



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

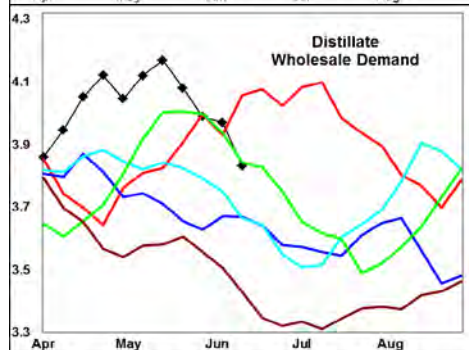
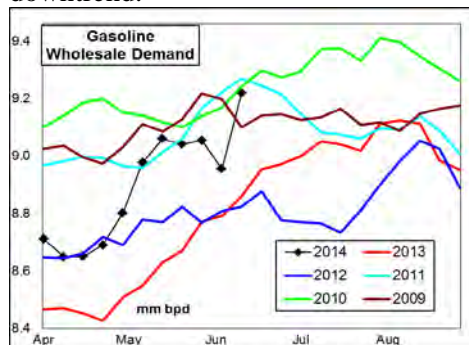
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, June 18, 2014

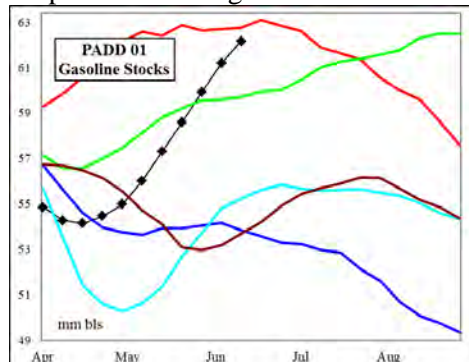


Major Fundamental Trends¹

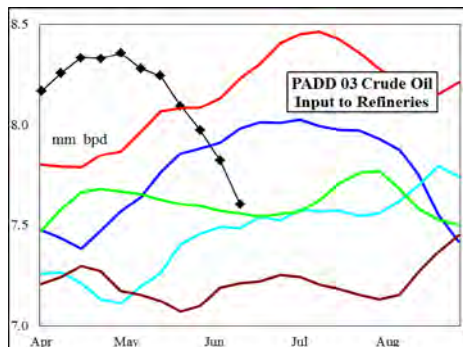
Gasoline and jet fuel wholesale demand surged last week, while distillate demand extended a seasonal downtrend.



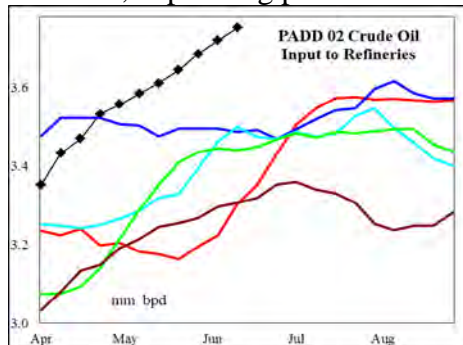
Even with high wholesale demand, gasoline stocks continue to trend higher, ending the week at the 3-yr mid range. Stock levels on the East Coast have seen a record rate of build during the last 60-days to a near record level. This build has been offset by a sharp drop in the Gulf region.



Unplanned refinery maintenance in the Gulf region, due in part to storms that caused electric outages, has driven thru put to a level near 3-yr lows.



Runs remain extremely high in the Midwest, depressing product basis.



Wholesale Demand for gasoline rebounded from the prior week collapse, rising +0.6 million bpd. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +2.9%; distillate was +2.5% higher; jet fuel increased +3.1%, and residual fuel decreased -33%.

Stocks forward coverage: Gasoline demand coverage increase on a +0.8 million barrel stock build, partially offset by higher wholesale demand. Coverage ended the week at a level near historic lows.

Distillate coverage increased on a +0.4 million barrel stock build and lower wholesale demand. Coverage ended the week at a level below the 5-yr range.

Jet fuel coverage fell on a -0.7 million barrel stock draw, to a level below the 5-yr range.

Residual fuel oil coverage increased on a +1.2 million barrel stock build. Coverage climbed to a new record high level.

Refinery utilization rates fell on -150,000 bpd drop in thru put; driven by unplanned maintenance in the Gulf

region. During the latest 4-wk period crude oil input was +0.4 million bpd above a year ago.

Gasoline yield % on crude oil runs jumped last week on a +1 million bpd increase in output compared to the -88,000 bpd decrease in crude oil runs. Yield % on crude oil runs jumped to a record high for the week.

Distillate yield % on crude oil runs fell last week, on a -133,000 bpd drop in output compared to the lower crude oil runs. The yield % on crude oil runs ended the week comparable to a year ago.

Jet fuel yield % on crude oil runs jumped on a +101,000 bpd increase in output, compared to the decrease in crude oil runs. The yield % on crude oil runs ended the week at a record high.

Petroleum Imports/Exports: Imports of gasoline and crude oil were each higher last week.

During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports were +31,000 bpd higher; finished gasoline imports were -7,000 bpd lower; gasoline blend stock imports were +112,000 bpd higher; jet fuel imports decreased -9,000 bpd, while residual fuel oil imports were -24,000 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 increased +88,000 bpd last week, while refinery input decreased -150,000 bpd. The result was a stock draw of just -0.6 million barrels, concentrated in the Gulf region. Gulf crude oil runs have seen a sharp drop in the last 2-wks on unplanned refinery maintenance that was caused by multiple electric power outages.

Cushing stocks increased +0.2 million barrels last week, following a very small draw the prior week.

¹ Source is latest EIA Weekly Statistics



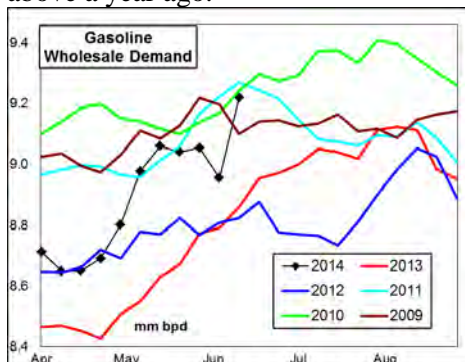
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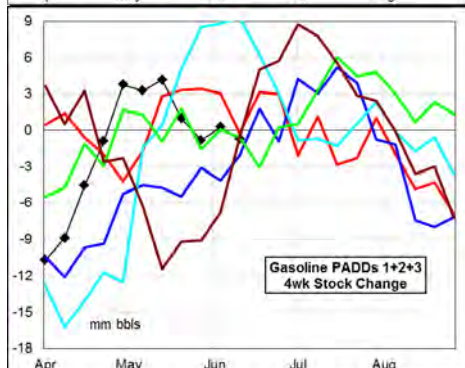
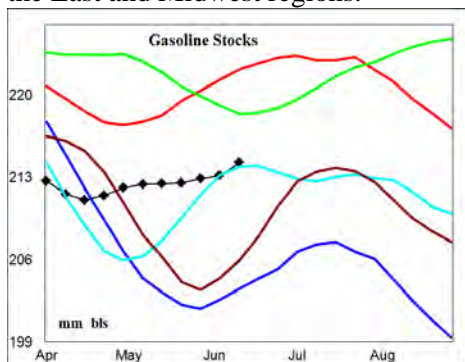
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Product Supply-Demand Trends

Gasoline wholesale demand rebounded from the prior week collapse, rising +0.6 million bpd. The latest 4-wk average demand was +258,000 bpd above a year ago.



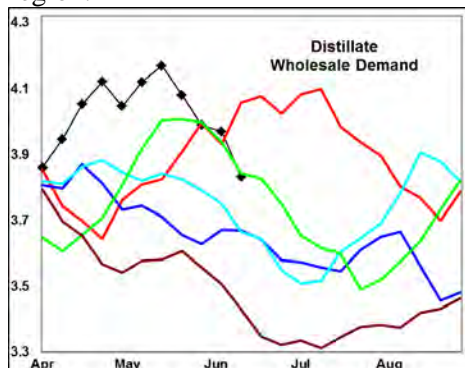
Supply rebounded from the prior week collapse, rising +1.2 million bpd last week. Supply for the latest 4-wk period was +254,000 bpd above a year ago. Stocks increased +0.8 million barrels on the week, concentrated in the East and Midwest regions.



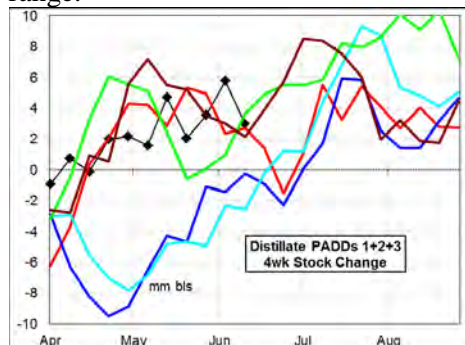
The latest 4-wk stock change East of the Rockies was a -0.5 million barrel draw, a level comparable to the 5-yr mid range. Stocks have not experienced a meaningful seasonal draw this year. With very high crude oil runs and increased thru put of domestic shale crude oil, the market is

likely to remain well supplied.

Distillate wholesale demand declined -72,000 bpd last week, to a level comparable with last year. The latest 4-wk average demand was +98,000 bpd above last year. Supply decreased -133,000 bpd on the week, with the latest 4-wk average +0.3 million bpd above a year ago. The sharp drop in production is driven by unplanned refinery maintenance in the Gulf region.



The latest 4-wk stock change in markets East of the Rockies was a +3.6 million barrel build, near the 5-yr mid range.

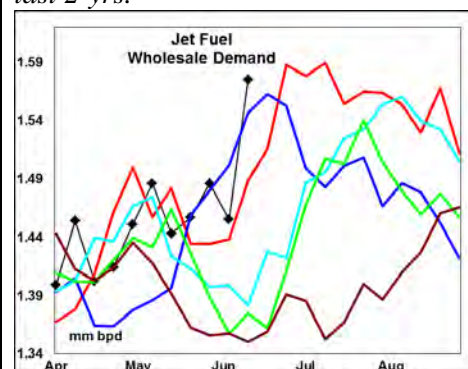


Look for a seasonal decline in wholesale demand during the next quarter. Expect refiners in the Gulf to return from unplanned maintenance before month end, leading to above average stock building during the 3rd quarter.

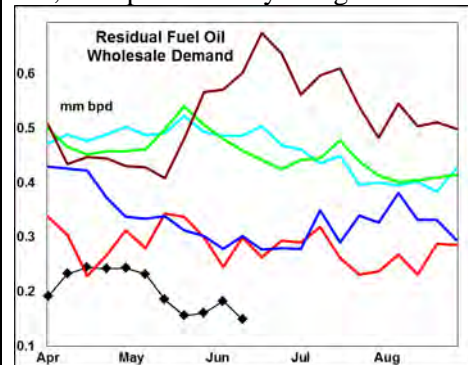
Jet Fuel wholesale demand increased +174,000 bpd on the week. The latest 4-wk average demand was +45,000 bpd above a year ago. Supply increased +37,000 bpd on the week, driven by near record high production. Output for the most recent 4-wk period increased +19,000 bpd compared to

last year. Imports were -9,000 bpd below a year ago. Stock levels matched 5-yr lows for the period.

Look for the seasonal increase in production to continued, although largely offset by higher demand so that stock levels remain comparable to the last 2-yrs.



Residual fuel oil demand fell -129,000 bpd last week to a record low level. Demand for the latest 4-wk period was -94,000 bpd below a year ago.



Supply (production + imports) increased +145,000 bpd on higher production and imports. Production was -31,000 bpd below a year ago for the latest 4-wk period, while imports decreased -24,000 bpd. Stock levels ended the week above each of the last 3-yrs.

Production has dropped -32% in the Gulf region, at a new record low. Stocks have climbed to all time highs of 24 million barrels in the region.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

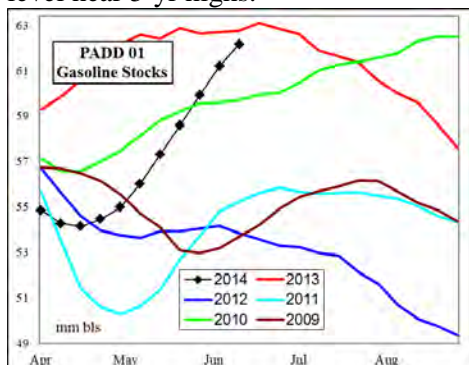
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PADD Supply Trends

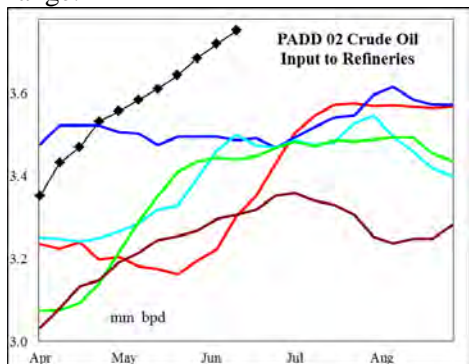
PADD 1 refinery crude oil runs increased +10,000 bpd on the week, with the level above the last 3-yrs.

Gasoline supply increased +207,000 bpd on higher imports and production. Stocks increased +1.4 million barrels last week, ending at a level near 5-yr highs.



Distillate supply increased +21,000 bpd on higher production; with the 4-wk average +66,000 bpd above last year. Stock levels were -8% below last year.

Jet fuel supply fell -65,000 bpd last week, on a sharp drop in imports. Stock levels matched the 3-yr mid range.



PADD 2 crude oil refinery runs increased +35,000 bpd last week, with the latest 4-wk average +508,000 bpd above last year. Crude oil stocks increased +0.8 million barrels, even with record high refinery runs. Cushing saw a +0.2 million barrel stock build on the week.

Gasoline supply increased +225,000 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

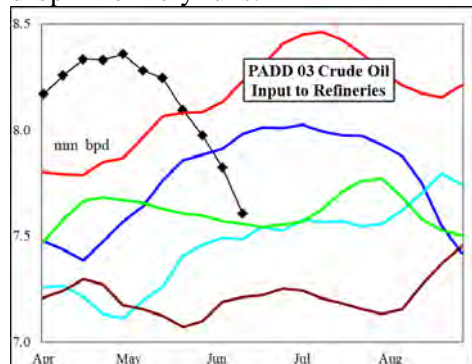
product shipped into the Midwest as finished product production when blended with ethanol. Stocks increased +1 million barrels on the week, although the level remains near 5-yr lows.

Distillate supply increased +19,000 bpd last week, with the 4-wk average +29% above a year ago. Stocks increased +0.3 million barrels to a level well above four of the last 5-yrs..

Jet fuel production increased +25,000 bpd on the week, to a level above the historic range. Stock levels ended the week above the 3-yr mid range.

PADD 3 refinery runs declined -80,000 bpd on unplanned refinery maintenance. During the latest 4-wk period, average runs were -184,000 bpd below last year.

Crude oil stocks declined -1.2 million barrels, limited by the sharp drop in refinery runs.



Gasoline supply increased +201,000 bpd last week, with the latest 4-wk average +215,000 bpd above a year ago. Stocks fell -2.6 million barrels to a level near historic lows.

Distillate supply fell -99,000 bpd on the week, with the latest 4-wk average supply -54,000 bpd below last year. Stocks were unchanged, ending the week at level near 5-yr lows.

Jet fuel production increased +41,000 bpd to a level below the 3-yr mid range. Stock levels ended the week below the 5-yr range.

Residual fuel supply increased +9,000 bpd on higher production. Stocks climbed +0.9 million barrels to a new record high for the season.

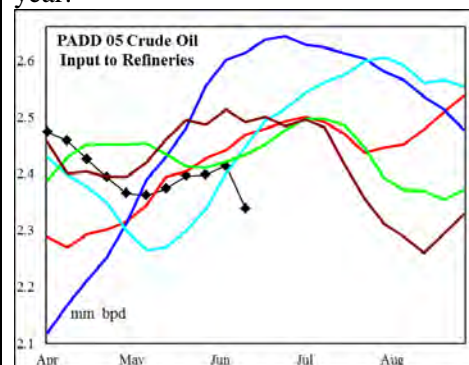
PADD 4 refinery crude runs decreased -23,000 bpd last week to a level below the mid range, with the 4-wk average +65,000 bpd above last year.

Gasoline production decreased -1,000 bpd on the week, with the latest 4-wk average +112,000 bpd above a year ago. Stocks ended the week +8% above a year ago and above the historic mid range.

Distillate supply fell -42,000 bpd last week, with the latest 4-wk output +28,000 bpd above last year. Stock levels ended the week near 5-yr highs for the period.

Jet fuel production reached a new record high last week, while stock levels fell to a record low.


PADD 5 crude oil refinery runs declined -92,000 bpd last week, ending at a level below the 5-yr range. The 4-wk run rate was -33,000 bpd below last year.



Gasoline supply fell -31000 bpd on the week, with the 4-wk average +25,000 bpd above a year ago. Stocks increased +1 million barrels to a level comparable with the 5-yr mid range.

Distillate supply fell -32,000 bpd on lower production, to a level below the last 2-yrs. The 4-wk average supply was -41,000 bpd below a year ago. Stocks were nearly unchanged on the week, with the level below the 3-yr mid range.

Jet fuel supply increased +31,000 bpd on higher production. The latest 4-wk average supply was -41,000 bpd below last year. Stocks decreased -0.5 million barrels on the week, to a record low level.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

A Fundamental Petroleum Trends Weekly Report

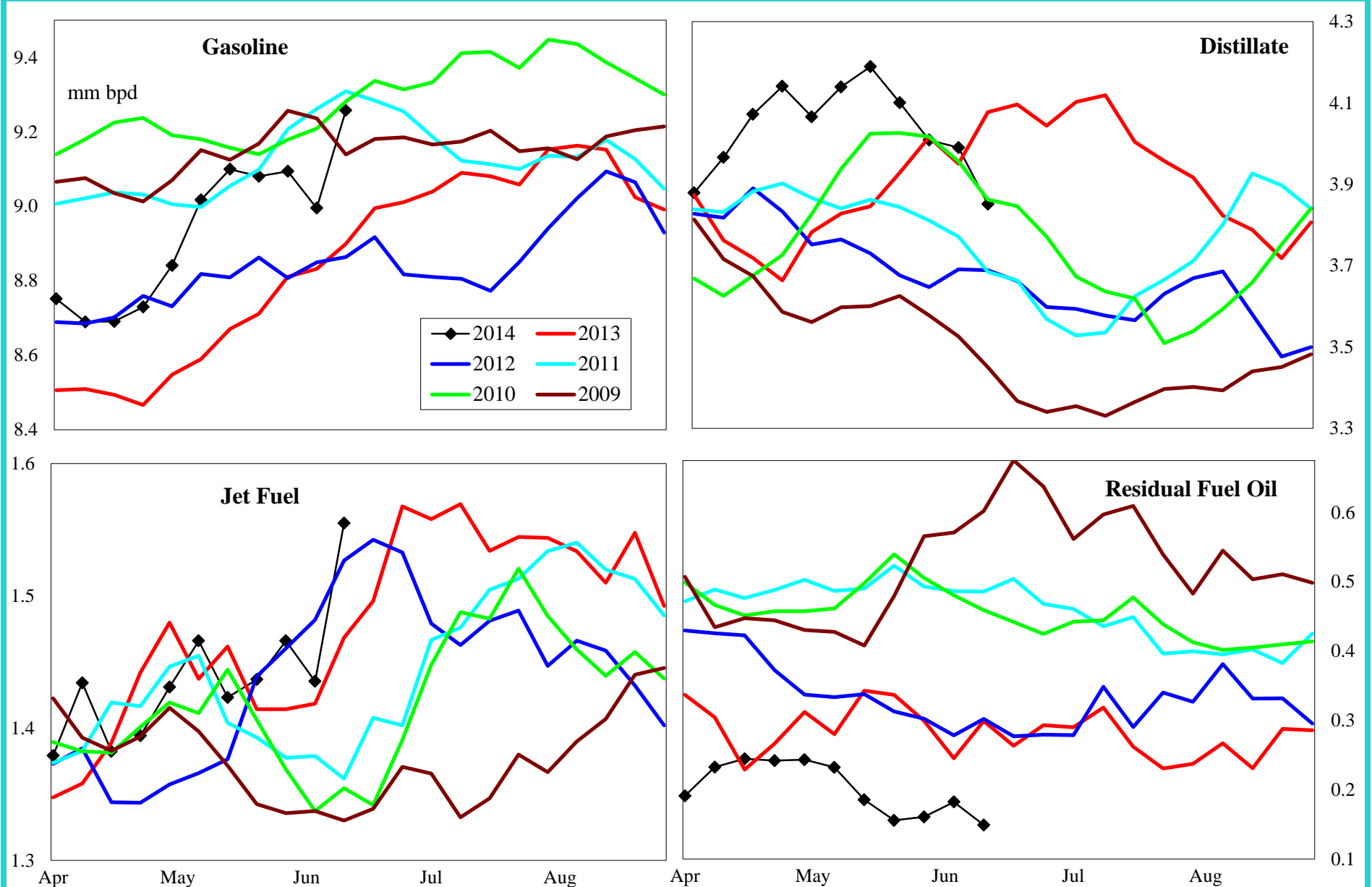
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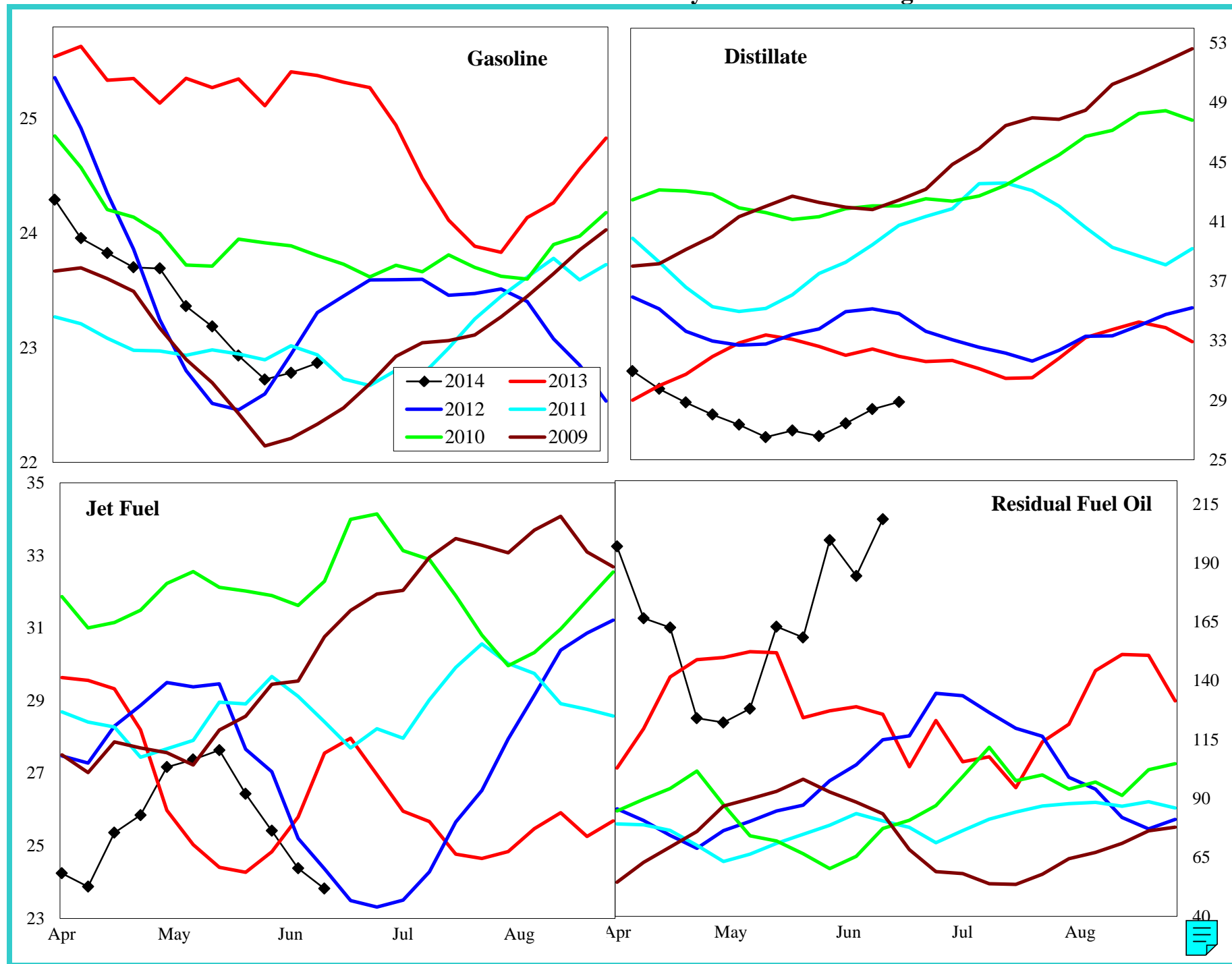
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization Product Yield %		Imports		
Supply/Demand Trends	13-Jun-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-579	-281	780	-1,217	-48	187
	Imports	88	250	40	12	98	-311
	Input	-150	10	35	-80	-23	-92
	% Utilization	-0.80					
Gasoline	Stocks	785	1,354	1,029	-2,554	-27	983
	Production	985	81	224	141	-1	-50
	Imports	206	126	1	60	0	19
	Supplied	634					
Distillate	Stocks	436	369	303	28	-173	-93
	Production	-133	17	23	-79	-40	-53
	Imports	0	4	-4	-20	-2	21
	Supplied	-72					
Jet Fuel	Stocks	-660	-5	429	-570	-49	-465
	Production	101	0	25	41	4	30
	Imports	-64	-65	0	0	0	1
	Supplied	174					
Residual Fuel Oil	Stocks	1,169	598	-73	871	-17	-211
	Production	53	-4	-20	62	0	15
	Imports	92	142	1	-53	0	2
	Supplied	-129					

United States Wholesale Petroleum Demand

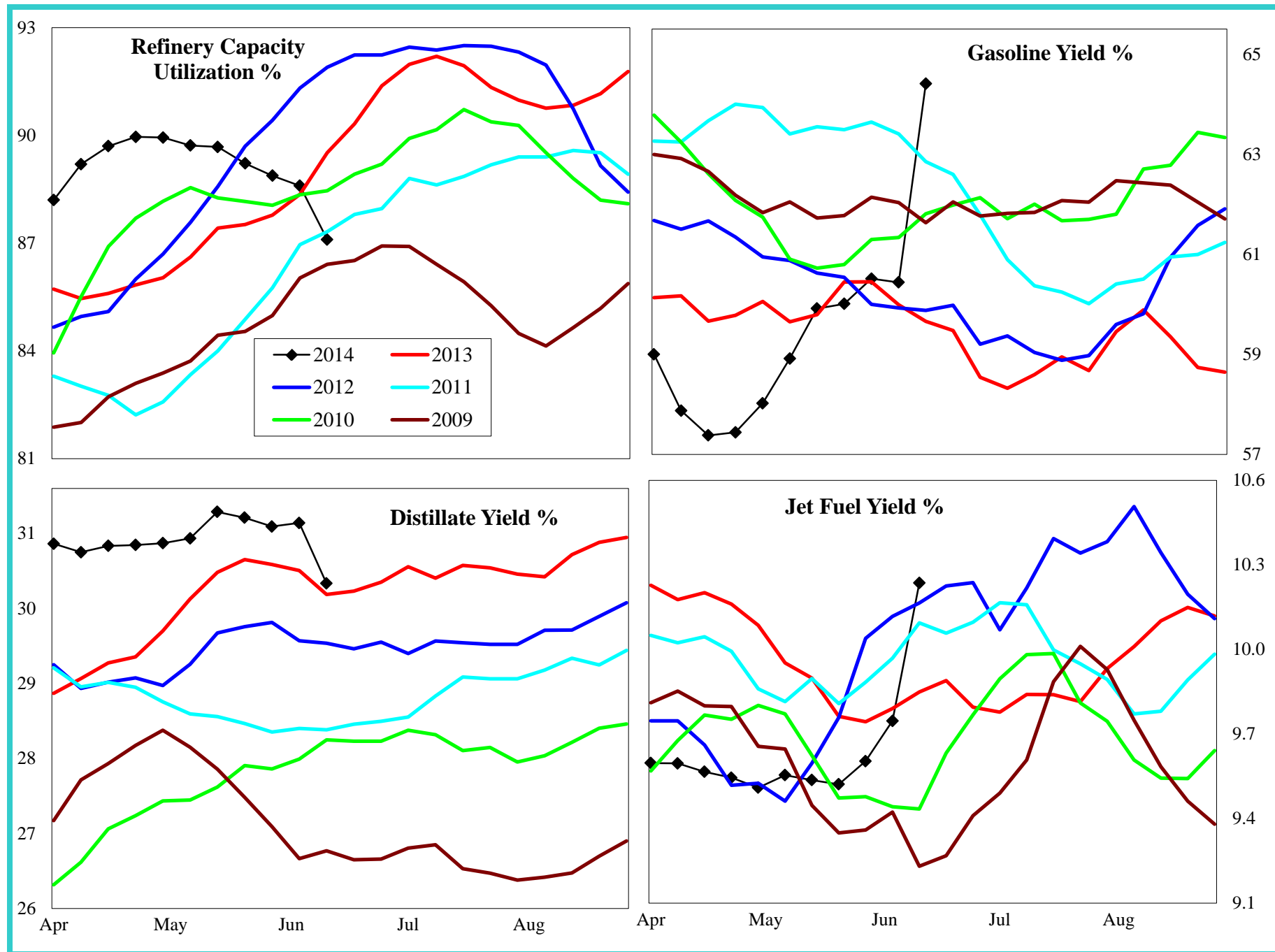


	000 bpd change from prior year				% change from prior year				
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar	
Gasoline	258	212	-151	178	2.9	2.4	-1.7	2.1	
Distillate	98	333	187	10	2.5	8.8	4.8	0.3	
Jet Fuel	45	55	-3	80	3.1	3.9	-0.2	5.8	
Resid	-94	-65	13	-179	-32.8	-30.2	4.6	-41.5	

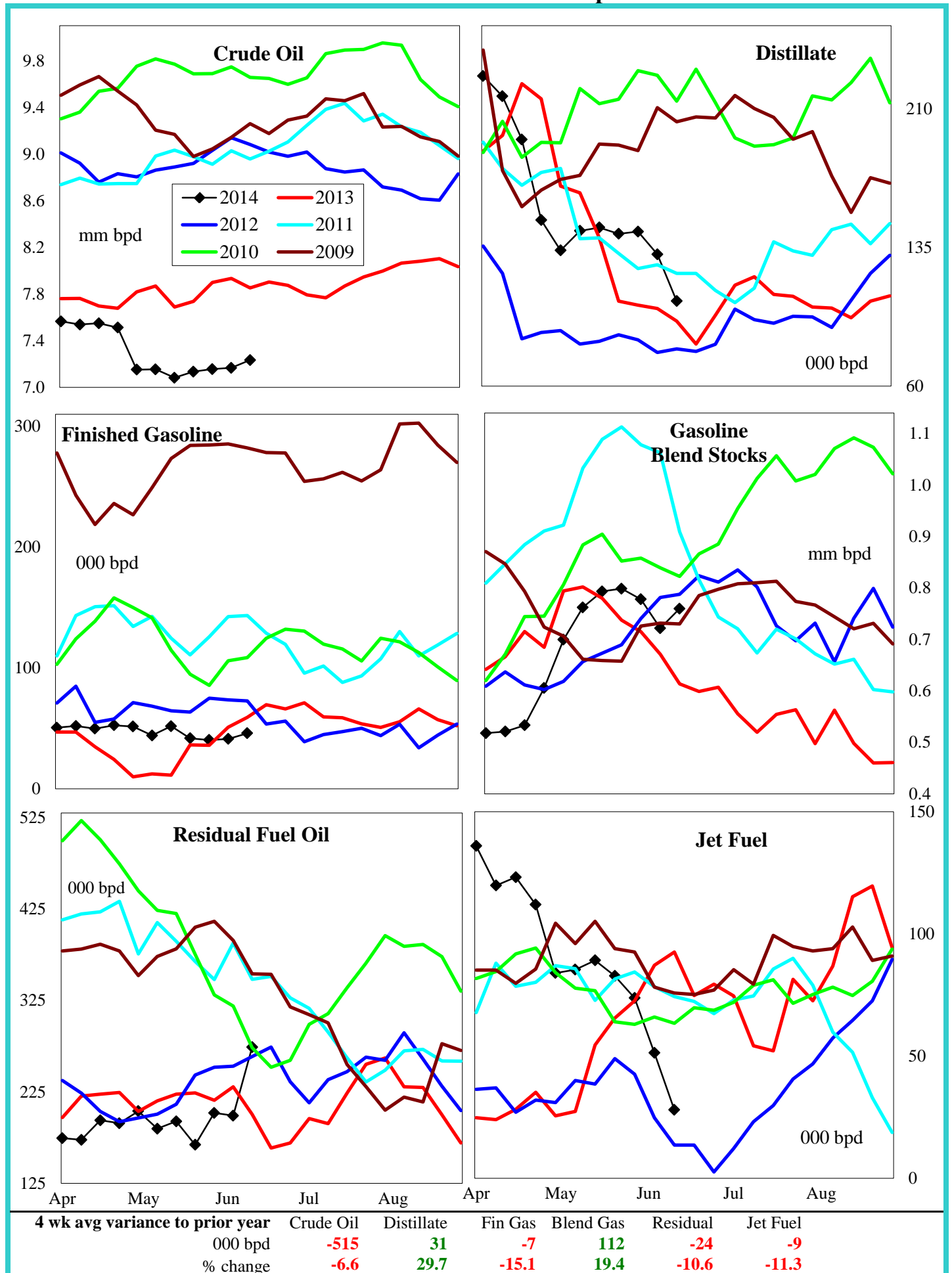


United States Product Stocks: Days Forward Coverage

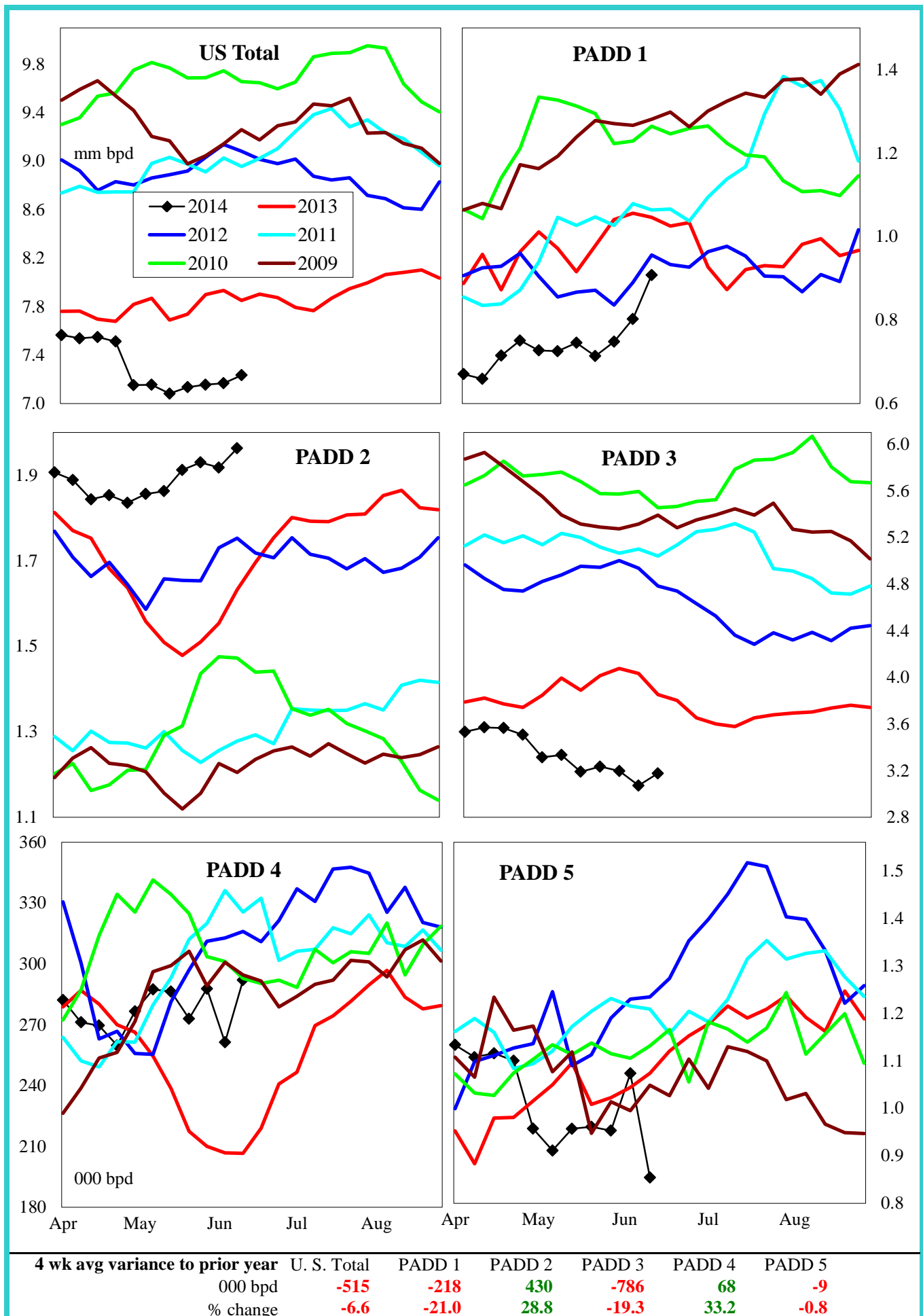
United States Refinery Percent Utilization Rate and Product Yields



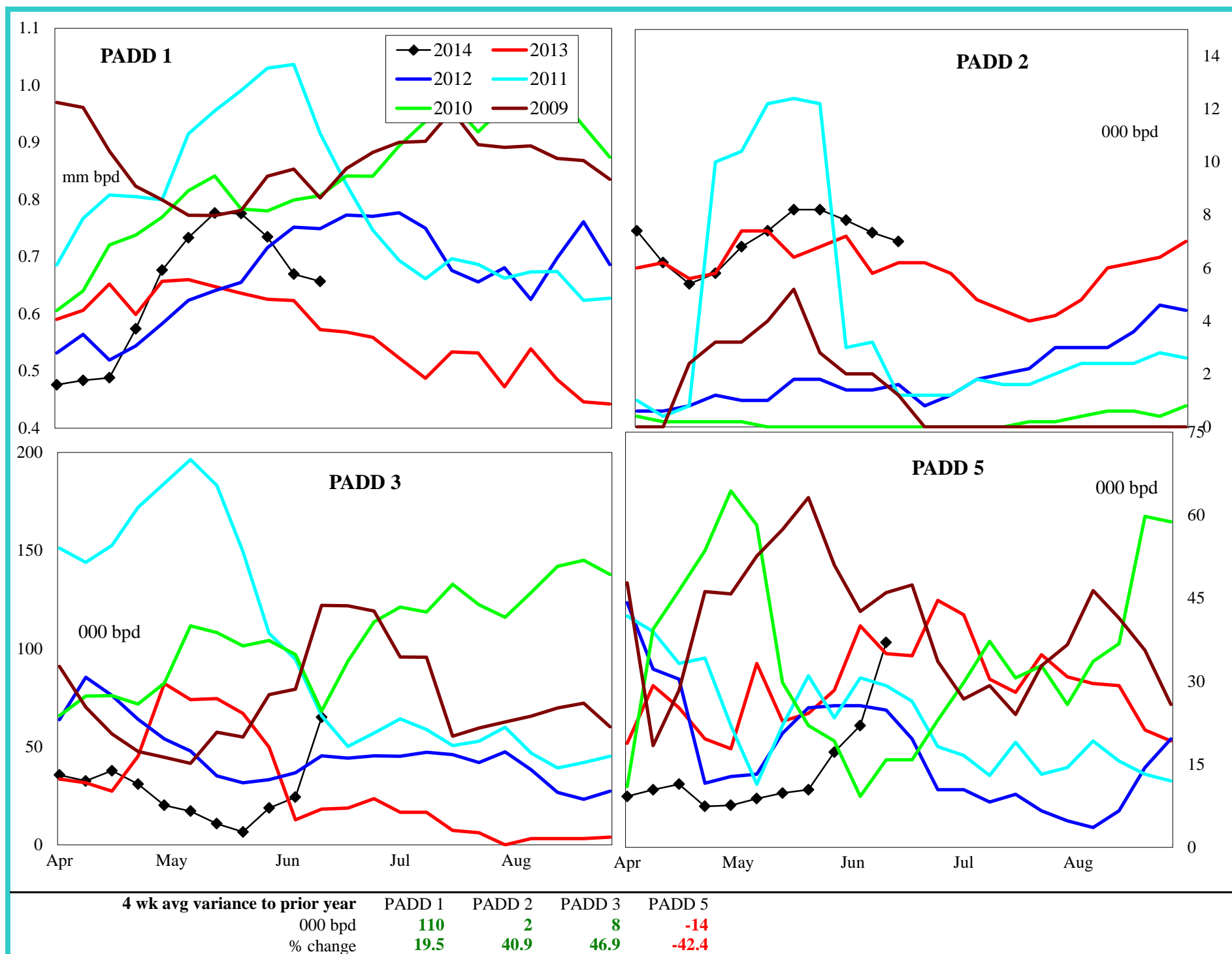
United States Petroleum Imports



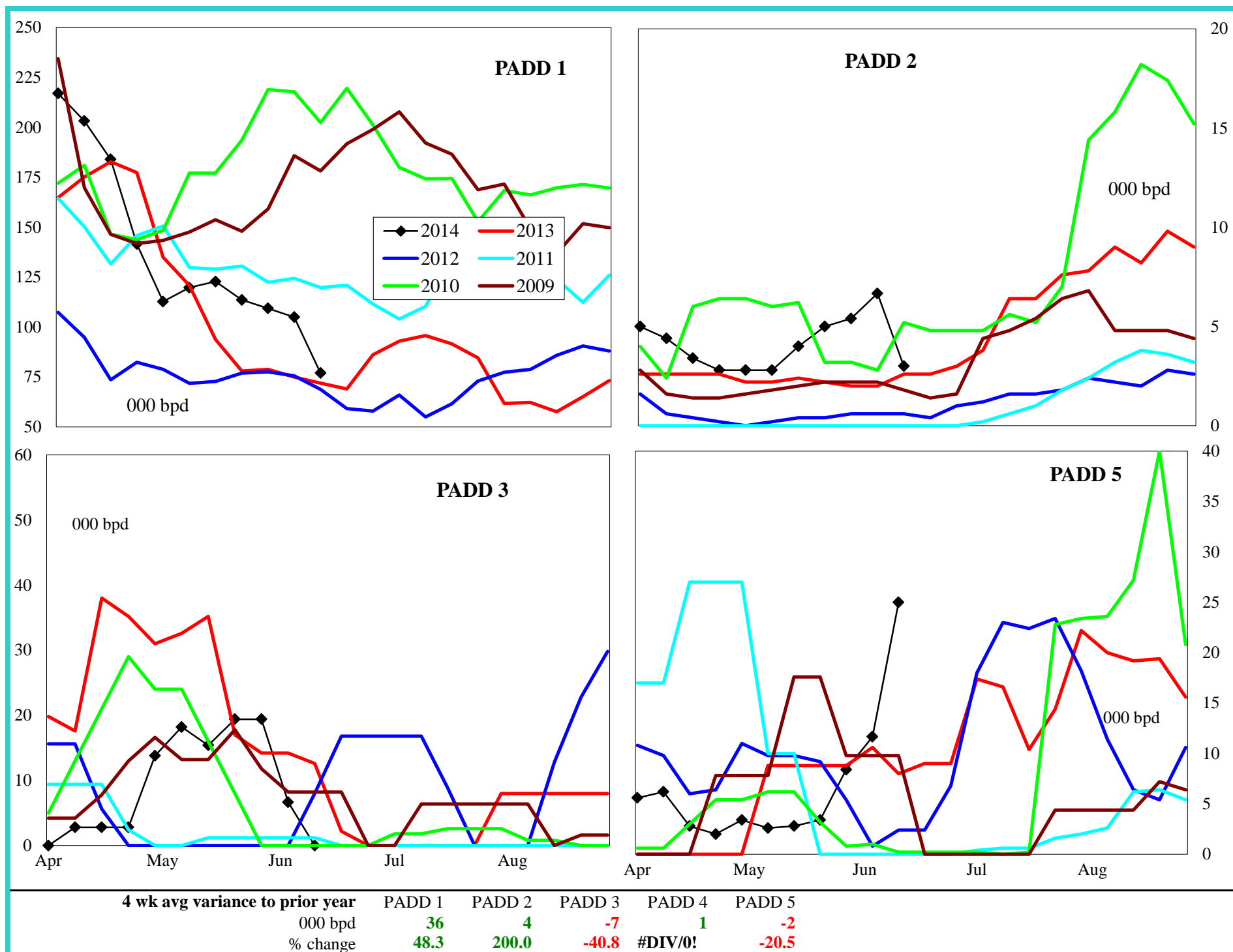
Crude Oil Imports by PADD



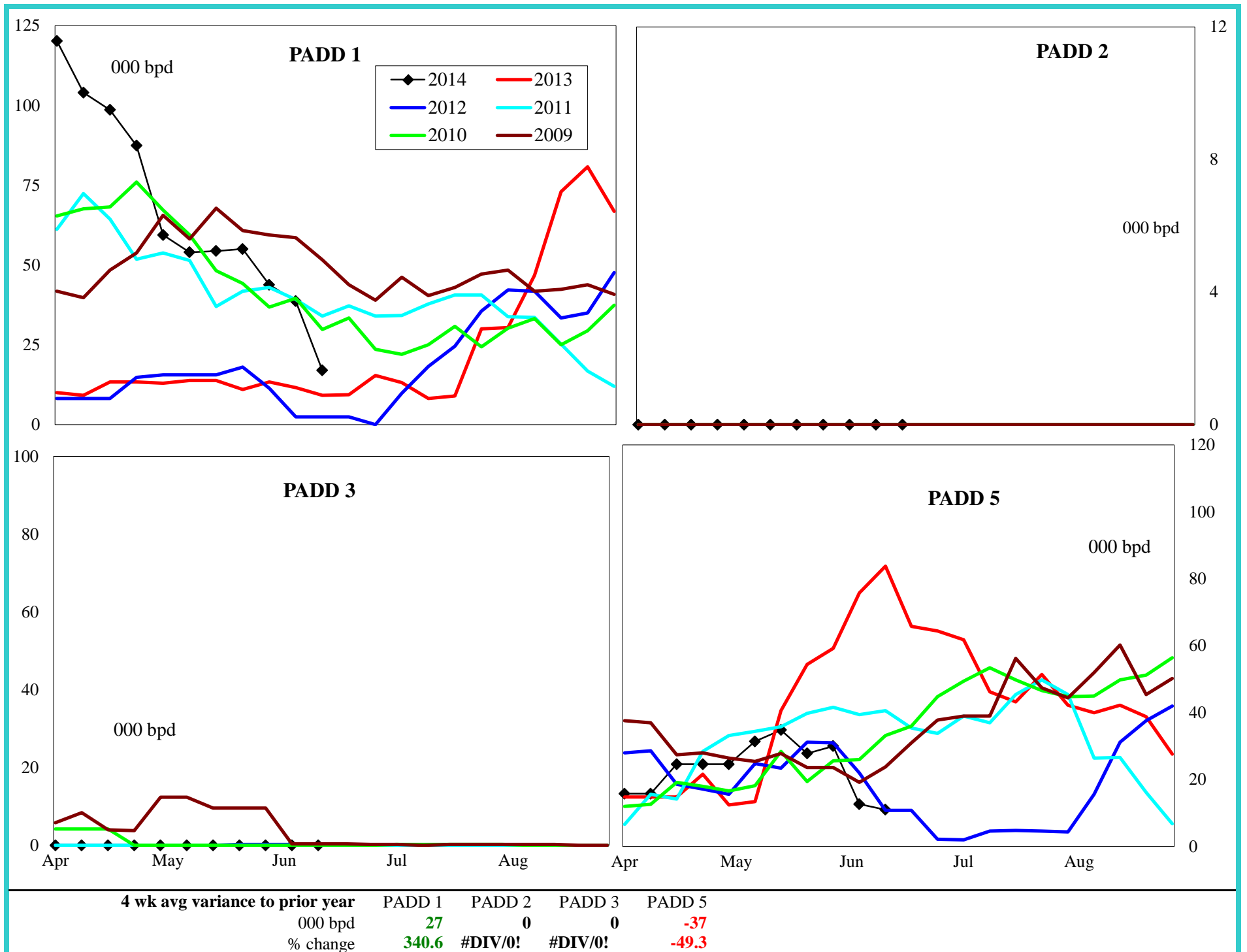
Gasoline Imports by PADD (Finished + Blend Stocks)



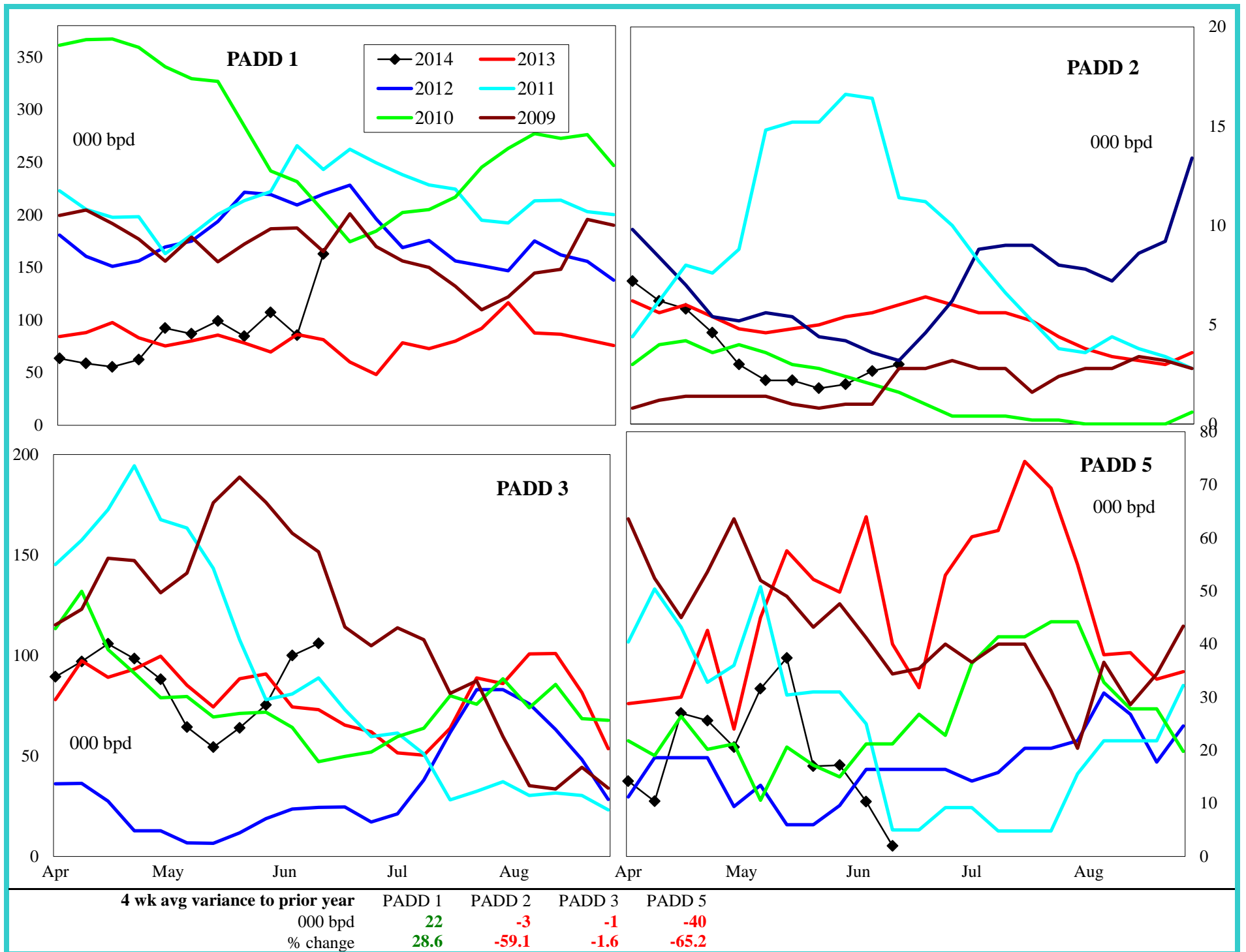
Distillate Imports by PADD



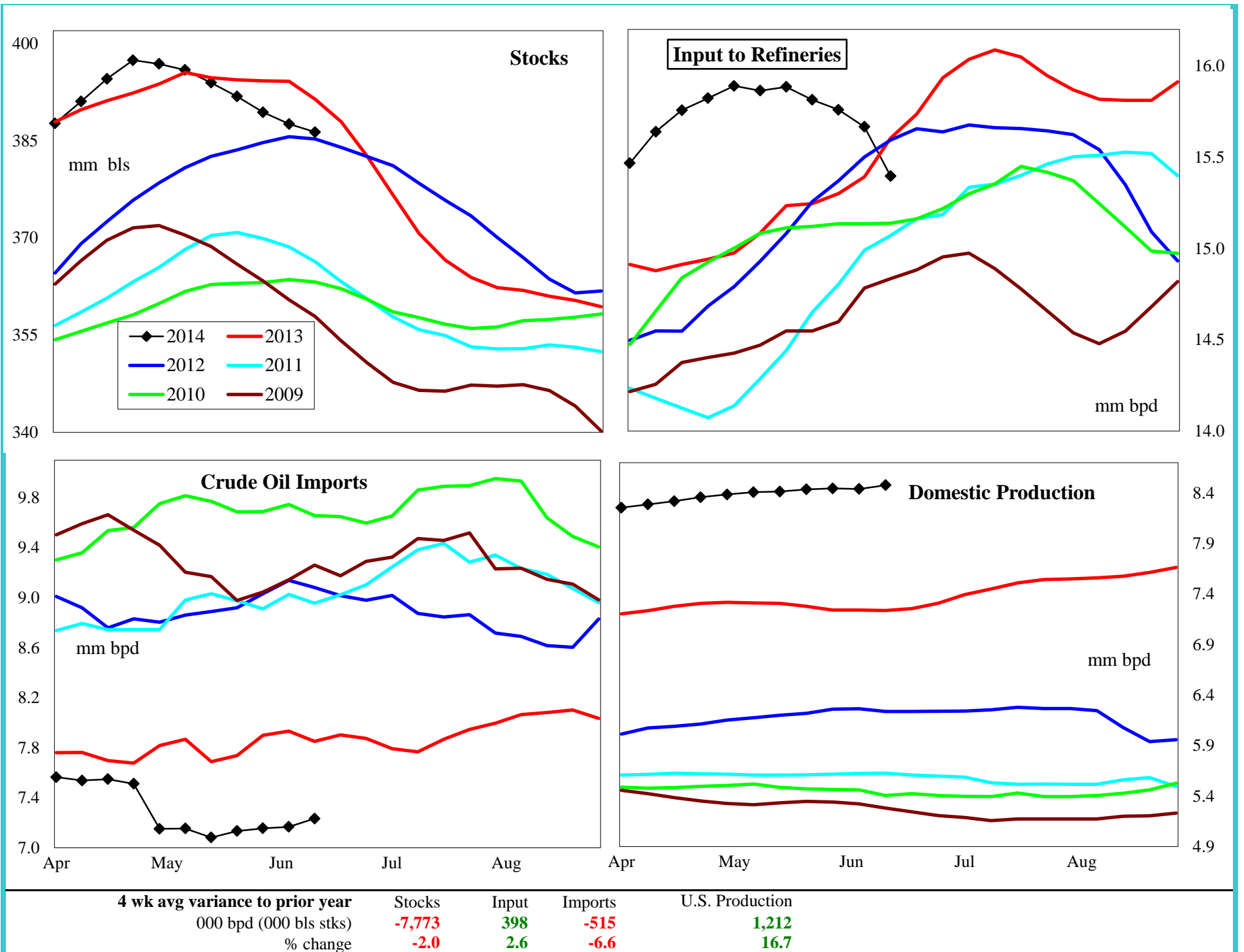
Jet Fuel Imports by PADD



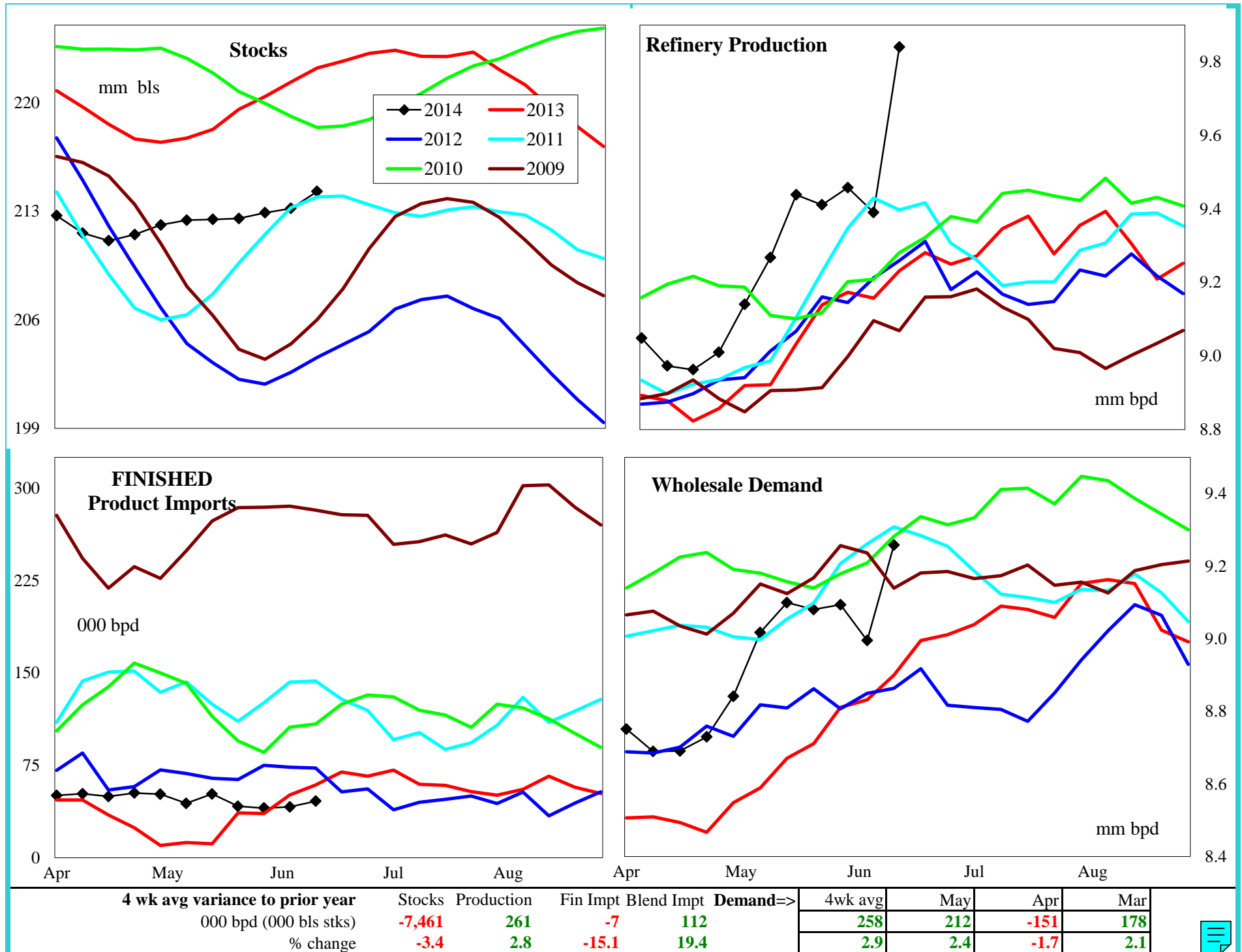
Residual Fuel Oil Imports by PADD



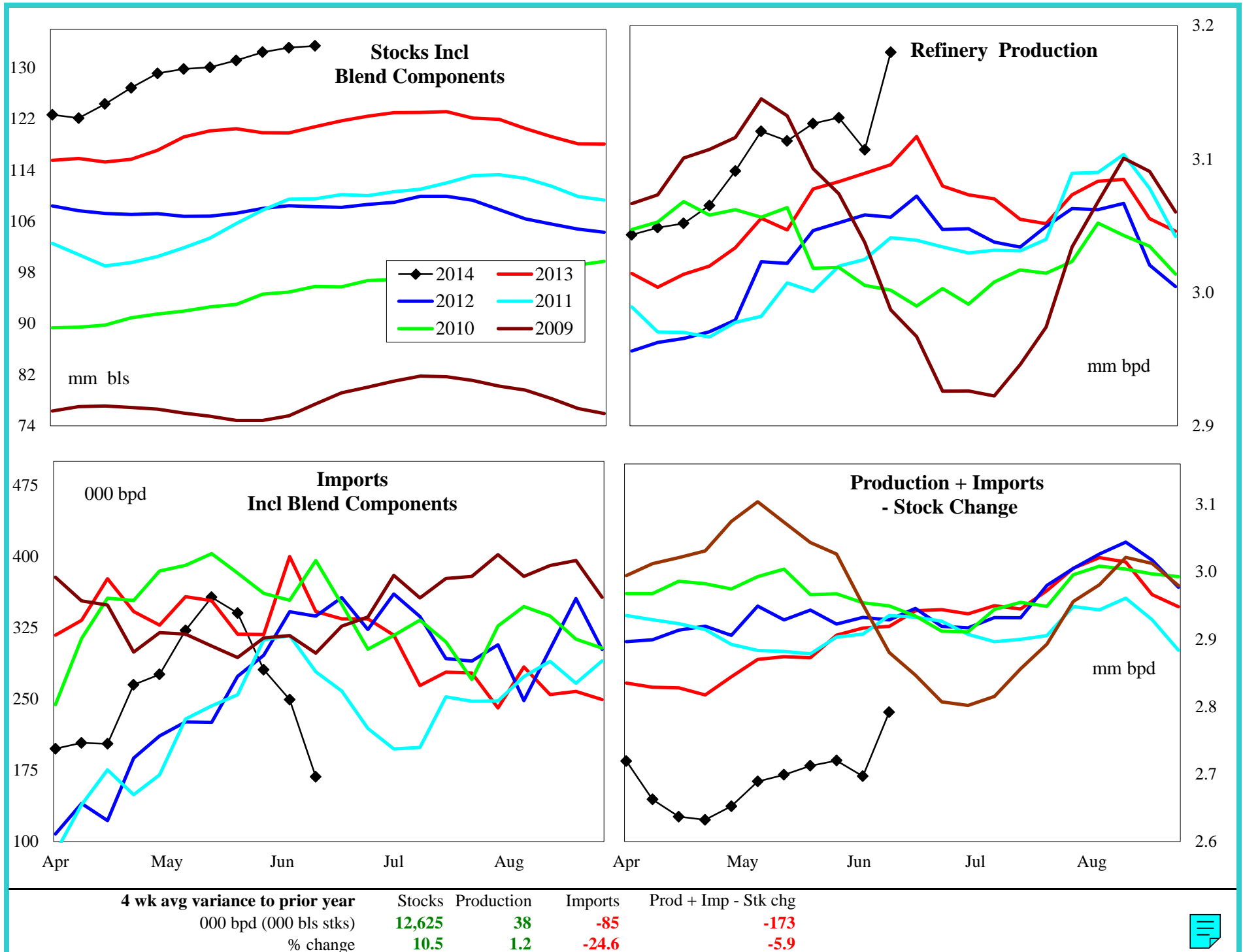
United States Crude Oil Supply and Demand Balance



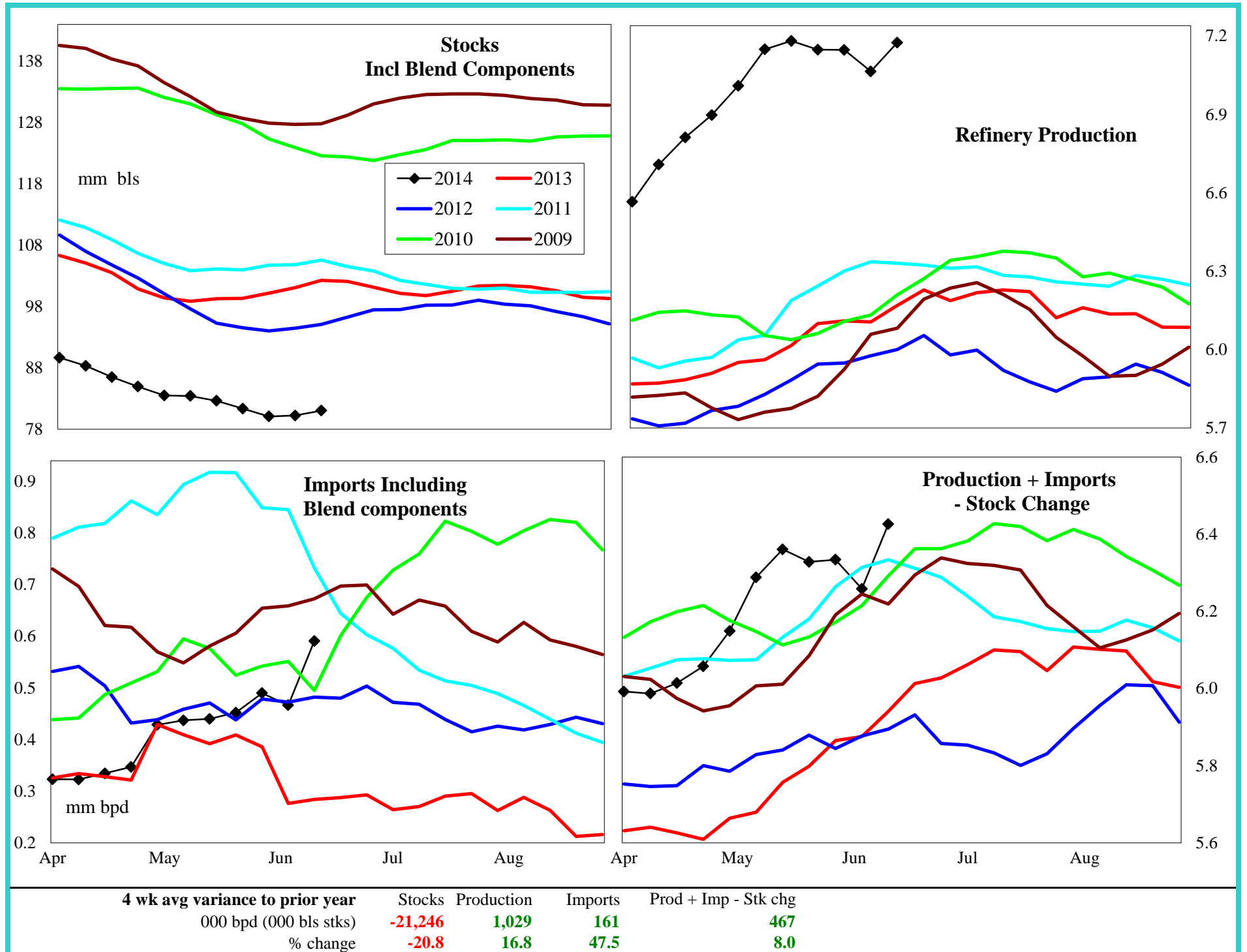
United States Gasoline Supply and Demand Balance



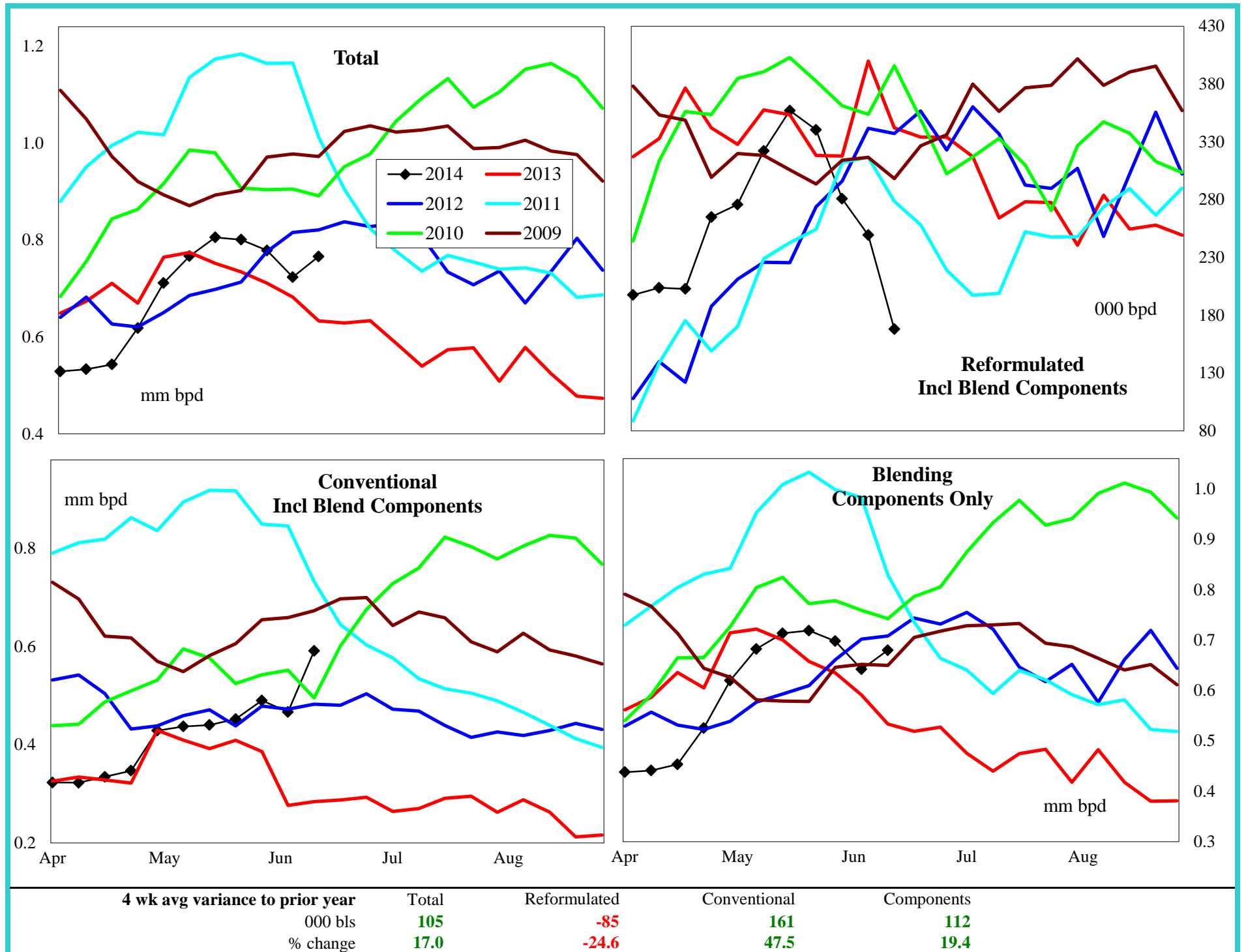
United States Reformulated Gasoline Supply



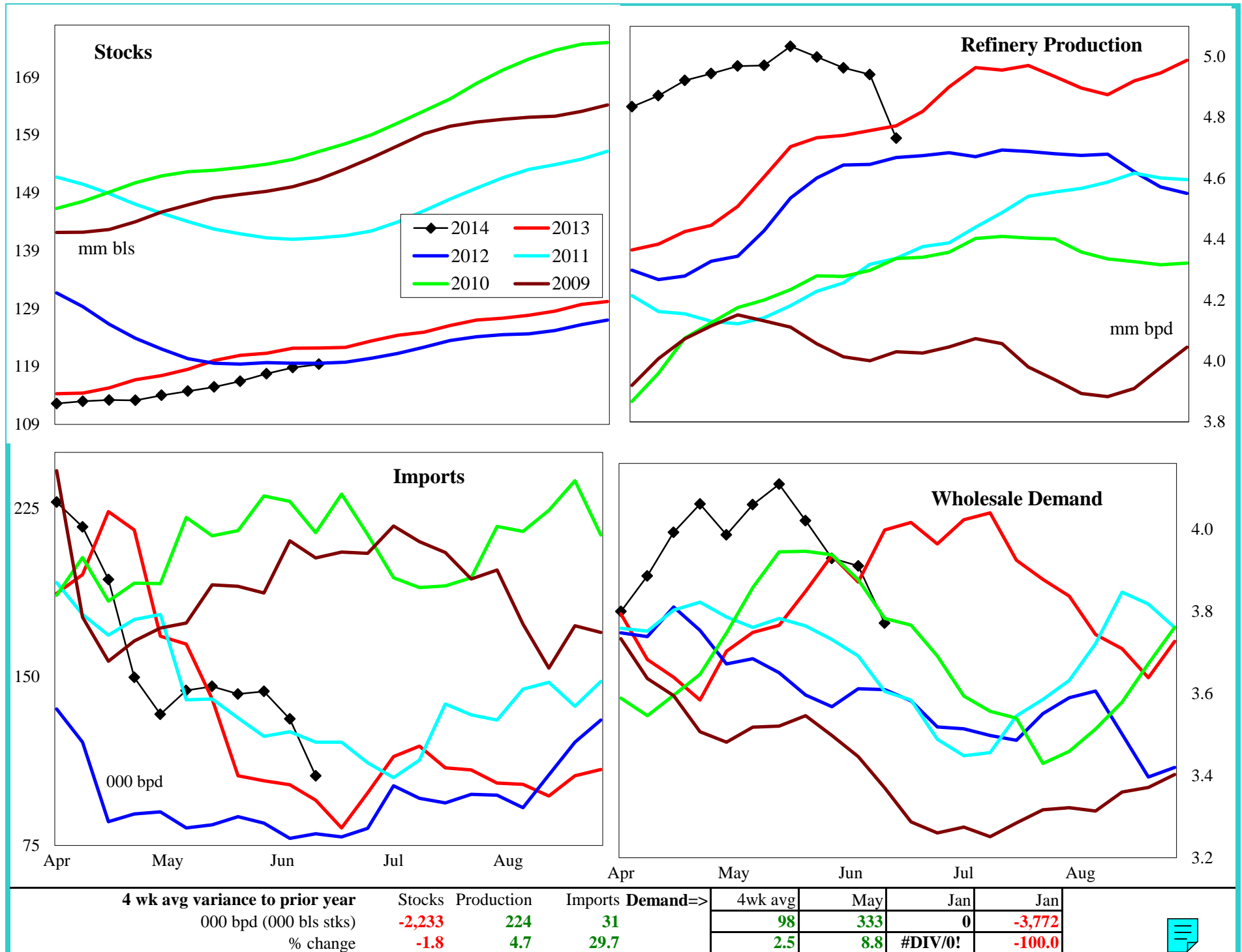
United States Conventional Gasoline Supply



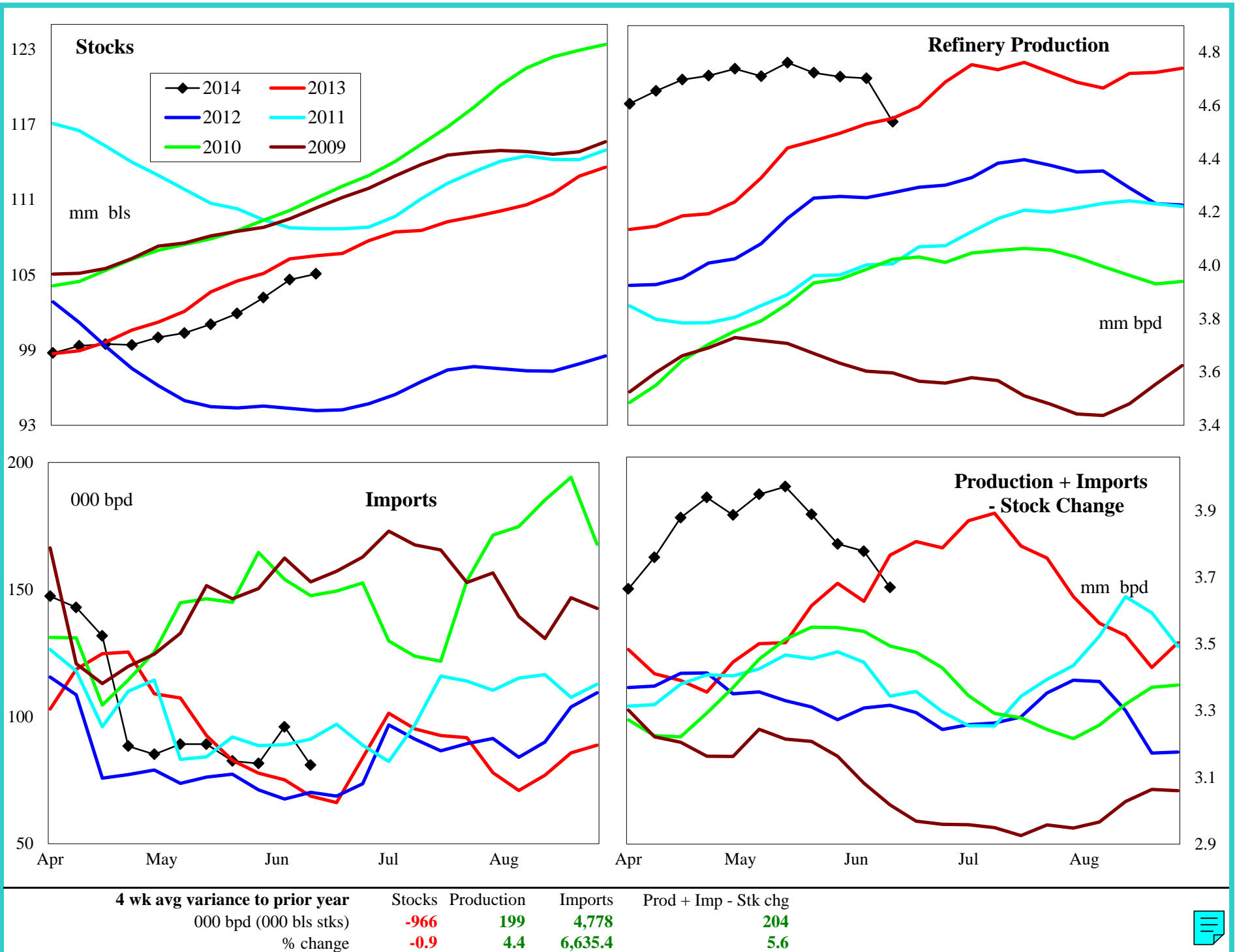
United States Gasoline Imports by Type



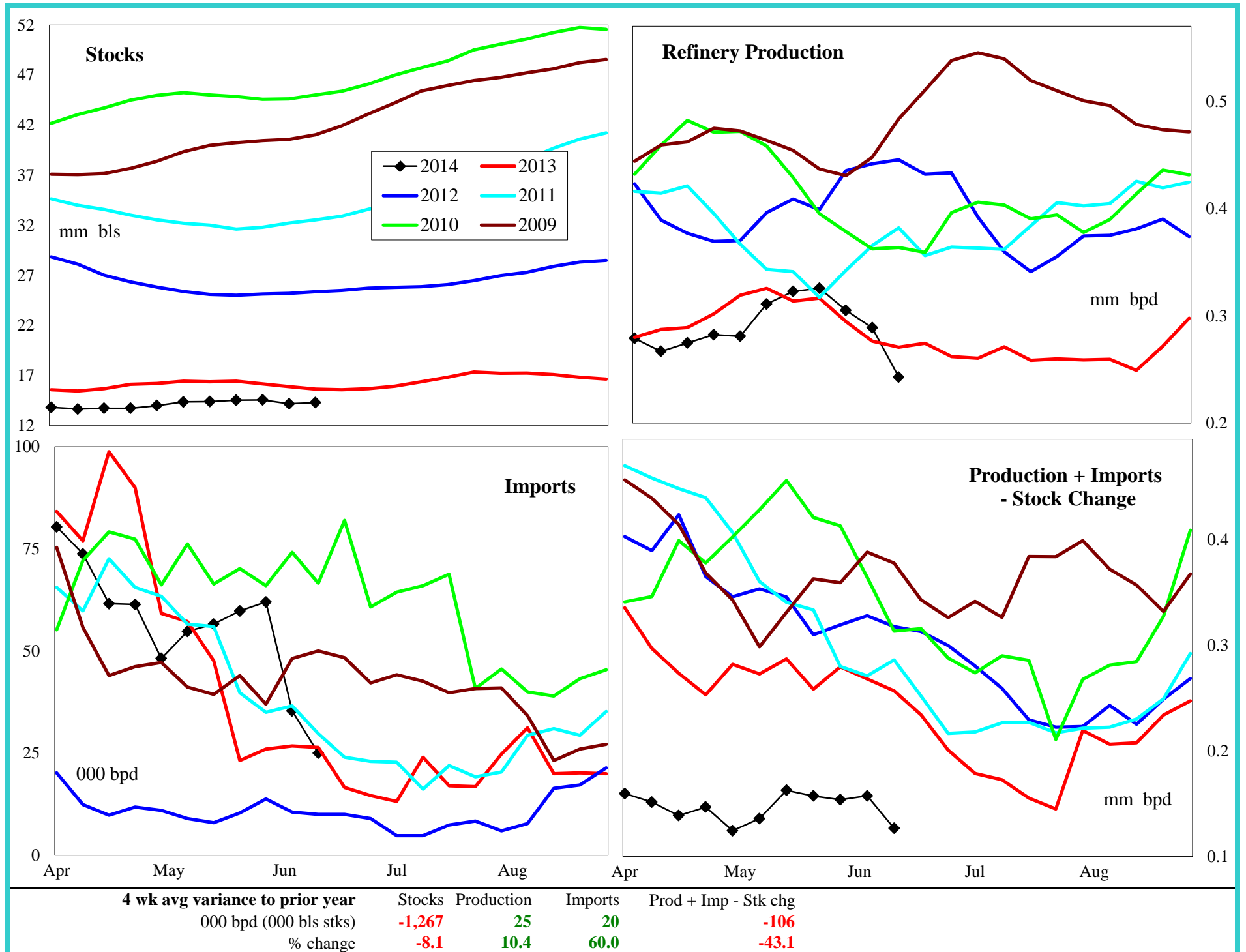
United States Distillate Supply and Demand Balance



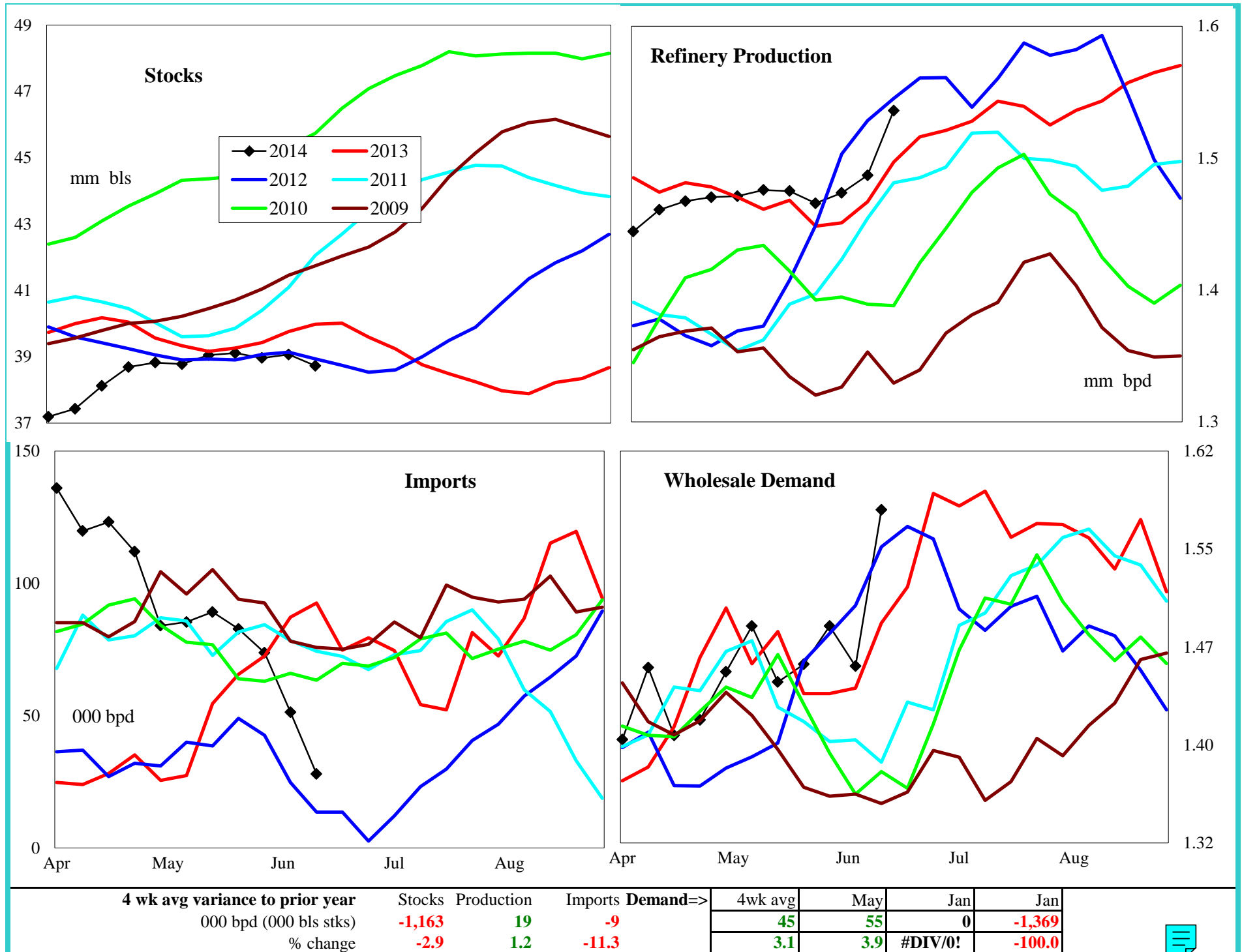
United States Low Sulfur Distillate Supply



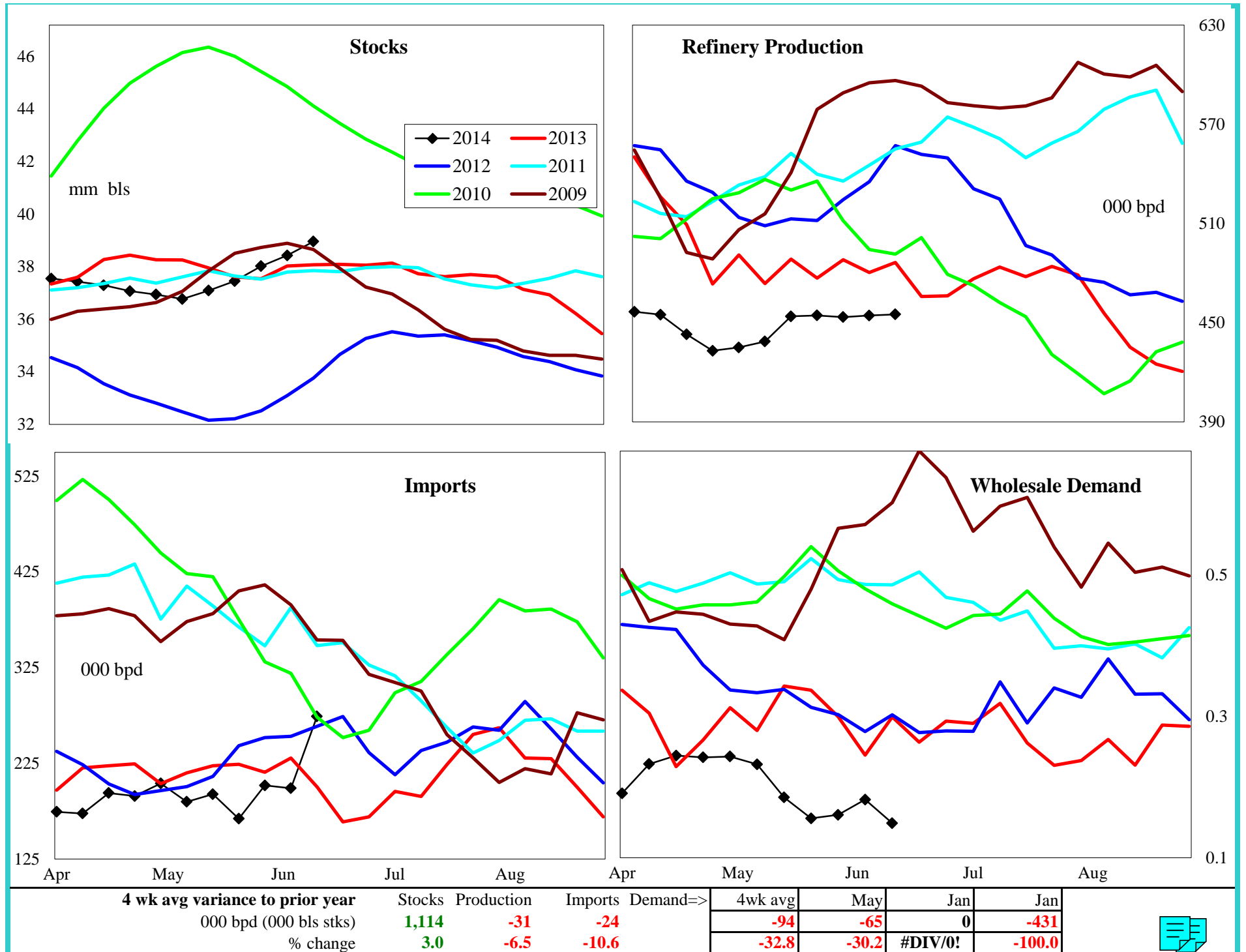
United States High Sulfur Distillate Supply



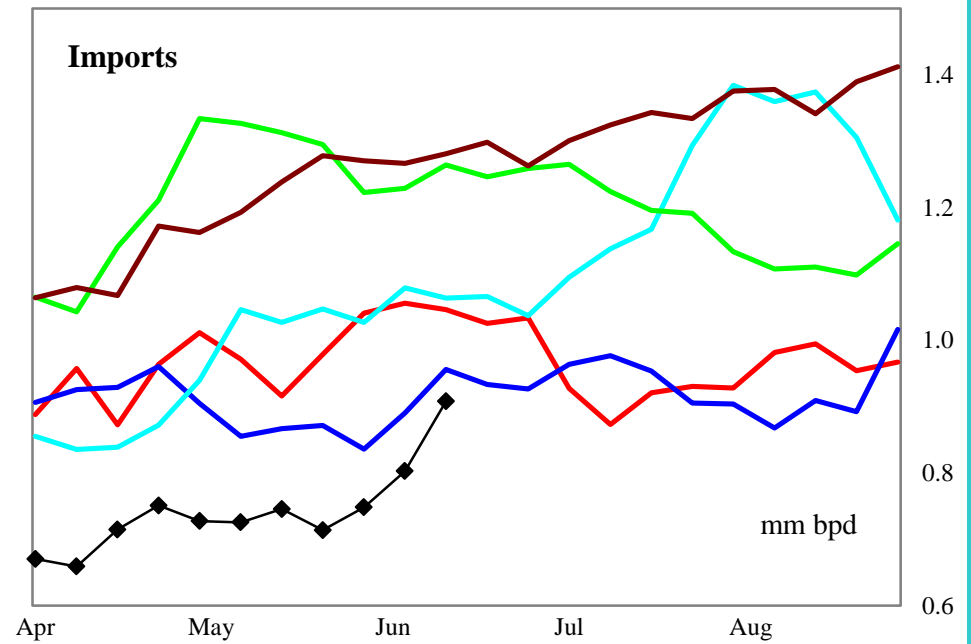
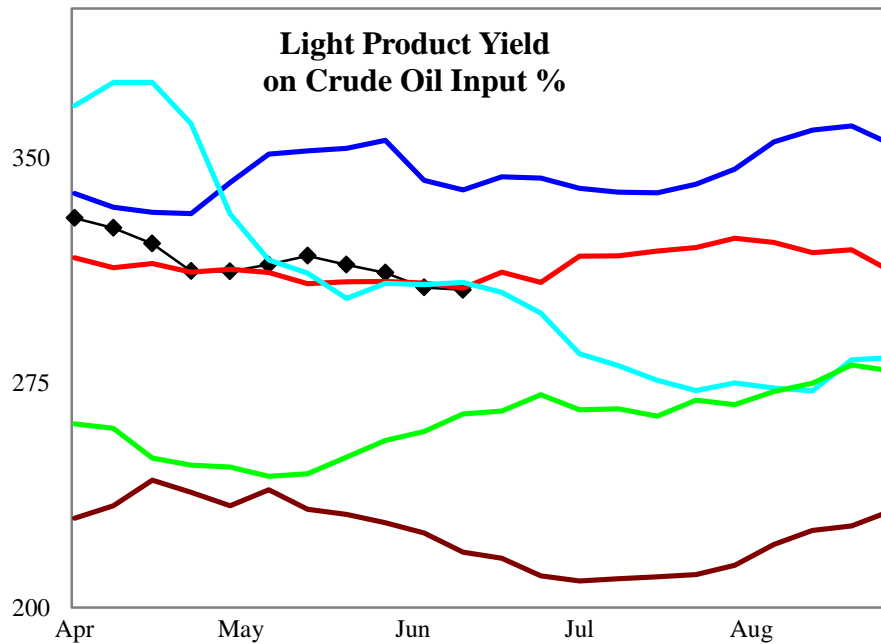
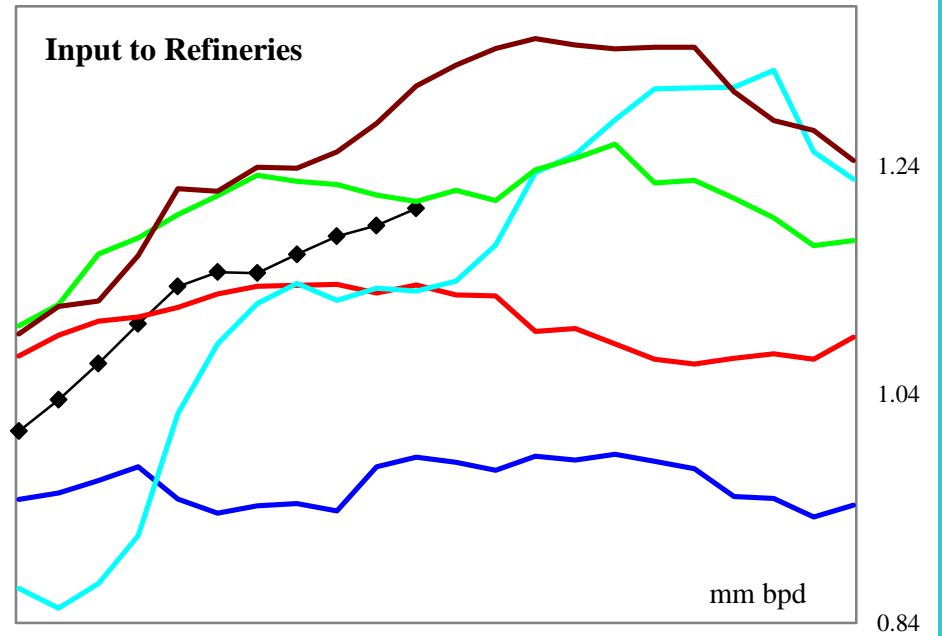
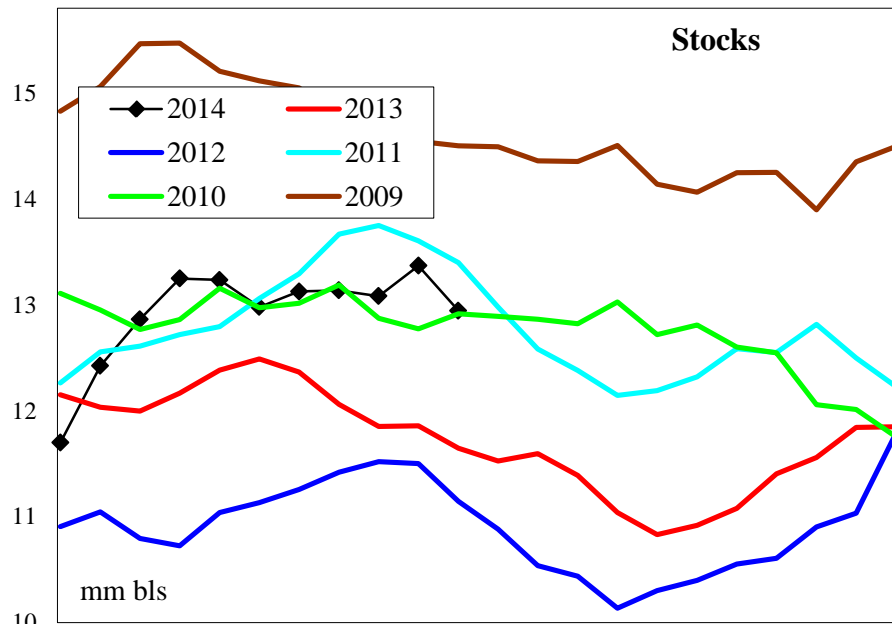
United States Jet Fuel Supply and Demand Balance



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

1,297

11.5

Input

42

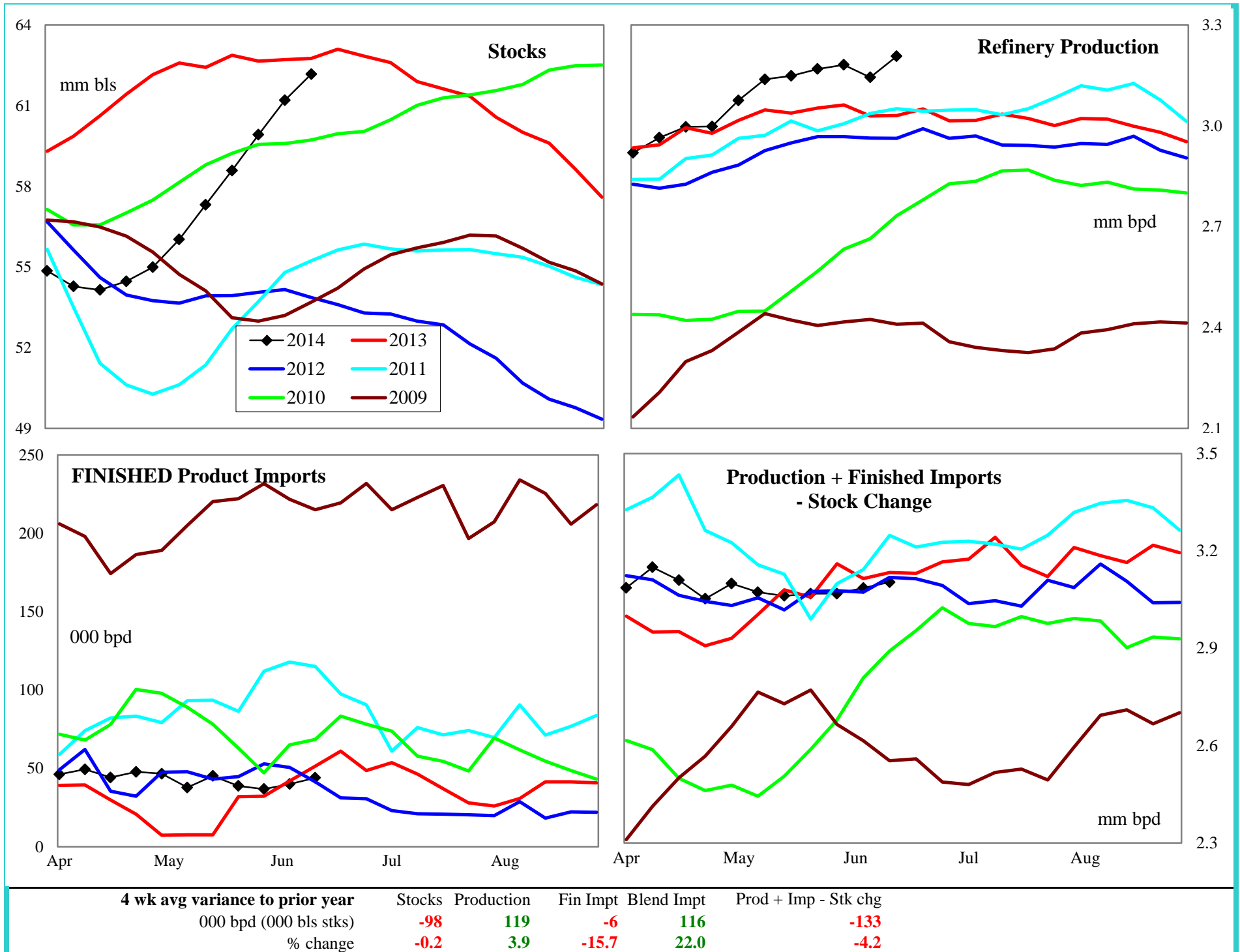
3.7

Imports

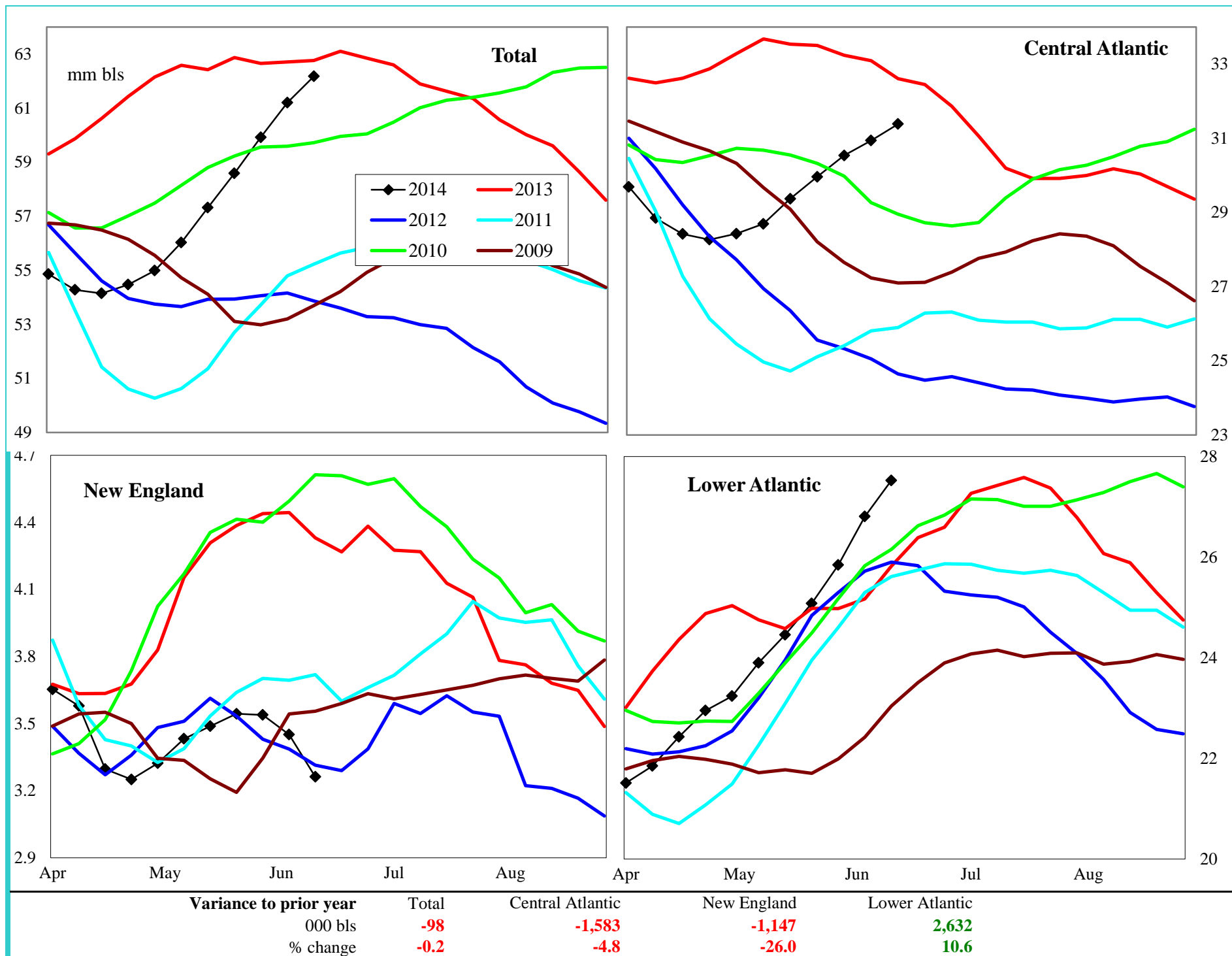
-218

-21.0

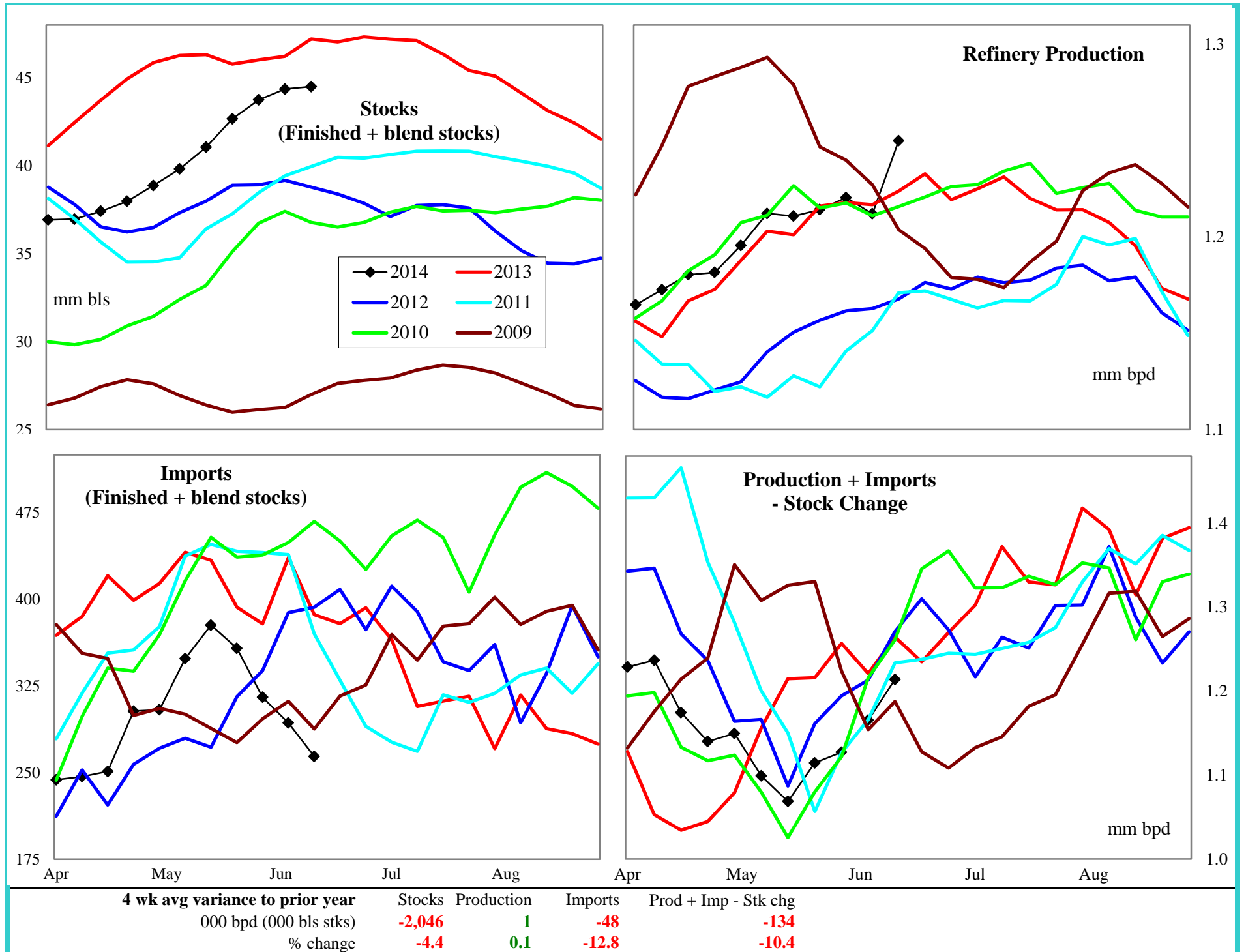
PADD 1 Gasoline Supply



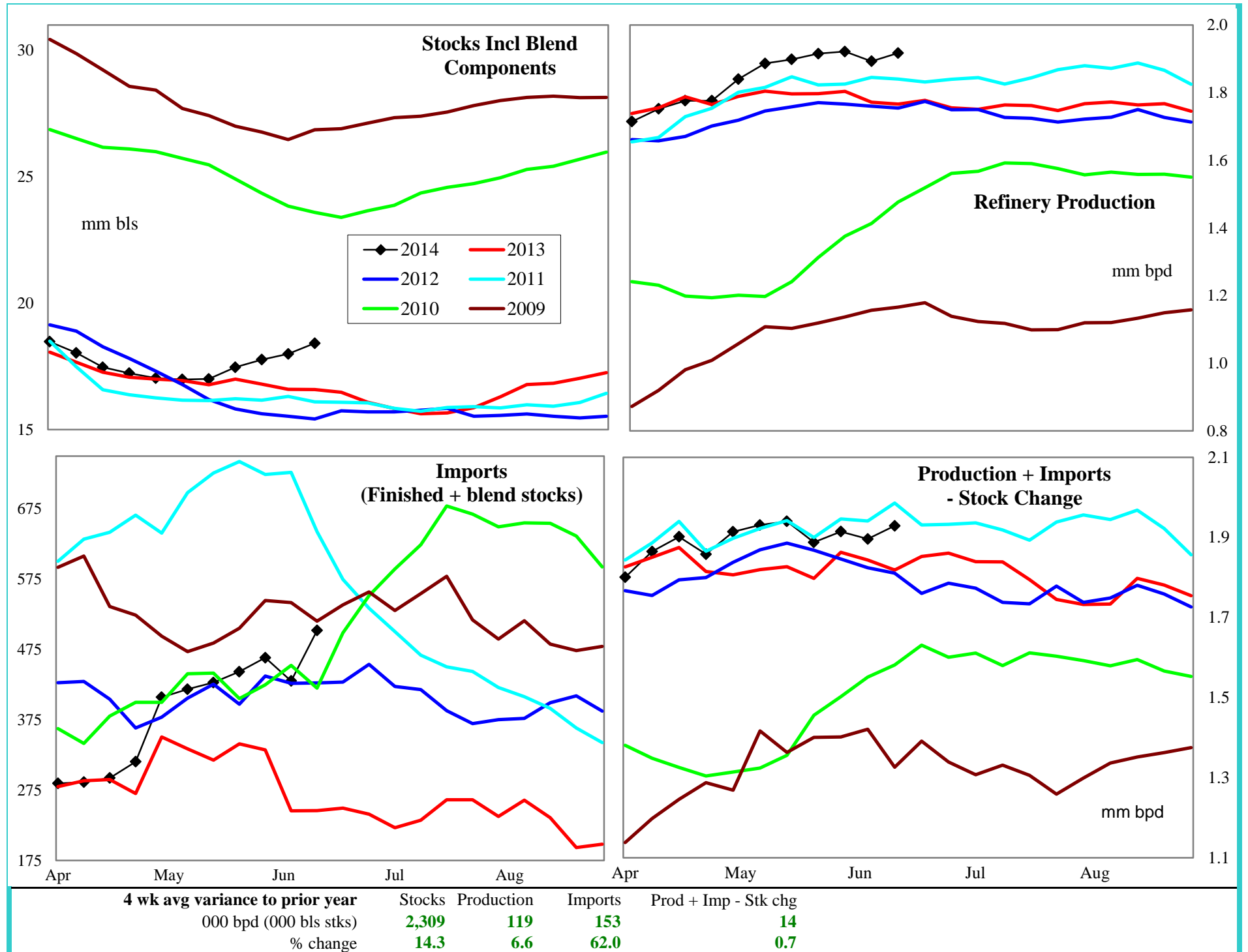
PADD 1 Gasoline Stocks by Region



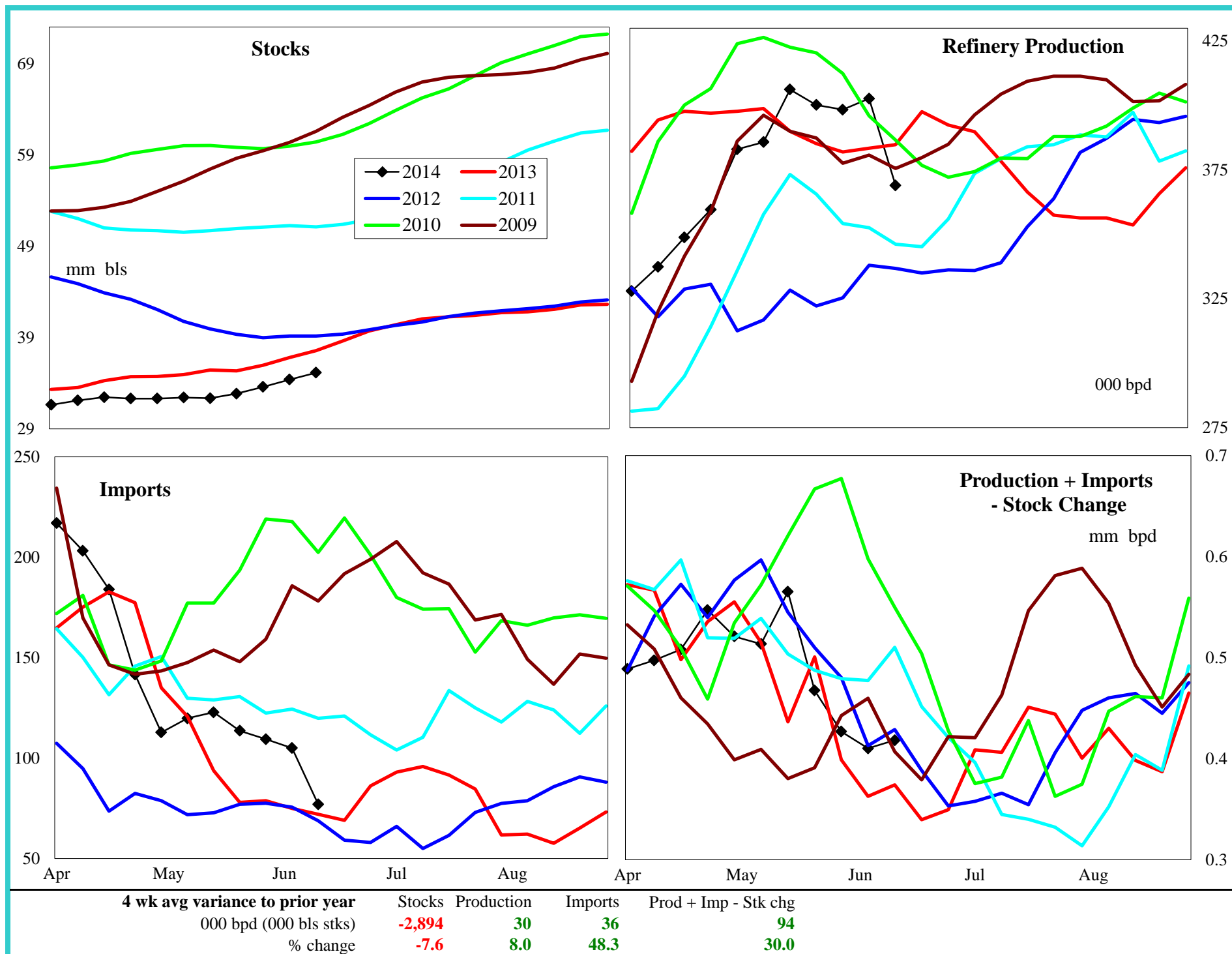
PADD 1 Reformulated Gasoline Supply



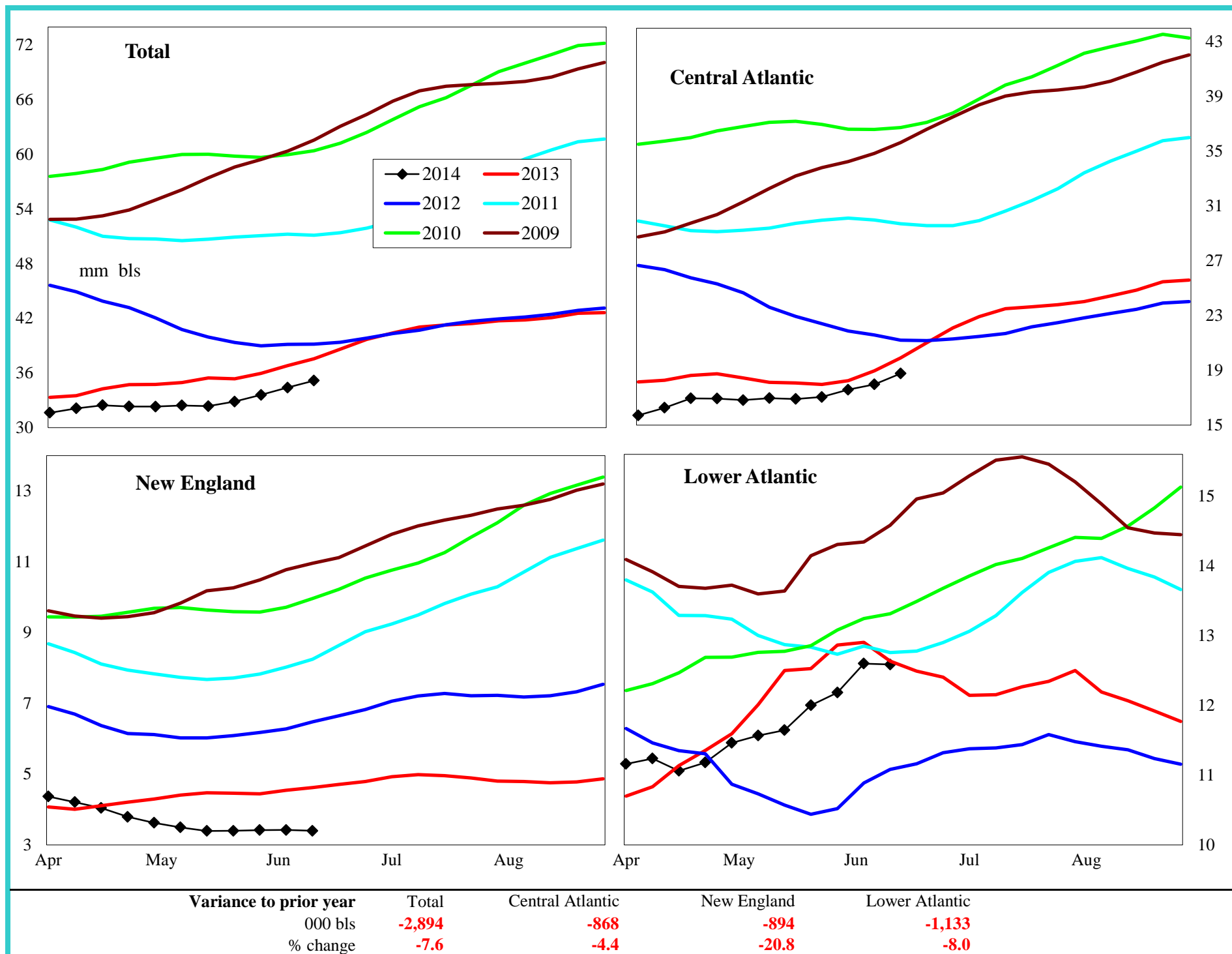
PADD 1 Conventional Gasoline Supply



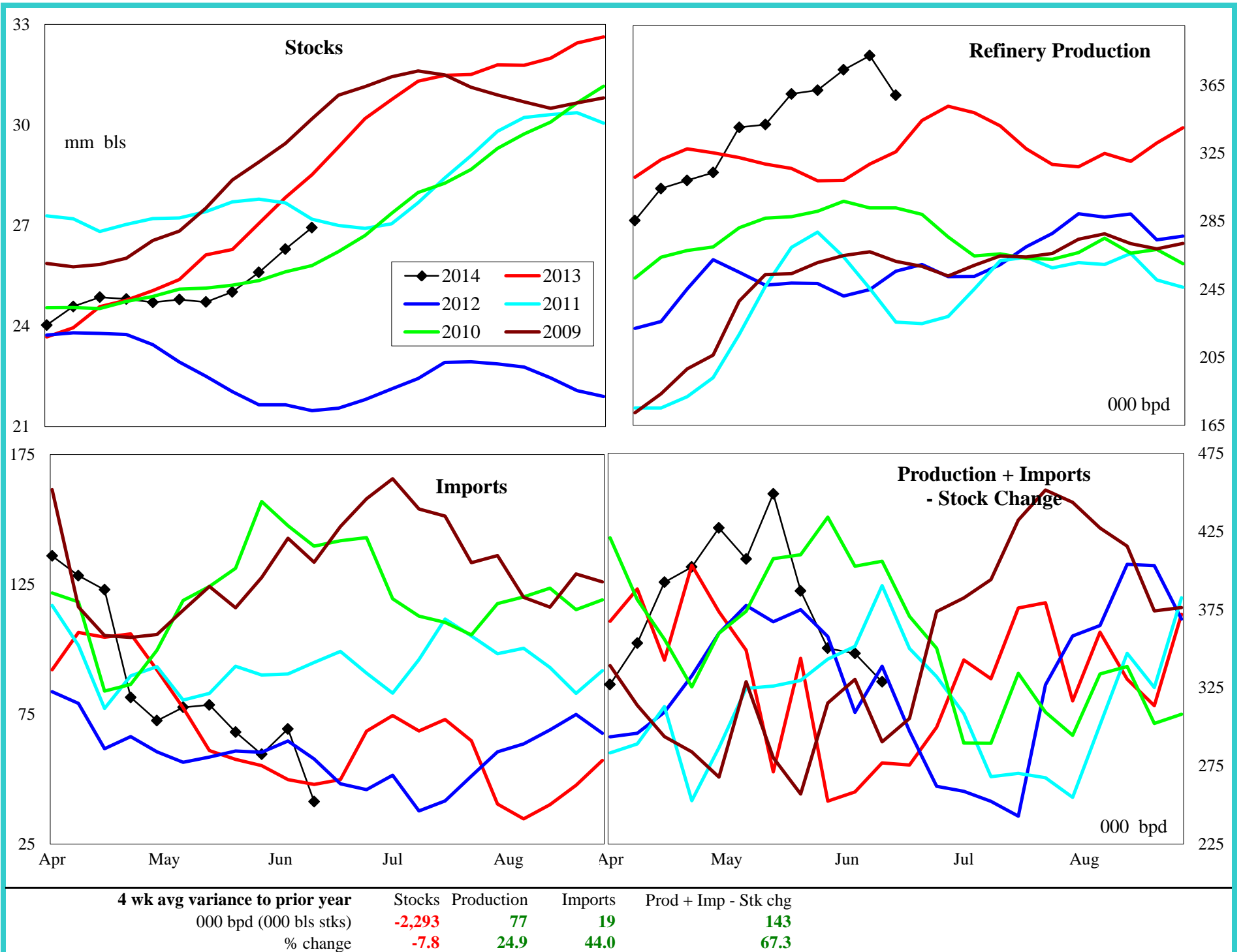
PADD 1 Distillate Supply



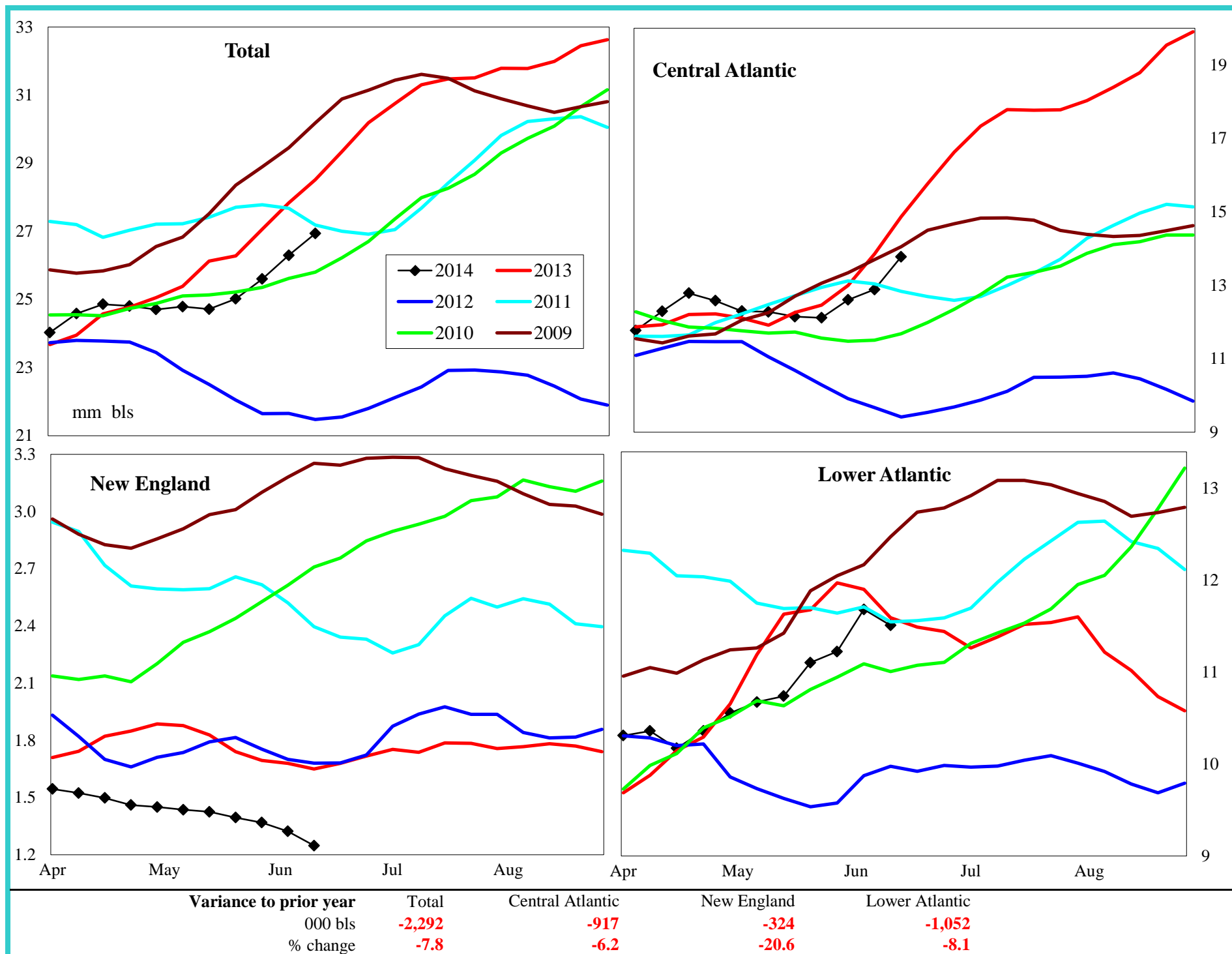
PADD 1 Distillate Stocks by Region



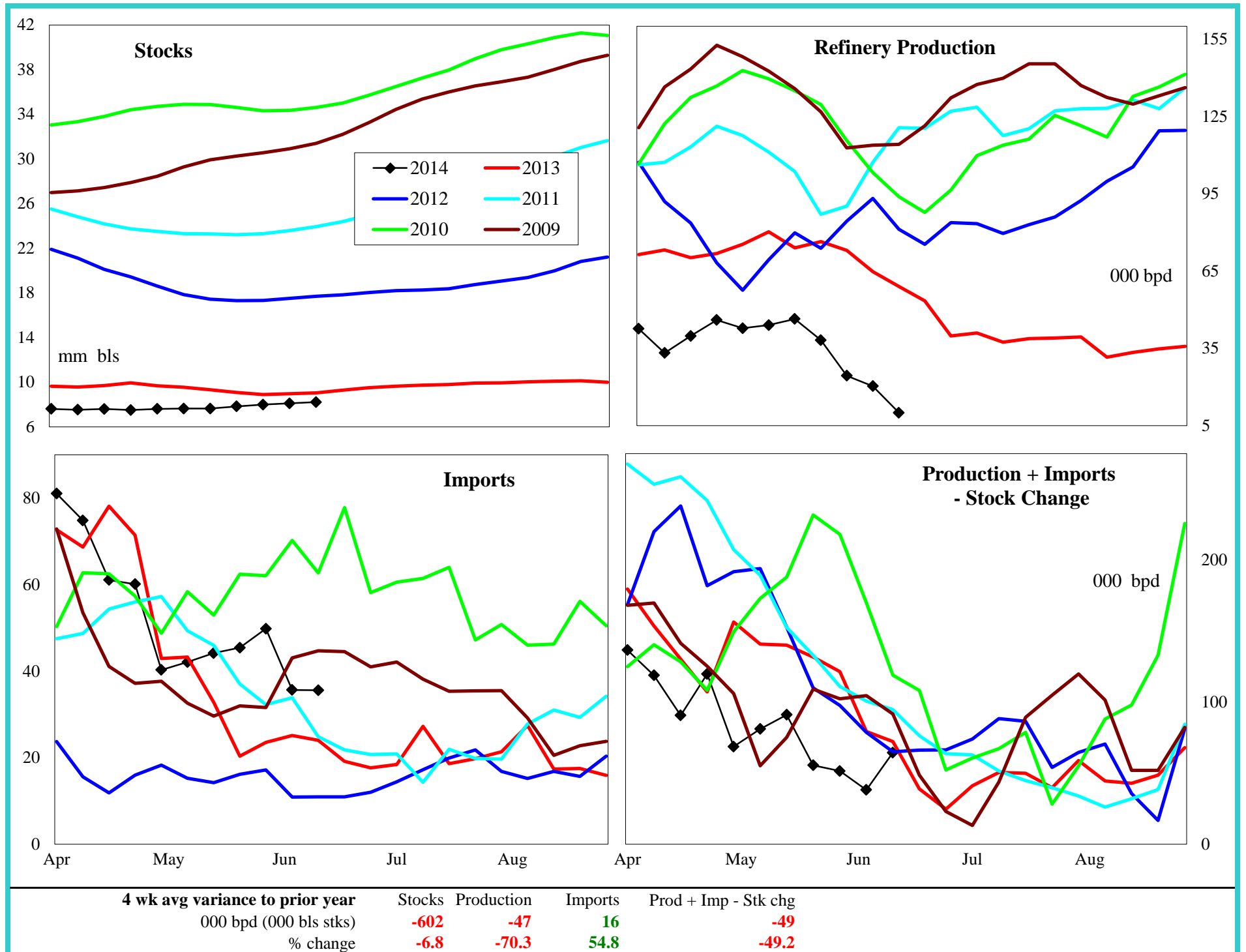
PADD 1 Low Sulfur Distillate Supply



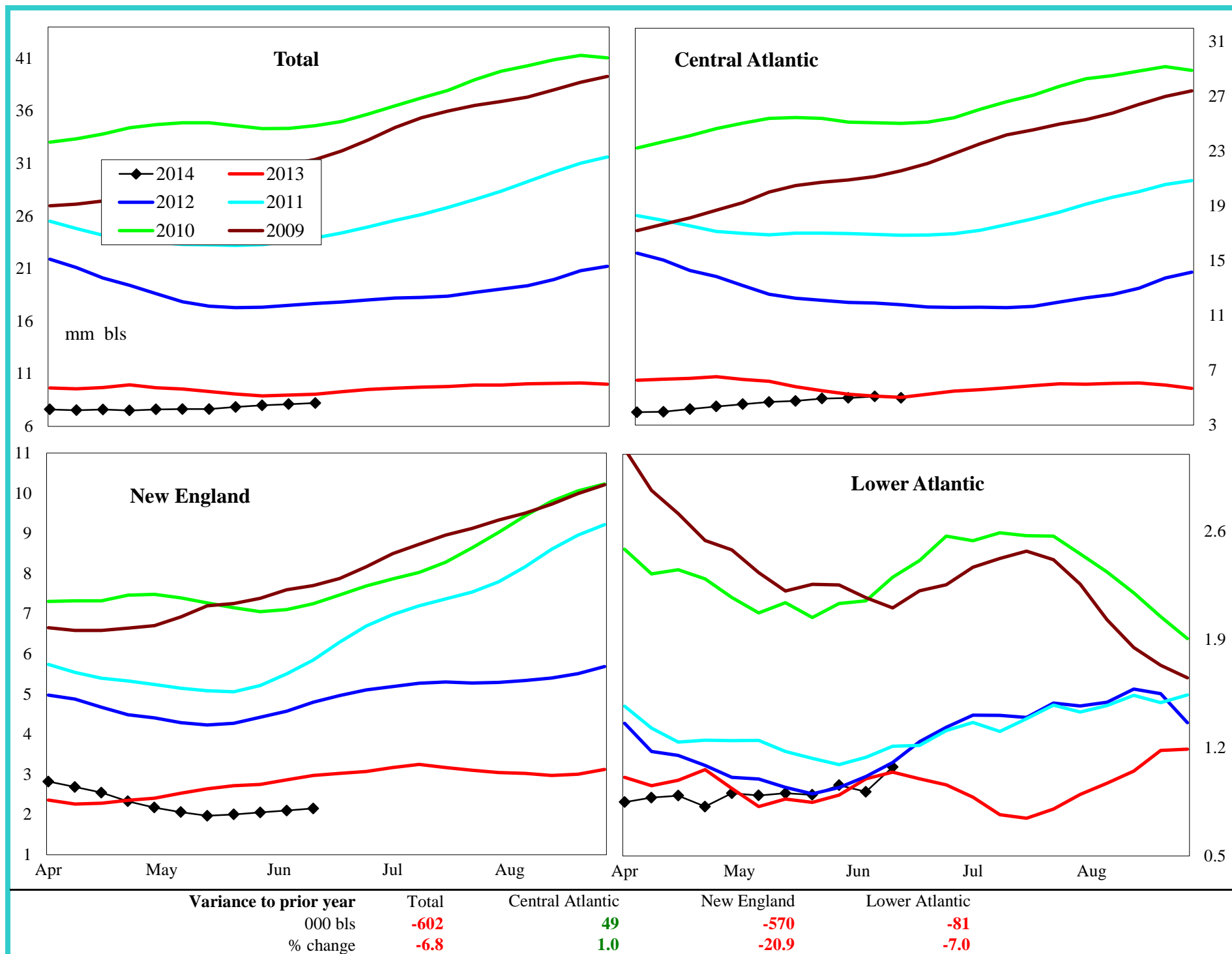
PADD 1 Low Sulfur Distillate Stocks by Region



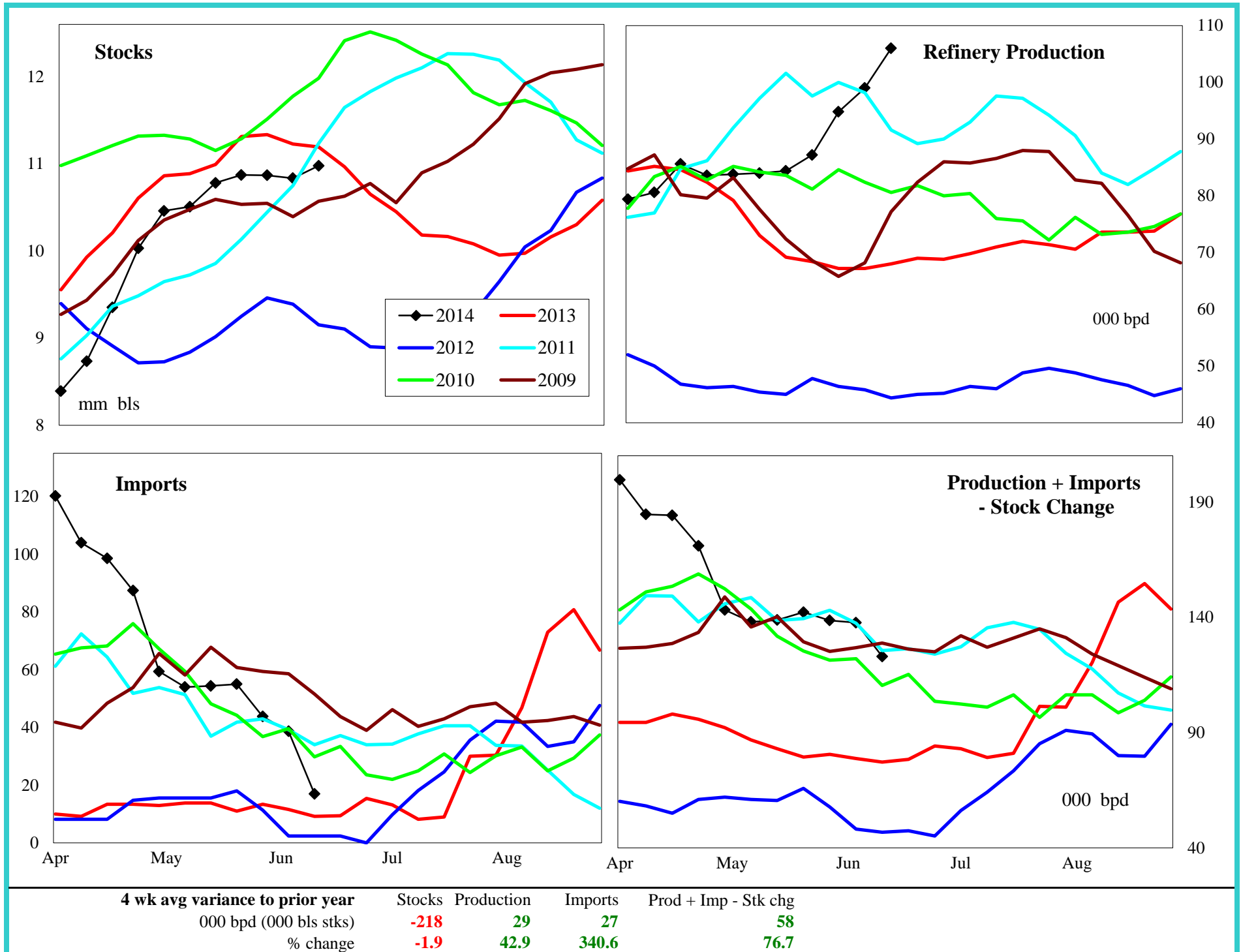
PADD 1 High Sulfur Distillate Supply



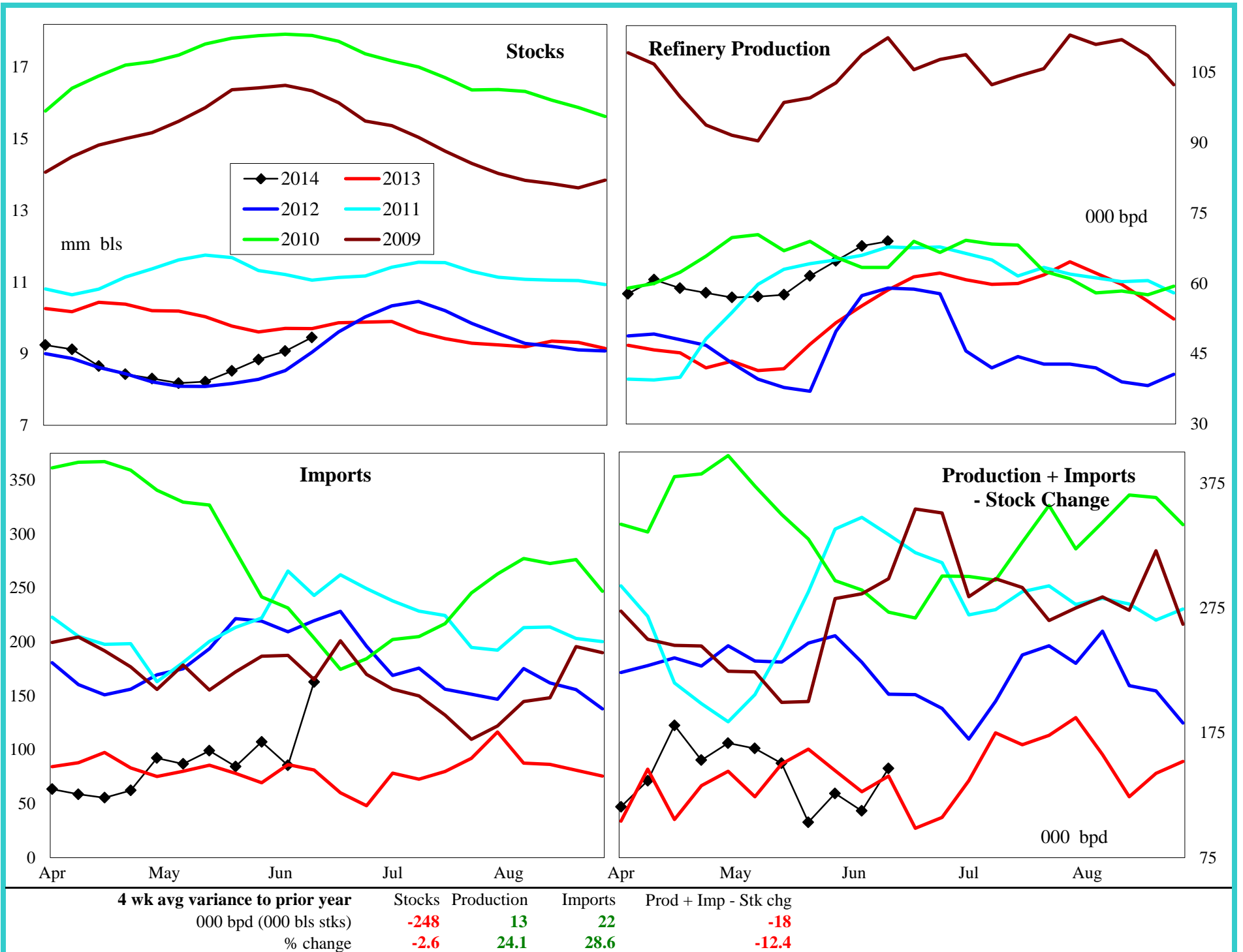
PADD 1 High Sulfur Distillate Stocks by Region



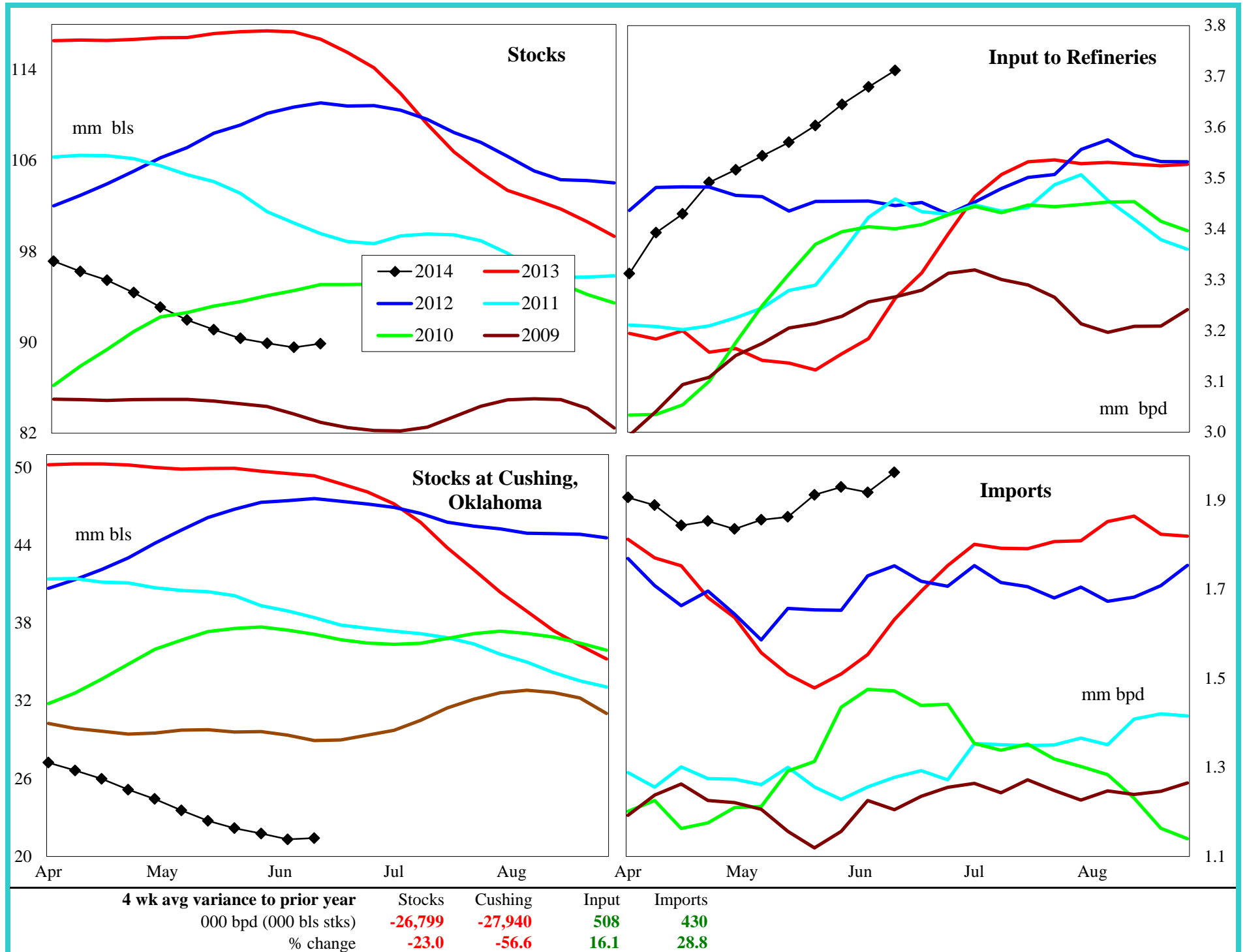
PADD 1 Jet Fuel Supply



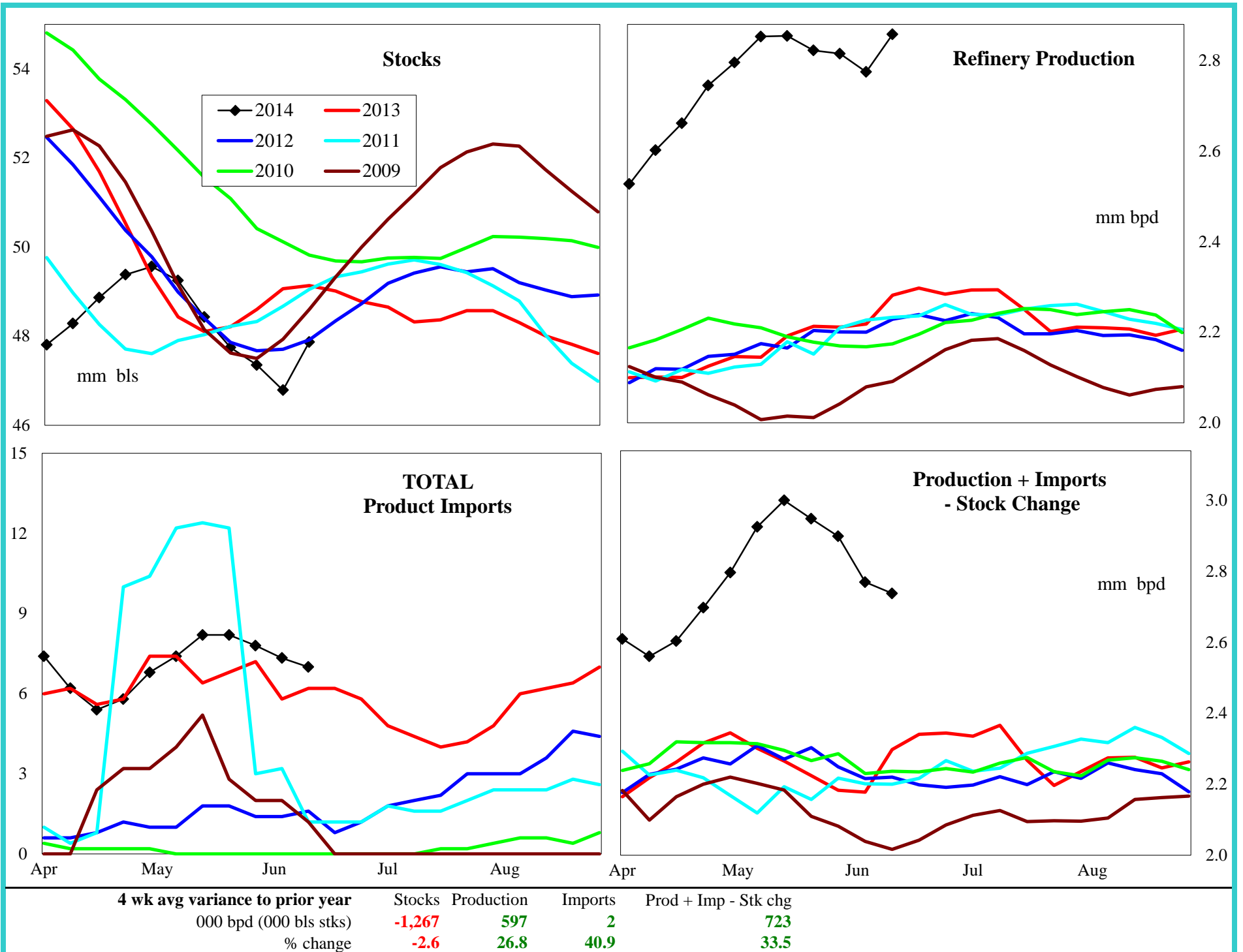
PADD 1 Residual Fuel Oil Supply



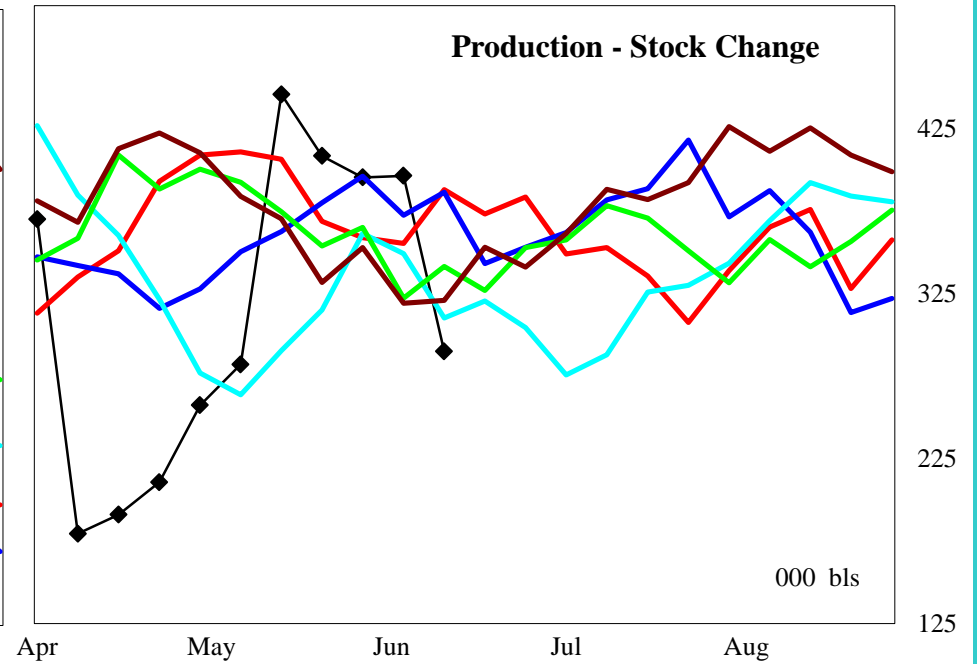
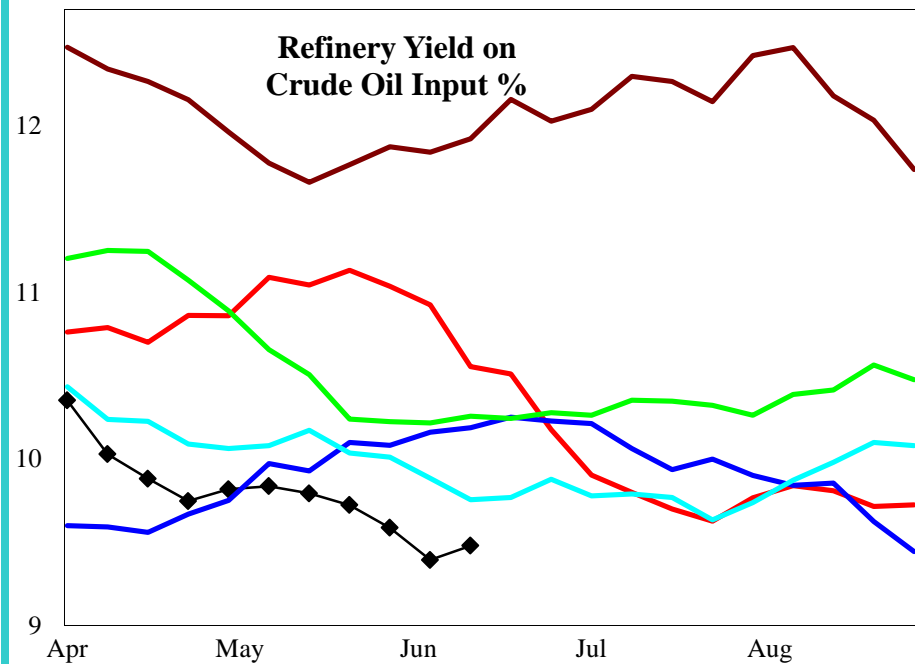
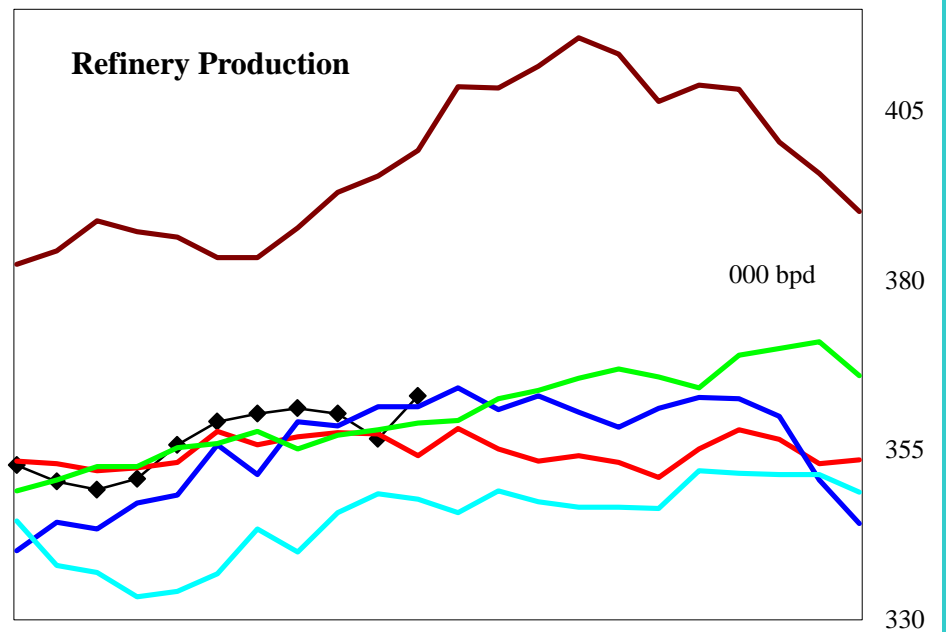
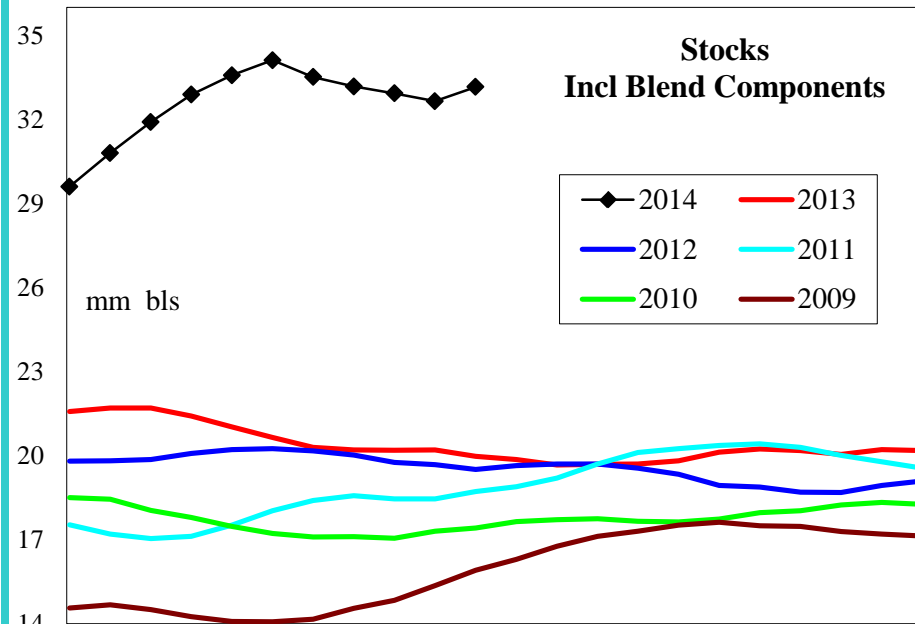
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply

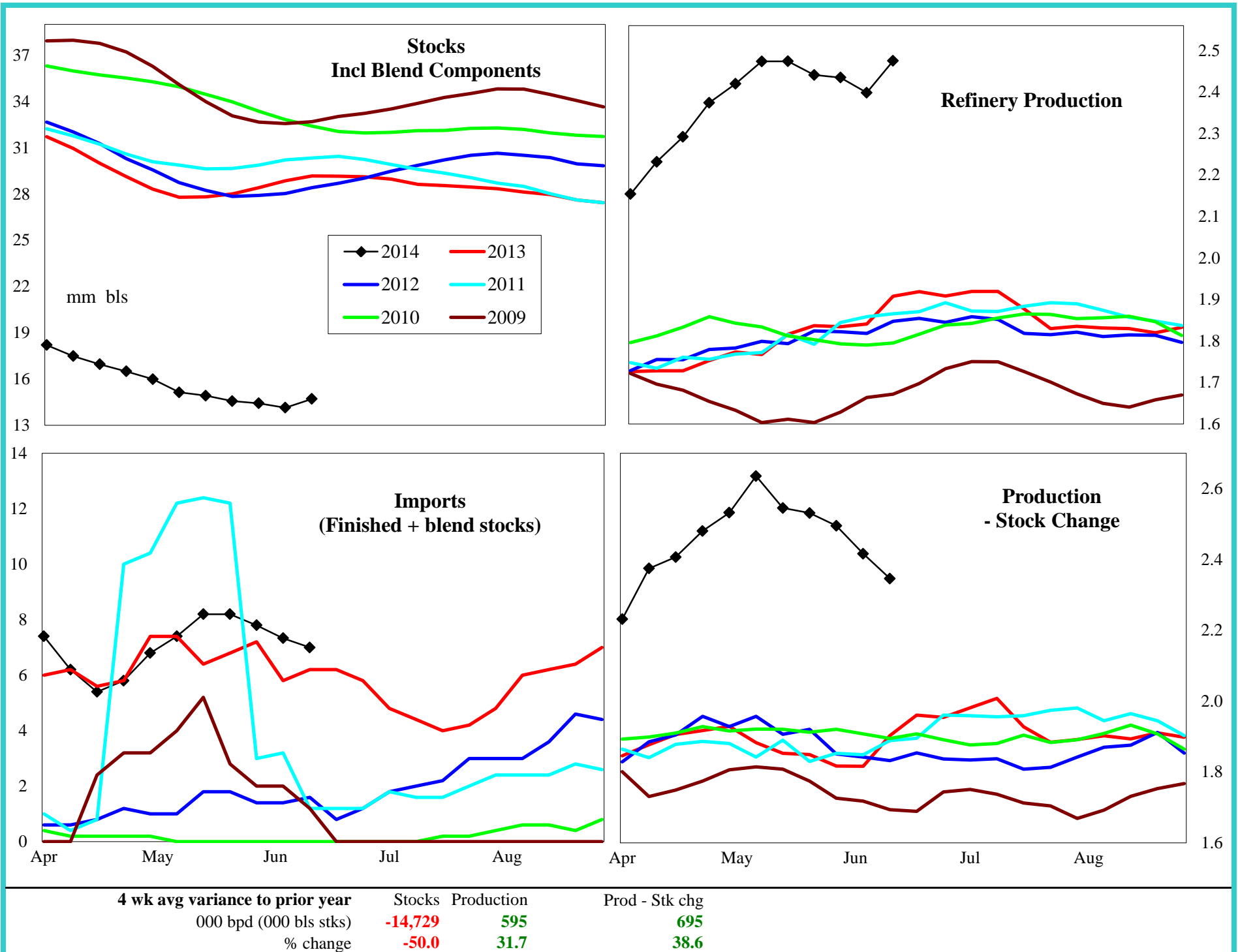


4 wk avg variance to prior year
000 bpd (000 bls stks)
% change

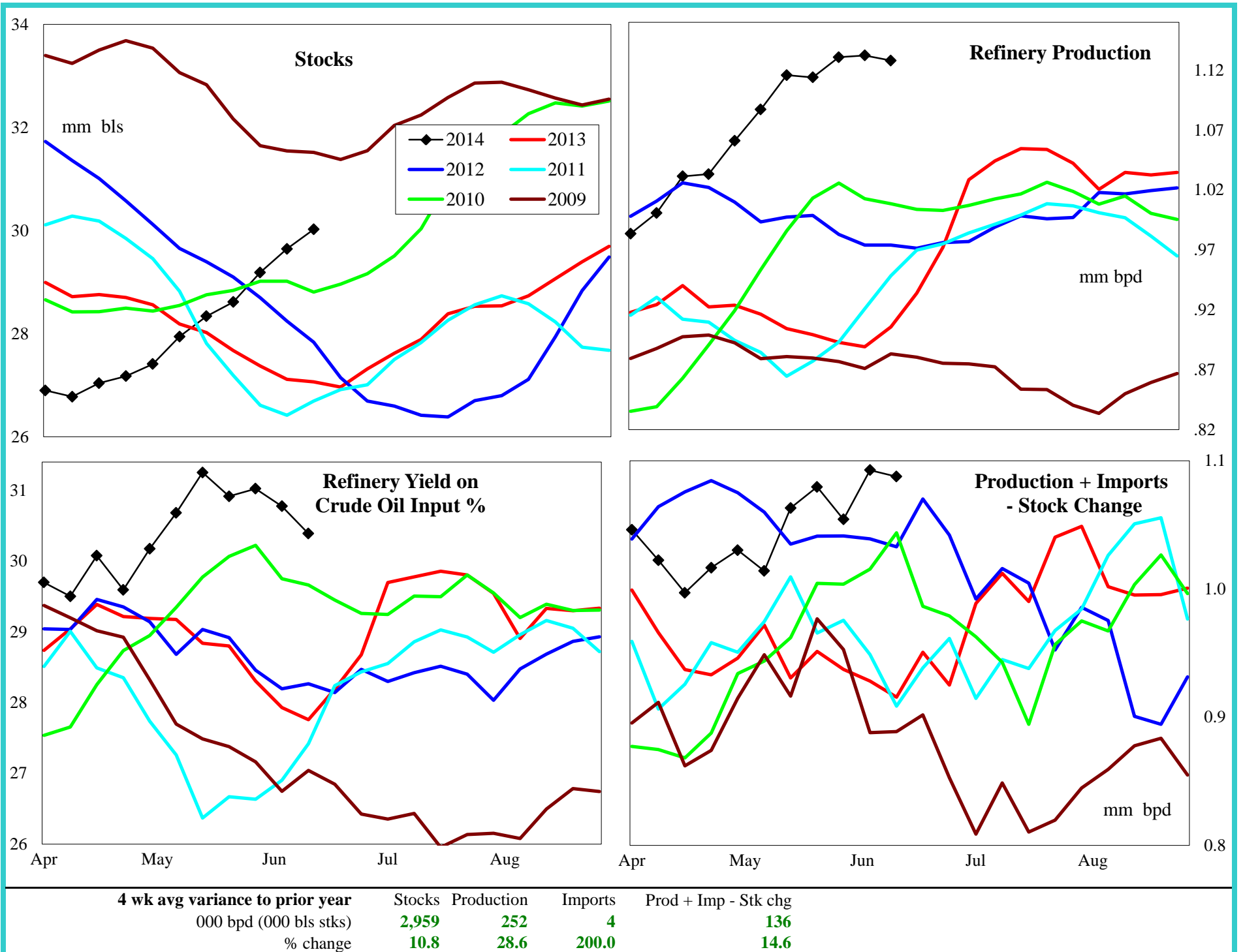
	Stocks	Production
000 bpd (000 bls stks)	13,190	4
% change	66.0	1.1

Prod - Stk chg
000 bls
5
1.3

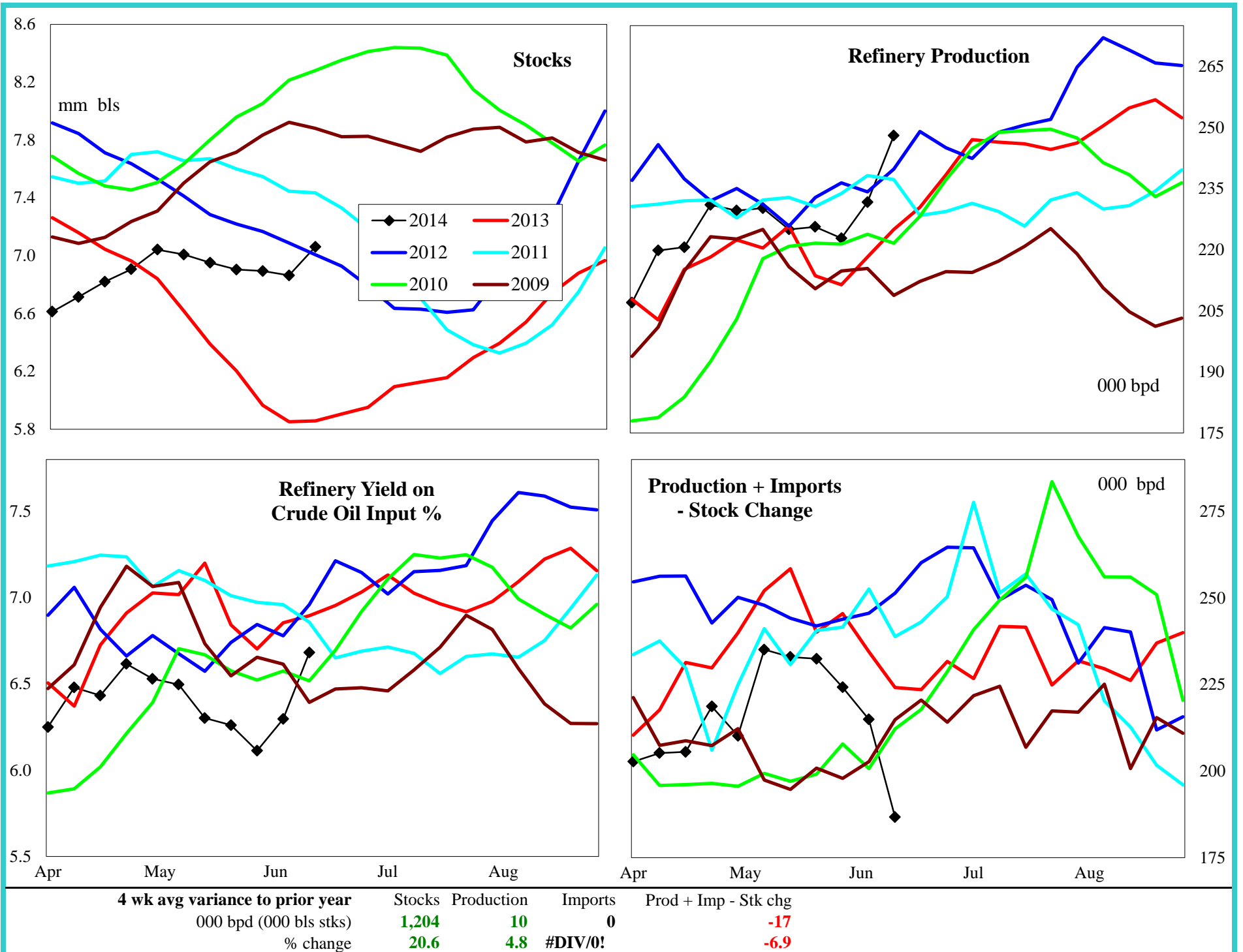
PADD 2 Conventional Gasoline Supply



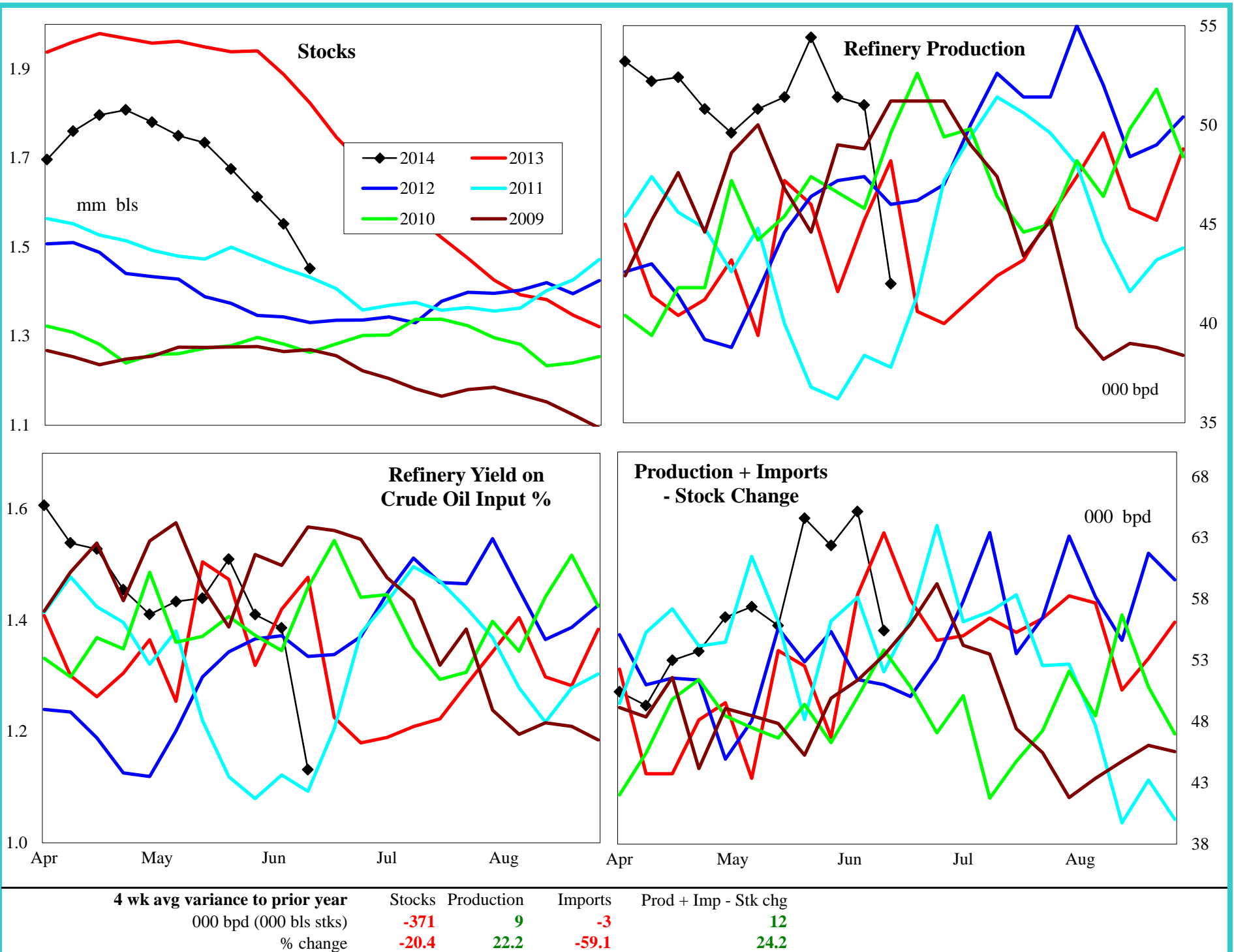
PADD 2 Distillate Supply



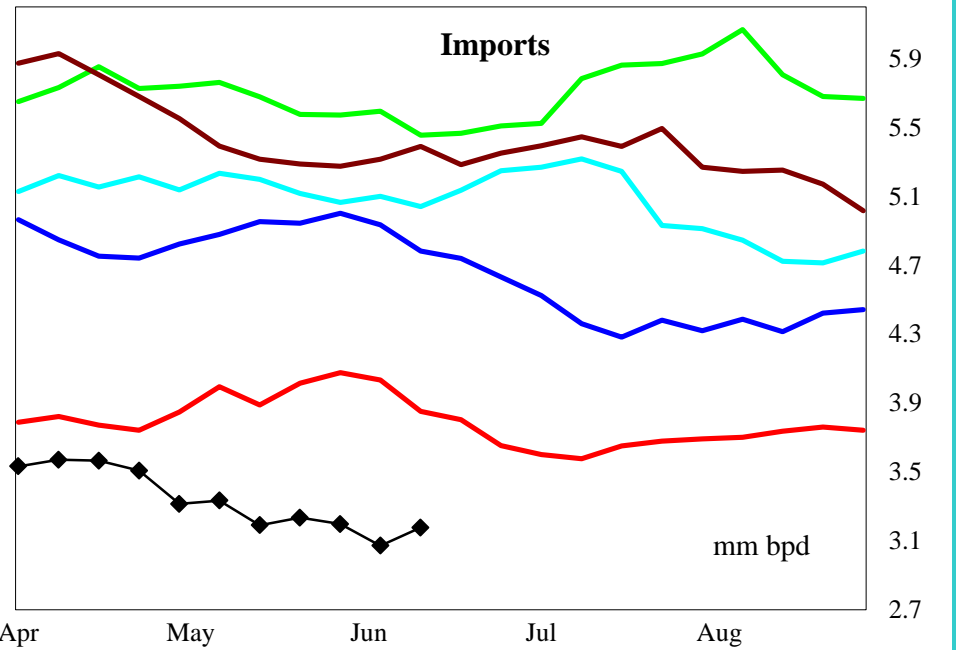
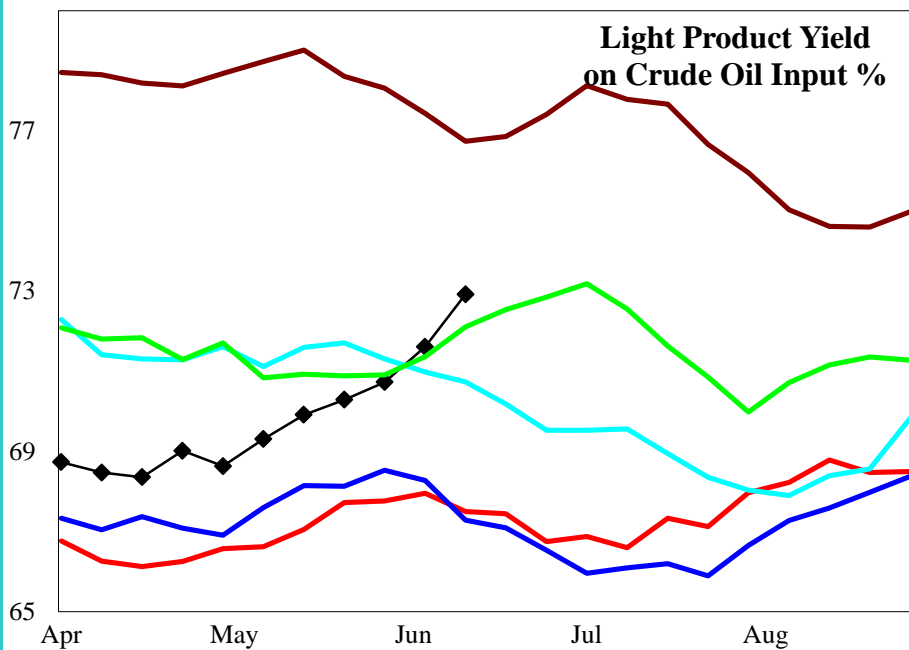
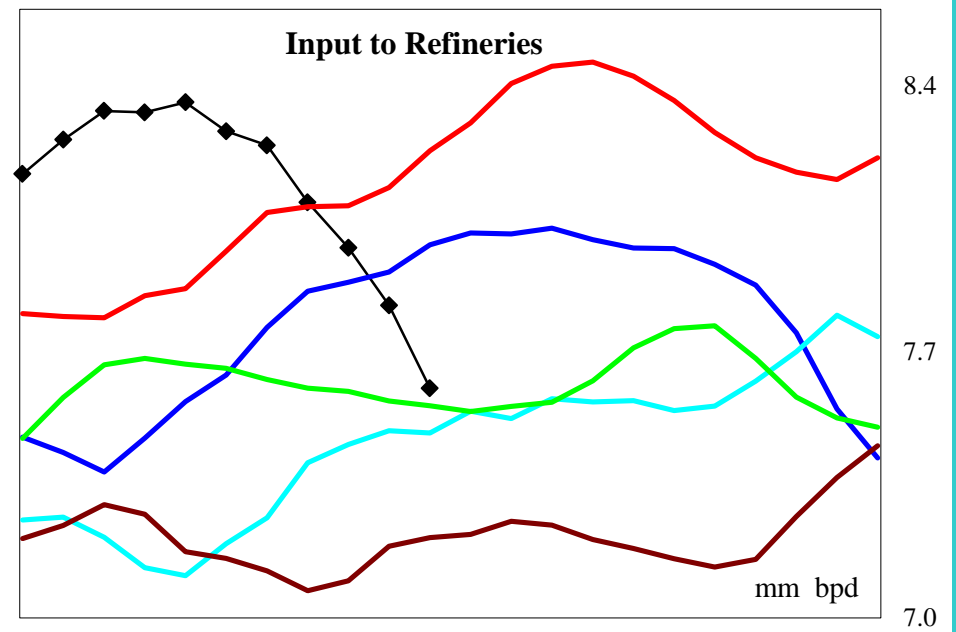
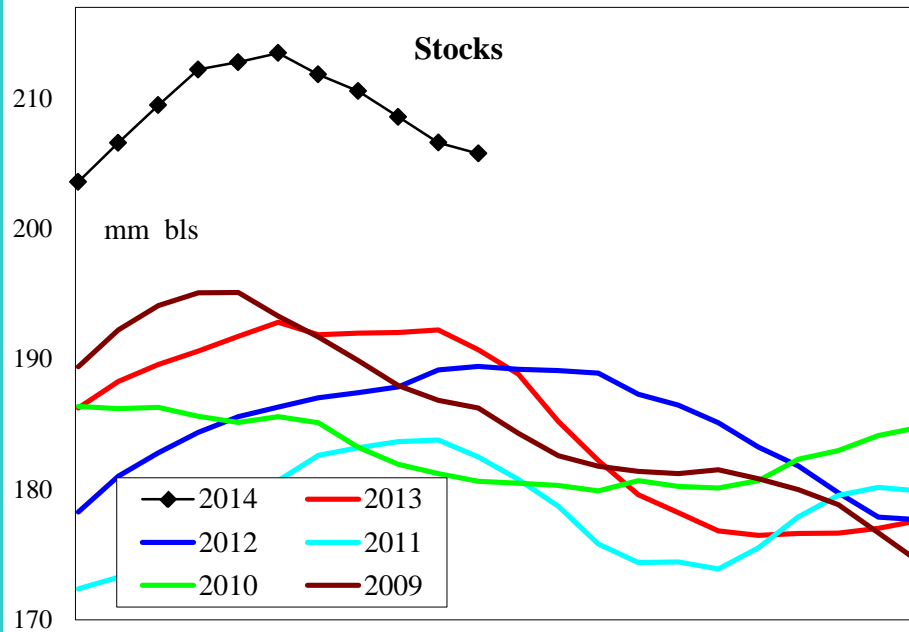
PADD 2 Jet Fuel Supply



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

15,061

7.9

Input

-184

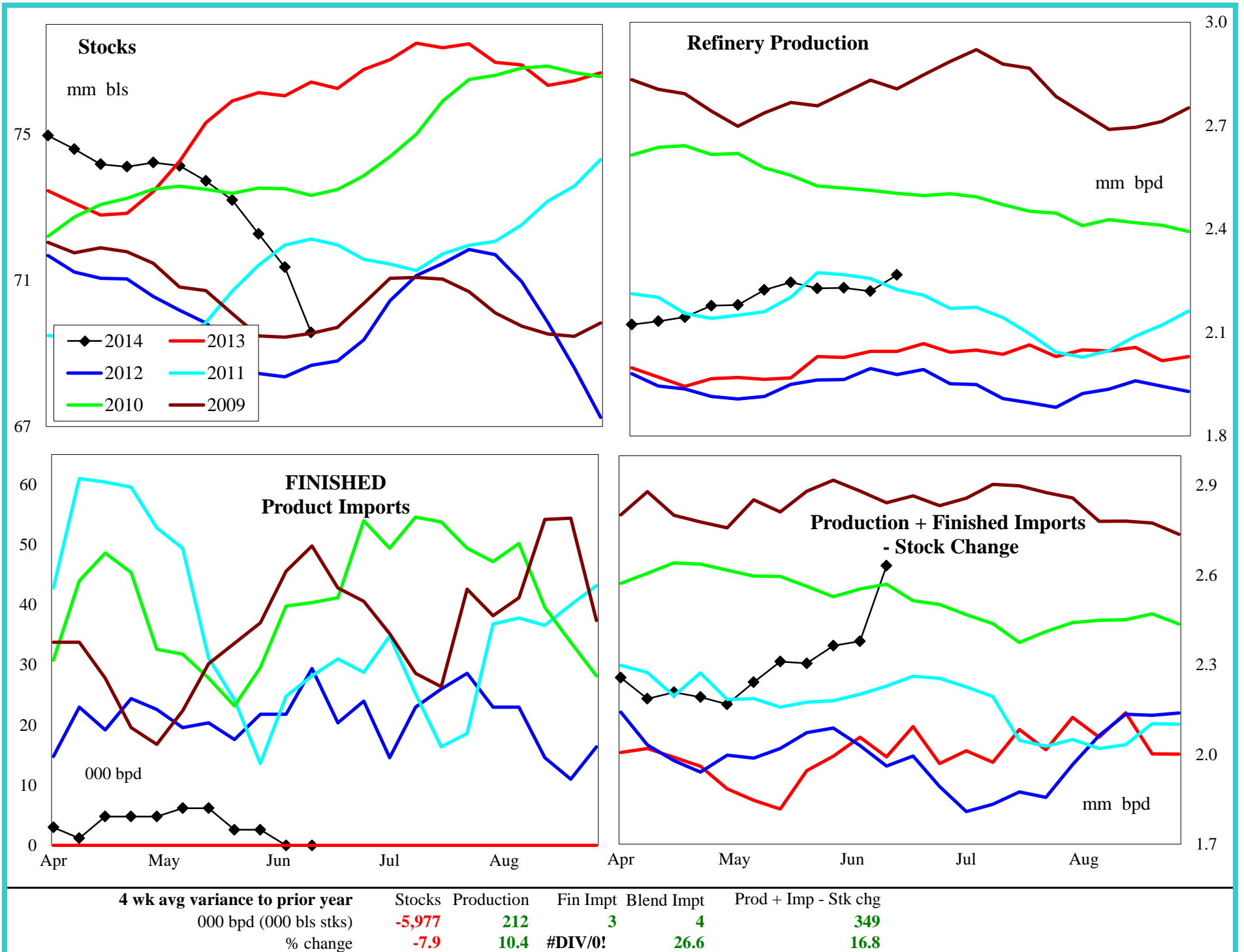
-2.3

Imports

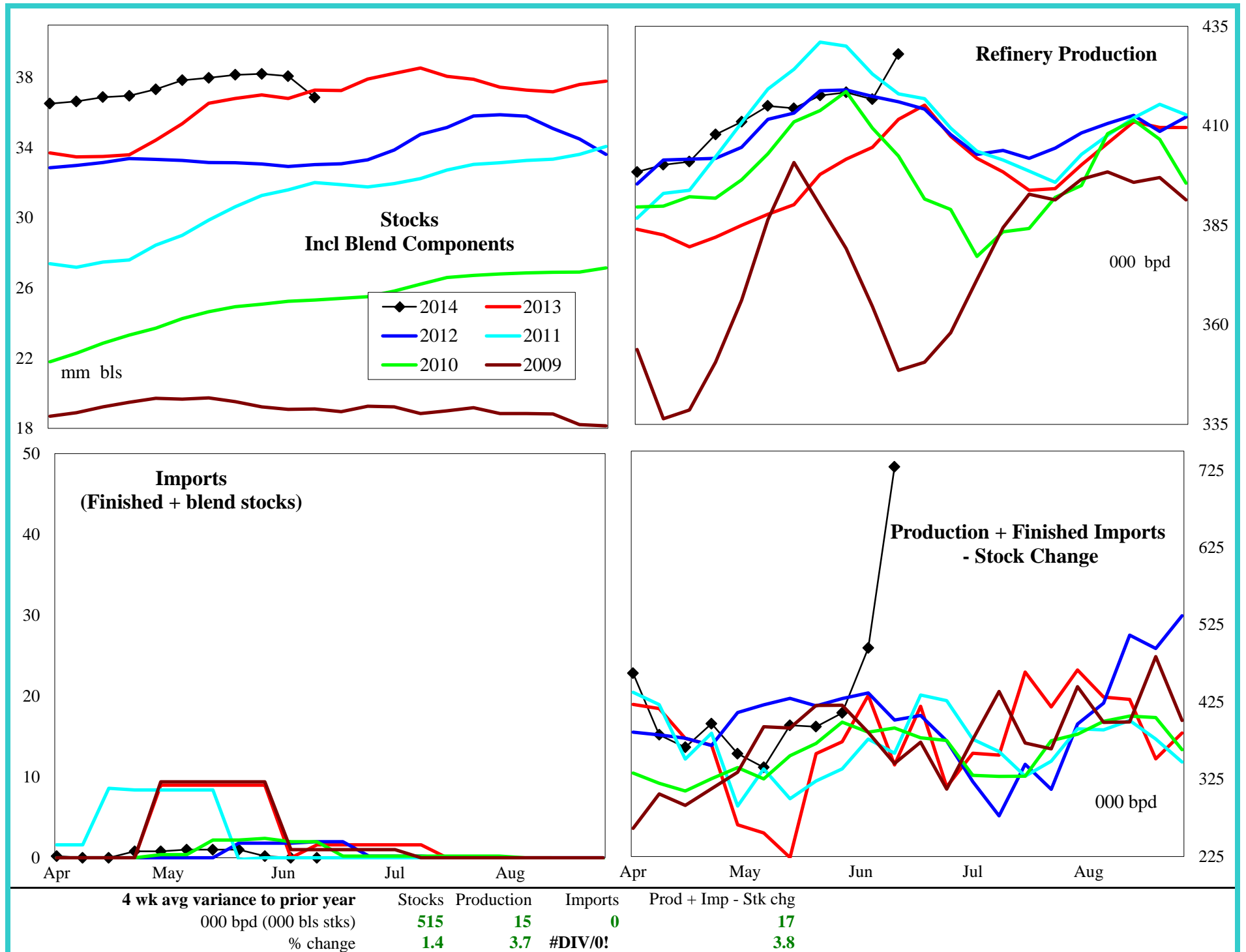
-786

-19.3

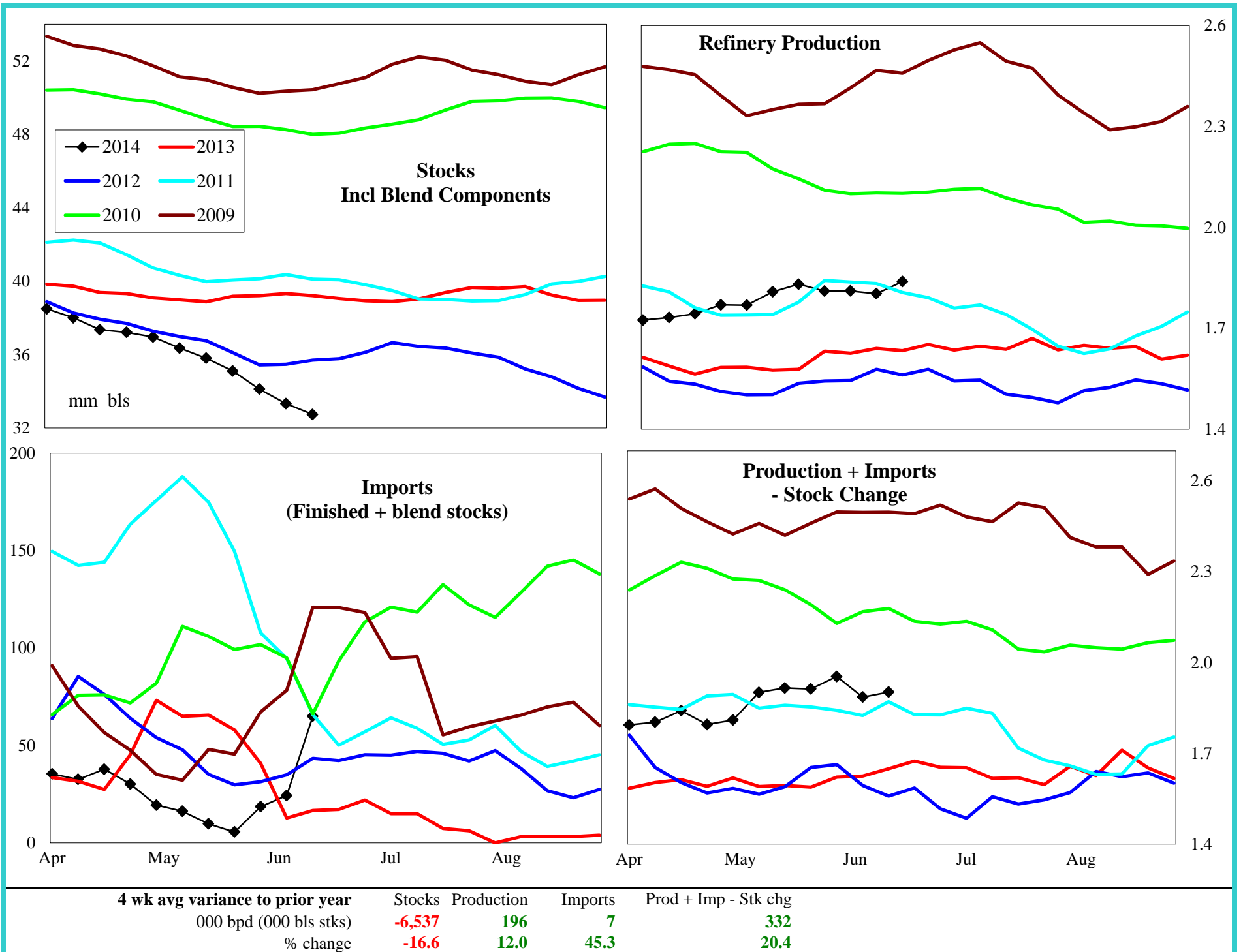
PADD 3 Gasoline Supply



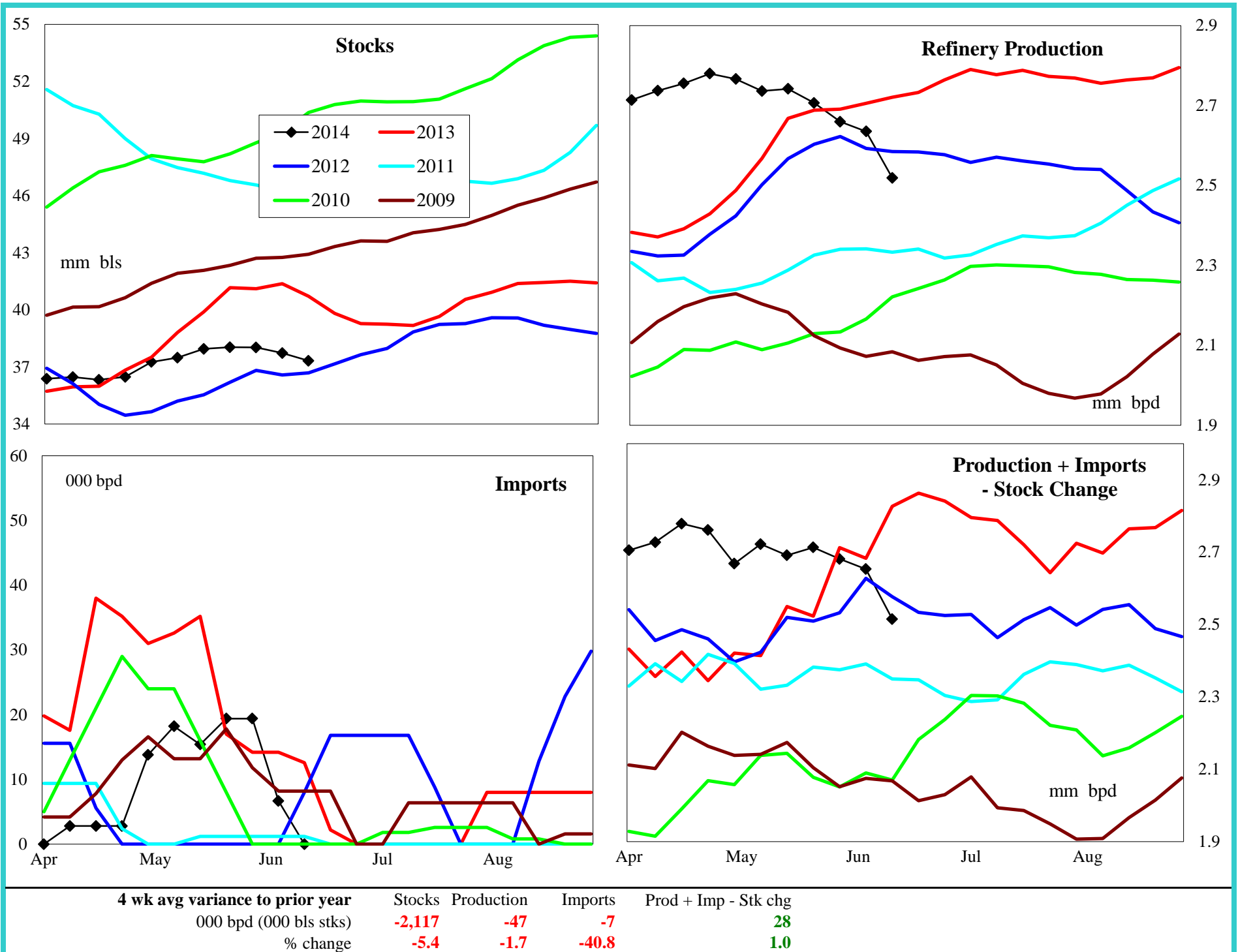
PADD 3 Reformulated Gasoline Supply



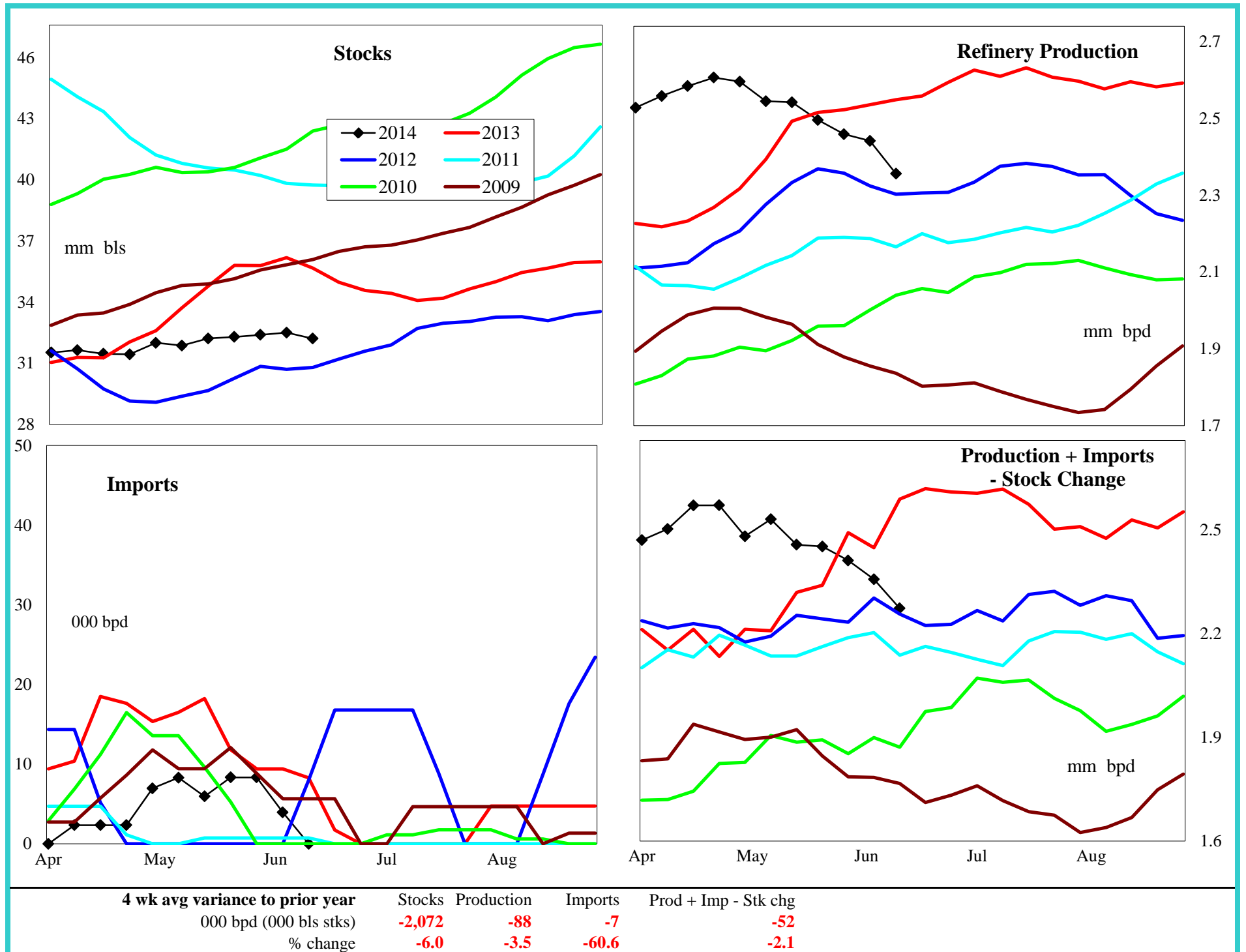
PADD 3 Conventional Gasoline Supply



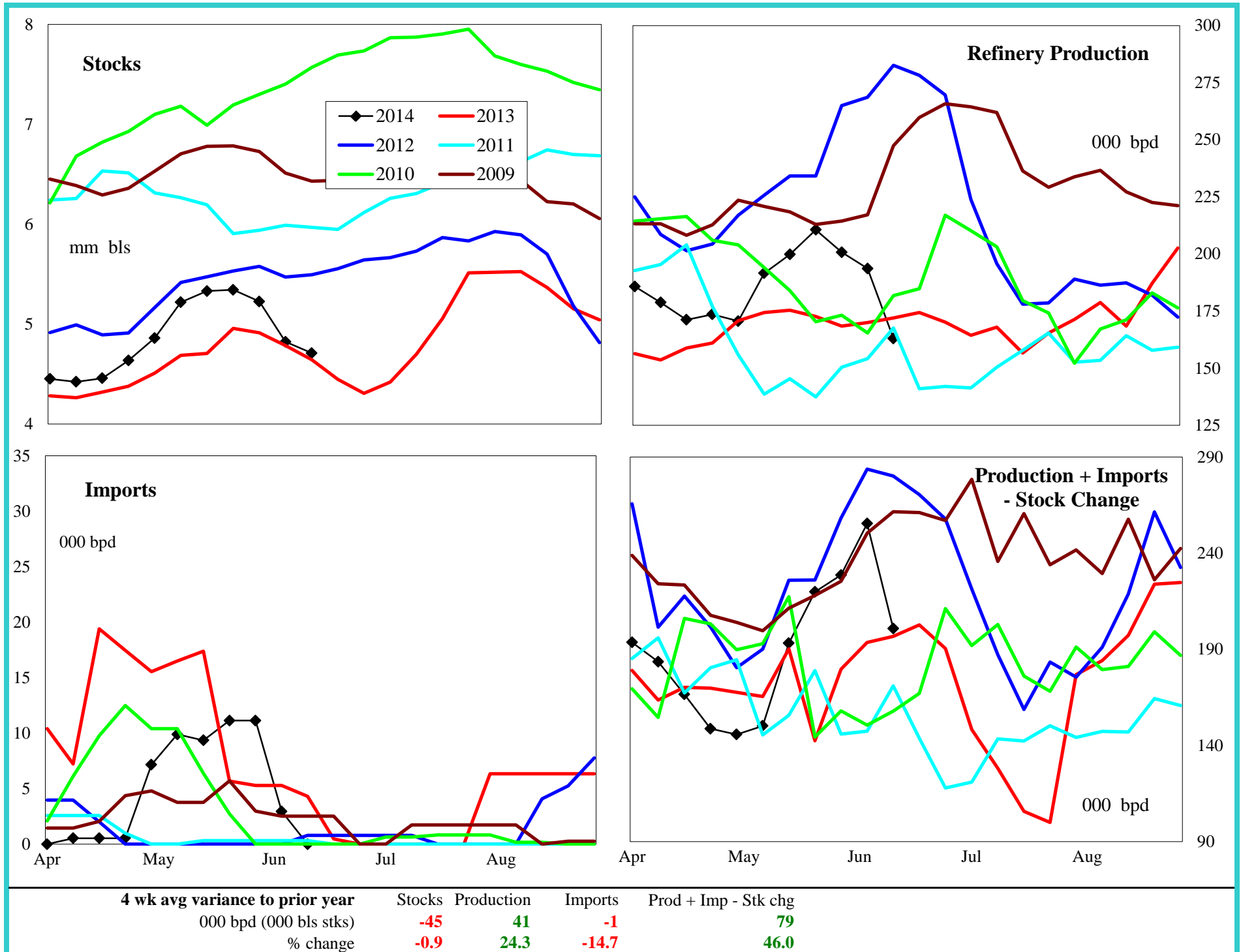
PADD 3 Distillate Supply



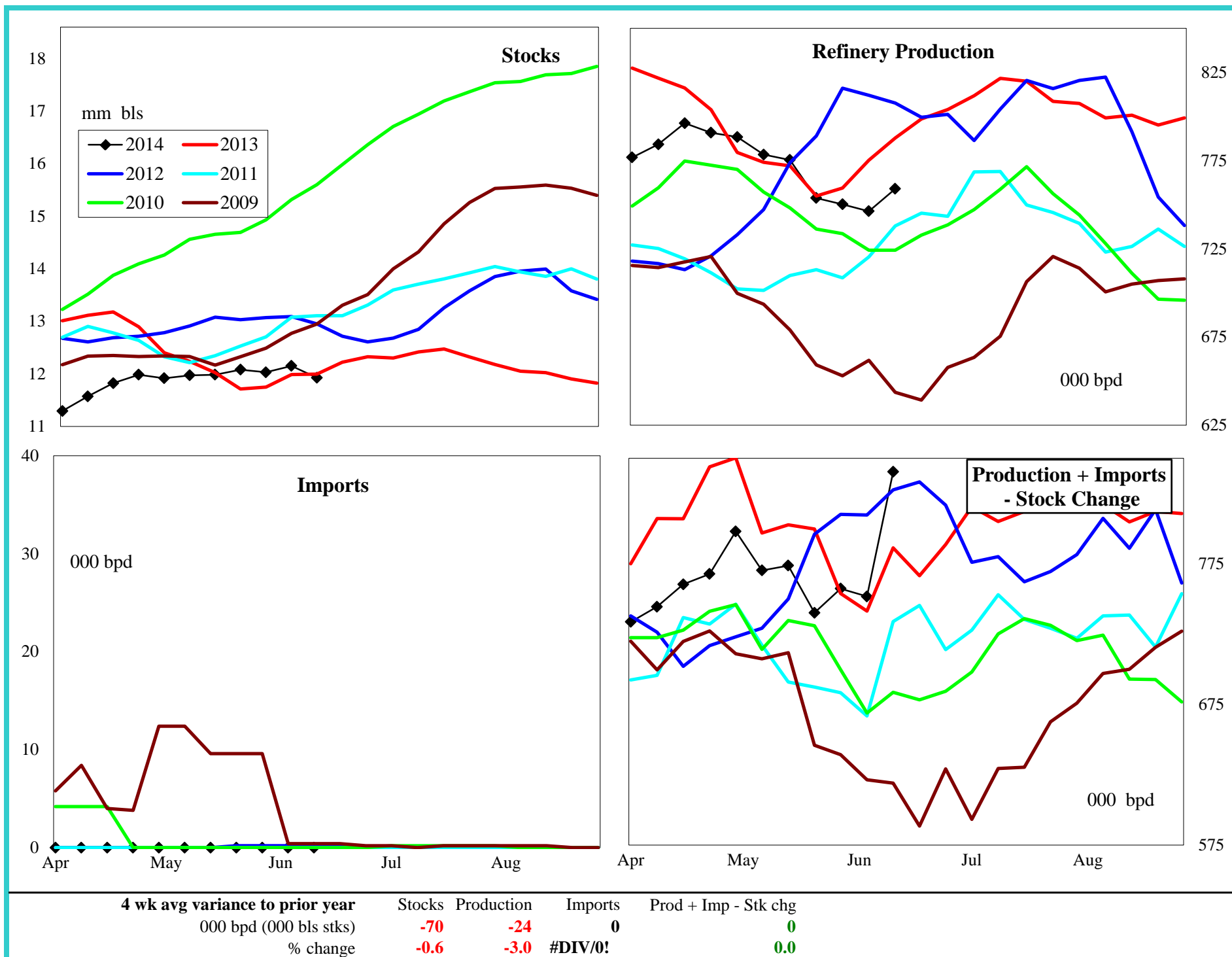
PADD 3 Low Sulfur Distillate Supply



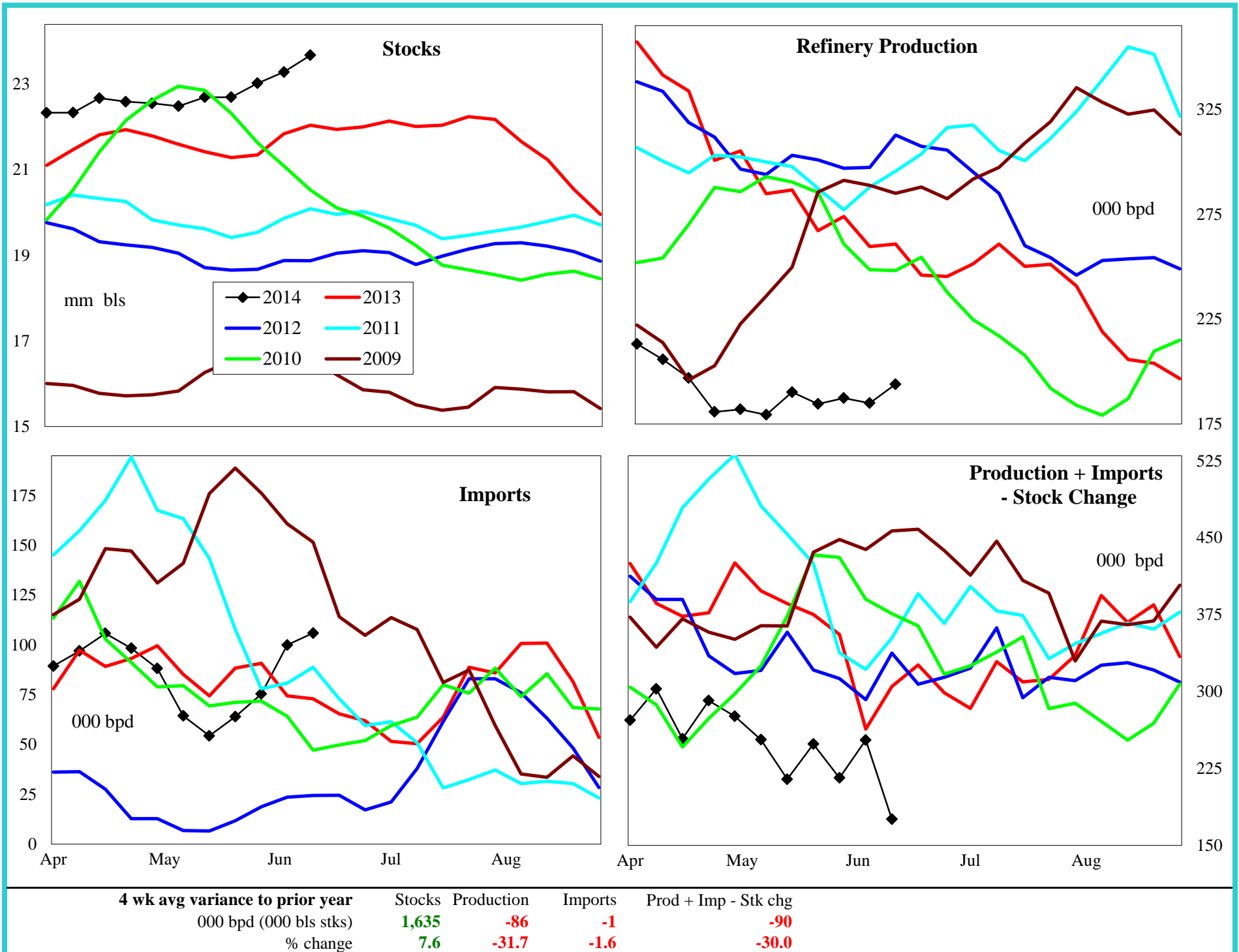
PADD 3 High Sulfur Distillate Supply



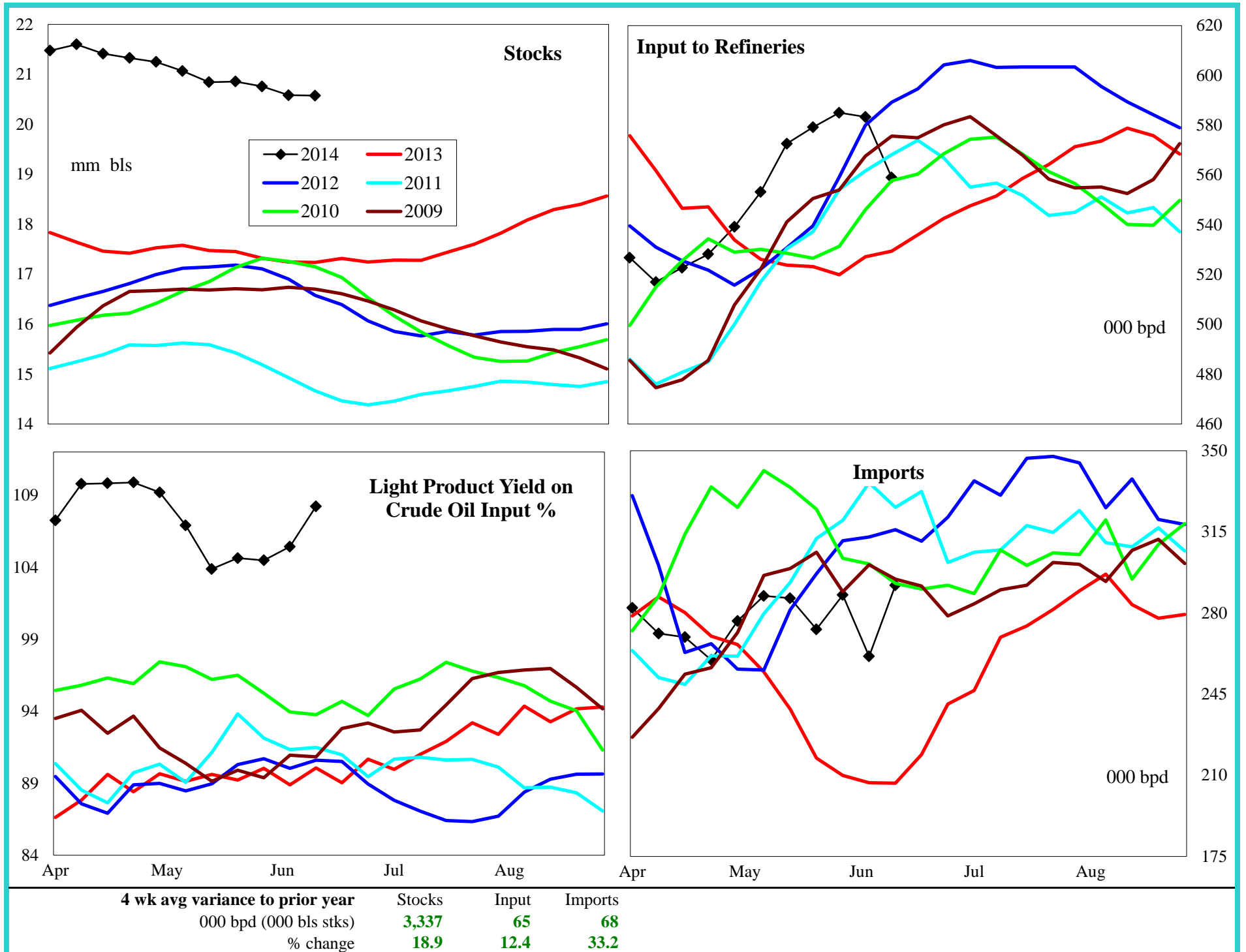
PADD 3 Jet Fuel Supply



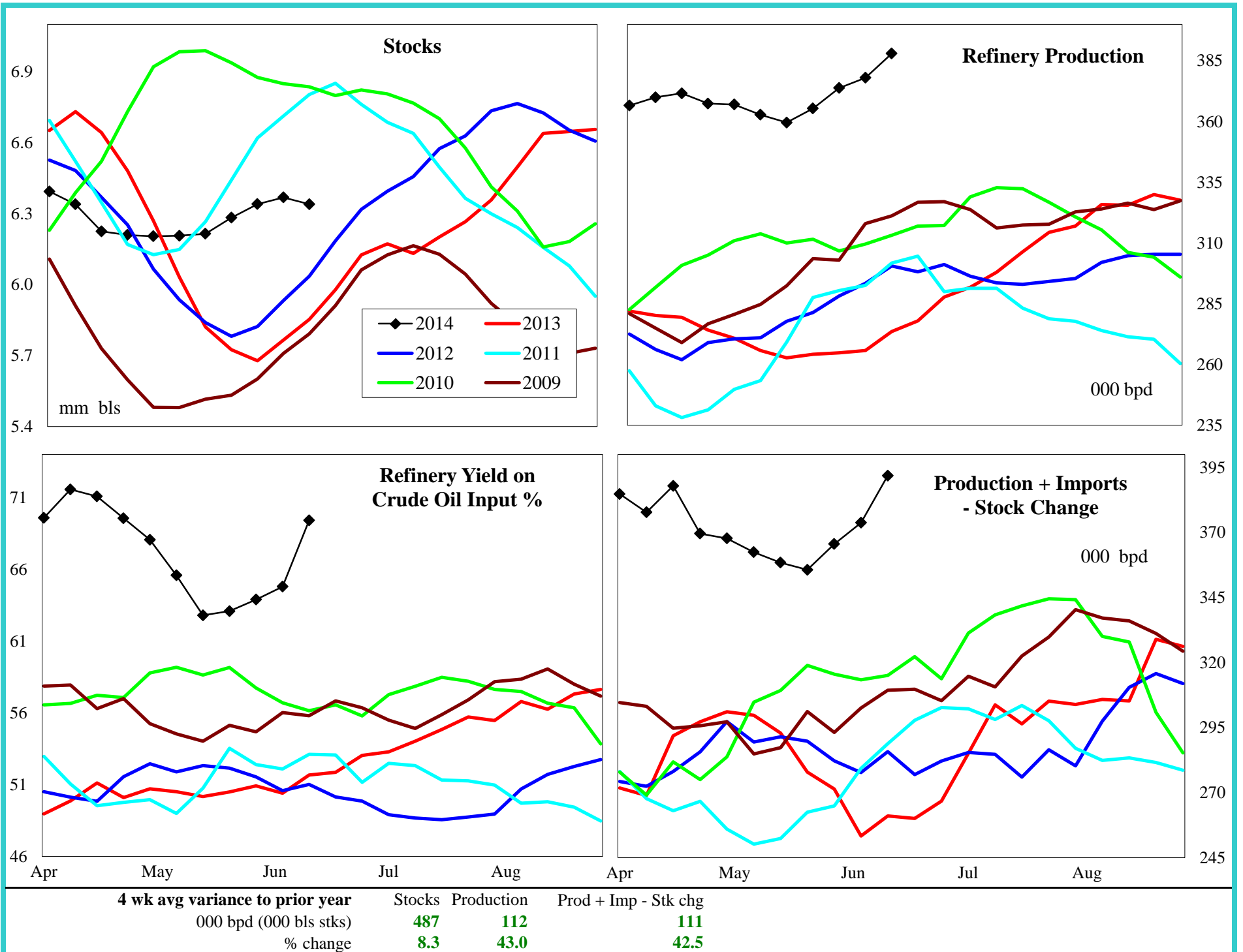
PADD 3 Residual Fuel Oil Supply



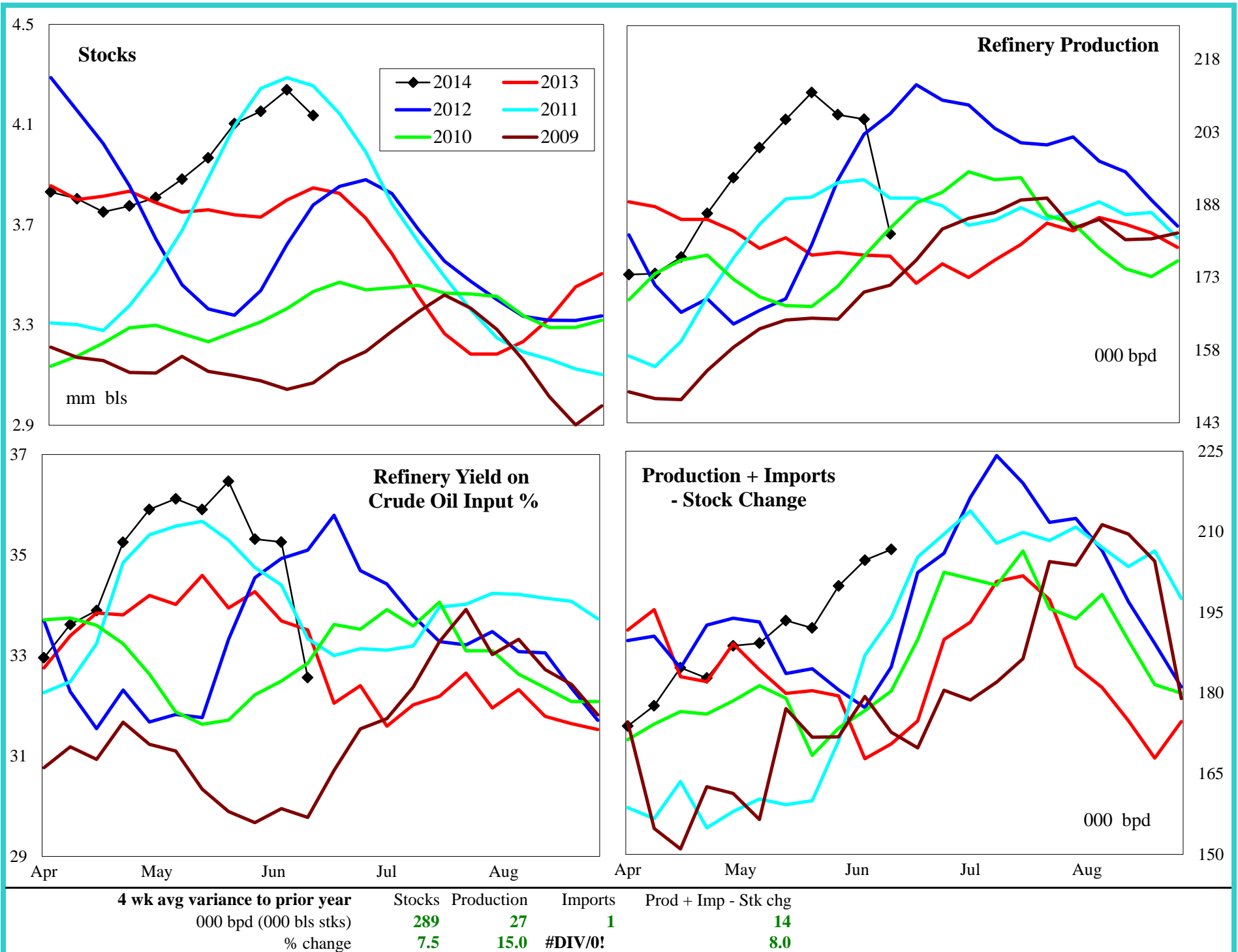
PADD 4 Crude Oil Supply and Refining



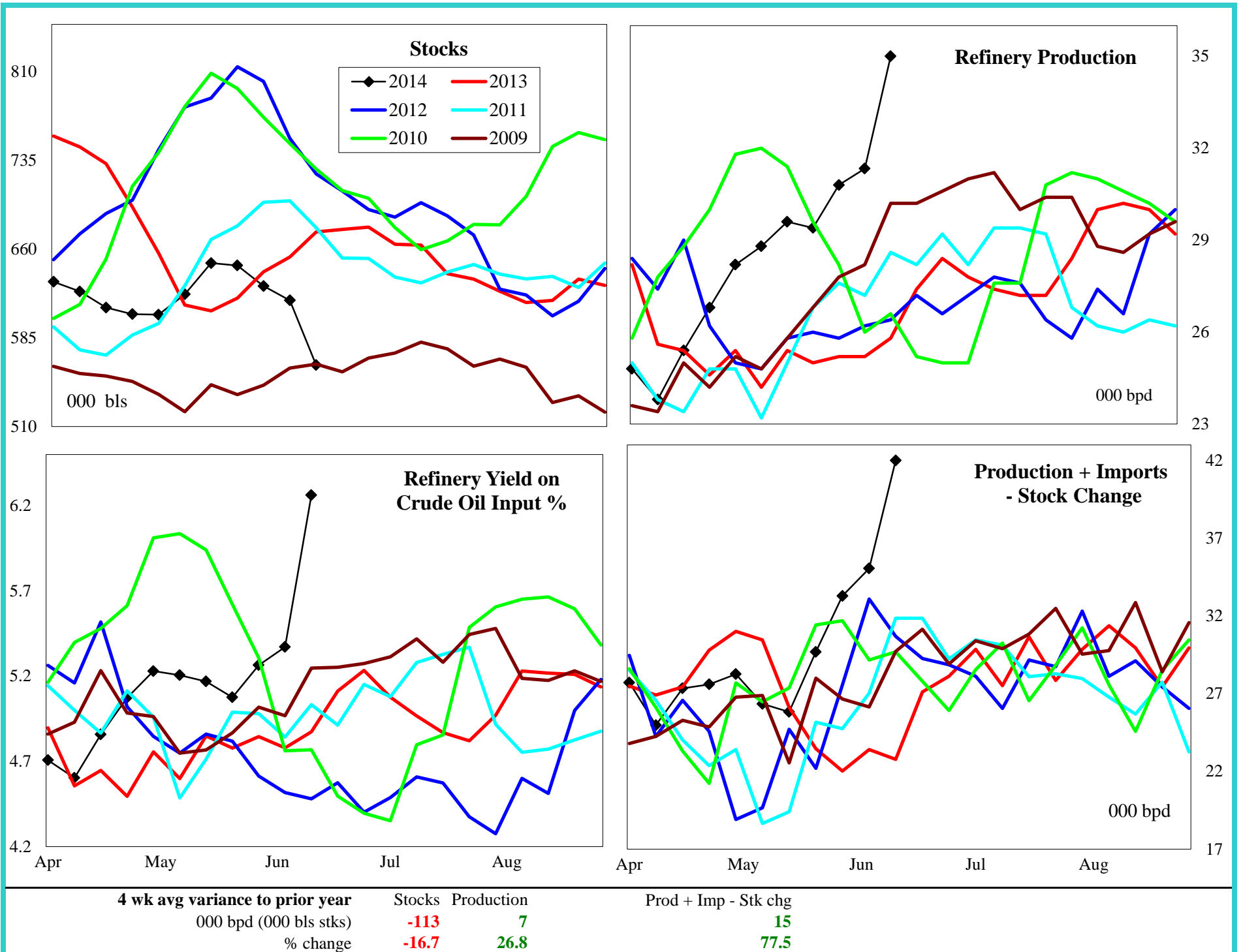
PADD 4 Gasoline Supply



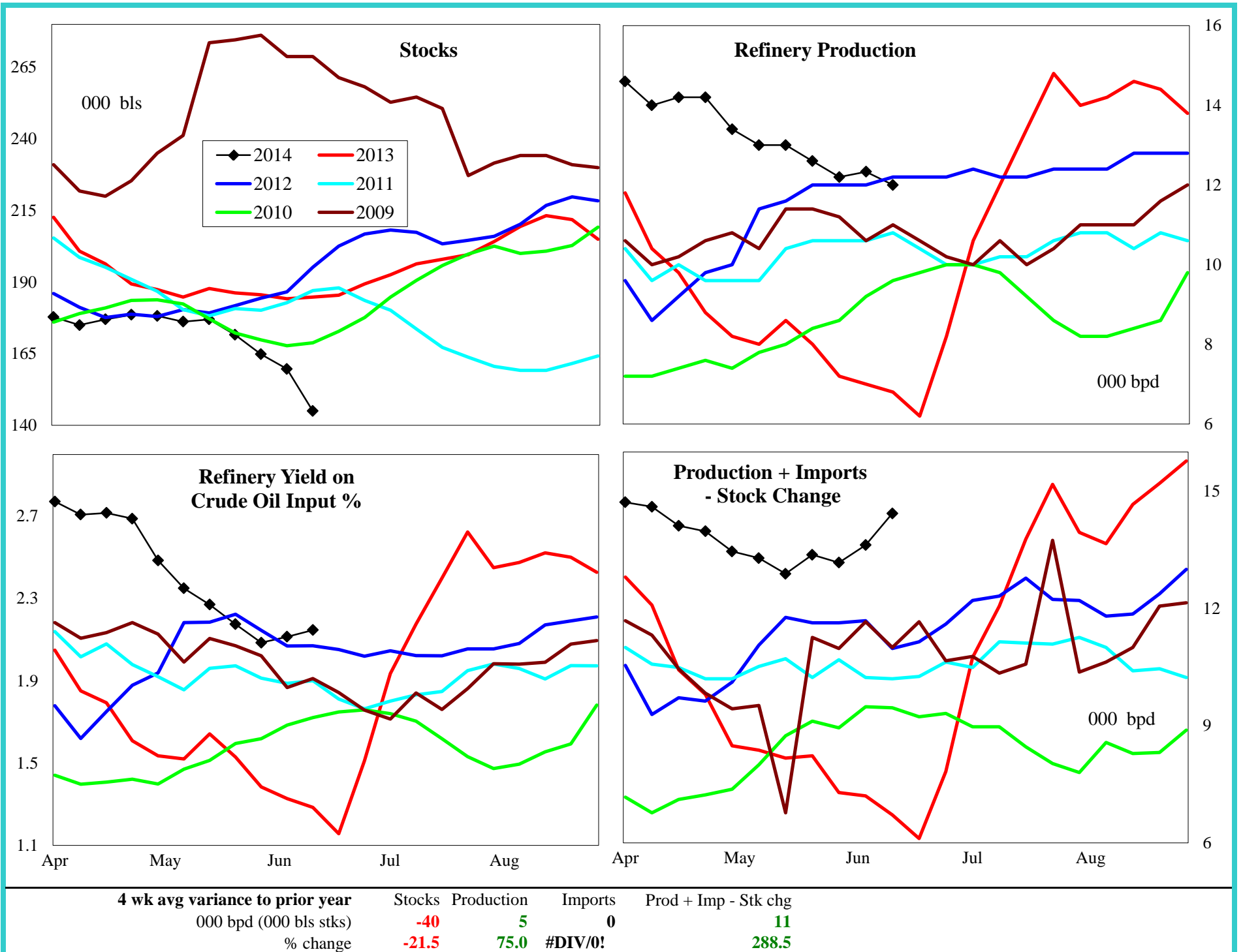
PADD 4 Distillate Supply



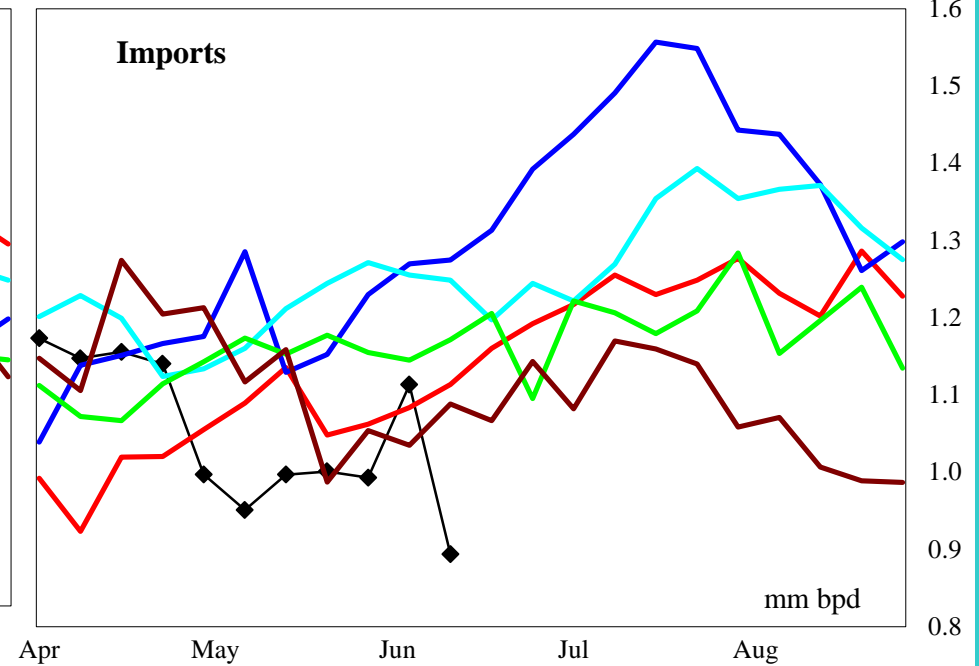
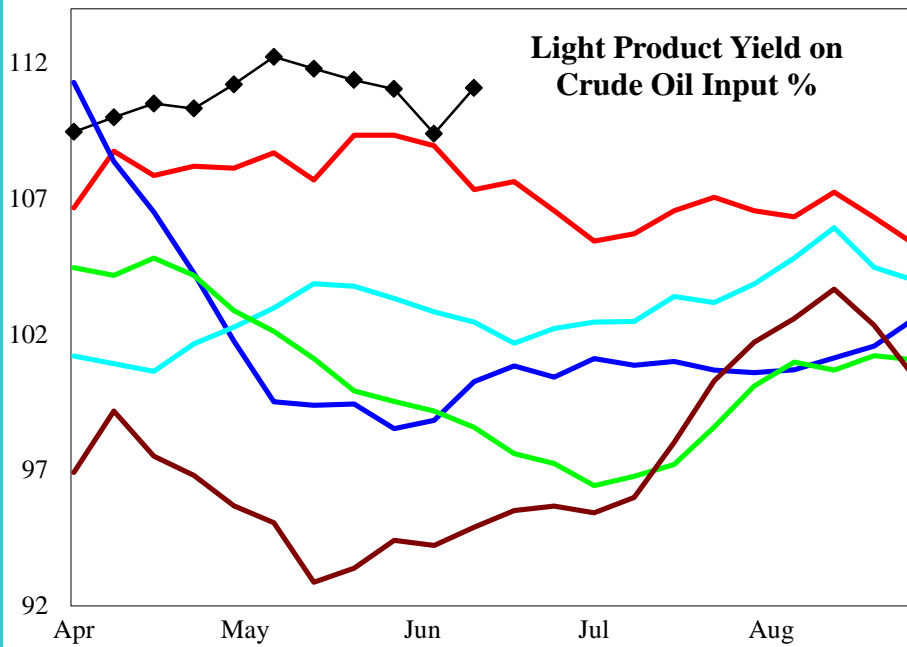
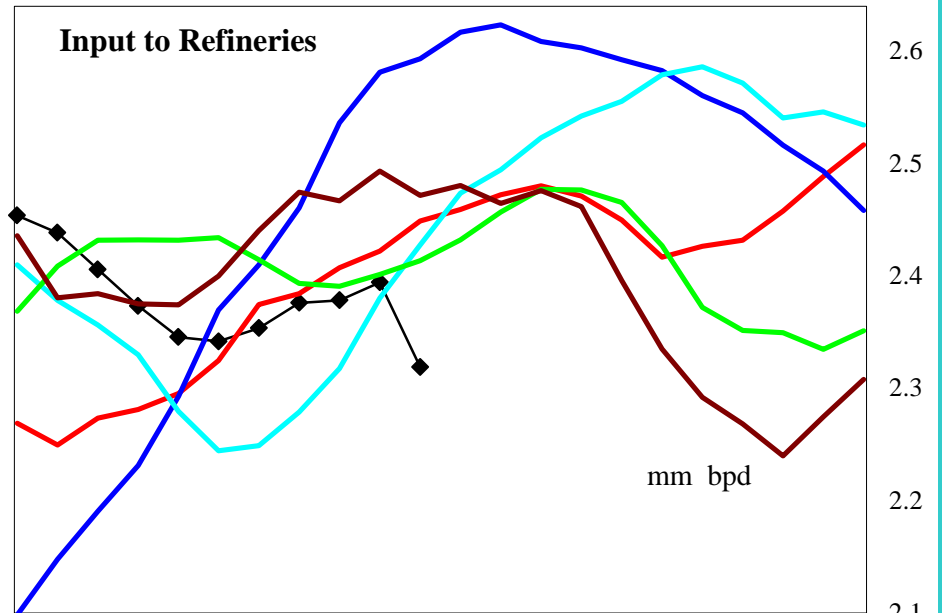
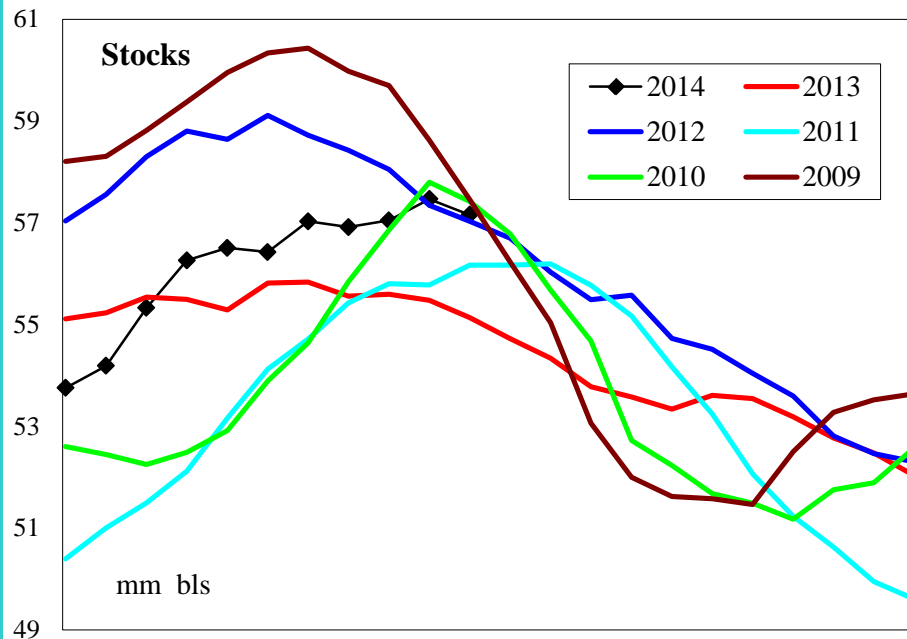
PADD 4 Jet Fuel Supply



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

2,022

3.7

Input

-33

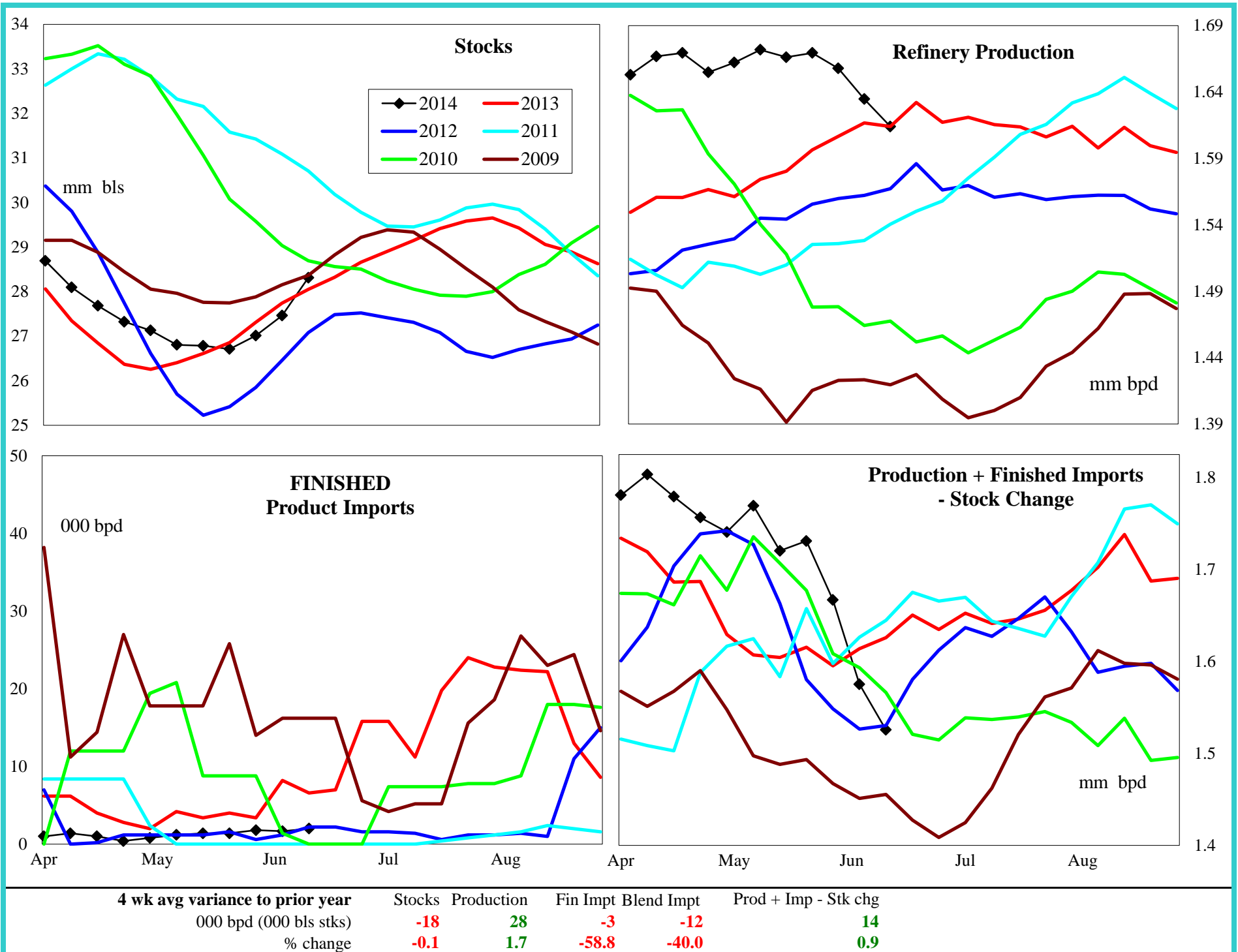
-1.4

Imports

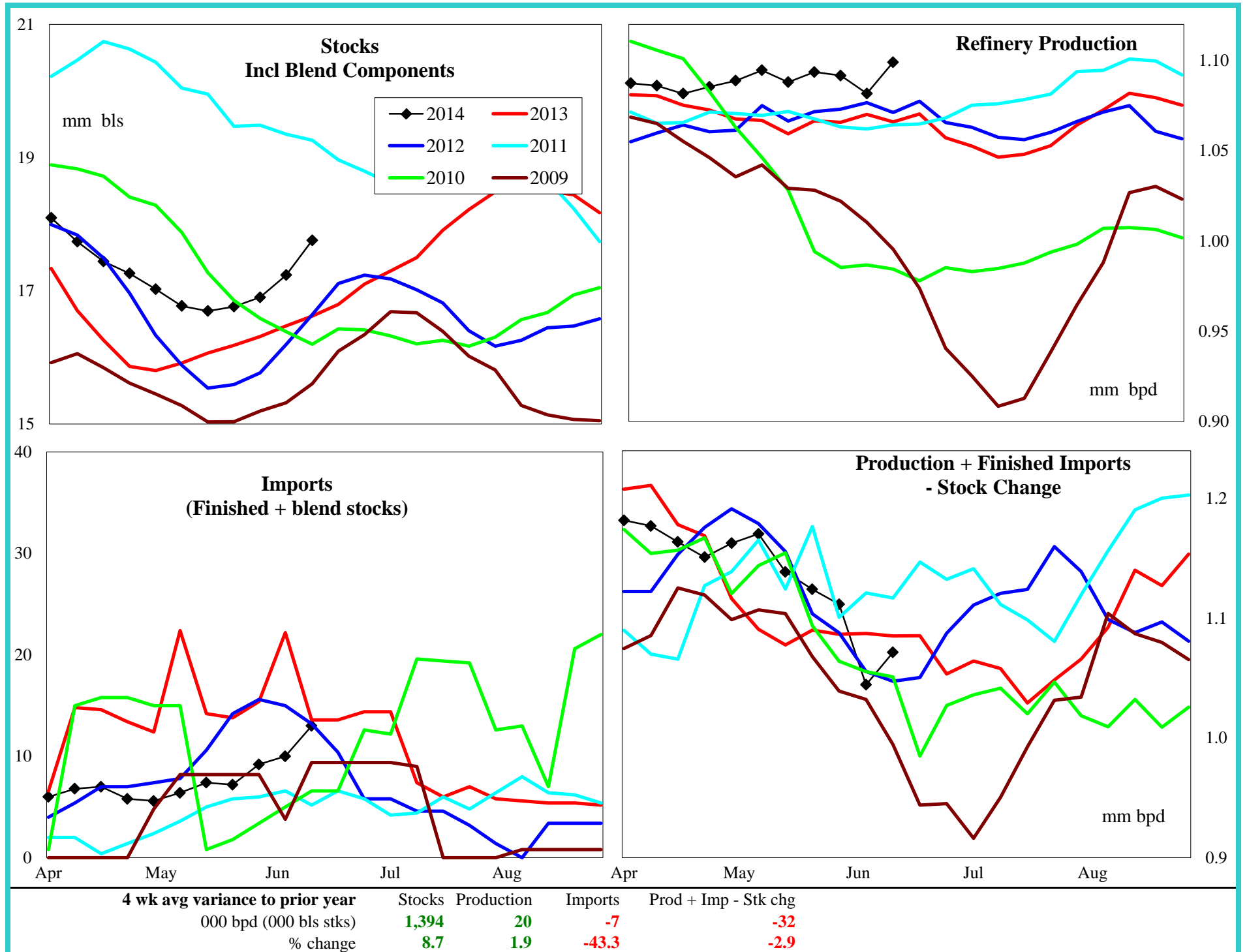
-9

-0.8

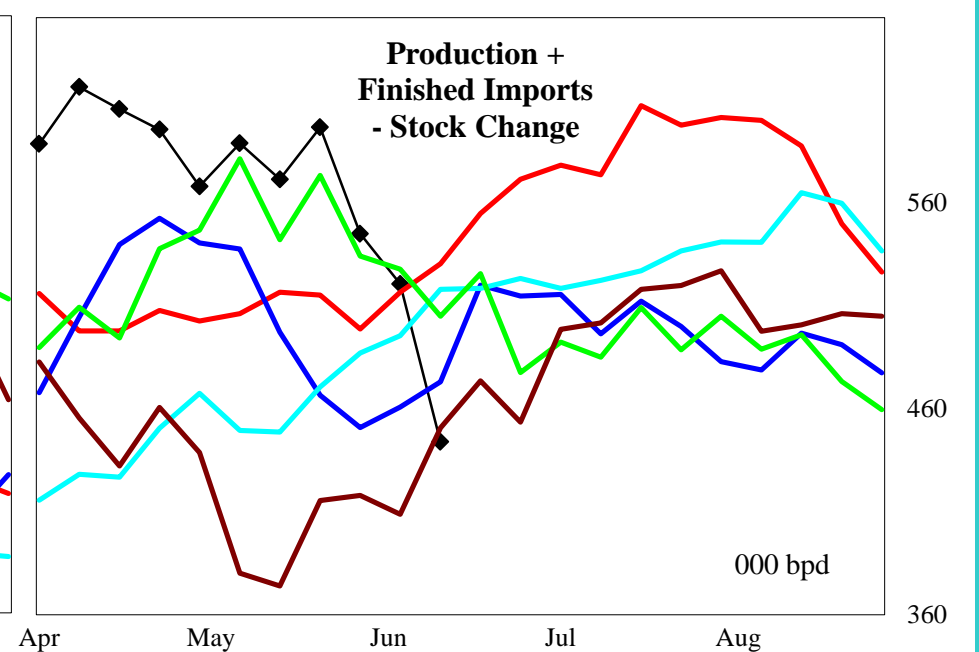
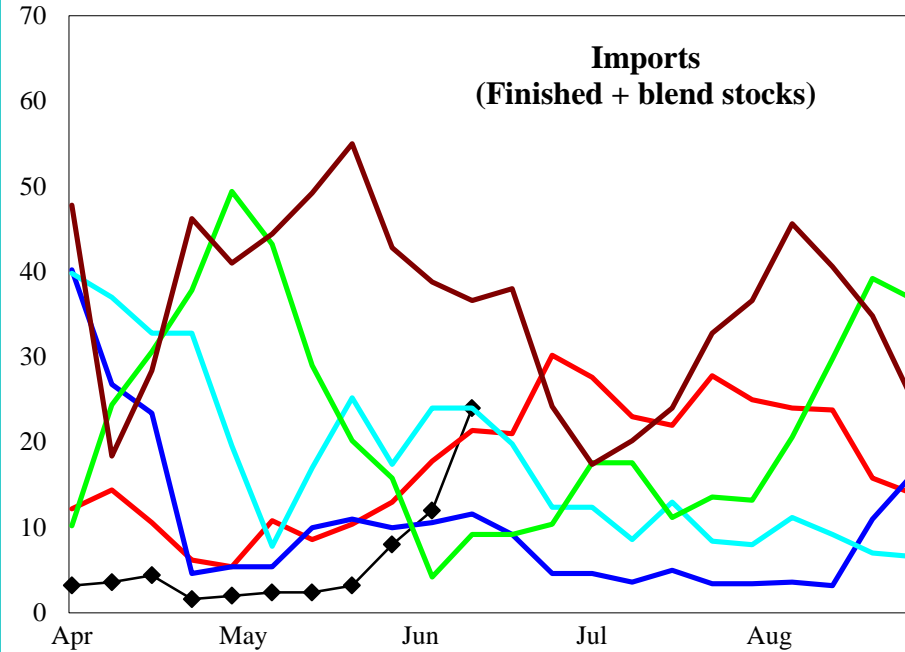
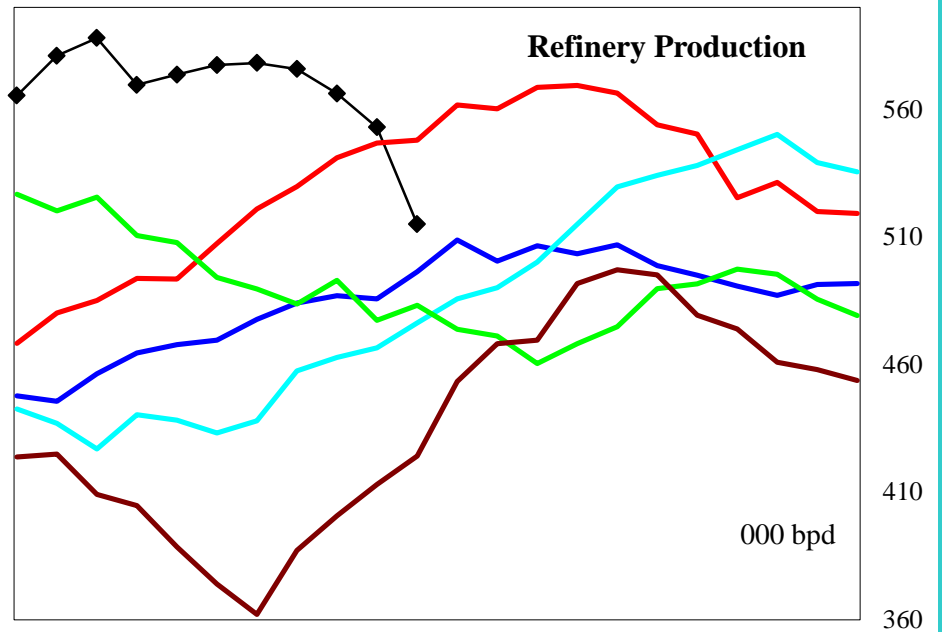
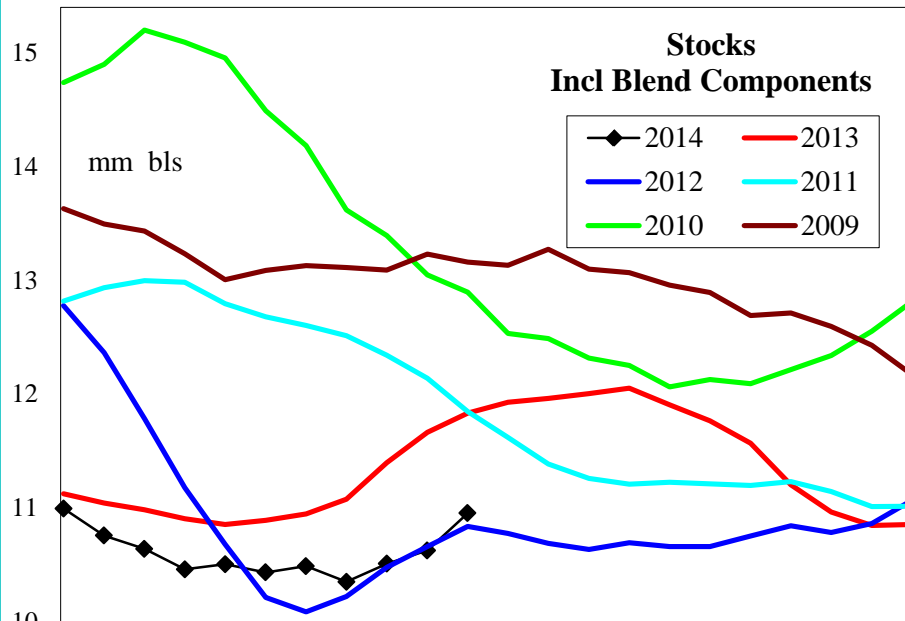
PADD 5 Gasoline Supply



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

-1,412

7

-7

45

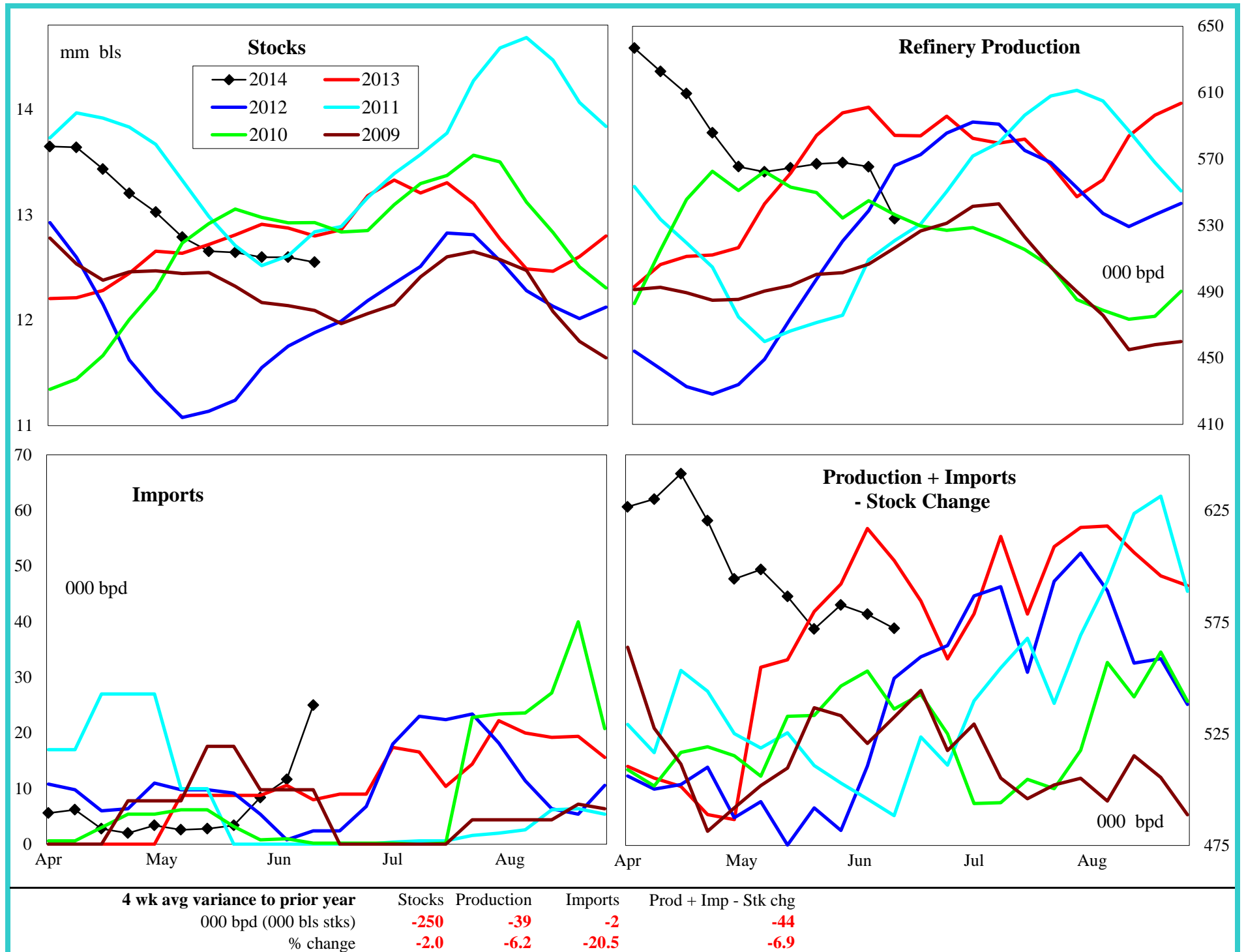
-11.4

1.3

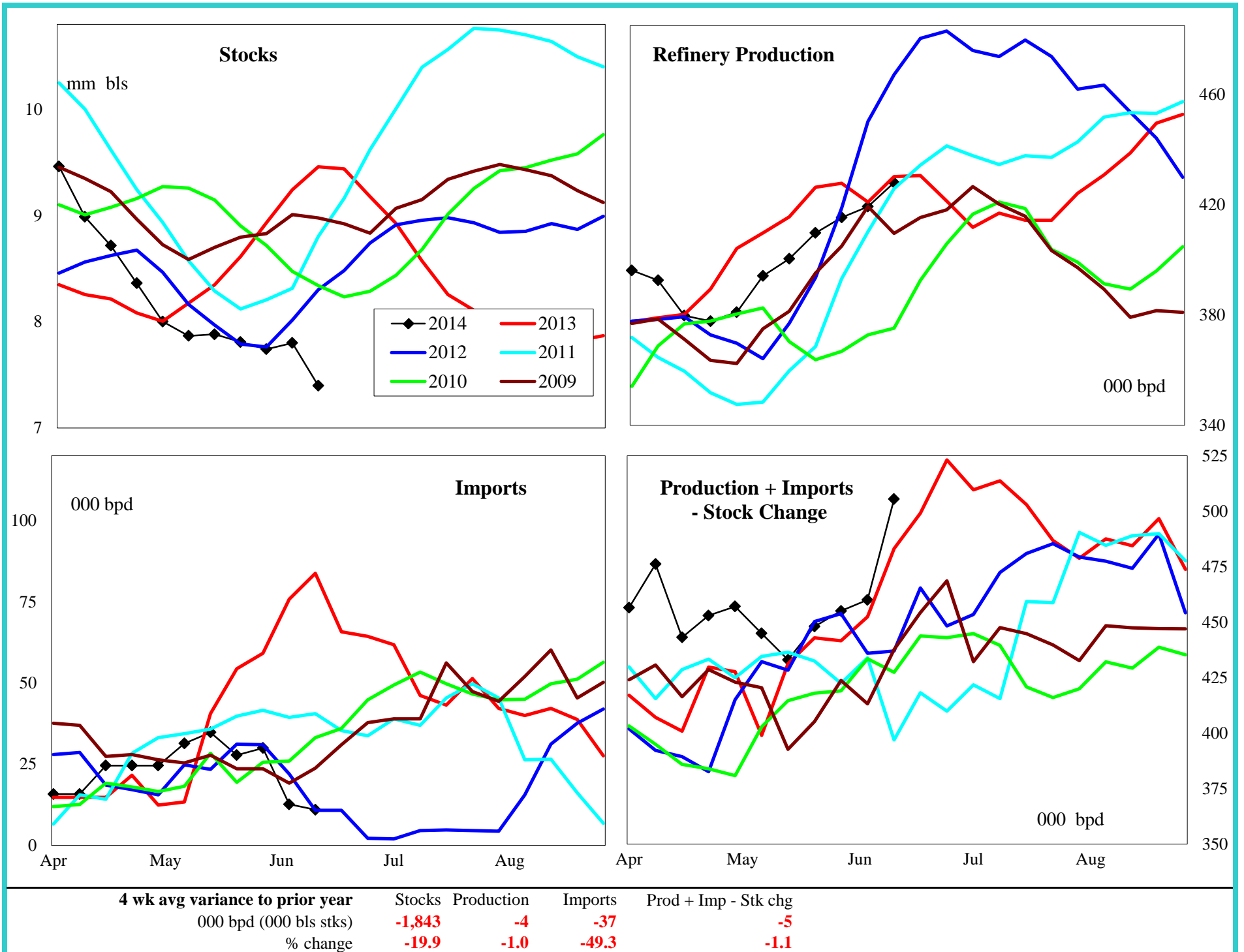
-41.5

9.0

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

