



## WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

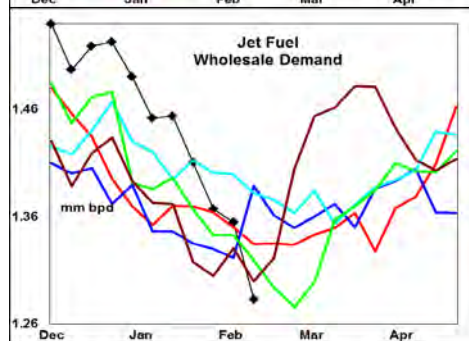
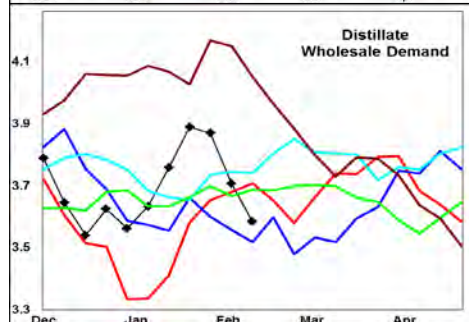
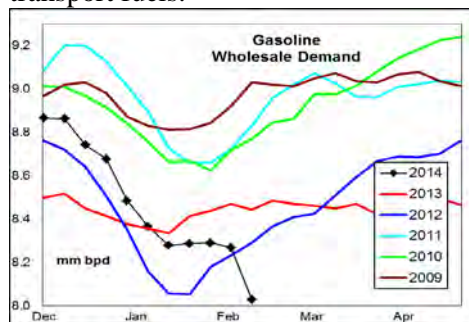
### A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 [www.fundamentalpetroleumtrends.com](http://www.fundamentalpetroleumtrends.com) Thursday, February 20, 2014

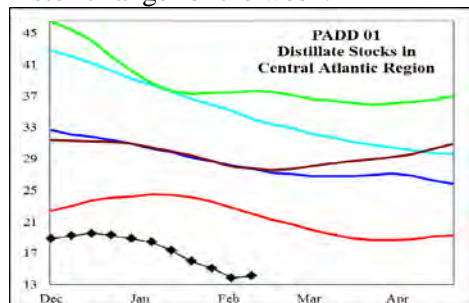


#### Major Fundamental Trends<sup>1</sup>

An extended period of inclement weather east of the Rockies has depressed wholesale demand of all transport fuels.

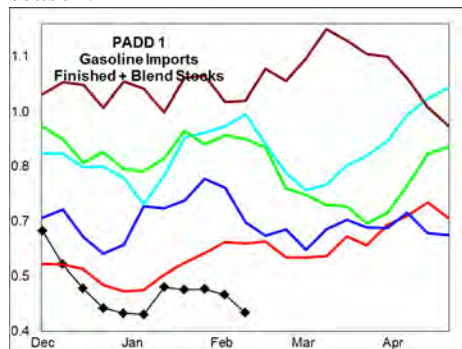


Very cold temperatures have kept distillate demand from falling below the 5-yr range, with both gasoline and jet fuel falling to levels below the historic range for the week.



A forecast of continued very cold temperatures East of the Rockies for the next 10-days has offset the rise in distillate imports, keeping a supply squeeze in place for the key Central Atlantic 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 tightening during the next 60-days on low imports, below average stock level, maintenance the Irving refinery in eastern Canada, and a seasonal uptrend in demand.

**Demand** for all three transport fuels fell last week to near season lows on continued inclement weather East of the Rockies. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1.1%; distillate was +4.4% higher; jet fuel was +1.2% higher, and residual increased +12%.

**Stocks forward coverage:** Gasoline demand coverage increased on a +0.3 million barrel stock build. Coverage ended the week at a record high on extremely low demand, driven by inclement weather.

Distillate coverage decreased on a -0.3 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 +0.6 million barrel stock build for the week and very low demand. Coverage levels remain just below the 5-yr range.

Residual fuel oil coverage

extended a longer term downtrend on a -1 million barrel stock draw.

**Refinery utilization** rates were nearly unchanged on a -37,000 bpd decrease 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 declined last week on a -90,000 bpd decrease in output compared to the -37,000 bpd drop in crude oil runs. Yield % on crude oil runs remained well below the historic range.

Distillate yield % on crude oil runs decreased last week, on a -56,000 bpd drop in output compared to smaller decrease in crude oil runs. The yield % on crude oil runs ended the week at a level near the latest 2-yr average.

Jet fuel yield % on crude oil runs fell on a -50,000 bpd drop in output, compared the decrease in crude oil runs. The yield % level fell below the last 3-yrs.

**Petroleum Imports/Exports:** Imports of crude oil fell -0.5 million bpd last week, with declines in all regions except the Midwest.

During the latest 4-wk period crude oil imports were -0.1 million bpd below last year; distillate imports were +124,000 bpd higher; finished gasoline imports were +7,000 bpd higher, gasoline blend stock imports were -153,000 bpd lower; jet fuel imports increased +11,000 bpd, while residual fuel oil imports were -56,000 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 +1 million barrels last week, with a +2.5 million barrel build in the Gulf offset by a similar decrease in the Midwest. Stocks declined -1.7 million barrels in Cushing, with the level now -29% below a year ago. Concurrently, Gulf stock levels are above the last 3-yrs.

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



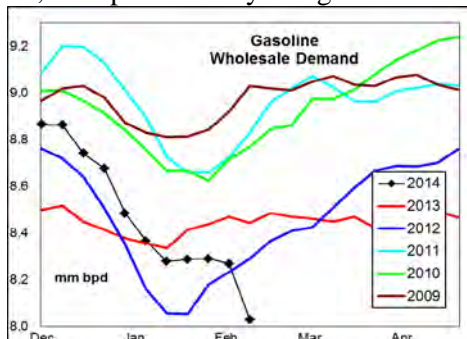
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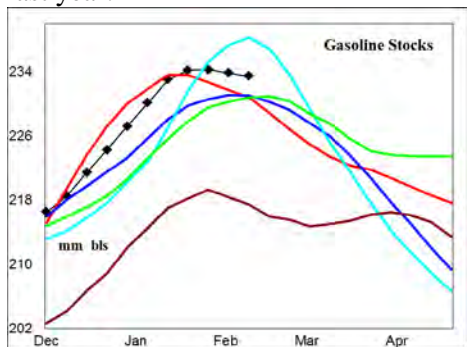
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#### Product Supply-Demand Trends

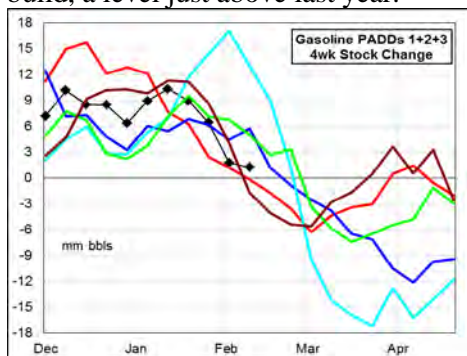
**Gasoline** wholesale demand decreased -295,000 bpd last week, a record low level – driven by inclement weather. The latest 4-wk average demand was -92,000 bpd below a year ago.



Supply decreased -30,000 bpd on lower production. Supply for the latest 4-wk period was unchanged from last year.



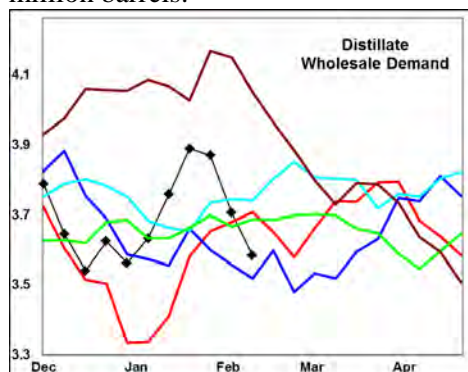
Stocks increased +0.3 million barrels last week. Stocks in the key Central Atlantic region were -1 million barrels below the 3-yr mid range. The latest 4-wk stock change in markets East of the Rockies was a +1.2 million barrel build, a level just above last year.



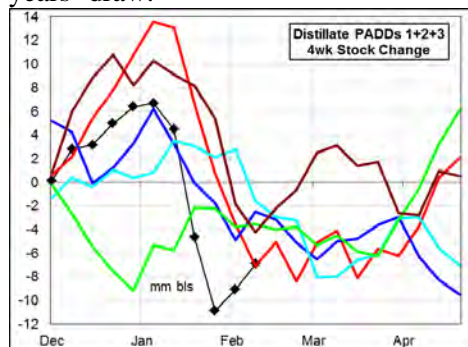
Look for continued weak demand for the next 2-wks, driven by ongoing inclement weather. The 1<sup>st</sup> half of March should see a rebound in demand as winter weather moderates.

Look for low imports to partially offset lower demand, including maintenance at the Irving refinery in Eastern Canada.

**Distillate** wholesale demand declined -52,000 bpd last week. The latest 4-wk average demand was +167,000 bpd above last year – driven by extremely cold temperatures East of the Rockies. Supply was nearly unchanged on the week, while stocks declined -0.3 million barrels.



The latest 4-wk stock change in markets East of the Rockies was a -7.1 million barrel draw, matching last years' draw.



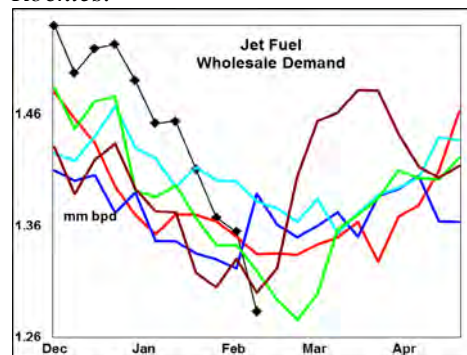
Stocks were -37% below last year in the Central Atlantic Region last week. Stocks were also -9% below the historic range in the Midwest. Forecast of much colder than normal temperatures east of the Rockies during the next 10-days could offset the high level of imports, extending the supply squeeze in the Northeast.

**Jet Fuel** wholesale demand declined -19,000 bpd last week, to a season low. The latest 4-wk average demand was +17,000 bpd above last year.

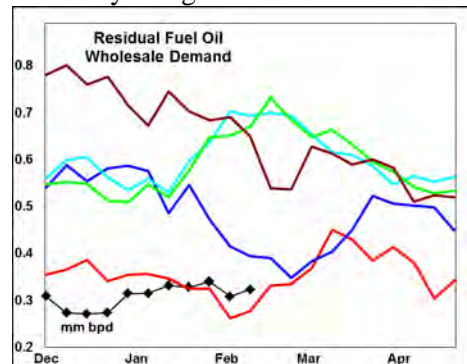
Supplies fell -54,000 bpd although

production and imports remain above the historic range. Output for the most recent 4-wk period was +36,000 bpd above a year ago. Imports were also +11,000 bpd above last year. Stocks increased +0.6 million barrels last week, a level -1.9 million barrels below a year ago, a record low.

Refiners continue to produce at rates above the 5-yr range, while imports have spiked. Demand has plunged to record lows on inclement weather. Stock levels are below the 5-yr range in all markets east of the Rockies.



**Residual fuel oil** demand increased +75,000 bpd last week. Demand for the latest 4-wk period was +26,000 bpd above a year ago.



Supply (production + imports) decreased -36,000 bpd on lower imports. Production was +22,000 bpd above a year ago for the latest 4-wk period, while imports decreased -56,000 bpd. Stock levels ended the week +3.3 million barrels above last year.

Production and imports each are at record low levels. Stock levels in the Gulf remain +12% above the prior record high.





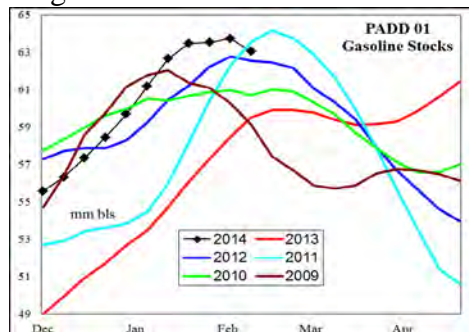
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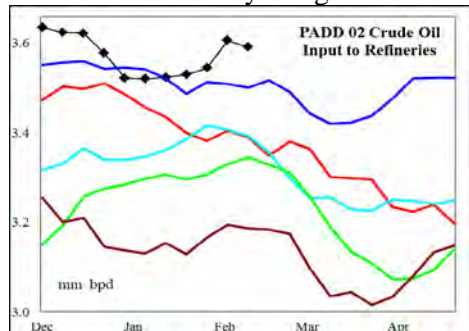
#### PADD Supply Trends

**PADD 1** refinery crude oil runs were unchanged last week; with the latest 4-wk average +26,000 bpd above last year. Gasoline supply increased +71,000 bpd on higher imports. Stocks declined -0.5 million barrels, with the level equal to the 3-yr mid range.



Distillate supply increased +61,000 bpd last week on higher imports. Stocks were nearly unchanged on the week, -8.7 million barrels below a year ago.

Jet fuel imports were nearly 100,000 bpd, a record for the year. Stocks continue to trend higher, but remain below the 5-yr range.



**PADD 2** crude oil refinery runs decreased -16,000 bpd last week, with the latest 4-wk average +222,000 bpd above last year. Crude oil stocks declined -2.5 million barrels last week, including a -1.7 million barrel draw in Cushing.

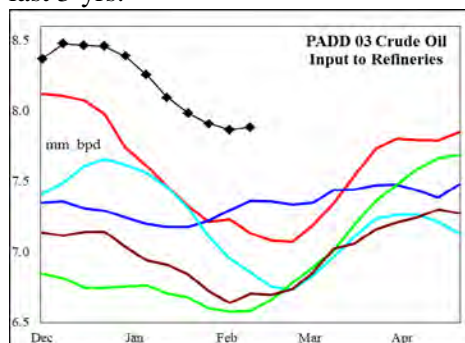
Gasoline supply increased +15,000 bpd last week, and remains above the 5-yr range. Production for the most recent 4-wk period was +307,000 bpd above a year ago – driven by the EIA recording sub octane product shipped into the Midwest as finished product production when blended with ethanol.

Stocks increased +0.3 million barrels on the week, ending at a level near the 3-yr mid range.

Distillate supply increased +24,000 bpd last week, with the 4-wk average +74,000 bpd above a year ago. Stock levels ended the week -9% below last year, at a record low level.

Jet fuel production decreased -9,000 bpd last week, but remains +23,000 bpd above last year for the most recent 4-wk period. Stock levels remain slightly below the historic range.

**PADD 3** refinery runs declined -68,000 bpd last week, a level well above the 5-yr range. During the latest 4-wk period, average runs were +637,000 bpd above last year. Crude oil stocks increased +2.5 million barrels last week, to a level above the last 3-yrs.



Gasoline supply fell -245,000 bpd last week, with the latest 4-wk average -109,000 bpd below a year ago. Stocks increased +0.5 million barrels last week, a level that matched the 3-yr mid range.

Distillate supply decreased -39,000 bpd on the week, with the latest 4-wk average supply +252,000 bpd above last year. Stocks fell -1.2 million barrels last week, to a level equal to the last 2-yr average.

Jet fuel production decreased -14,000 bpd on the week, a level comparable with the 5-yr high. Stocks increased +0.3 million barrels on the week, but remain -16% below last year.

Residual fuel supply declined -47,000 bpd on lower imports last week; with production and imports at

5-yr lows. Stock levels remain +12% above the prior 5-yr high.

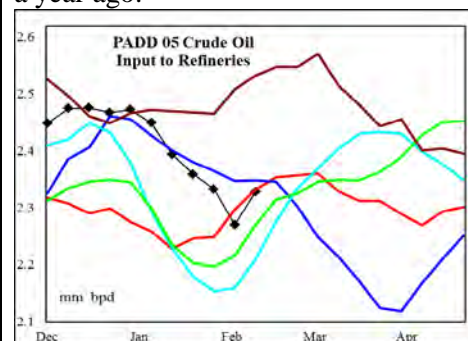
**PADD 4** refinery crude runs decreased -27,000 bpd last week, to a record low level for the season.

Gasoline production declined -23,000 bpd on the week, to a level below the historic range. Stocks fell -0.5 million barrels to a level well below the last 3-yrs.

Distillate production decreased -11,000 bpd on the week, to a level below the historic range. Stock levels ended the week also below the 5-yr range.

Jet fuel production decreased -7,000 bpd on the week, to a level below the historic range. Stock levels were below four of the last 5-yrs.


**PADD 5** crude oil refinery runs increased +73,000 bpd last week a level equal to the last 2-yrs. The latest 4-wk run rate was +36,000 bpd above a year ago.



Gasoline supply decreased -25,000 bpd on the week to a level equal to the last 2-yrs. The latest 4-wk average supply was +56,000 bpd above a year ago. Stocks increased +0.6 million barrels on the week to a level near the 3-yr mid range.

Distillate supply decreased -33,000 bpd, although the level remains above the historic range. The latest 4-wk average supply was +34,000 bpd above a year ago. Stocks increased +0.7 million barrels to a level below the historic mid range.

Jet fuel supply decreased -24,000 bpd on the week while stocks increased +0.3 million barrels. Stock levels ended the week above the last 2-yrs.



FUNDAMENTAL

PETROLEUM TRENDS

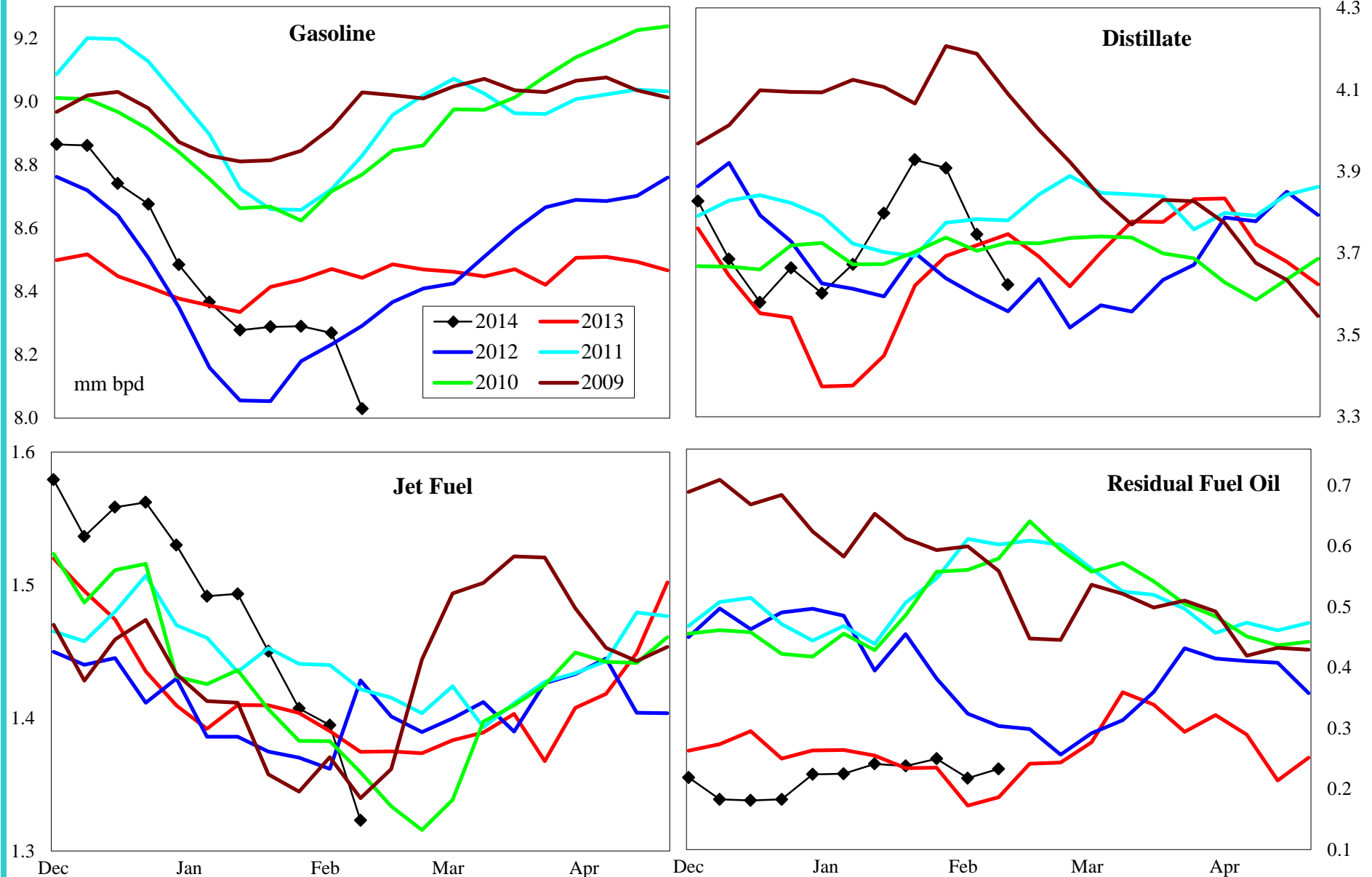
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Fundamental Trends	<a href="#">Wholesale Demand</a>	<a href="#">Stocks Days Fwd Coverage</a>	<a href="#">Refinery Utilization</a>		<a href="#">Product Yield %</a>		<a href="#">Imports</a>
Supply/Demand Trends	14-Feb-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
<a href="#">Crude Oil</a>	Stocks	973	63	-2,548	2,511	566	380
	Imports	-508	-240	136	-330	-11	-63
	Input	-37	1	-16	-68	-27	73
	% Utilization	-0.30					
<a href="#">Gasoline</a>	Stocks	309	-509	264	500	-503	555
	Production	-90	18	9	-232	-23	-39
	Imports	60	53	6	-13	0	14
	Supplied	-295					
<a href="#">Distillate</a>	Stocks	-339	134	228	-1,205	-192	696
	Production	-56	1	24	-39	-11	-32
	Imports	60	60	0	0	0	-1
	Supplied	-52					
<a href="#">Jet Fuel</a>	Stocks	617	158	-196	342	9	303
	Production	-50	4	-9	-14	-7	-24
	Imports	-4	-4	0	0	0	0
	Supplied	-19					
<a href="#">Residual Fuel Oil</a>	Stocks	-944	-563	-44	-332	-42	37
	Production	1	-13	-10	15	-3	11
	Imports	-37	-11	0	-62	0	37
	Supplied	75					

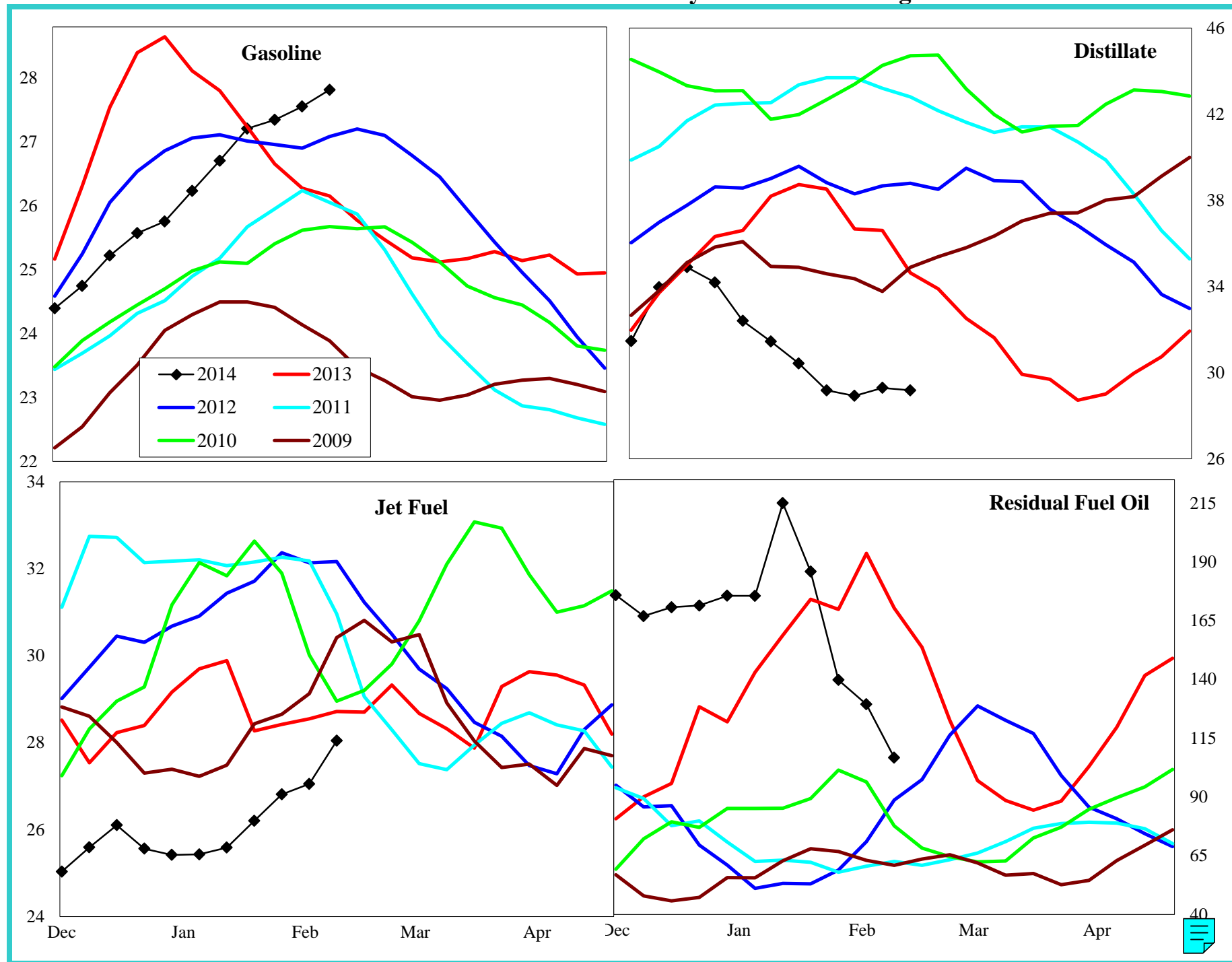
# United States Wholesale Petroleum Demand



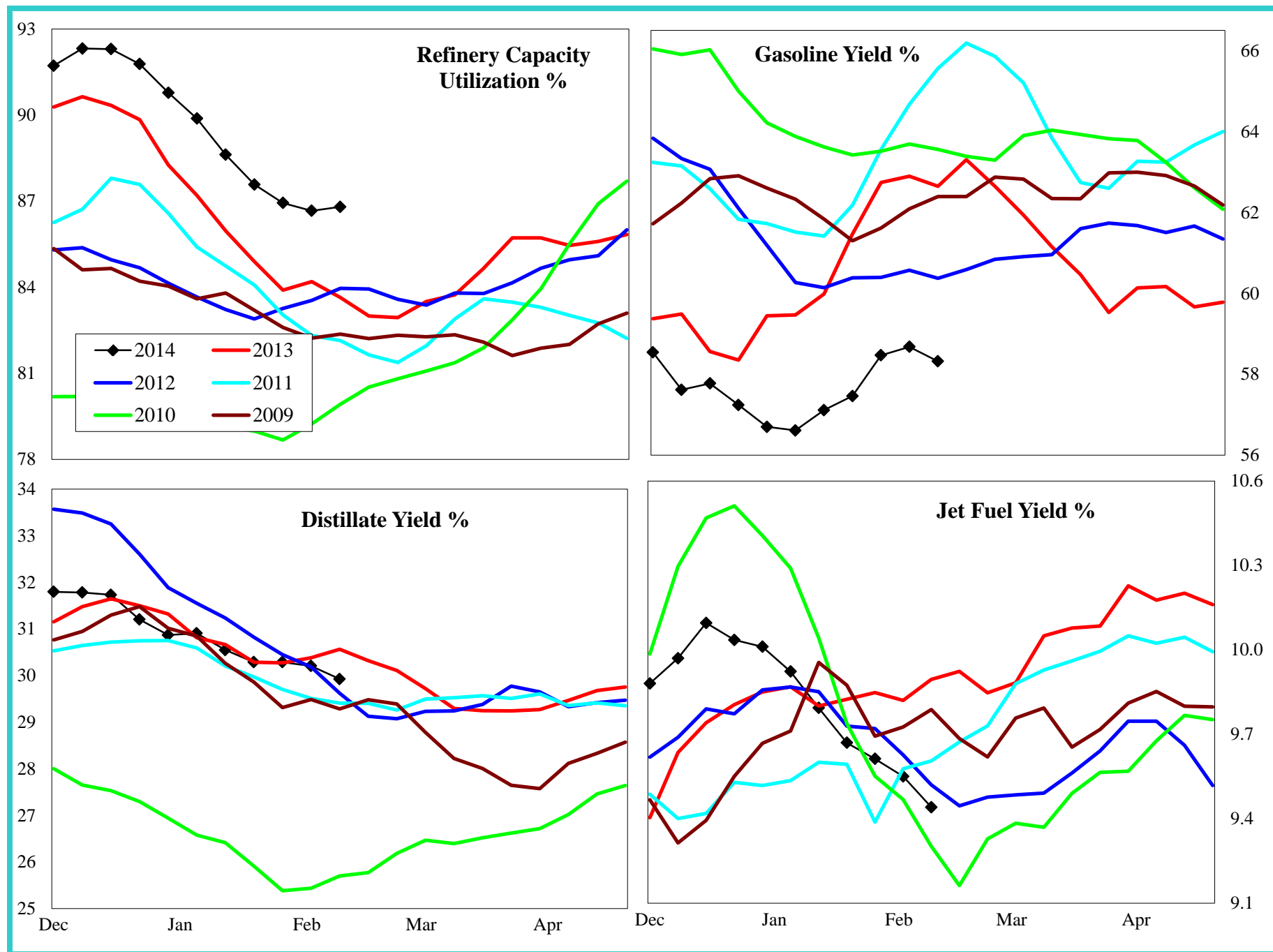
	000 bpd change from prior year				% change from prior year			
	4wk avg	Jan	Jan	Nov	4wk avg	Jan	Dec	Nov
<b>Gasoline</b>	-92	61	462	208	-1.1	0.7	5.5	2.4
<b>Distillate</b>	167	-63	120	-39	4.4	-1.6	3.4	-1.0
<b>Jet Fuel</b>	17	140	155	14	1.2	10.8	11.3	1.0
<b>Resid</b>	26	-52	35	36	11.7	-14.9	18.4	12.2



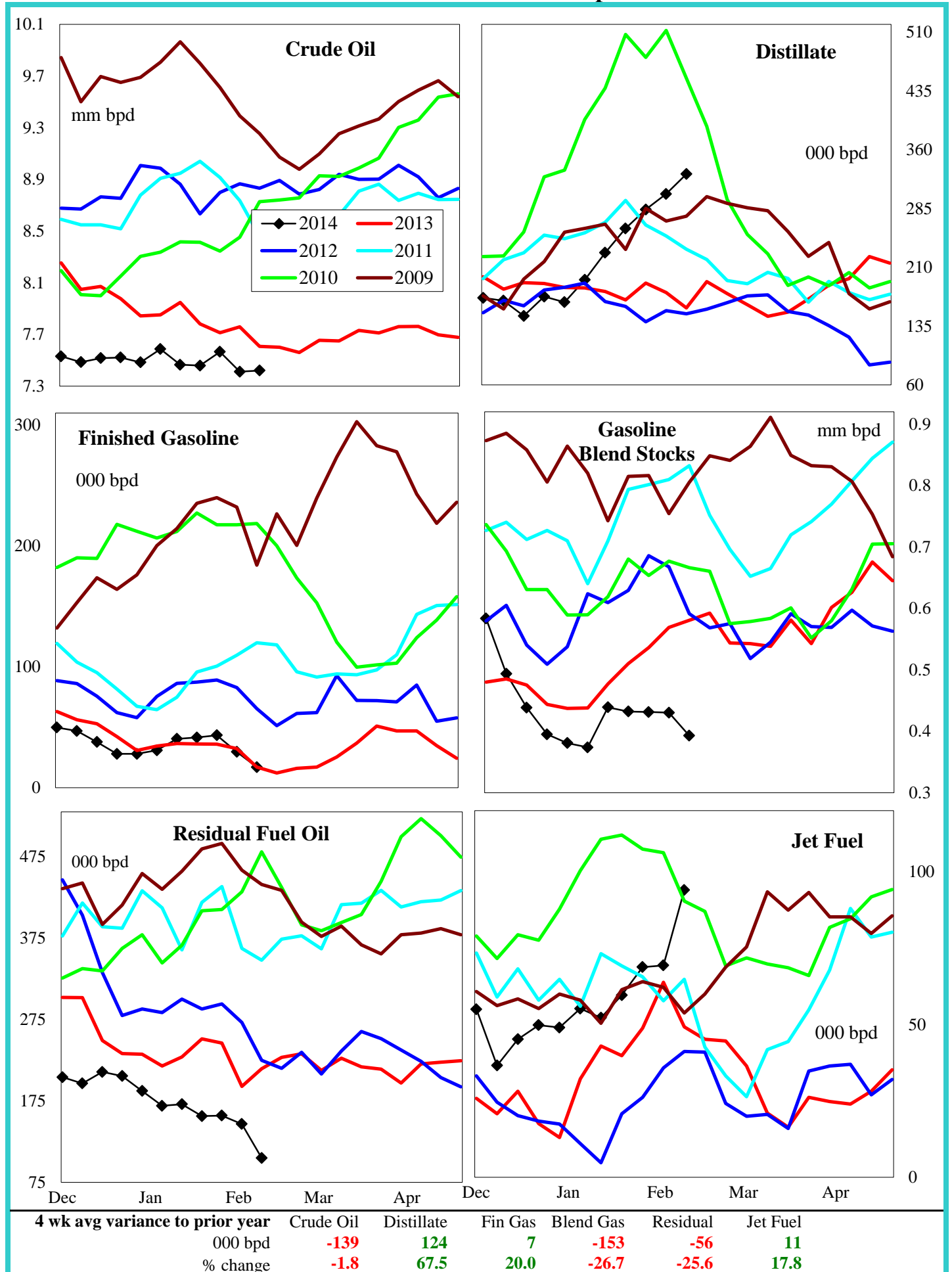
## United States Product Stocks: Days Forward Coverage



## United States Refinery Percent Utilization Rate and Product Yields

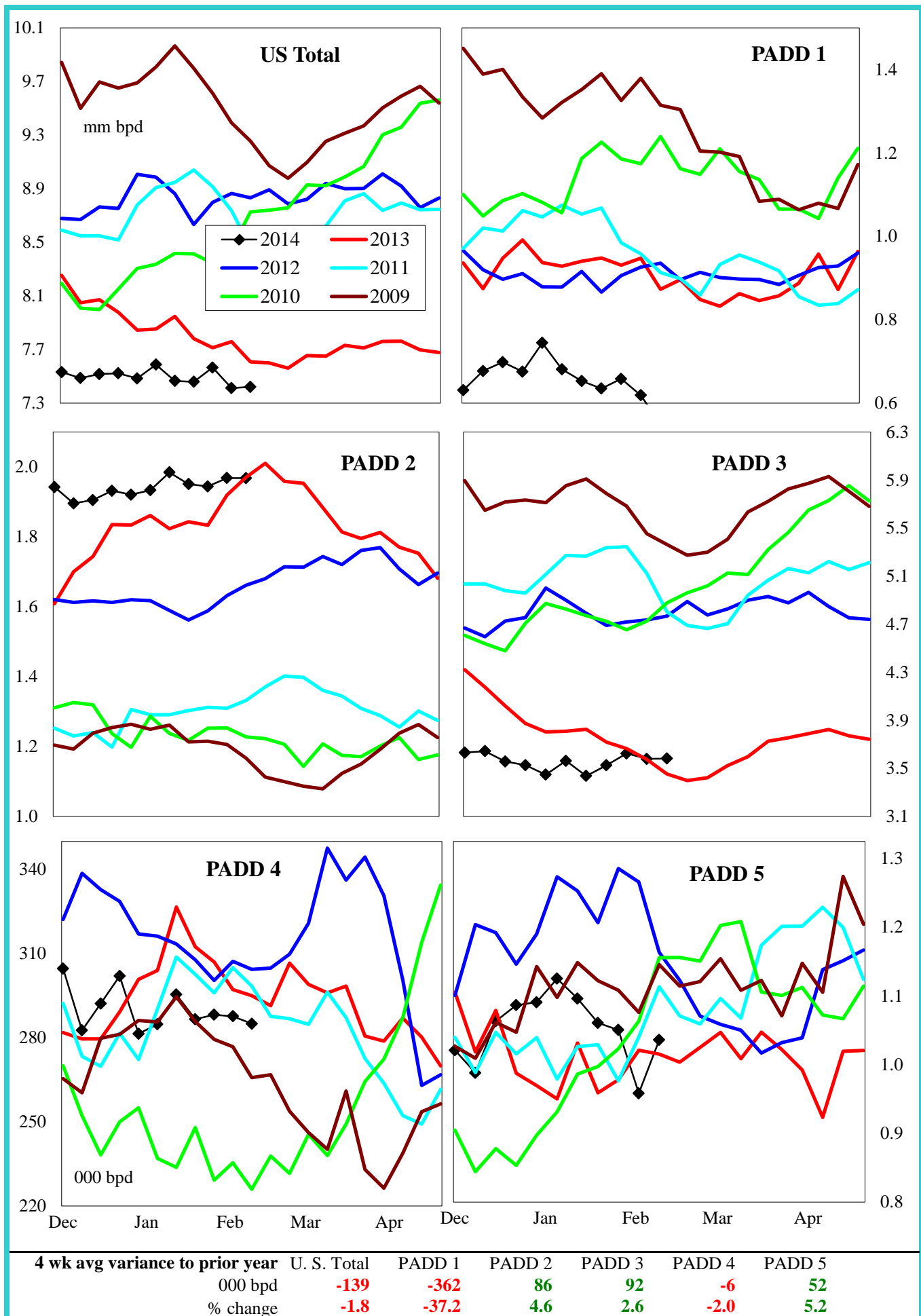


# United States Petroleum Imports

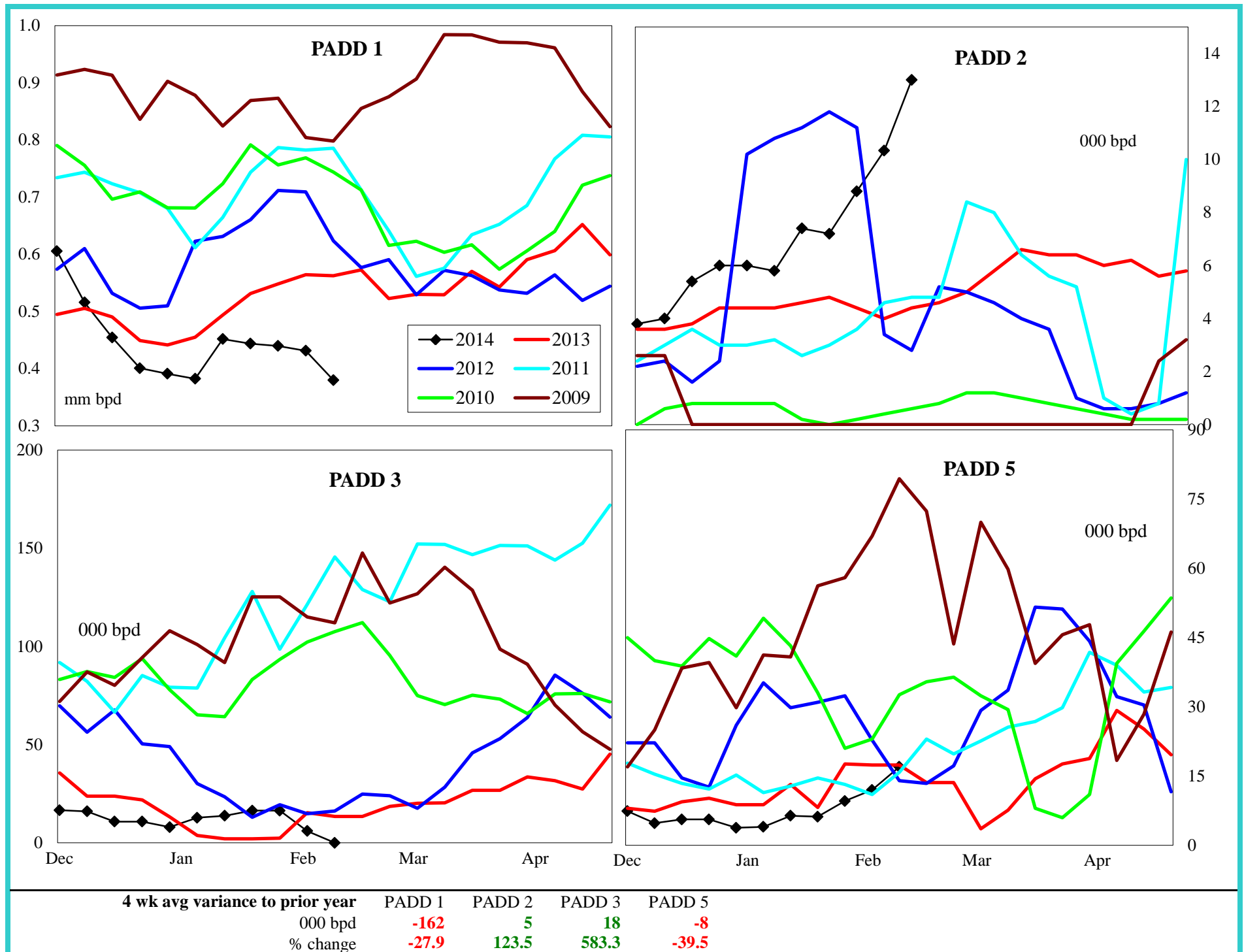




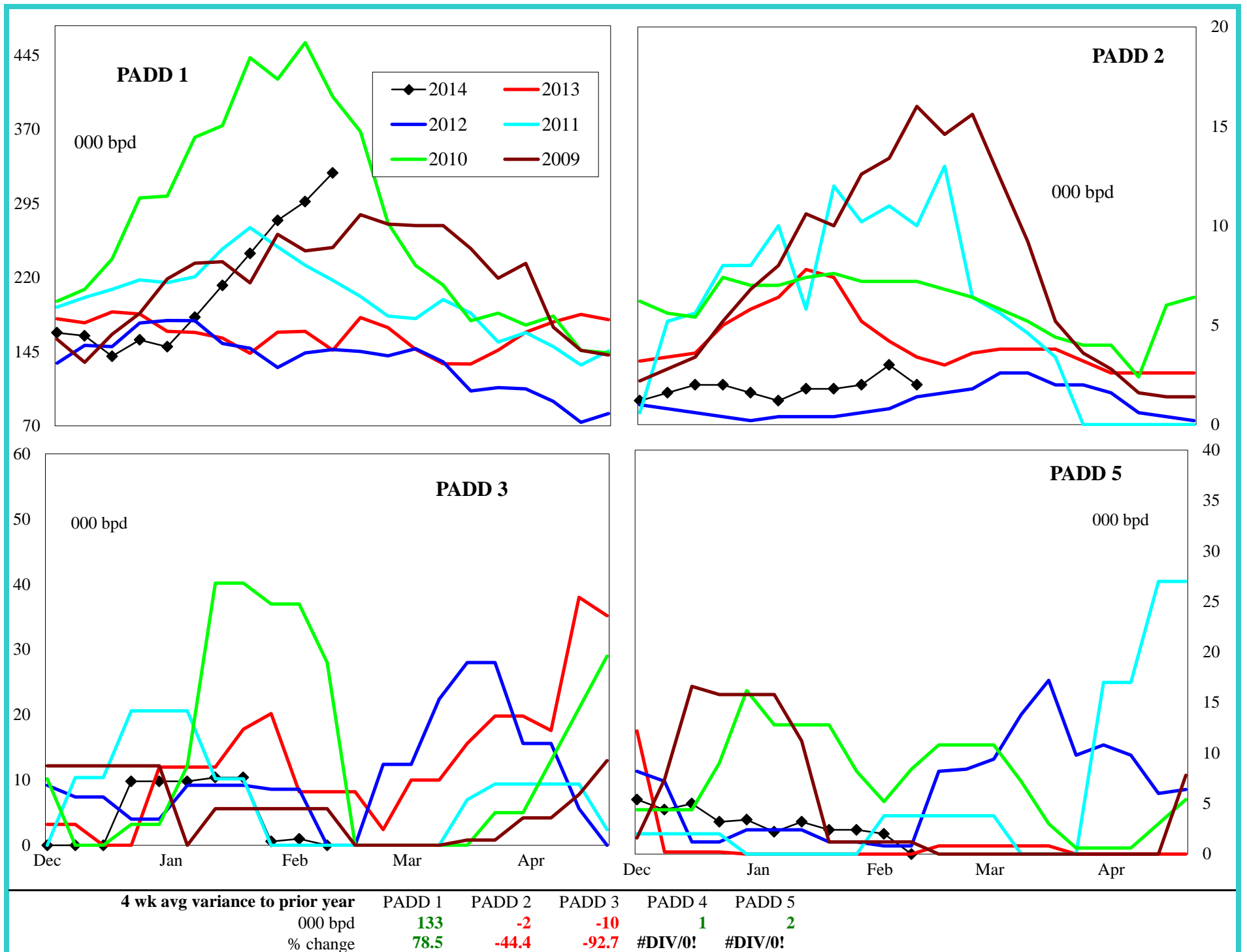
## Crude Oil Imports by PADD



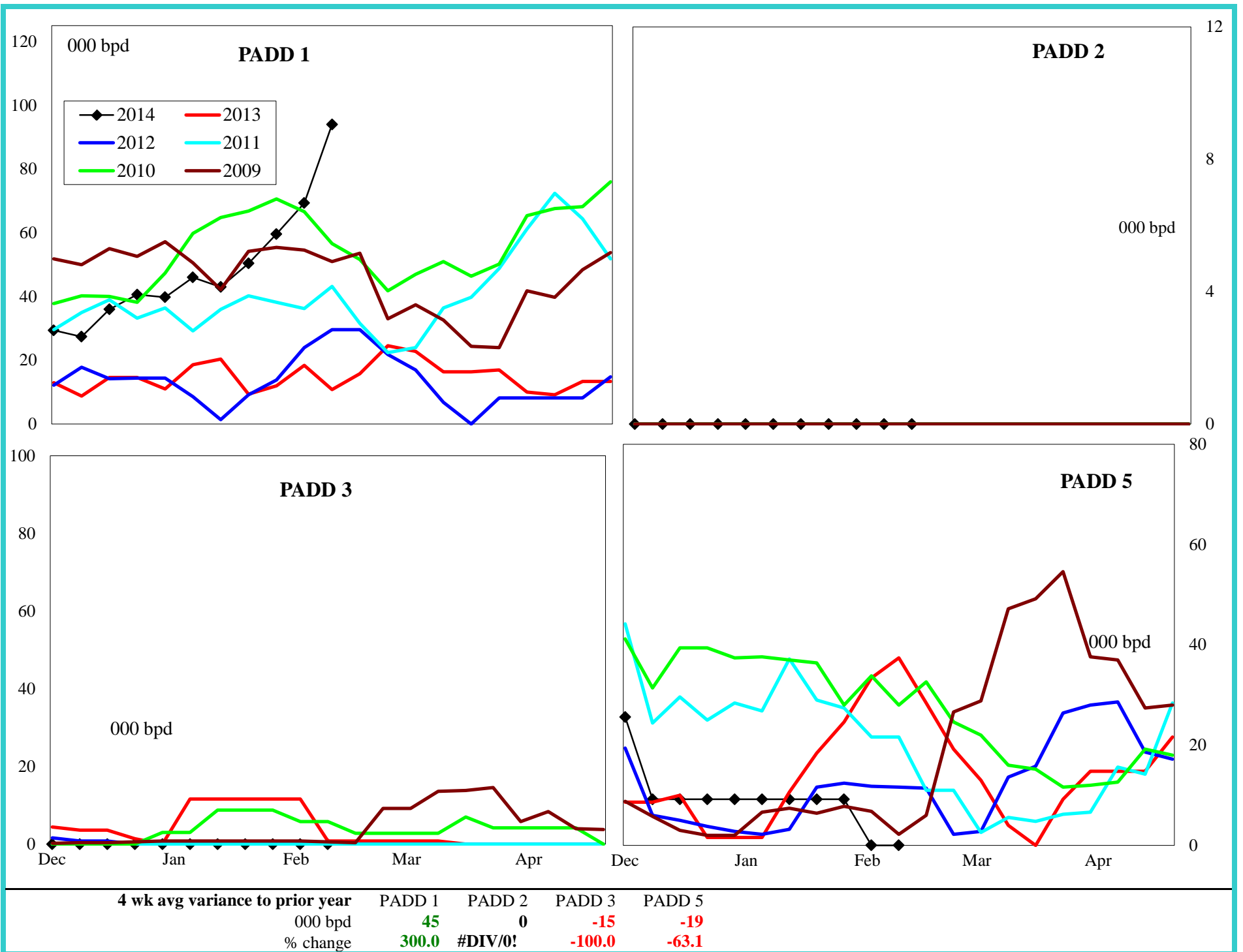
# Gasoline Imports by PADD (Finished + Blend Stocks)



# Distillate Imports by PADD

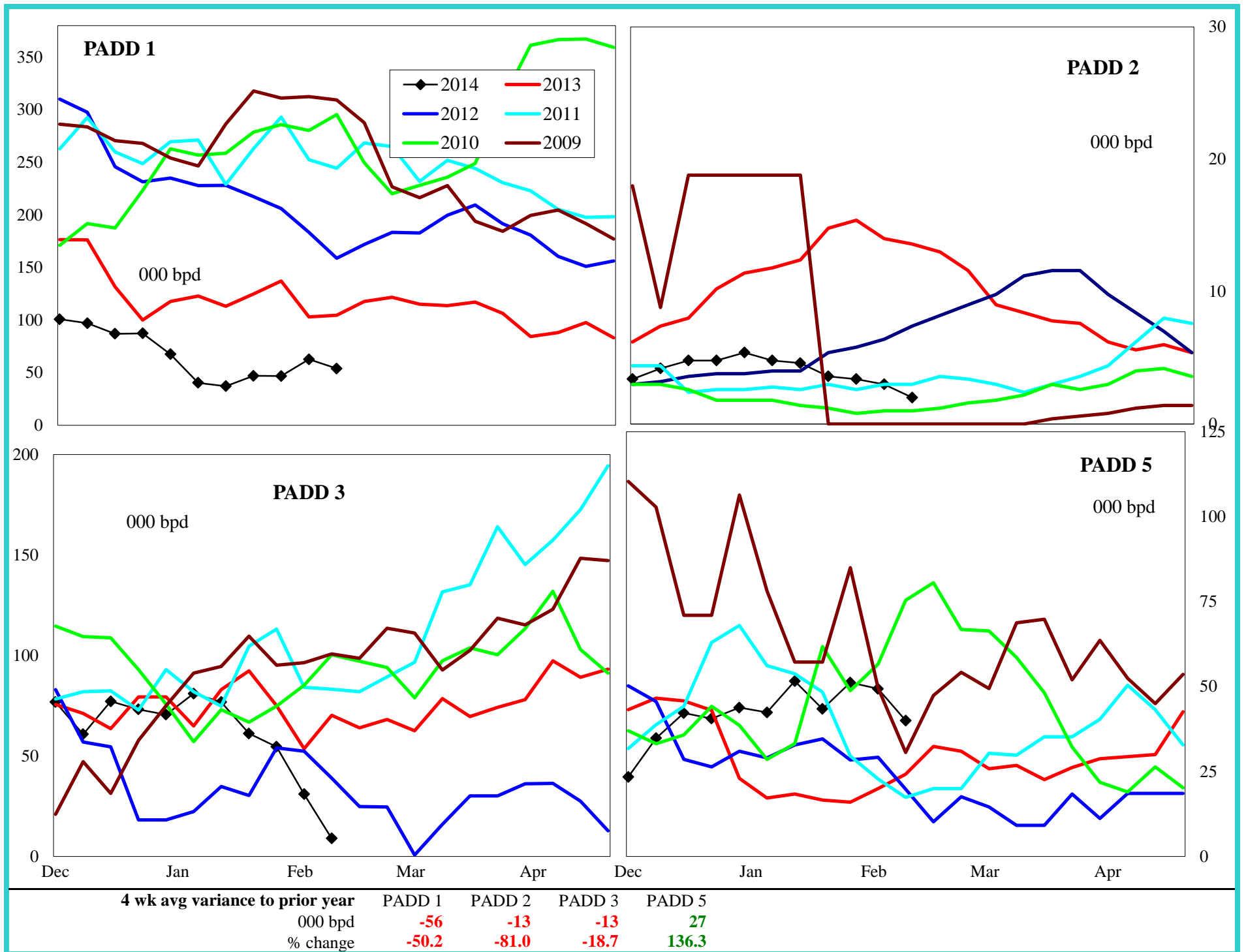


# Jet Fuel Imports by PADD

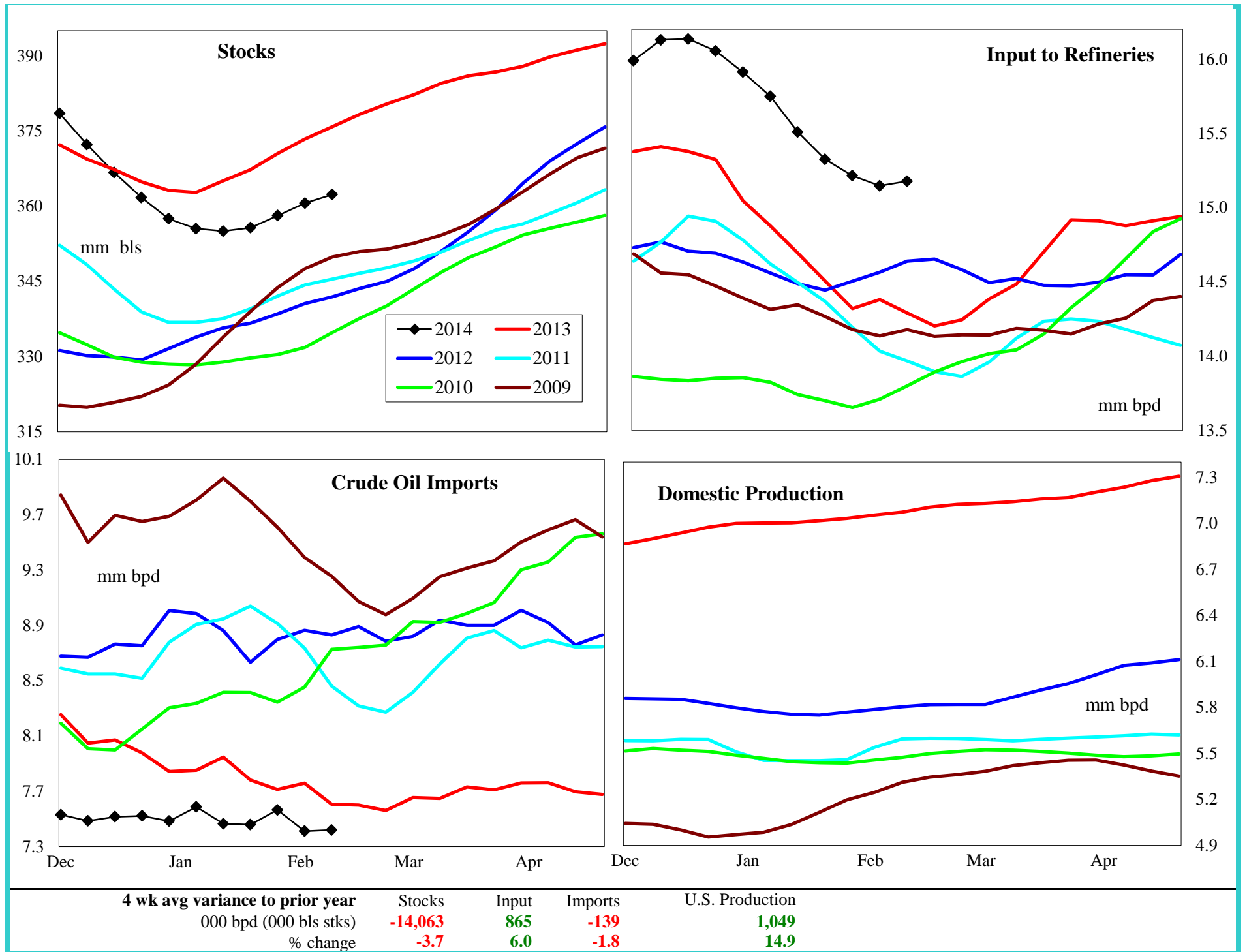




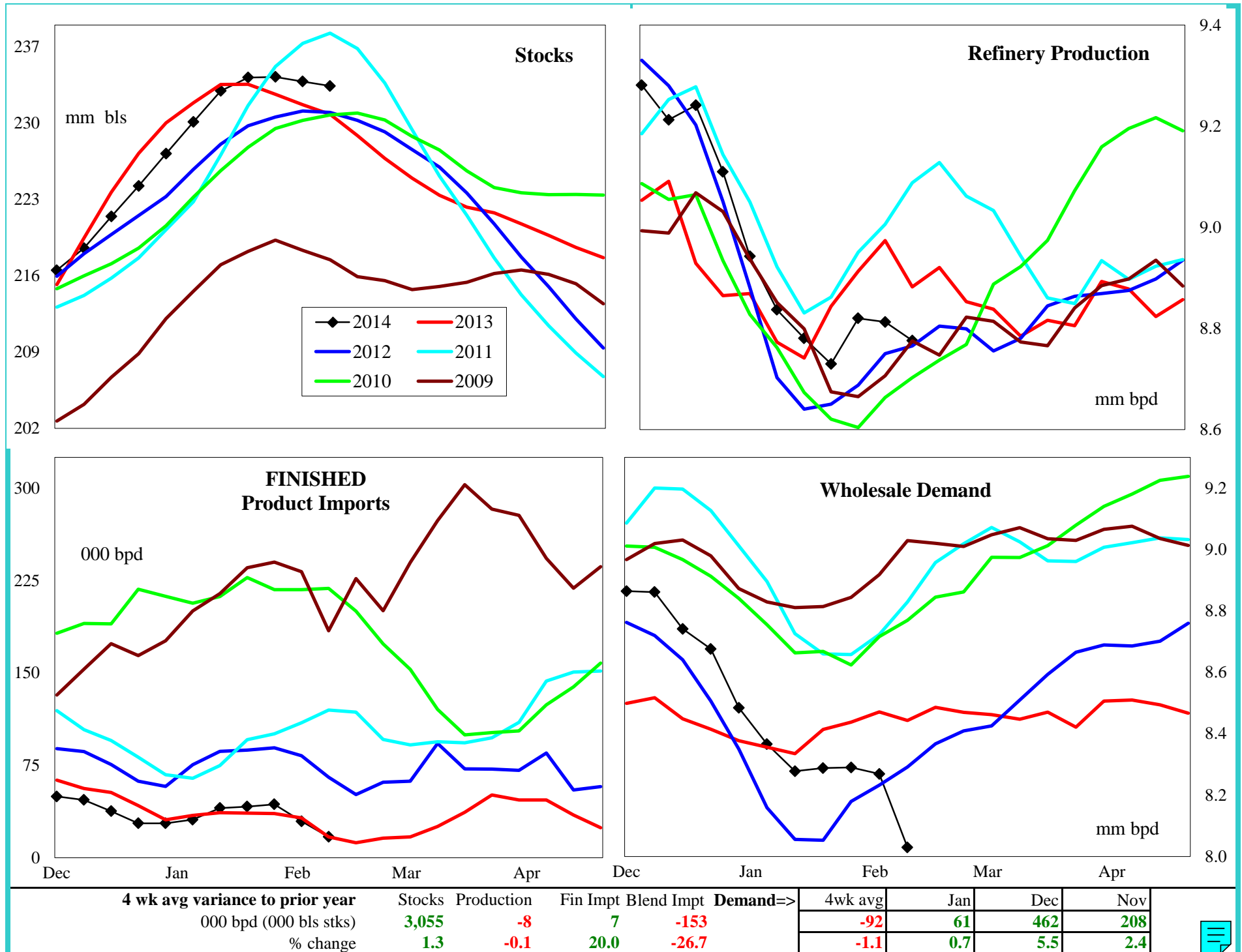
## Residual Fuel Oil Imports by PADD



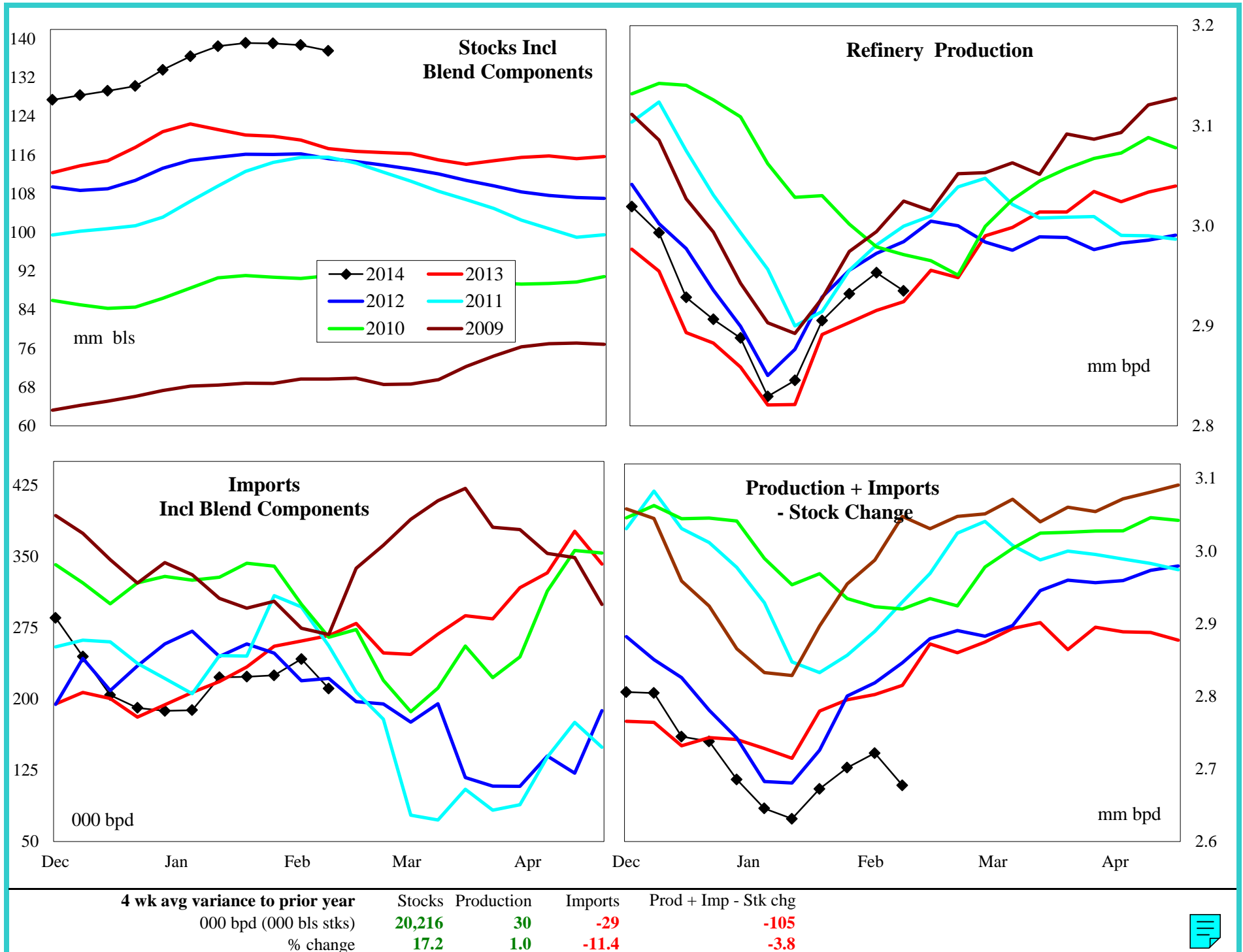
# United States Crude Oil Supply and Demand Balance



# United States Gasoline Supply and Demand Balance

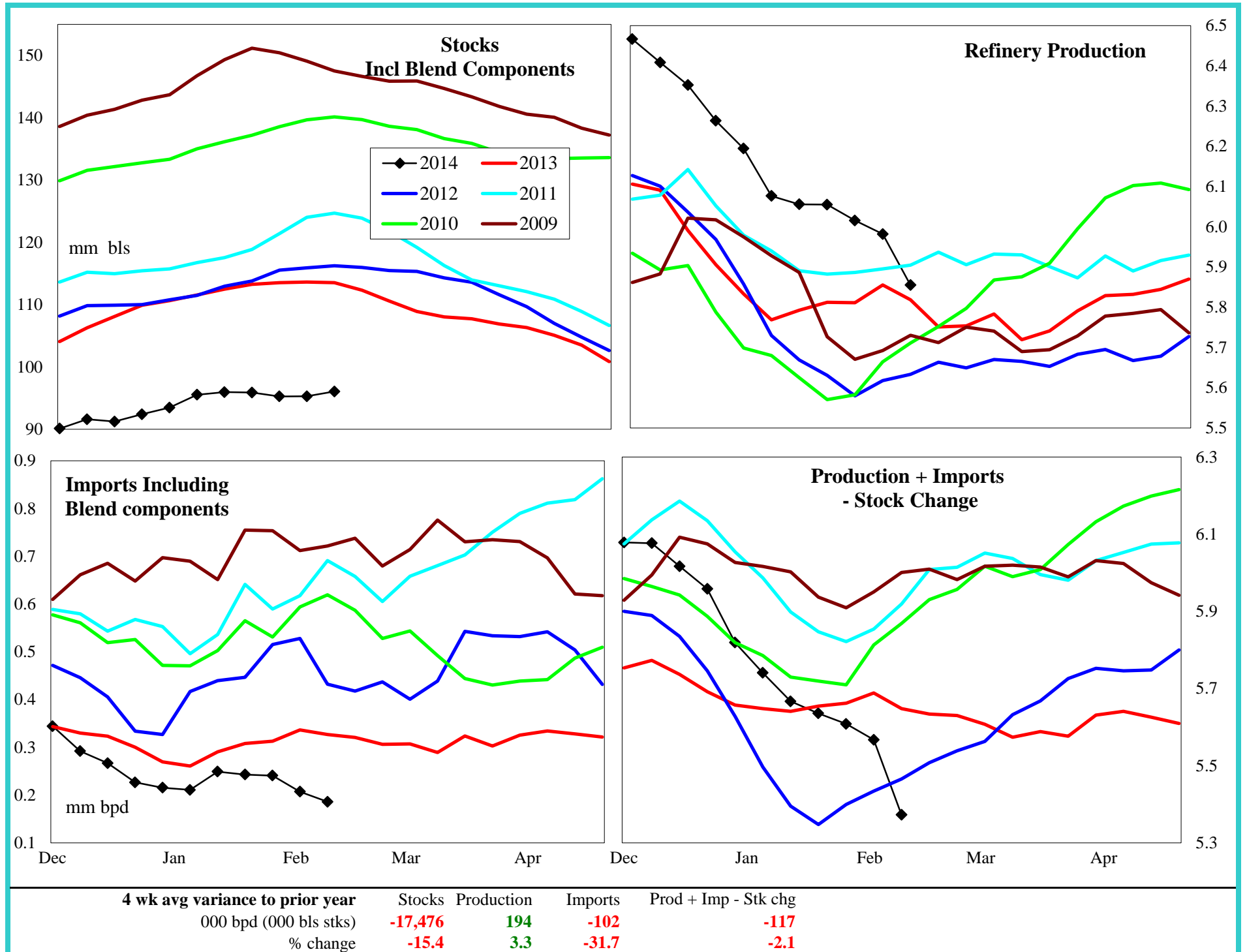


# United States Reformulated Gasoline Supply

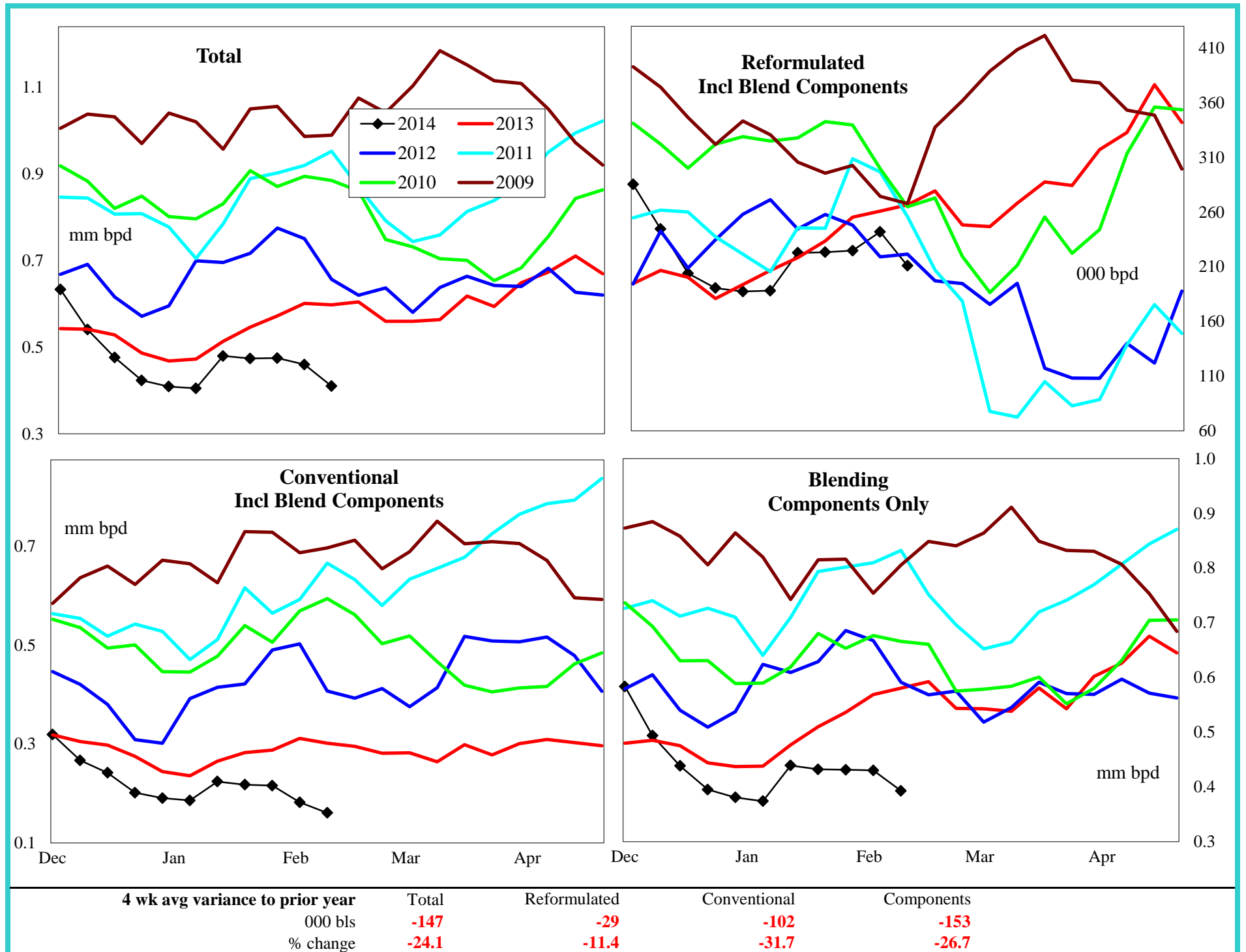




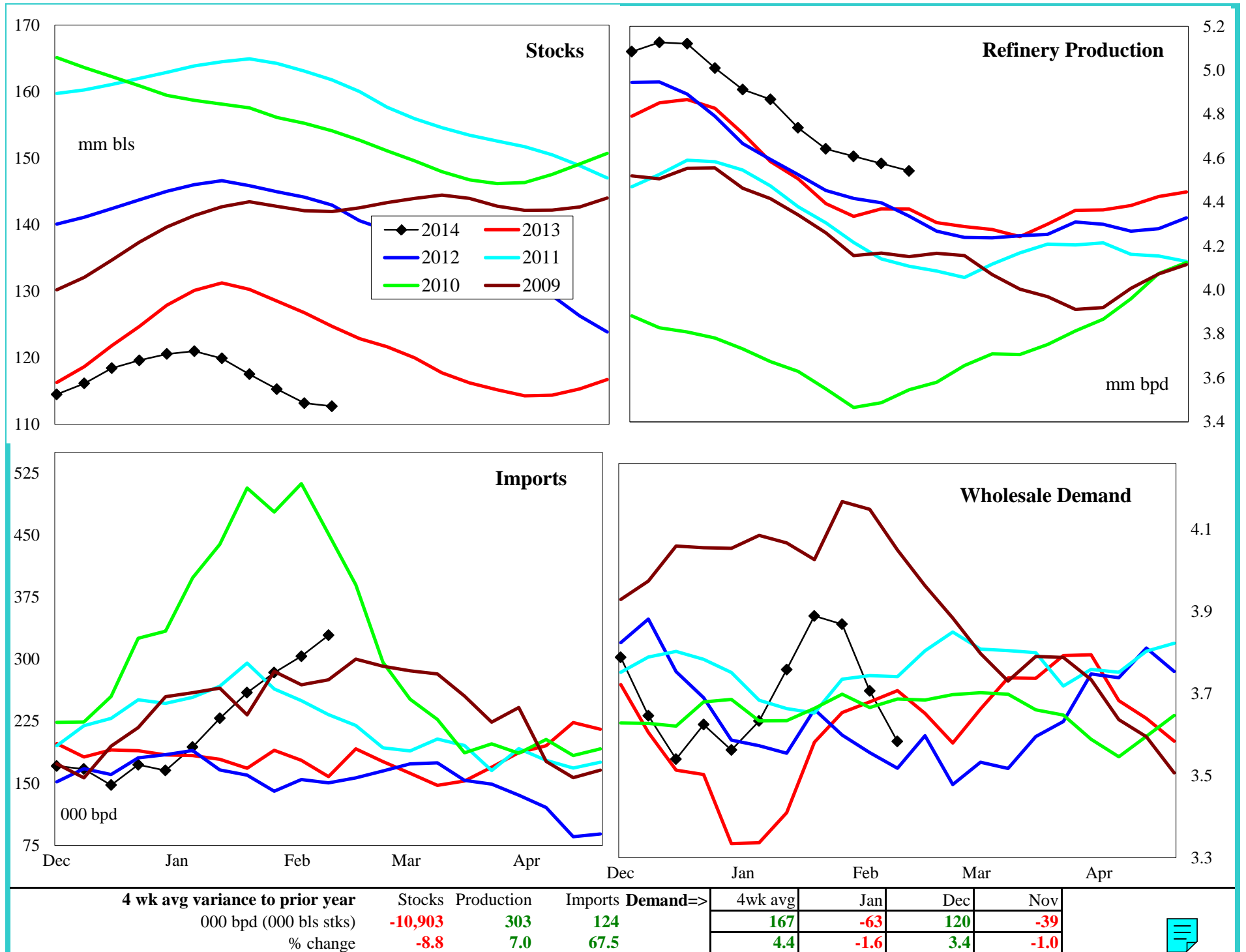
# United States Conventional Gasoline Supply



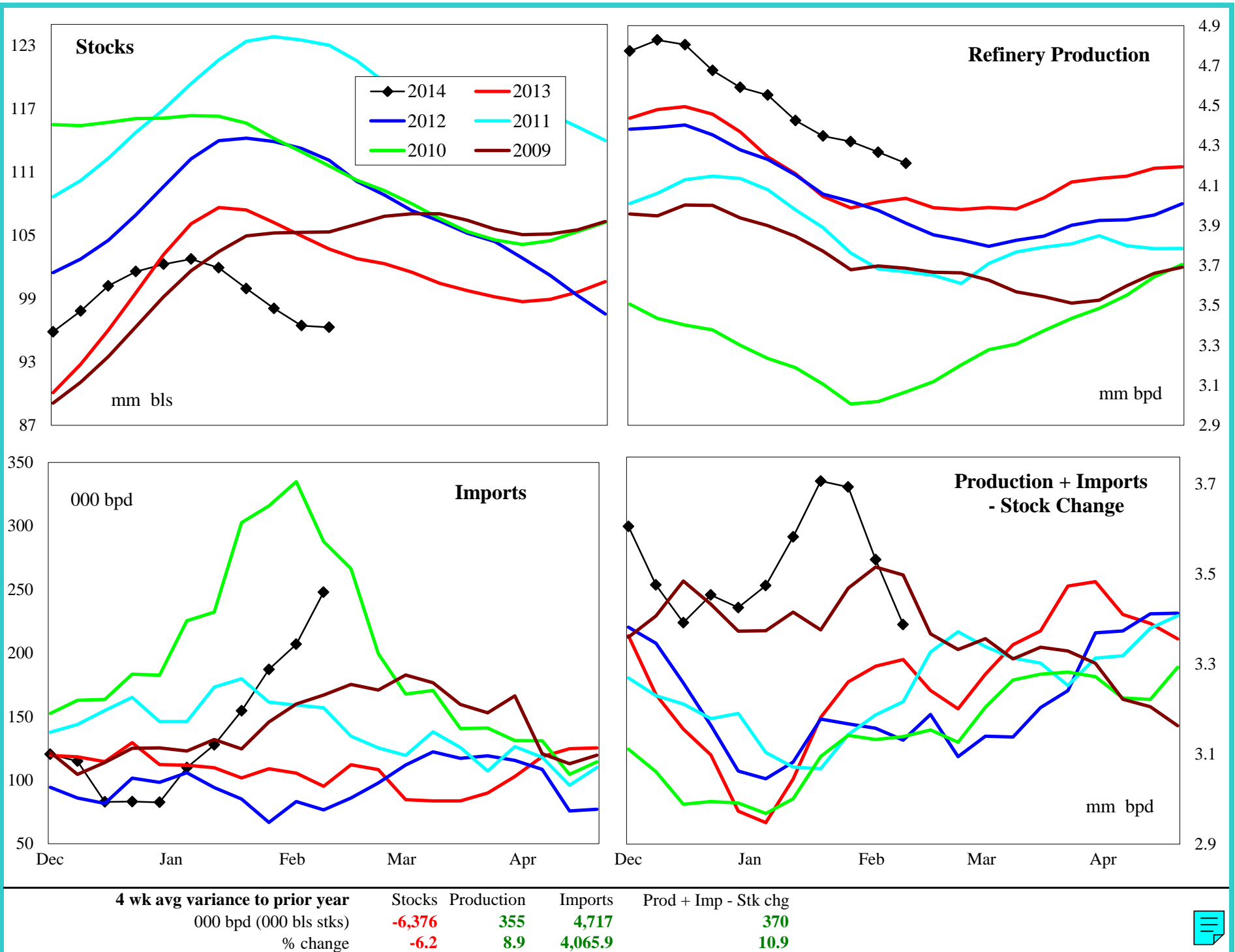
# United States Gasoline Imports by Type



# United States Distillate Supply and Demand Balance

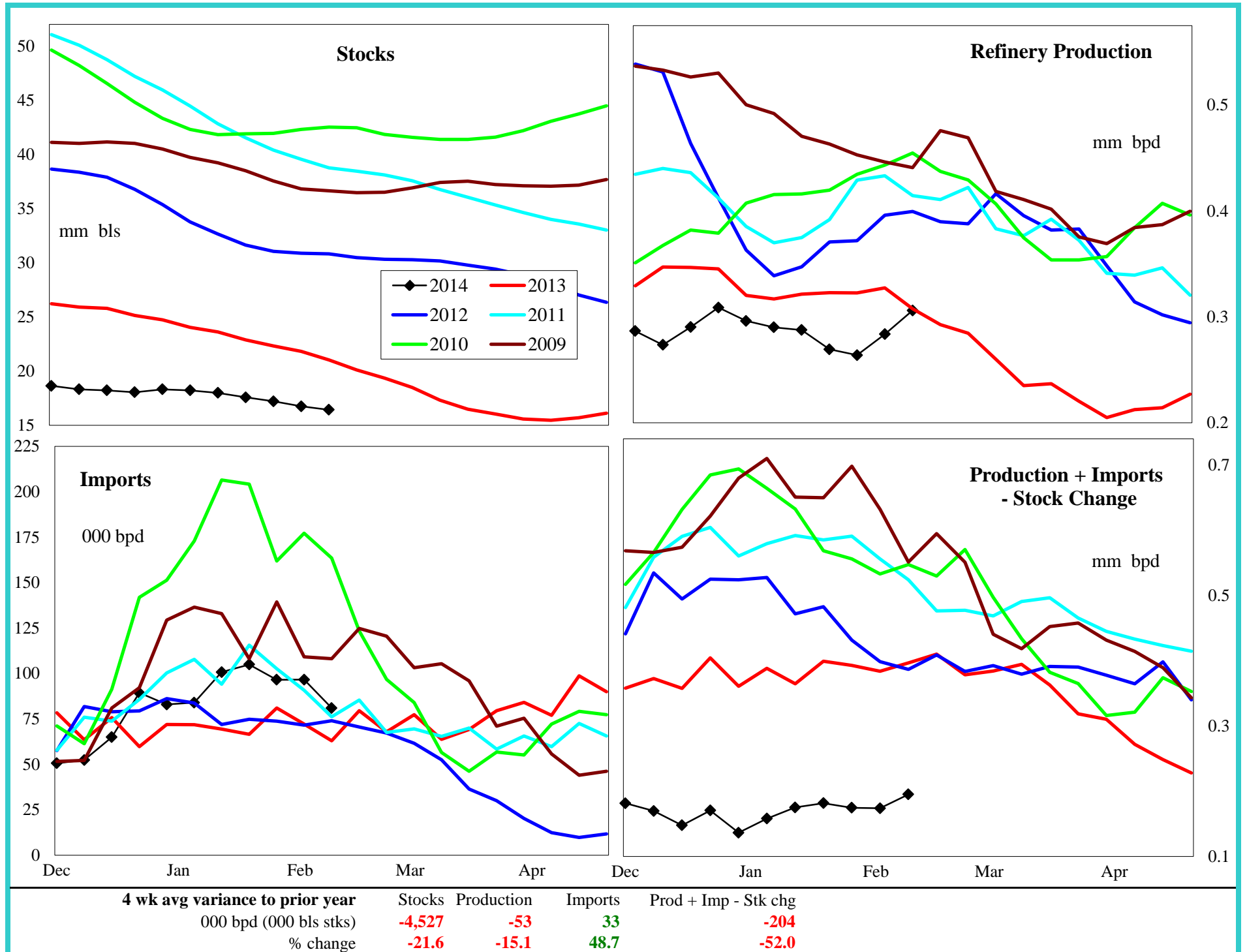


# United States Low Sulfur Distillate Supply

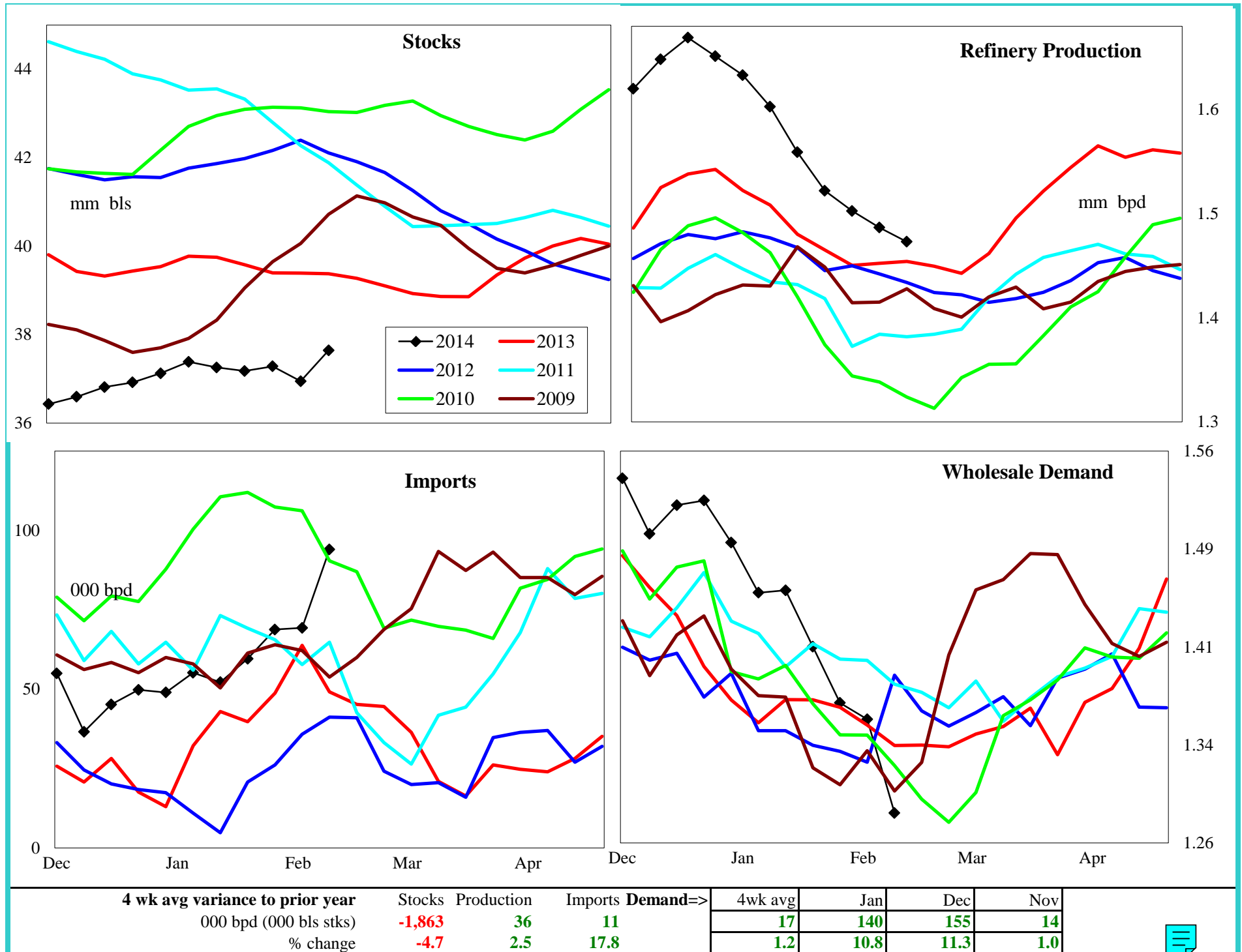




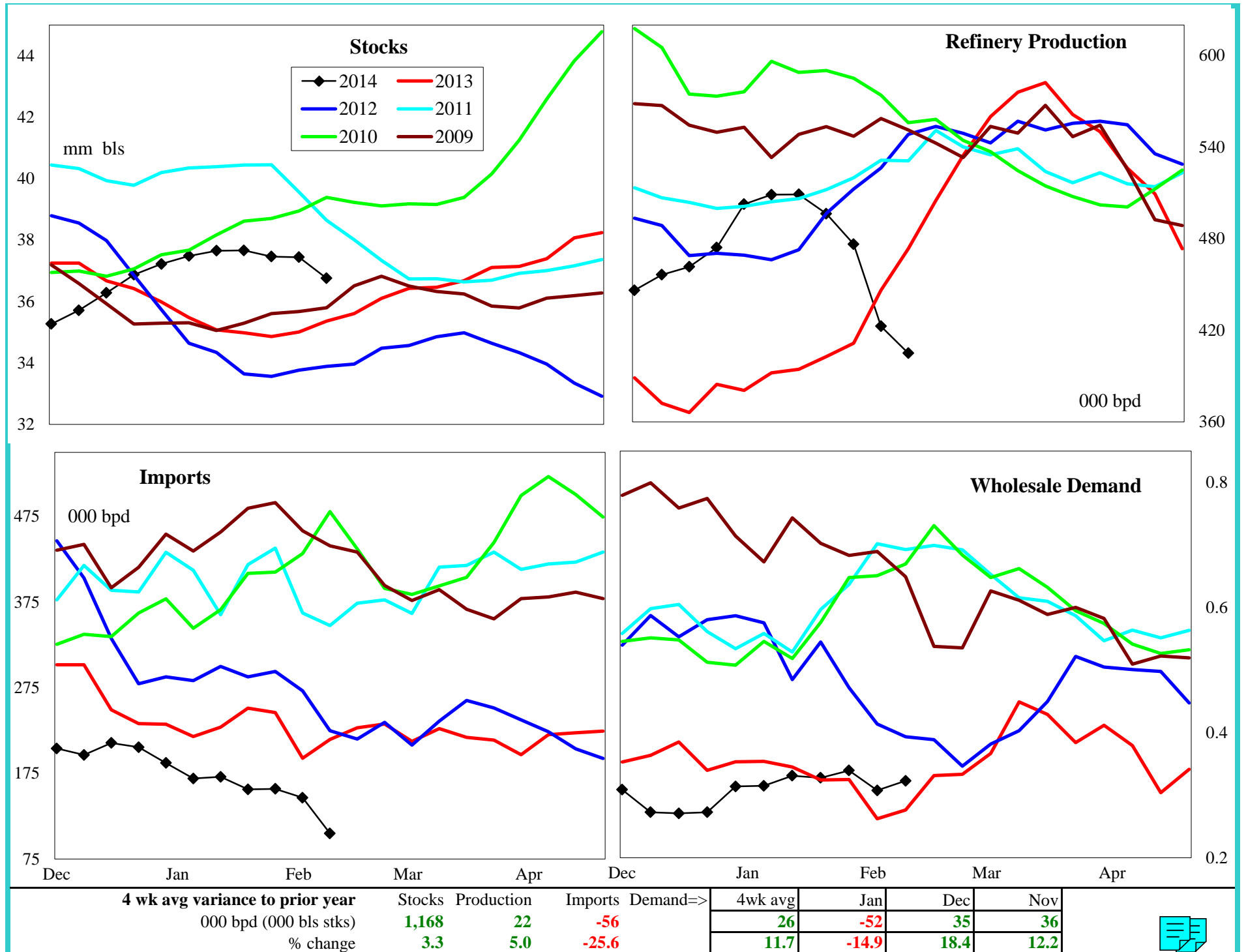
# United States High Sulfur Distillate Supply



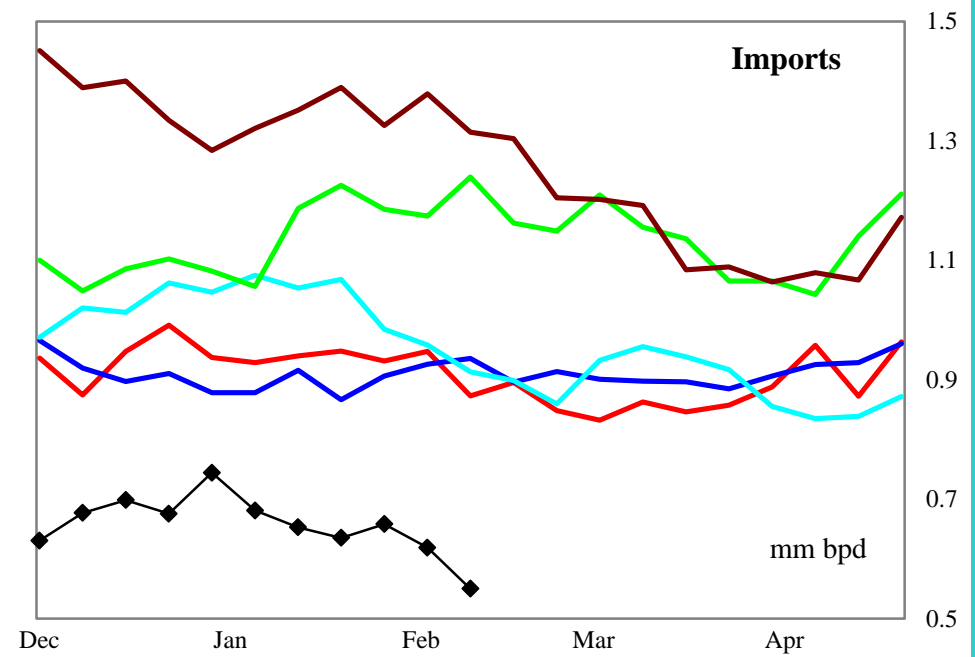
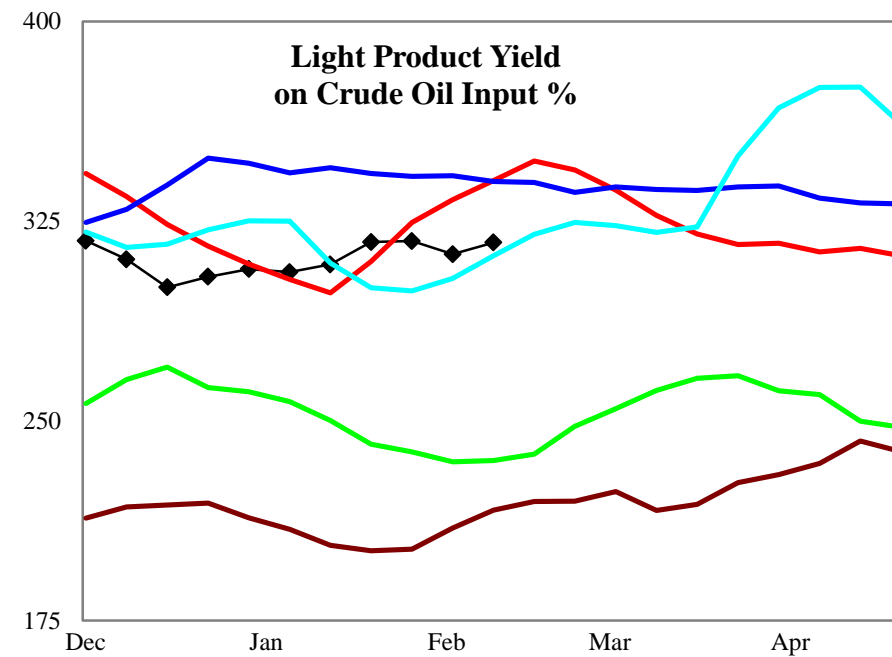
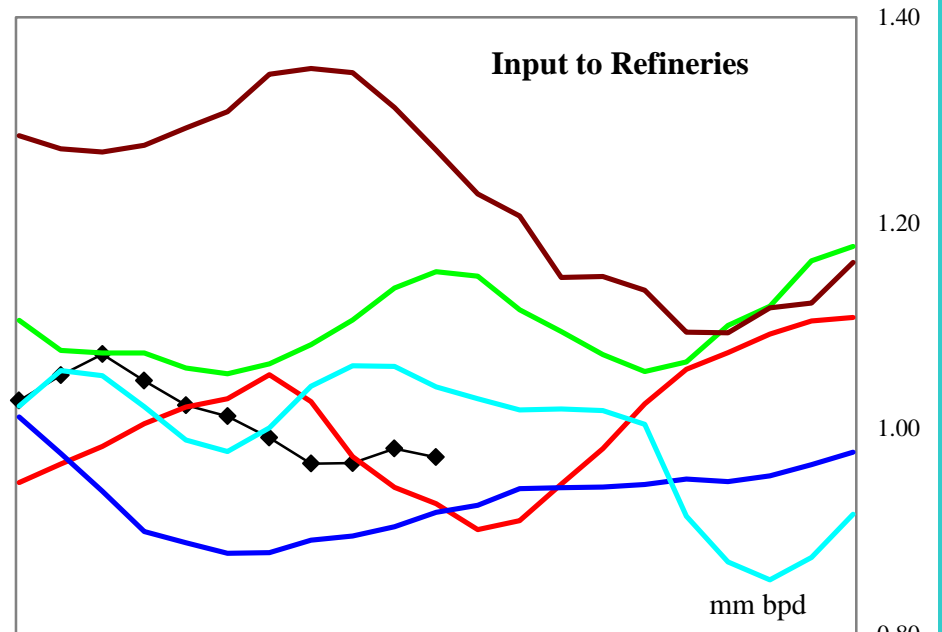
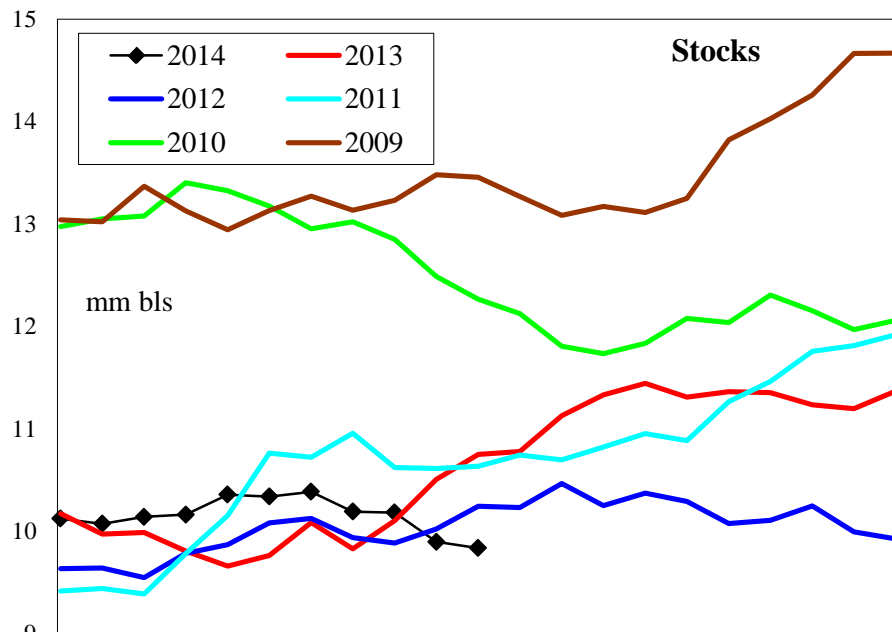
# United States Jet Fuel Supply and Demand Balance



# United States Residual Fuel Oil Supply and Demand Balance



# PADD 1 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bbls stks)

% change

Stocks

-914

-8.2

Input

26

2.7

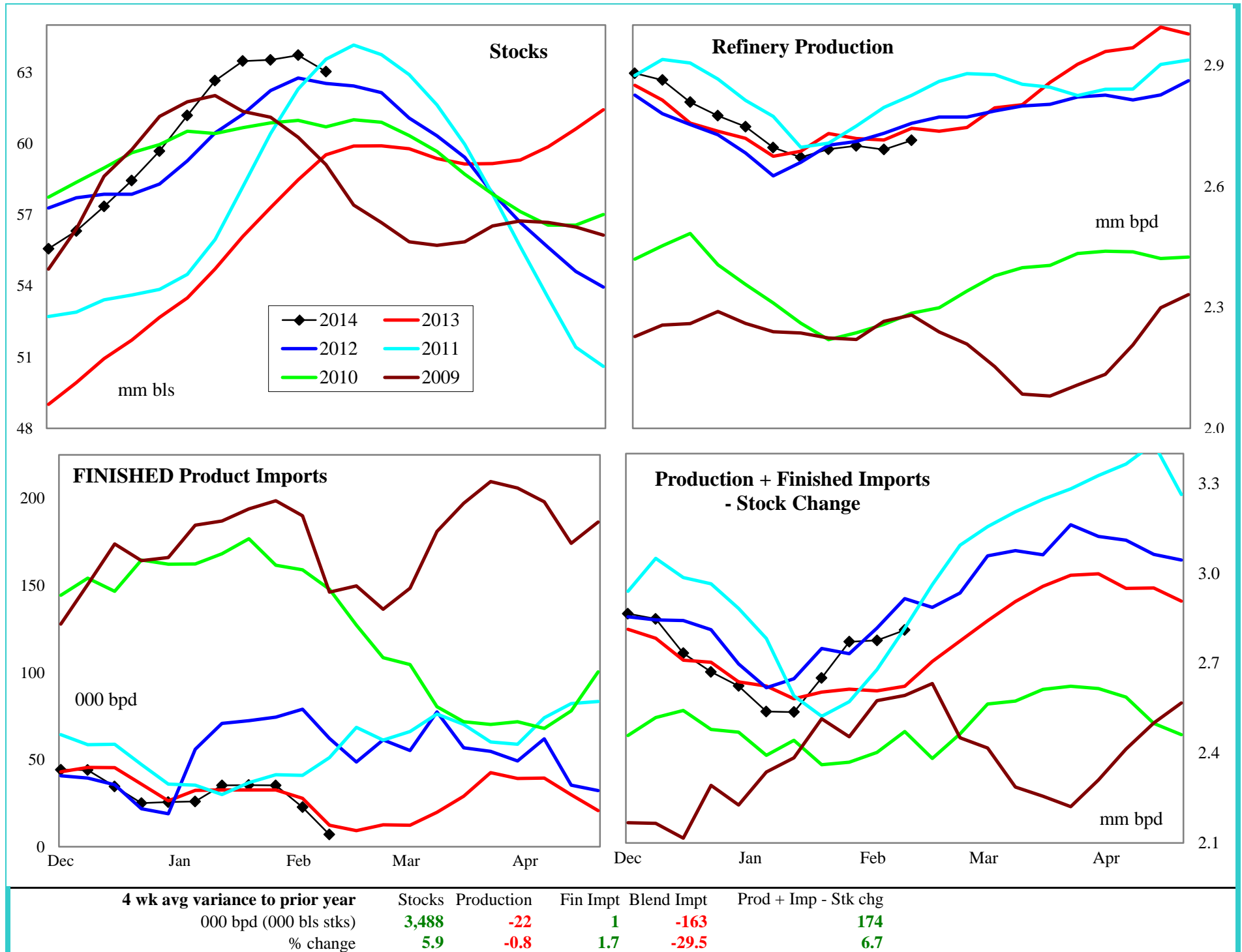
Imports

-362

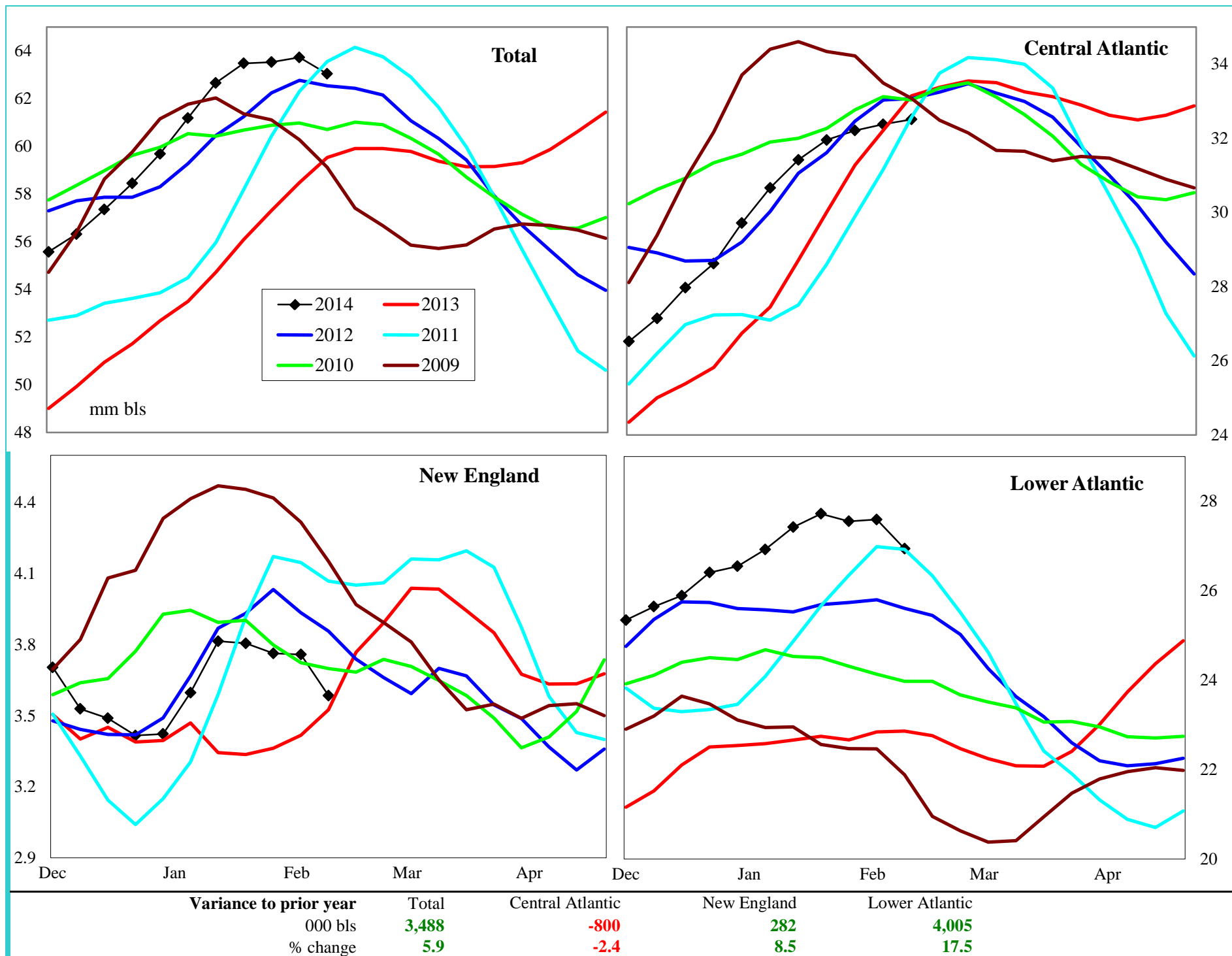
-37.2



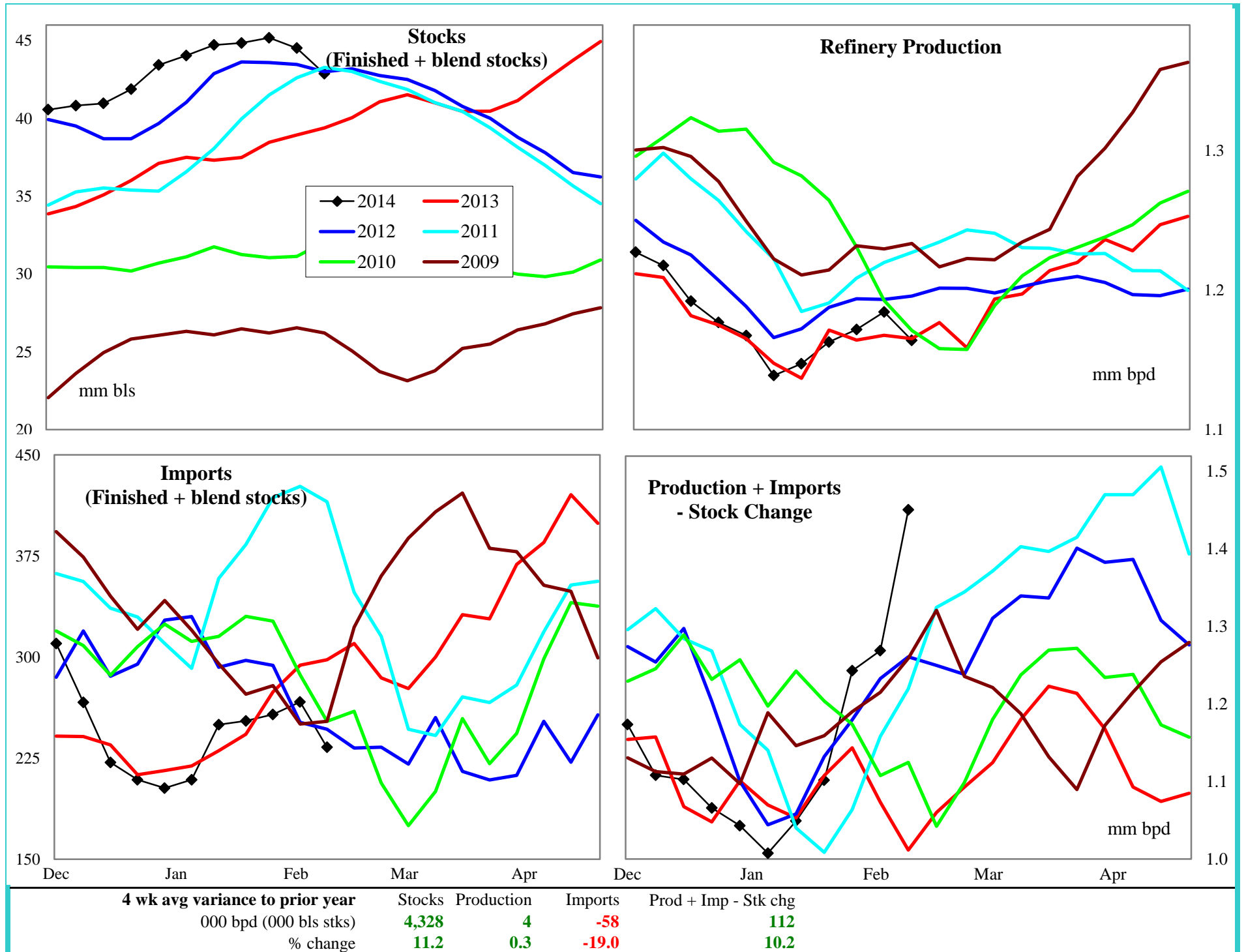
# PADD 1 Gasoline Supply



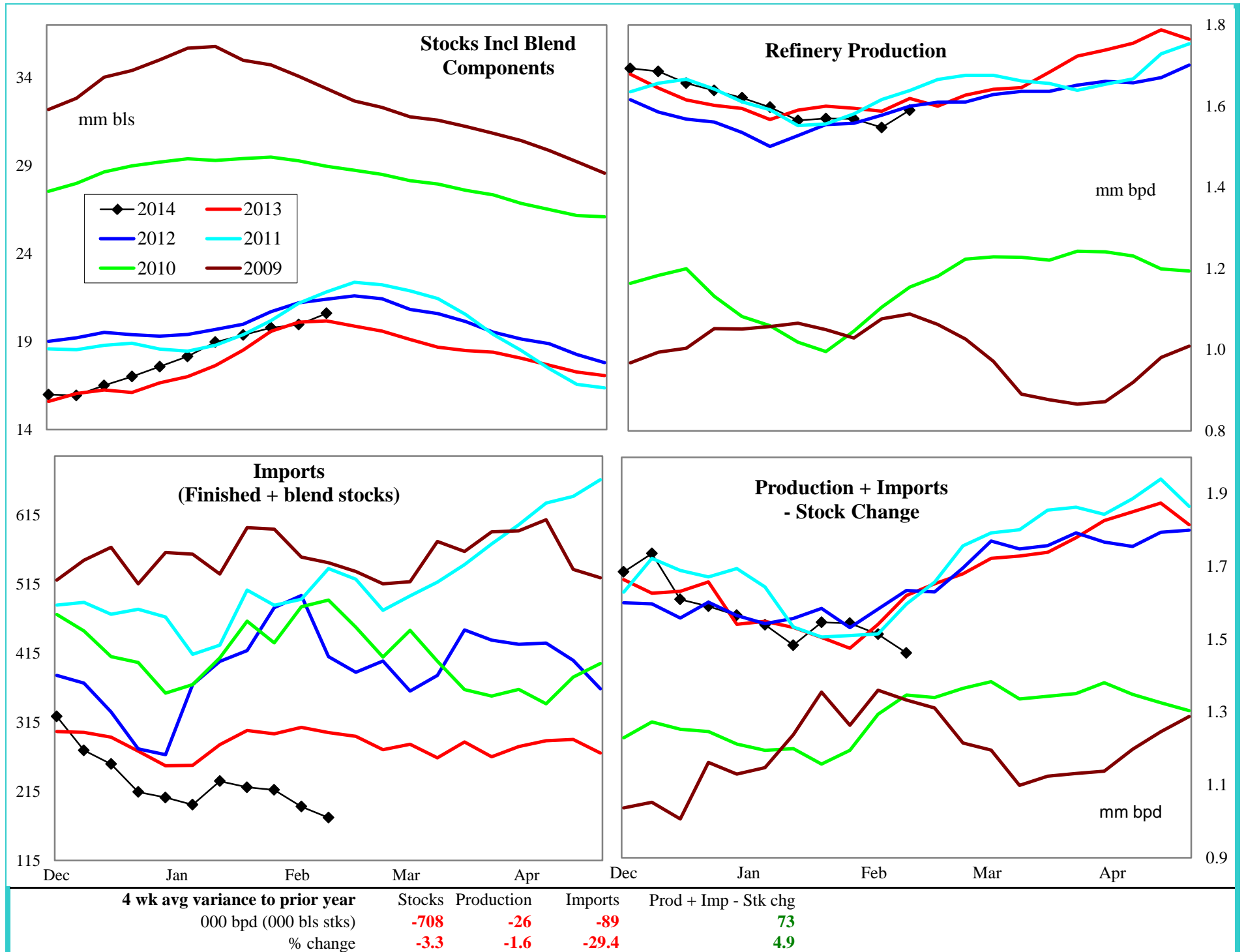
# PADD 1 Gasoline Stocks by Region



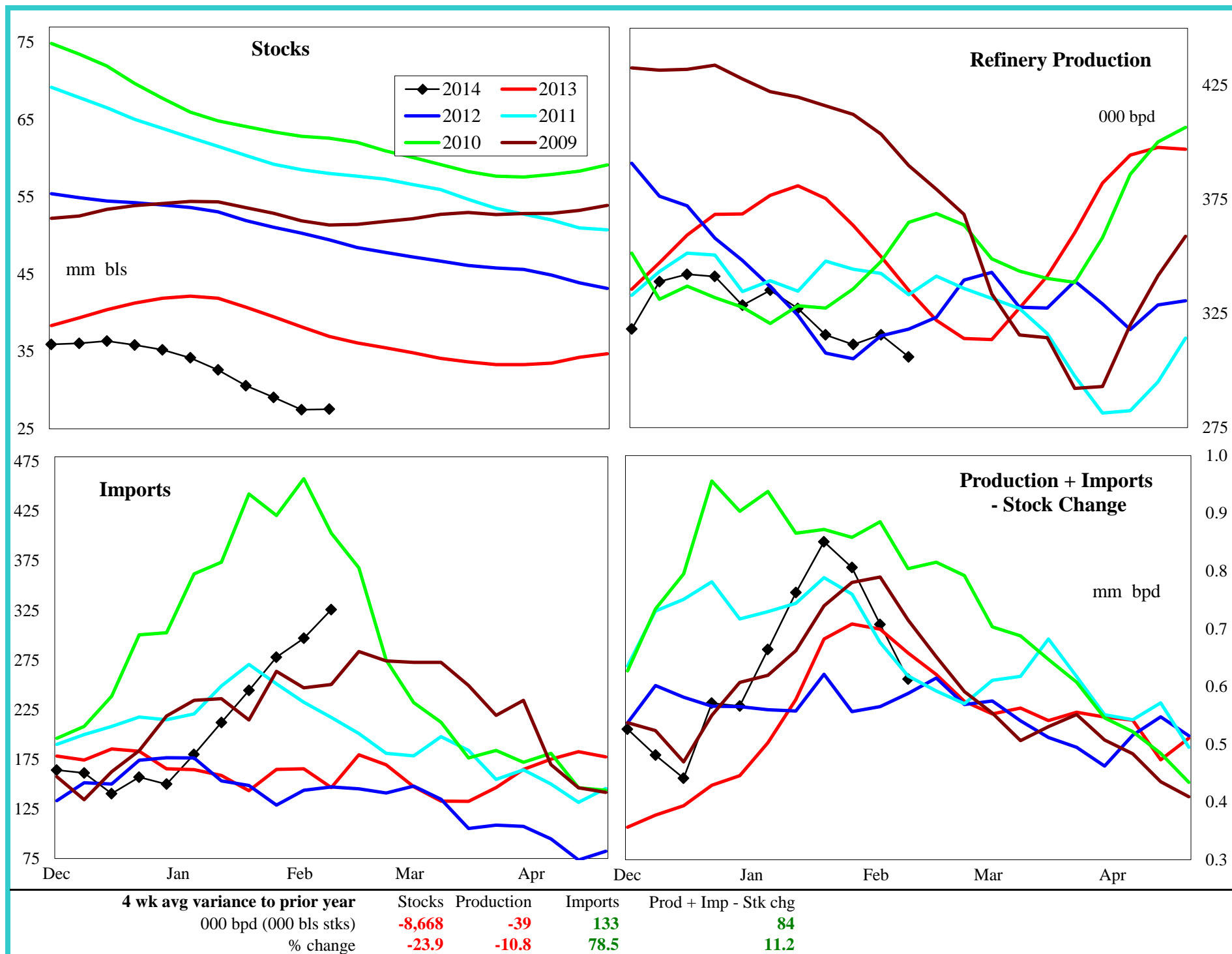
# PADD 1 Reformulated Gasoline Supply



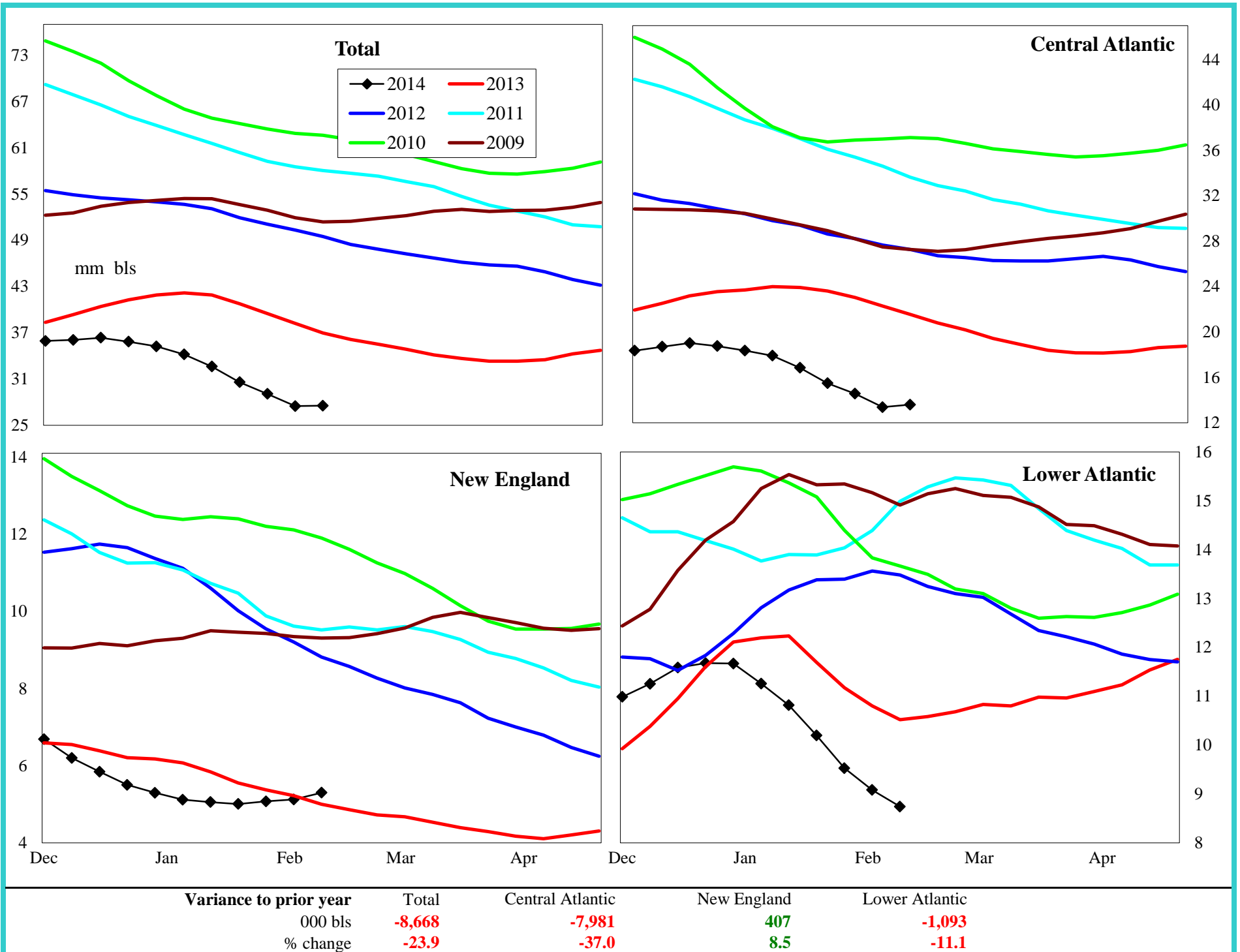
# PADD 1 Conventional Gasoline Supply



## PADD 1 Distillate Supply

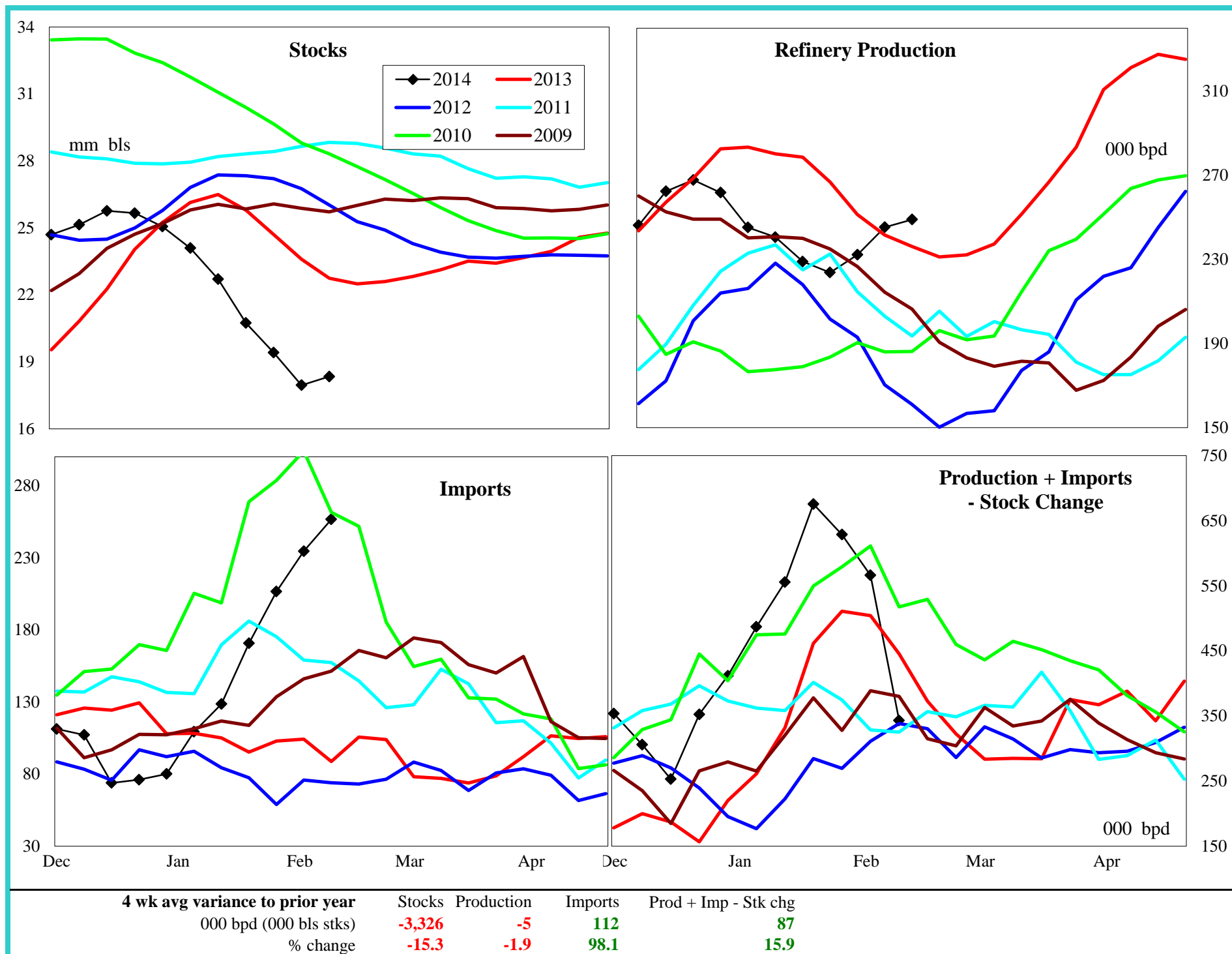


# PADD 1 Distillate Stocks by Region

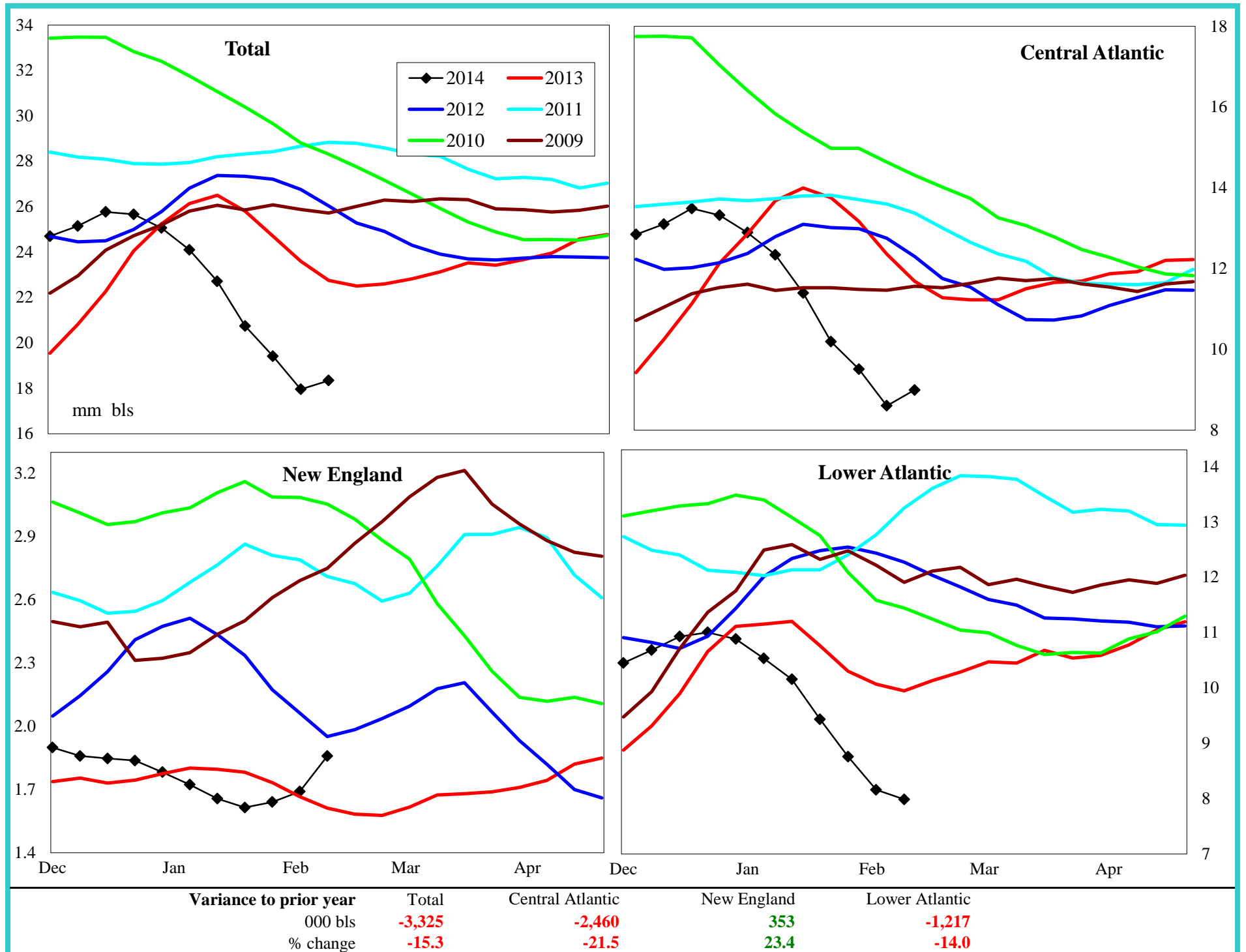




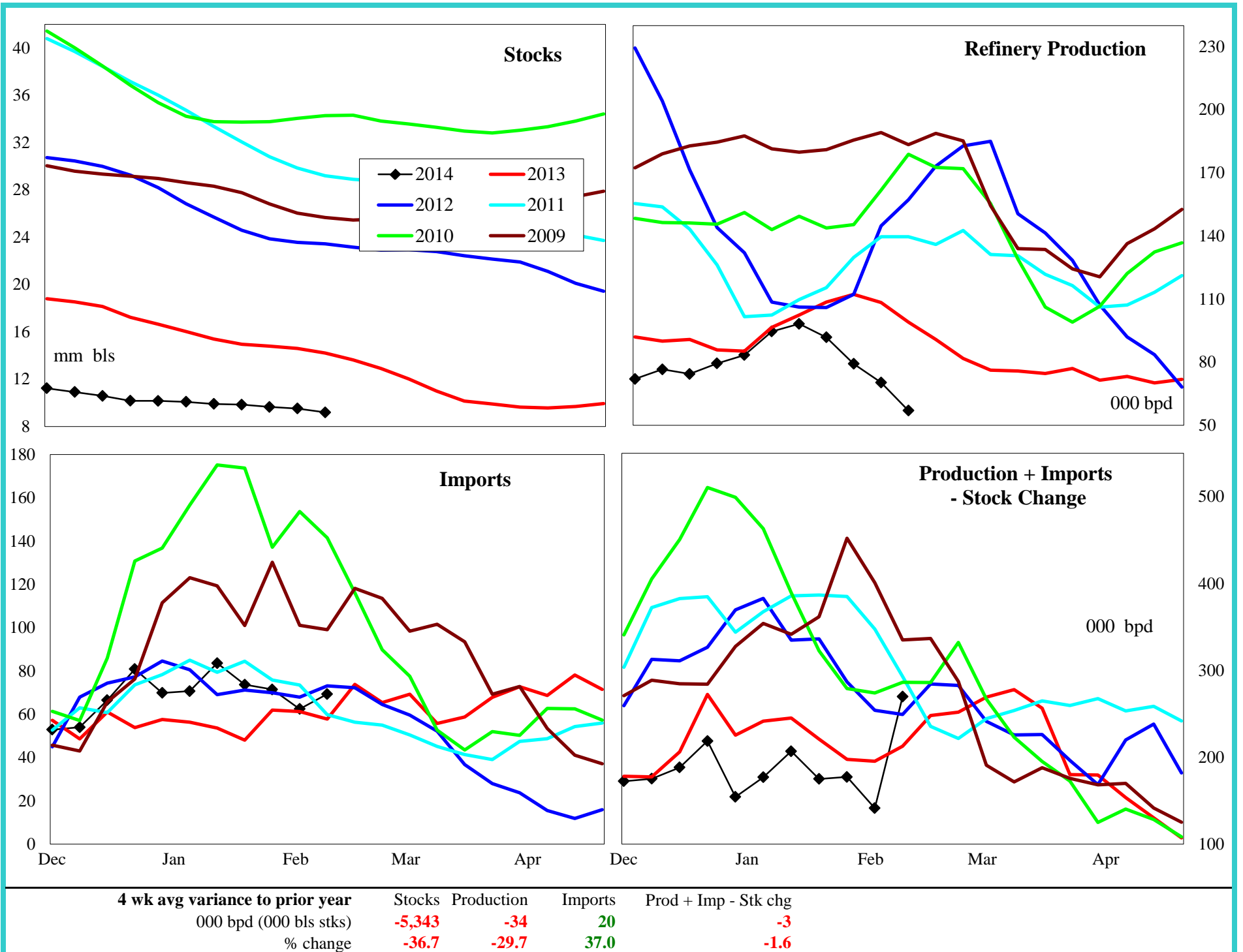
# PADD 1 Low Sulfur Distillate Supply



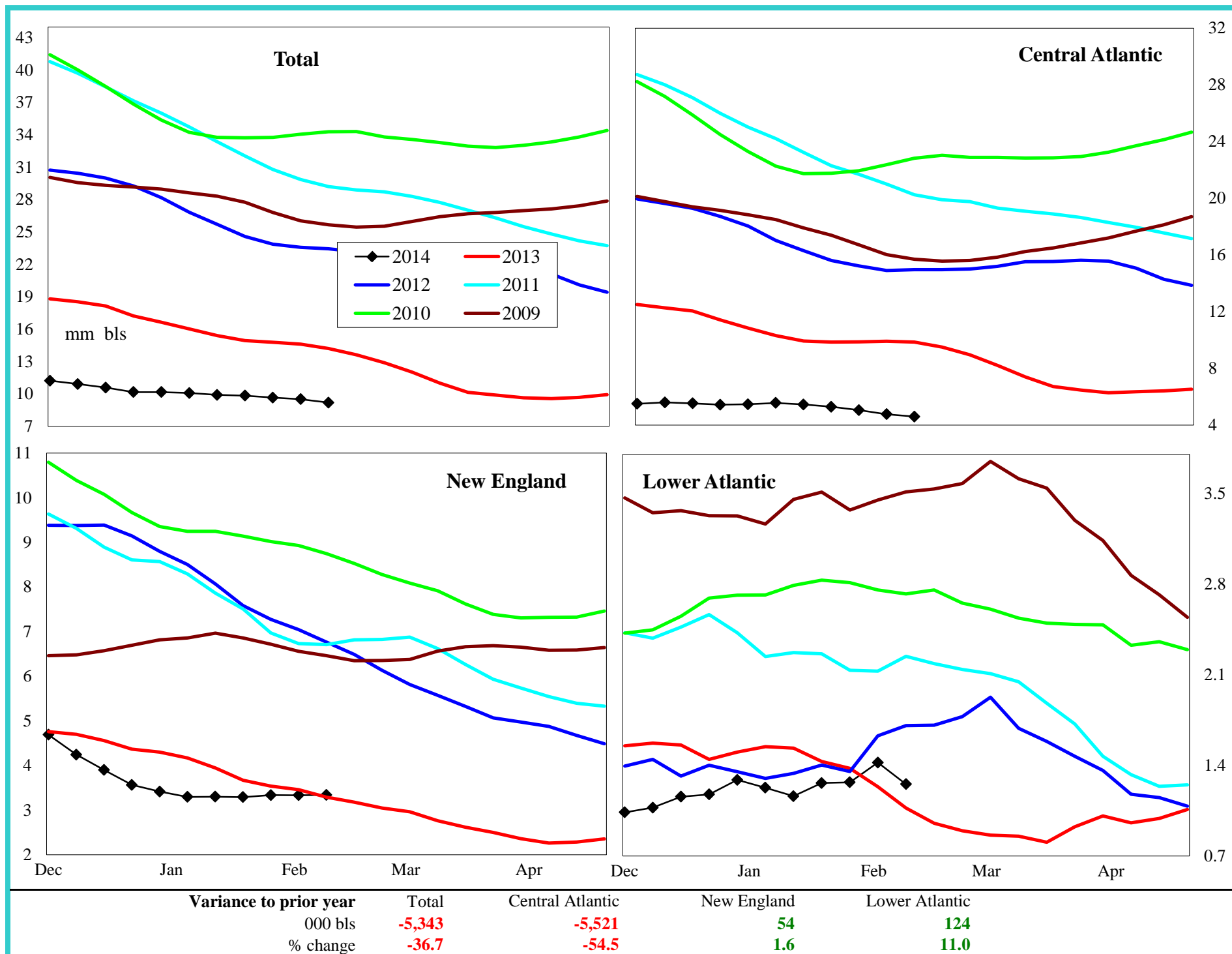
# PADD 1 Low Sulfur Distillate Stocks by Region



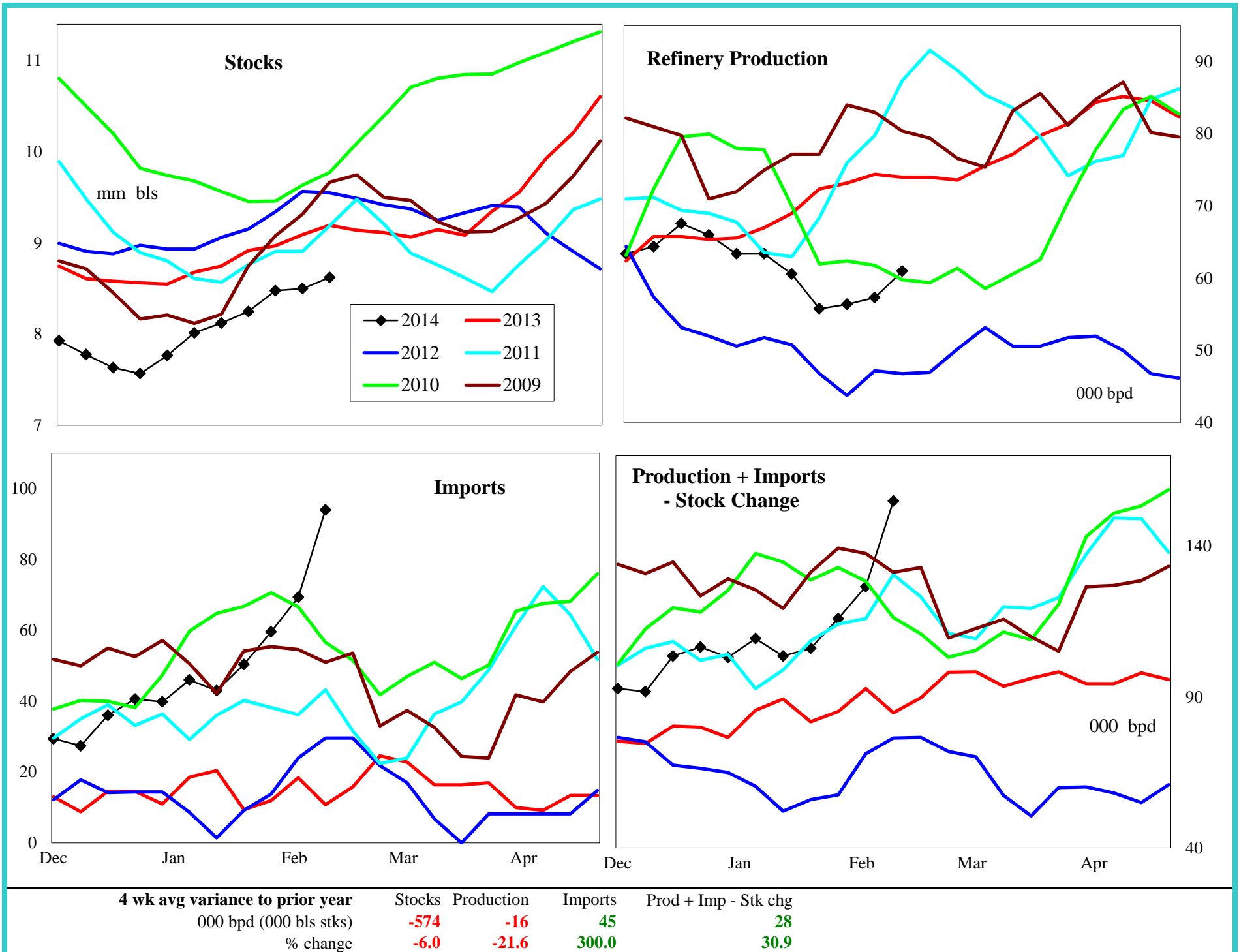
# PADD 1 High Sulfur Distillate Supply



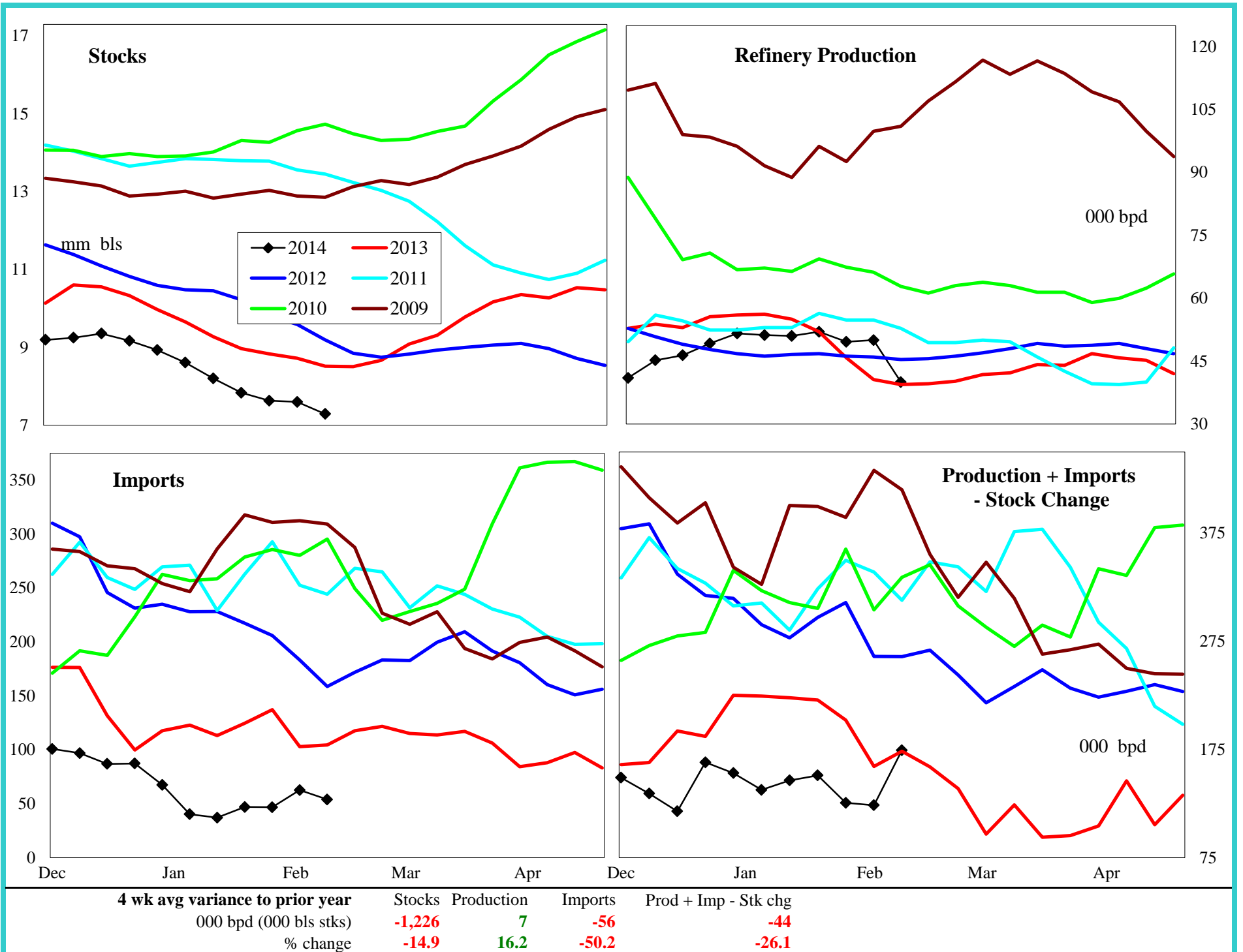
# PADD 1 High Sulfur Distillate Stocks by Region



# PADD 1 Jet Fuel Supply

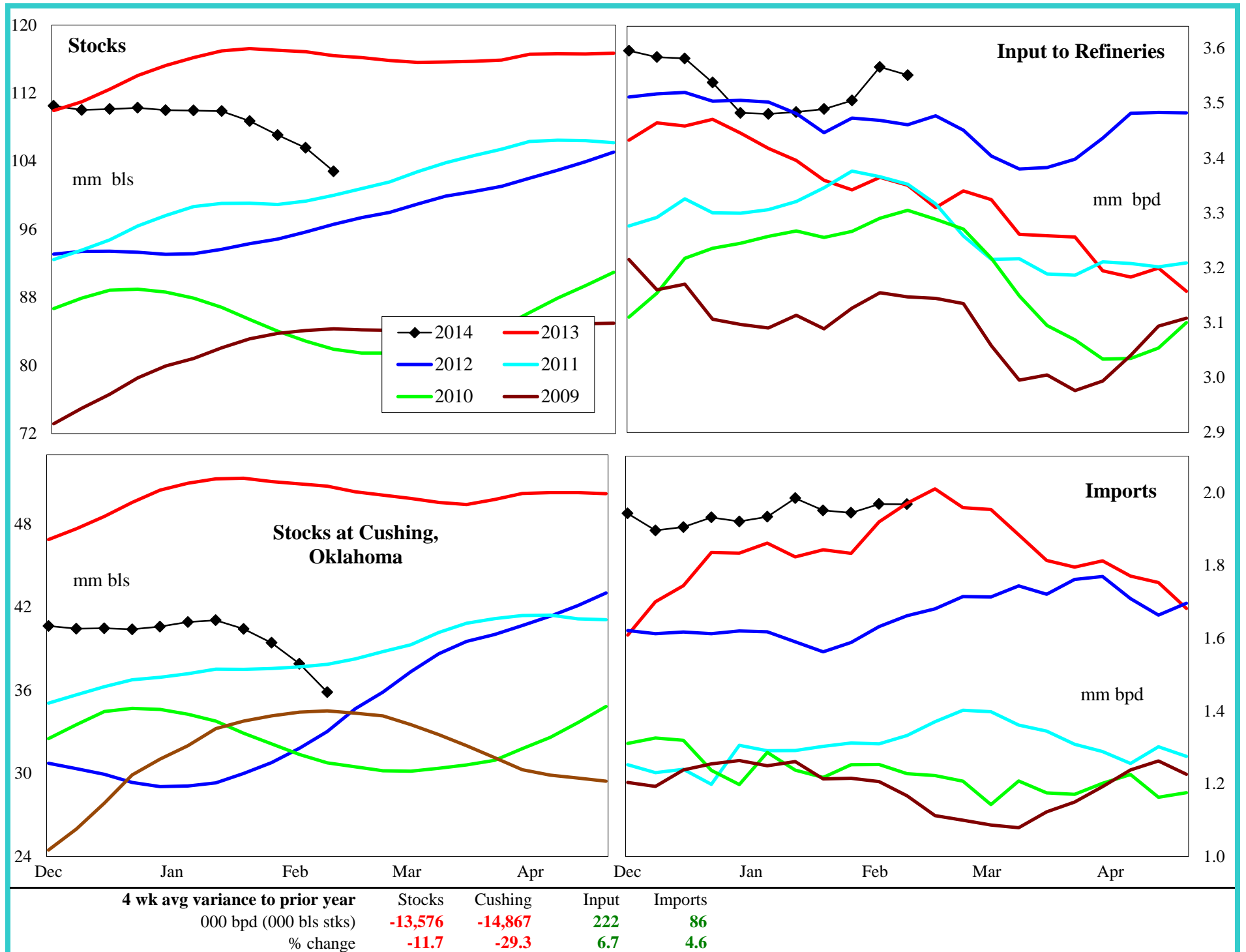


# PADD 1 Residual Fuel Oil Supply

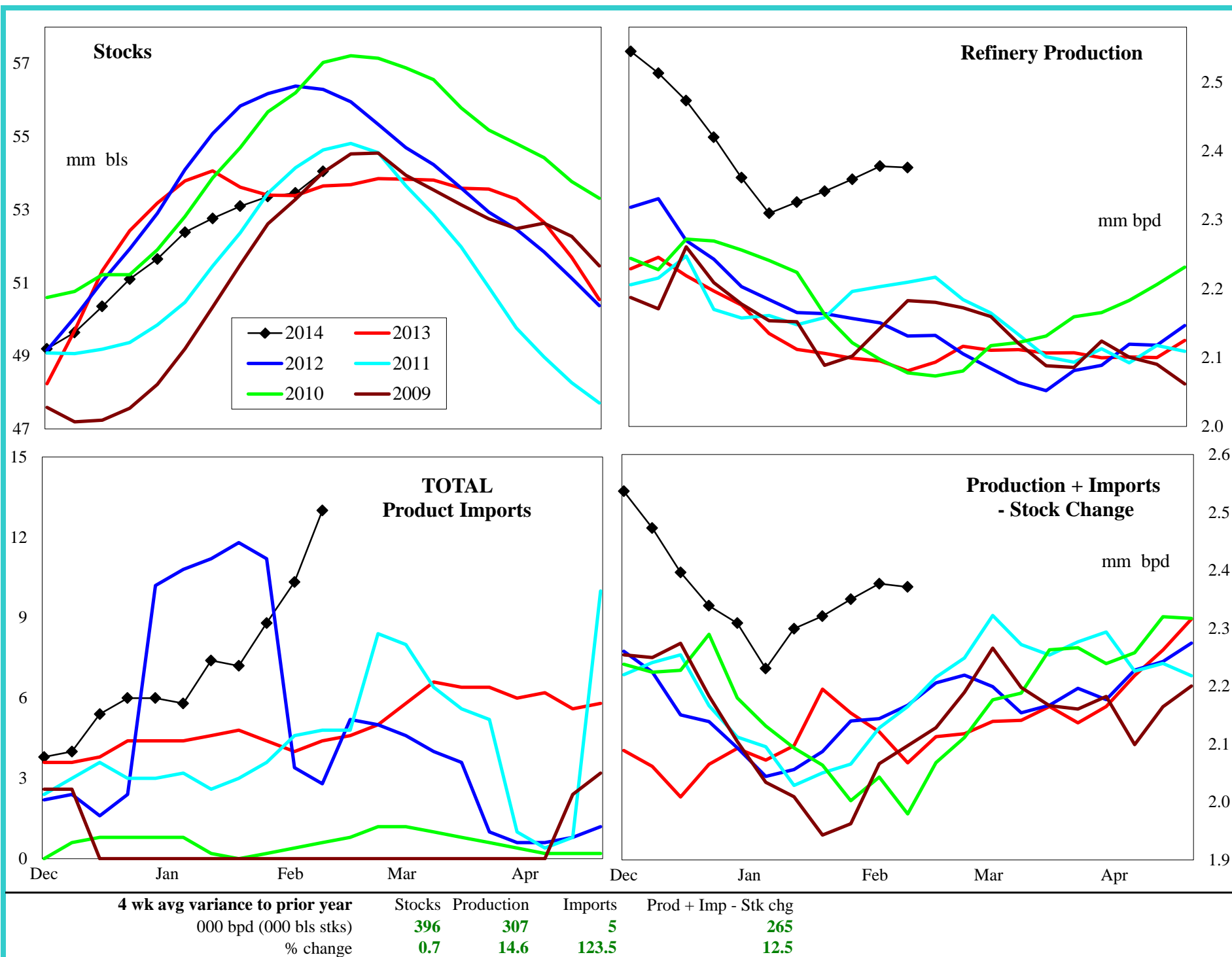




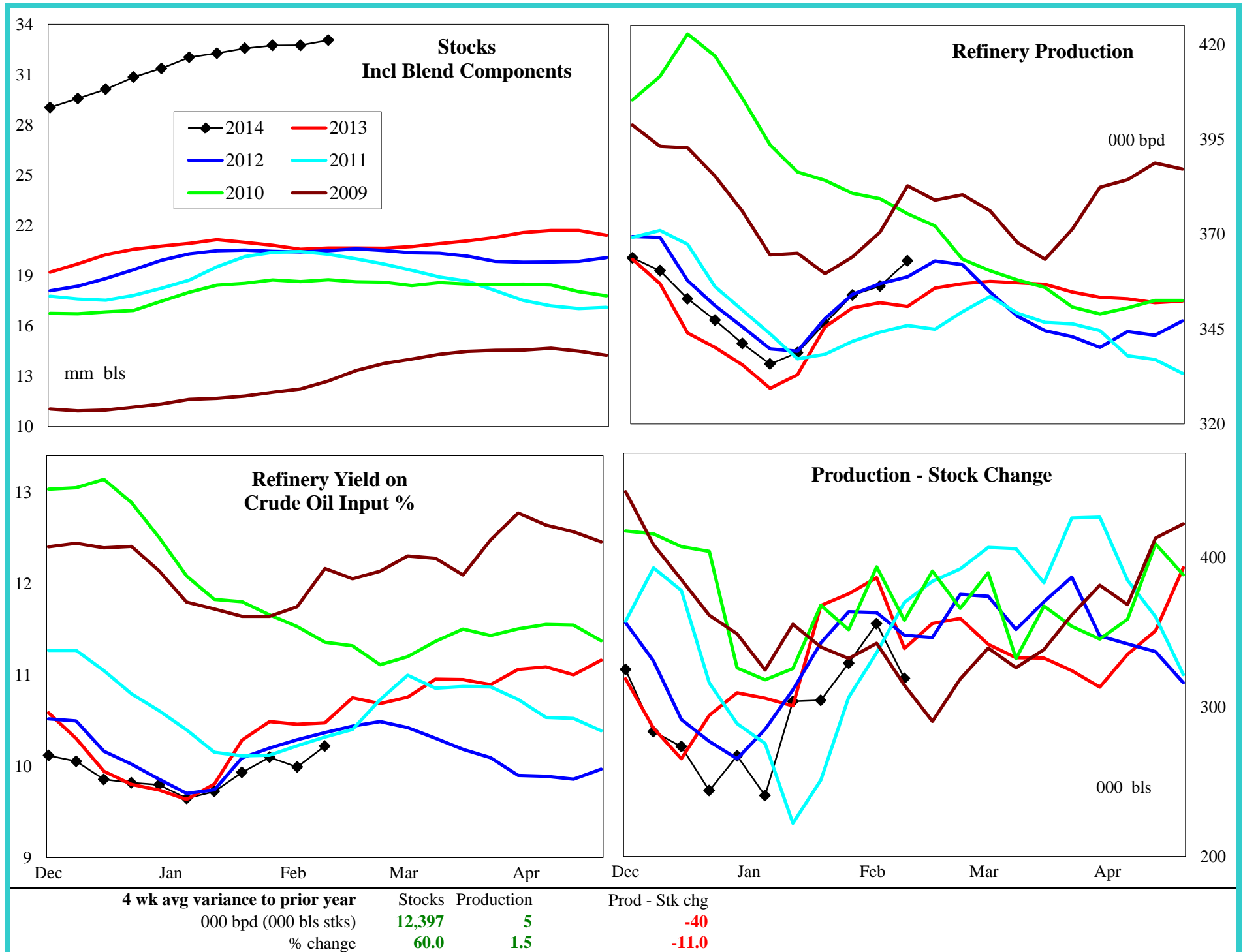
# PADD 2 Crude Oil Supply and Refining



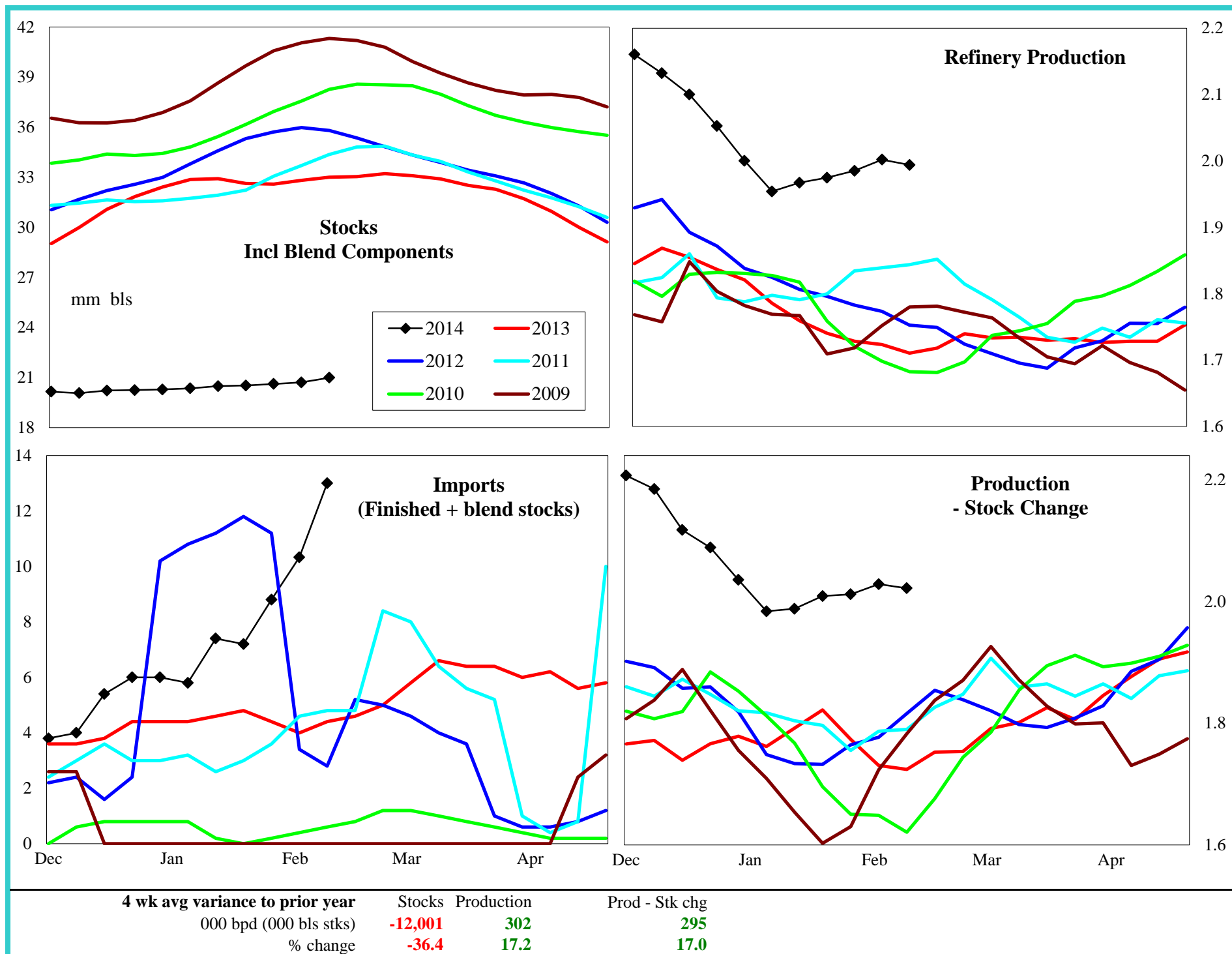
## PADD 2 Gasoline Supply



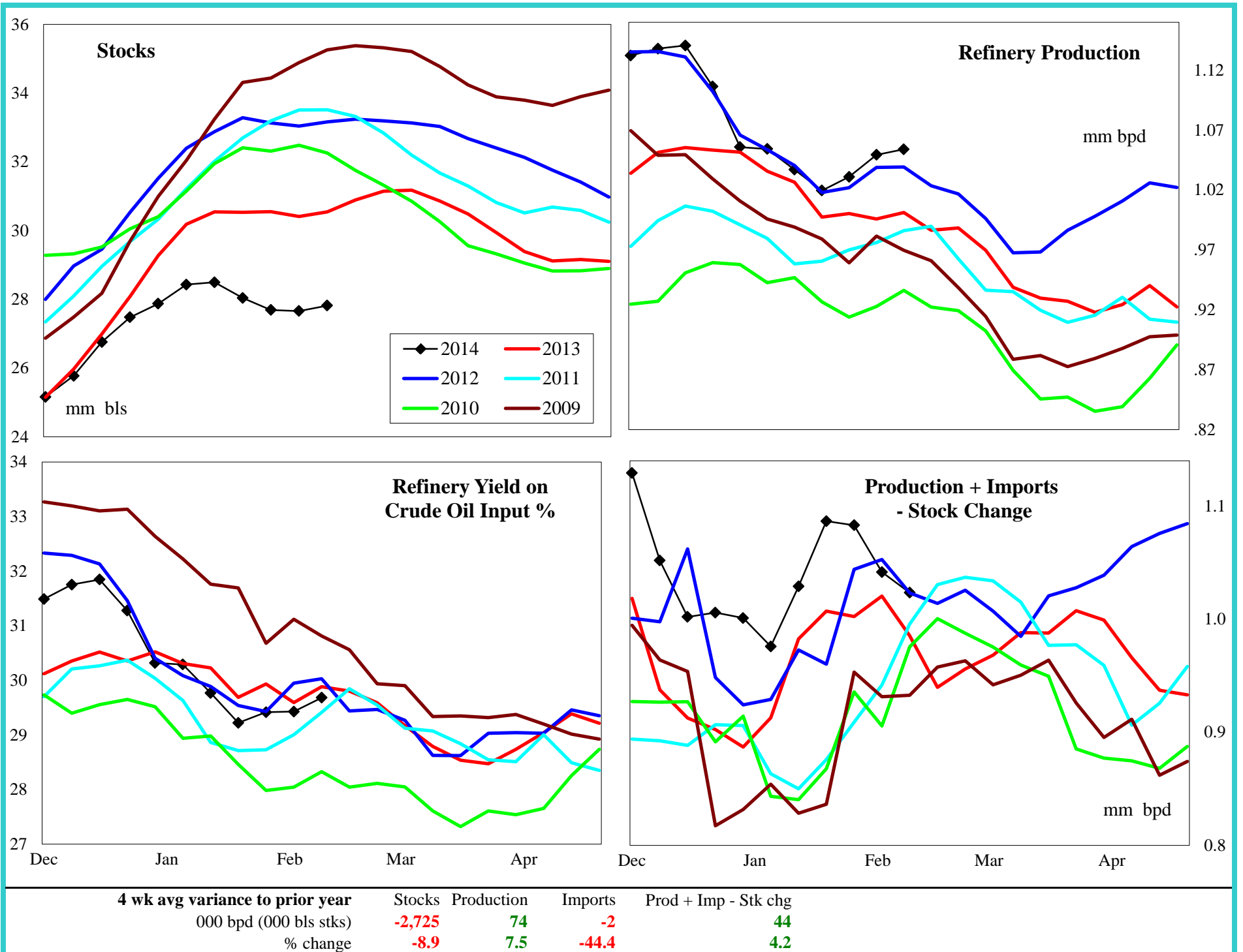
# PADD 2 Reformulated Gasoline Supply



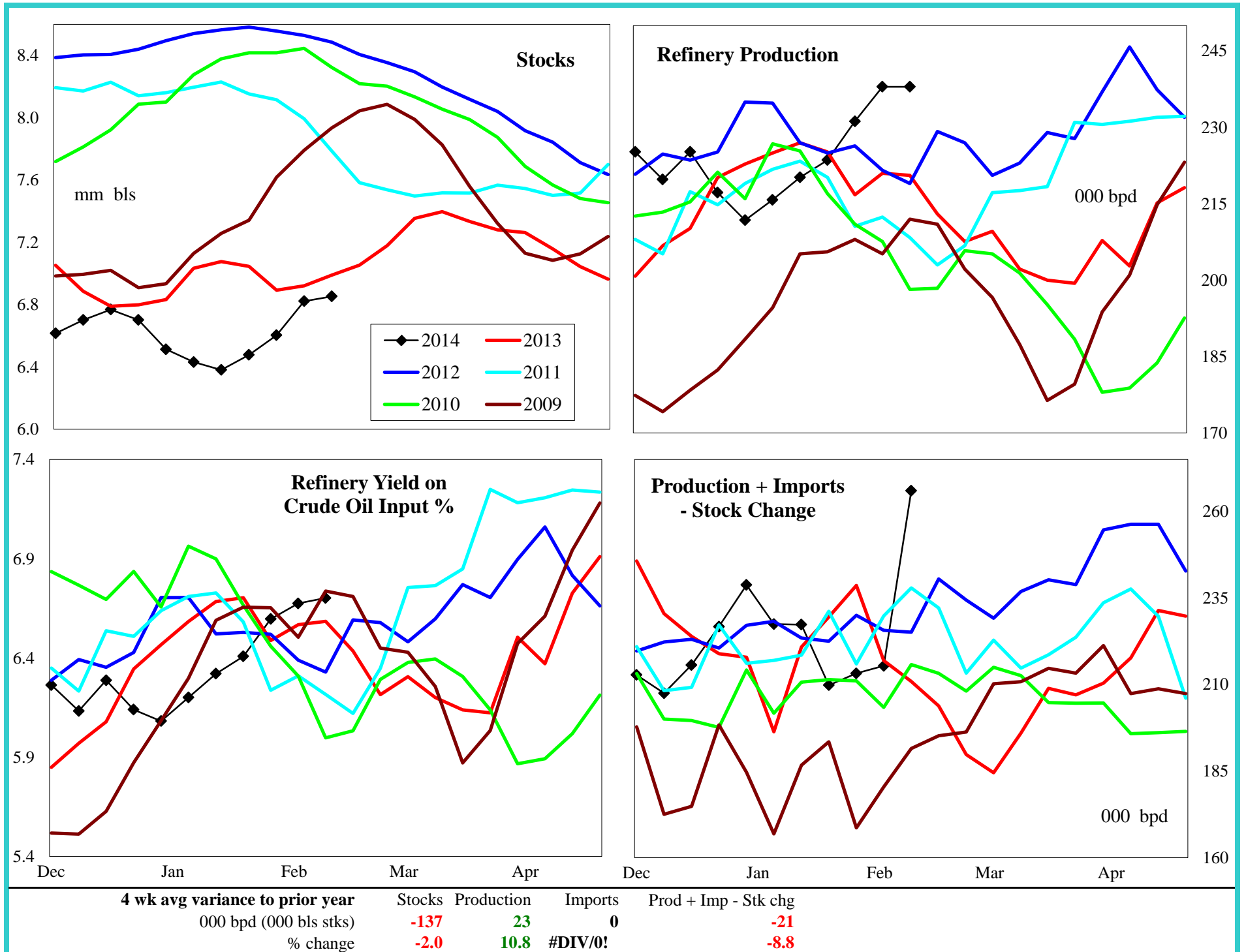
# PADD 2 Conventional Gasoline Supply



## PADD 2 Distillate Supply

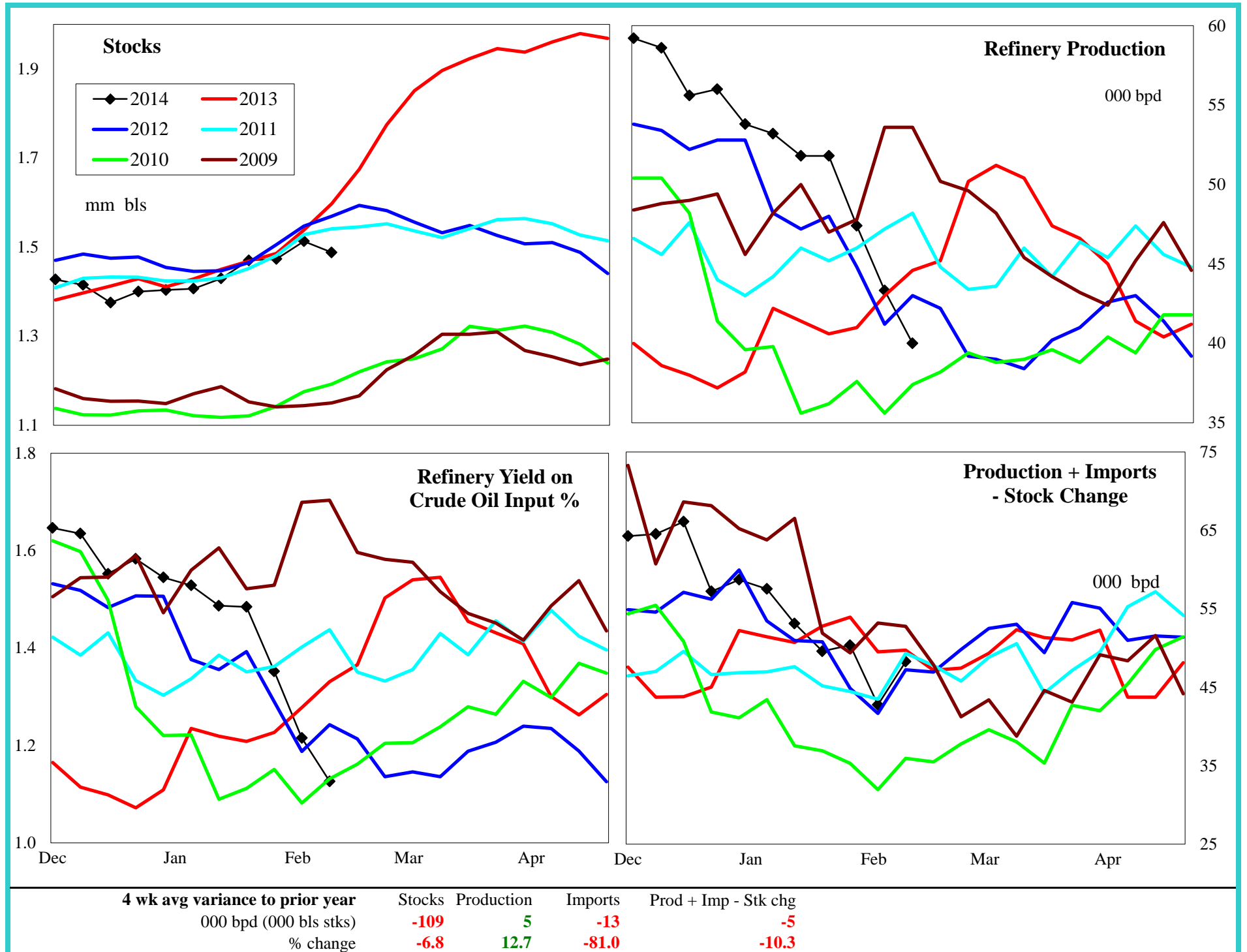


# PADD 2 Jet Fuel Supply

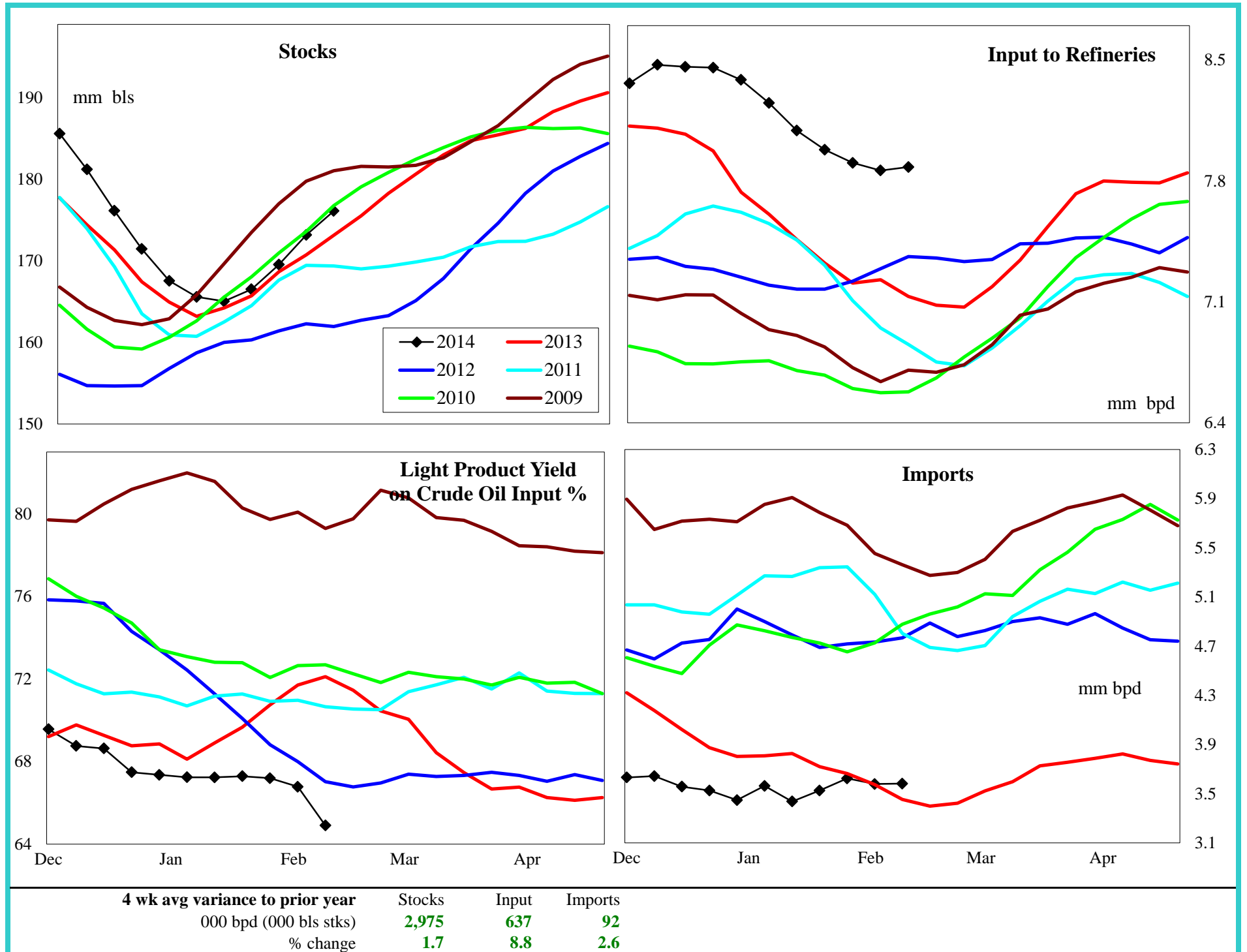




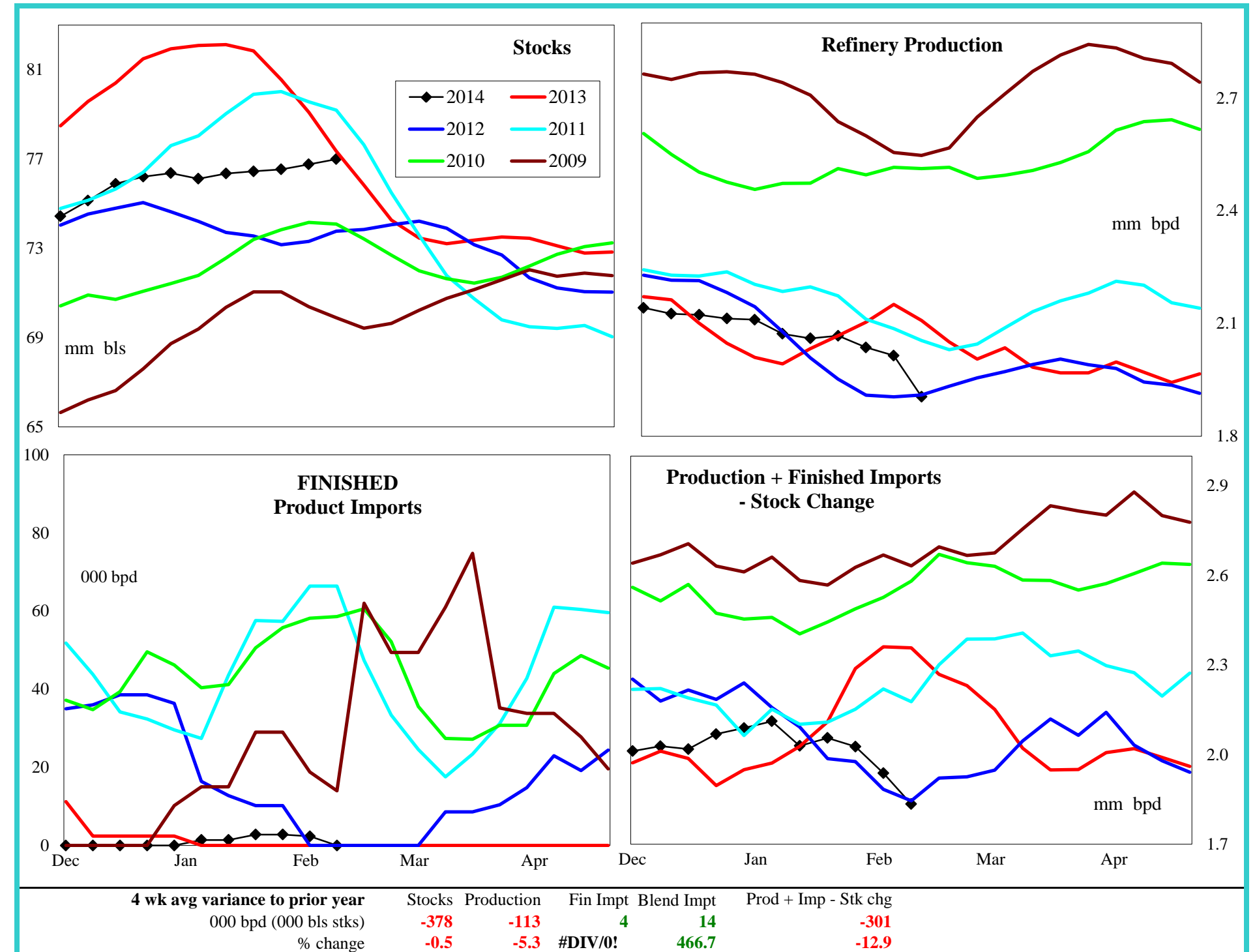
# PADD 2 Residual Fuel Oil Supply



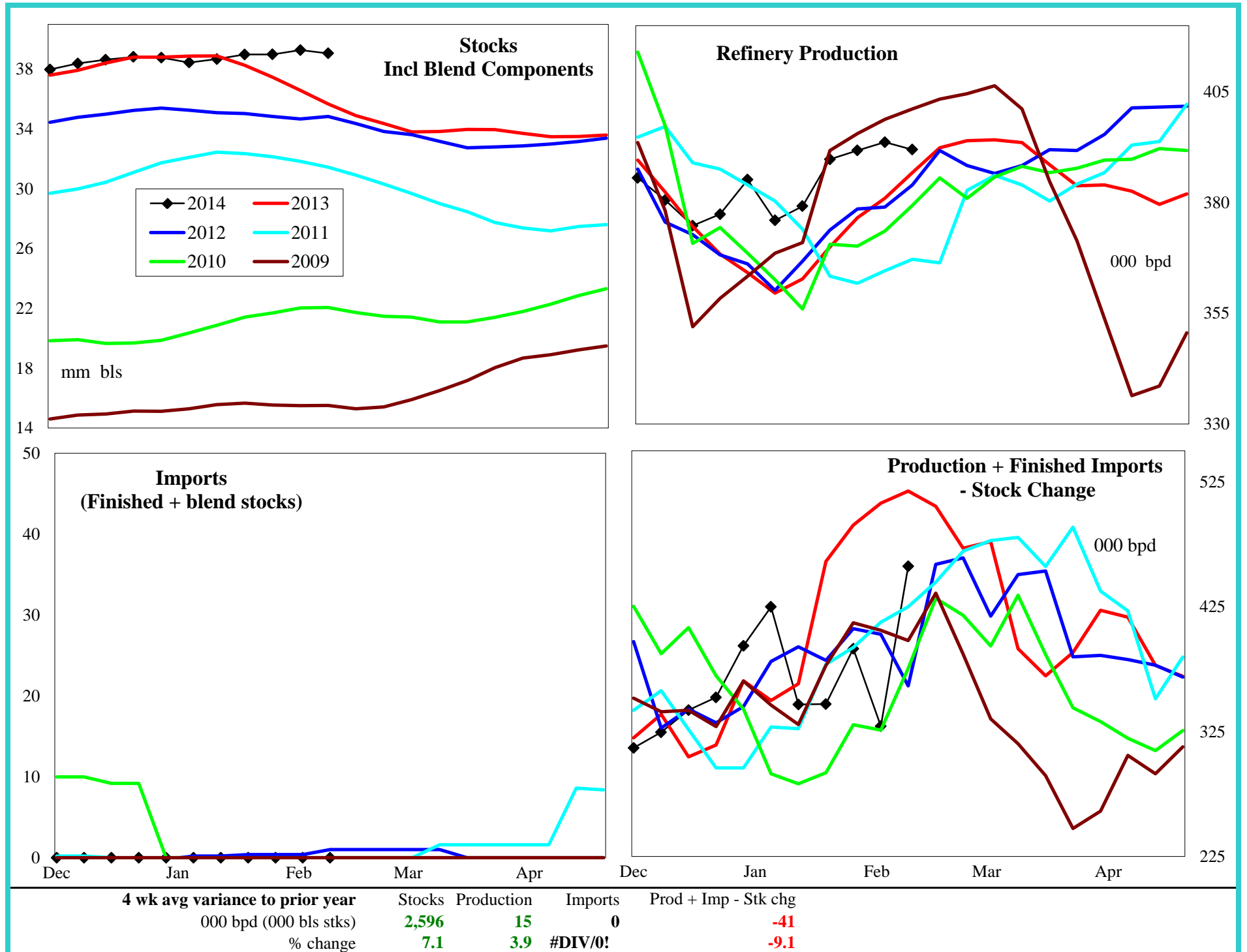
# PADD 3 Crude Oil Supply and Refining



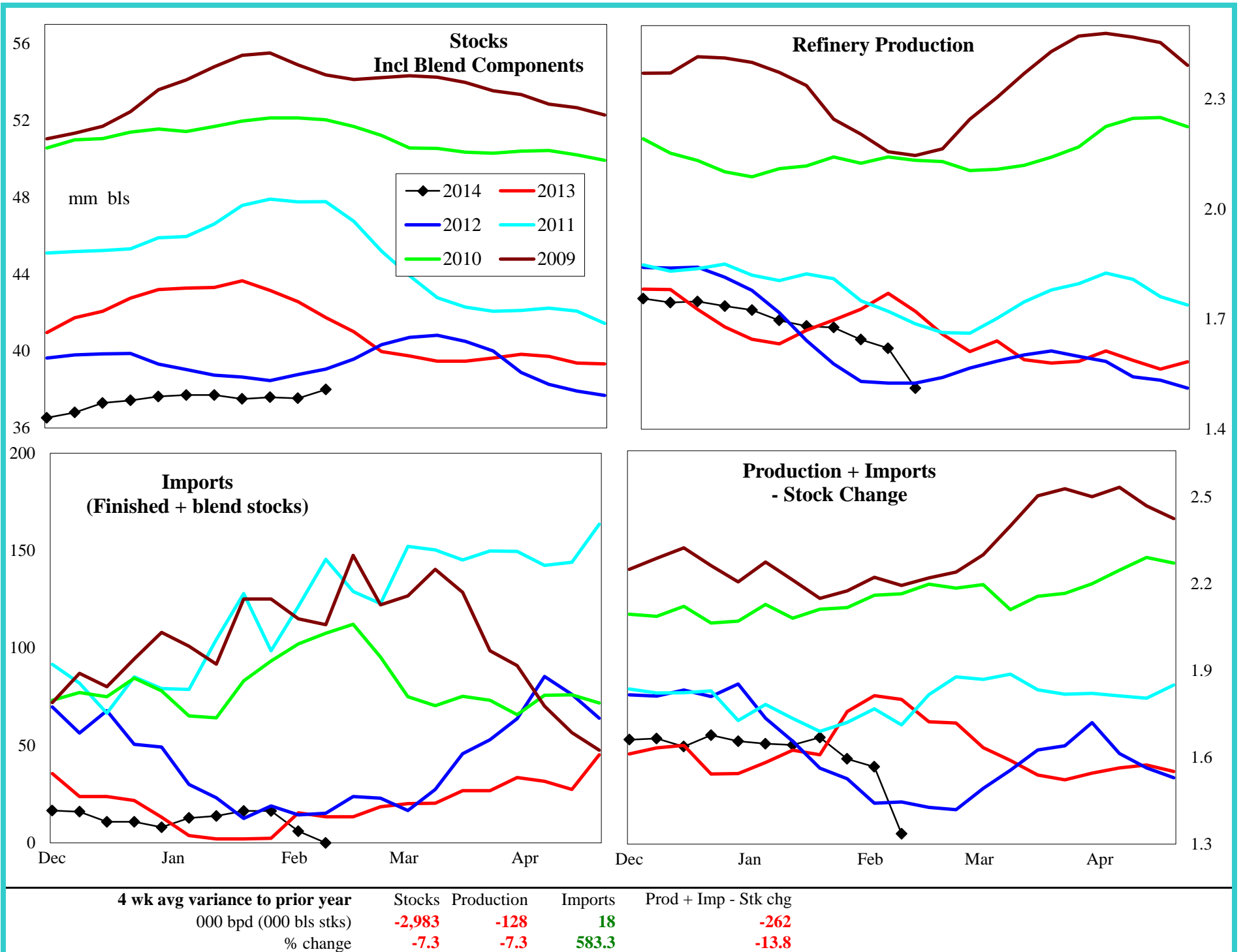
# PADD 3 Gasoline Supply



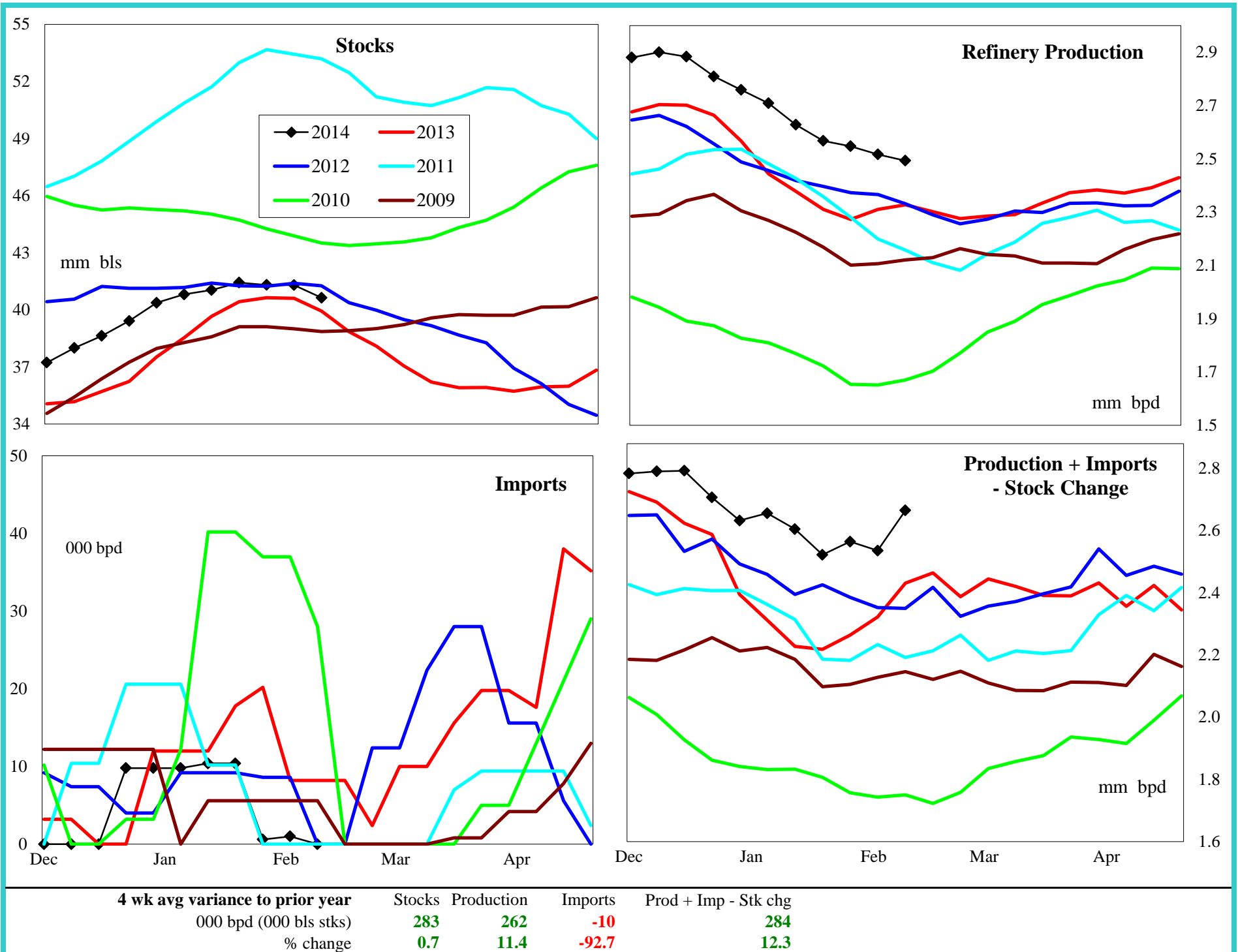
# PADD 3 Reformulated Gasoline Supply



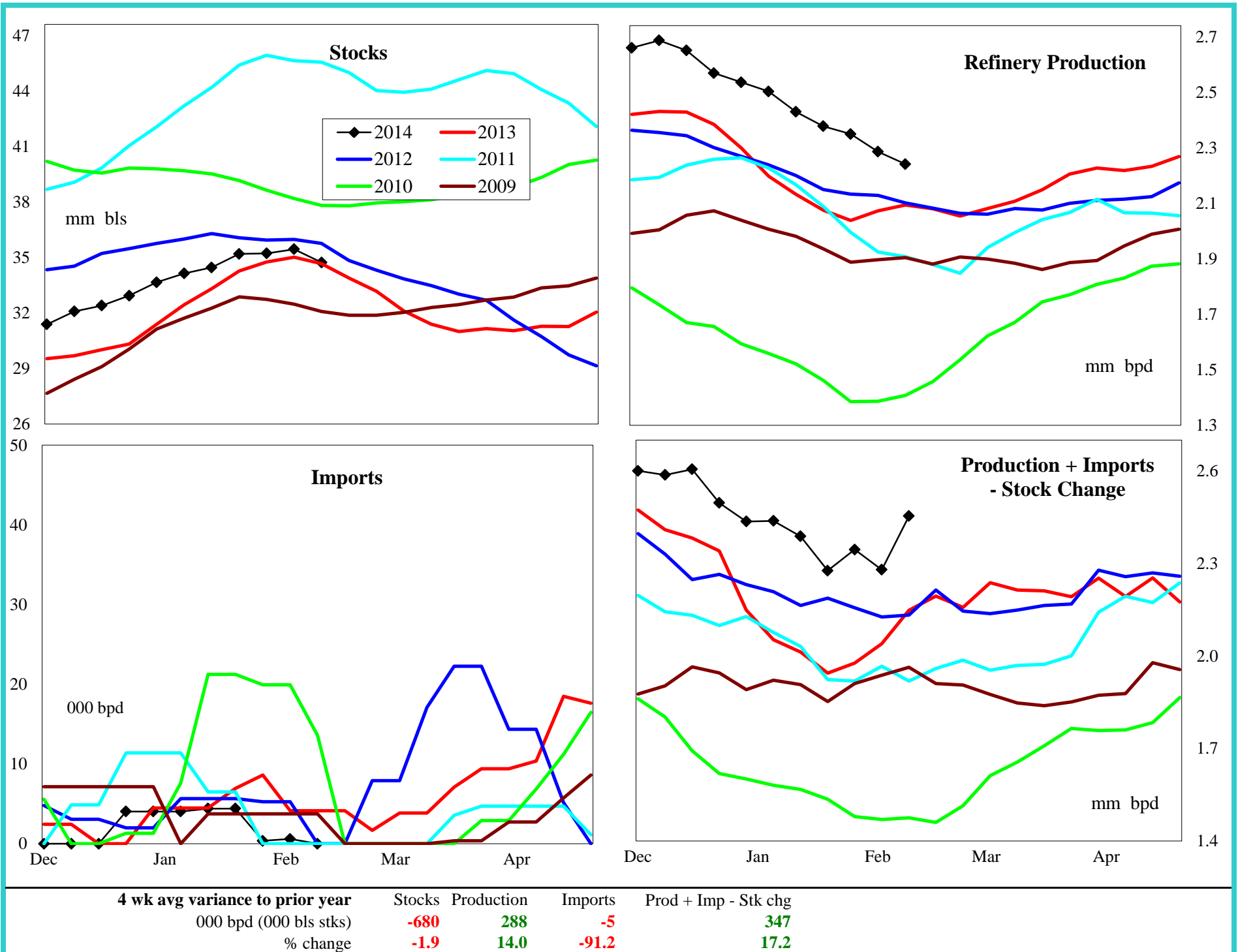
# PADD 3 Conventional Gasoline Supply



## PADD 3 Distillate Supply

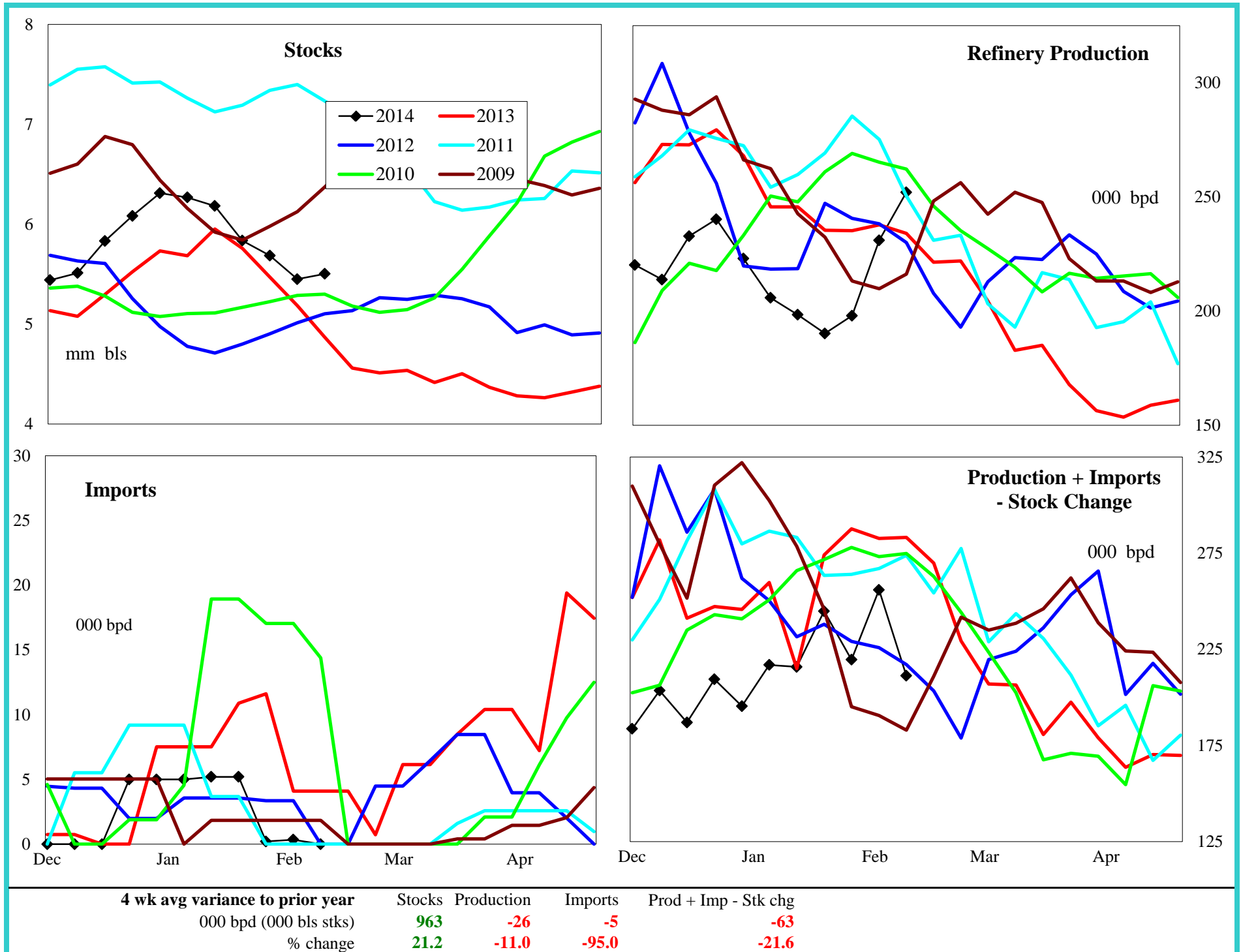


# PADD 3 Low Sulfur Distillate Supply

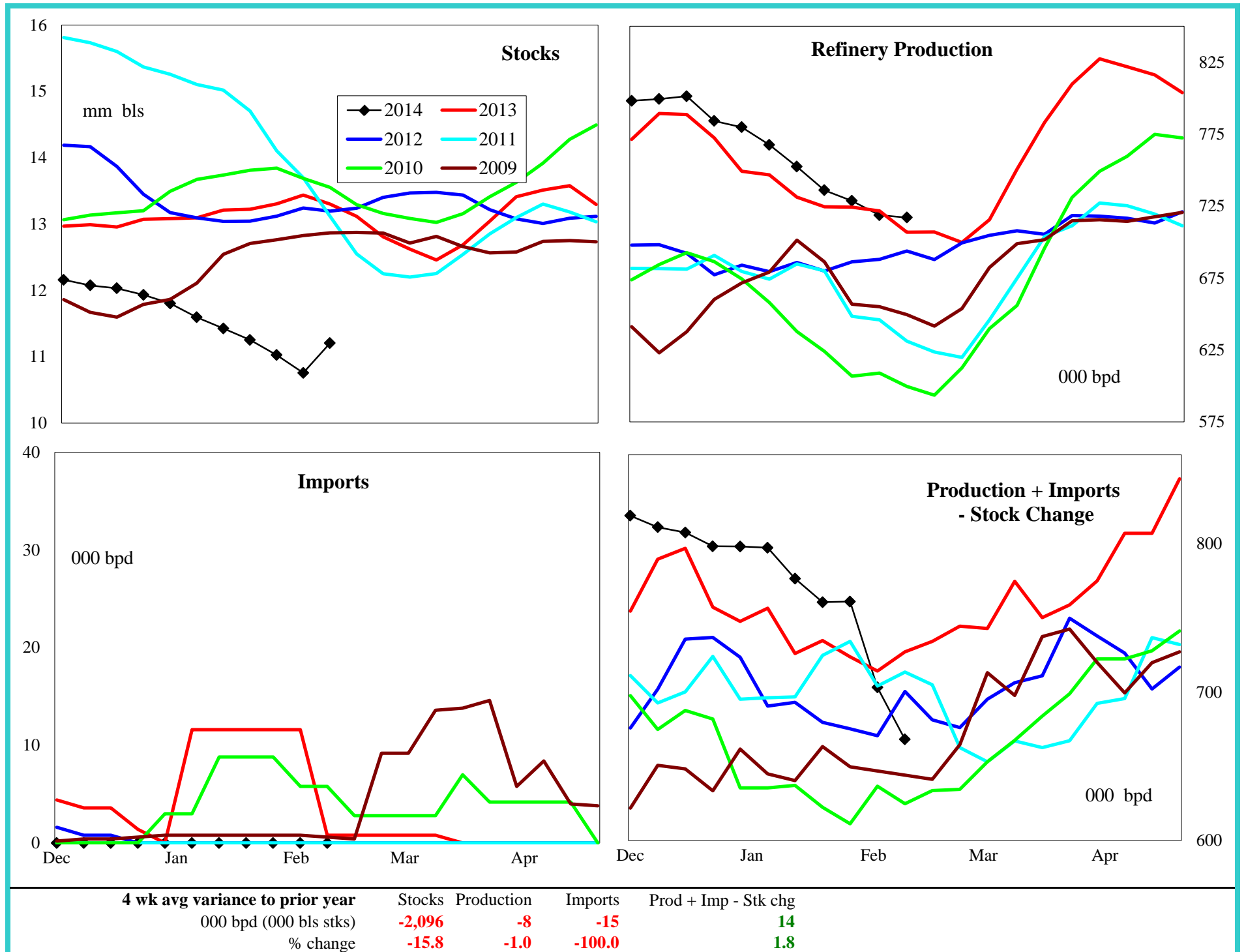




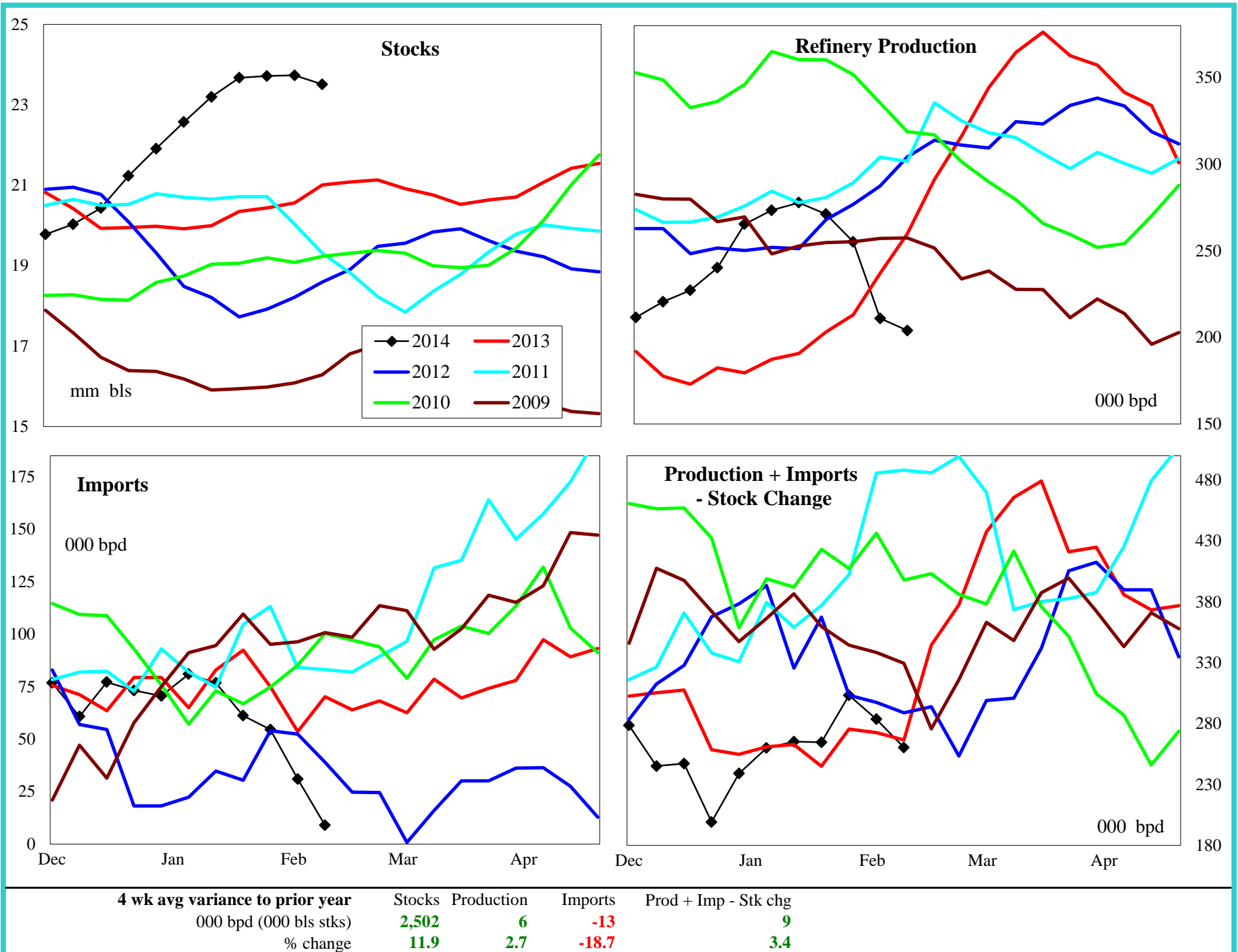
# PADD 3 High Sulfur Distillate Supply



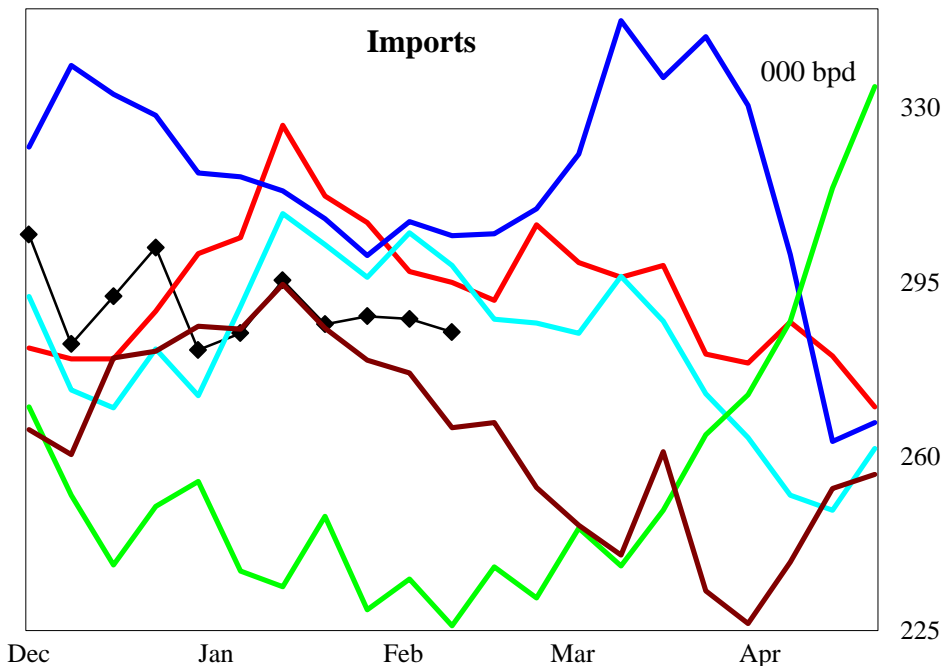
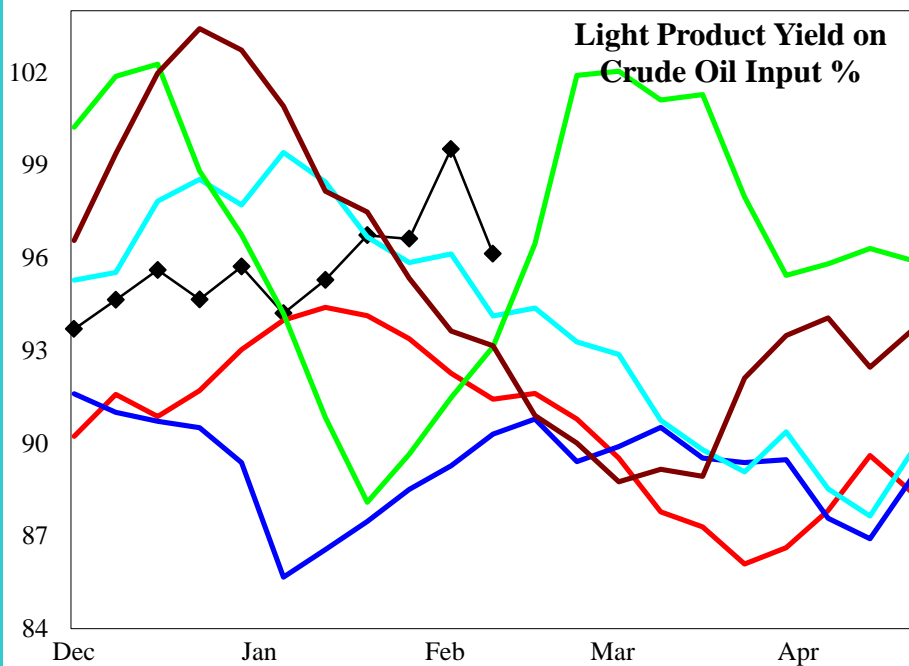
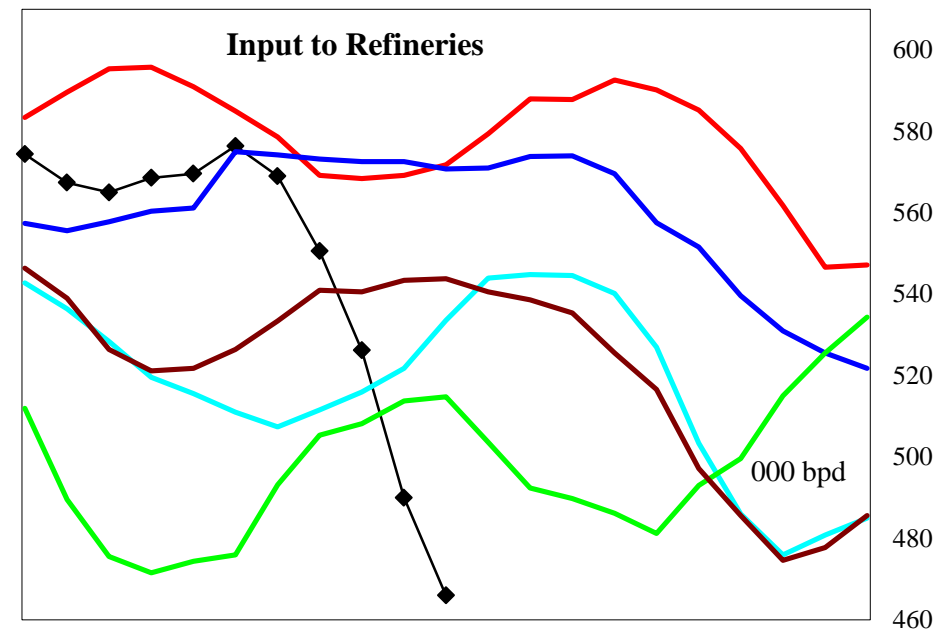
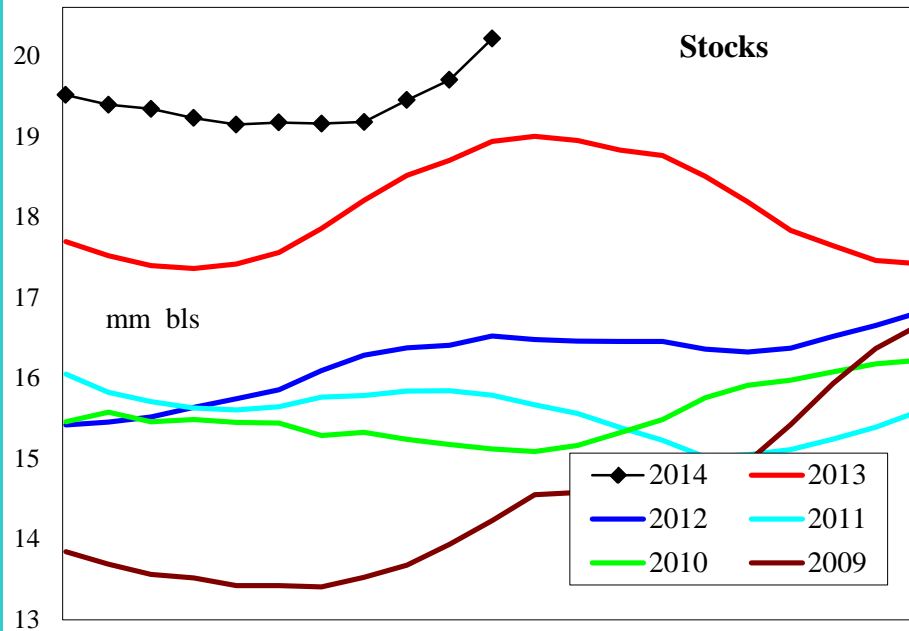
# PADD 3 Jet Fuel Supply



# PADD 3 Residual Fuel Oil Supply



# PADD 4 Crude Oil Supply and Refining



**4 wk avg variance to prior year**

000 bpd (000 bls stks)

% change

Stocks

1,277

6.6

Input

-55

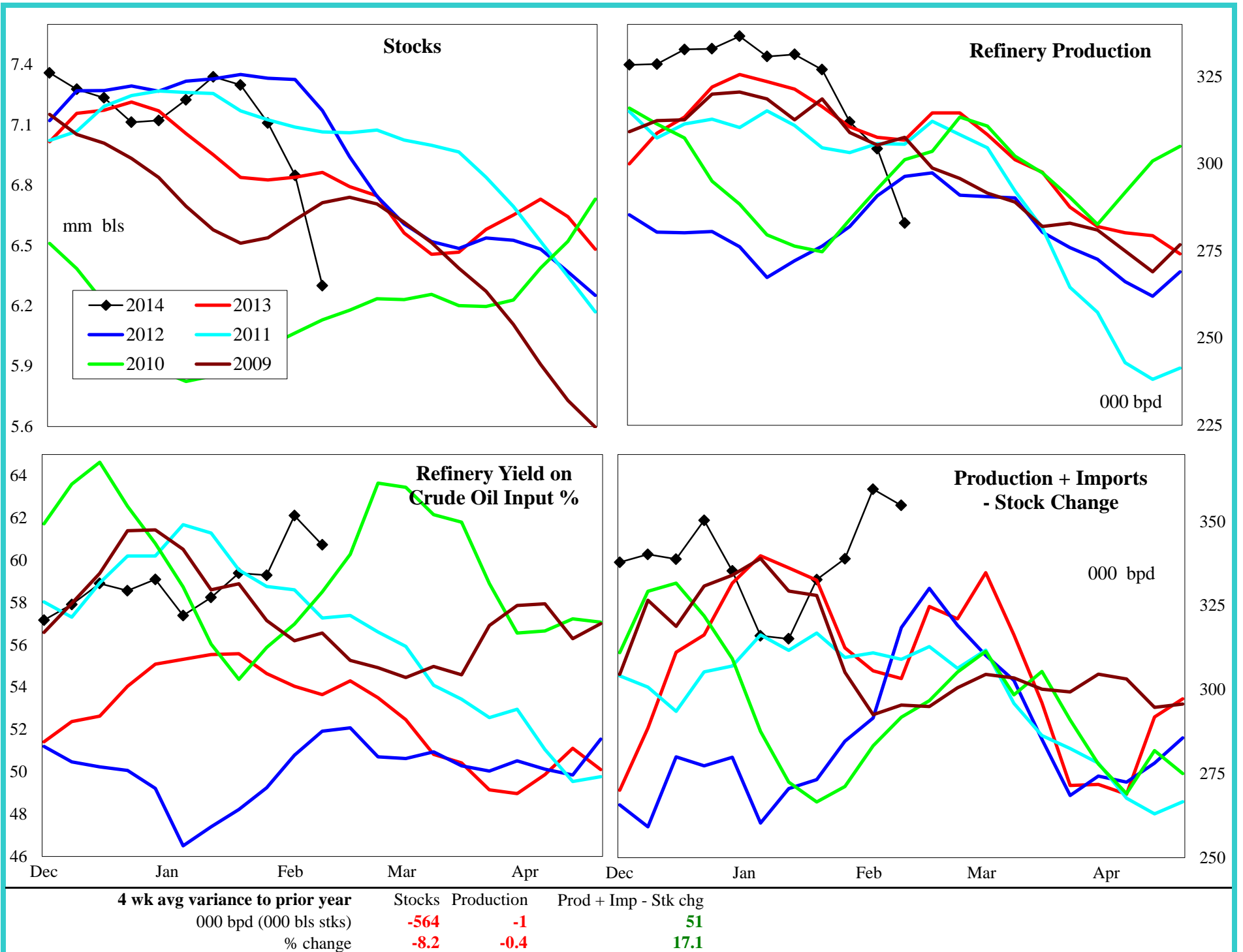
-9.7

Imports

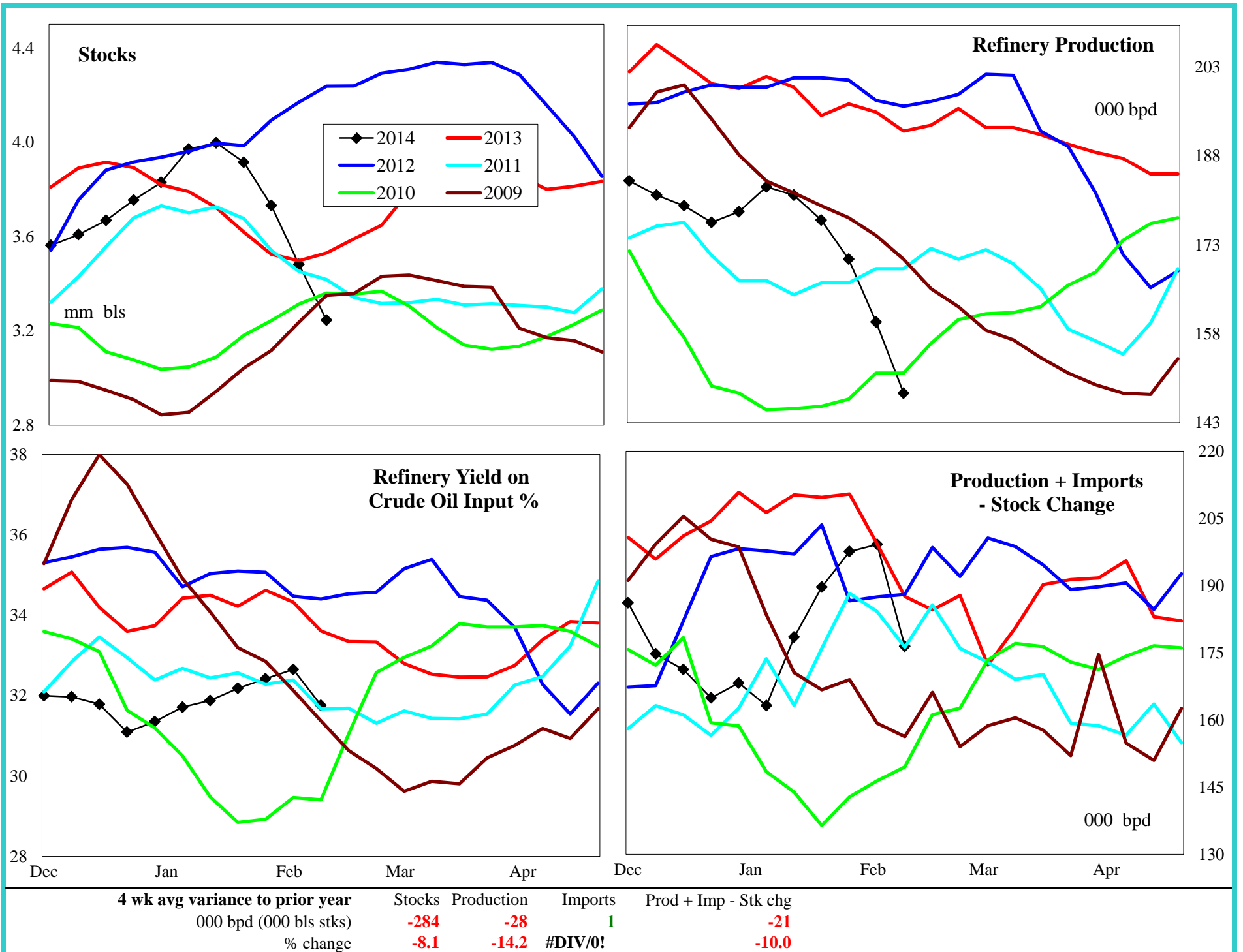
-6

-2.0

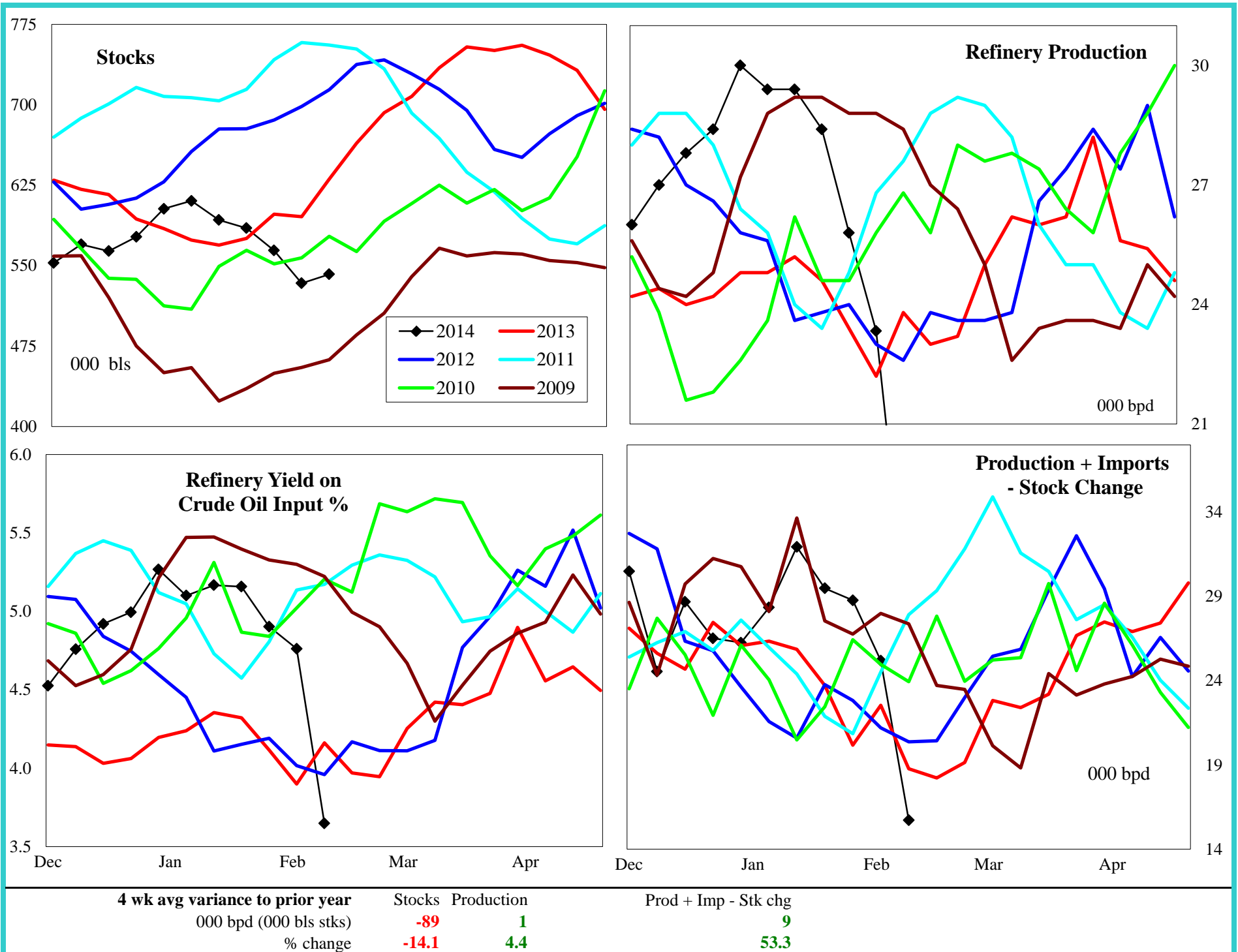
# PADD 4 Gasoline Supply



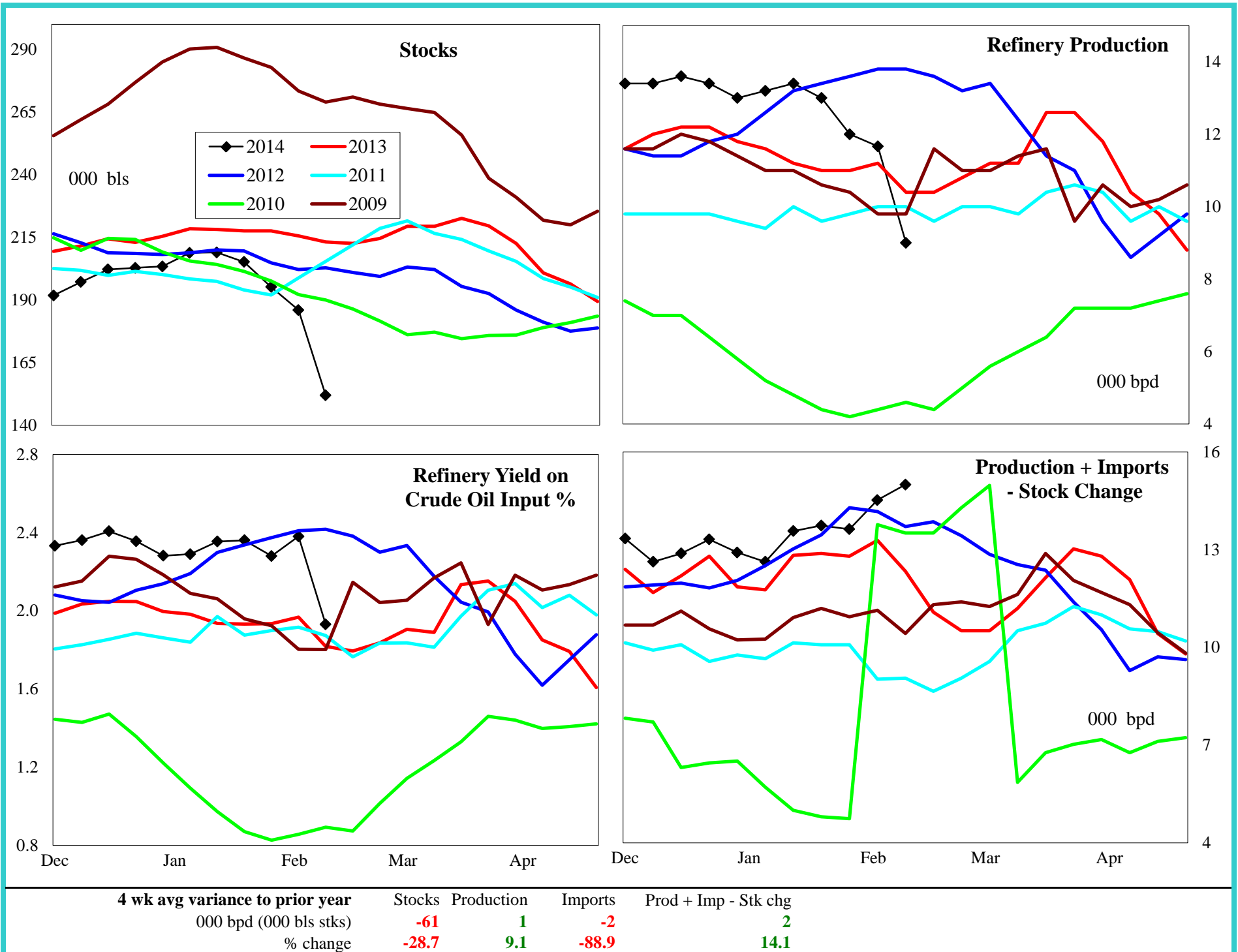
## PADD 4 Distillate Supply



## PADD 4 Jet Fuel Supply

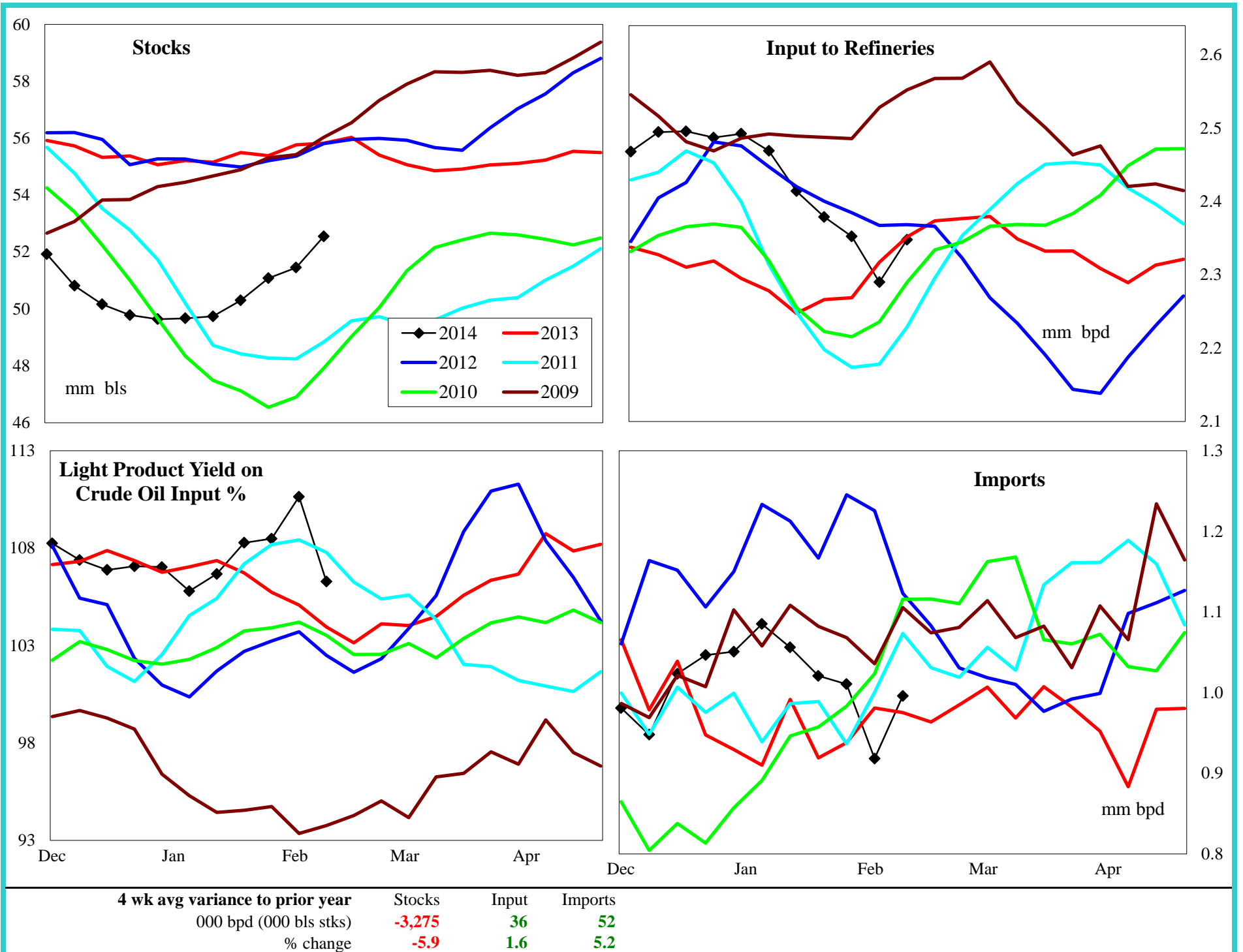


# PADD 4 Residual Fuel Oil Supply

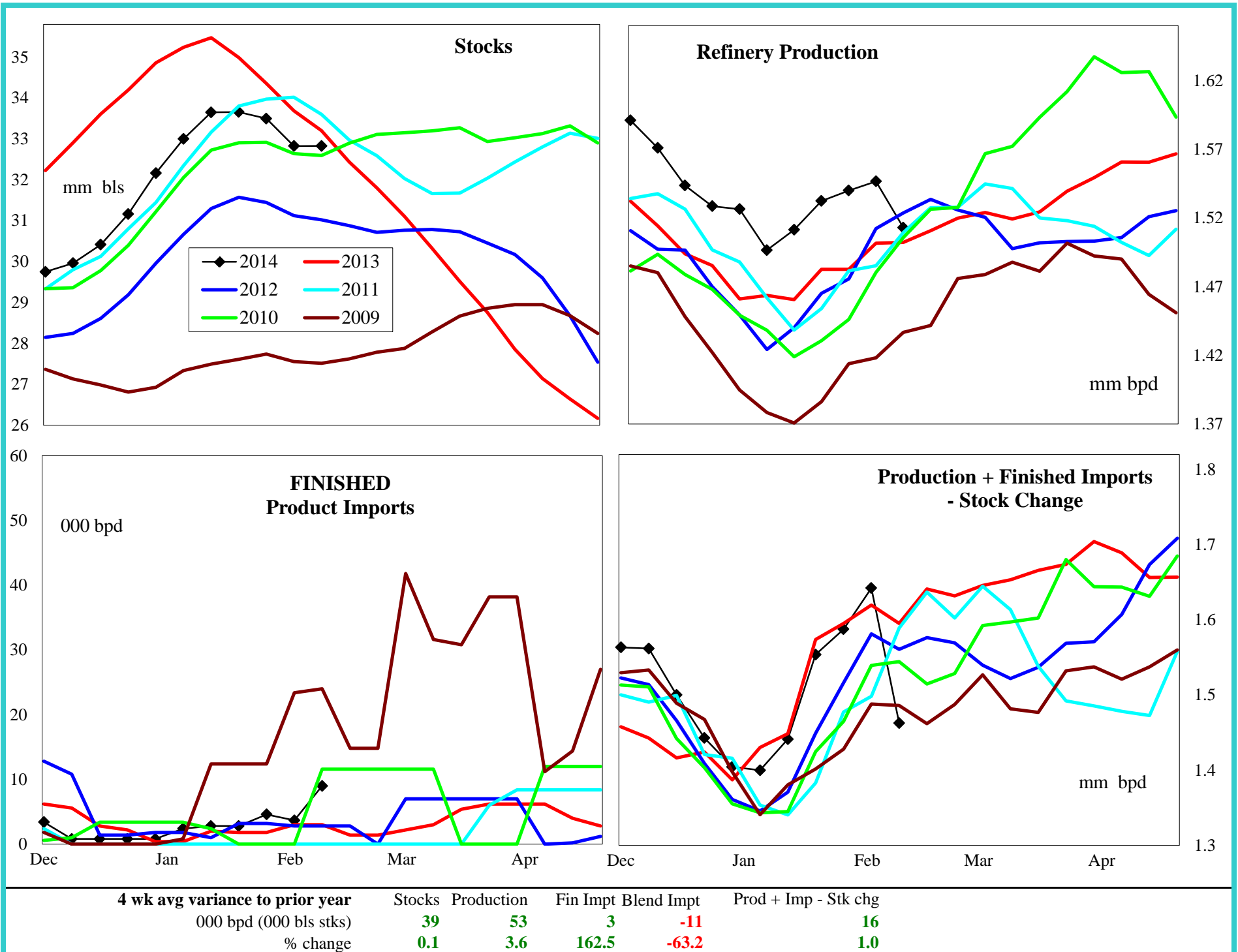




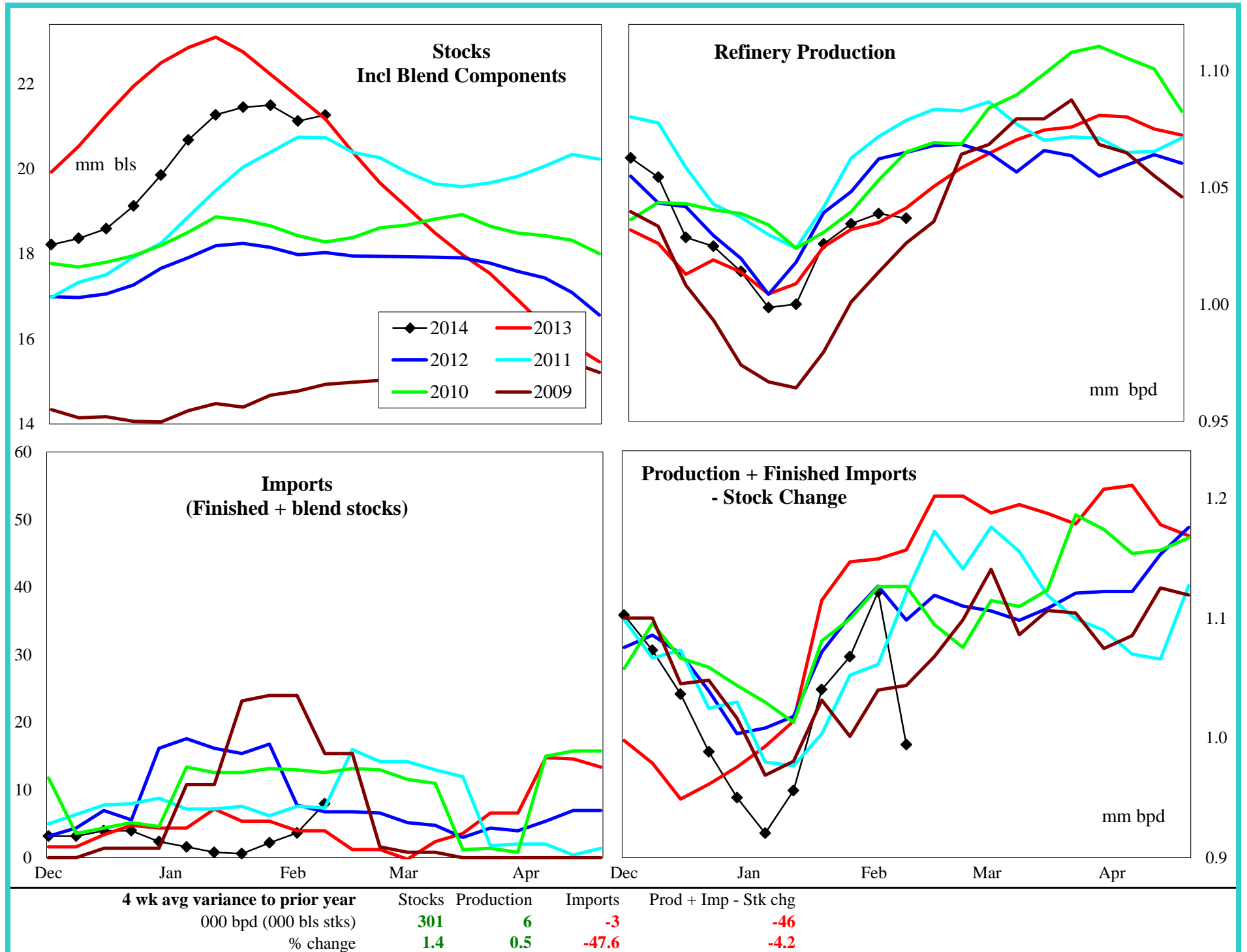
# PADD 5 Crude Oil Supply and Refining



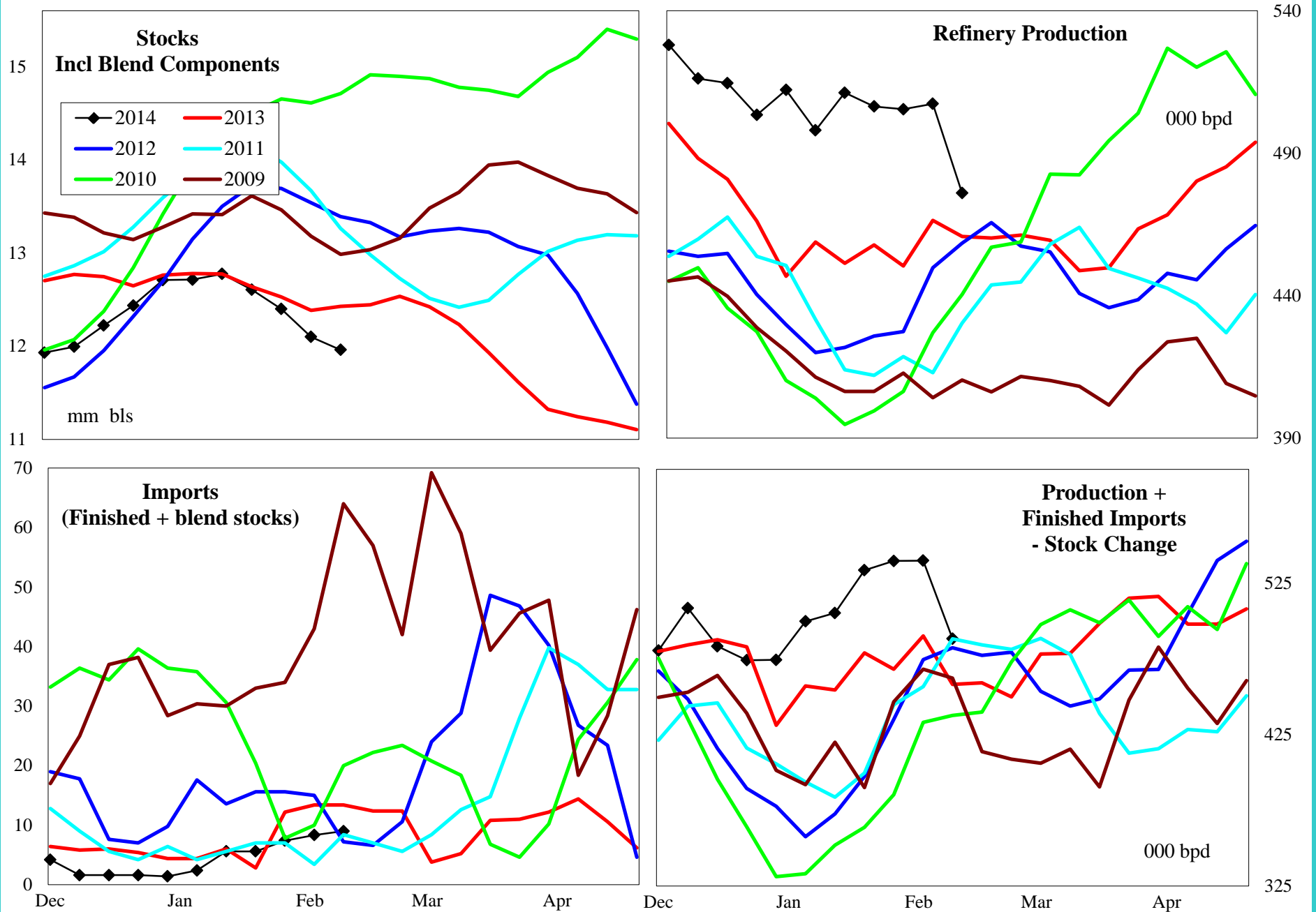
# PADD 5 Gasoline Supply



# PADD 5 Reformulated Gasoline Supply



# PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-262

-2.2

Production

47

10.4

Imports

-5

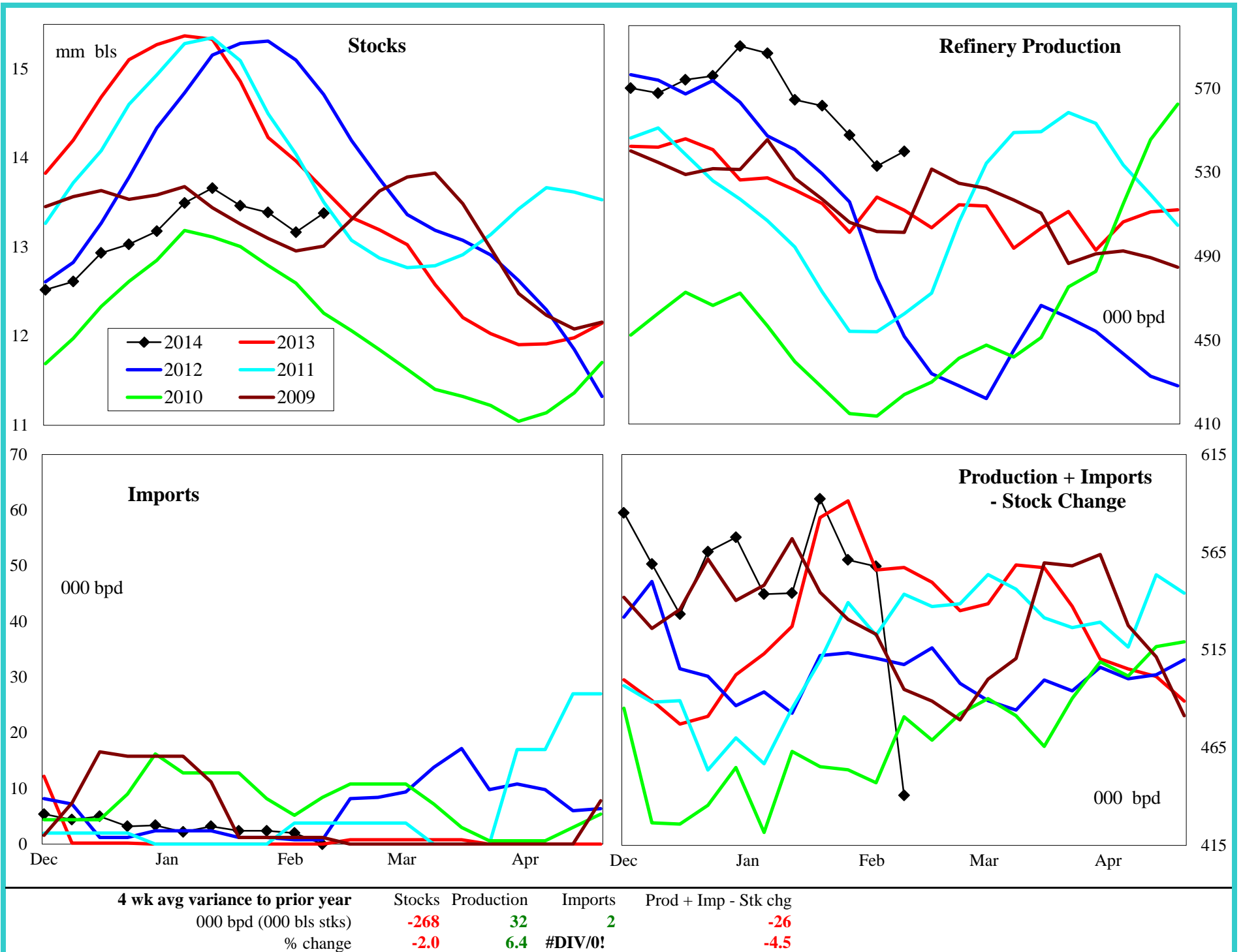
-36.4

Prod + Imp - Stk chg

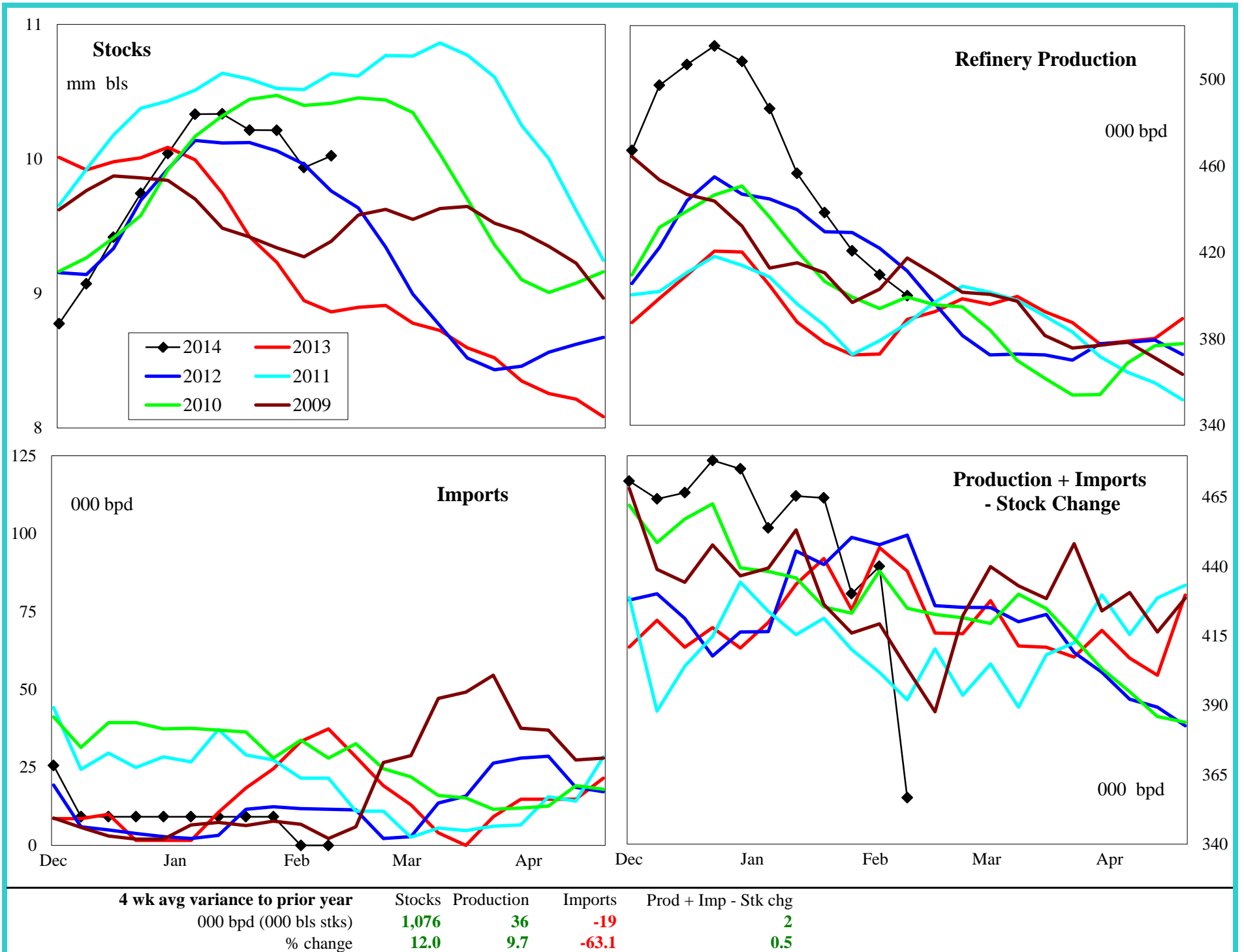
62

12.8

# PADD 5 Distillate Supply



# PADD 5 Jet Fuel Supply



# PADD 5 Residual Fuel Oil Supply

