

WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

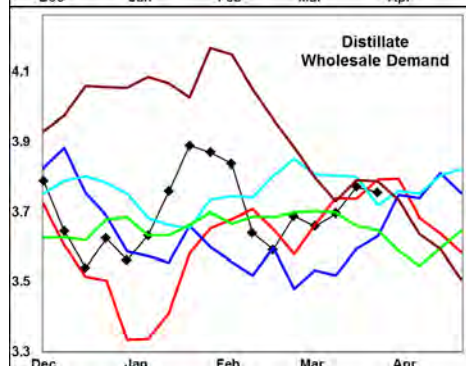
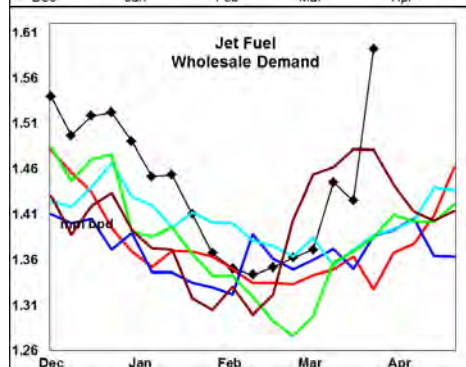
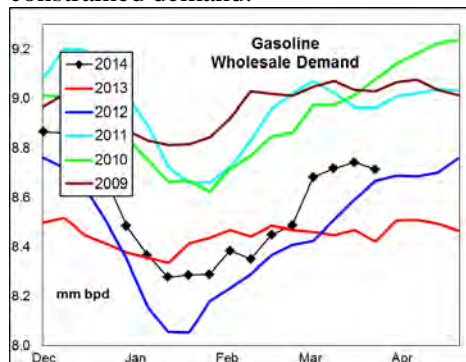
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, April 02, 2014



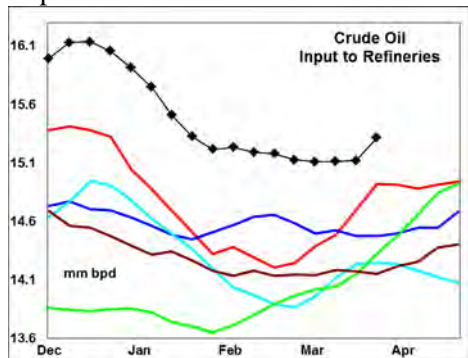
Major Fundamental Trends¹

Wholesale demand for transport fuels during the latest 4-wk period has climbed back to a year-on-year increase for each fuel: gasoline +3.8%, jet fuel +6.2% and distillate +0.6%. Inclement weather east of the Rockies during much of the 1st quarter constrained demand.



Production of both gasoline and distillates has been above year ago levels by +4% and +11%, respectively. The increase reflects a below average refinery maintenance season, increases in refinery capacity and substitution of

domestic shale oil for heavier gravity imports.



Crude oil imports fell -0.8 million barrels last week while runs were +0.5 million bpd above last year – leading to the first stock draw of the last month. Stock levels in Cushing are now -23 million barrels below last year's record high, partially offset by a +13 million barrel rise in the Gulf region.

Wholesale Demand was sharply lower for distillate last week, while gasoline surged. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +3.4%; distillate was -0.9% lower; jet fuel increased +3.8%, and residual fuel decreased -37%.

Stocks forward coverage: Gasoline demand coverage fell on a -1.6 million barrel stock draw, driven by robust demand. Coverage ended the week at a level below the last 2-yr.

Distillate coverage increased on a +0.5 million barrel stock build. Coverage ended the week at a level slightly above last years' record low.

Jet fuel coverage fell on a -0.9 million barrel stock draw and a surge in demand. Coverage levels fell to extremely low levels.

Residual fuel oil coverage ended the week at a record high level on extremely weak demand.

Refinery utilization rates increased on a +223,000 bpd rise 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 decreased last week on a +43,000 bpd

increase in output compared to the +223,000 bpd rise in crude oil runs. Yield % on crude oil runs matched year ago levels.

Distillate yield % on crude oil runs was nearly unchanged last week, on a +56,000 bpd increase in output compared to the larger increase in crude oil runs. The yield % on crude oil runs ended the week at a level well above the historic range.

Jet fuel yield % on crude oil runs increased on a +36,000 bpd rise in output, compared to the rise in crude oil runs. The yield % level remains at the low end of the historic range.

Petroleum Imports/Exports: Imports of crude oil fell -0.8 million bpd last week.

During the latest 4-wk period crude oil *imports* were -0.5 million bpd below last year; distillate imports were +95,000 bpd higher; finished gasoline imports were nearly unchanged, gasoline blend stock imports were -59,000 bpd lower; jet fuel imports increased +53,000 bpd, while residual fuel oil imports were -57,000 bpd lower.

Exports during the most recent week for distillate were +305,000 bpd above a year ago, gasoline -19,000 bpd lower, jet fuel +2,000 bpd and propane was +5,000 bpd higher.

Crude Oil stocks decreased -2.4 million barrels last week, including a -1.2 million barrel draw in Cushing. The decline in stocks was driven by a -0.8 million bpd drop in imports. The extremely high stock levels in the Gulf have occurred even as refinery crude oil runs averaged +0.5 million bpd above last years' record high, and imports were -0.5 million bpd lower for the last 4-wks.

¹ Source is latest EIA Weekly Statistics



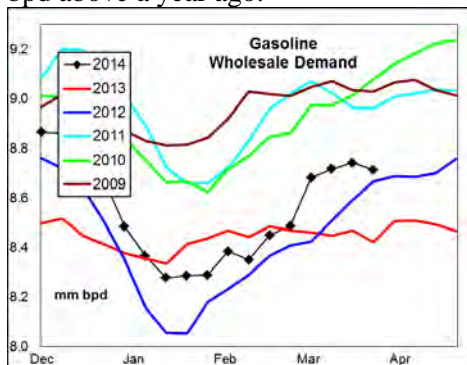
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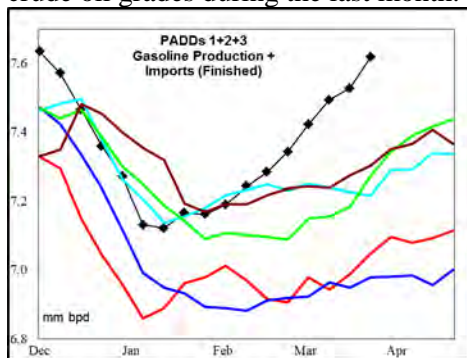
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Product Supply-Demand Trends

Gasoline wholesale demand declined -0.3 million bpd last week, pulling back from the prior week surge. The latest 4-wk average demand was +326,000 bpd above a year ago.



Supply declined -52,000 bpd on the week, due to lower imports. Supply for the latest 4-wk period was +327,000 bpd above a year ago. Supplies were sharply higher in markets East of the Rockies, driven by a return of FCCU's to operation and high thru put of light sweet domestic crude oil grades during the last month.

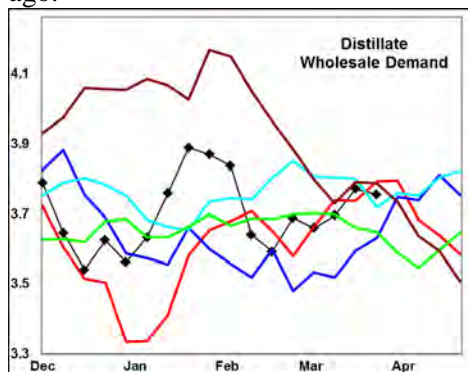


Stocks declined -1.6 million barrels last week, concentrated on the East Coast. Stocks are particularly low in the Midwest and East Coast.

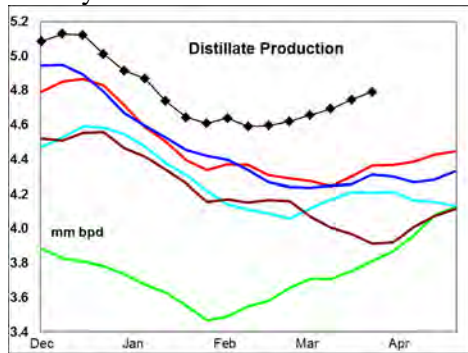
The latest 4-wk stock draw East of the Rockies of -11.4 million barrels was greater than four of the last 5-yrs. Look for higher seasonal demand (after extremely inclement weather in the 1st quarter), refinery maintenance and continued low imports to further tighten supplies in the Midwest and Northeast during the 2nd quarter.

Distillate wholesale demand climbed +0.3 million bpd last week, to the 3-yr mid range. The latest 4-wk average demand was +24,000 bpd above last

year. Supply increased +68,000 bpd on the week, with the latest 4-wk average +0.6 million bpd above a year ago.



The latest 4-wk stock change in markets East of the Rockies was a -1.9 million barrel draw, compared to an average -6.2 million barrel draw for the last 4-yrs.



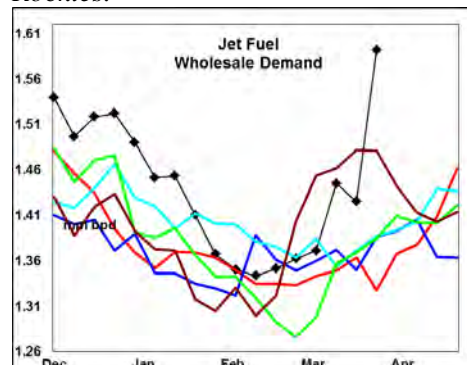
Supplies continue at a record pace, so that with soft exports, the seasonal stock draw during the last 6-wks was much less than the last 4-yrs. Look for a year-on-year increase in production to offset a seasonal uptrend in wholesale demand, leading below average stock draws, or even earlier than normal spring builds.

Jet Fuel wholesale demand surged +263,000 bpd last week, to a record high. The latest 4-wk average demand was +84,000 bpd above a year ago year.

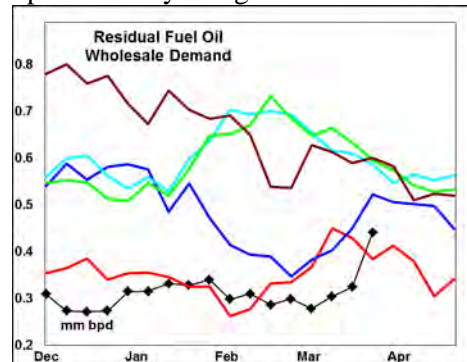
Supply increased +47,000 bpd on higher imports and production. Output for the most recent 4-wk period was +32,000 bpd above a year ago. Imports were +53,000 bpd higher, at a record level. Stocks fell -0.9 million barrels last week, a level -3.8 million

barrels below last year, also a record low.

Look for a period of high imports to the East Coast, driven by extremely tight supplies in all markets East of the Rockies.



Residual fuel oil demand jumped +264,000 bpd last week. Demand for the latest 4-wk period was -172,000 bpd below a year ago.



Supply (production + imports) increased +112,000 bpd on higher imports and production. Production was -130,000 bpd below a year ago for the latest 4-wk period, while imports also decreased -57,000 bpd. Stock levels ended the week at the 3-yr mid range.

Production and imports in the key gulf region are -44 and -21%; respectively below a year ago for the most recent 4-wk period. Even with the low supply, stock levels ended the week at a level that matched historic highs.



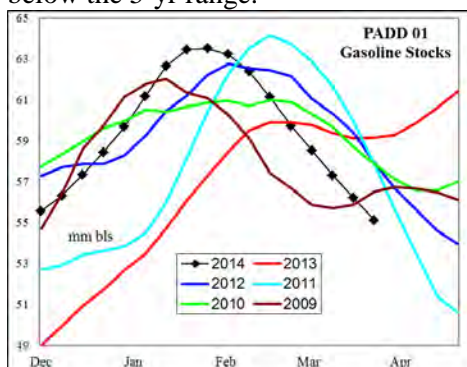
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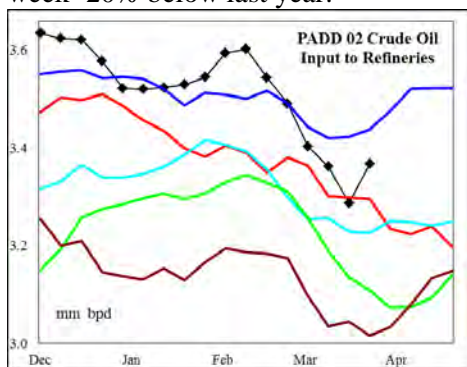
PADD Supply Trends

PADD 1 refinery crude oil runs decreased -83,000 bpd last week; with the latest 4-wk average +20,000 bpd above last year. Gasoline supply was nearly unchanged on the week. Stocks declined -1.9 million barrels, to a level below the 5-yr range.



Distillate supply was -17,000 bpd lower on the week, with the 4-wk average +107,000 bpd above last year. Stocks decreased -0.7 million barrels on the week, -5.4% below last year.

Jet fuel imports were at a record high on the week. Stocks ended the week -20% below last year.



PADD 2 crude oil refinery runs jumped +214,000 bpd last week, with the latest 4-wk average unchanged from a year ago. Crude oil stocks decreased -1.6 million barrels last week, including a -1.2 million barrel draw in Cushing.

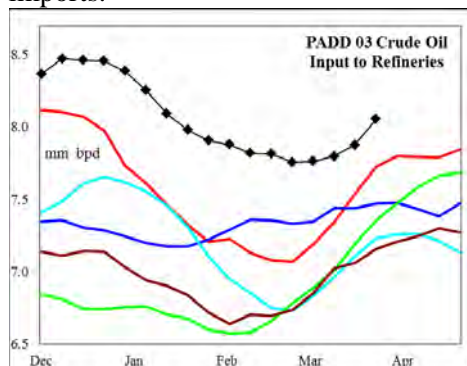
Gasoline supply increased +47,000 bpd last week, and remains above the 5-yr range. Production for the most recent 4-wk period was +320,000 bpd above a year ago – driven by the EIA recording sub octane product shipped into the Midwest as finished product production when blended with ethanol.

Stocks were unchanged on the week, ending at a level sharply below the 5-yr range. *Gasoline imports from Canada into PADD 2 were 10,000 bpd, an unusually high level.*

Distillate supply increased +26,000 bpd last week, with the 4-wk average +63,000 bpd above a year ago. Stock levels ended the week -8% below the 5-yr range.

Jet fuel production increased +30,000 bpd, to near the mid range. Stocks ended the week -13% below the 5-yr range.

PADD 3 refinery runs climbed +142,000 bpd last week, a level slightly above the historic range. During the latest 4-wk period, average runs were +380,000 bpd above last year. Crude oil stocks decreased -1.3, driven by a -0.4 million bpd drop in imports.



Gasoline supply was unchanged last week, with the latest 4-wk average +139,000 bpd above a year ago. Stocks increased +0.5 million barrels last week, but remain +2.6 million barrels above the 5-yr range.

Distillate supply increased +38,000 bpd on the week, to a new record high. The latest 4-wk average supply was +313,000 bpd above last year. Stocks increased +1.7 million barrels last week, to a level near the mid range of the last 2-ys.

Jet fuel stock levels ended the week -1.9 million barrels below the 5-yr range, even with production near historic highs.

Residual fuel supply was -183,000 bpd below last year, down nearly -50% on lower refinery output. However

stock levels matched 5-yr highs.

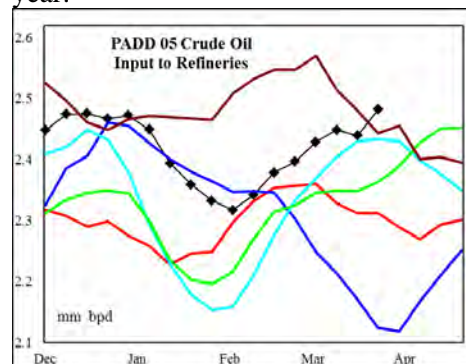
PADD 4 refinery crude runs fell -41,000 bpd last week, with the 4-wk average -36,000 bpd below last year.

Gasoline production was +12% above last year for the most recent 4-wk period, and at a record high. Stock levels matched the 3-yr mid range.

Distillate production was -12,000 bpd below last year for the most recent 4-wk period, with stocks equal to the 3-yr mid range.

Jet fuel production was nearly unchanged from a year ago for the latest 4-wk period. Stock levels were at the 3-yr mid range.


PADD 5 crude oil refinery runs were nearly unchanged last week, at a level above the 5-yr range. The latest 4-wk run rate was +125,000 bpd above last year.



Gasoline supply increased +60,000 bpd last week with production above the 5-yr range. The latest 4-wk average supply was +59,000 bpd above a year ago. Stocks were nearly unchanged on the week, at a level equal to the average of the last 2-ys.

Distillate supply increased +25,000 bpd, to an all time record high. The latest 4-wk average supply was +109,000 bpd (+21%) above a year ago. Stocks ended the week at a level above the last 3-ys.

Jet fuel production was +20,000 bpd above the 5-yr range for the latest 4-wk period. A surge in wholesale demand led to a -0.9 million barrel stock build, with the level +12% above the last 2-ys.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

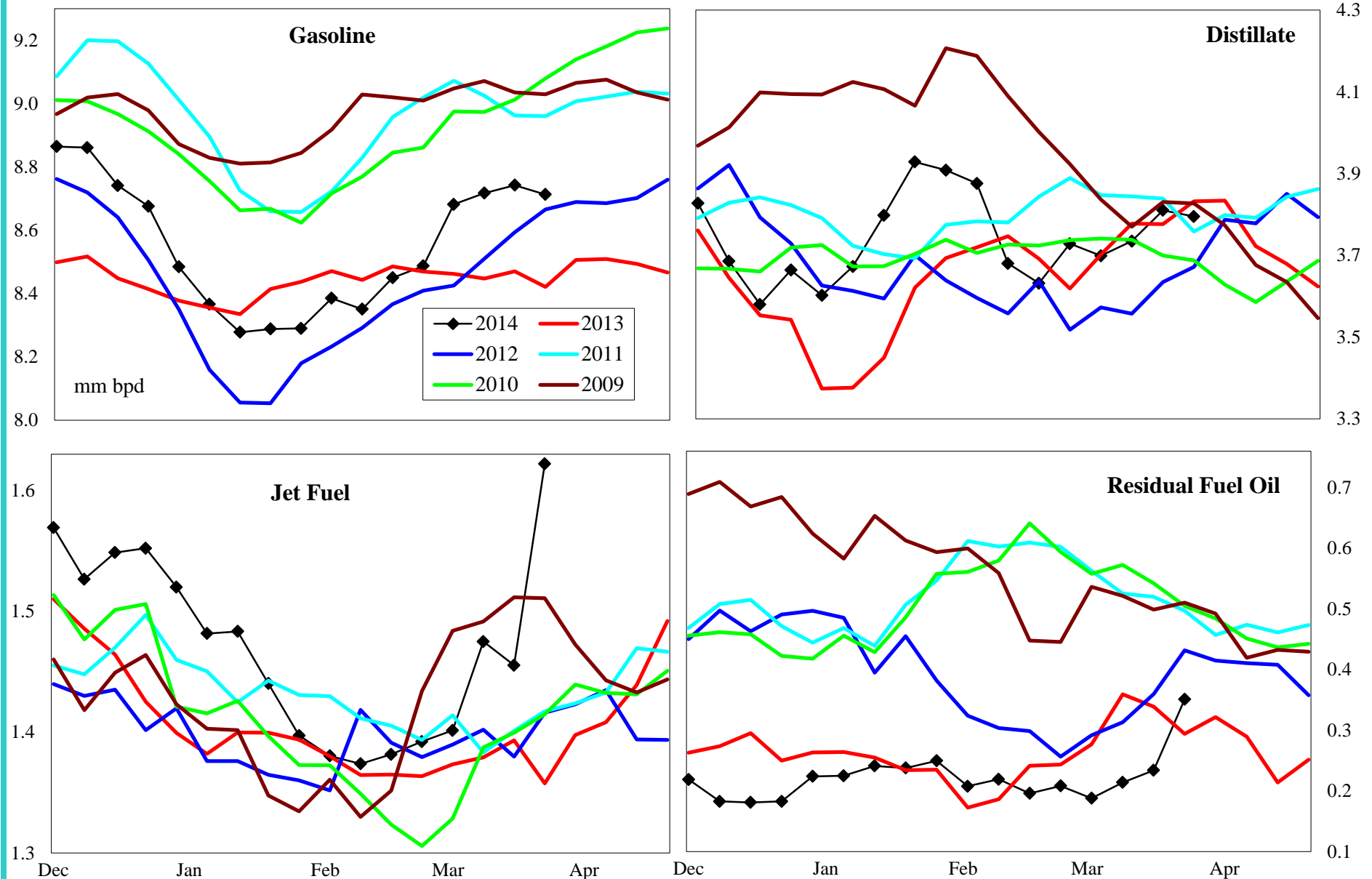
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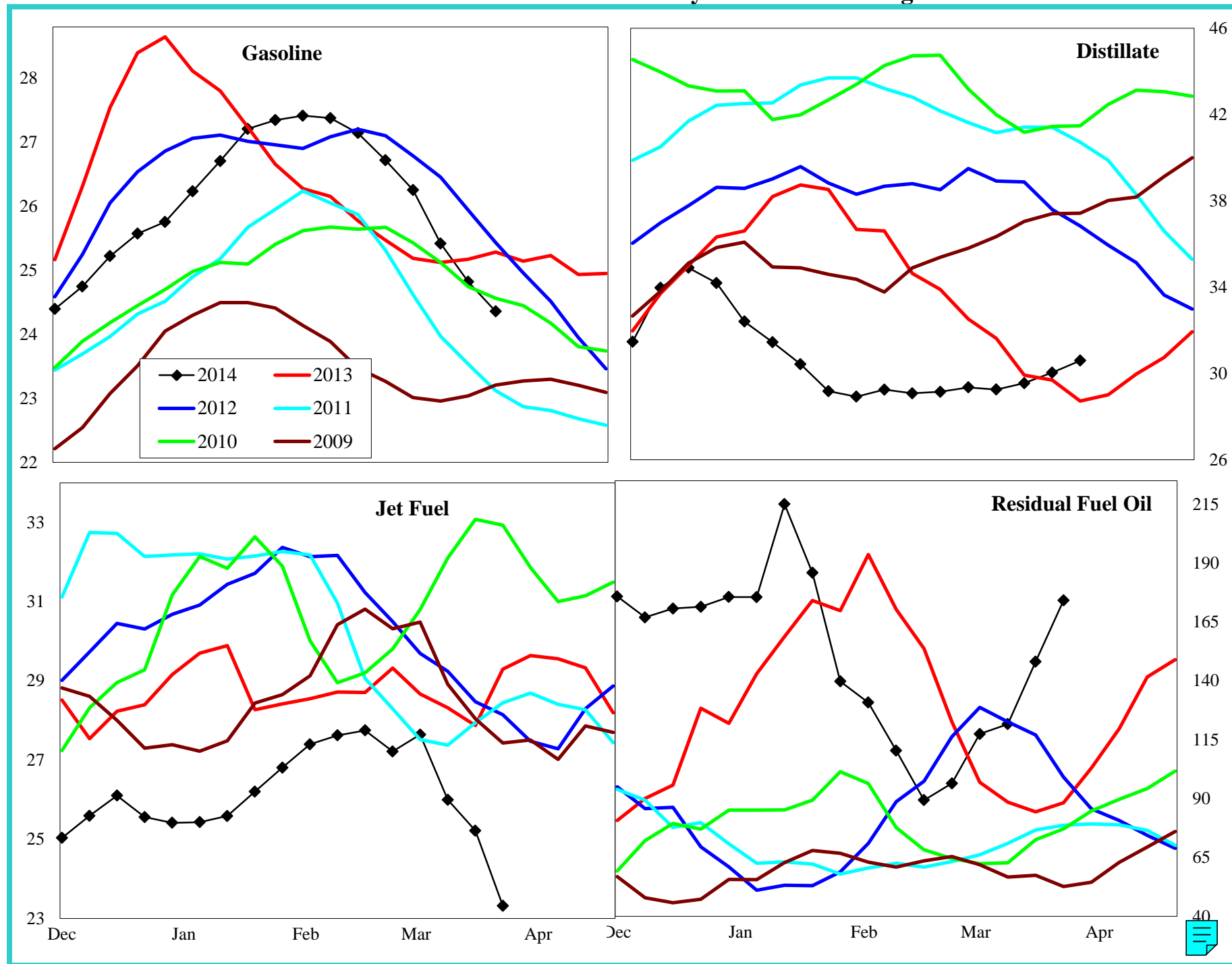
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	28-Mar-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-2,379	1,400	-1,633	-1,343	432	-1,236
	Imports	-786	-261	-20	-419	-89	3
	Input	223	-83	214	142	-41	-9
	% Utilization	1.70					
Gasoline	Stocks	-1,574	-1,939	-32	502	-30	-74
	Production	43	43	48	49	-4	50
	Imports	-95	-54	-1	-50	0	10
	Supplied	-289					
Distillate	Stocks	554	-703	-795	1,729	-92	415
	Production	56	-13	26	38	-6	9
	Imports	12	-4	0	0	0	16
	Supplied	319					
Jet Fuel	Stocks	-927	-45	-319	185	103	-850
	Production	36	-10	30	26	-5	-4
	Imports	11	10	0	0	0	1
	Supplied	263					
Residual Fuel Oil	Stocks	-804	386	198	-1,201	-3	-183
	Production	19	17	-5	-8	-3	18
	Imports	93	74	-2	20	0	0
	Supplied	219					

United States Wholesale Petroleum Demand

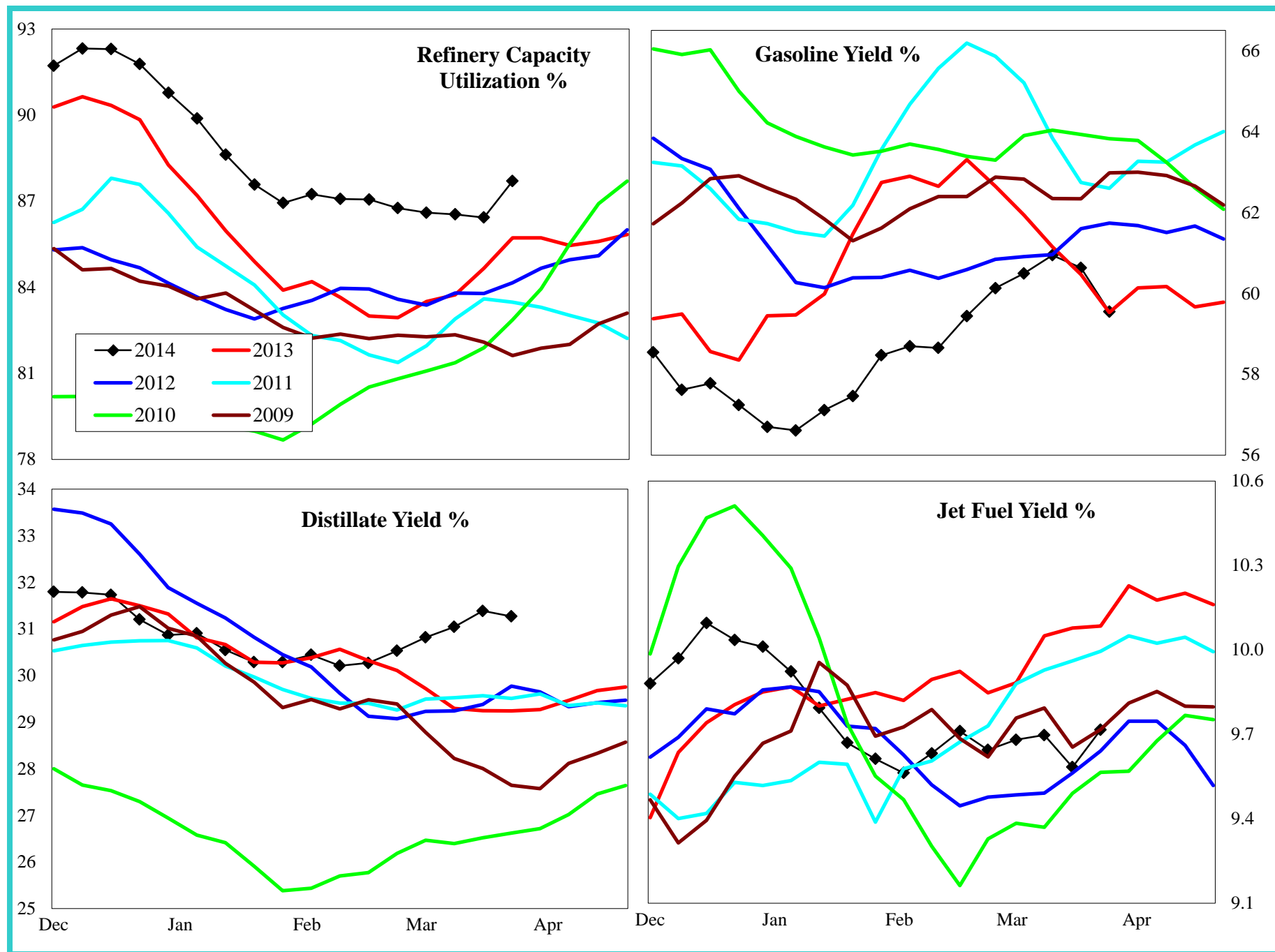


	000 bpd change from prior year				% change from prior year				
	4wk avg	Feb	Jan	Dec	4wk avg	Feb	Jan	Dec	
Gasoline	326	-87	61	297	3.8	-1.0	0.7	3.5	
Distillate	24	-360	-63	422	0.6	-9.1	-1.6	12.0	
Jet Fuel	84	-10	140	66	6.2	-0.8	10.8	4.8	
Resid	-172	-55	-52	28	-40.5	-18.1	-14.9	14.7	

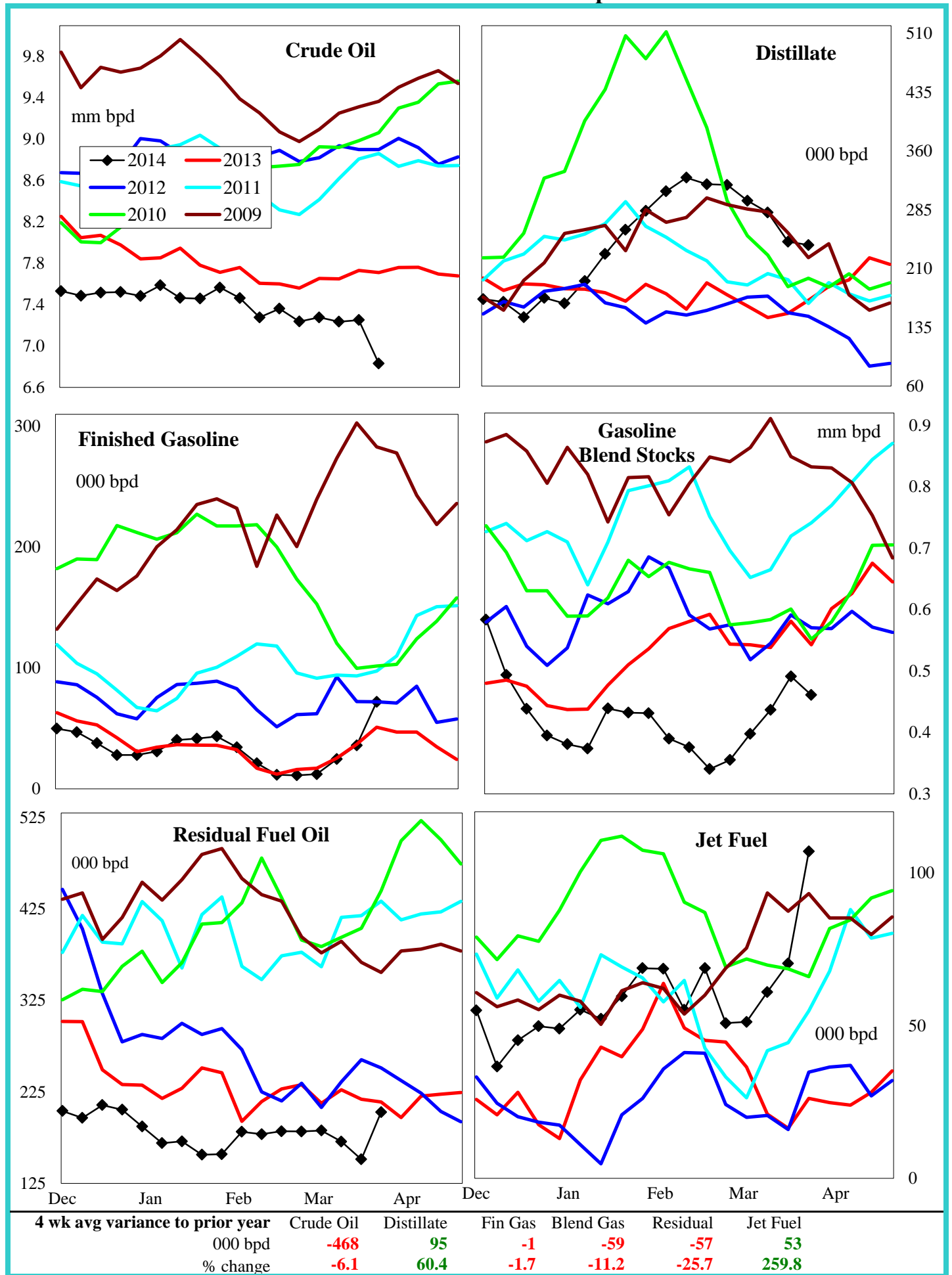


United States Product Stocks: Days Forward Coverage

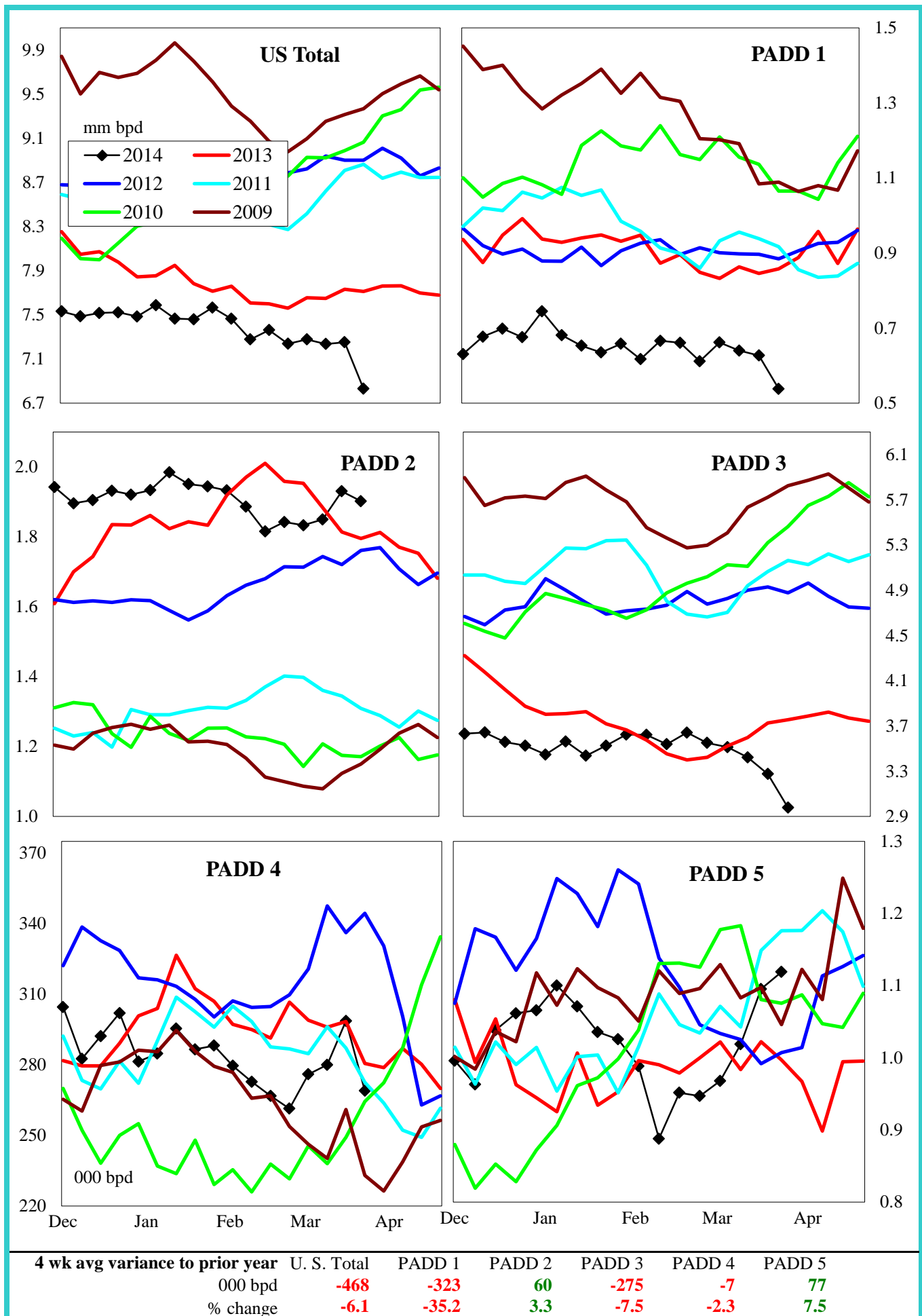
United States Refinery Percent Utilization Rate and Product Yields



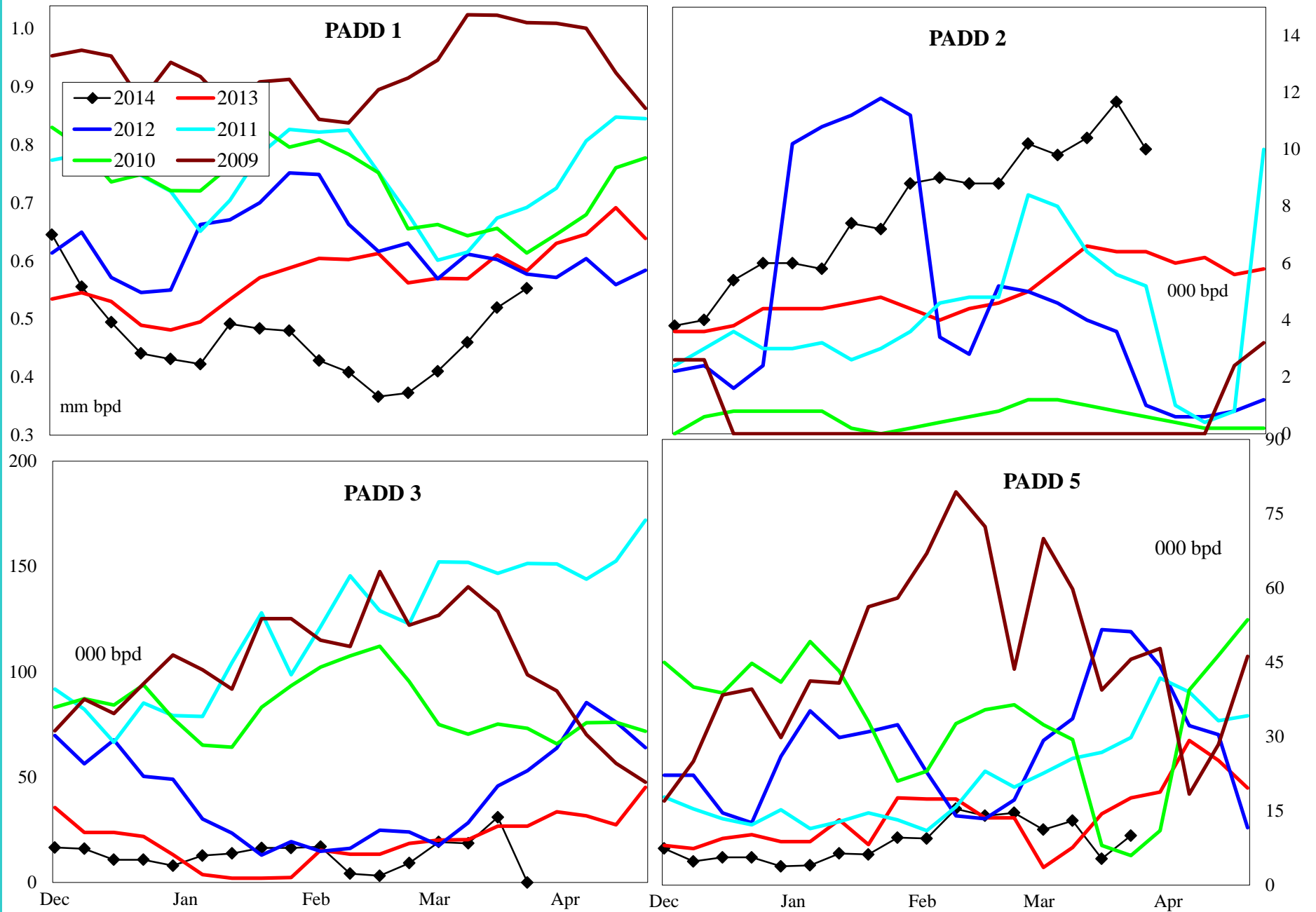
United States Petroleum Imports



Crude Oil Imports by PADD

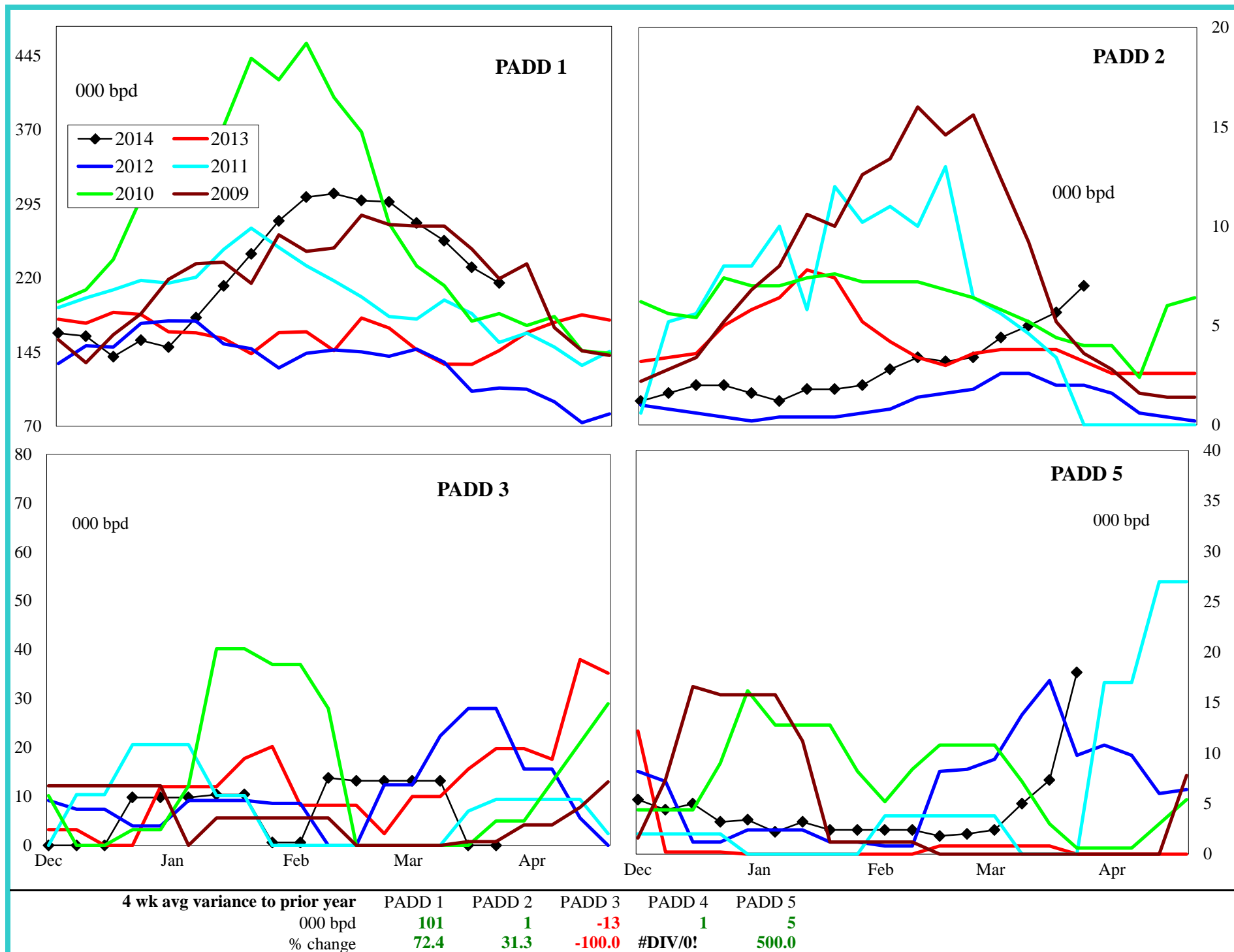


Gasoline Imports by PADD (Finished + Blend Stocks)

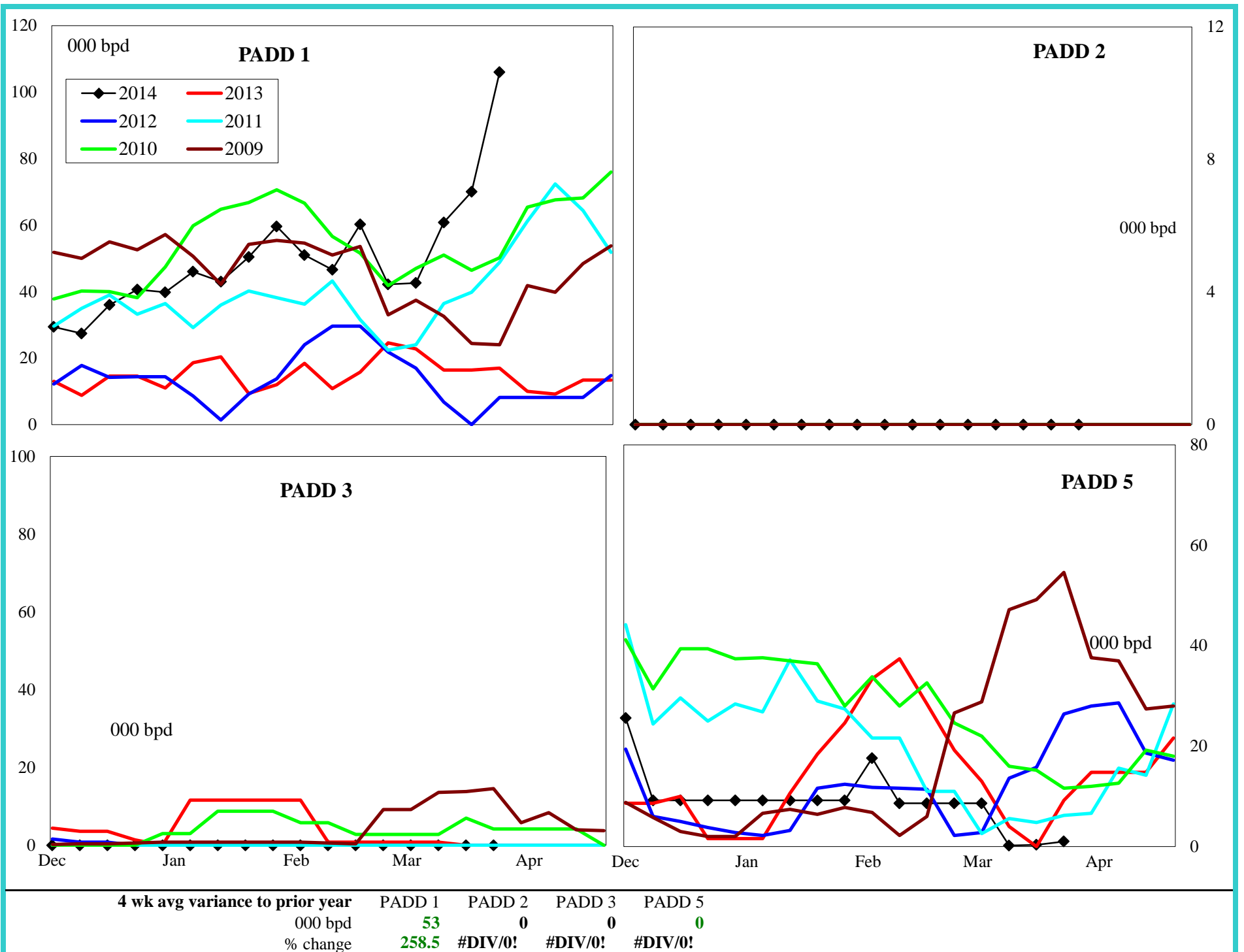


4 wk avg variance to prior year	PADD 1	PADD 2	PADD 3	PADD 5
000 bpd	-58	5	-2	-3
% change	-11.4	70.4	-8.8	-34.2

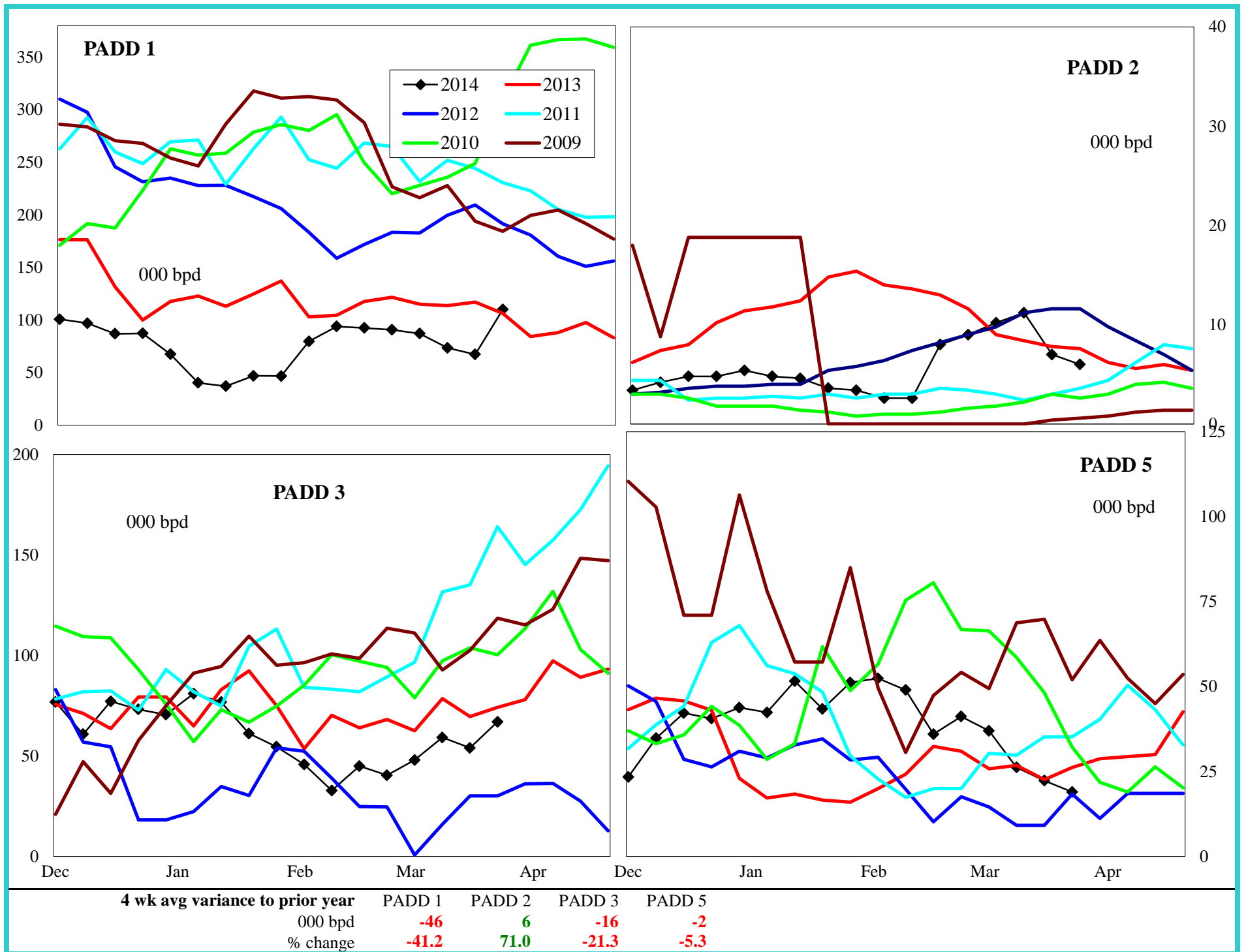
Distillate Imports by PADD



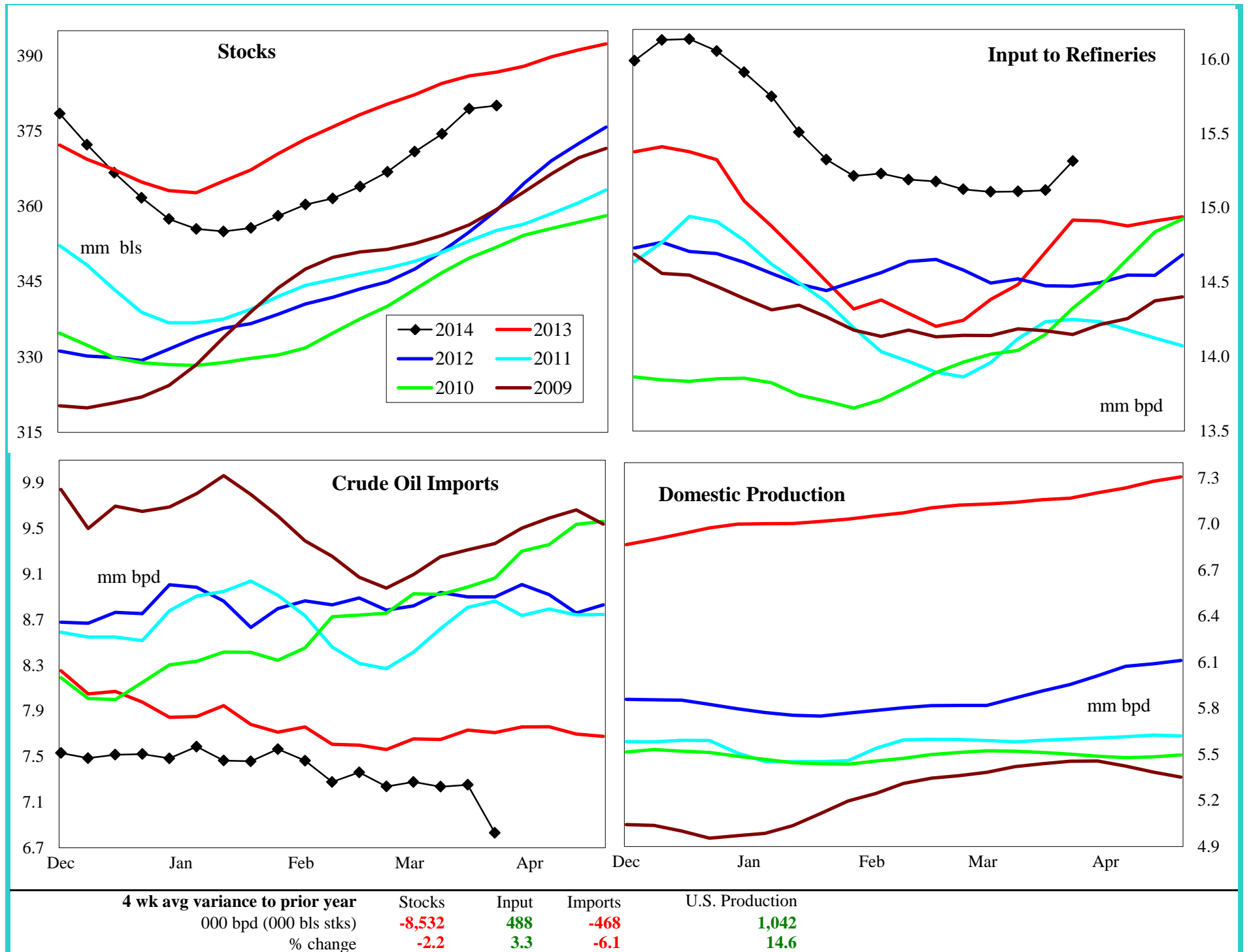
Jet Fuel Imports by PADD



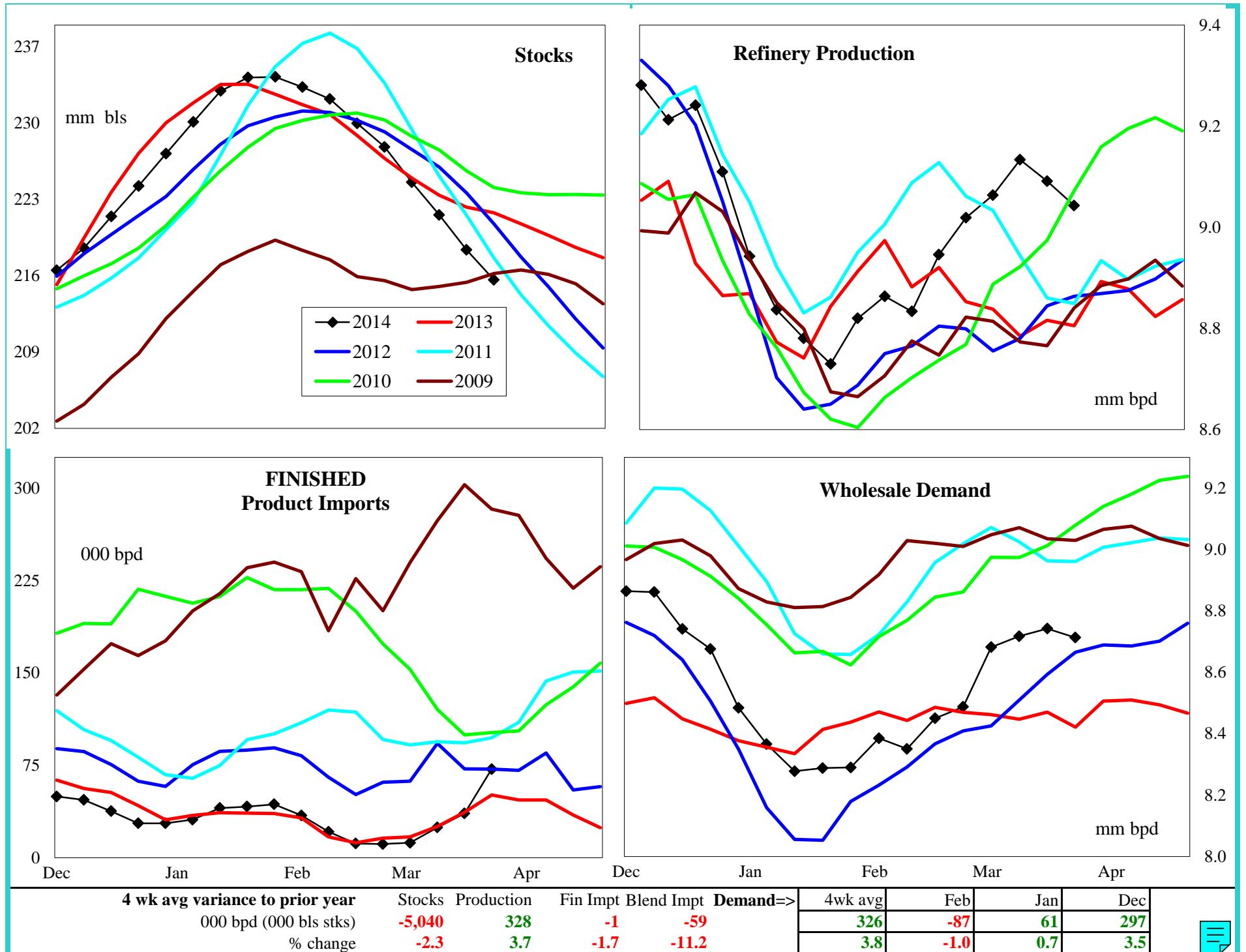
Residual Fuel Oil Imports by PADD



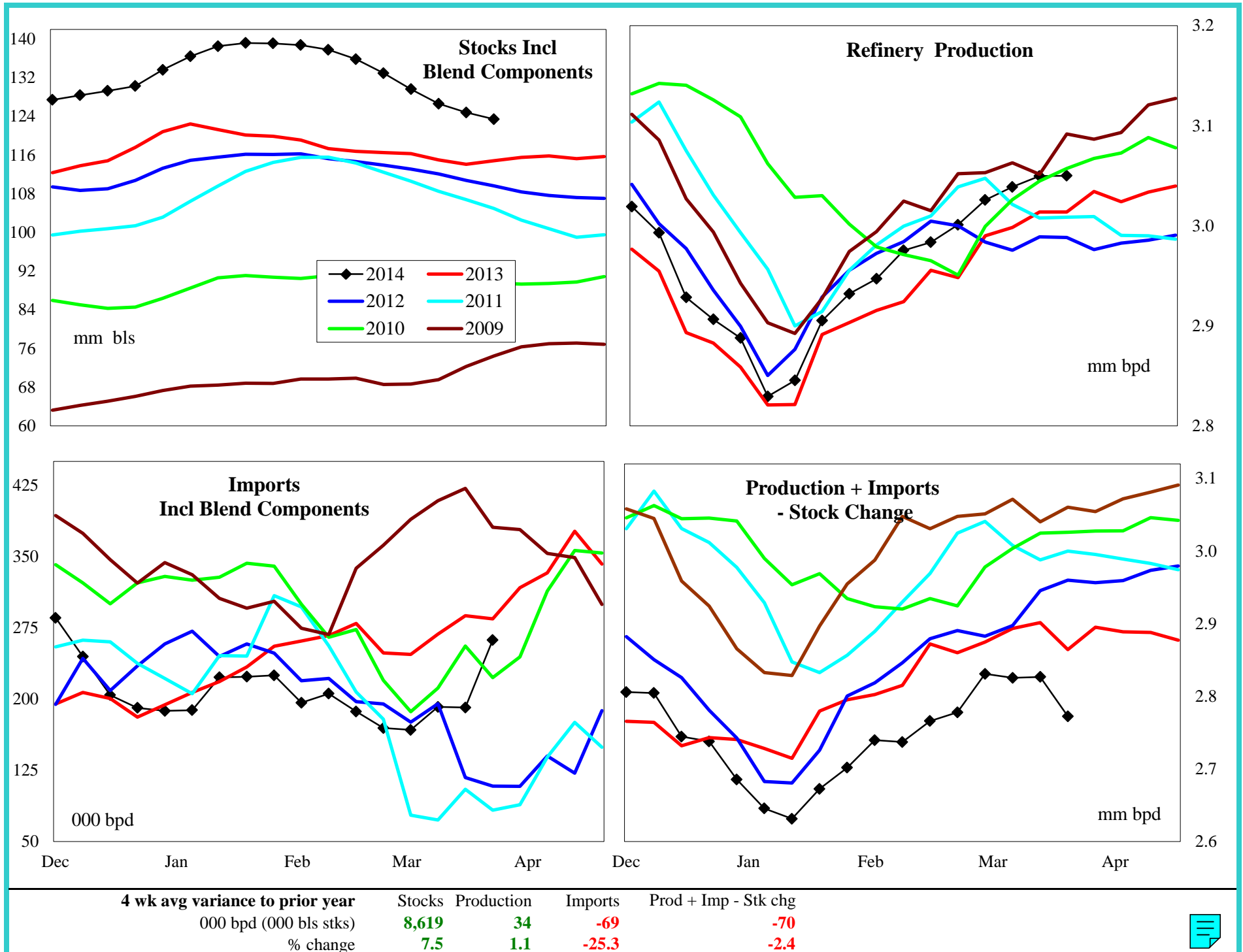
United States Crude Oil Supply and Demand Balance



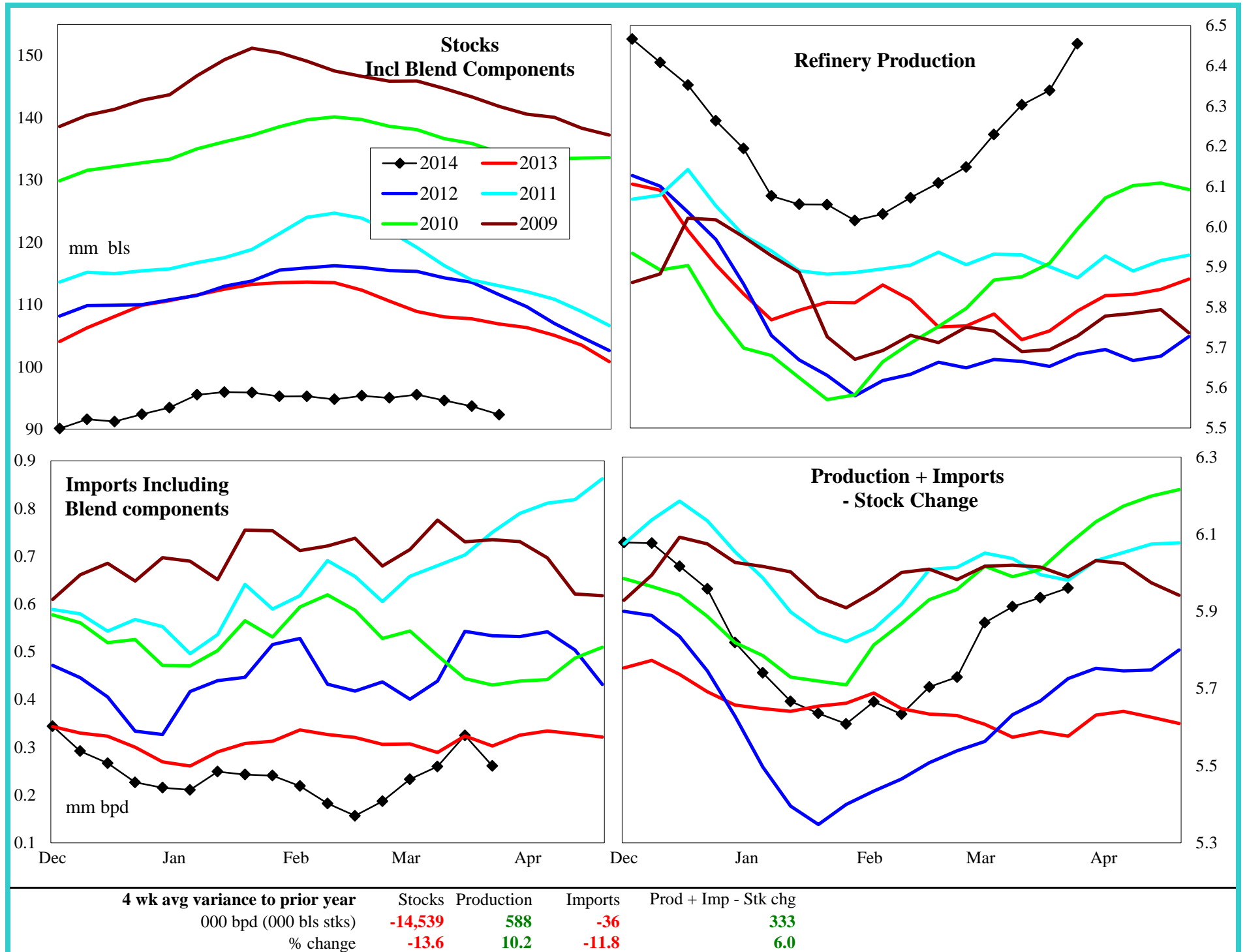
United States Gasoline Supply and Demand Balance



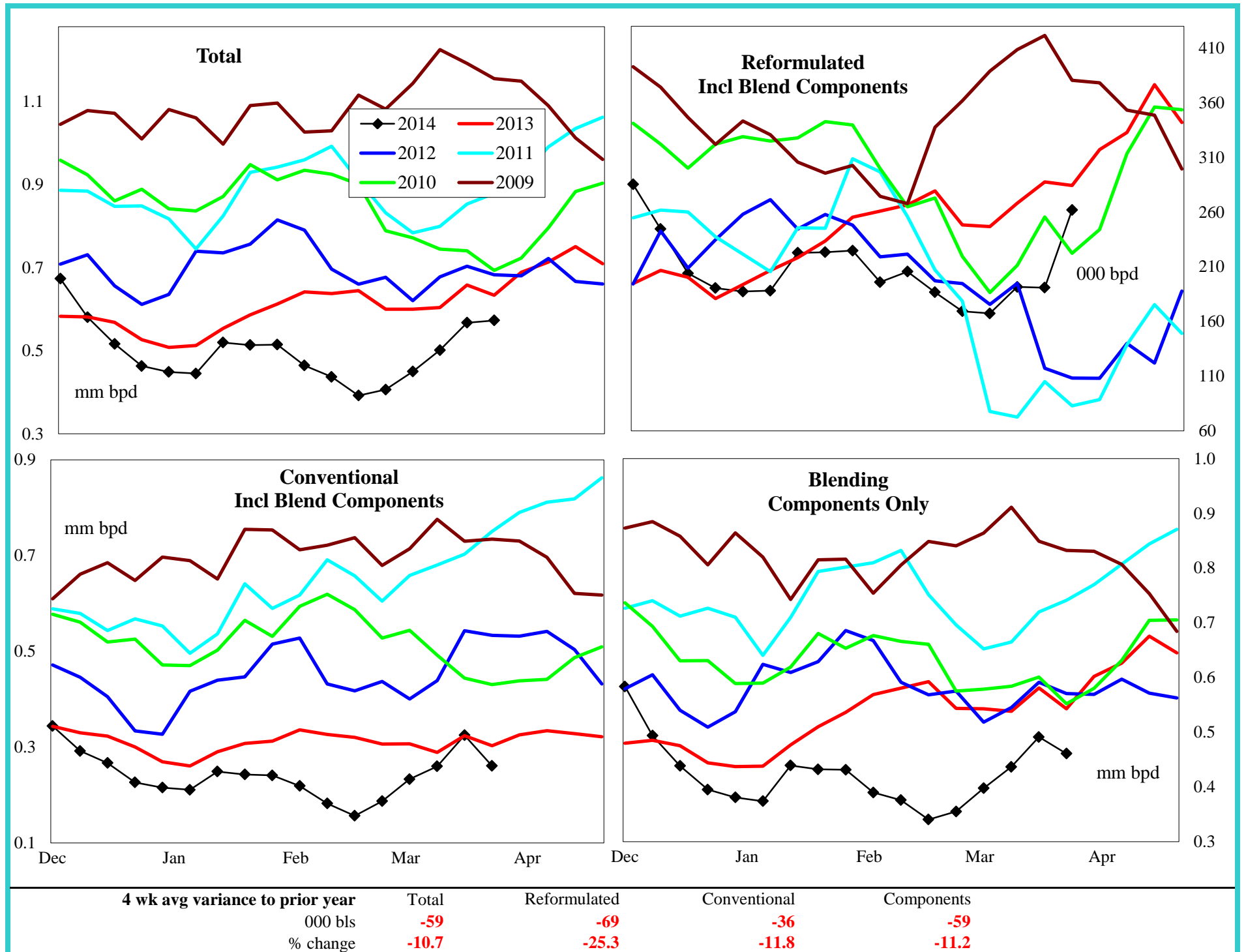
United States Reformulated Gasoline Supply



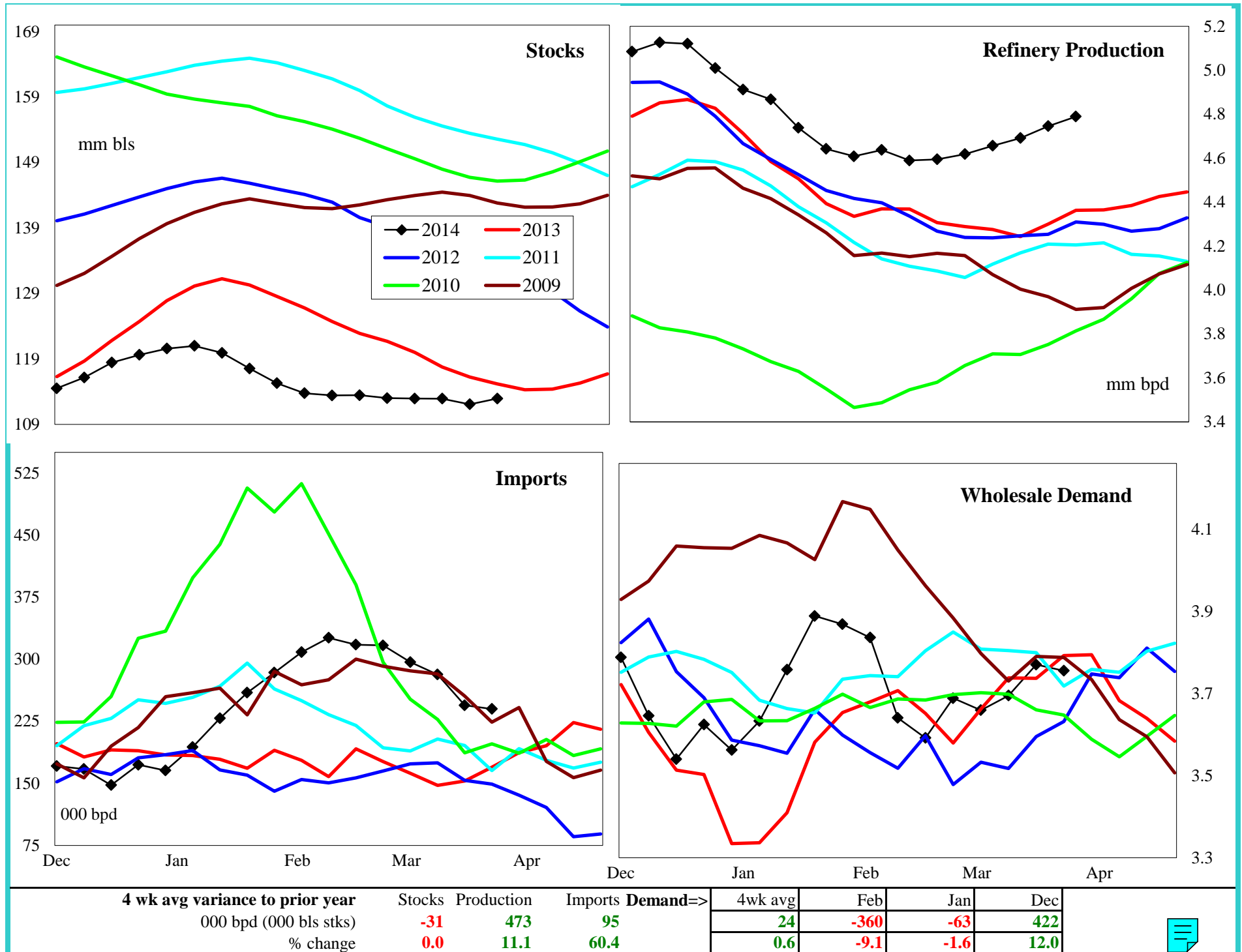
United States Conventional Gasoline Supply



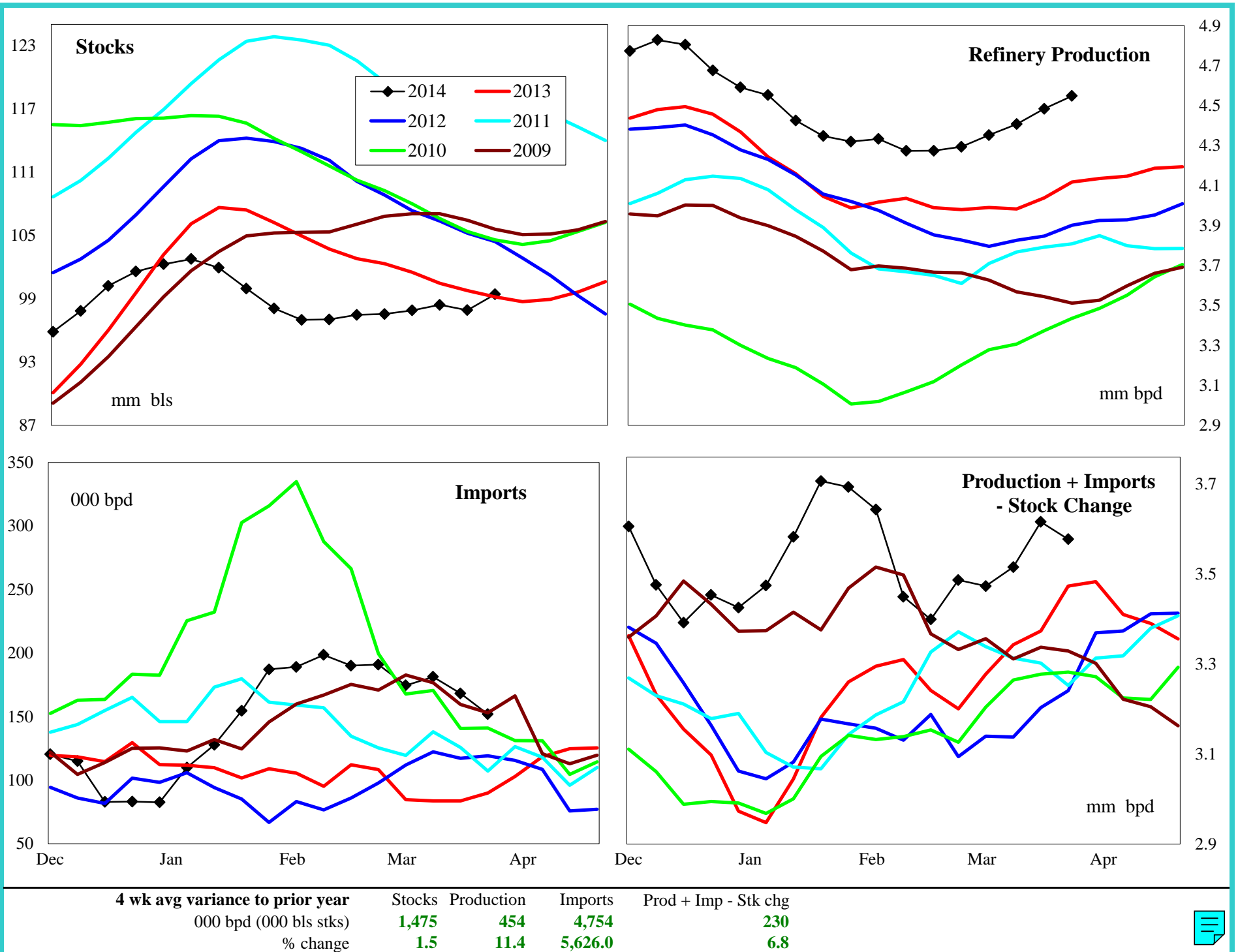
United States Gasoline Imports by Type



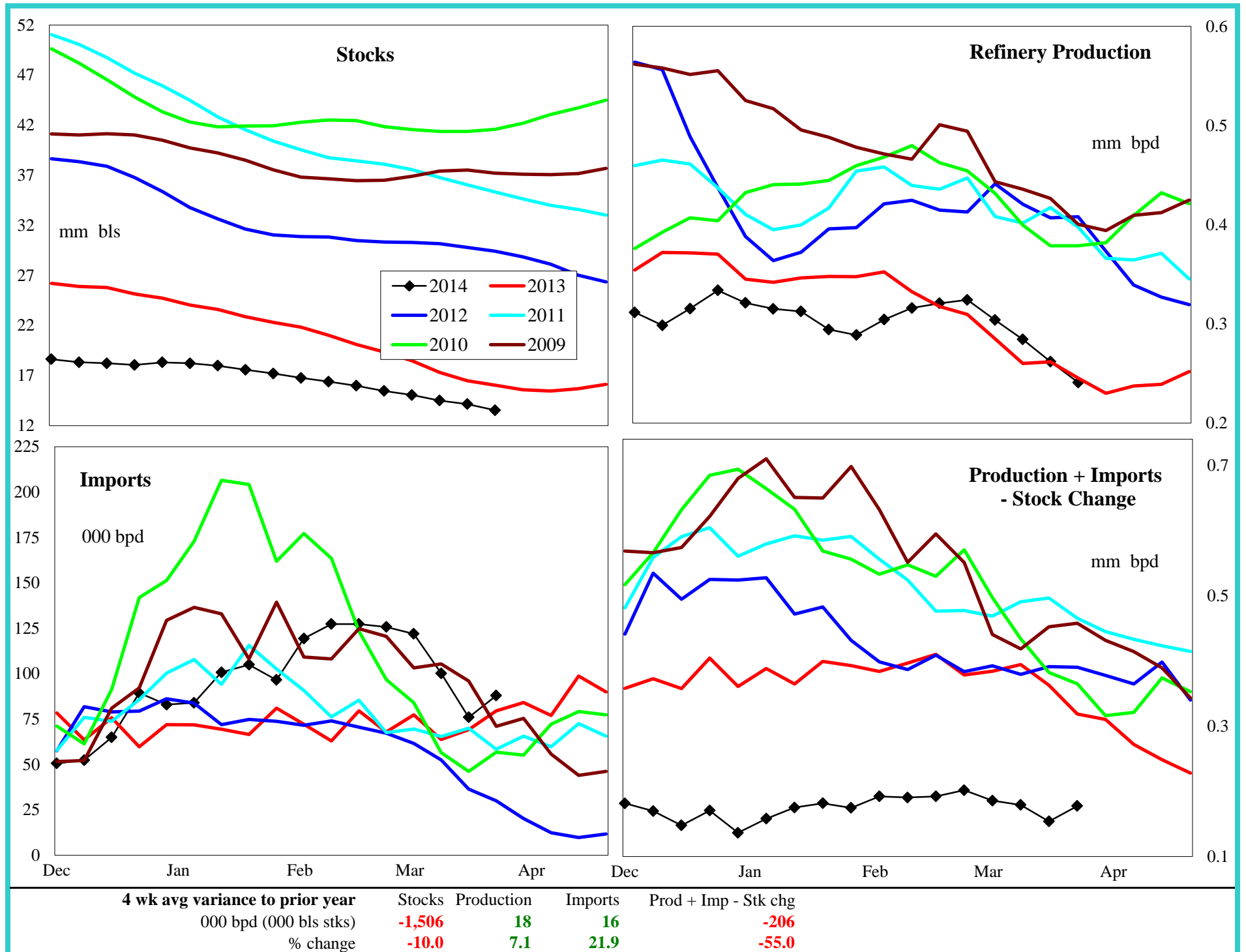
United States Distillate Supply and Demand Balance



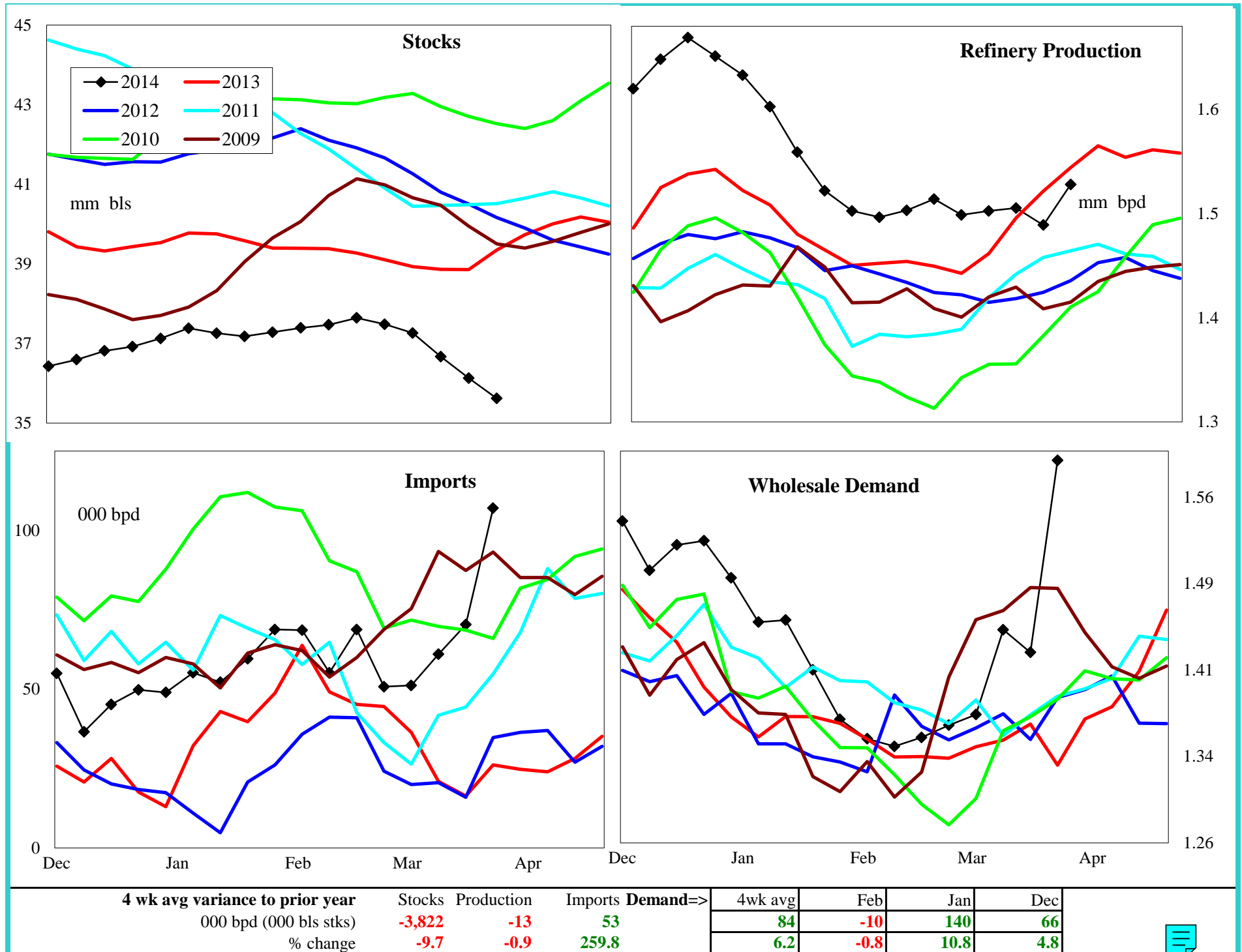
United States Low Sulfur Distillate Supply



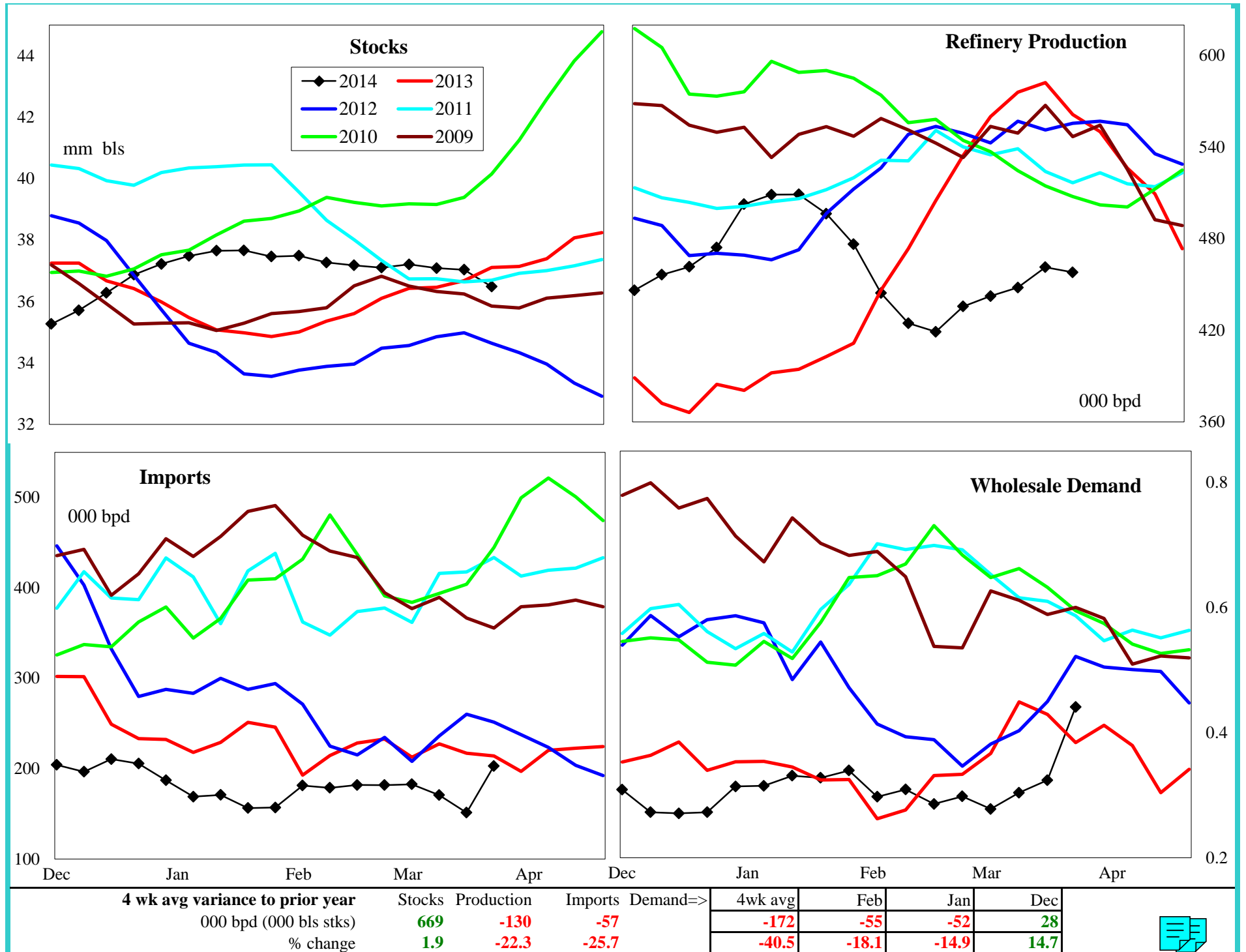
United States High Sulfur Distillate Supply



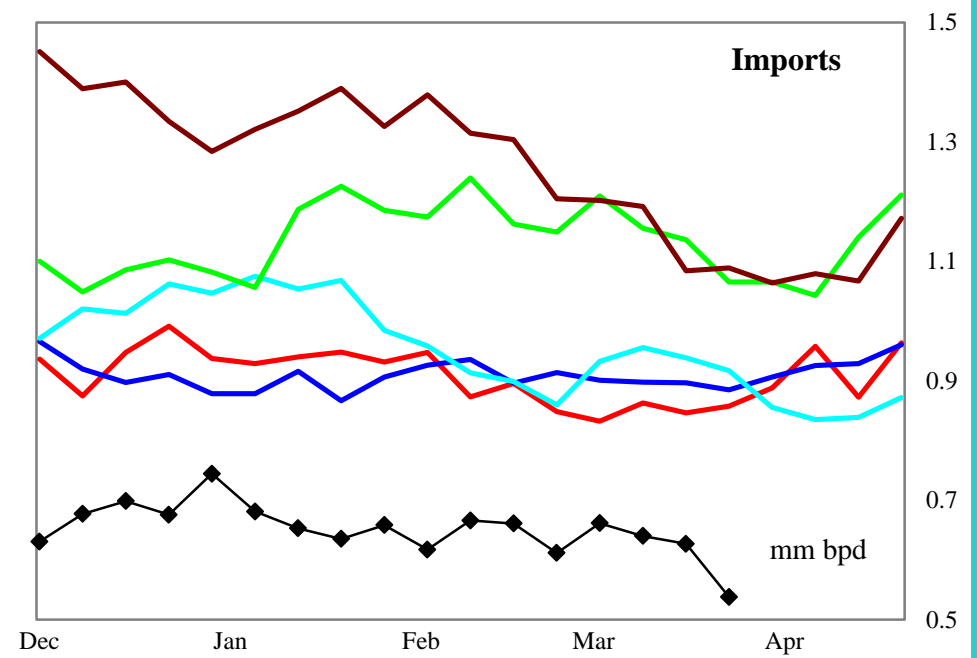
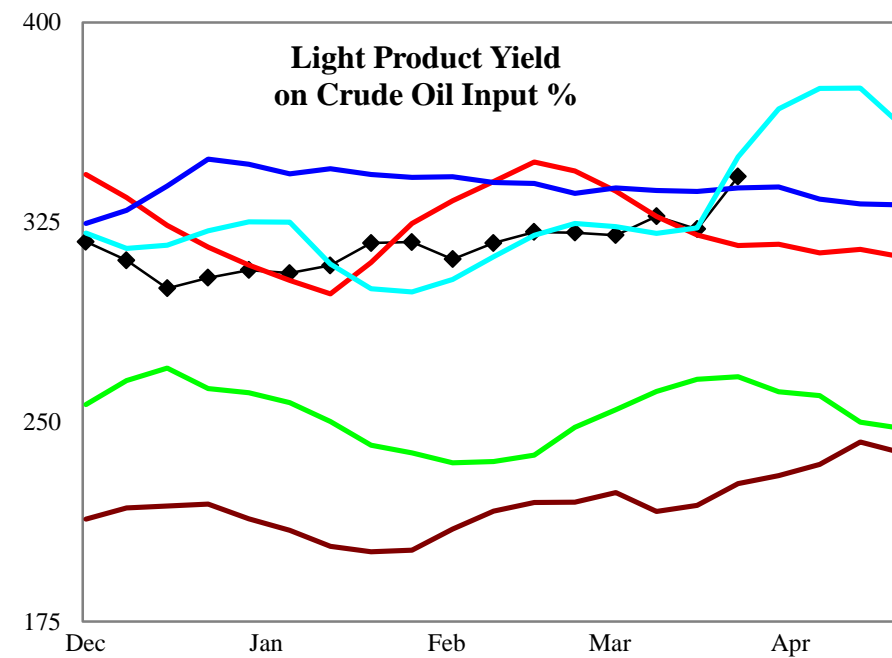
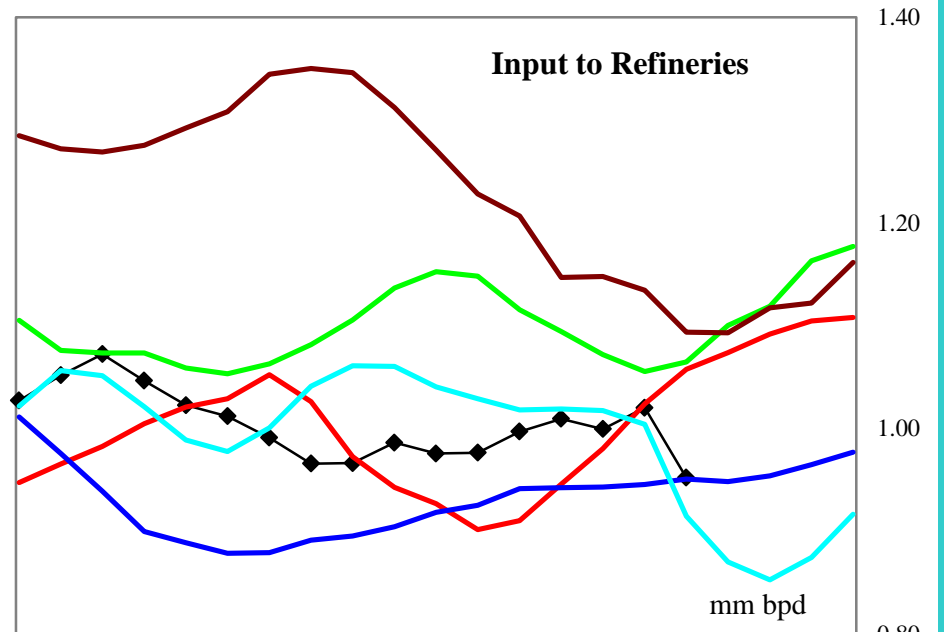
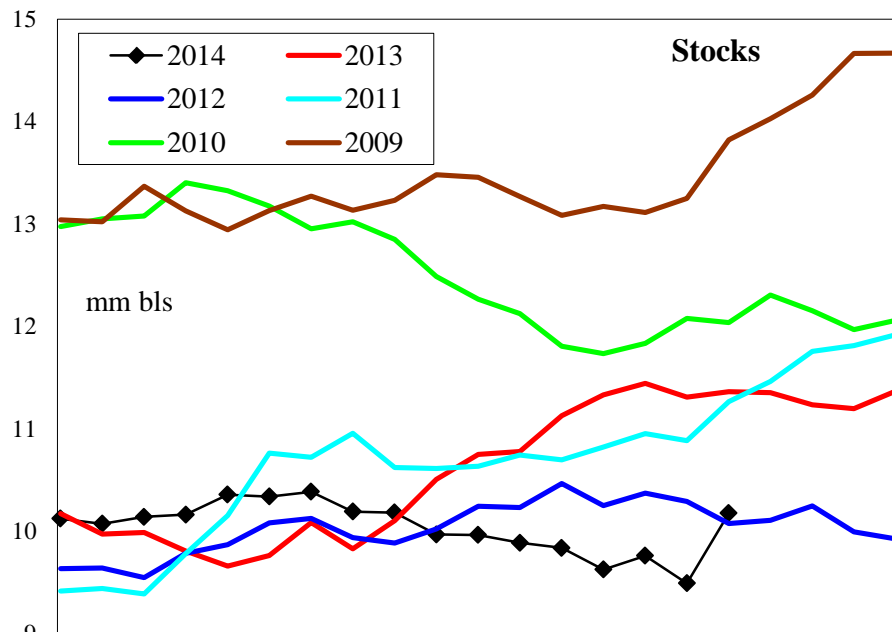
United States Jet Fuel Supply and Demand Balance



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

-1,188

-10.1

Input

20

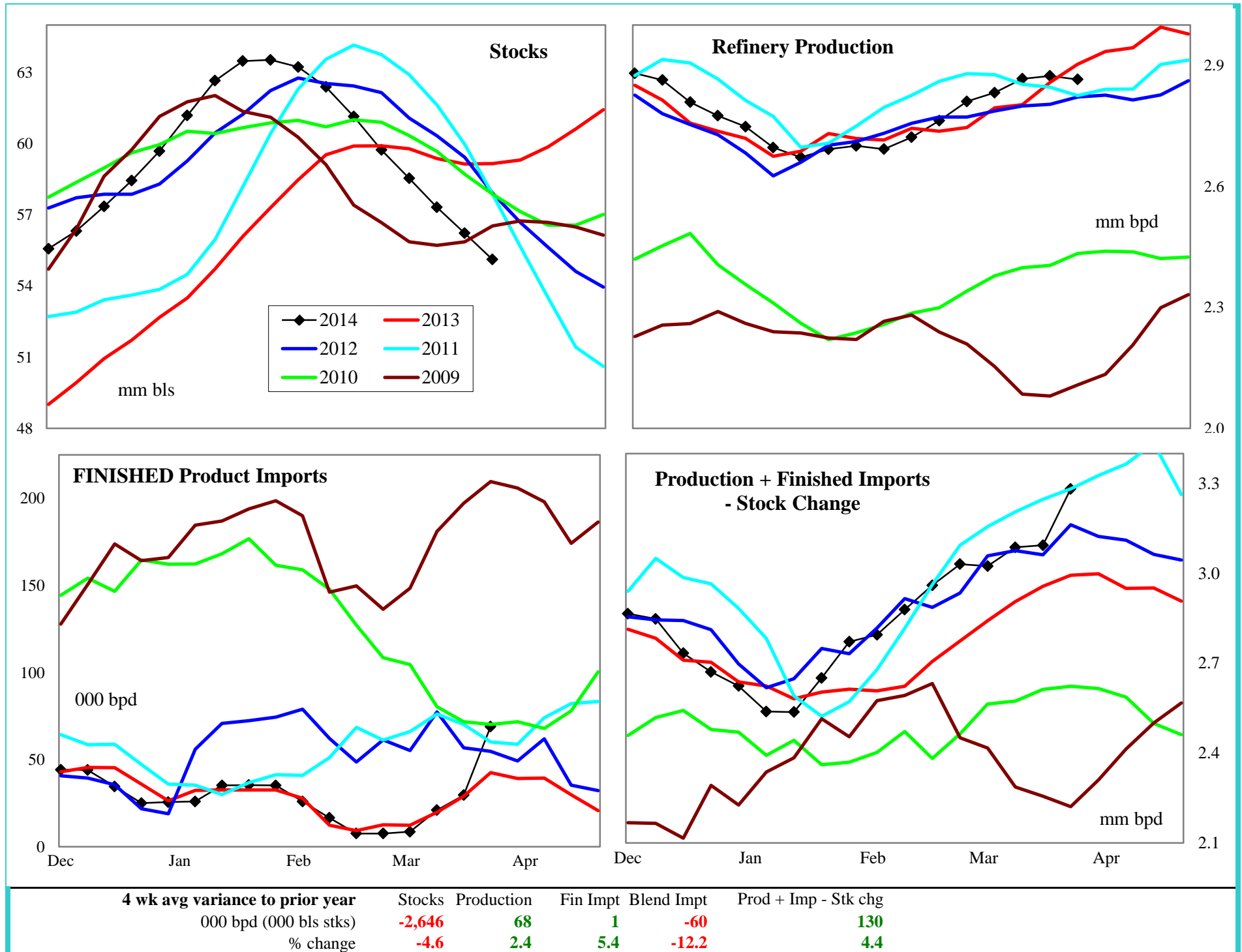
2.0

Imports

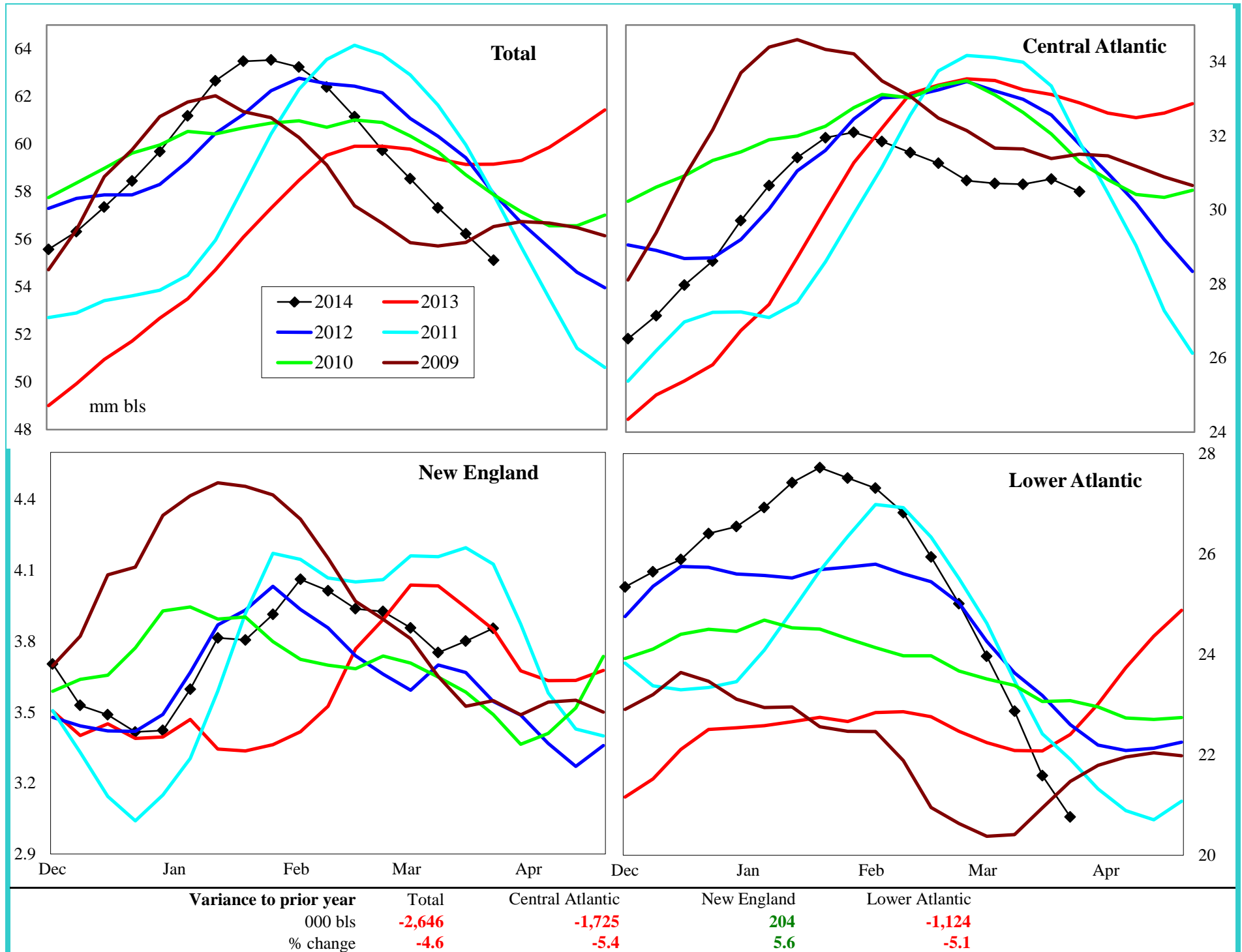
-323

-35.2

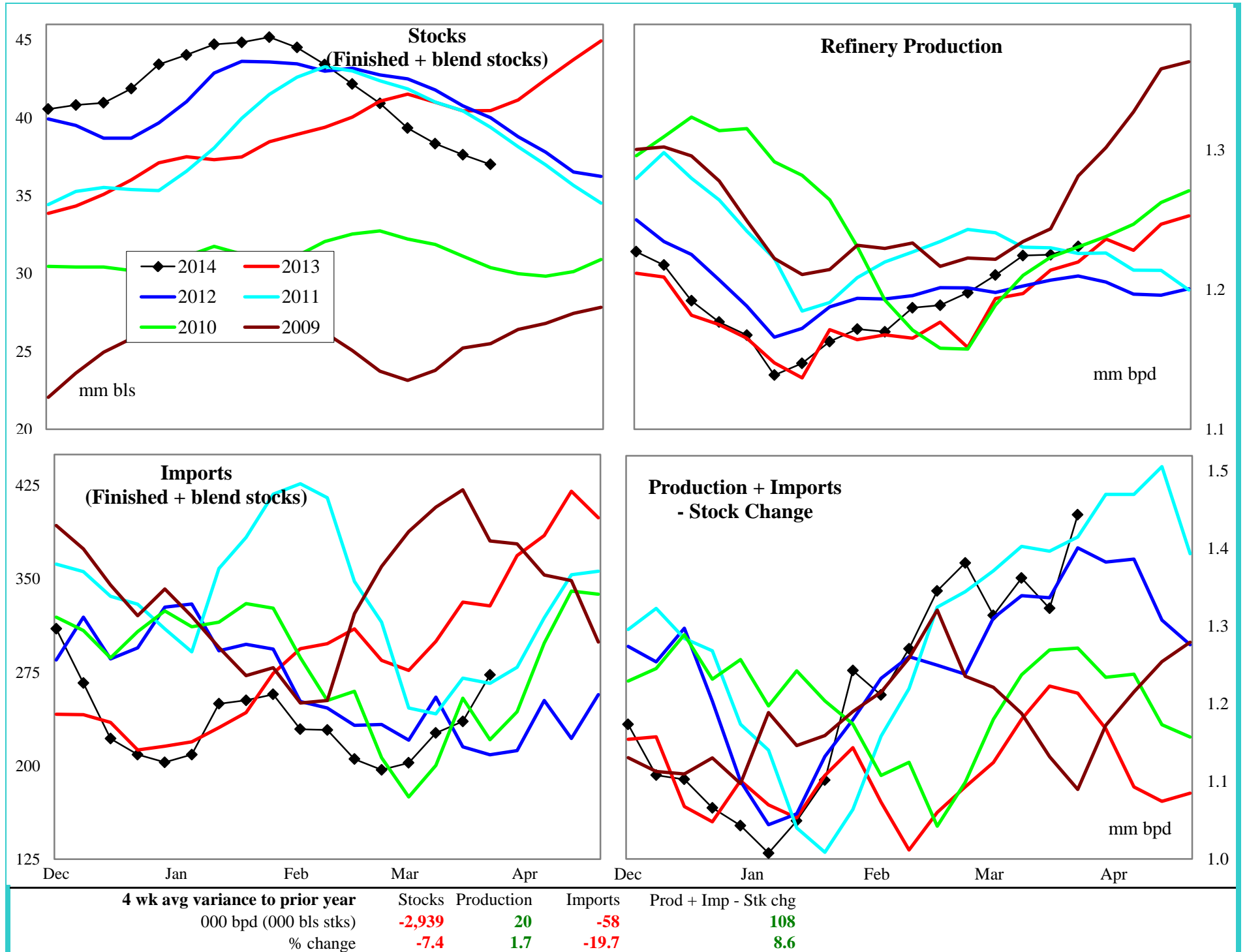
PADD 1 Gasoline Supply



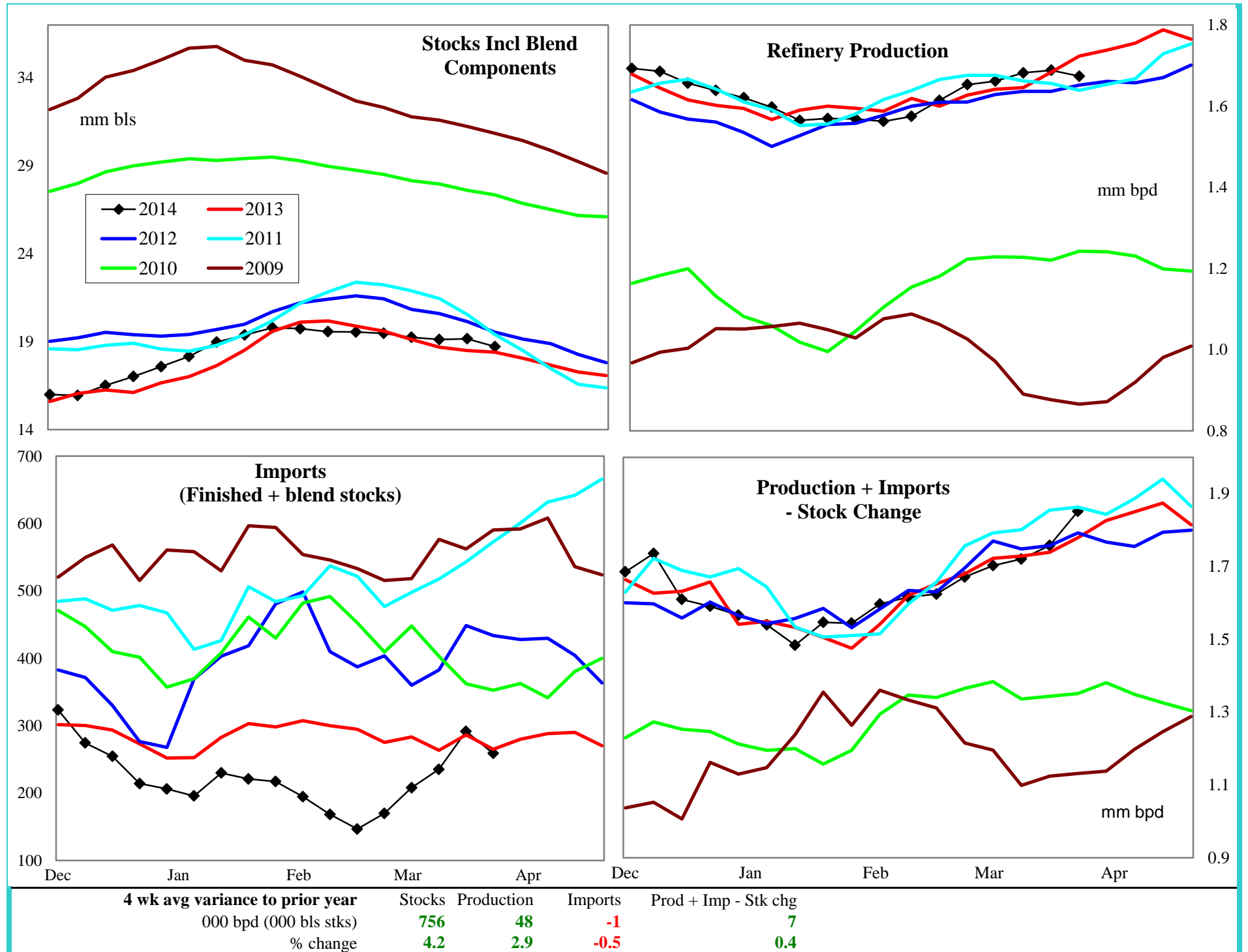
PADD 1 Gasoline Stocks by Region



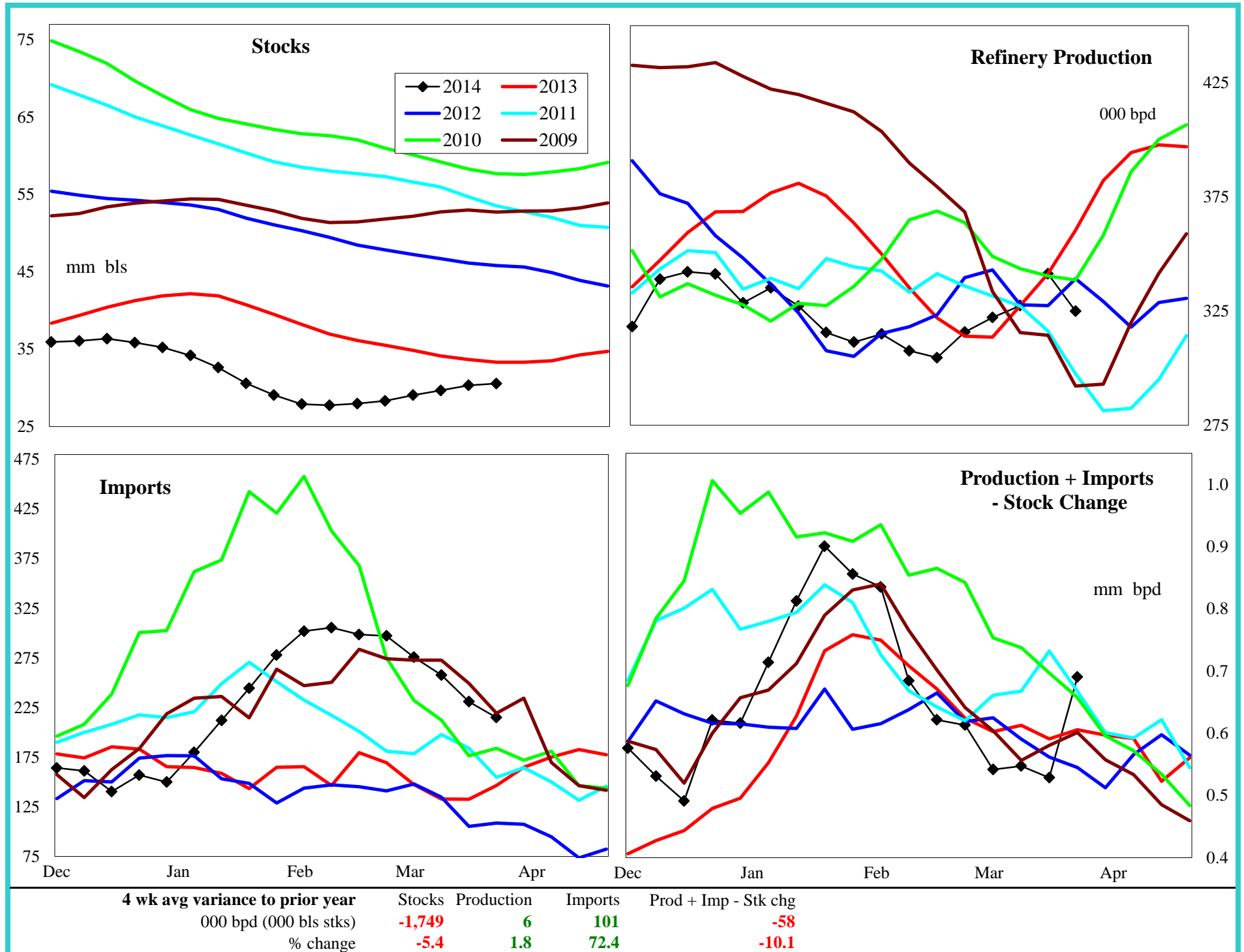
PADD 1 Reformulated Gasoline Supply



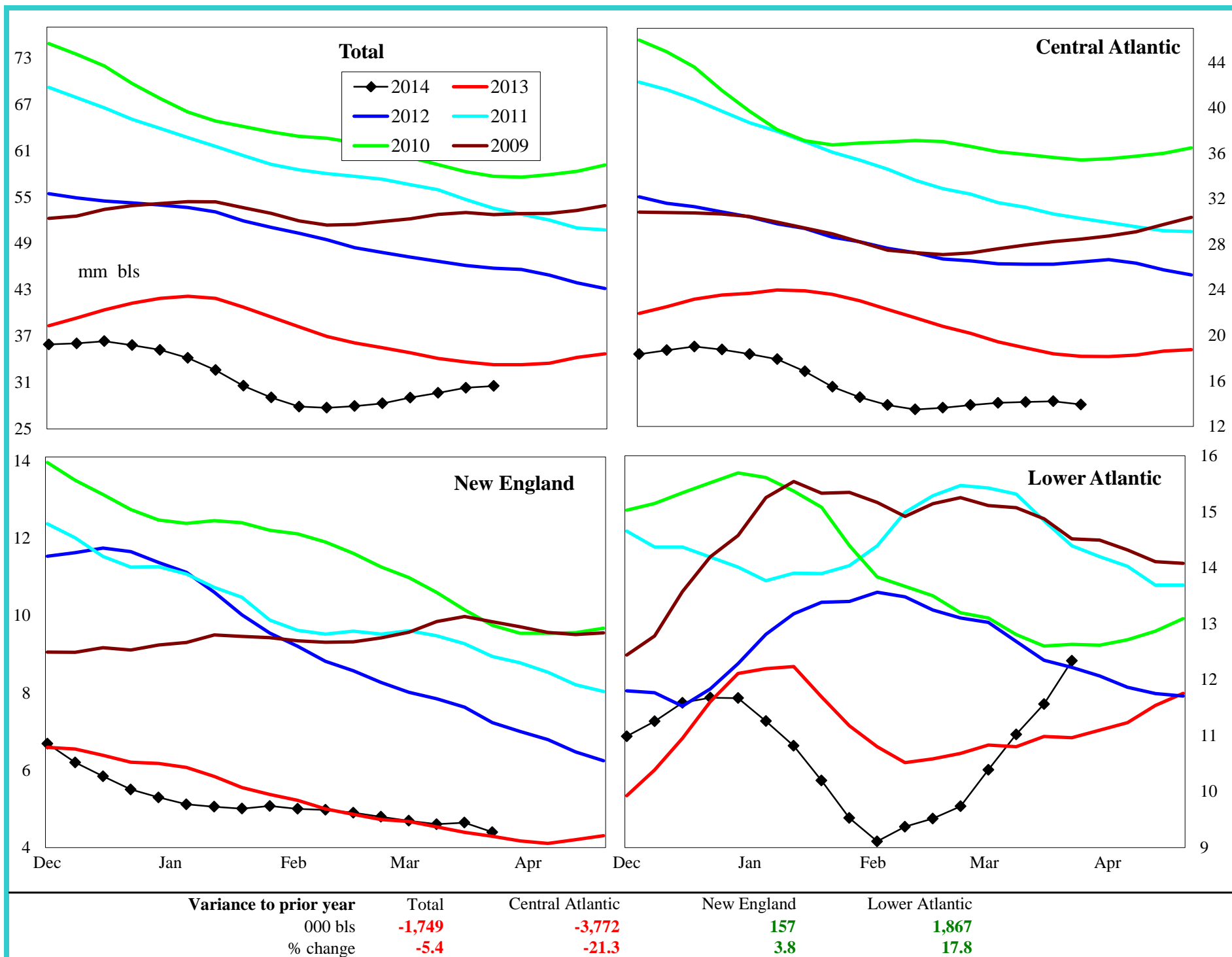
PADD 1 Conventional Gasoline Supply



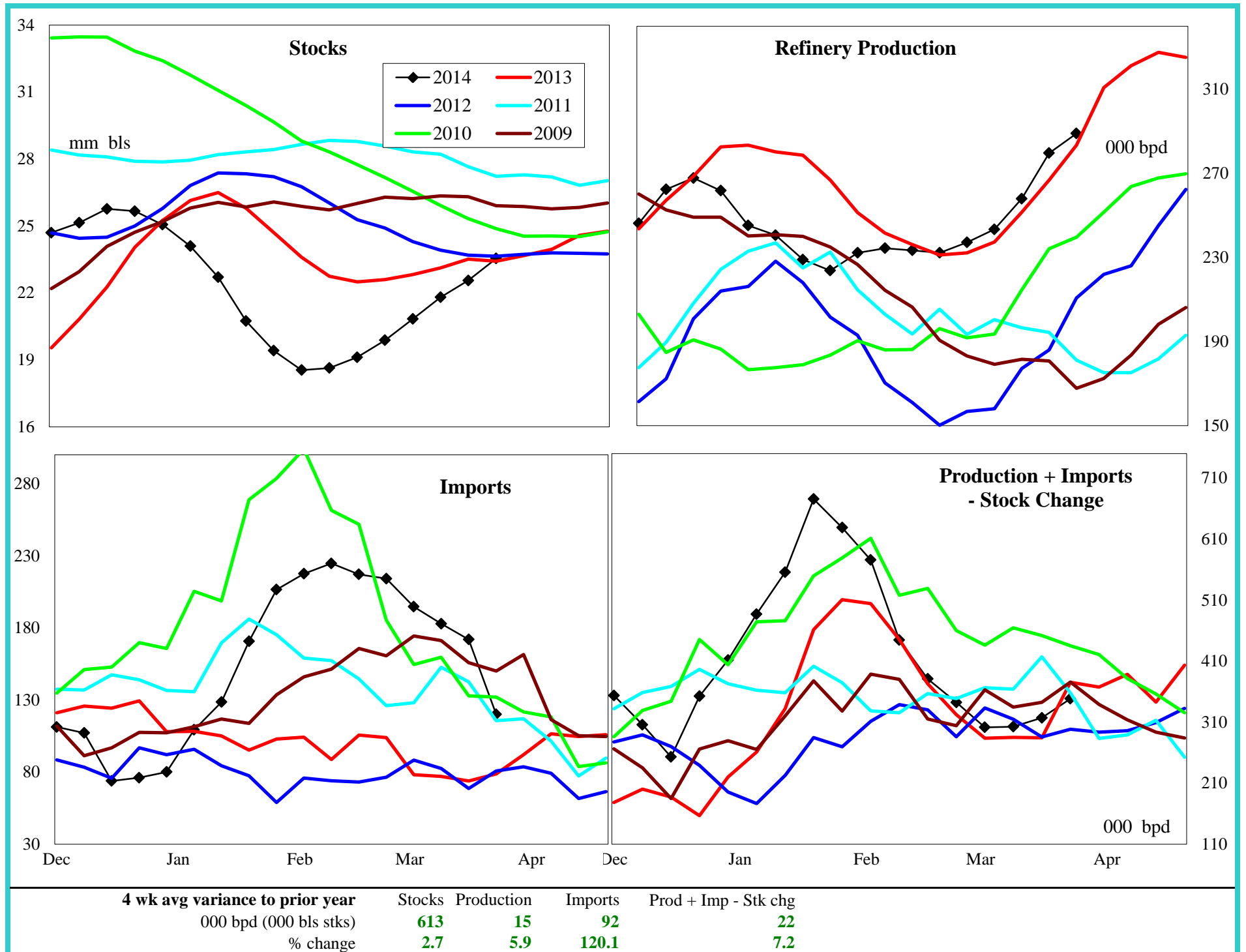
PADD 1 Distillate Supply



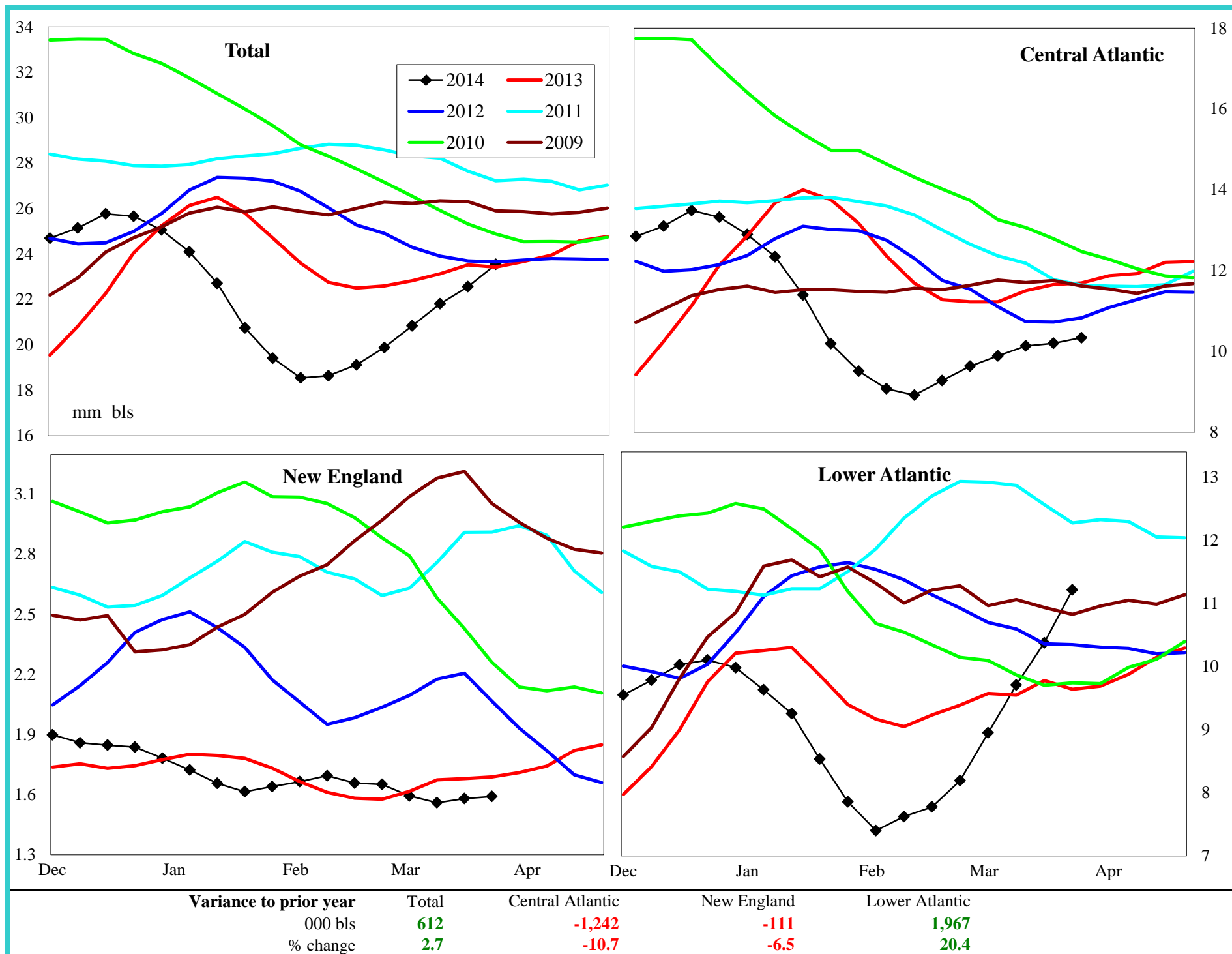
PADD 1 Distillate Stocks by Region



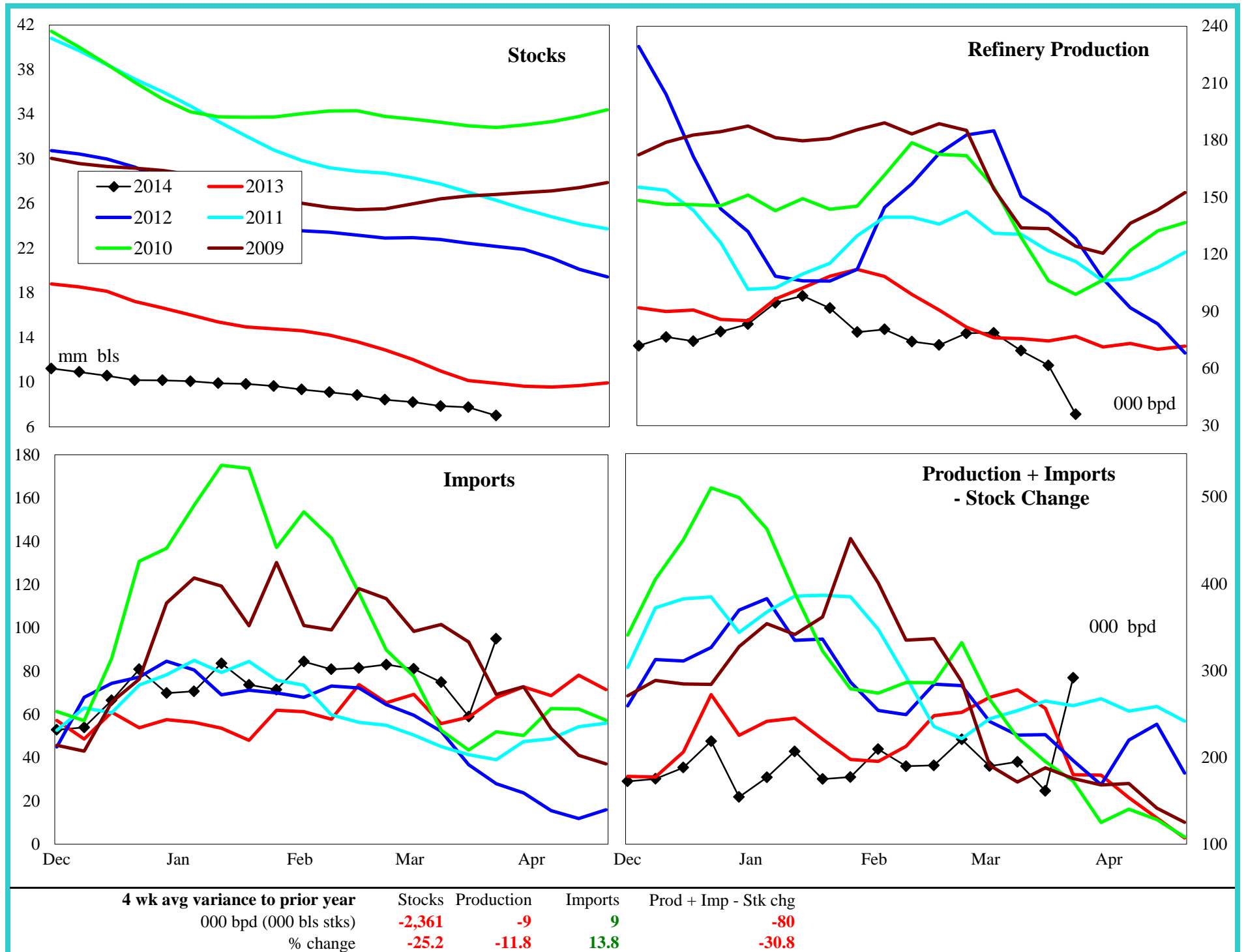
PADD 1 Low Sulfur Distillate Supply



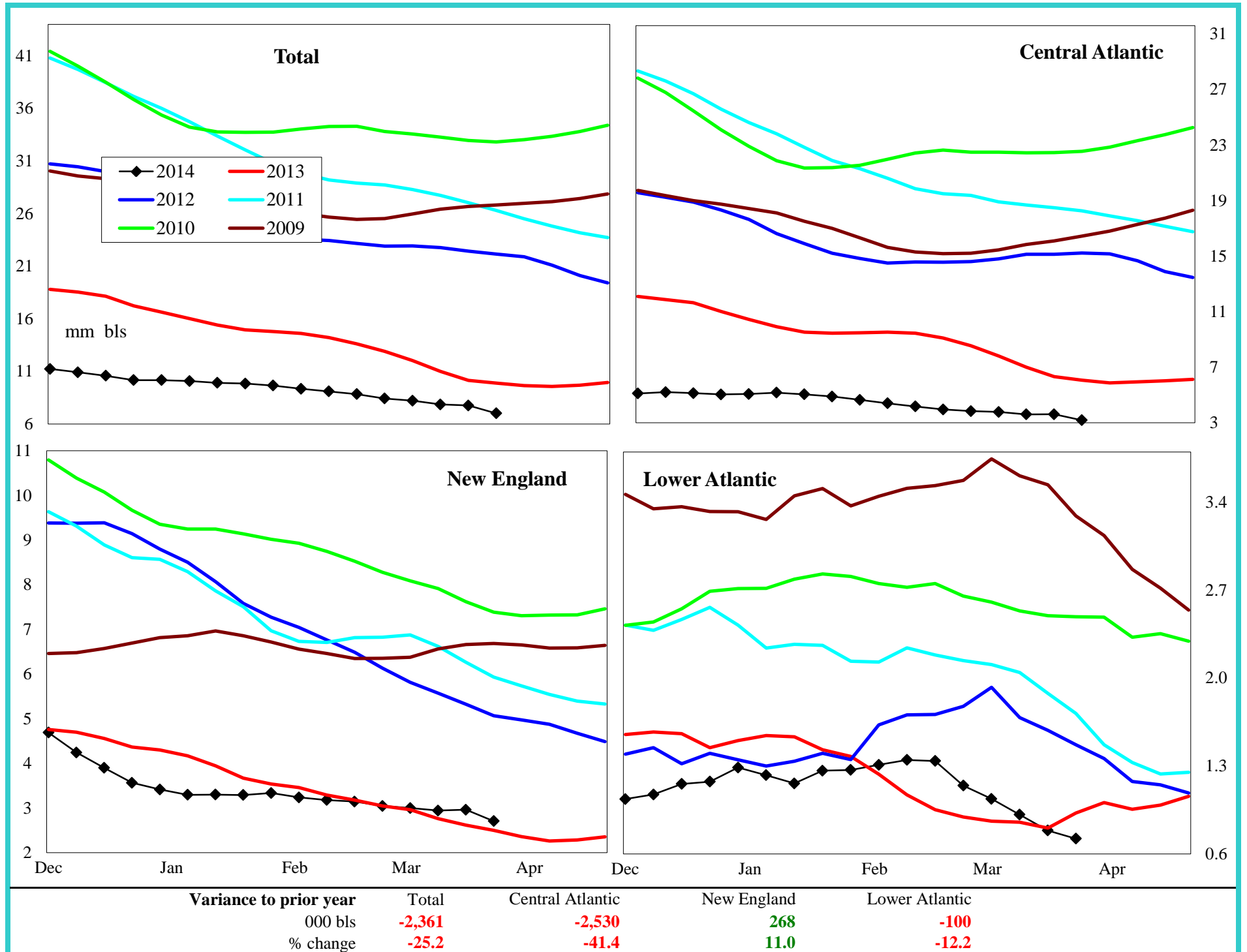
PADD 1 Low Sulfur Distillate Stocks by Region



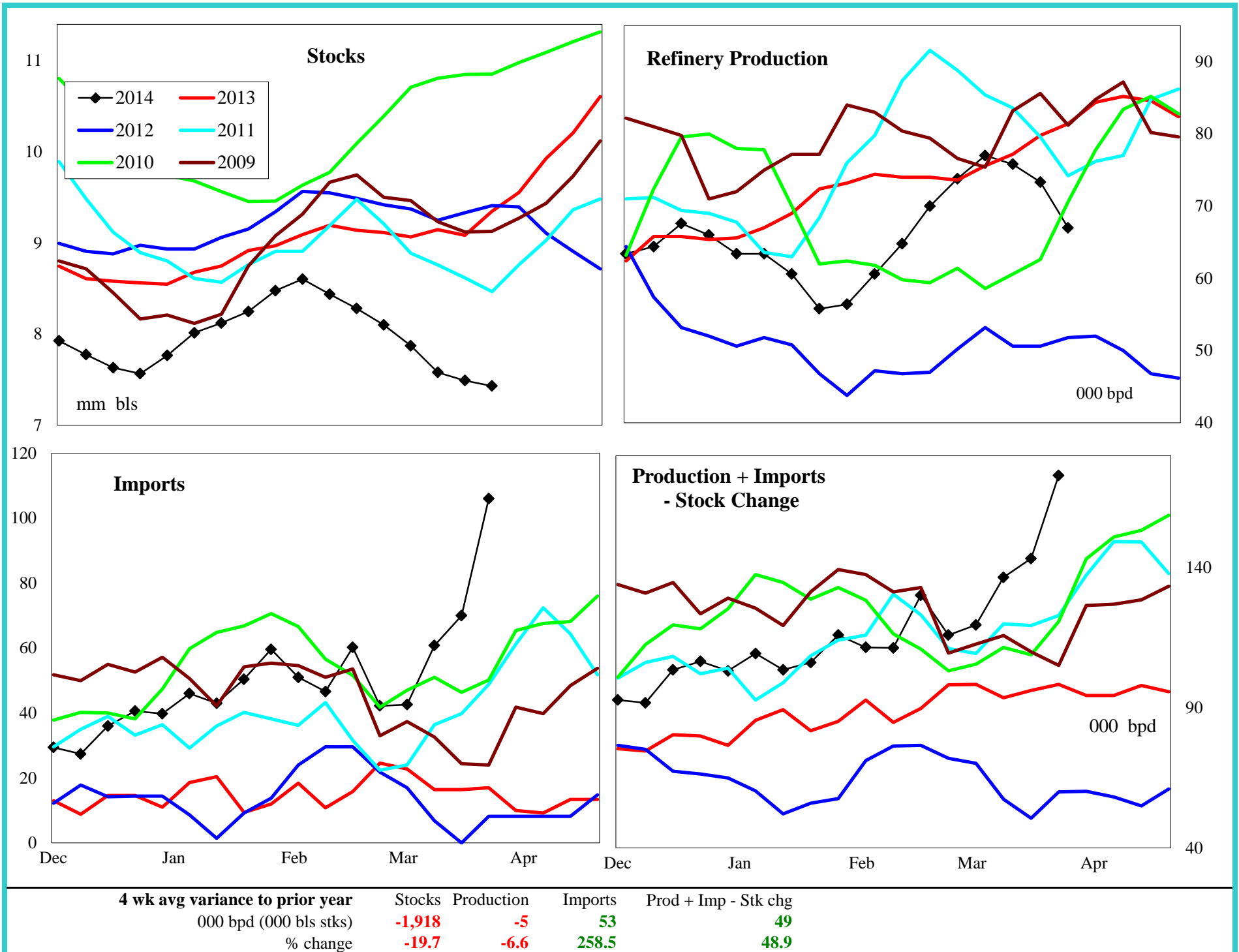
PADD 1 High Sulfur Distillate Supply



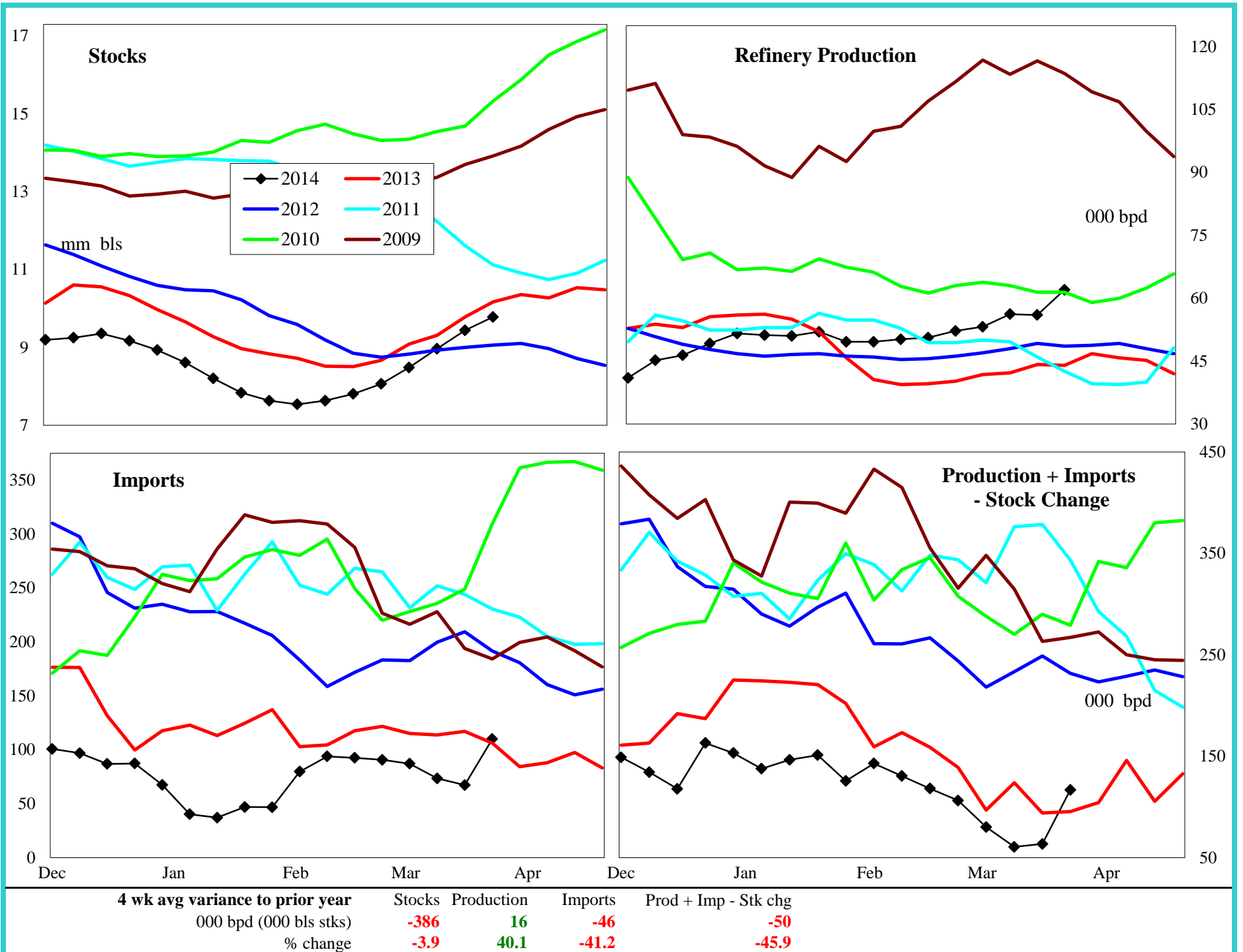
PADD 1 High Sulfur Distillate Stocks by Region



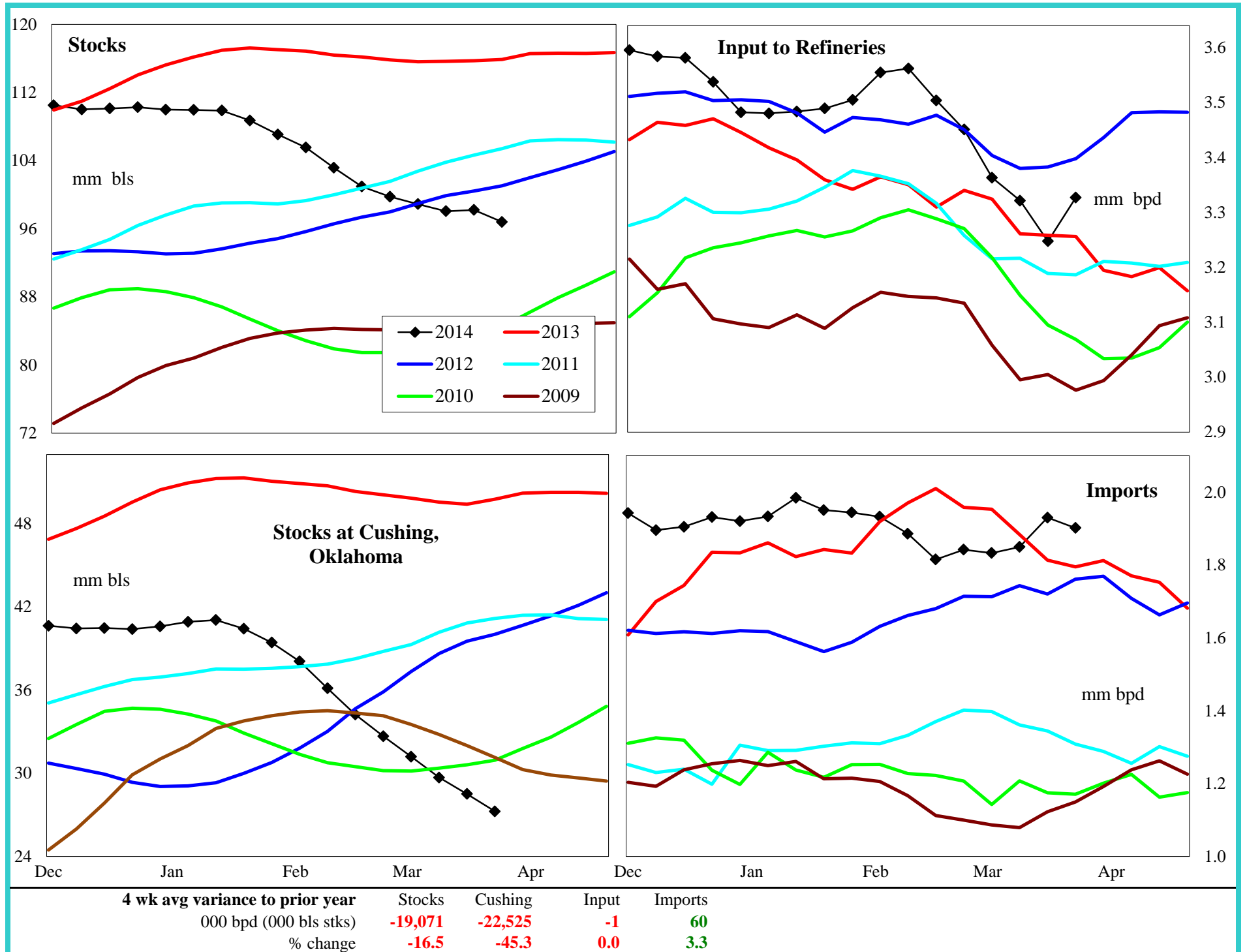
PADD 1 Jet Fuel Supply



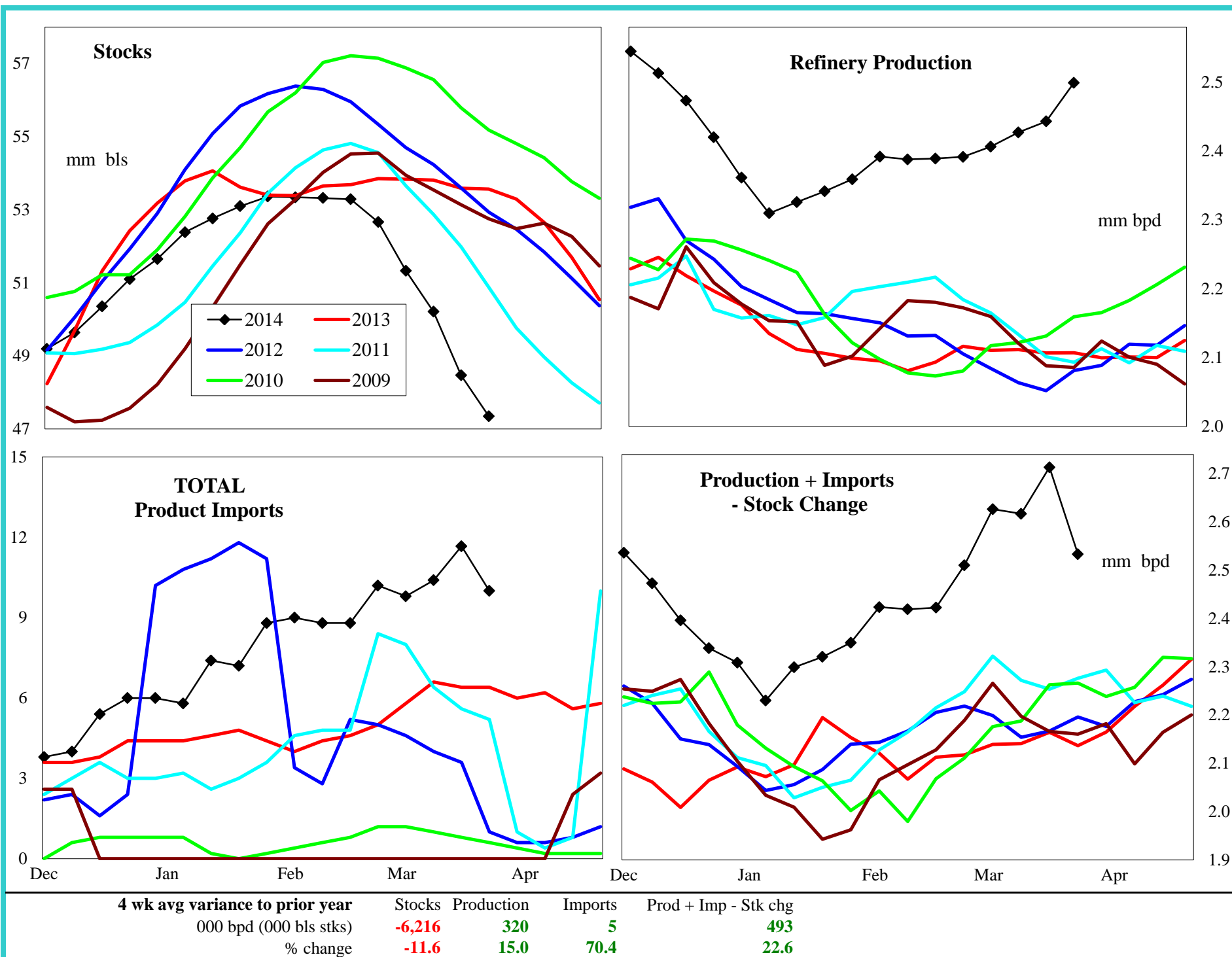
PADD 1 Residual Fuel Oil Supply



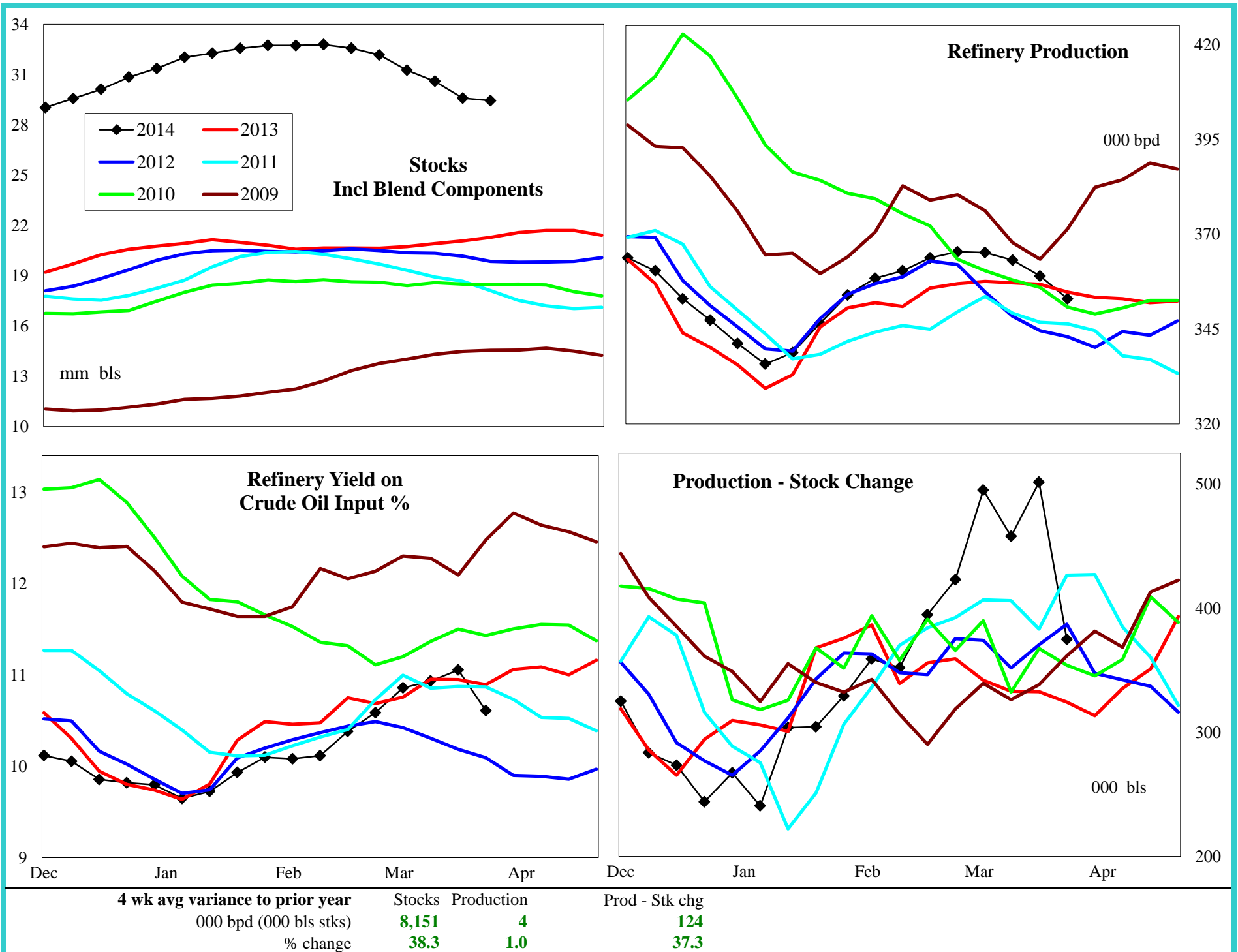
PADD 2 Crude Oil Supply and Refining



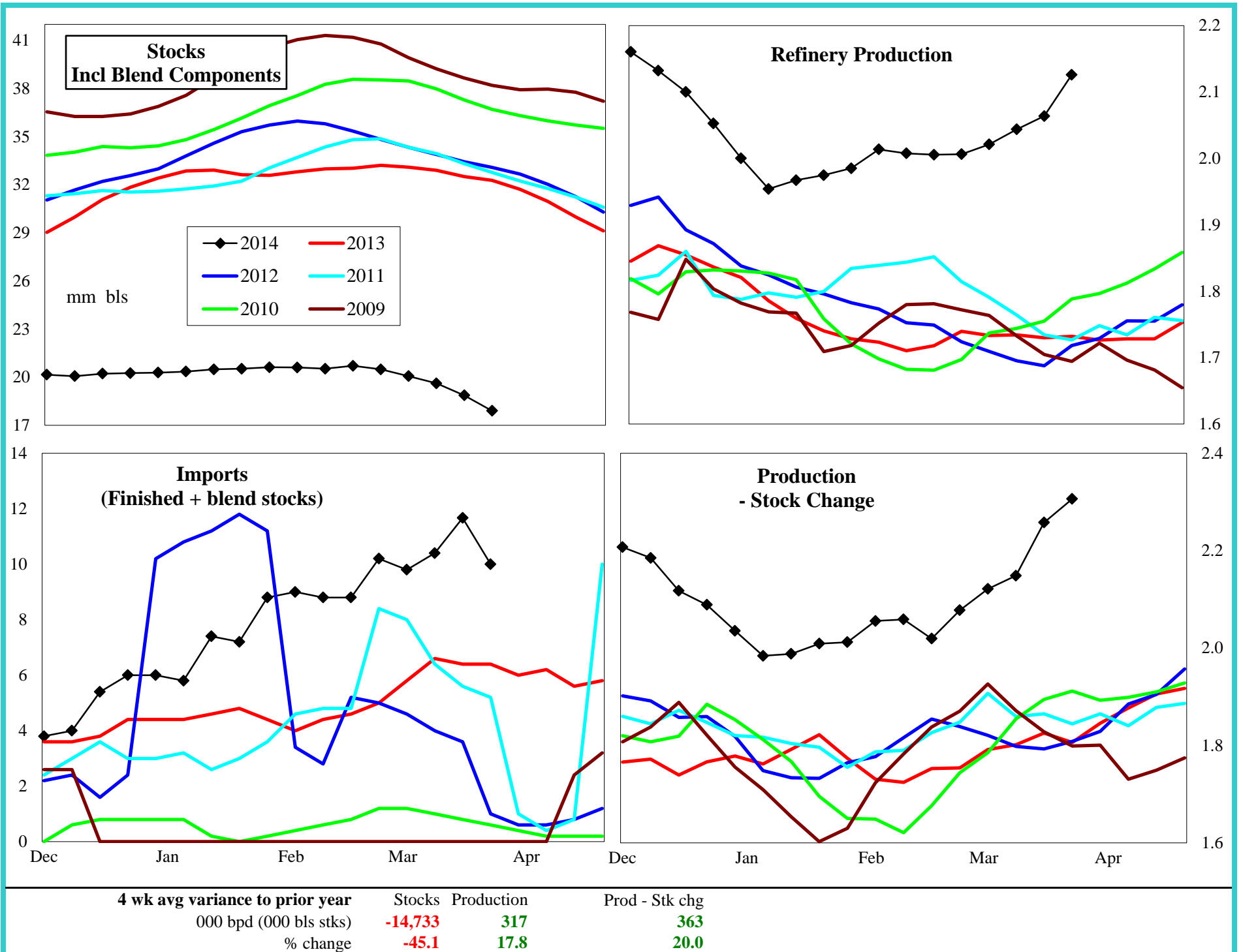
PADD 2 Gasoline Supply



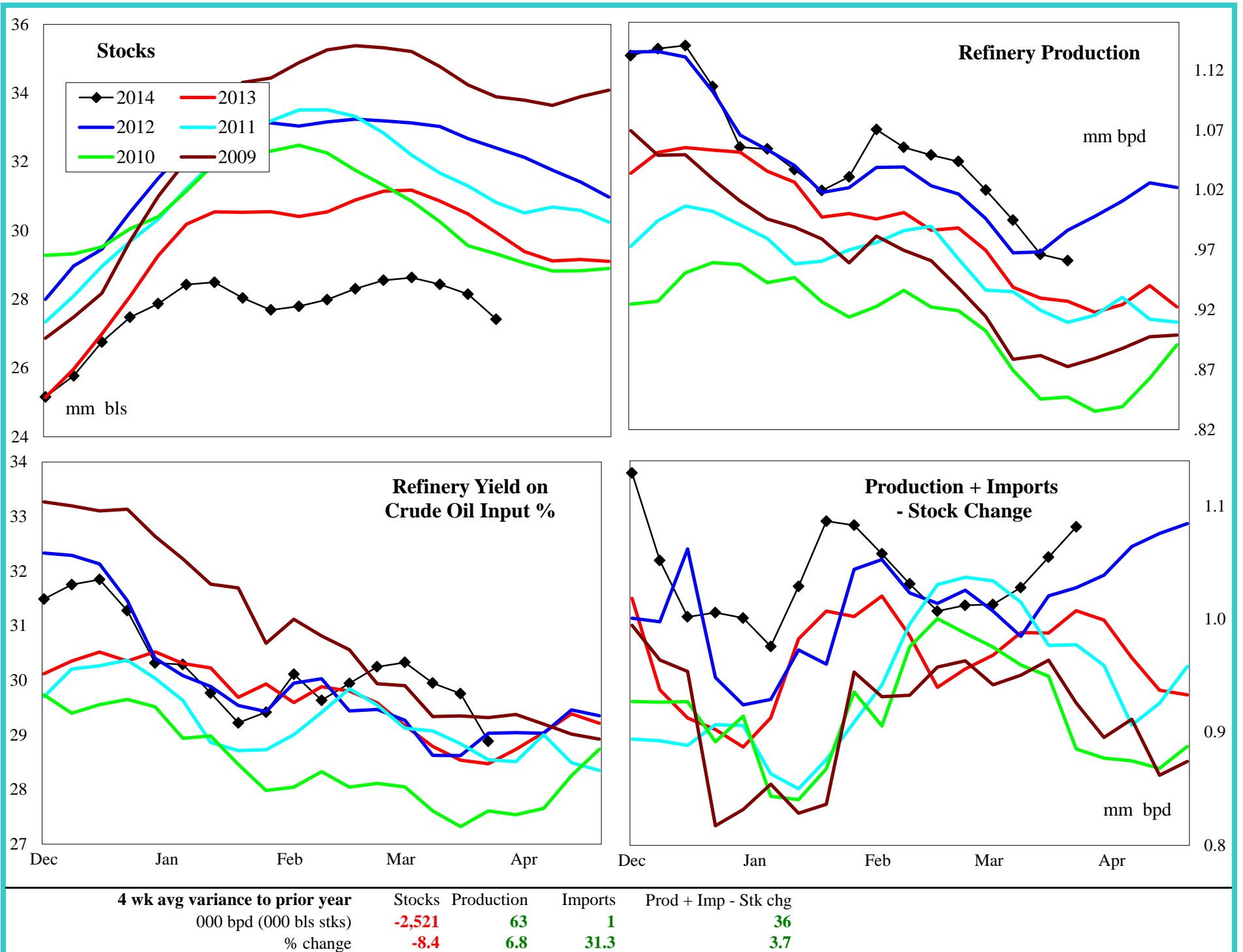
PADD 2 Reformulated Gasoline Supply



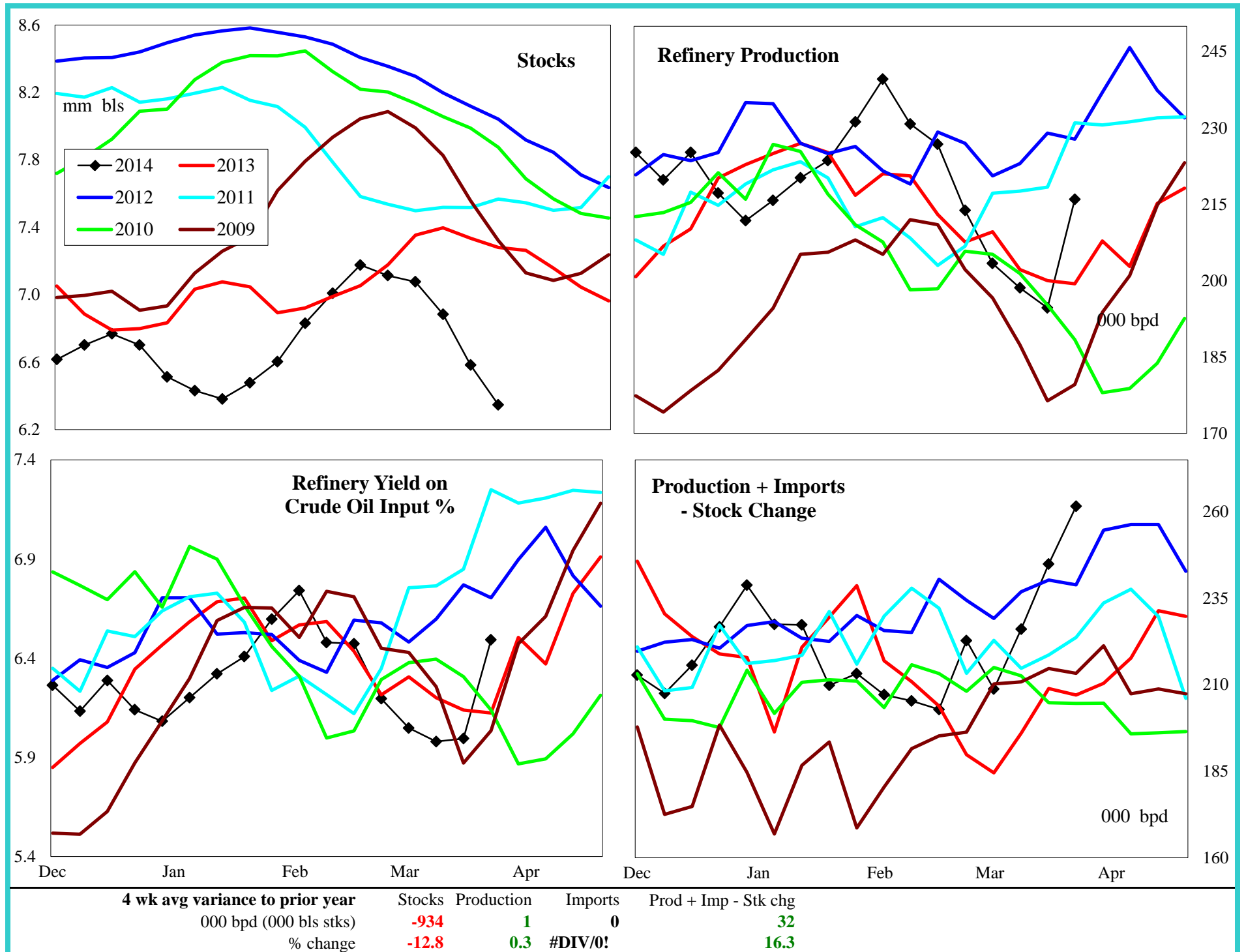
PADD 2 Conventional Gasoline Supply



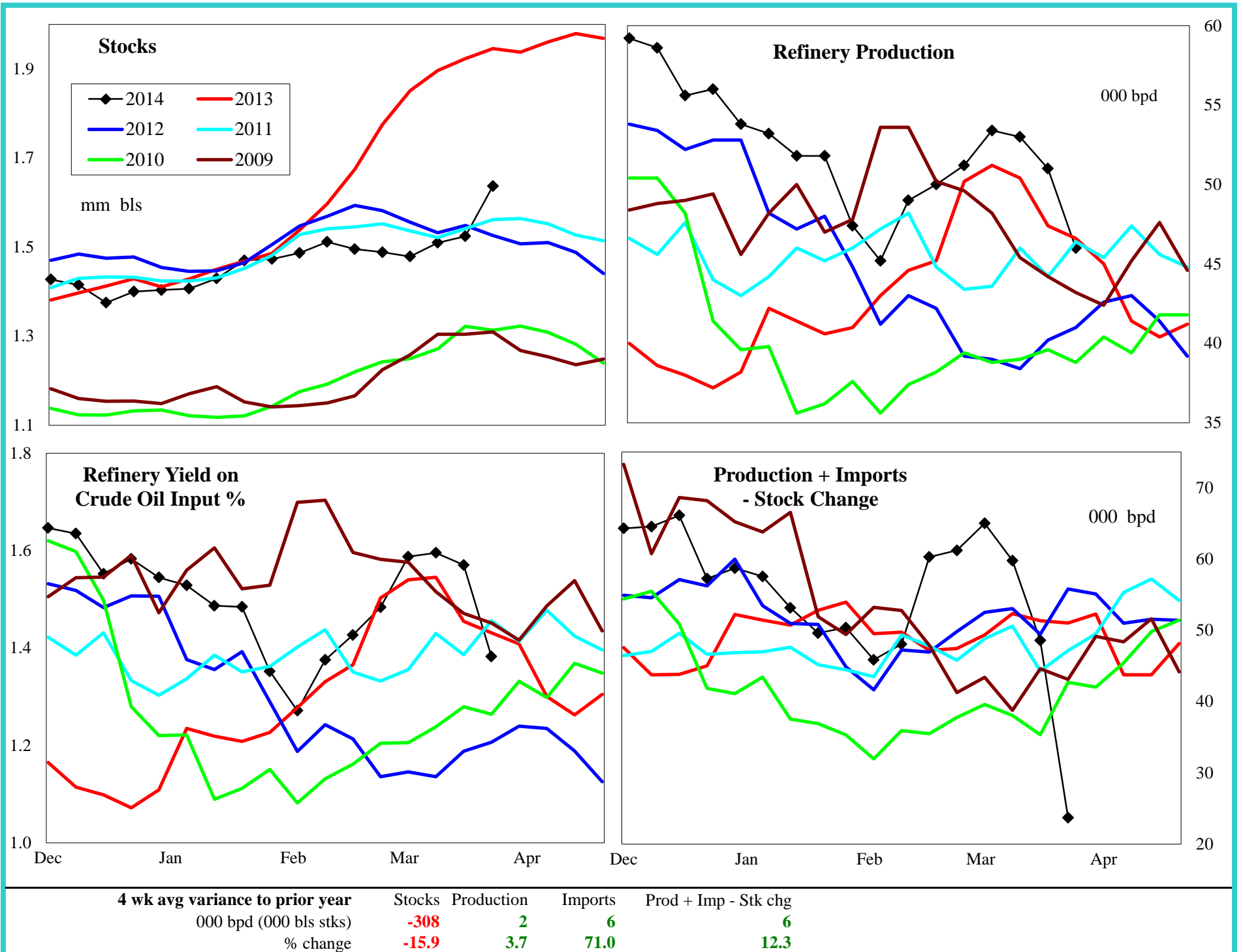
PADD 2 Distillate Supply



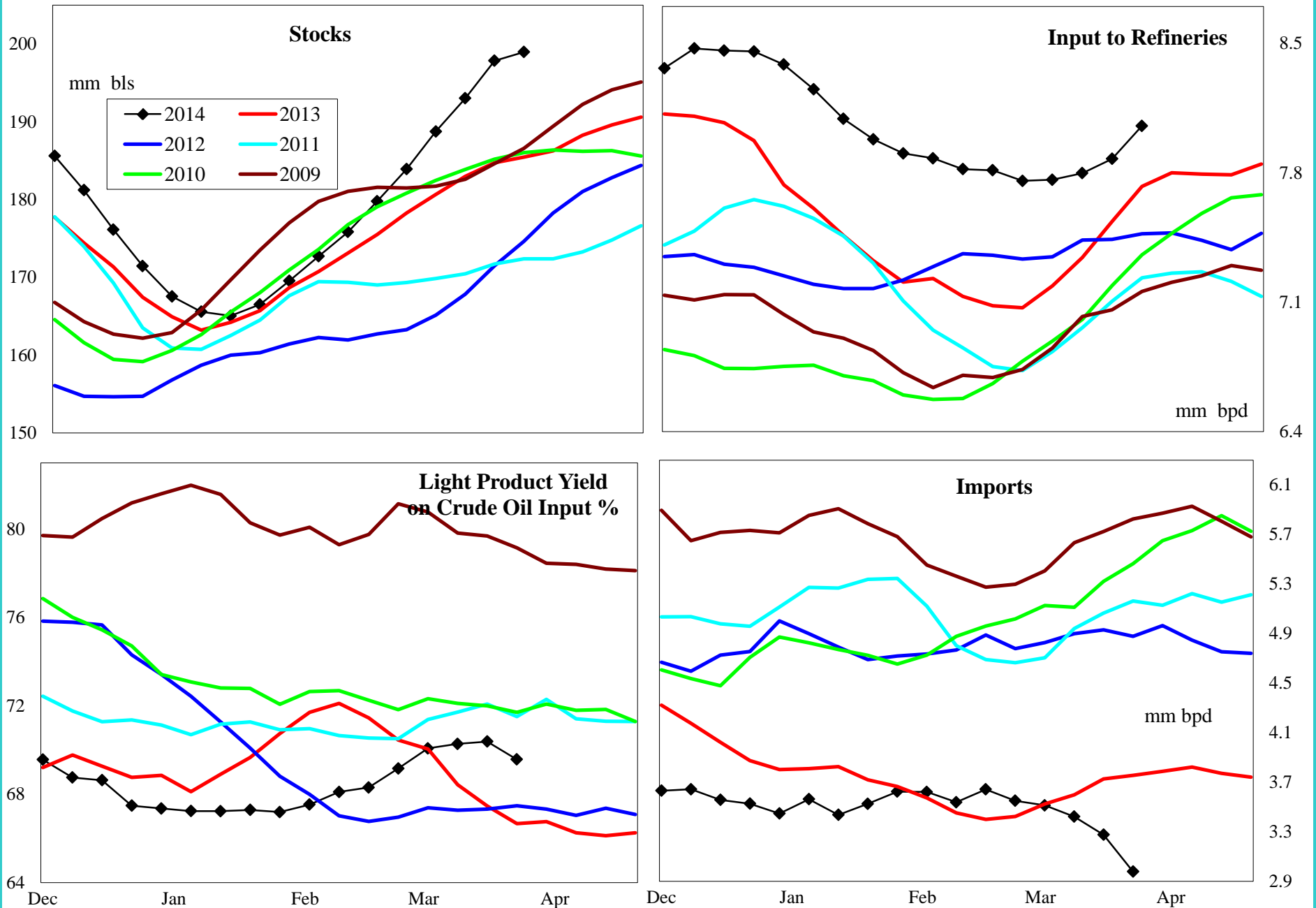
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

13,526

7.3

Input

380

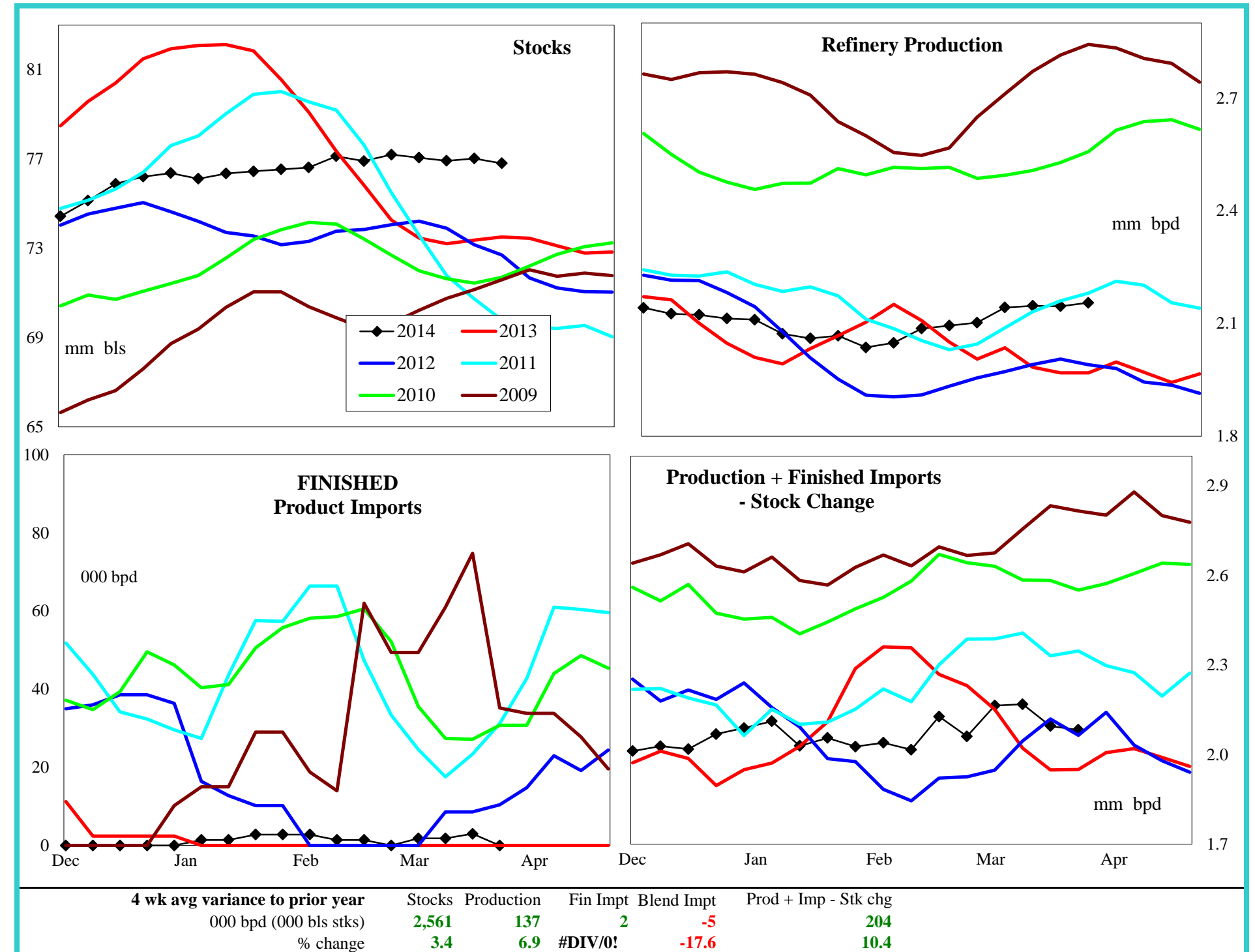
5.1

Imports

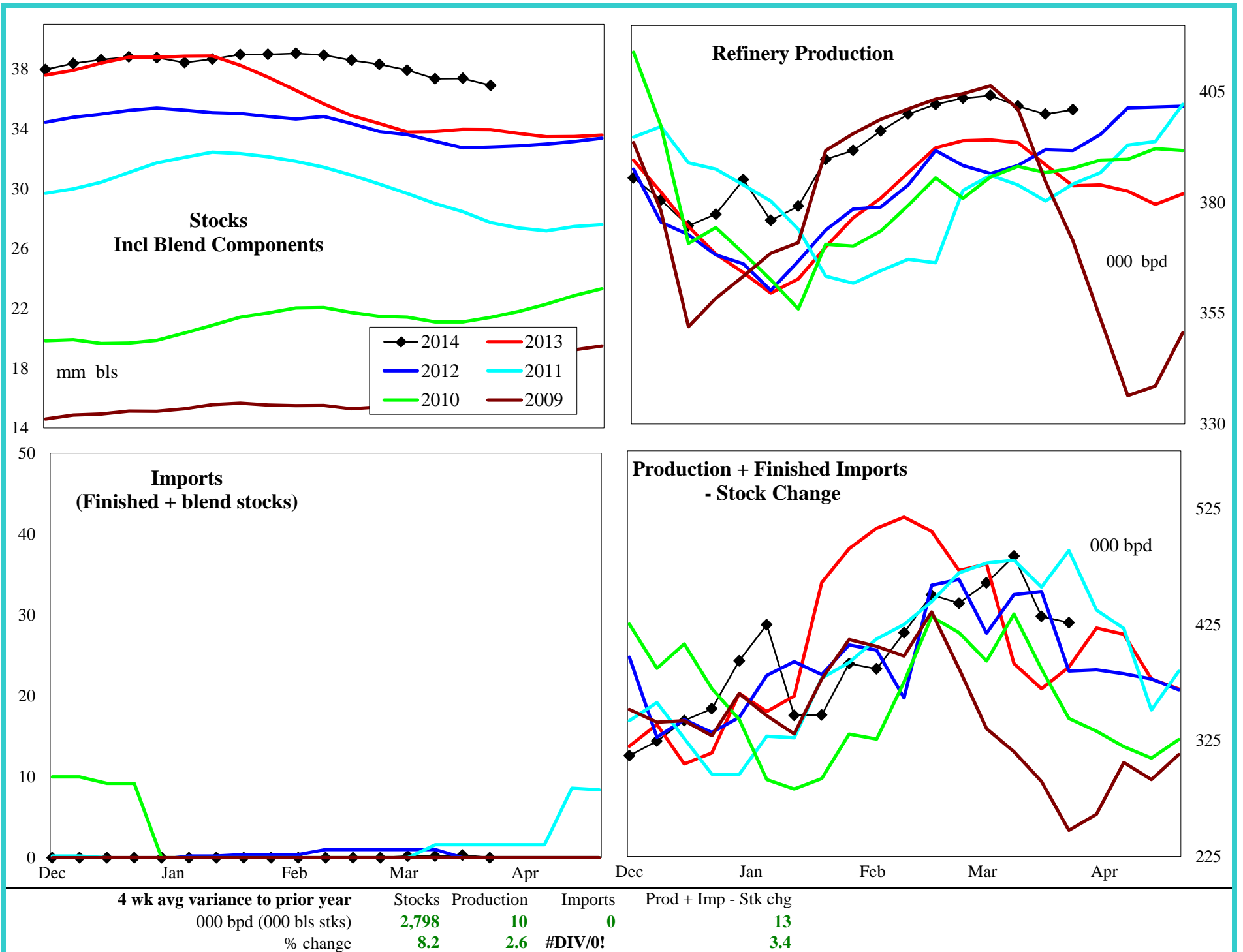
-275

-7.5

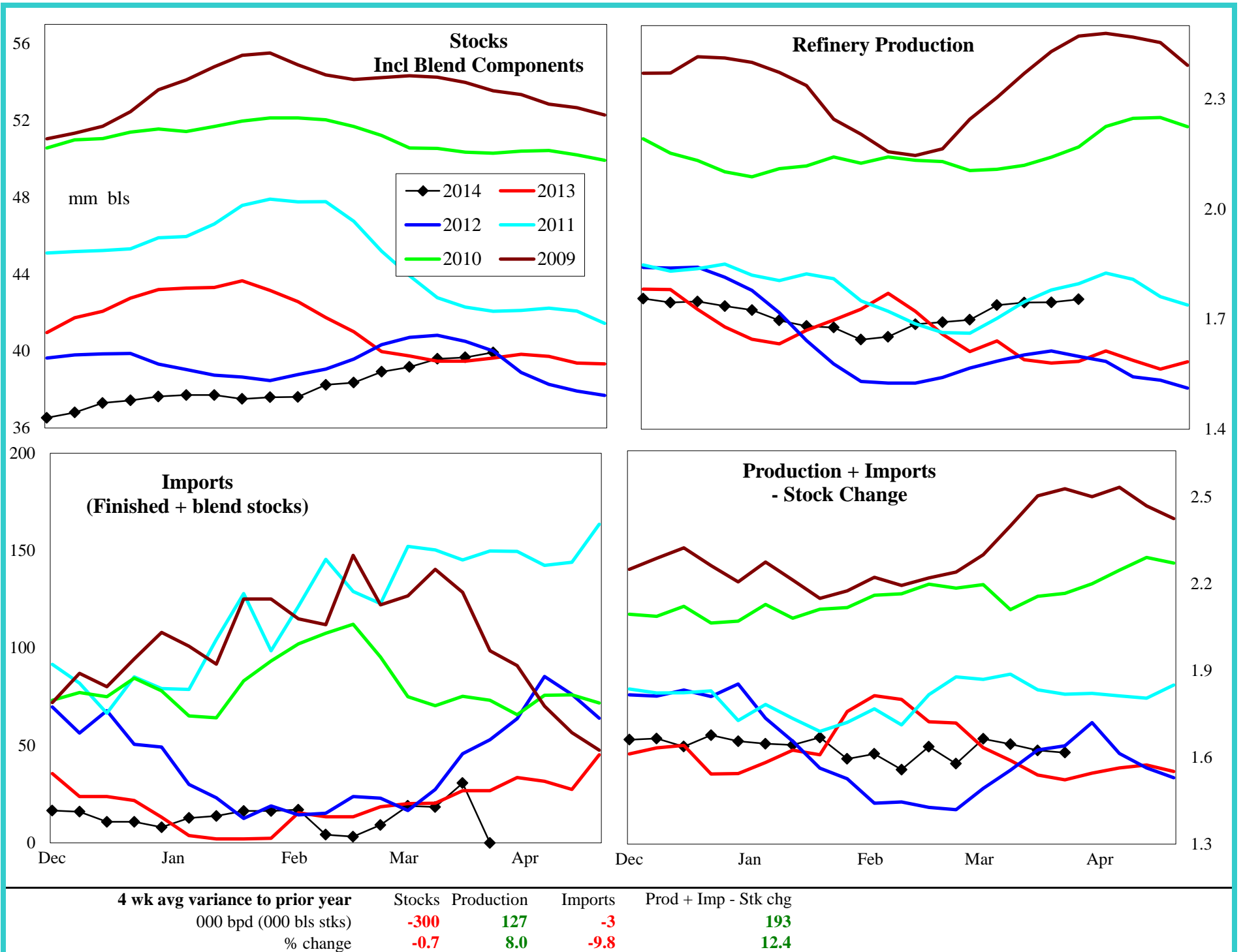
PADD 3 Gasoline Supply



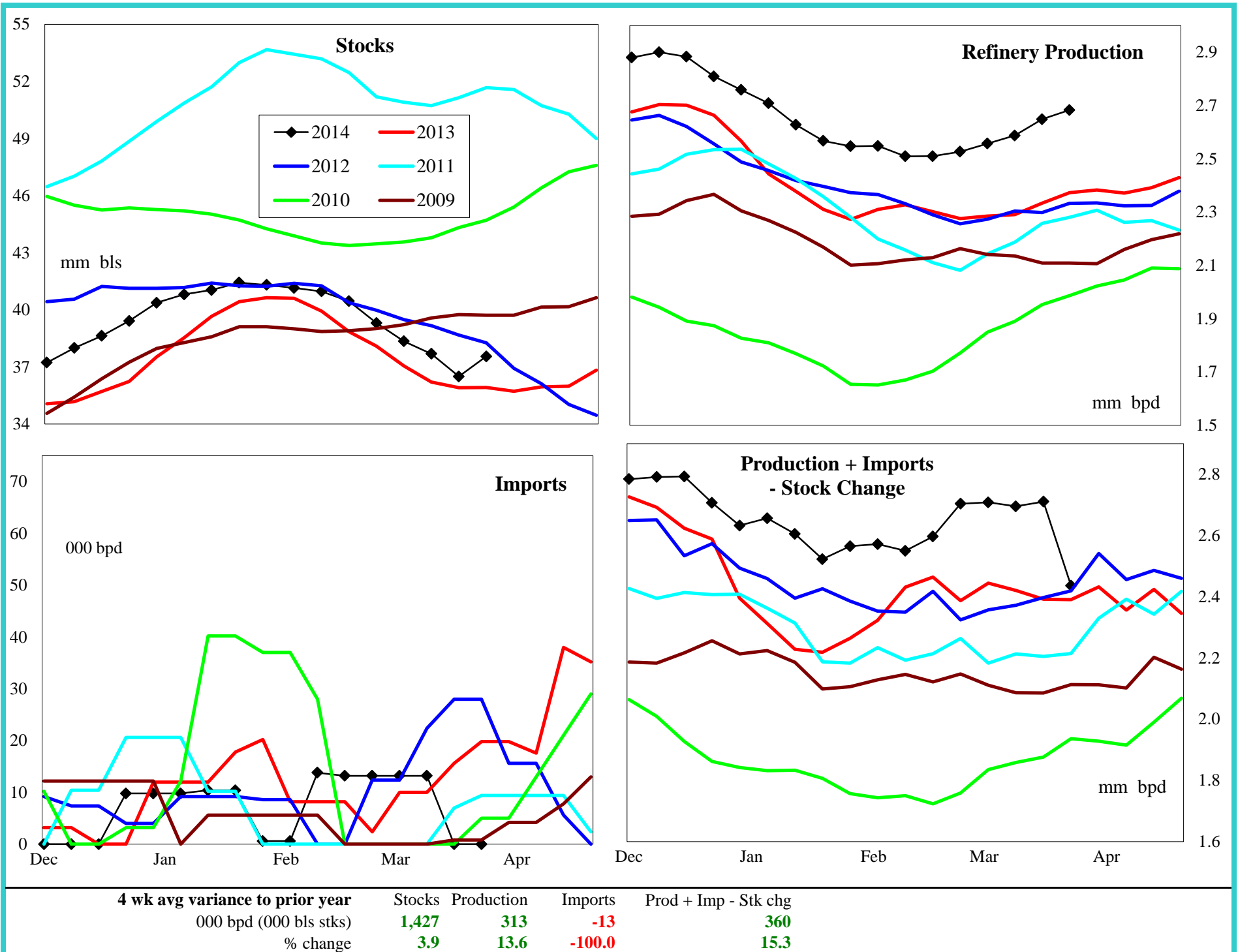
PADD 3 Reformulated Gasoline Supply



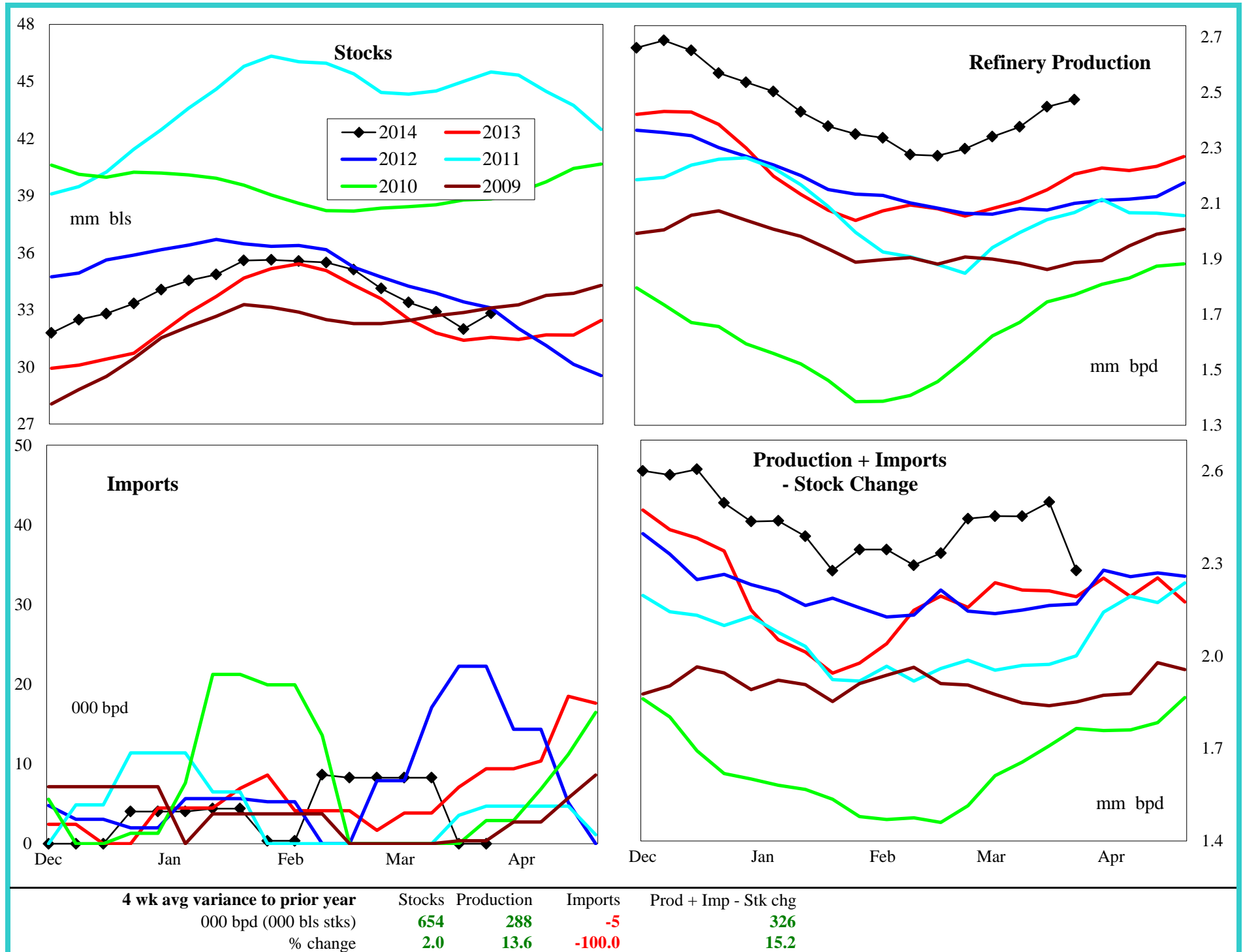
PADD 3 Conventional Gasoline Supply



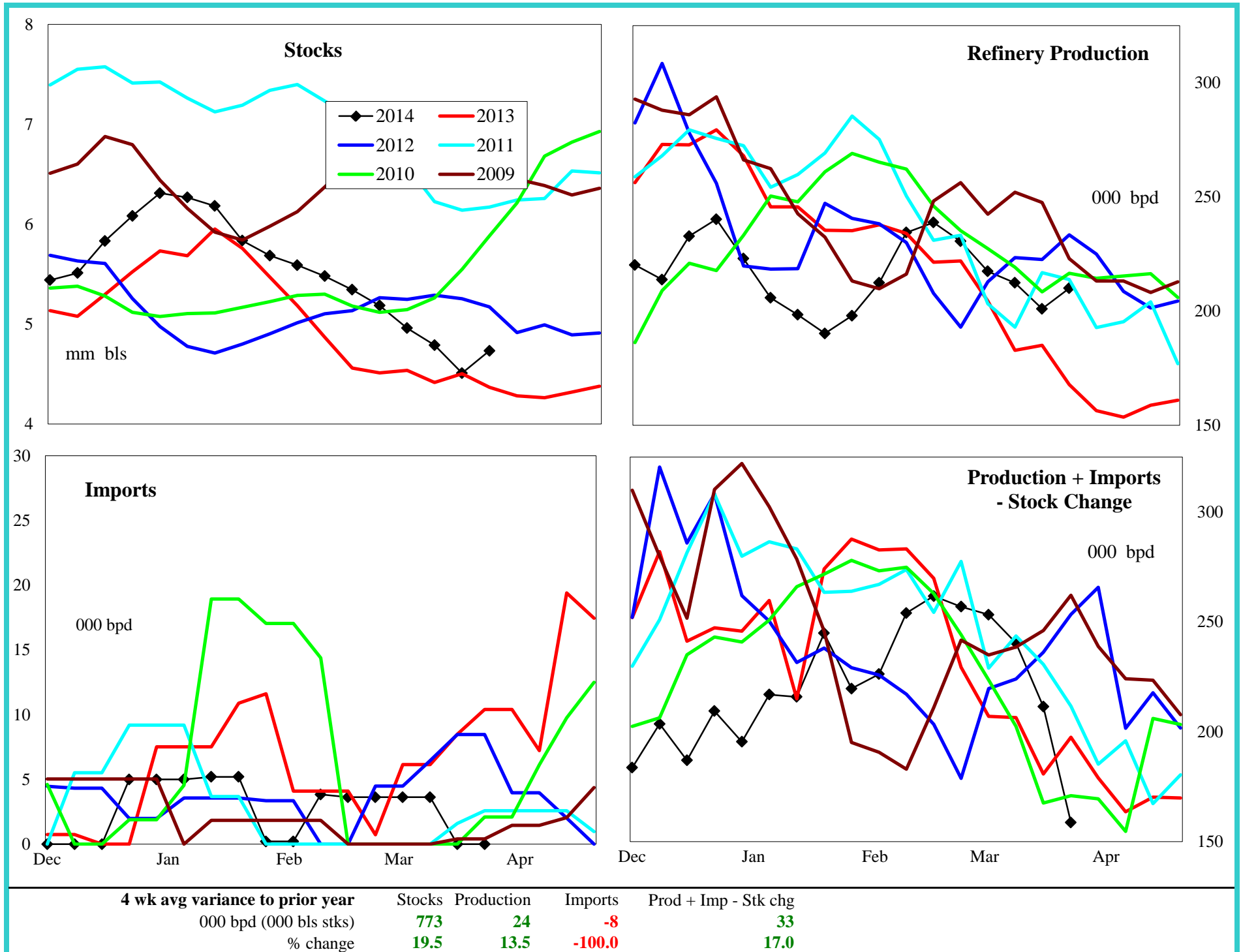
PADD 3 Distillate Supply



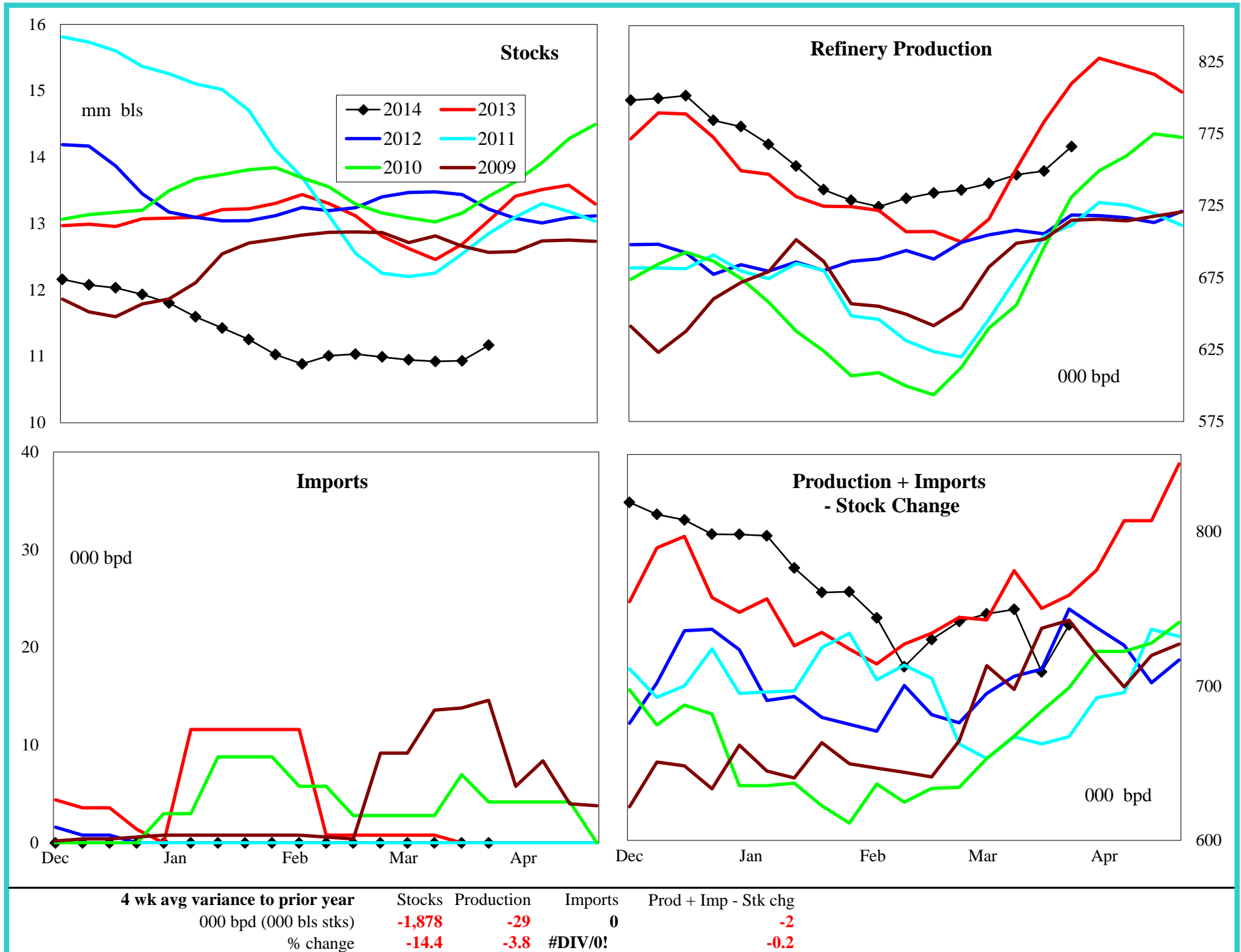
PADD 3 Low Sulfur Distillate Supply



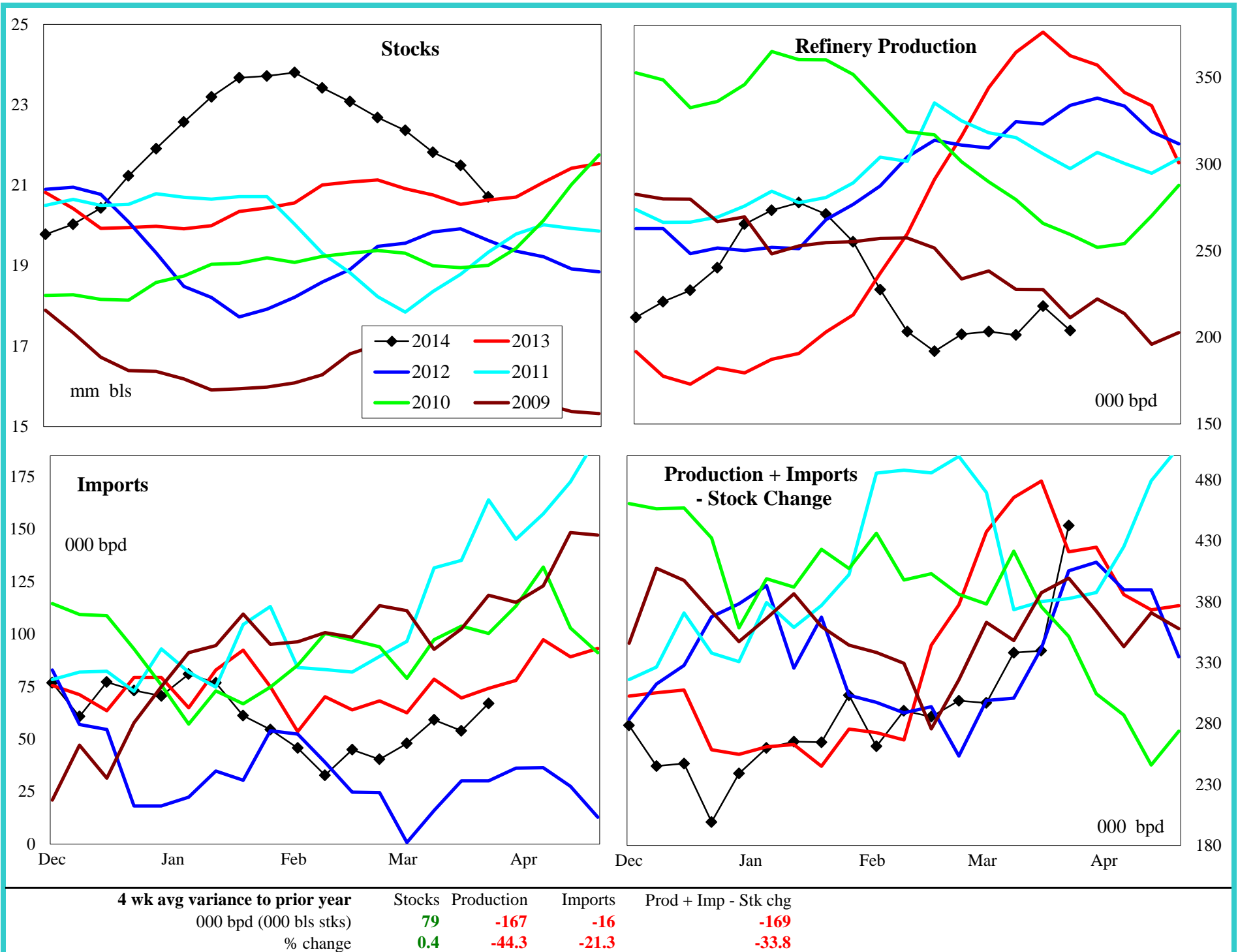
PADD 3 High Sulfur Distillate Supply



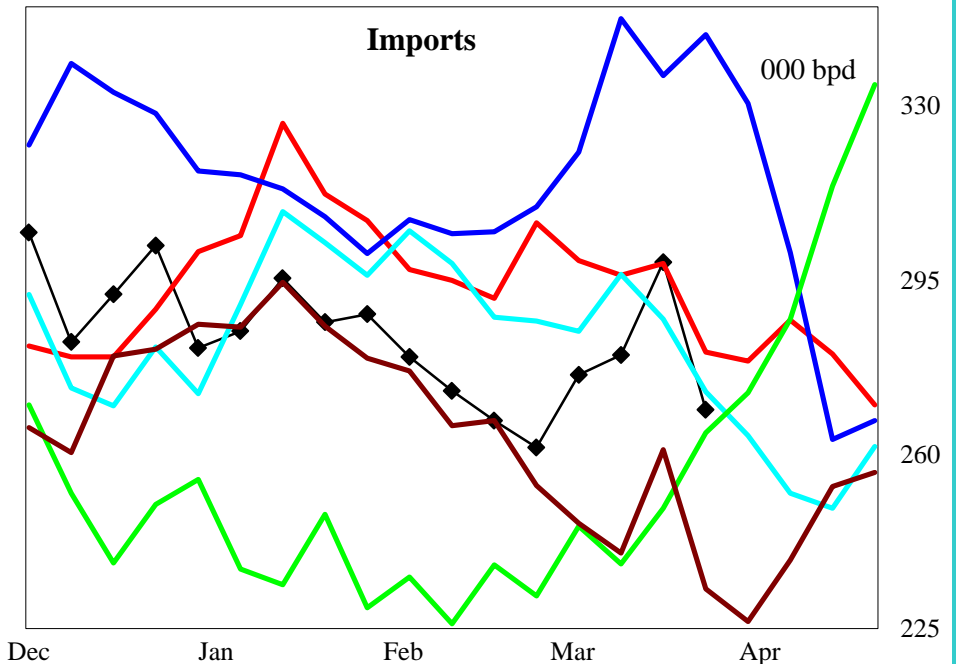
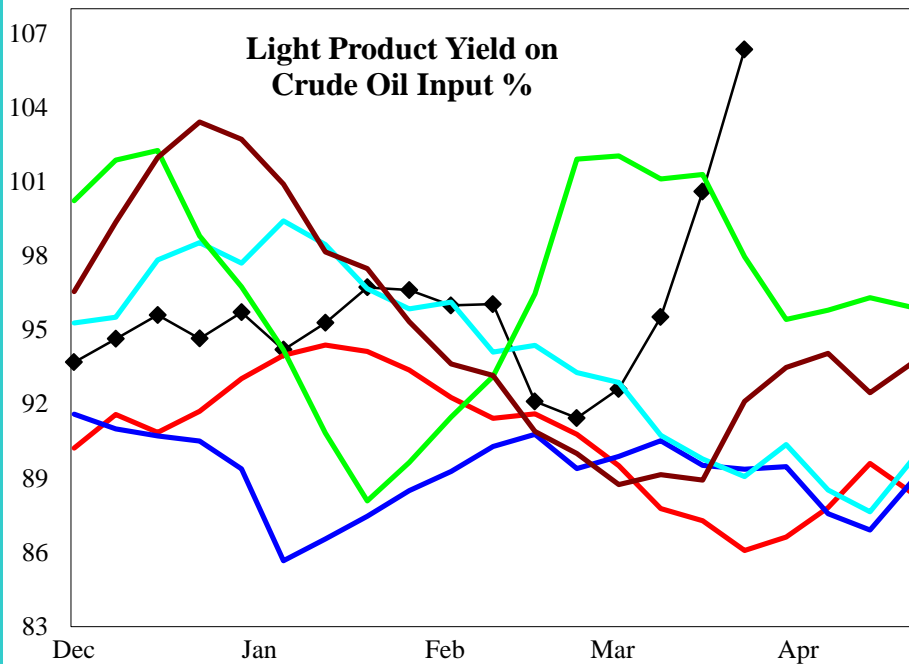
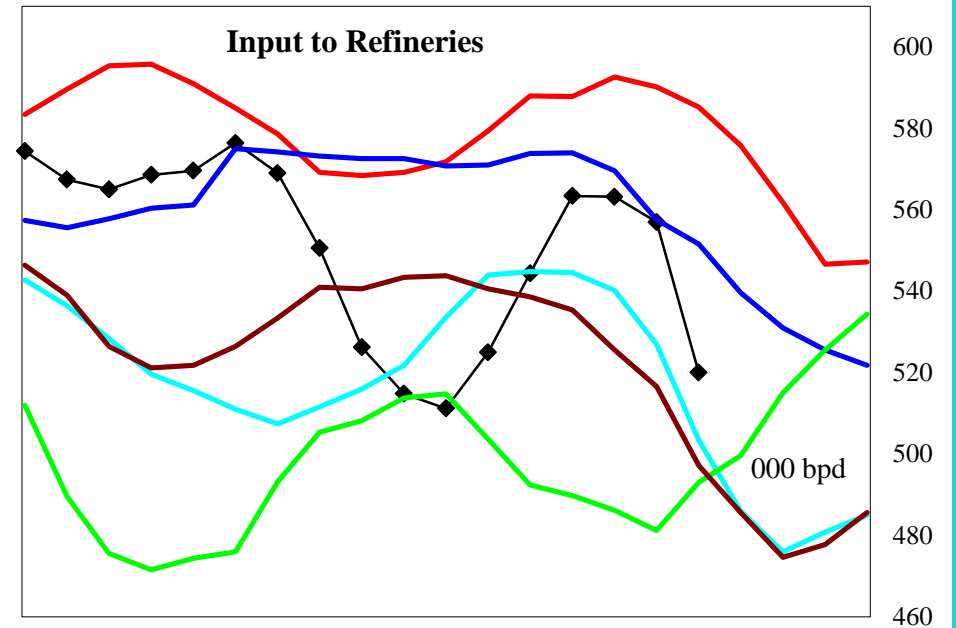
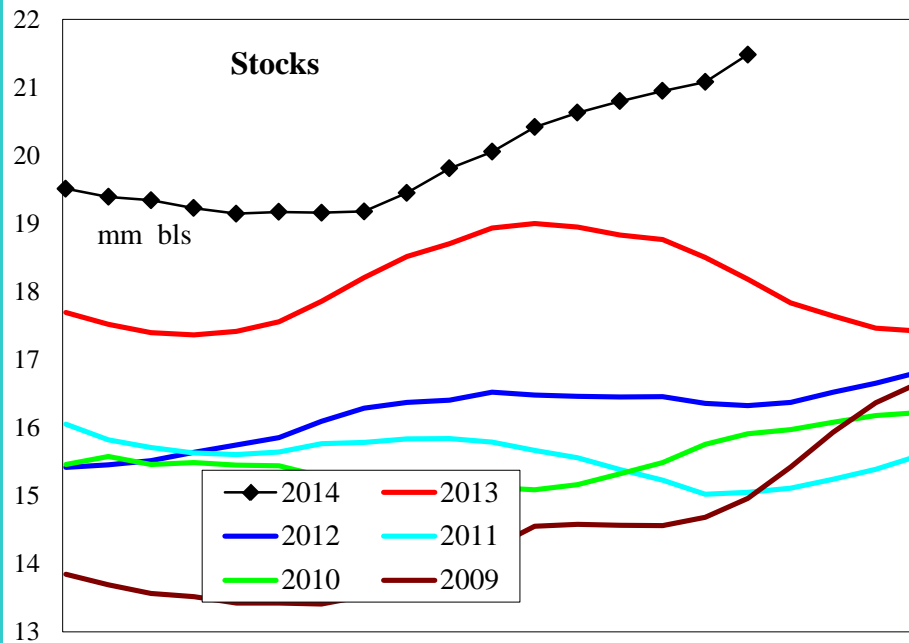
PADD 3 Jet Fuel Supply



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

3,297

17.7

Input

-36

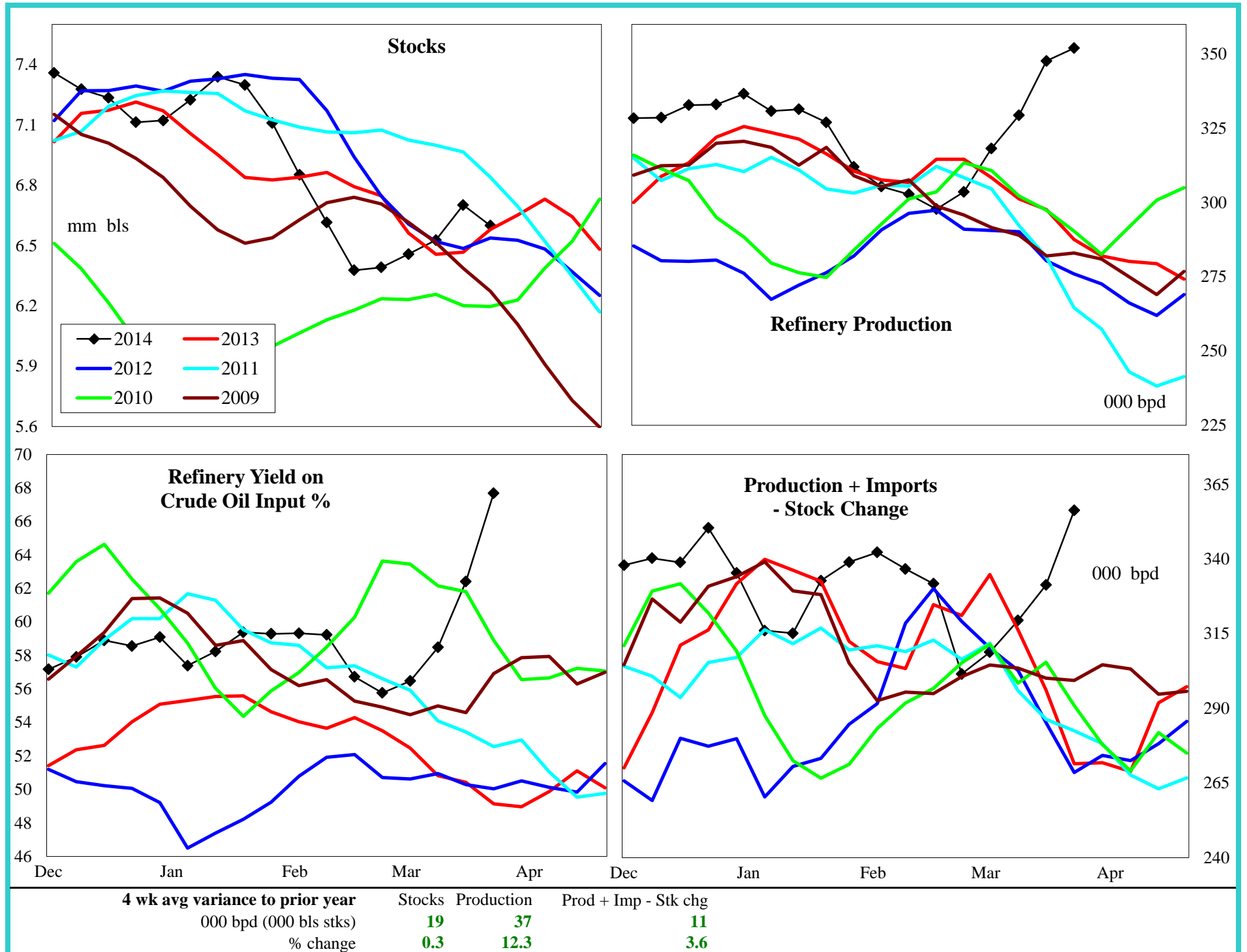
-6.1

Imports

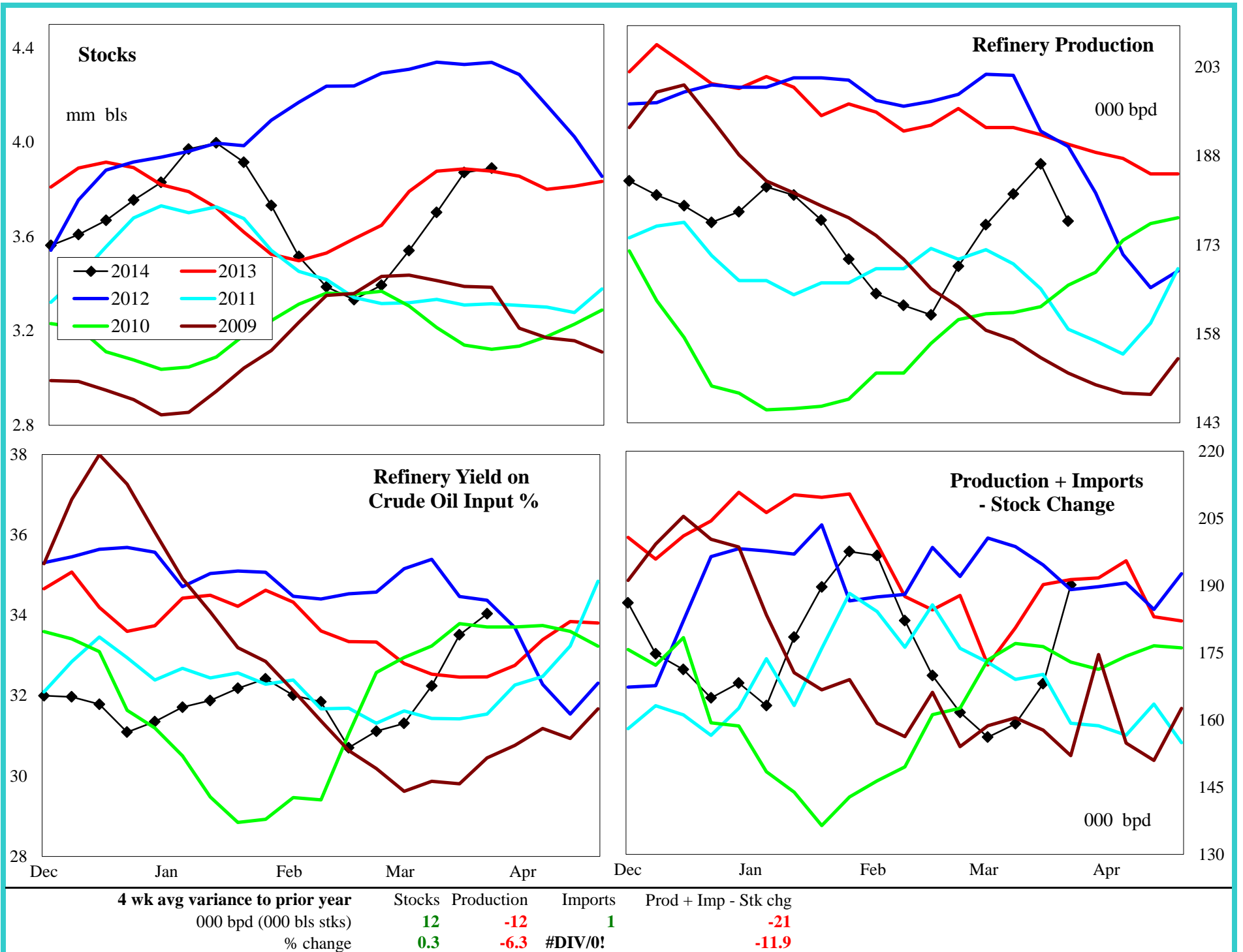
-7

-2.3

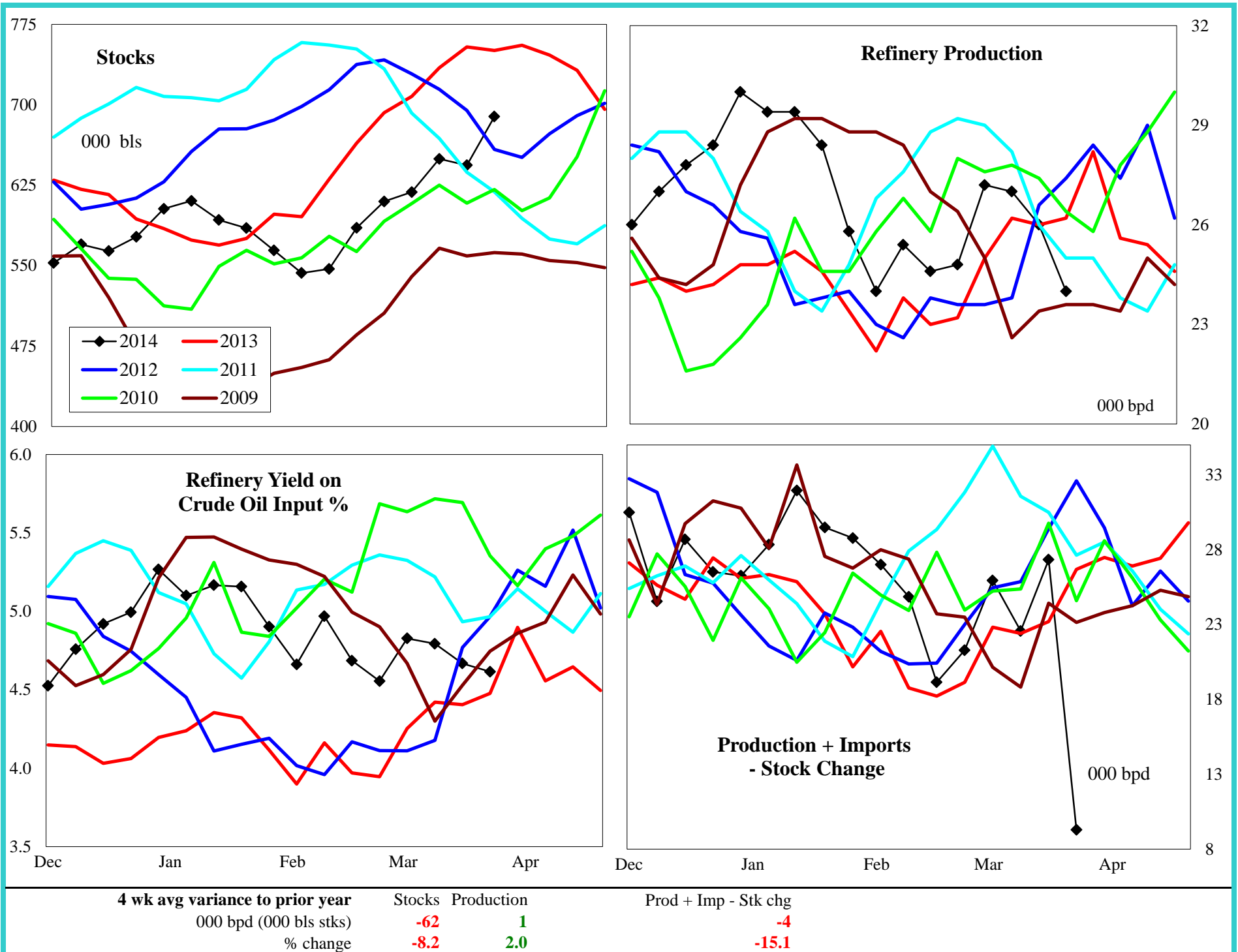
PADD 4 Gasoline Supply



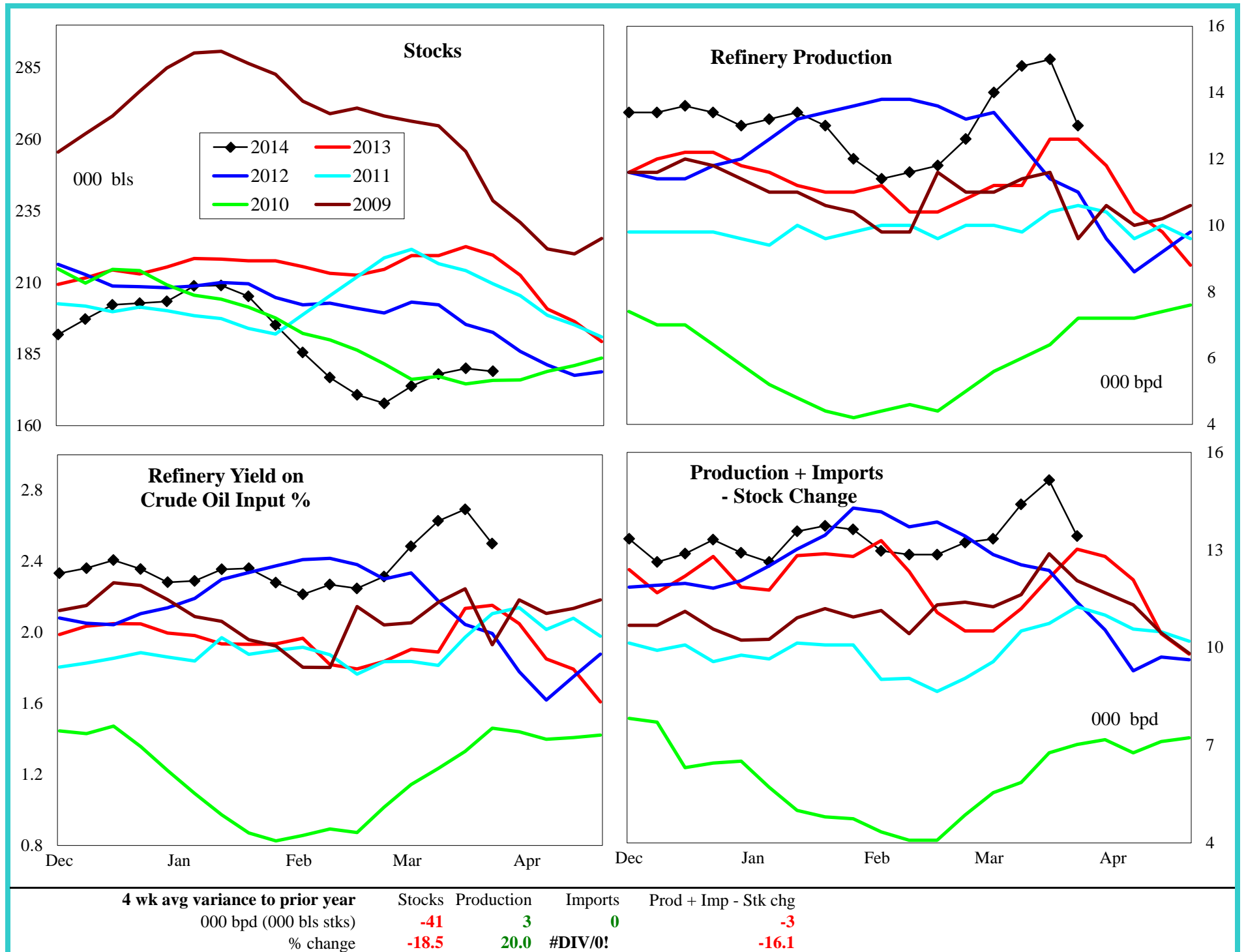
PADD 4 Distillate Supply



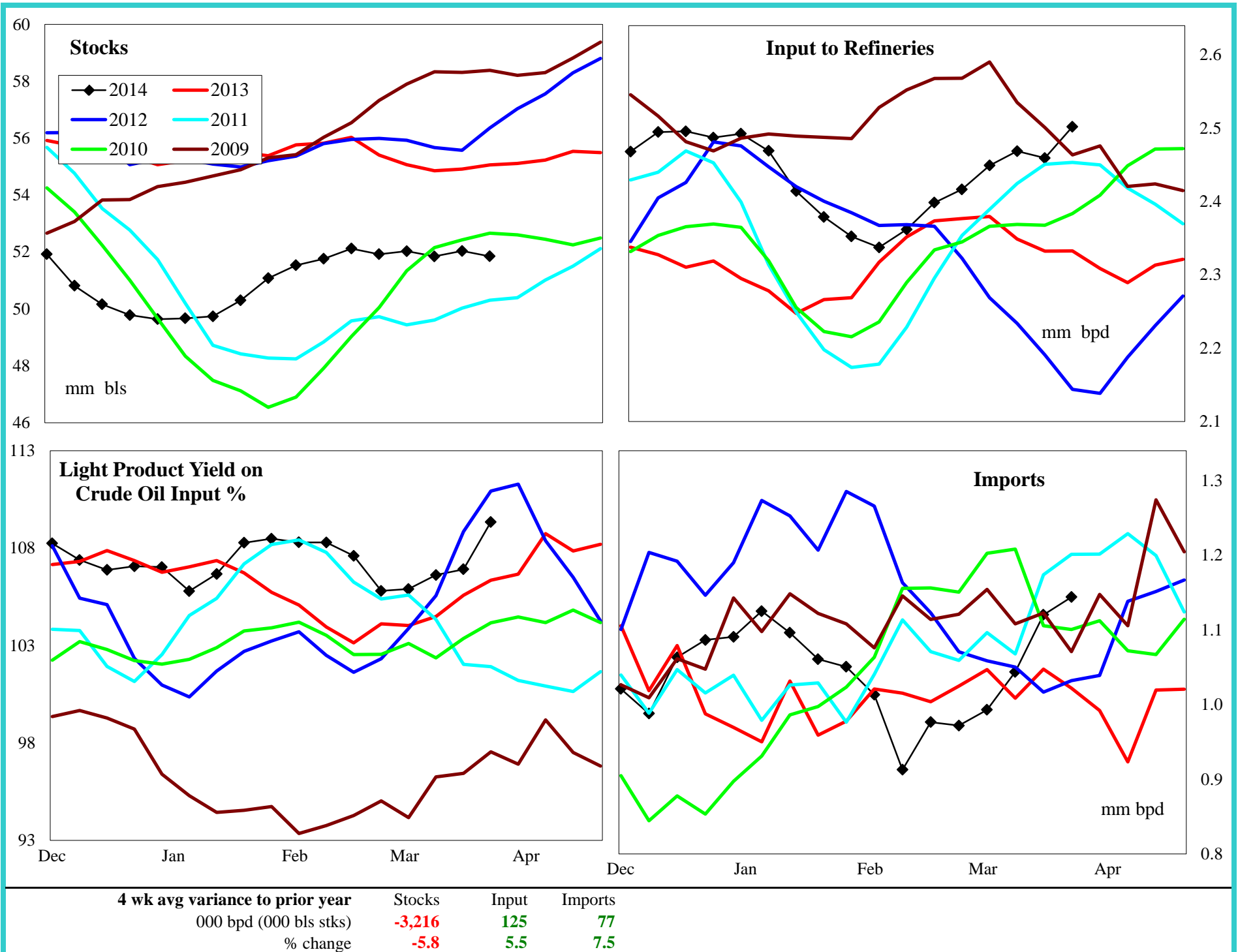
PADD 4 Jet Fuel Supply



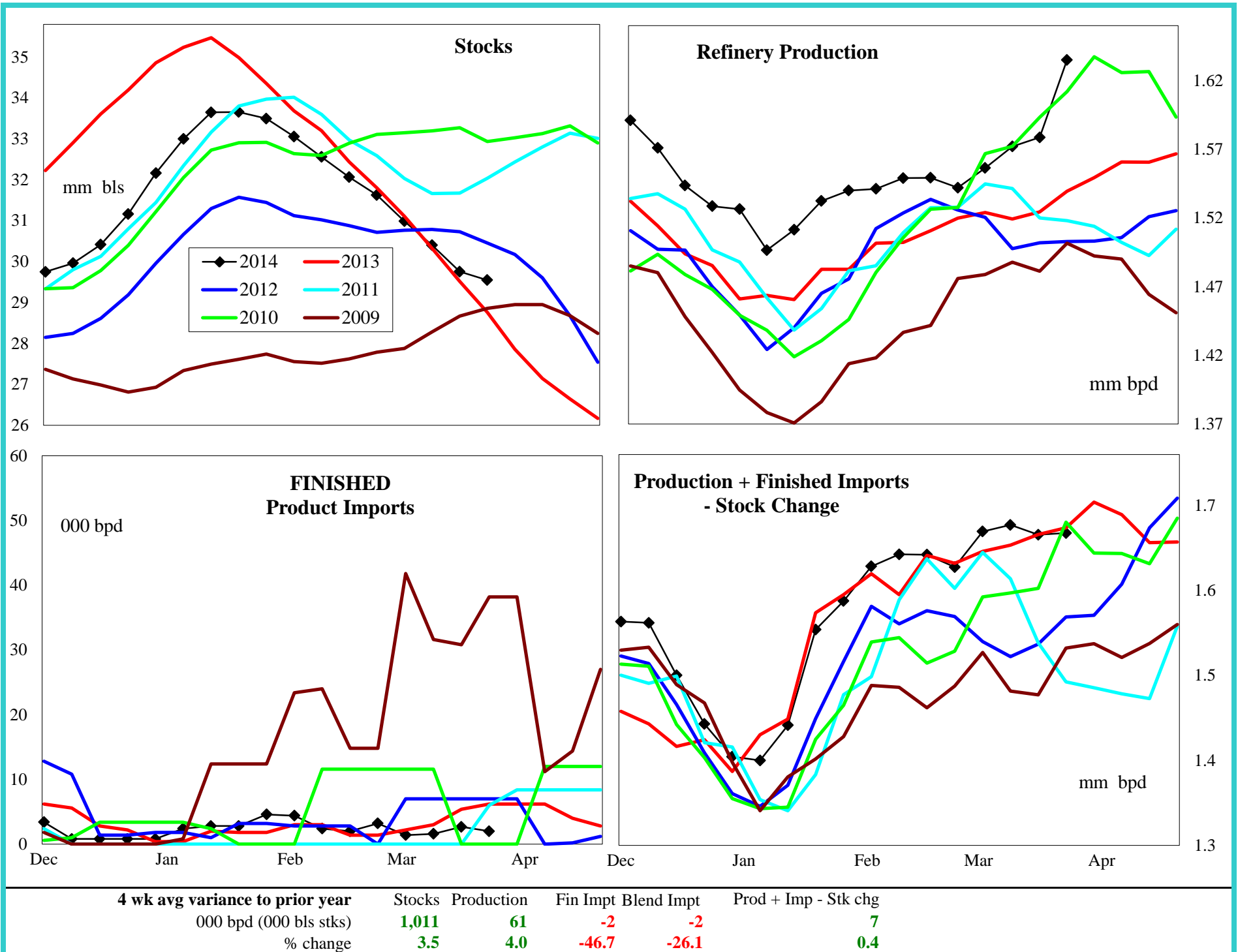
PADD 4 Residual Fuel Oil Supply



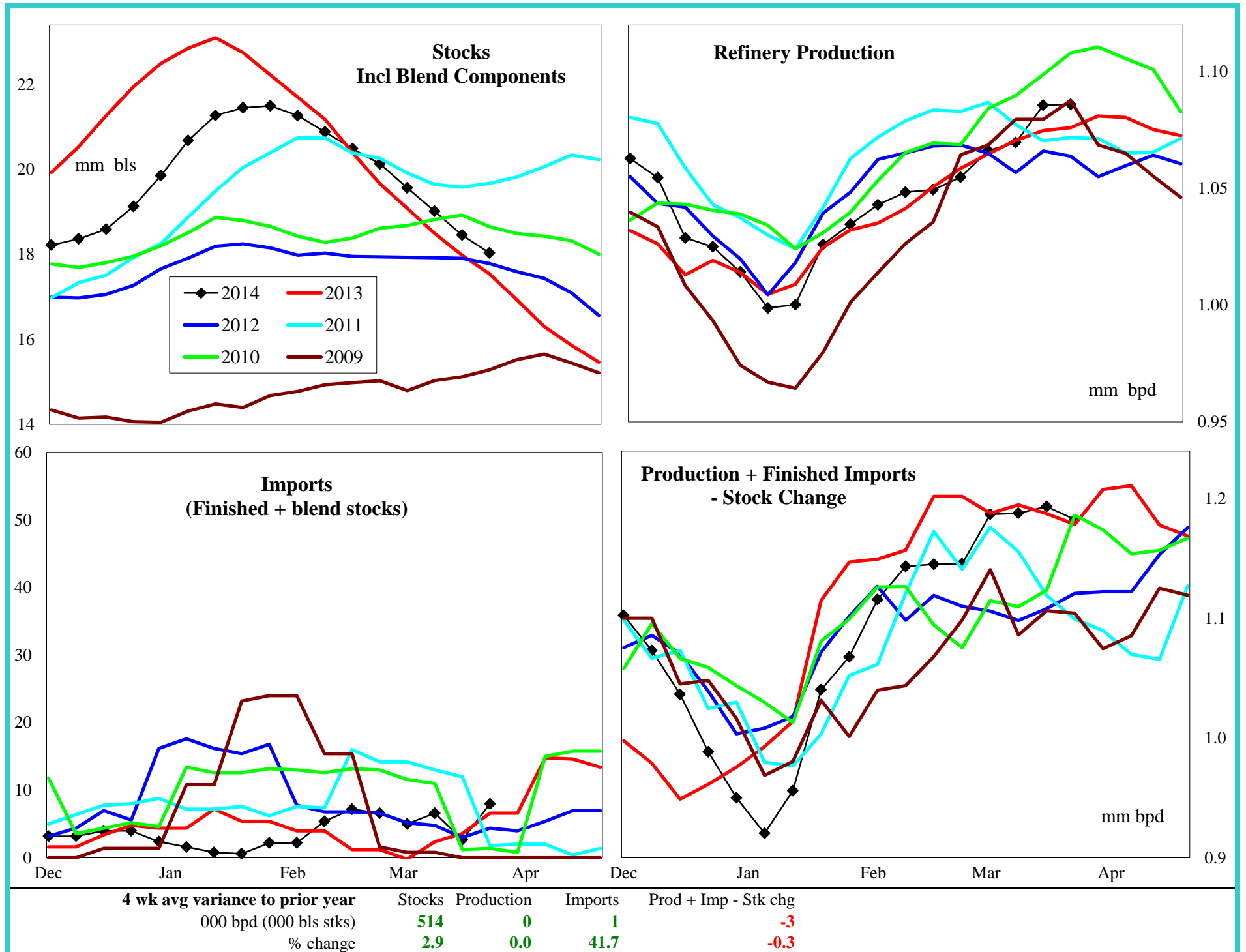
PADD 5 Crude Oil Supply and Refining



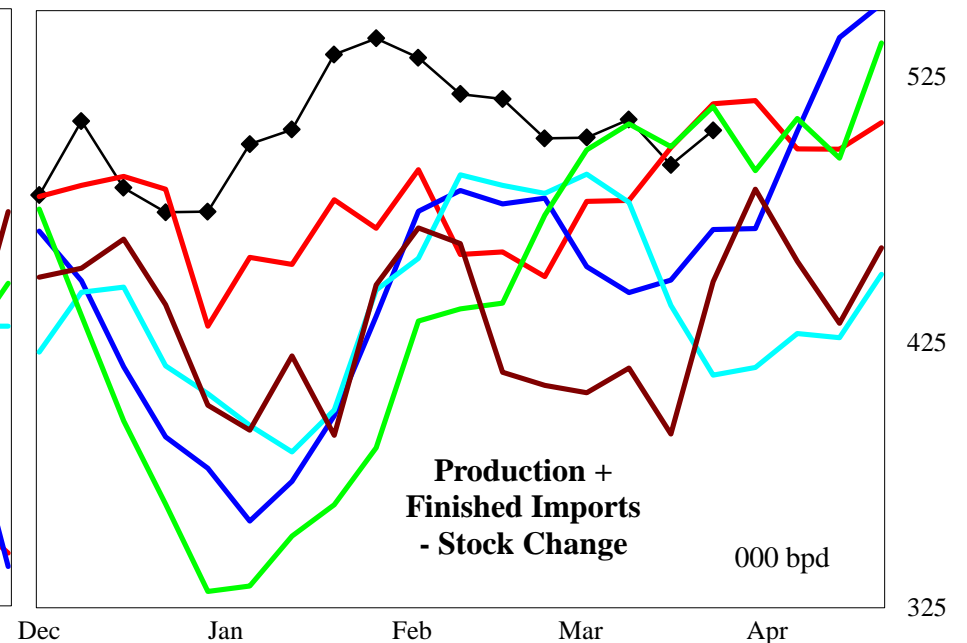
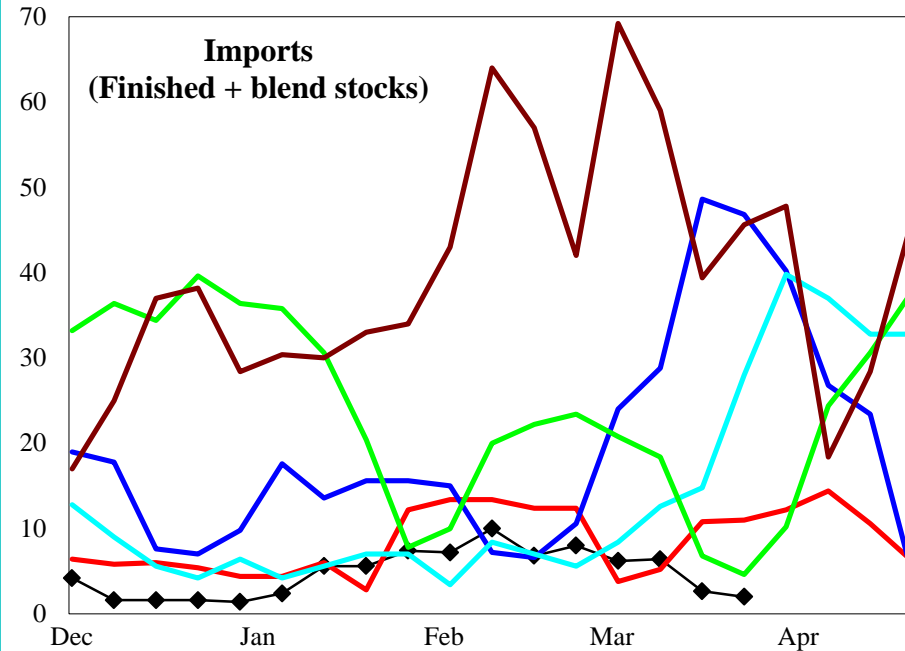
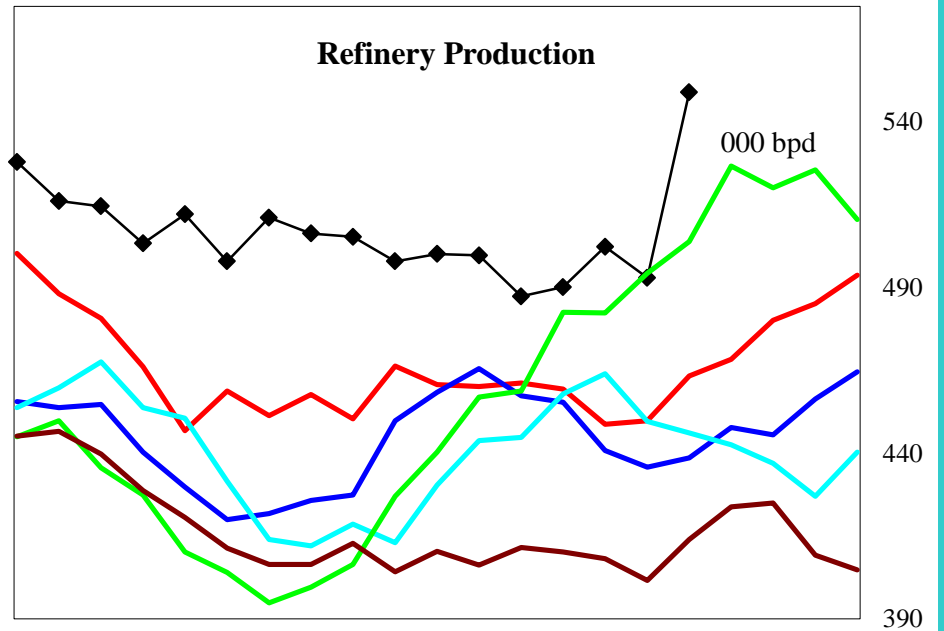
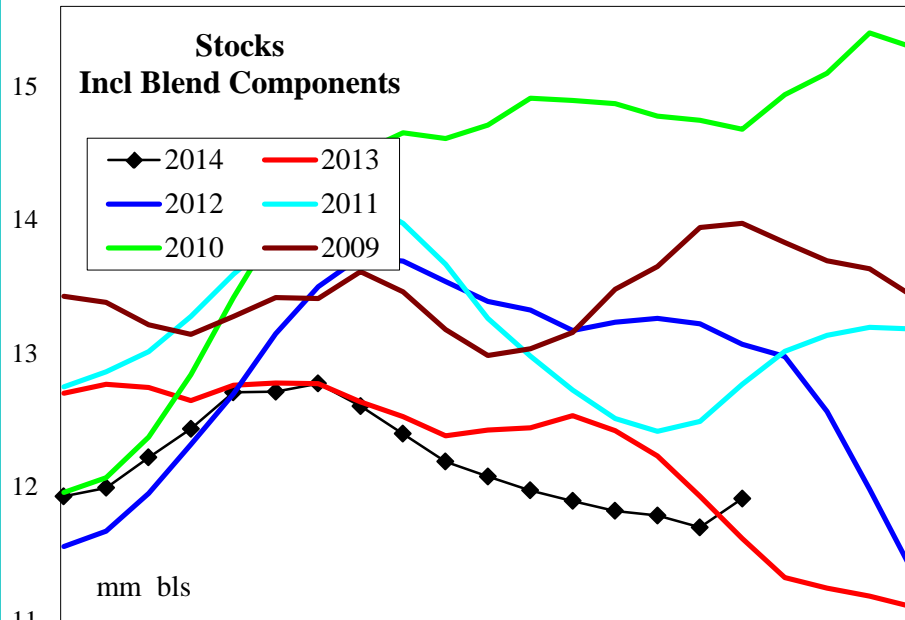
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

497

61

-5

10

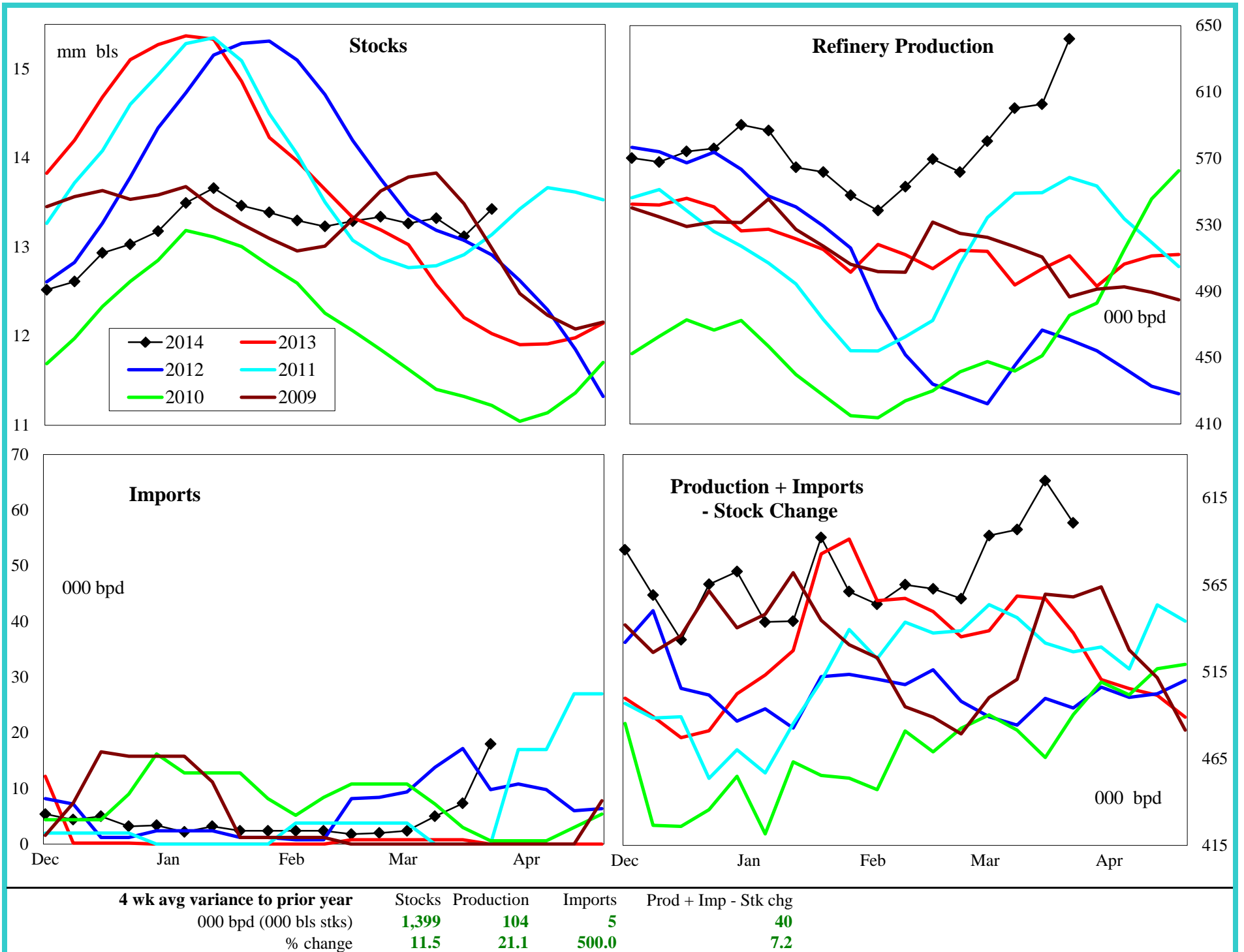
4.4

13.6

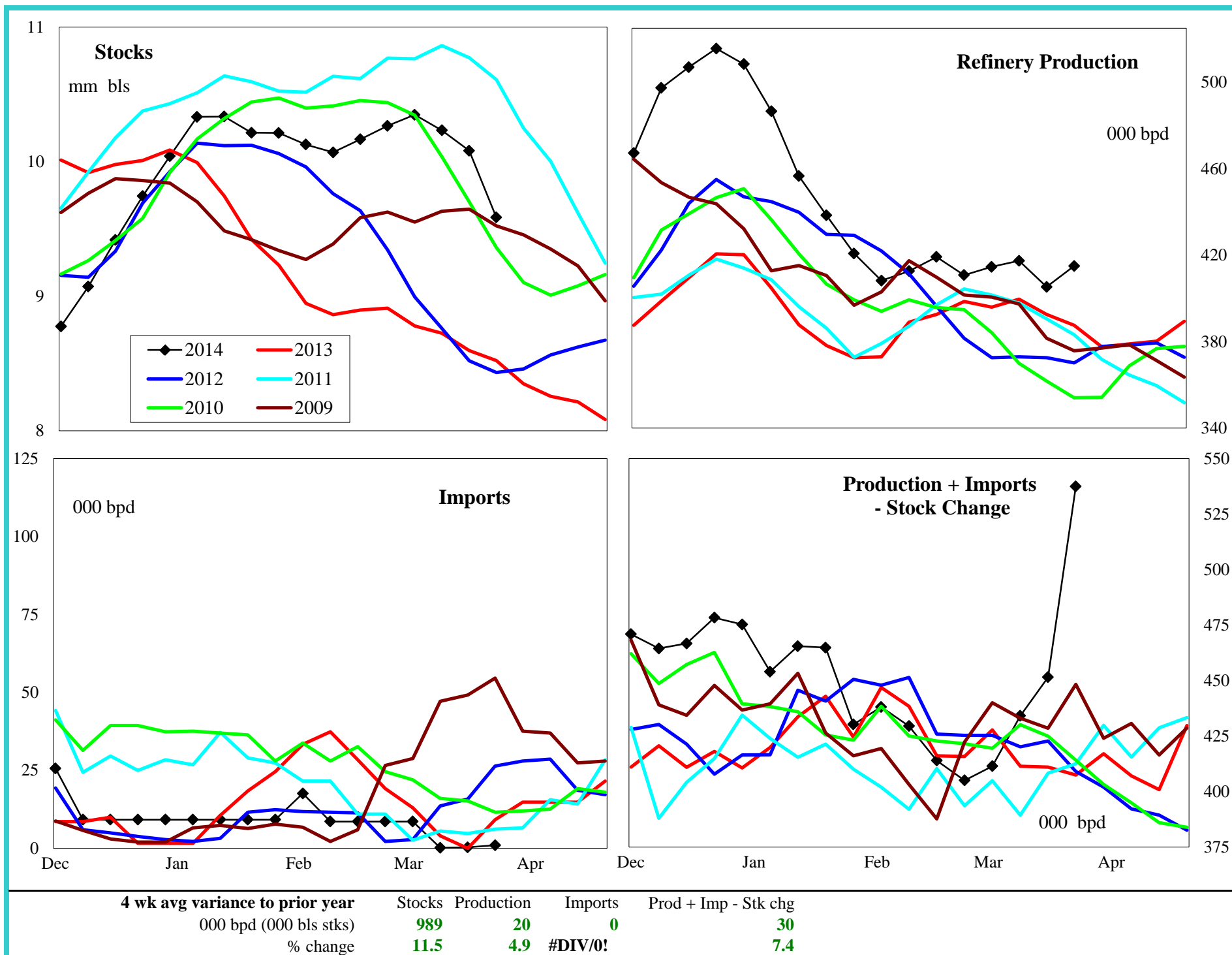
-69.2

2.0

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

