



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

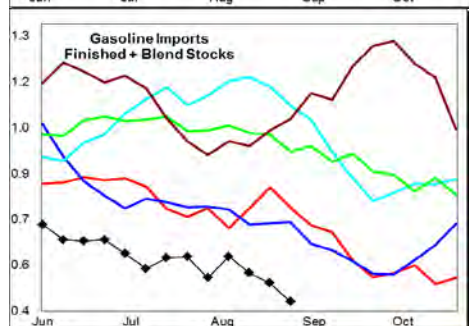
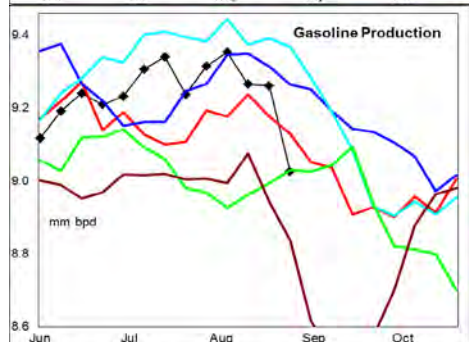
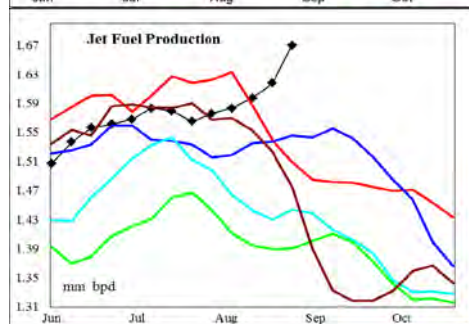
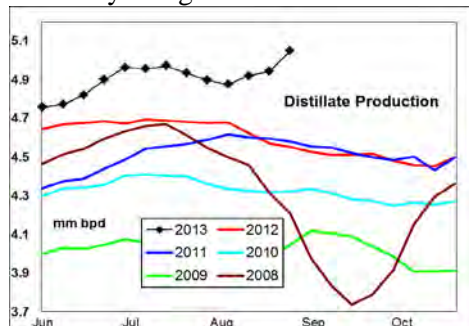
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, September 05, 2013



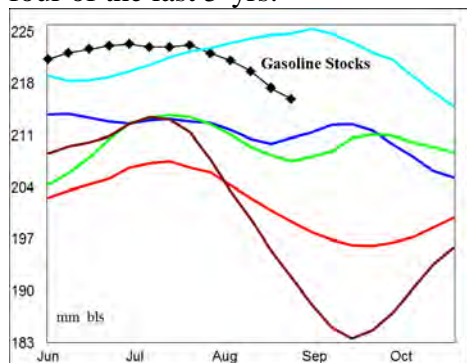
Major Fundamental Trends¹

Refiners are maximizing middle distillate output at the expense of gasoline, with combined distillate and jet fuel production +0.6 million bpd above a year ago for last week.



Marketers have also reduced gasoline imports to record low levels; driven by very high summer

carryout stock levels in coastal markets. Gasoline stocks extended the seasonal decline last week, although the level remains above four of the last 5-yr.



Refiners have not yet begun fall maintenance, with the latest 4-wk average crude oil thru put +0.5 million bpd above a year ago. The extremely high runs contribute to the very high output of middle distillates.

Crude oil stocks in Cushing continue to trend lower, falling -1.8 million barrels last week – equal to the entire U.S. draw for the week.

Demand for gasoline increased last week, while middle distillates were lower. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.3%; distillate was +7% higher; jet fuel was +8.5% higher, and residual decreased -32%.

Stocks forward coverage: Gasoline demand coverage declined on a -1.8 million barrel stock draw for the week. Coverage remains above the 5-year range.

Distillate coverage increased on a +0.5 million barrel stock build and higher demand. Coverage levels were below a year ago.

Jet fuel coverage was higher on a +1.9 million barrel stock build and very low demand. Coverage levels increased to match historic lows.

Residual fuel oil coverage increased on a +0.6 million barrel stock build last week, with the level at a record level for the summer quarter.

Refinery utilization rates increased last week on a +161,000 bpd rise in crude

oil runs. During the latest 4-wk period crude oil input was +507,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell sharply on a -338,000 bpd decrease in output compared to the +161,000 bpd rise in crude oil runs. Yield % on crude oil runs ended the week at a record low for the summer season.

Distillate yield % on crude oil runs jumped on a +161,000 bpd rise in output compared to the smaller increase in crude oil thru put. The yield % on crude oil runs reached a new record high for the season.

Jet fuel yield % on crude oil runs increased on a +70,000 bpd rise in output, compared to smaller crude oil increase. The yield % level matched the record high for the season.

Petroleum Imports/Exports: Imports of crude oil, gasoline and distillate were each lower last week.

During the latest 4-wk period crude oil *imports* were -0.5 million bpd below last year; distillate imports were -8,000 bpd lower; finished gasoline imports increased +44,000 bpd, gasoline blend stock imports were -352,000 bpd lower; jet fuel imports increased +56,000 bpd, while residual fuel oil imports were -26,000 bpd lower.

The latest weekly *export* estimate saw a -4,000 bpd decrease in gasoline, a +87,000 bpd jump in distillate and +30,000 bpd rise in jet fuel compared to a year ago.

Crude Oil stocks decreased -1.8 million barrels last week, with the draw in Cushing equal to the total U.S. draw. Stocks ended the week +0.9 million barrels above last year's record level. Stock levels ended the week -22% below last year in Cushing.

¹ Source is latest EIA Weekly Statistics



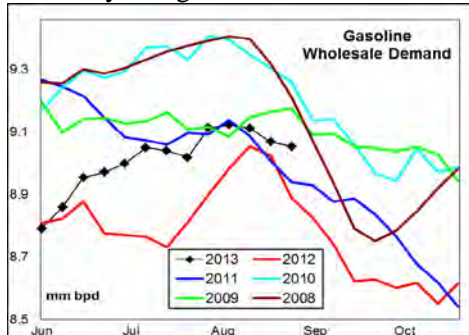
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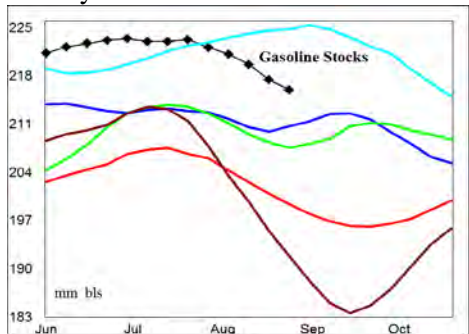
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Product Supply-Demand Trends

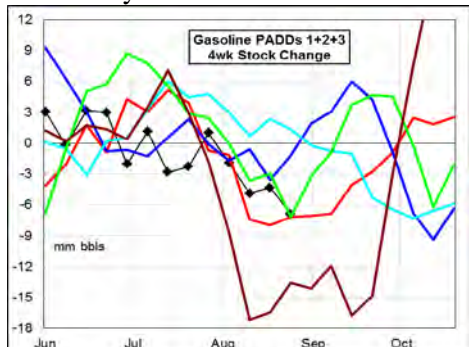
Gasoline wholesale demand increased +63,000 bpd last week with the level above the last 2-yr. The latest 4-wk average demand was -29,000 bpd below a year ago. Supply fell -0.6 million bpd last week, with imports at an extremely low level. Supply for the latest 4-wk period was +4,000 bpd above a year ago.



Stocks decreased -1.8 million barrels last week, to a level above four of the last 5-yr.



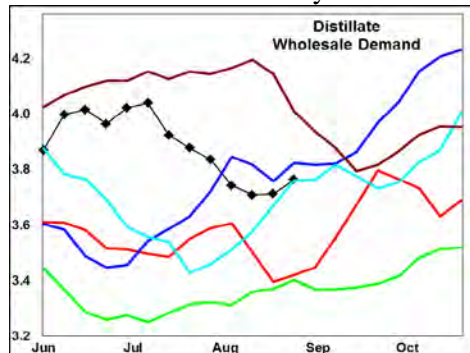
The latest 4-wk stock change in markets East of the Rockies was a -7.2 million barrel draw, matching lows of the last 3-yr.



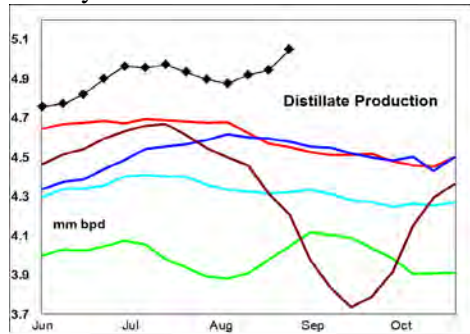
The seasonal decline in demand should be evident in the near term. Combined with high stock levels for this time of year, all coastal markets are well supplied. Stocks are extremely low in the Midwest on unplanned refiner

maintenance and the conversion to CBOB grade in Magellan Pipeline.

Distillate wholesale demand decreased -38,000 bpd last week, to a level which matched the 3-yr mid range. The latest 4-wk average demand was +239,000 bpd above a year ago, a +7% increase. Supply increased +85,000 bpd last week on higher production. The latest 4-wk average supply was +310,000 bpd above last year. Stocks increased +0.5 million barrels on the week, with the level +2% above last year.



The latest 4-wk stock change in markets East of the Rockies was a +2.7 million barrel build, below four of the last 5-yr.



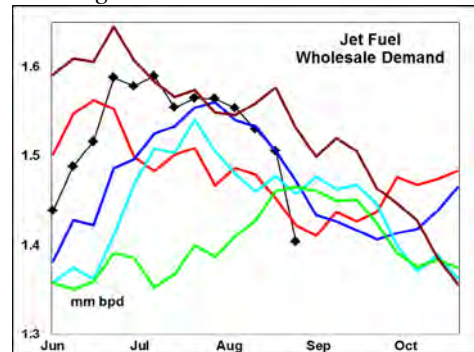
Year-on-year demand growth has been comparable to 2011 and 2010, higher than the extremely low level seen in 2012. Production last week was nearly +0.5 million bpd above a year ago. Look for a decline in production from this record level as refiners began fall maintenance.

Jet Fuel wholesale demand fell -120,000 bpd on the week; to a level below the 5-yr range for the week. The latest 4-wk average demand was +122,000 bpd above last year, a +8.5% increase.

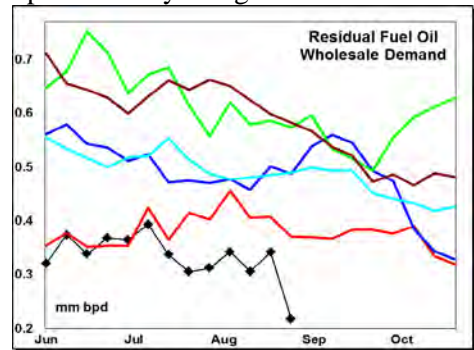
Supplies increased +101,000 bpd on the week, driven by a surge in both

imports and production. Both imports and production were at record highs for the season. Supply for the latest 4-wk period was +94,000 bpd above a year ago. Stocks jumped +1.9 million barrels last week, although the level remains -3.5 million barrels below last year, and below the 5-yr range.

Wholesale demand has seen a sharp seasonal correction during the last month. Combined with a surge in supply, stocks saw a record build last week. Expect further seasonal stock building over the next 6-wks.



Residual fuel oil demand decreased -166,000 bpd last week. Demand for the latest 4-wk period was -127,000 bpd below a year ago.



Supply (production + imports) increased +124,000 bpd last week, on higher imports and production. Production levels remain below the 5-yr range. Stock levels matched the average of the last 3-years.

Demand continues to witness year-on-year declines of over -30% as refiners process higher volumes of light sweet domestic crude oil and start up of process units to upgrade the bottom of the barrel which has reduce domestic production to record low levels.



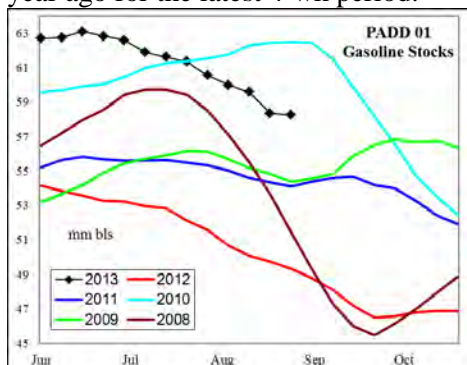
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PADD Supply Trends

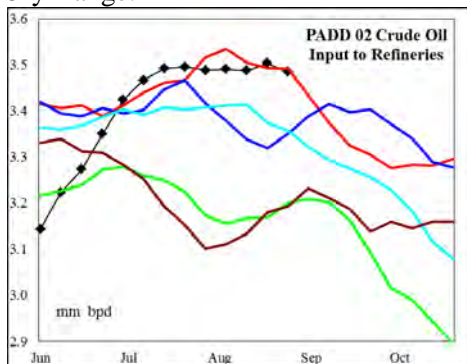
PADD 1 refinery crude oil runs increased +98,000 bpd last week, to a level +14% above last year. Crude oil imports averaged +67,000 bpd above a year ago for the latest 4-wk period.



Gasoline supply fell -0.3 million bpd last week on a decline in imports. Stocks were unchanged on the week, at a level above four of the last 5-yrs.

Distillate supply declined -50,000 bpd on the week, with the 4-wk average -74,000 bpd below a year ago. Stocks increased +1.1 million barrels on the week, to a level that matched last year.

Jet fuel supply increased +68,000 bpd on imports of nearly 140,000 bpd. Stock levels were at the low end of the 5-yr range.



PADD 2 crude oil refinery runs declined -58,000 bpd on the week, to a level that matched the prior 5-yr high. Crude oil stocks decreased -2.4 million barrels last week, including a -1.8 million barrel draw in Cushing. Stocks ended the week -22% below a year ago in Cushing.

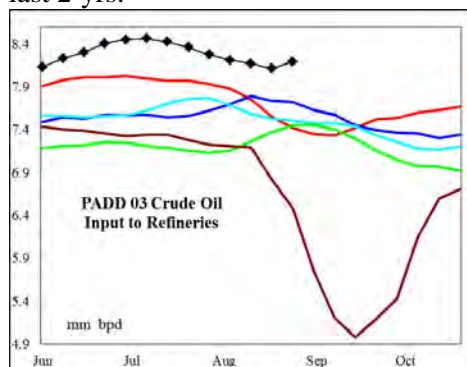
Gasoline production was unchanged on the week, with the level

slightly above each of the last 3-yrs. Stocks fell -1 million barrels last week to a new 5-yr low for the season; driven in part by the conversion to CBOB grade in the Magellan system.

Distillate supply increased +49,000 bpd last week, to a new record high for the season. Stocks increased +0.5 million barrels on the week, to a level above the last 2-yrs.

Jet fuel production decreased -22,000 bpd last week, to a level near historic highs. Stocks ended the week slightly below the 5-yr range.

PADD 3 refinery runs increased +151,000 bpd last week. During the latest 4-wk period, average runs were +420,000 bpd above a year ago. Crude oil stocks increased +0.6 million barrels last week, a level equal to the last 2-yrs.



Gasoline supply increased +13,000 bpd on the week, with the latest 4-wk average +48,000 bpd above a year ago. Stocks declined -1 million barrels to a level near historic highs.

Distillate supply increased +67,000 bpd on the week, with the latest 4-wk average supply +272,000 bpd above last year. Stocks declined -1.2 million barrels last week, with the level +5.6% above a year ago.

Jet fuel production increased +59,000 bpd on the week, to a record high level. Stocks increased +1.5 million barrels, with the level -3.6% below the last year.

Residual fuel supply decreased -15,000 bpd, on lower imports. Stock levels ended the week +7% above the prior historic high for the period.

PADD 4 refinery crude runs increased

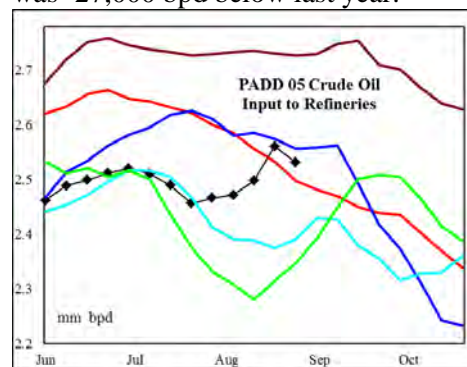
+16,000 bpd on the week, to a record level for this time of year. Crude oil stocks ended the week +15% above last years' record high.

Gasoline production decreased -17,000 bpd on the week, with the level near 5-yr highs. Stocks ended the week at a new record high level.

Distillate production was nearly unchanged on the week, with the level matching historic highs for the week. Stocks ended the week at a level above the 5-yr range.

Jet fuel production was near the historic mid range last week. Stock levels fell matched last year.

PADD 5 crude oil refinery runs decreased -46,000 bpd on the week with the level comparable to the last 2-yrs; the latest 4-wk average run rate was -27,000 bpd below last year.




Gasoline supply increased +65,000 bpd on the week with production at a 5-yr high. The latest 4-wk average supply was +74,000 bpd above a year ago. Stocks increased +0.1 million barrels on the week, to a level that matched the 3-yr mid range.

Distillate supply increased +15,000 bpd, with production at an all time record high. The latest 4-wk average supply was +87,000 bpd above last year. Stocks decreased -0.1 million barrels with the level near the 3-yr mid range.

Jet fuel supply increased +31,000 bpd last week with the level above four of the last 5-yrs. Stocks increased +0.4 million barrels to a level -11% below the 5-yr range.

Residual fuel oil stock levels were +17% above a year ago.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

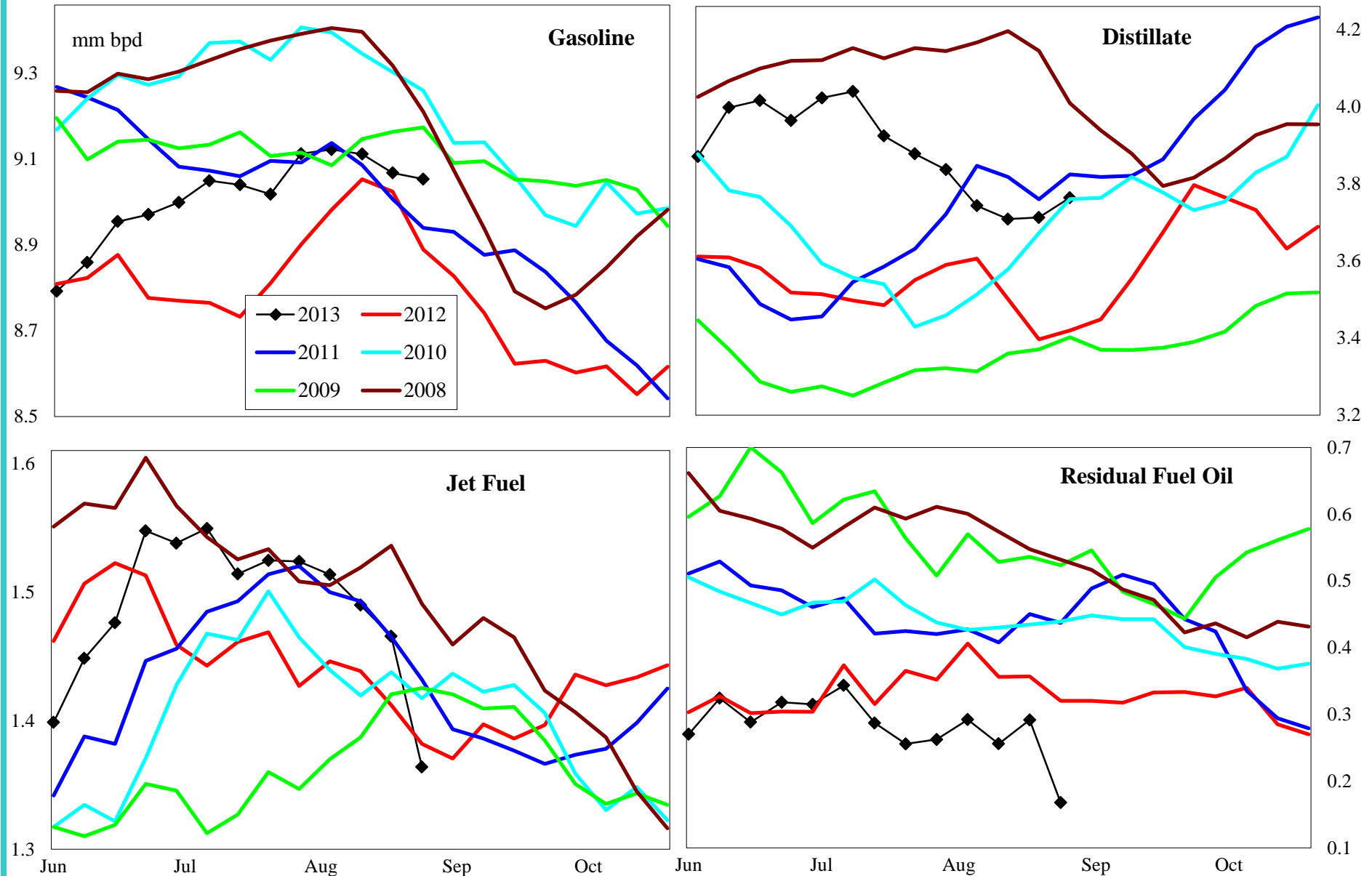
September 5, 2013

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	30-Aug-13	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-1,836	-867	-2,390	571	16	835
	Imports	-119	-147	-204	50	-28	212
	Input	162	98	-58	151	16	-46
	% Utilization	0.50					
Gasoline	Stocks	-1,827	-36	-997	-986	45	147
	Production	-338	-74	3	29	-17	65
	Imports	-240	-222	-3	-16	0	0
	Supplied	63					
Distillate	Stocks	549	1,101	511	-1,155	164	-71
	Production	161	-1	50	67	-2	46
	Imports	-76	-49	-1	0	4	-30
	Supplied	-38					
Jet Fuel	Stocks	1,883	-76	20	1,450	46	443
	Production	70	-12	-22	59	-3	49
	Imports	31	49	0	0	0	-18
	Supplied	-120					
Residual Fuel Oil	Stocks	632	339	-76	302	-5	74
	Production	21	0	1	33	-1	-12
	Imports	103	68	2	-48	2	79
	Supplied	-166					

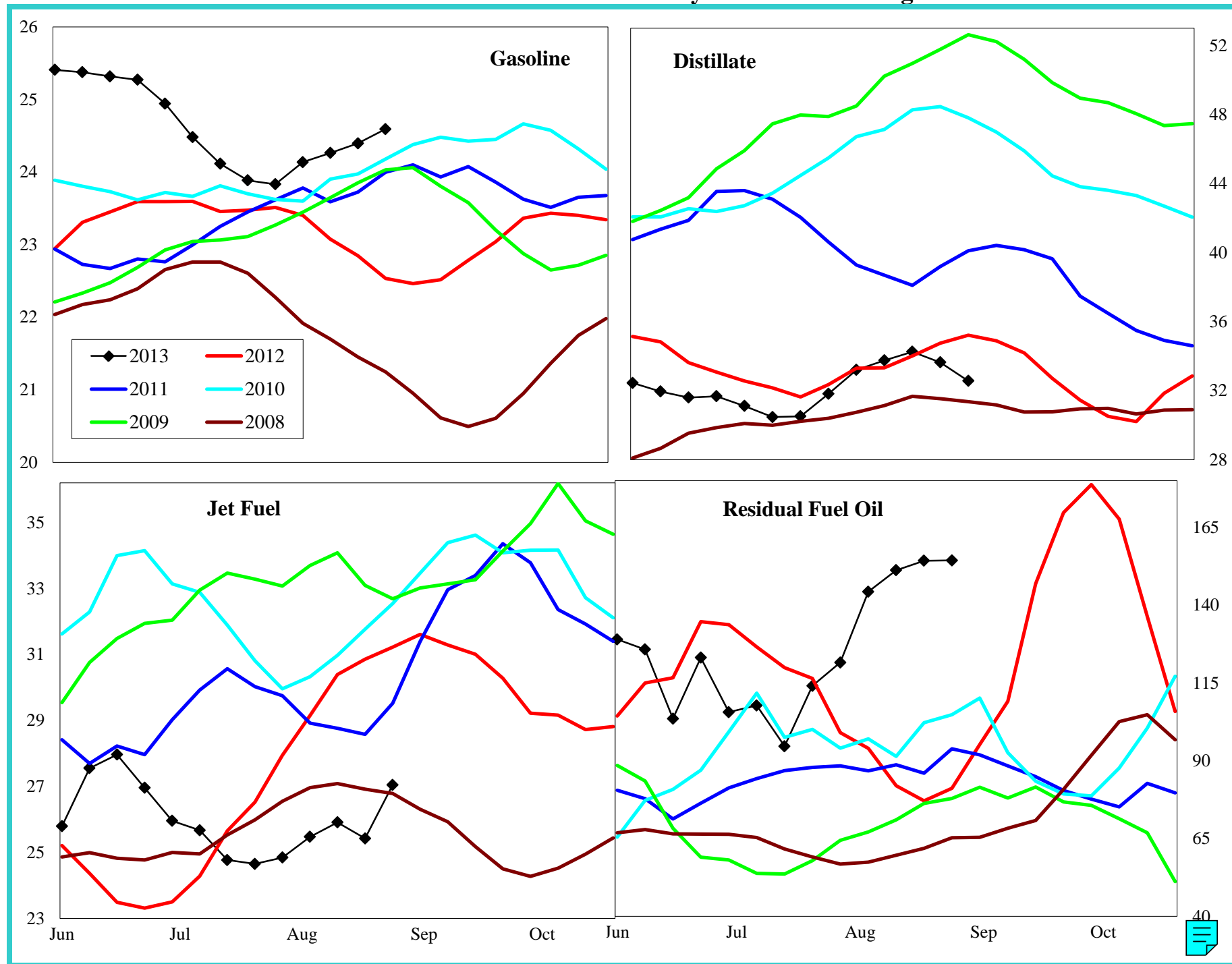
United States Wholesale Petroleum Demand



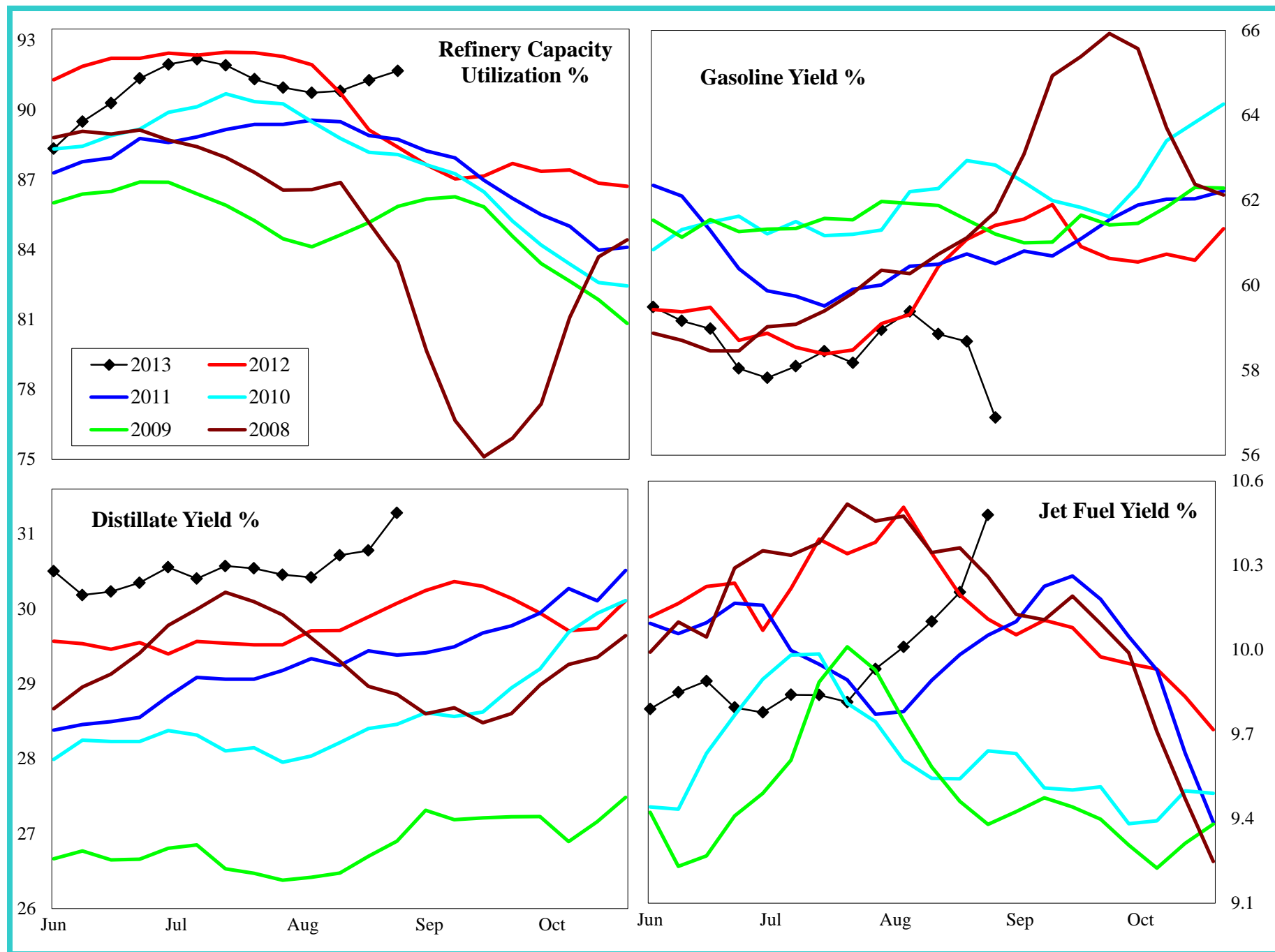
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-29	207	-116	-13	-0.3	2.3	-1.3	-0.1
Distillate	239	442	380	27	6.9	12.4	10.2	0.7
Jet Fuel	122	68	-56	7	8.5	4.6	-3.6	0.5
Resid	-127	-147	-100	-79	-32.2	-35.2	-26.9	-26.9



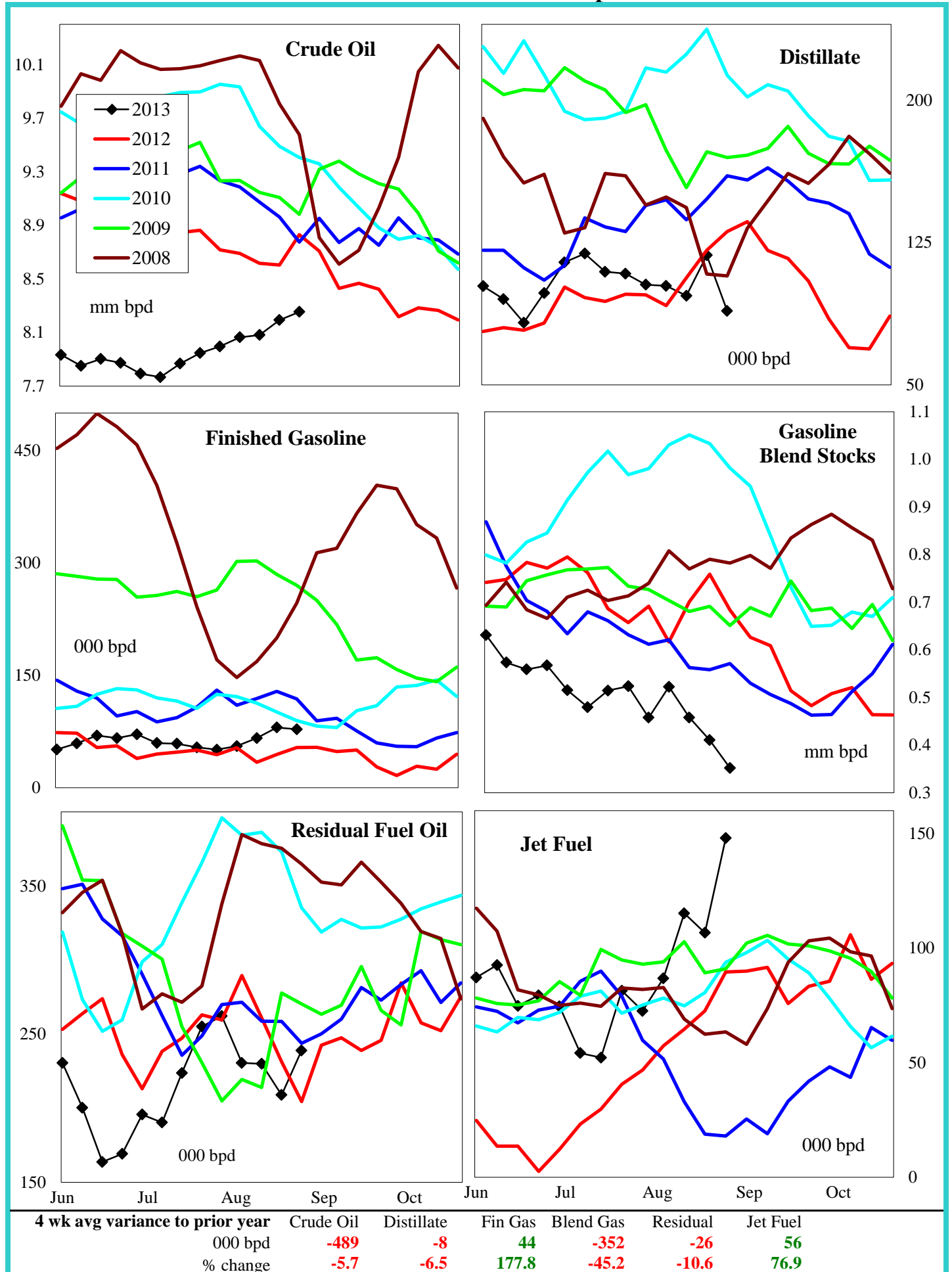
United States Product Stocks: Days Forward Coverage



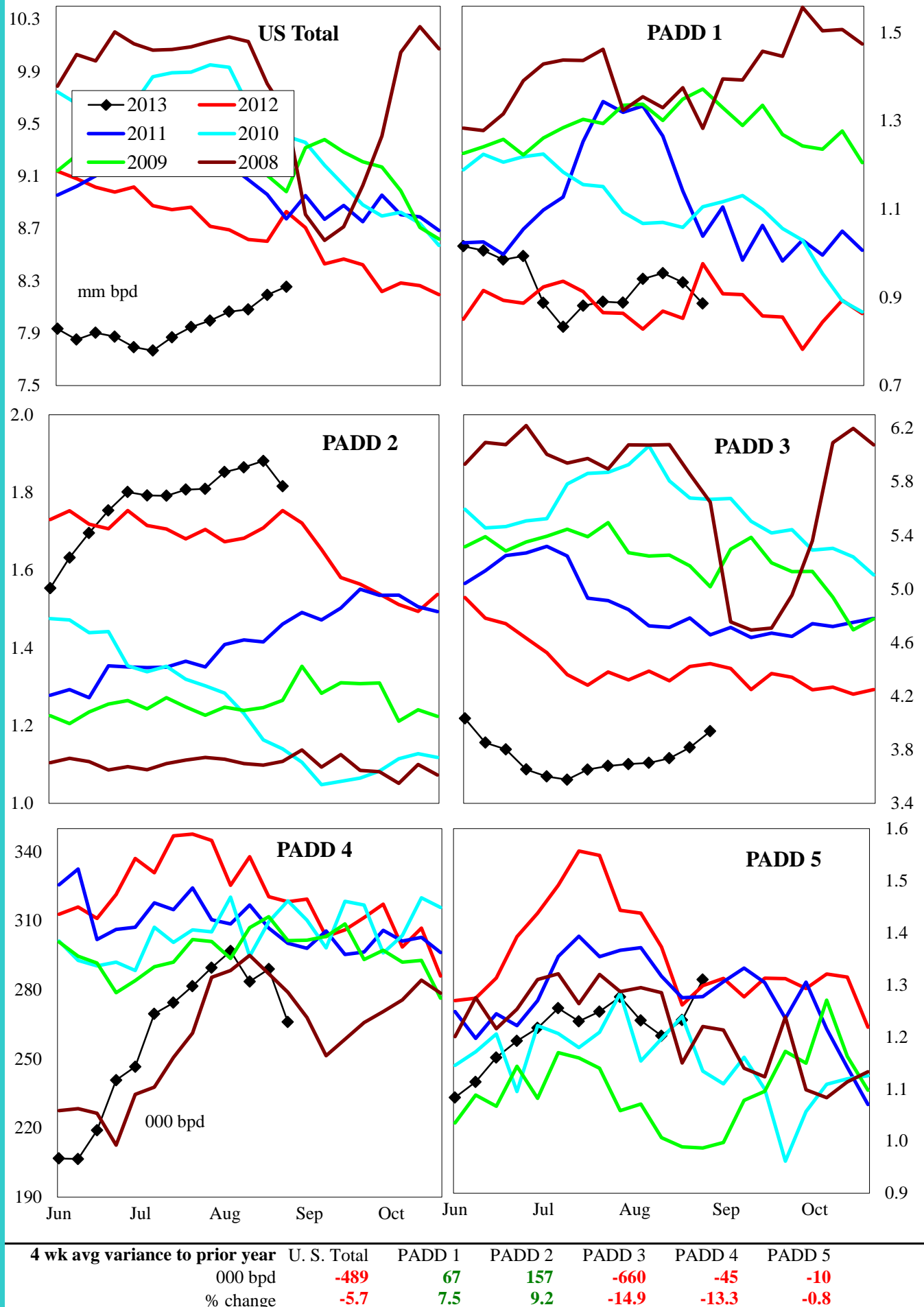
United States Refinery Percent Utilization Rate and Product Yields



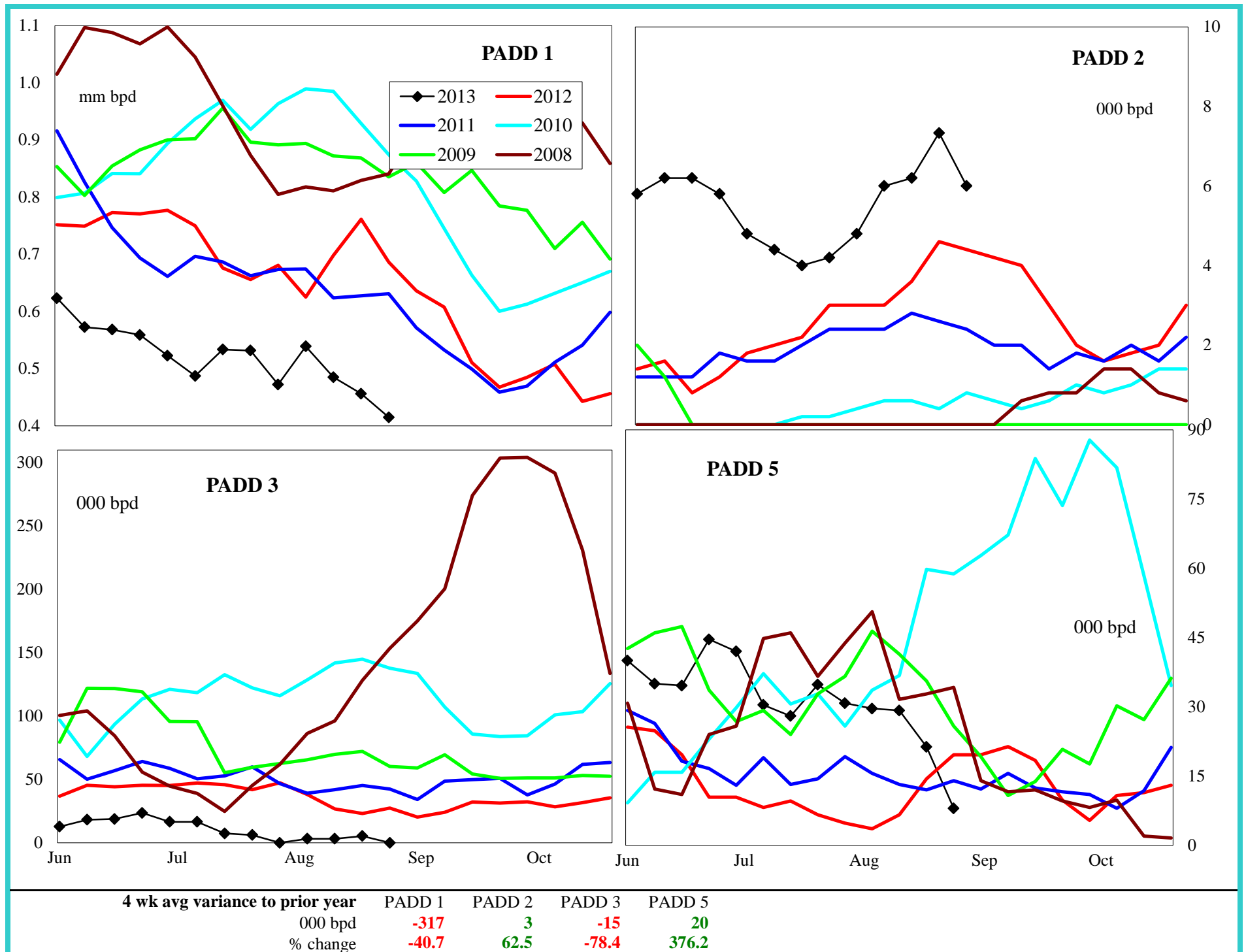
United States Petroleum Imports



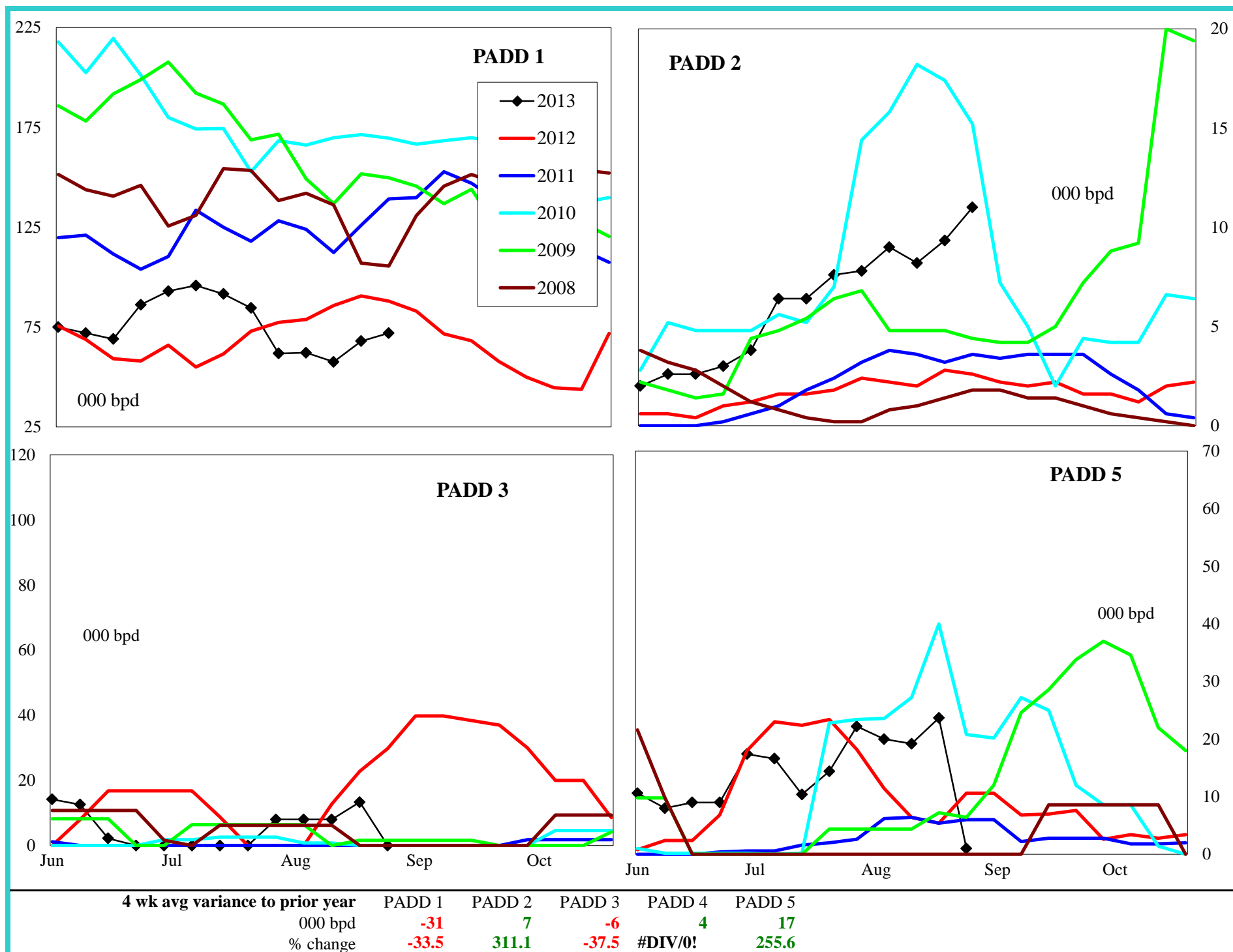
Crude Oil Imports by PADD



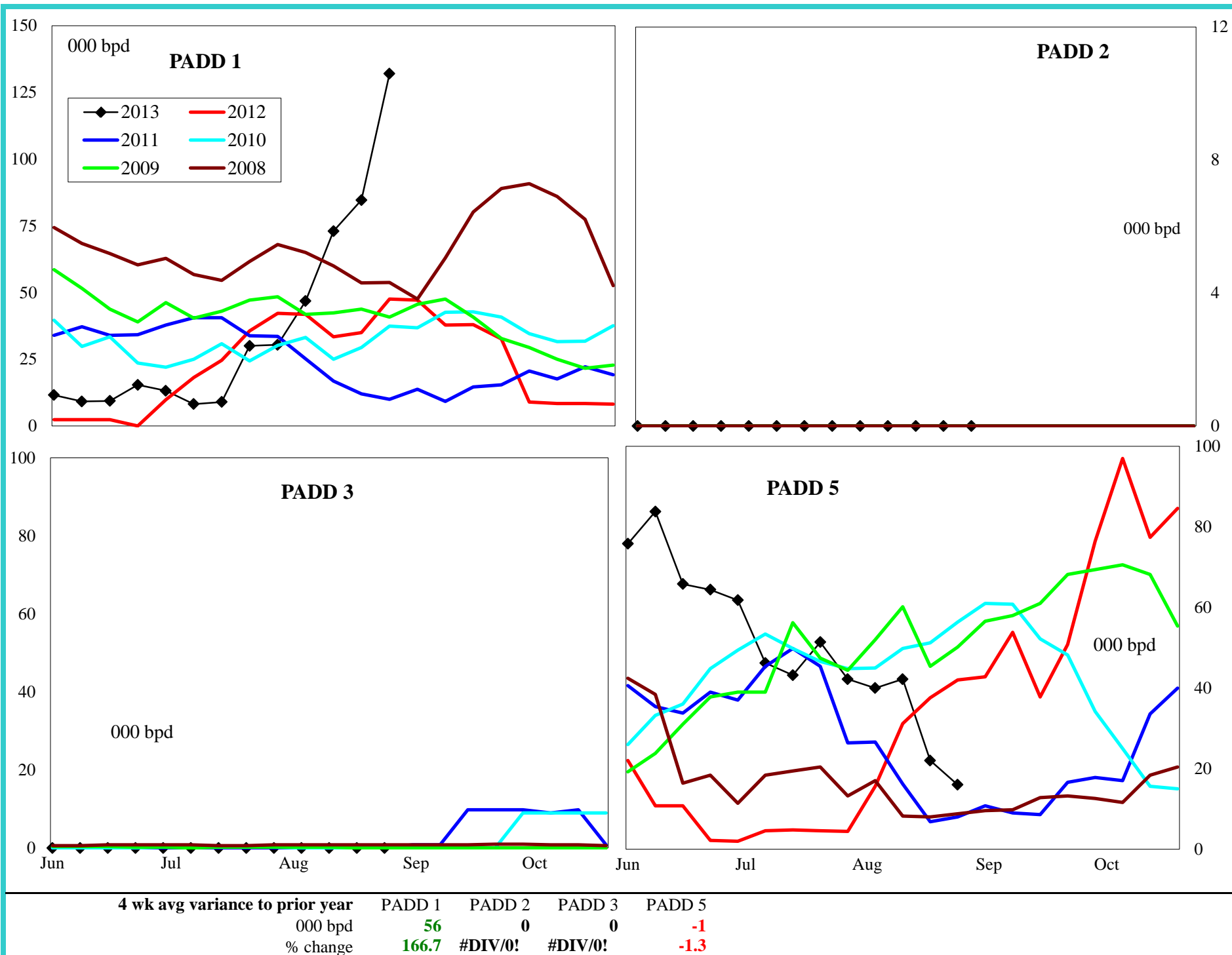
Gasoline Imports by PADD (Finished + Blend Stocks)



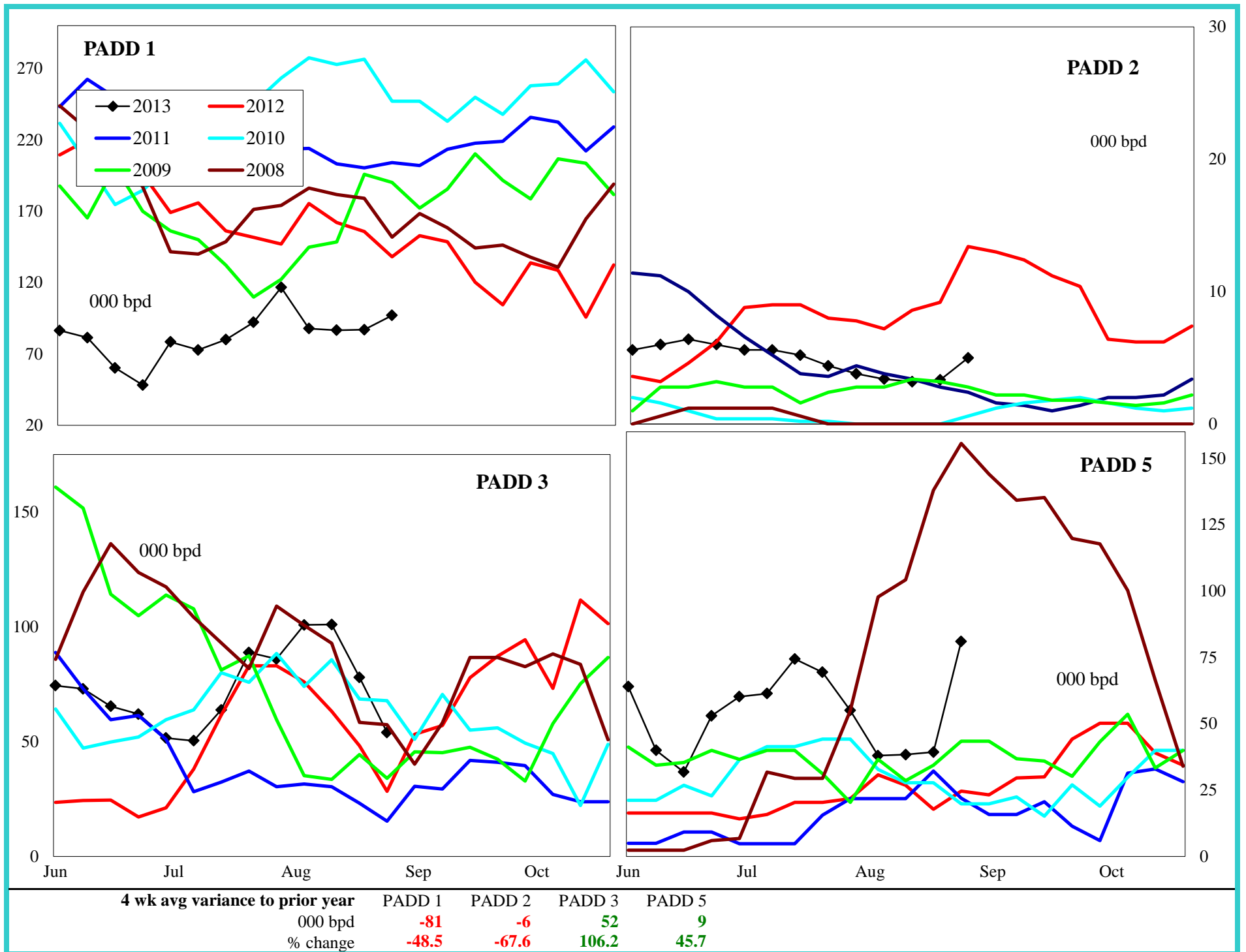
Distillate Imports by PADD



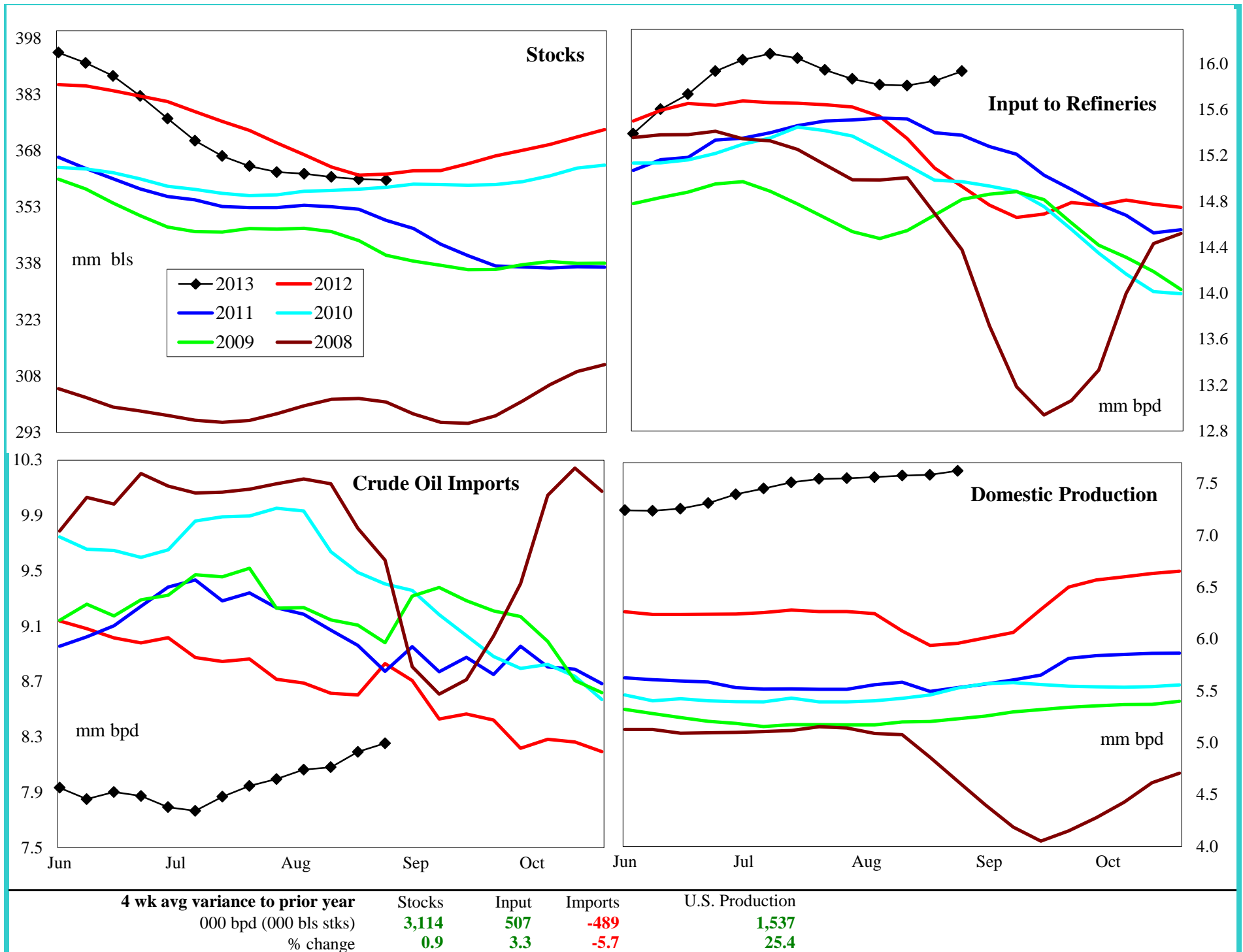
Jet Fuel Imports by PADD



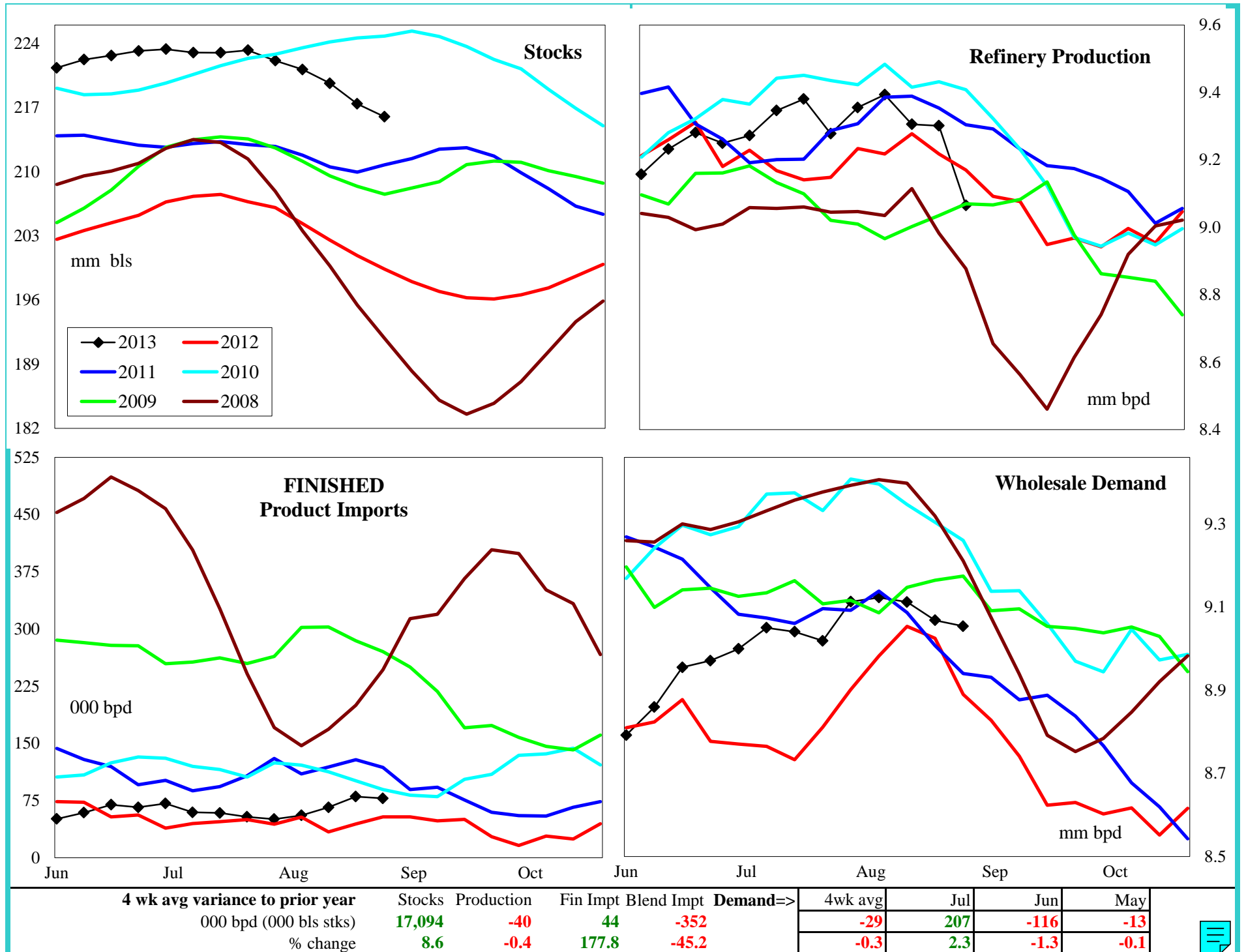
Residual Fuel Oil Imports by PADD



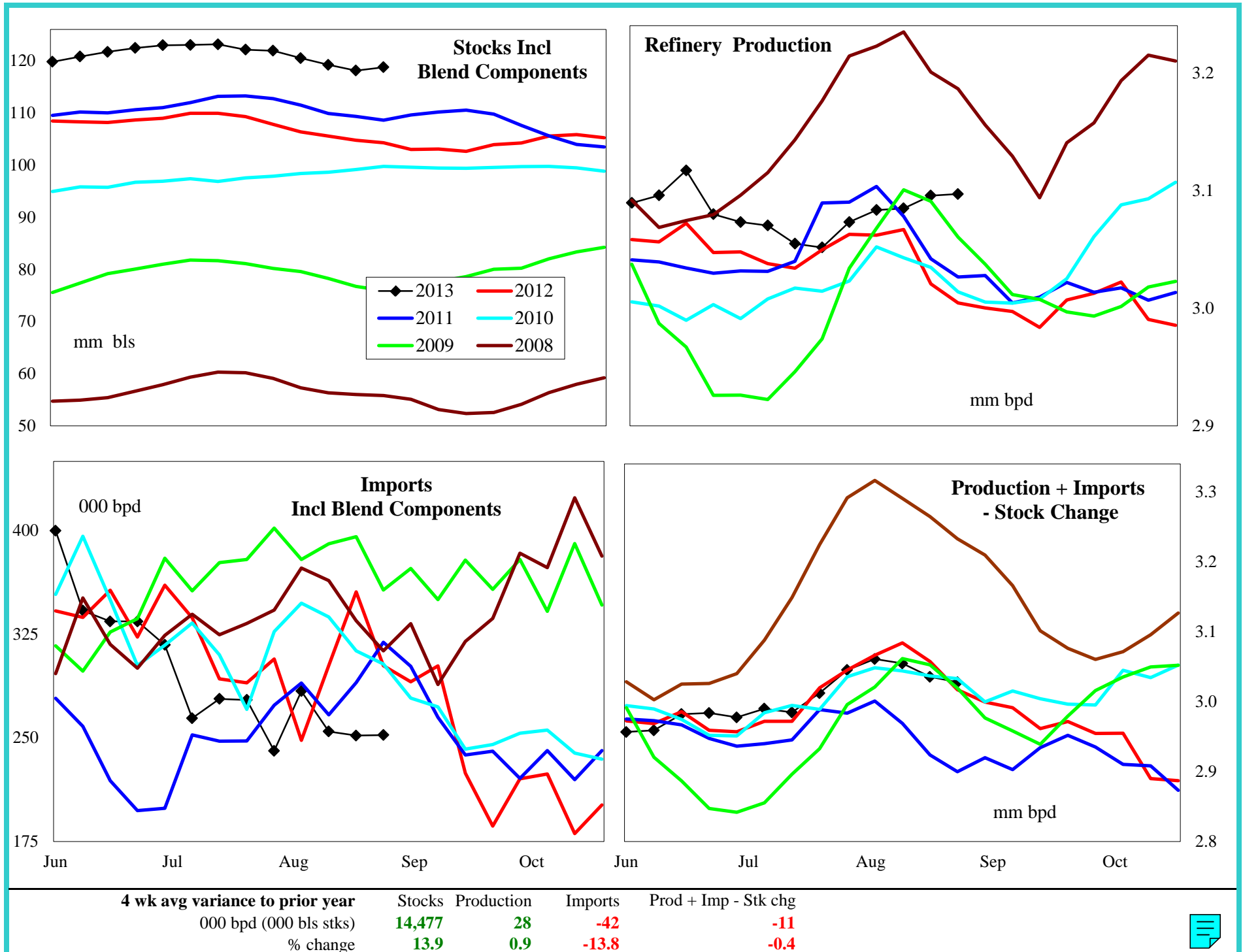
United States Crude Oil Supply and Demand Balance



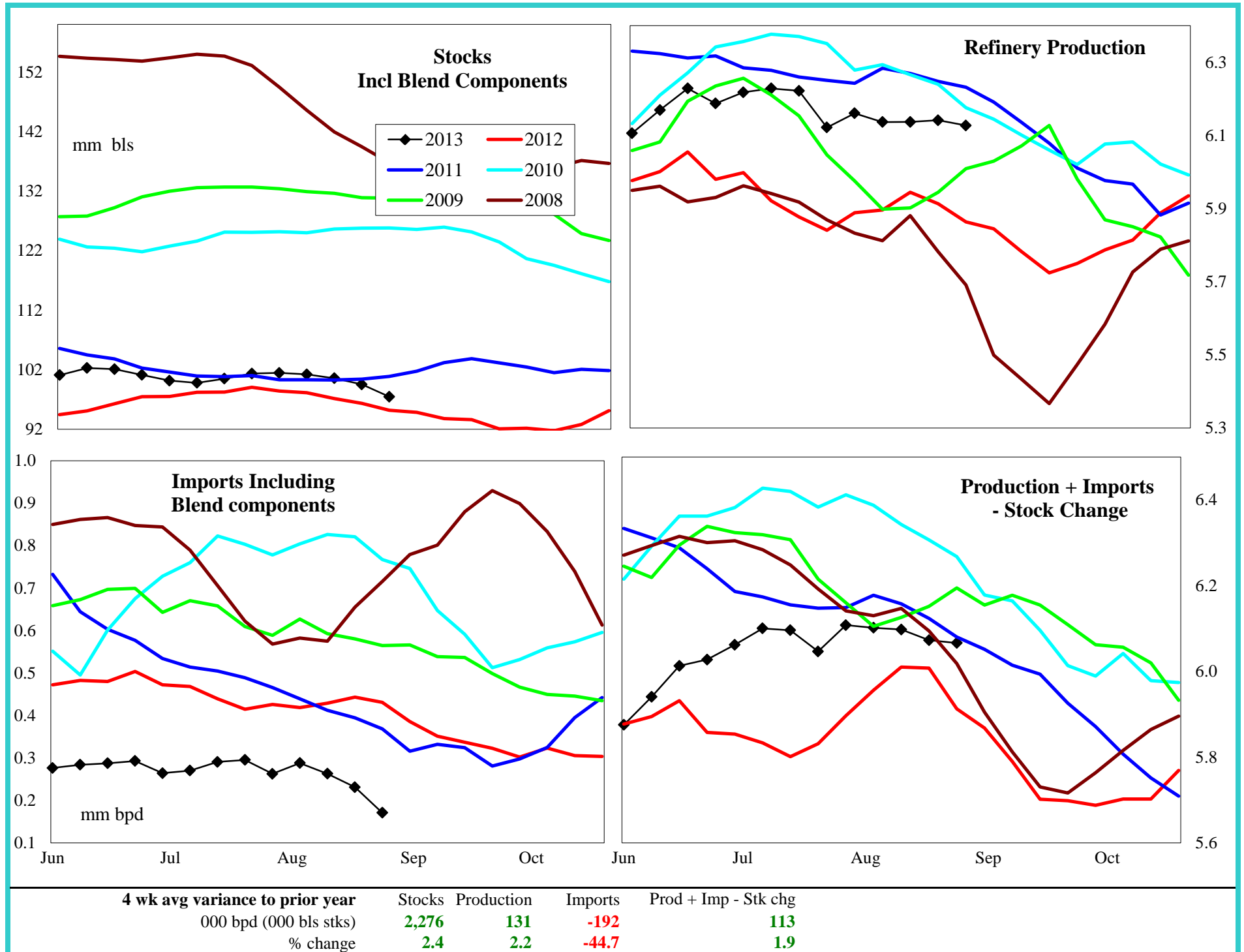
United States Gasoline Supply and Demand Balance



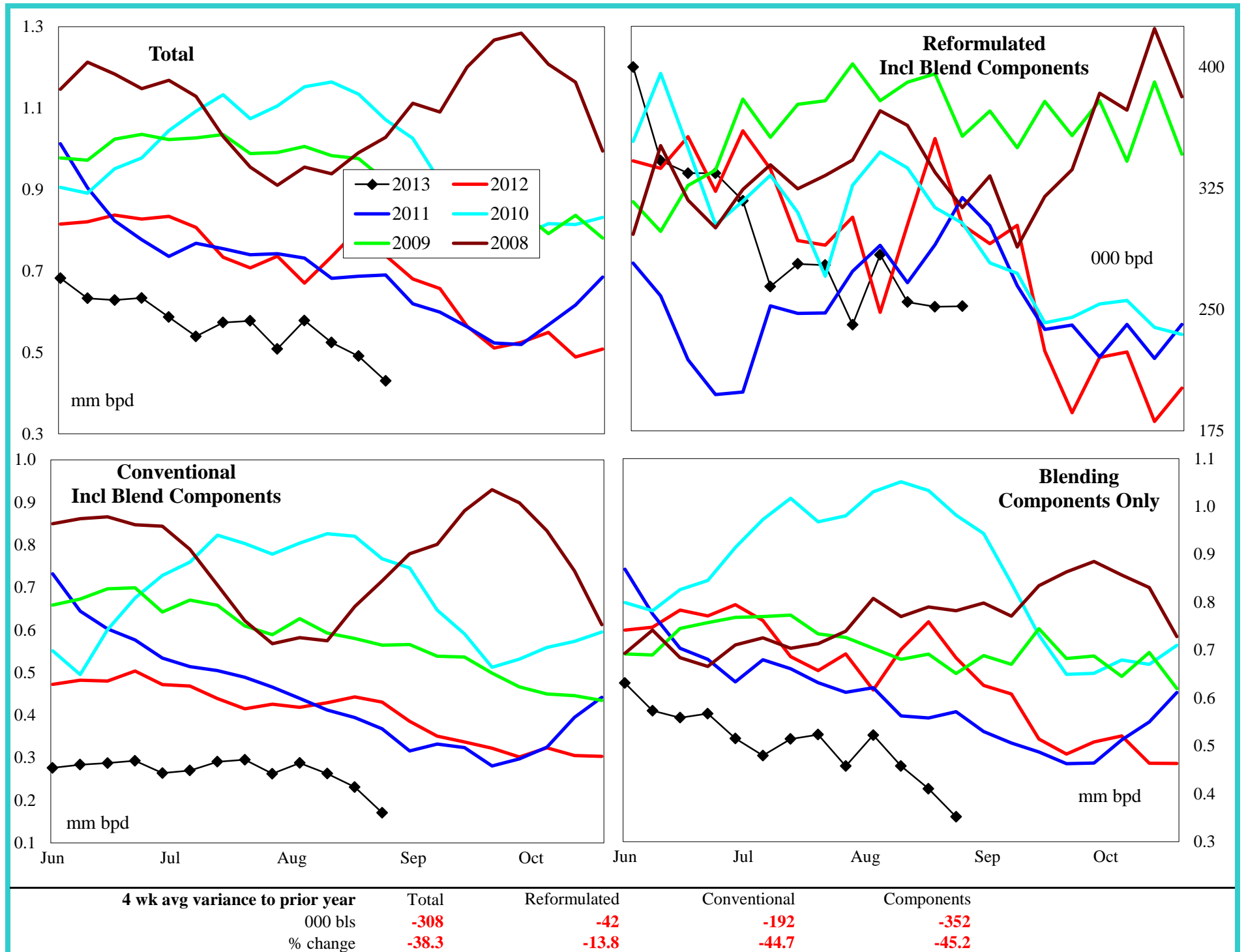
United States Reformulated Gasoline Supply



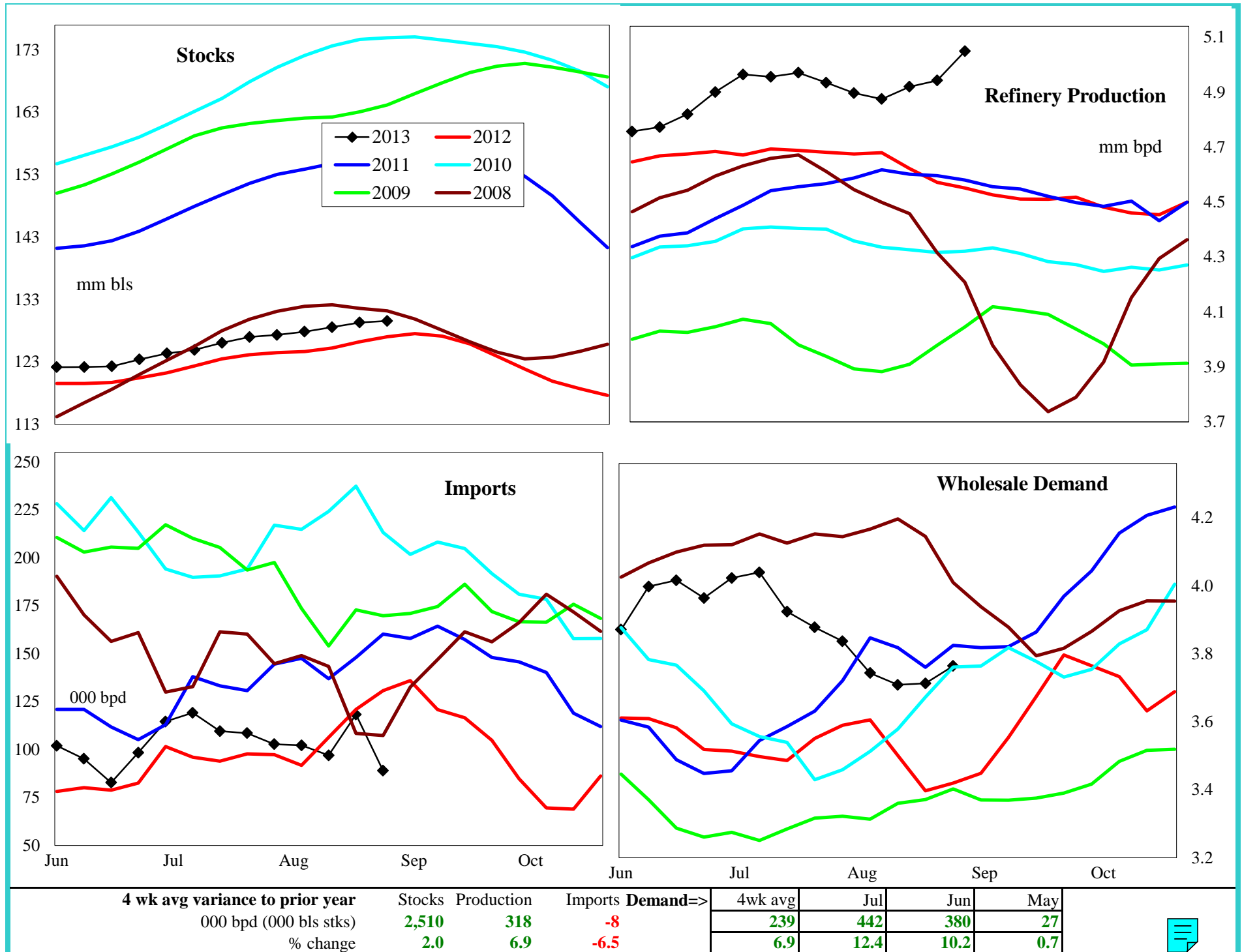
United States Conventional Gasoline Supply



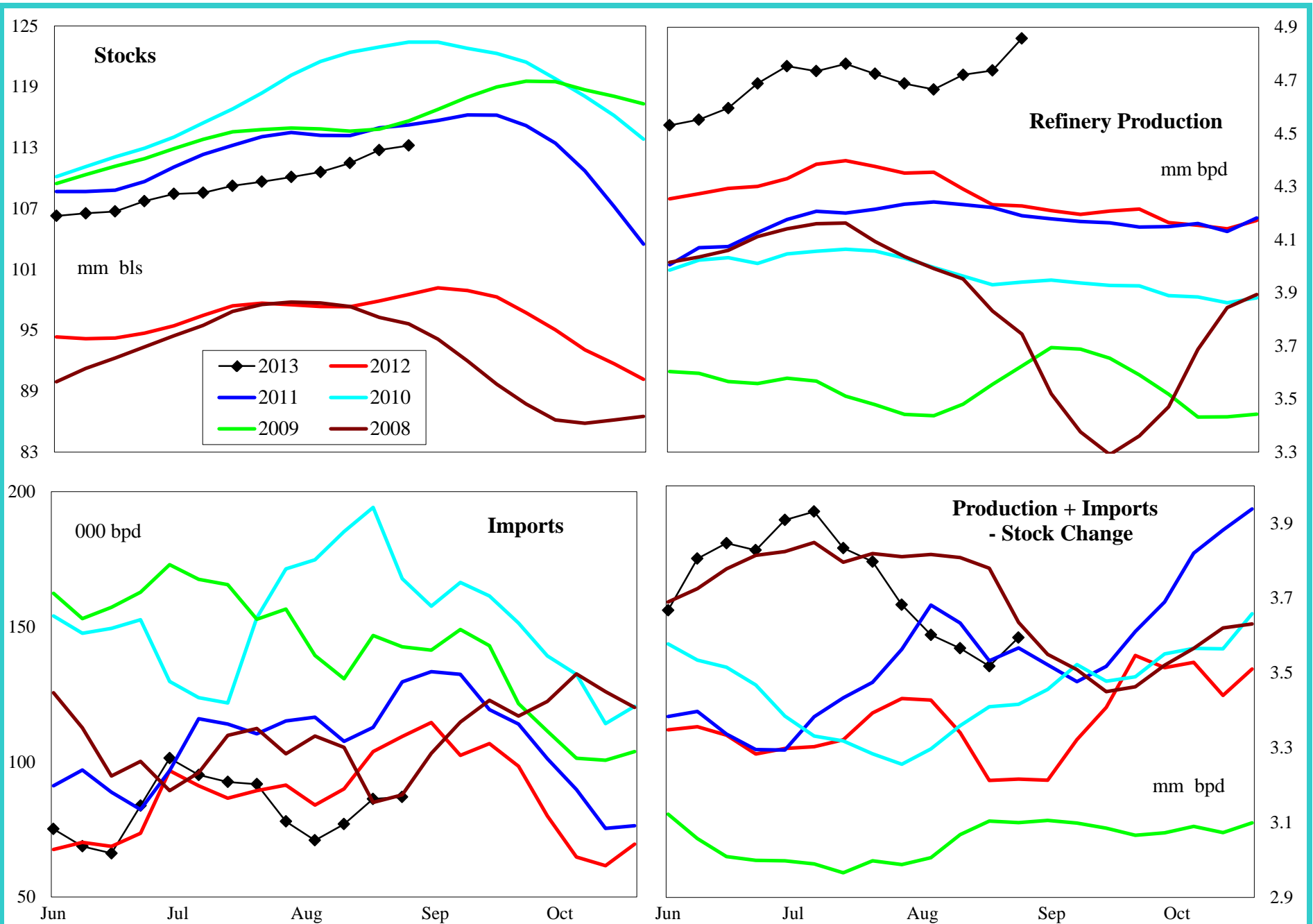
United States Gasoline Imports by Type



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

14,886

15.1

Production

454

10.6

Imports

-15

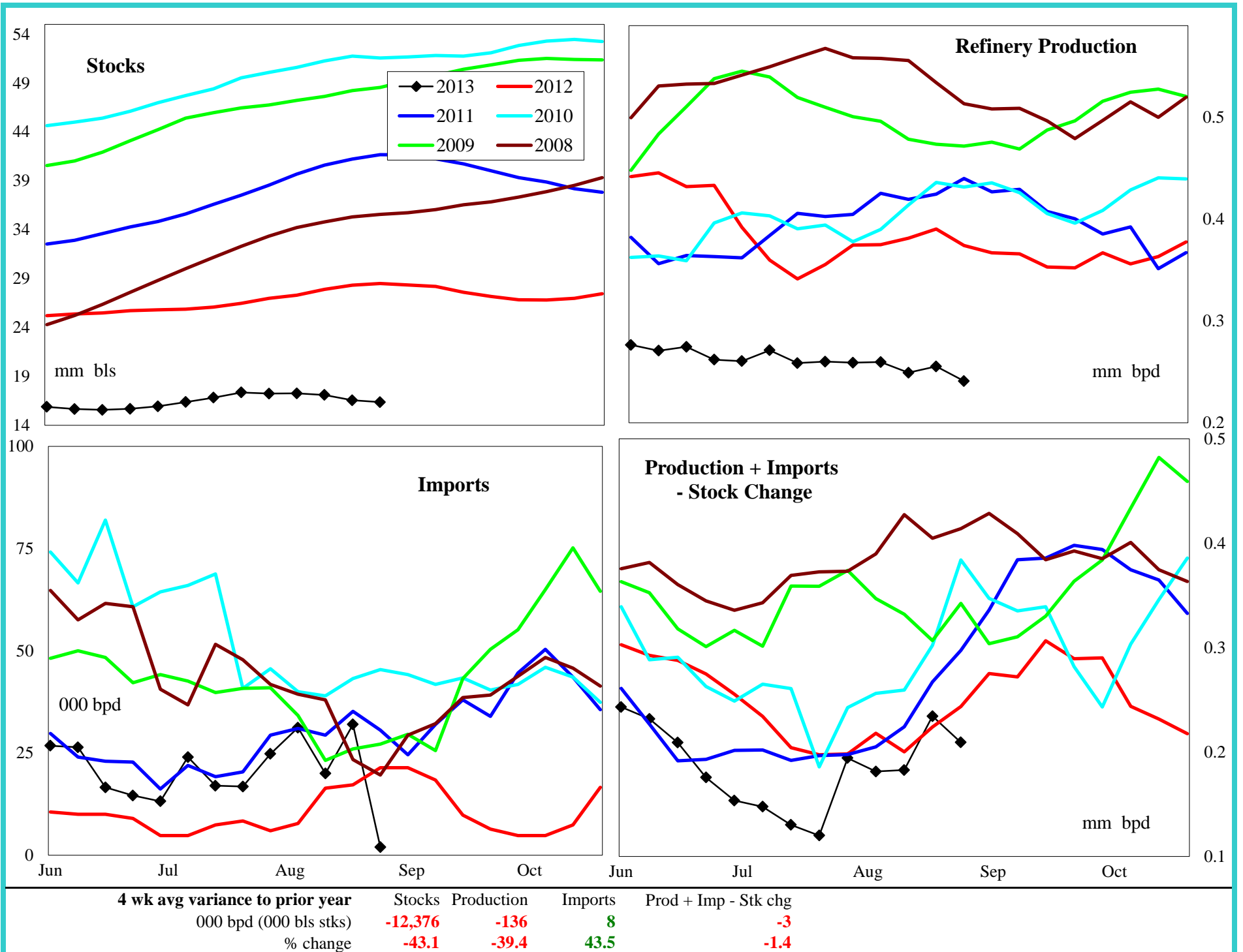
-15.3

Prod + Imp - Stk chg

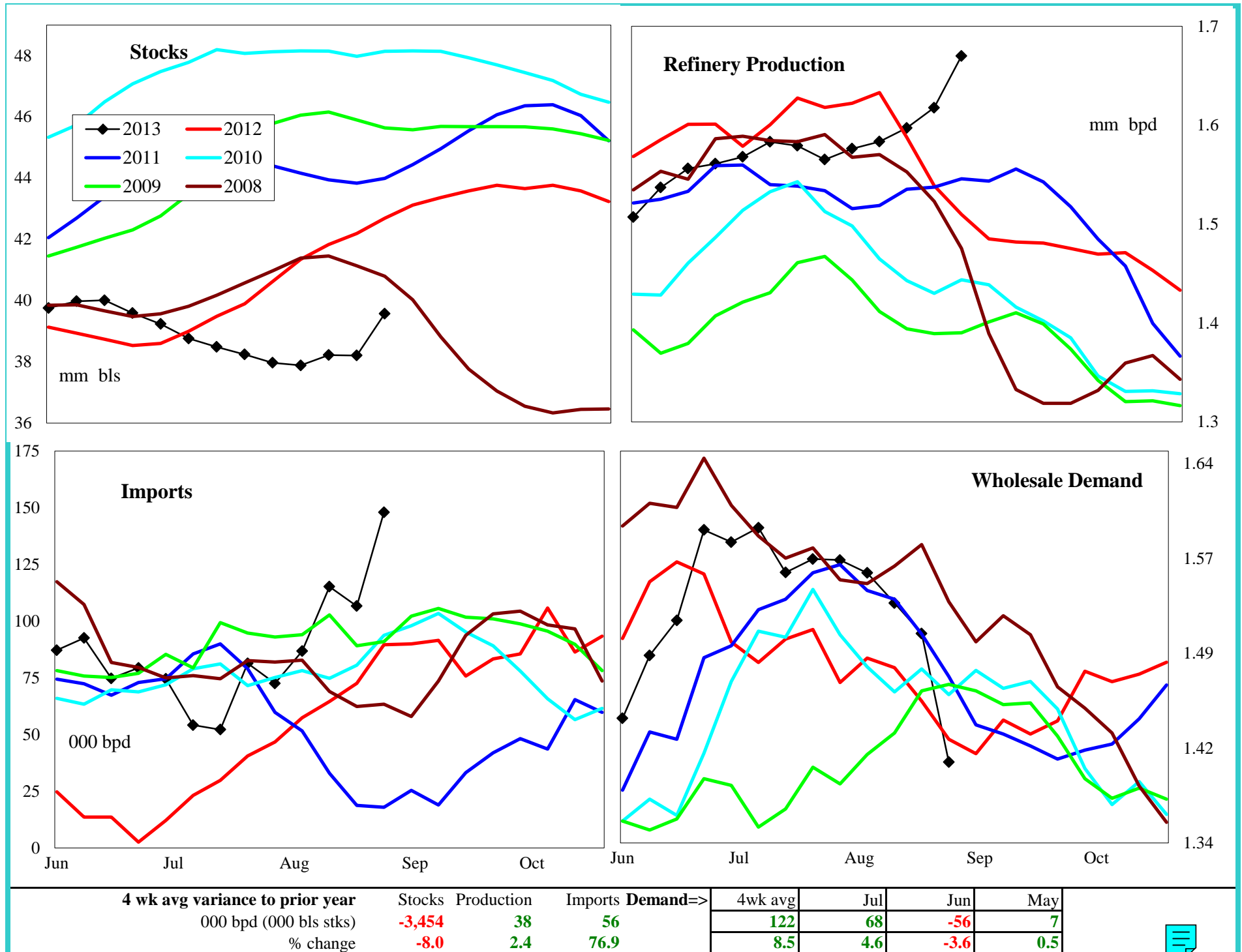
242

7.4

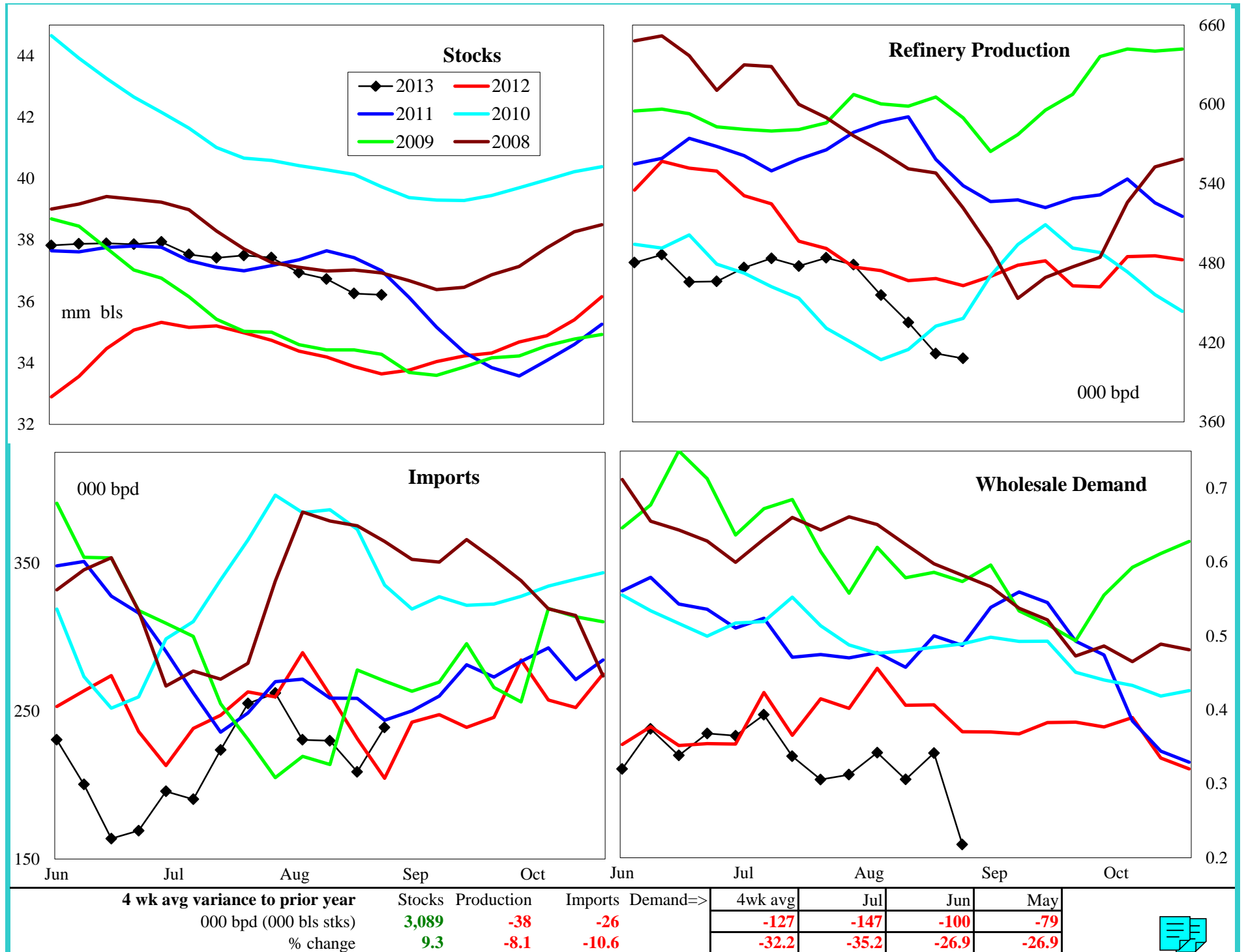
United States High Sulfur Distillate Supply



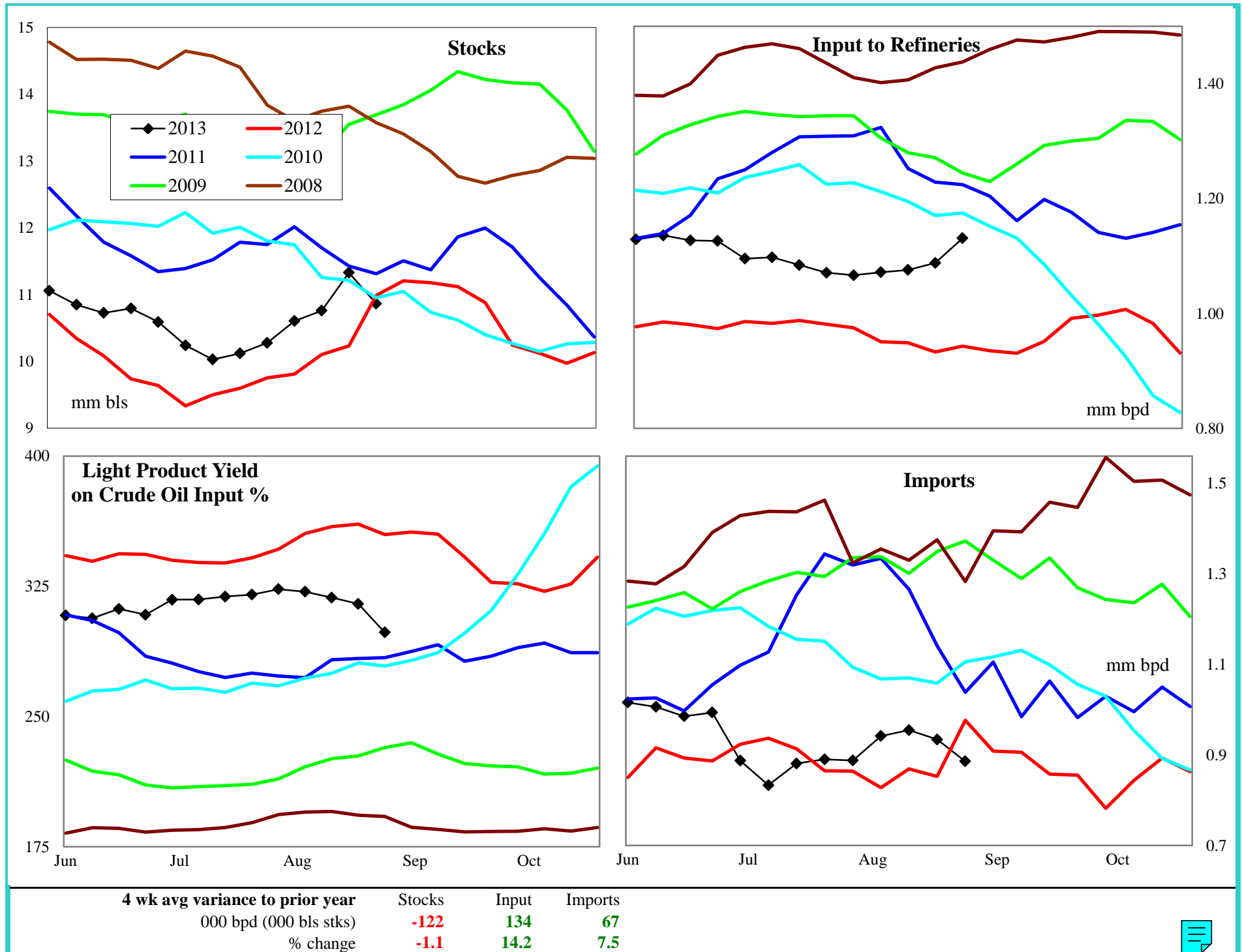
United States Jet Fuel Supply and Demand Balance



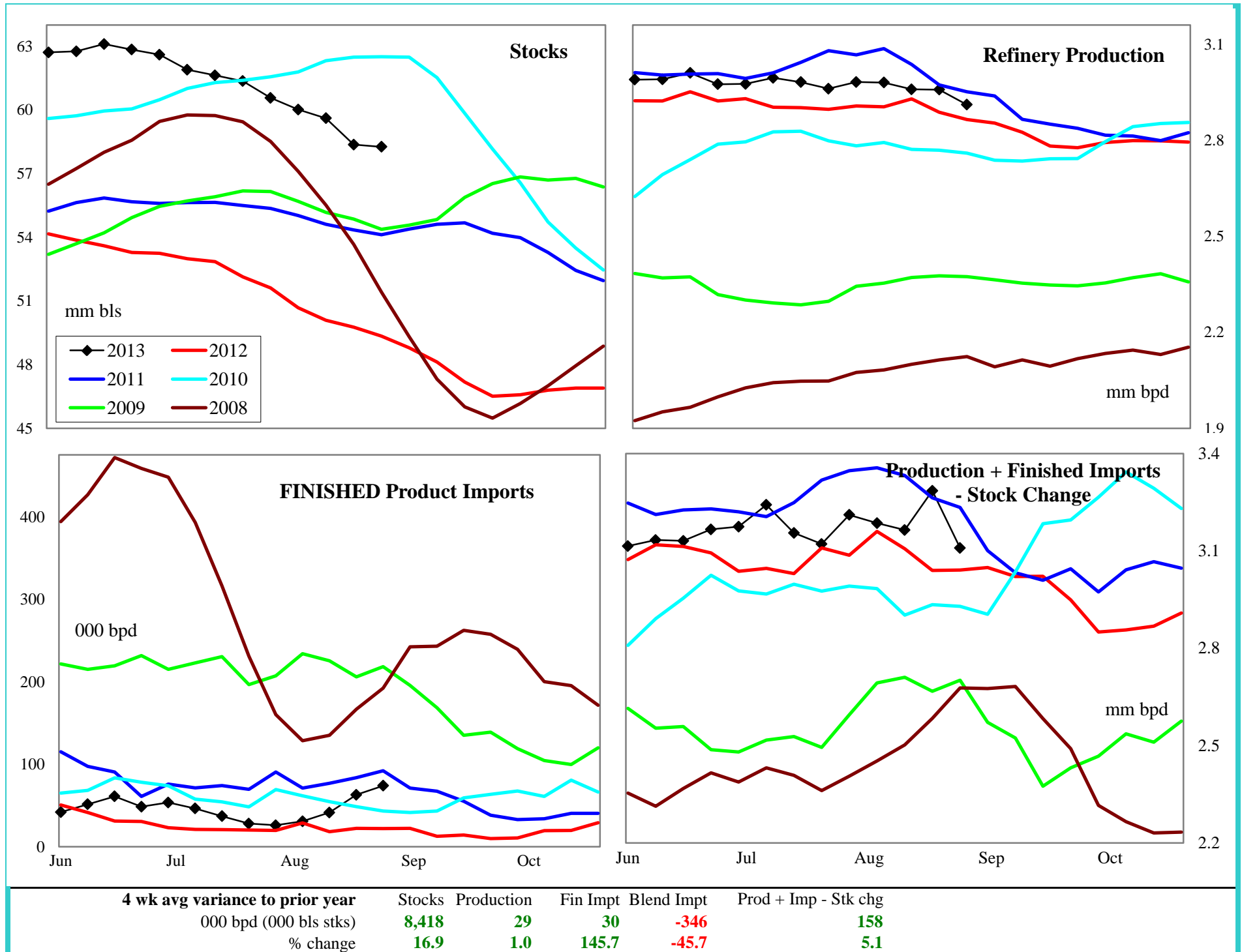
United States Residual Fuel Oil Supply and Demand Balance



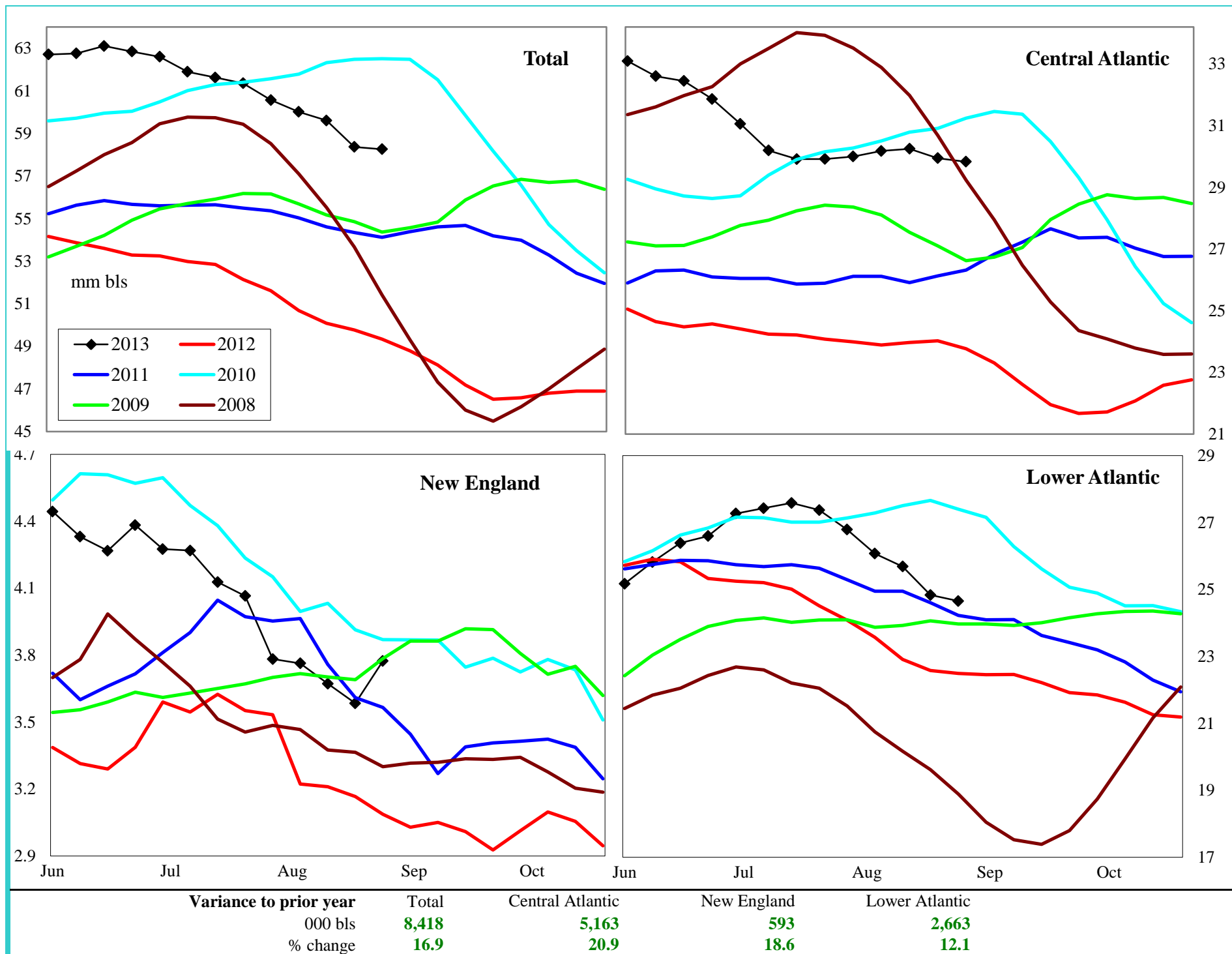
PADD 1 Crude Oil Supply and Refining



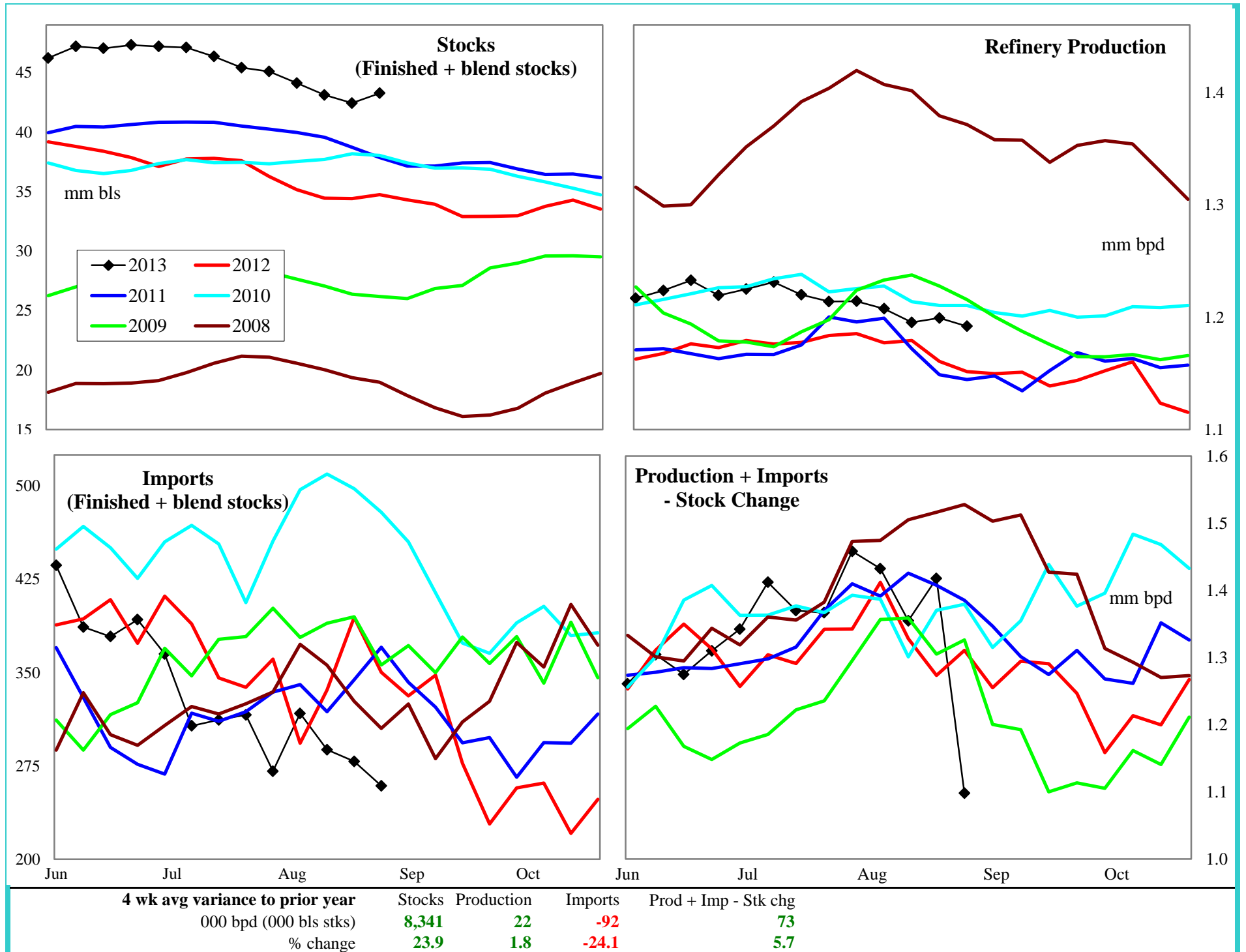
PADD 1 Gasoline Supply



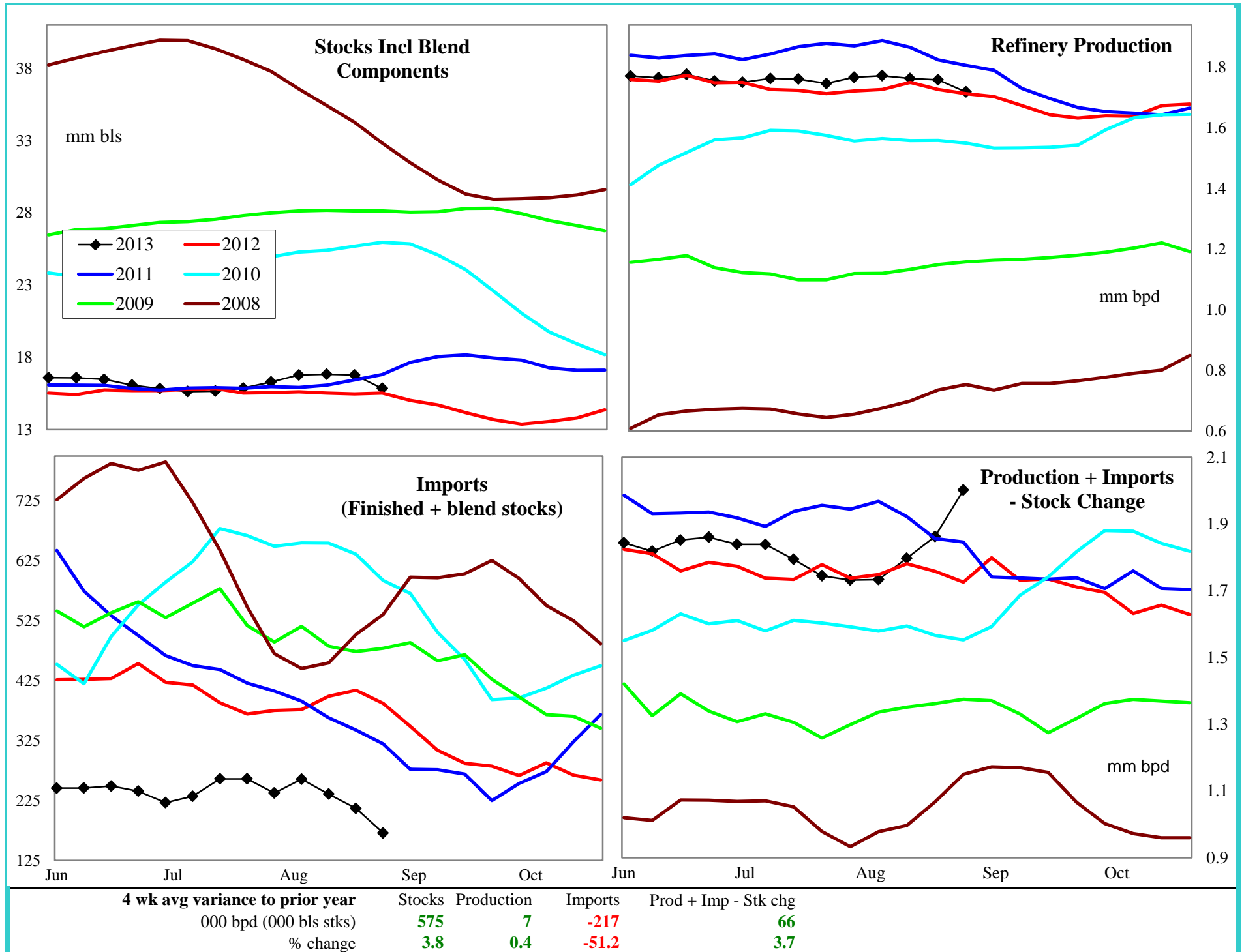
PADD 1 Gasoline Stocks by Region



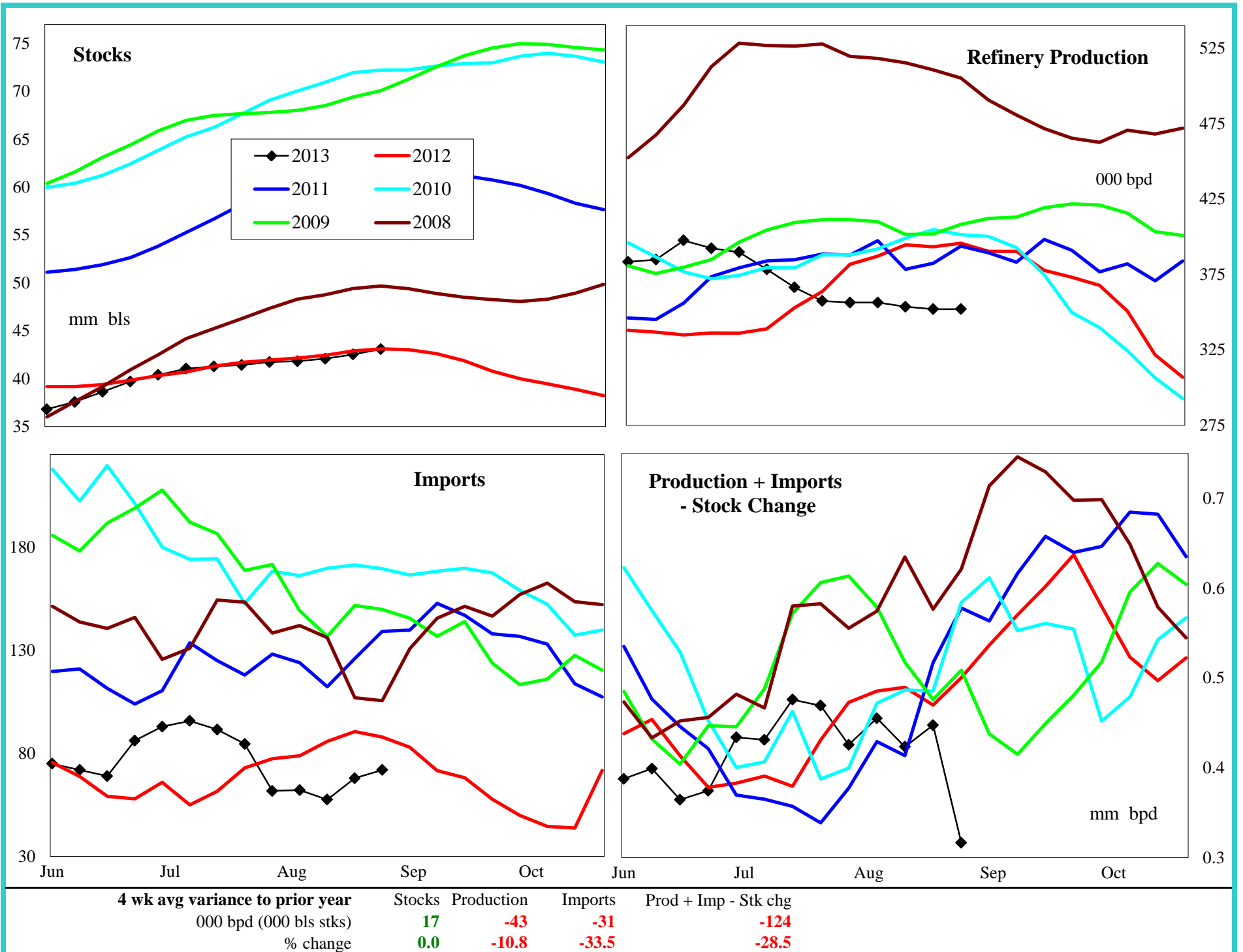
PADD 1 Reformulated Gasoline Supply



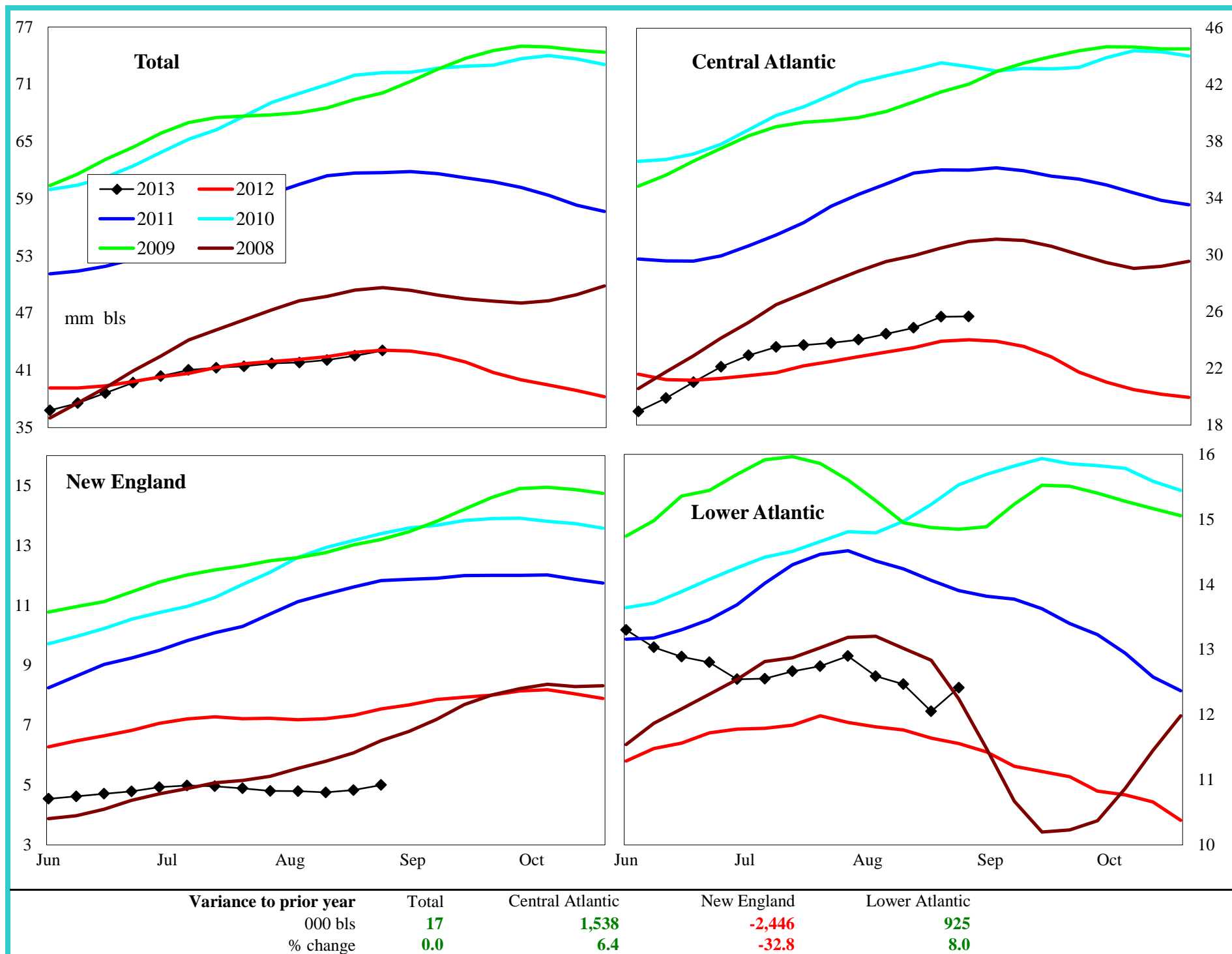
PADD 1 Conventional Gasoline Supply



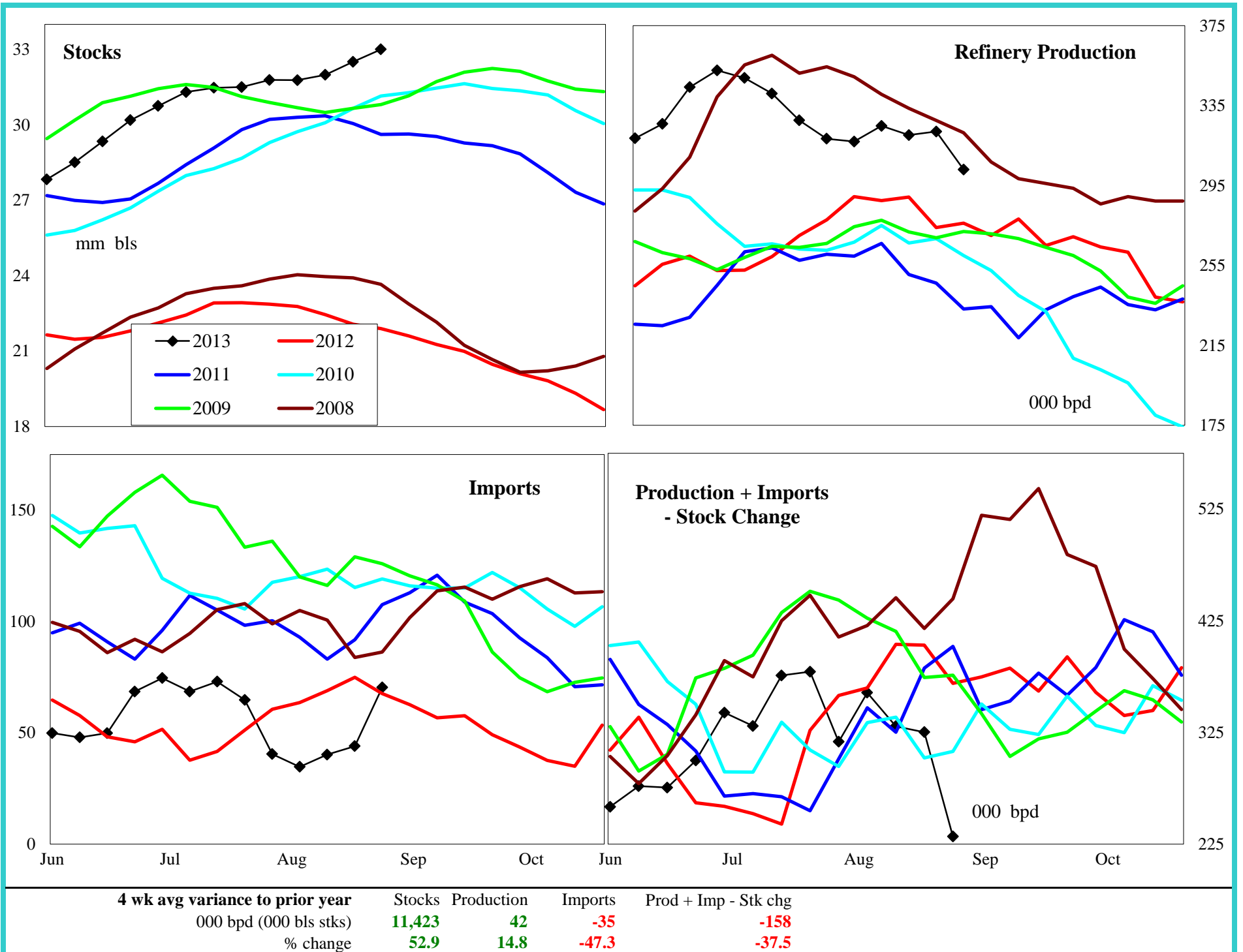
PADD 1 Distillate Supply



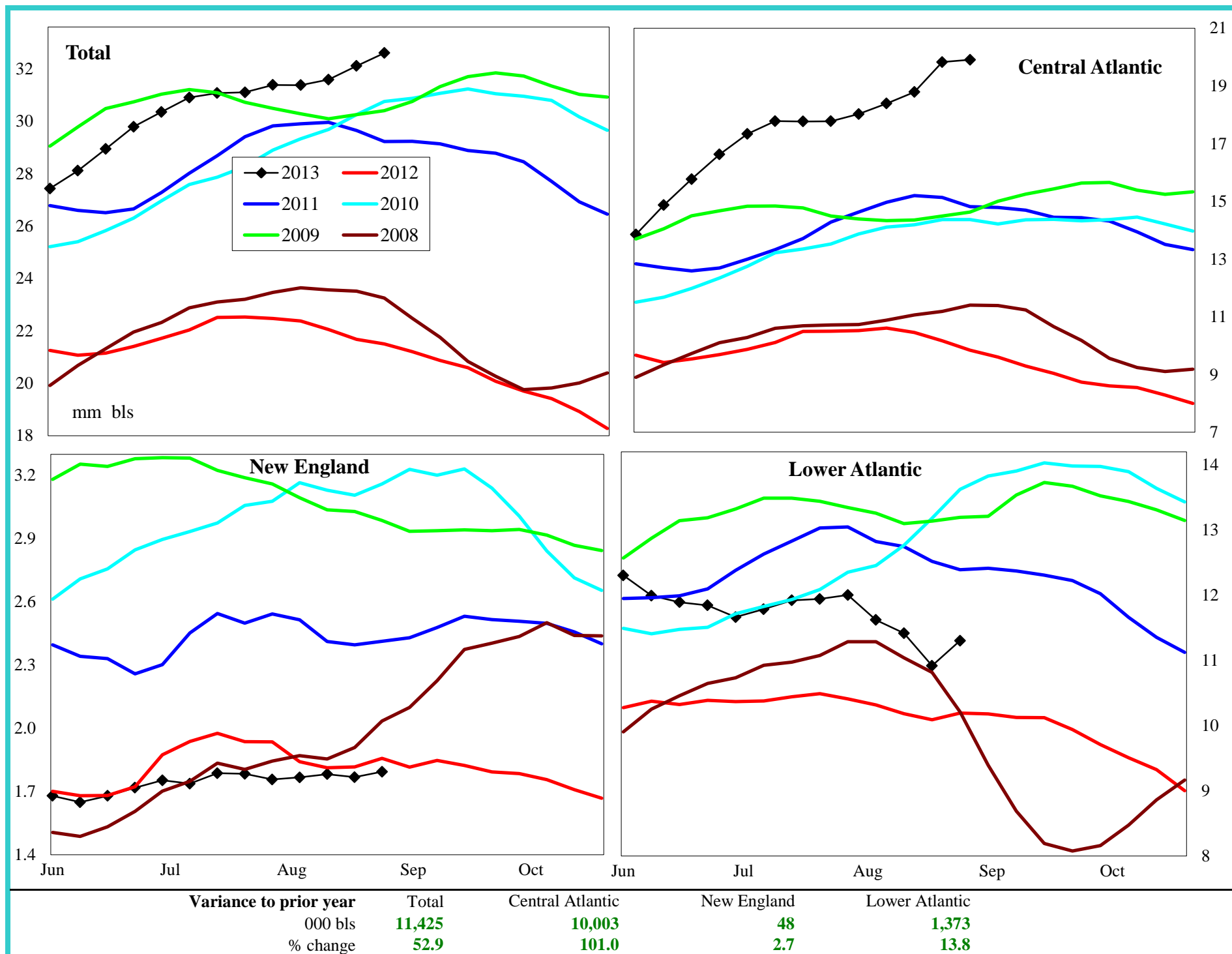
PADD 1 Distillate Stocks by Region



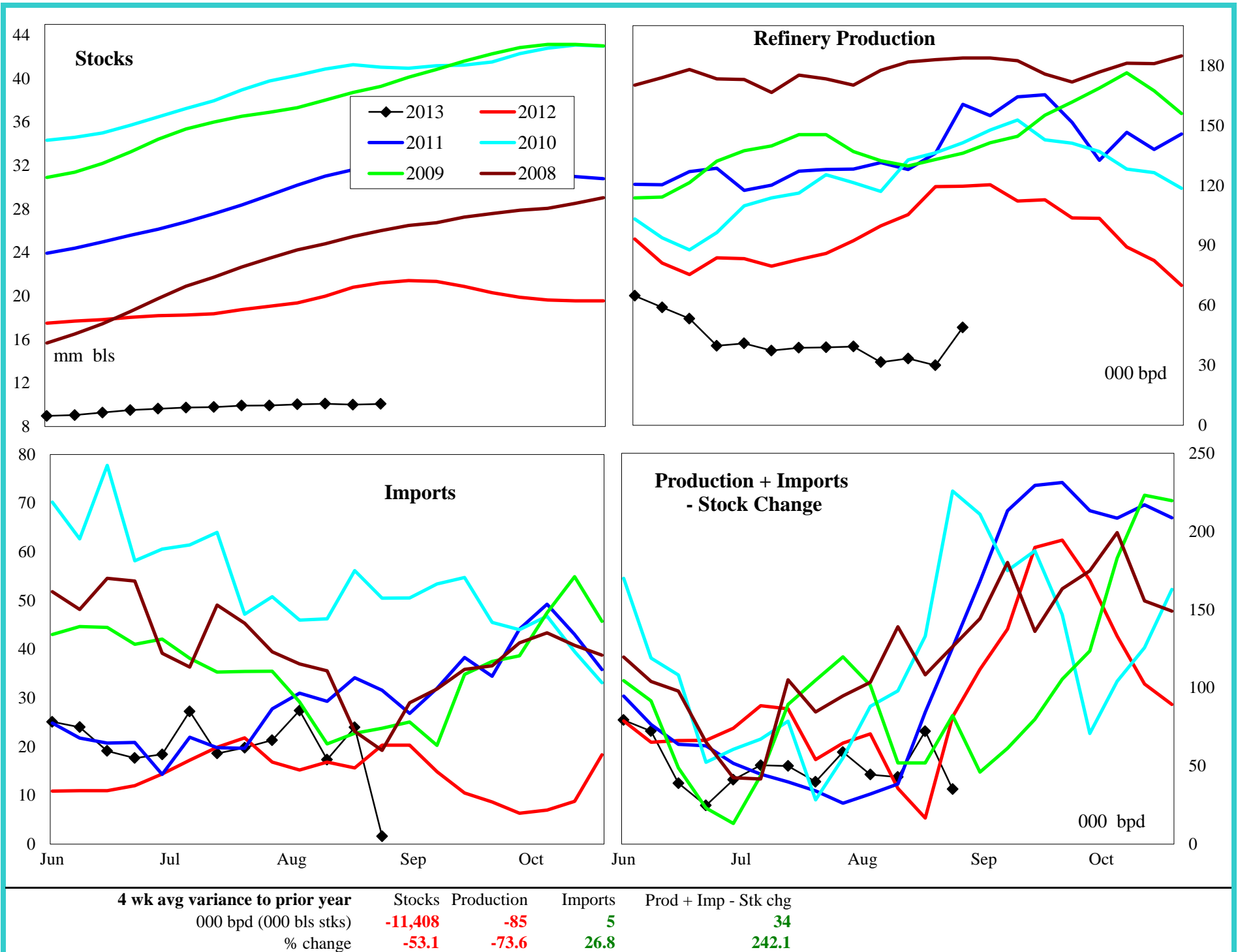
PADD 1 Low Sulfur Distillate Supply



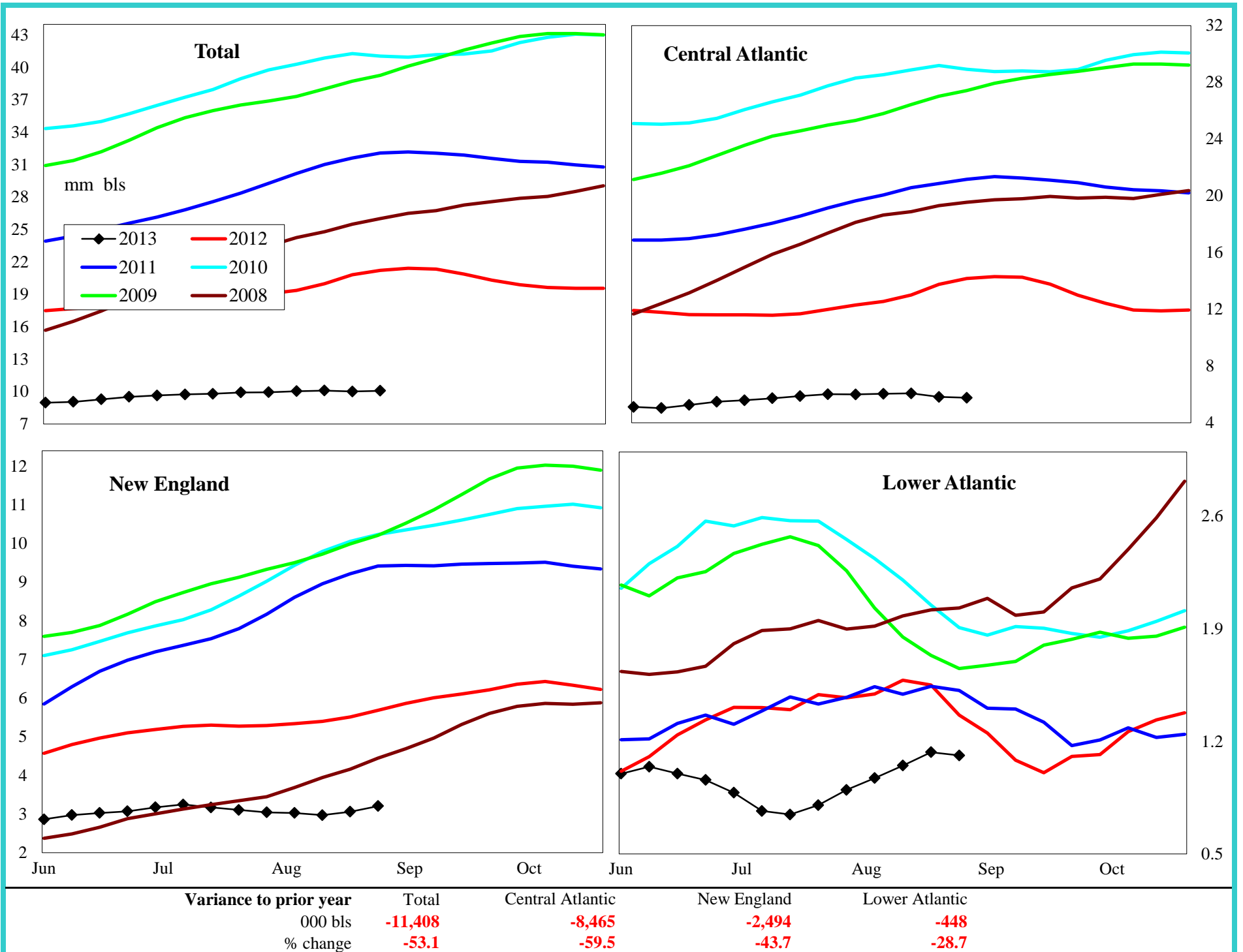
PADD 1 Low Sulfur Distillate Stocks by Region



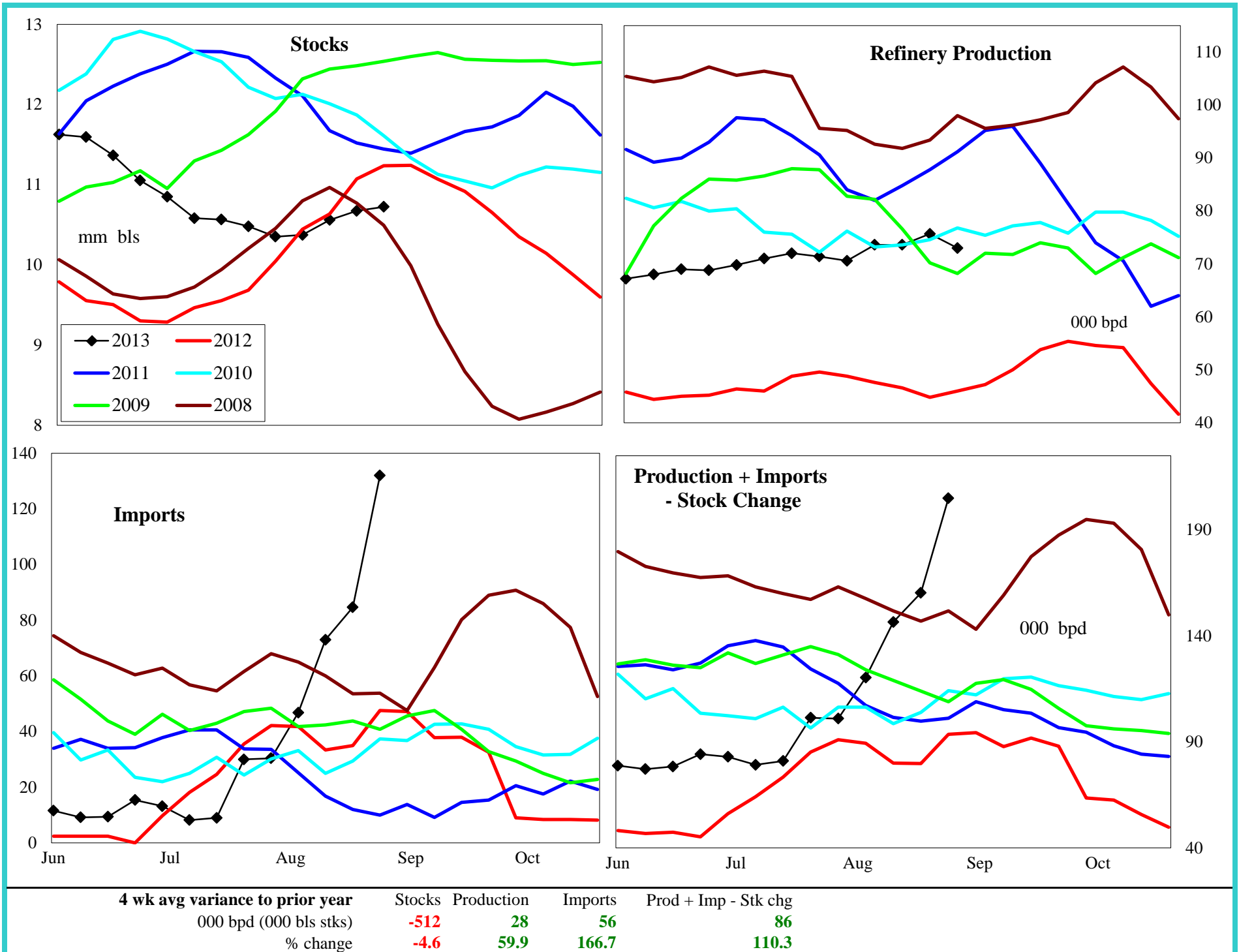
PADD 1 High Sulfur Distillate Supply



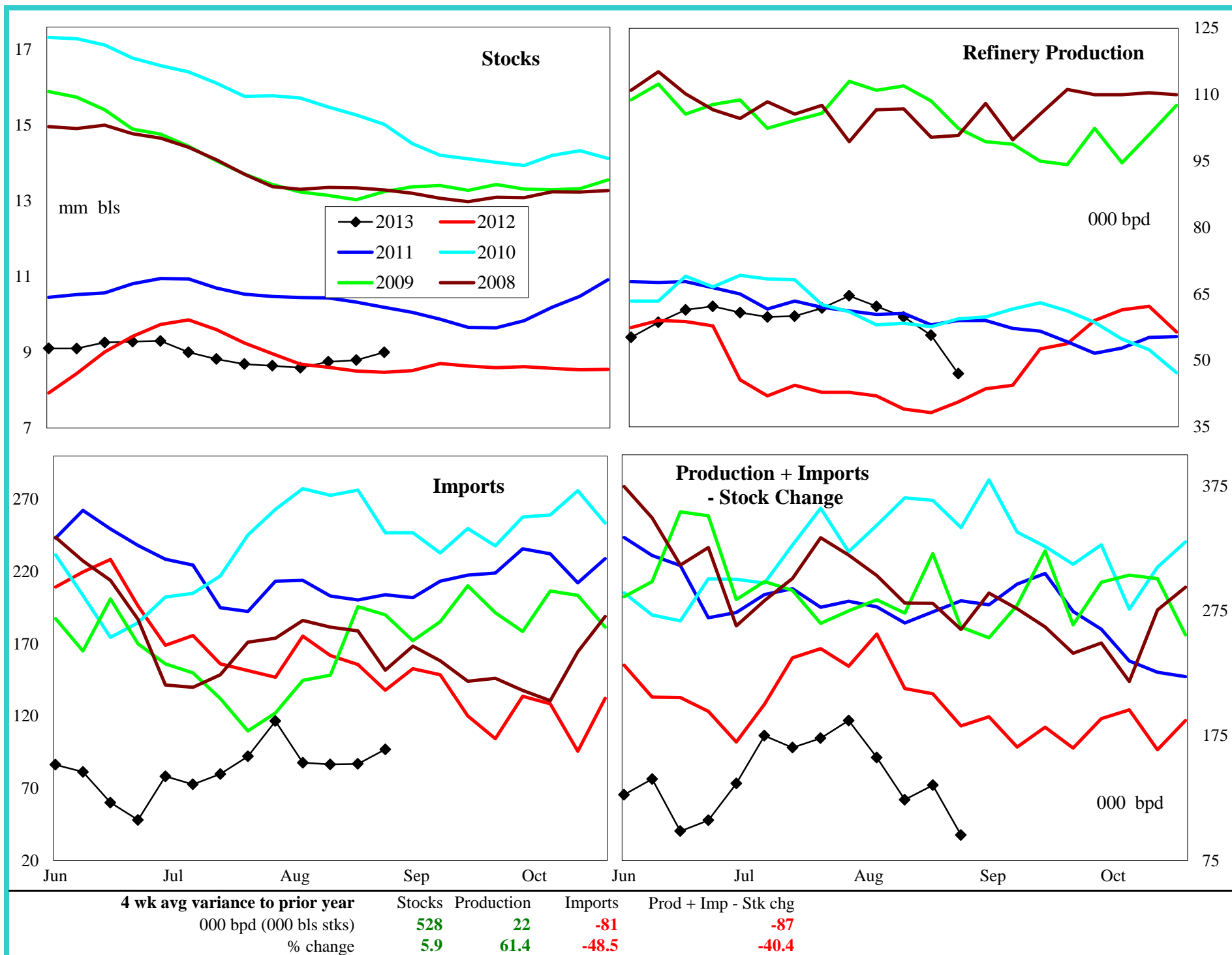
PADD 1 High Sulfur Distillate Stocks by Region



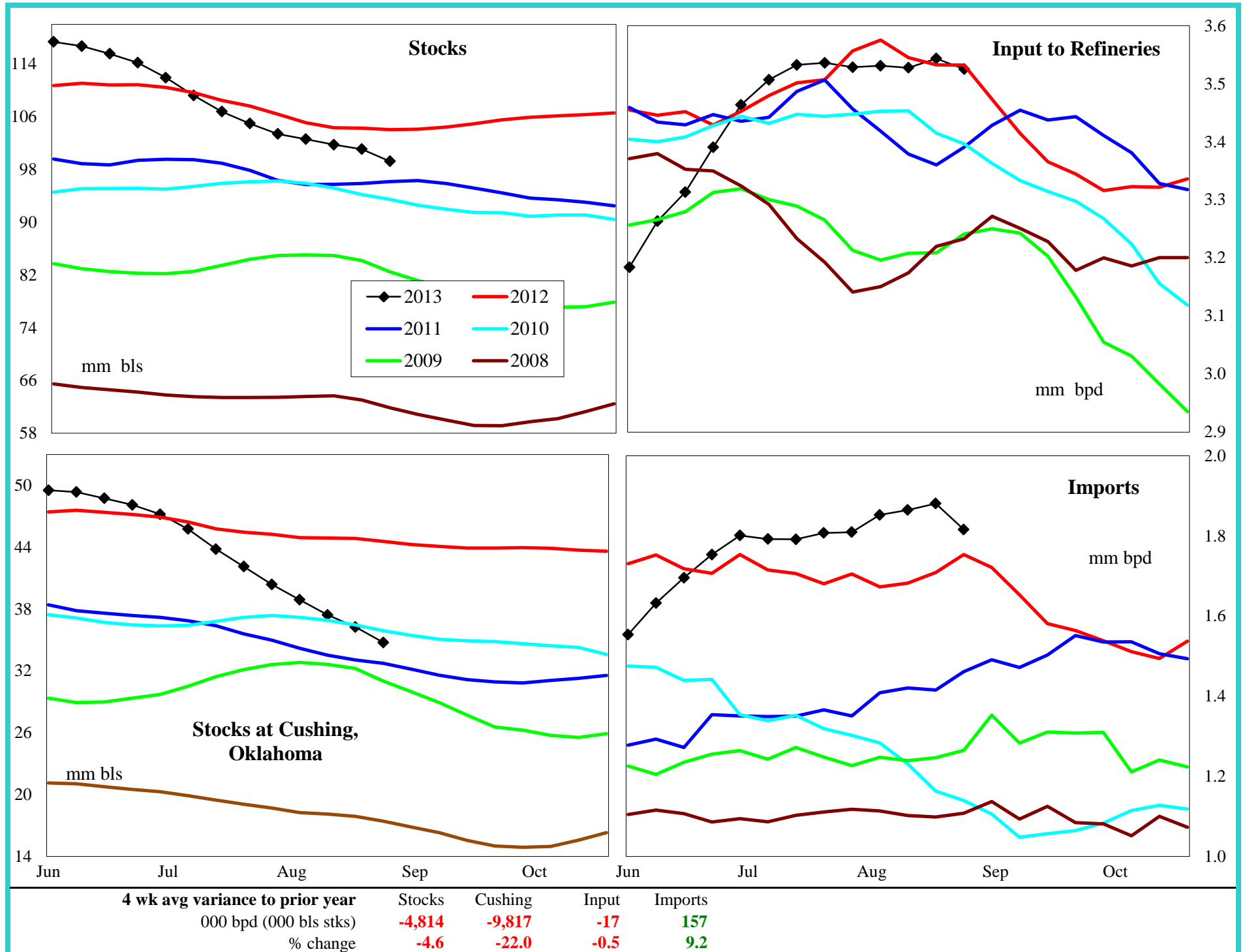
PADD 1 Jet Fuel Supply



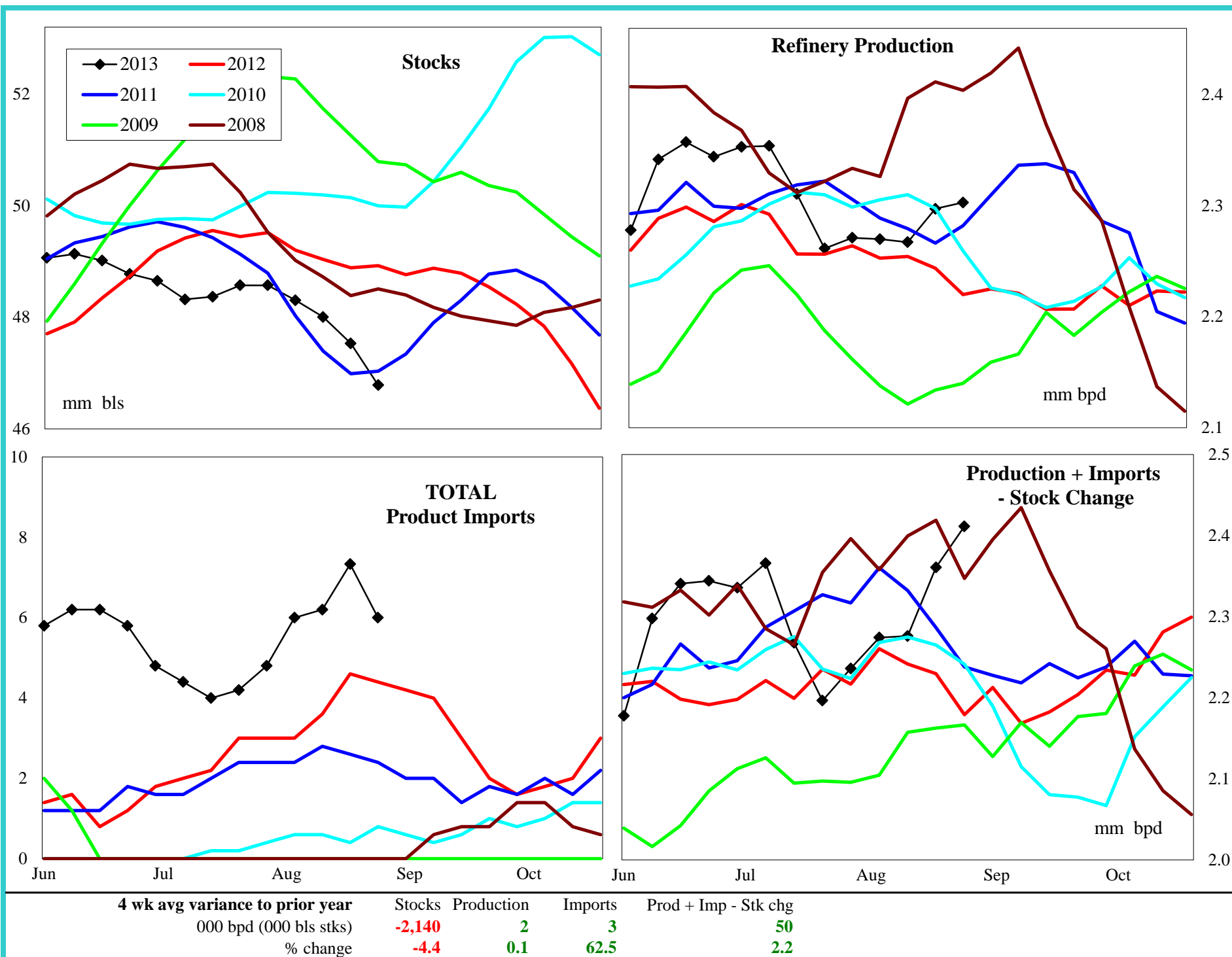
PADD 1 Residual Fuel Oil Supply



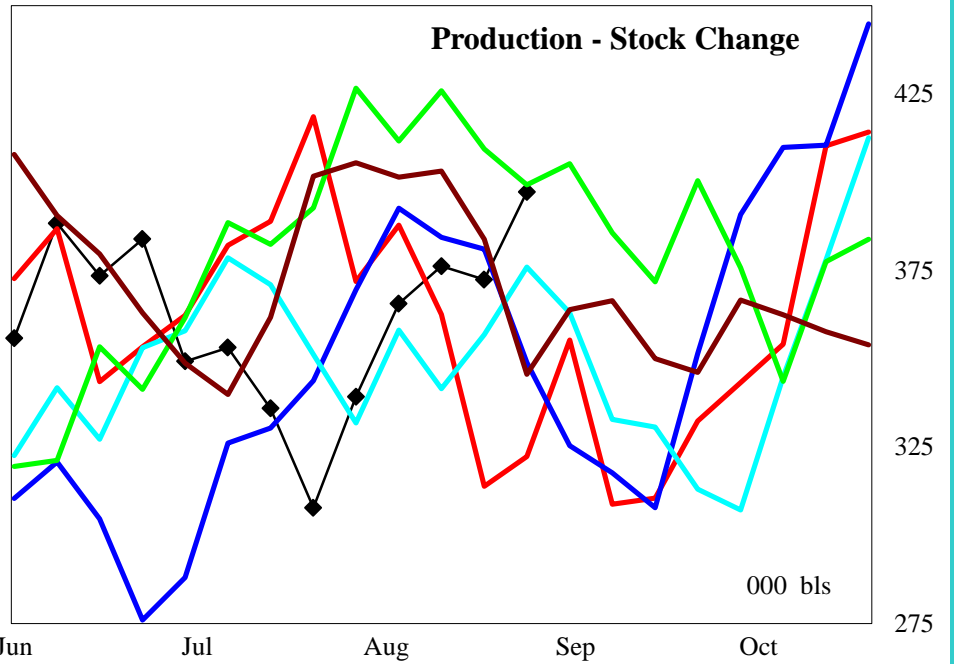
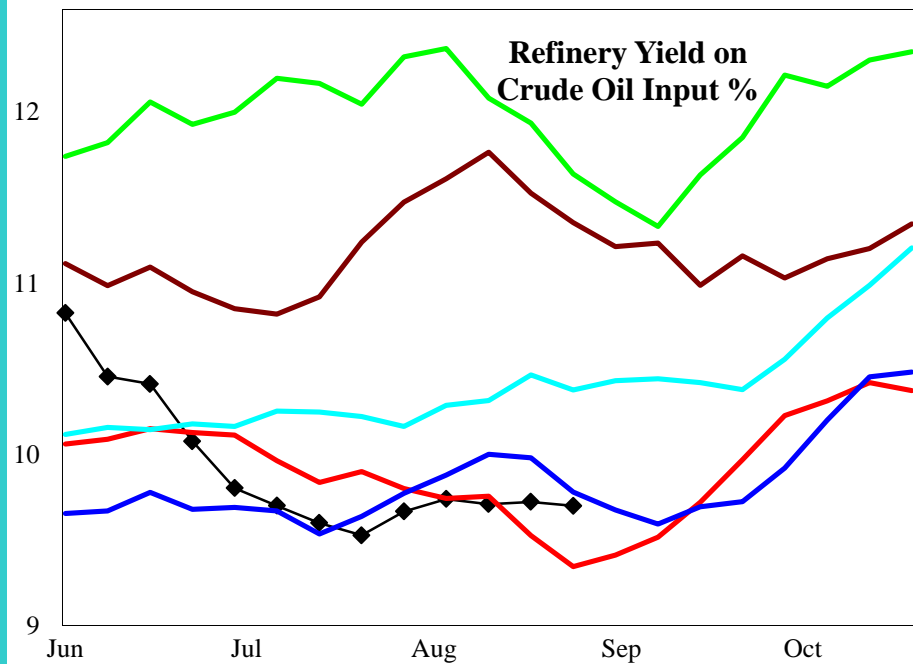
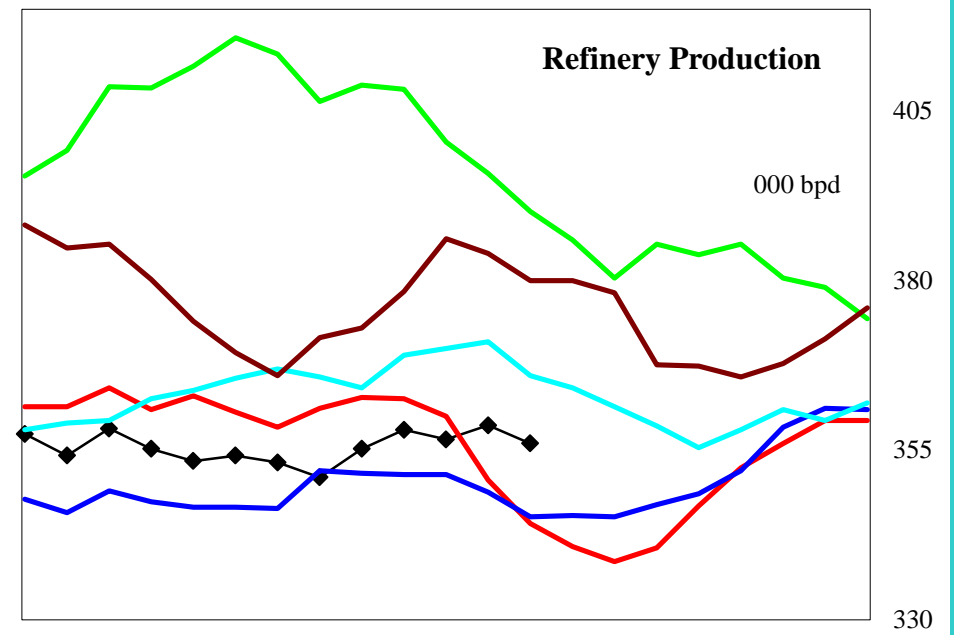
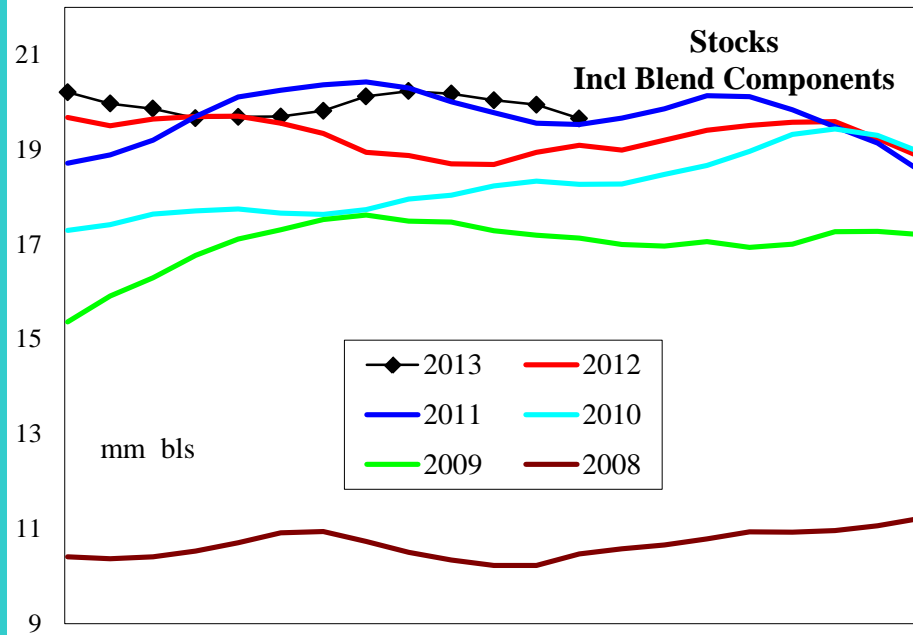
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Prod - Stk chg

564

3

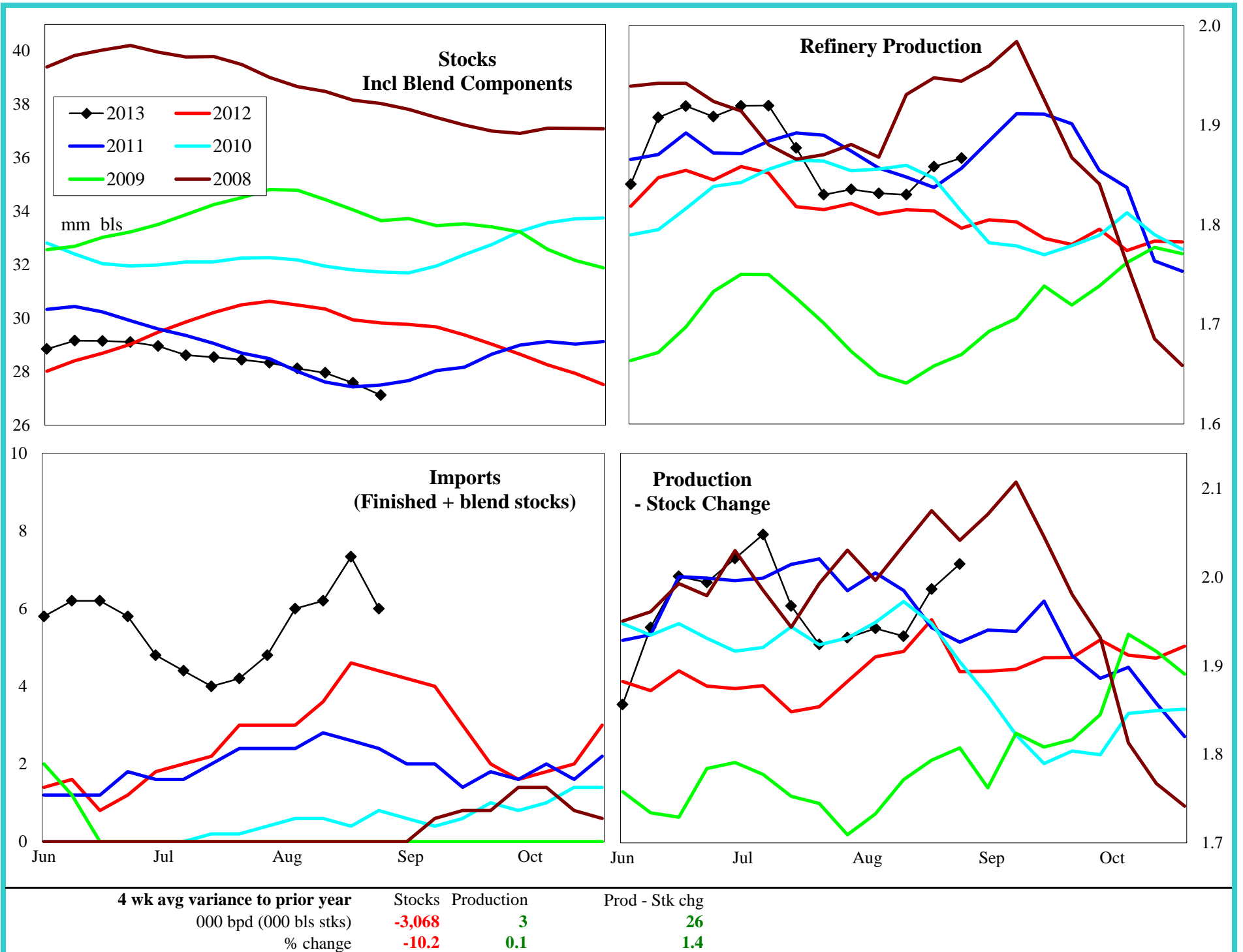
31

3.0

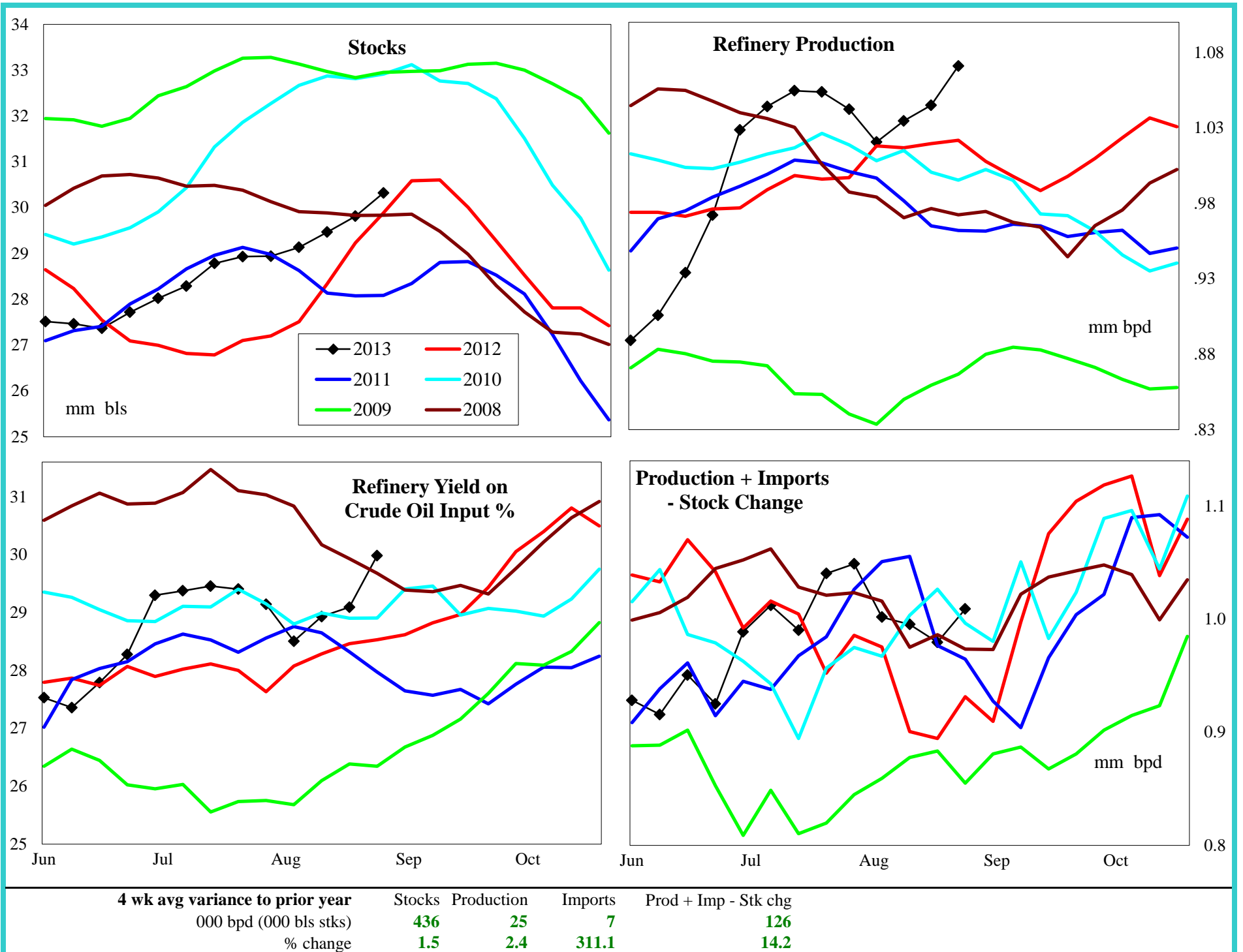
0.8

9.0

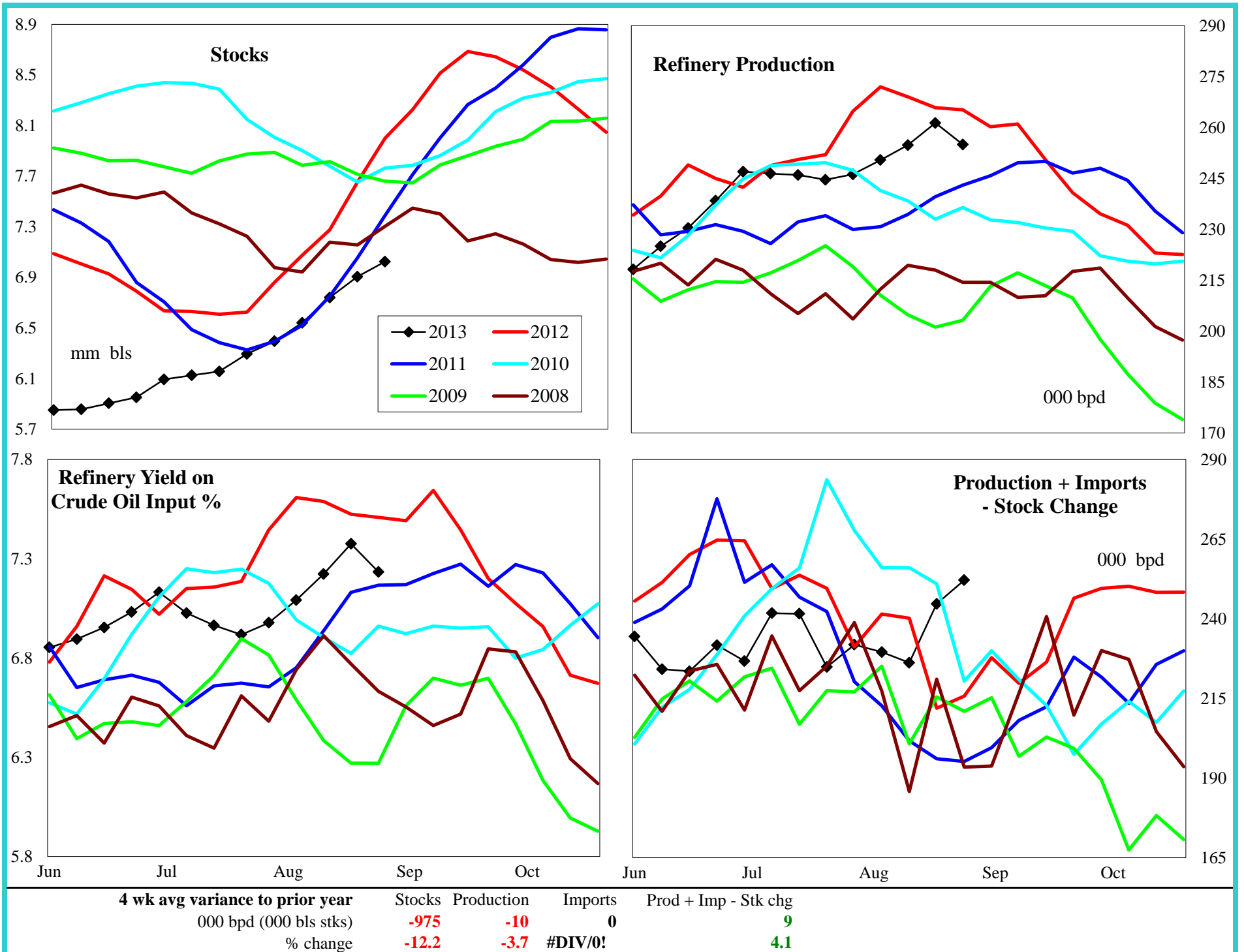
PADD 2 Conventional Gasoline Supply



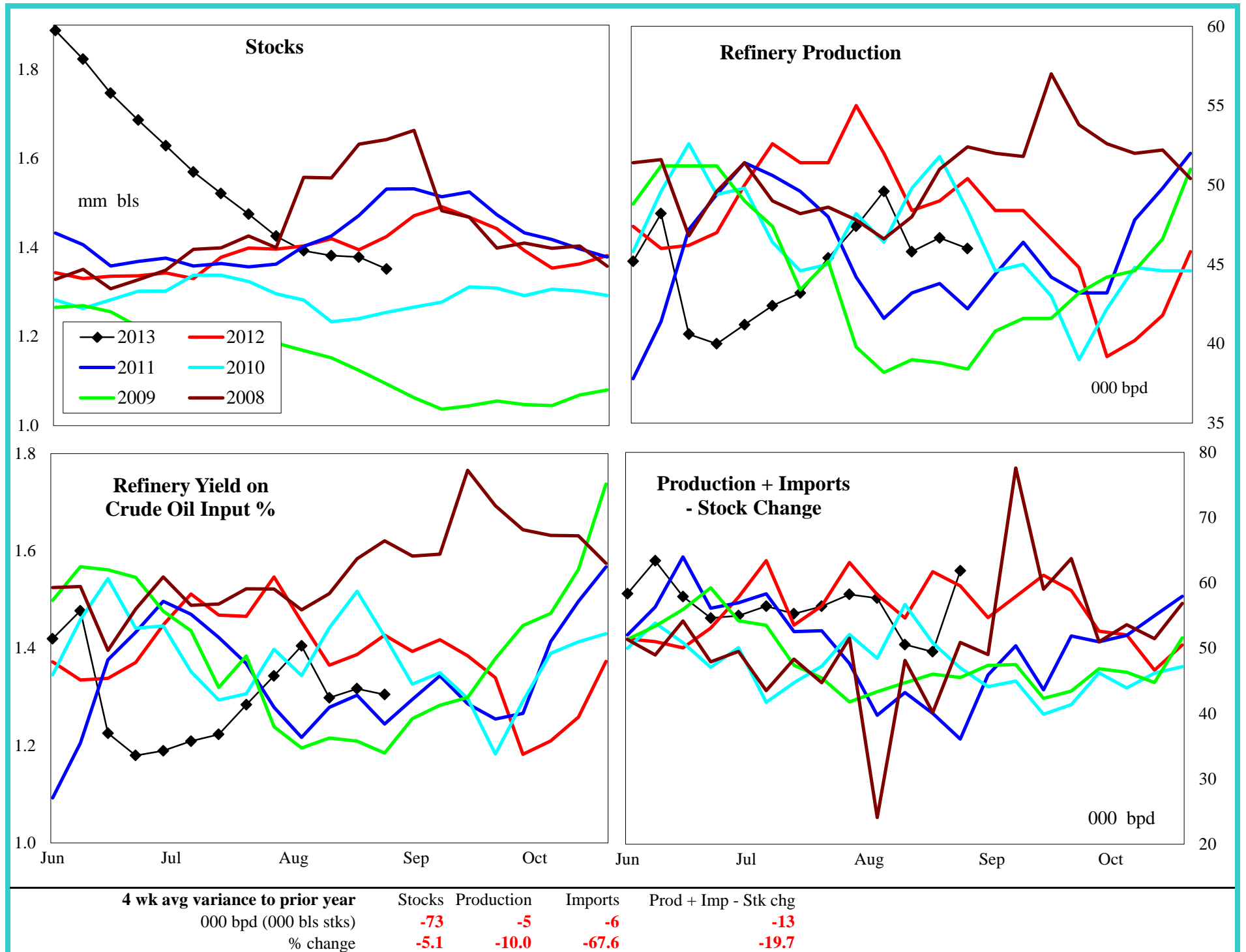
PADD 2 Distillate Supply



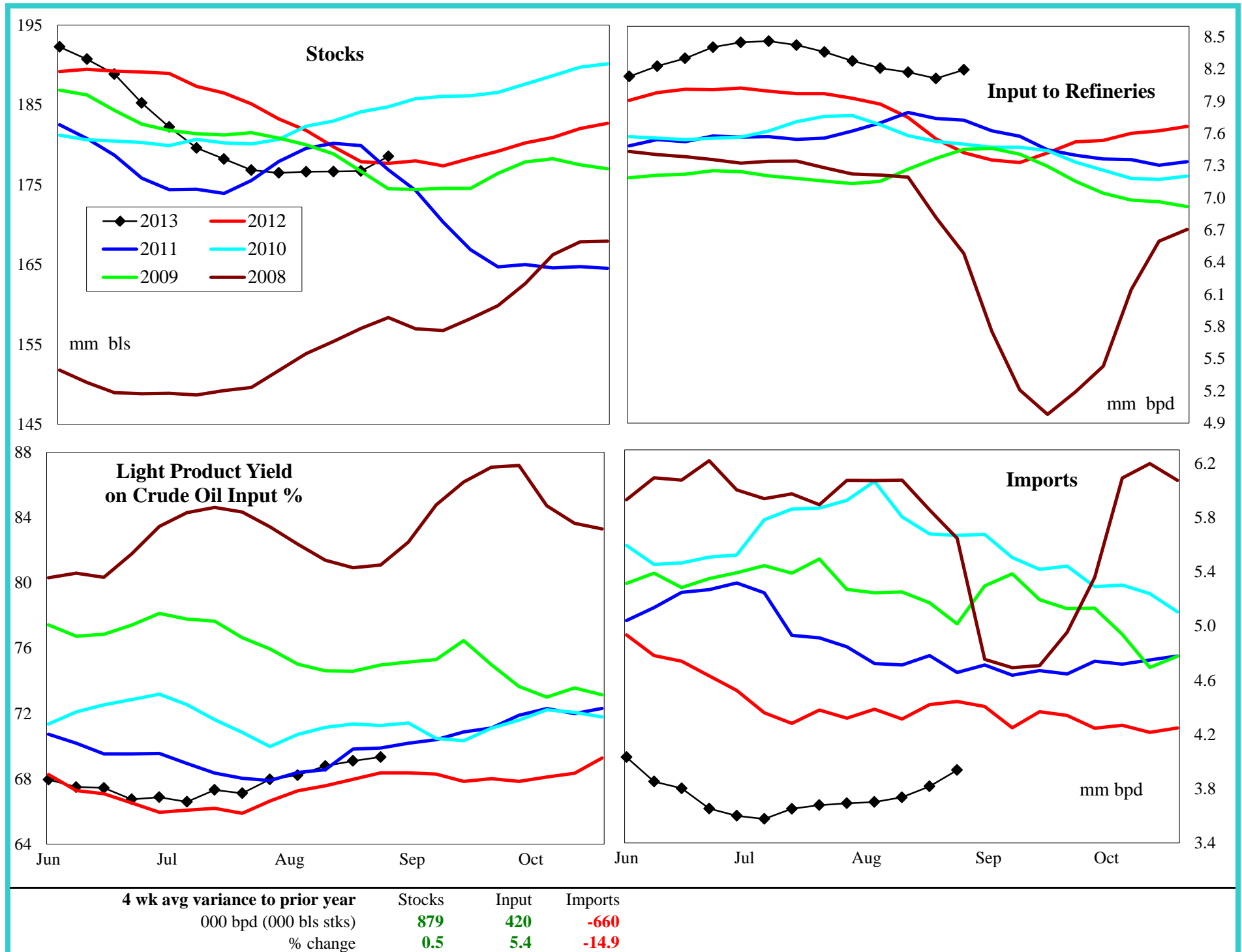
PADD 2 Jet Fuel Supply



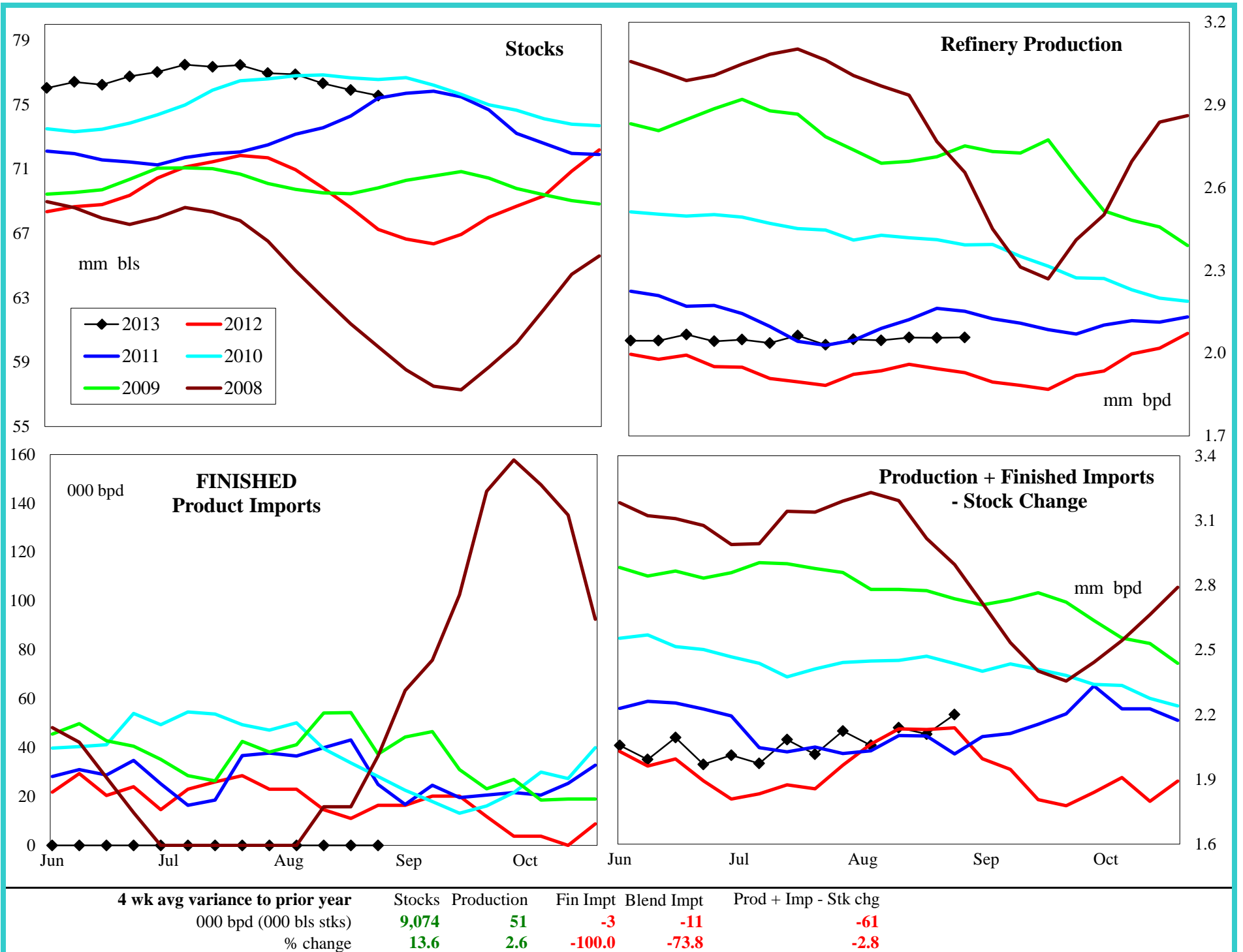
PADD 2 Residual Fuel Oil Supply



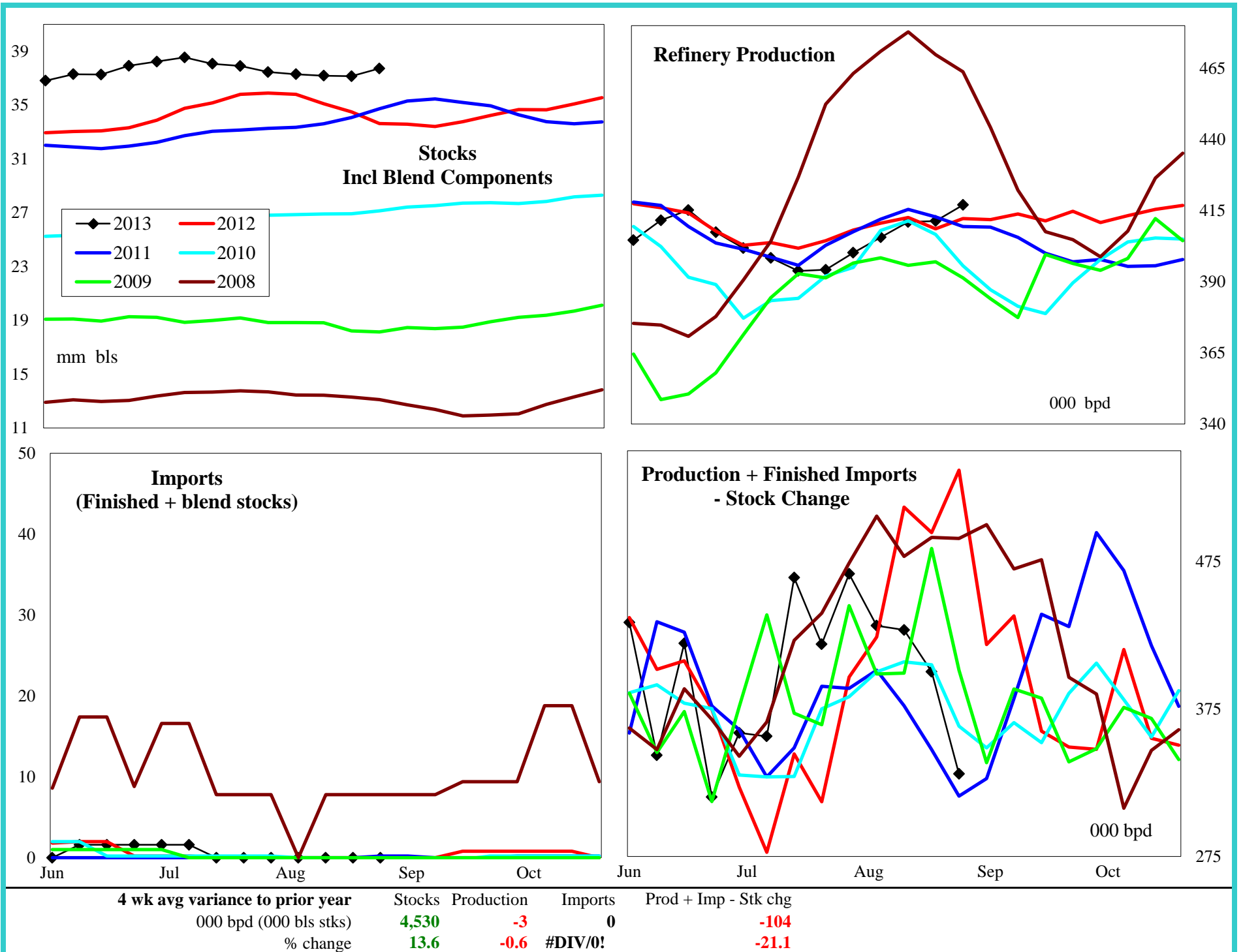
PADD 3 Crude Oil Supply and Refining



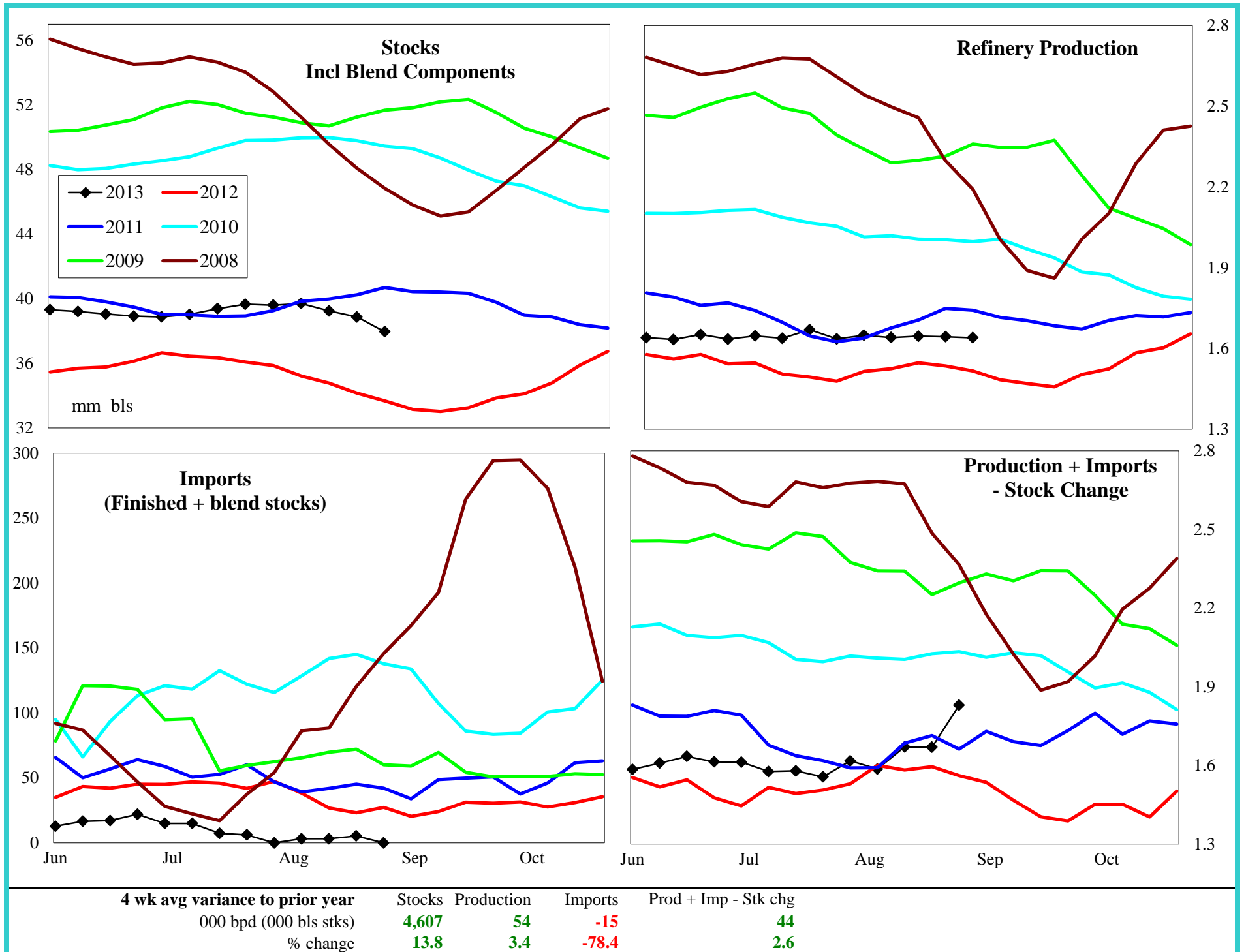
PADD 3 Gasoline Supply



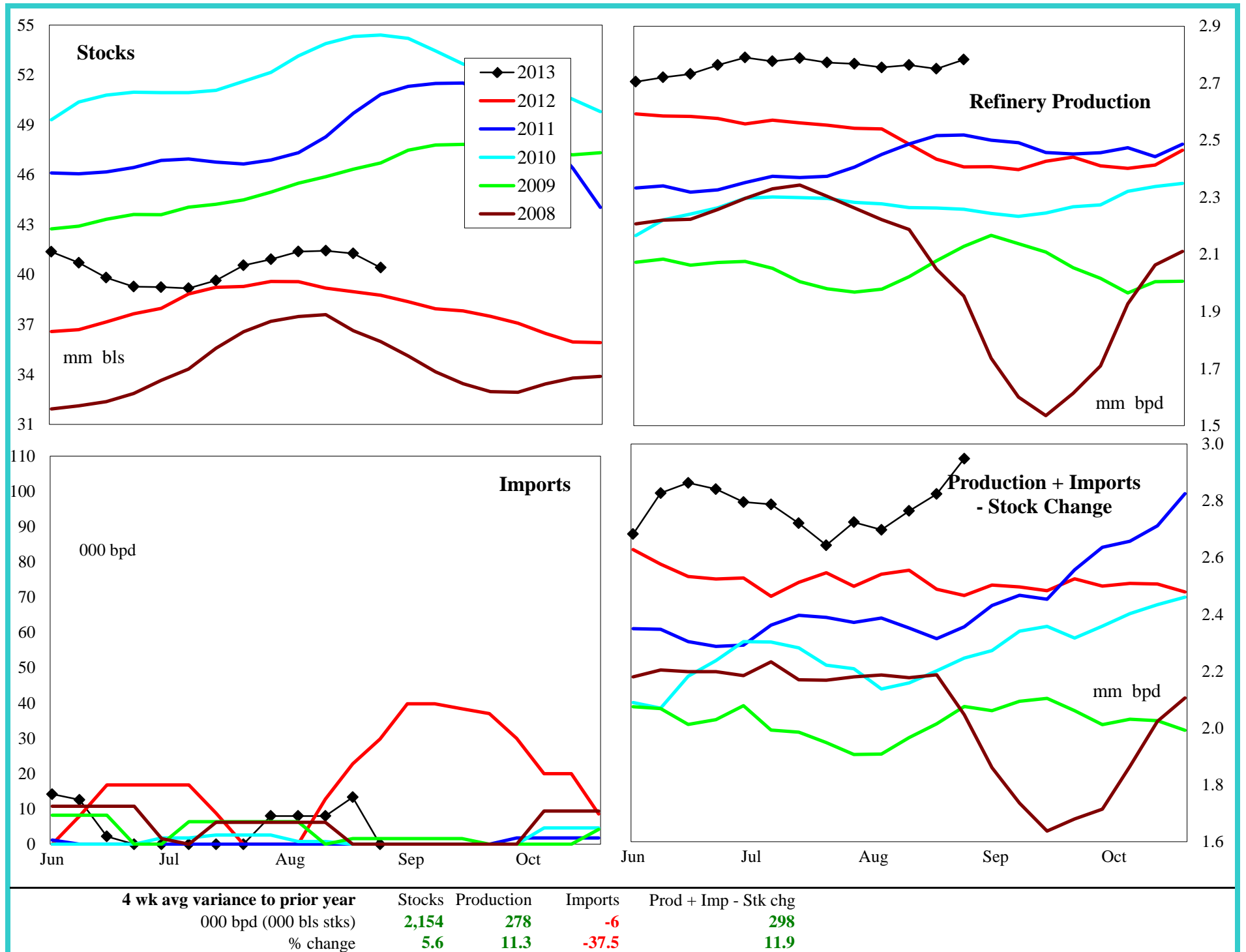
PADD 3 Reformulated Gasoline Supply



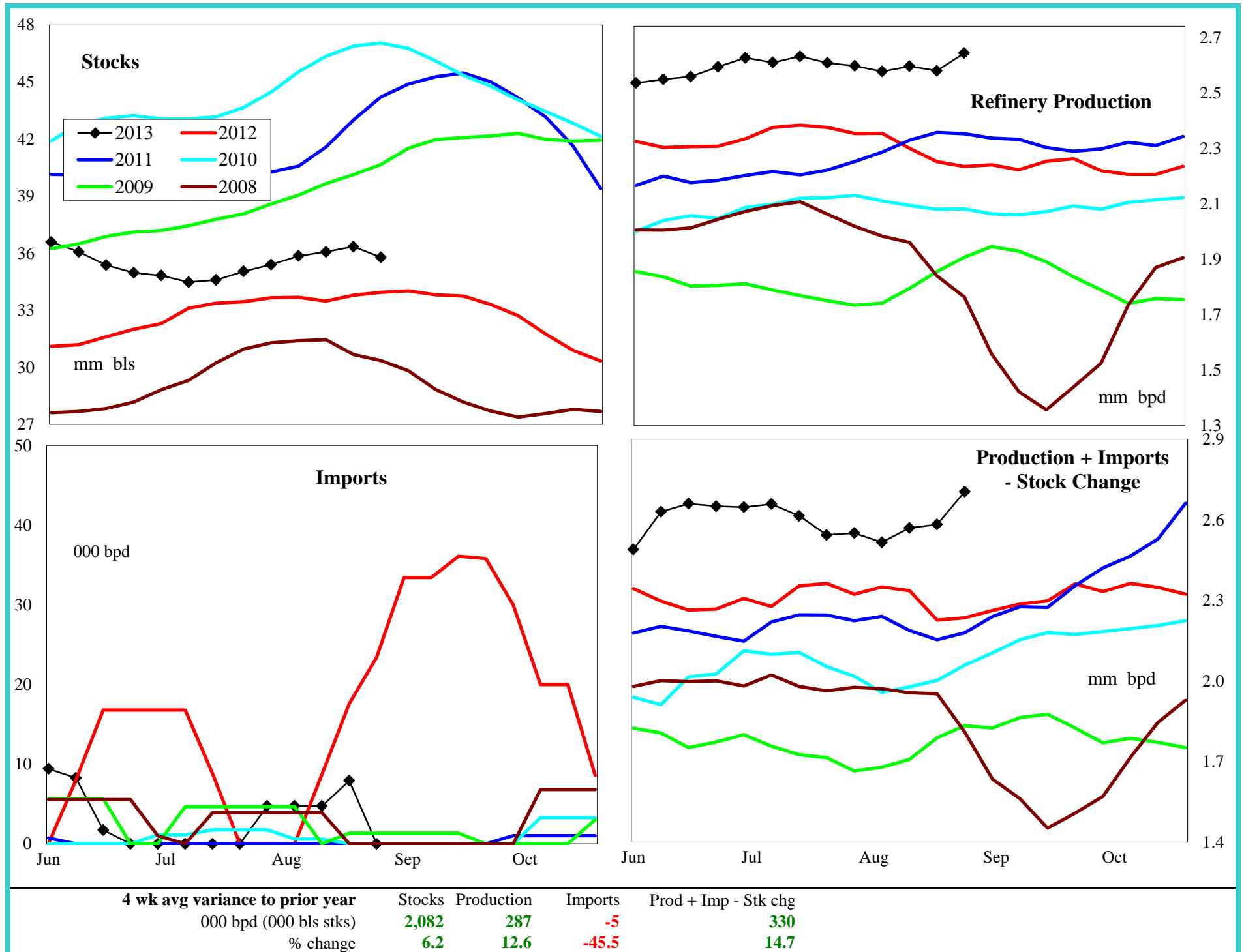
PADD 3 Conventional Gasoline Supply



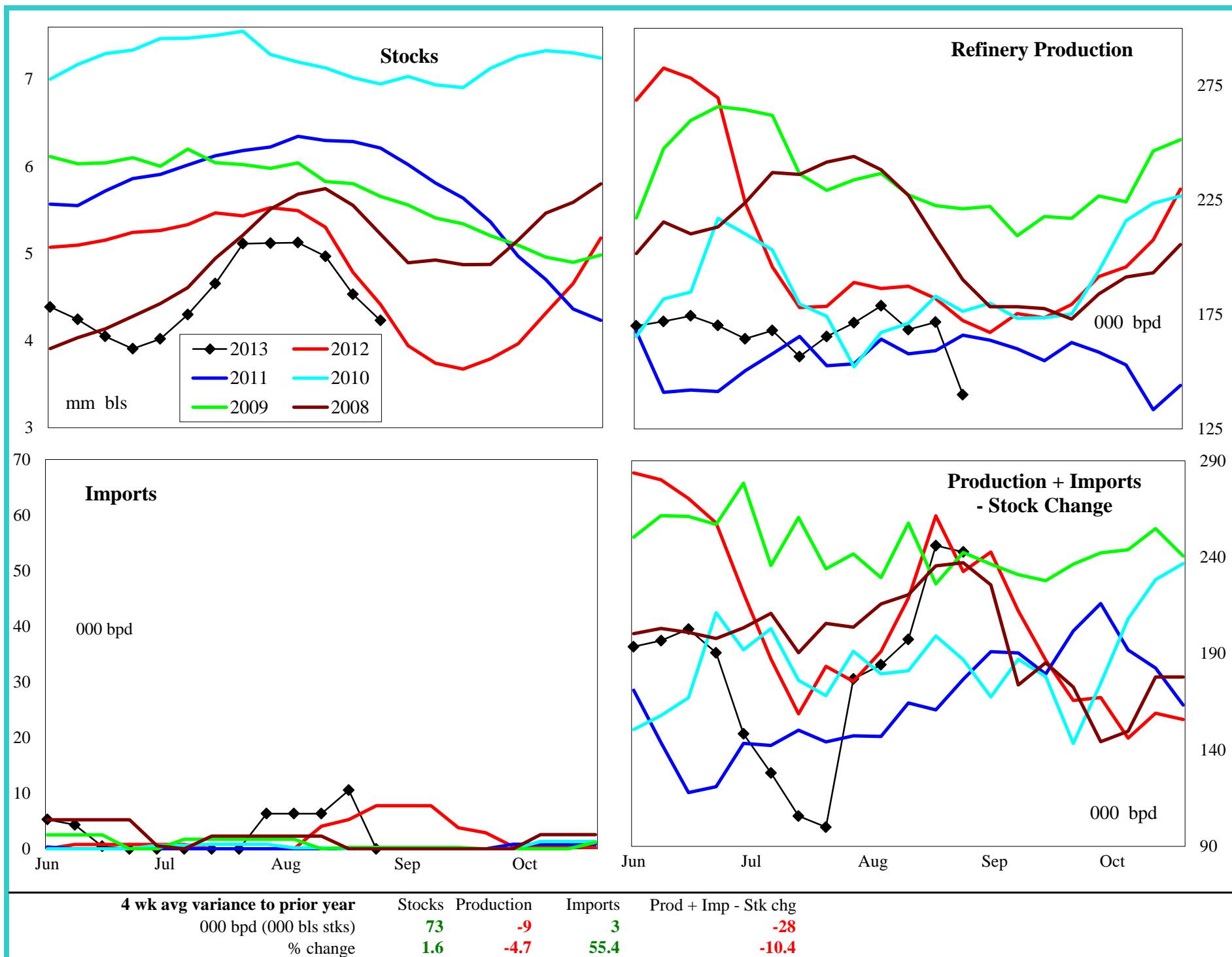
PADD 3 Distillate Supply



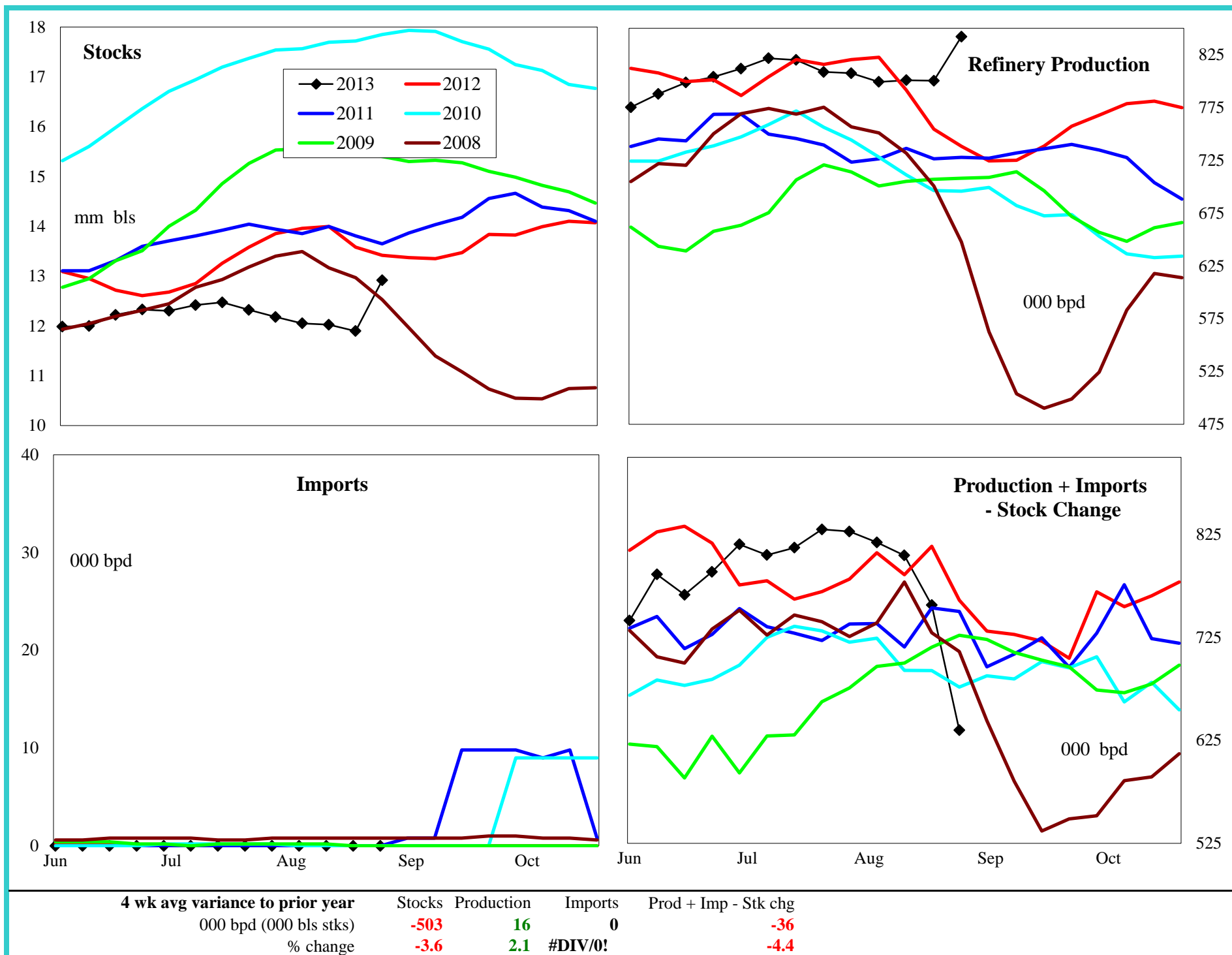
PADD 3 Low Sulfur Distillate Supply



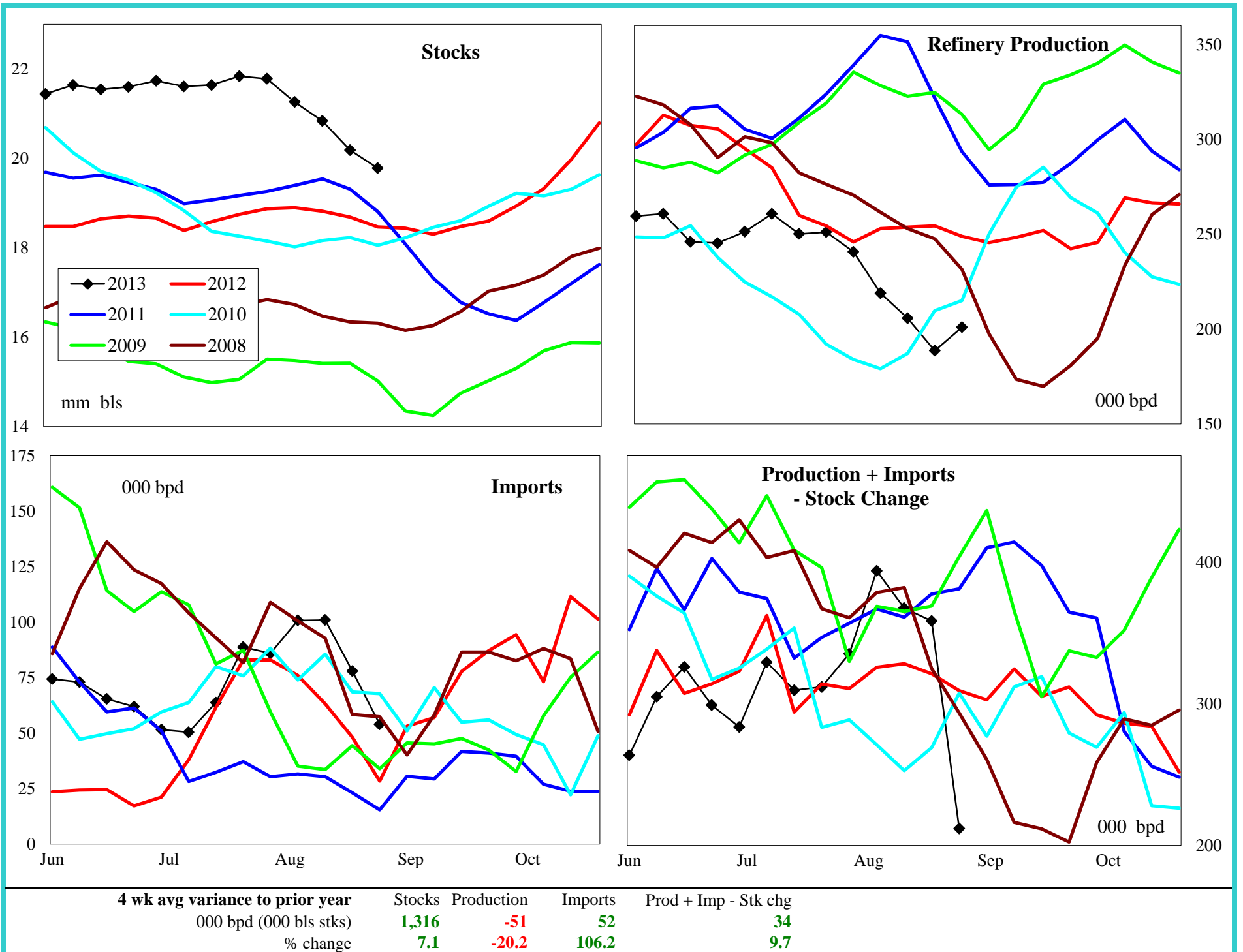
PADD 3 High Sulfur Distillate Supply



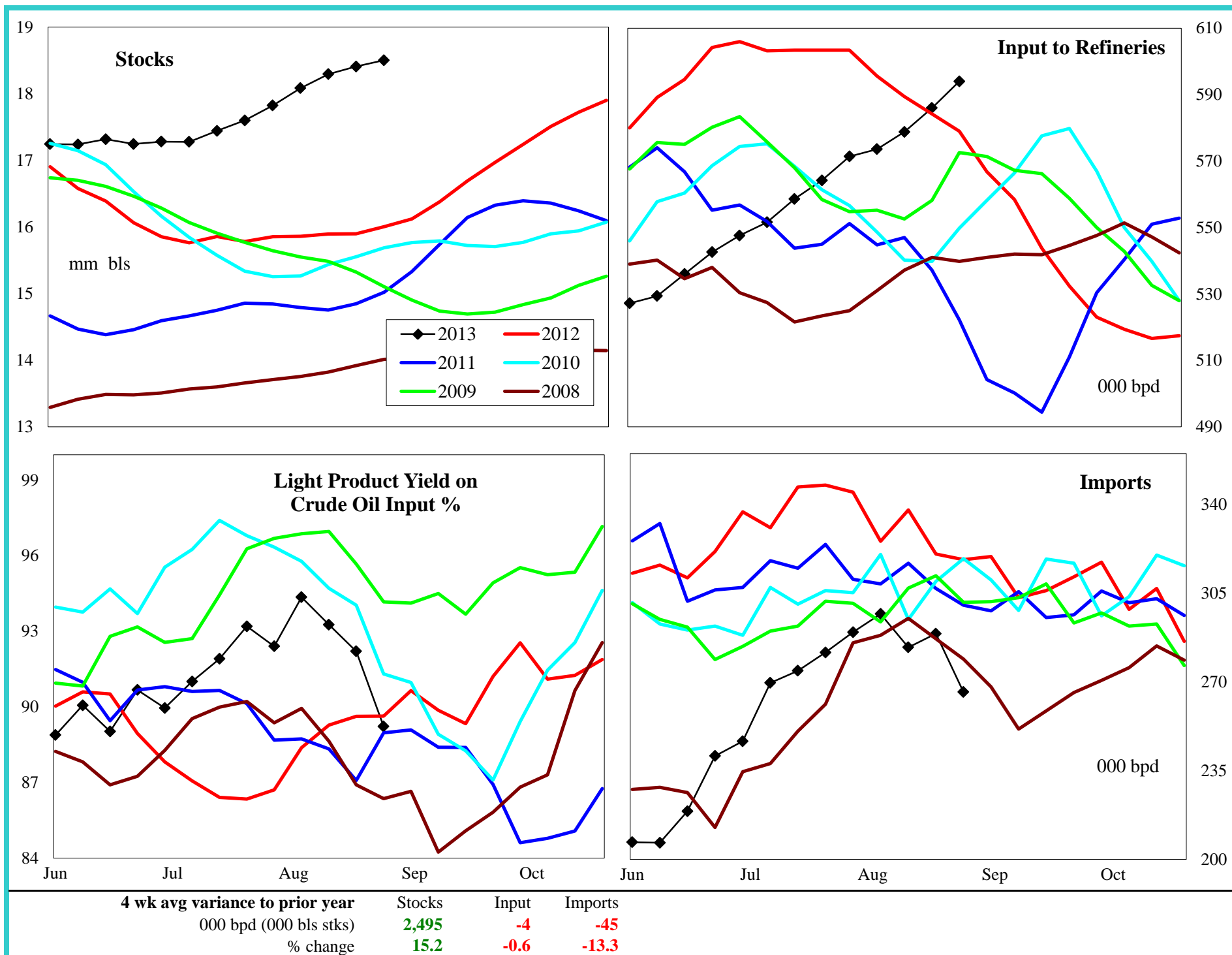
PADD 3 Jet Fuel Supply



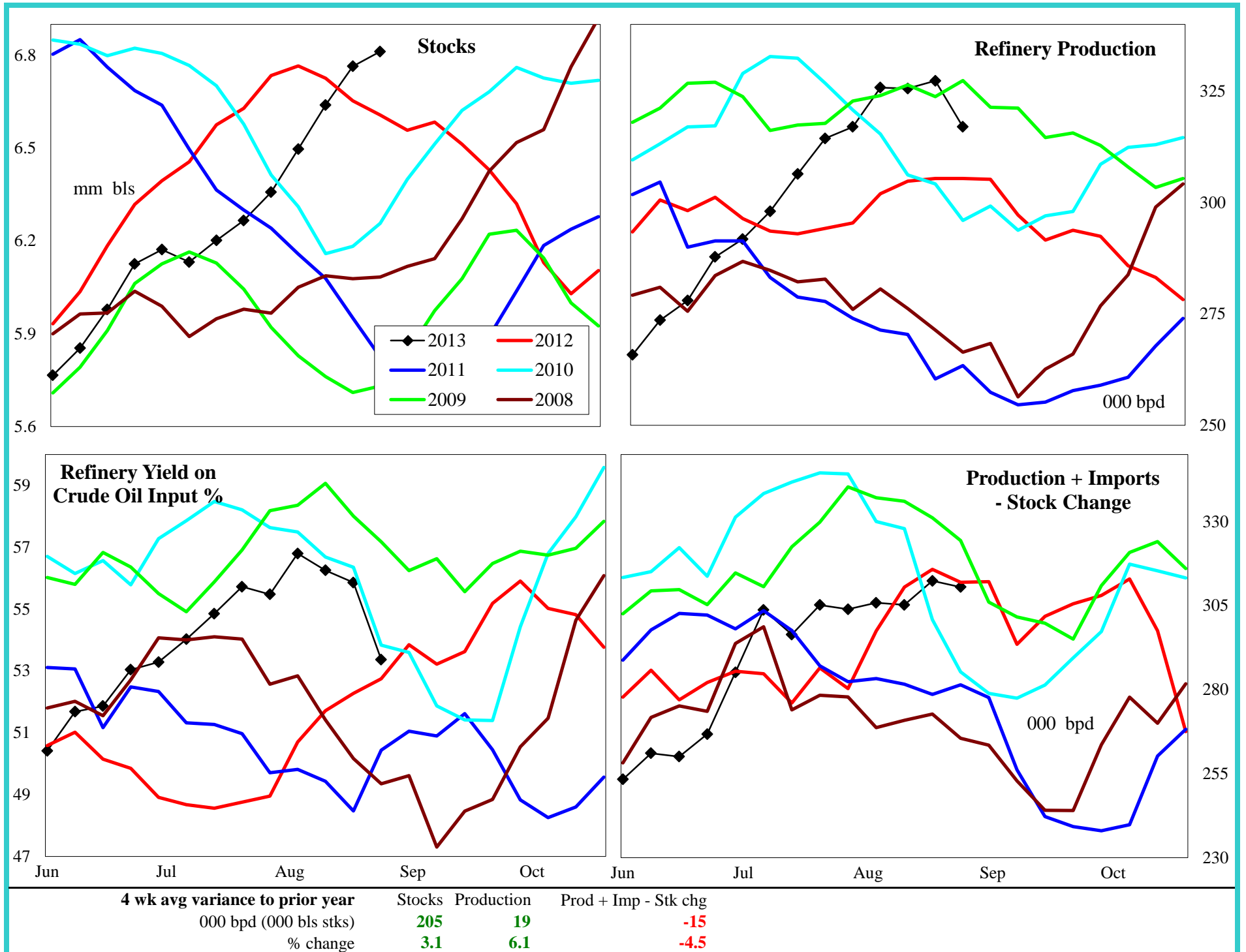
PADD 3 Residual Fuel Oil Supply



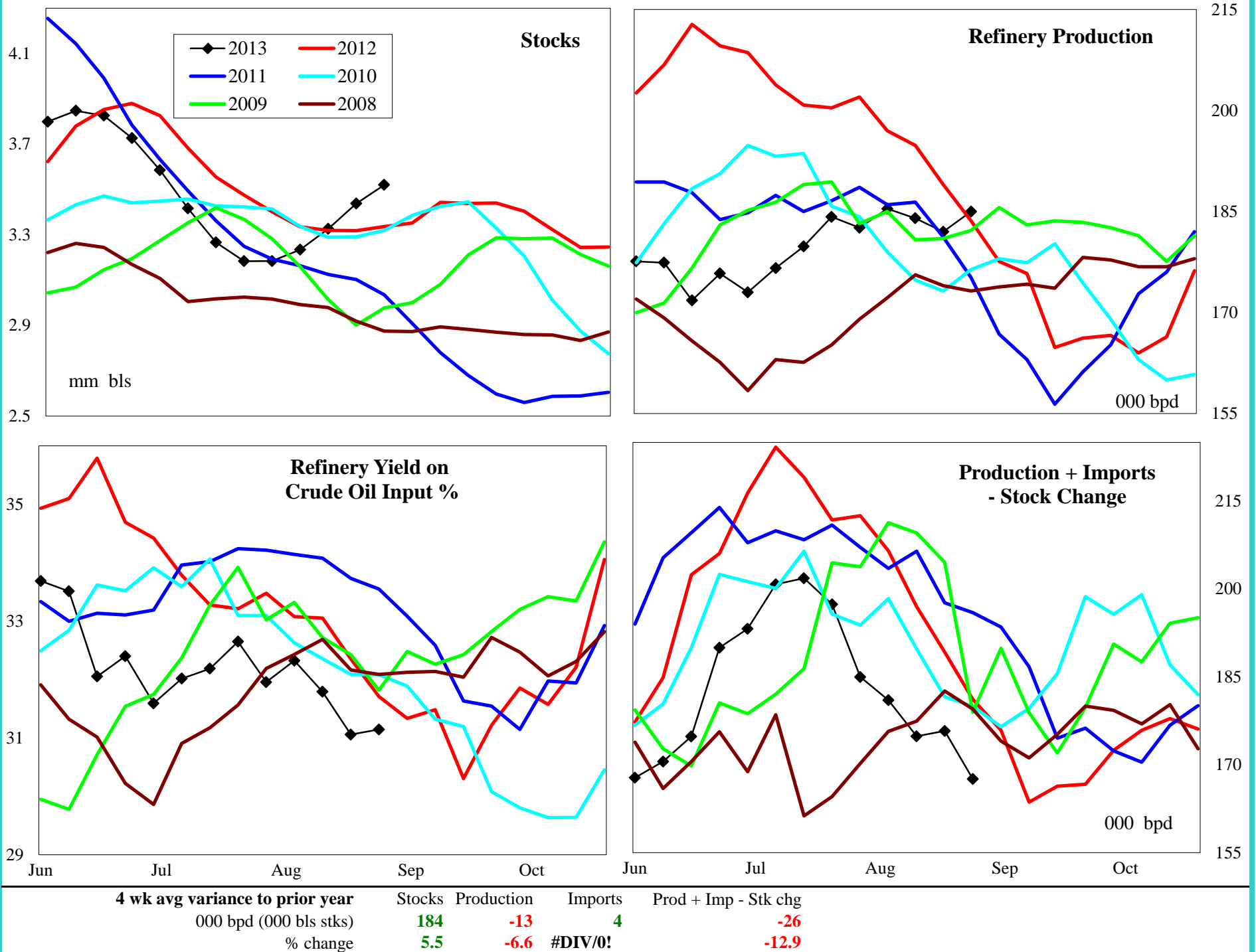
PADD 4 Crude Oil Supply and Refining



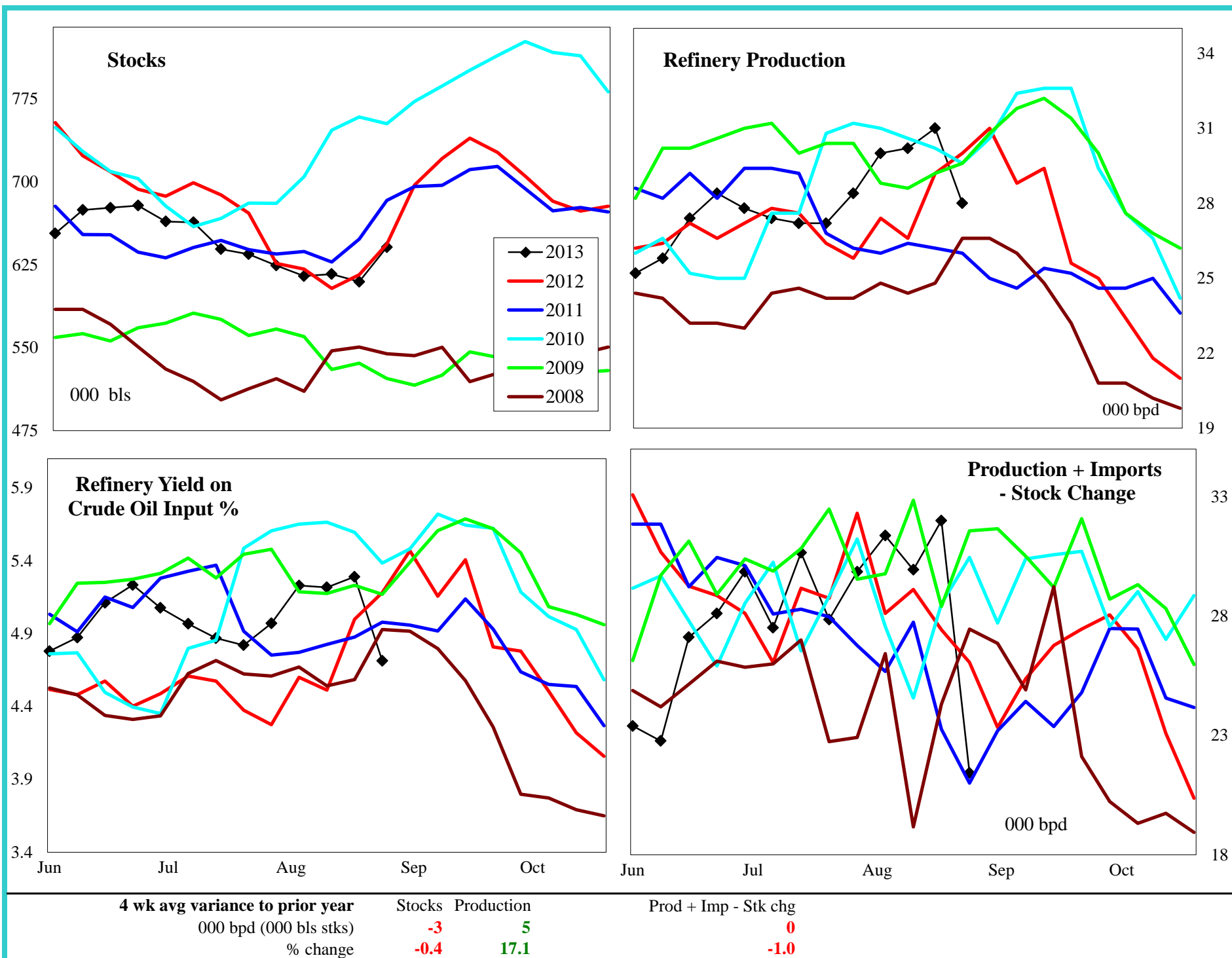
PADD 4 Gasoline Supply



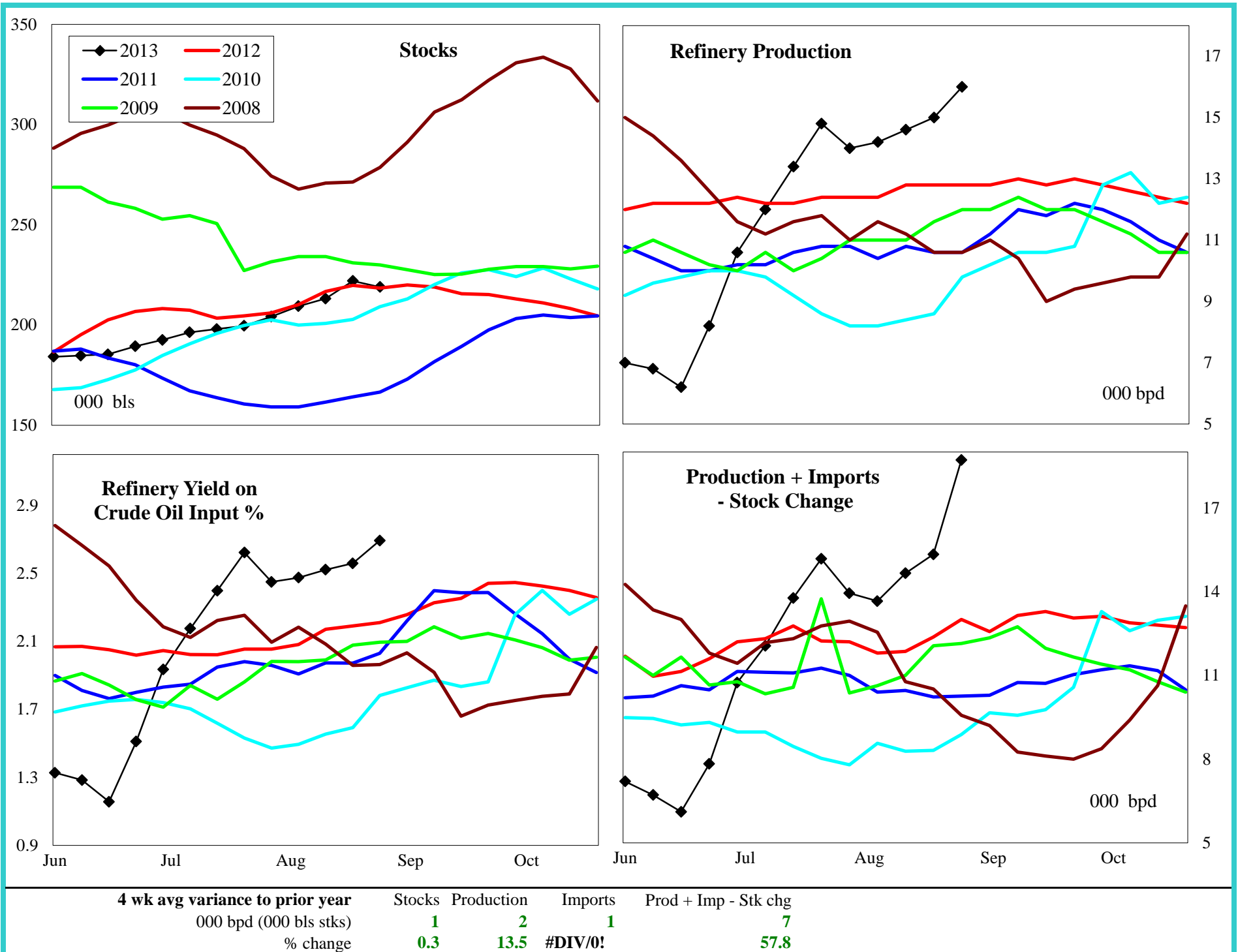
PADD 4 Distillate Supply



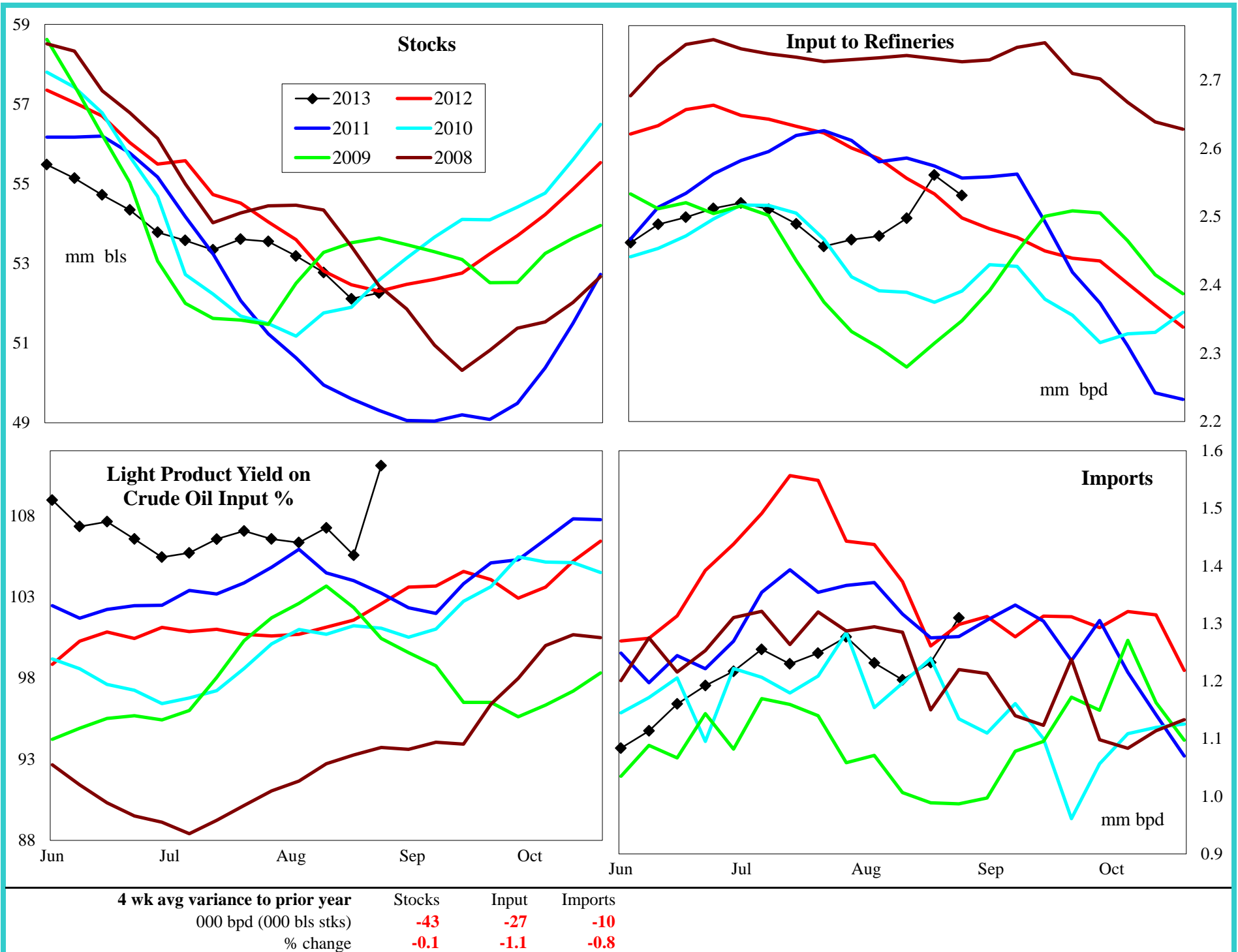
PADD 4 Jet Fuel Supply



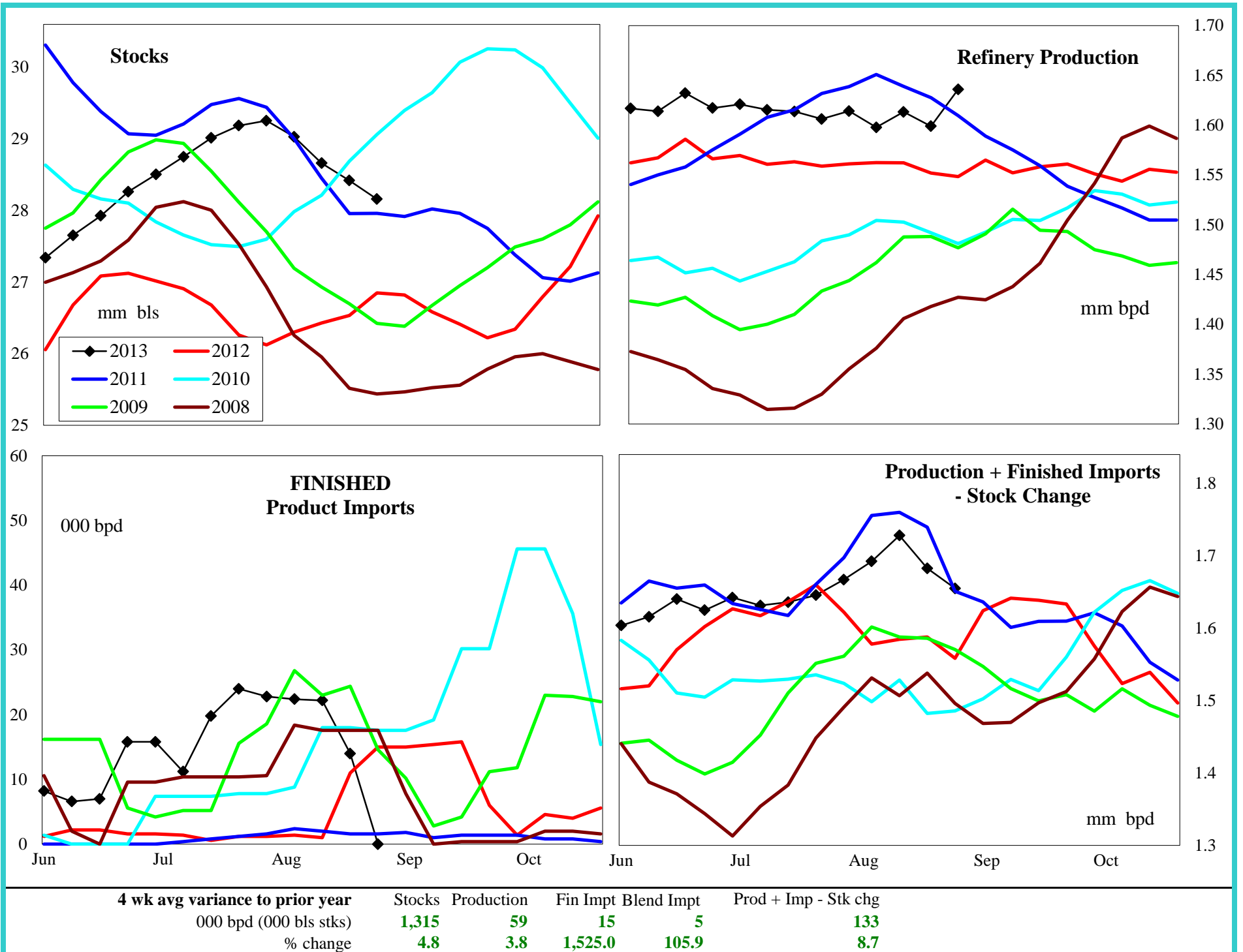
PADD 4 Residual Fuel Oil Supply



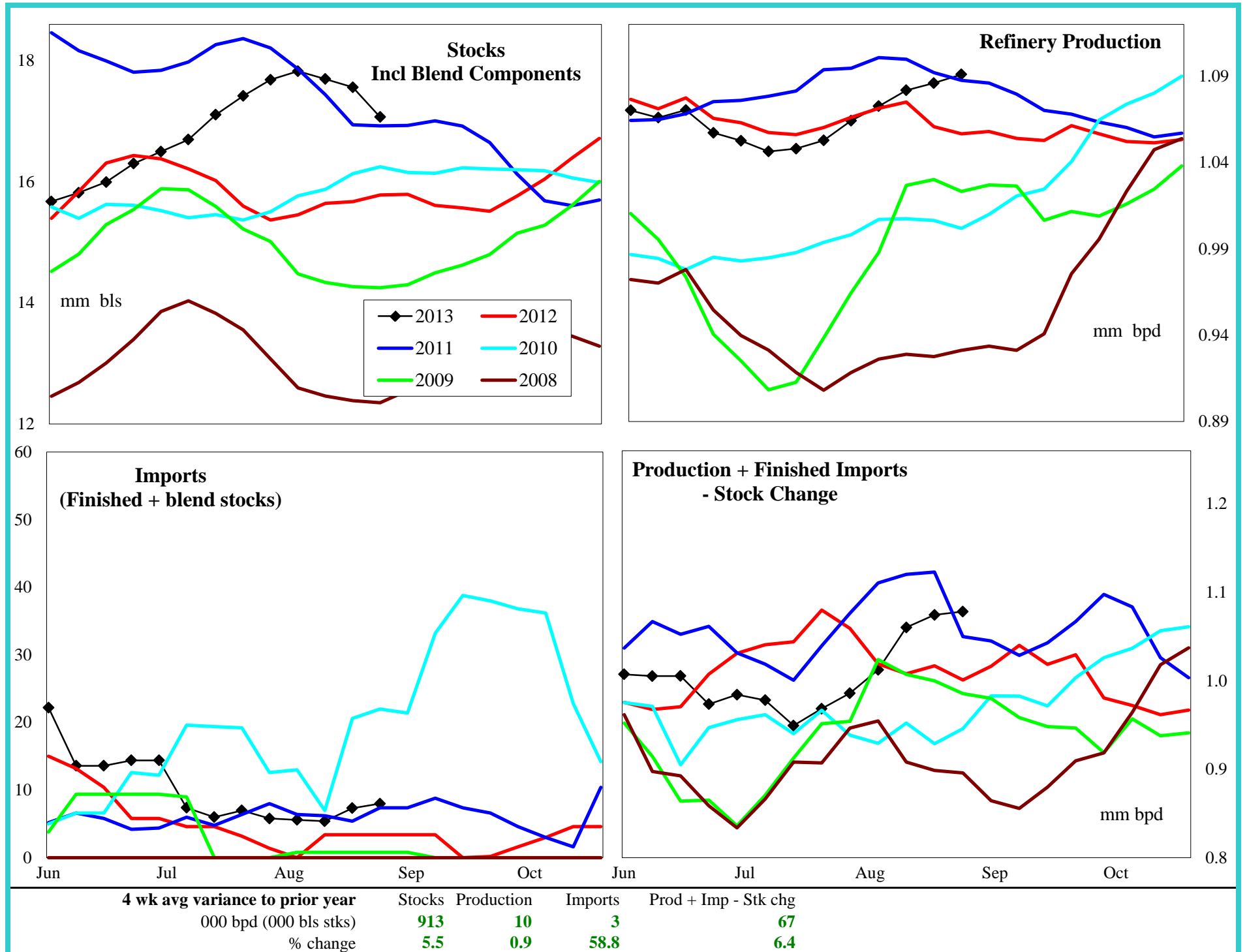
PADD 5 Crude Oil Supply and Refining



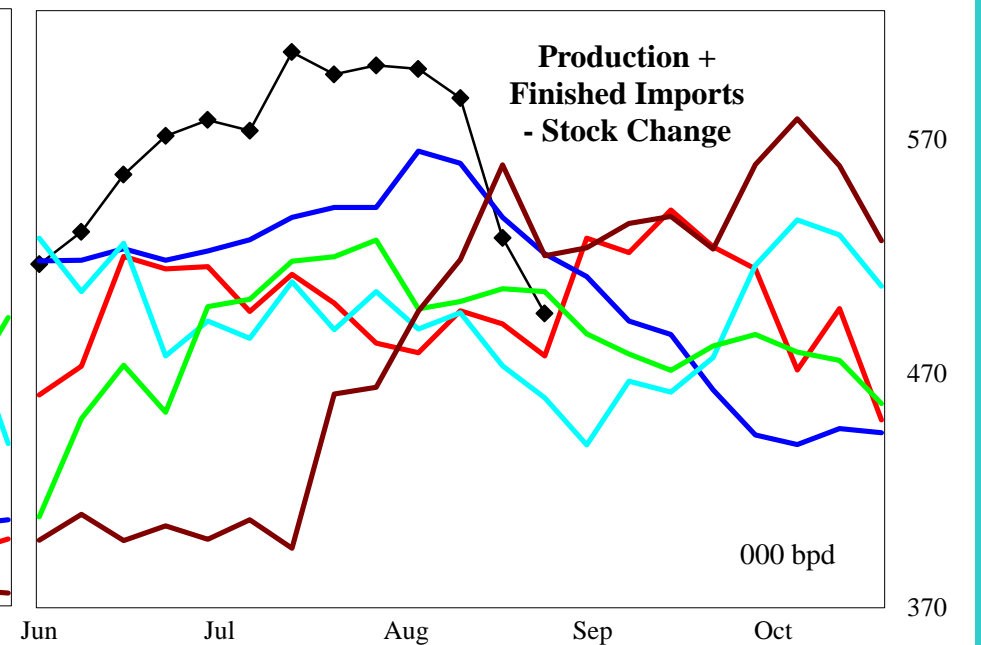
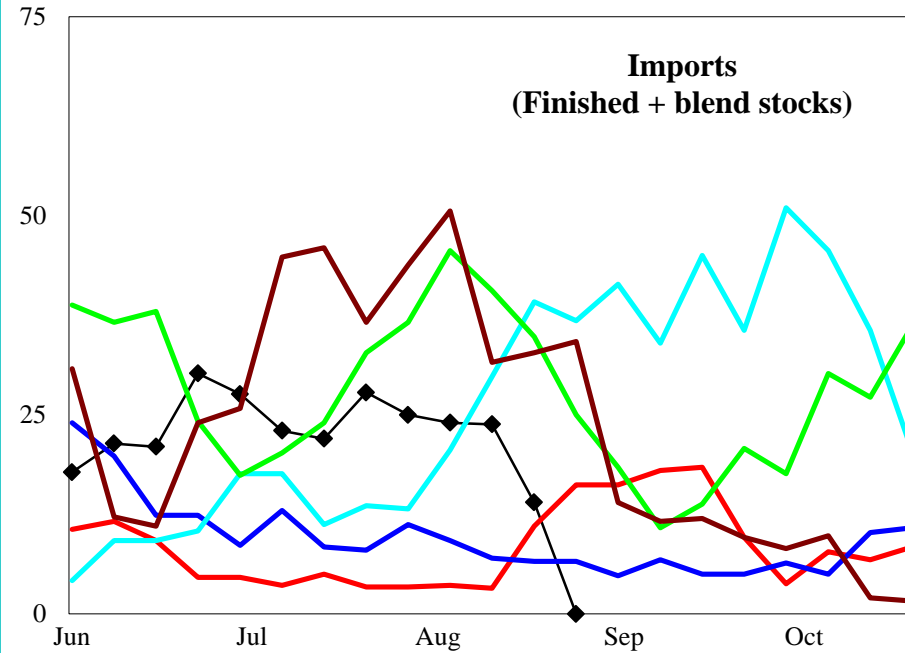
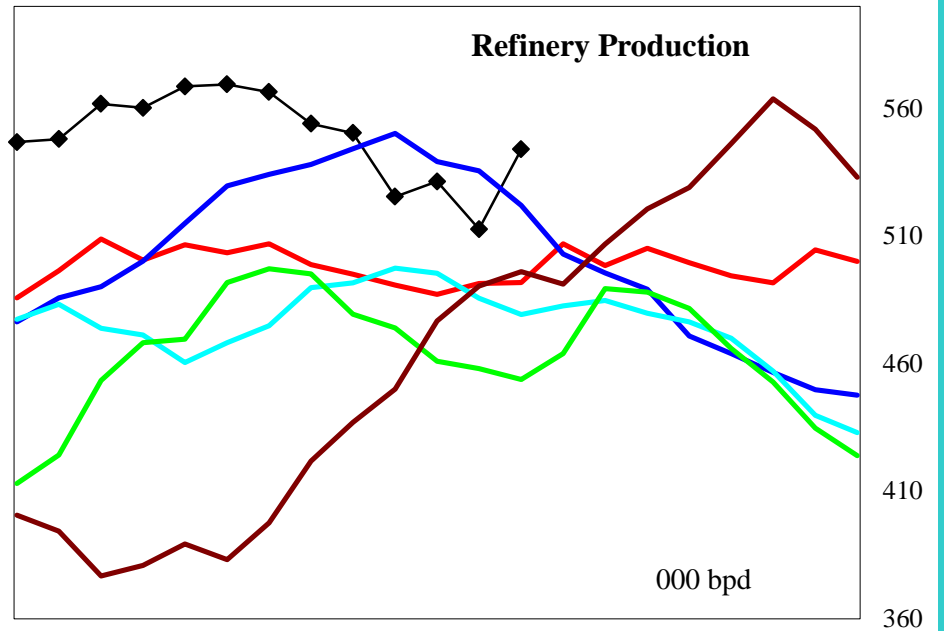
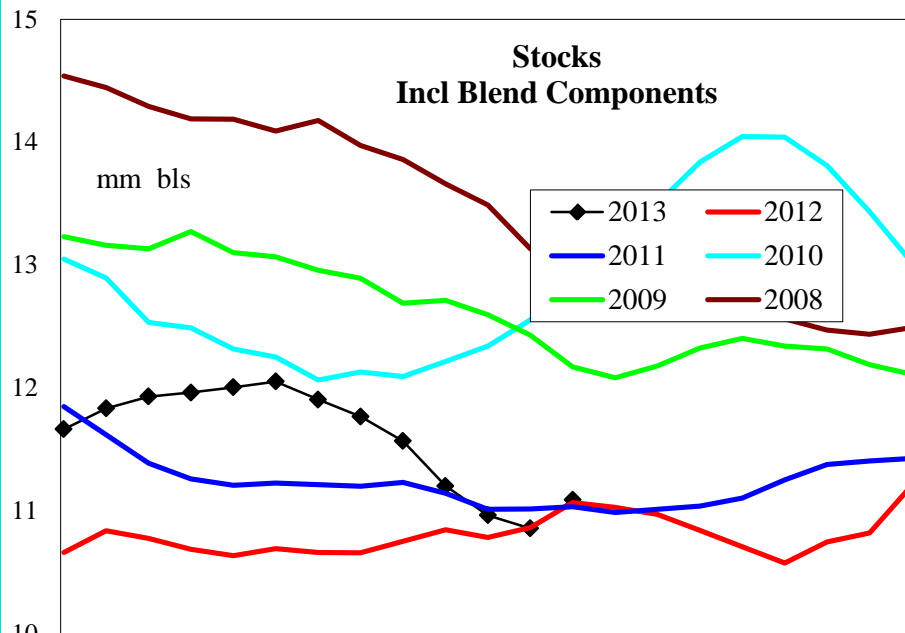
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

402

49

17

65

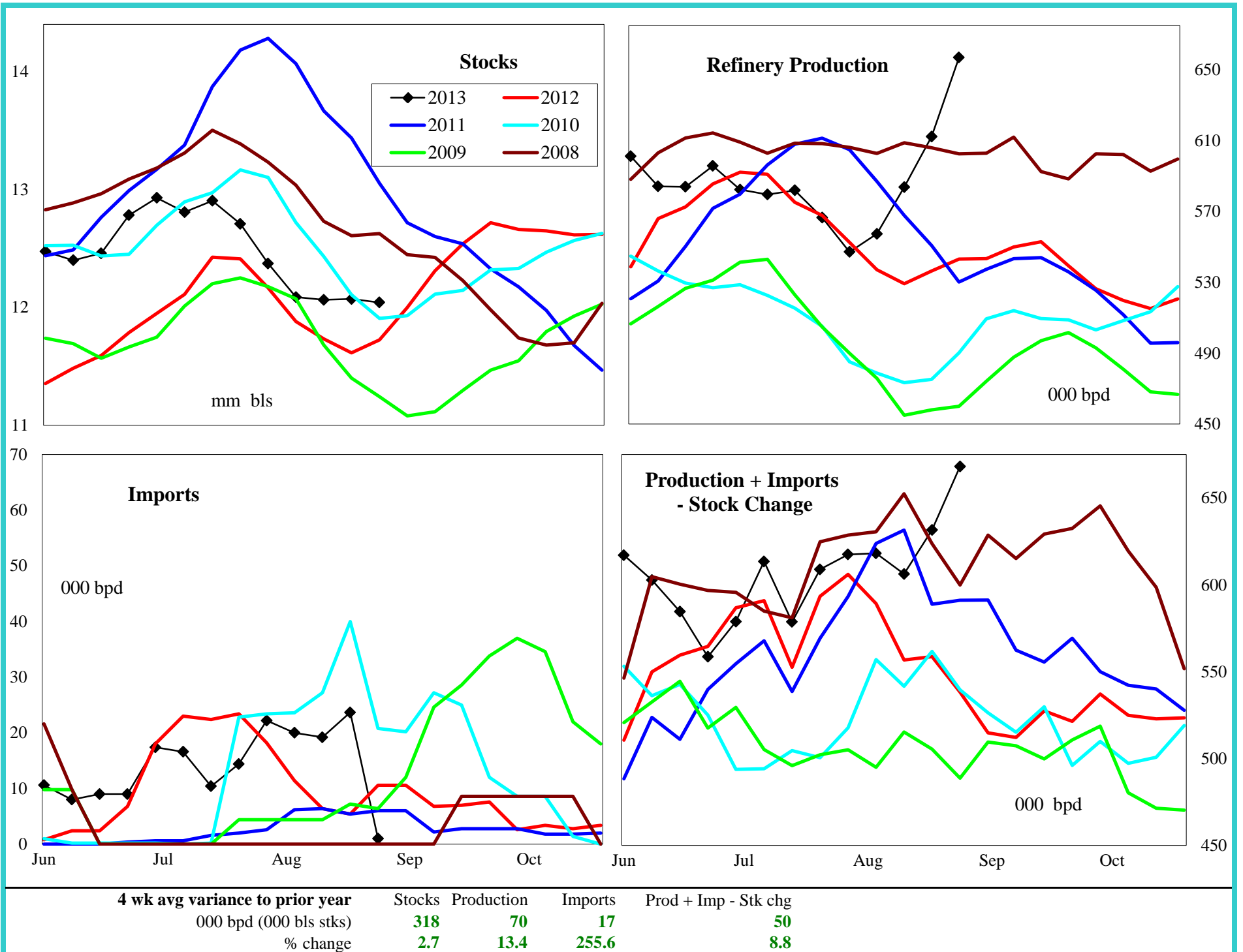
3.8

10.1

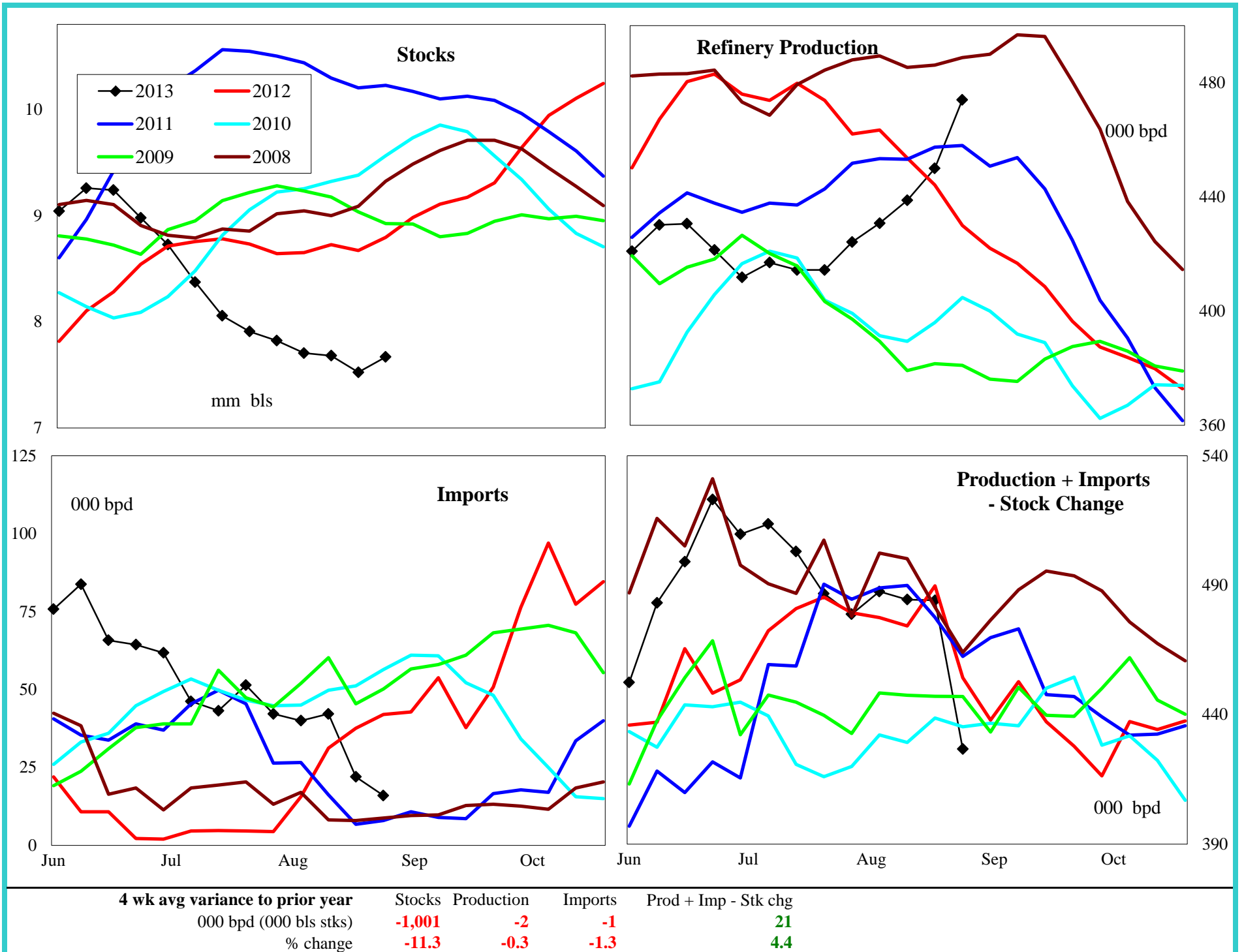
1,725.0

13.6

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

