



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

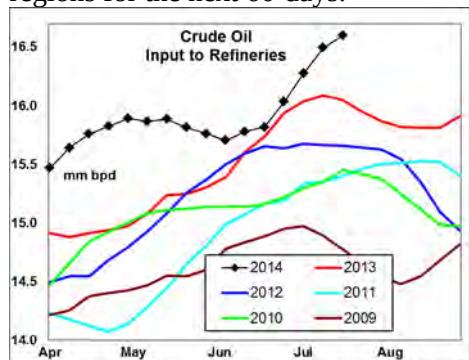
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 23, 2014



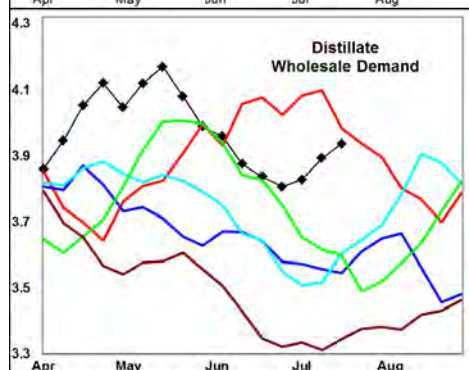
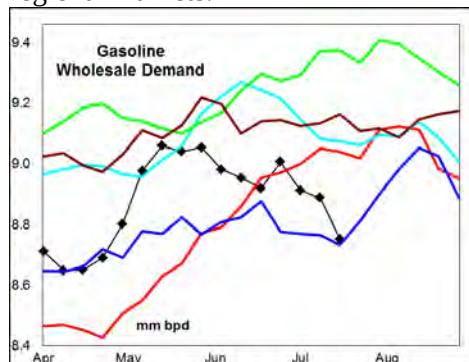
Major Fundamental Trends¹

Season high crude oil refinery runs underlie a combined +6.2 million barrel stock build for transport fuels last week.

In the absence of hurricane disruptions, transport fuel markets should remain very well supplied in all regions for the next 60-days.

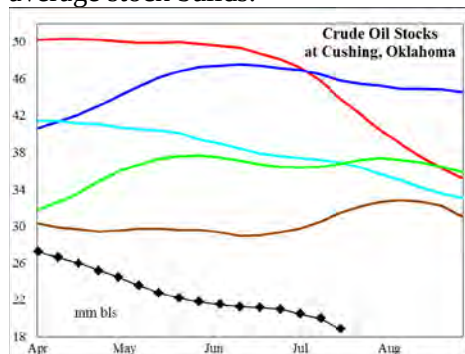


Wholesale demand for gasoline has been lackluster during the last month, -1% below a year ago. Combined with robust supplies, gasoline cash basis is trading near historic lows in most regional markets.



Distillate wholesale demand rebounded

to near year ago levels last week, although the 4-wk average was -256,000 bpd below last year. Expect a seasonal downtrend during the next 30-days, that should support above average stock builds.



Crude oil stocks fell -4 million barrels last week, including a -1.5 million barrel stock draw in Cushing, Oklahoma. Stocks at this delivery hub ended the week -25 million barrels below last year.

Wholesale Demand for distillate increased +0.2 million bpd last week while gasoline fell -0.3 million bpd. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -1%; distillate was -6.2% lower; jet fuel increased +1%, and residual fuel decreased -20%.

Stocks forward coverage: Gasoline demand coverage increased on a +3.4 million barrel stock build, combined with a -0.3 million bpd drop in wholesale demand. Coverage ended the week at a level near 5-yr highs.

Distillate coverage increased on a +1.6 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 +1.2 million barrel build, driven by record production and imports. 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 decreased on

a -28,000 bpd decline in thru put on lower runs in most major regions. During the latest 4-wk period crude oil input was +305,000 bpd above a year ago.

Gasoline yield % on crude oil runs increased last week on a +218,000 bpd jump in output compared to the -28,000 bpd decline in crude oil runs. Yield % on crude oil runs was a record low.

Distillate yield % on crude oil runs increased last week, on a +34,000 bpd rise in output compared to the decrease 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 +30,000 bpd rise in output, compared to the decline in crude oil runs. The yield % on crude oil runs ended the week near the 3-yr mid range.

Petroleum Imports/Exports: Imports of jet and distillate each increased last week, with jet fuel at a record high.

During the latest 4-wk period crude oil imports were -0.3 million bpd below last year; distillate imports were -39,000 bpd lower; finished gasoline imports were -22,000 bpd lower; gasoline blend stock imports were +113,000 bpd higher; 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 stocks fell -4 million barrels last week including a -1.5 million barrel draw in Cushing. Peak season refinery run rates and low imports underlie the large stock draw down for the last several weeks.

Cushing stocks have dropped to new record lows, off -25 million barrels from a year ago.

¹ Source is latest EIA Weekly Statistics



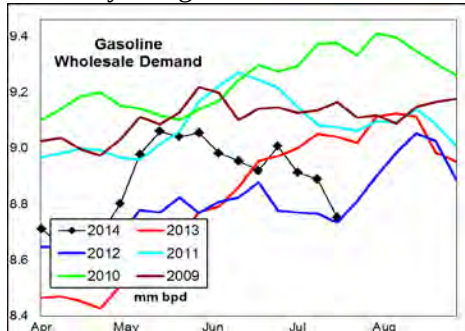
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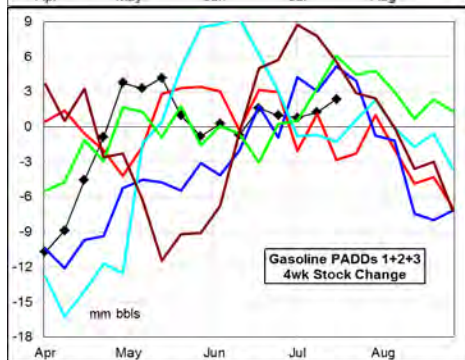
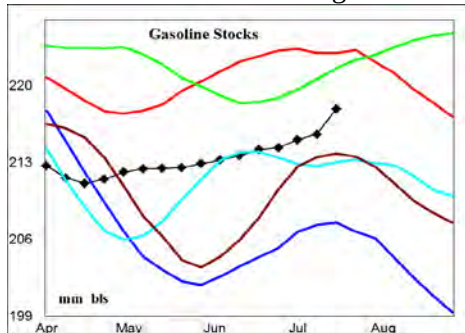
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Product Supply-Demand Trends

Gasoline wholesale demand fell -265,000 bpd last week. The latest 4-wk average demand was -88,000 bpd below a year ago.



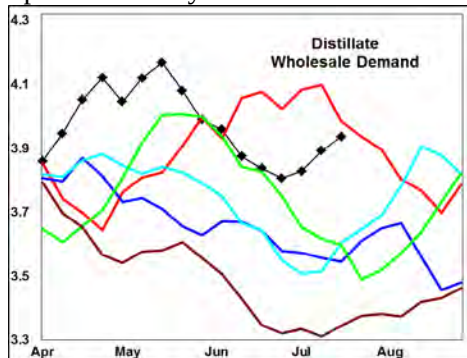
Supply increased +228,000 bpd last week on higher production. Supply for the latest 4-wk period was +32,000 bpd above a year ago. Stocks increased +3.4 million barrels on the week, concentrated in the Gulf Region.



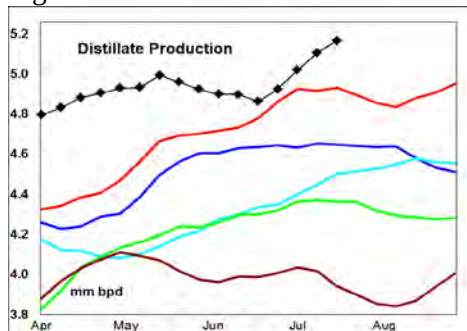
The latest 4-wk stock change East of the Rockies was a +1.1 million barrel build, a level equal to the 3-yr mid range. Stocks saw meaningful builds in the Midwest and Gulf regions last week. Markets East of the Rockies are now well supplied. Higher crude oil runs in the Rockies and West Coast should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

Distillate wholesale demand increased

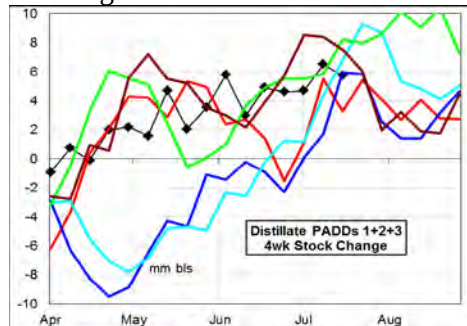
+184,000 bpd last week, to a level above four of the last 5-yrs. The latest 4-wk average demand was -256,000 bpd below last year.



Supply increased +57,000 bpd on the week, with the latest 4-wk average +77,000 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 +5.9 million barrel build, equal to the 3-yr mid range.

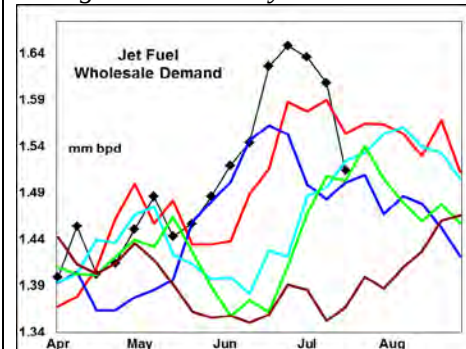


Combined with lower seasonal demand, look for above average stock builds during the next 60-days. Risk of a slow down in exports continues on competition from Russia to supply the European market.

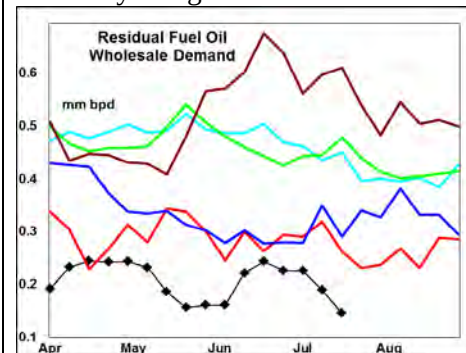
Jet Fuel wholesale demand was unchanged on the week, at a level near

the 3-yr mid range. The latest 4-wk average demand was +16,000 bpd above a year ago. Supply increased +81,000 bpd on the week, driven by record production and imports. Output for the most recent 4-wk period increased +25,000 bpd compared to last year. Imports were +46,000 bpd above a year ago. Stocks increased +1.2 million barrels on the week, although the level remains -0.8 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 -48,000 bpd last week. Demand for the latest 4-wk period was -69,000 bpd below a year ago.



Supply (production + imports) decreased -63,000 bpd on lower imports. Production was -49,000 bpd below a year ago for the latest 4-wk period, while imports were -34,000 bpd lower. Stock levels ended the week below the 3-yr mid range.

Supplies have declined -82,000 bpd below a year ago in the Gulf region. Even with the decrease, stock levels match 5-yr highs.



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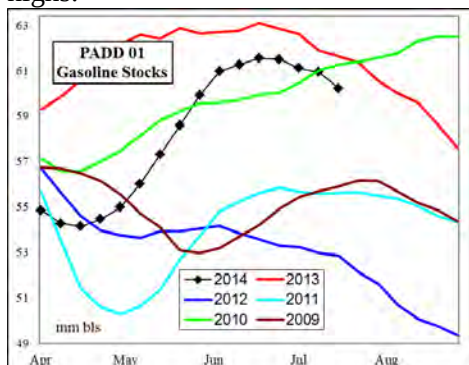
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PADD Supply Trends

PADD 1 refinery crude oil runs averaged +50,000 bpd above last year for the most recent 4-wk period.

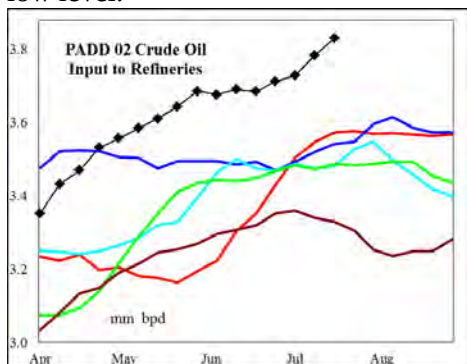
Gasoline supply increased +57,000 bpd on higher production last week. Stocks declined -0.4 million barrels last week, ending at a level near 5-yr highs.



Distillate supply increased +37,000 bpd last week, with the 4-wk average -35,000 bpd below last year. Stock levels were -5% below last year.

Jet fuel supply increased +60,000 bpd on higher imports. Stocks increased +0.7 million barrels to a level near the average of the last 2-yr.

PADD 2 crude oil refinery runs decreased -28,000 bpd last week, with the latest 4-wk average +224,000 bpd above last year. Crude oil stocks fell -2 million barrels, a level -19% below last year. Cushing saw a -1.5 million barrel stock draw on the week, a record low level.



Gasoline supply increased +113,000 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

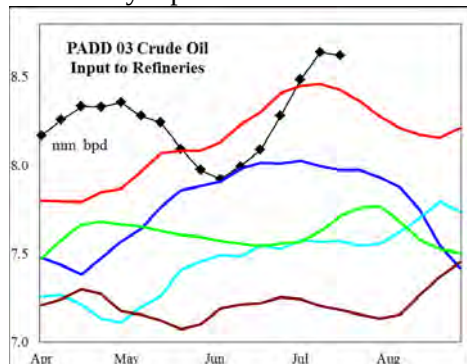
product production when blended with ethanol. Stocks increased +0.2 million barrels on the week, a level that matched the 3-yr mid range.

Distillate supply was nearly unchanged on the week, with the 4-wk average +60,000 bpd above a year ago. Stocks declined -0.4 million barrels to a level well above the last 3-yr.

Jet fuel production decreased -7,000 bpd on the week, a level that matched the 3-yr mid range. Stocks decreased -0.3 million barrels, ending at a level above the last 3-yr.

PADD 3 refinery runs were nearly unchanged on the week, at a record high level. During the latest 4-wk period, average runs were +121,000 bpd above last year.

Crude oil stocks declined -0.9 million barrels, driven by record crude oil refinery input.



Gasoline supply decreased -167,000 bpd last week, with the latest 4-wk average +9,000 bpd above a year ago. Stocks increased +2.6 million barrels on the week, to a level above the 3-yr mid range.

Distillate supply decreased -14,000 bpd on the week, with the latest 4-wk average supply +83,000 bpd above last year. Stocks increased +0.7 million barrels on the week, to a level slightly above the last 2-yr.

Jet fuel production increased +21,000 bpd to a level above the historic range. Stocks decreased -0.1 million barrels on the week with the level -1.2 million barrels below the historic range.

Residual fuel supply was nearly unchanged on the week. Stock levels

matched historic highs.

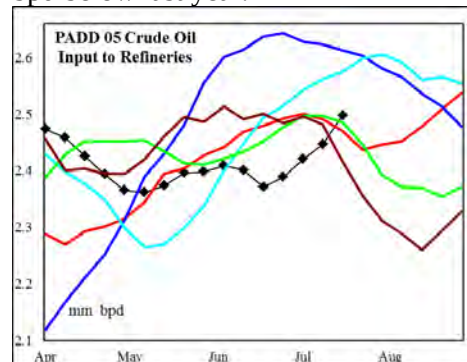
PADD 4 refinery crude runs increased +17,000 bpd last week, to match the 3-yr mid range.

Gasoline production increased +2,000 bpd on the week, with the latest 4-wk average +60,000 bpd above a year ago. Stocks ended the week below the 5-yr range.

Distillate supply increased +16,000 bpd last week, with the latest 4-wk supply +11,000 bpd above last year. Stock levels ended the week equal to historic highs for the period.

Jet fuel production matched historic highs for the week. Stocks levels fell sharply, to a record low, on were unchanged on the week, at a level below the historic range.

PADD 5 crude oil refinery runs decreased -20,000 bpd last week, ending at a level near the 5-yr mid range. The 4-wk run rate was -91,000 bpd below last year.



Gasoline supply increased +19,000 bpd on the week, with the 4-wk average -21,000 bpd below a year ago. Stocks increased +0.9 million barrels to a level near the 5-yr mid range.

Distillate supply increased +23,000 bpd on the week, to a level above the historic range. The 4-wk average supply was -32,000 bpd below a year ago. Stocks increased +0.9 million barrels on the week, to a level slightly below the historic range.

Jet fuel supply increased +10,000 bpd on higher production. The latest 4-wk average supply was +21,000 bpd above last year. Stocks increased +0.8 million barrels, although the level remains below the historic range.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

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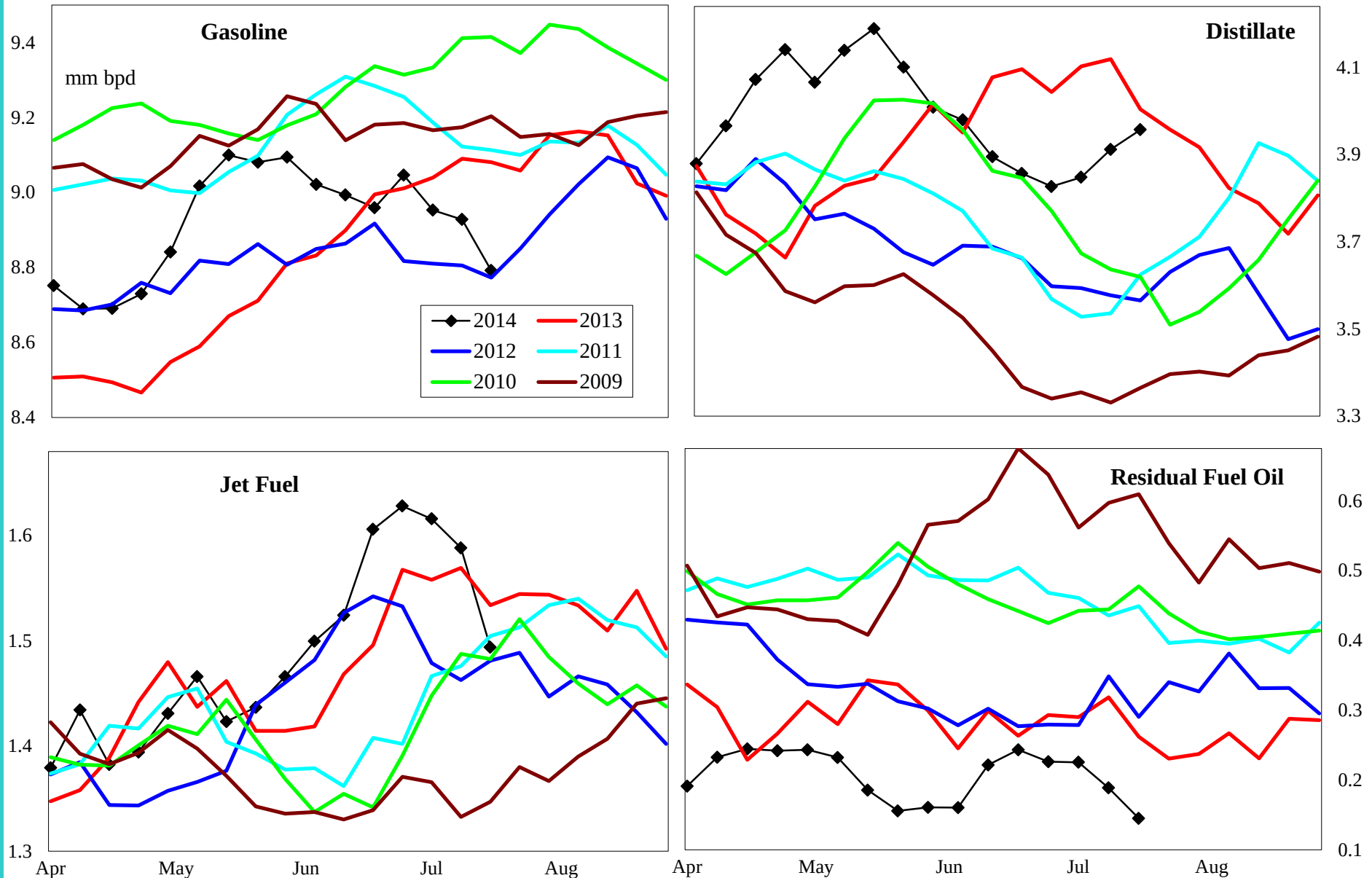
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Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	18-Jul-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-3,969	342	-2,019	-910	-94	-1,287
	Imports	-20	3	105	-138	15	-5
	Input	-28	27	-28	-23	17	-20
	% Utilization	0.00					
Gasoline	Stocks	3,379	-359	178	2,617	25	918
	Production	218	64	109	-185	2	24
	Imports	10	-7	4	18	-1	-5
	Supplied	-265					
Distillate	Stocks	1,636	631	-436	651	-103	895
	Production	34	11	-4	-22	18	32
	Imports	23	26	0	8	-2	-9
	Supplied	184					
Jet Fuel	Stocks	1,150	703	-304	-103	21	833
	Production	30	5	-7	21	-3	14
	Imports	51	55	0	0	0	-4
	Supplied	2					
Residual Fuel Oil	Stocks	-225	-49	-16	-276	13	102
	Production	-12	-12	-1	18	0	-18
	Imports	-51	-18	14	-21	0	-25
	Supplied	-48					

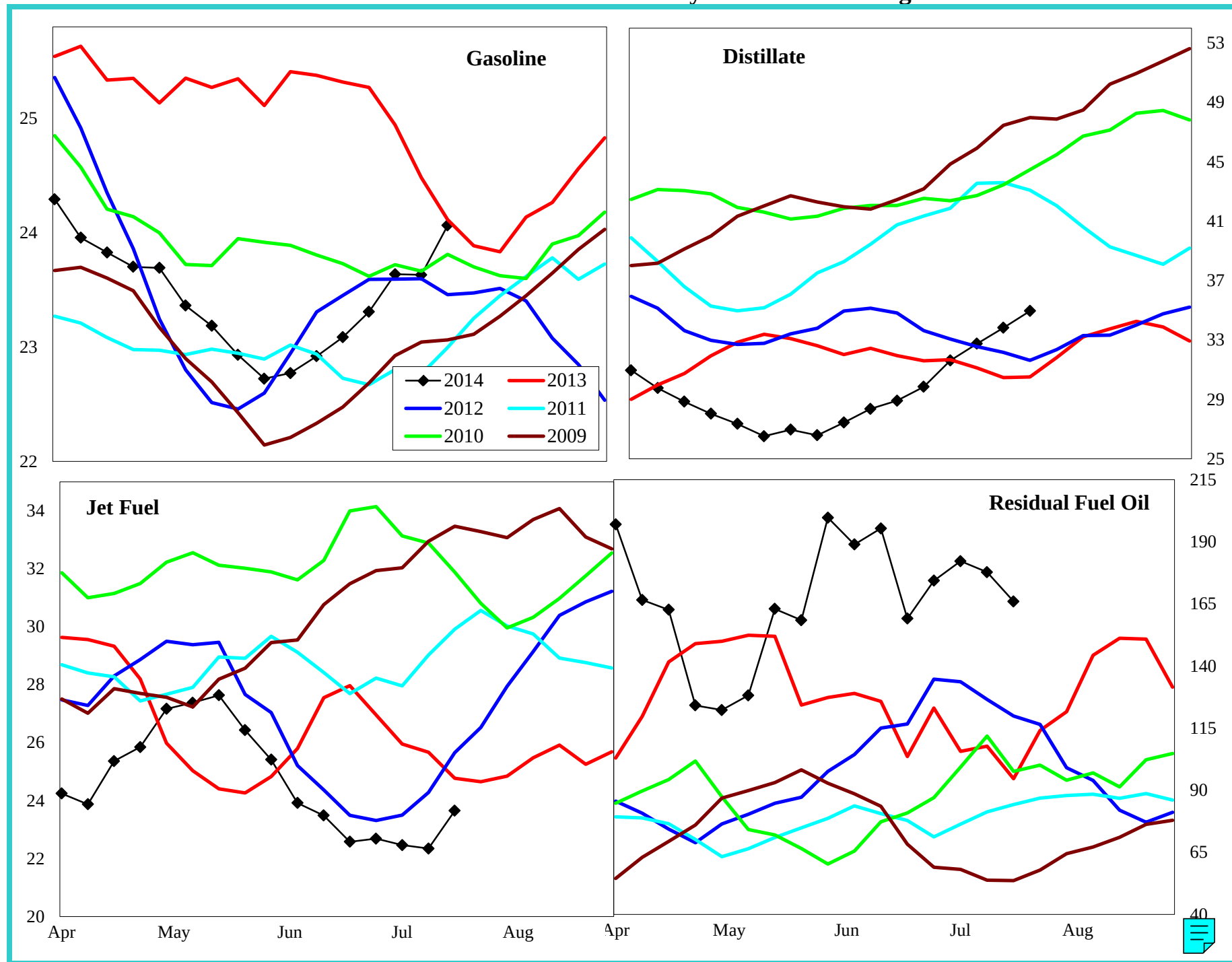
United States Wholesale Petroleum Demand



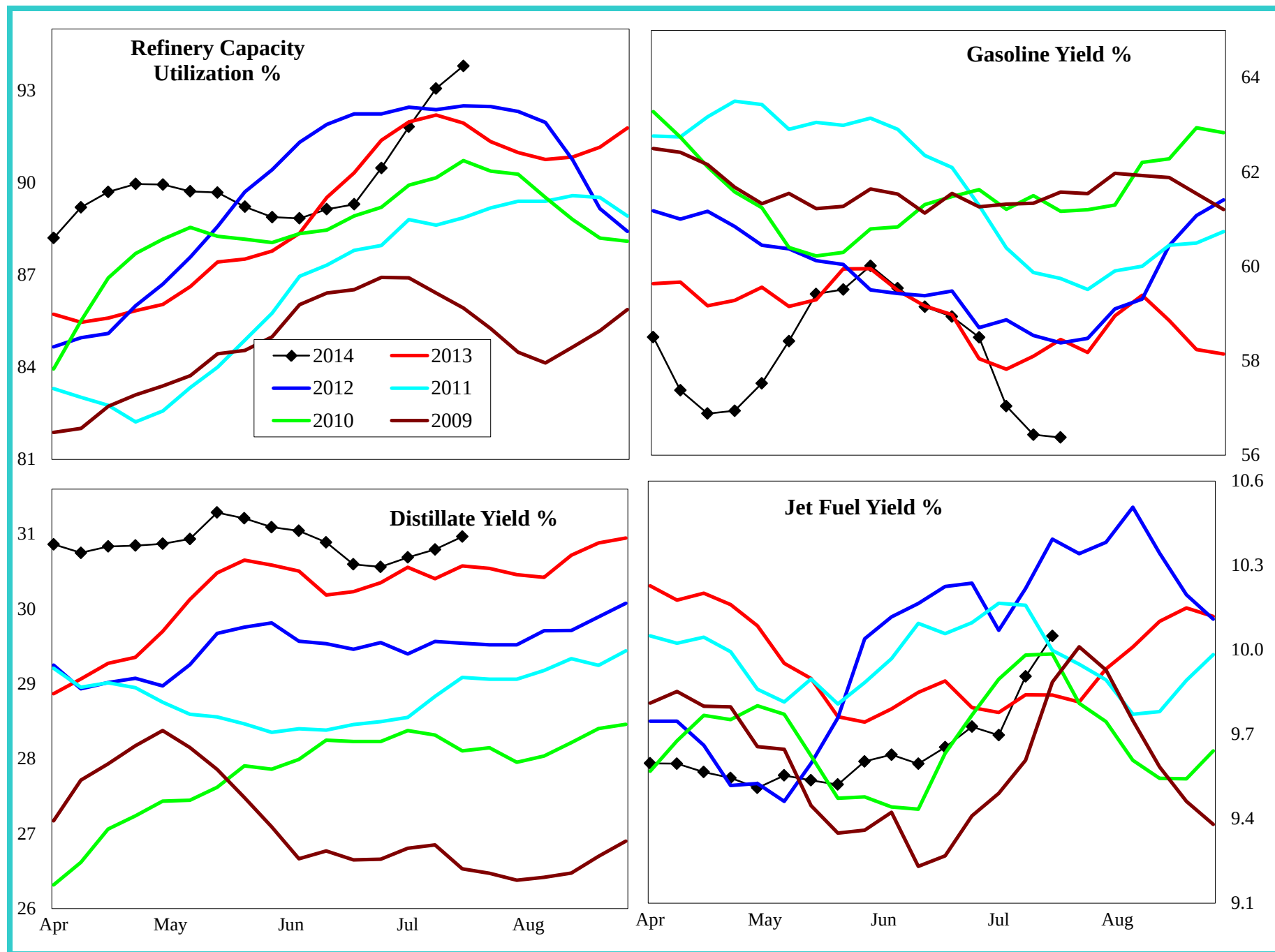
	000 bpd change from prior year				% change from prior year				
	4wk avg	Jun	Jan	Apr	4wk avg	Jun	May	Apr	
Gasoline	-88	-30	121	213	-1.0	-0.3	1.3	2.4	
Distillate	-256	299	385	101	-6.2	8.2	10.2	2.6	
Jet Fuel	16	368	-26	32	1.0	25.7	-1.8	2.3	
Resid	-69	-50	-70	-8	-20.0	-16.5	-32.6	-2.8	



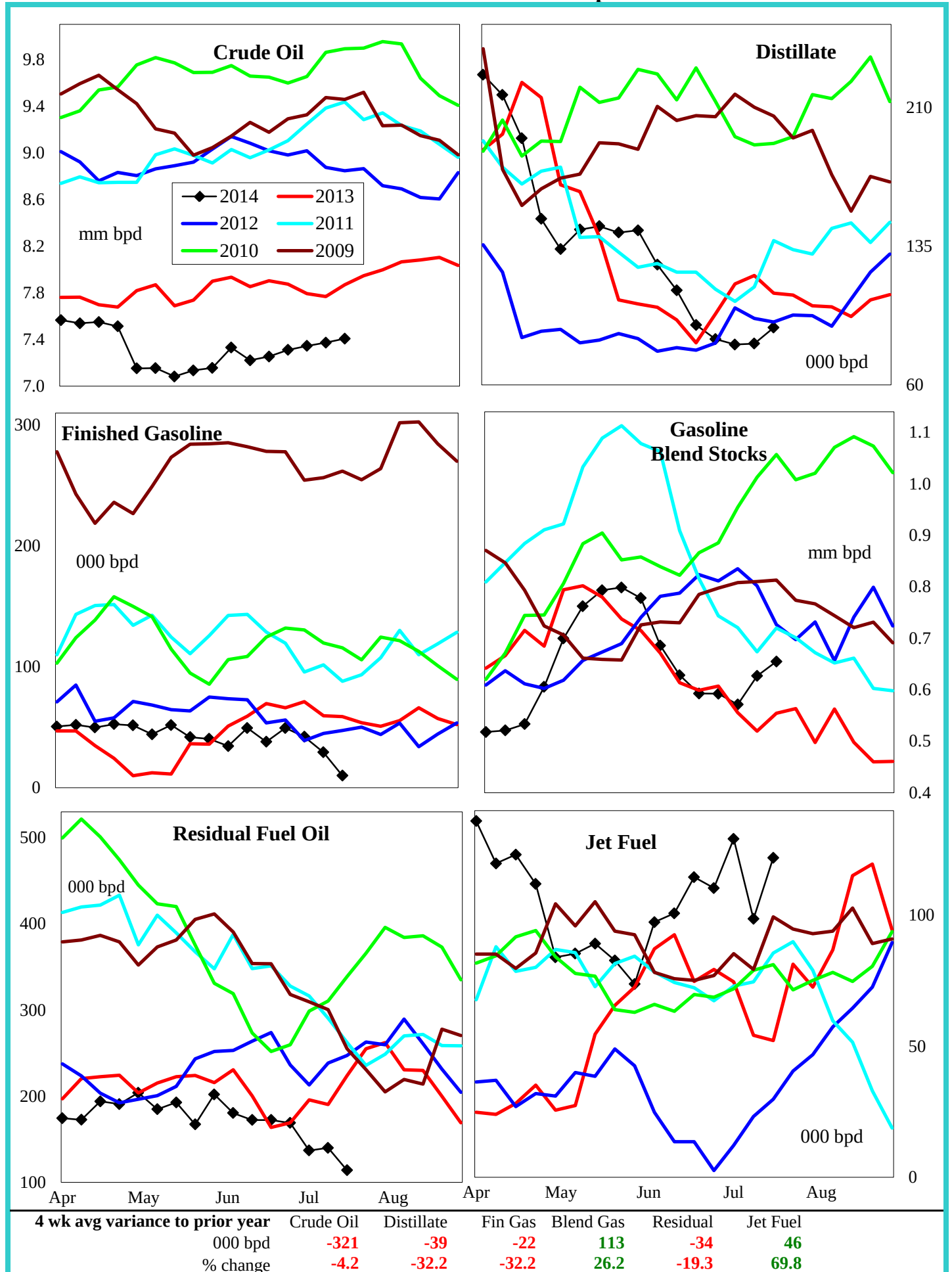
United States Product Stocks: Days Forward Coverage



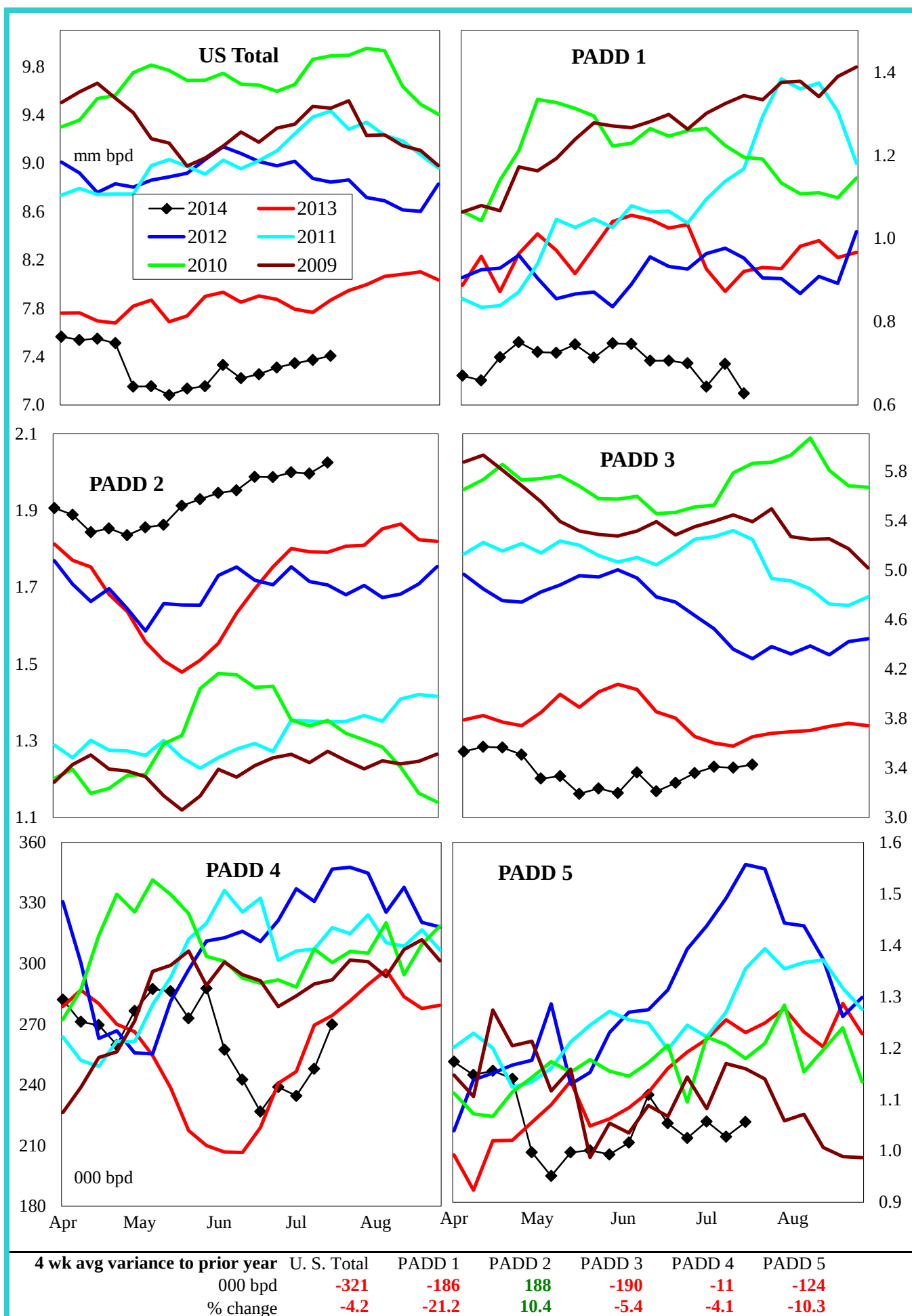
United States Refinery Percent Utilization Rate and Product Yields



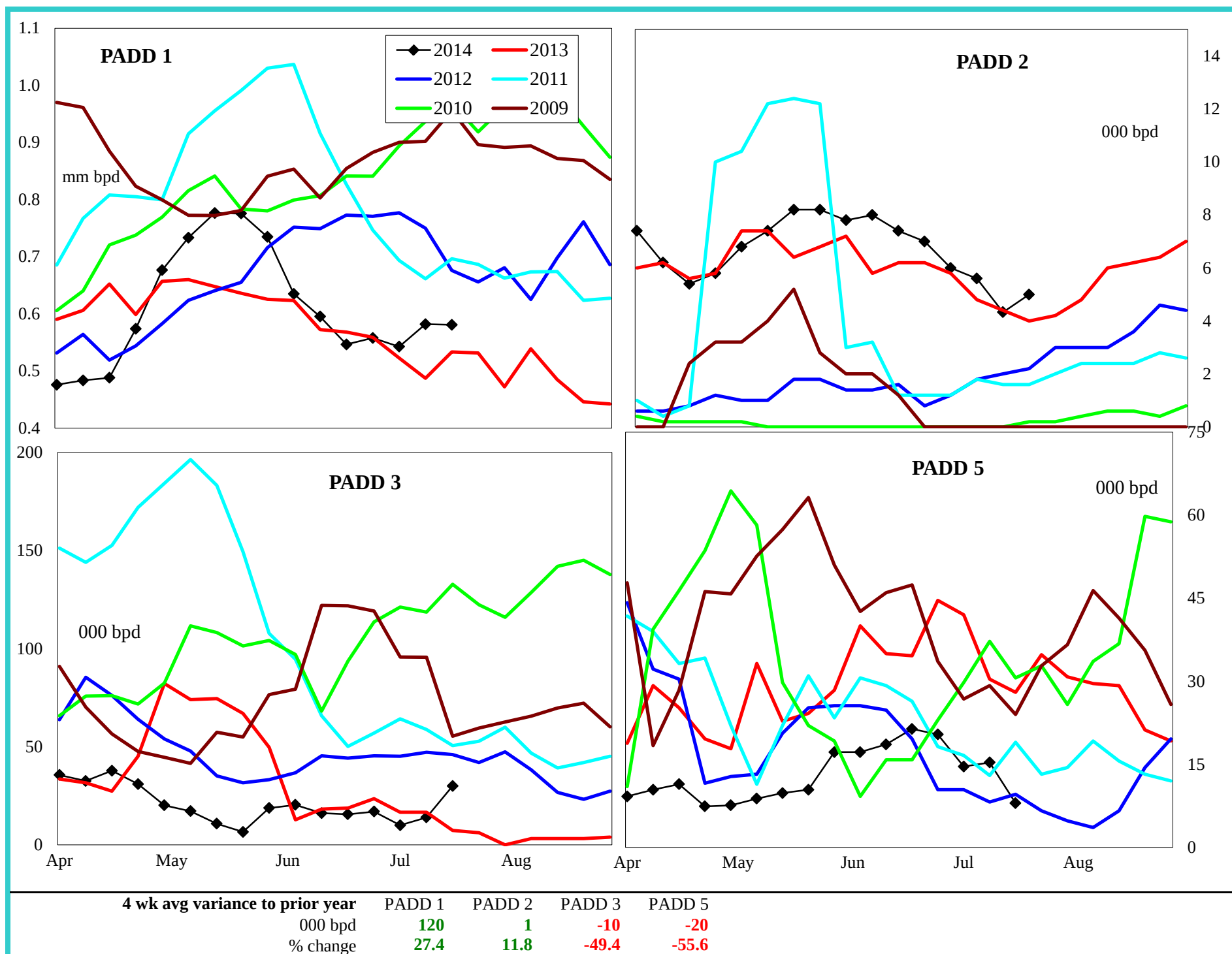
United States Petroleum Imports



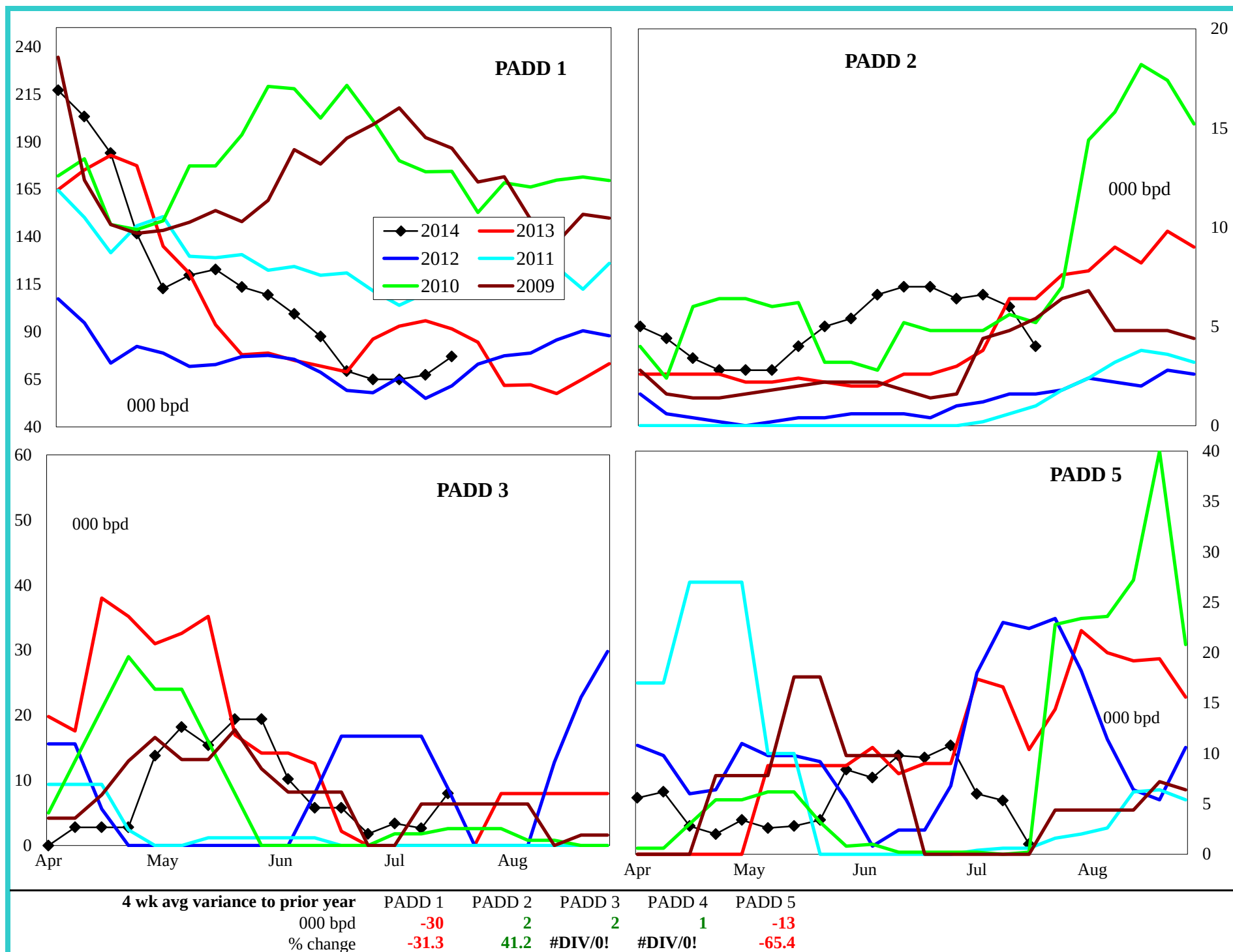
Crude Oil Imports by PADD



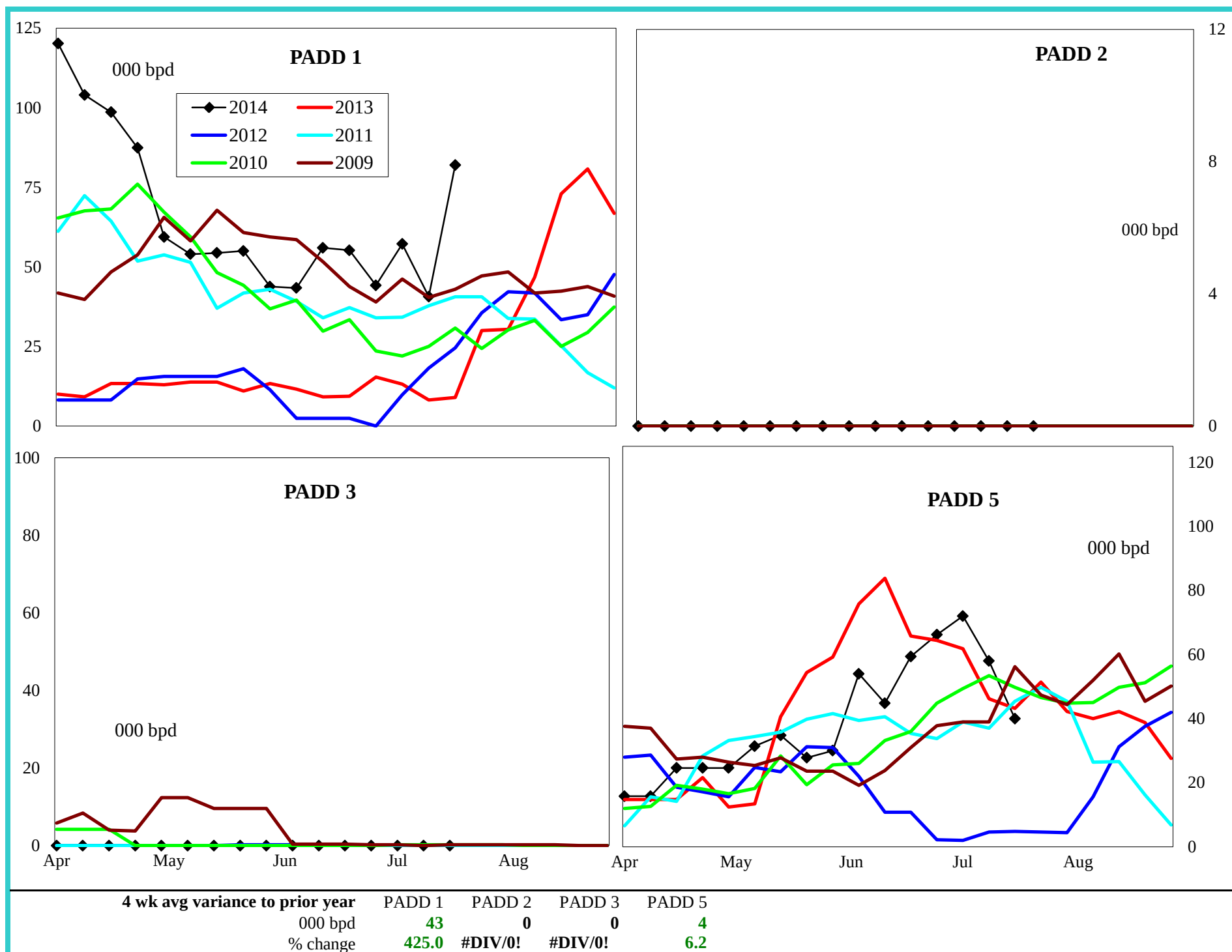
Gasoline Imports by PADD (Finished + Blend Stocks)



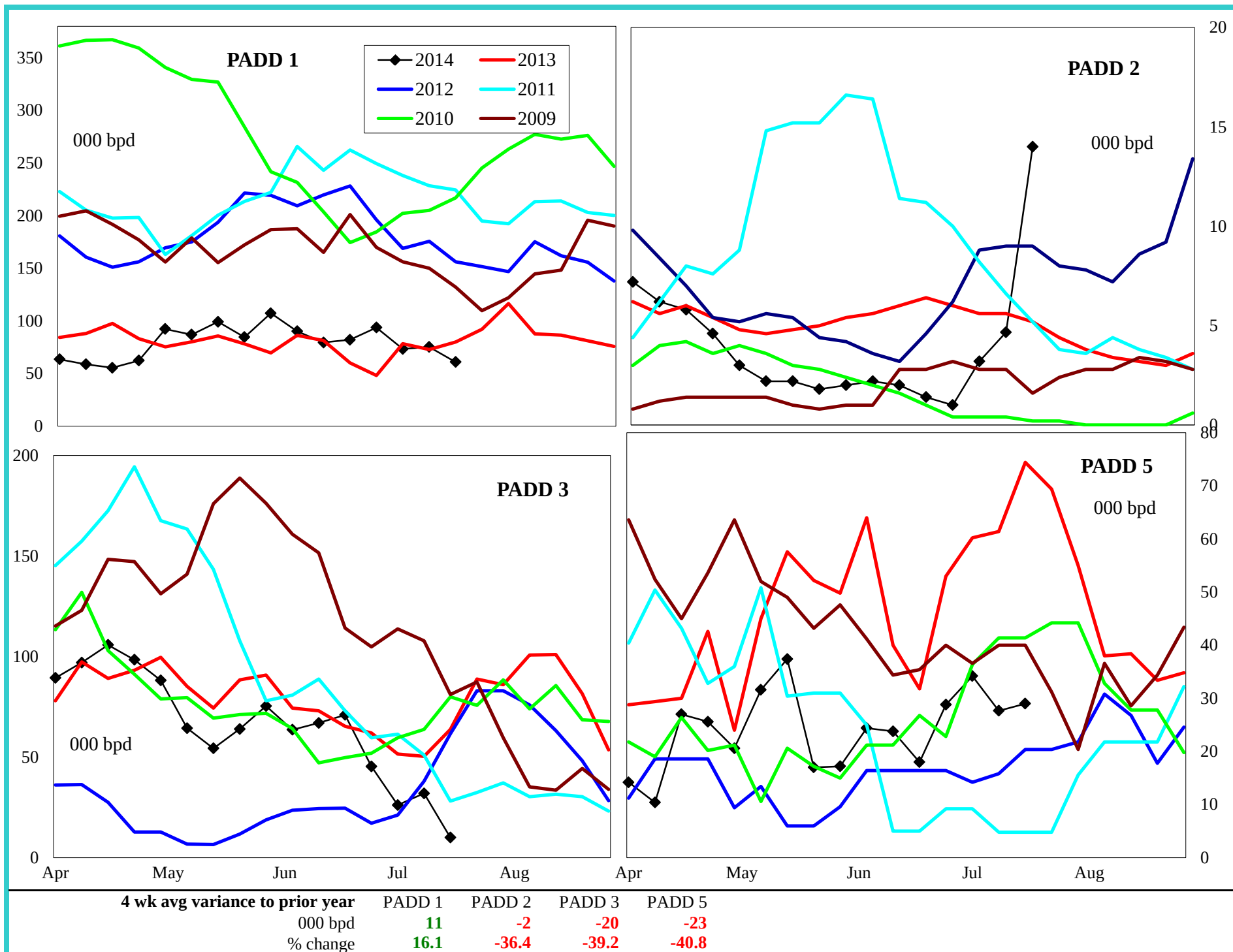
Distillate Imports by PADD



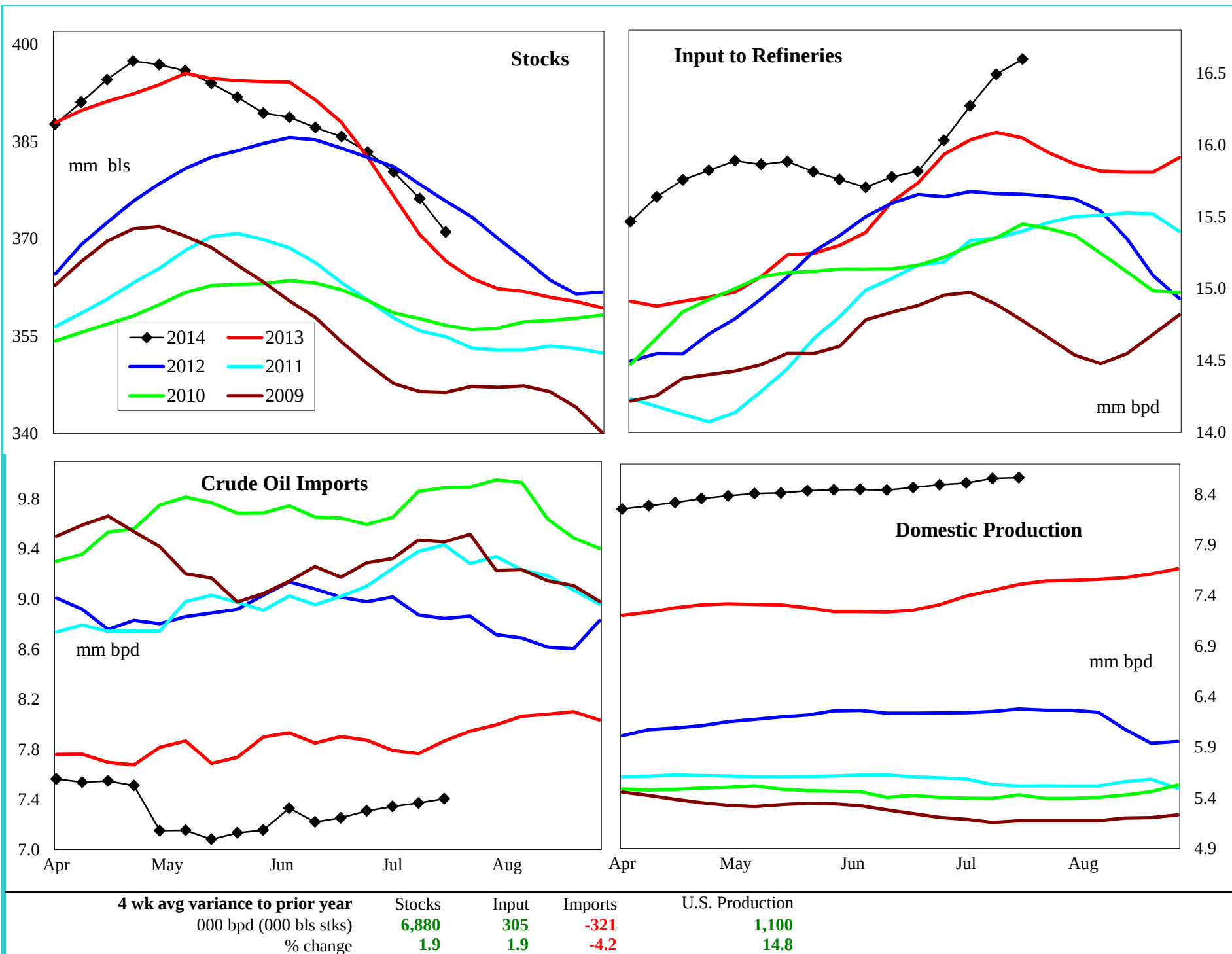
Jet Fuel Imports by PADD



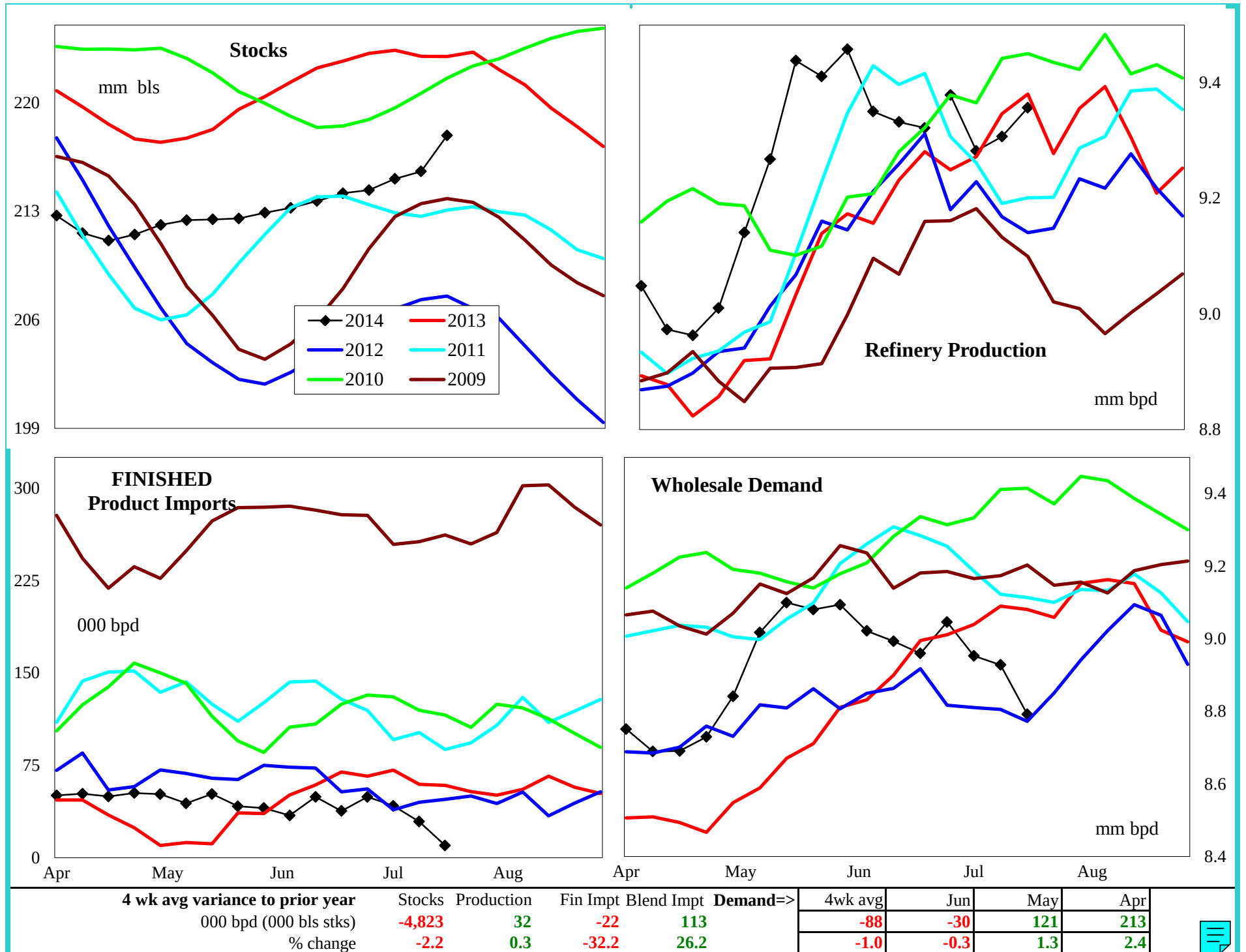
Residual Fuel Oil Imports by PADD



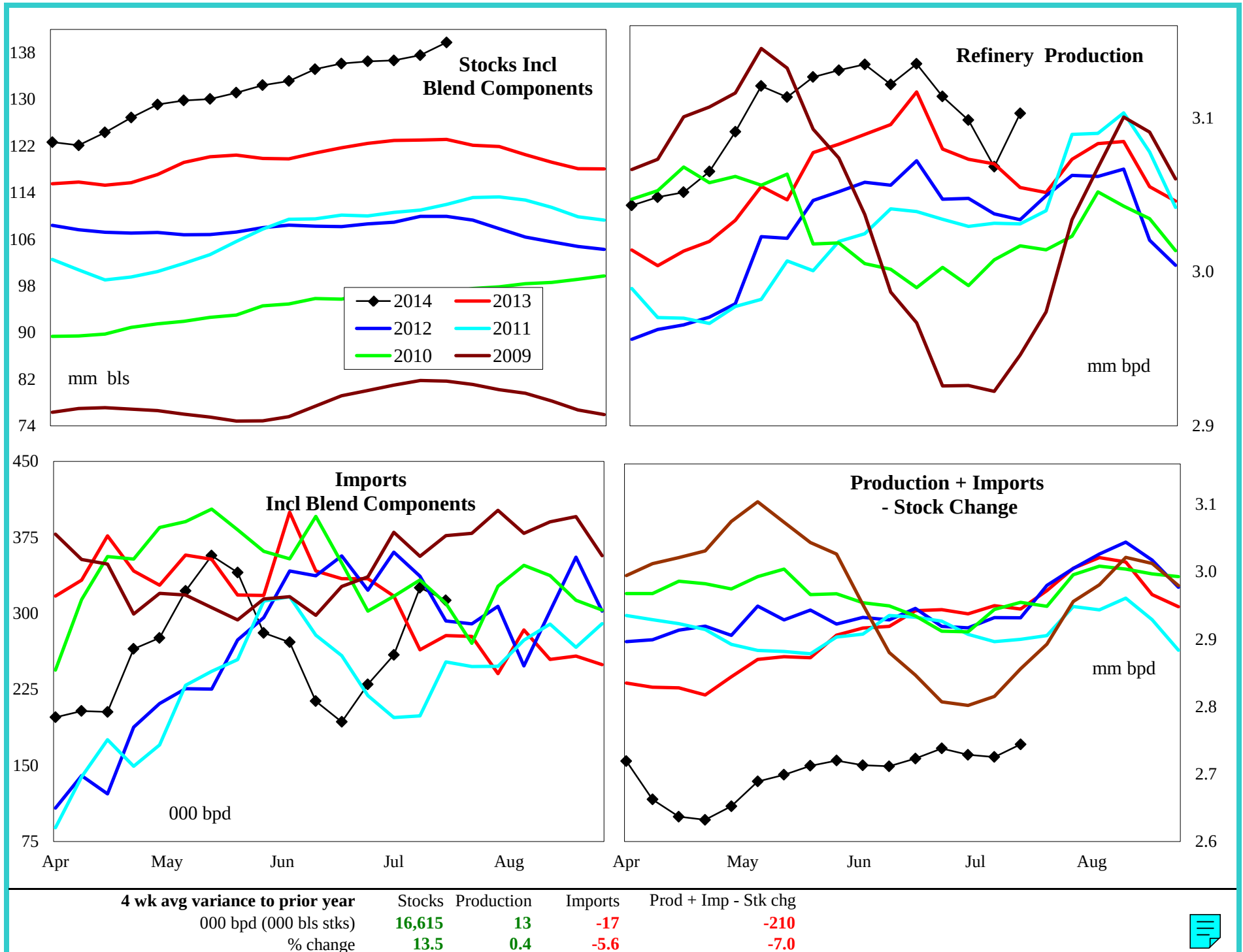
United States Crude Oil Supply and Demand Balance



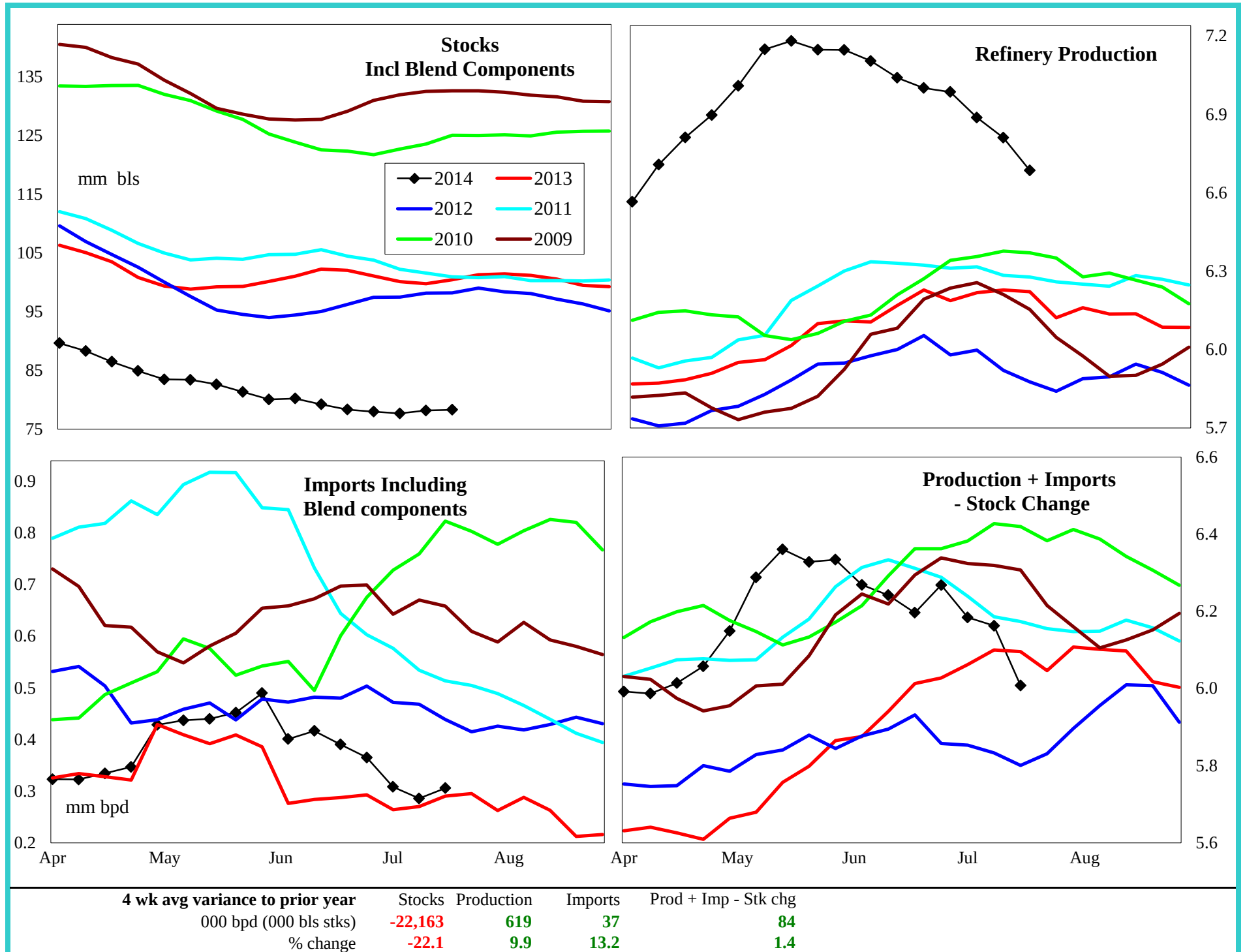
United States Gasoline Supply and Demand Balance



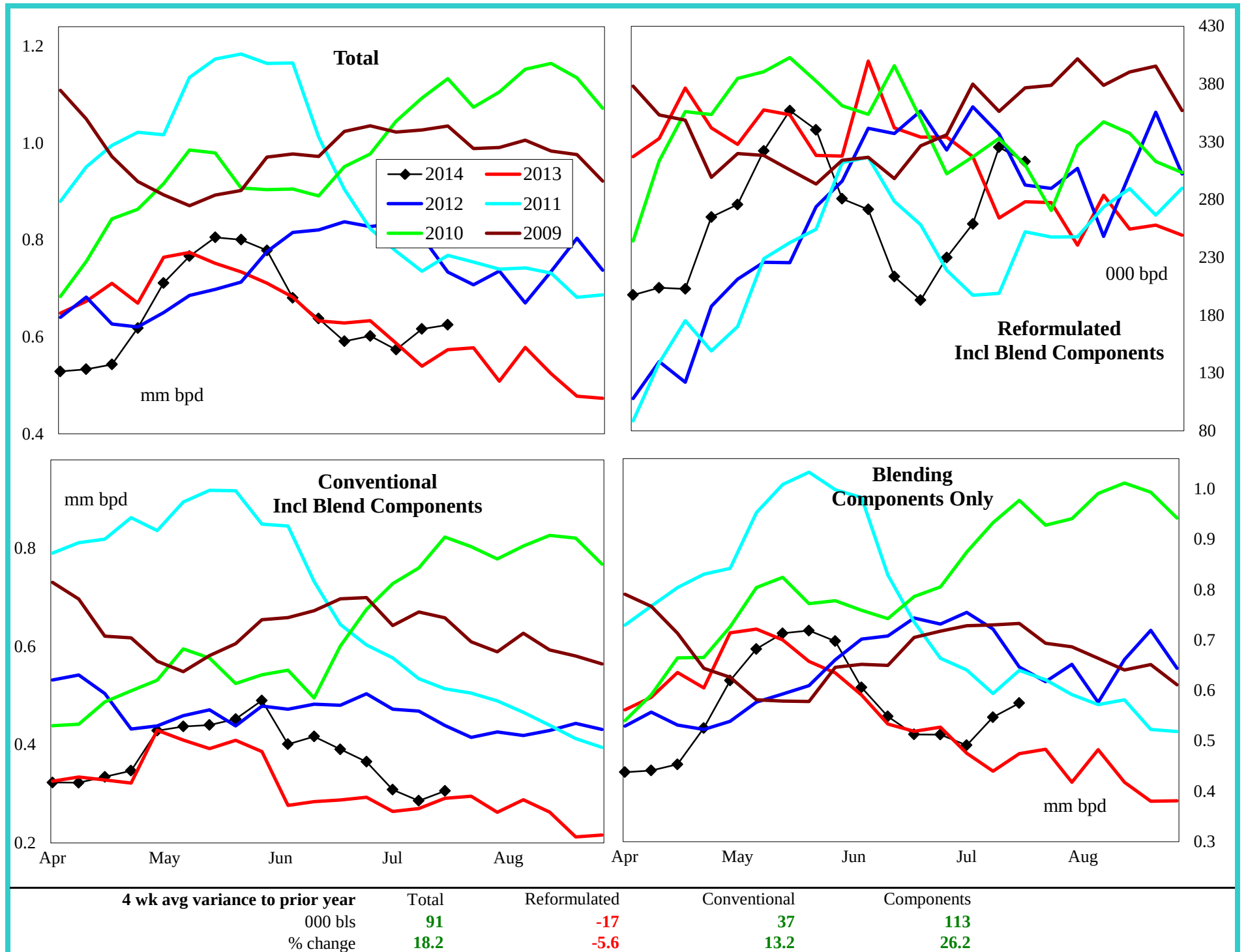
United States Reformulated Gasoline Supply



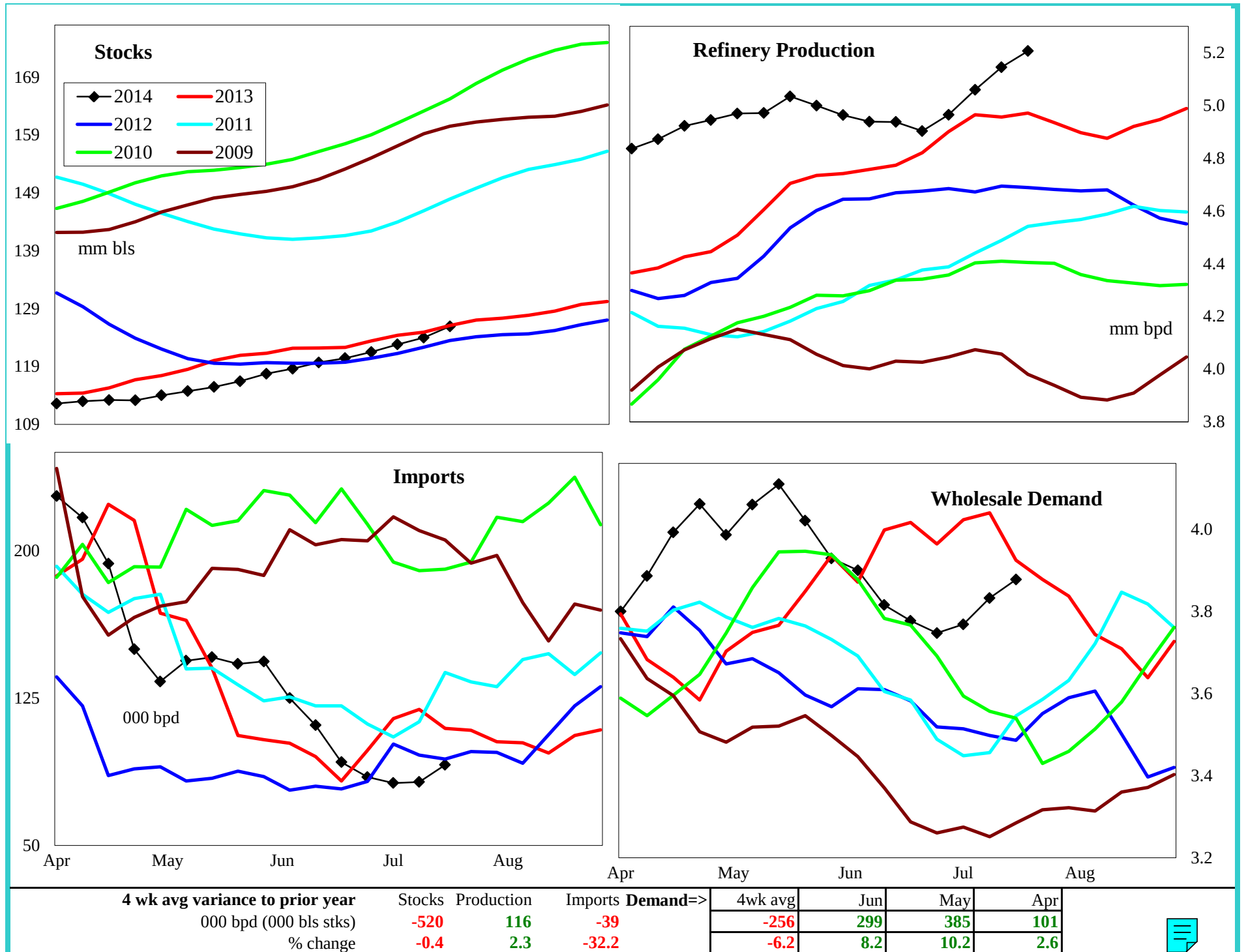
United States Conventional Gasoline Supply



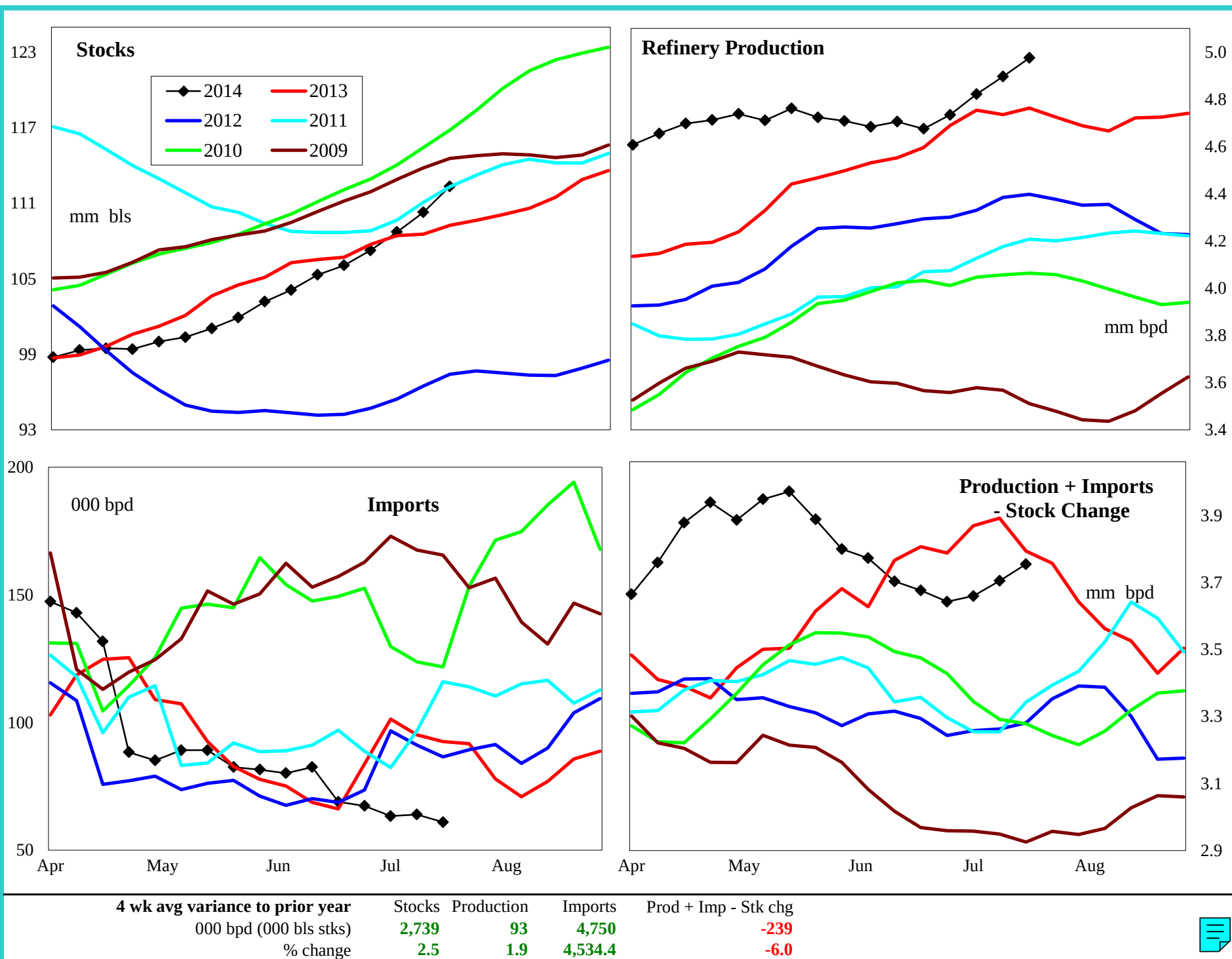
United States Gasoline Imports by Type



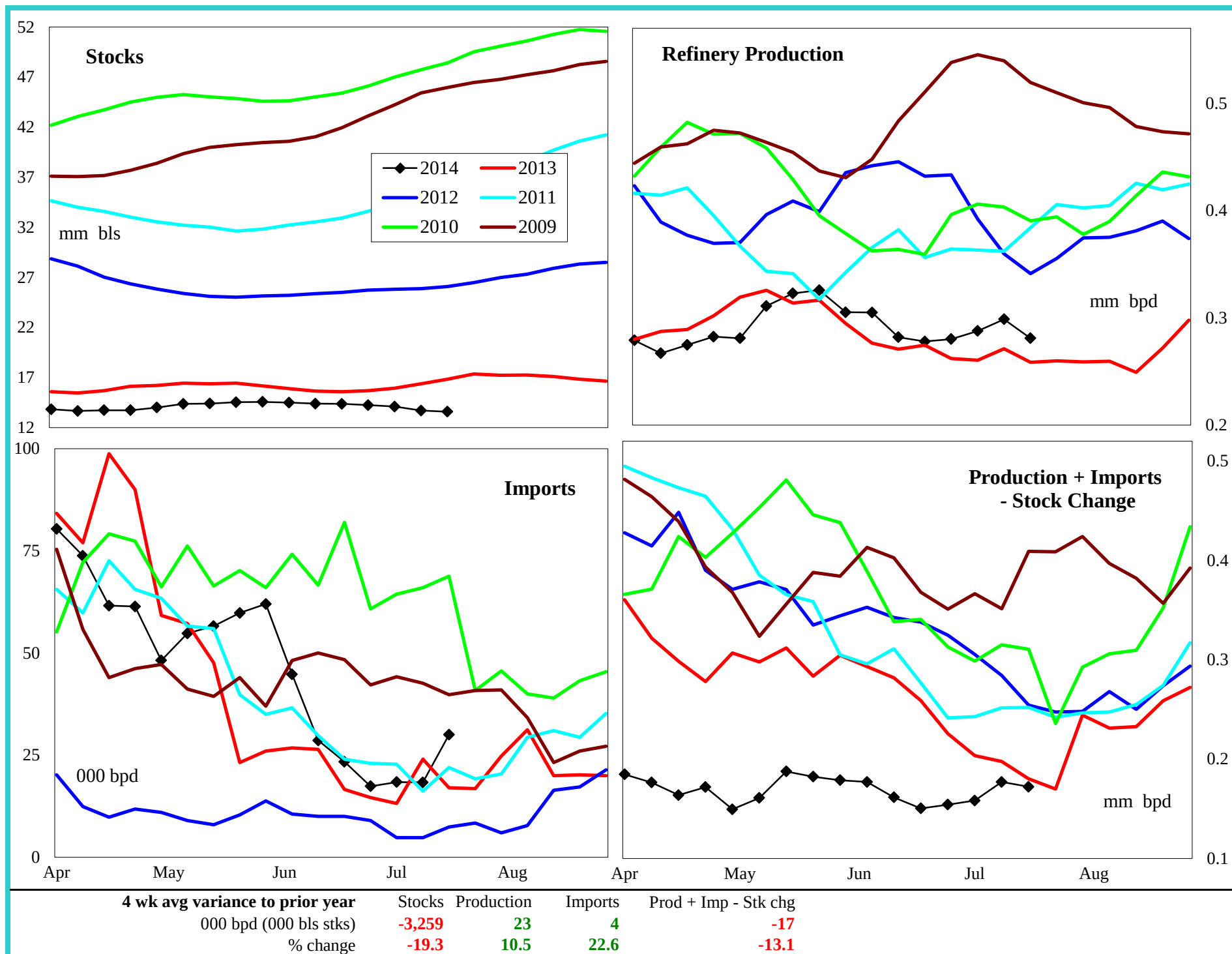
United States Distillate Supply and Demand Balance



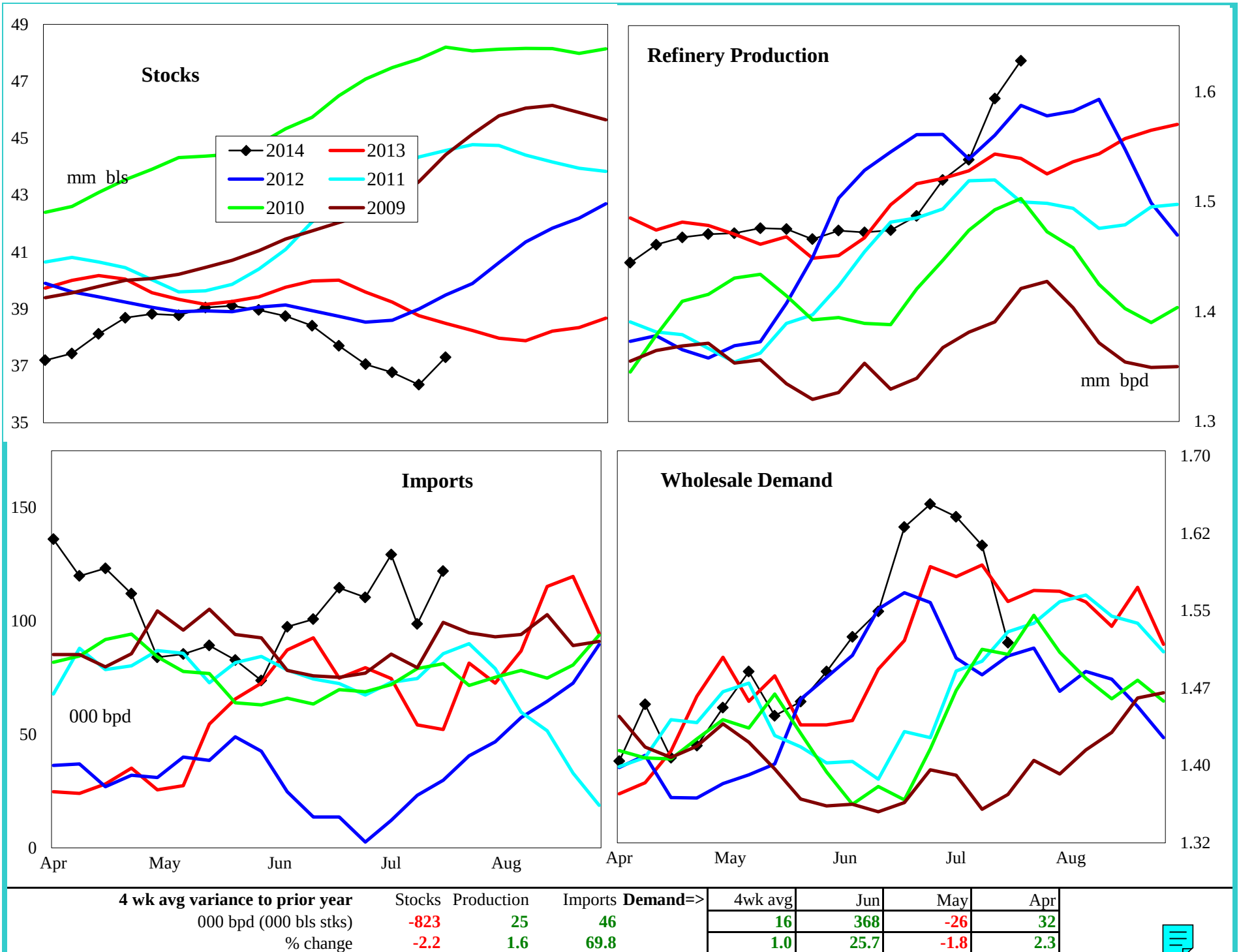
United States Low Sulfur Distillate Supply



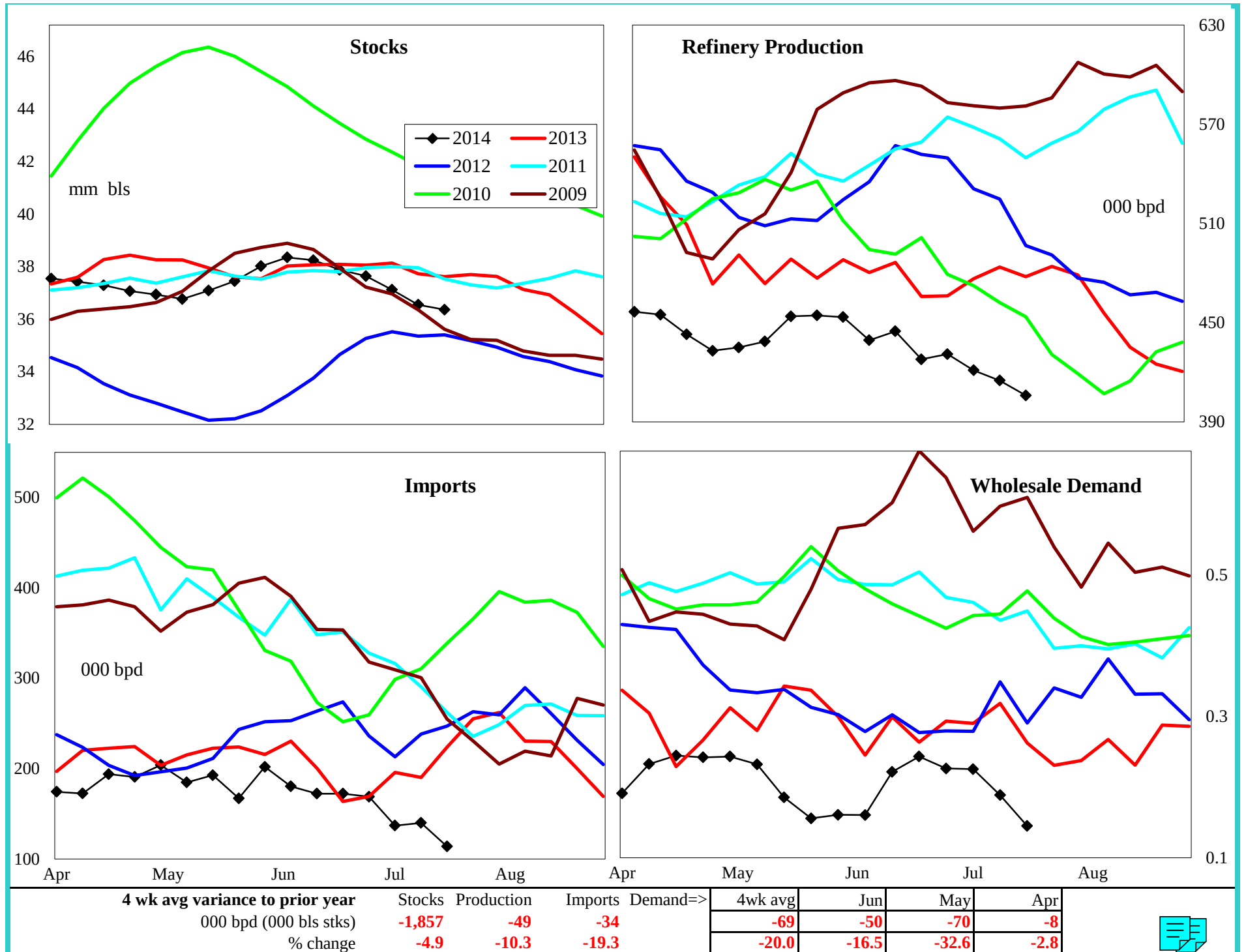
United States High Sulfur Distillate Supply



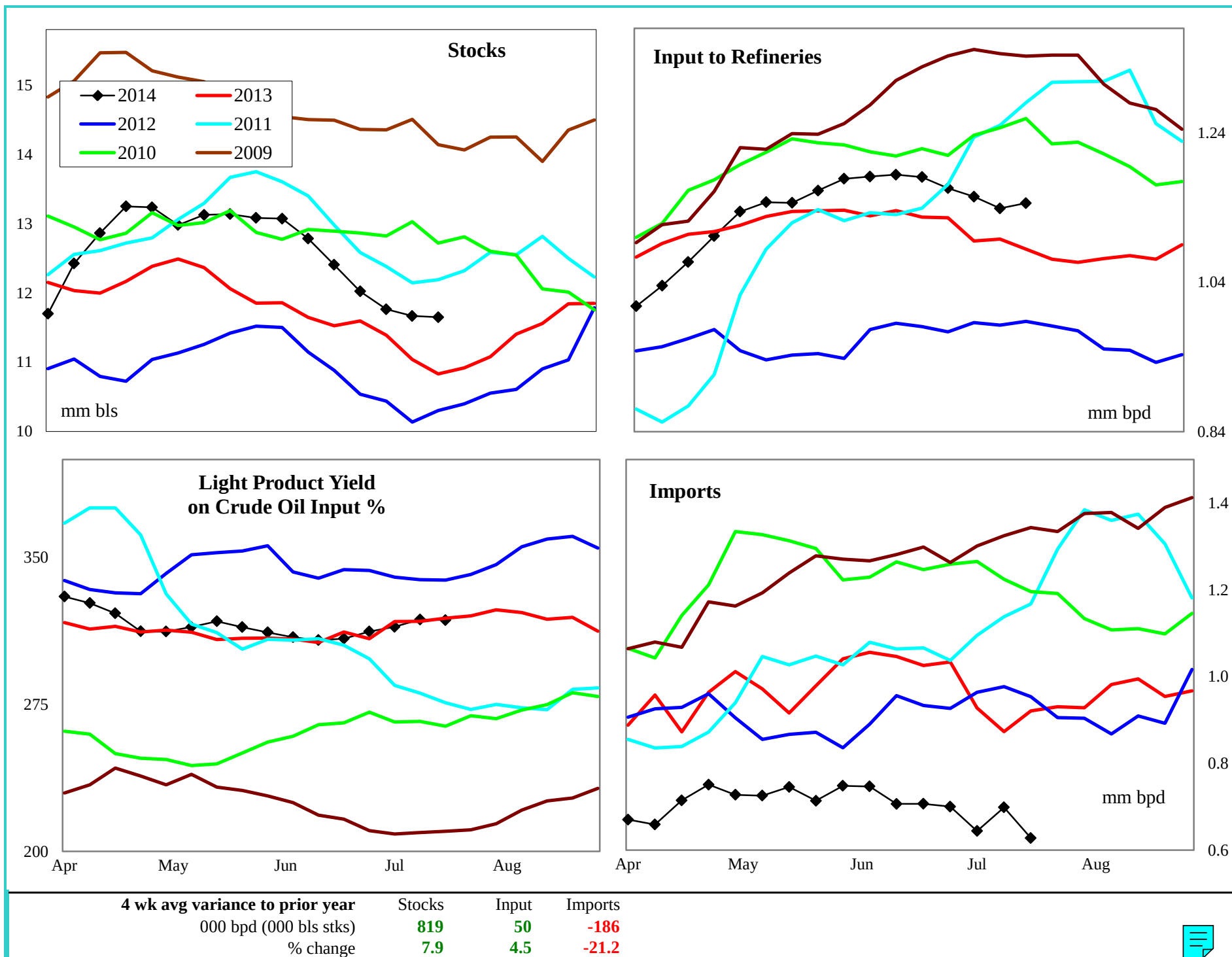
United States Jet Fuel Supply and Demand Balance



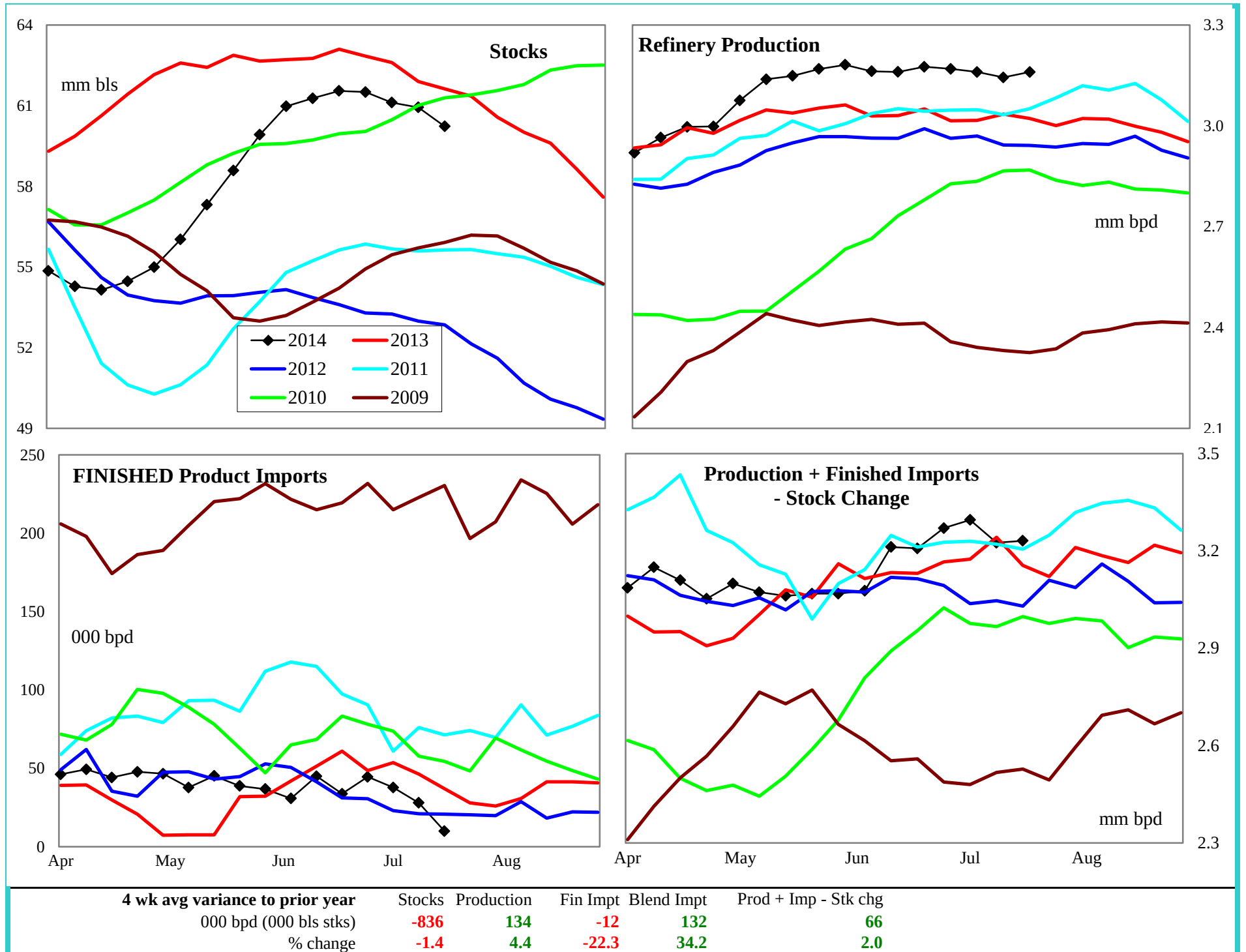
United States Residual Fuel Oil Supply and Demand Balance



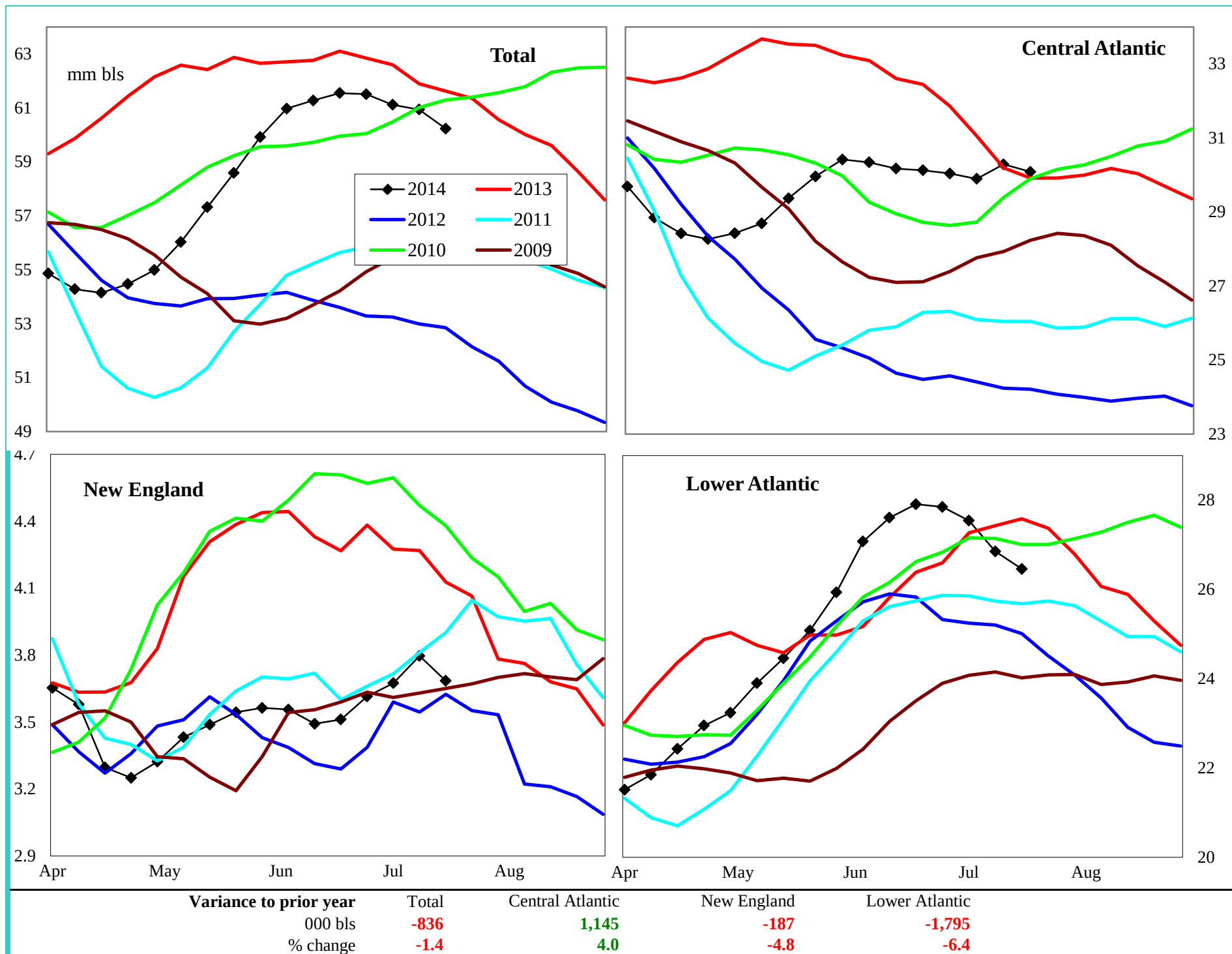
PADD 1 Crude Oil Supply and Refining



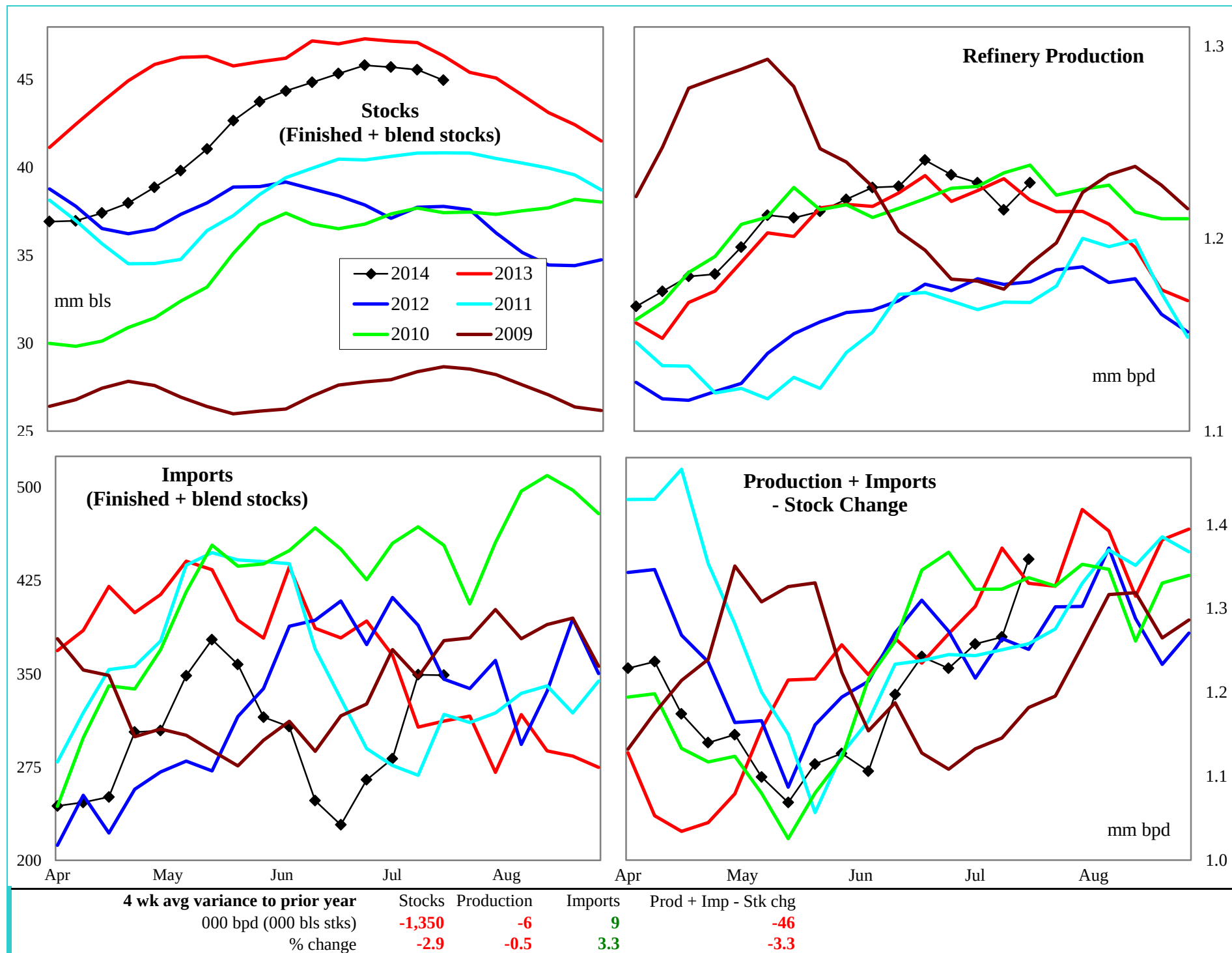
PADD 1 Gasoline Supply



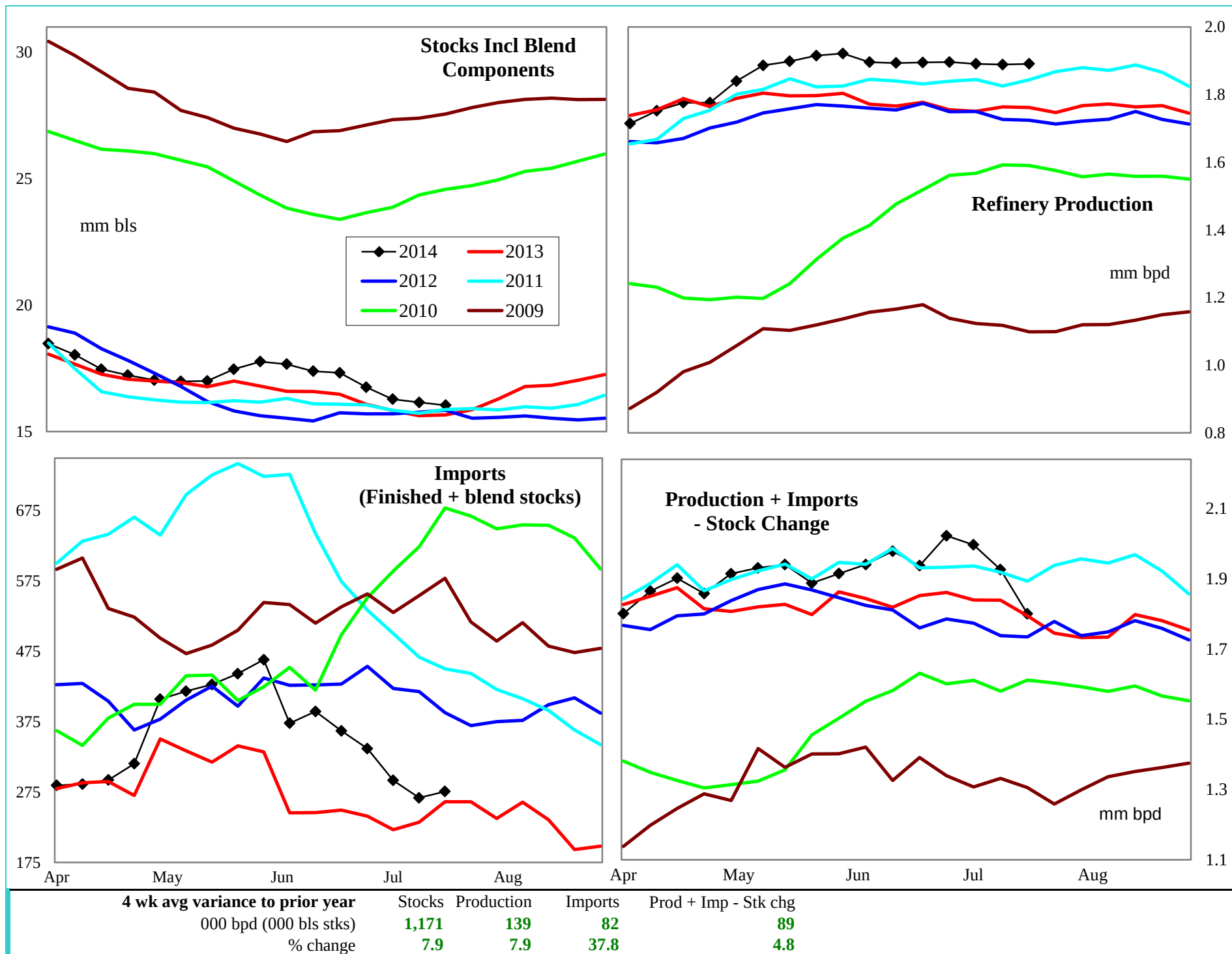
PADD 1 Gasoline Stocks by Region



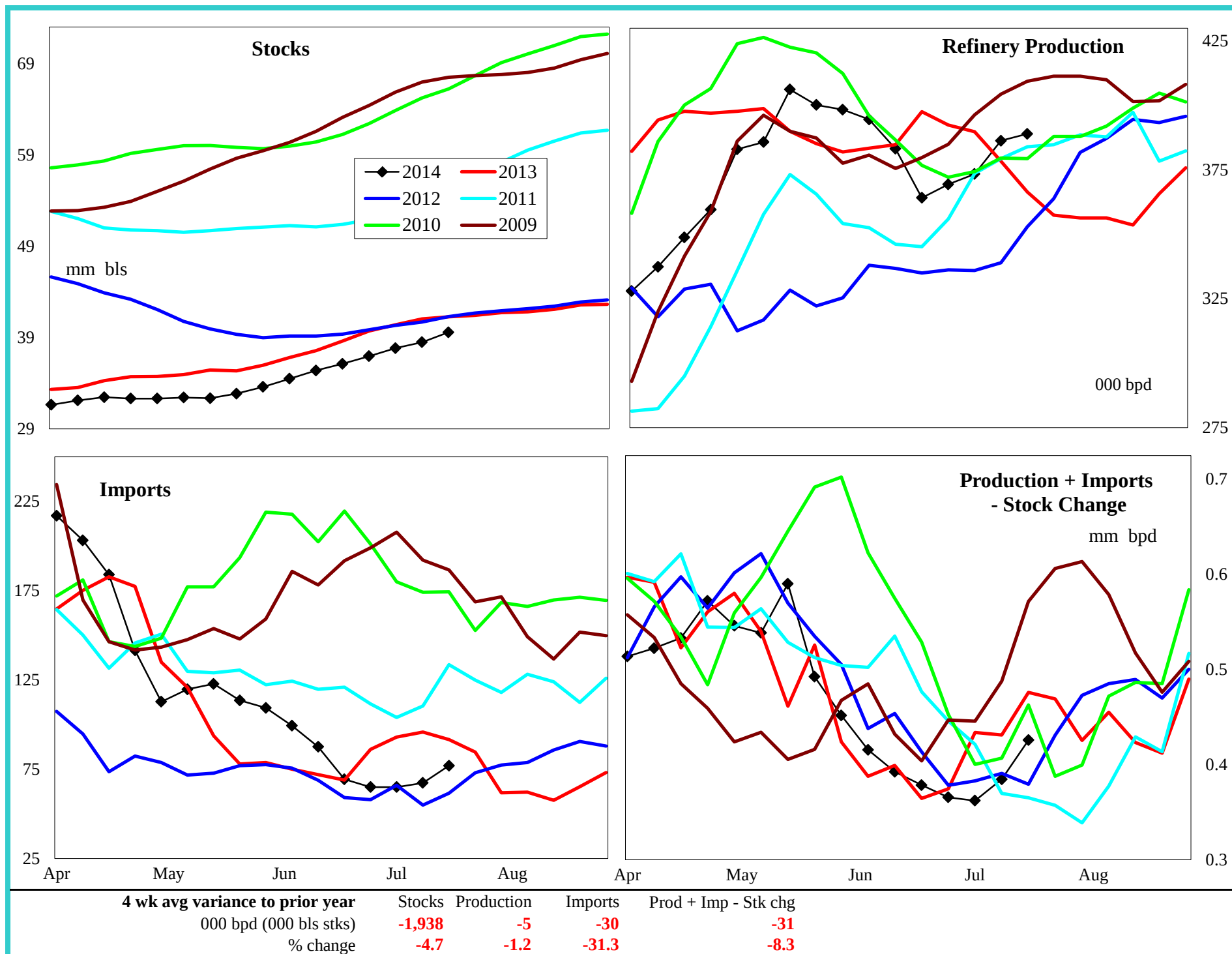
PADD 1 Reformulated Gasoline Supply



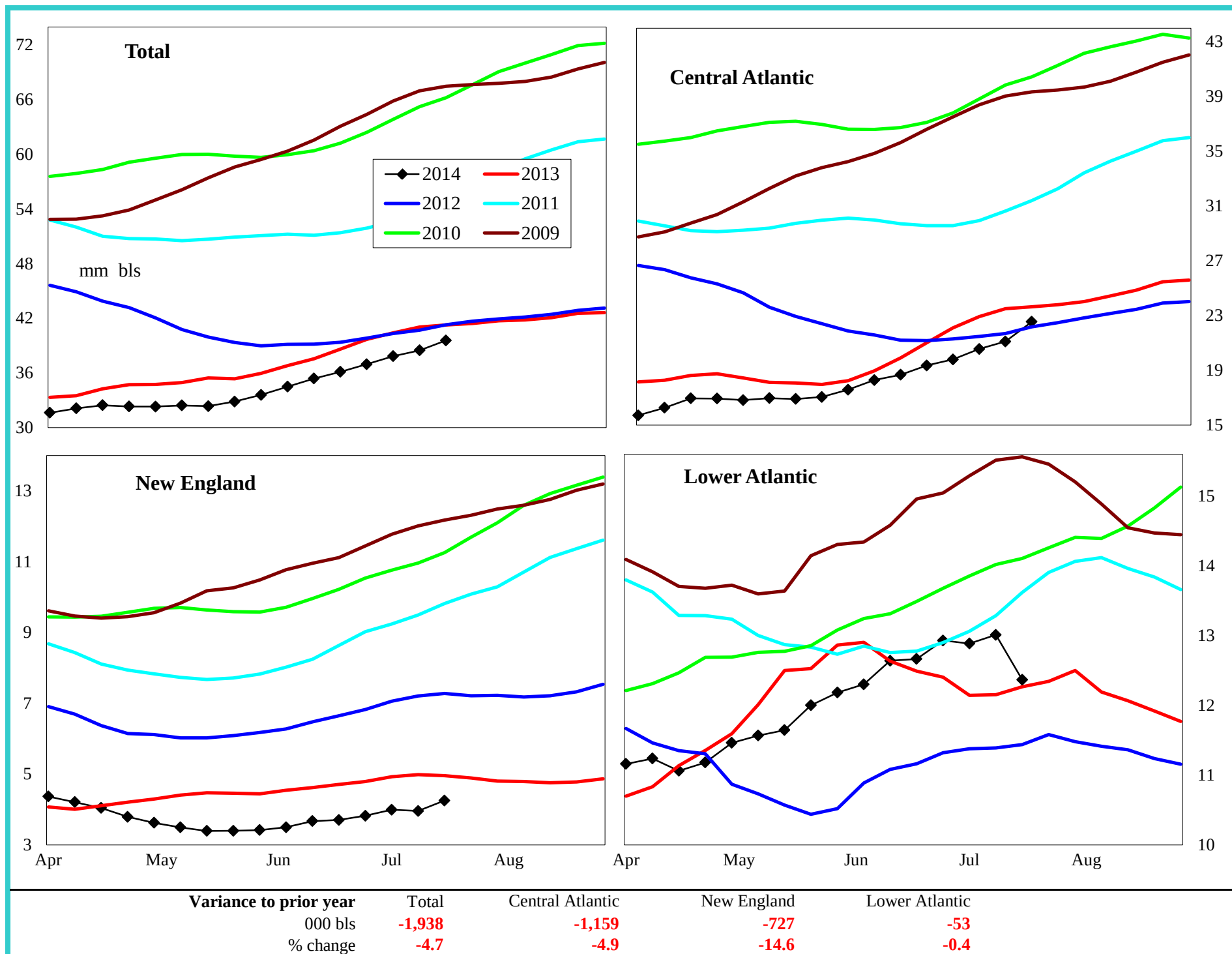
PADD 1 Conventional Gasoline Supply



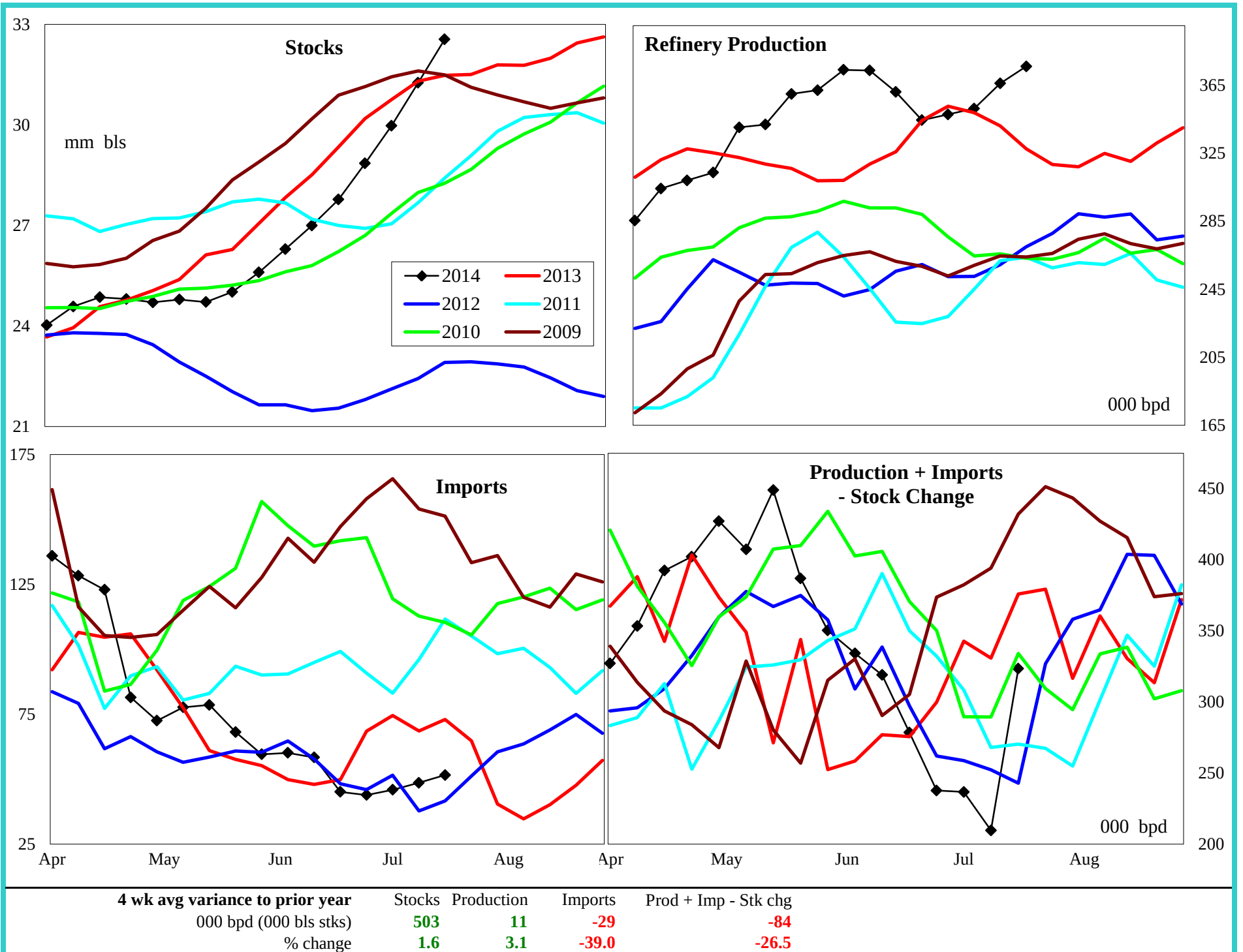
PADD 1 Distillate Supply



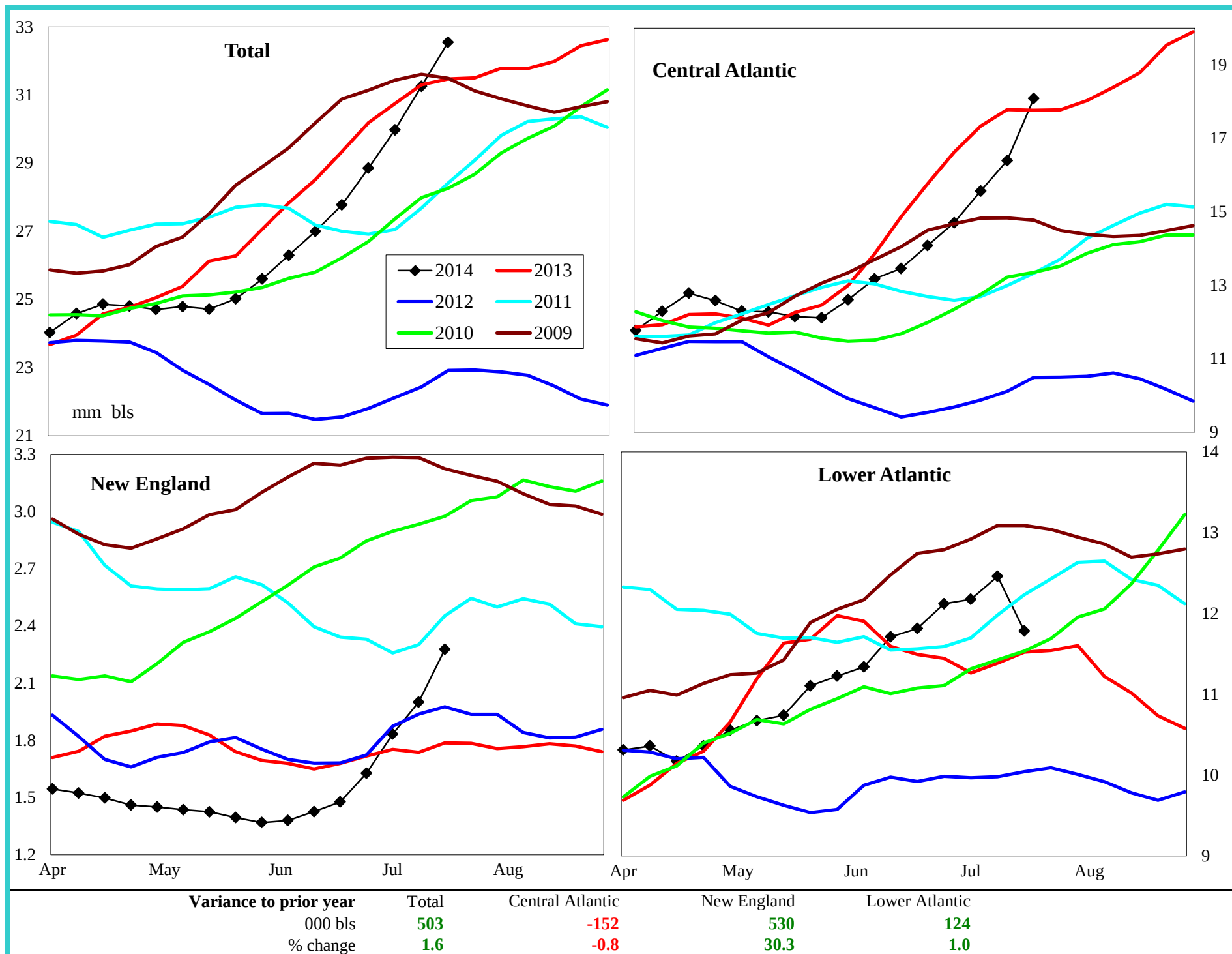
PADD 1 Distillate Stocks by Region



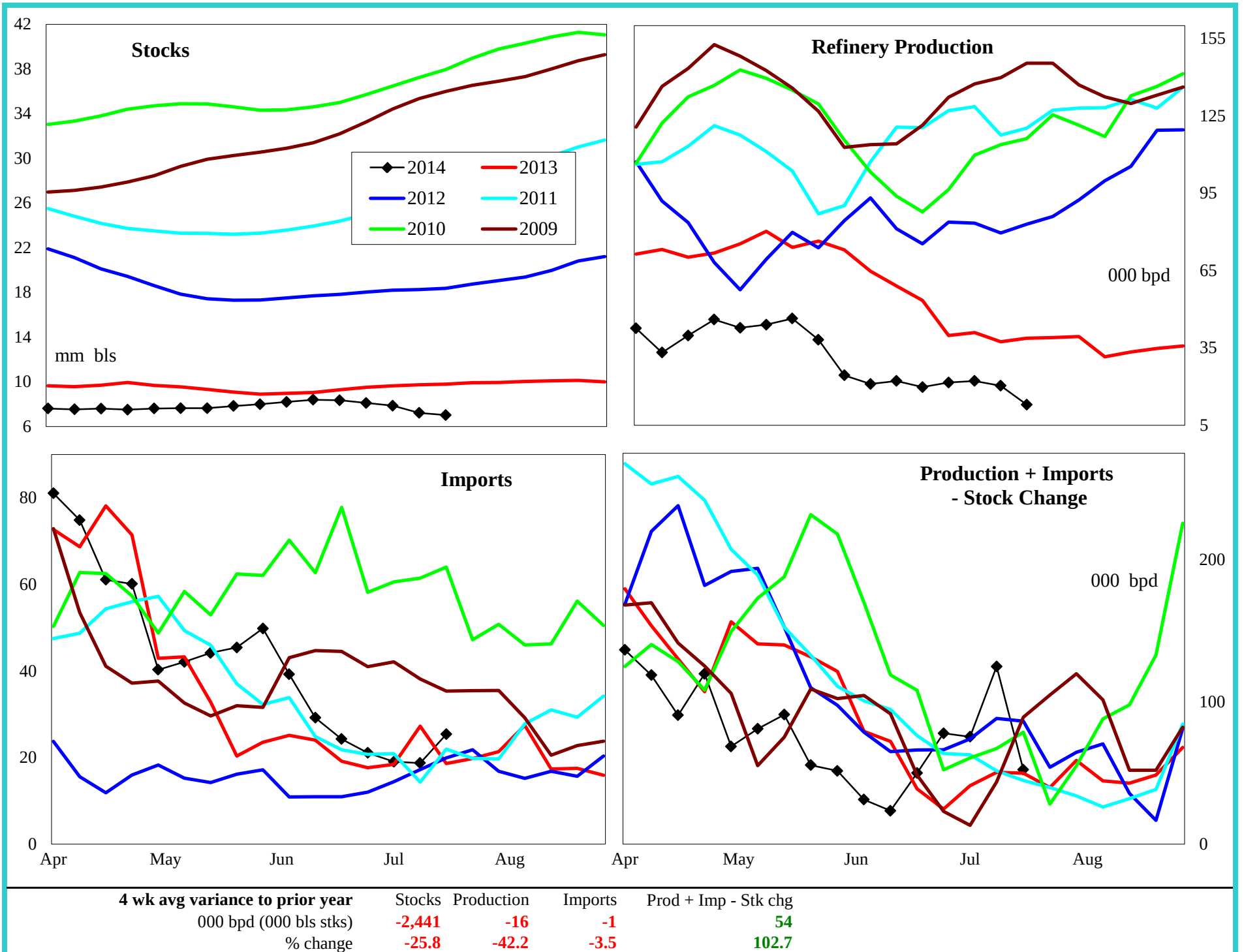
PADD 1 Low Sulfur Distillate Supply



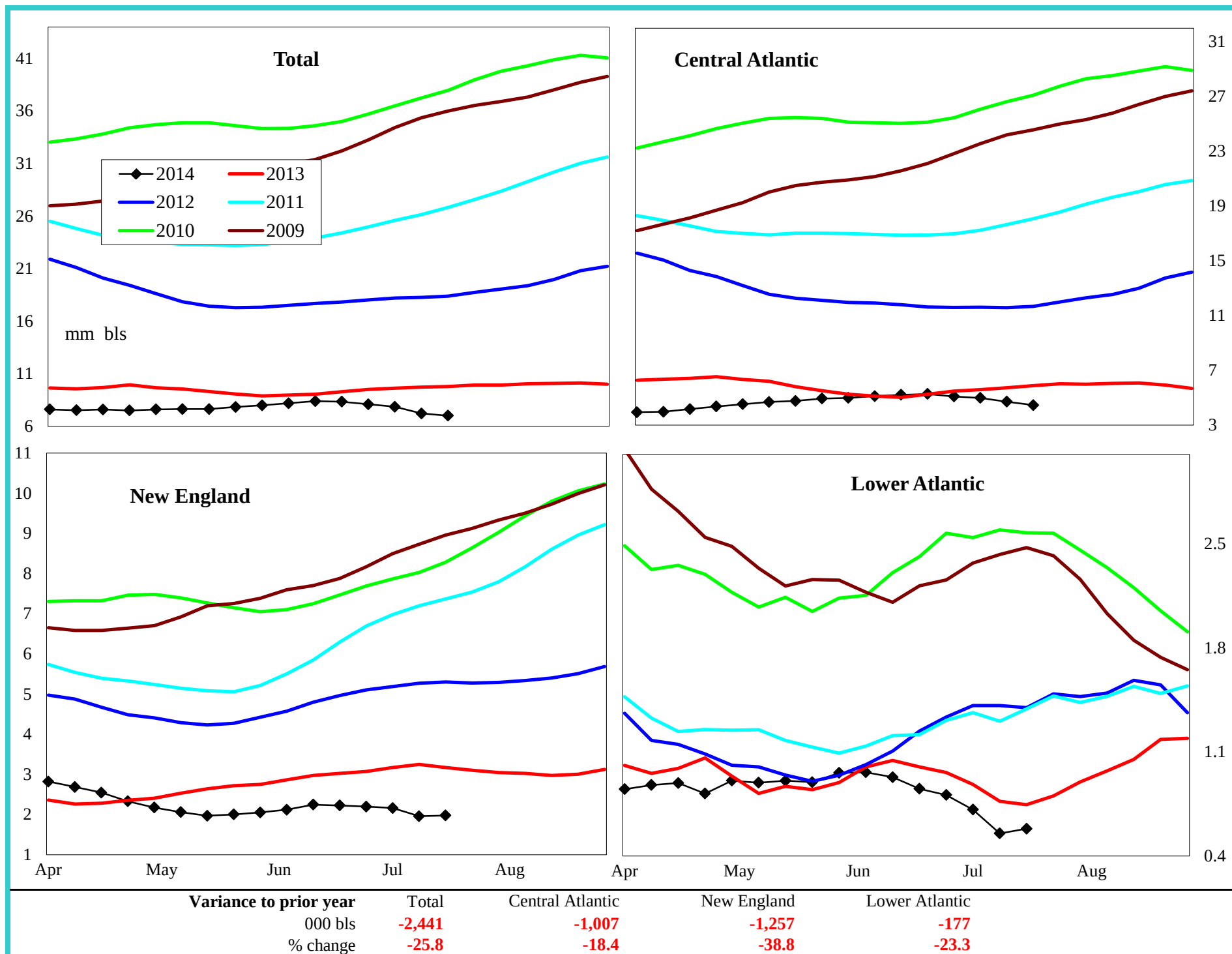
PADD 1 Low Sulfur Distillate Stocks by Region



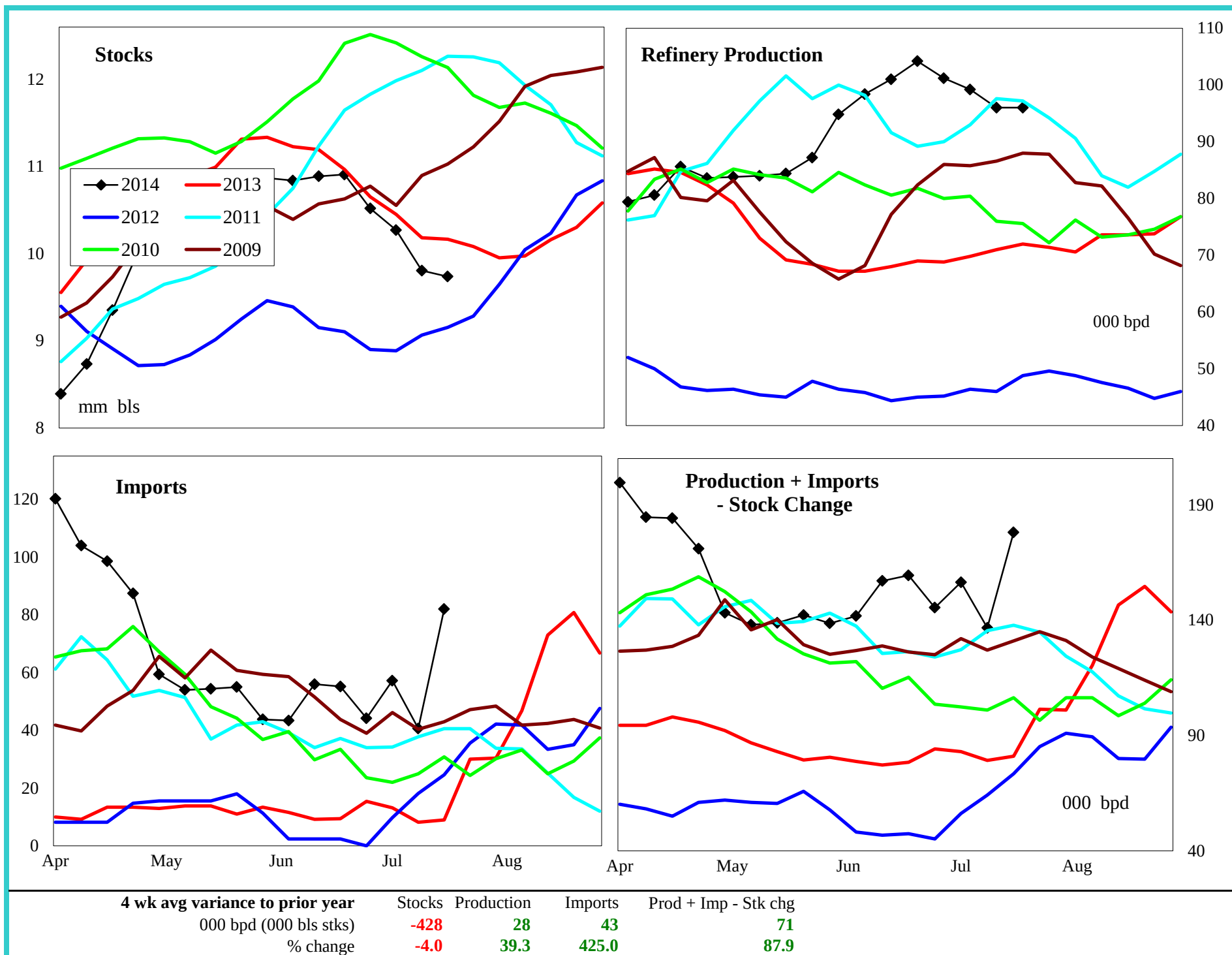
PADD 1 High Sulfur Distillate Supply



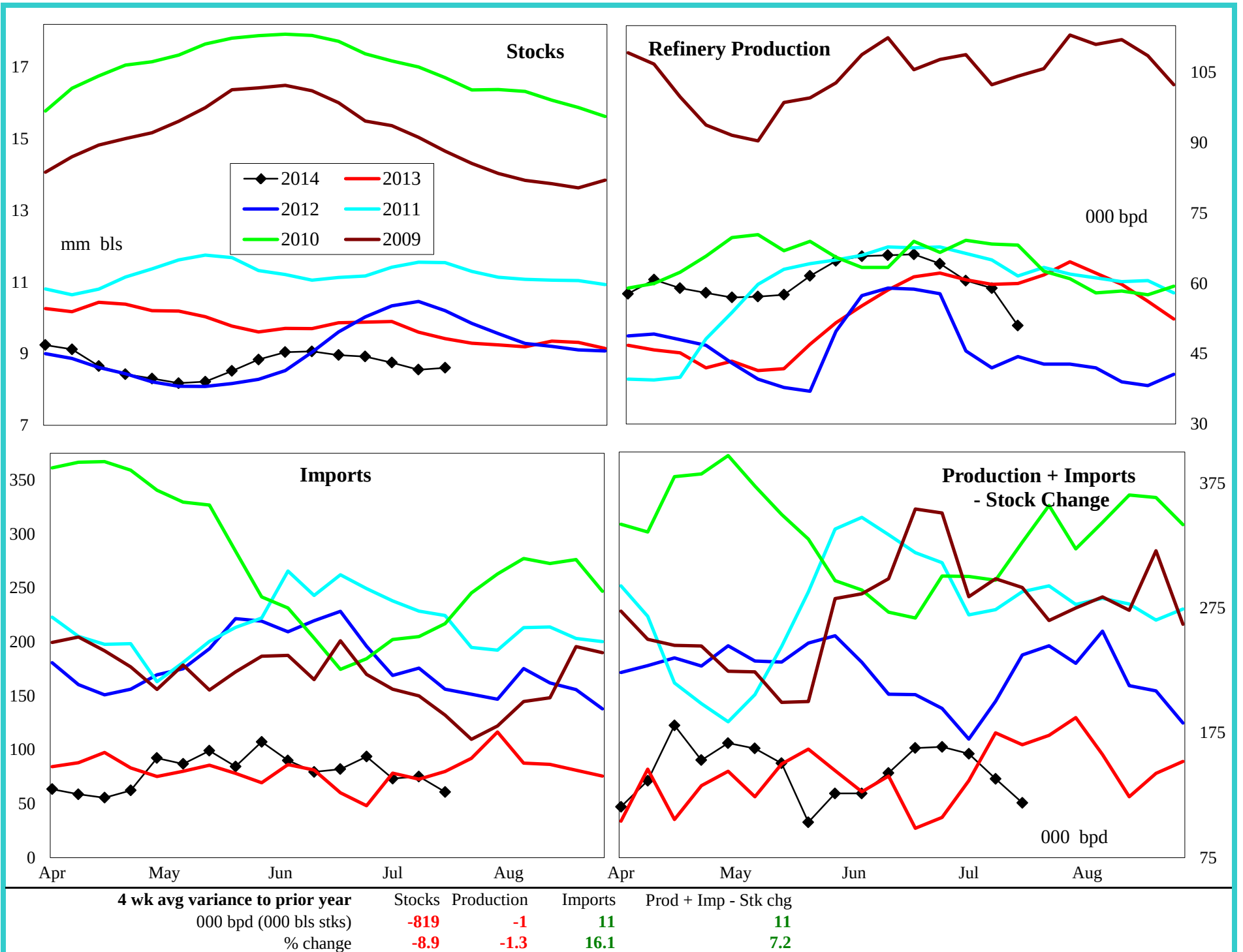
PADD 1 High Sulfur Distillate Stocks by Region



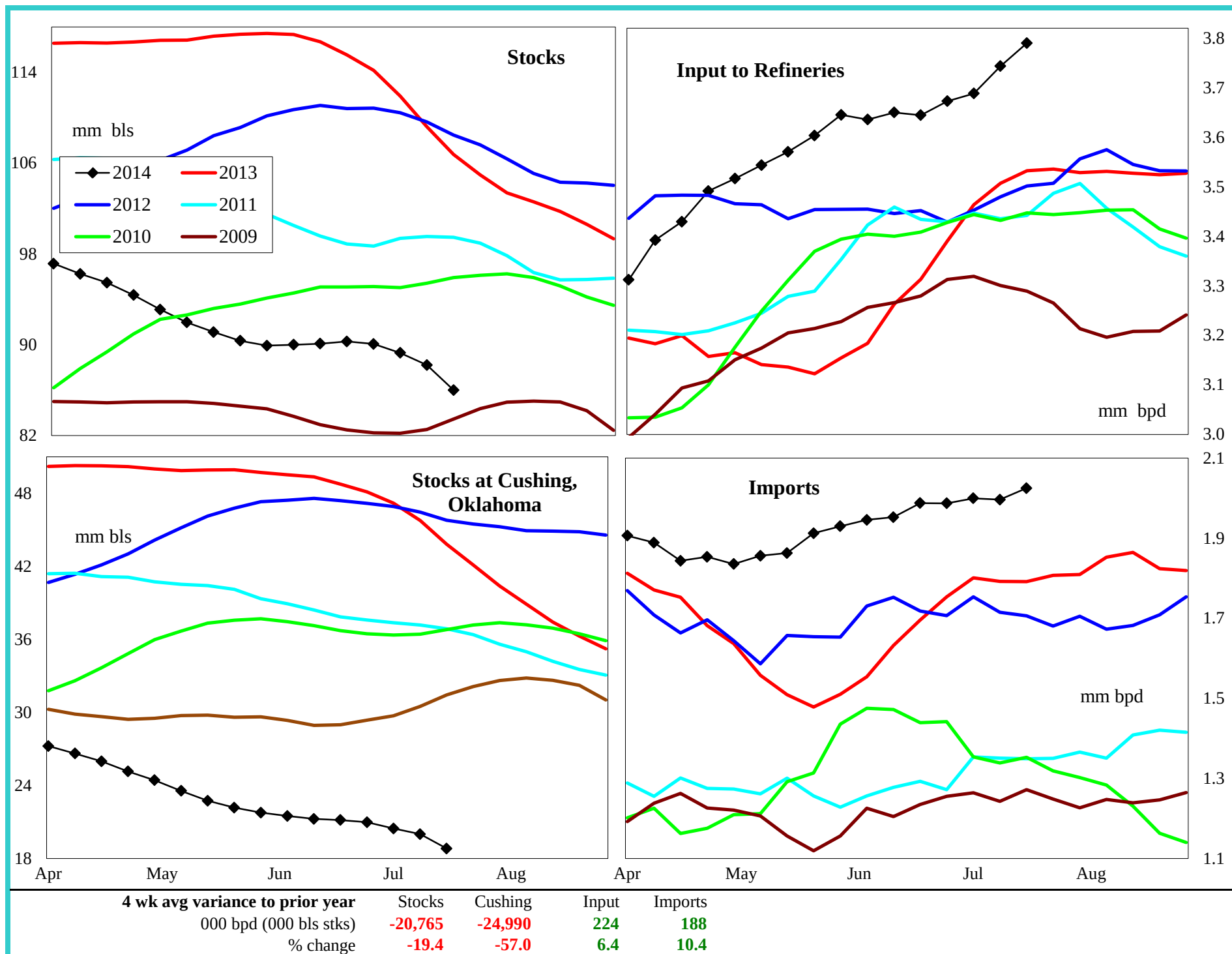
PADD 1 Jet Fuel Supply



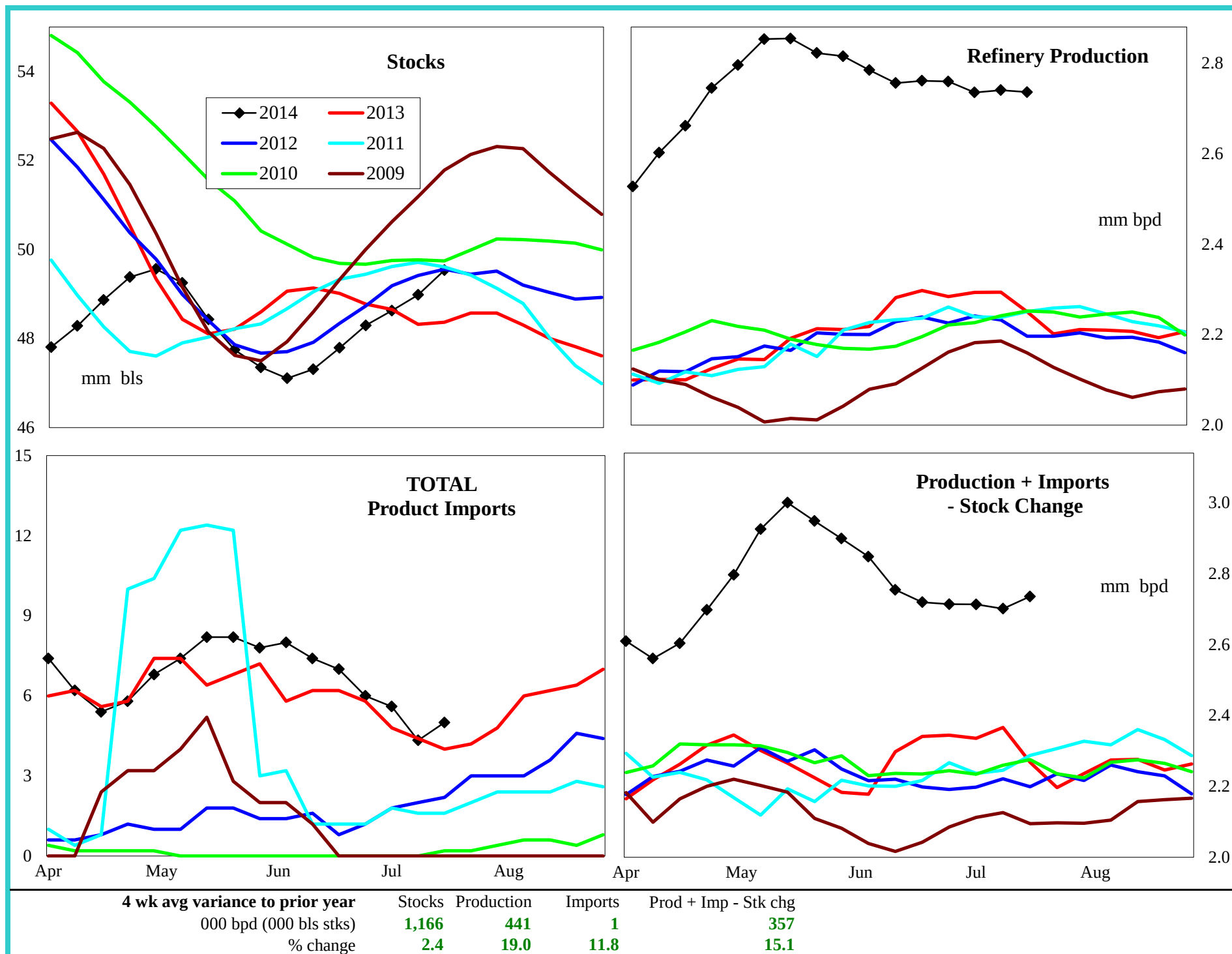
PADD 1 Residual Fuel Oil Supply



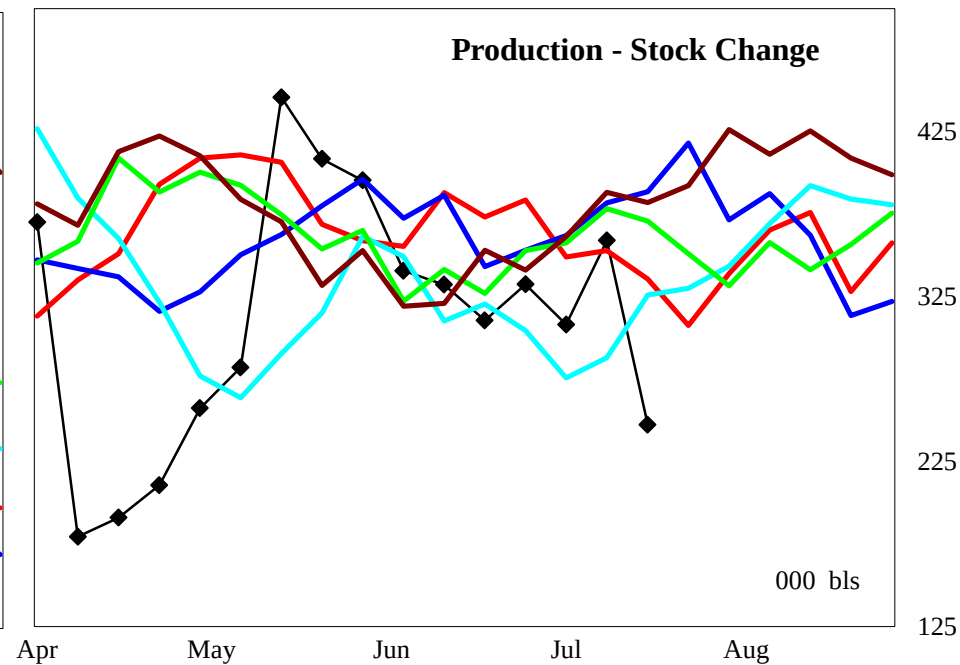
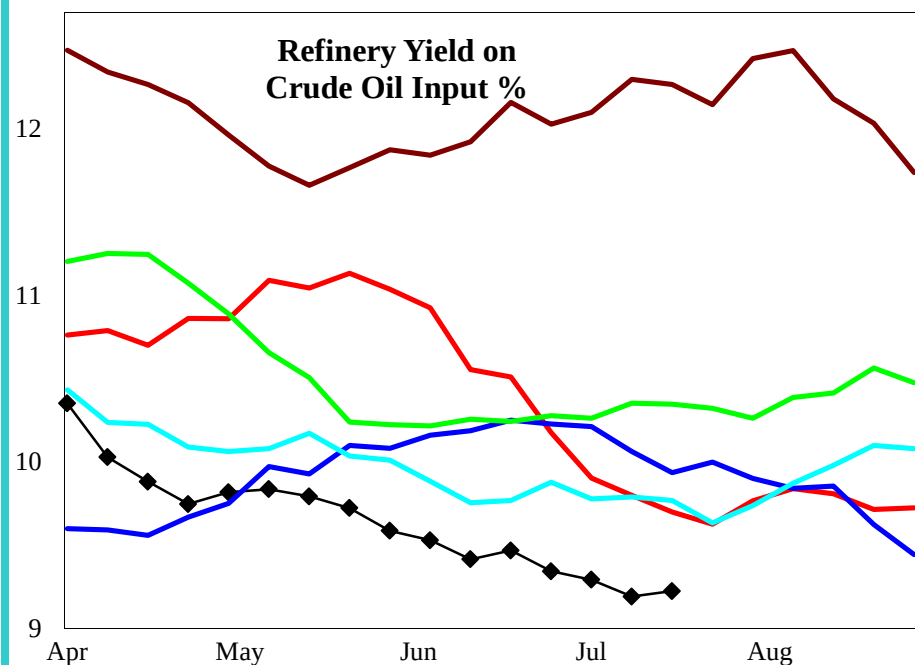
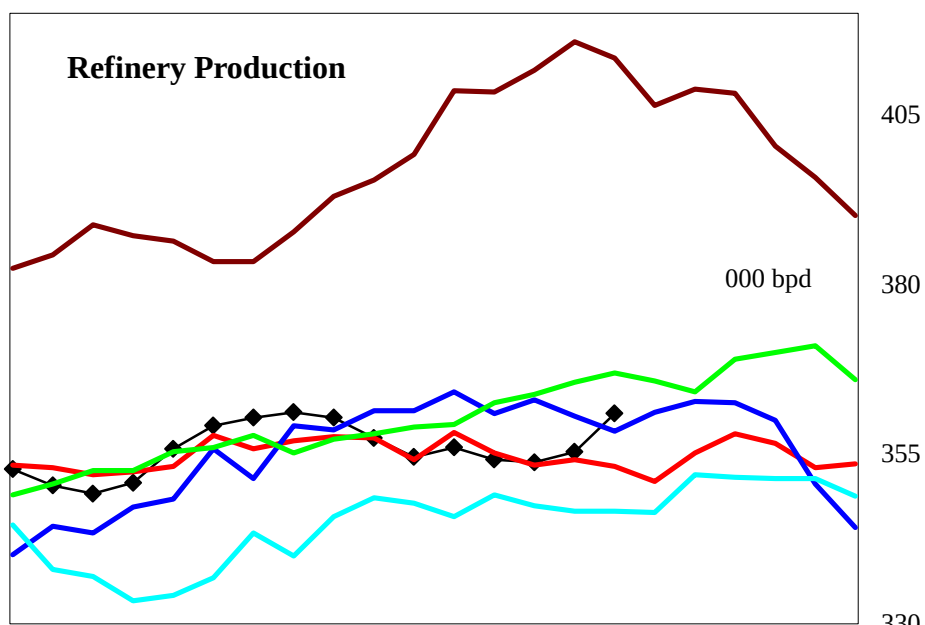
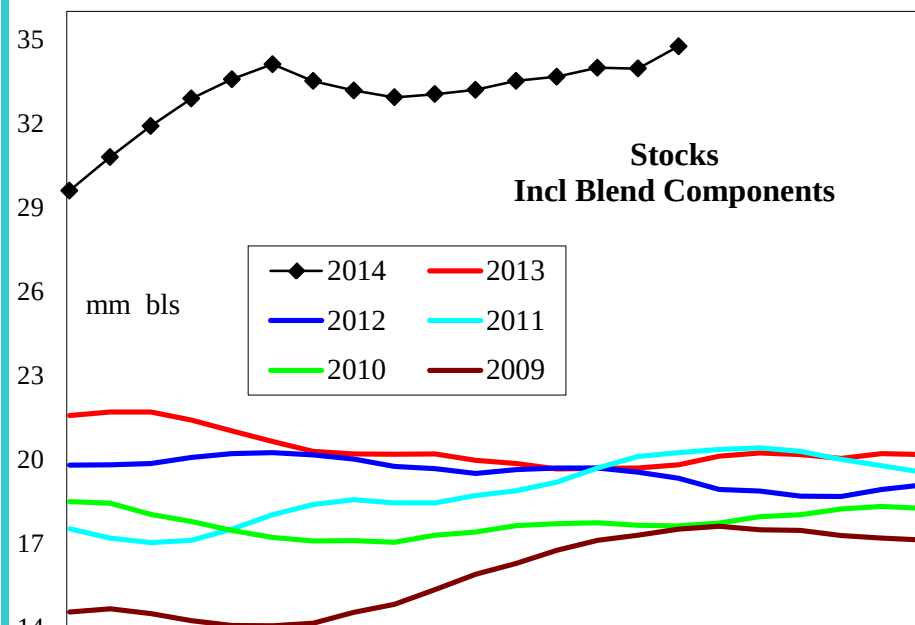
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

Production

14,934

2

75.4

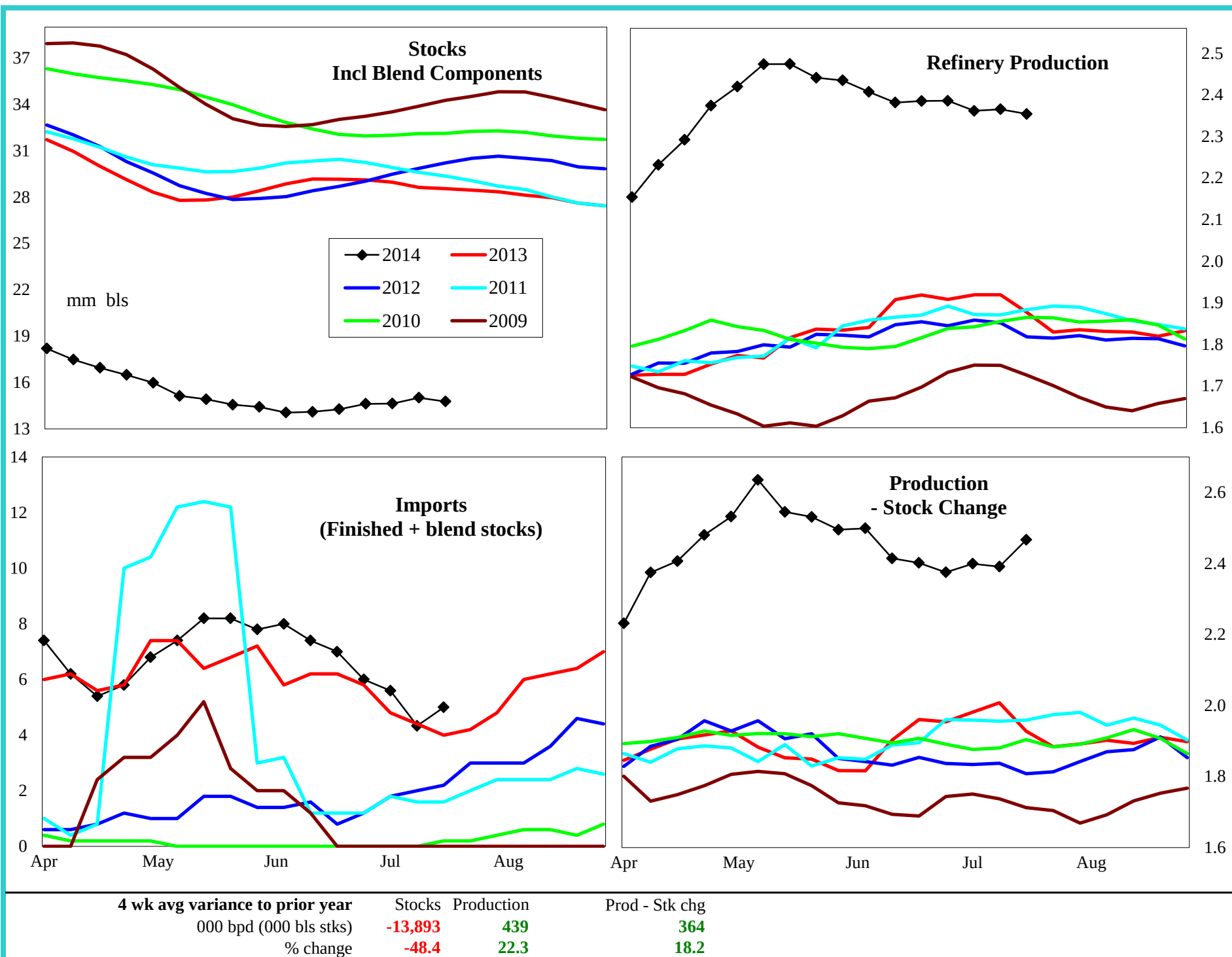
0.6

Prod - Stk chg

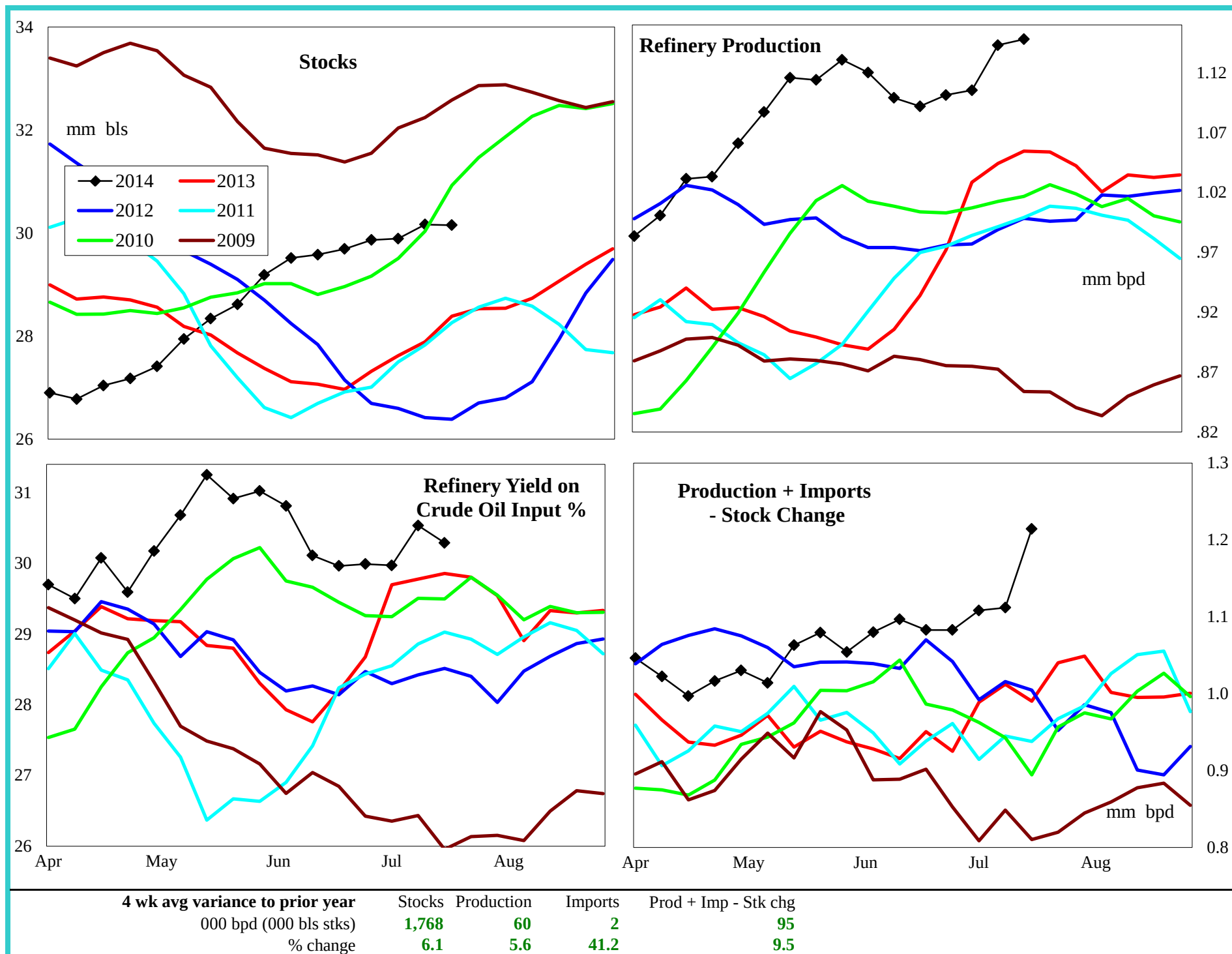
-44

-12.3

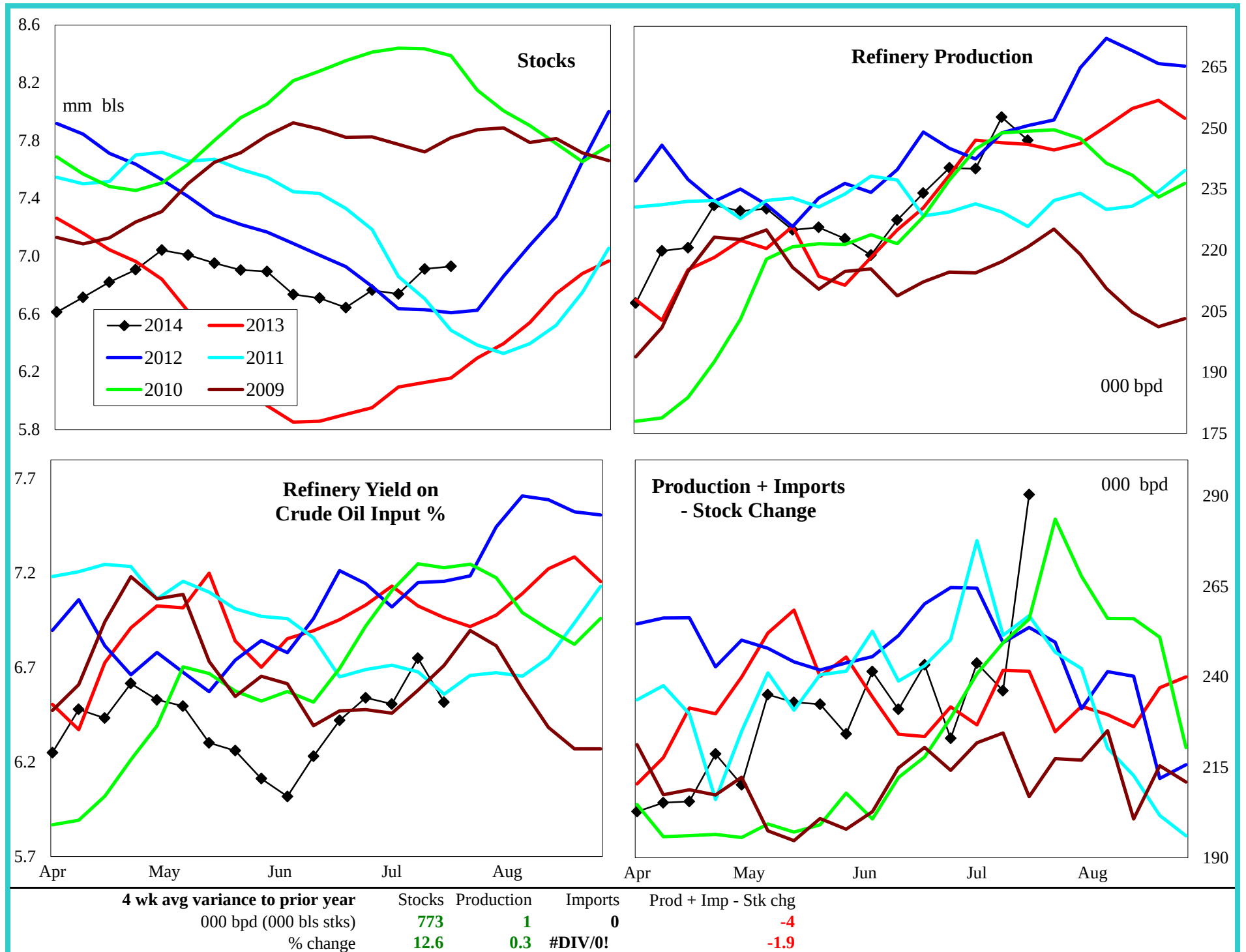
PADD 2 Conventional Gasoline Supply



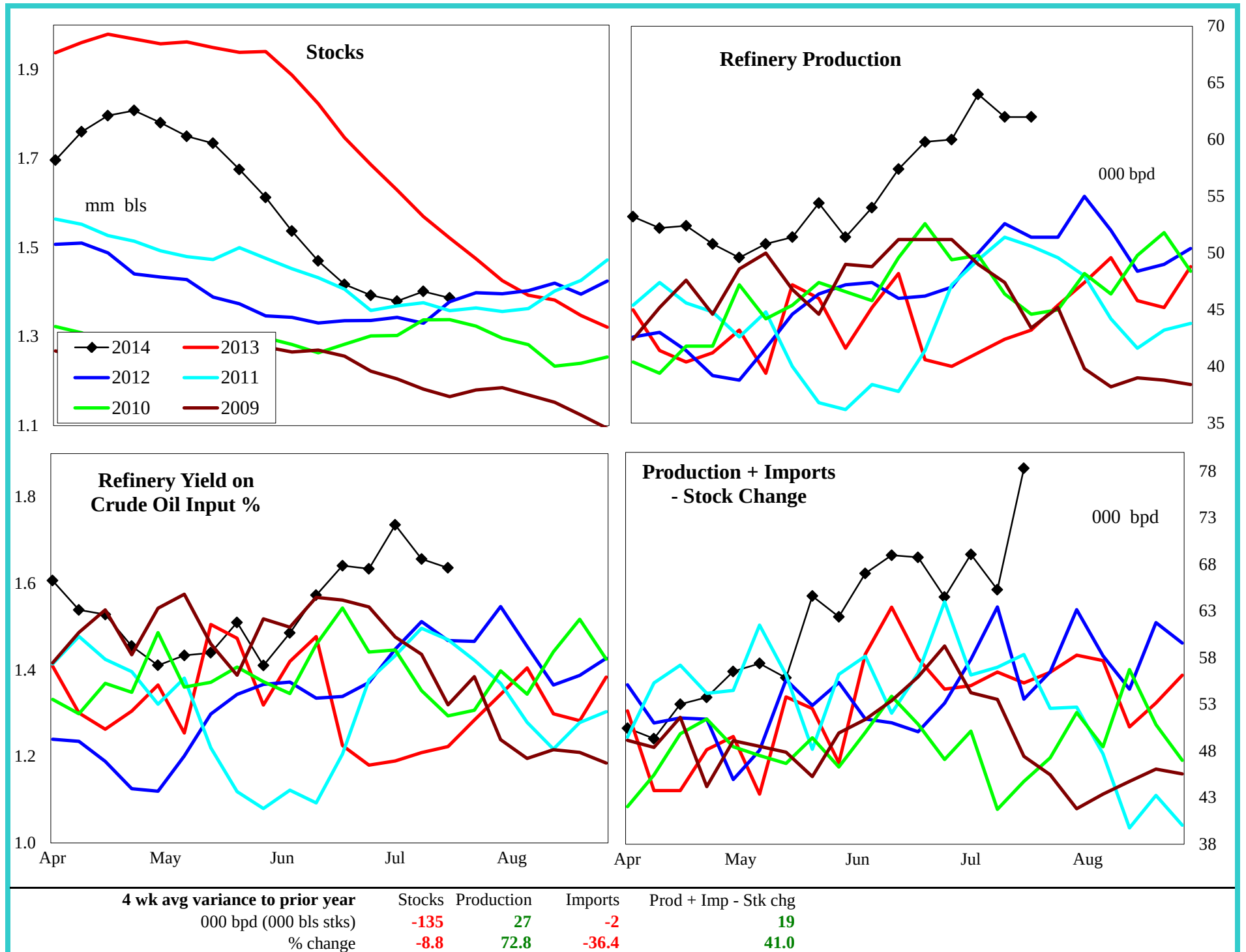
PADD 2 Distillate Supply



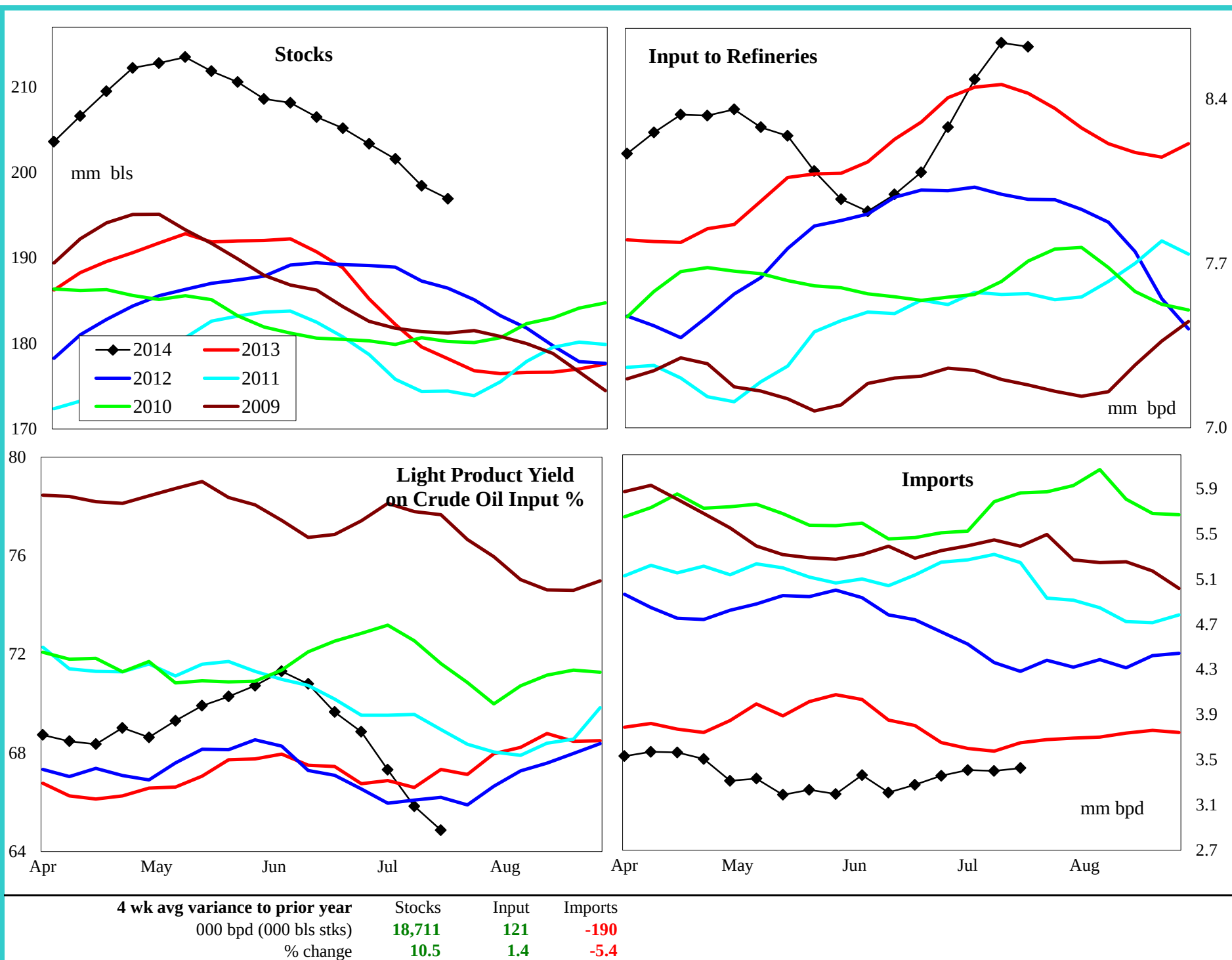
PADD 2 Jet Fuel Supply



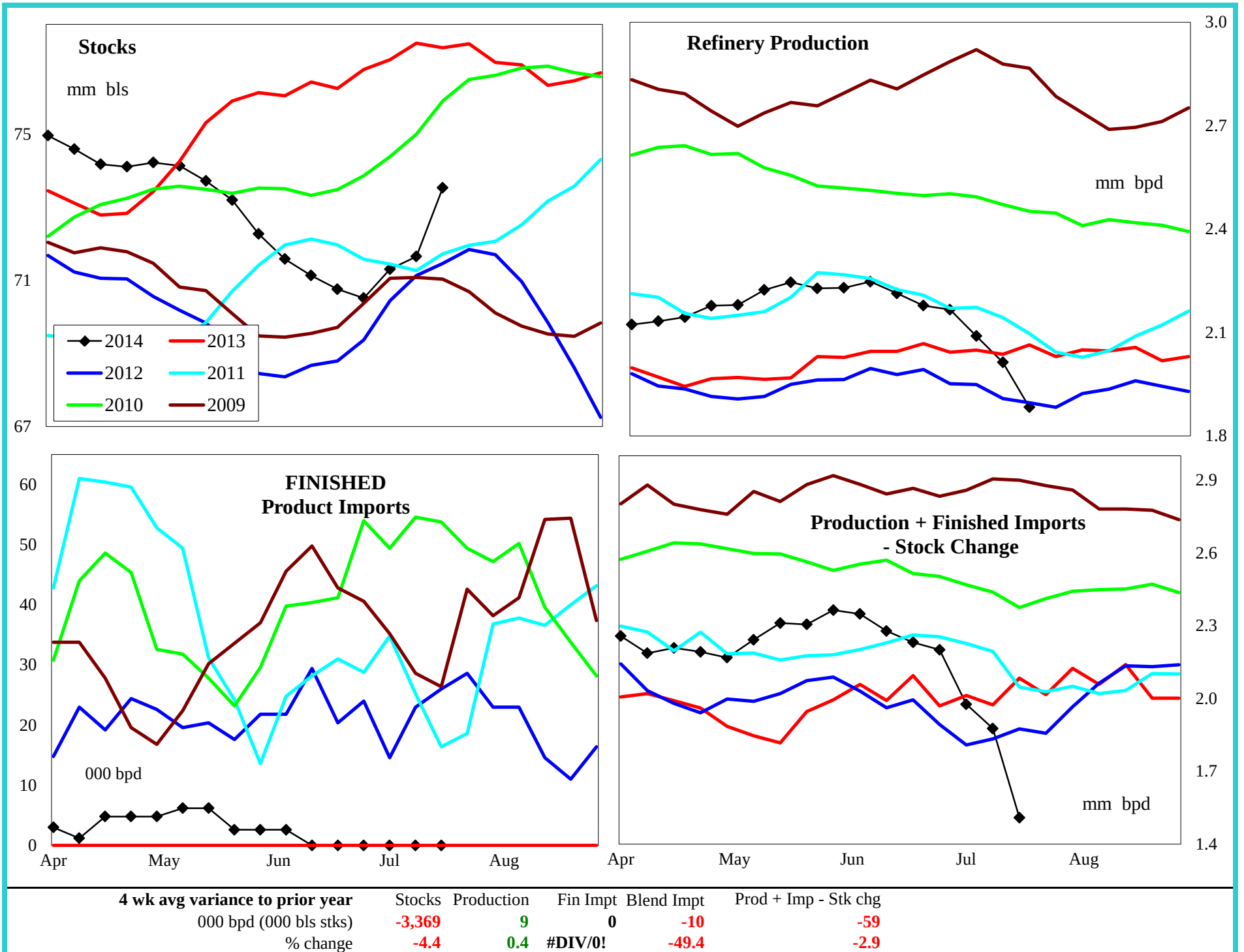
PADD 2 Residual Fuel Oil Supply



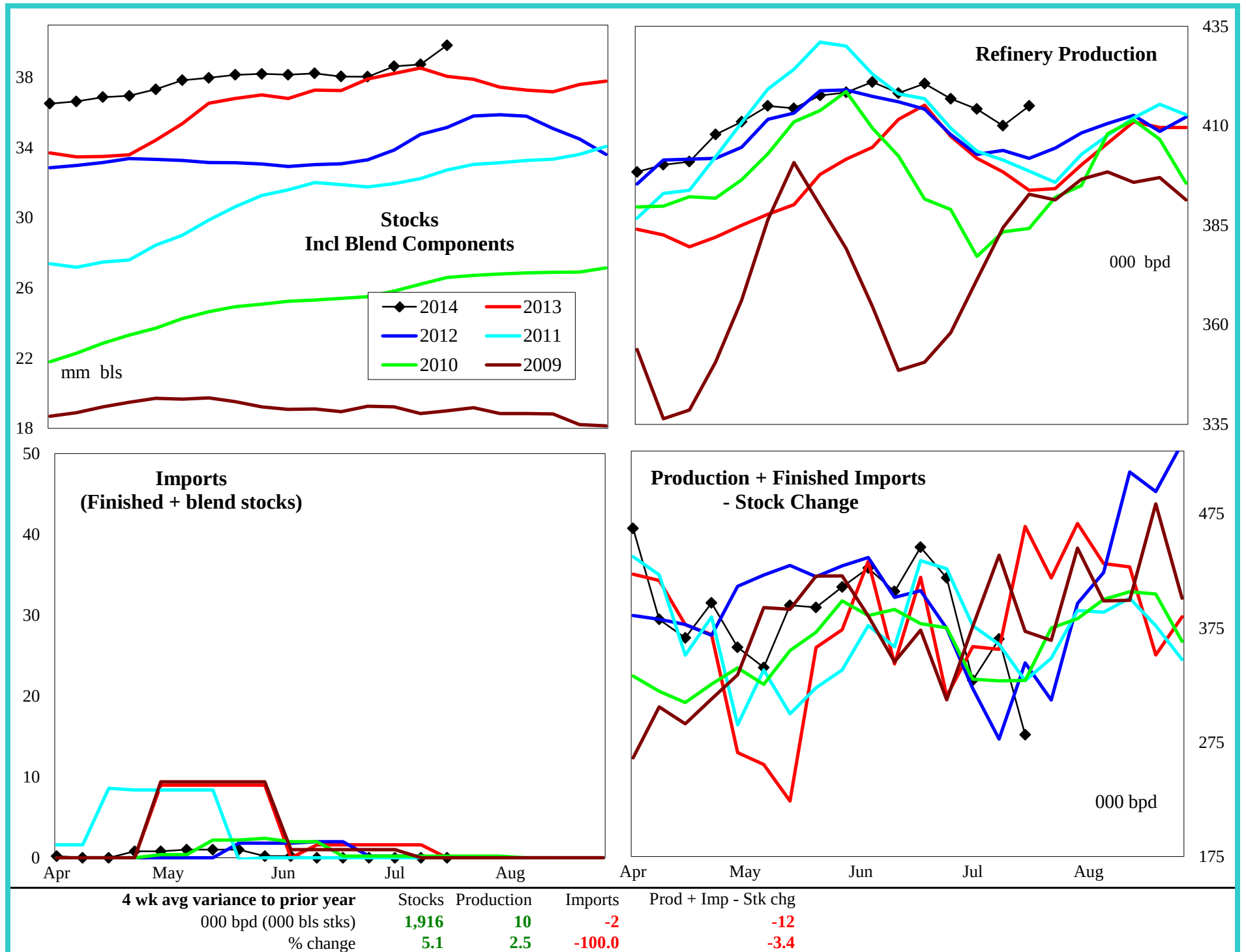
PADD 3 Crude Oil Supply and Refining



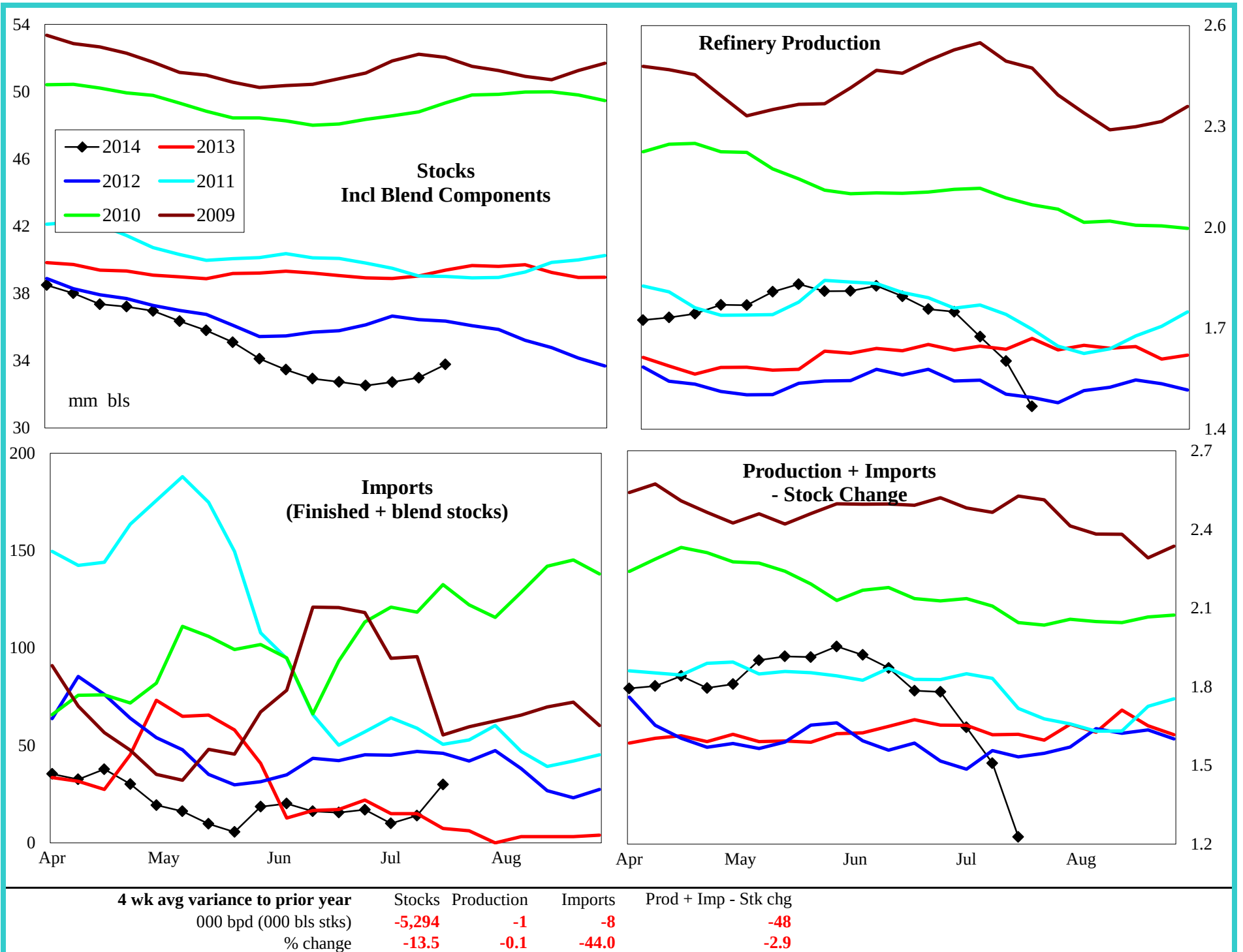
PADD 3 Gasoline Supply



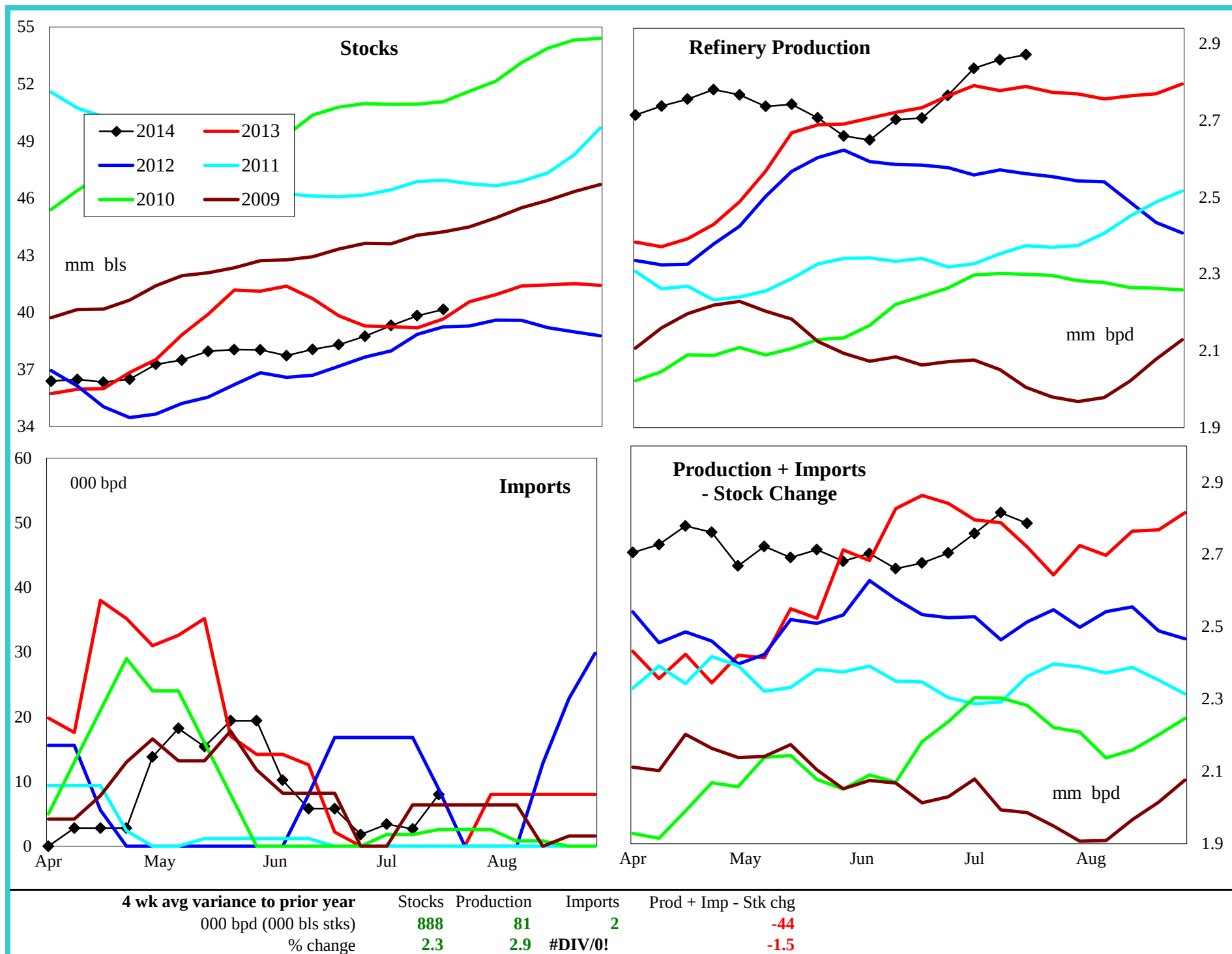
PADD 3 Reformulated Gasoline Supply



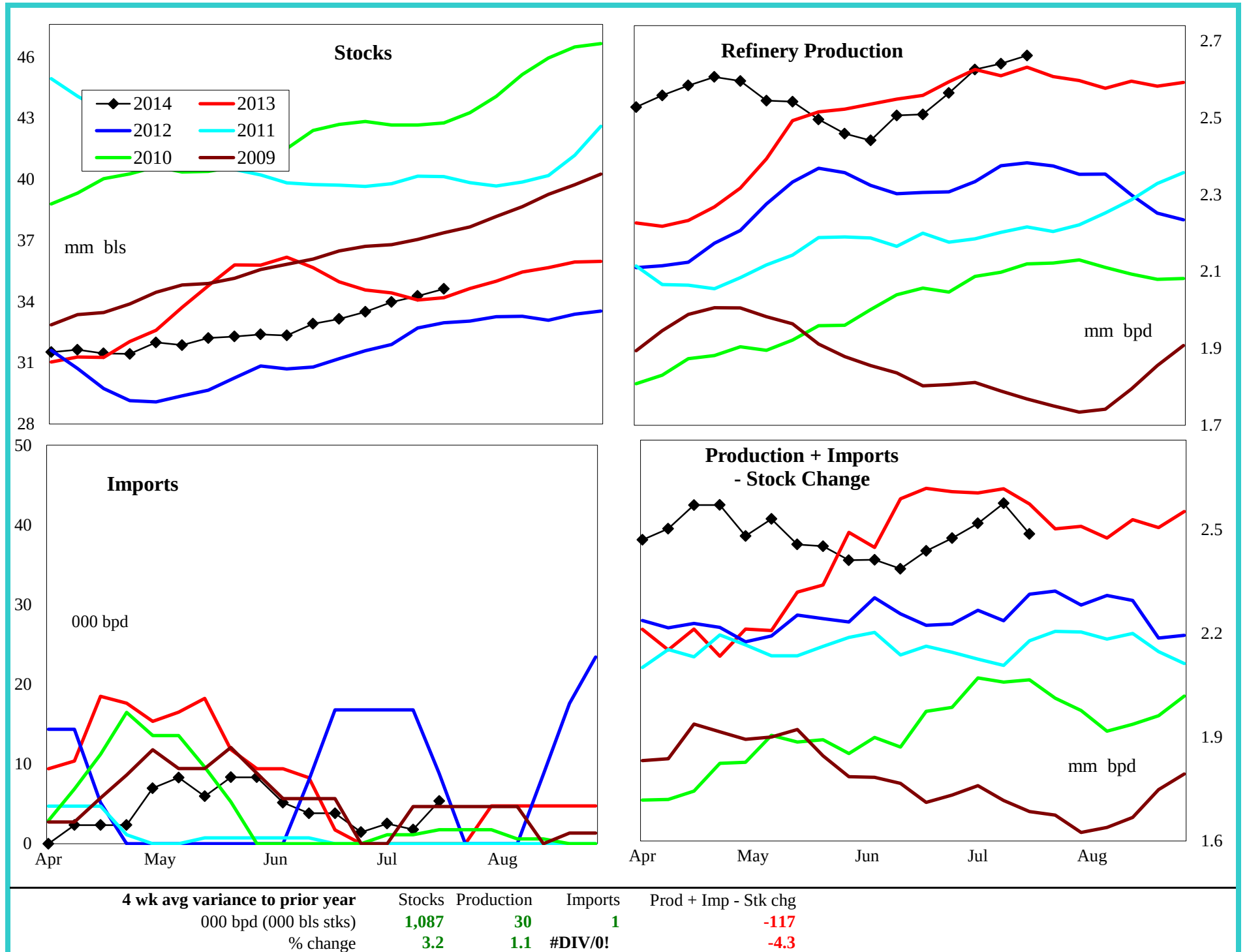
PADD 3 Conventional Gasoline Supply



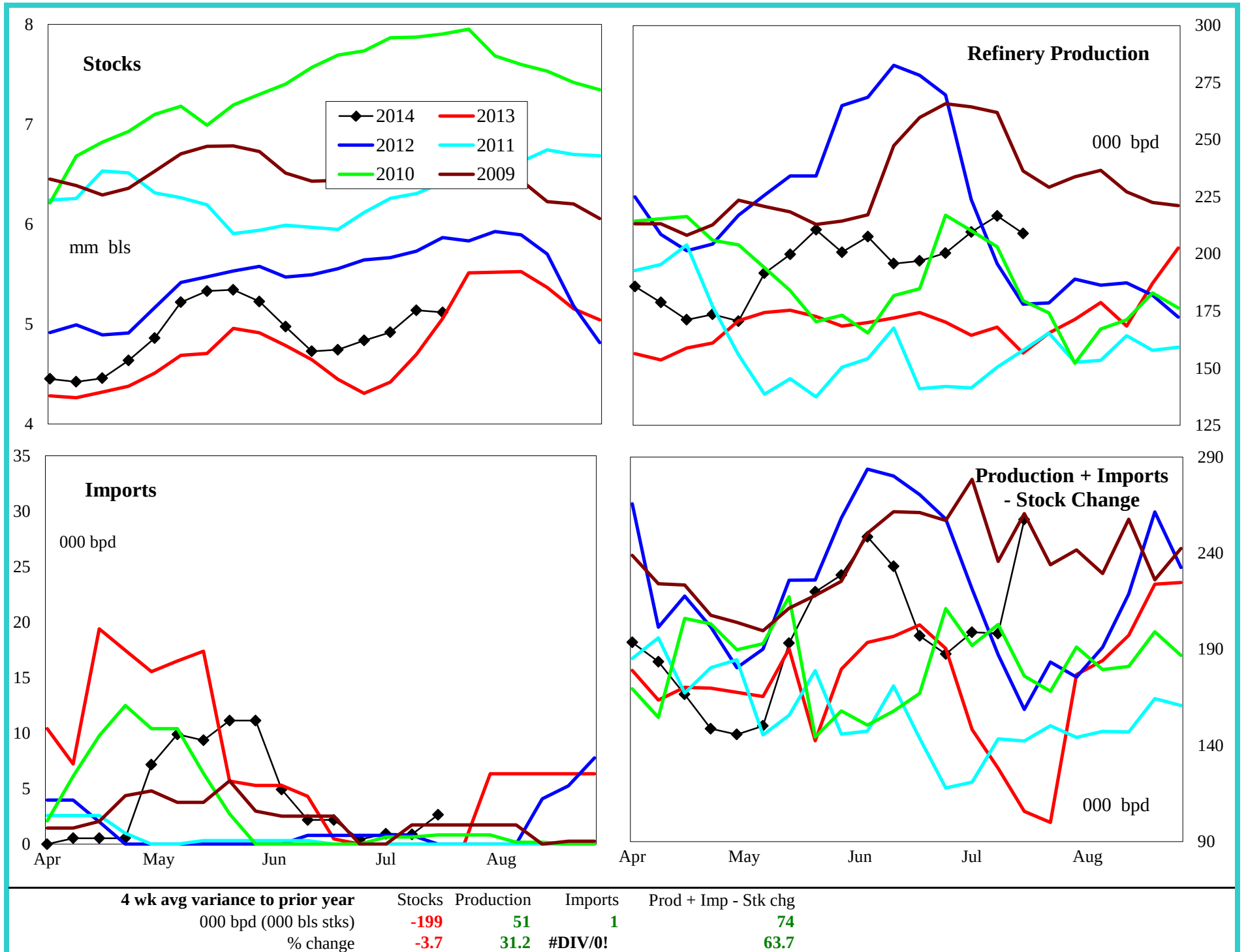
PADD 3 Distillate Supply



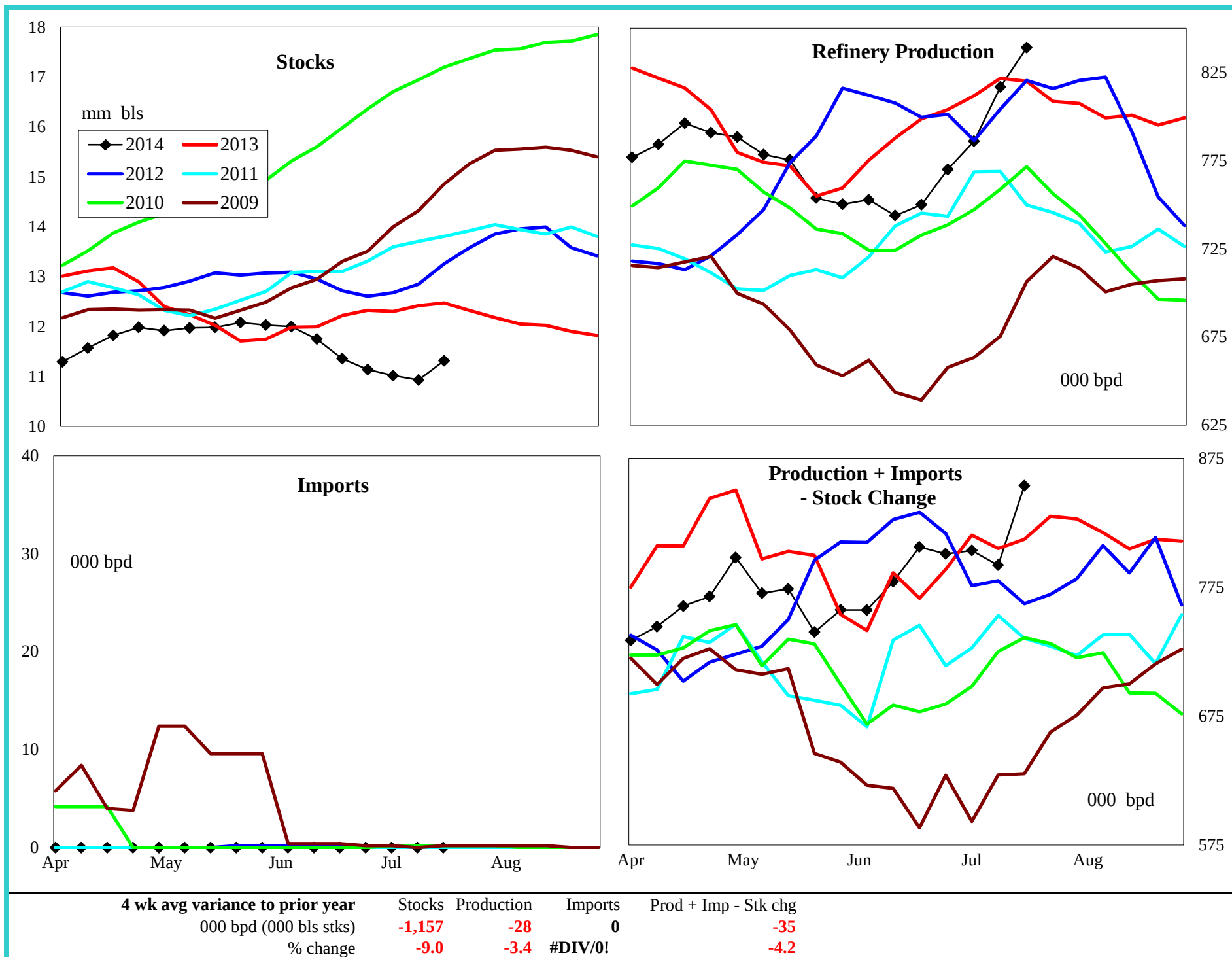
PADD 3 Low Sulfur Distillate Supply



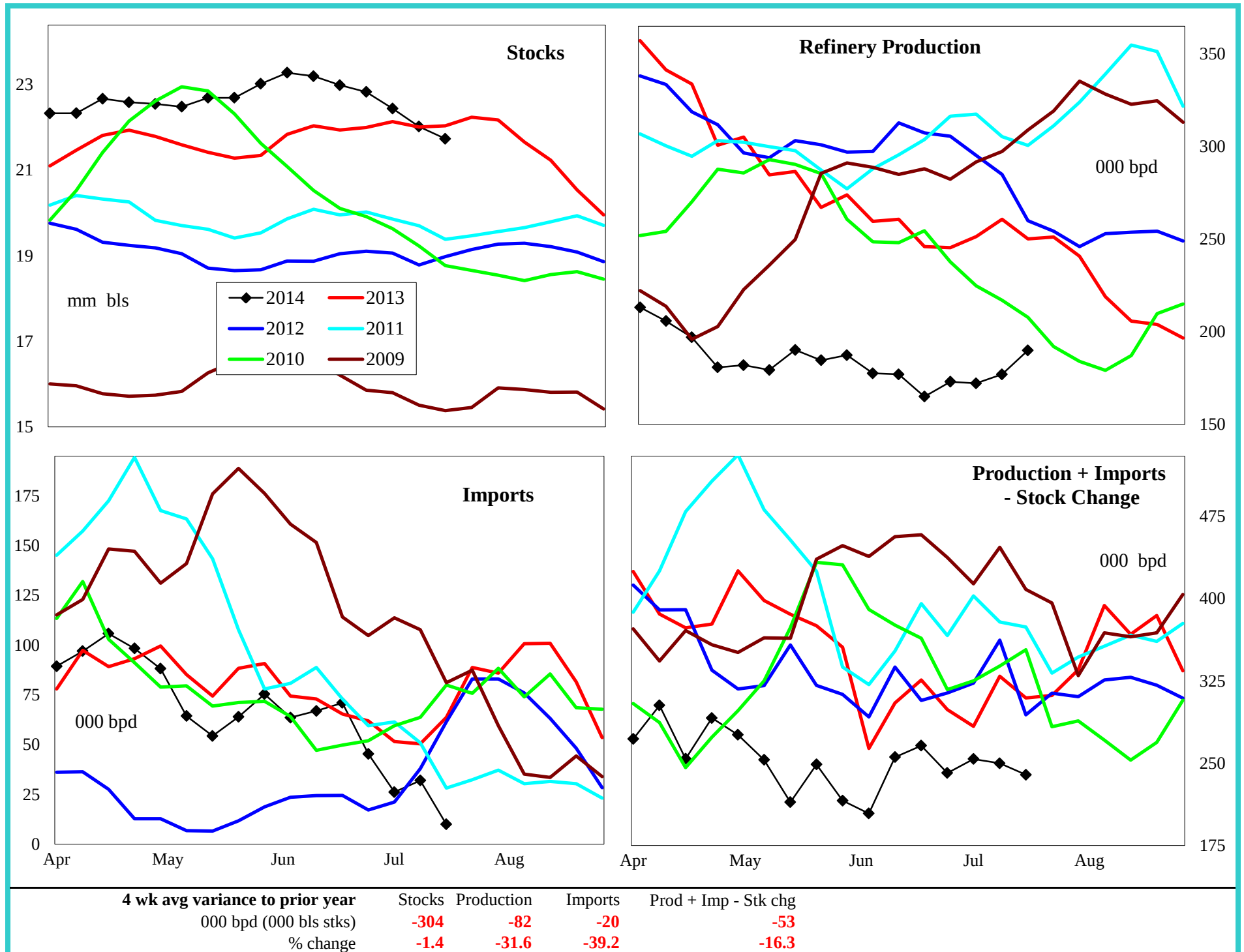
PADD 3 High Sulfur Distillate Supply



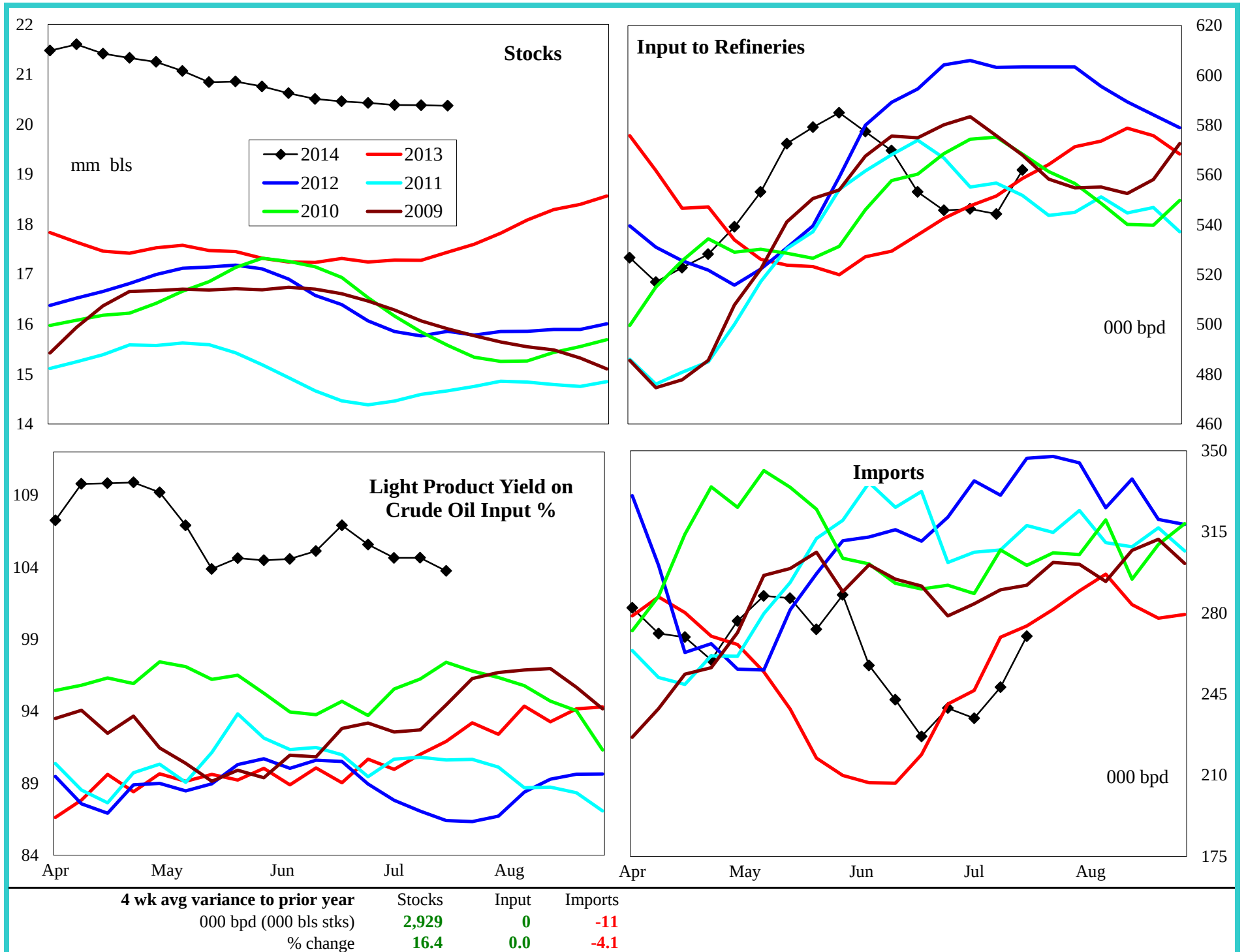
PADD 3 Jet Fuel Supply



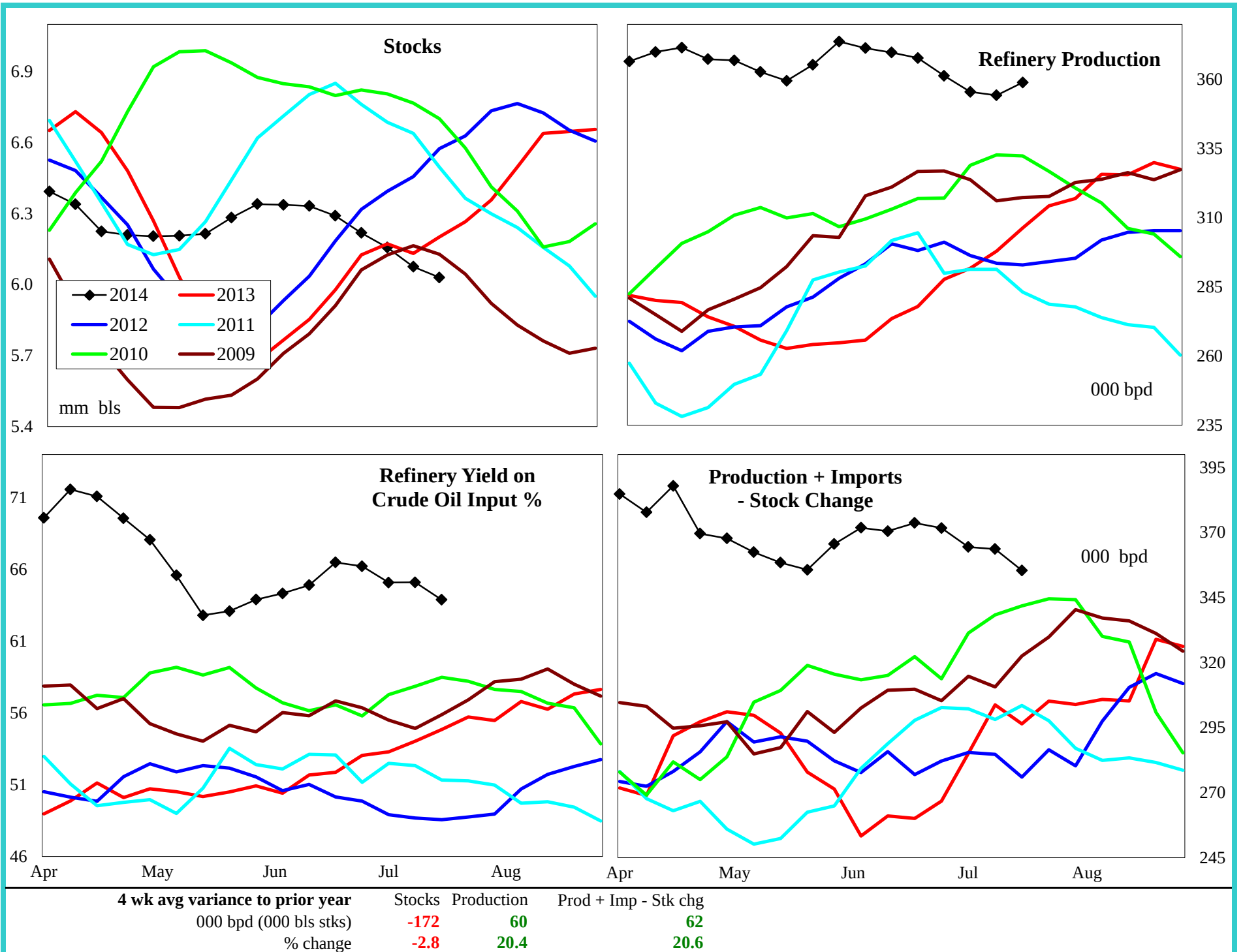
PADD 3 Residual Fuel Oil Supply



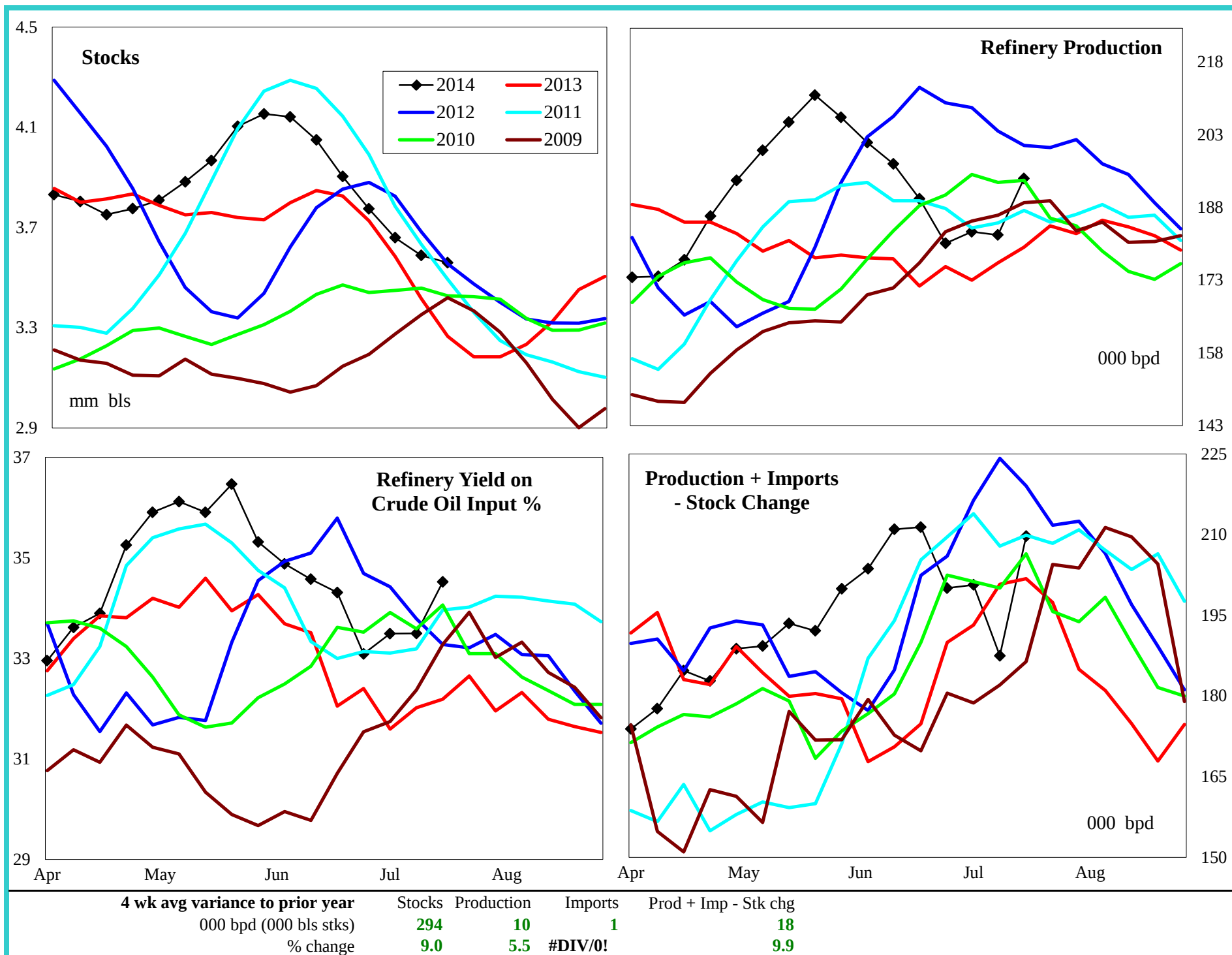
PADD 4 Crude Oil Supply and Refining



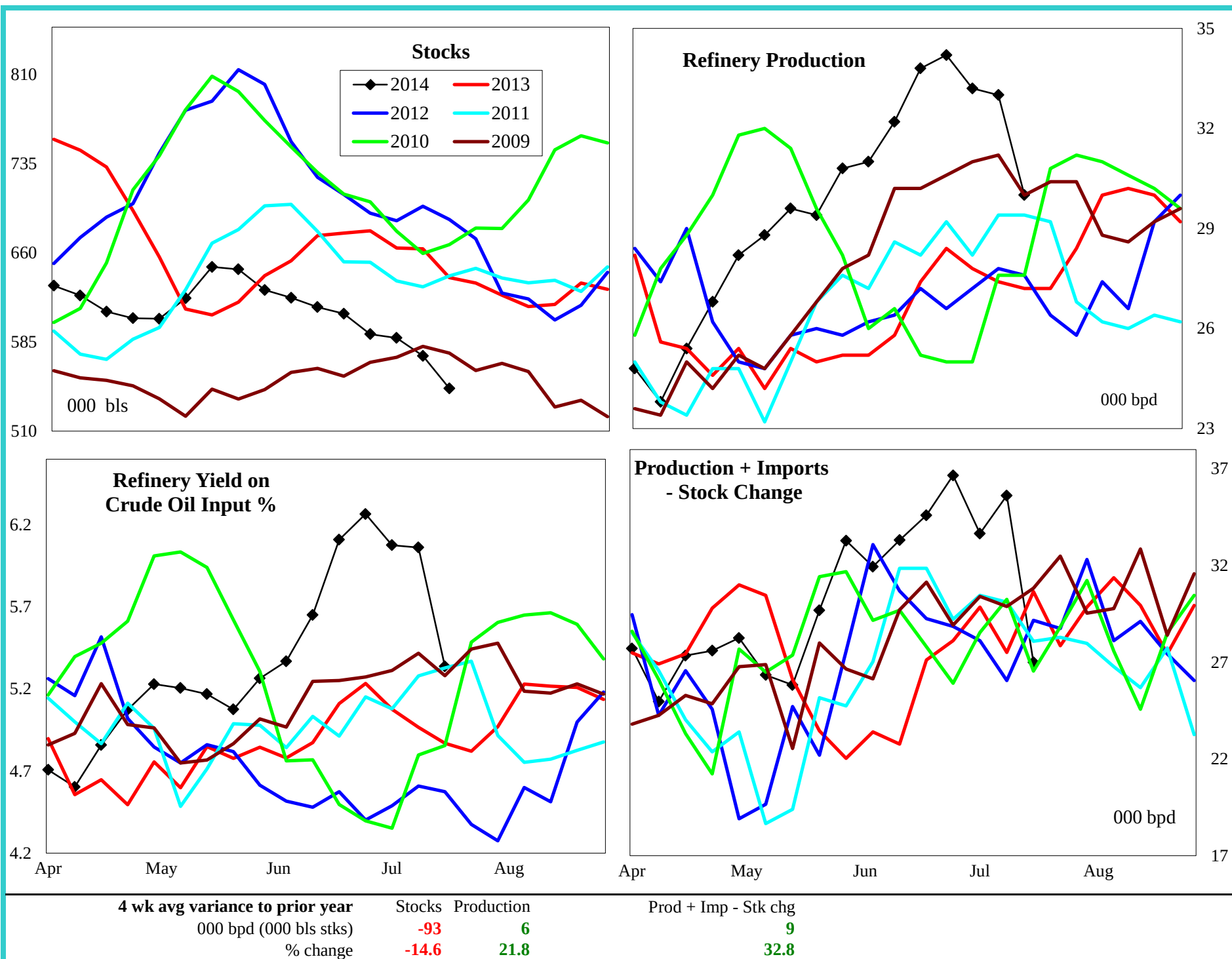
PADD 4 Gasoline Supply



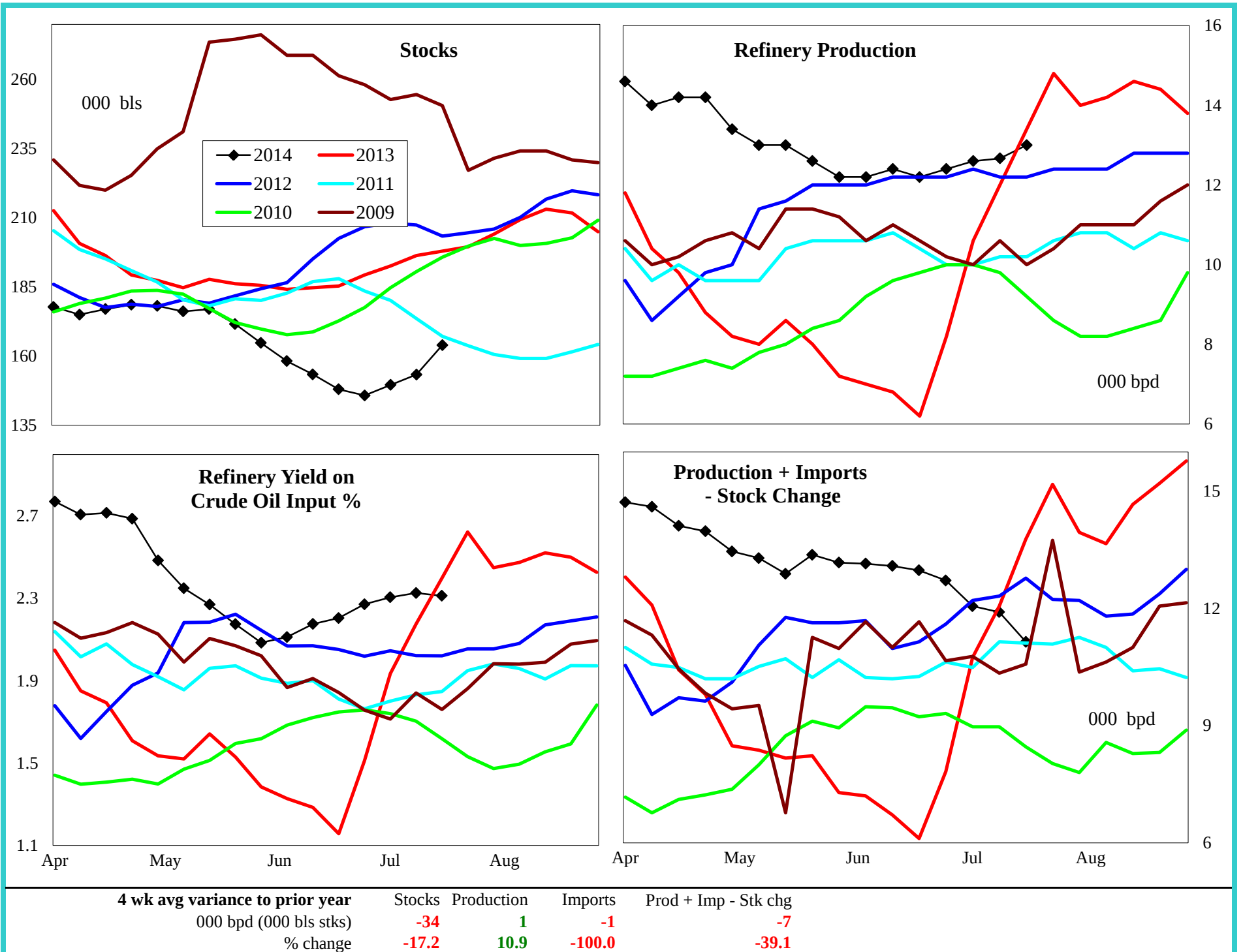
PADD 4 Distillate Supply



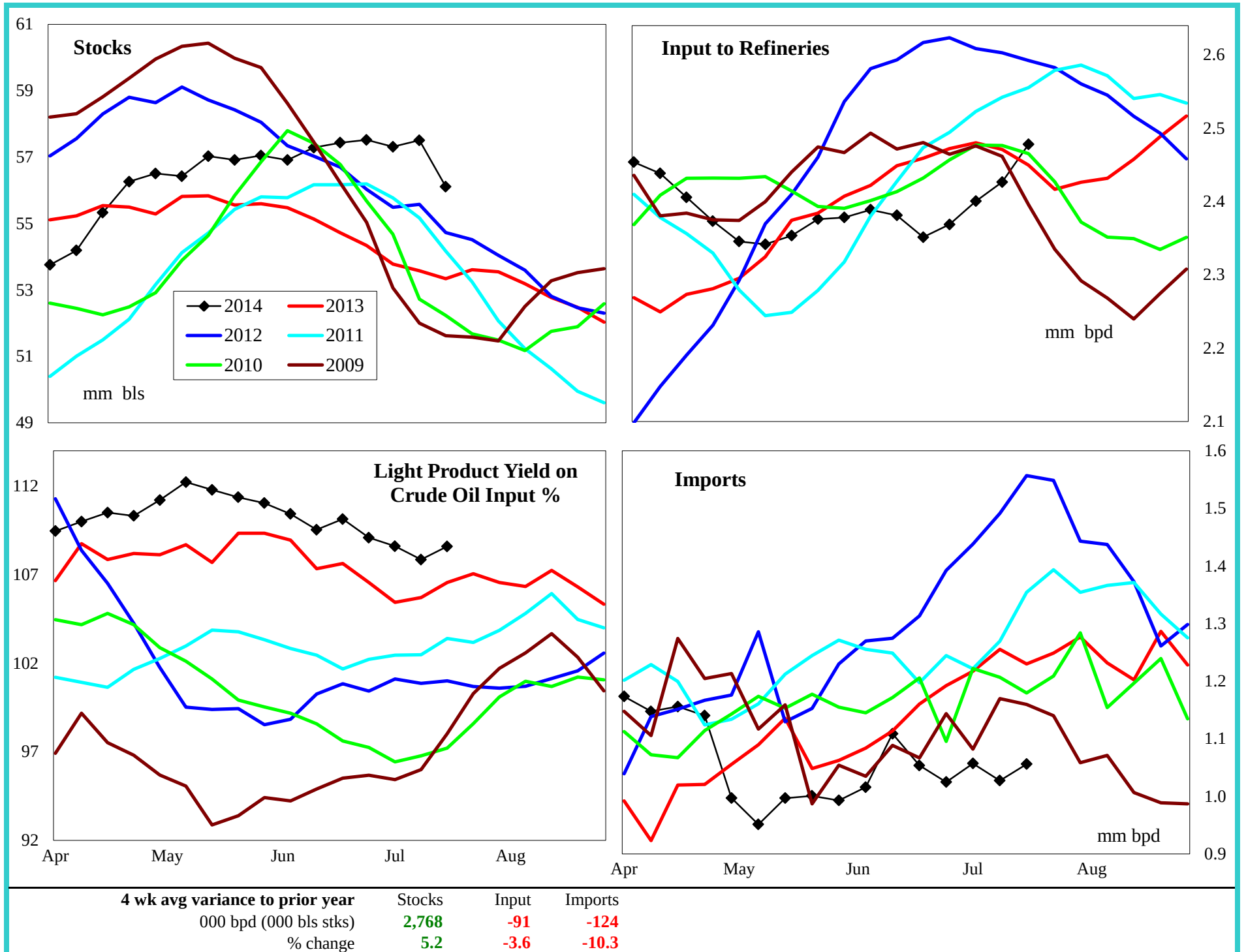
PADD 4 Jet Fuel Supply



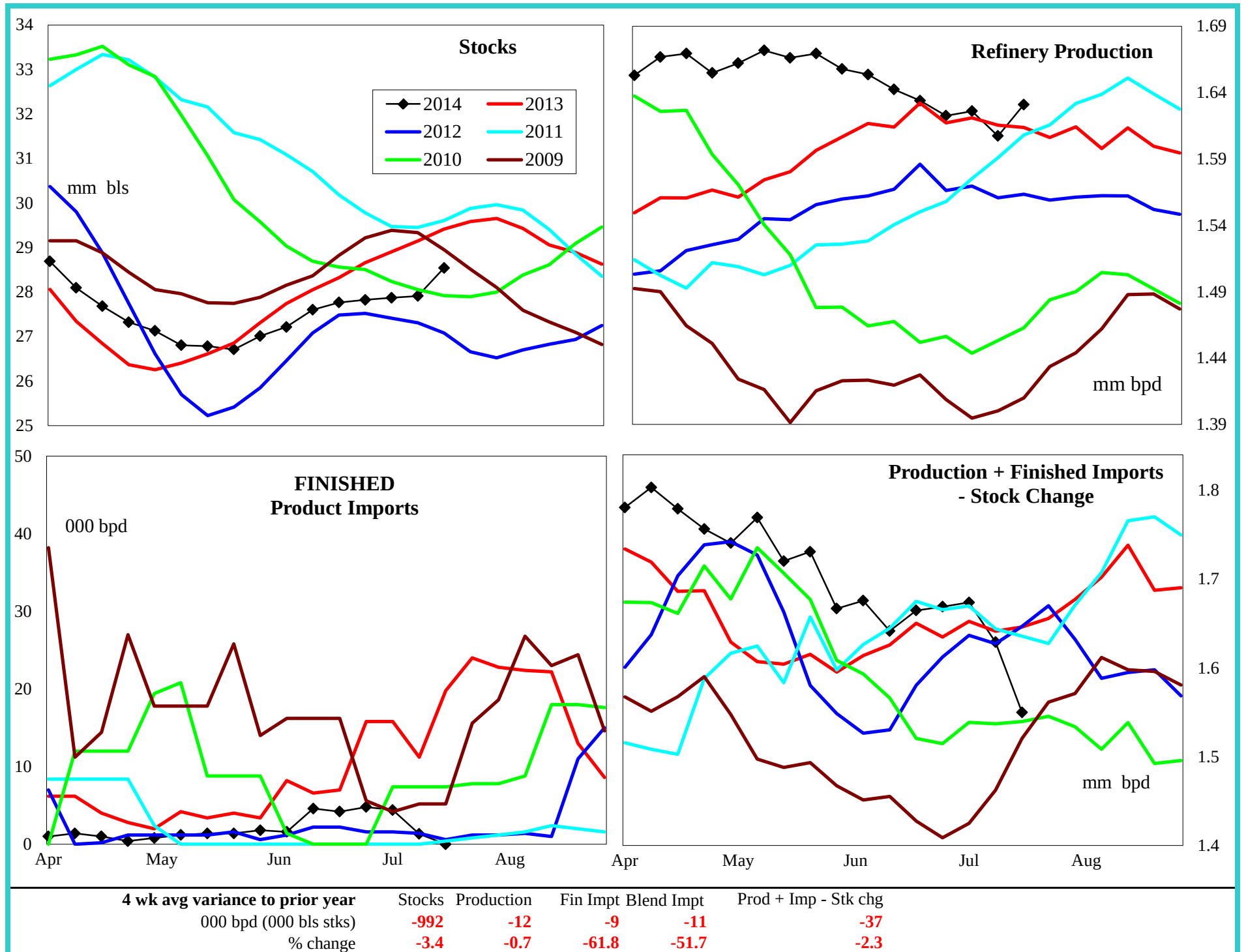
PADD 4 Residual Fuel Oil Supply



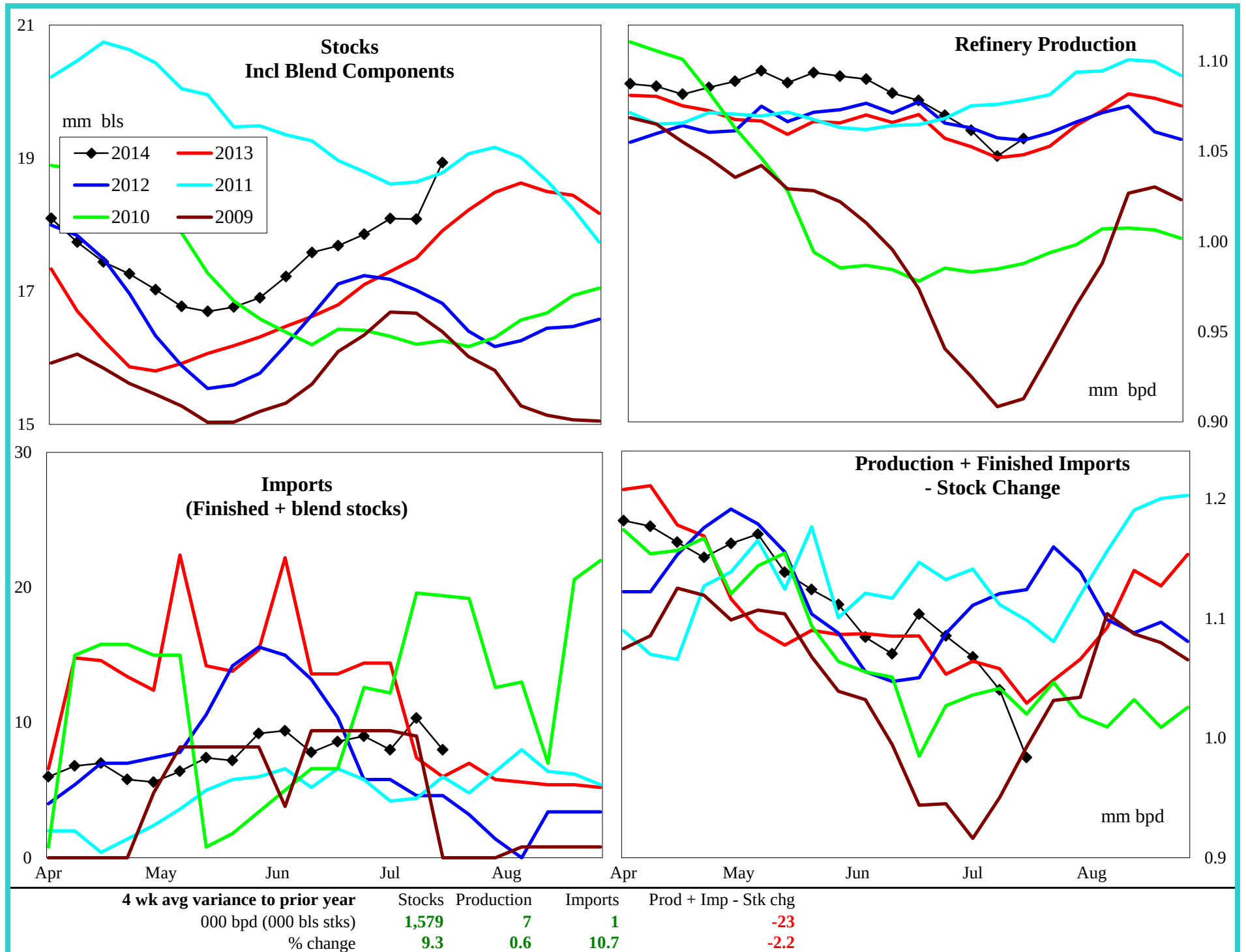
PADD 5 Crude Oil Supply and Refining



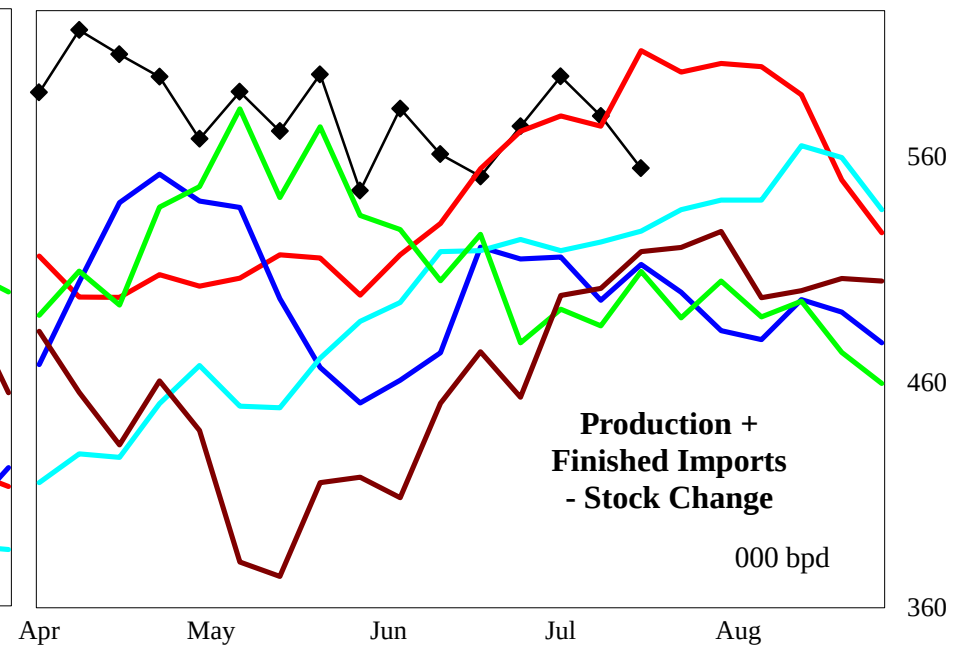
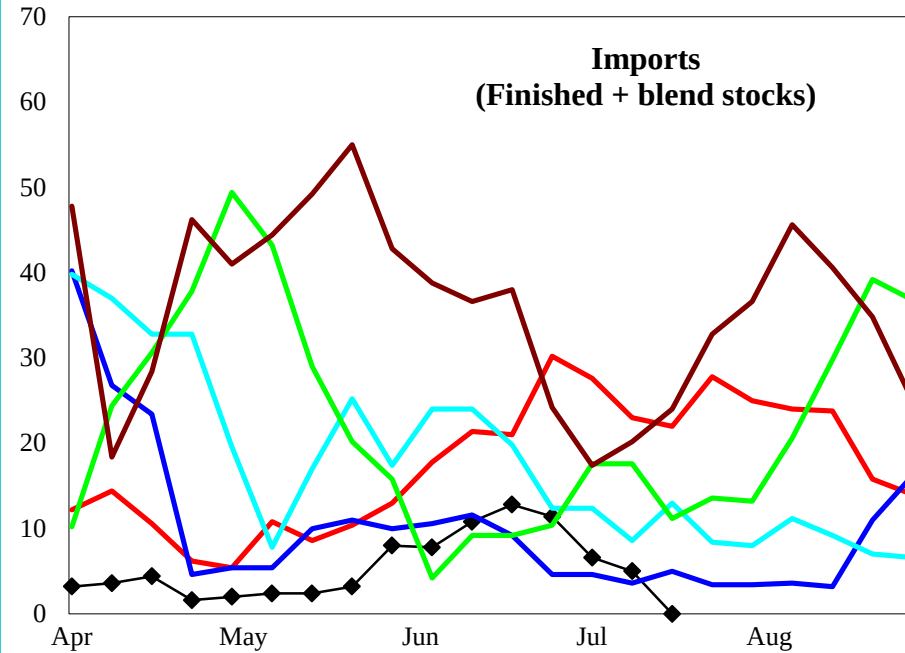
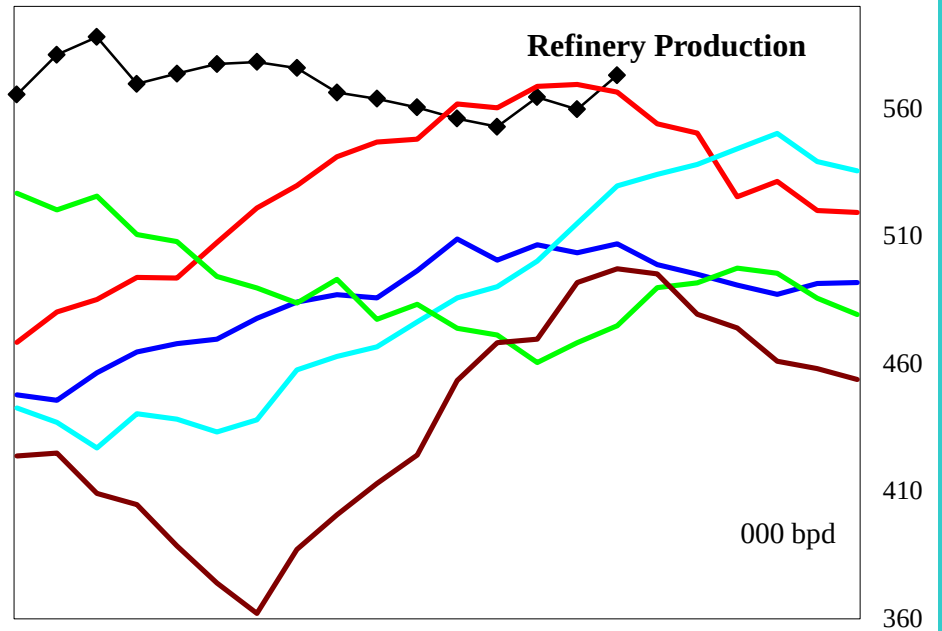
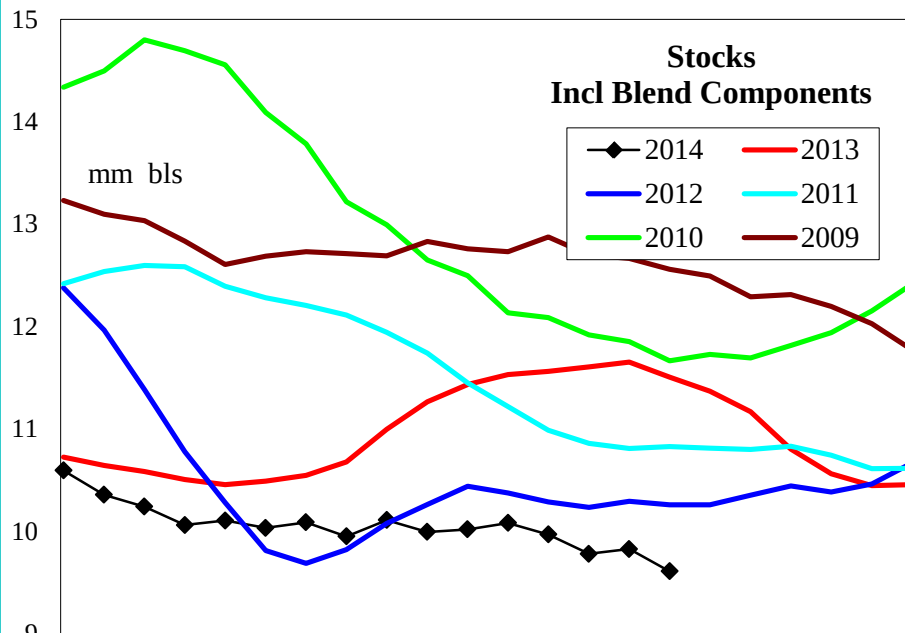
PADD 5 Gasoline Supply



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

-2,571

-19

-21

-14

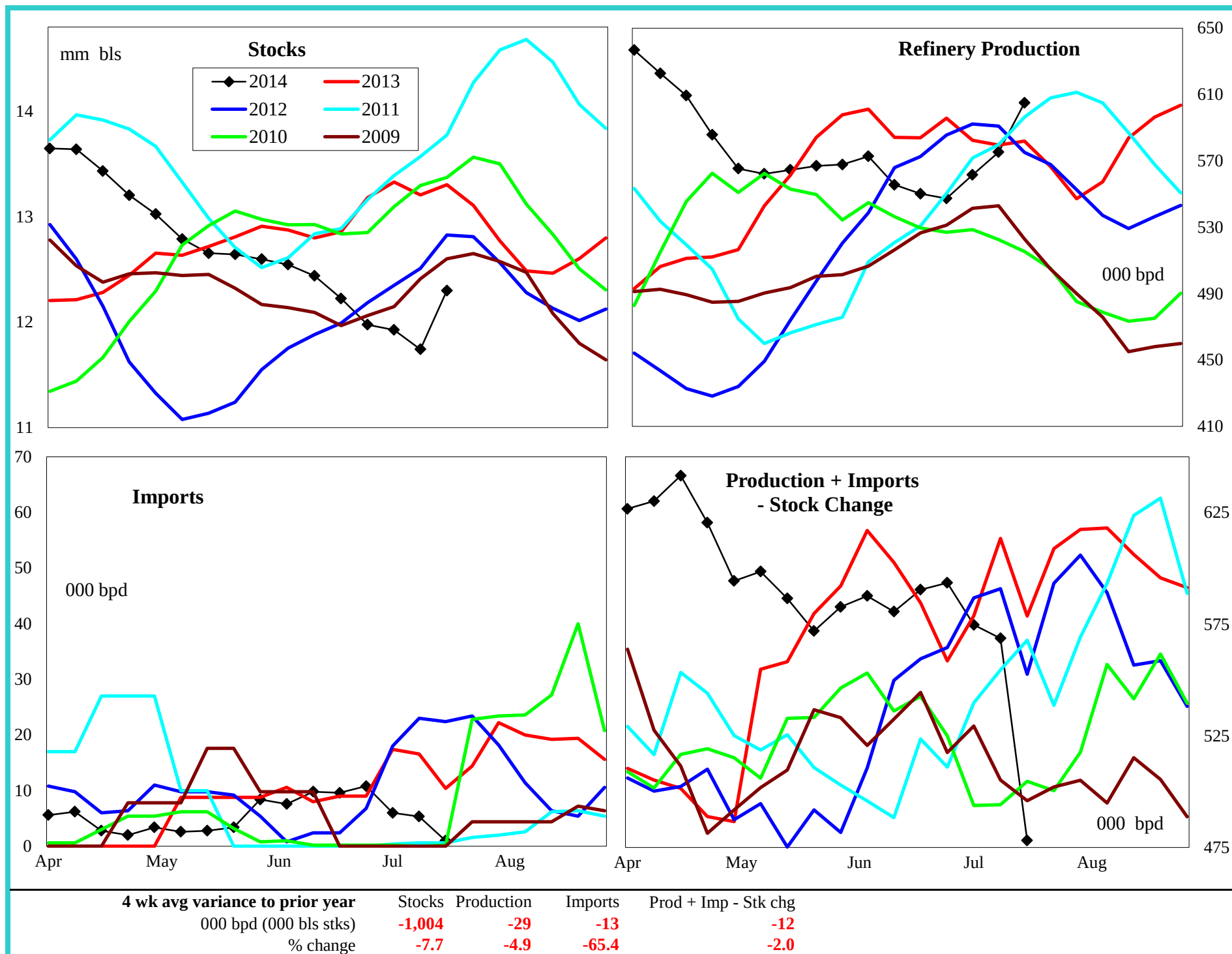
-20.4

-3.3

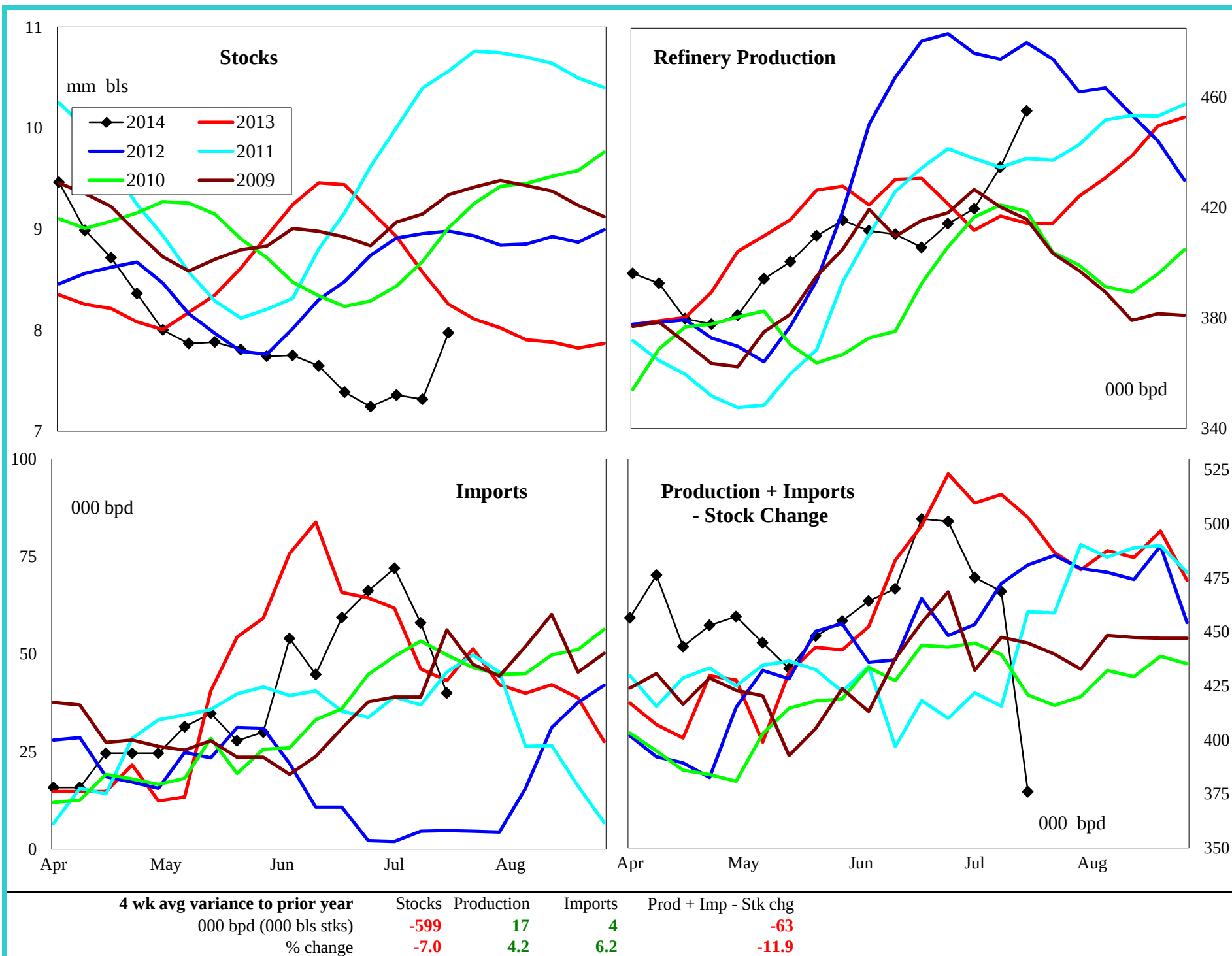
-71.9

-2.5

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

