



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

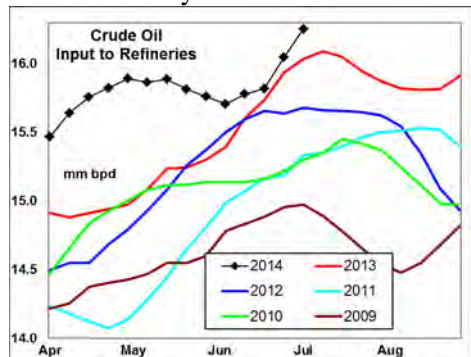
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 09, 2014

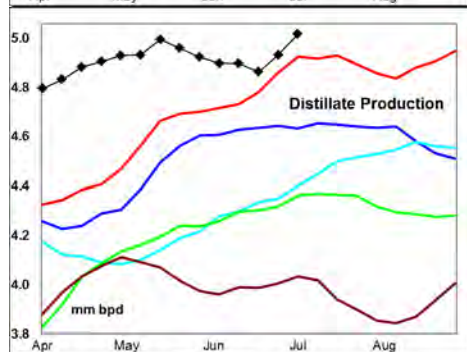
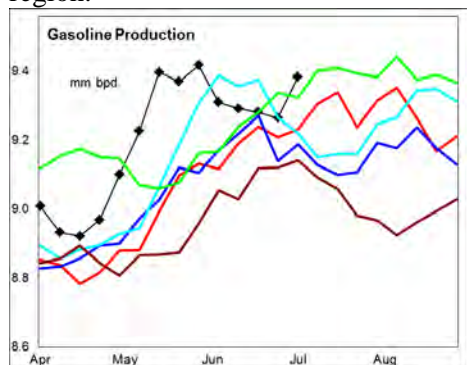


Major Fundamental Trends¹

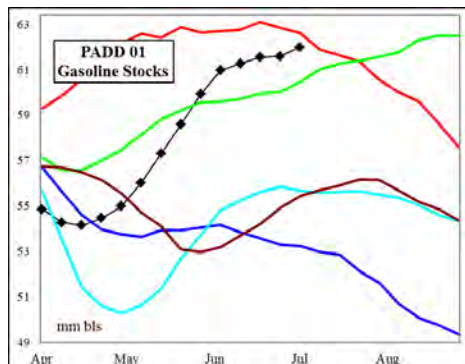
Refinery crude oil input has increased +0.9 million bpd during the last 3-wks, following storms that knocked out electric power to several Gulf region refiners in early June.



Refinery output of finished products has also rebounded, and should remain at a high level for the next 60-days, subject to hurricane risk in the Gulf region.



Gasoline stock levels have declined to the low end of the historic range in all regional markets, with the exception of the East Coast where stock levels are near 5-yr highs.



West Coast stock levels of transport fuels have dropped to very low levels, with jet and distillate each below the 5-yr range. This regional market risk a supply squeeze on unplanned refinery maintenance.

Midwest crude oil throughput continues to set records with the latest 4-wk rate up +0.3 million bpd over a year ago. The result has been extremely high output of distillate and gasoline, depressing cash markets to the lowest level among all regional markets.

Wholesale Demand for gasoline fell -0.2 million bpd last week, to a level comparable with the last 2-yr average. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.4%; distillate was -6.2% lower; jet fuel increased +6.1%, and residual fuel decreased -17%.

Stocks forward coverage: Gasoline demand coverage increased on a +0.6 million barrel stock build, and lower wholesale demand. Coverage ended the week at a level equal to the 3-yr mid range.

Distillate coverage increased on a +0.2 million barrel stock build, limited by higher wholesale demand. Coverage ended the week at a level comparable to the last 2-yrs.

Jet fuel coverage fell to a record low on a -1.5 million barrel stock draw and spike in wholesale demand.

Residual fuel oil coverage decreased on a -0.5 million barrel stock draw. Coverage remains well above the historic range.

Refinery utilization rates increased on

+34,000 bpd rise in thru put as Gulf refiners returned from unplanned maintenance. During the latest 4-wk period crude oil input was +24,000 bpd above a year ago.

Gasoline yield % on crude oil runs decreased last week on a -11,000 bpd decline in output compared to the +34,000 bpd rise in crude oil runs. Yield % on crude oil runs matched last year's record low.

Distillate yield % on crude oil runs increased last week, on a +72,000 bpd rise in output compared to the smaller increase in crude oil runs. The yield % on crude oil runs ended the week above the 5-yr range.

Jet fuel yield % on crude oil runs jumped on a +81,000 bpd rise in output, compared to the small increase in crude oil runs. The yield % on crude oil runs ended the week near year ago levels.

Petroleum Imports/Exports: Imports of jet fuel fell sharply last week, with other products slightly higher.

During the latest 4-wk period crude oil imports were -0.6 million bpd below last year; distillate imports were -2,000 bpd lower; finished gasoline imports were -9,000 bpd lower; gasoline blend stock imports were -5,000 bpd lower; while jet fuel imports increased +46,000 bpd.

Exports of distillate for the week ending 27Jun14 were +306,000 bpd above a year ago, gasoline +56,000 bpd, jet fuel -2,000 bpd and propane was +85,000 bpd higher.

Crude Oil imports increased +20,000 bpd last week, including a -0.3 million bpd drop in the West Coast. Combined with season high refinery thru put, crude oil stocks declined -2.4 million barrels on the week.

Cushing stocks increased +0.5 million barrels last week, with the level stabilizing at working minimums.

¹ Source is latest EIA Weekly Statistics



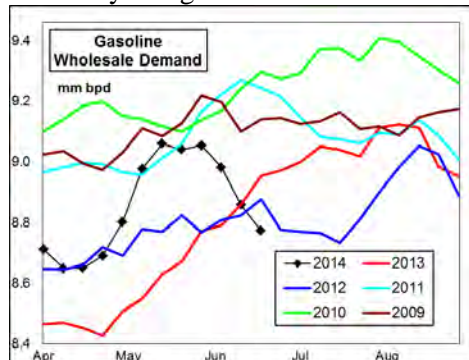
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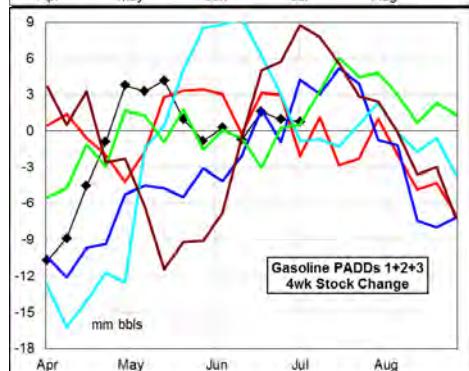
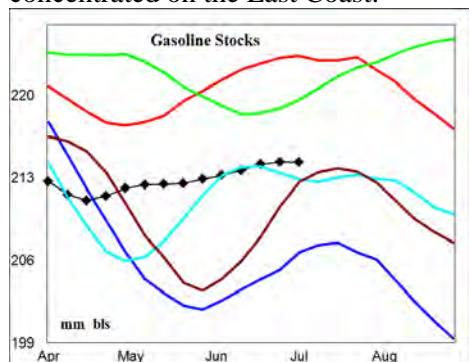
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Product Supply-Demand Trends

Gasoline wholesale demand declined -233,000 bpd last week. The latest 4-wk average demand was -38,000 bpd below a year ago.



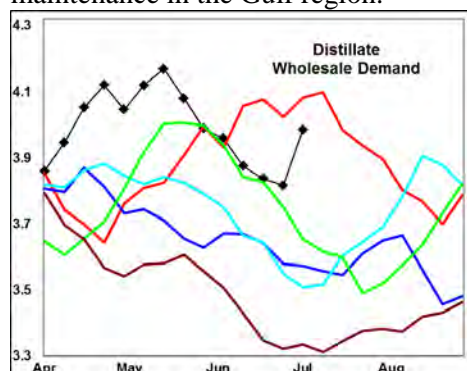
Supply increased +86,000 bpd last week on higher imports. Supply for the latest 4-wk period was +130,000 bpd above a year ago. Stocks increased +0.6 million barrels on the week, concentrated on the East Coast.



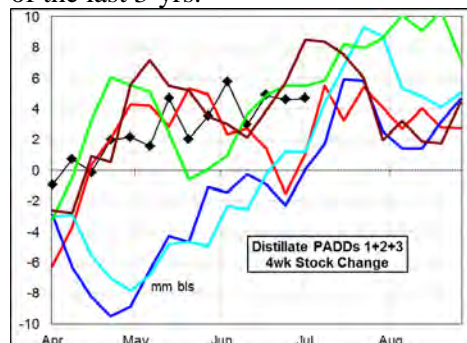
The latest 4-wk stock change East of the Rockies was a +0.8 million barrel build, a level above the 3-yr mid range. Stocks have not experienced a seasonal draw this year. Stock levels are at the low end of the historic range in all regional markets except the East Coast where levels are near record highs.

Distillate wholesale demand climbed +188,000 bpd last week, to a level near

historic highs. The latest 4-wk average demand was -250,000 bpd below last year. Supply increased +81,000 bpd on the week, with the latest 4-wk average +55,000 bpd above a year ago. The sharp drop in production was driven by unplanned refinery maintenance in the Gulf region.



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

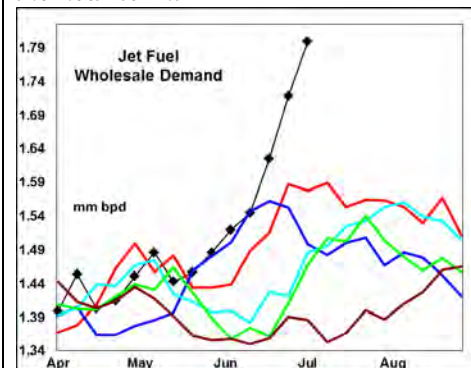


Refiners in the Gulf region have restarted since unplanned maintenance. Combined with lower seasonal demand, look for above average stock builds during the next 60-days. *Risk of a slow down in exports continues on competition from Russia to supply the European market.*

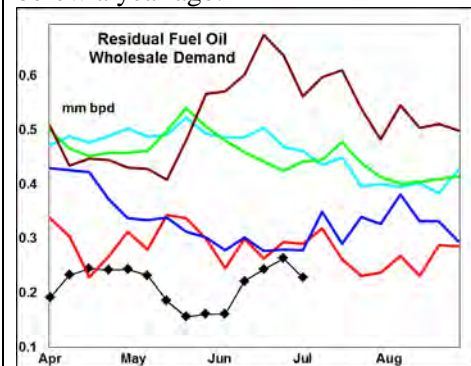
Jet Fuel wholesale demand increased +136,000 bpd on the week, to an all time record high. Supply increased +30,000 bpd on the week, driven by increased production. Output for the most recent 4-wk period decreased -29,000 bpd compared to last year. Imports were +46,000 bpd above a year ago. Stocks fell -1.5 million barrels on the week, to a new record

low level.

Look for a collapse in wholesale demand, following the July 4th holiday spike. Seasonally high production, high imports and a drop in wholesale demand should support stock builds in the near term.



Residual fuel oil demand declined -200,000 bpd last week. Demand for the latest 4-wk period was -53,000 bpd below a year ago.



Supply (production + imports) fell -66,000 bpd on lower production and imports. Production was -32,000 bpd below a year ago for the latest 4-wk period, while imports increased +13,000 bpd. Stock levels ended the week at the 3-yr mid range.

Production has dropped -30% in the Gulf region, at a new record low. The decline is due in part to a shift by refiners from heavy imports to domestic shale crude oil. Stocks levels remain above the historic range.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

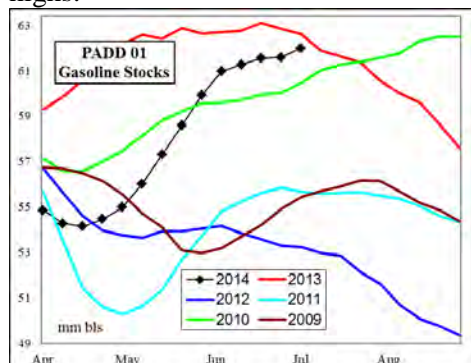
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PADD Supply Trends

PADD 1 refinery crude oil runs averaged +50,000 bpd above last year for the most recent 3-wk period.

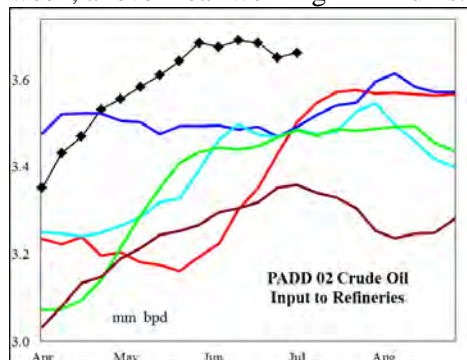
Gasoline supply increased +46,000 bpd on higher imports last week. Stocks climbed +1.3 million barrels last week, ending at a level near 5-yr highs.



Distillate supply increased +56,000 bpd last week, with the 4-wk average -42,000 bpd below last year. Stock levels were -12% below last year.

Jet fuel supply fell -81,000 bpd on a sharp drop in imports. Stock levels were above the 3-yr mid range.

PADD 2 crude oil refinery runs declined -37,000 bpd last week, with the latest 4-wk average +288,000 bpd above last year. Crude oil stocks increased +0.2 million barrels, a level -19% below last year. Cushing saw a +0.5 million barrel stock build on the week, a level near working minimums.



Gasoline supply increased +104,000 bpd last week. Production for the most recent 4-wk period was +0.5 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

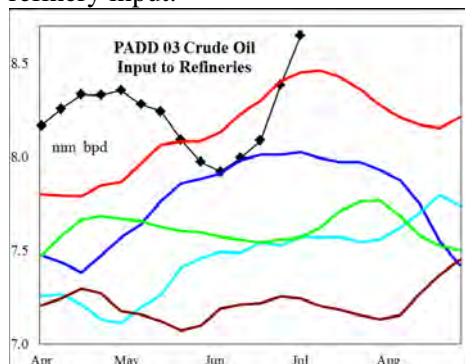
ethanol. Stocks were nearly unchanged on the week, although the level ended the week below the 5-yr range.

Distillate supply climbed +104,000 bpd last week, with the 4-wk average +16% above a year ago. Stocks increased +0.4 million barrels to a level above four of the last 5-yrs.

Jet fuel production increased +13,000 bpd on the week, to a level above the historic range. Stock levels ended the week near the 3-yr mid range.

PADD 3 refinery runs climbed +157,000 bpd as refiners completed unplanned maintenance. During the latest 4-wk period, average runs were -188,000 bpd below last year.

Crude oil stocks fell -4.2 million barrels, driven by record crude oil refinery input.



Gasoline supply decreased -86,000 bpd last week, with the latest 4-wk average +133,000 bpd above a year ago. Stocks decreased -0.2 million barrels on the week, to a level that matched historic lows.

Distillate supply decreased -85,000 bpd on the week, with the latest 4-wk average supply -28,000 bpd below last year. Stocks increased +0.6 million barrels on the week, to a level slightly above the last 2-yrs.

Jet fuel production increased +80,000 bpd to a level comparable with the last 2-yrs. Stocks fell -0.7 million barrels on the week to a new record low.

Residual fuel supply increased +21,000 bpd on higher imports. Stock levels matched historic highs.

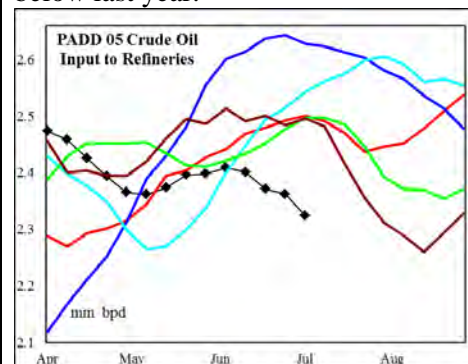
PADD 4 refinery crude runs fell -32,000 bpd last week to a level below the 5-yr range, with the 4-wk average +5,000 bpd above last year.

Gasoline production decreased -1,000 bpd on the week, with the latest 4-wk average +82,000 bpd above a year ago. Stocks ended the week nearly unchanged from last year.

Distillate supply decreased -6,000 bpd last week, with the latest 4-wk output +9,000 bpd above last year. Stock levels ended the week near the 5-yr mid range.

Jet fuel production was +6,000 bpd above the historic range. Stock levels were near the 3-yr mid range.


PADD 5 crude oil refinery runs decreased -47,000 bpd last week, ending at a level below the 5-yr range. The 4-wk run rate was -132,000 bpd below last year.



Gasoline supply decreased -57,000 bpd on the week, with the 4-wk average -11,000 bpd below a year ago. Stocks decreased -0.4 million barrels to a level near 5-yr lows.

Distillate supply increased +11,000 bpd on the week, at a level below the last 3-yrs. The 4-wk average supply was -37,000 bpd below a year ago. Stocks fell -0.5 million barrels on the week, to a record low level for the period.

Jet fuel supply increased +16,000 bpd on record imports, while production remains below the historic range. The latest 4-wk average supply was -12,000 bpd below last year. Stocks ended the week at a record low level.



FUNDAMENTAL
 PETROLEUM TRENDS

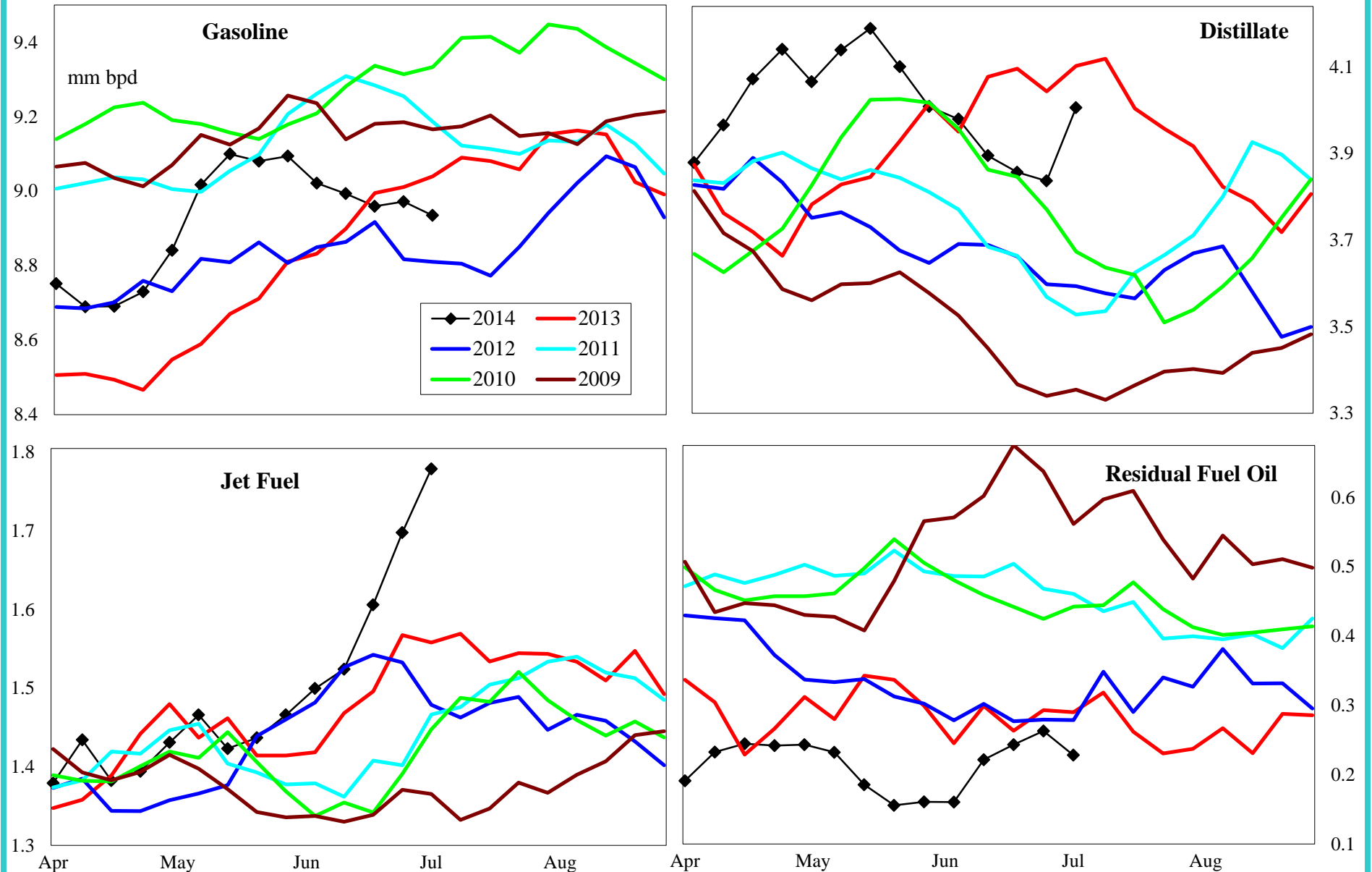
PETROLEUM: Graph Link and Weekly Summary
 A Fundamental Petroleum Trends Weekly Report

July 9, 2014
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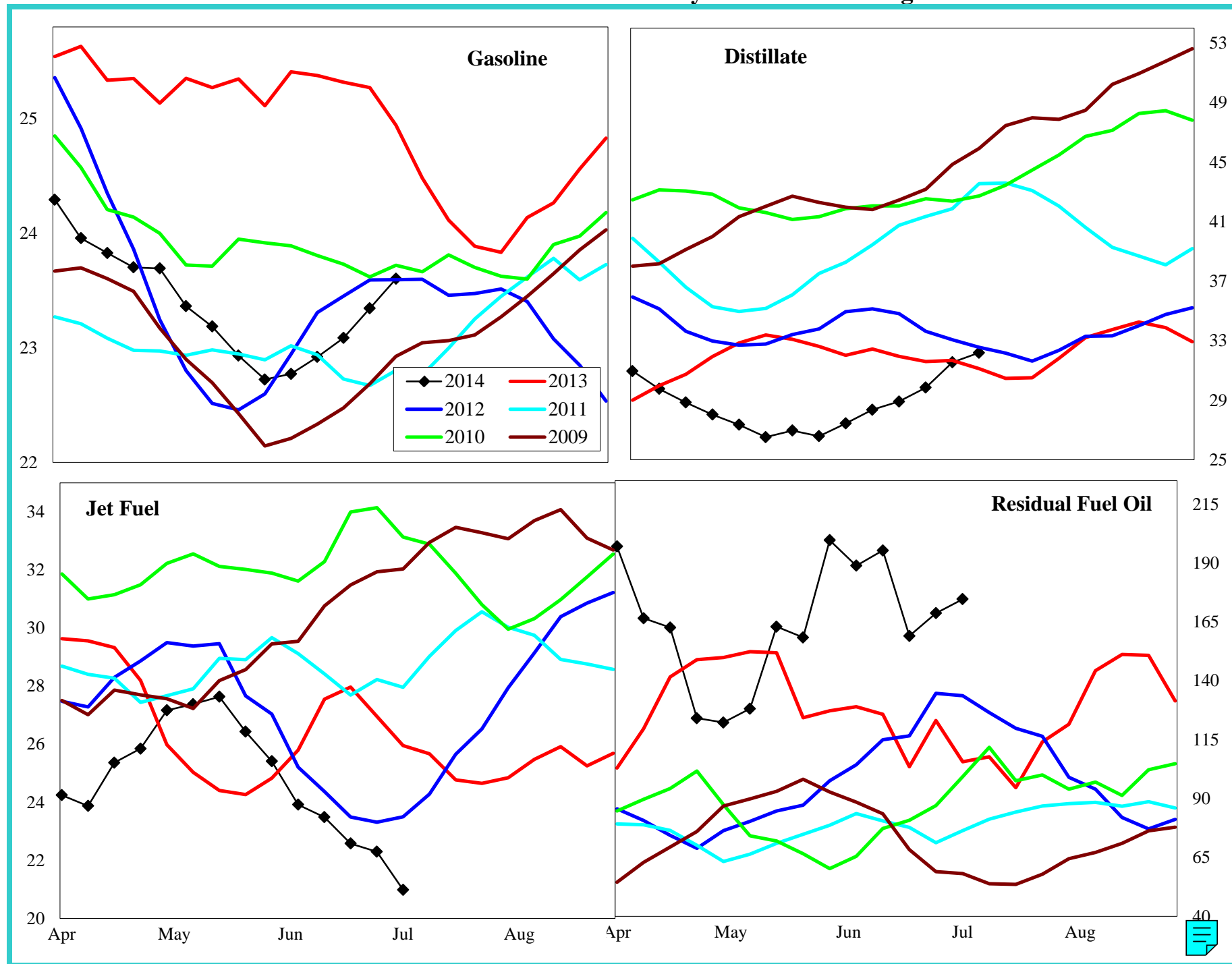
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	4-Jul-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-2,370	319	161	-4,207	65	1,293
	Imports	20	175	75	58	-11	-277
	Input	34	-7	-37	157	-32	-47
	% Utilization	0.20					
Gasoline	Stocks	579	1,259	-141	-150	-34	-356
	Production	-11	-43	103	-86	-1	-65
	Imports	97	89	1	0	0	8
	Supplied	-233					
Distillate	Stocks	227	-142	376	614	-97	-524
	Production	72	44	100	-85	-5	17
	Imports	9	12	4	0	-1	-6
	Supplied	188					
Jet Fuel	Stocks	-1,491	-149	-14	-740	48	-637
	Production	81	-6	13	80	1	-8
	Imports	-51	-75	0	0	0	24
	Supplied	136					
Residual Fuel Oil	Stocks	-513	-282	57	-281	-3	-3
	Production	-44	3	-7	-9	-1	-30
	Imports	-12	9	0	30	0	-52
	Supplied	-200					

United States Wholesale Petroleum Demand

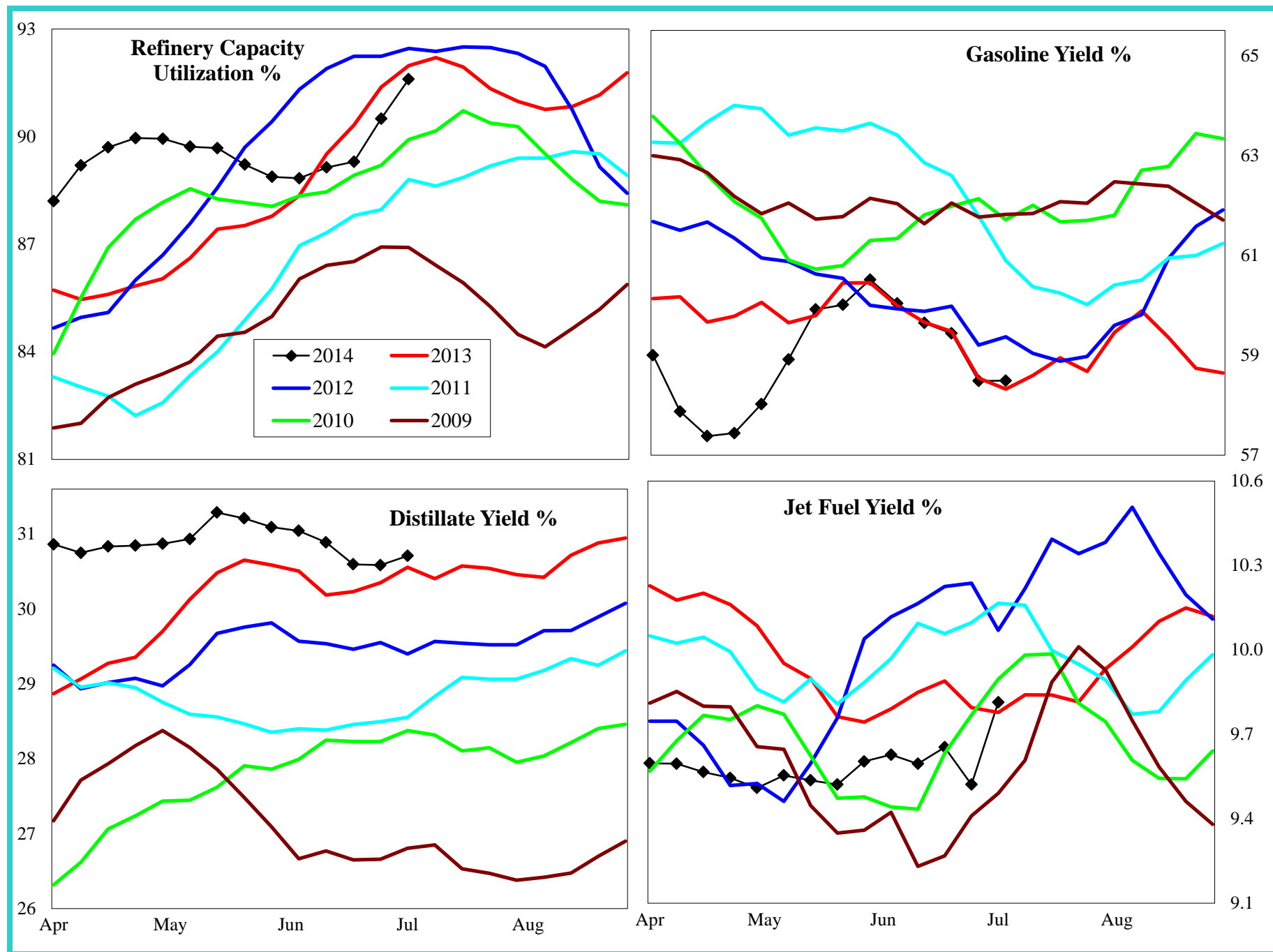


	000 bpd change from prior year				% change from prior year			
	4wk avg	May	Apr	Mar	4wk avg	May	Apr	Mar
Gasoline	-38	212	-151	178	-0.4	2.4	-1.7	2.1
Distillate	-250	333	187	10	-6.2	8.8	4.8	0.3
Jet Fuel	96	55	-3	80	6.1	3.9	-0.2	5.8
Resid	-53	-65	13	-179	-17.0	-30.2	4.6	-41.5

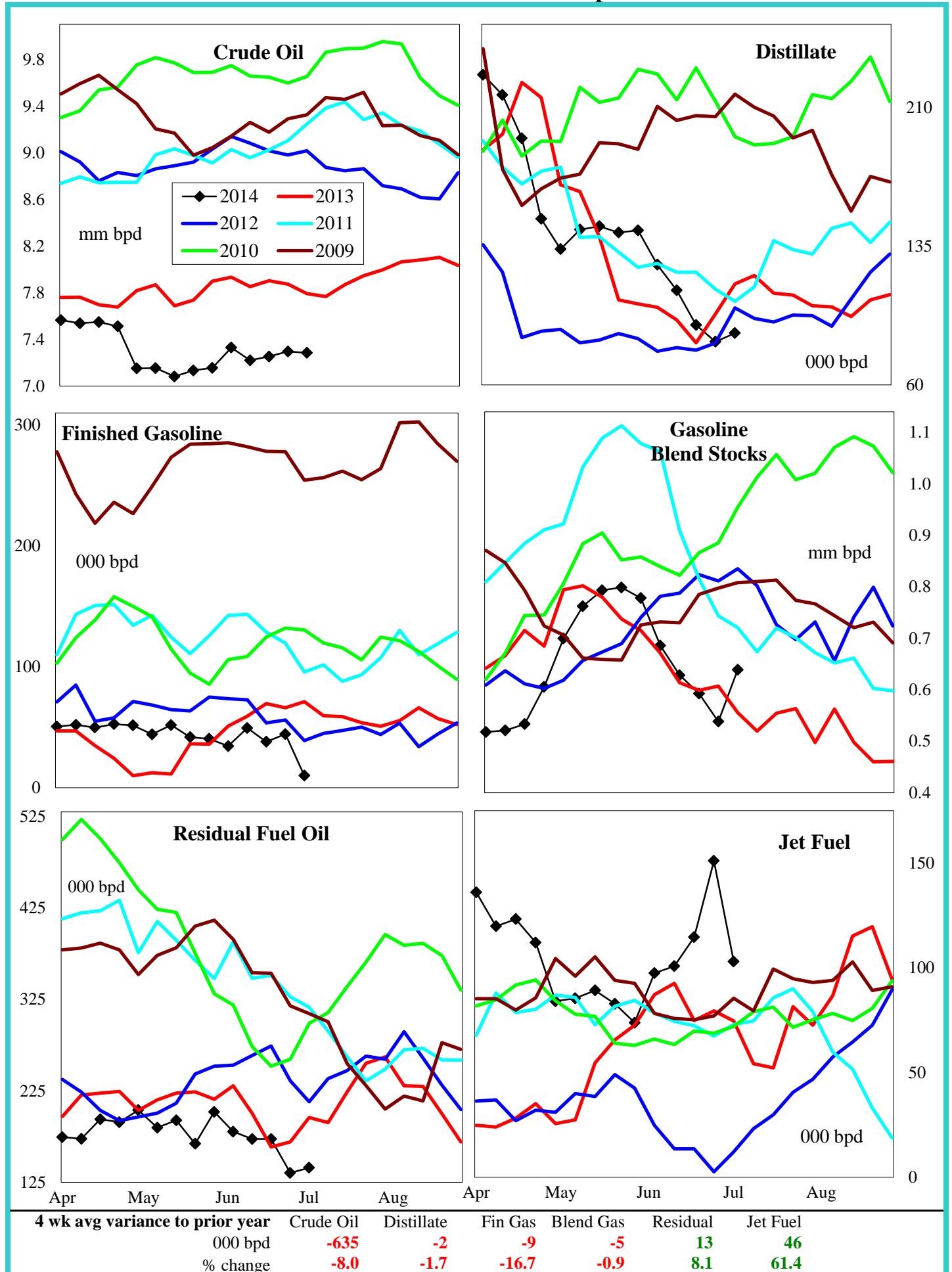


United States Product Stocks: Days Forward Coverage

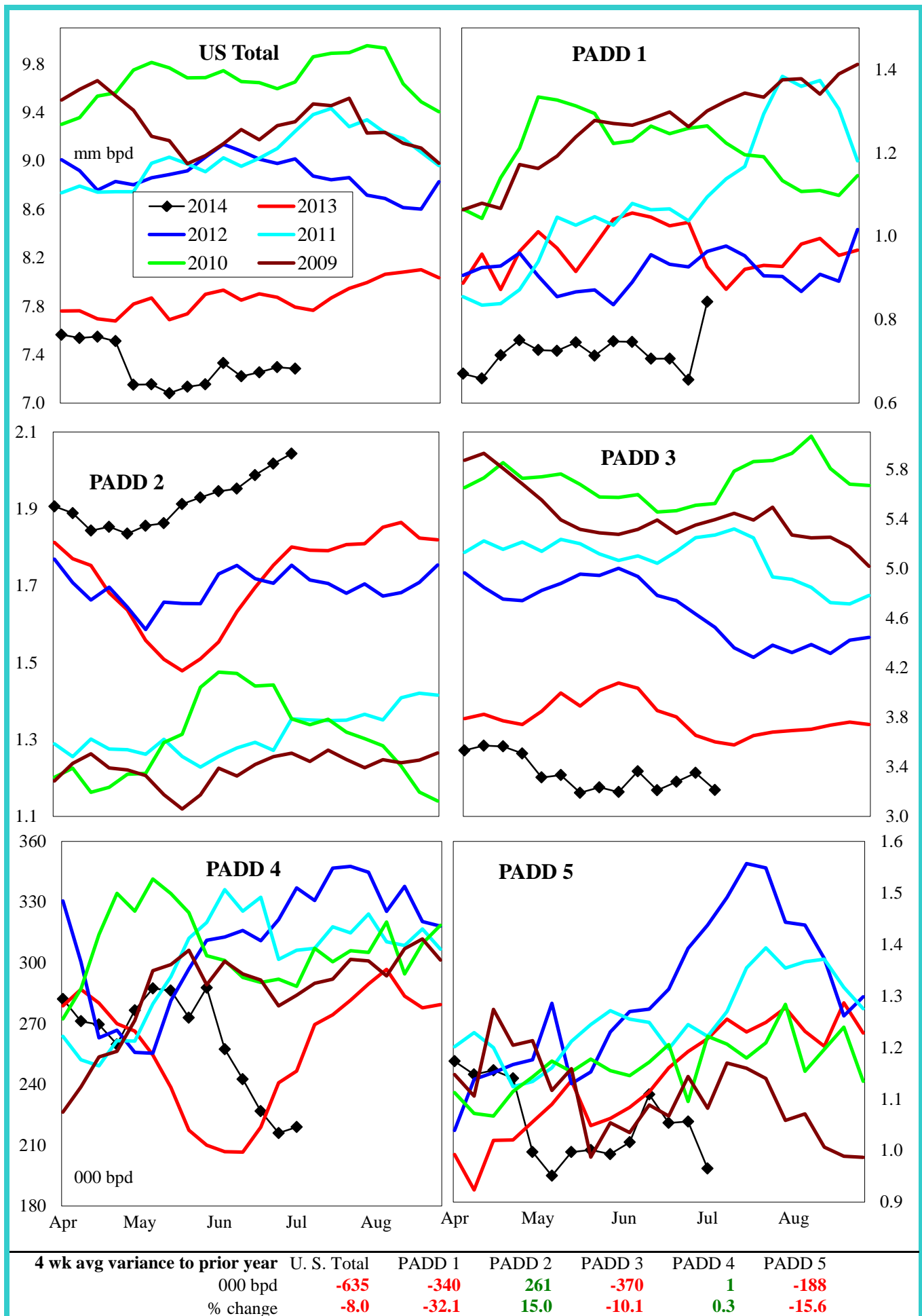
United States Refinery Percent Utilization Rate and Product Yields



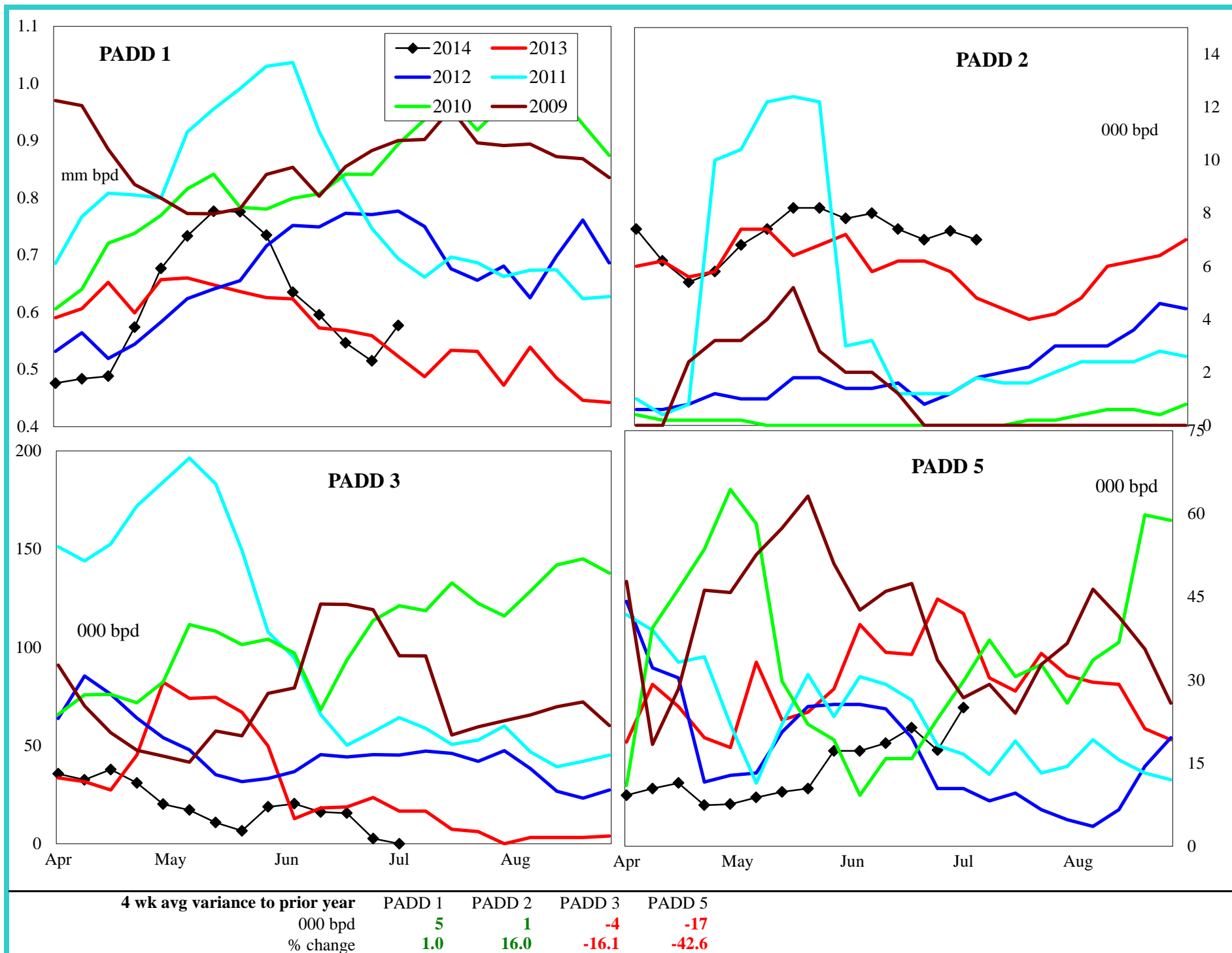
United States Petroleum Imports



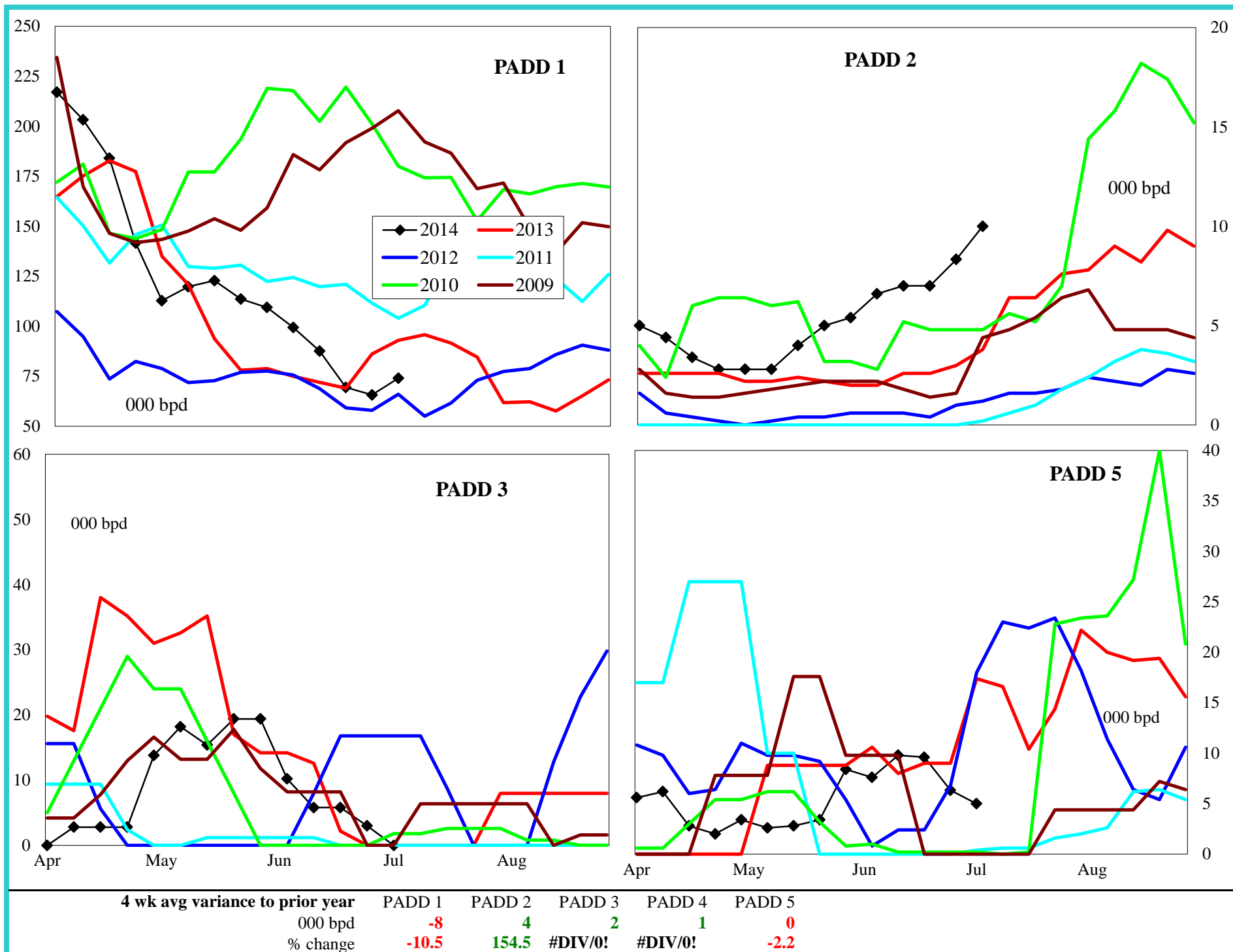
Crude Oil Imports by PADD



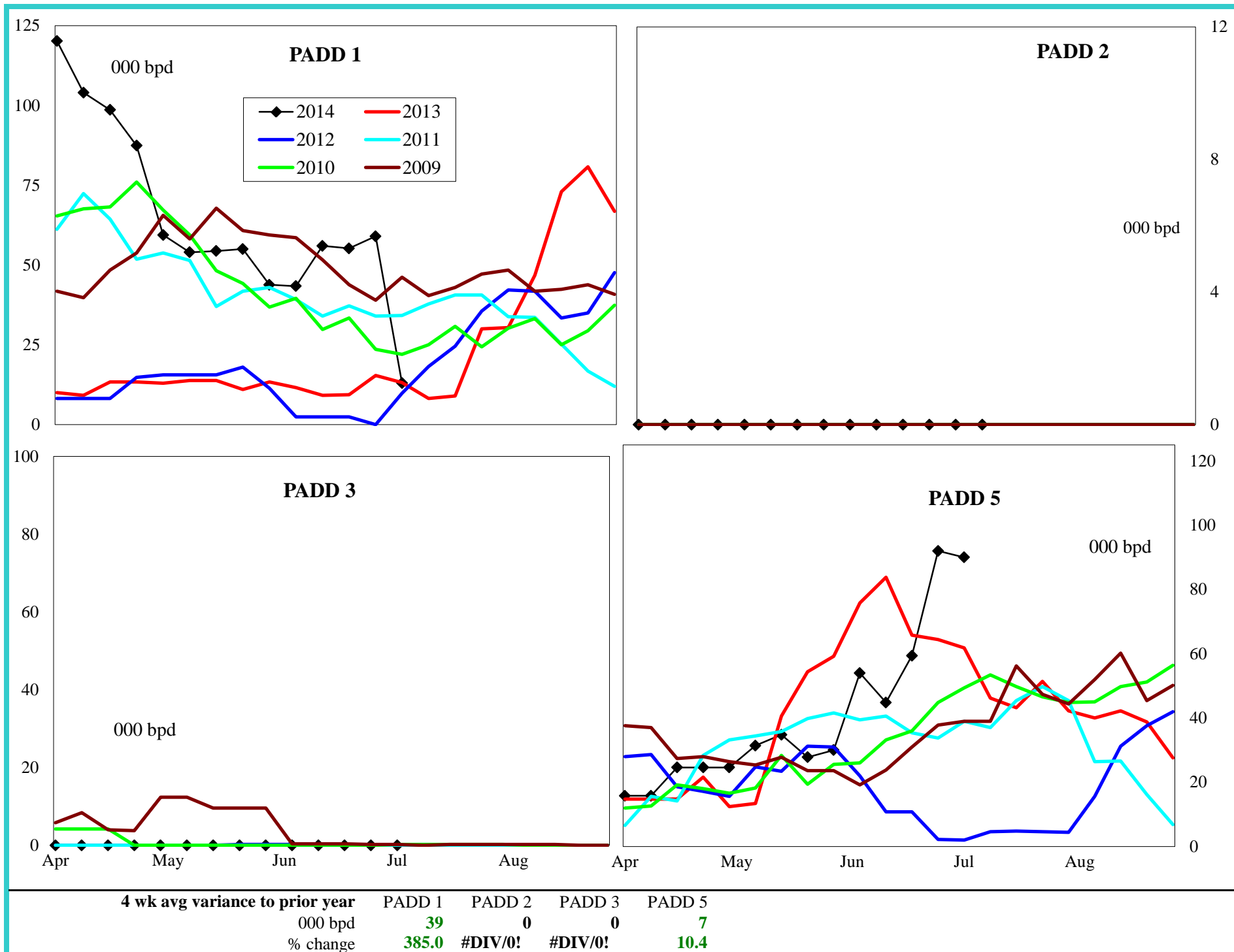
Gasoline Imports by PADD (Finished + Blend Stocks)



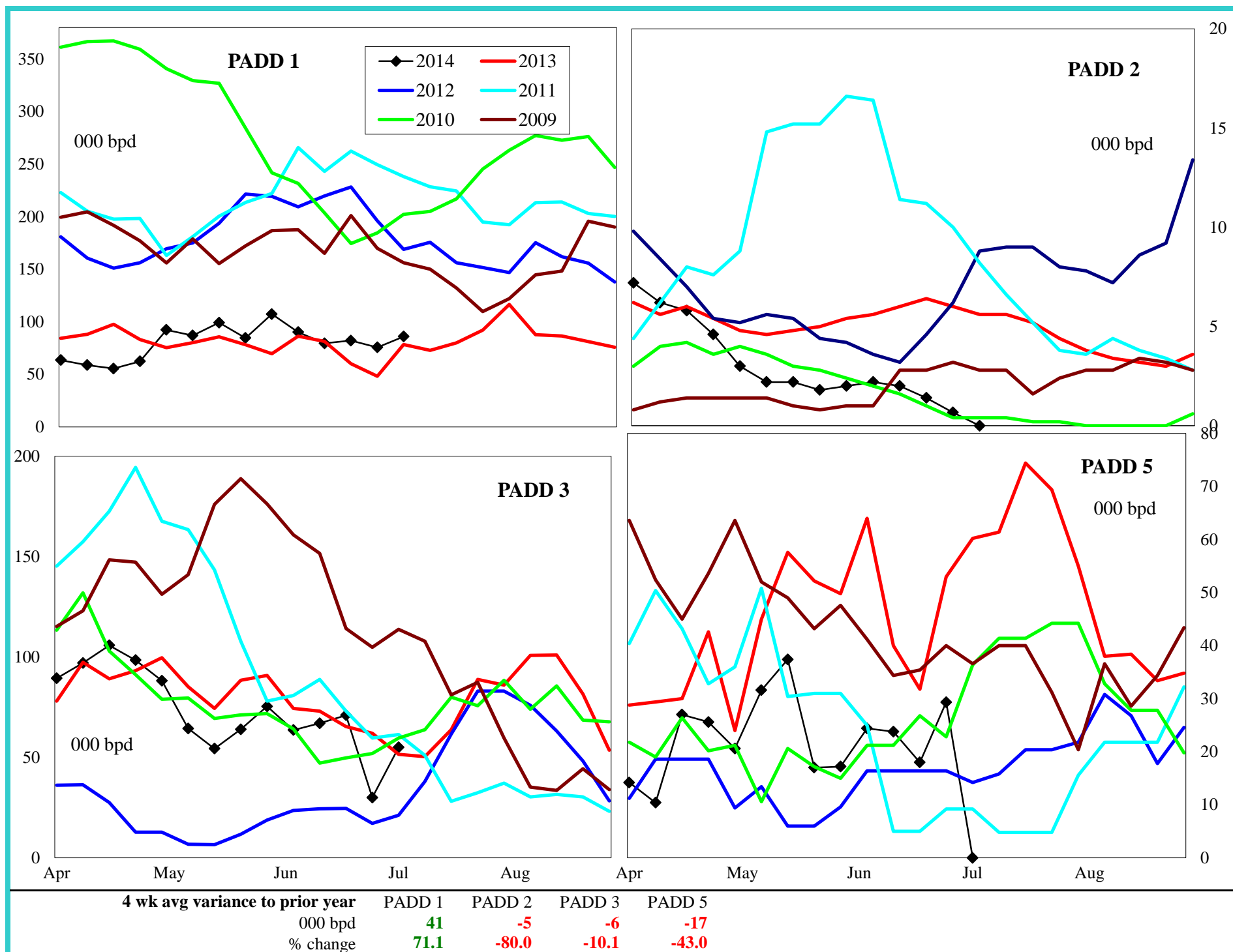
Distillate Imports by PADD



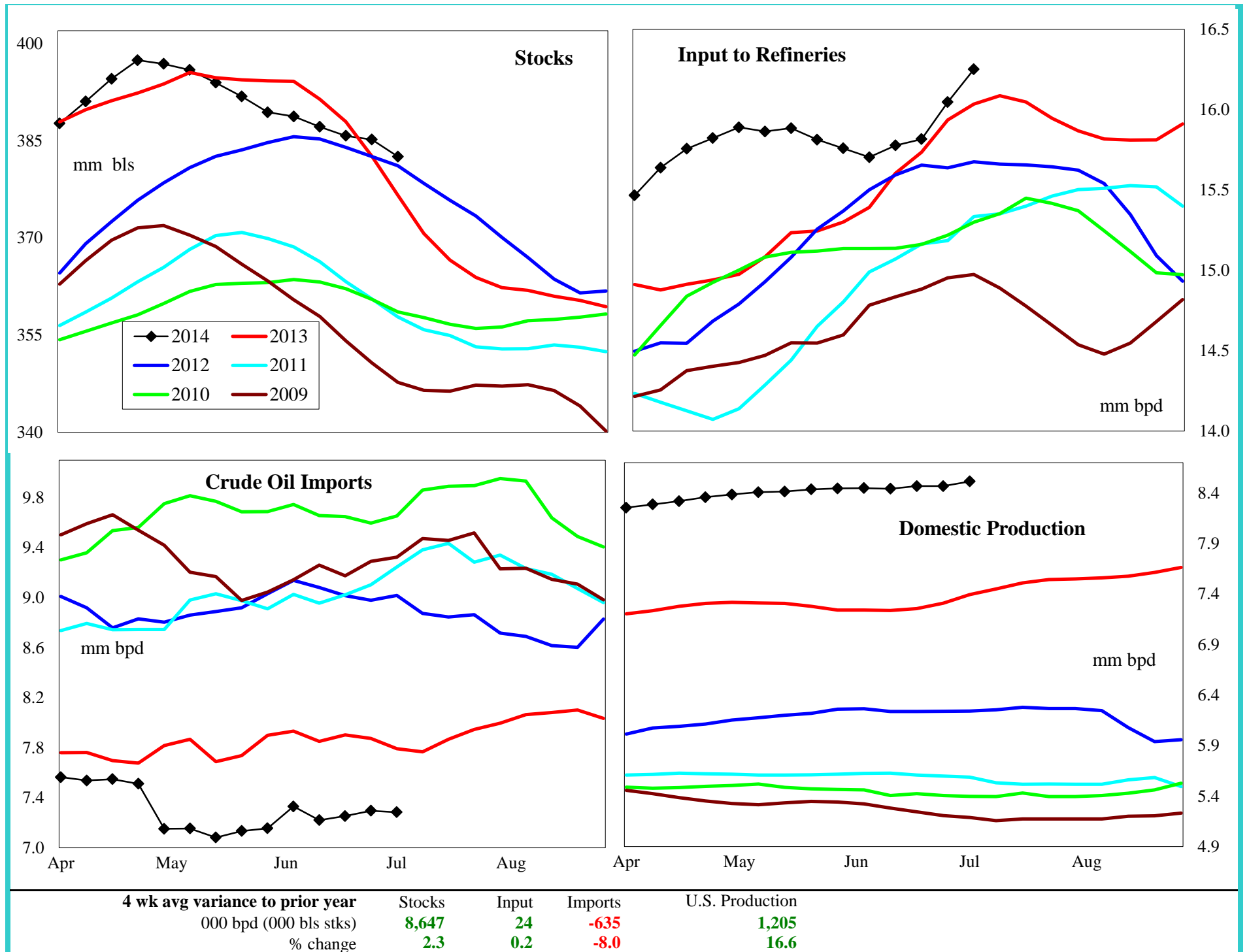
Jet Fuel Imports by PADD



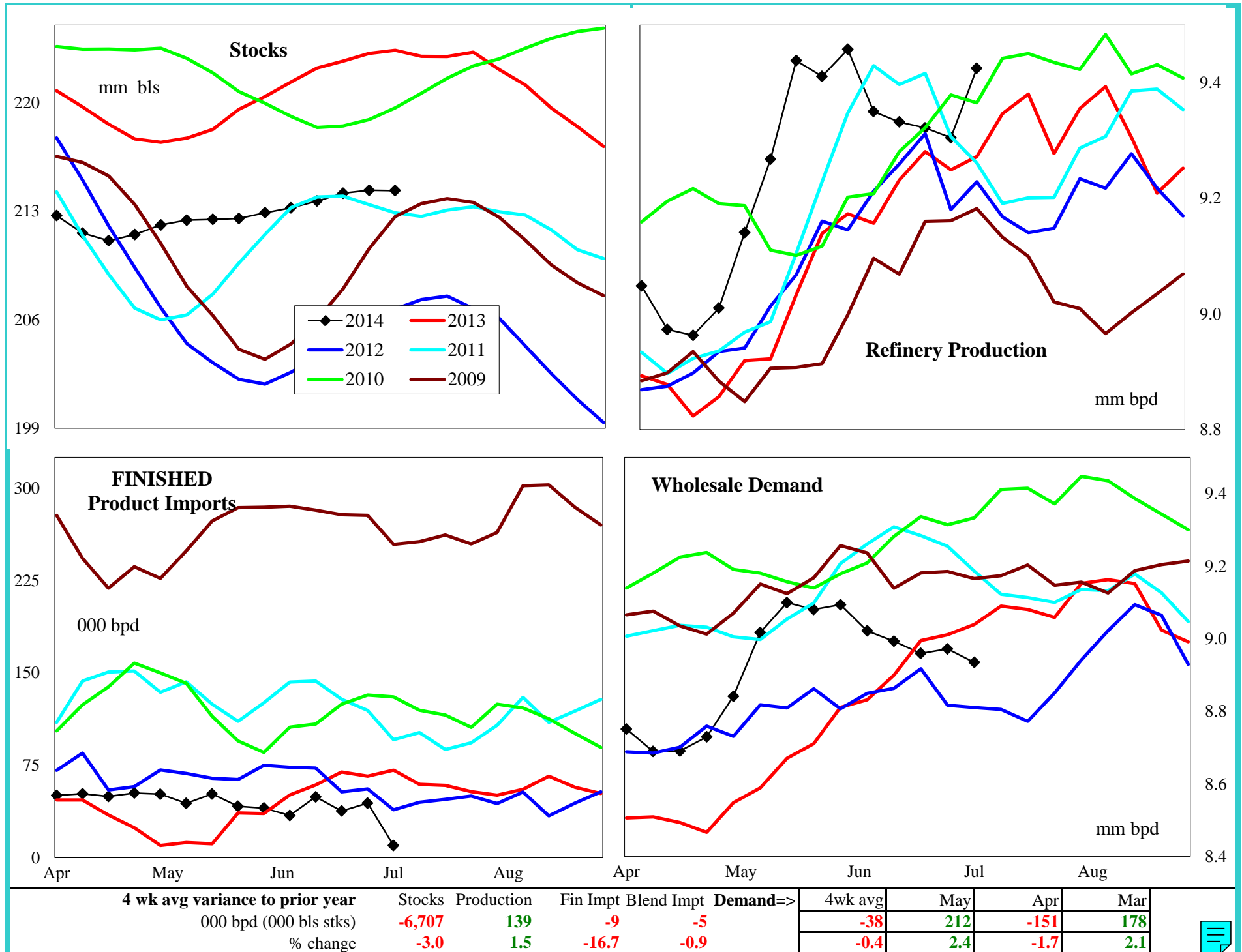
Residual Fuel Oil Imports by PADD



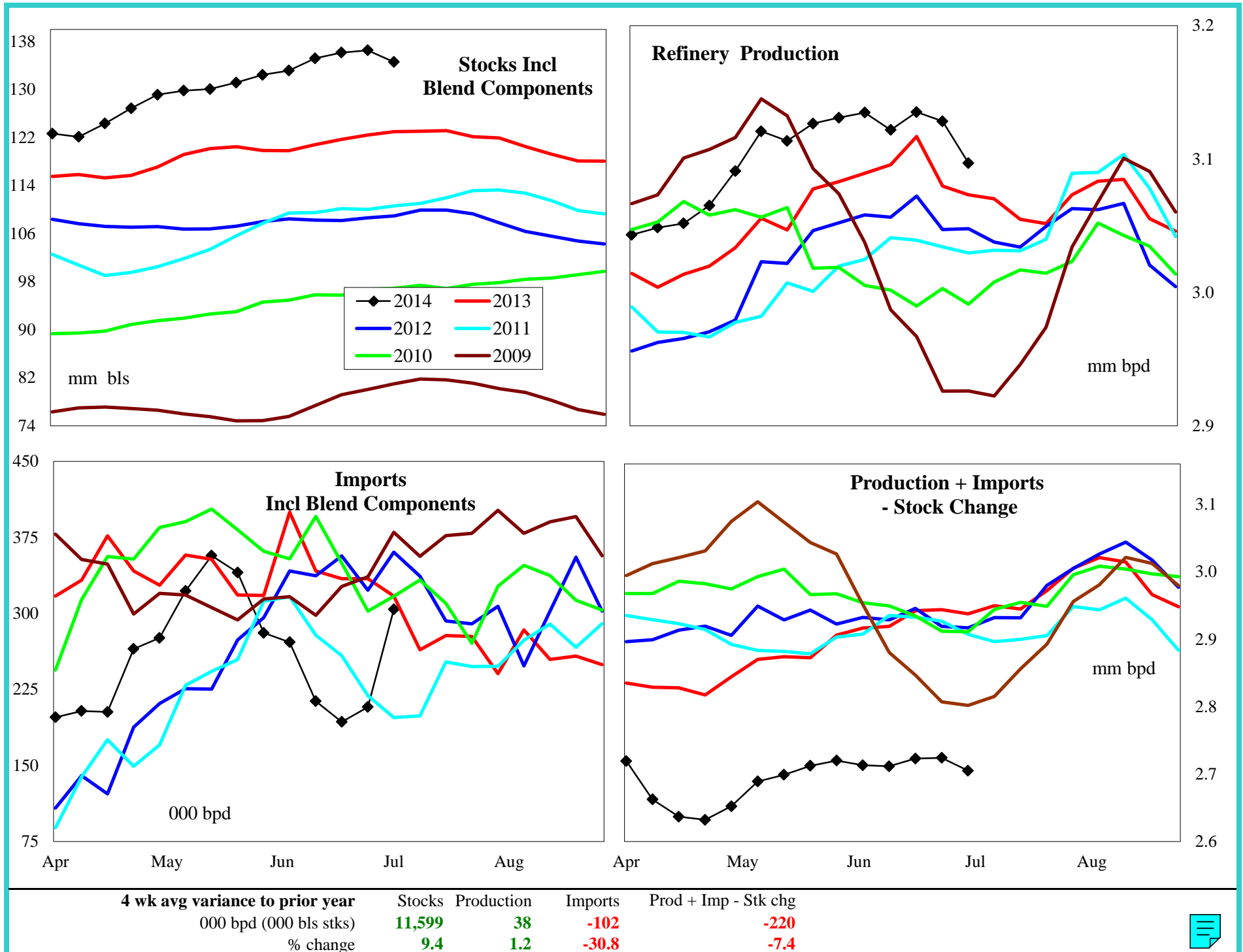
United States Crude Oil Supply and Demand Balance



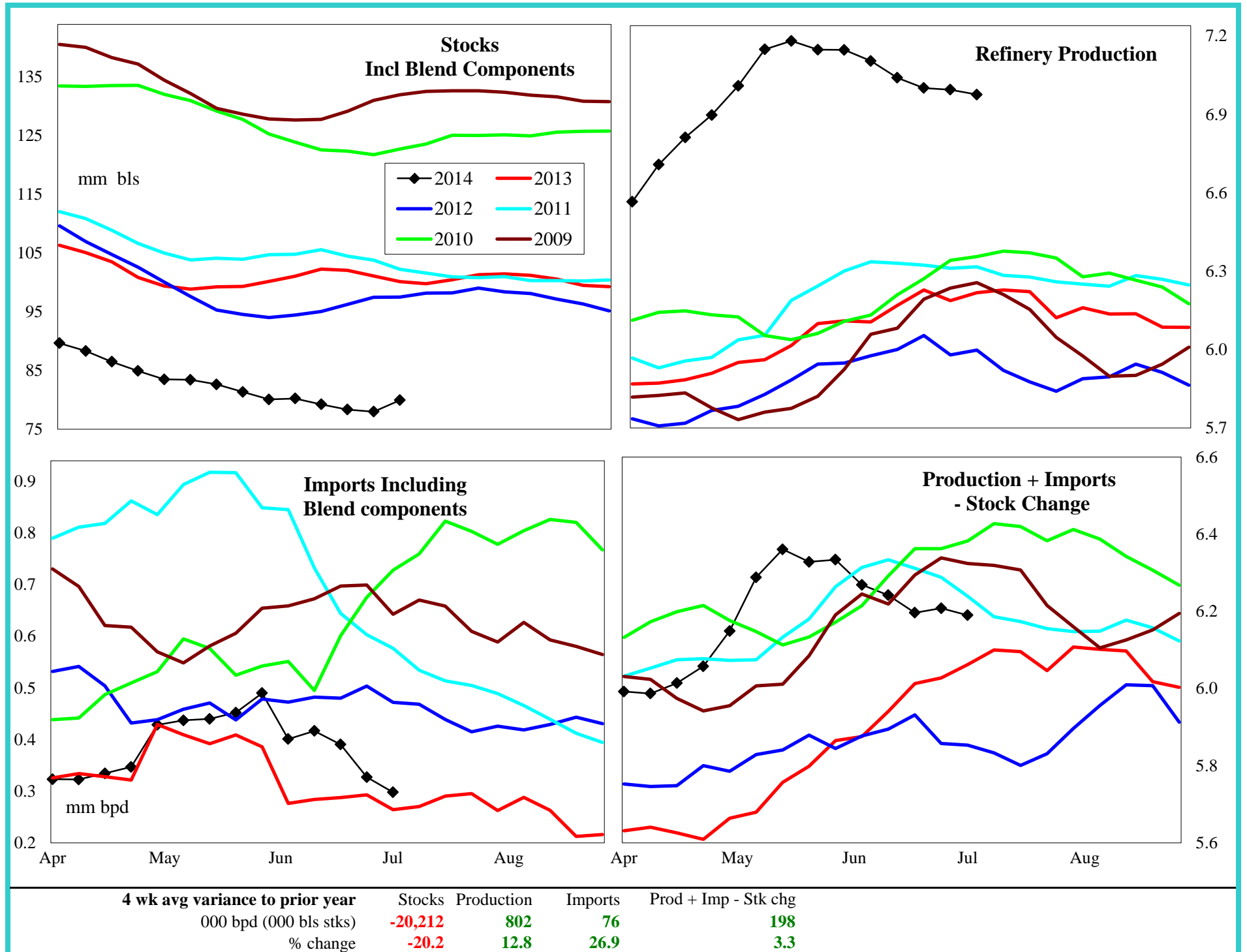
United States Gasoline Supply and Demand Balance



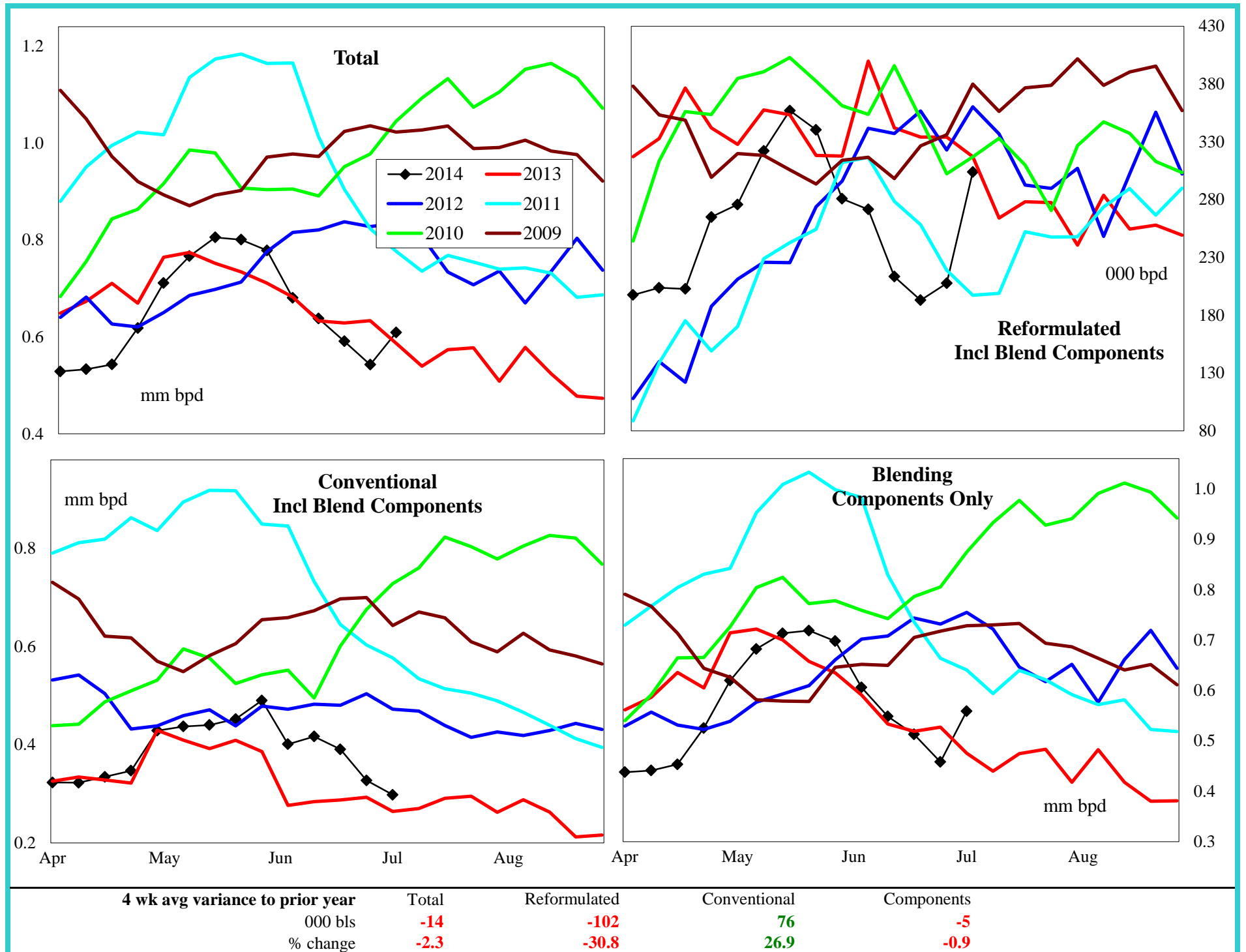
United States Reformulated Gasoline Supply



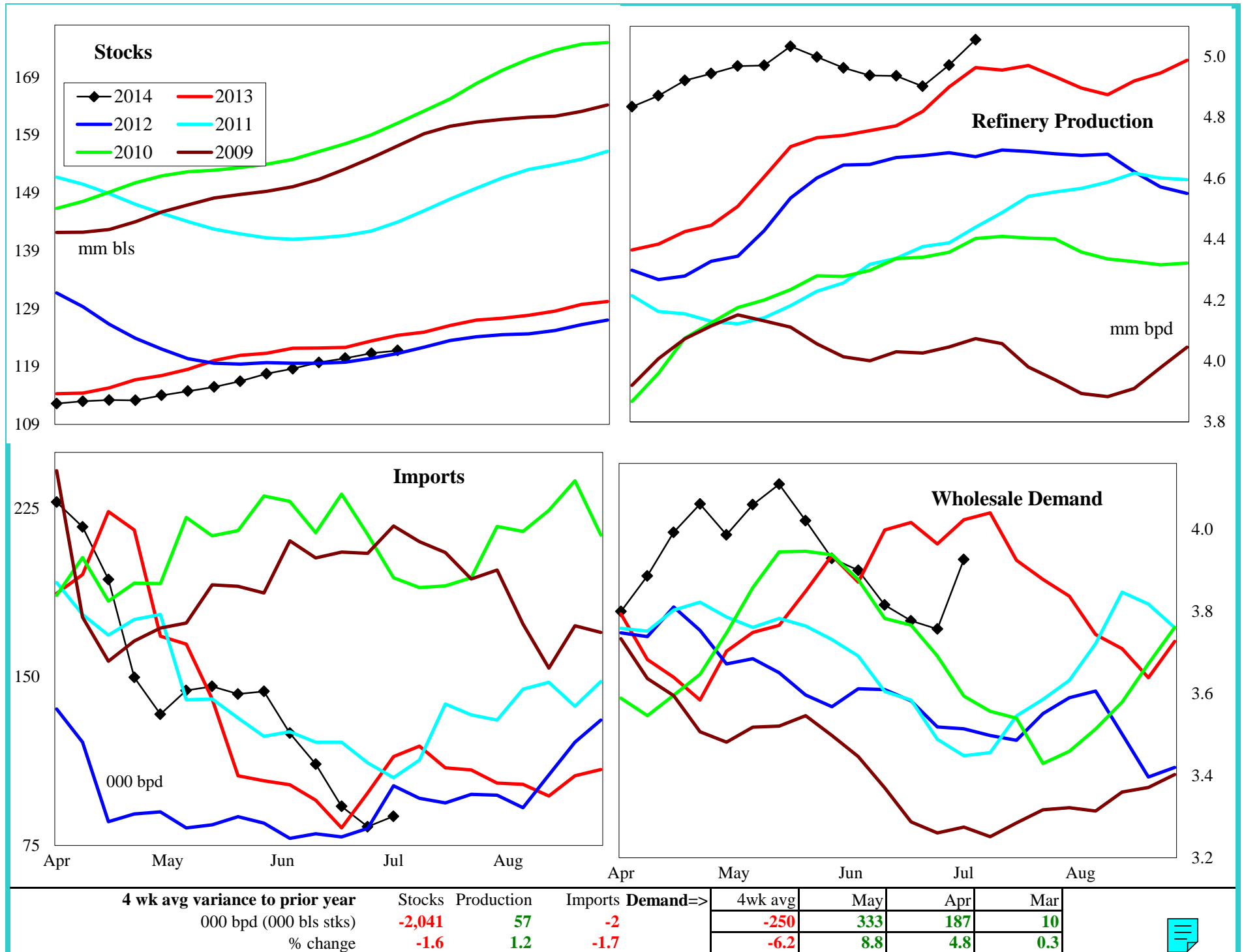
United States Conventional Gasoline Supply



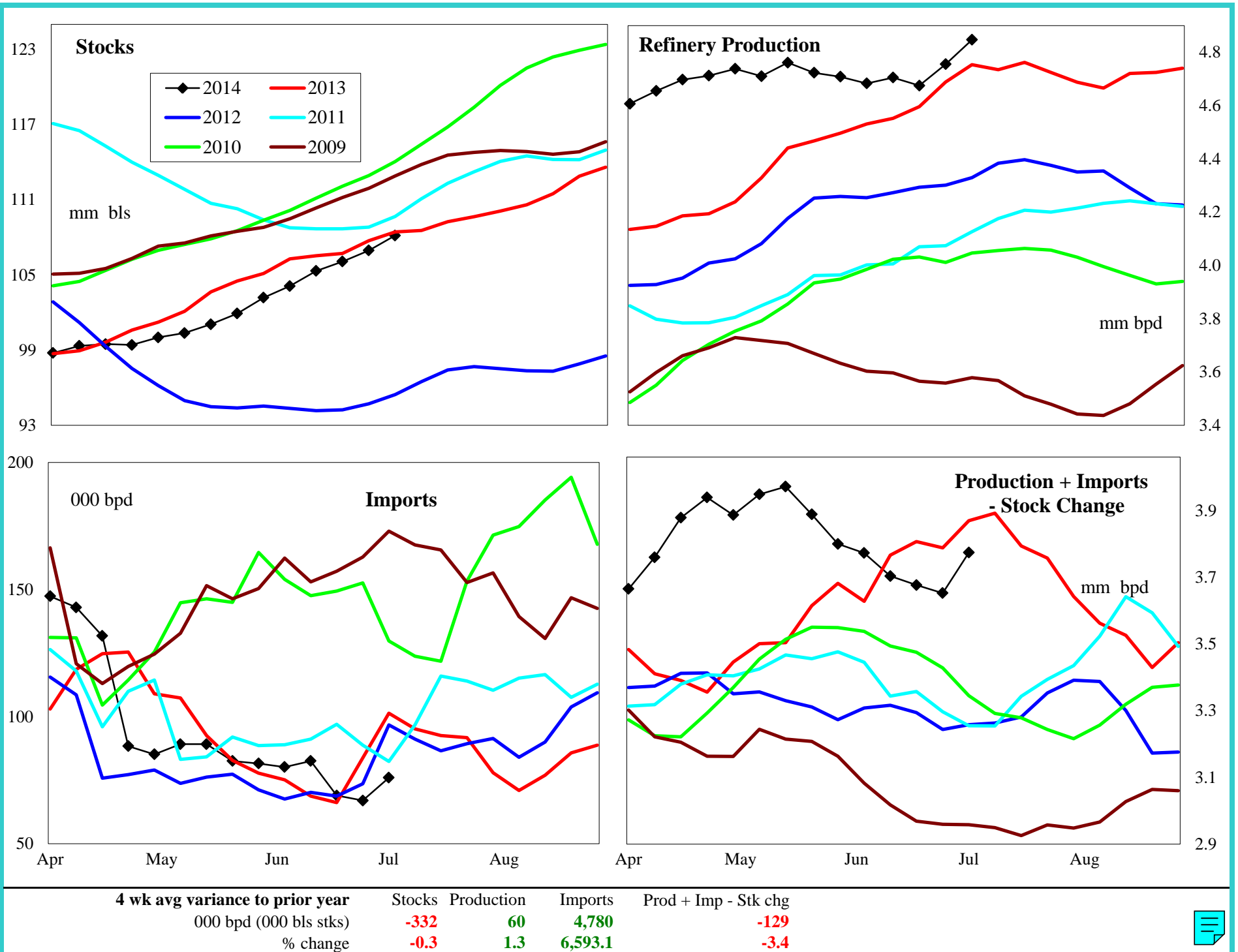
United States Gasoline Imports by Type



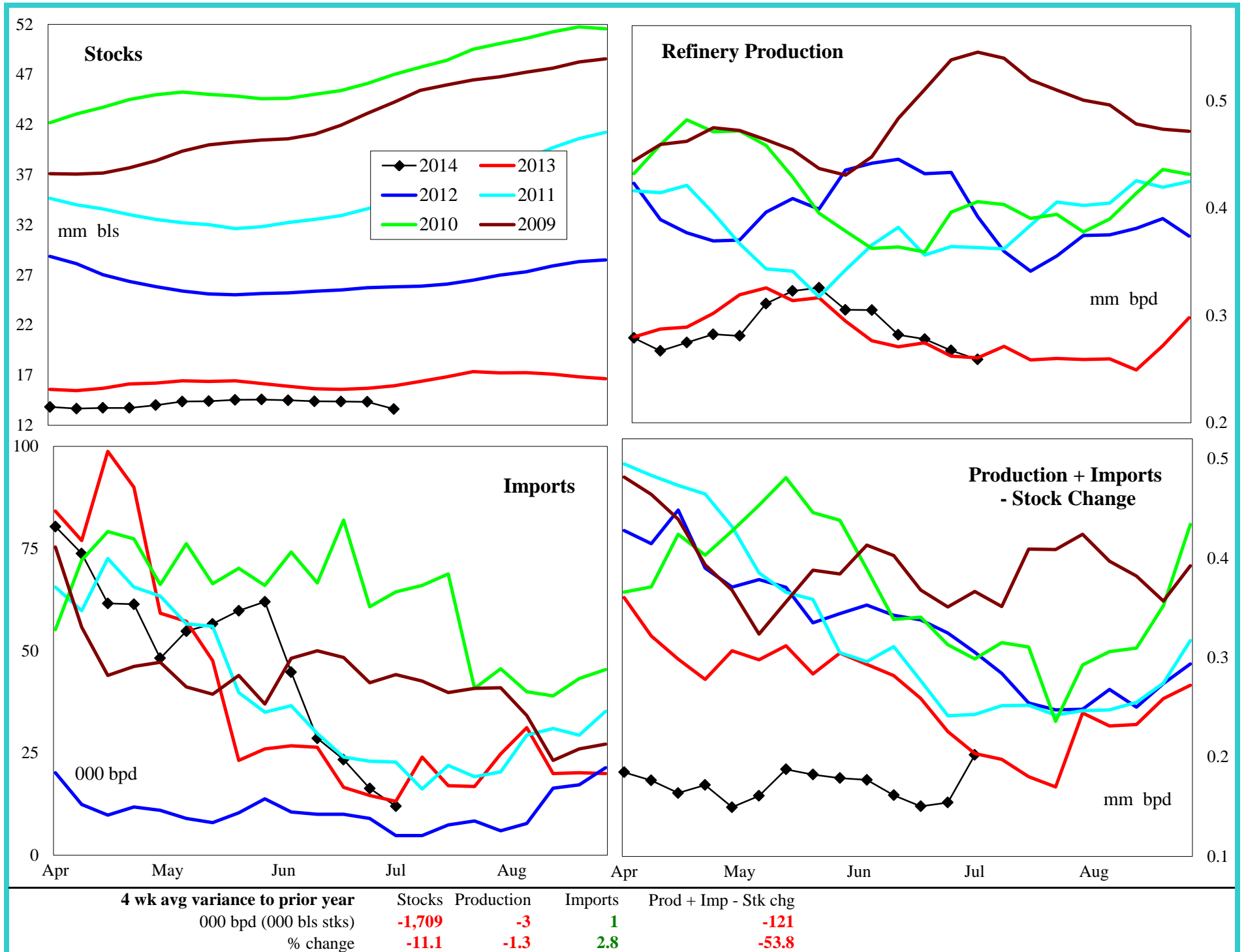
United States Distillate Supply and Demand Balance



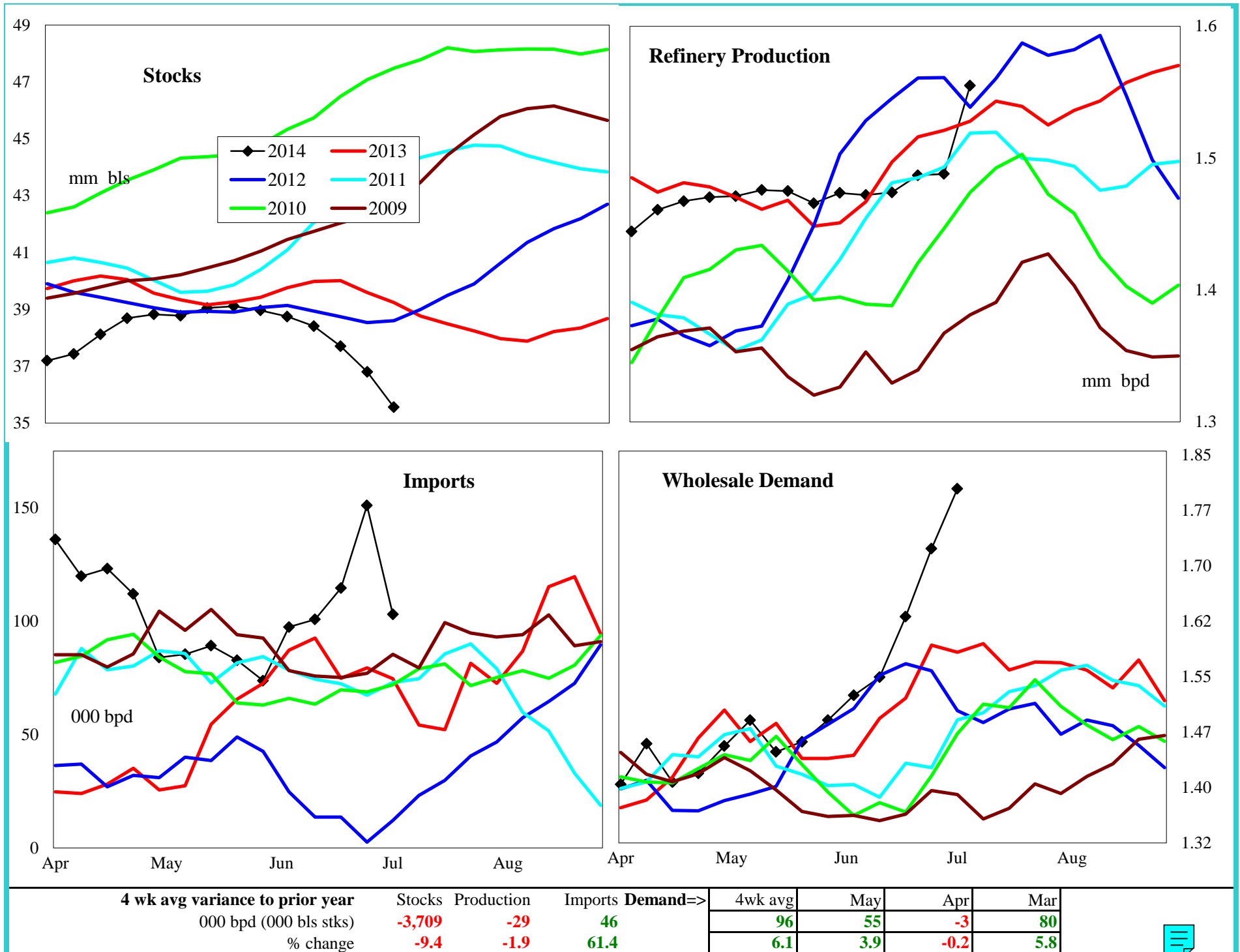
United States Low Sulfur Distillate Supply



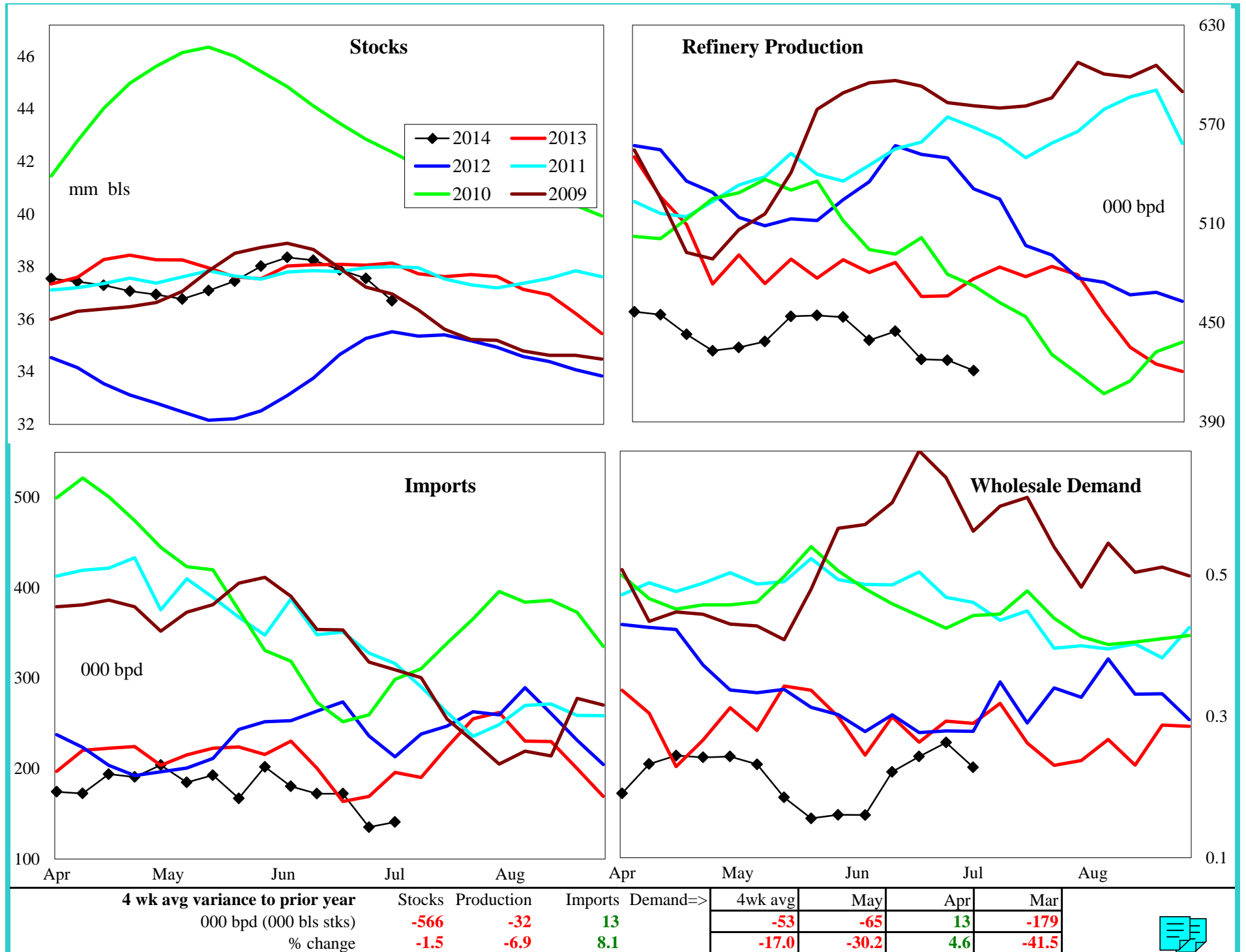
United States High Sulfur Distillate Supply



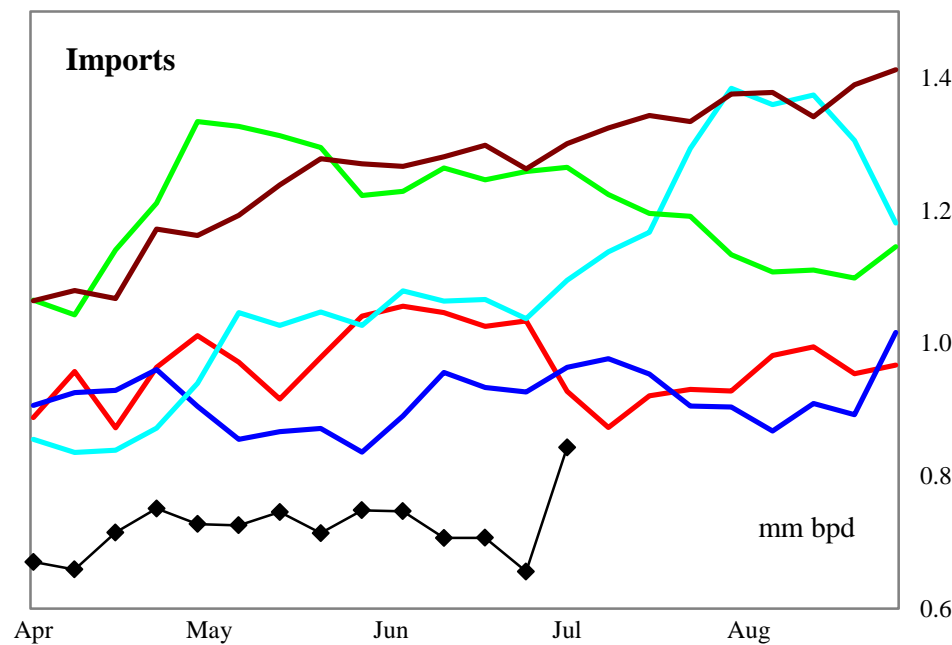
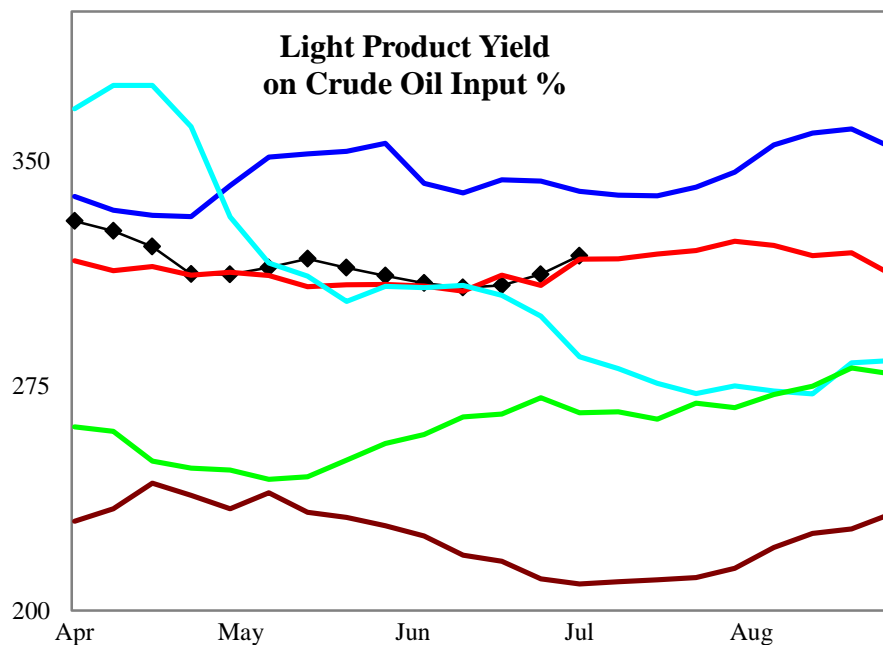
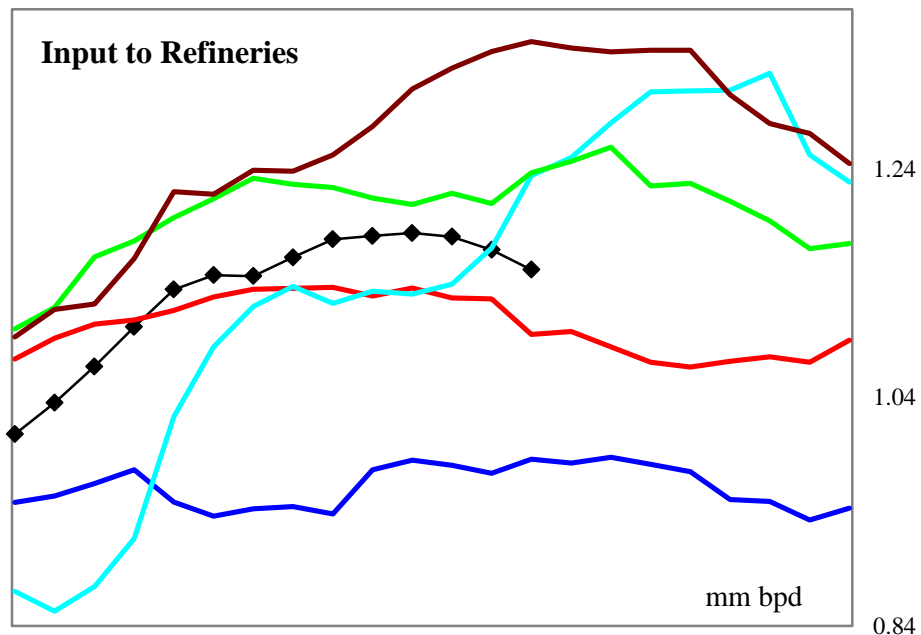
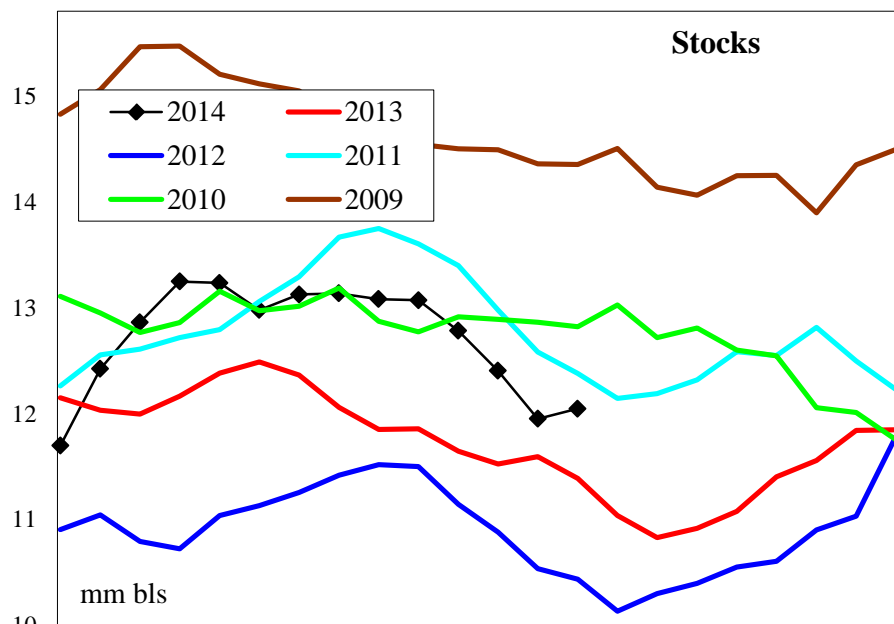
United States Jet Fuel Supply and Demand Balance



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

657

6.0

Input

50

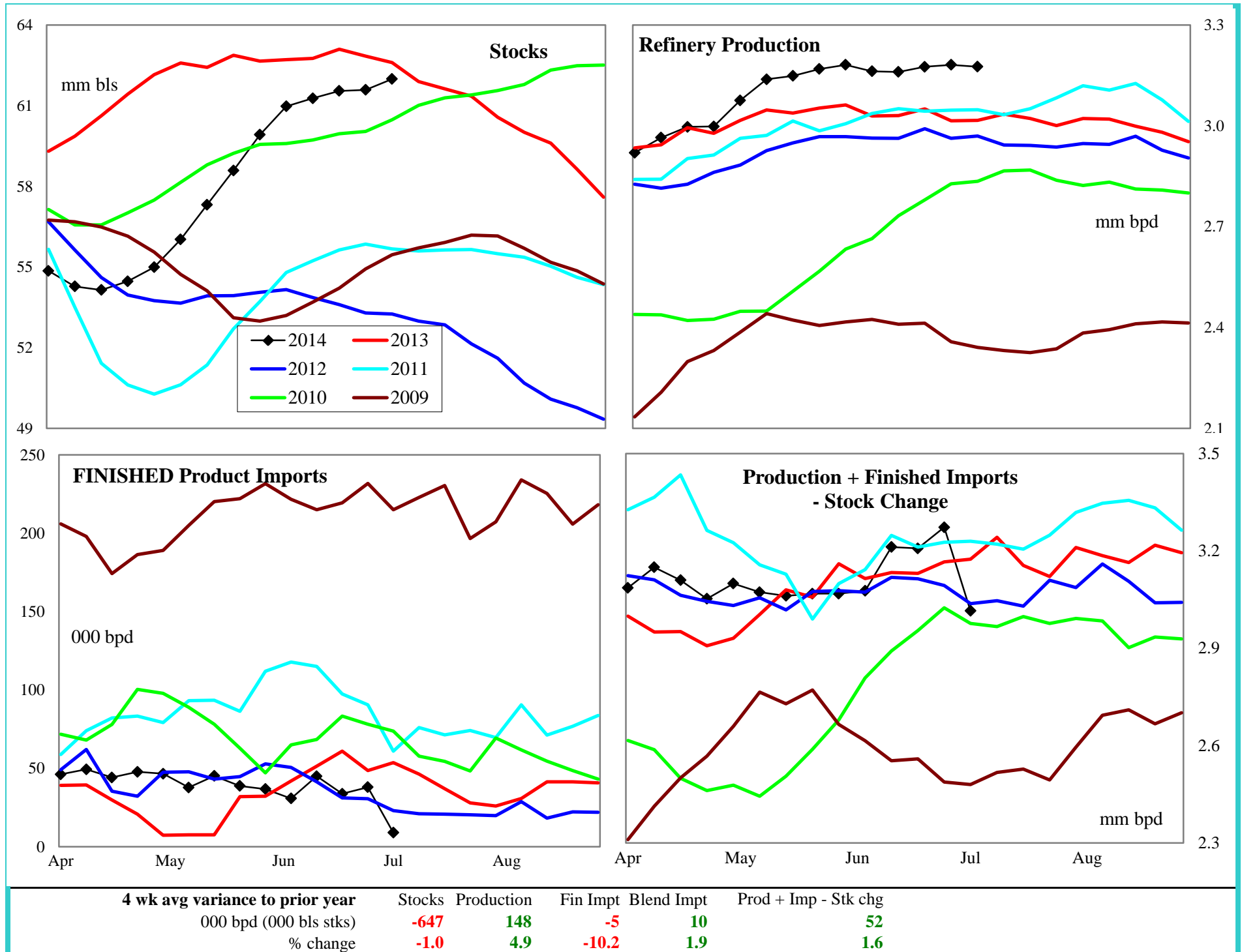
4.5

Imports

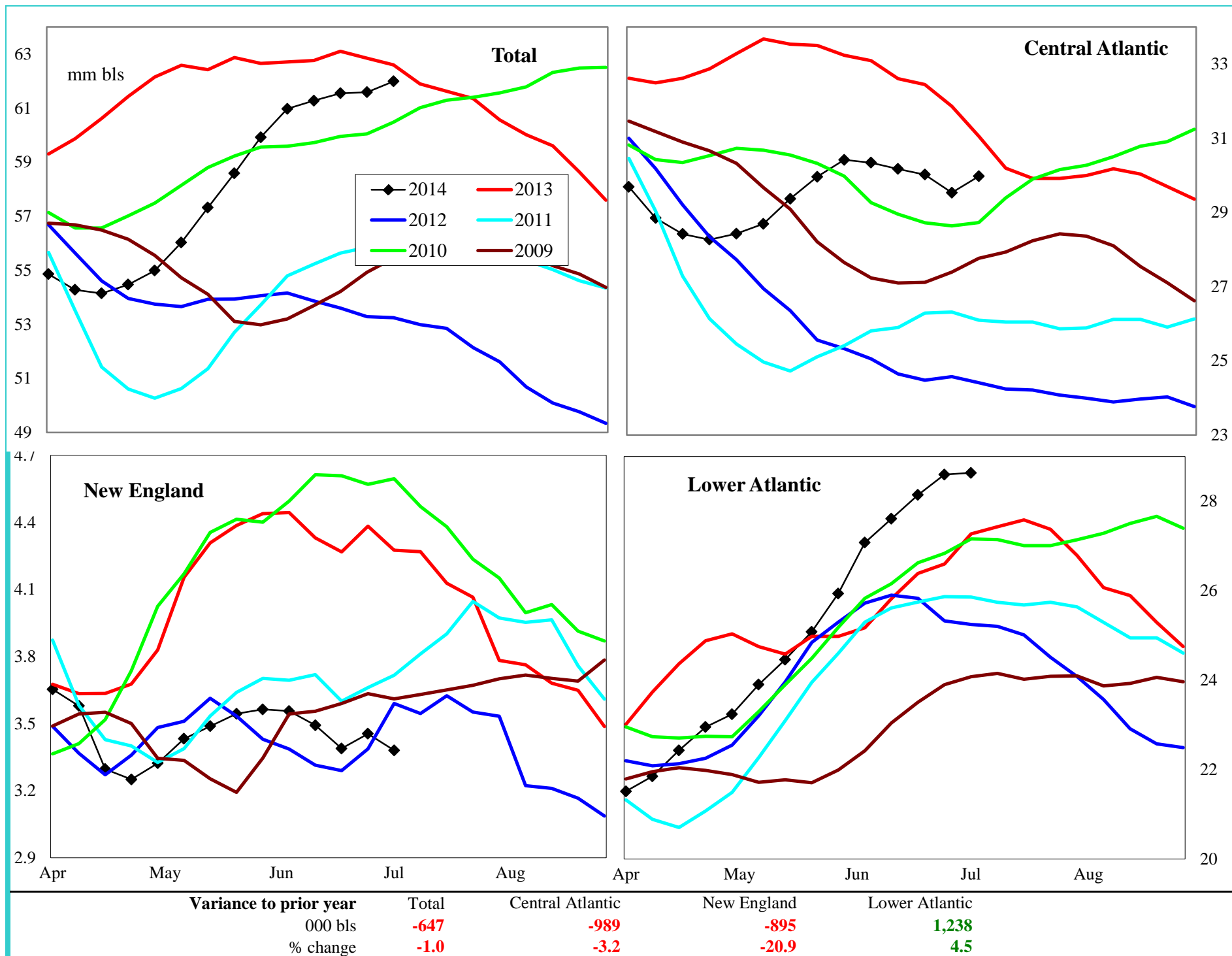
-340

-32.1

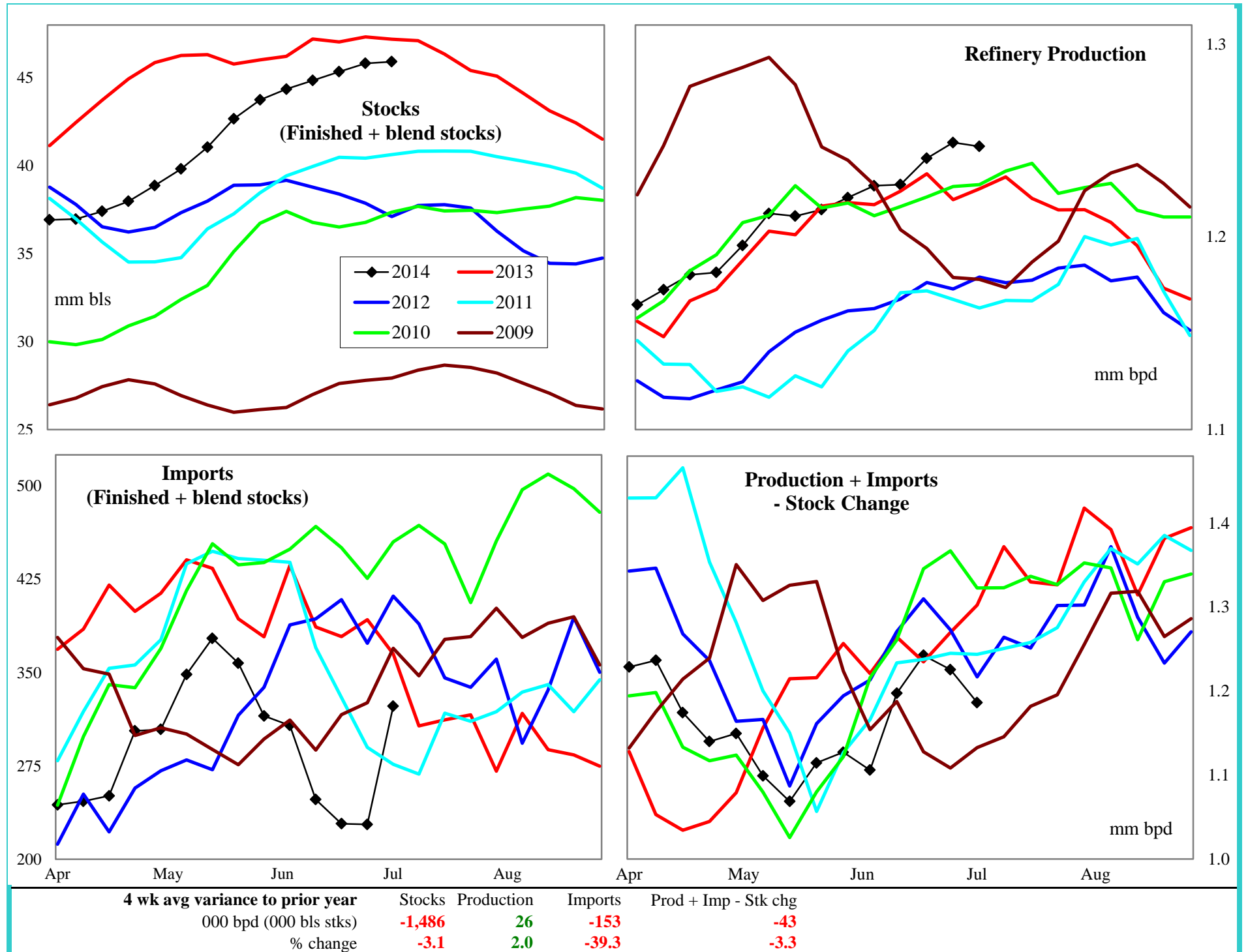
PADD 1 Gasoline Supply



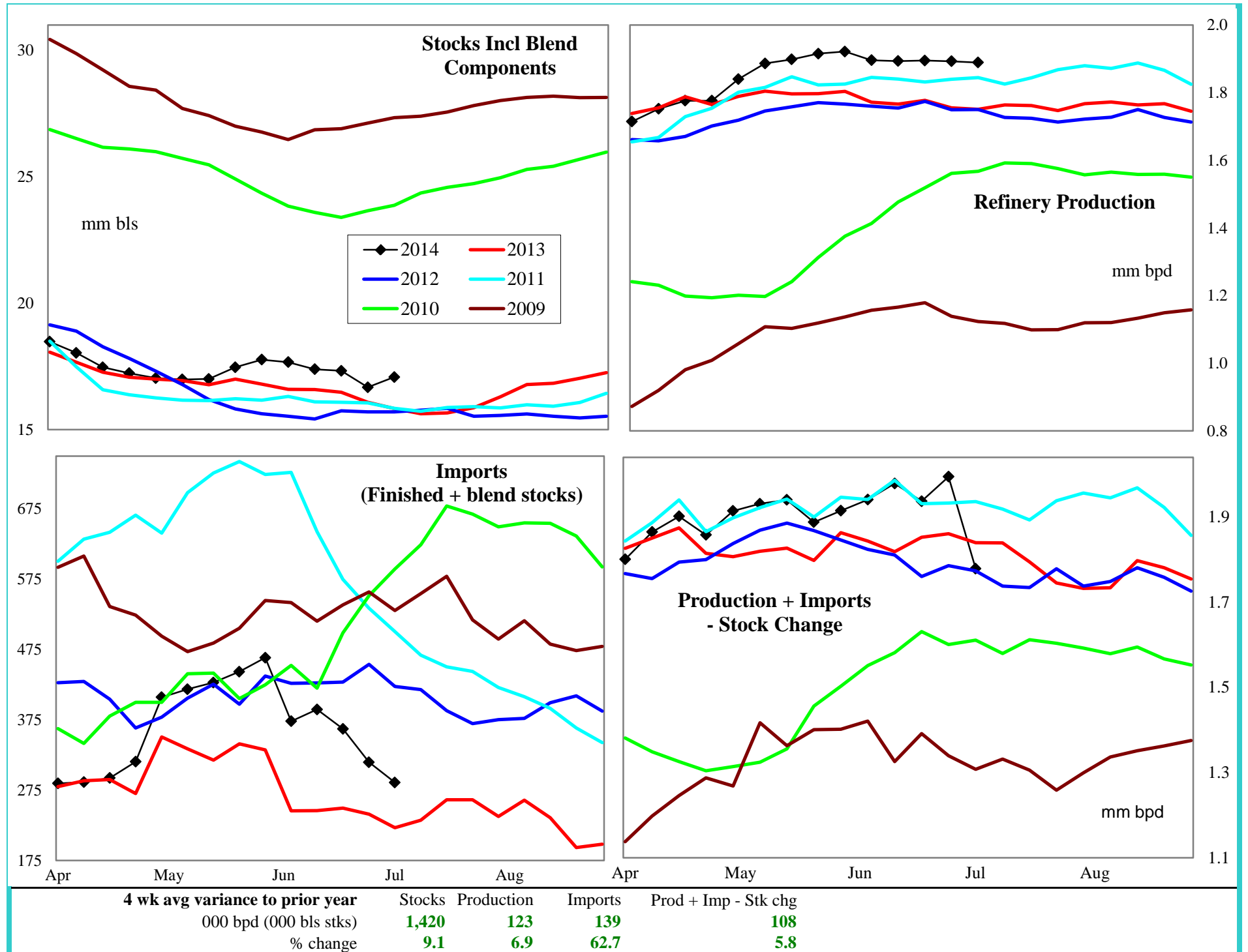
PADD 1 Gasoline Stocks by Region



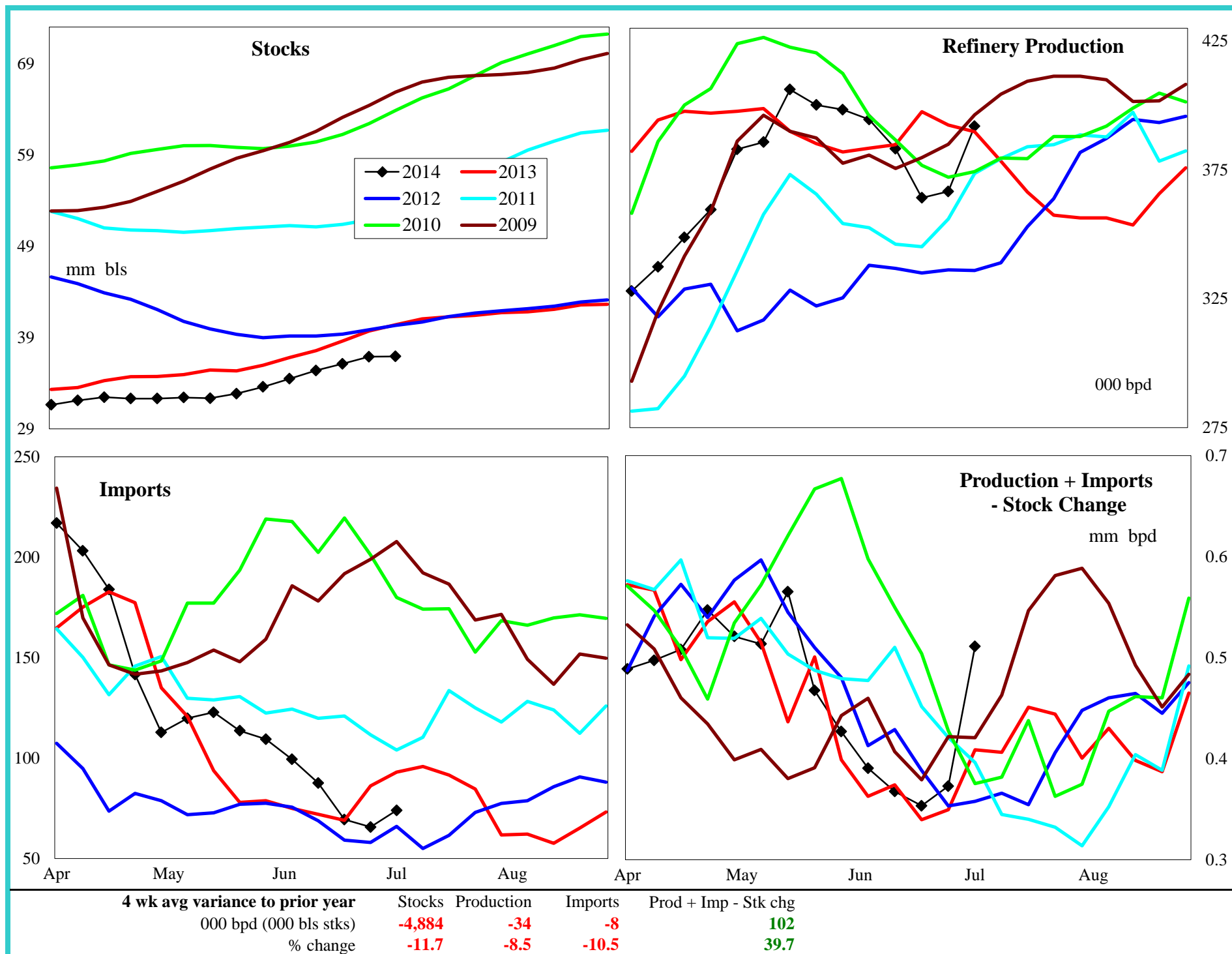
PADD 1 Reformulated Gasoline Supply



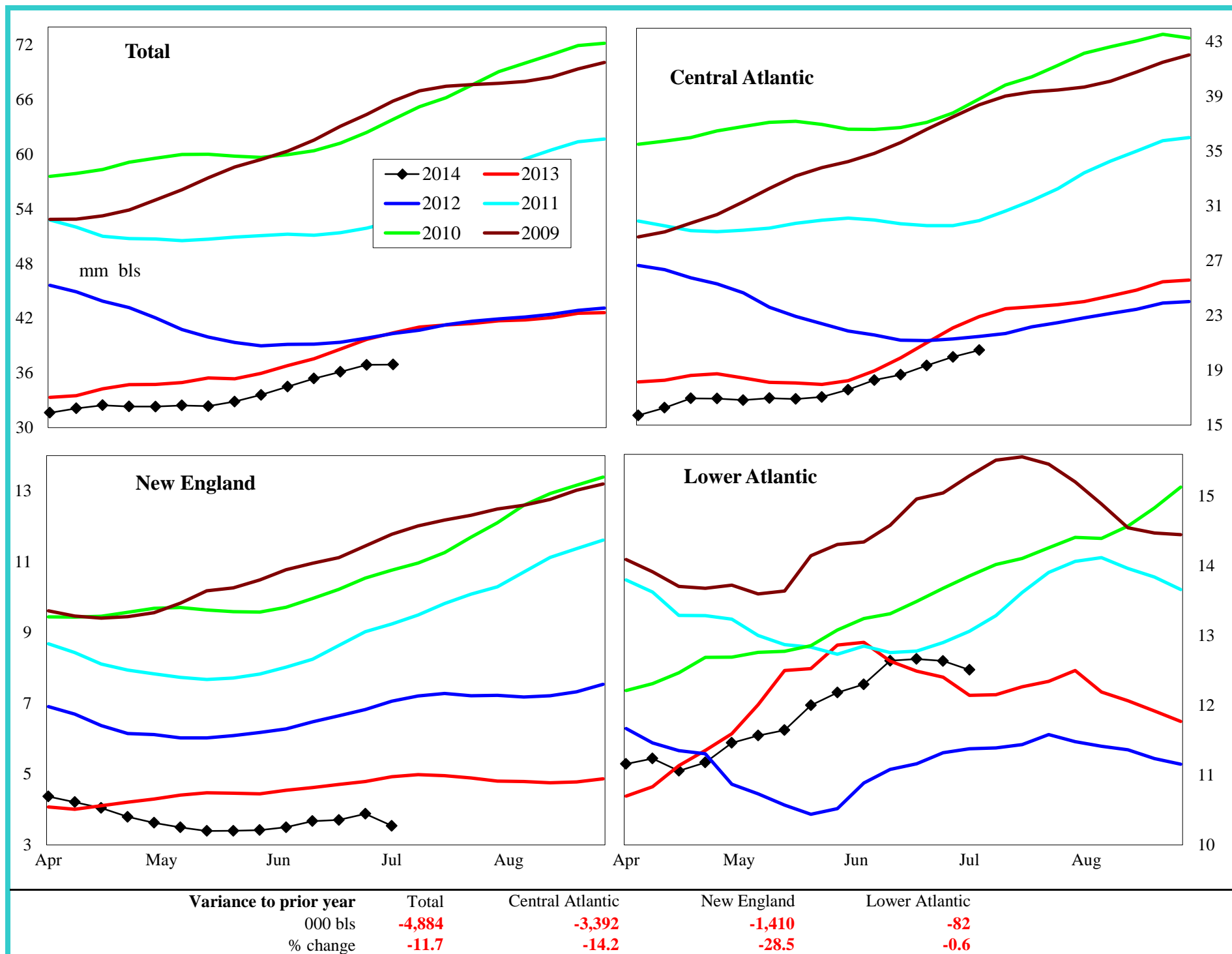
PADD 1 Conventional Gasoline Supply



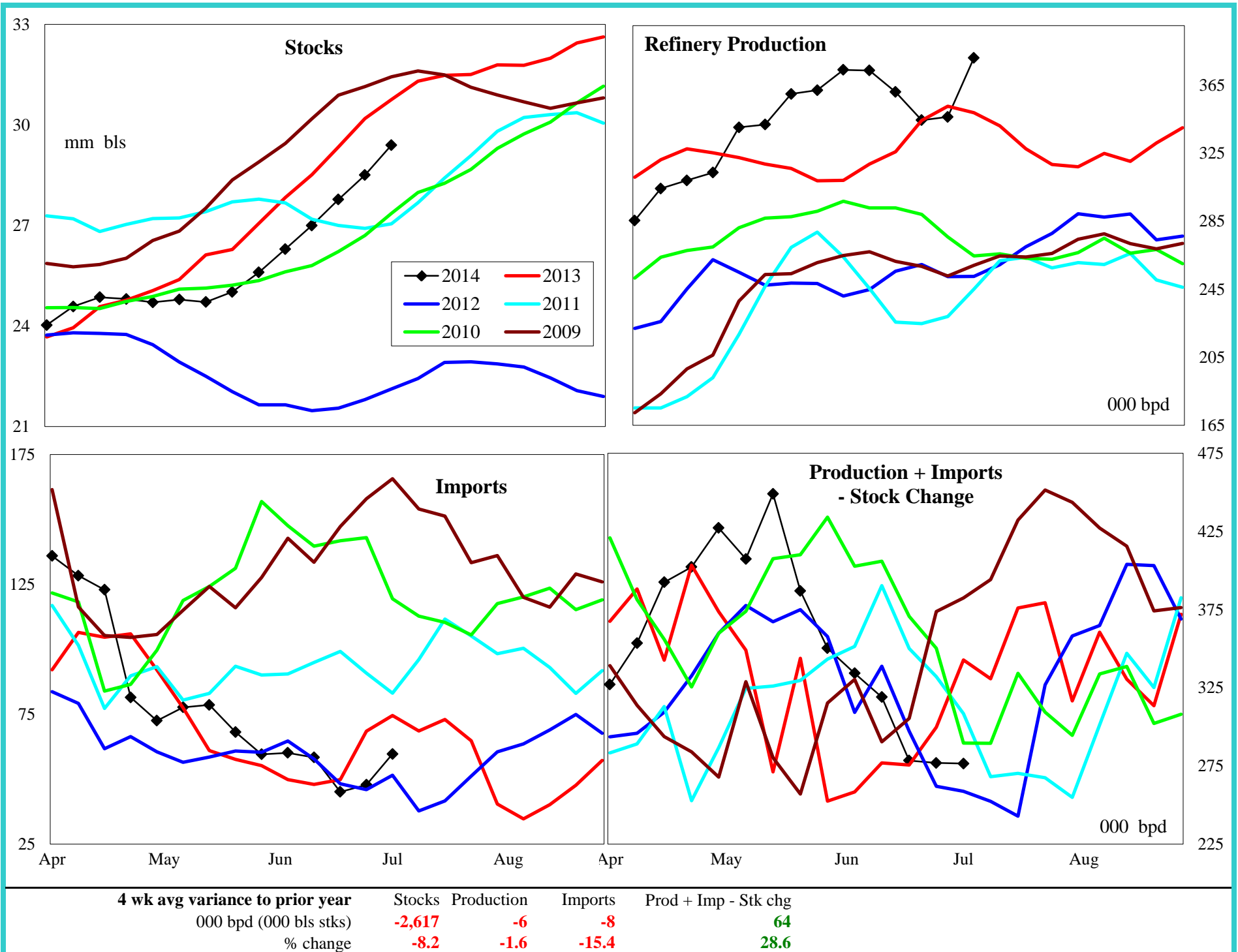
PADD 1 Distillate Supply



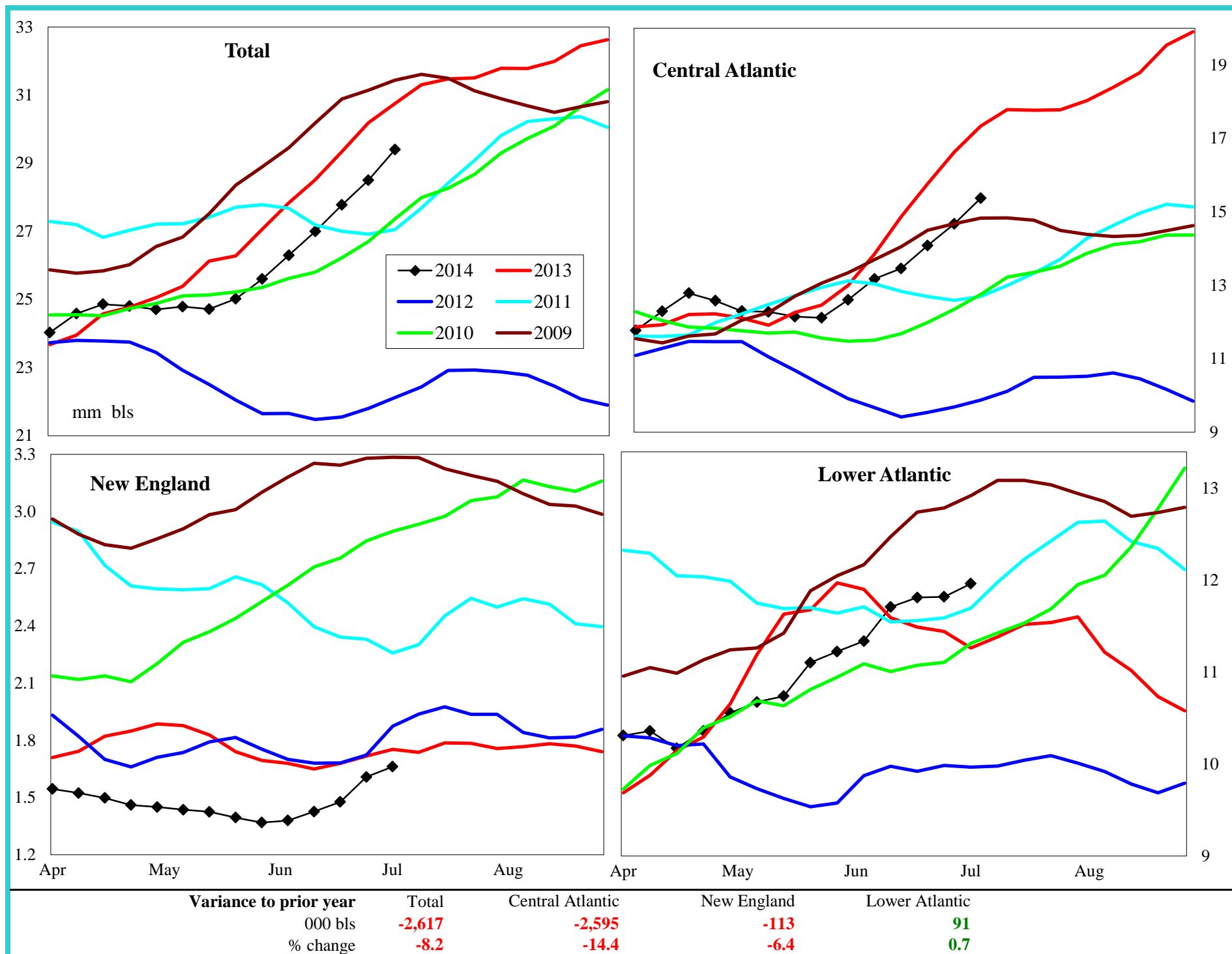
PADD 1 Distillate Stocks by Region



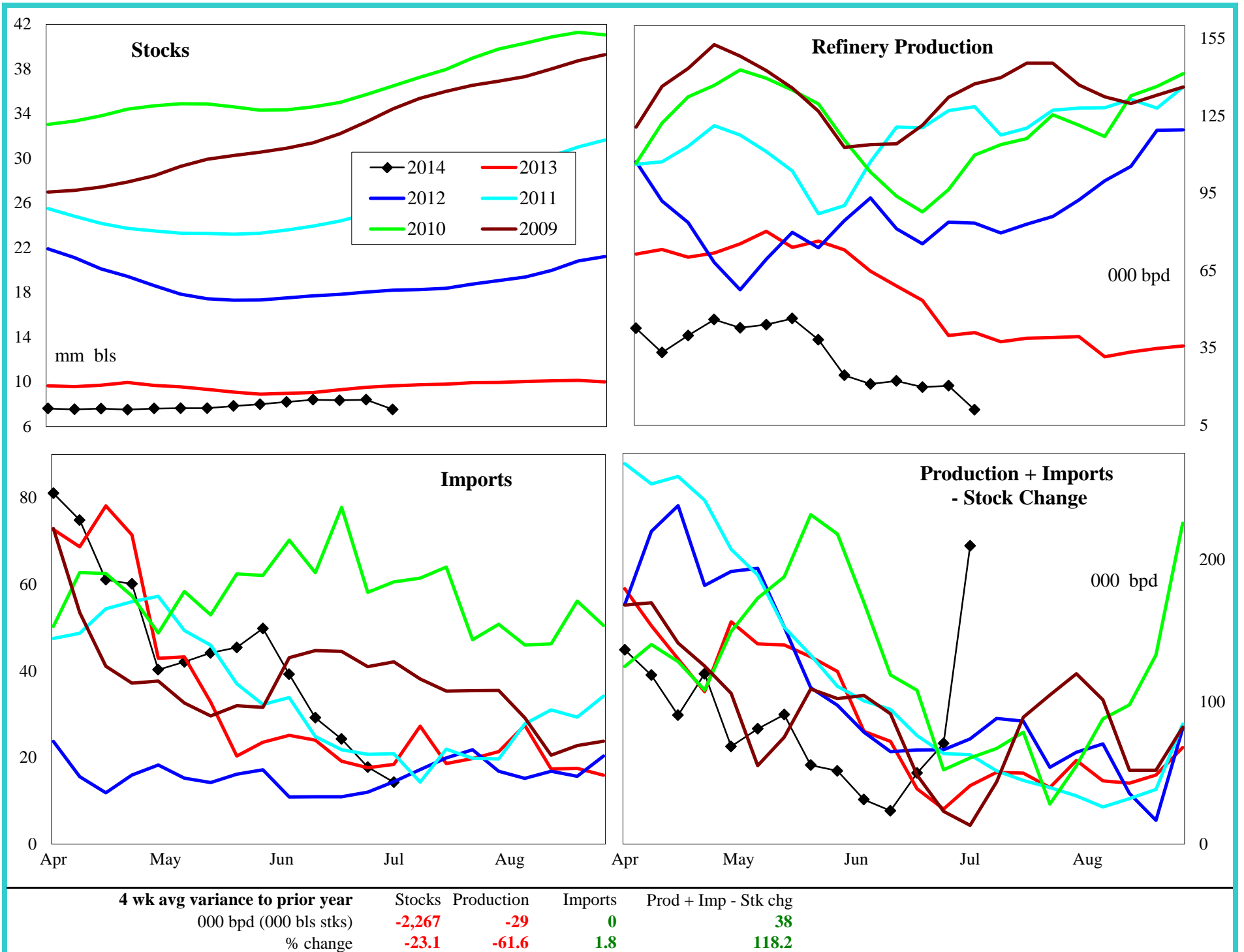
PADD 1 Low Sulfur Distillate Supply



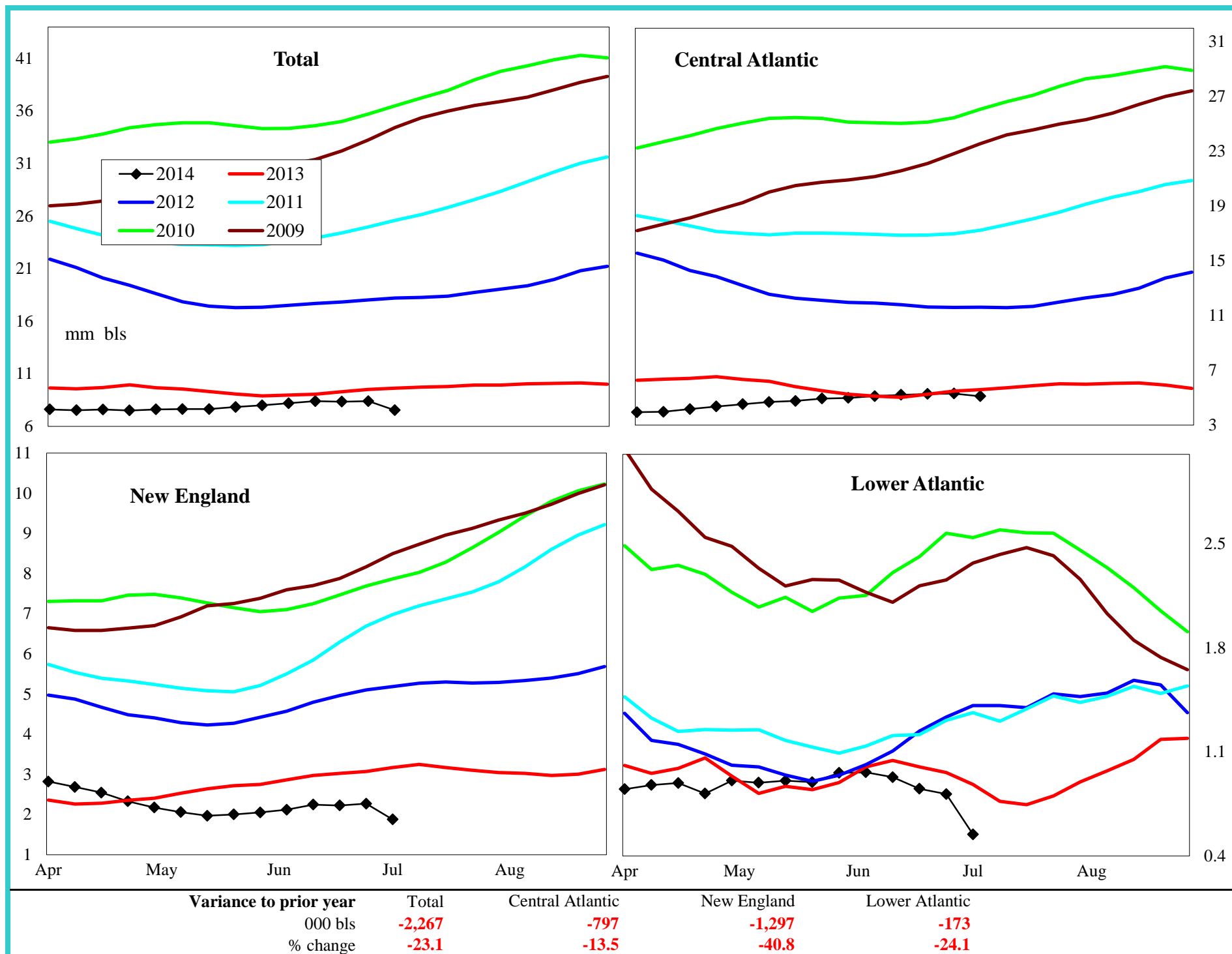
PADD 1 Low Sulfur Distillate Stocks by Region



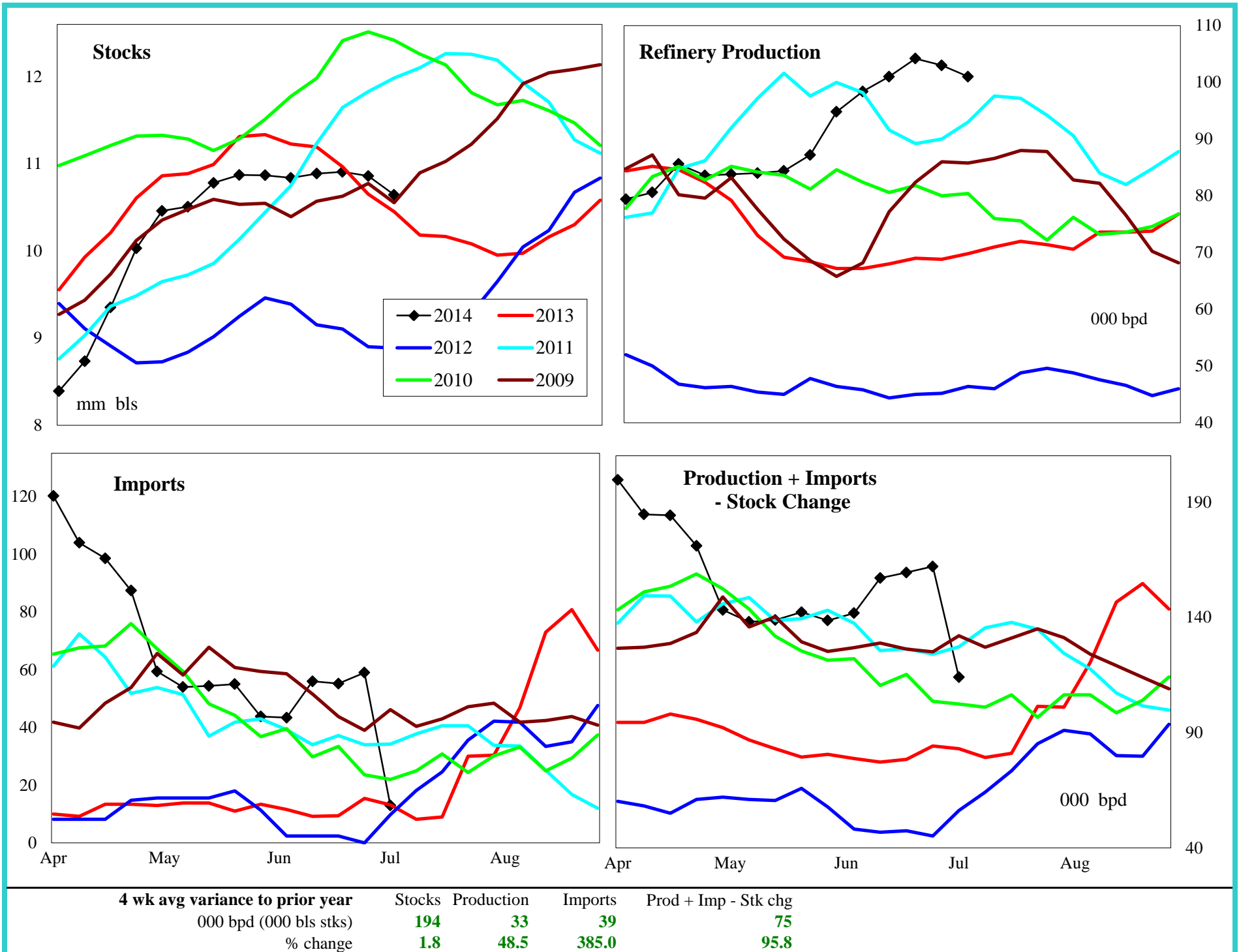
PADD 1 High Sulfur Distillate Supply



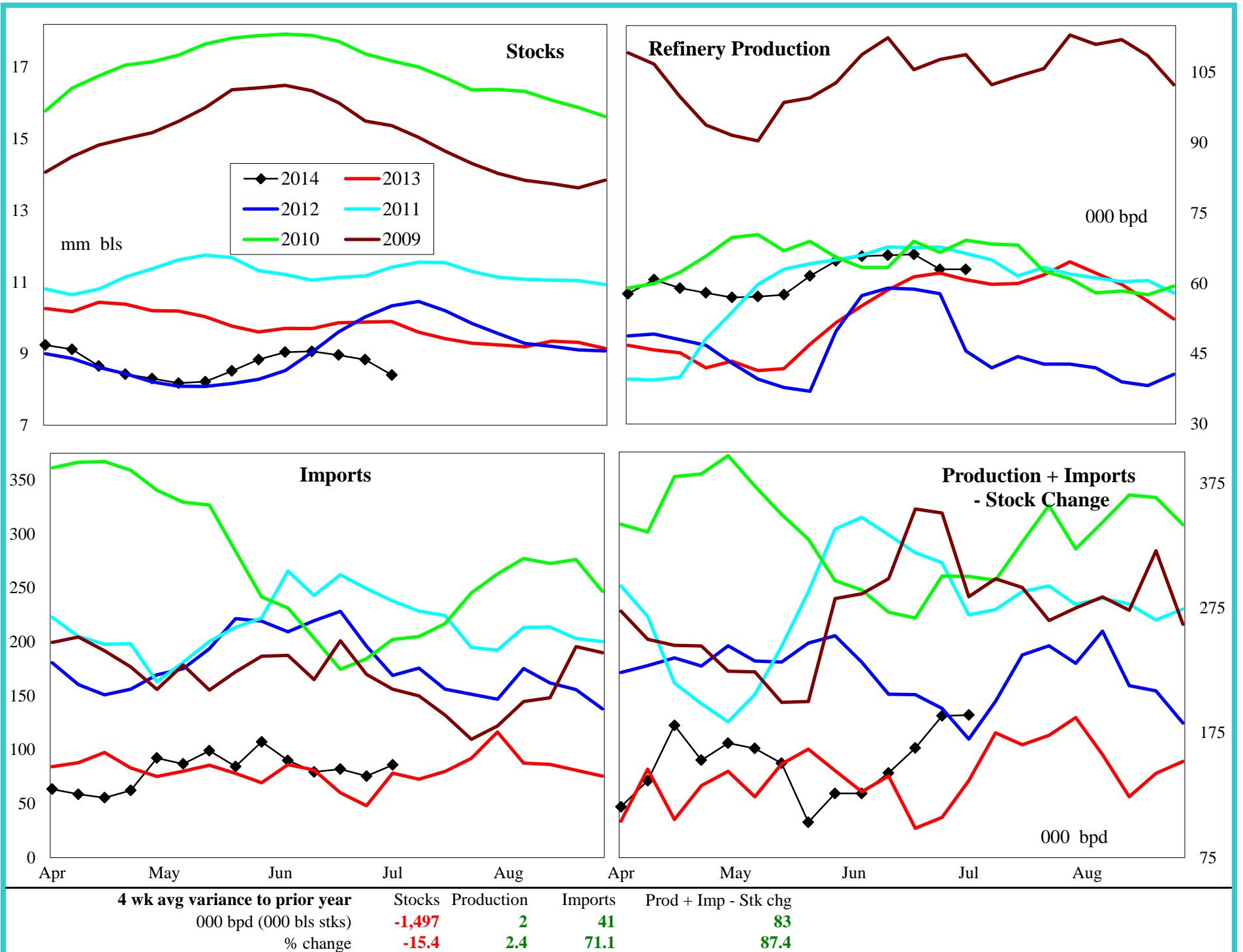
PADD 1 High Sulfur Distillate Stocks by Region



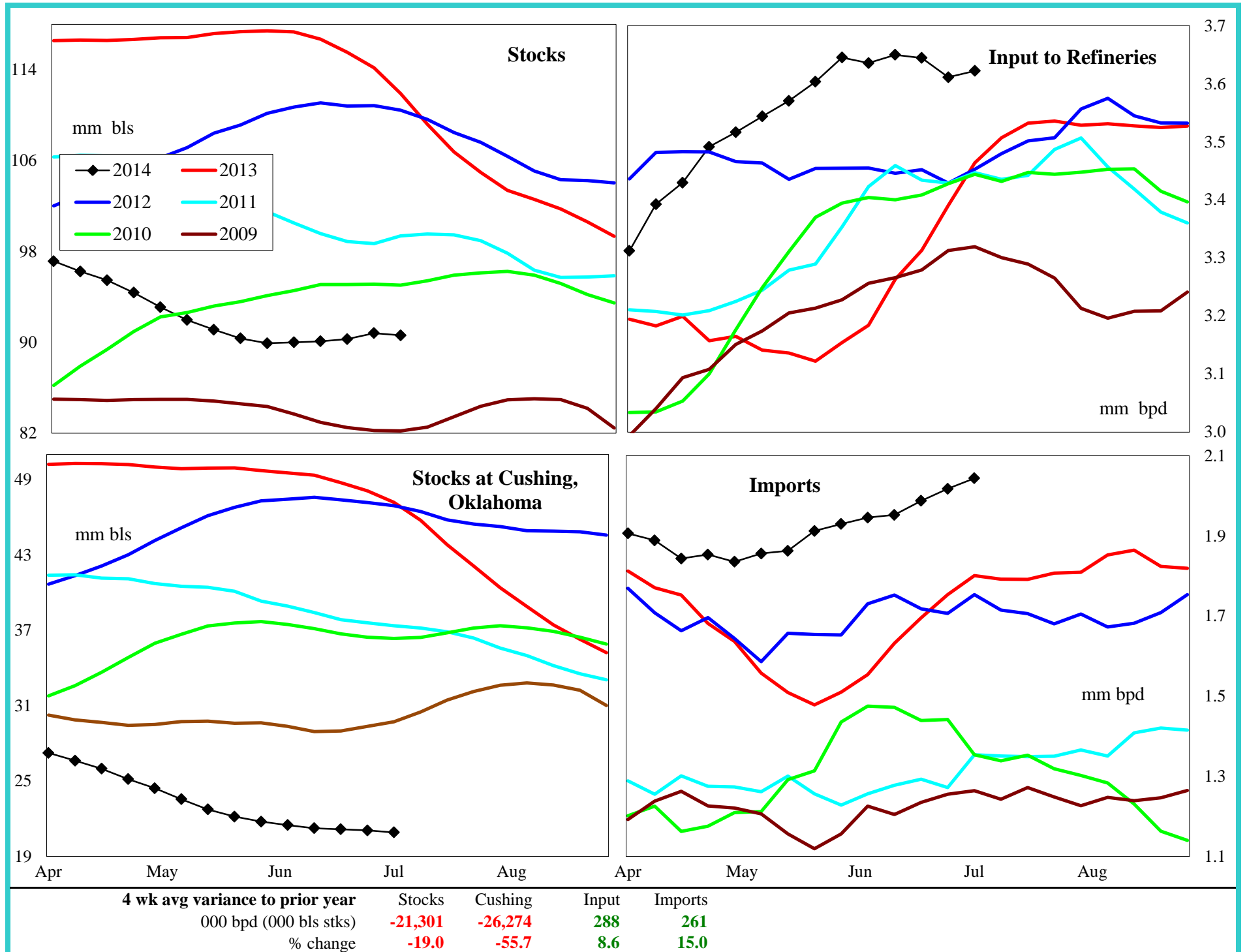
PADD 1 Jet Fuel Supply



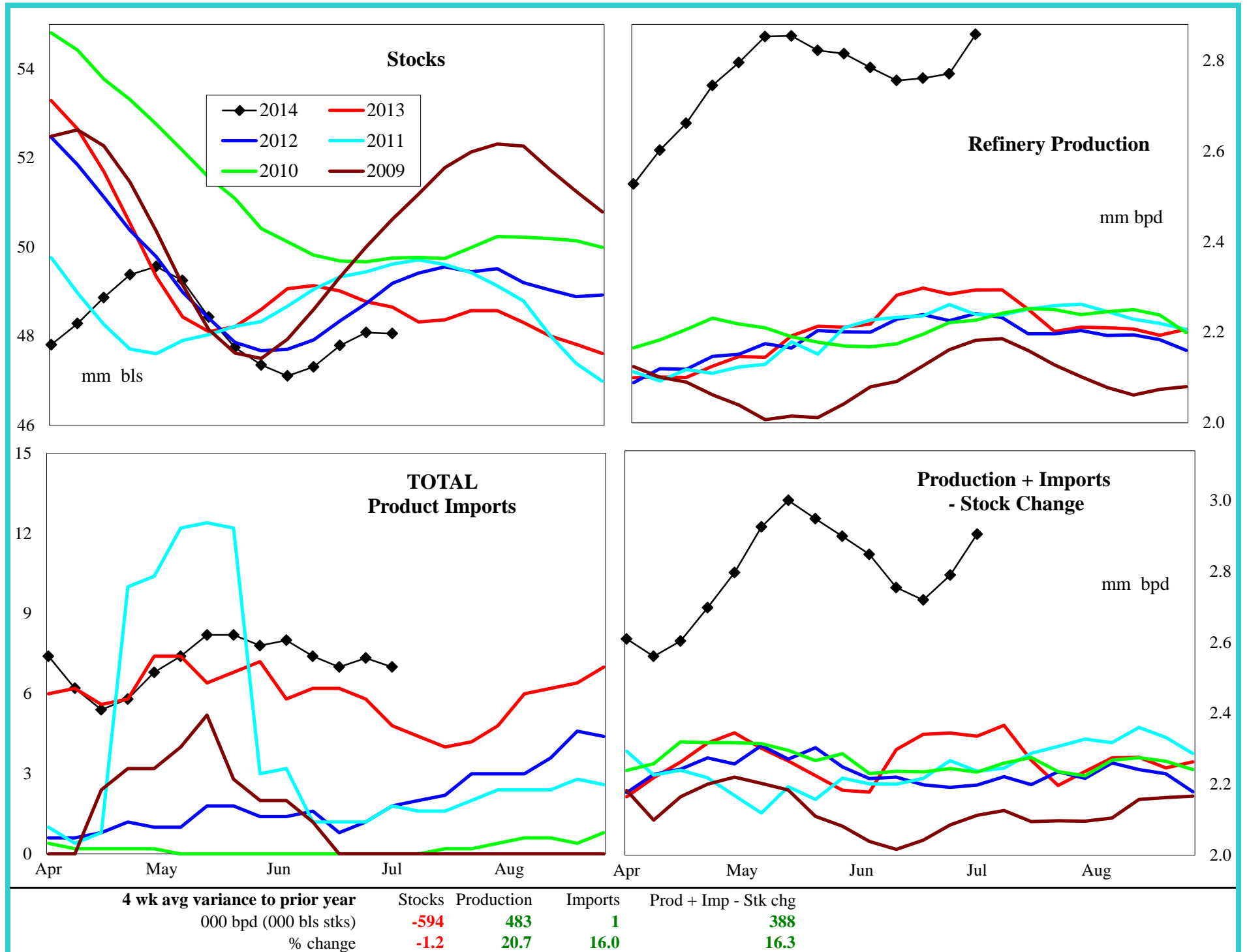
PADD 1 Residual Fuel Oil Supply



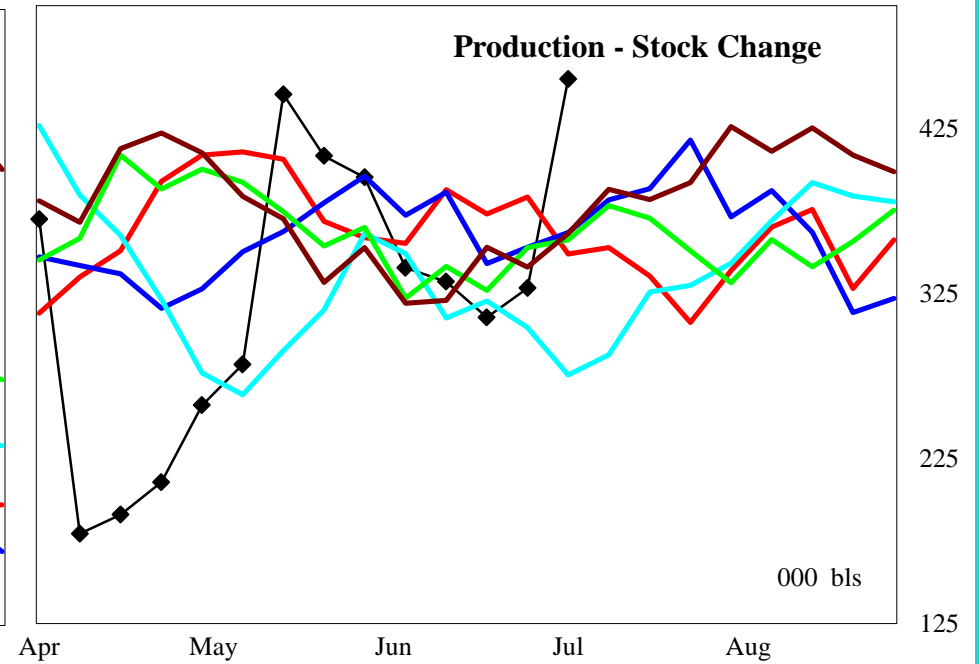
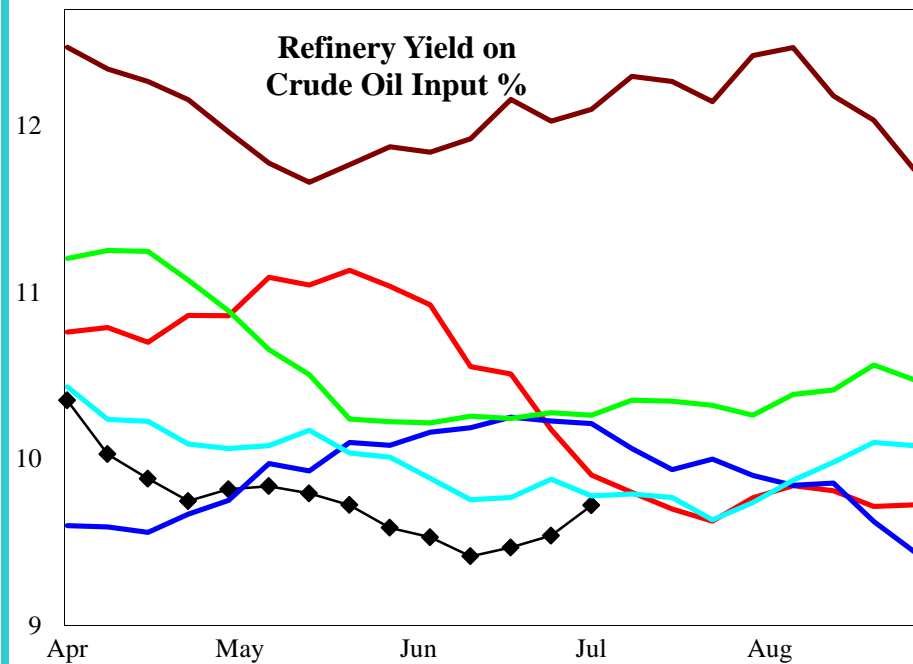
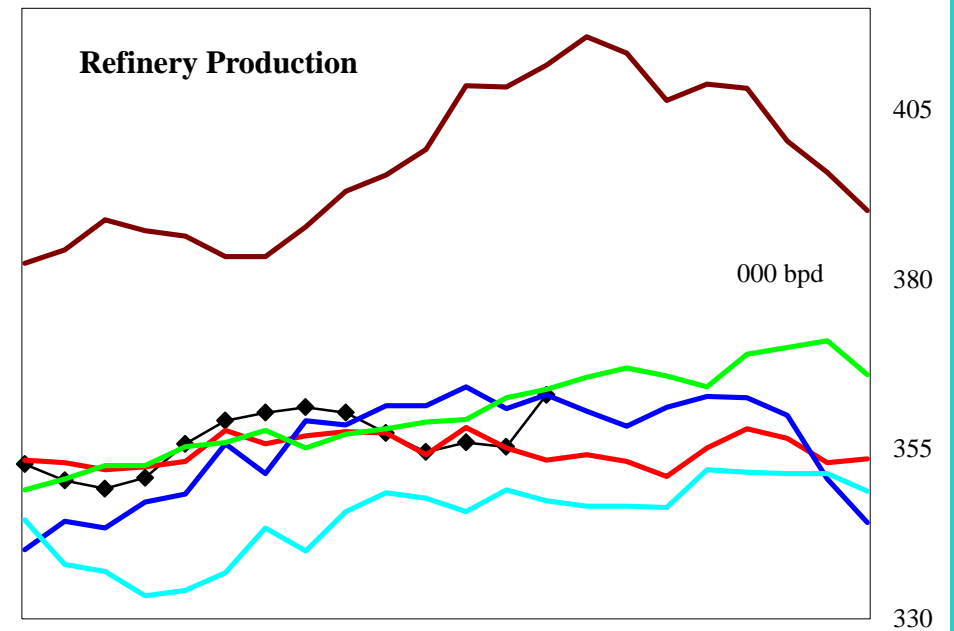
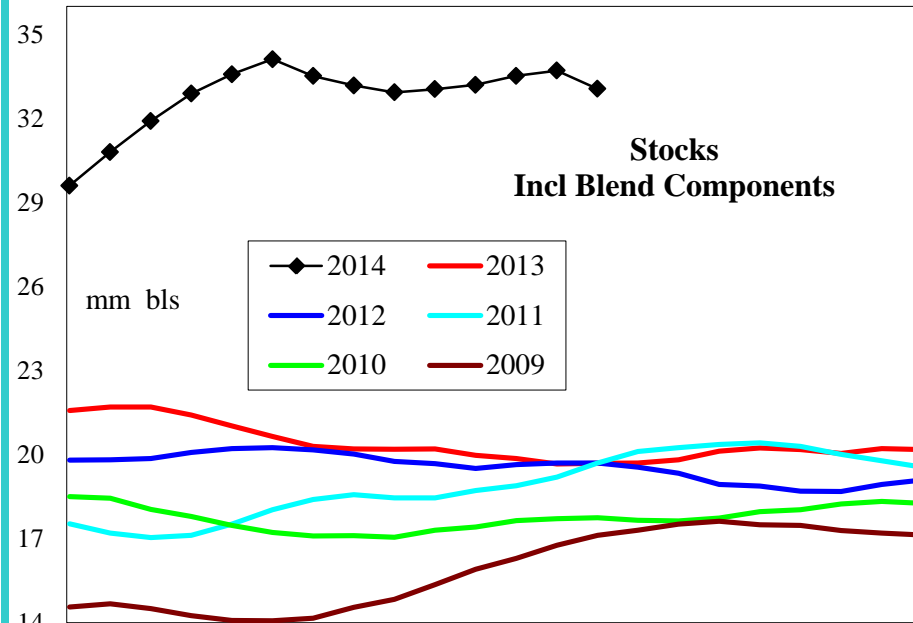
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

13,366

2

67.9

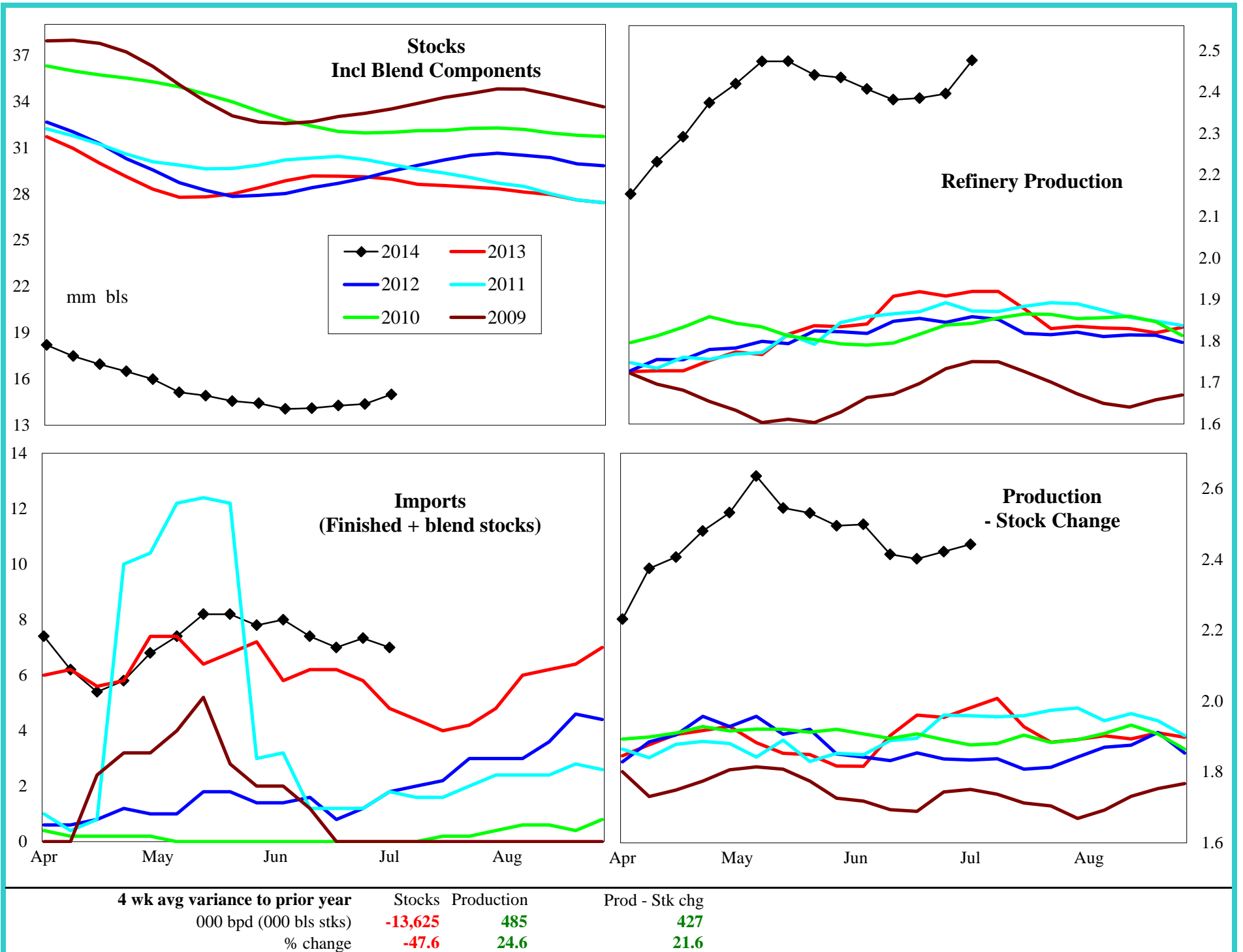
0.6

Prod - Stk chg

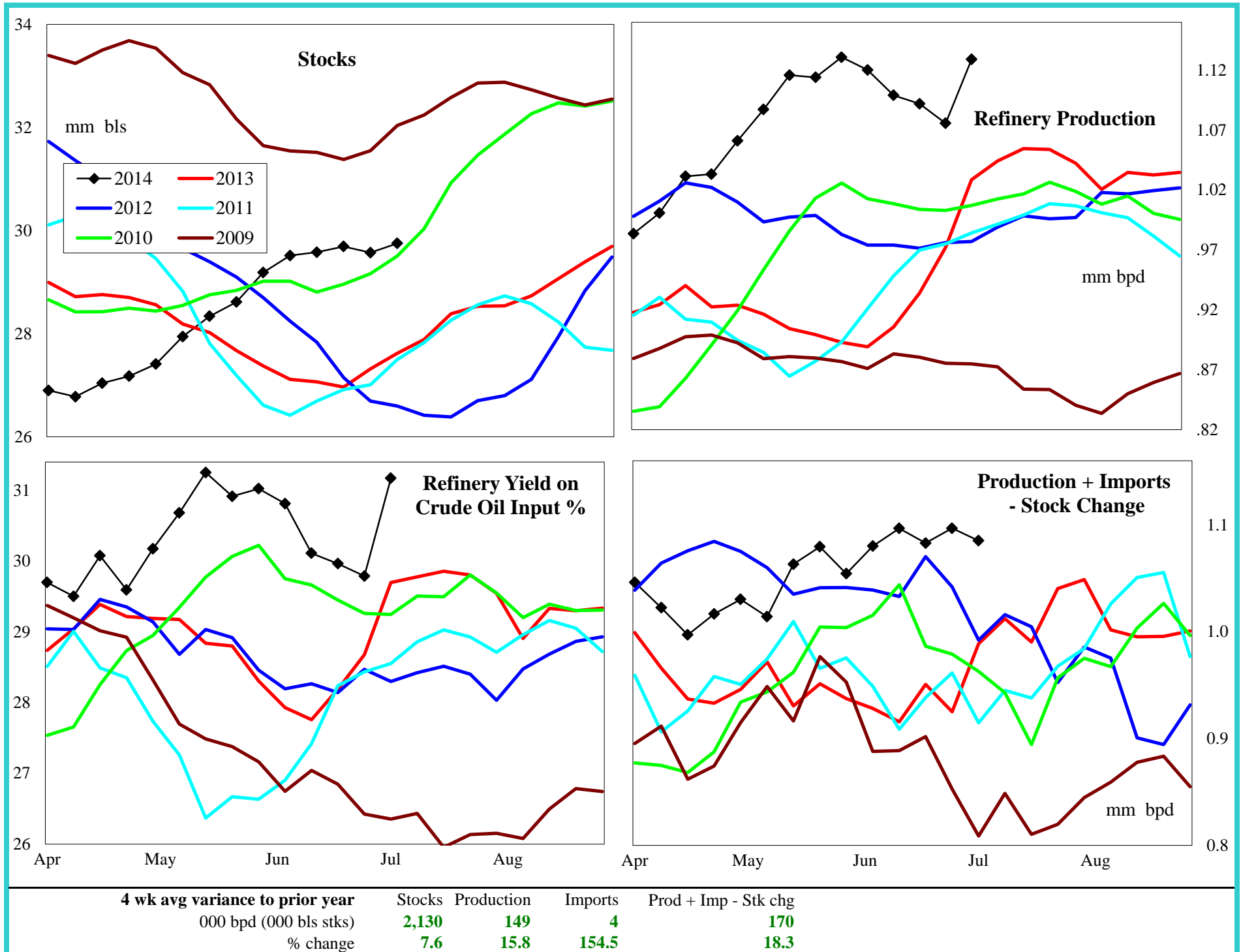
-17

-4.5

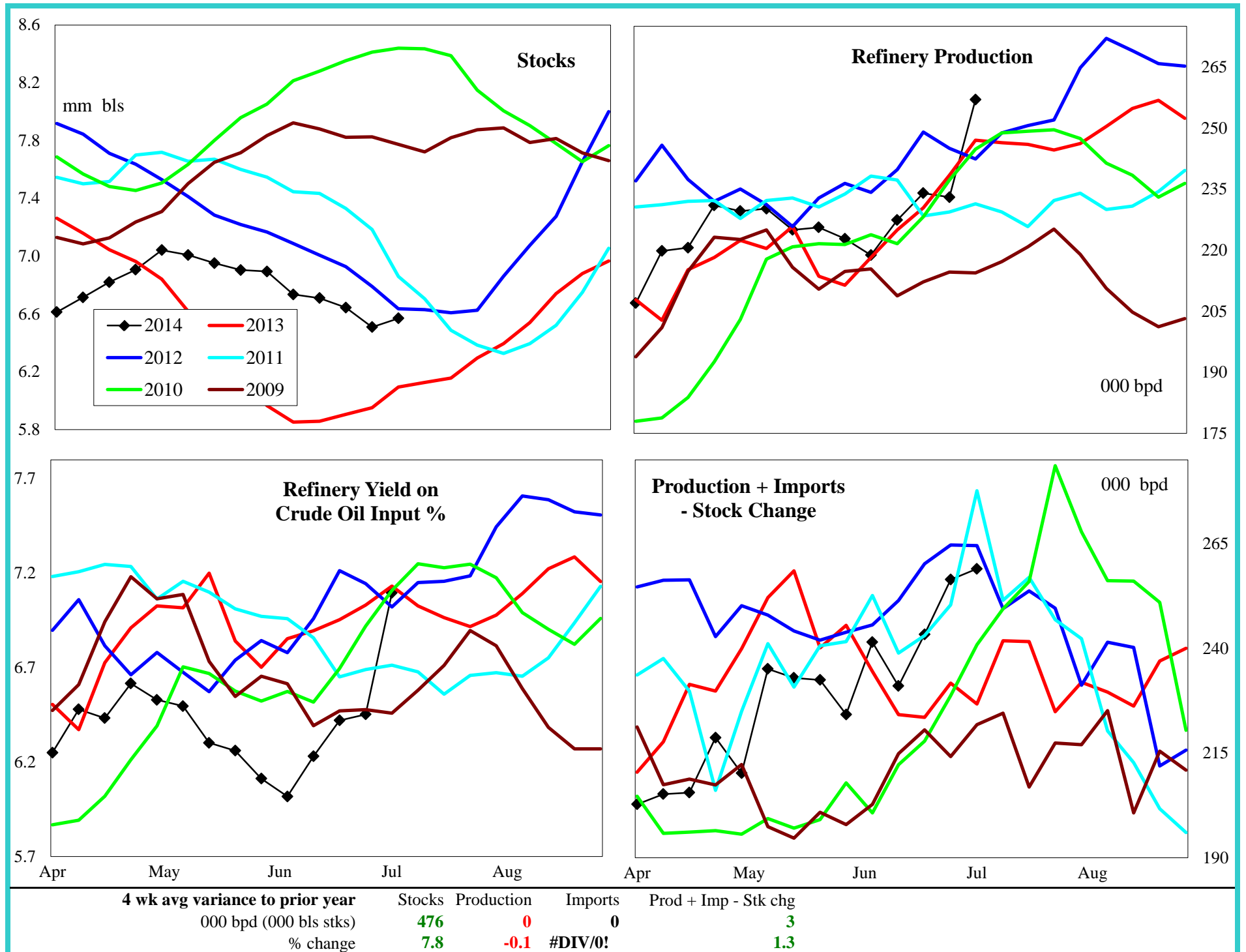
PADD 2 Conventional Gasoline Supply



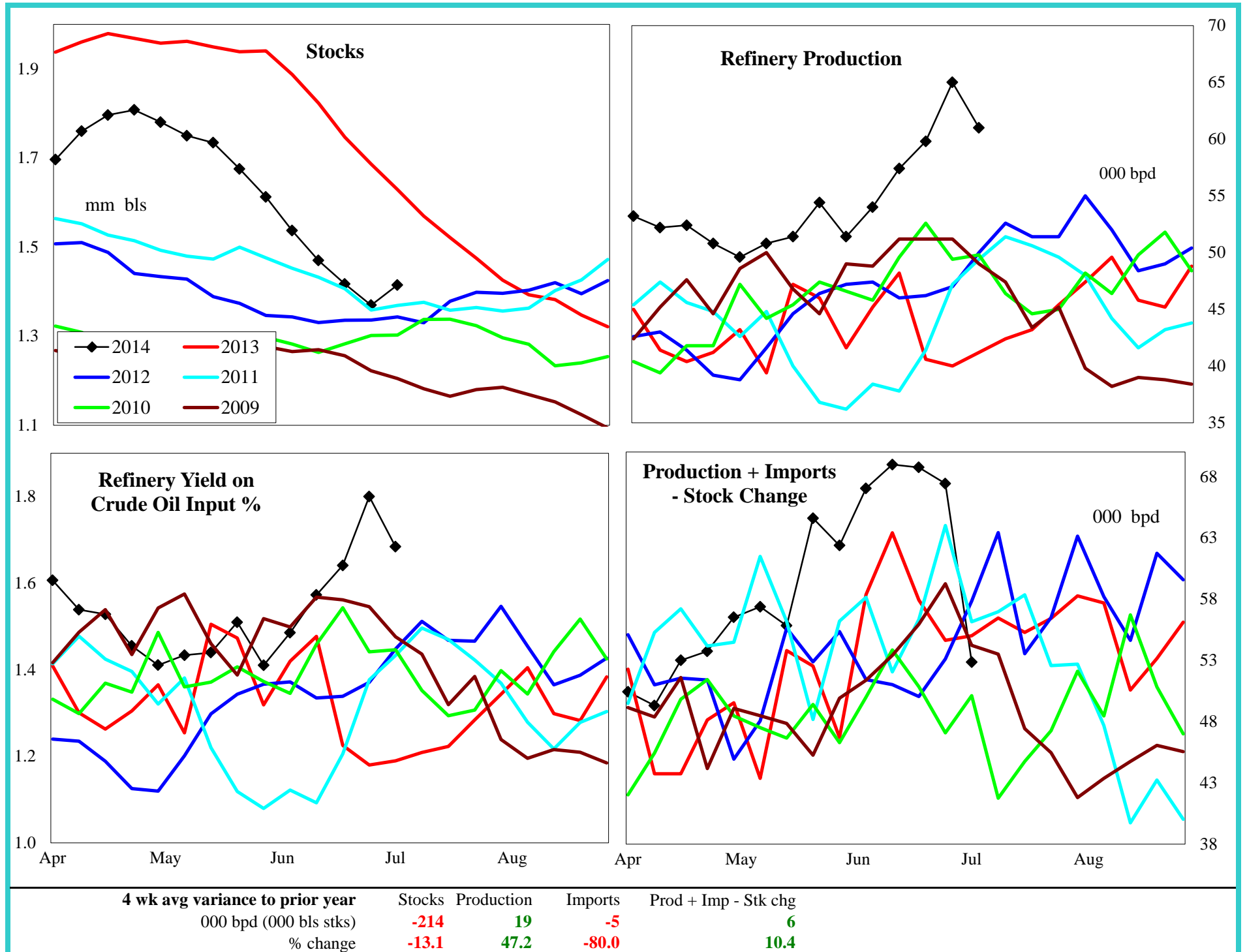
PADD 2 Distillate Supply



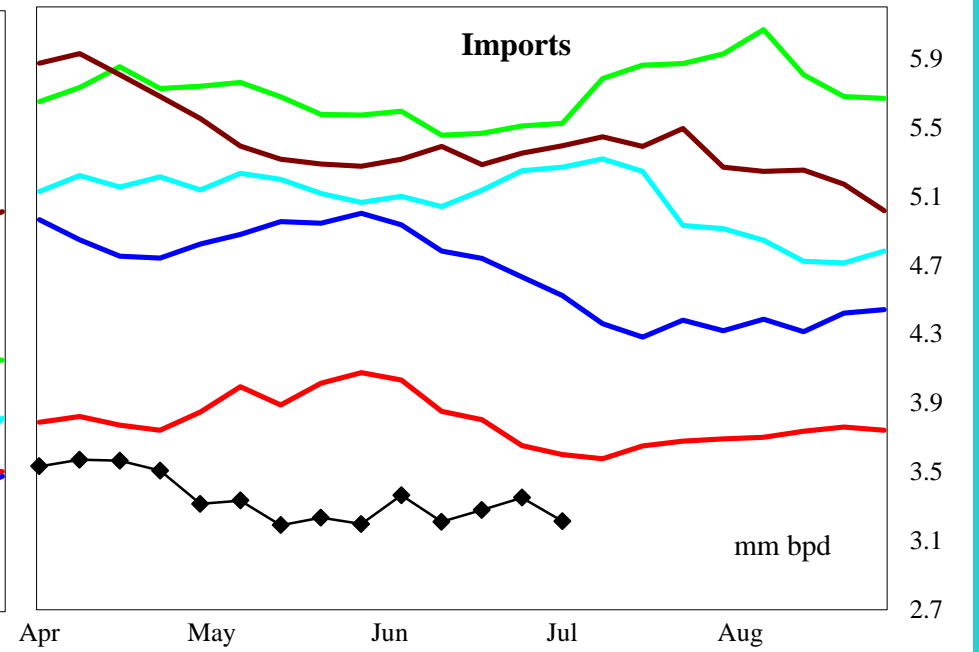
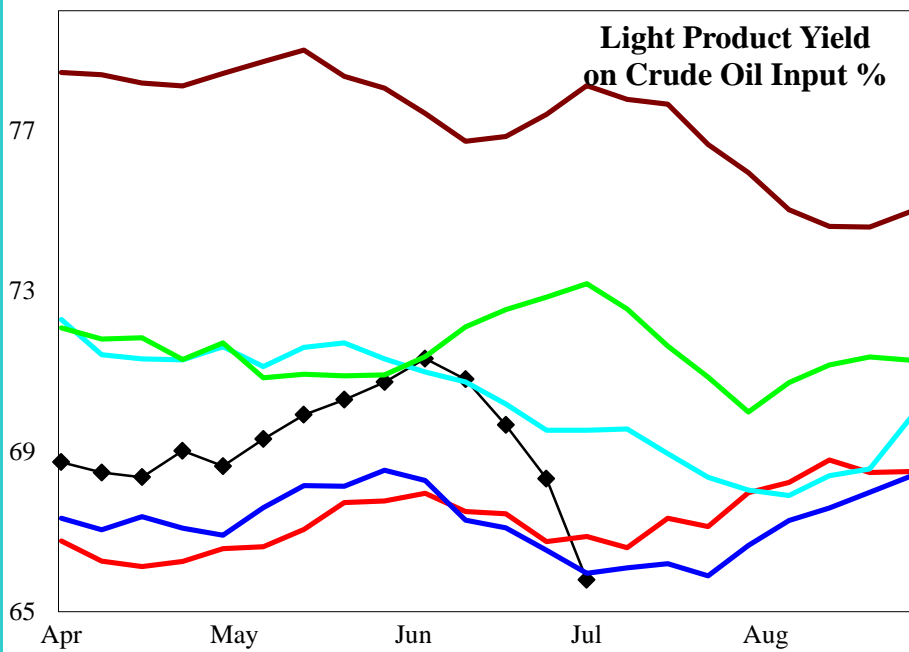
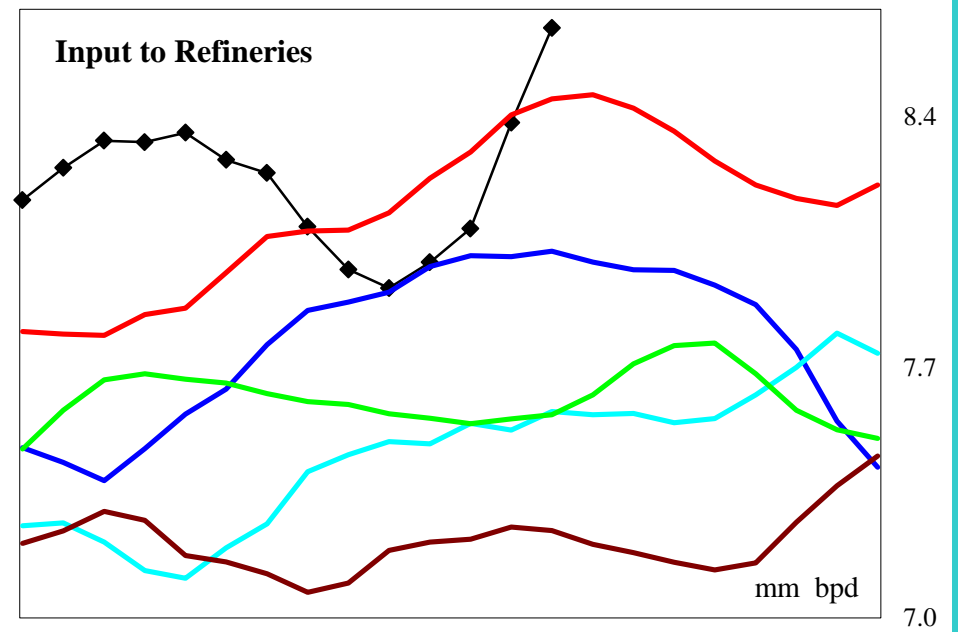
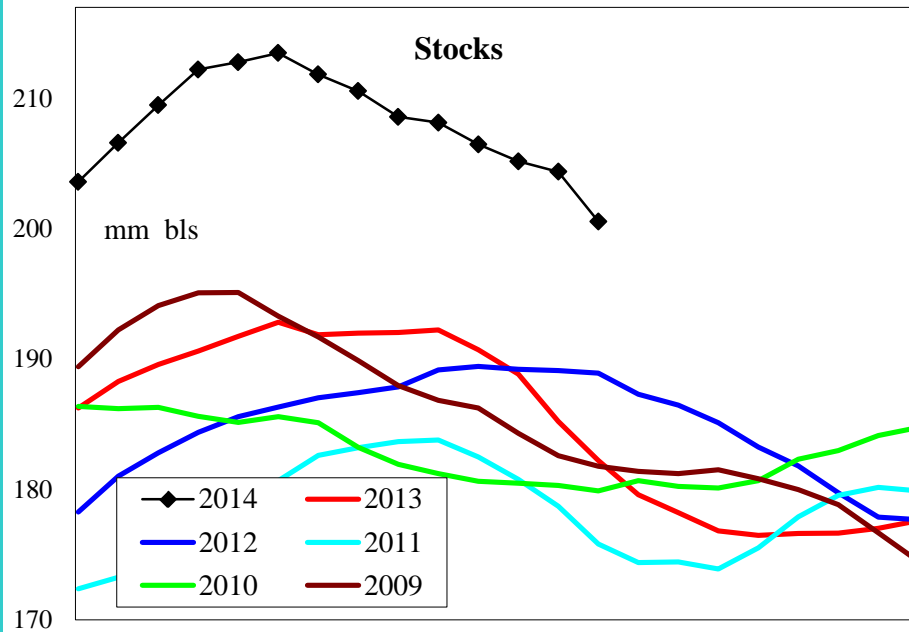
PADD 2 Jet Fuel Supply



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

18,333

10.1

Input

-188

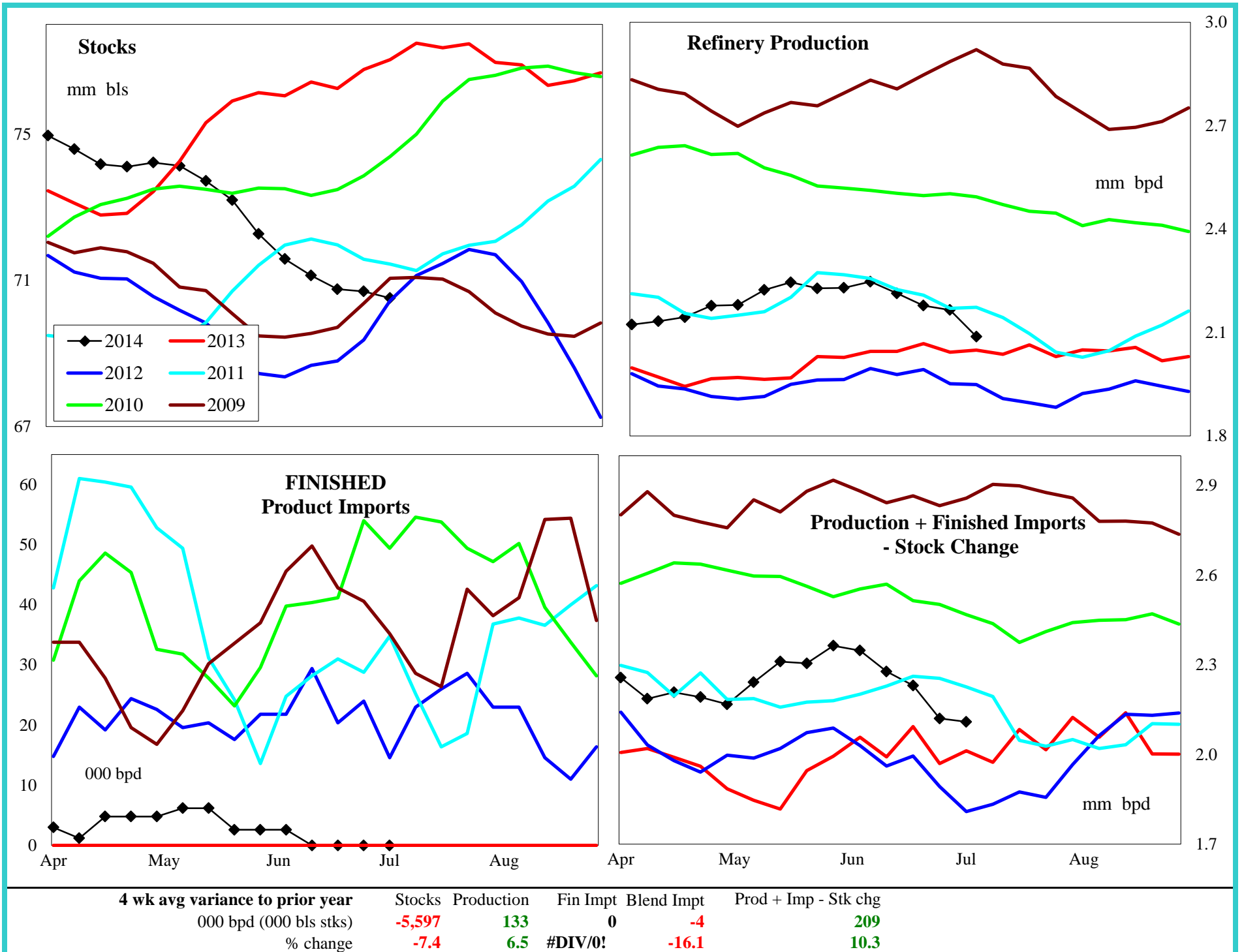
-2.2

Imports

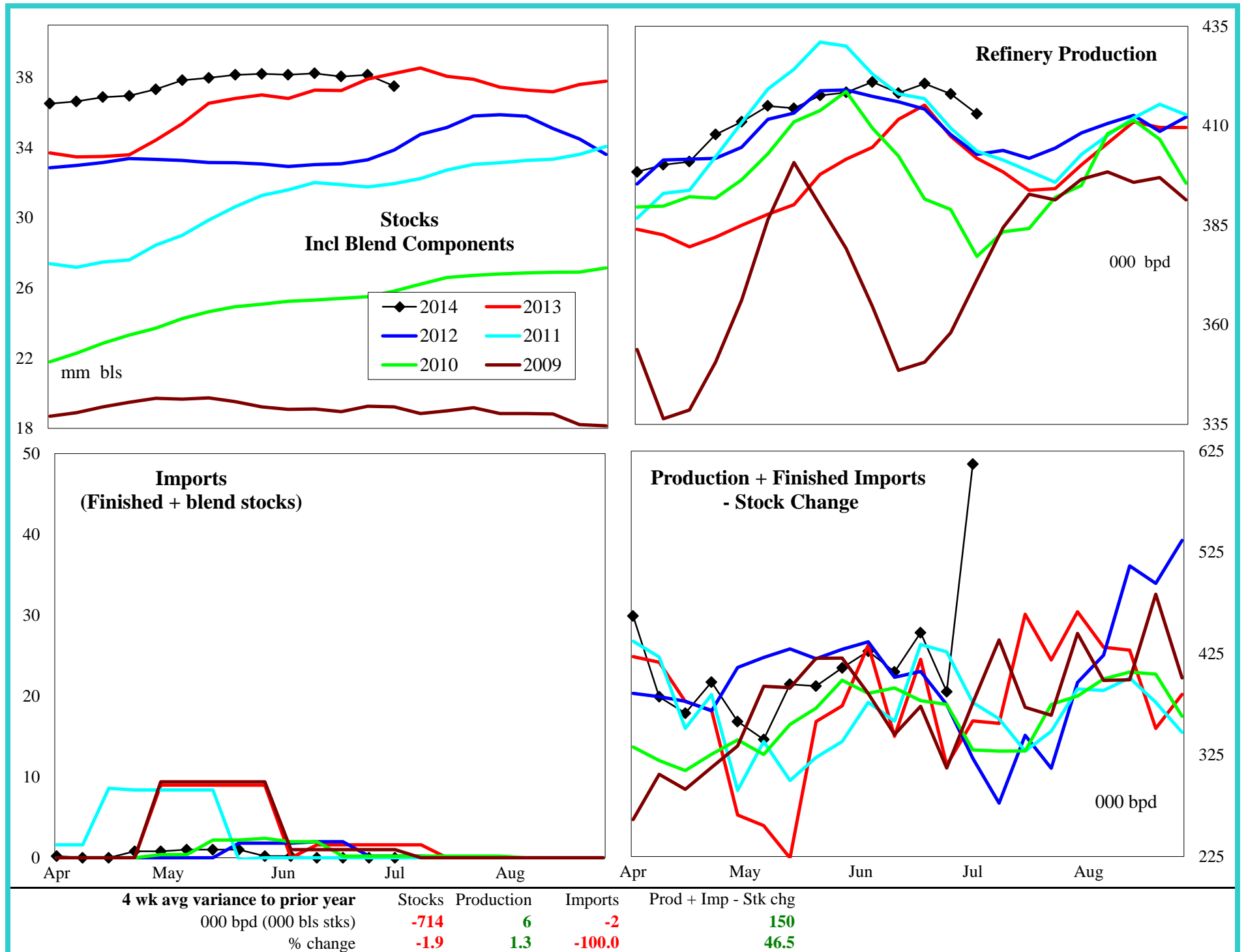
-370

-10.1

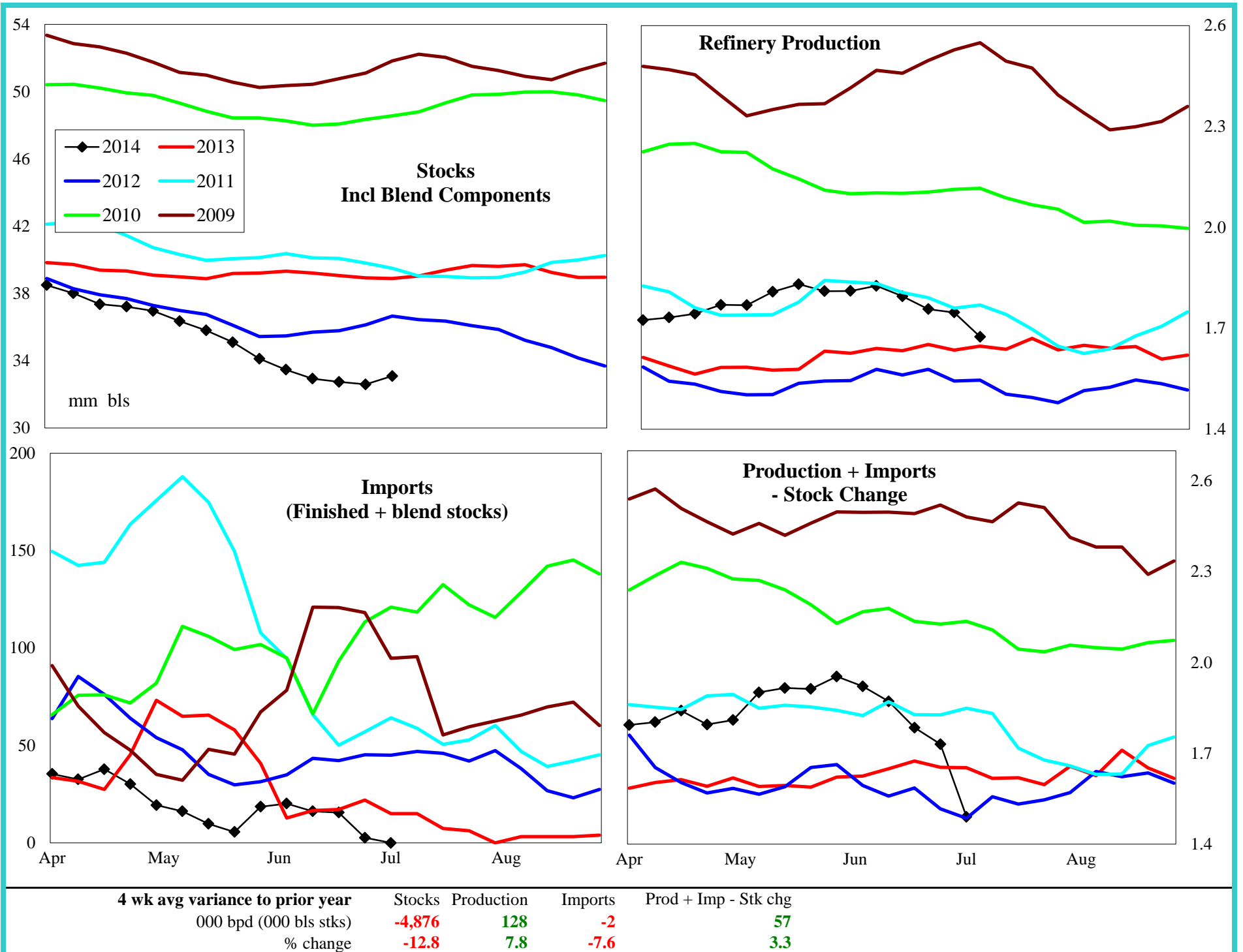
PADD 3 Gasoline Supply



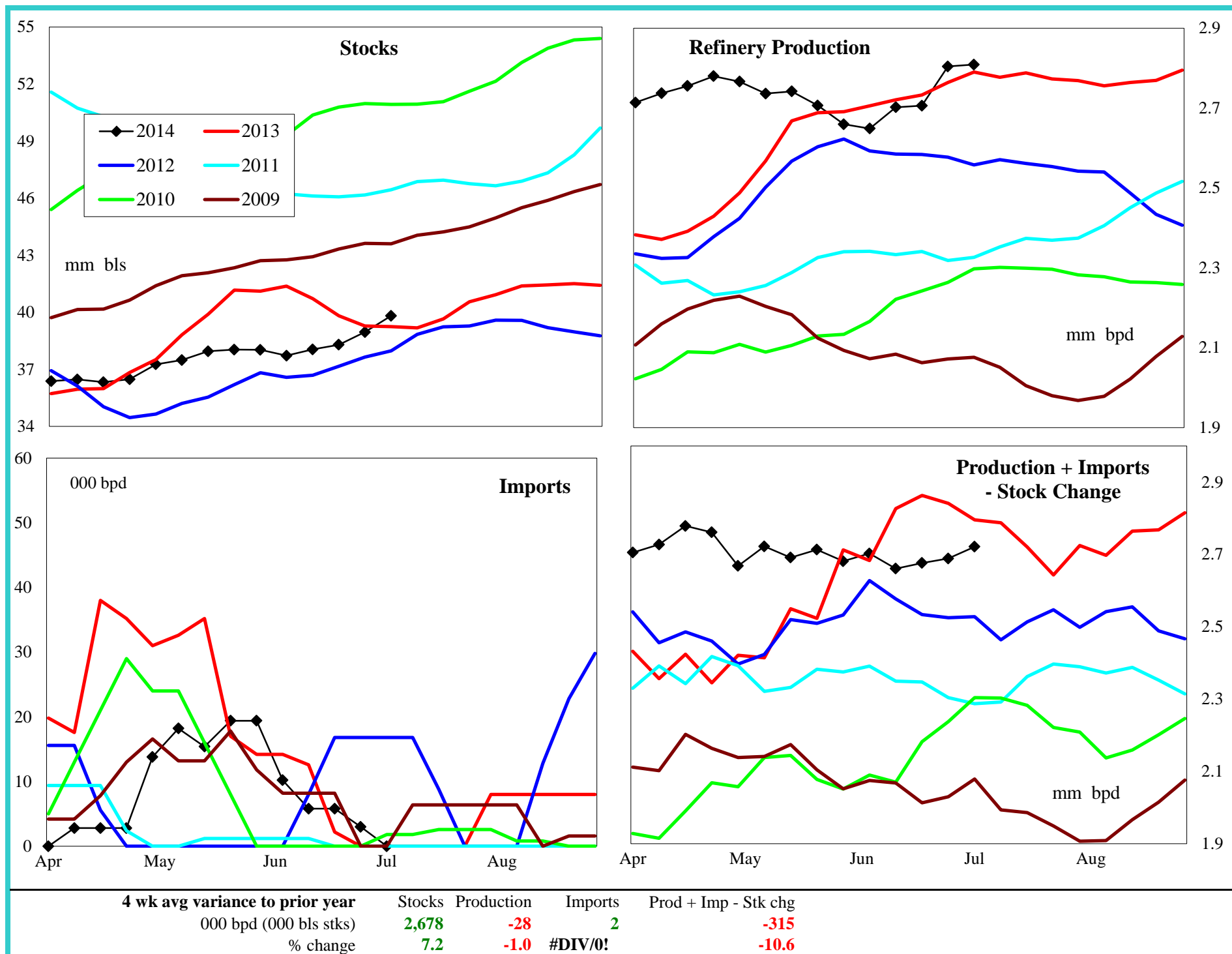
PADD 3 Reformulated Gasoline Supply



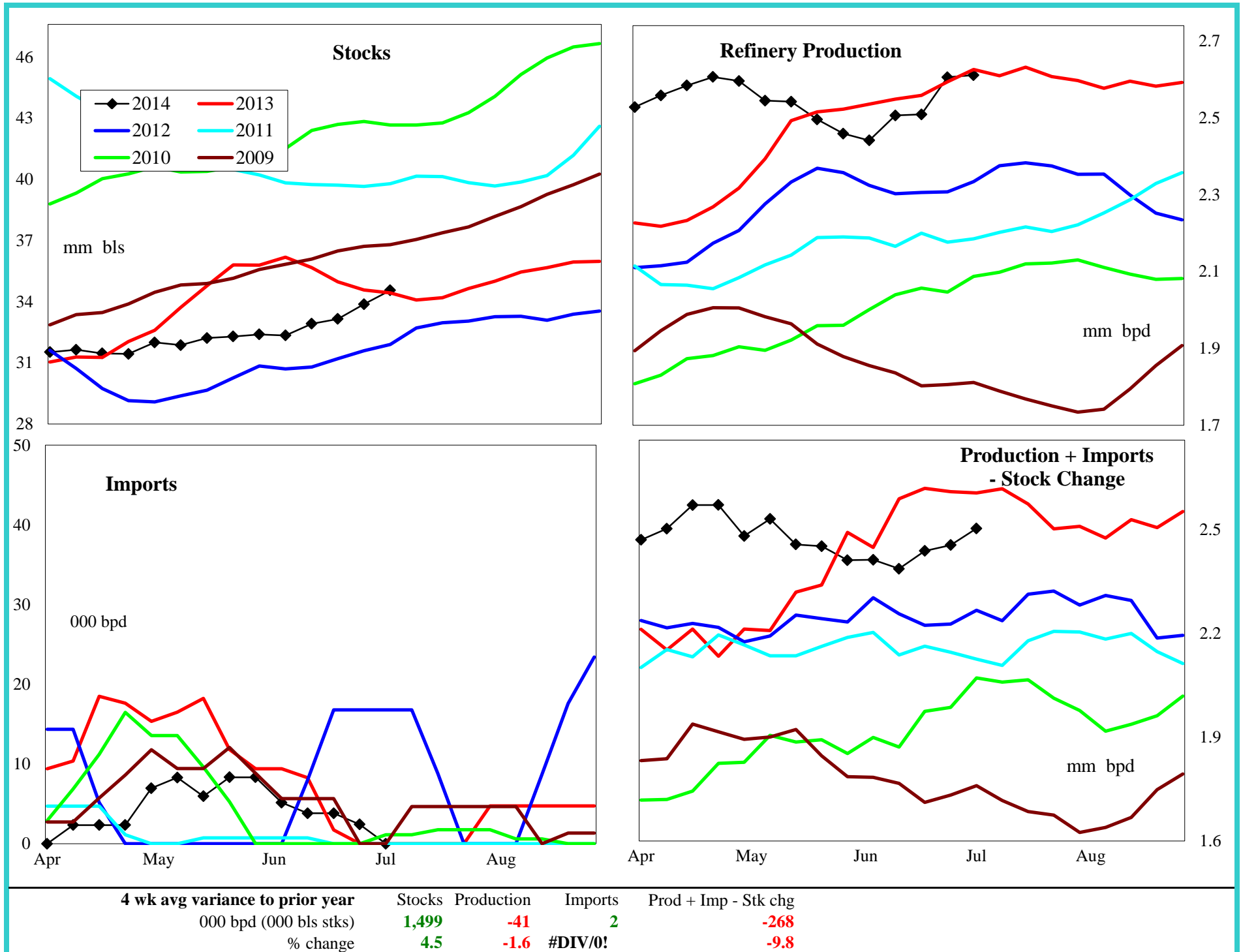
PADD 3 Conventional Gasoline Supply



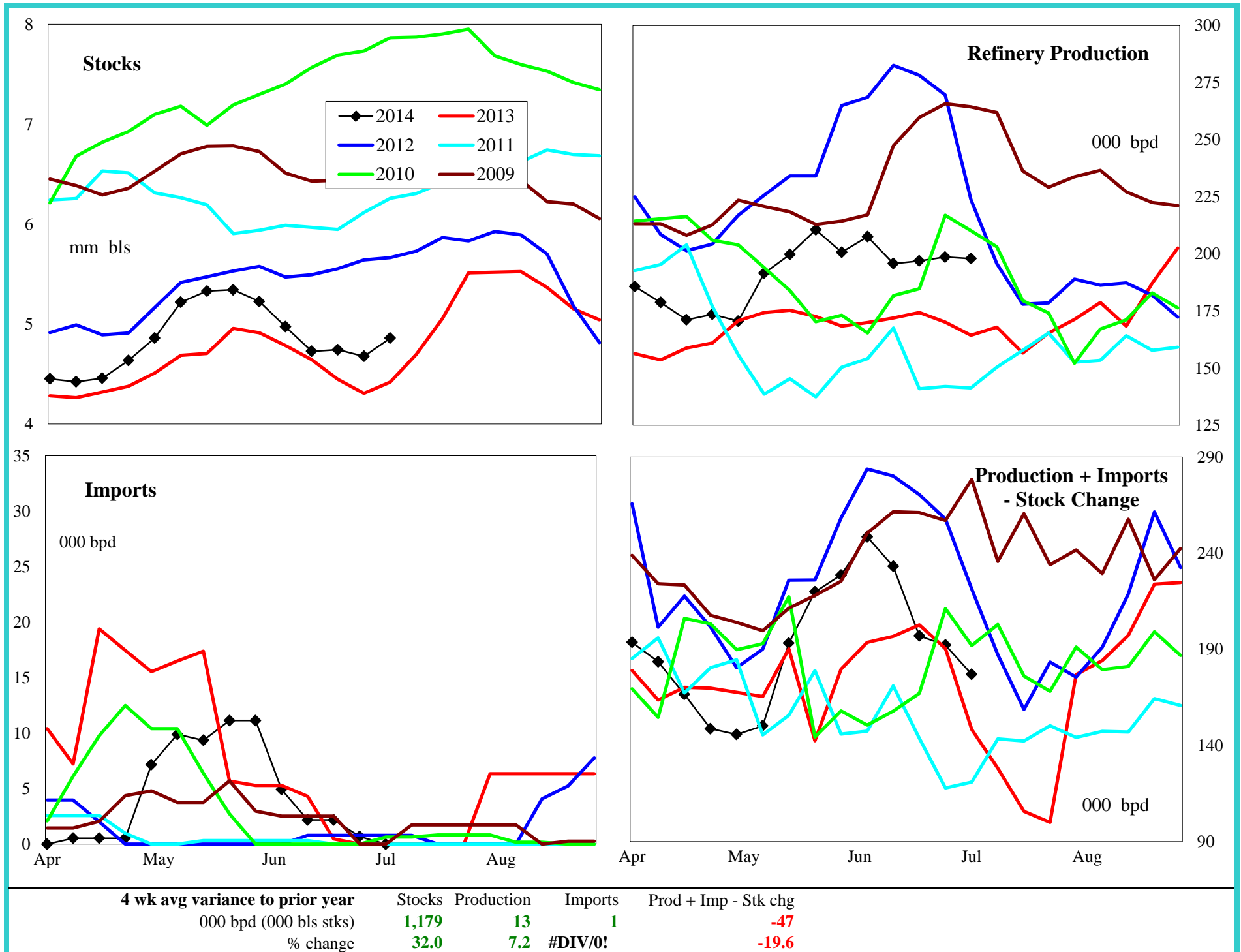
PADD 3 Distillate Supply



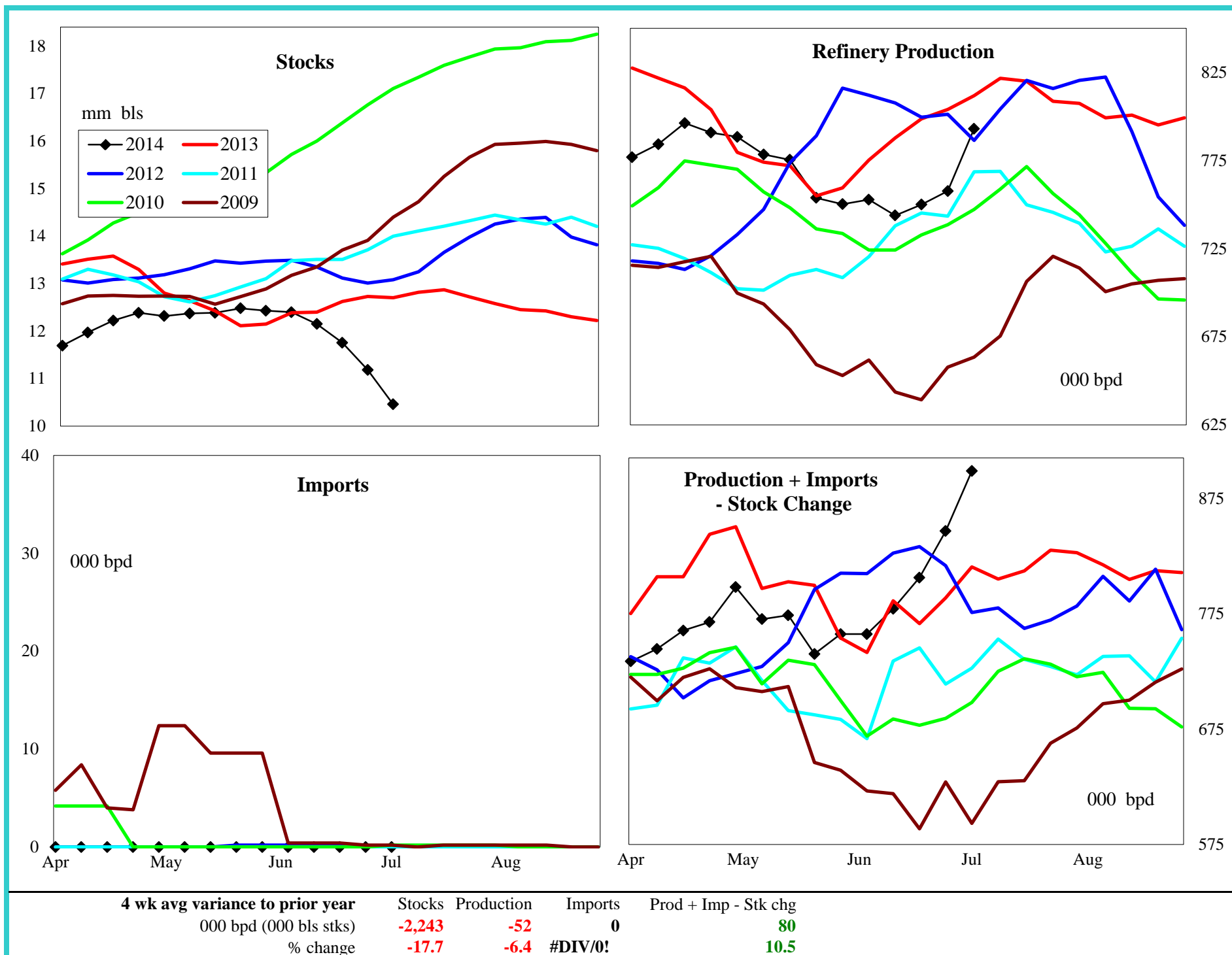
PADD 3 Low Sulfur Distillate Supply



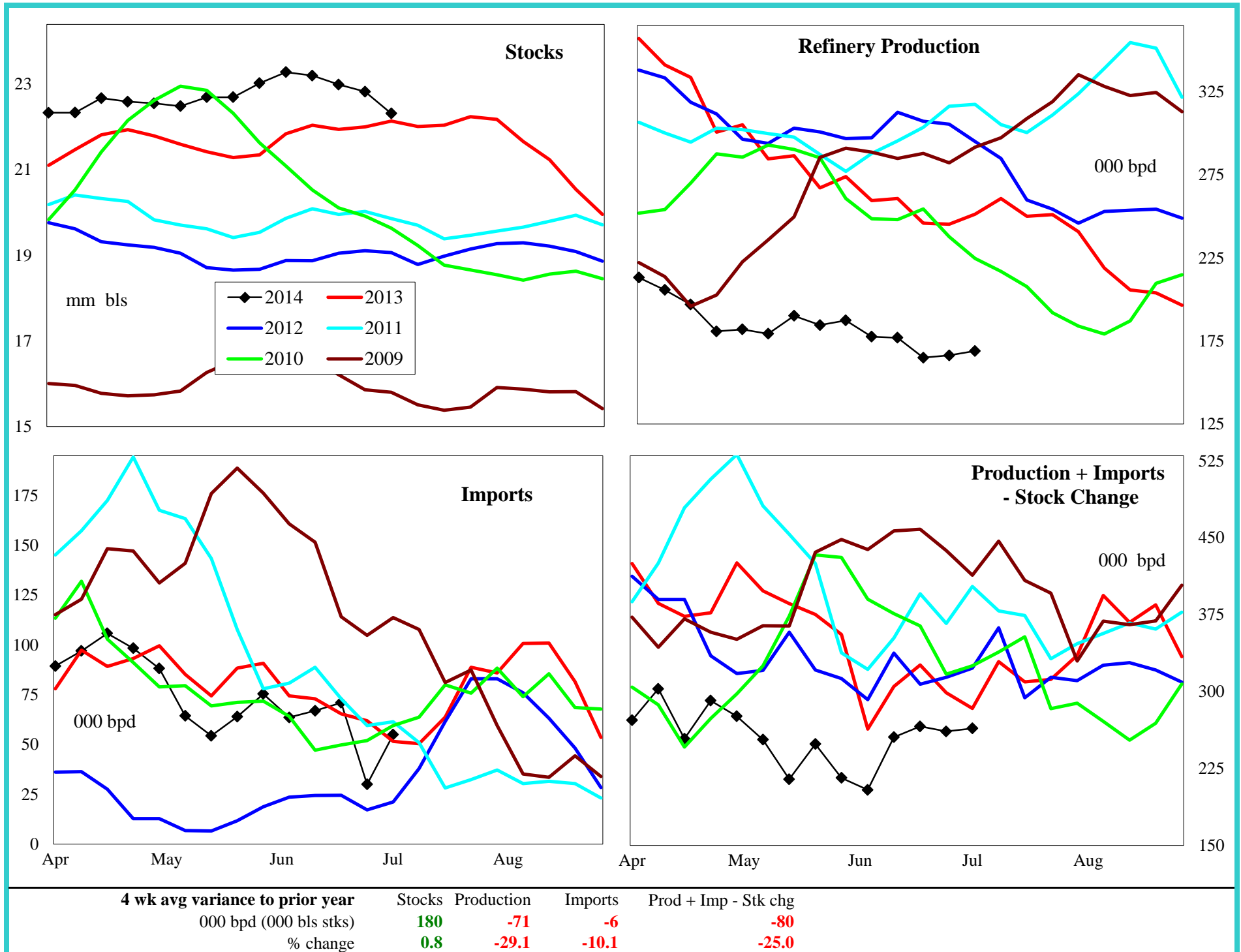
PADD 3 High Sulfur Distillate Supply



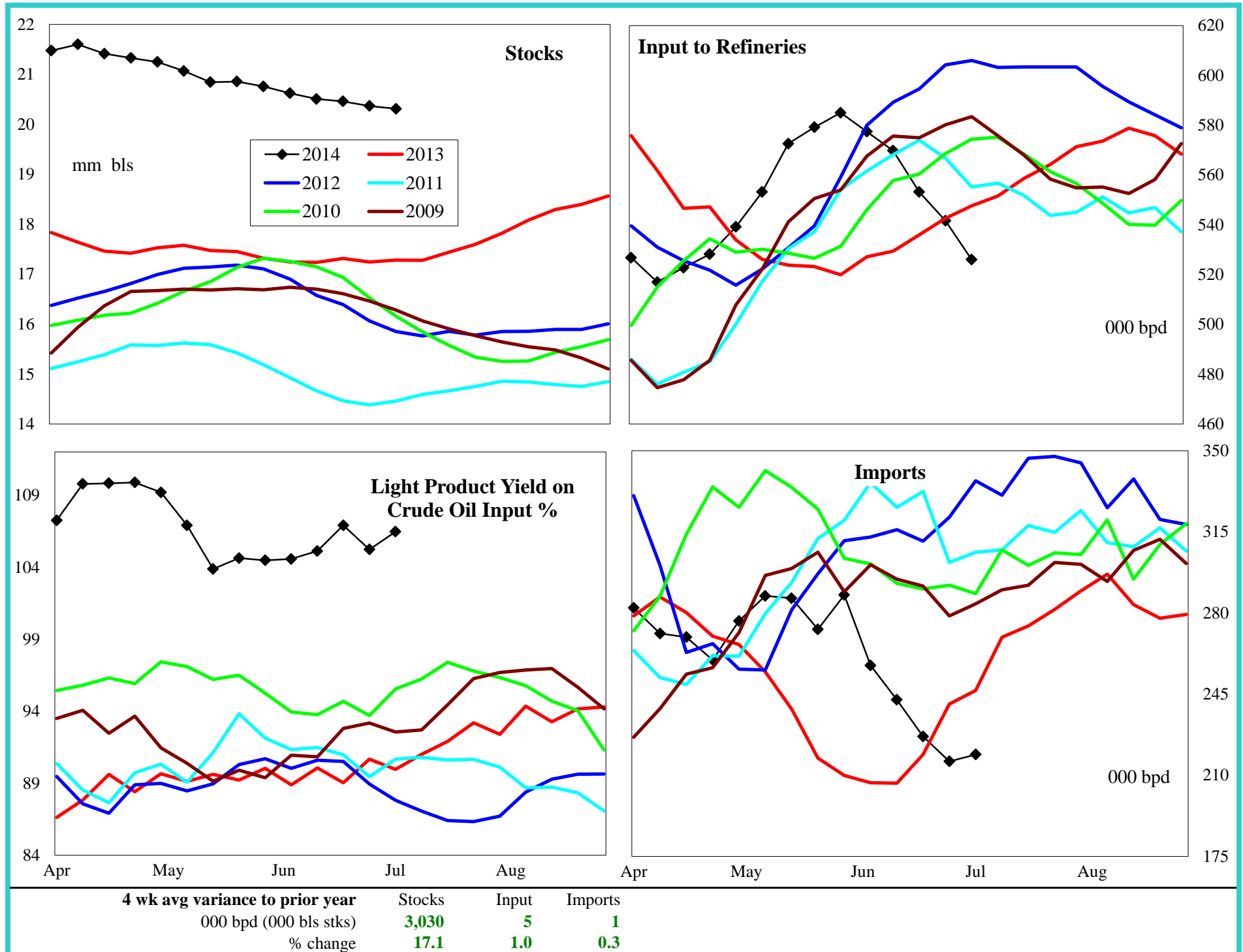
PADD 3 Jet Fuel Supply



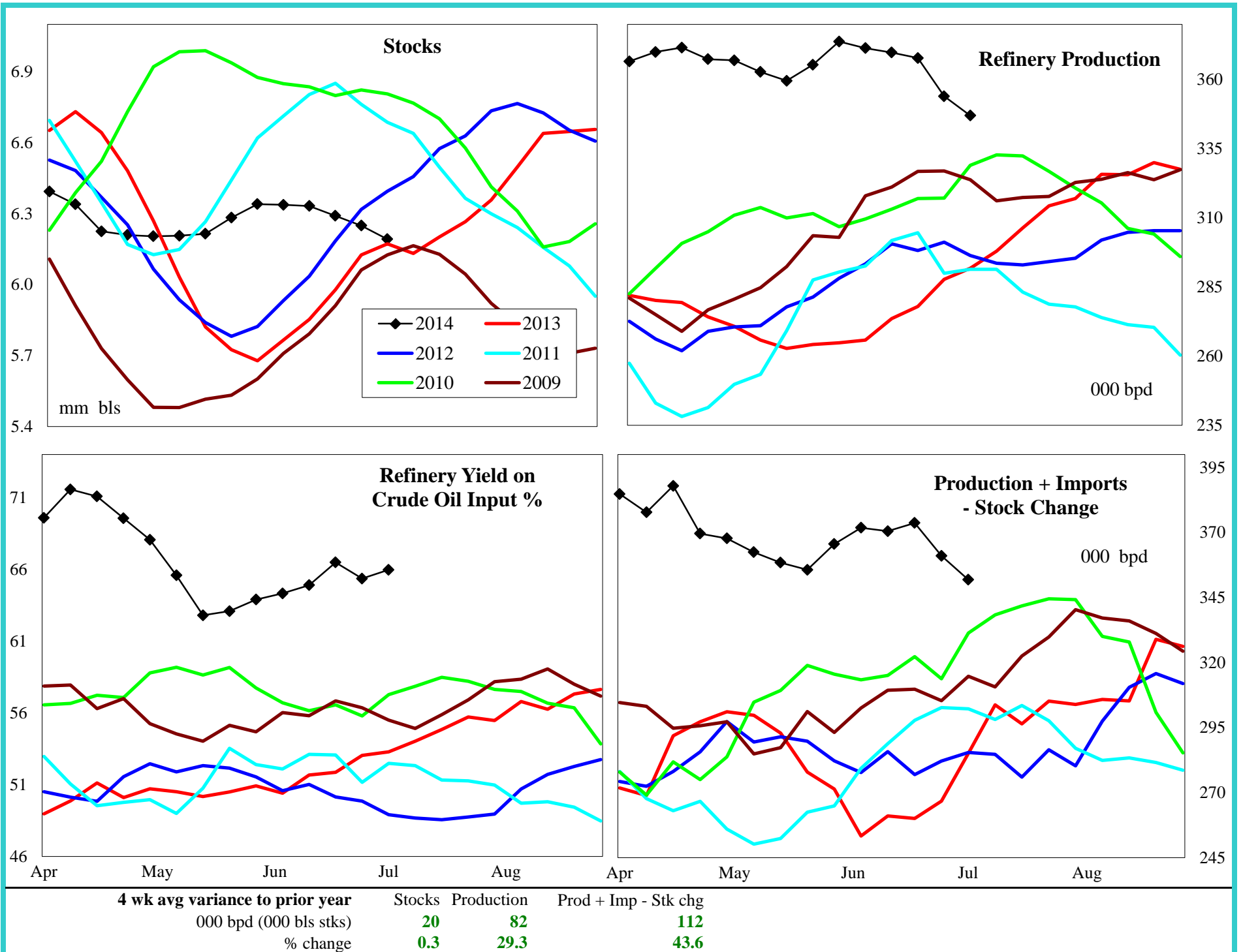
PADD 3 Residual Fuel Oil Supply



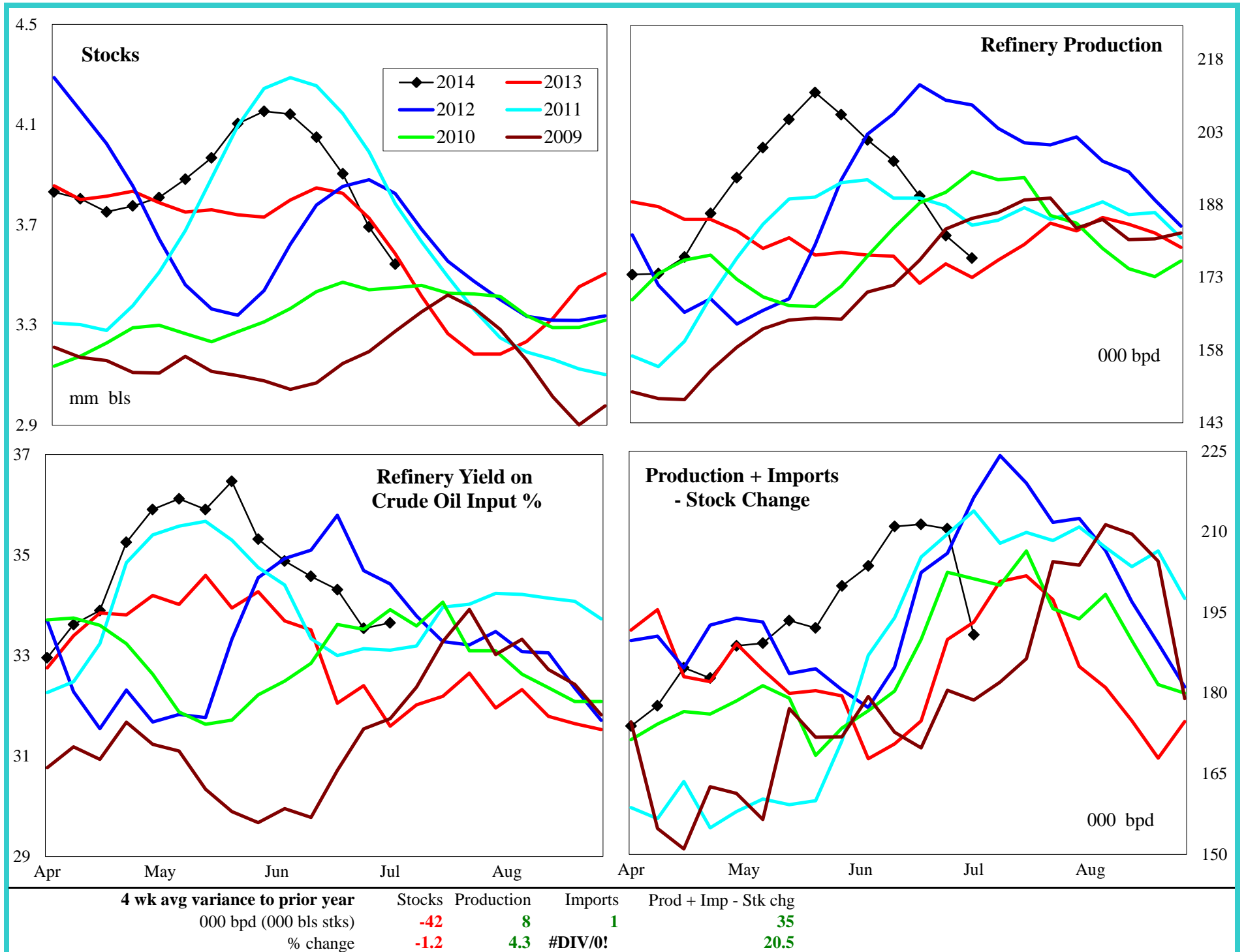
PADD 4 Crude Oil Supply and Refining



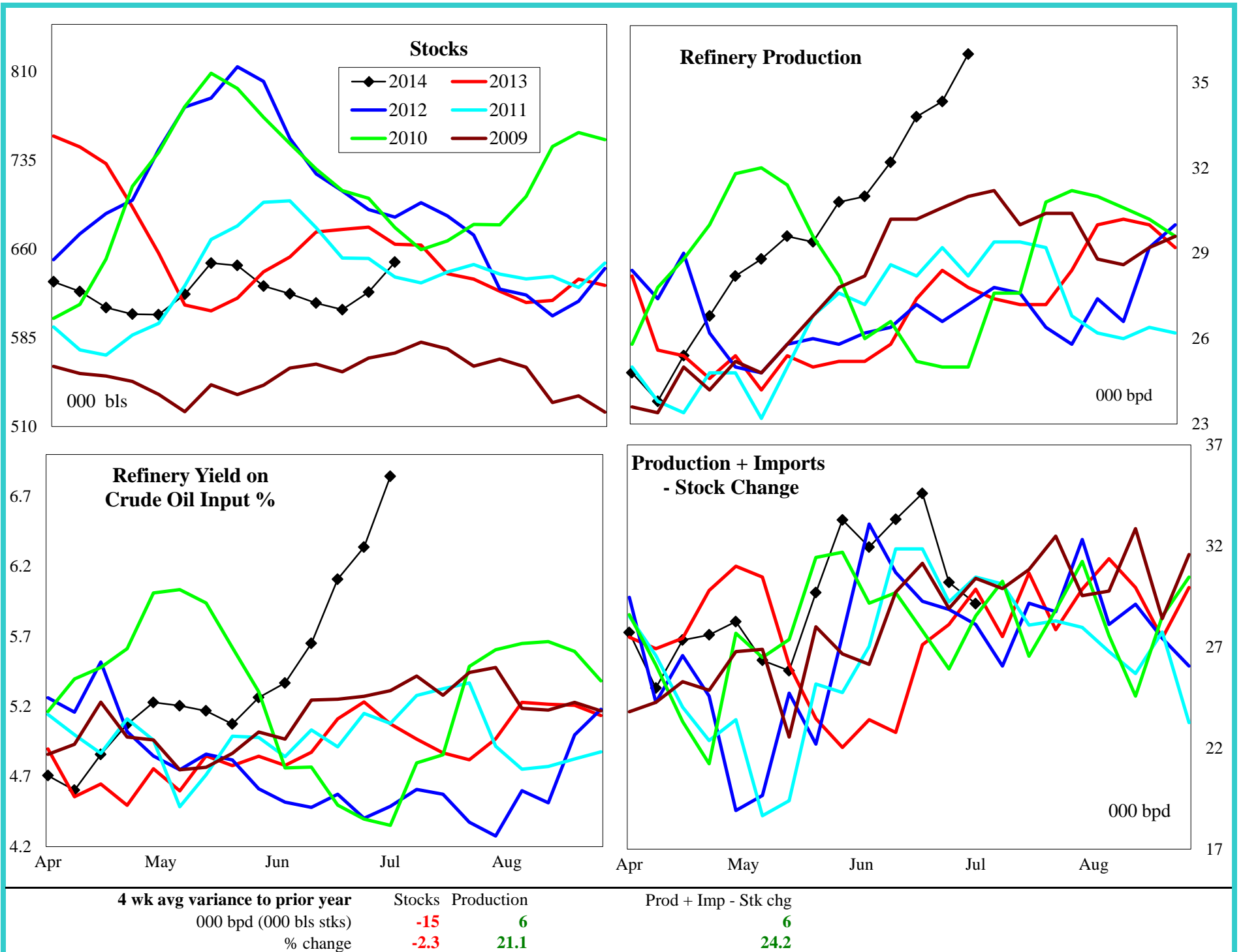
PADD 4 Gasoline Supply



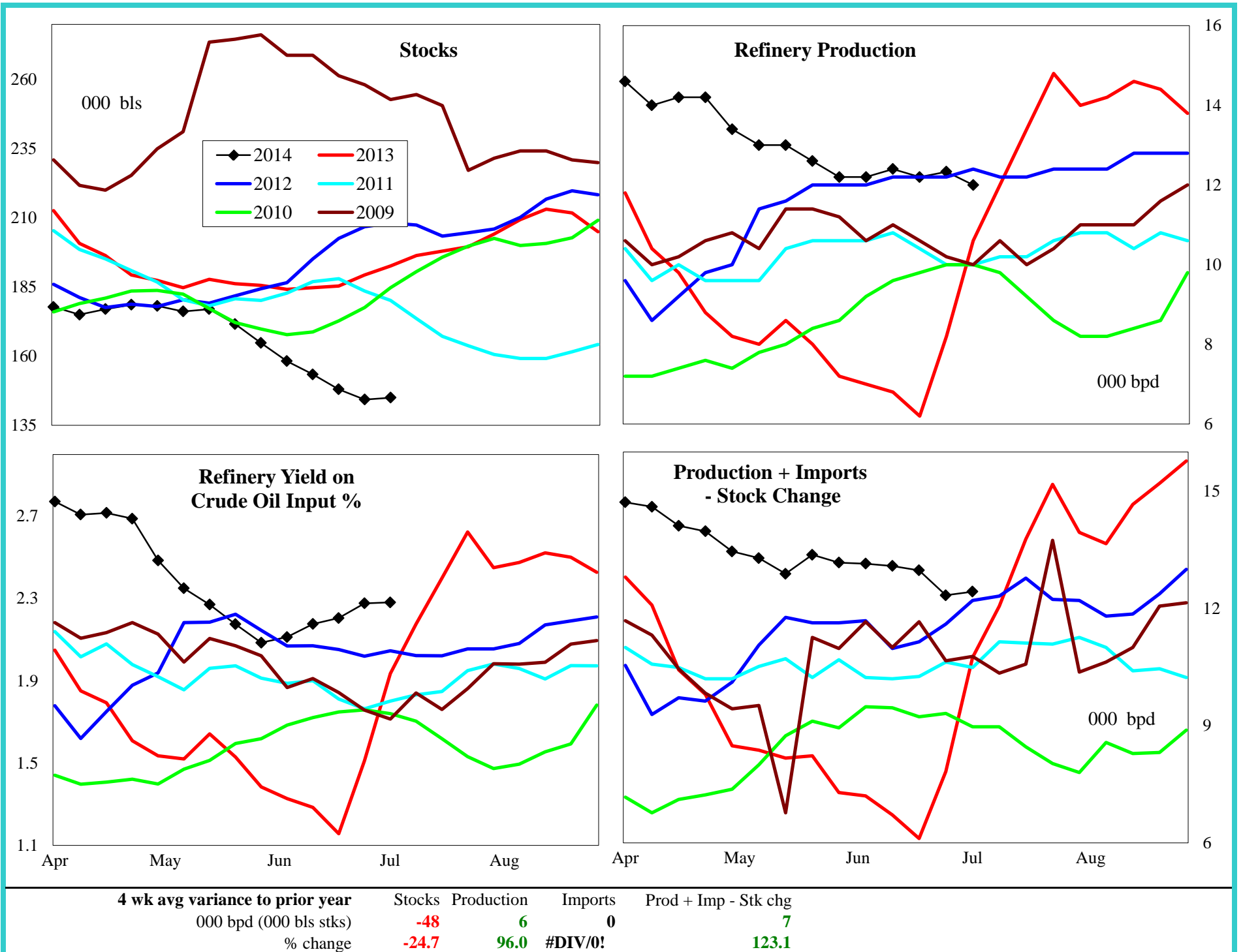
PADD 4 Distillate Supply



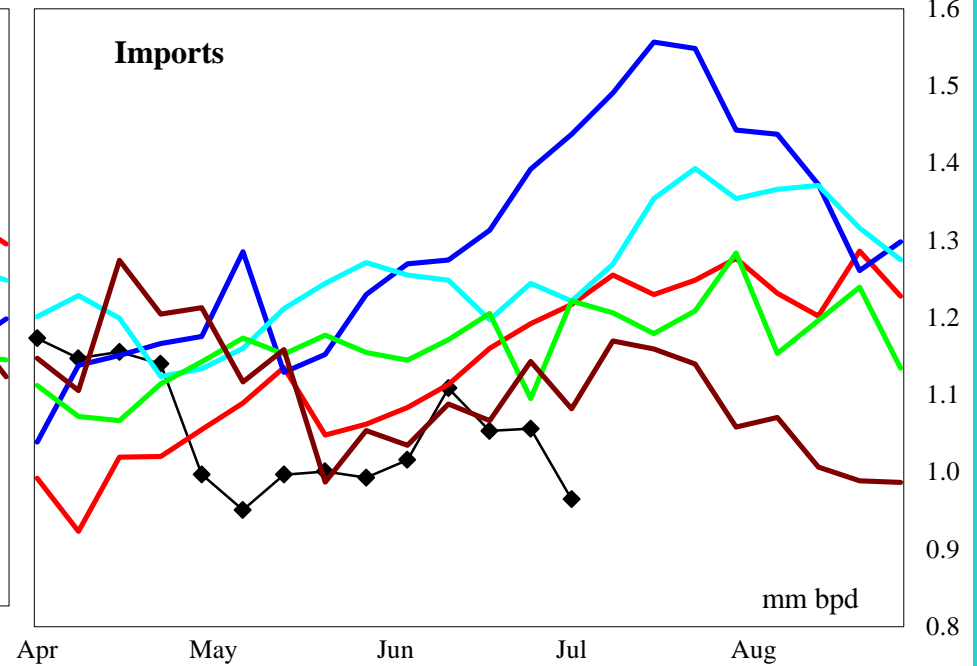
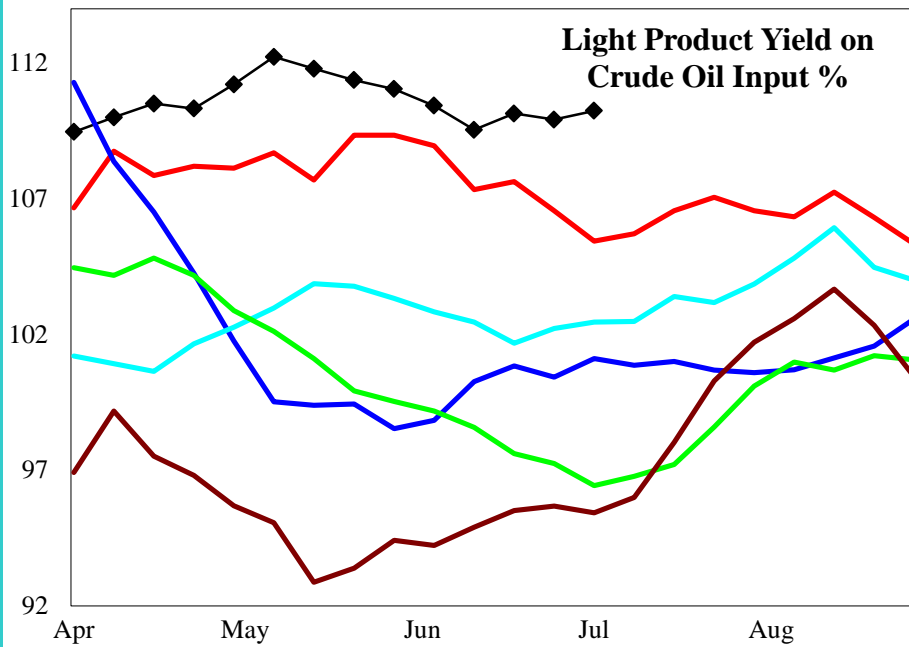
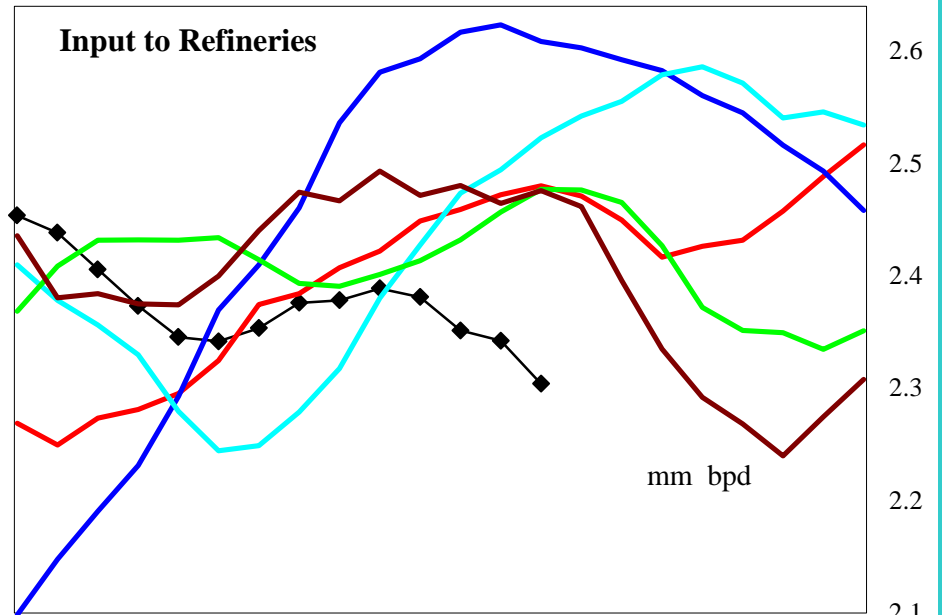
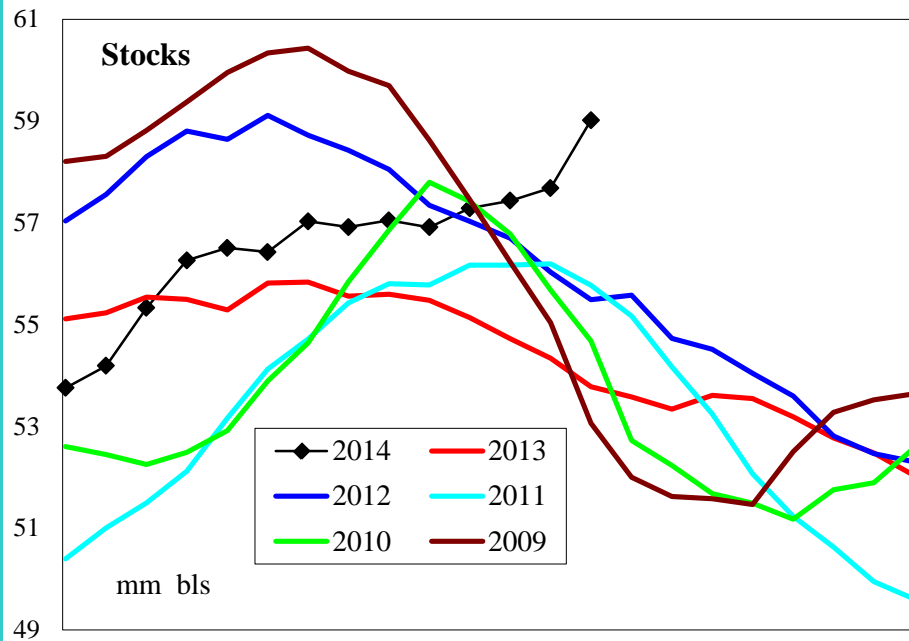
PADD 4 Jet Fuel Supply



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

5,236

9.7

Input

-132

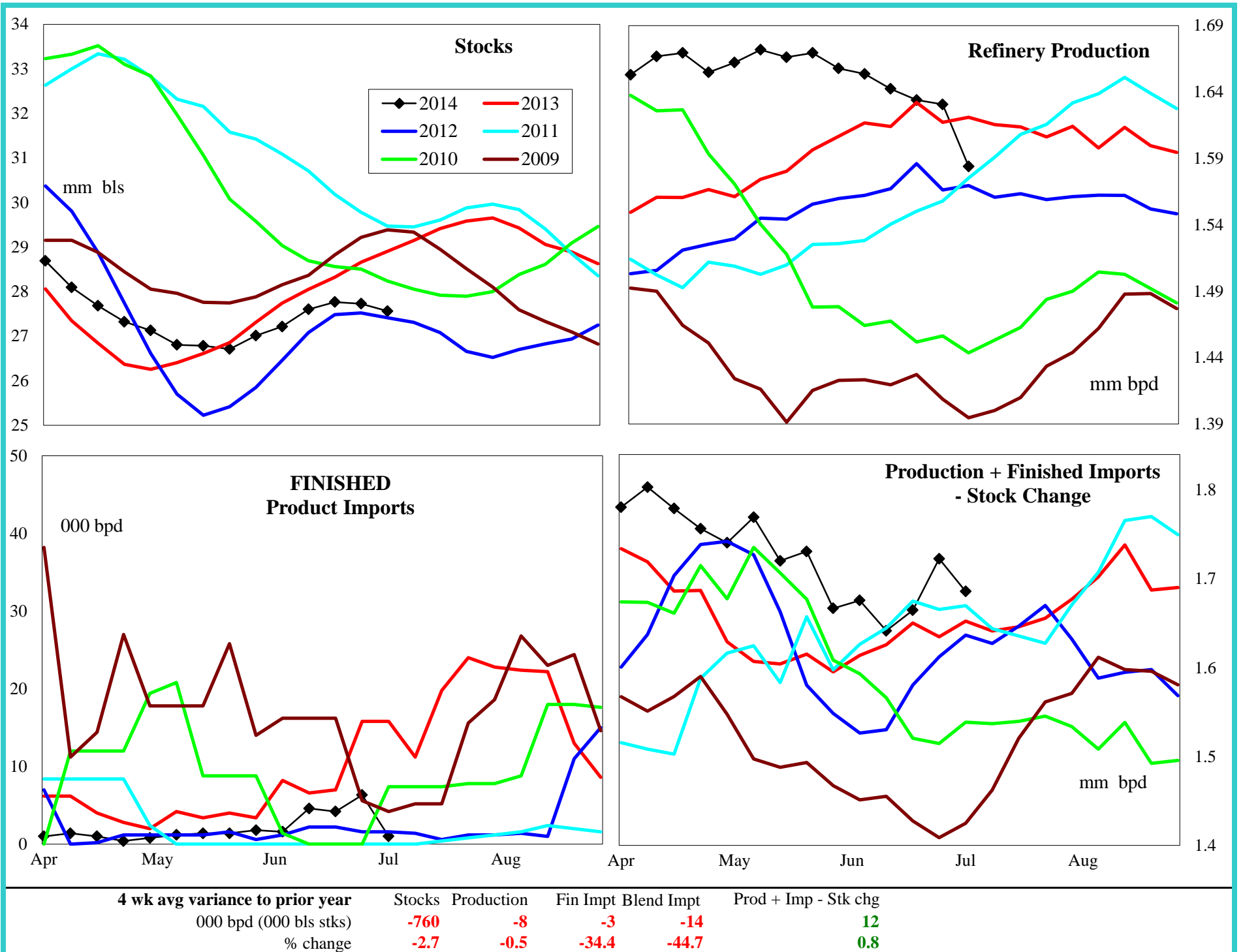
-5.4

Imports

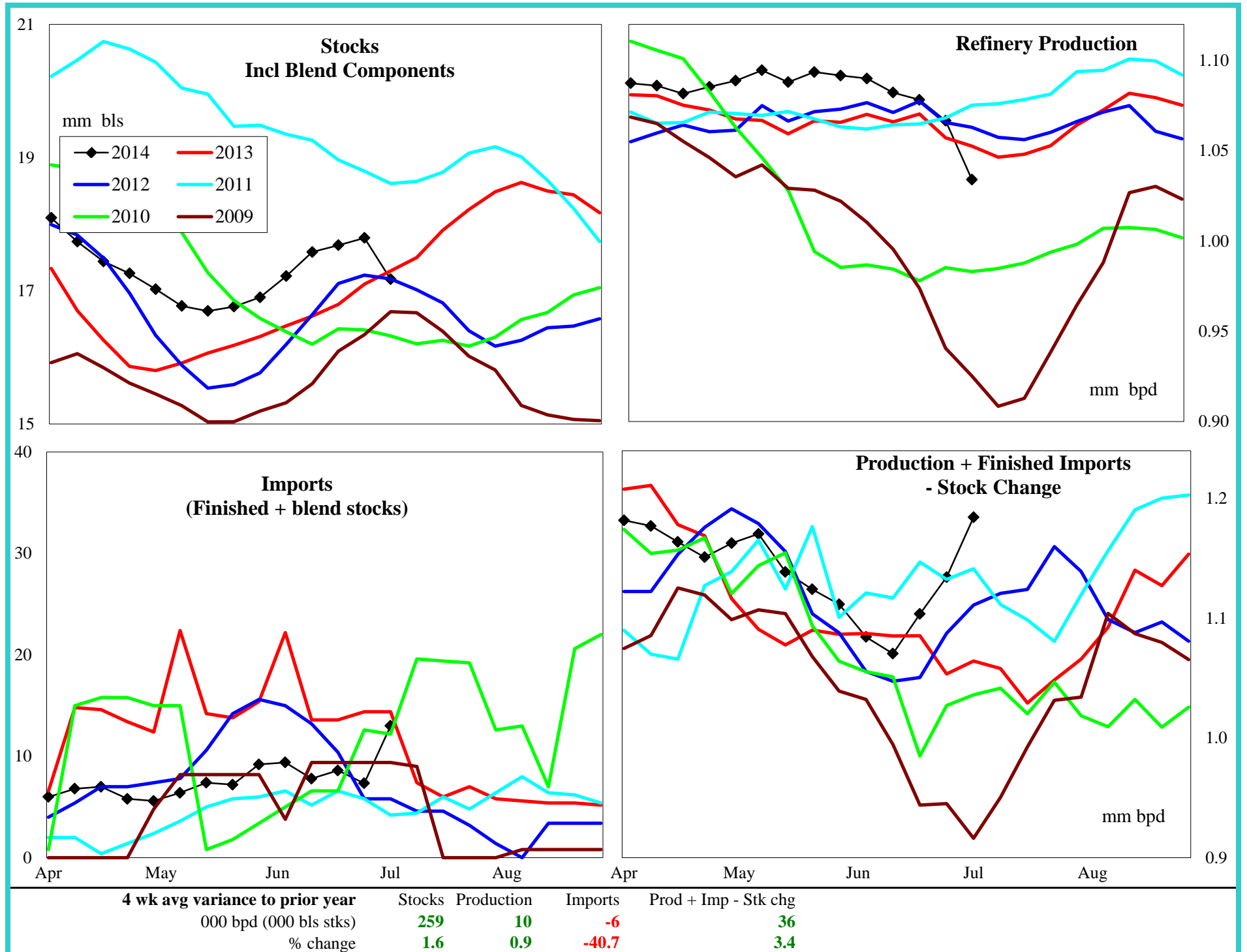
-188

-15.6

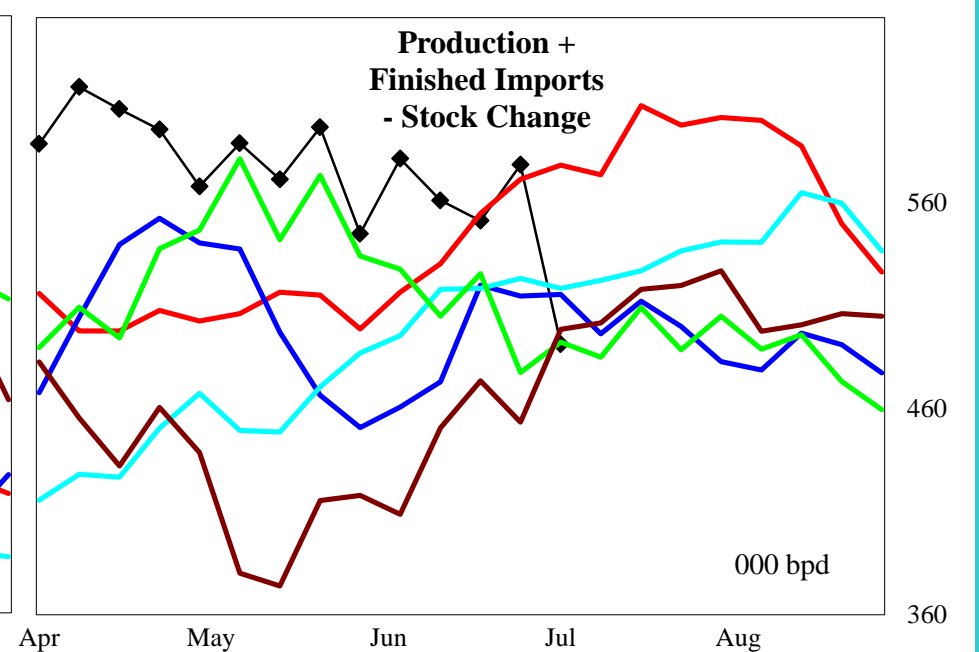
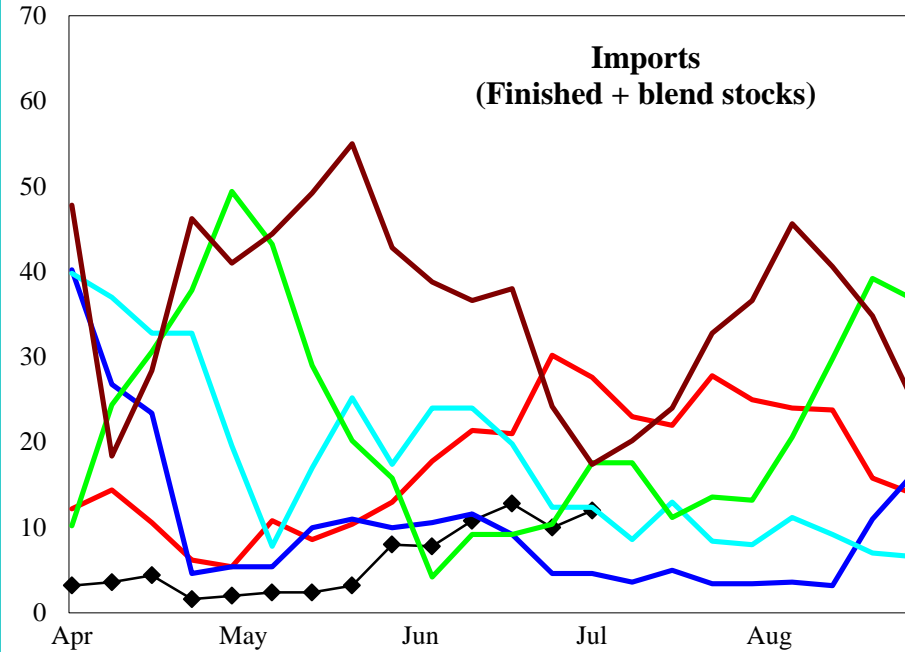
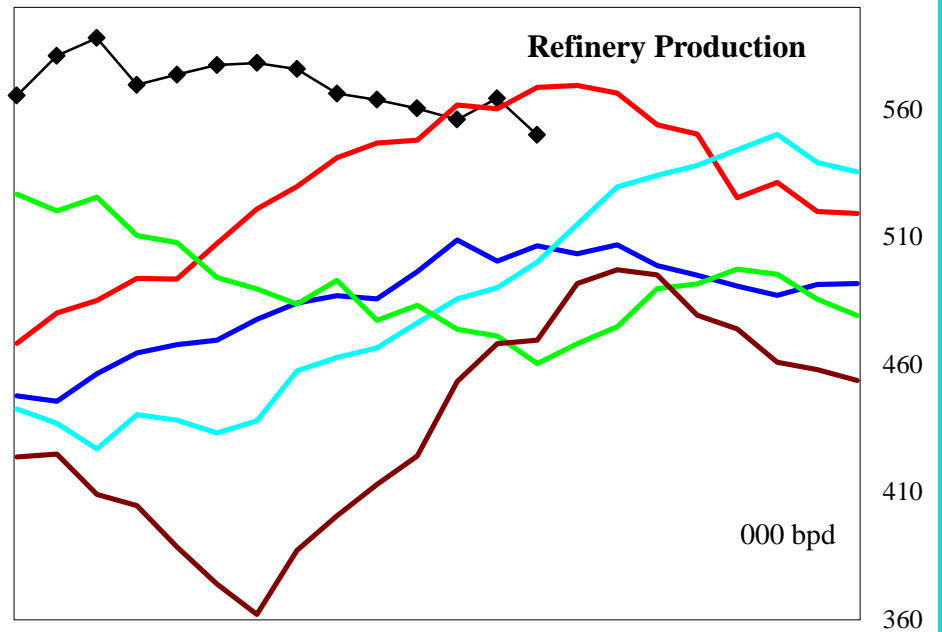
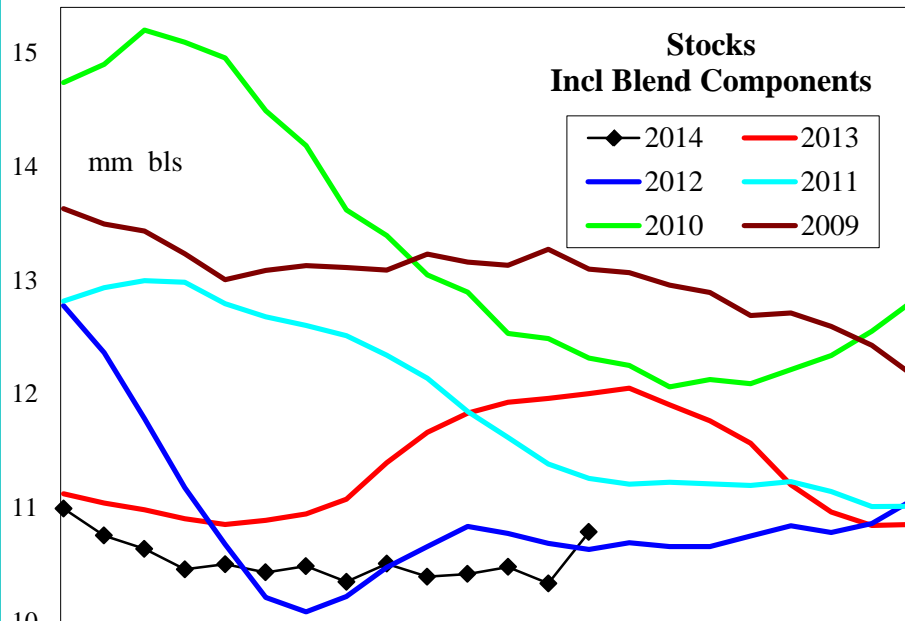
PADD 5 Gasoline Supply



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

-1,019

-17

-11

-23

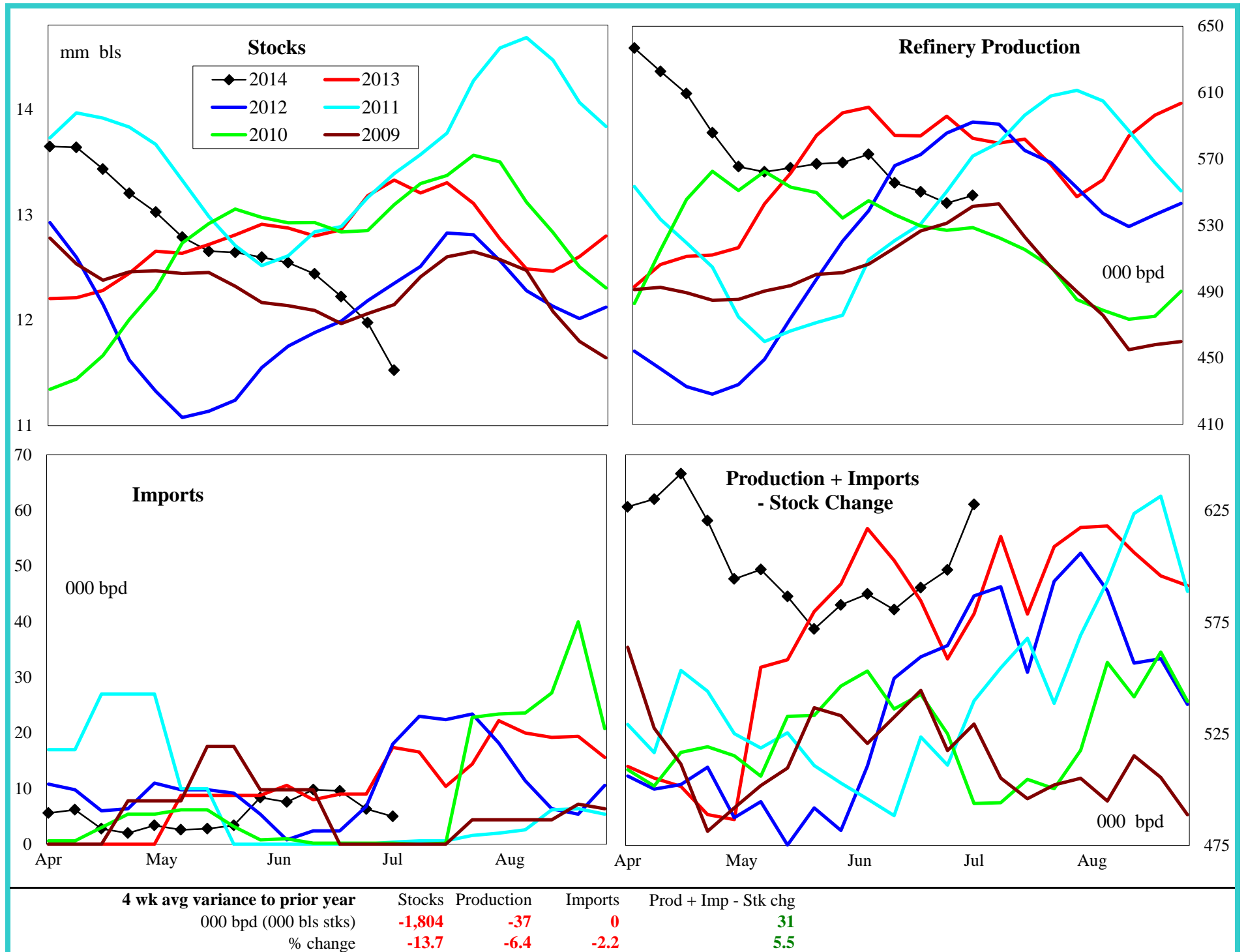
-8.6

-2.9

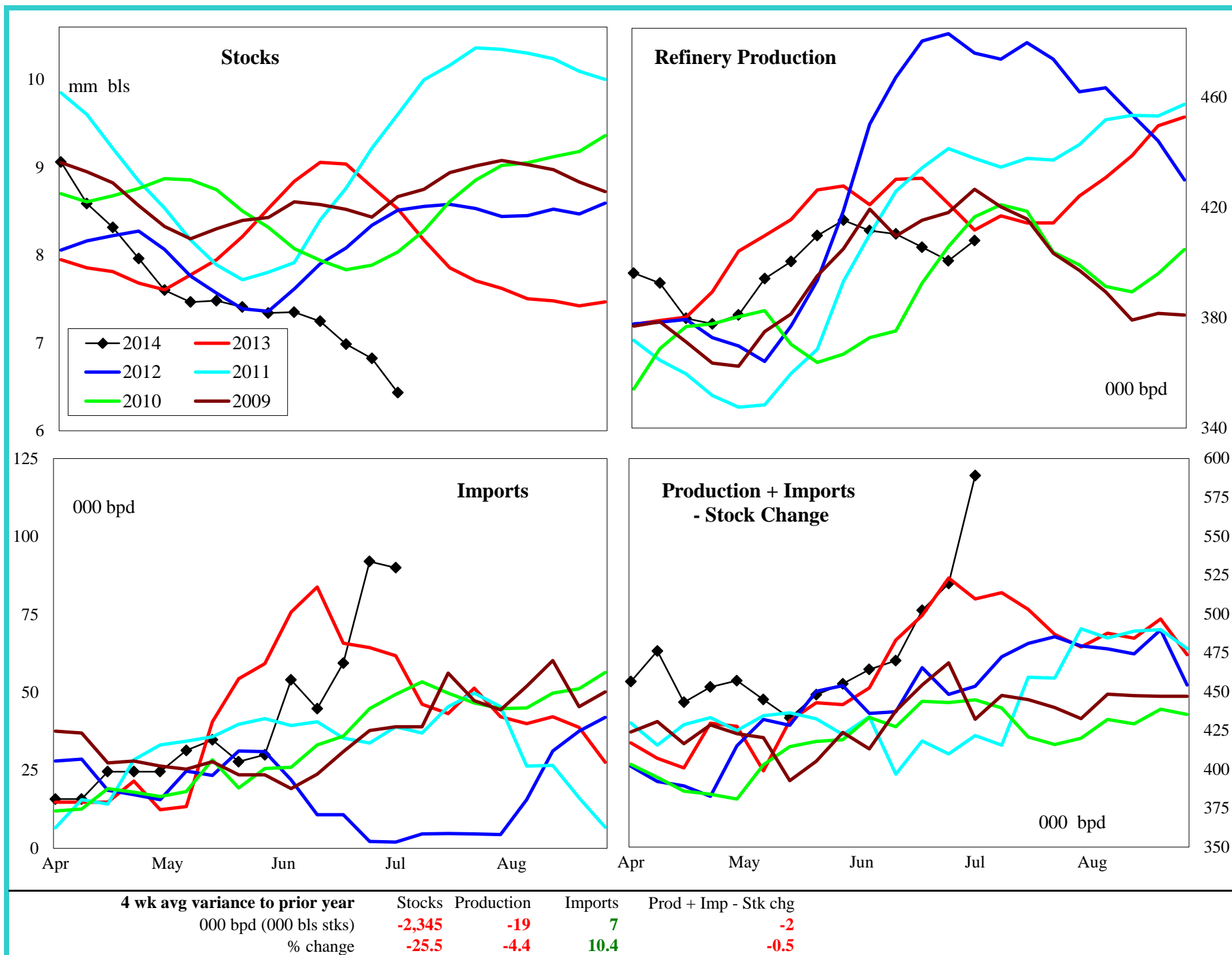
-43.8

-4.1

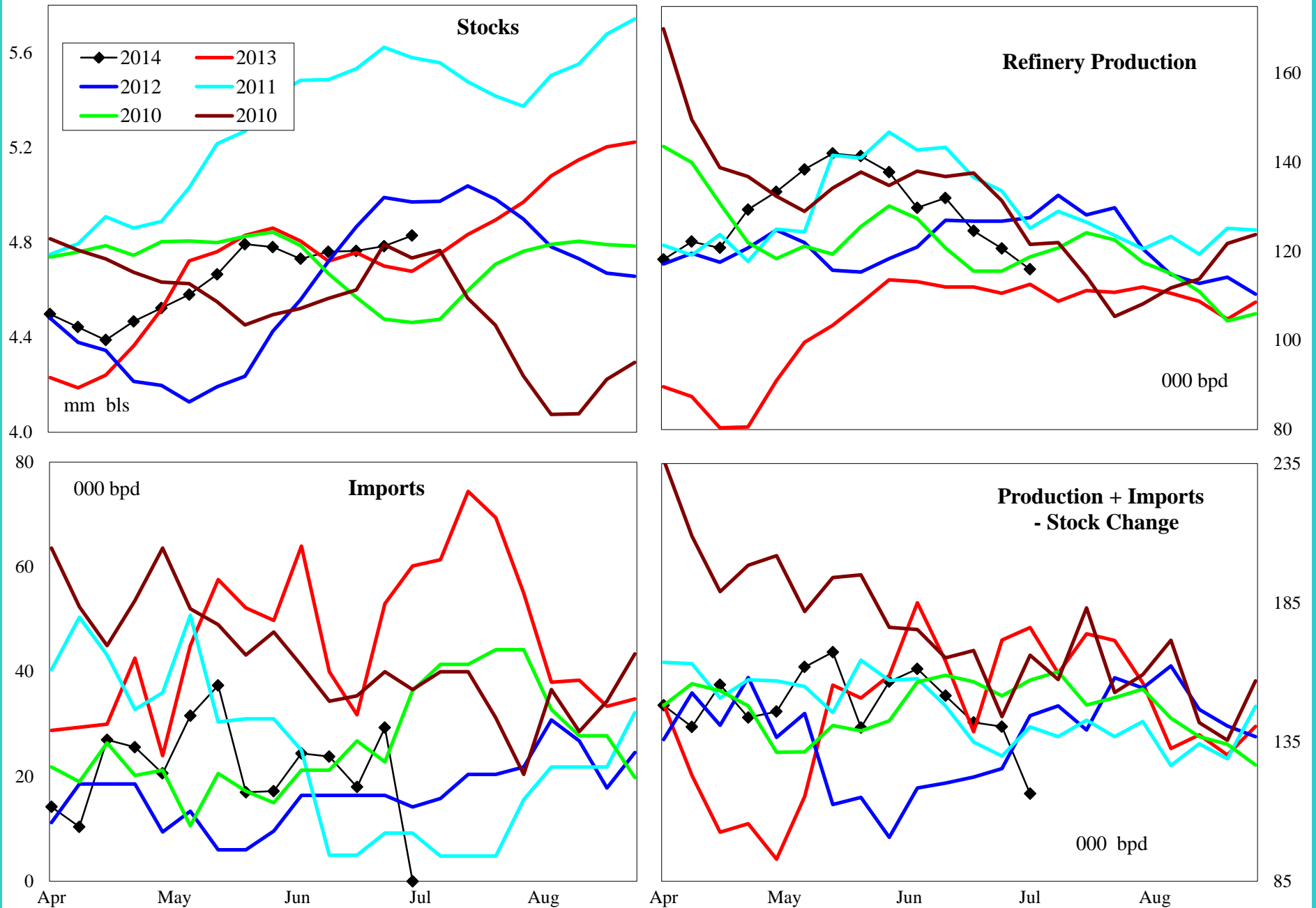
PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

151

13

-17

-12

3.2

11.1

-43.0

-7.8