



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

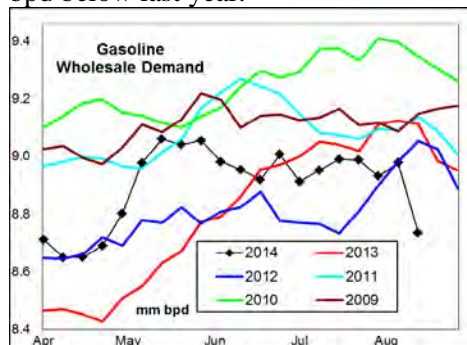
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, August 20, 2014



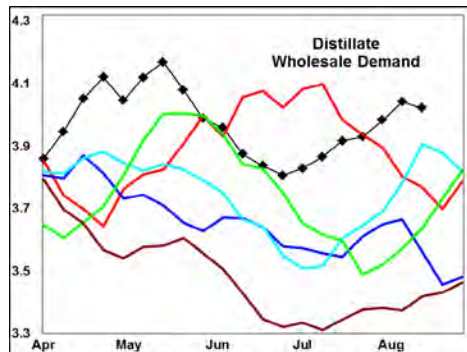
Major Fundamental Trends¹

Gasoline wholesale demand extended a counter seasonal decline last week, with the latest 4-wk average -180,000 bpd below last year.



As a result of the weak demand, stocks saw a counter seasonal build of +0.6 million barrels on the week.

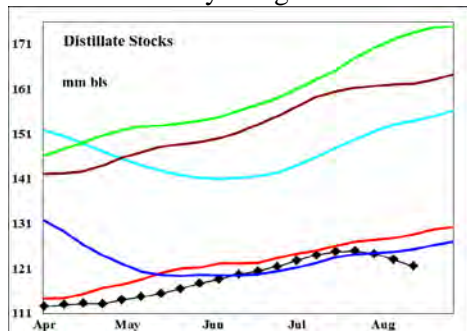
Look for a late summer surge in wholesale demand, driven in part by buying by the downstream supply chain following the sharp pull back in wholesale prices and fears of tightness due to recent refinery unplanned maintenance in the Gulf and Northeast.



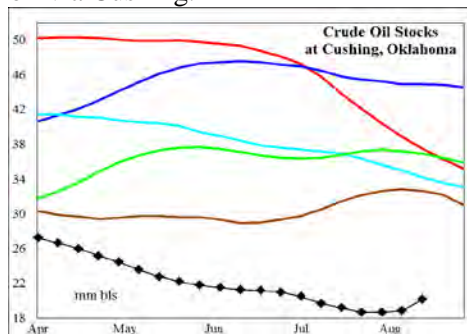
Wholesale demand for distillate remains extremely high, due in part to the inclusion of higher than estimated exports. A sharp counter seasonal stock draw in the Gulf region confirms the surge in exports underlies the record draw down of distillate stocks east of the Rockies.

High exports, combined with the beginning of fall refinery maintenance over the next 30-days points to a tightening of the supply balance.

Stock levels are -14% below a year ago and below the 5-yr range



Crude oil stocks increased +1.8 million barrels in Cushing last week, due in part to the unplanned maintenance at the CVR refinery which sources crude oil via Cushing.



Wholesale Demand for gasoline extended the downtrend, while distillate remains at record high levels. Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -2%; distillate was +5.5% higher; jet fuel increased +5%, and residual fuel decreased -27%.

Stocks forward coverage: Gasoline demand coverage increased on a +0.6 million barrel stock build, and very low weekly wholesale demand. Coverage ended the week at a level that matched historic highs.

Distillate coverage fell on a -1 million barrel stock draw, driven by very high wholesale demand. Coverage ended the week at a level below the last 2-yr.

Jet fuel coverage increased on a +0.9 million barrel stock build, driven by very high production. Coverage levels remain below the 5-yr range.

Residual fuel oil coverage ended the week near record highs on a +0.9

million barrel stock build.

Refinery utilization rates increased on a +204,000 bpd increase in thru put on higher runs in the Gulf Midwest regions. During the latest 4-wk period crude oil input was +566,000 bpd above a year ago.

Gasoline yield % on crude oil runs fell last week on a -366,000 bpd decrease in output compared to the +204,000 bpd increase in crude oil runs. Yield % on crude oil runs was a record low.

Distillate yield % on crude oil runs increased last week, on a +190,000 bpd rise in output compared to the increase in crude oil runs. The yield % on crude oil runs ended the week below the last 2-yr.

Jet fuel yield % on crude oil runs was nearly unchanged on a +15,000 bpd increase in output, compared to the rise in crude oil runs. The yield % on crude oil runs ended the week near the latest 2-yr average.

Petroleum Imports/Exports: Imports of gasoline increased +271,000 bpd last week, while distillates were slightly lower. Crude oil imports declined -0.4 million bpd on the week.

During the latest 4-wk period crude oil imports were -0.3 million bpd below last year; distillate imports were +52,000 bpd higher; finished gasoline imports were -36,000 bpd lower; gasoline blend stock imports were +43,000 bpd higher; while jet fuel imports decreased -44,000 bpd.

Exports of distillate for the week ending 25Jul14 were +160,000 bpd above a year ago, gasoline +229,000 bpd, jet fuel +13,000 bpd and residual fuel oil declined -132,000 bpd.

Crude Oil stocks fell -4.5 million barrels last week including a +1.8 million barrel build in Cushing. Stock levels match the average of last 2-yr. Very high stock levels in the Gulf region have offset record low levels in Cushing.

Cushing stocks ended the week -17 million barrels below a year ago; a -46% decrease.

¹ Source is latest EIA Weekly Statistics



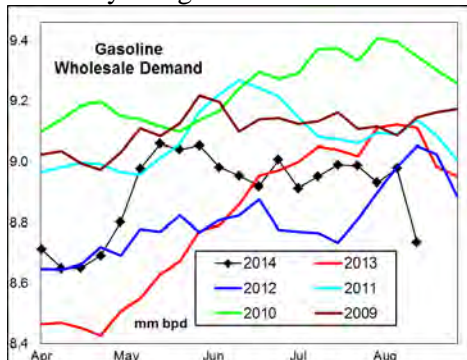
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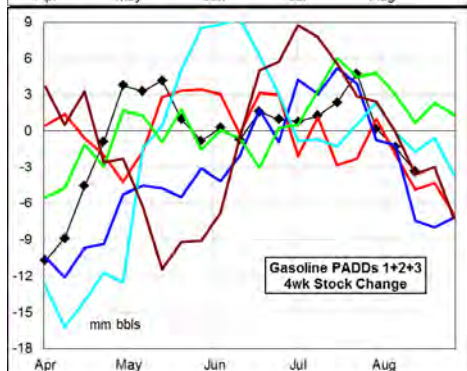
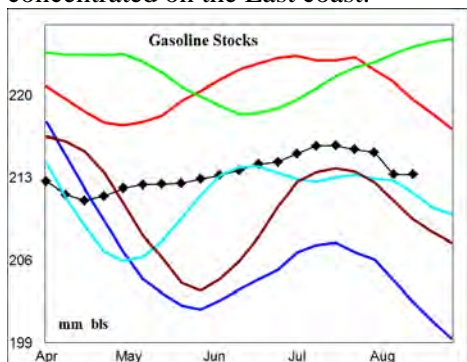
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Product Supply-Demand Trends

Gasoline wholesale demand fell -147,000 bpd last week. The latest 4-wk average demand was -180,000 bpd below a year ago.



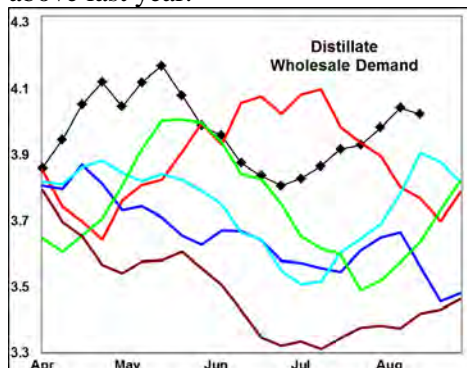
Supply decreased -95,000 bpd last week on lower production. Supply for the latest 4-wk period was +15,000 bpd above a year ago. Stocks increased +0.6 million barrels on the week, concentrated on the East coast.



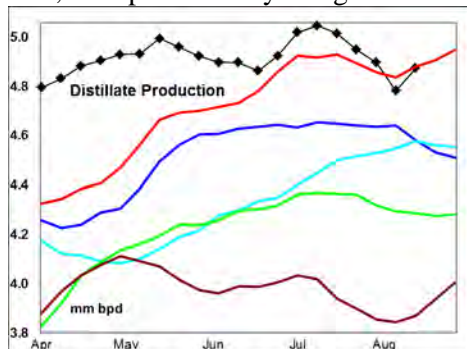
Wholesale demand remains depressed, so that end of driving season stock levels are above the 3-yr mid range. Stock levels on the East Coast and Gulf region are each at the upper end of the historic range. Stock levels in the Midwest and West coast regions are each near historic lows for the period.

Distillate wholesale demand decreased -28,000 bpd on the week, a level still

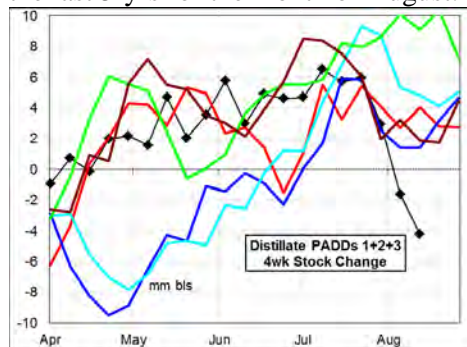
above the historic range. The latest 4-wk average demand was +206,000 bpd above last year.



Supply increased +181,000 bpd on the week, with the latest 4-wk average just +49,000 bpd above a year ago.



The latest 4-wk stock change in markets East of the Rockies was a -4.2 million barrel draw, the only draw of the last 5-yr for the month of August.

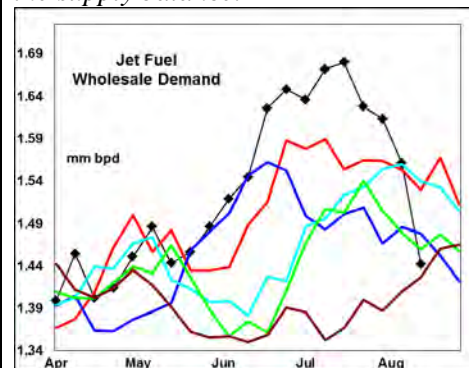


Record wholesale demand (includes export volumes that exceed EIA monthly estimates) and lower year-on-year growth in production has led to the large counter seasonal stock draw. With start of fall refinery maintenance, there is increased risk of tightness in the supply balance during the next quarter.

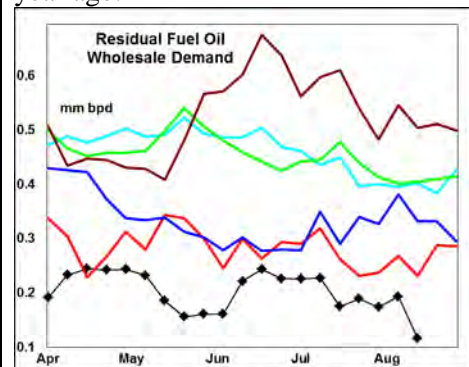
Jet Fuel wholesale demand declined -

0.1 million bpd last week to a level near historic lows. Supply decreased -35,000 bpd on the week, driven by lower imports. Output for the most recent 4-wk period increased +93,000 bpd compared to last year. Imports were -44,000 bpd below a year ago. Stocks increased +0.9 million barrels on the week, to a level -1.8 million barrels below the 5-yr range.

Look for lower wholesale demand, and a high production rates to improve the supply balance.



Residual fuel oil demand fell -183,000 bpd last week. Demand for the latest 4-wk period was -76,000 bpd below a year ago.



Supply (production + imports) increased +21,000 bpd on higher production. Production was -97,000 bpd below a year ago for the latest 4-wk period, while imports were -67,000 bpd lower. Stock levels ended the week near the 3-yr mid range for the period.

Supplies have increased from recent lows, but still remain -25% below last year. The switch to increased use of light shale crude oil in place of heavier gravity imports has limited production of residual fuel oil.



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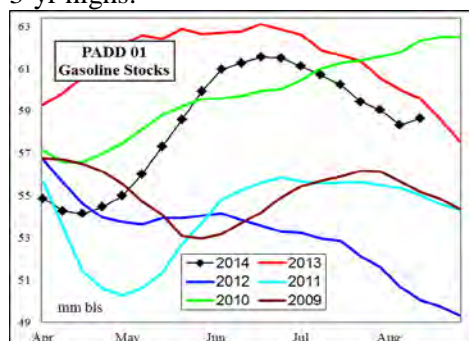
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PADD Supply Trends

PADD 1 refinery crude oil runs averaged +52,000 bpd above last year for the most recent 4-wk period.

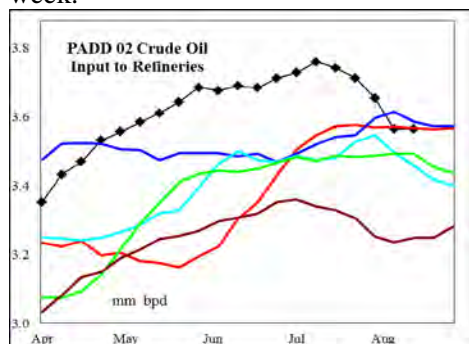
Gasoline supply increased +148,000 bpd on higher imports last week. Stocks increased +0.7 million barrels last week, ending at a level near 3-yr highs.



Distillate supply decreased -17,000 bpd last week, with the 4-wk average +41,000 bpd above last year. Stock levels fell below the 5-yr range last week. *Ultra low sulfur stock levels remain above the 5-yr range.*

Jet fuel supply fell -33,000 bpd on lower imports. Stocks increased +0.2 million barrels, but the level remains -1.3 million barrels below the 5-yr range.

PADD 2 crude oil refinery runs increased +48,000 bpd last week, with the latest 4-wk average +53,000 bpd above last year. Crude oil stocks increased +1.4 million barrels, a level -15% below last year. Cushing saw a +1.8 million barrel stock build on the week.



Gasoline supply fell -248,000 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*

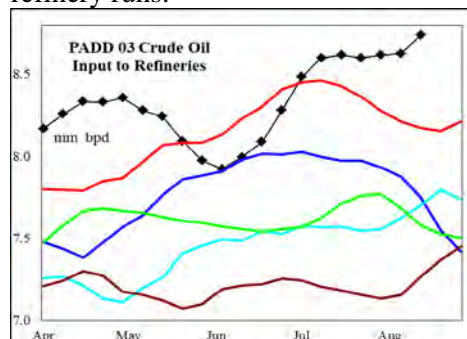
into the Midwest as finished product production when blended with ethanol. Stocks decreased -0.4 million barrels on the week, to a level below the 5-yr range.

Distillate supply increased +33,000 bpd on the week, with the 4-wk average +29,000 bpd above a year ago. Stocks fell -0.6 million barrels to a level comparable to the last 2-yrs.

Jet fuel production increased +17,000 bpd on the week, a level equal to the latest 2-yr average. Stocks increased +0.3 million barrels, although the level remains below the historic range.

PADD 3 refinery runs increased +177,000 bpd last week, with the level well above the historic range. During the latest 4-wk period, average runs were +364,000 bpd above last year.

Crude oil stocks fell -5.5 million barrels, driven by very high crude oil refinery runs.



Gasoline supply decreased -70,000 bpd last week, with the latest 4-wk average +75,000 bpd above a year ago. Stocks increased +0.1 million barrels on the week, to a level above the 3-yr mid range.

Distillate supply increased +157,000 bpd on the week, with the latest 4-wk average supply -43,000 bpd below last year. Stocks fell -1.6 million barrels on the week, to a level well below the historic range.

Jet fuel production declined -5,000 bpd last week, although the level remains above the 5-yr range. Stocks increased +1 million barrels on the week to a level -0.5 million barrels below the historic range.

Residual fuel supply increased

+51,000 bpd on the week, with the level -38% below last year for the latest 4-wk period.

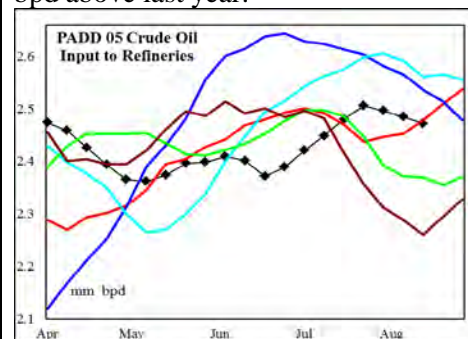
PADD 4 refinery crude runs decreased -7,000 bpd last week, although the level remains above the 5-yr range.

Gasoline production was unchanged on the week, with the latest 4-wk average +27,000 bpd above a year ago. Stocks ended the week below the 3-yr range.

Distillate supply increased +7,000 bpd last week, with the latest 4-wk supply +5,000 bpd above last year. Stock levels ended the week near 3-yr lows.

Jet fuel production remained well above the historic range. Stocks levels remain below the historic range.


PADD 5 crude oil refinery runs increased +23,000 bpd last week, ending at a level near lows of the last 3-yrs. The 4-wk run rate was +71,000 bpd above last year.



Gasoline supply increased +27,000 bpd on the week, with the 4-wk average +35,000 bpd above a year ago. Stocks increased +0.1 million barrels to a level near 5-yr lows.

Distillate supply was unchanged on the week, at a level comparable with the 3-yr mid range. The 4-wk average supply was +17,000 bpd above a year ago. Stocks jumped +0.9 million barrels on the week, to a level near the 3-yr mid range.

Jet fuel supply decreased -13,000 bpd on lower production. The latest 4-wk average supply was -19,000 bpd below last year. Stocks fell -0.6 million barrels, to a level below the 5-yr range.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

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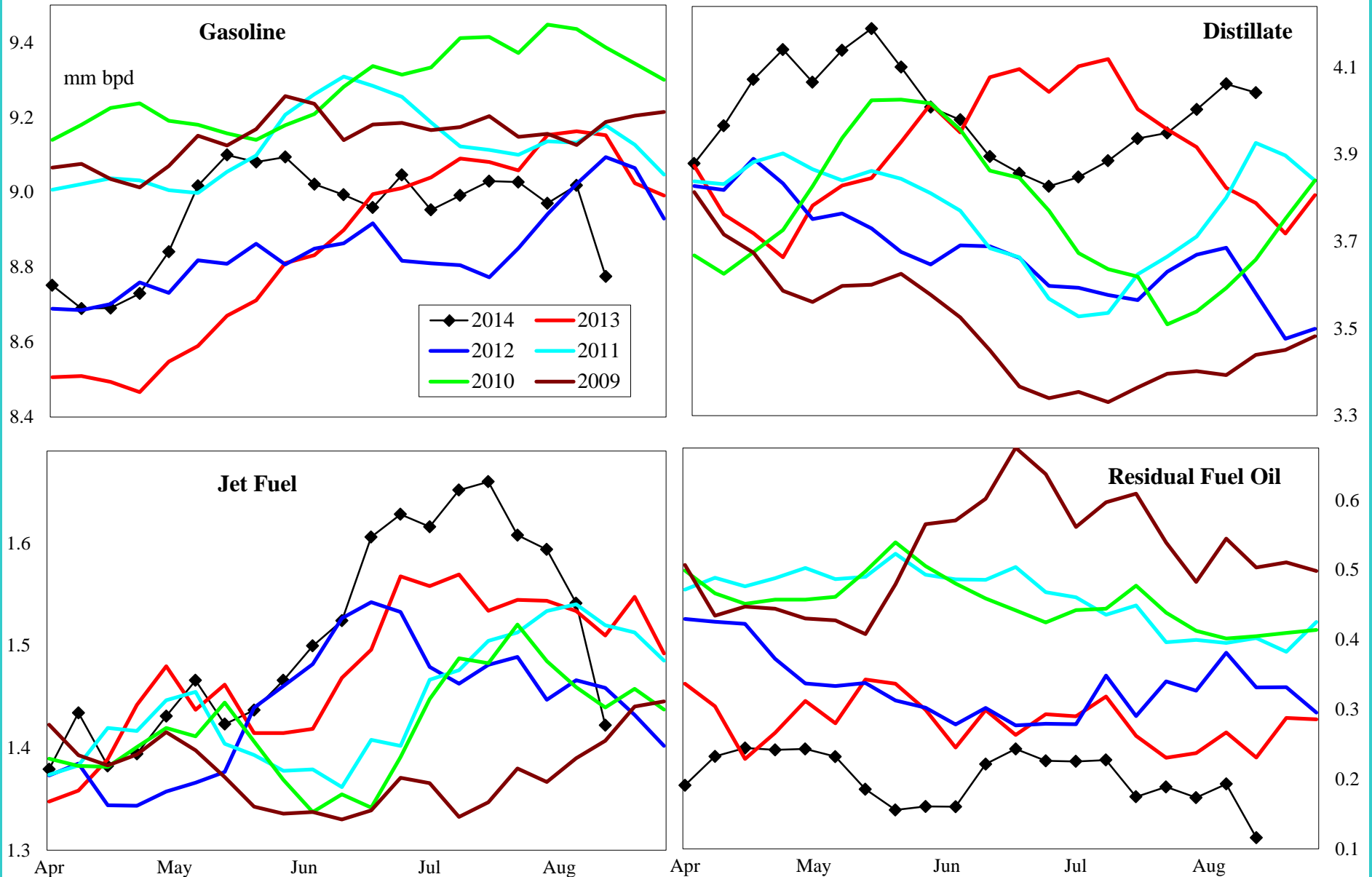
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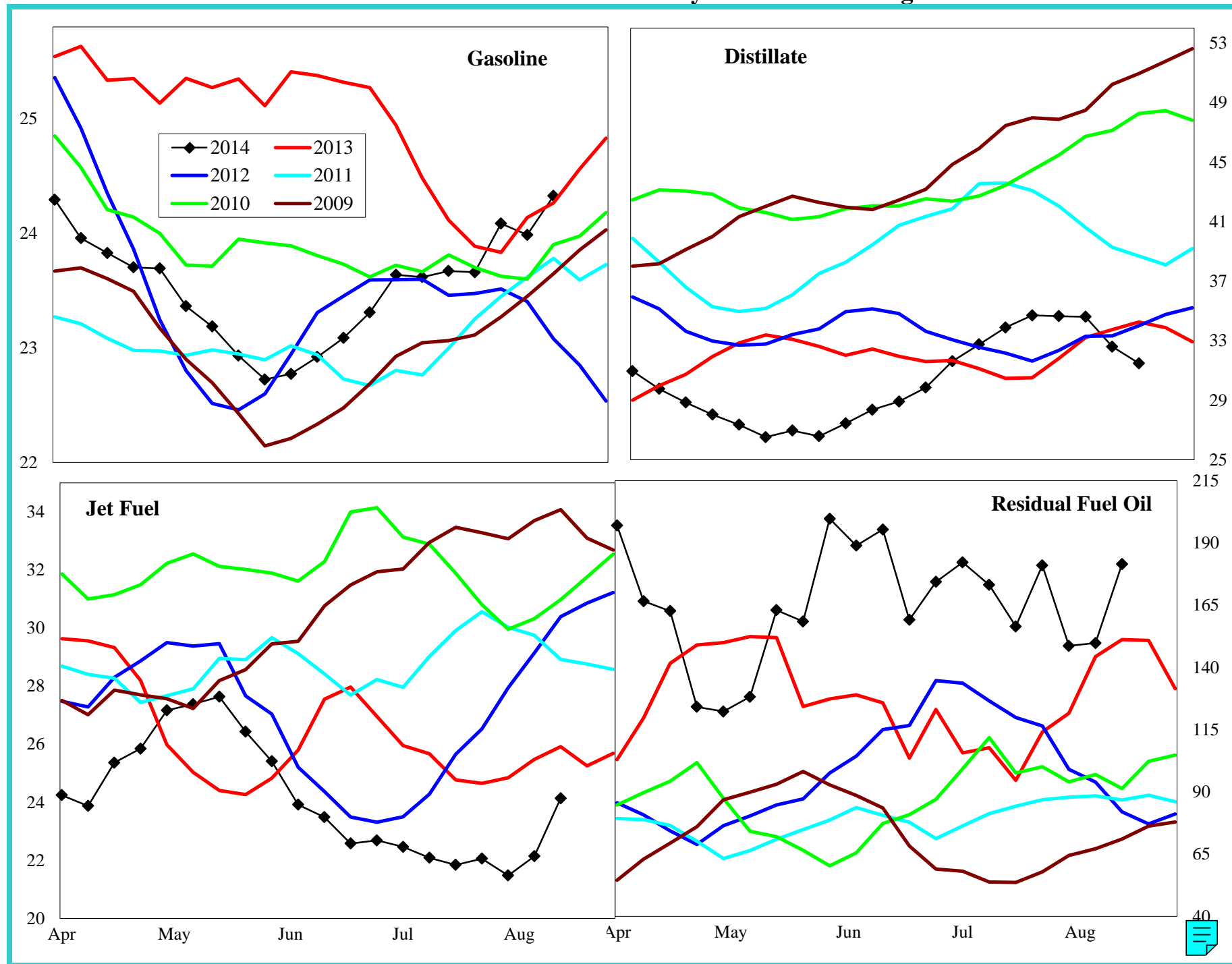
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	15-Aug-14	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	-4,474	-310	1,423	-5,469	-254	135
	Imports	-387	-468	-230	172	90	48
	Input	204	-37	48	177	-7	23
	% Utilization	1.80					
Gasoline	Stocks	585	675	-367	103	76	101
	Production	-366	-51	-249	-102	0	-10
	Imports	271	199	1	32	0	37
	Supplied	-147					
Distillate	Stocks	-960	428	-561	-1,631	-145	949
	Production	190	-4	16	171	6	0
	Imports	-9	-13	17	-14	1	0
	Supplied	-28					
Jet Fuel	Stocks	891	211	349	960	-13	-615
	Production	15	15	17	-5	1	-11
	Imports	-50	-48	0	0	0	-2
	Supplied	-96					
Residual Fuel Oil	Stocks	891	262	-97	636	-22	113
	Production	46	-4	6	39	3	1
	Imports	-25	-12	0	12	0	-26
	Supplied	-183					

United States Wholesale Petroleum Demand

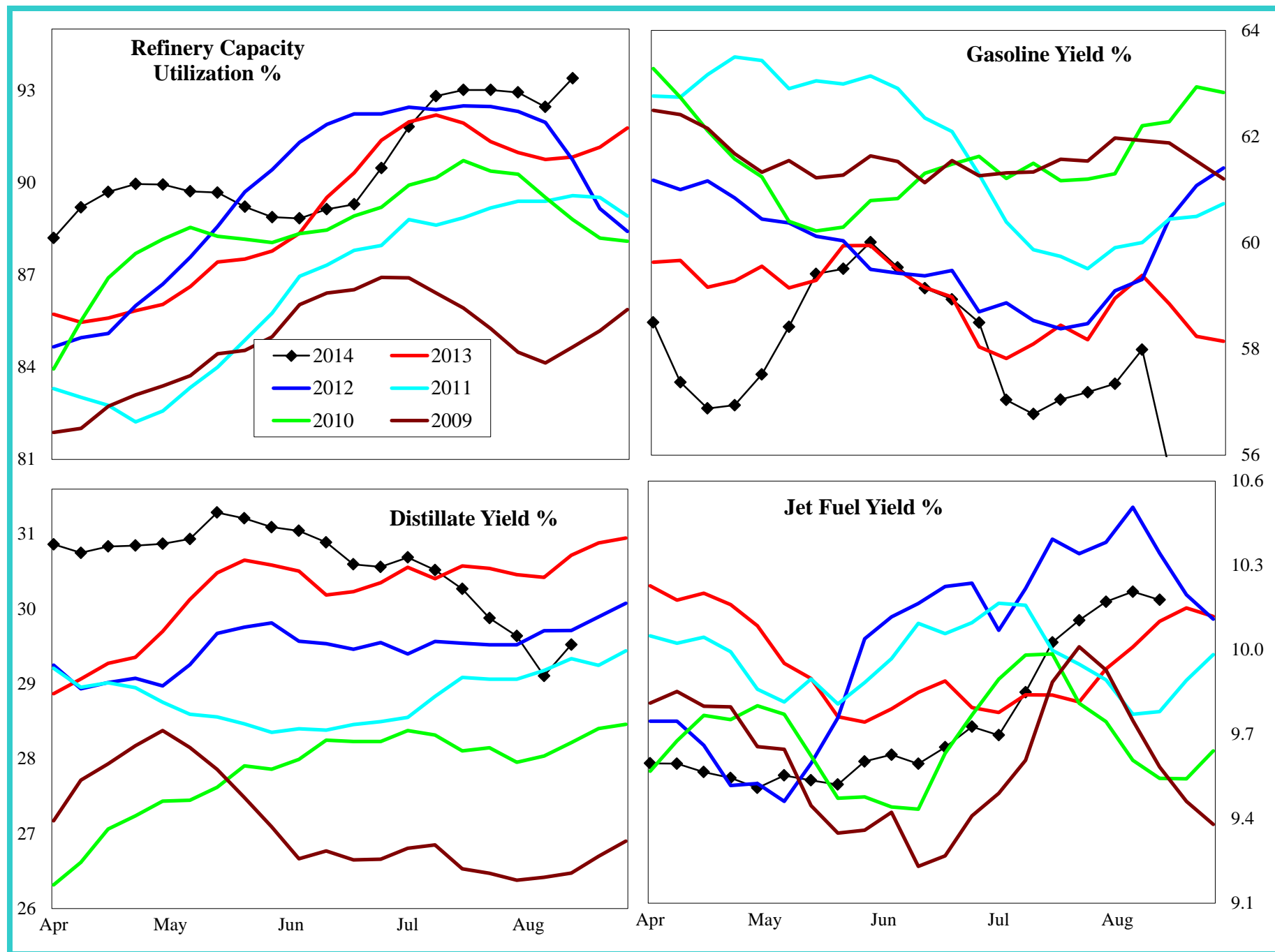


	000 bpd change from prior year				% change from prior year			
	4wk avg	Jul	Jun	May	4wk avg	Jul	Jun	May
Gasoline	-180	303	-30	33	-2.0	3.3	-0.3	0.4
Distillate	206	466	299	165	5.5	13.1	8.2	4.4
Jet Fuel	78	185	368	-12	5.0	12.2	25.7	-0.8
Resid	-76	-173	-50	20	-27.1	-47.8	-16.5	9.3

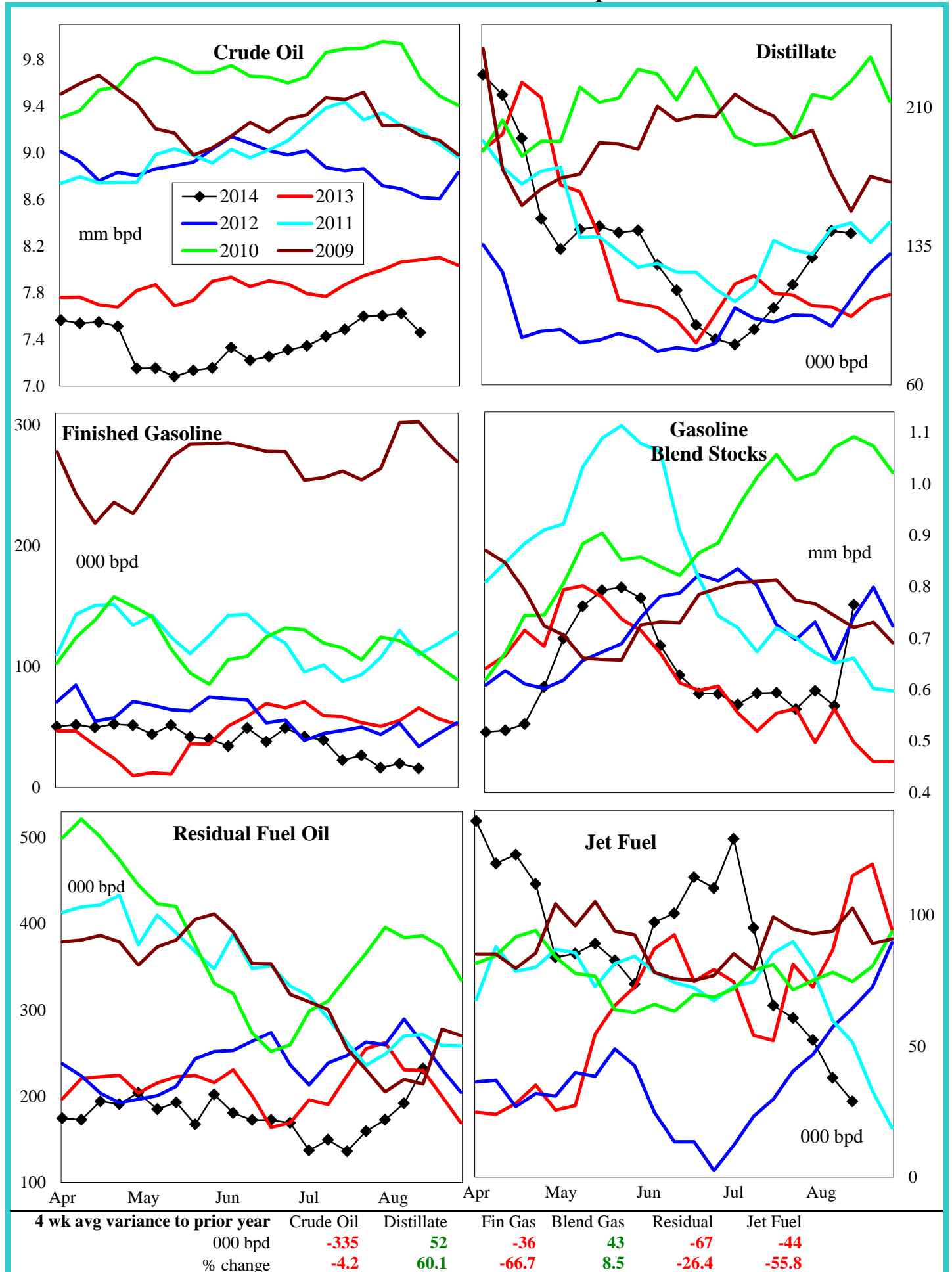


United States Product Stocks: Days Forward Coverage

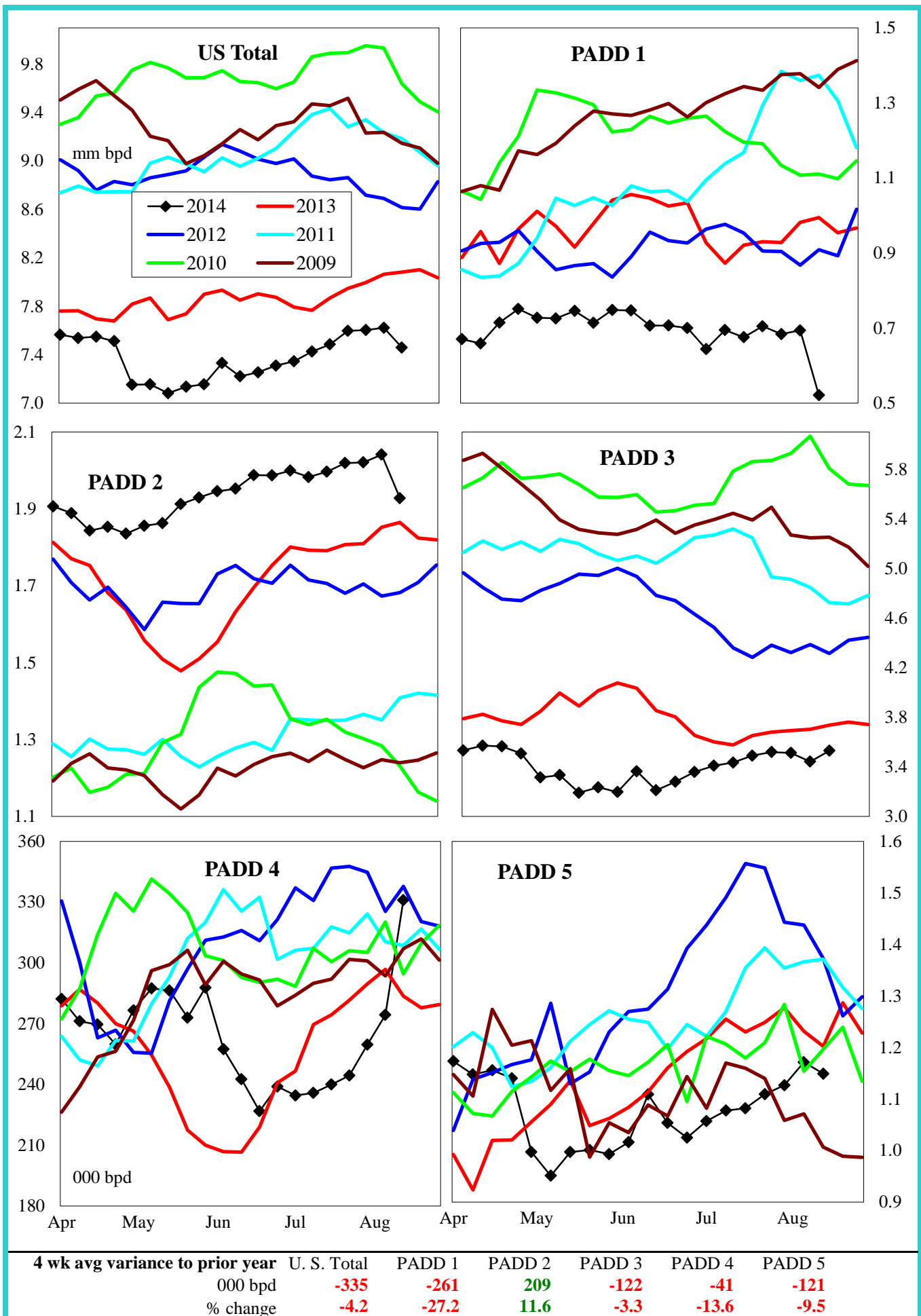
United States Refinery Percent Utilization Rate and Product Yields



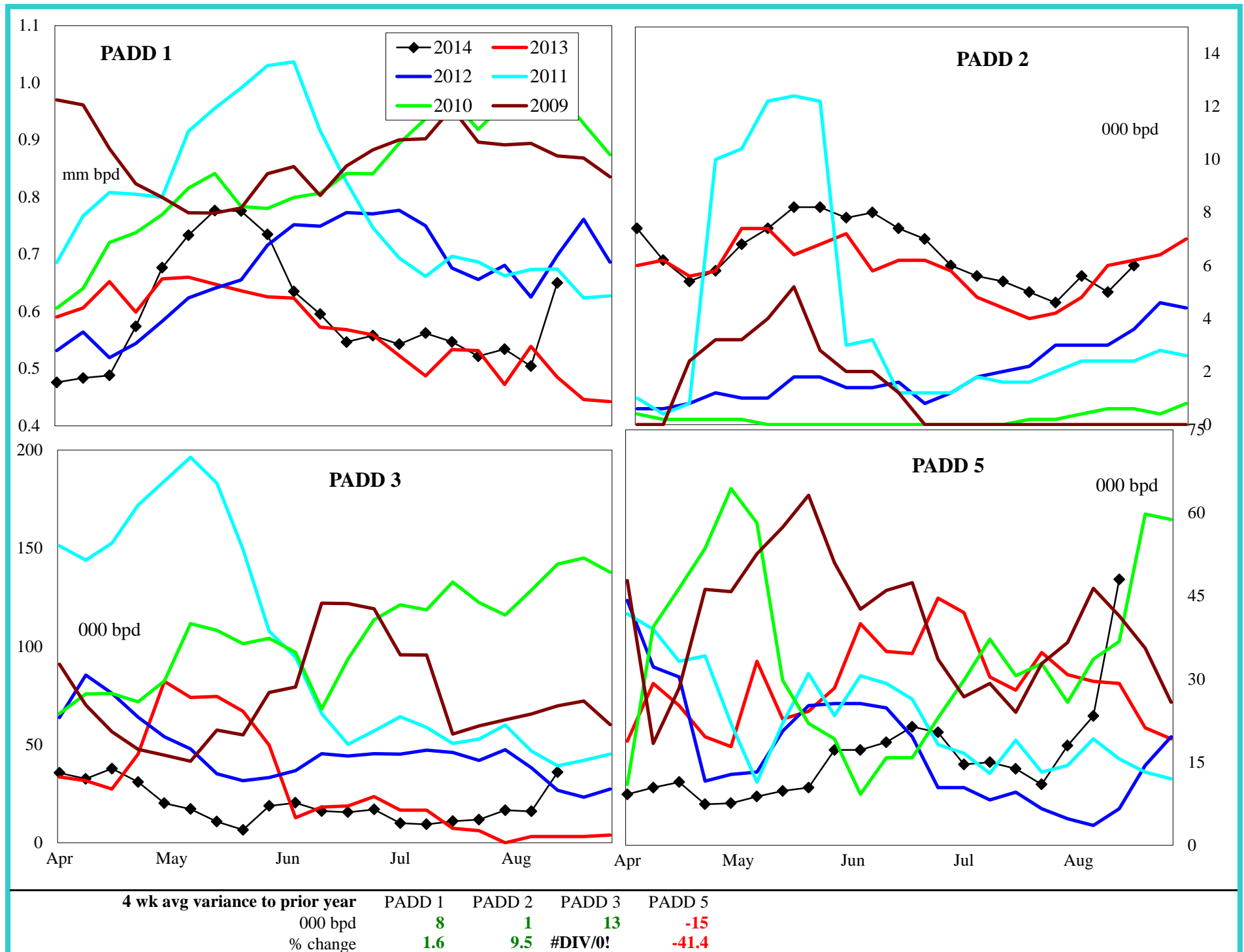
United States Petroleum Imports



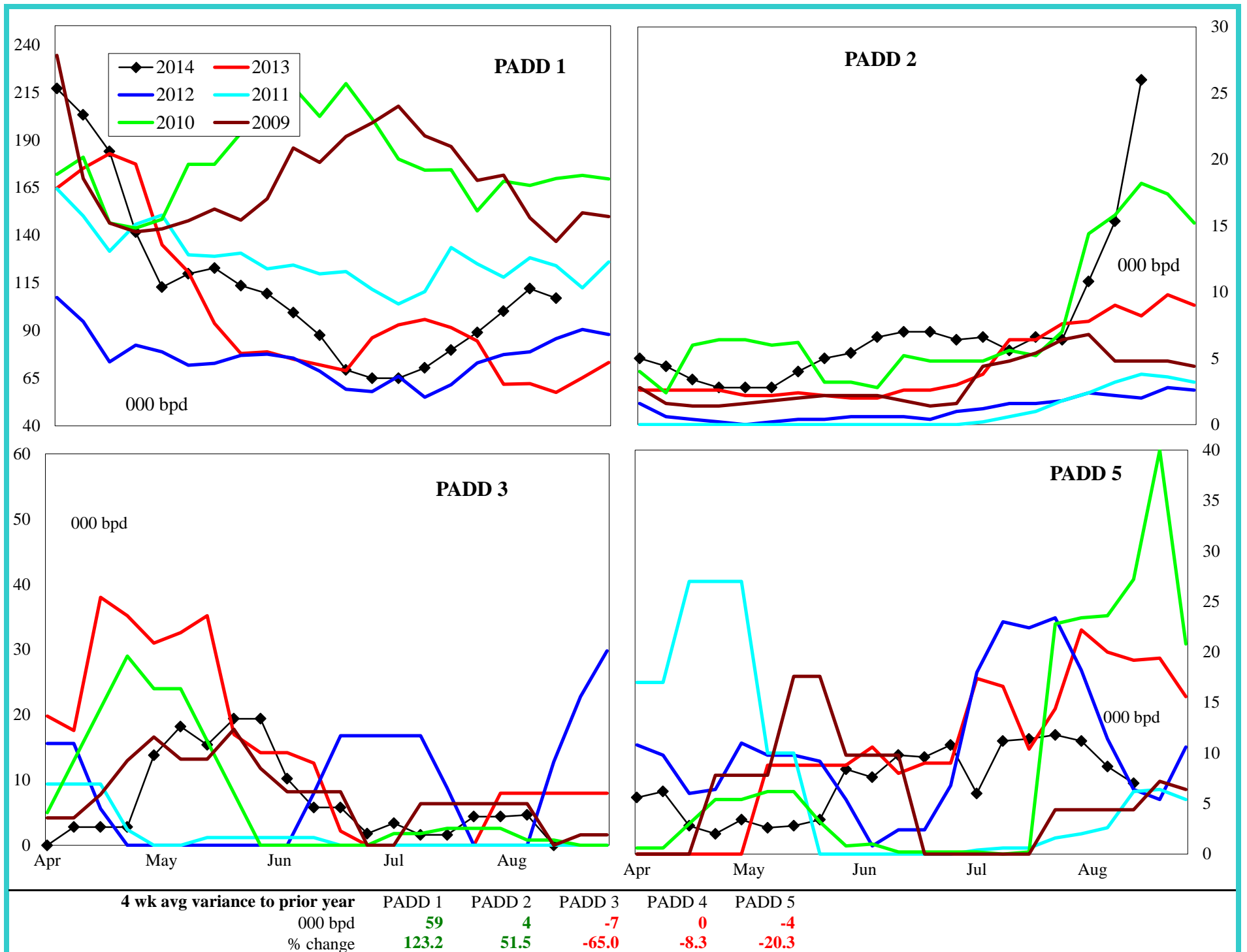
Crude Oil Imports by PADD



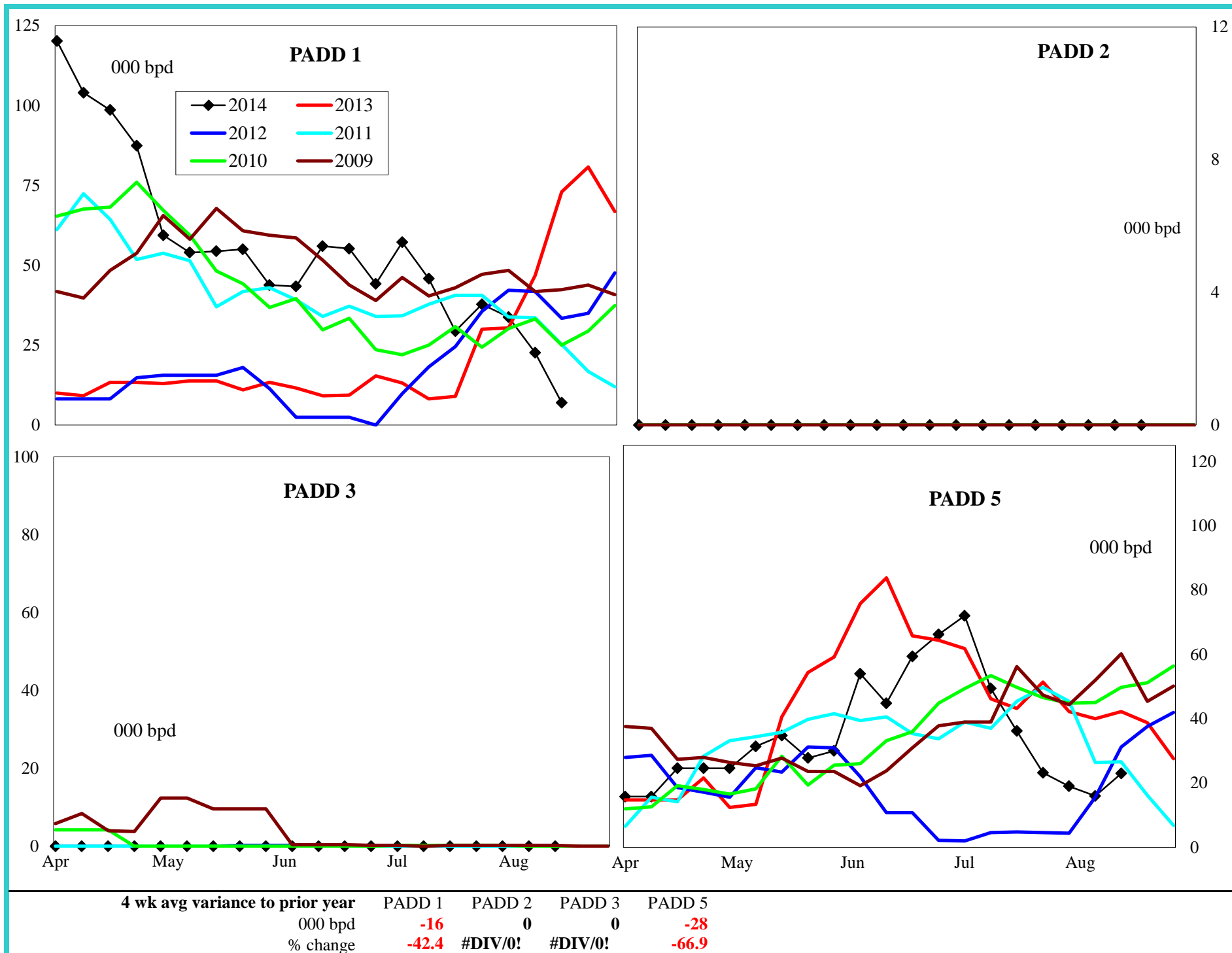
Gasoline Imports by PADD (Finished + Blend Stocks)



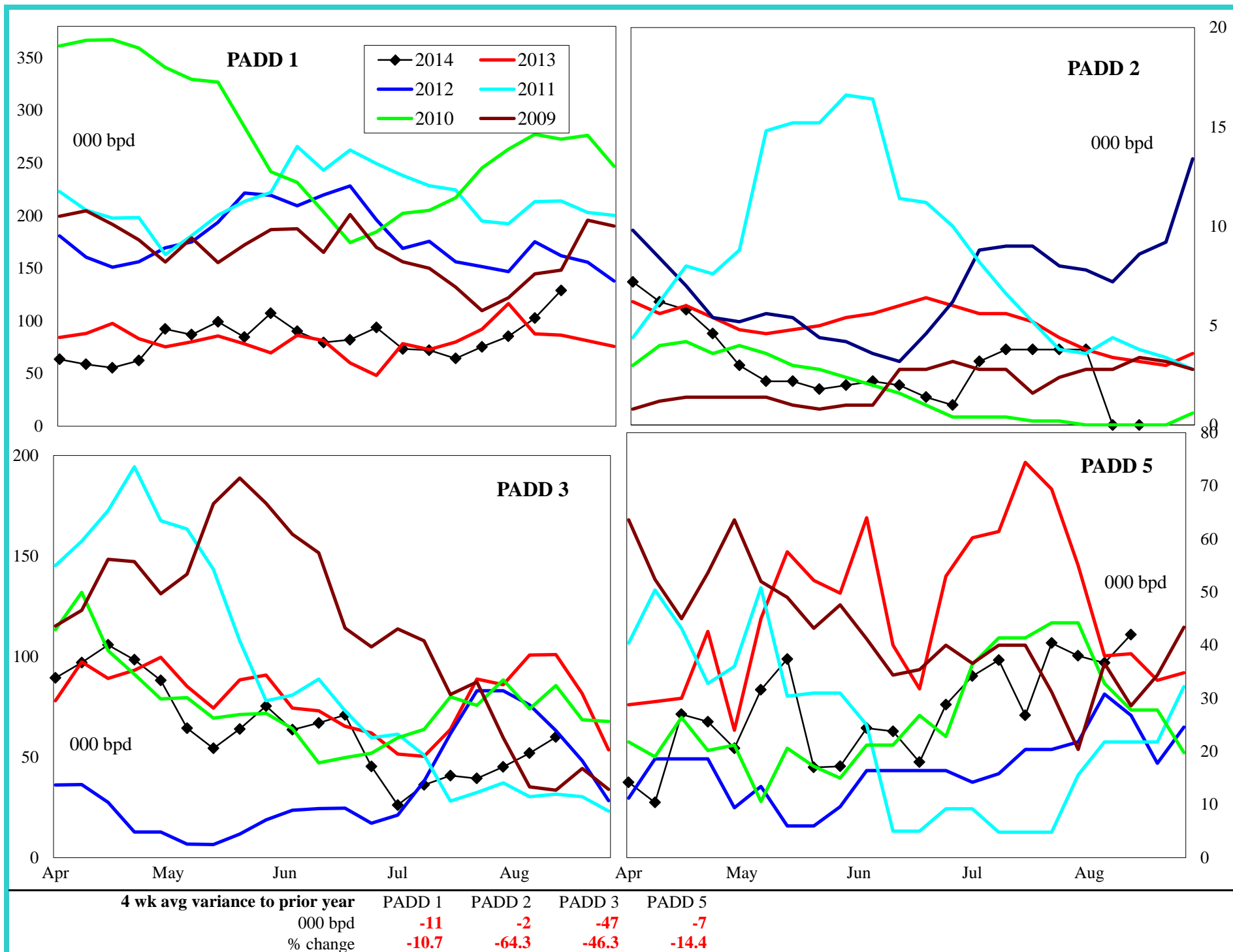
Distillate Imports by PADD



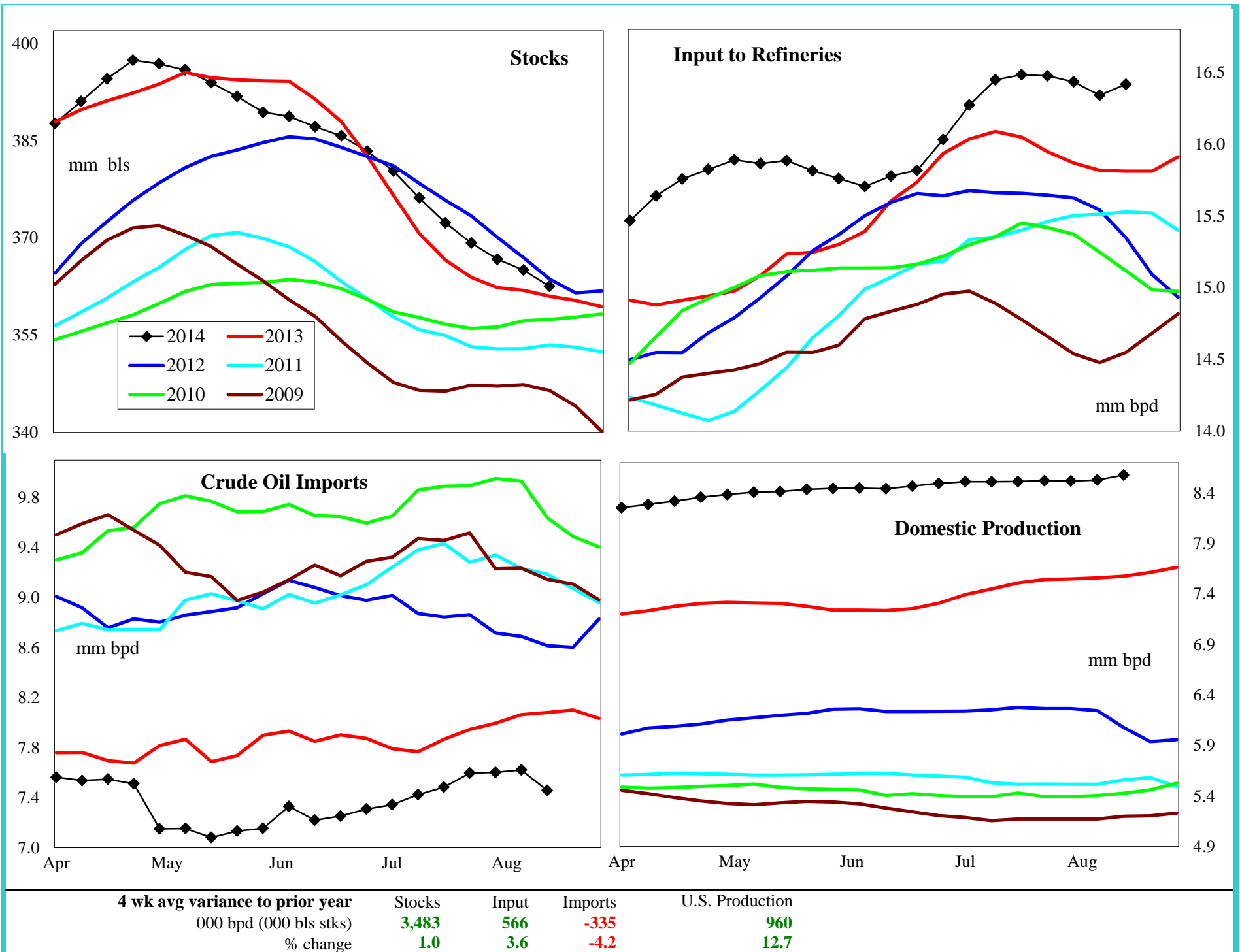
Jet Fuel Imports by PADD



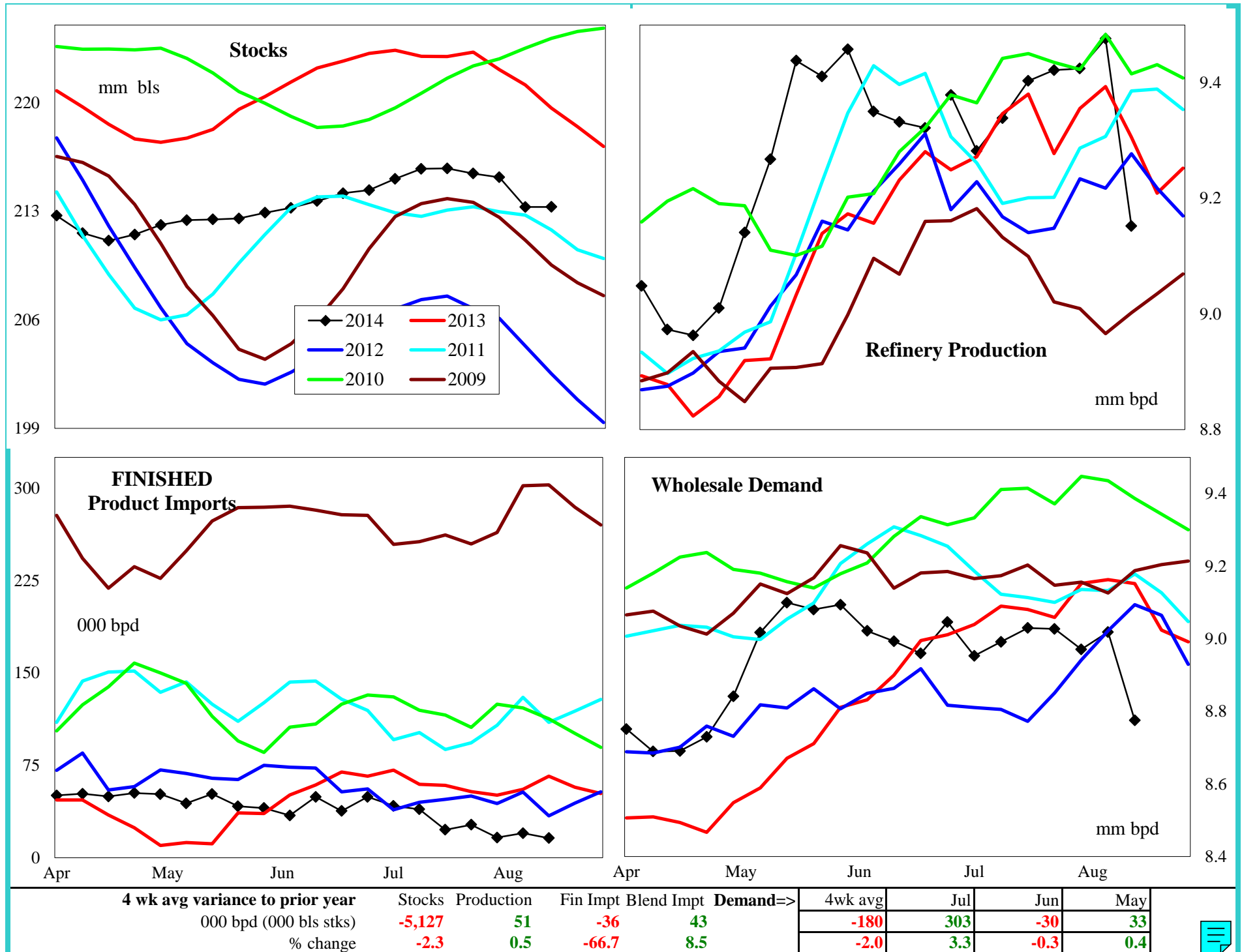
Residual Fuel Oil Imports by PADD



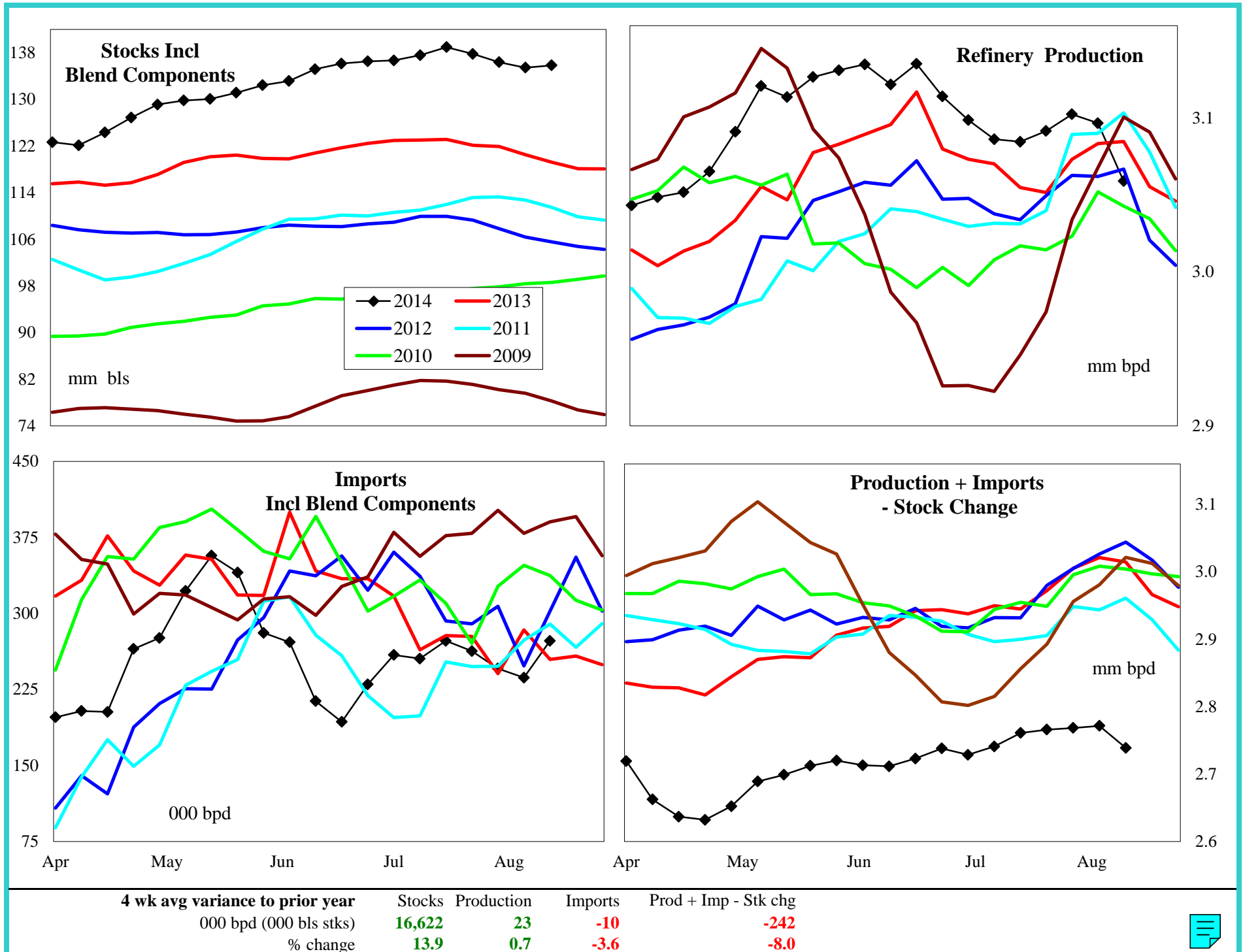
United States Crude Oil Supply and Demand Balance



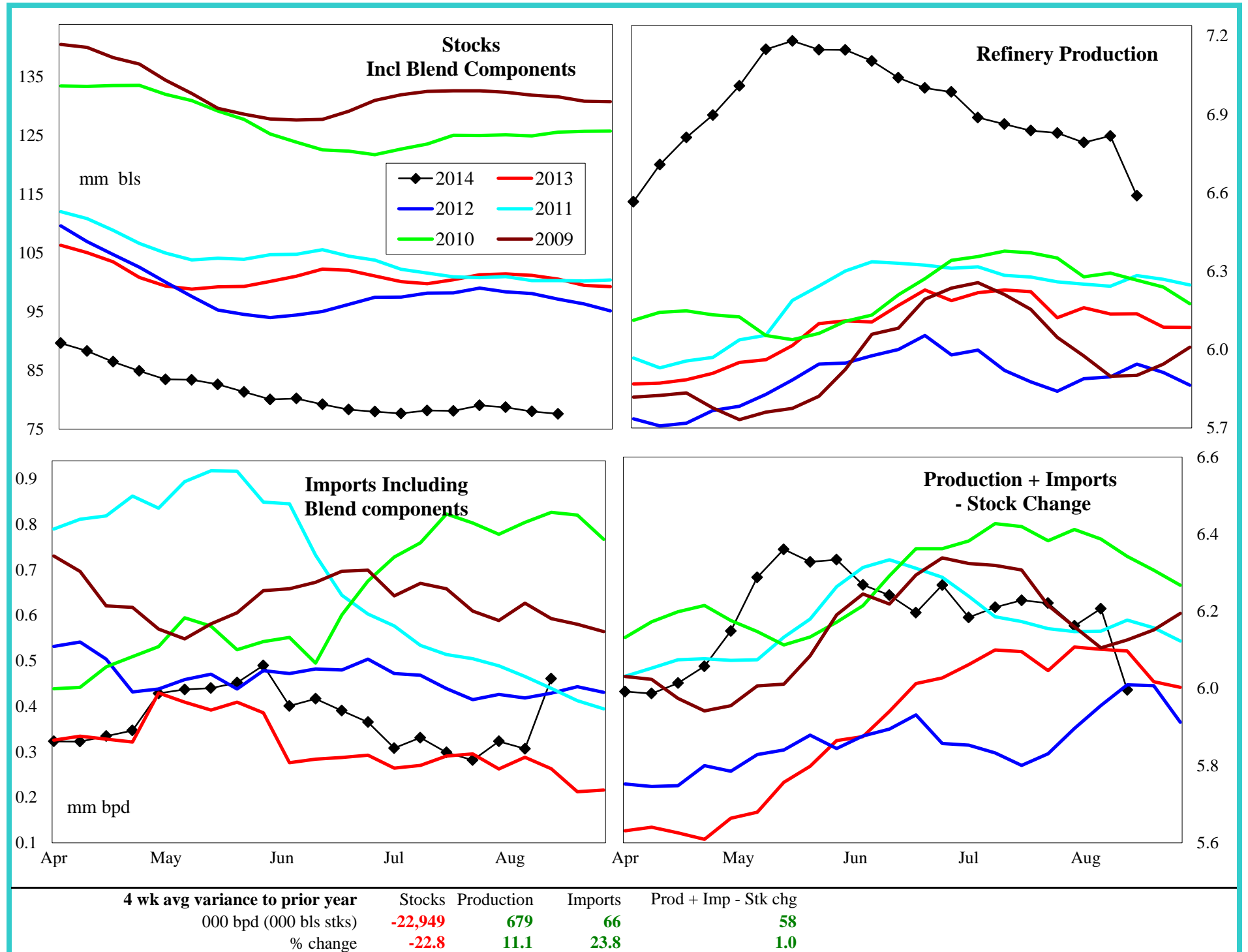
United States Gasoline Supply and Demand Balance



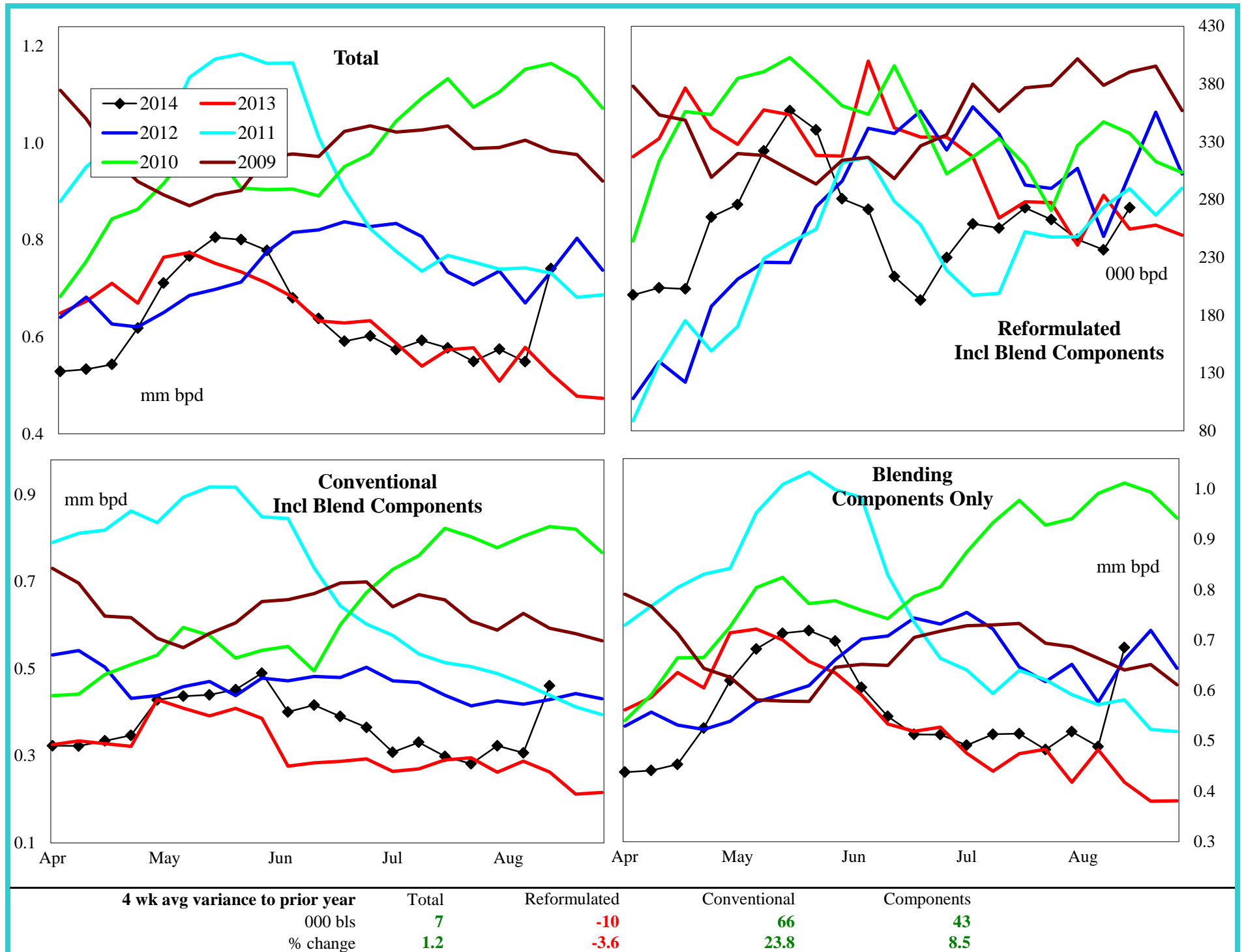
United States Reformulated Gasoline Supply



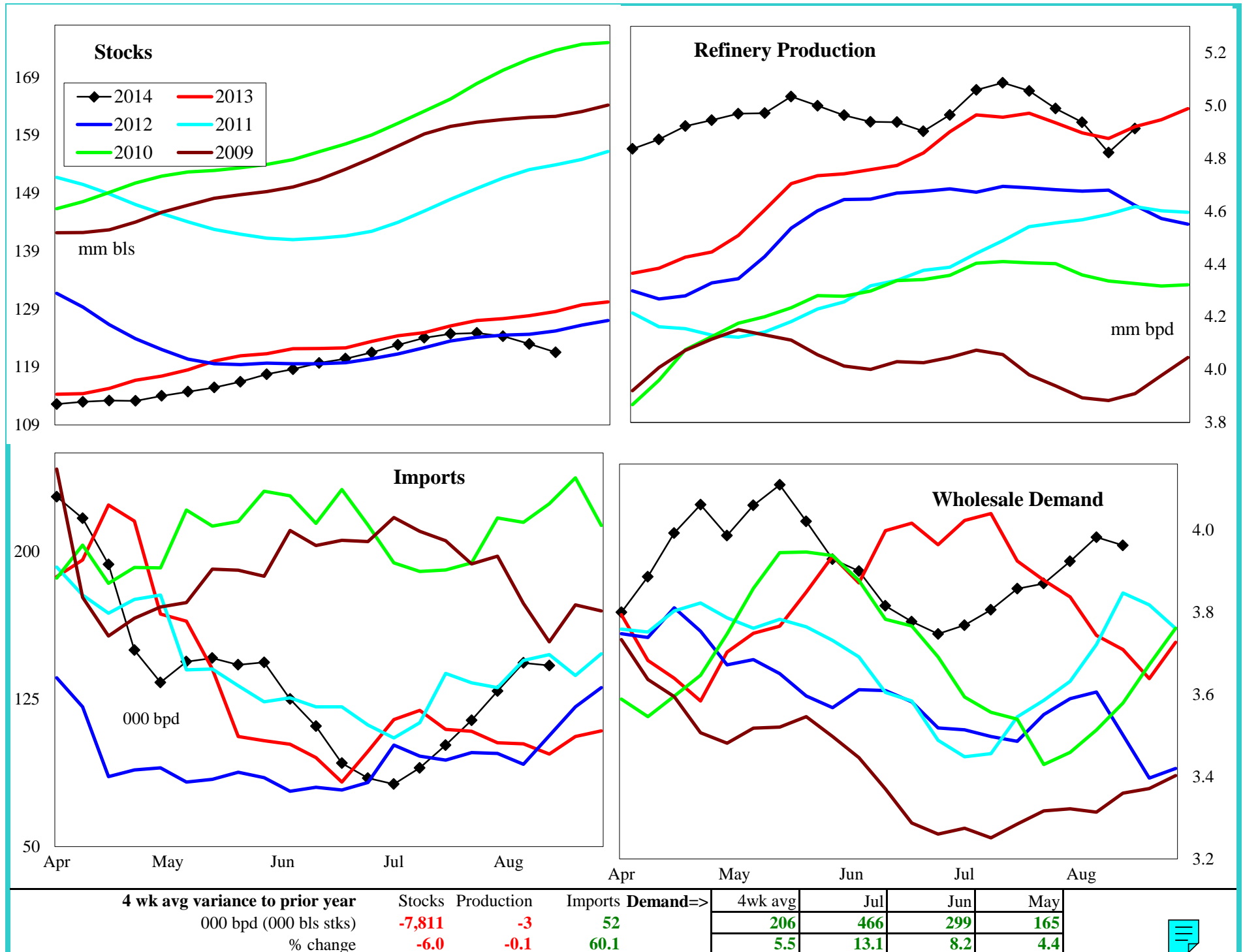
United States Conventional Gasoline Supply



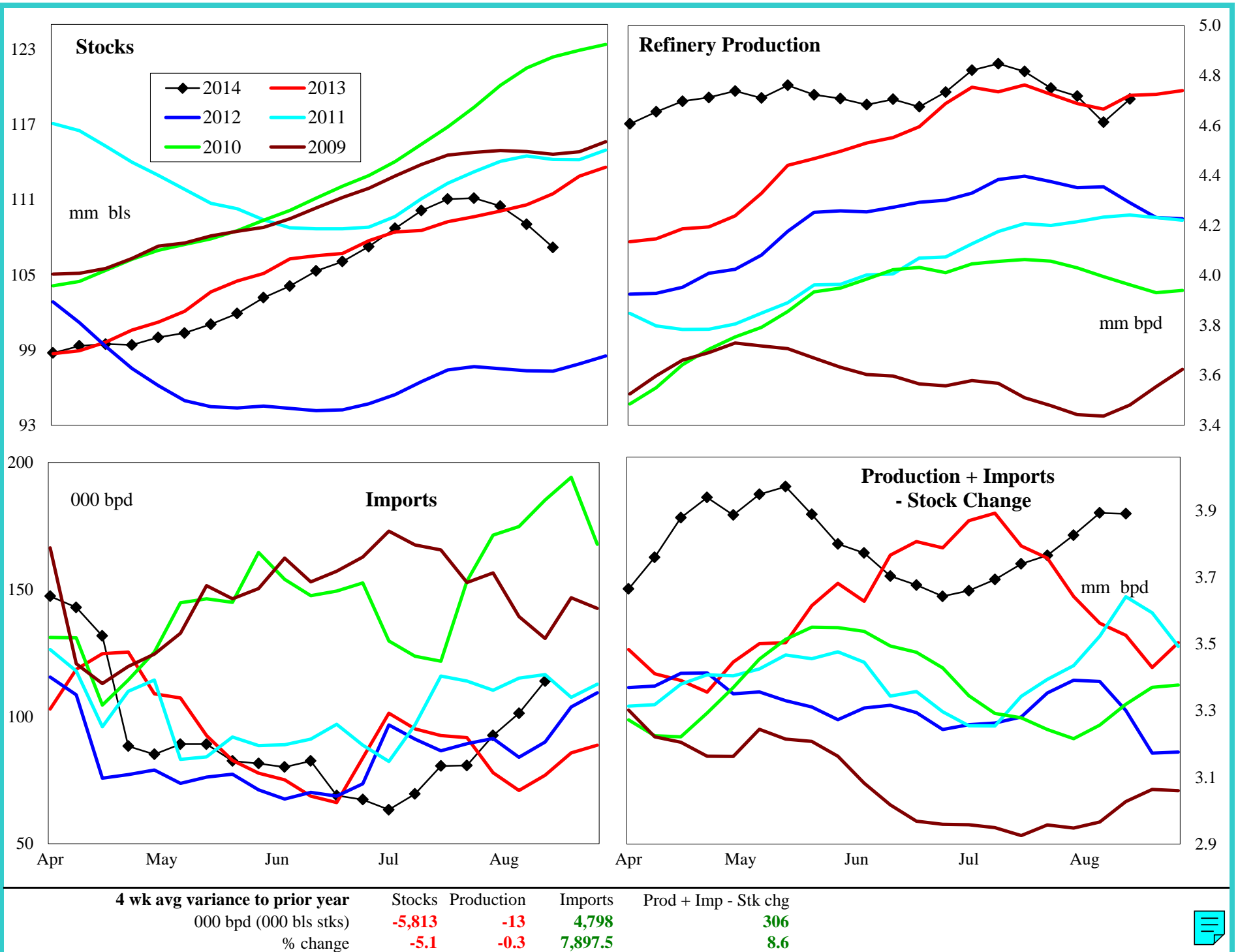
United States Gasoline Imports by Type



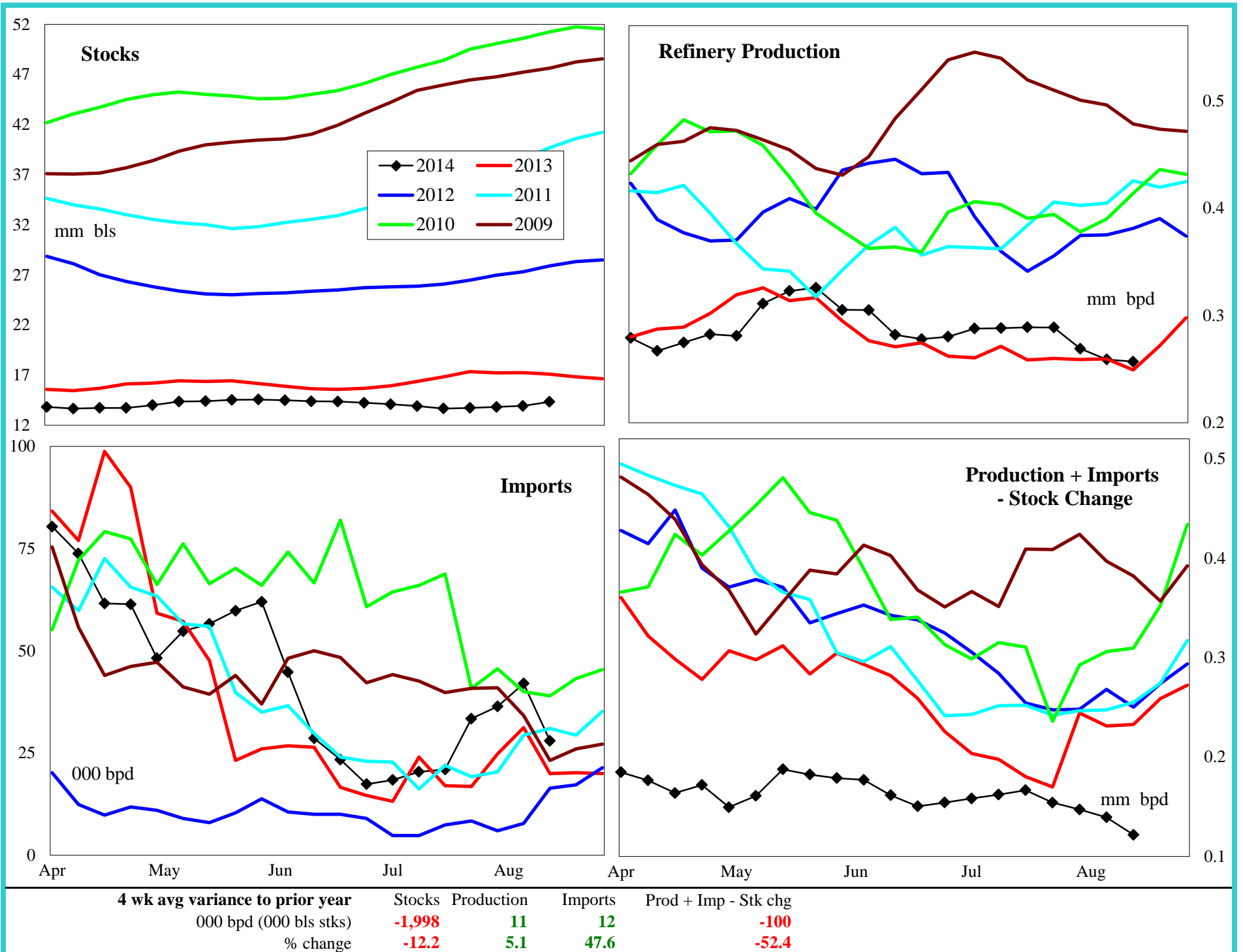
United States Distillate Supply and Demand Balance



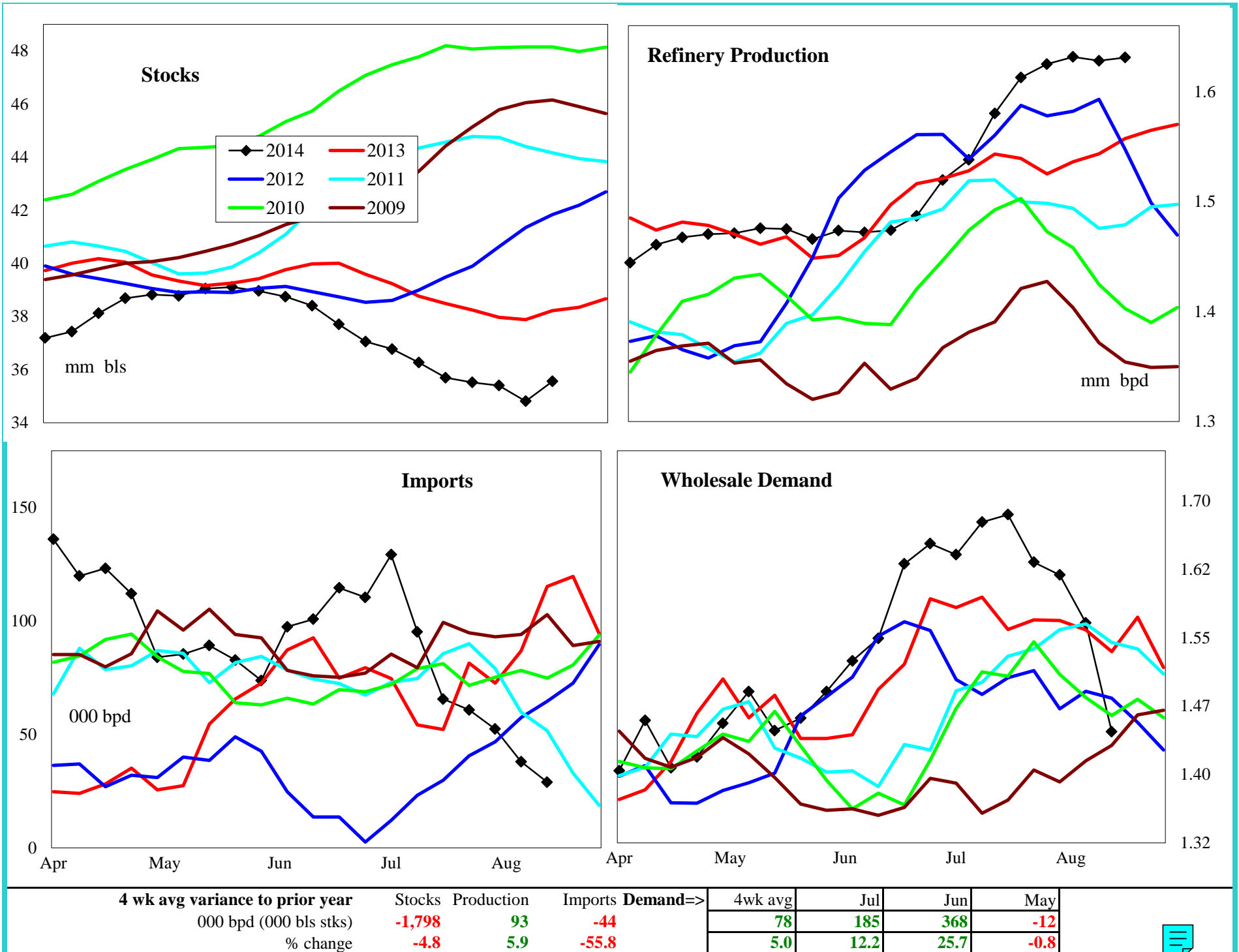
United States Low Sulfur Distillate Supply



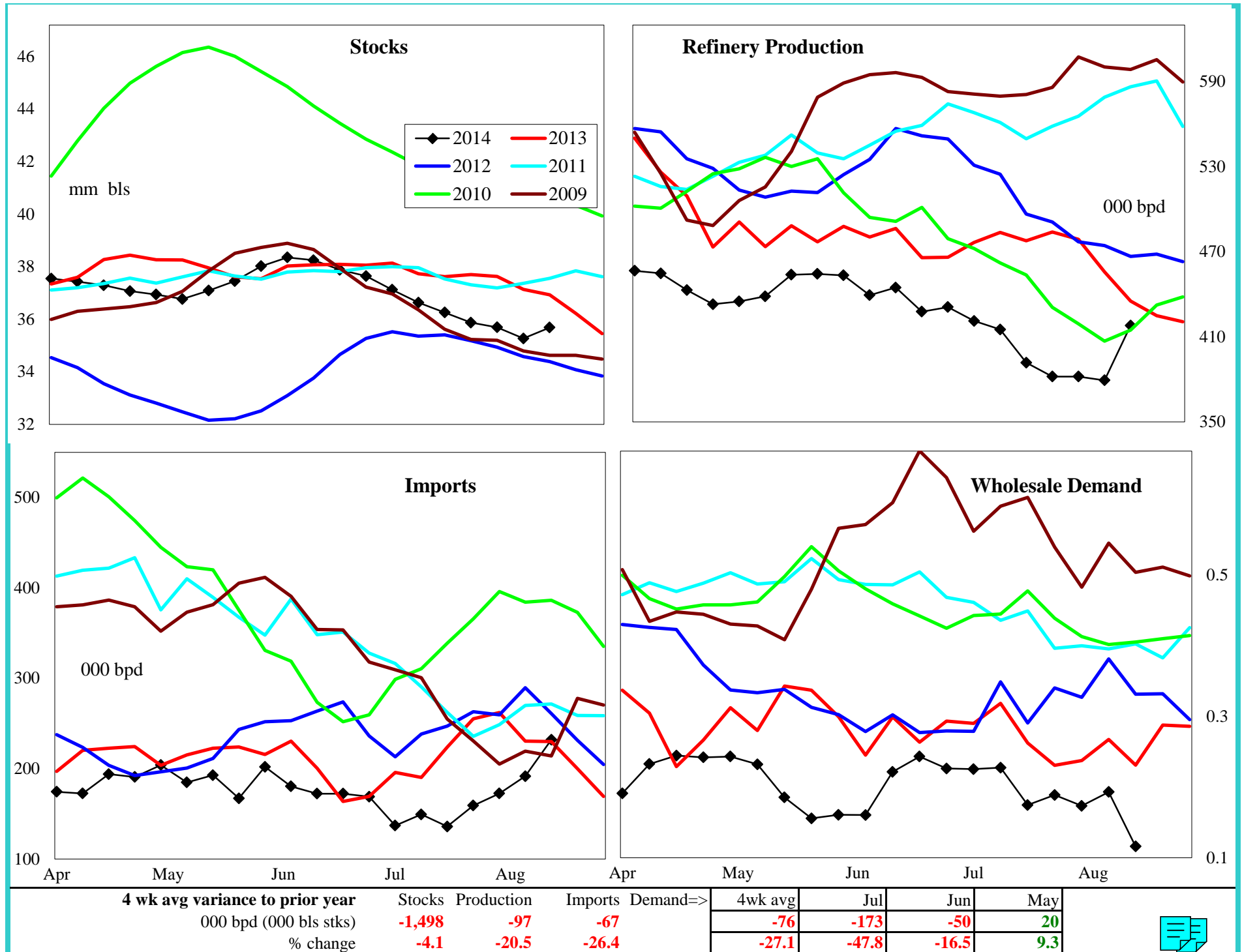
United States High Sulfur Distillate Supply



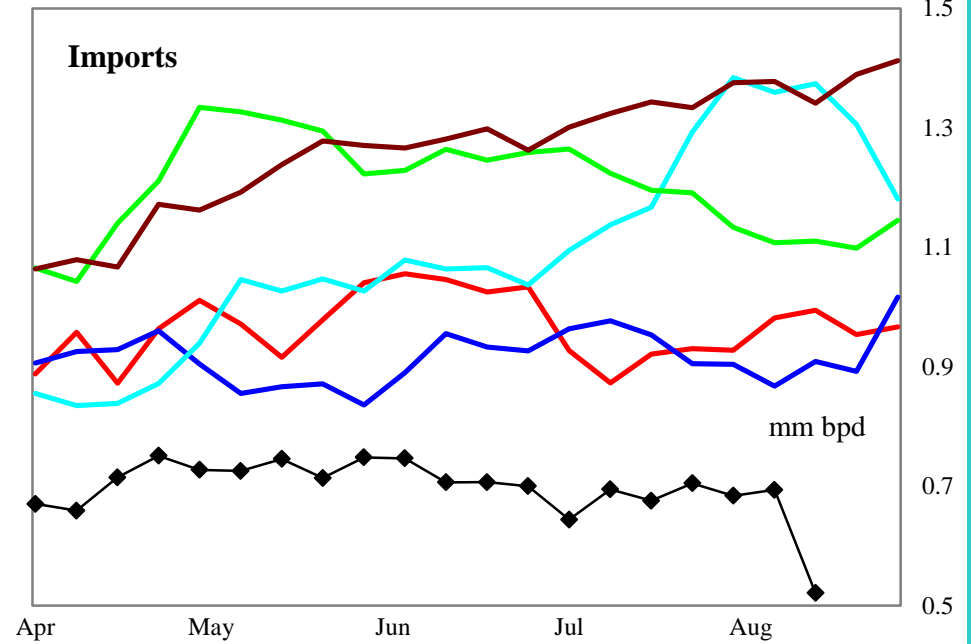
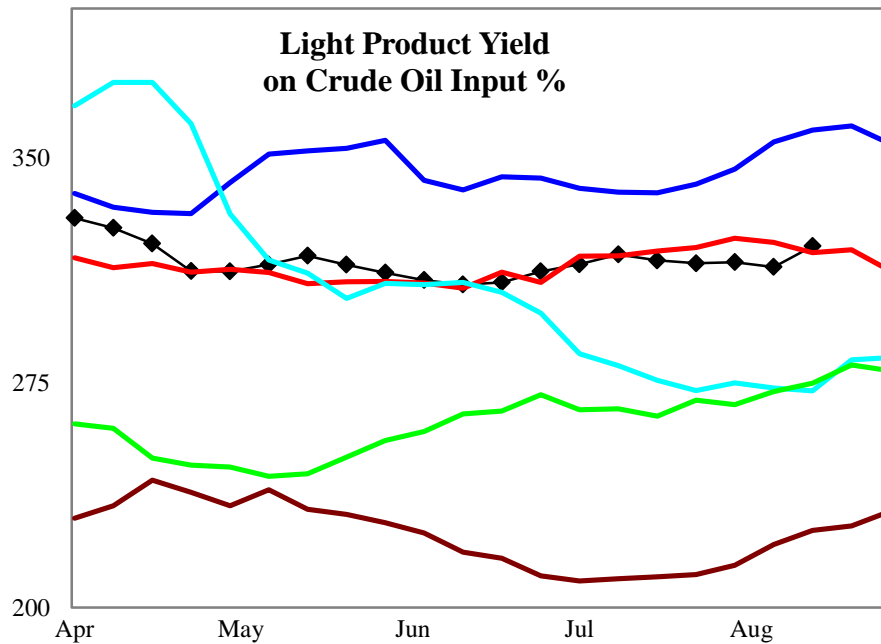
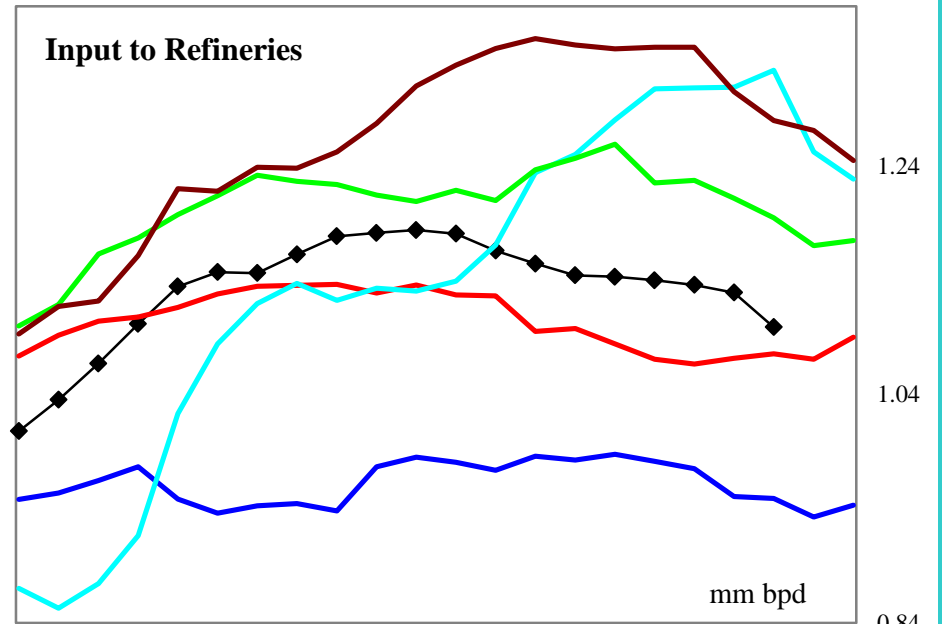
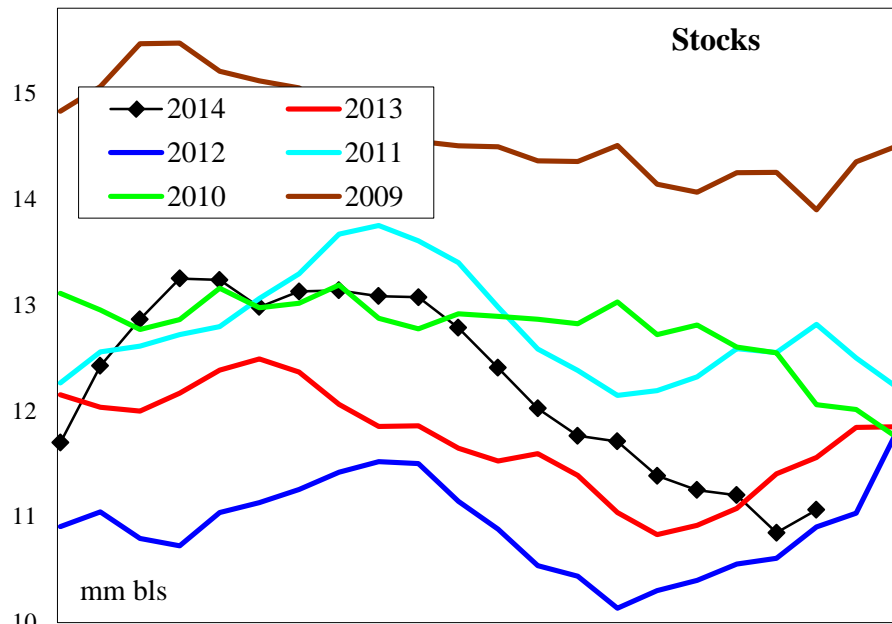
United States Jet Fuel Supply and Demand Balance



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

-495

-4.4

Input

52

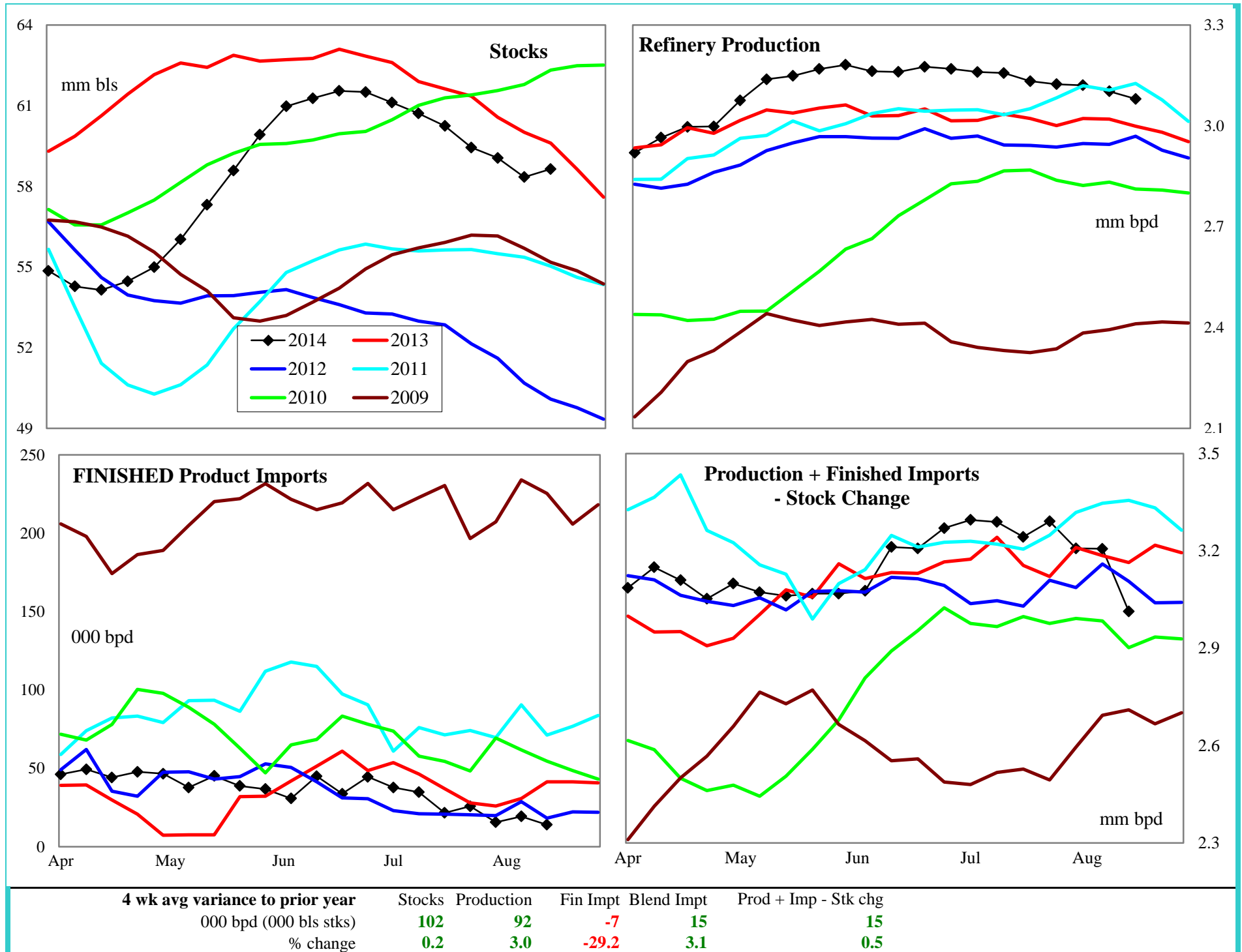
4.8

Imports

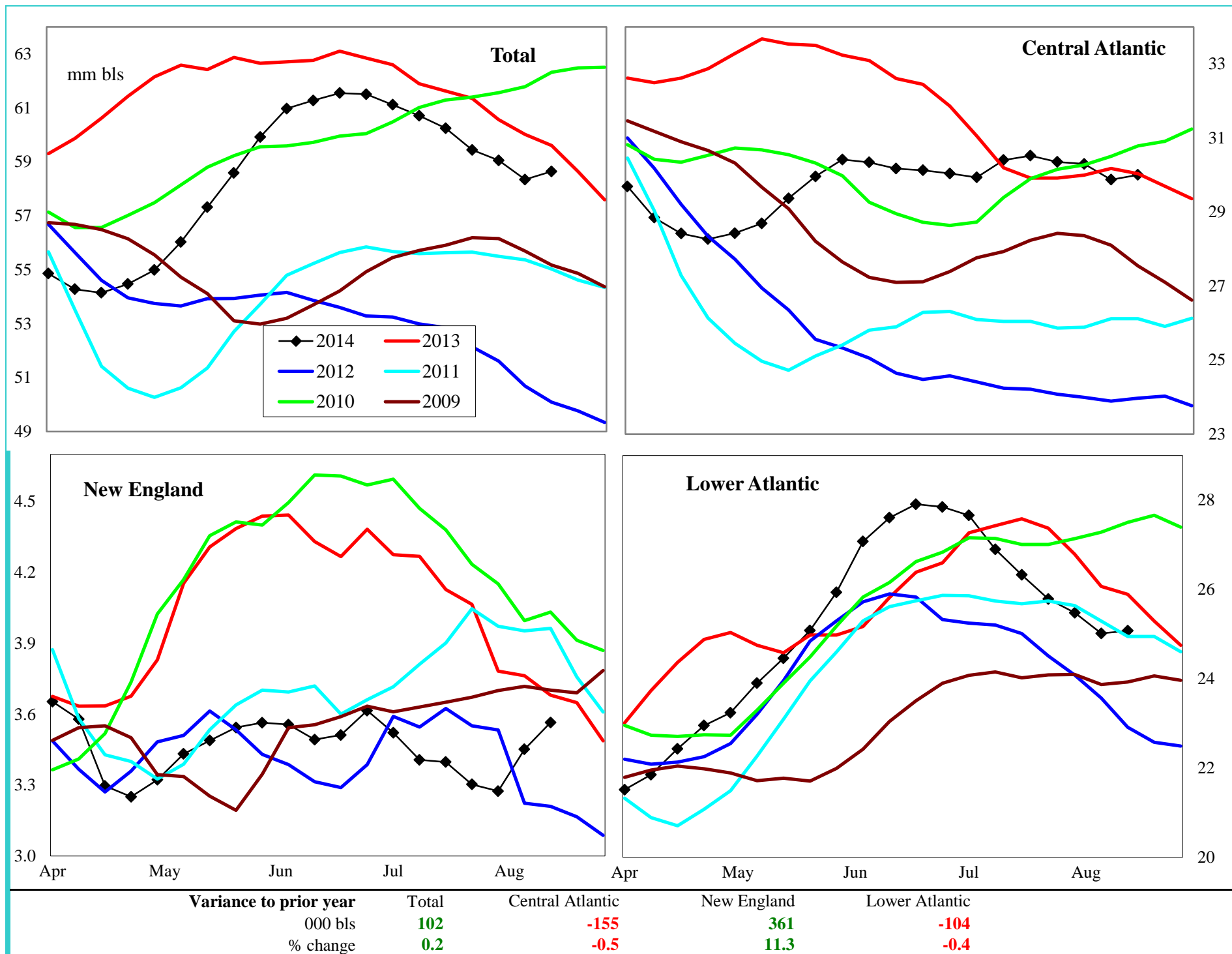
-261

-27.2

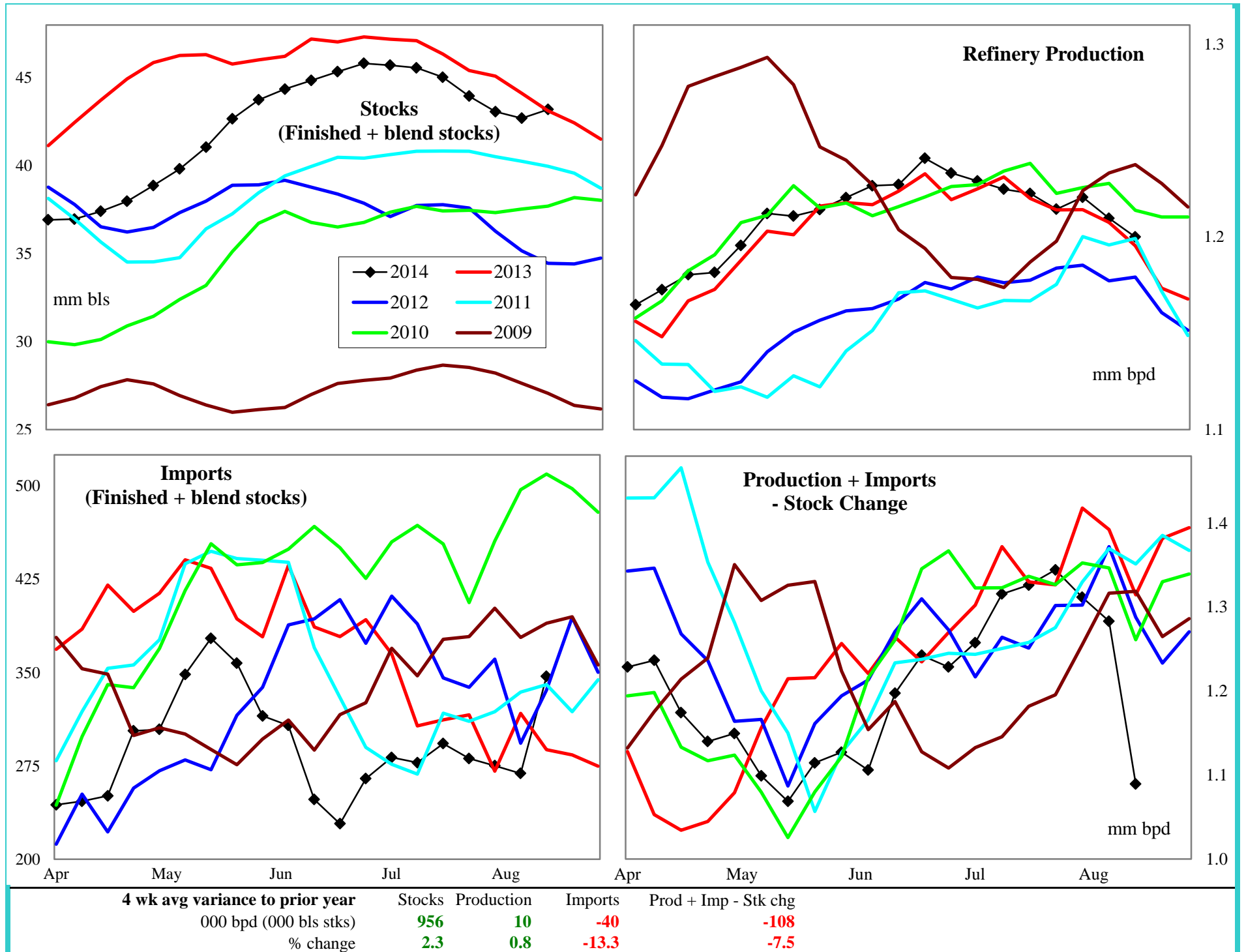
PADD 1 Gasoline Supply



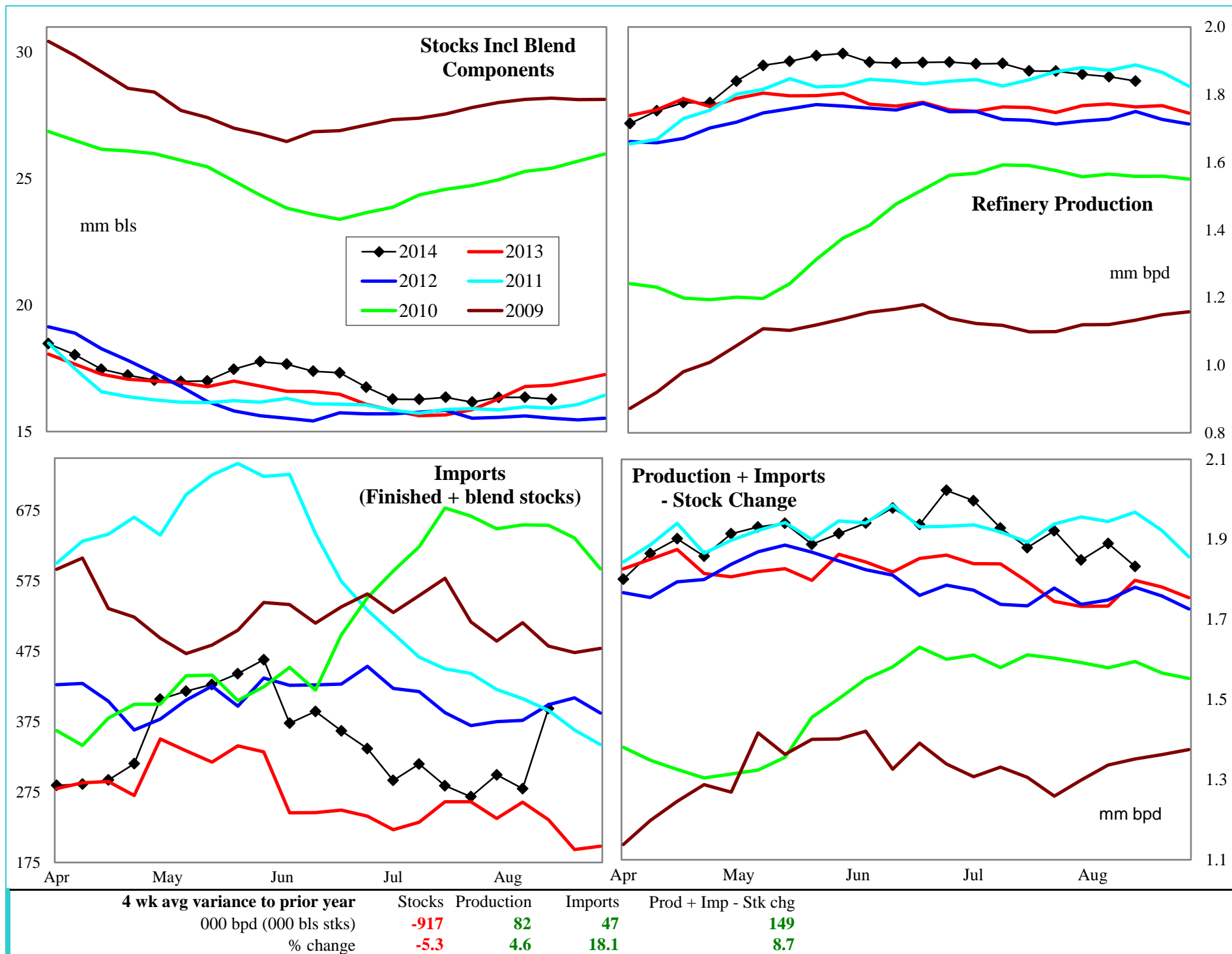
PADD 1 Gasoline Stocks by Region



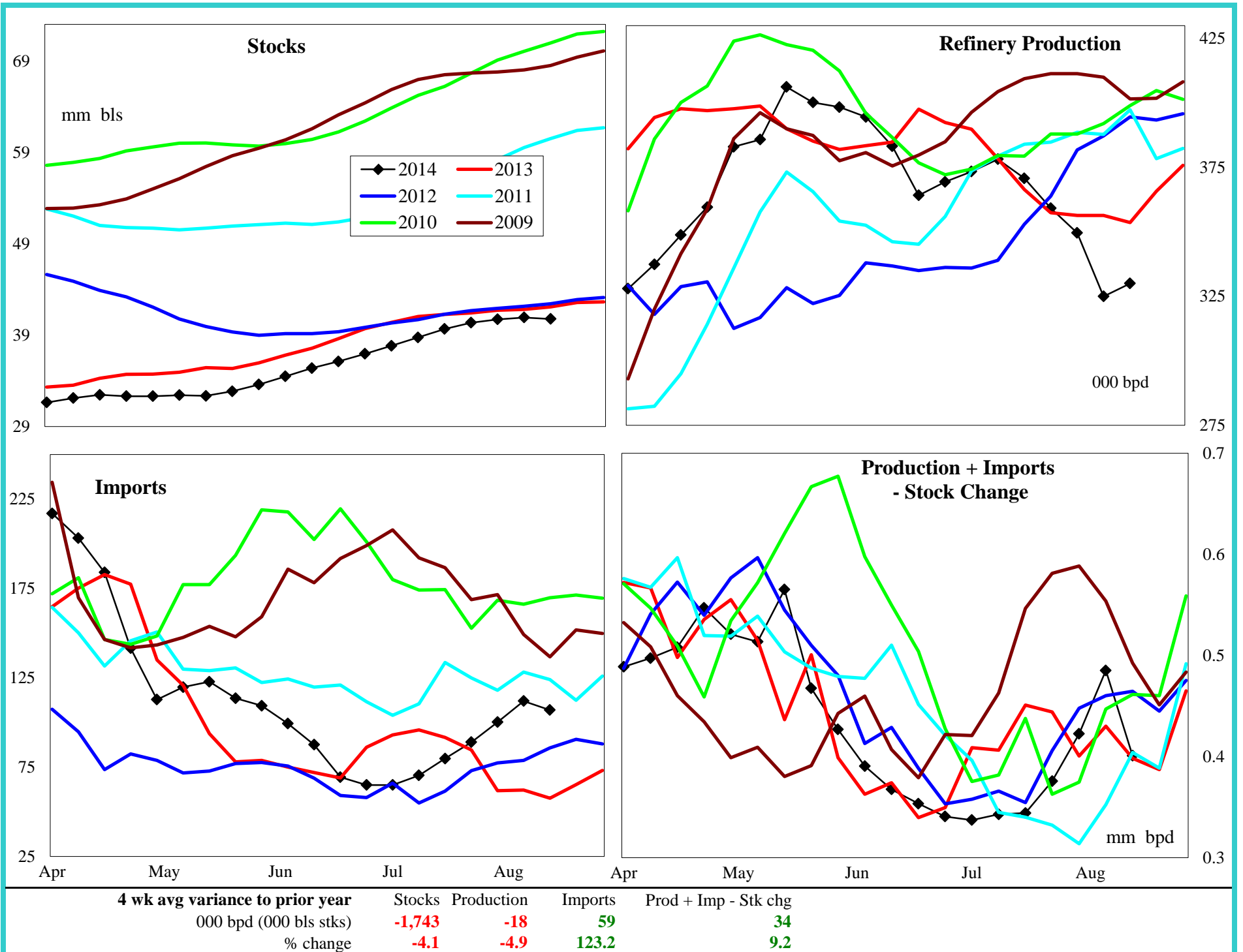
PADD 1 Reformulated Gasoline Supply



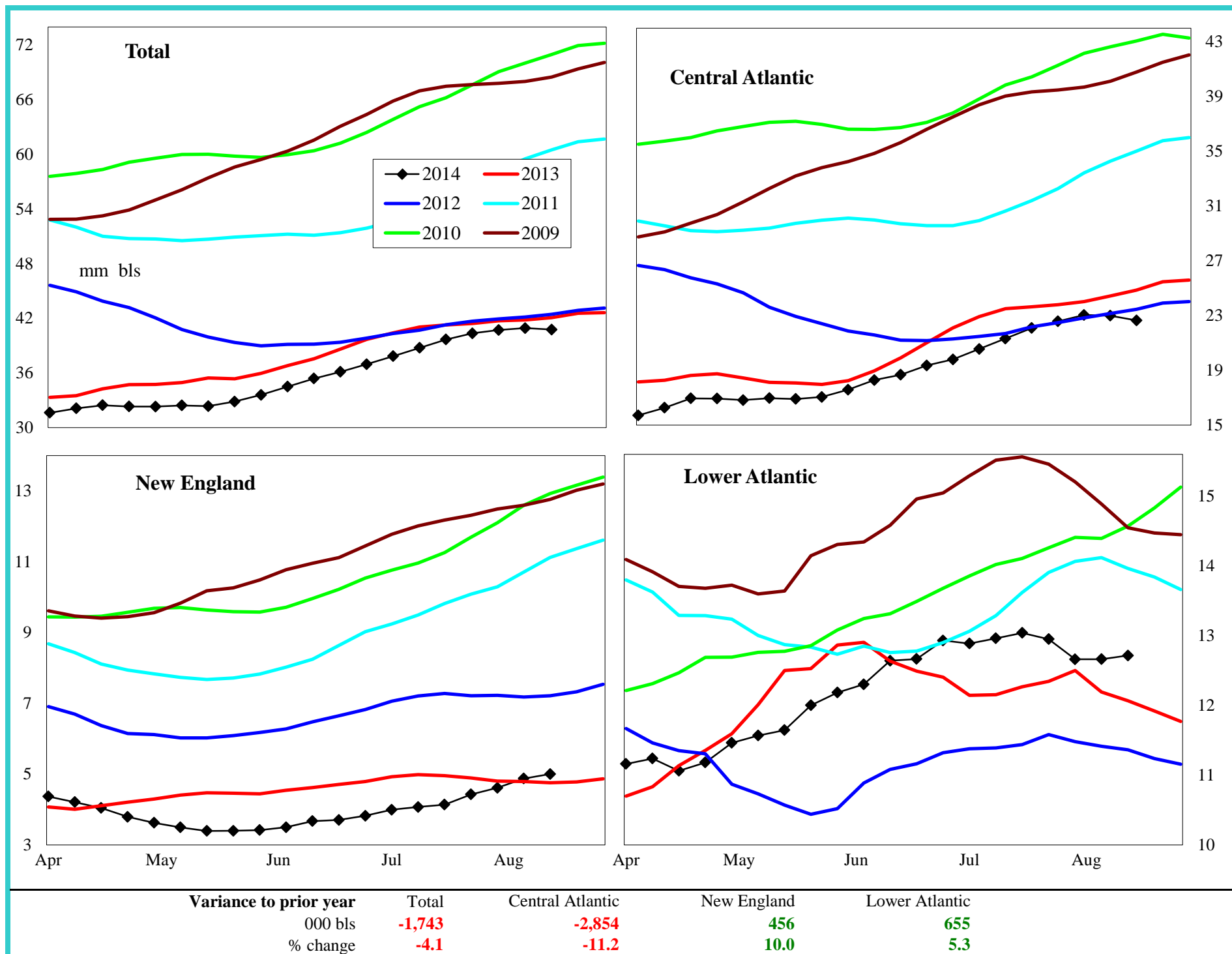
PADD 1 Conventional Gasoline Supply



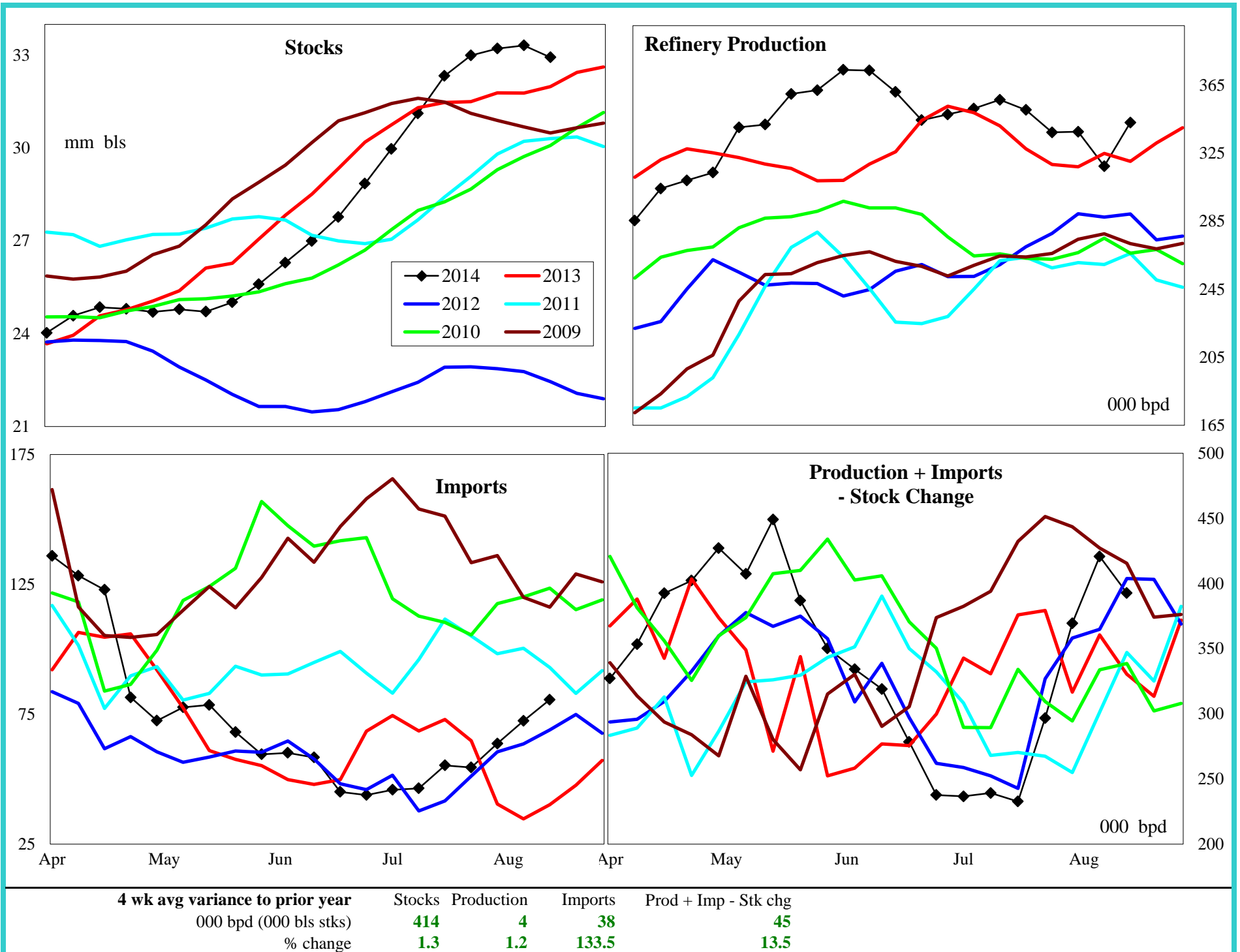
PADD 1 Distillate Supply



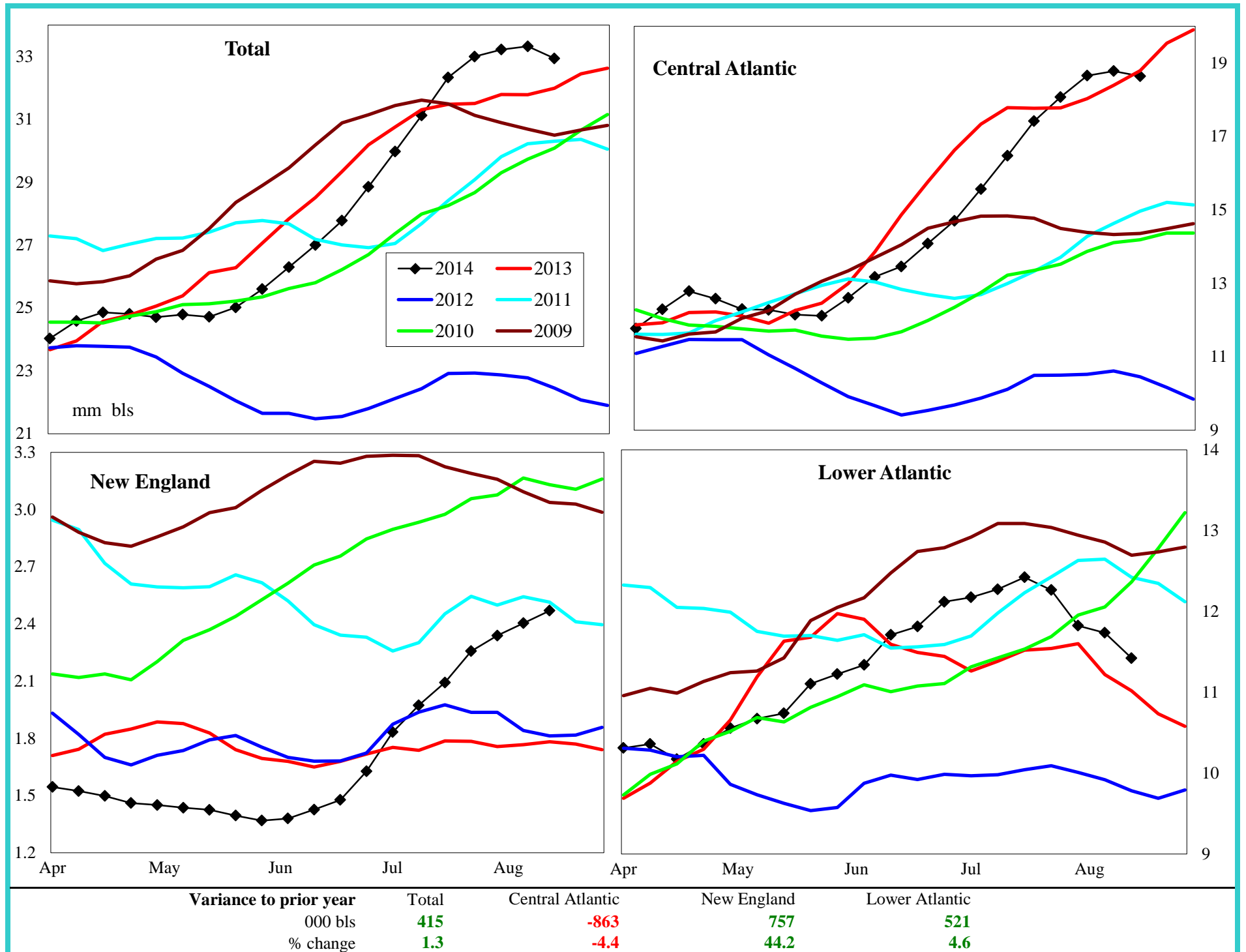
PADD 1 Distillate Stocks by Region



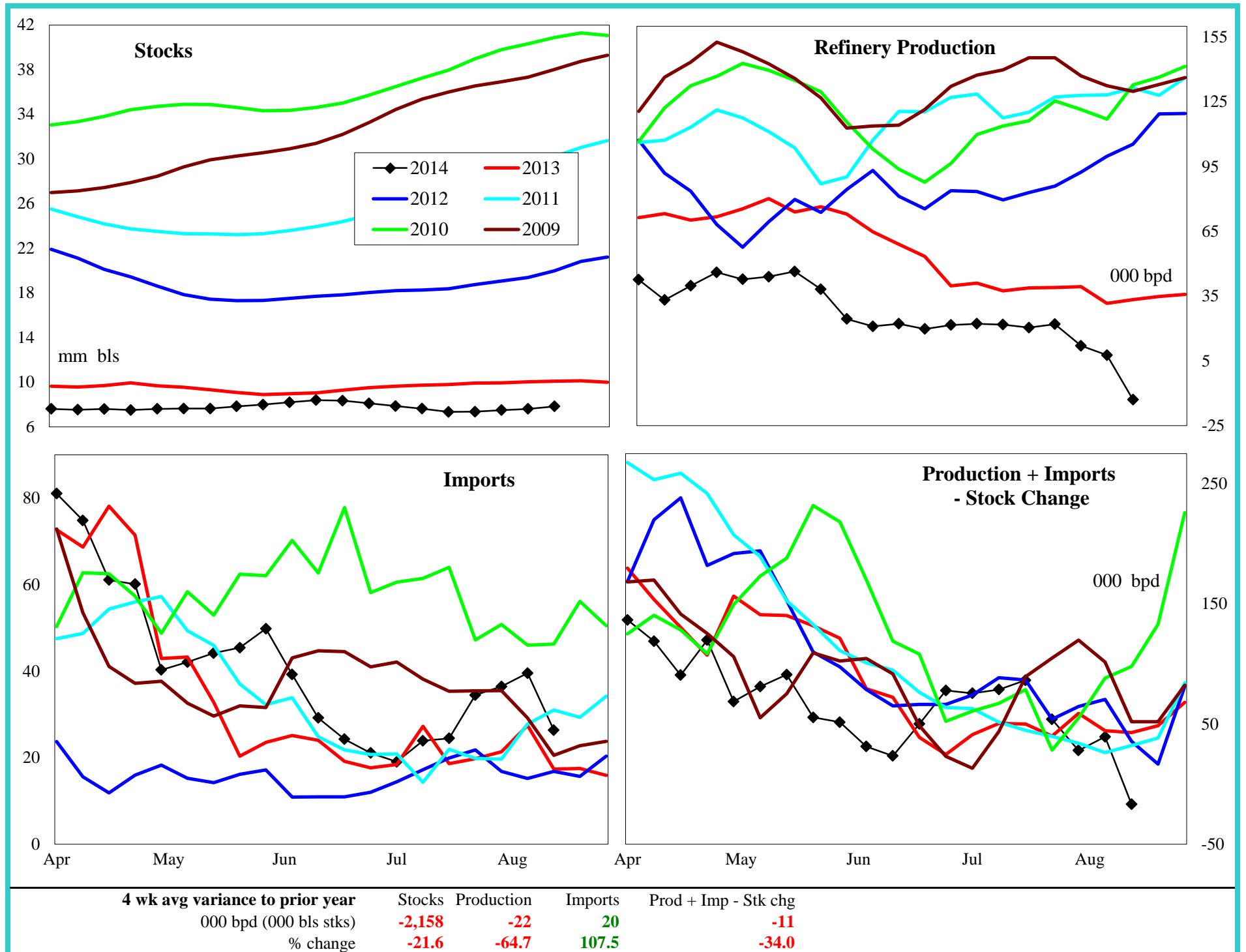
PADD 1 Low Sulfur Distillate Supply



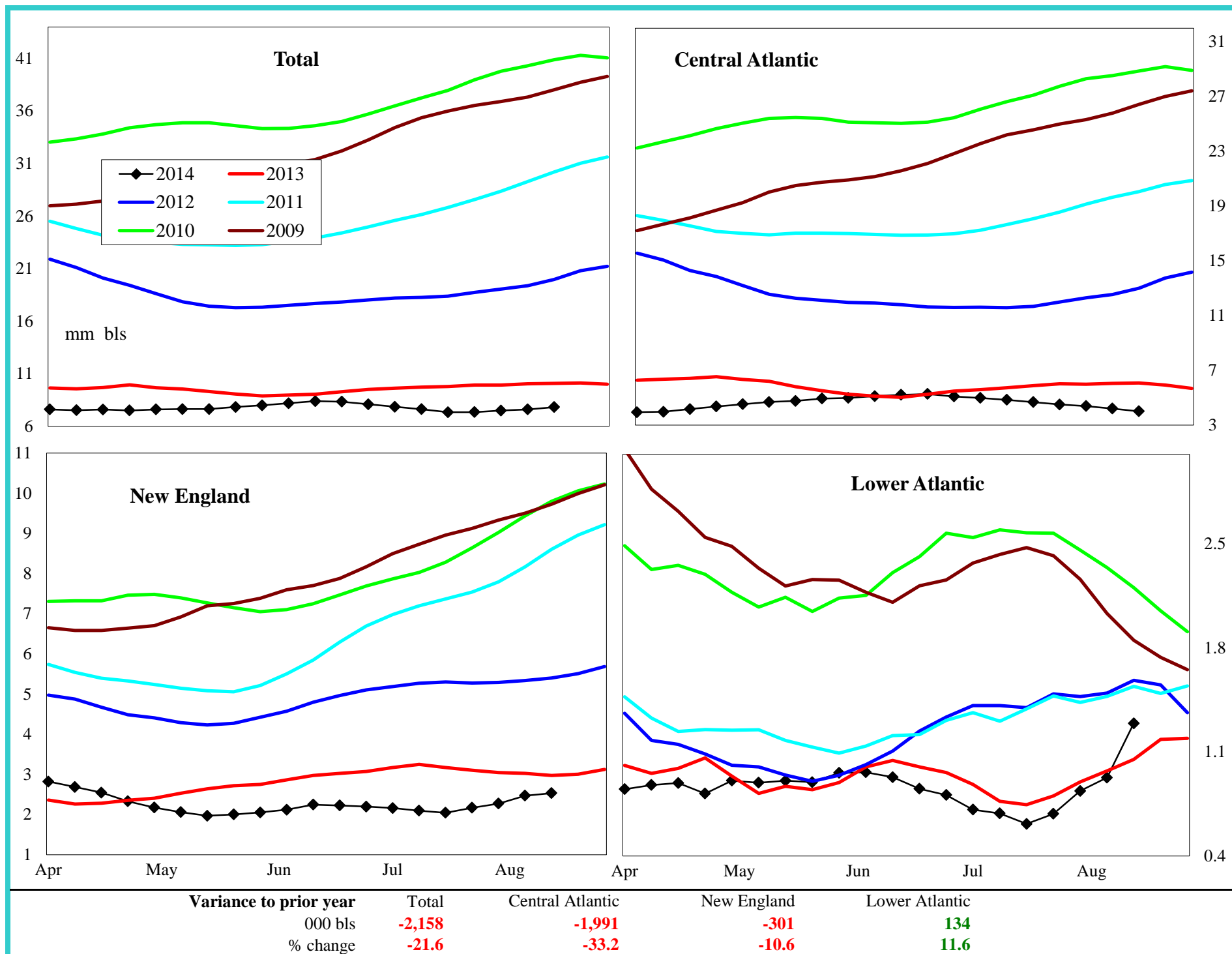
PADD 1 Low Sulfur Distillate Stocks by Region



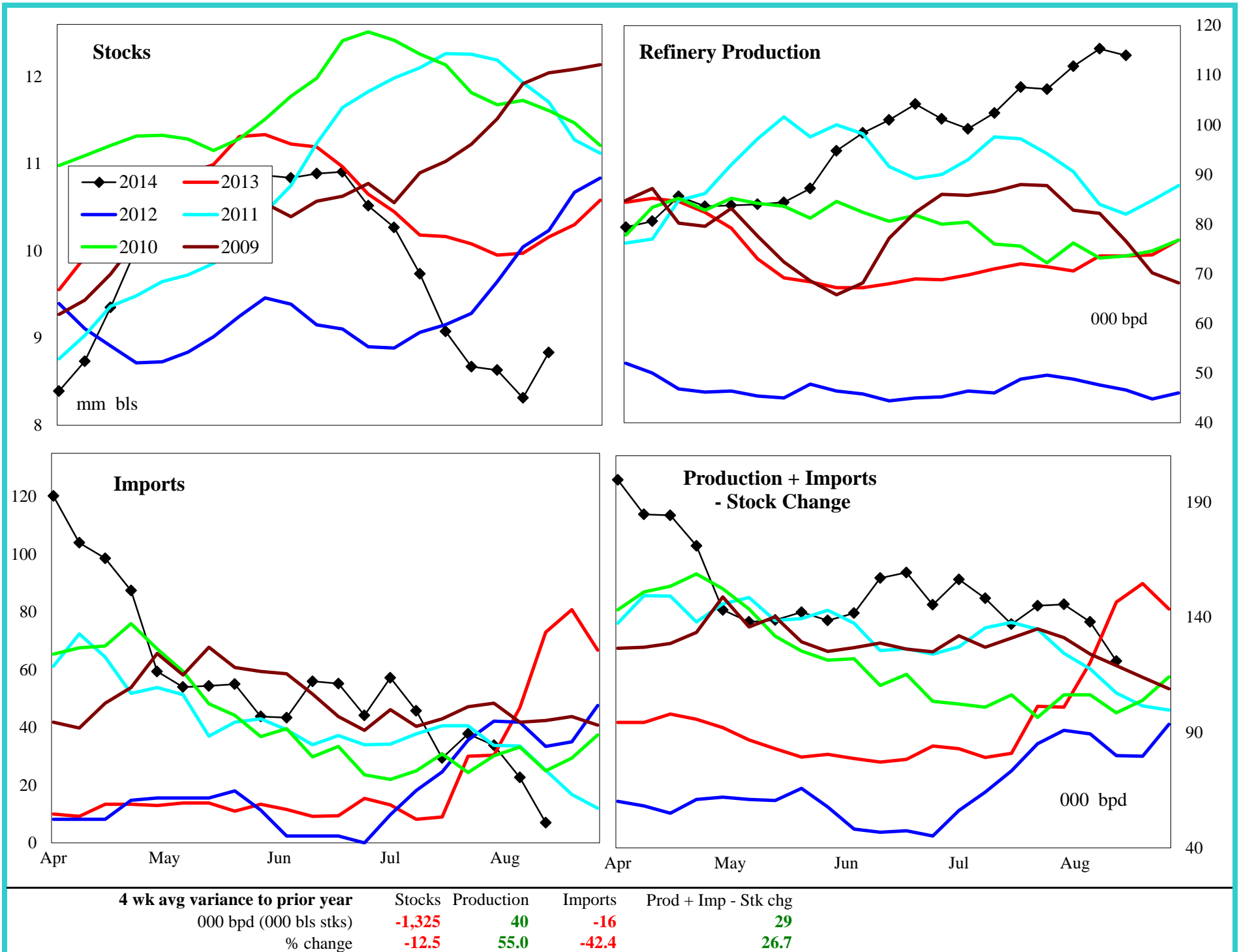
PADD 1 High Sulfur Distillate Supply



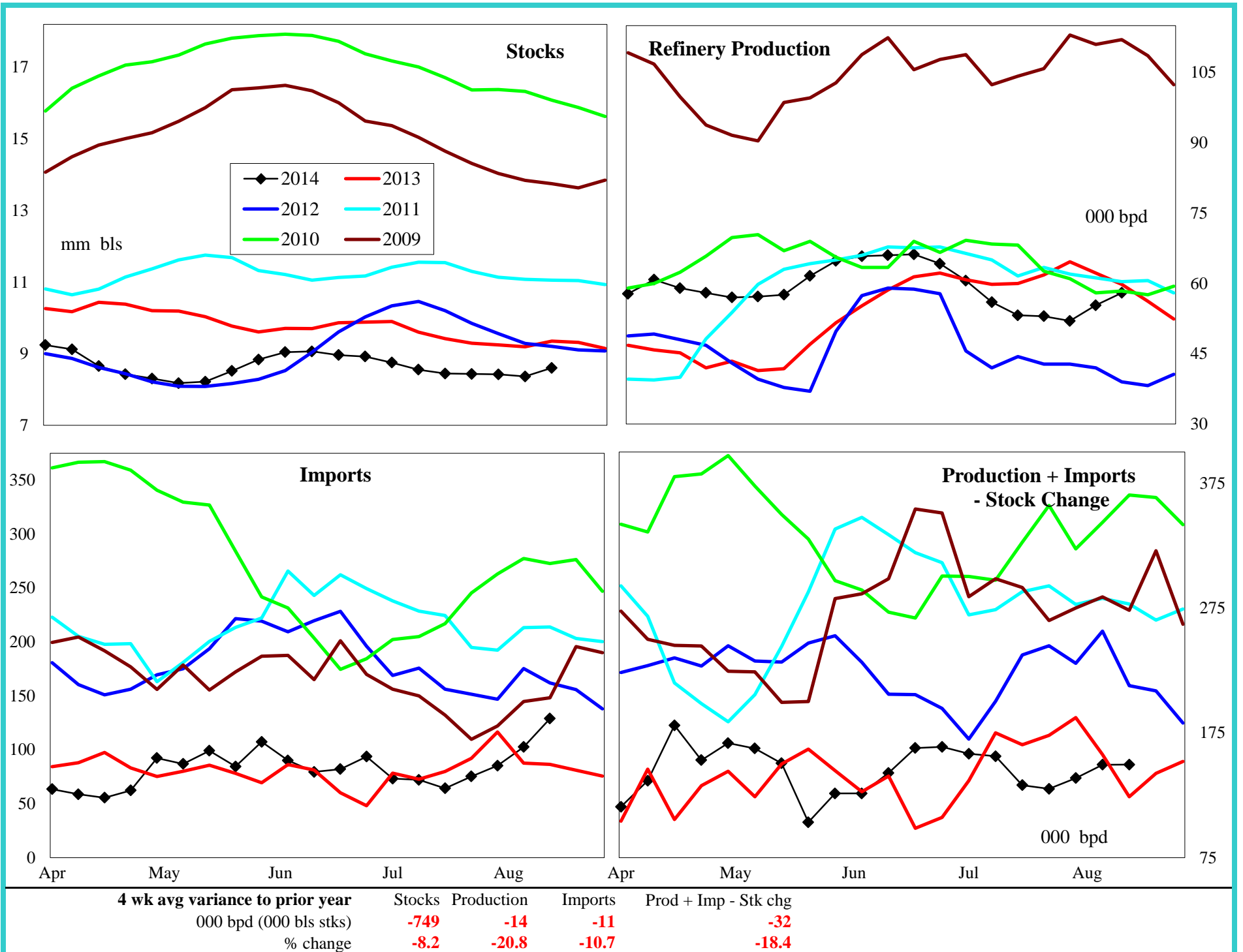
PADD 1 High Sulfur Distillate Stocks by Region



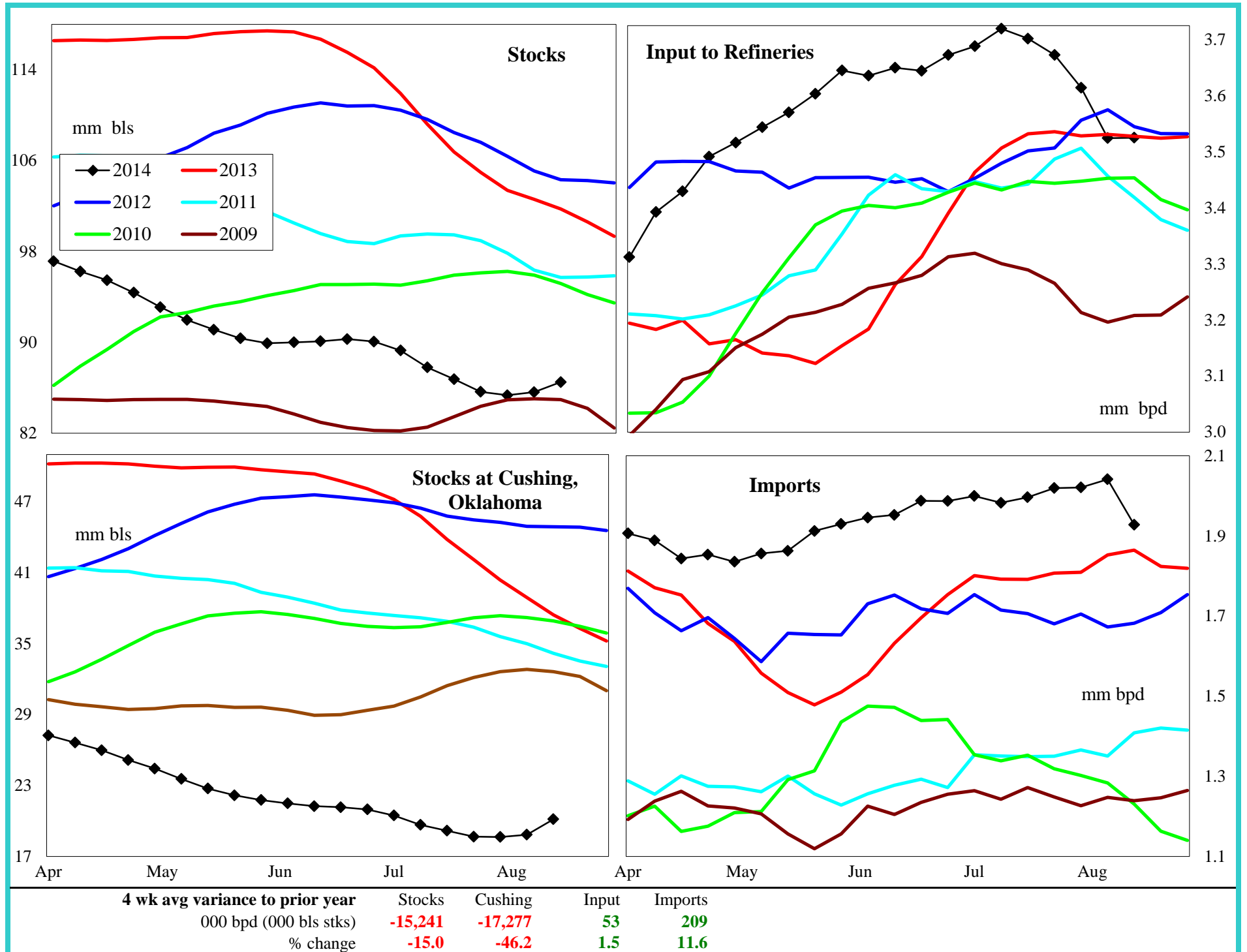
PADD 1 Jet Fuel Supply



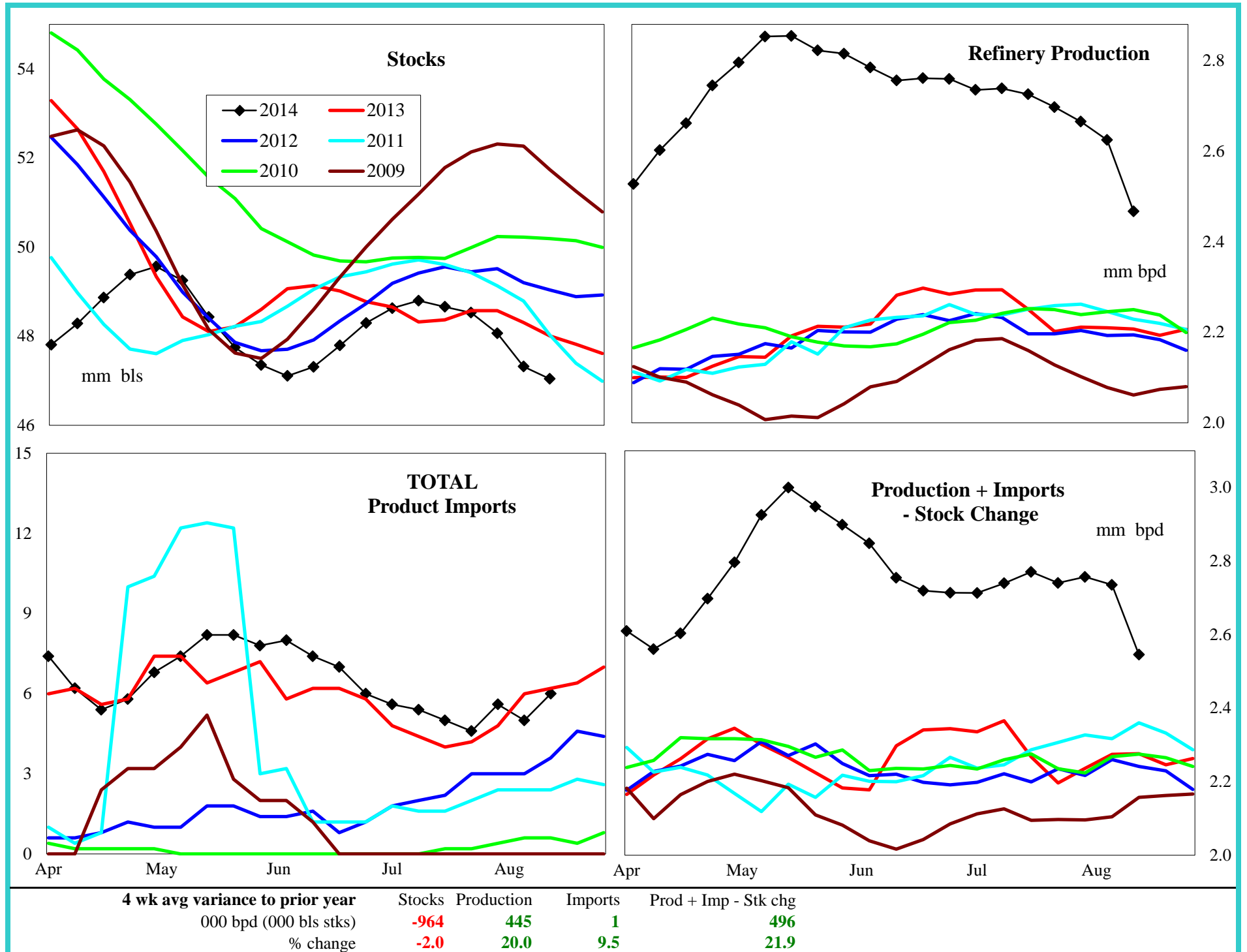
PADD 1 Residual Fuel Oil Supply



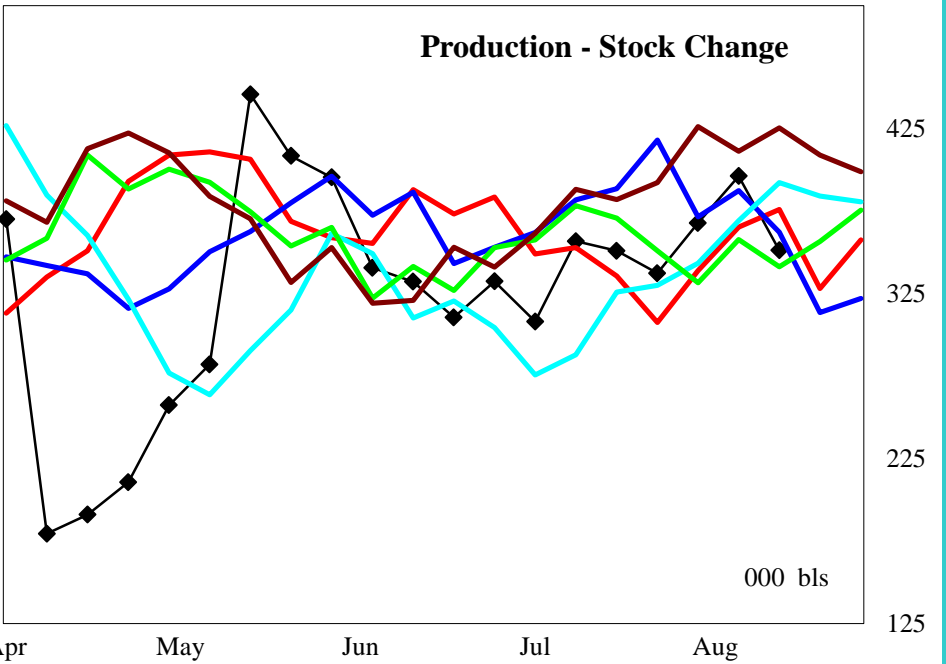
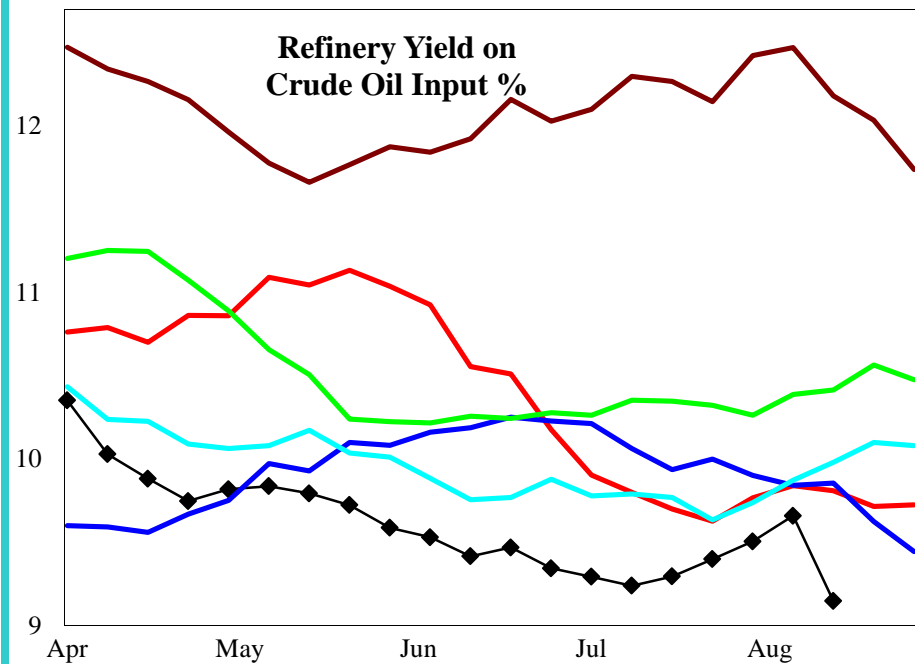
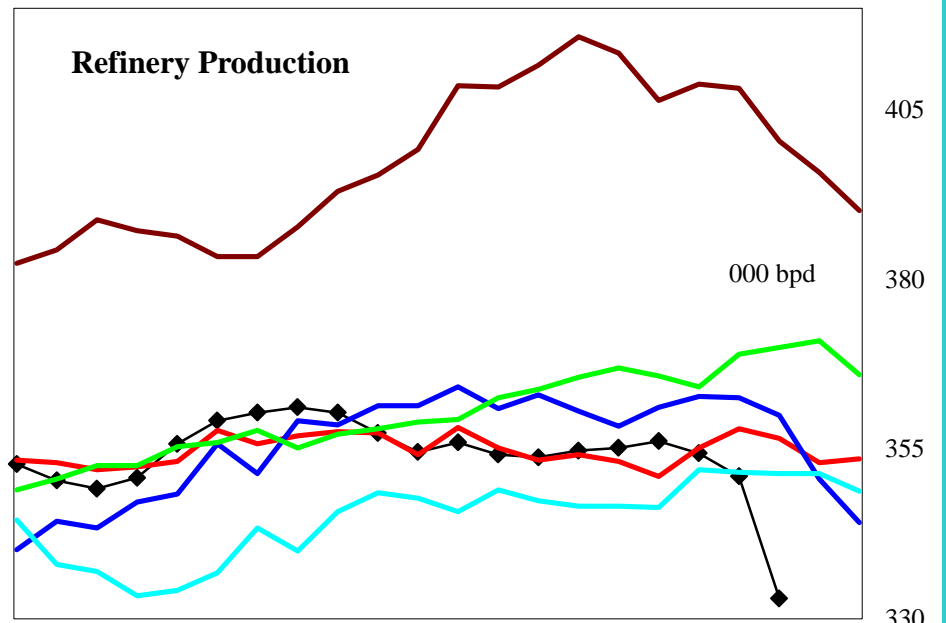
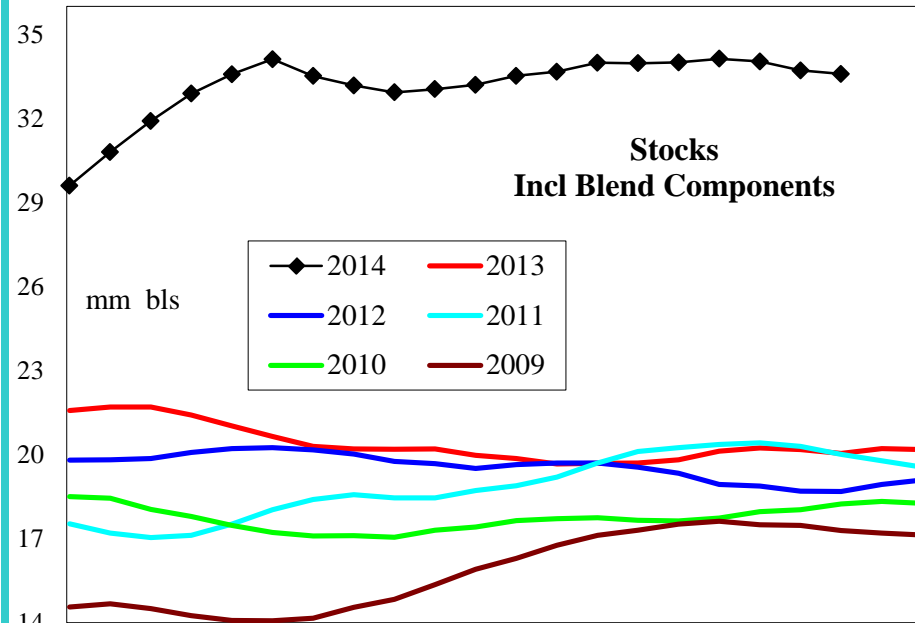
PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

13,542

-7

67.6

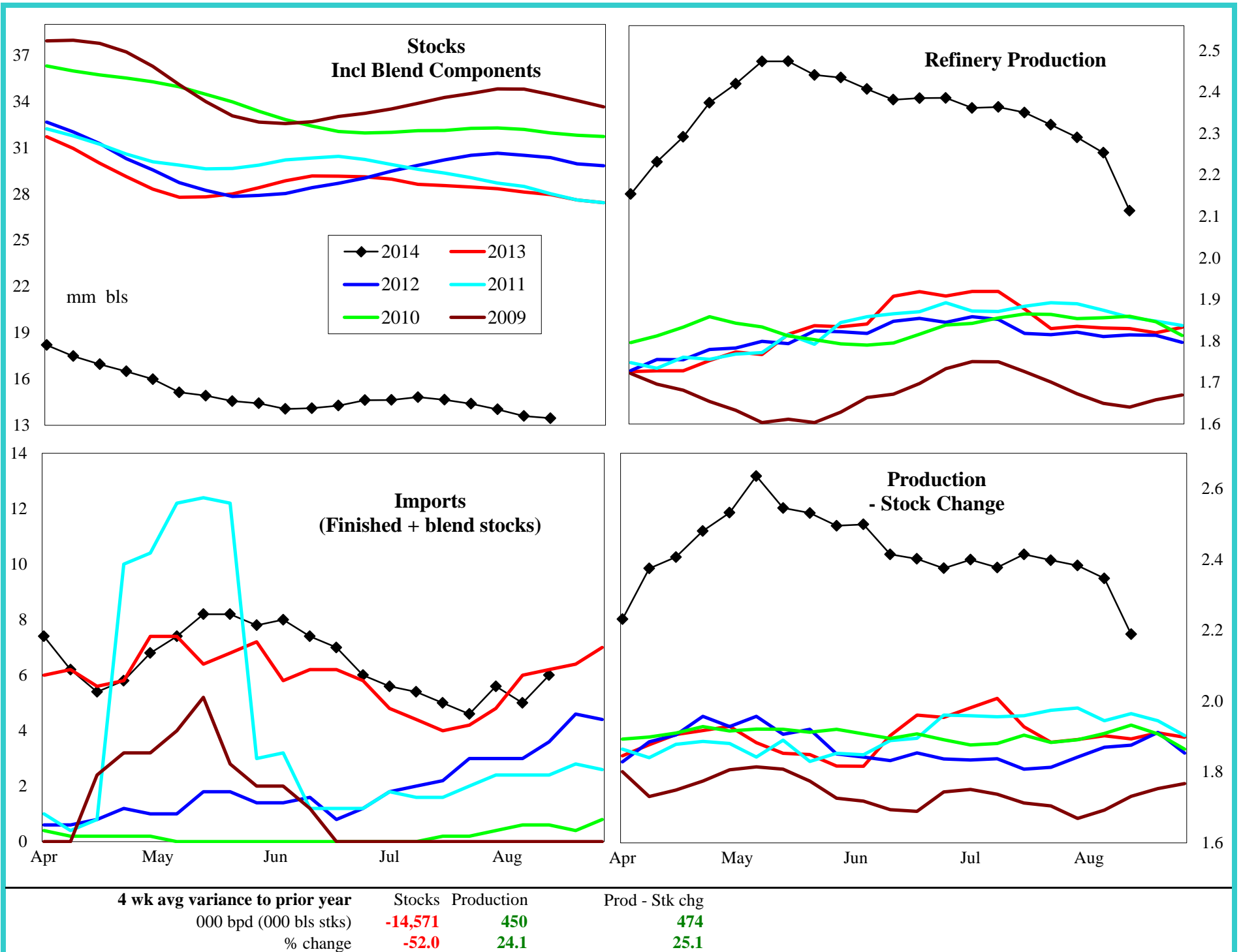
-1.8

Prod - Stk chg

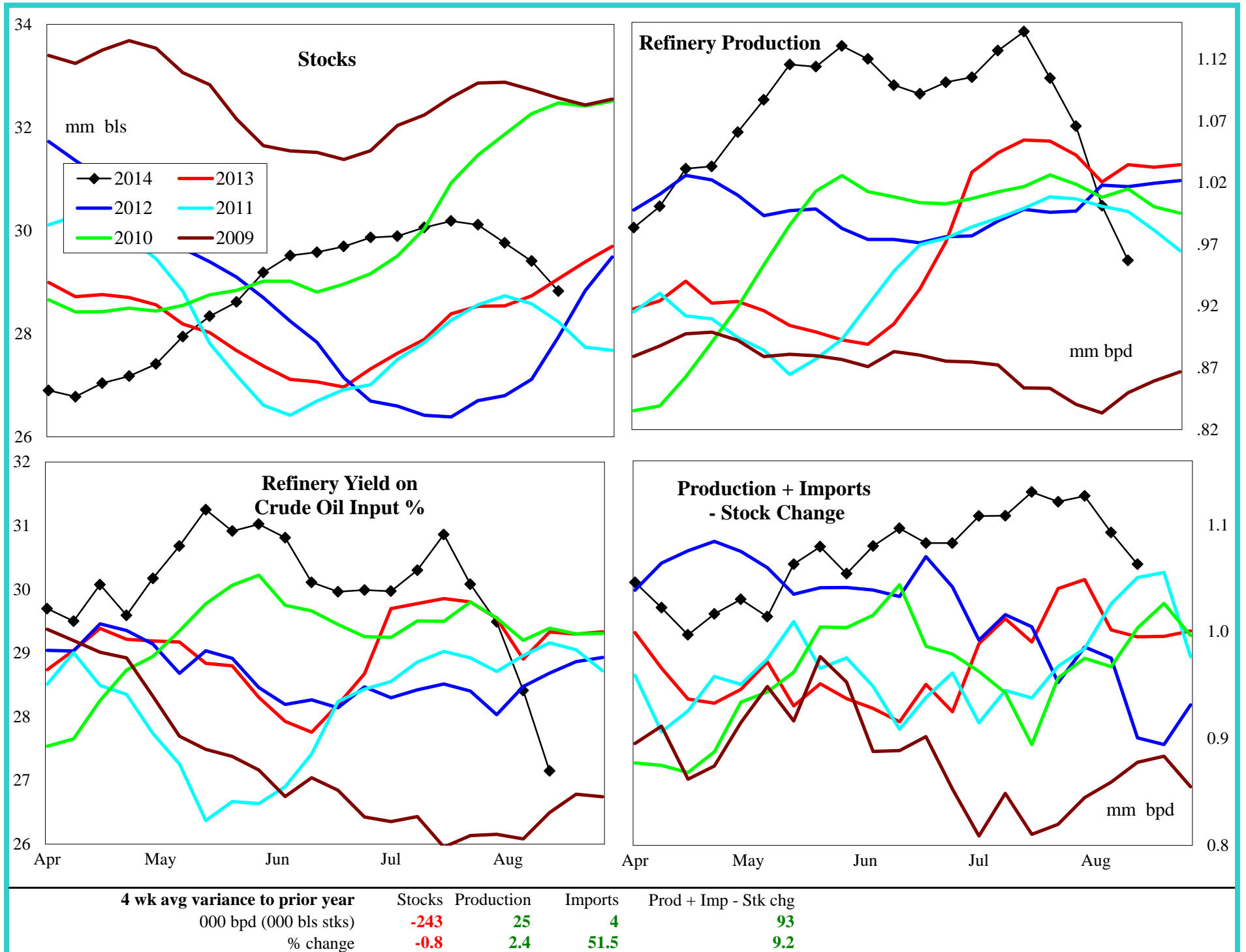
16

4.7

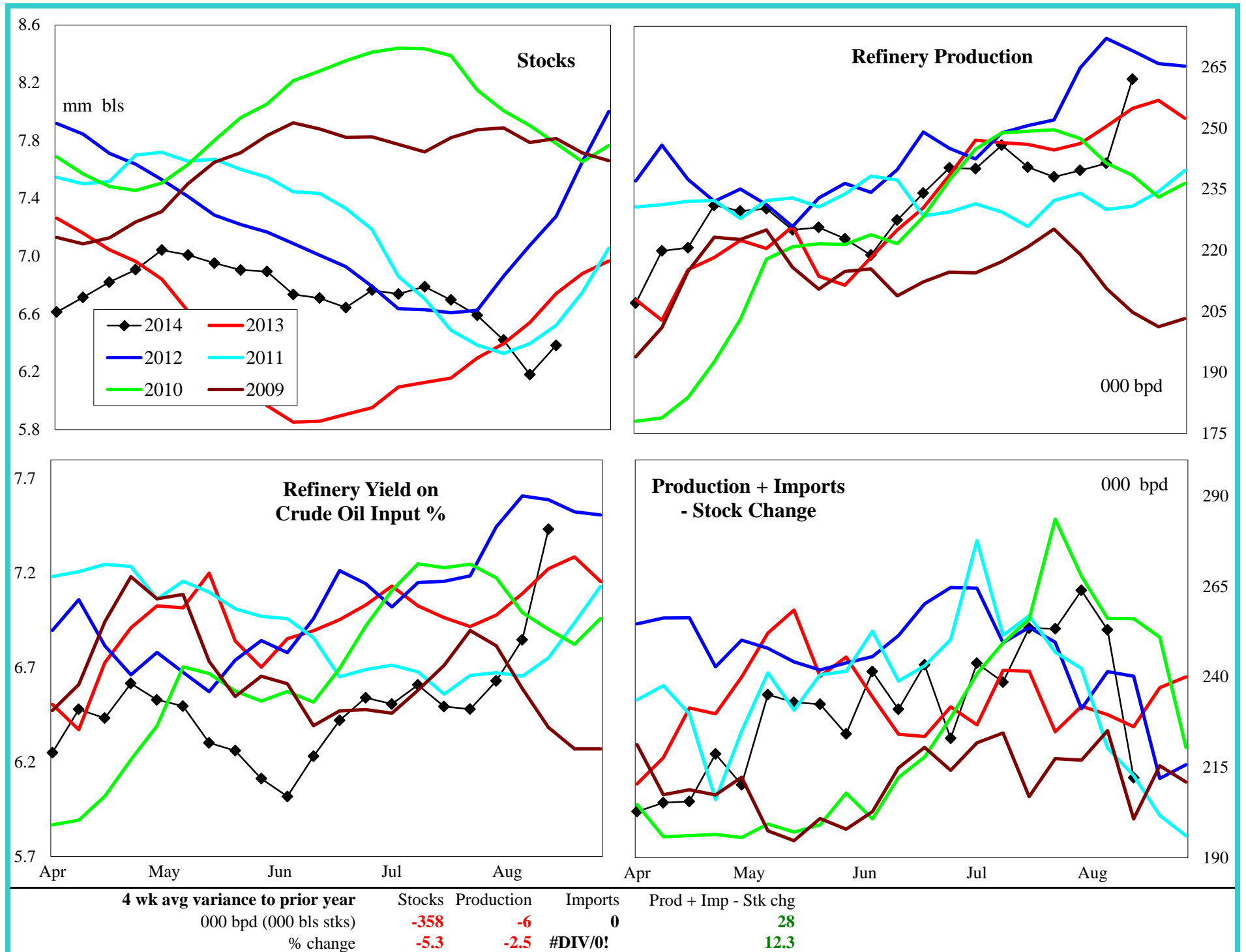
PADD 2 Conventional Gasoline Supply



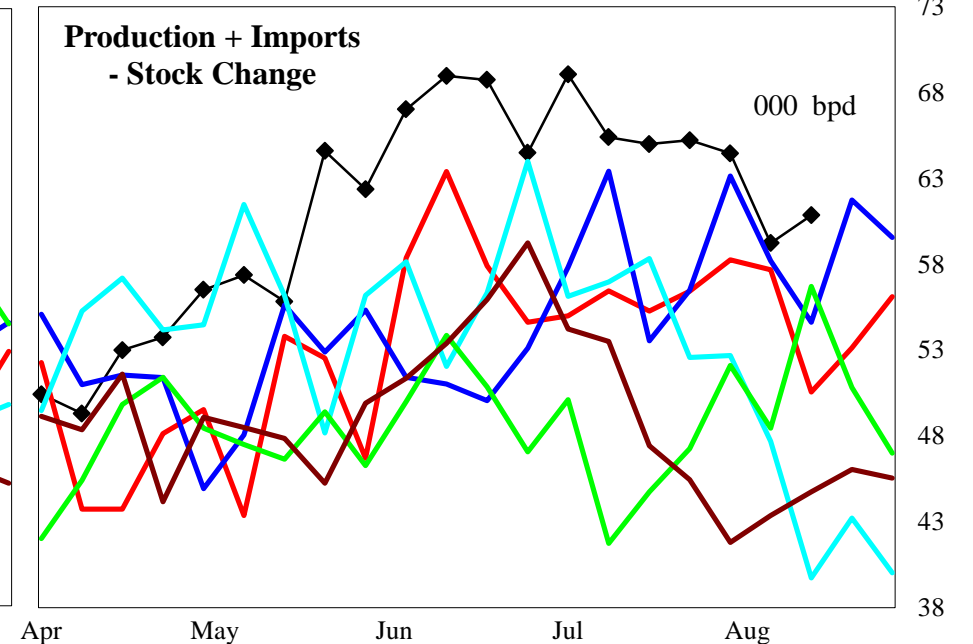
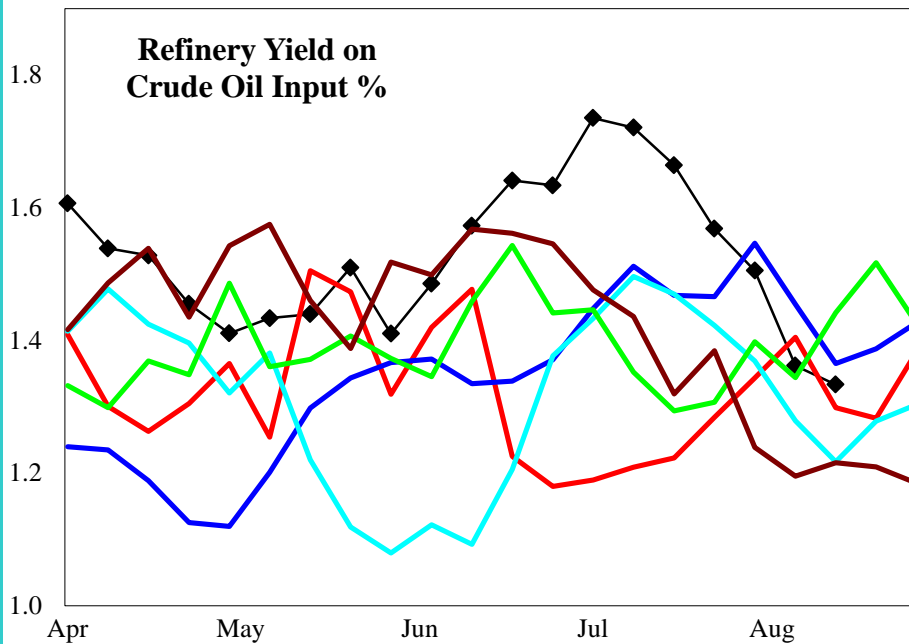
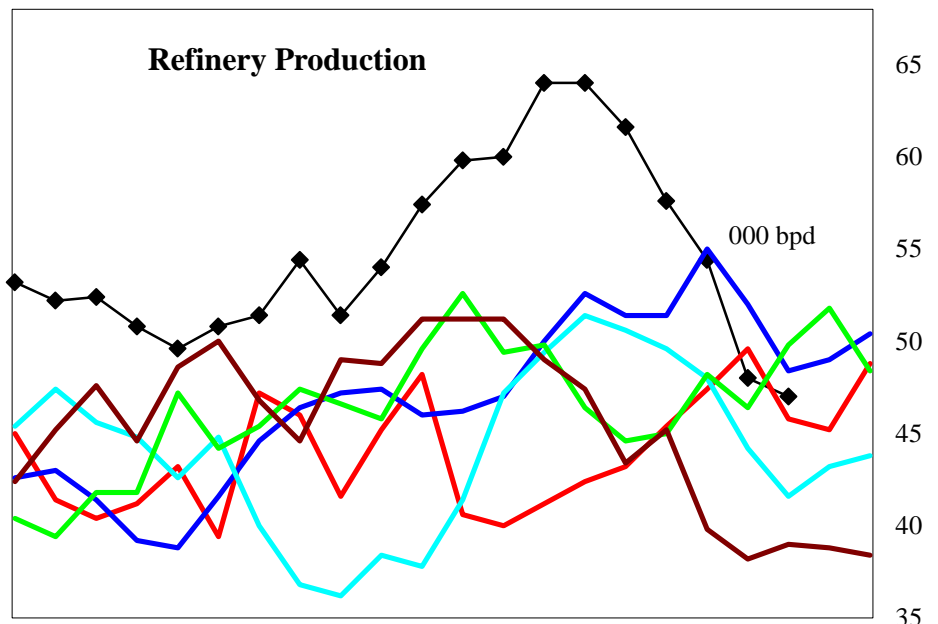
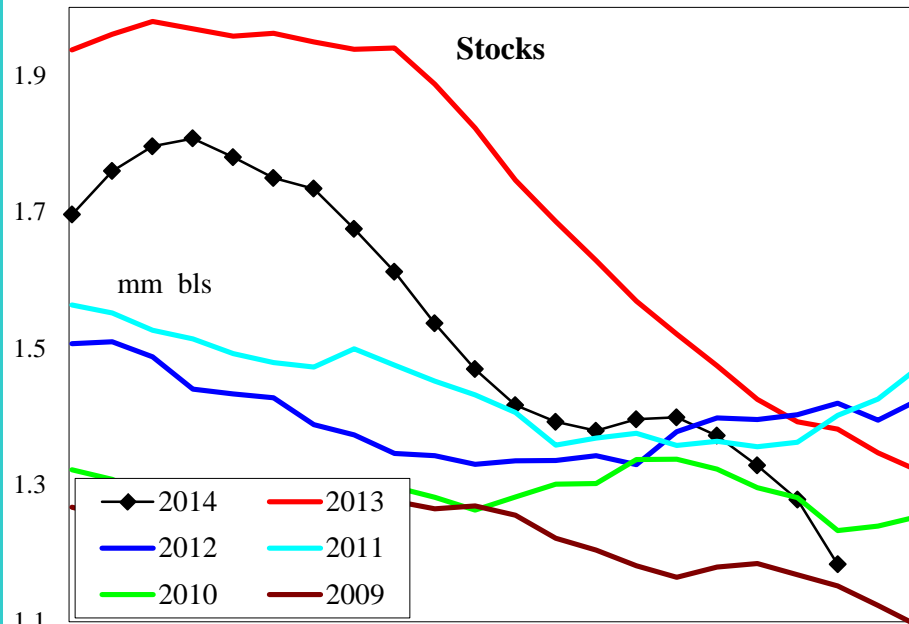
PADD 2 Distillate Supply



PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

Imports

Prod + Imp - Stk chg

-198

2

-2

-2

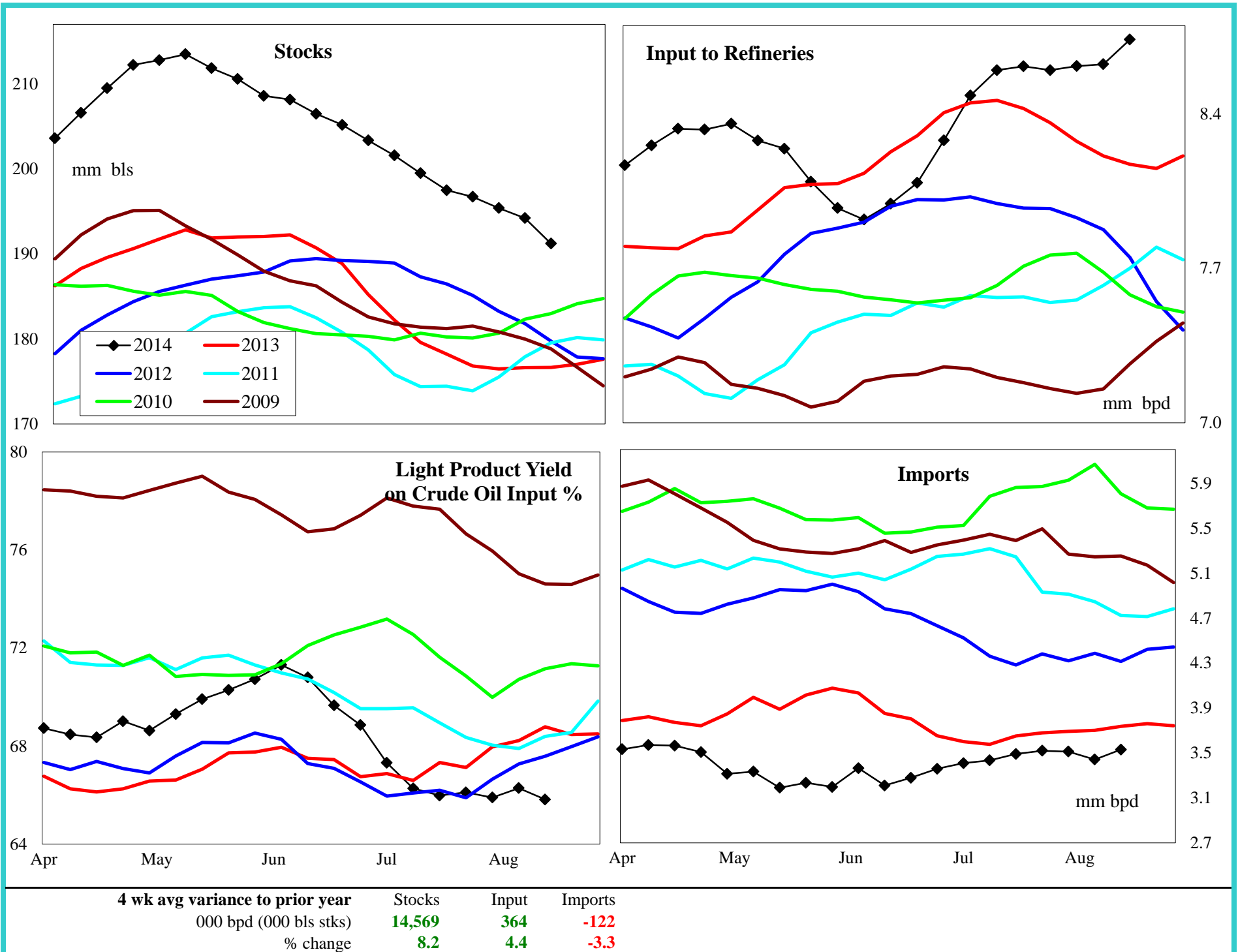
-14.3

3.4

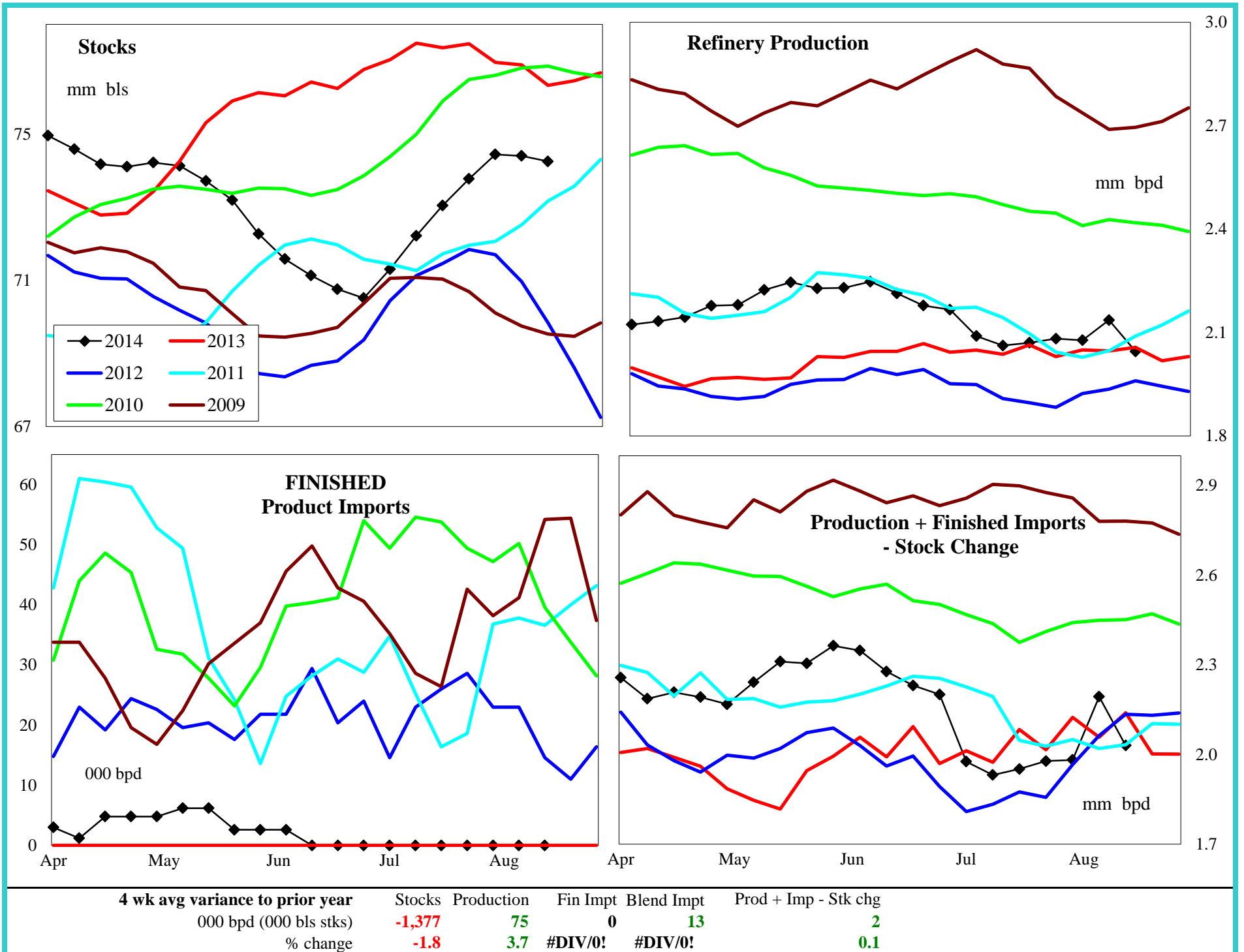
-64.3

-2.7

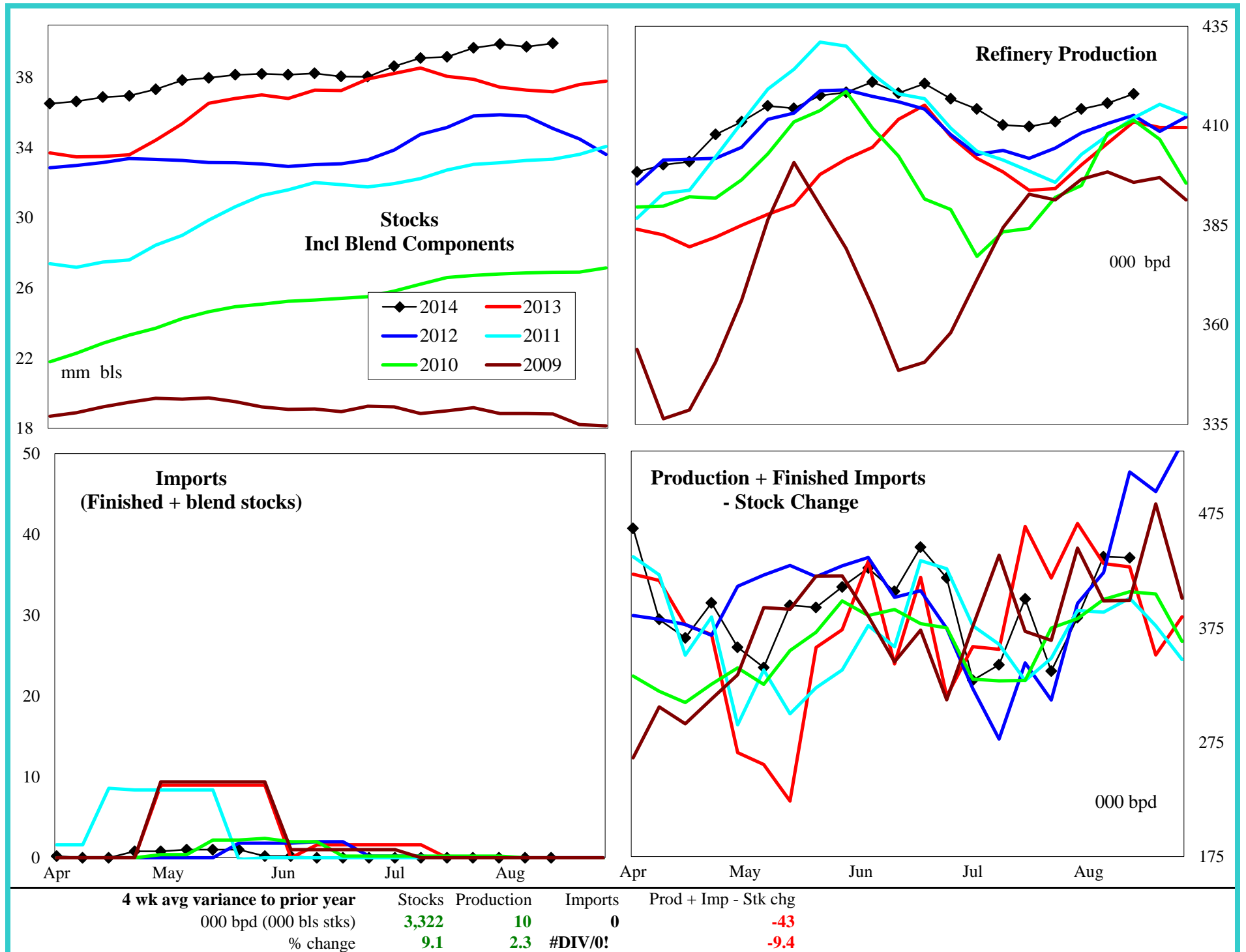
PADD 3 Crude Oil Supply and Refining



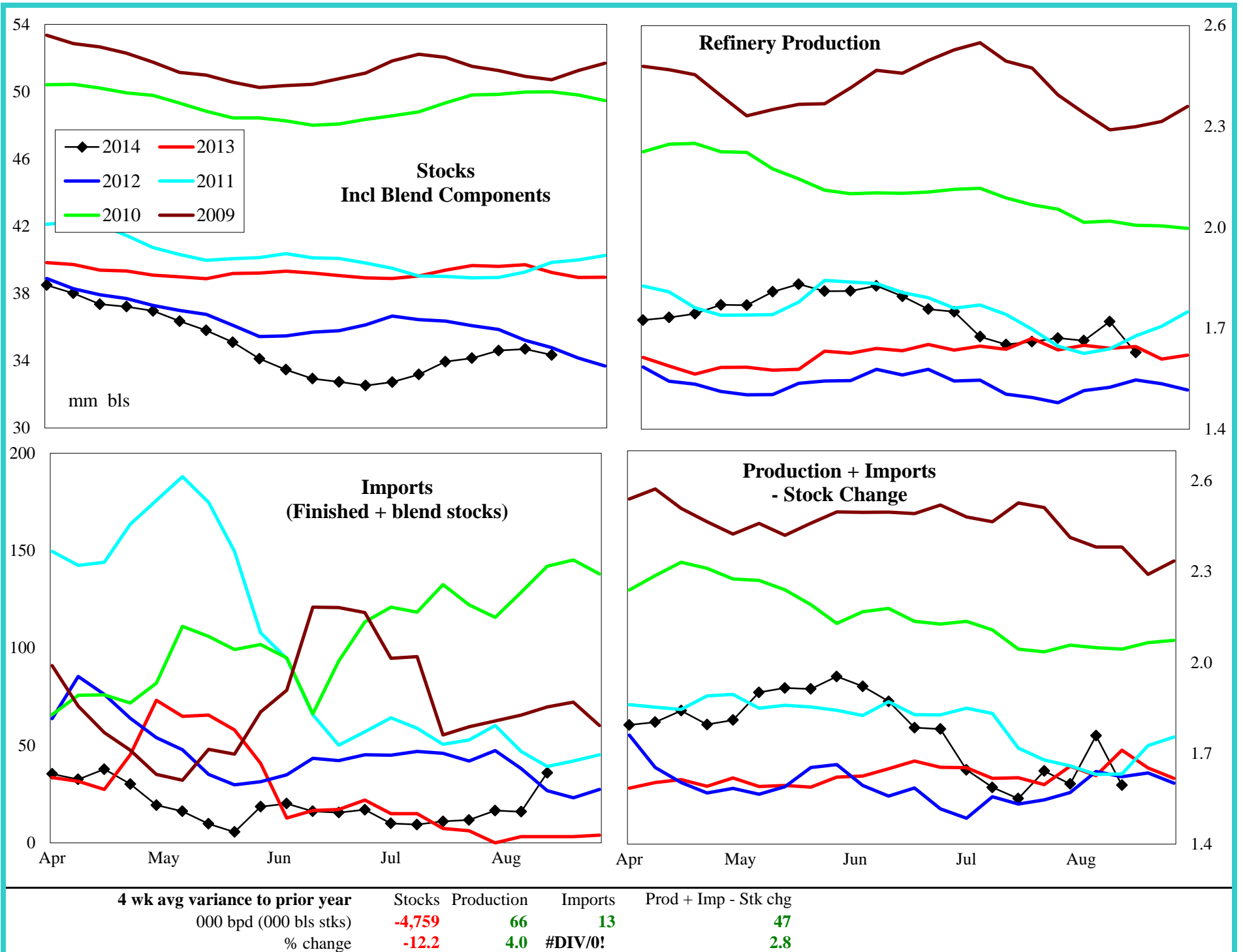
PADD 3 Gasoline Supply



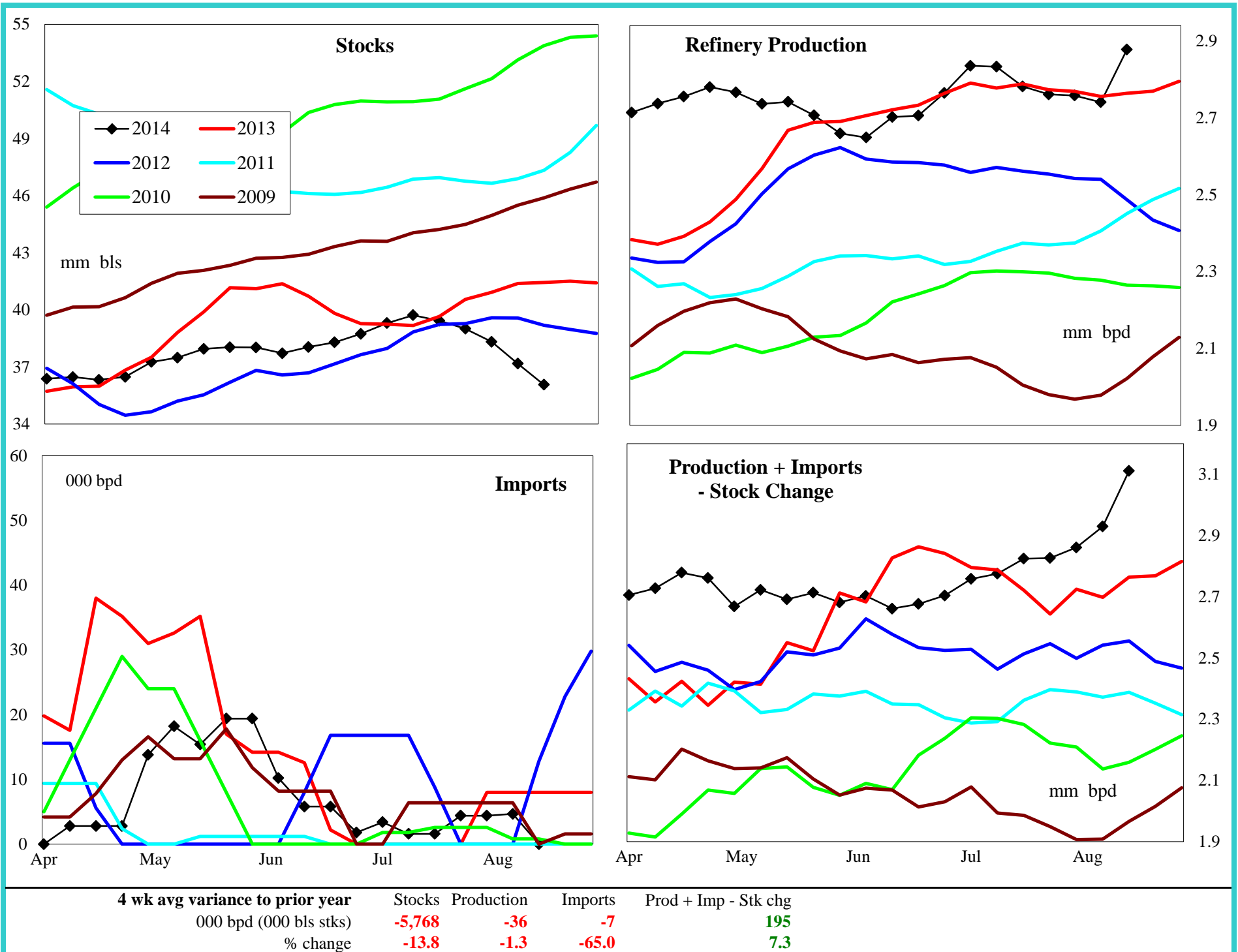
PADD 3 Reformulated Gasoline Supply



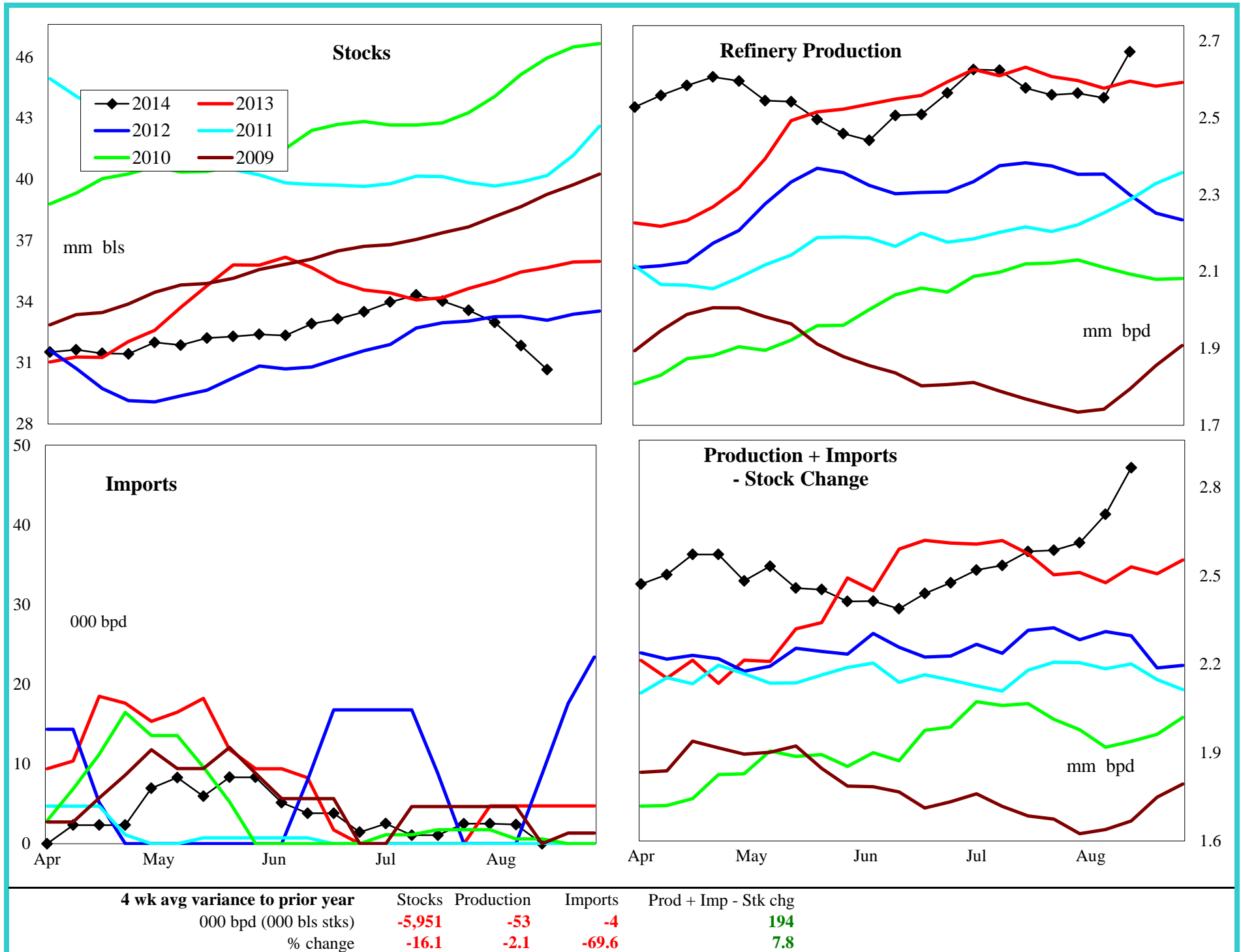
PADD 3 Conventional Gasoline Supply



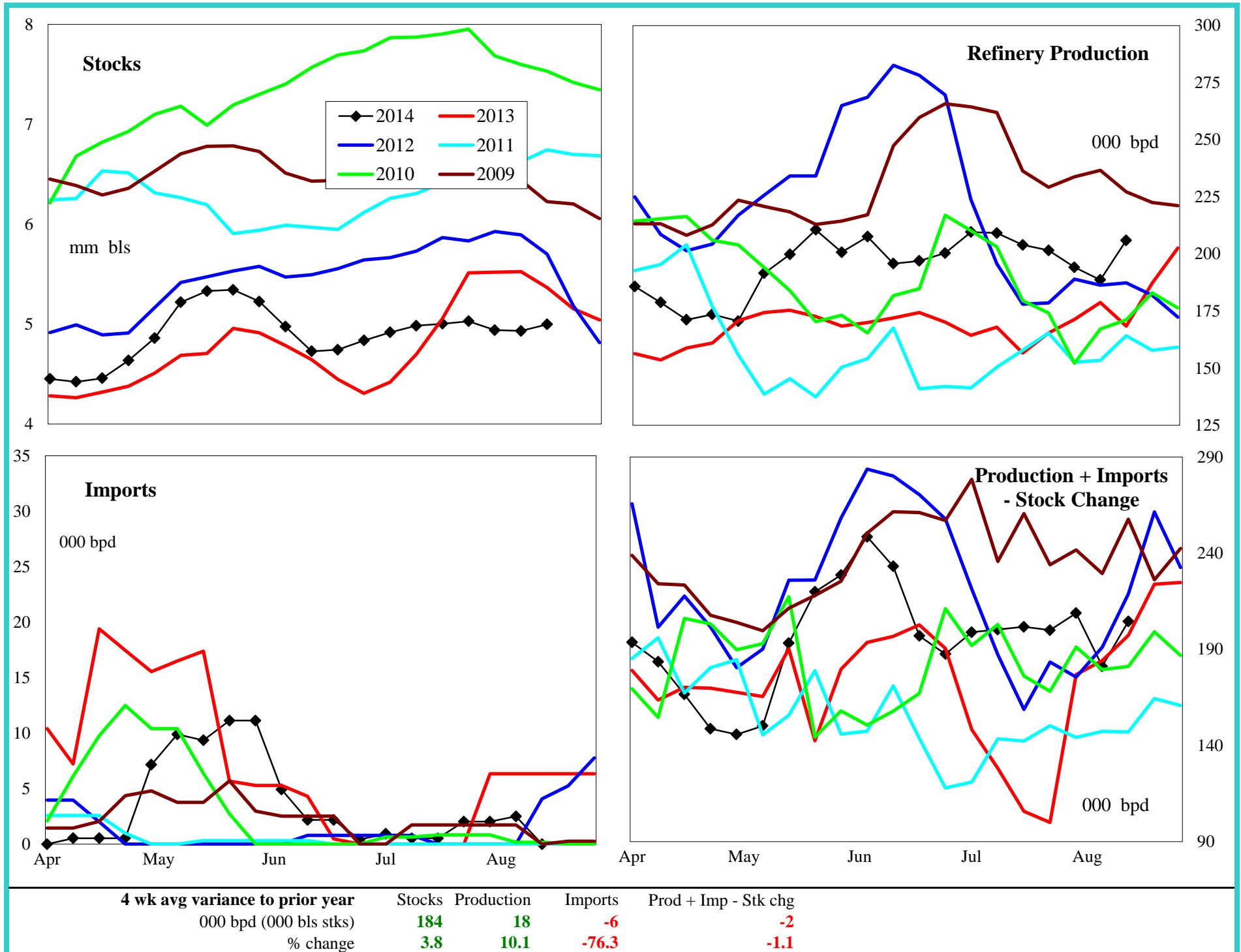
PADD 3 Distillate Supply



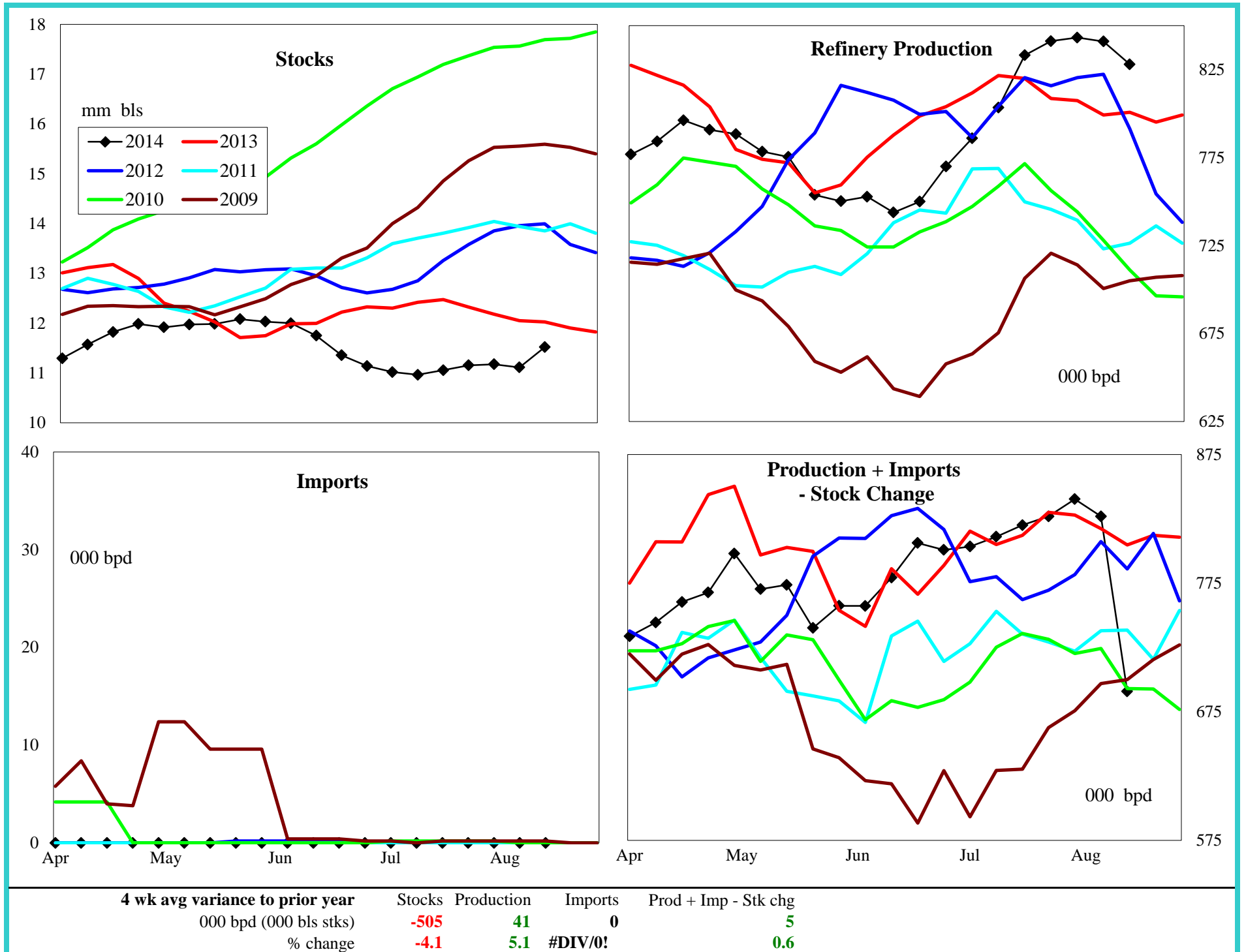
PADD 3 Low Sulfur Distillate Supply



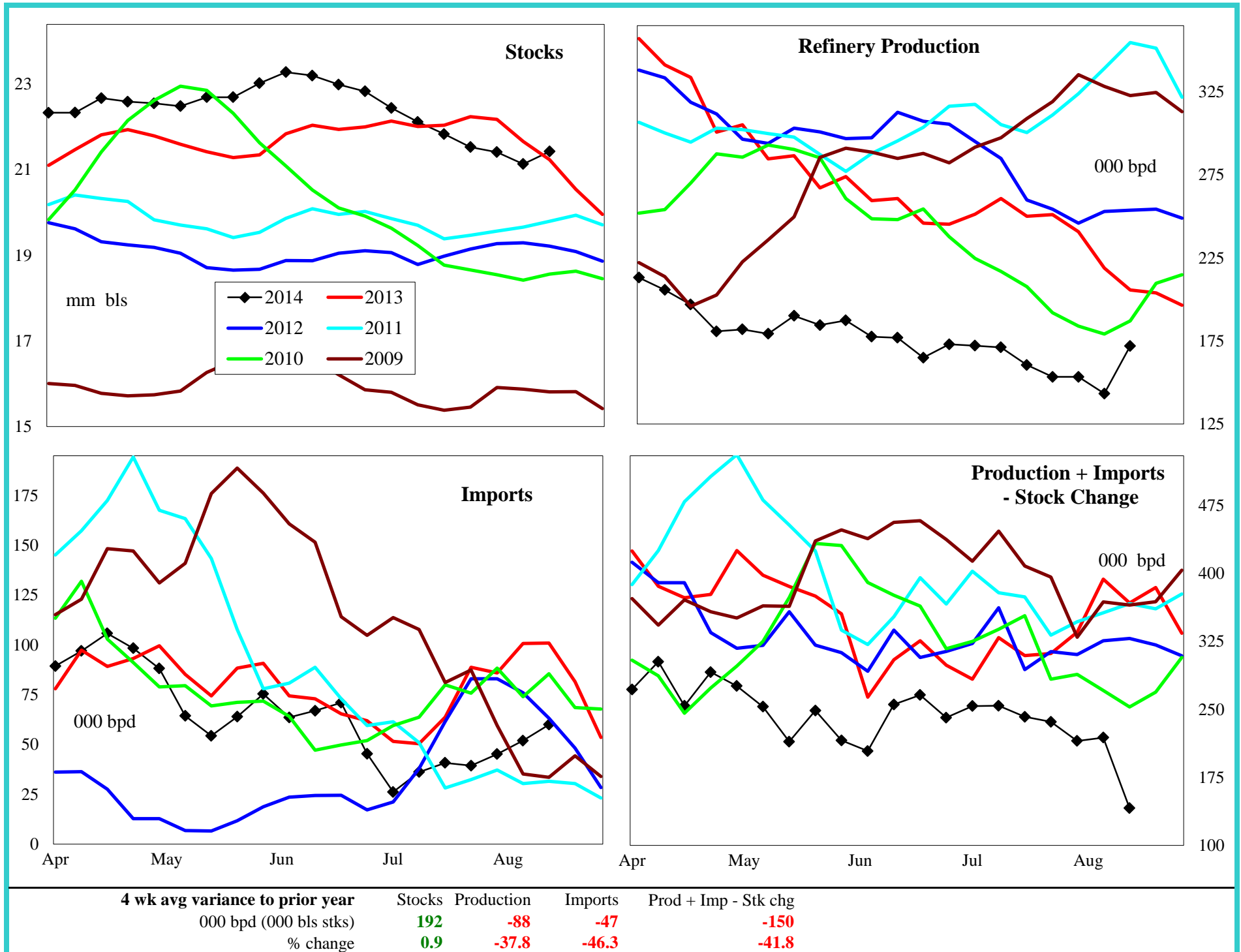
PADD 3 High Sulfur Distillate Supply



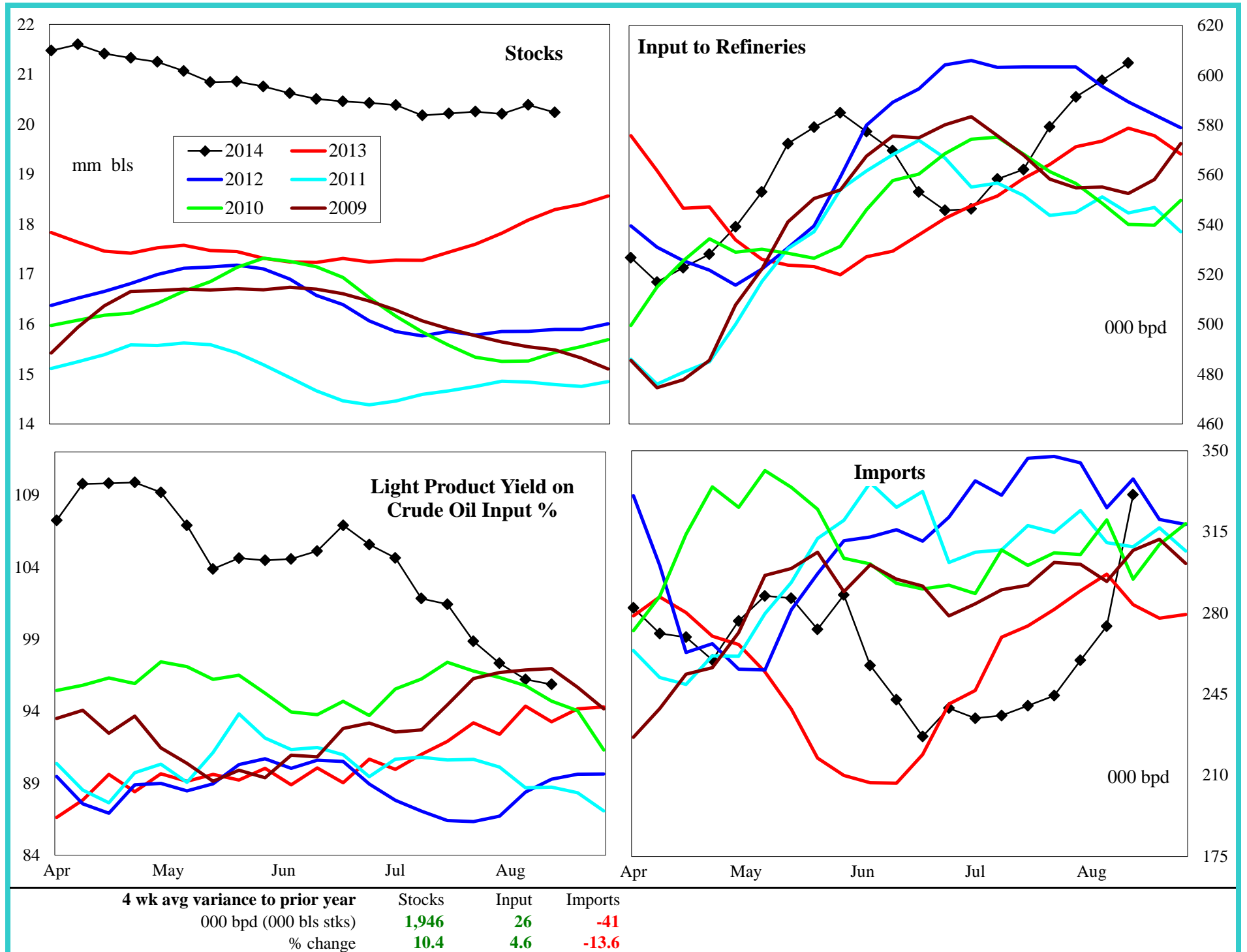
PADD 3 Jet Fuel Supply



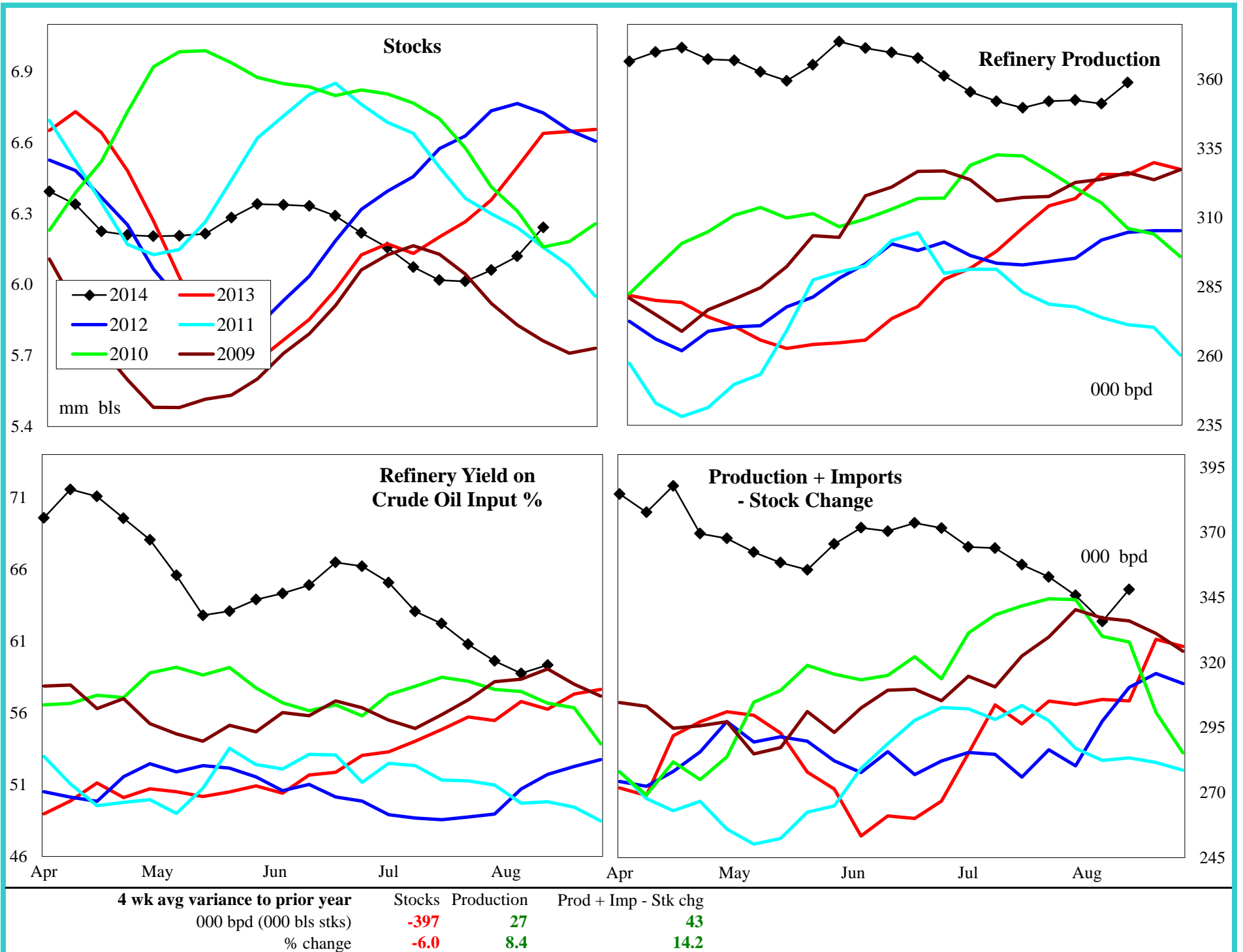
PADD 3 Residual Fuel Oil Supply



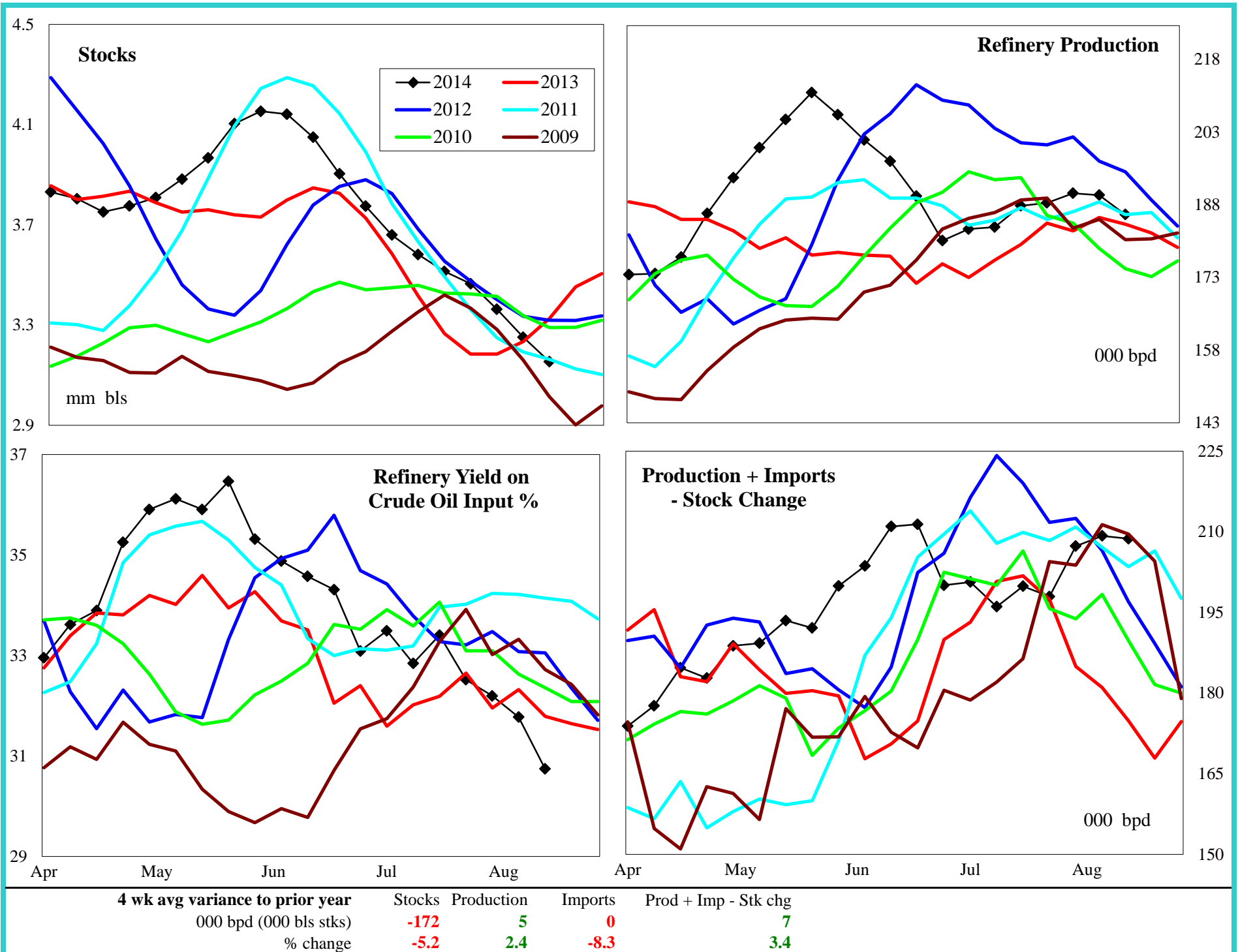
PADD 4 Crude Oil Supply and Refining



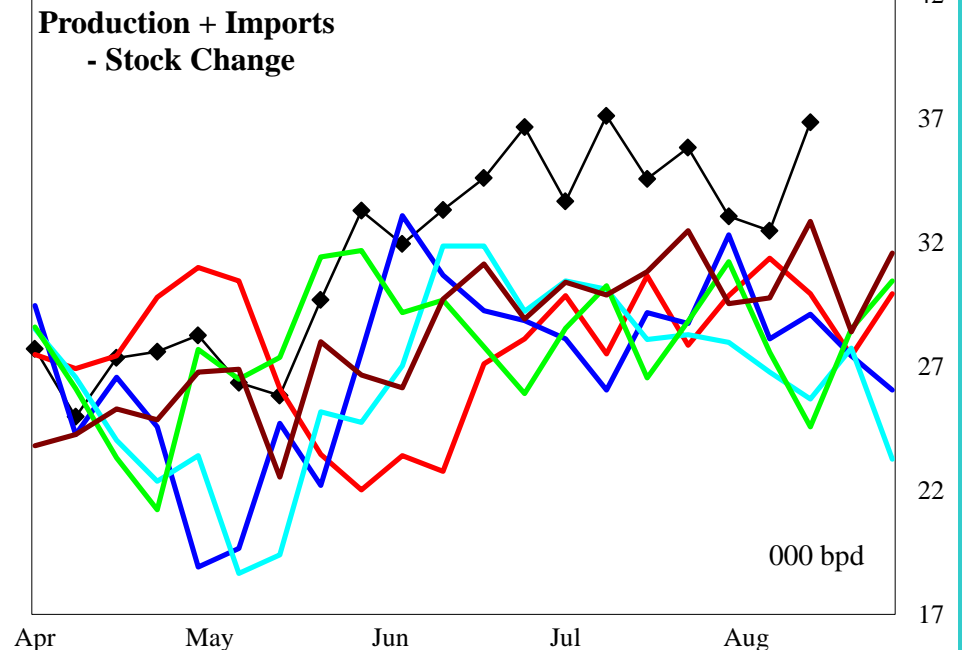
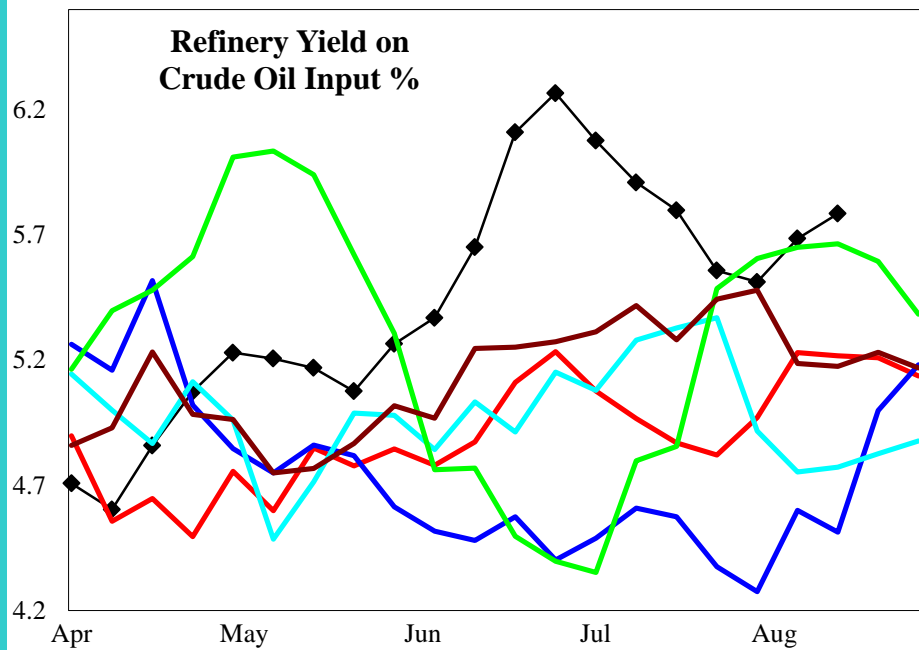
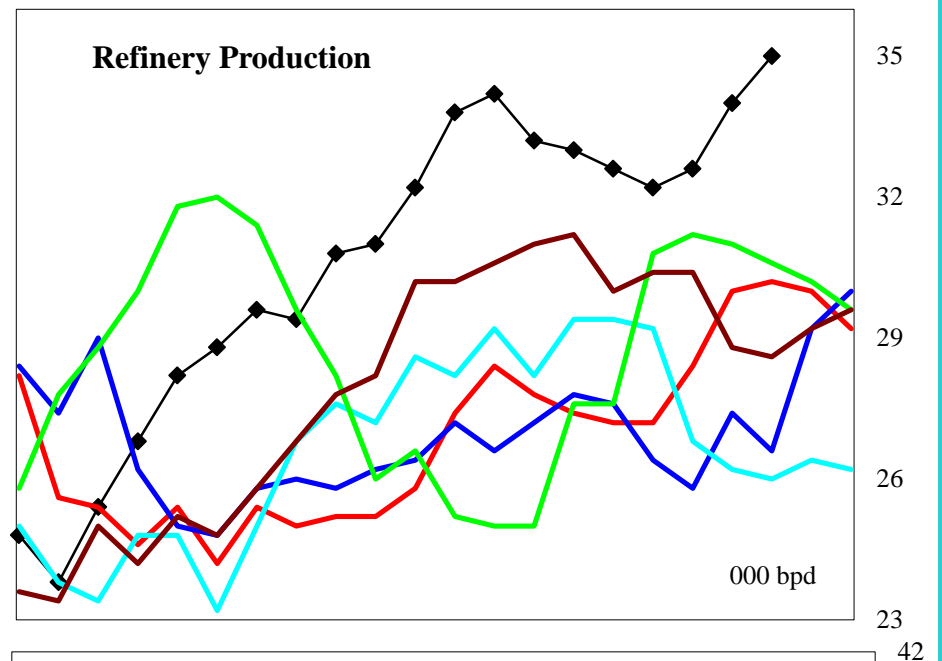
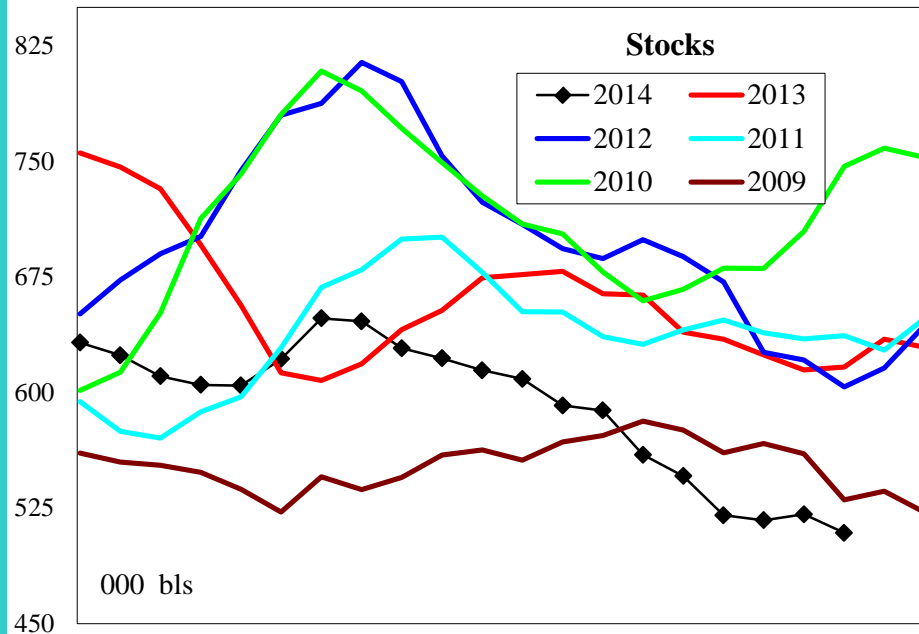
PADD 4 Gasoline Supply



PADD 4 Distillate Supply



PADD 4 Jet Fuel Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-108

-17.5

Production

4

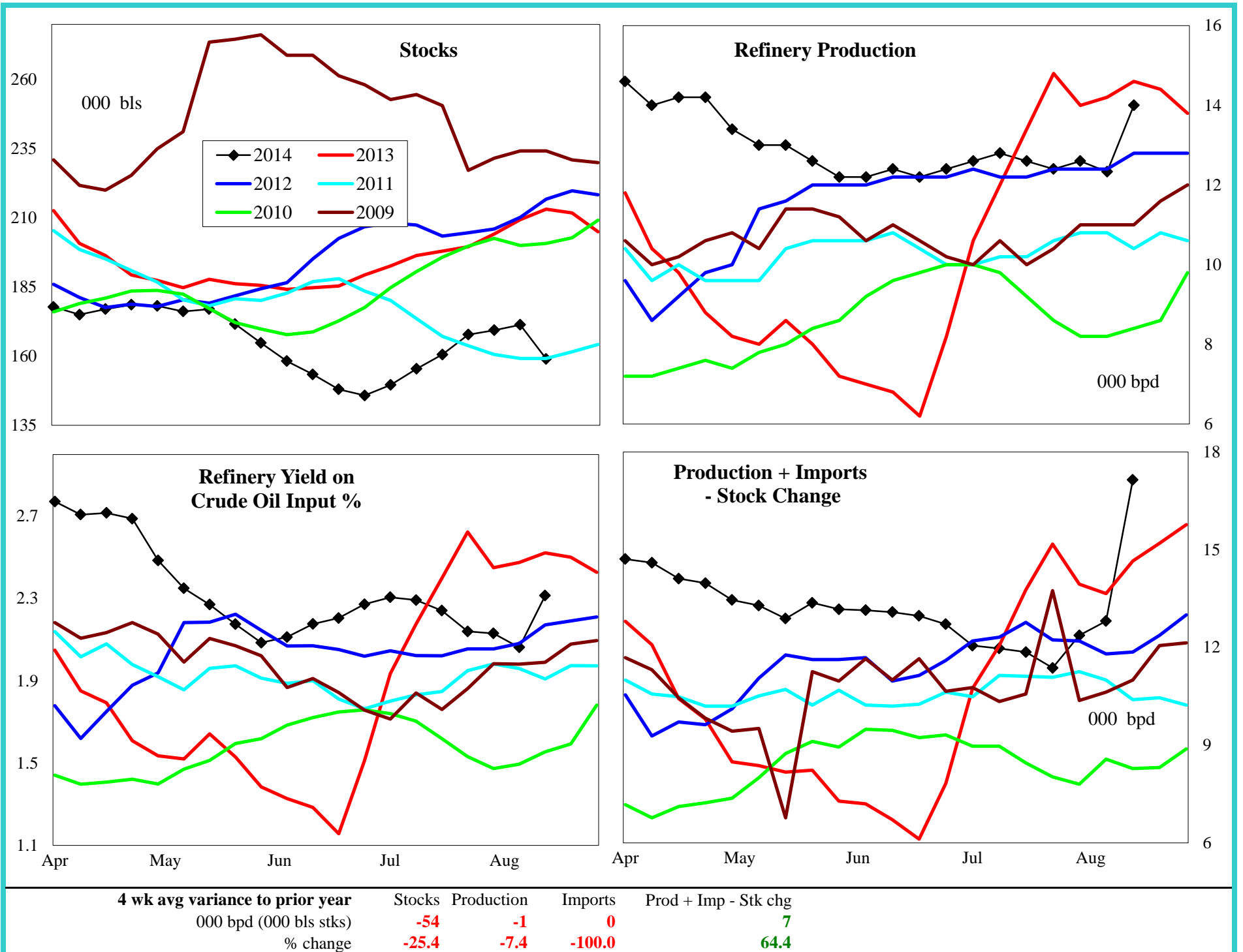
11.8

Prod + Imp - Stk chg

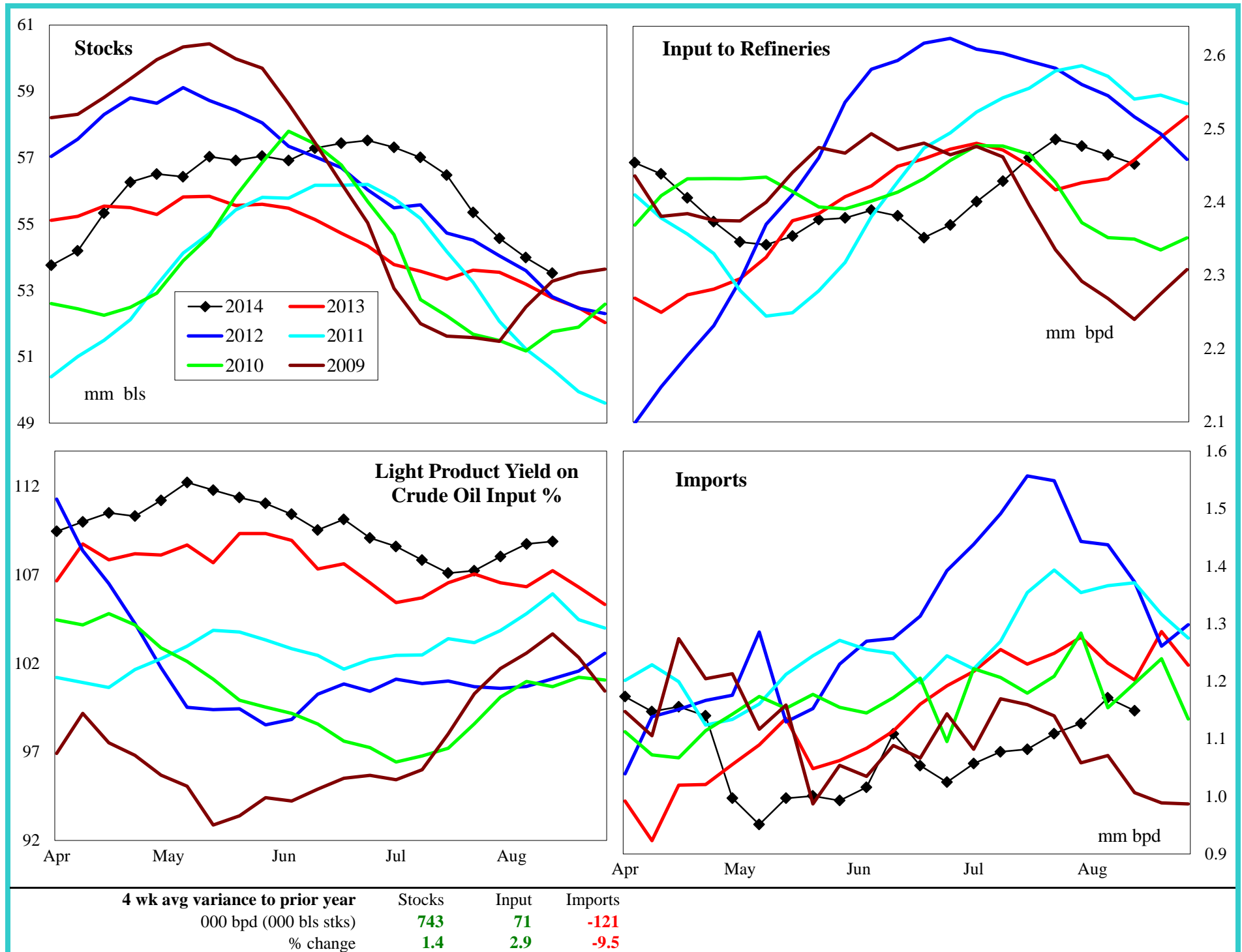
3

9.6

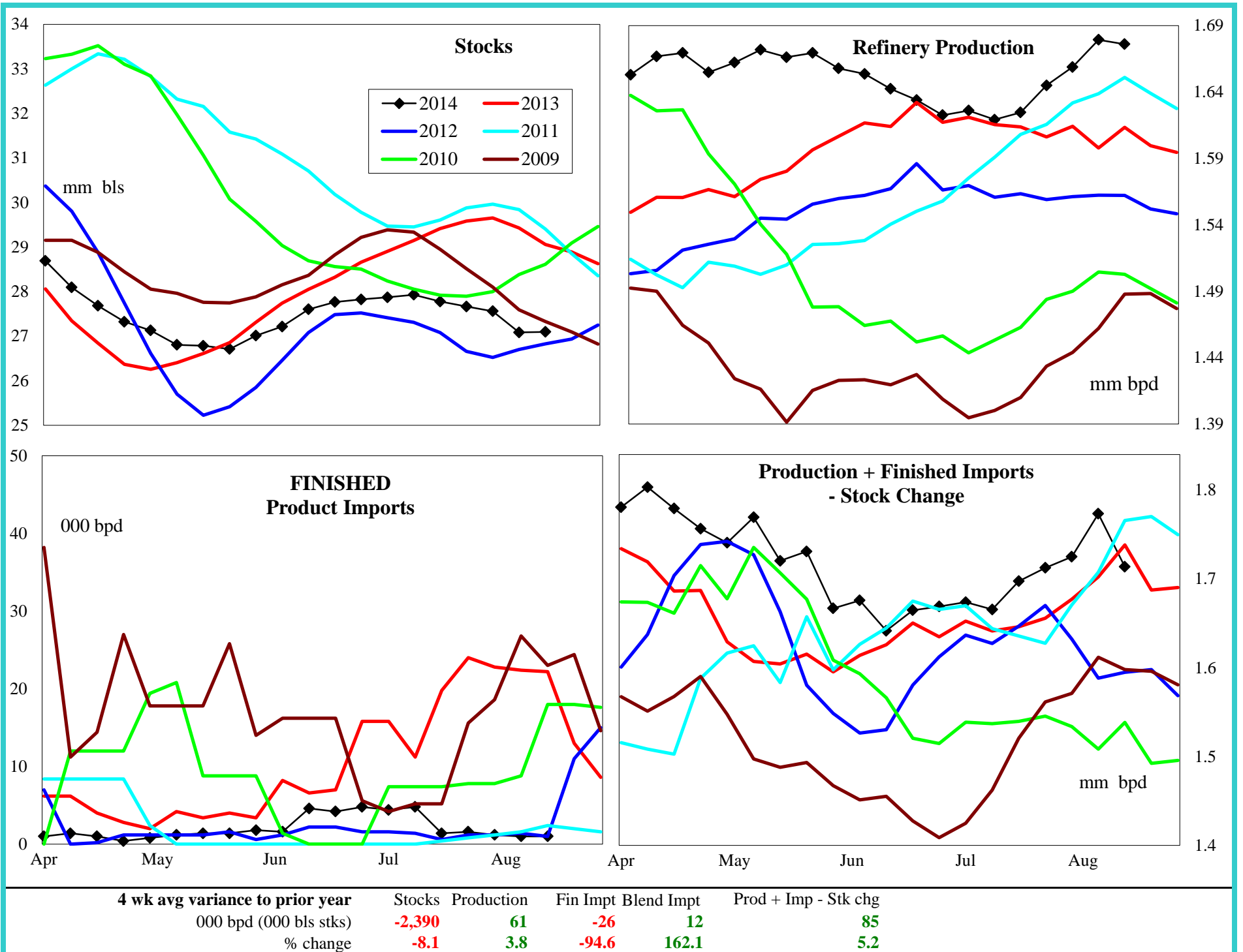
PADD 4 Residual Fuel Oil Supply



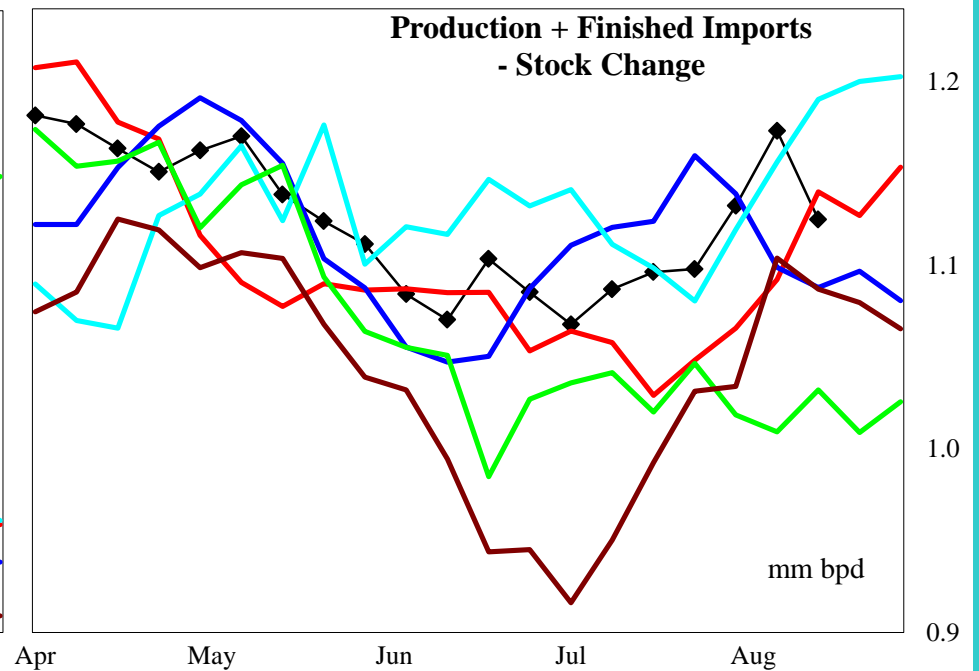
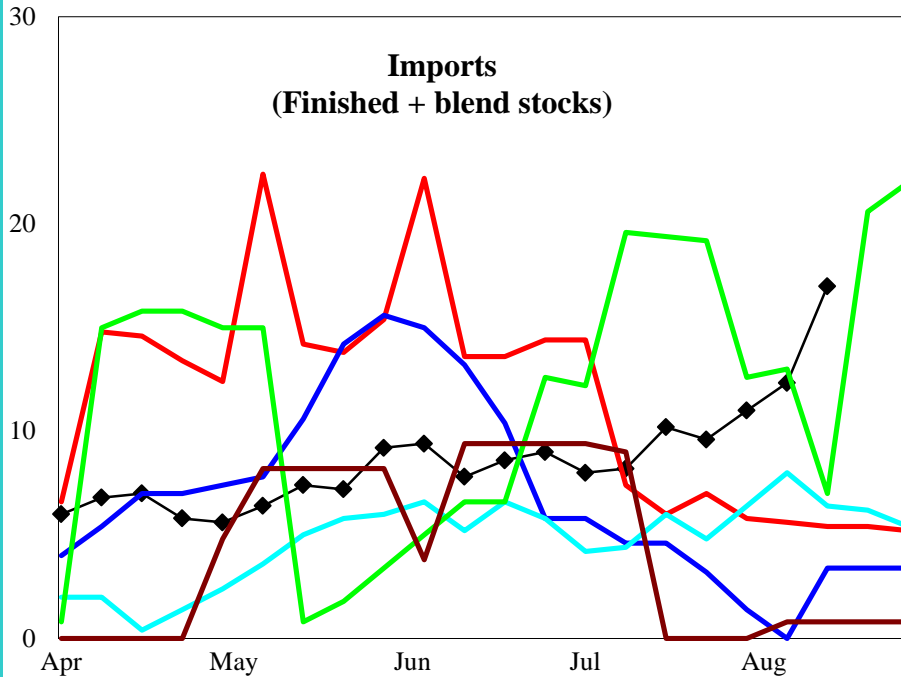
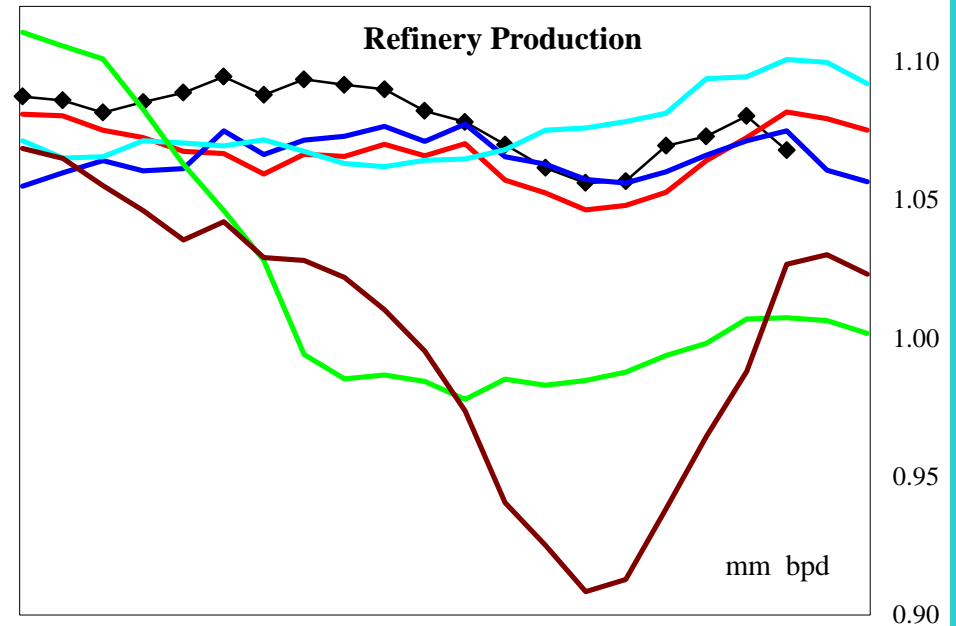
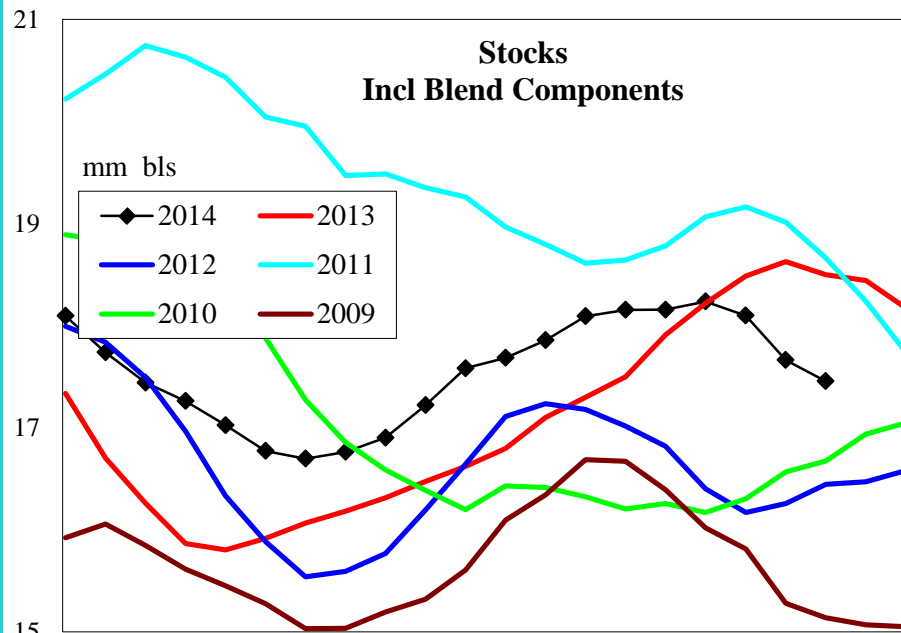
PADD 5 Crude Oil Supply and Refining



PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-1,698

-9.1

Production

8

0.7

Imports

7

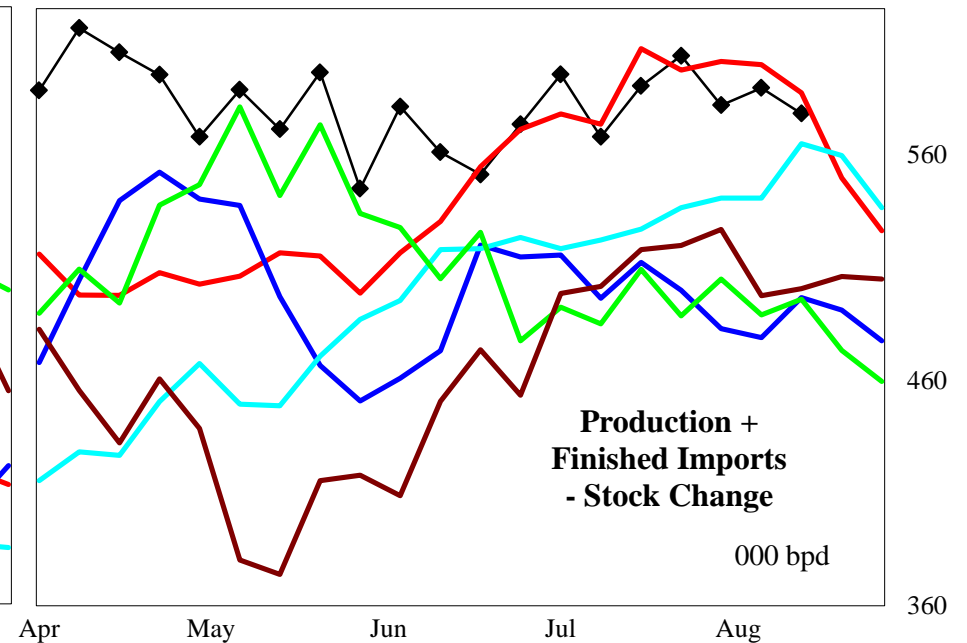
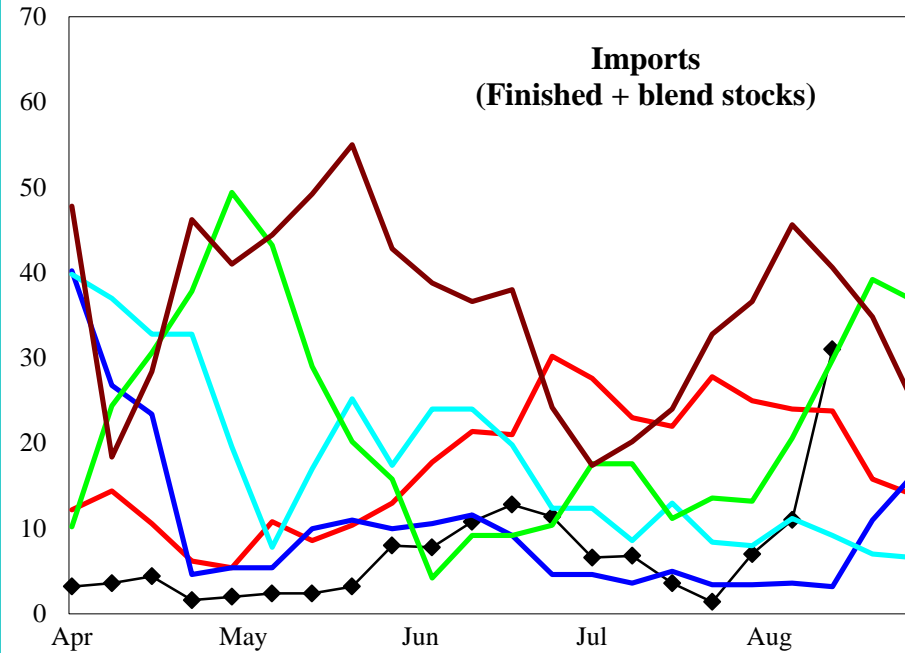
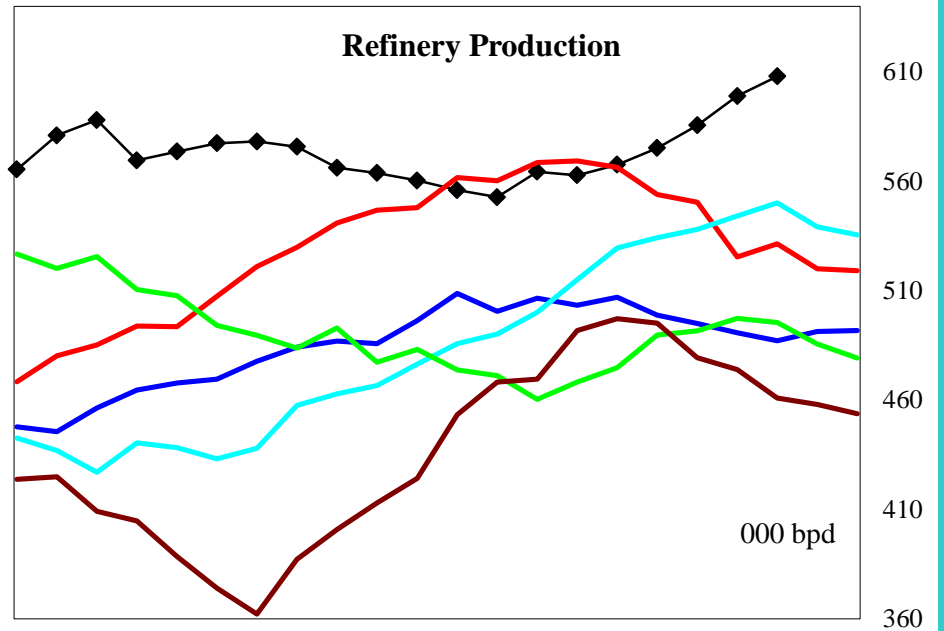
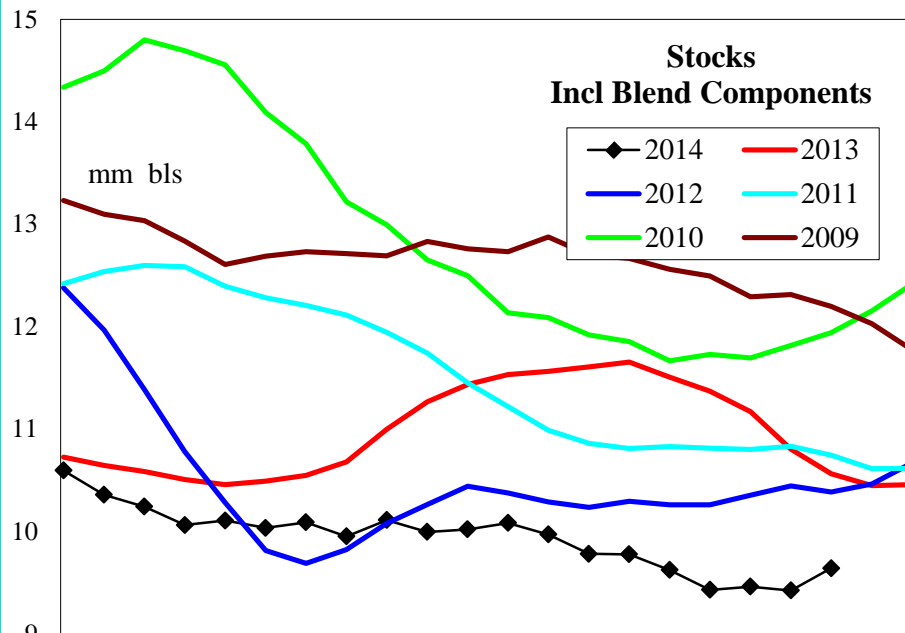
123.8

Prod + Imp - Stk chg

125

12.4

PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-692

-6.4

Production

54

10.0

Imports

-21

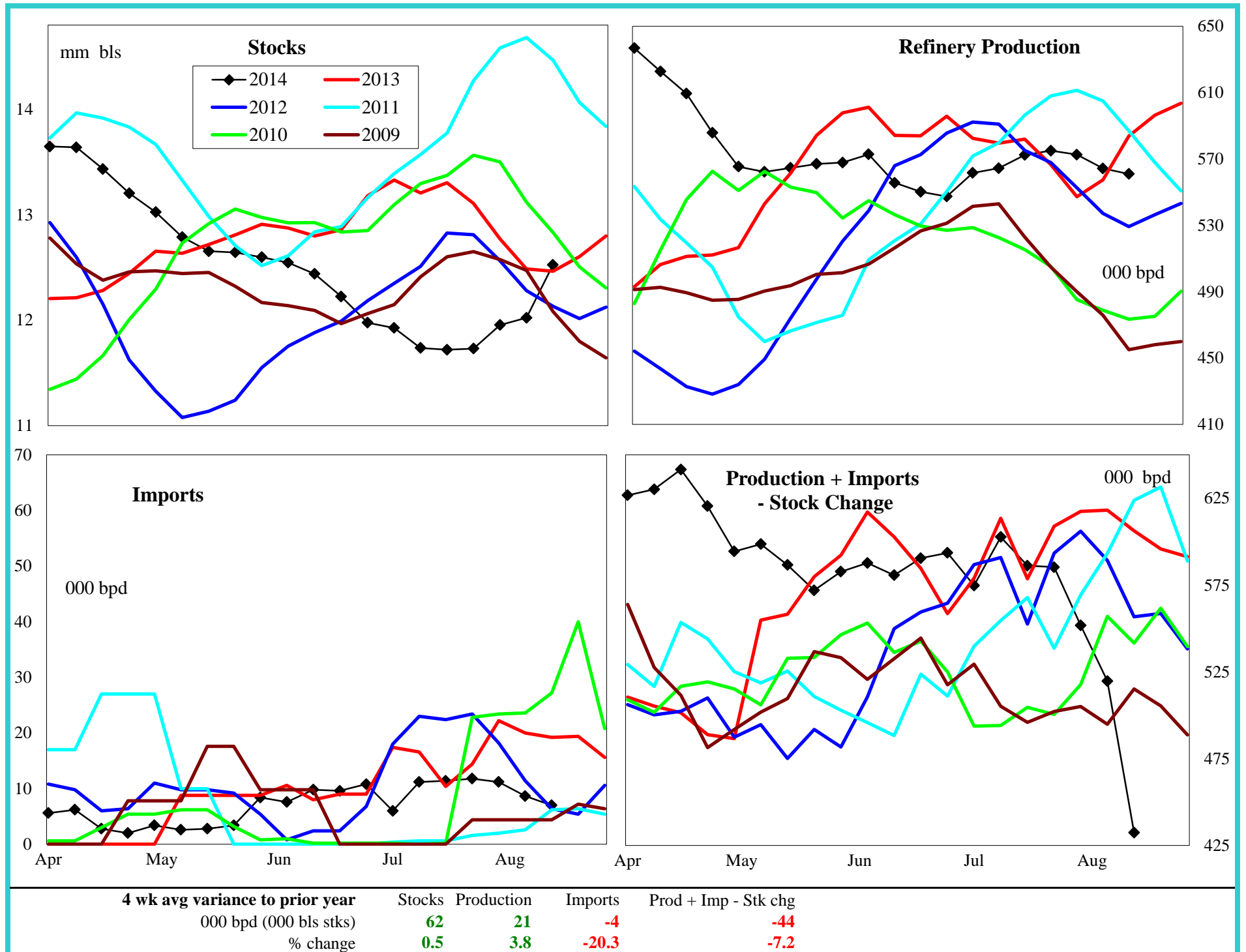
-70.6

Prod + Imp - Stk chg

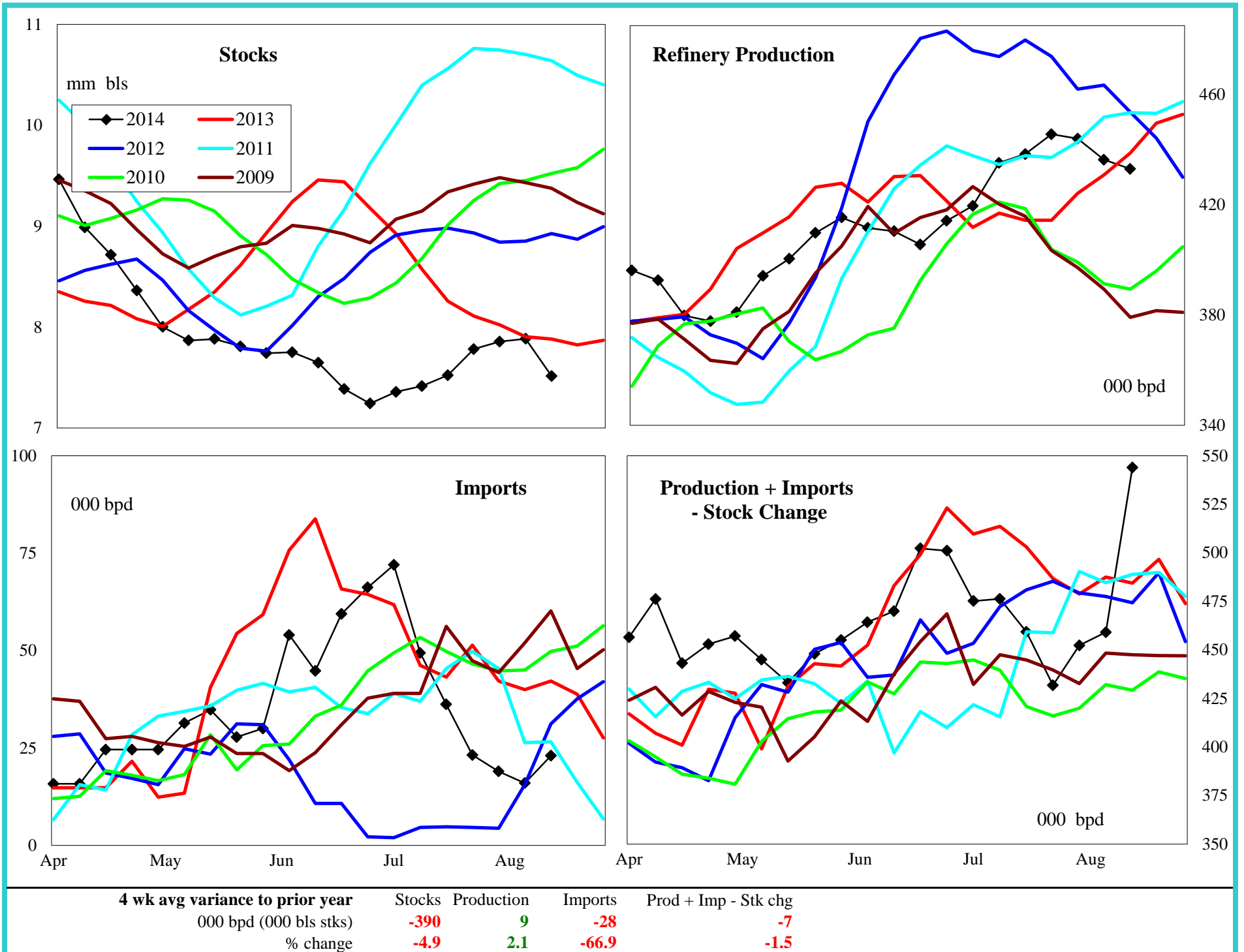
-40

-6.4

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

