



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

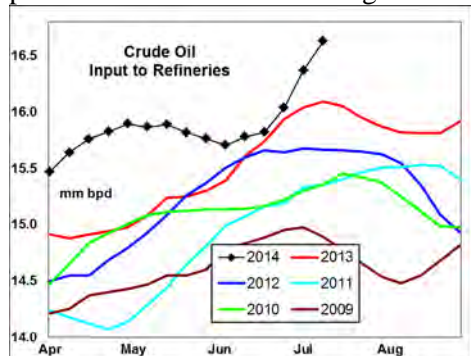
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 16, 2014

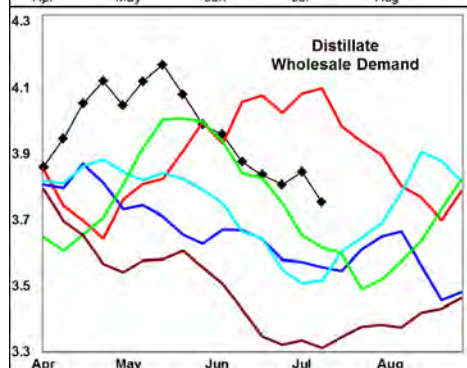
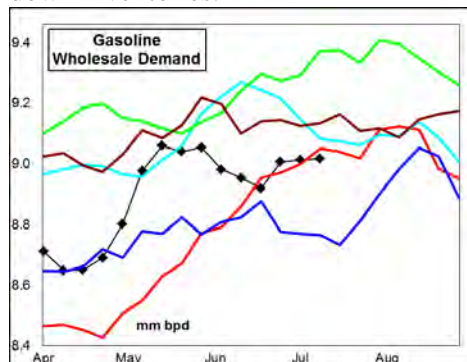


Major Fundamental Trends¹

Refinery crude oil input has increased +0.4 million bpd last week to a new record season high, driven by the Midwest and West Coast. In the absence of hurricane disruptions, thru put should remain at record highs.

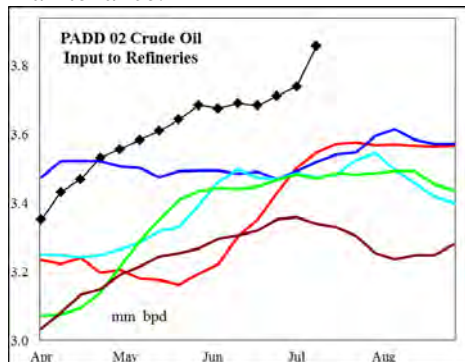


Wholesale demand for gasoline and distillate during the most recent 4-wks was below year ago levels by -0.7% and -5.5% respectively. The decline reflects, in part the sharp drop in wholesale prices which led the downstream supply chain to draw down inventories.



Gasoline stocks saw meaningful builds in the Midwest and Gulf regions, so that markets East of the Rockies each have ample supply

Midwest crude oil thru put jumped +0.2 million bpd on the week, to a new record high. The record thru put should keep transport fuel markets over supplied until the start of fall refinery maintenance.



Wholesale Demand for combined distillate and jet fuel fell -0.5 million barrels on the week. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.7%; distillate was -5.5% lower; jet fuel increased +5.6%, and residual fuel decreased -22%.

Stocks forward coverage: Gasoline demand coverage increased on a +0.2 million barrel stock build, partially offset by higher wholesale demand. Coverage ended the week at a level near the 3-yr mid range.

Distillate coverage increased on a +2.5 million barrel stock build, driven by record production. Coverage ended the week at a level above the last 2-yr.

Jet fuel coverage increased on a +0.6 million barrel build and sharply lower demand. Coverage remains below the historic range.

Residual fuel oil coverage was little changed on lower stocks and wholesale demand for the week. Coverage remains well above the historic range.

Refinery utilization rates increased on +374,000 bpd rise in thru put on higher runs in the Midwest and West coast. During the latest 4-wk period crude oil

input was +155,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell last week on a -286,000 bpd decline in output compared to the +374,000 bpd rise in crude oil runs. Yield % on crude oil runs was a record low.

Distillate yield % on crude oil runs was little changed last week, on a +116,000 bpd rise in output compared to the 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 increased on a +43,000 bpd rise in output, compared to the increase in crude oil runs. The yield % on crude oil runs ended the week near year ago levels.

Petroleum Imports/Exports: Imports of transport fuels saw limited week-on-week change last week.

During the latest 4-wk period crude oil imports were -0.4 million bpd below last year; distillate imports were -22,000 bpd lower; finished gasoline imports were -29,000 bpd lower; gasoline blend stock imports were -63,000 bpd lower; while jet fuel imports increased +49,000 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 stocks fell -7.5 million barrels last week with meaningful draws in all major regional markets. Peak season refinery run rates and low imports underlie the large stock draw down for the week.

Cushing stocks declined -0.7 million barrels last week, to a fresh low for the 5-yr period.

¹ Source is latest EIA Weekly Statistics



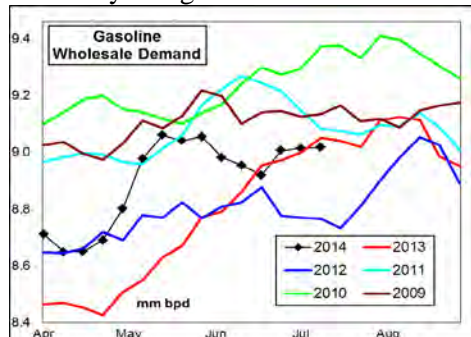
WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

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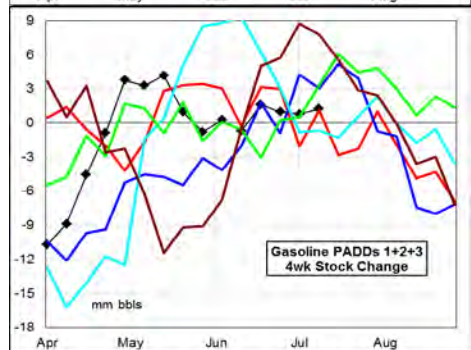
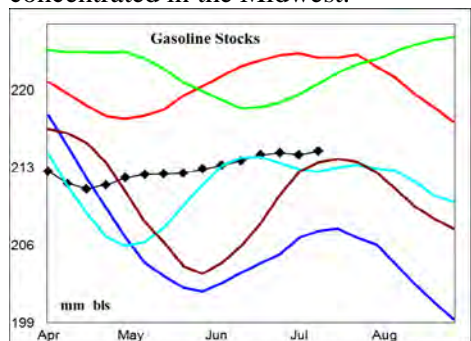
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Product Supply-Demand Trends

Gasoline wholesale demand increased +122,000 bpd last week. The latest 4-wk average demand was -61,000 bpd below a year ago.



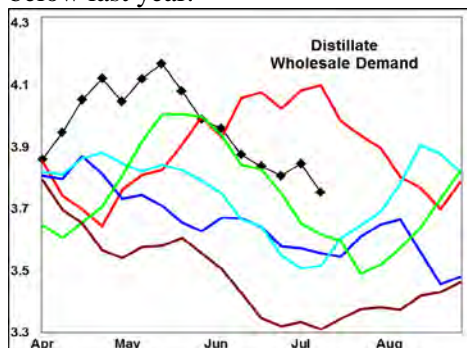
Supply fell -280,000 bpd last week on lower production. Supply for the latest 4-wk period was -53,000 bpd below a year ago. Stocks increased +0.2 million barrels on the week, concentrated in the Midwest.



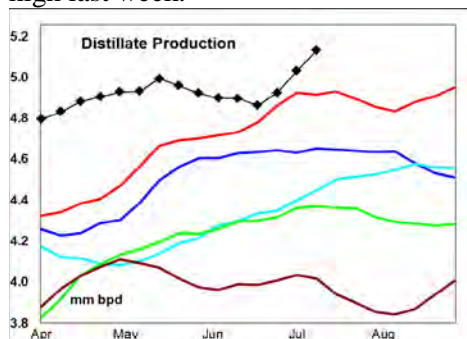
The latest 4-wk stock change East of the Rockies was a +1.1 million barrel build, a level equal to the 3-yr mid range. Stocks saw meaningful builds in the Midwest and Gulf regions last week. Markets East of the Rockies are now well supplied. Higher crude oil runs in the Rockies and West Coast should drive improved supplies in those markets during the balance of the summer driving season.

Distillate wholesale demand fell -

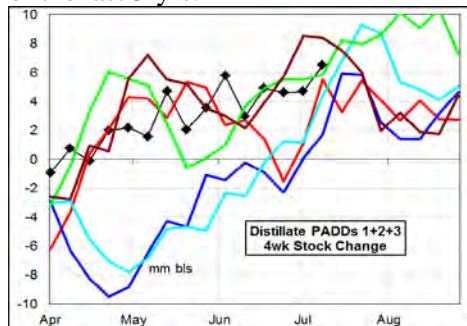
233,000 bpd last week, to a level above four of the last 5-yrs. The latest 4-wk average demand was -220,000 bpd below last year.



Supply increased +96,000 bpd on the week, with the latest 4-wk average +44,000 bpd above a year ago. Production reached a new 5-yr season high last week.



The latest 4-wk stock change in markets East of the Rockies was a +6.5 million barrel build, a level above four of the last 5-yrs.

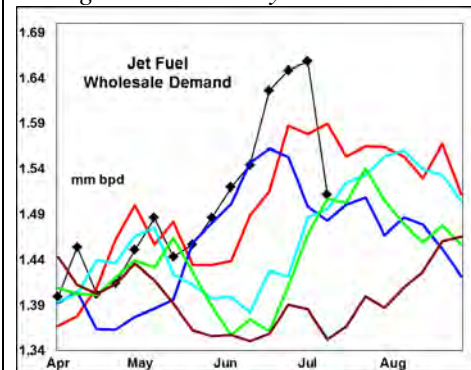


Combined with lower seasonal demand, look for above average stock builds to continue during the next 60-days. Risk of a slow down in exports continues on competition from Russia to supply the European market.

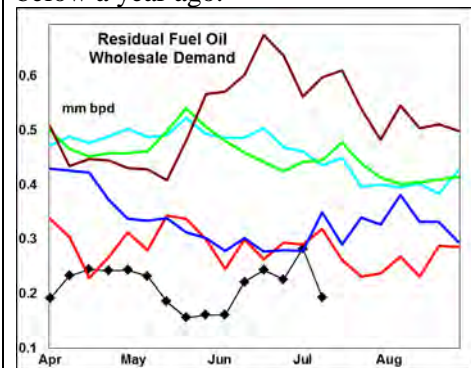
Jet Fuel wholesale demand fell -287,000 bpd on the week, to a level

near the 3-yr mid range. The latest 4-wk average demand was +88,000 bpd above a year ago. Supply increased +11,000 bpd on the week, driven by record high production. Output for the most recent 4-wk period decreased -14,000 bpd compared to last year. Imports were +49,000 bpd above a year ago. Stocks increased +0.6 million barrels on the week, although the level remains -2.6 million barrels below the historic range.

Look for season high production and imports to lead to stock builds during the next 60-days.



Residual fuel oil demand declined -35,000 bpd last week. Demand for the latest 4-wk period was -77,000 bpd below a year ago.



Supply (production + imports) increased +21,000 bpd on higher imports. Production was -45,000 bpd below a year ago for the latest 4-wk period, while imports were -29,000 bpd lower. Stock levels ended the week below the 3-yr mid range.

Supplies have declined -104,000 bpd below a year ago in the Gulf region. Even with the decrease, stock levels match 5-yr highs.



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

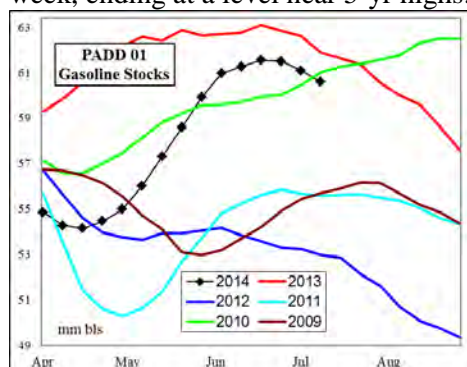
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PADD Supply Trends

PADD 1 refinery crude oil runs averaged +39,000 bpd above last year for the most recent 4-wk period.

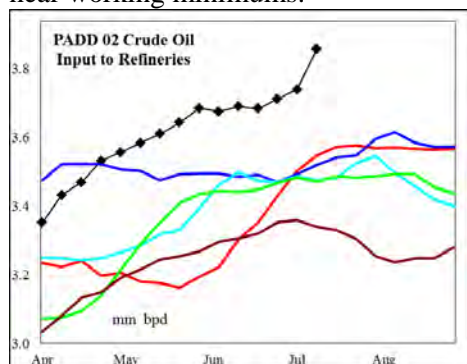
Gasoline supply declined -69,000 bpd on lower production last week. Stocks fell -1.4 million barrels last week, ending at a level near 5-yr highs.



Distillate supply decreased -37,000 bpd last week, with the 4-wk average -55,000 bpd below last year. Stock levels were -5% below last year.

Jet fuel supply increased +4,000 bpd on higher imports. Stocks fell -1.6 million barrels to a record low for the period.

PADD 2 crude oil refinery runs jumped +196,000 bpd last week, with the latest 4-wk average +226,000 bpd above last year. Crude oil stocks fell -2.6 million barrels, a level -19% below last year. Cushing saw a -0.7 million barrel stock draw on the week, a level near working minimums.



Gasoline supply fell -237,000 bpd last week. Production for the most recent 4-wk period was +0.4 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.

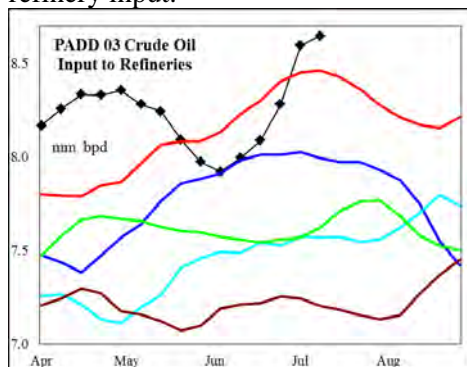
Stocks jumped +1.3 million barrels on the week, a level that matched the 3-yr mid range.

Distillate supply climbed +17,000 bpd last week, with the 4-wk average +92,000 bpd above a year ago. Stocks increased +0.8 million barrels to a level above four of the last 5-yrs.

Jet fuel production decreased -3,000 bpd on the week, a level still above the historic range. Stocks increased +0.7 million barrels, to a level well above the last 3-yrs.

PADD 3 refinery runs were nearly unchanged on the week, at a record high level. During the latest 4-wk period, average runs were -20,000 bpd below last year.

Crude oil stocks fell -2.7 million barrels, driven by record crude oil refinery input.



Gasoline supply decreased -8,000 bpd last week, with the latest 4-wk average +91,000 bpd above a year ago. Stocks increased +0.4 million barrels on the week, to a level that matched historic lows.

Distillate supply increased +84,000 bpd on the week, with the latest 4-wk average supply +36,000 bpd above last year. Stocks decreased -0.3 million barrels on the week, to a level slightly above the last 2-yrs.

Jet fuel production increased +25,000 bpd to a level comparable with the last 2-yrs. Stocks jumped +1.4 million barrels on the week with the level still below the historic range.

Residual fuel supply decreased -21,000 bpd on lower imports. Stock levels matched historic highs.

PADD 4 refinery crude runs increased

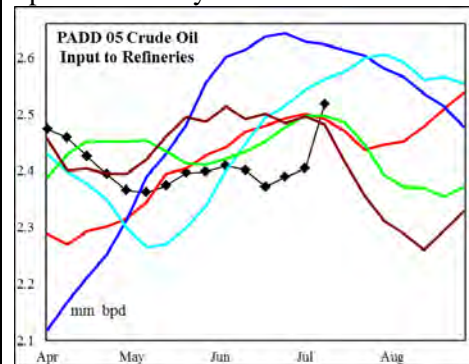
+19,000 bpd last week, unchanged from last year.

Gasoline production increased +10,000 bpd on the week, with the latest 4-wk average +63,000 bpd above a year ago. Stocks ended the week below the 5-yr range.

Distillate supply increased +2,000 bpd last week, with the latest 4-wk supply +8,000 bpd above last year. Stock levels ended the week equal to historic highs for the period.

Jet fuel production was +5,000 bpd above the historic range. Stock levels fell sharply, to a record low, on a +20,000 bpd jump in wholesale demand from local production.


PADD 5 crude oil refinery runs climbed +194,000 bpd last week, ending at a level near the 3-yr mid range. The 4-wk run rate was -92,000 bpd below last year.



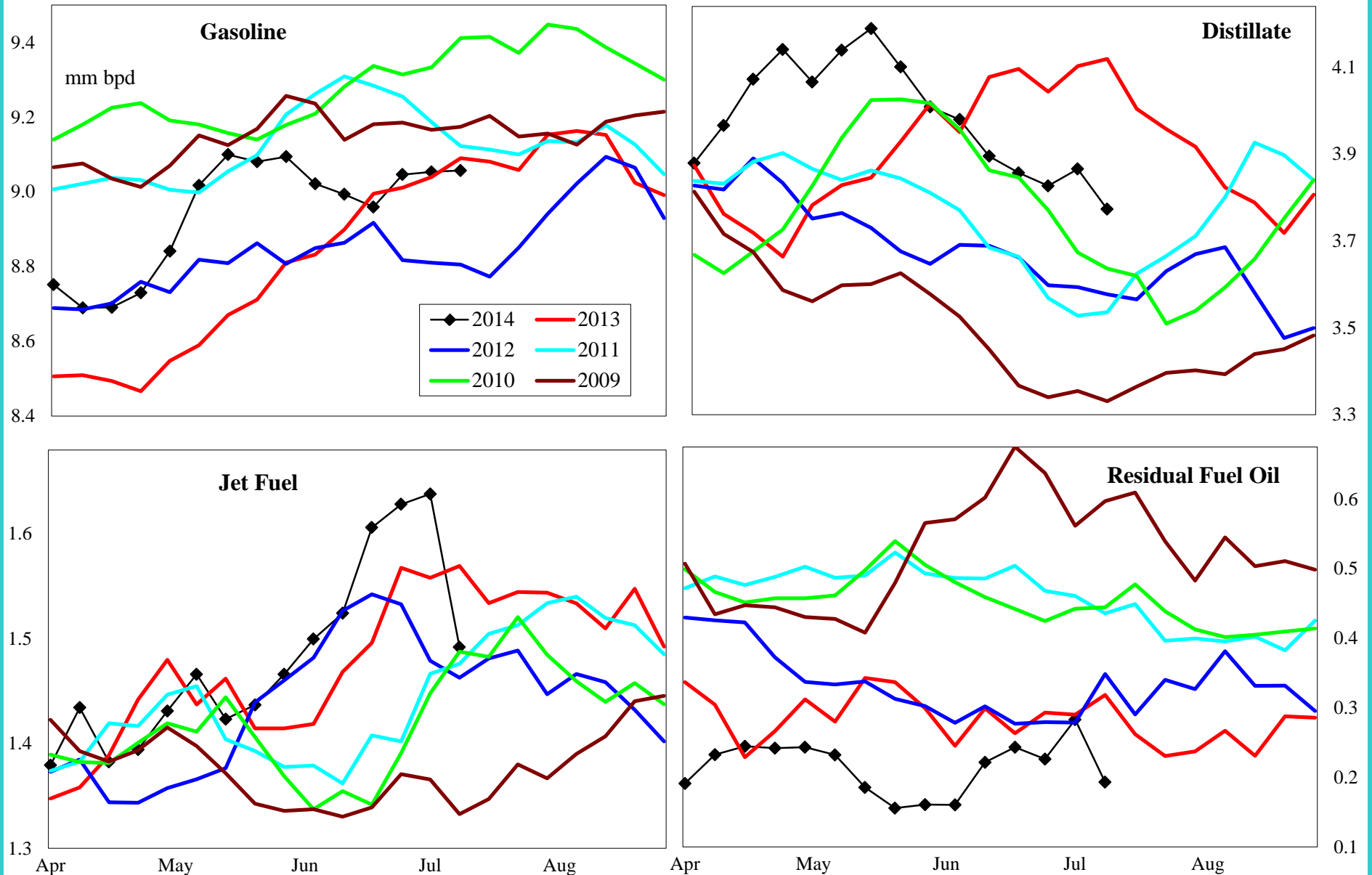
Gasoline supply increased +11,000 bpd on the week, with the 4-wk average -2,000 bpd below a year ago. Stocks increased +0.1 million barrels to a level near 5-yr lows.

Distillate supply increased +30,000 bpd on the week, at a level near the 3-yr average. The 4-wk average supply was -41,000 bpd below a year ago. Stocks declined -0.1 million barrels on the week, to a record low level for the period.

Jet fuel supply declined -13,000 bpd on lower imports, while production climbed to the 3-yr mid range. The latest 4-wk average supply was +8,000 bpd above last year. Stocks ended the week at a record low level, -20% below a year ago.

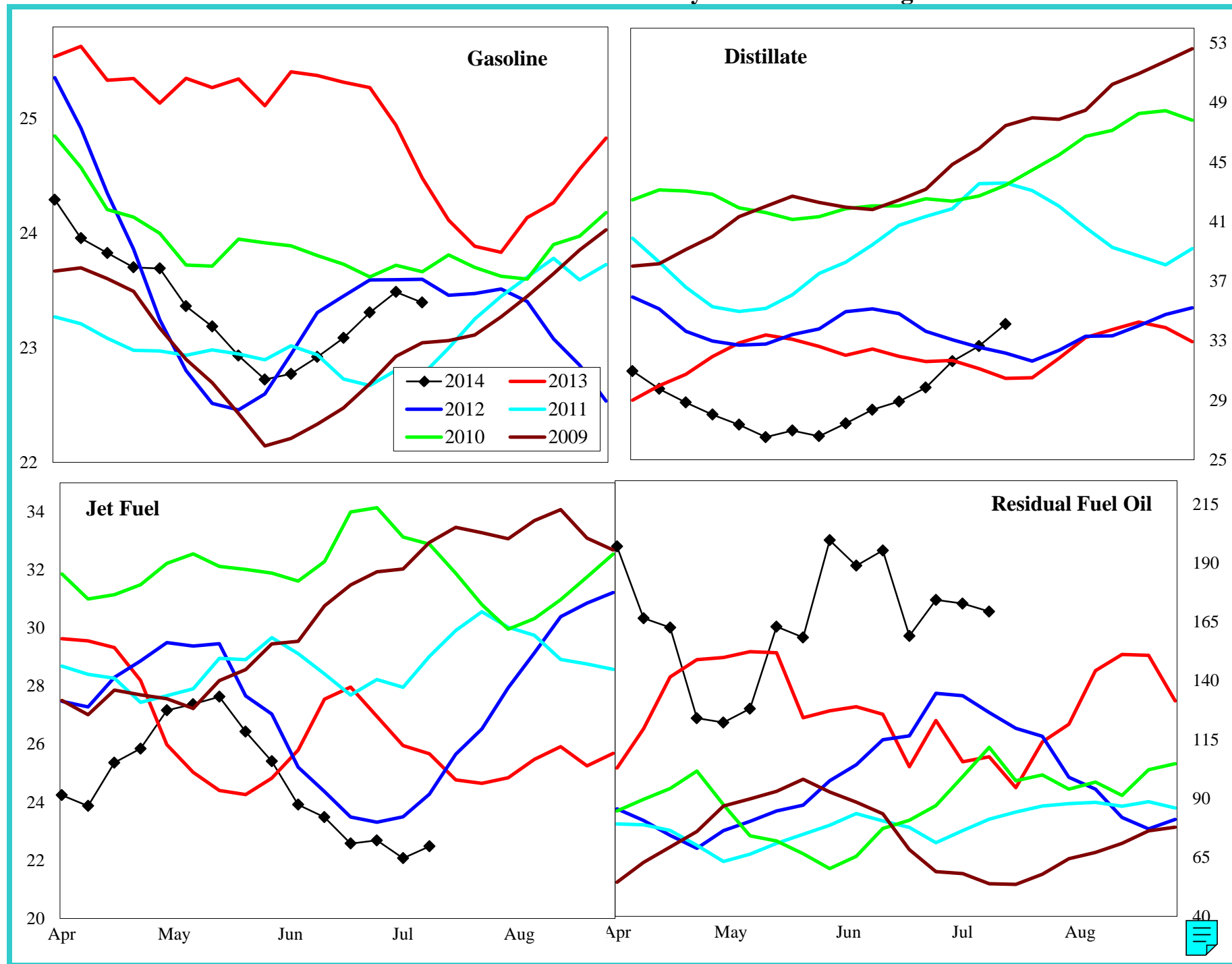
|  FUNDAMENTAL PETROLEUM TRENDS | | PETROLEUM: Graph Link and Weekly Summary | | | | | | |
|----------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------|--------|-------------------------|---------------|--|
| | | A Fundamental Petroleum Trends Weekly Report | | | | | July 16, 2014 | |
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| Fundamental Trends | Wholesale Demand | Stocks Days Fwd Coverage | Refinery Utilization | | | Imports | | |
| Supply/Demand Trends | 11-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 | -7,525 | -740 | -2,596 | -2,724 | 154 | -1,620 | |
| | Imports | 142 | -218 | -124 | 351 | 36 | 96 | |
| | Input | 374 | -33 | 196 | -3 | 19 | 194 | |
| | % Utilization | 2.20 | | | | | | |
| Gasoline | Stocks | 171 | -1,401 | 1,298 | 400 | -187 | 62 | |
| | Production | -286 | -80 | -231 | -20 | 10 | 23 | |
| | Imports | 6 | 11 | -6 | 12 | 1 | -12 | |
| | Supplied | 122 | | | | | | |
| Distillate | Stocks | 2,528 | 2,010 | 837 | -319 | 120 | -120 | |
| | Production | 116 | -14 | 23 | 84 | -1 | 25 | |
| | Imports | -20 | -23 | -6 | 0 | 3 | 5 | |
| | Supplied | -233 | | | | | | |
| Jet Fuel | Stocks | 594 | -1,610 | 664 | 1,358 | -124 | 307 | |
| | Production | 43 | -10 | -3 | 25 | -3 | 33 | |
| | Imports | -32 | 14 | 0 | 0 | 0 | -46 | |
| | Supplied | -287 | | | | | | |
| Residual Fuel Oil | Stocks | -119 | 250 | -12 | -303 | 6 | -61 | |
| | Production | -3 | 0 | 2 | 3 | 1 | -8 | |
| | Imports | 24 | -7 | 0 | -24 | 0 | 54 | |
| | Supplied | -35 | | | | | | |

United States Wholesale Petroleum Demand

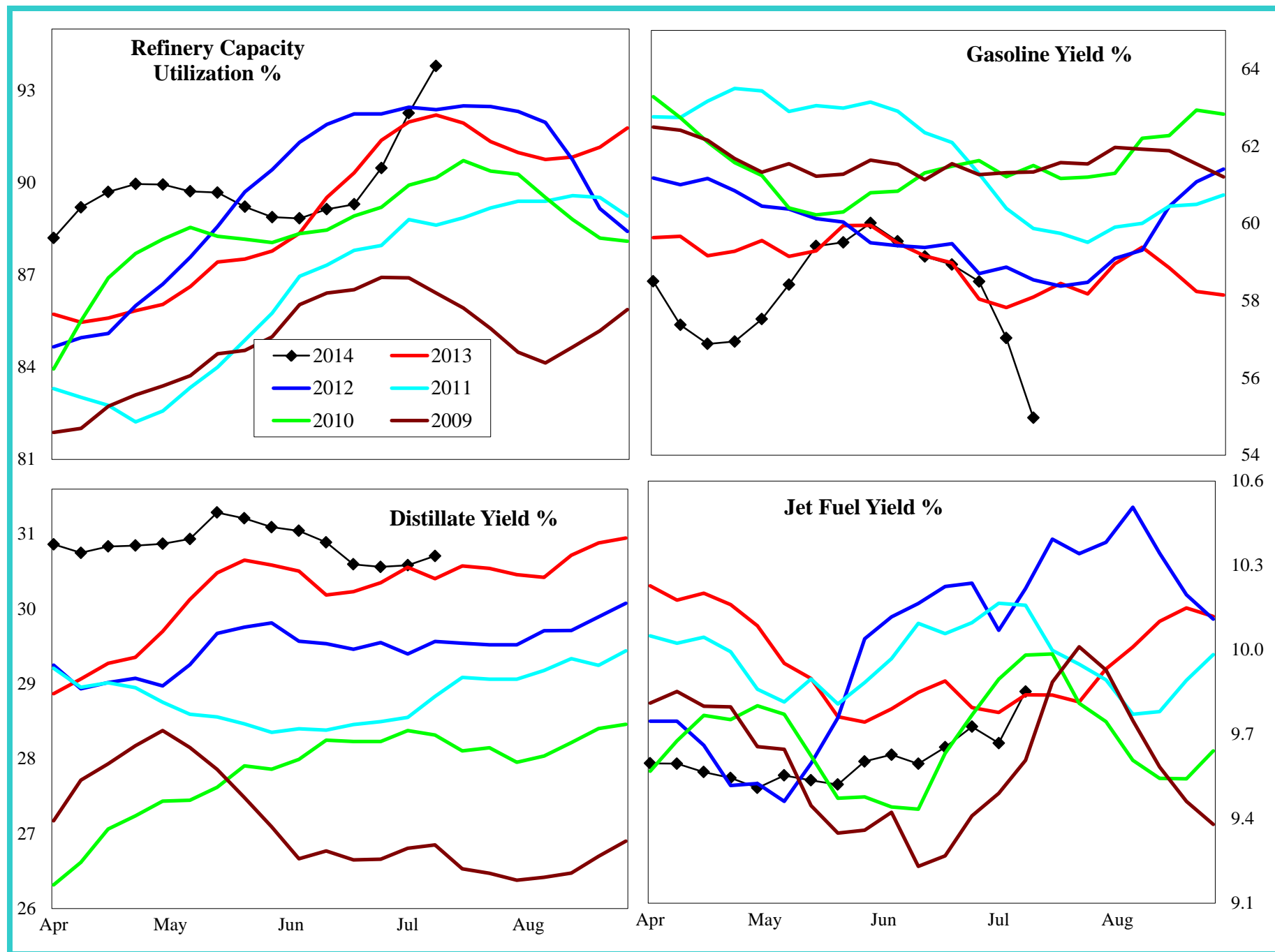


| | 000 bpd change from prior year | | | | % change from prior year | | | | |
|------------|--------------------------------|-----|-----|-----|--------------------------|-------|-------|------|--|
| | 4wk avg | Jun | Jan | Apr | 4wk avg | Jun | May | Apr | |
| Gasoline | -61 | -30 | 121 | 213 | -0.7 | -0.3 | 1.3 | 2.4 | |
| Distillate | -220 | 299 | 385 | 101 | -5.5 | 8.2 | 10.2 | 2.6 | |
| Jet Fuel | 88 | 368 | -26 | 32 | 5.6 | 25.7 | -1.8 | 2.3 | |
| Resid | -77 | -50 | -70 | -8 | -22.2 | -16.5 | -32.6 | -2.8 | |

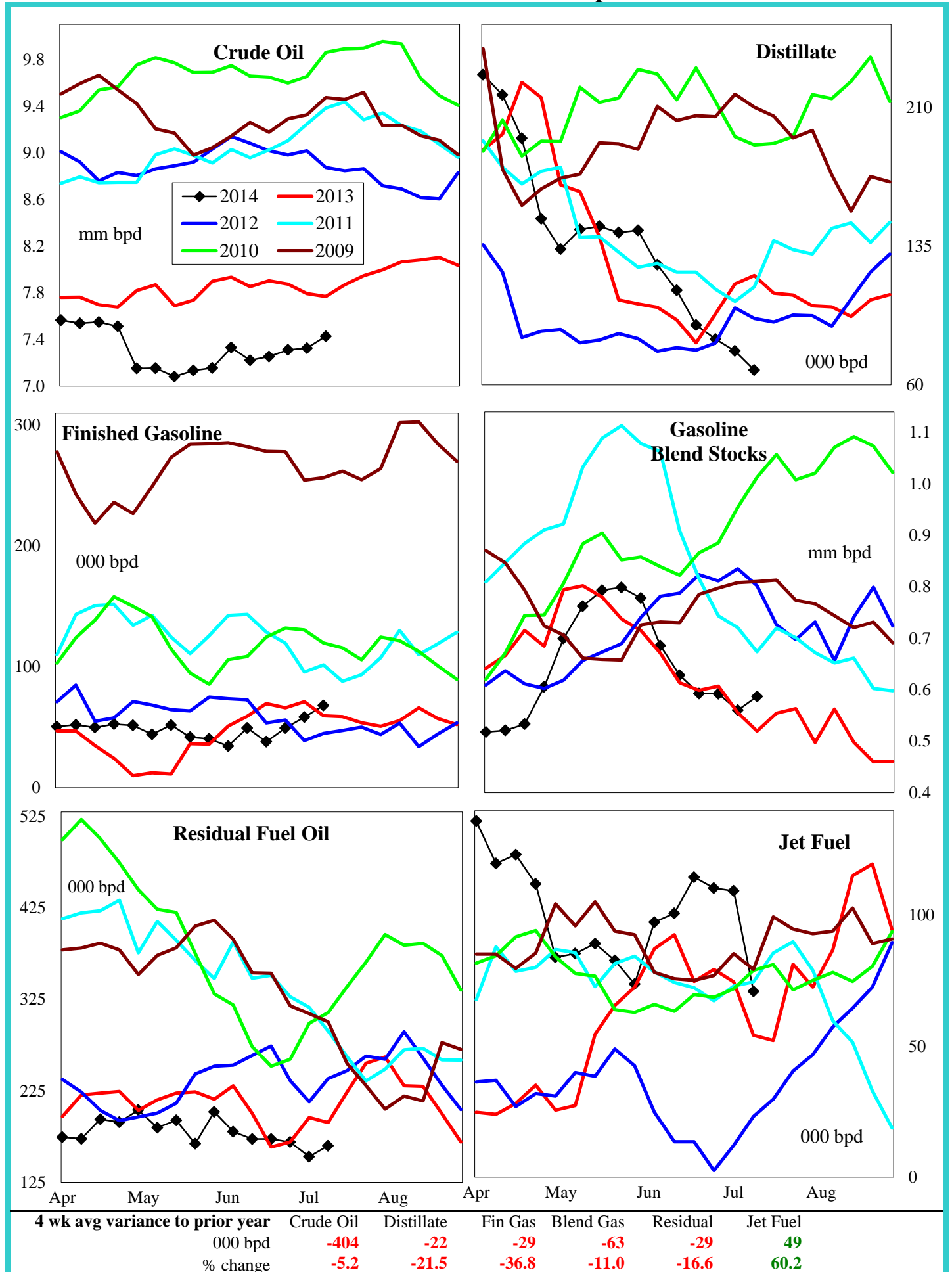


United States Product Stocks: Days Forward Coverage

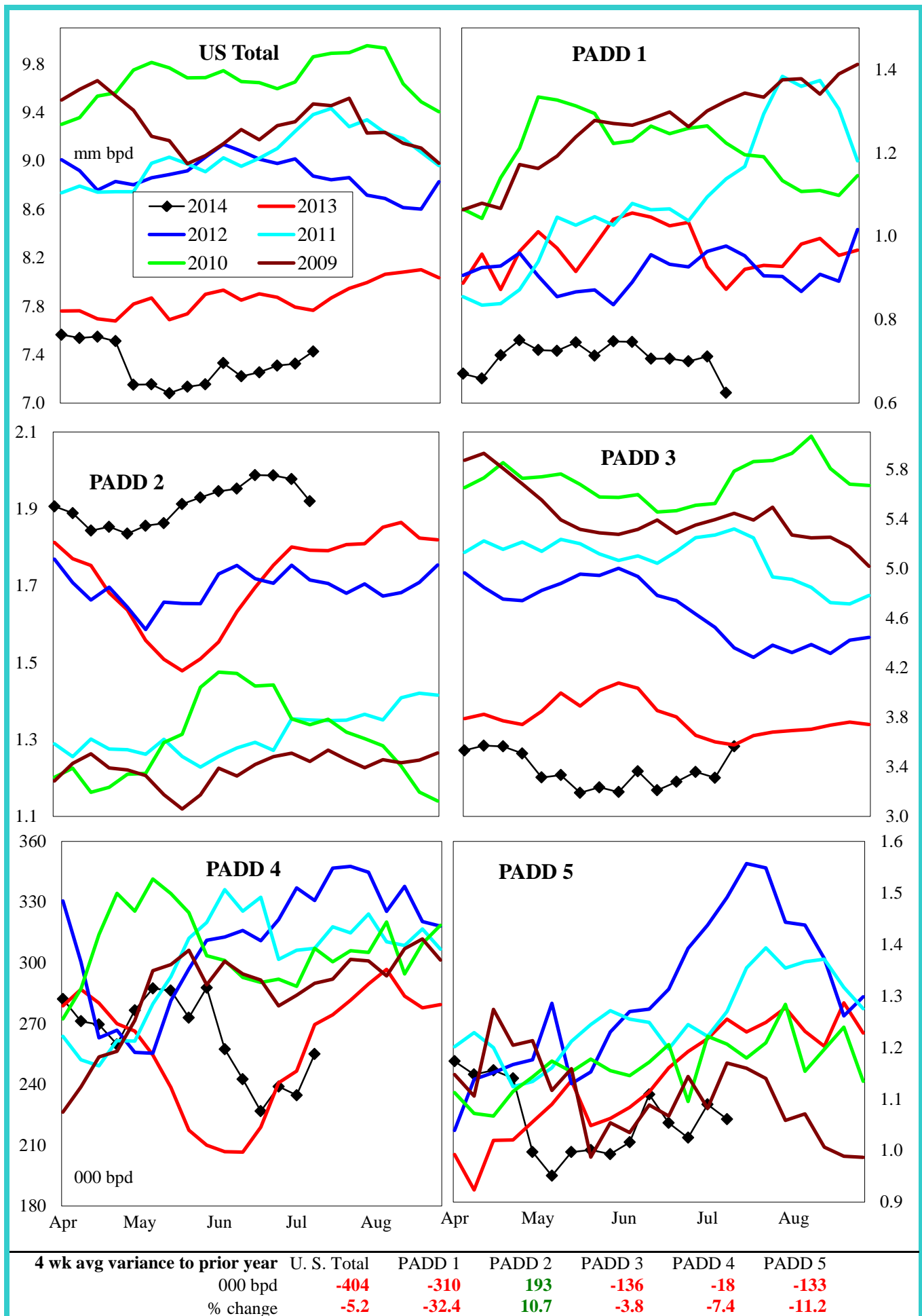
United States Refinery Percent Utilization Rate and Product Yields



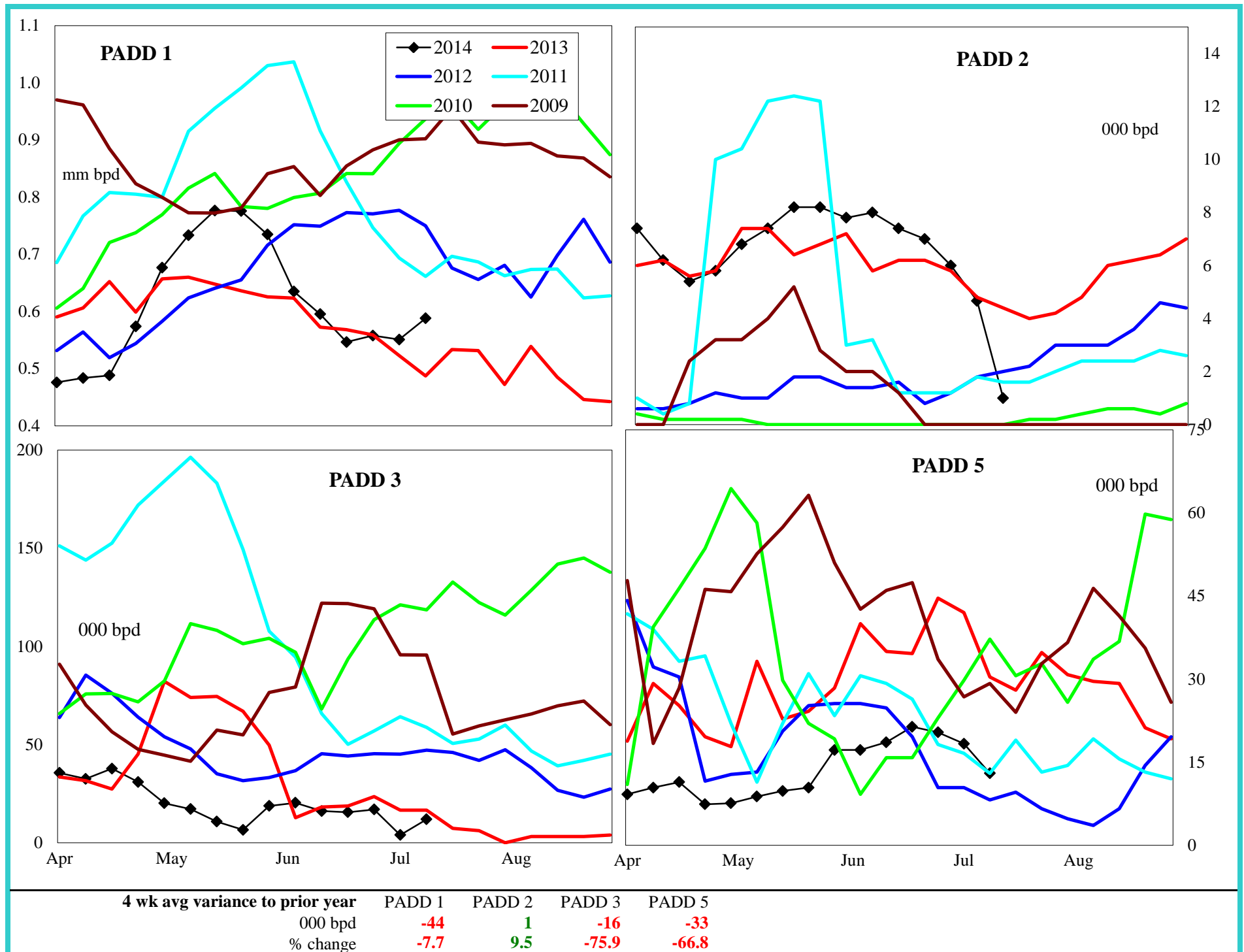
United States Petroleum Imports



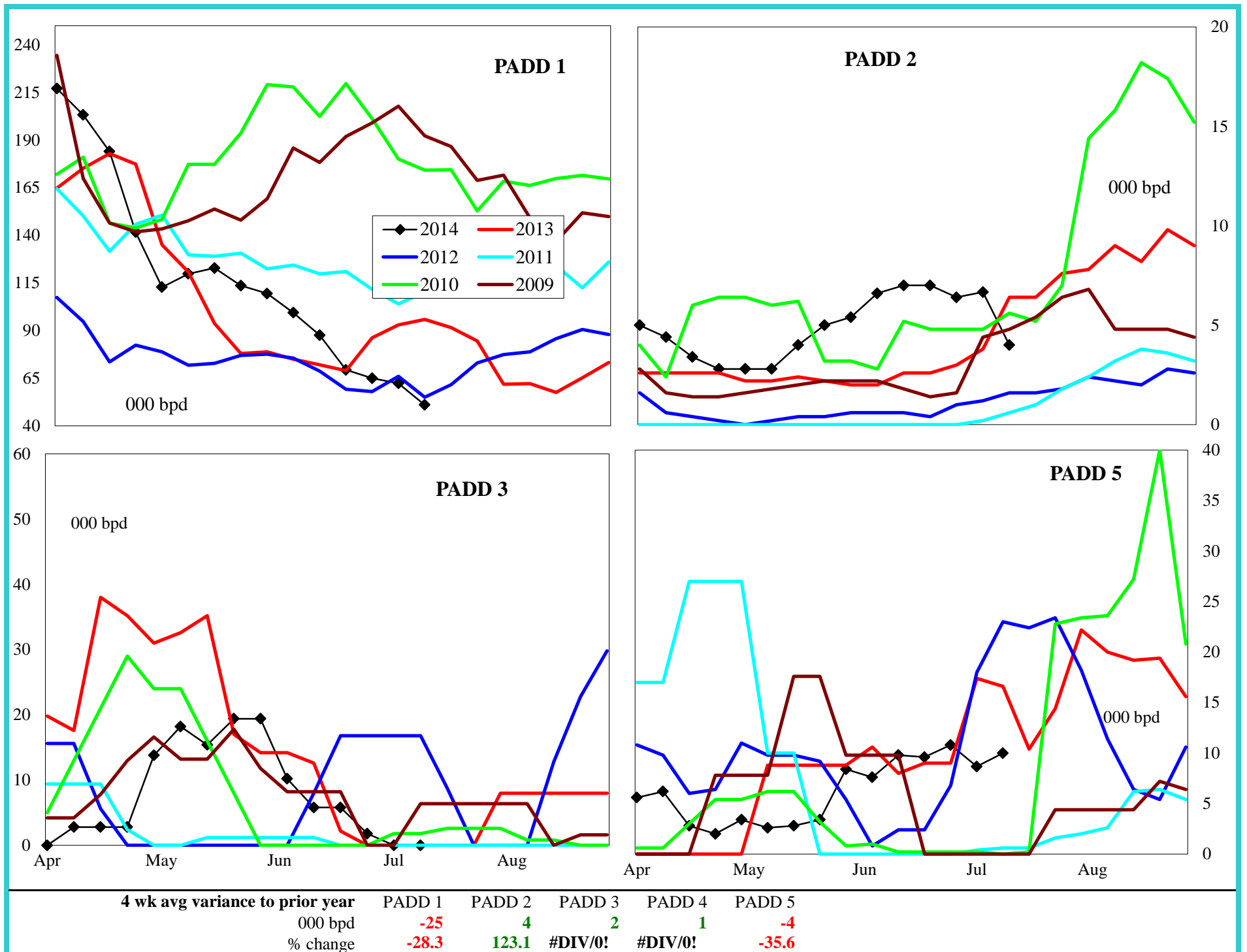
Crude Oil Imports by PADD



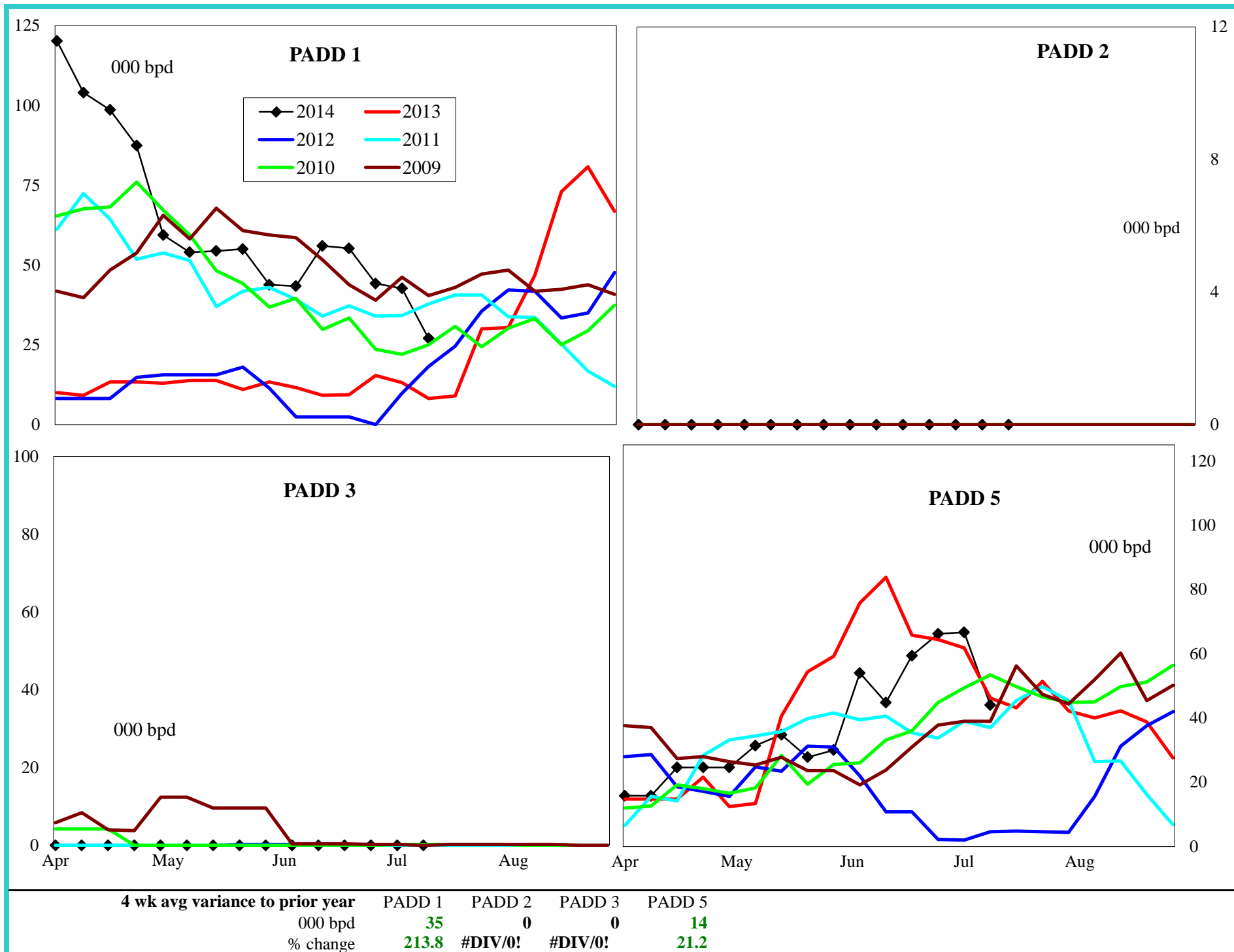
Gasoline Imports by PADD (Finished + Blend Stocks)



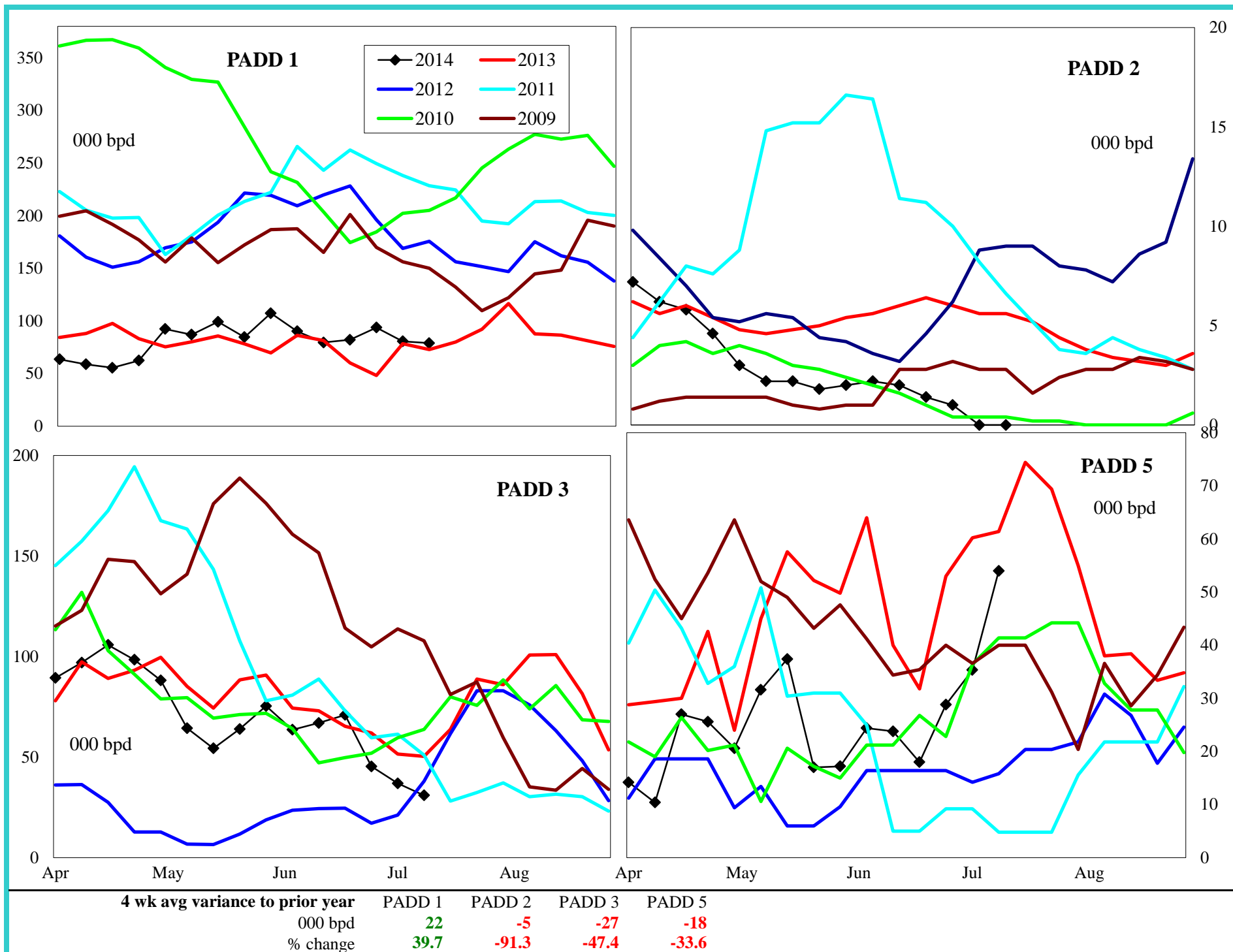
Distillate Imports by PADD



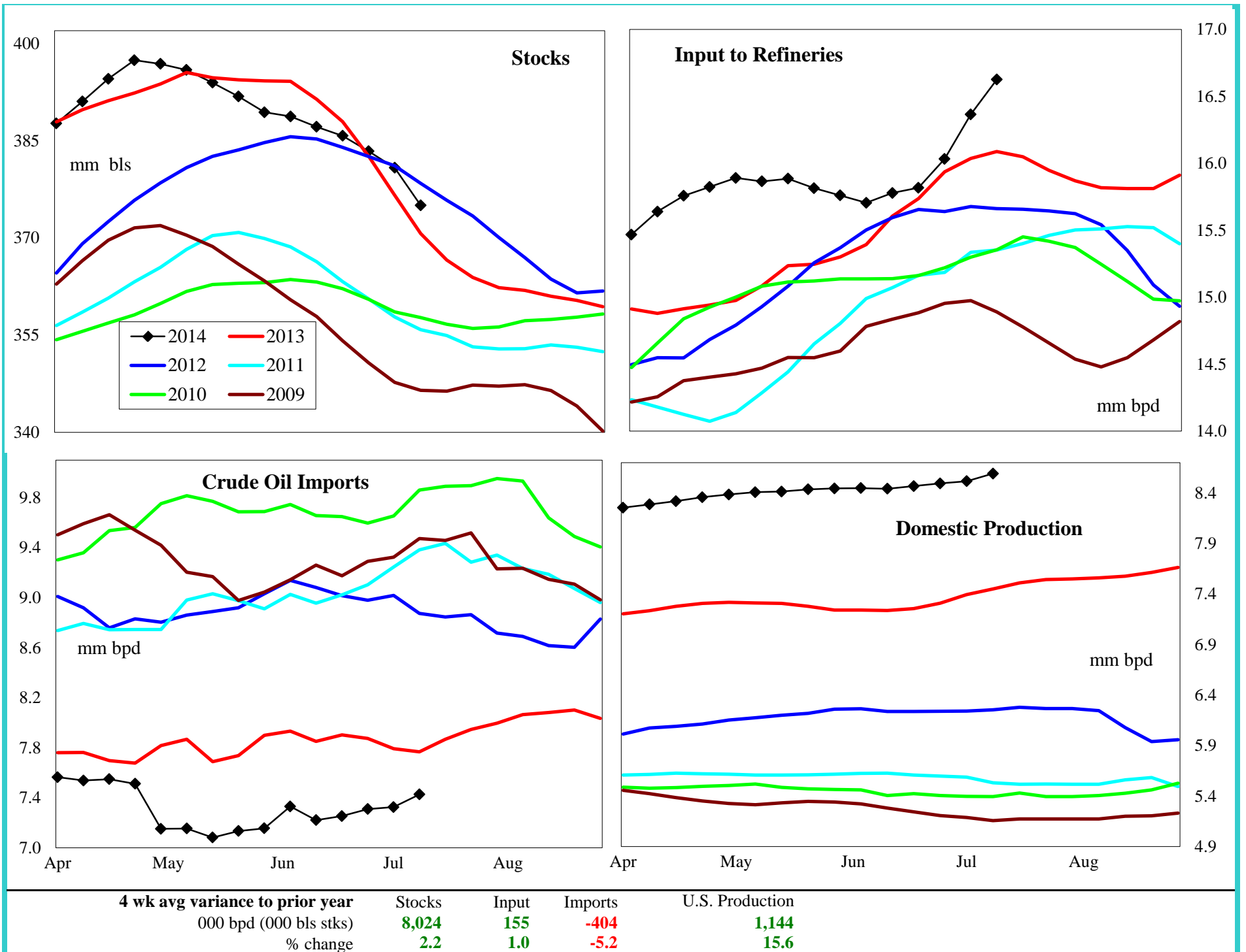
Jet Fuel Imports by PADD



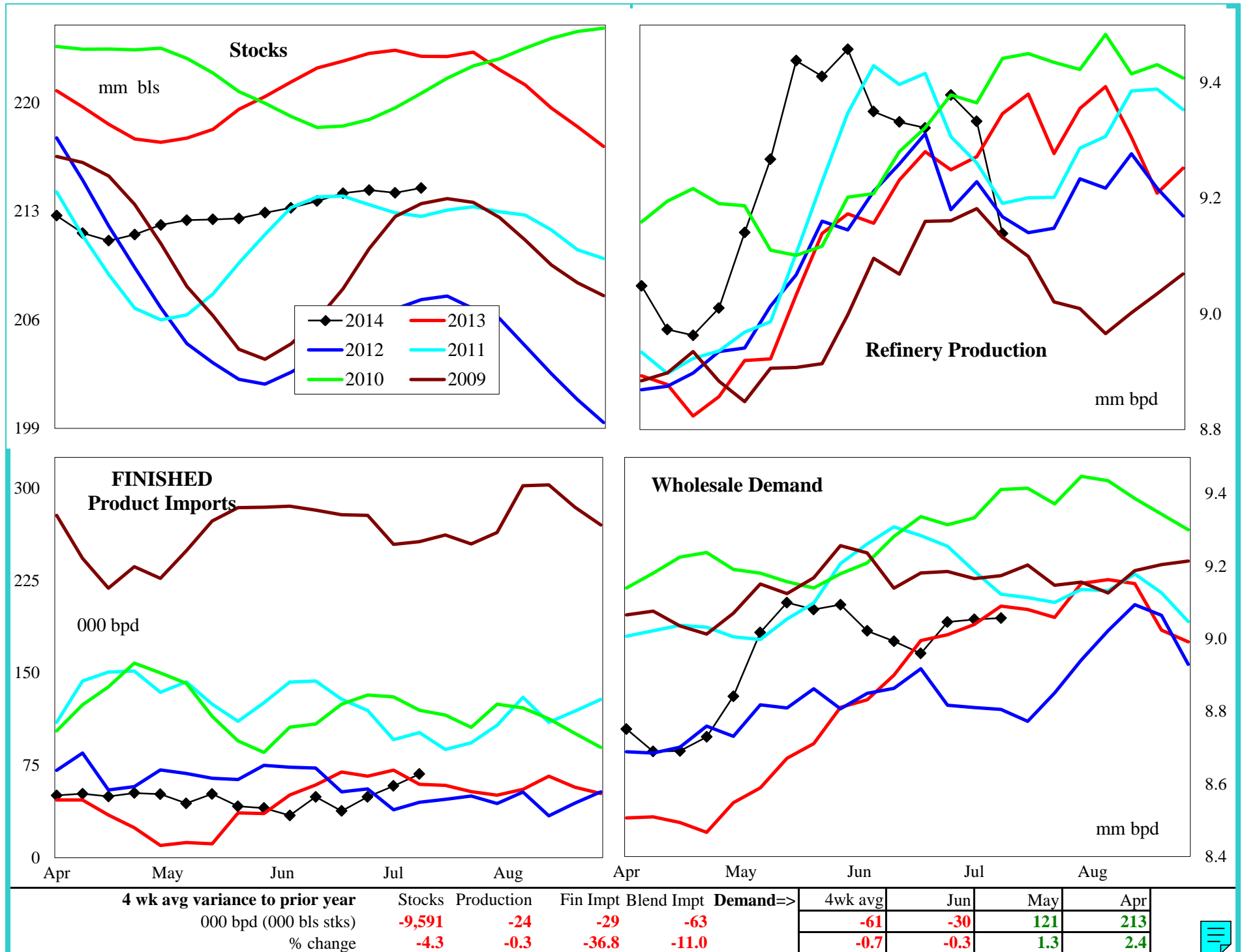
Residual Fuel Oil Imports by PADD



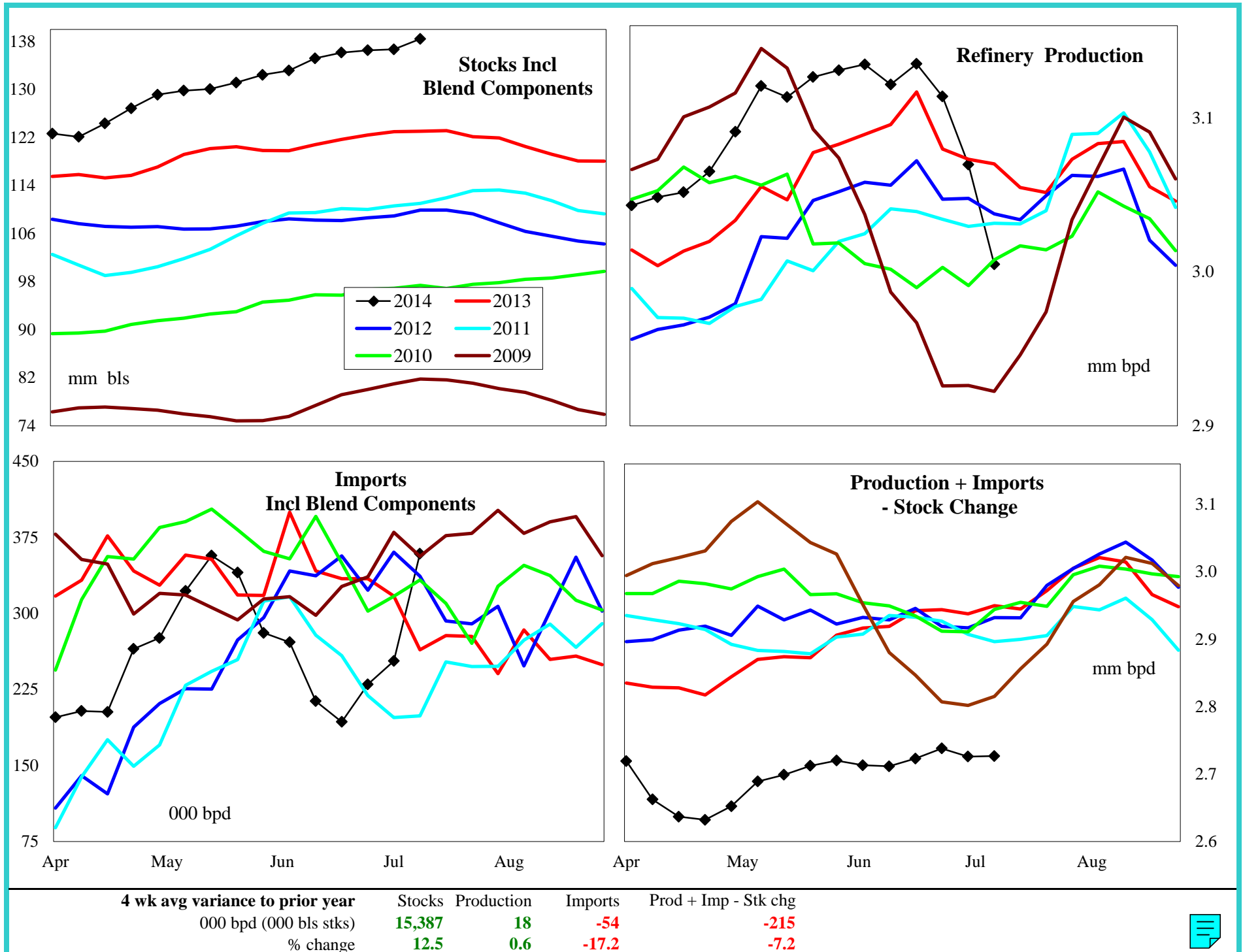
United States Crude Oil Supply and Demand Balance



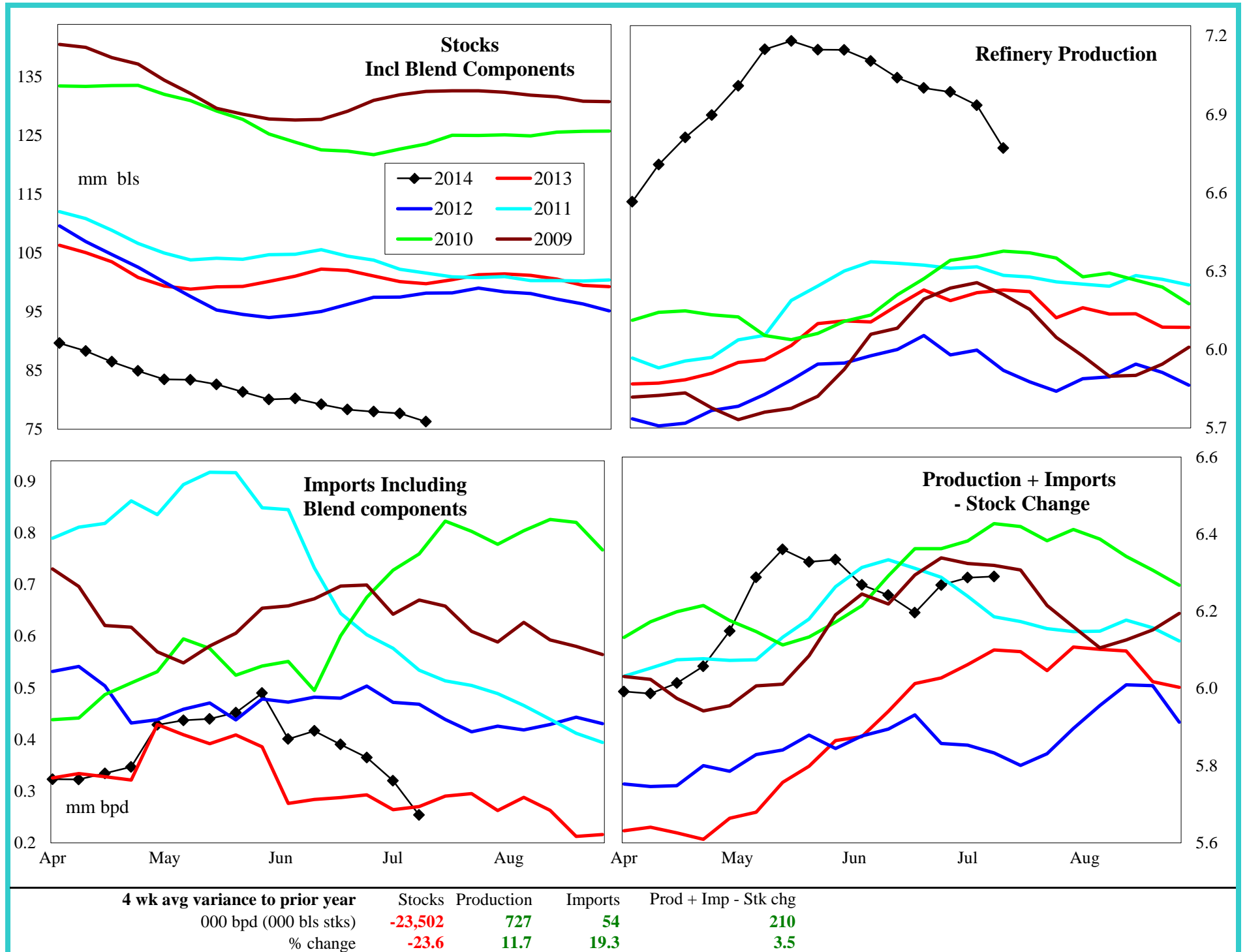
United States Gasoline Supply and Demand Balance



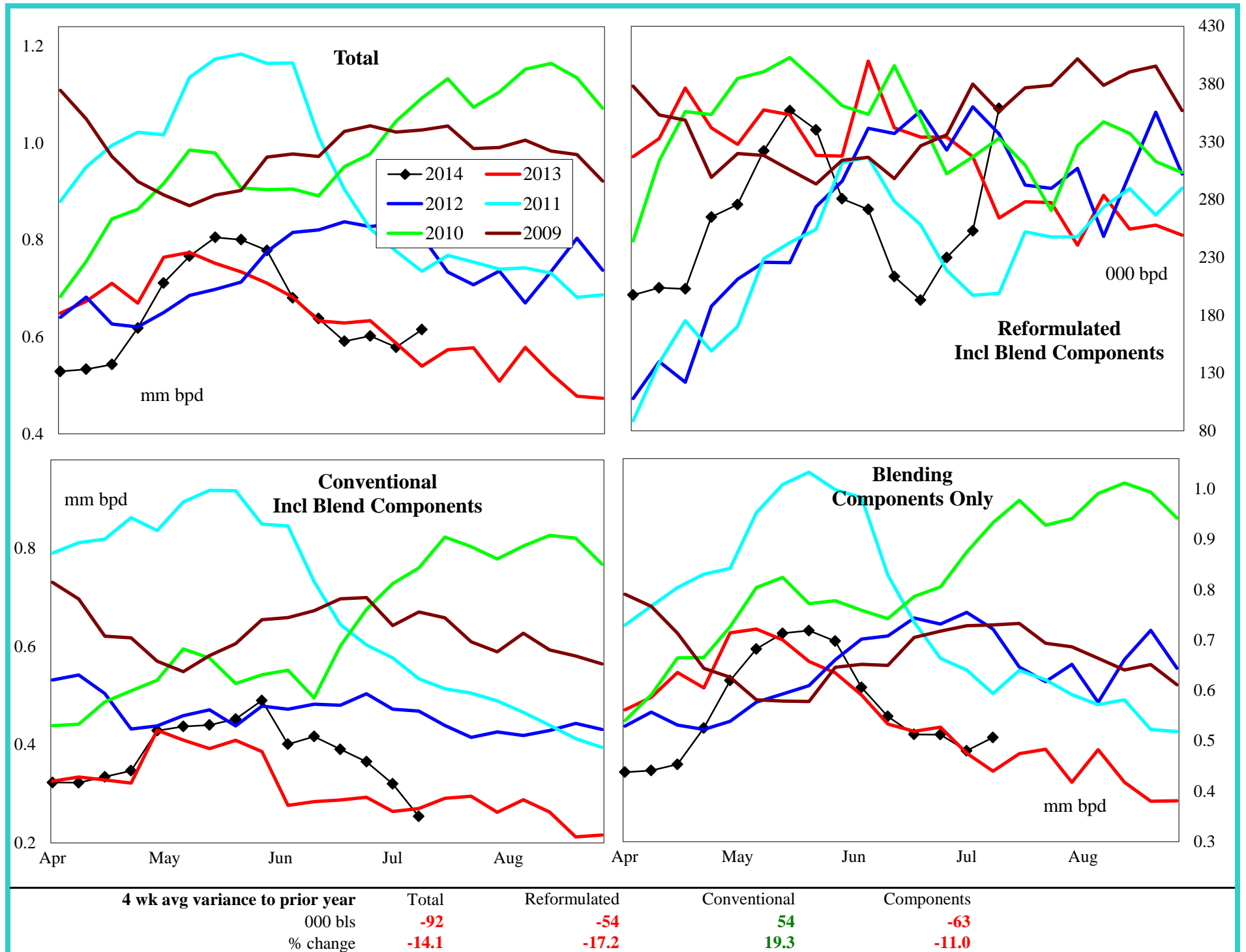
United States Reformulated Gasoline Supply



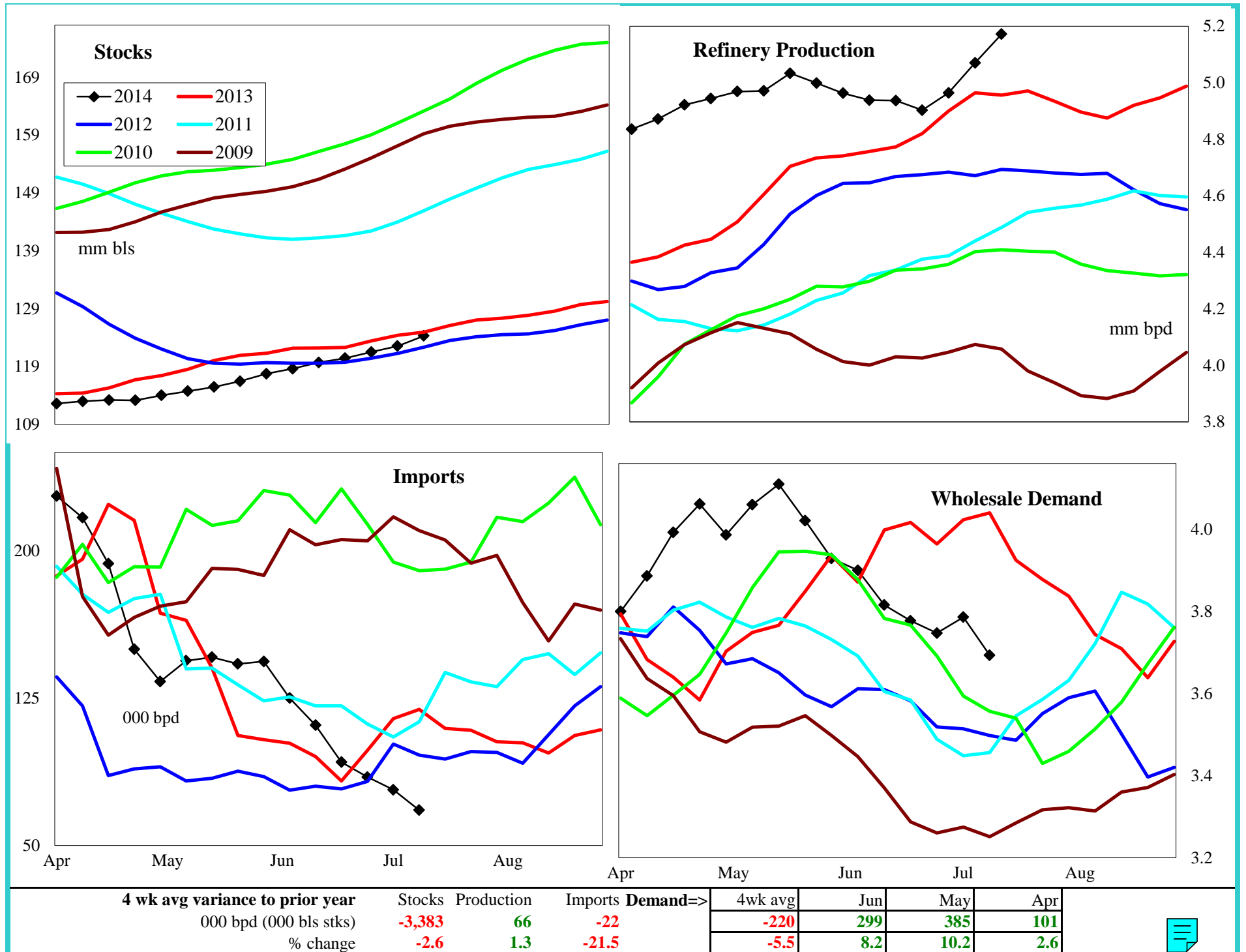
United States Conventional Gasoline Supply



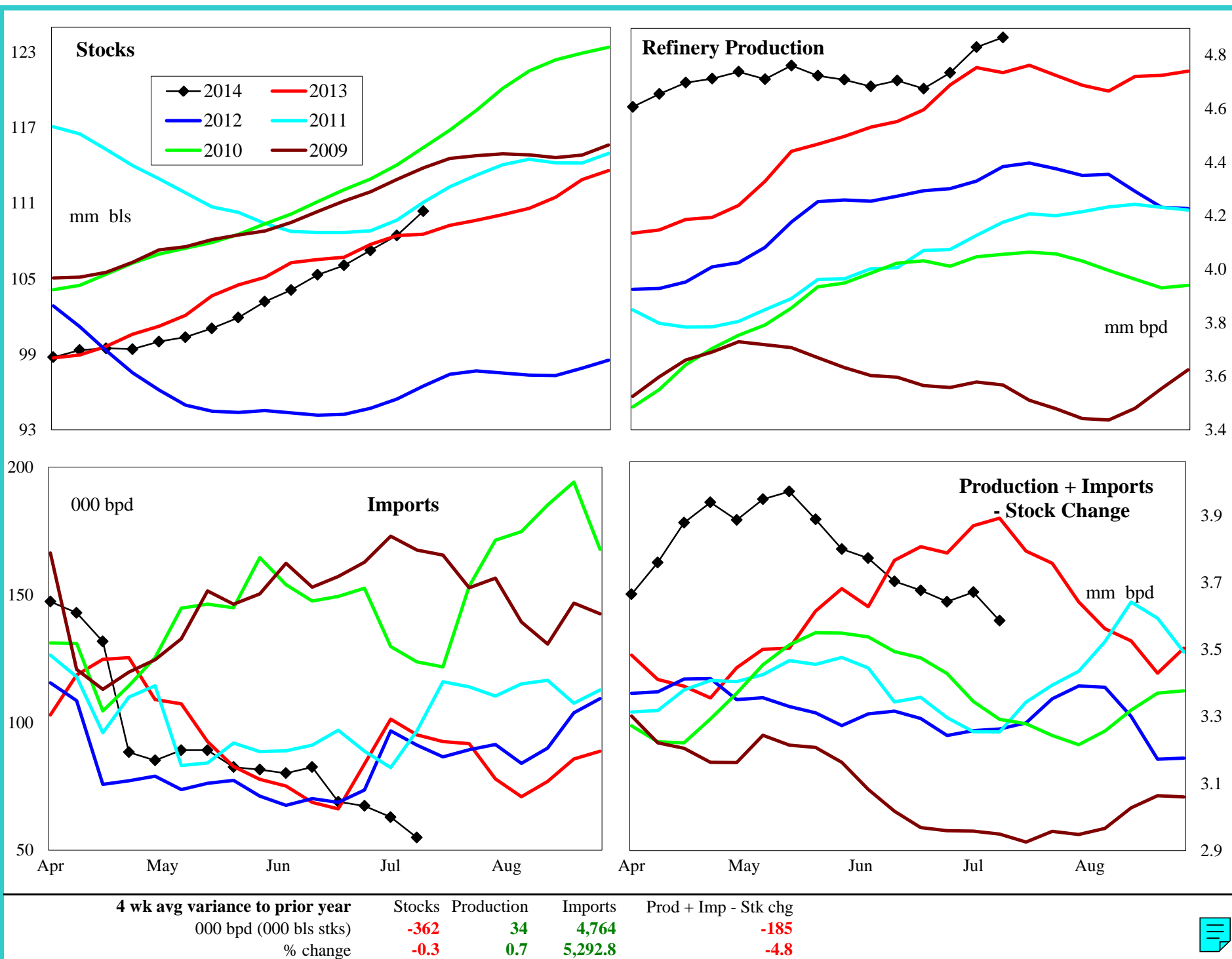
United States Gasoline Imports by Type



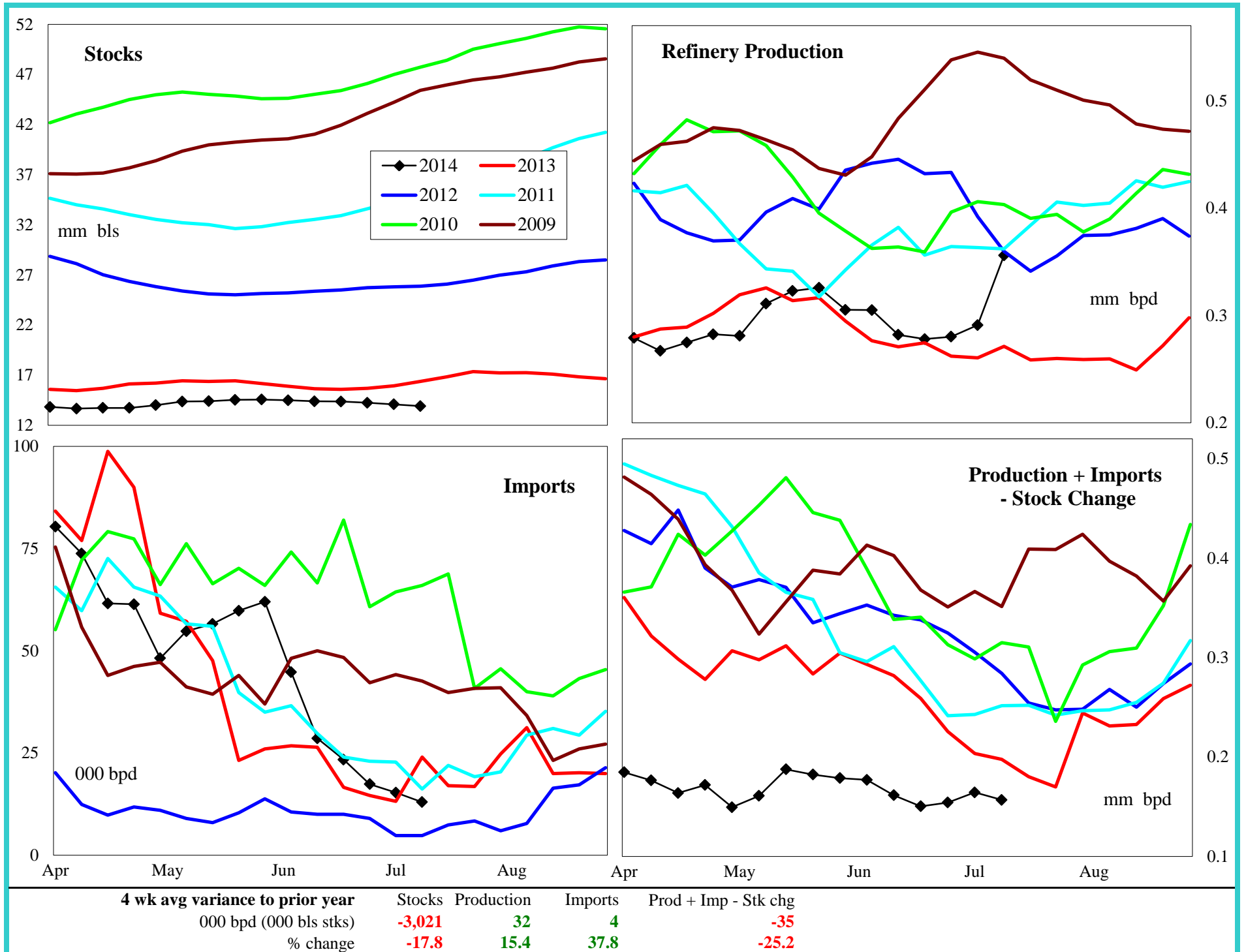
United States Distillate Supply and Demand Balance



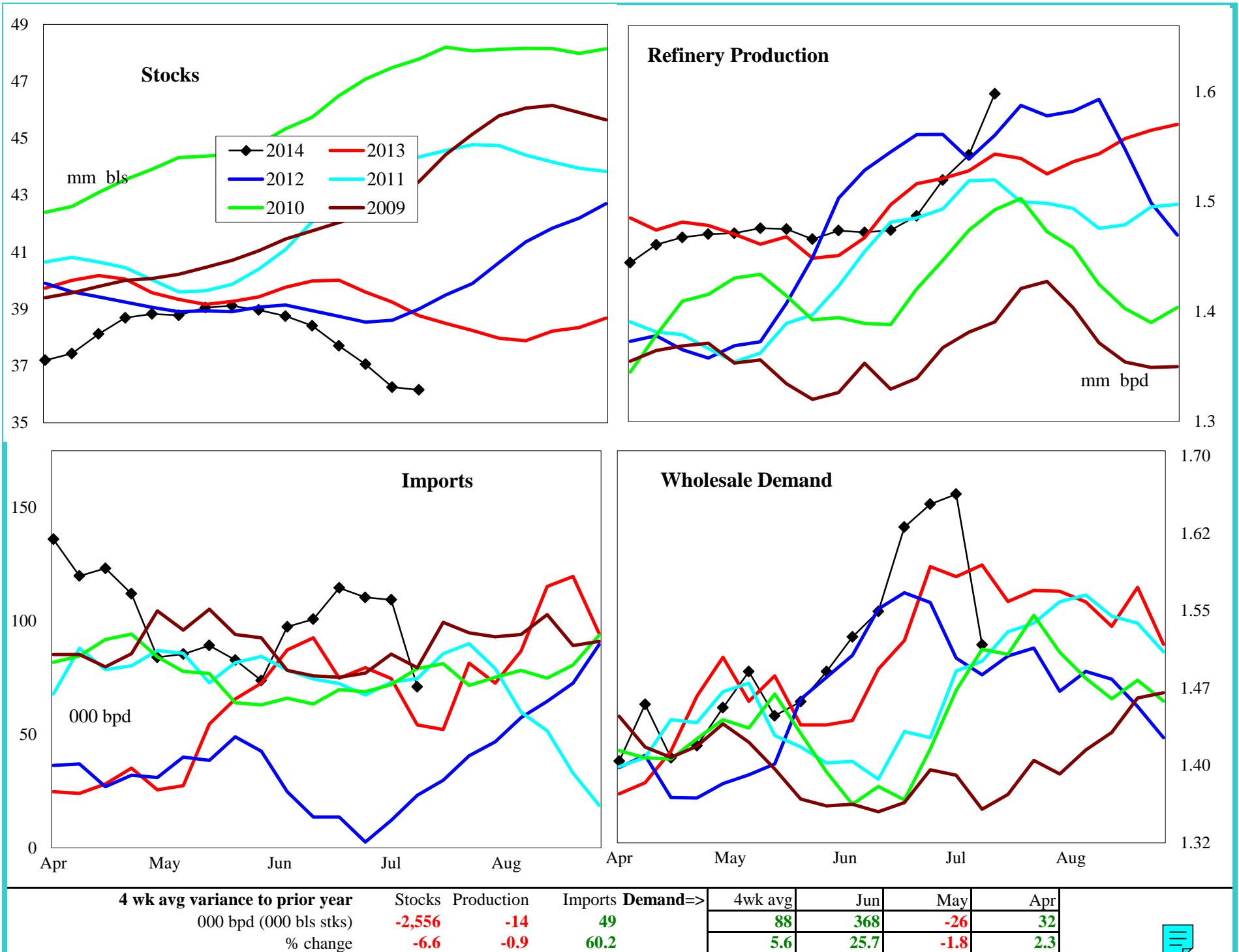
United States Low Sulfur Distillate Supply



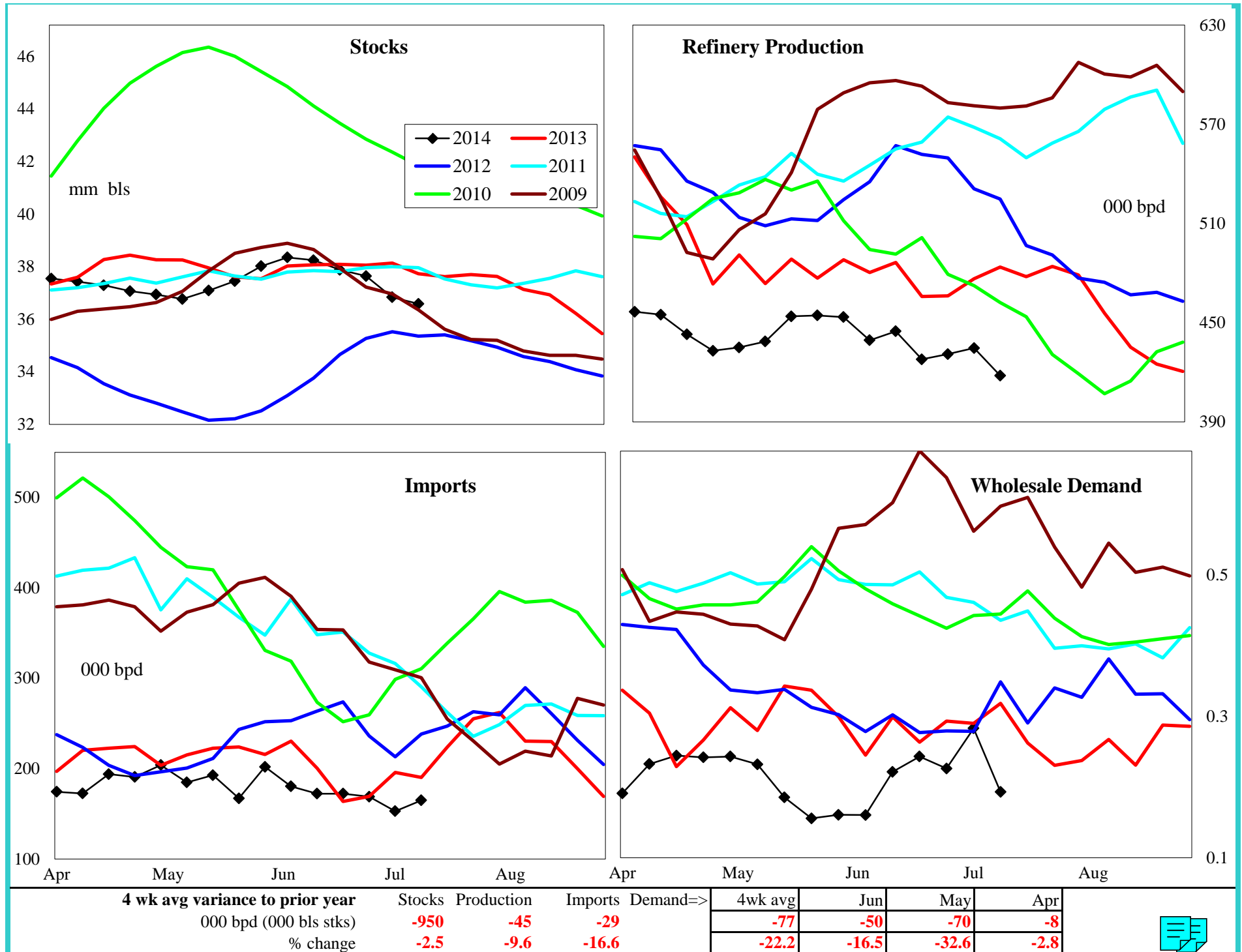
United States High Sulfur Distillate Supply



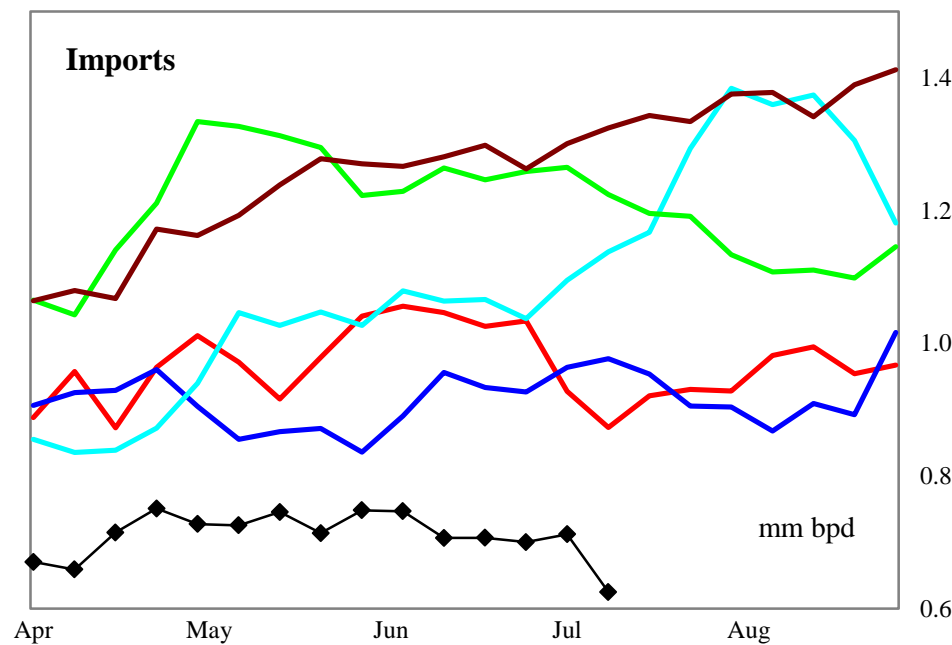
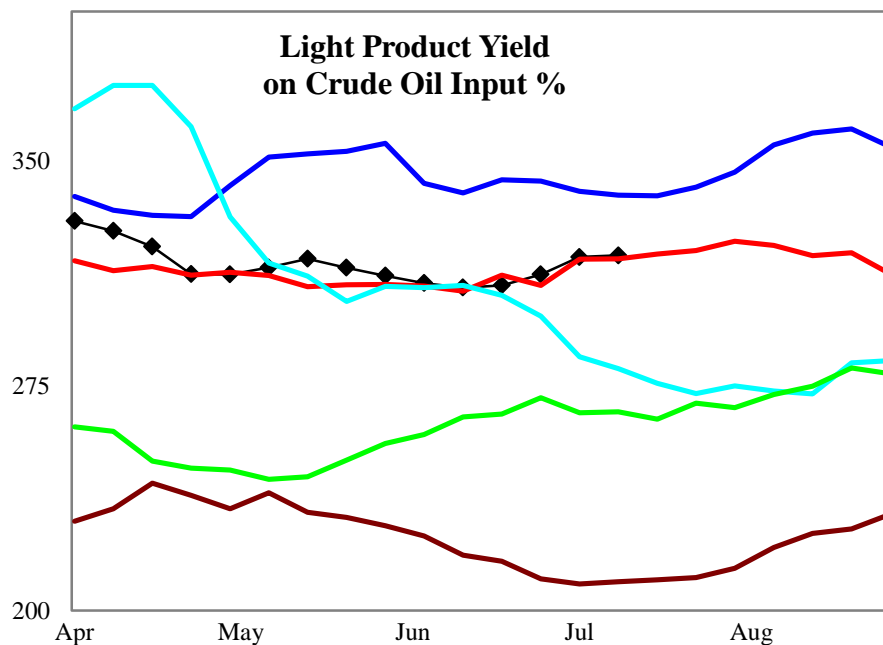
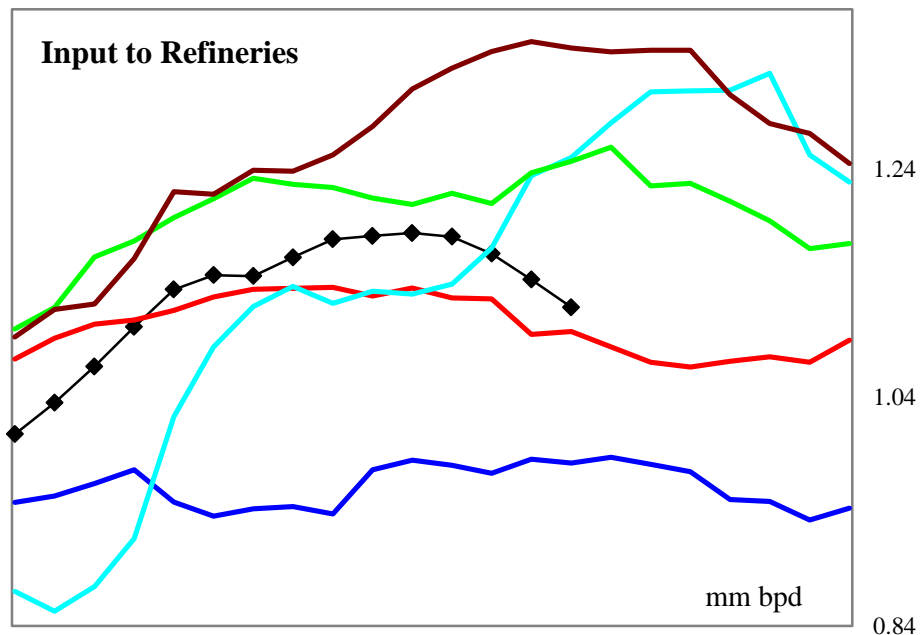
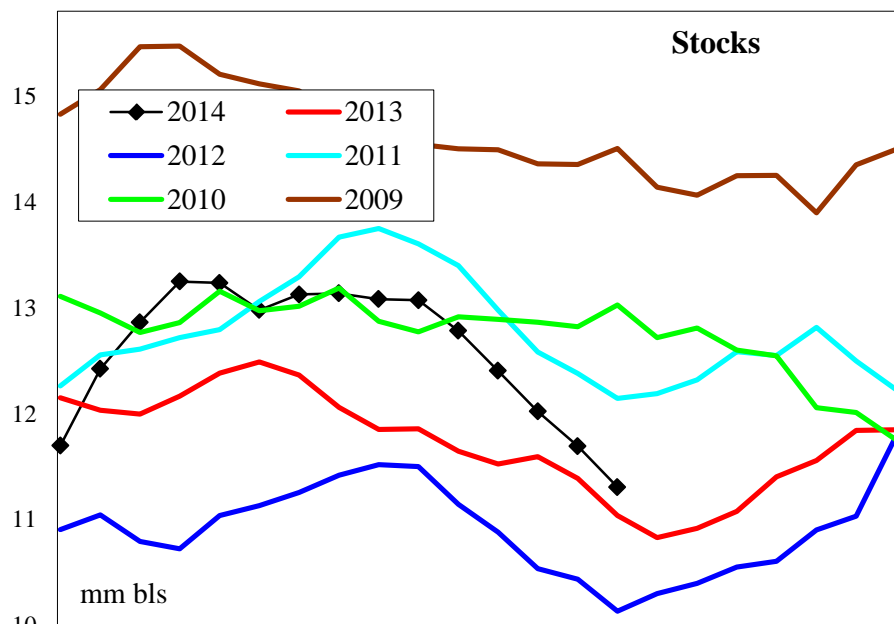
United States Jet Fuel Supply and Demand Balance



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 bbls stks)

% change

Stocks

266

2.5

Input

39

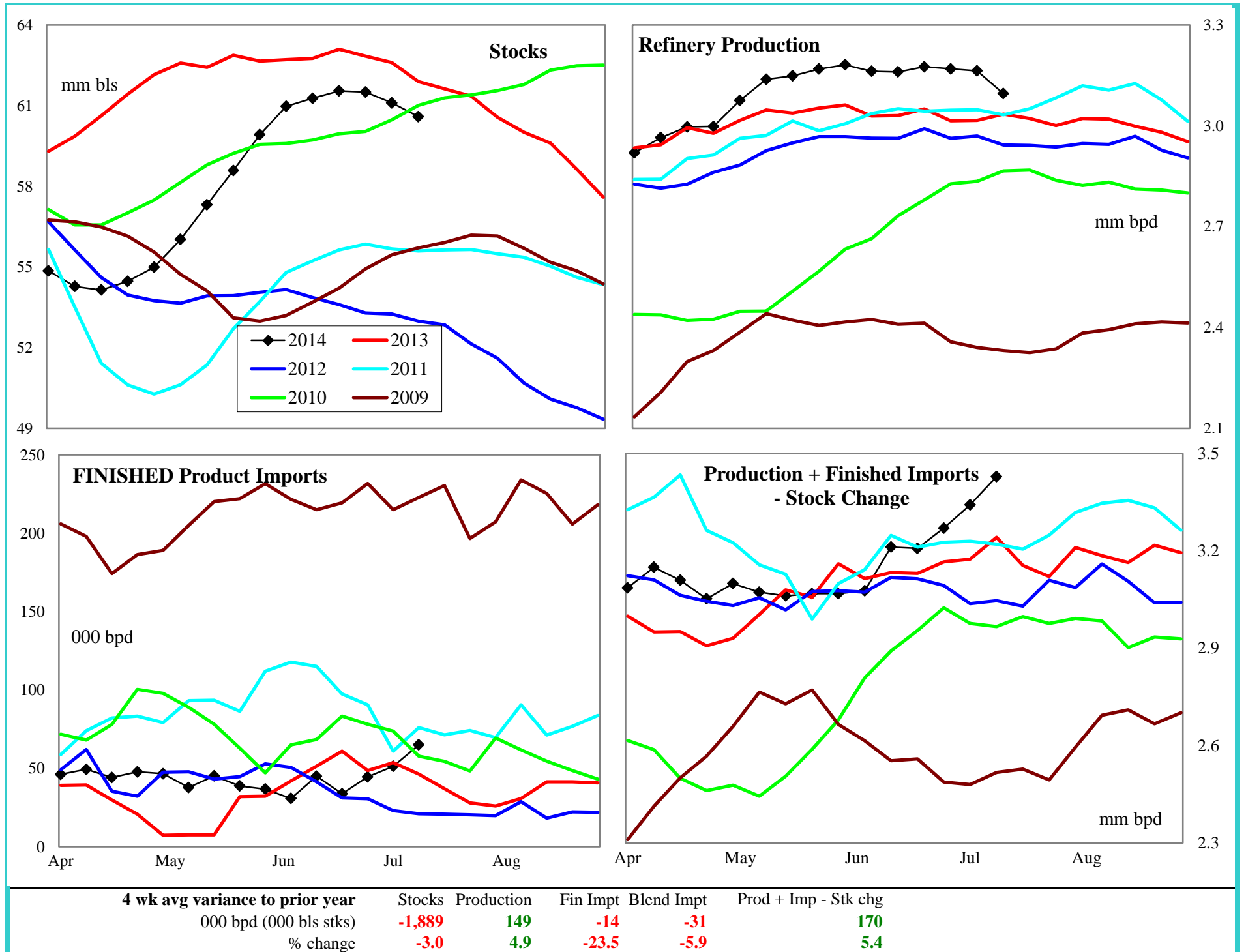
3.5

Imports

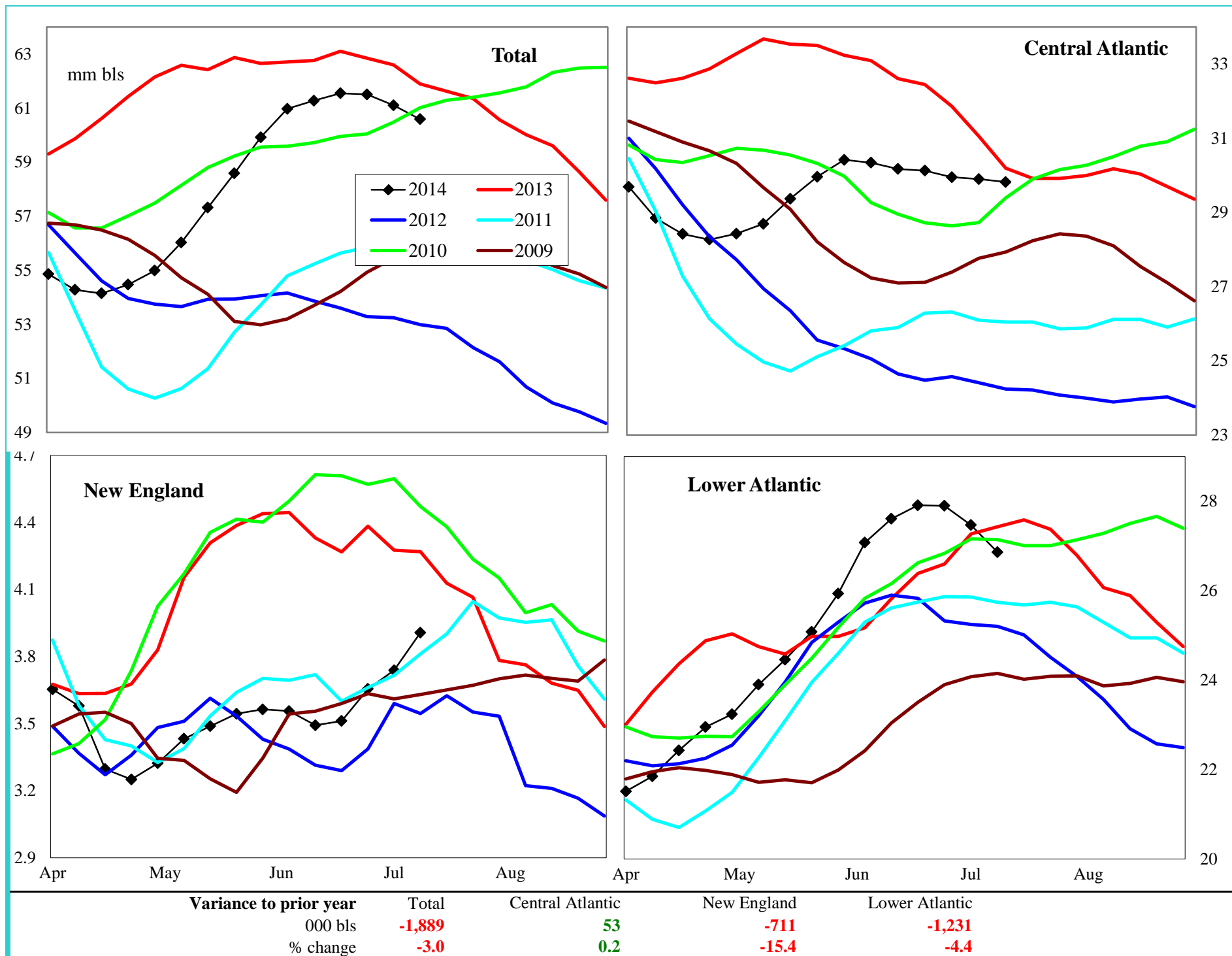
-310

-32.4

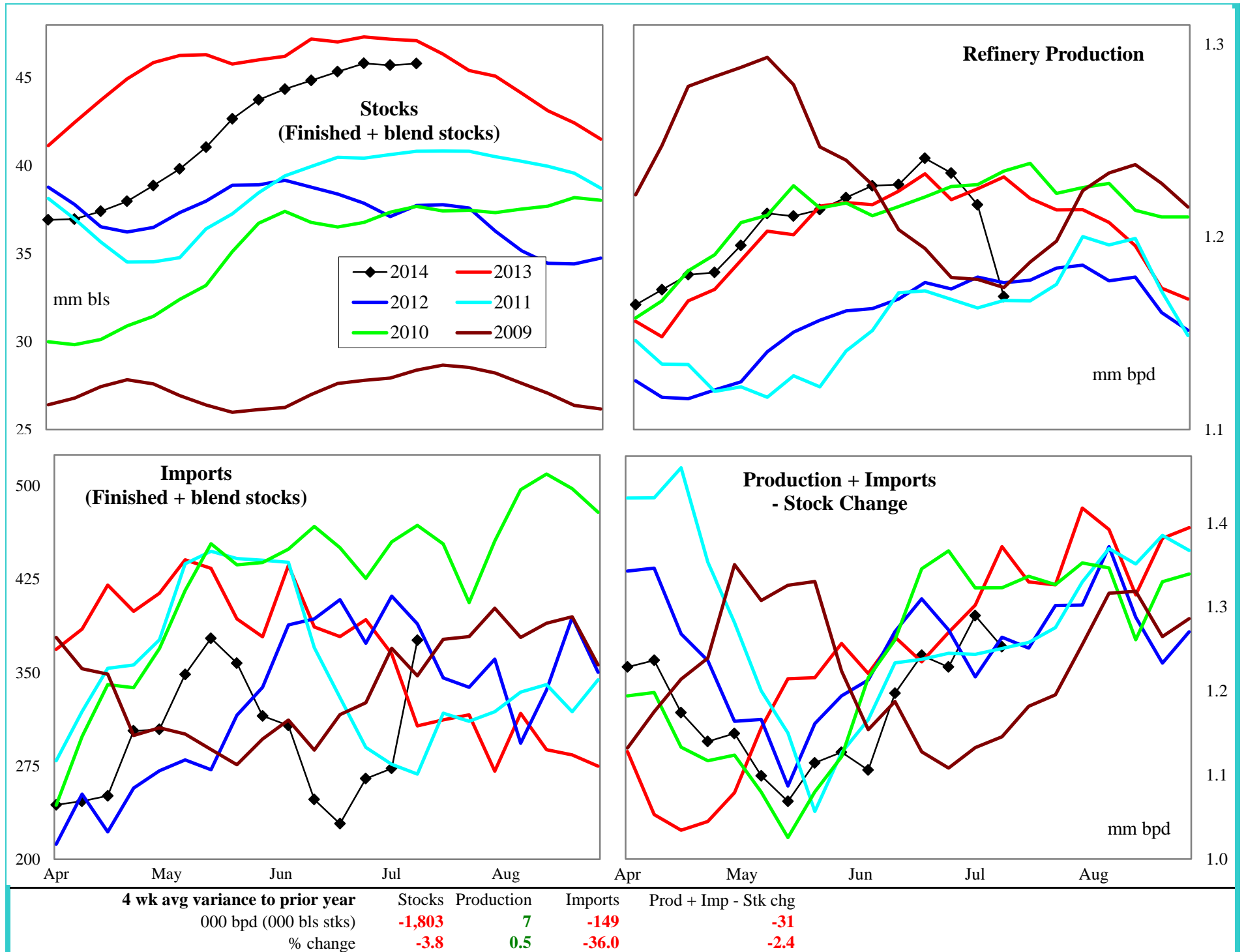
PADD 1 Gasoline Supply



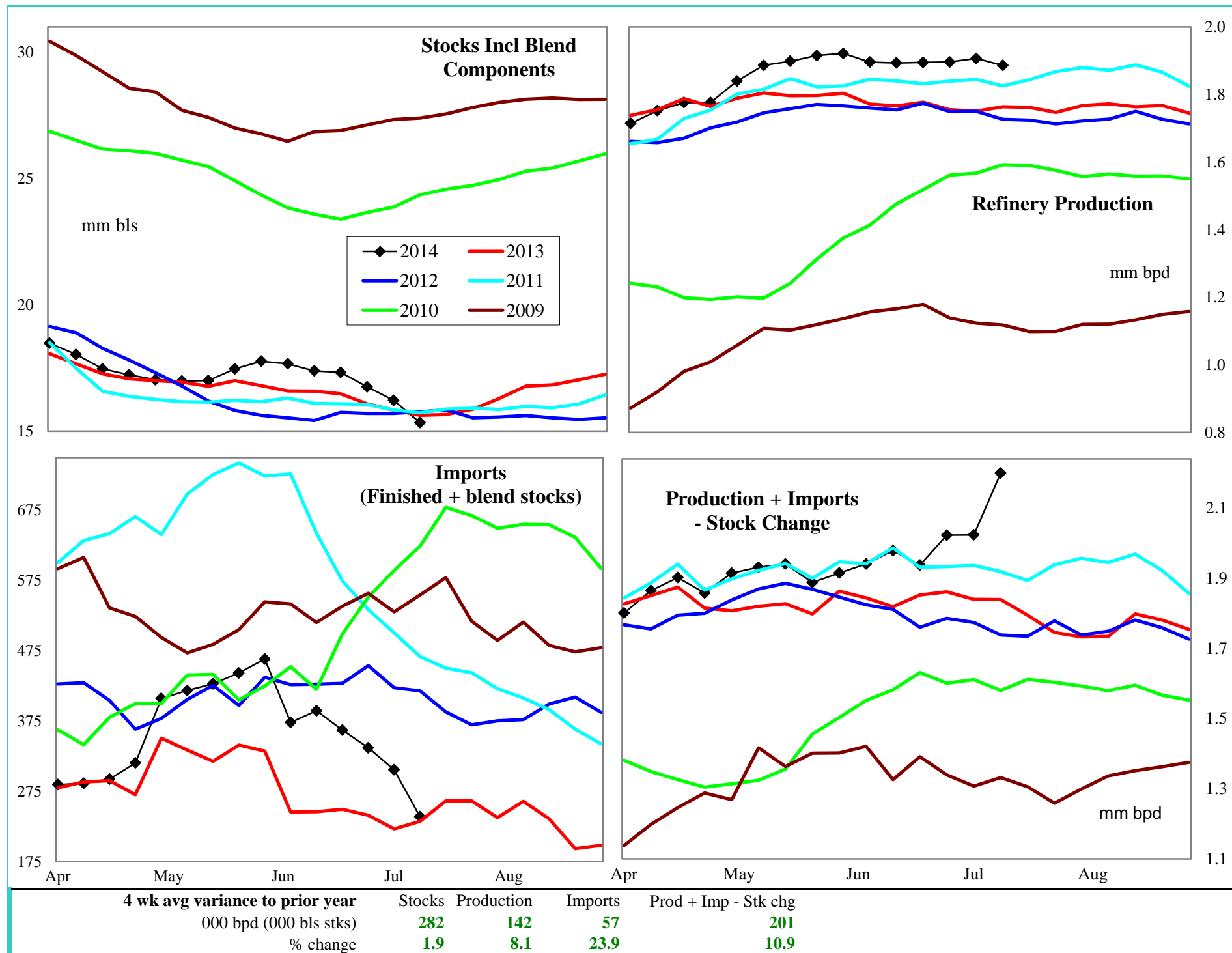
PADD 1 Gasoline Stocks by Region



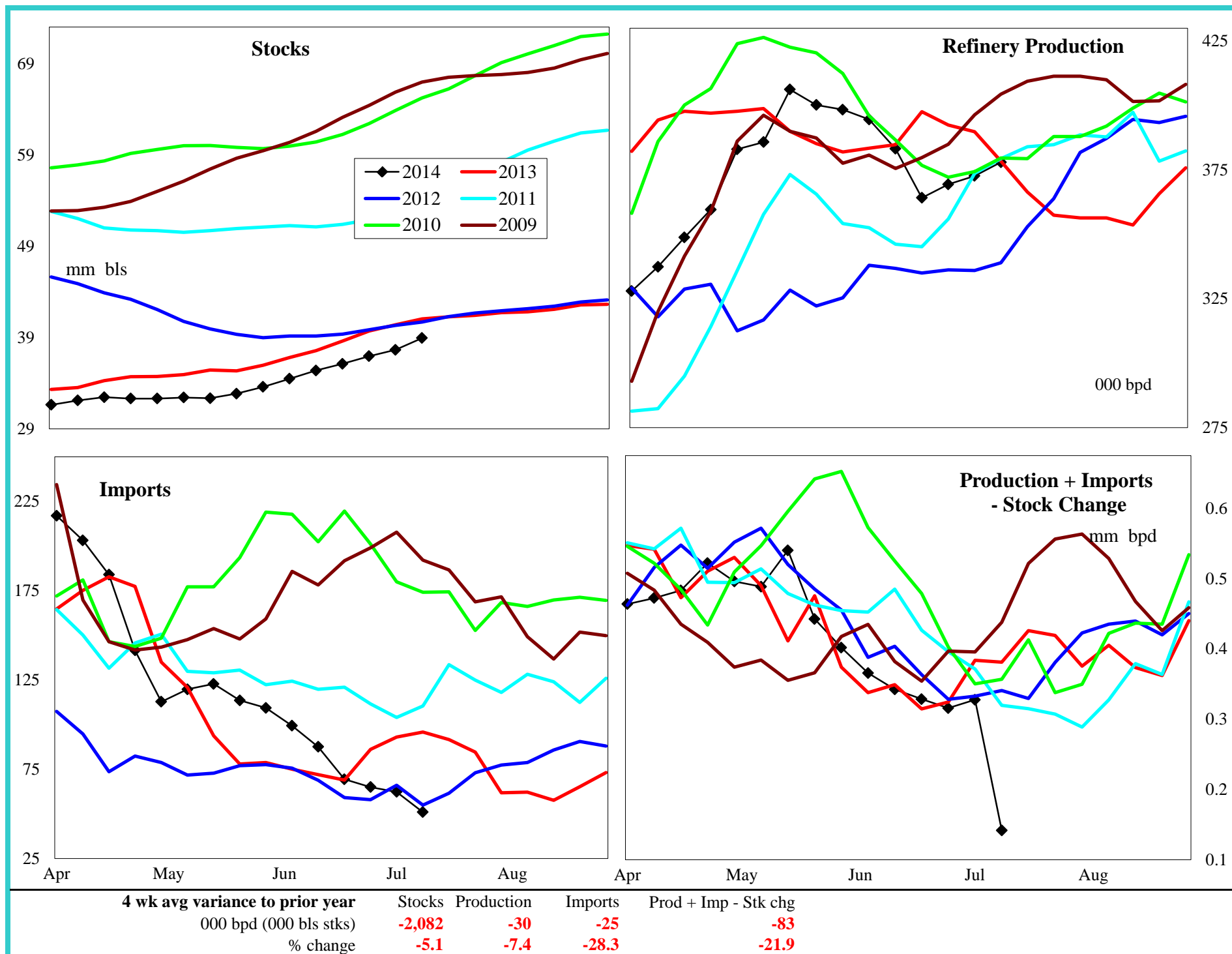
PADD 1 Reformulated Gasoline Supply



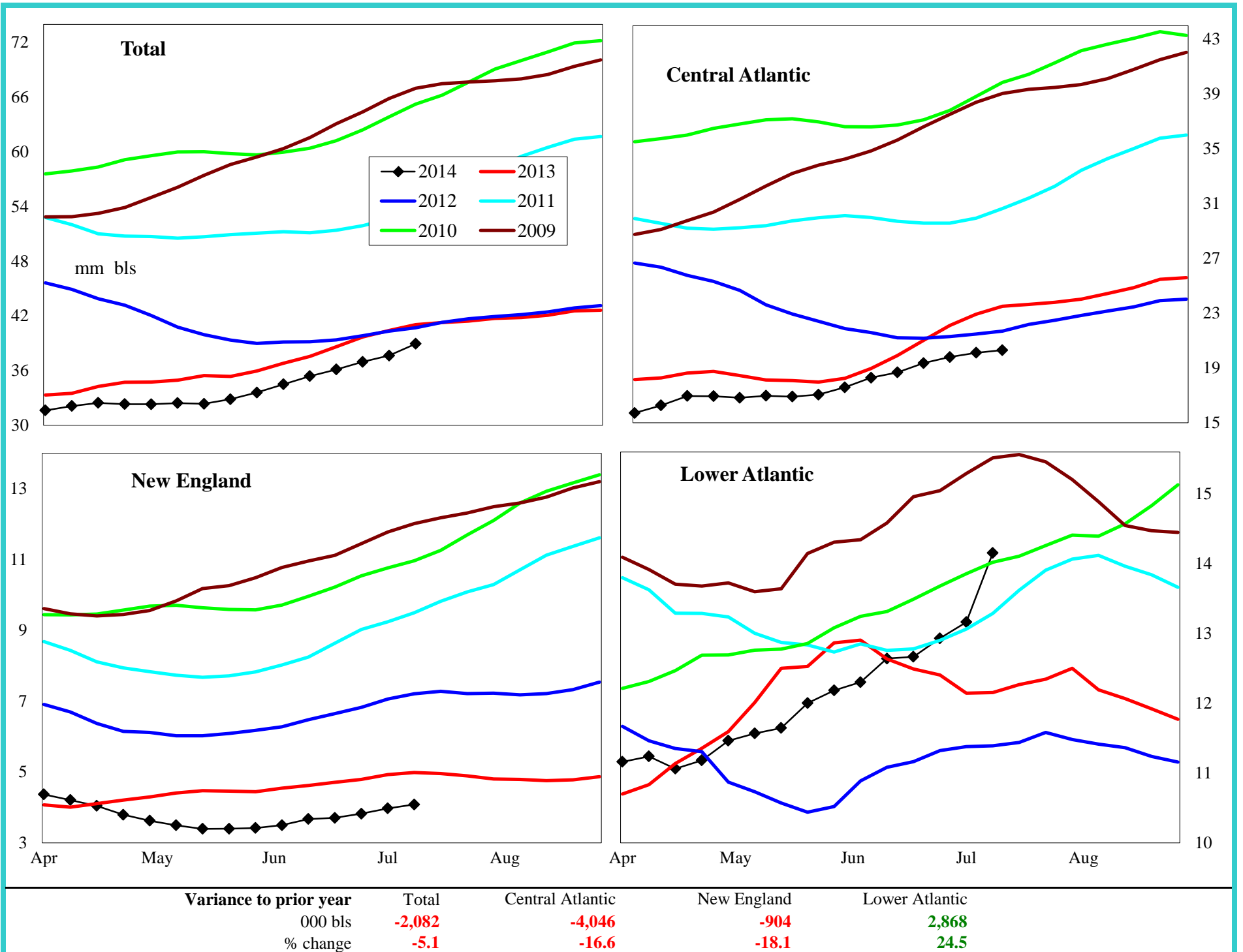
PADD 1 Conventional Gasoline Supply



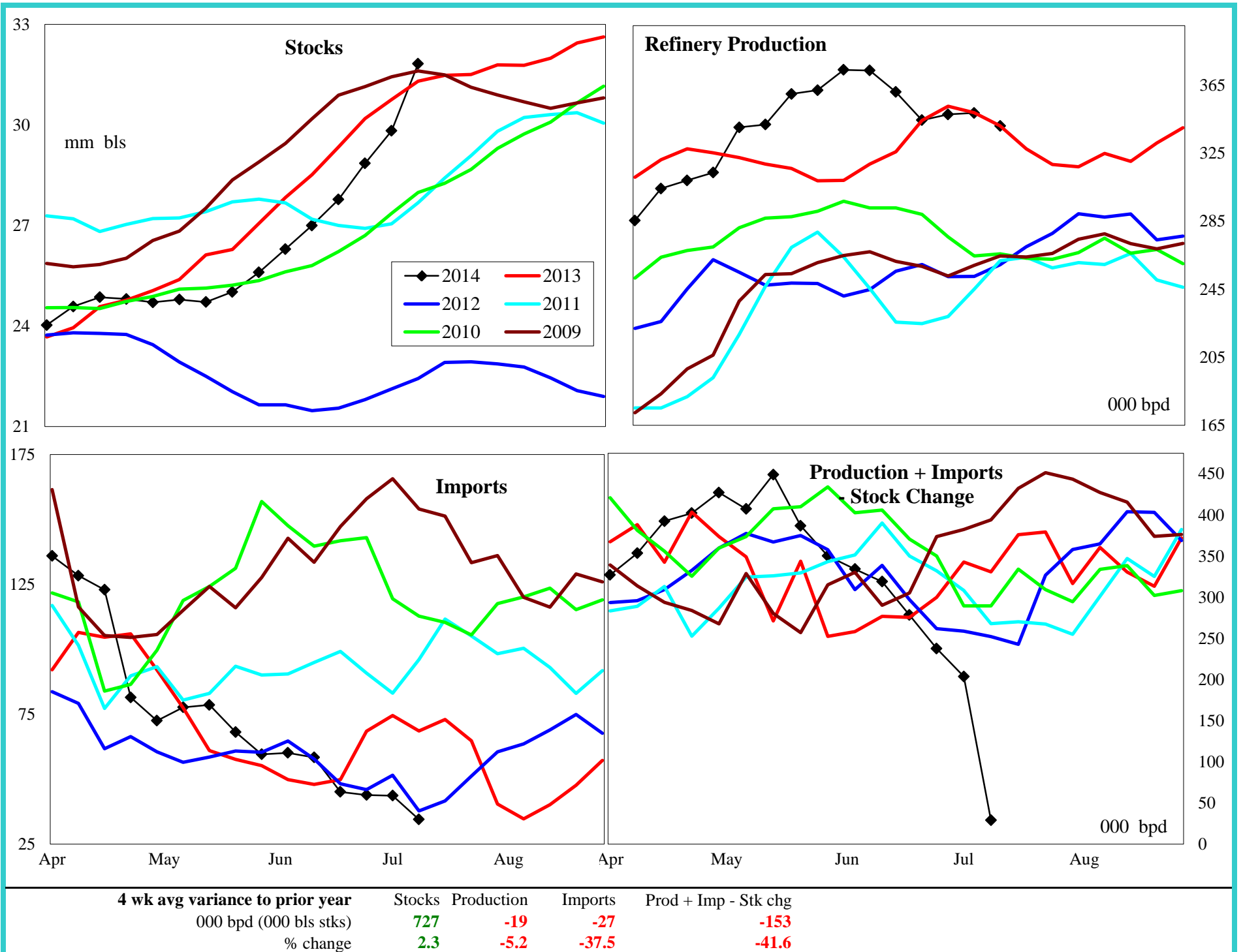
PADD 1 Distillate Supply



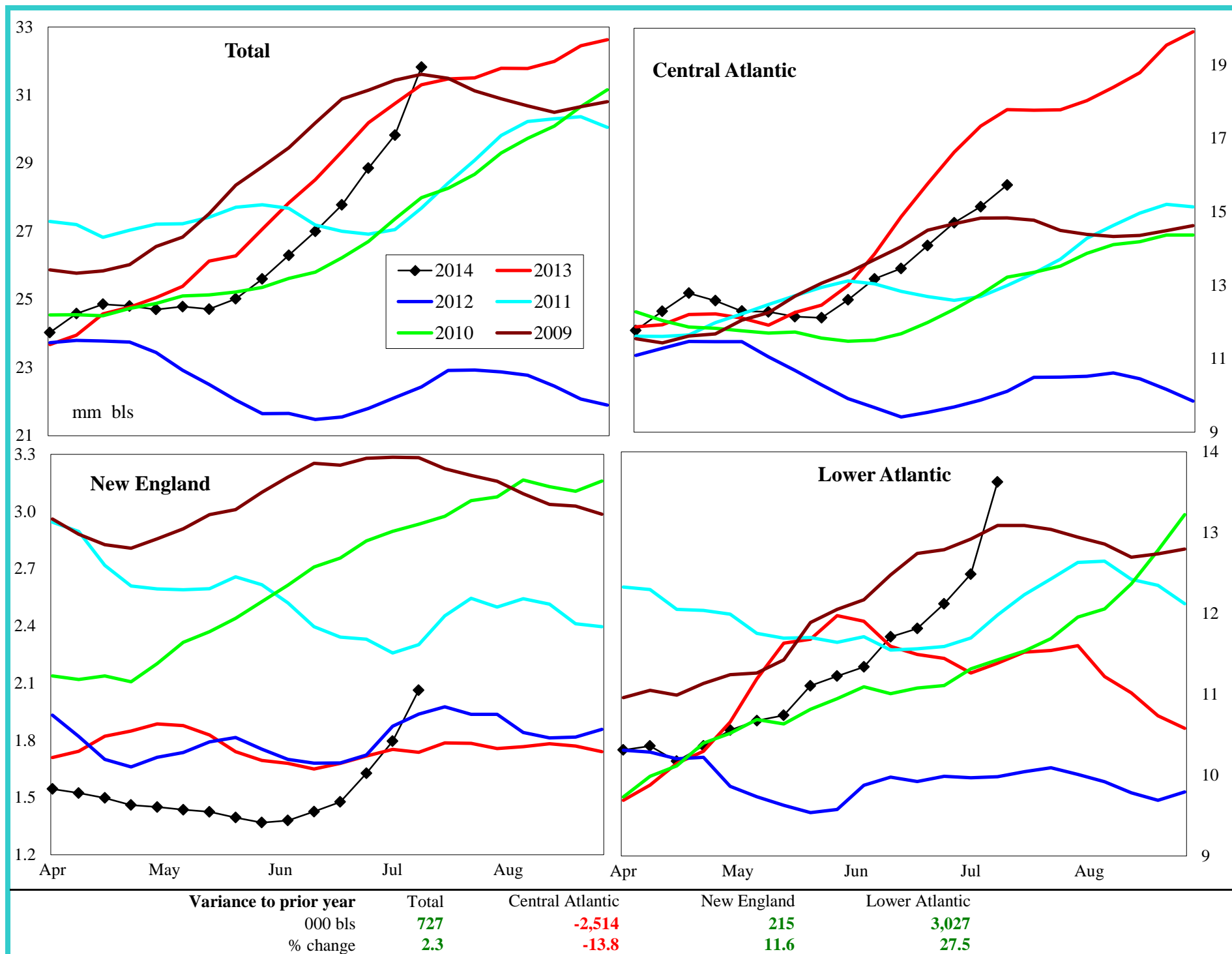
PADD 1 Distillate Stocks by Region



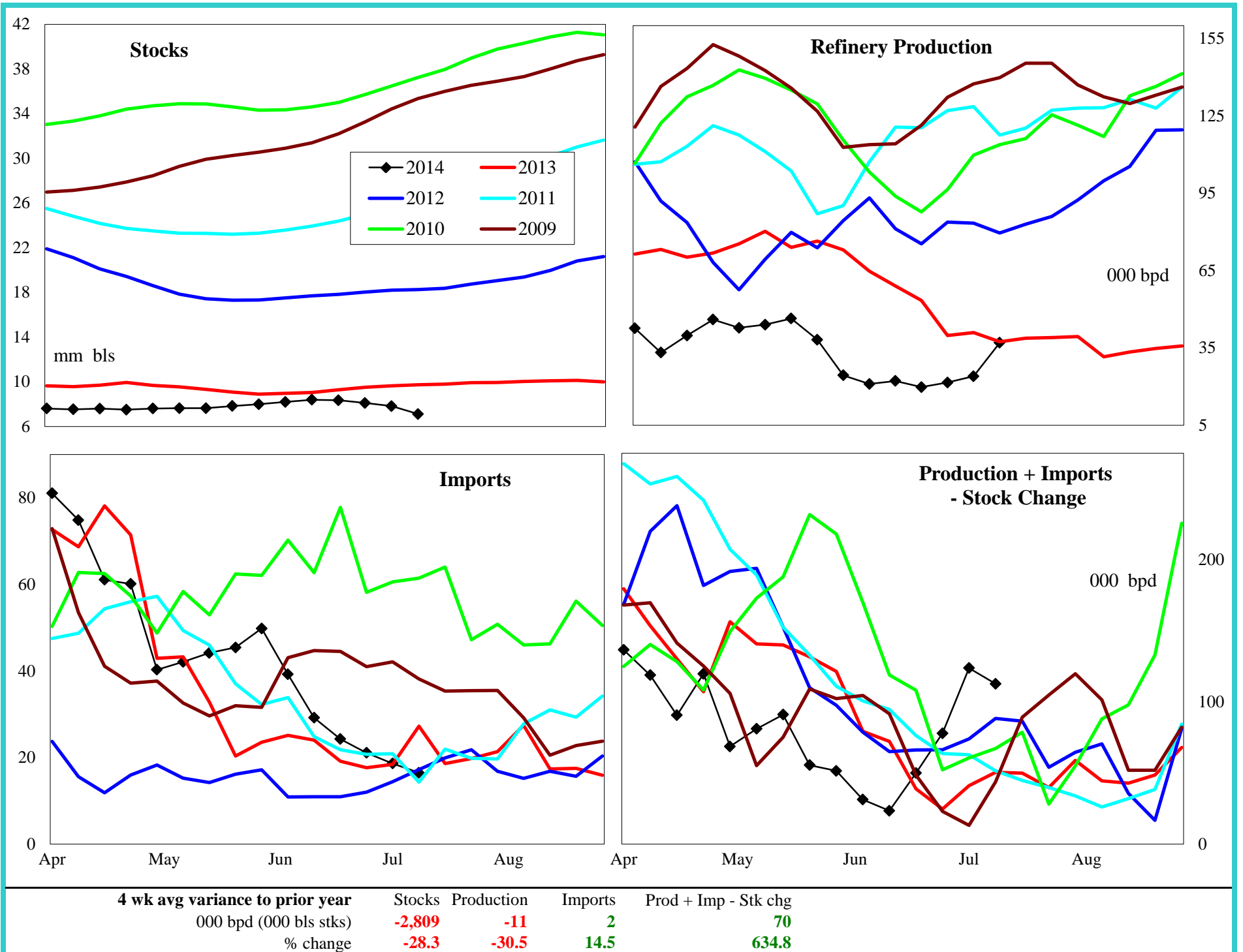
PADD 1 Low Sulfur Distillate Supply



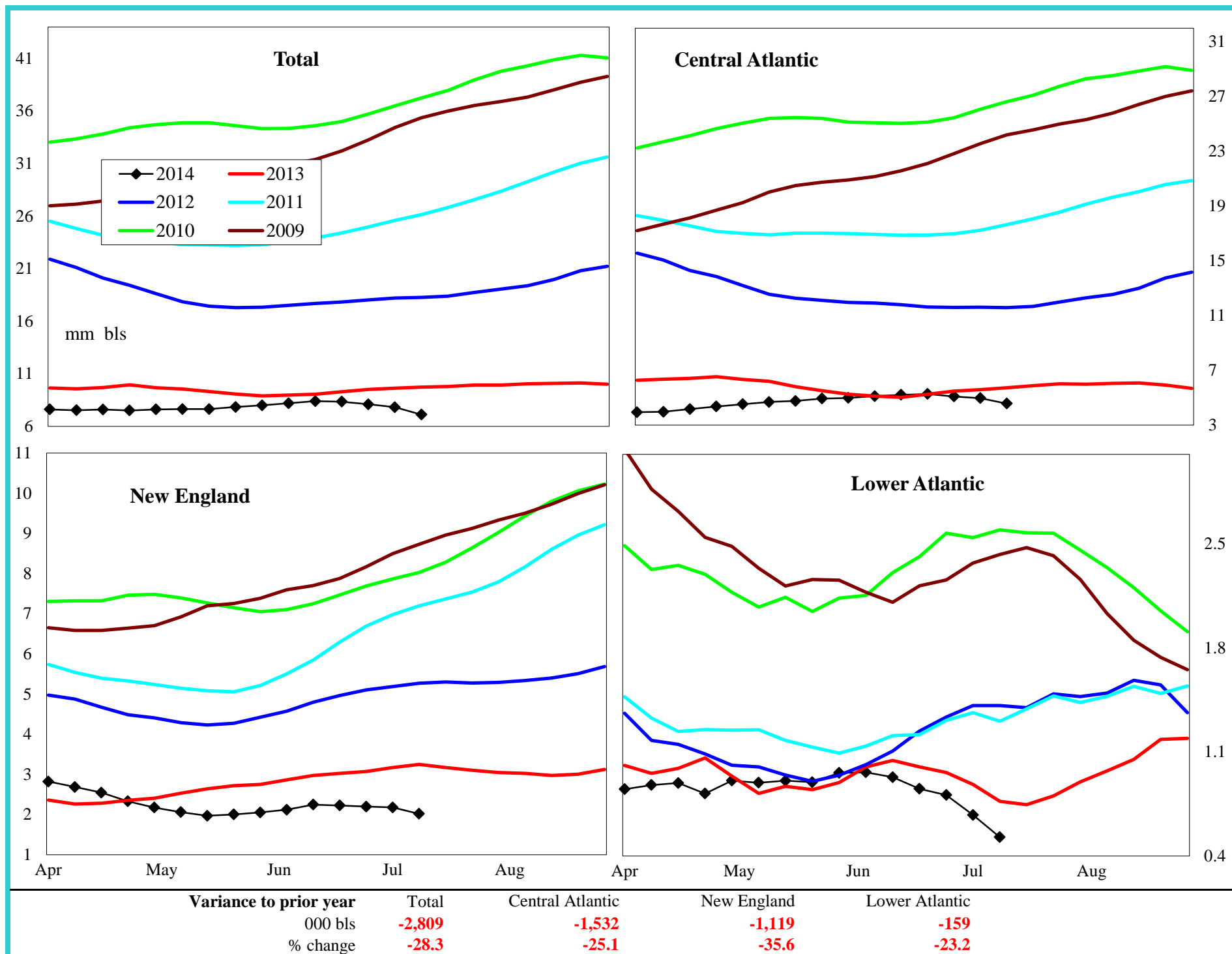
PADD 1 Low Sulfur Distillate Stocks by Region



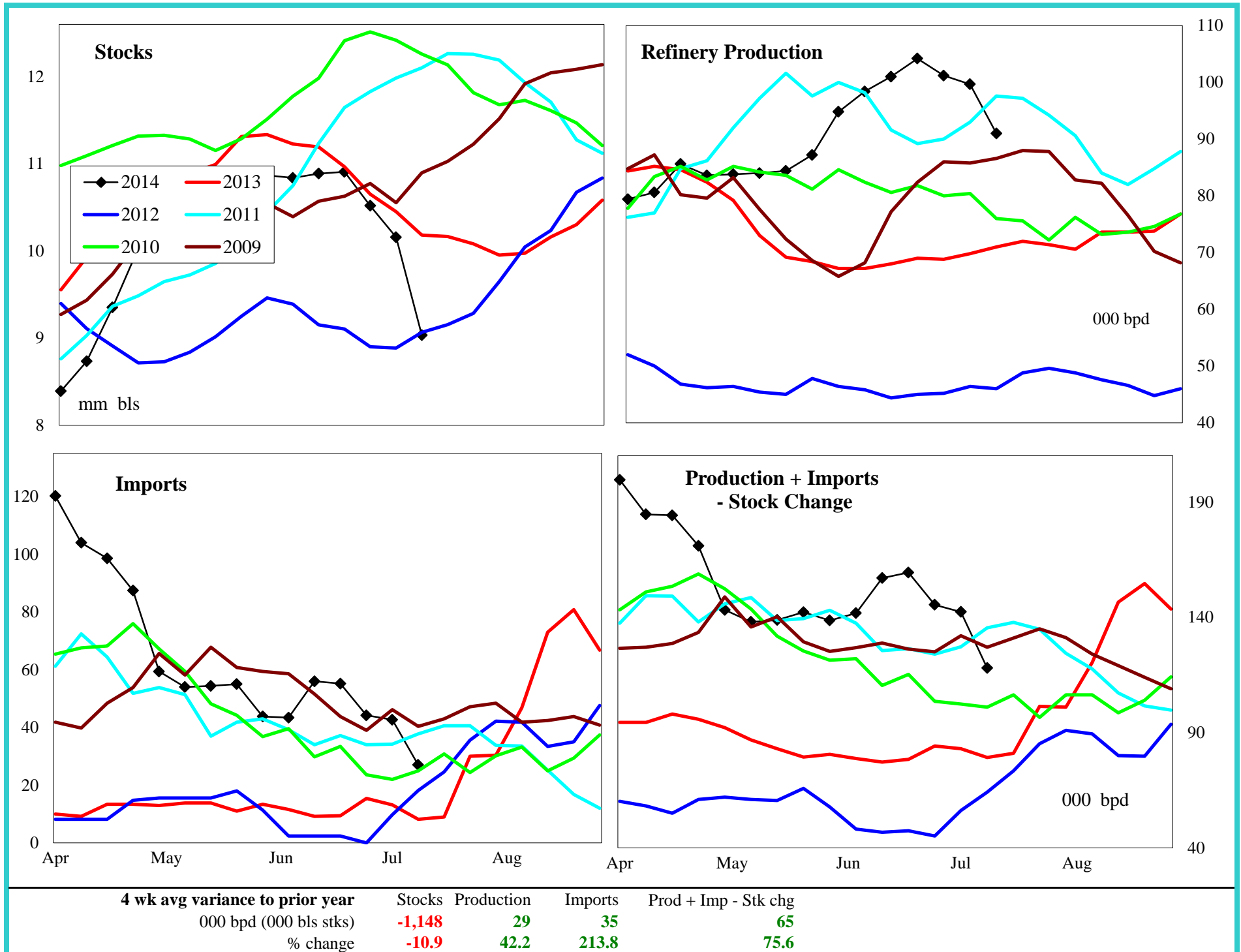
PADD 1 High Sulfur Distillate Supply



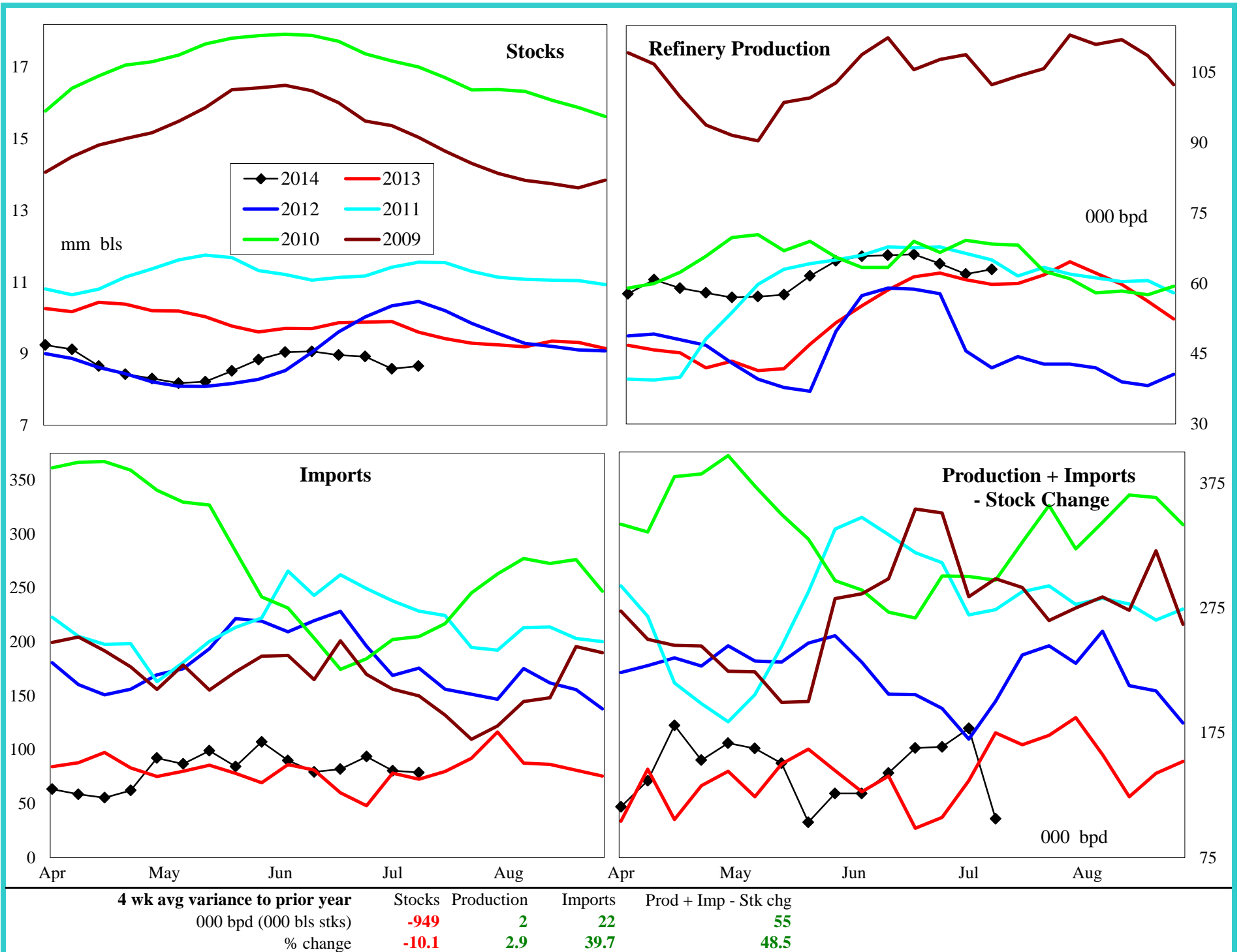
PADD 1 High Sulfur Distillate Stocks by Region



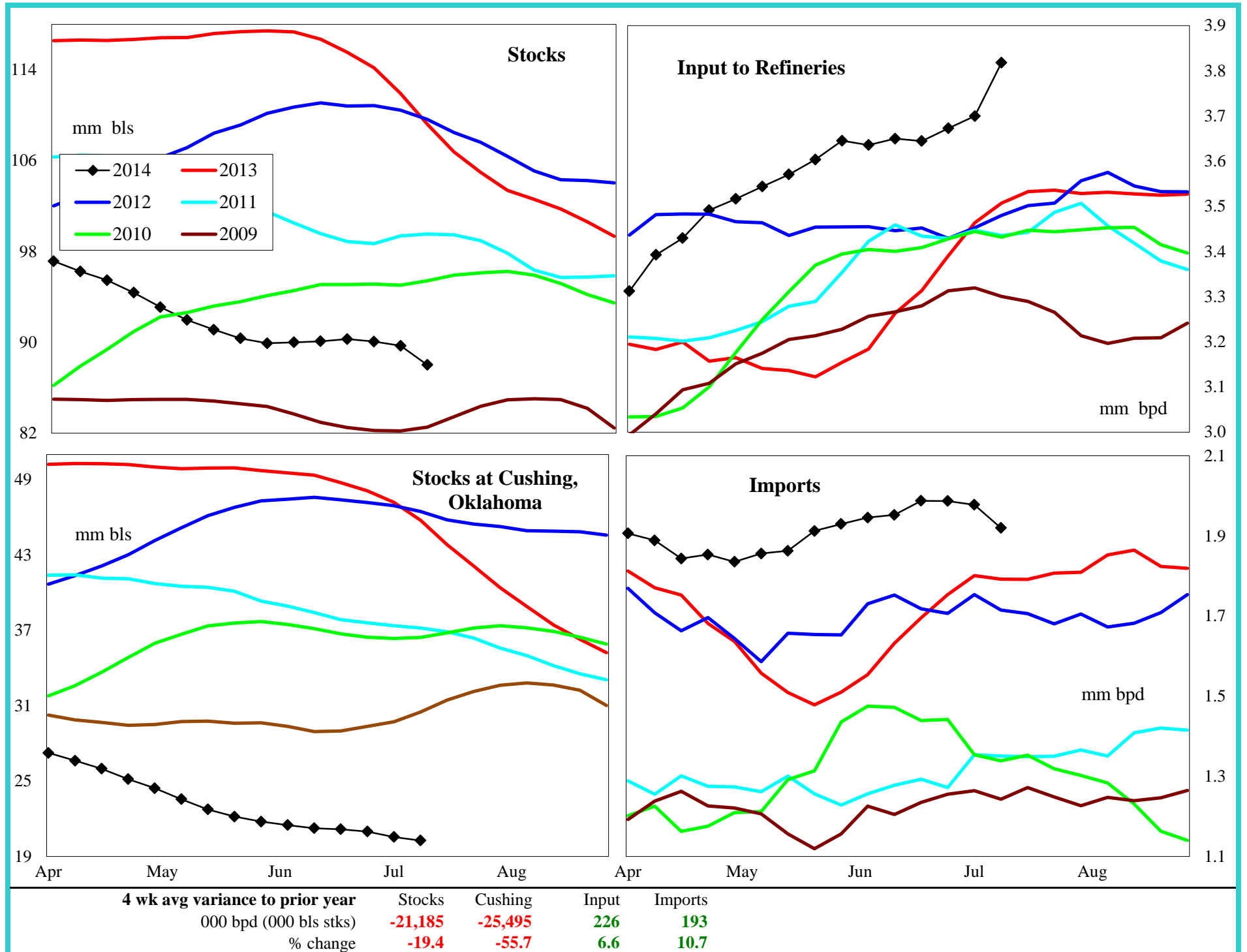
PADD 1 Jet Fuel Supply



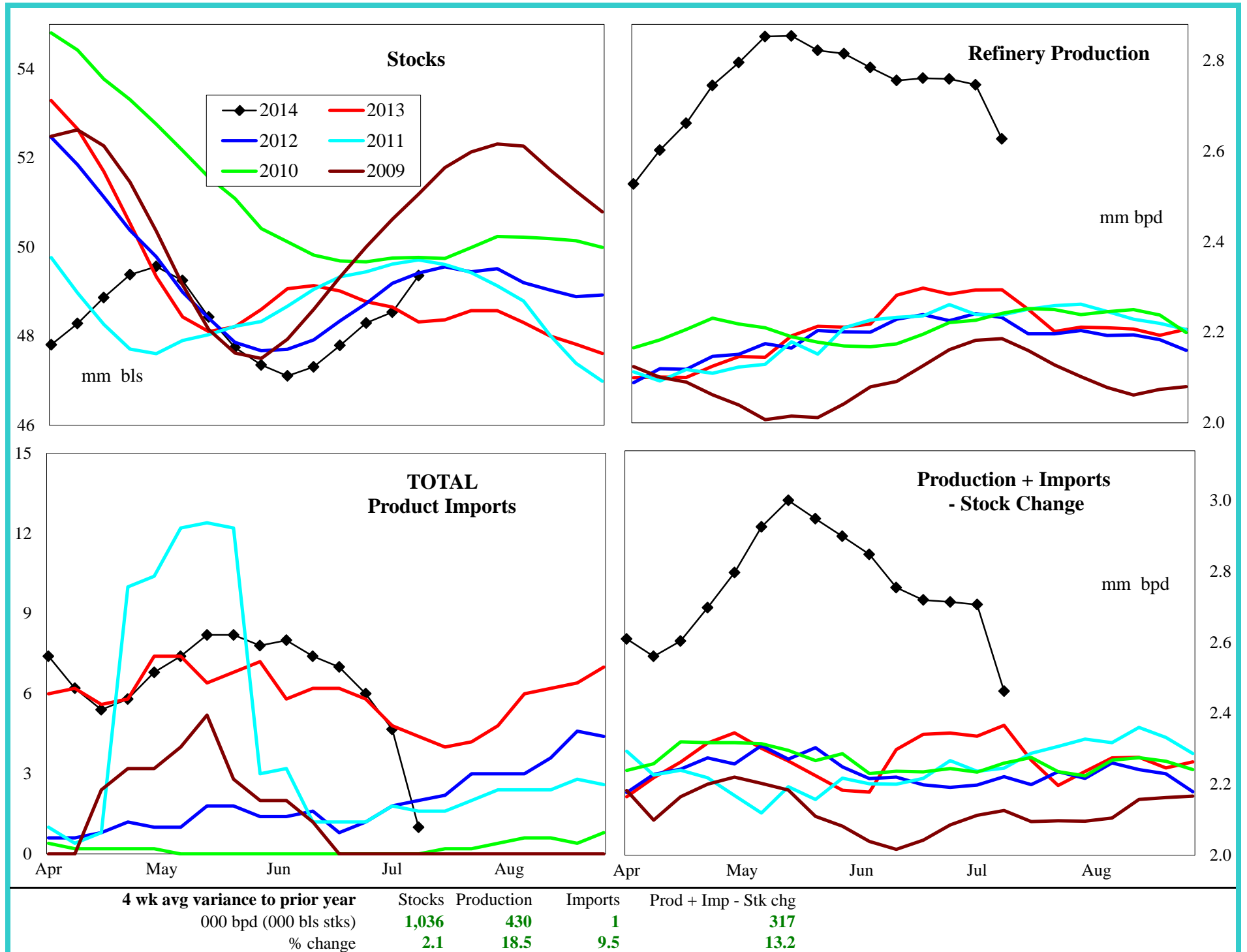
PADD 1 Residual Fuel Oil Supply



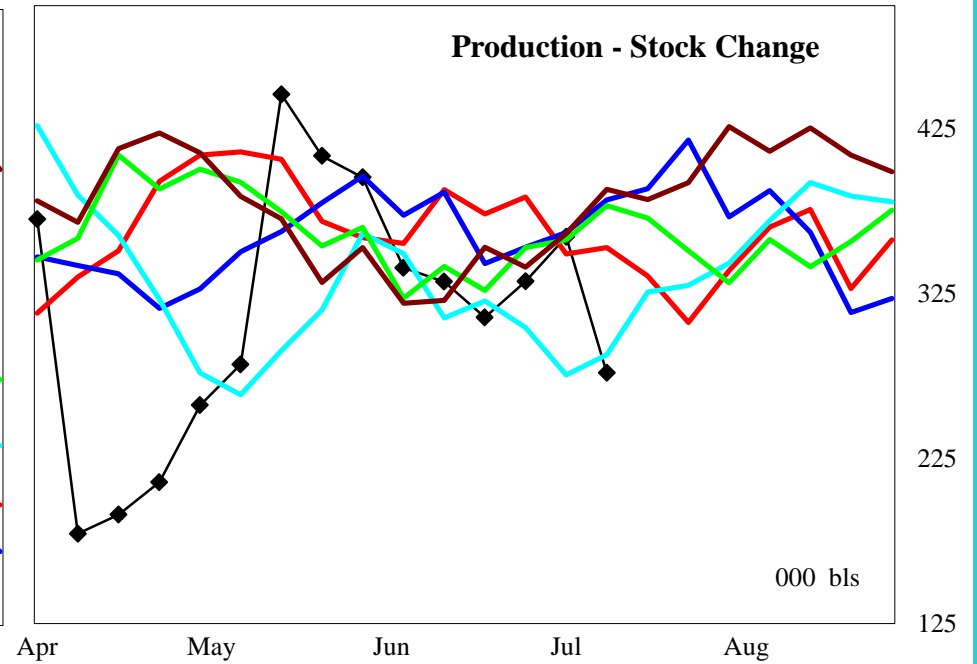
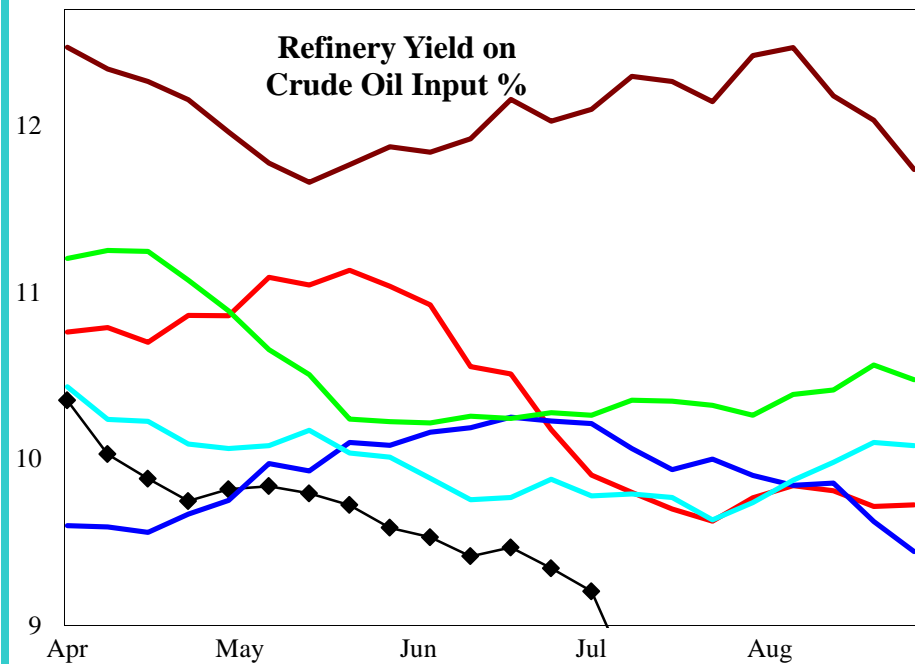
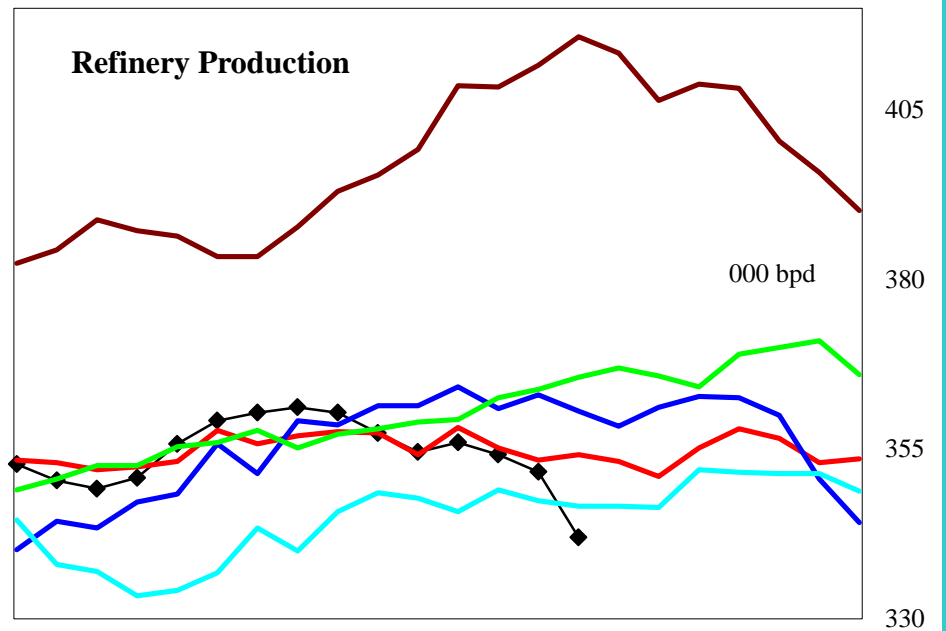
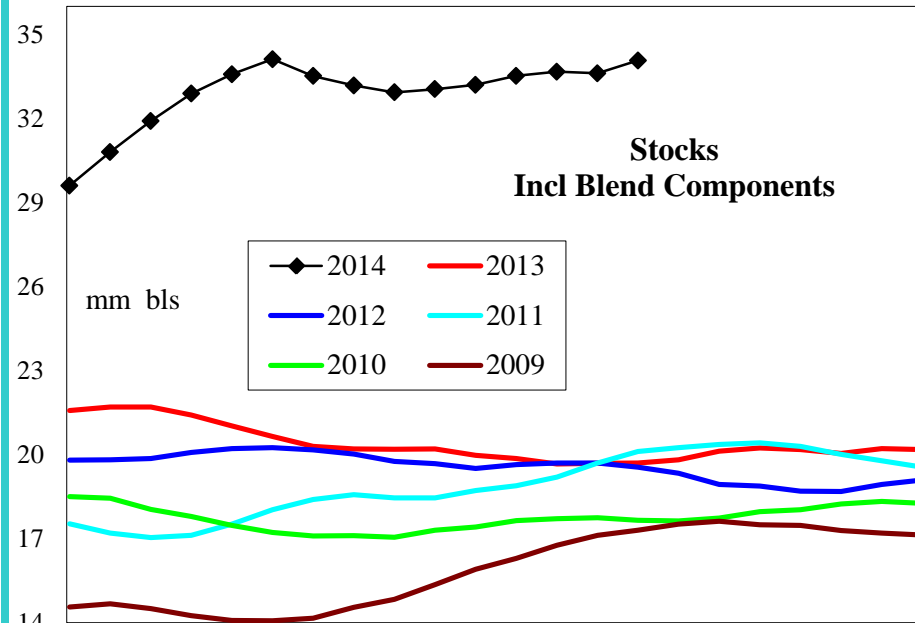
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

14,367

-4

72.9

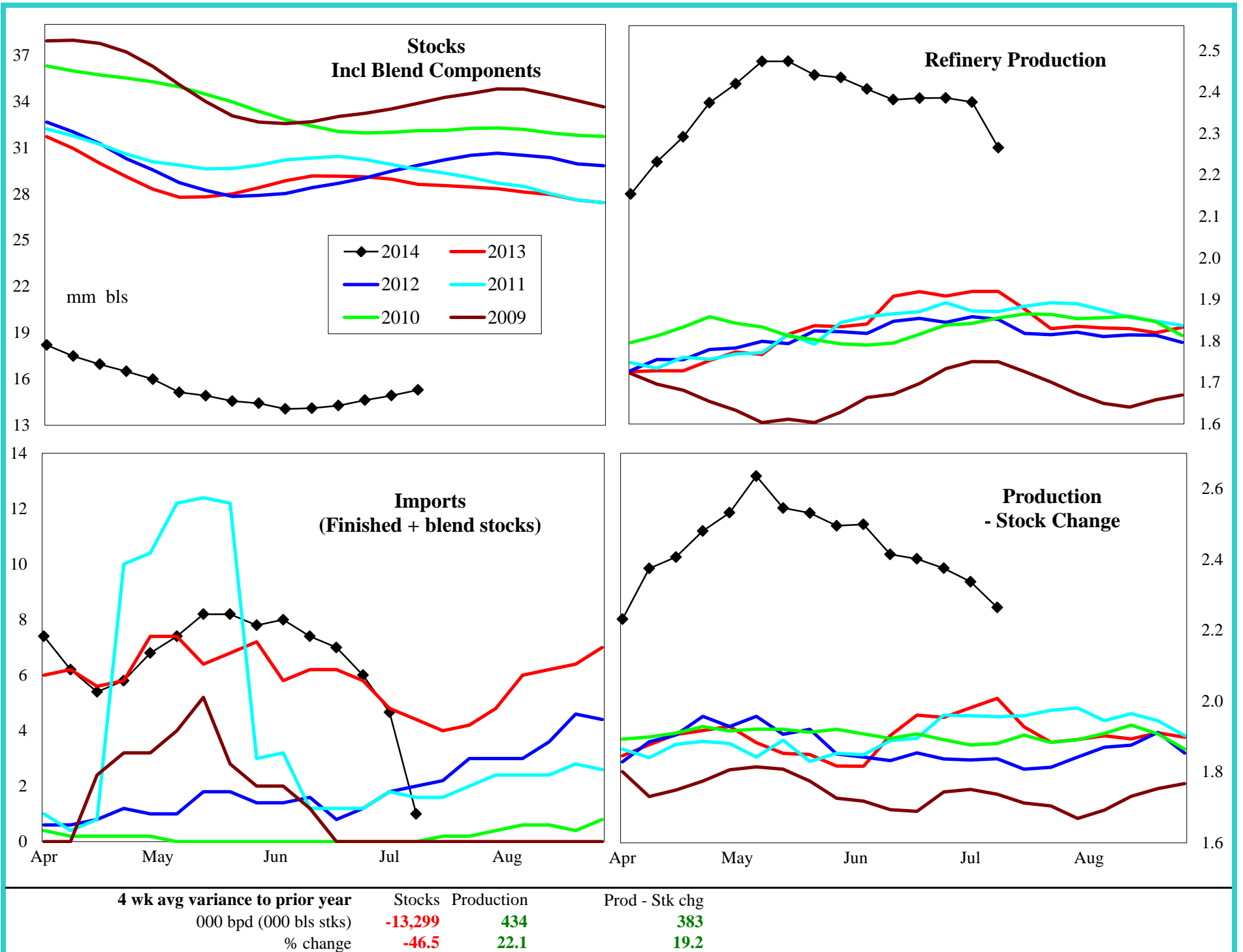
-1.2

Prod - Stk chg

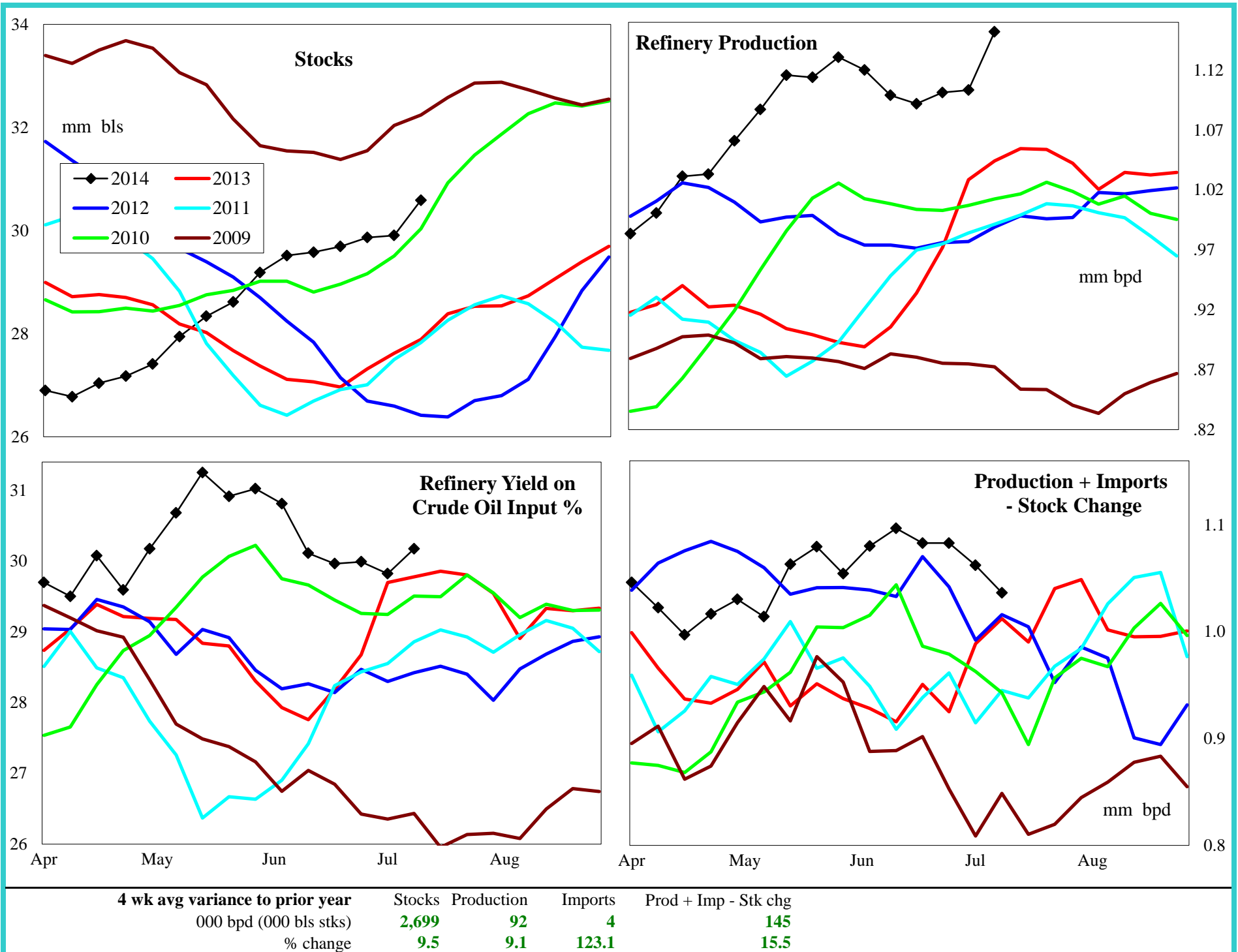
-45

-12.3

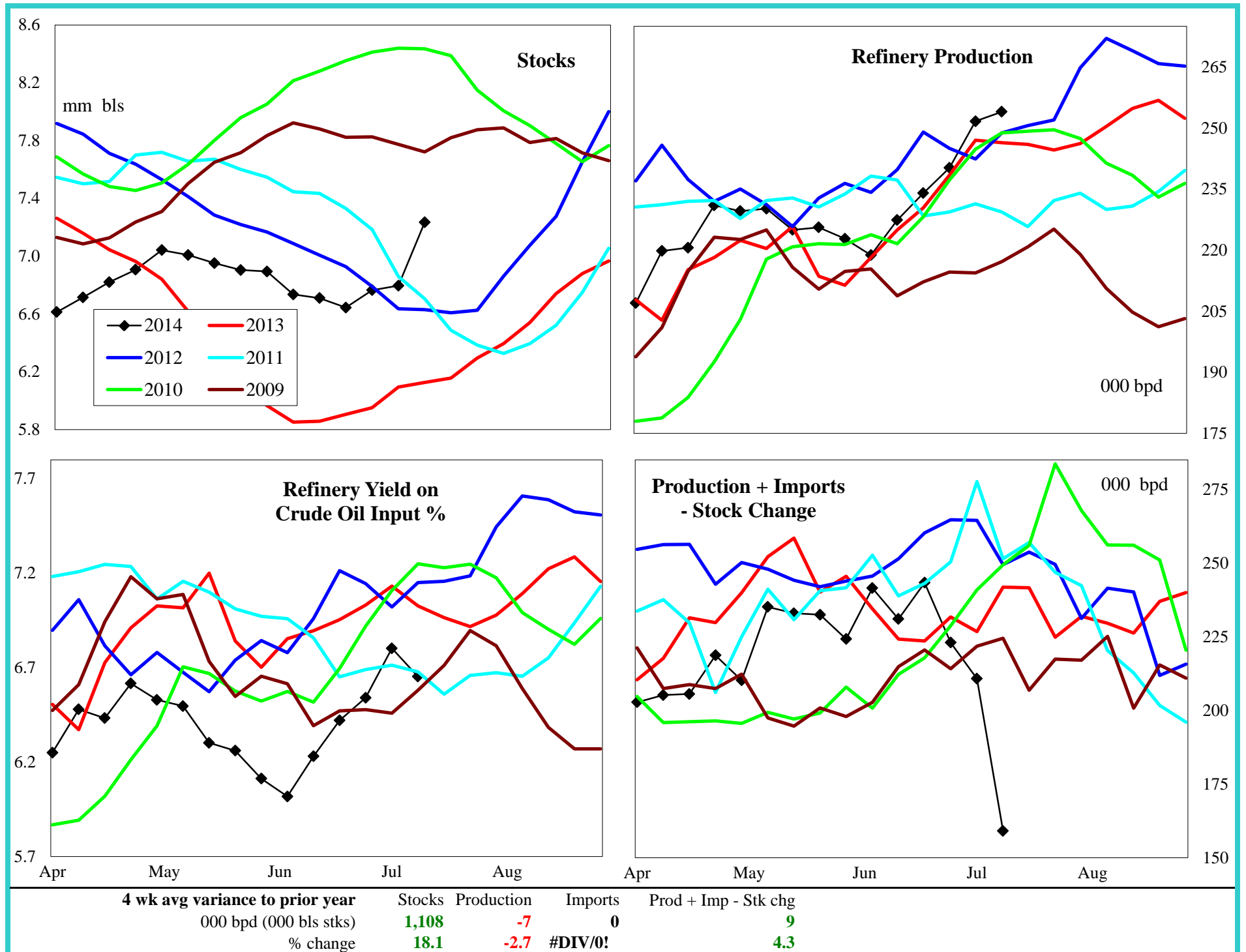
PADD 2 Conventional Gasoline Supply



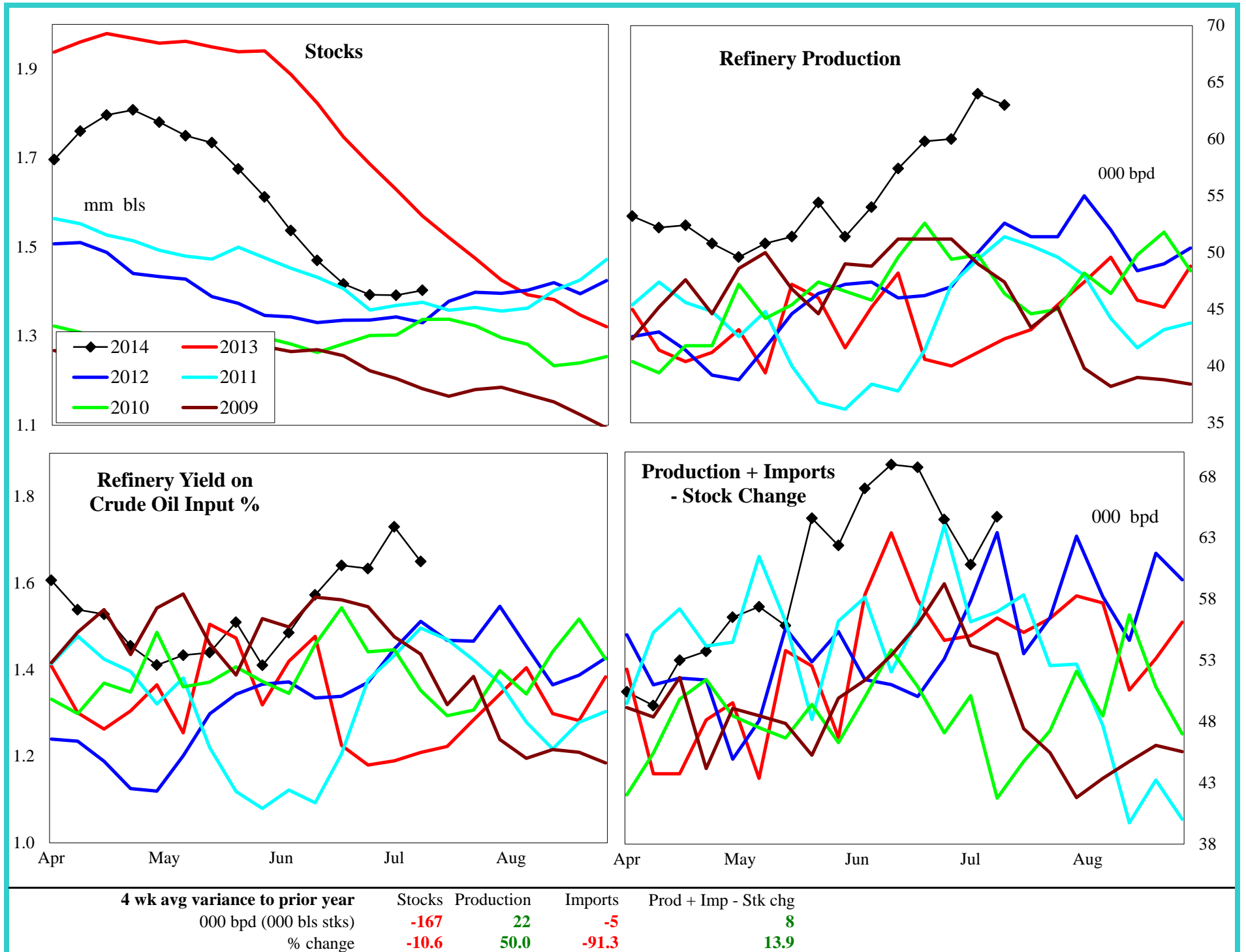
PADD 2 Distillate Supply



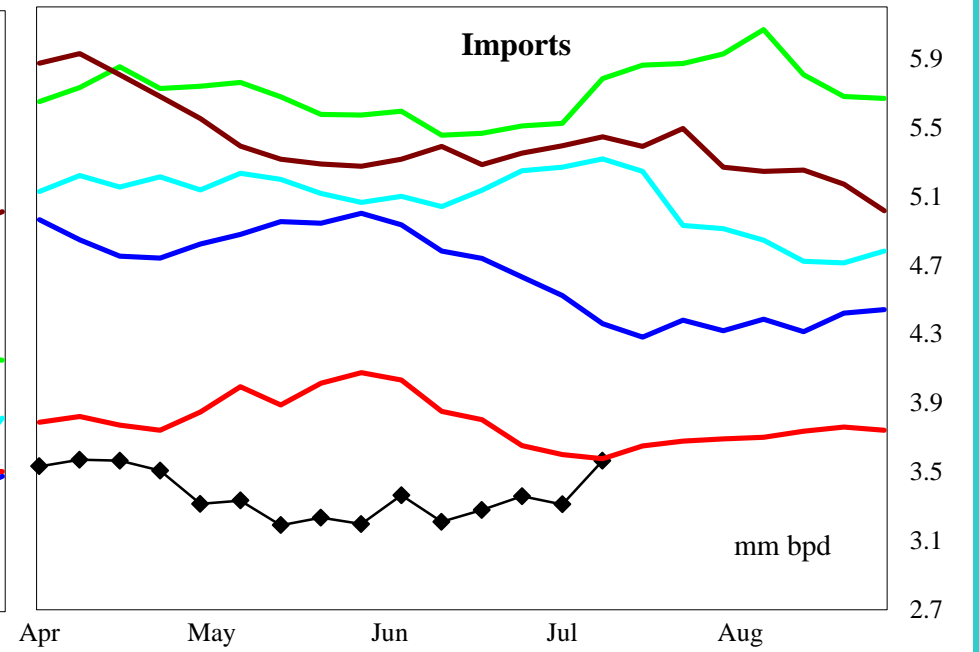
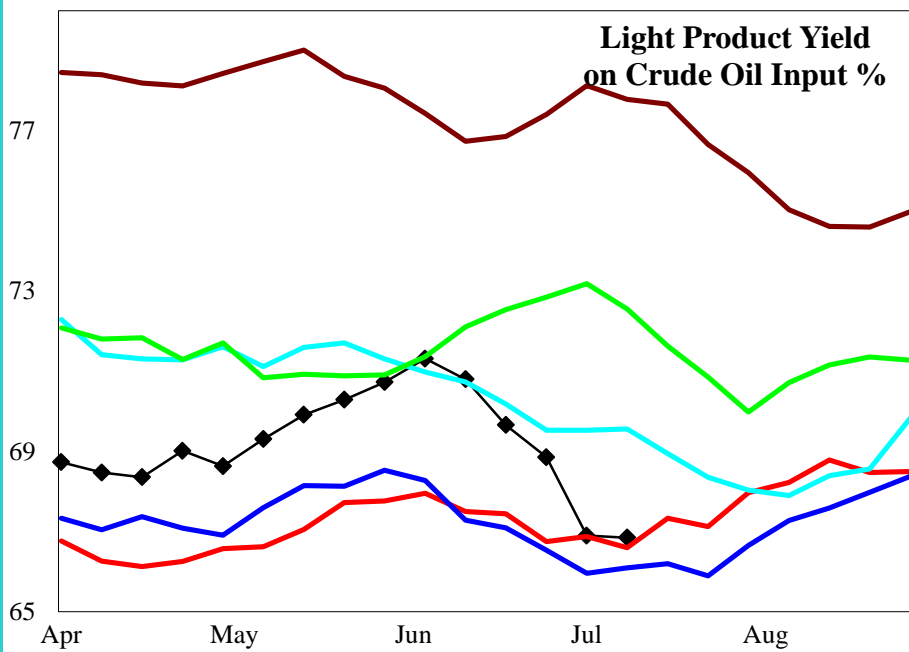
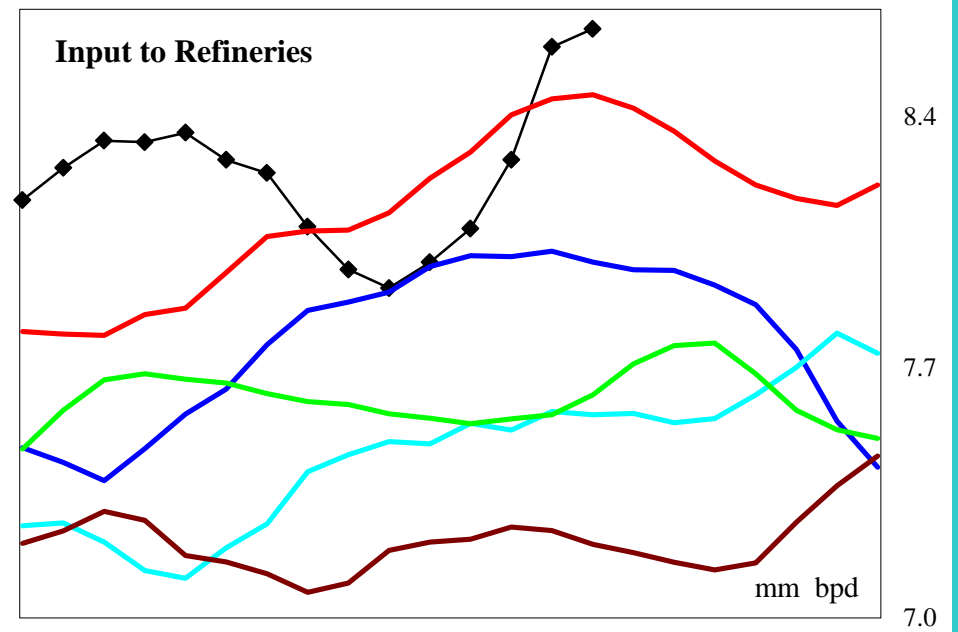
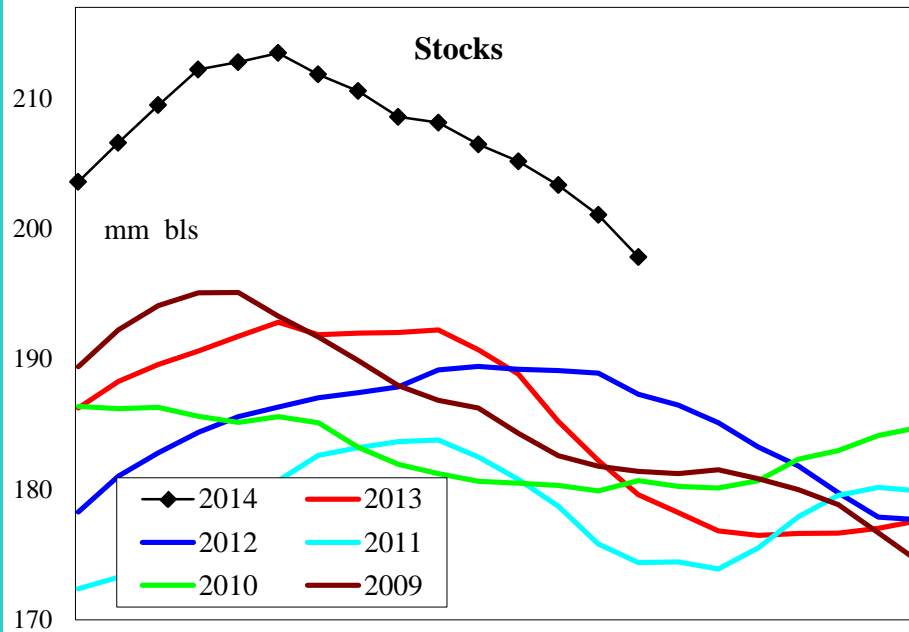
PADD 2 Jet Fuel Supply



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

18,245

10.2

Input

-20

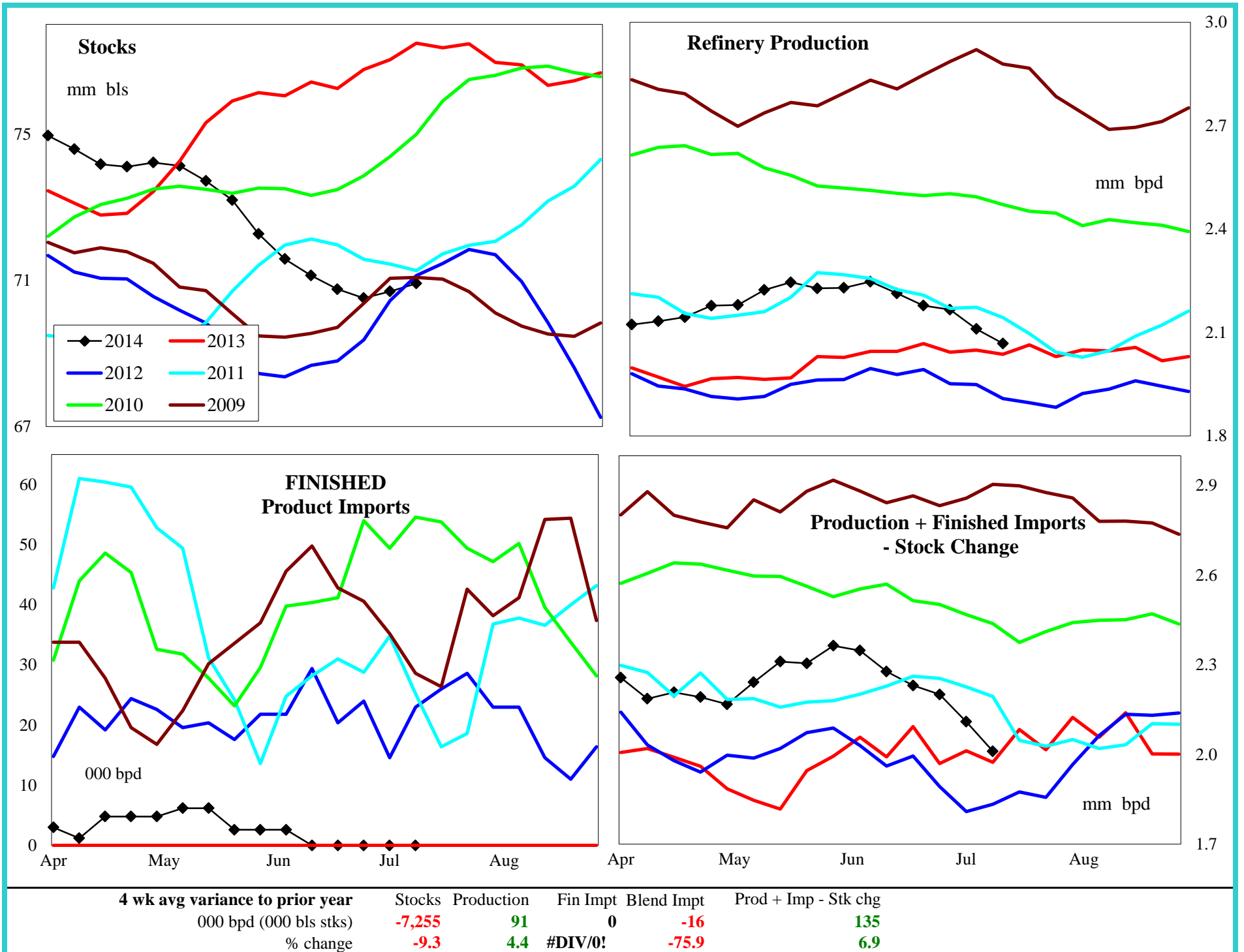
-0.2

Imports

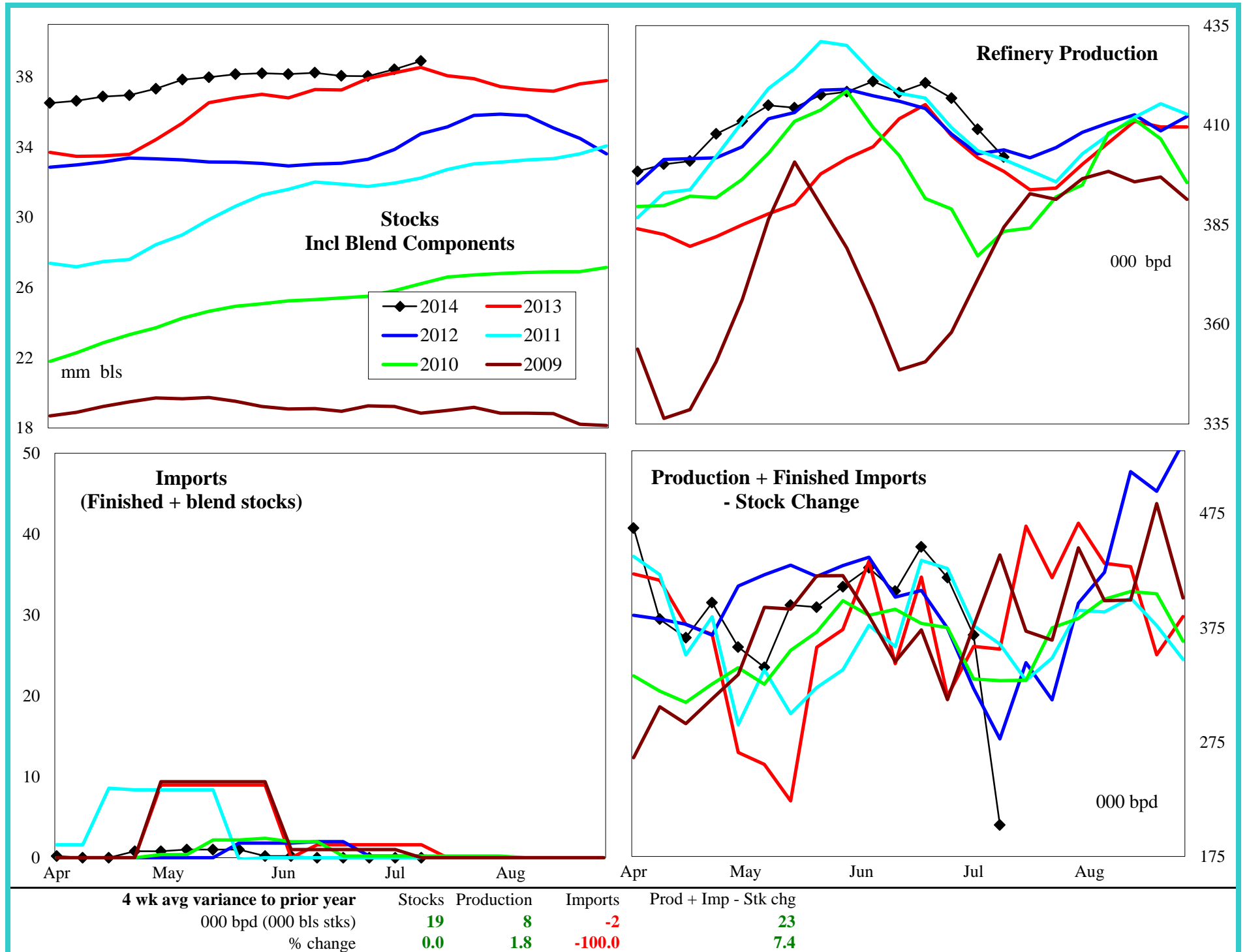
-136

-3.8

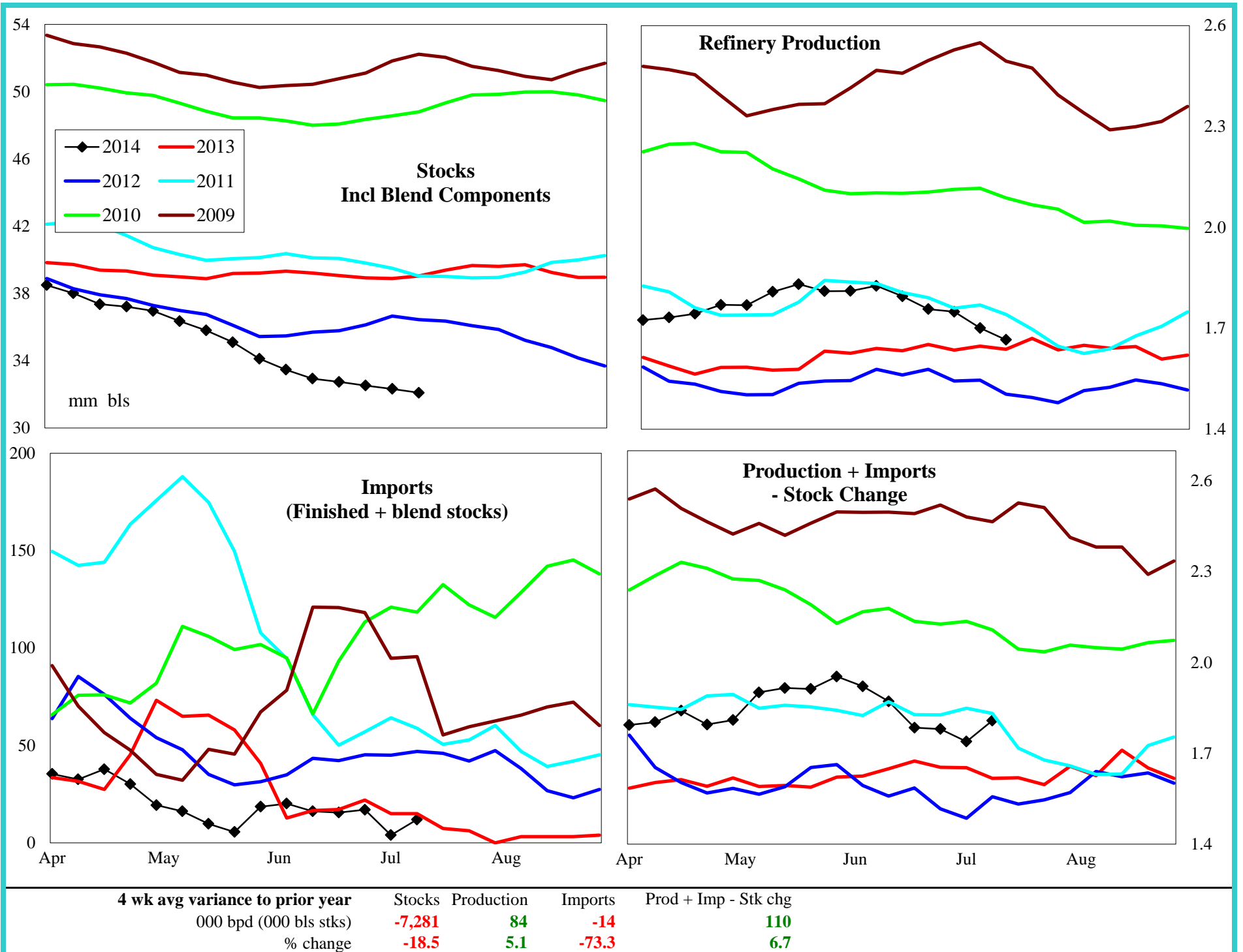
PADD 3 Gasoline Supply



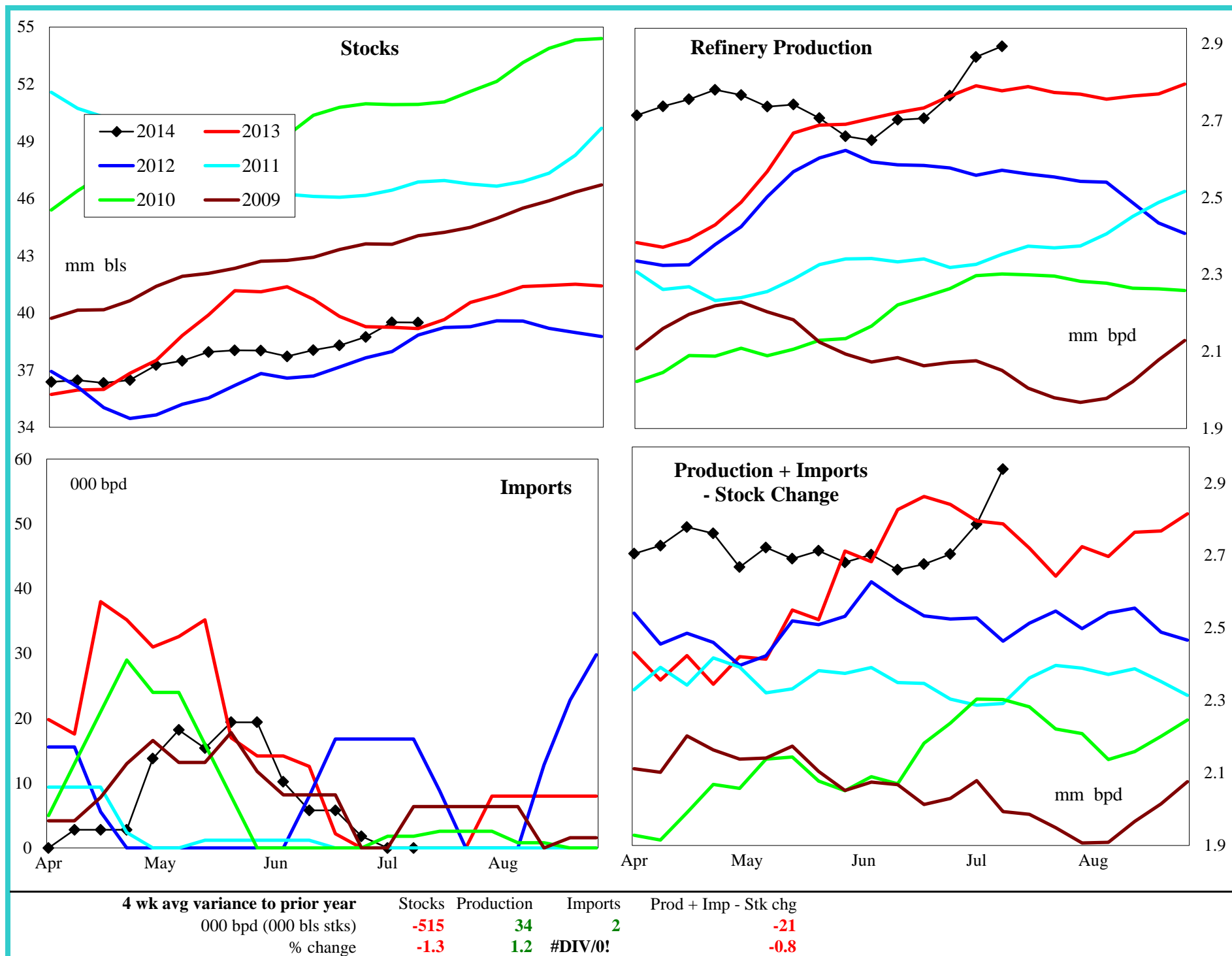
PADD 3 Reformulated Gasoline Supply



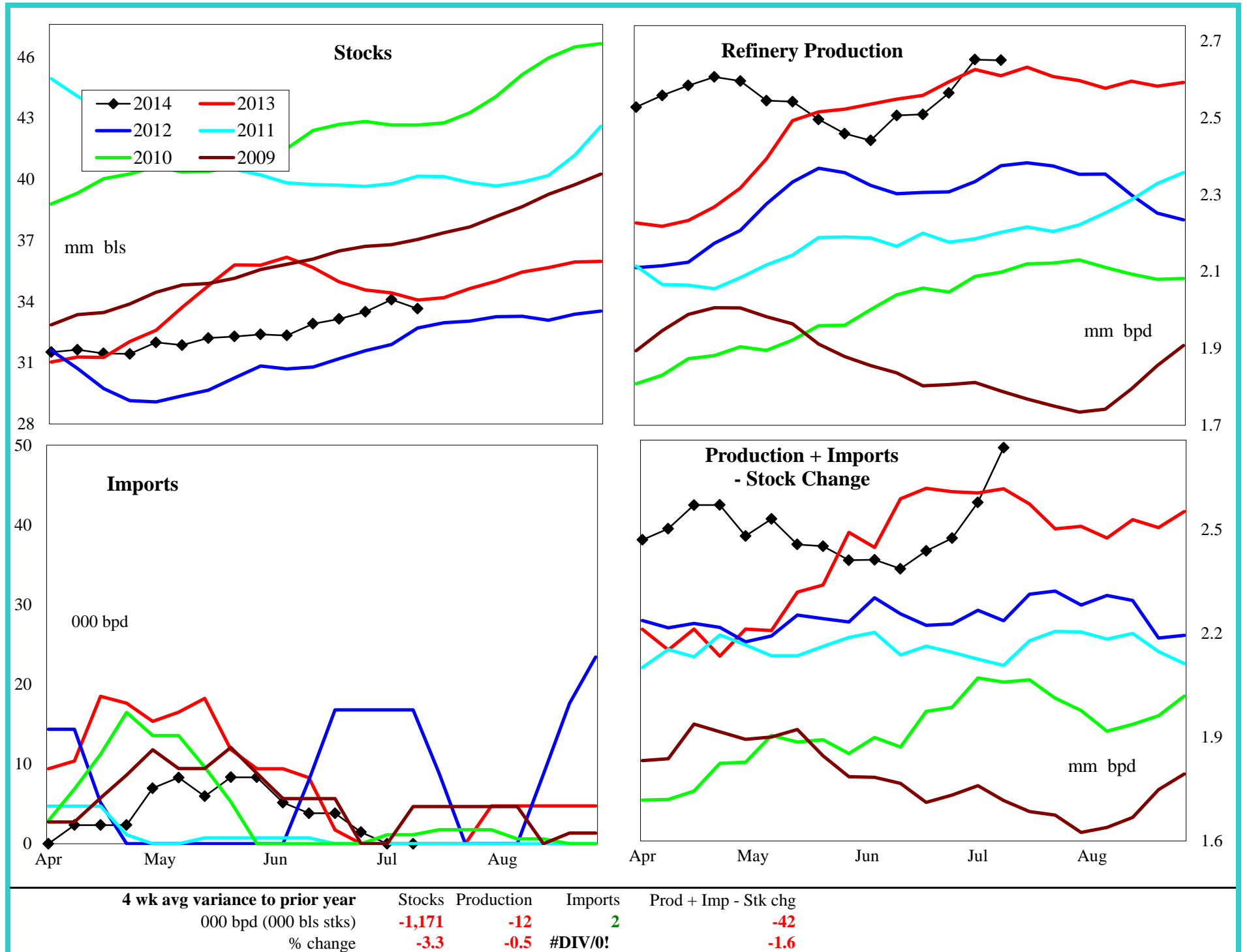
PADD 3 Conventional Gasoline Supply



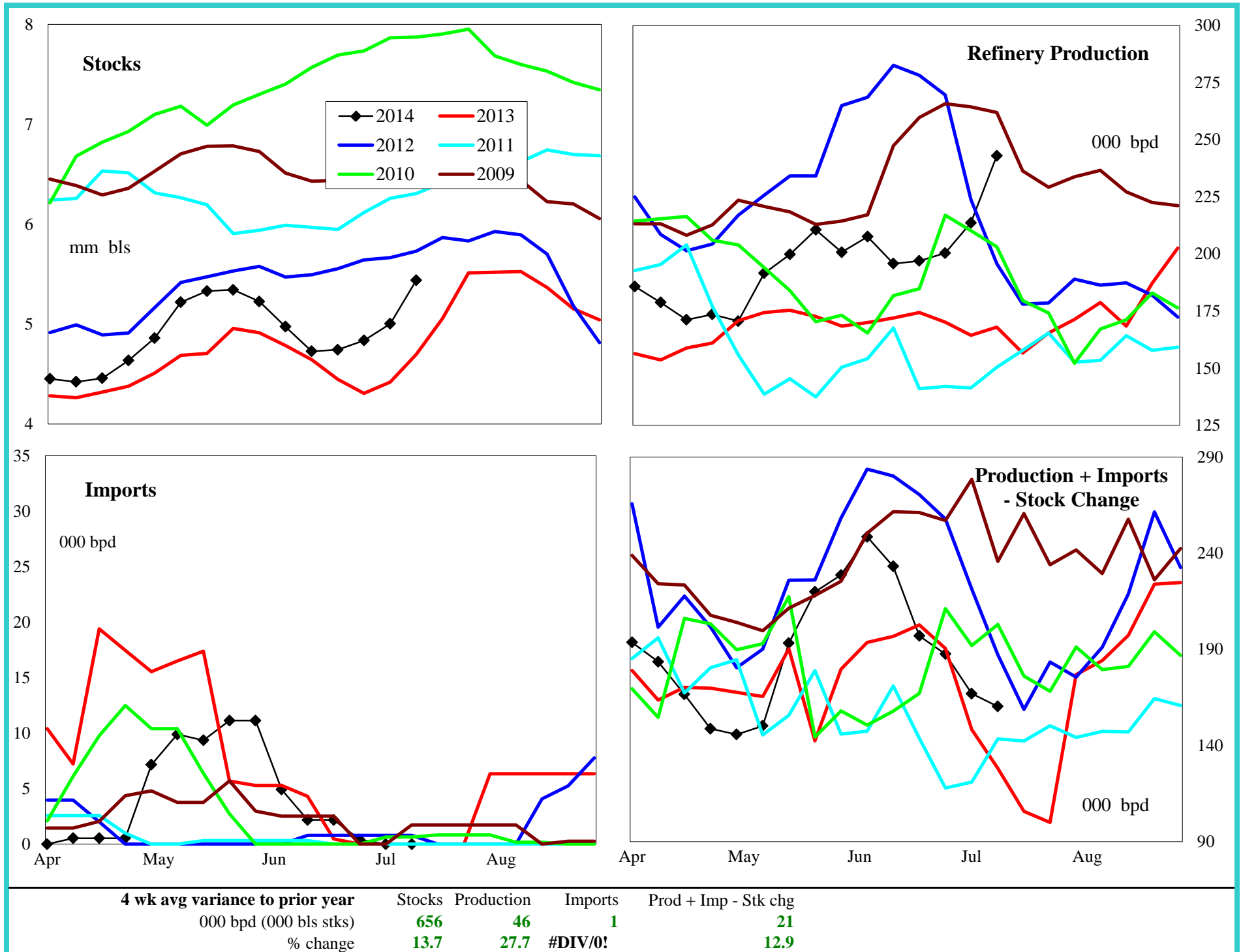
PADD 3 Distillate Supply



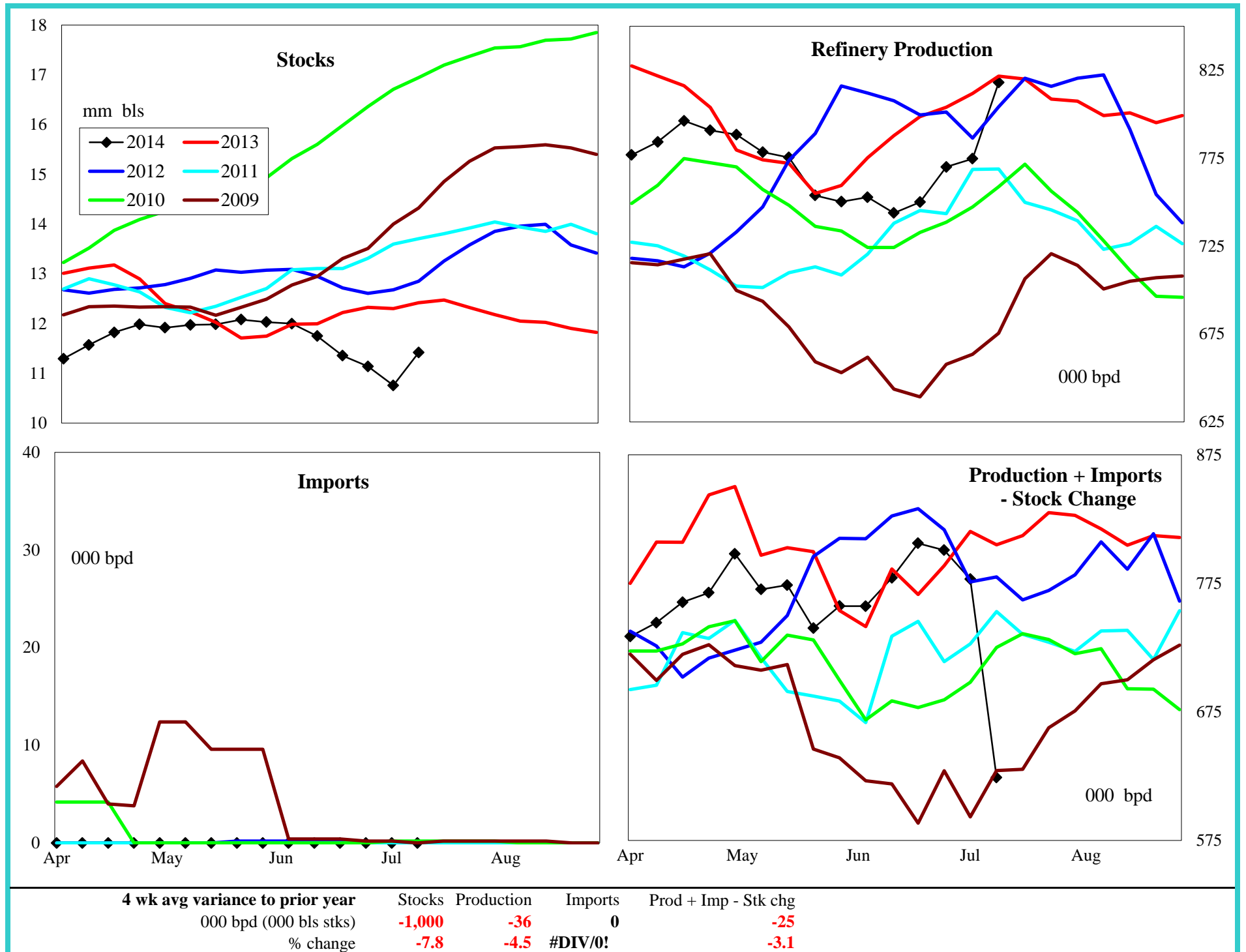
PADD 3 Low Sulfur Distillate Supply



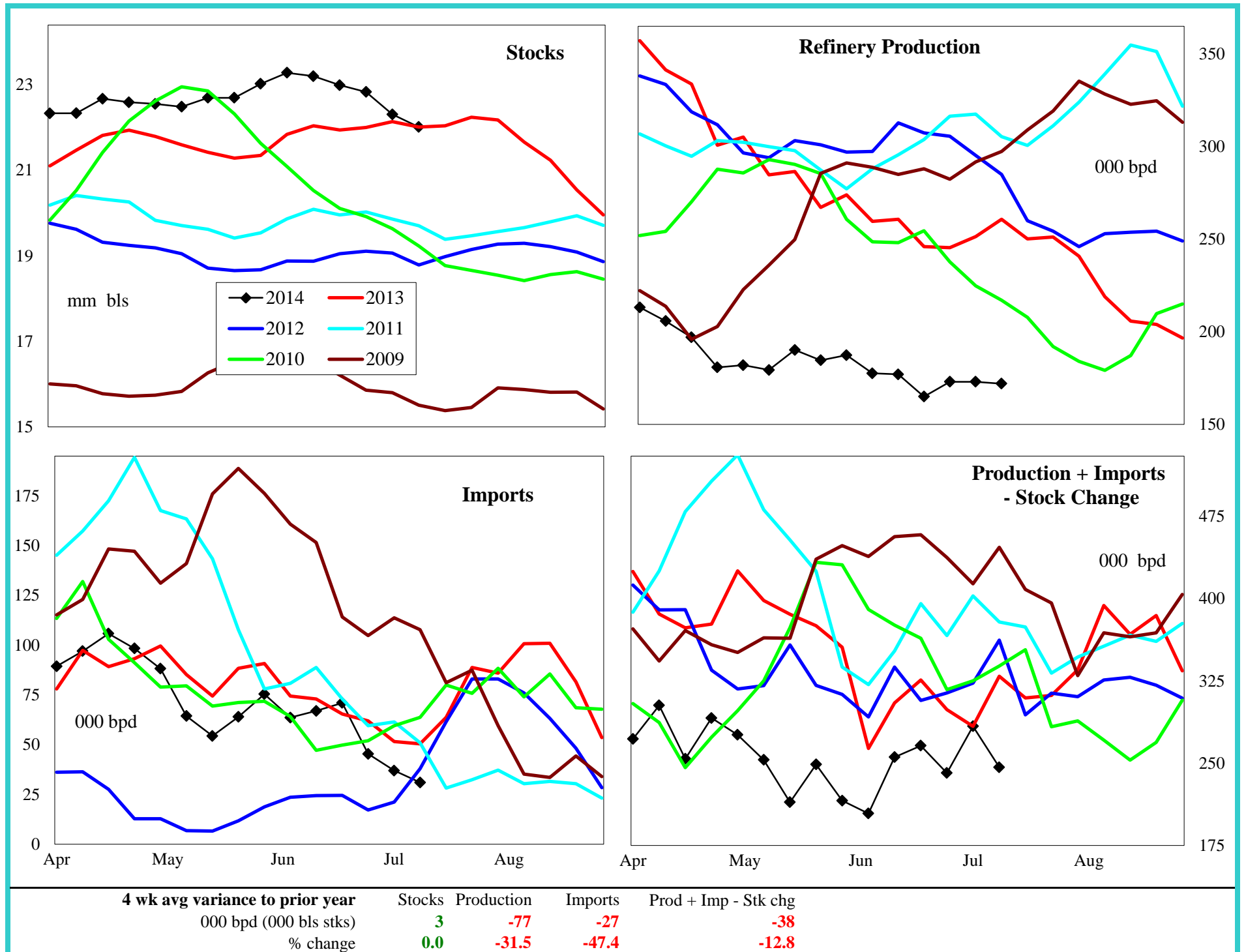
PADD 3 High Sulfur Distillate Supply



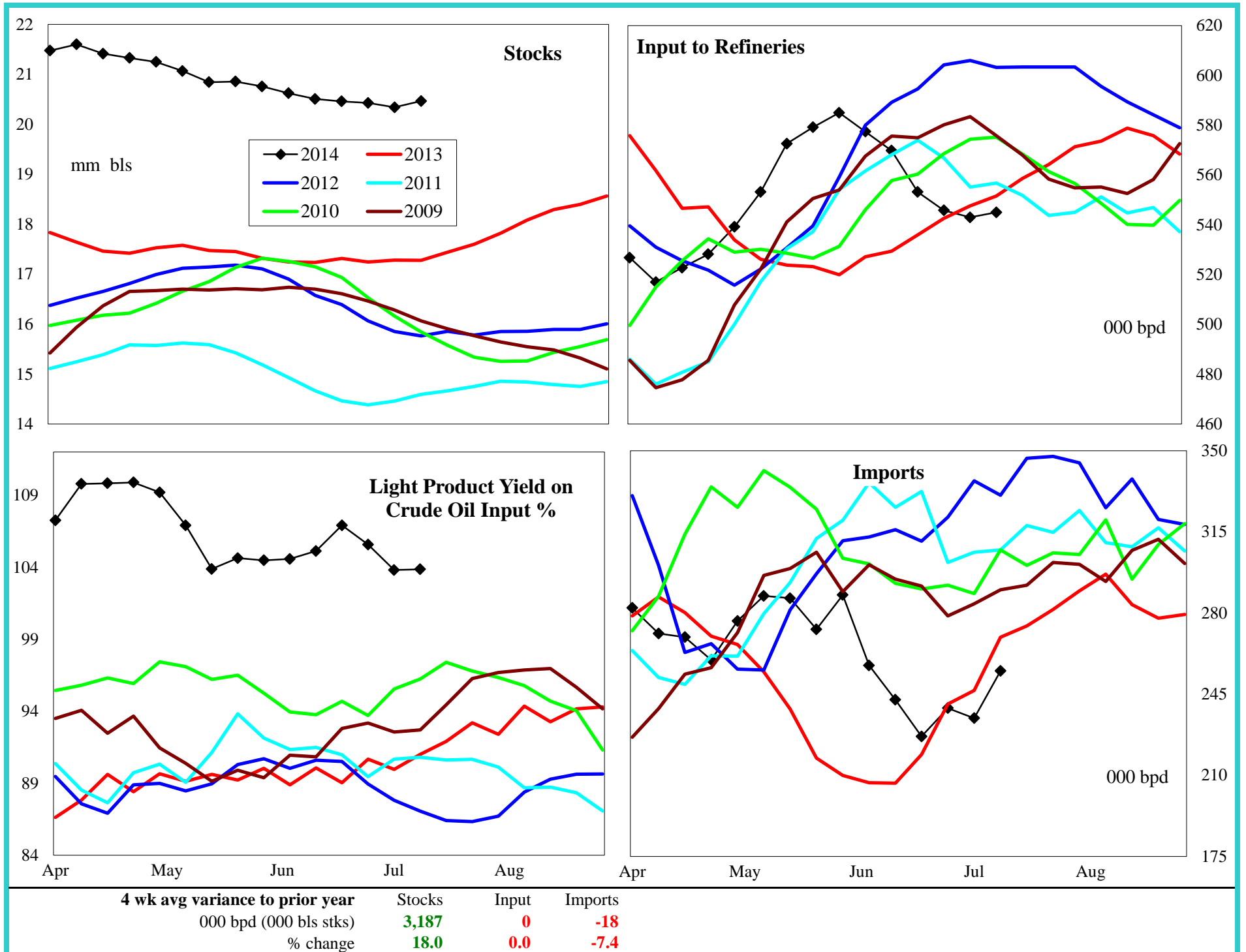
PADD 3 Jet Fuel Supply



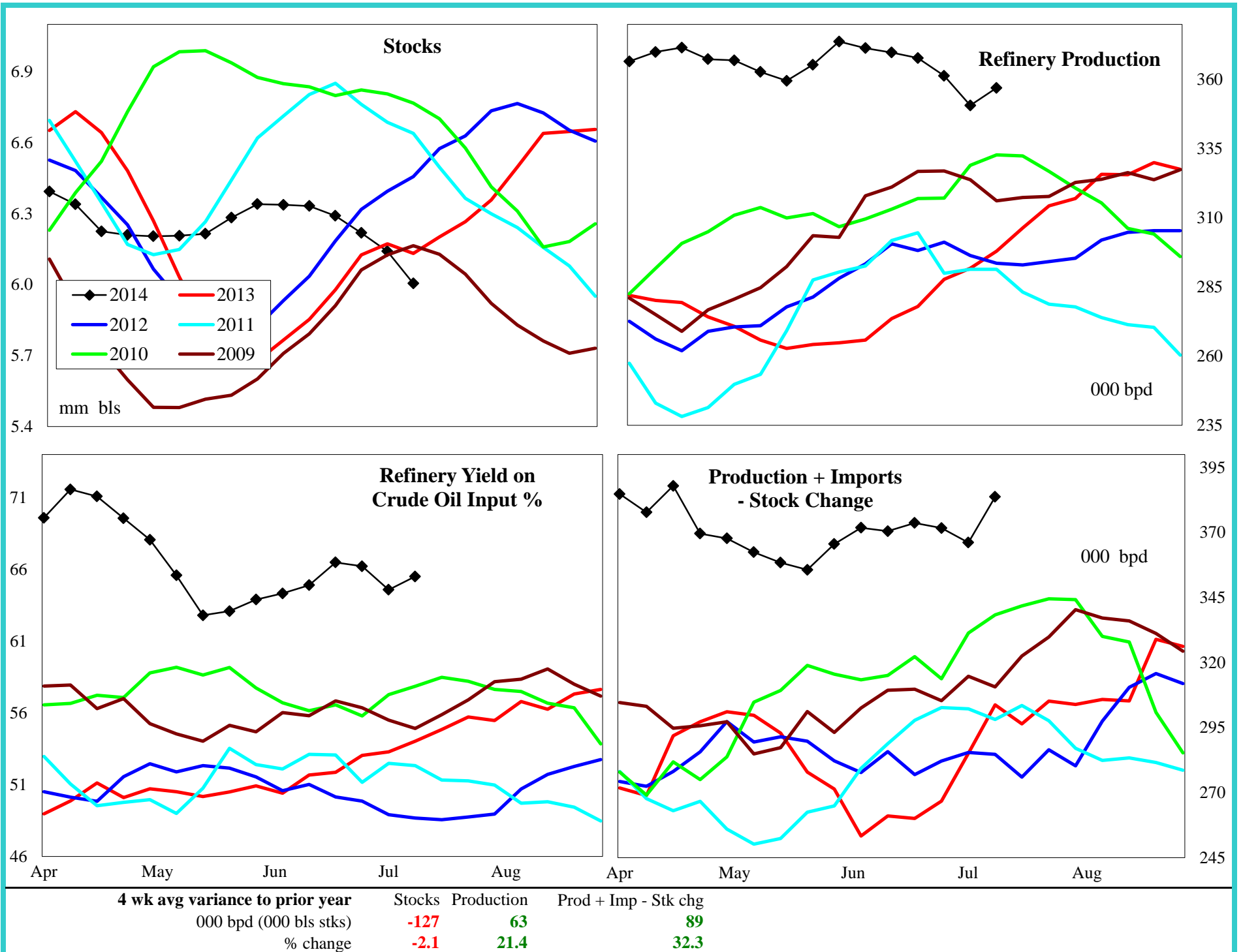
PADD 3 Residual Fuel Oil Supply



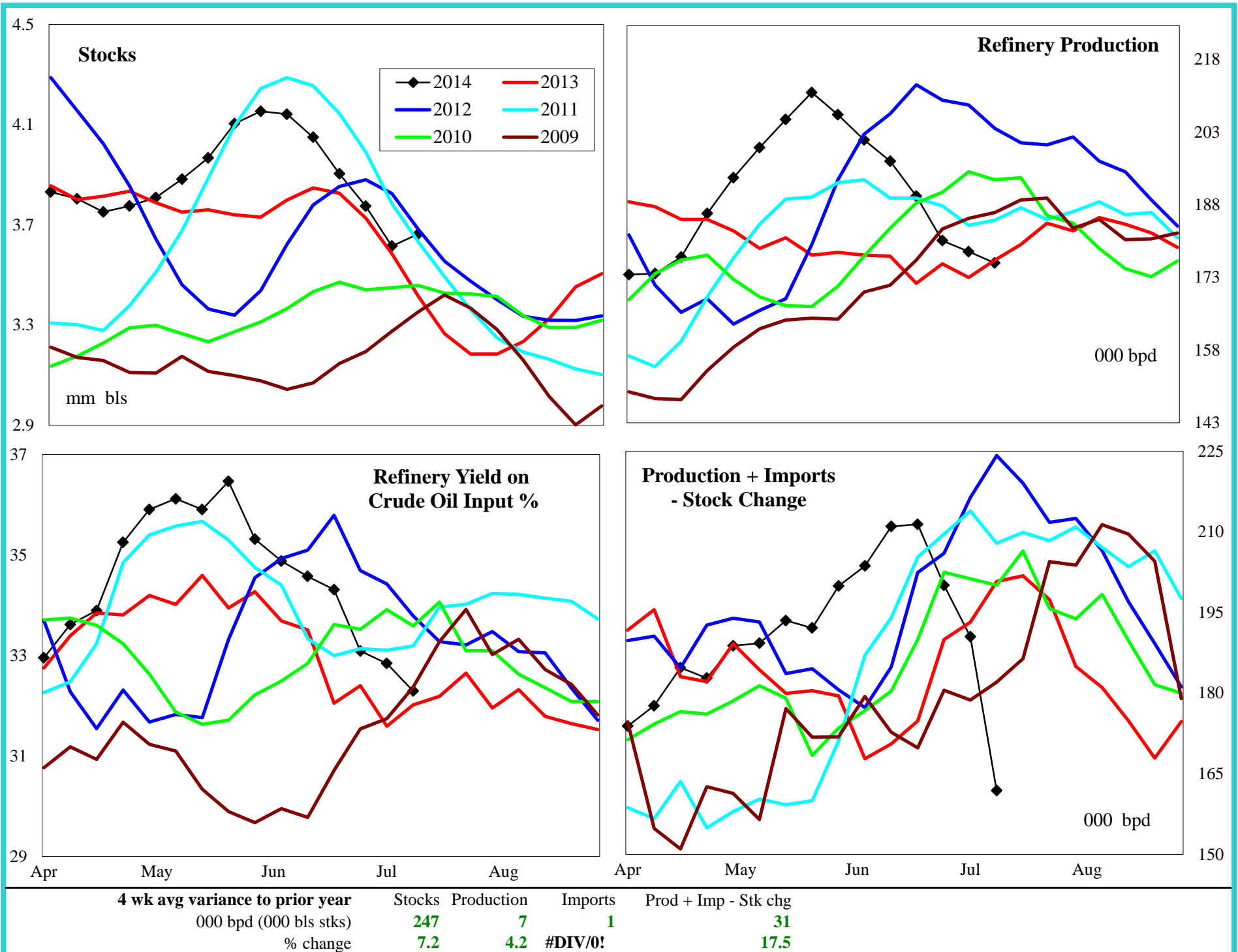
PADD 4 Crude Oil Supply and Refining



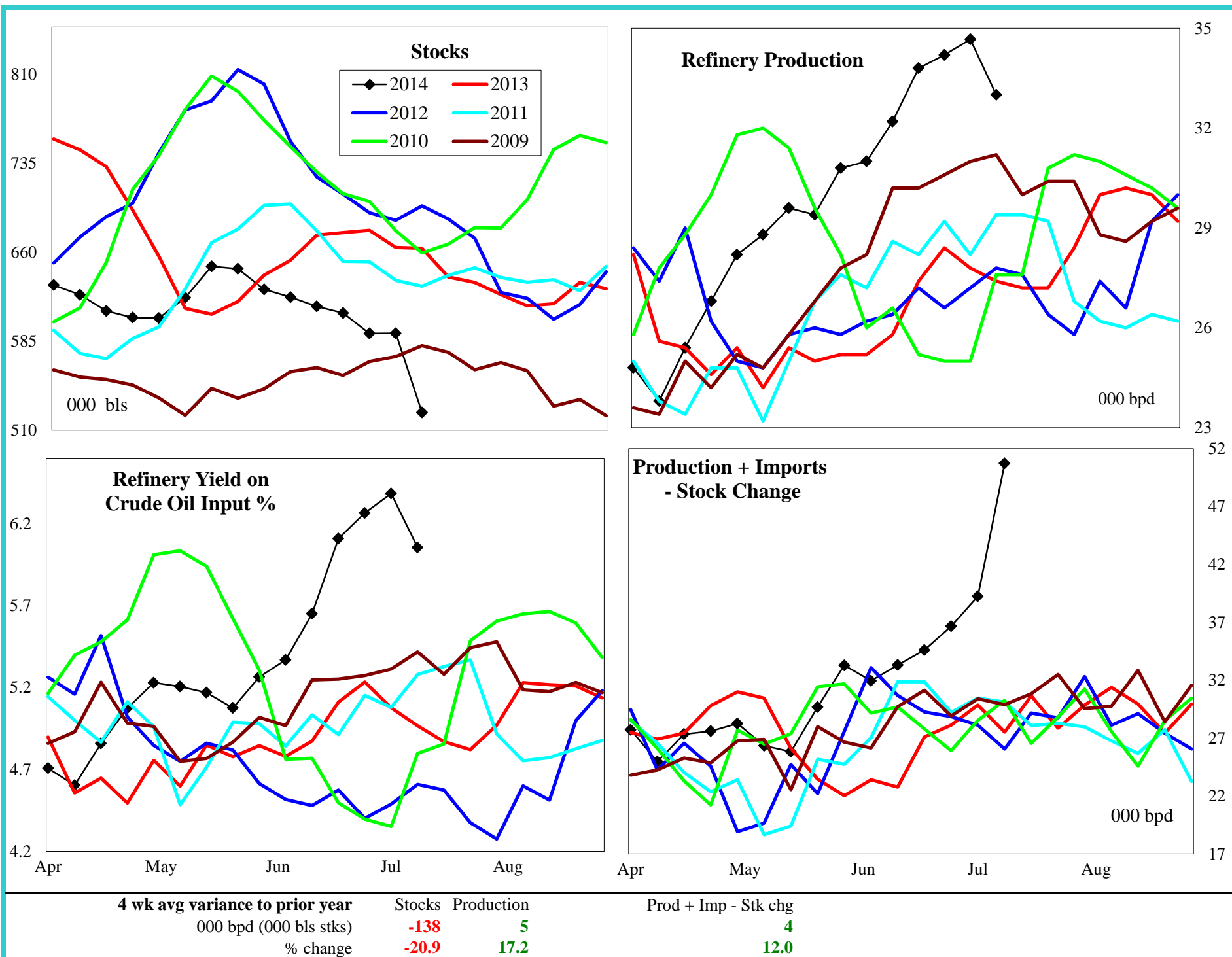
PADD 4 Gasoline Supply



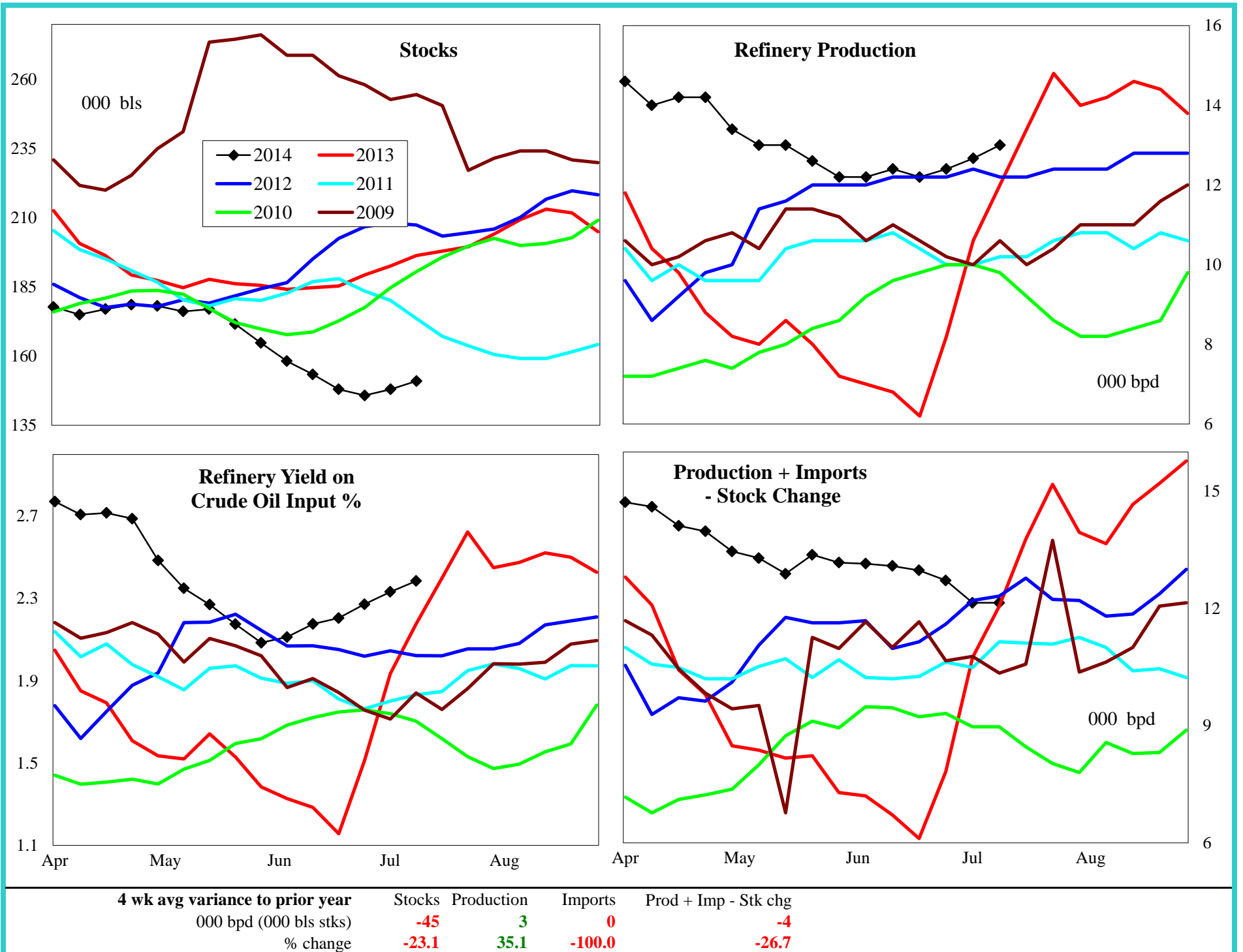
PADD 4 Distillate Supply



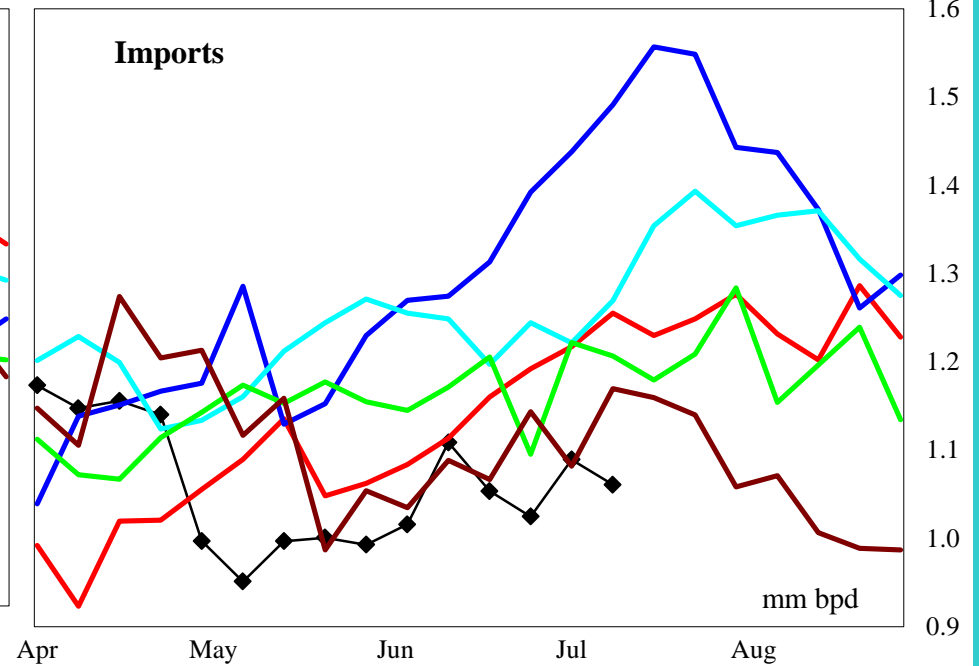
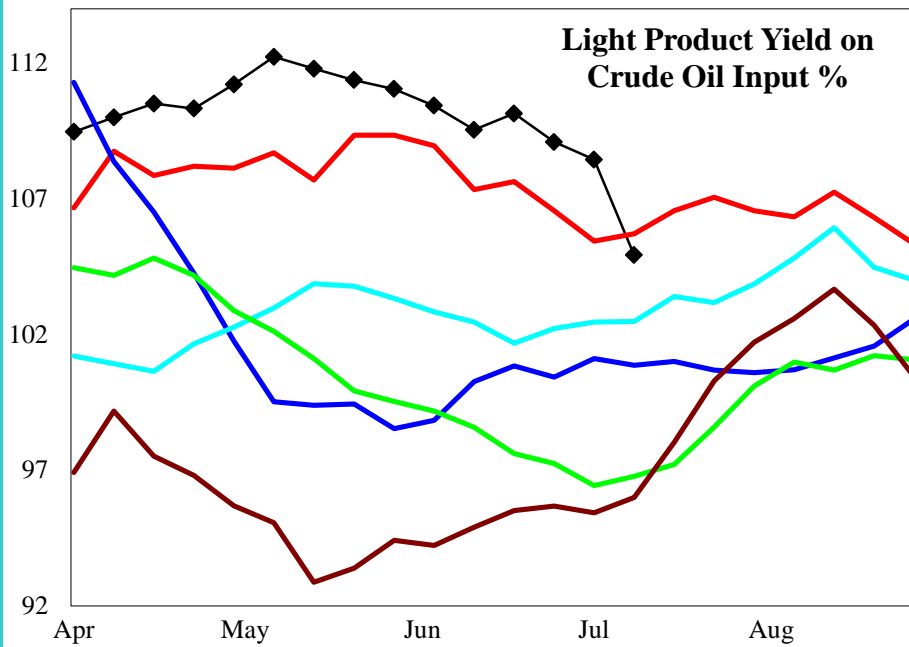
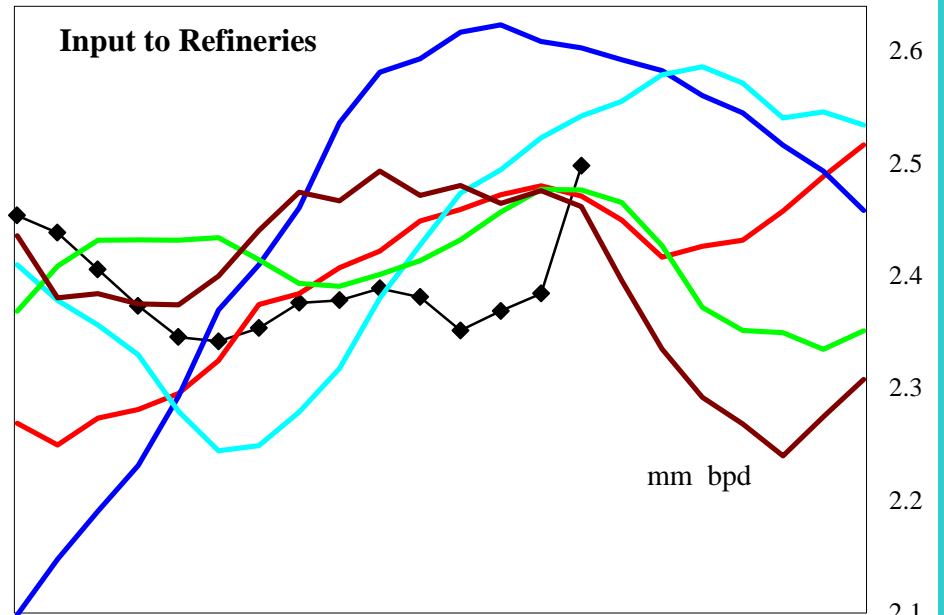
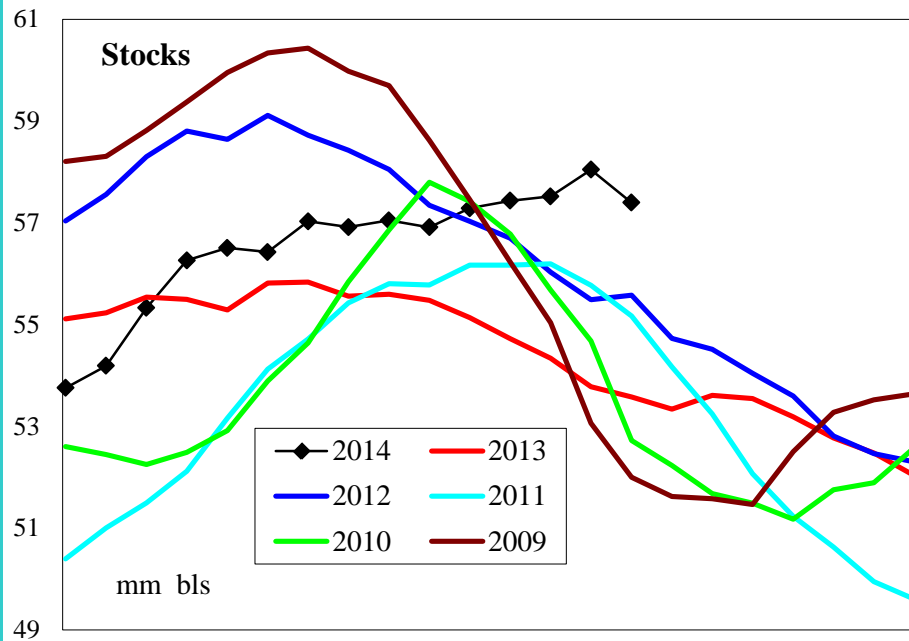
PADD 4 Jet Fuel Supply



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

3,819

7.1

Input

-92

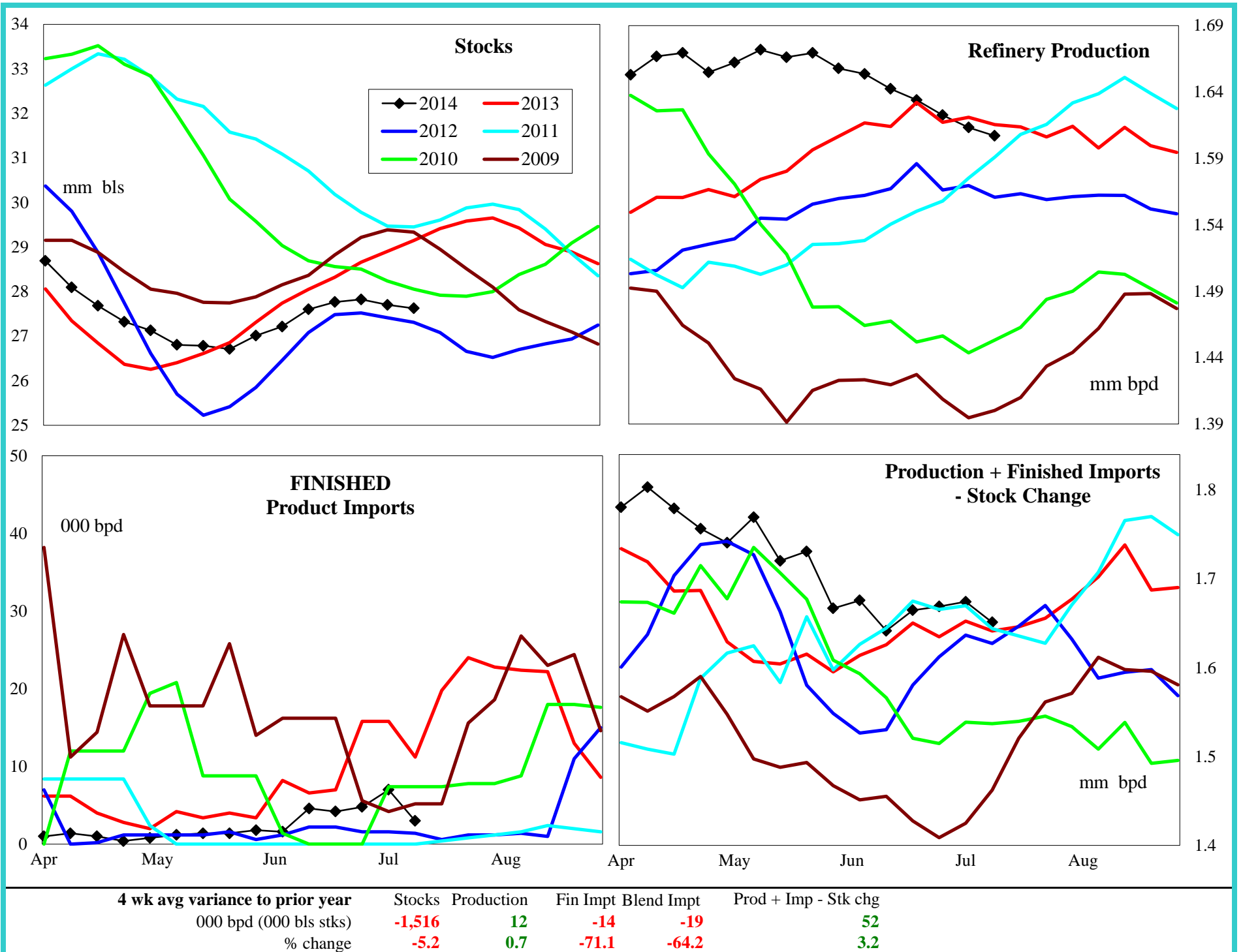
-3.7

Imports

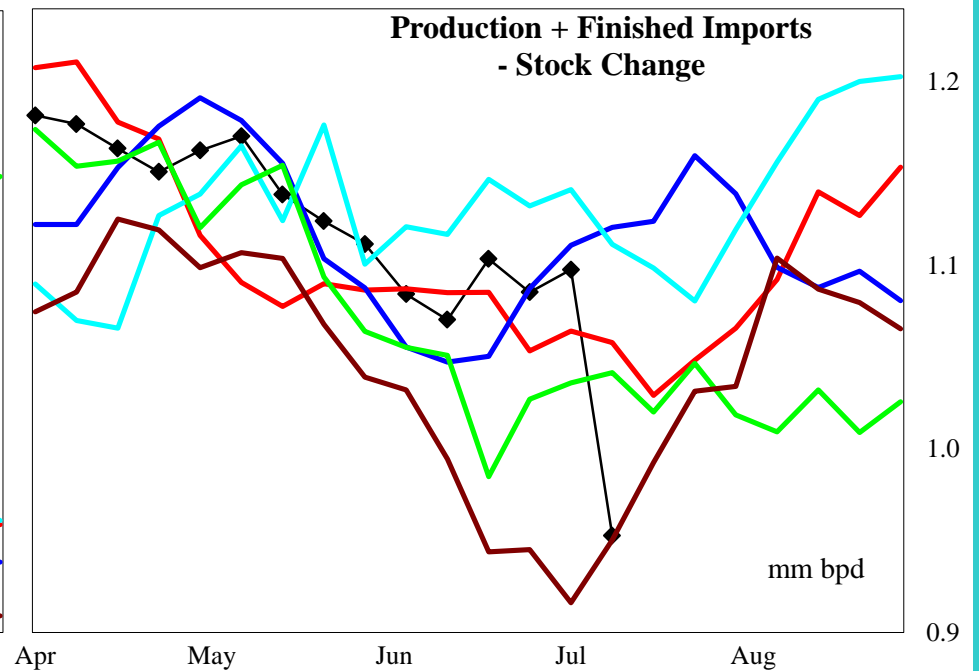
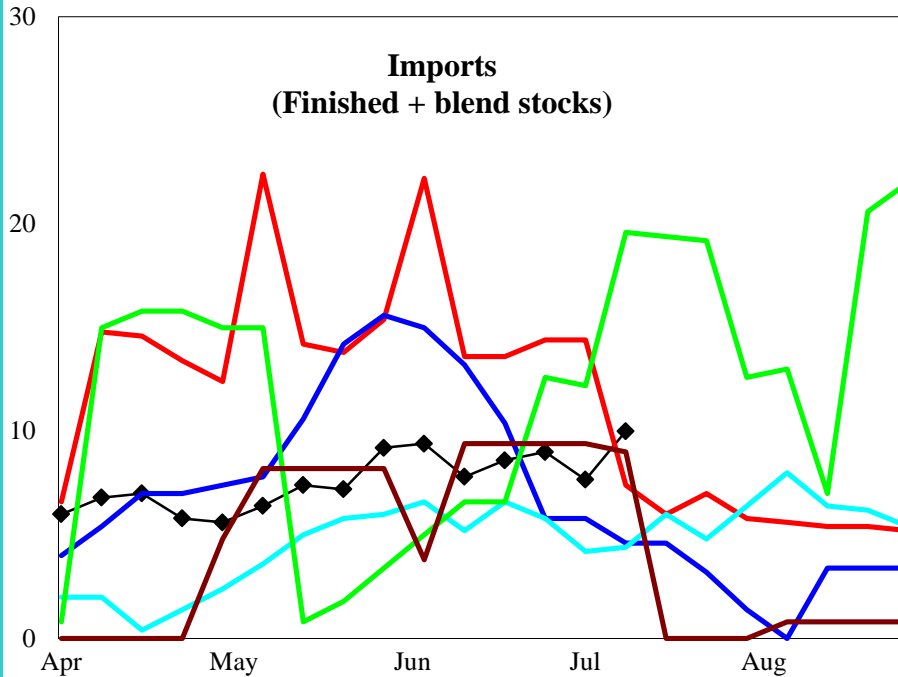
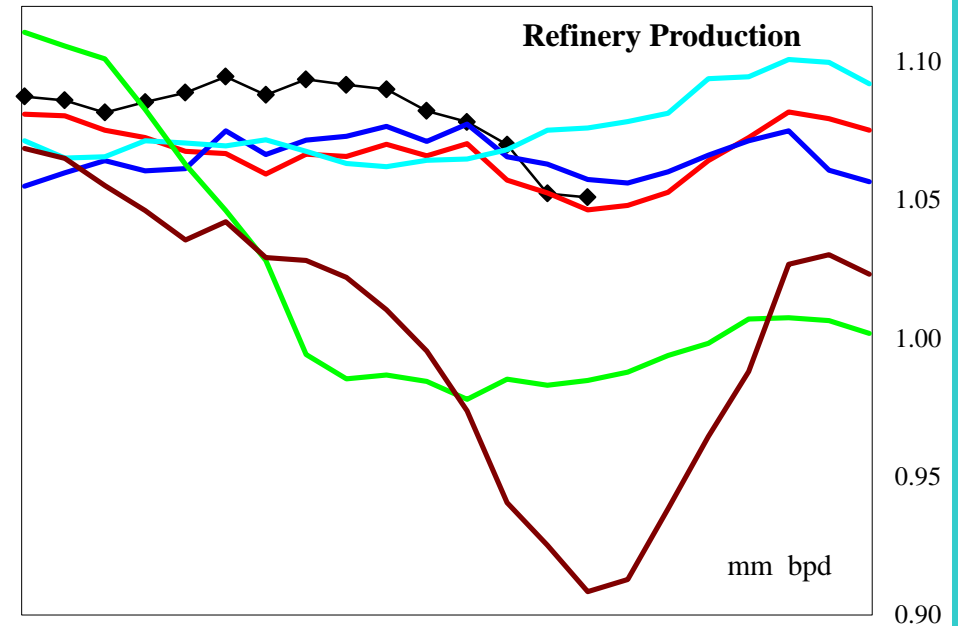
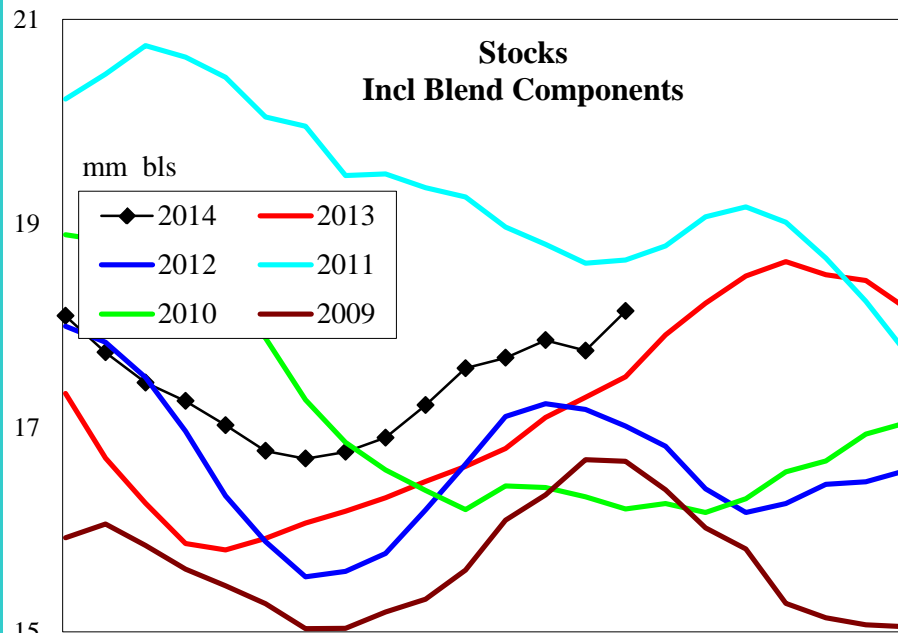
-133

-11.2

PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

326

8

-8

46

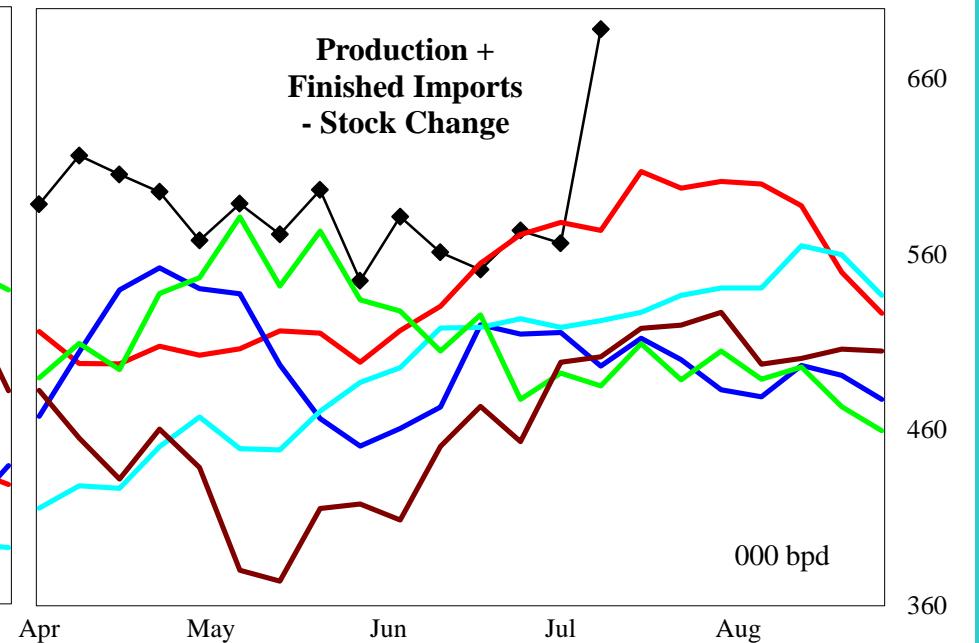
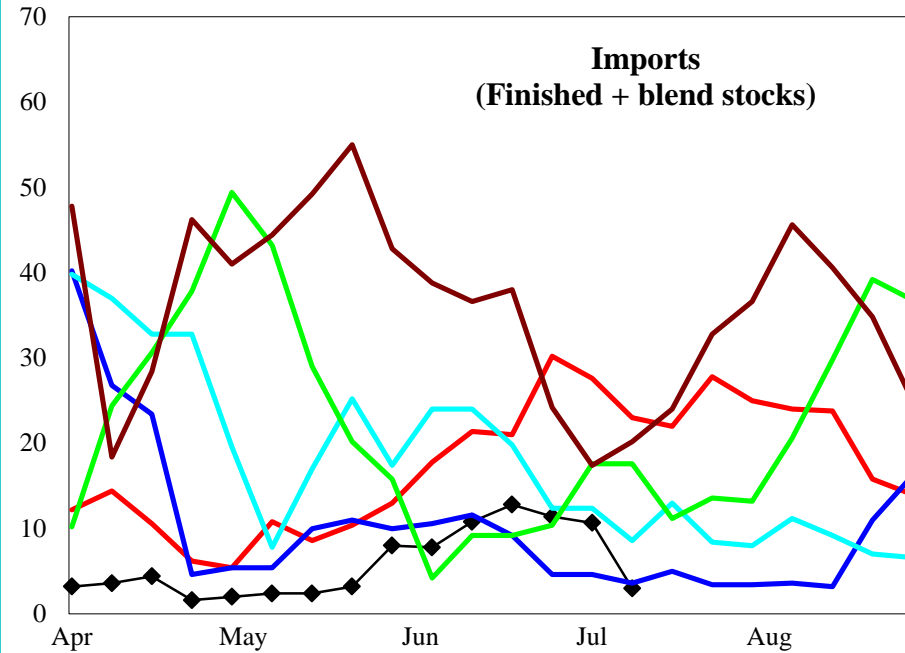
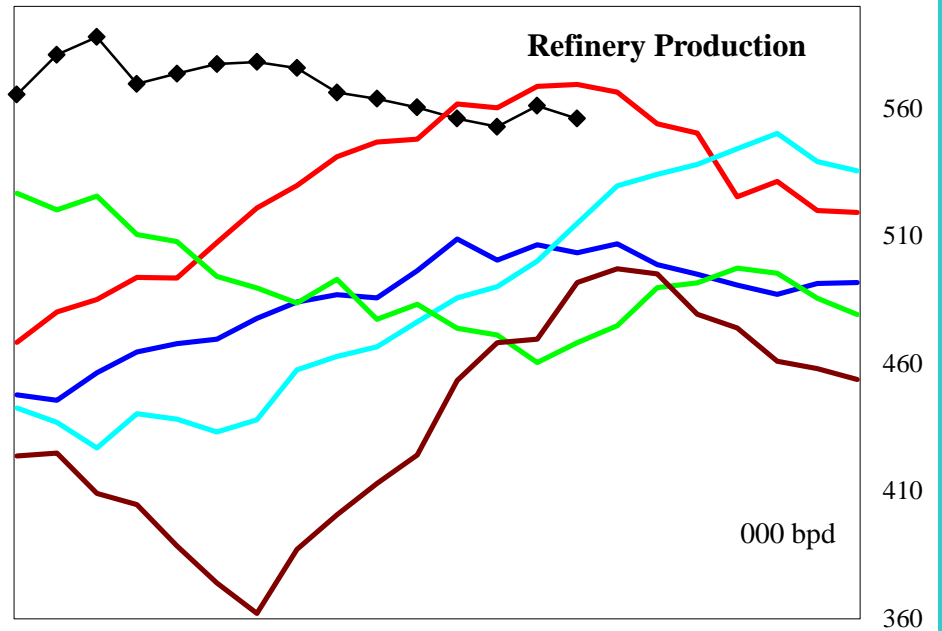
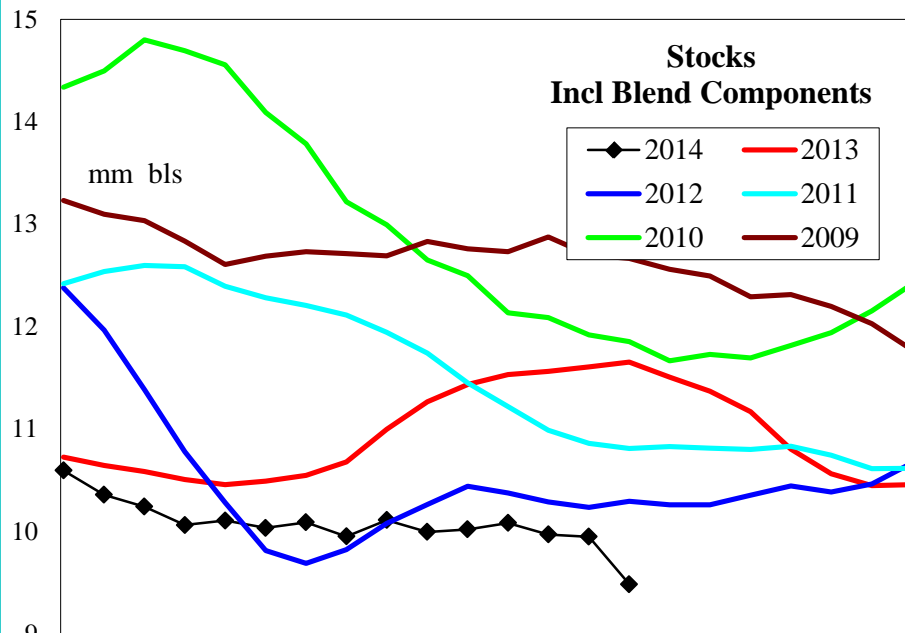
1.9

0.7

-50.0

4.6

PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-1,842

-15.7

Production

4

0.8

Imports

-25

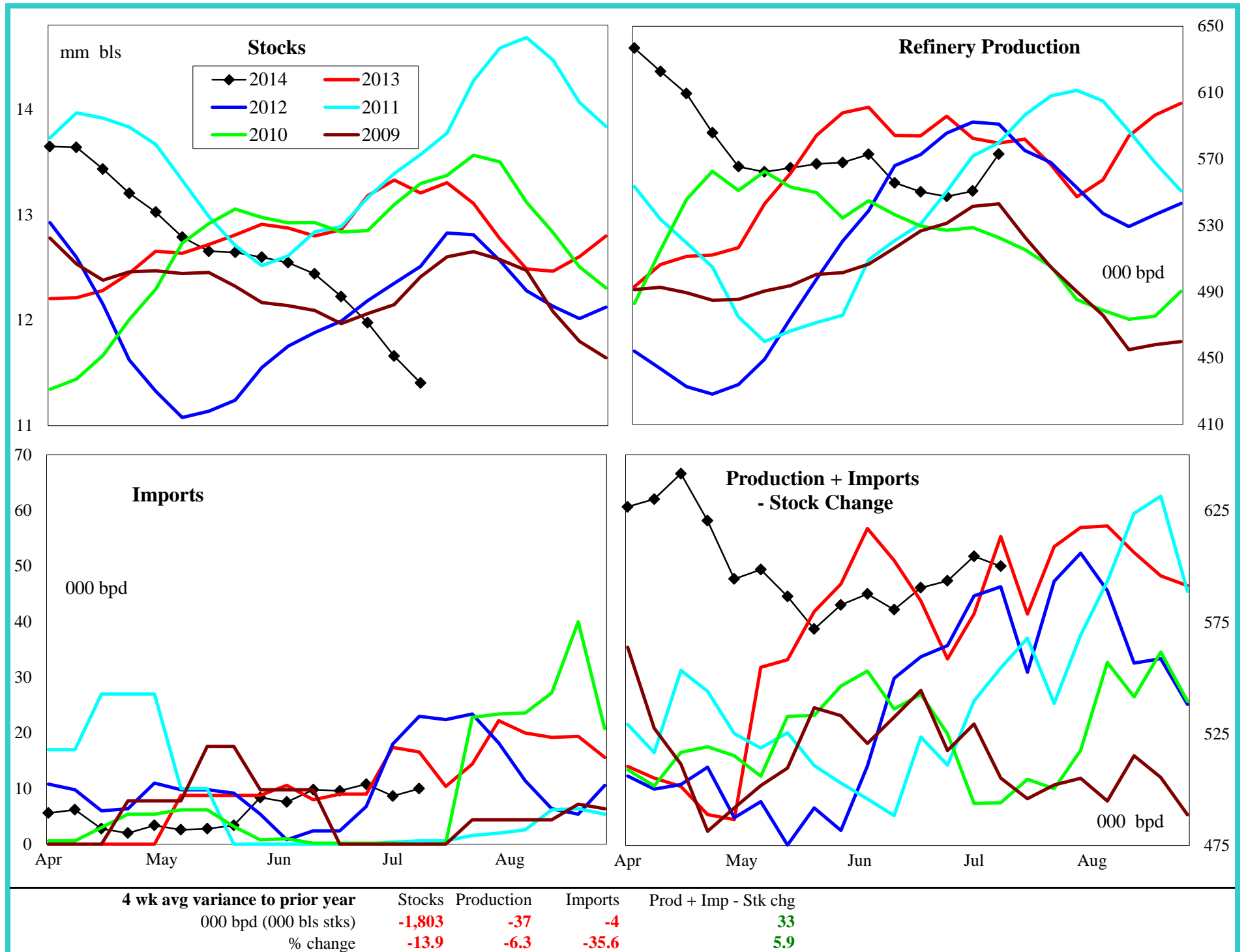
-75.0

Prod + Imp - Stk chg

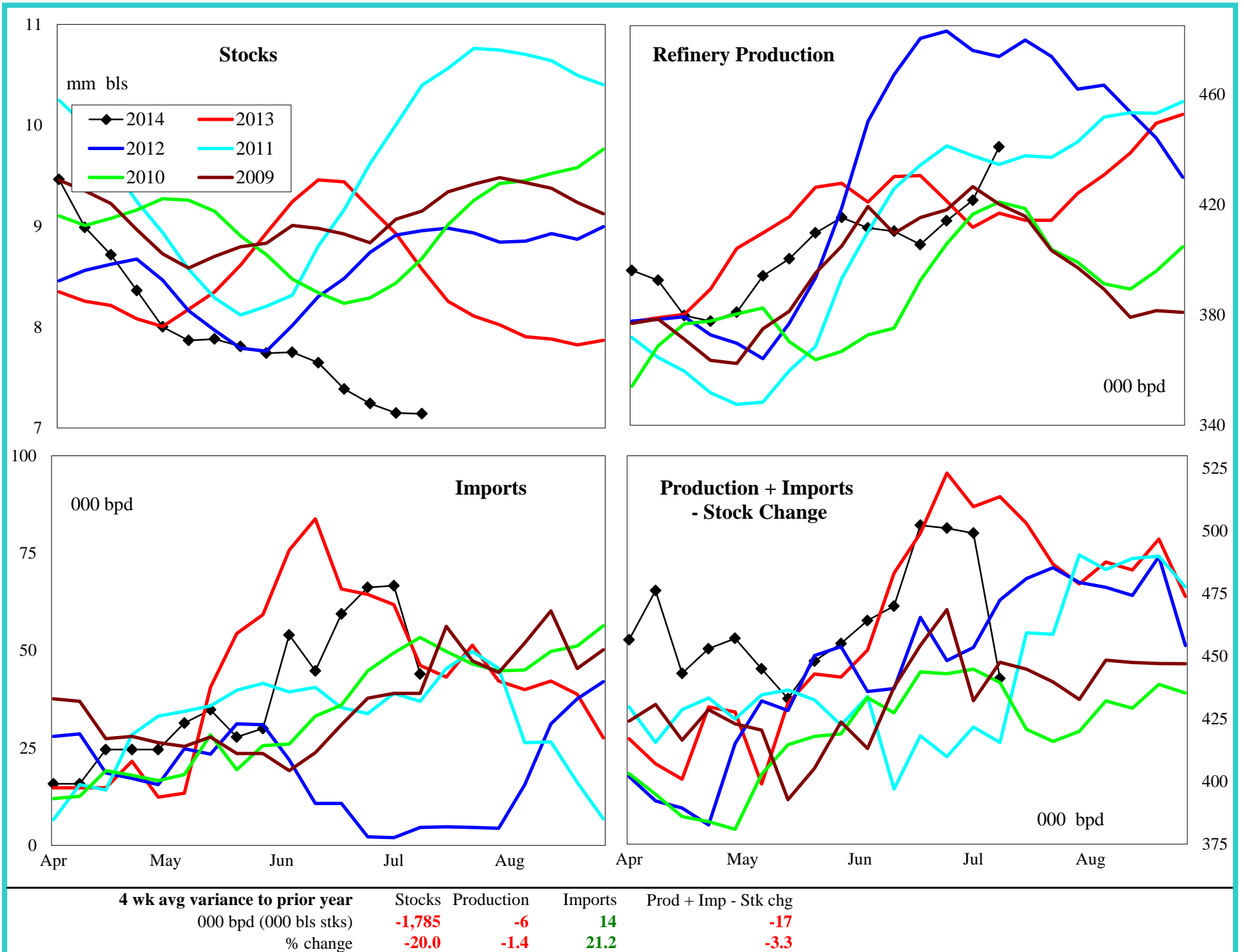
6

1.0

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

