



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

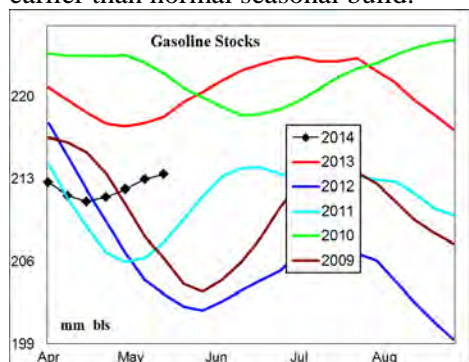
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, May 21, 2014



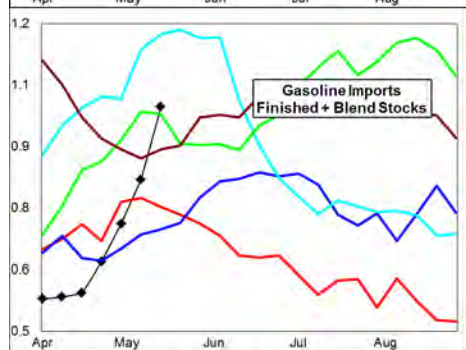
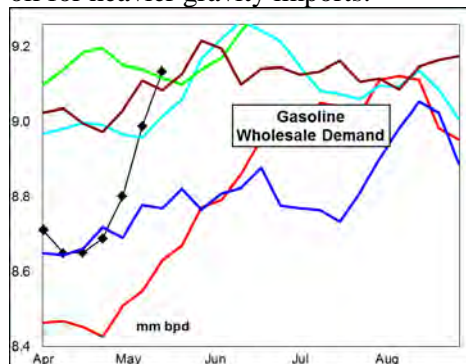
Major Fundamental Trends¹

Gasoline supplies are well balanced in all regional markets ahead of the Memorial Holiday week, following an earlier than normal seasonal build.



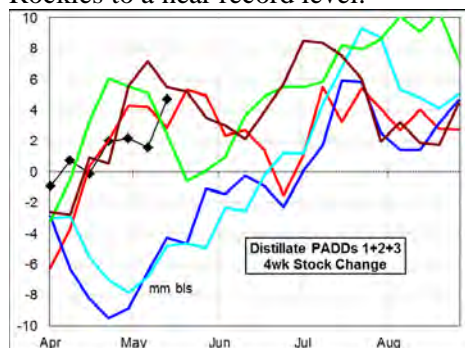
Stock levels are above the historic mid range in all markets except the West Coast, where stocks are above the last 2-yrs.

A very robust seasonal increase in demand has been offset by a spike in imports and record production; driven by substitution of domestic shale crude oil for heavier gravity imports.



Distillate wholesale demand plunged -0.5 million bpd last week, on a sharp

drop in exports. This decline, combined with record supply led to a +3.4 million barrel stock build on the week. This weekly stock build, lifted the 4-wk build in markets East of the Rockies to a near record level.



Crude oil imports plunged -0.7 million bpd last week, to an extremely low level as refiners continue to displace imports for domestic supplies. Combined with a +0.3 million bpd rise in crude oil runs, this led to a -7.2 million barrel draw in crude oil stocks. Crude oil stocks decreased -0.2 million bpd in Cushing, with a -5.7 million barrel draw in the Gulf.

Wholesale Demand for distillate fell -0.5 million bpd on lower exports. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +5.3%; distillate was +7.7% higher; jet fuel declined -0.3%, and residual fuel decreased -13%.

Stocks forward coverage: Gasoline demand coverage increased on a +1 million barrel stock build and little change in wholesale demand. Coverage ended the week at a level near the 3-yr mid range.

Distillate coverage increased on a +3.4 million barrel stock build. Coverage ended the week at a level below the 5-yr range.

Jet fuel coverage decreased on a -0.6 million barrel stock draw, to a level below the 3-yr mid range.

Residual fuel oil coverage increased on a +1 million barrel stock build. Coverage was above the 5-yr range.

Refinery utilization rates increased on a +282,000 bpd increase in crude oil

runs last week. During the latest 4-wk period crude oil input was +0.8 million bpd above a year ago.

Gasoline yield % on crude oil runs decreased last week on a -14,000 bpd decline in output compared to the +282,000 bpd rise in crude oil runs. Yield % on crude oil runs matched the 3-yr mid range.

Distillate yield % on crude oil runs was nearly unchanged last week, on a +91,000 bpd increase in output compared to the increase in crude oil runs. The yield % on crude oil runs ended the week at a level above the historic range.

Jet fuel yield % on crude oil runs fell sharply on a -54,000 bpd decline in output, compared to the increase in crude oil runs. The yield % on crude oil runs ended the week below the 5-yr range.

Petroleum Imports/Exports: Imports of crude oil plunged -0.7 million bpd last week, to a record low for the period.

During the latest 4-wk period crude oil *imports* were -0.9 million bpd below last year; distillate imports were -29,000 bpd lower; finished gasoline imports were +39,000 bpd higher; gasoline blend stock imports were -52,000 bpd lower; jet fuel imports increased +50,000 bpd, while residual fuel oil imports were -22,000 bpd lower.

Exports during the most recent week for distillate were +66,000 bpd above a year ago, gasoline -87,000 bpd lower, jet fuel +12,000 bpd and propane was +167,000 bpd higher.

Crude Oil imports fell -0.7 million bpd last week, to a record low 6.7 million bpd. As a result of the collapse in imports, stocks fell -7.2 million barrels on the week.

Last week's stock draw in Cushing was a -0.2 million barrel draw, leaving stocks -27 million barrels below a year ago.

¹ Source is latest EIA Weekly Statistics



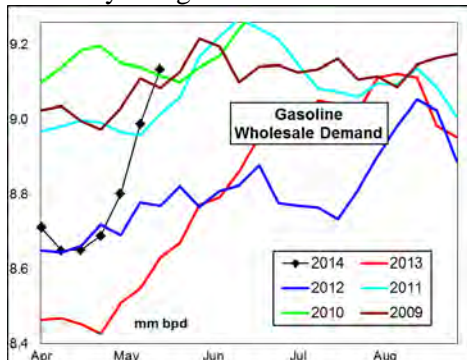
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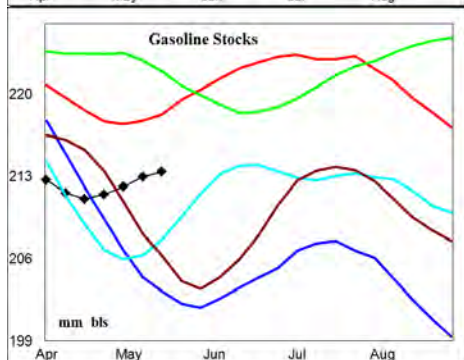
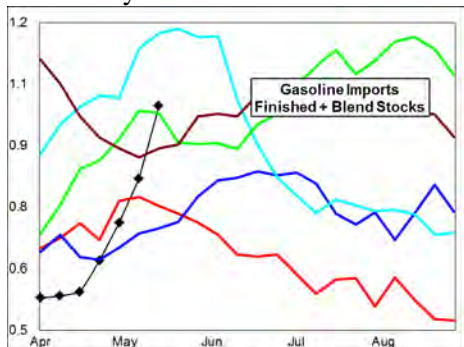
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Product Supply-Demand Trends

Gasoline wholesale demand remains extremely high, with the latest 4-wk average demand was +447,000 bpd above a year ago.



Supply increased +106,000 bpd on the week, driven by higher imports. Supply for the latest 4-wk period was +342,000 bpd above a year ago. Imports of finished + blend stocks increased +120,000 bpd, sharply above the last 2-yr.

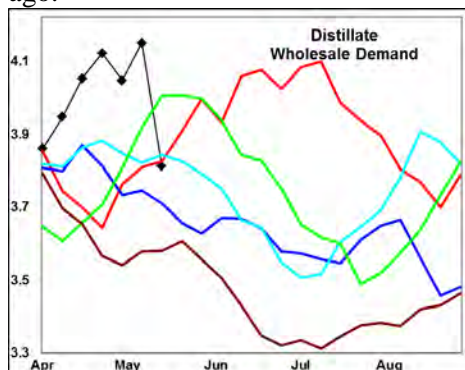


Stocks increased +1 million barrels last week, to a level well above the 3-yr mid range.

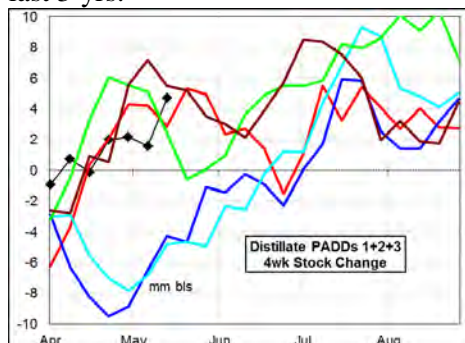
The latest 4-wk stock build East of the Rockies of +4.2 million barrels was the 3rd consecutive weekly record build for this time of year. Record crude oil runs and increased throughput of domestic shale crude oil should drive continued

year-on-year growth in production.

Distillate wholesale demand plunged -0.5 million bpd last week, on sharply lower exports. The latest 4-wk average demand was +293,000 bpd above last year. Supply increased +167,000 bpd on the week, with the latest 4-wk average +0.4 million bpd above a year ago.



The latest 4-wk stock change in markets East of the Rockies was a +4.7 million barrel build, above each of the last 3-yr.

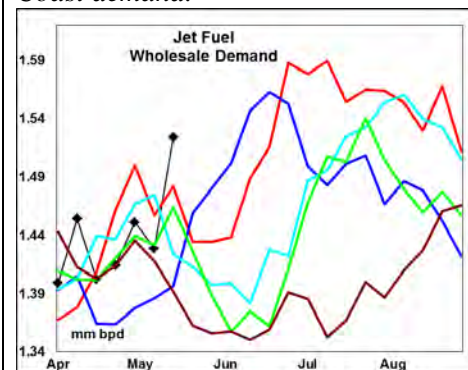


Year-on-year production increase should slow over the next quarter as a result of much higher output last year following an end to refinery maintenance and expansions completed in the summer of 2013. A pull back in exports last week contributed to the near record 4-wk rate of stock builds in markets east of the Rockies.

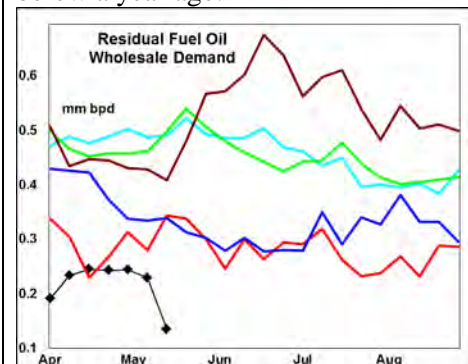
Jet Fuel wholesale demand increased +95,000 bpd last week. The latest 4-wk average demand was -4,000 bpd below a year ago. Supply fell -49,000 bpd on lower production. Output for the most recent 4-wk period increased +7,000 bpd compared to last year.

Imports were +50,000 bpd higher. Stocks decreased -0.6 million barrels last week, to a level that matched historic lows.

Stock levels are nearly unchanged from the average of the last 3-yr for this time of year; with an increased reliance on imports to satisfy East Coast demand.



Residual fuel oil demand increased +11,000 bpd last week. Demand for the latest 4-wk period was -42,000 bpd below a year ago.



Supply (production + imports) increased +126,000 bpd on sharply higher imports. Production was -35,000 bpd below a year ago for the latest 4-wk period, while imports also decreased 226,000 bpd. Stock levels ended the week below the 3-yr mid range.

Stock levels remain near historic highs in the Midwest and Gulf regions, while at 5-yr lows on the East Coast. Stocks on the west coast have seen a significant build during the last month. Gulf region production has dropped -38% during the latest 4-wk period from last year on increased processing of domestic light shale oil.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

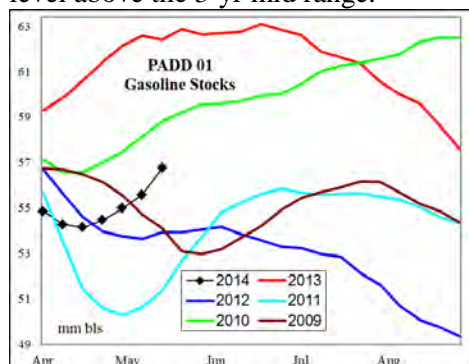
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PADD Supply Trends

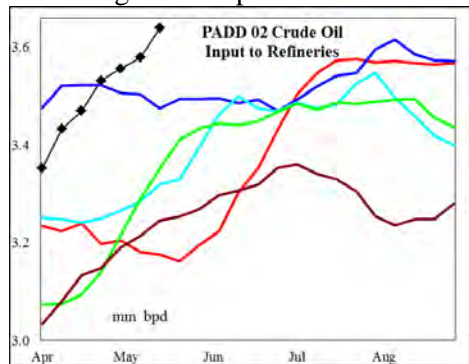
PADD 1 refinery crude oil runs increased +58,000 bpd on the week, to a level above the last 3-yrs. Stocks fell -1.1 million barrels on the week, to a level near the 3-yr mid range.

Gasoline supply increased +220,000 bpd on higher production and imports. Stocks climbed +1.3 million barrels last week, ending at a level above the 3-yr mid range.



Distillate supply increased +14,000 bpd on higher imports; with the 4-wk average -27,000 bpd below last year. Stocks increased +0.7 million barrels to a level -6% below a year ago.

Jet fuel supply increased +20,000 bpd on higher production. Stocks increased +0.3 million barrels to a record high for the period.



PADD 2 crude oil refinery runs climbed +95,000 bpd last week, with the latest 4-wk average +360,000 bpd above last year. Crude oil stocks fell -1.1 million barrels last week, including a -0.2 million barrel draw in Cushing.

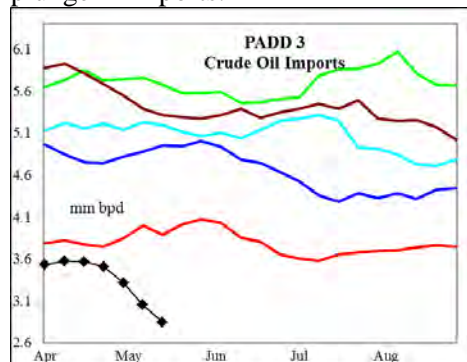
Gasoline supply decreased -42,000 bpd last week, but remains well above prior years. Production for the most recent 4-wk period was +686,000 bpd above a year ago – driven by the EIA

recording sub octane product shipped into the Midwest as finished product production when blended with ethanol. Stocks decreased -0.6 million barrels, with the level still above each of the last 3-yrs.

Distillate supply increased +80,000 bpd last week, with the 4-wk average +148,000 bpd above a year ago. Stocks increased +0.8 million barrels on the week, to a level near the 3-yr mid range.

Jet fuel production fell -44,000 bpd on the week to a level below the last 3-yrs. Stocks increased +0.1 million barrels to a level near the 3-yr mid range.

PADD 3 refinery runs increased +67,000 bpd last week, a level above the historic range. During the latest 4-wk period, average runs were +373,000 bpd above last year. Crude oil stocks fell -5.7 million barrels last week, driven by a -0.5 million bpd plunge in imports.



Gasoline supply declined -120,000 bpd last week, with the latest 4-wk average +241,000 bpd above a year ago. Stocks increased +0.2 million barrels last week, with the level near 5-yr highs for the period.

Distillate supply increased +65,000 bpd on the week, with the latest 4-wk average supply 204,000 bpd above last year. Stocks jumped +2 million barrels last week, to a level comparable with a year ago.

Jet fuel production declined -23,000 bpd to a level below the last 2-yrs. Stock levels ended the week below the 5-yr range.

Residual fuel supply increased

+41,000 bpd on the week. Stocks increased +0.2 million barrels, with the level still near historic highs.

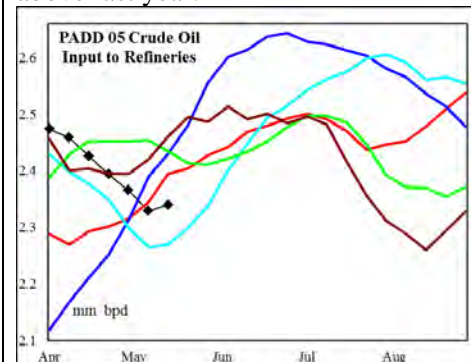
PADD 4 refinery crude runs climbed +49,000 bpd last week to a new record high for the period, with the 4-wk average +15,000 bpd above last year.

Gasoline production was +34% above last year for the most recent 4-wk period. Stocks increased to a level above the last 3-yrs.

Distillate production increased +7,000 bpd to a new record high, with the latest 4-wk output +19,000 bpd above last year. Stock levels ended the week at 5-yr highs for the period.

Jet fuel production matched historic highs with stock levels at the 3-yr mid range.


PADD 5 crude oil refinery runs increased +13,000 bpd last week, ending at a level below the last 2-yrs. The 4-wk run rate was +6,000 bpd above last year.



Gasoline supply increased +15,000 bpd on the week, with the 4-wk average +102,000 bpd above a year ago. Stocks ended the week equal to year ago levels.

Distillate supply increased +3,000 bpd on higher imports, with the level above the 3-yr mid range. The 4-wk average output was +28,000 bpd above a year ago. Stocks decreased -0.2 million barrels last week, ending at a level near the 3-yr mid range.

Jet fuel supply was nearly unchanged on the week. The latest 4-wk average supply was -25,000 bpd below last year. Stocks fell -0.4 million barrels on the week, to a new record low level.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

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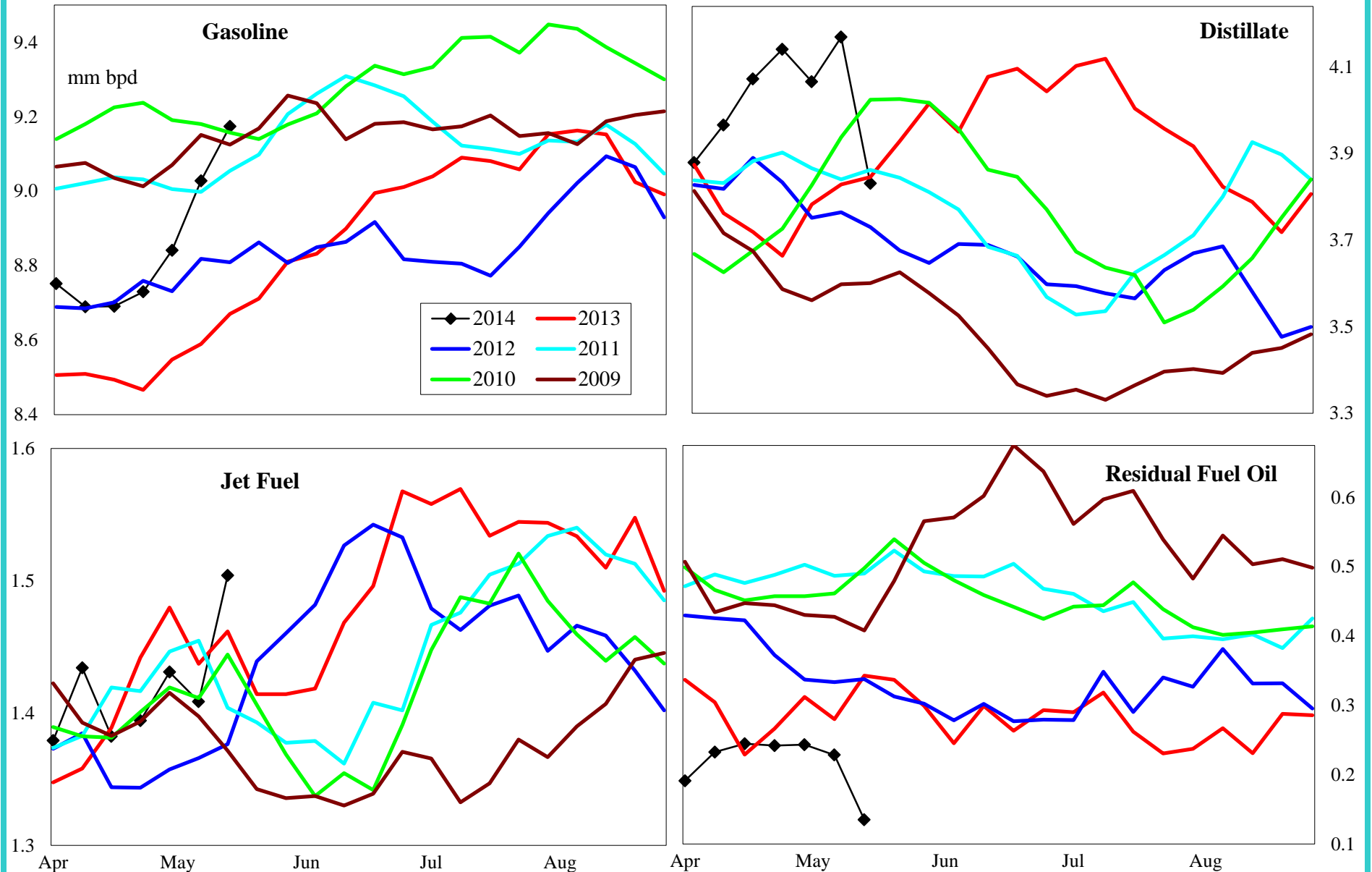
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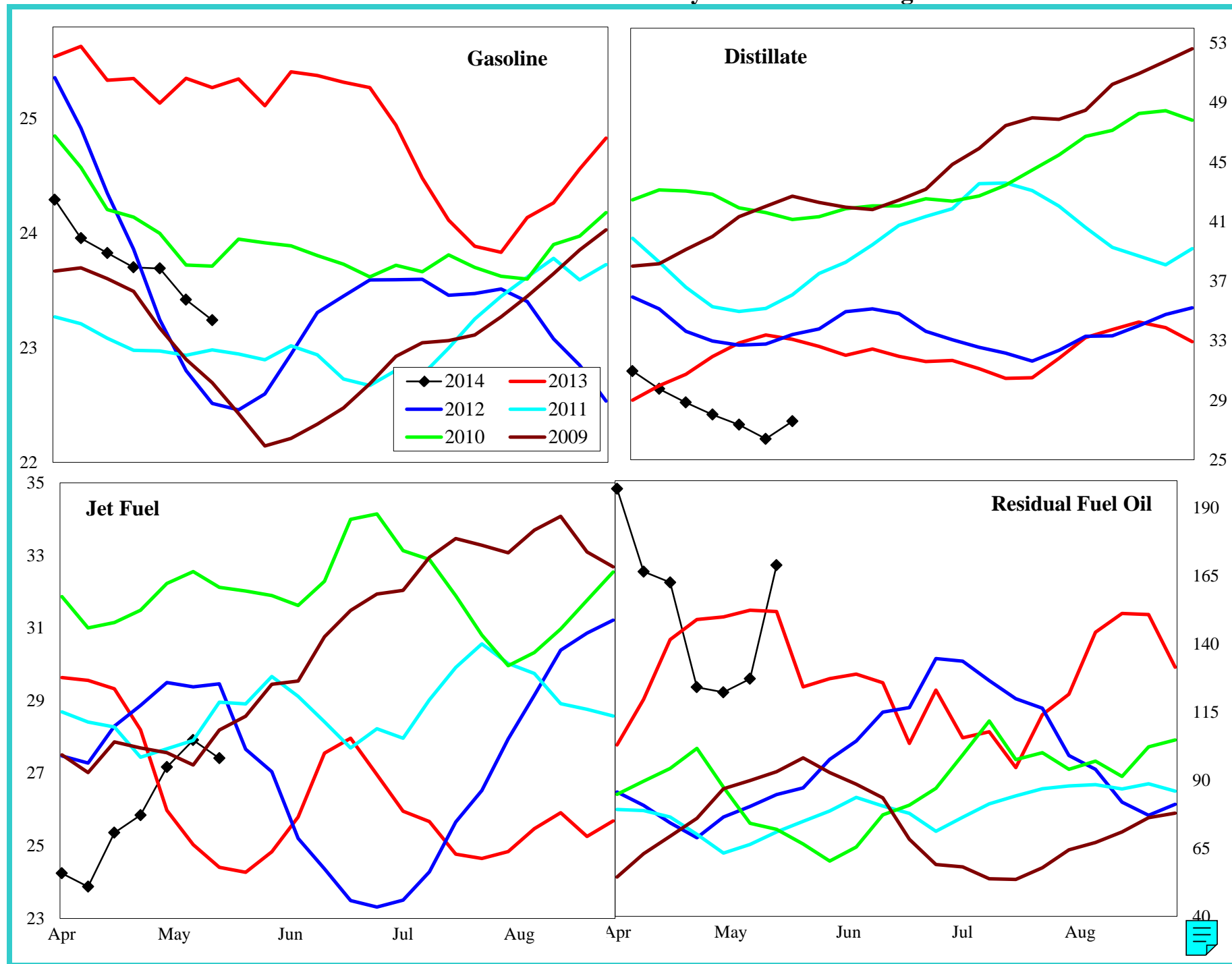
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	16-May-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-7,226	-1,086	-1,092	-5,705	156	500
	Imports	-658	-272	84	-516	133	-87
	Input	282	58	95	67	49	13
	% Utilization	-0.10					
Gasoline	Stocks	970	1,253	-594	155	294	-138
	Production	-14	102	-41	-116	33	8
	Imports	120	118	-1	-4	0	7
	Supplied	-17					
Distillate	Stocks	3,399	744	795	1,969	60	-169
	Production	91	1	78	10	7	-4
	Imports	76	13	2	55	0	7
	Supplied	-480					
Jet Fuel	Stocks	-592	292	57	-528	5	-418
	Production	-54	15	-44	-23	3	-3
	Imports	5	5	0	0	0	0
	Supplied	95					
Residual Fuel Oil	Stocks	942	520	-51	231	-6	249
	Production	6	8	-4	21	-2	-16
	Imports	120	101	-1	20	0	-1
	Supplied	11					

United States Wholesale Petroleum Demand

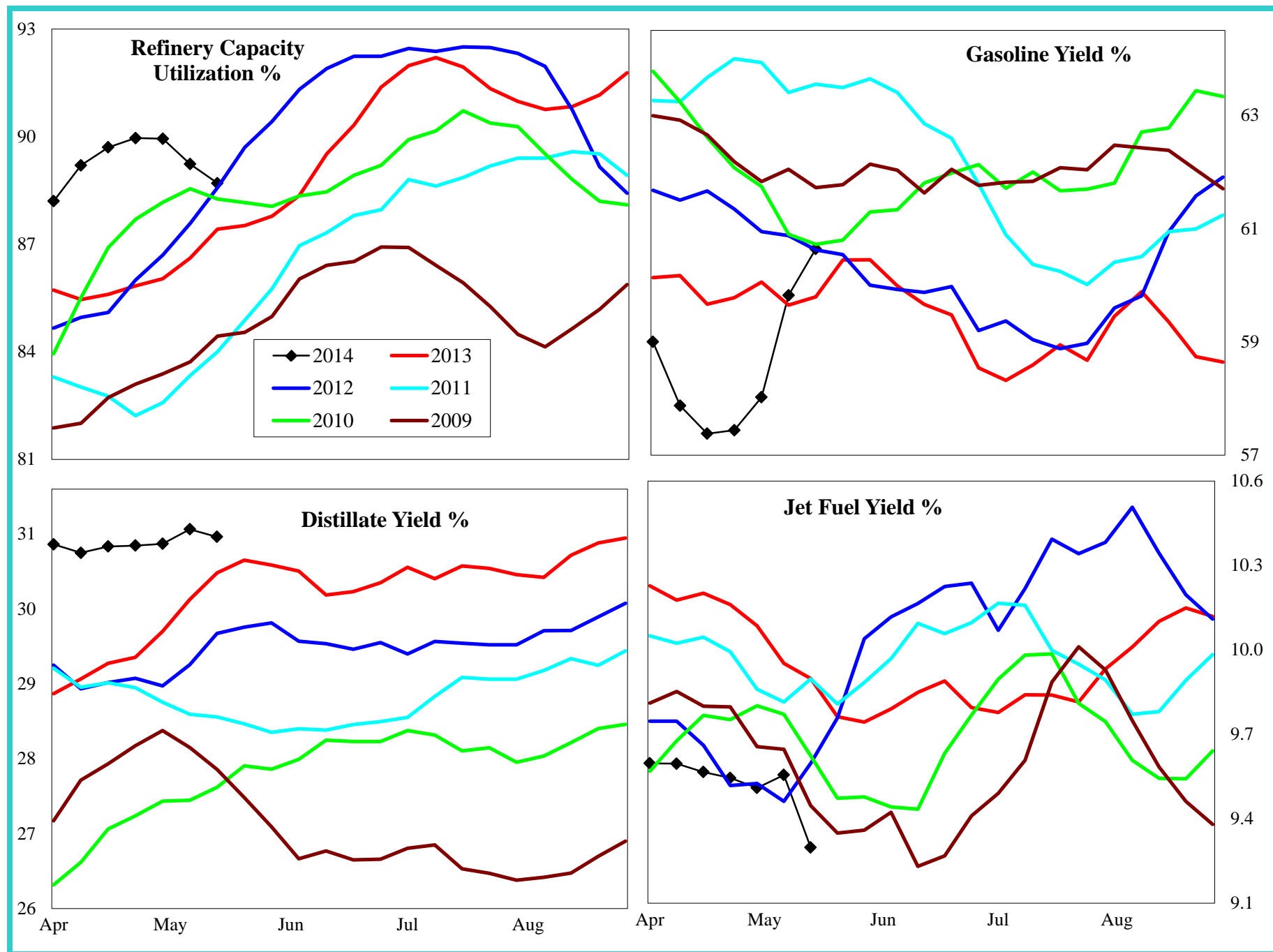


	000 bpd change from prior year				% change from prior year				
	4wk avg	Apr	Mar	Feb	4wk avg	Apr	Mar	Feb	
Gasoline	447	-151	178	287	5.3	-1.7	2.1	3.4	
Distillate	293	187	10	207	7.7	4.8	0.3	5.2	
Jet Fuel	-4	-3	80	53	-0.3	-0.2	5.8	4.0	
Resid	-42	13	-179	-97	-12.8	4.6	-41.5	-31.9	

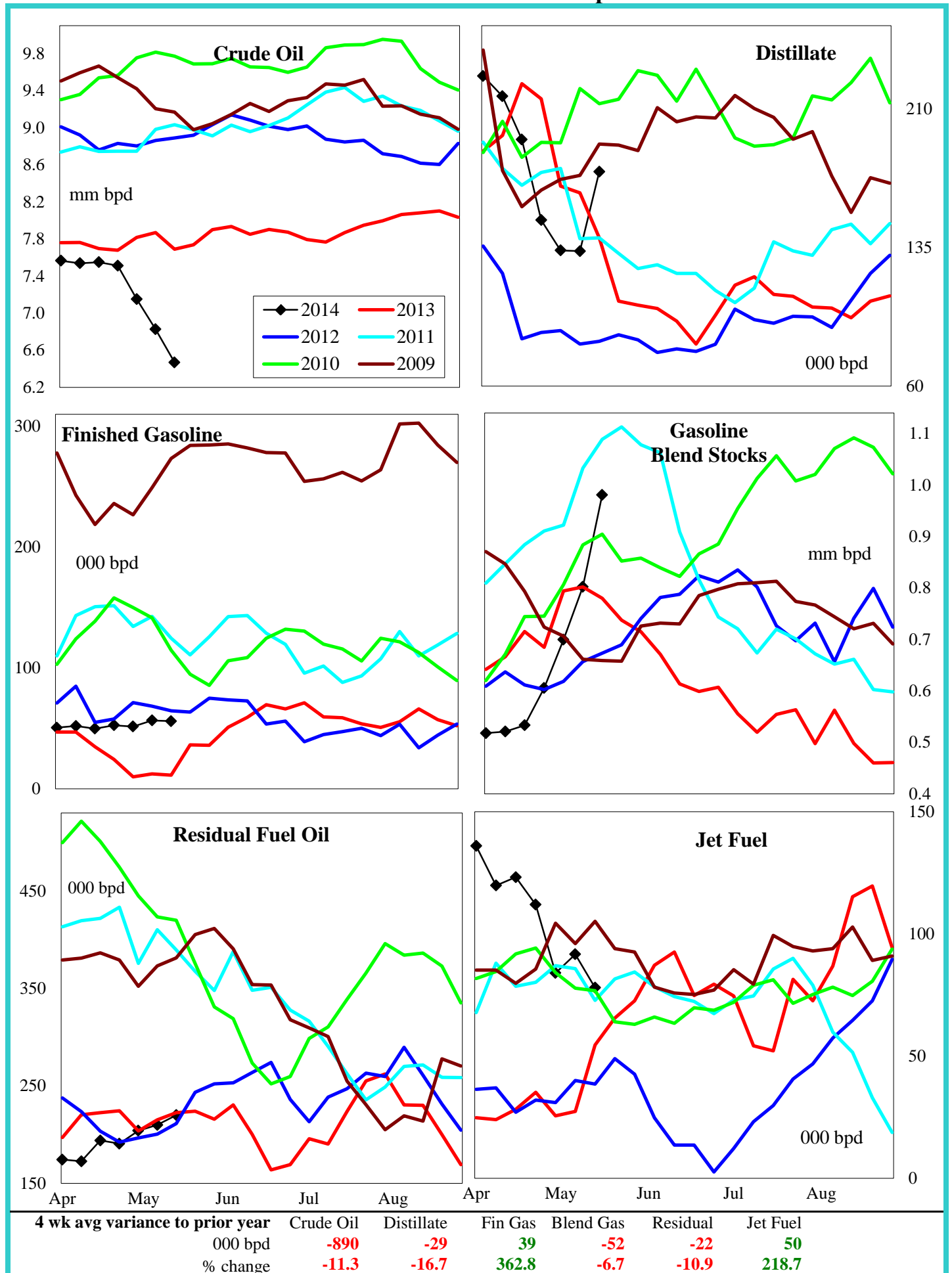


United States Product Stocks: Days Forward Coverage

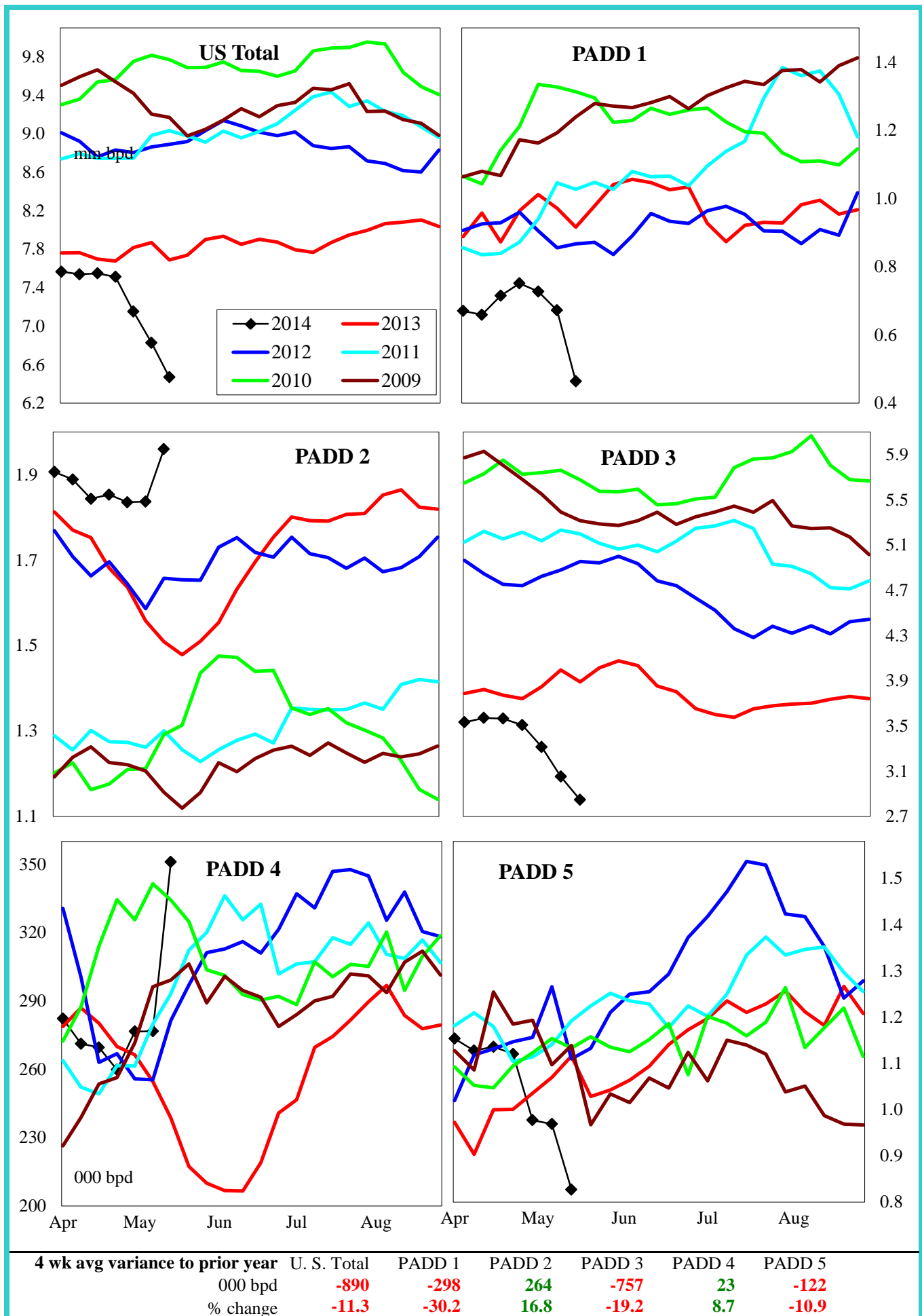
United States Refinery Percent Utilization Rate and Product Yields



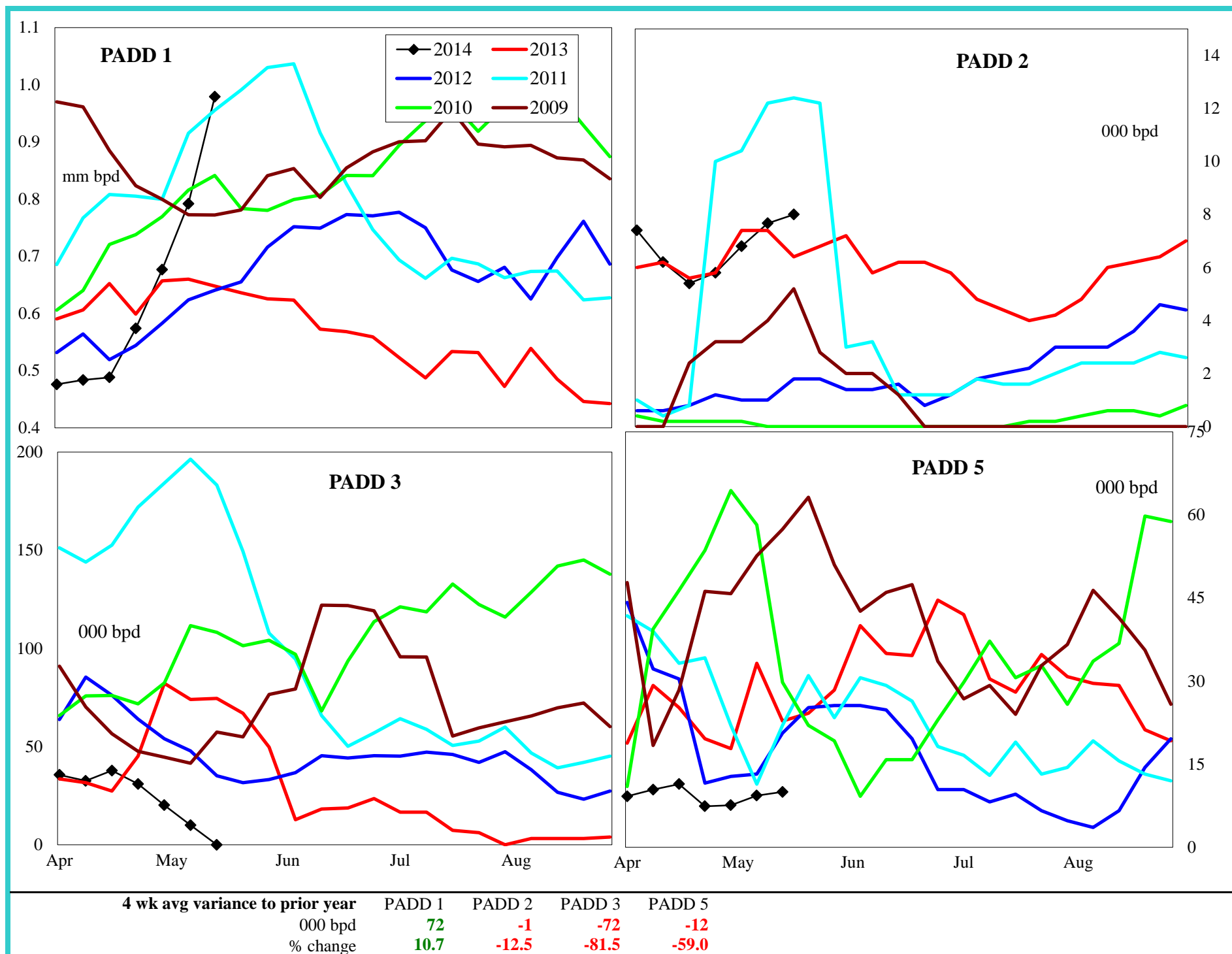
United States Petroleum Imports



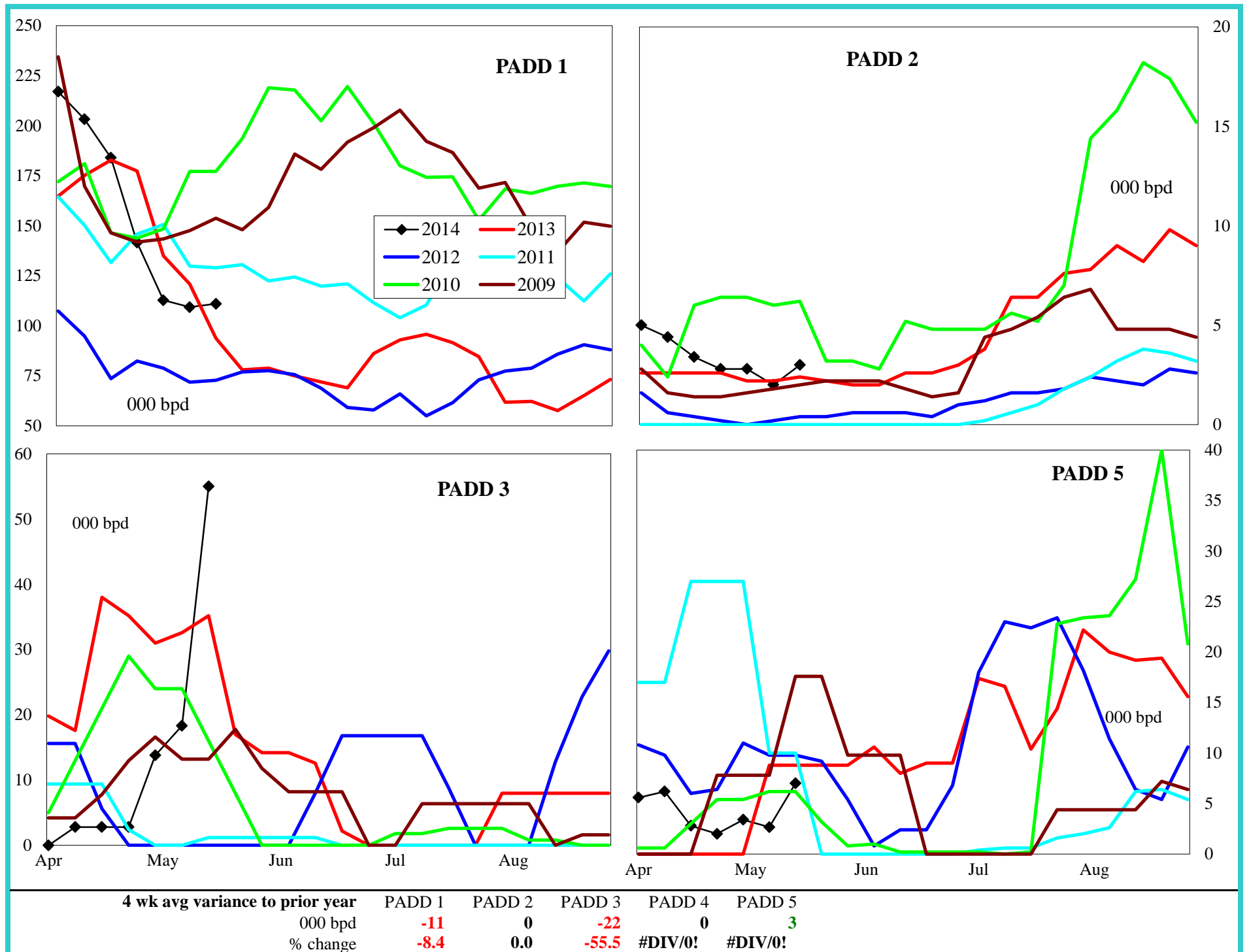
Crude Oil Imports by PADD



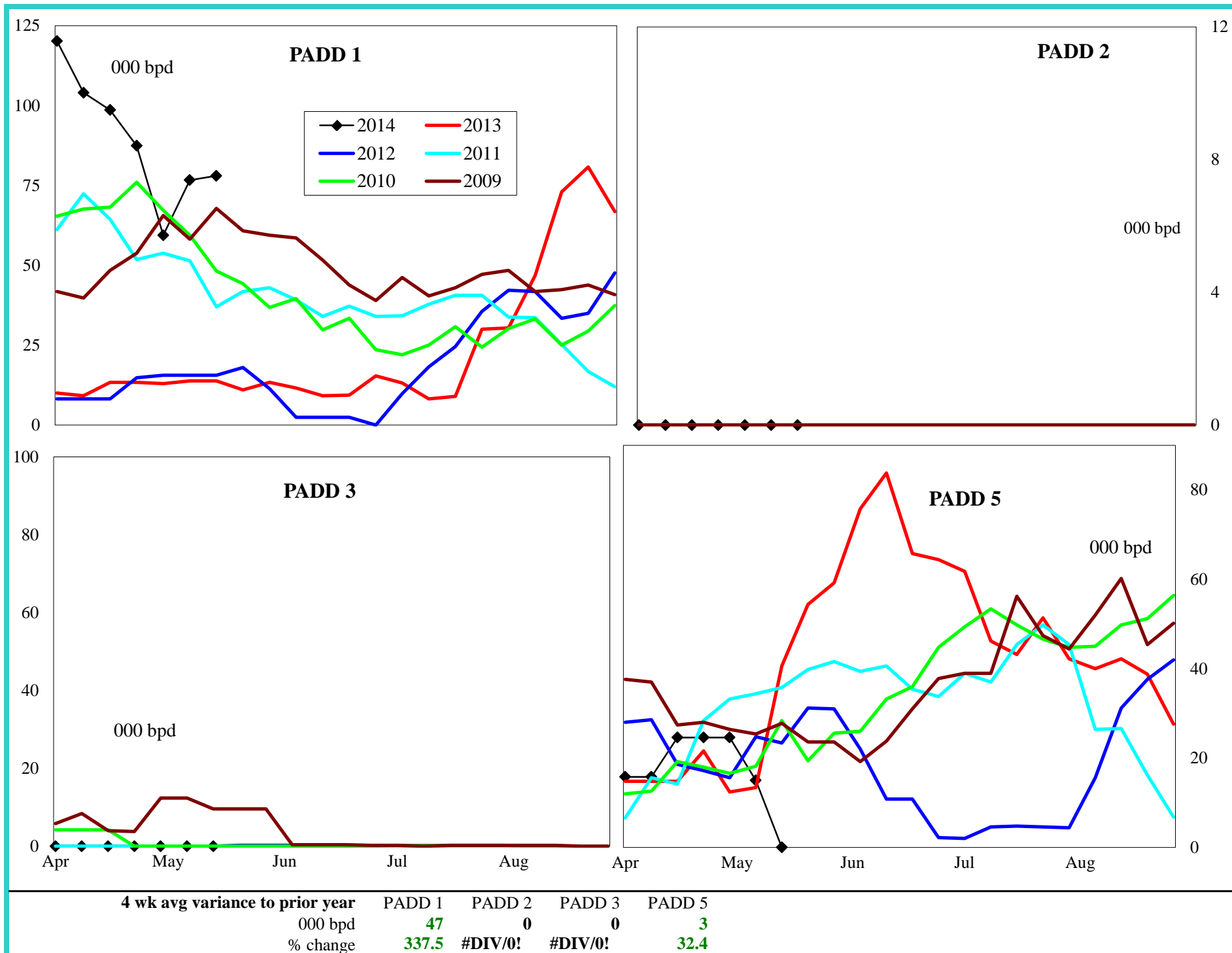
Gasoline Imports by PADD (Finished + Blend Stocks)



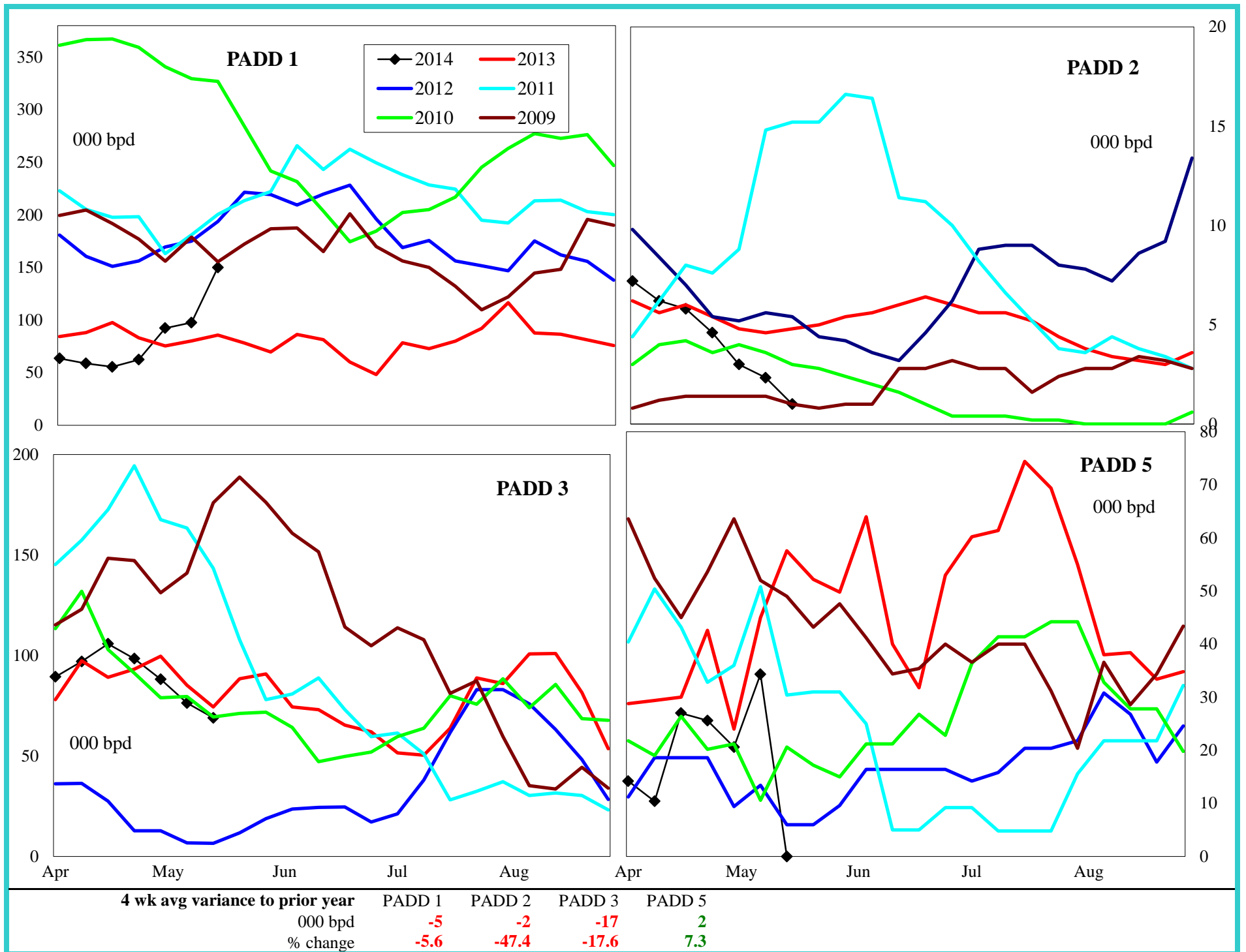
Distillate Imports by PADD



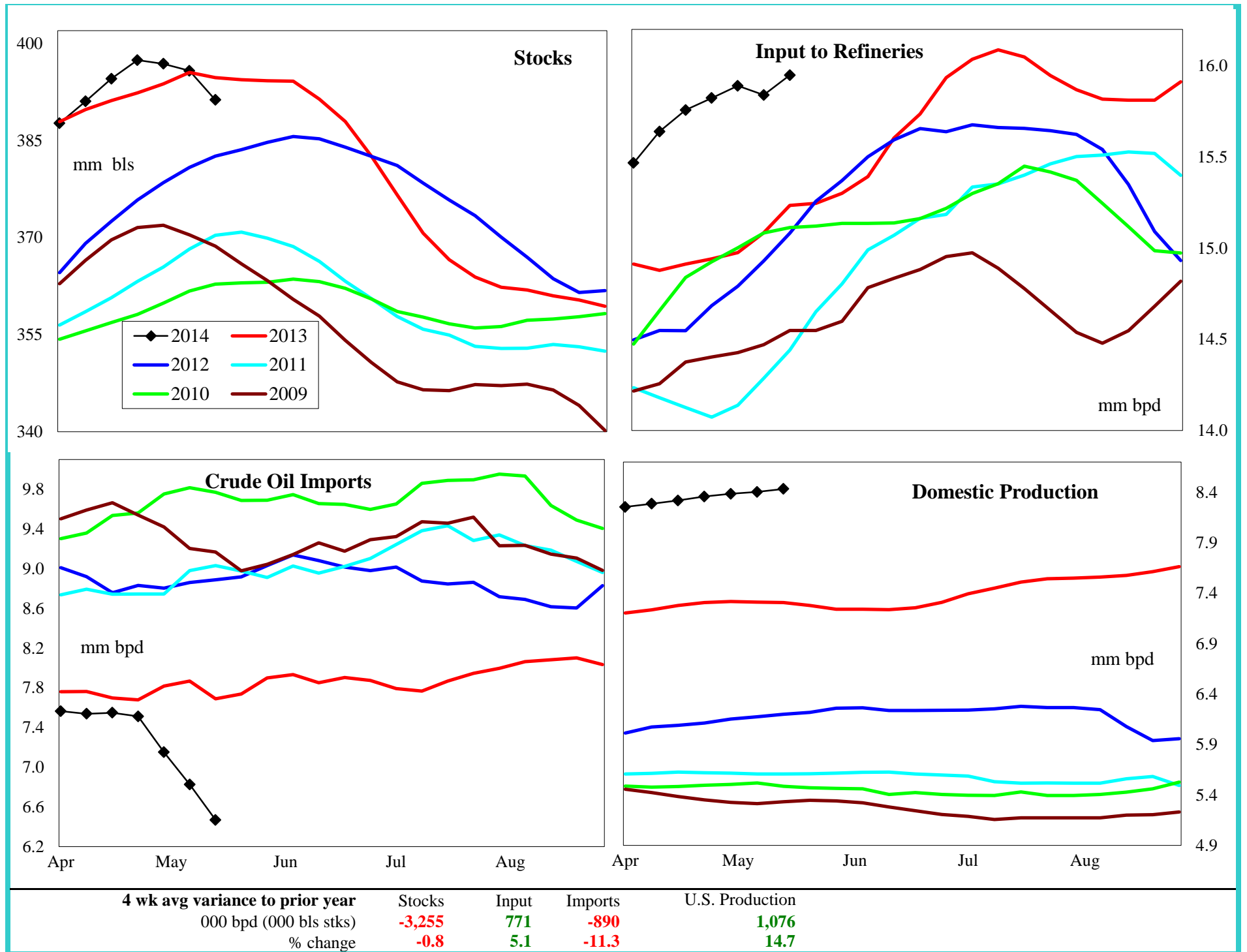
Jet Fuel Imports by PADD



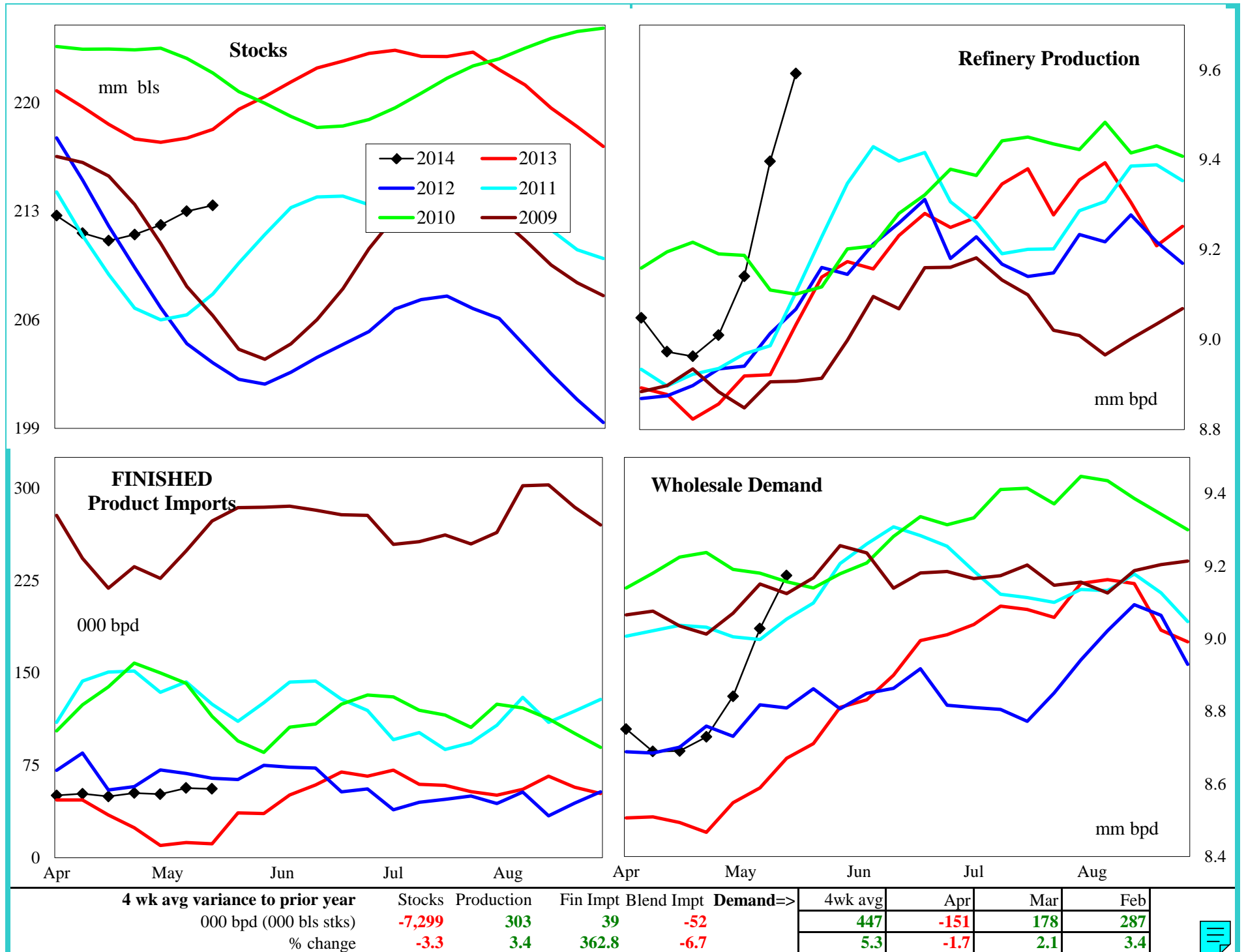
Residual Fuel Oil Imports by PADD



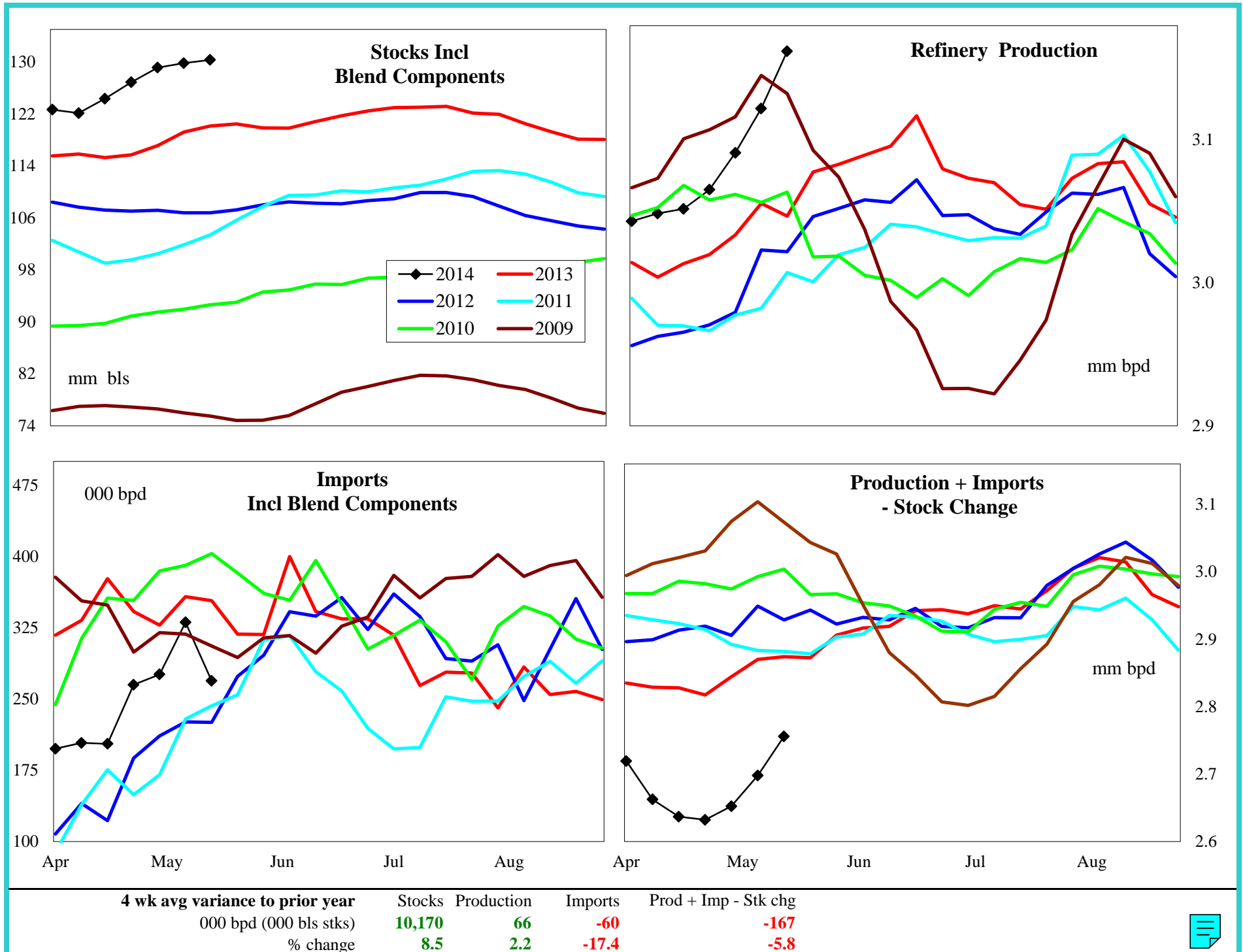
United States Crude Oil Supply and Demand Balance



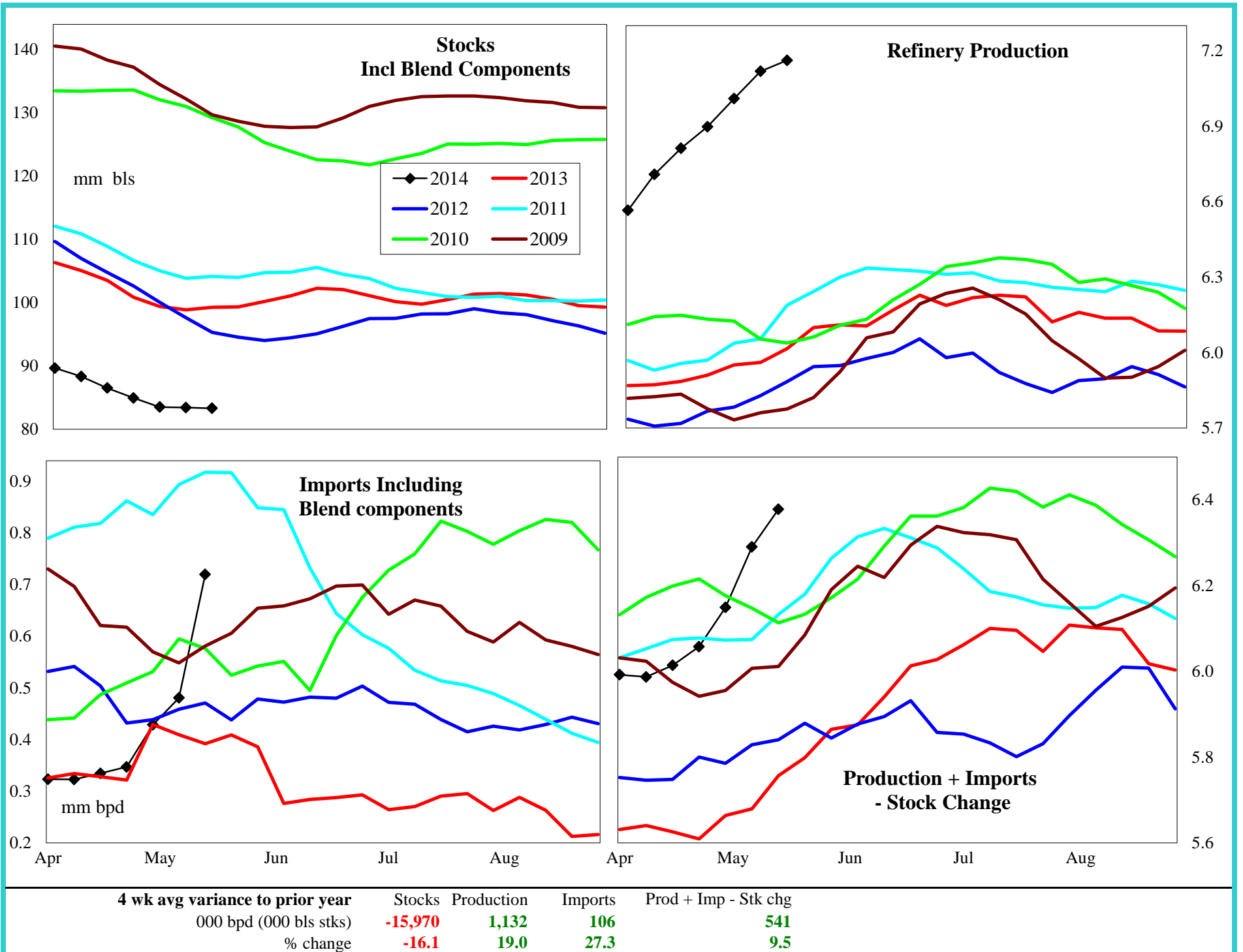
United States Gasoline Supply and Demand Balance



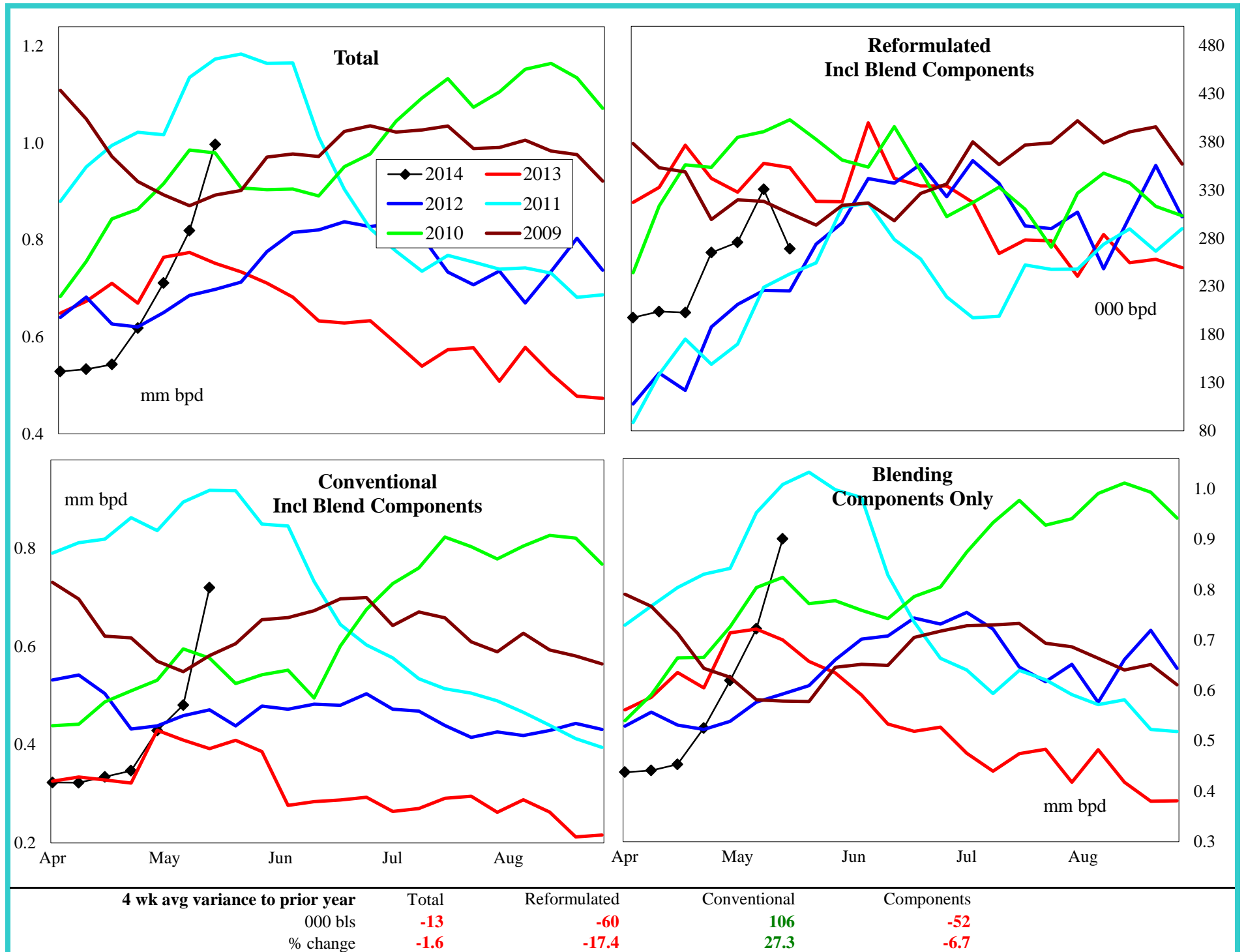
United States Reformulated Gasoline Supply



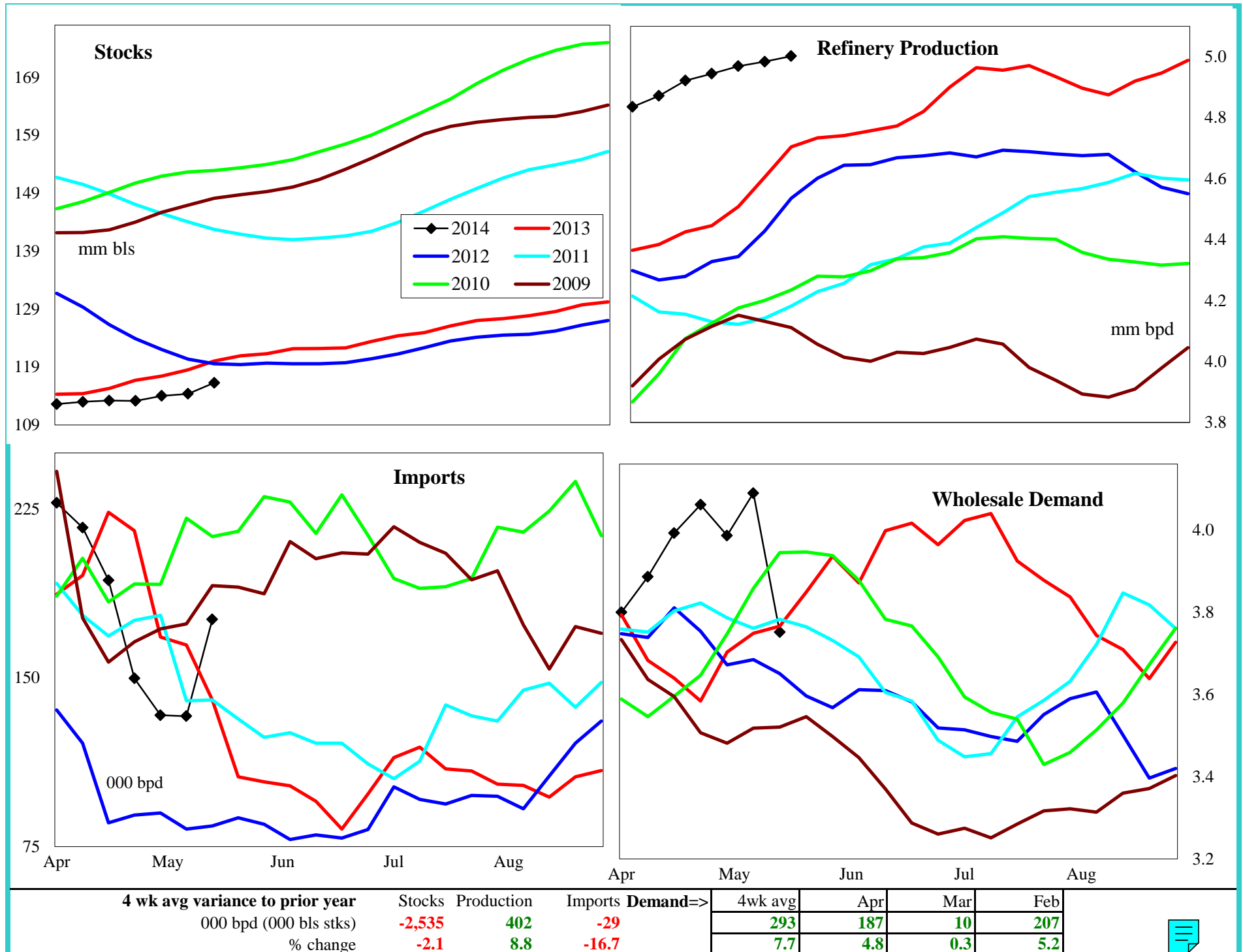
United States Conventional Gasoline Supply



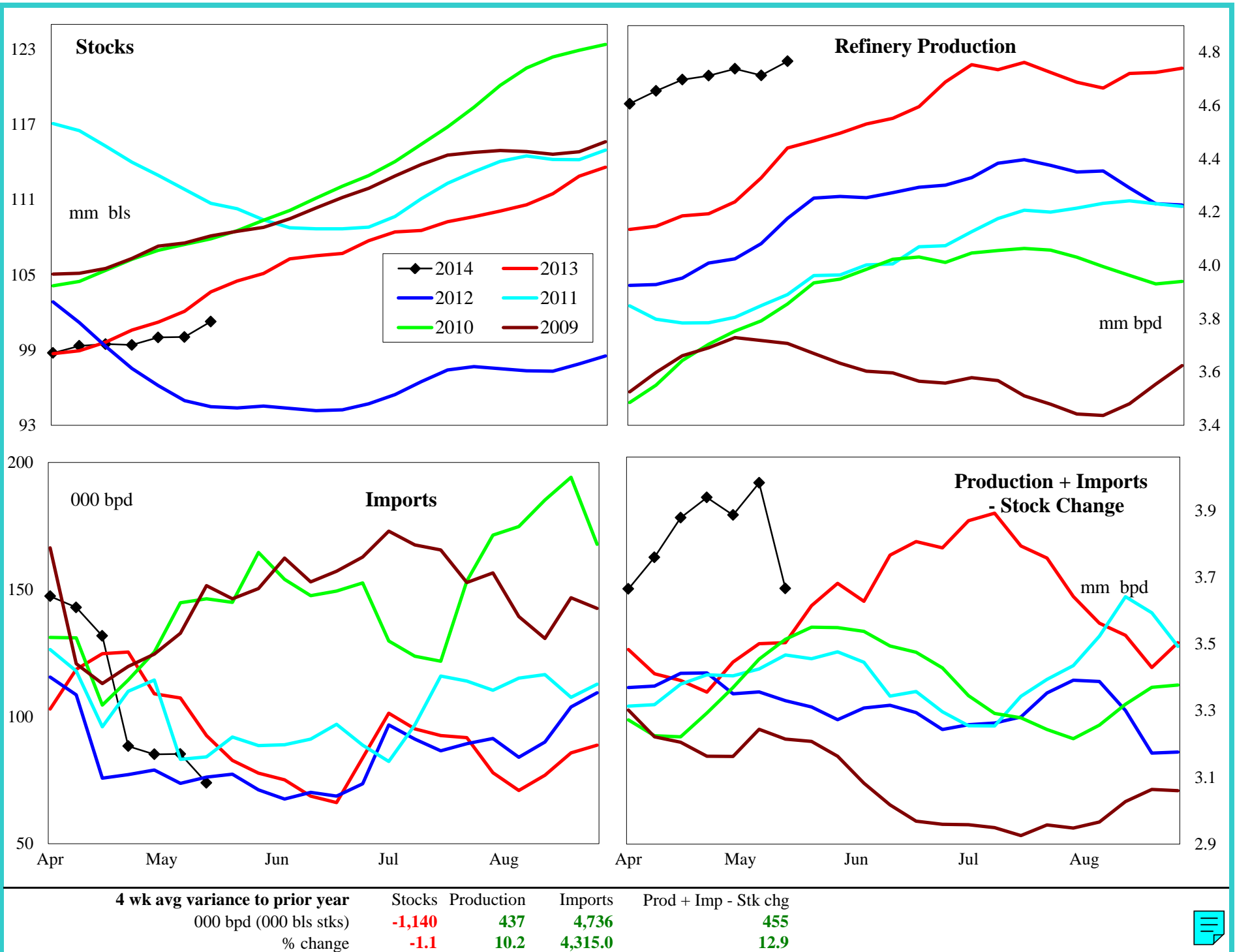
United States Gasoline Imports by Type



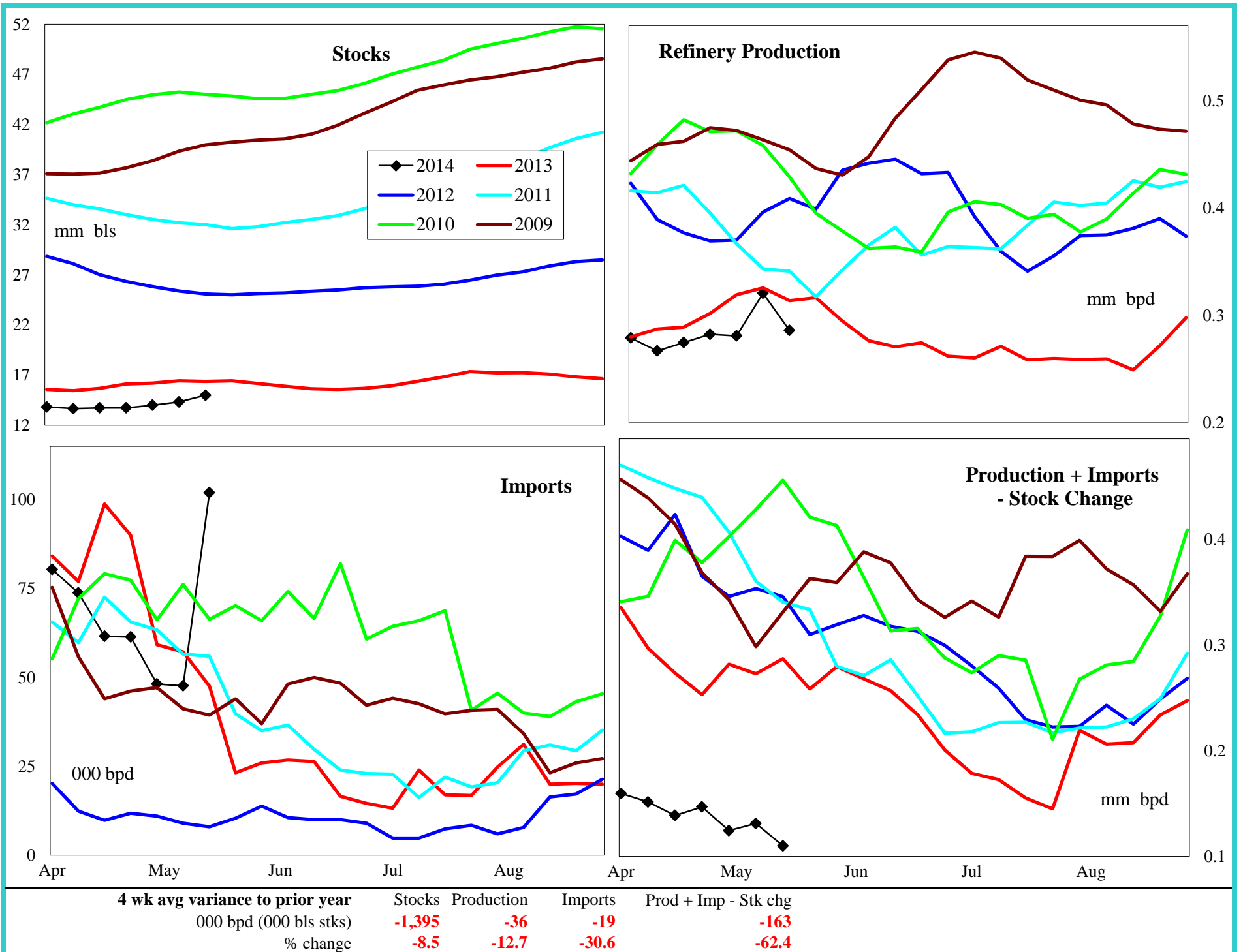
United States Distillate Supply and Demand Balance



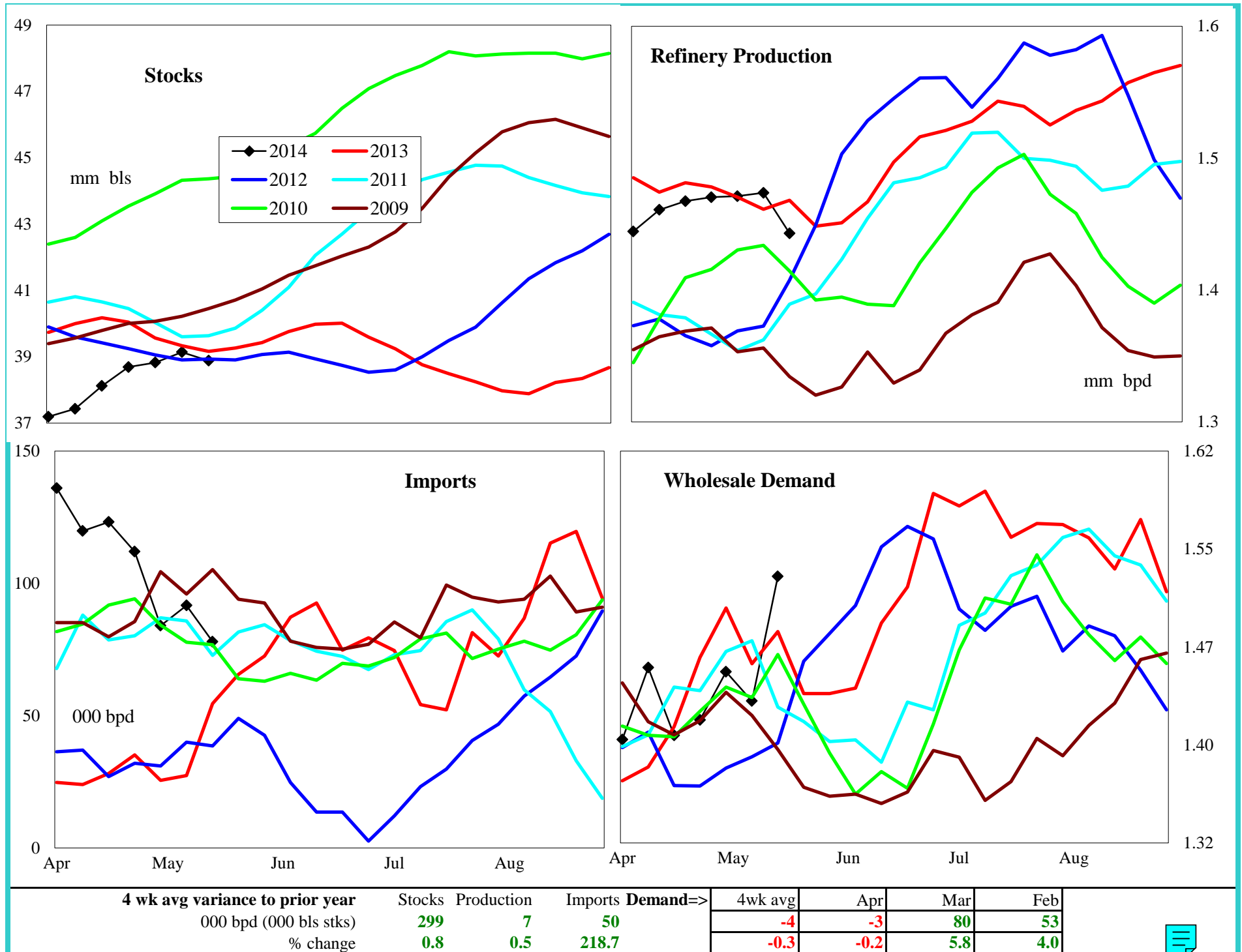
United States Low Sulfur Distillate Supply



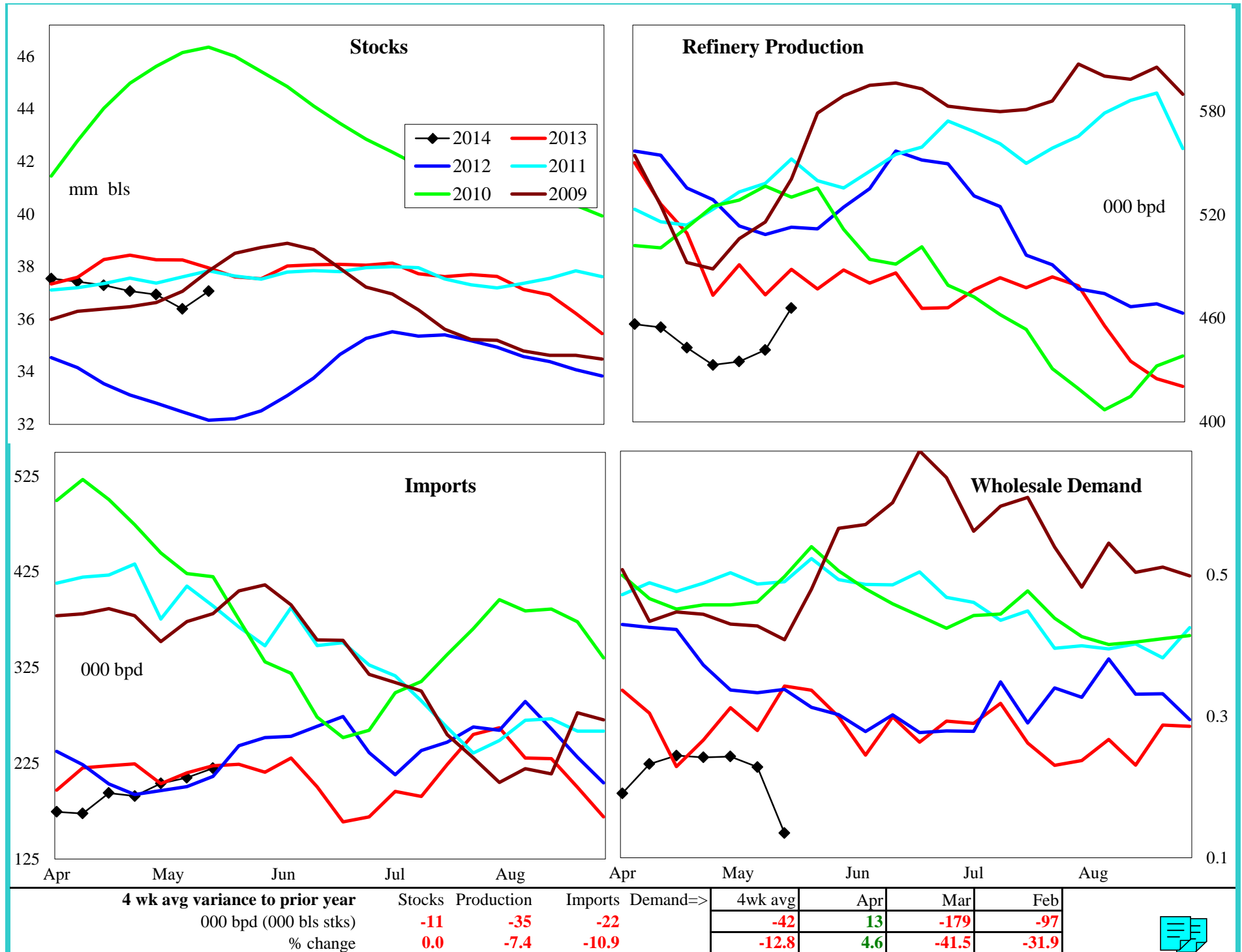
United States High Sulfur Distillate Supply



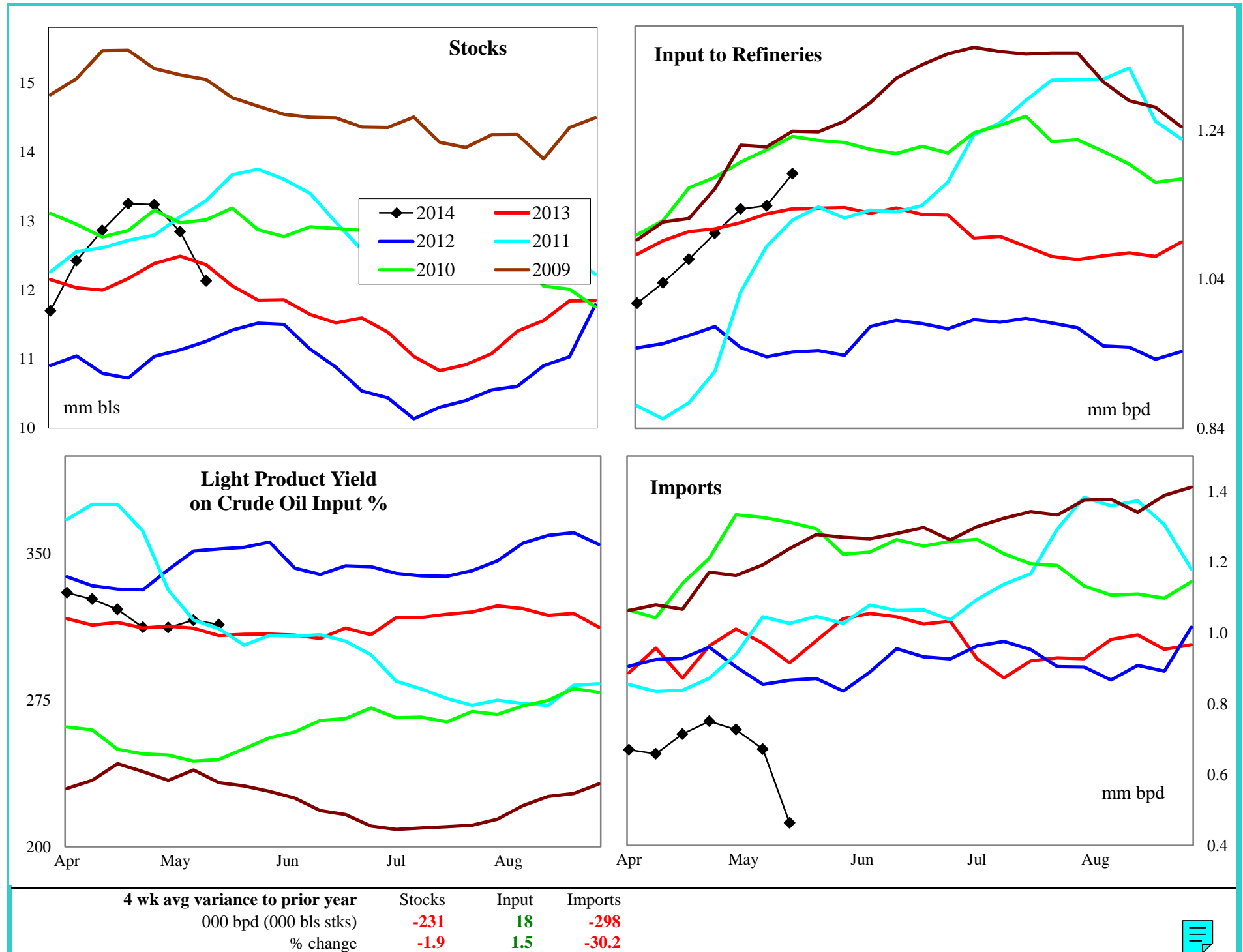
United States Jet Fuel Supply and Demand Balance



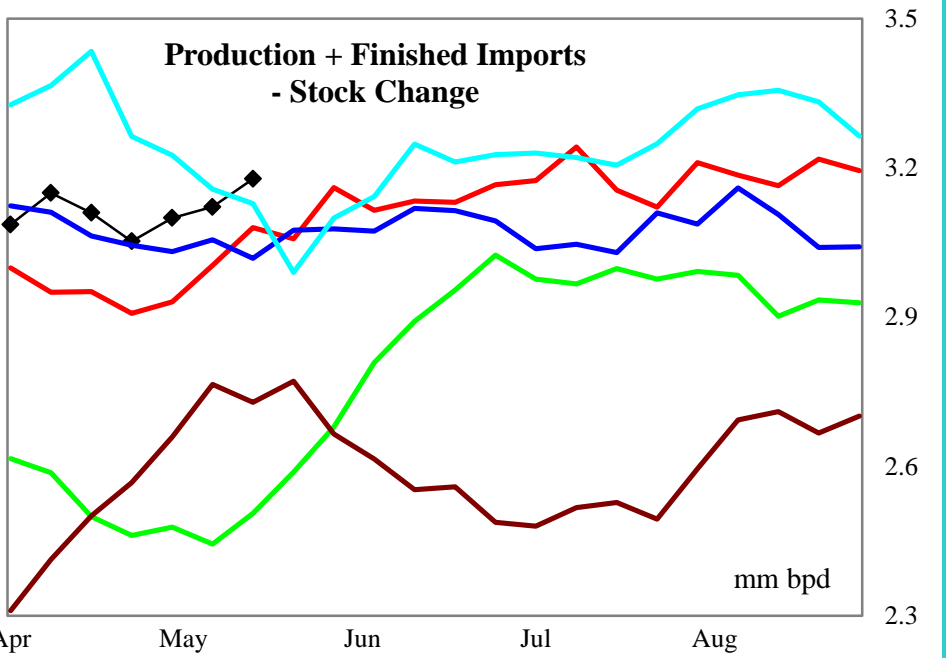
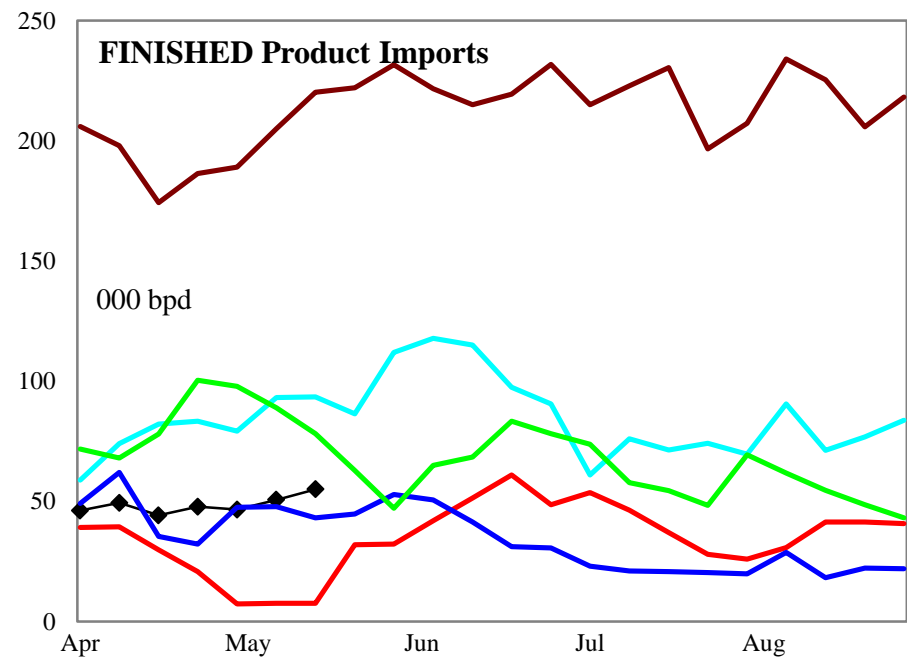
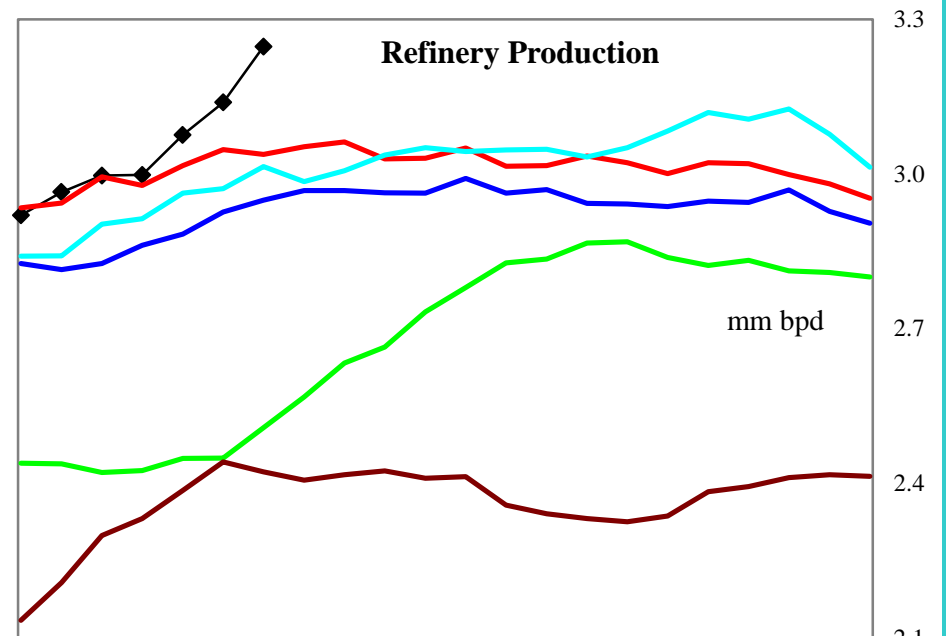
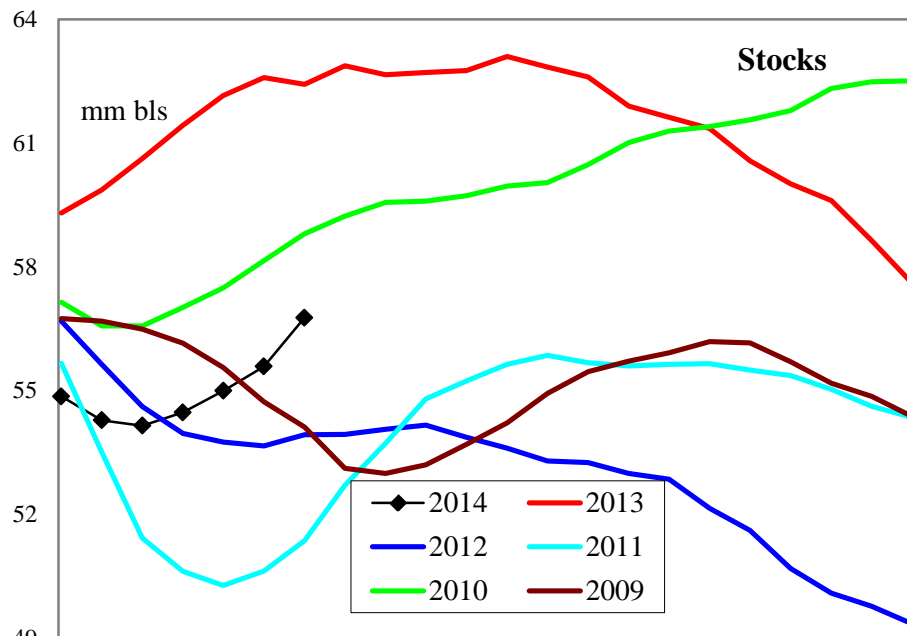
United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining



PADD 1 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

-6,815

-10.7

Production

80

2.6

Fin Impt

38

500.0

Blend Impt

34

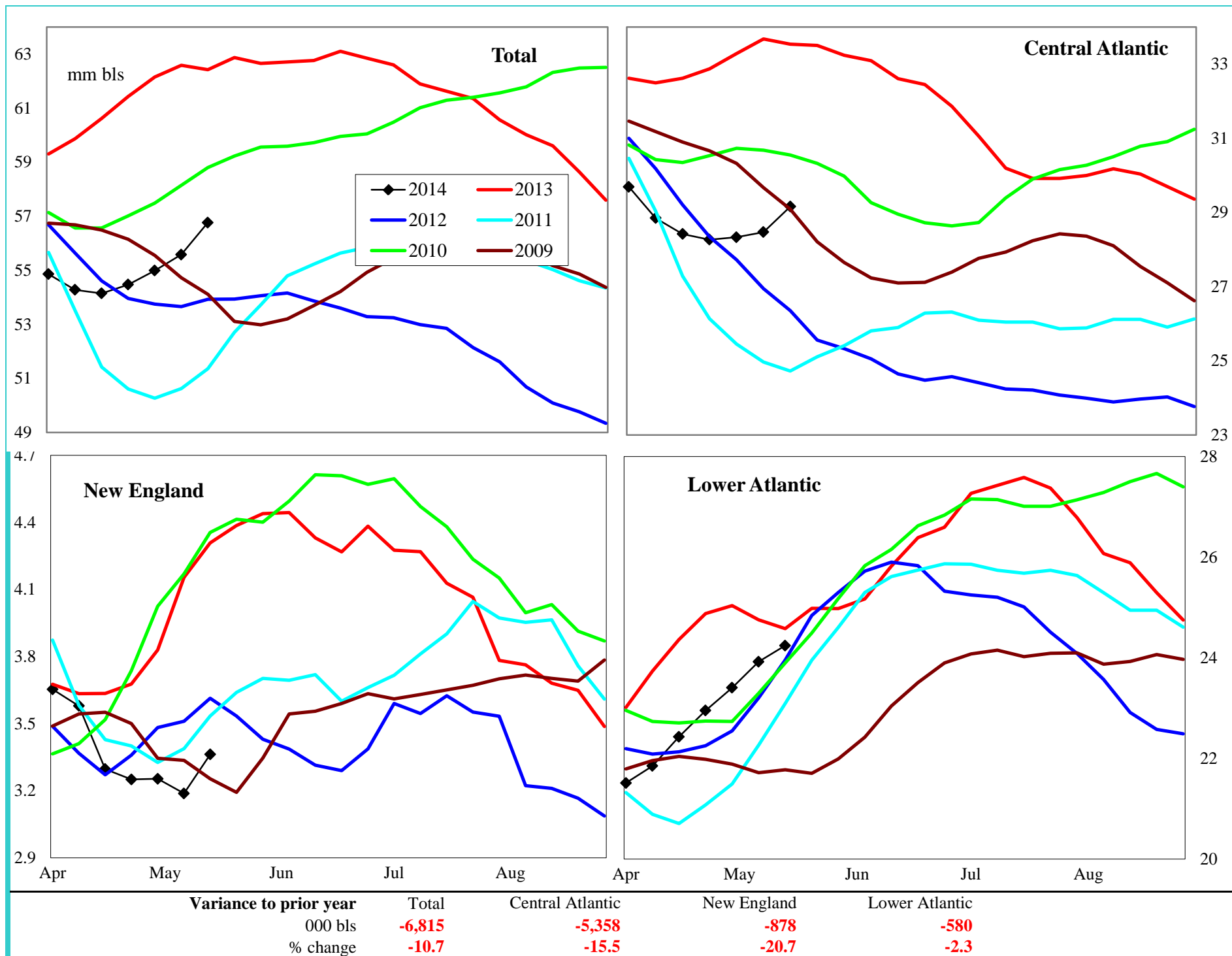
5.1

Prod + Imp - Stk chg

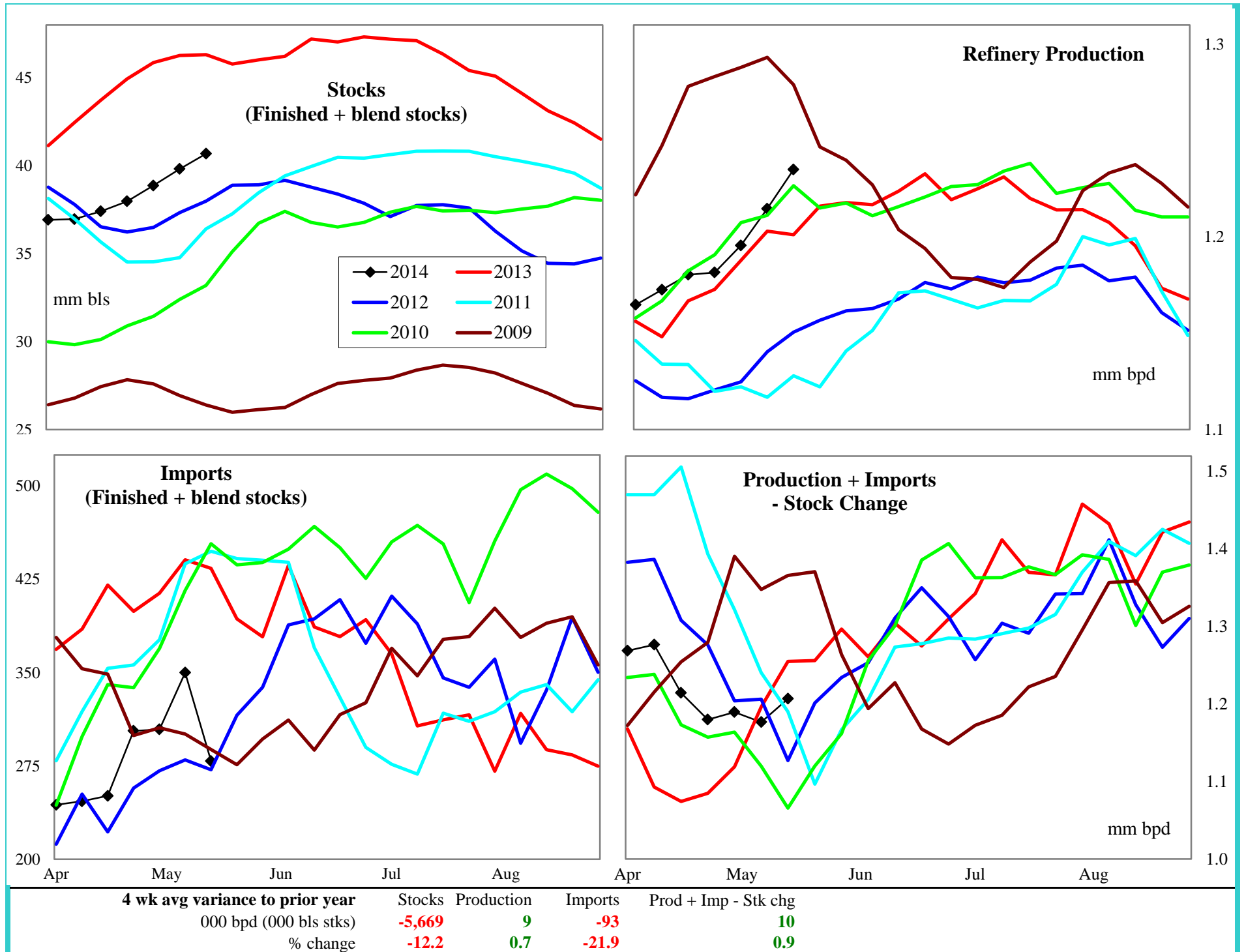
168

5.7

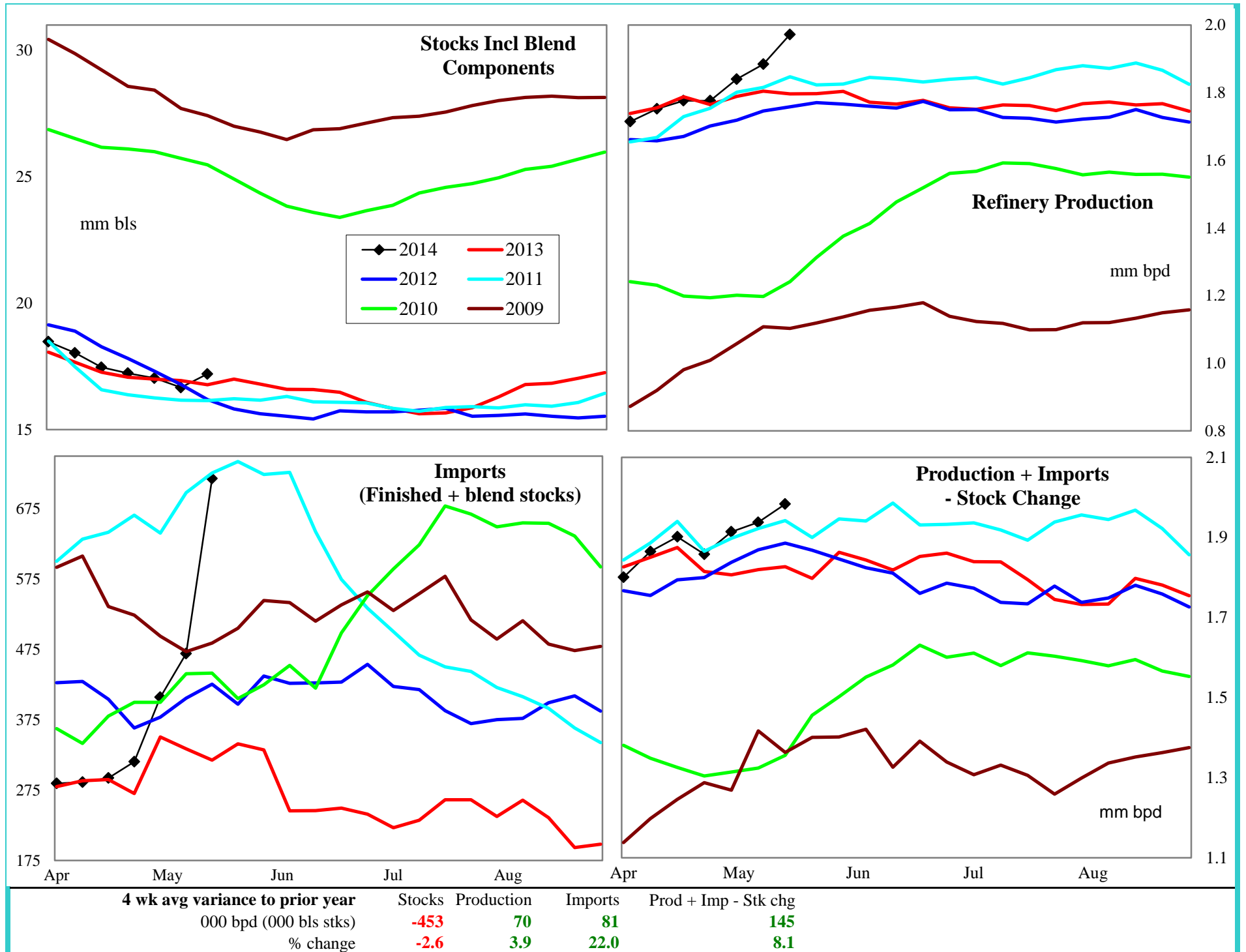
PADD 1 Gasoline Stocks by Region



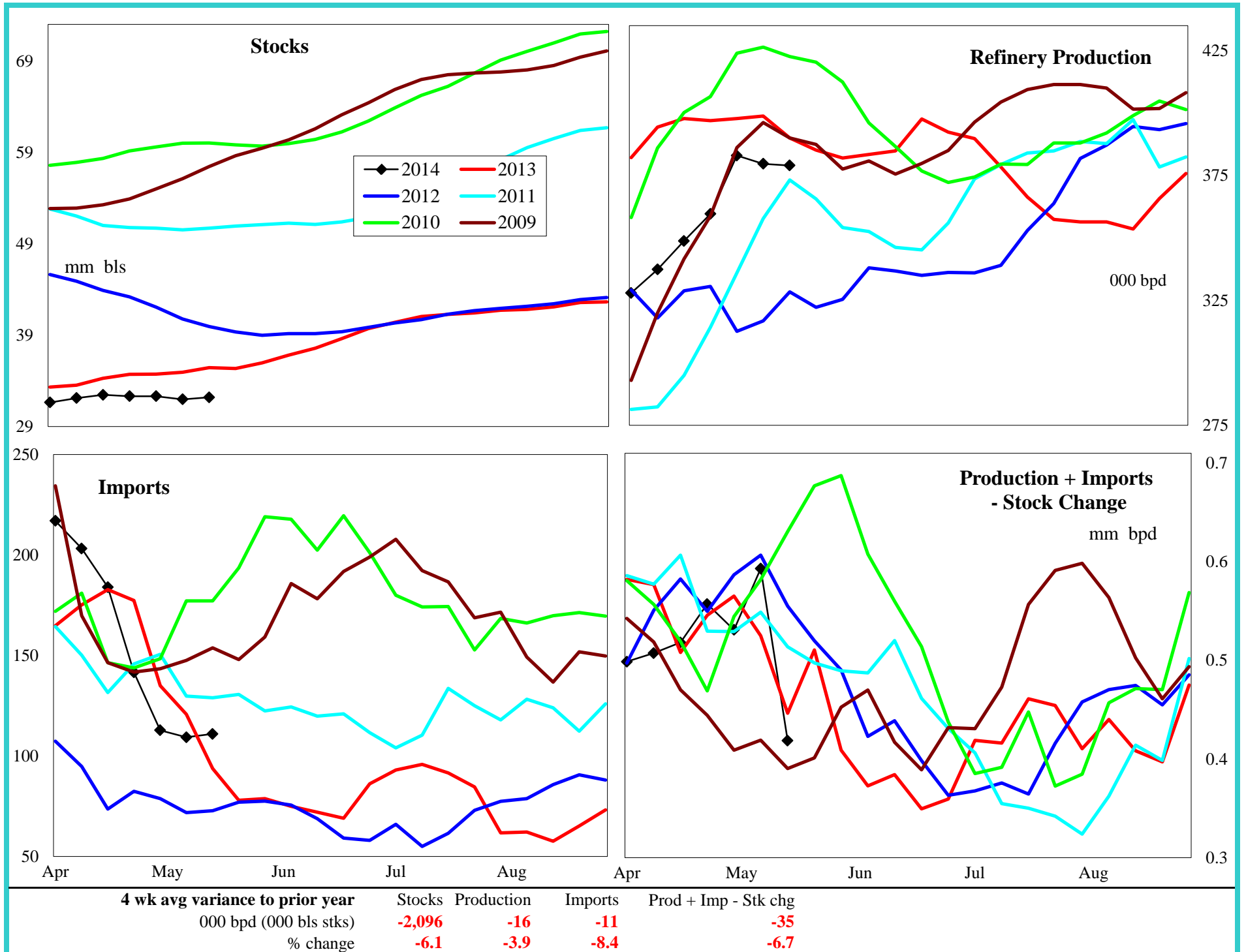
PADD 1 Reformulated Gasoline Supply



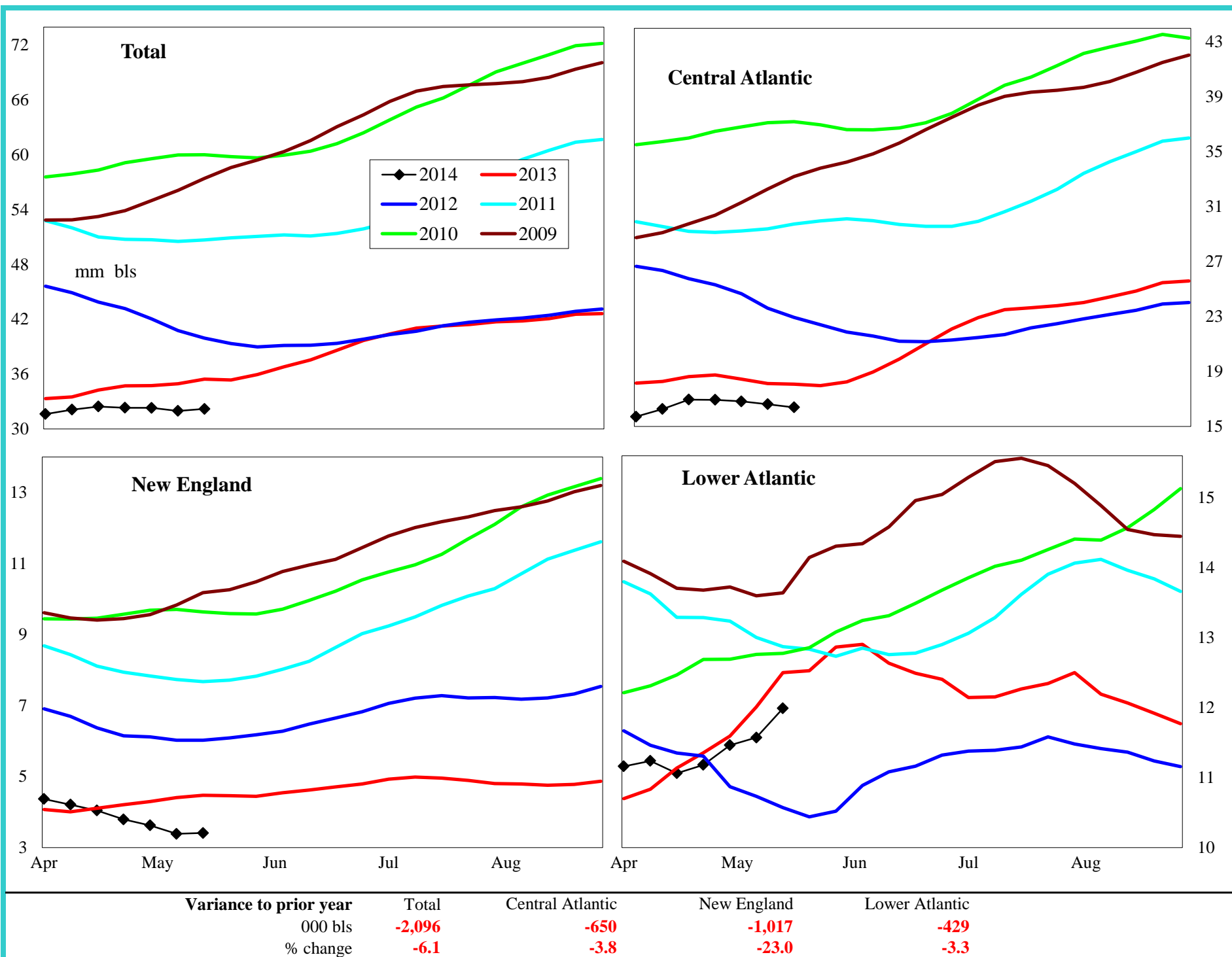
PADD 1 Conventional Gasoline Supply



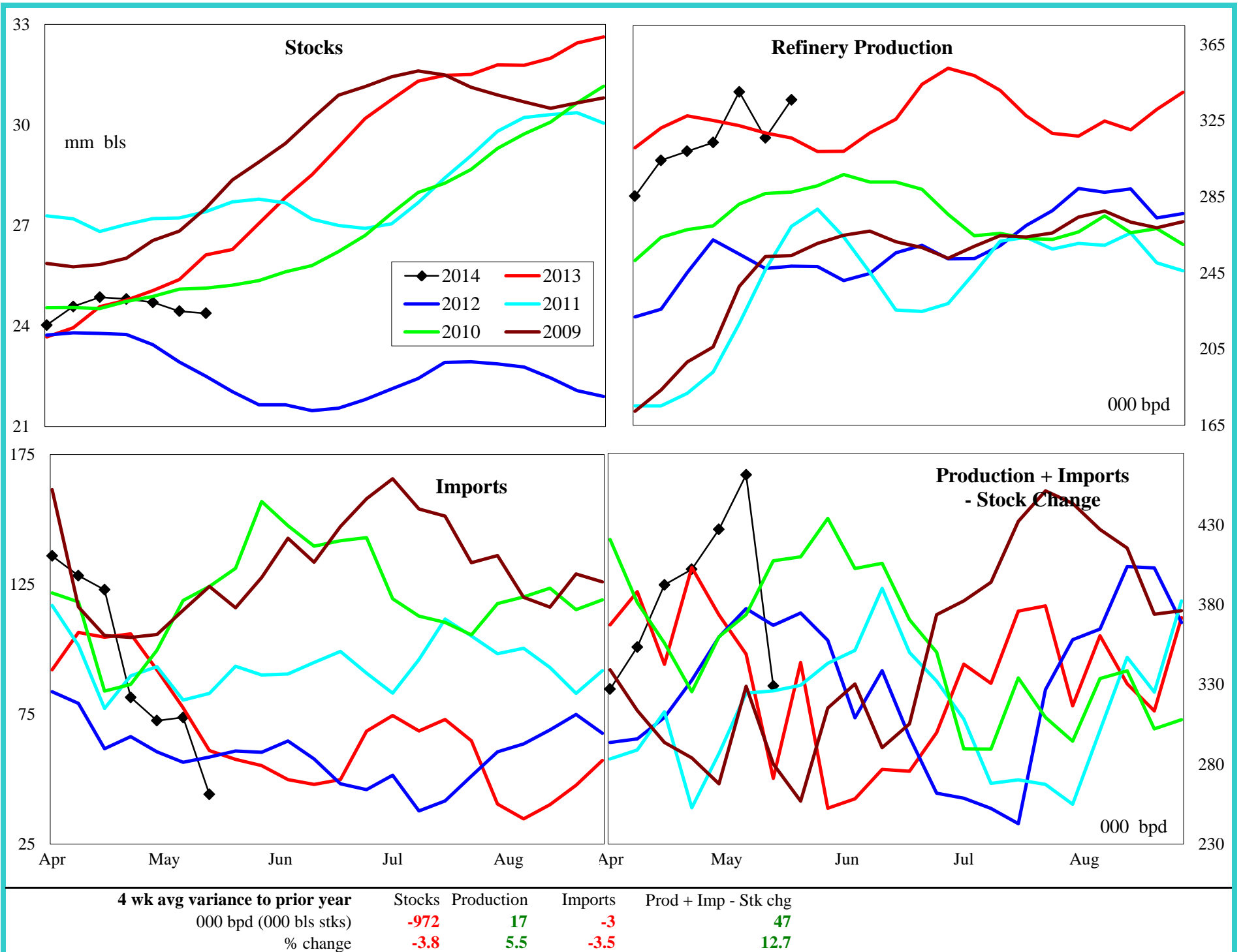
PADD 1 Distillate Supply



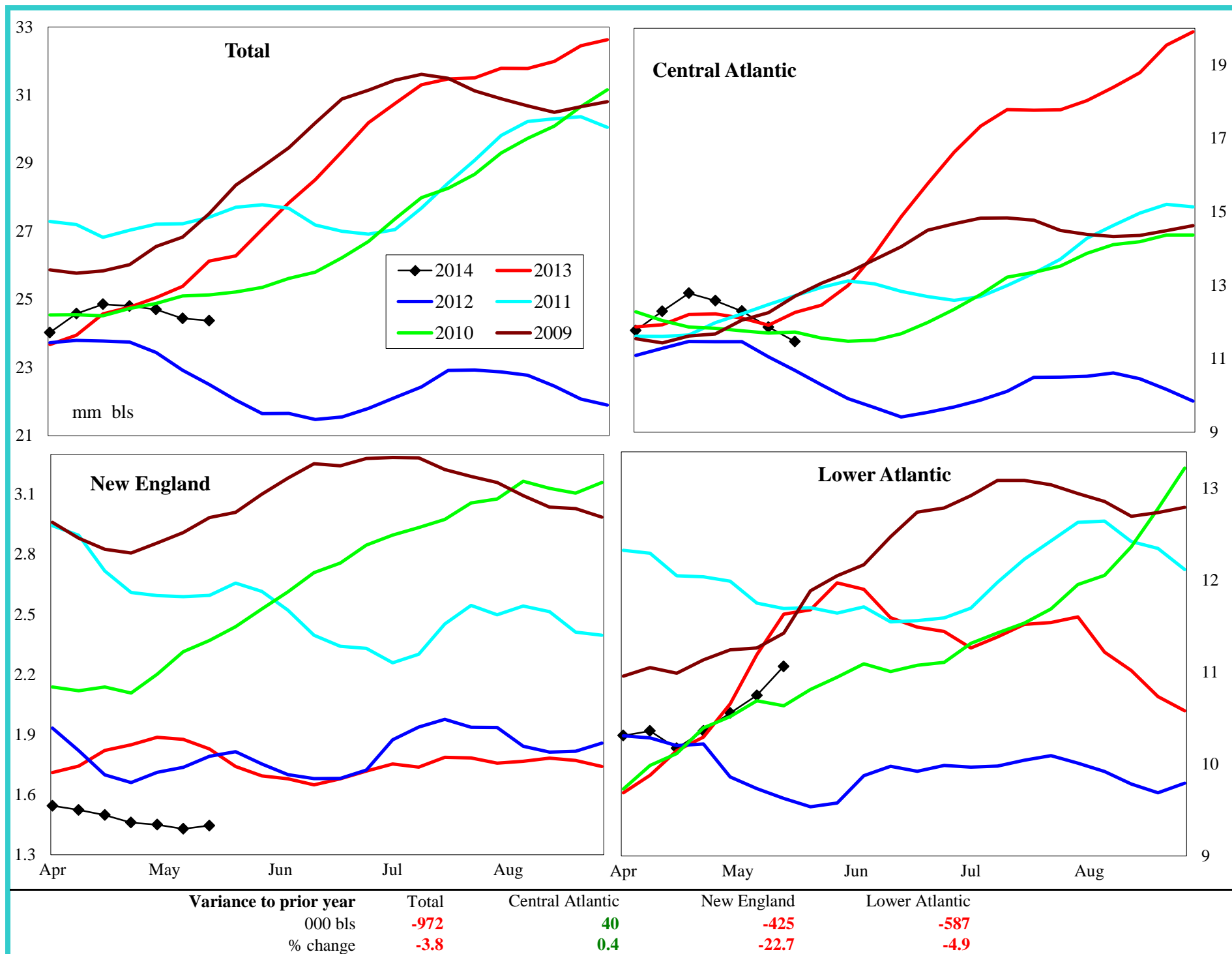
PADD 1 Distillate Stocks by Region



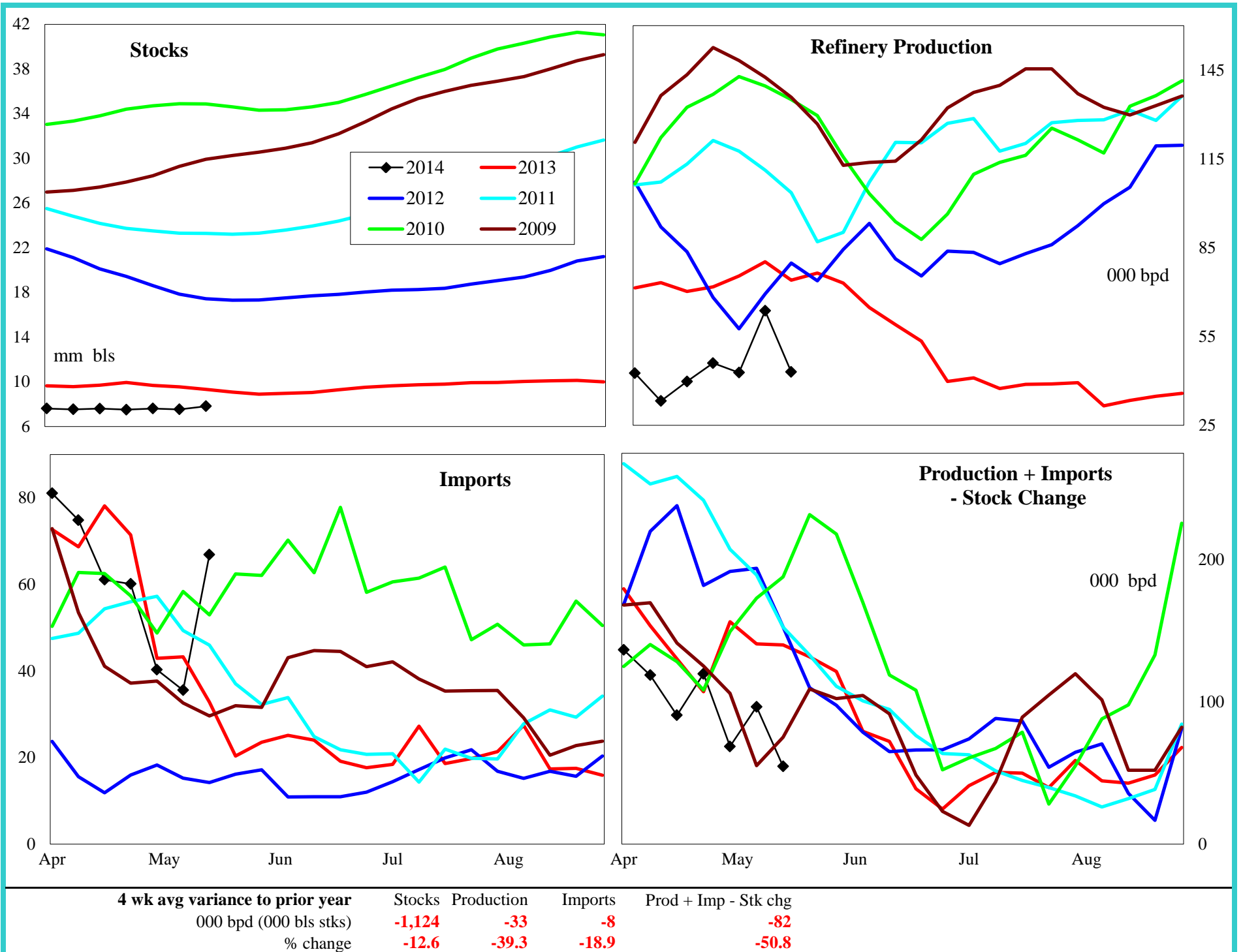
PADD 1 Low Sulfur Distillate Supply



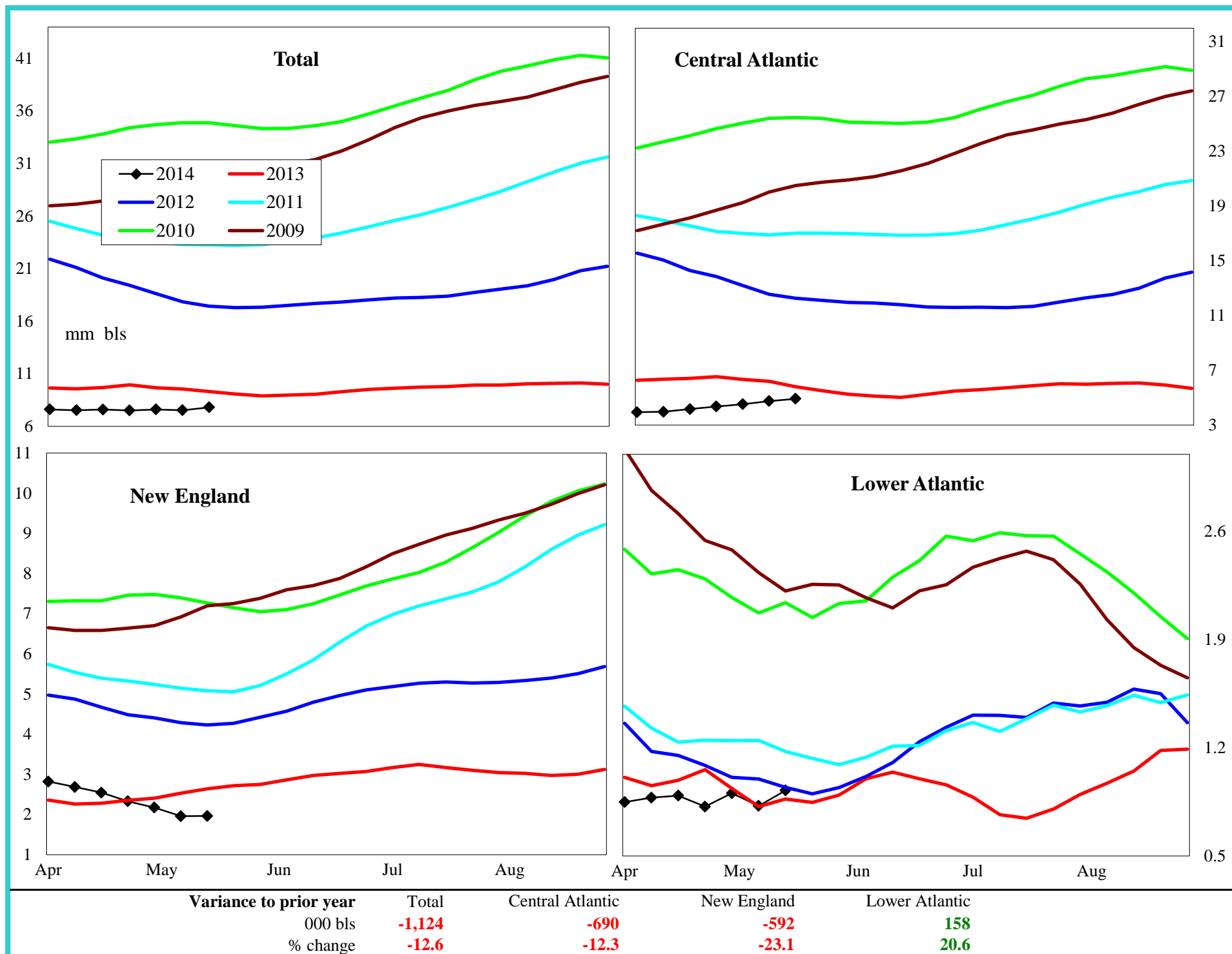
PADD 1 Low Sulfur Distillate Stocks by Region



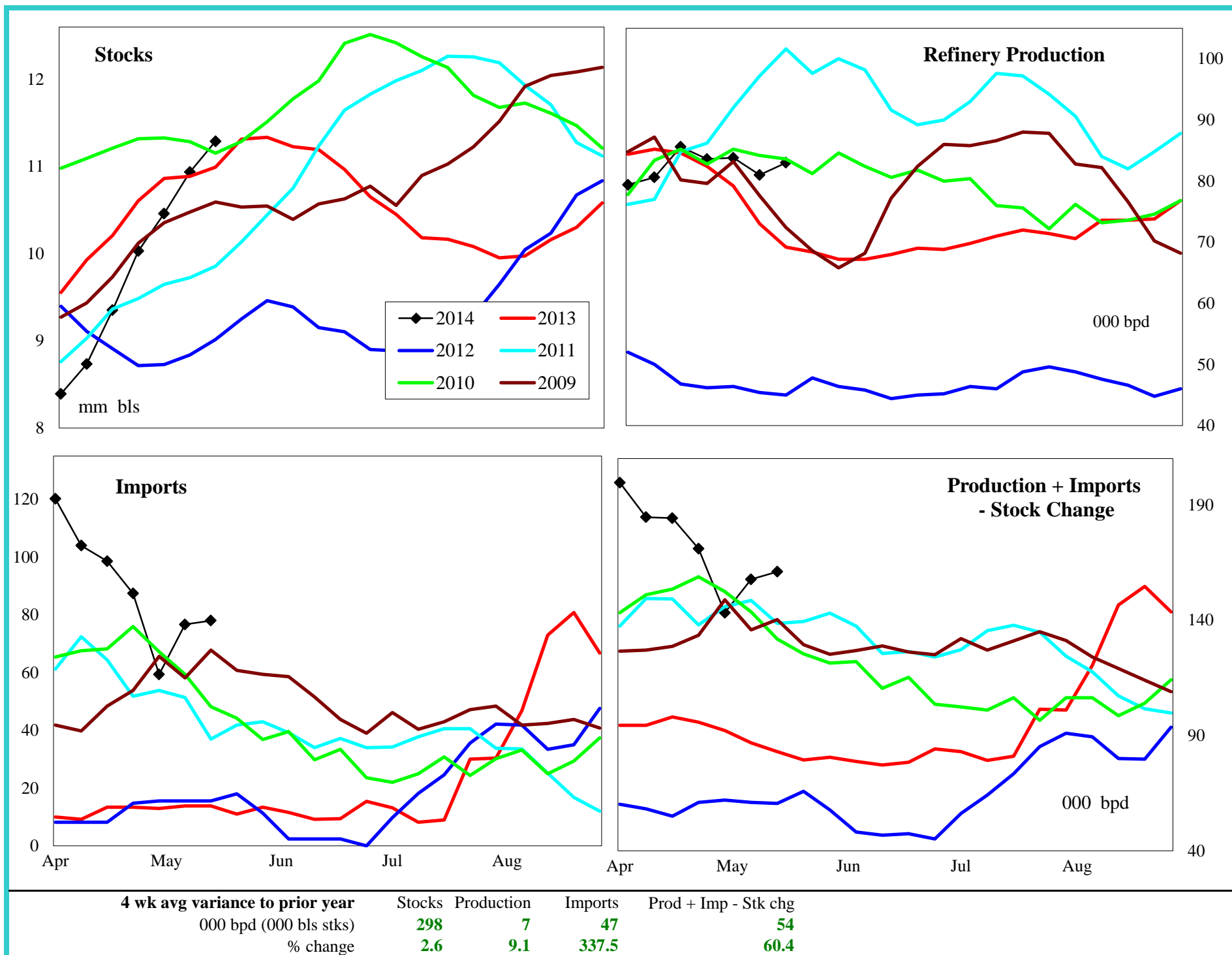
PADD 1 High Sulfur Distillate Supply



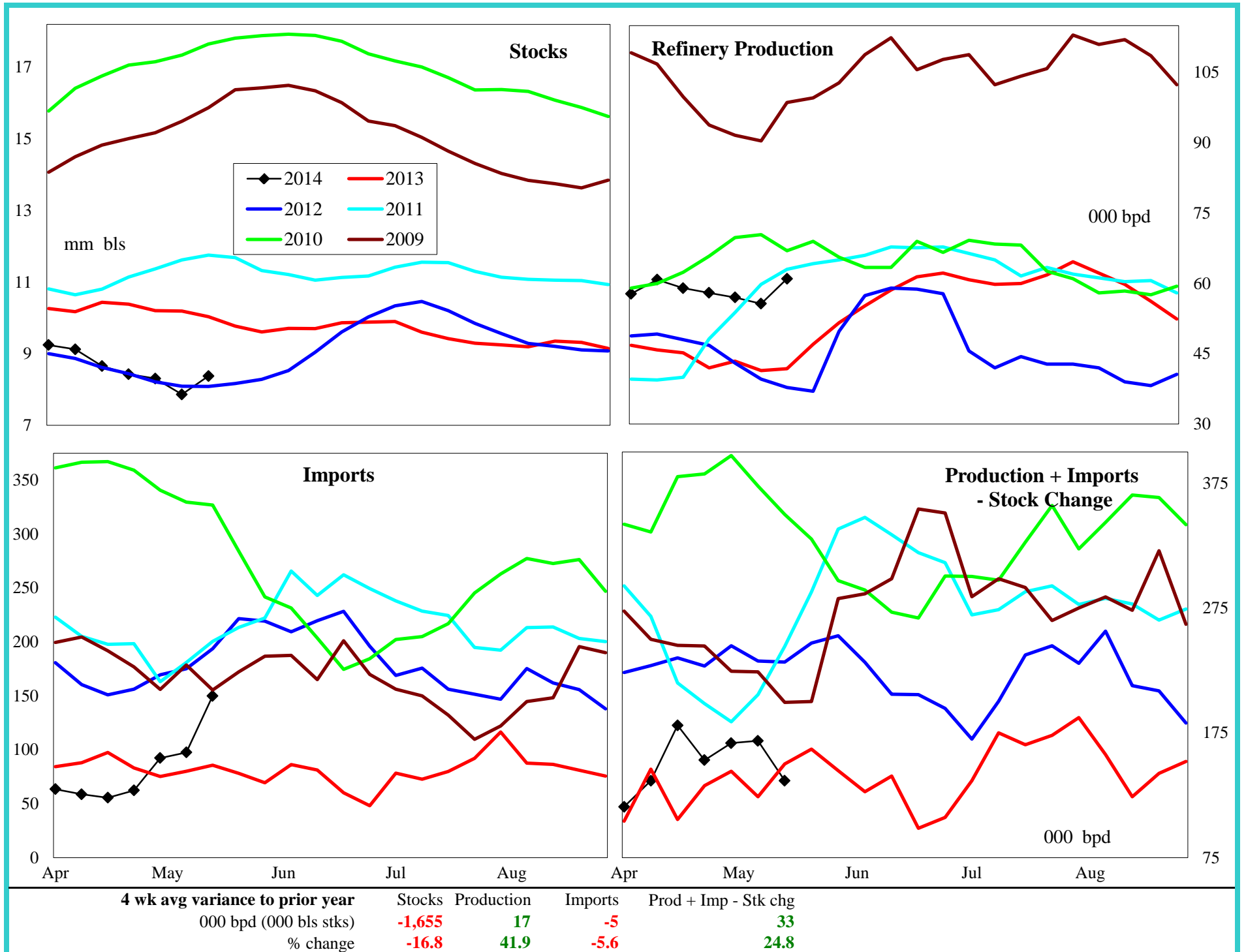
PADD 1 High Sulfur Distillate Stocks by Region



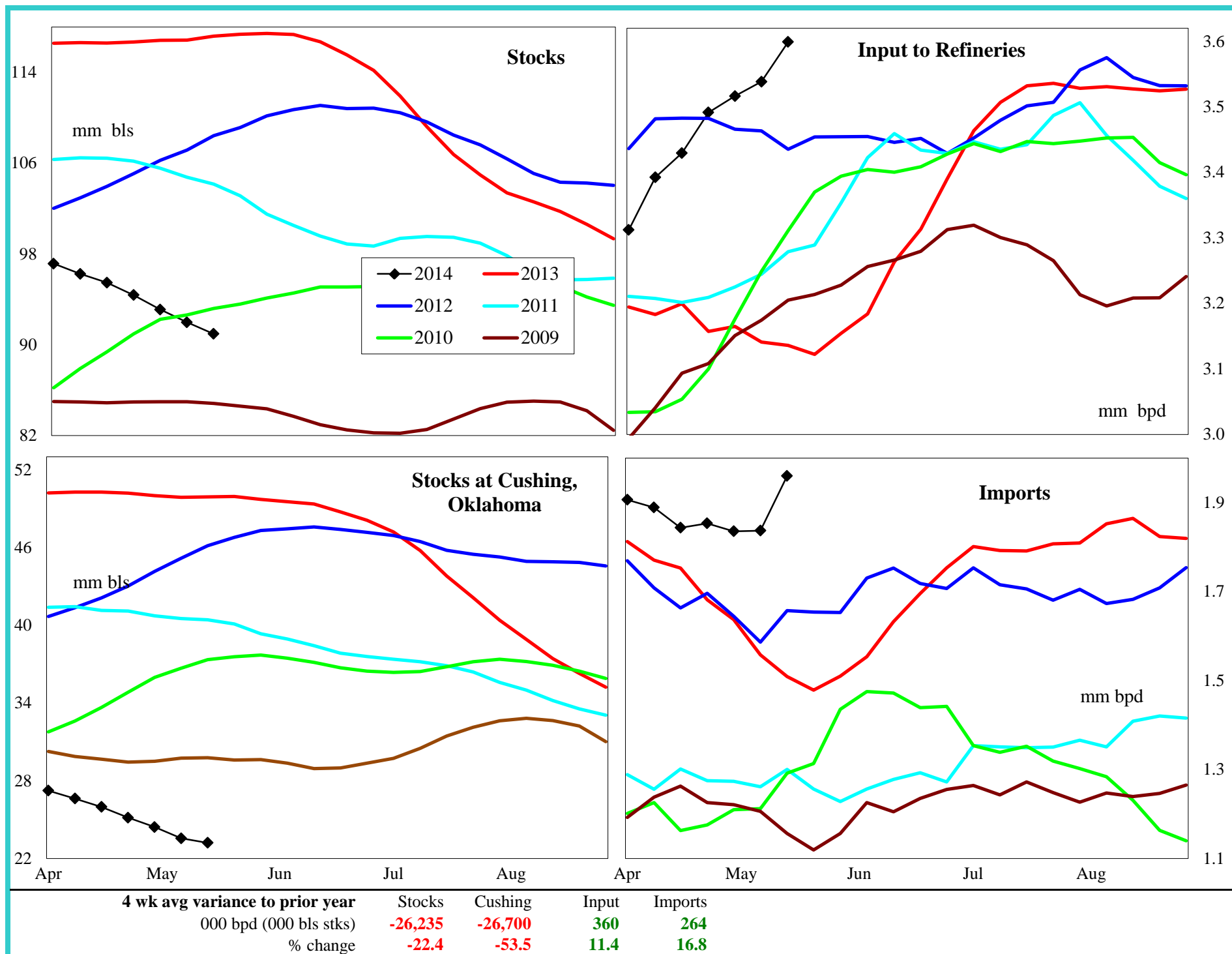
PADD 1 Jet Fuel Supply



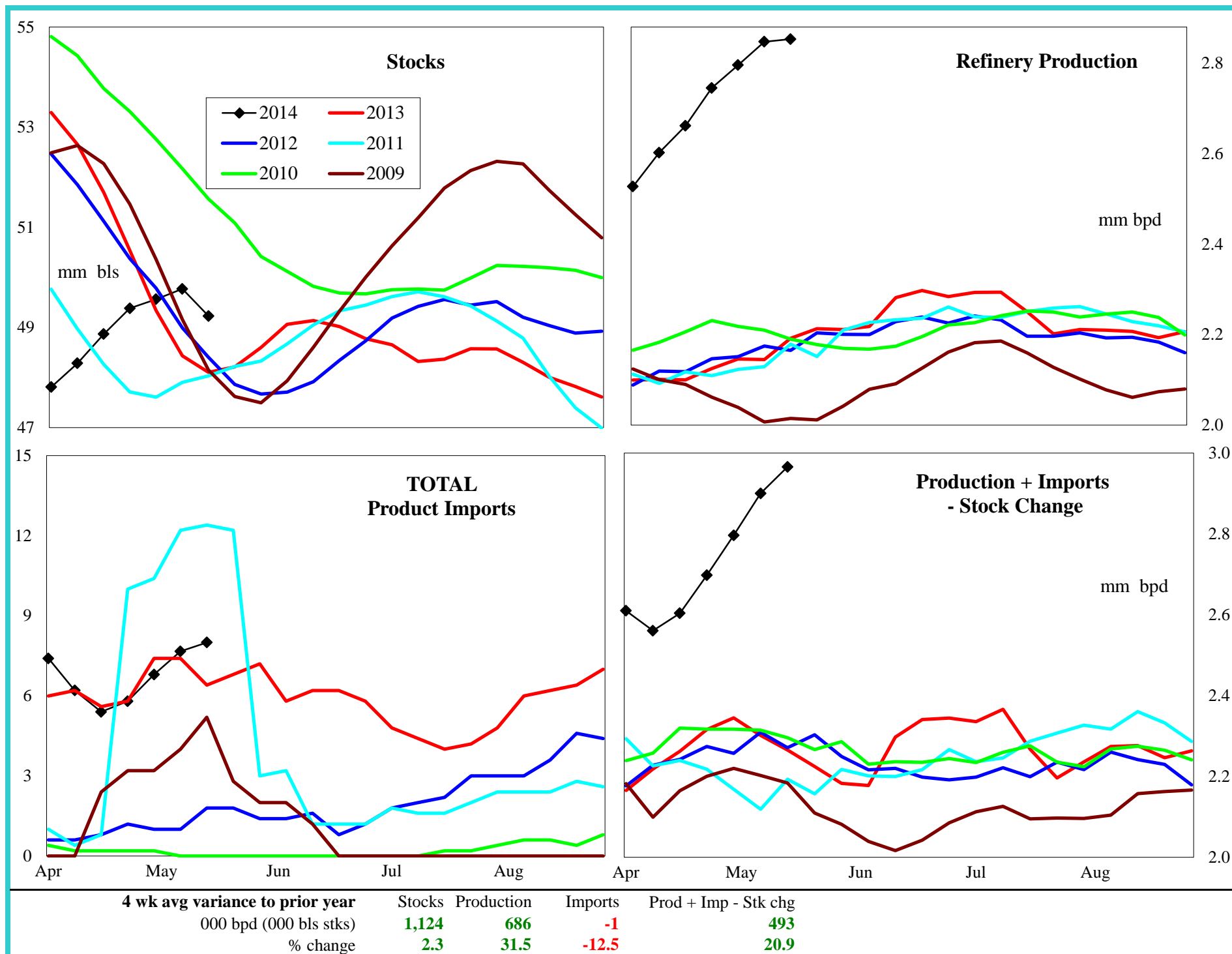
PADD 1 Residual Fuel Oil Supply



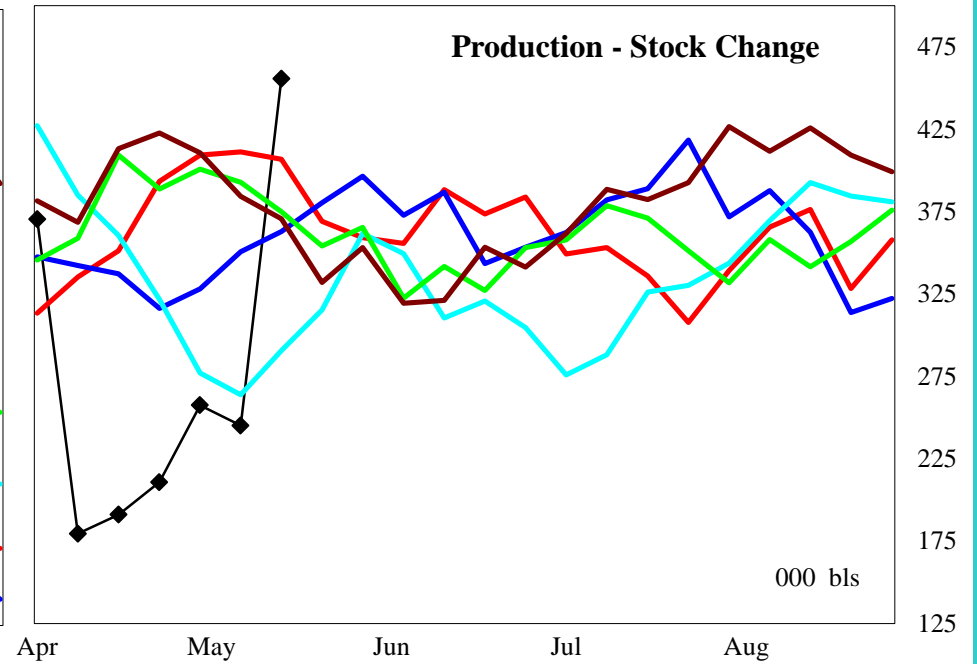
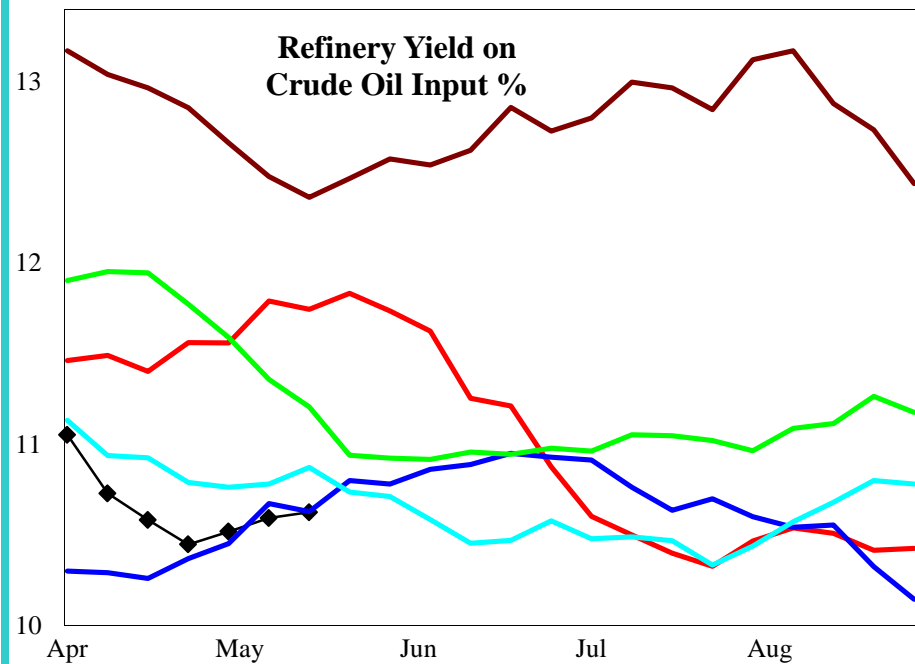
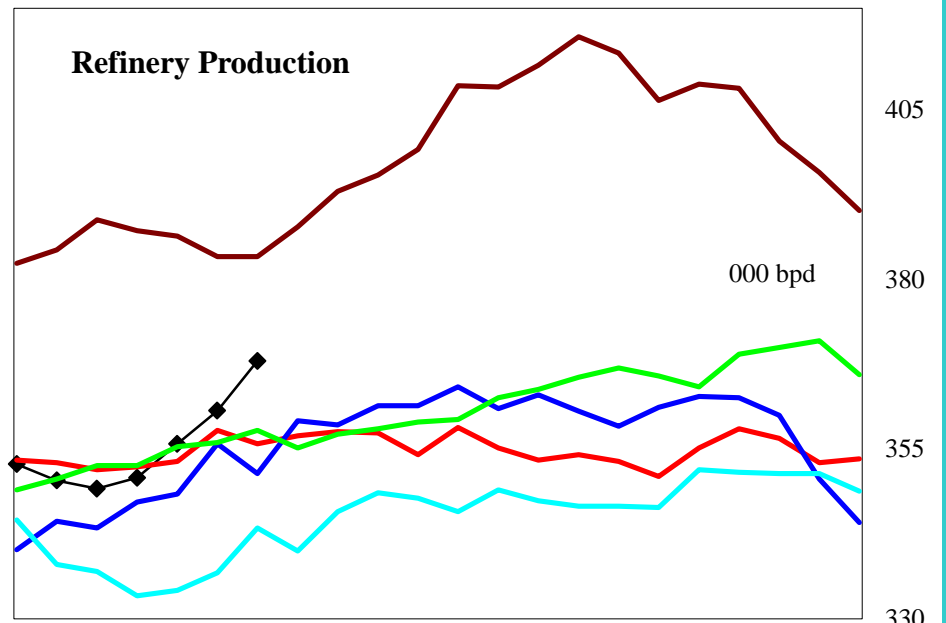
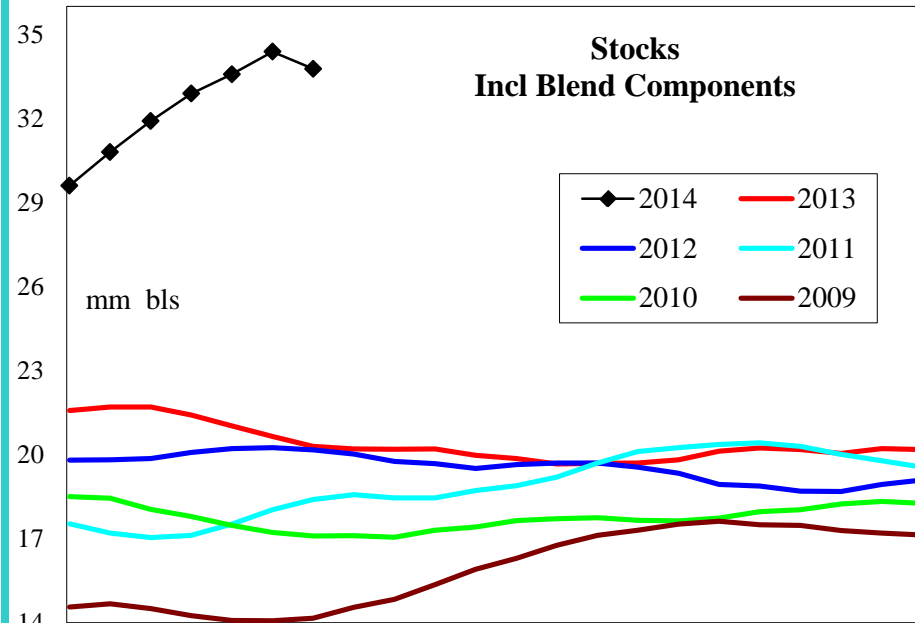
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks Production

13,474

4

66.4

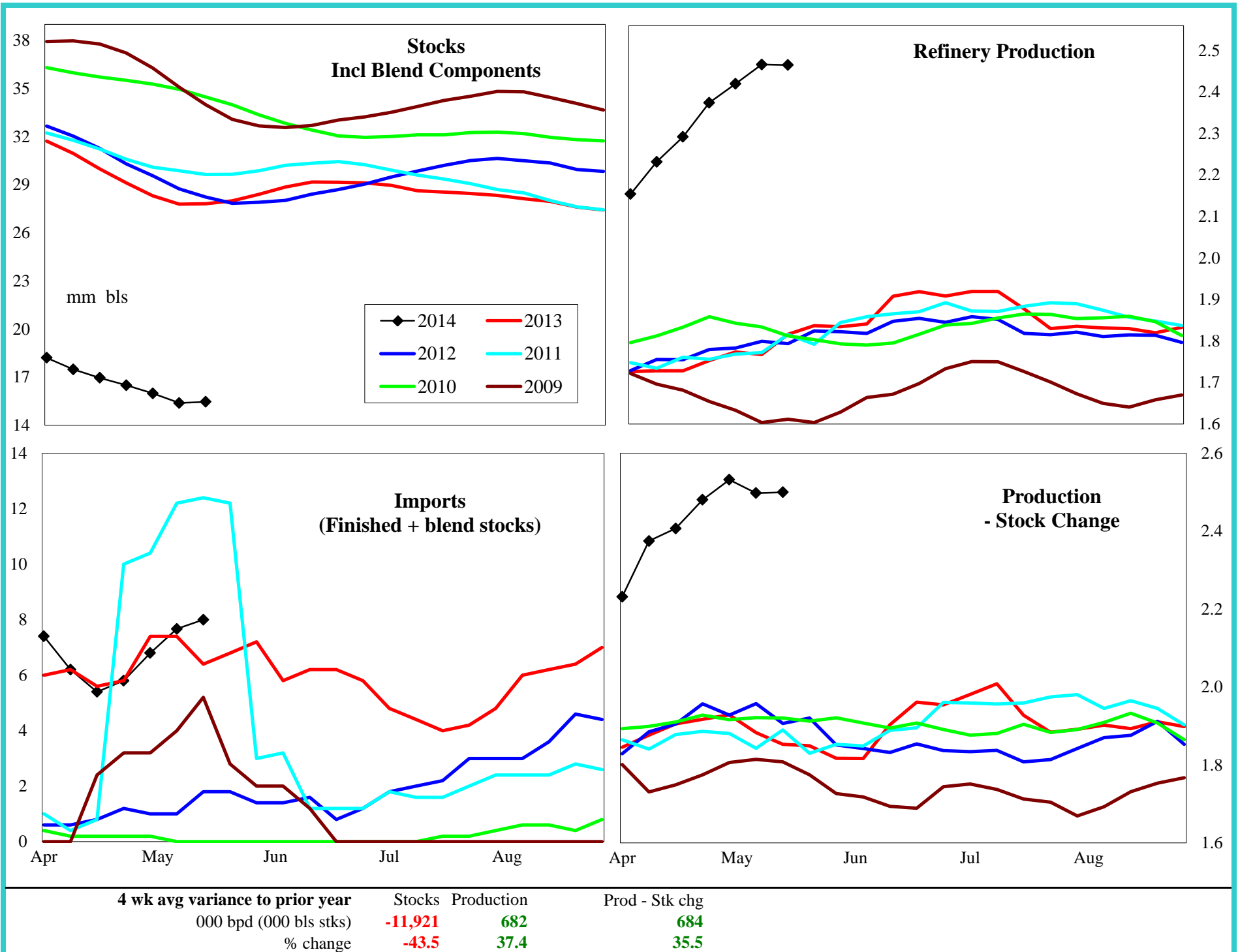
1.1

Prod - Stk chg

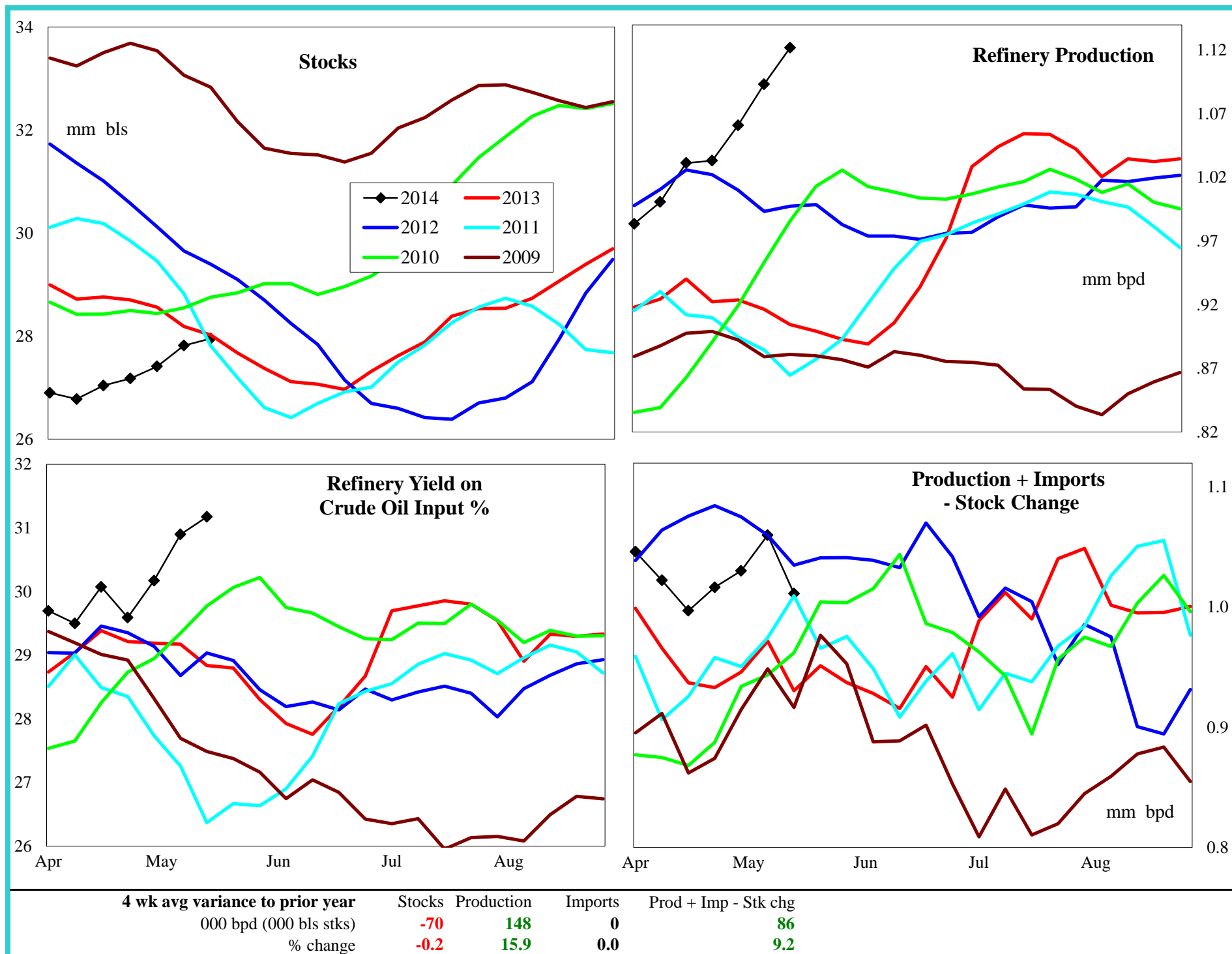
-113

-27.9

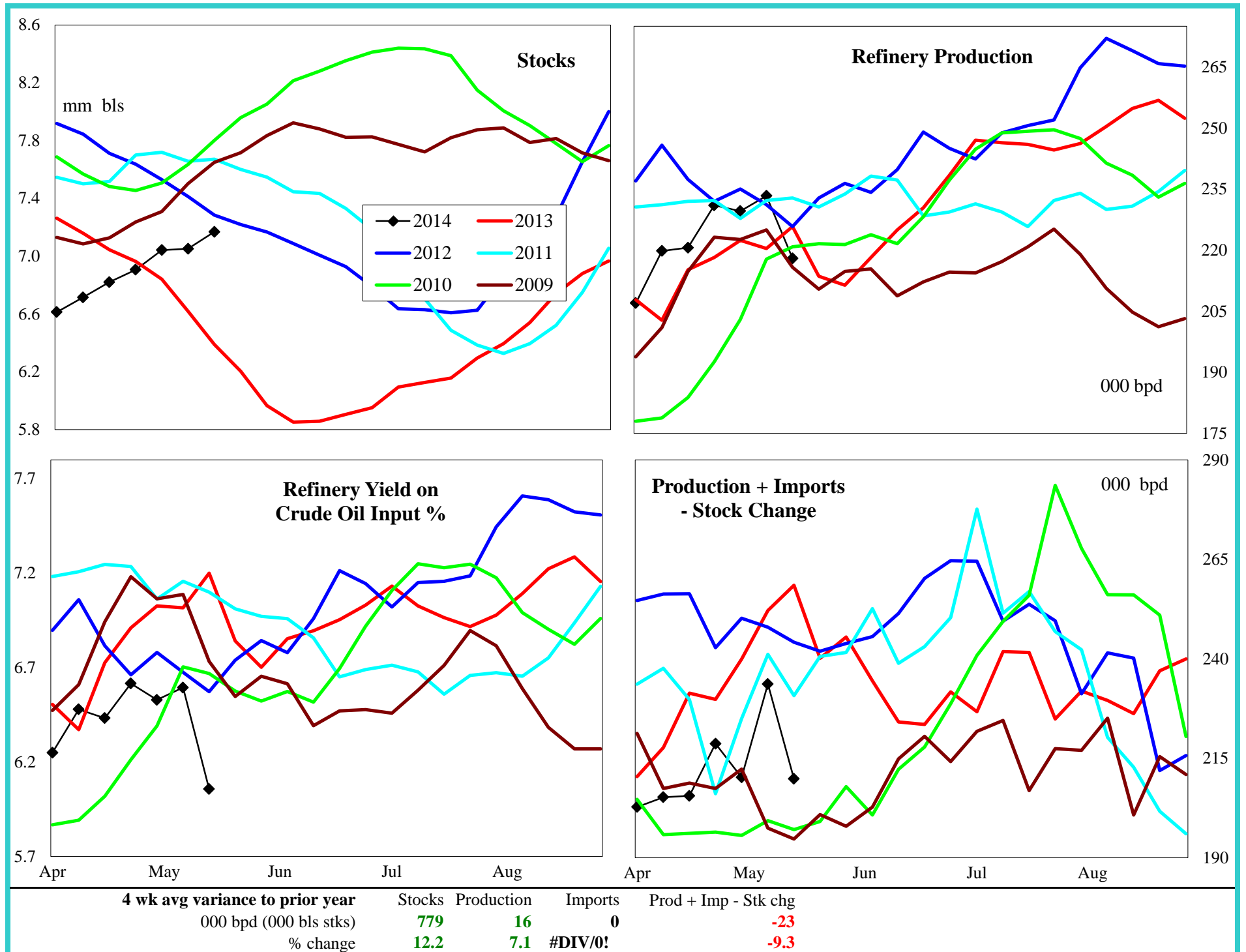
PADD 2 Conventional Gasoline Supply



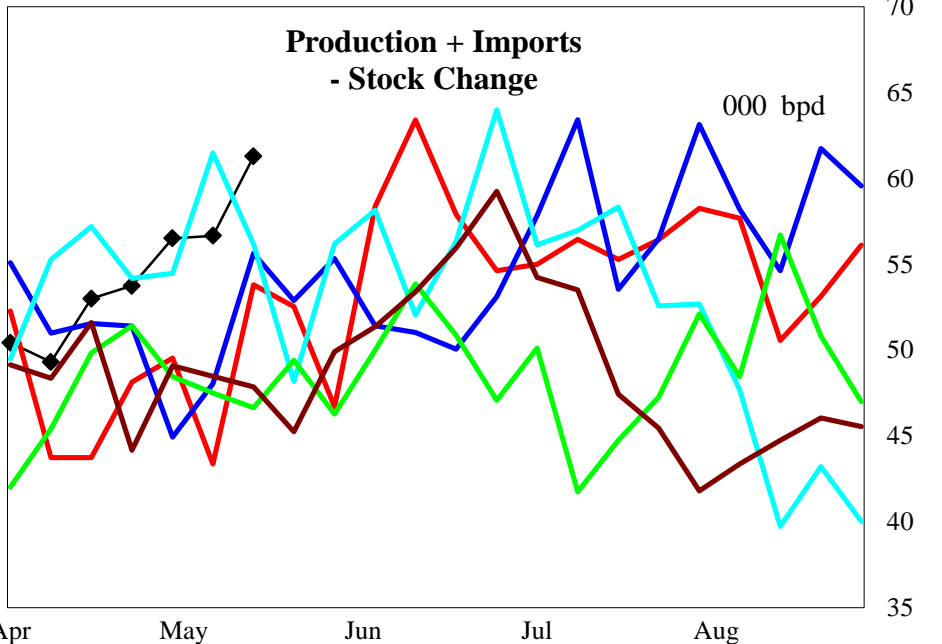
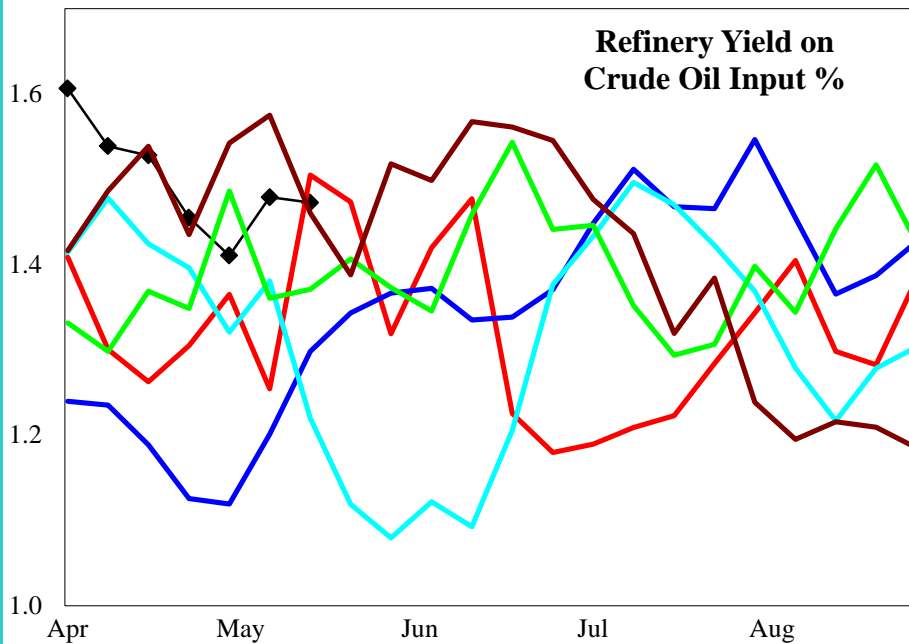
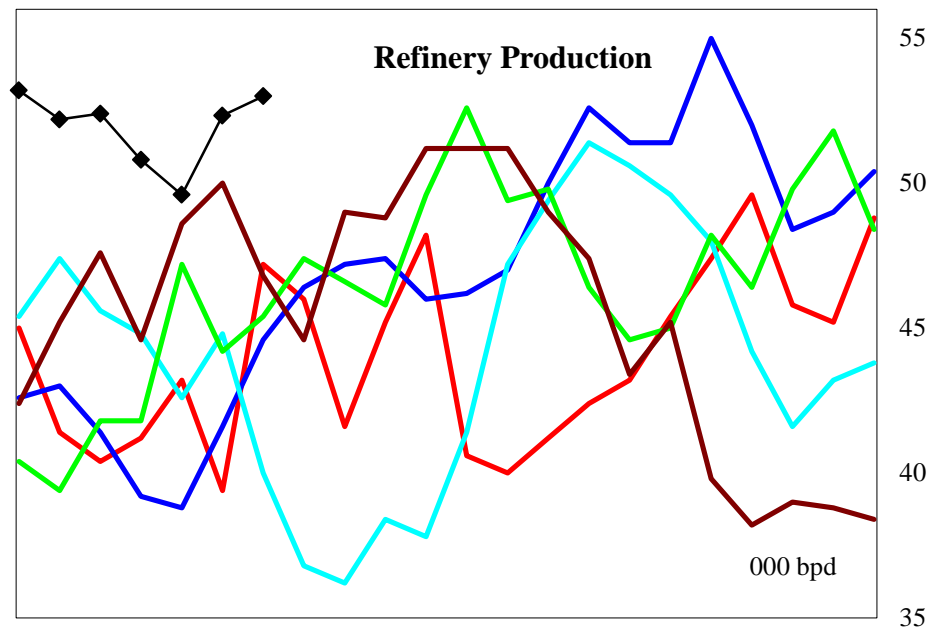
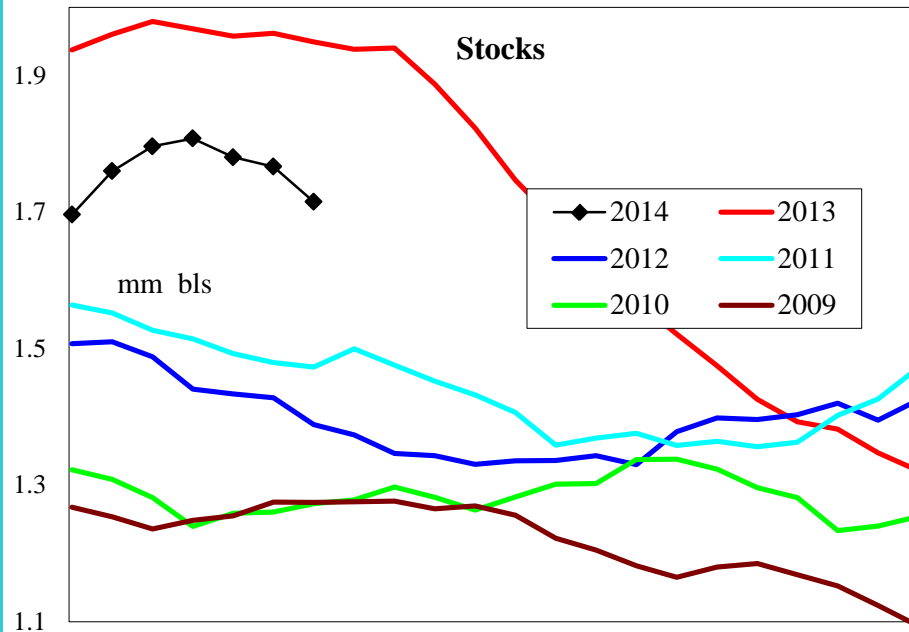
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-234

9

-2

11

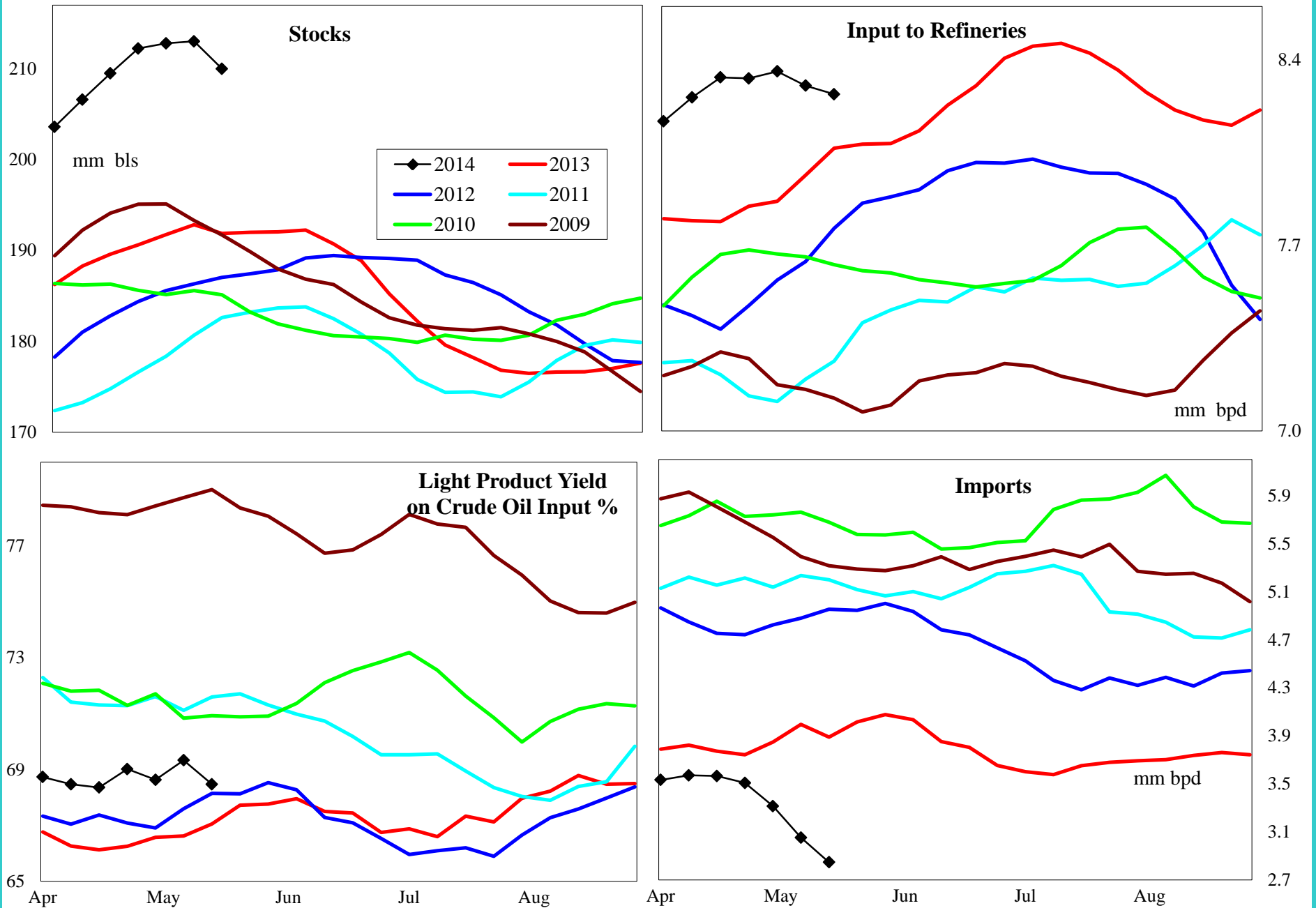
-12.0

21.6

-47.4

24.0

PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

18,101

9.4

Input

373

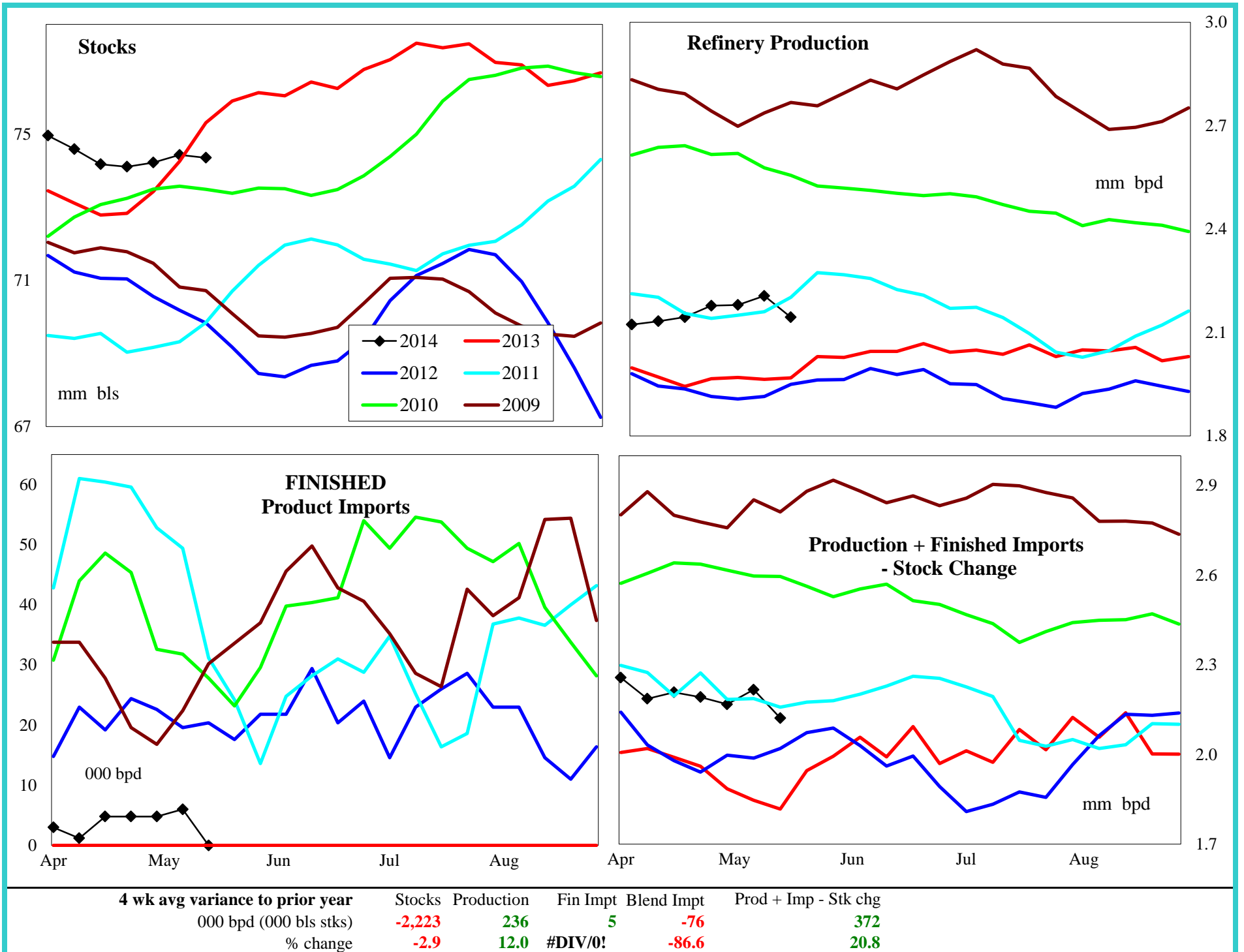
4.7

Imports

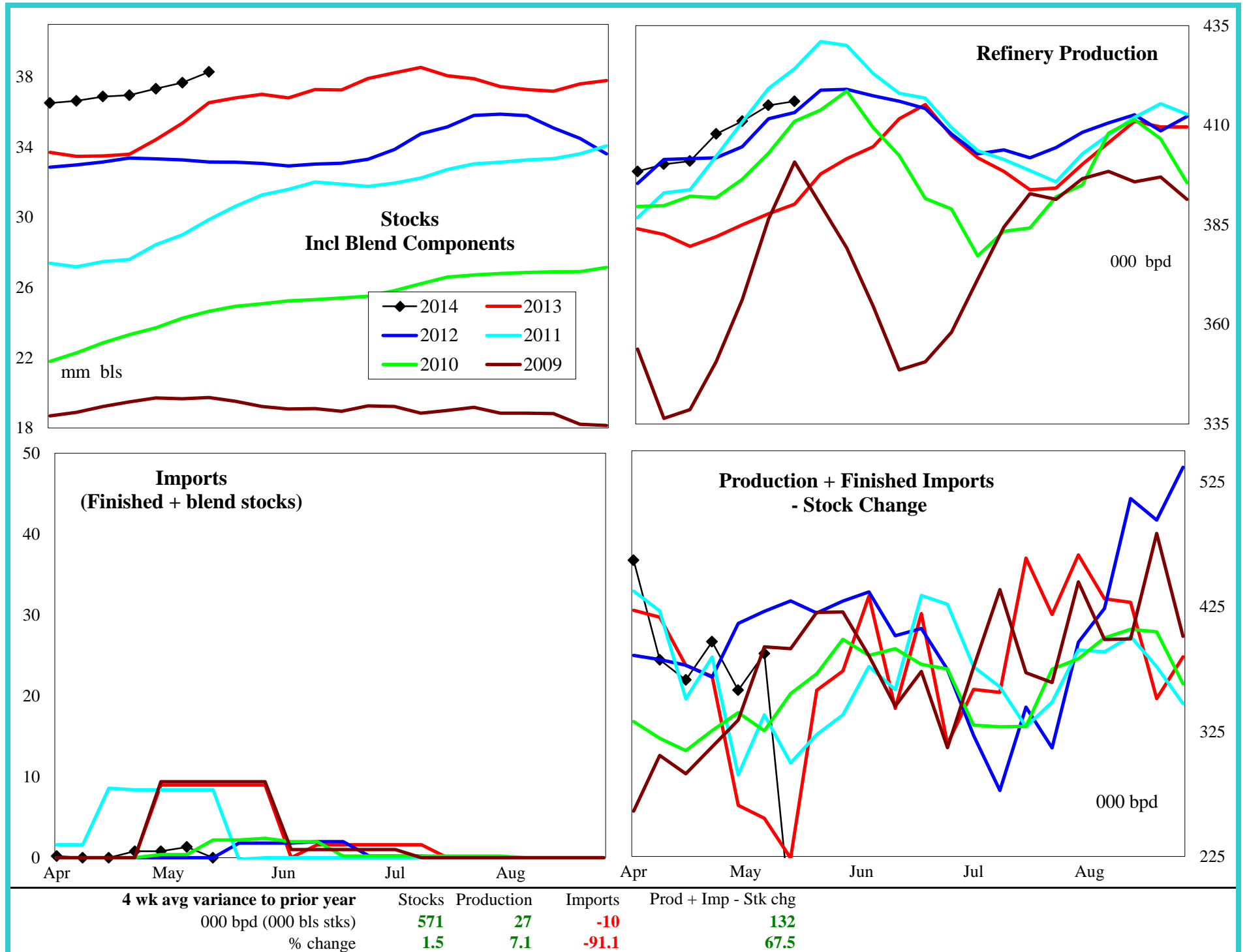
-757

-19.2

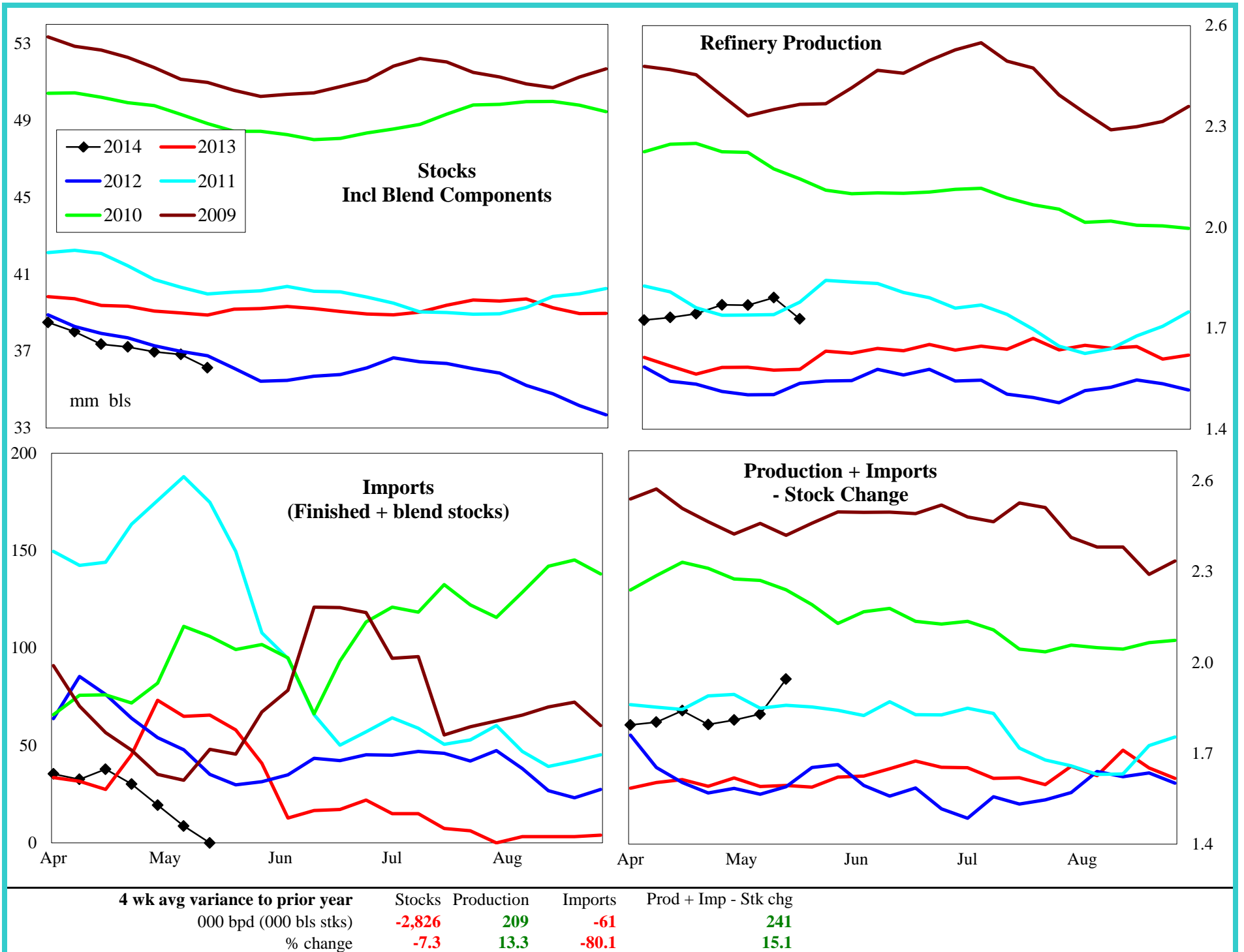
PADD 3 Gasoline Supply



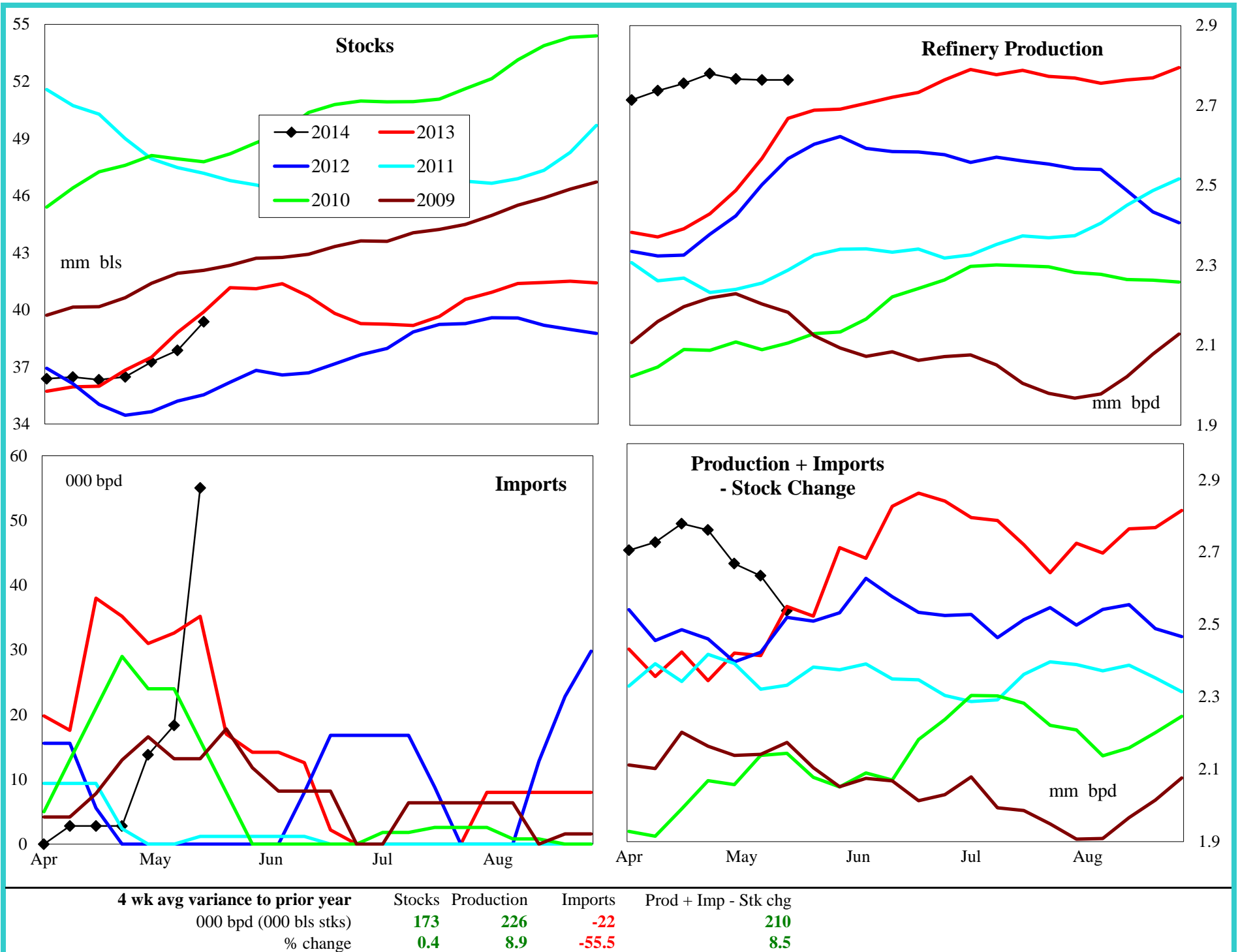
PADD 3 Reformulated Gasoline Supply



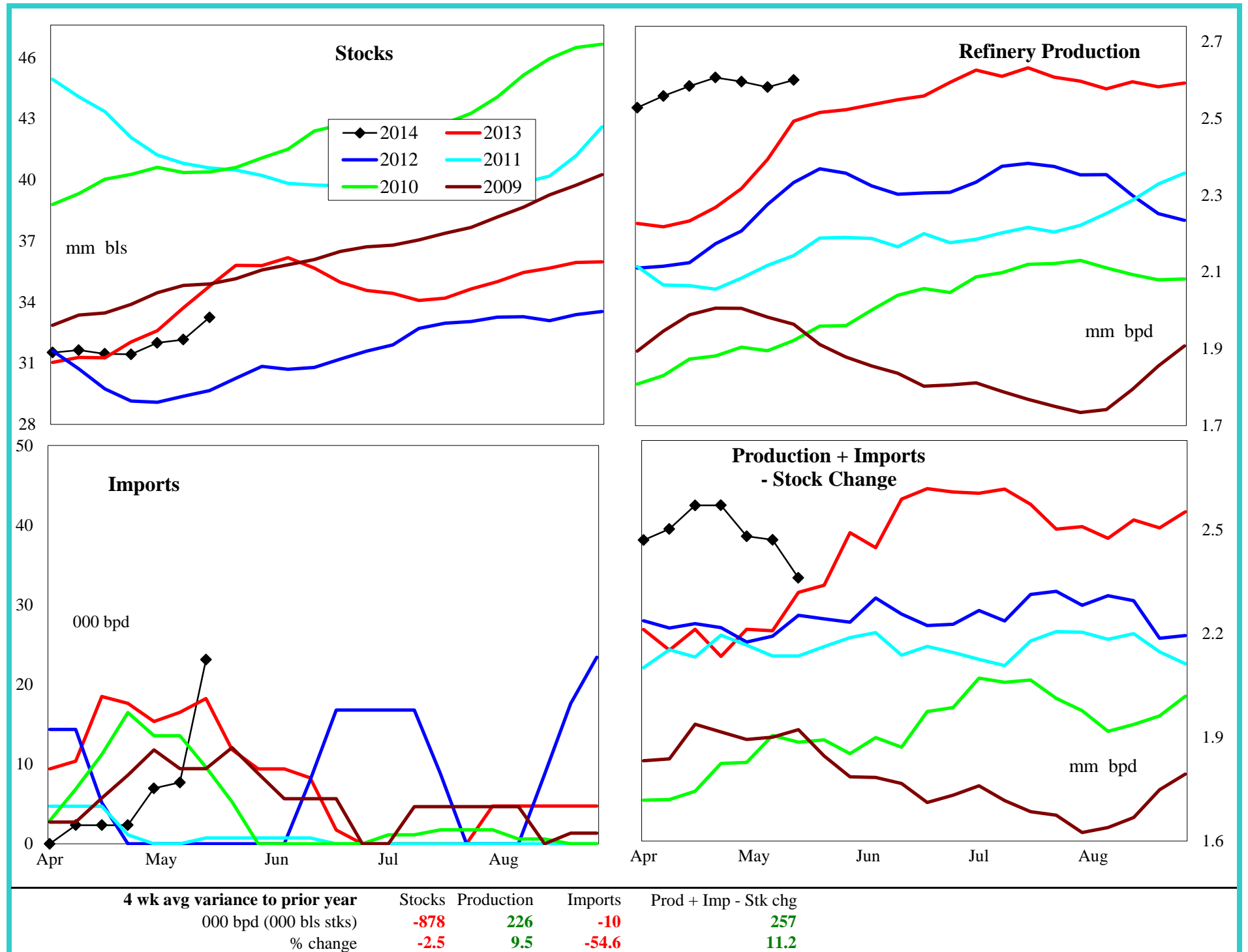
PADD 3 Conventional Gasoline Supply



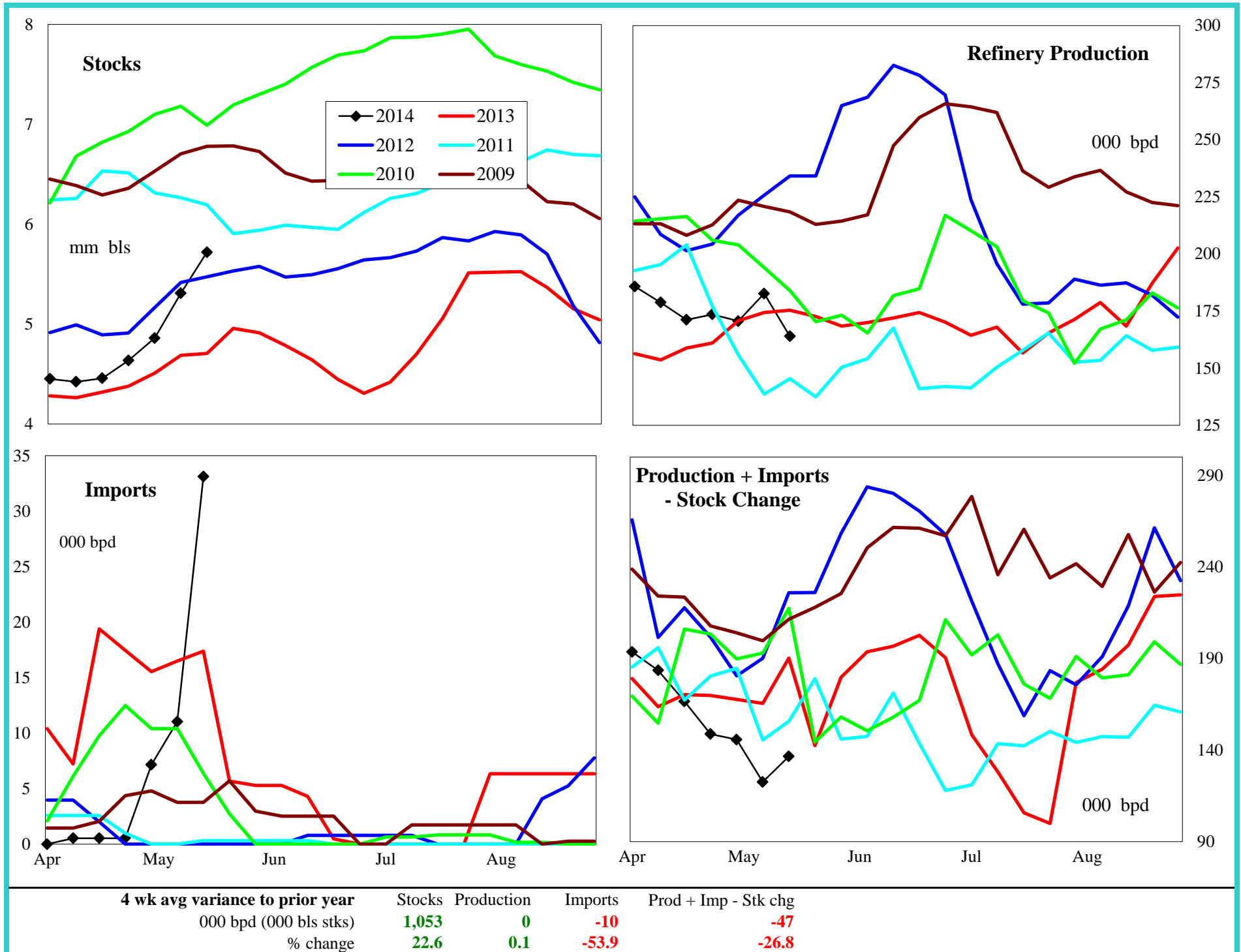
PADD 3 Distillate Supply



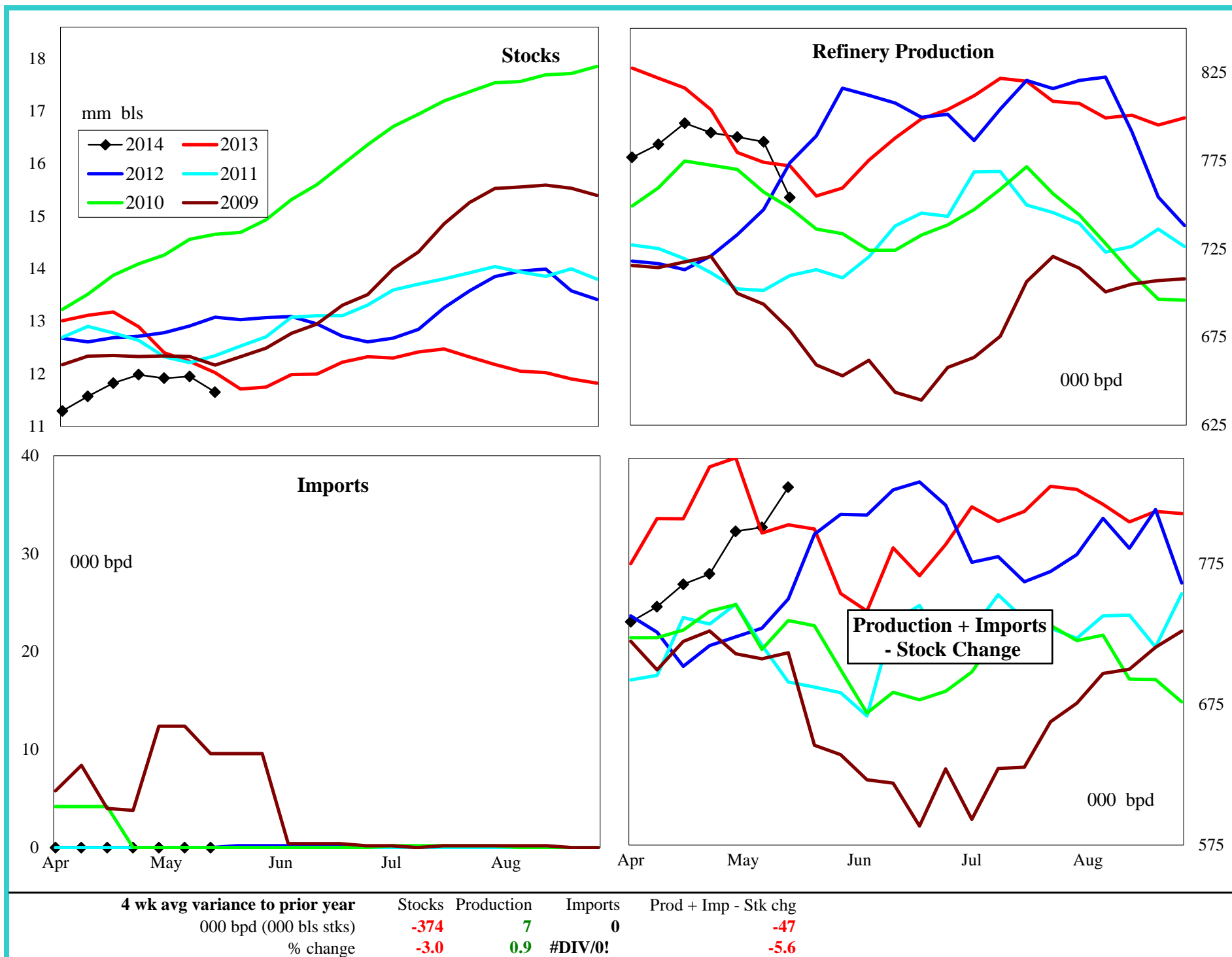
PADD 3 Low Sulfur Distillate Supply



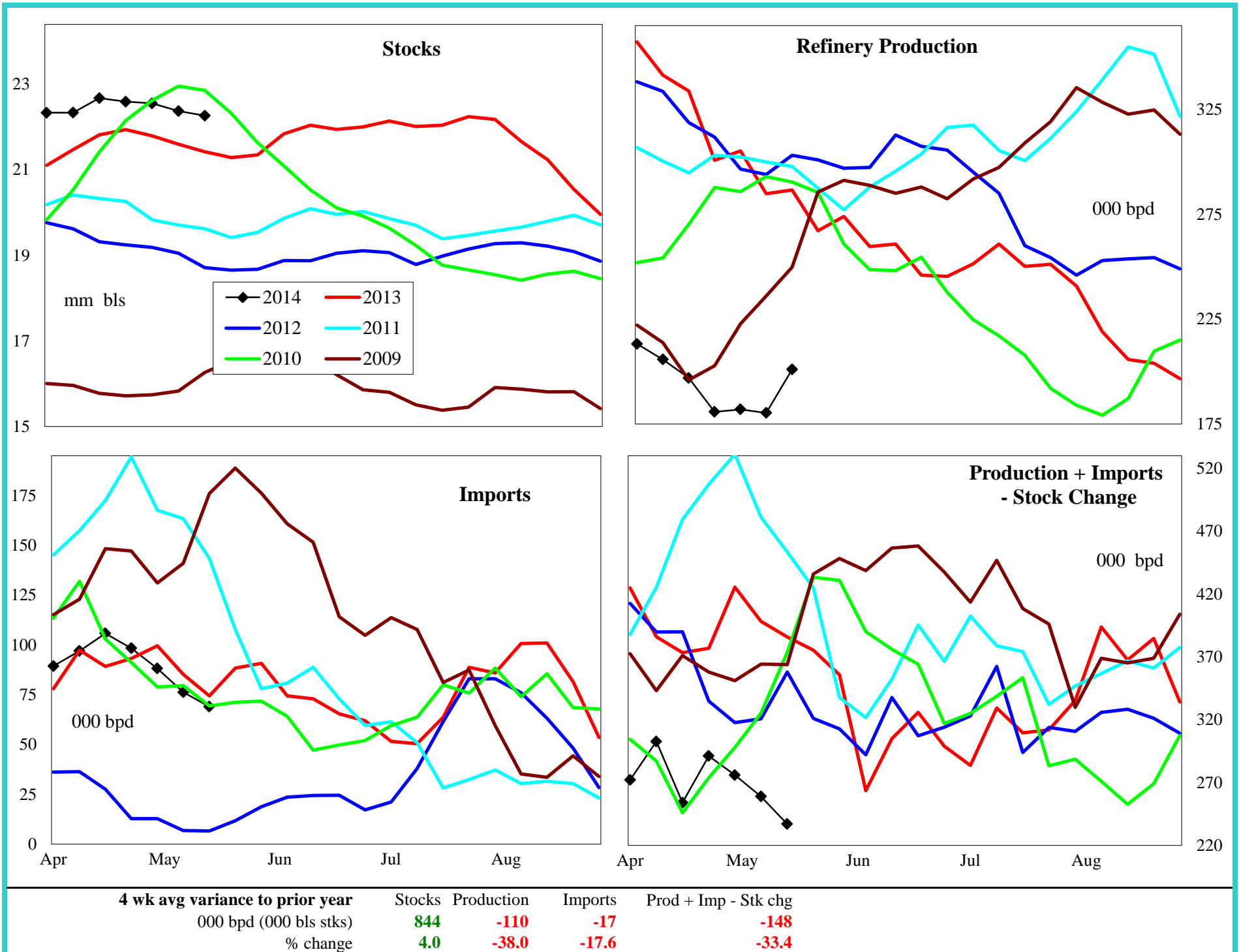
PADD 3 High Sulfur Distillate Supply



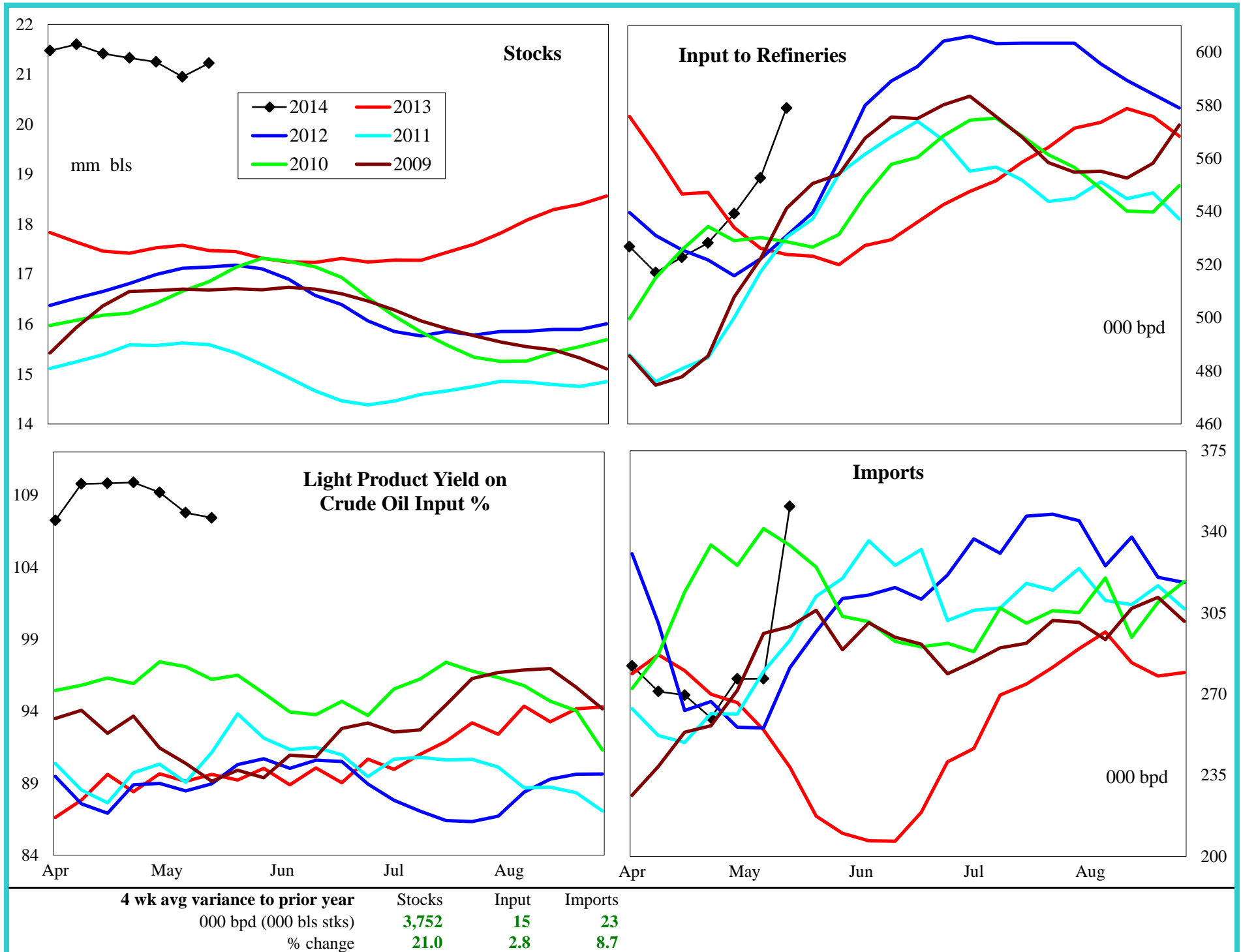
PADD 3 Jet Fuel Supply



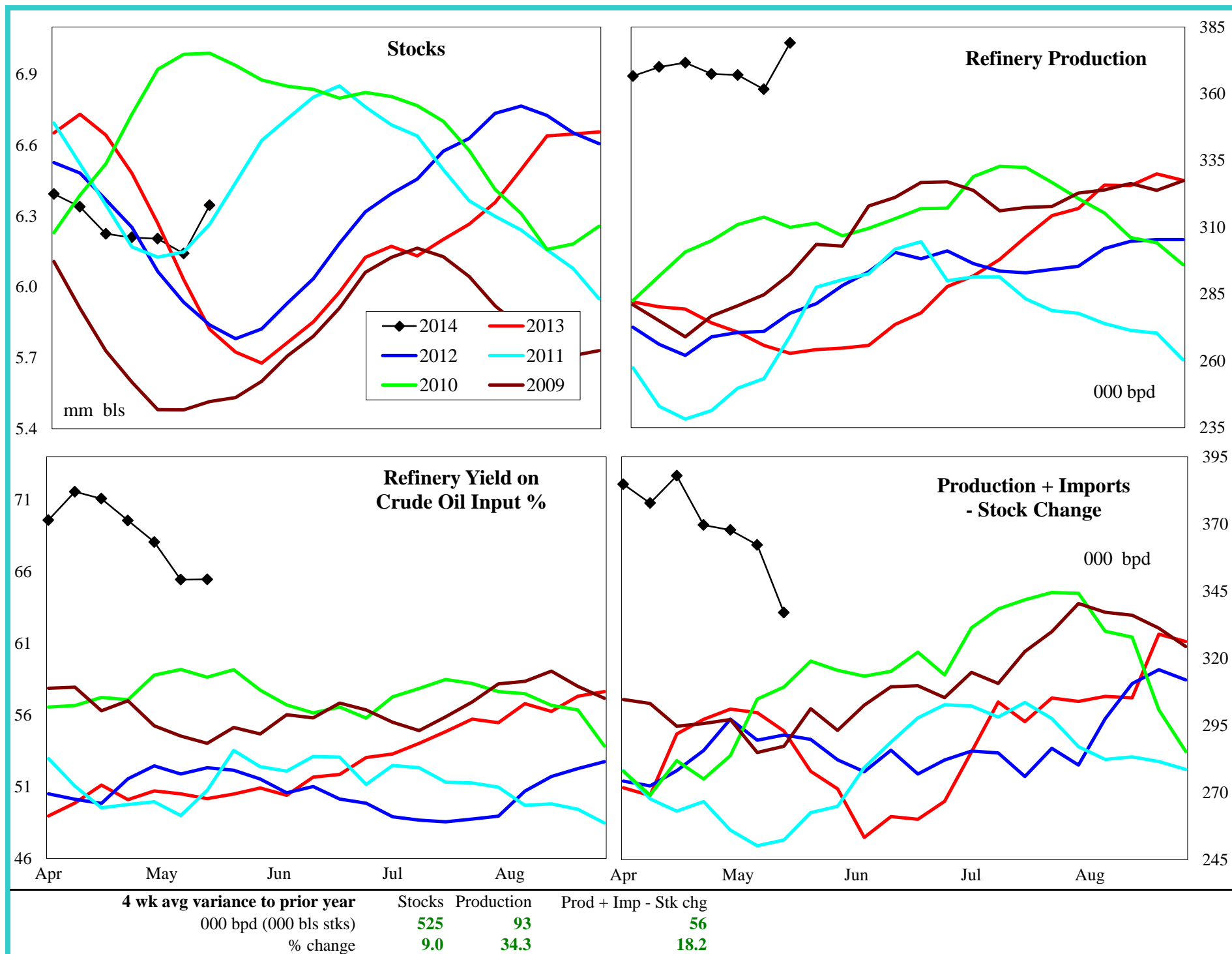
PADD 3 Residual Fuel Oil Supply



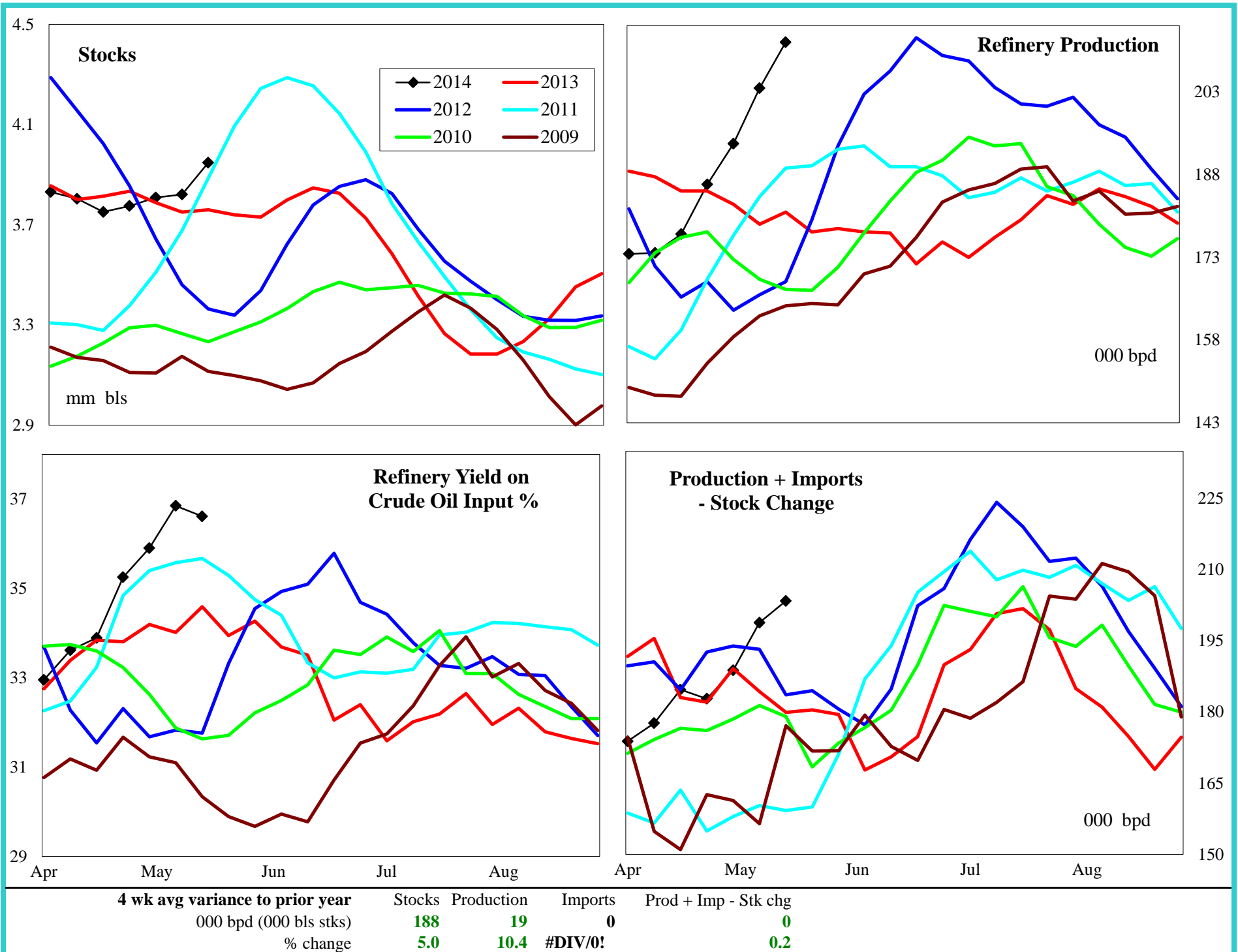
PADD 4 Crude Oil Supply and Refining



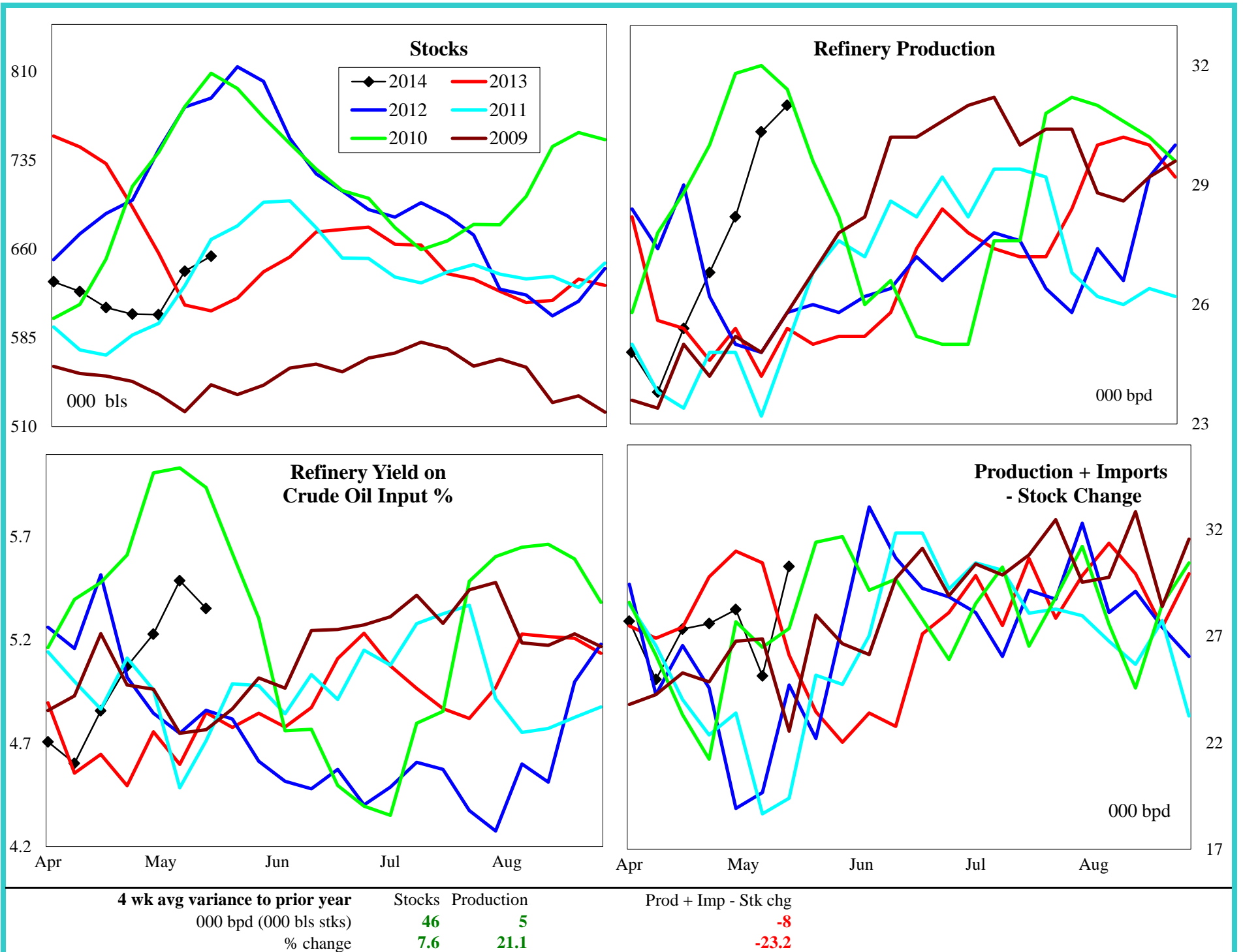
PADD 4 Gasoline Supply



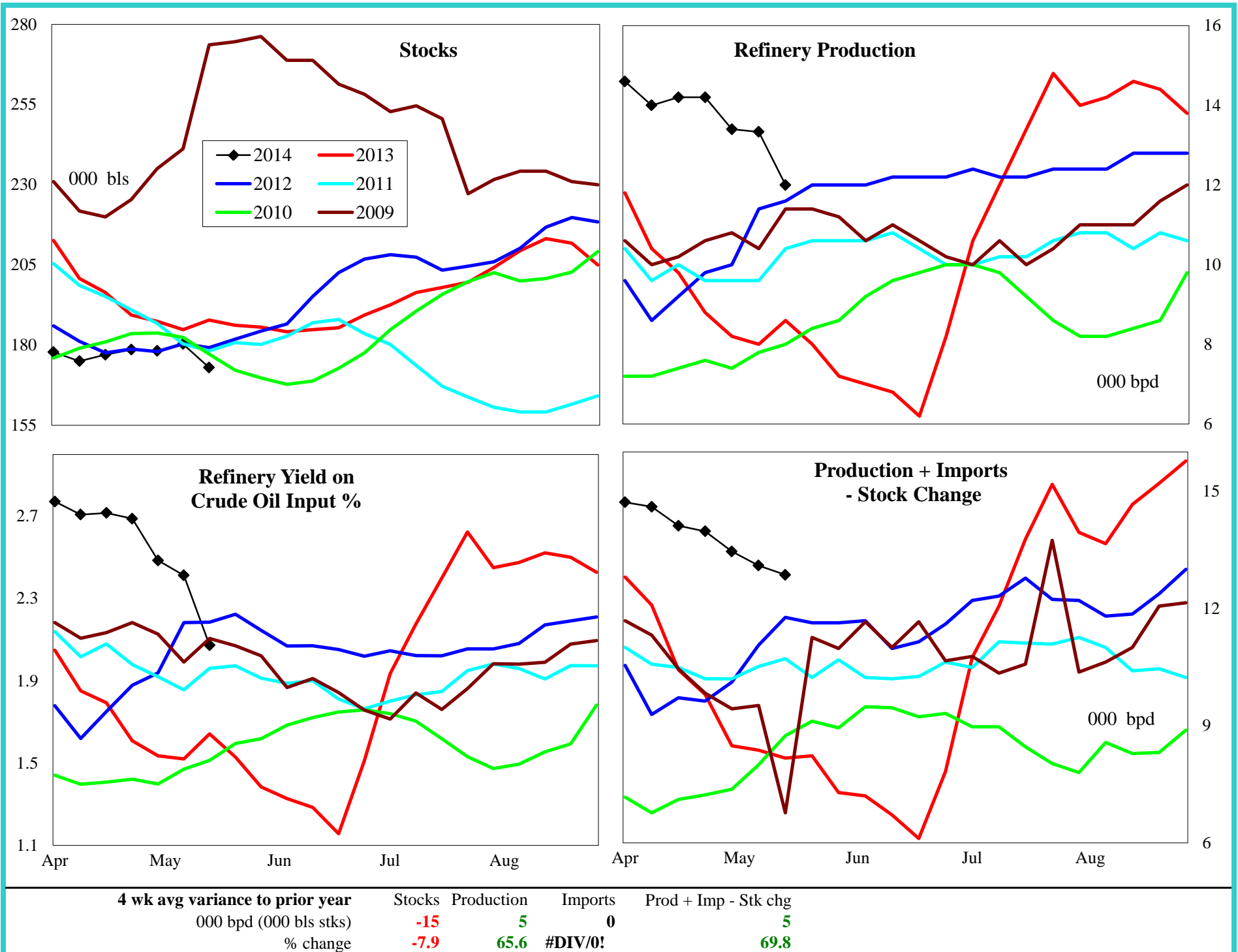
PADD 4 Distillate Supply



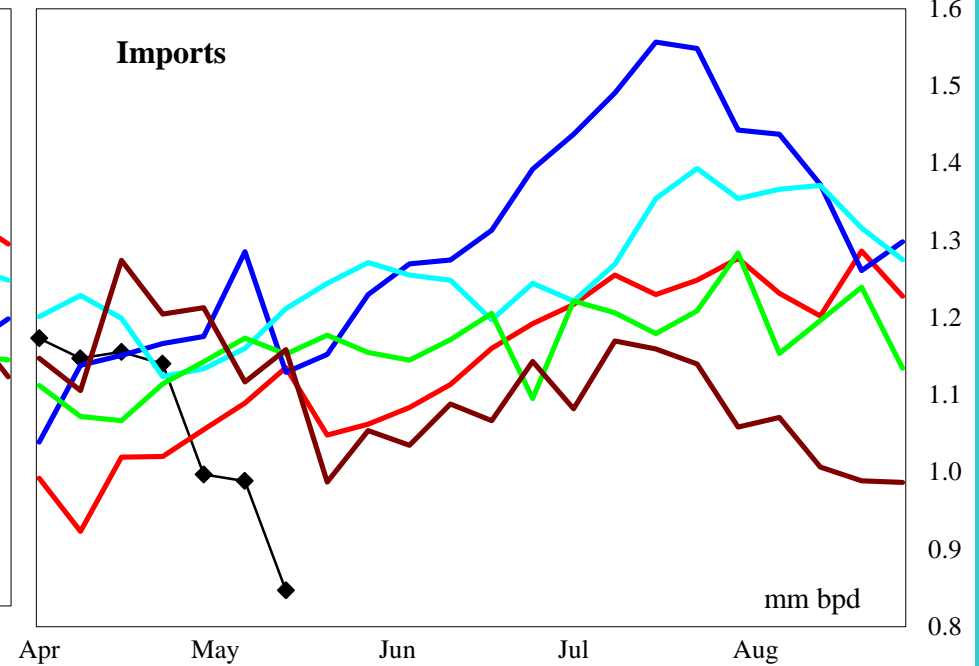
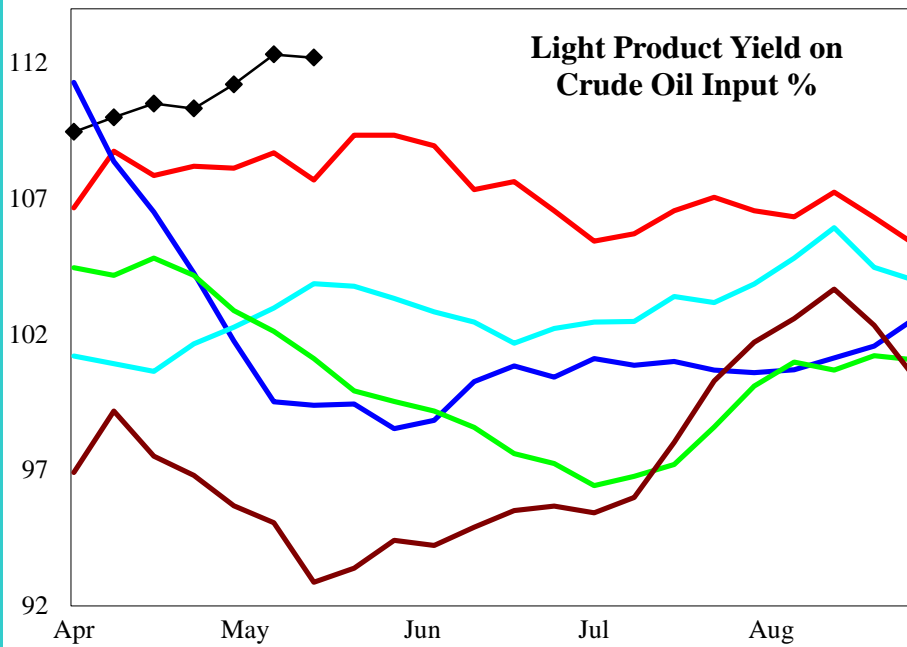
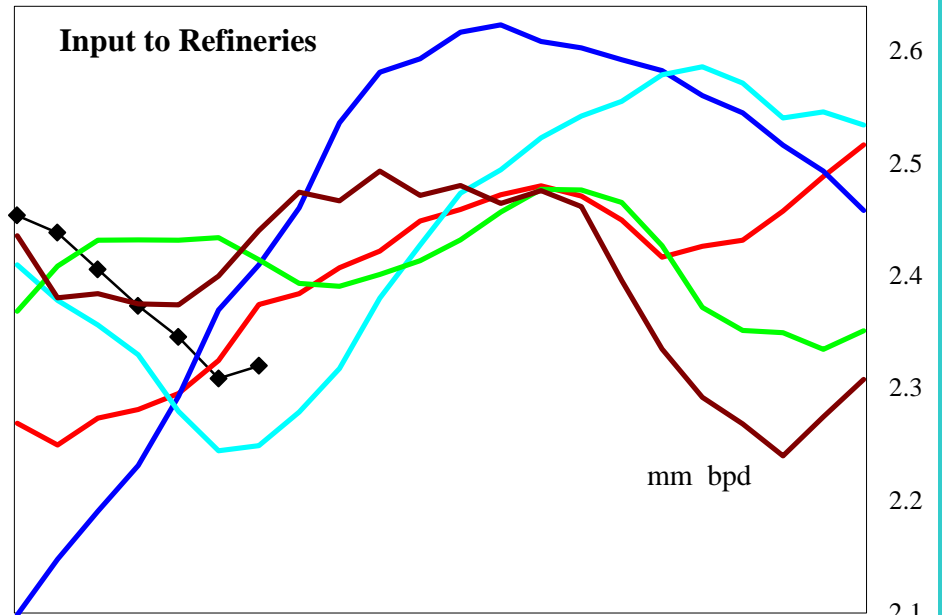
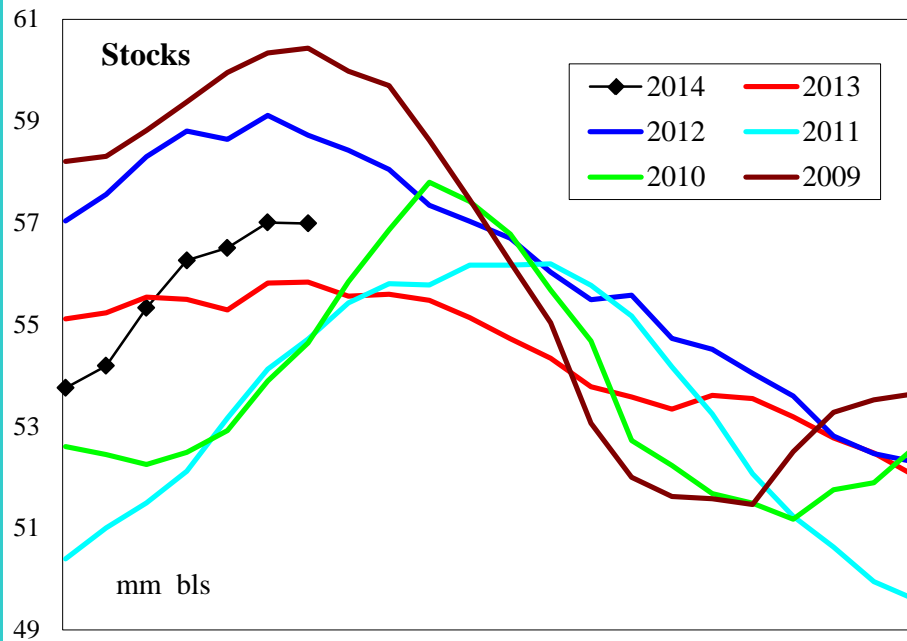
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,151

2.1

Input

6

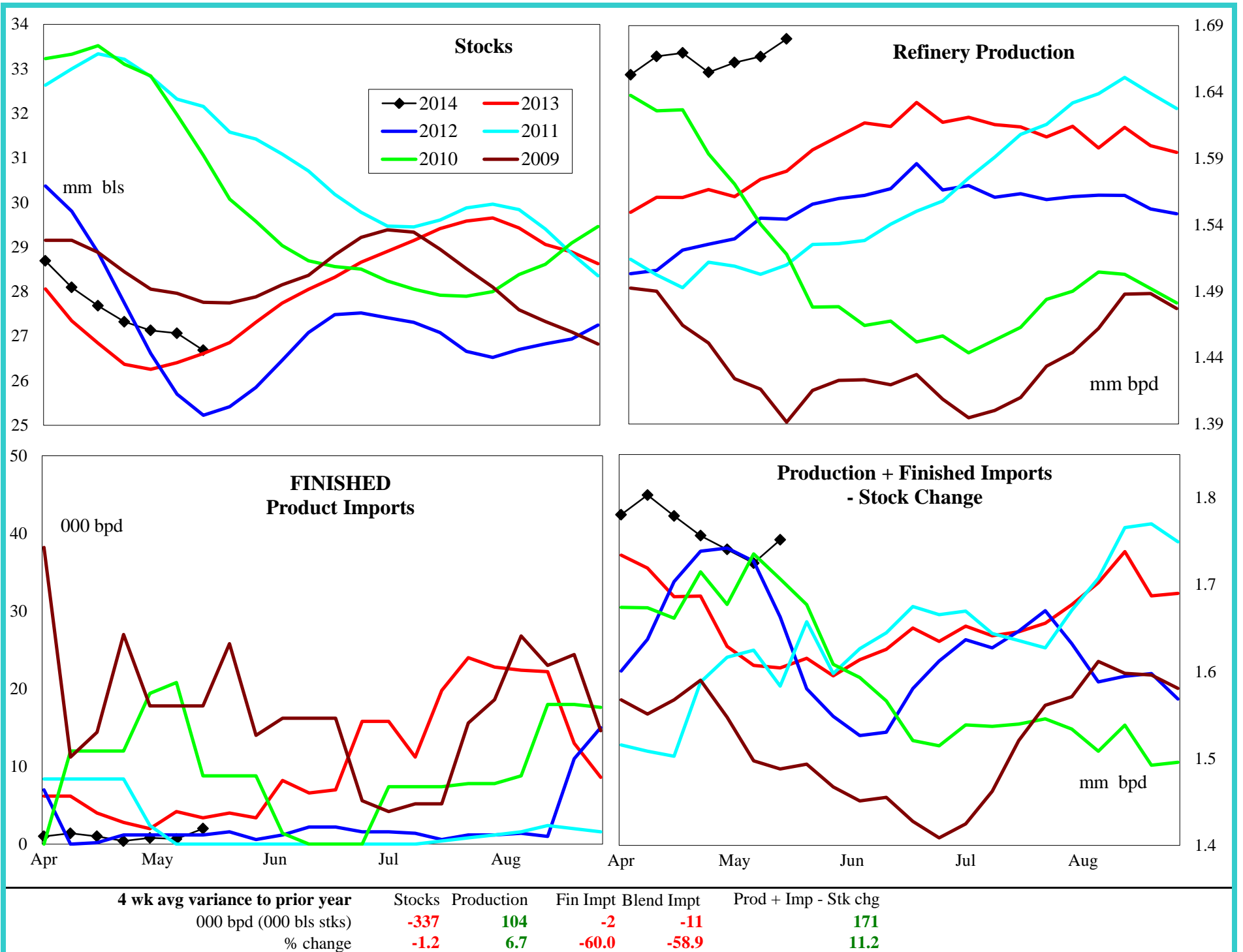
0.2

Imports

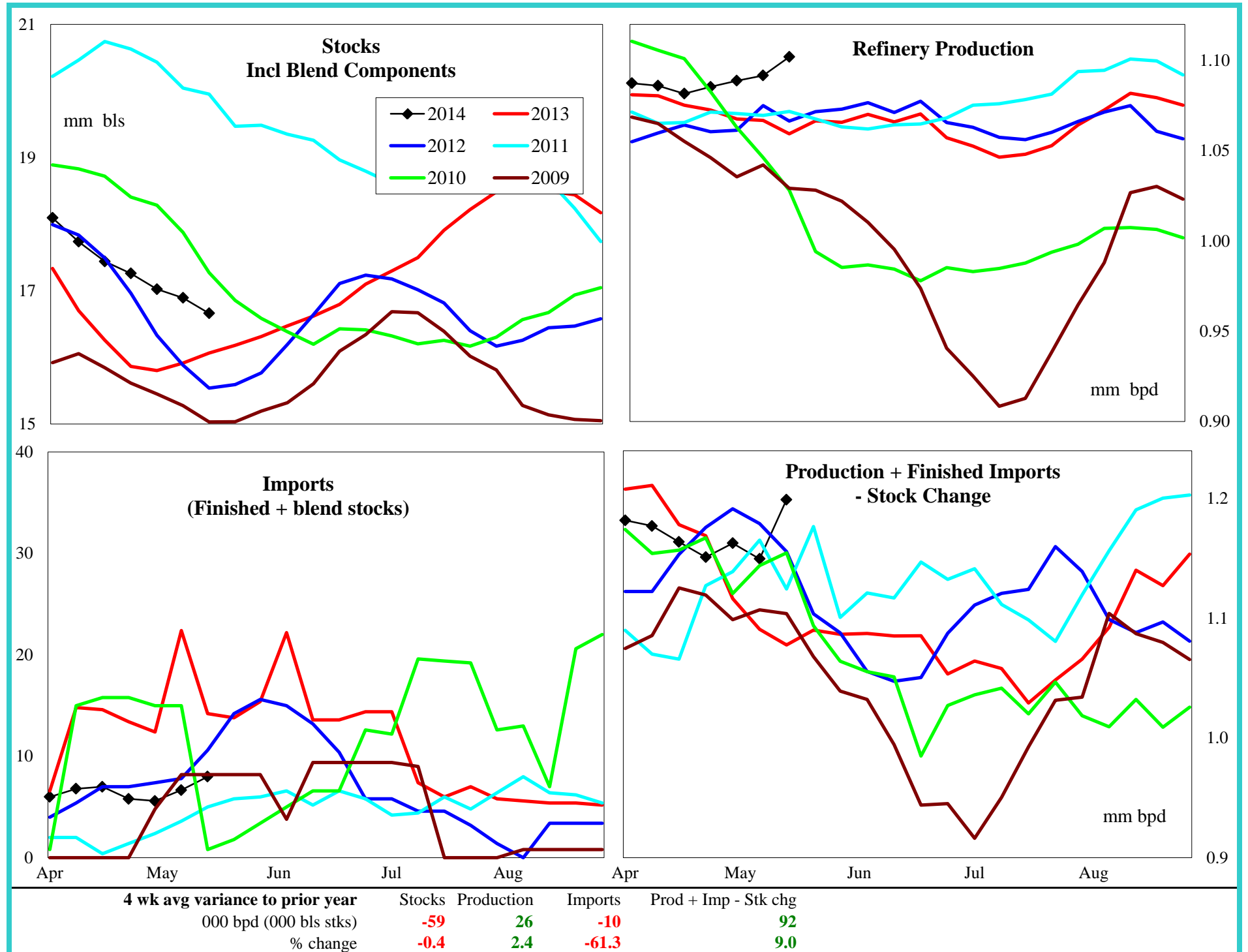
-122

-10.9

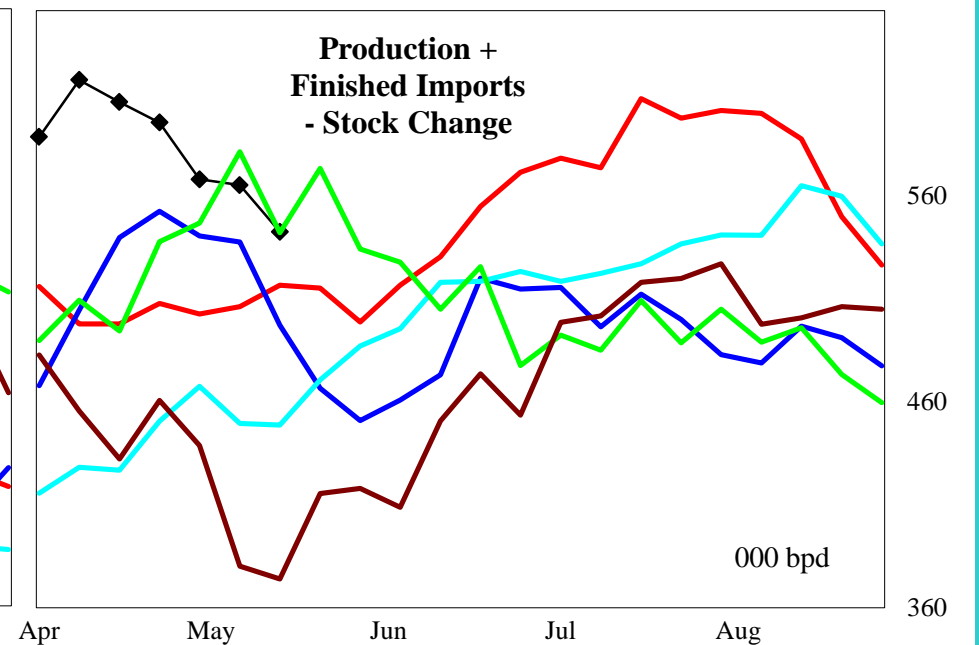
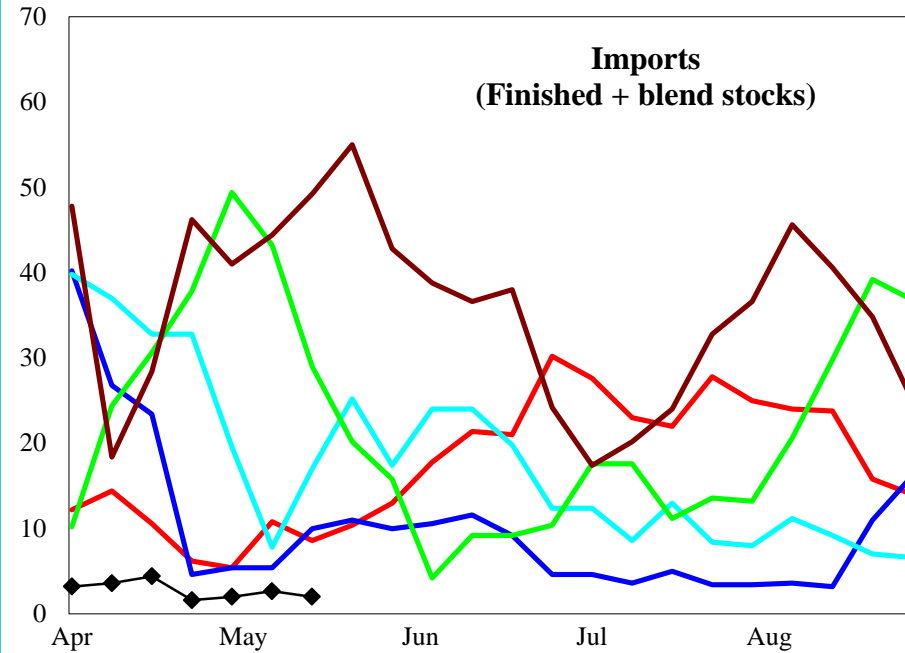
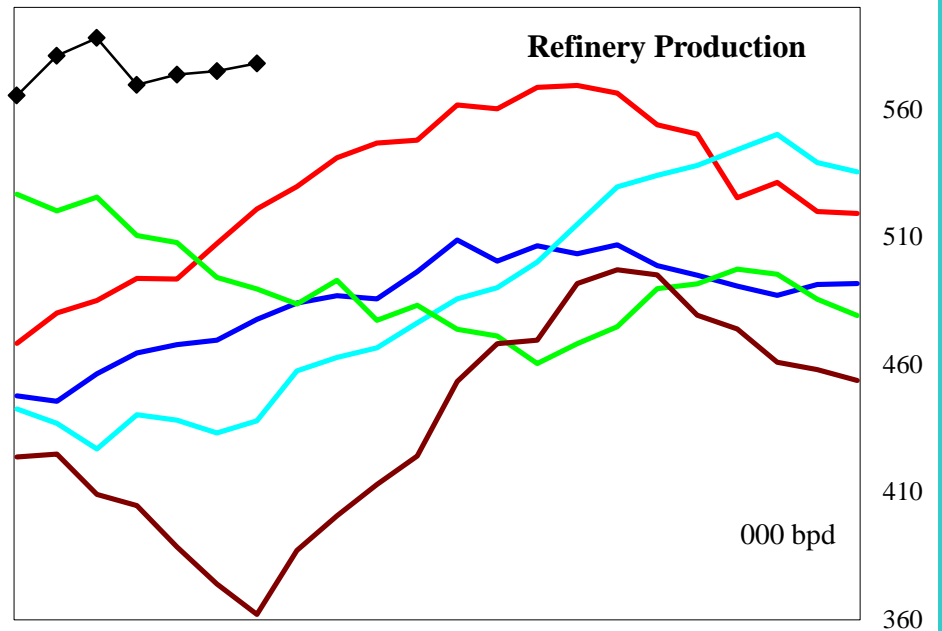
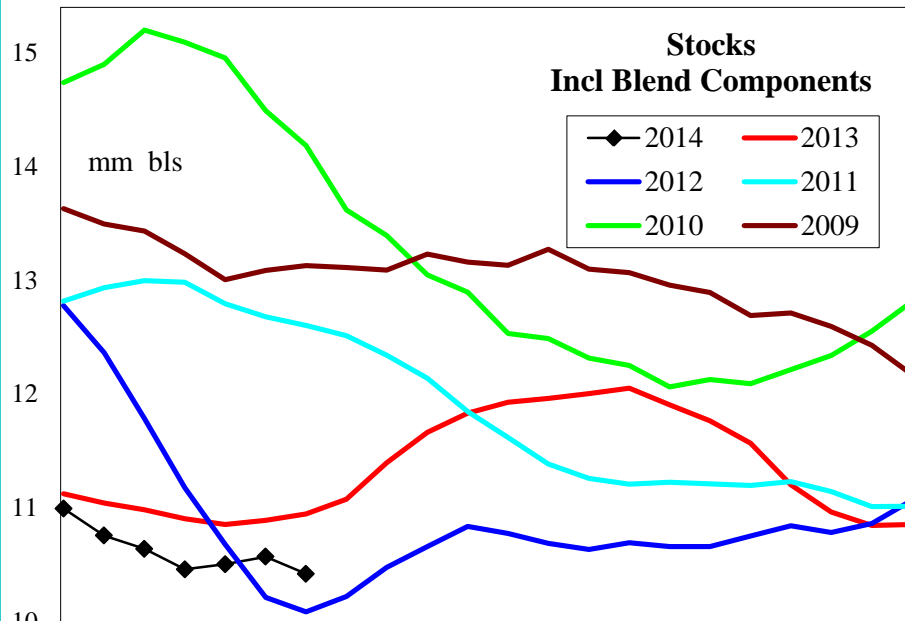
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-278

-2.6

Production

79

15.9

Imports

-3

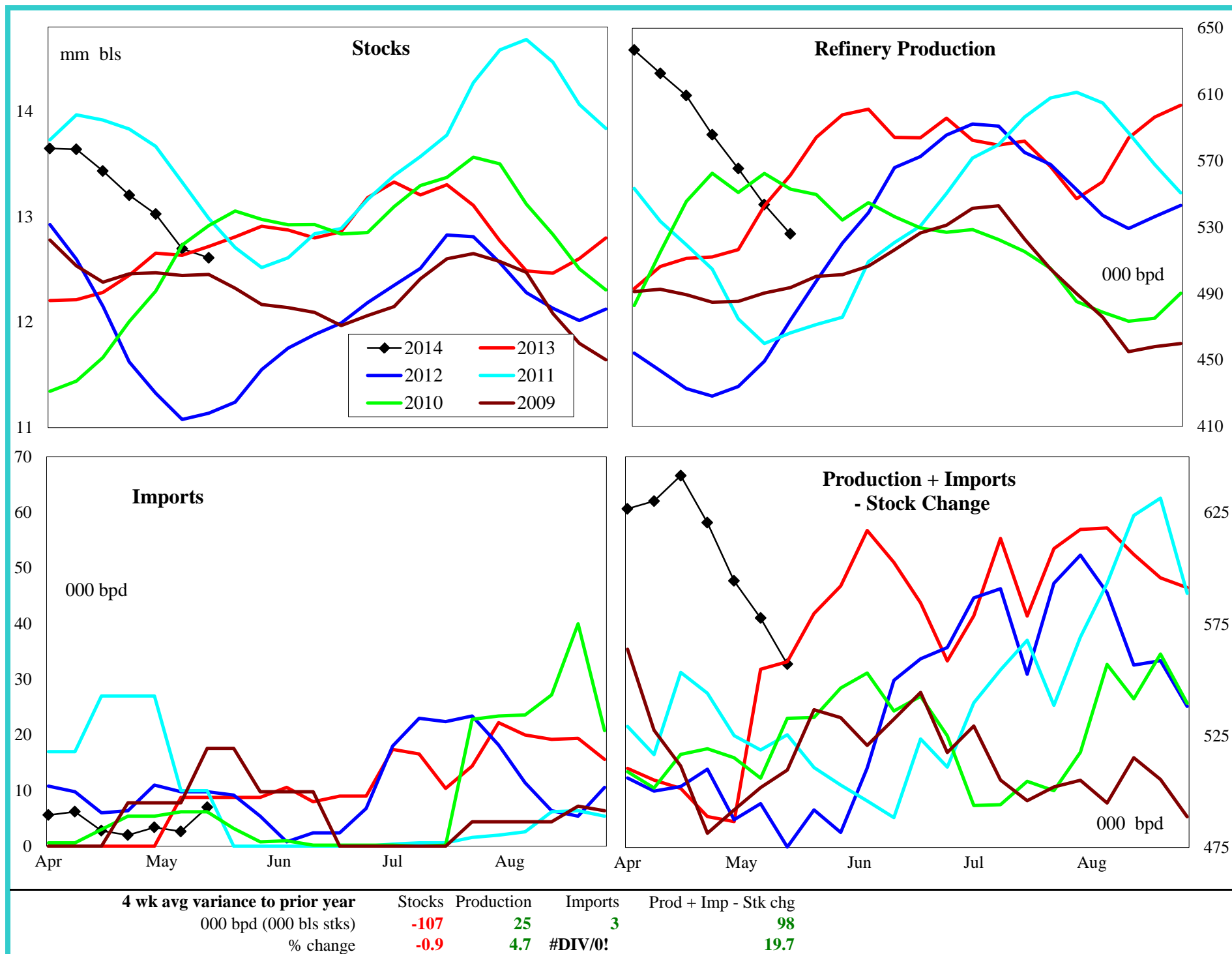
-52.4

Prod + Imp - Stk chg

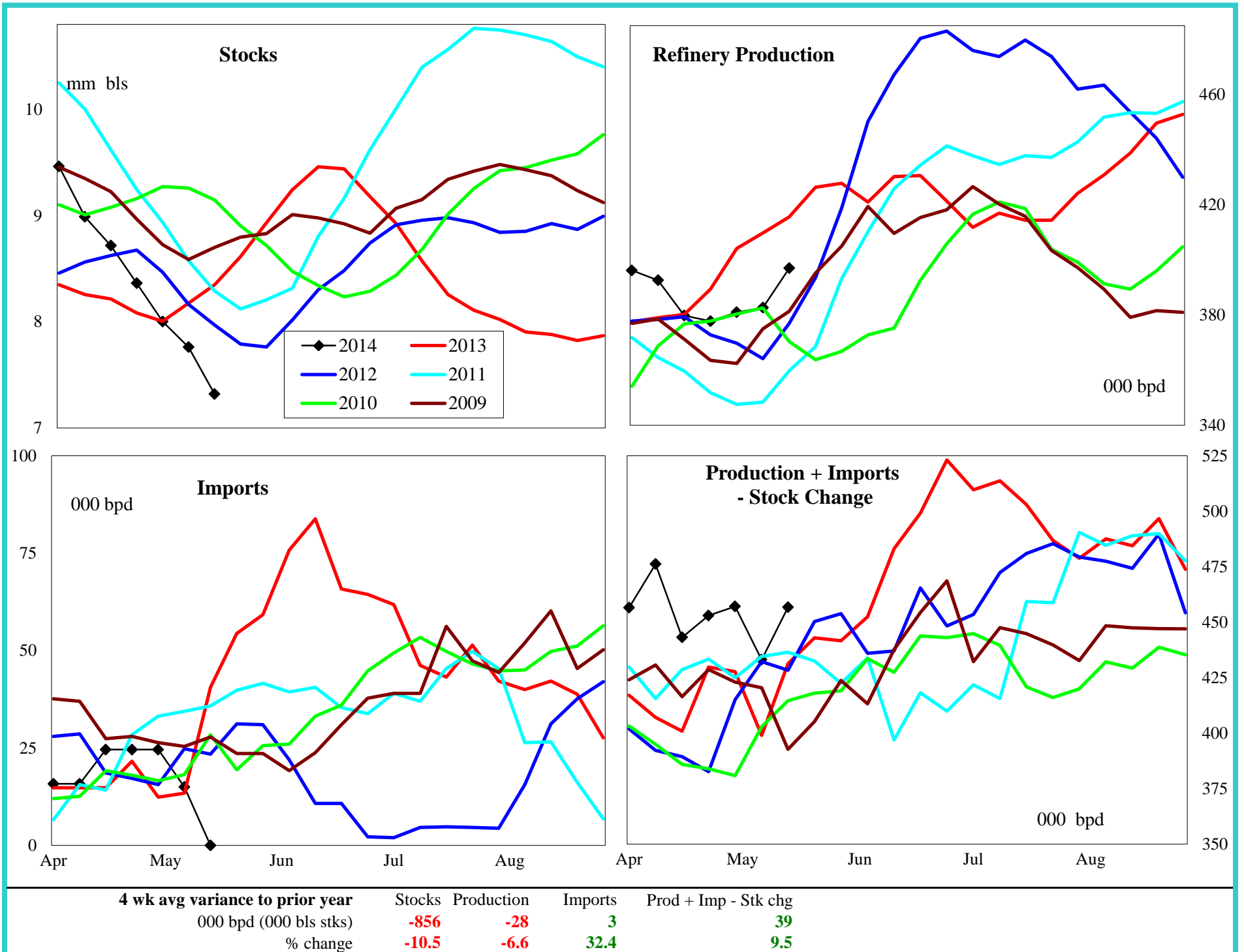
79

15.7

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

