



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

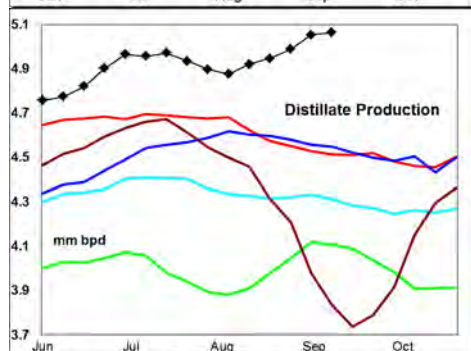
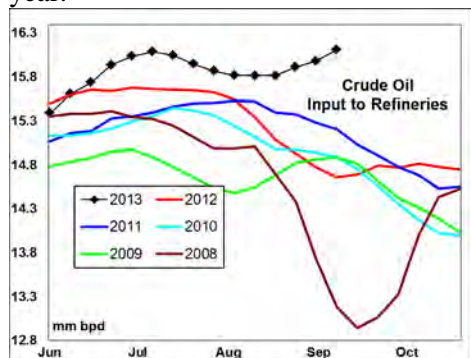
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, September 18,

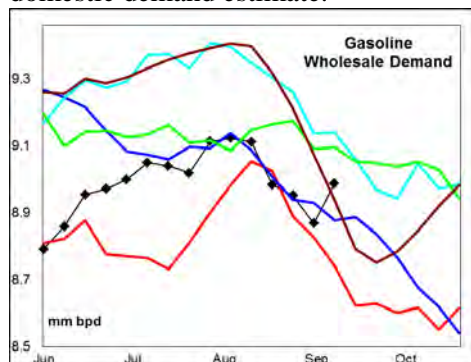


Major Fundamental Trends¹

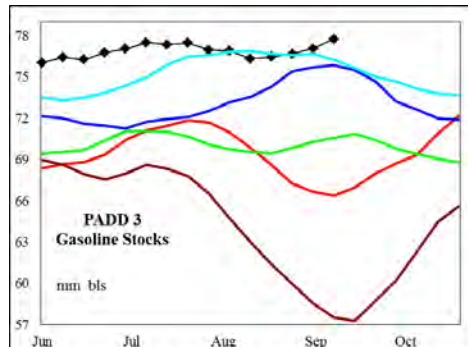
Refinery crude oil runs were +1.5 million bpd above a year ago last week as refiners delayed the start of fall maintenance. As a result production of distillate and jet fuel exceeded last year by +11% and +9%; respectively. Poor gasoline demand and refining margins limited the increase in gasoline output to less than a +1% increase over last year.



Wholesale demand for gasoline and distillate jumped +0.4 million bpd and +0.5 million bpd; respectively last week. The increase appears to reflect including a jump in exports into the domestic demand estimate.



As an example, gasoline demand falls sharply during September following the end to peak summer driving and the prior week gasoline demand trend was in line with this seasonal trend.



Gasoline stocks ended the week at a record high level in the Gulf region, with the East, West and Rockies regional markets each reporting above average stock levels. Only the Midwest is experiencing low stock levels on unplanned refinery maintenance.

Demand for gasoline and distillate each spiked last week, while jet fuel fell sharply. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +0.5%; distillate was +10.8% higher; jet fuel was +4.4% higher, and residual decreased -17%.

Stocks forward coverage: Gasoline demand coverage decreased on a -1.6 million barrel stock draw for the week and spike in demand. Coverage ended the week above the 5-year range.

Distillate coverage fell on a -1.1 million barrel stock draw and sharply higher demand. Coverage levels were below a year ago.

Jet fuel coverage was higher on a +0.6 million barrel stock build and plunge in wholesale demand. Coverage levels match 5-yr lows.

Residual fuel oil coverage increased on a sharp drop in wholesale demand, with the level equal to last year.

Refinery utilization rates increased last week on a +214,000 bpd rise in crude oil runs. During the latest 4-wk period crude oil input was +1.1 million bpd

above a year ago.

Gasoline yield % on crude oil runs was increased on a +219,000 bpd increase in output compared to the +214,000 bpd rise in crude oil runs. Yield % on crude oil runs ended the week at a near record low for the summer season.

Distillate yield % on crude oil runs declined last week, on a +14,000 bpd rise in output compared to the larger increase in crude oil thru put. The yield % on crude oil runs remain near all time highs for the season.

Jet fuel yield % on crude oil runs collapsed on a -58,000 bpd decline in output, compared to the larger increase in crude oil runs. The yield % level was well below the 5-yr mid range.

Petroleum Imports/Exports: Imports of crude oil decreased -0.4 million bpd last week, while refined products were nearly unchanged.

During the latest 4-wk period crude oil *imports* were -0.9 million bpd below last year; distillate imports were -32,000 bpd lower; finished gasoline imports decreased -25,000 bpd, gasoline blend stock imports were -205,000 bpd lower; jet fuel imports increased +1,000 bpd, while residual fuel oil imports were -72,000 bpd lower.

The latest weekly *export* estimate saw a +7,000 bpd increase in gasoline, a +150,000 bpd jump in distillate and +40,000 bpd rise in jet fuel compared to a year ago.

Crude Oil stocks fell -4.4 million barrels last week, to a level -12 million barrels below last year's record high. A key driver in the stock draw down has been +1.1 million bpd higher refinery crude oil runs during the last 4-wks, and thru put above the previous record highs for the last 4-months.

U.S. crude oil production was +1.8 million bpd above a year ago, partially offset by a -0.9 million bpd drop in imports. Stock levels ended the week -25% below last year in Cushing.

¹ Source is latest EIA Weekly Statistics



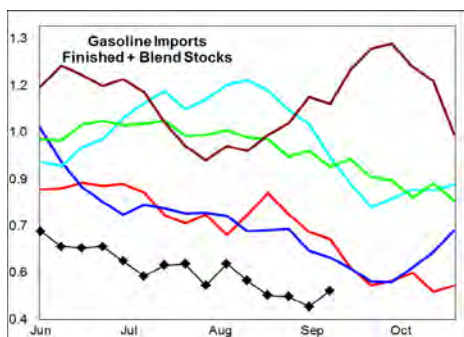
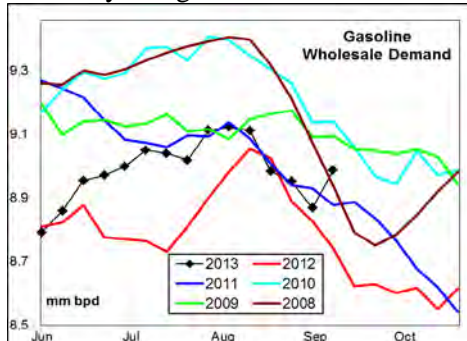
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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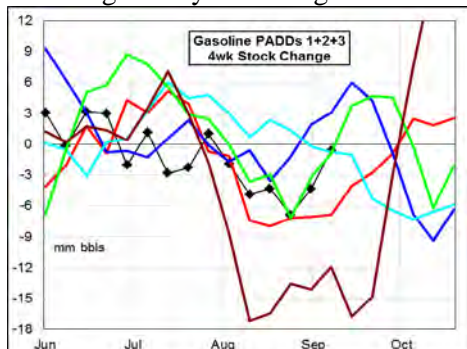
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Product Supply-Demand Trends

Gasoline wholesale demand jumped +0.4 million bpd last week, a large counter seasonal increase. The latest 4-wk average demand was +48,000 bpd above a year ago. Supply climbed +310,000 bpd last week on higher production and imports. Supply for the latest 4-wk period was +49,000 bpd above a year ago.



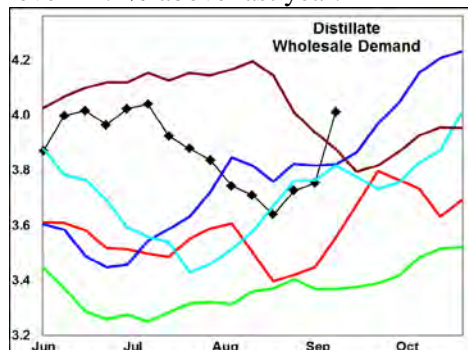
Stocks decreased -1.6 million barrels last week, with the level above four of the last 5-yrs. The latest 4-wk stock change in markets East of the Rockies was a -0.9 million barrel draw, matching the 3-yr mid range.



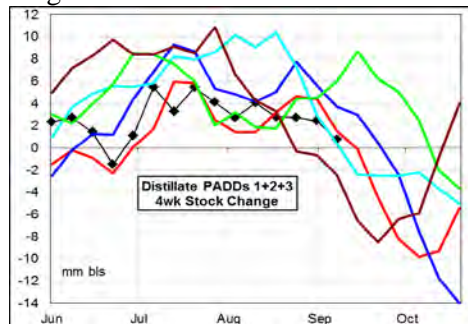
Exceptionally low imports has been offset by a lack of year-on-year demand growth and some increase in domestic supply. The result is extremely high stocks in the Gulf region, and very ample levels on the

East and West Coasts. Stocks remain very low in the Midwest on unplanned refiner maintenance and the conversion to CBOB grade in Magellan Pipeline.

Distillate wholesale demand jumped +0.5 million bpd last week, to a record level for the period. The latest 4-wk average demand was +371,000 bpd above a year ago, a +11% increase. Supply increased +5,000 bpd last week on higher production. The latest 4-wk average supply was +475,000 bpd above last year. Stocks decreased -1.1 million barrels on the week, with the level +2.2% above last year.



The latest 4-wk stock change in markets East of the Rockies was a +0.8 million barrel build, near the 3-yr mid range.

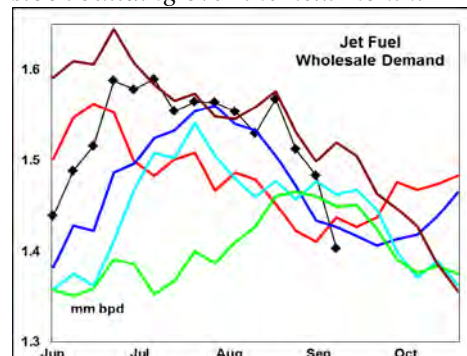


Production has climbed to exceptionally high levels, driven by nearly a +1.5 million bpd increase in crude oil thru put compared to a year ago. Look for additional stock building in the near term ahead of peak refinery maintenance.

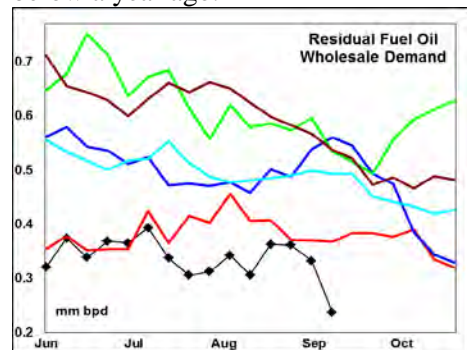
Jet Fuel wholesale demand fell -239,000 bpd on the week; fully reversing the prior week surge. The latest 4-wk average demand was +63,000 bpd above last year, a +4.4% increase.

Supplies fell -76,000 bpd on the week, driven by lower imports and production. Production remains above the 5-yr range for the period. Supply for the latest 4-wk period was +131,000 bpd above a year ago. Stocks increased +0.6 million barrels last week, with the level -3.7 million barrels below last year, and below the 5-yr range.

Look for a seasonal low in wholesale demand, combined with high production should drive a return to stock building over the next month.



Residual fuel oil demand decreased -305,000 bpd last week. Demand for the latest 4-wk period was -59,000 bpd below a year ago.



Supply (production + imports) was unchanged last week. Production levels remain below the 5-yr range. Stock levels ended the week at a level that matched 5-yr lows; driven by record low imports.

Record low imports and production have led to a -4 million barrel stock drawdown during the last quarter. The switch from residual fuel to natural gas by utility and industrial users underlies the low level of imports while refinery upgrades has reduced production to record lows.



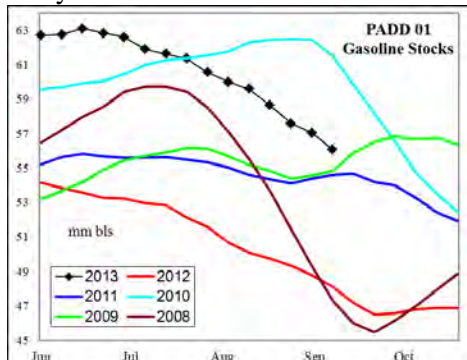
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PADD Supply Trends

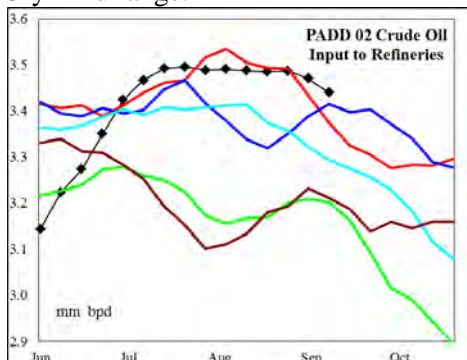
PADD 1 refinery crude oil runs increased +55,000 bpd last week; with the latest 4-wk average +15% above last year.



Gasoline supply decreased -43,000 bpd last week. Stocks fell -0.7 million barrels on the week, with the level still above four of the last 5-yrs.

Distillate supply decreased -15,000 bpd on the week, with the 4-wk average -10,000 bpd below a year ago. Stocks increased +0.3 million barrels on the week, to a level that matched last year.

Jet fuel supply was unchanged on the week, with the 4-wk average +53,000 bpd above last year. Stocks increased last week to a level above the 3-yr mid range.



PADD 2 crude oil refinery runs decreased -45,000 bpd last week, with the level still above the prior historic highs. Crude oil stocks decreased -1 million barrels last week, including a -0.9 million barrel draw in Cushing. Stocks ended the week -25% below a year ago in Cushing.

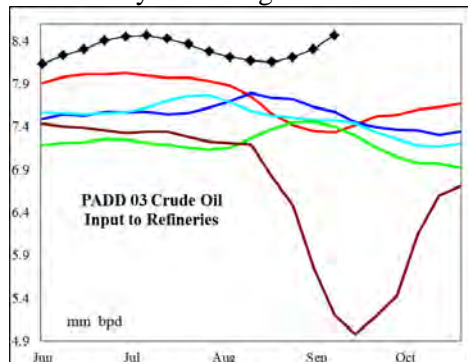
Gasoline production increased +52,000 bpd last week to a level above

the 3-yr mid range. Stocks were nearly unchanged last week, ending at a level that matched 5-yr lows.

Distillate supply increased +37,000 bpd last week, with the level continuing above historic highs. Stocks declined -0.5 million barrels on the week, to a level comparable to last year.

Jet fuel production decreased -36,000 bpd last week, to a level below the 3-yr range. Stock levels remain below the historic range.

PADD 3 refinery runs increased +221,000 bpd last week. During the latest 4-wk period, average runs were +0.9 million bpd above a year ago. Crude oil stocks decreased -3.2 million barrels last week, to a level comparable with the 3-yr mid range.



Gasoline supply increased +123,000 bpd on the week, with the latest 4-wk average +100,000 bpd above a year ago. Stocks were nearly unchanged last week ending at a level above the 5-yr range.

Distillate supply increased +29,000 bpd on the week, with the latest 4-wk average supply +438,000 bpd above last year. Stocks fell -0.8 million barrels last week, to a level +10% above a year ago. Jet fuel production increased +13,000 bpd on the week, with the level +12% above prior 5-yr highs. Stocks decreased -0.2 million barrels, to a level -13% below the last year, matching 5-yr lows.

Residual fuel supply increased +7,000 bpd, on higher imports. Stock levels ended the week above the 3-yr mid range.

PADD 4 refinery crude runs decreased

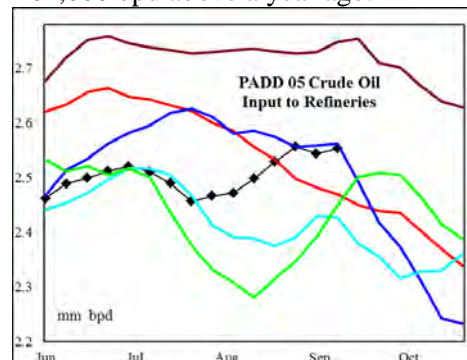
-20,000 bpd on the week, to a level below the mid range. Light product yields remain very high for this time of year.

Gasoline production decreased -36,000 bpd on the week, with the level above four of the last 5-yrs. Stock levels match historic highs for the period.

Distillate declined -12,000 bpd on the week, falling to a level below the mid range. Stock levels remain above the historic range.

Jet fuel production and stock levels last week were each below the mid range for the prior 3-yrs.

PADD 5 crude oil refinery runs increased +5,000 bpd on the week to a level that matched highs of the last 3-yrs. The latest 4-wk run rate was +64,000 bpd above a year ago.




Gasoline supply increased +110,000 bpd on the week with production above the 5-yr range. The latest 4-wk average supply was +23,000 bpd above a year ago. Stocks fell -0.9 million barrels on the week, to a level below the 3-yr mid range.

Distillate supply declined -35,000 bpd, with the level still above four of the last 5-yrs. The latest 4-wk average supply was +64,000 bpd above last year. Stock levels ended the week above the 5-yr range for the period.

Jet fuel supply fell -50,000 bpd last week to a level near the mid range of the last 2-yrs. Stocks jumped +0.5 million barrels on the week to a level -9% below a year ago.

Residual fuel oil stock levels and production remain above the historic mid range.

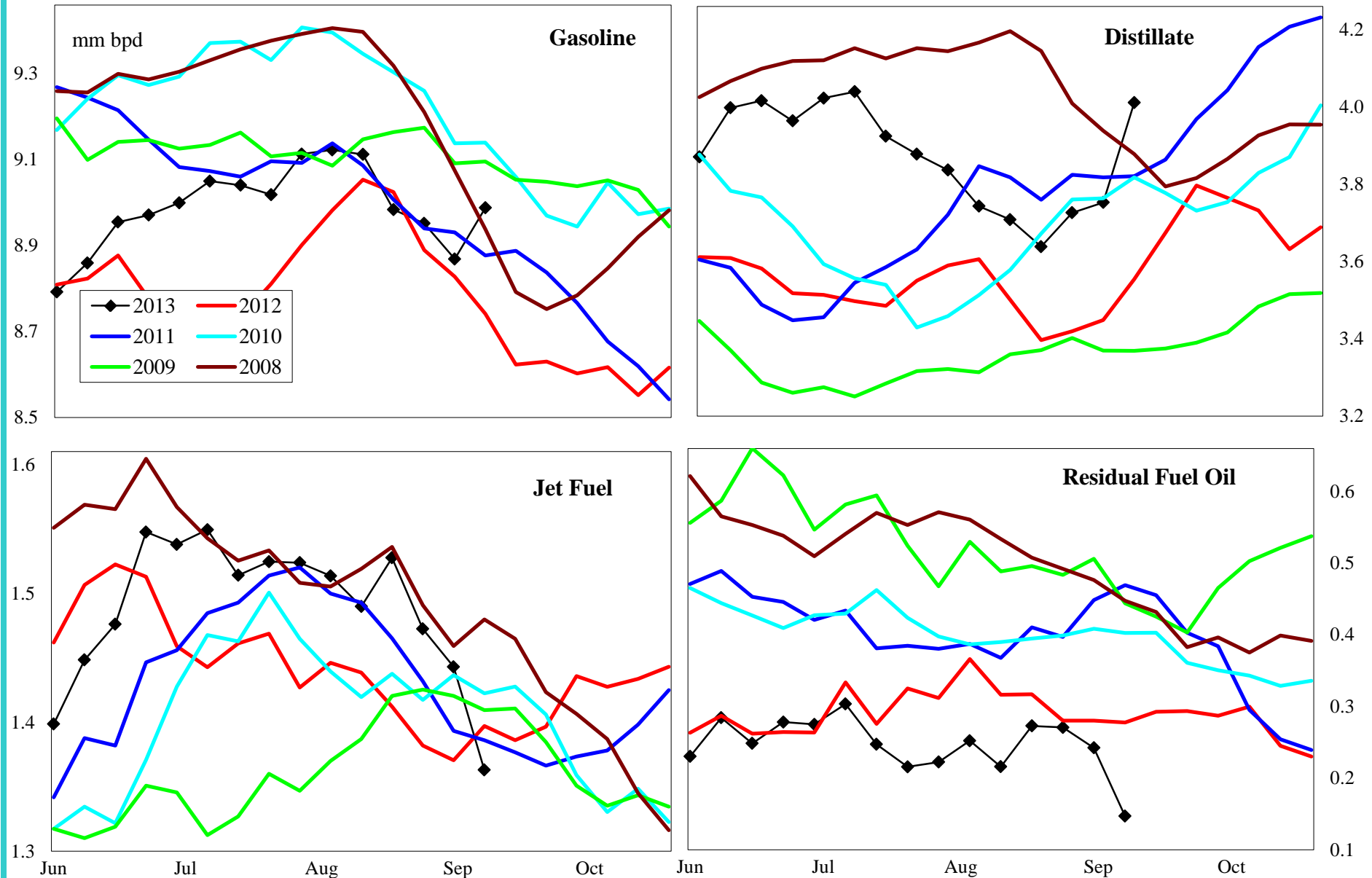


FUNDAMENTAL
PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary
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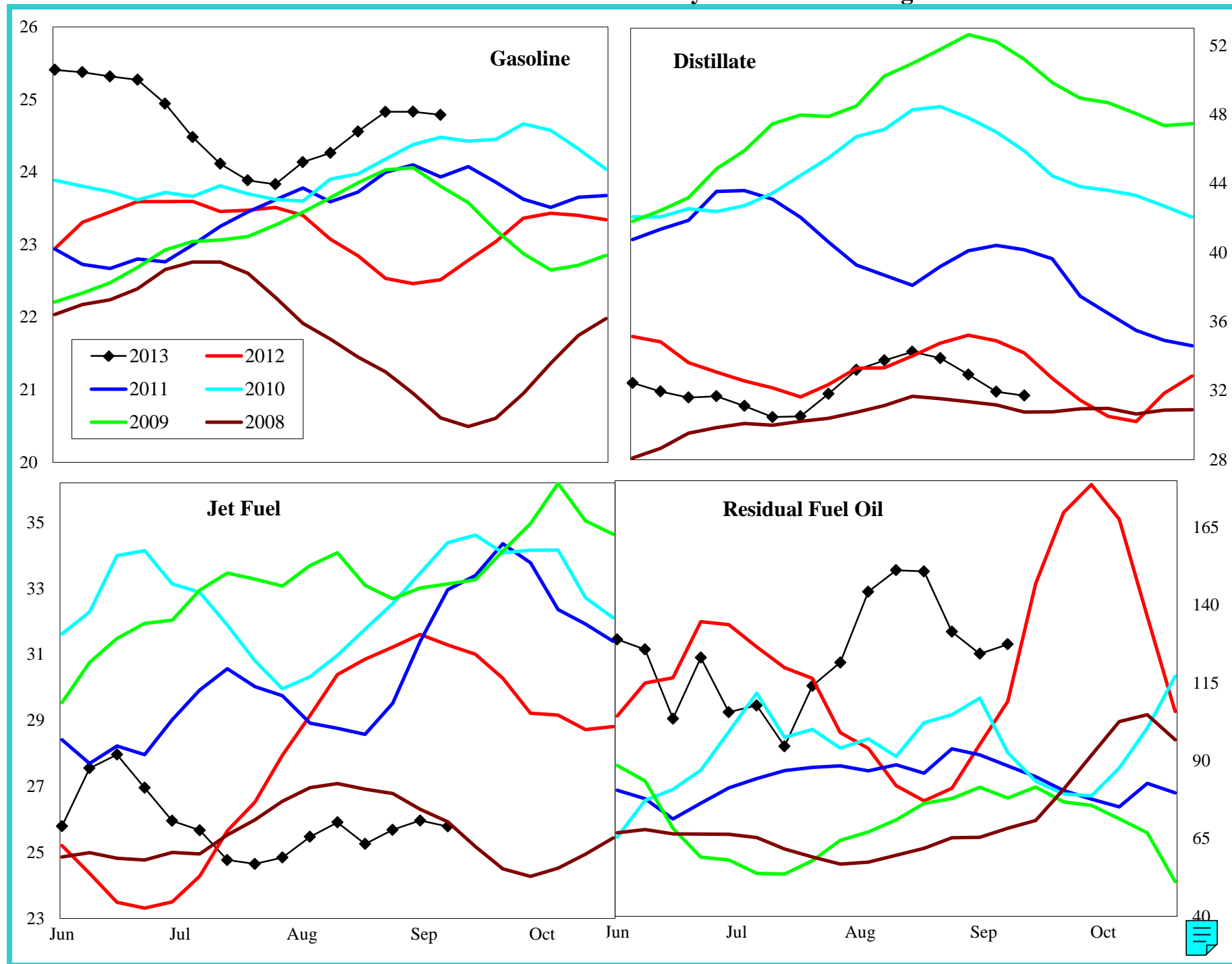
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	13-Sep-13	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-4,368	-380	-1,009	-3,226	464	-217
	Imports	-439	123	90	-320	80	-413
	Input	214	55	-45	221	-20	5
	% Utilization	0.00					
Gasoline	Stocks	-1,627	-746	77	-142	102	-917
	Production	219	-110	52	119	-36	90
	Imports	91	67	1	4	0	20
	Supplied	423					
Distillate	Stocks	-1,079	264	-521	-795	-93	65
	Production	14	-9	44	29	-12	-39
	Imports	-9	-6	-7	0	-2	5
	Supplied	528					
Jet Fuel	Stocks	620	273	103	-247	-46	536
	Production	-58	7	-36	13	-1	-40
	Imports	-18	-8	0	0	0	-10
	Supplied	-239					
Residual Fuel Oil	Stocks	-230	-330	-49	310	-17	-146
	Production	24	1	12	-11	-2	24
	Imports	-25	-6	2	18	2	-42
	Supplied	-305					

United States Wholesale Petroleum Demand

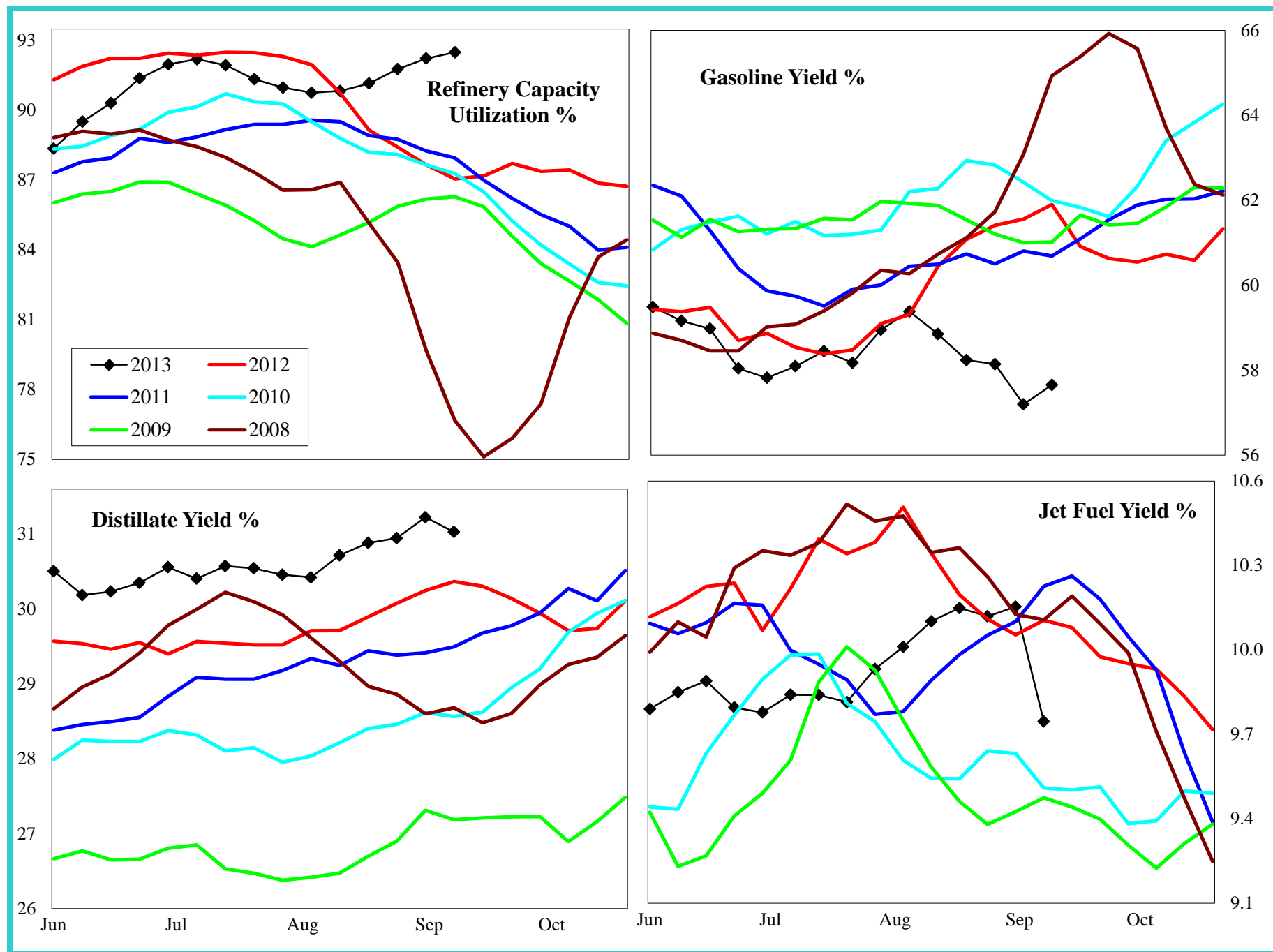


	000 bpd change from prior year				% change from prior year			
	4wk avg	Aug	Jul	Jun	4wk avg	Aug	Jul	Jun
Gasoline	48	-6	207	-70	0.5	-0.1	2.3	-0.8
Distillate	371	-23	442	-62	10.8	-0.6	12.4	-1.7
Jet Fuel	63	80	68	-114	4.4	5.4	4.6	-7.4
Resid	-59	-85	-147	-69	-16.5	-24.1	-35.2	-18.5

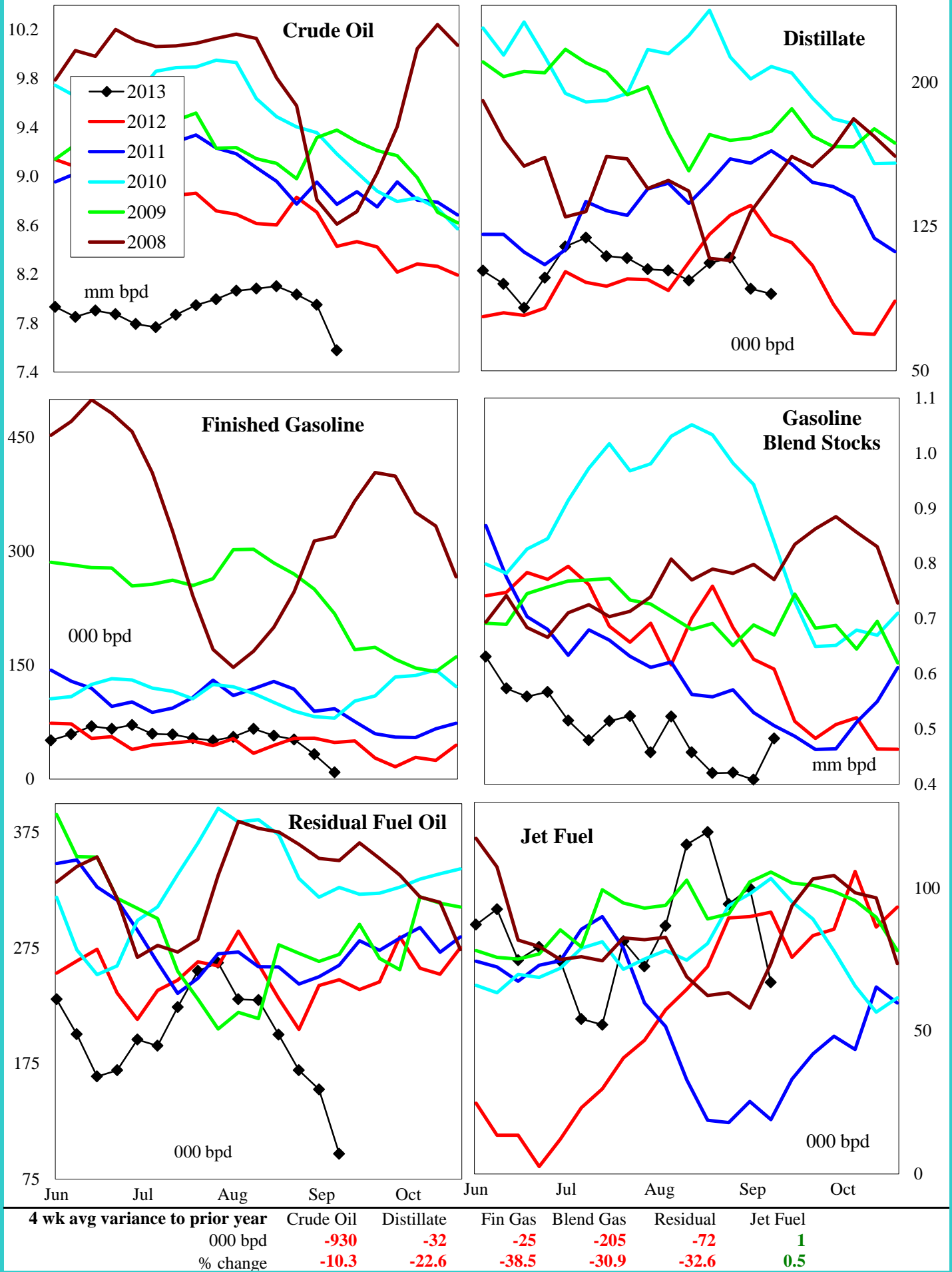


United States Product Stocks: Days Forward Coverage

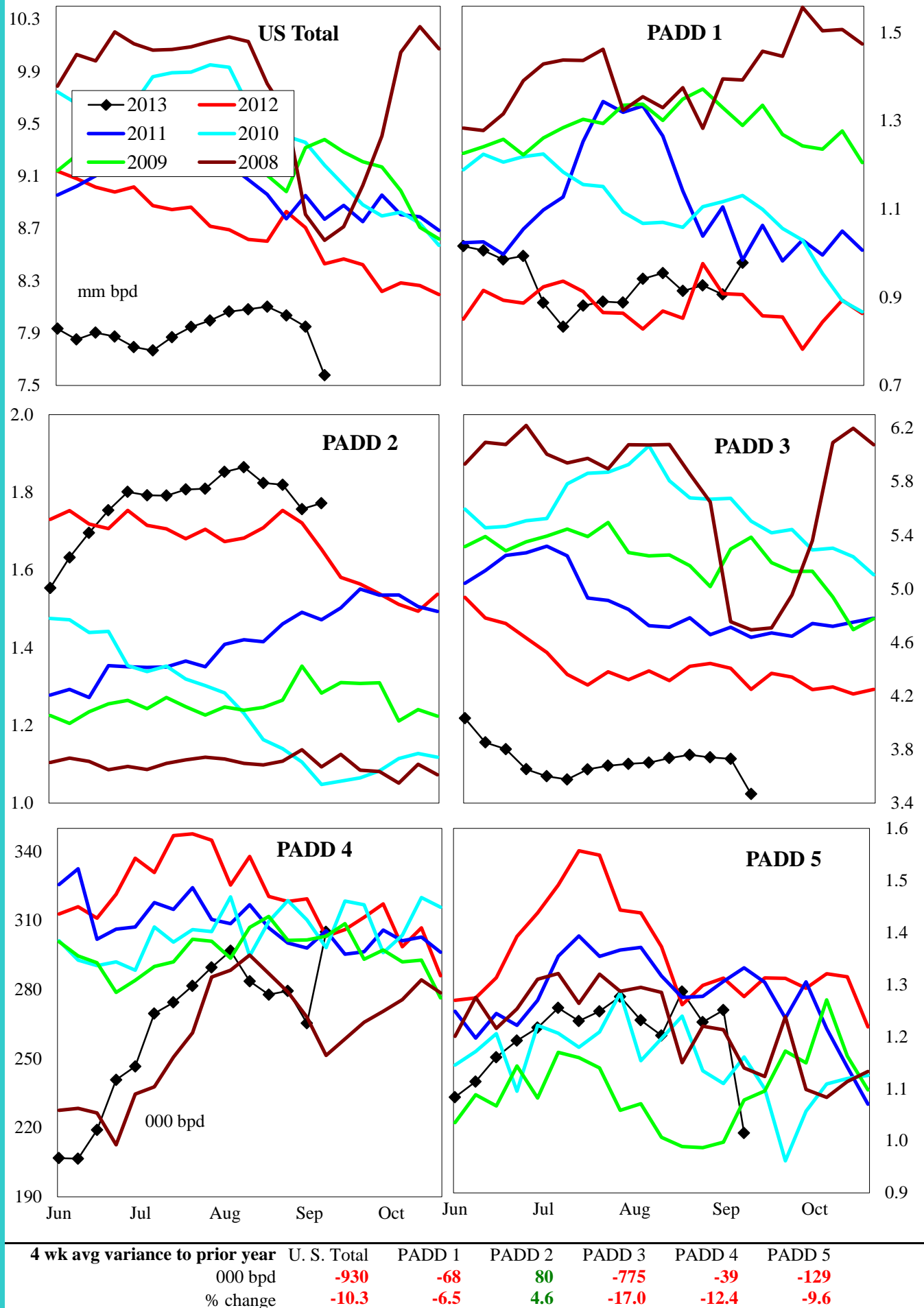
United States Refinery Percent Utilization Rate and Product Yields



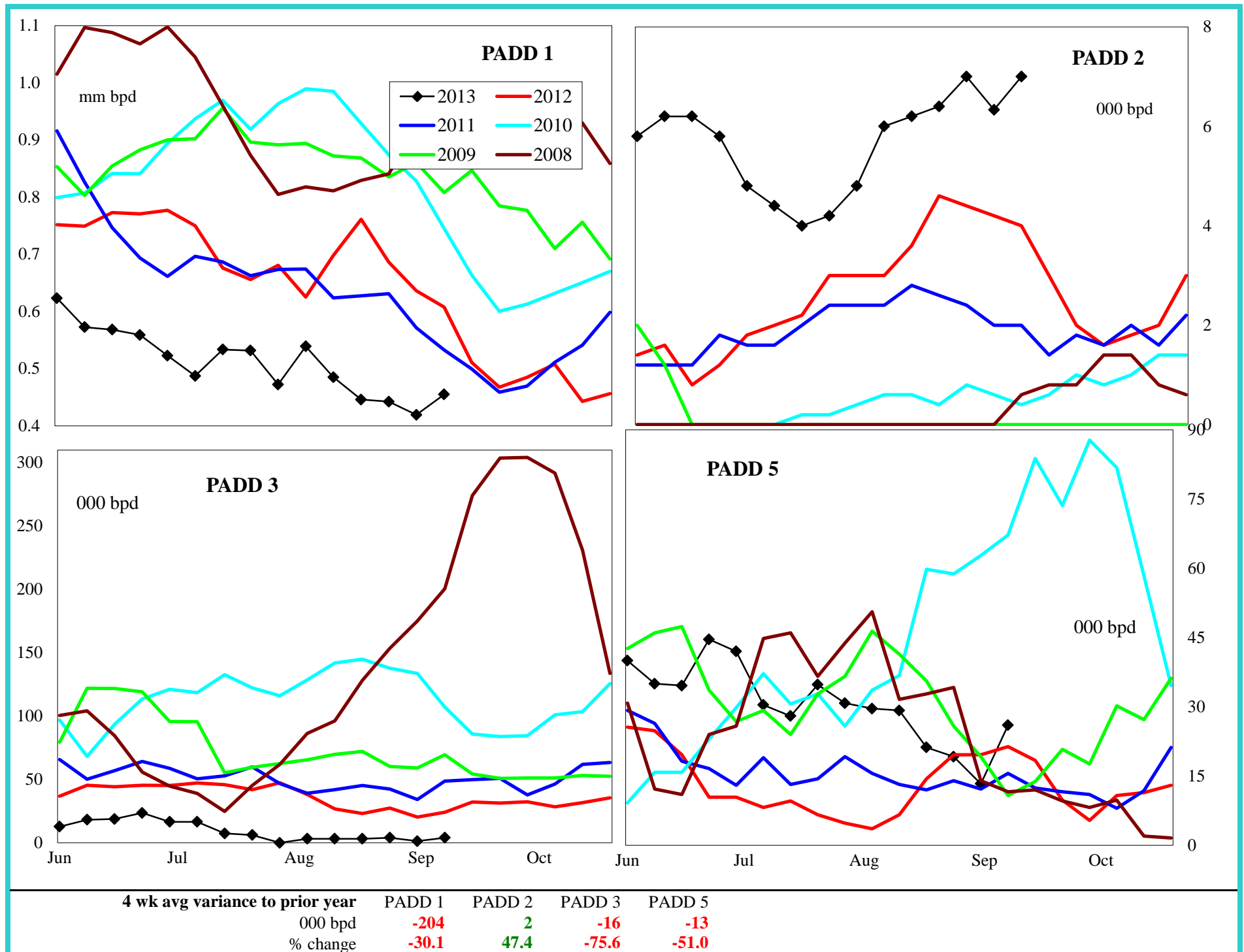
United States Petroleum Imports



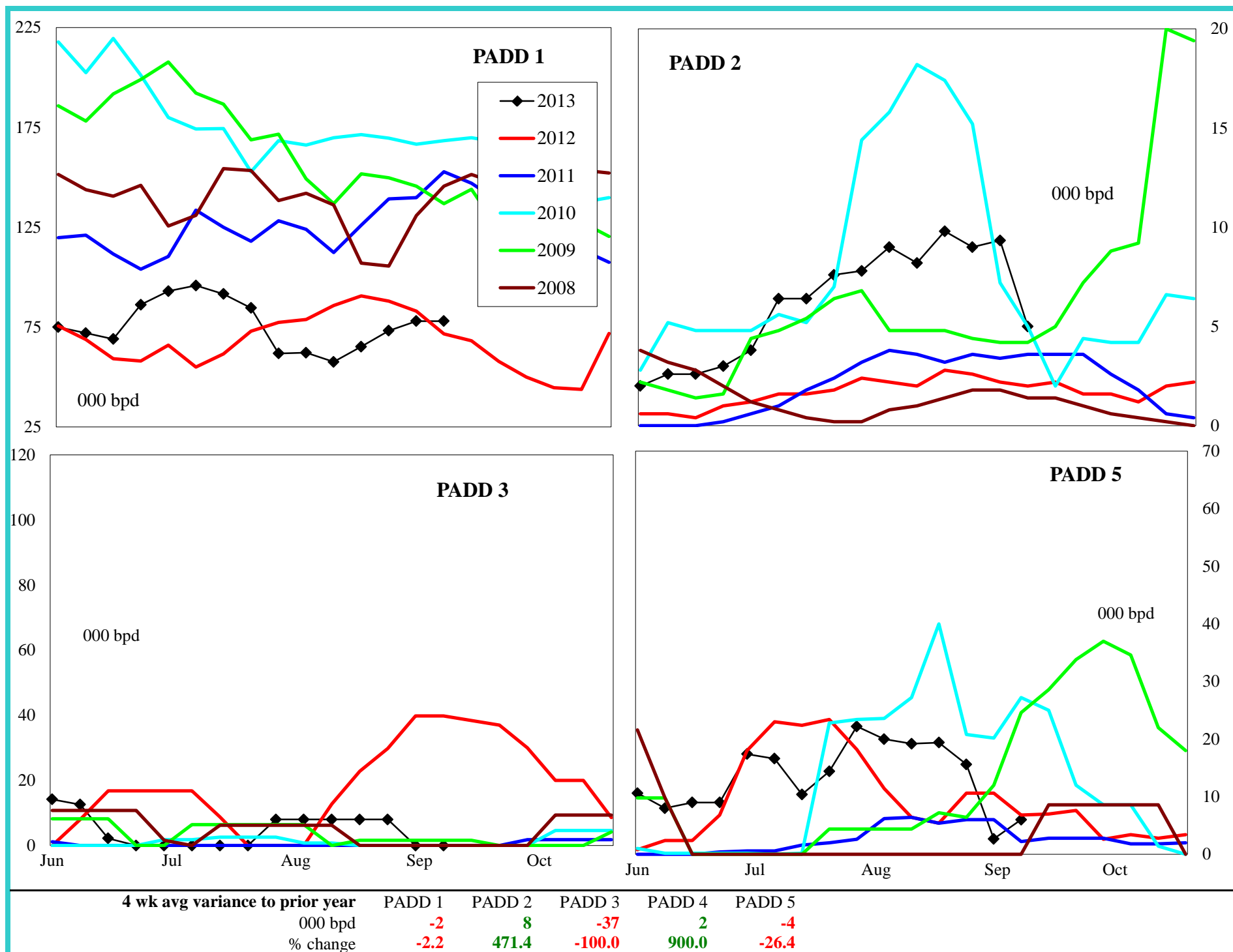
Crude Oil Imports by PADD



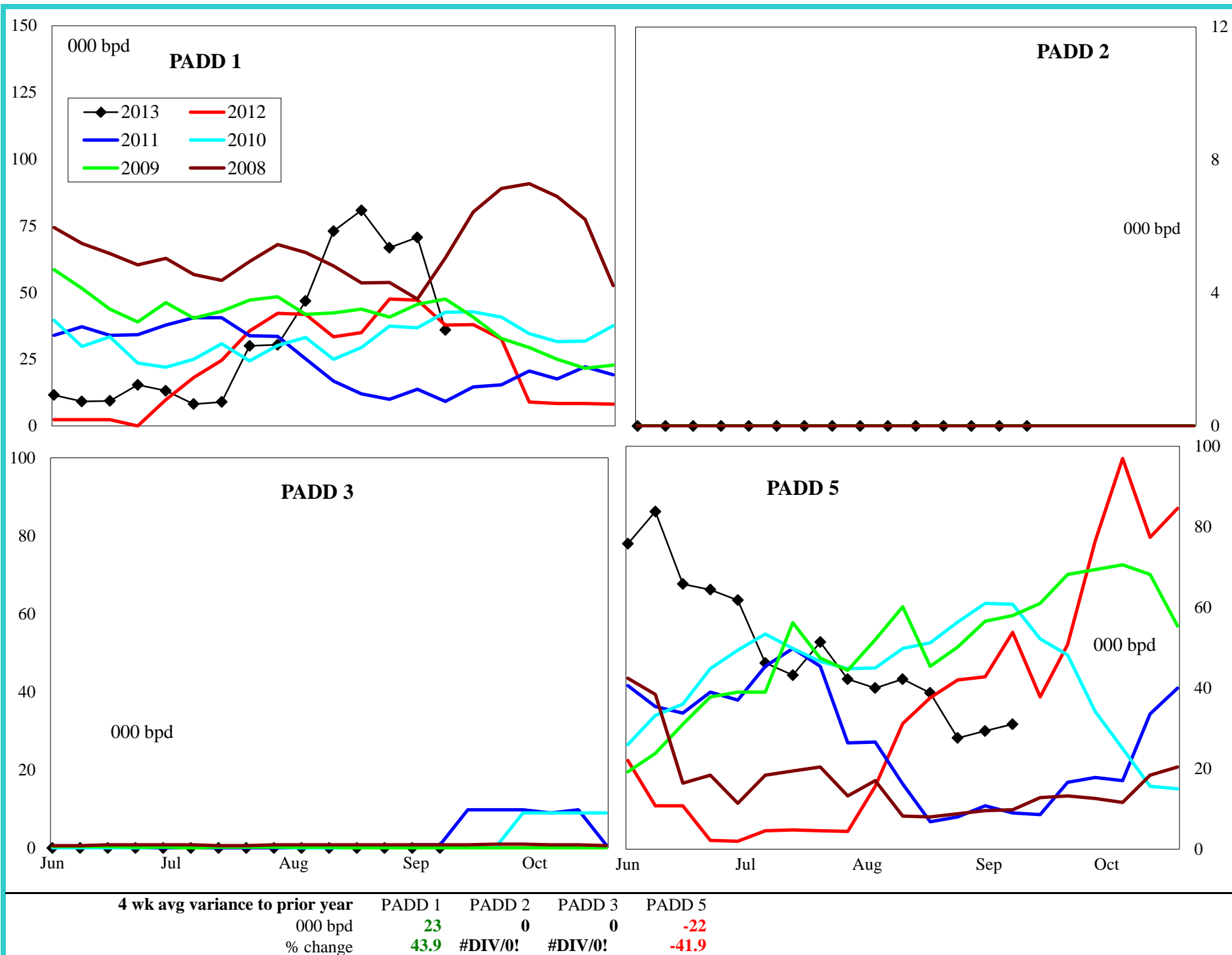
Gasoline Imports by PADD (Finished + Blend Stocks)



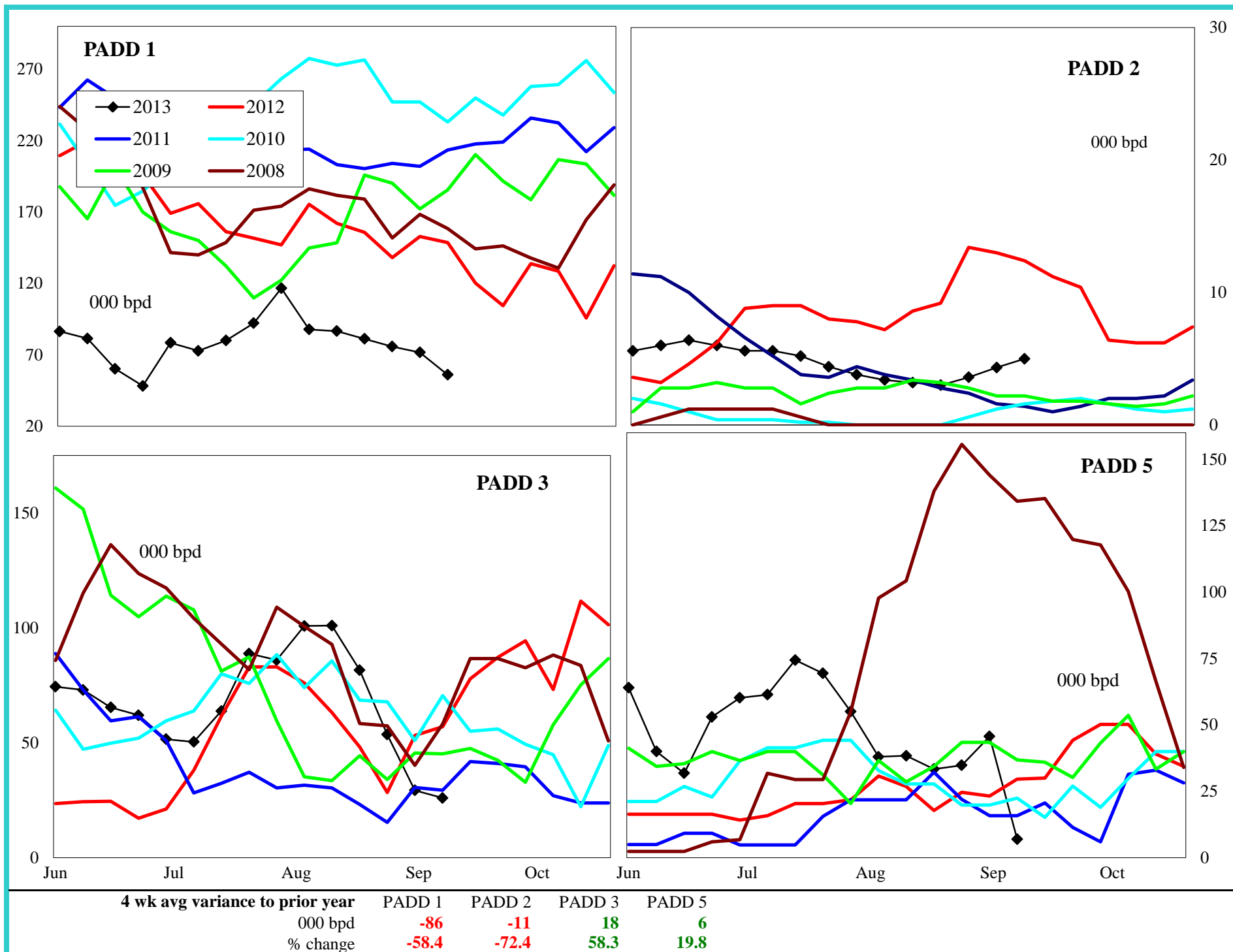
Distillate Imports by PADD



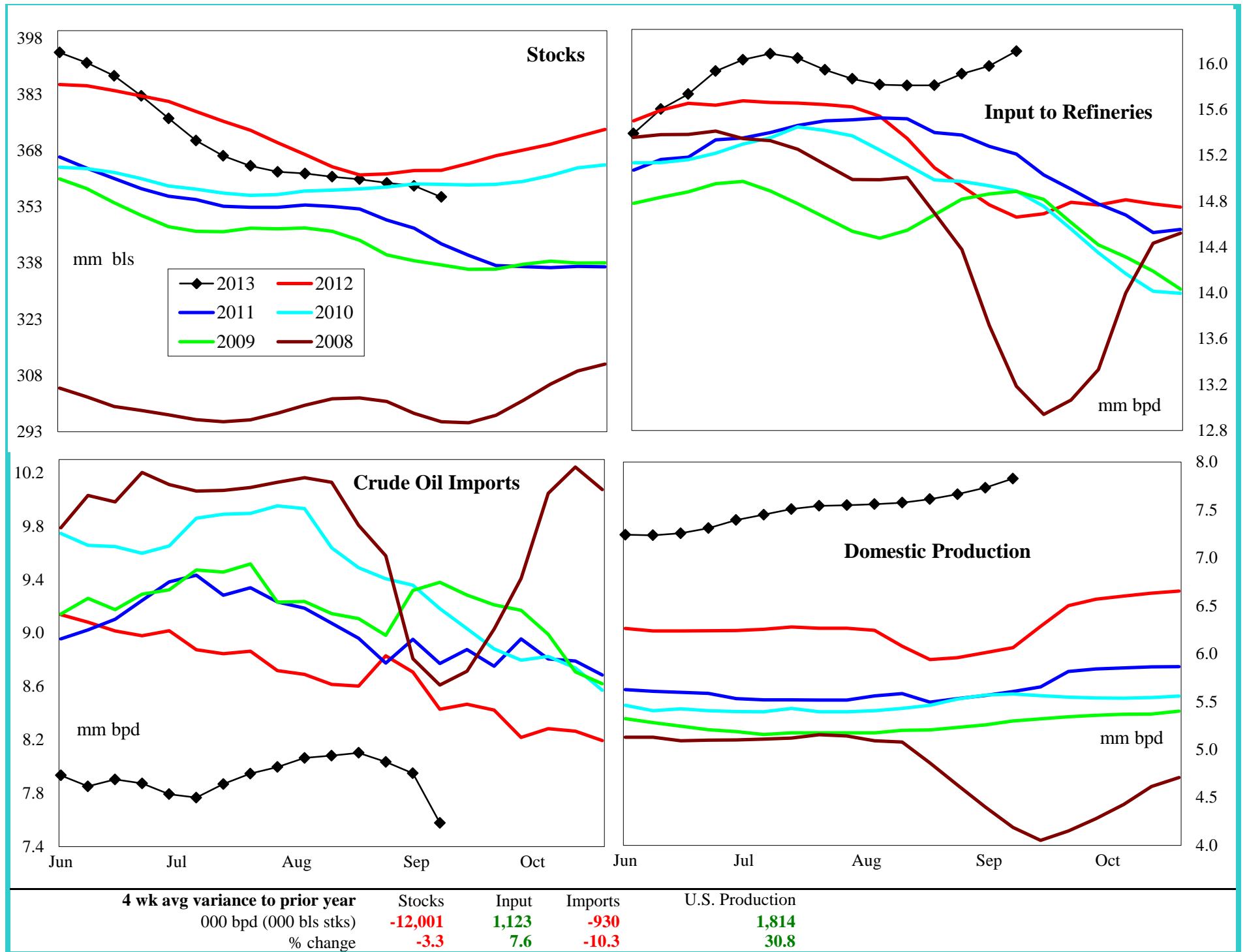
Jet Fuel Imports by PADD



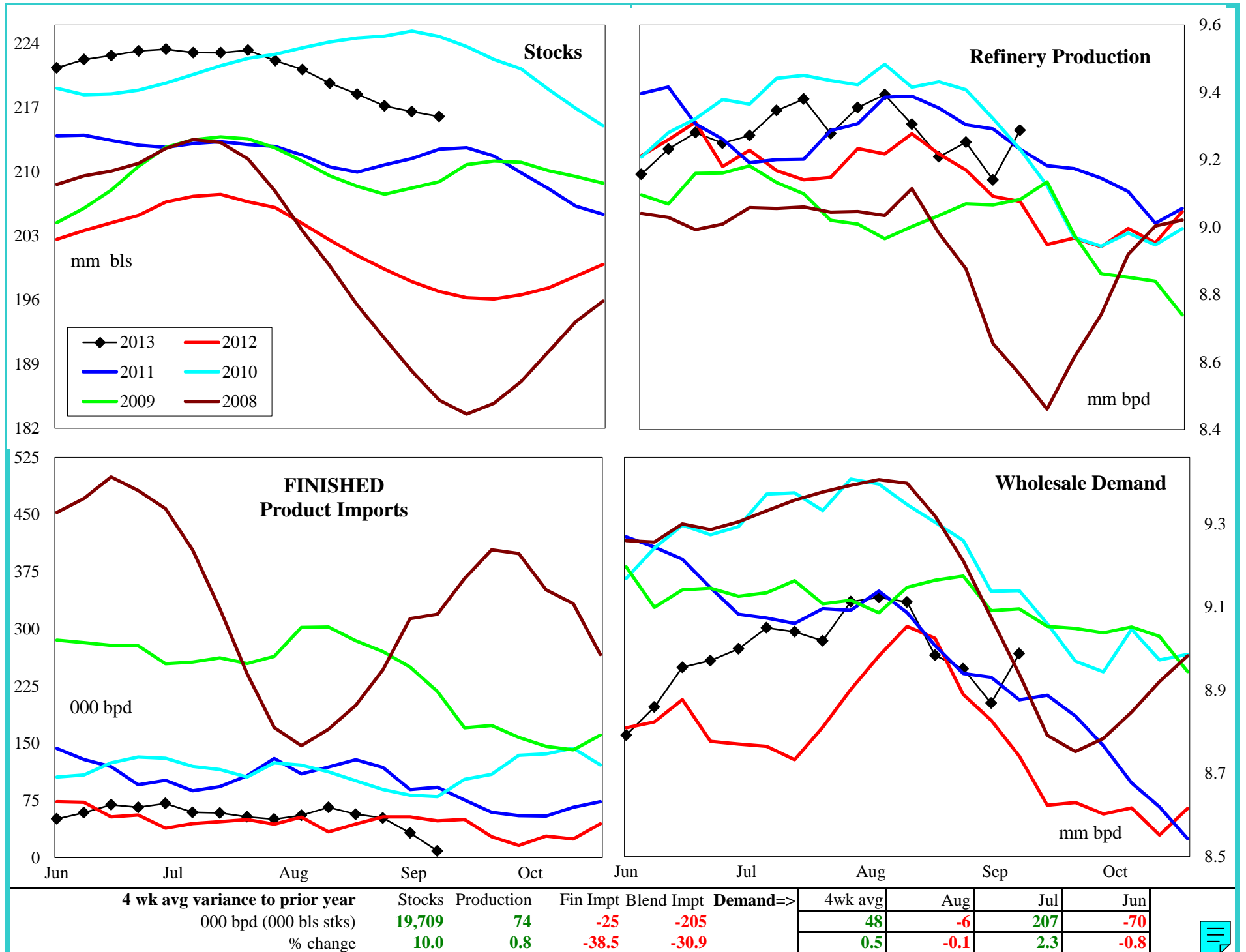
Residual Fuel Oil Imports by PADD



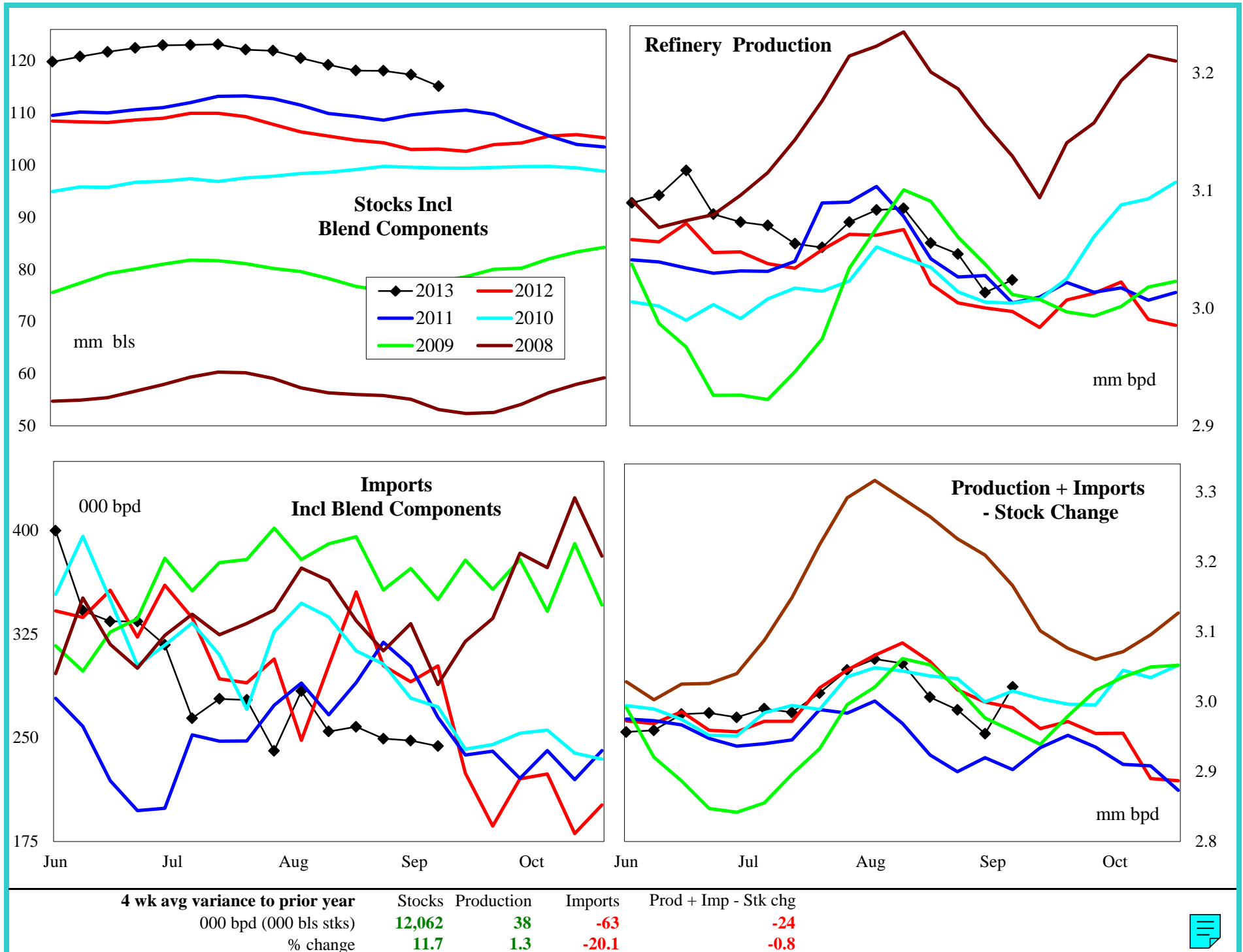
United States Crude Oil Supply and Demand Balance



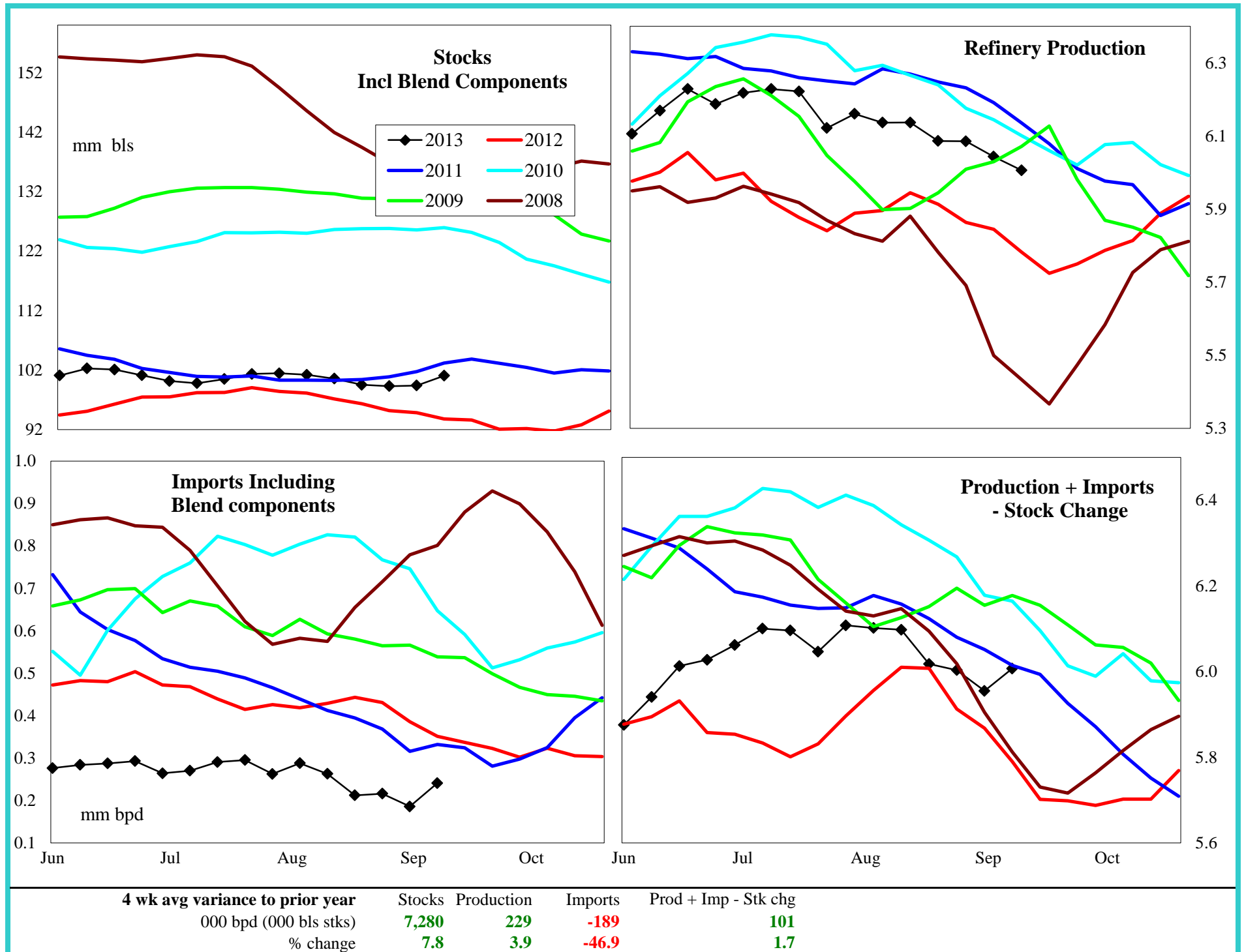
United States Gasoline Supply and Demand Balance



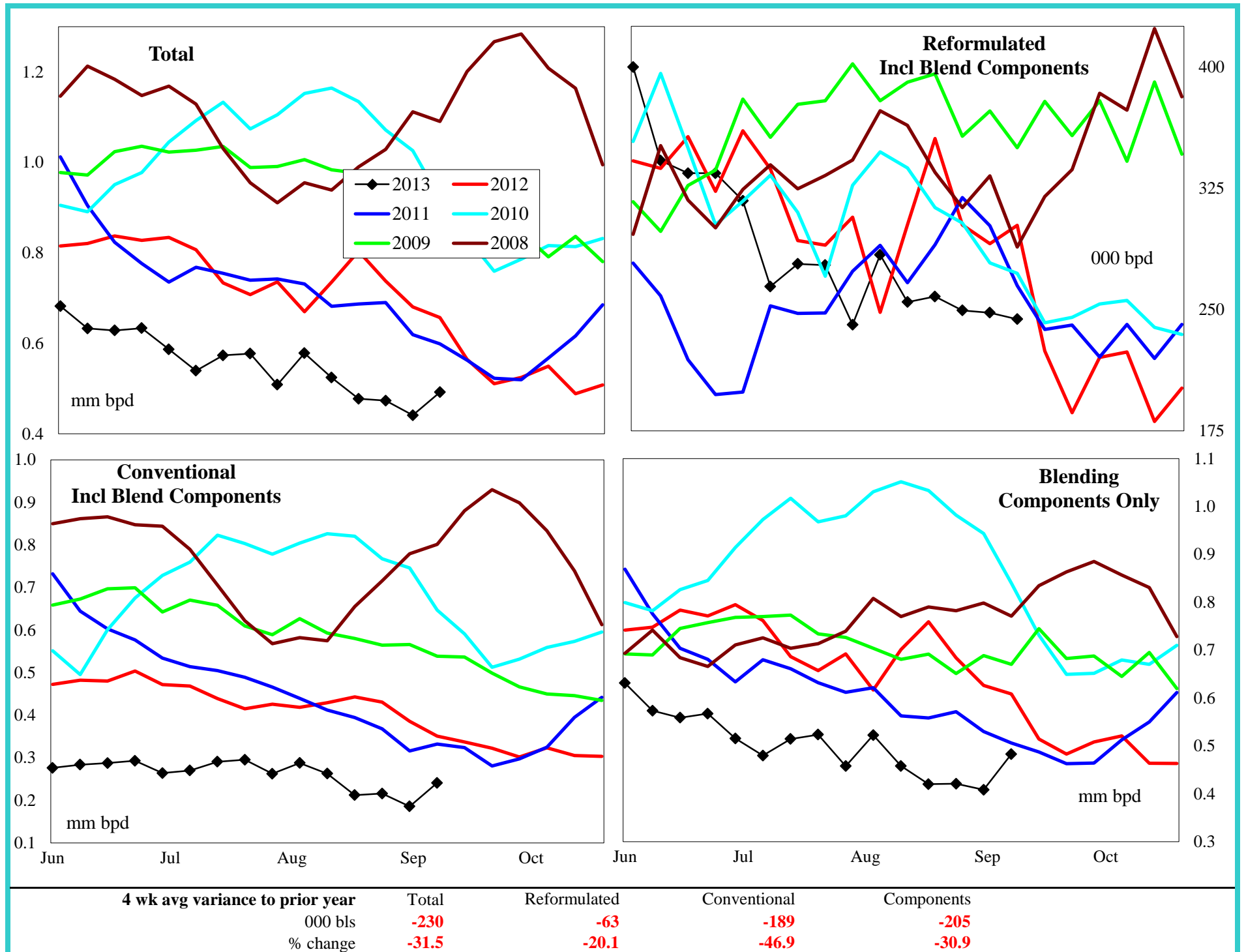
United States Reformulated Gasoline Supply



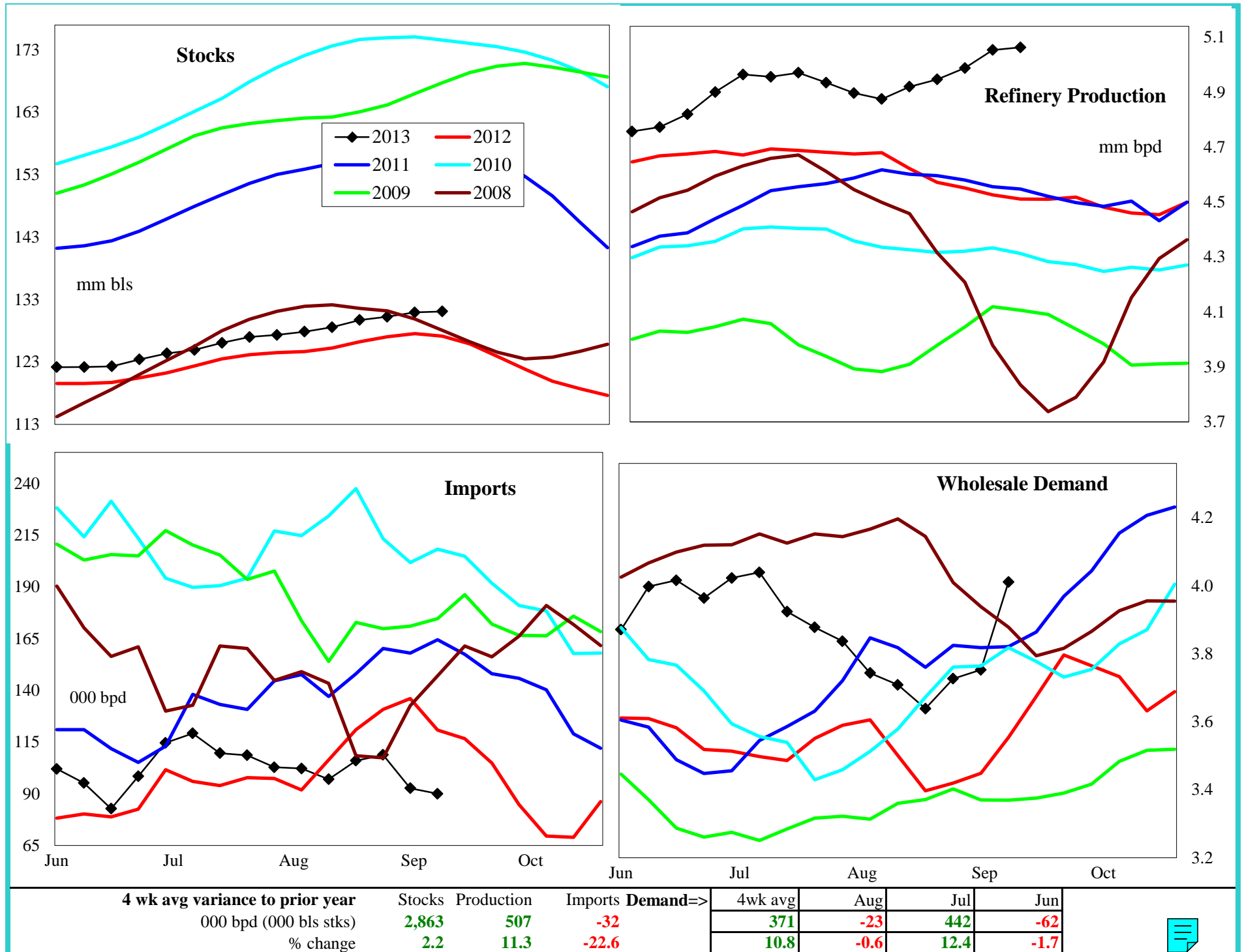
United States Conventional Gasoline Supply



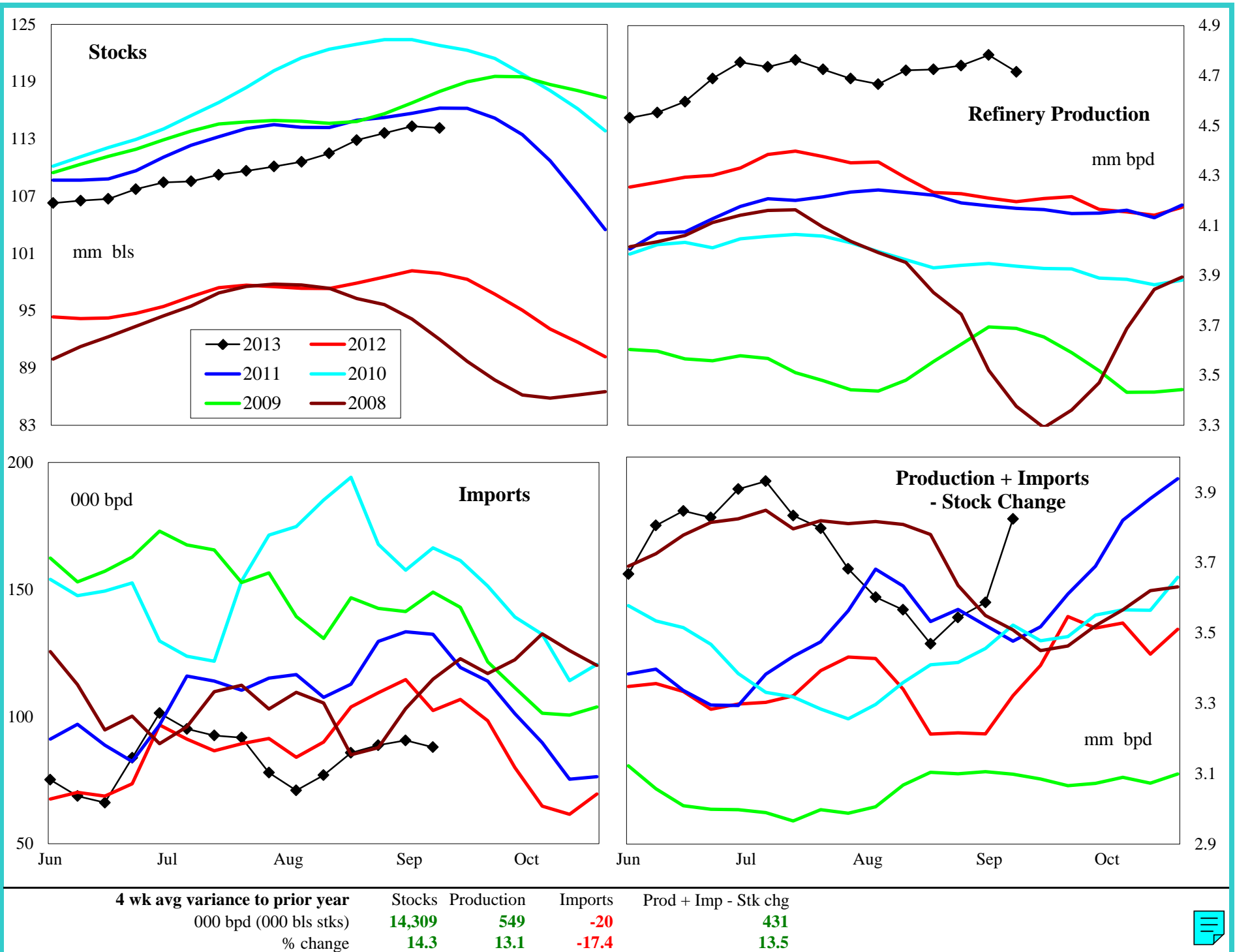
United States Gasoline Imports by Type



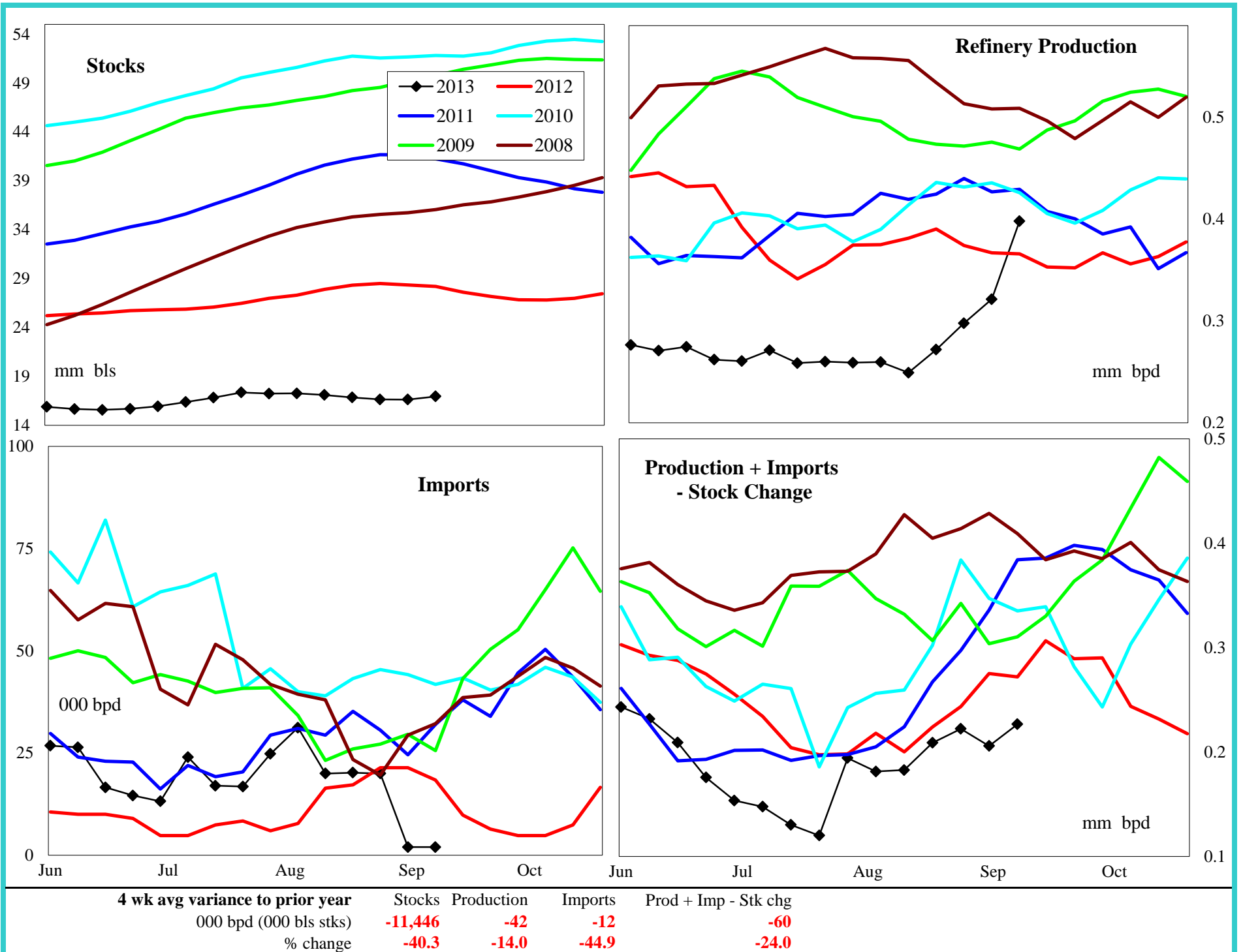
United States Distillate Supply and Demand Balance



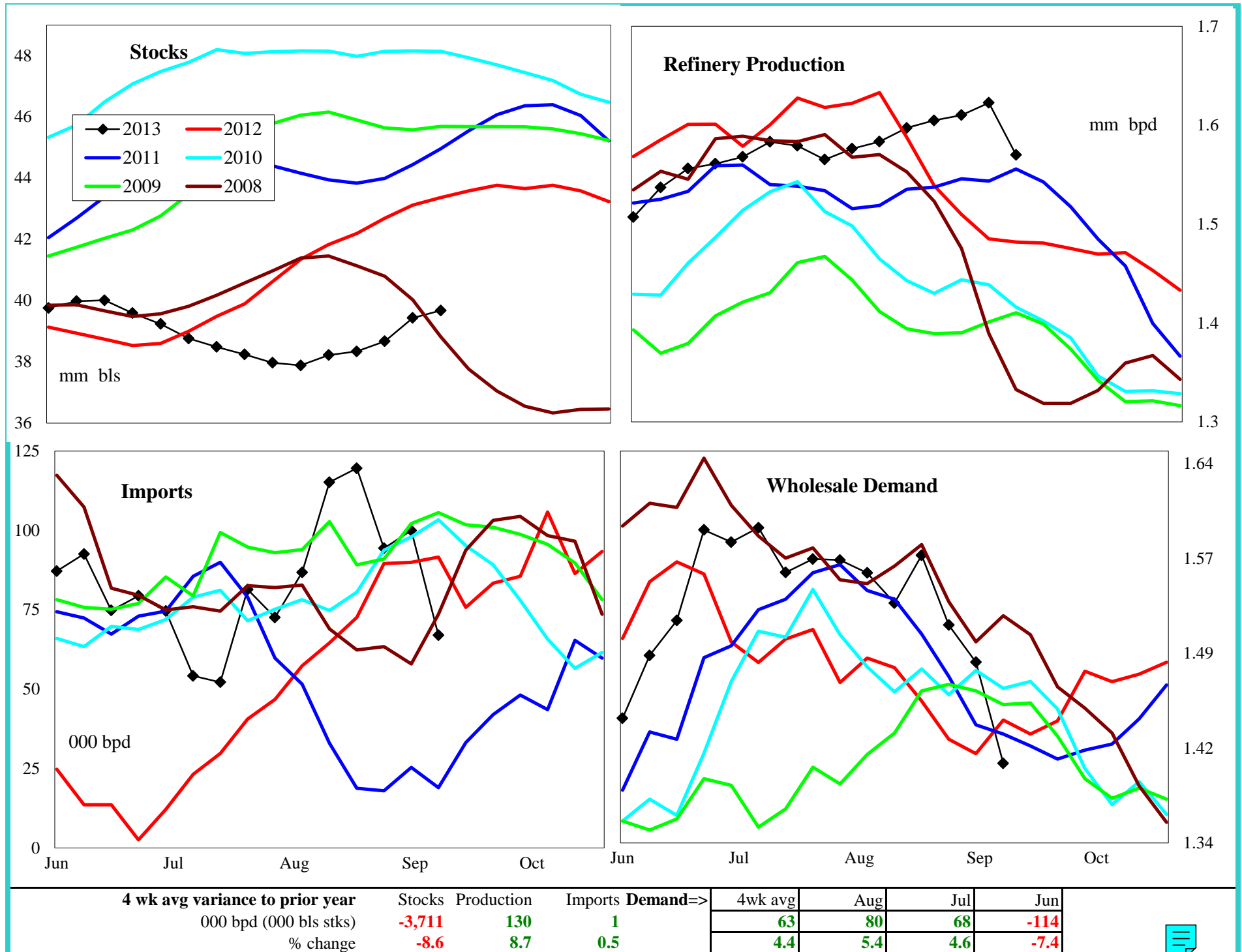
United States Low Sulfur Distillate Supply



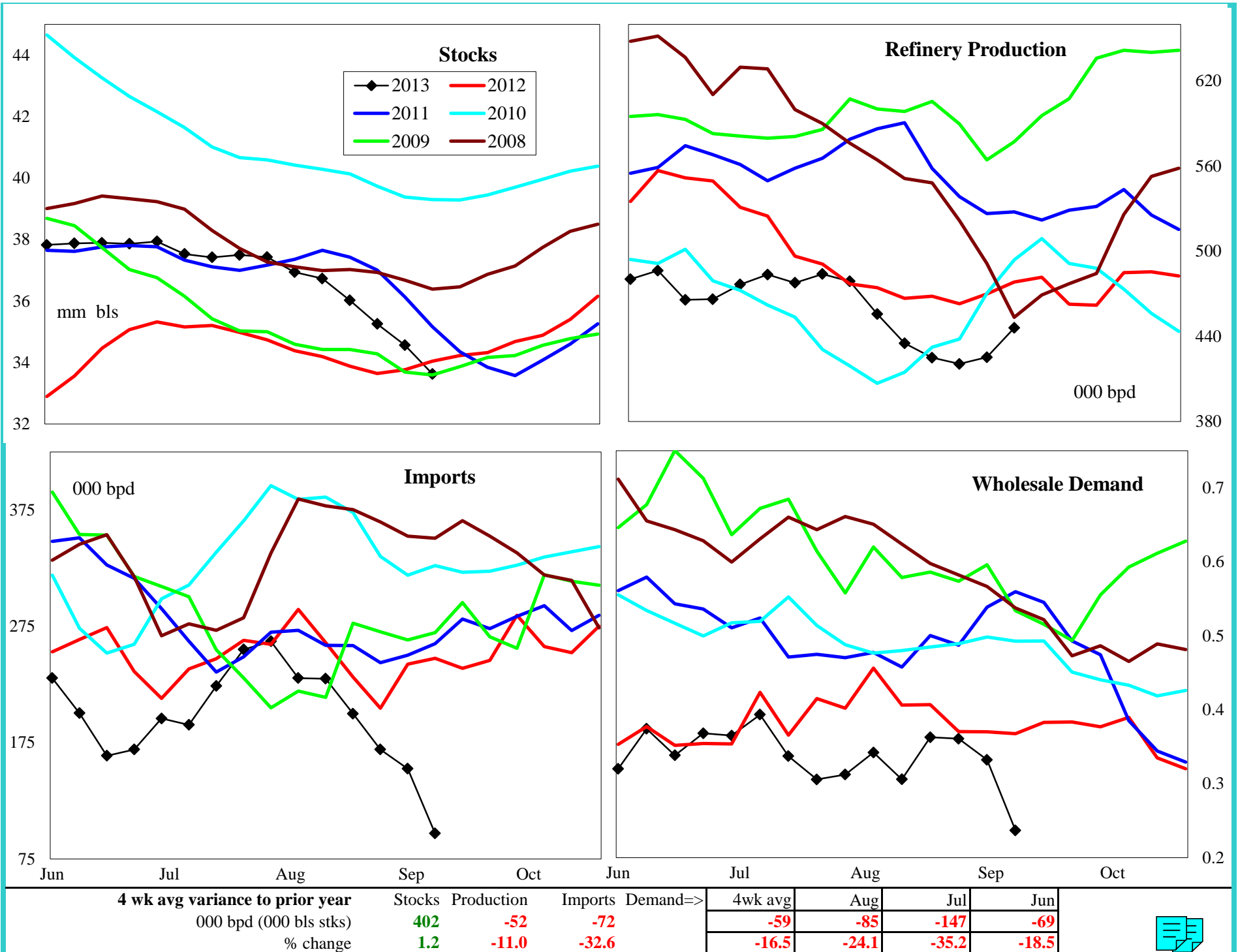
United States High Sulfur Distillate Supply



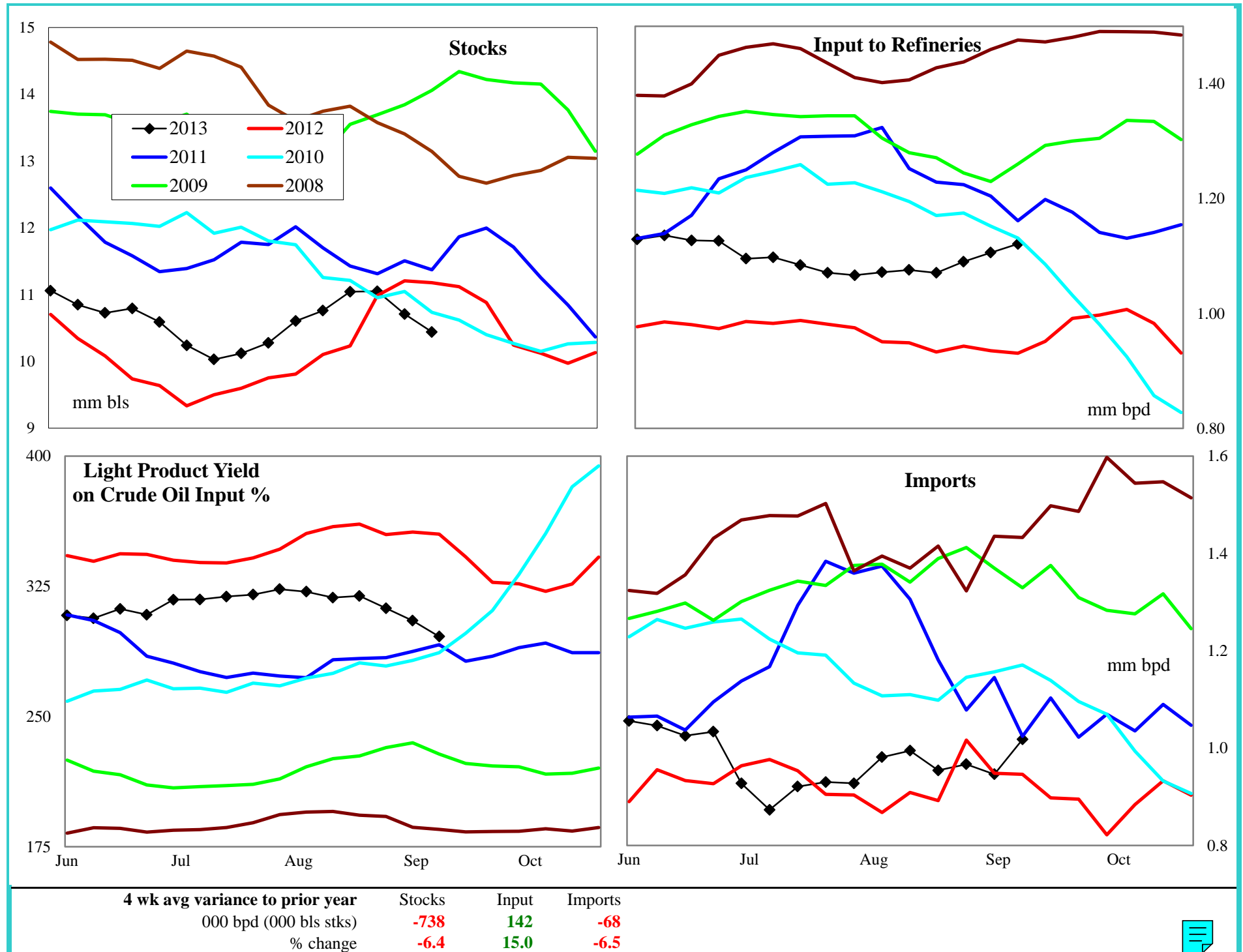
United States Jet Fuel Supply and Demand Balance



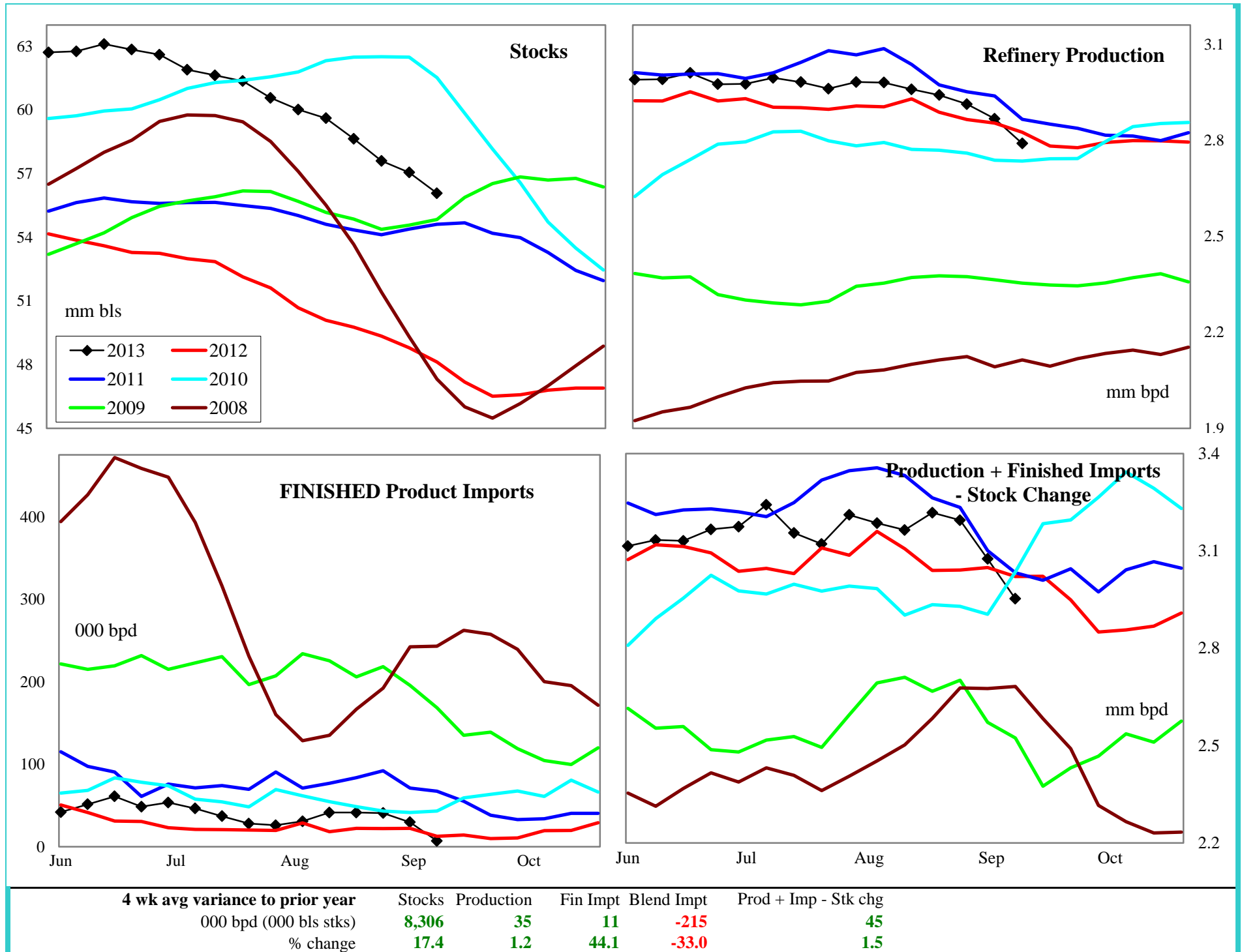
United States Residual Fuel Oil Supply and Demand Balance



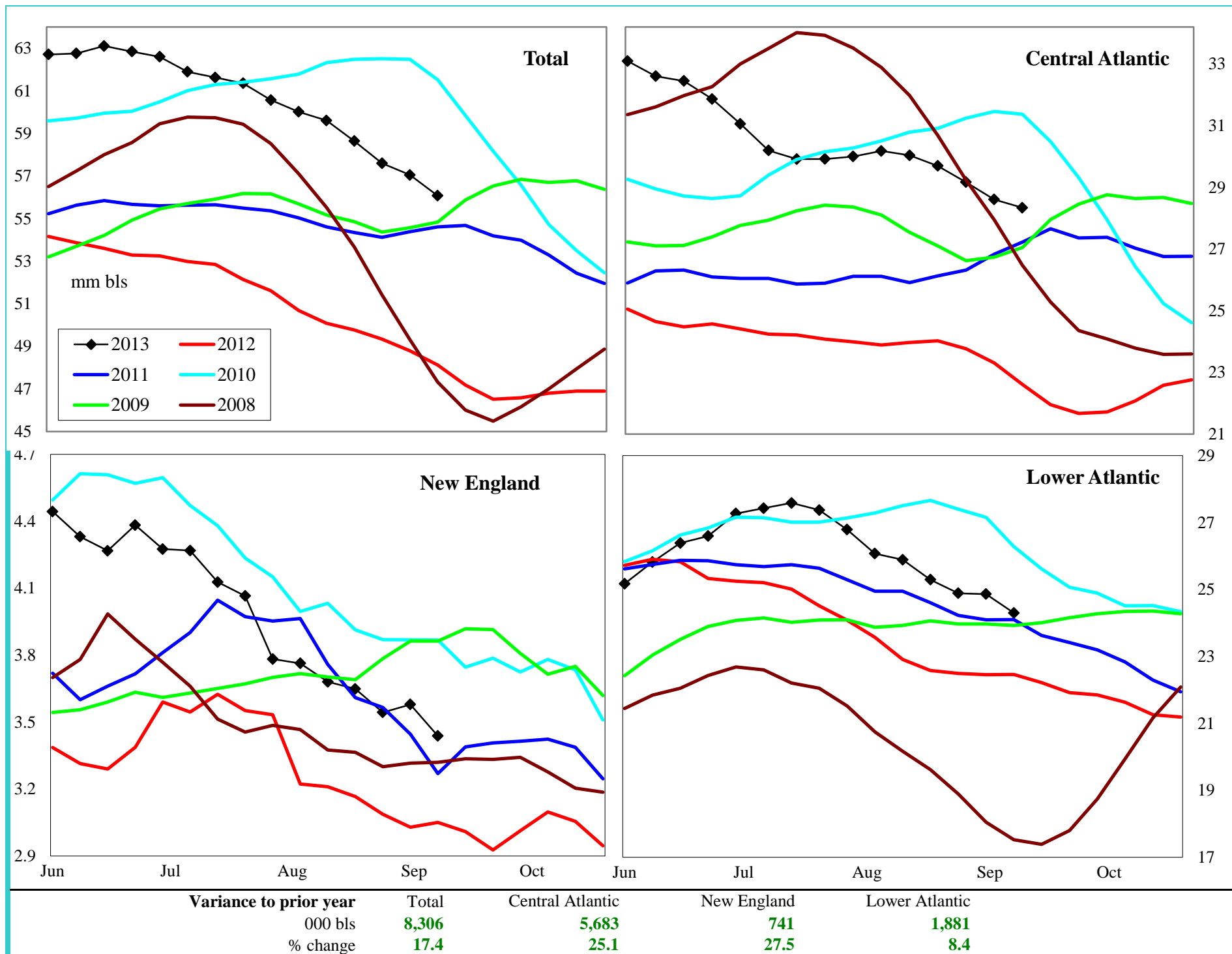
PADD 1 Crude Oil Supply and Refining



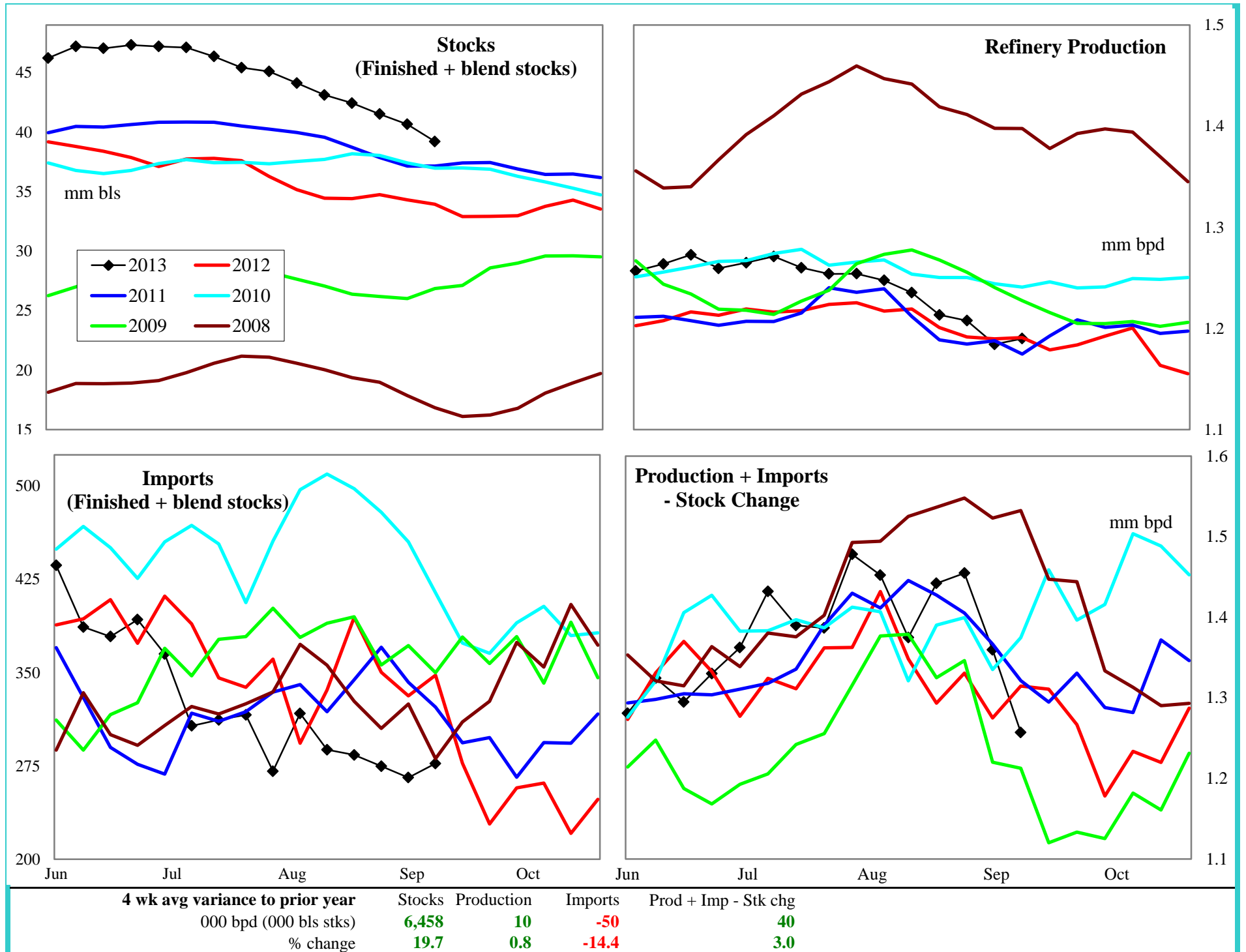
PADD 1 Gasoline Supply



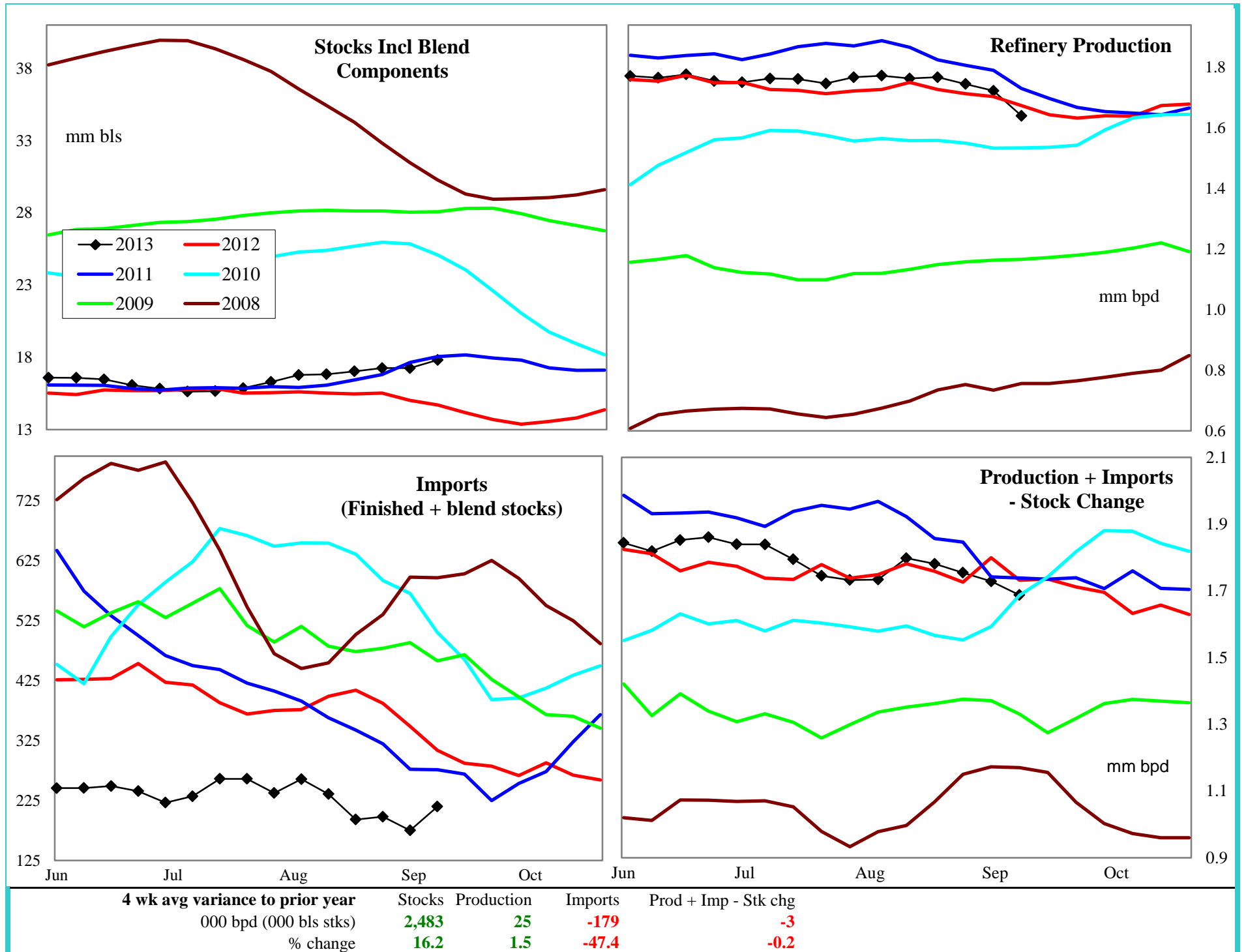
PADD 1 Gasoline Stocks by Region



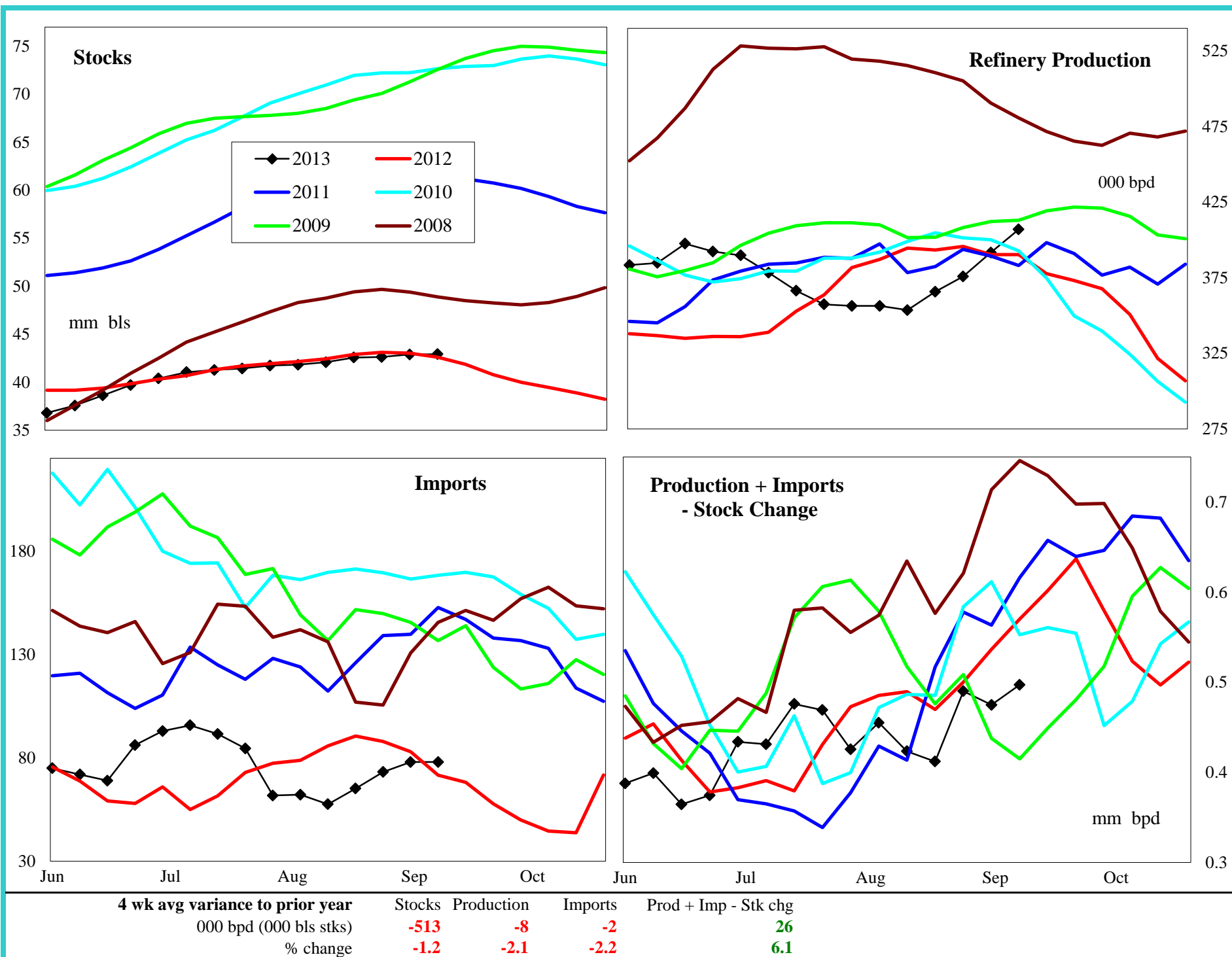
PADD 1 Reformulated Gasoline Supply



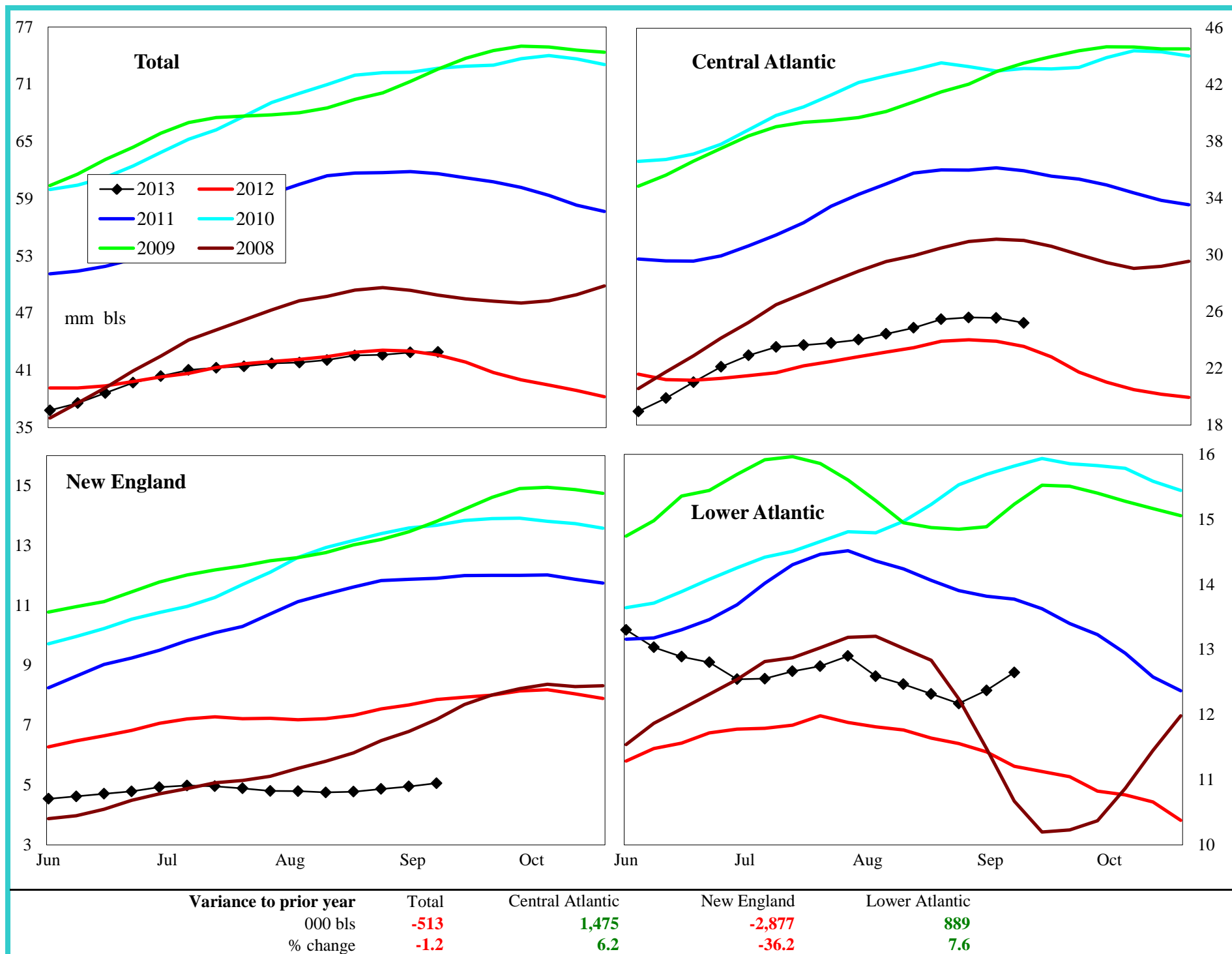
PADD 1 Conventional Gasoline Supply



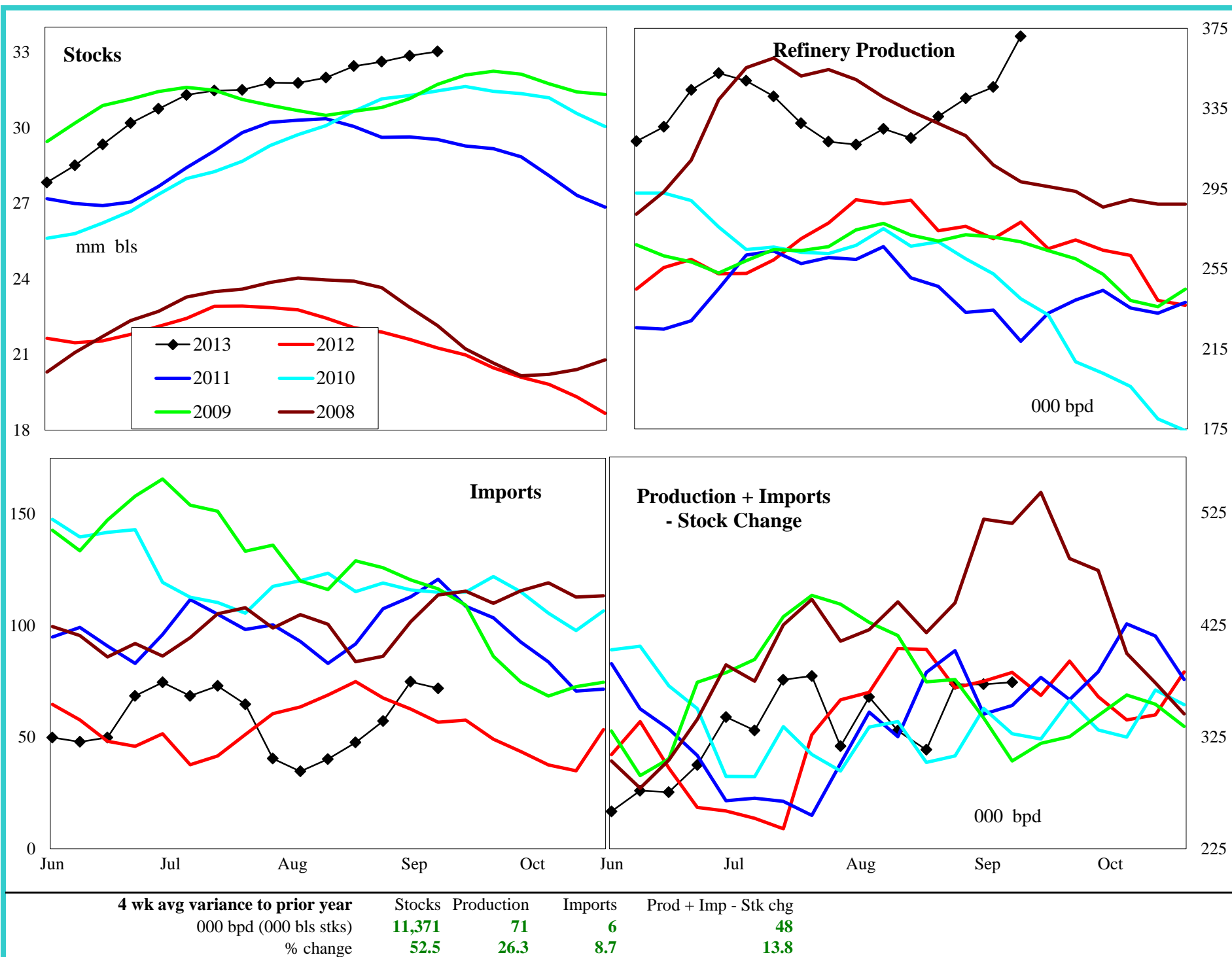
PADD 1 Distillate Supply



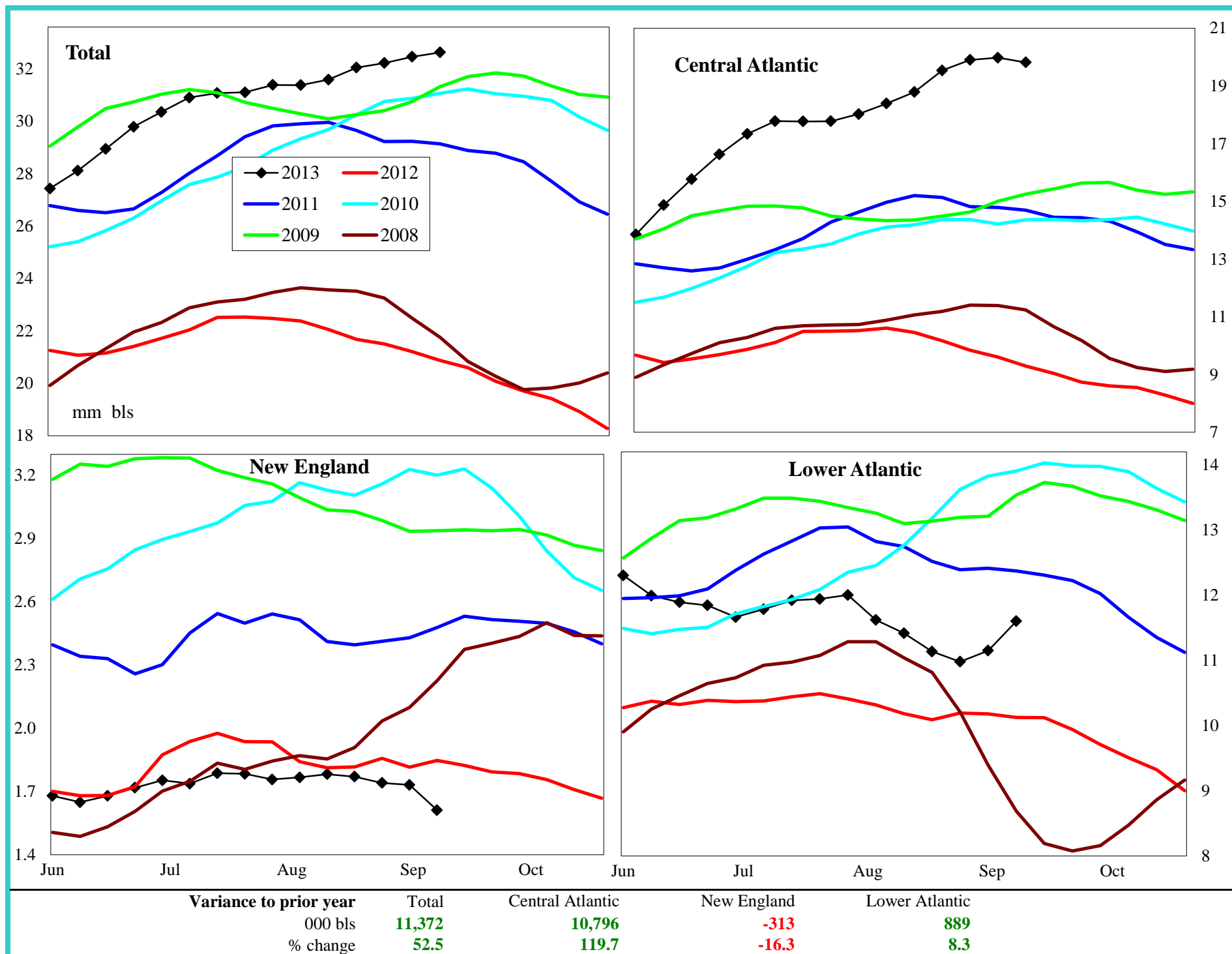
PADD 1 Distillate Stocks by Region



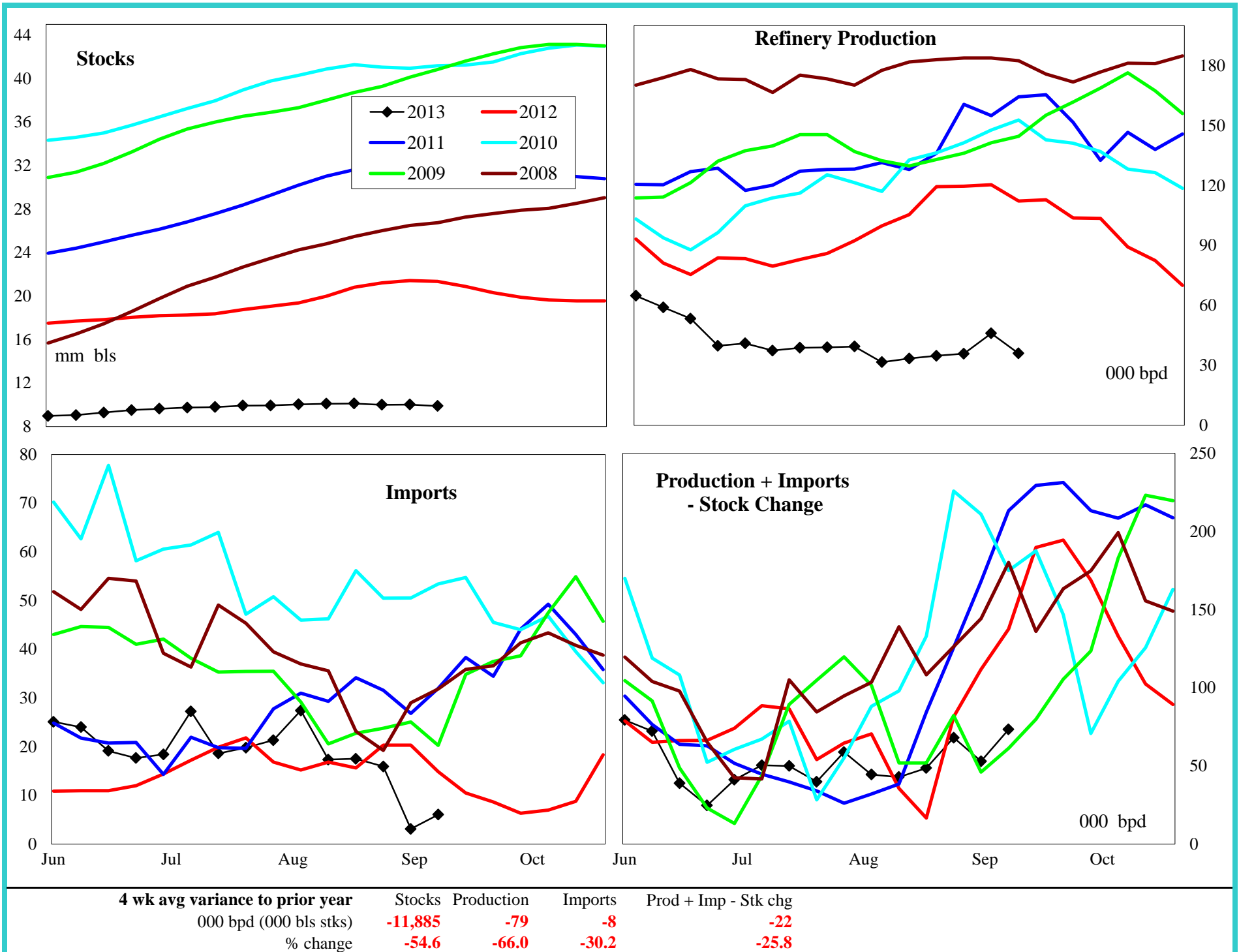
PADD 1 Low Sulfur Distillate Supply



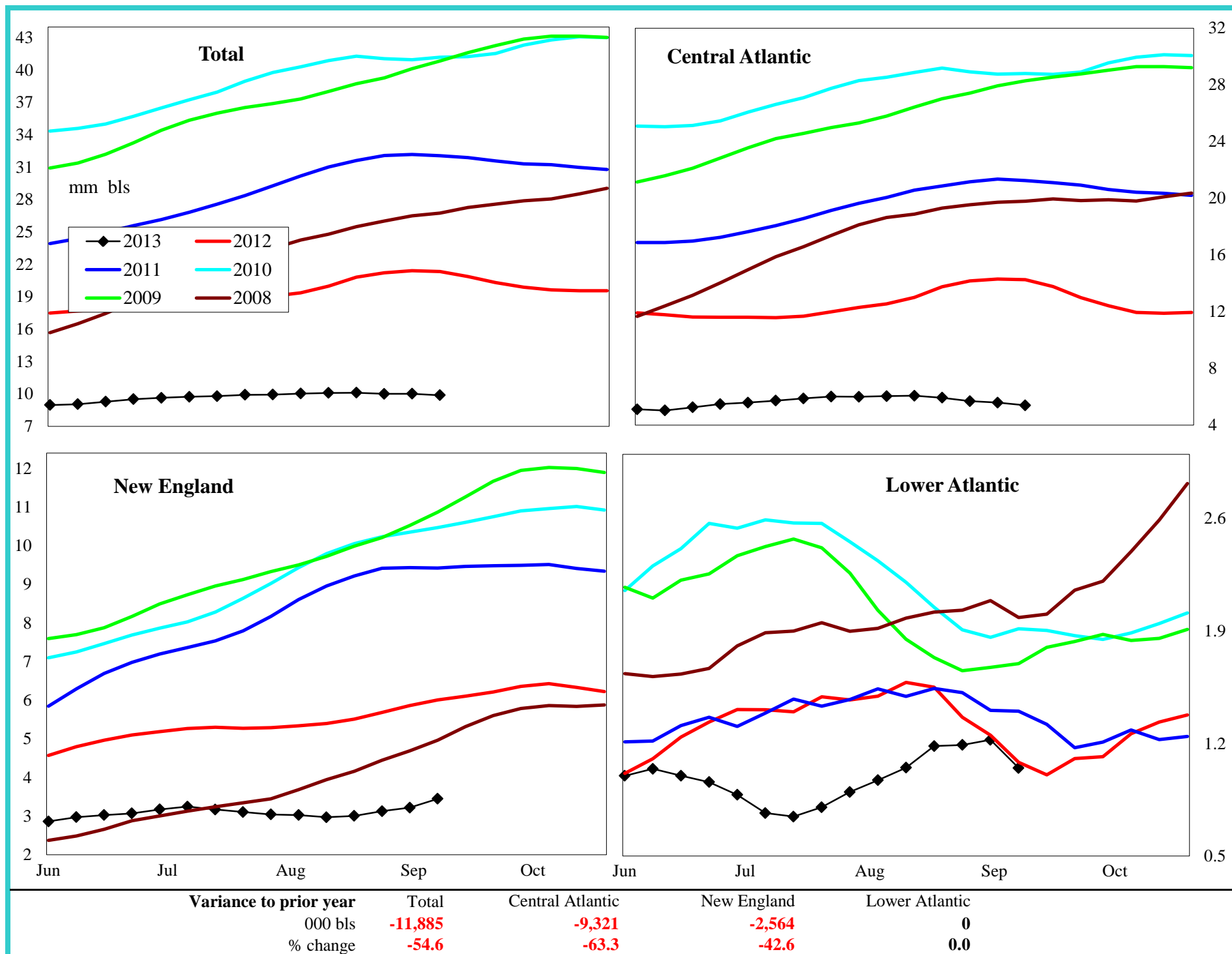
PADD 1 Low Sulfur Distillate Stocks by Region



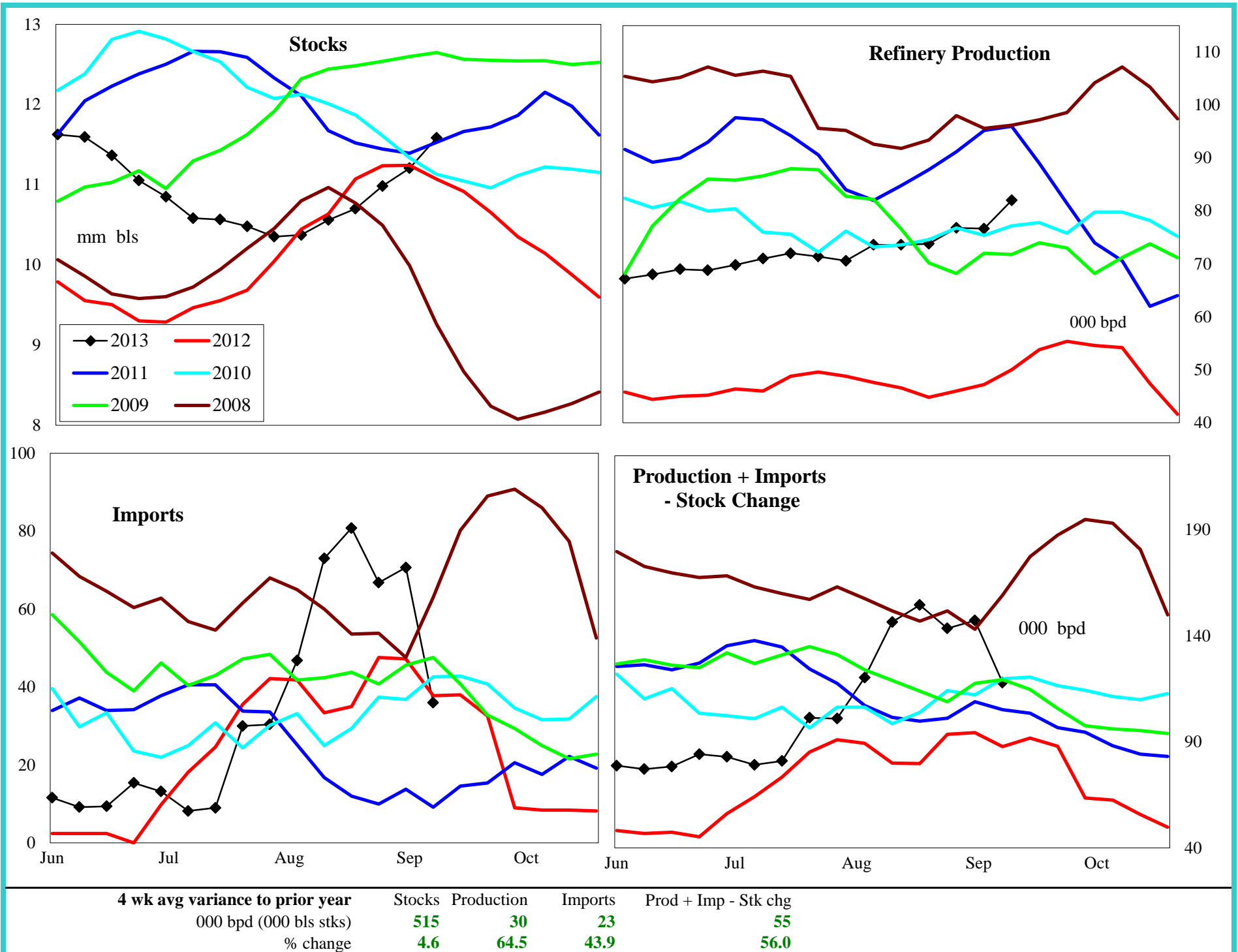
PADD 1 High Sulfur Distillate Supply



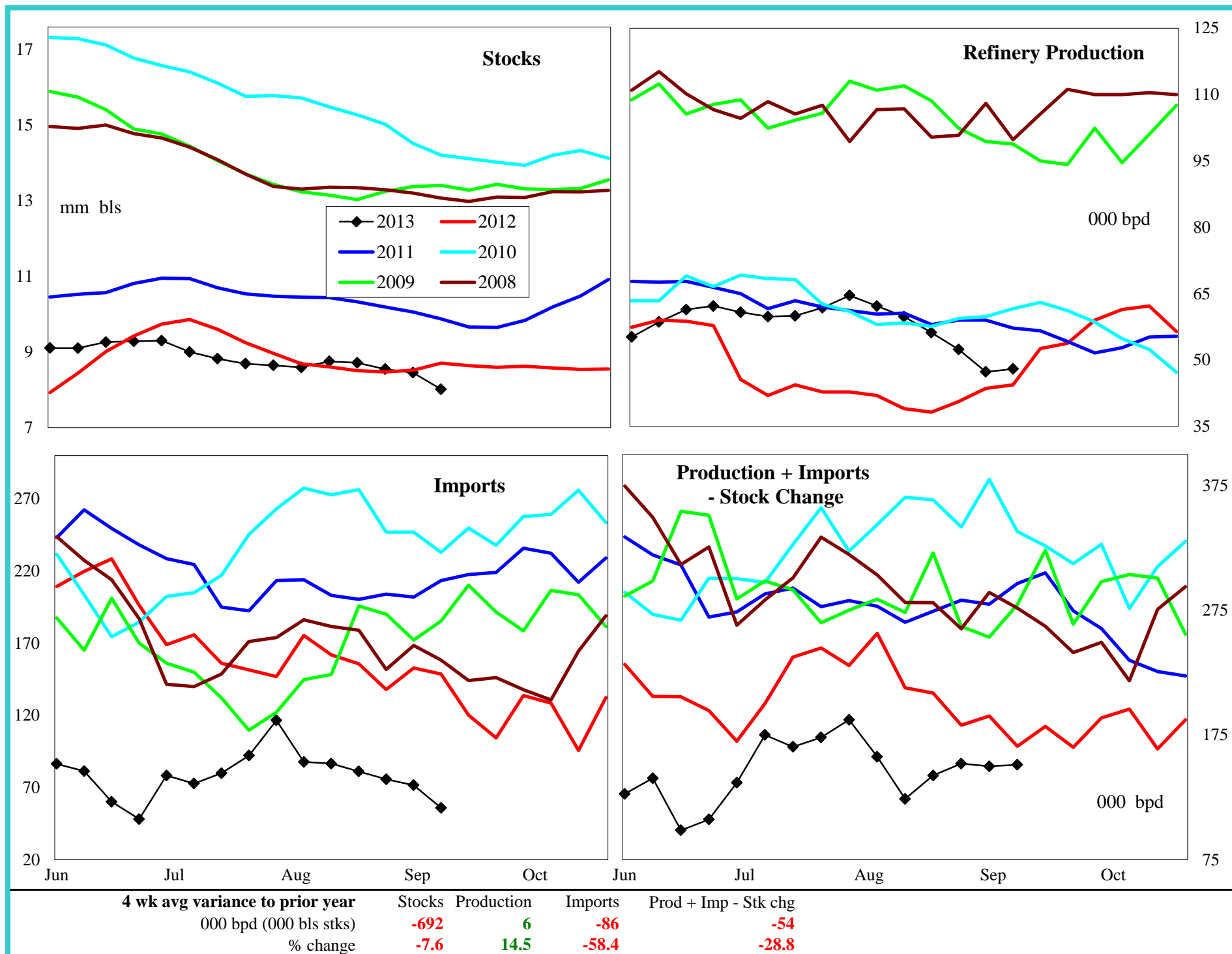
PADD 1 High Sulfur Distillate Stocks by Region



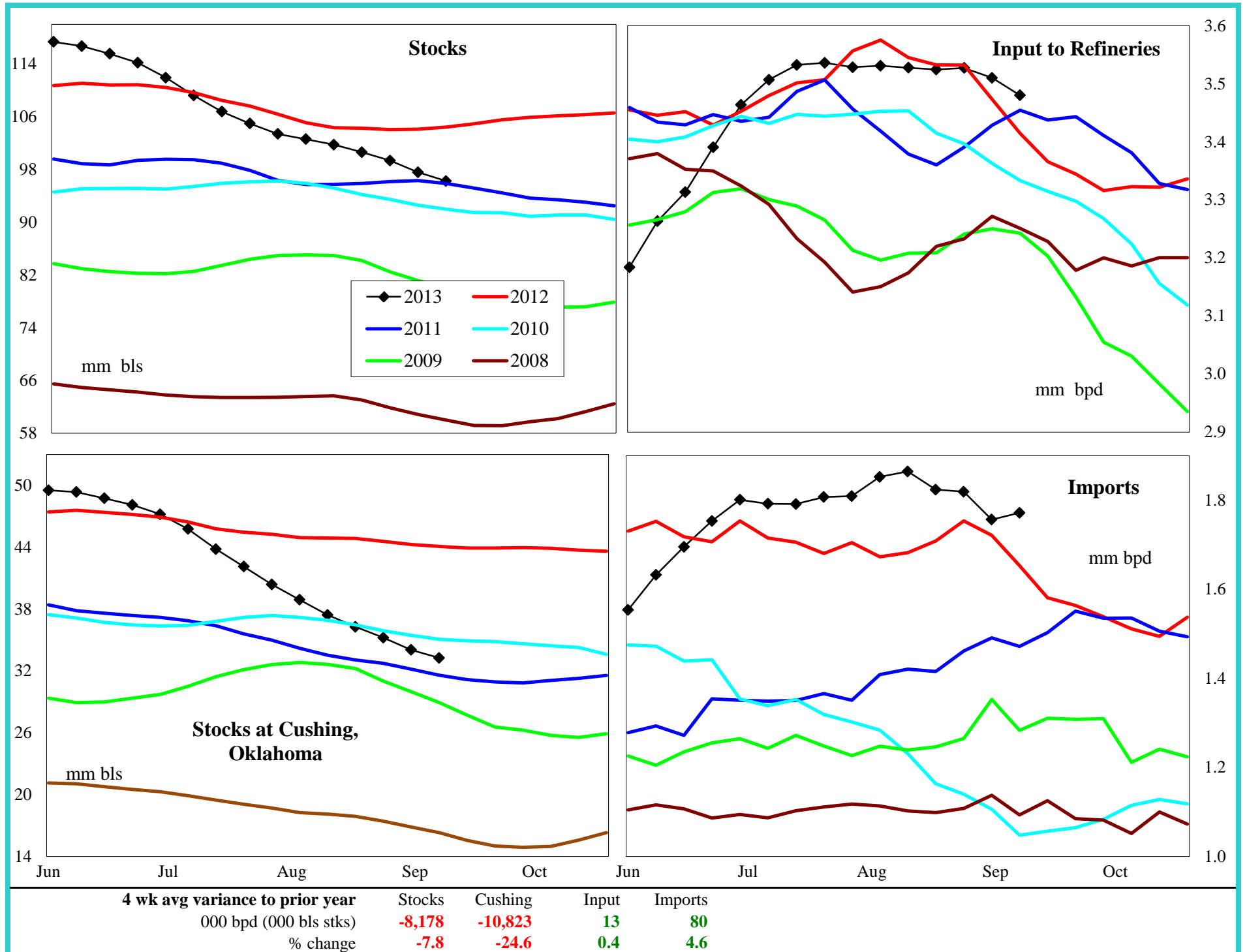
PADD 1 Jet Fuel Supply



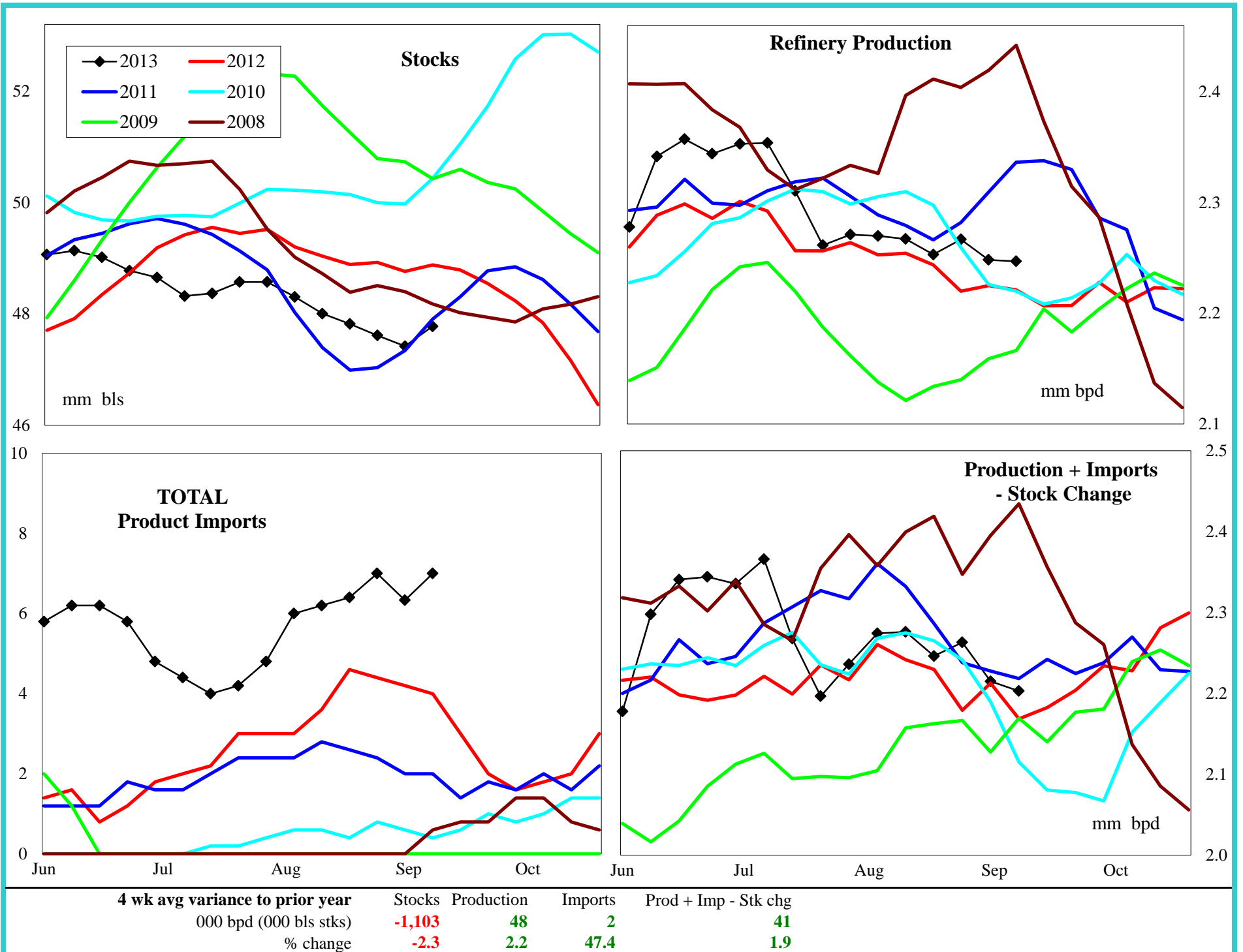
PADD 1 Residual Fuel Oil Supply



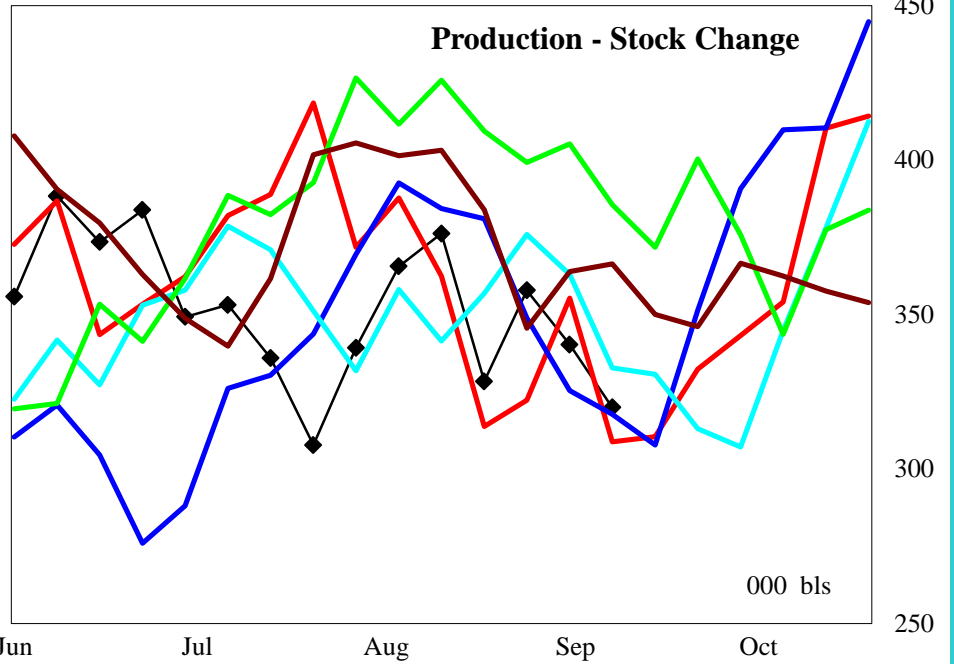
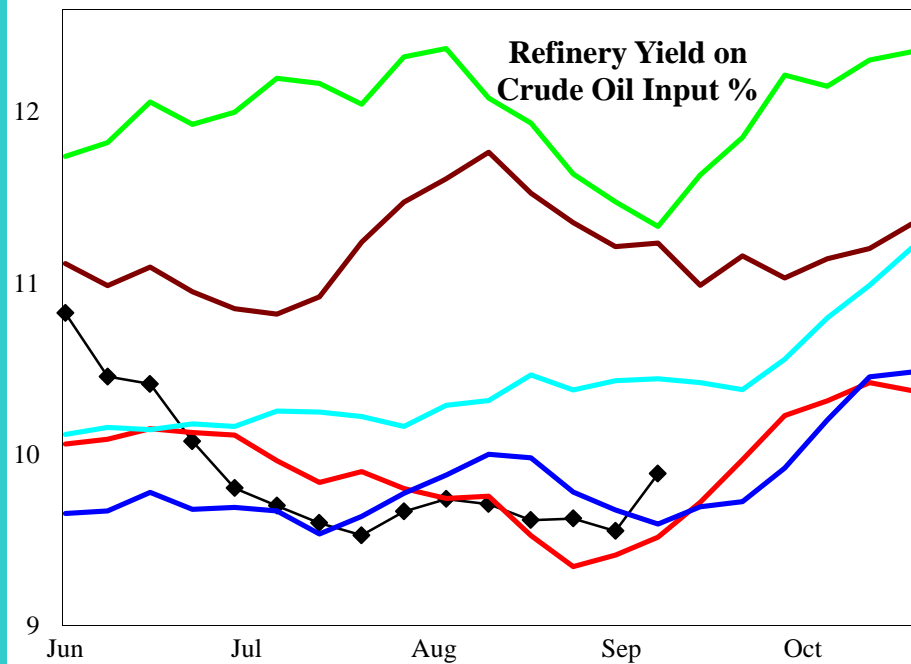
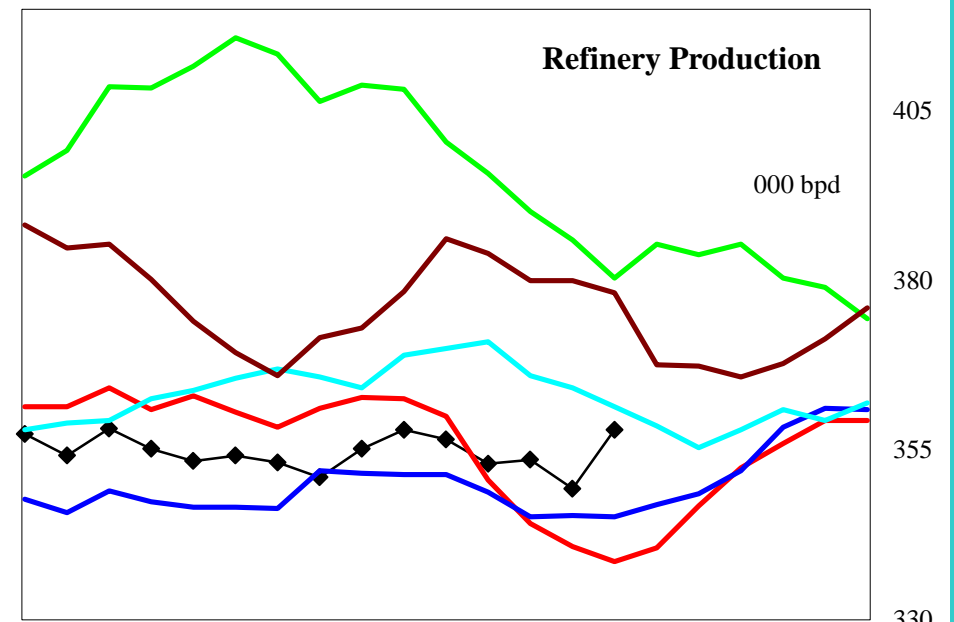
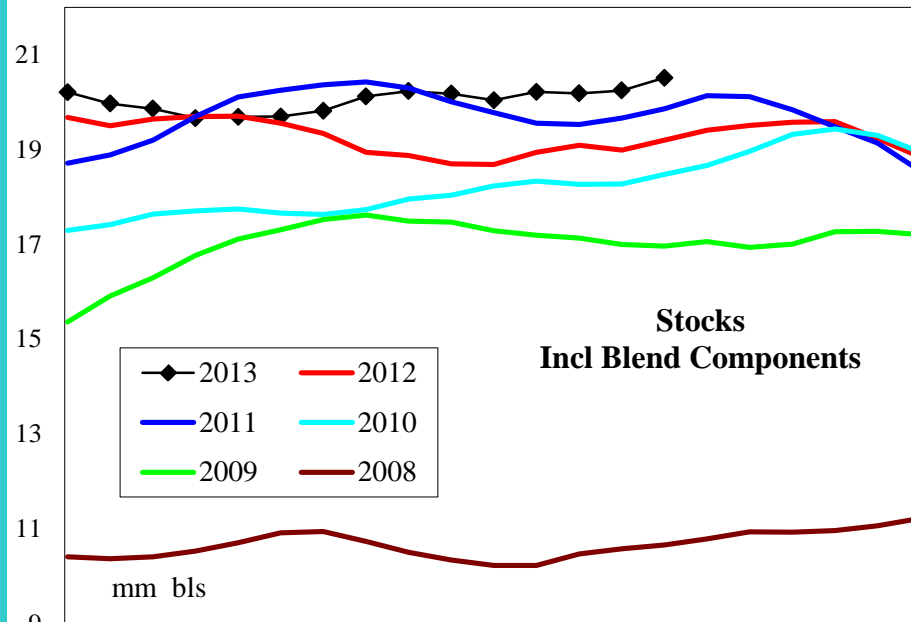
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



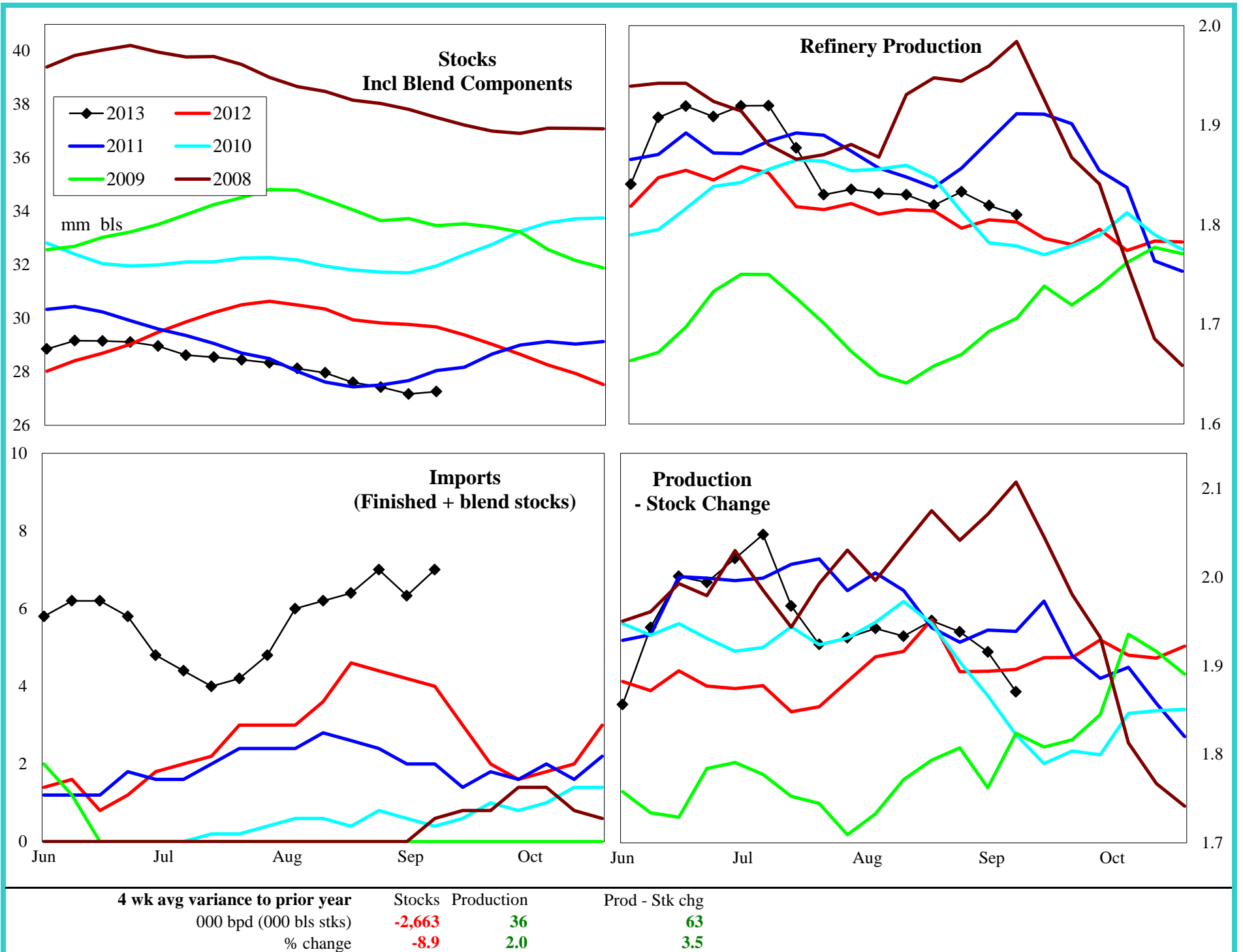
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks **1,315**
6.8

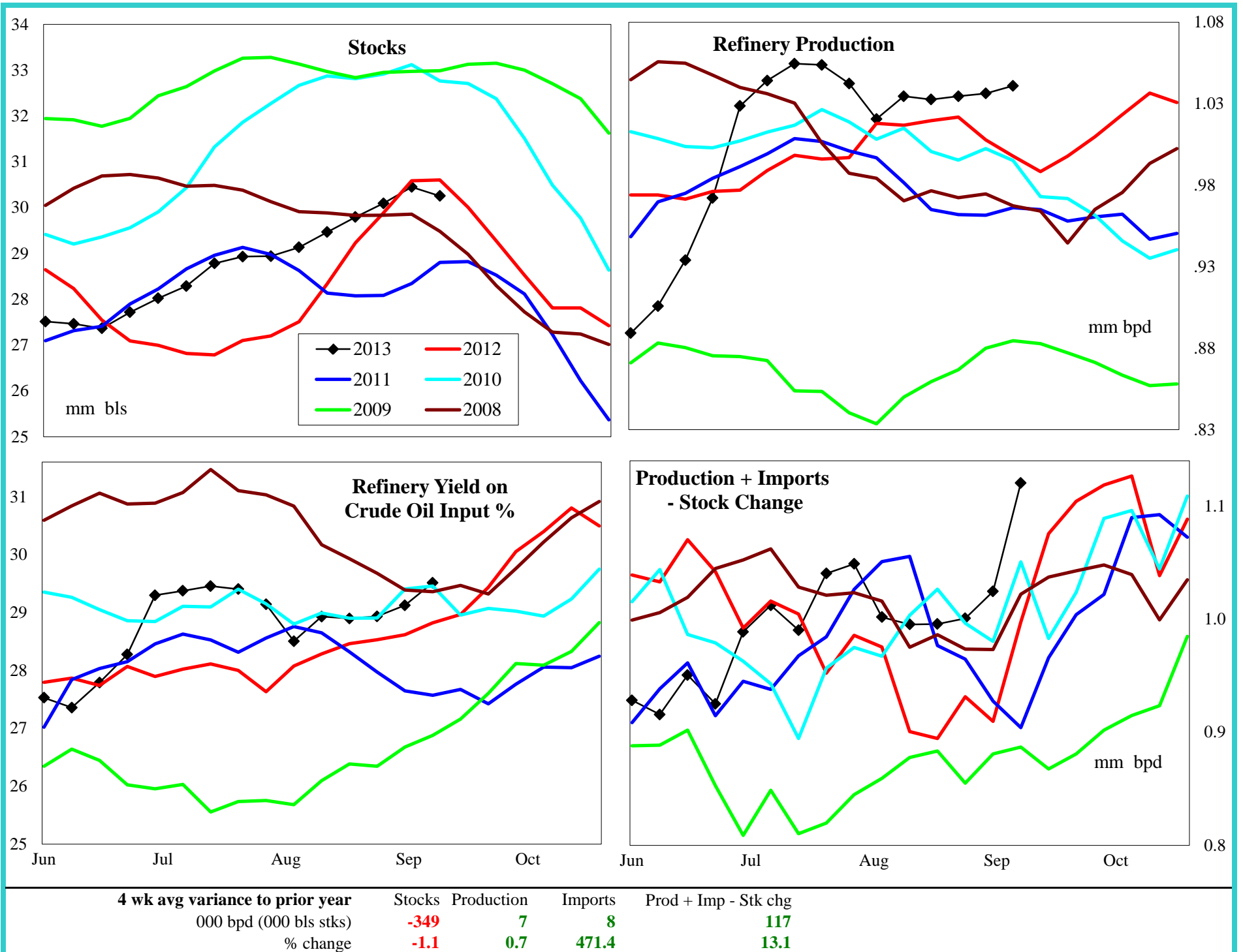
Production **10**
2.9

Prod - Stk chg
12
3.5

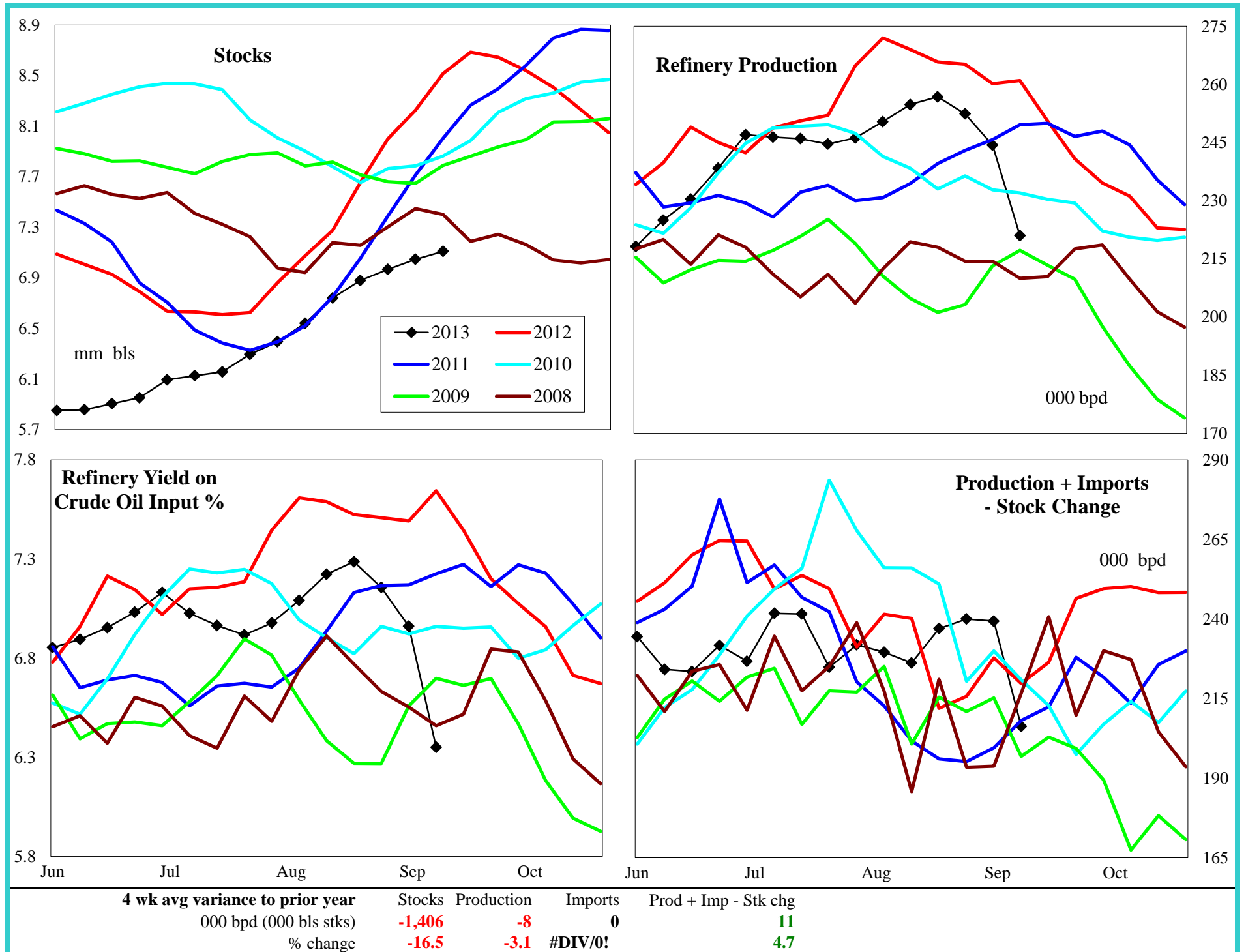
PADD 2 Conventional Gasoline Supply



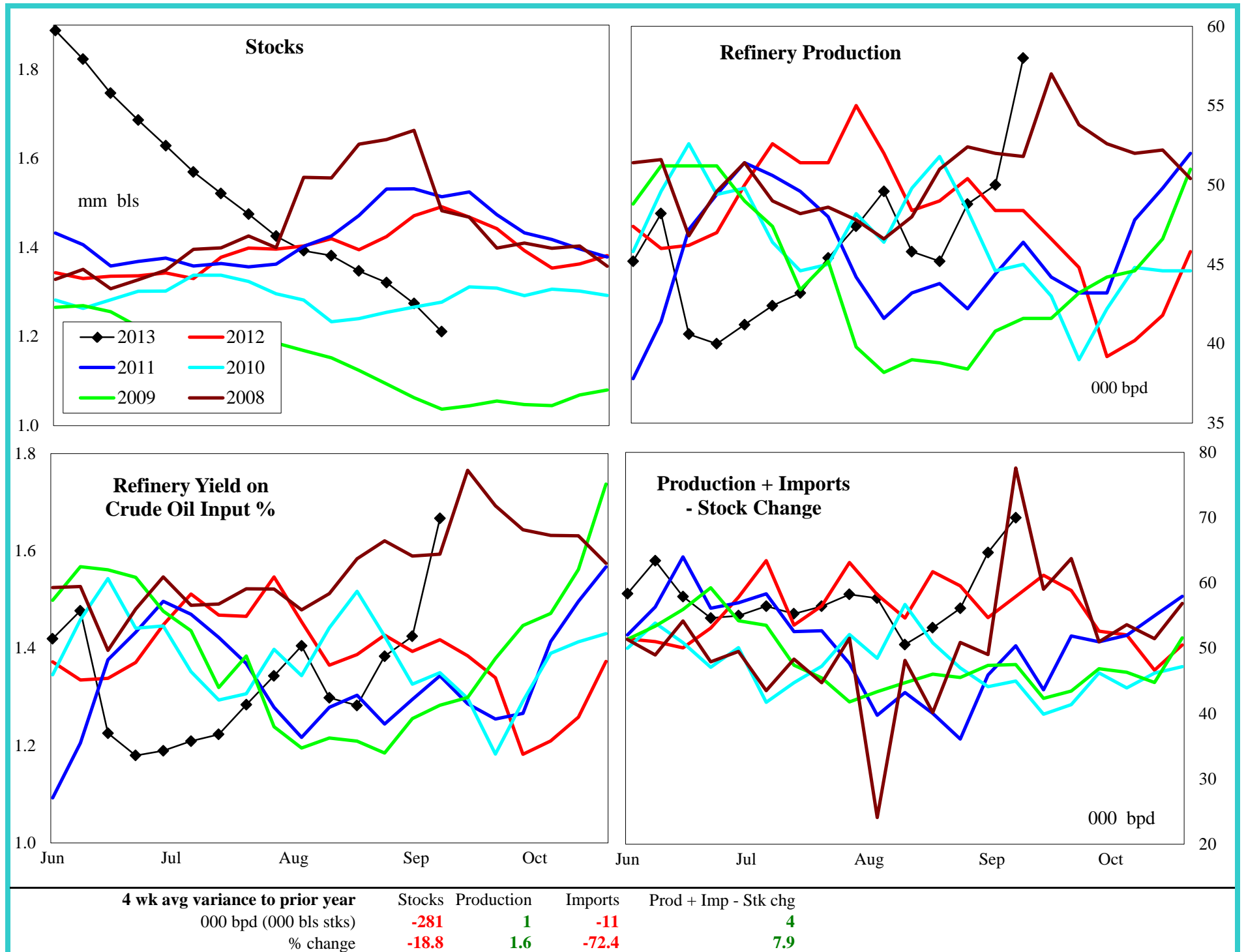
PADD 2 Distillate Supply



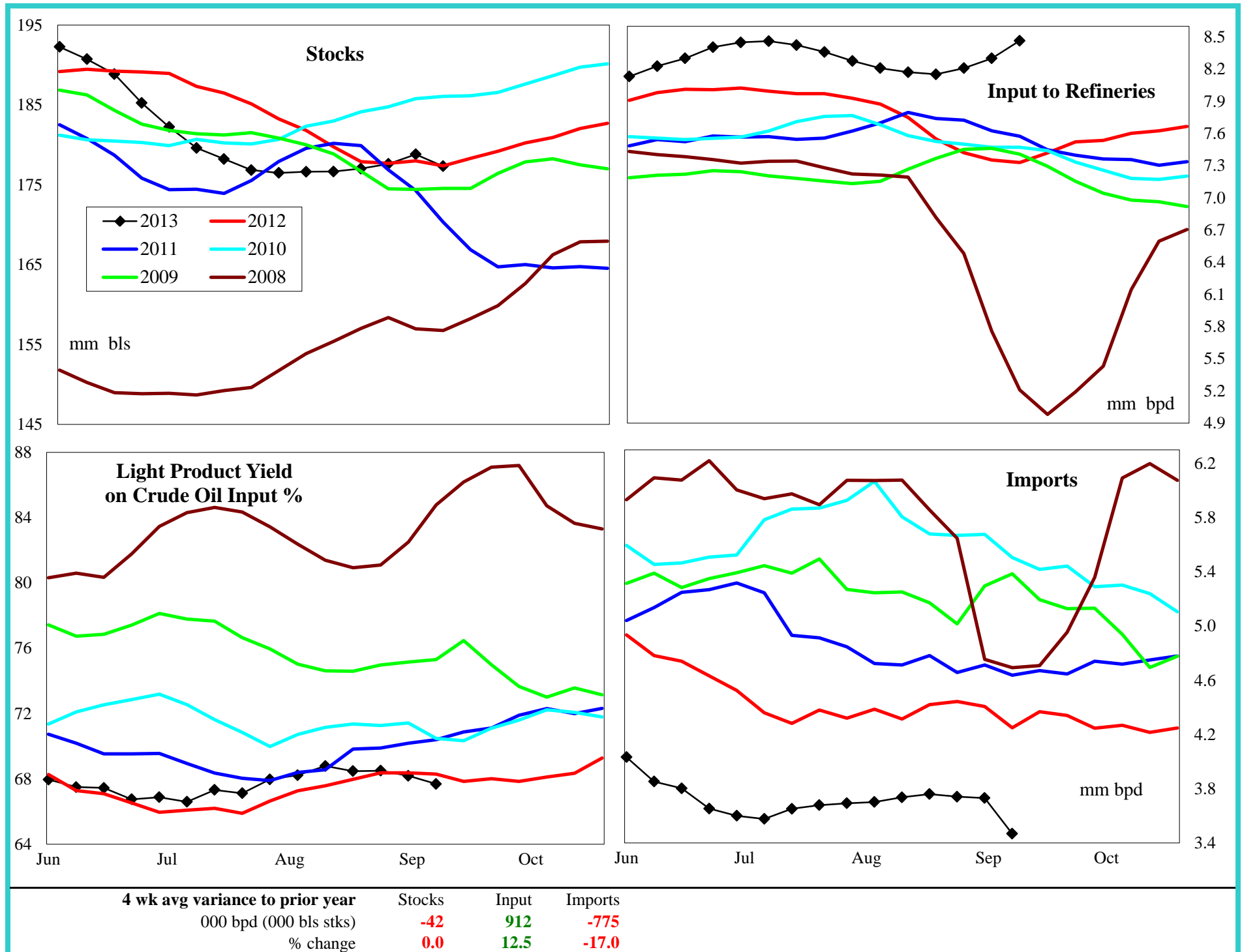
PADD 2 Jet Fuel Supply



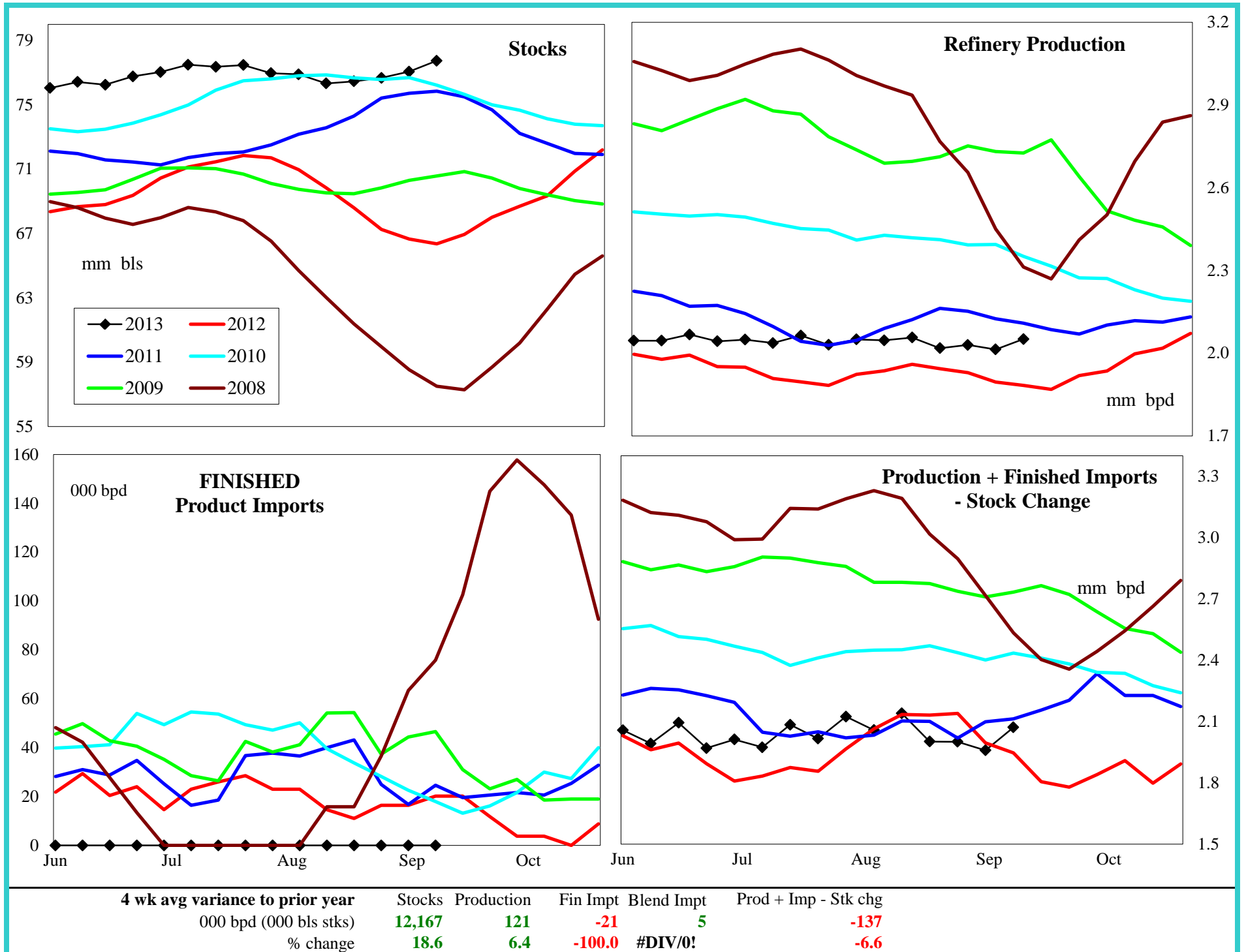
PADD 2 Residual Fuel Oil Supply



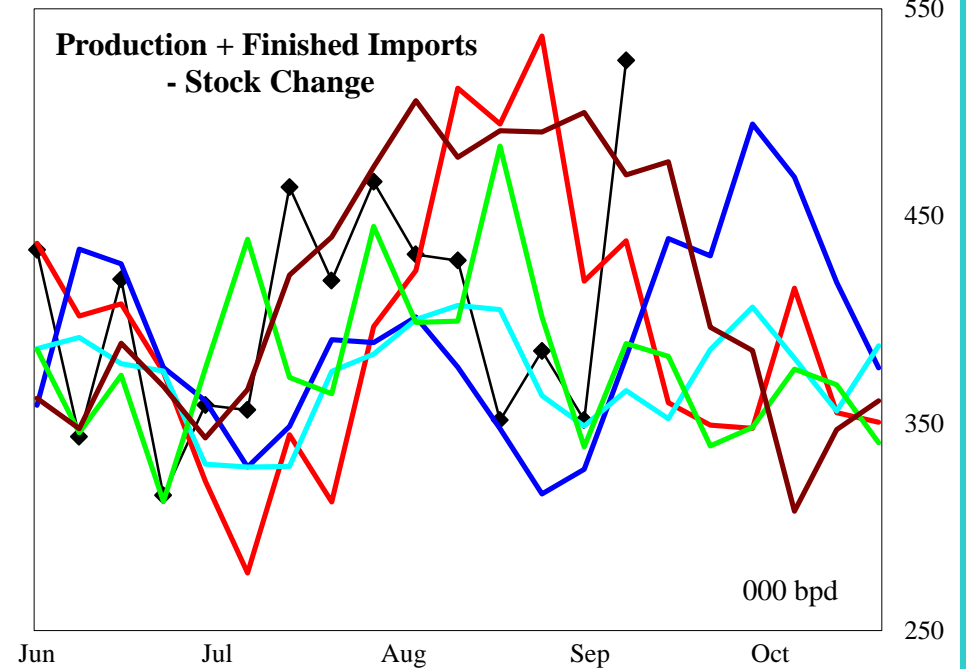
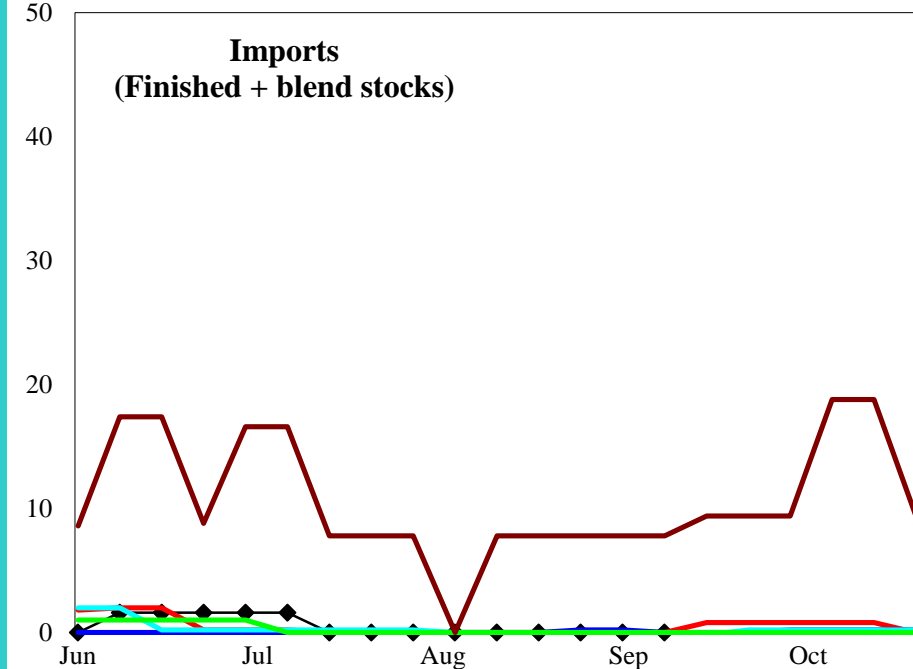
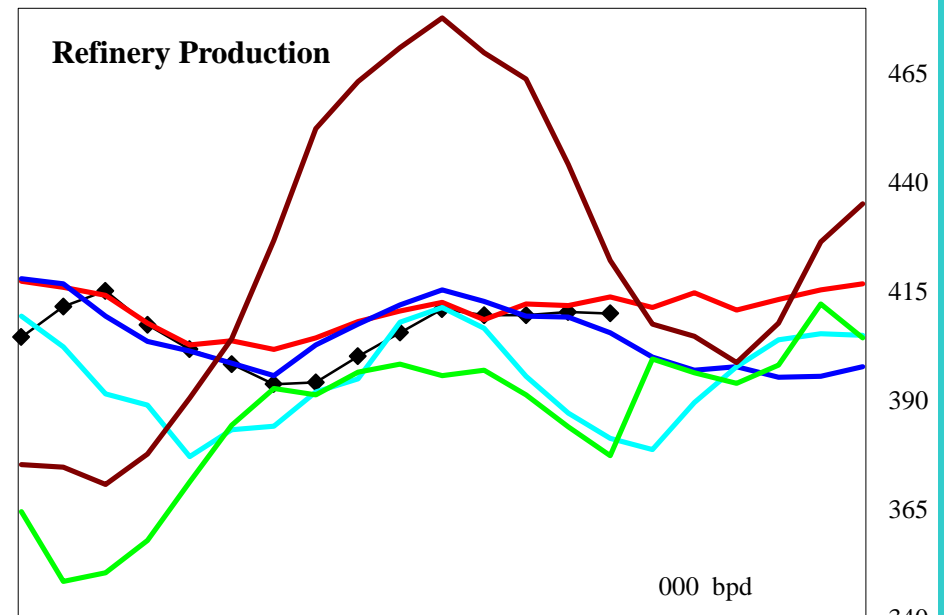
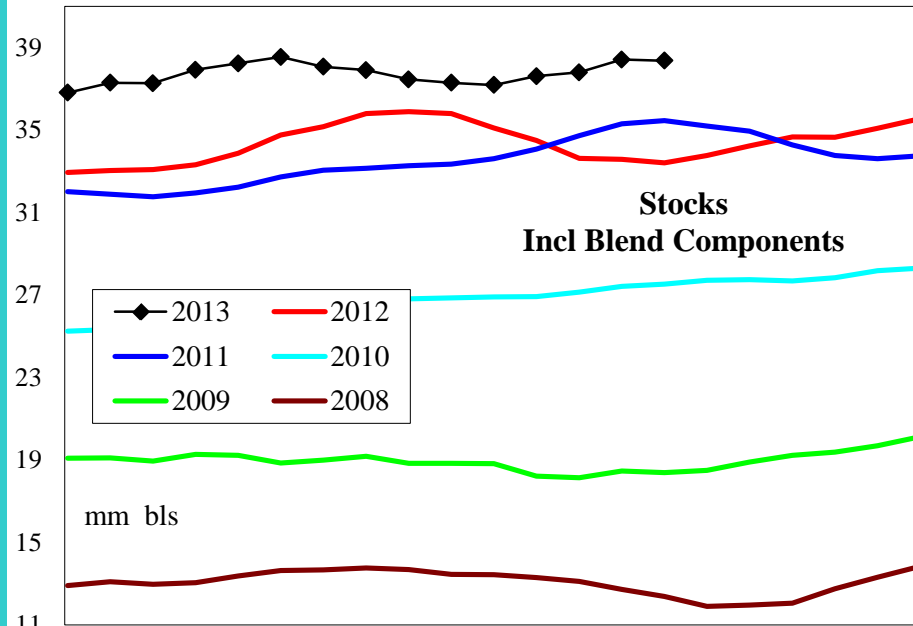
PADD 3 Crude Oil Supply and Refining



PADD 3 Gasoline Supply



PADD 3 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

5,977

-3

0

-153

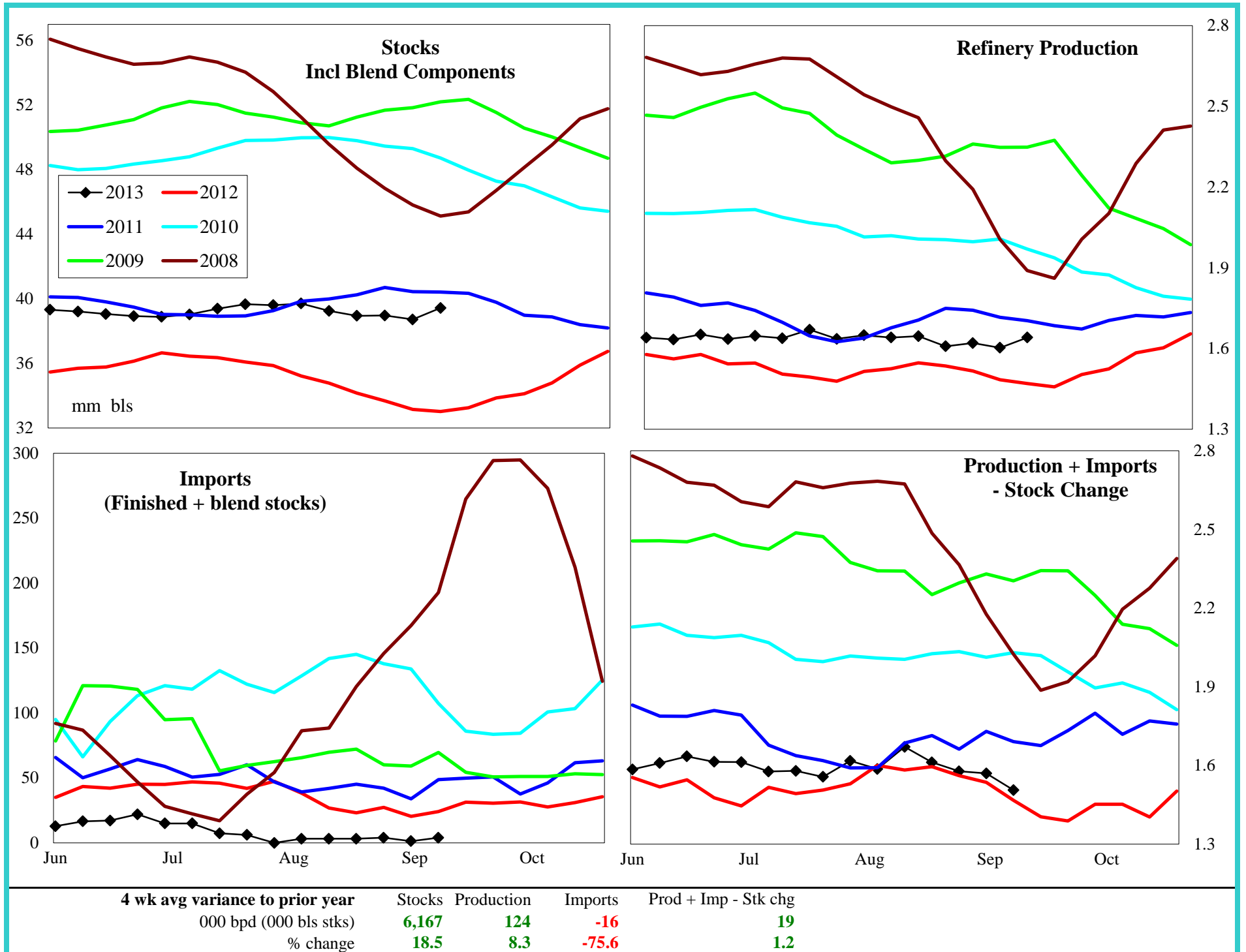
18.5

-0.7

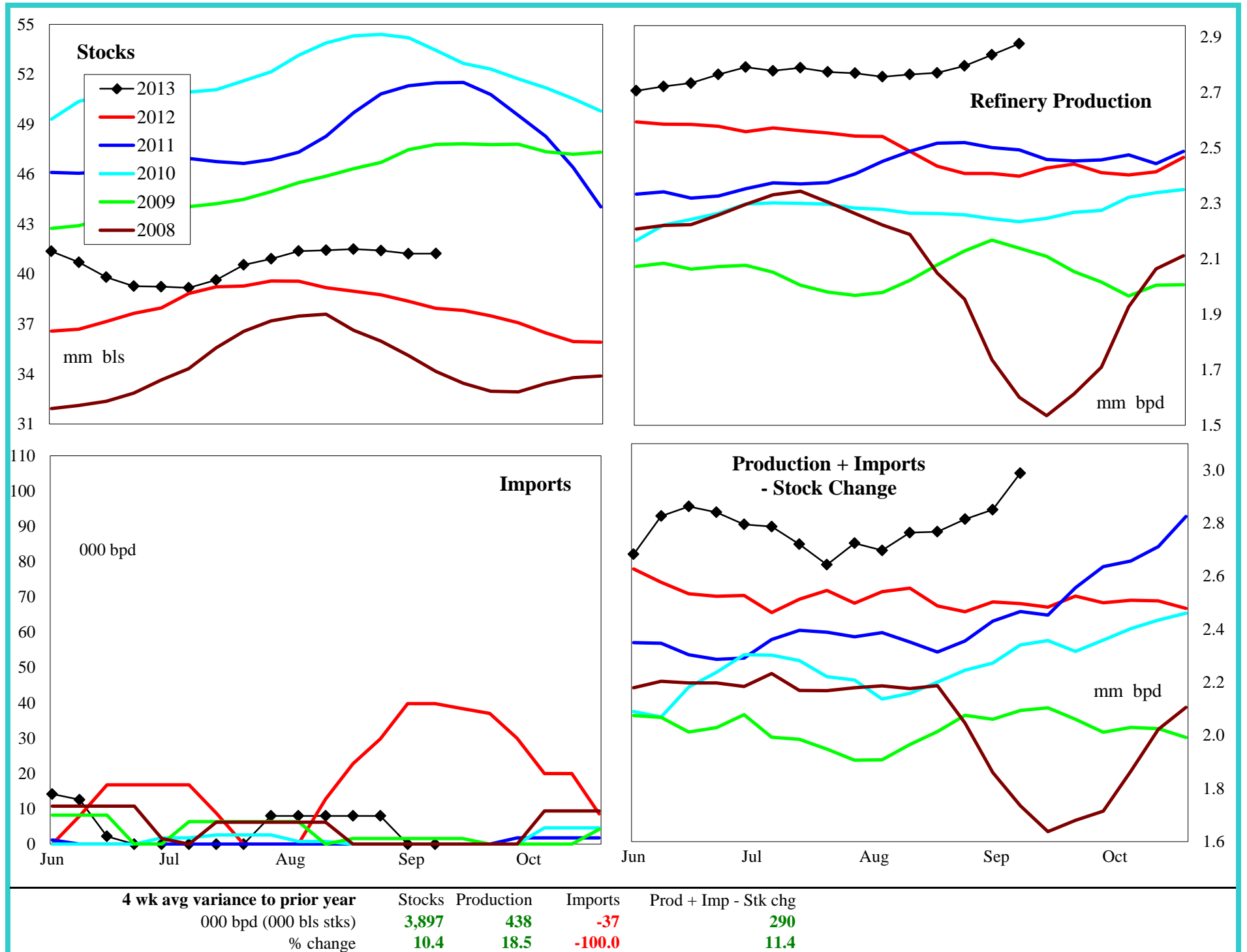
#DIV/0!

-30.4

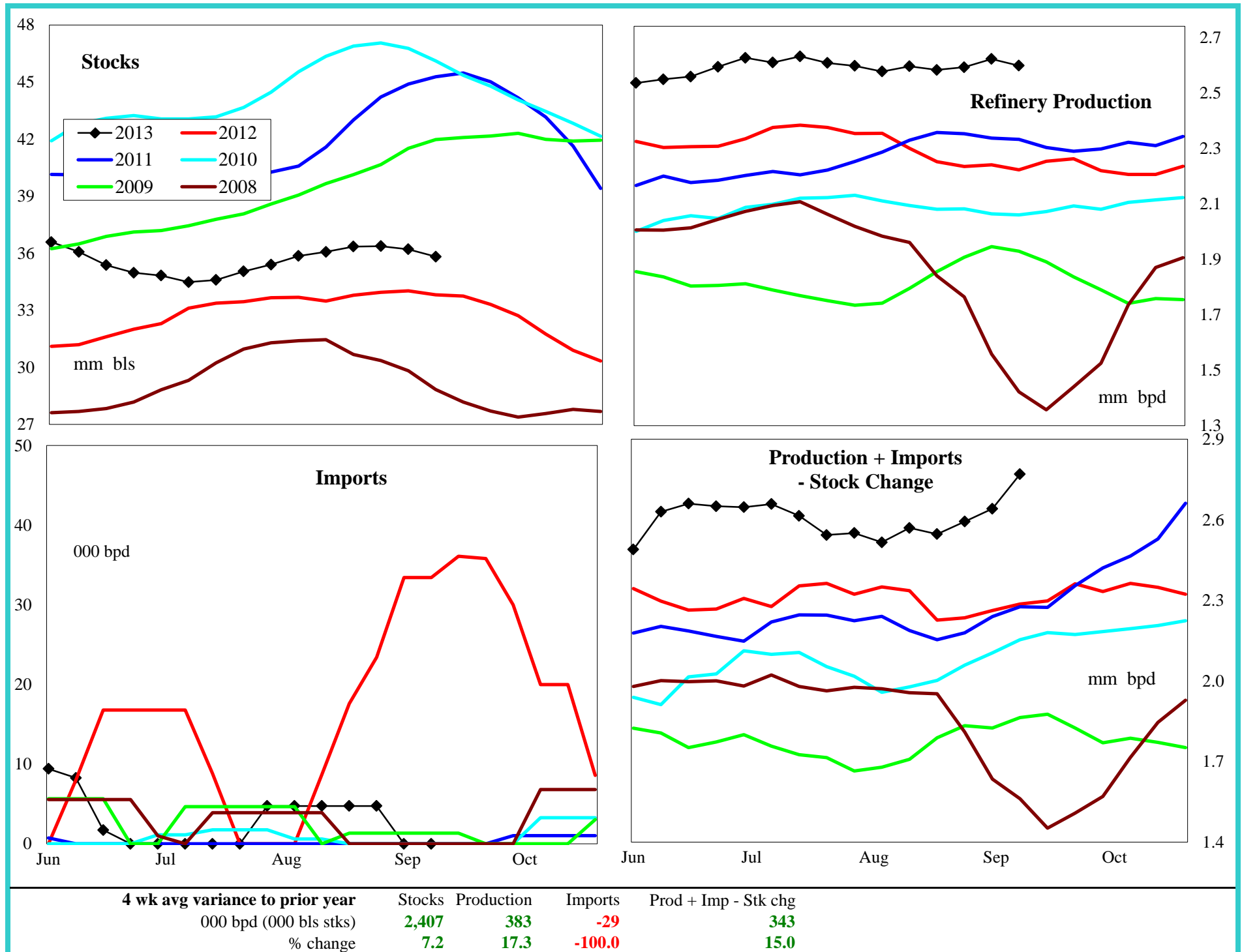
PADD 3 Conventional Gasoline Supply



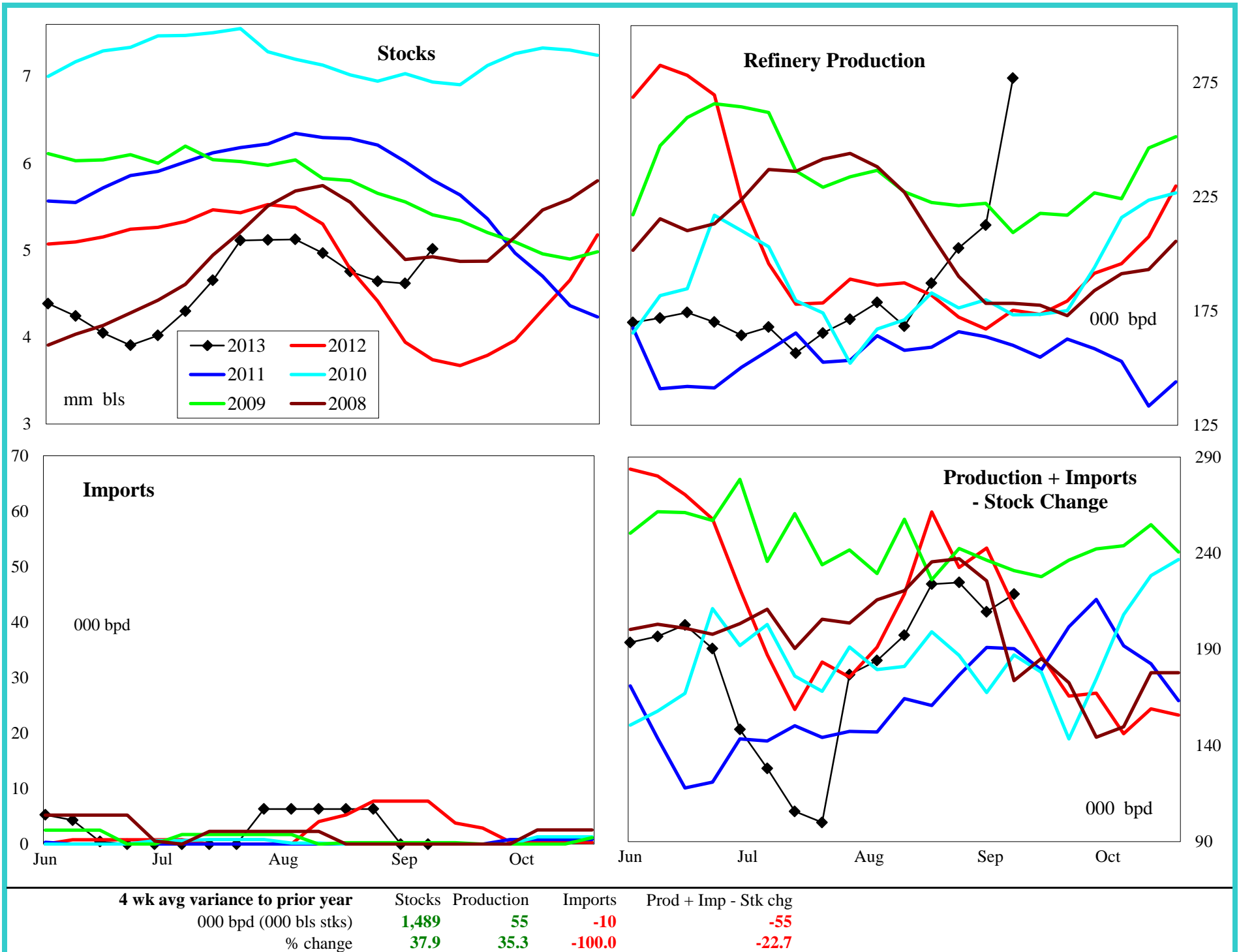
PADD 3 Distillate Supply



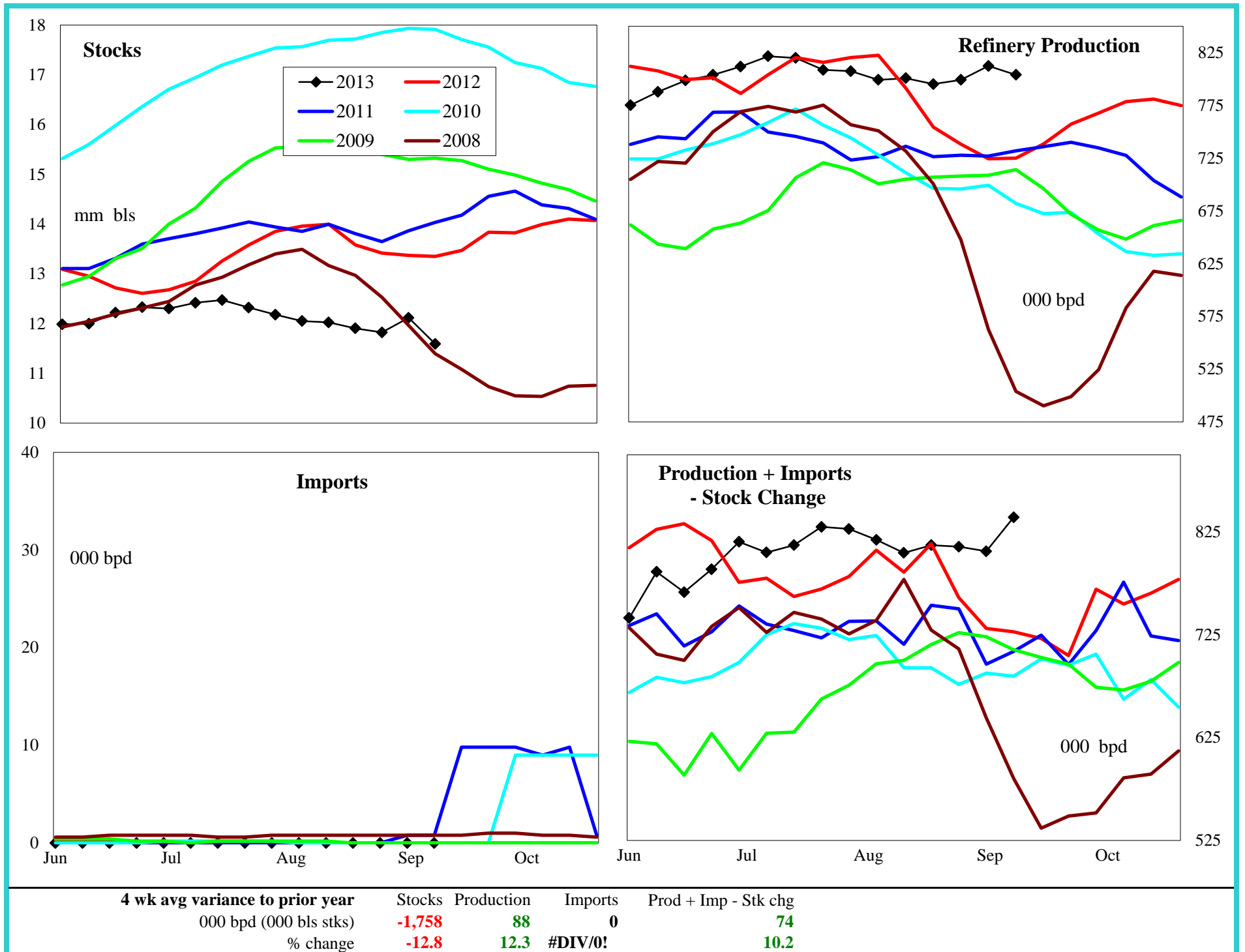
PADD 3 Low Sulfur Distillate Supply



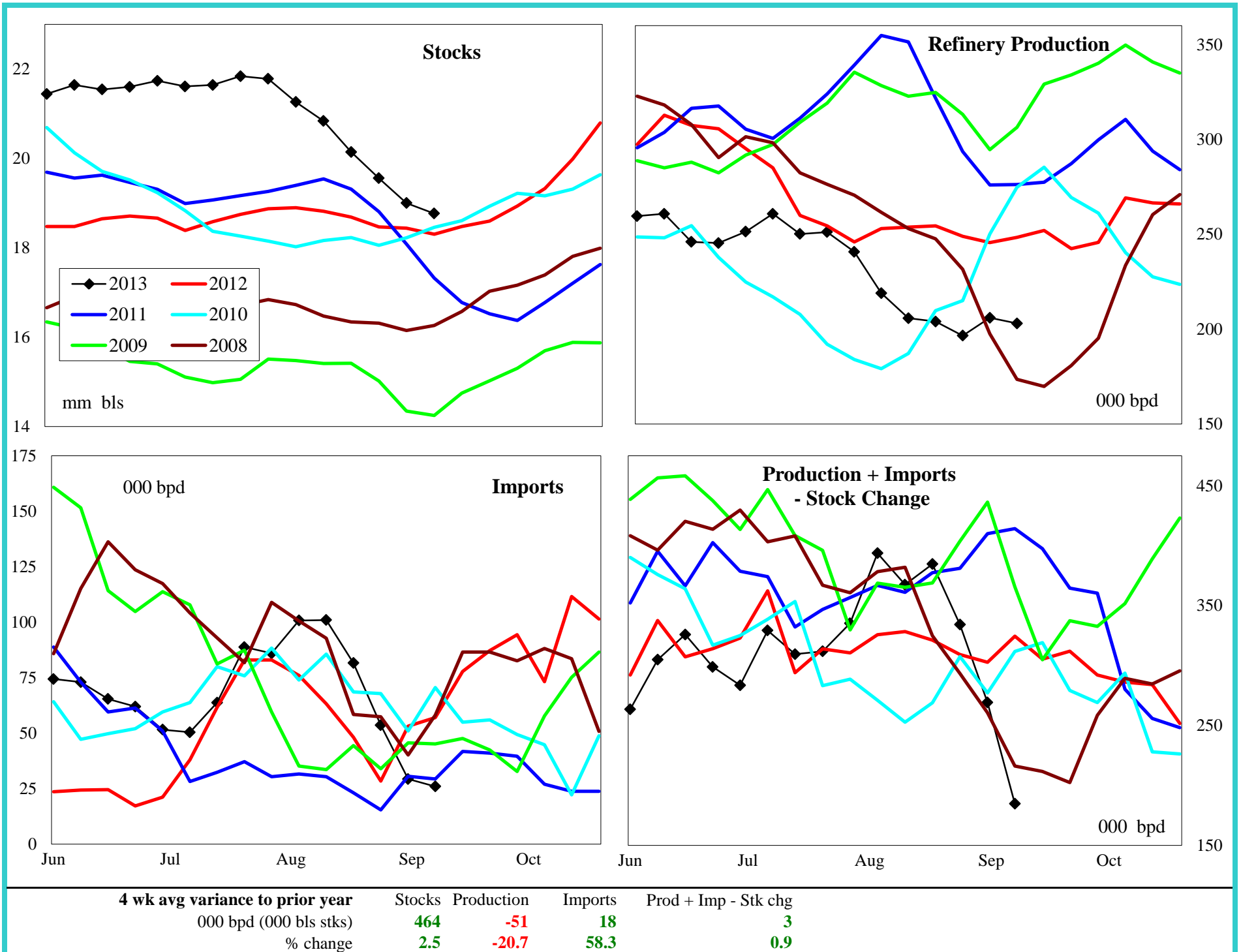
PADD 3 High Sulfur Distillate Supply



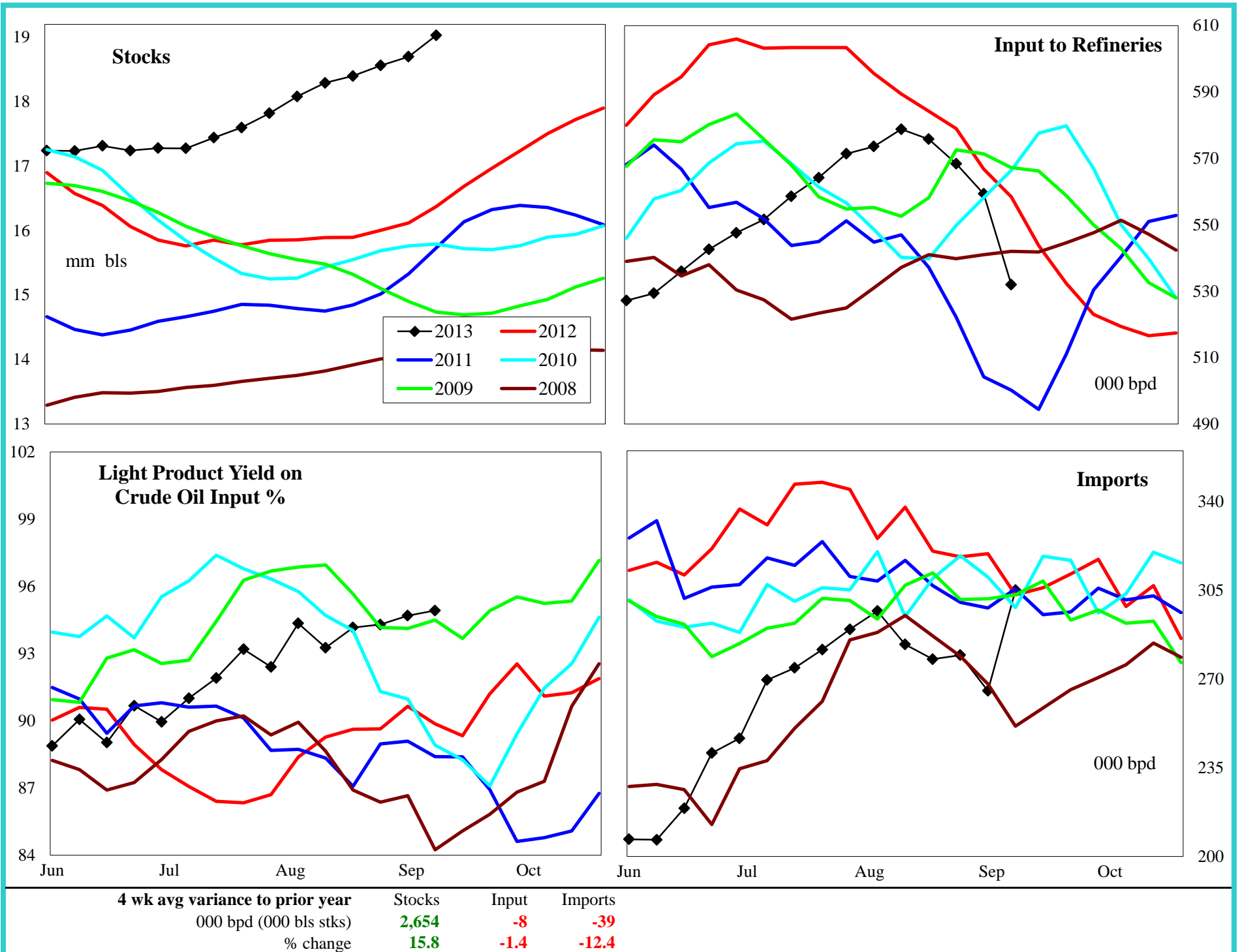
PADD 3 Jet Fuel Supply



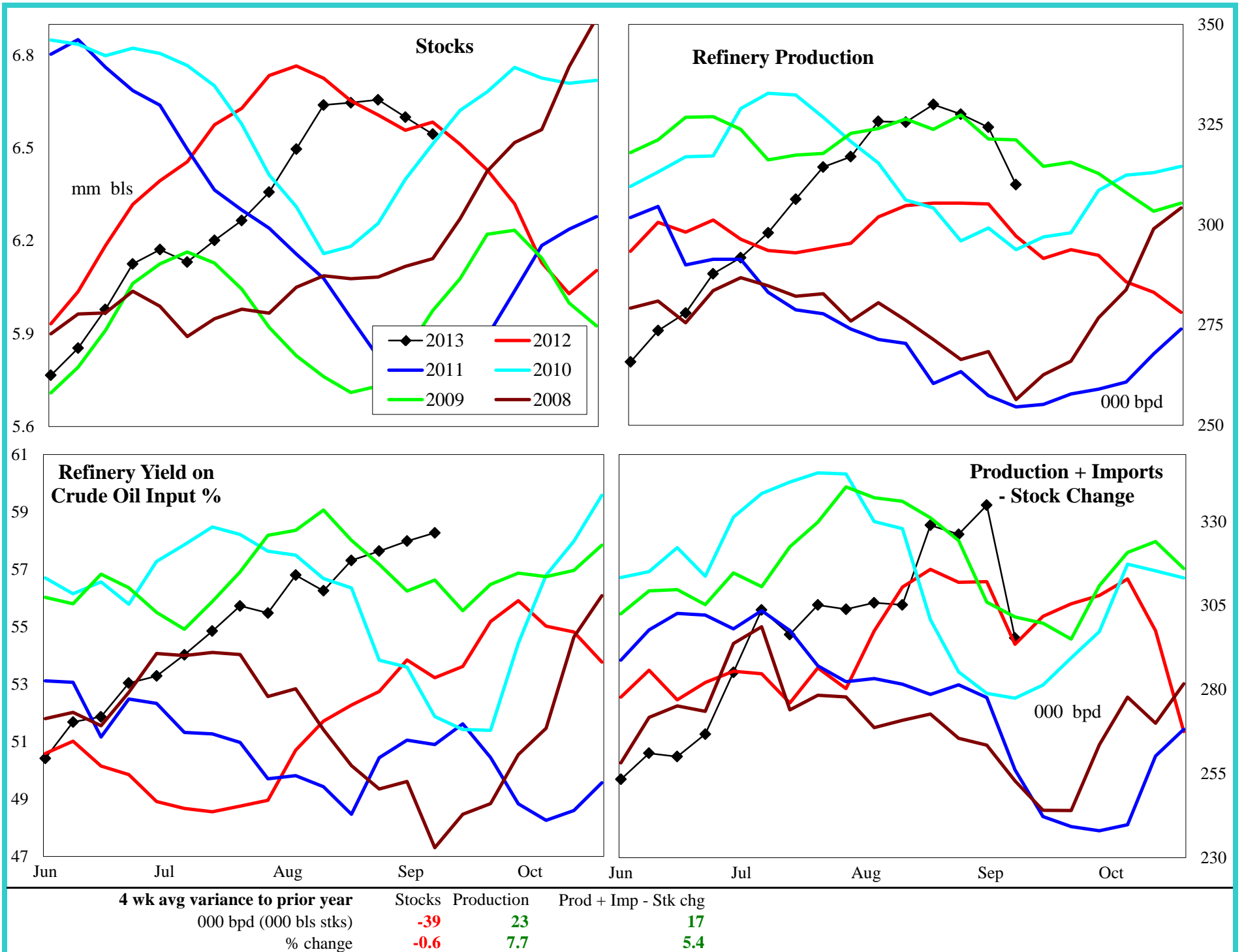
PADD 3 Residual Fuel Oil Supply



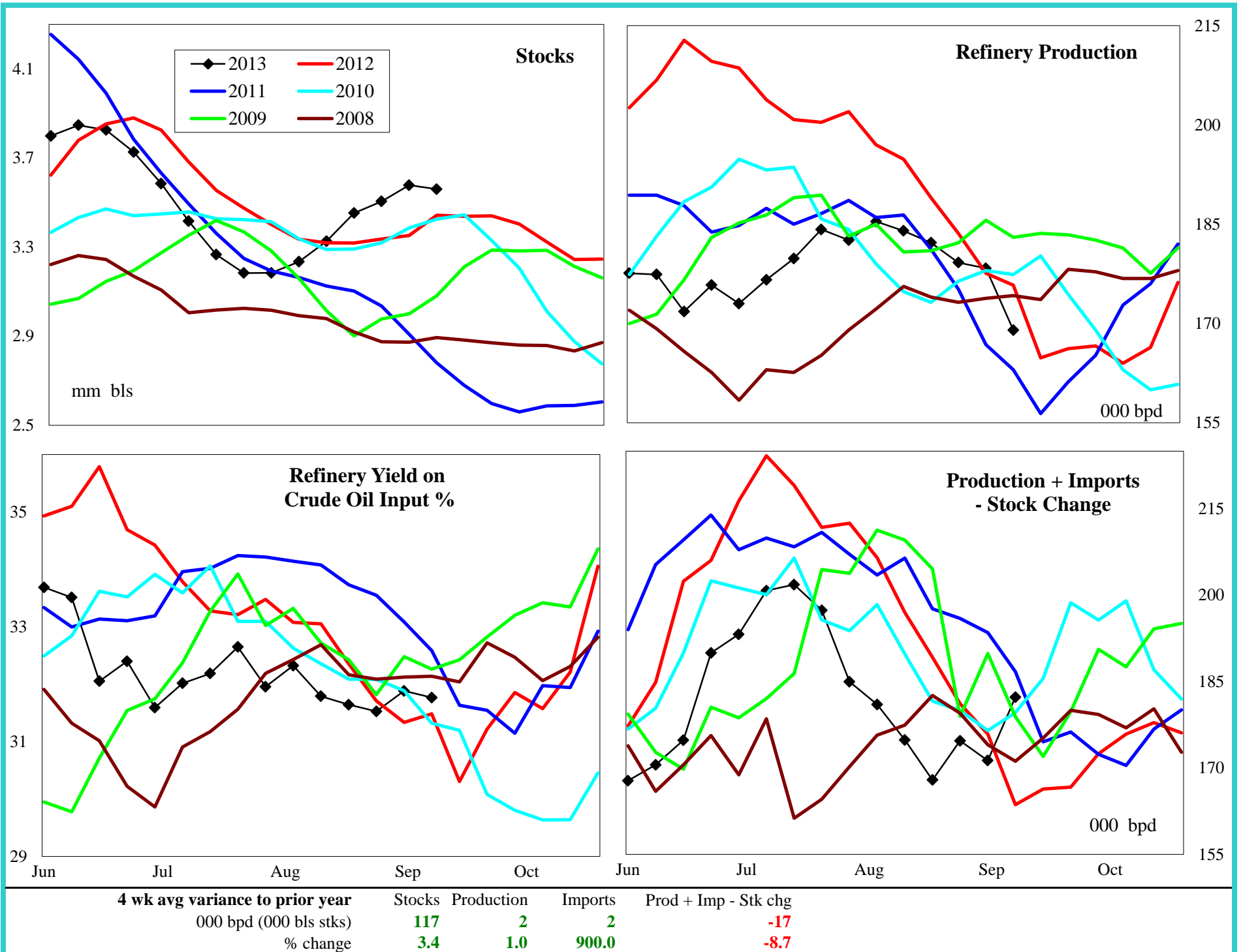
PADD 4 Crude Oil Supply and Refining



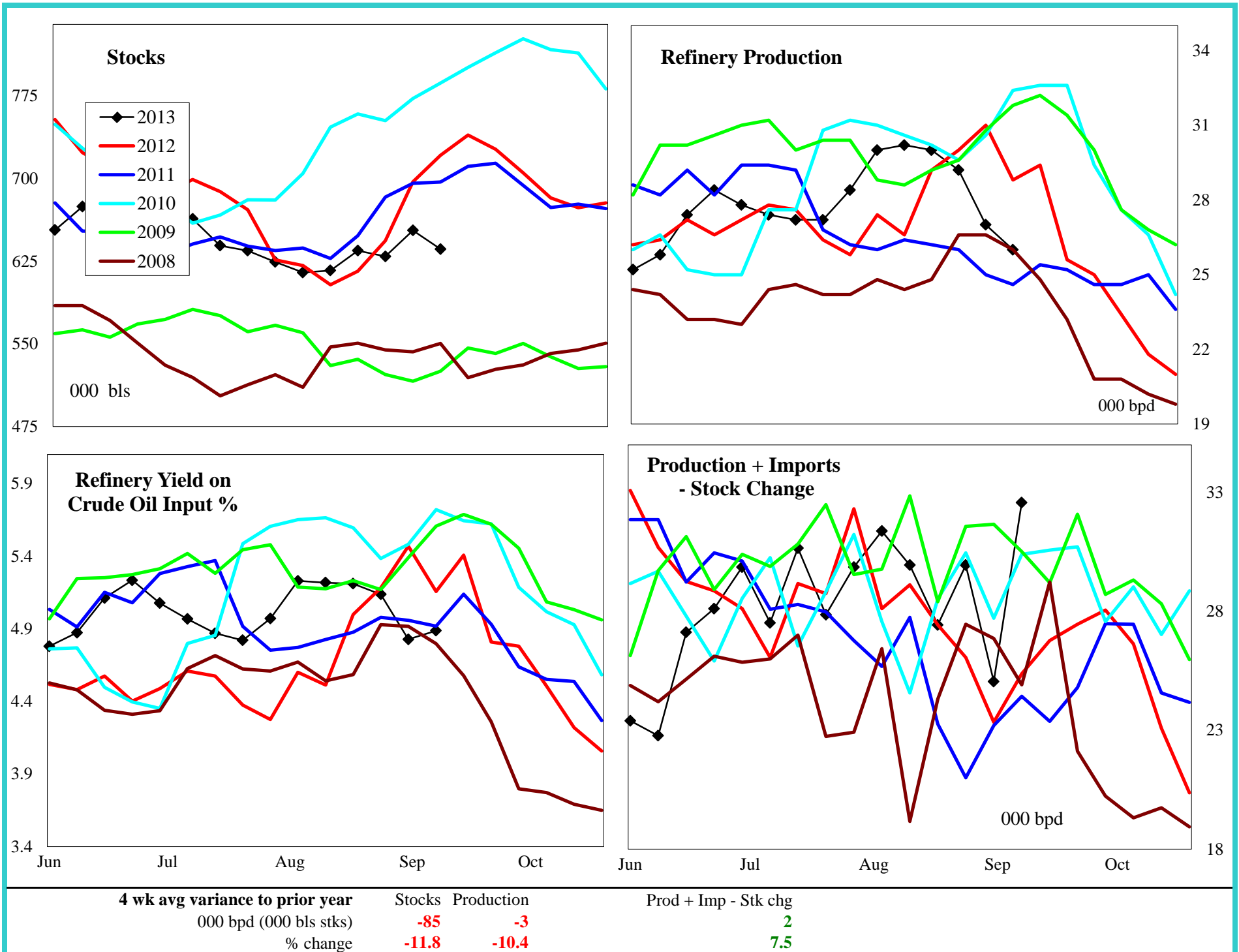
PADD 4 Gasoline Supply



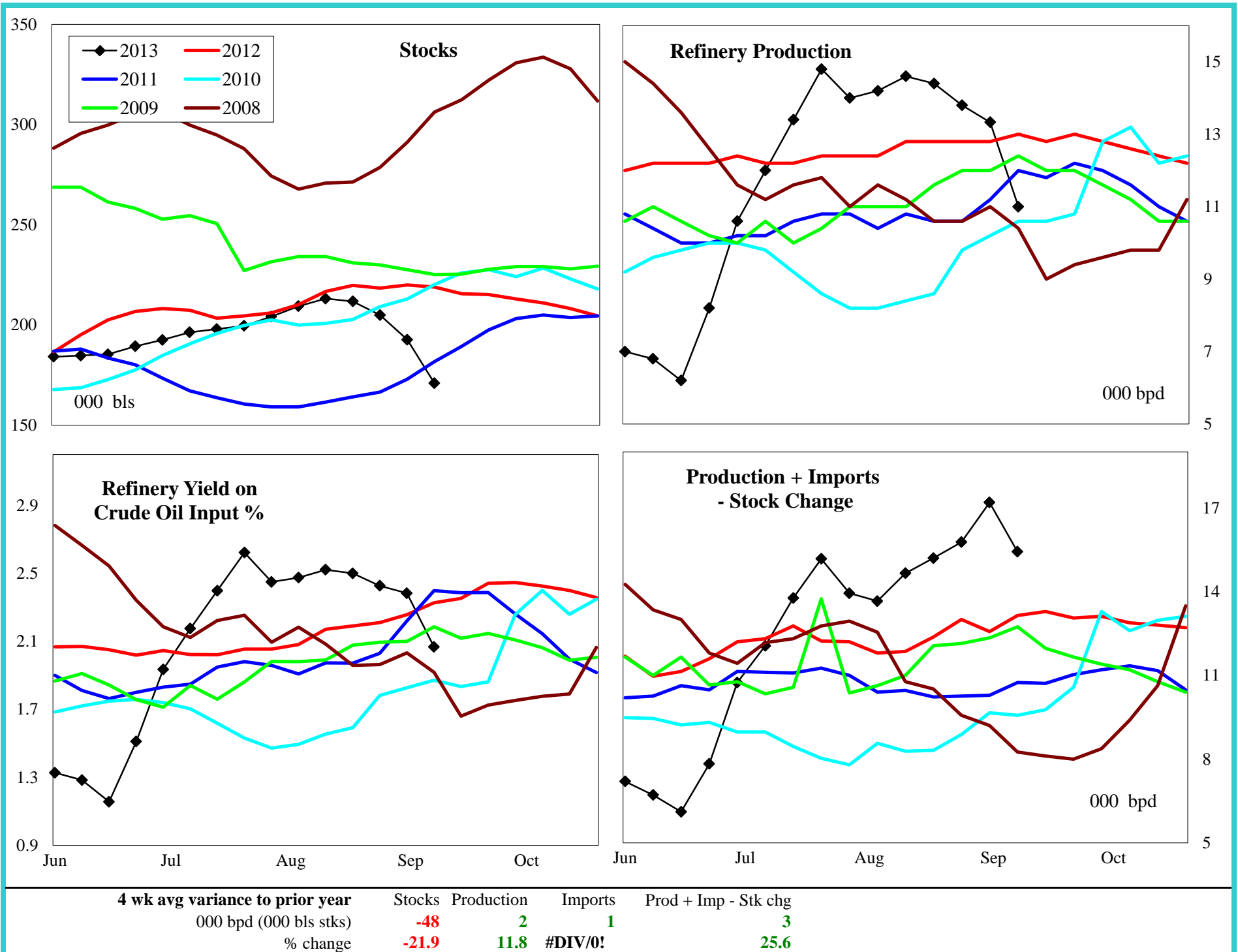
PADD 4 Distillate Supply



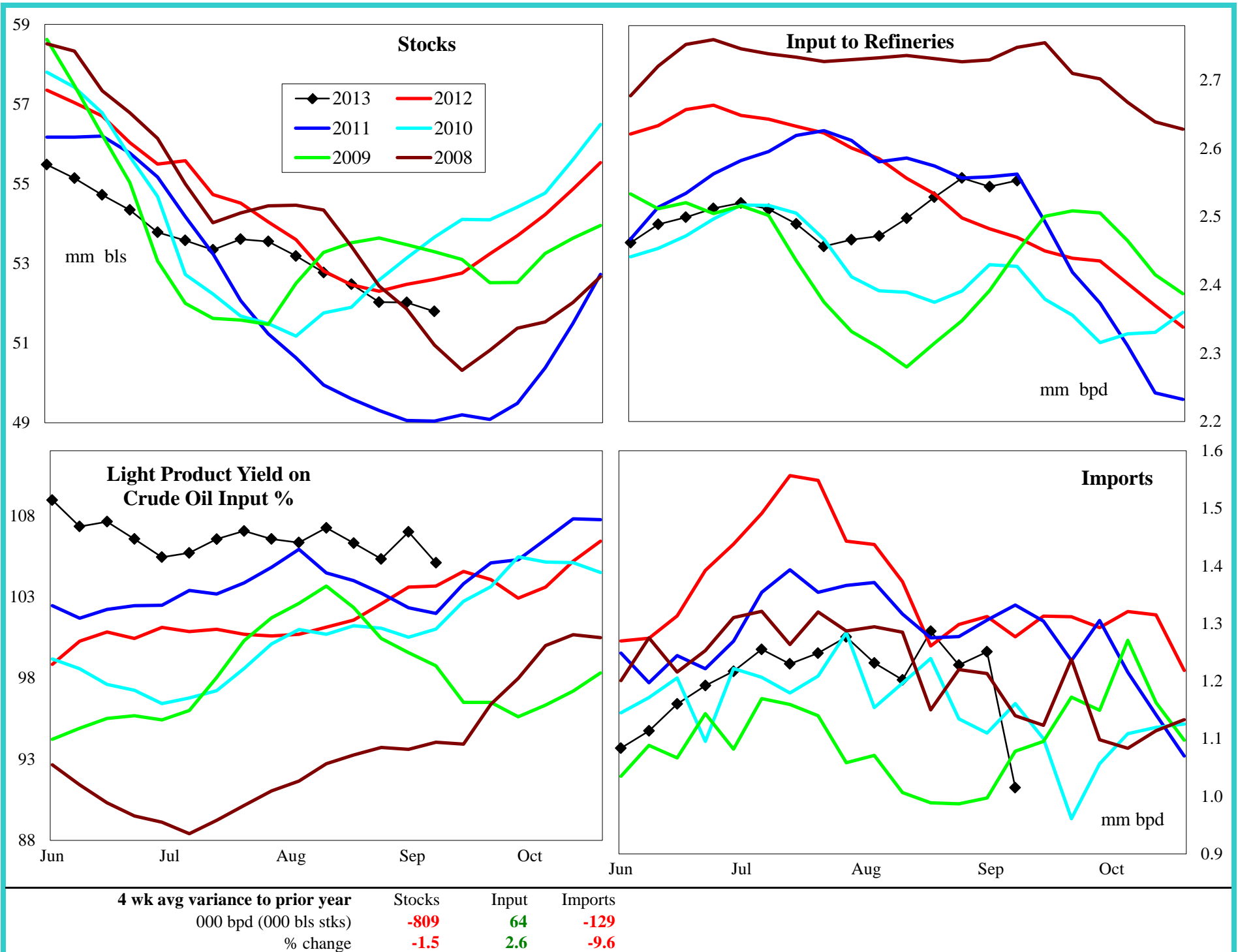
PADD 4 Jet Fuel Supply



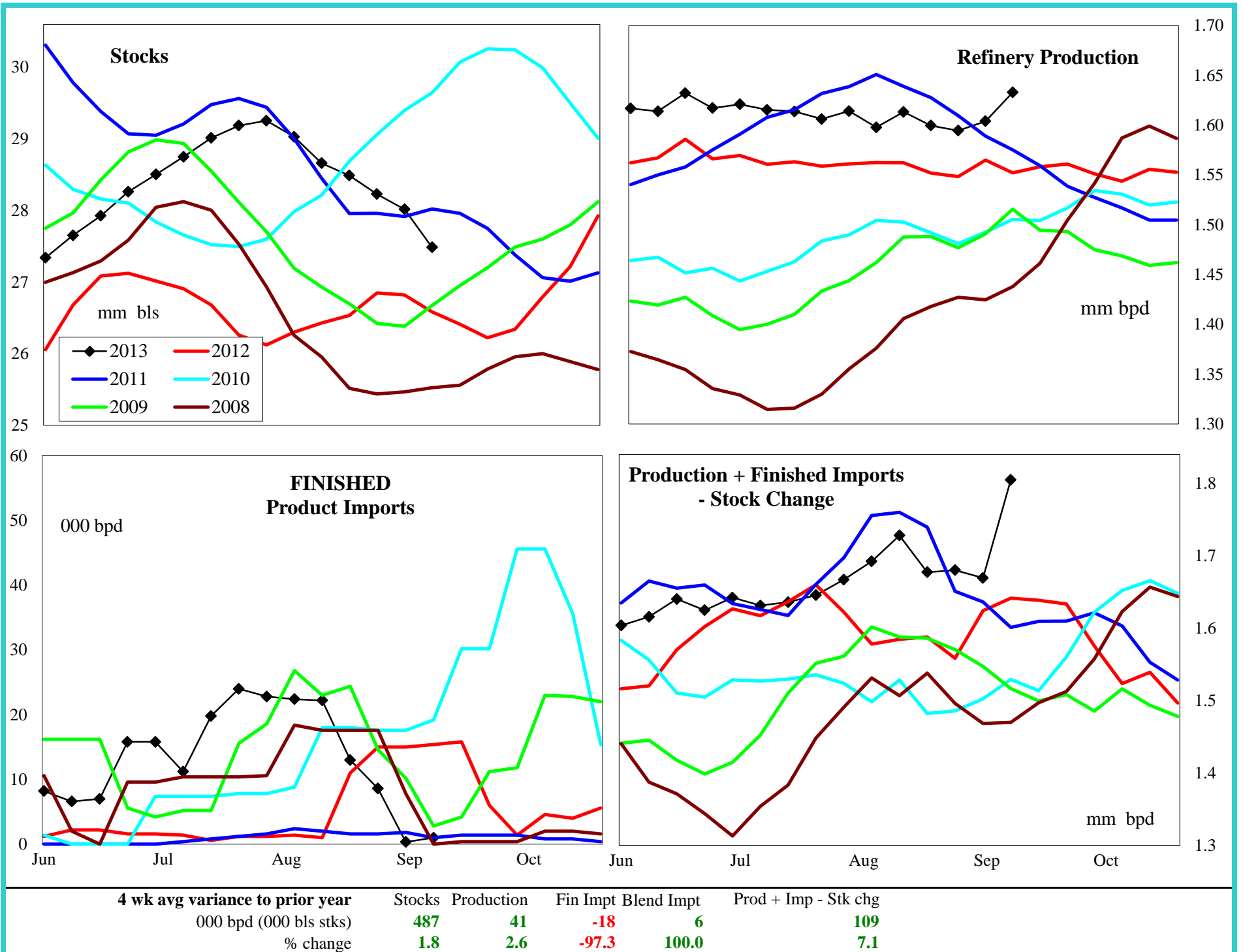
PADD 4 Residual Fuel Oil Supply



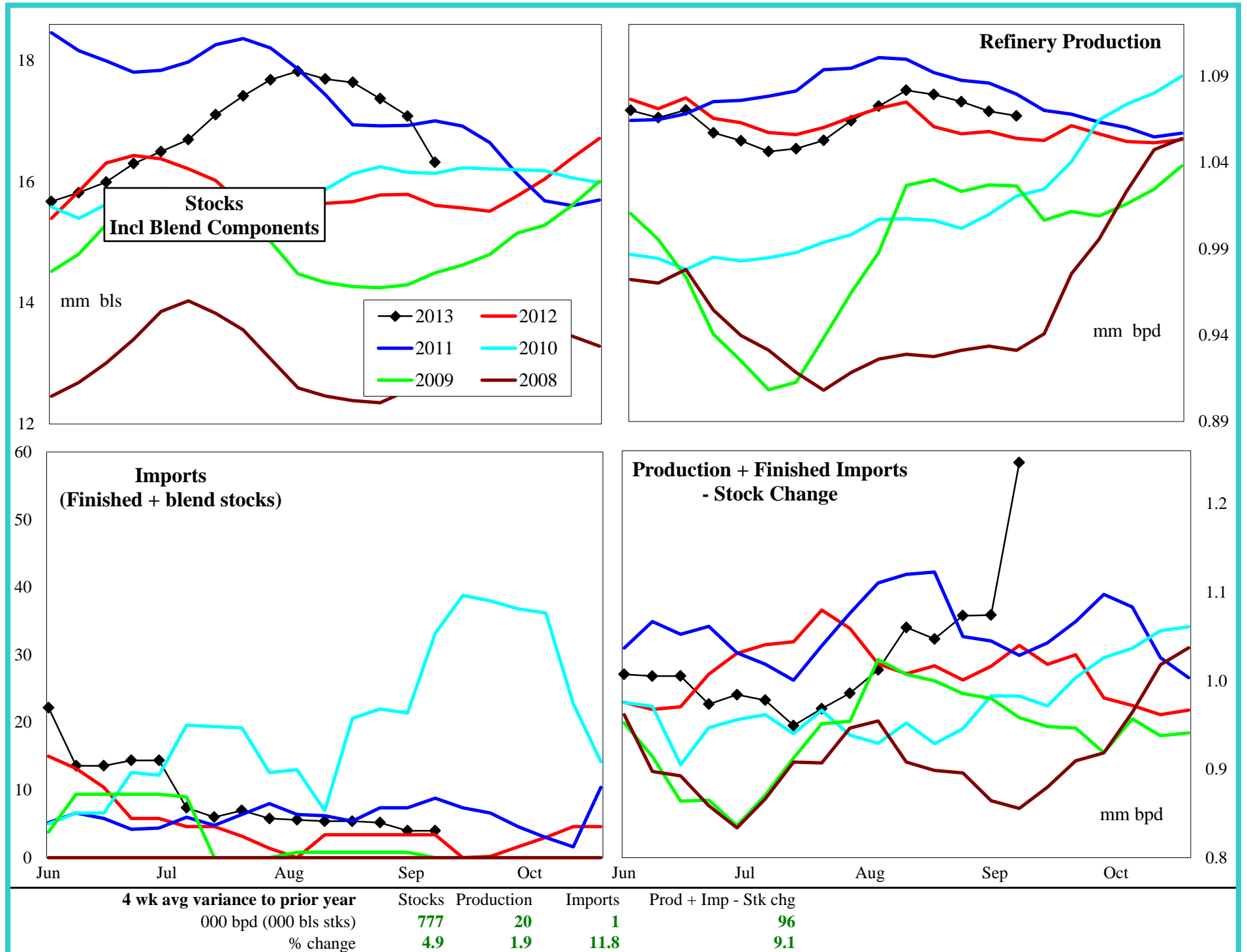
PADD 5 Crude Oil Supply and Refining



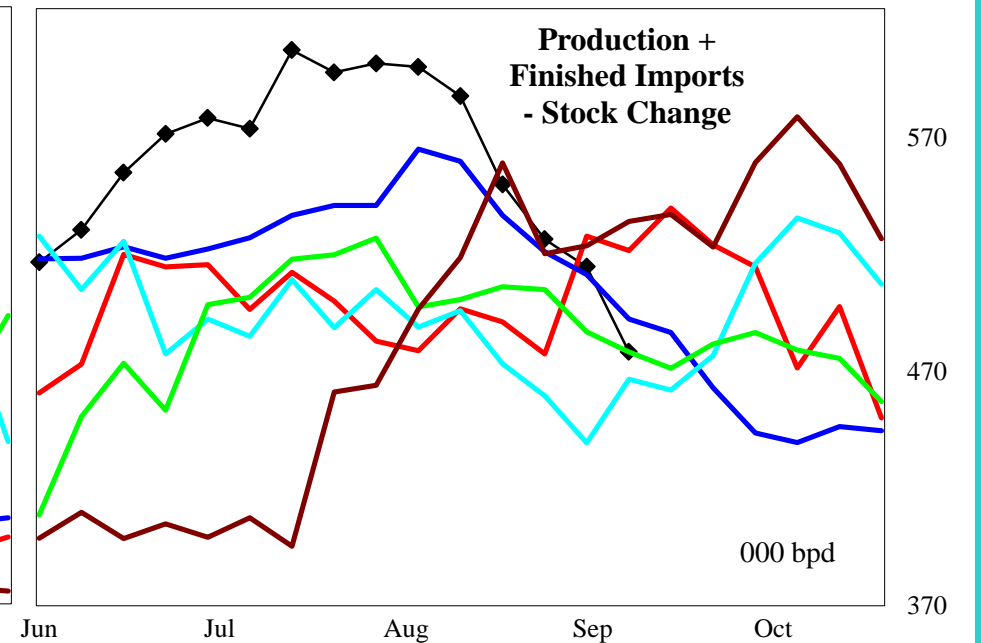
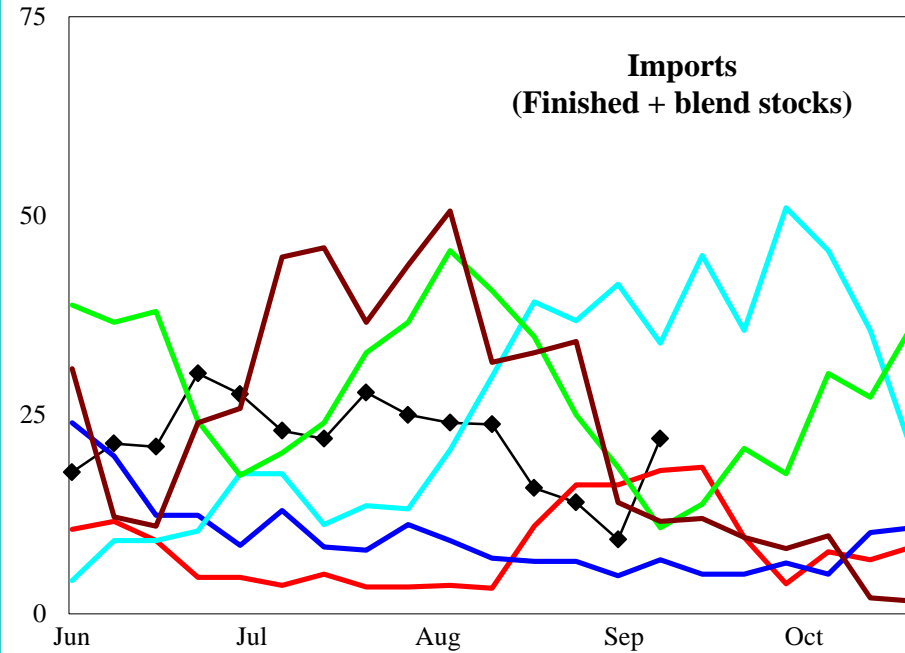
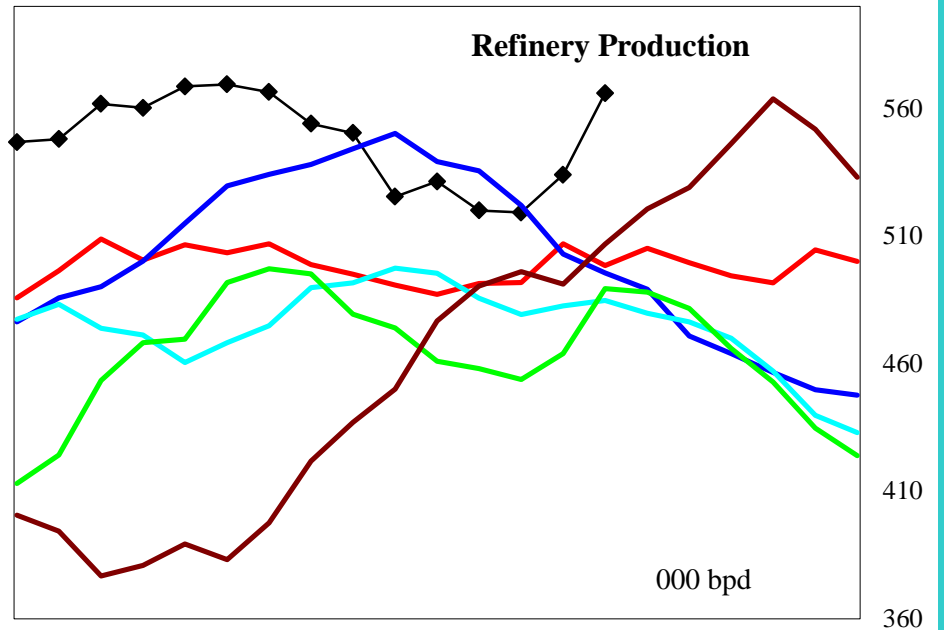
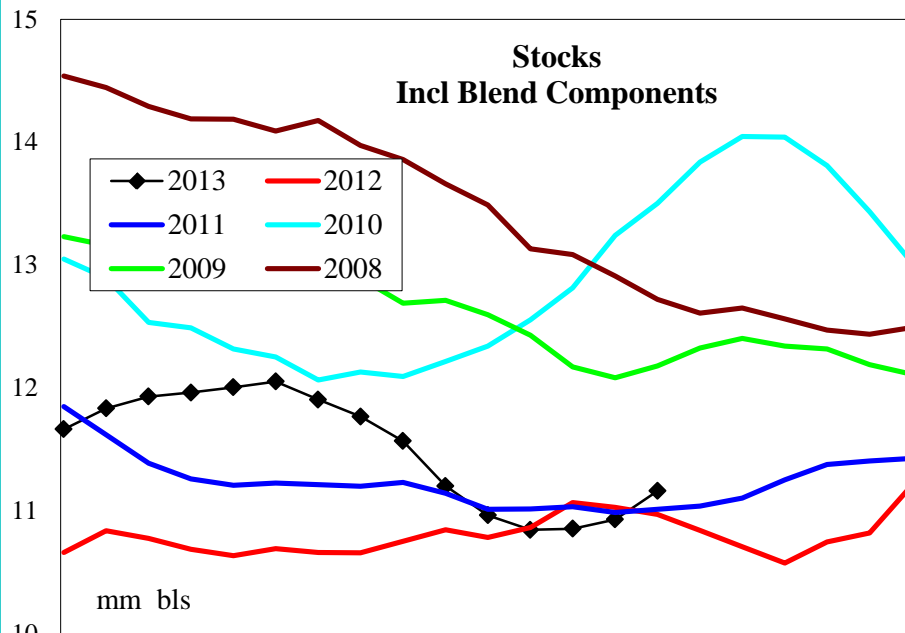
PADD 5 Gasoline Supply



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

-290

21

-13

13

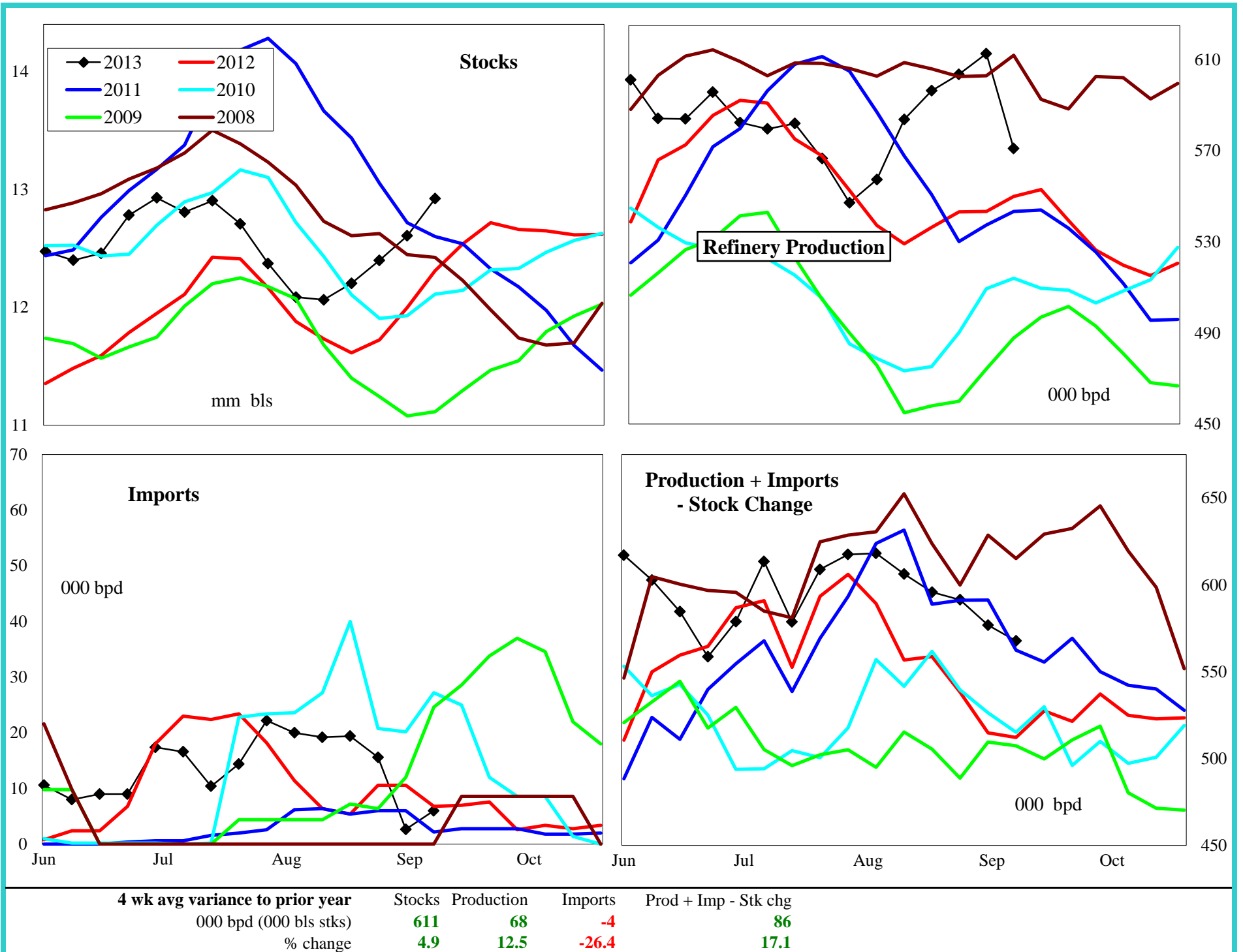
-2.5

4.1

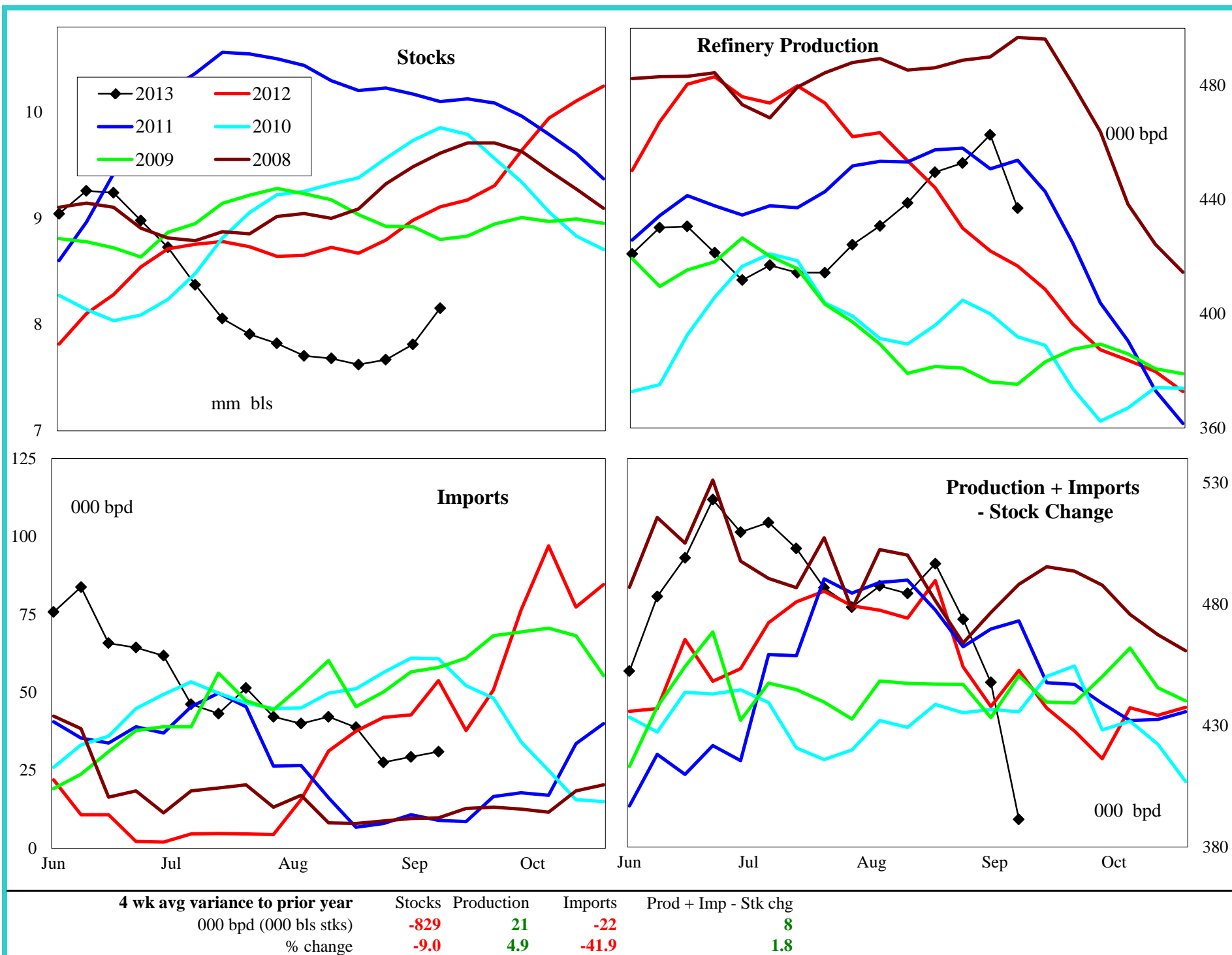
-64.2

2.7

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

