



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

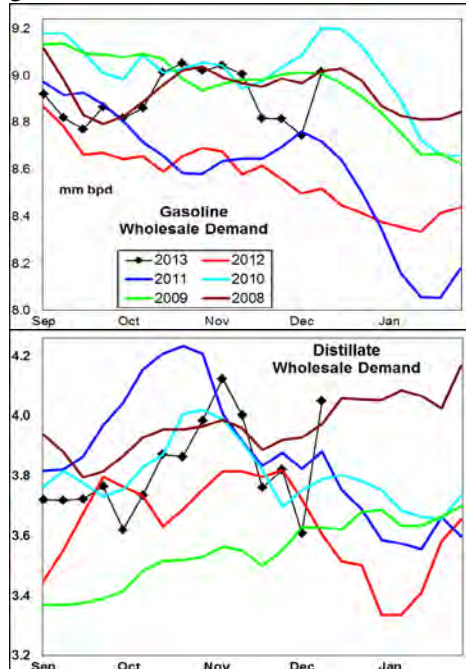
A Fundamental Petroleum Trends Weekly Report

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



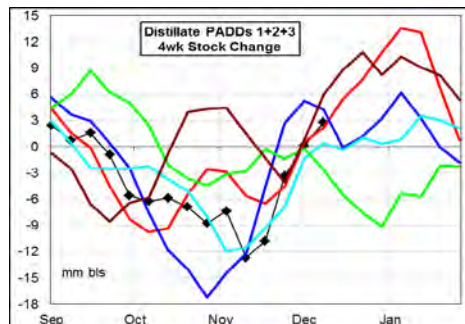
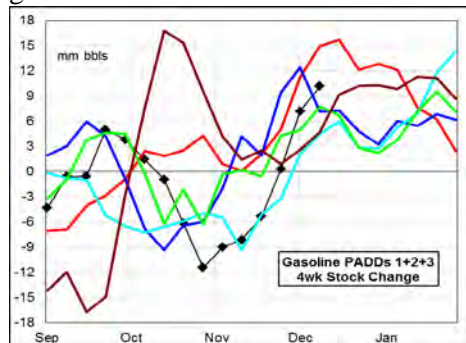
Major Fundamental Trends¹

Improved weather for travel and restocking by the downstream supply chain led to a +1.5 million bpd spike in wholesale demand for combined gasoline and distillate last week.

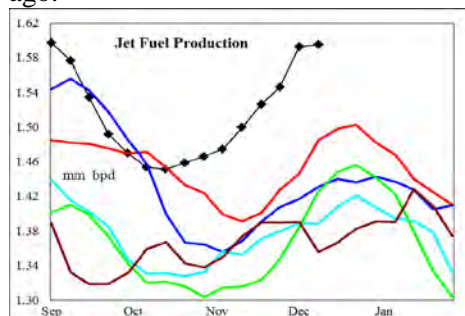


The surge in wholesale demand limited the gasoline stock build to +1.3 million barrels last week. Distillate stocks decreased -2.1 million barrels, due to the jump in wholesale demand and a -0.3 million bpd drop in production.

The 4-wk rate of stock builds is comparable with the last 2-yr for both gasoline and distillate.



Extremely low supplies of jet fuel have led to a surge in refinery production with output up nearly +9% over a year ago.



Demand for gasoline and distillate spiked a combined +1.5 million bpd last week, on improved weather for travel and restocking of the downstream supply chain. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +3.7%; distillate was -0.8% lower; jet fuel was +1.6% higher, and residual decreased -15%.

Stocks forward coverage: Gasoline demand coverage increased on a +1.3 million barrel stock build, partially offset by a surge in demand. Coverage ended the week at a level below the last 2-yr.

Distillate coverage decreased on a -2.1 million barrel stock draw and spike in demand. Coverage ended the week at a level that matched record lows.

Jet fuel coverage increased on a +0.4 million barrel stock build, partially offset by robust demand. Coverage levels remain well below the 5-yr range.

Residual fuel oil coverage remains extremely high on very low demand.

Refinery utilization rates decreased on a -200,000 bpd decrease in crude oil

runs last week. During the latest 4-wk period crude oil input was +0.5 million bpd above a year ago.

Gasoline yield % on crude oil runs jumped on a +329,000 bpd increase in output compared to the -200,000 bpd decline in crude oil runs. Yield % on crude oil runs ended the week at a level near historic lows.

Distillate yield % on crude oil runs fell last week, on a -306,000 bpd drop in output compared to the decrease in crude oil runs. The yield % on crude oil runs fell to a level below the 3-yr mid range.

Jet fuel yield % on crude oil runs increased slightly -24,000 bpd decline in output, compared the larger drop in crude oil runs. The yield % level was above four of the last 5-yr.

Petroleum Imports/Exports: Imports of crude oil jumped +0.9 million bpd last week, reversing the prior week collapse. Imports of middle distillates were higher on the week.

During the latest 4-wk period crude oil *imports* were -0.8 million bpd below last year; distillate imports were -24,000 bpd lower; finished gasoline imports were -14,000 bpd lower, gasoline blend stock imports were +156,000 bpd higher; jet fuel imports increased +25,000 bpd, while residual fuel oil imports were -144,000 bpd lower.

The latest weekly *export* estimate saw a +25,000 bpd increase in gasoline, a +368,000 bpd jump in distillate and +28,000 bpd rise in jet fuel compared to a year ago.

Crude Oil stocks fell -2.9 million barrels last week, on high seasonal refinery thru put. Crude oil imports reversed last week's collapse, increasing +0.9 million bpd. Stocks decreased -0.6 million barrels in Cushing OK. The purchase of line fill for the Keystone South Pipeline should lead to tightening of Midwest supplies in the near term; followed by a return to excess supplies in the Gulf region.

¹ Source is latest EIA Weekly Statistics



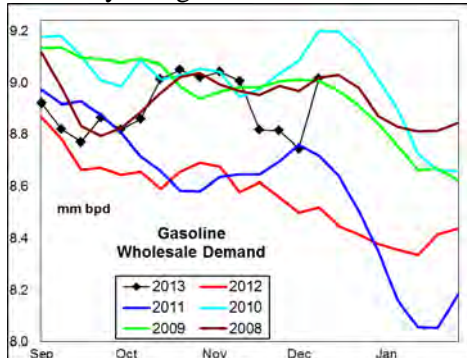
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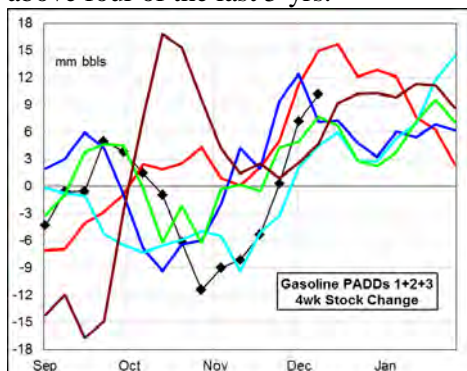
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Product Supply-Demand Trends

Gasoline wholesale demand rebounded +0.7 million bpd last week on improved weather for travel. The latest 4-wk average demand was +315,000 bpd above a year ago. Supply increased +257,000 bpd on higher production. Supply for the latest 4-wk period was +228,000 bpd above a year ago.



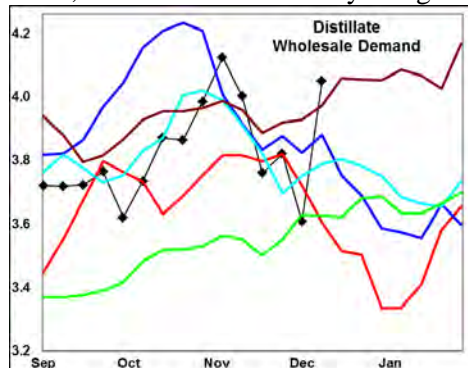
Stocks increased +1.3 million barrels last week, to a level above the 5-yr range. The latest 4-wk stock change in markets East of the Rockies was a +10.1 million barrel build, a build above four of the last 5-yrs.



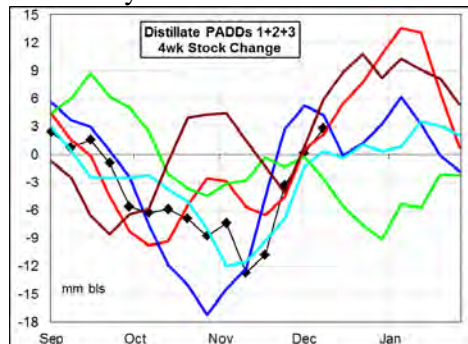
Look for the seasonal downtrend in demand to begin in the near term. Widespread stock builds should continue during the next 60-days, maintaining very well supplied markets in most regions.

Distillate wholesale demand rebounded last week, rising +0.8 million bpd last week to a level above the 5-yr range. Exceptionally cold temperatures across all major heating markets underlies the spike in demand, as well as a rebound in exports. The latest 4-wk average demand was -32,000 bpd below last year. Supply fell -165,000 bpd last

week on sharply lower production. The latest 4-wk average supply was +301,000 bpd above last year. Stocks decreased -2.1 million barrels on the week, to a level below the 5-yr range.



The latest 4-wk stock change in markets East of the Rockies was a +2.8 million barrel build, a draw equal to the last 2-yrs.



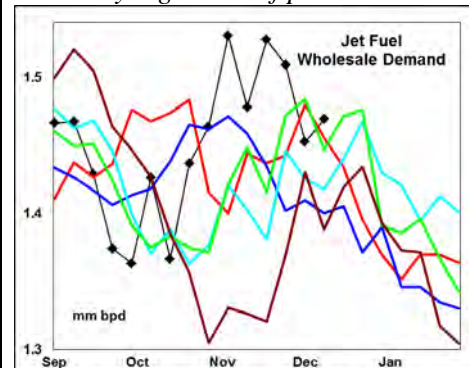
Look for production begin a seasonal decline over the next 30-days as gulf refiners begin winter maintenance. Lower seasonal demand should offset the decline in output. Strong exports should limit seasonal stock builds to less than the 5-yr average.

Jet Fuel wholesale demand decreased -11,000 bpd last week to a level that matched historic highs for the period. The latest 4-wk average demand was +23,000 bpd above a year ago.

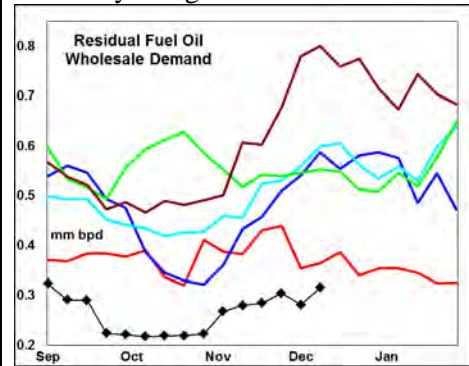
Supplies increased +14,000 bpd on the week, driven by record production. Production was +128,000 bpd above last year. Supply for the latest 4-wk period was +153,000 bpd above a year ago. Stocks increased +0.4 million barrels last week, to a level -6% below a year ago, and below the 5-yr range.

A record level of production and

higher imports should lead to improvement in stock levels. Risk of a widespread supply squeeze during the holiday travel season is reduced by the extremely high level of production.



Residual fuel oil demand increased +60,000 bpd last week. Demand for the latest 4-wk period was -48,000 bpd below a year ago.



Supply (production + imports) increased +112,000 bpd on higher imports. Production was +36,000 bpd above a year ago for the latest 4-wk period. Stock levels ended the week -5% below last year and below the historic range.

Production was at a level above the 5-yr range in the Midwest and Rockies as refiners increased throughput of heavy crude oil grades. Gulf coast stock levels ended the week below the last 3-yrs, the result of very low production during the last quarter.



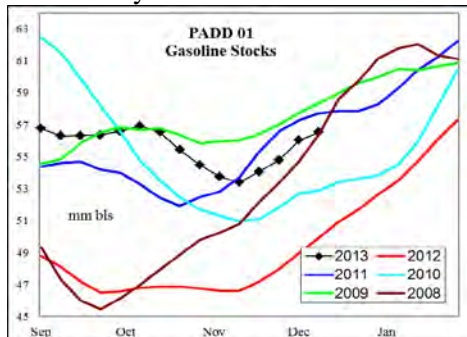
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PADD Supply Trends

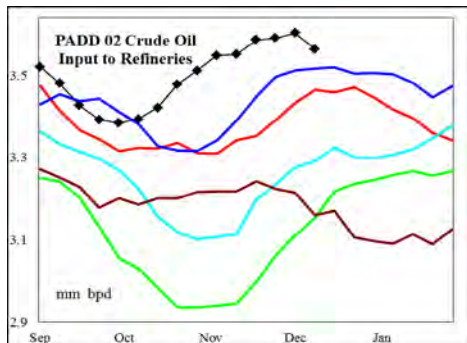
PADD 1 refinery crude oil runs declined -78,000 bpd last week; with the latest 4-wk average +79,000 bpd above last year.



Gasoline supply decreased -69,000 bpd on the week, with the level +18,000 bpd above last year. Stocks declined -0.8 million barrels, a level near 3-yr highs for the week.

Distillate supply increased +157,000 bpd last week, on higher production and imports. Stocks declined -1.2 million barrels on the week, to a level below the 5-yr range.

Jet fuel stocks decreased -0.5 million barrels last week.



PADD 2 crude oil refinery runs fell -130,000 bpd last week, with the latest 4-wk average +186,000 bpd above last year. Crude oil stocks decreased -0.3 million barrels last week. Stocks decreased -0.6 million barrels in Cushing OK.

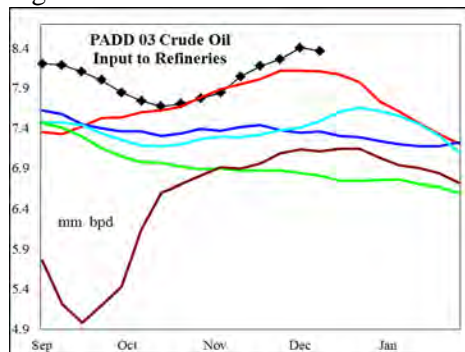
Gasoline production decreased -27,000 bpd last week with the level well above the historic range. Production for the most recent 4-wk period was +320,000 bpd above a year ago – driven by the EIA recording sub octane product shipped into the Midwest as finished product

production when blended with ethanol. Stocks increased +1.3 million barrels on the week, to a level which matched the 3-yr mid range.

Distillate supply decreased -24,000 bpd last week, with the 4-wk average +108,000 bpd above last year. Stocks decreased -0.1 million barrels to a level which matched historic lows.

Jet fuel production decreased -15,000 bpd to a level which matched 5-yr highs. Stocks increased +0.6 million barrels to match historic lows.

PADD 3 refinery runs increased +0.1 million bpd last week, a level above the 5-yr range. During the latest 4-wk period, average runs were +159,000 bpd above last year. Crude oil stocks decreased -3 million barrels last week. Imports jumped +0.6 million bpd last week, limiting stock draws on season high runs.



Gasoline supply decreased -9,000 bpd last week, with the latest 4-wk average -40,000 bpd below a year ago. Stocks increased +1.4 million barrels last week.

Distillate supply fell -185,000 bpd on the week, with the latest 4-wk average supply +218,000 bpd above last year. Stocks decreased -0.4 million barrels last week, to a level +8% above last year.

Jet fuel production fell -60,000 bpd on the week, with the level equal to the 5-yr highs. Stocks decreased -0.2 million barrels on the week to a level -3% below a year ago.

Residual fuel supply increased +14,000 bpd on higher production. Stocks levels remain slightly below each of the last 3-yr.

PADD 4 refinery crude runs increased

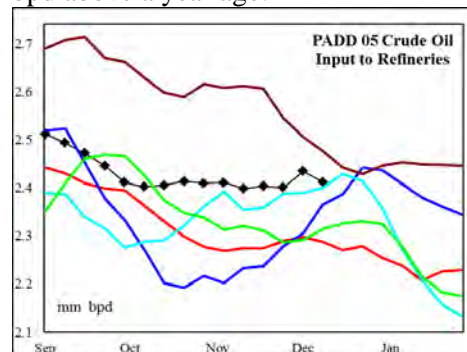
+3,000 bpd last week, a level comparable to the average of the last 2-yr. Crude oil stock levels were +10% above the previous record high, while imports spiked after the prior week shortfall.

Gasoline production fell -46,000 bpd on the week, to a level near the mid range. Stocks decreased -0.4 million barrels, with the level still above the 5-yr range.

Distillate production decreased -24,000 bpd on the week, to a level near 5-yr lows. Stocks increased +0.1 million barrels to a level near historic highs.

Jet fuel production was near the 3-yr mid range while stock levels fell below the historic range.


PADD 5 crude oil refinery runs decreased -72,000 bpd last week to a level near 3-yr highs for the period. The latest 4-wk run rate was +118,000 bpd above a year ago.



Gasoline supply increased +23,000 bpd on the week with production still above the 5-yr range for the period. The latest 4-wk average supply was +33,000 bpd above a year ago. Stocks decreased -0.2 million barrels last week, to a level above the 3-yr mid range.

Distillate supply fell -88,000 bpd, to a level below the last 3-yr. The latest 4-wk average supply was +16,000 bpd above last year. Stocks declined -0.4 million barrels last week, to a level which matched the 3-yr lows.

Jet fuel supply increased +56,000 bpd last week. Stocks increased +0.7 million barrels to a level that matched 5-yr lows.


**FUNDAMENTAL
PETROLEUM TRENDS**

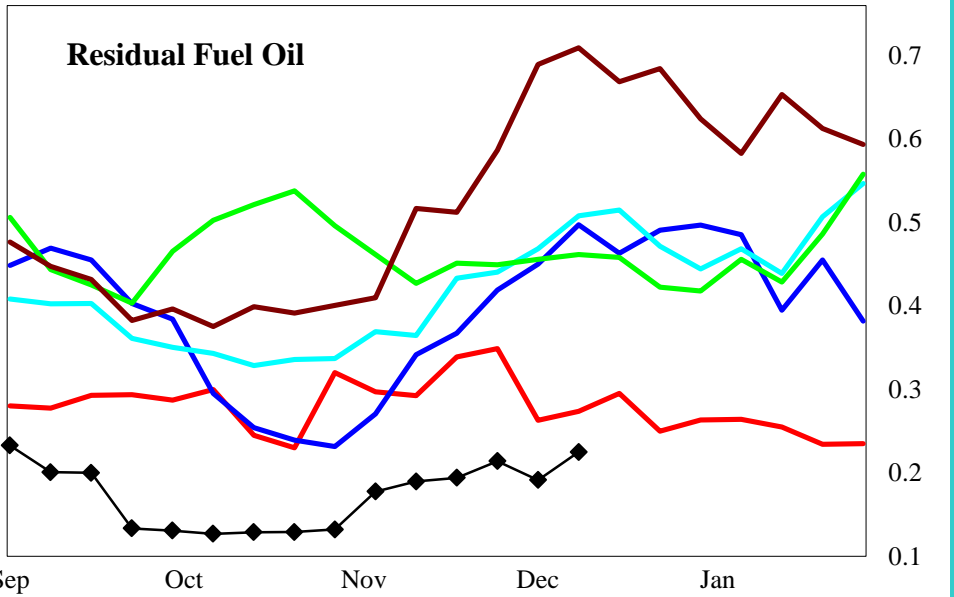
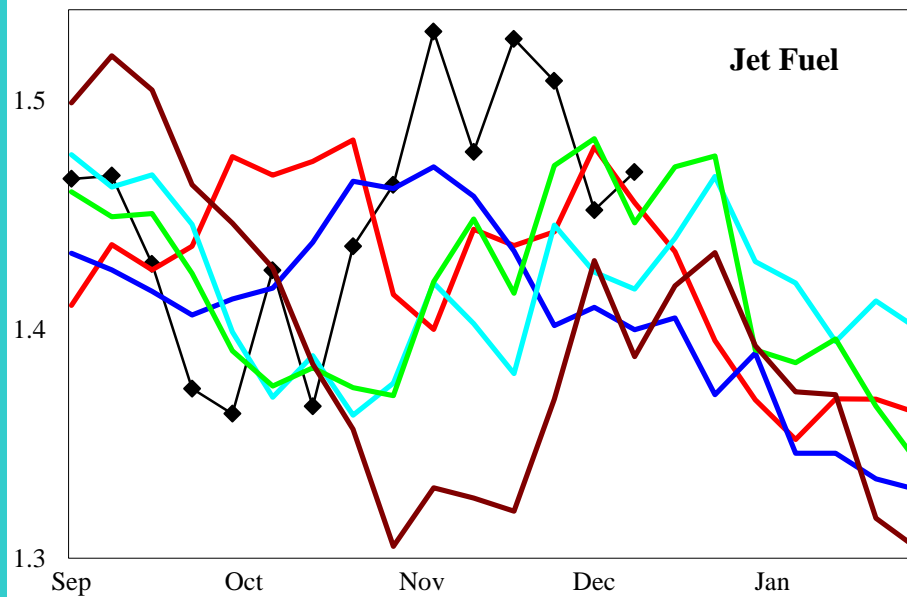
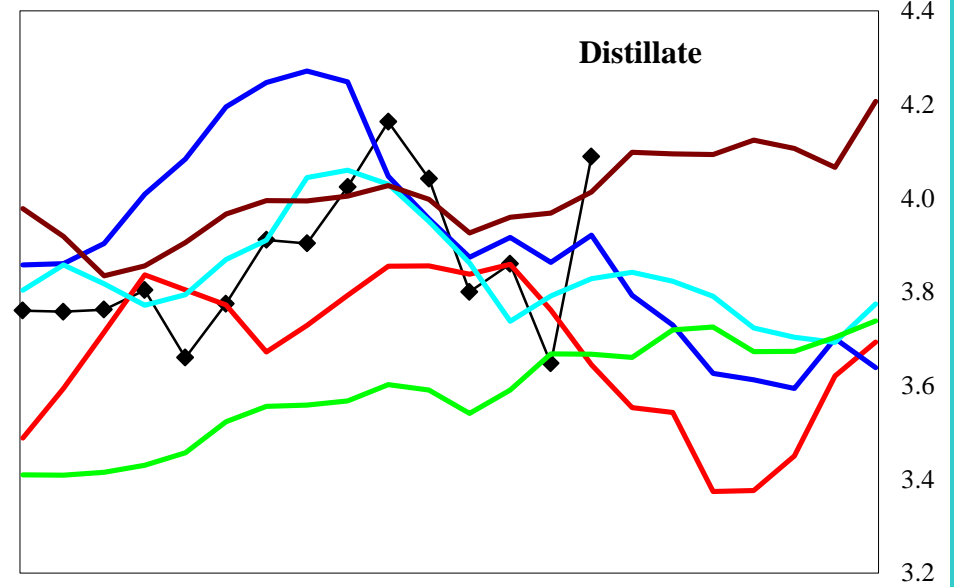
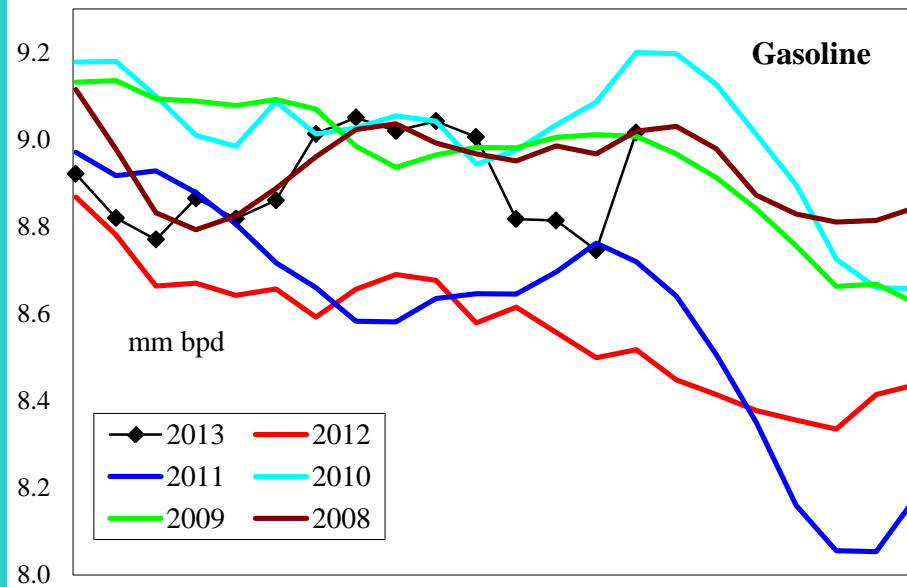
PETROLEUM: Graph Link and Weekly Summary

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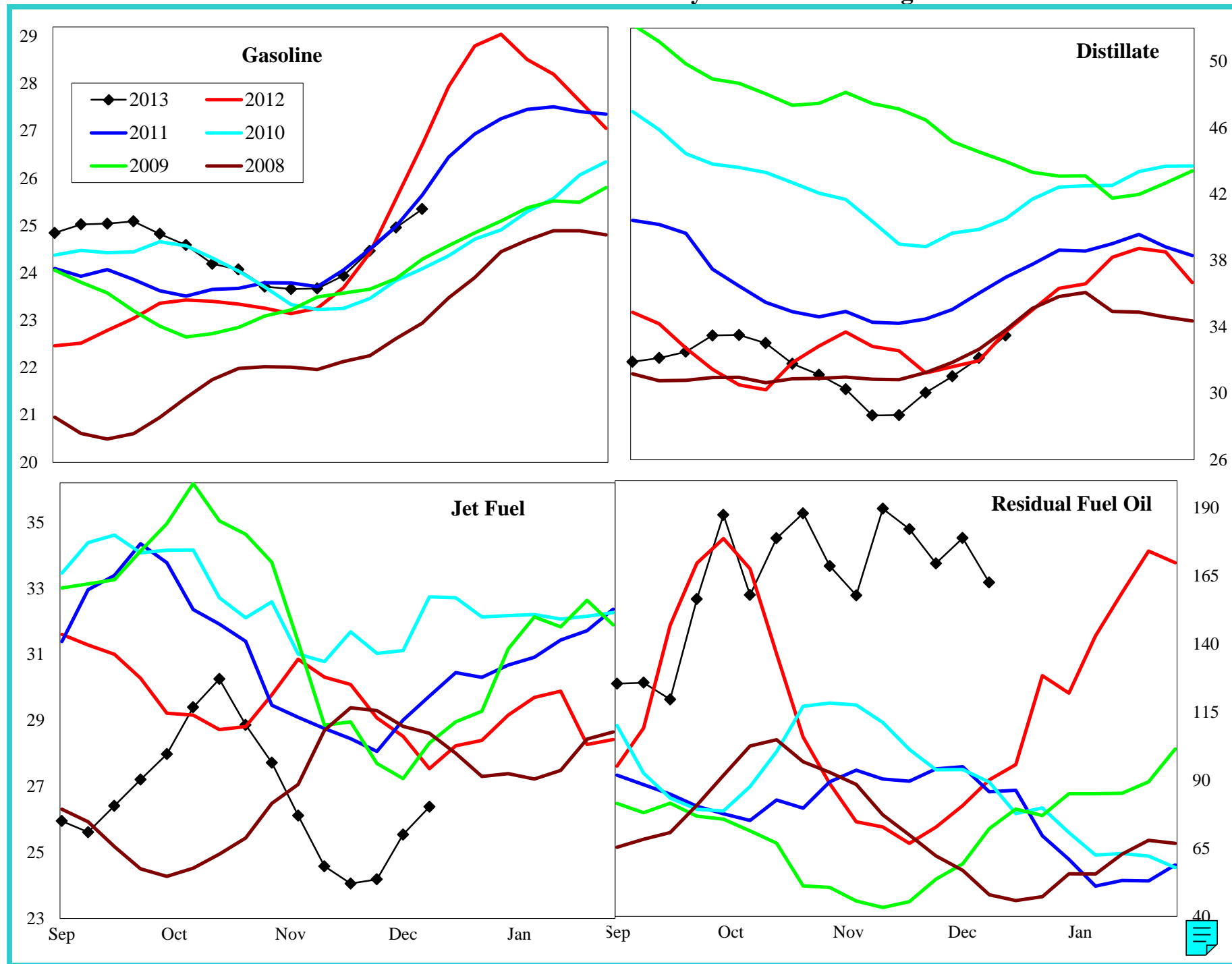
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %			Imports	
Supply/Demand Trends	13-Dec-13 000 bpd stocks 000 bls	EIA-DOE CHANGE FROM PRIOR WEEK					
		U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-2,941	-177	-277	-3,048	-86	647
	Imports	870	-42	64	596	167	84
	Input	-200	-78	-130	77	3	-72
	% Utilization	-1.10					
Gasoline	Stocks	1,337	-775	1,320	1,374	-358	-224
	Production	329	32	-27	-23	-46	12
	Imports	-72	-101	4	14	0	11
	Supplied	668					
Distillate	Stocks	-2,110	-1,235	-85	-418	56	-428
	Production	-306	12	-25	-185	-24	-83
	Imports	141	145	1	0	0	-5
	Supplied	785					
Jet Fuel	Stocks	439	-544	557	-208	-72	708
	Production	-24	-1	-15	-60	-1	55
	Imports	38	37	0	0	0	1
	Supplied	-11					
Residual Fuel Oil	Stocks	385	-217	49	333	4	216
	Production	6	-3	10	7	-1	-7
	Imports	106	59	-1	6	0	42
	Supplied	60					

United States Wholesale Petroleum Demand

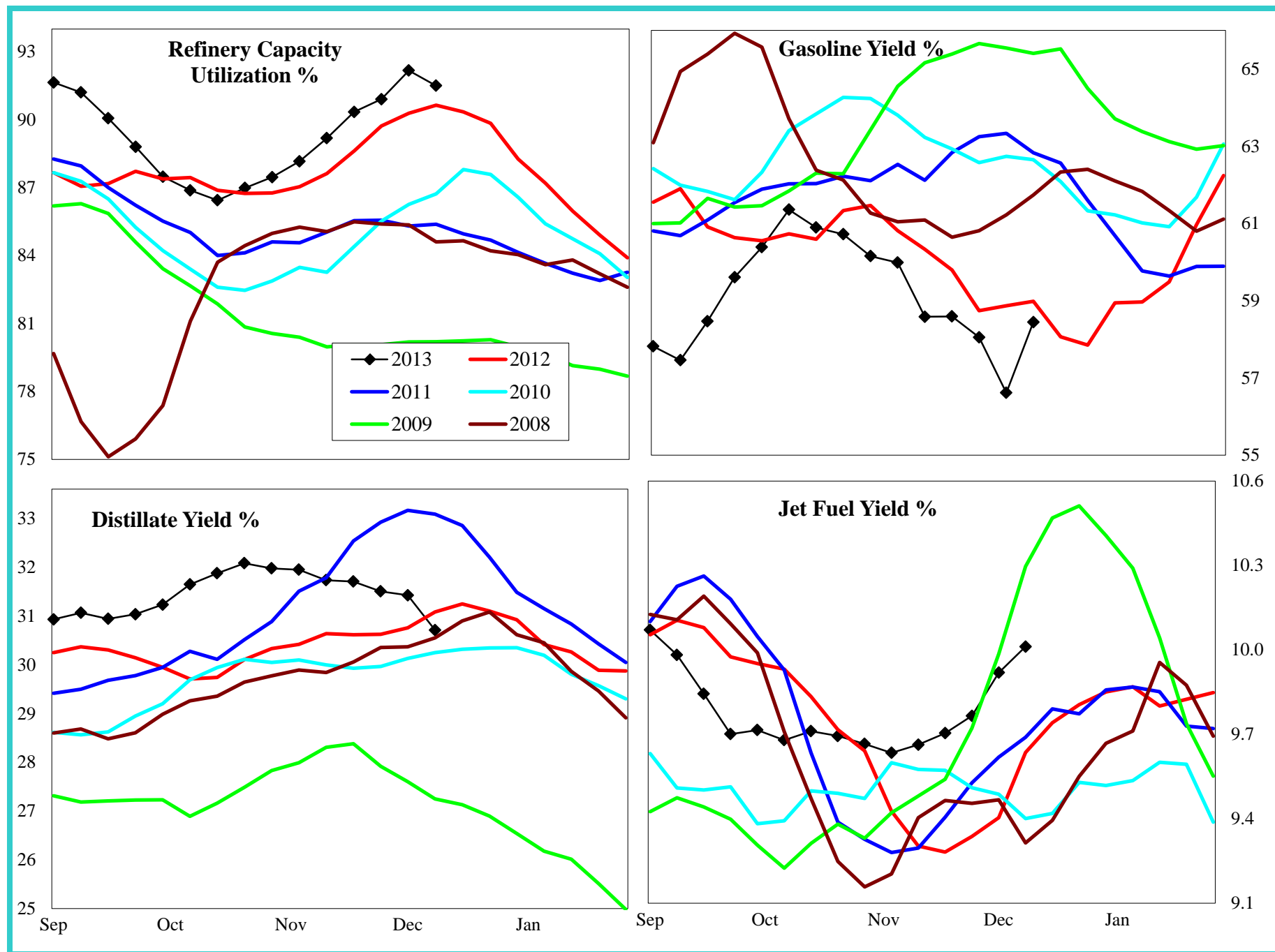


	000 bpd change from prior year				% change from prior year			
	4wk avg	Nov	Jan	Sep	4wk avg	Nov	Oct	Sep
Gasoline	315	396	355	343	3.7	4.6	4.1	4.0
Distillate	-32	22	94	32	-0.8	0.6	2.4	0.9
Jet Fuel	23	132	64	40	1.6	9.4	4.8	2.9
Resid	-48	-53	-109	47	-14.9	-18.0	-39.1	15.6

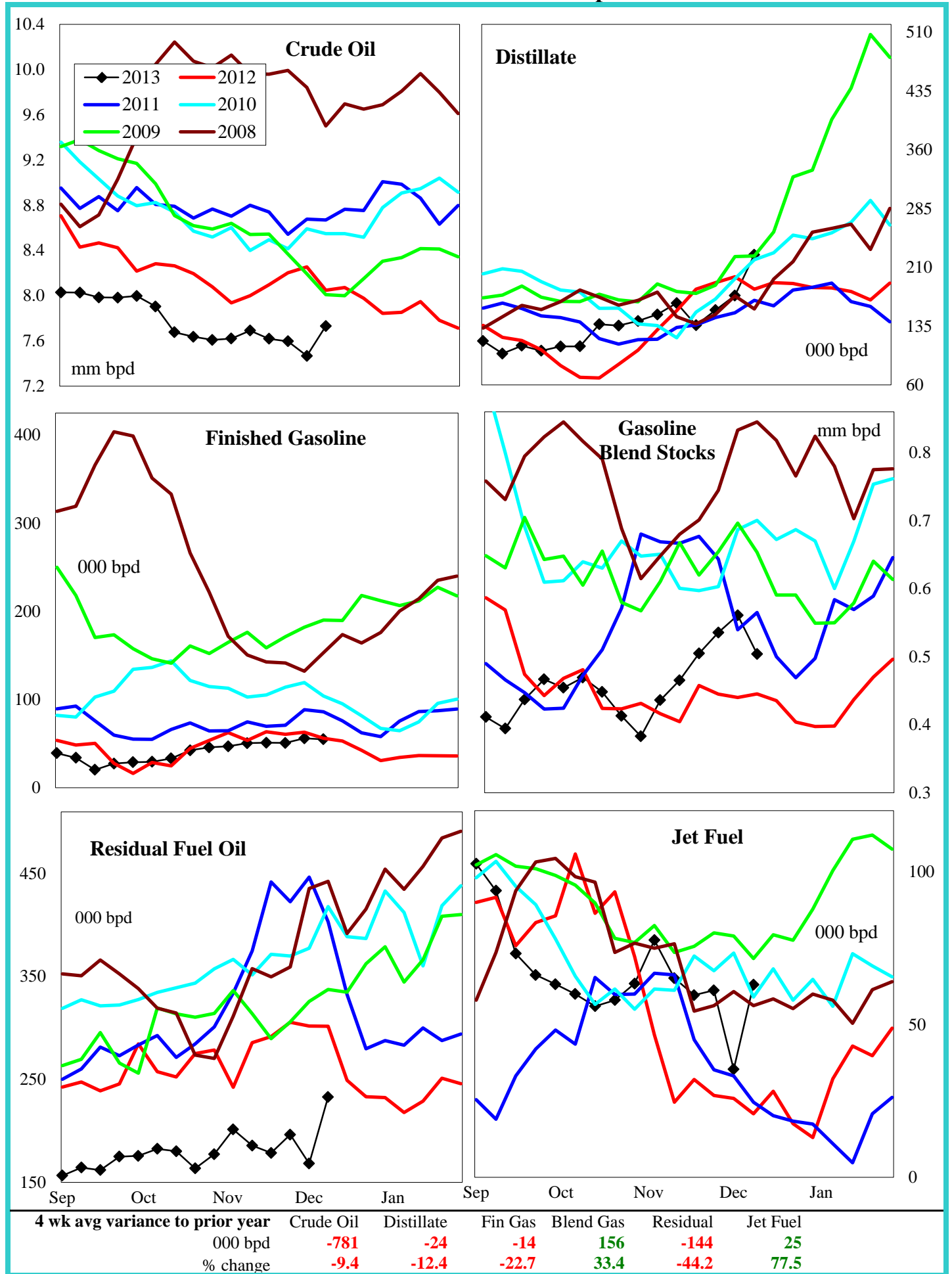


United States Product Stocks: Days Forward Coverage

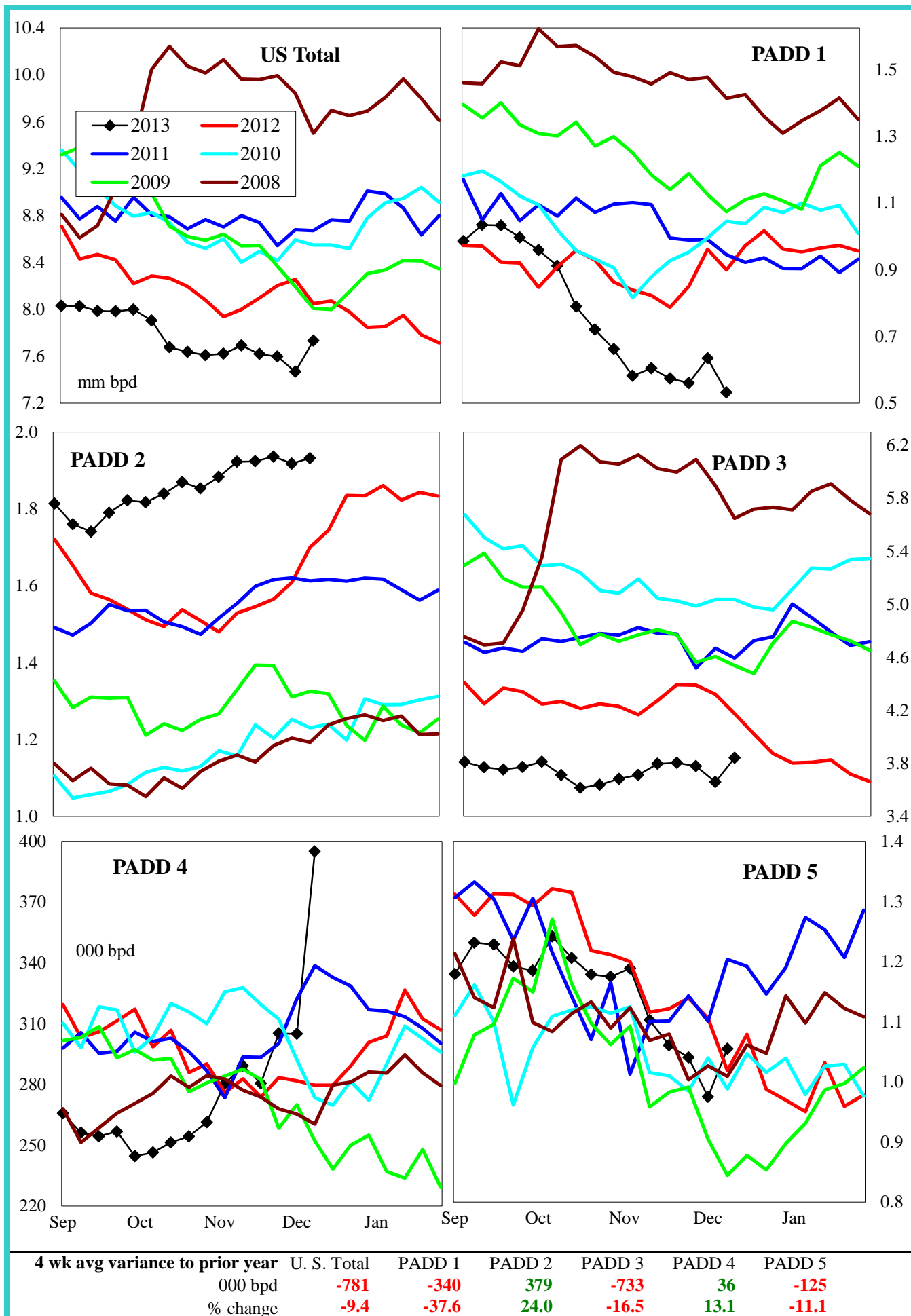
United States Refinery Percent Utilization Rate and Product Yields



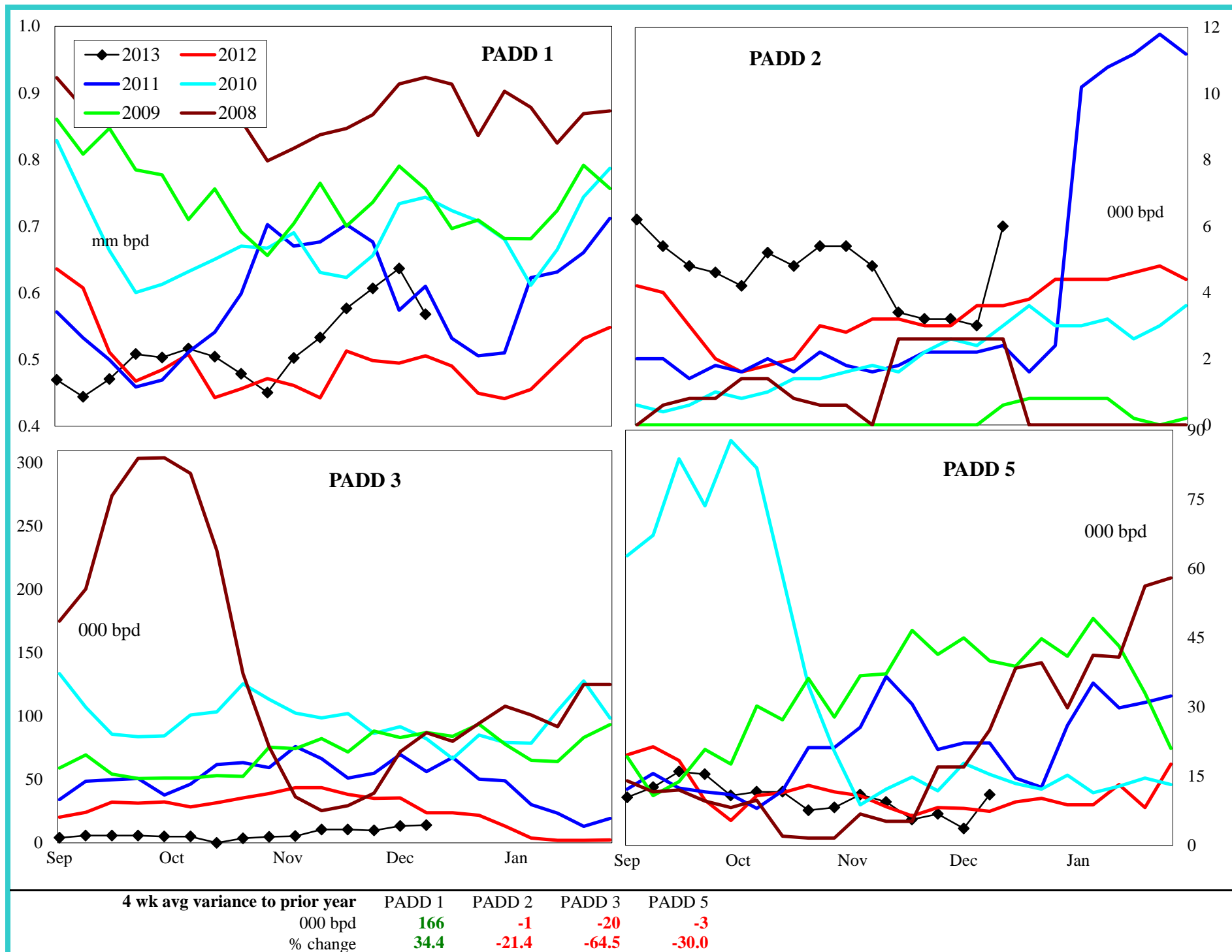
United States Petroleum Imports



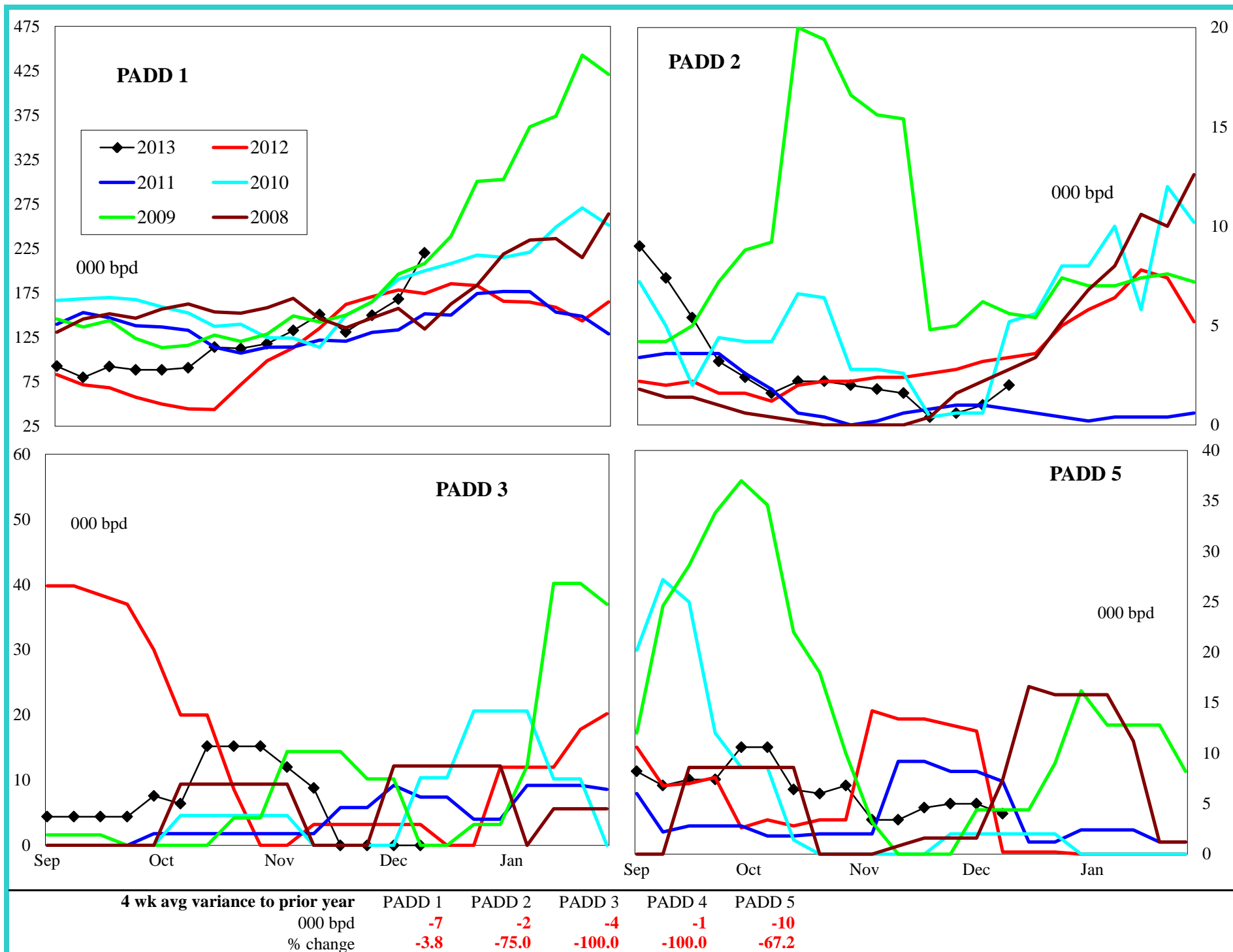
Crude Oil Imports by PADD



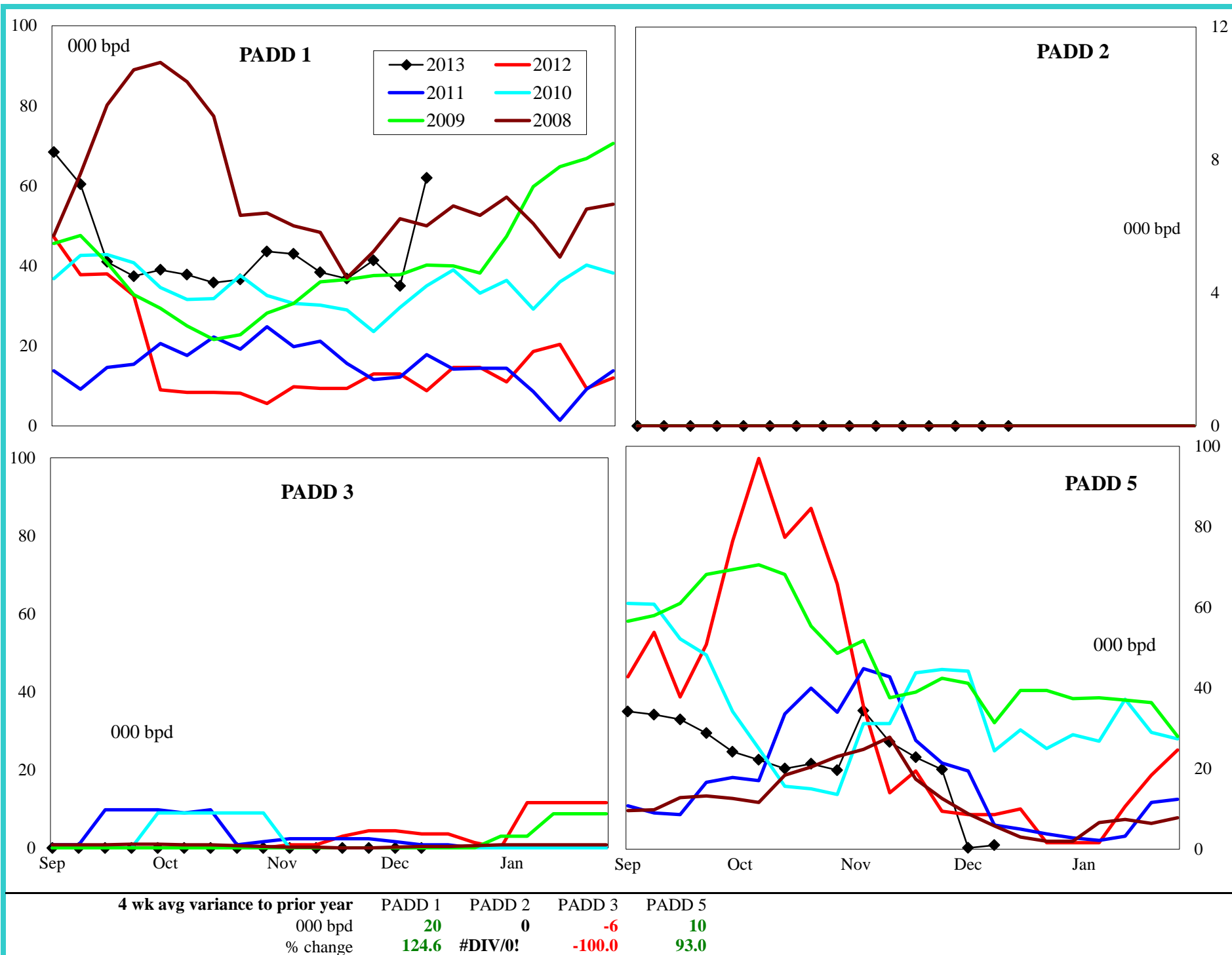
Gasoline Imports by PADD (Finished + Blend Stocks)



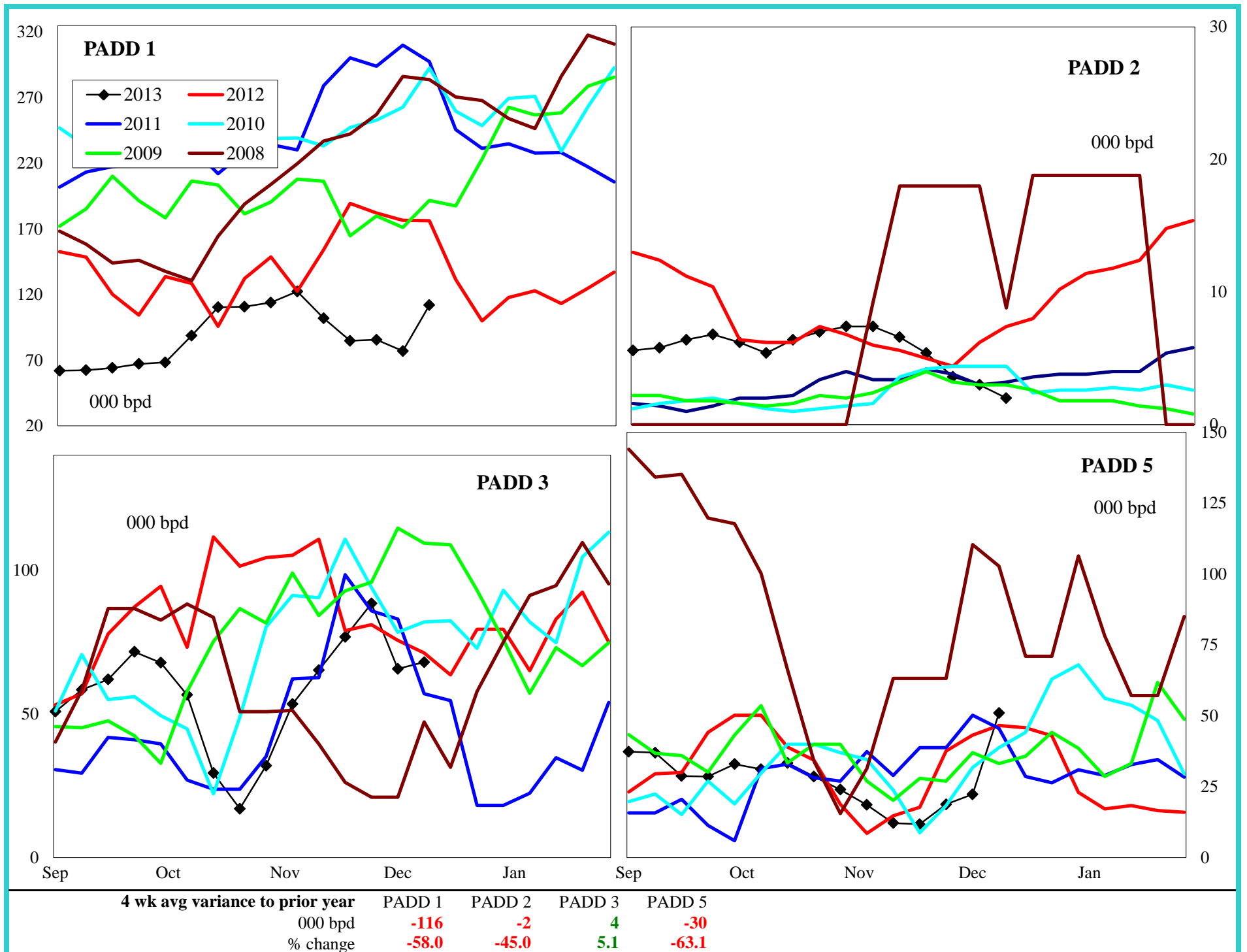
Distillate Imports by PADD



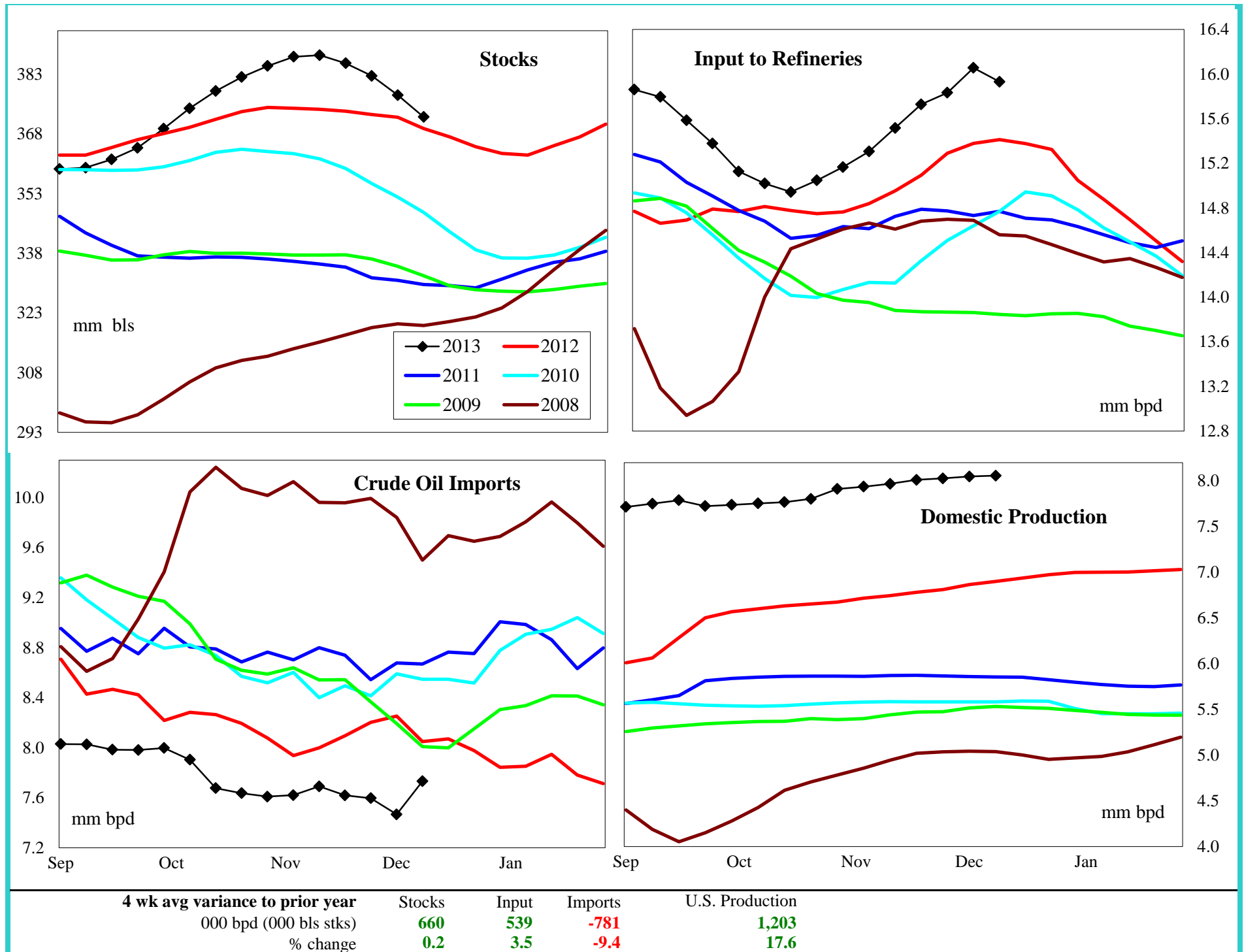
Jet Fuel Imports by PADD



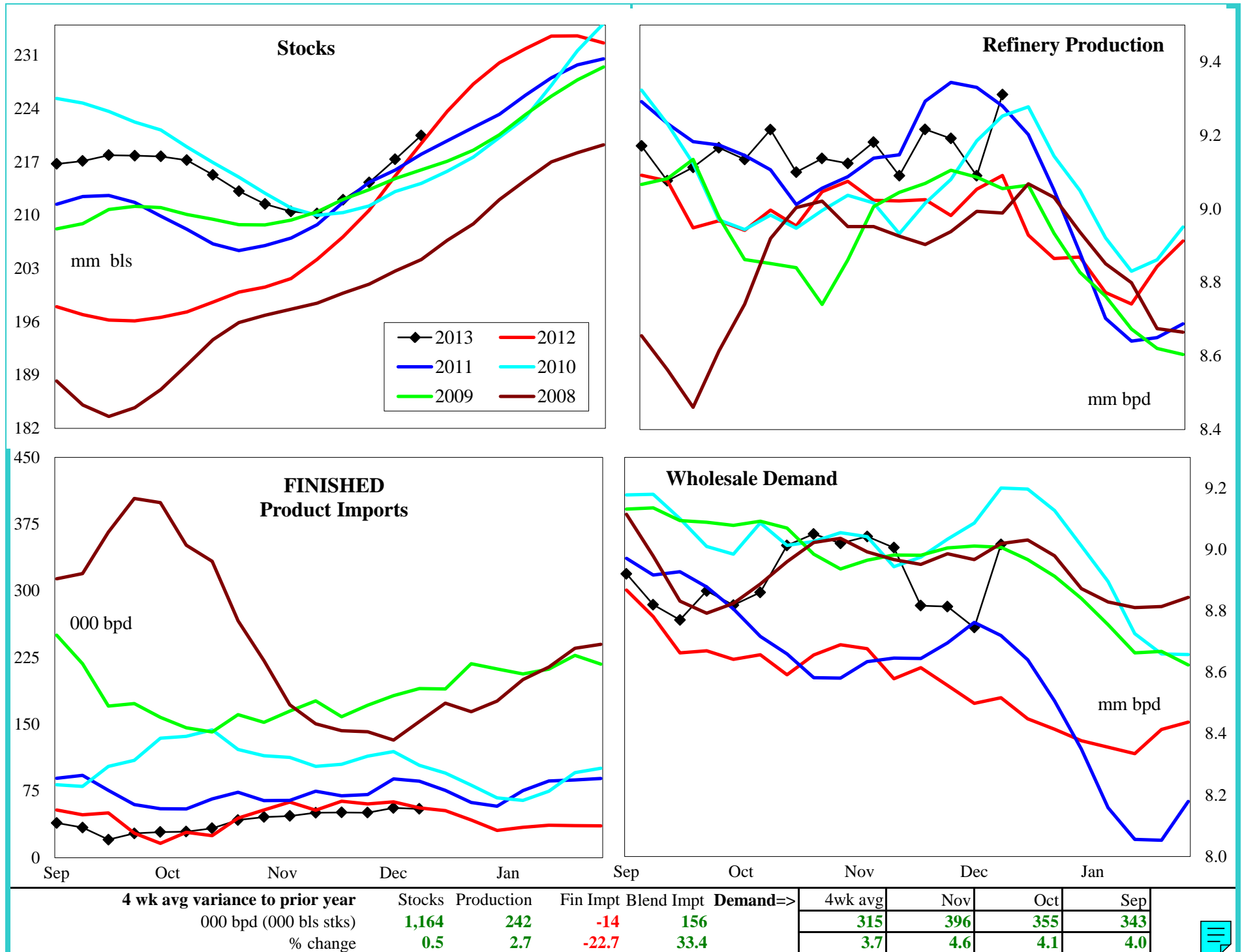
Residual Fuel Oil Imports by PADD



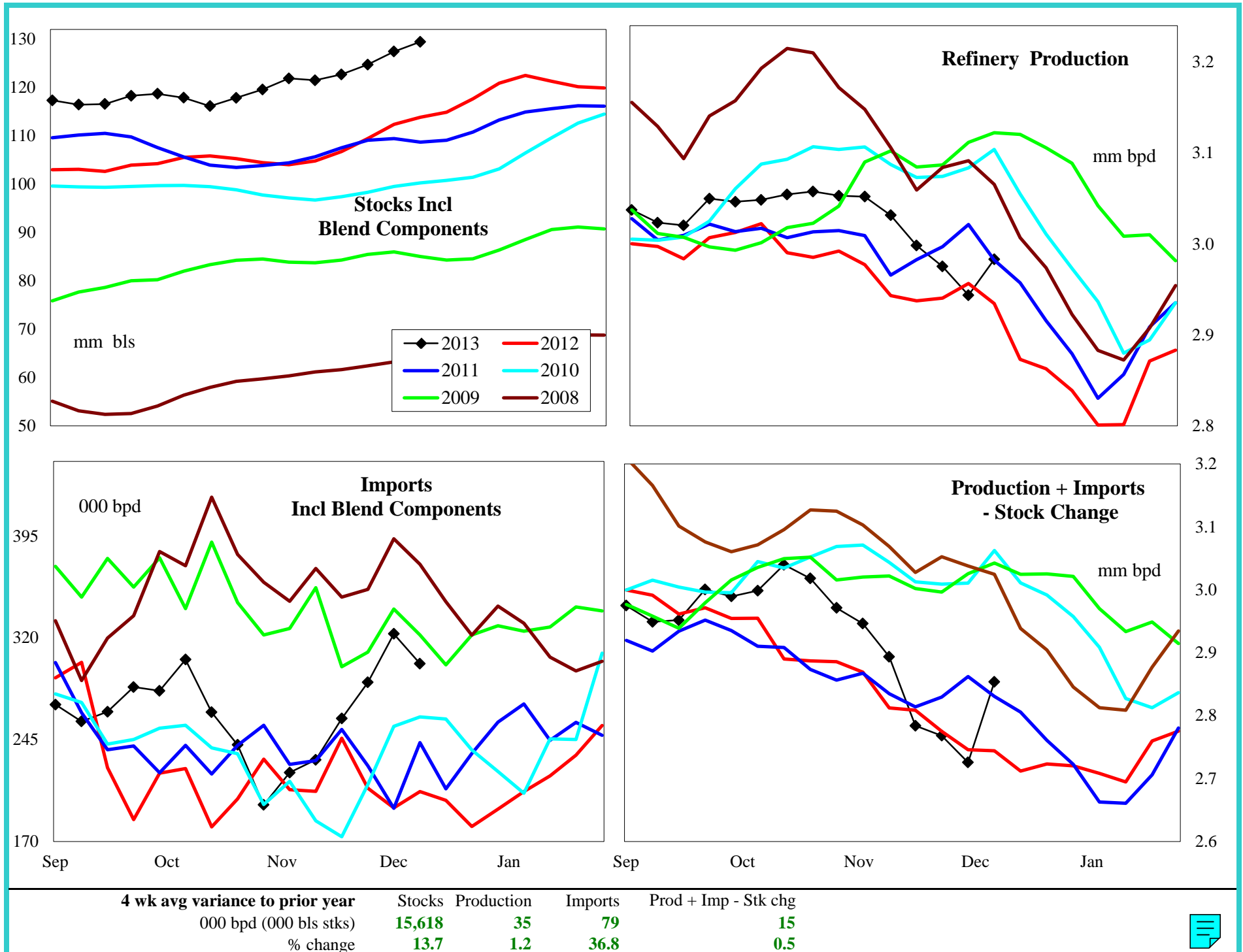
United States Crude Oil Supply and Demand Balance



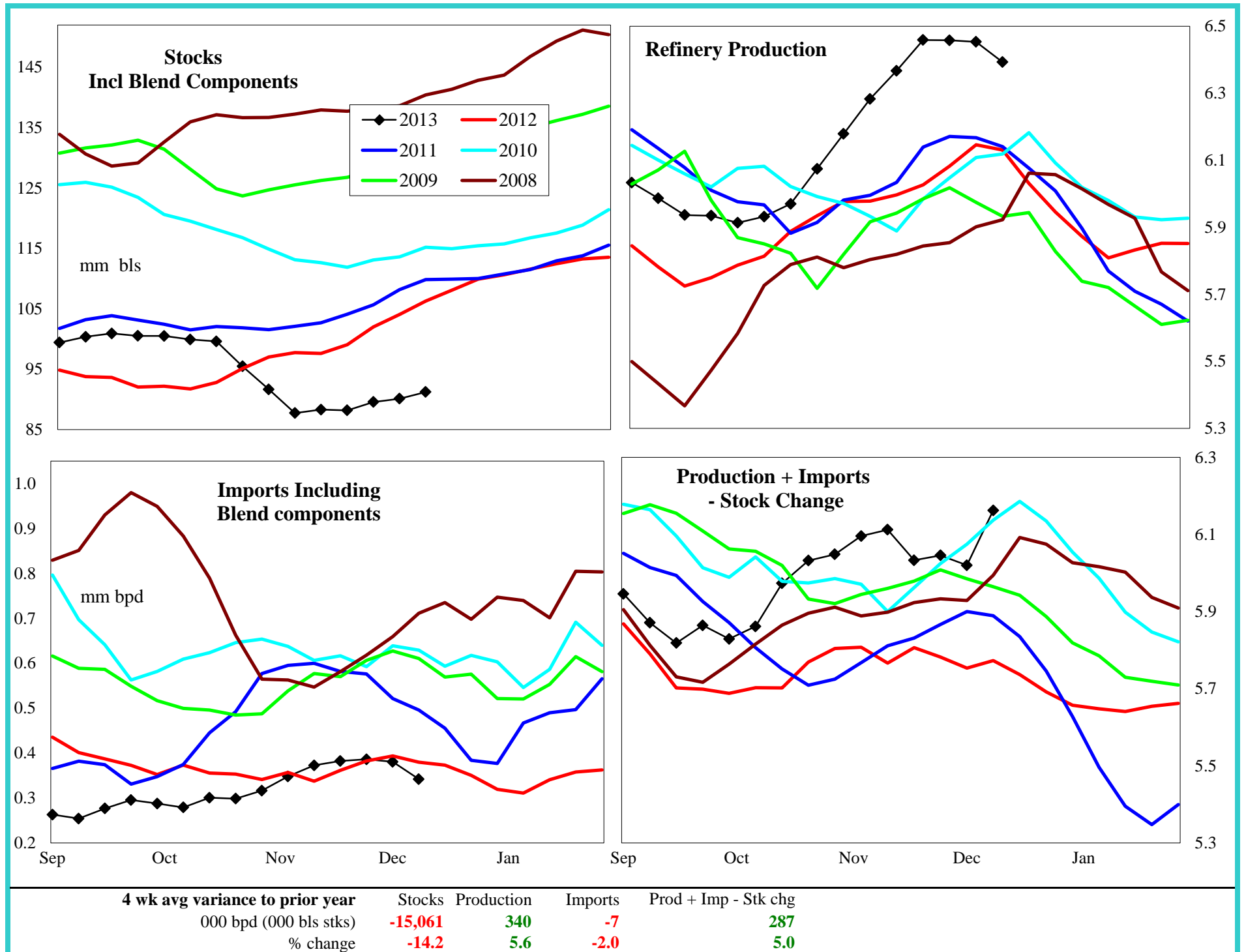
United States Gasoline Supply and Demand Balance



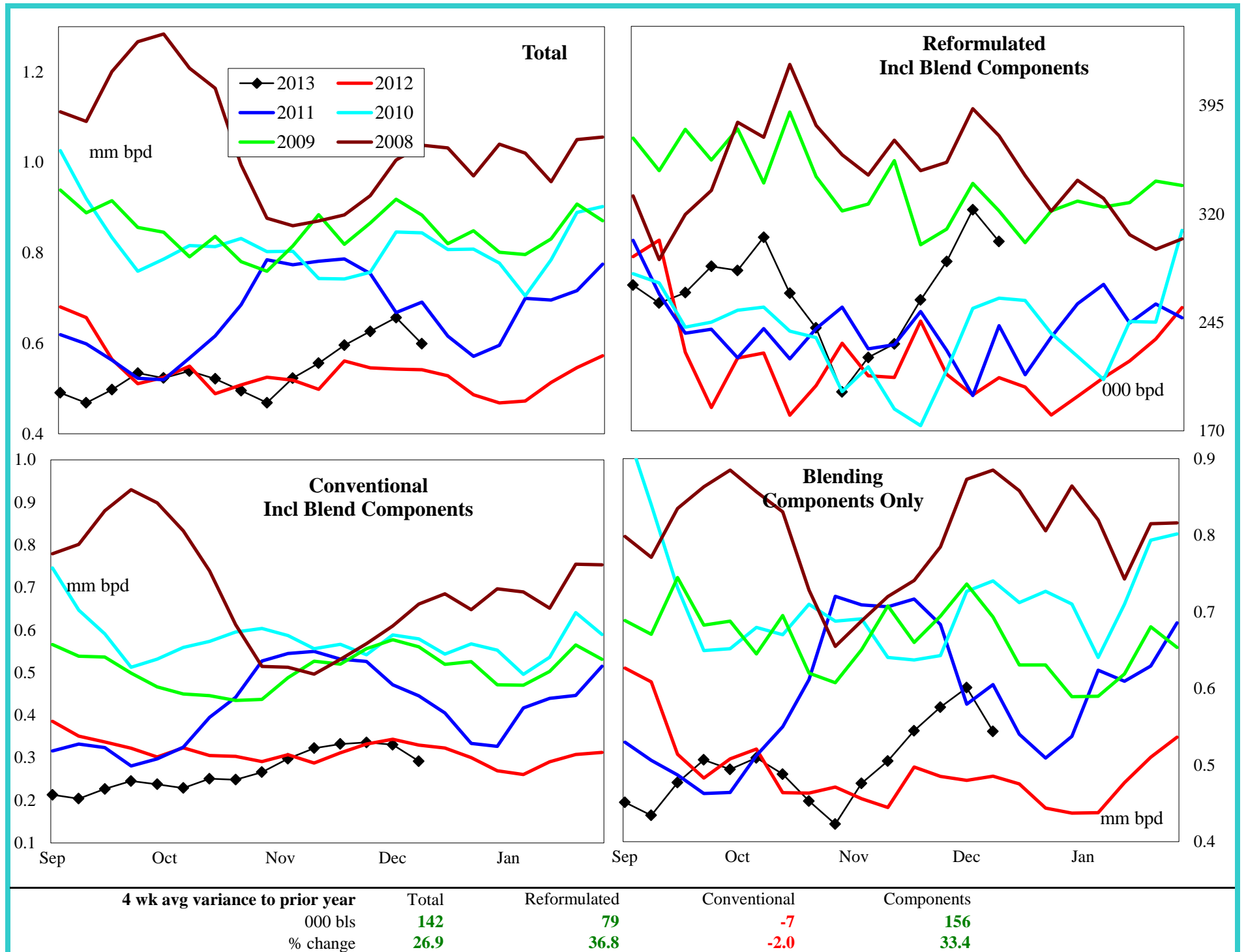
United States Reformulated Gasoline Supply



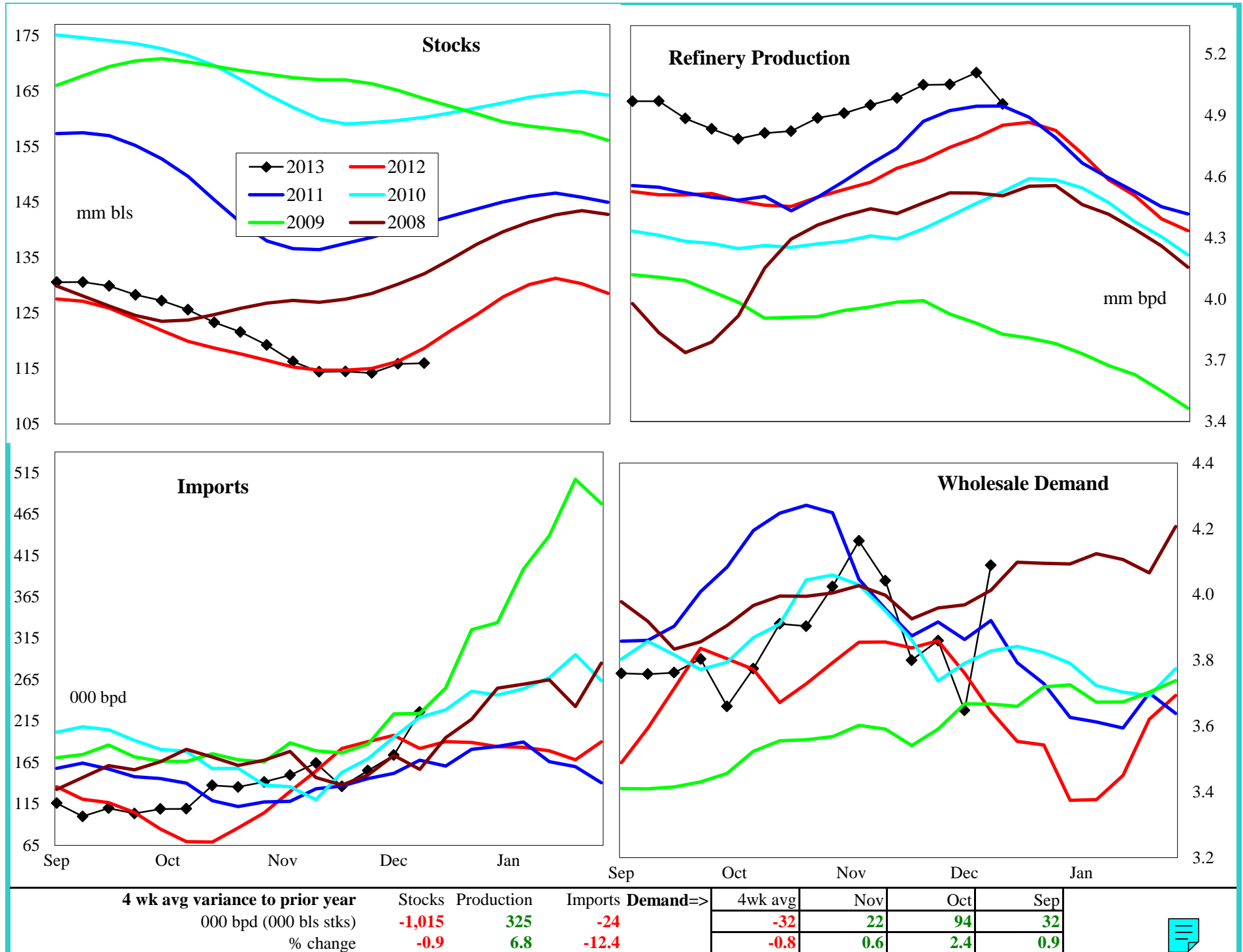
United States Conventional Gasoline Supply



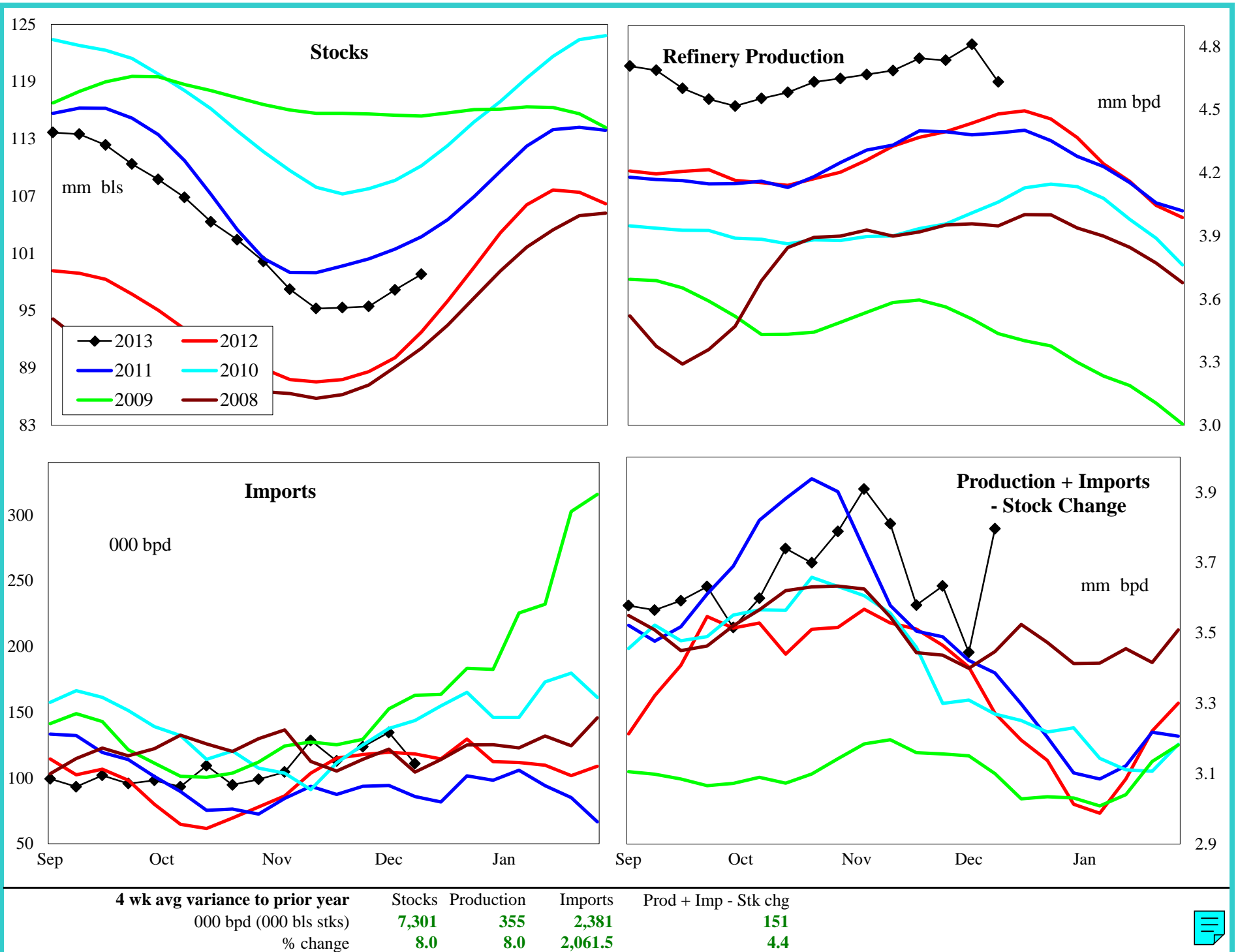
United States Gasoline Imports by Type



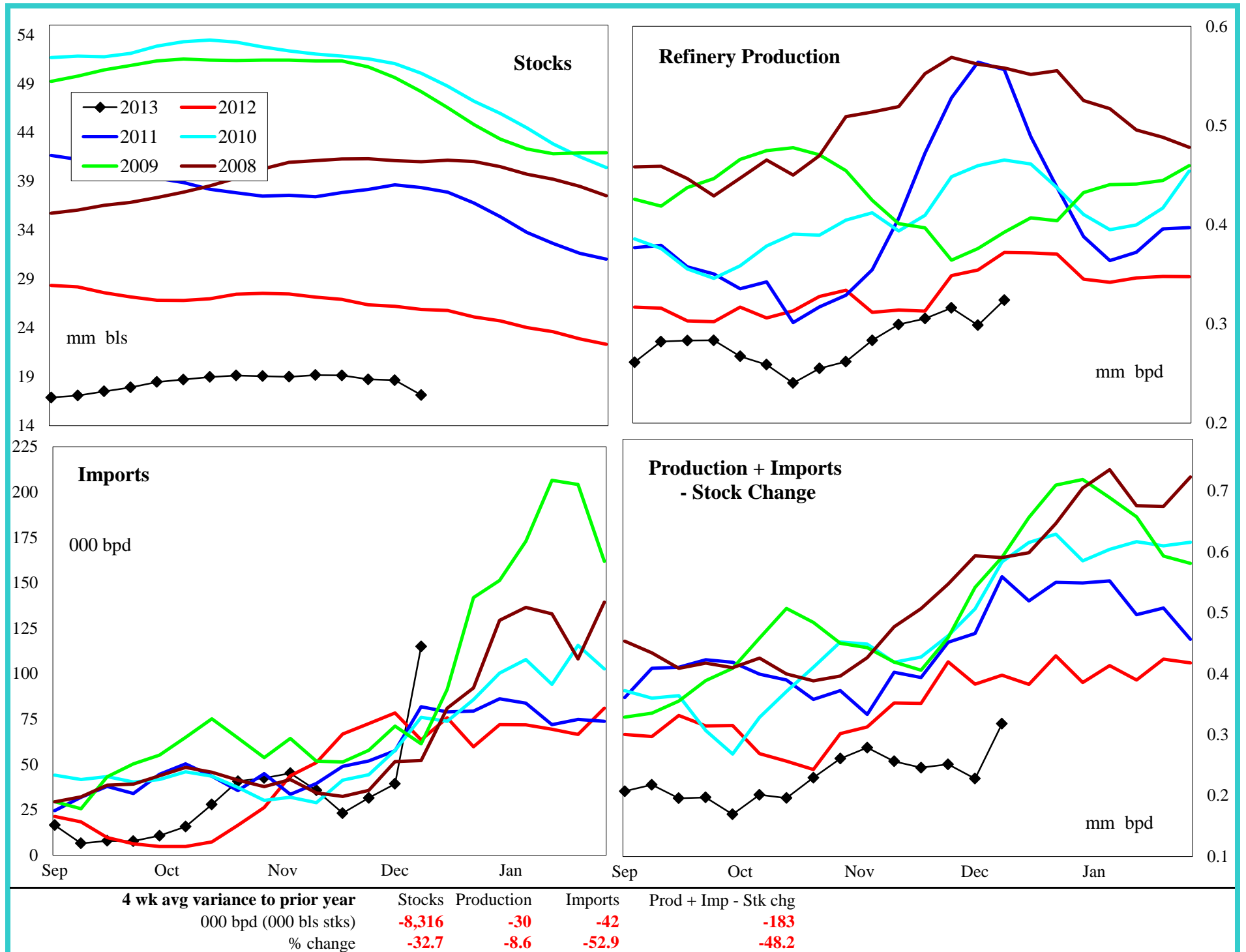
United States Distillate Supply and Demand Balance



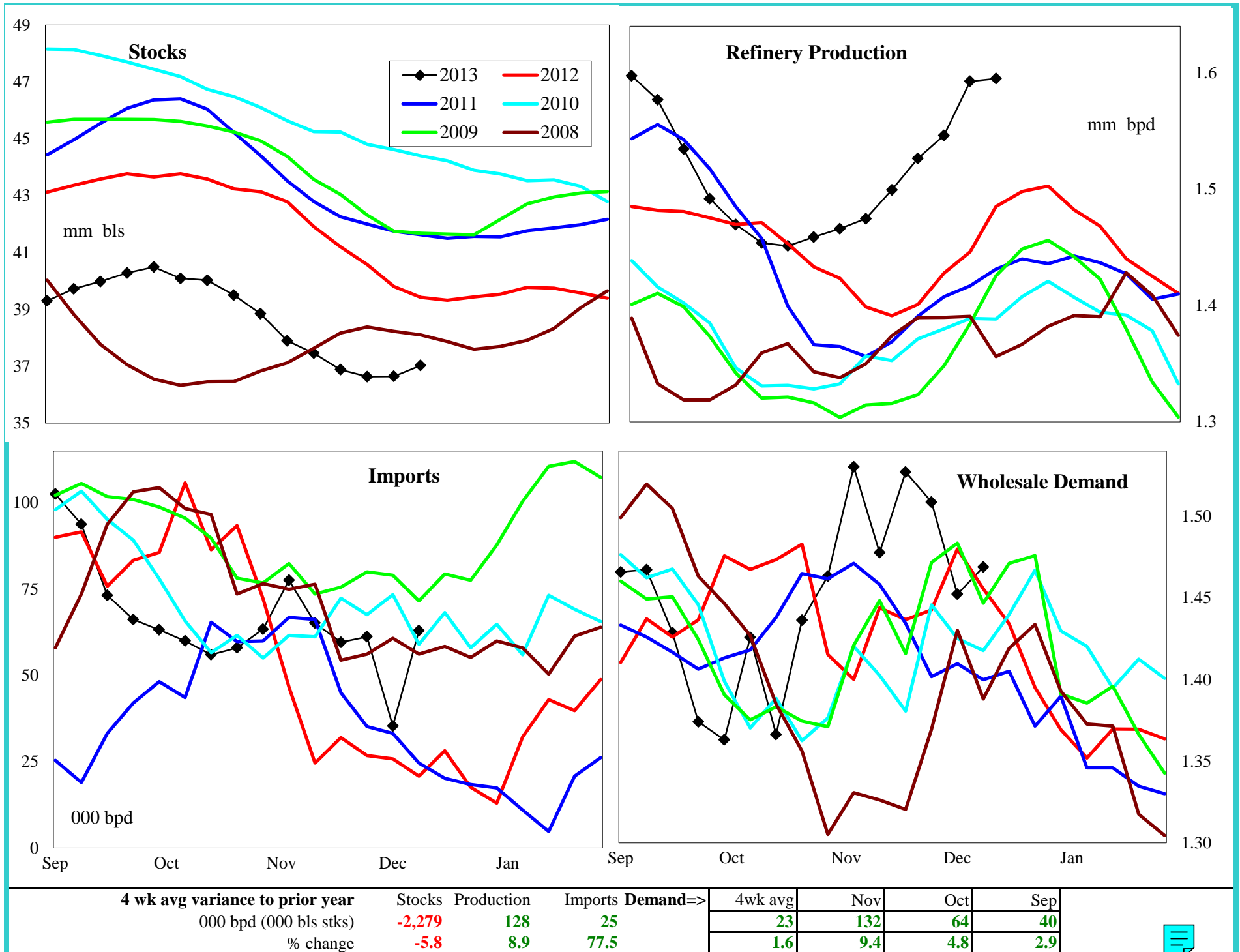
United States Low Sulfur Distillate Supply



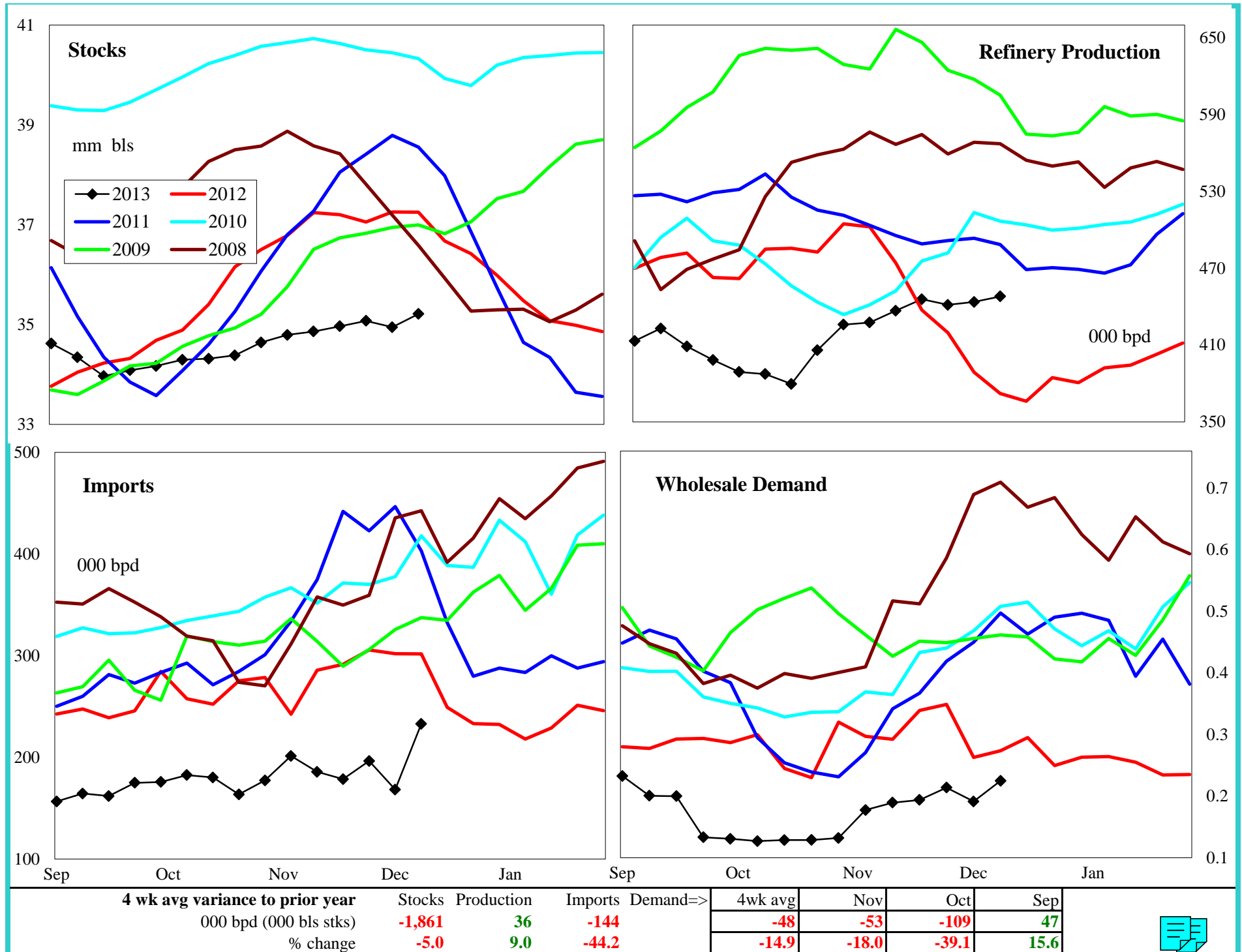
United States High Sulfur Distillate Supply



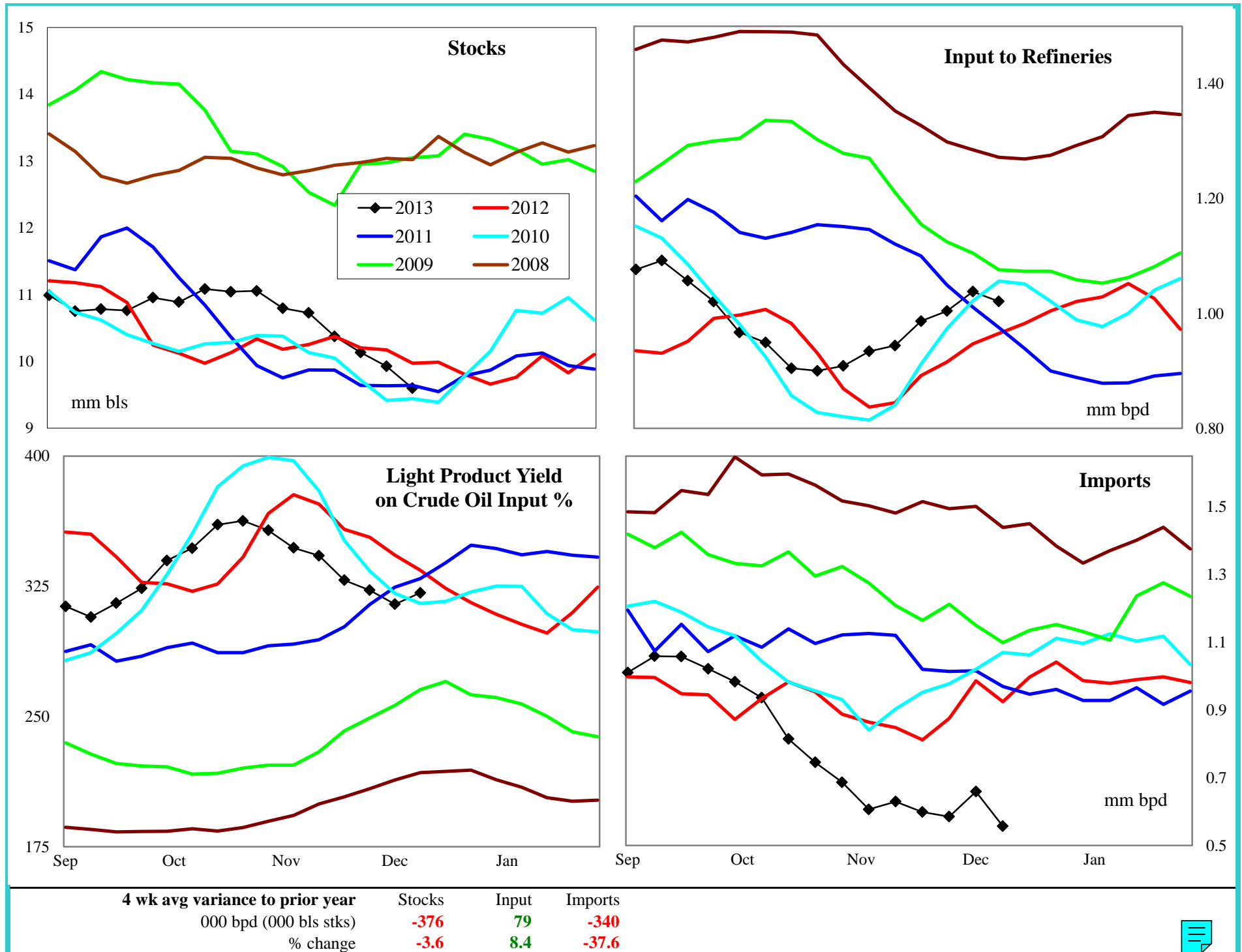
United States Jet Fuel Supply and Demand Balance



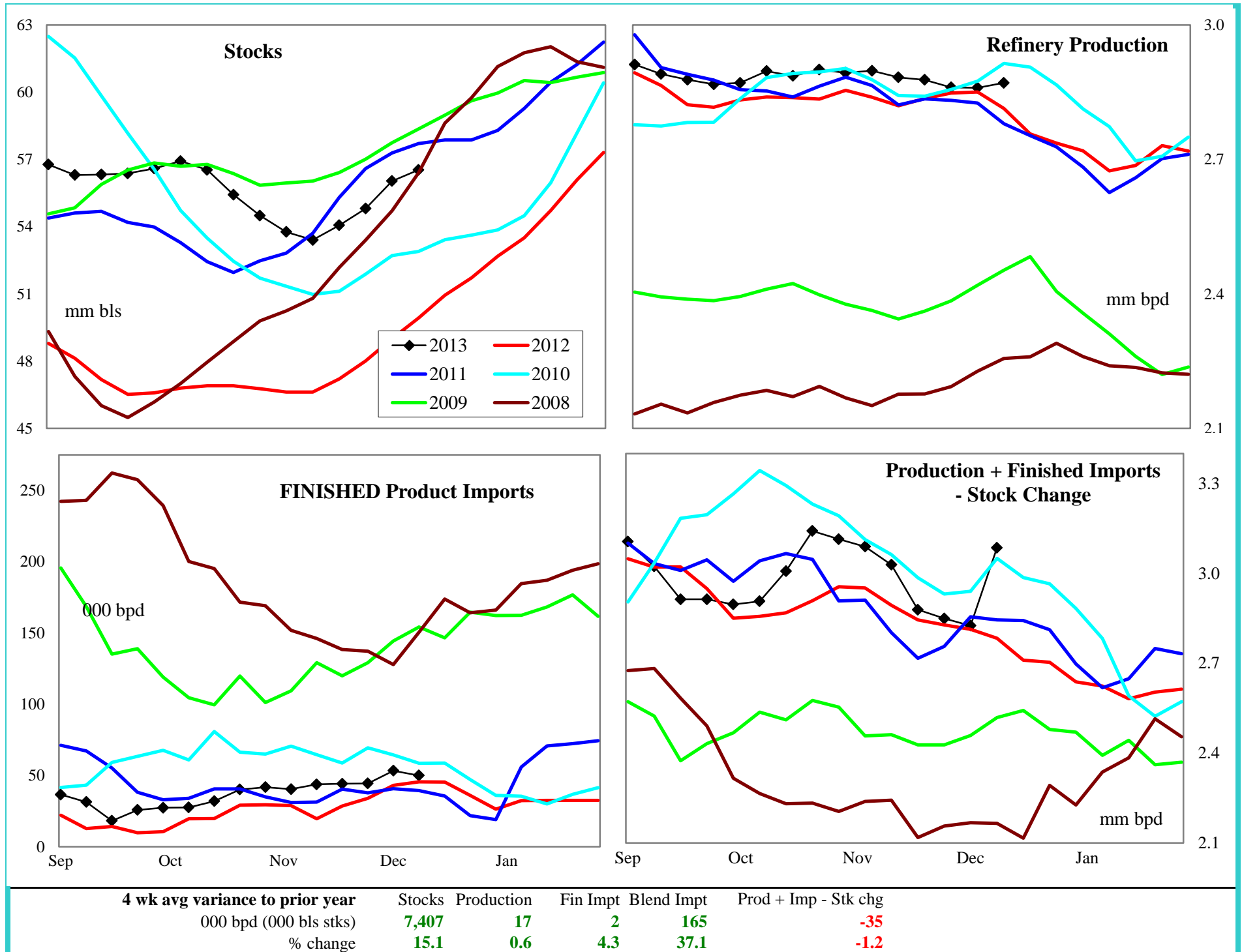
United States Residual Fuel Oil Supply and Demand Balance



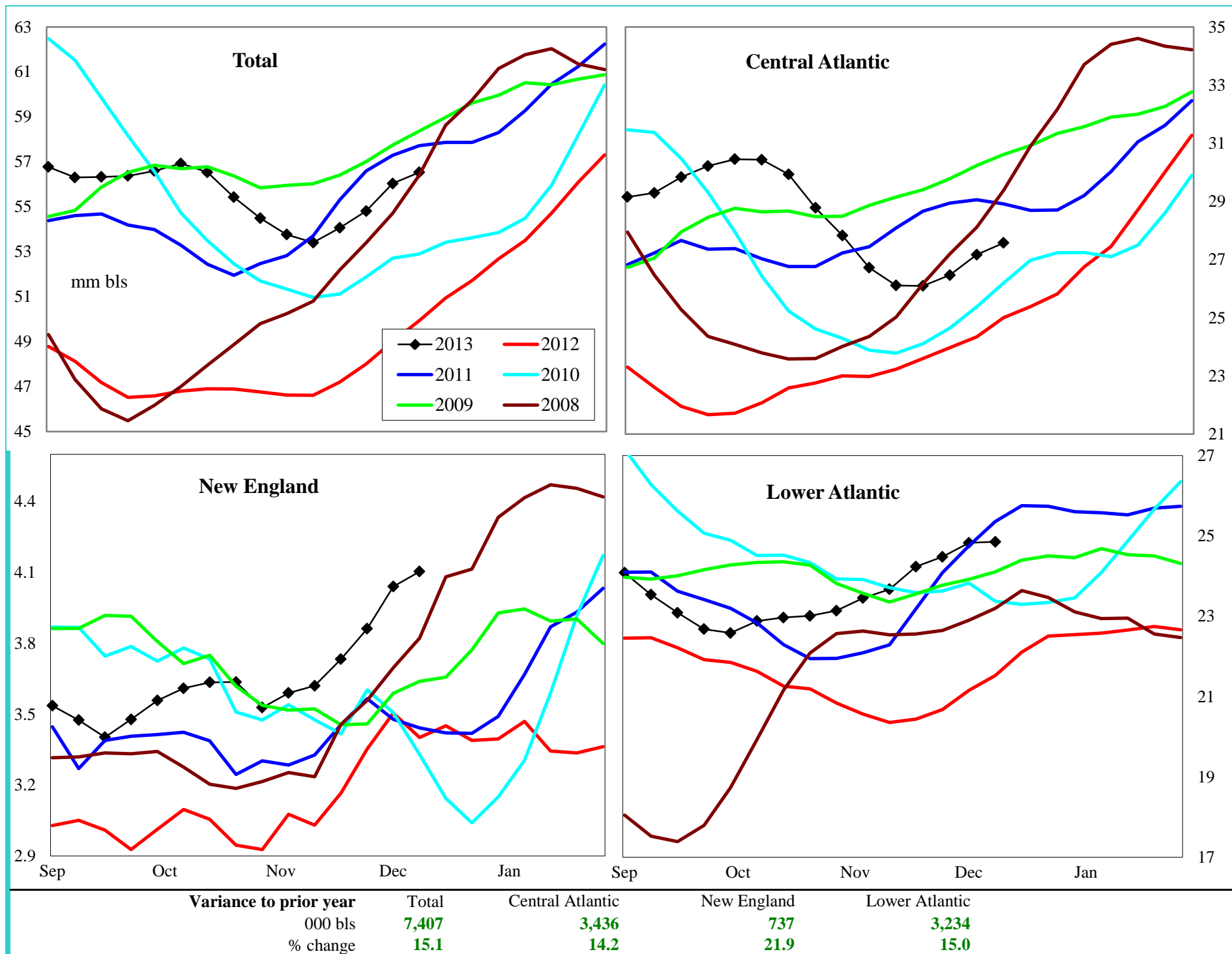
PADD 1 Crude Oil Supply and Refining



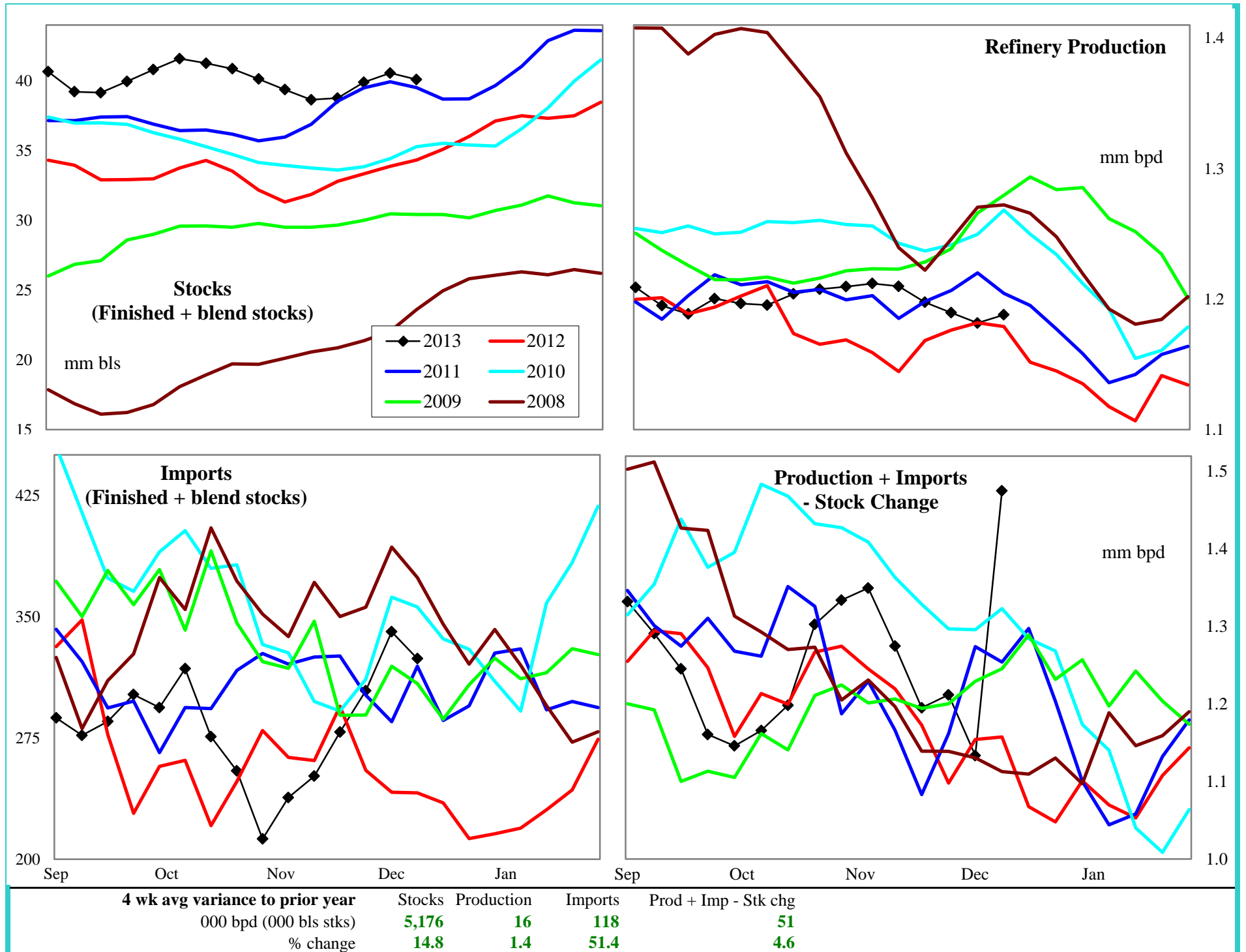
PADD 1 Gasoline Supply



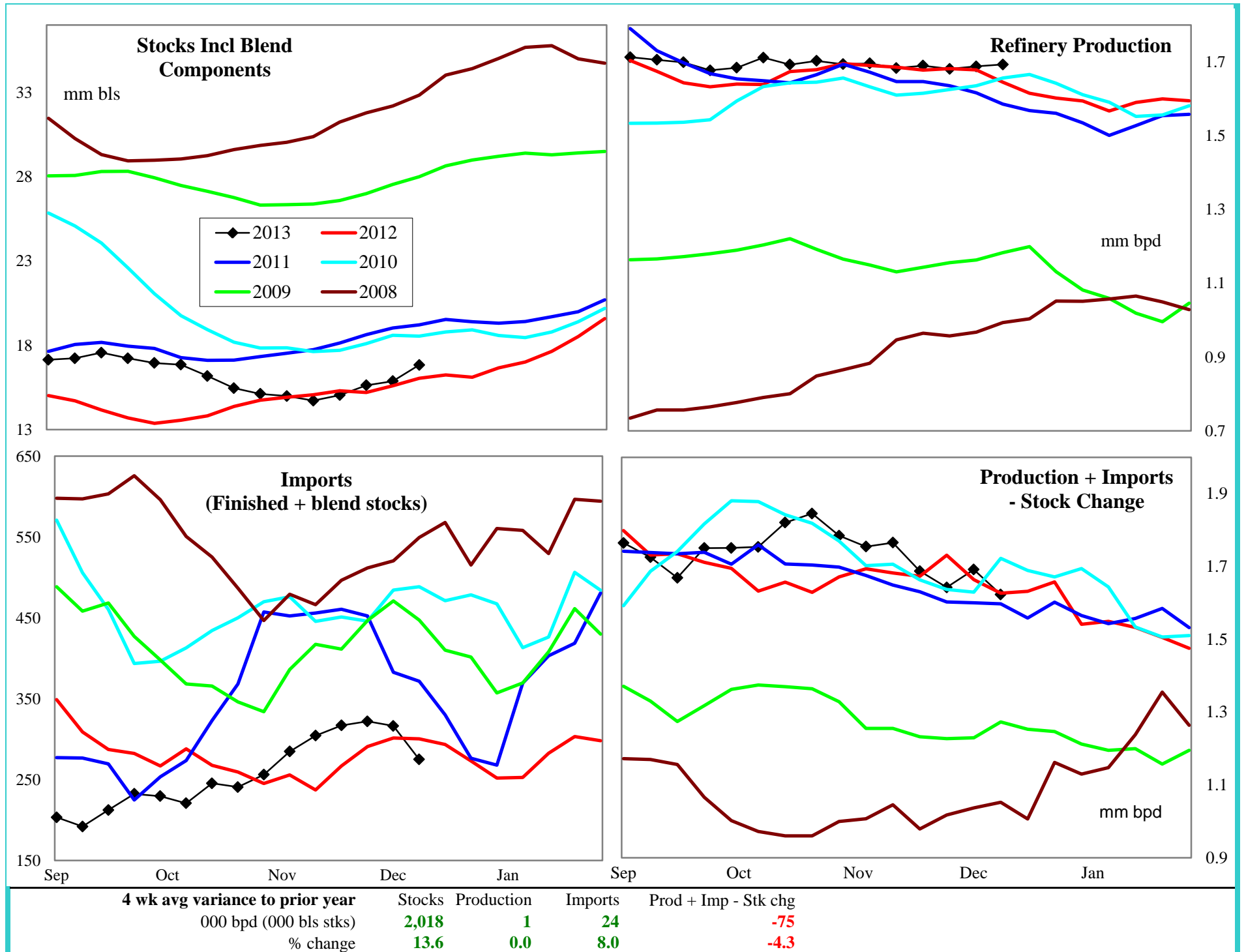
PADD 1 Gasoline Stocks by Region



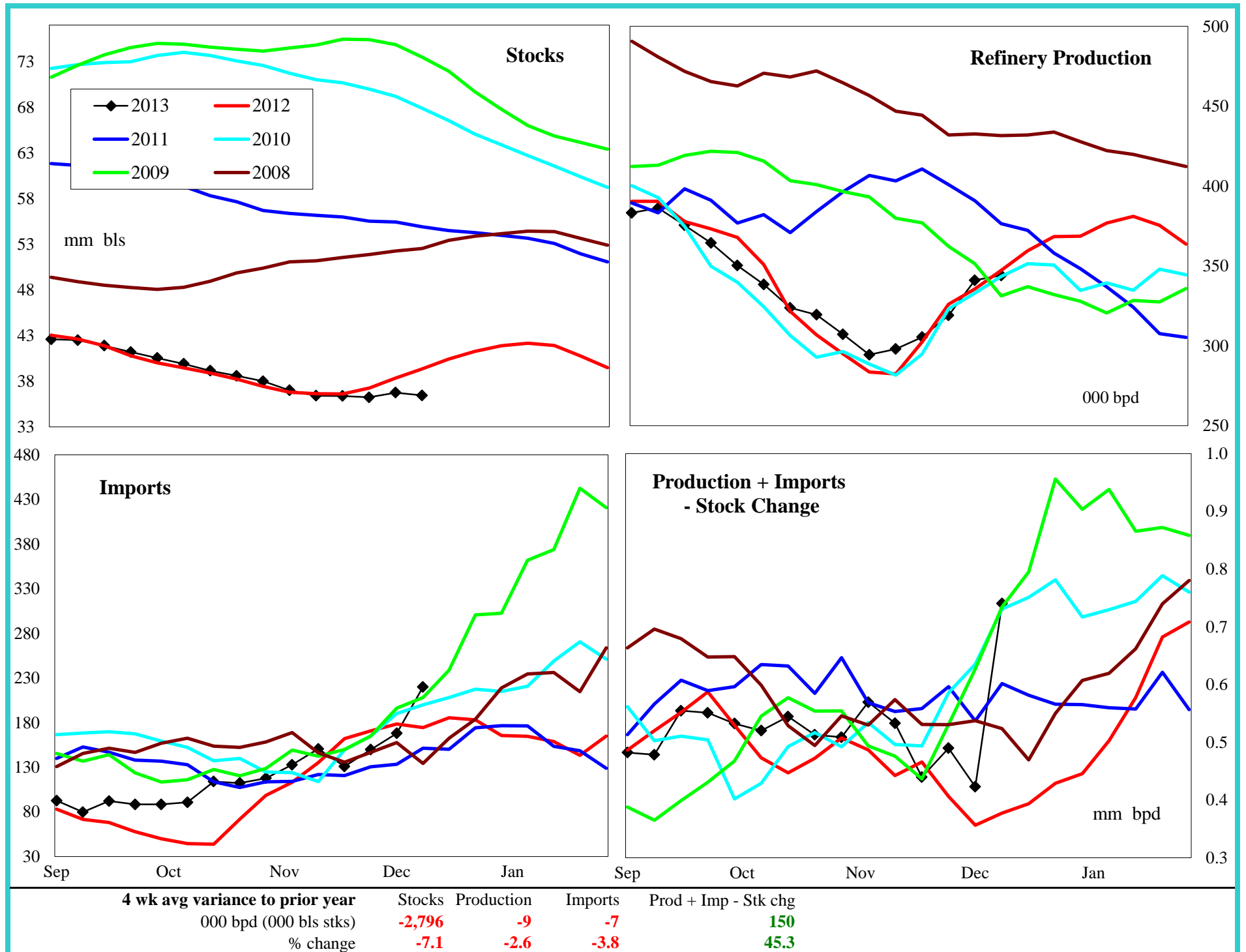
PADD 1 Reformulated Gasoline Supply



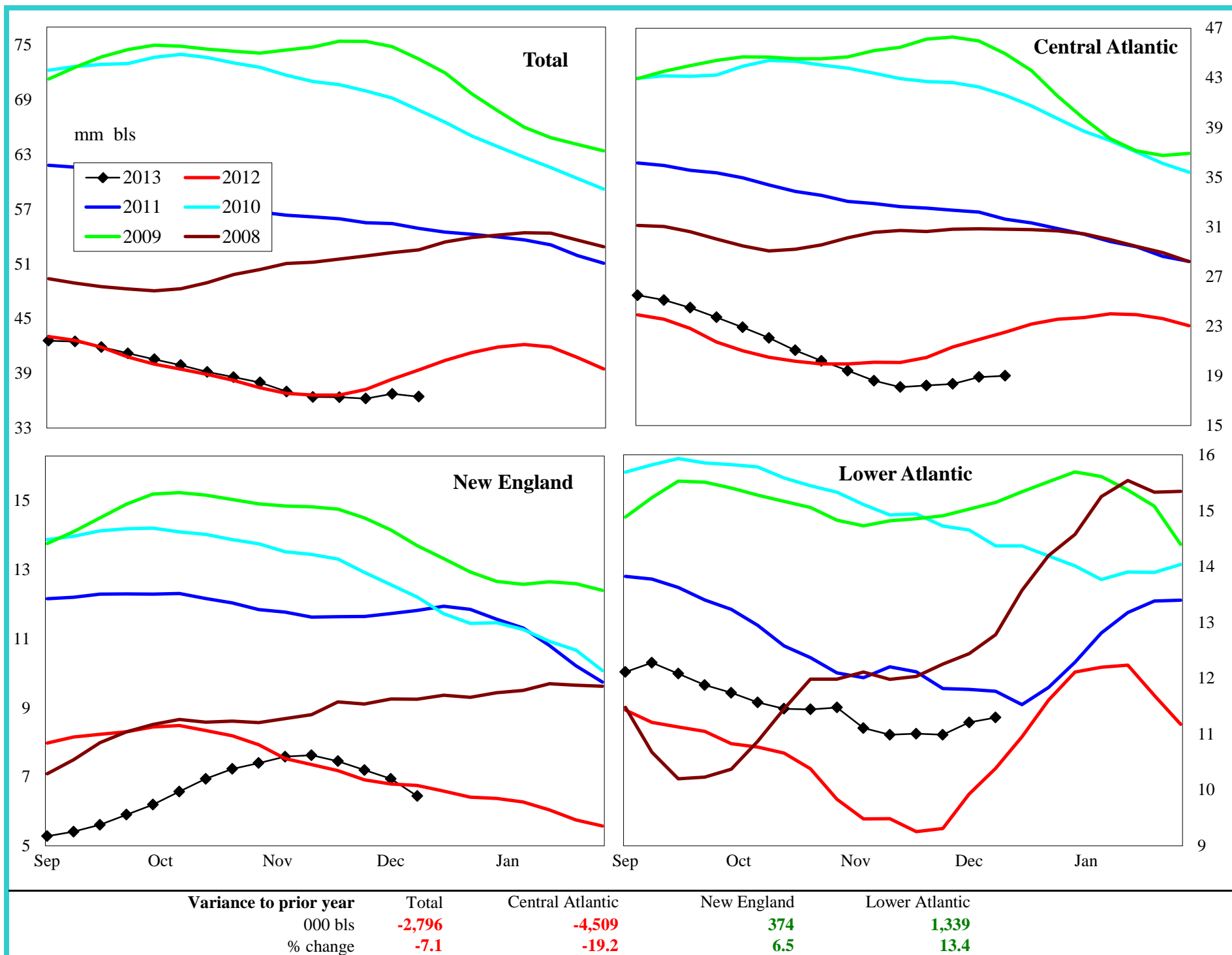
PADD 1 Conventional Gasoline Supply



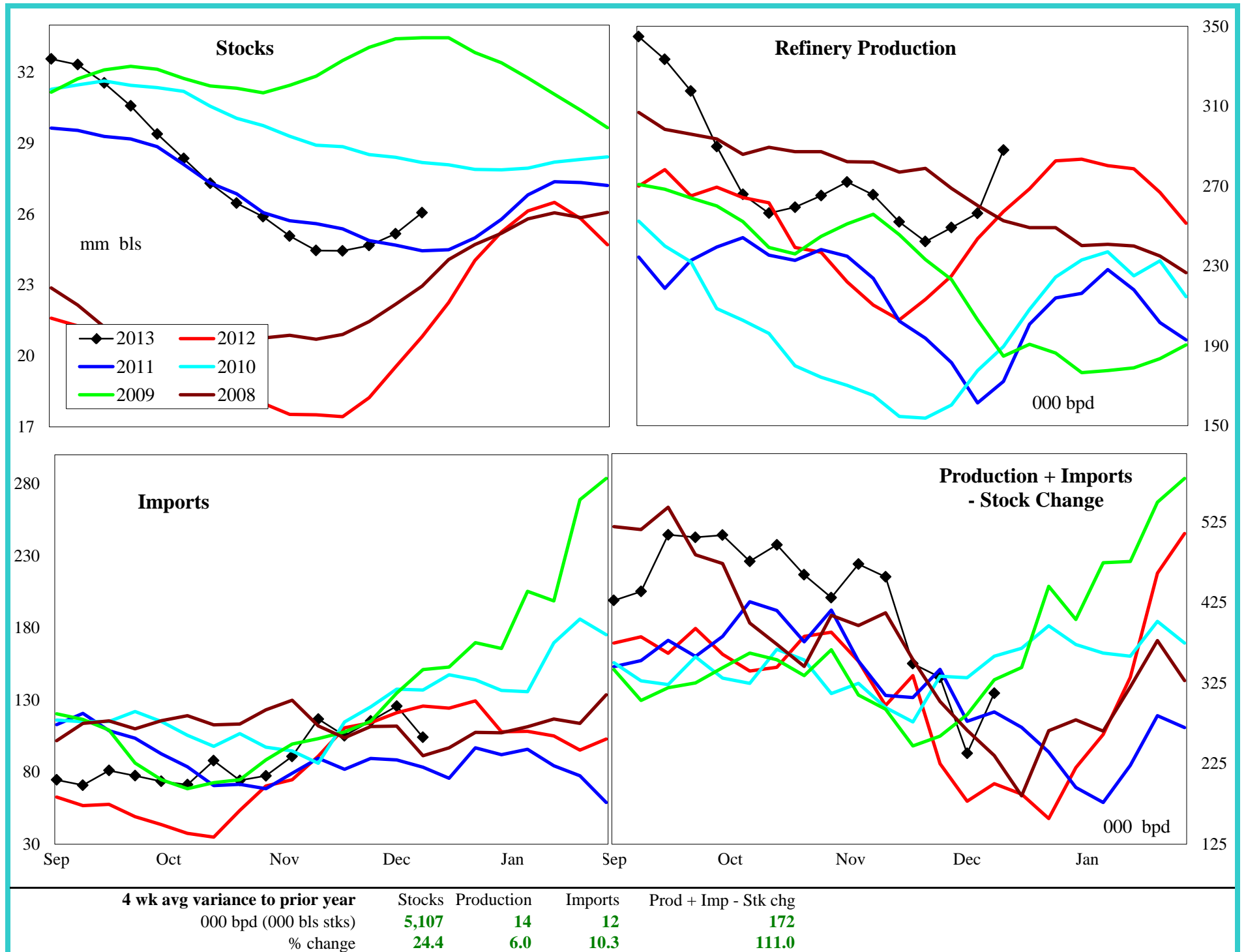
PADD 1 Distillate Supply



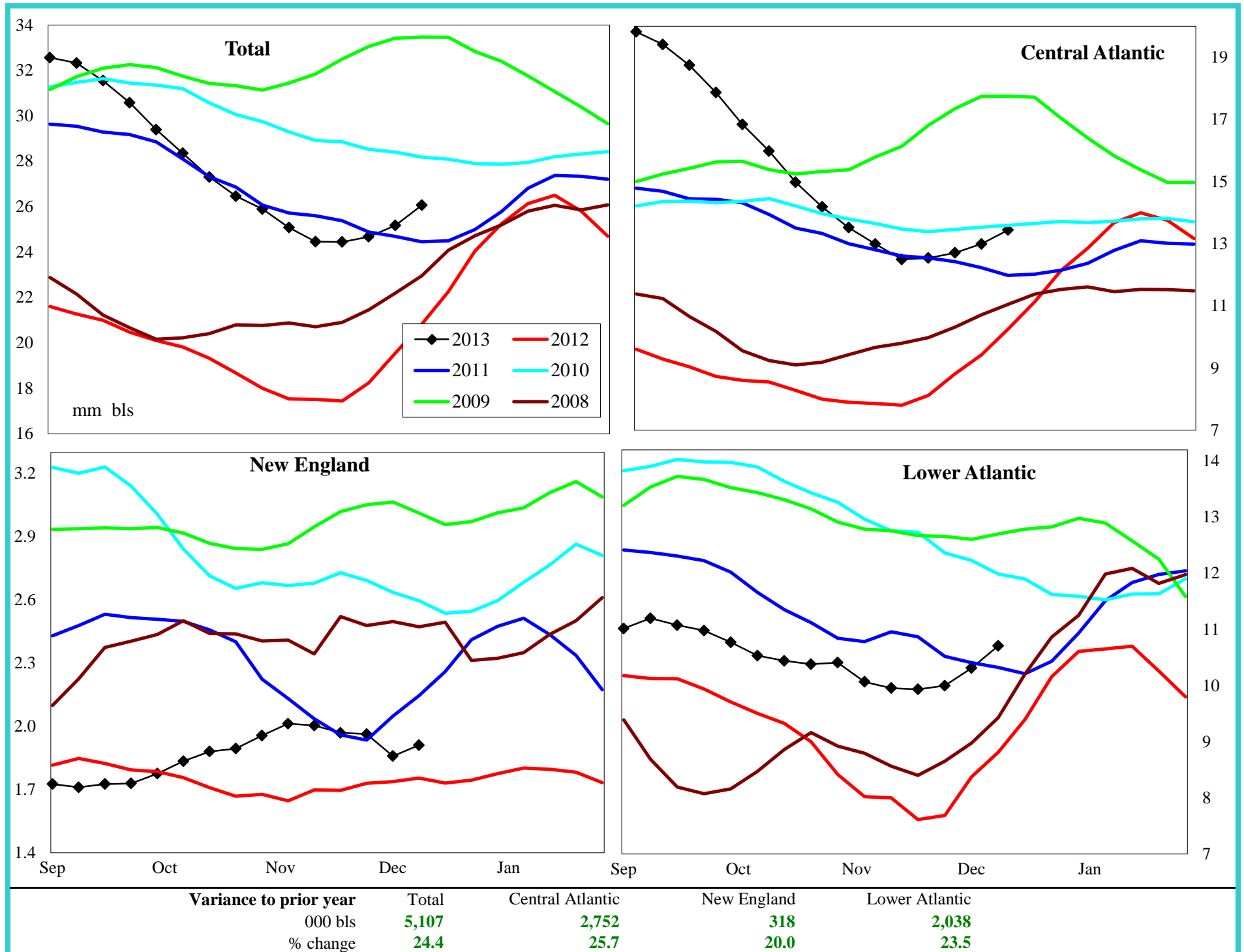
PADD 1 Distillate Stocks by Region



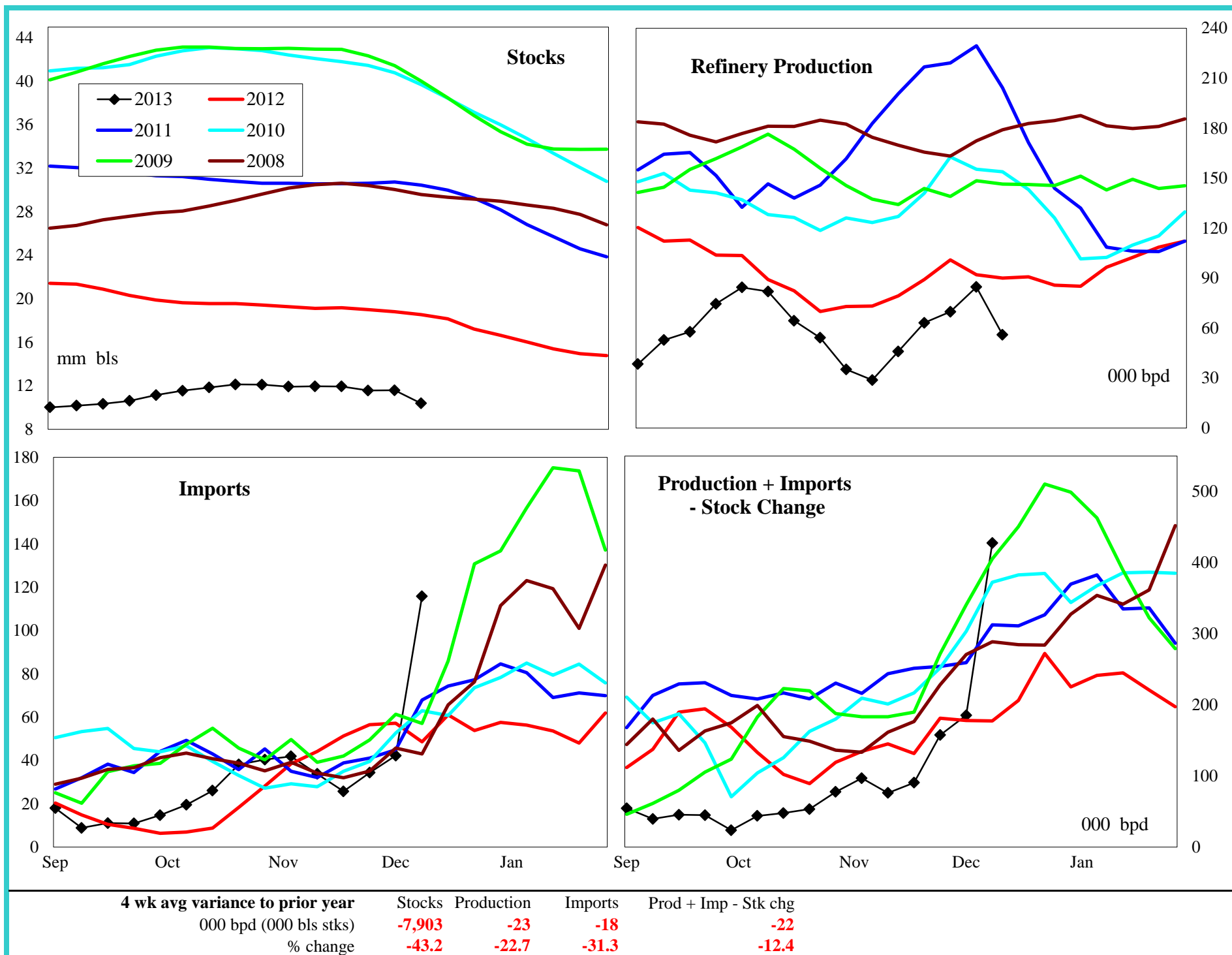
PADD 1 Low Sulfur Distillate Supply



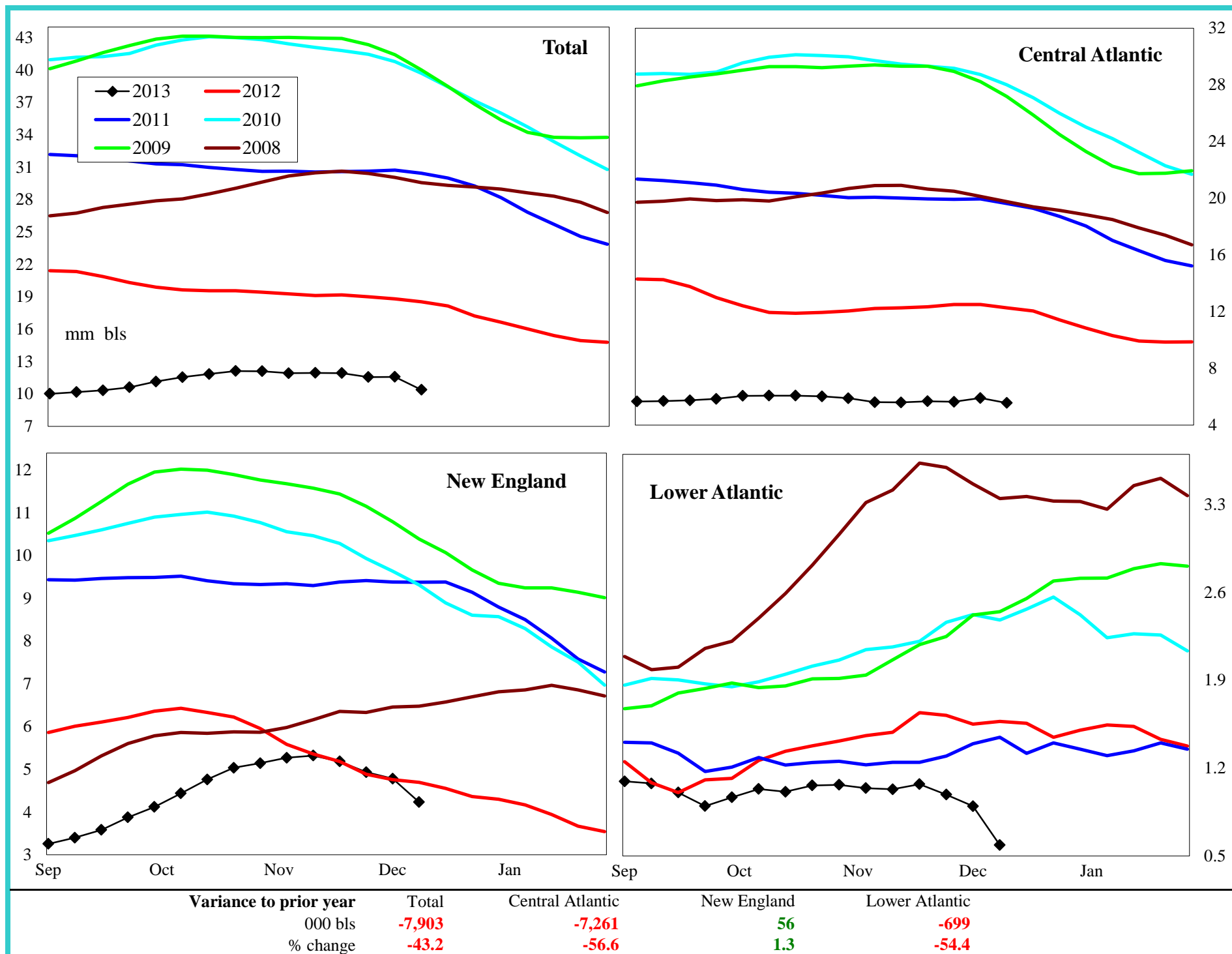
PADD 1 Low Sulfur Distillate Stocks by Region



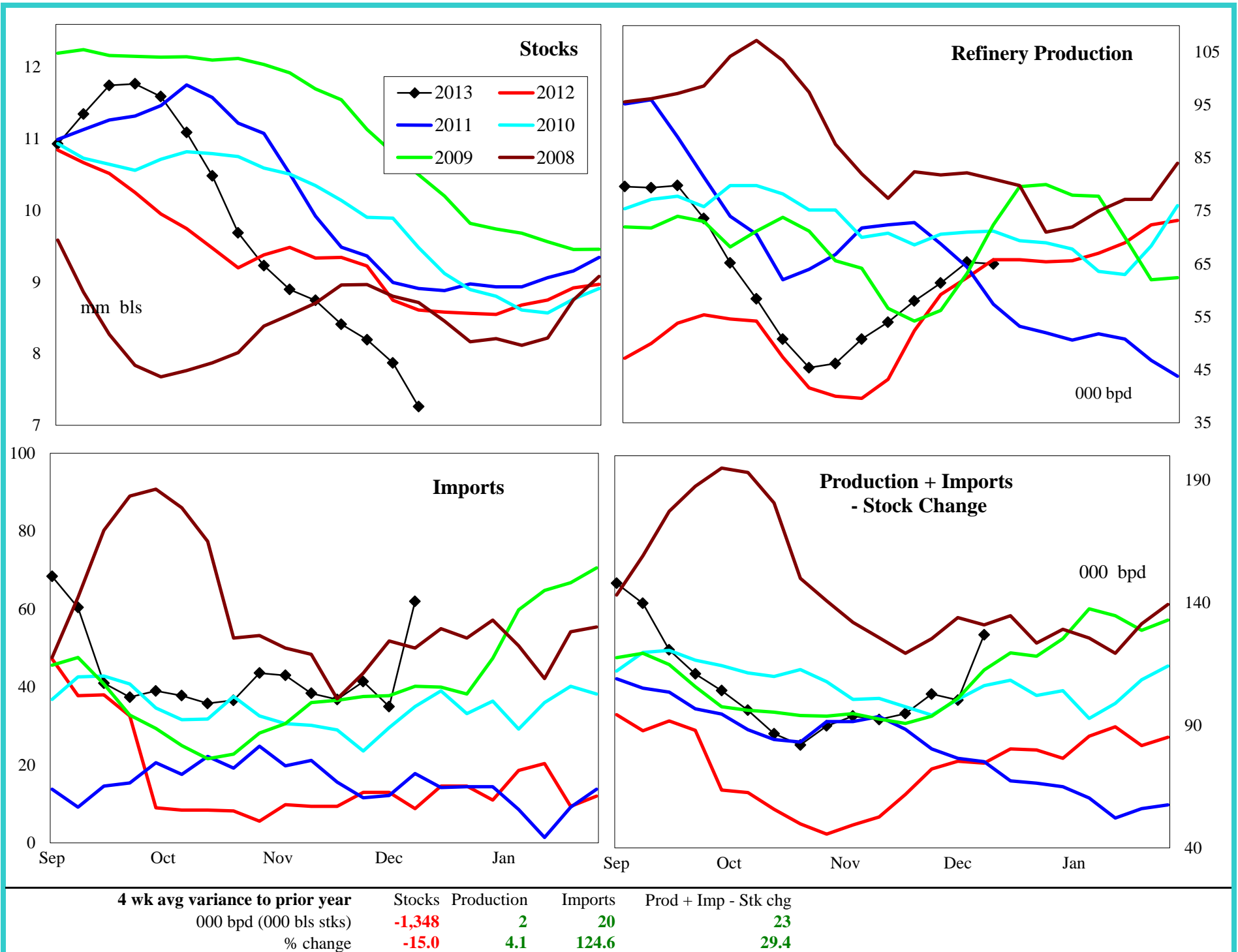
PADD 1 High Sulfur Distillate Supply



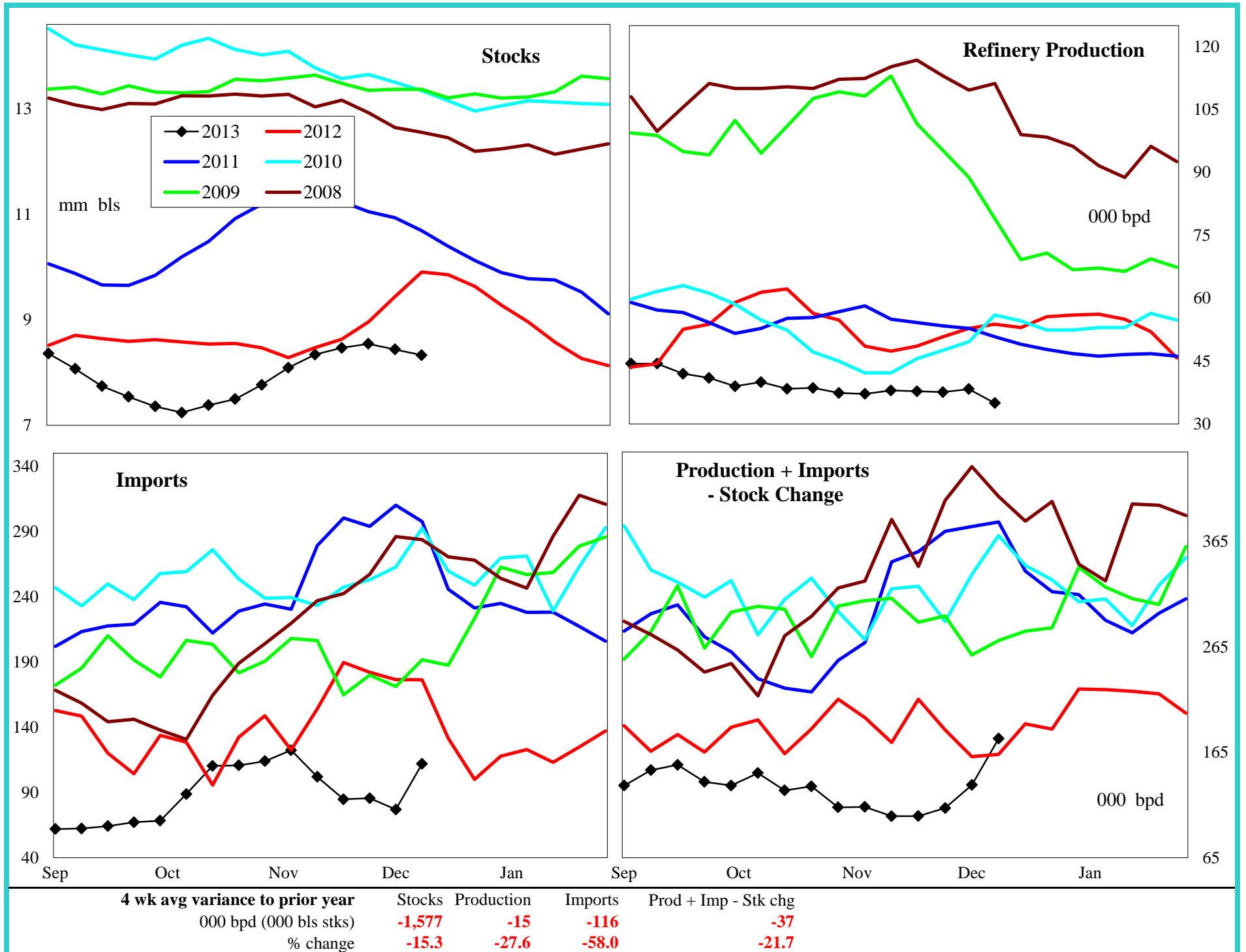
PADD 1 High Sulfur Distillate Stocks by Region



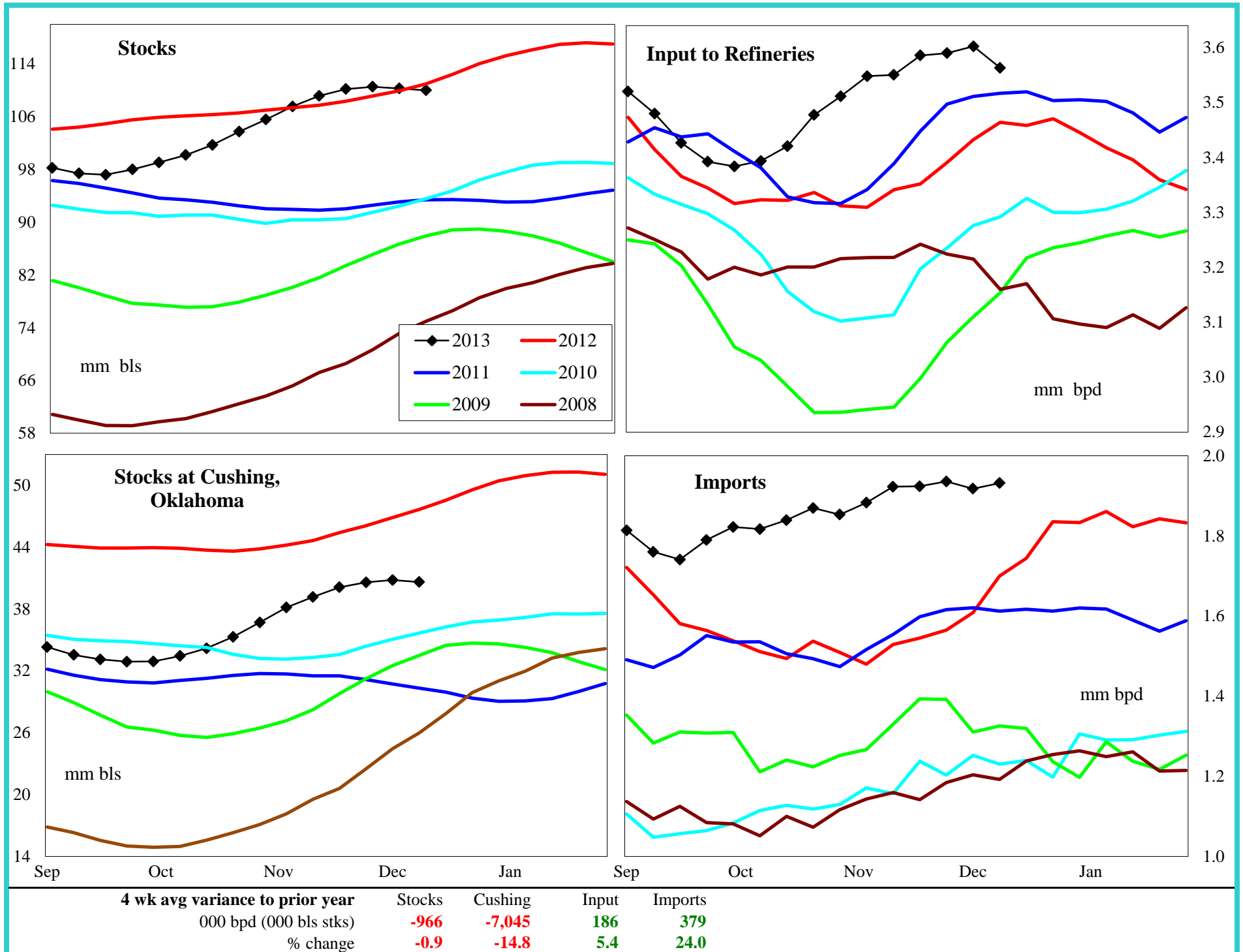
PADD 1 Jet Fuel Supply



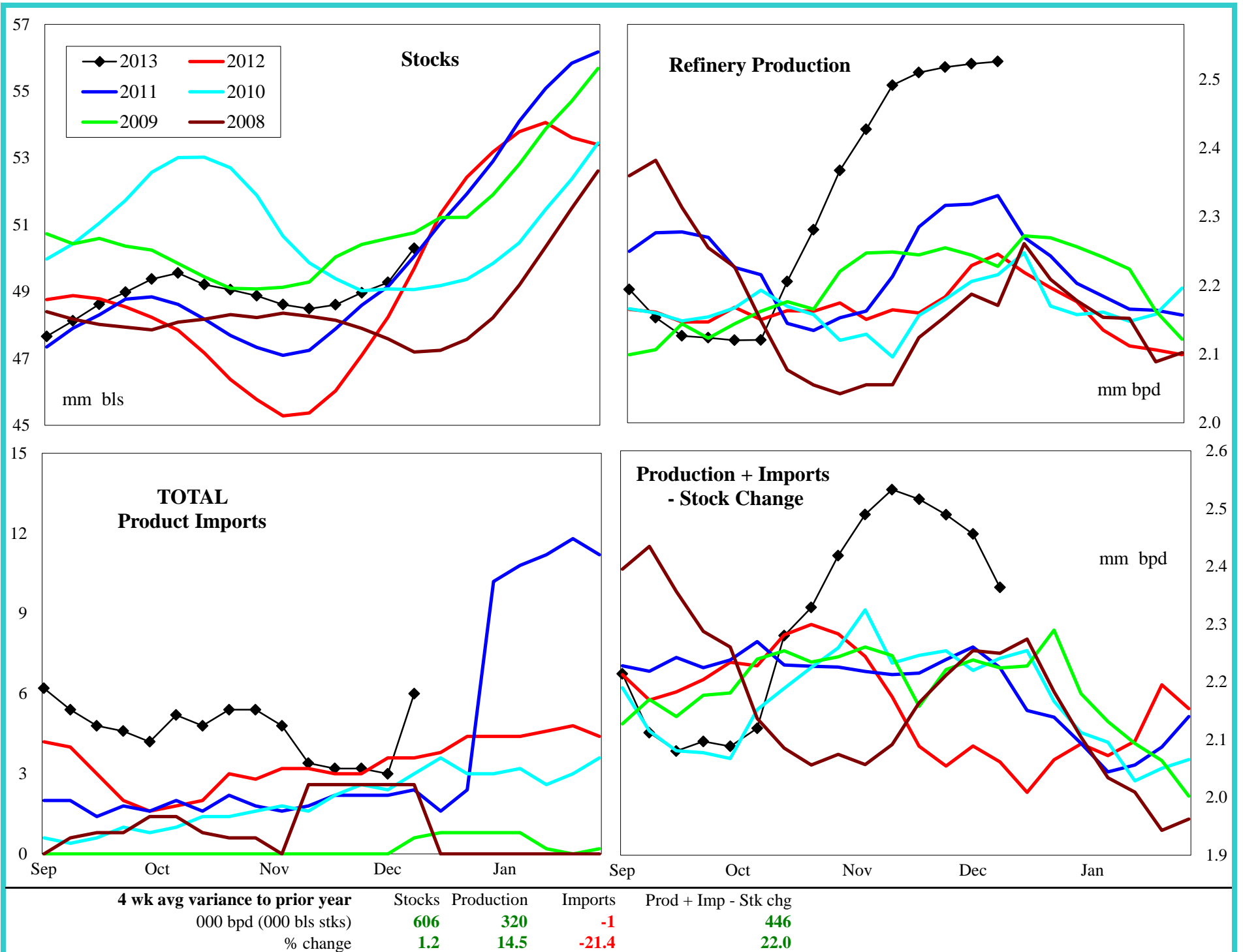
PADD 1 Residual Fuel Oil Supply



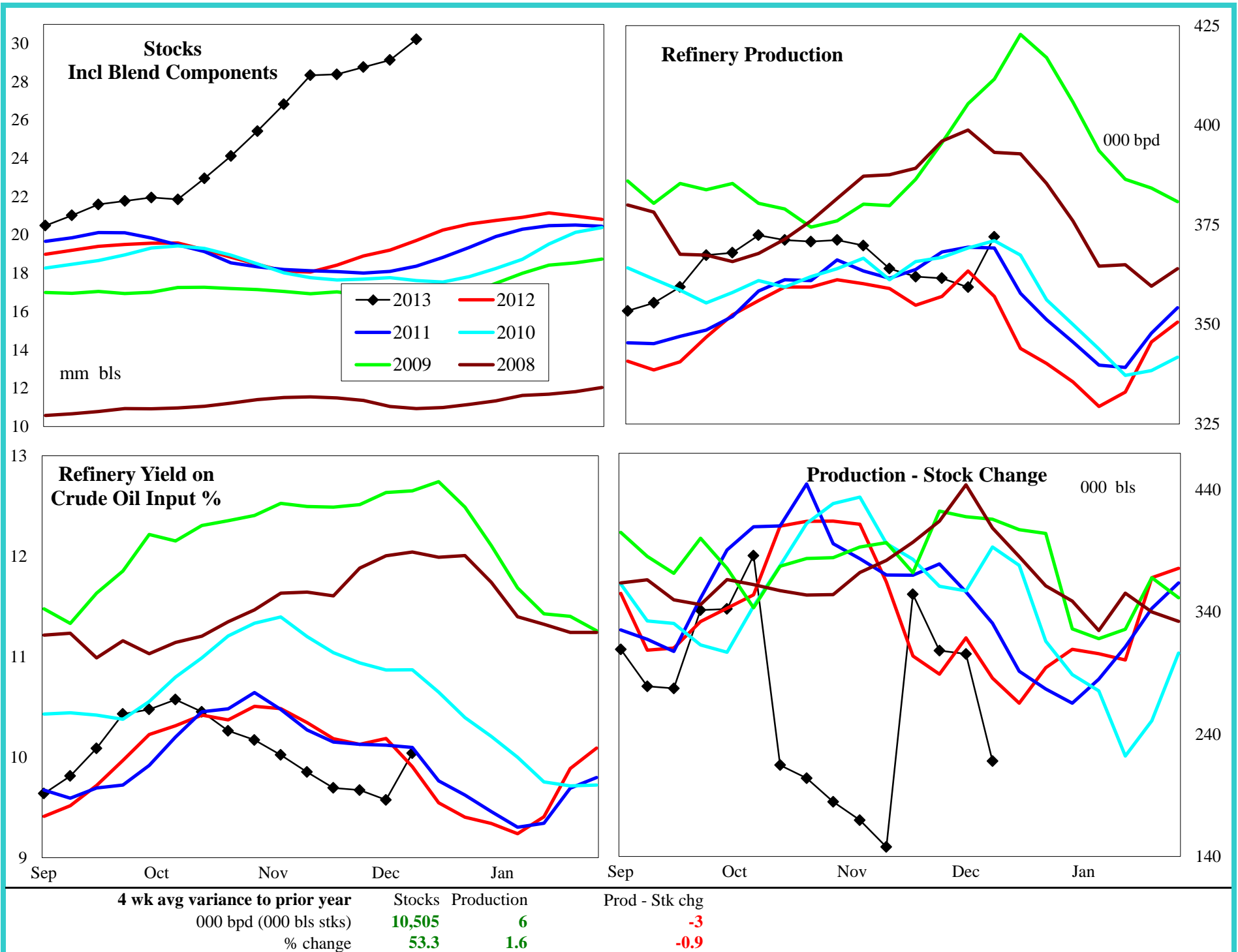
PADD 2 Crude Oil Supply and Refining



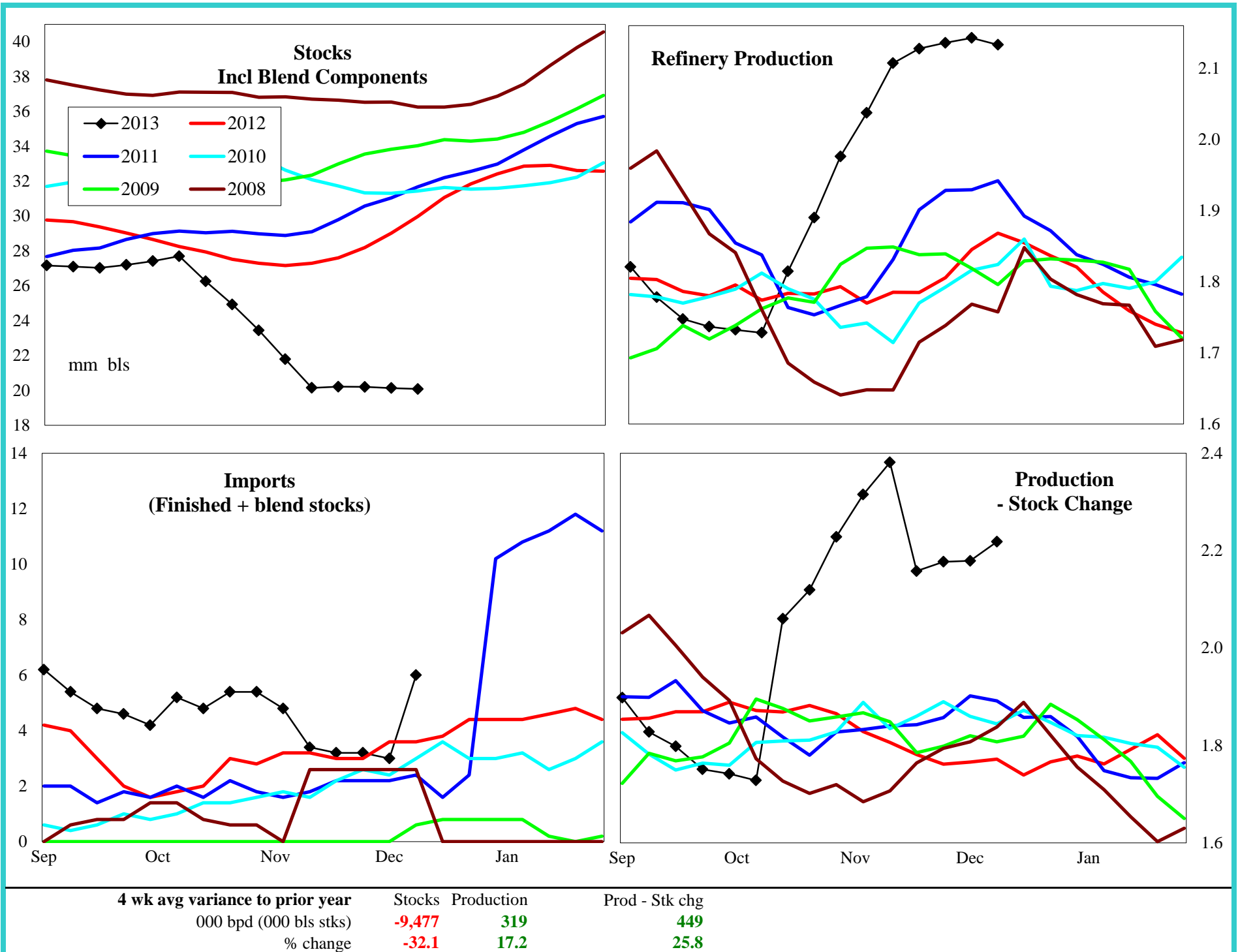
PADD 2 Gasoline Supply



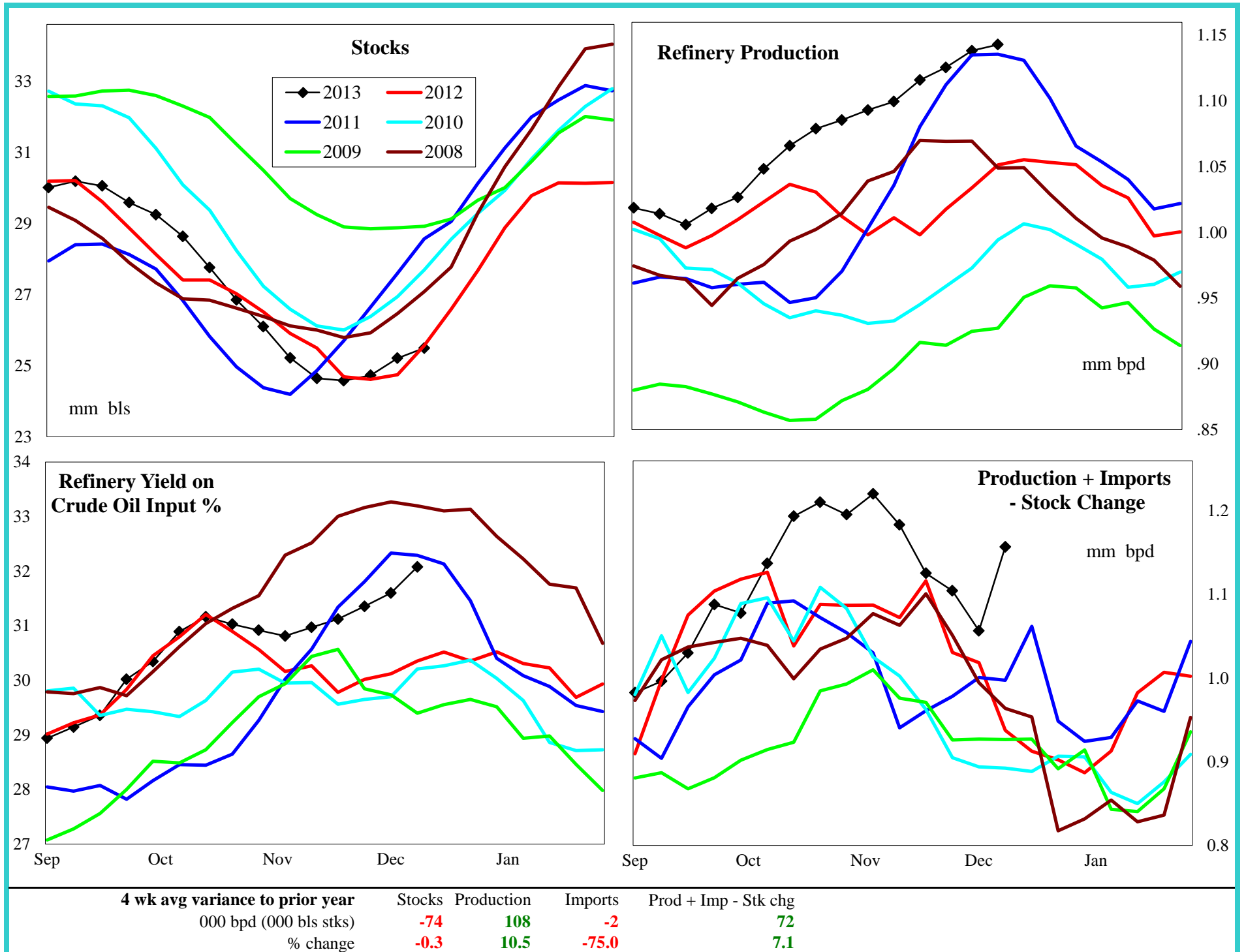
PADD 2 Reformulated Gasoline Supply



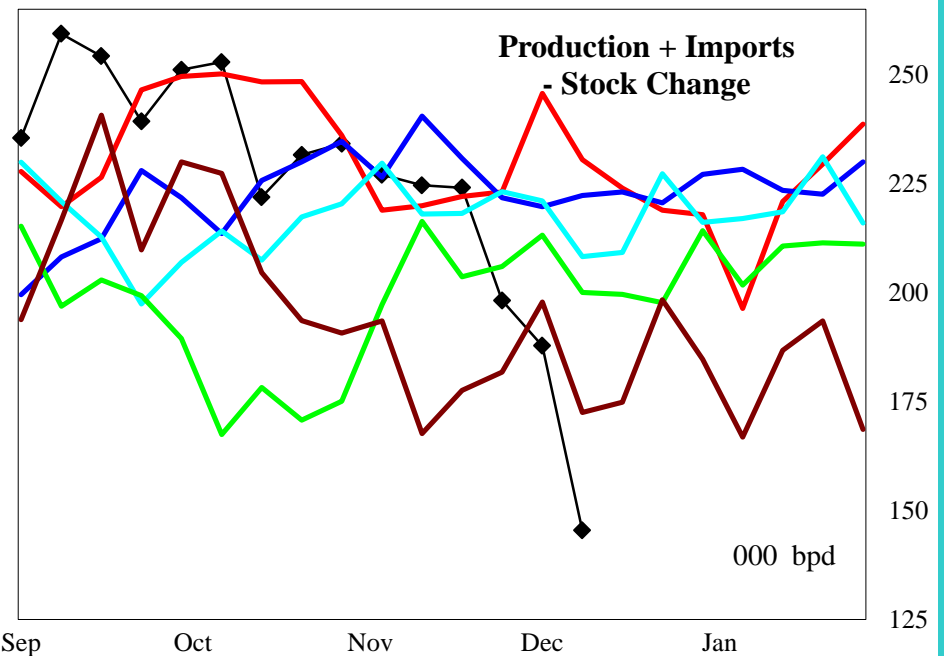
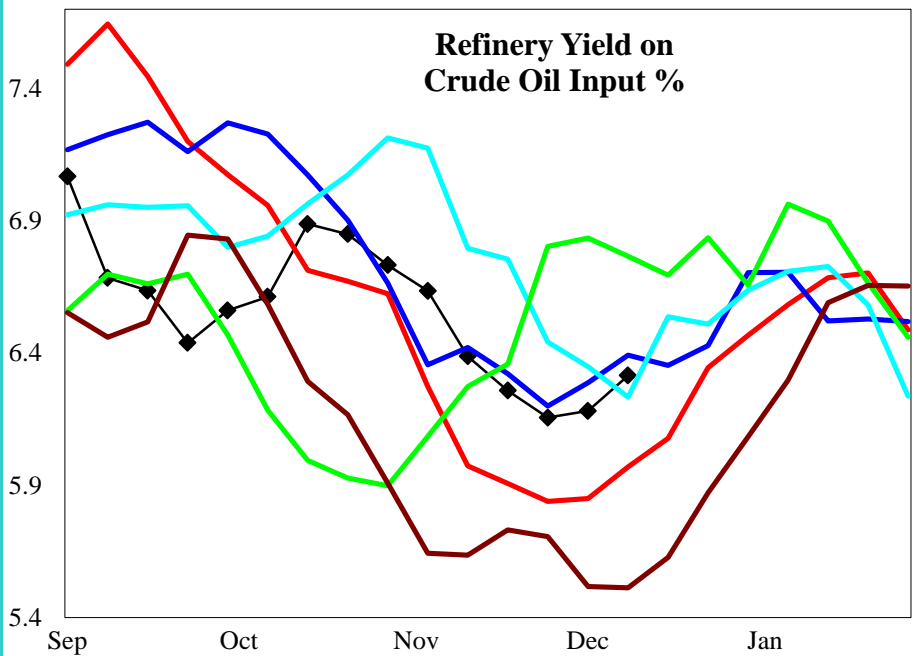
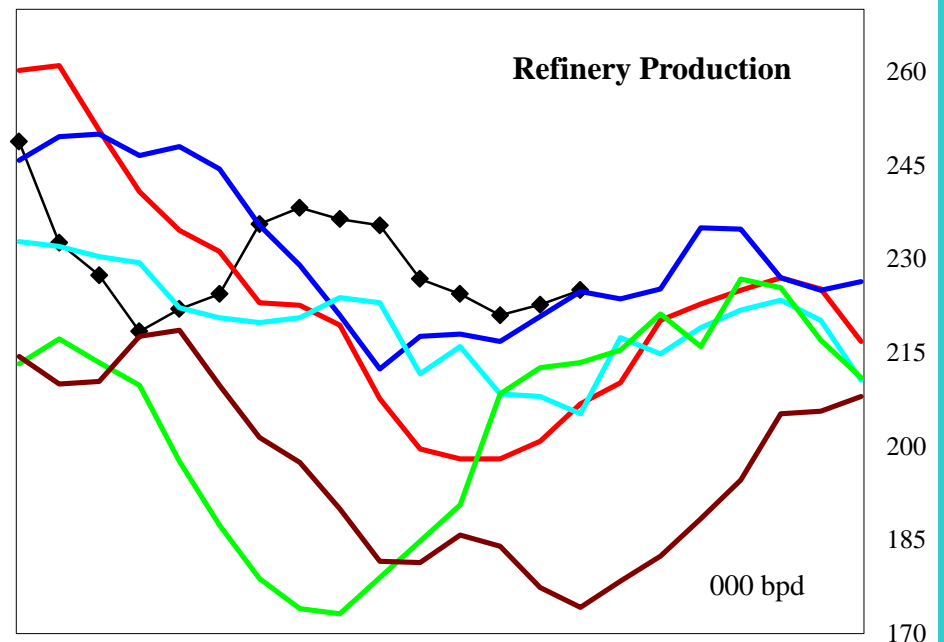
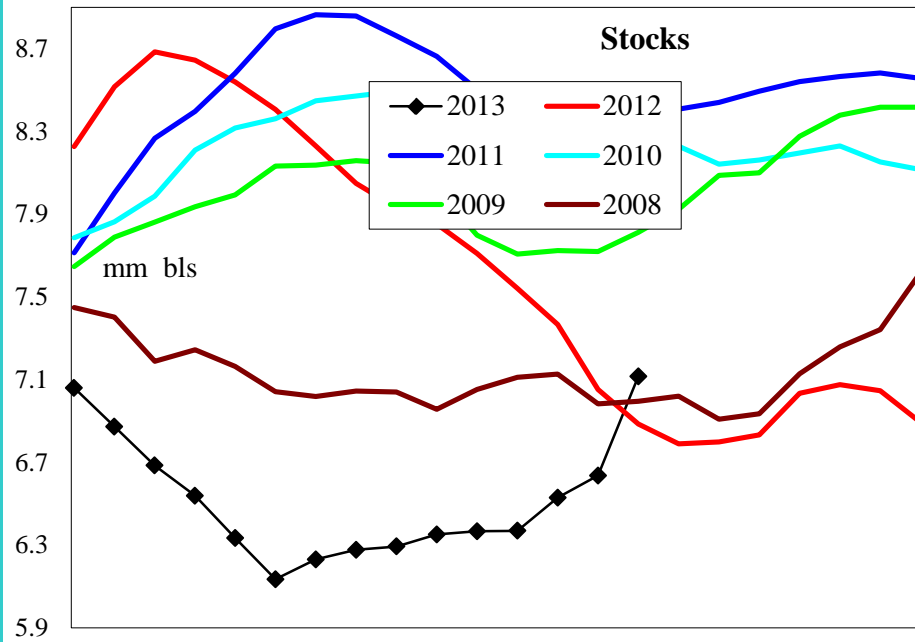
PADD 2 Conventional Gasoline Supply



PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

230

27

0

-28

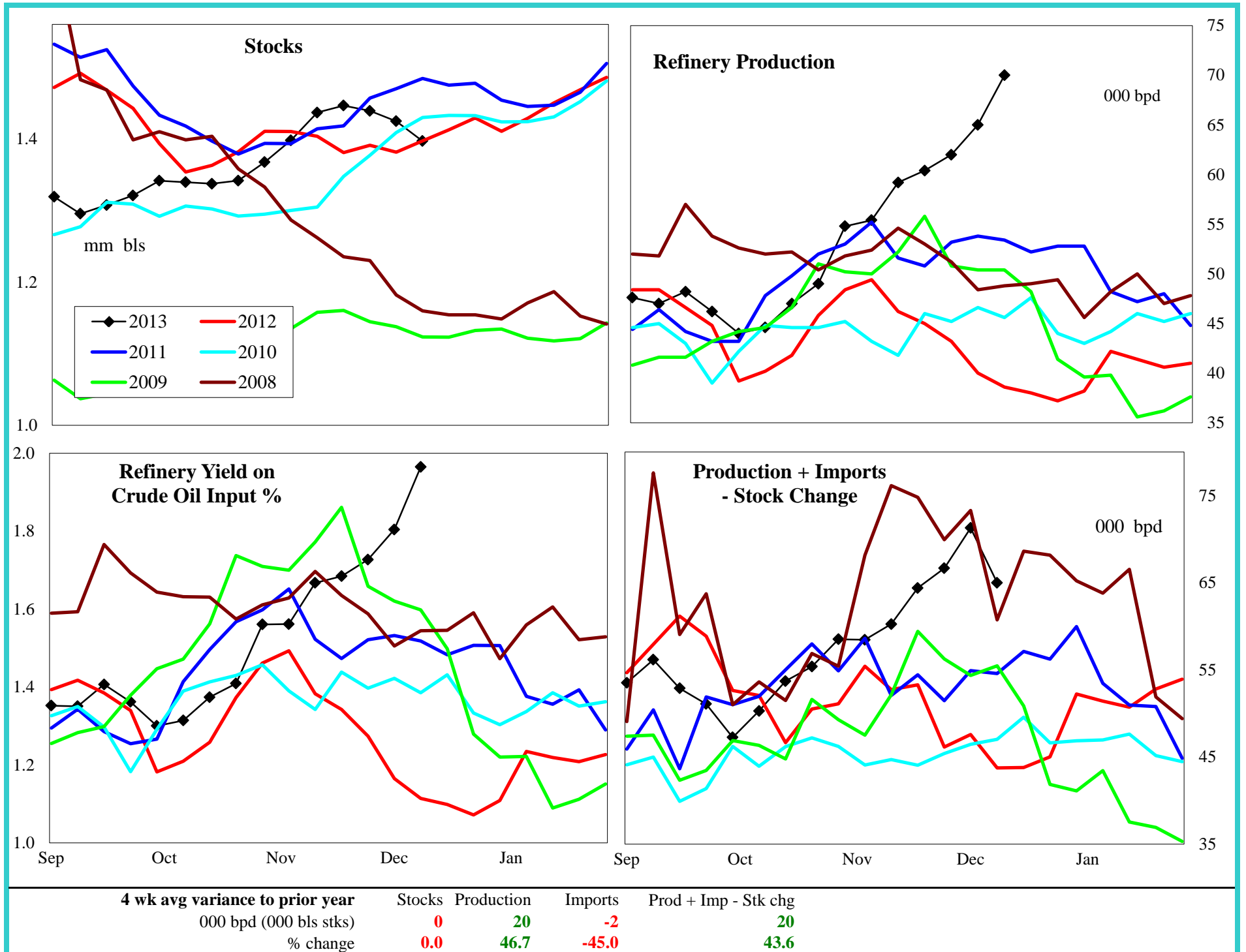
3.3

13.7

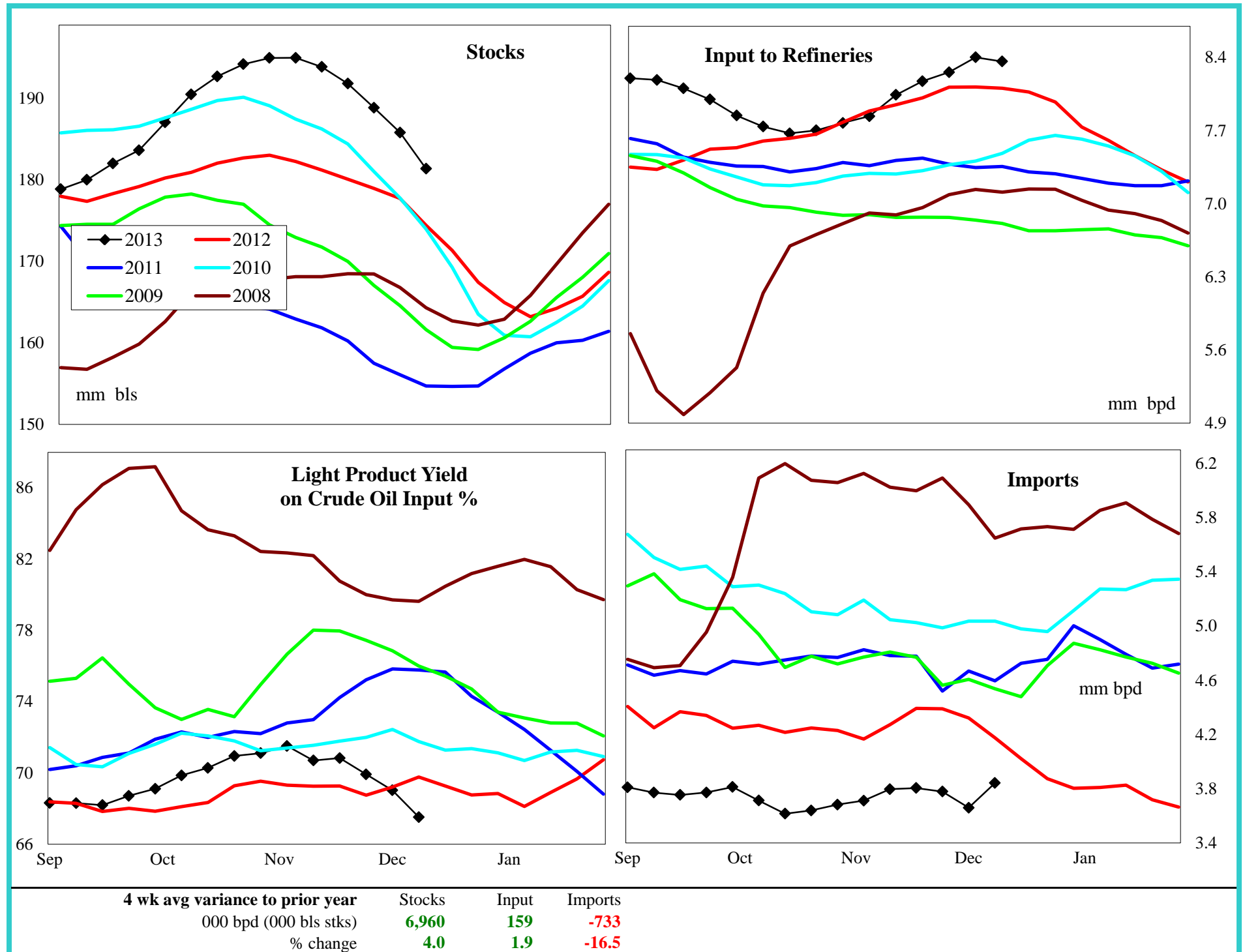
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-12.5

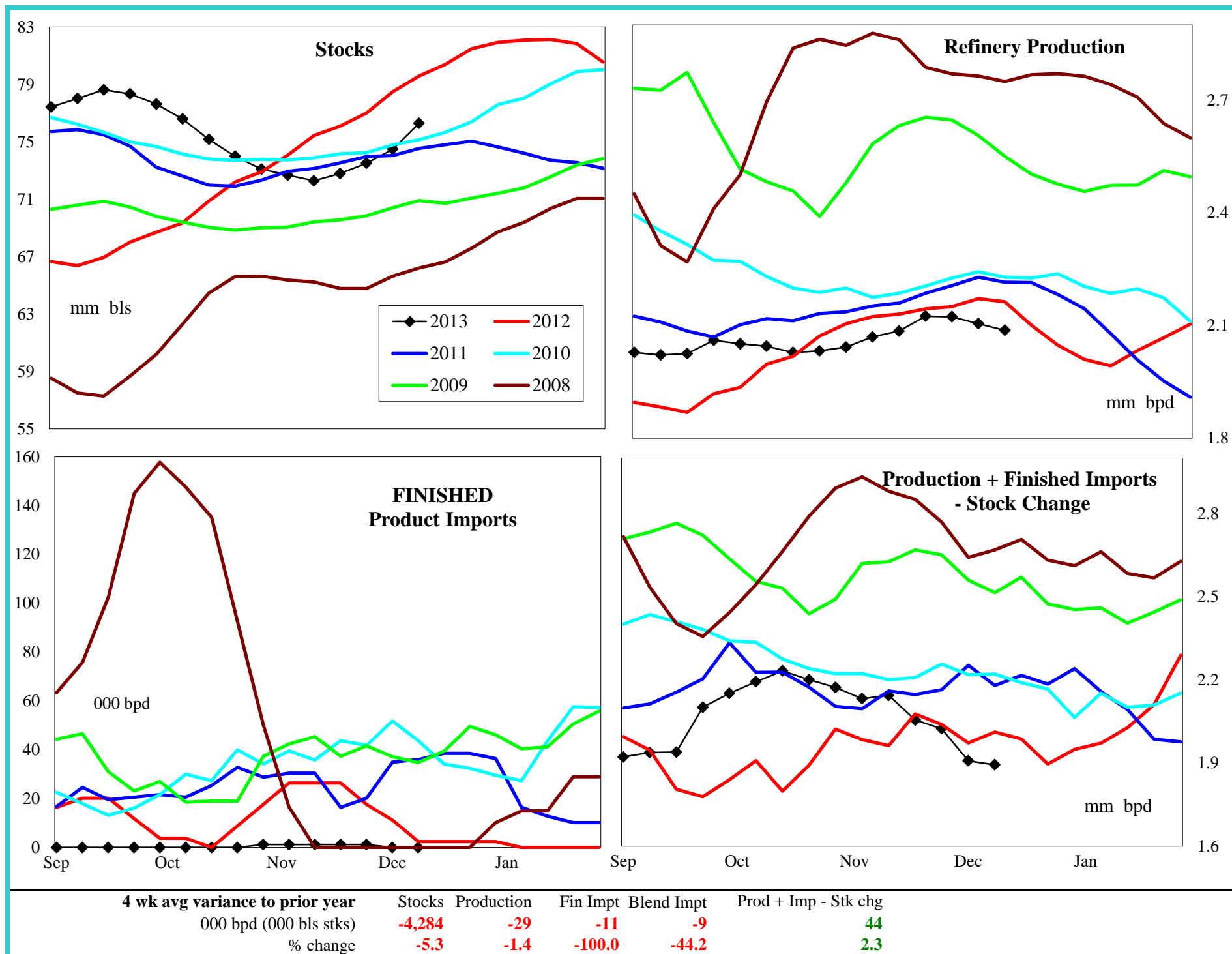
PADD 2 Residual Fuel Oil Supply



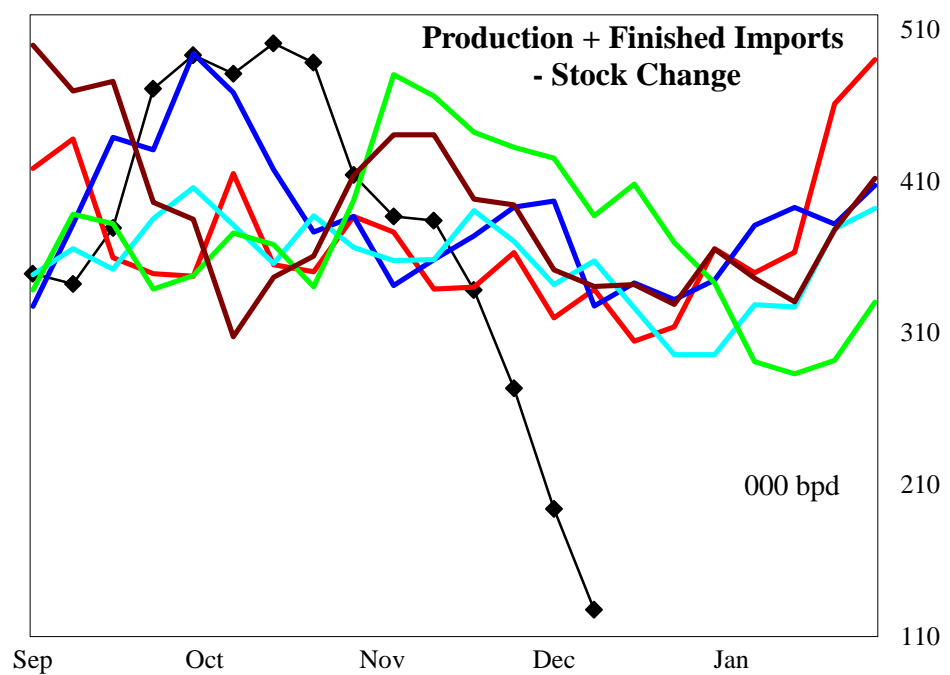
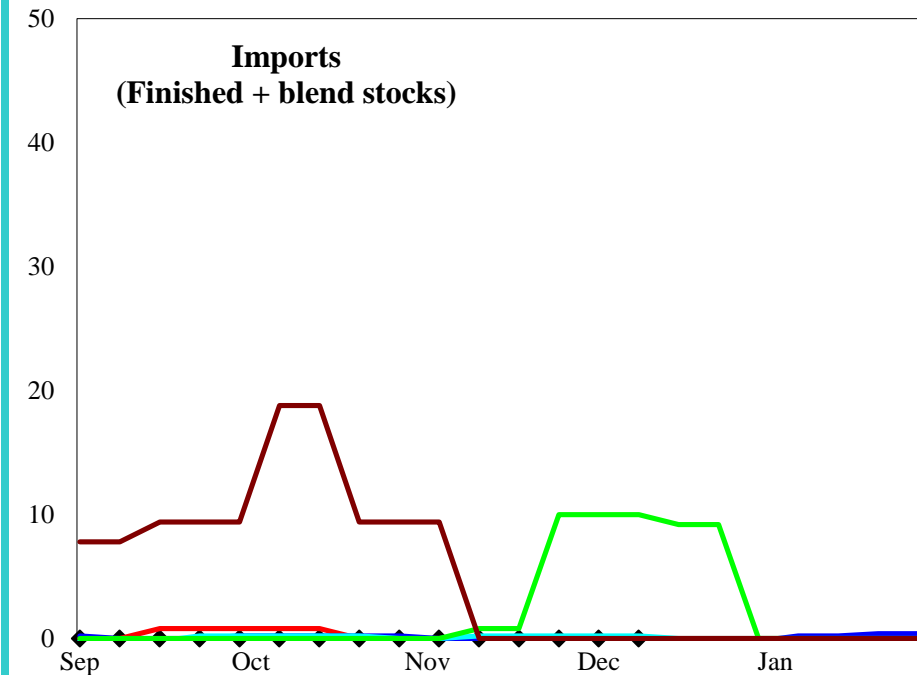
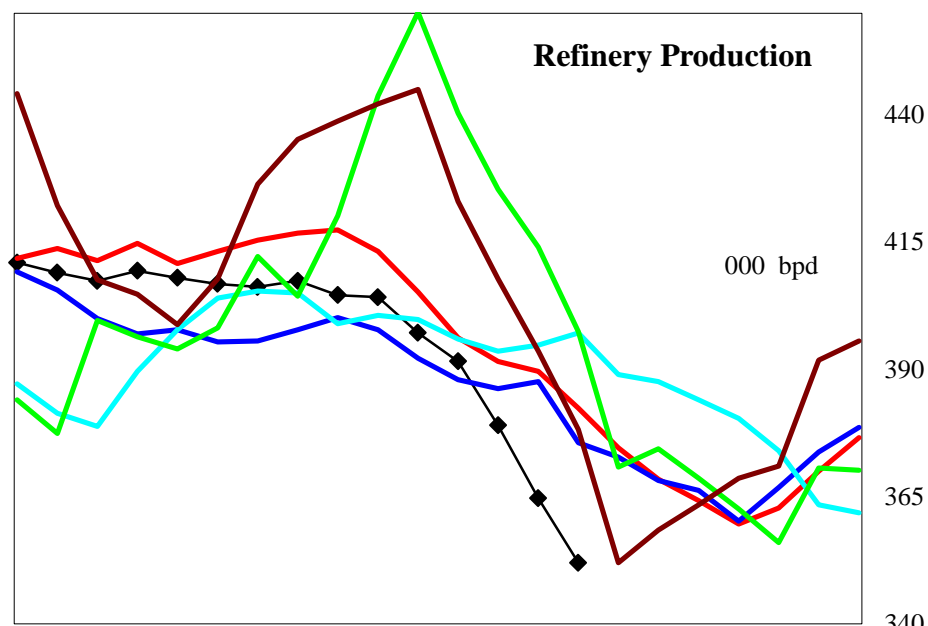
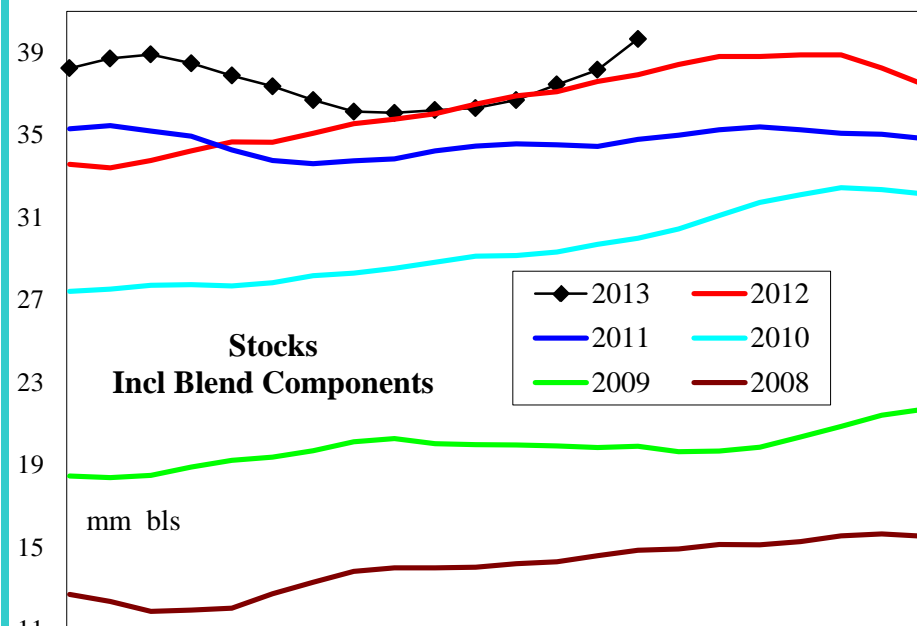
PADD 3 Crude Oil Supply and Refining



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

1,287

-14

0

-27

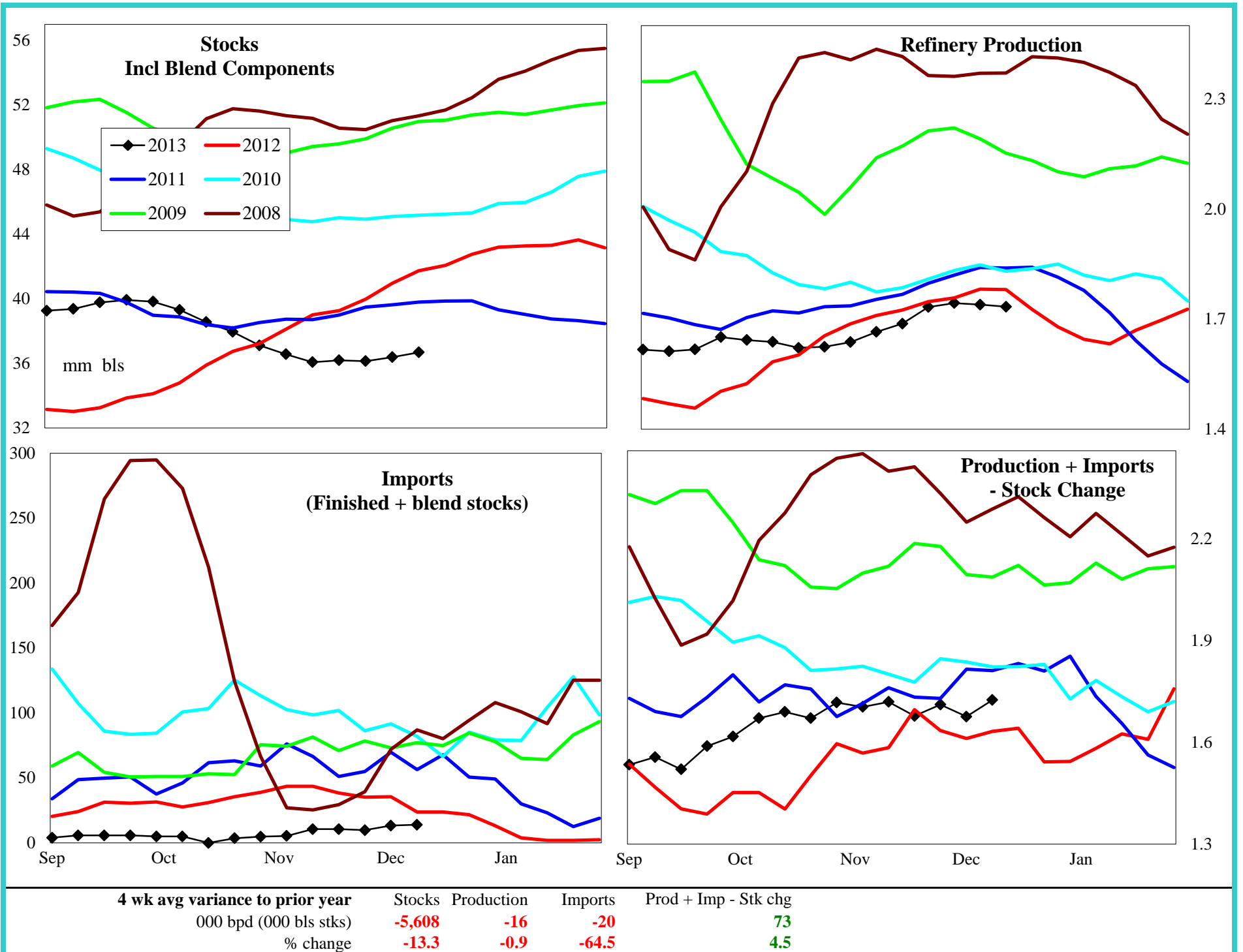
3.4

-3.5

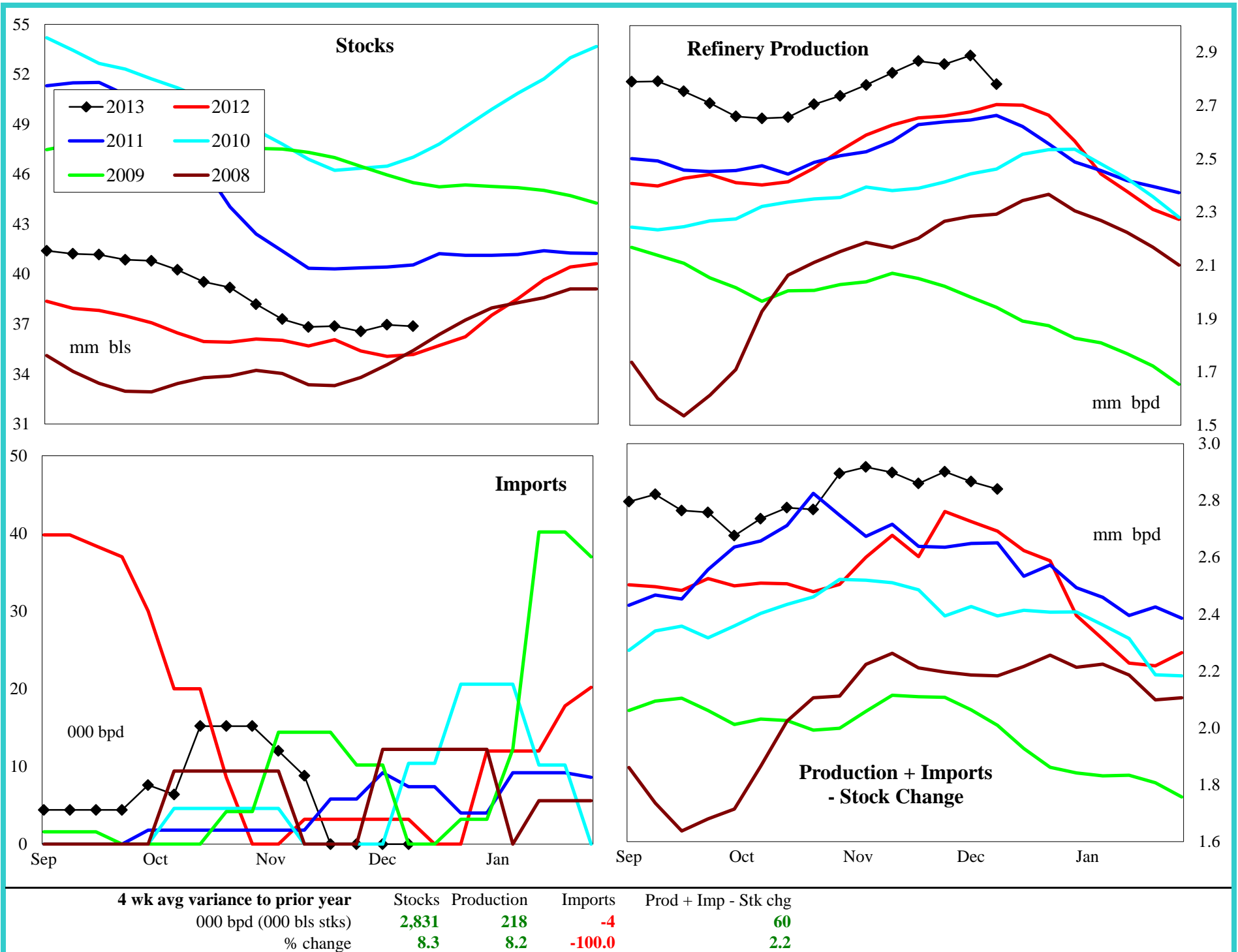
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-9.2

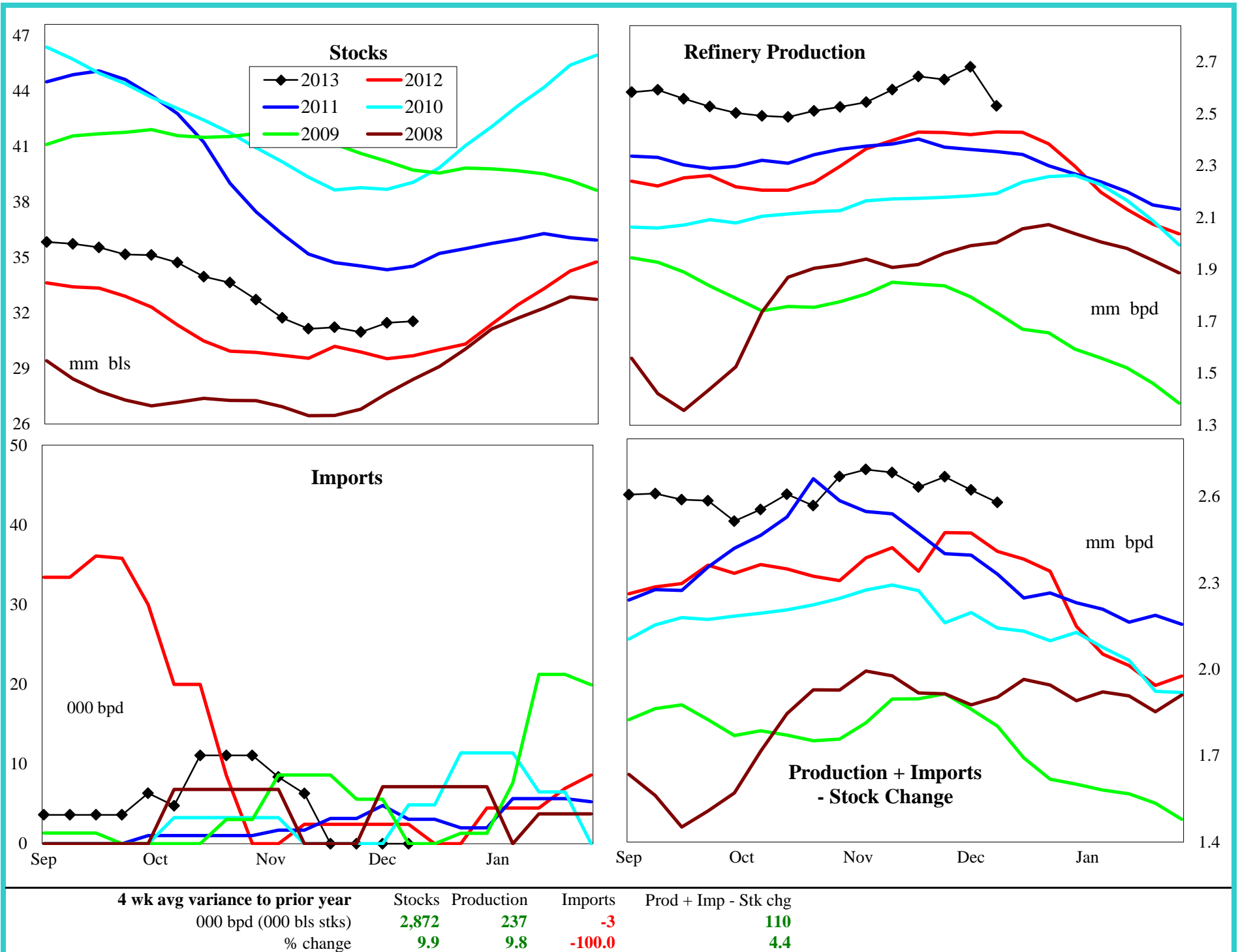
PADD 3 Conventional Gasoline Supply



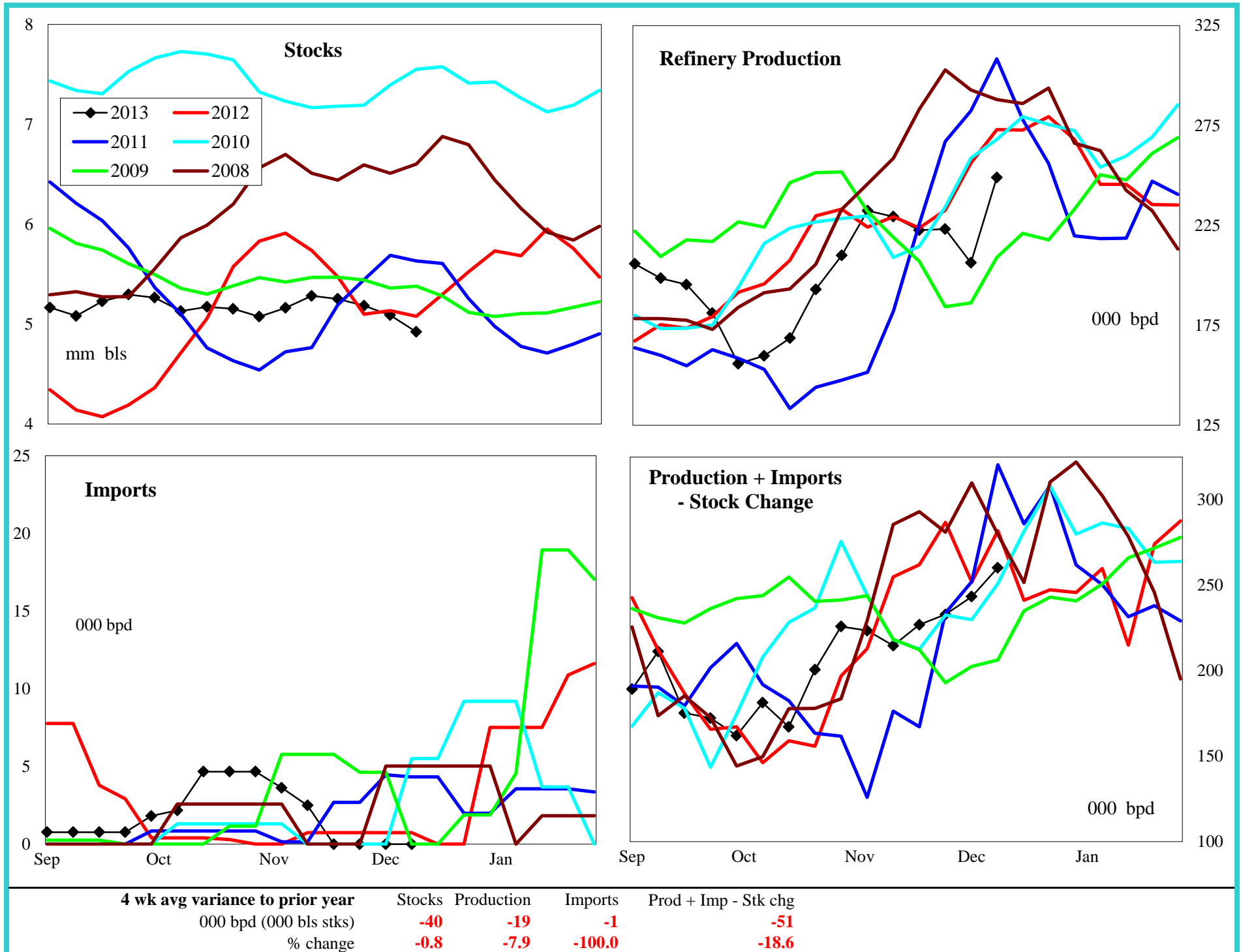
PADD 3 Distillate Supply



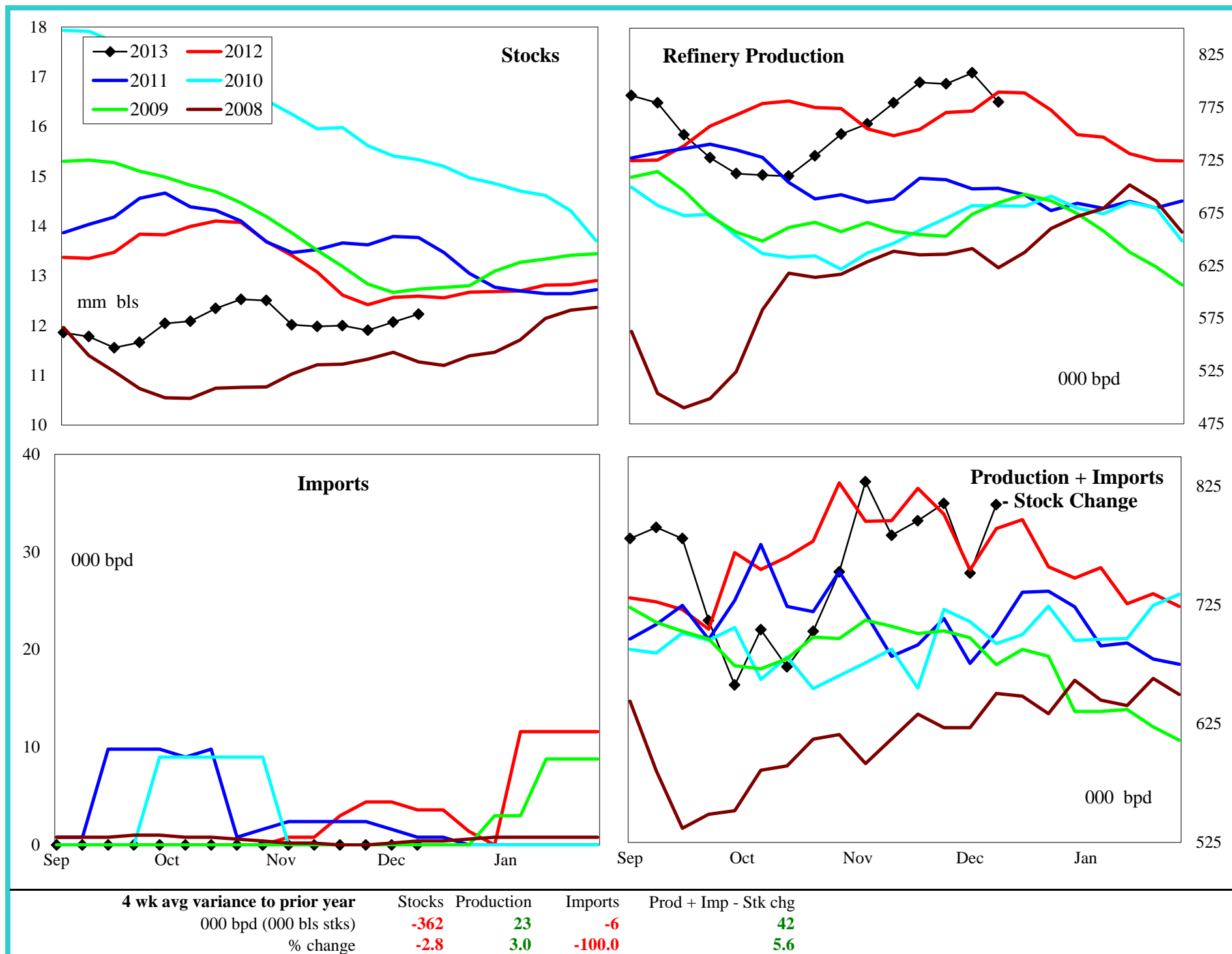
PADD 3 Low Sulfur Distillate Supply



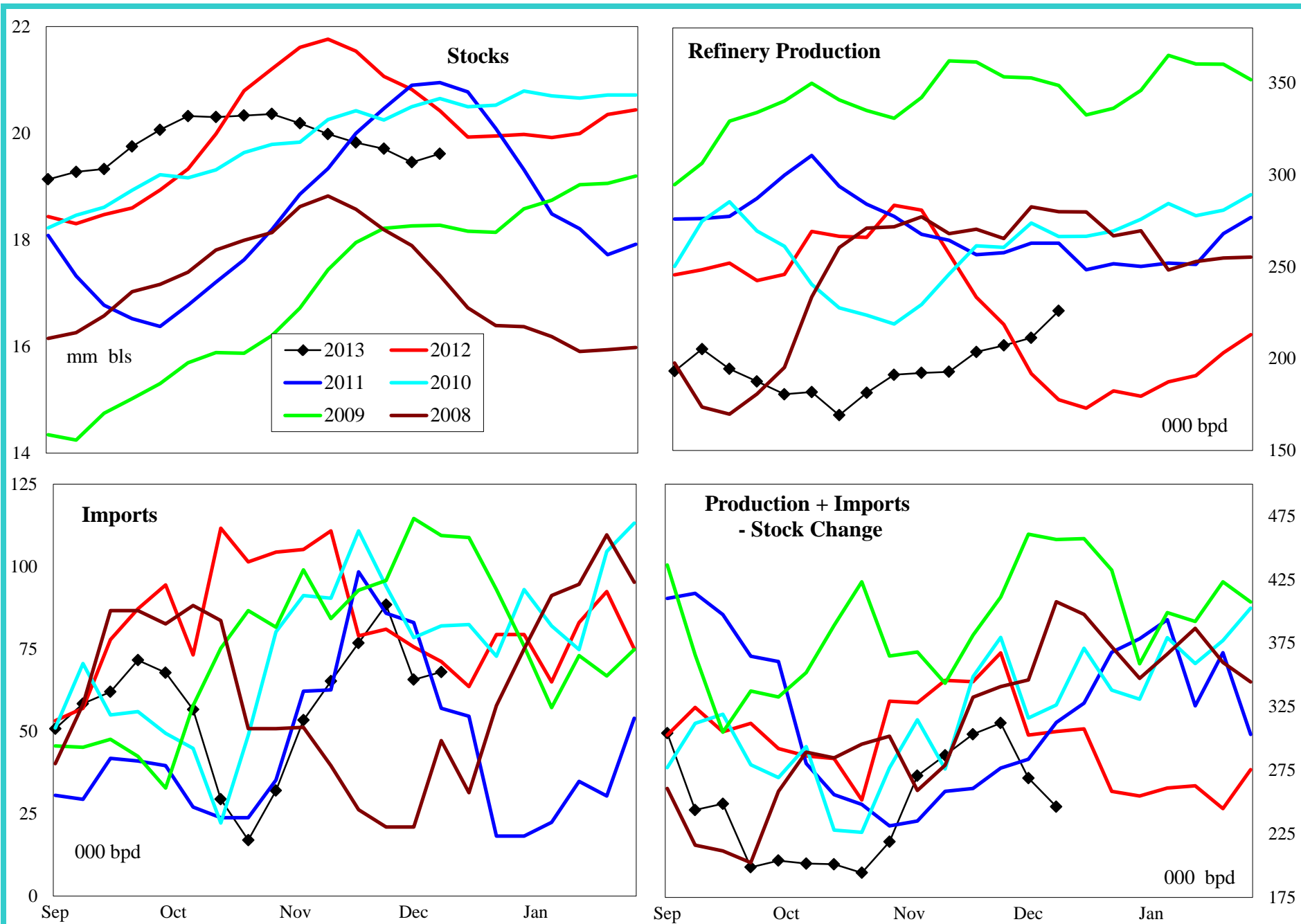
PADD 3 High Sulfur Distillate Supply



PADD 3 Jet Fuel Supply



PADD 3 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-808

4

4

22

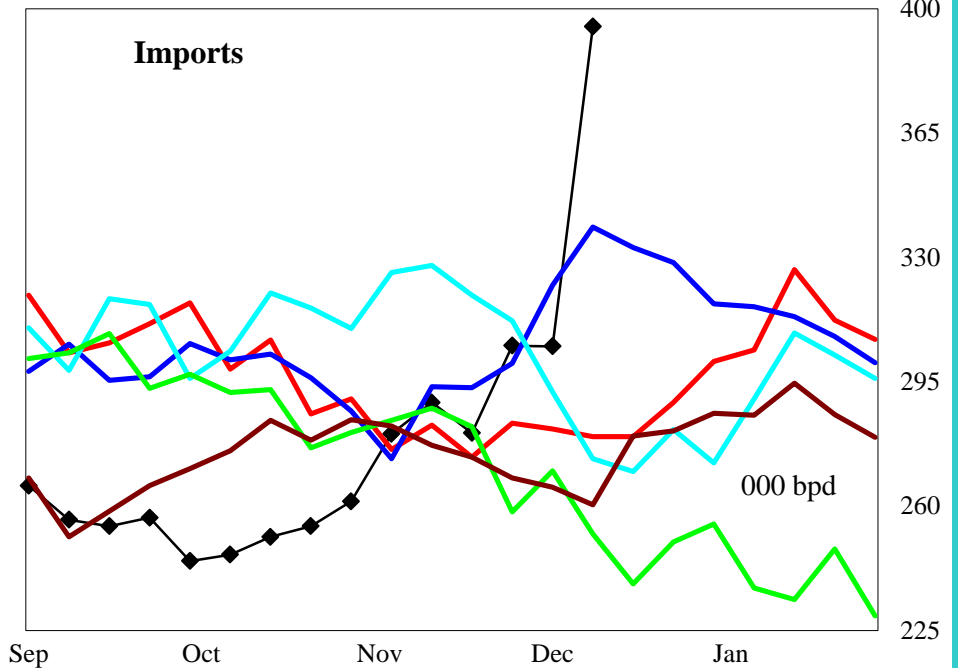
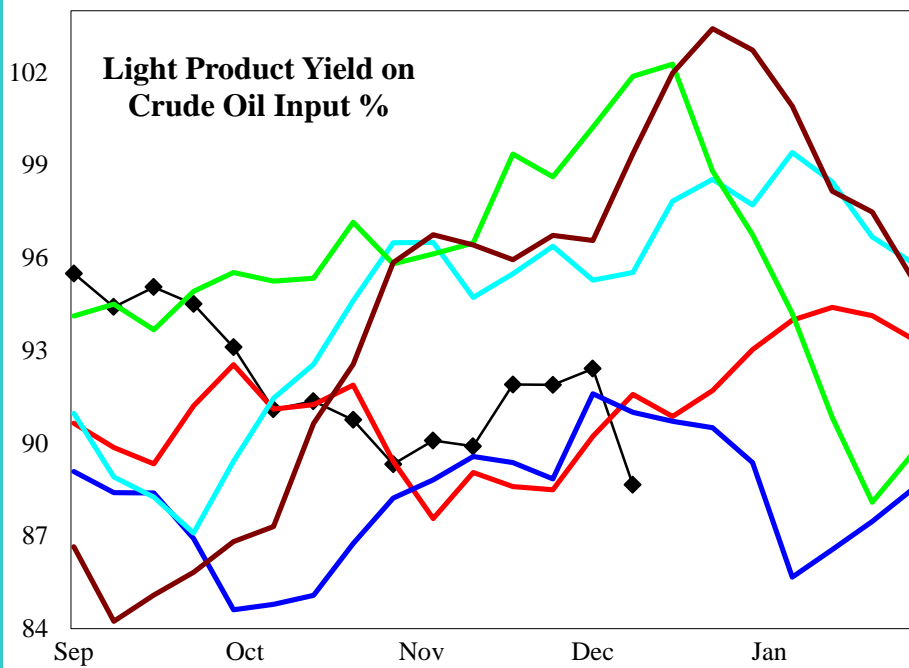
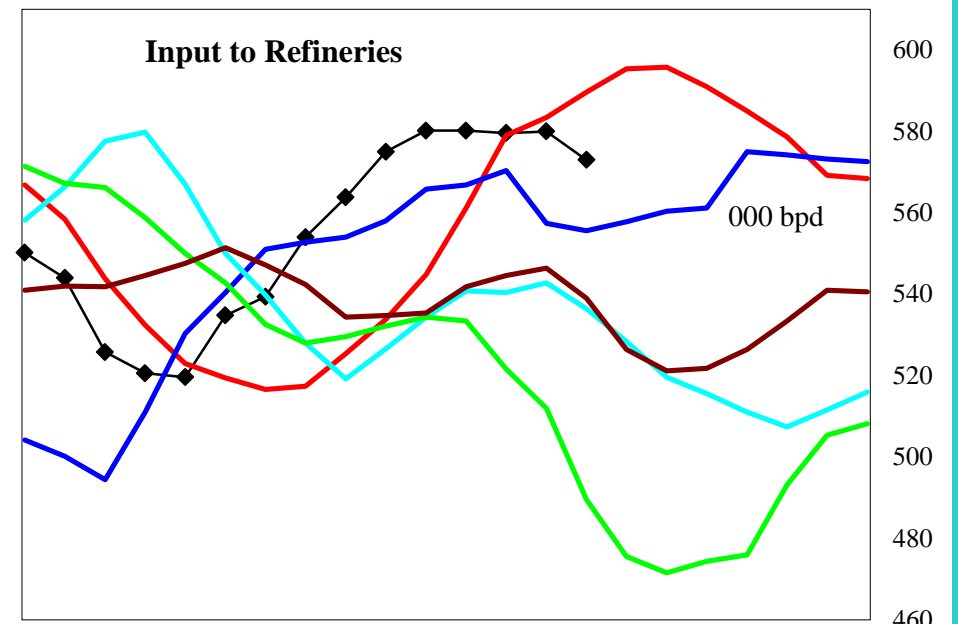
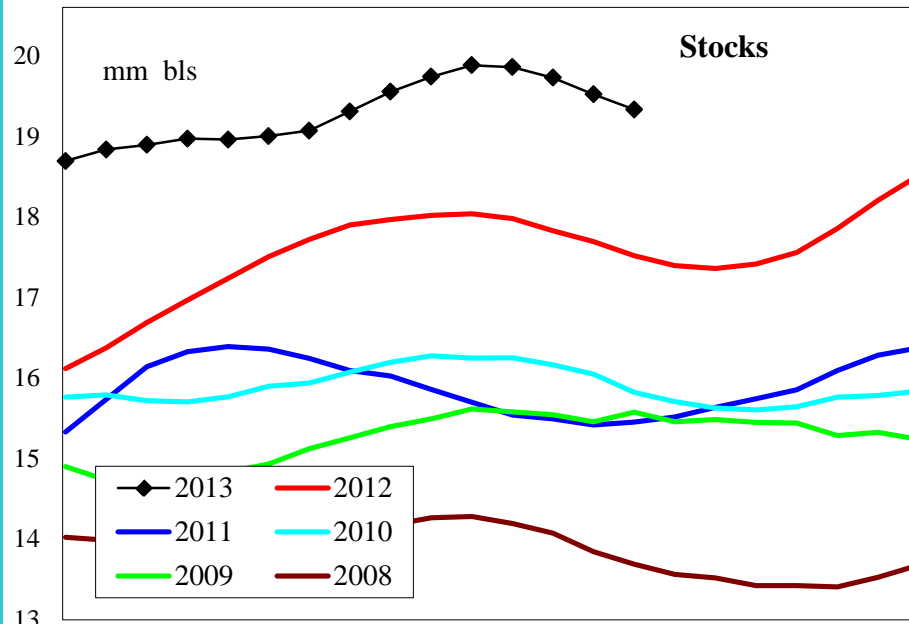
-4.0

1.9

5.1

7.6

PADD 4 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,813

10.1

Input

-3

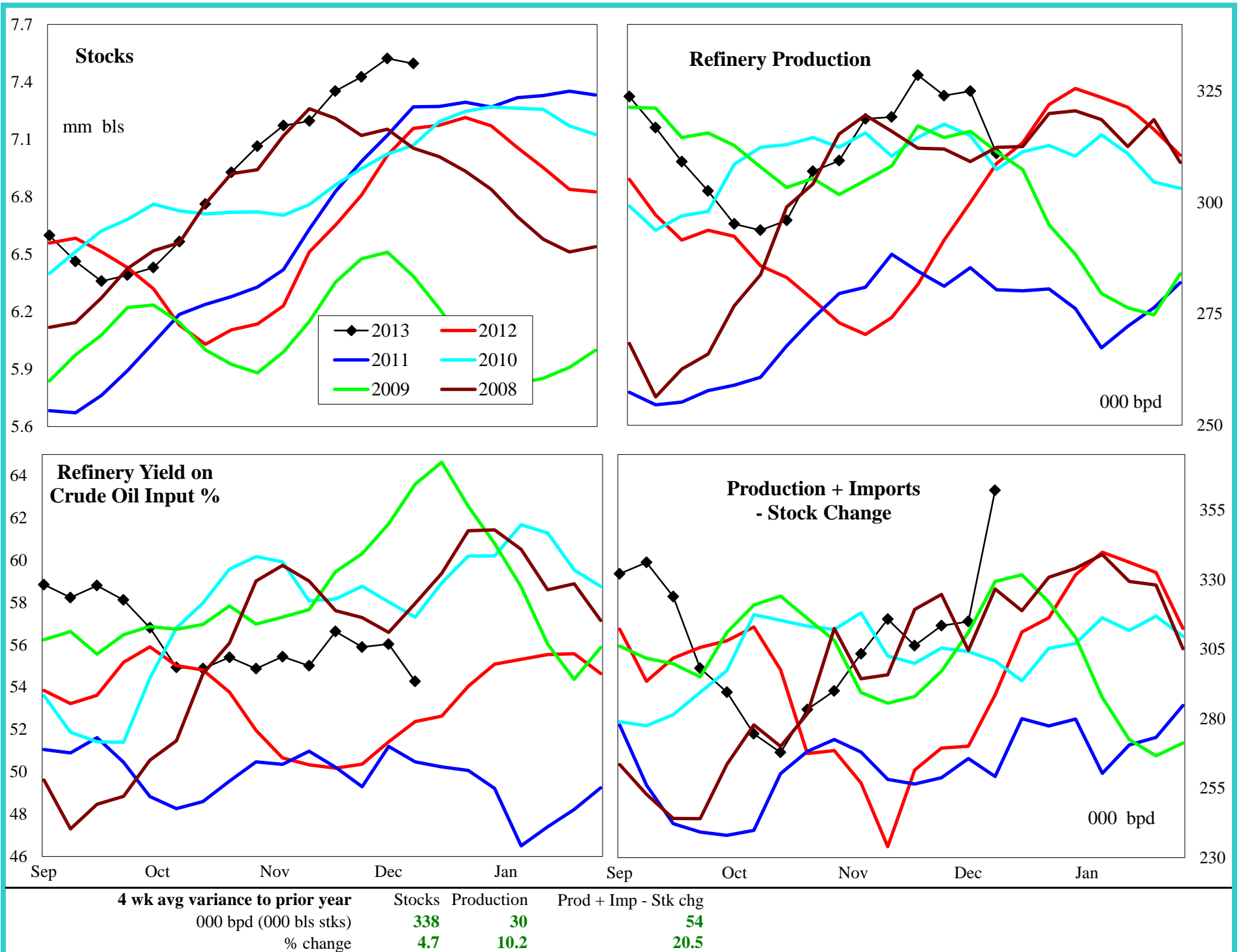
-0.4

Imports

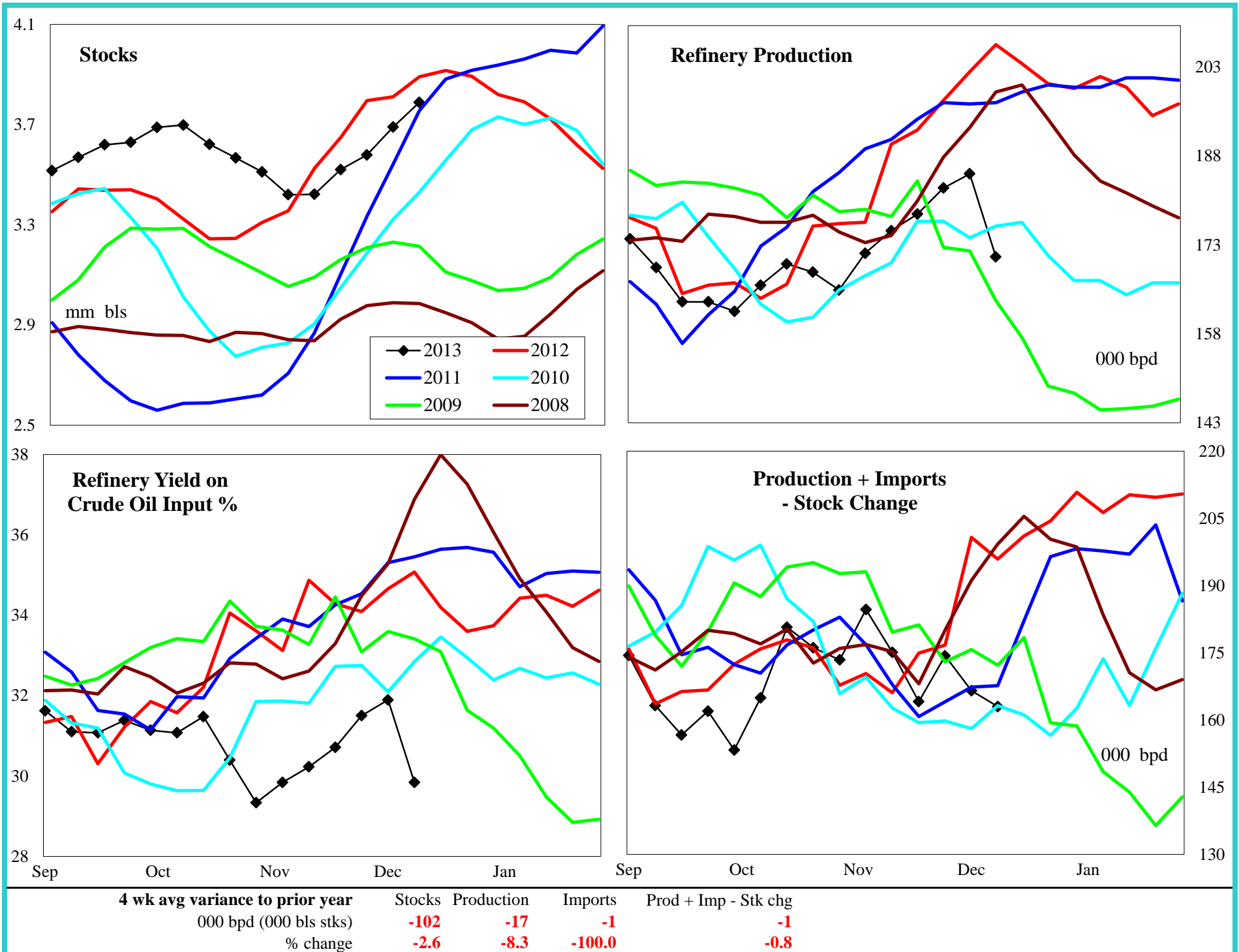
36

13.1

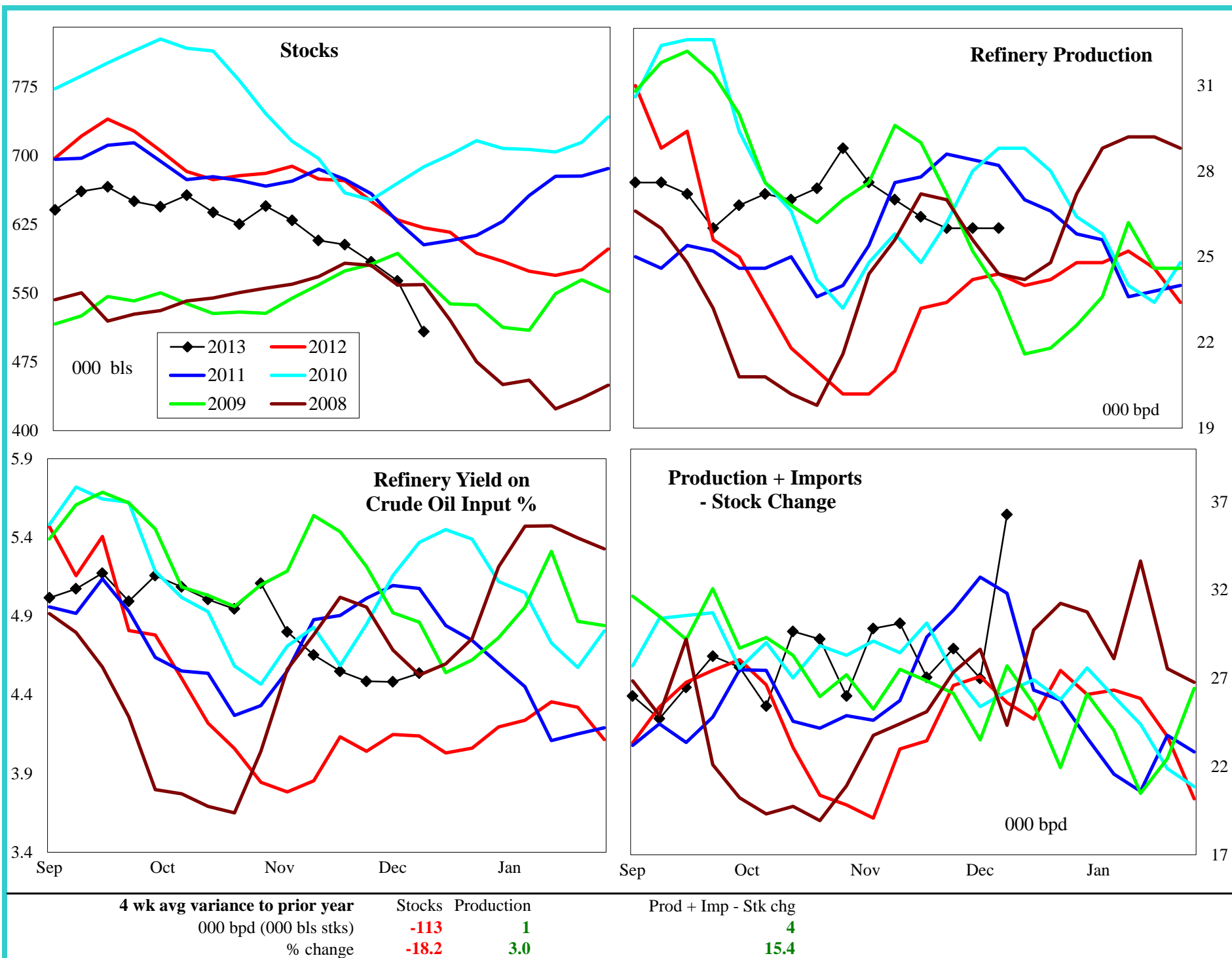
PADD 4 Gasoline Supply



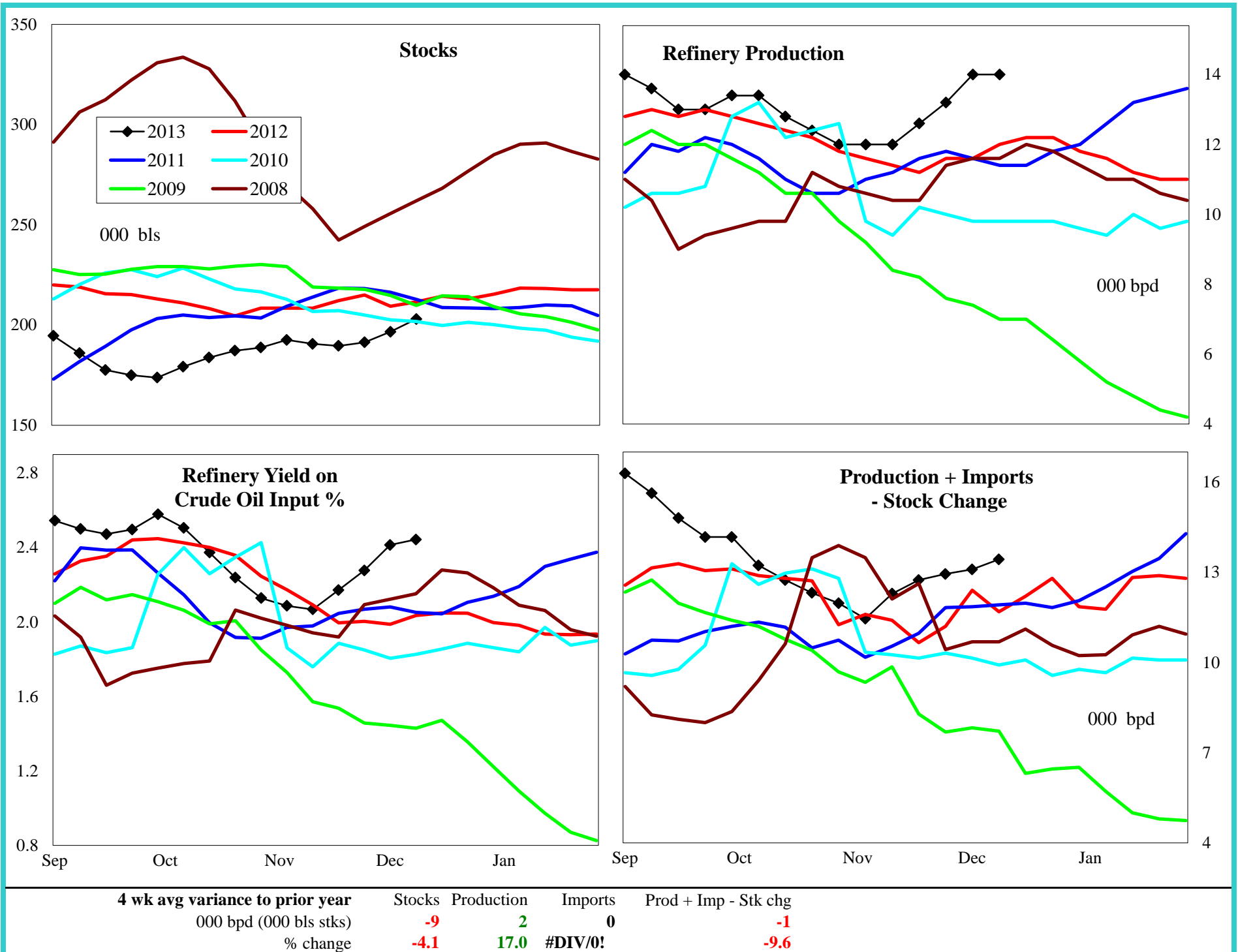
PADD 4 Distillate Supply



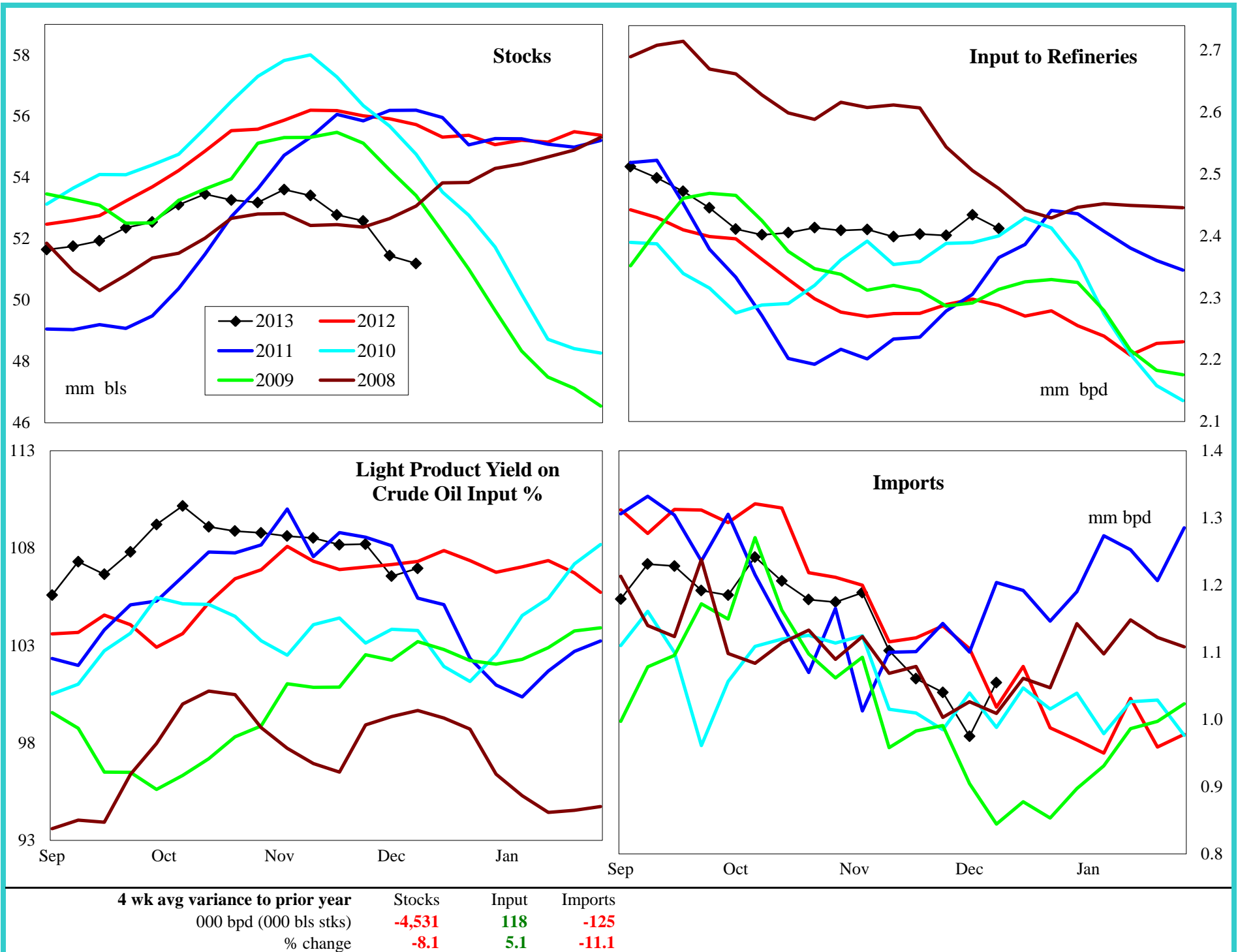
PADD 4 Jet Fuel Supply



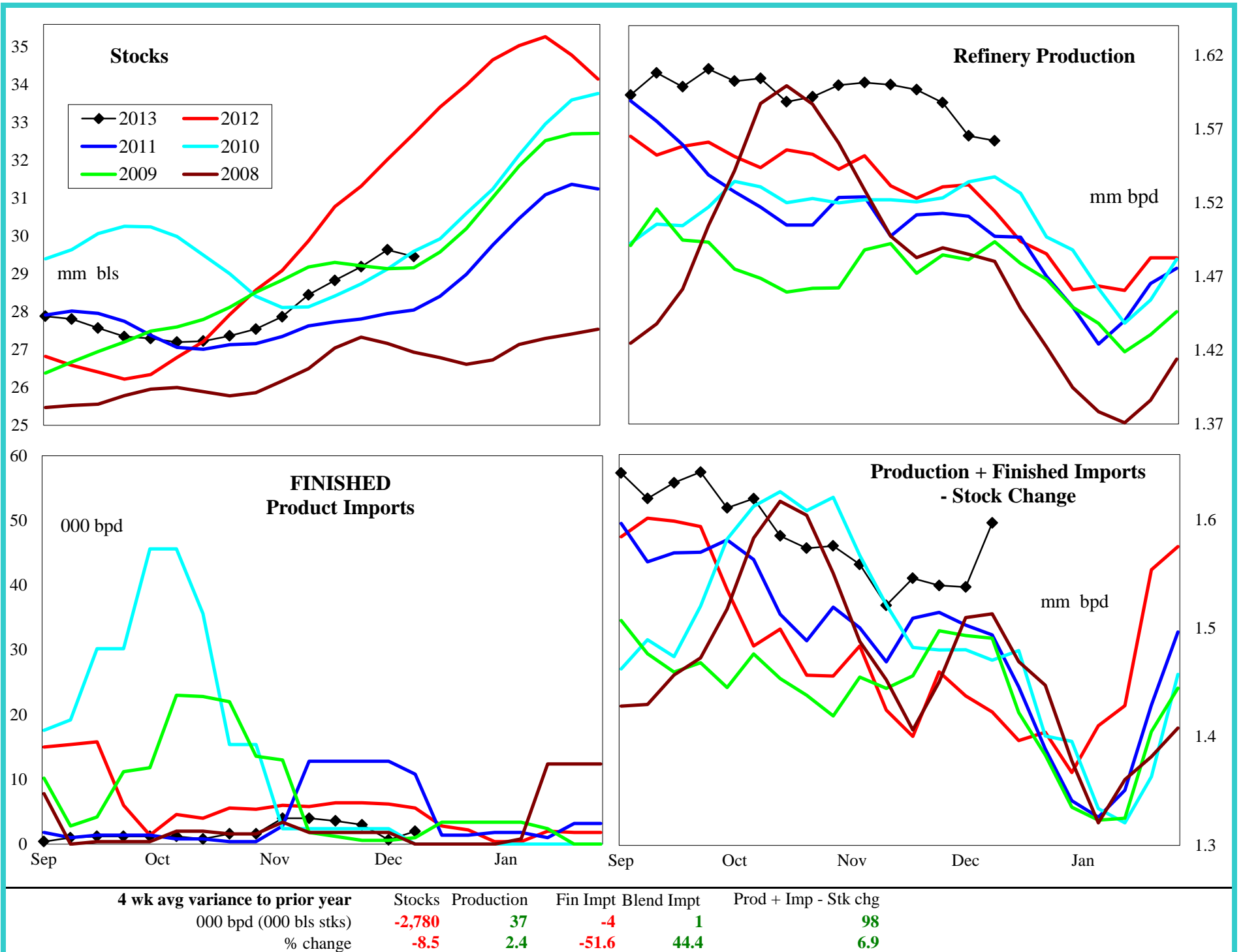
PADD 4 Residual Fuel Oil Supply



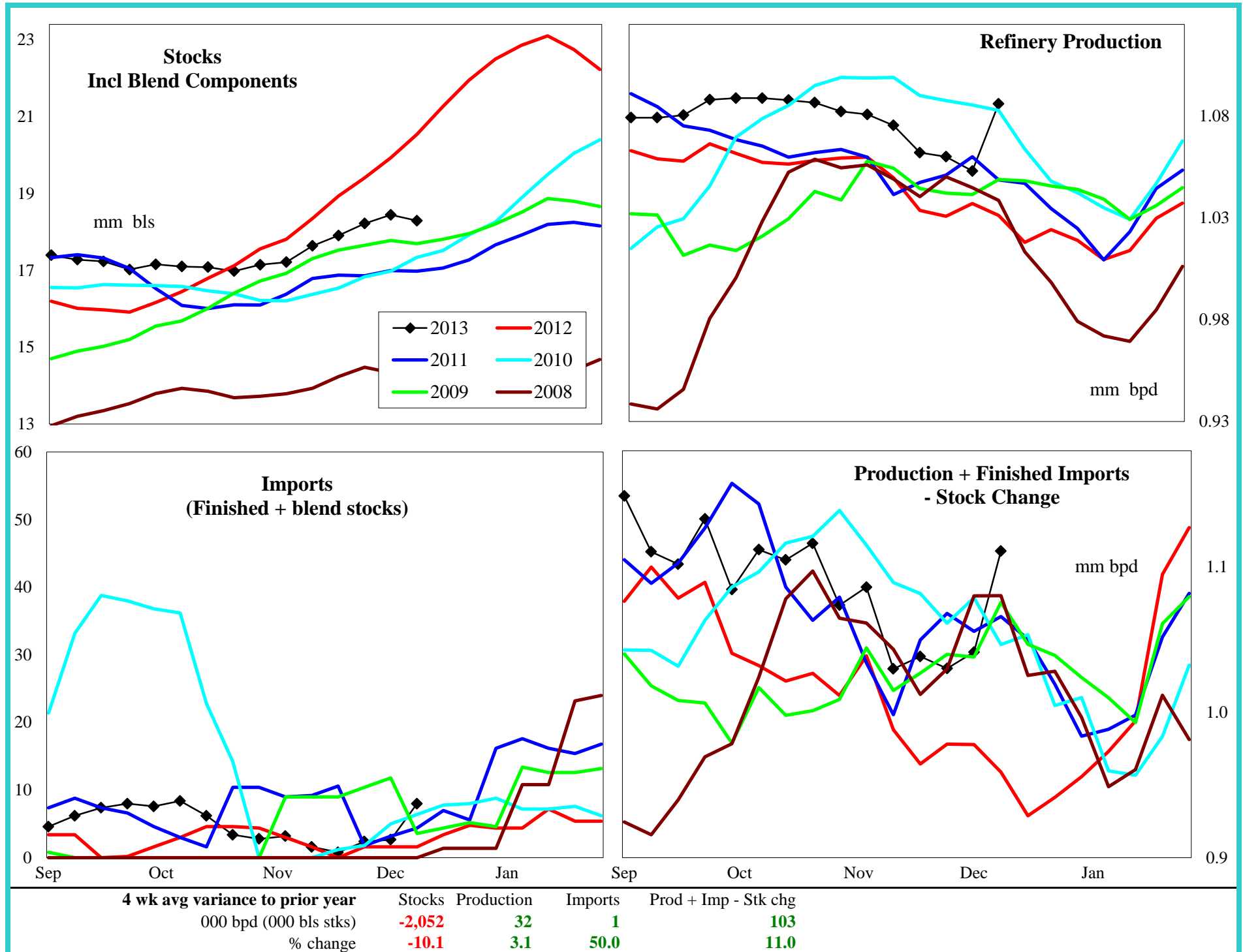
PADD 5 Crude Oil Supply and Refining



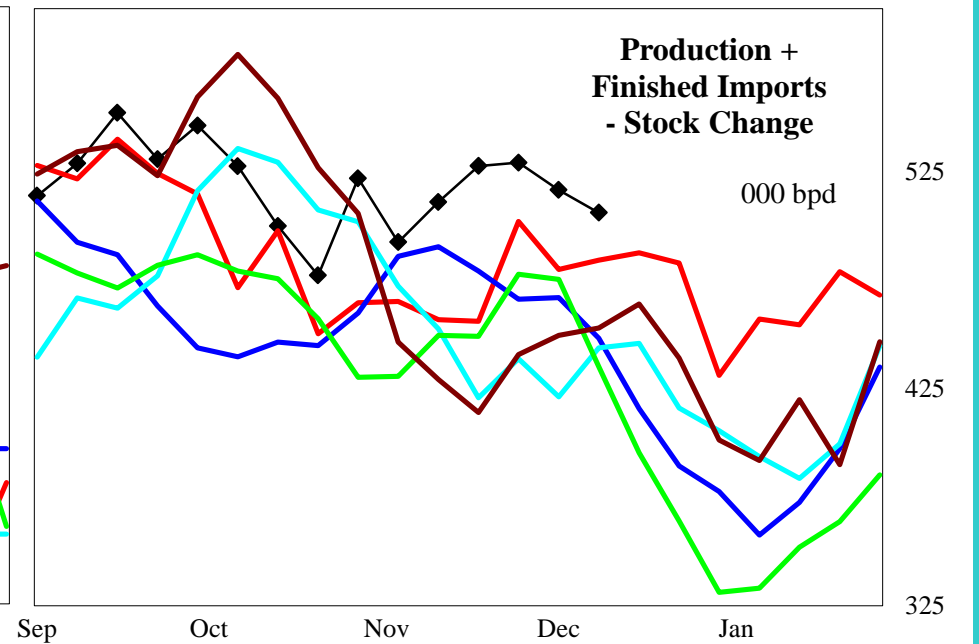
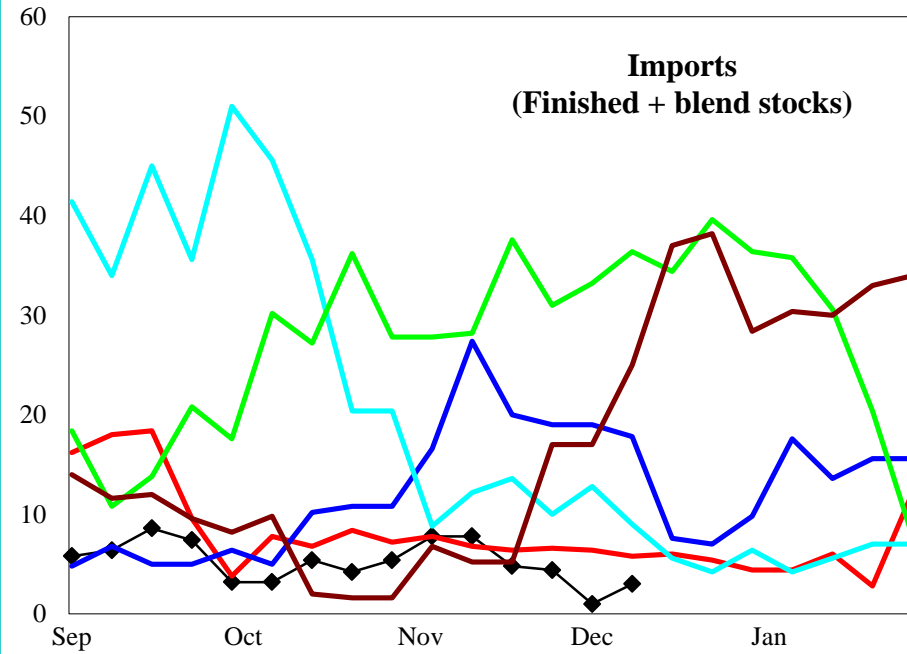
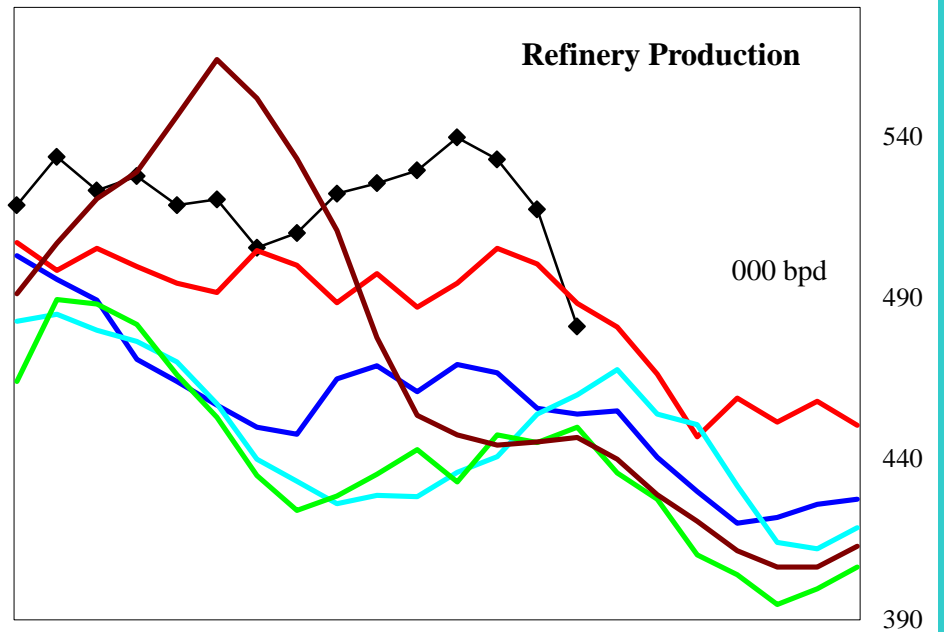
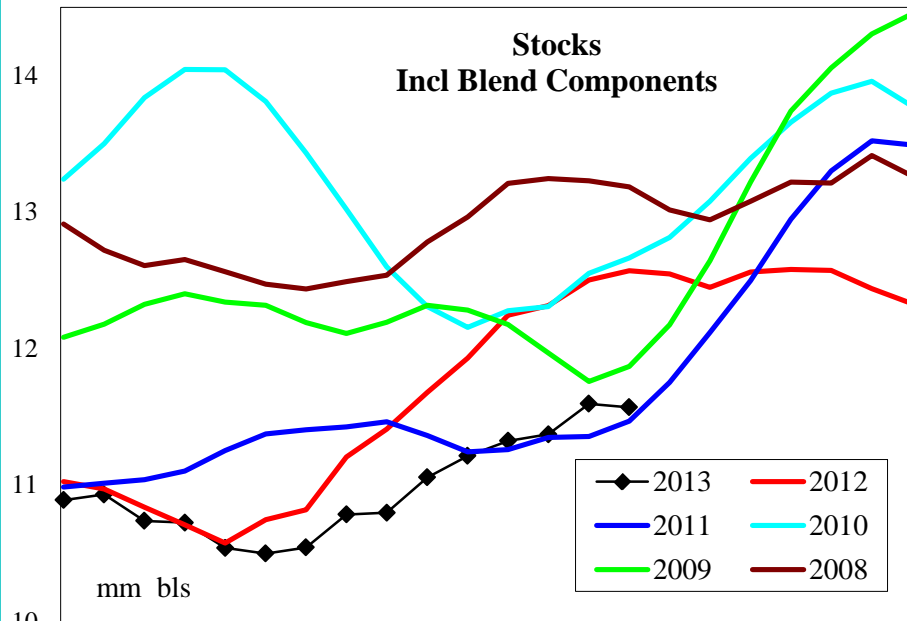
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-728

-5.9

Production

5

1.0

Imports

-4

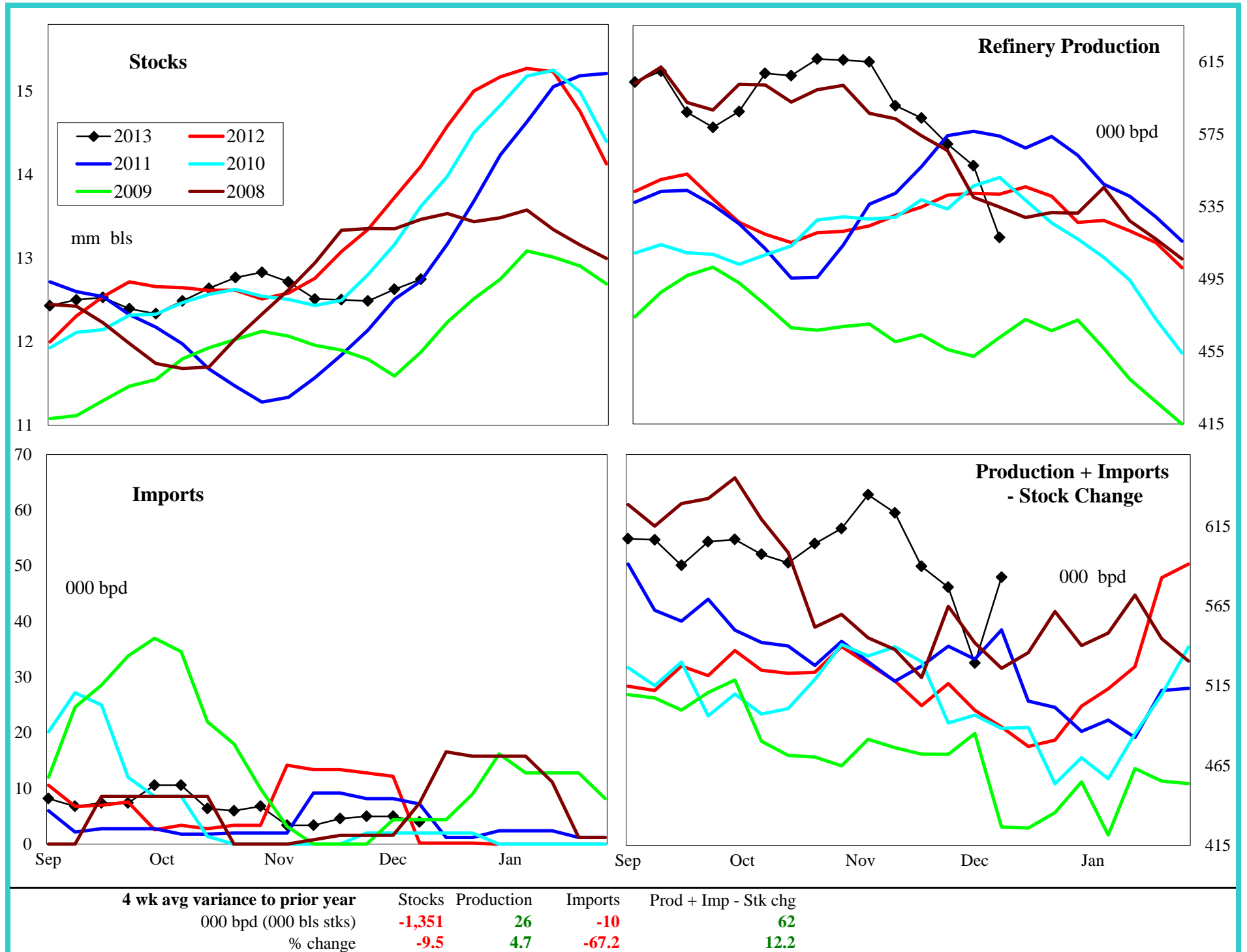
-50.0

Prod + Imp - Stk chg

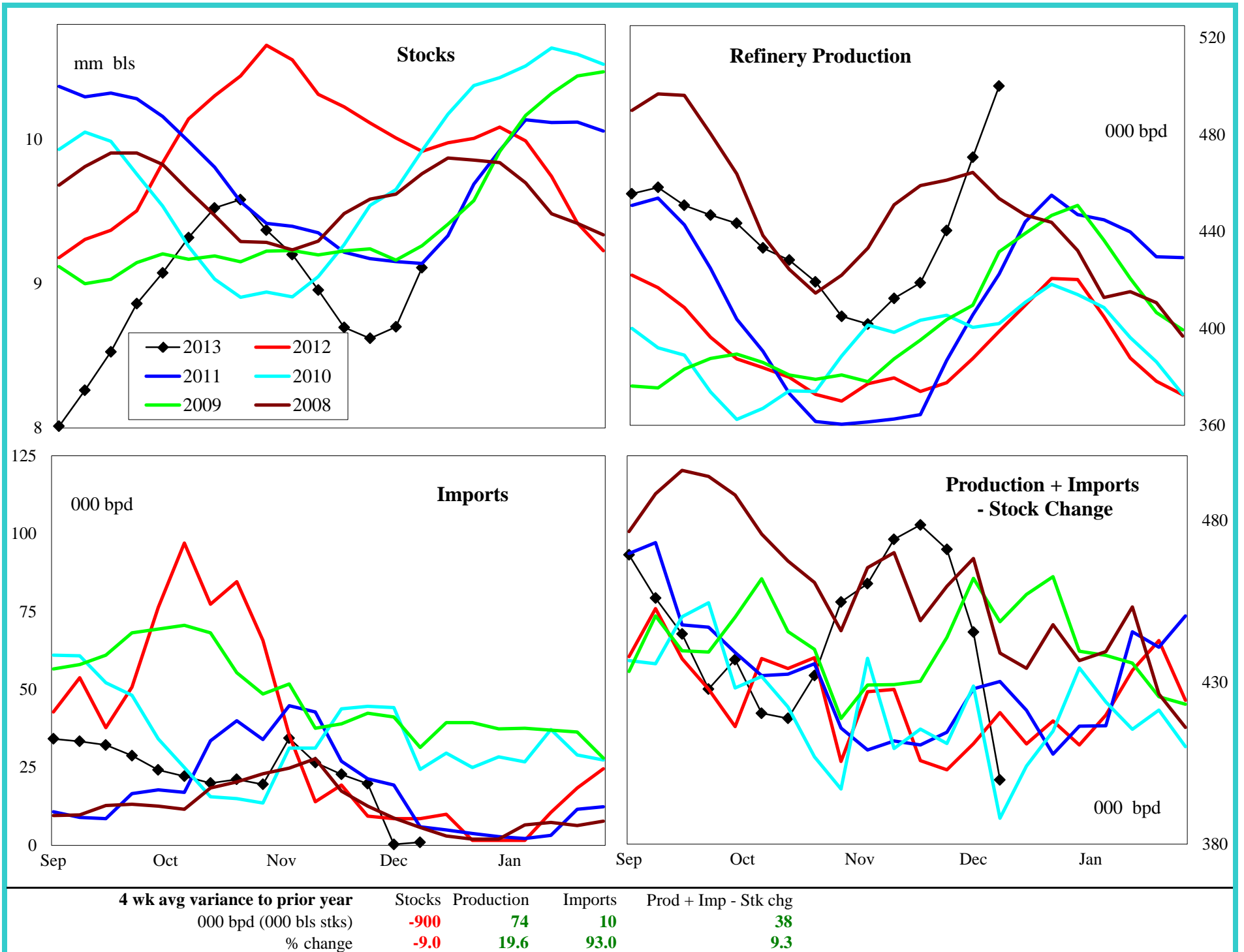
-5

-1.1

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

