

## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

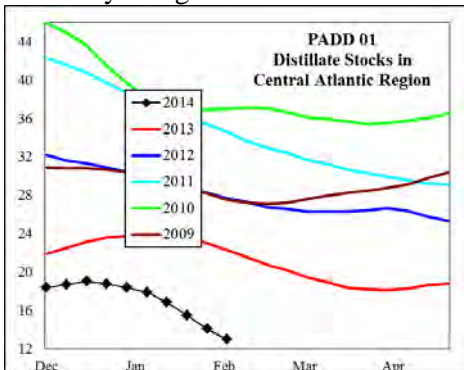
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Wednesday, February 12,

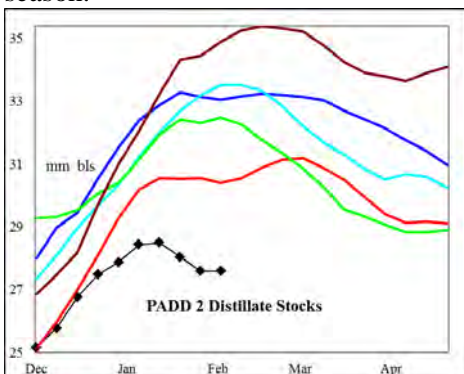


#### Major Fundamental Trends<sup>1</sup>

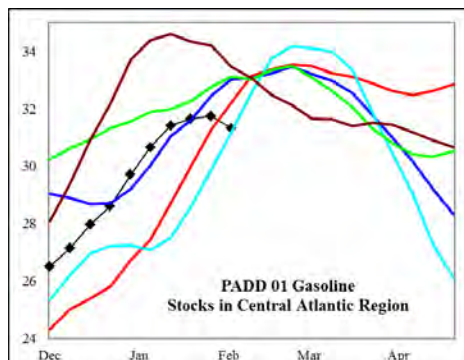
Look for a significant improvement in the distillate supply balance in the Northeast by month end – driven by a major warming trend and arrival of imports. Stock levels in the key central Atlantic Region ended the week -41% below a year ago.



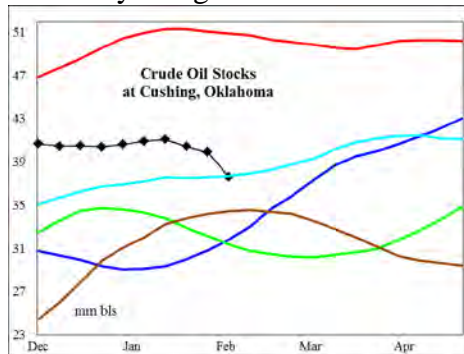
A spillover effect of the extraordinary demand for distillate on the East Coast has been a lack of deliveries from the Gulf into the Midwest. Also contributing to the very low stock levels in the Midwest were weather related refinery disruptions in the Region. The low distillate stock levels in the Midwest risk a supply squeeze during the peak spring agriculture season.



The gasoline supply balance in the Central Atlantic Region risk a significant tightening during the next 60-days on low stock levels, limited imports, above average planned refinery maintenance and a seasonal uptrend in demand.



Startup of the new Keystone crude oil line between Cushing and the Gulf has contributed to a very significant draw down in Cushing stocks during the last month, with stocks now -13 million barrels below a year ago.



**Demand** for transport fuels declined a combined -0.6 million bpd last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1%; distillate was +8.6% higher; jet fuel was -0.1% lower, and residual increased +1%.

**Stocks forward coverage:** Gasoline demand coverage decreased on a -1.9 million barrel stock draw. Coverage ended the week at a level above the average of the last 2-yrs.

Distillate coverage decreased on a -0.7 million barrel stock draw, partially offset by very low demand. Coverage ended the week at a level sharply below the 5-yr range.

Jet fuel coverage increased on a +0.9 million barrel stock build for the week. Coverage levels remain well below the 5-yr range.

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

**Refinery utilization** rates increased on

a +166,000 bpd increase in crude oil runs last week. During the latest 4-wk period crude oil input was +0.9 million bpd above a year ago.

Gasoline yield % on crude oil runs was little changed last week on a +70,000 bpd increase in output compared to the +166,000 bpd rise in crude oil runs. Yield % on crude oil runs remained below the historic range.

Distillate yield % on crude oil runs decreased last week, on a +12,000 bpd rise in output compared to the larger increase in crude oil runs. The yield % on crude oil runs ended the week at a level above the 5-yr range.

Jet fuel yield % on crude oil runs increased on a +59,000 bpd rise in output, compared the increase in crude oil runs. The yield % level was above the 3-yr mid range.

**Petroleum Imports/Exports:** Imports of crude oil climbed +1 million bpd last week, reversing the prior week collapse.

During the latest 4-wk period crude oil *imports* were -0.1 million bpd below last year; distillate imports were +109,000 bpd higher; finished gasoline imports were +7,000 bpd higher, gasoline blend stock imports were -105,000 bpd lower; jet fuel imports increased +13,000 bpd, while residual fuel oil imports were -82,000 bpd lower.

*Exports during the latest week for distillate were +217,000 bpd above a year ago, gasoline +106,000 bpd, jet fuel +37,000 bpd and propane was +222,000 bpd higher.*

**Crude Oil** stocks increased +4.3 million barrels last week, including significant builds in the Gulf and West Coast. Stocks fell -3.2 million barrels in the Midwest – driven by increased deliveries from Cushing to the Gulf. Cushing stocks are now -26% below a year ago, matching the 3-yr mid range.

<sup>1</sup> Source is latest EIA Weekly Statistics



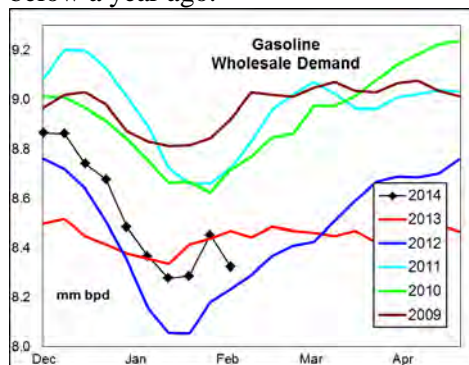
## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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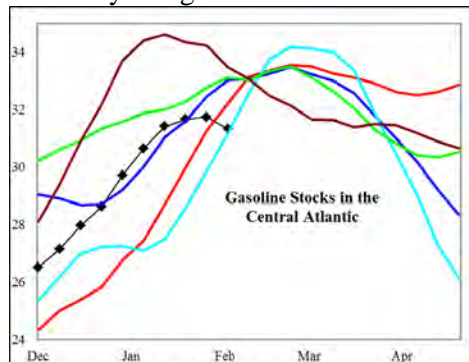
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#### Product Supply-Demand Trends

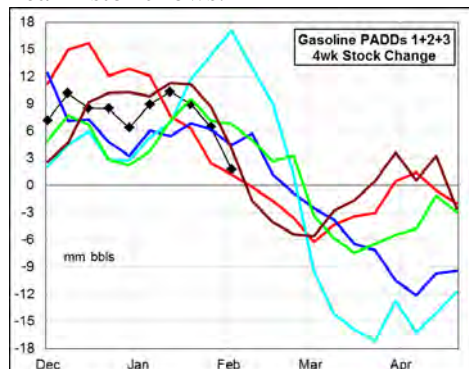
**Gasoline** wholesale demand decreased -127,000 bpd last week, to a level equal to the 2-yr average. The latest 4-wk average demand was -83,000 bpd below a year ago.



Supply decreased -200,000 bpd on a sharp drop in imports. Supply for the latest 4-wk period was -69,000 bpd below a year ago.



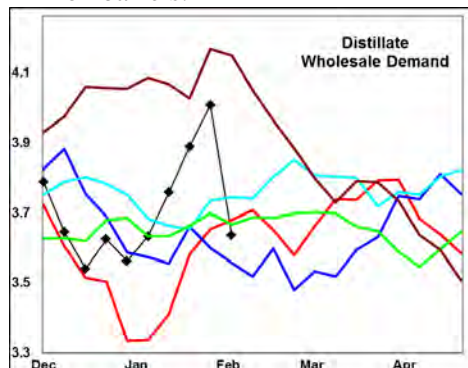
Stocks declined -1.9 million barrels last week. Stocks in the key Central Atlantic region matched 3-yr lows for the week. The latest 4-wk stock change in markets East of the Rockies was a +1.8 million barrel build, a level near historic lows.



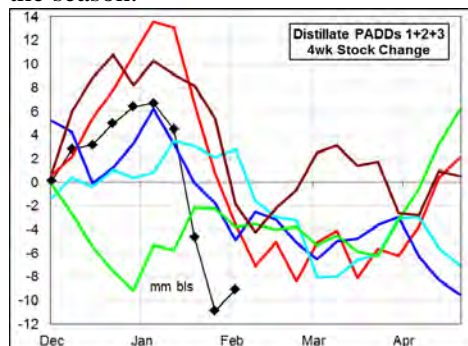
Look for the seasonal uptrend in wholesale demand to be delayed by inclement weather, leading to a later than normal start to seasonal stock

draws. A return to year-on-year demand growth and seasonal maintenance on the Gulf should drive significant stock draws in the 2<sup>nd</sup> half of the quarter.

**Distillate** wholesale demand fell -265,000 bpd last week. The latest 4-wk average demand was +315,000 bpd above last year – driven by extremely cold temperatures East of the Rockies. Supply decreased -32,000 bpd last week, while stocks declined -0.7 million barrels.



The latest 4-wk stock change in markets East of the Rockies was a -9.1 million barrel draw, a record draw for the season.

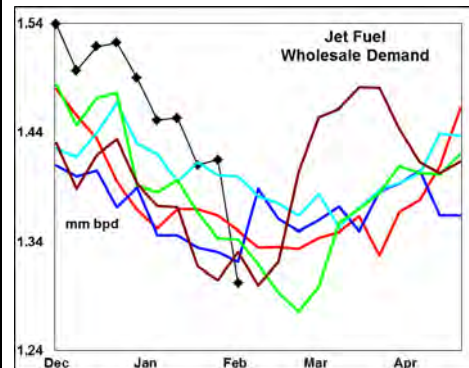


Stocks were -41% below last year in the Central Atlantic Region last week. Stocks were also -9% below the historic range in the Midwest. Forecast of a major warming trend in the Northeast and Midwest during the next 10-days and an expected surge in imports will improve the supply balance on the East Coast.

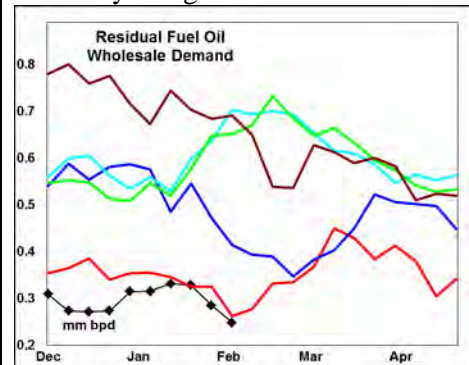
**Jet Fuel** wholesale demand fell -177,000 bpd last week, to a season low. The latest 4-wk average demand was unchanged from last year.

Supplies jumped +141,000 bpd with production and imports at 5-yr highs for the period. Output for the most recent 4-wk period was +689,000 pd above a year ago. Imports were also +13,000 bpd above last year. Stocks increased +0.9 million barrels last week, a level -1.8 million barrels below a year ago, a record low.

Refiners continue to produce at rates +5% above the 5-yr range, while imports have spiked. Stock levels remain exceptionally low. Stock levels very low in all markets east of the Rockies.



**Residual fuel oil** demand declined -104,000 last week. Demand for the latest 4-wk period was +3,000 bpd above a year ago.



Supply (production + imports) decreased -106,000 bpd on lower production and imports. Production was +95,000 bpd above a year ago for the latest 4-wk period, while imports decreased -82,000 bpd. Stock levels ended the week +2.6 million barrels above last year.

Production remains at record low levels. Stock levels in the Gulf remain +16% above the prior record high.





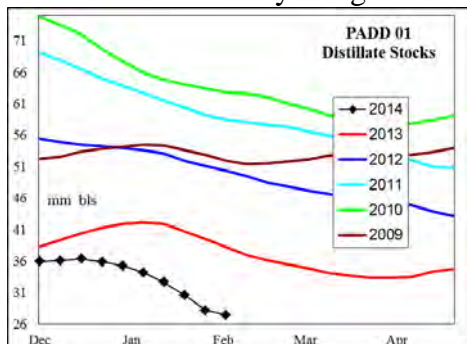
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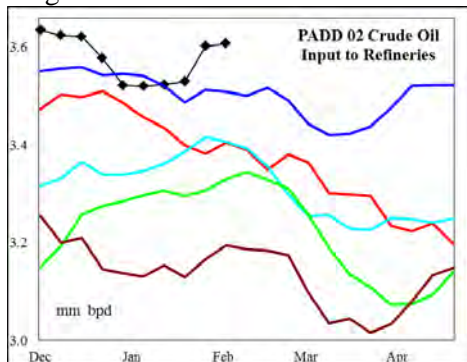
#### PADD Supply Trends

**PADD 1** refinery crude oil runs decreased -27,000 bpd last week; with the latest 4-wk average -42,000 bpd below last year. Gasoline supply fell -228,000 bpd on a sharp drop in imports. Stocks declined -1.1 million barrels, although the level remains above the 5-yr range.



Distillate supply decreased -64,000 bpd last week on lower imports and production. Stocks were nearly unchanged on the week, -10.1 million barrels below a year ago.

Jet fuel imports spike to over +100,000 bpd last week, although stock levels remain below the 5-yr range.



**PADD 2** crude oil refinery runs decreased -12,000 bpd last week, with the latest 4-wk average +157,000 bpd above last year. Crude oil stocks declined -3.2 million barrels last week, including a -2.7 million barrel draw in Cushing.

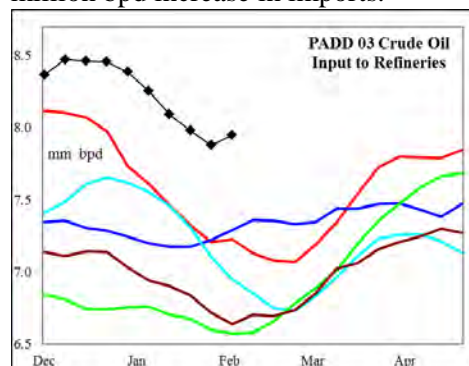
Gasoline supply decreased -28,000 bpd last week, but remains above the 5-yr range. Production for the most recent 4-wk period was +249,000 bpd above a year ago – driven by the EIA recording sub octane product shipped into the Midwest as finished product

production when blended with ethanol. Stocks increased +1.2 million barrels on the week, ending at a level equal near the 3-yr mid range.

Distillate supply decreased -37,000 bpd last week, with the 4-wk average +25,000 bpd above a year ago. Stock levels ended the week -9% below last year, at a record low level.

Jet fuel production increased +18,000 bpd last week, a record high level. Stocks increased +0.5 million barrels to a level that matched the prior 5-yr lows.

**PADD 3** refinery runs climbed +195,000 bpd last week, to a level well above the 5-yr range. During the latest 4-wk period, average runs were +668,000 bpd above last year. Crude oil stocks increased +3.8 million barrels last week, driven by a +0.7 million bpd increase in imports.



Gasoline supply increased +143,000 bpd last week, with the latest 4-wk average -53,000 bpd below a year ago. Stocks decreased -0.3 million barrels last week, to a level near the 3-yr mid range.

Distillate supply was nearly unchanged on the week, with the latest 4-wk average supply +267,000 bpd above last year. Stocks increased +0.4 million barrels last week, to a level equal to the last 2-yr average.

Jet fuel production increased +23,000 bpd on the week, a level comparable with the 5-yr high. Stocks increased +0.7 million barrels on the week, but remain -19% below last year.

Residual fuel supply was unchanged on the week, with

production at a record low for the period. Stock levels remain +16% above the prior 5-yr high.

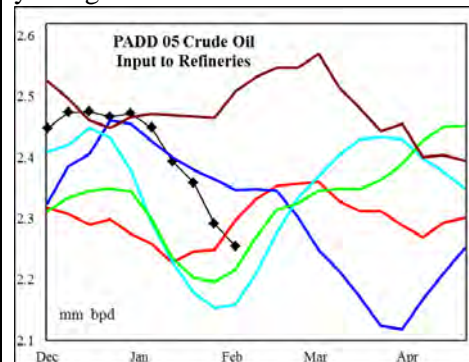
**PADD 4** refinery crude runs decreased -18,000 bpd last week, to a level below the 5-yr range.

Gasoline production declined -18,000 bpd on the week, to a level that matched the 5-yr mid range. Stocks fell -0.6 million barrels to a level equal to the prior year.

Distillate production decreased -14,000 bpd on the week, with the level -20,000 bpd below last year for the latest 4-wk period. Stock levels ended the week at the average of the last 3-yrs.

Jet fuel production was near the last 2-yrs while stocks were below the last 3-yrs.


**PADD 5** crude oil refinery runs increased +28,000 bpd last week a level below the last 2-yrs. The latest 4-wk run rate was +107,000 bpd above a year ago.



Gasoline supply decreased -36,000 bpd on the week with the level still well above the last 5-yrs. The latest 4-wk average supply was +69,000 bpd above a year ago. Stocks fell -1.1 million barrels on the week to a level below the 3-yr mid range.

Distillate supply jumped +81,000 bpd, to a record high level. The latest 4-wk average supply was +40,000 bpd above a year ago. Stocks fell -0.8 million barrels to a level that matched 5-yr lows.

Jet fuel supply increased +19,000 bpd on the week while stocks fell -0.3 million barrels. Stock levels remain near the 3-yr mid range.



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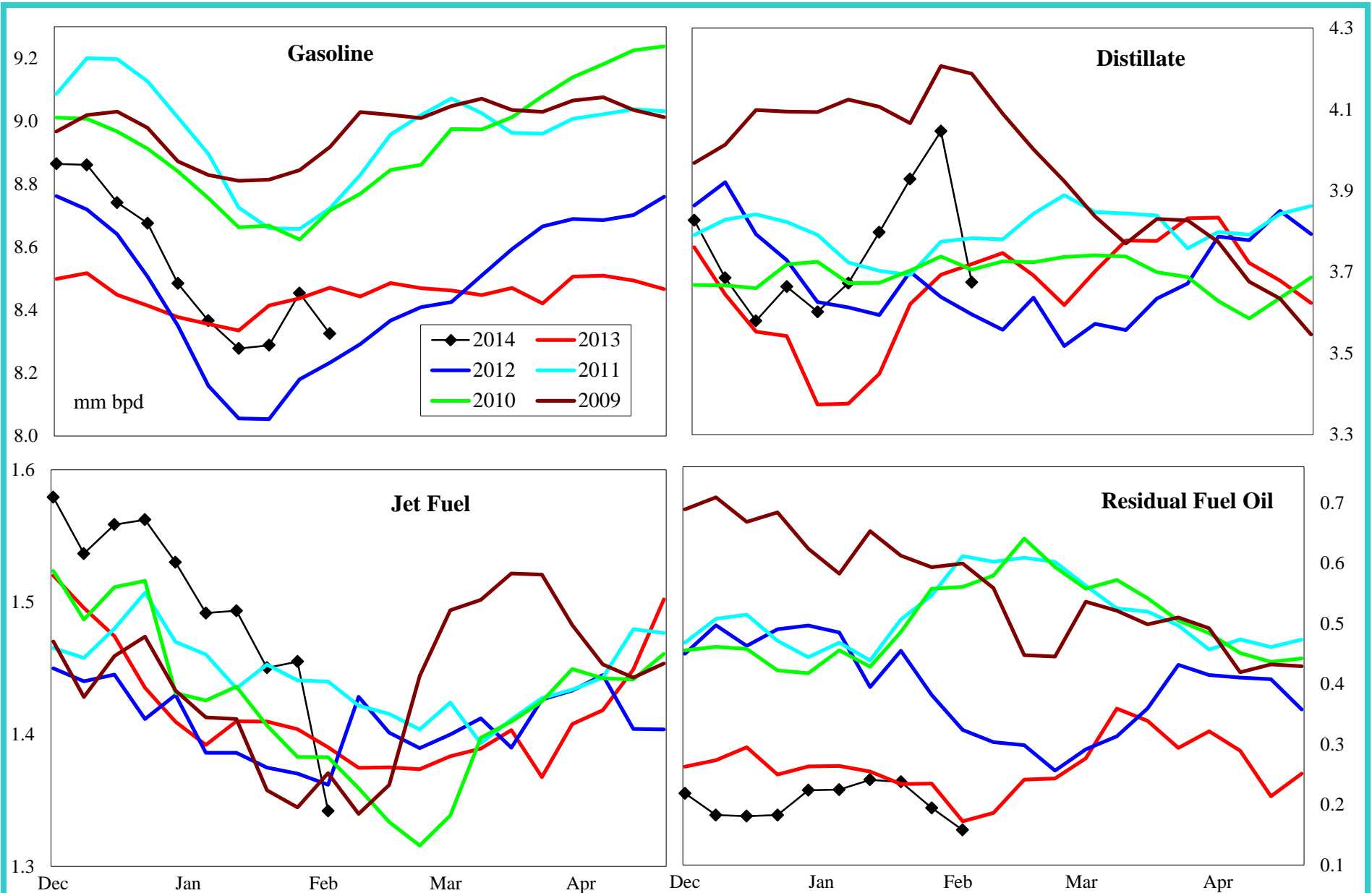
PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

February 12, 2014

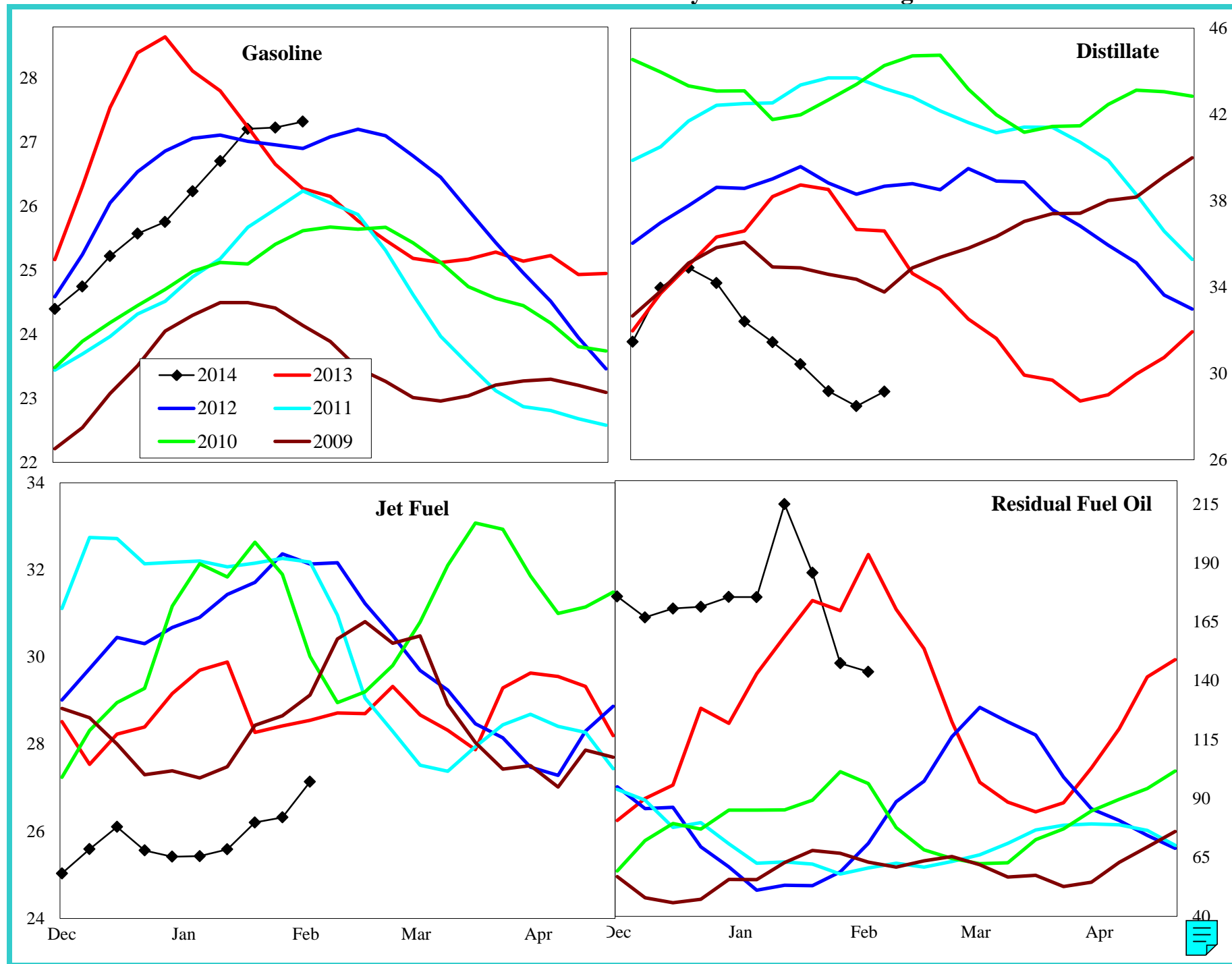
Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization</a>		<a href="#">Imports</a>		
Supply/Demand Trends	7-Feb-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	3,267	-310	-3,175	3,830	403	2,519
	Imports	1,042	273	-273	669	14	359
	Input	166	-27	-12	195	-18	28
	% Utilization	1.00					
<a href="#">Gasoline</a>	Stocks	-1,853	-1,057	1,247	-294	-641	-1,106
	Production	70	32	-24	135	-18	-23
	Imports	-270	-260	-4	8	0	-13
	Supplied	-127					
<a href="#">Distillate</a>	Stocks	-731	-83	15	415	-325	-753
	Production	12	-31	-34	7	-14	85
	Imports	-44	-33	-3	-3	0	-4
	Supplied	-265					
<a href="#">Jet Fuel</a>	Stocks	861	53	484	661	7	-344
	Production	59	3	18	23	-5	19
	Imports	82	82	0	0	0	0
	Supplied	-177					
<a href="#">Residual Fuel Oil</a>	Stocks	-169	199	13	-1	-18	-362
	Production	-55	-4	10	-51	-2	-6
	Imports	-51	-4	-3	58	0	-102
	Supplied	-104					

# United States Wholesale Petroleum Demand

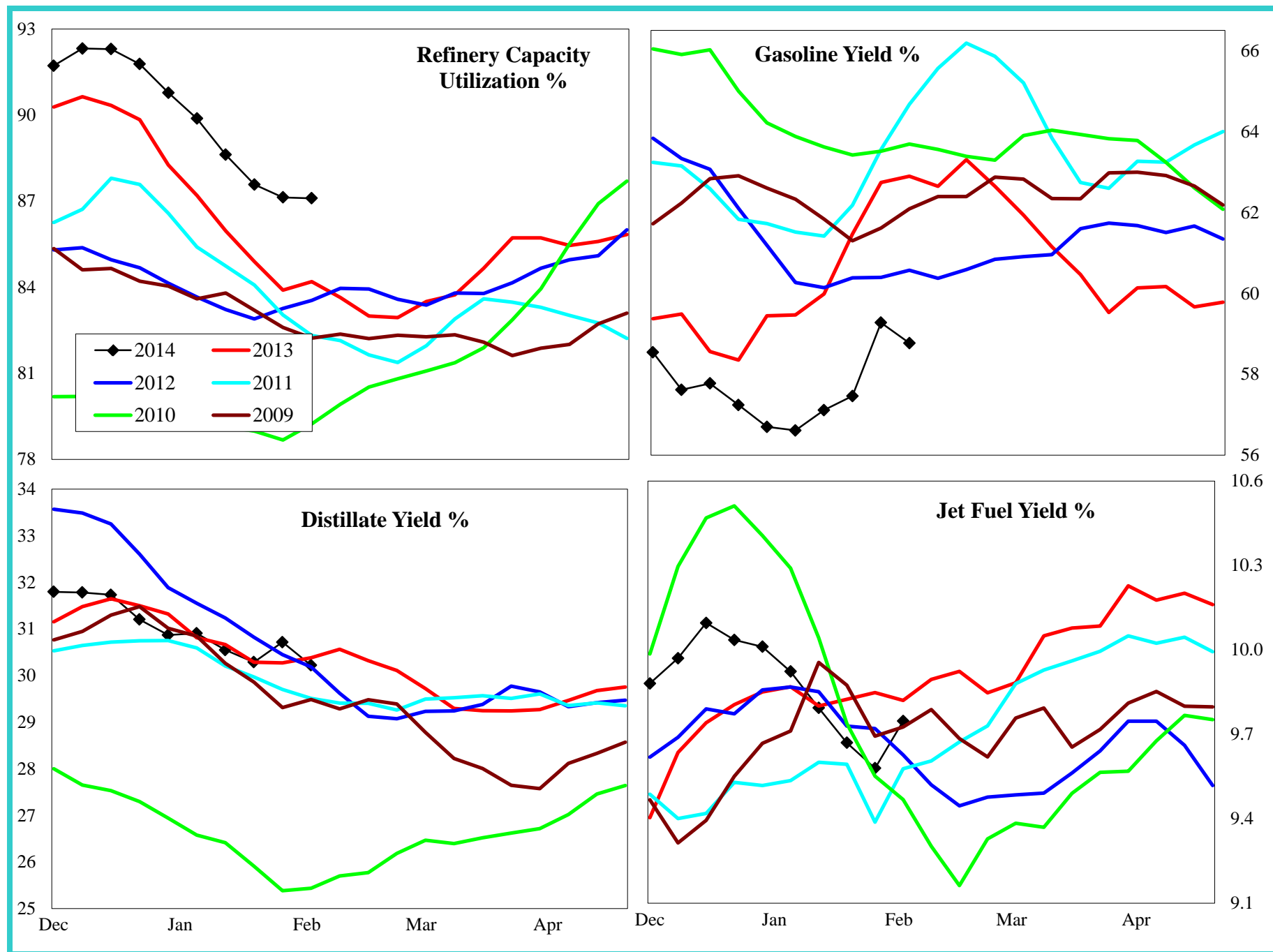


	000 bpd change from prior year				% change from prior year			
	4wk avg	Dec	Nov	Oct	4wk avg	Dec	Nov	Oct
<b>Gasoline</b>	-83	480	396	121	-1.0	5.7	4.6	1.4
<b>Distillate</b>	315	191	22	257	8.6	5.4	0.6	6.7
<b>Jet Fuel</b>	-1	146	132	111	-0.1	10.6	9.4	8.3
<b>Resid</b>	3	33	-53	26	1.1	17.4	-18.0	9.3

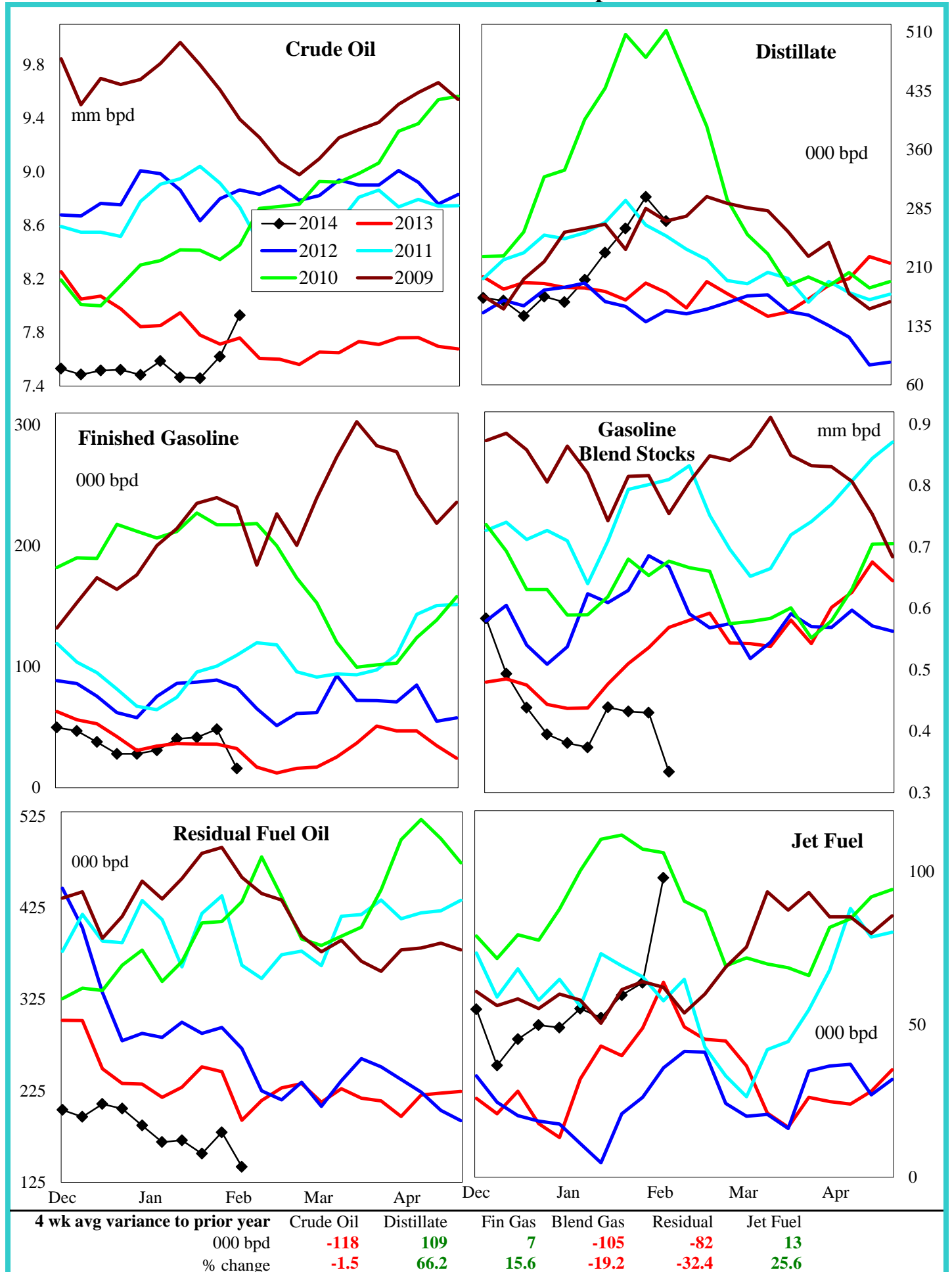


**United States Product Stocks: Days Forward Coverage**

## United States Refinery Percent Utilization Rate and Product Yields

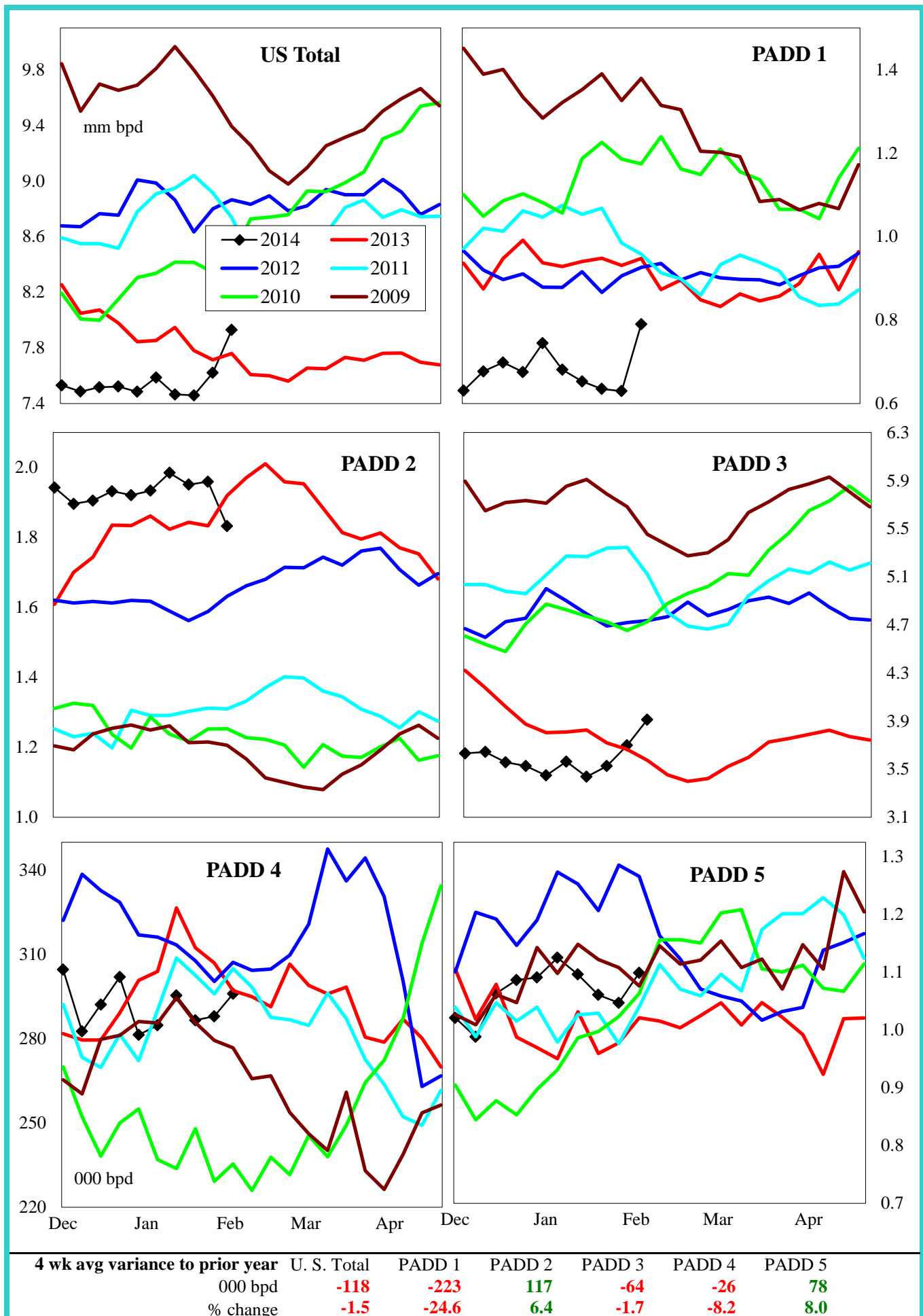


# United States Petroleum Imports

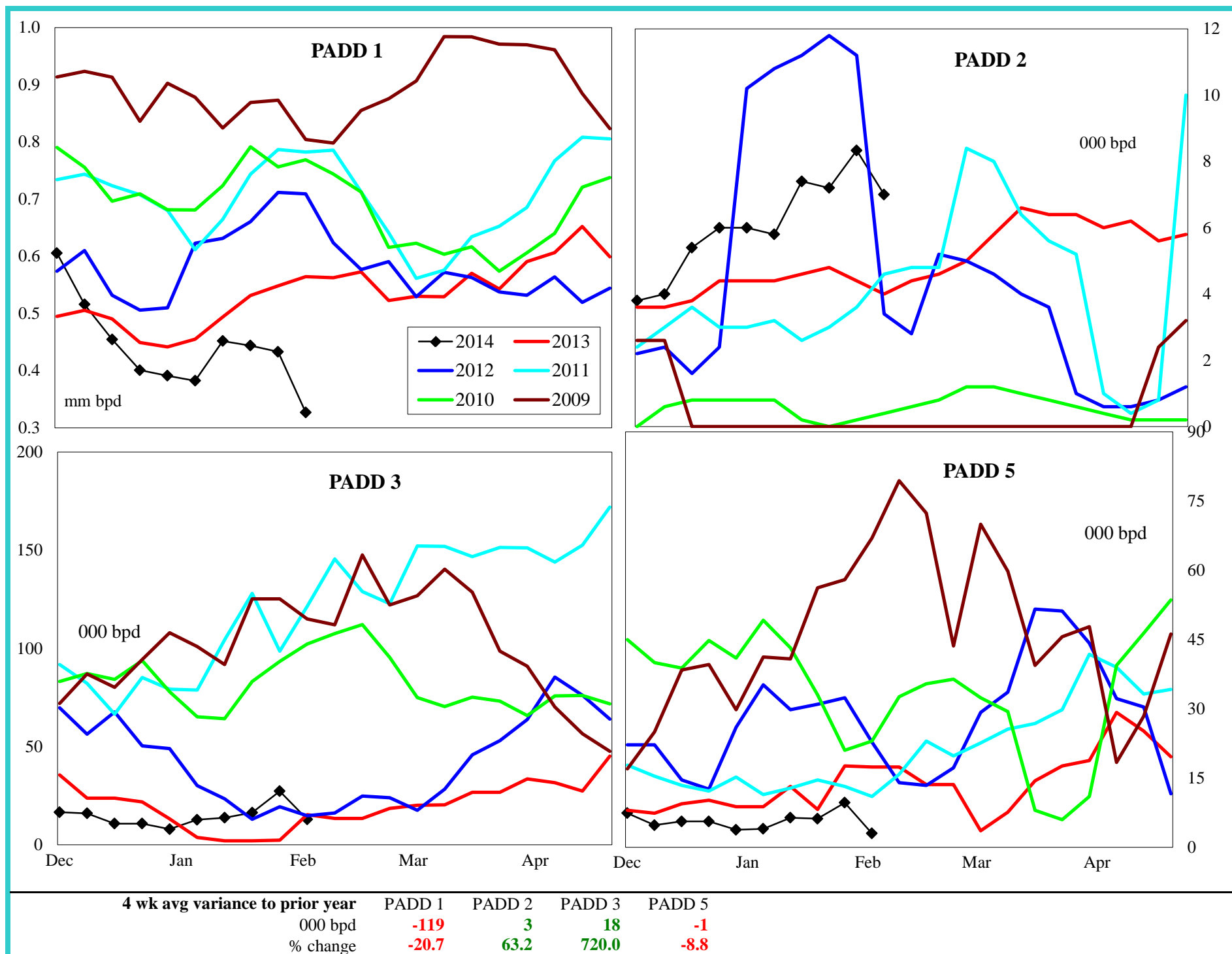




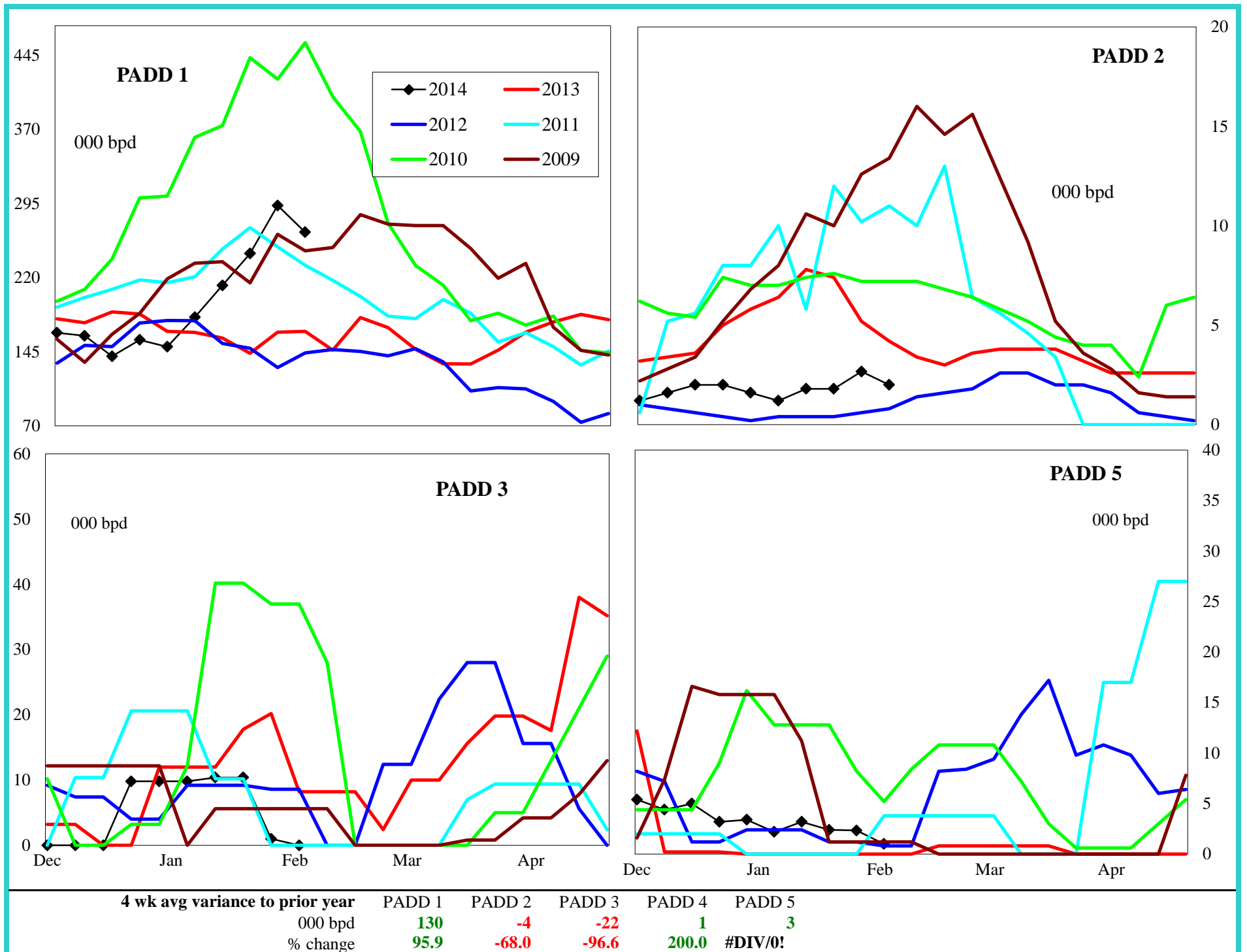
## Crude Oil Imports by PADD



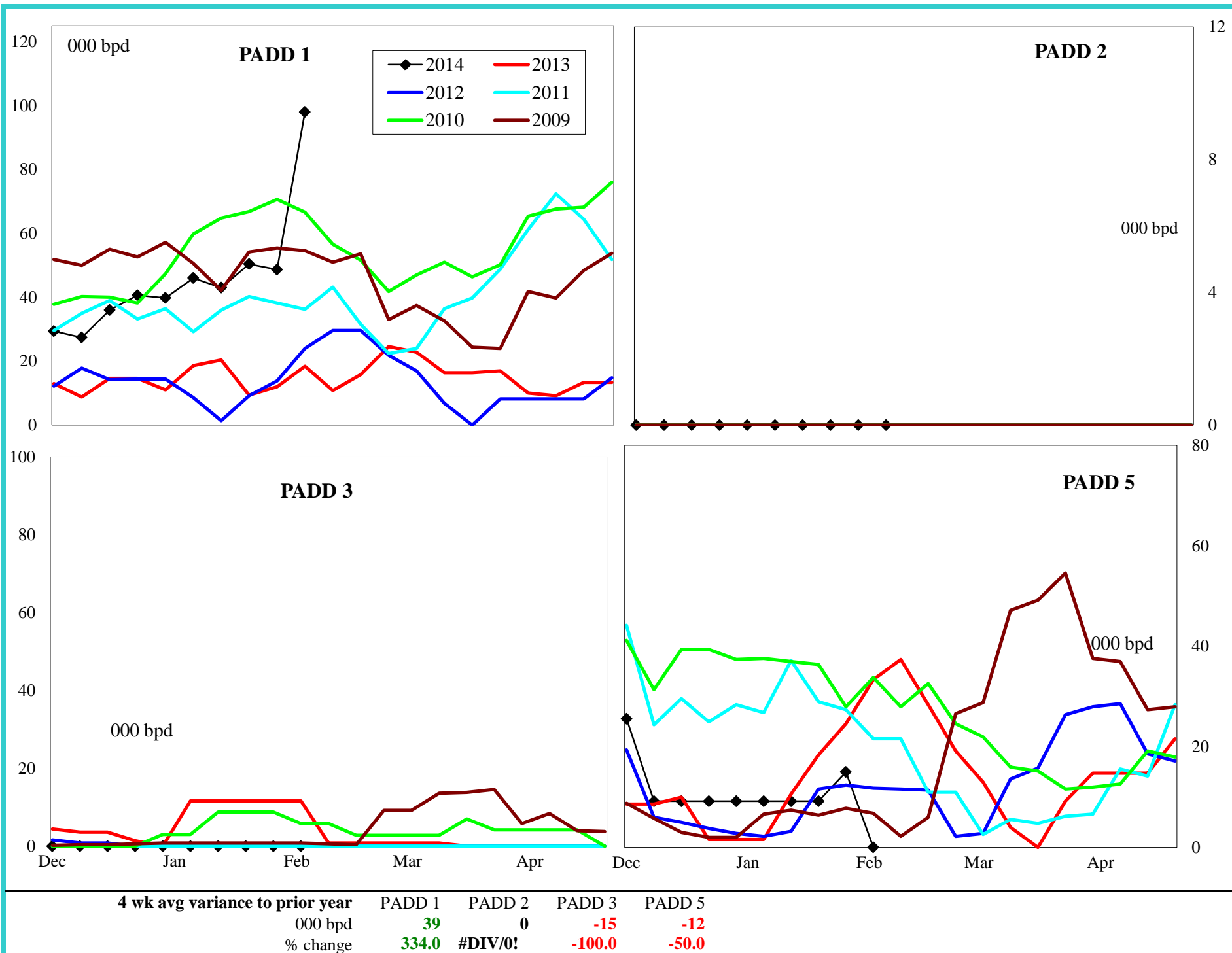
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

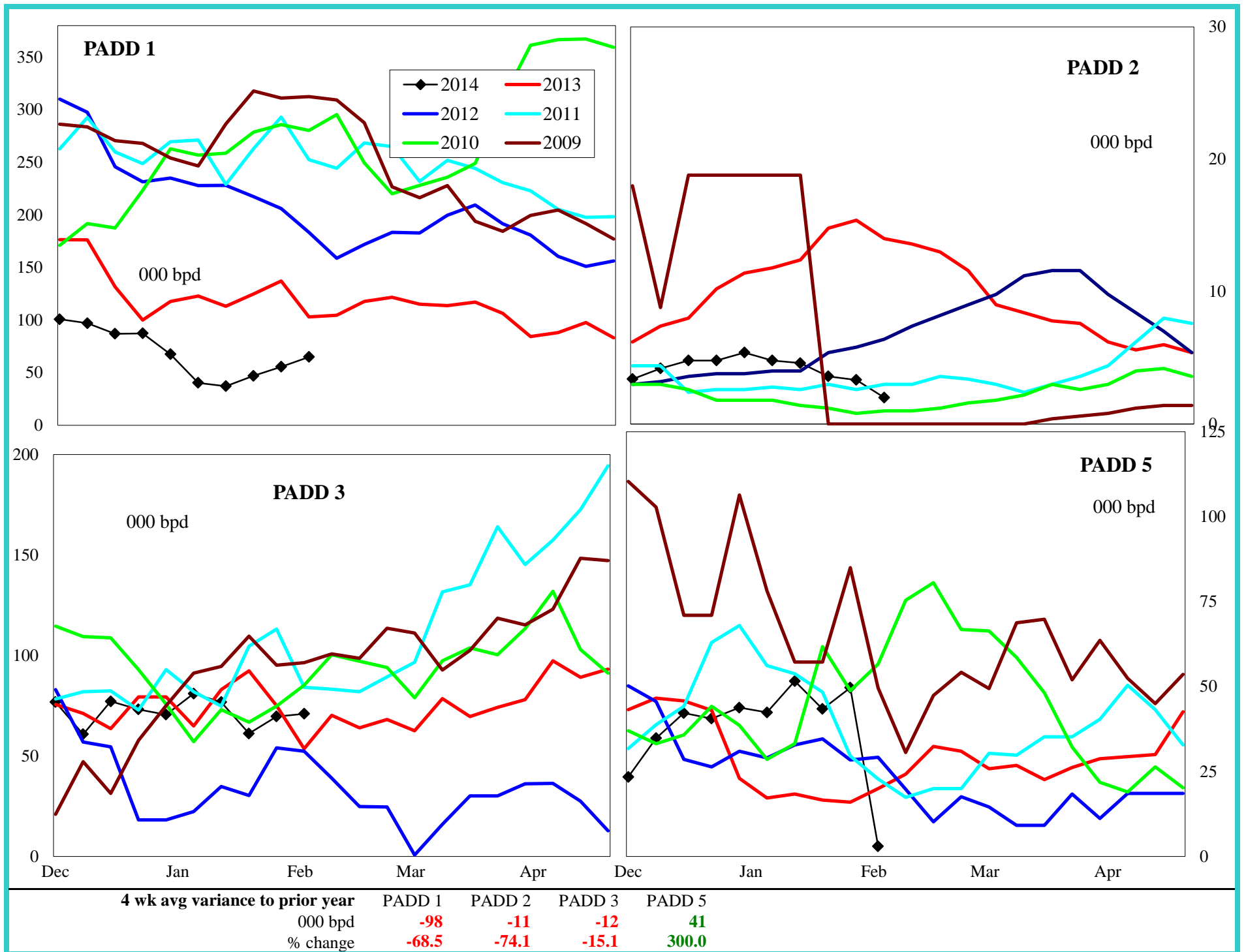


# Jet Fuel Imports by PADD

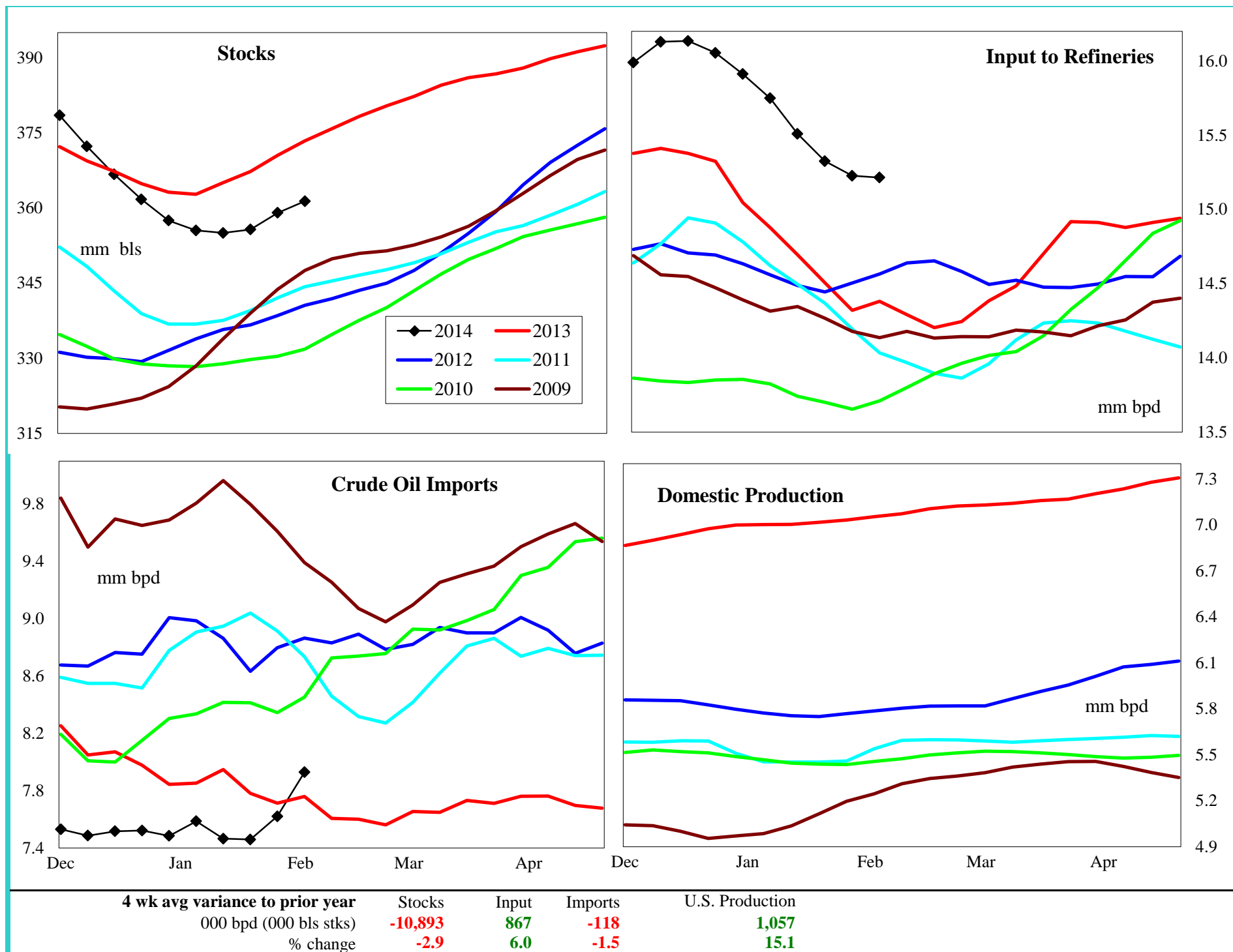




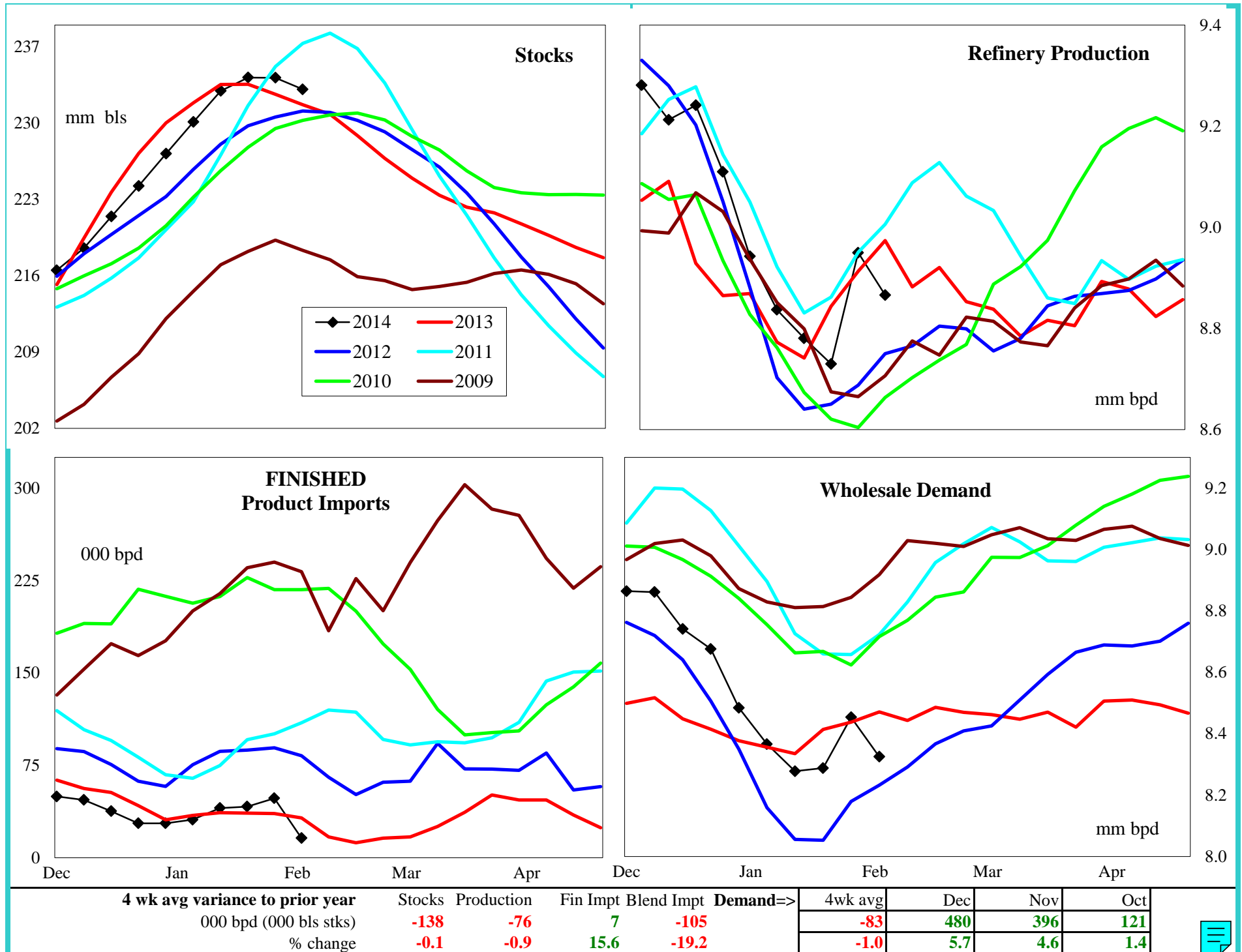
## Residual Fuel Oil Imports by PADD



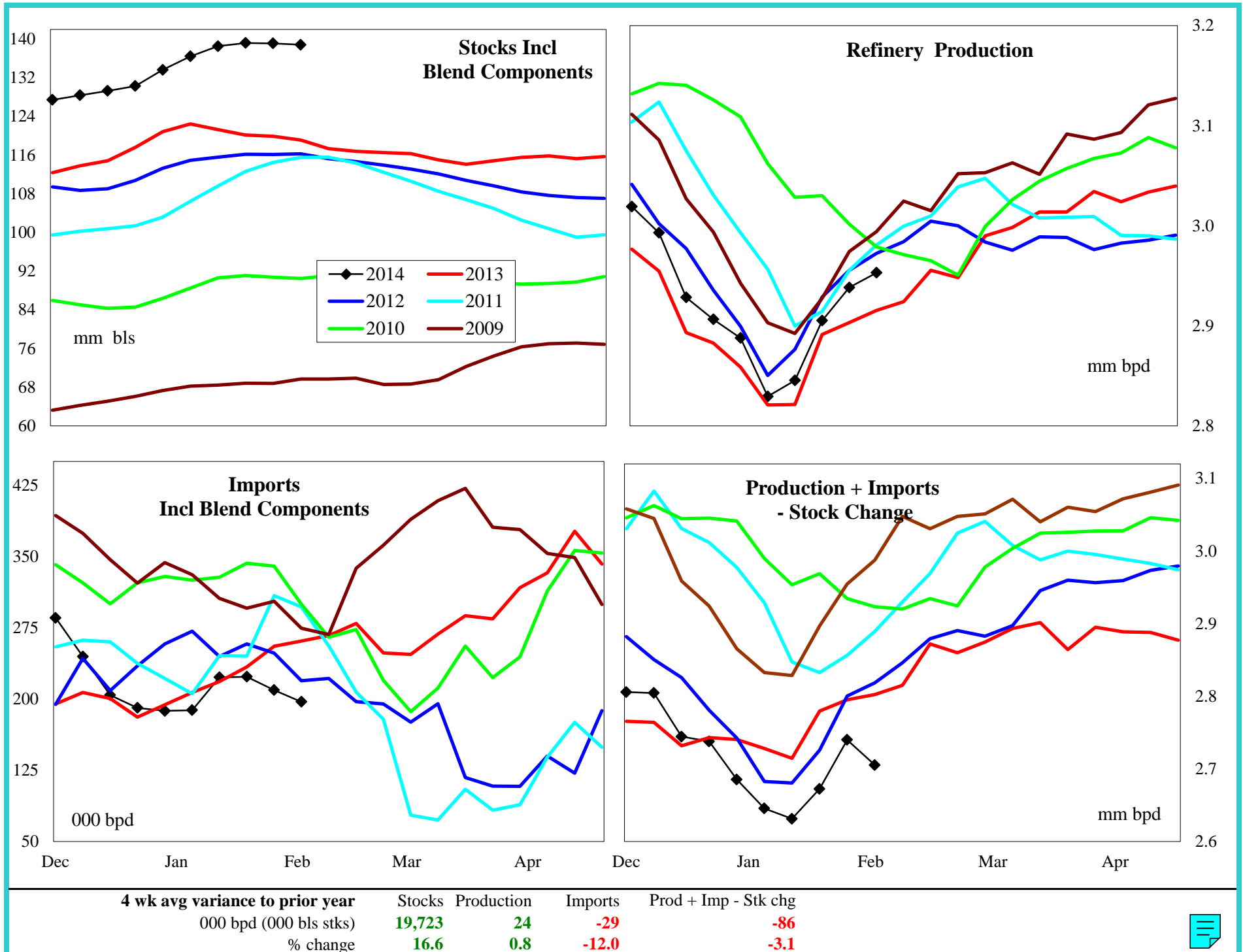
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

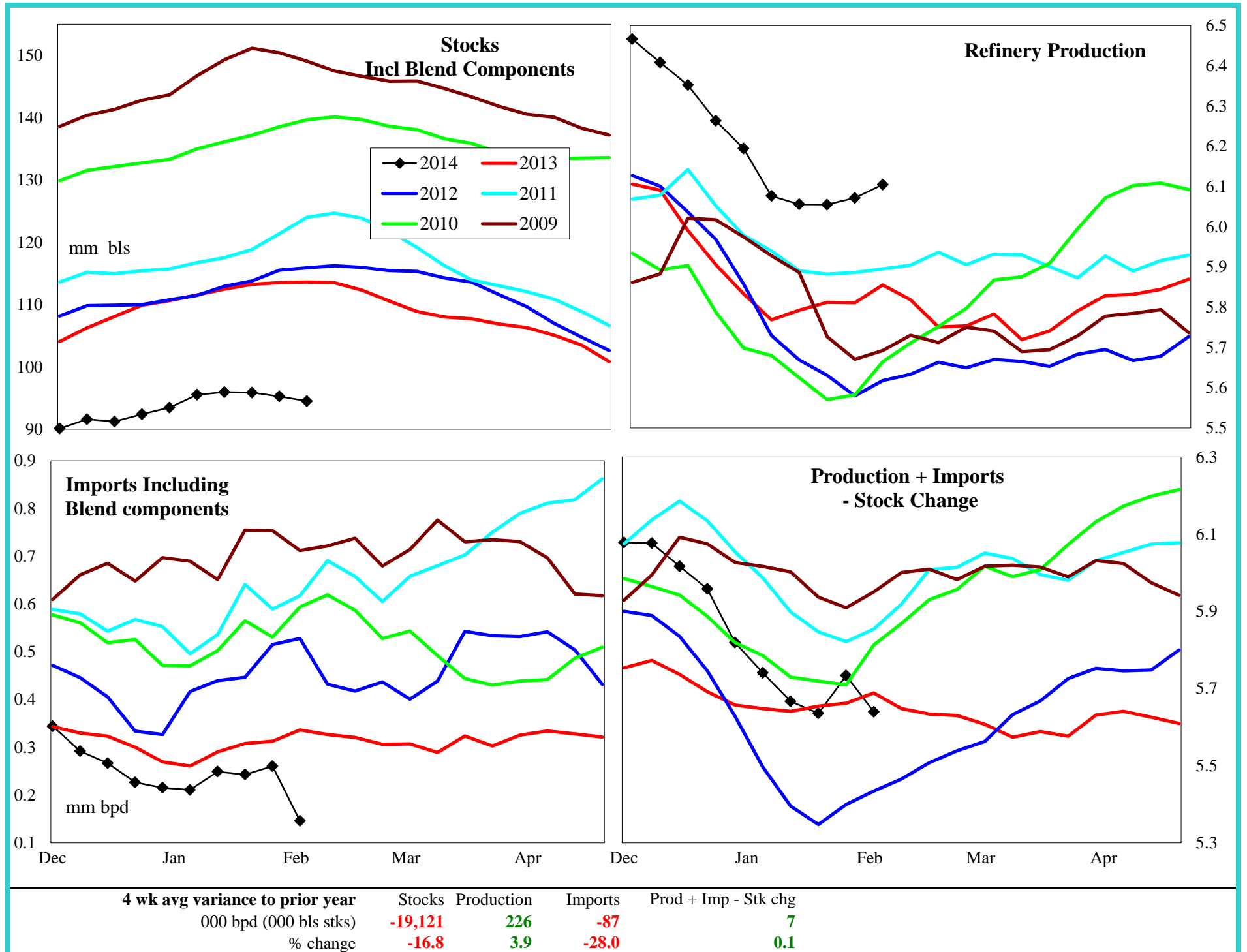


# United States Reformulated Gasoline Supply

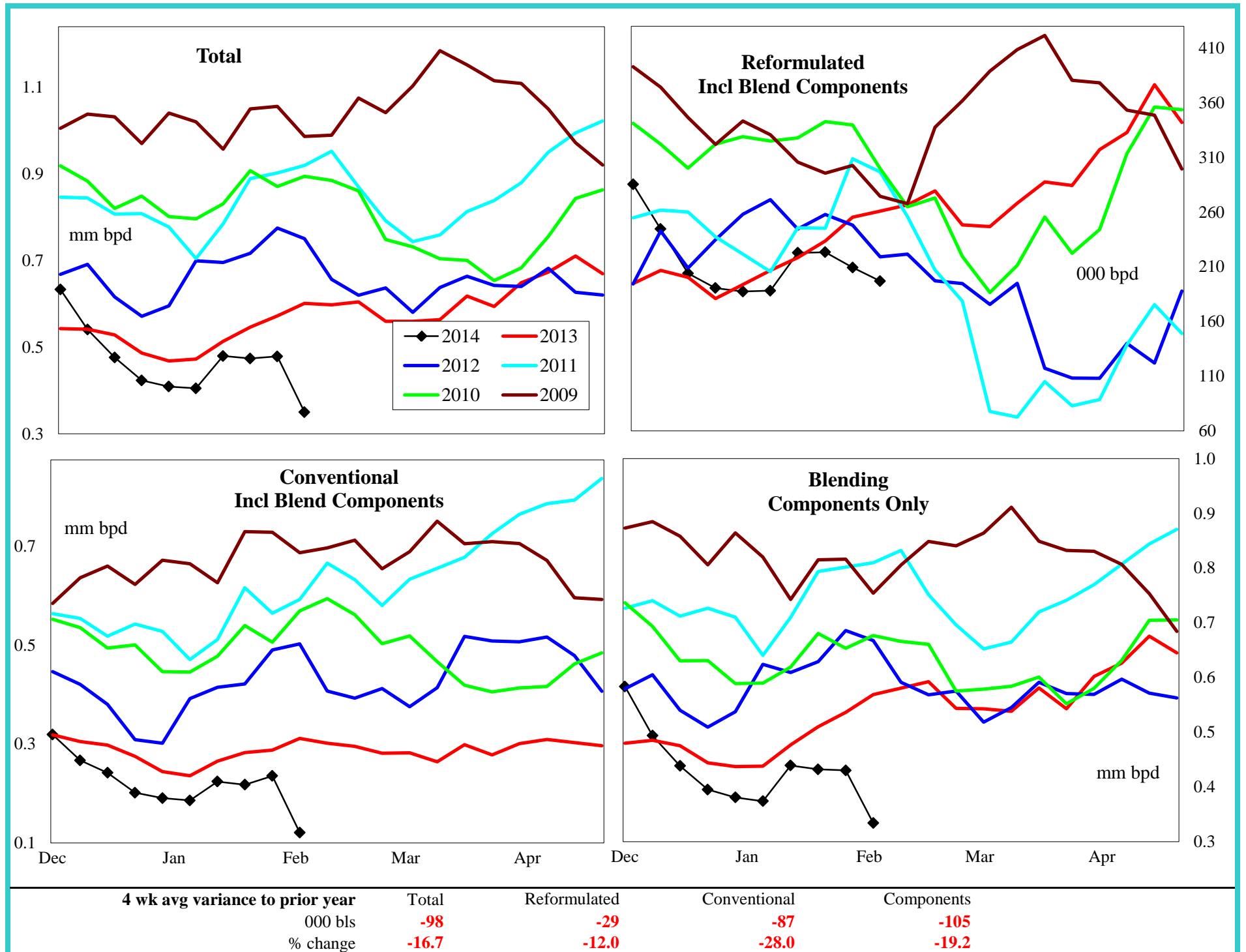




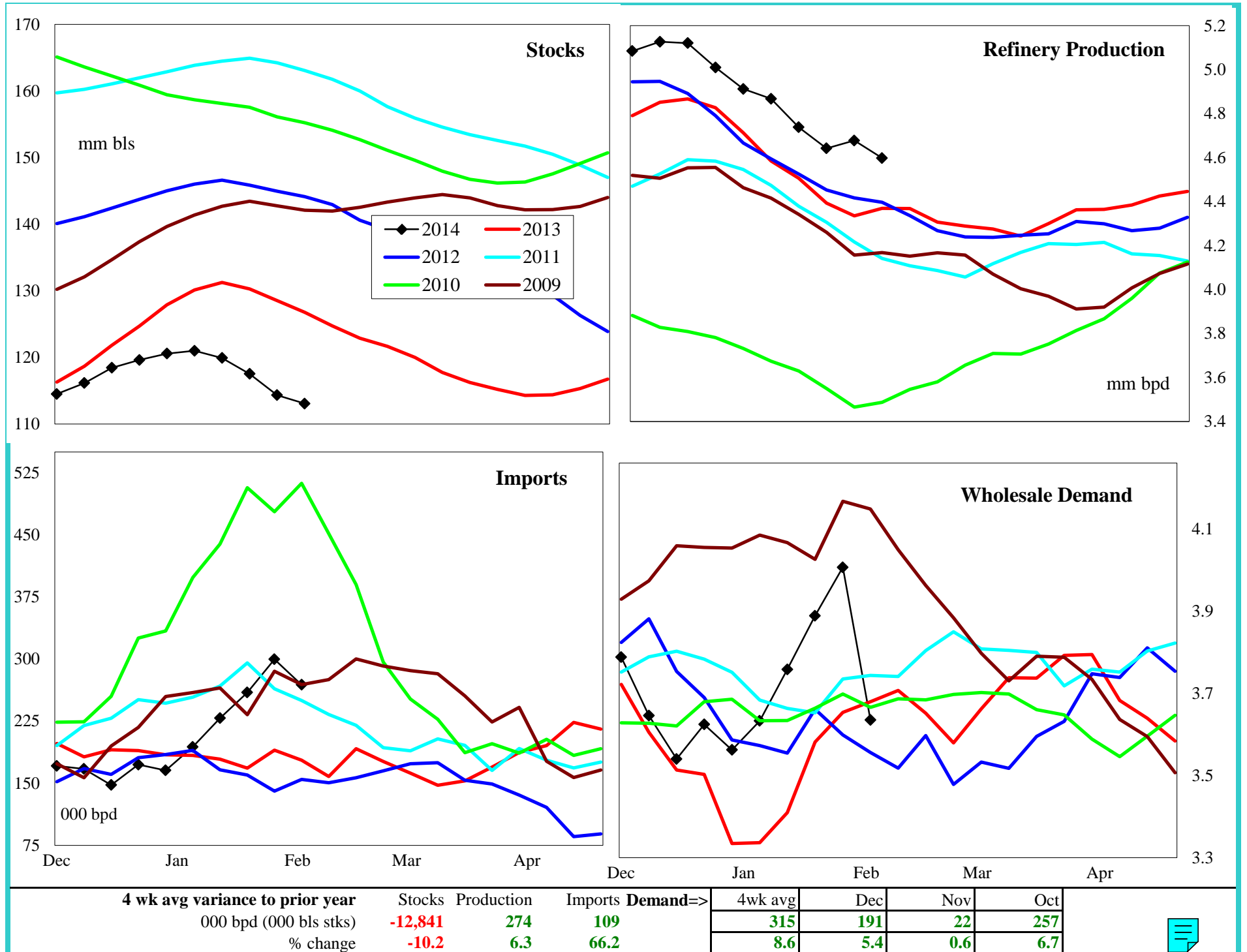
# United States Conventional Gasoline Supply



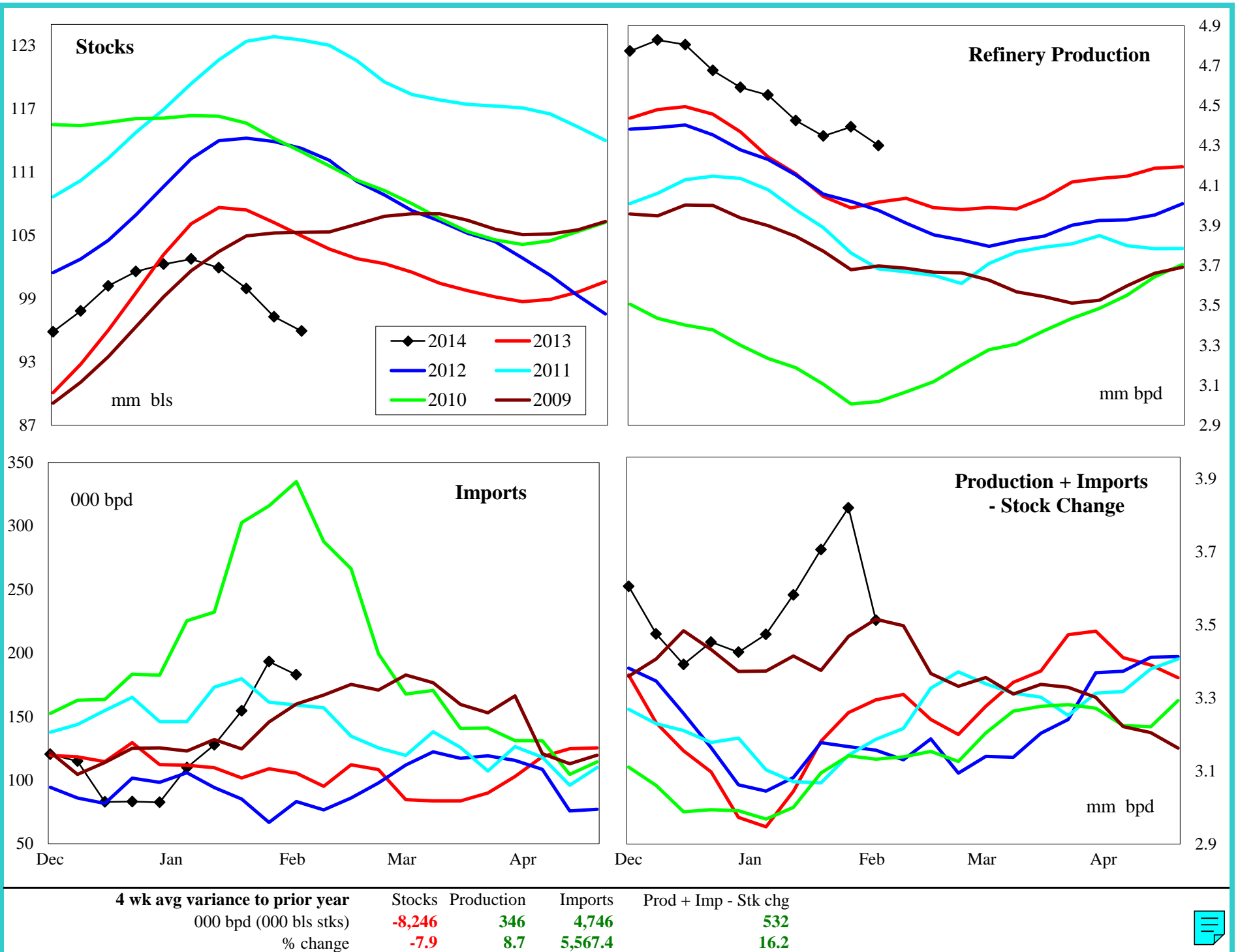
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

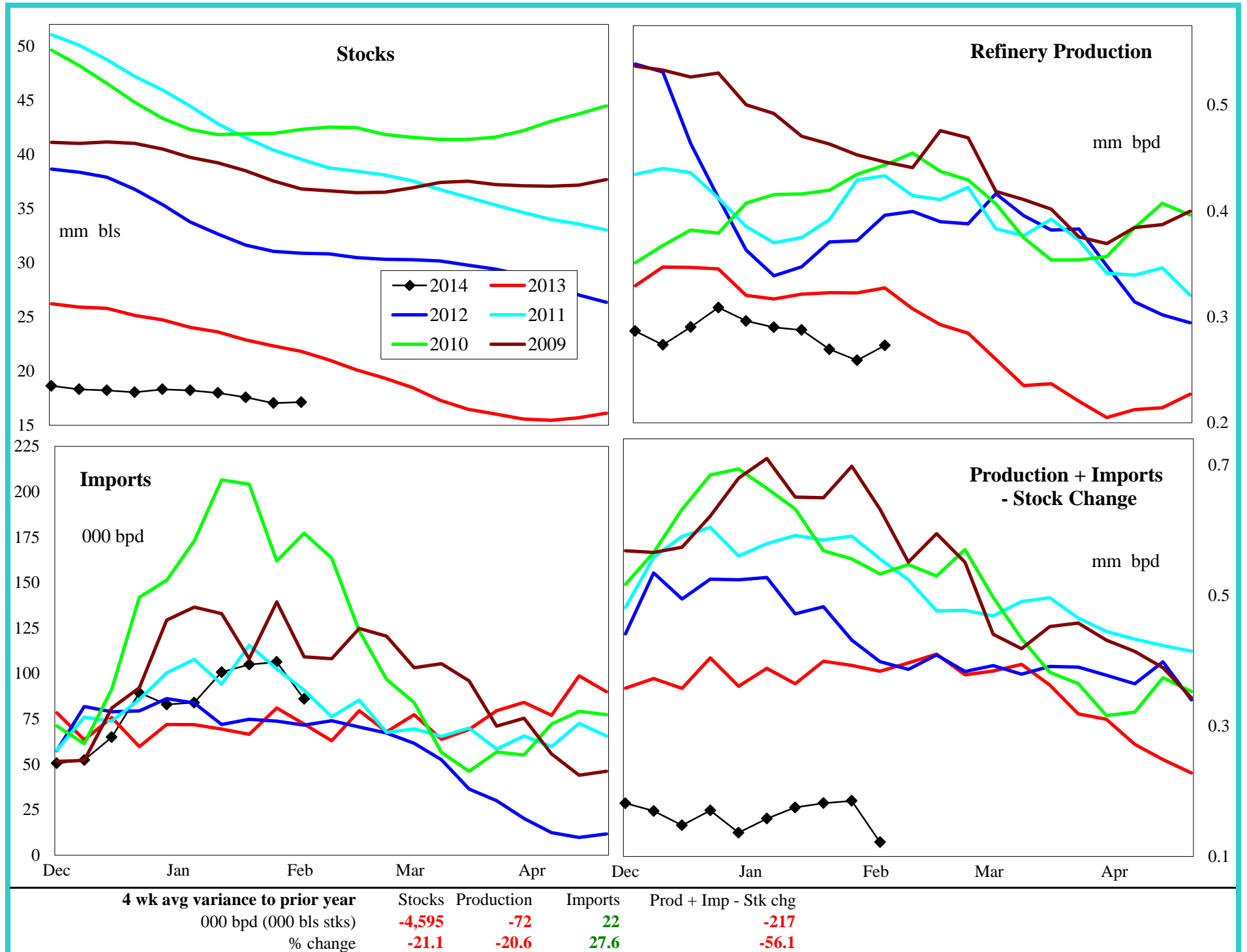


# United States Low Sulfur Distillate Supply

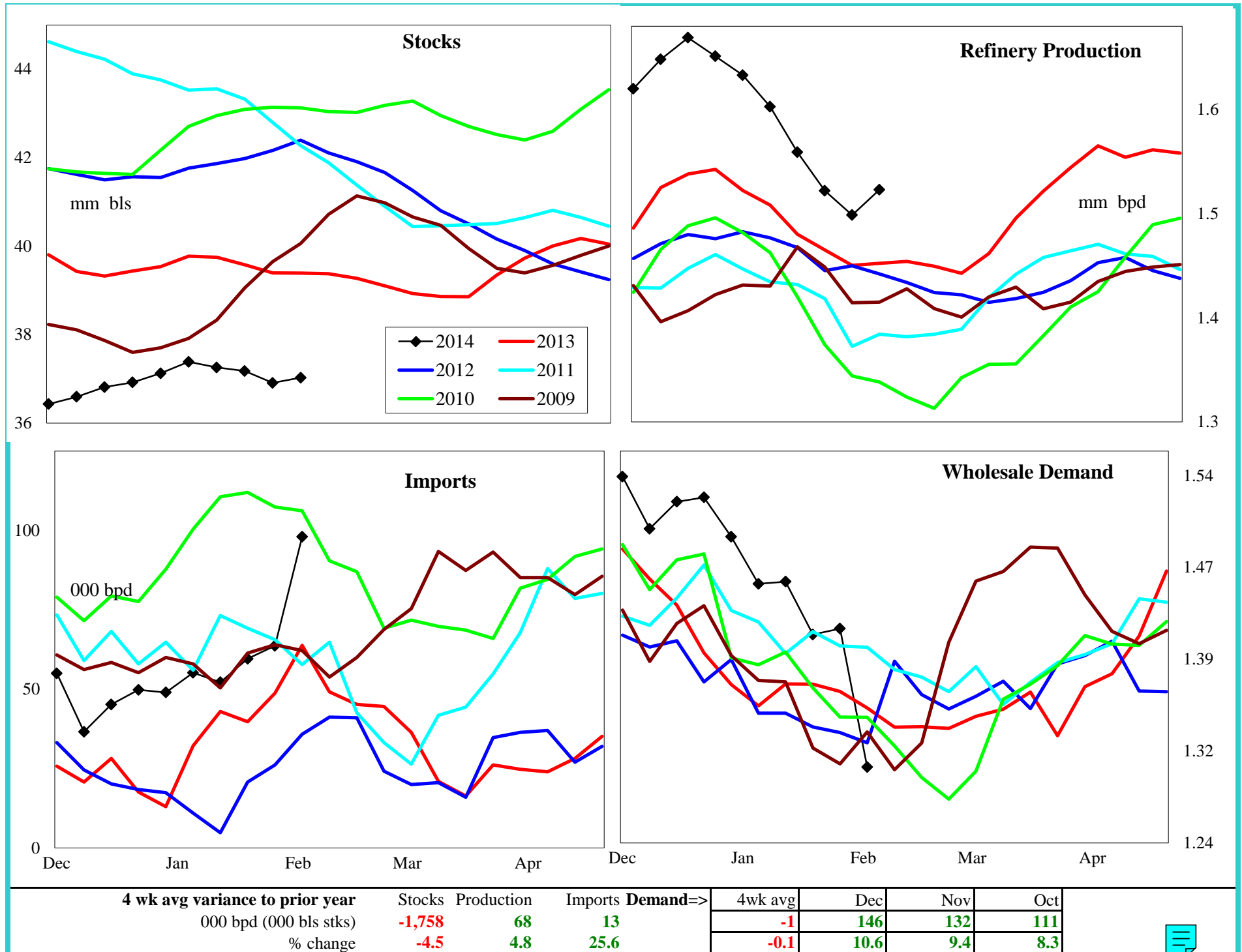




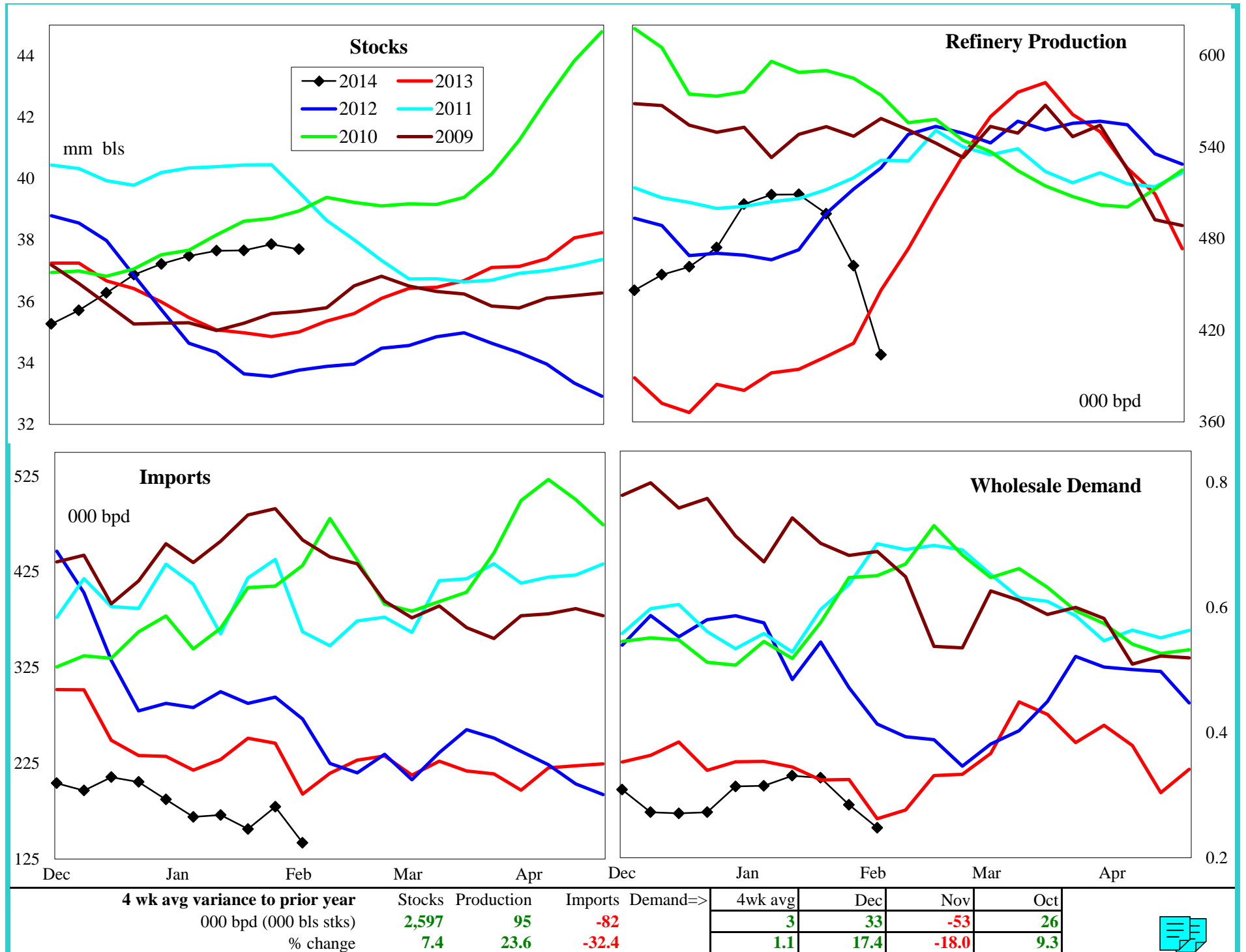
# United States High Sulfur Distillate Supply



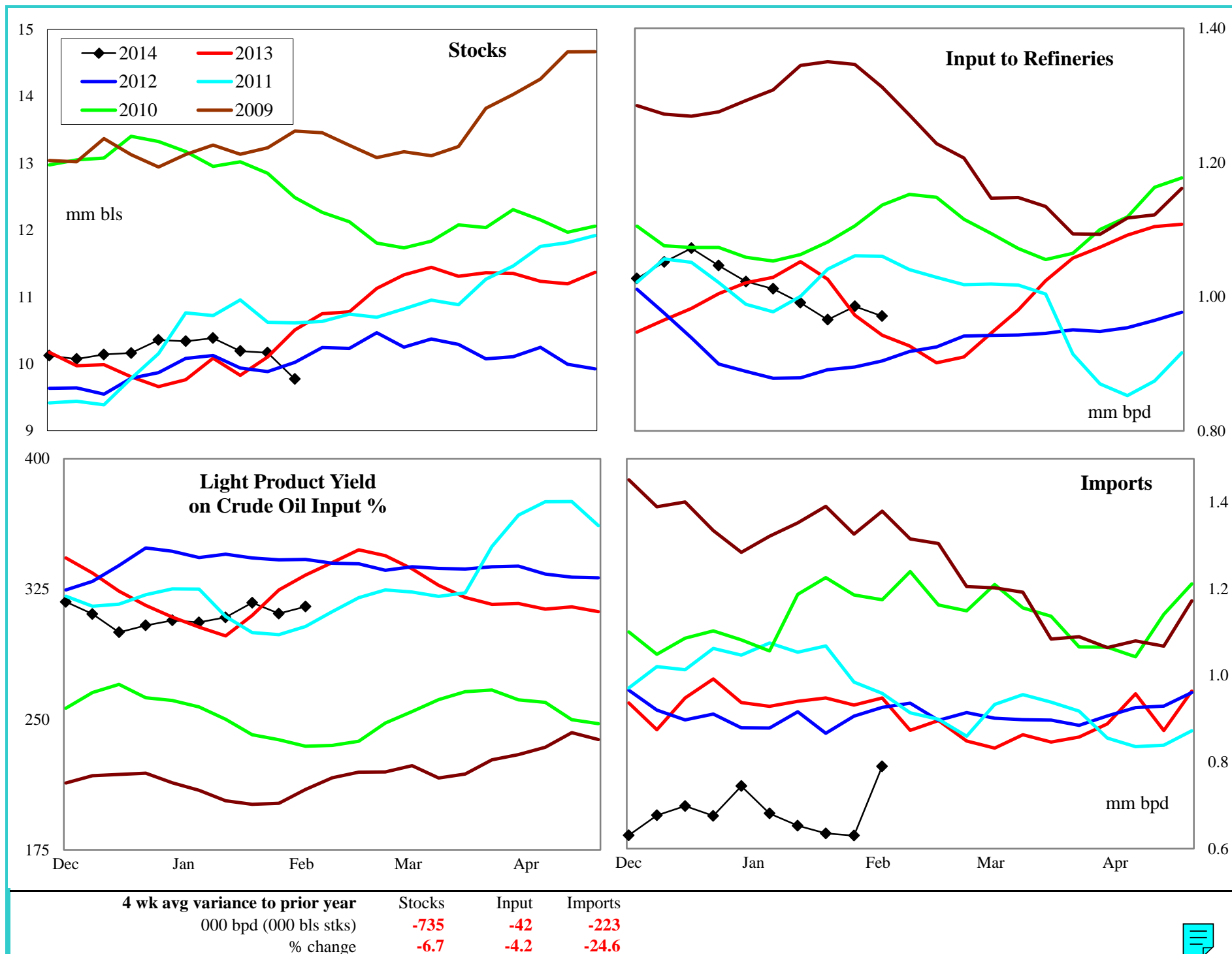
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance

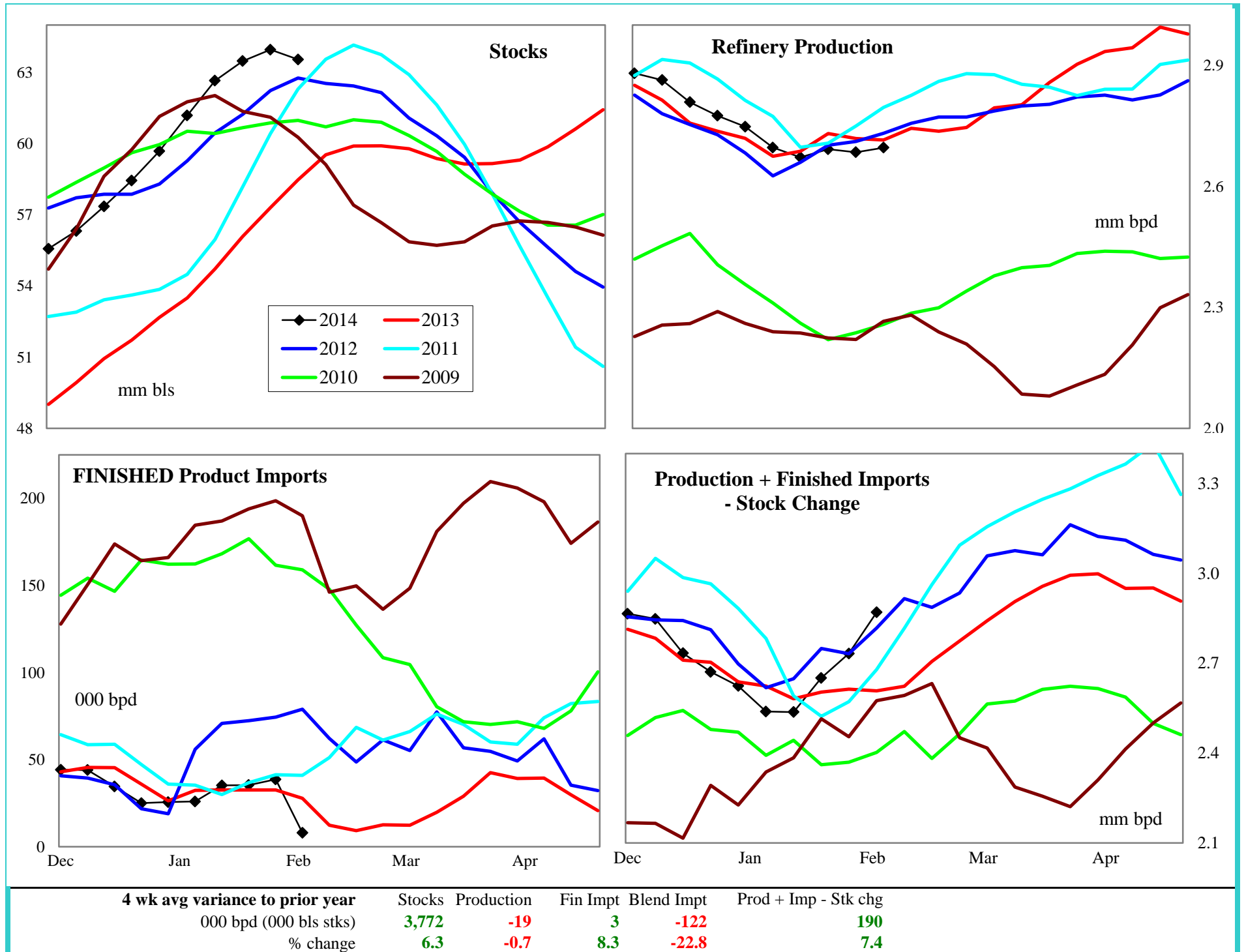


# PADD 1 Crude Oil Supply and Refining

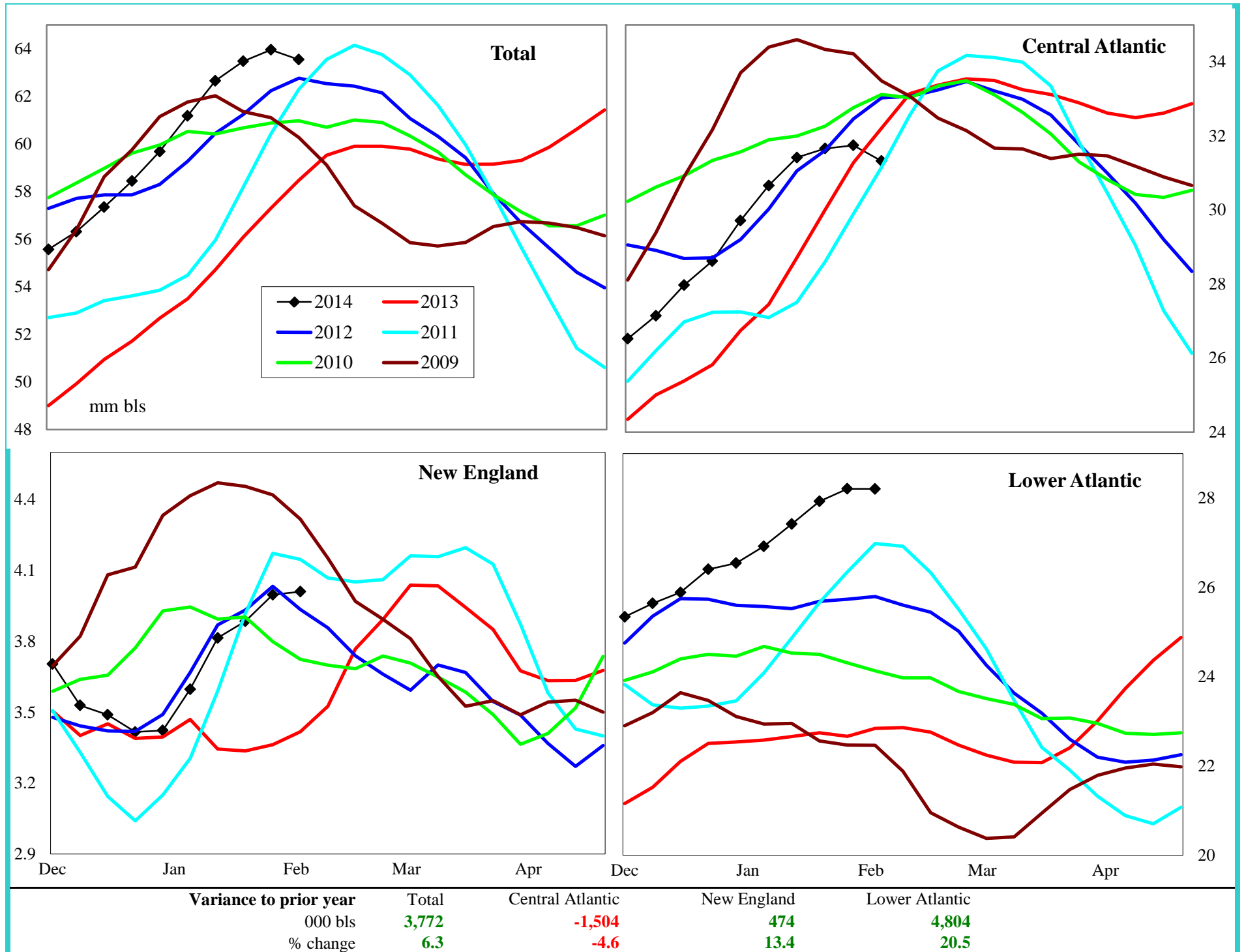




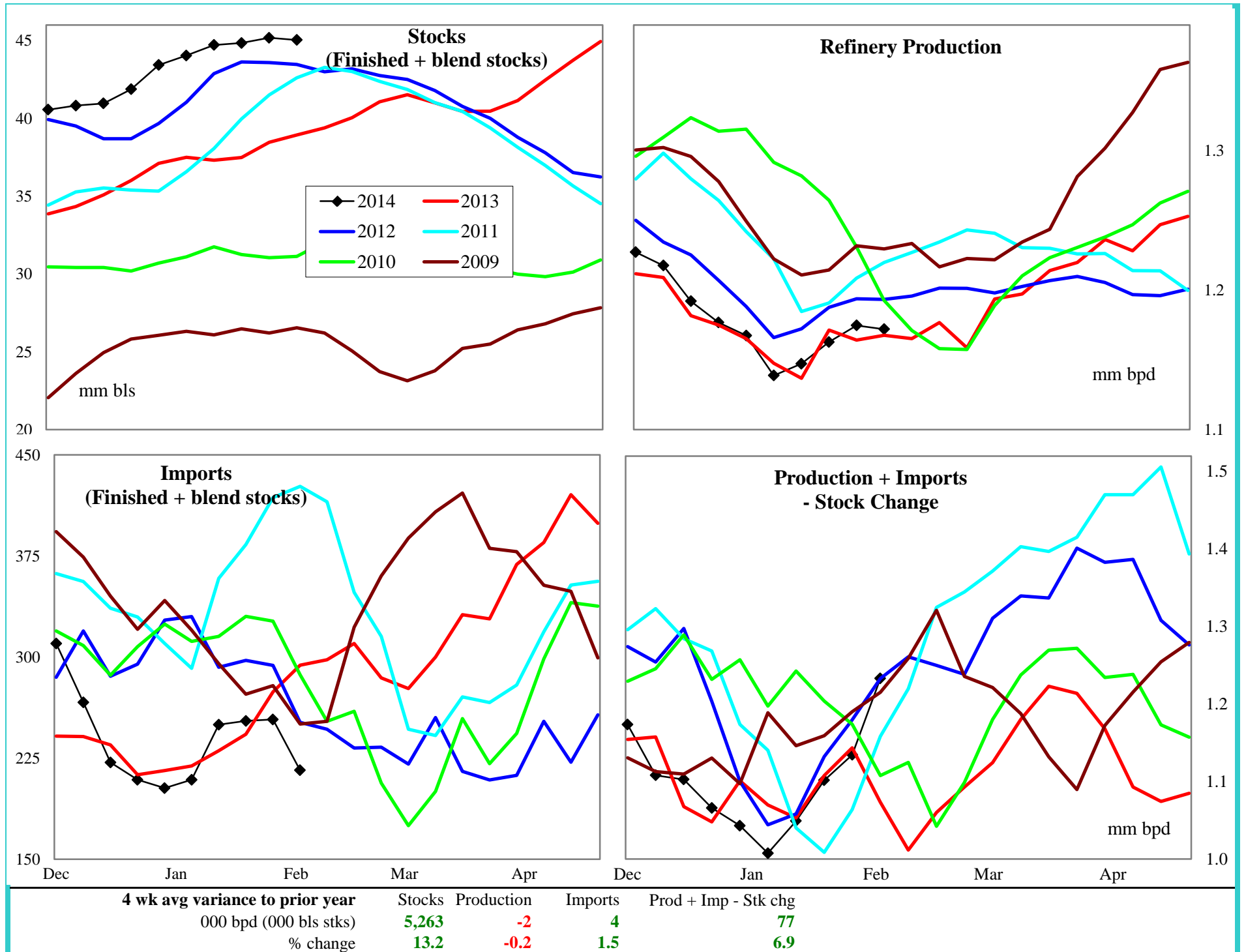
# PADD 1 Gasoline Supply



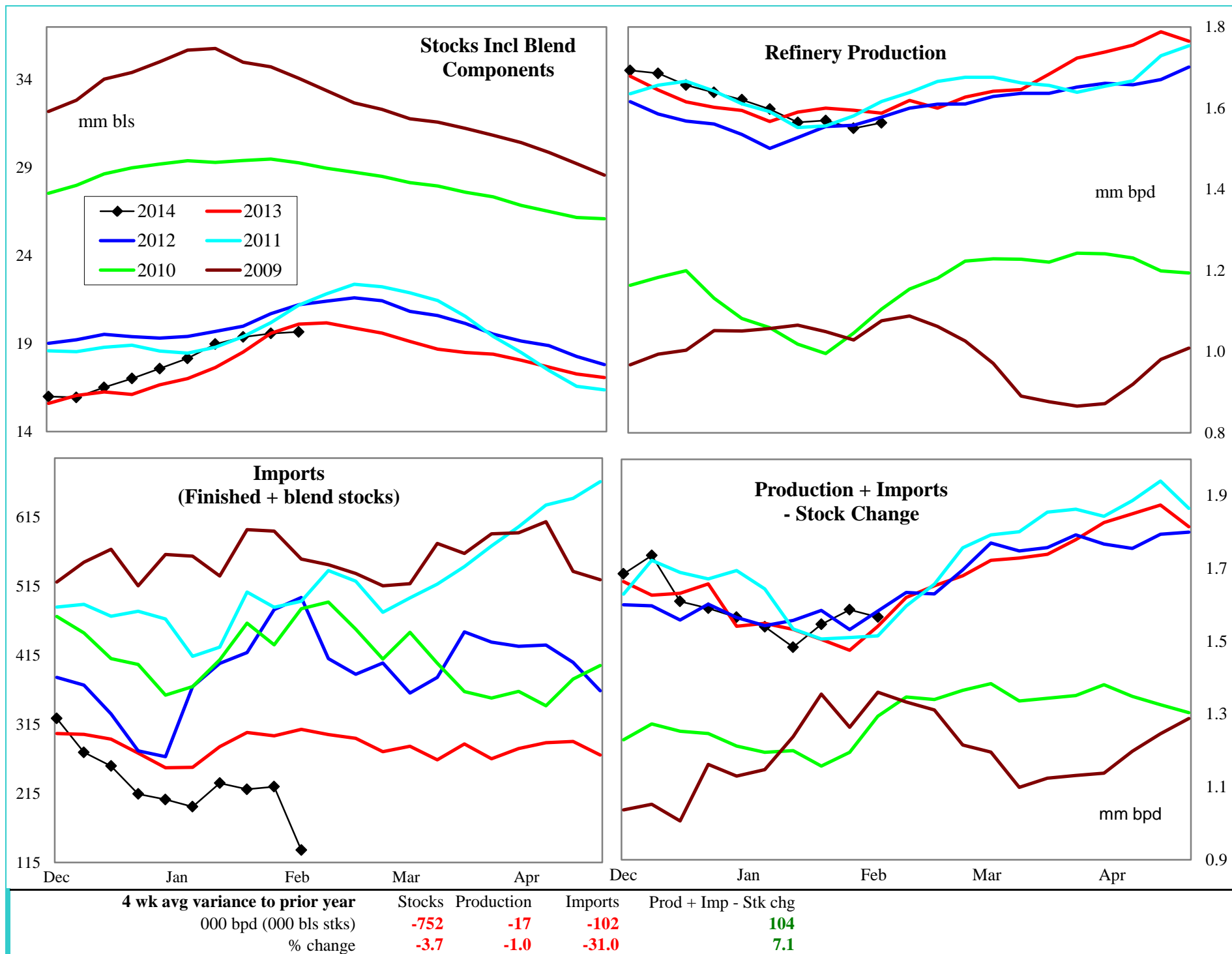
# PADD 1 Gasoline Stocks by Region



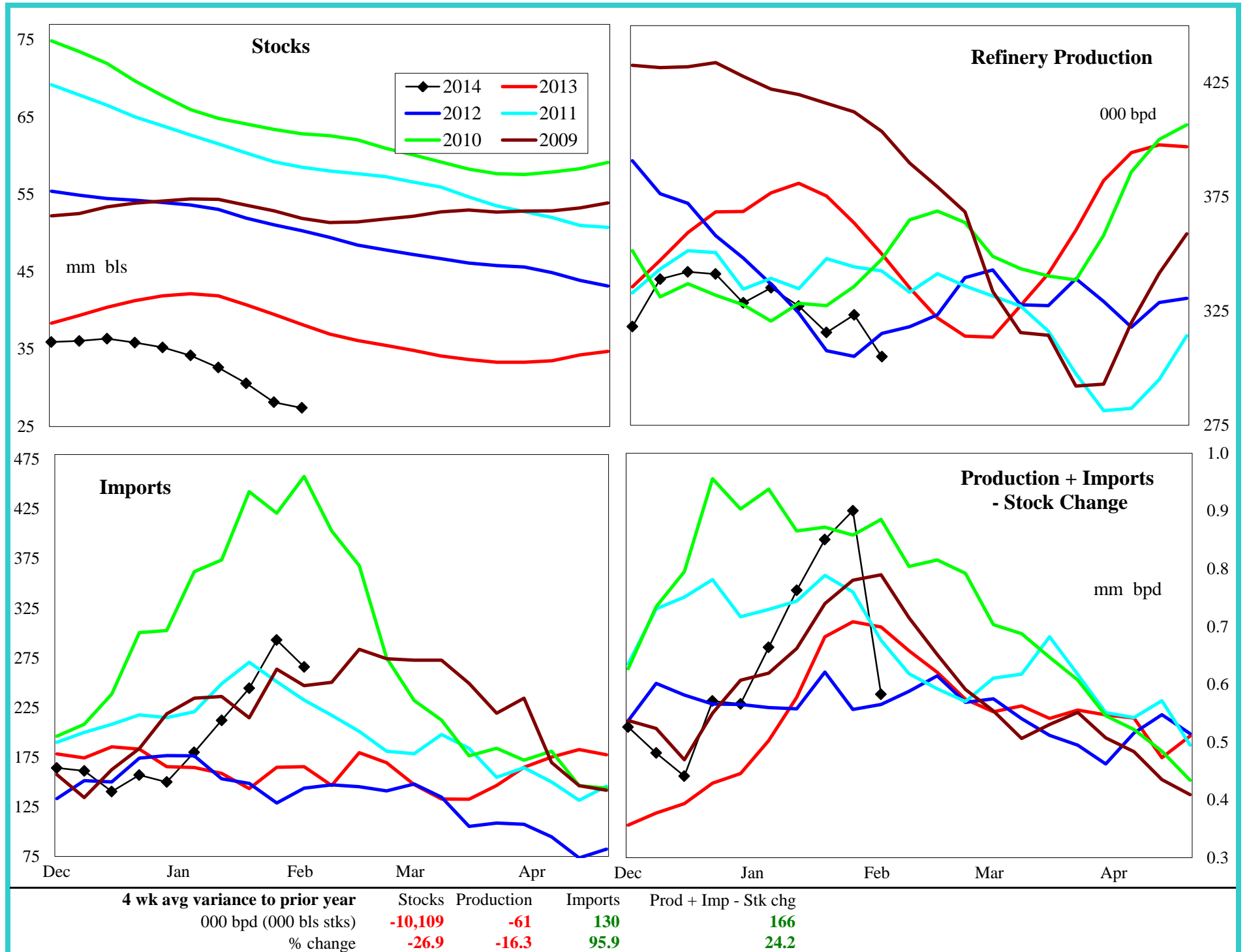
# PADD 1 Reformulated Gasoline Supply



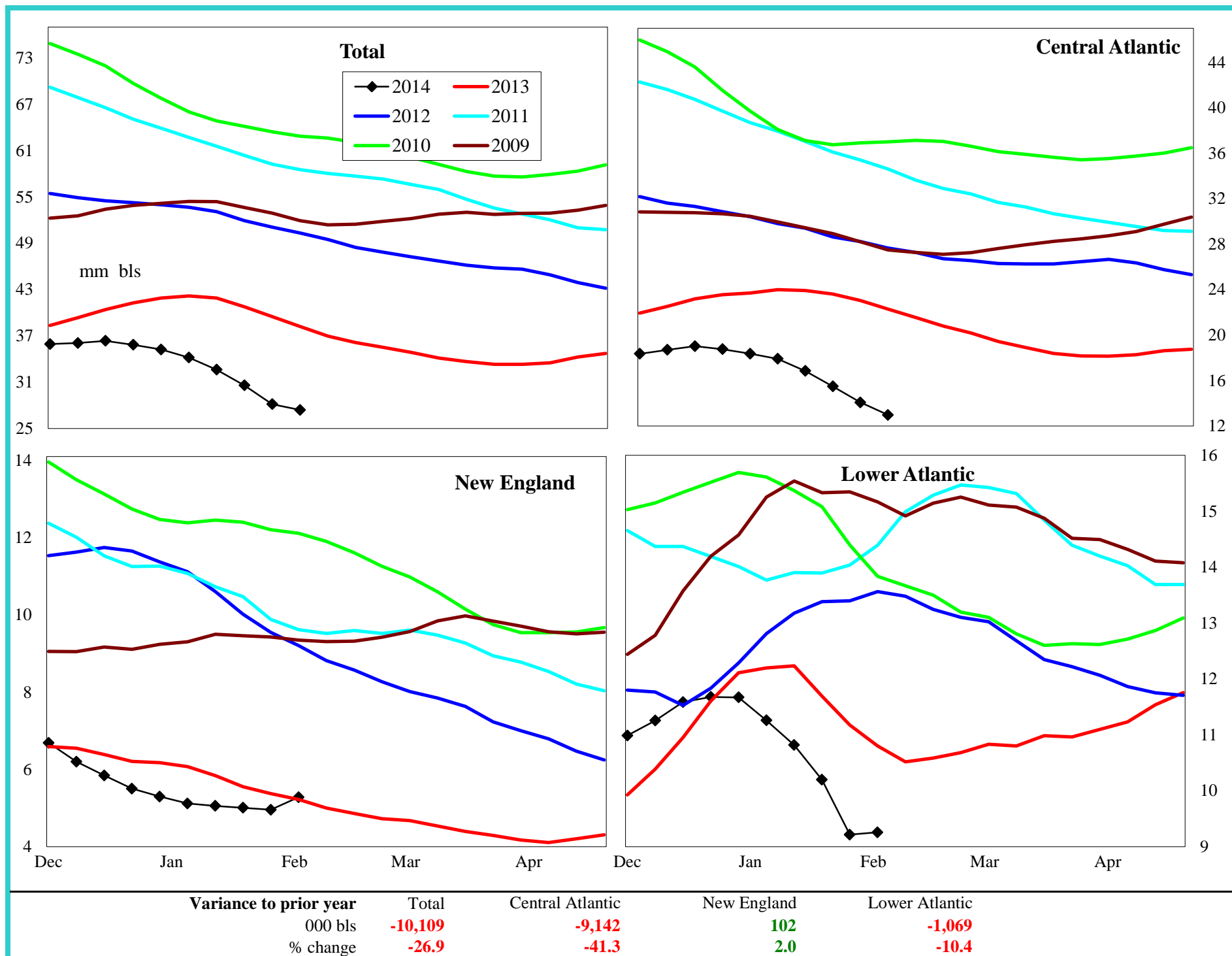
# PADD 1 Conventional Gasoline Supply



# PADD 1 Distillate Supply

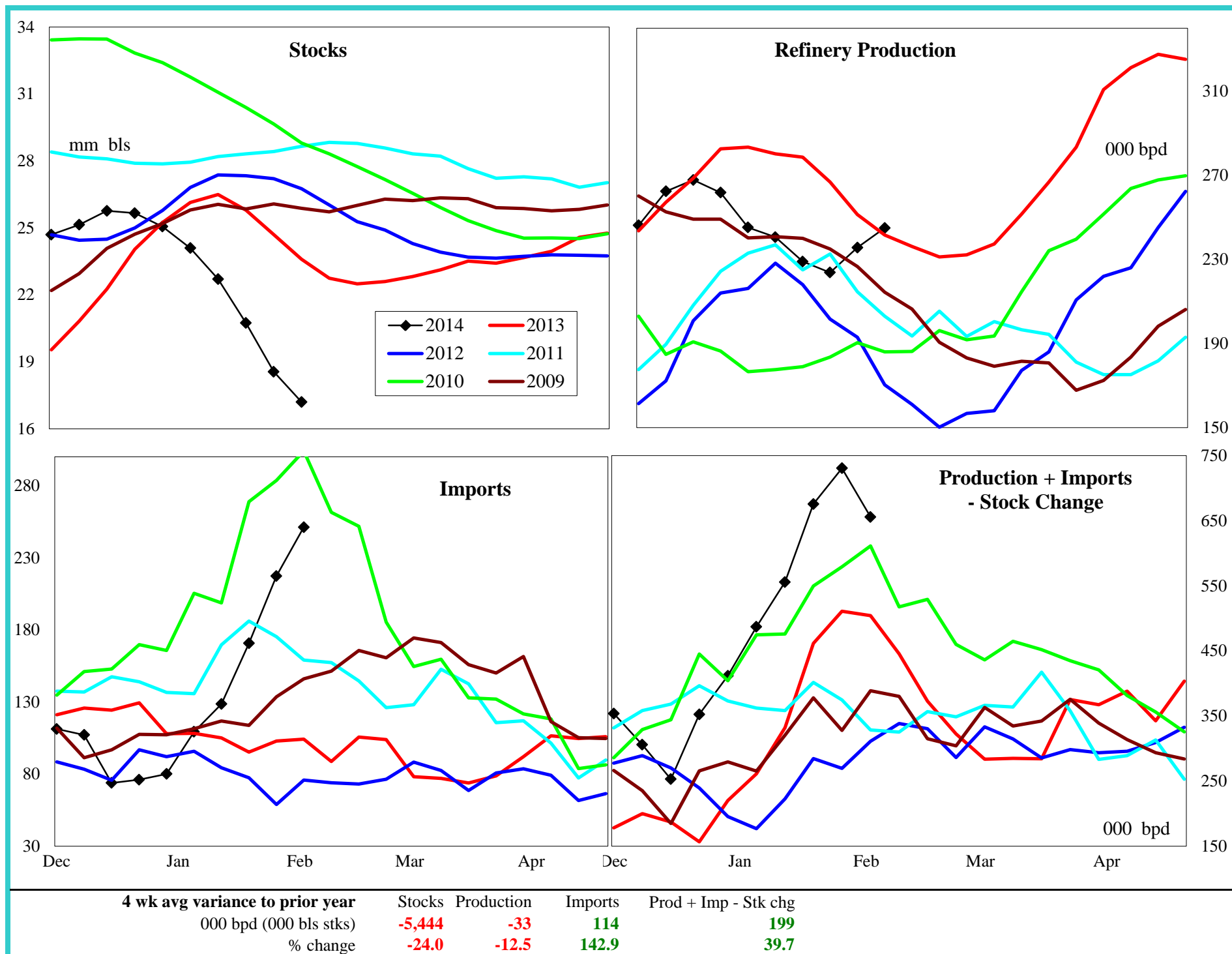


# PADD 1 Distillate Stocks by Region

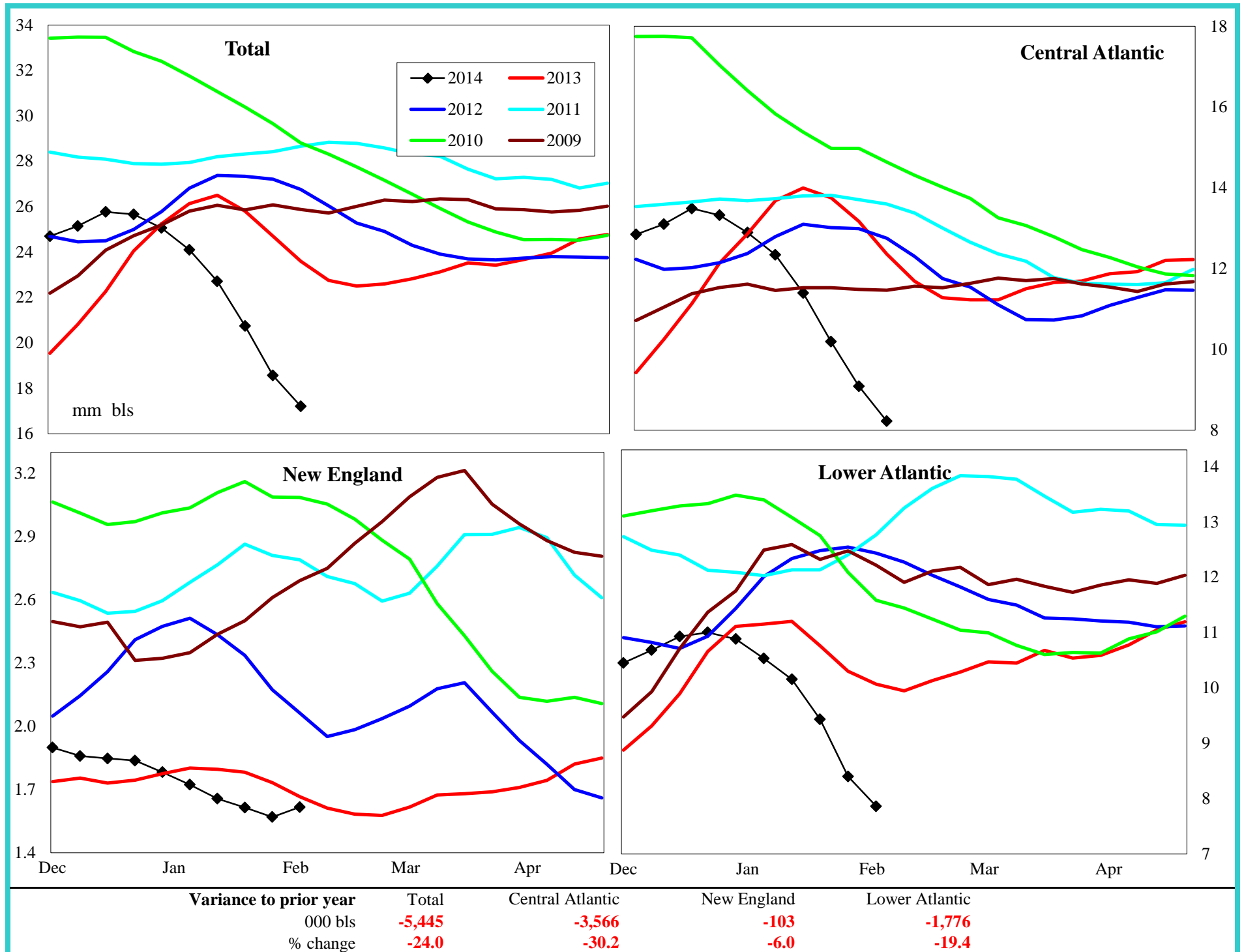




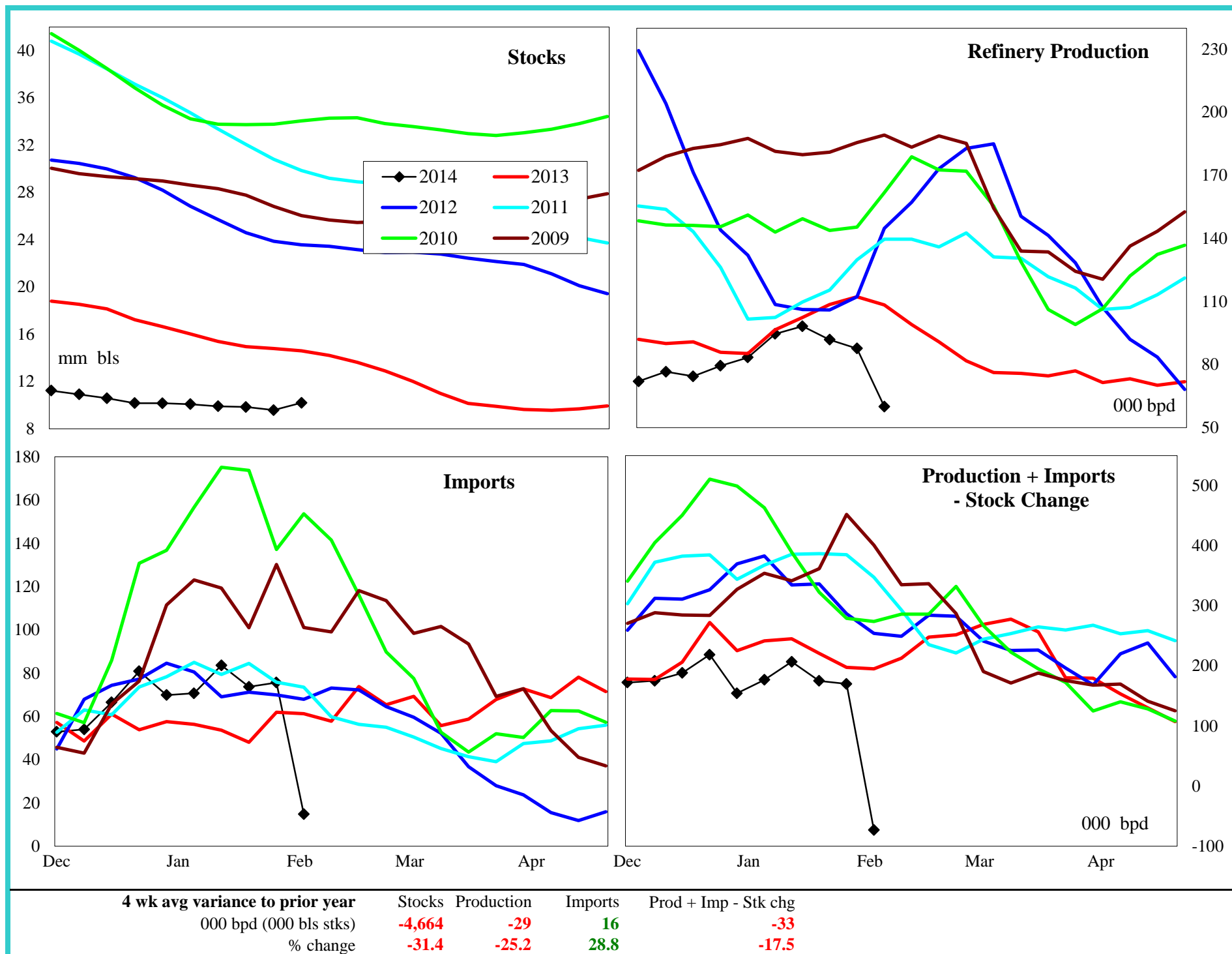
# PADD 1 Low Sulfur Distillate Supply



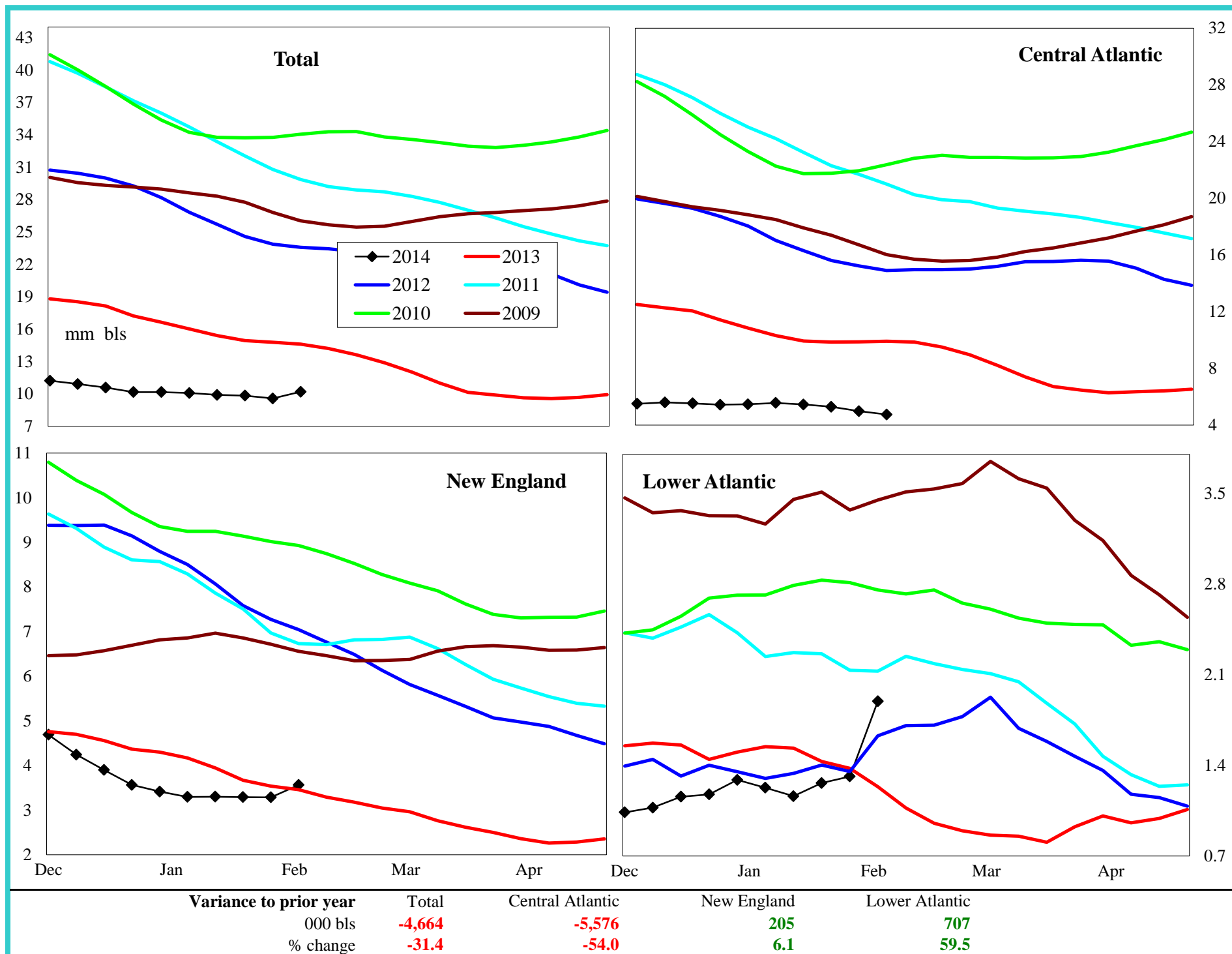
# PADD 1 Low Sulfur Distillate Stocks by Region



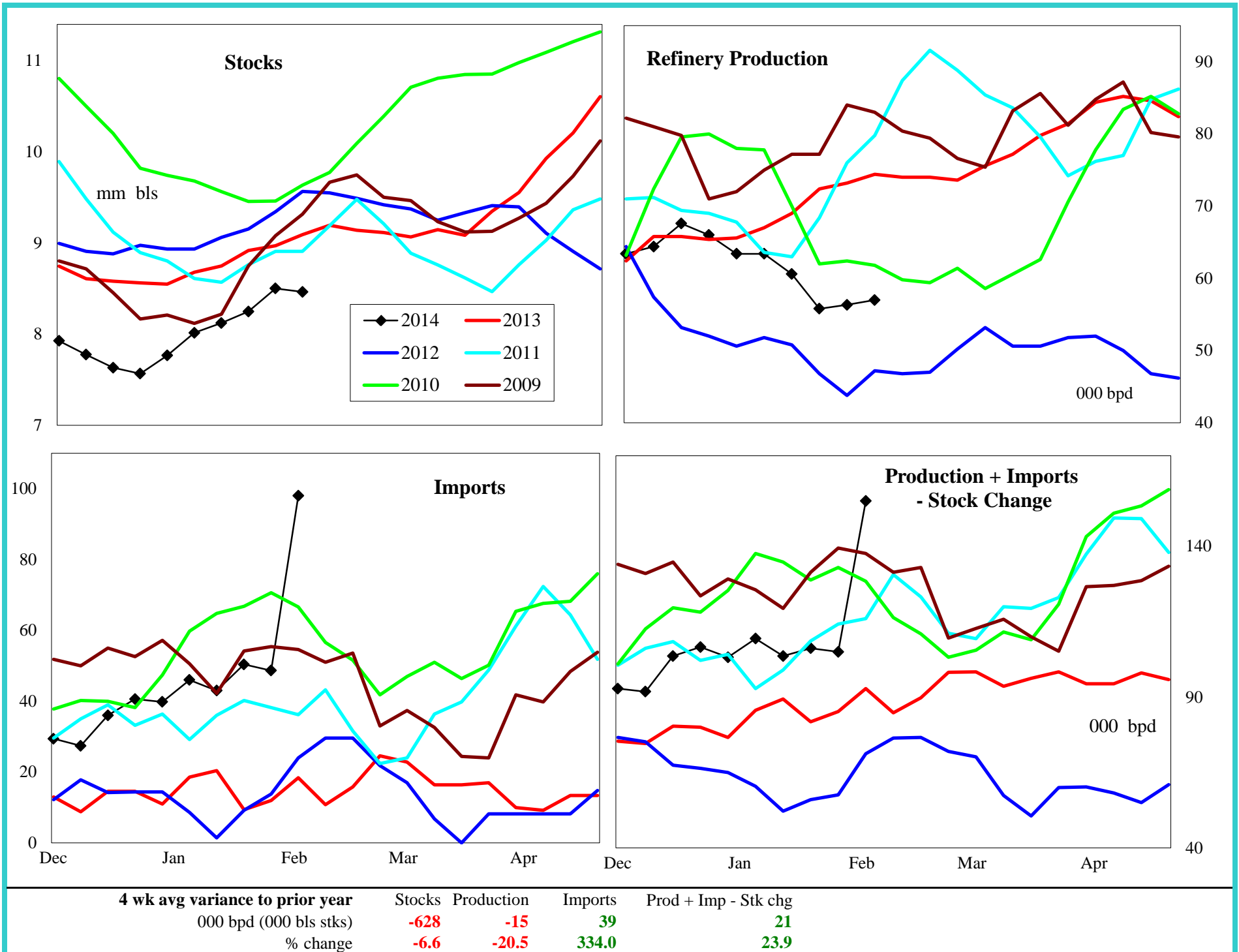
# PADD 1 High Sulfur Distillate Supply



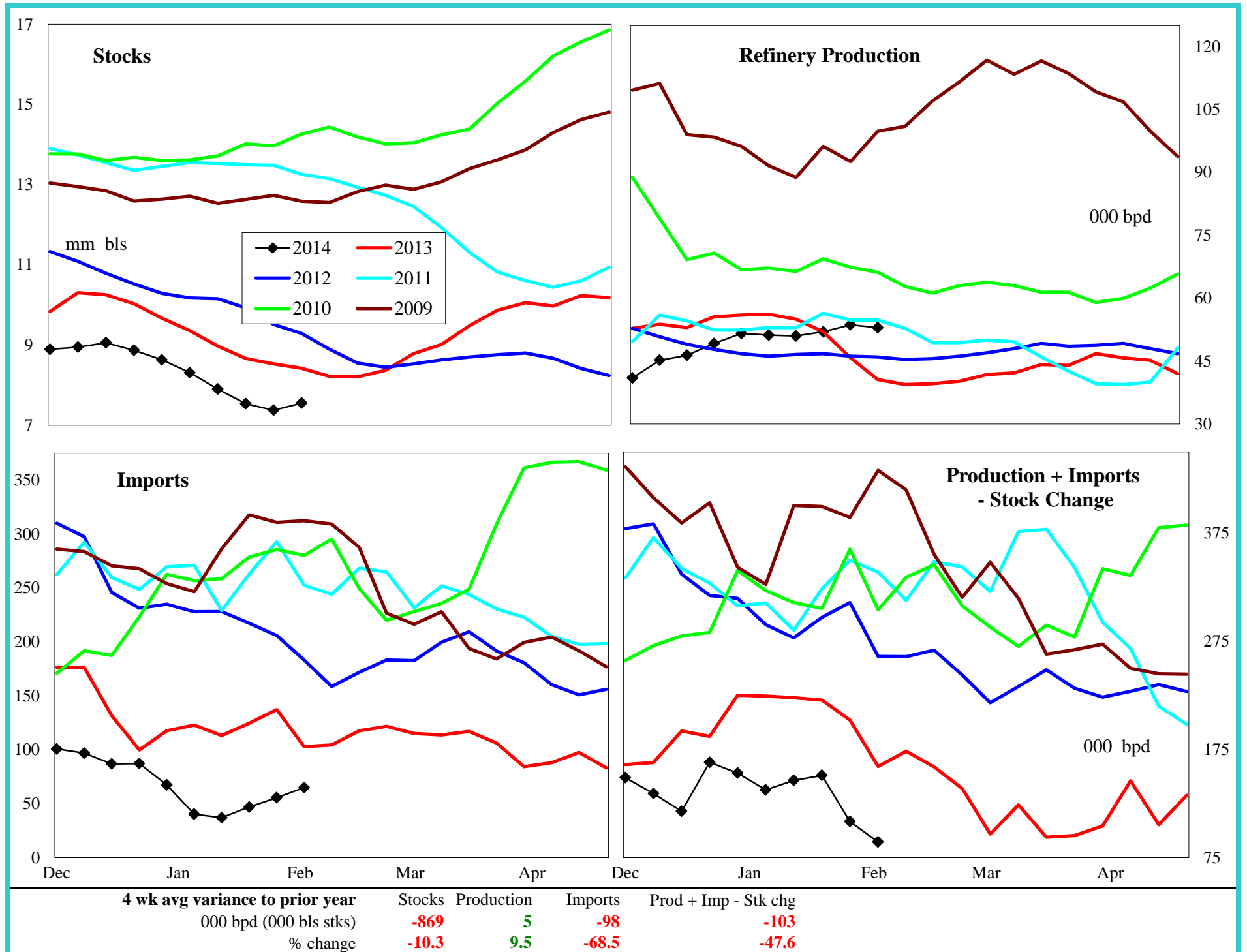
# PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

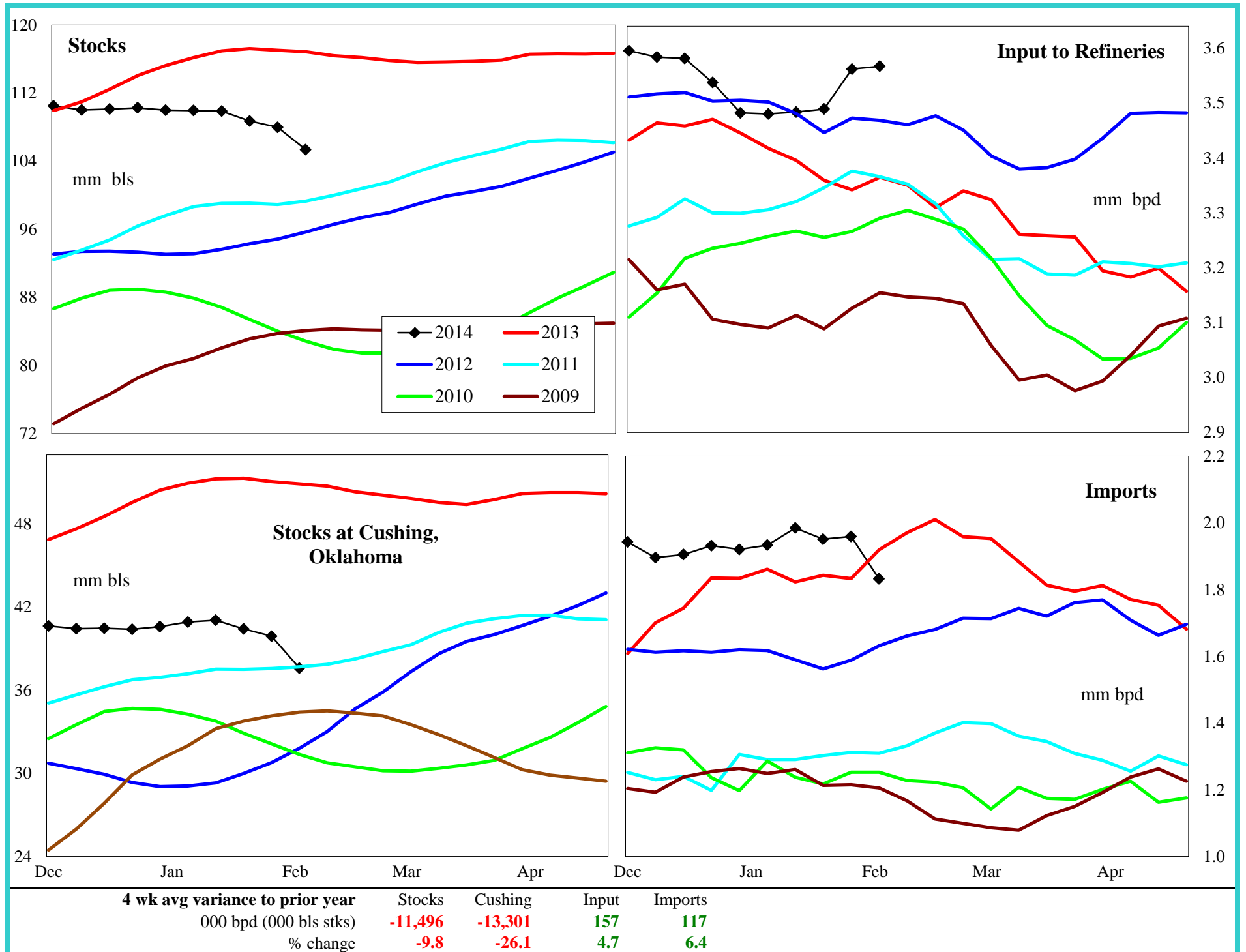


# PADD 1 Residual Fuel Oil Supply

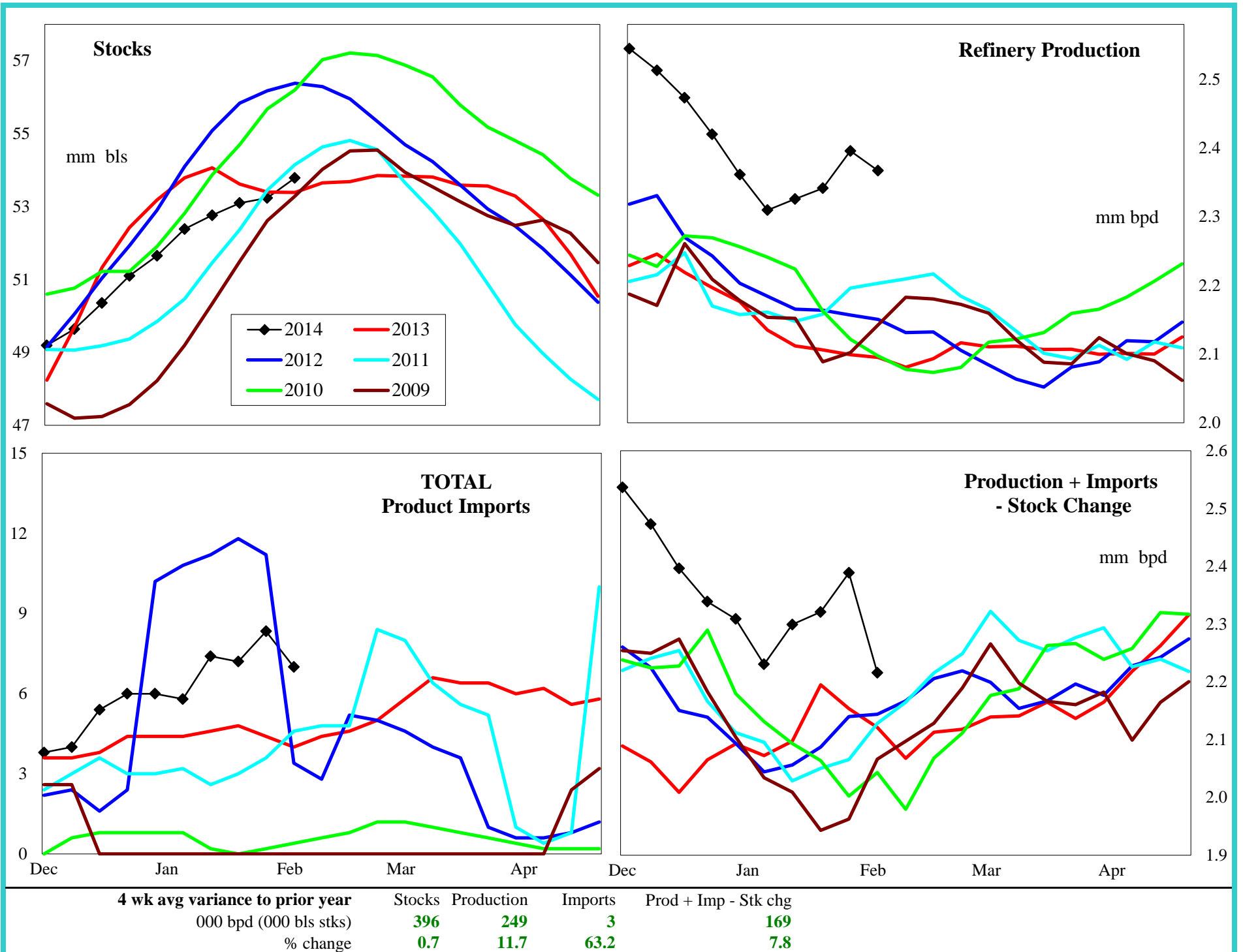




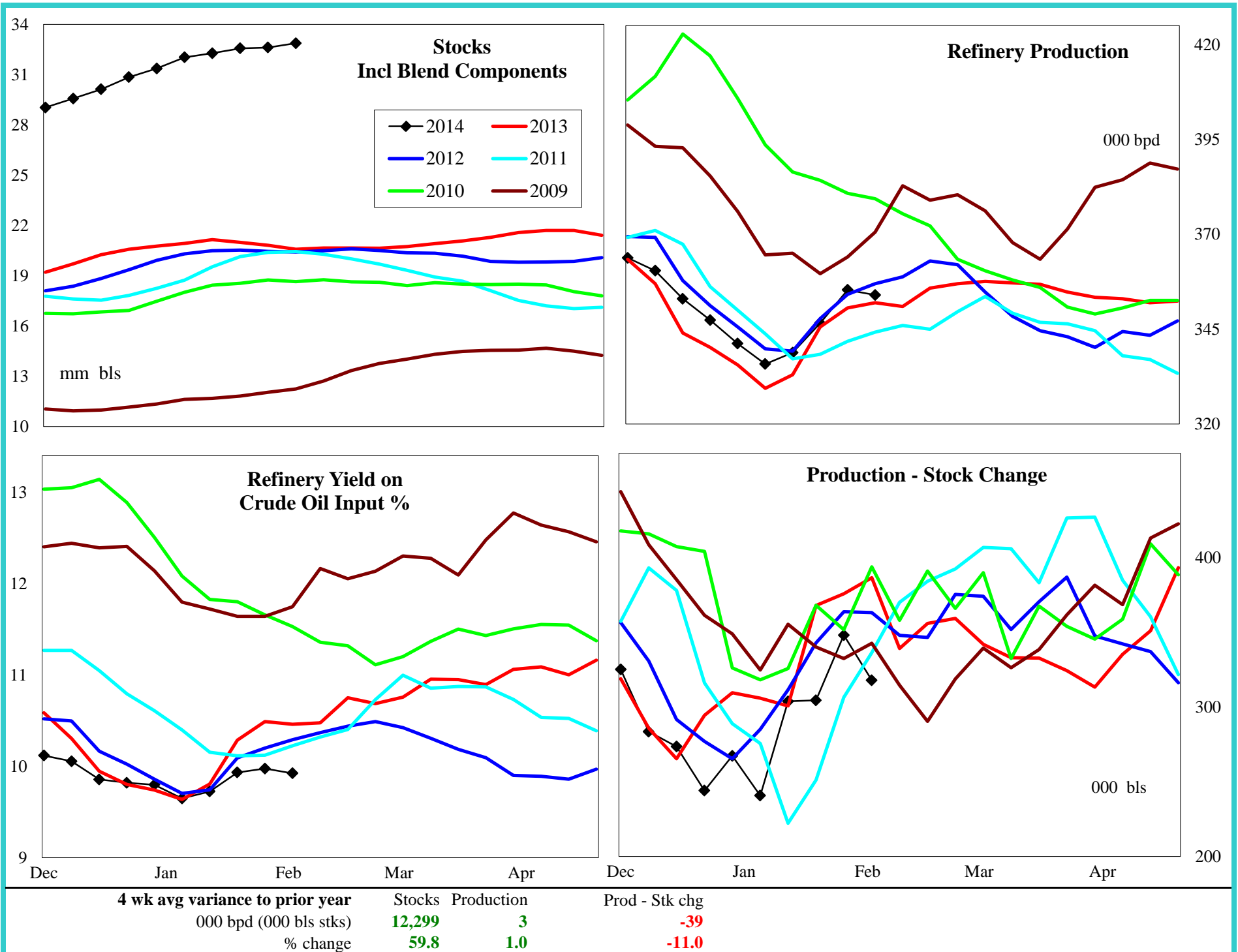
# PADD 2 Crude Oil Supply and Refining



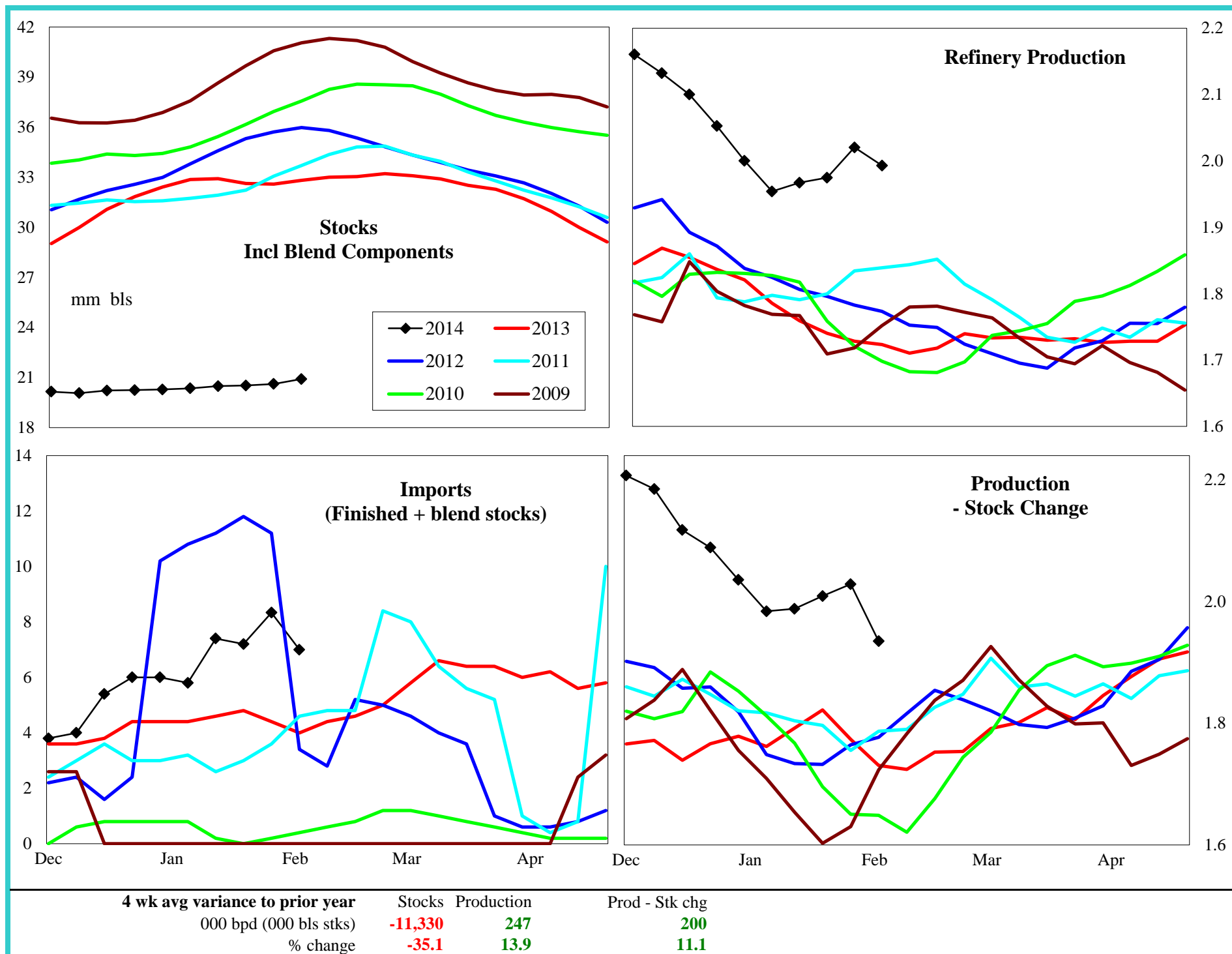
# PADD 2 Gasoline Supply



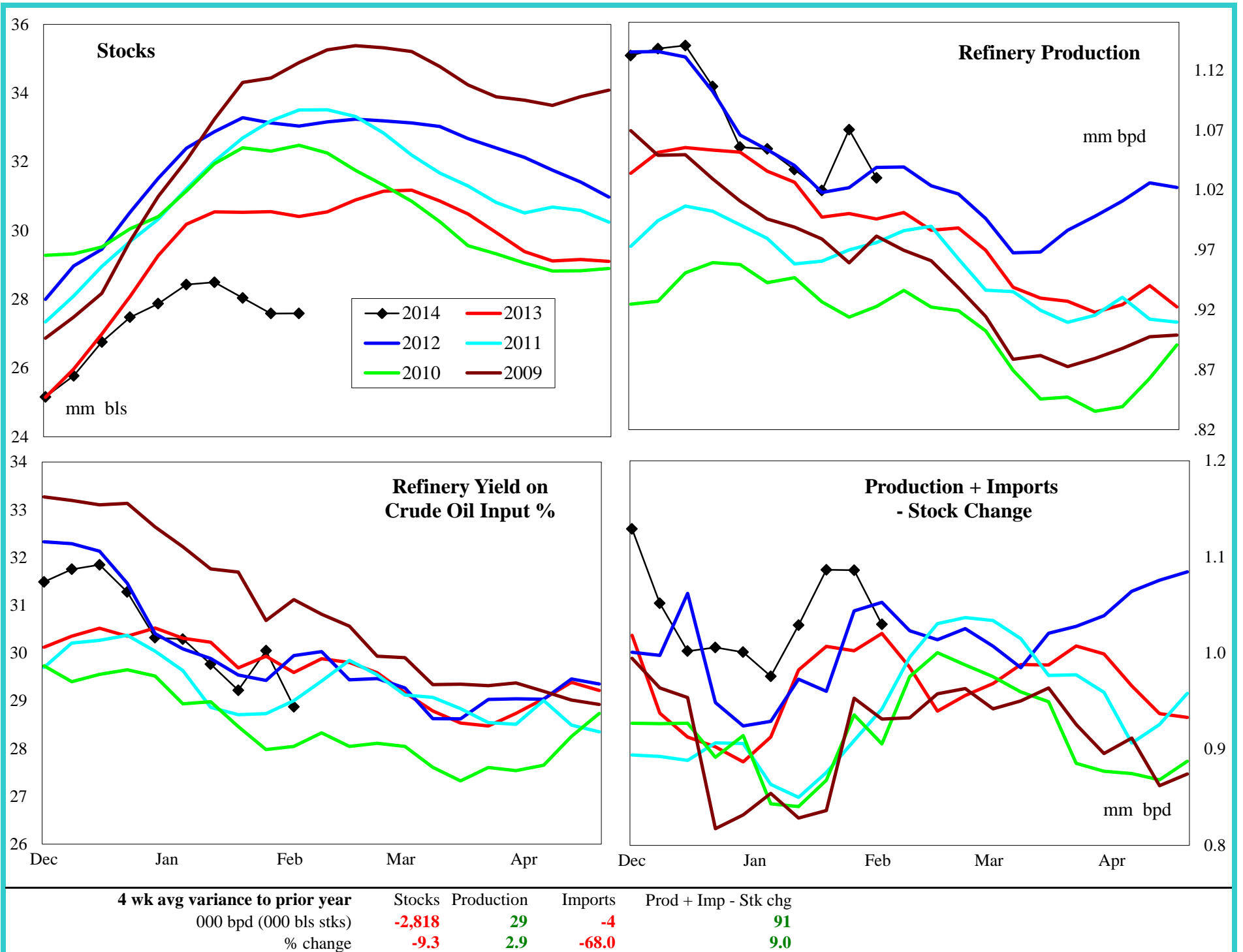
# PADD 2 Reformulated Gasoline Supply



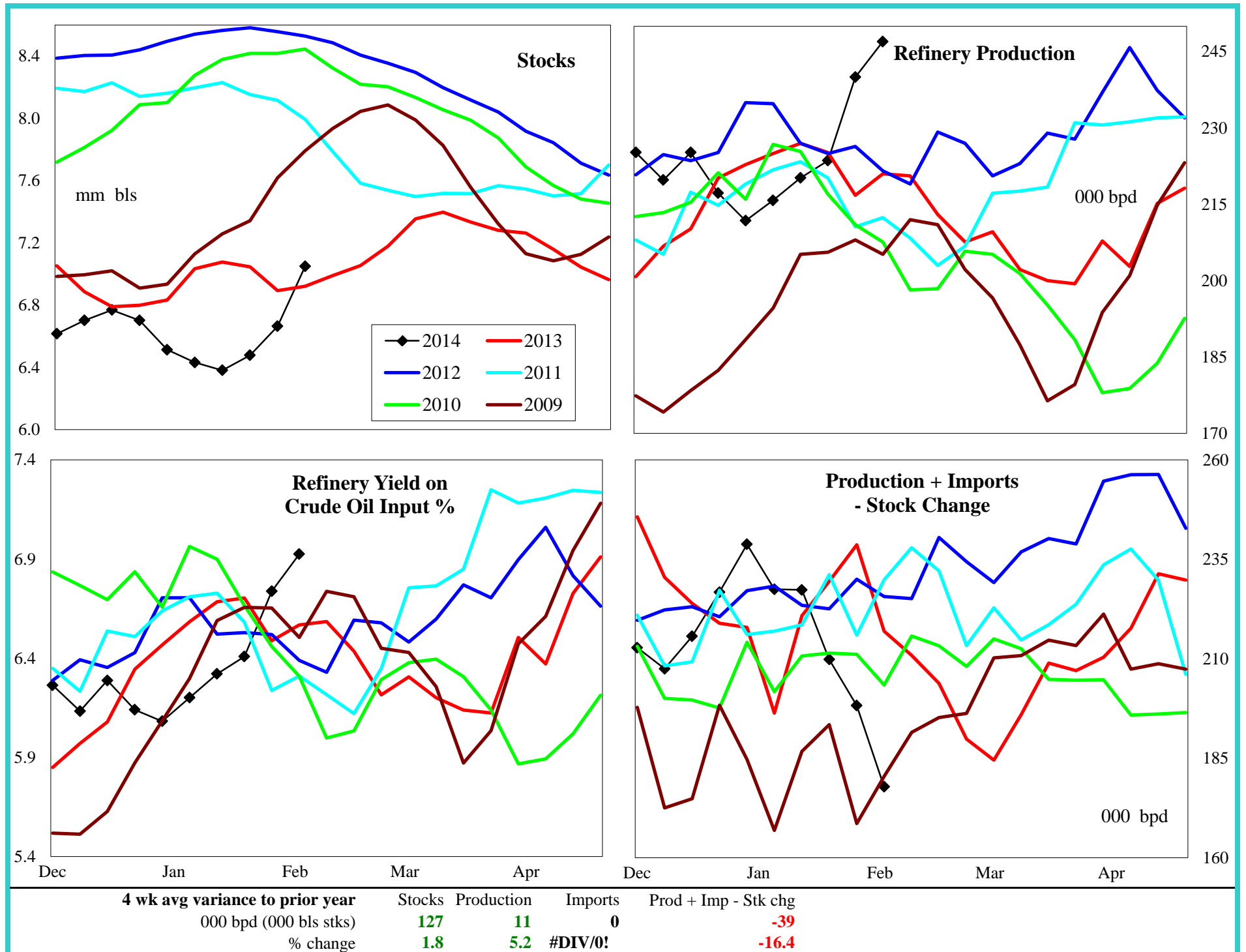
# PADD 2 Conventional Gasoline Supply



# PADD 2 Distillate Supply

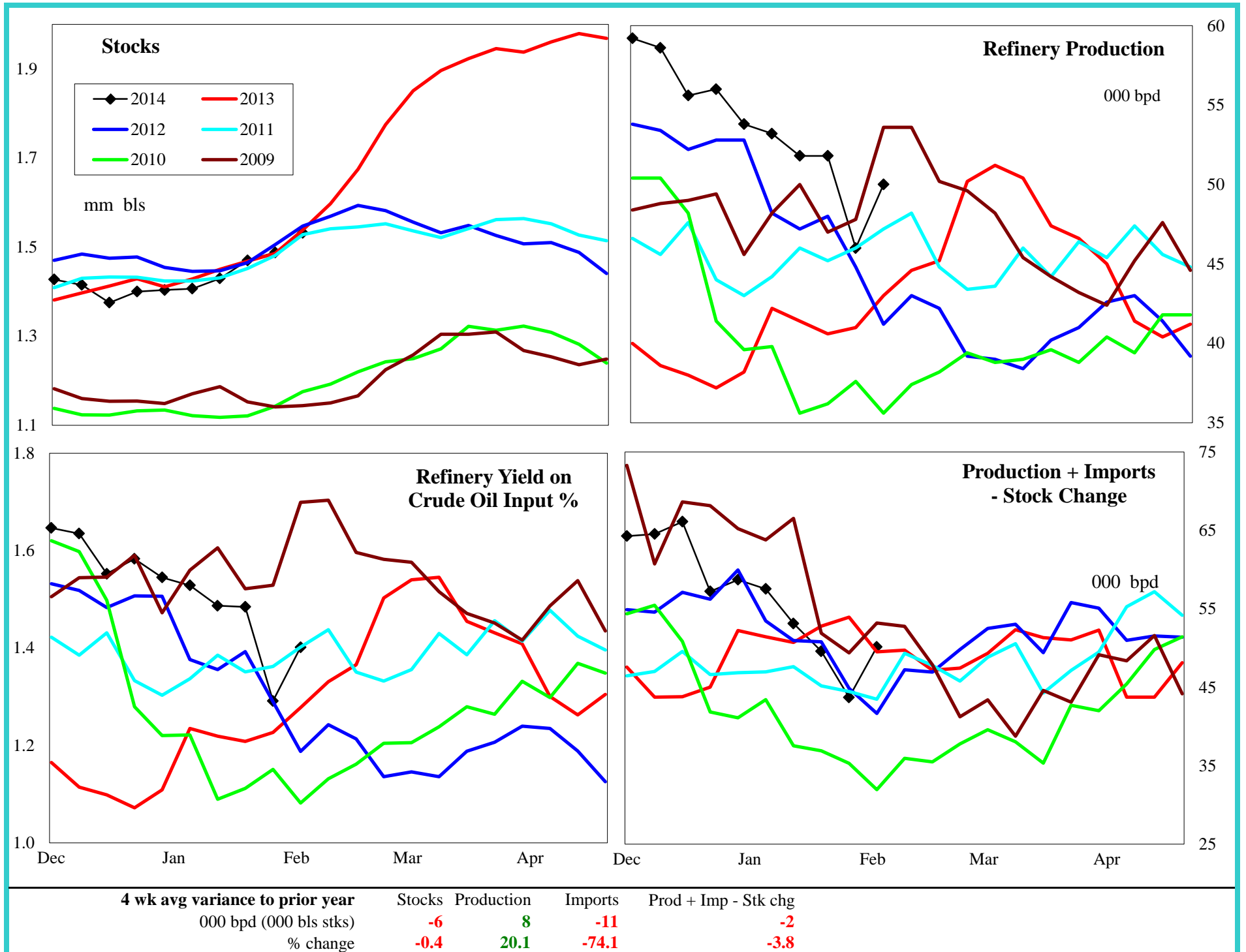


# PADD 2 Jet Fuel Supply

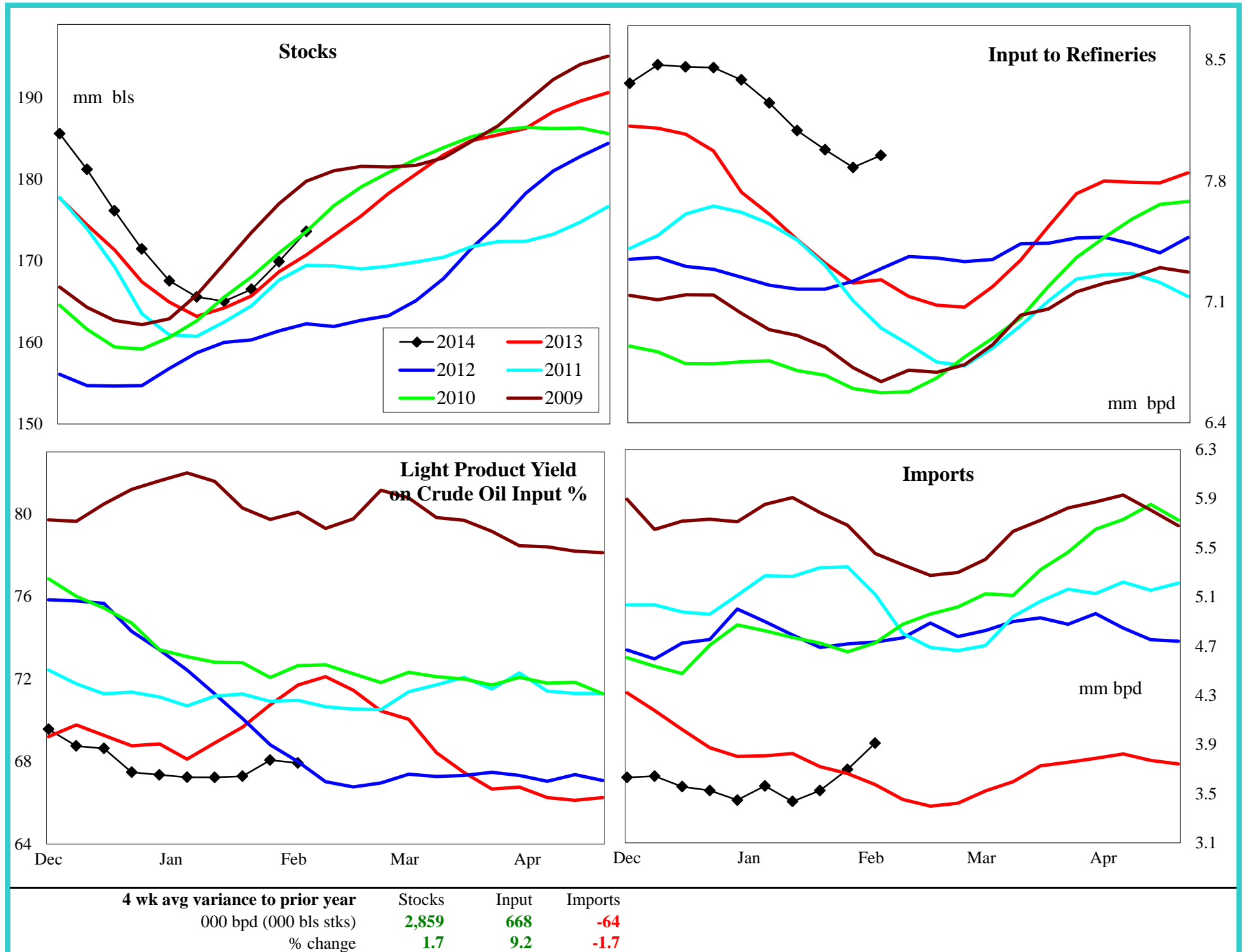




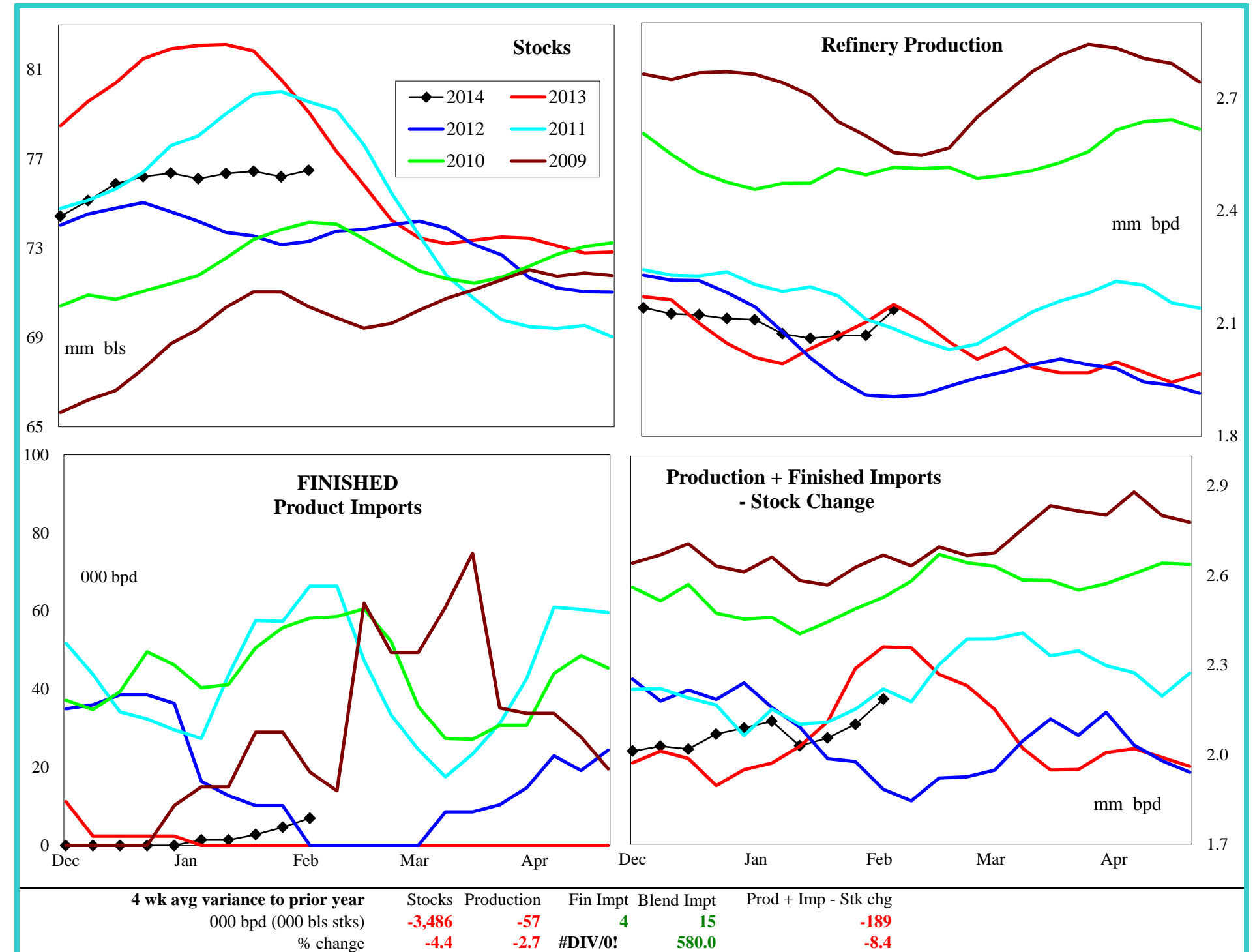
# PADD 2 Residual Fuel Oil Supply



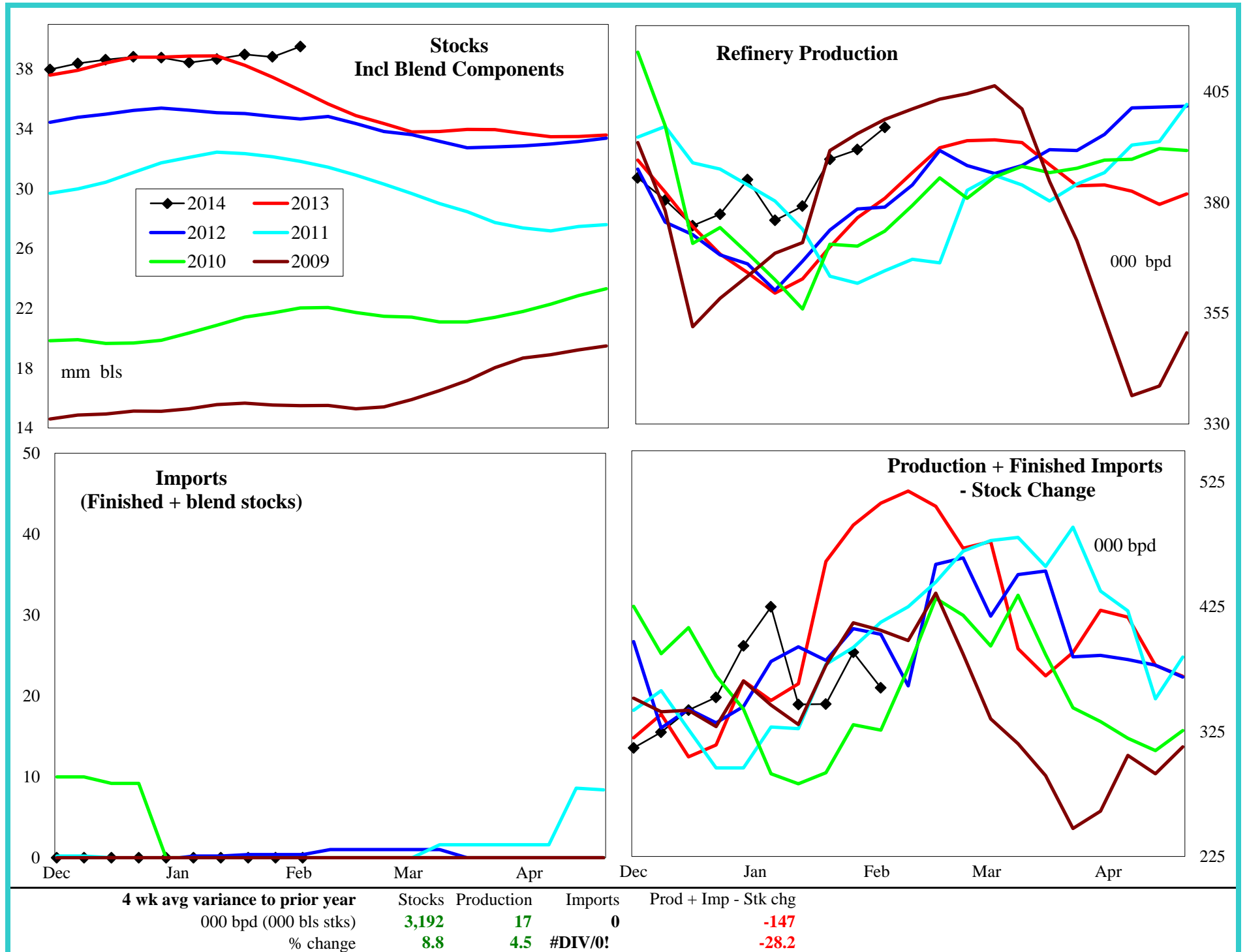
# PADD 3 Crude Oil Supply and Refining



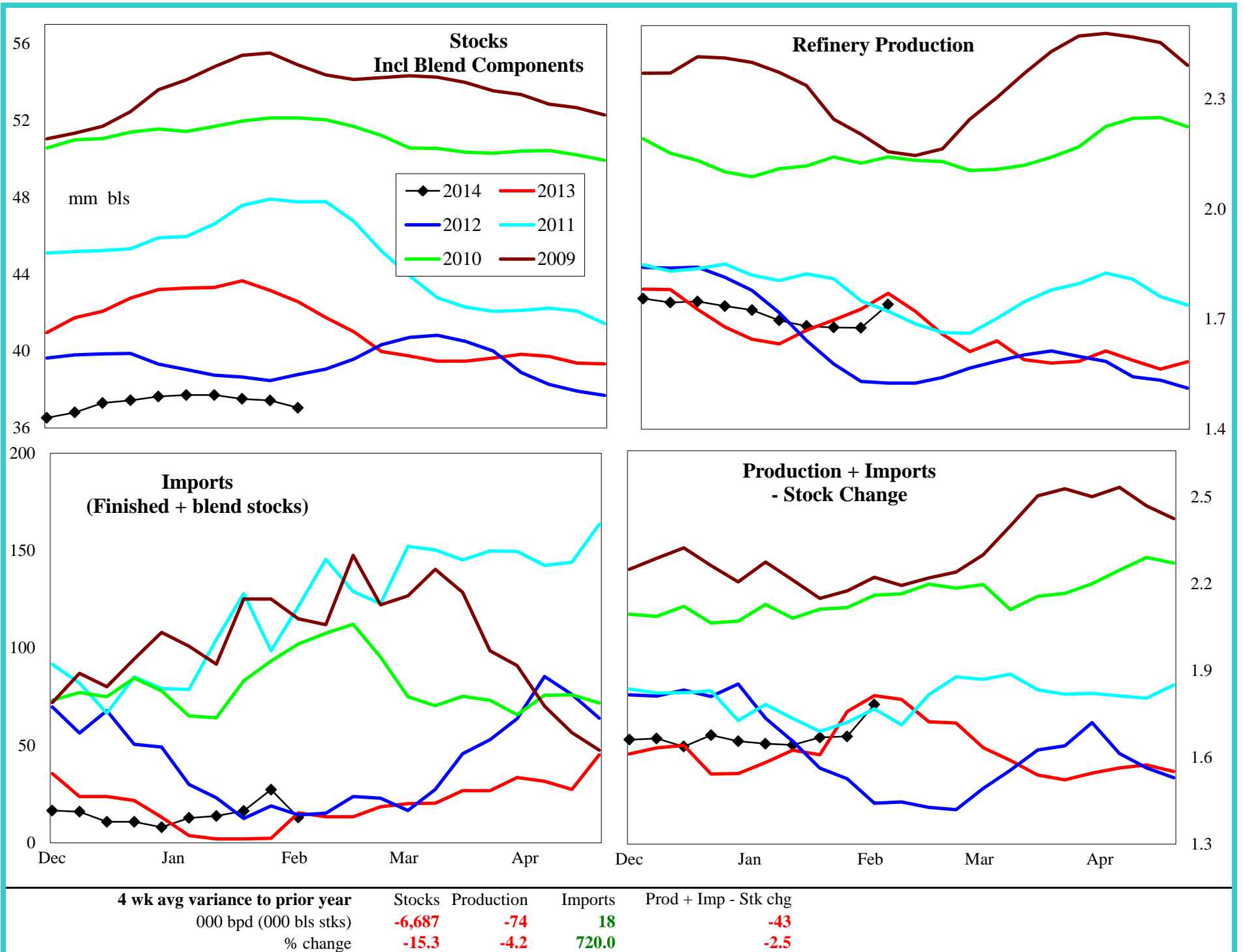
# PADD 3 Gasoline Supply



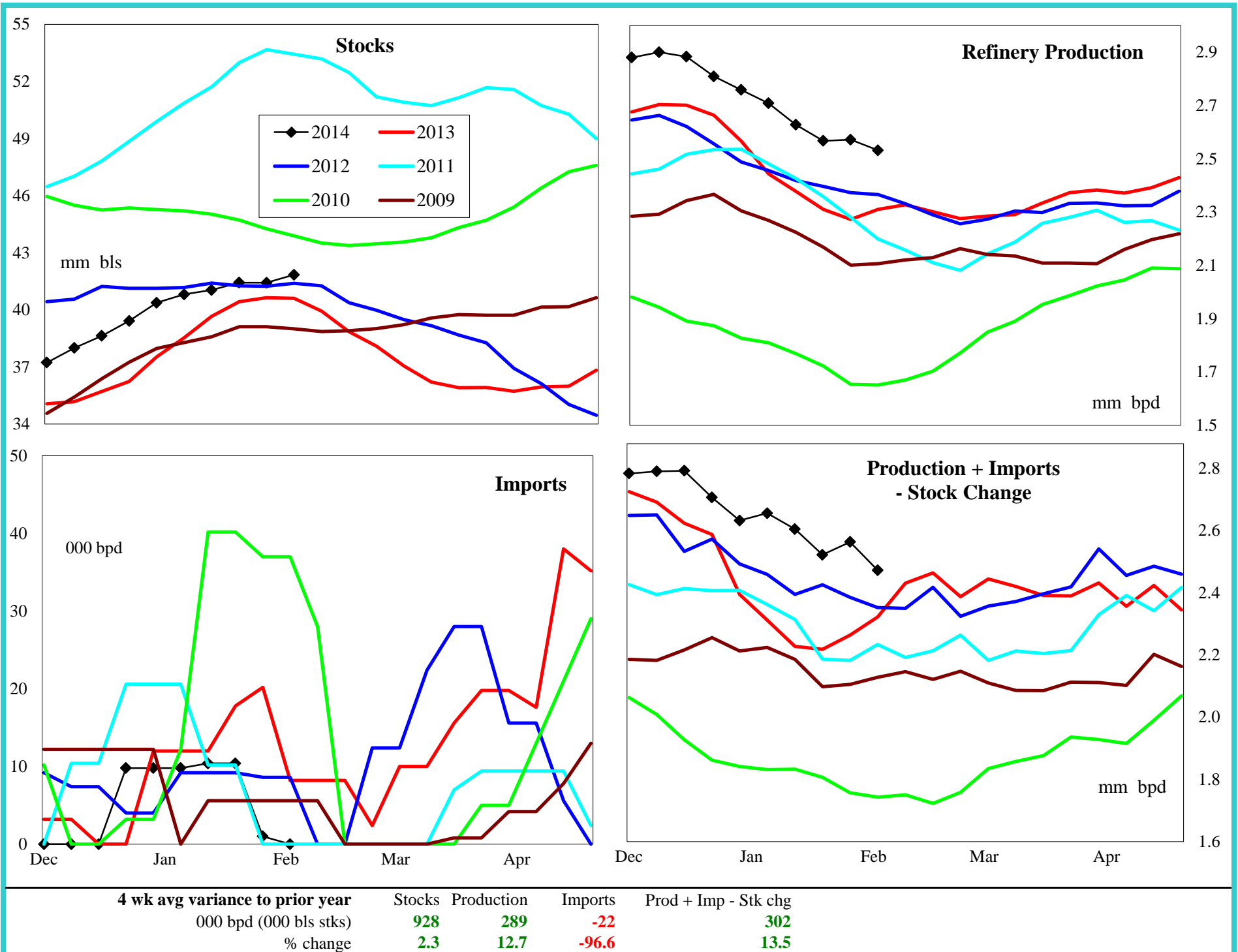
# PADD 3 Reformulated Gasoline Supply



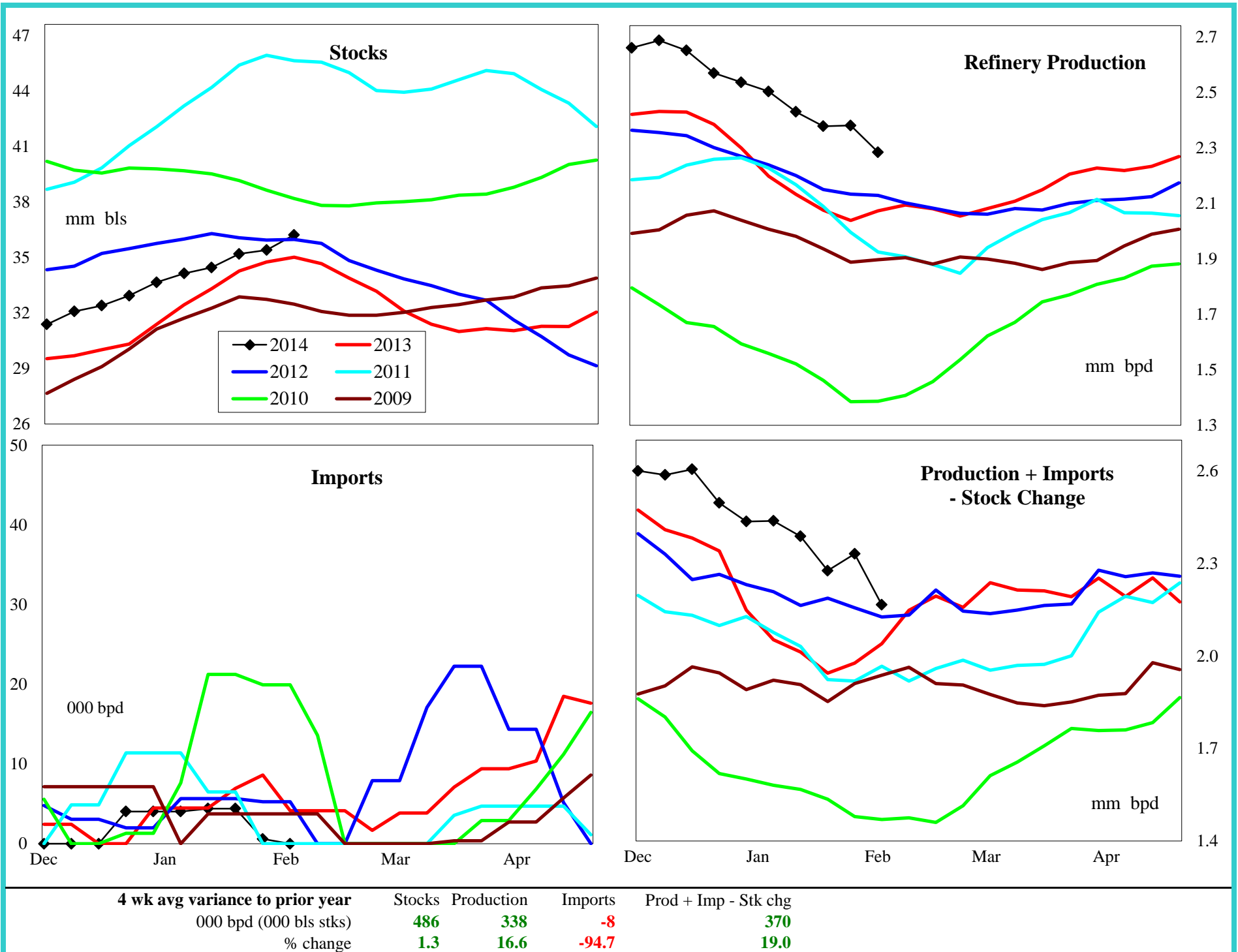
# PADD 3 Conventional Gasoline Supply



## PADD 3 Distillate Supply

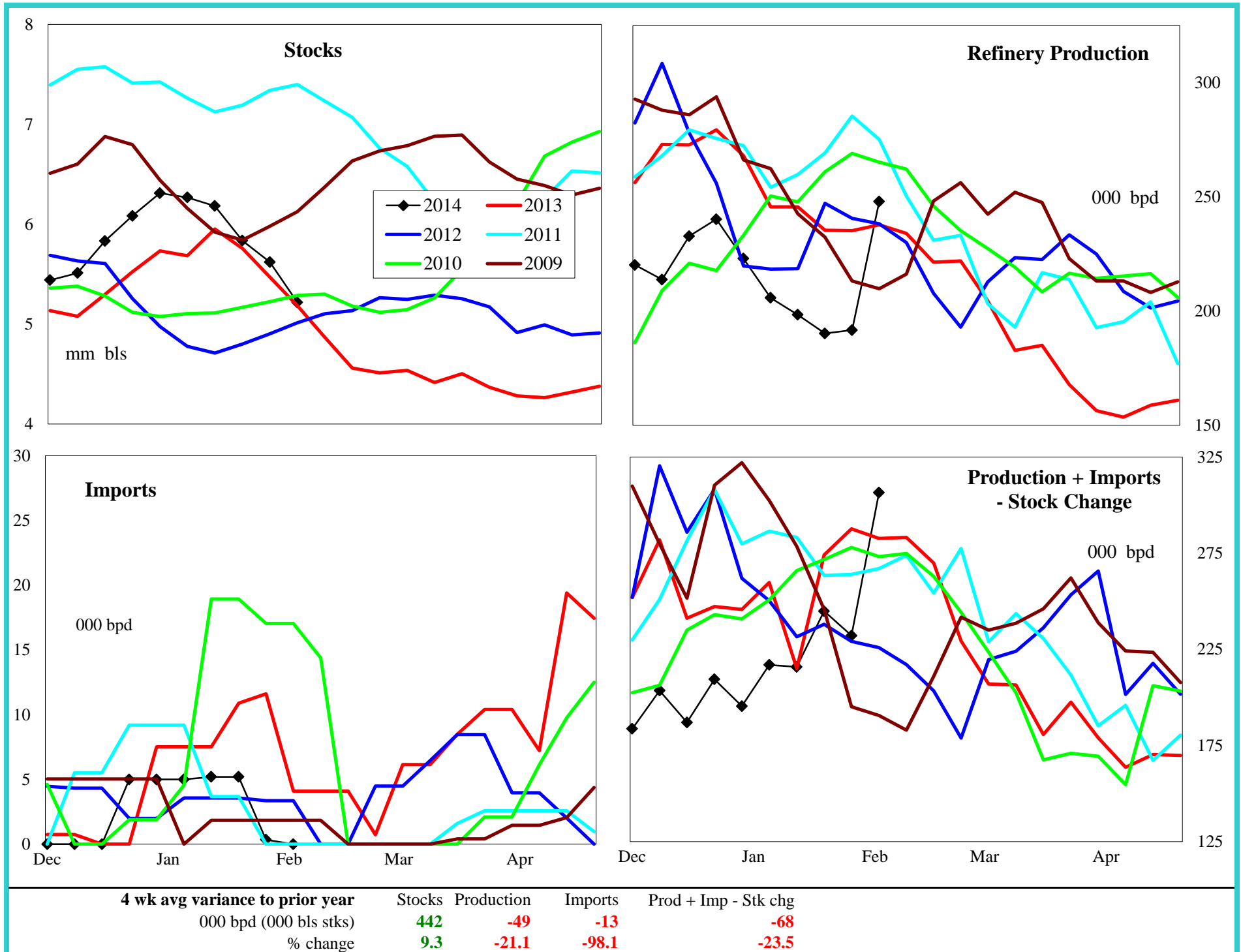


# PADD 3 Low Sulfur Distillate Supply

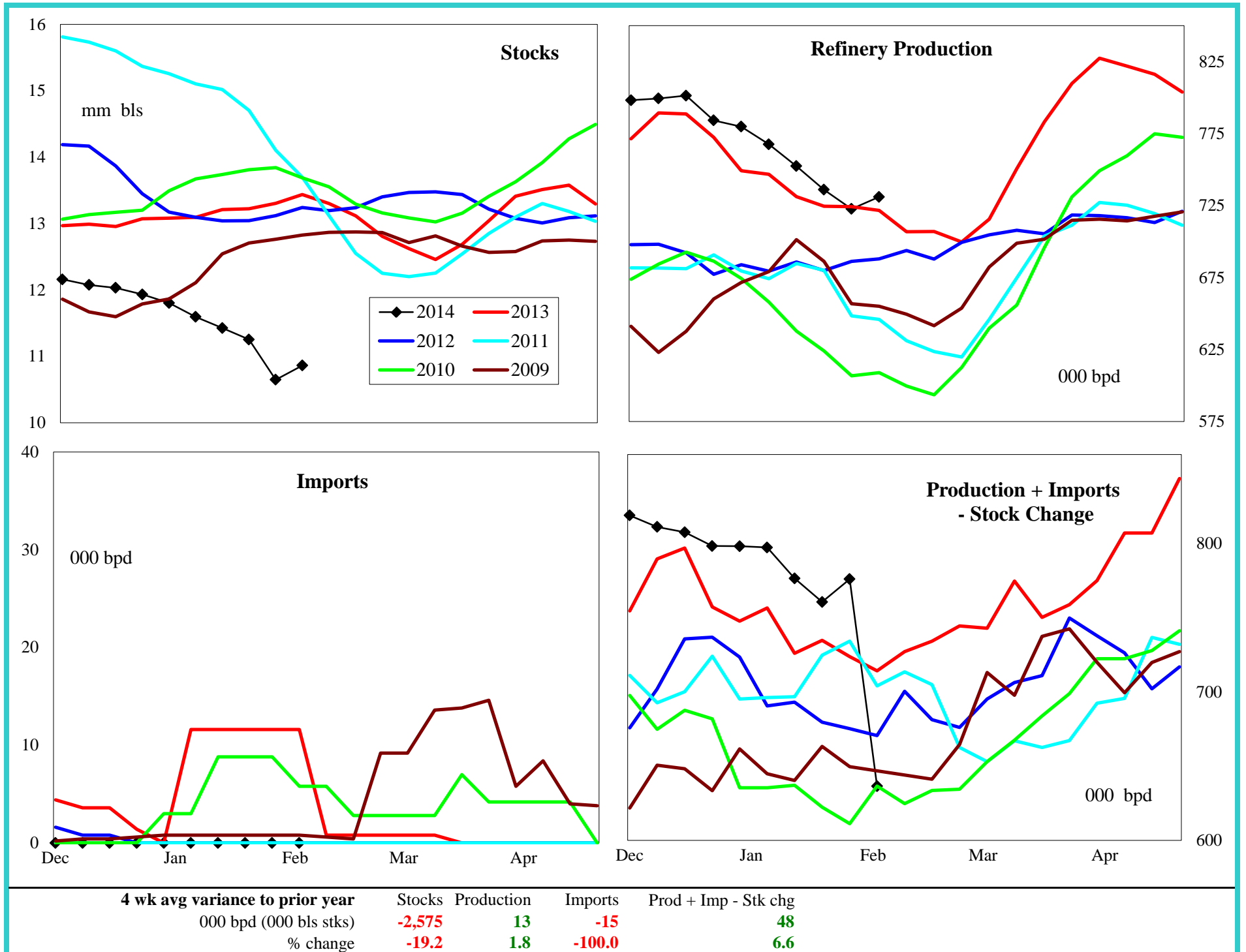




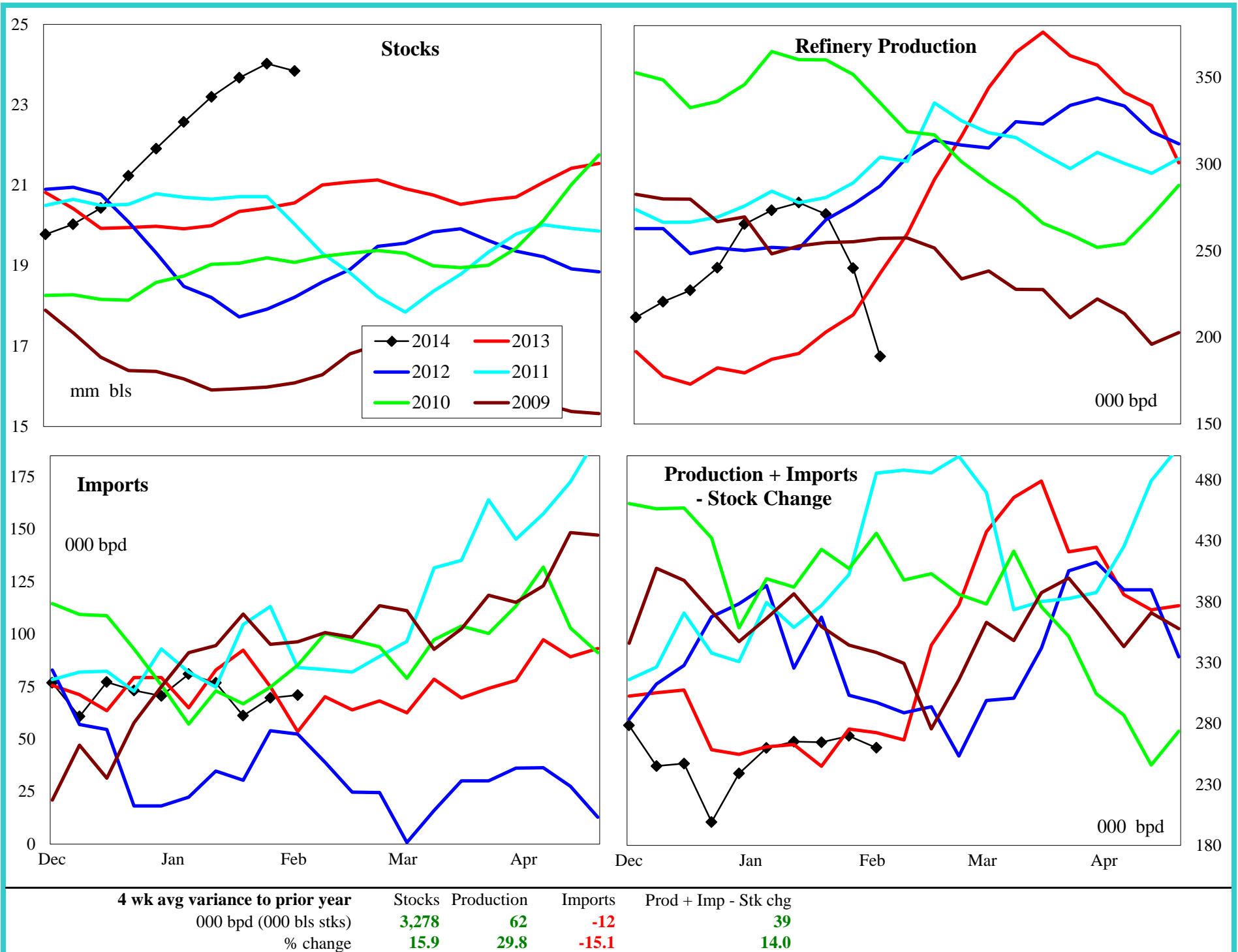
# PADD 3 High Sulfur Distillate Supply



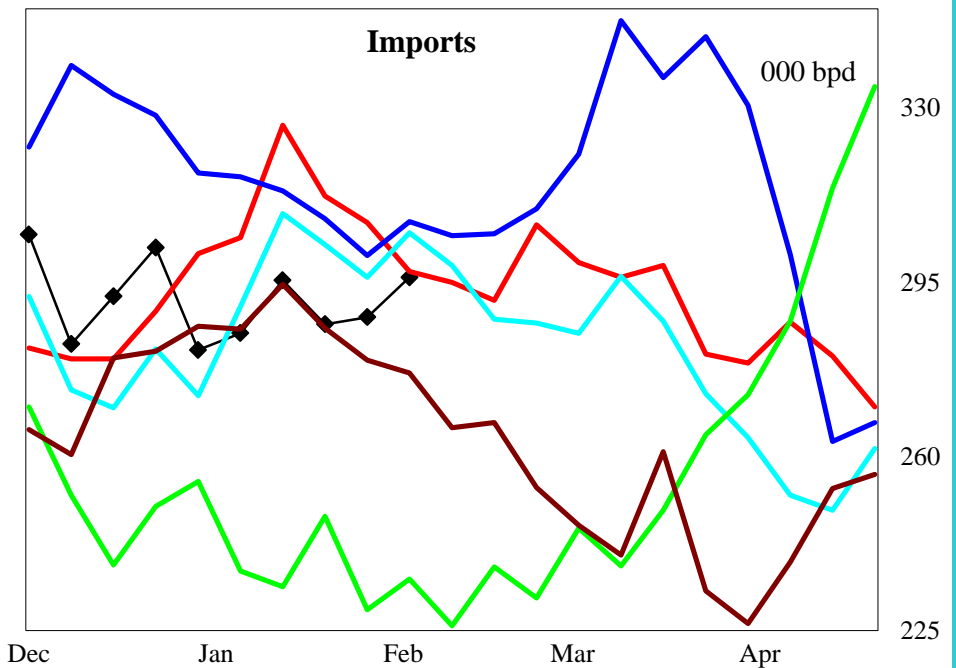
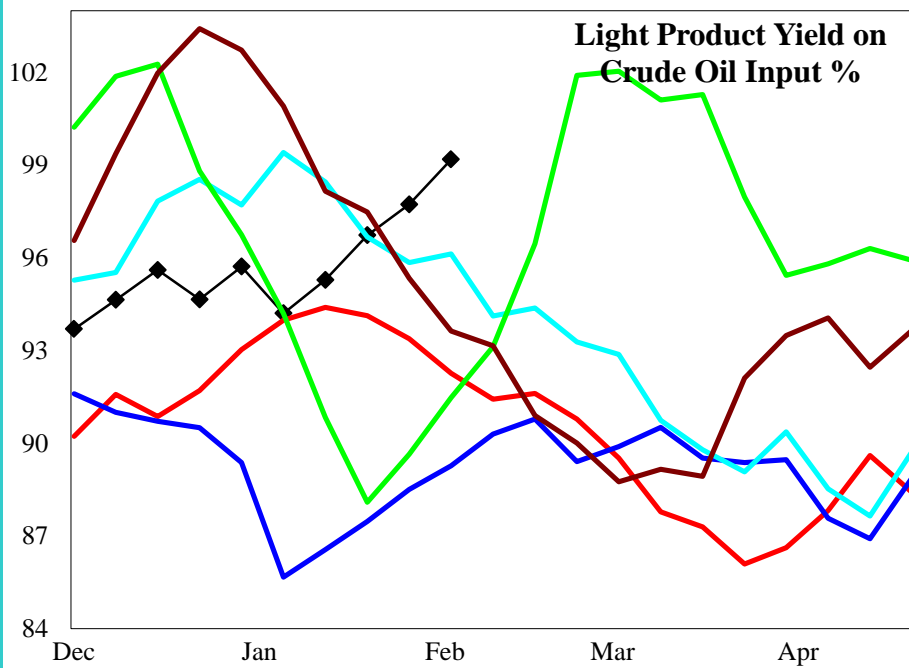
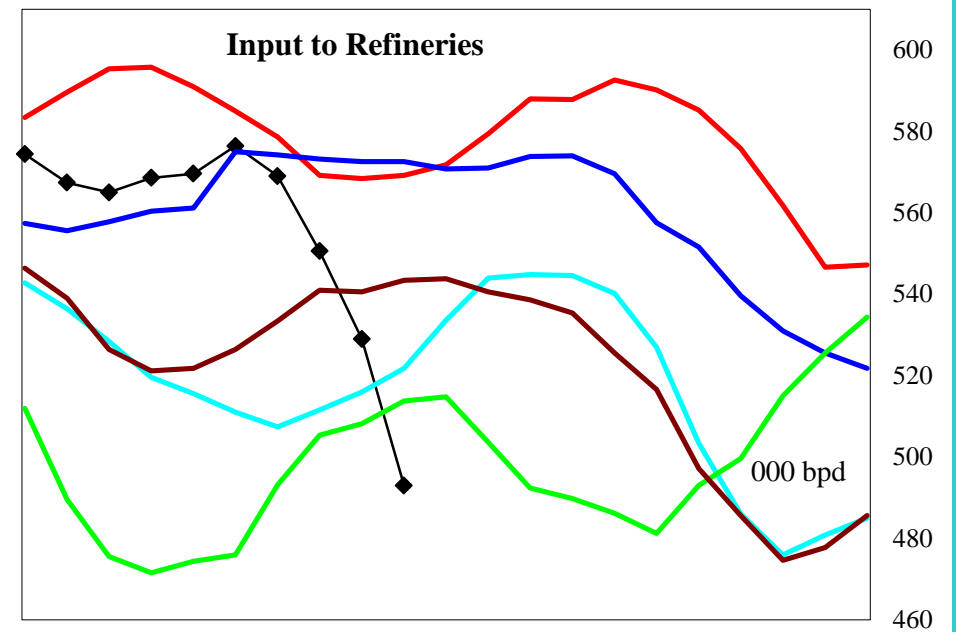
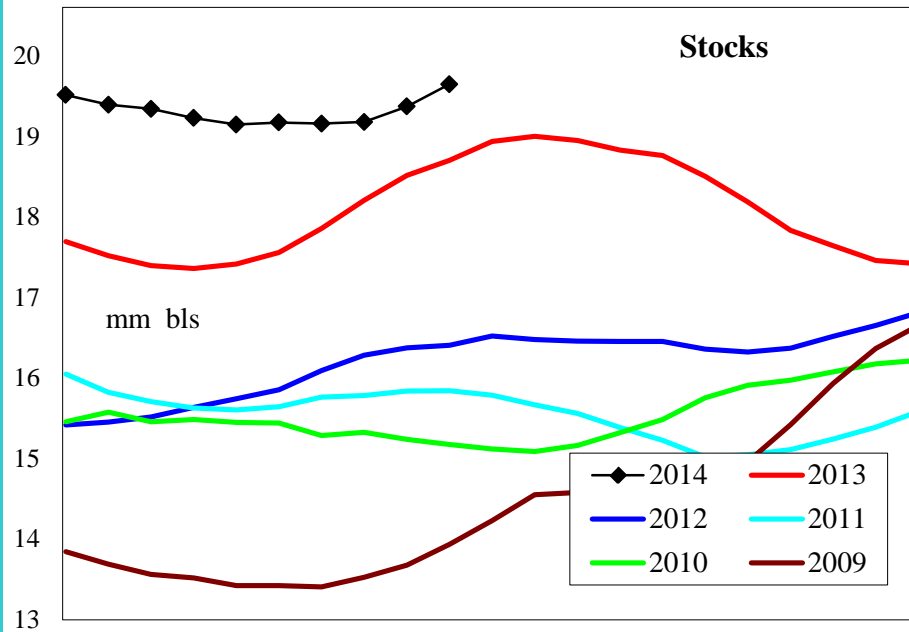
# PADD 3 Jet Fuel Supply



# PADD 3 Residual Fuel Oil Supply



# PADD 4 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

943

4.9

Input

-22

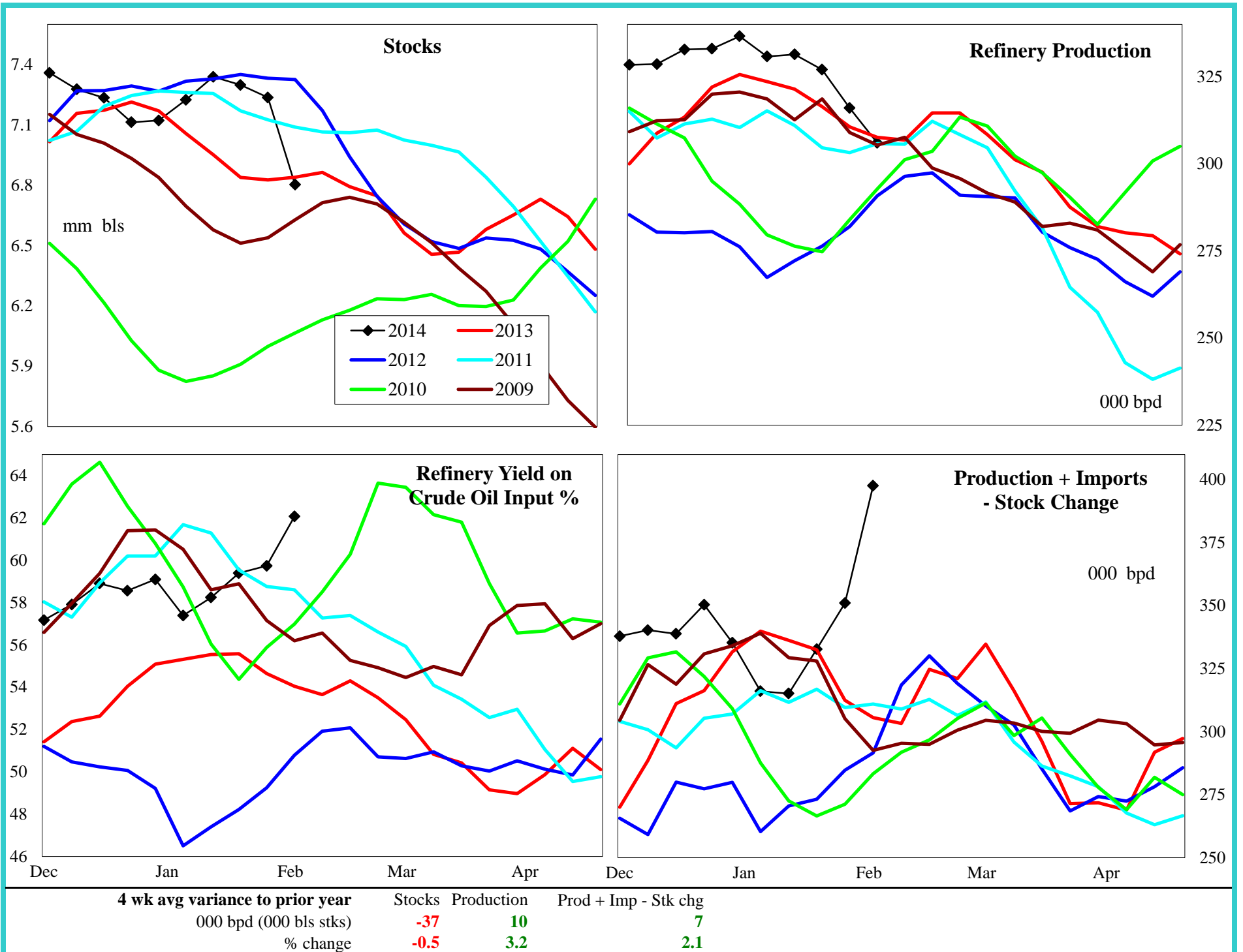
-3.8

Imports

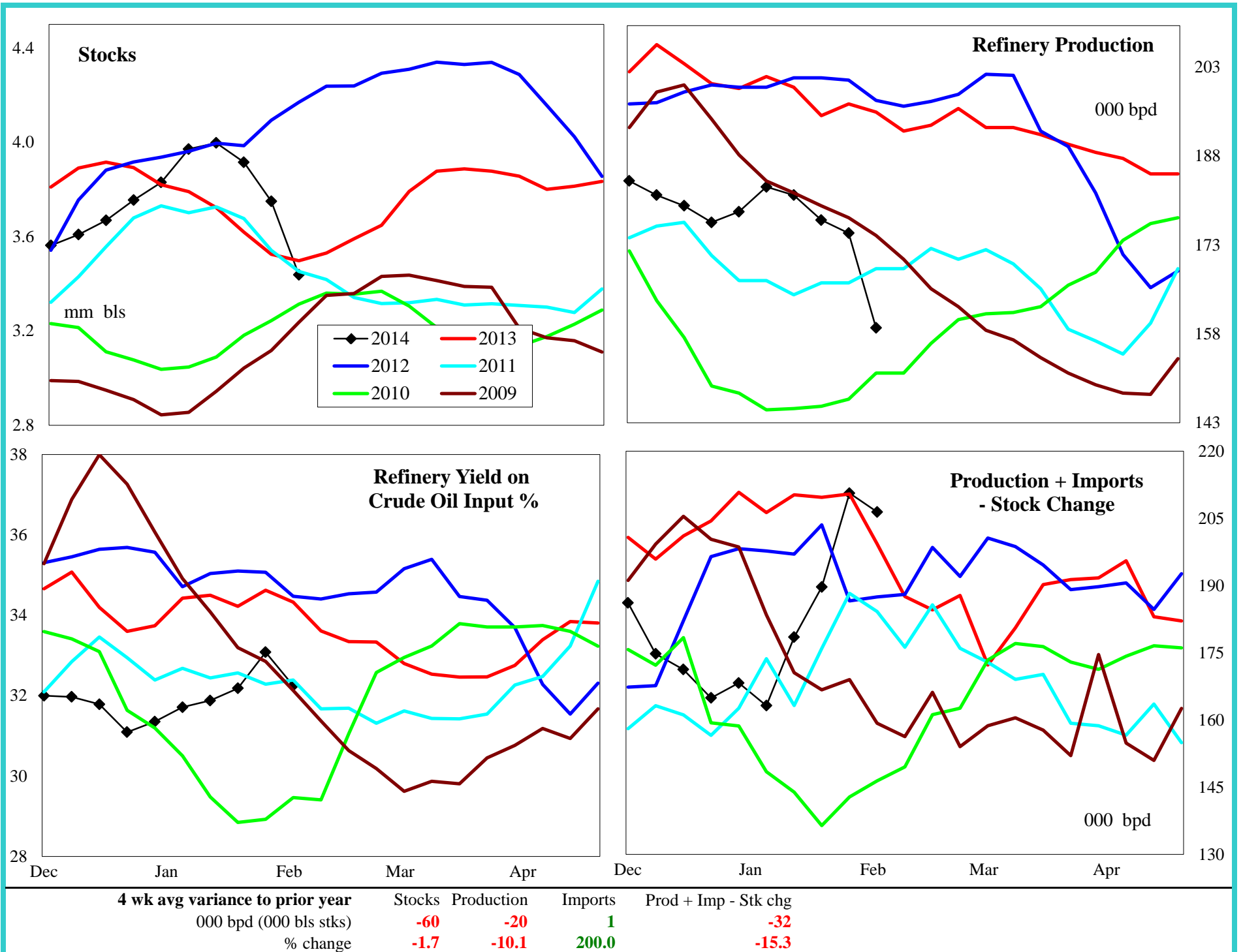
-26

-8.2

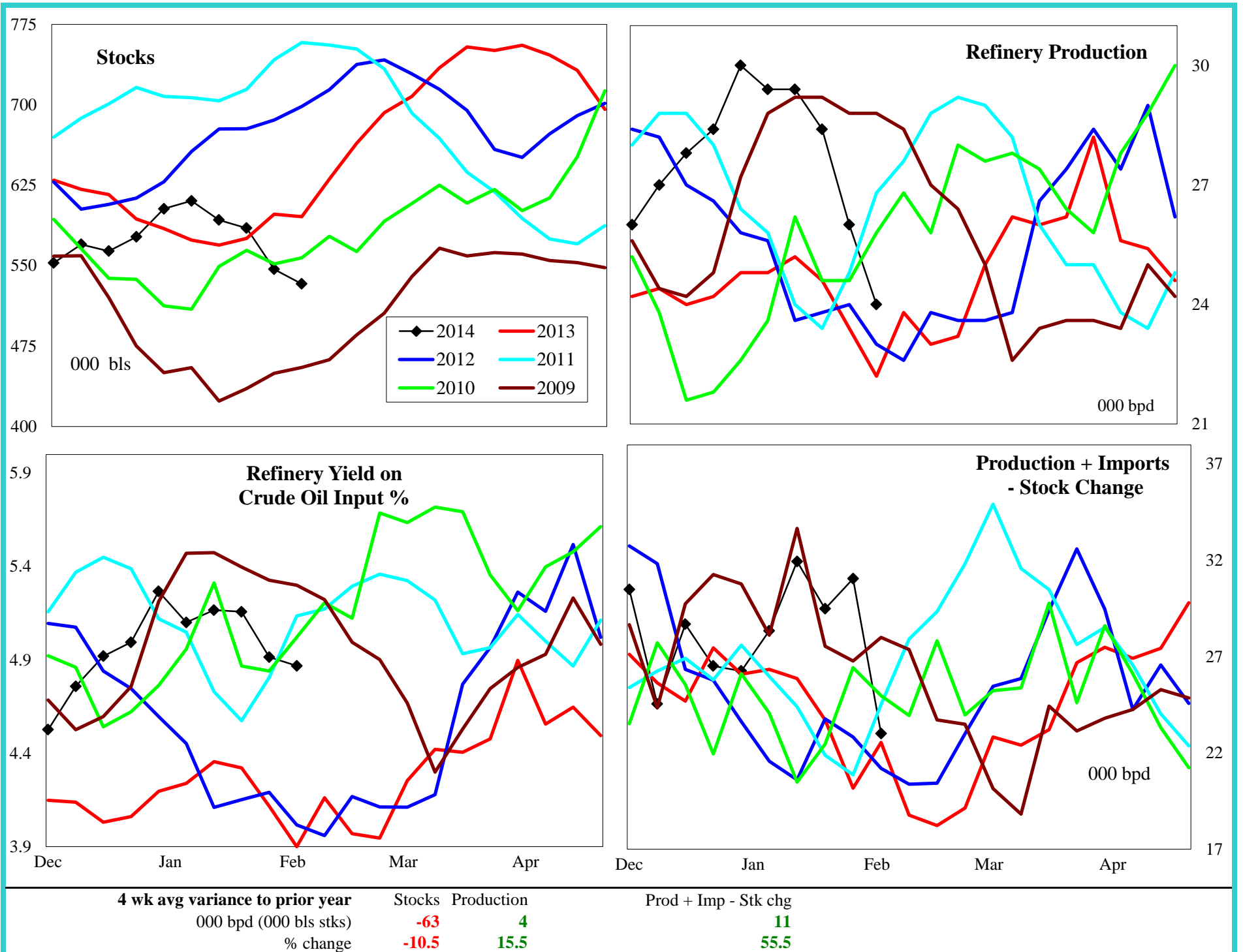
# PADD 4 Gasoline Supply



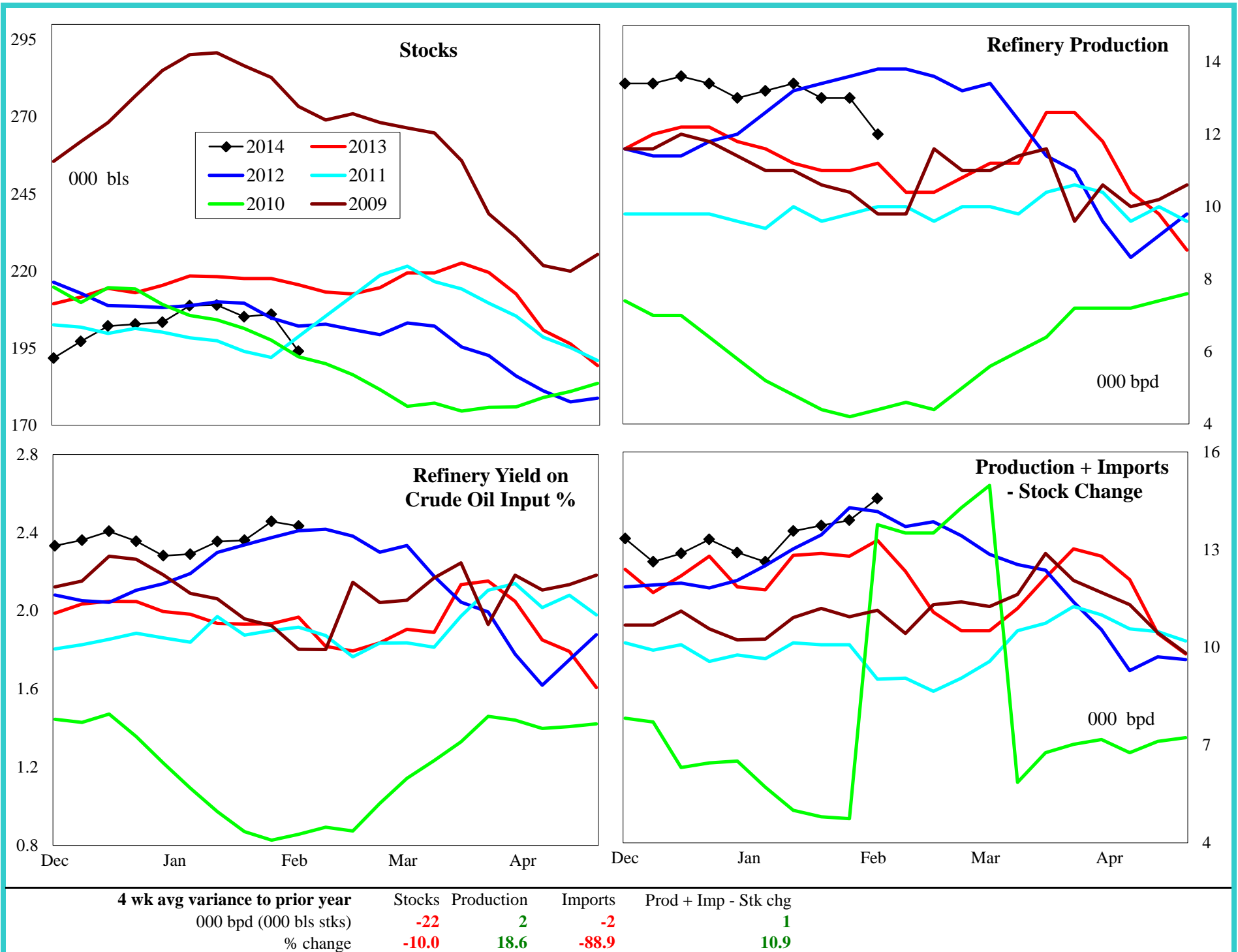
# PADD 4 Distillate Supply



# PADD 4 Jet Fuel Supply

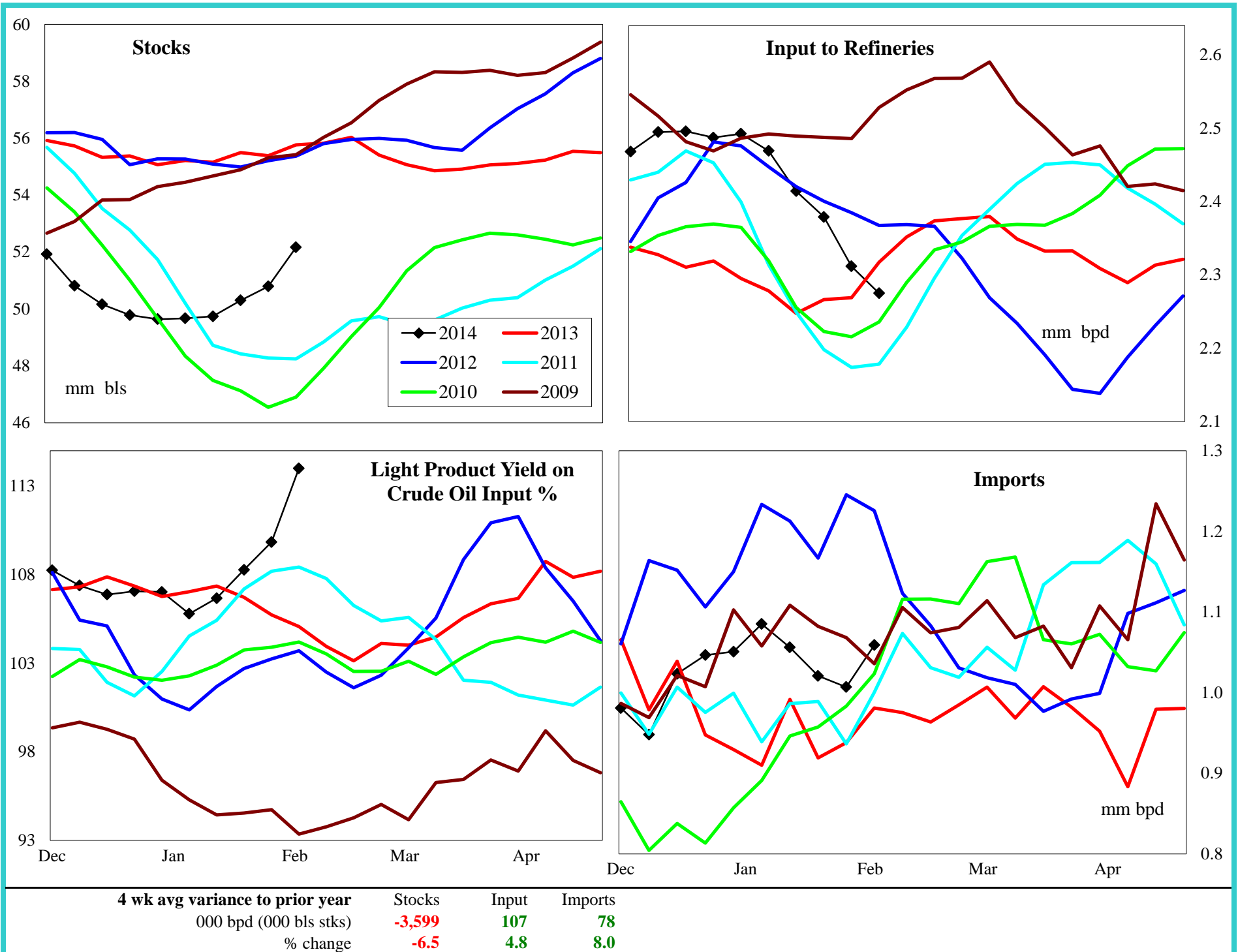


# PADD 4 Residual Fuel Oil Supply

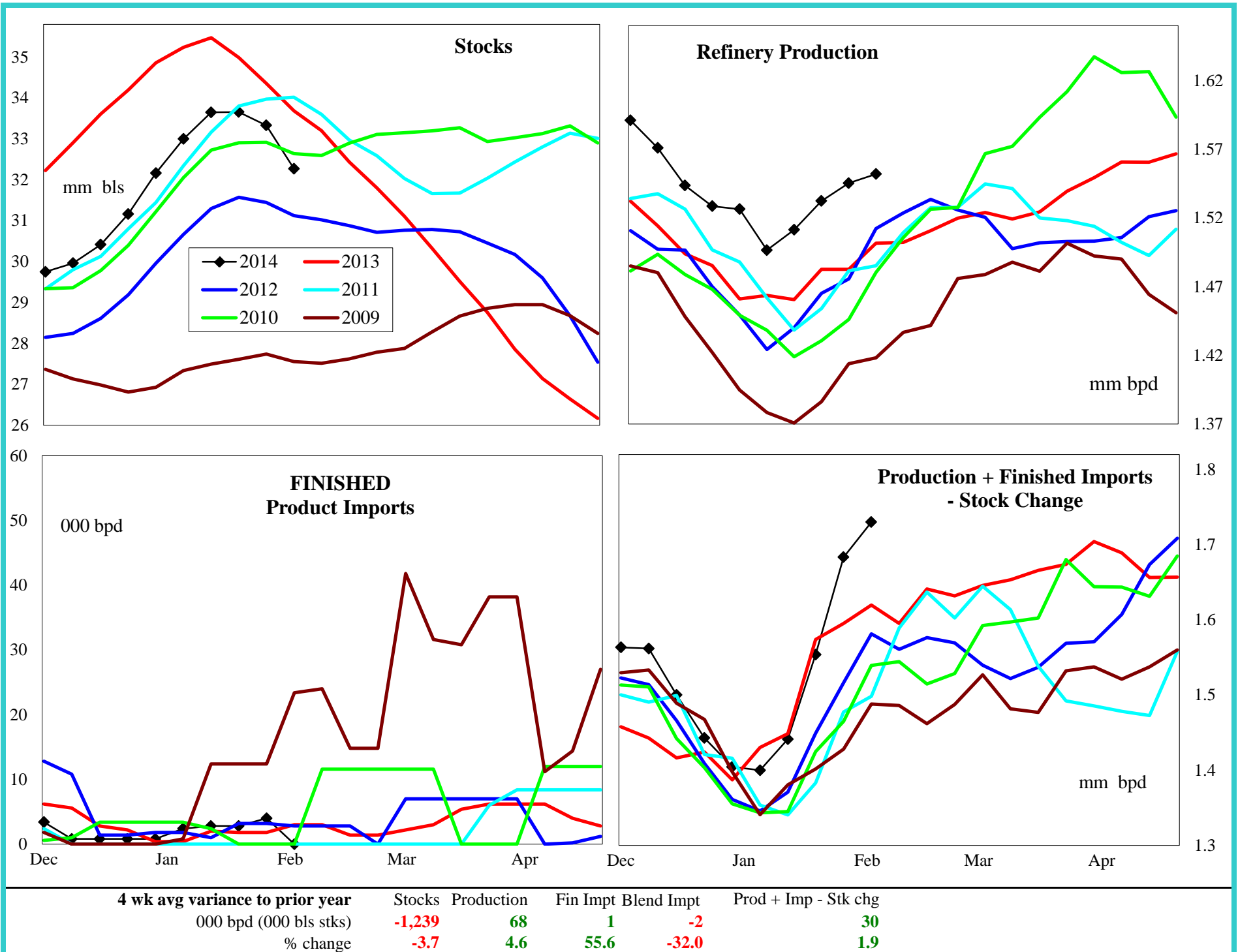




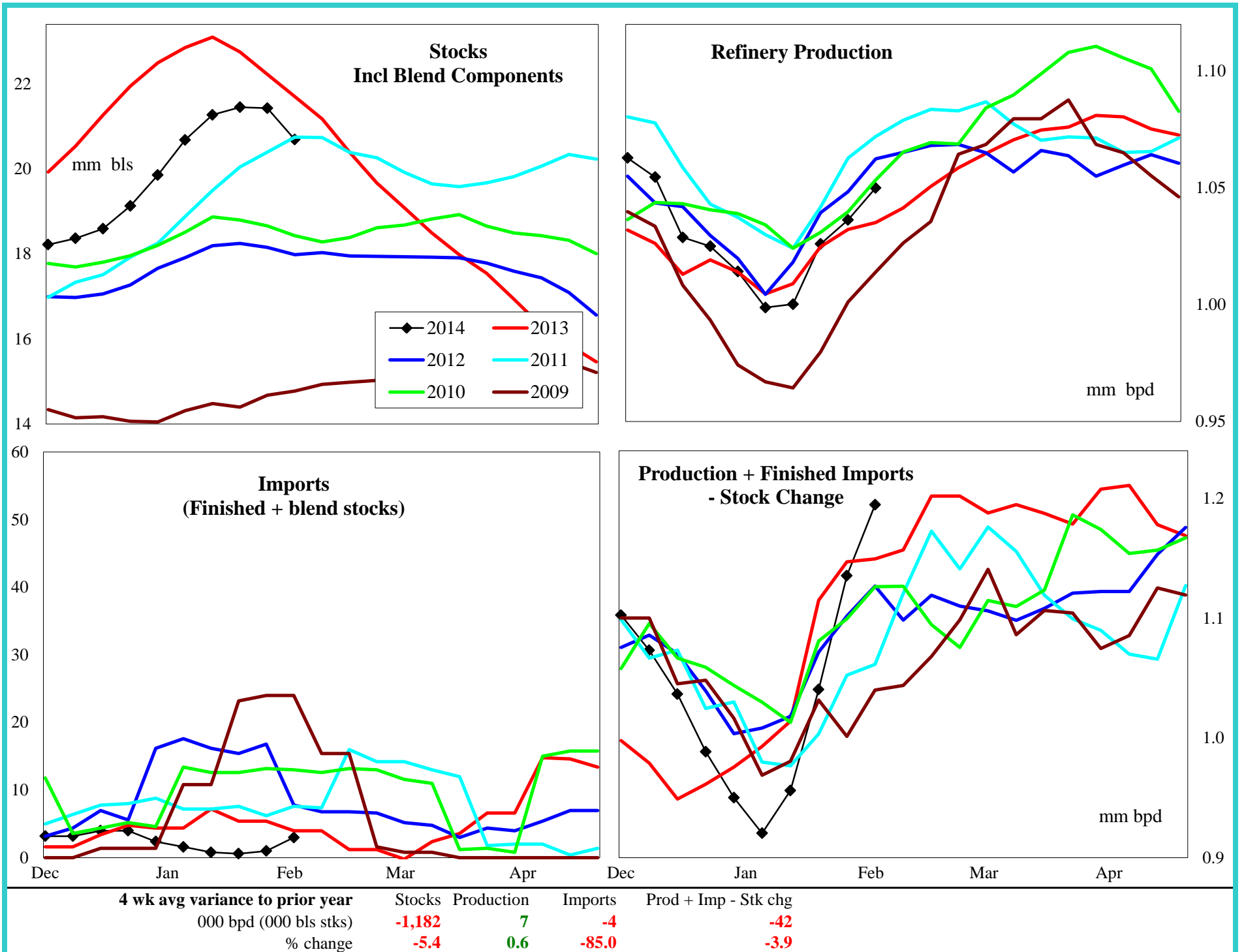
# PADD 5 Crude Oil Supply and Refining



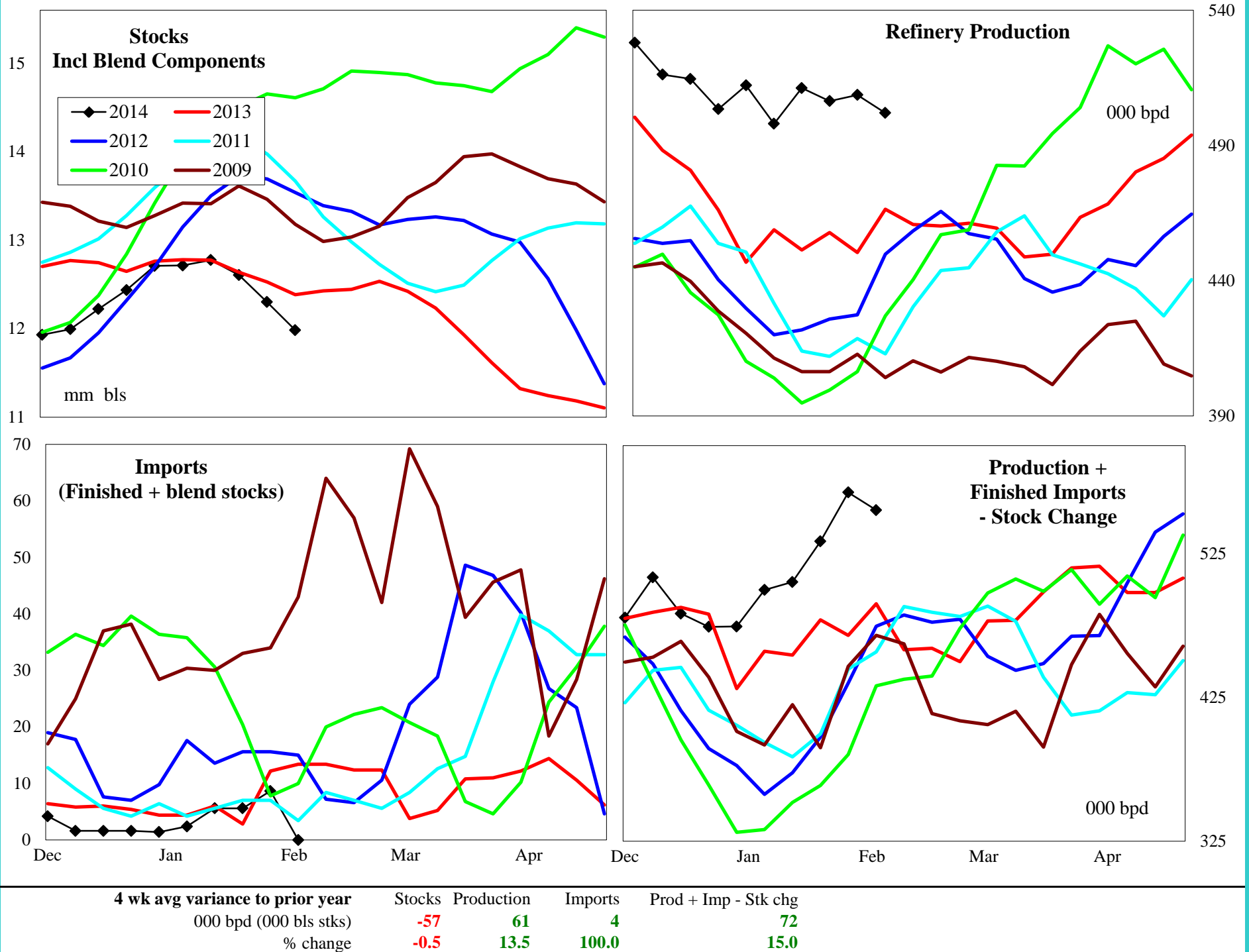
# PADD 5 Gasoline Supply



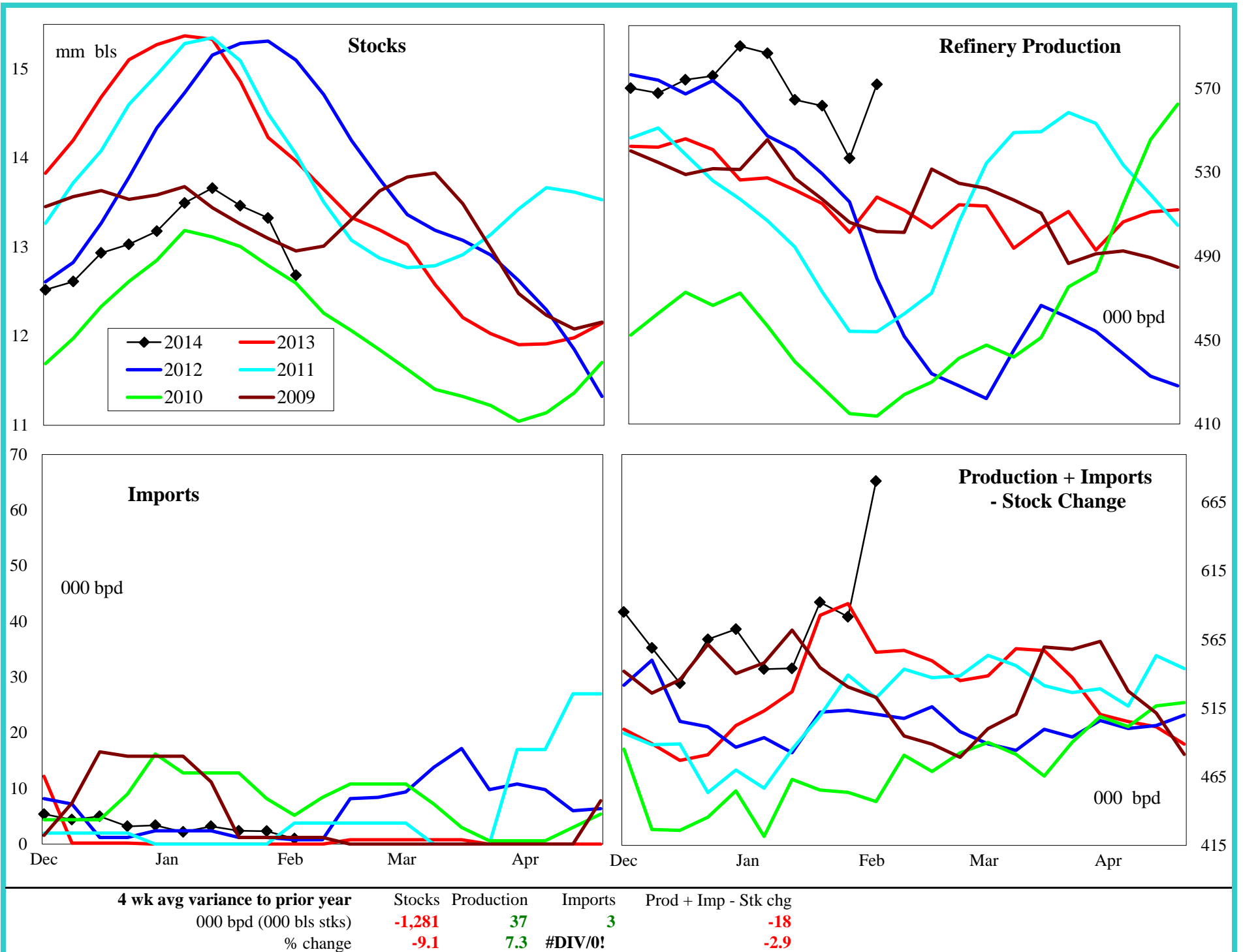
# PADD 5 Reformulated Gasoline Supply



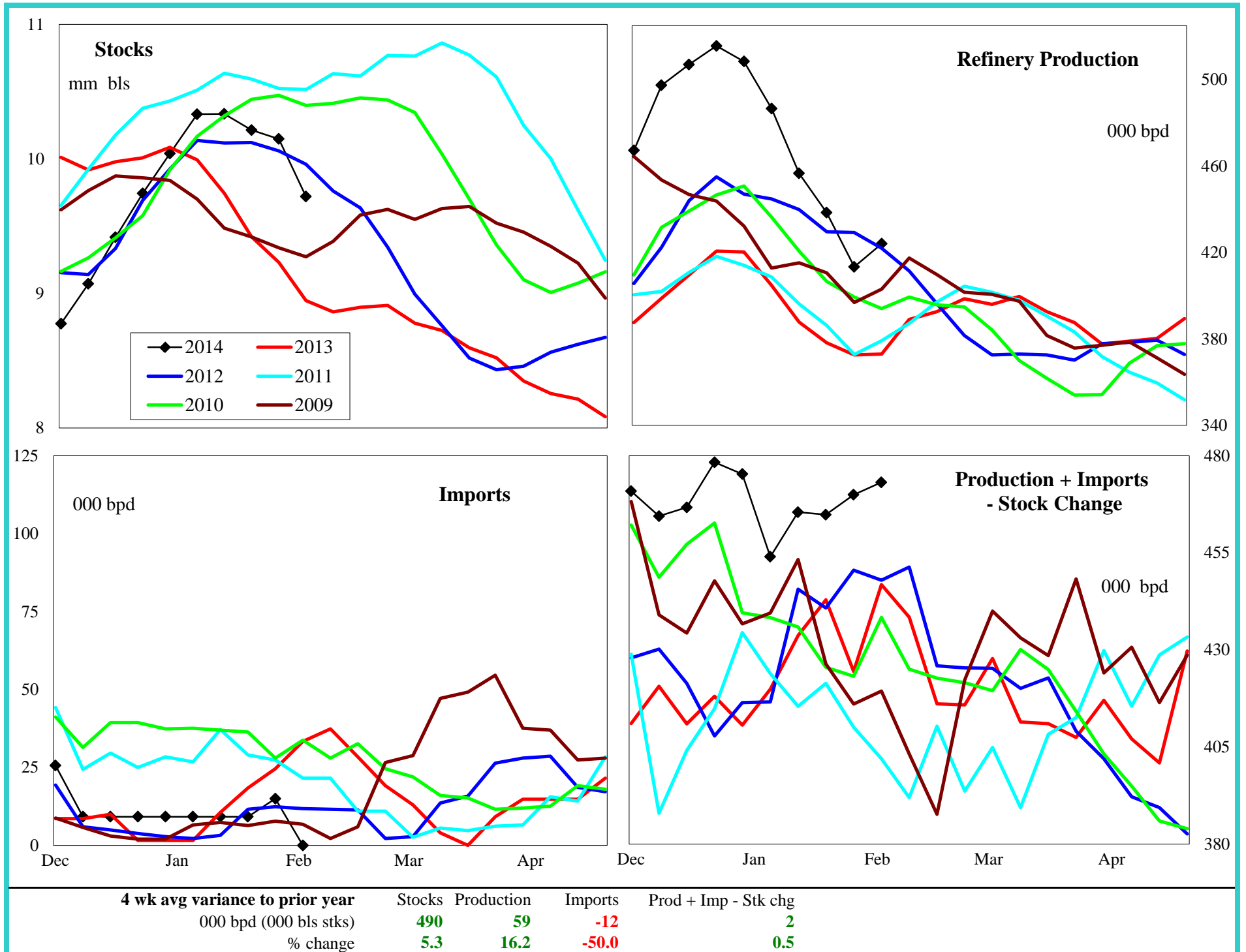
# PADD 5 Conventional Gasoline Supply



## PADD 5 Distillate Supply



## PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

