



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

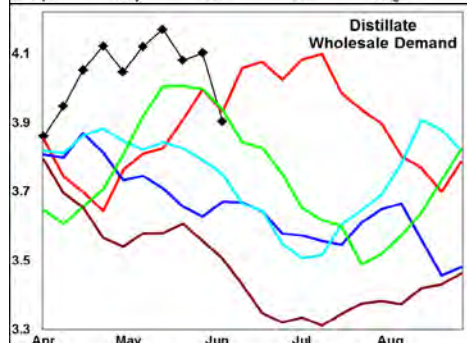
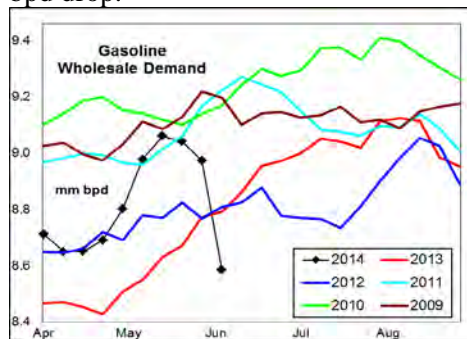
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 11, 2014

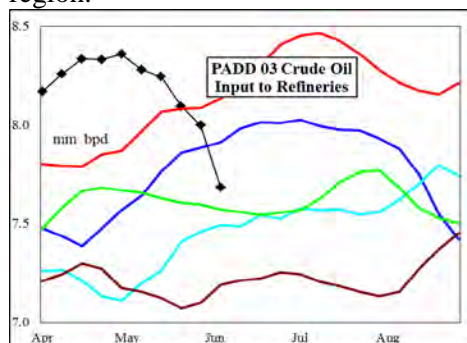


Major Fundamental Trends¹

Last week saw a significant pull back in wholesale demand for gasoline and distillate, with a combined -0.8 million bpd drop.

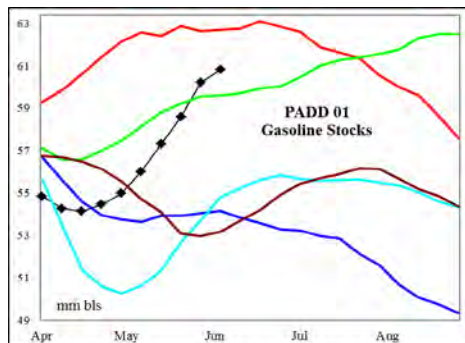


Refinery crude oil runs fell -0.5 million bpd on the week, driven by unplanned refinery maintenance in the Gulf region.

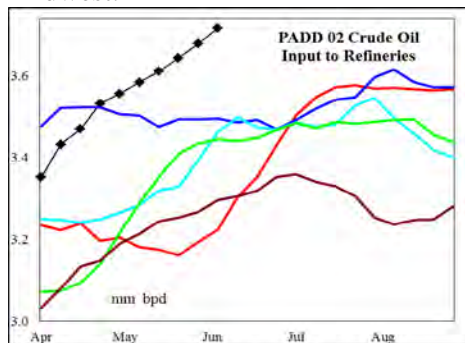


The refinery maintenance led to a sharp drop in production of both gasoline and distillate. Even with the drop in supplies, stocks increased for gasoline (+1.7 million barrels) and distillate (+0.9 million barrels). Gasoline stocks continue to build on the East Coast with the level near last years' record high.

¹ Source is latest EIA Weekly Statistics



Refinery crude oil runs remain +0.5 million bpd above a year ago in the Midwest.



Wholesale Demand for transport fuels fell a combined -0.7 million bpd last week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +2.8%; distillate was +1.1% higher; jet fuel increased +5.5%, and residual fuel decreased -47%.

Stocks forward coverage: Gasoline demand coverage increase on a +1.7 million barrel stock build and sharply lower wholesale demand. Coverage ended the week at a level comparable to the 3-yr mid range.

Distillate coverage increased on a +0.9 million barrel stock build and sharply lower wholesale demand. Coverage ended the week at a level well below the 5-yr range.

Jet fuel coverage was nearly unchanged on a +0.3 million barrel stock build, to a level comparable with the last 2-yr.

Residual fuel oil coverage fell on a -0.7 million barrel stock draw. Coverage remains well above the historic range.

Refinery utilization rates fell on -0.5 million bpd drop in thru put; driven by unplanned maintenance in the Gulf

region. During the latest 4-wk period crude oil input was +0.6 million bpd above a year ago.

Gasoline yield % on crude oil runs fell last week on a -621,000 bpd decline in output compared to the -0.5 million bpd decrease in crude oil runs. Yield % on crude oil runs fell to a record low.

Distillate yield % on crude oil runs fell last week, on a -362,000 bpd drop in output compared to the lower crude oil runs. The yield % on crude oil runs ended the week above the 5-yr range.

Jet fuel yield % on crude oil runs was nearly unchanged on a -55,000 bpd decline in output, compared to the decrease in crude oil runs. The yield % on crude oil runs ended the week well below each of the last 3-yr.

Petroleum Imports/Exports: Imports of crude oil were unchanged last week.

During the latest 4-wk period crude oil imports were -0.6 million bpd below last year; distillate imports were +45,000 bpd higher; finished gasoline imports were -3,000 bpd lower; gasoline blend stock imports were +35,000 bpd higher; jet fuel imports increased +12,000 bpd, while residual fuel oil imports were -46,000 bpd lower.

Exports of distillate for the week ending 23May14 were +146,000 bpd above a year ago, gasoline +78,000 bpd, jet fuel +17,000 bpd and propane was +95,000 bpd higher.

Crude Oil imports were unchanged last week, with the latest 4-wk average -0.6 million bpd below last year. Crude oil stocks decreased -2.6 million barrels last week, concentrated on the West Coast.

Last week's stock draw in Cushing was -0.2 million barrels. Note that crude oil receipts into Cushing are at an all time record high, so that the facility is well supplied even with low stock levels.



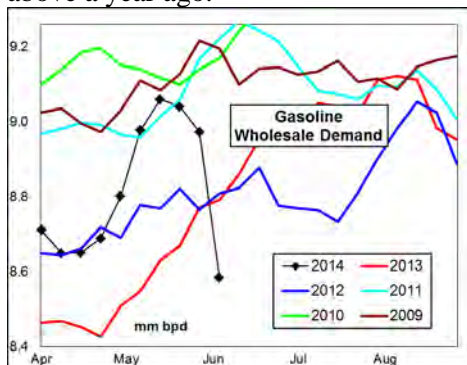
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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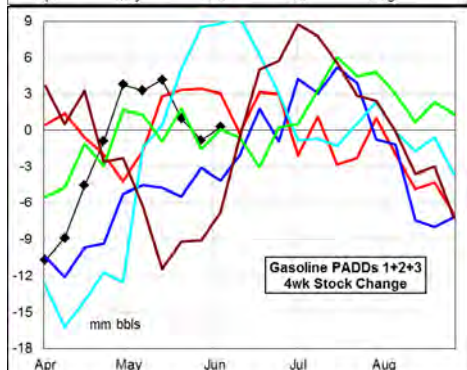
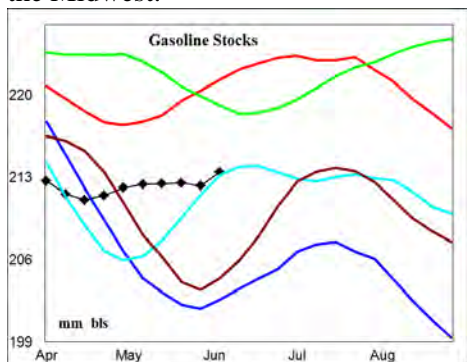
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Product Supply-Demand Trends

Gasoline wholesale demand fell -0.5 million bpd last week, to a level below the 5-yr range. The latest 4-wk average demand was +249,000 bpd above a year ago.



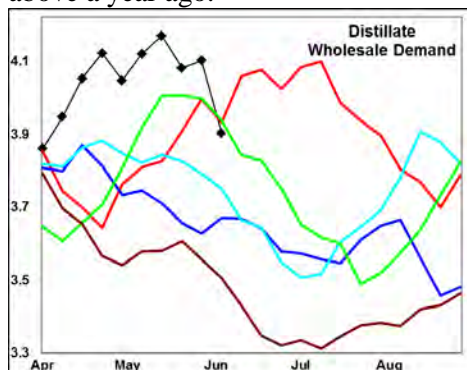
Supply plunged -0.9 million bpd on large declines in both production and imports. Supply for the latest 4-wk period was +68,000 bpd above a year ago. Stocks increased +1.7 million barrels on the week, concentrated in the Midwest.



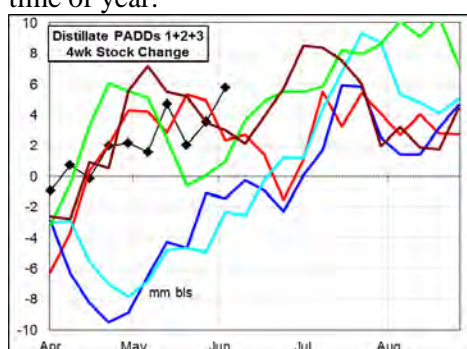
The latest 4-wk stock change East of the Rockies was a +0.3 million barrel build, a level comparable to the 5-yr mid range. Stocks have not experienced a meaningful seasonal draw this year. With very high crude oil runs and increased thru put of domestic shale crude oil, the market is

likely to remain well supplied.

Distillate wholesale demand declined -0.3 million bpd last week, to a level comparable with last year. The latest 4-wk average demand was +42,000 bpd above last year. Supply plunged -0.4 million bpd on the week, with the latest 4-wk average +0.3 million bpd above a year ago.



The latest 4-wk stock change in markets East of the Rockies was a +5.8 million barrel build, a record for this time of year.

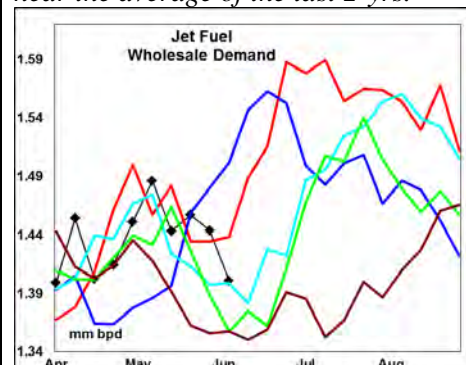


Look for a seasonal decline in wholesale demand during the next quarter. Combined with peak refinery crude oil thru put during the same period, look for the above average stock build trend to continue.

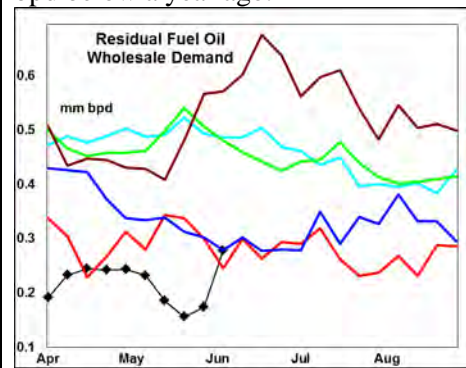
Jet Fuel wholesale demand increased +11,000 bpd on the week. The latest 4-wk average demand was +77,000 bpd above a year ago. Supply was unchanged on the week, with higher imports offset by a decline in production. Output for the most recent 4-wk period increased +17,000 bpd compared to last year. Imports were +12,000 bpd higher. Stocks increased +0.3 million barrels last week, to a

level comparable with the last 2-yr.

Look for a seasonal increase in production, to be offset by increased demand during the peak summer travel season. Stock levels should remain near the average of the last 2-yr.



Residual fuel oil demand increased +158,000 bpd last week to a level that matched the last 2-yr. Demand for the latest 4-wk period was -167,000 bpd below a year ago.



Supply (production + imports) declined -63,000 bpd on lower production. Production was -45,000 bpd below a year ago for the latest 4-wk period, while imports decreased -46,000 bpd. Stock levels ended the week at the 3-yr mid range.

Production has dropped -28% in the Gulf region, falling to new record lows last week. Imports now exceed refinery production in the region.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

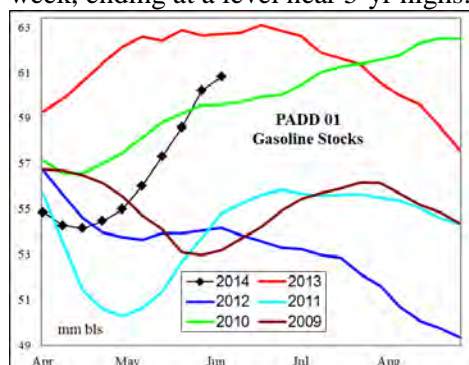
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PADD Supply Trends

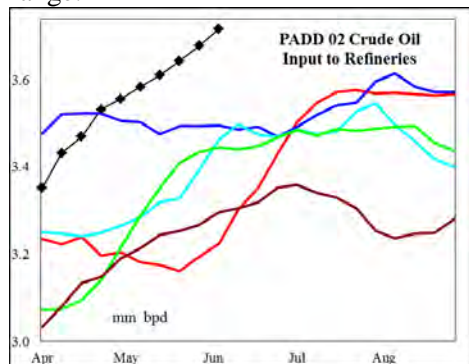
PADD 1 refinery crude oil runs increased +25,000 bpd on the week, with the level above the last 3-yrs.

Gasoline supply fell -264,000 bpd on a sharp drop in imports. Stocks increased +0.2 million barrels last week, ending at a level near 5-yr highs.



Distillate supply fell -227,000 bpd on a sharp drop in production and imports; with the 4-wk average +60,000 bpd above last year. Stock levels were -2% below last year.

Jet fuel supply increased +86,000 bpd last week, to a record high level. Stock levels matched the 3-yr mid range.



PADD 2 crude oil refinery runs increased +28,000 bpd last week, with the latest 4-wk average +487,000 bpd above last year. Crude oil stocks declined -0.6 million barrels on record high runs; with a -0.2 million barrel draw in Cushing.

Gasoline supply declined -201,000 bpd last week. Production for the most recent 4-wk period was +0.6 million bpd above a year ago – driven by the EIA recording sub octane product shipped into the Midwest as finished product production when blended with

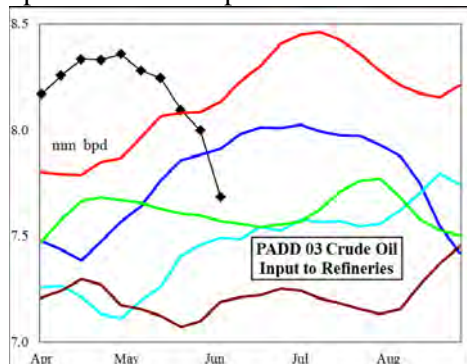
ethanol. Stocks increased +1.2 million barrels on the week, although the level remains below the 5-yr range.

Distillate supply fell -62,000 bpd last week, with the 4-wk average +25% above a year ago. Stocks increased +0.5 million barrels to a level above four of the last 5-yrs..

Jet fuel production was nearly unchanged on the week, with the level near the historic mid range. Stock levels ended the week below the 3-yr mid range.

PADD 3 refinery runs plunged -0.5 million bpd on unplanned refinery maintenance. During the latest 4-wk period, average runs were unchanged from a year ago.

Crude oil stocks were nearly unchanged last week on the sharp drop in refinery thruput and a +0.3 million bpd increase in imports.



Gasoline supply declined -138,000 bpd last week, with the latest 4-wk average +192,000 bpd above a year ago. Stocks declined -0.3 million barrels last week, with the level equal to the 5-yr mid range.

Distillate supply fell -171,000 bpd on the week, with the latest 4-wk average supply unchanged from last year. Stocks fell -1.3 million barrels, to a level slightly above historic lows.

Jet fuel production fell -44,000 bpd to a level near the 5-yr mid range. Stock levels ended the week below the average of the last 3-yrs.

Residual fuel supply increased +27,000 bpd on higher imports. Stocks levels ended the week above the 5-yr range.

PADD 4 refinery crude runs decreased

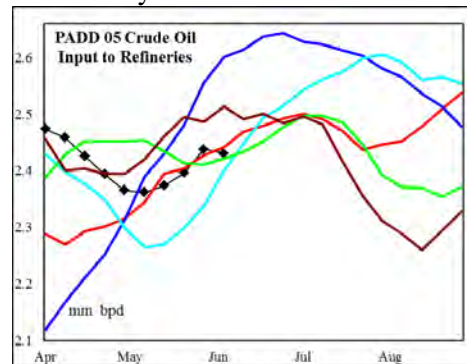
-27,000 bpd last week to a level that matched the 5-yr high, with the 4-wk average +77,000 bpd above last year.

Gasoline production increased +32,000 bpd on the week, with the latest 4-wk average +107,000 bpd above a year ago. Stocks ended the week +10% above a year ago and well above the historic mid range.

Distillate supply increased +11,000 bpd last week, with the latest 4-wk output +38,000 bpd above last year. Stock levels ended the week at 5-yr highs for the period.

Jet fuel production was above the 5-yr range last week, with stock levels below the 3-yr mid range.


PADD 5 crude oil refinery runs declined -42,000 bpd last week, ending at a level below the 3-yr mid range. The 4-wk run rate was +2,000 bpd above last year.



Gasoline supply increased +45,000 bpd on the week, with the 4-wk average +67,000 bpd above a year ago. Stocks increased +0.6 million barrels to a level comparable with the last 2-yrs.

Distillate supply increased +10,000 bpd on higher production, to a level near historic highs. The 4-wk average supply was -21,000 bpd below a year ago. Stocks were nearly unchanged on the week, with the level equal to the 3-yr mid range.

Jet fuel supply fell -41,000 bpd on lower production. Production and imports have each dropped to the low end of the historic range. The latest 4-wk average supply was -38,000 bpd below last year. Stocks decreased -0.3 million barrels on the week, to a level below the 5-yr range.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

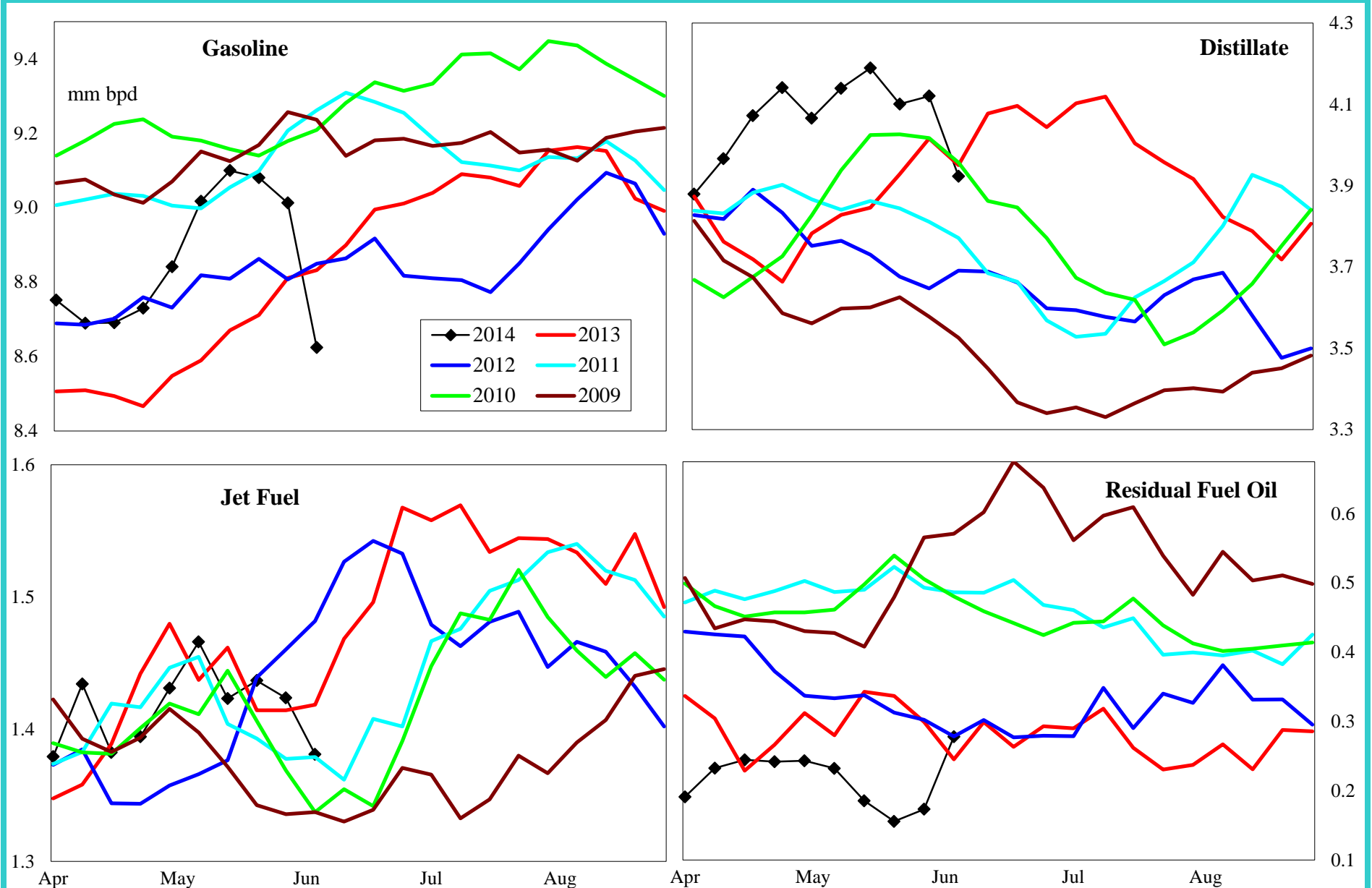
June 11, 2014

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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	6-Jun-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-2,596	-709	-576	-86	74	-1,299
	Imports	23	-184	55	291	-104	-36
	Input	-510	25	28	-493	-27	-42
	% Utilization	-2.90					
Gasoline	Stocks	1,697	215	1,183	-254	-31	586
	Production	-621	26	-199	-140	32	38
	Imports	-284	-290	-3	2	0	7
	Supplied	-480					
Distillate	Stocks	860	1,535	527	-1,282	38	43
	Production	-362	-135	-59	-191	9	12
	Imports	-76	-92	-3	20	2	-2
	Supplied	-274					
Jet Fuel	Stocks	301	437	-264	468	-66	-274
	Production	-55	21	-1	-44	3	-34
	Imports	58	65	0	0	0	-7
	Supplied	11					
Residual Fuel Oil	Stocks	-748	-55	-154	-561	-10	32
	Production	-104	11	13	-97	-1	-30
	Imports	41	-52	-1	124	0	-29
	Supplied	158					

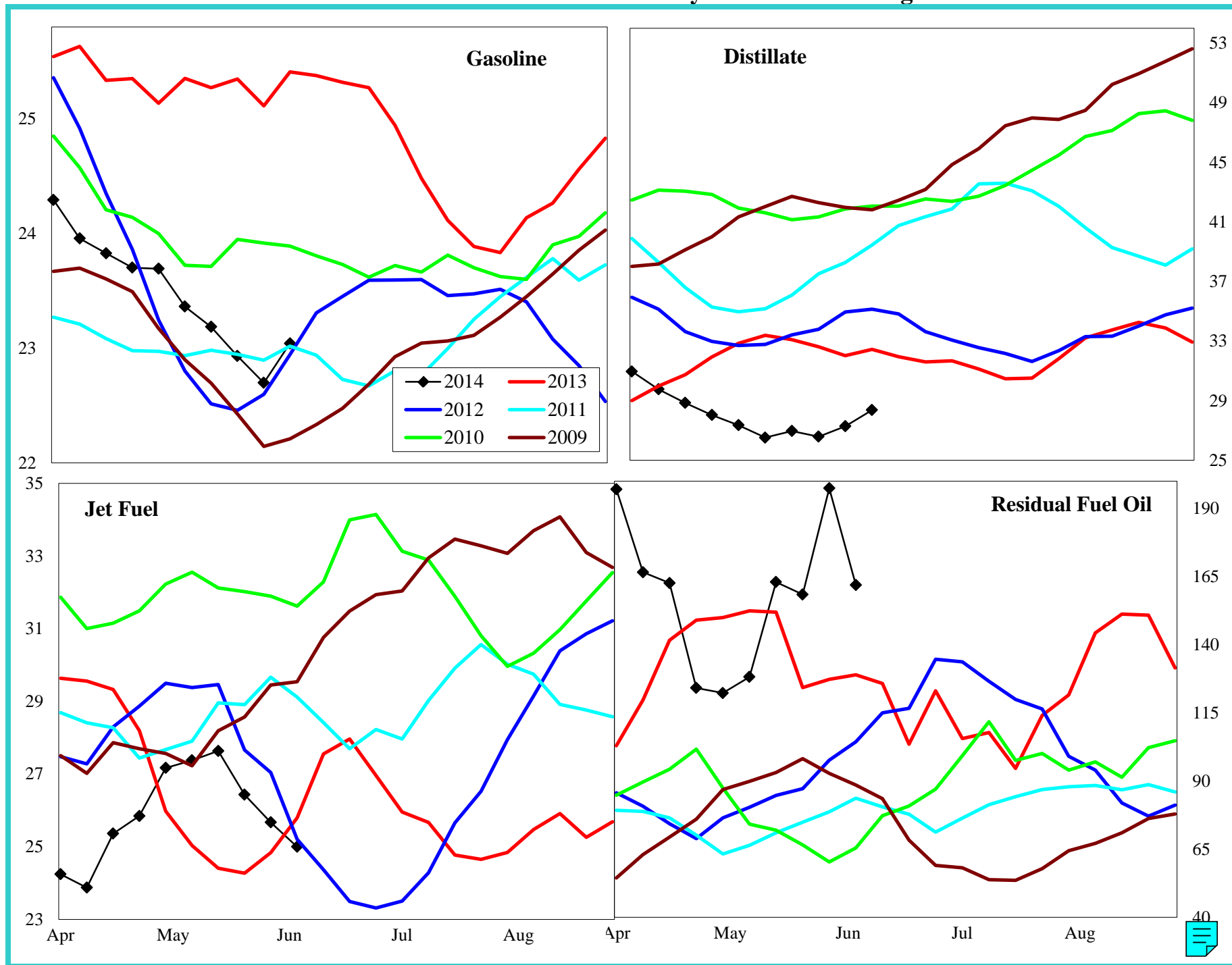
United States Wholesale Petroleum Demand



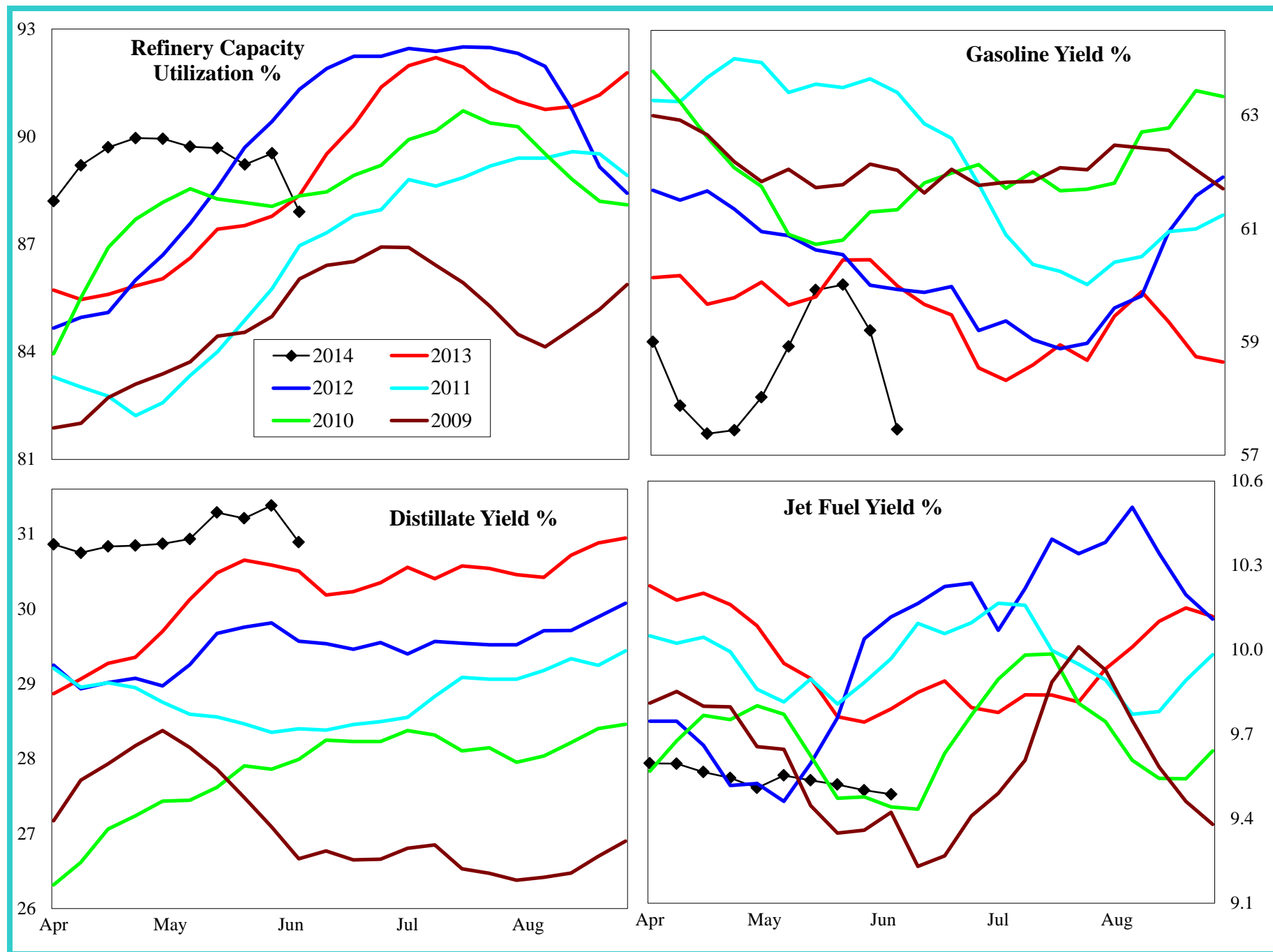
	000 bpd change from prior year				% change from prior year				
	4wk avg	Apr	Mar	Feb	4wk avg	Apr	Mar	Feb	
Gasoline	249	-151	178	287	2.8	-1.7	2.1	3.4	
Distillate	42	187	10	207	1.1	4.8	0.3	5.2	
Jet Fuel	77	-3	80	53	5.5	-0.2	5.8	4.0	
Resid	-167	13	-179	-97	-46.9	4.6	-41.5	-31.9	



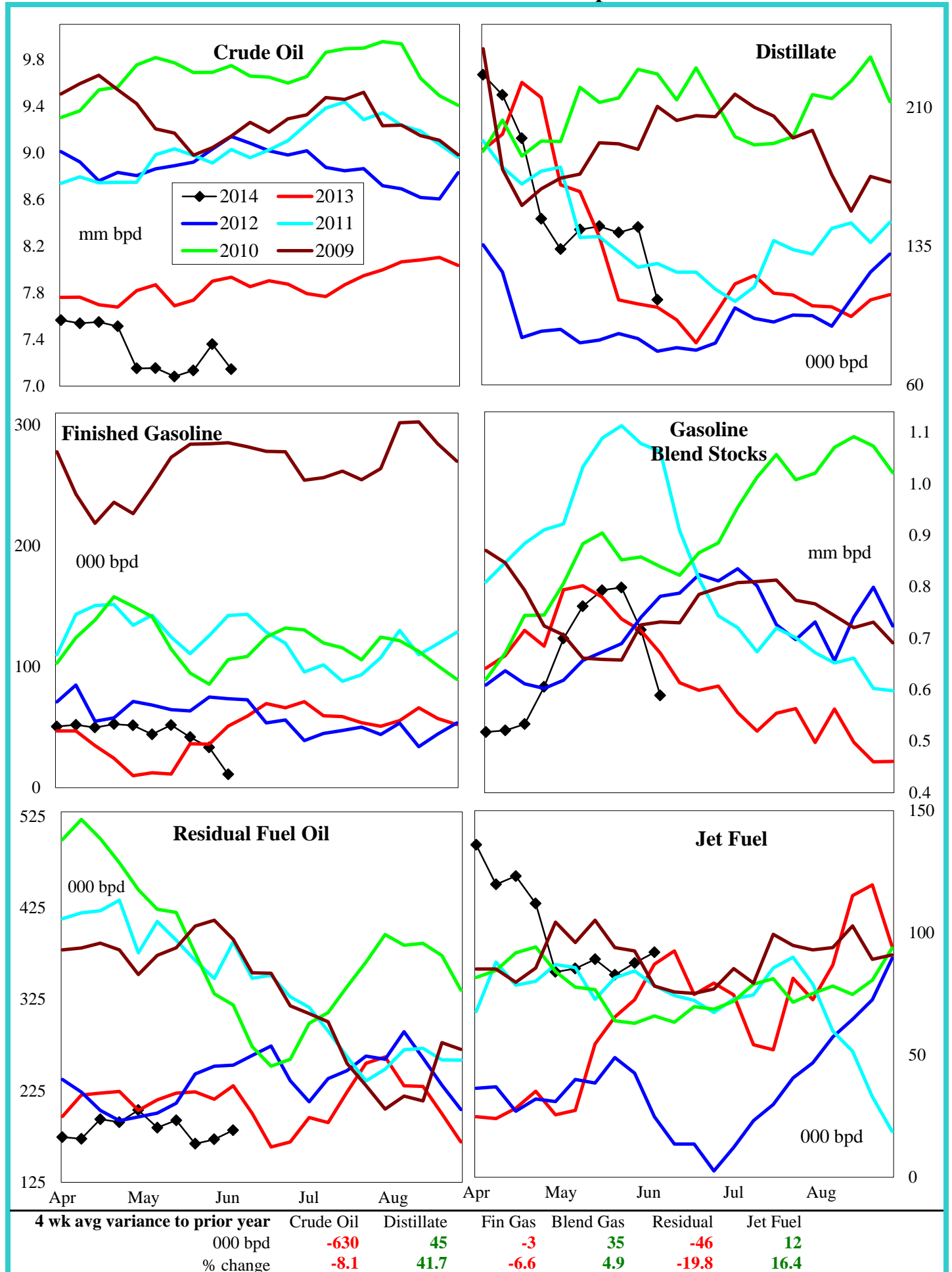
United States Product Stocks: Days Forward Coverage



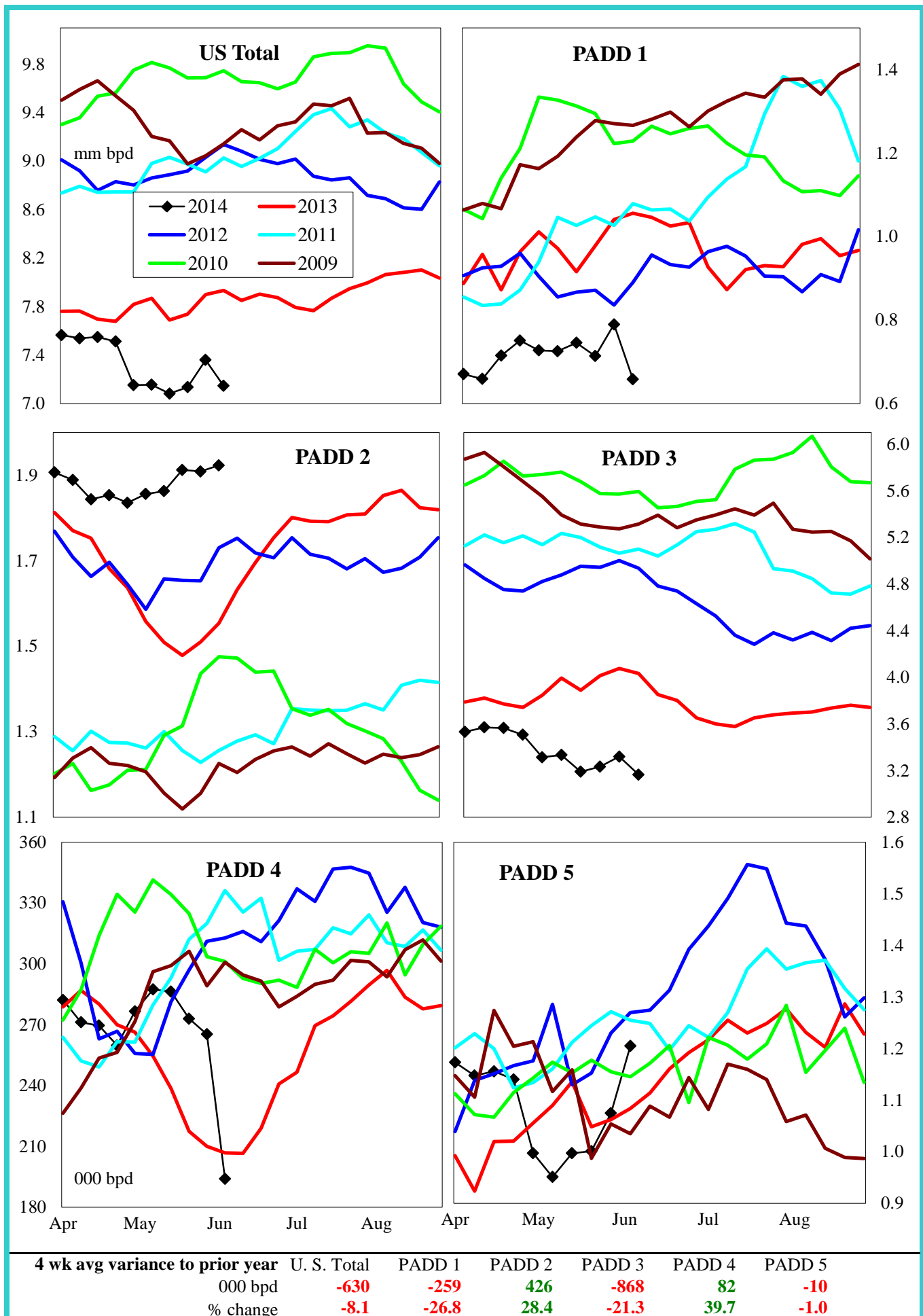
United States Refinery Percent Utilization Rate and Product Yields



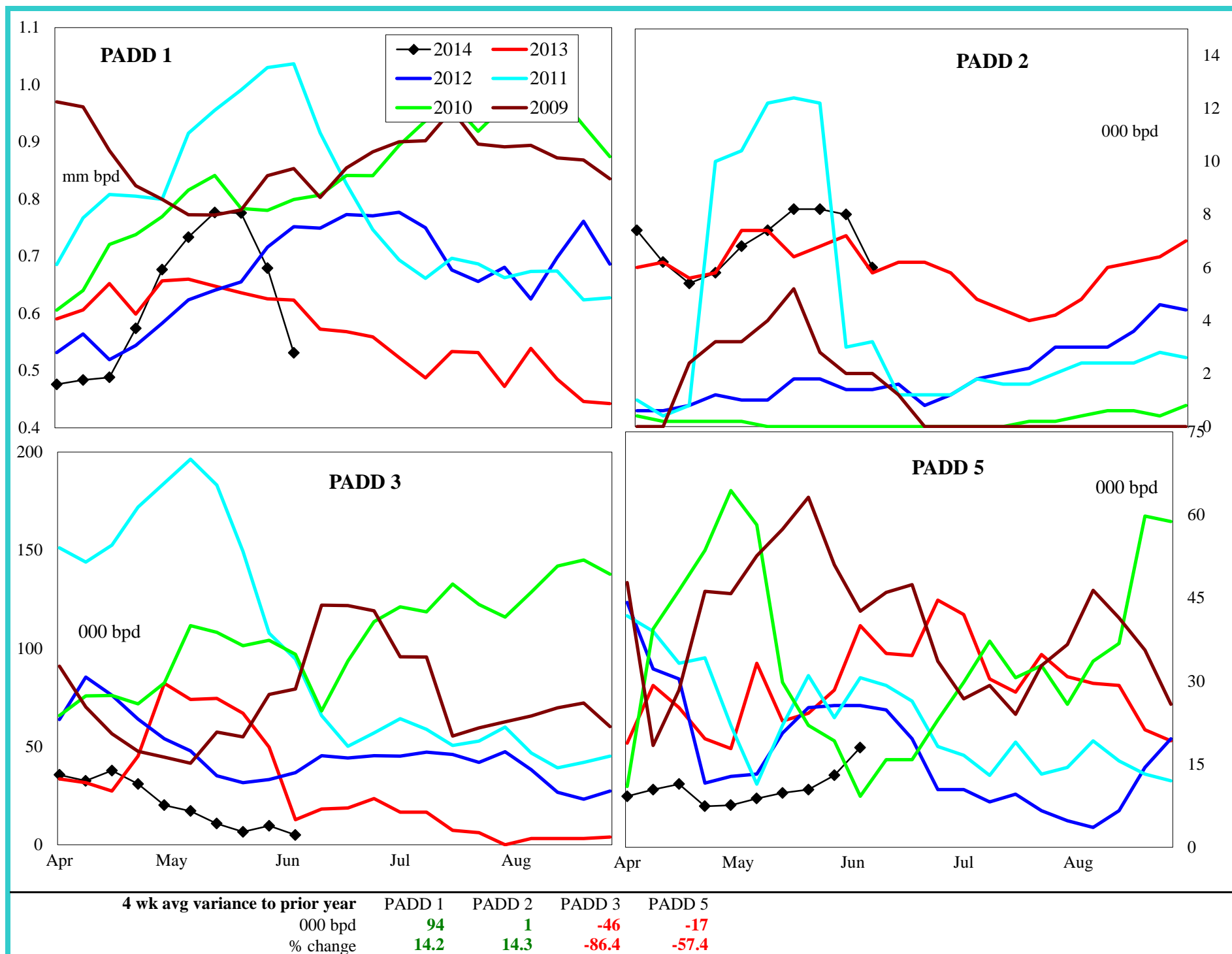
United States Petroleum Imports



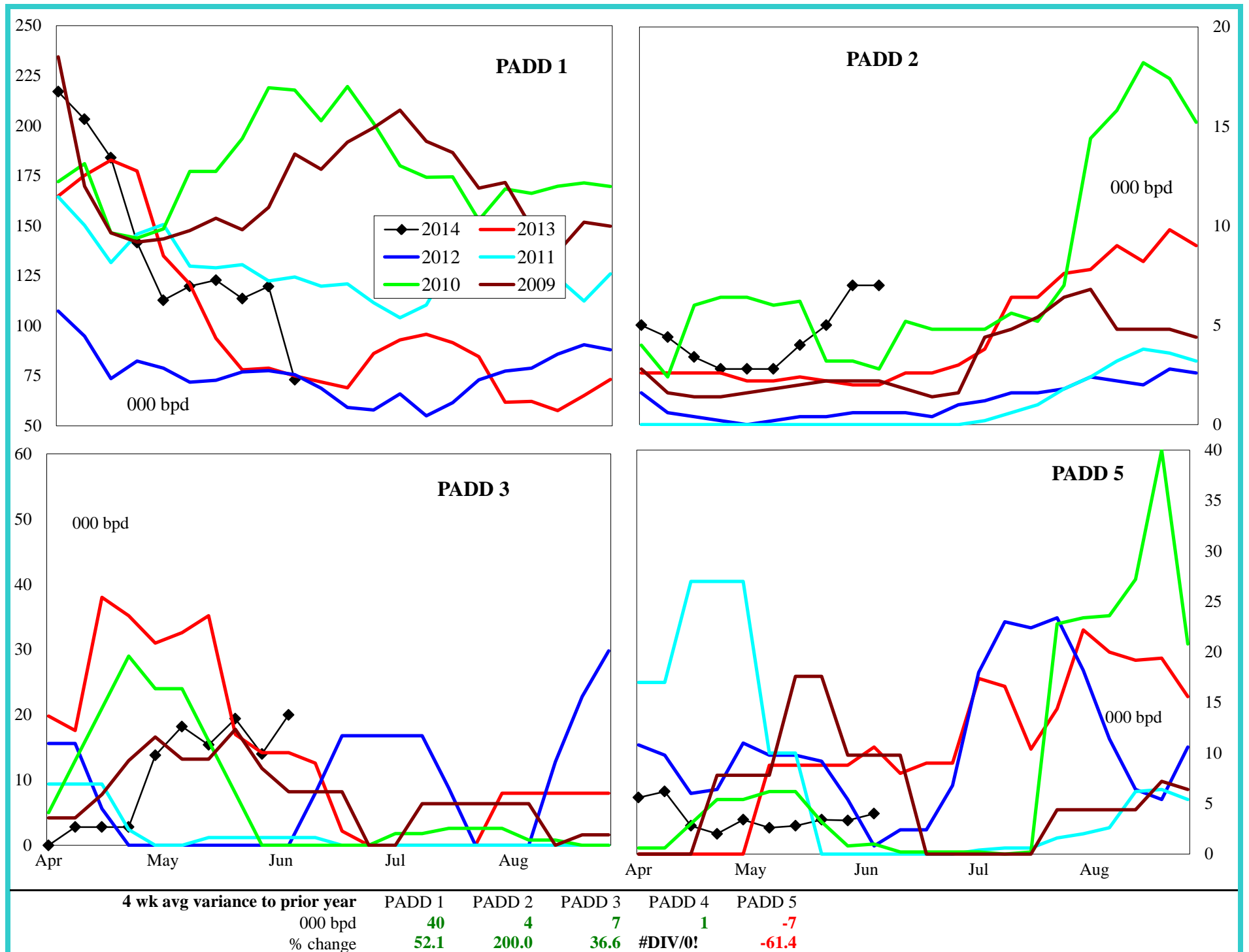
Crude Oil Imports by PADD



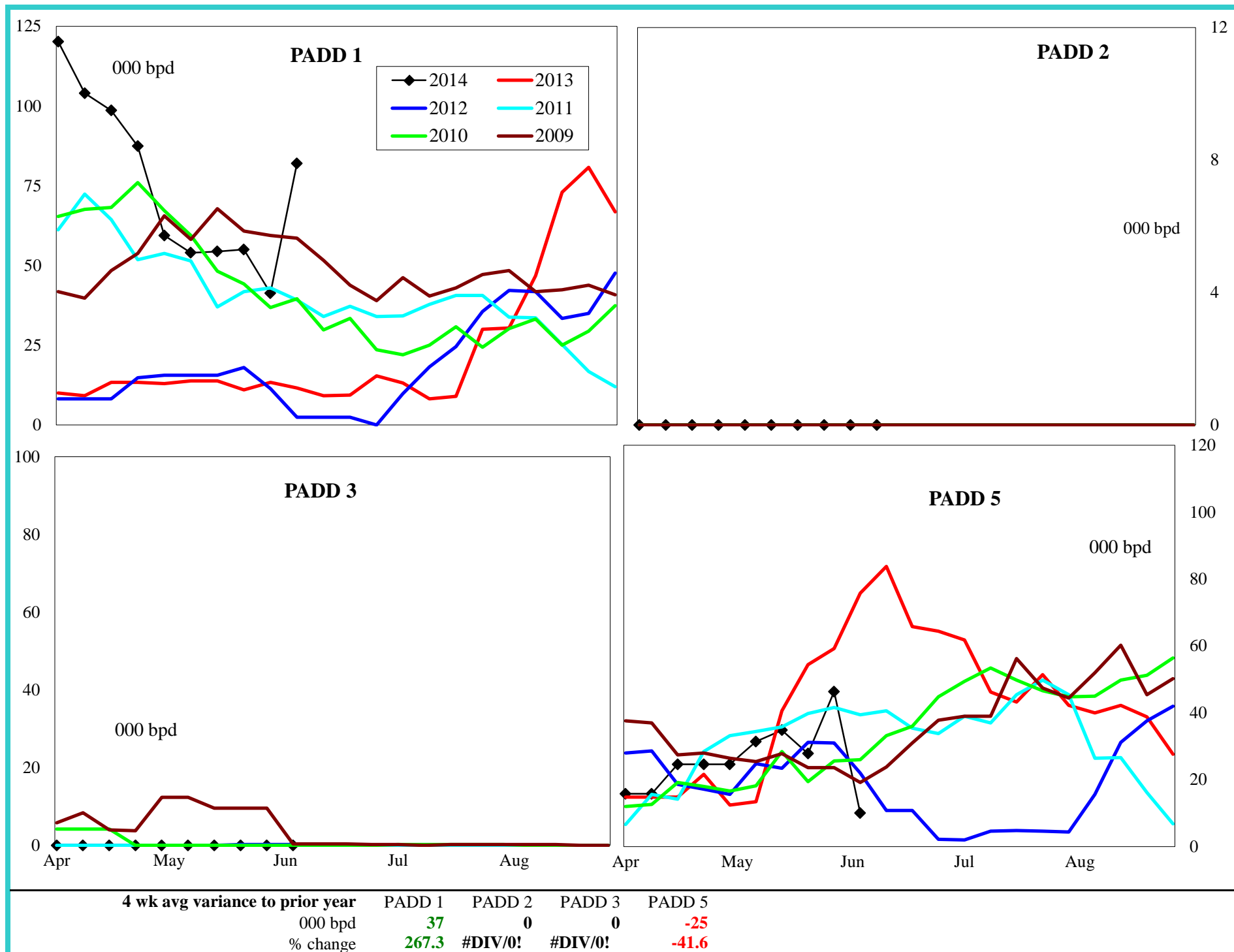
Gasoline Imports by PADD (Finished + Blend Stocks)



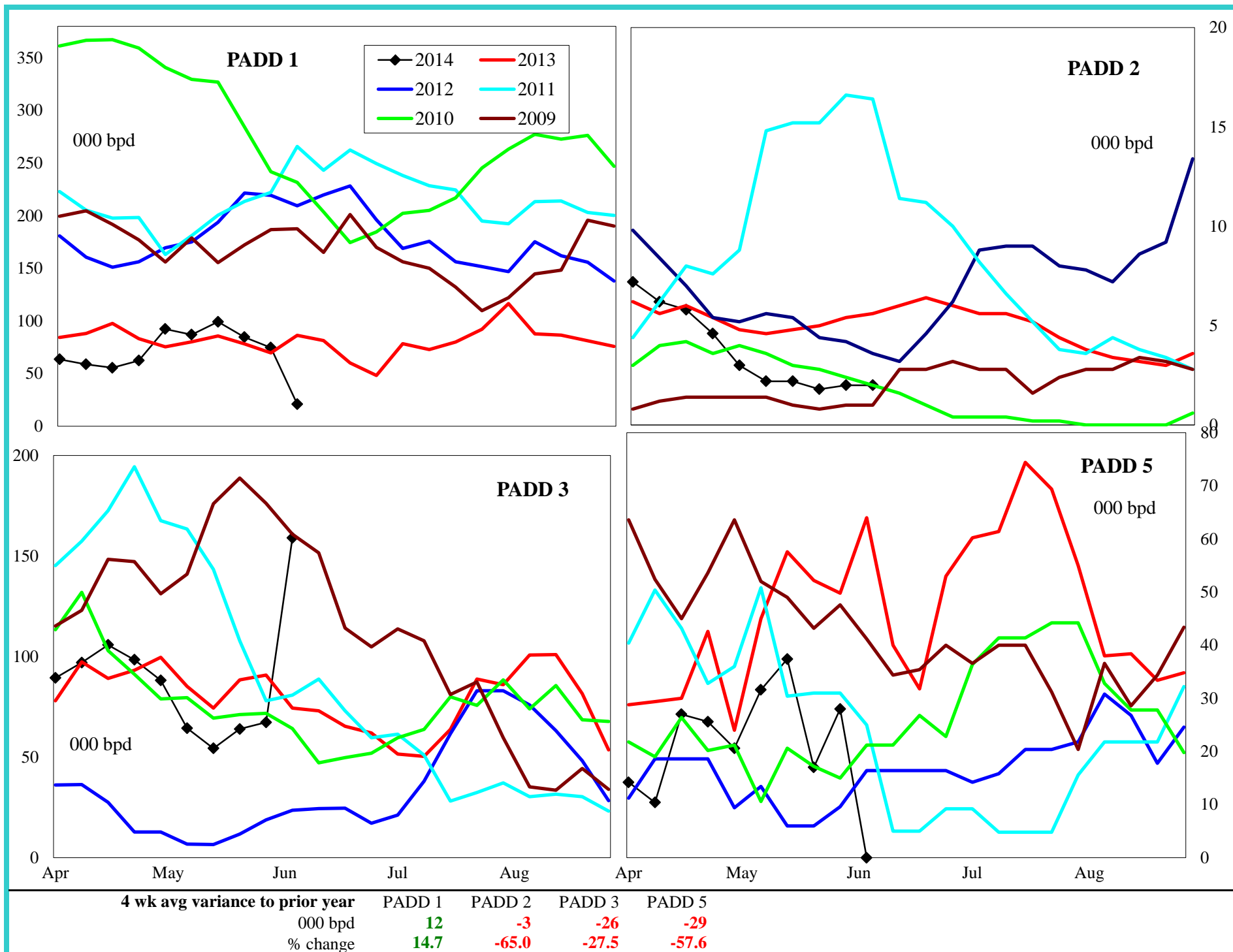
Distillate Imports by PADD



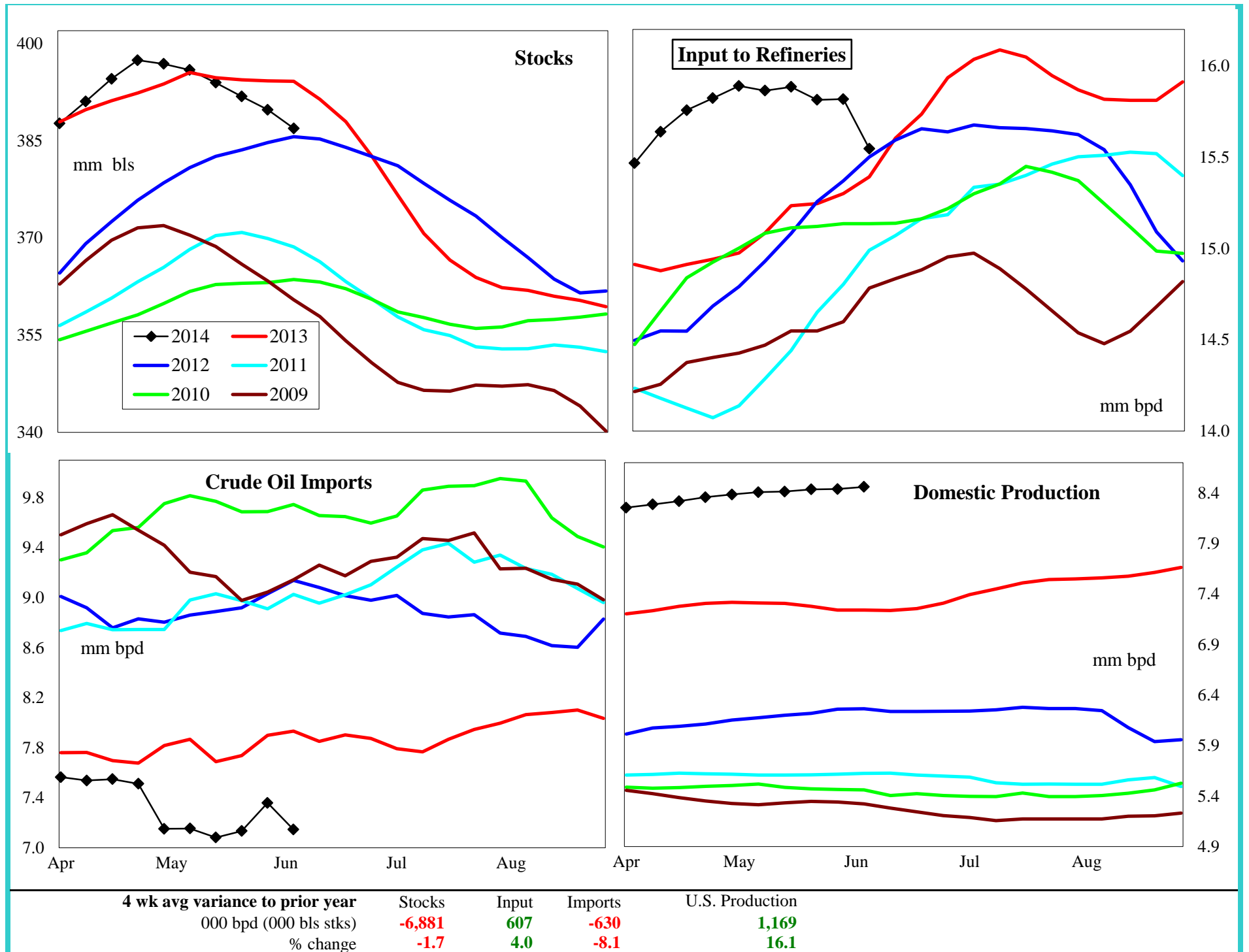
Jet Fuel Imports by PADD



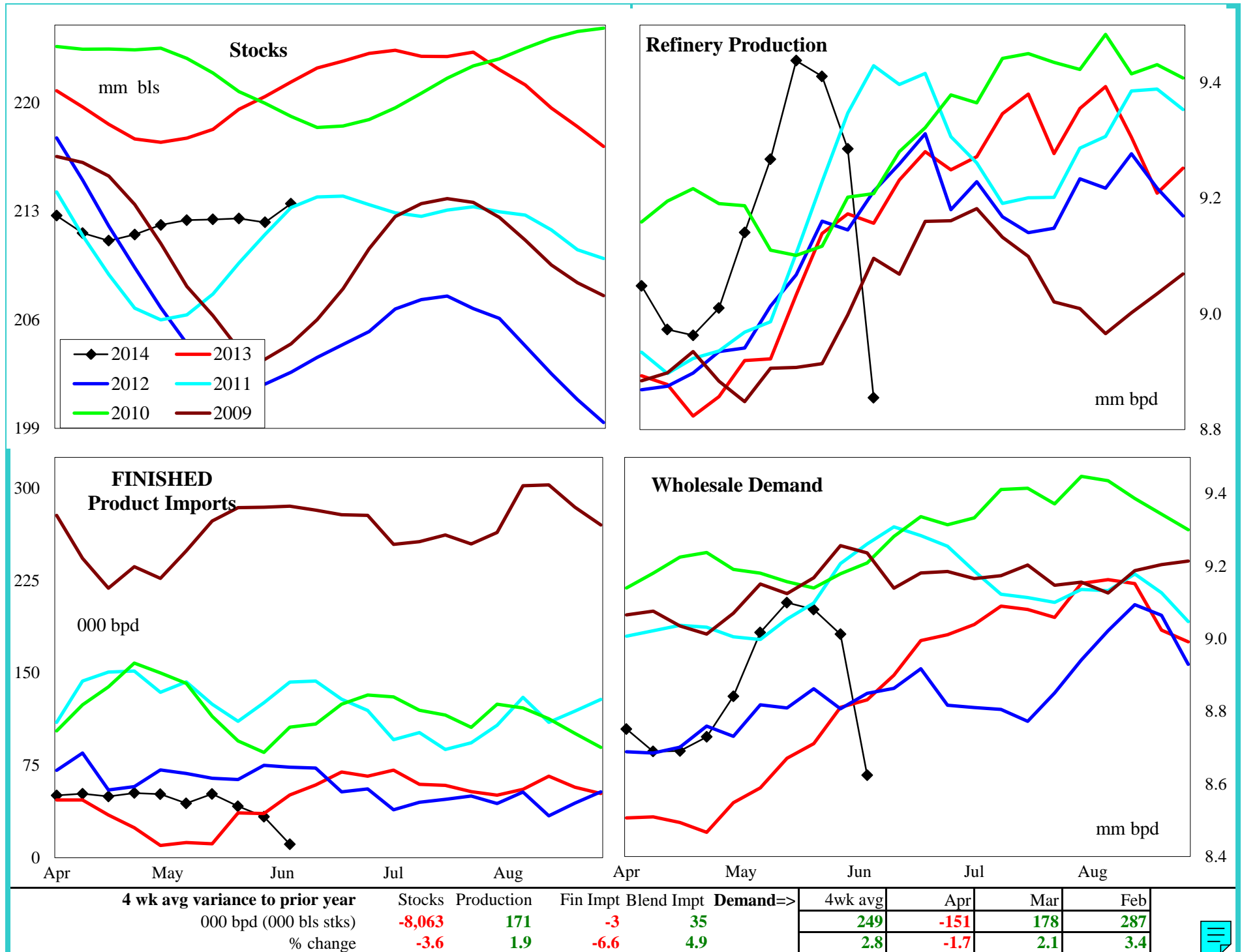
Residual Fuel Oil Imports by PADD



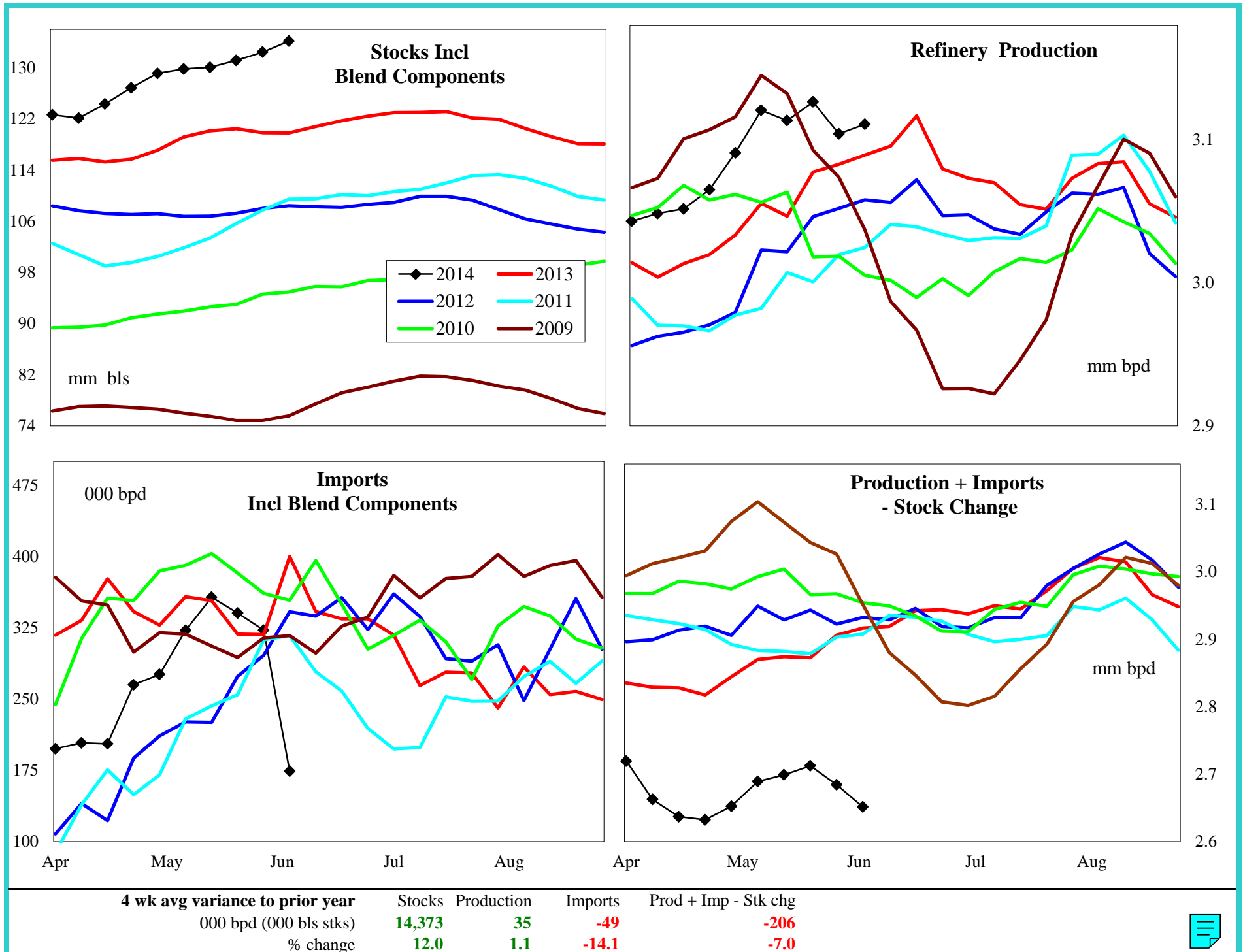
United States Crude Oil Supply and Demand Balance



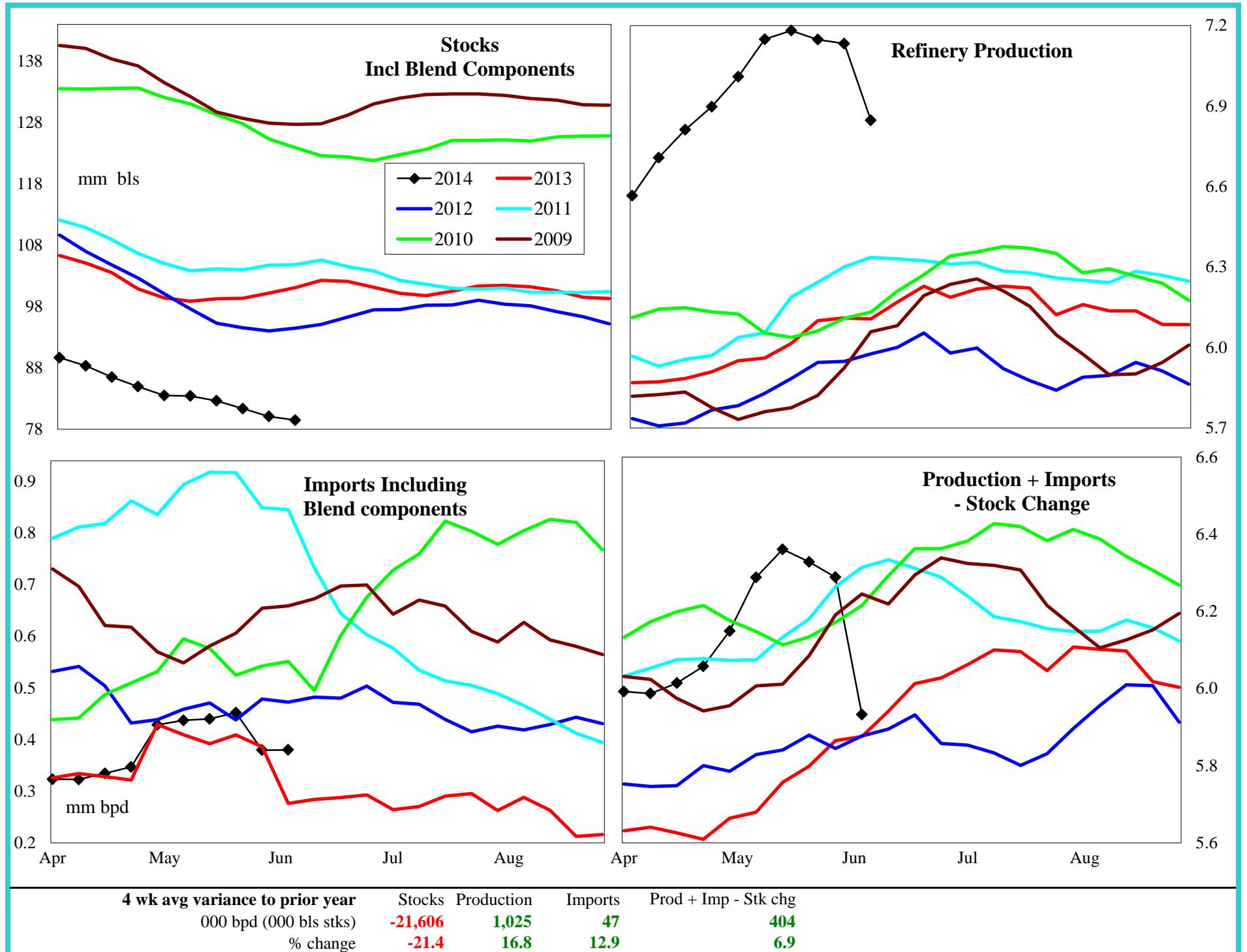
United States Gasoline Supply and Demand Balance



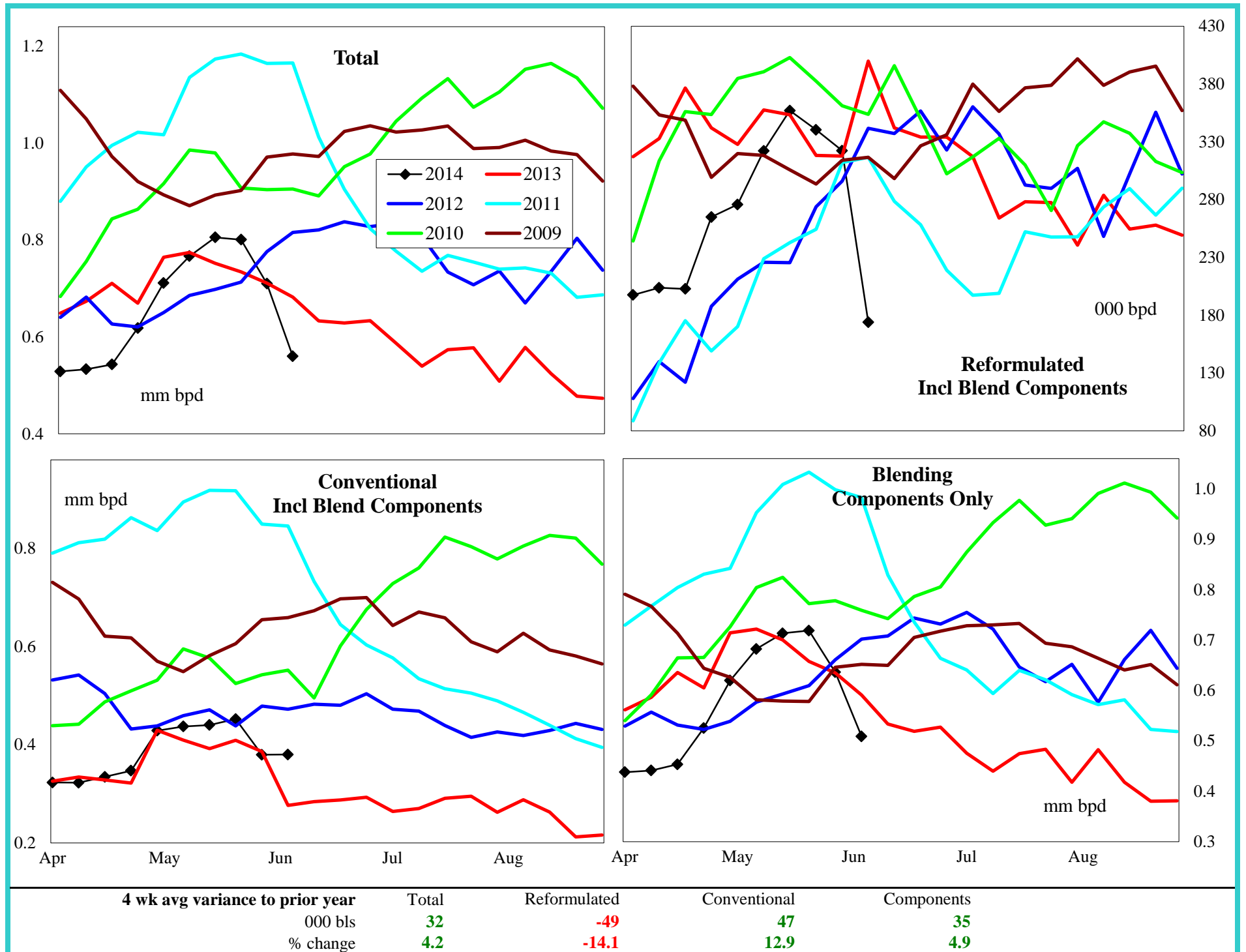
United States Reformulated Gasoline Supply



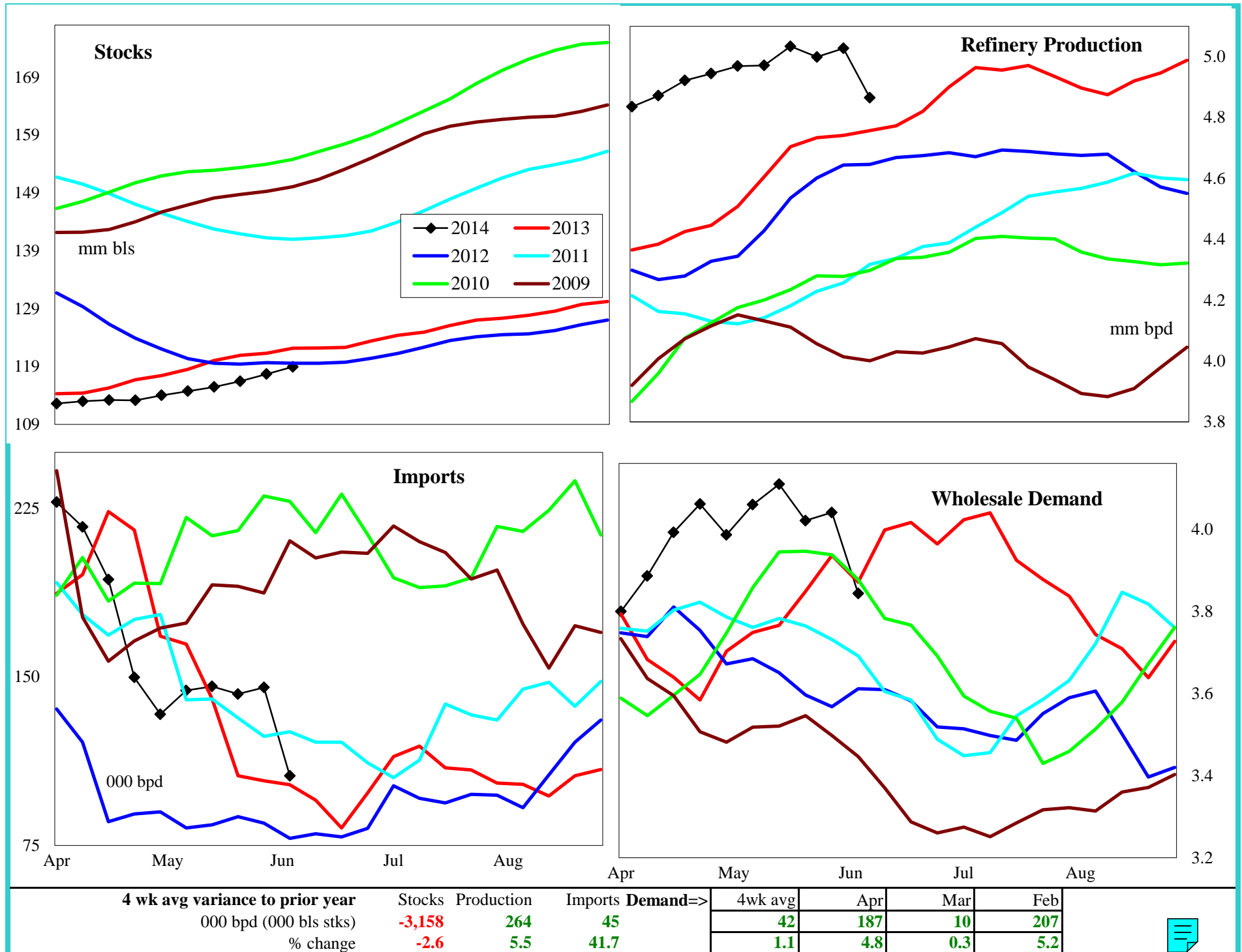
United States Conventional Gasoline Supply



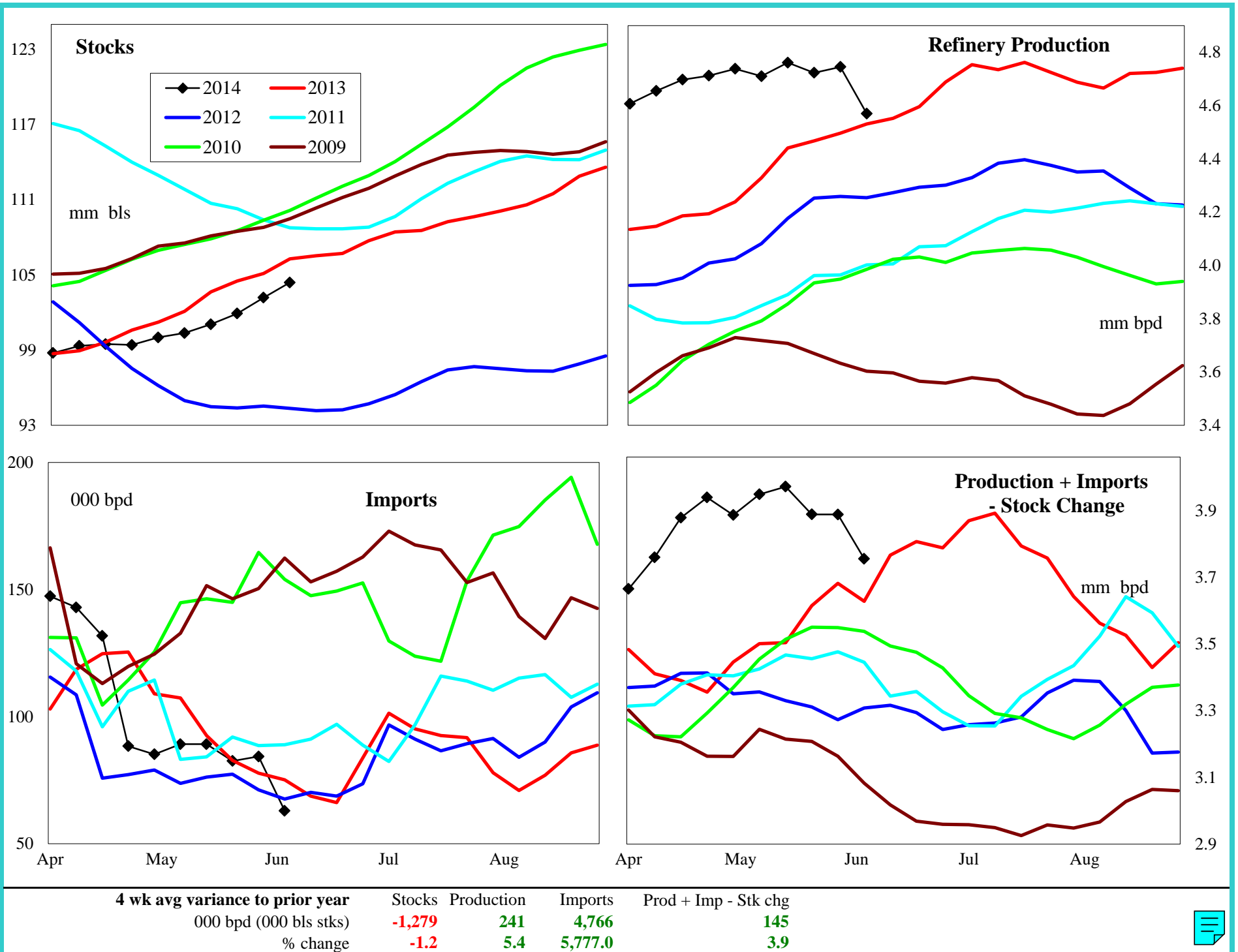
United States Gasoline Imports by Type



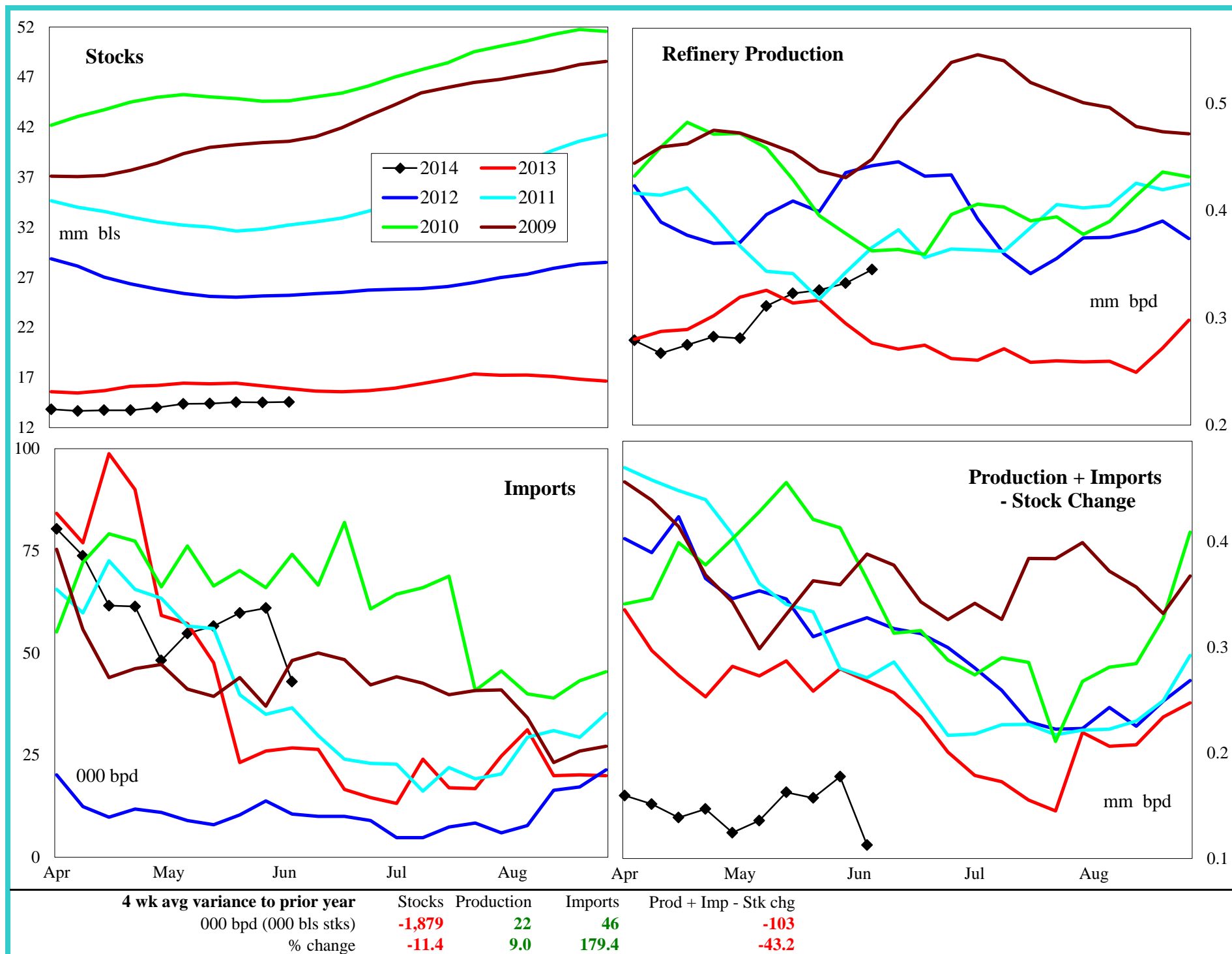
United States Distillate Supply and Demand Balance



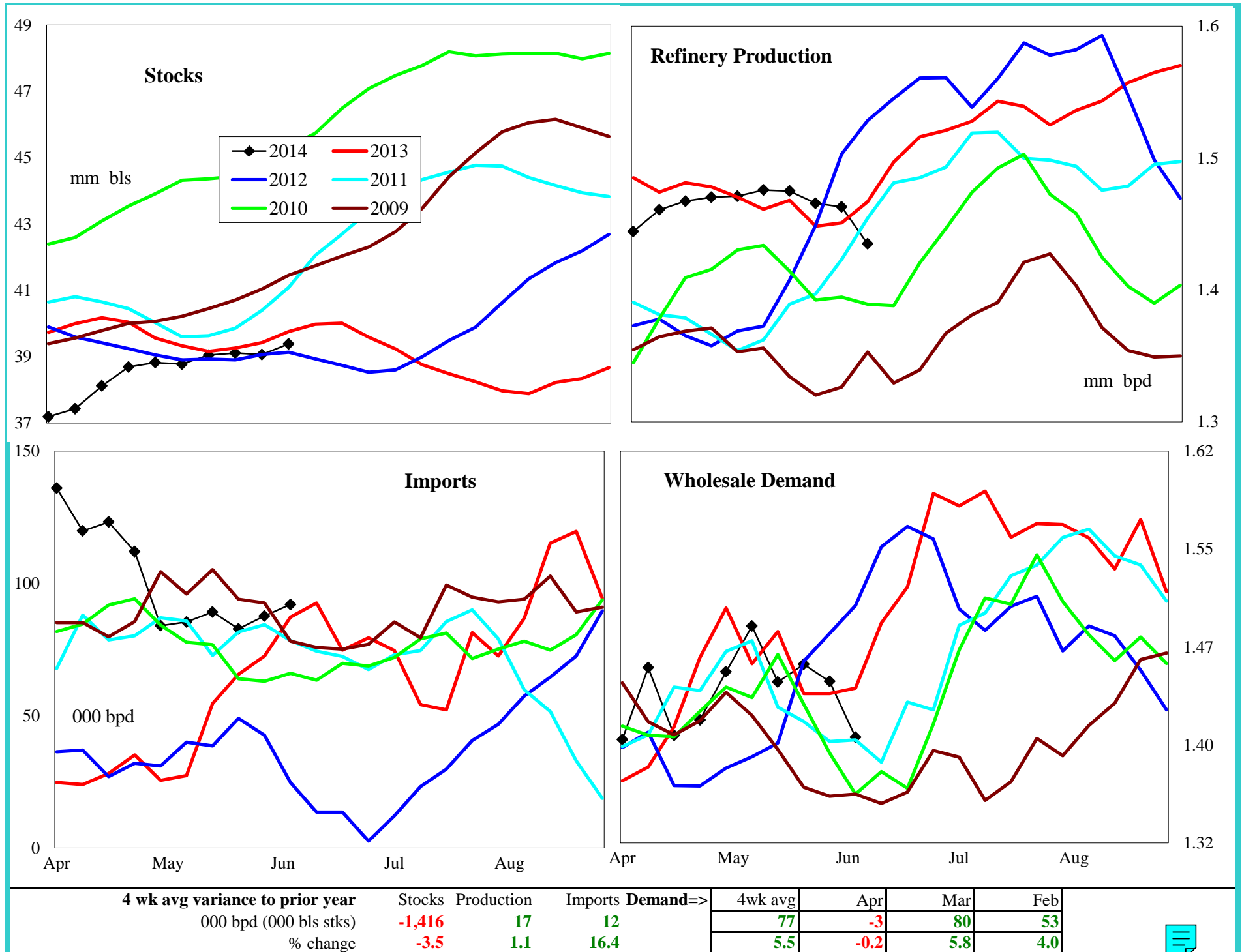
United States Low Sulfur Distillate Supply



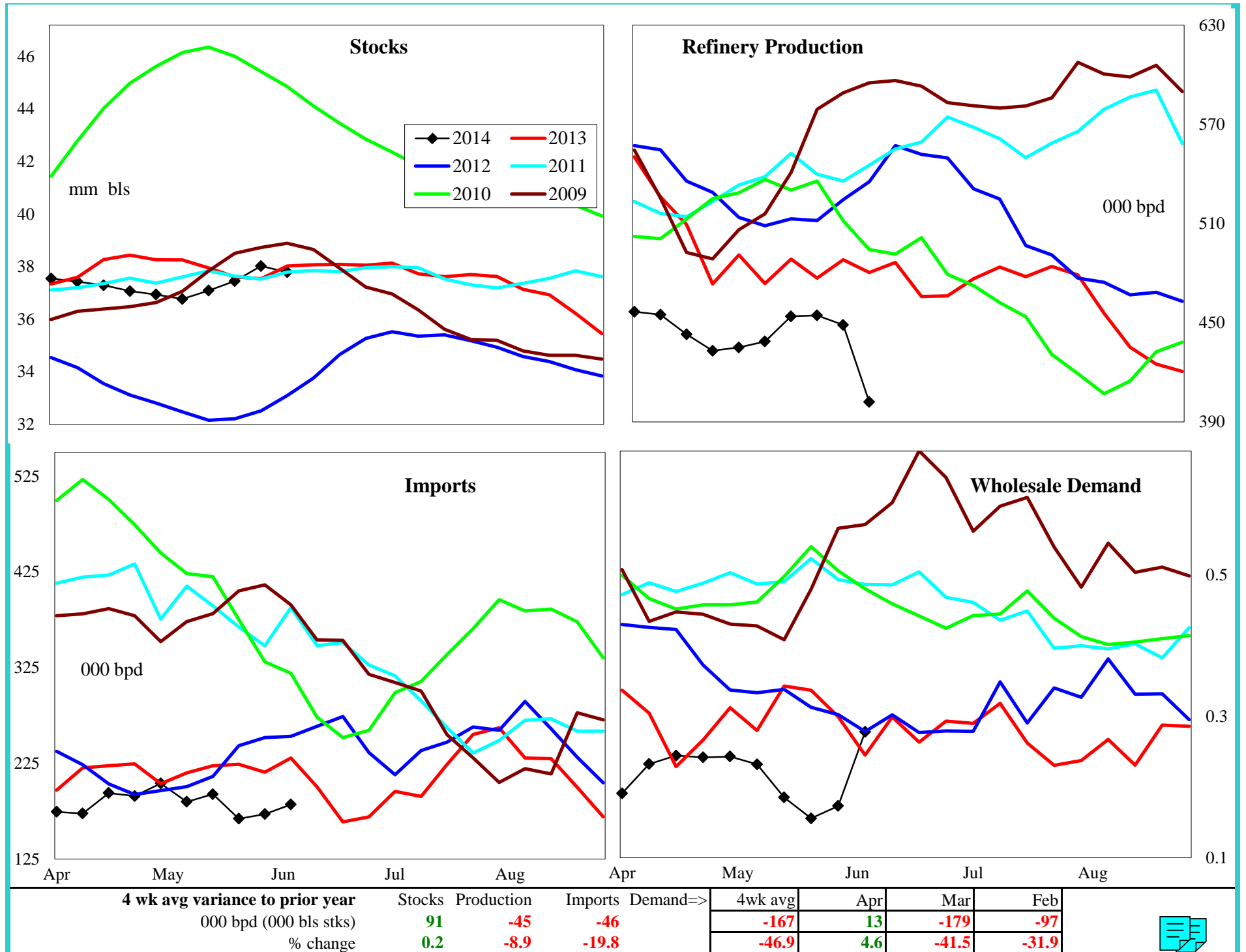
United States High Sulfur Distillate Supply



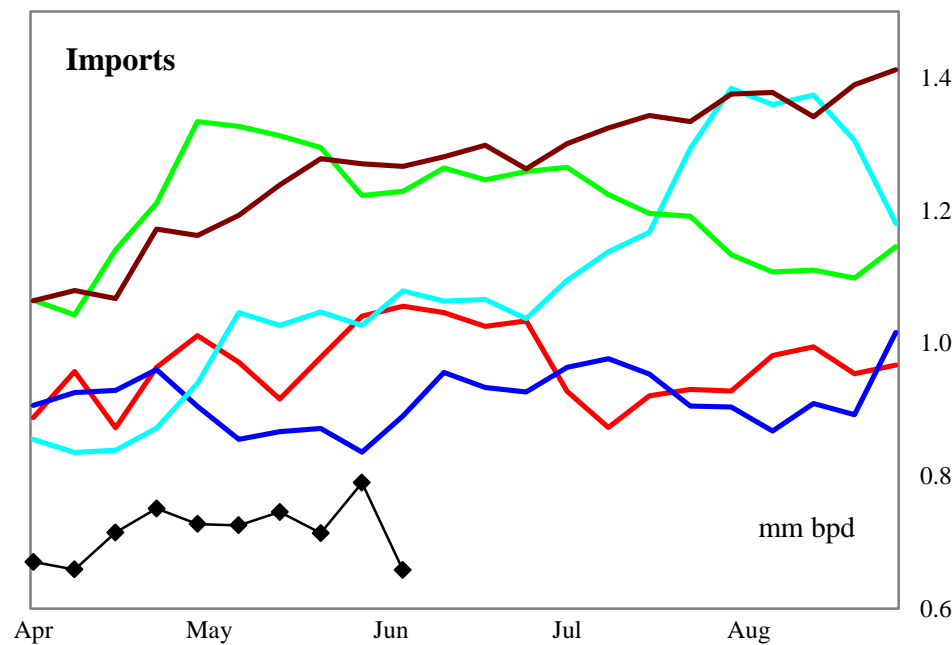
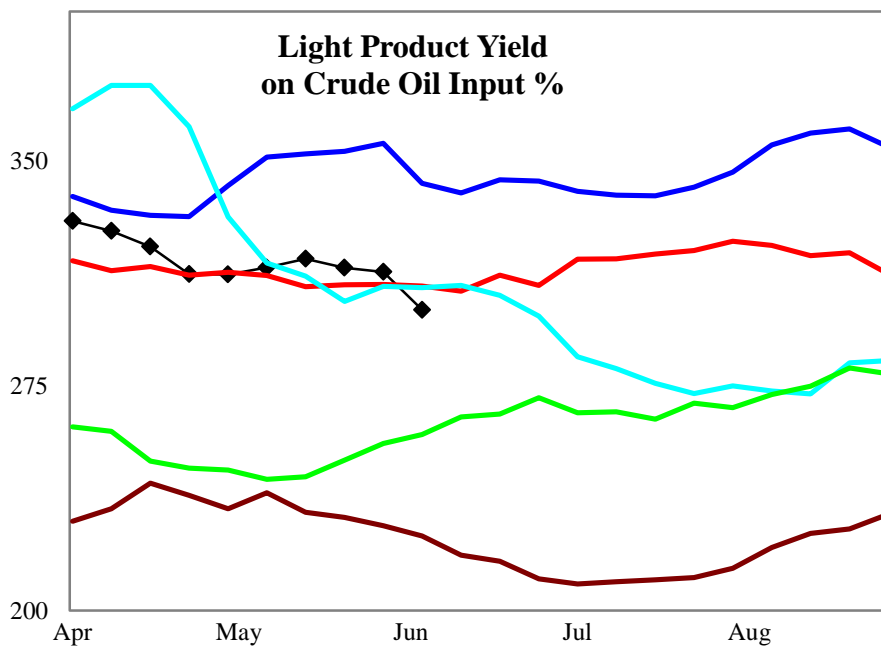
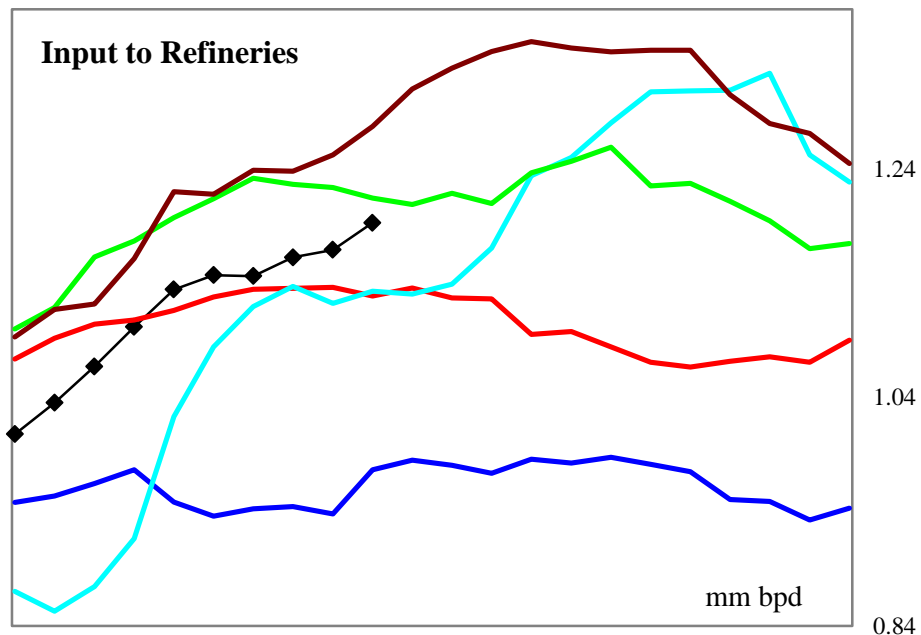
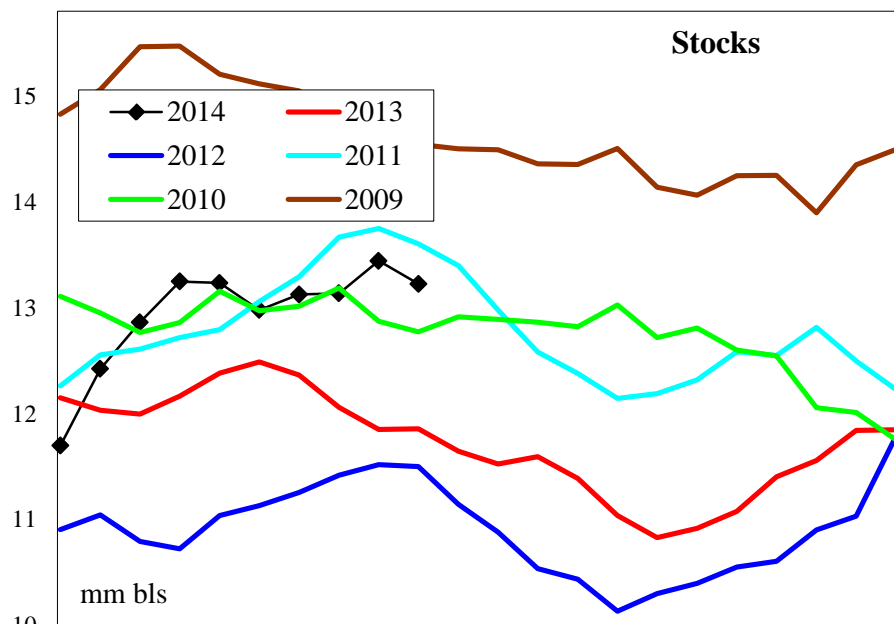
United States Jet Fuel Supply and Demand Balance



United States Residual Fuel Oil Supply and Demand Balance



PADD 1 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,367

11.9

Input

42

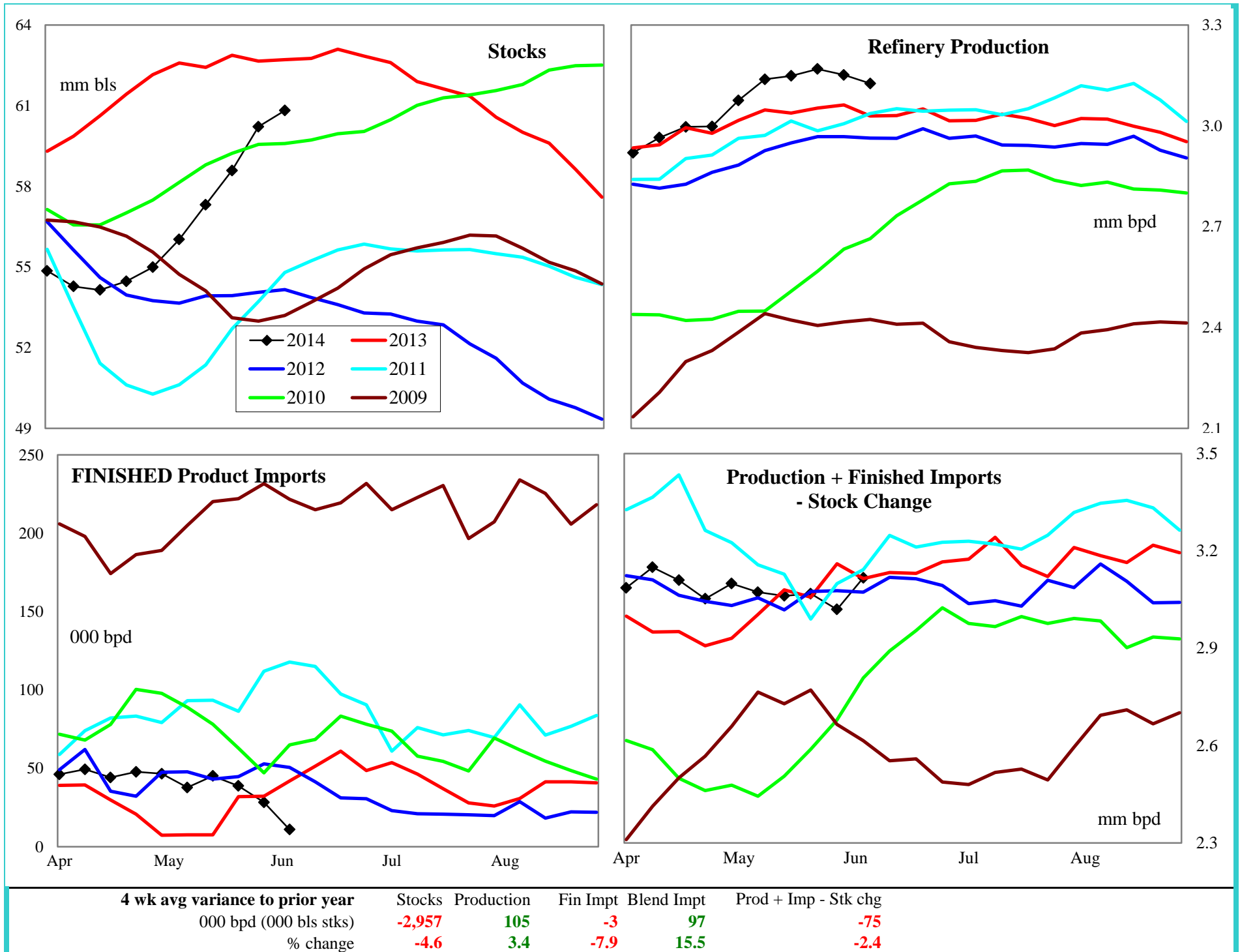
3.7

Imports

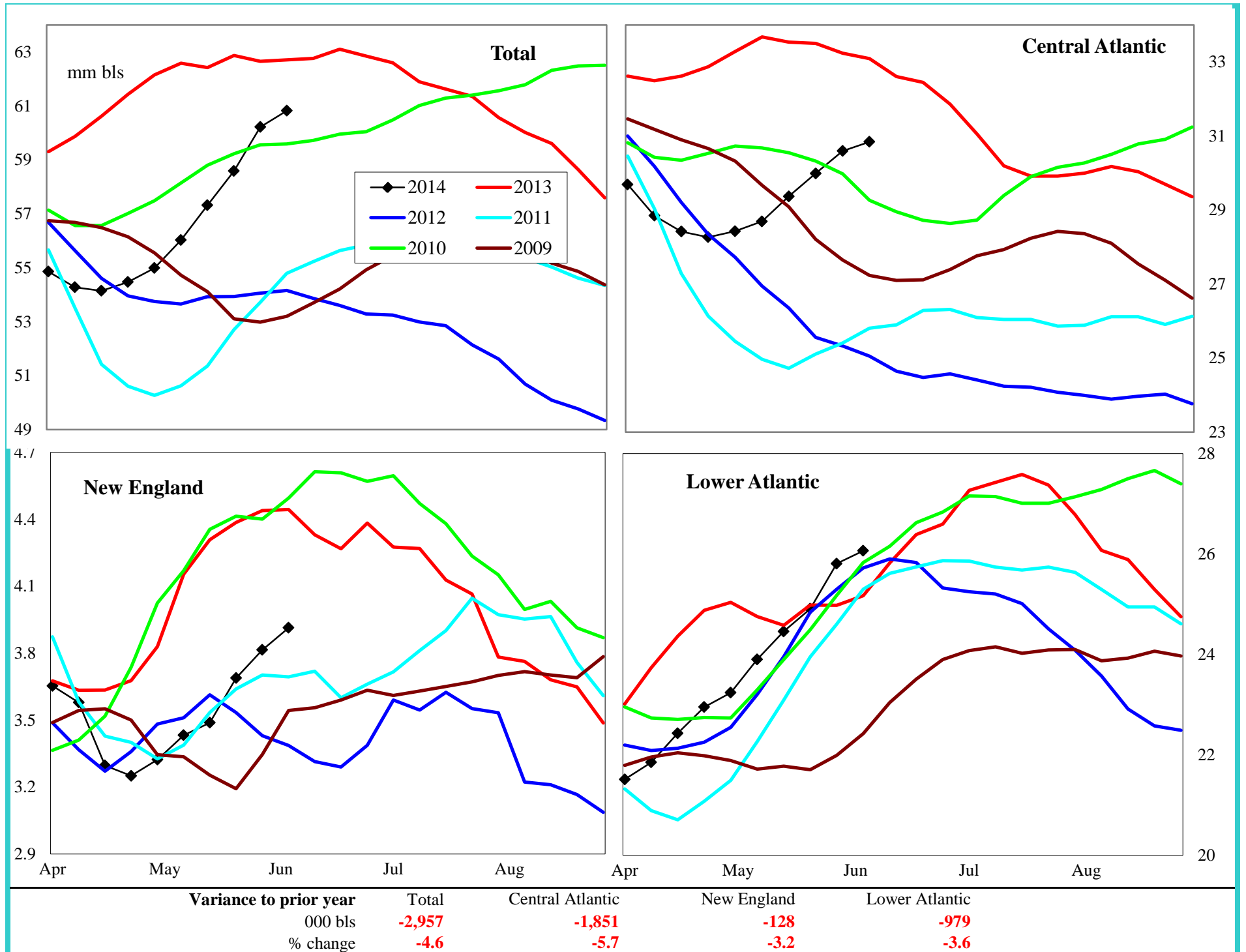
-259

-26.8

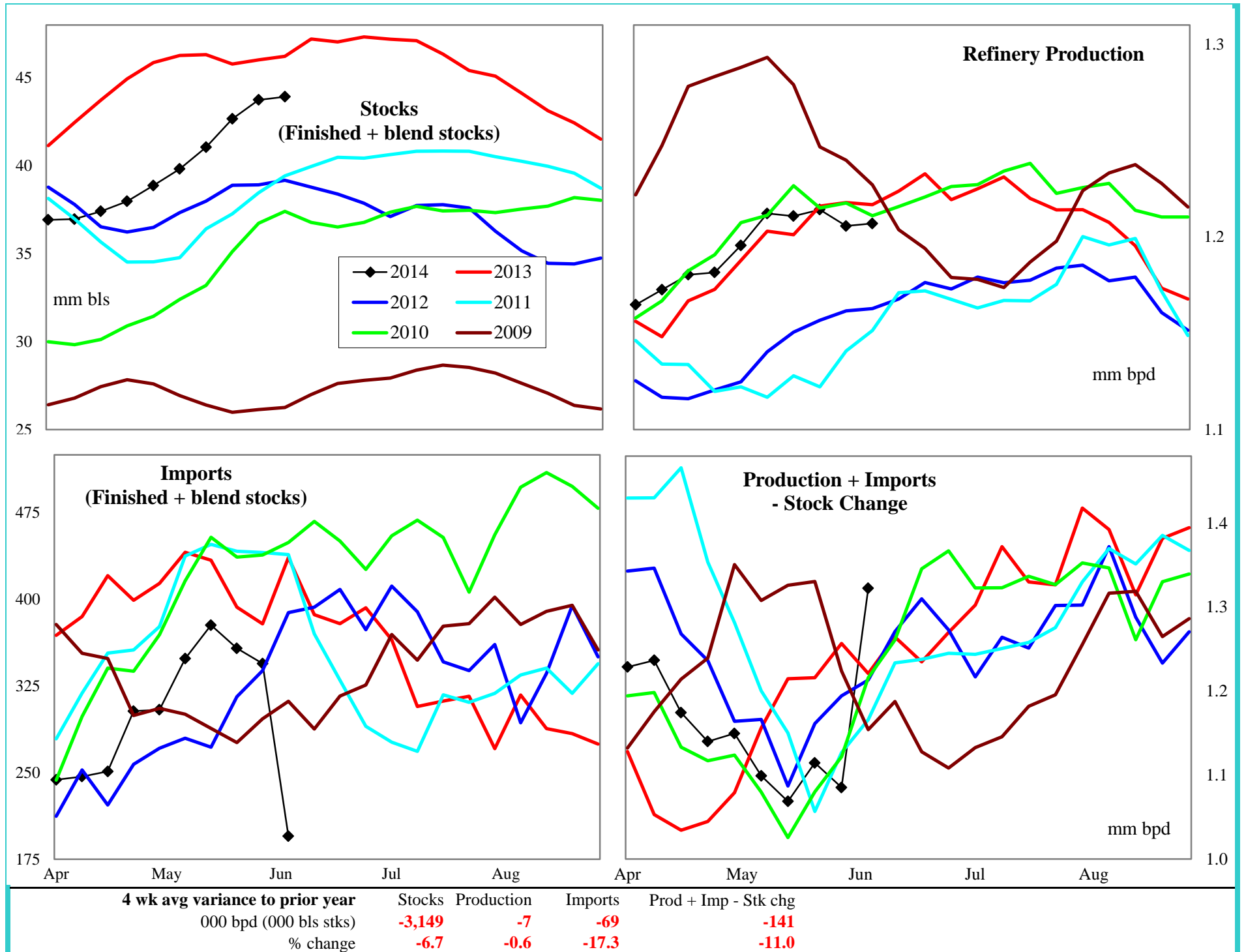
PADD 1 Gasoline Supply



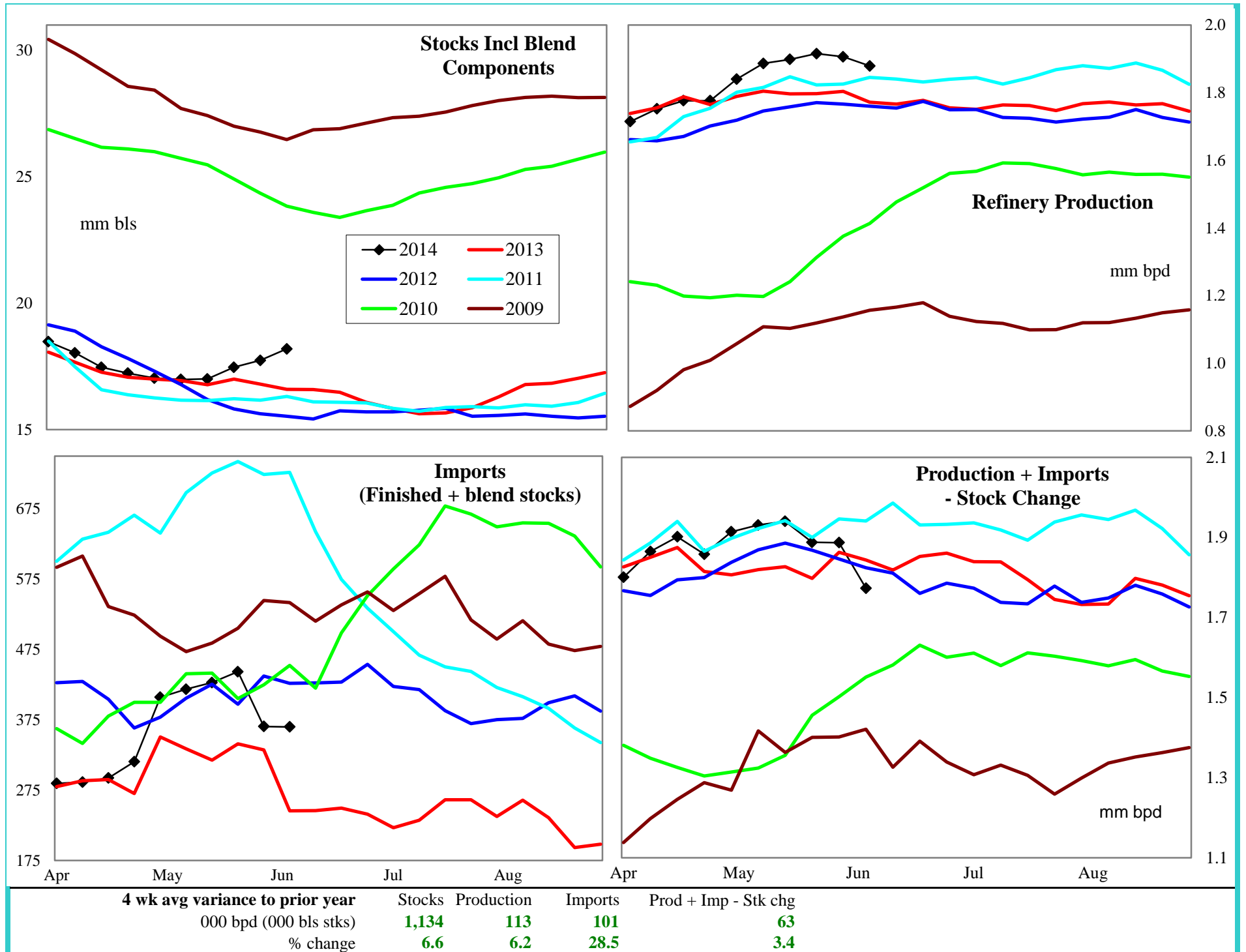
PADD 1 Gasoline Stocks by Region



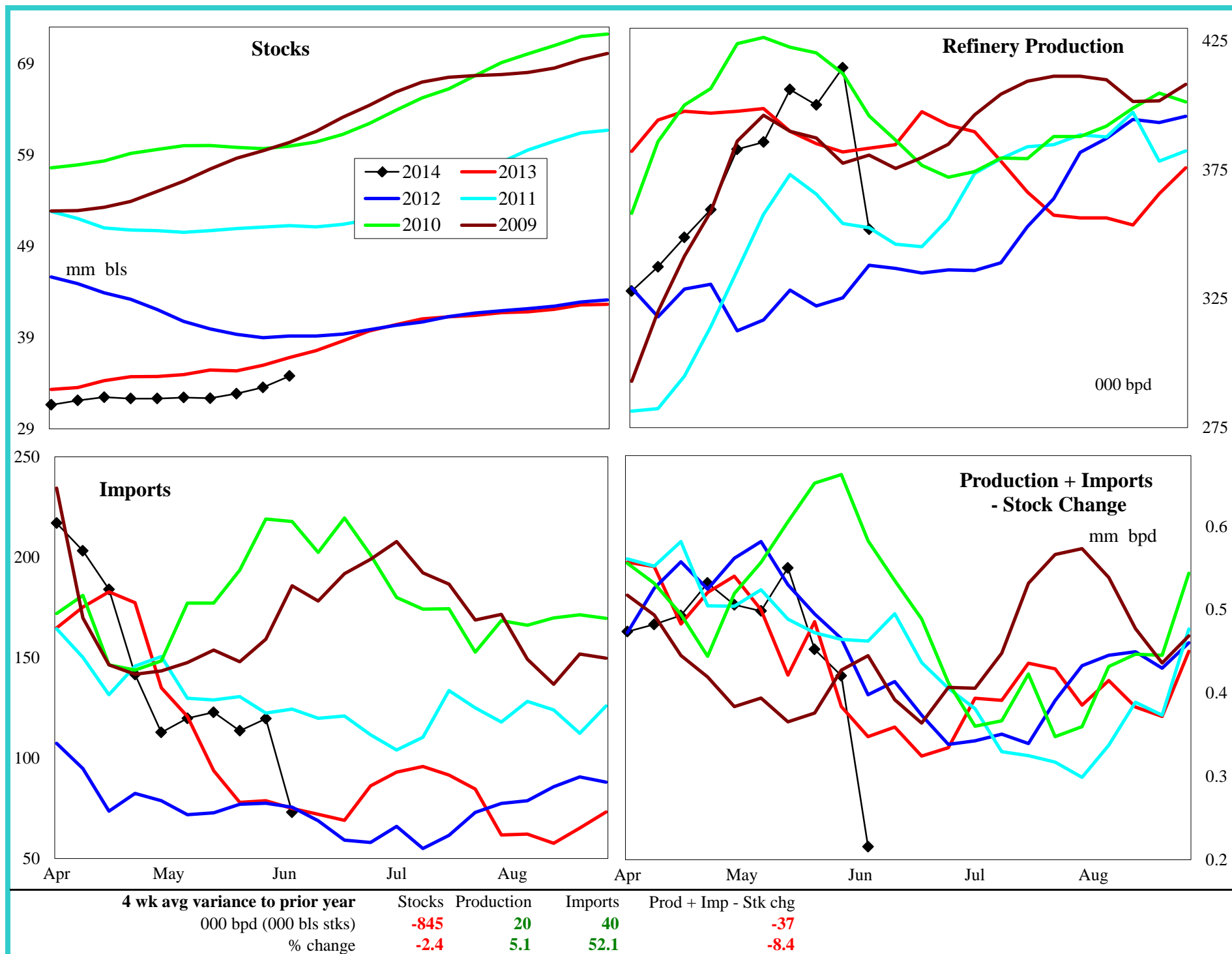
PADD 1 Reformulated Gasoline Supply



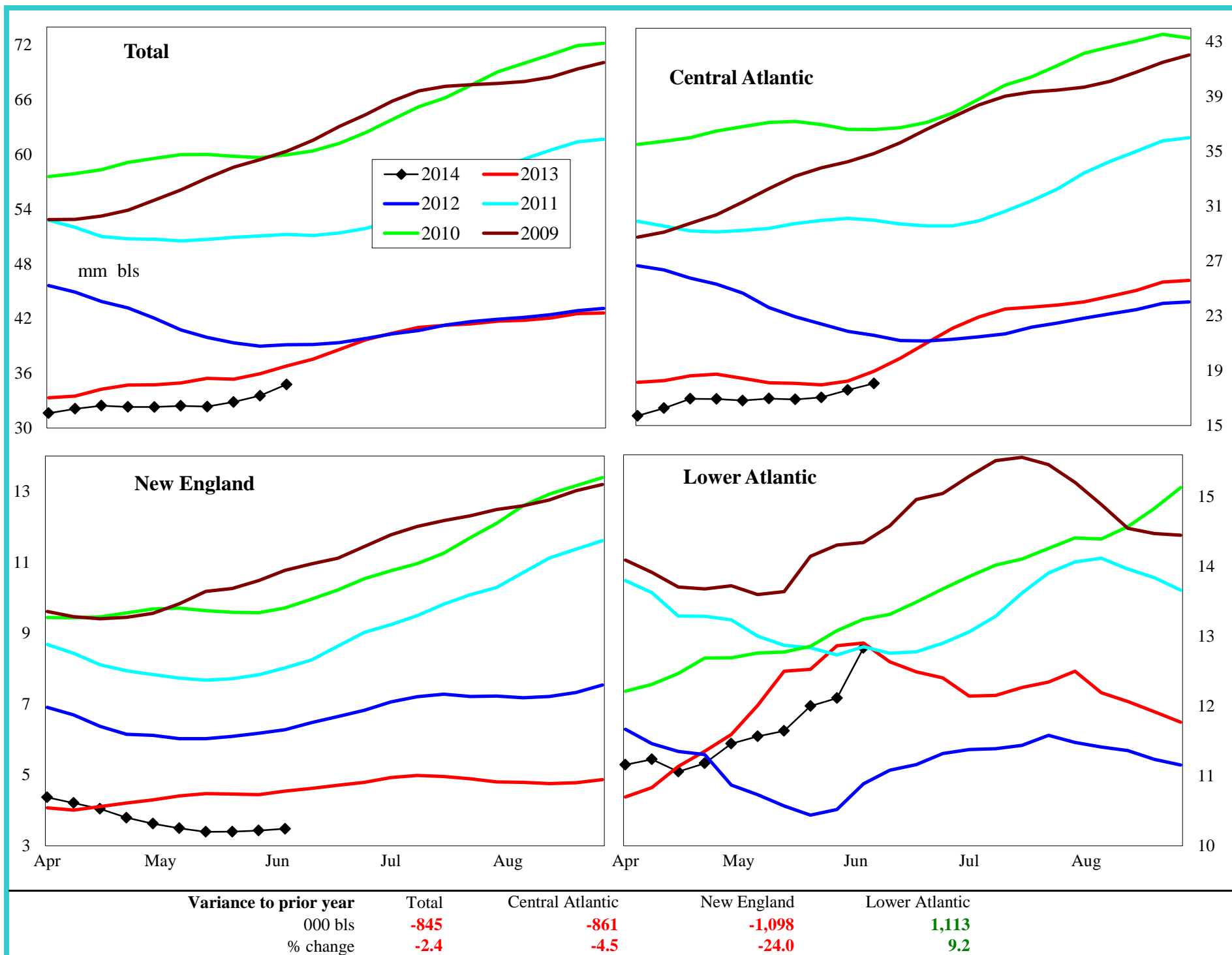
PADD 1 Conventional Gasoline Supply



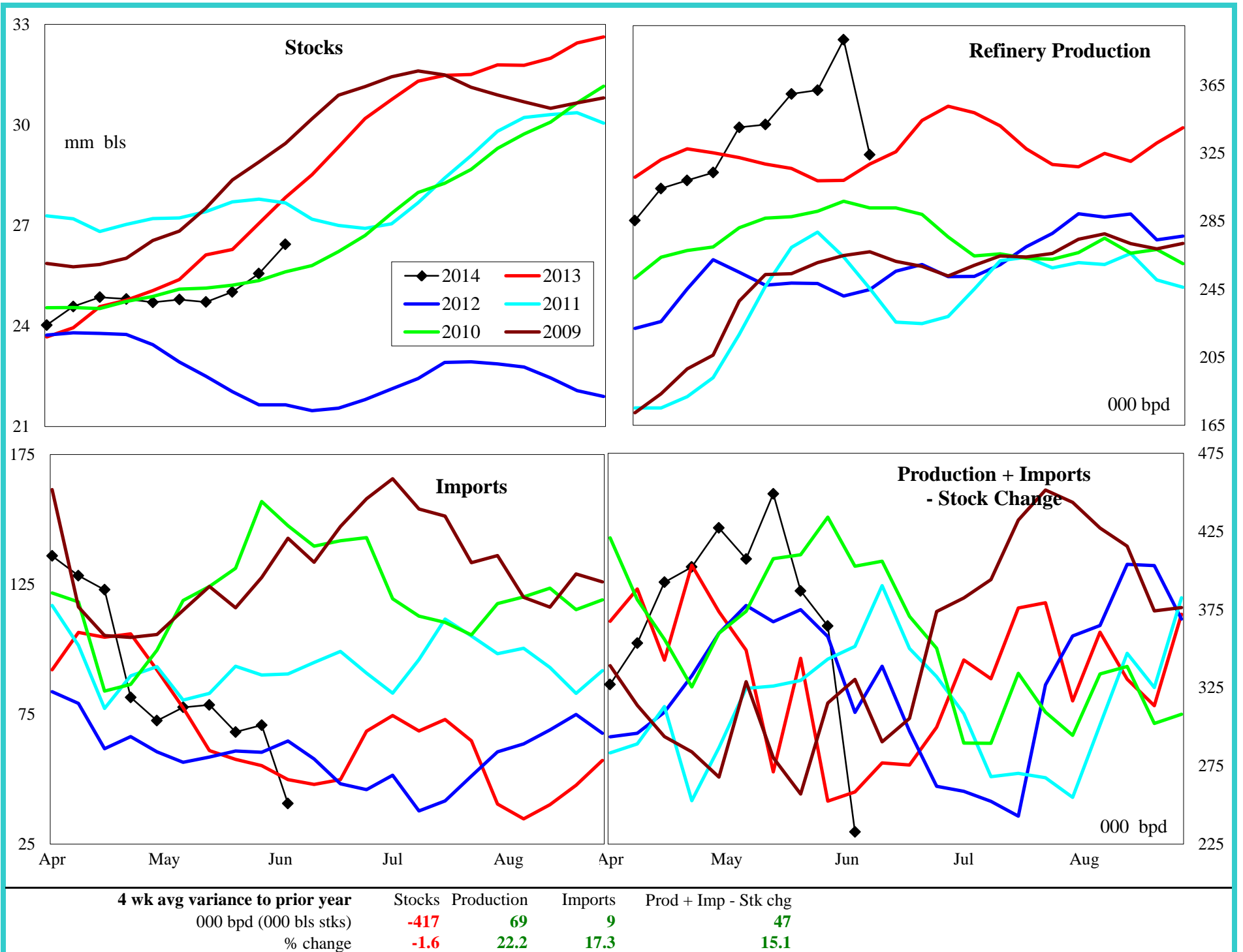
PADD 1 Distillate Supply



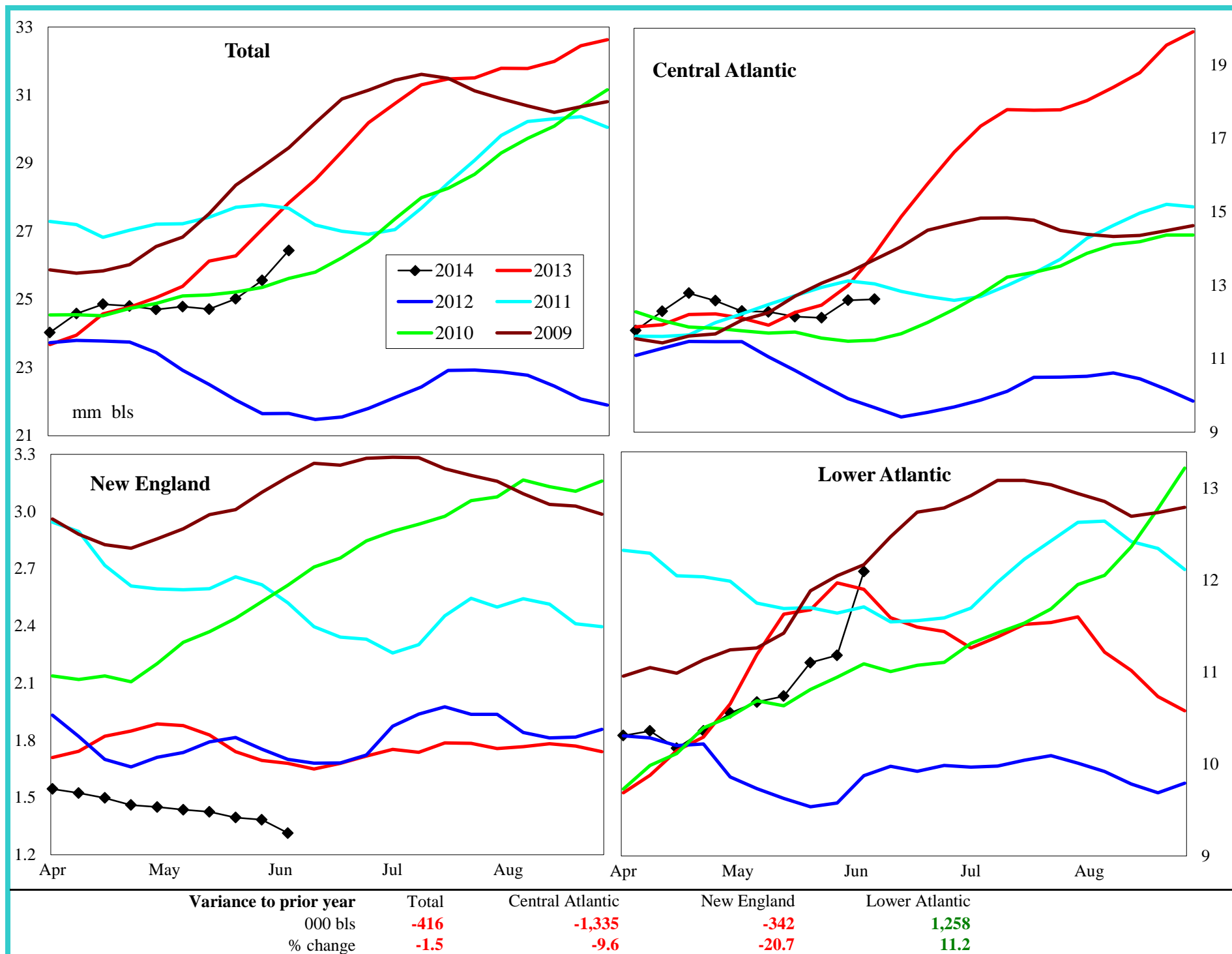
PADD 1 Distillate Stocks by Region



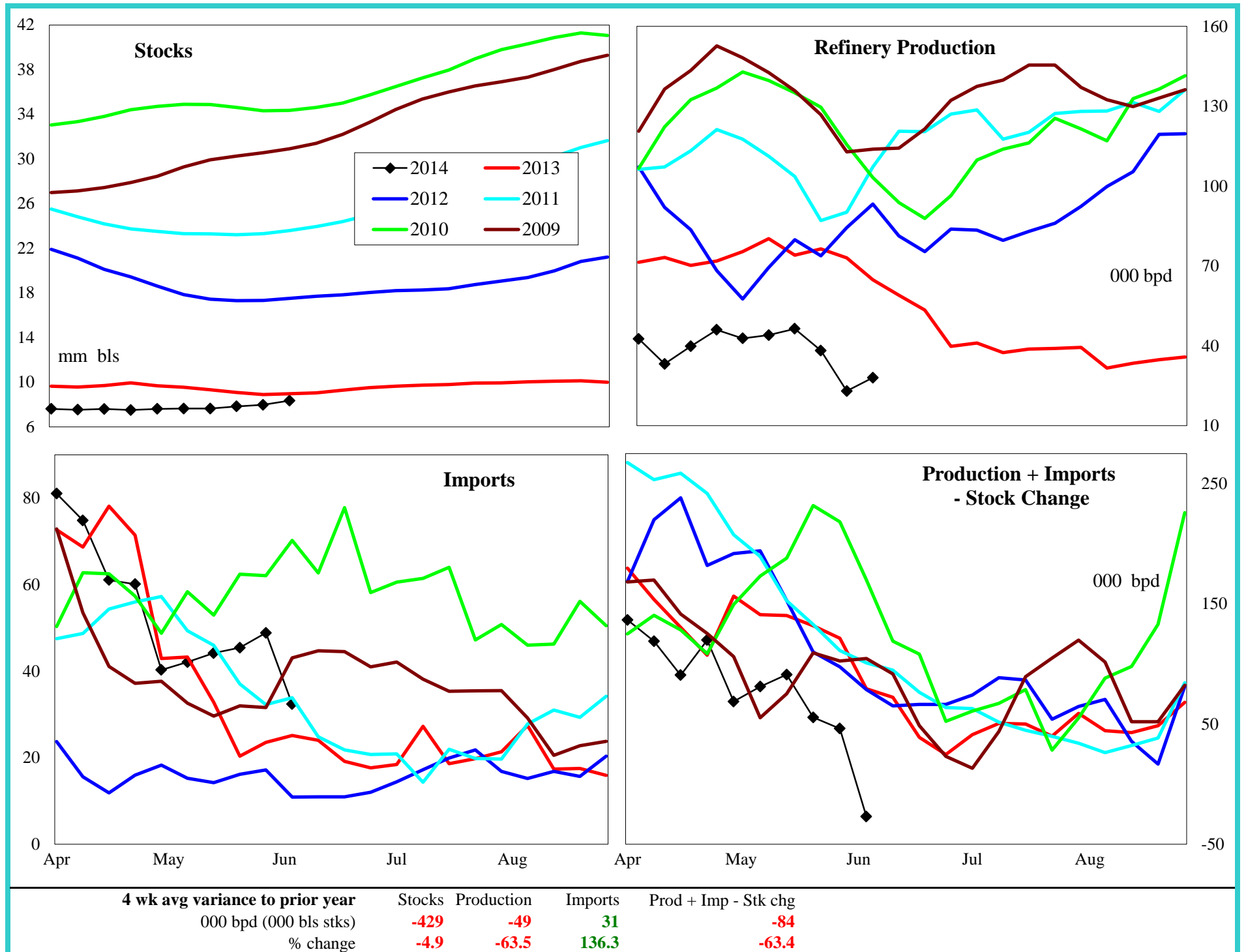
PADD 1 Low Sulfur Distillate Supply



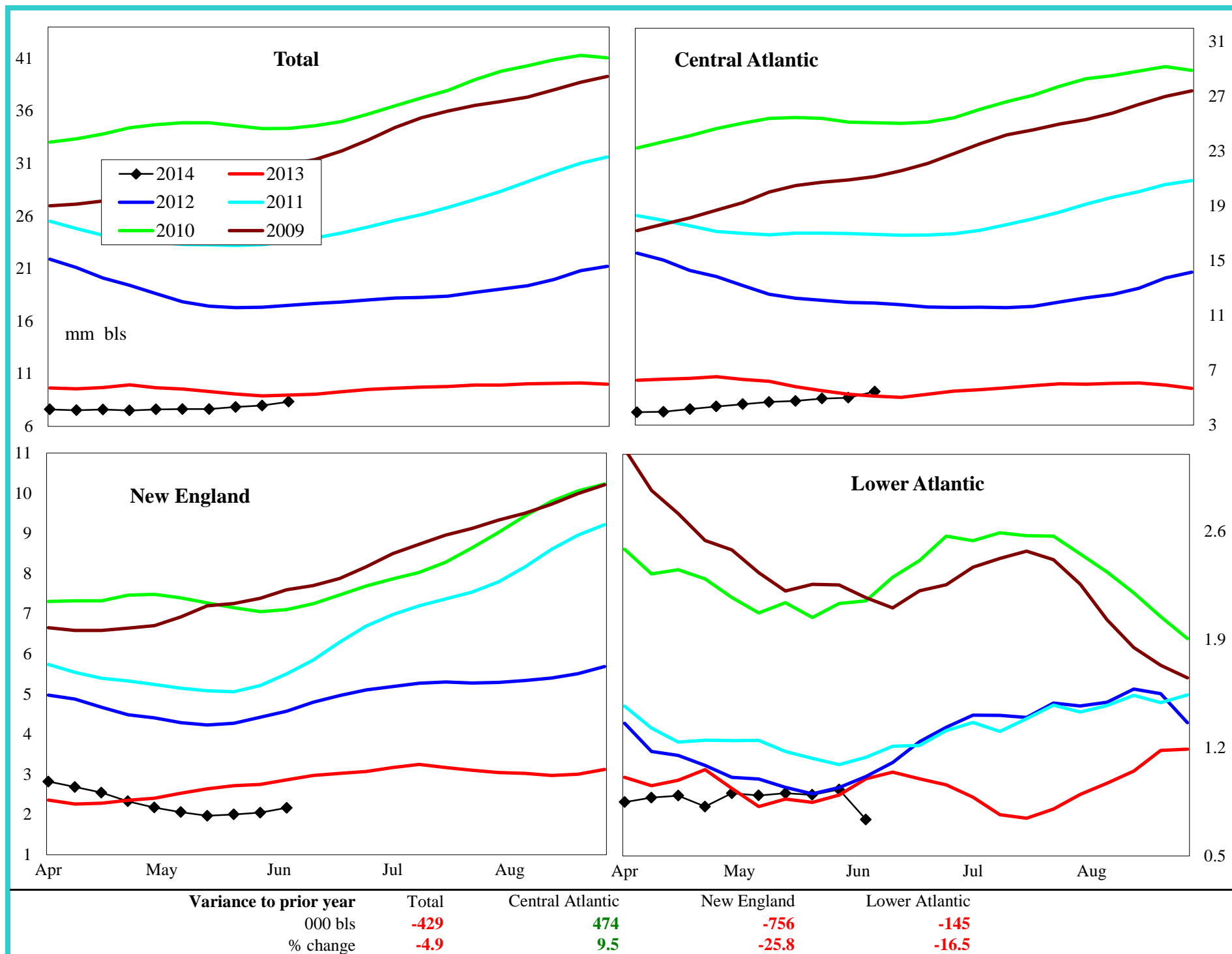
PADD 1 Low Sulfur Distillate Stocks by Region



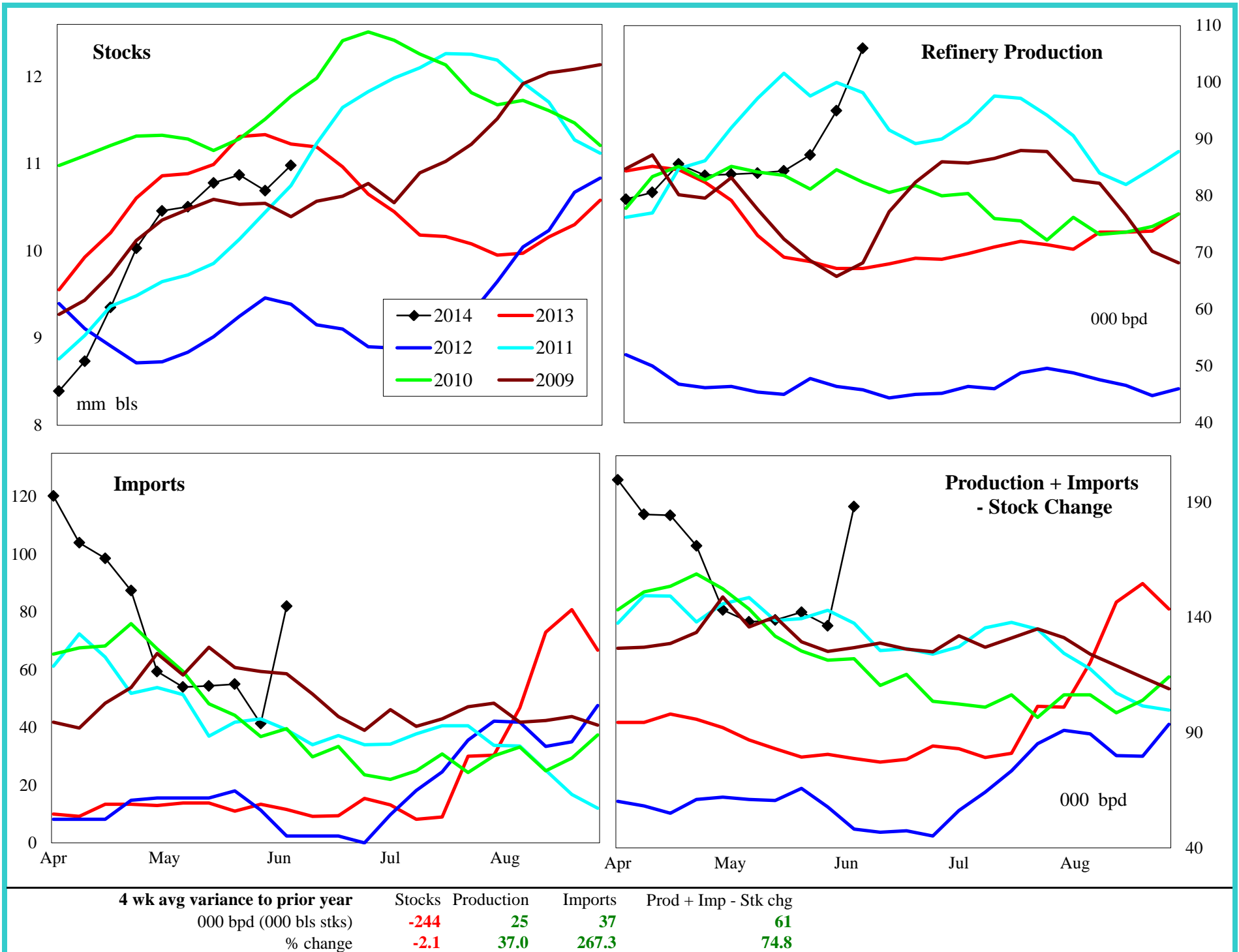
PADD 1 High Sulfur Distillate Supply



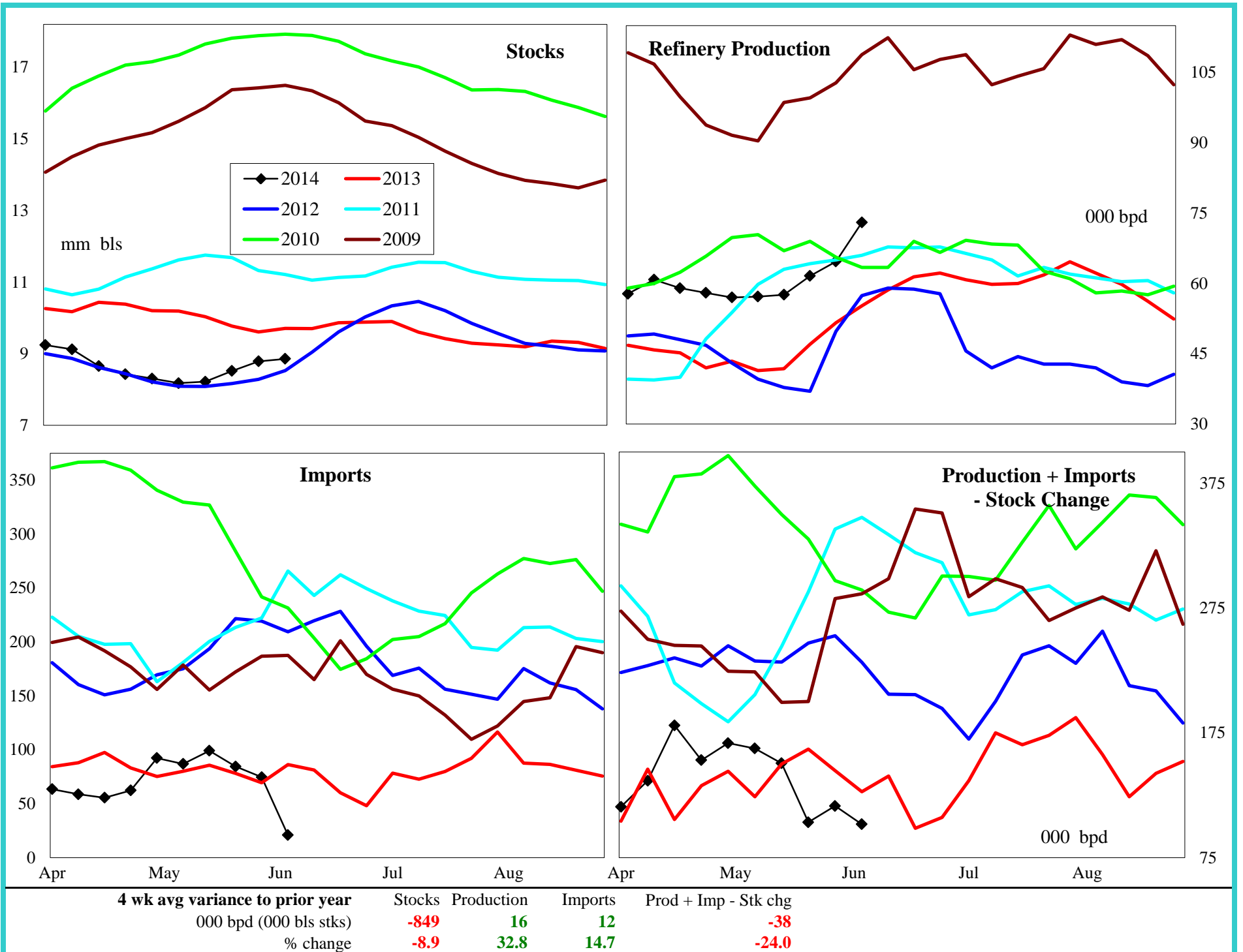
PADD 1 High Sulfur Distillate Stocks by Region



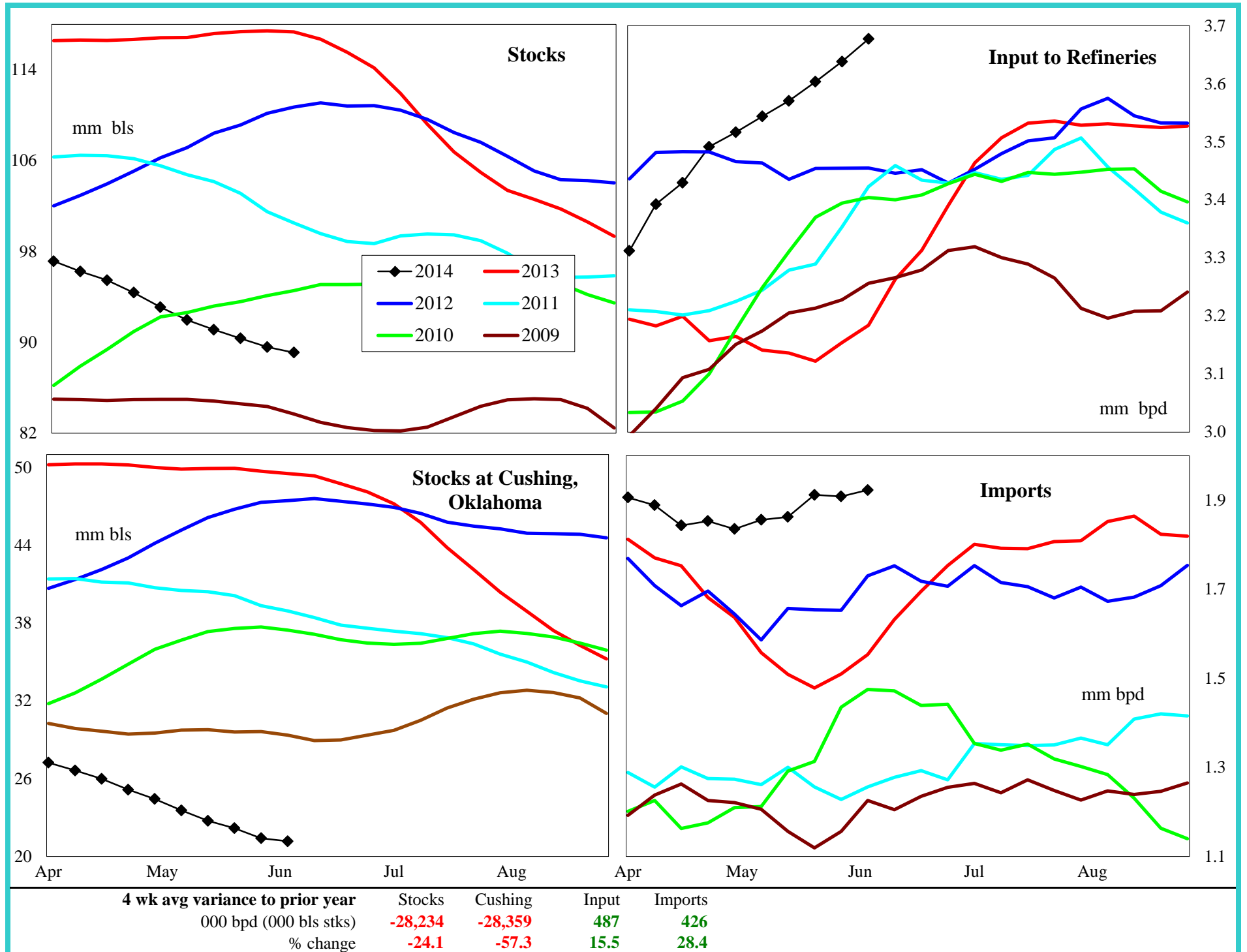
PADD 1 Jet Fuel Supply



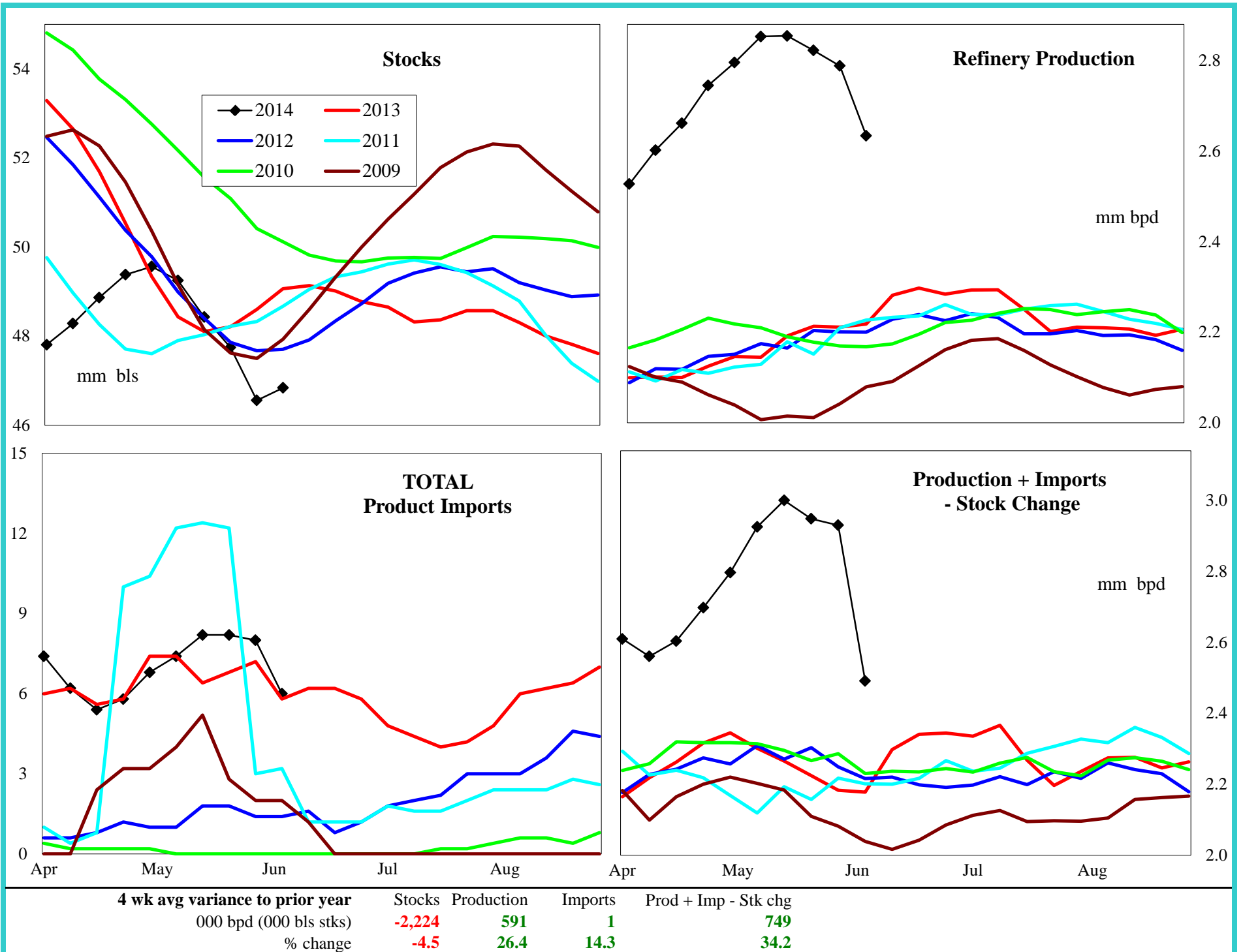
PADD 1 Residual Fuel Oil Supply



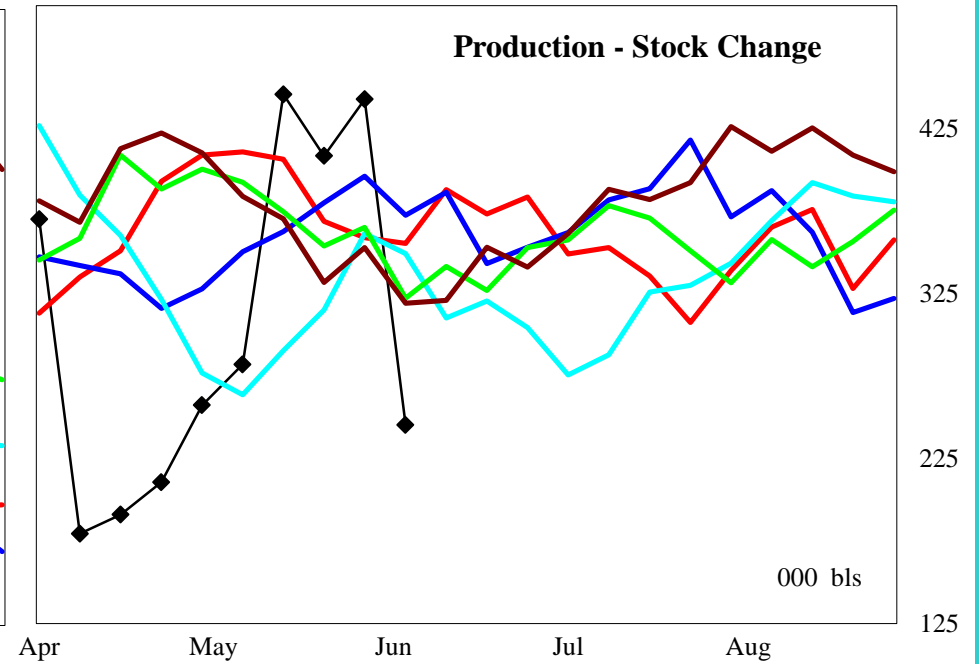
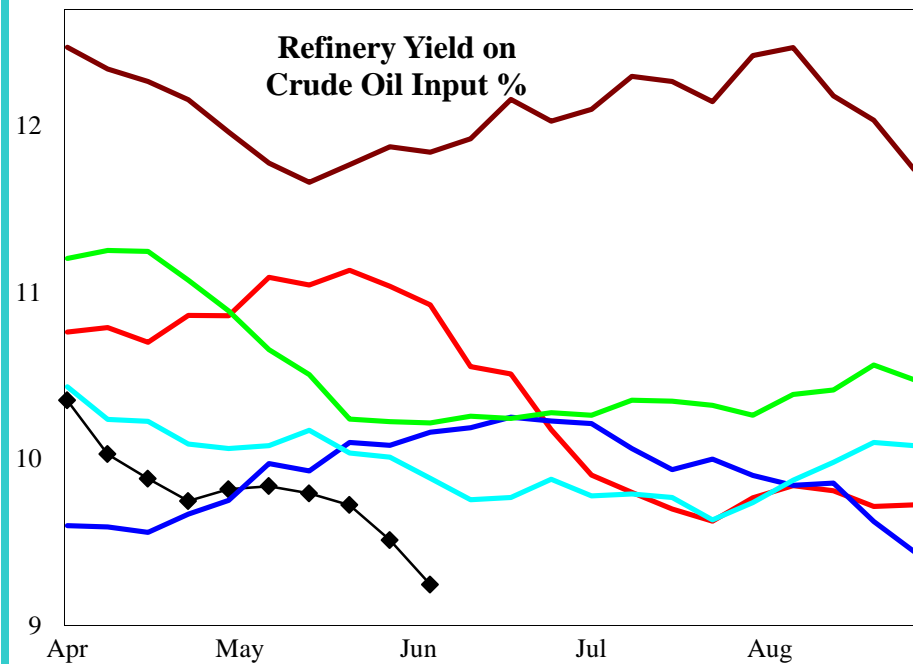
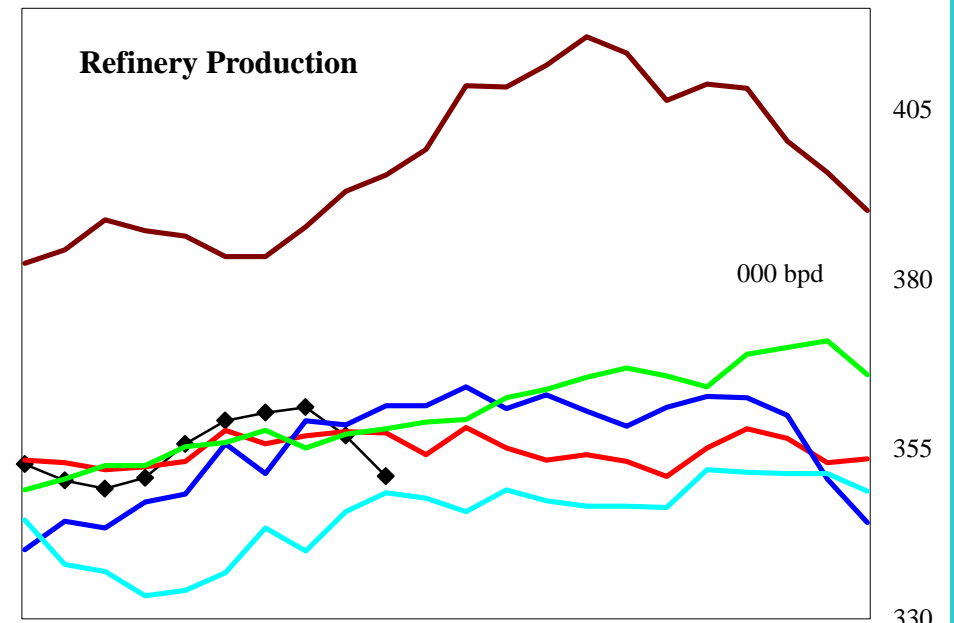
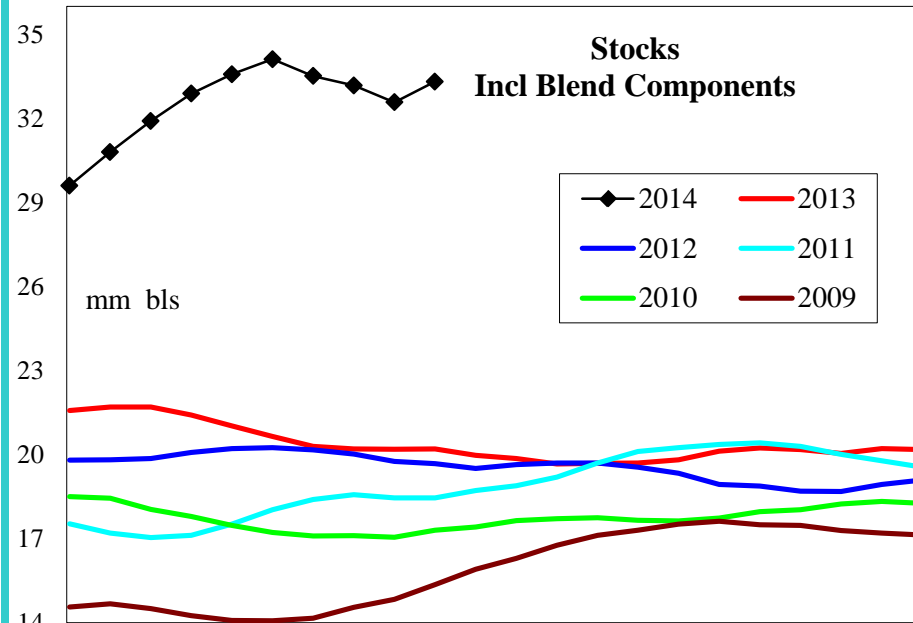
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



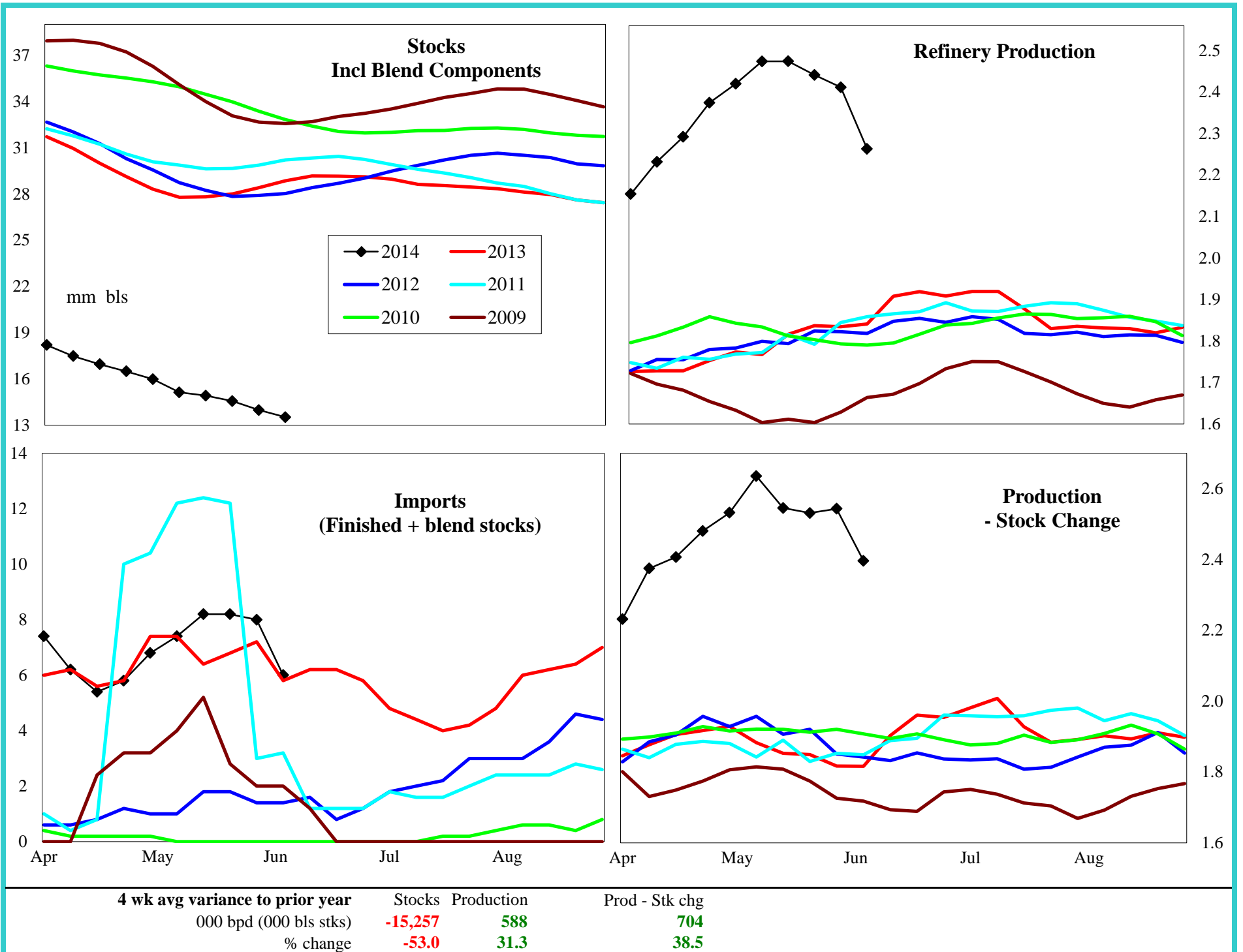
4 wk avg variance to prior year
 000 bpd (000 bls stks)
 % change

Stocks
13,104
64.8

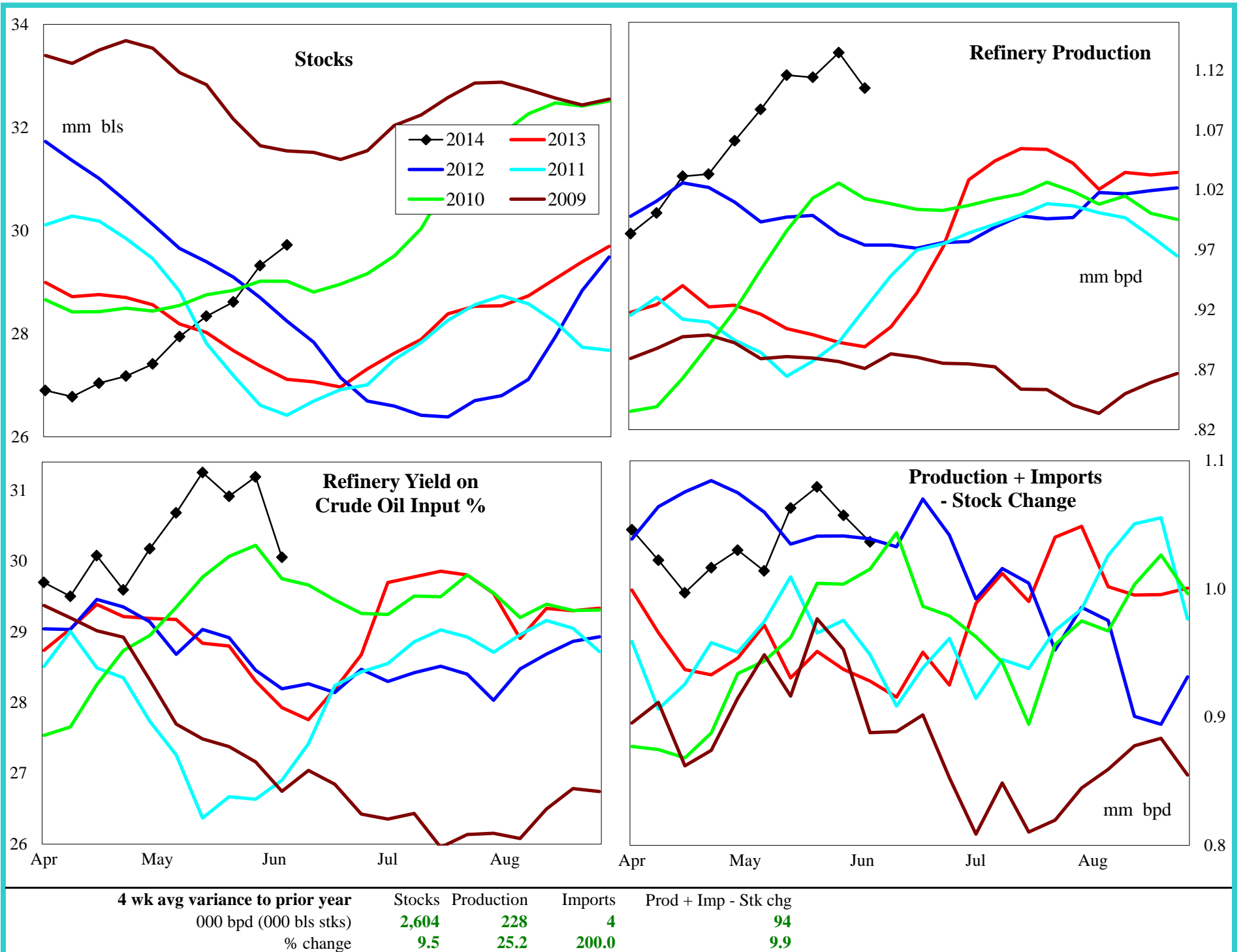
Production
0
0.1

Prod - Stk chg
13
3.6

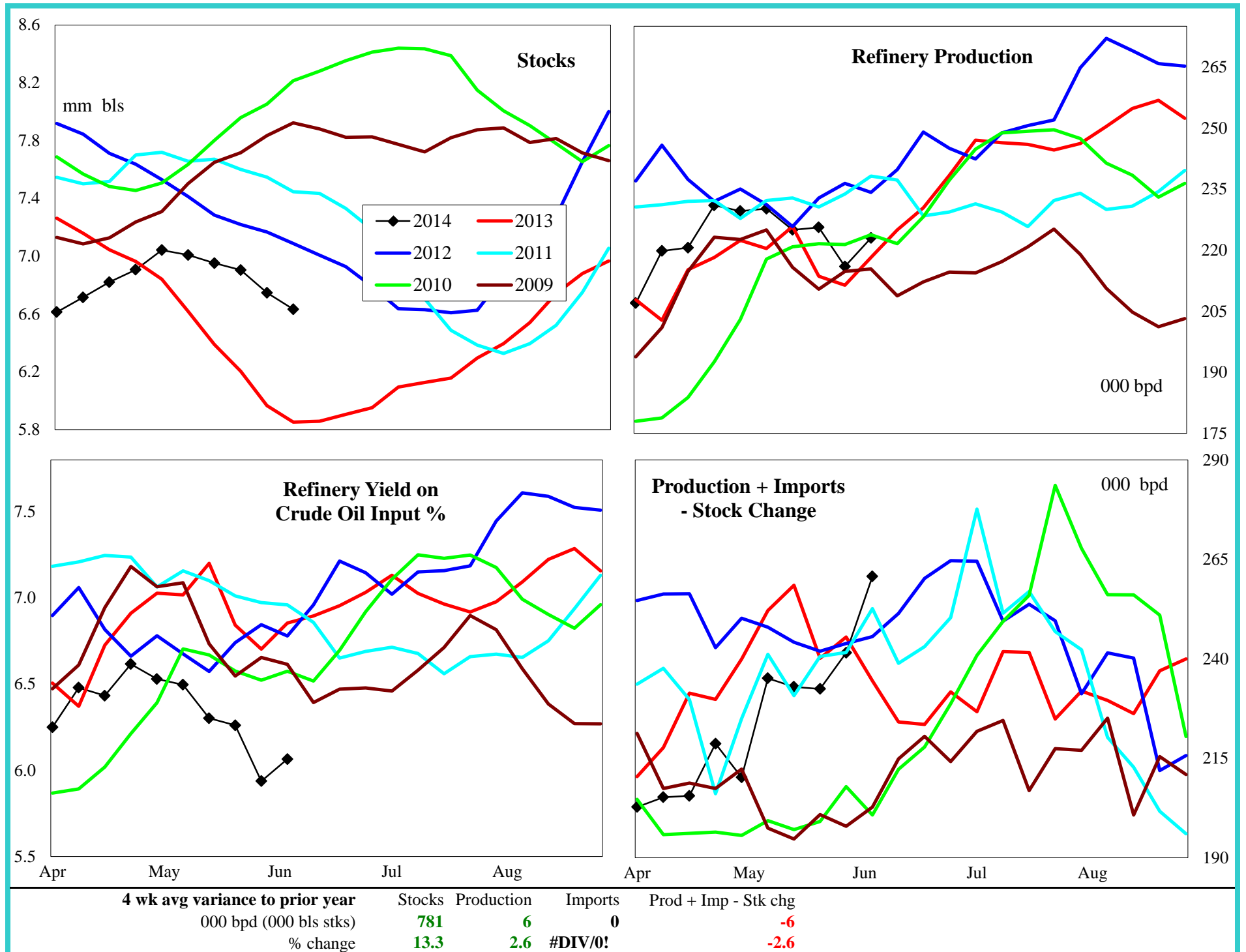
PADD 2 Conventional Gasoline Supply



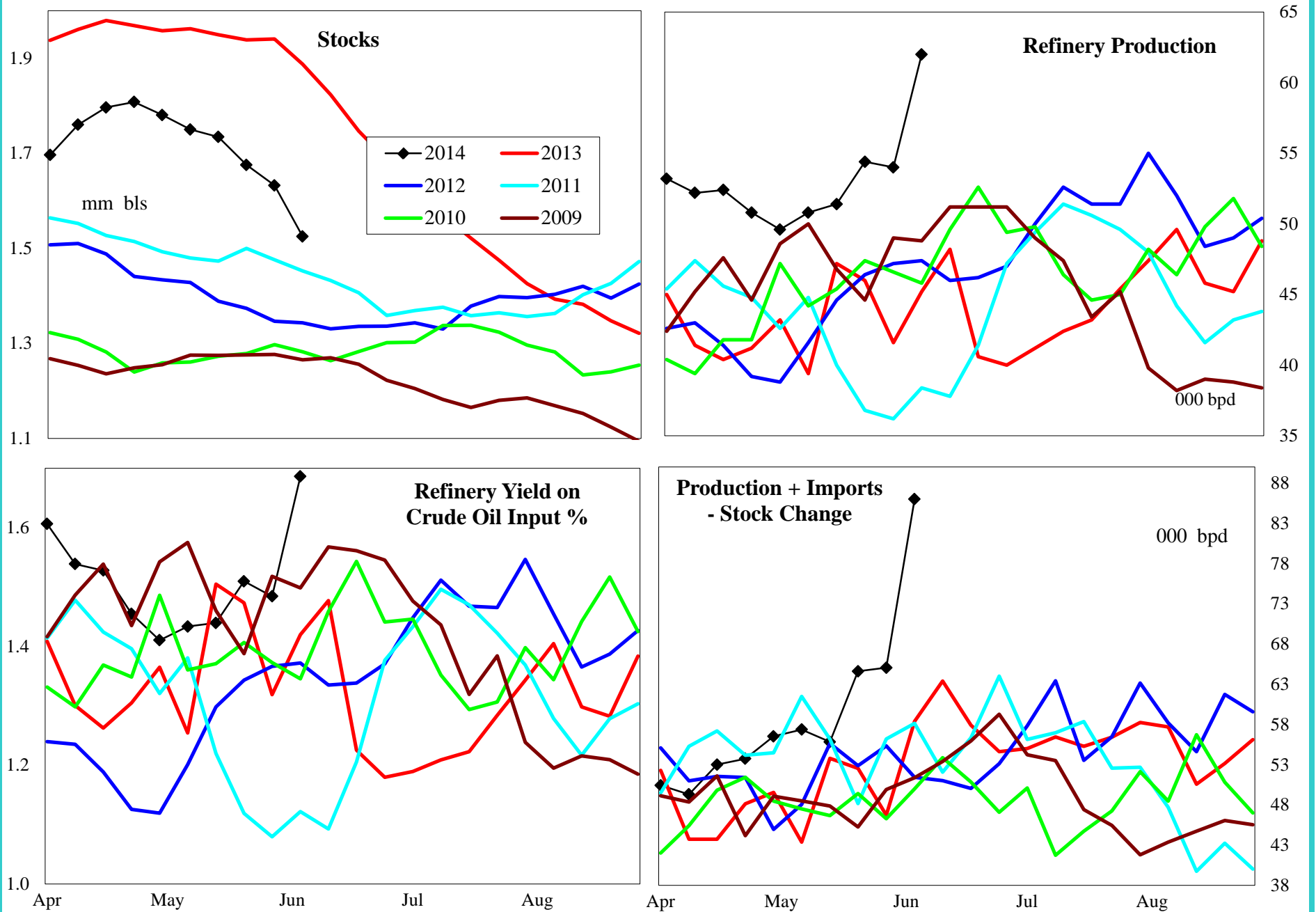
PADD 2 Distillate Supply



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

-363

9

-3

15

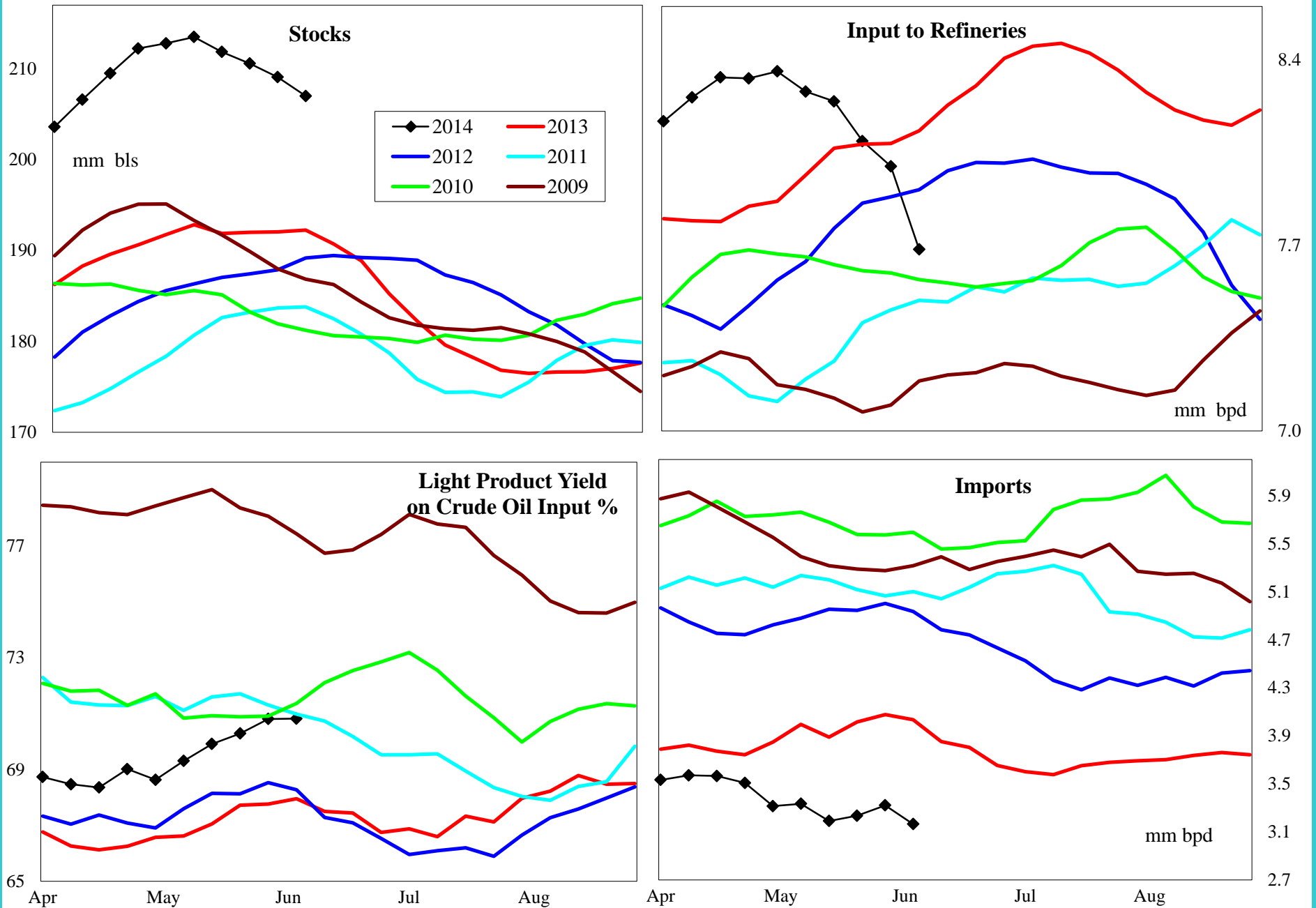
-19.2

19.4

-65.0

31.6

PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

14,738

7.7

Input

-1

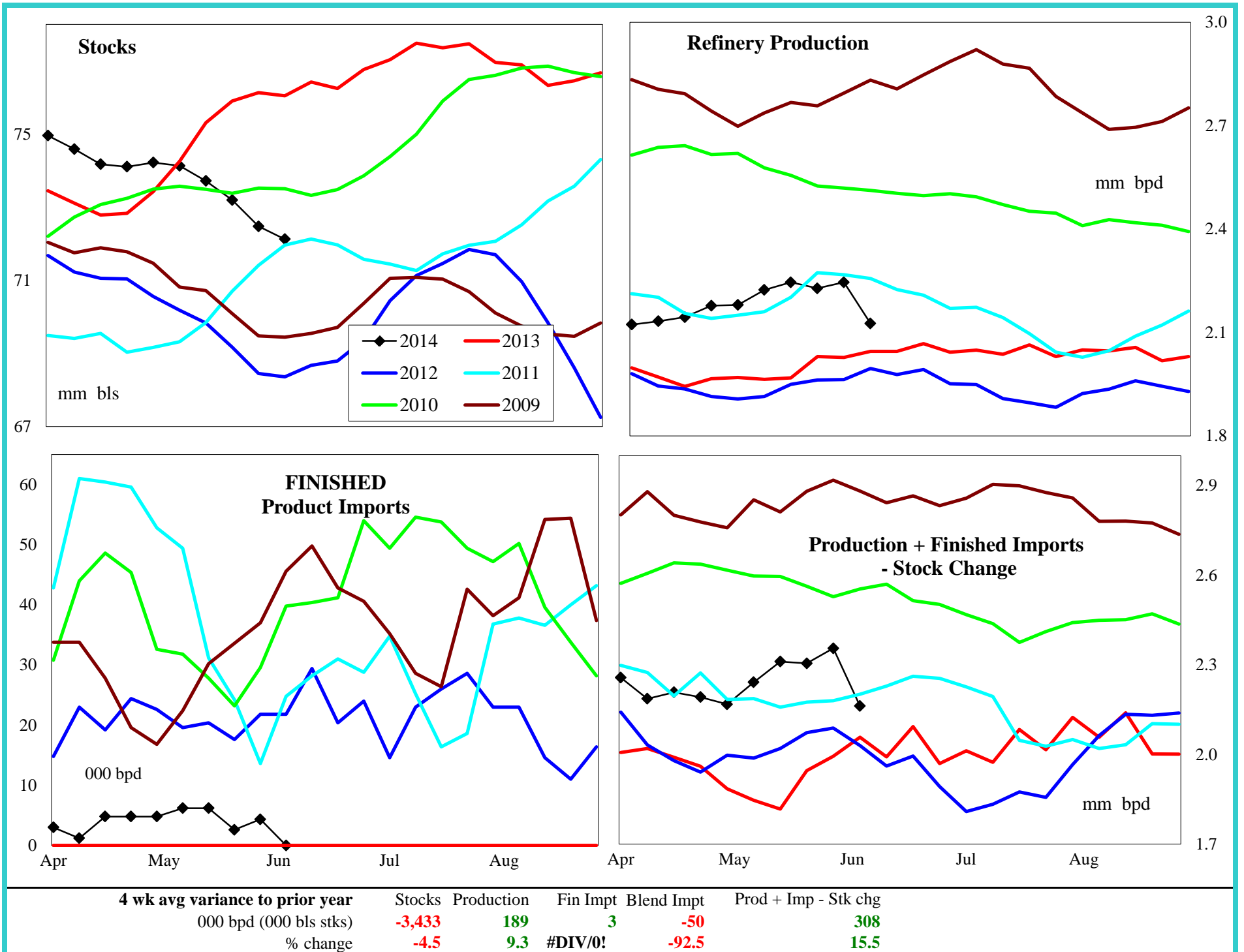
0.0

Imports

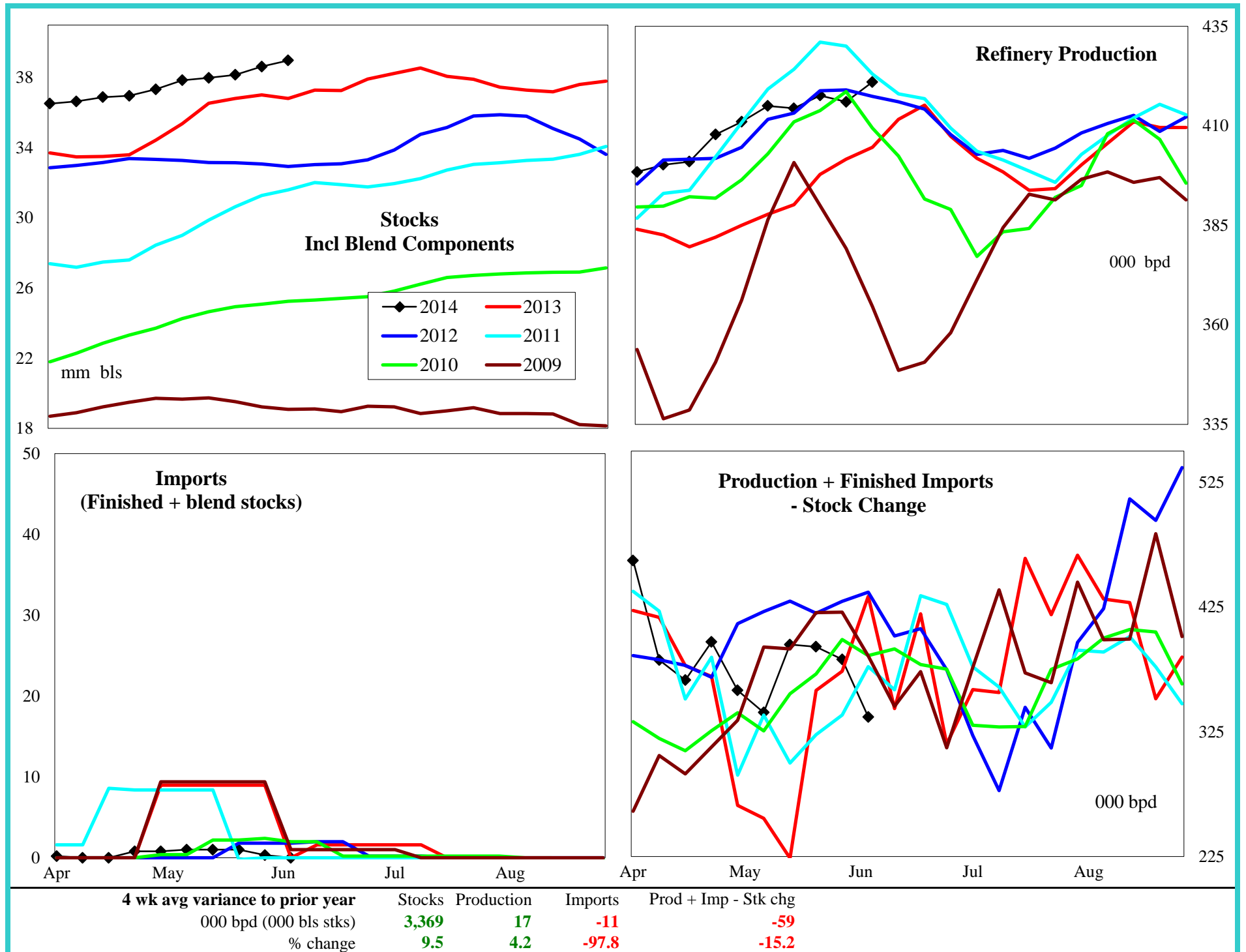
-868

-21.3

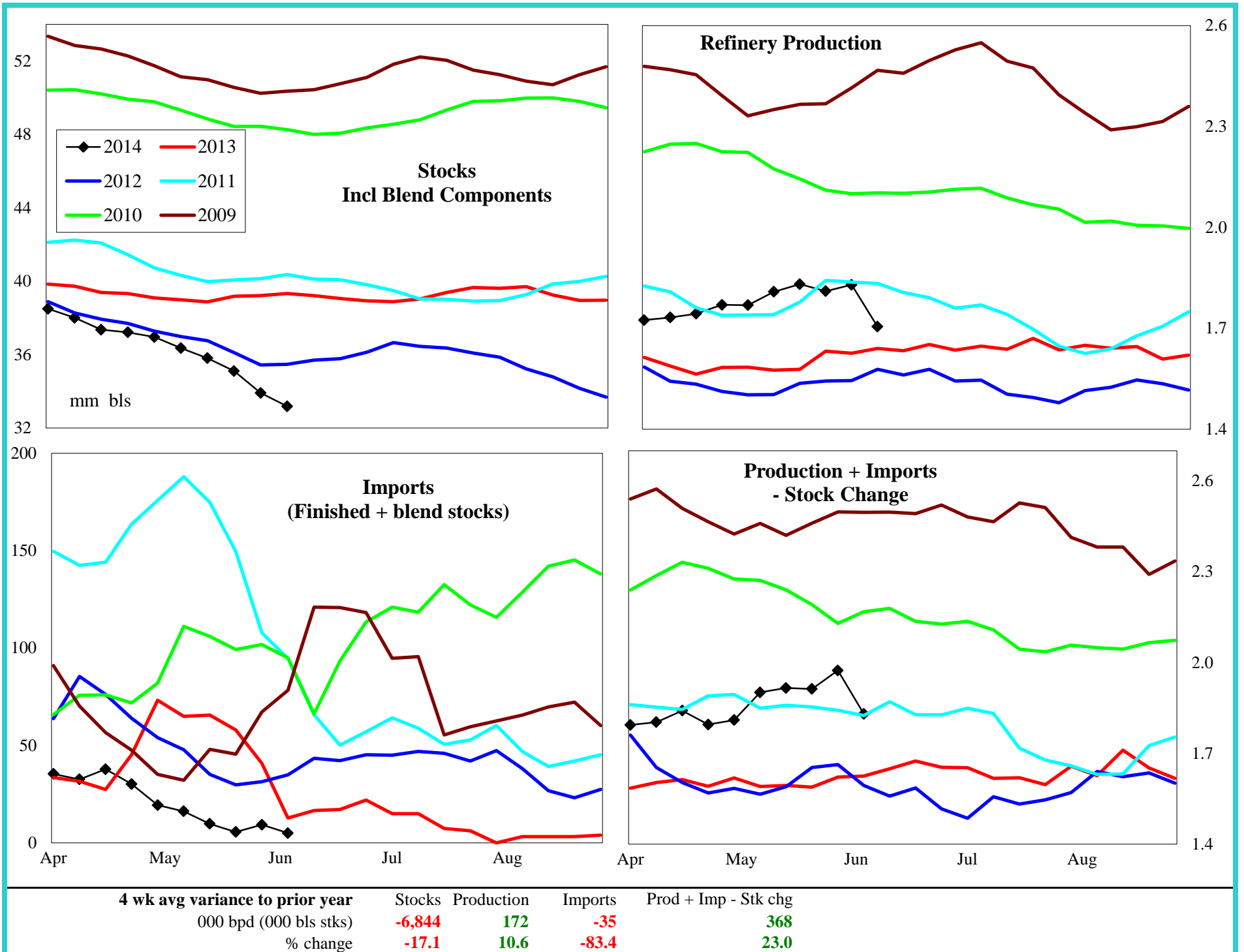
PADD 3 Gasoline Supply



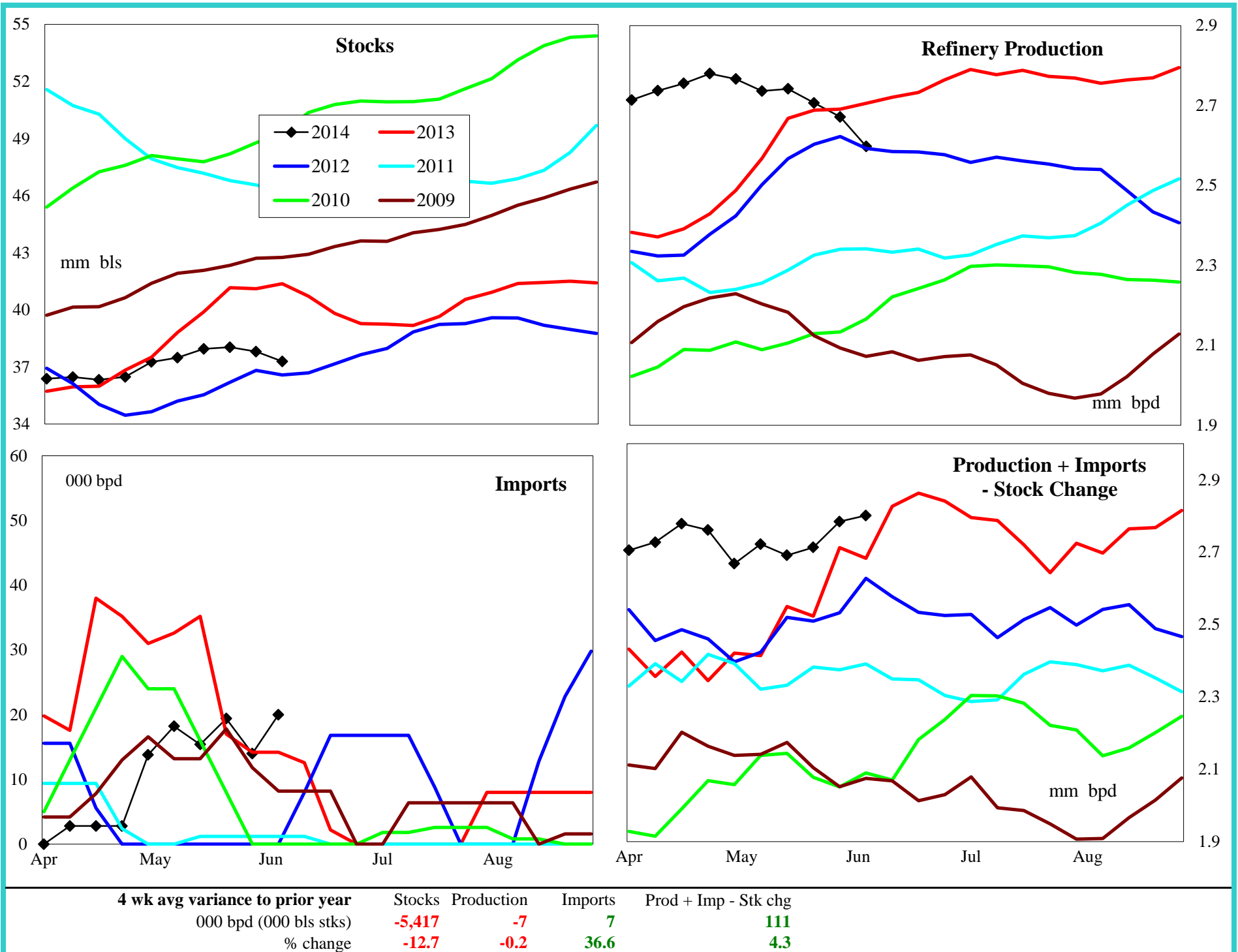
PADD 3 Reformulated Gasoline Supply



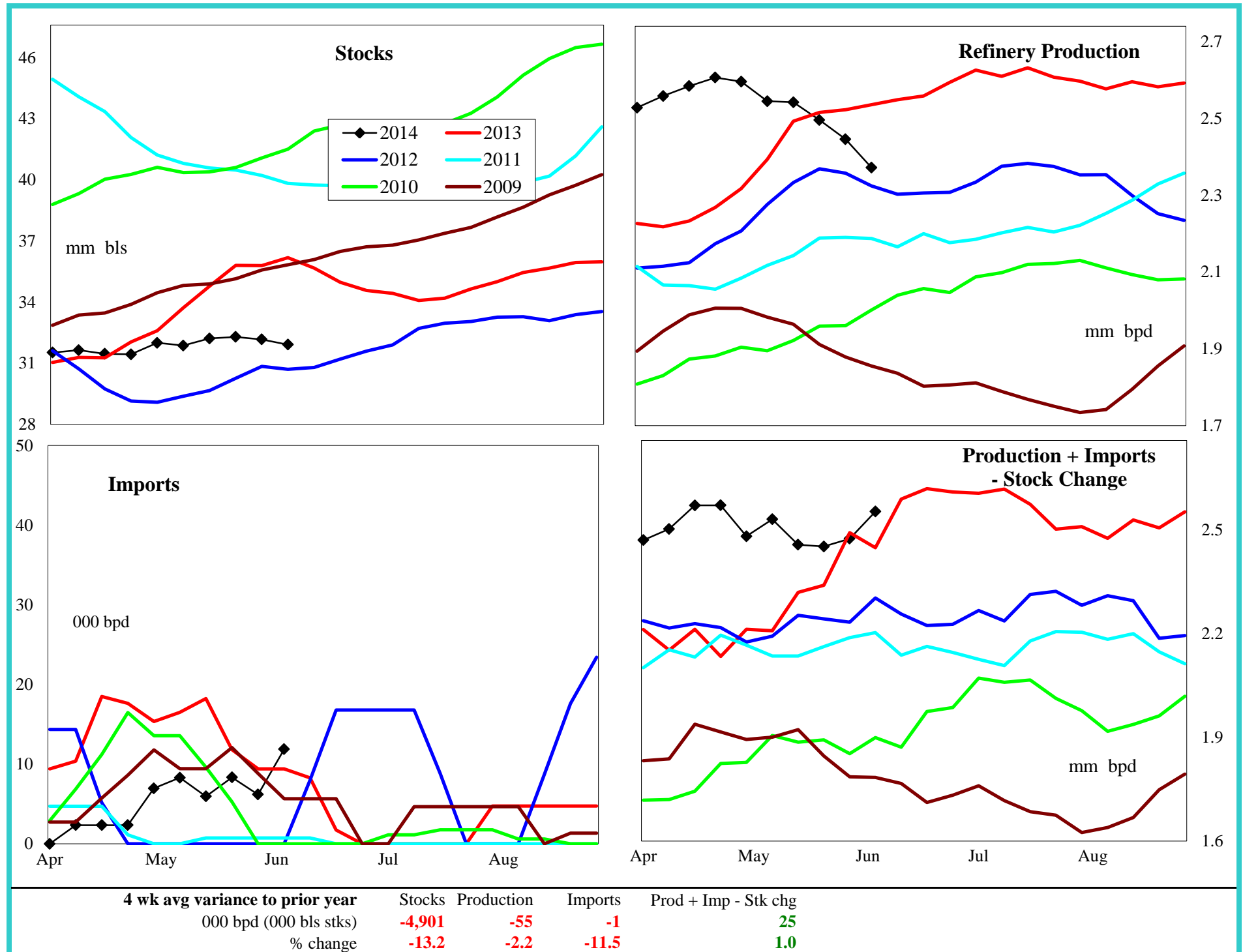
PADD 3 Conventional Gasoline Supply



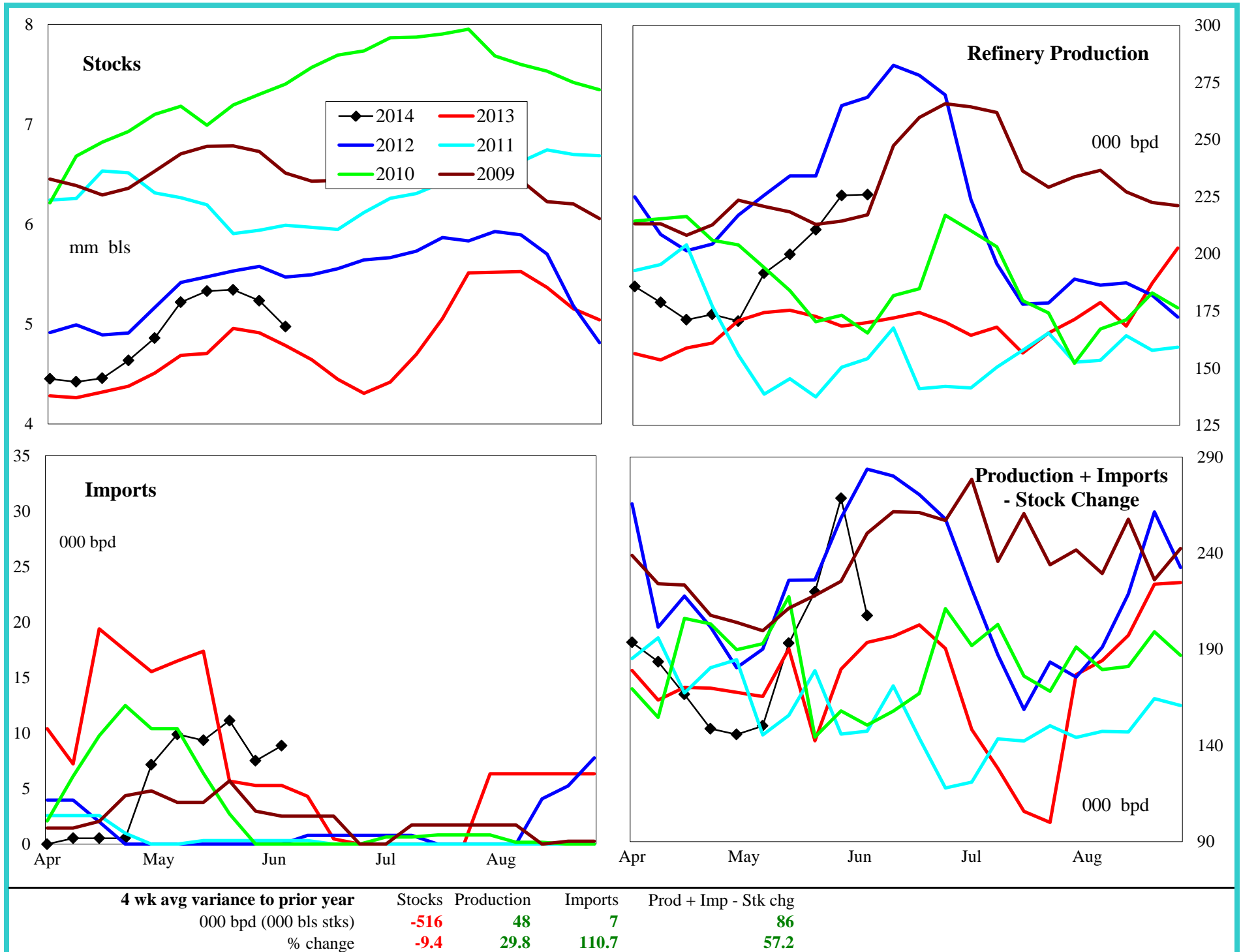
PADD 3 Distillate Supply



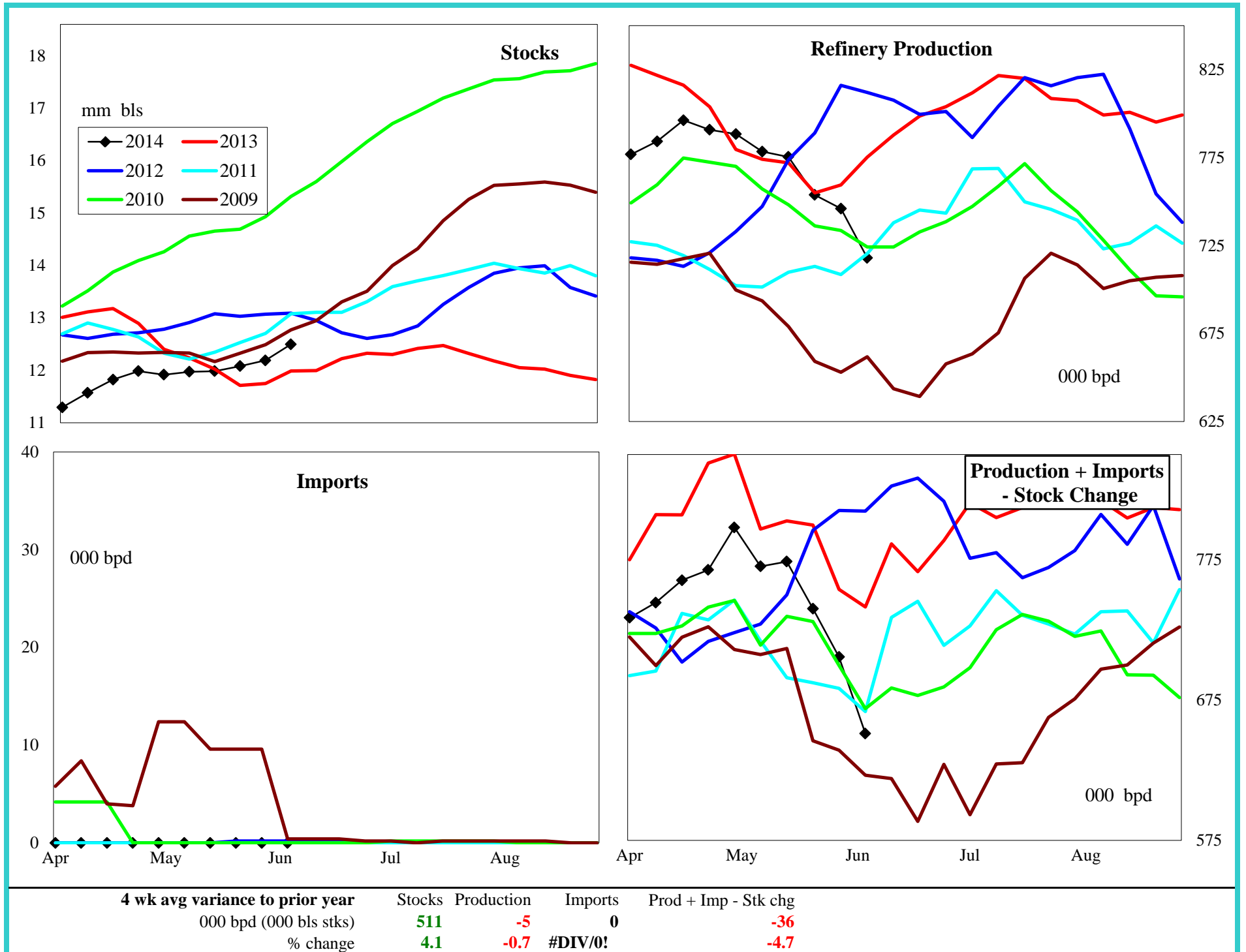
PADD 3 Low Sulfur Distillate Supply



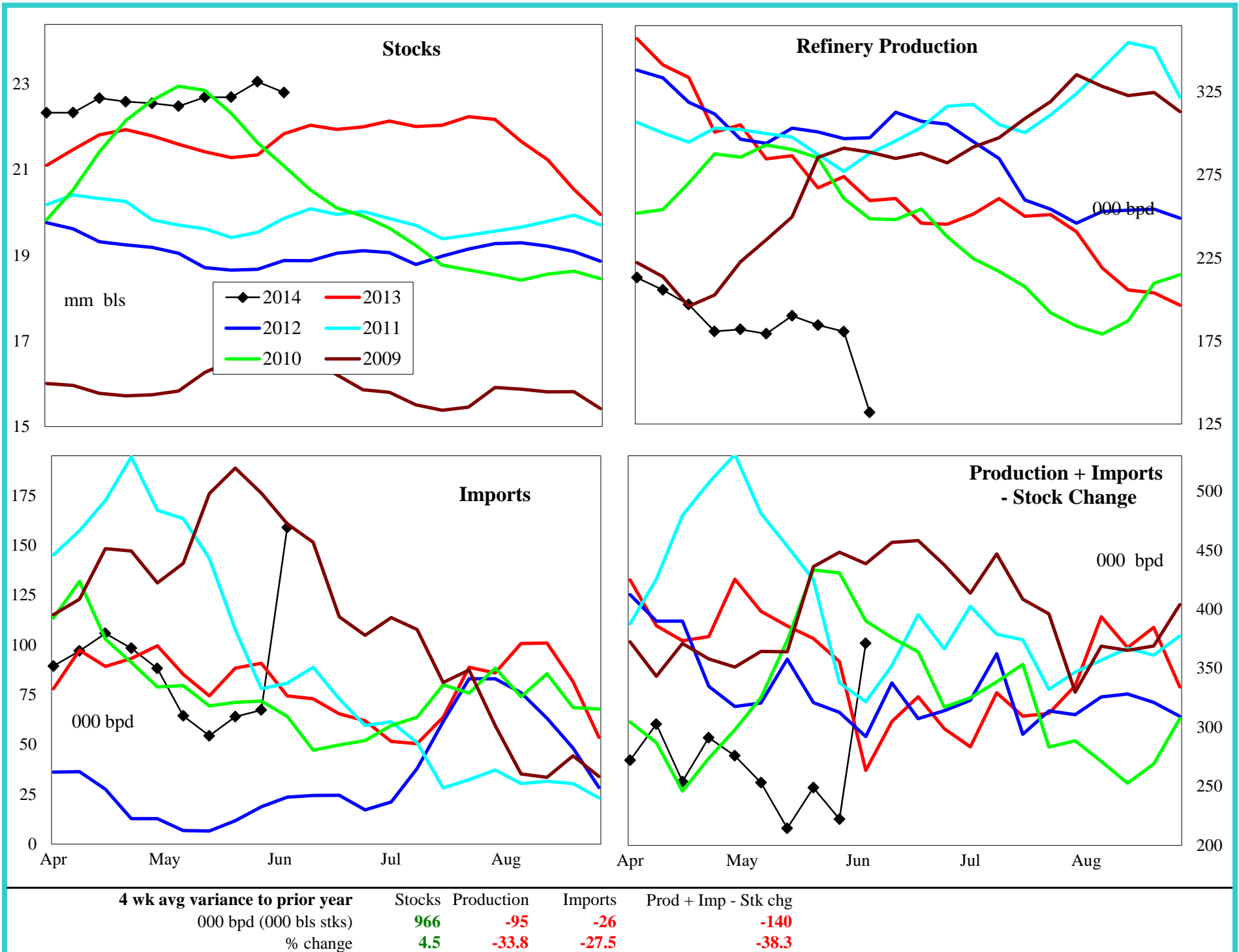
PADD 3 High Sulfur Distillate Supply



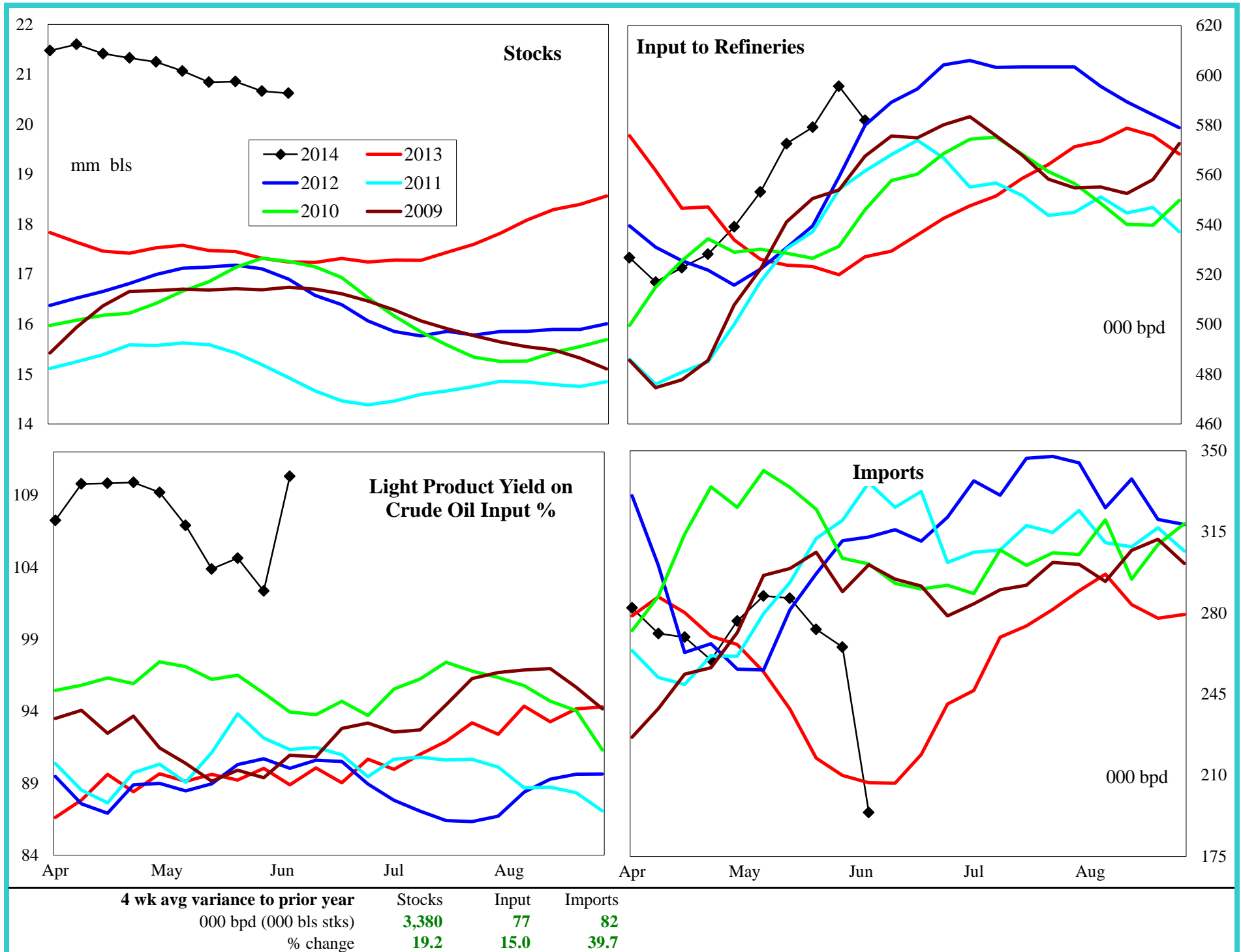
PADD 3 Jet Fuel Supply



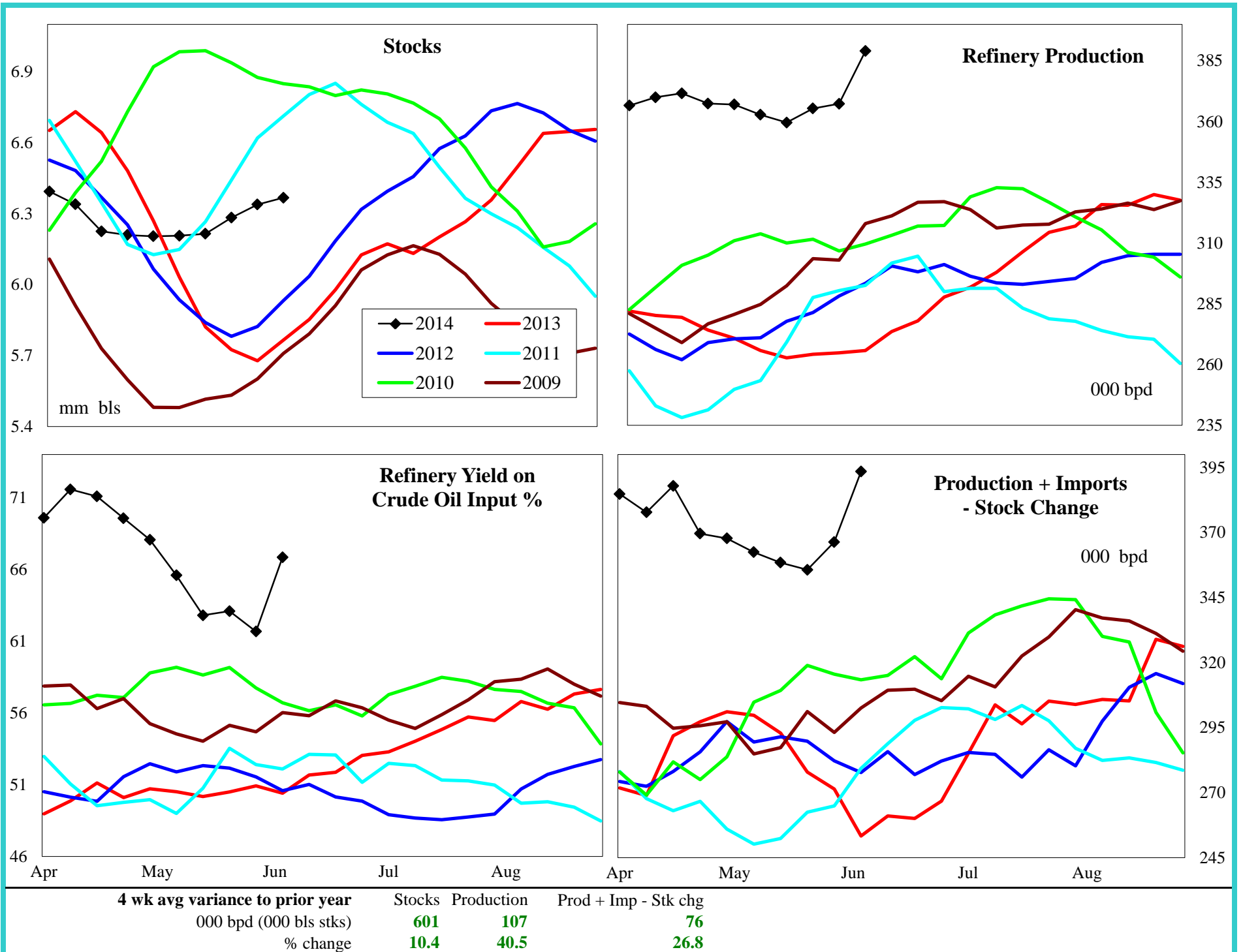
PADD 3 Residual Fuel Oil Supply



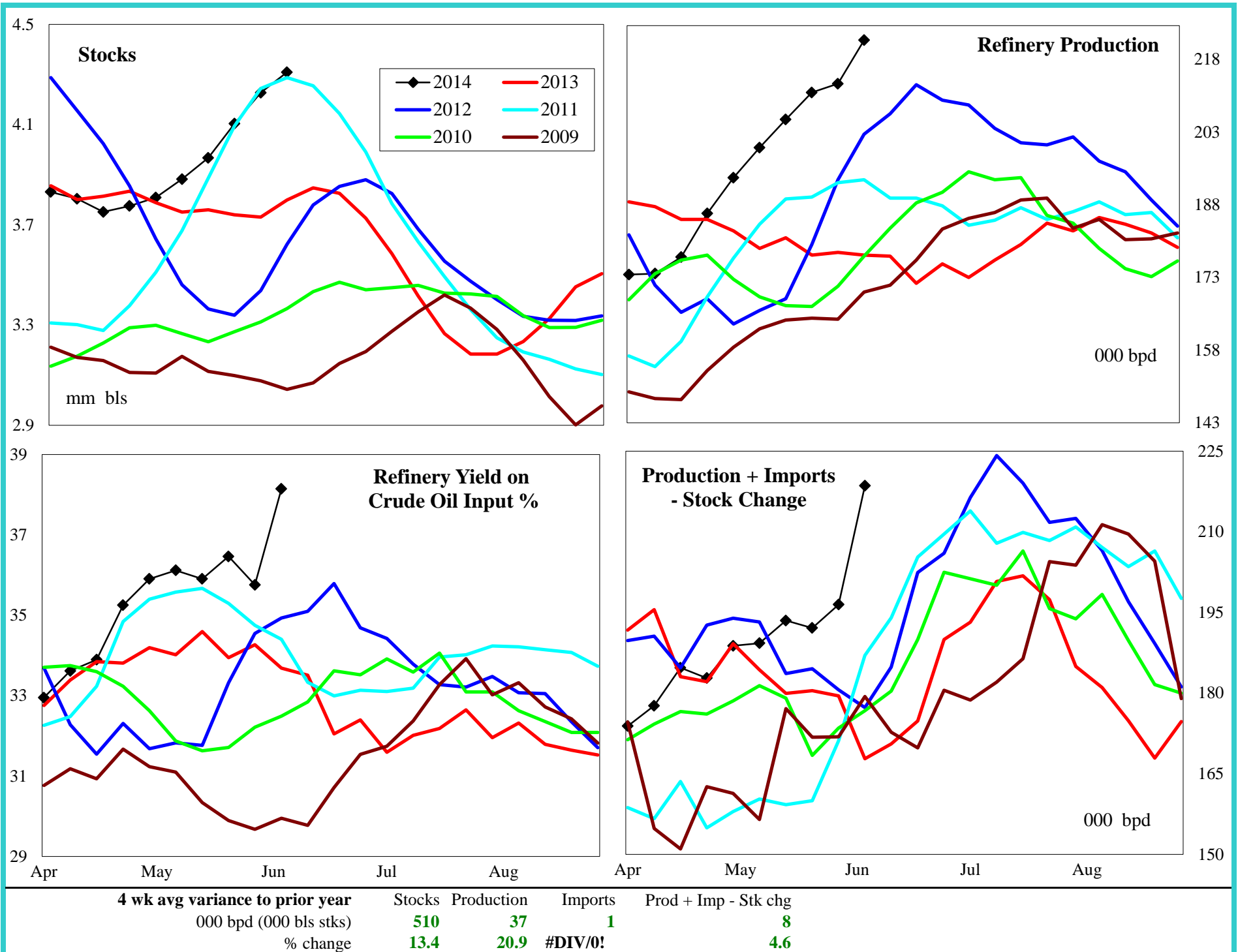
PADD 4 Crude Oil Supply and Refining



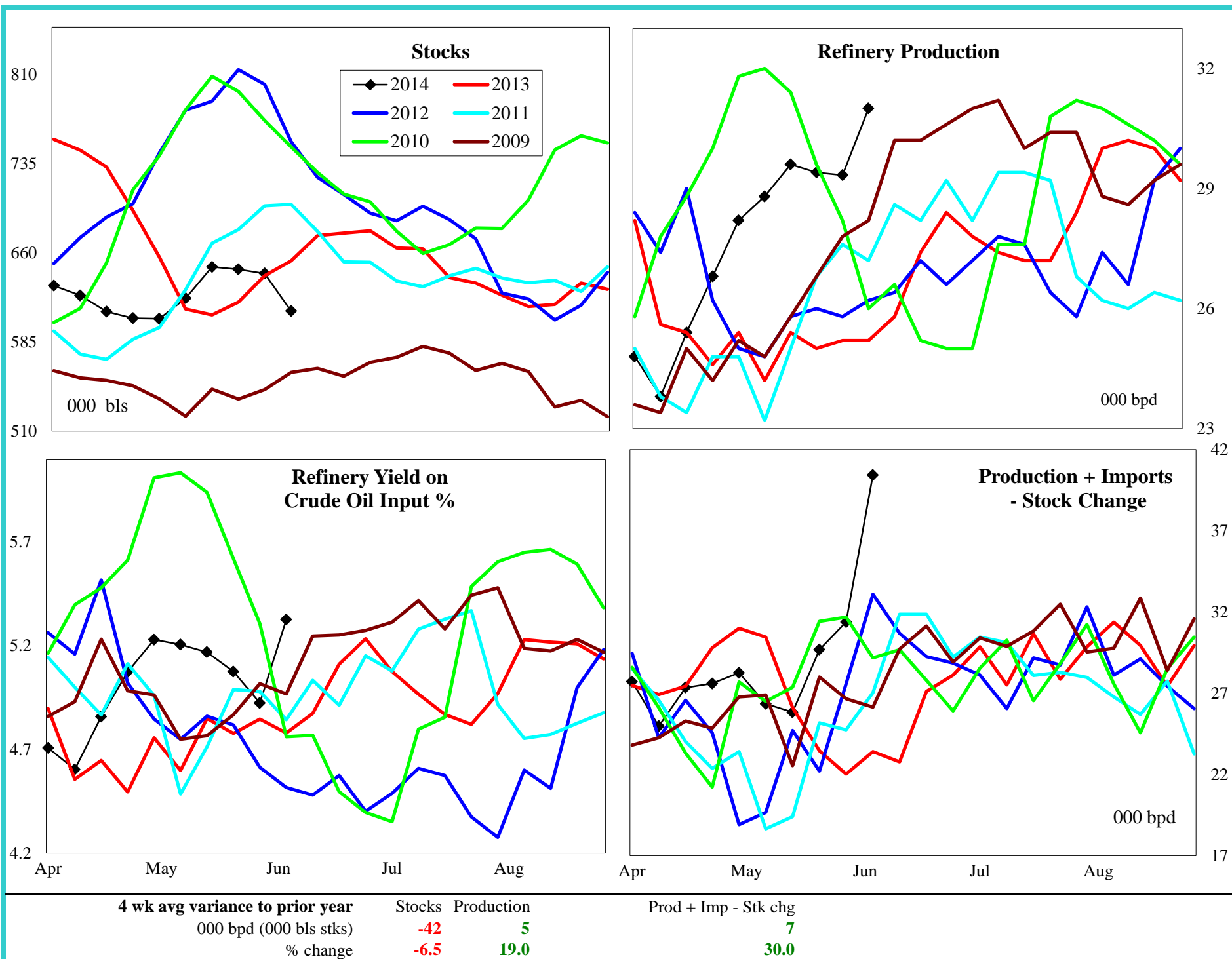
PADD 4 Gasoline Supply



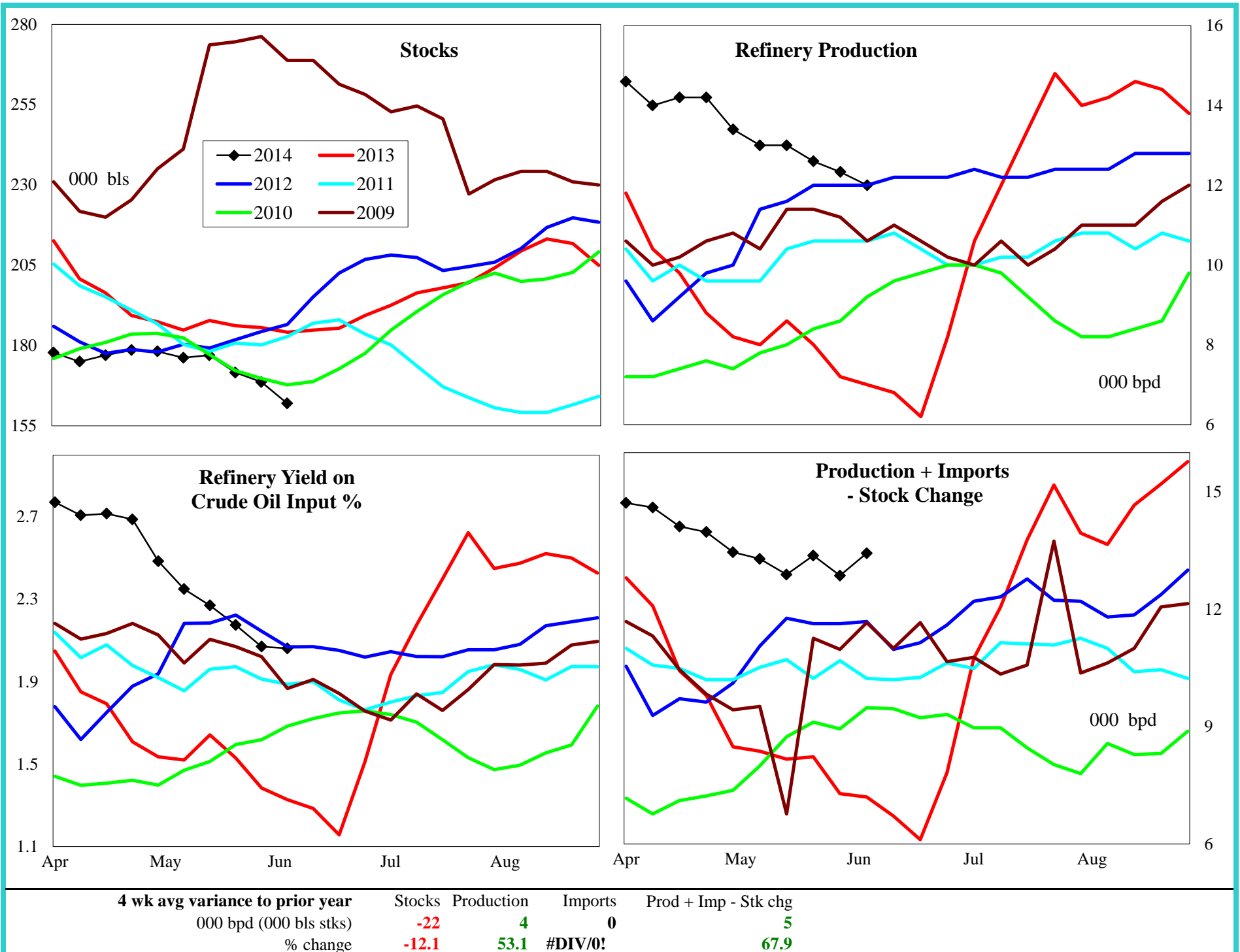
PADD 4 Distillate Supply



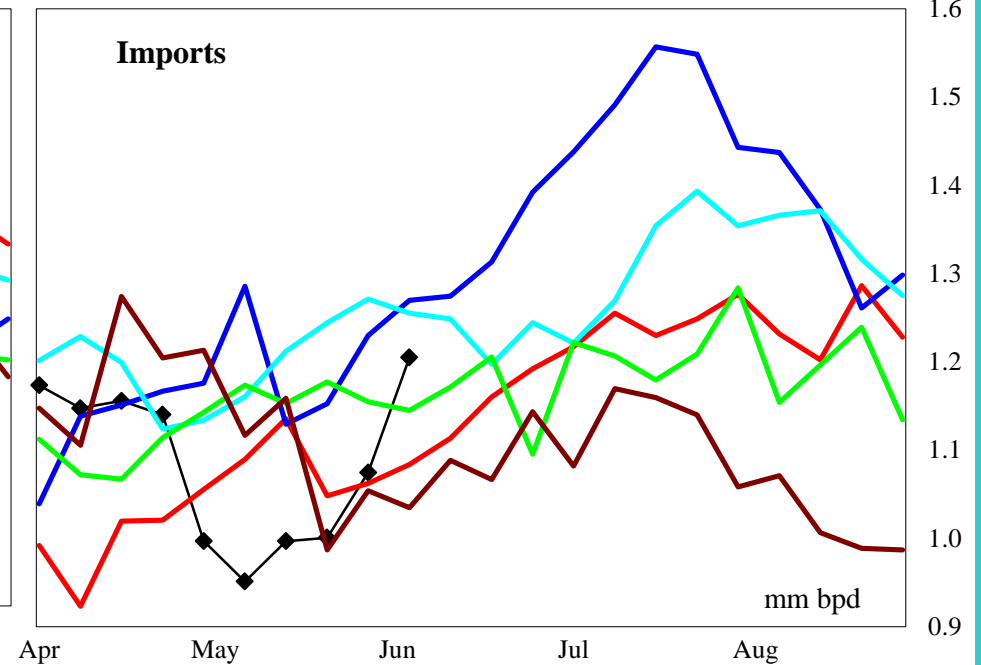
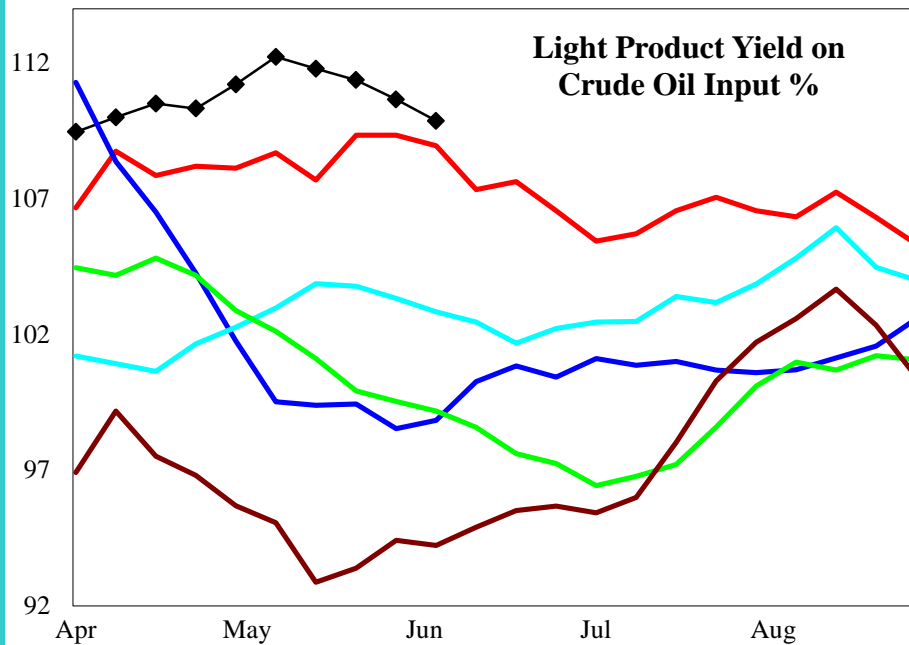
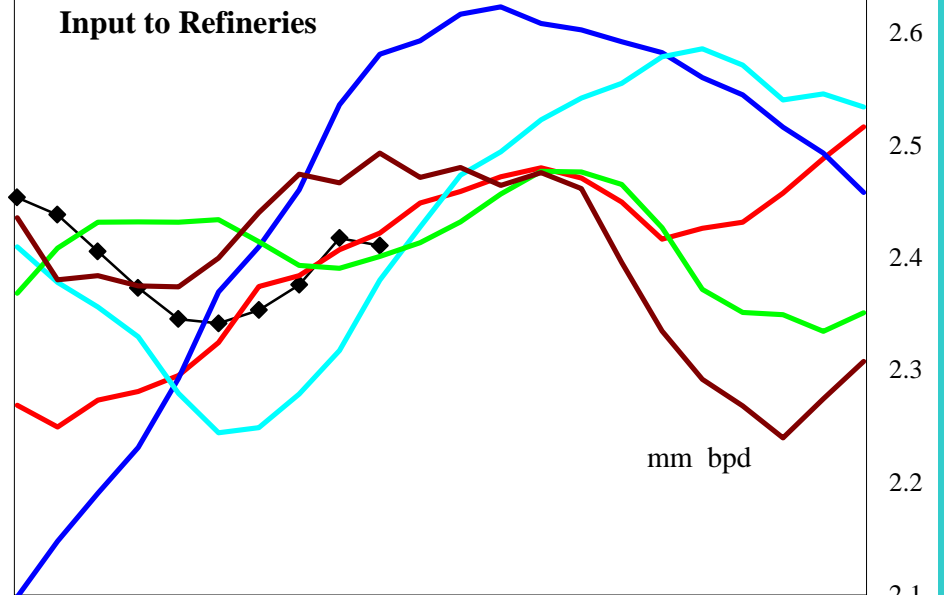
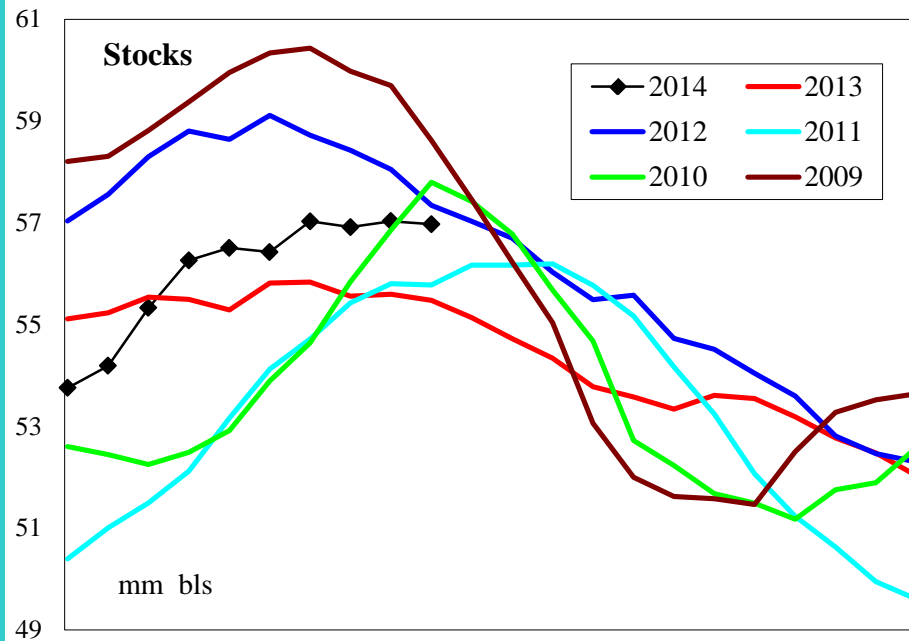
PADD 4 Jet Fuel Supply



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

1,494

2.7

Input

2

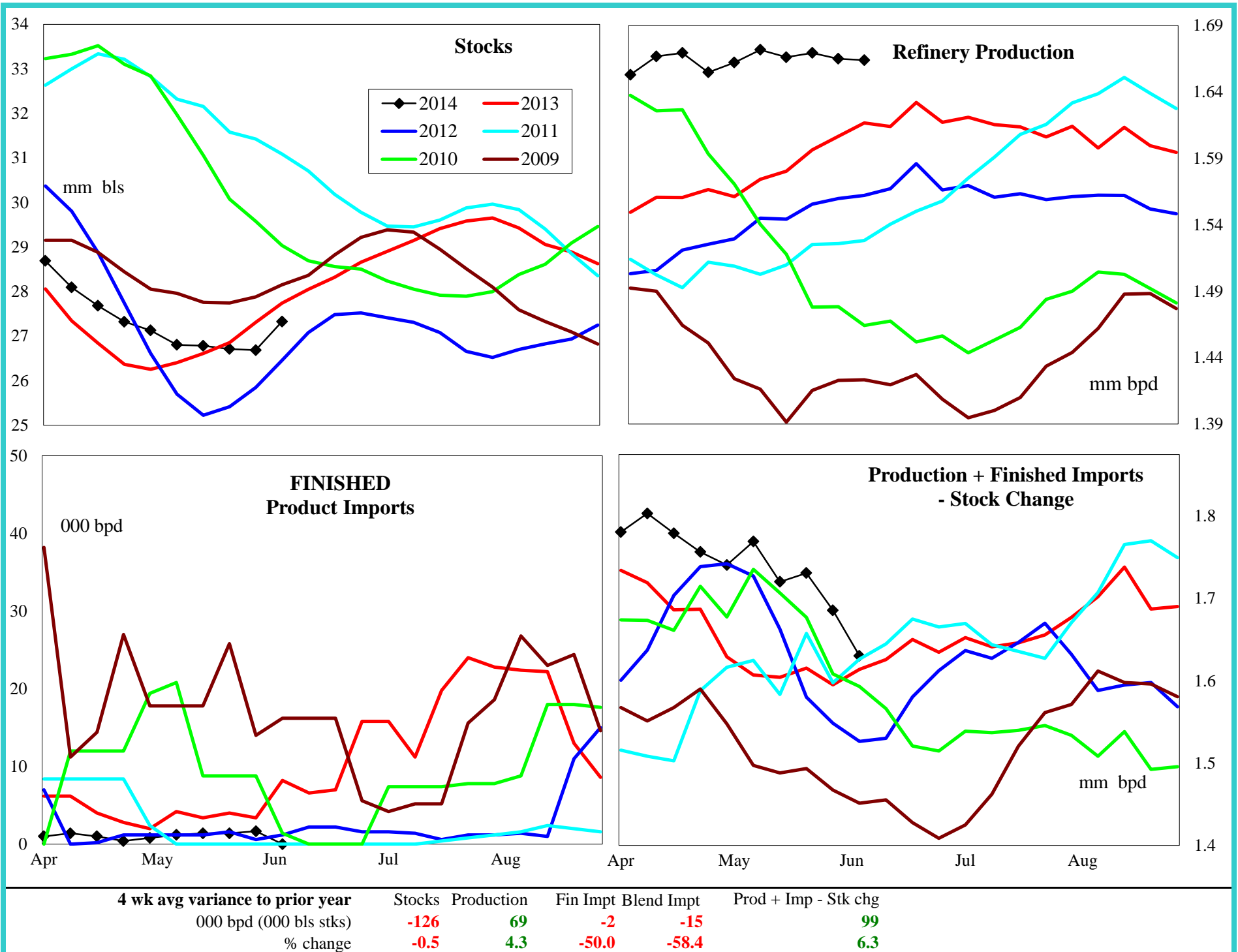
0.1

Imports

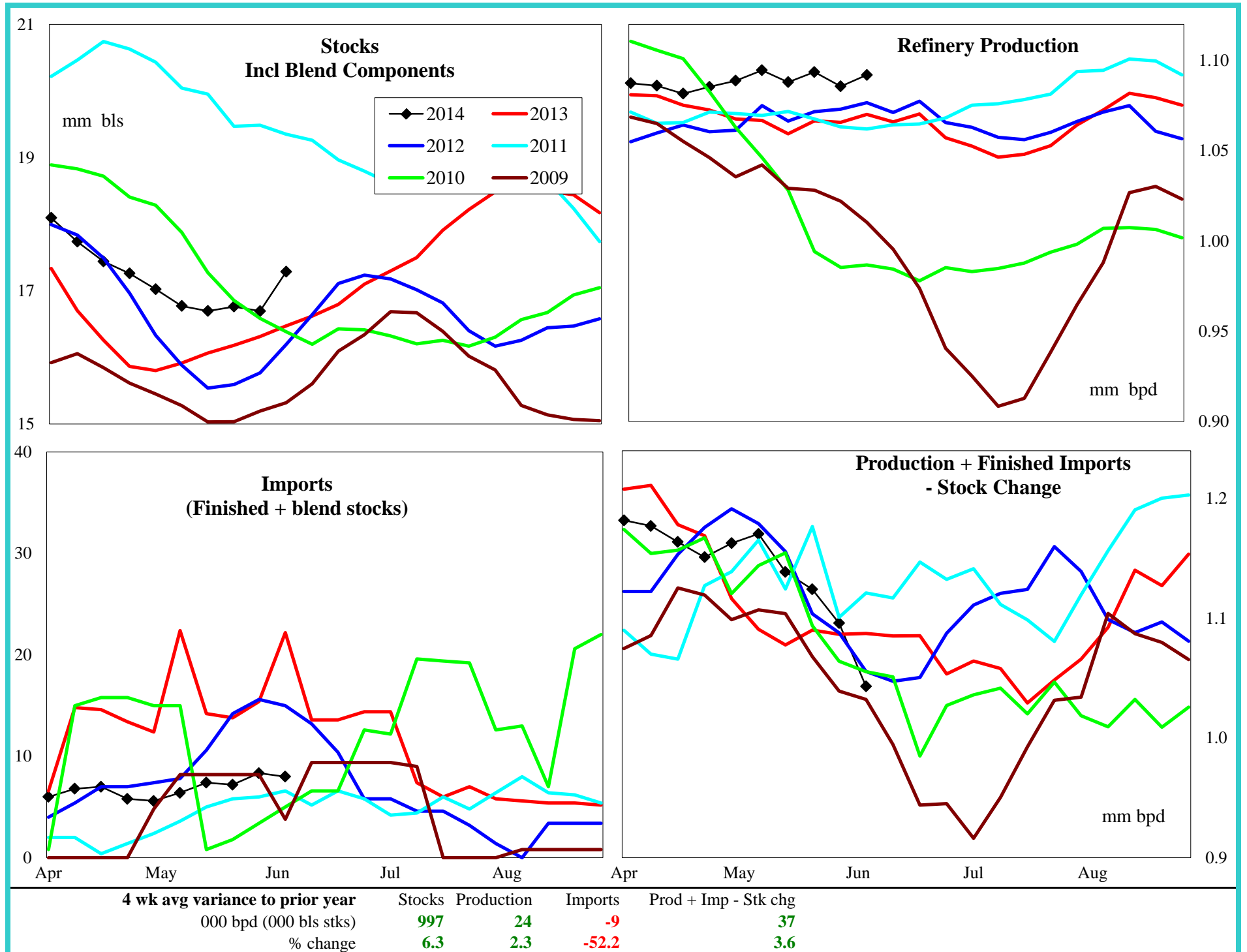
-10

-1.0

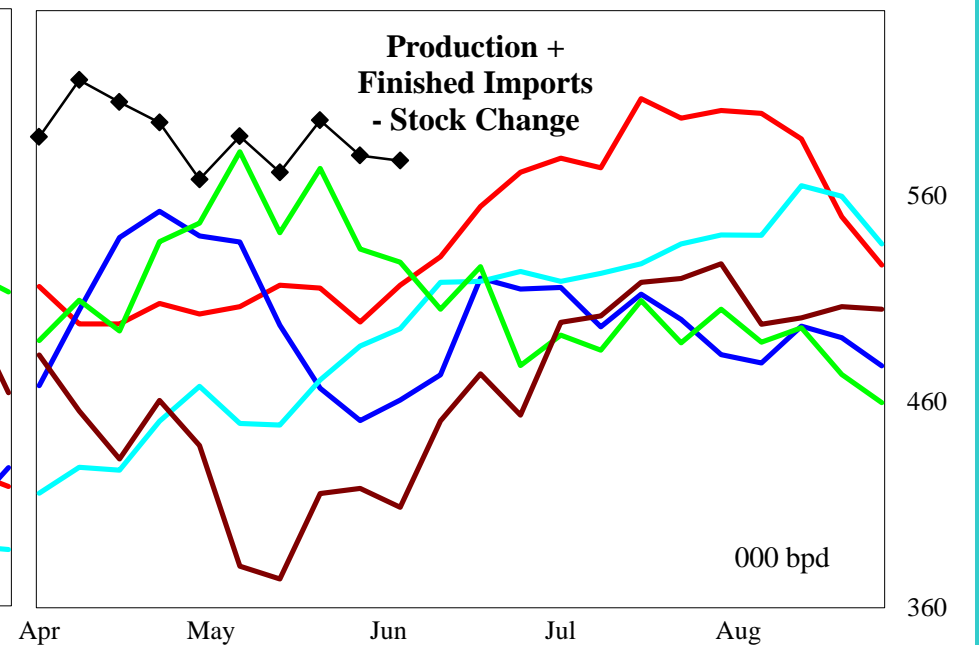
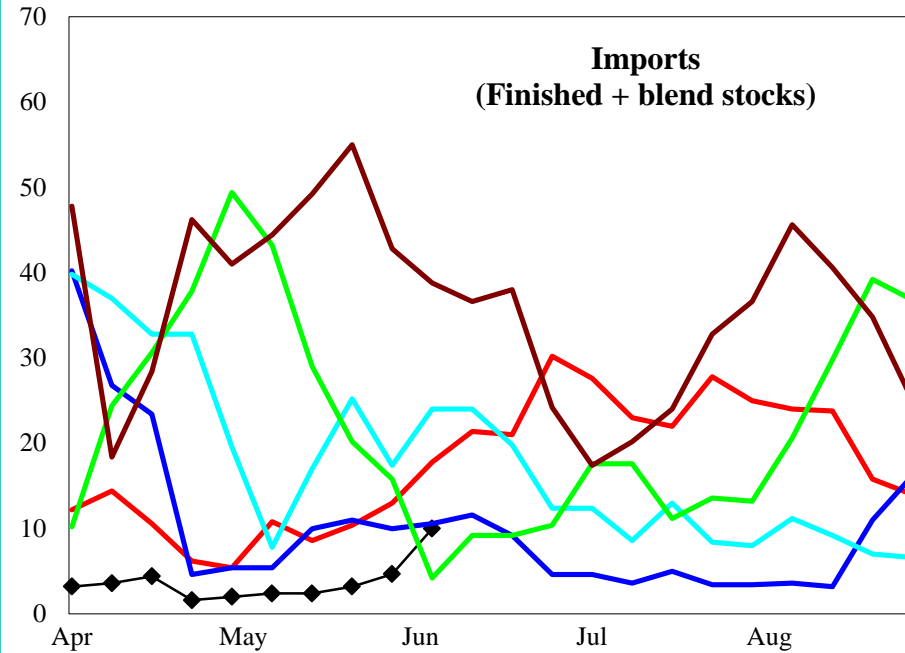
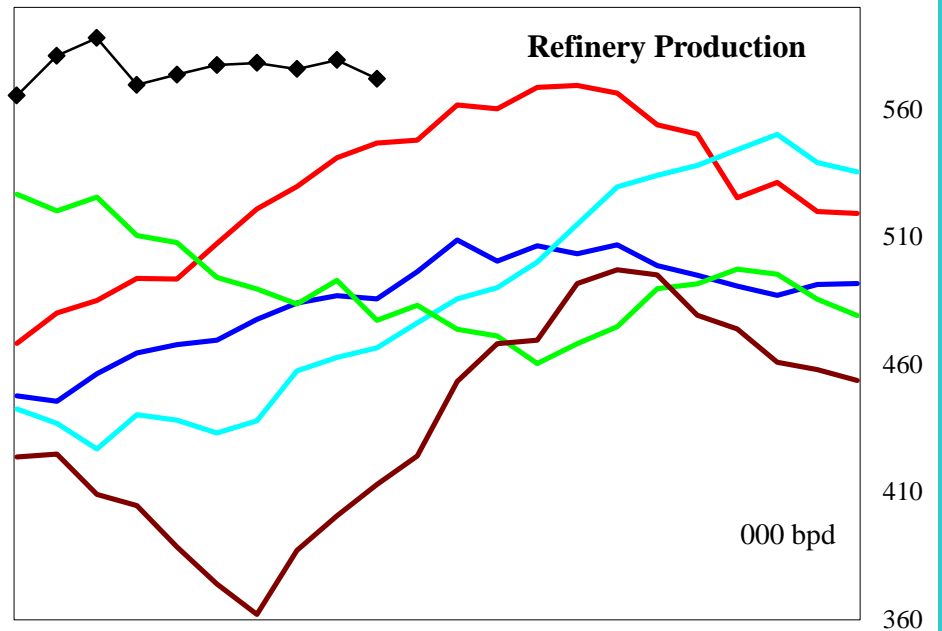
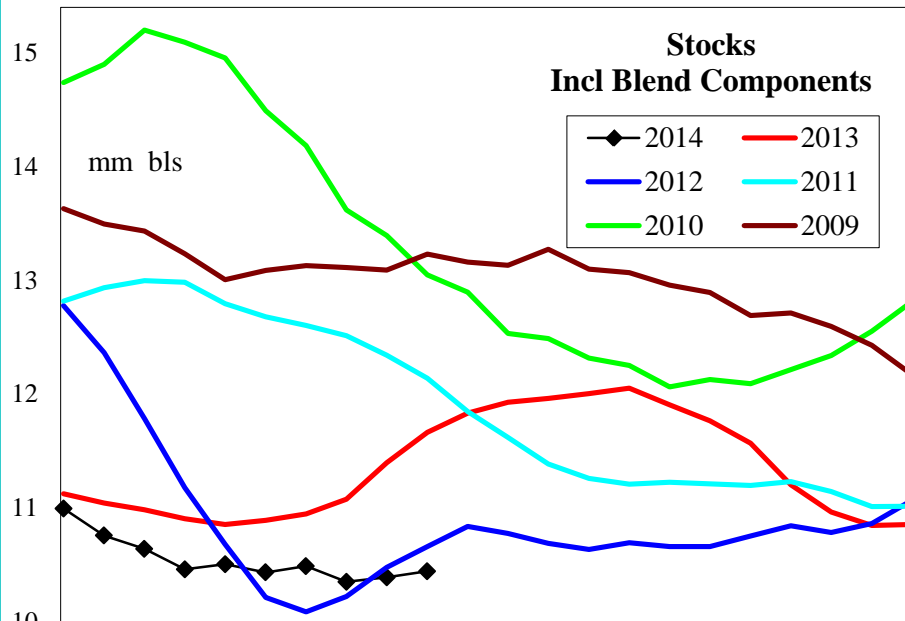
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-1,123

45

-8

61

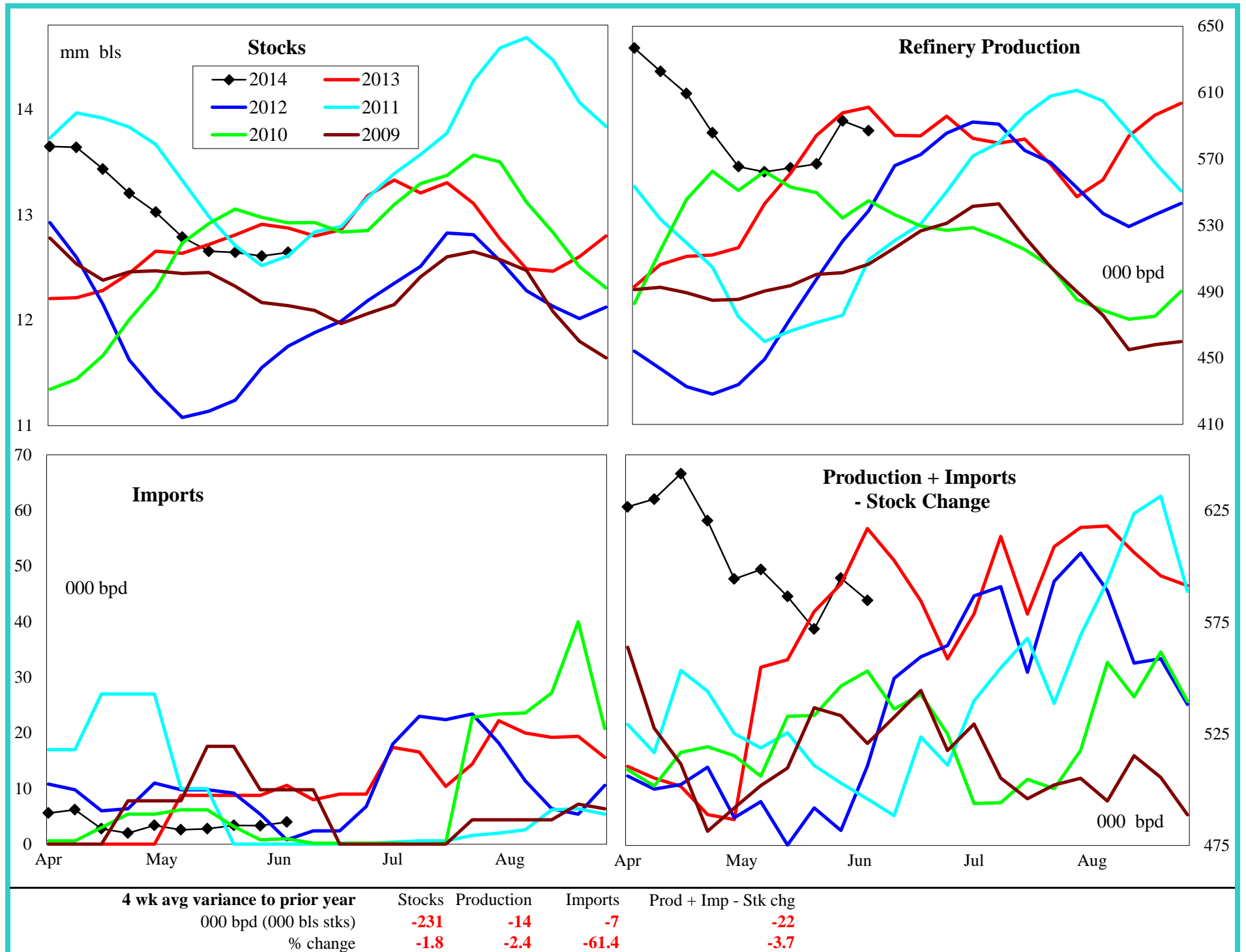
-9.7

8.4

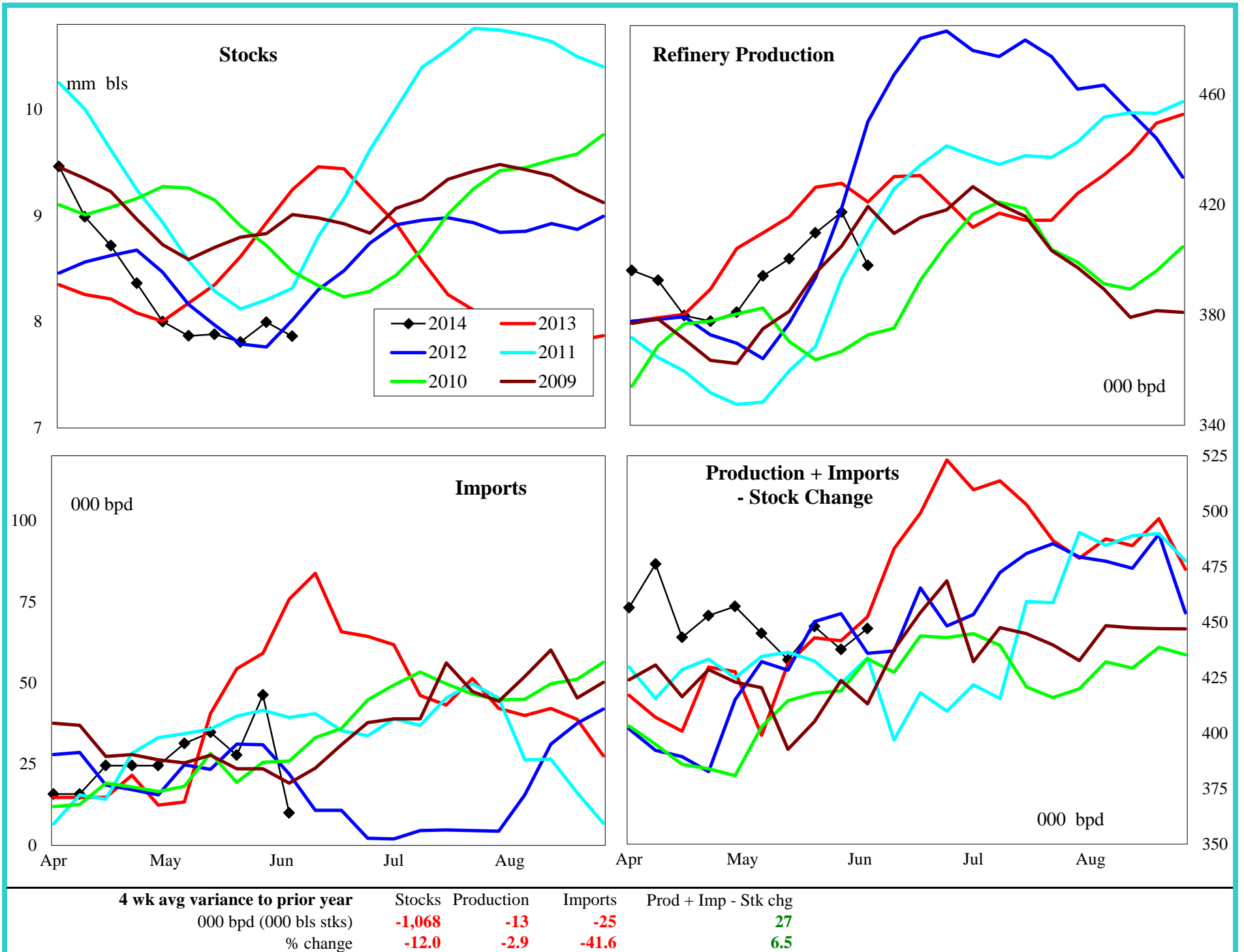
-65.2

12.1

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

