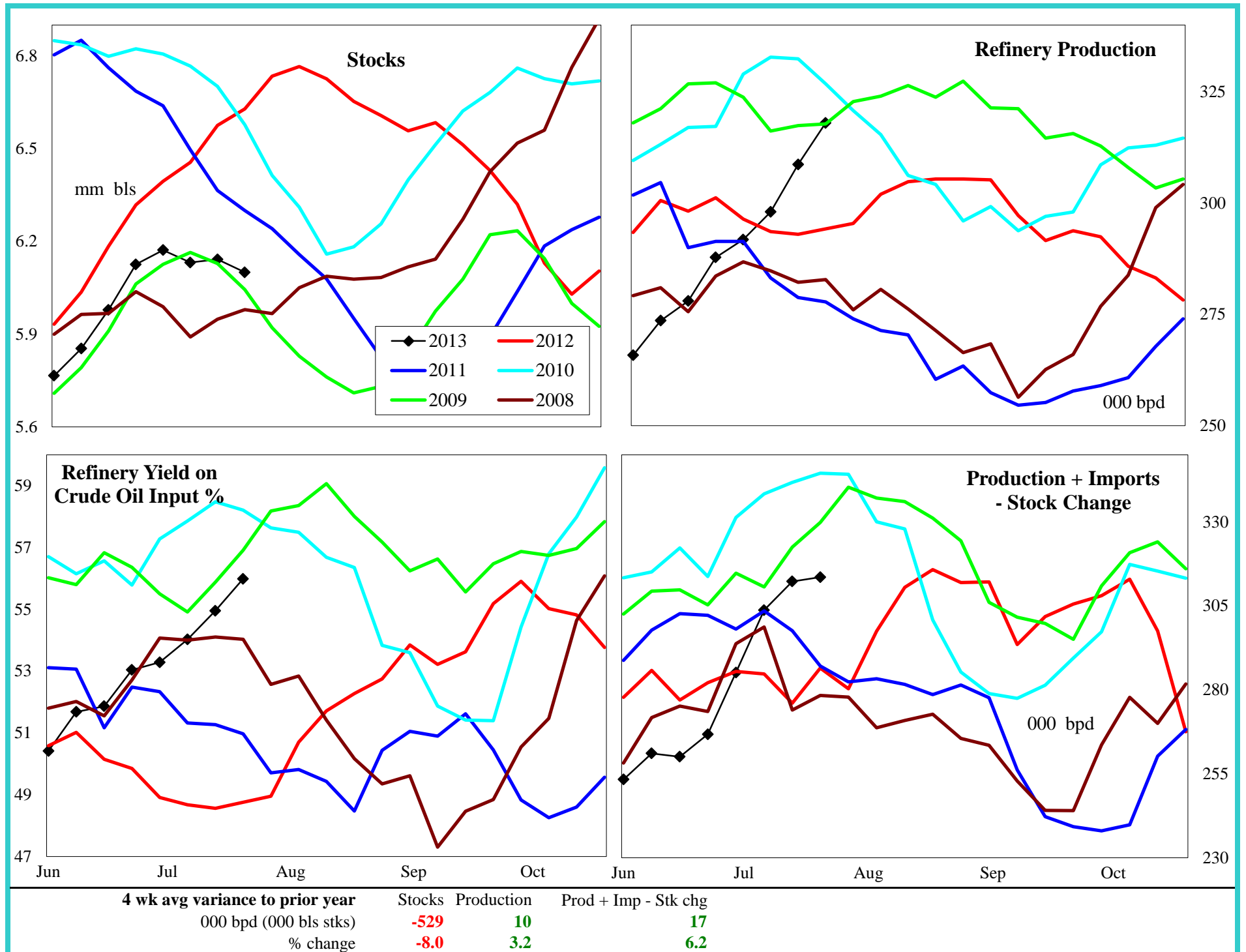
-7.7

Imports

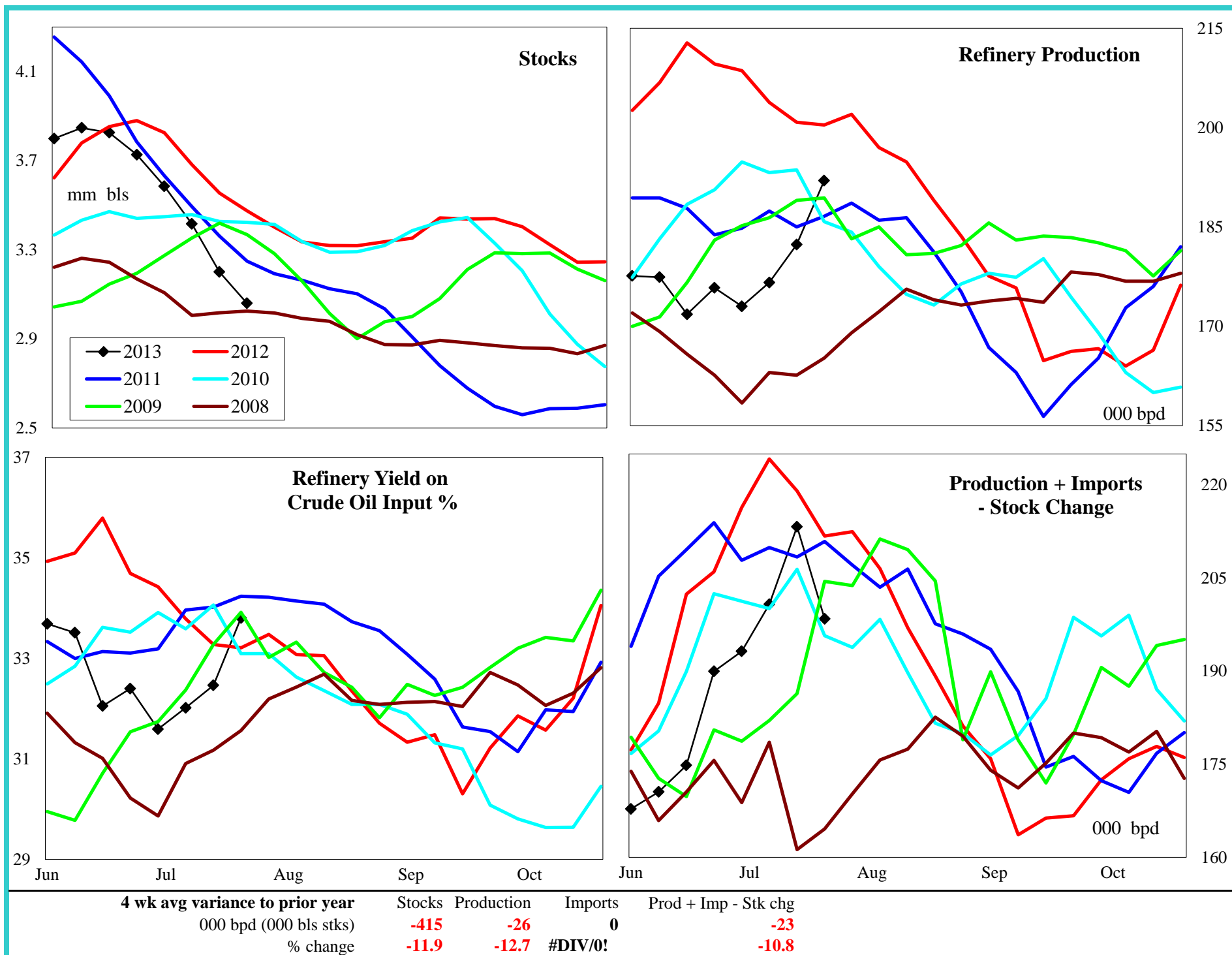
-67

-19.4

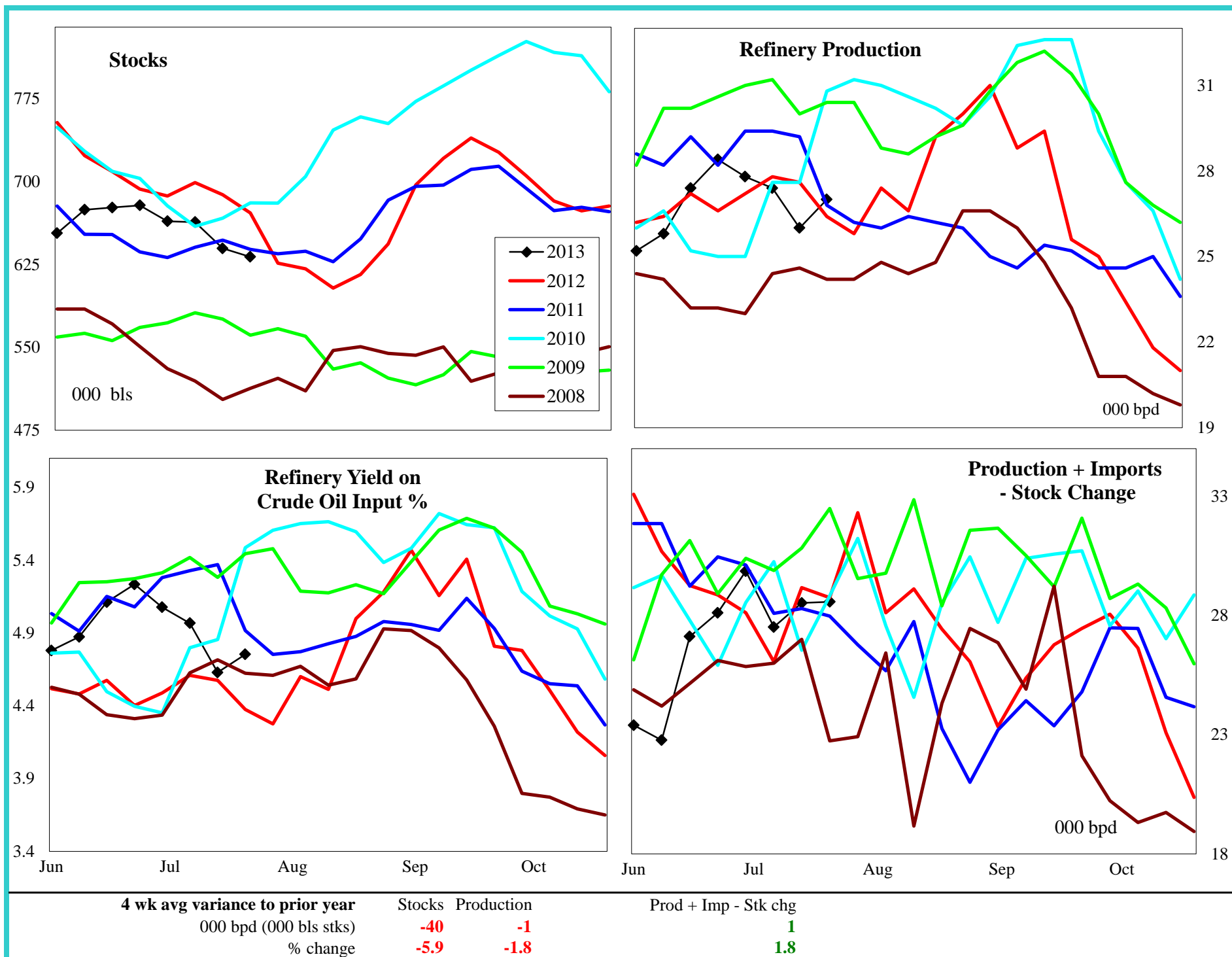
PADD 4 Gasoline Supply



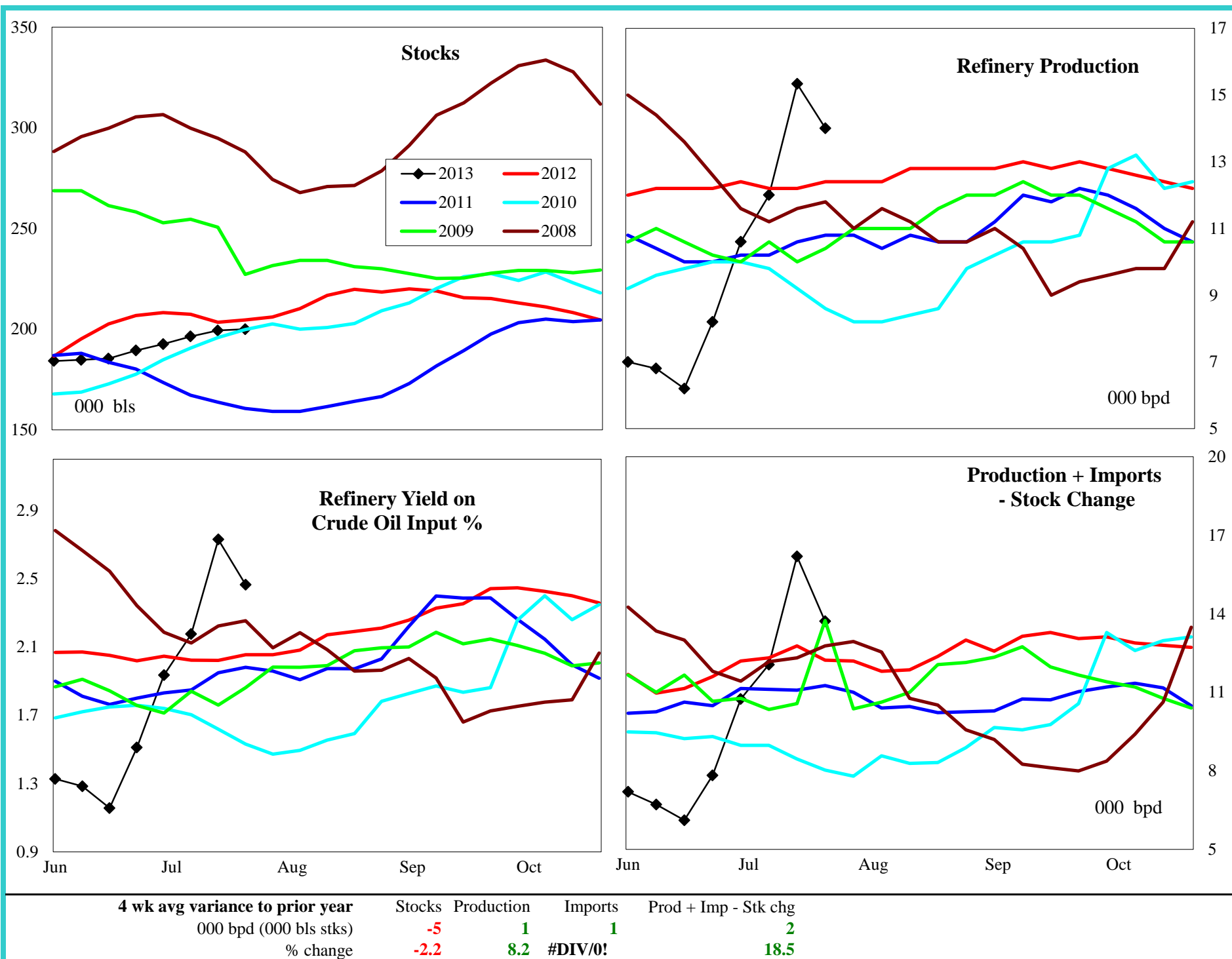
PADD 4 Distillate Supply



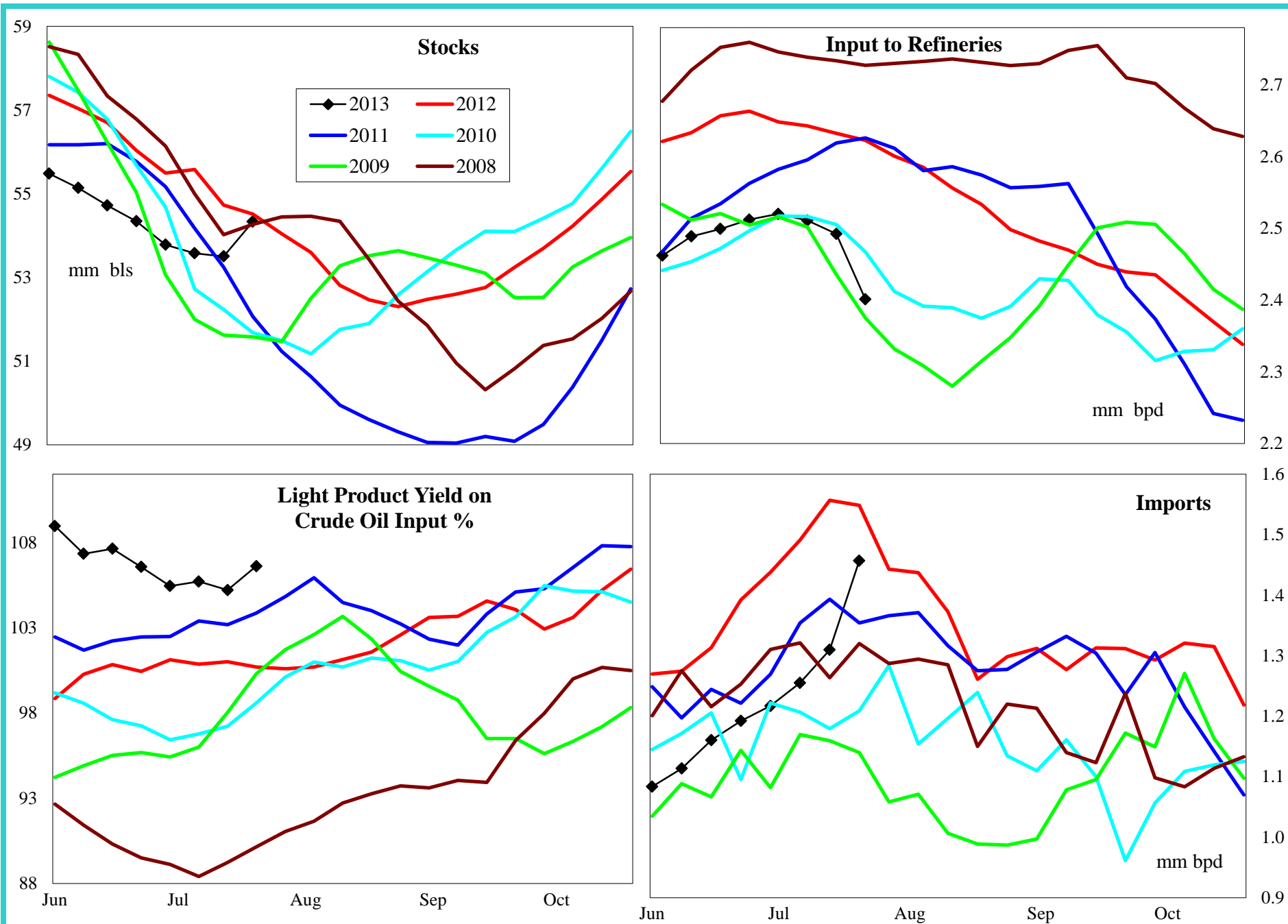
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-183

-0.3

Input

-132

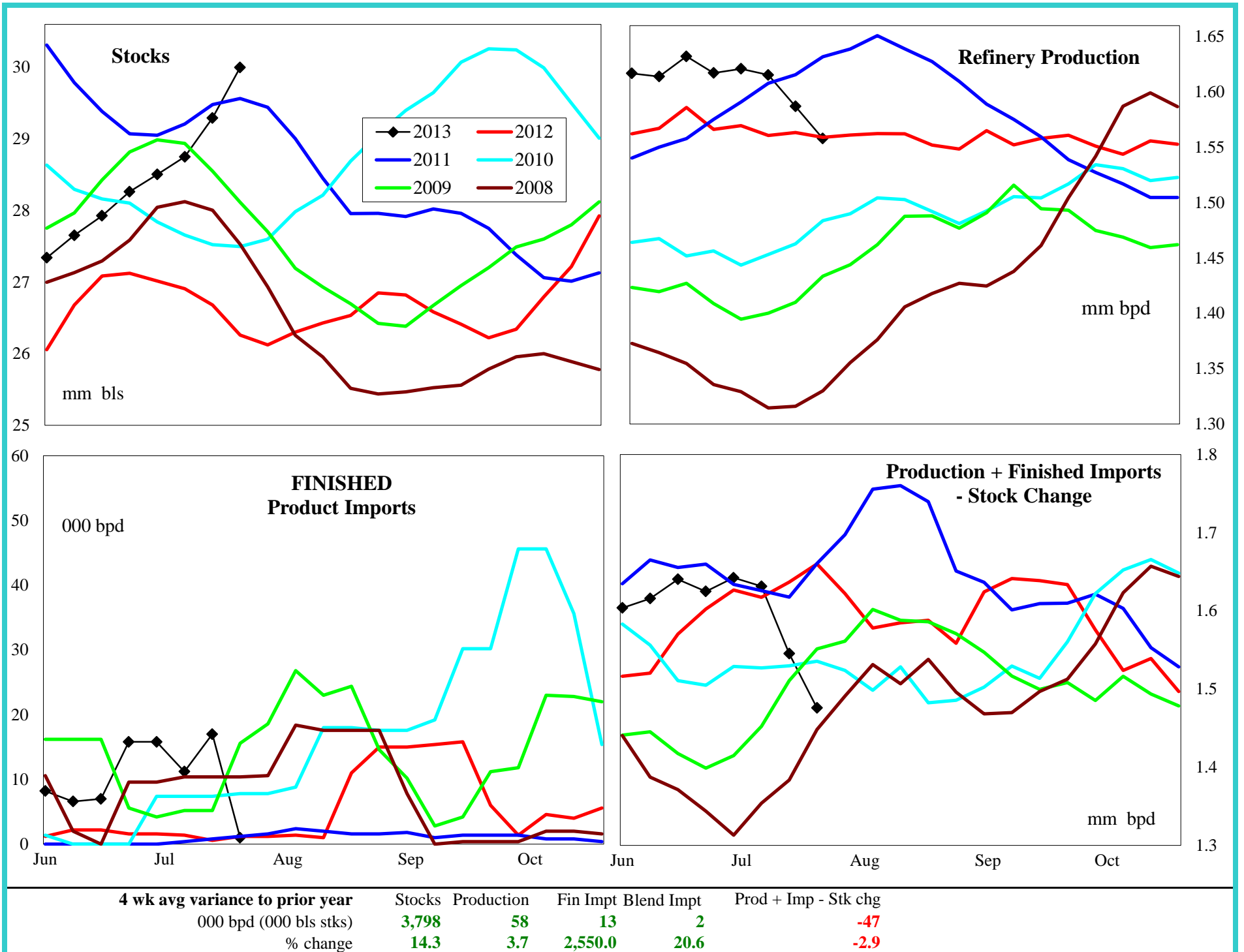
-5.1

Imports

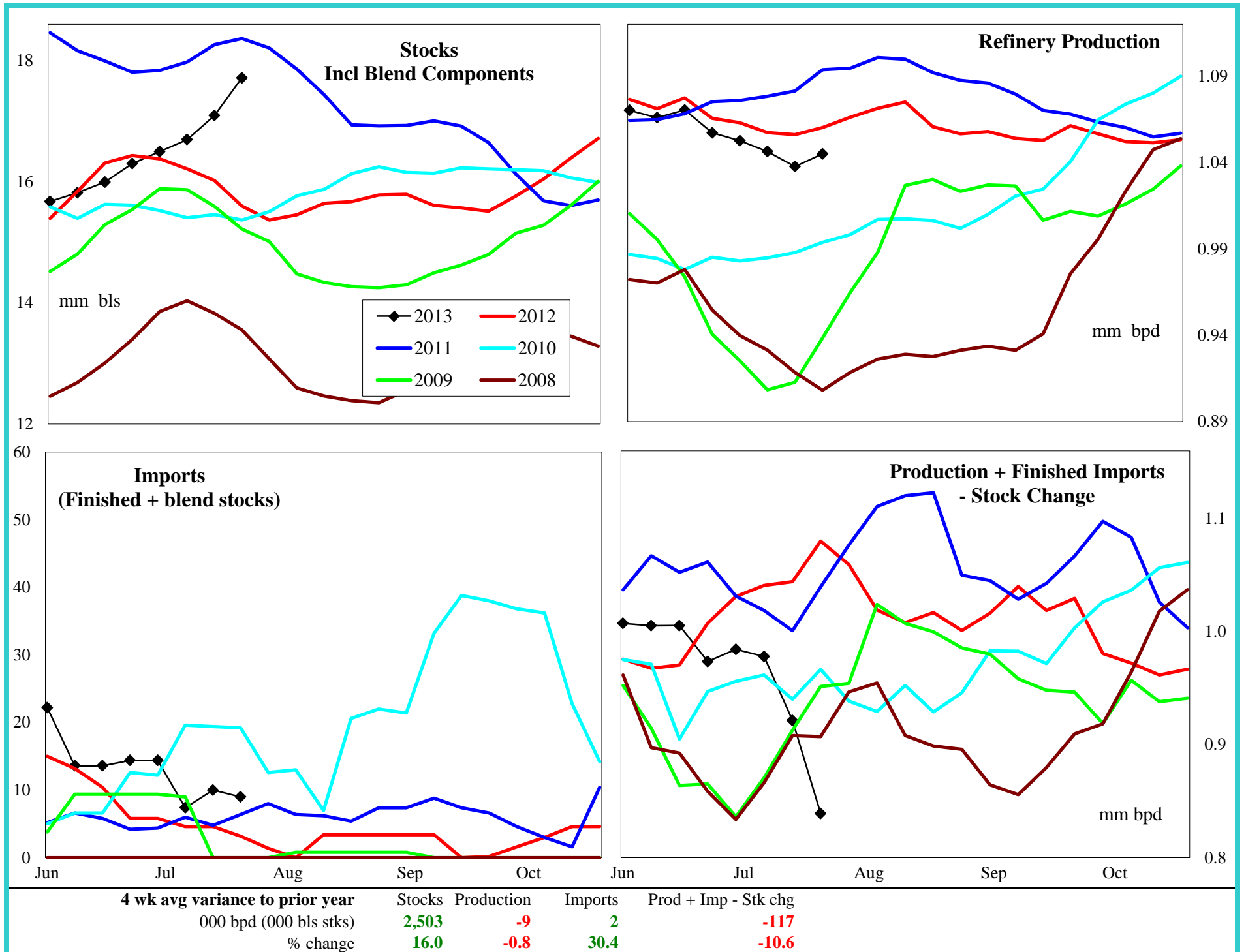
-205

-13.7

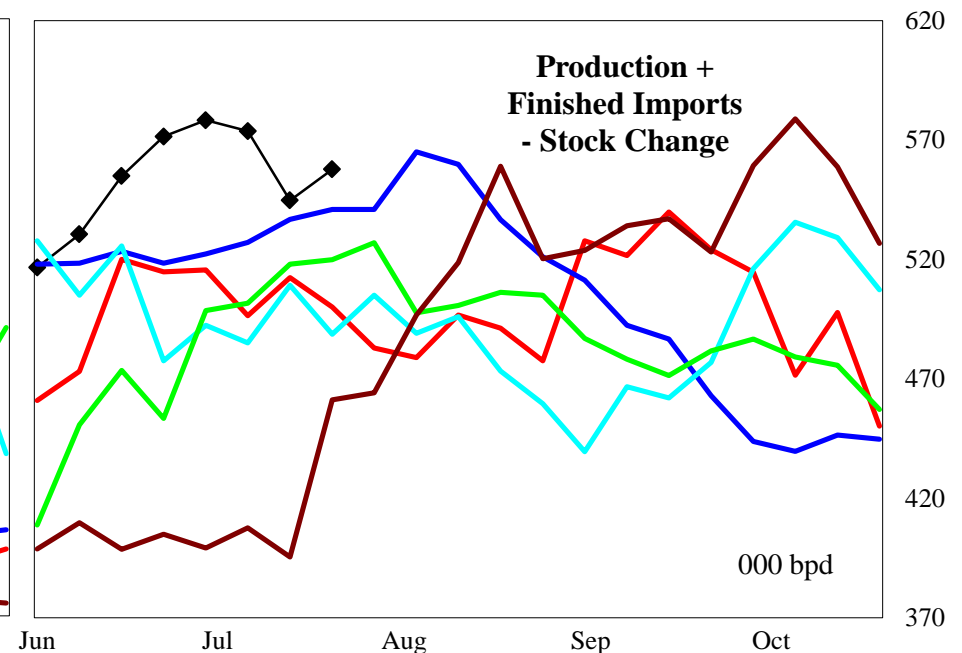
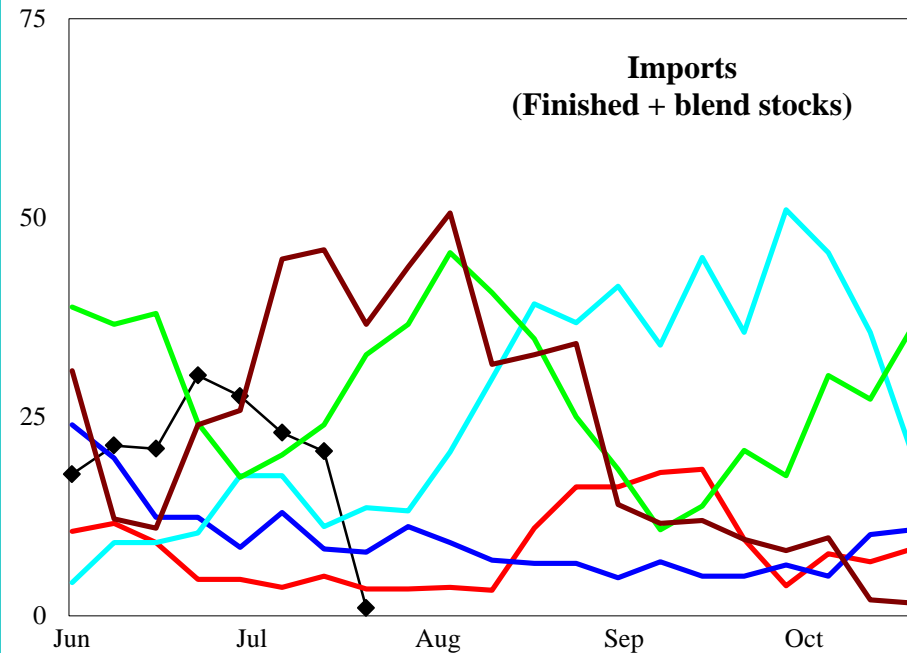
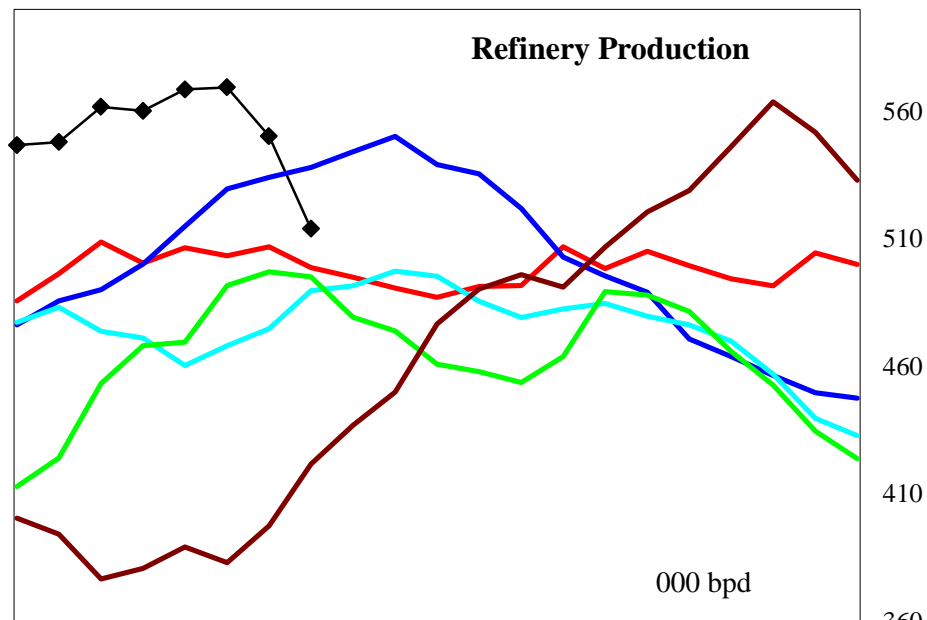
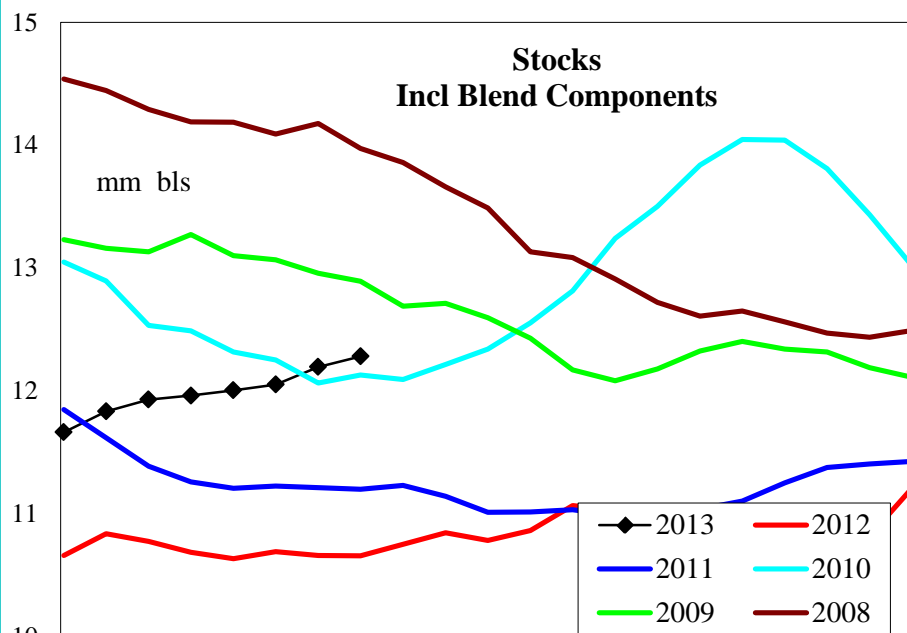
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,295

11.8

Production

68

13.4

Imports

13

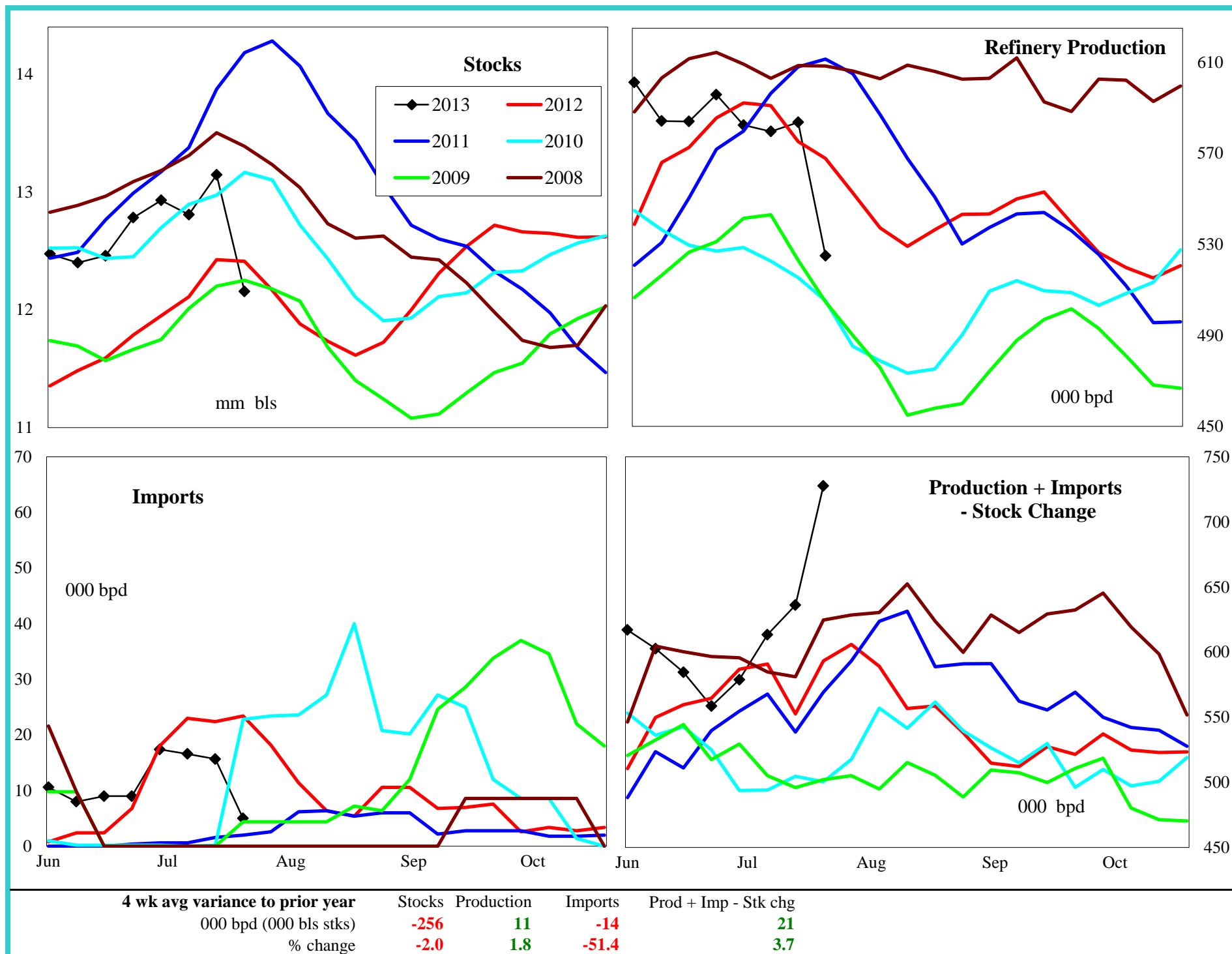
392.3

Prod + Imp - Stk chg

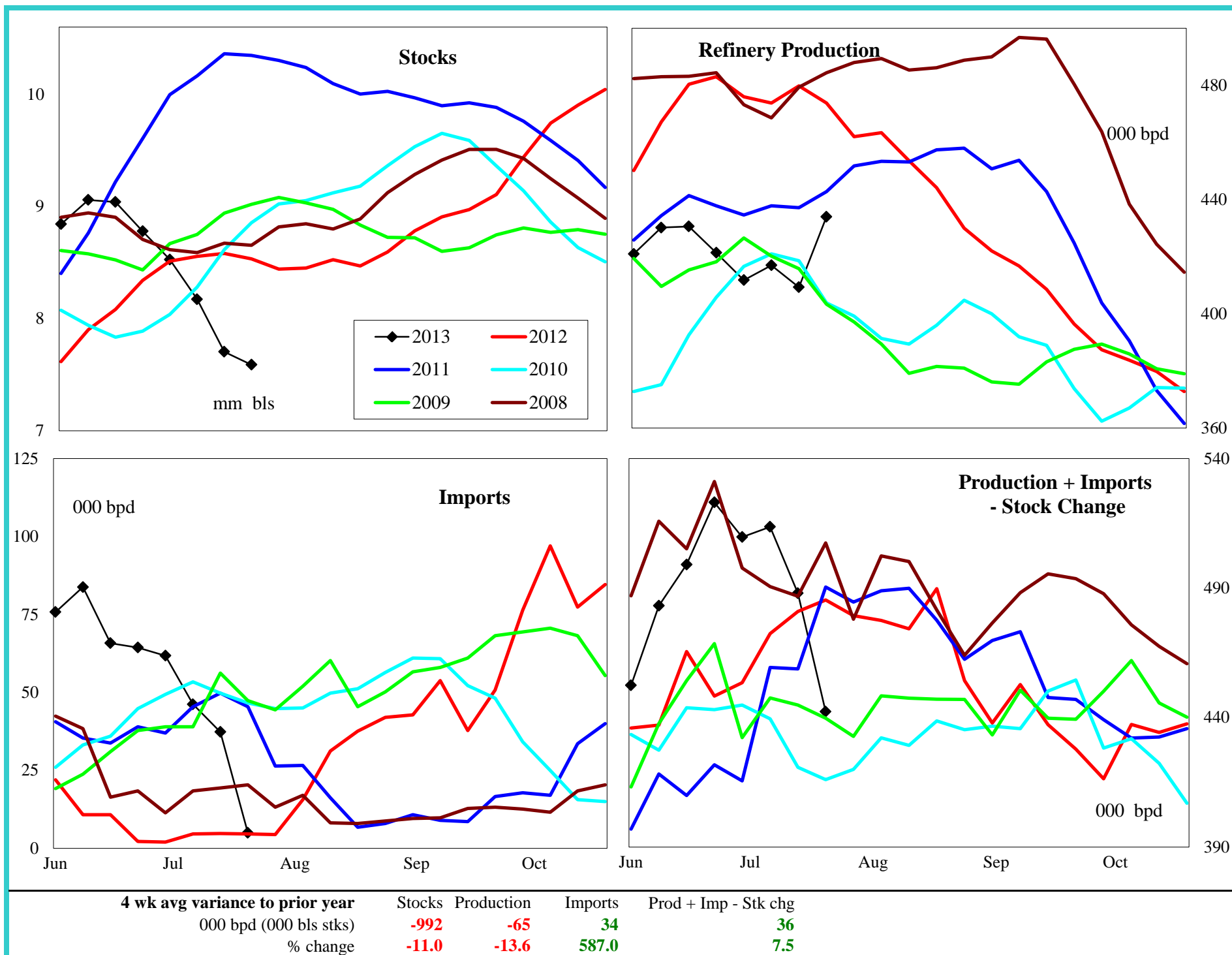
70

14.1

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

