



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

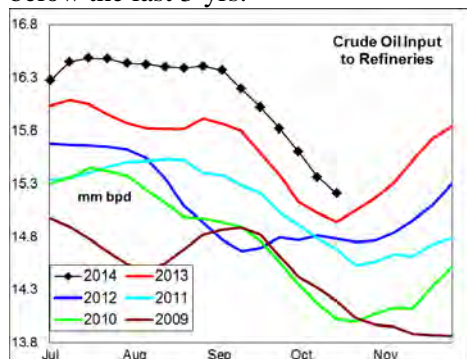
A Fundamental Petroleum Trends Weekly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 22, 2014



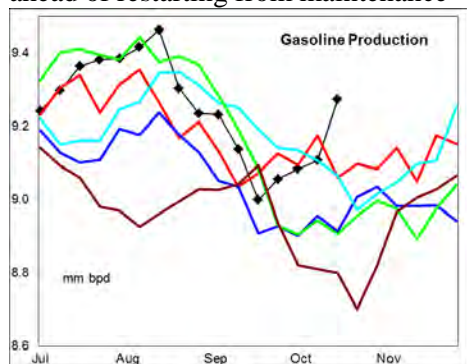
Major Fundamental Trends¹

Refinery maintenance led to a -133,000 bpd decline in crude oil runs for the week, including a -203,000 bpd drop in the Midwest where runs fell below the last 3-yrs.



Look for runs to trend higher in the next 2-wks as refiners return from fall maintenance.

Crude oil stocks climbed +7.1 million barrels last week as refinery maintenance peaked. Look for continued crude stock builds into early November as refiners increase supplies ahead of restarting from maintenance



The return to operation of FCCU's units in key regional markets has lifted gasoline production above prior years. Continued stock draws are likely through month end, to be followed by a seasonal build starting in early November.

Weak wholesale distillate demand led to a +1 million barrel stock build last week, even as production fell -225,000

bpd below last year for the week.



Look for a rebound in distillate wholesale demand, combined with fall refinery maintenance to drive continued stock draws during the next month. Slower exports may extend the current trend of below average draws.

Wholesale Demand for transport fuels fell a combined -0.7 million bpd for the week.

Wholesale demand, measured over the last four weeks compared to a year ago: gasoline decreased -0.2%, distillate decreased -0.6%, jet fuel increased +5.3% while residual fuel increased +55%.

Stocks forward coverage: Gasoline demand coverage decreased on a -1.3 million barrel stock draw, partially offset by lower wholesale demand. Coverage ended the week at a level near 5-yr lows.

Distillate coverage increased on a +1 million barrel stock build, and sharply lower demand. Coverage ended the week at a level comparable to the last 2-yrs.

Jet fuel coverage fell to a new record low on a -0.6 million barrel stock draw, with the stock level equal to 5-yr lows.

Residual fuel oil coverage ended the week at a level below the last 2-yrs and the lowest level of the last 6-months.

Refinery utilization rates decreased on a -113,000 bpd drop in crude oil runs last week, including a -203,000 bpd decrease in the Midwest. During the latest 4-wk period crude oil input was +432,000 bpd above a year ago.

Gasoline yield % on crude oil runs

increased last week on a +59,000 bpd increase in output compared to the -113,000 bpd decrease in crude oil runs. Yield % on crude oil runs matched the last 2-yrs for the week.

Distillate yield % on crude oil runs increased last week, on a +22,000 bpd rise in output compared to the decrease in crude oil runs. The yield % on crude oil runs ended the week comparable to the 3-yr mid range.

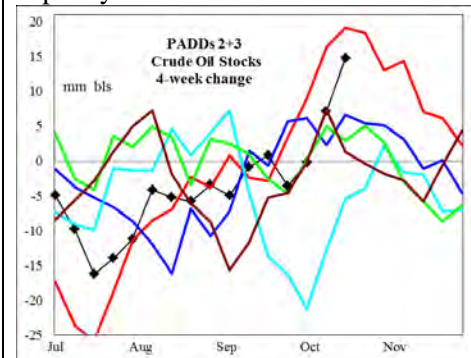
Jet fuel yield % on crude oil runs fell sharply for the week on a -107,000 bpd decrease in output compared the lower crude oil runs. The yield % matched 5-yr lows for the period.

Petroleum Imports/Exports: Imports of crude oil declined -0.3 million bpd last week, while product imports were nearly unchanged.

During the latest 4-wk period crude oil imports were -0.5 million bpd below last year; distillate imports were -24,000 bpd lower; finished gasoline imports were +38,000 bpd higher; gasoline blend stock imports were -130,000 bpd lower; while jet fuel imports increased +13,000 bpd.

Exports of distillate for the week ending 26Sep14 were -126,000 bpd below a year ago, gasoline +79,000 bpd, jet fuel +23,000 bpd and residual fuel oil was unchanged.

Crude Oil stocks increased +7.1 million barrels, due to refinery capacity offline for fall maintenance.



The latest 4-wk stock build in the combined Midwest and Gulf regions was +15 million barrels, nearly equal to last year's record rate. Stocks saw a +1 million barrel build in Cushing for the week.

¹ Source is latest EIA Weekly Statistics



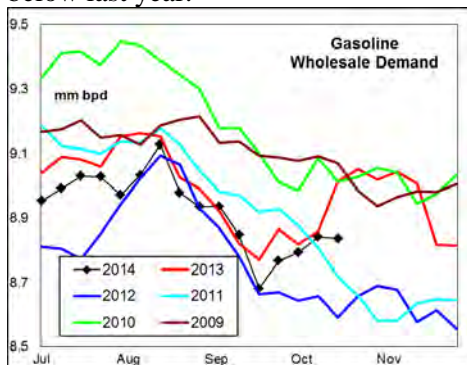
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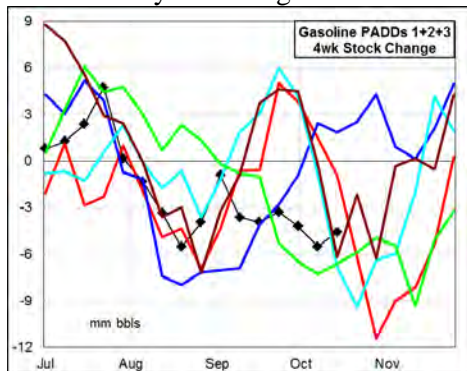
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Product Supply-Demand Trends

Gasoline wholesale demand declined -0.2 million bpd on the week, to a level above the 3-yr mid range. The latest 4-wk average demand was -16,000 bpd below last year.



Supply increased +69,000 bpd last week on higher production. Supply for the latest 4-wk period was unchanged from a year ago. Stocks declined -1.3 million barrels on the week, to a level below the 3-yr mid range.

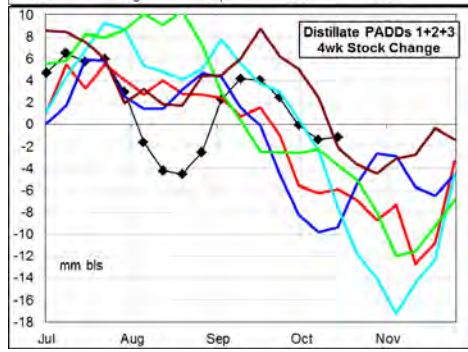
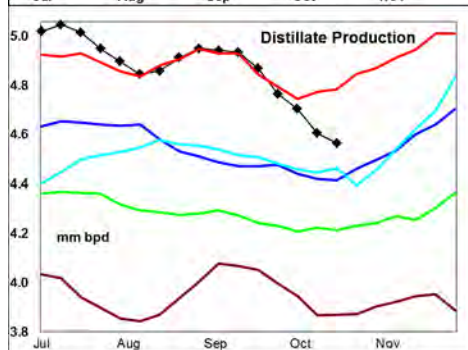
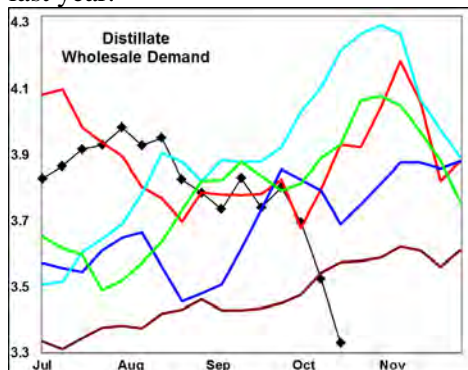


Lack of an early fall seasonal stock build has pushed stock levels below two of the last 3-yrs with a rate of draw greater than each of the last 2-yrs. Significant variance in the supply balance has emerged between regions, with the Northeast, Midwest and Rockies relatively tight compared to ample supplies in the Gulf region.

Distillate wholesale demand fell -0.4 million bpd last week to a level below the 5-yr range. The latest 4-wk average demand was -21,000 bpd below last year.

Supply declined -34,000 bpd on lower imports. Production was -200,000 bpd below last year for the week, partially offsetting the drop in demand. Stocks increased +1 million

barrels on the week, to a level equal to last year.



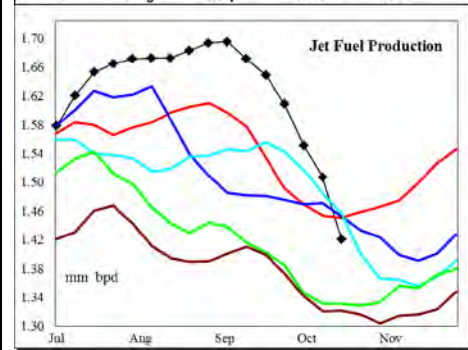
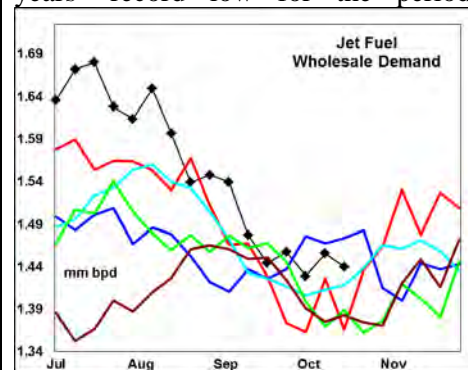
The latest 4-wk stock change in markets East of the Rockies was a -1.1 million barrel draw, compared to an average -6.5 million barrel draw the last 2-yrs.

Look for a seasonal uptrend in wholesale demand to be partially offset by weak exports, leading to a below average rate of stock draws during the remaining refinery maintenance season.

Jet Fuel wholesale demand decreased -44,000 bpd last week, to a level near the 3-yr average. Production has dropped -400,000 bpd during the fall maintenance season, to a level below the last 3-yrs. Imports were slightly above last year.

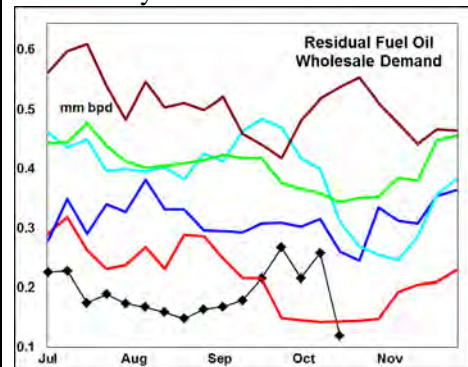
Stocks decreased -0.6 million

barrels to a level that matched last years' record low for the period.



Look for an upturn in seasonal, combined with cuts in production on refinery maintenance to lead to a seasonal stock draw.

Residual fuel oil demand fell -250,000 bpd on the week. Demand for the latest 4-wk period was +92,000 bpd above last year.



Supply (production + imports) fell -143,000 bpd on the week, driven by a collapse in imports. Stocks were nearly unchanged on the week, at a level near the 3-yr mid range.

Production and imports are comparable with last years' record lows for the last month. A drop in wholesale demand should lead to seasonal stock building.



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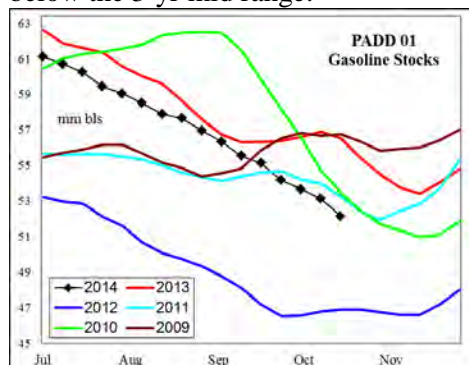
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +13,000 bpd on the week, to a level near 3-yr highs for the period.

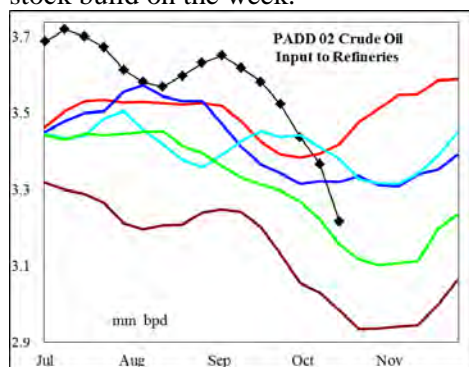
Gasoline supply climbed +79,000 bpd on the week, due to higher production. Stocks decreased -0.2 million barrels last week, to a level below the 3-yr mid range.



Distillate supply decreased -36,000 bpd last week, with the 4-wk average -25,000 bpd below last year. Stocks increased +0.7 million barrels, to a level +10% above the last 2-yrs.

Jet fuel supply was +60,000 bpd above last year for the most recent 4-wk period, driven by Delta Airlines maximizing output at their refinery.

PADD 2 crude oil refinery runs declined -203,000 bpd on the week, with the latest 4-wk average +34,000 bpd above last year. Crude oil stocks increased +1.7 million barrels to a level -6 million barrels below a year ago. Cushing saw a +1 million barrel stock build on the week.



Gasoline supply fell -85,000 bpd on the 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

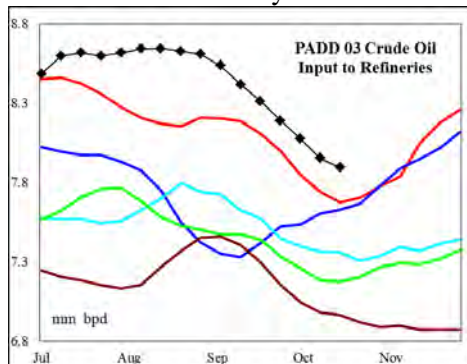
shipped into the Midwest as finished product production when blended with ethanol. Stocks decreased -1.3 million barrels on the week, to a record low level for this time of year.

Distillate supply decreased -10,000 bpd on the week, with the 4-wk average -26,000 bpd below a year ago. Stock levels ended the week equal to the 3-yr mid range for this time of year.

Jet fuel production ended the week at a level below the last 3-yrs. Stock levels were +18% above last year.

PADD 3 refinery runs were unchanged last week, with the level above the historic range. During the latest 4-wk period, average runs were +209,000 bpd above last year.

Crude oil stocks increased +5.4 million barrels, to a level +3 million barrels above the 5-yr range. Imports were -14% below last year.



Gasoline supply increased +92,000 bpd last week, with the latest 4-wk average -83,000 bpd below a year ago. Stocks increased +0.9 million barrels on the week, matching the 3-yr mid range.

Distillate supply declined -34,000 bpd on the week, with the latest 4-wk average supply -96,000 bpd below a year ago. Stocks jumped +2.7 million barrels on the week, to a level just below last year.

Jet fuel production fell -81,000 bpd last week, to a level near 5-yr lows. Stocks climbed +0.6 million barrels on the week to a level -8% below prior record lows.

Residual fuel supply and stocks each saw little change on the week. Stock levels remain above the 5-yr

range while production is below the historic range.

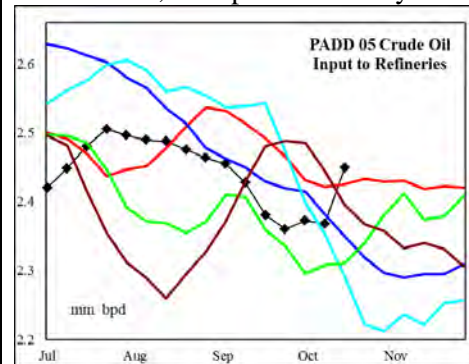
PADD 4 refinery crude runs declined -4,000 bpd last week to a level below the 3-yr mid range, with the latest 4-wk average was +42,000 bpd (+8%) above a year ago for the latest 4-wk period.

Gasoline production increased +7,000 bpd, with the latest 4-wk average +30,000 bpd above a year ago. Stocks matched year ago levels.

Distillate supply decreased -18,000 bpd last week, to a level only slightly above the last 3-yrs. Stocks also declined to a level just above the 5-yr range.

Jet fuel production remains above the 5-yr range with stock levels near historic highs.


PADD 5 crude oil refinery runs increased +79,000 bpd last week, ending at a level just above the 5-yr range for the period. The 4-wk run rate was -48,000 bpd below last year.



Gasoline supply decreased -42,000 bpd on the week, with the 4-wk average -26,000 bpd below a year ago. Stocks decreased -0.5 million barrels to a level comparable to the last 3-yrs for this time of year.

Distillate supply decreased -35,000 bpd on the week, to a level well below last year's record high. The 4-wk average supply was -64,000 bpd below a year ago. Stocks decreased -0.4 million barrels on the week, to a level below the 5-yr range.

Jet fuel production fell to last years' level on the week. Stock levels ended the week at the 3-mid year range.


**FUNDAMENTAL
PETROLEUM TRENDS**

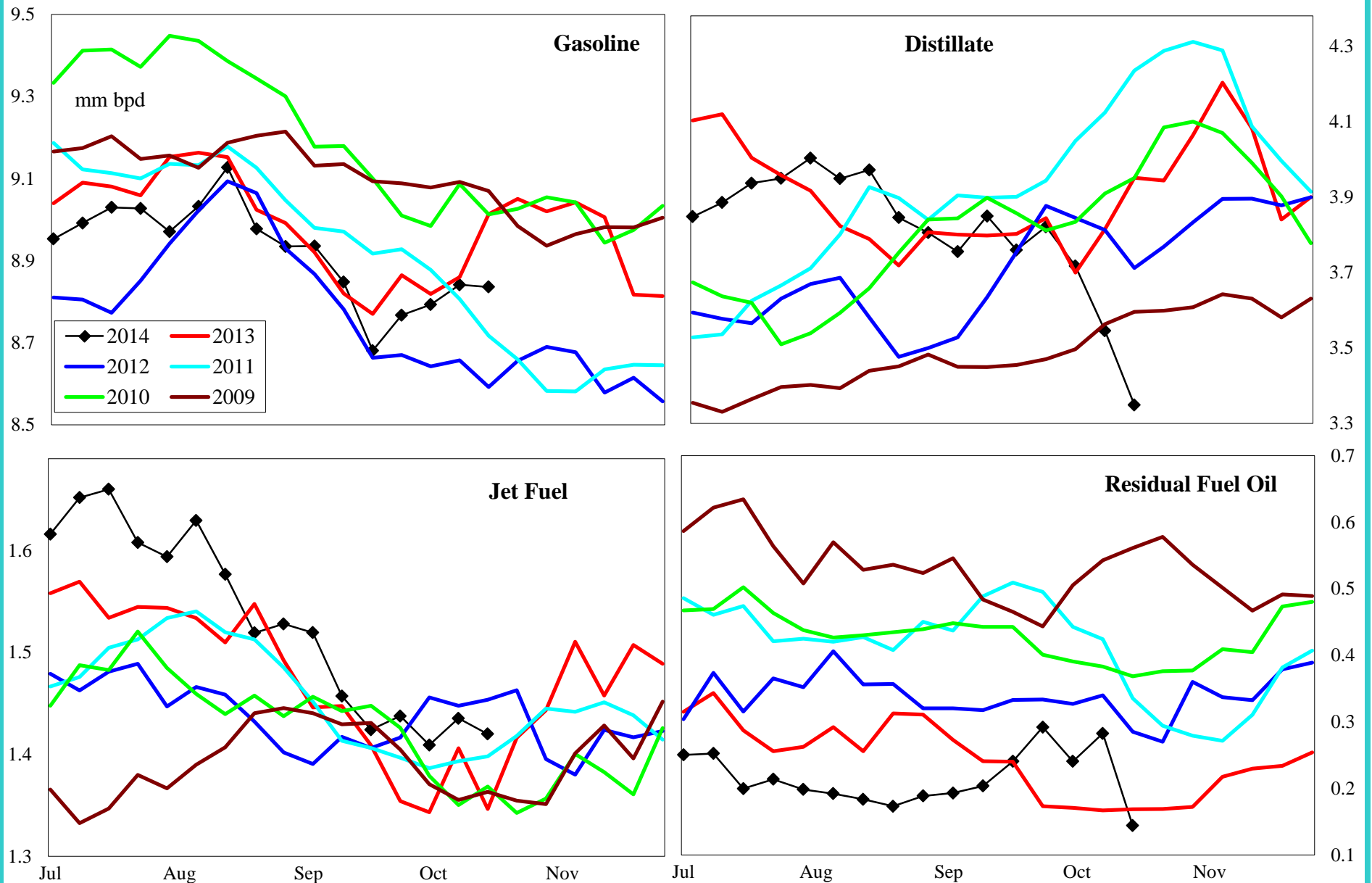
PETROLEUM: Graph Link and Weekly Summary

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Fundamental Trends	<u>Wholesale Demand</u>	<u>Stocks Days Fwd Coverage</u>	<u>Refinery Utilization</u> <u>Product Yield %</u>			<u>Imports</u>	
Supply/Demand Trends	17-Oct-14 000 bpd stocks 000 bls	EIA-DOE CHANGE FROM PRIOR WEEK					
		U. S. Total	PADD				
			1	2	3	4	5
<u>Crude Oil</u>	Stocks	7,111	-84	1,728	5,379	-234	321
	Imports	-263	-272	-154	192	20	-49
	Input	-113	13	-203	0	-4	79
	% Utilization	-1.40					
<u>Gasoline</u>	Stocks	-1,299	-175	-1,305	947	-278	-487
	Production	59	45	-89	56	7	21
	Imports	10	34	4	36	-1	-63
	Supplied	-207					
<u>Distillate</u>	Stocks	1,049	692	-1,852	2,743	-169	-365
	Production	22	18	-11	69	-19	-33
	Imports	-56	-54	1	0	1	-2
	Supplied	-401					
<u>Jet Fuel</u>	Stocks	-565	-475	-350	618	-36	-322
	Production	-107	12	1	-81	-3	-36
	Imports	10	-25	0	0	0	36
	Supplied	-44					
<u>Residual Fuel Oil</u>	Stocks	-102	31	-79	-35	-18	-1
	Production	31	2	-6	9	-3	29
	Imports	-174	-92	-2	-2	0	-78
	Supplied	-250					

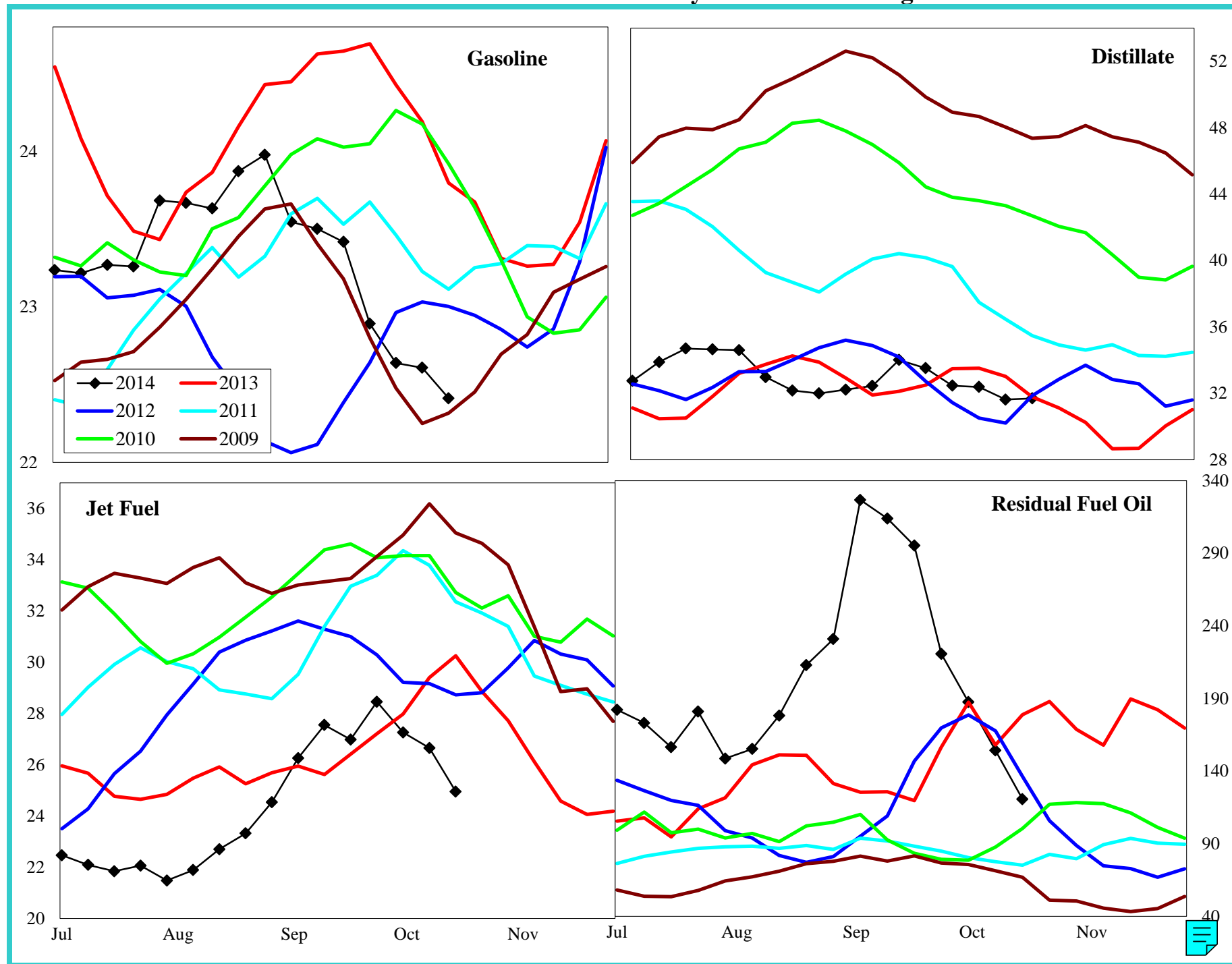
United States Wholesale Petroleum Demand



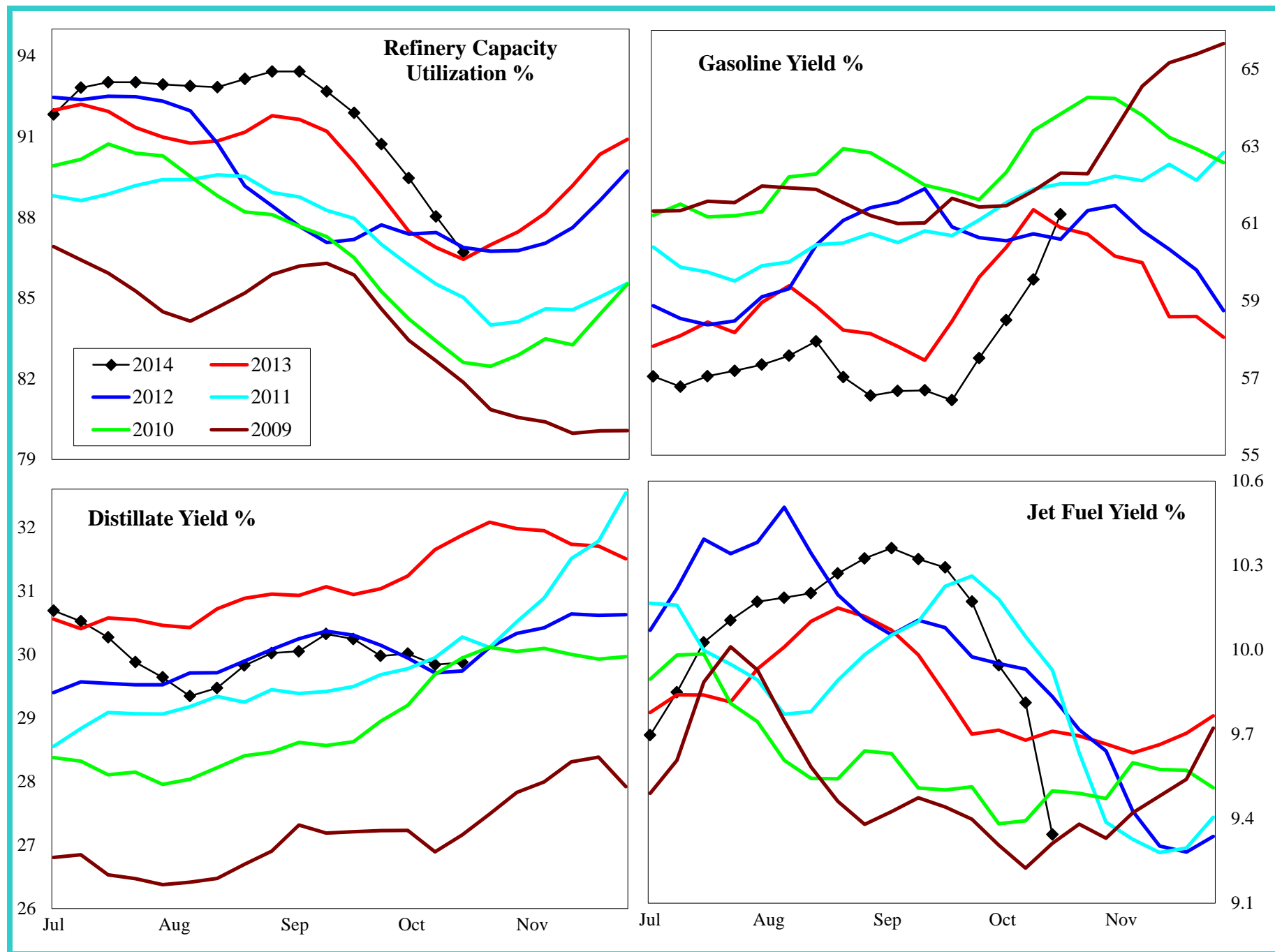
	000 bpd change from prior year				% change from prior year			
	4wk avg	Sep	Aug	Jul	4wk avg	Sep	Aug	Jul
Gasoline	-16	-220	-19	164	-0.2	-2.5	-0.2	1.8
Distillate	-21	86	179	292	-0.6	2.3	4.8	8.2
Jet Fuel	72	32	45	24	5.3	2.3	3.0	1.6
Resid	92	-82	-221	-123	55.0	-23.5	-54.8	-34.0



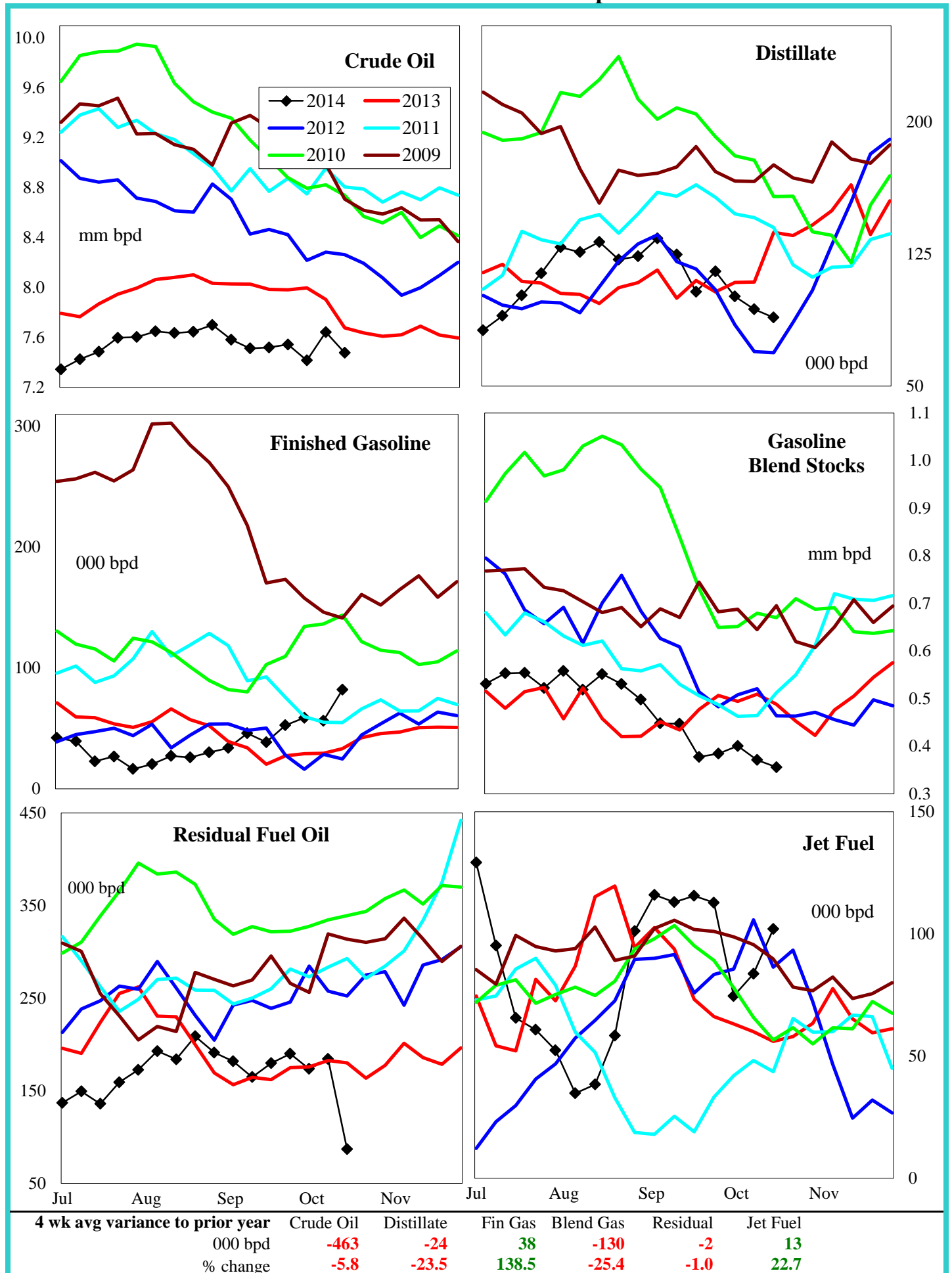
United States Product Stocks: Days Forward Coverage



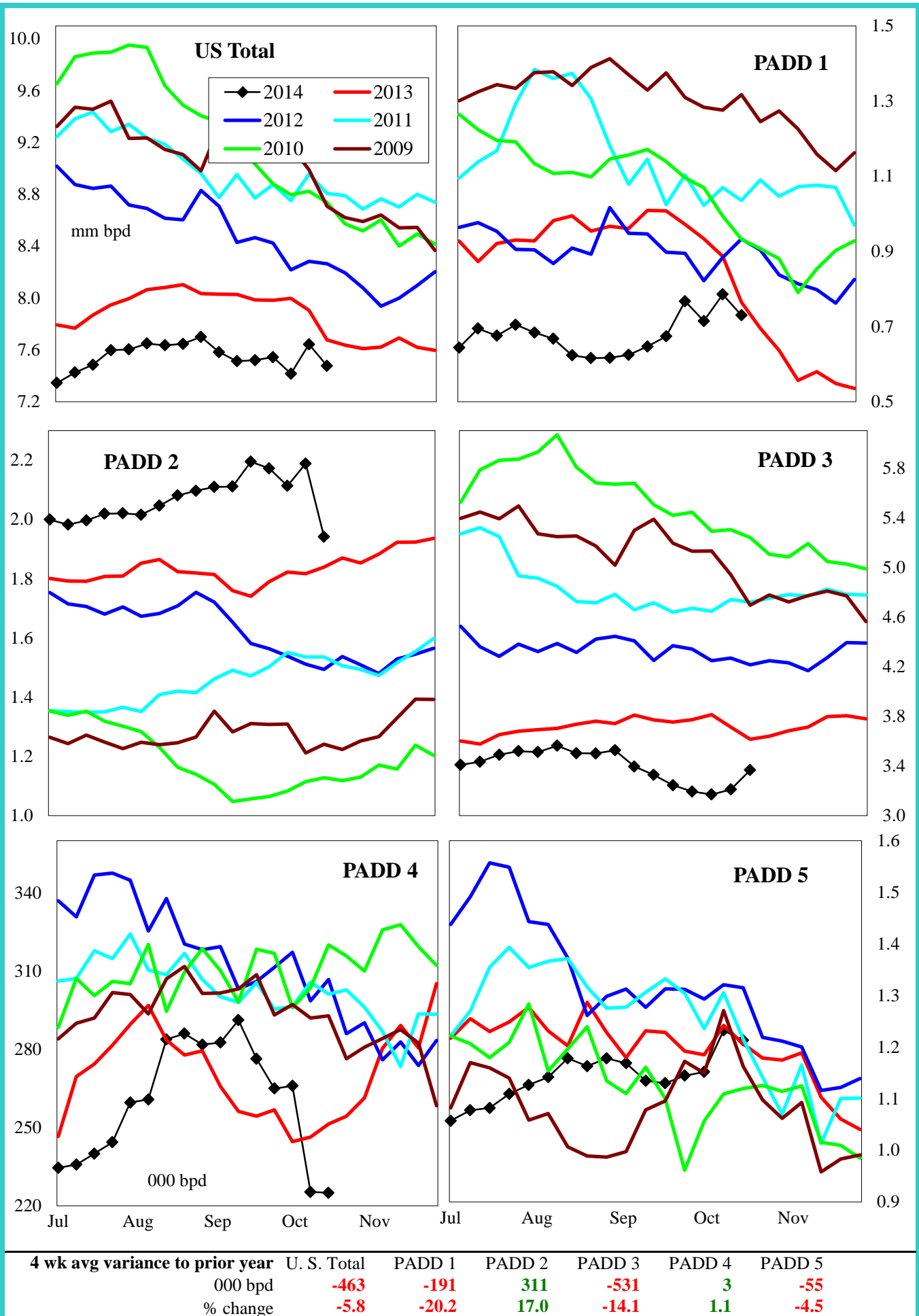
United States Refinery Percent Utilization Rate and Product Yields



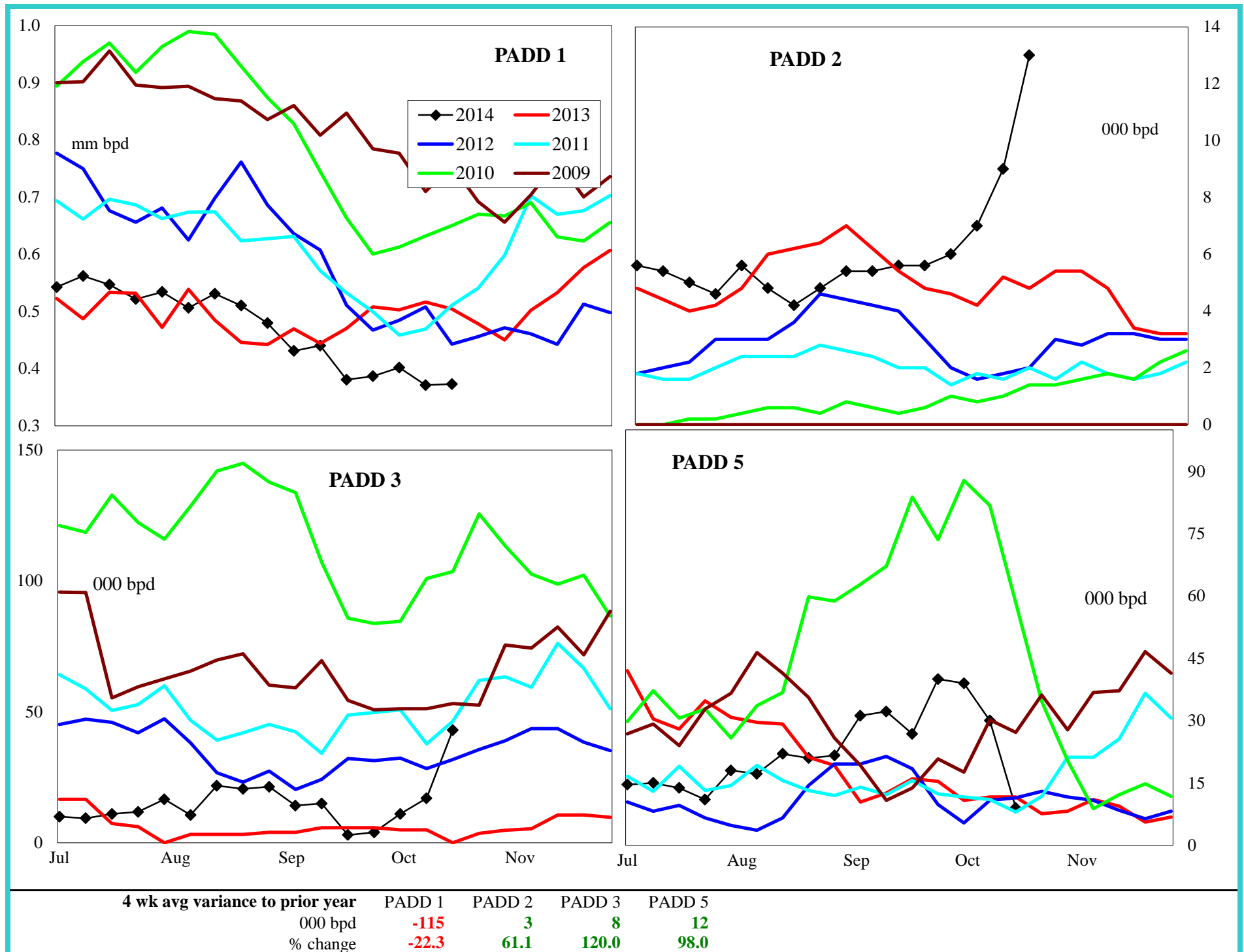
United States Petroleum Imports



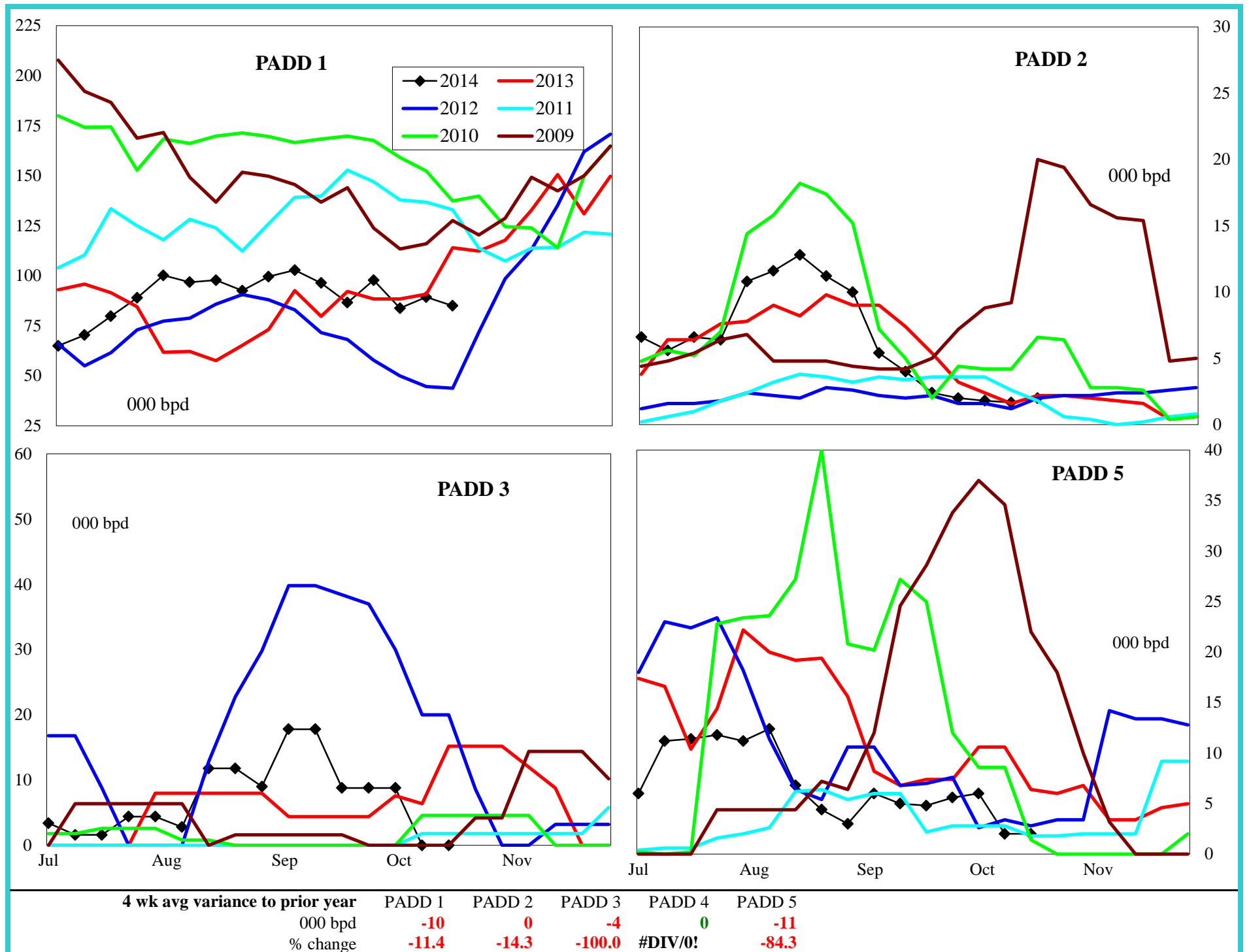
Crude Oil Imports by PADD



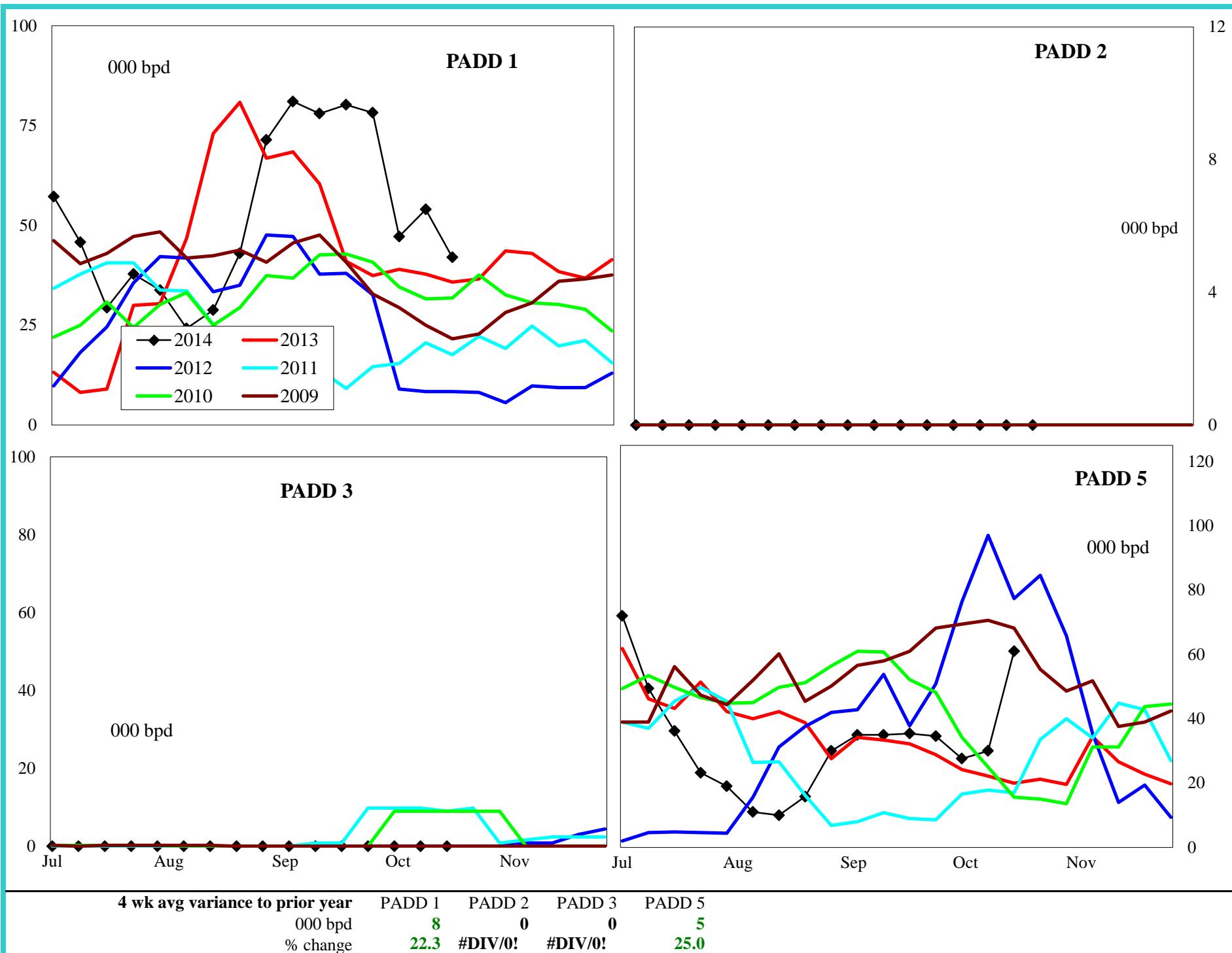
Gasoline Imports by PADD (Finished + Blend Stocks)



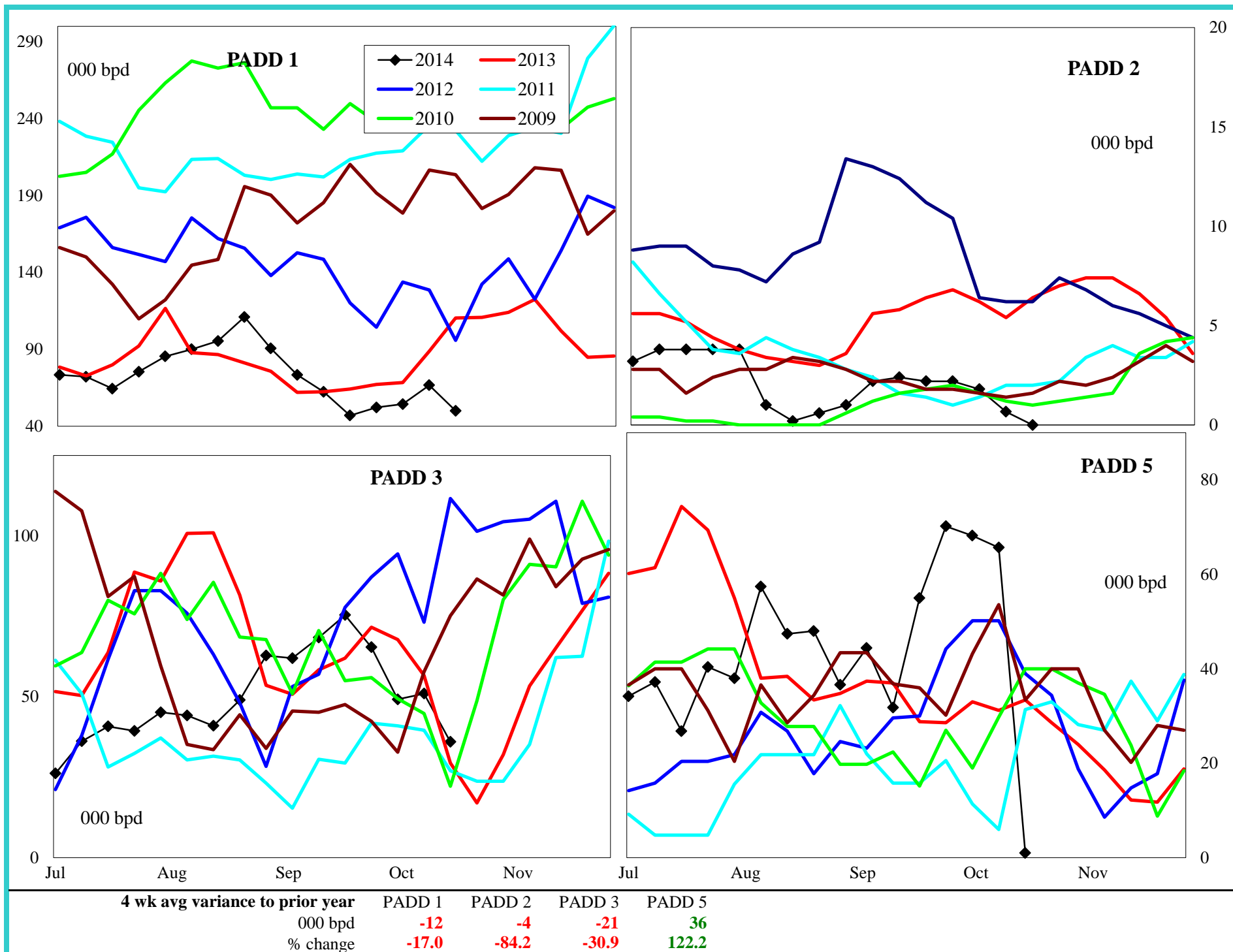
Distillate Imports by PADD



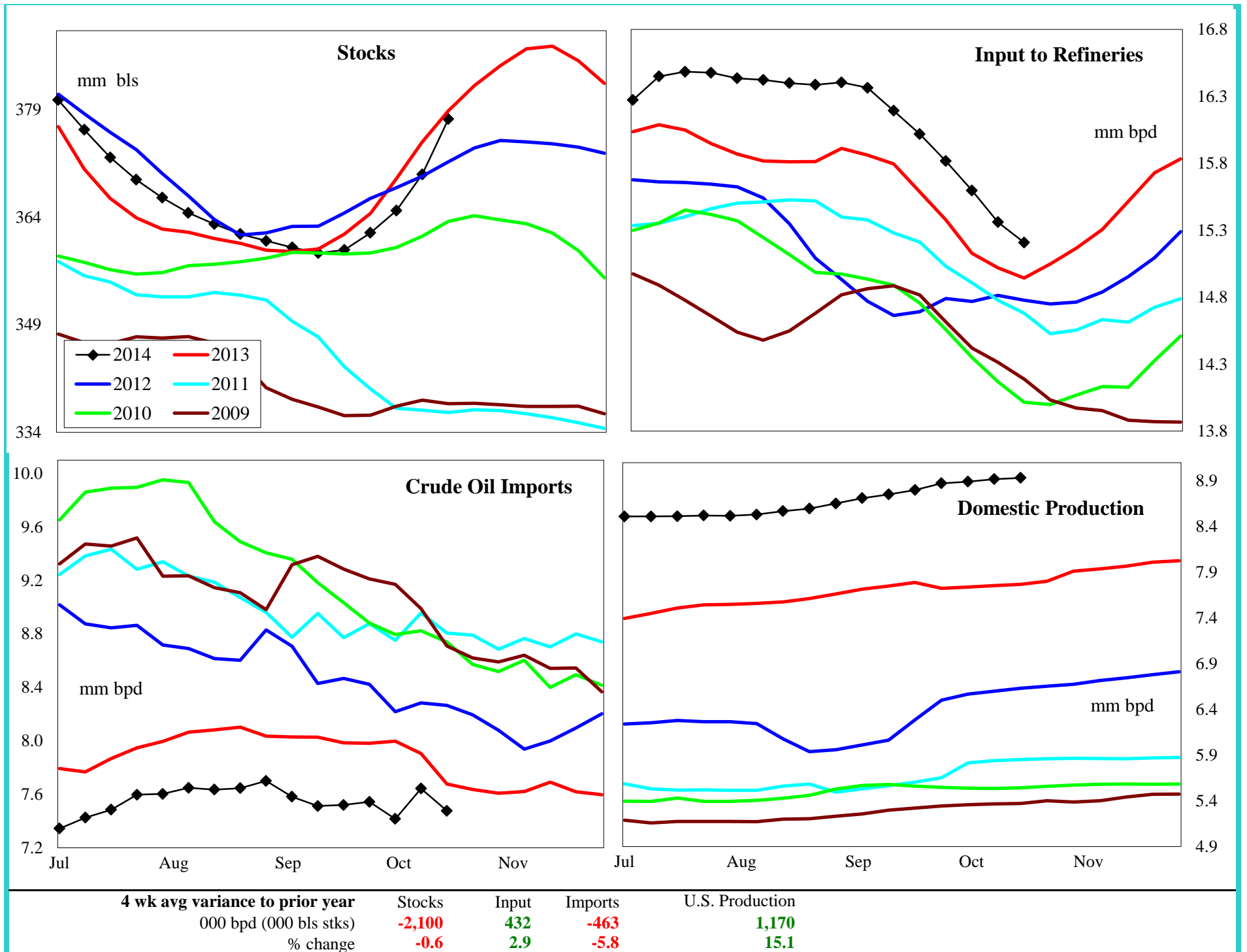
Jet Fuel Imports by PADD



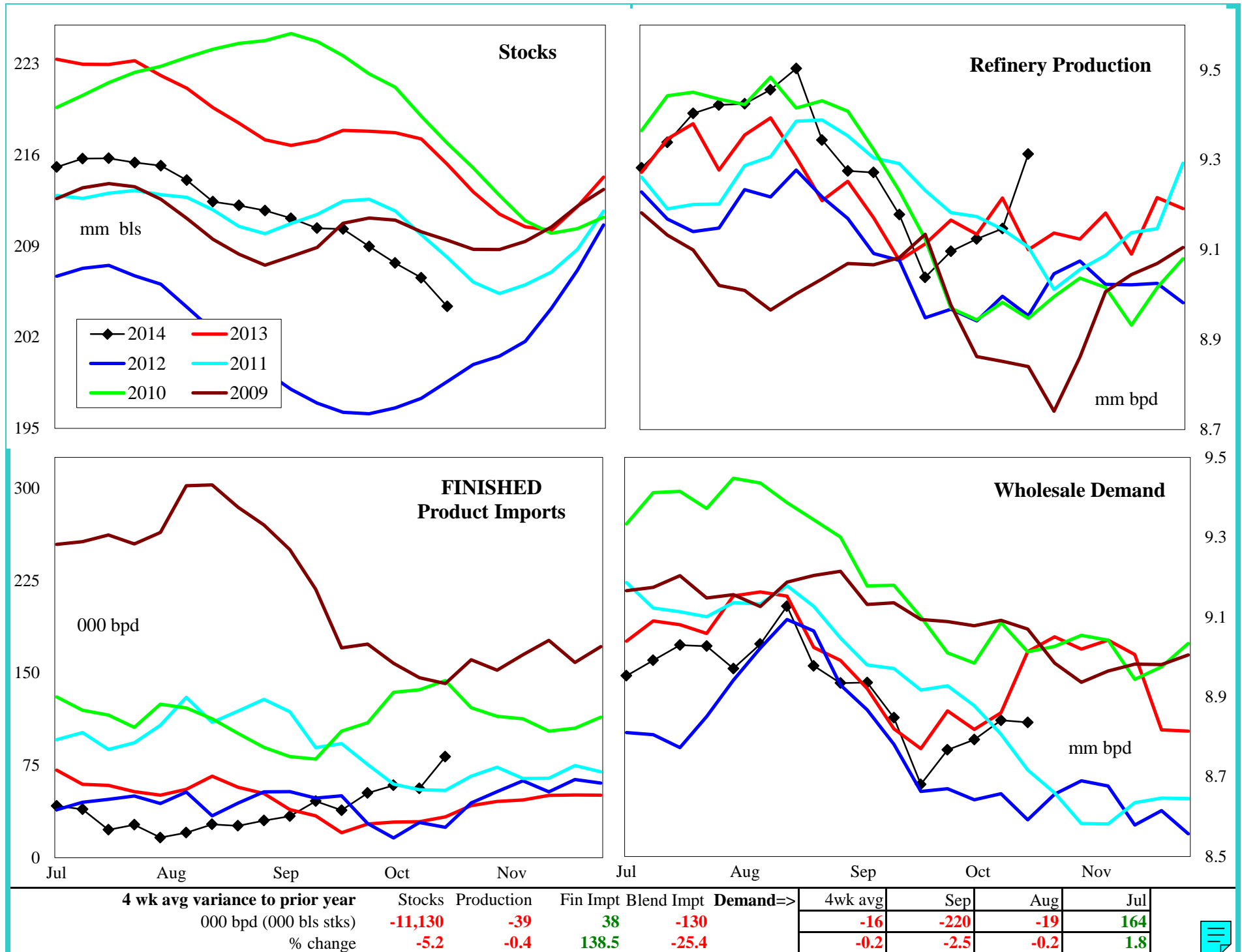
Residual Fuel Oil Imports by PADD



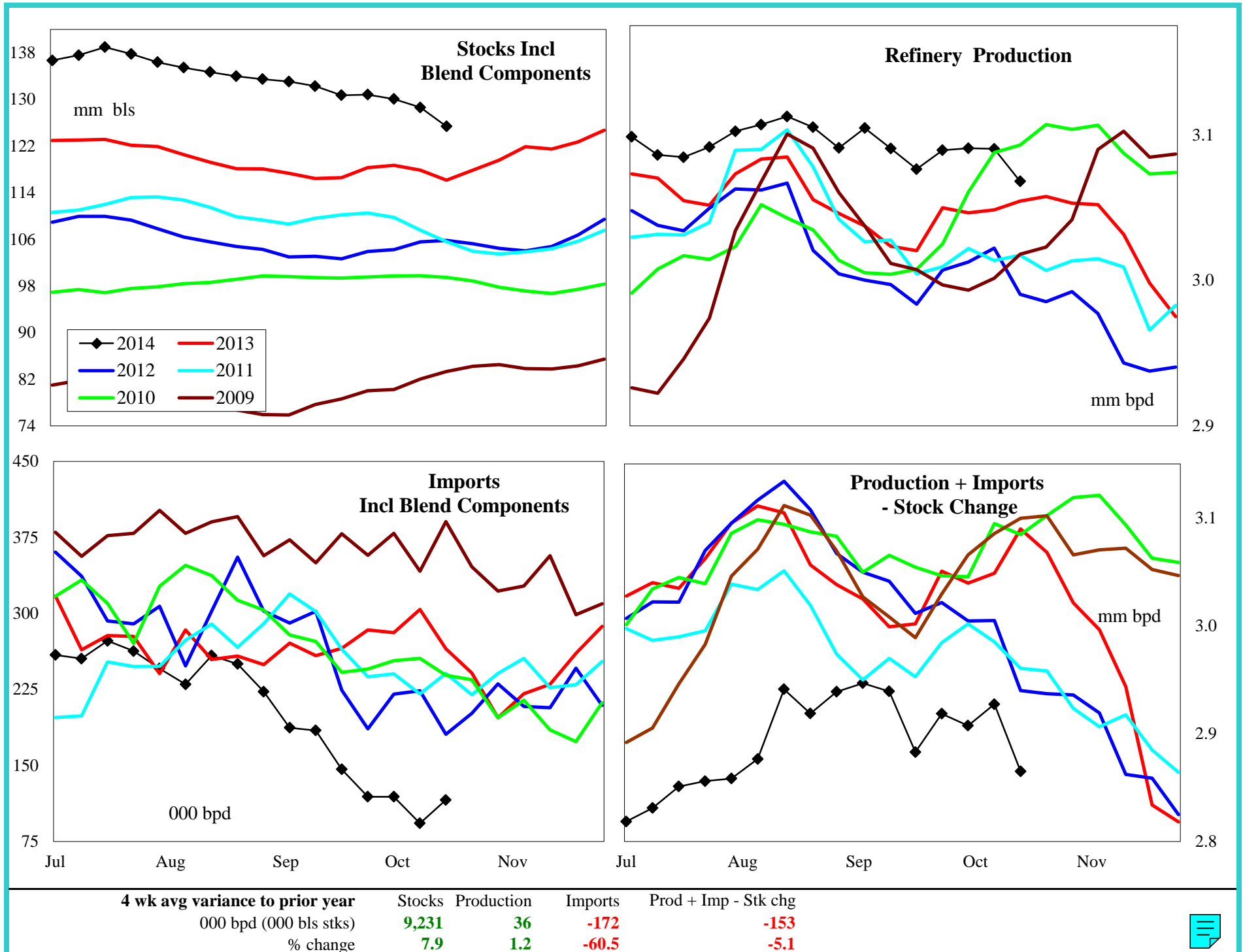
United States Crude Oil Supply and Demand Balance



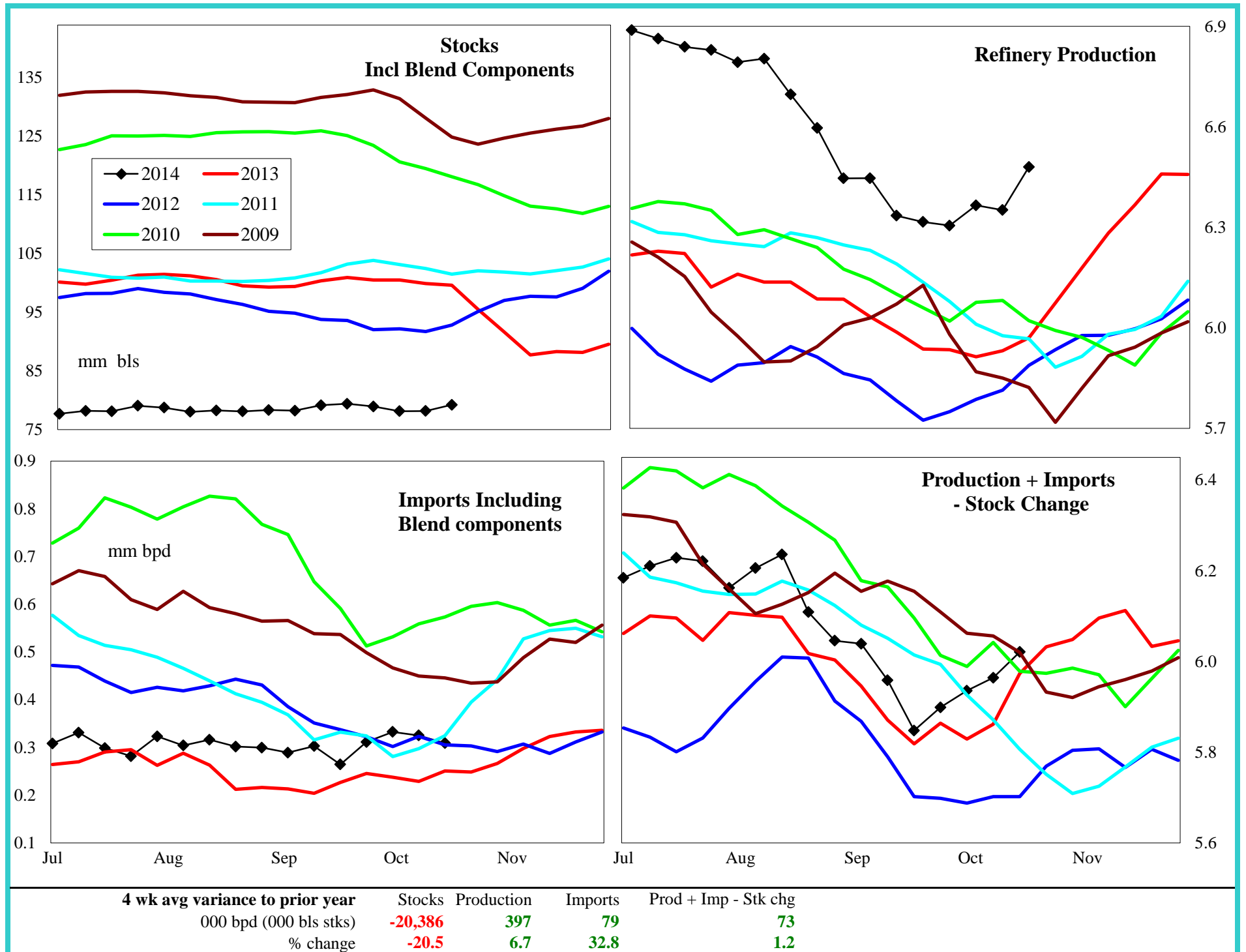
United States Gasoline Supply and Demand Balance



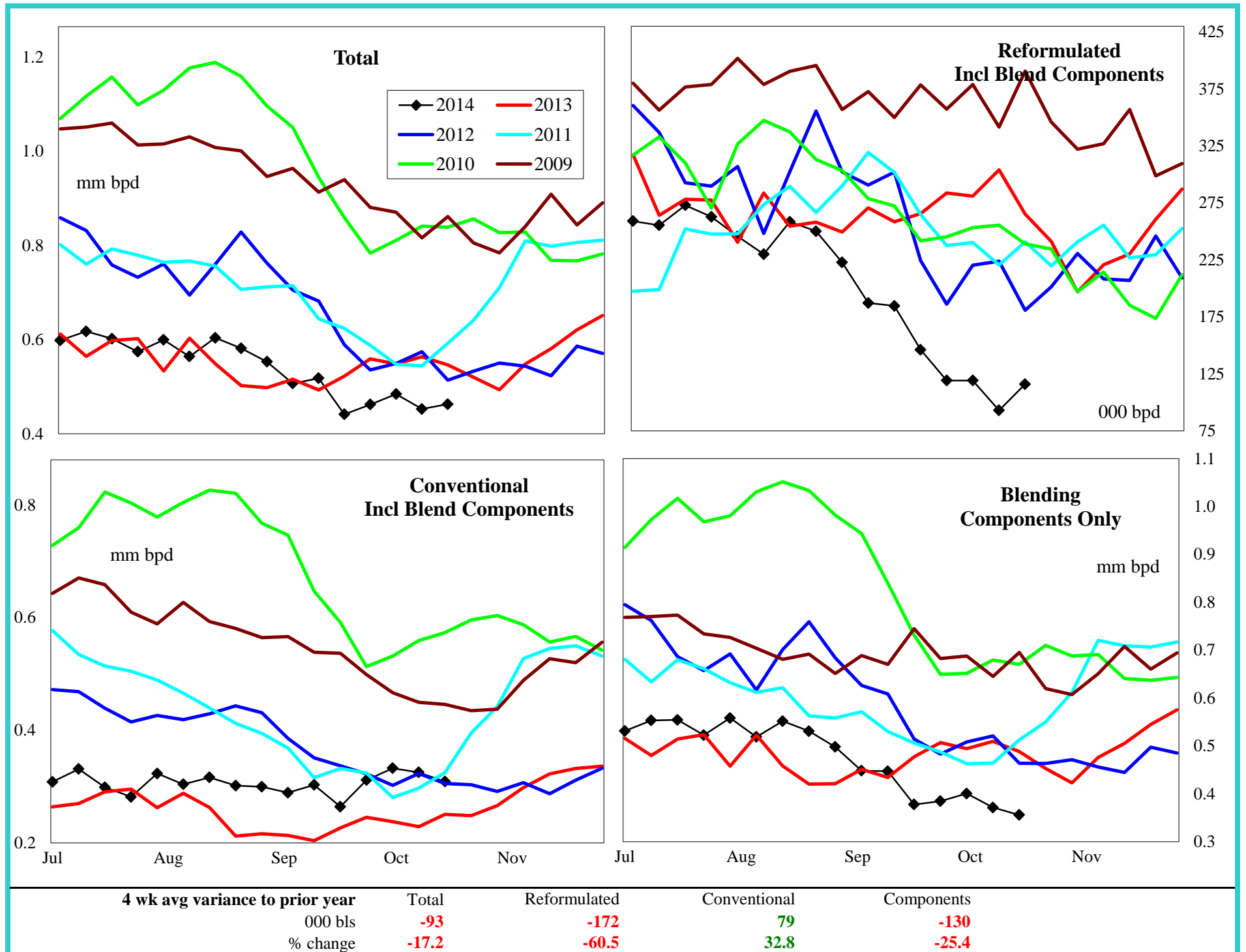
United States Reformulated Gasoline Supply



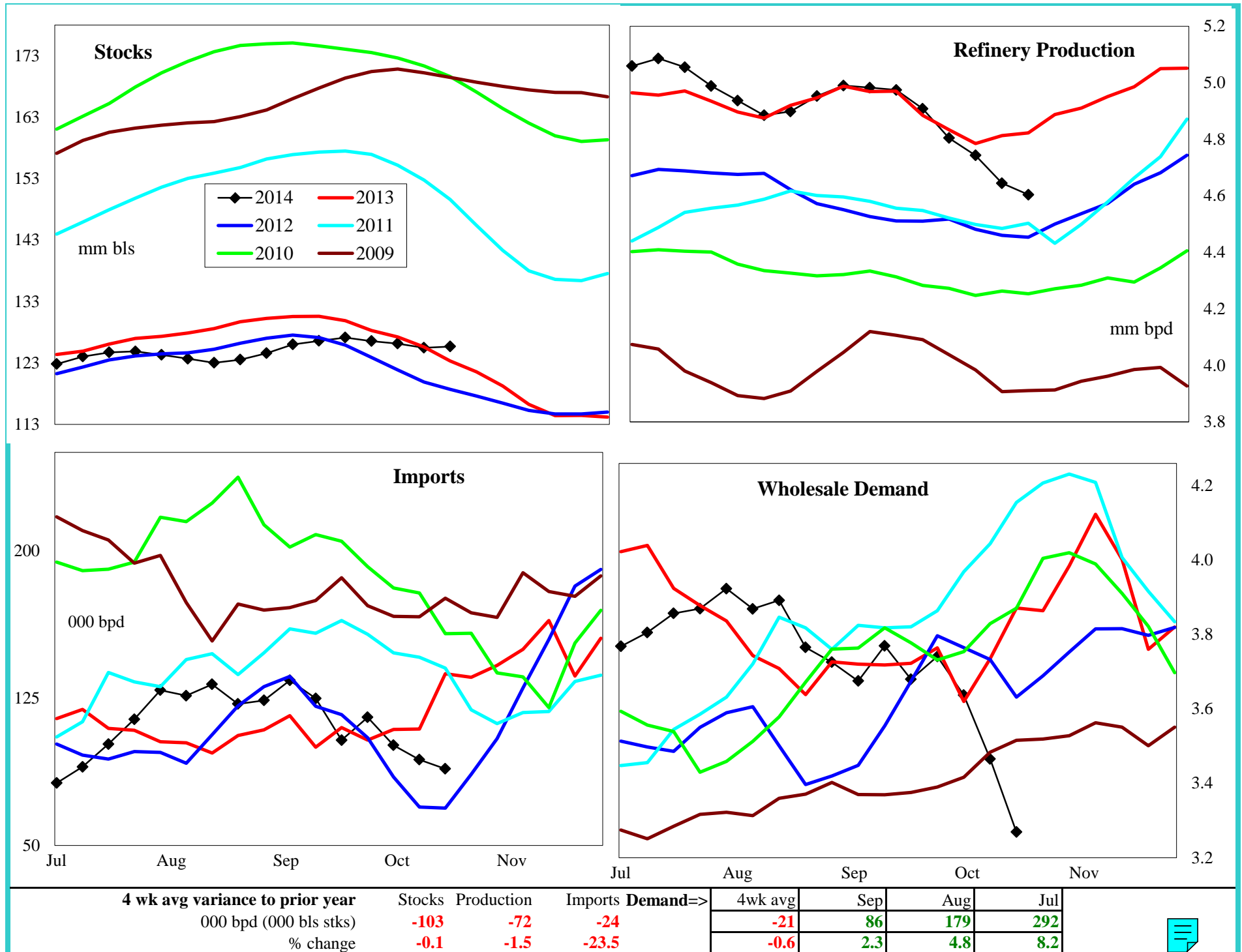
United States Conventional Gasoline Supply



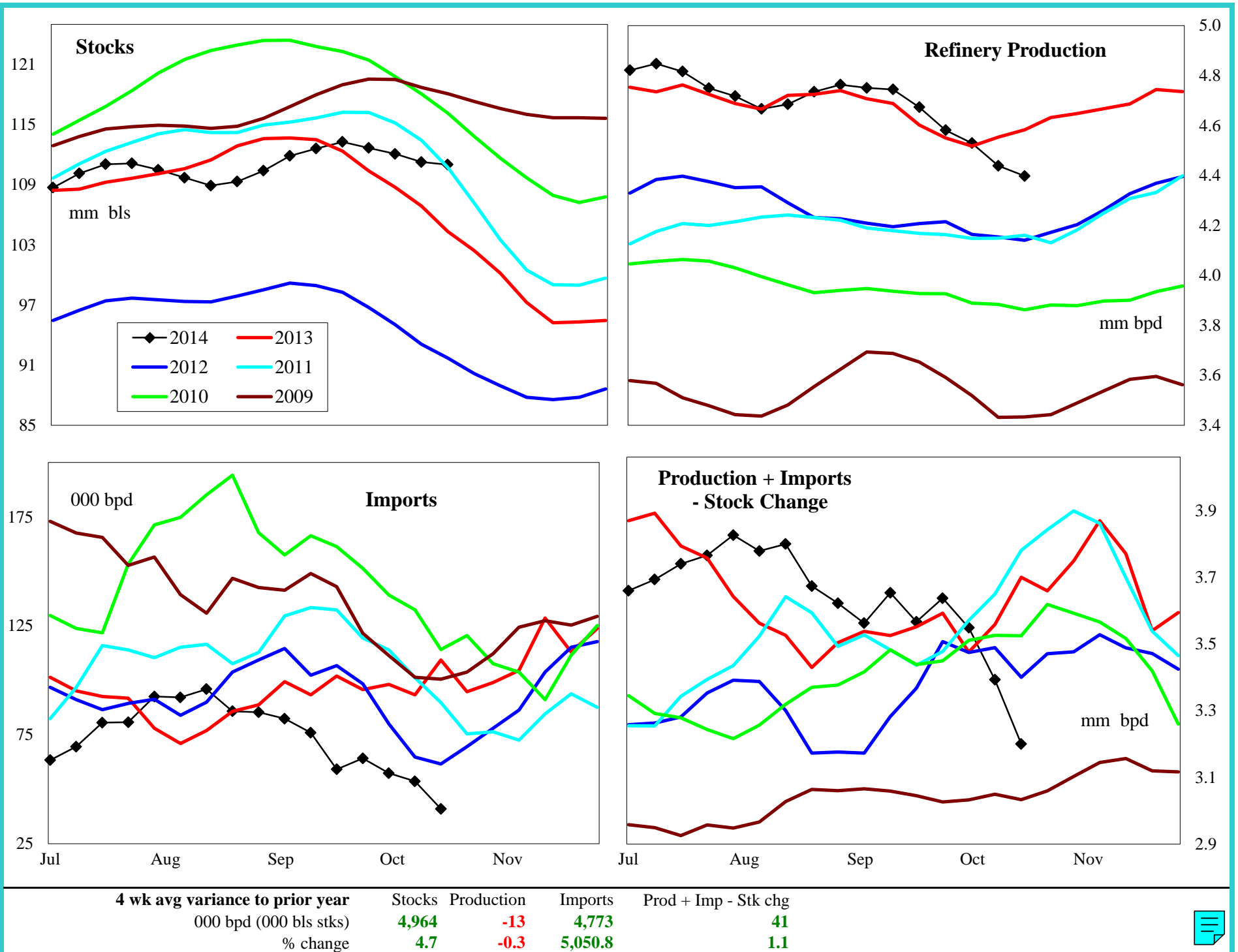
United States Gasoline Imports by Type



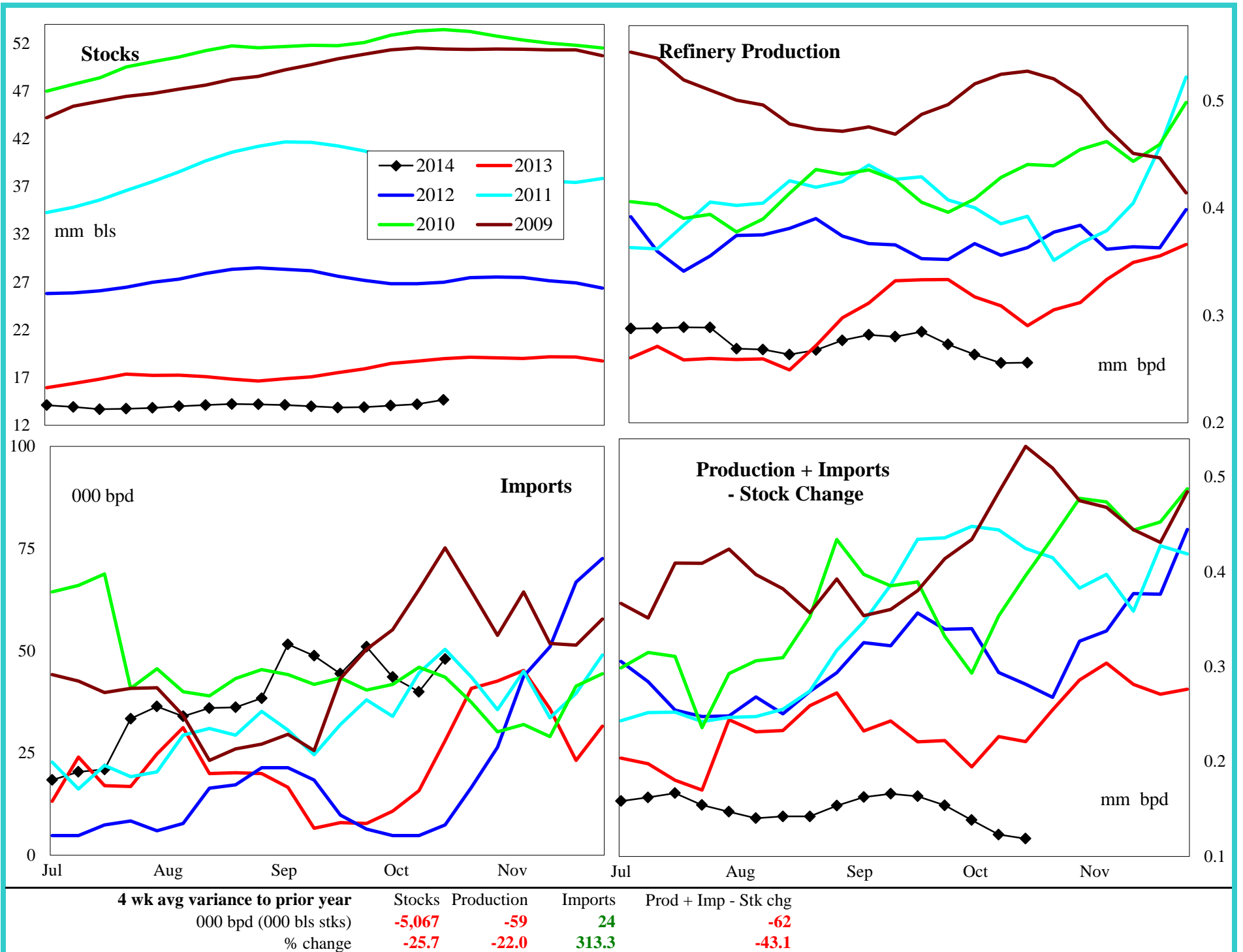
United States Distillate Supply and Demand Balance



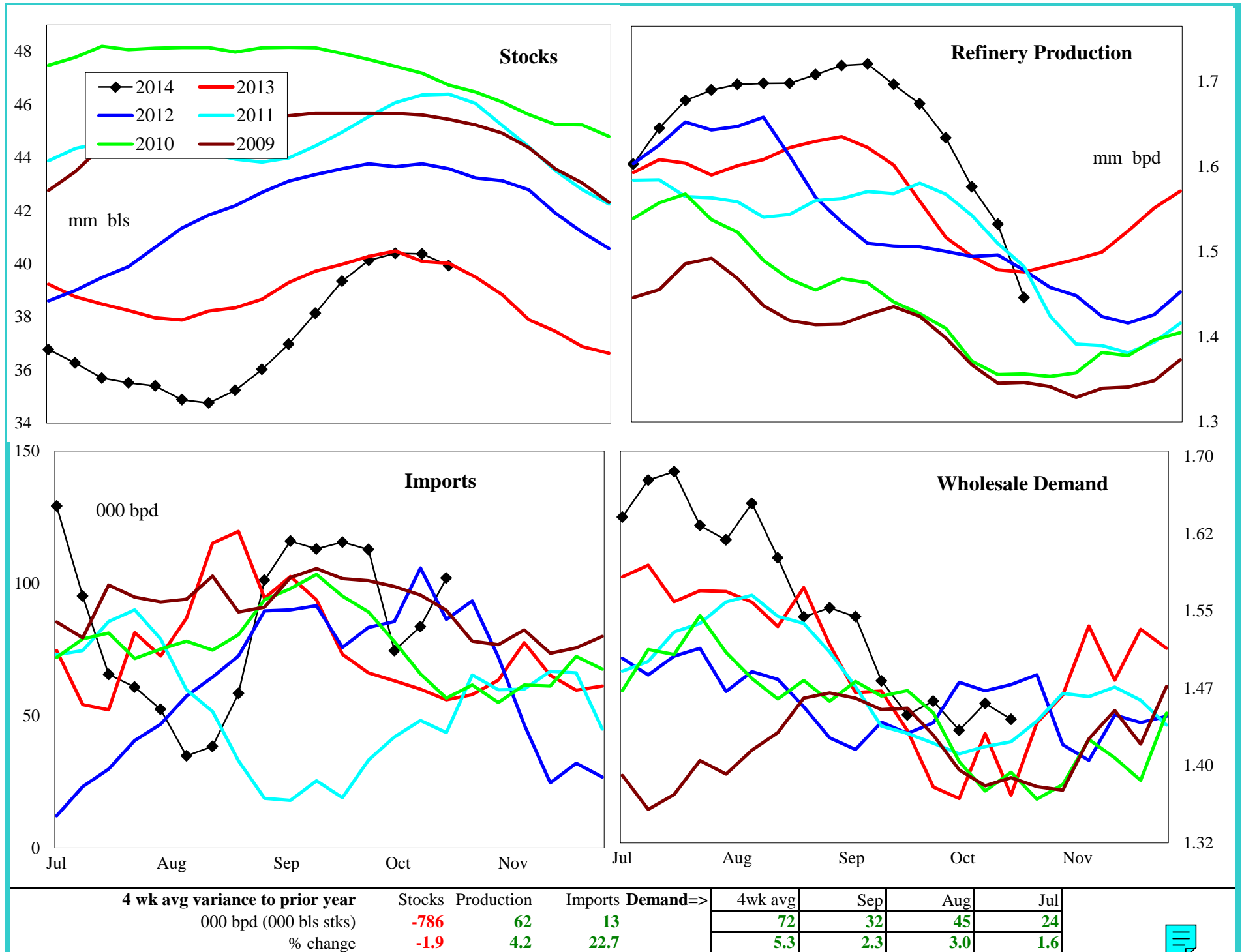
United States Low Sulfur Distillate Supply



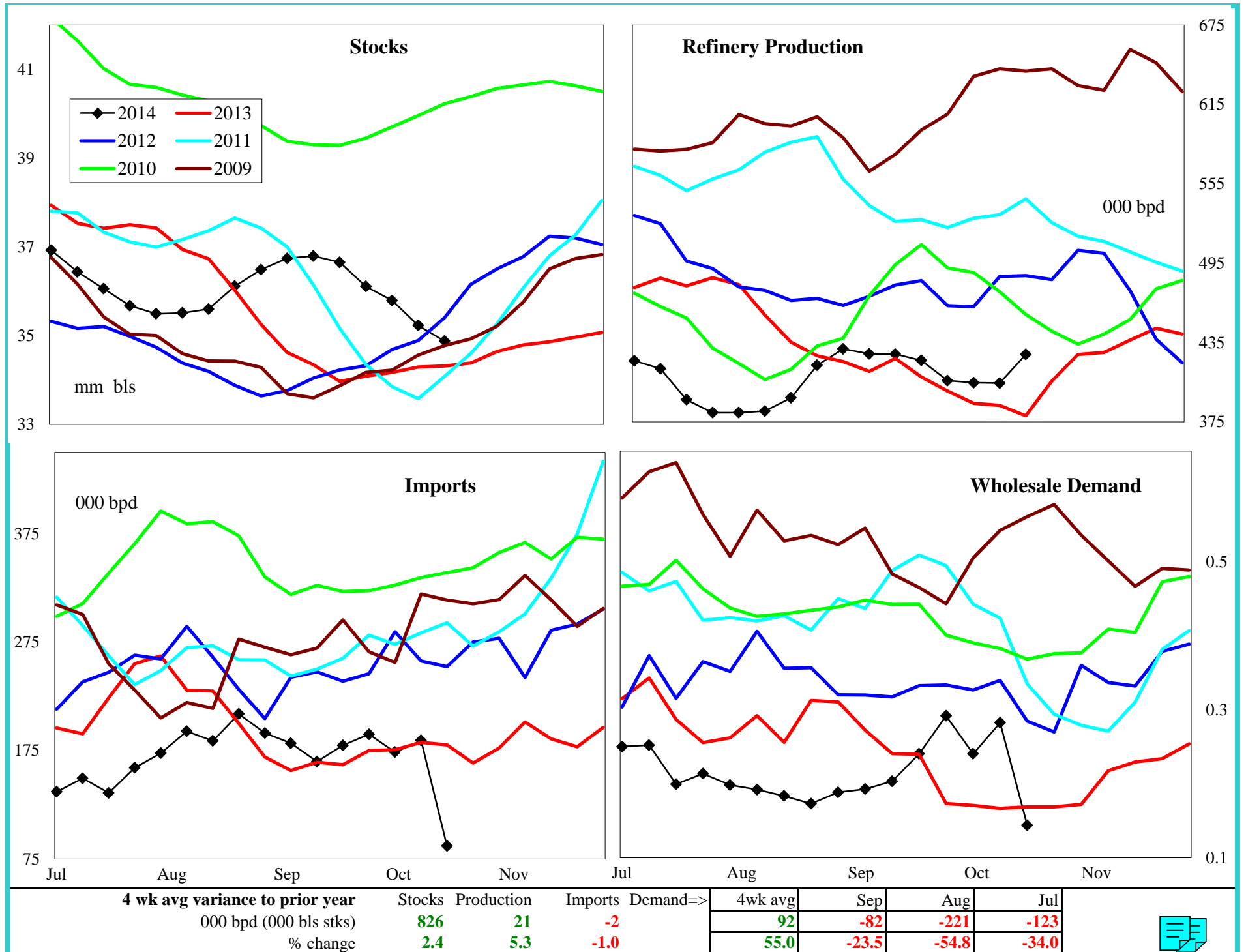
United States High Sulfur Distillate Supply



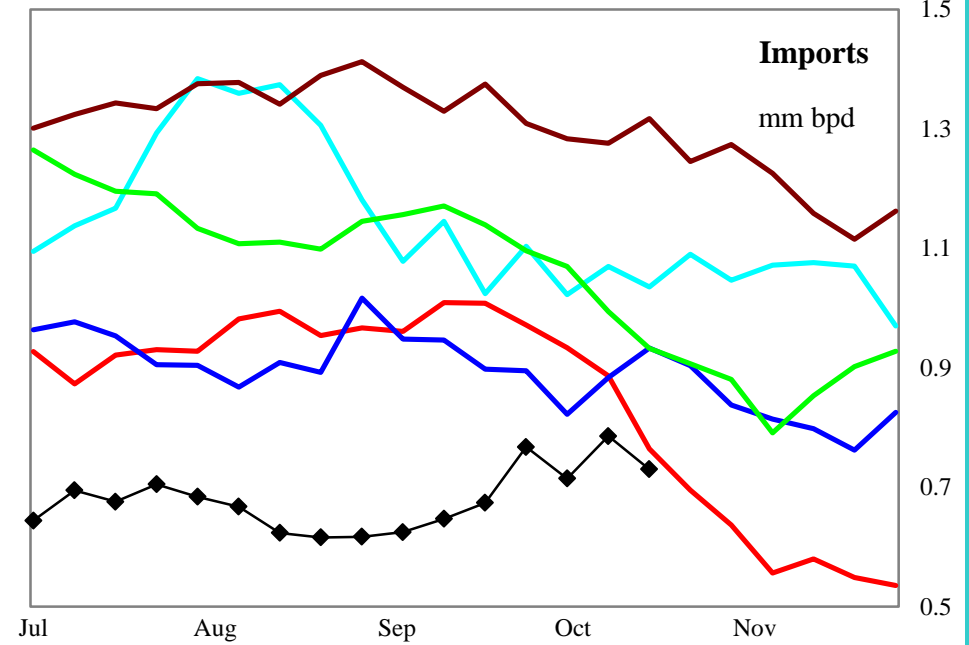
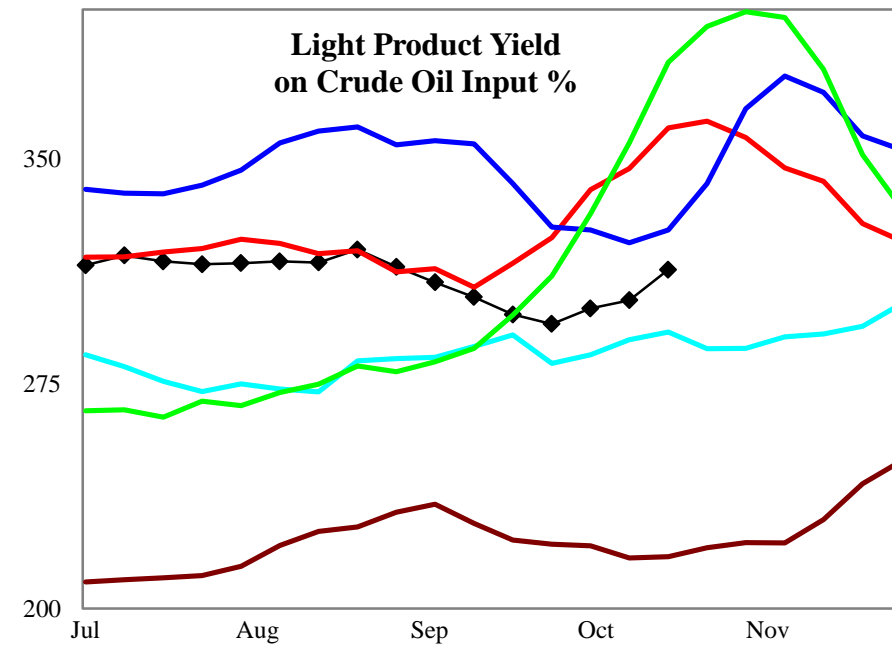
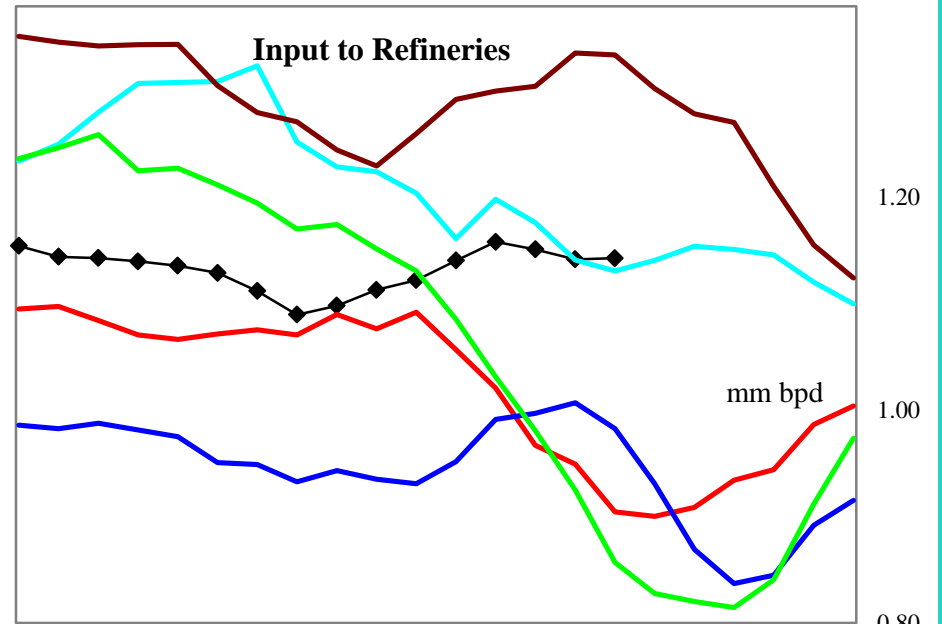
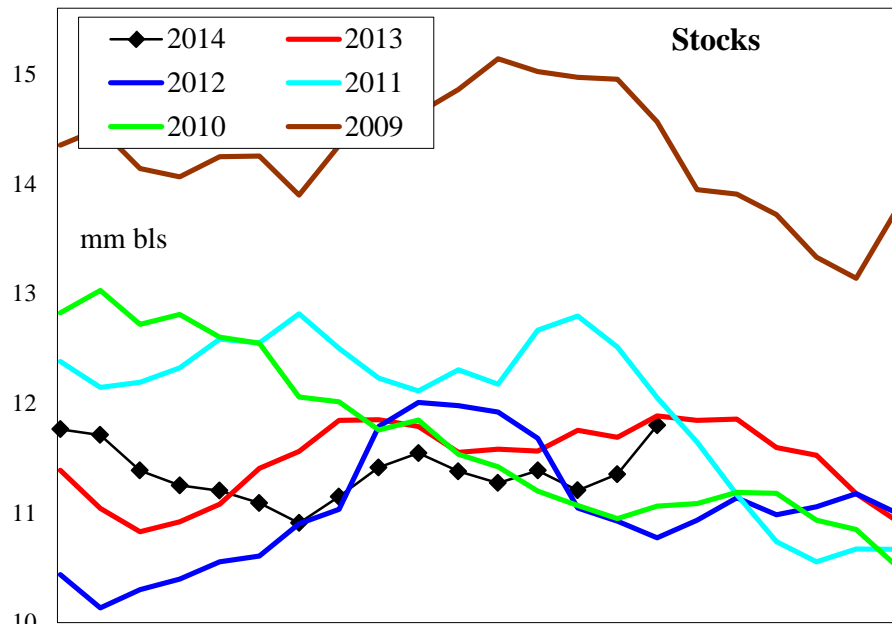
United States Jet Fuel Supply and Demand Balance



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

-86

-0.8

Input

195

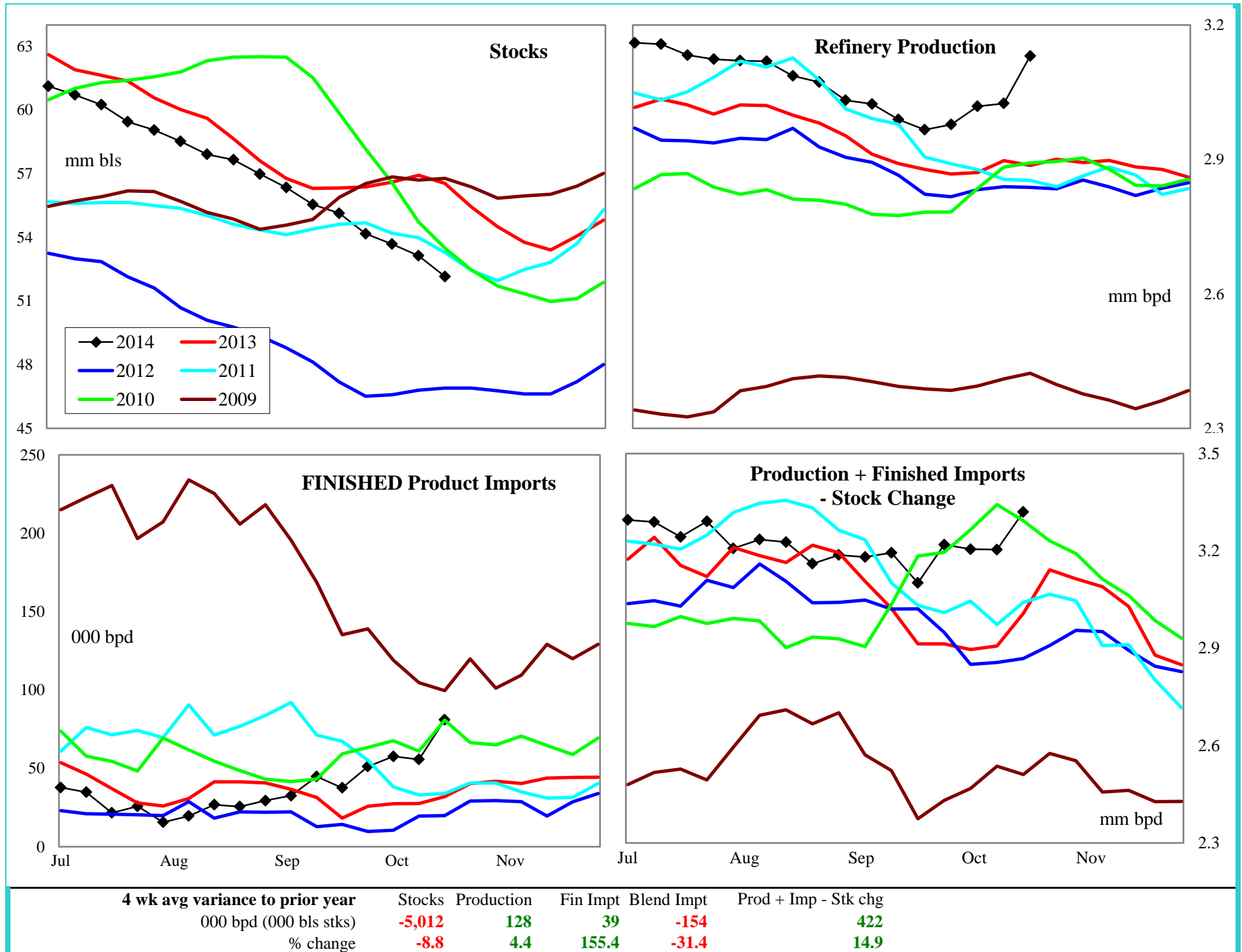
20.5

Imports

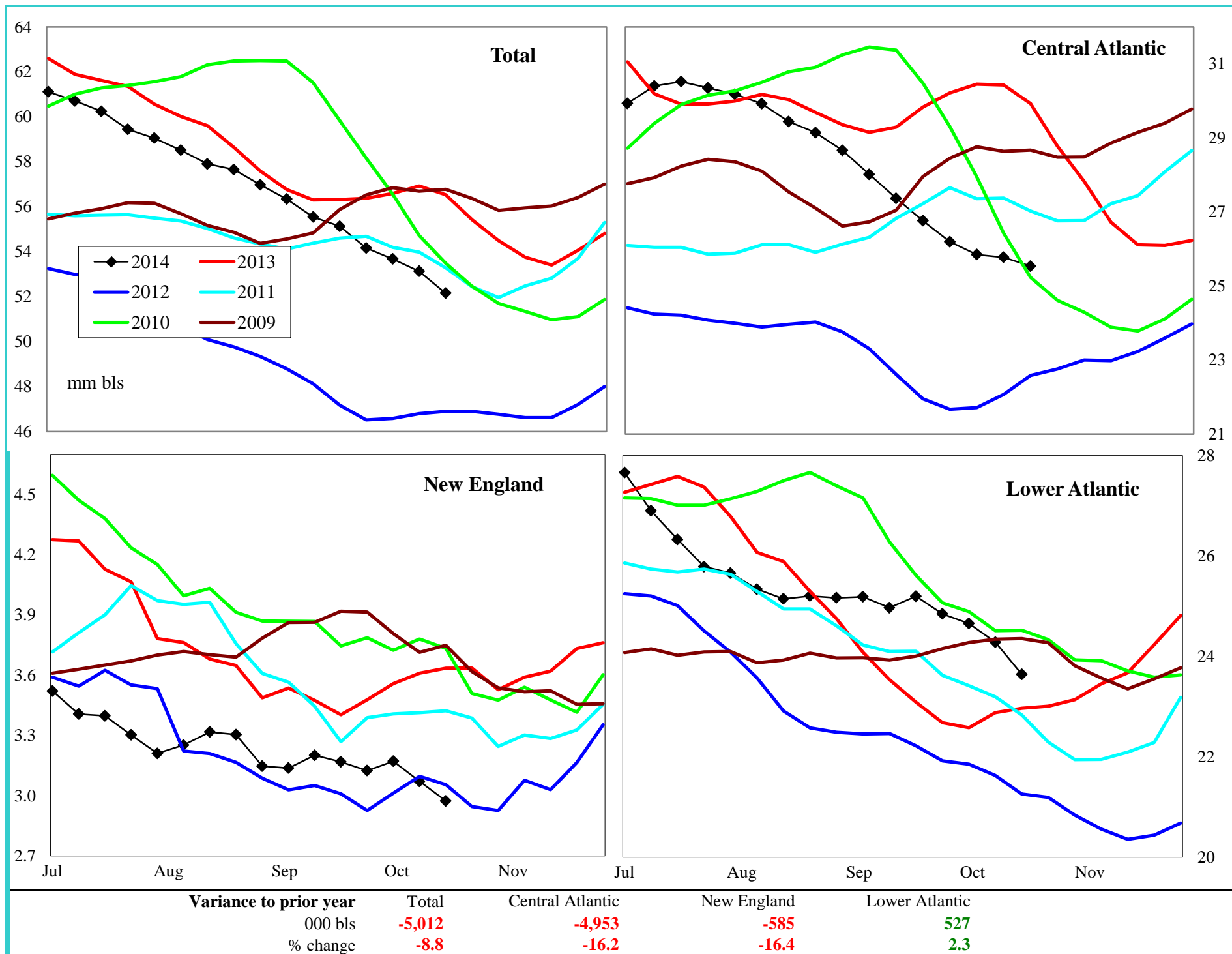
-191

-20.2

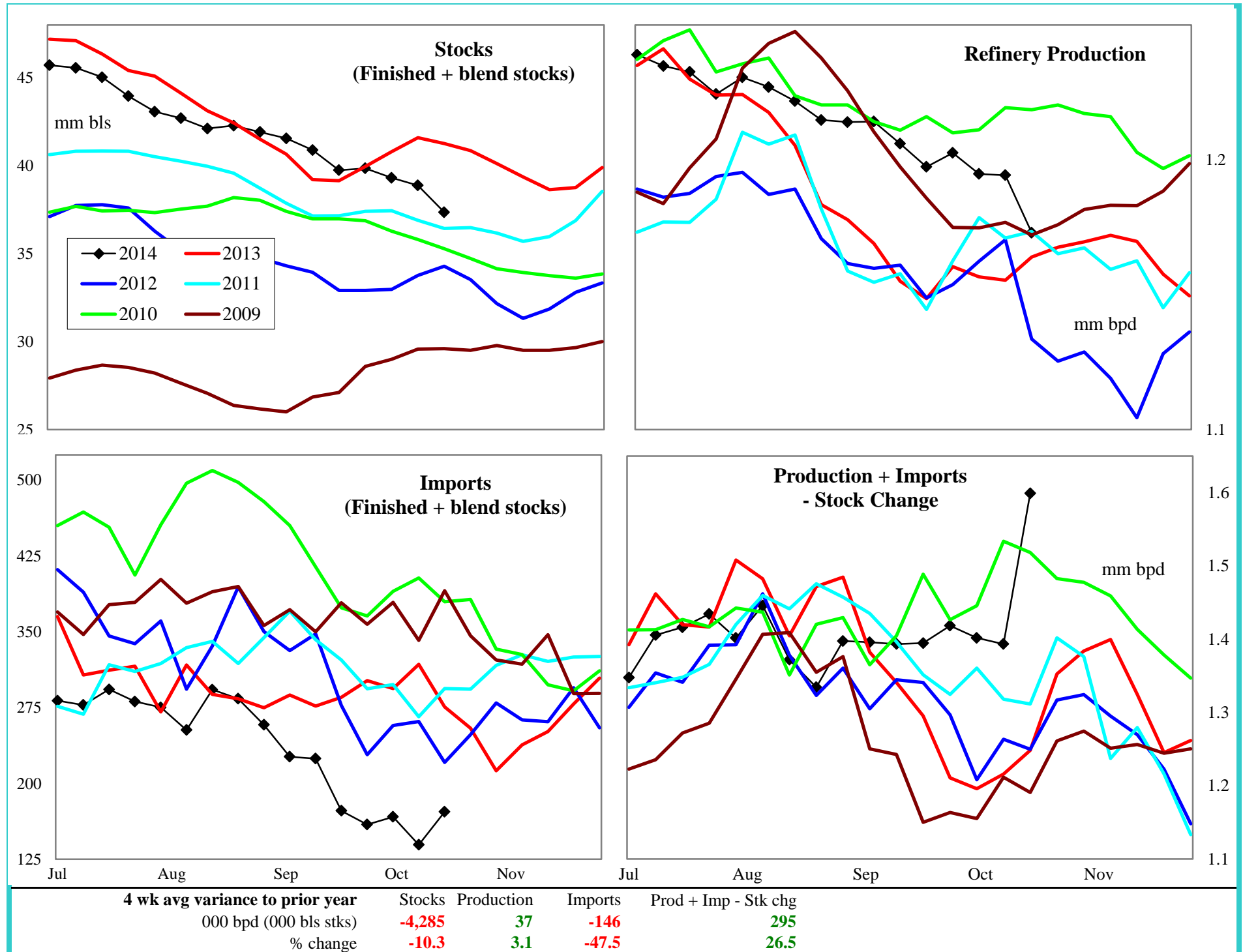
PADD 1 Gasoline Supply



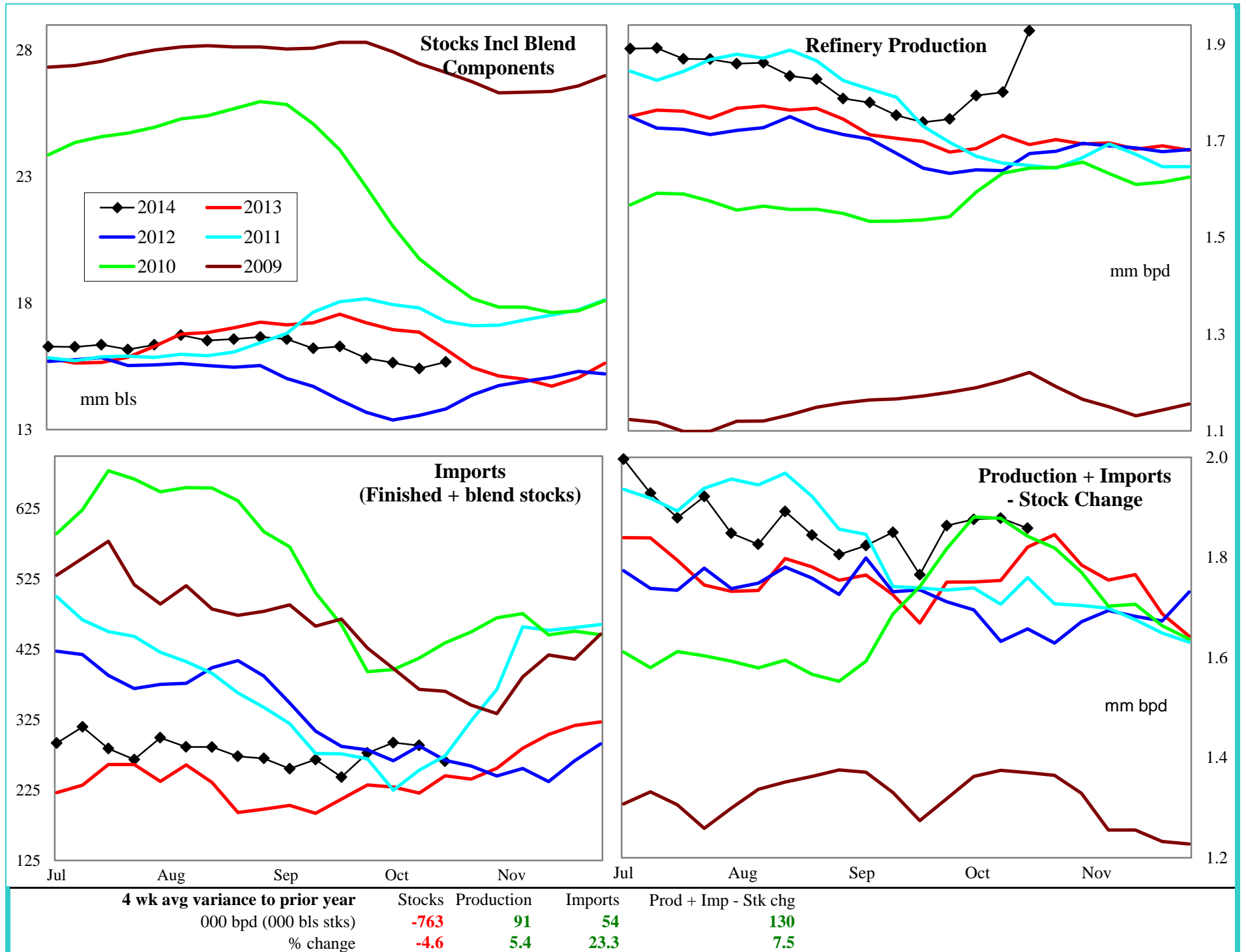
PADD 1 Gasoline Stocks by Region



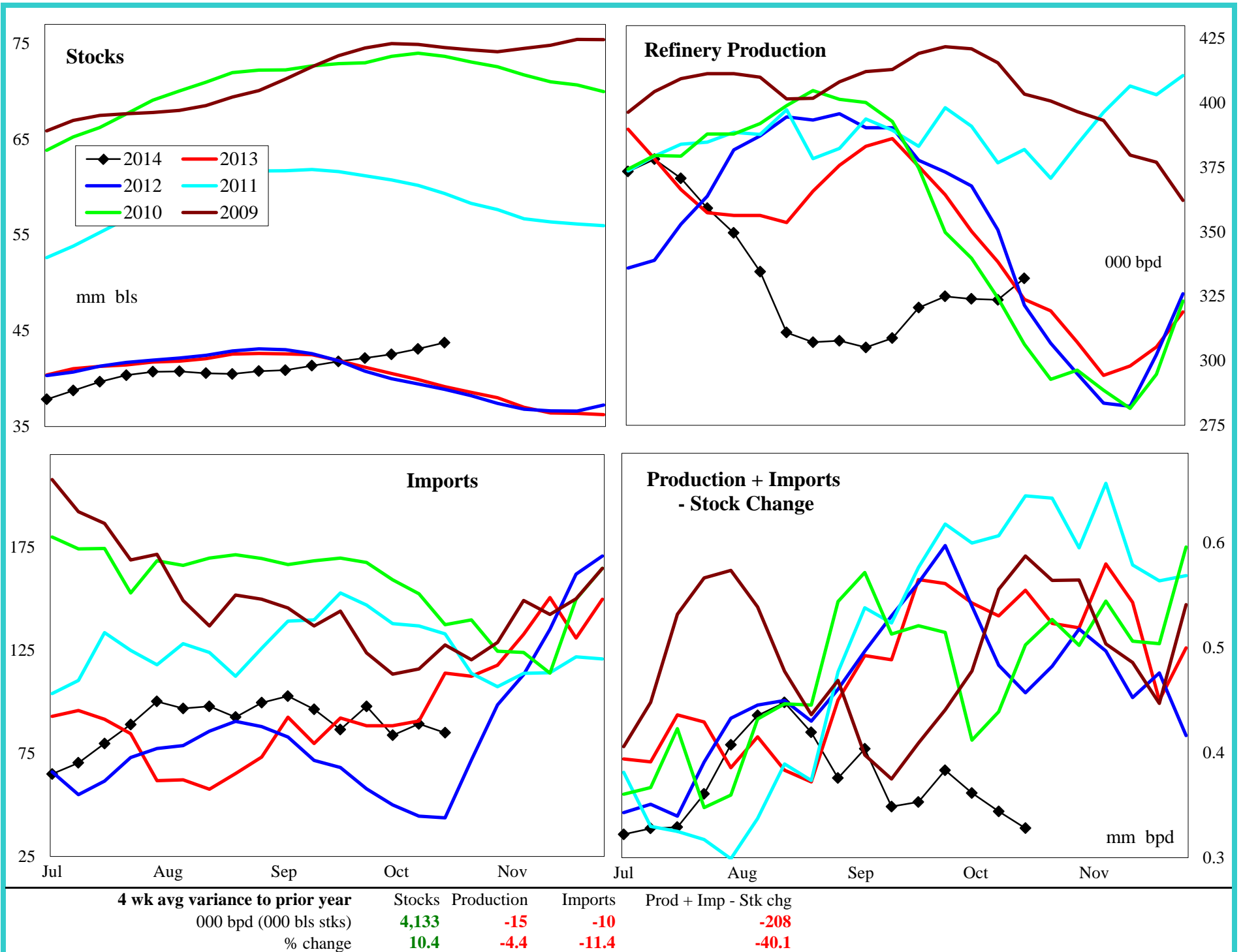
PADD 1 Reformulated Gasoline Supply



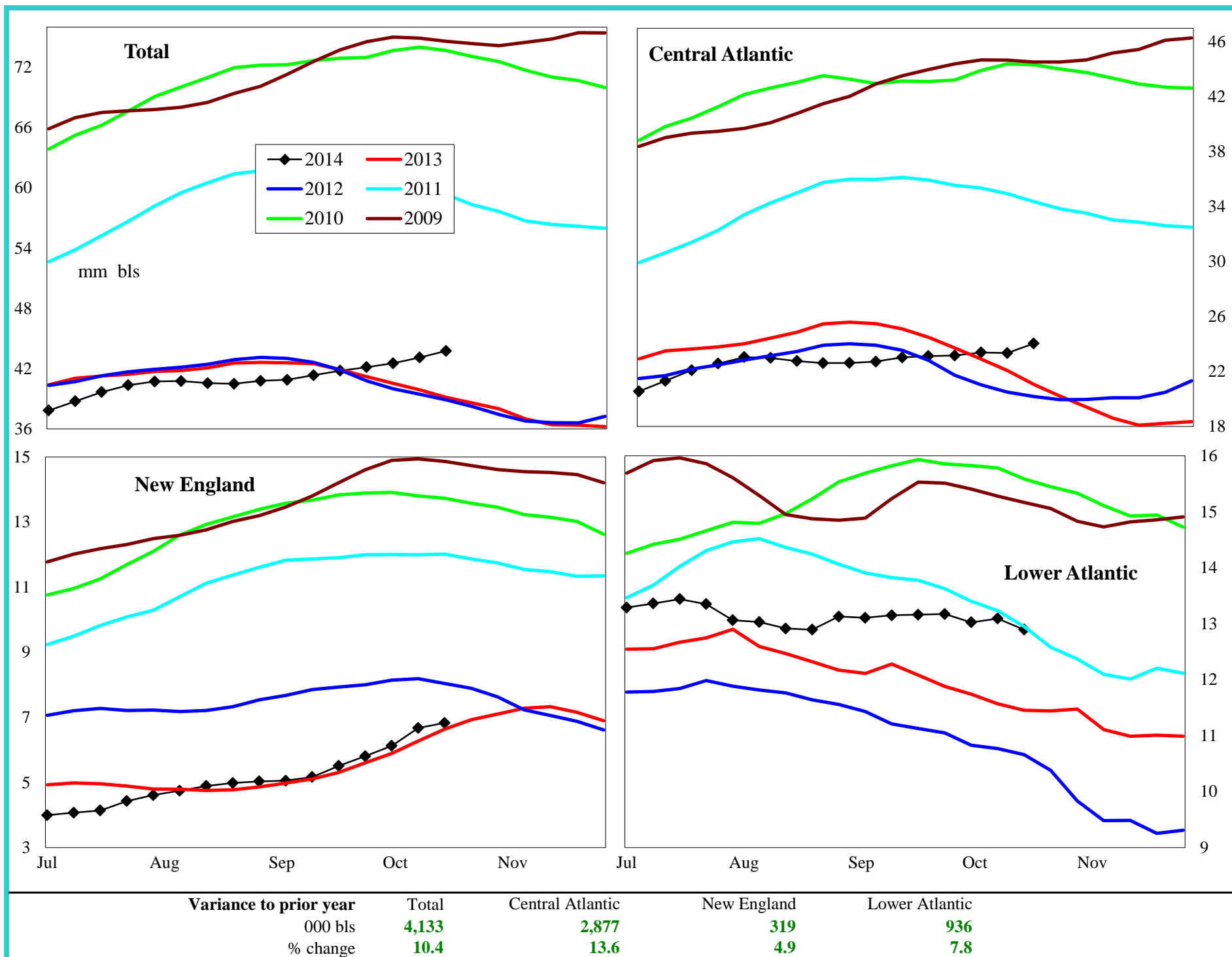
PADD 1 Conventional Gasoline Supply



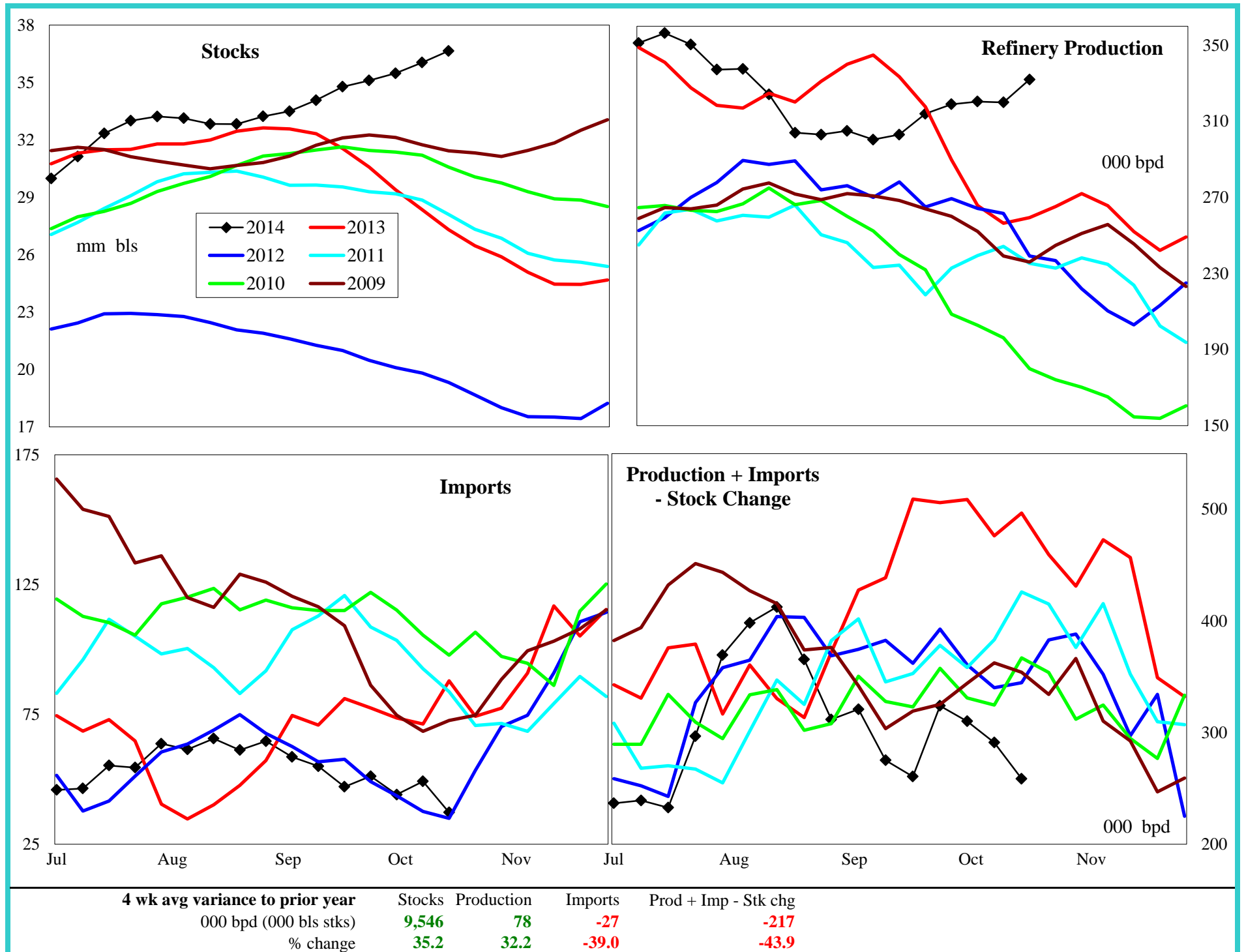
PADD 1 Distillate Supply



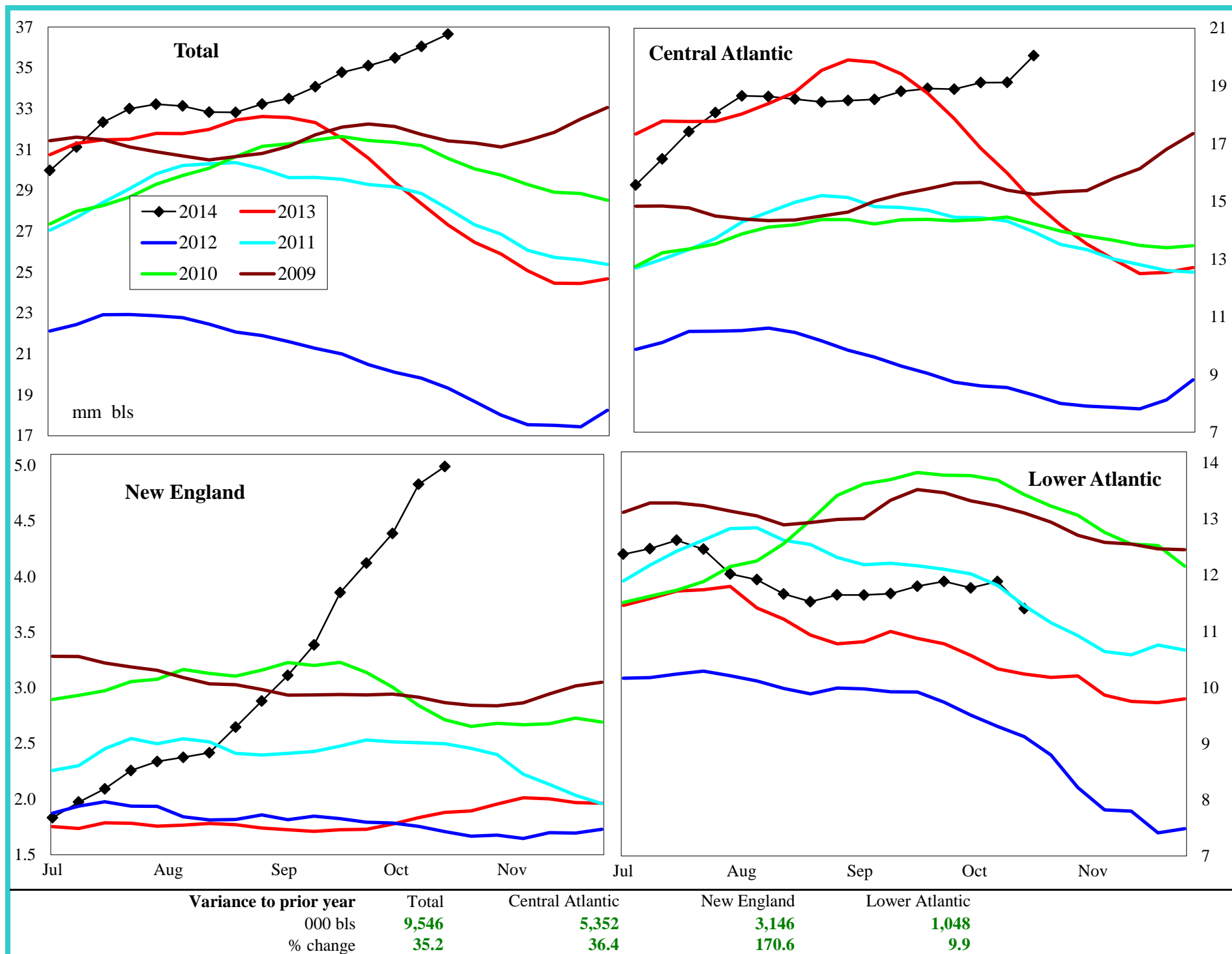
PADD 1 Distillate Stocks by Region



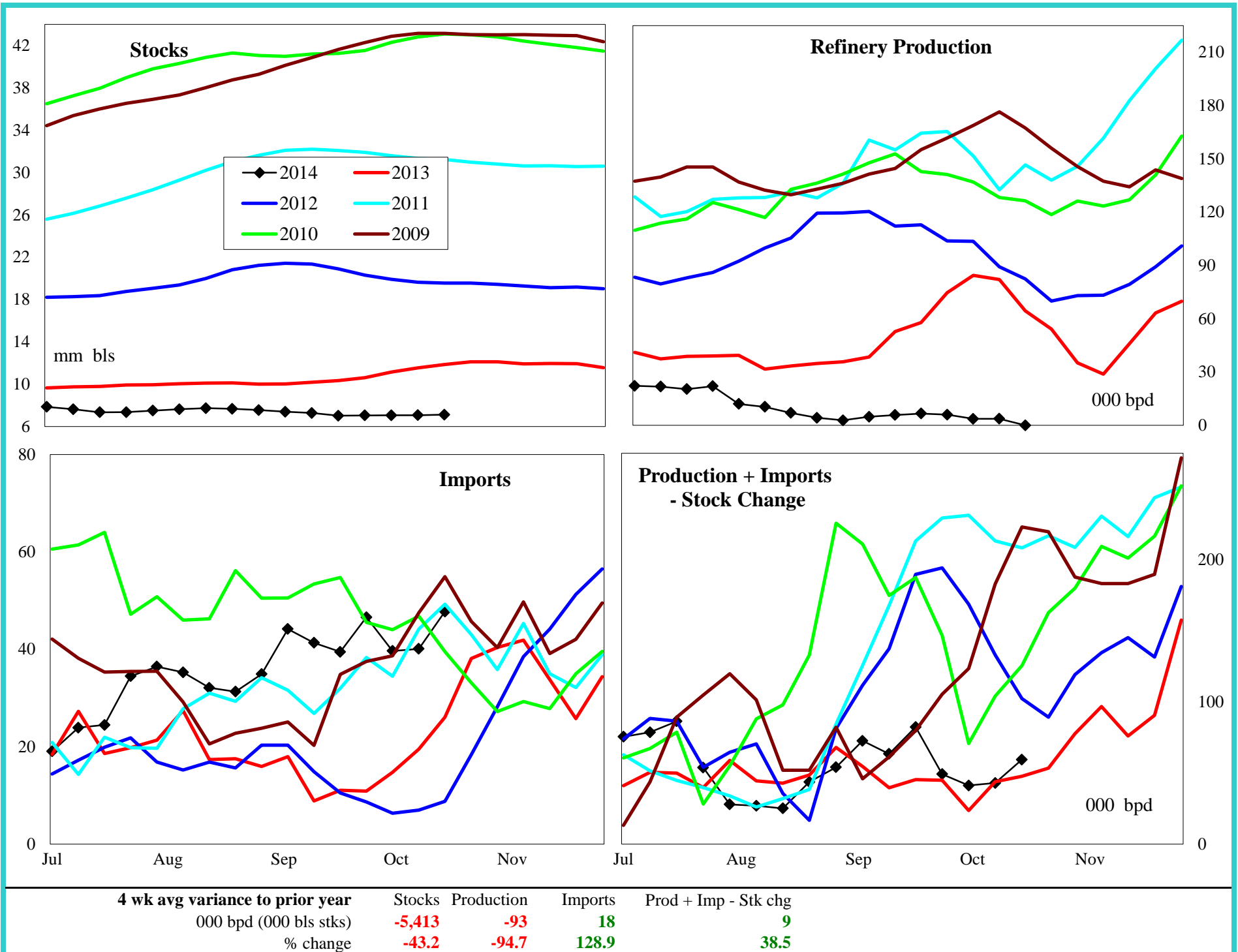
PADD 1 Low Sulfur Distillate Supply



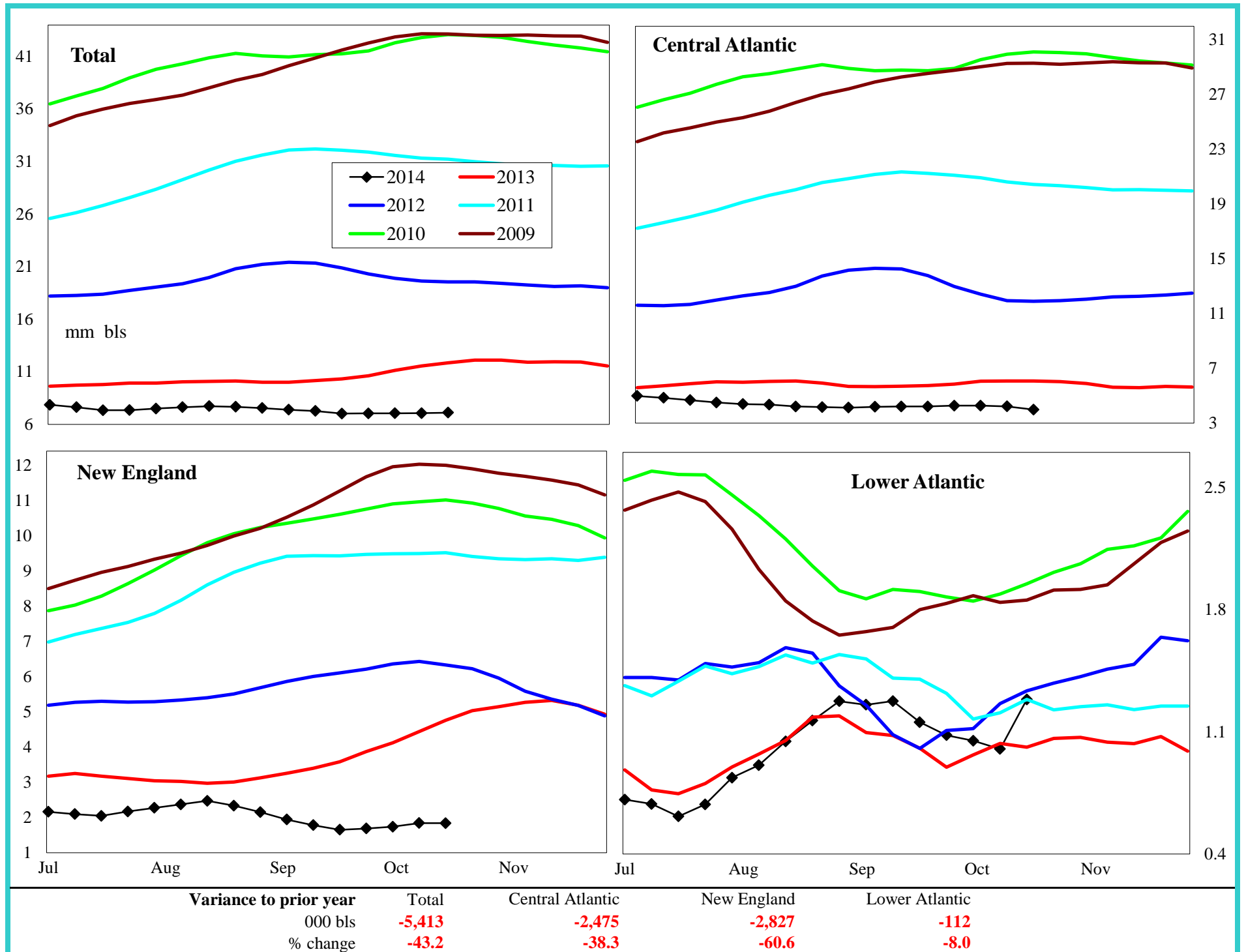
PADD 1 Low Sulfur Distillate Stocks by Region



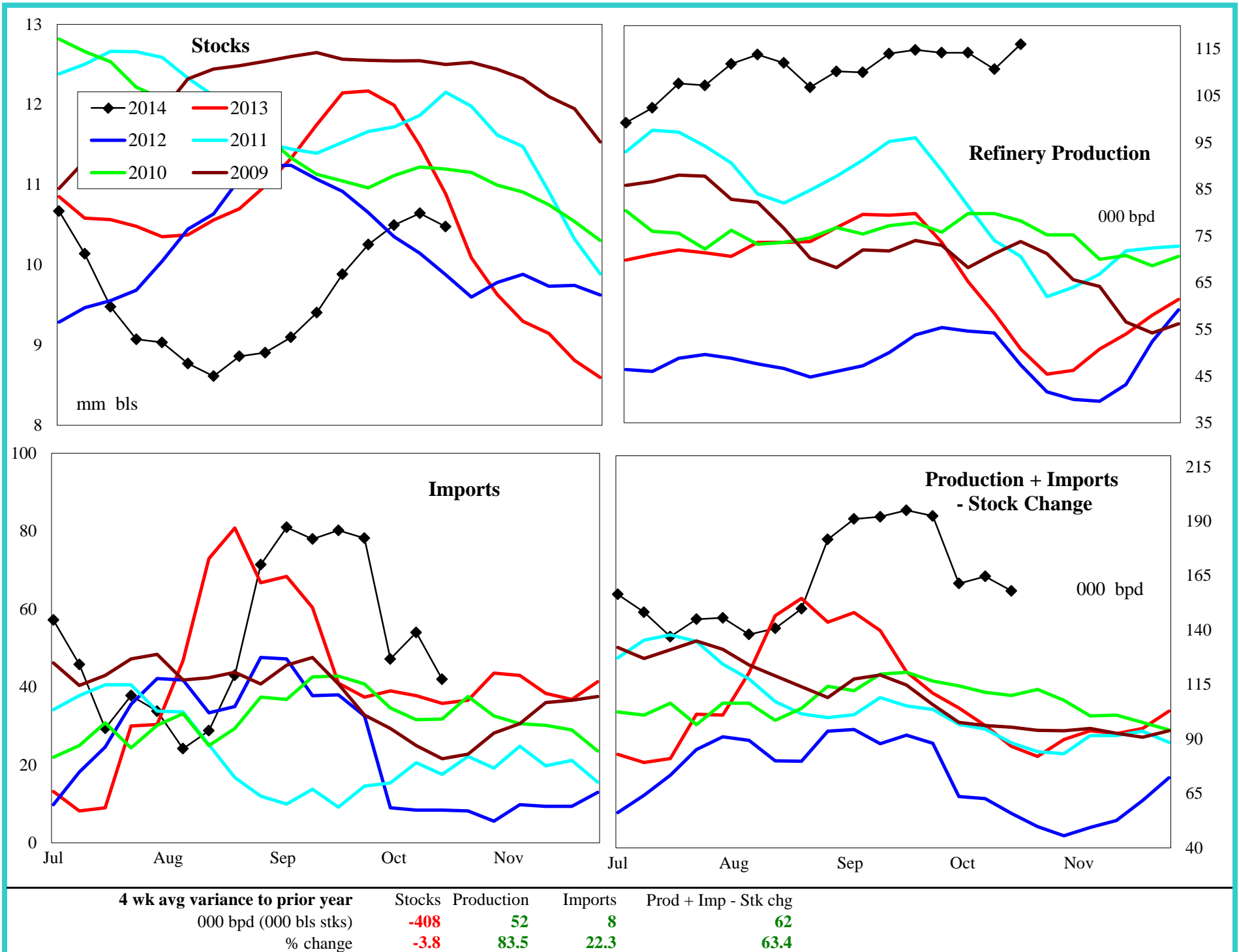
PADD 1 High Sulfur Distillate Supply



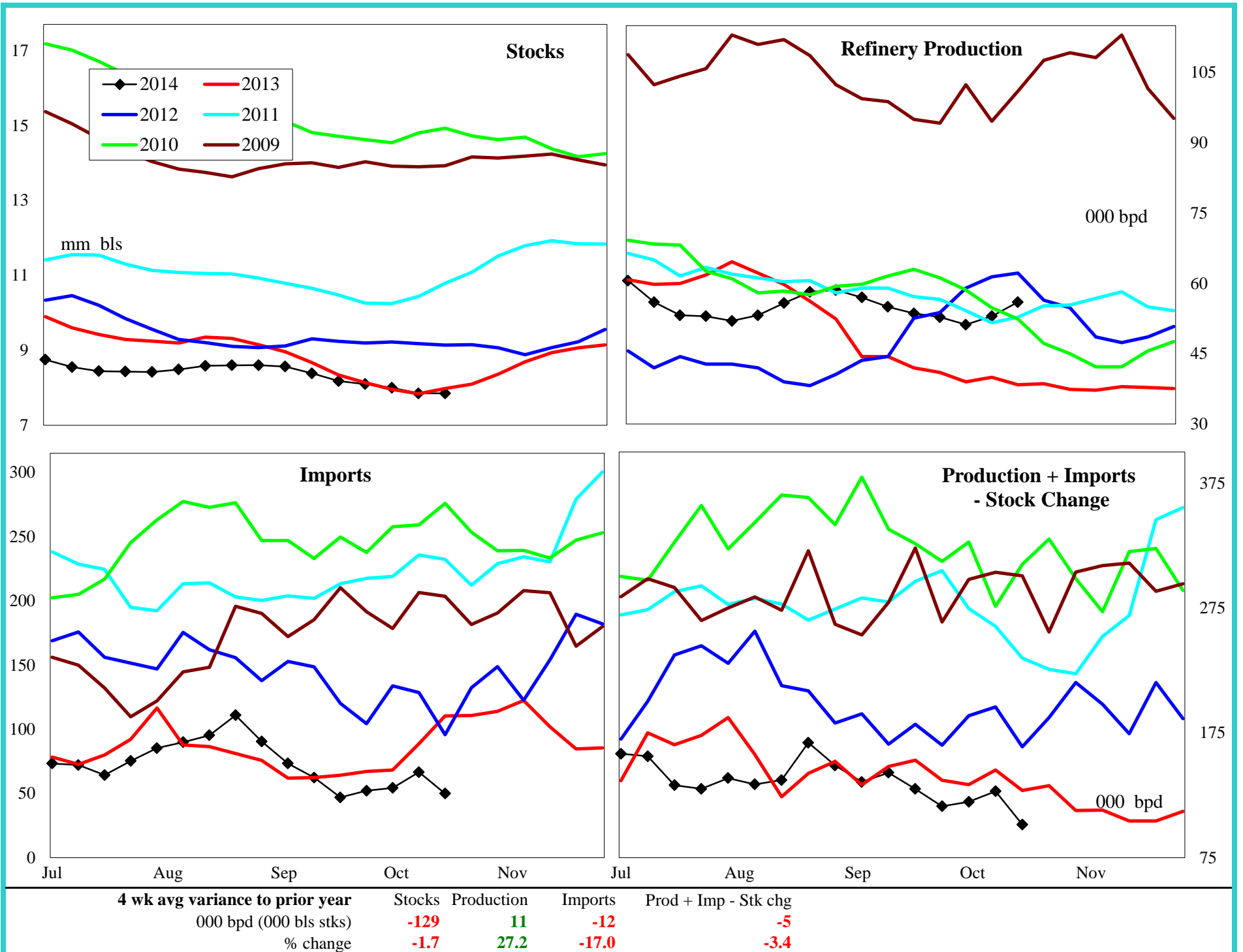
PADD 1 High Sulfur Distillate Stocks by Region



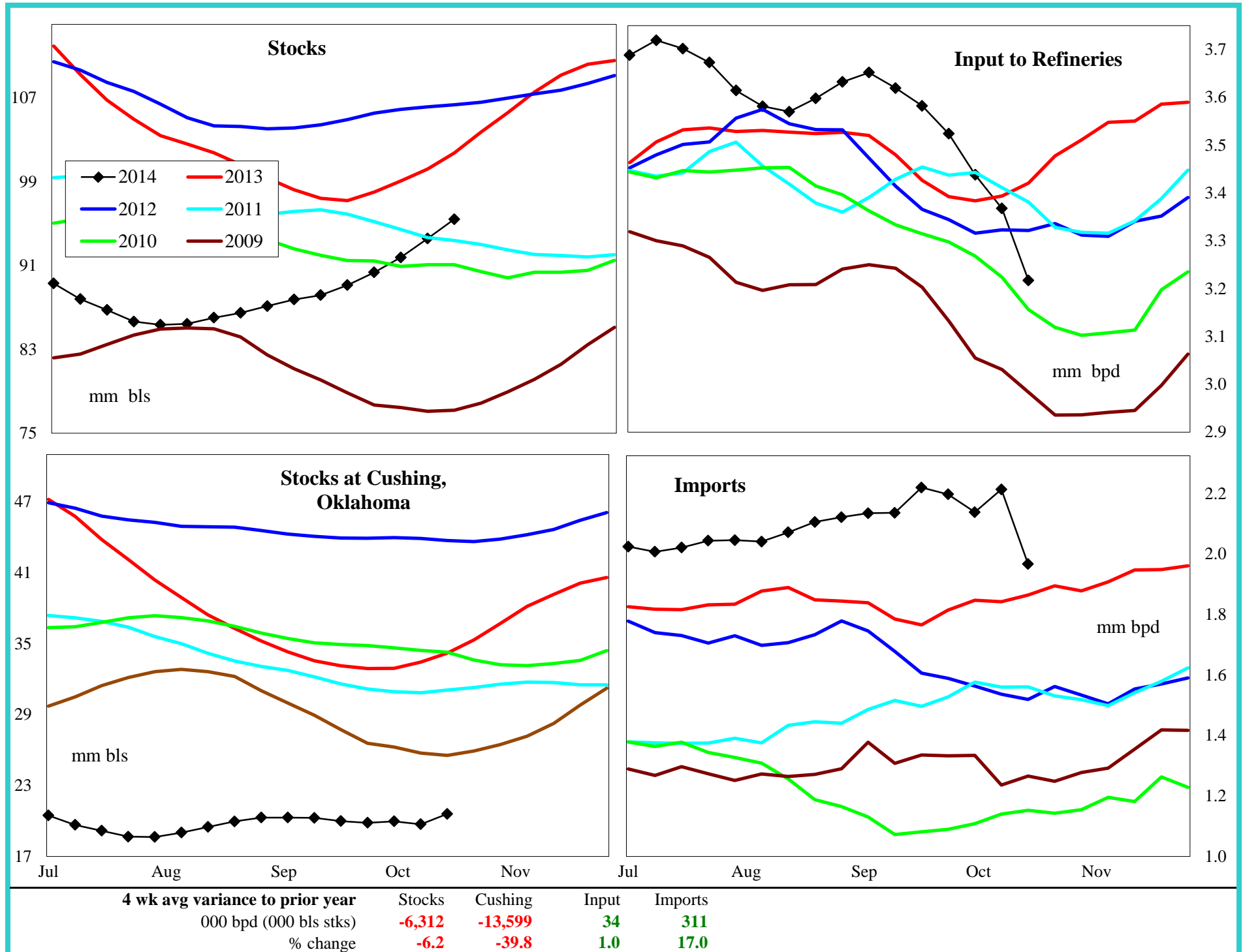
PADD 1 Jet Fuel Supply



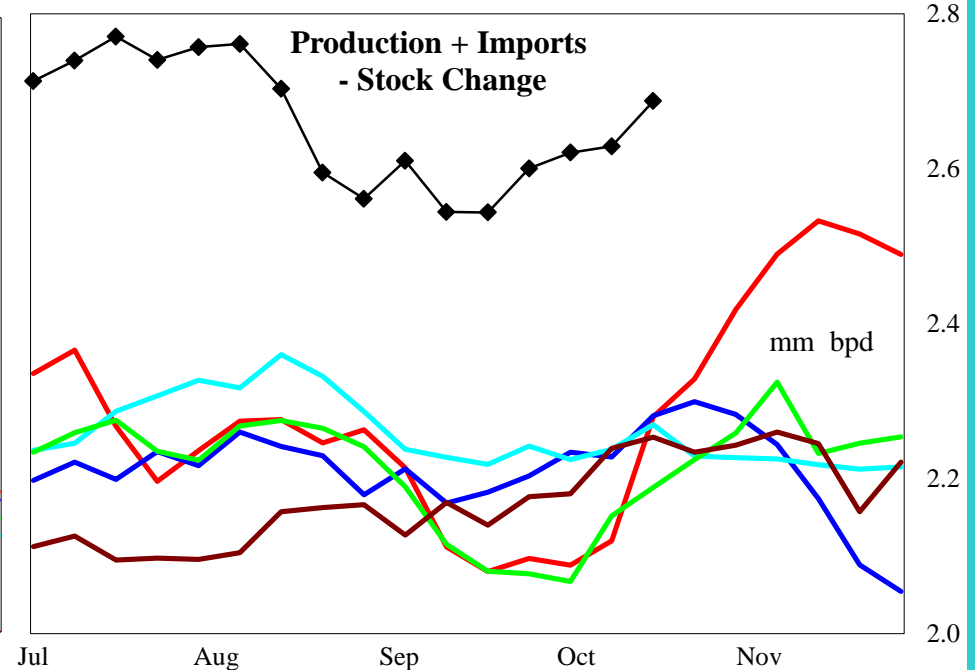
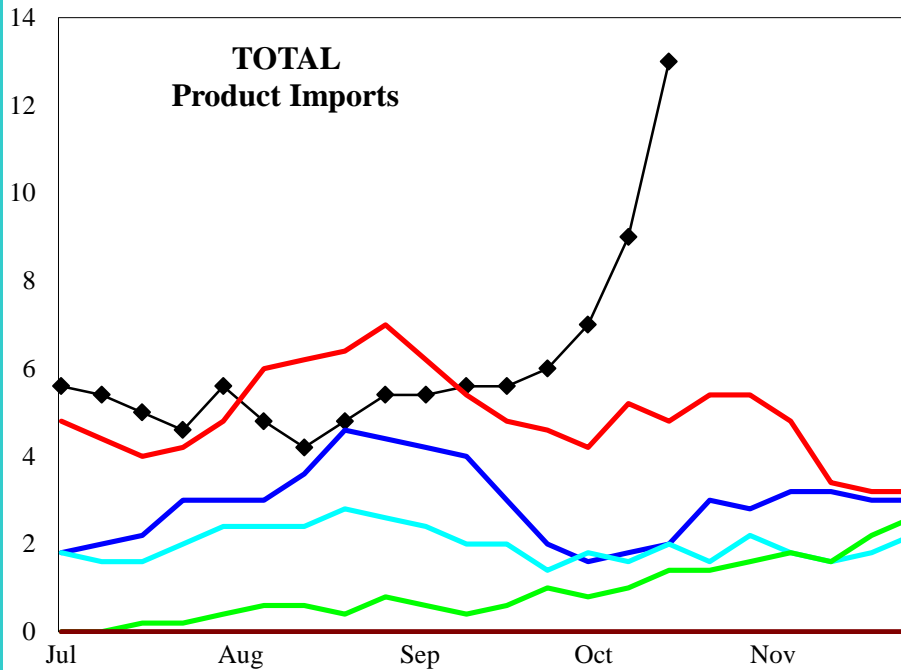
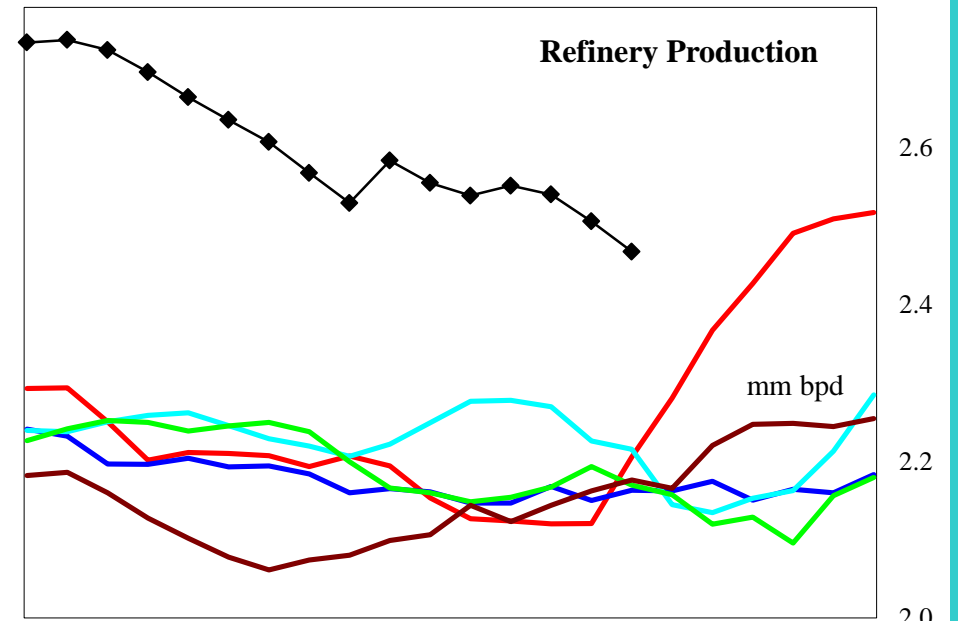
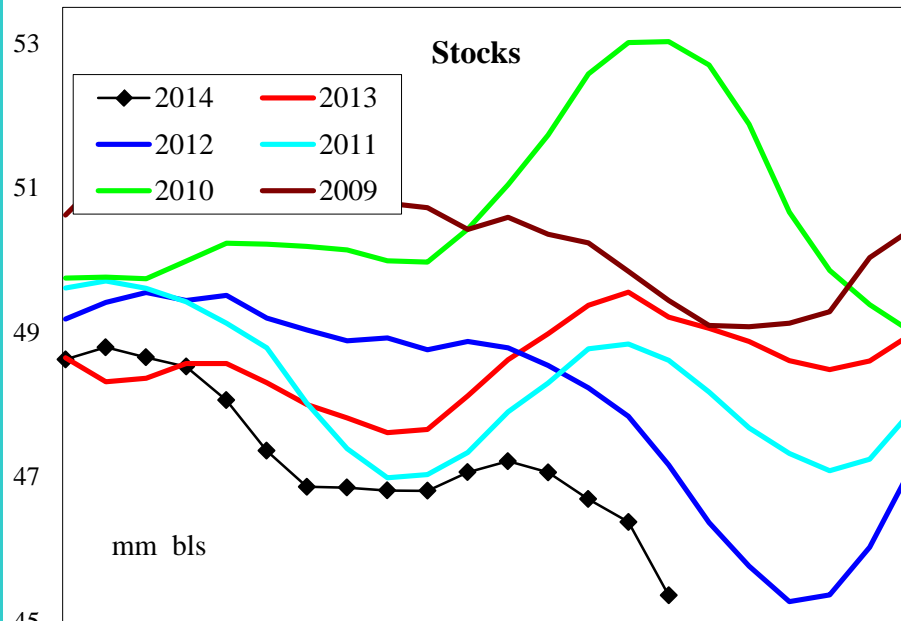
PADD 1 Residual Fuel Oil Supply



PADD 2 Crude Oil Supply and Refining



PADD 2 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

-3,850

-7.8

Production

383

18.0

Imports

3

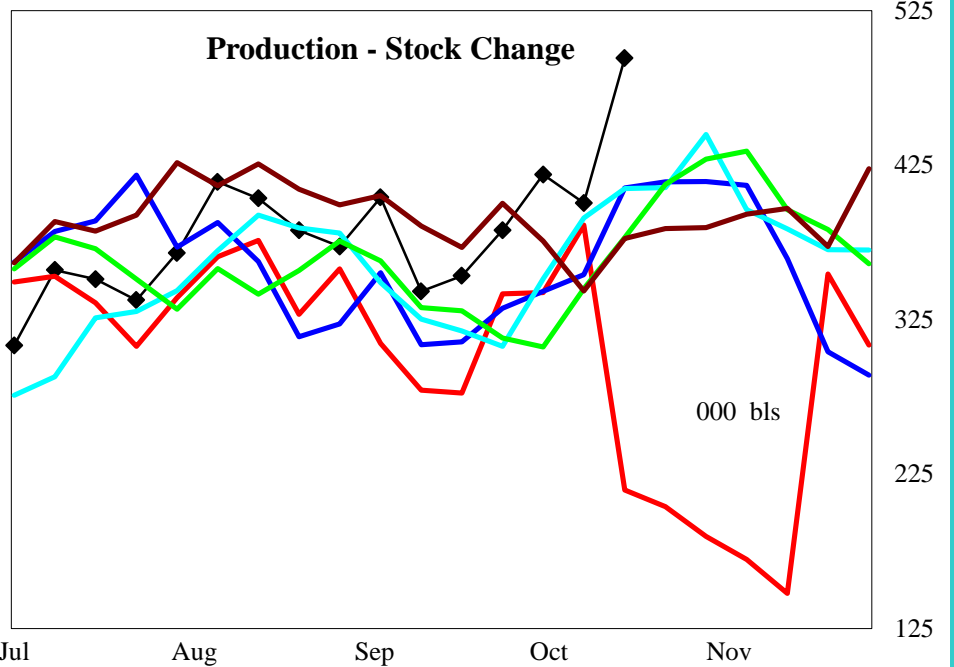
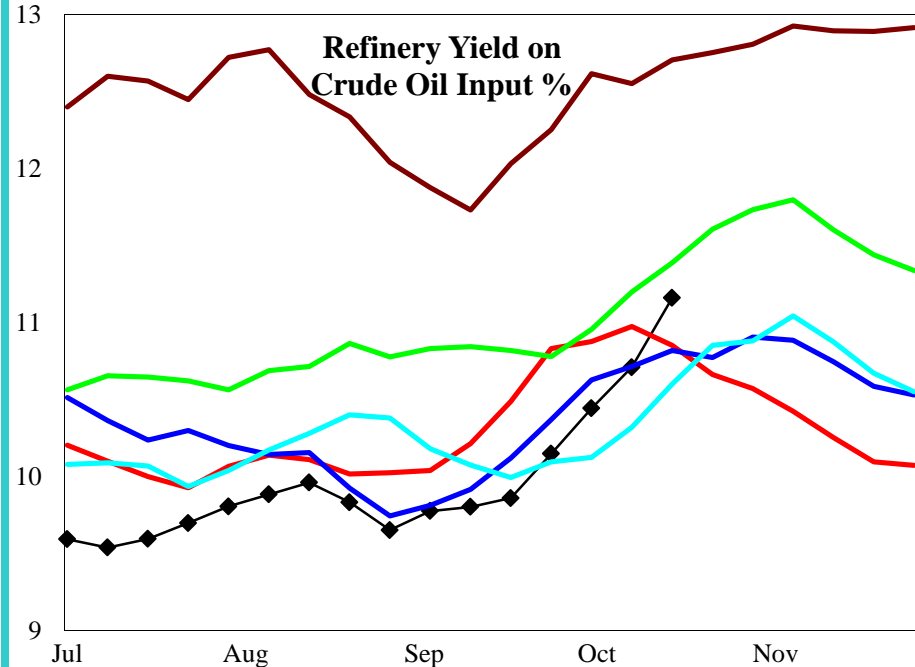
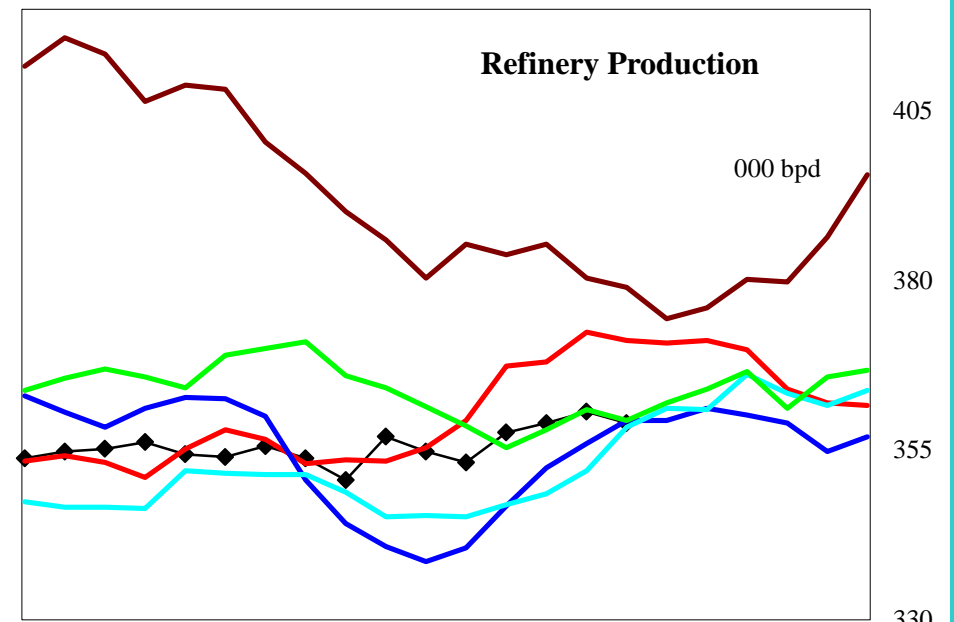
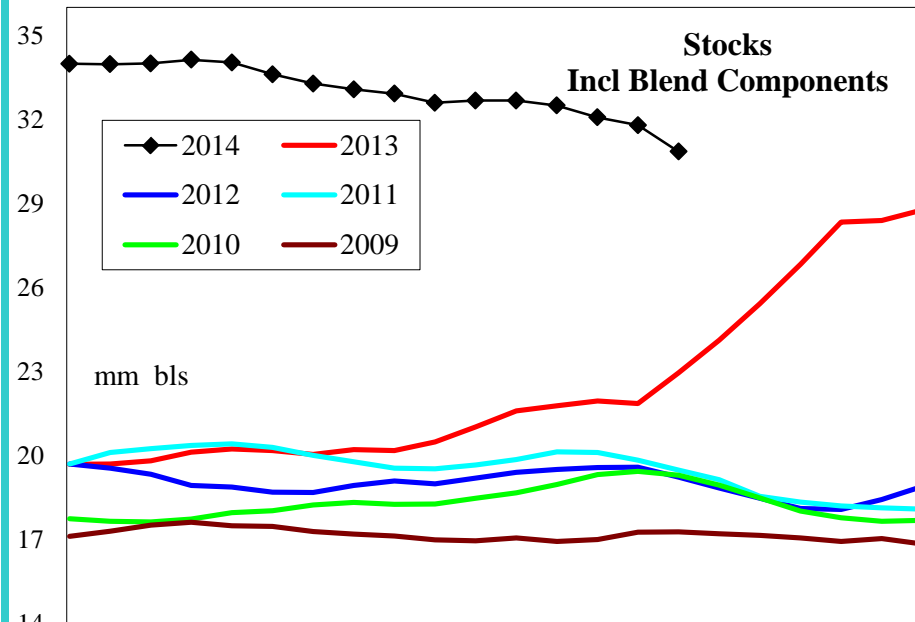
61.1

Prod + Imp - Stk chg

498

23.9

PADD 2 Reformulated Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

Production

7,895

-11

34.4

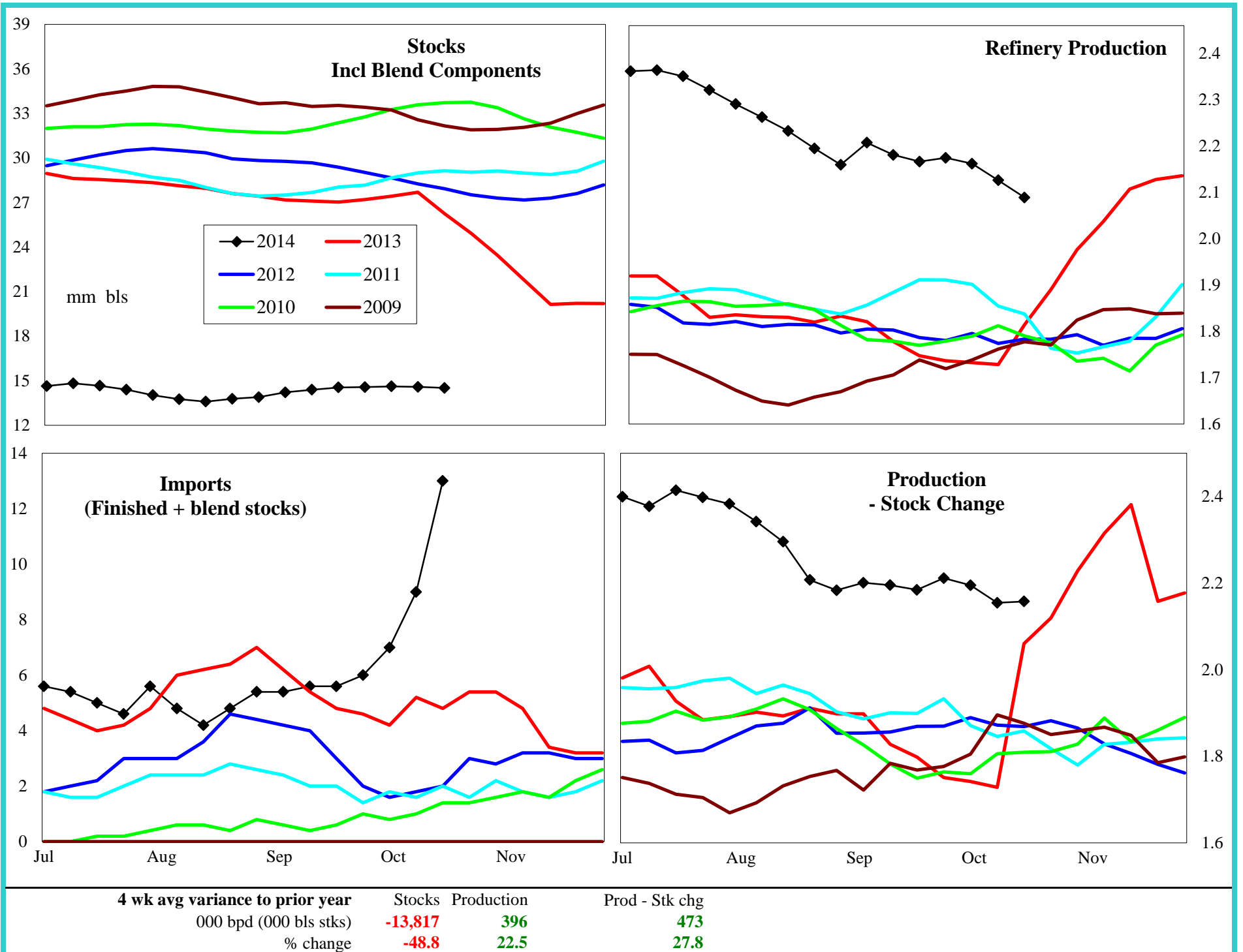
-2.9

Prod - Stk chg

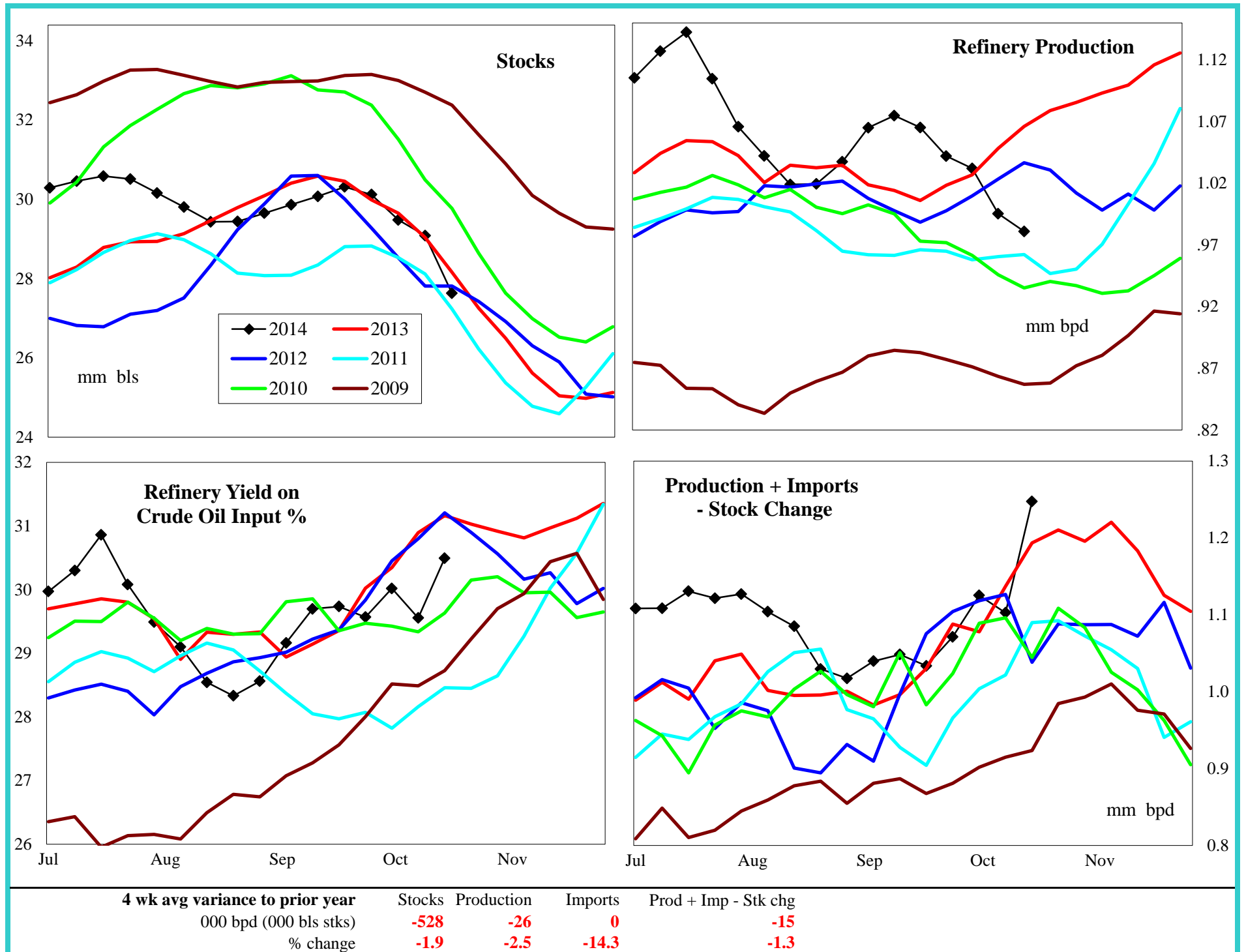
103

32.0

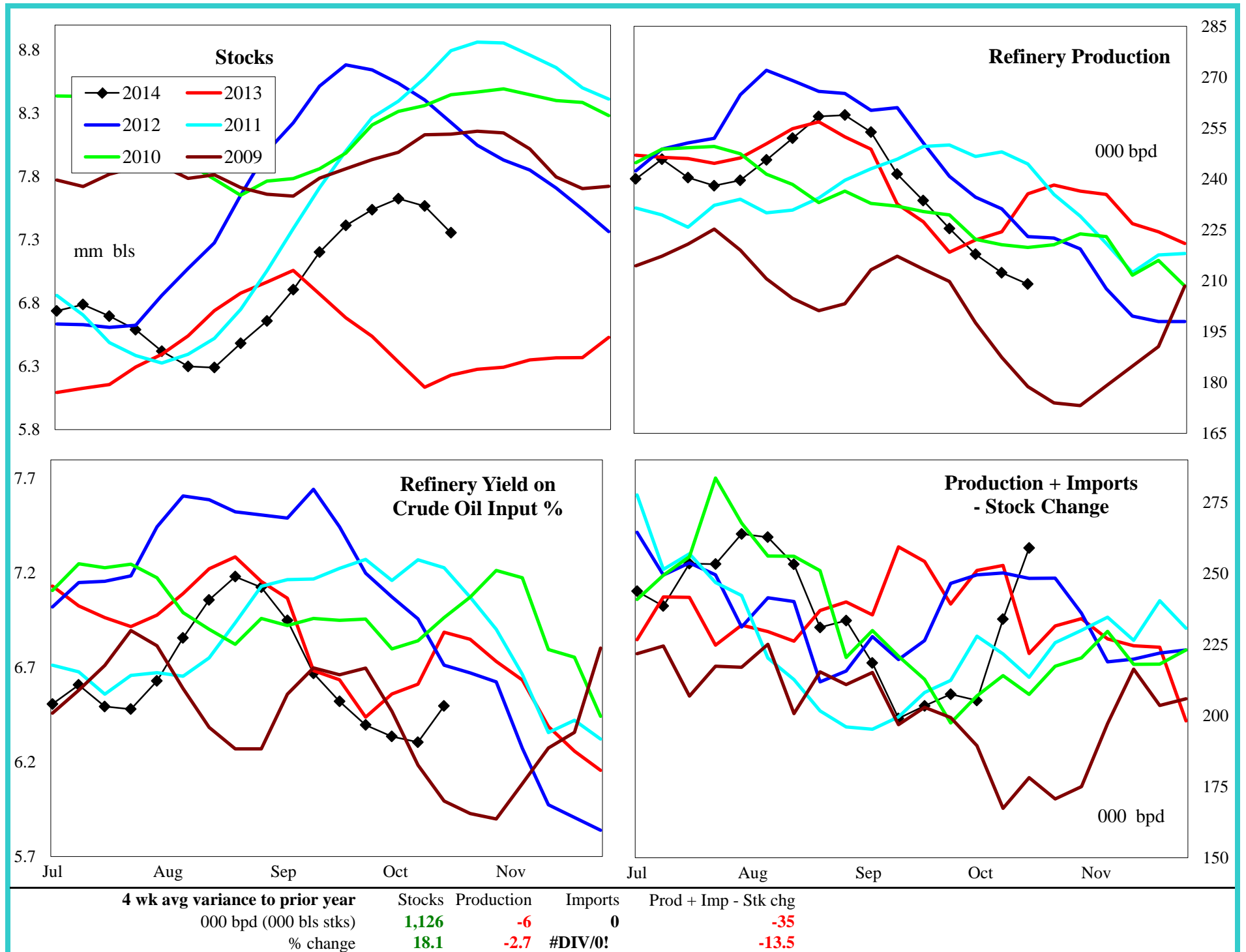
PADD 2 Conventional Gasoline Supply



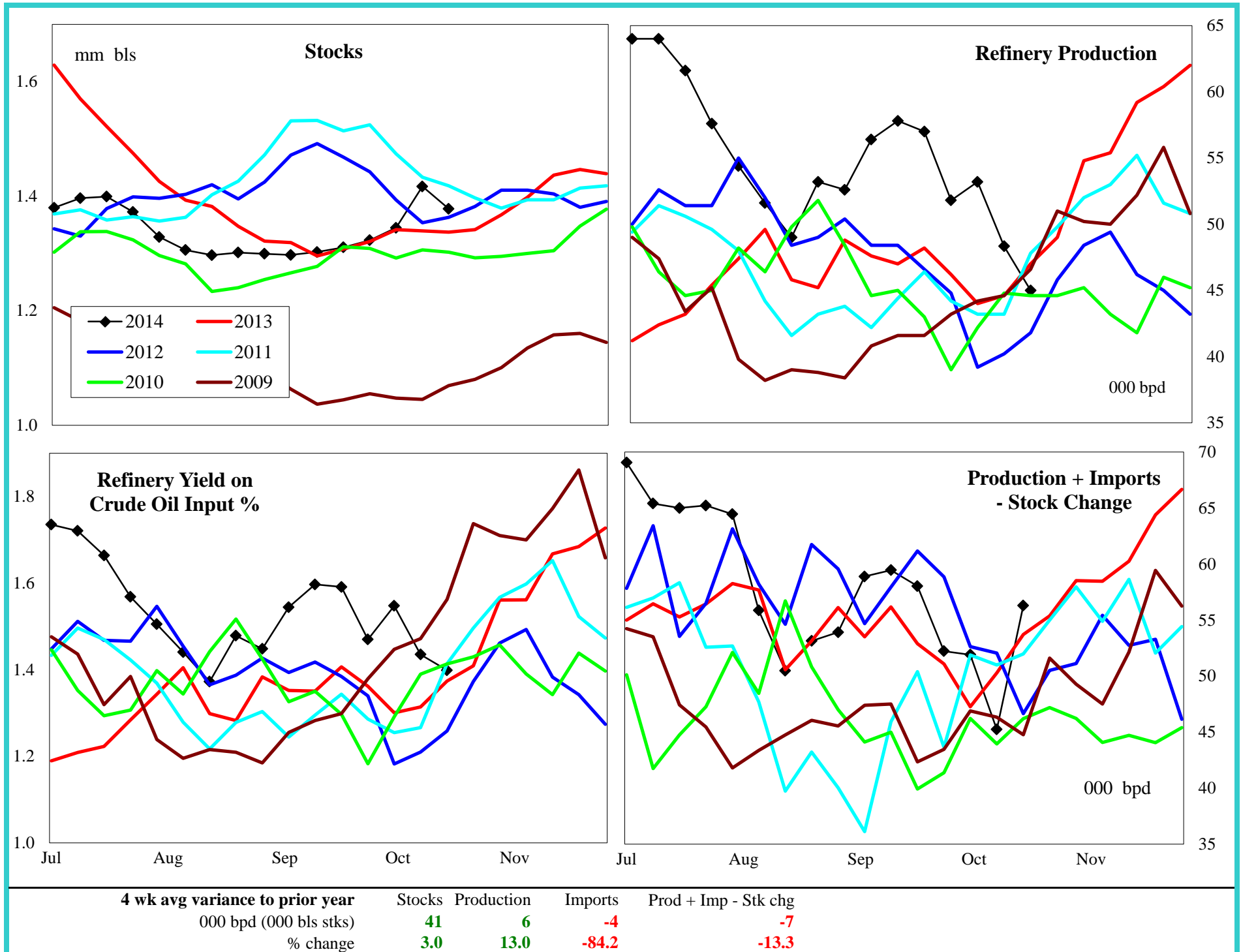
PADD 2 Distillate Supply



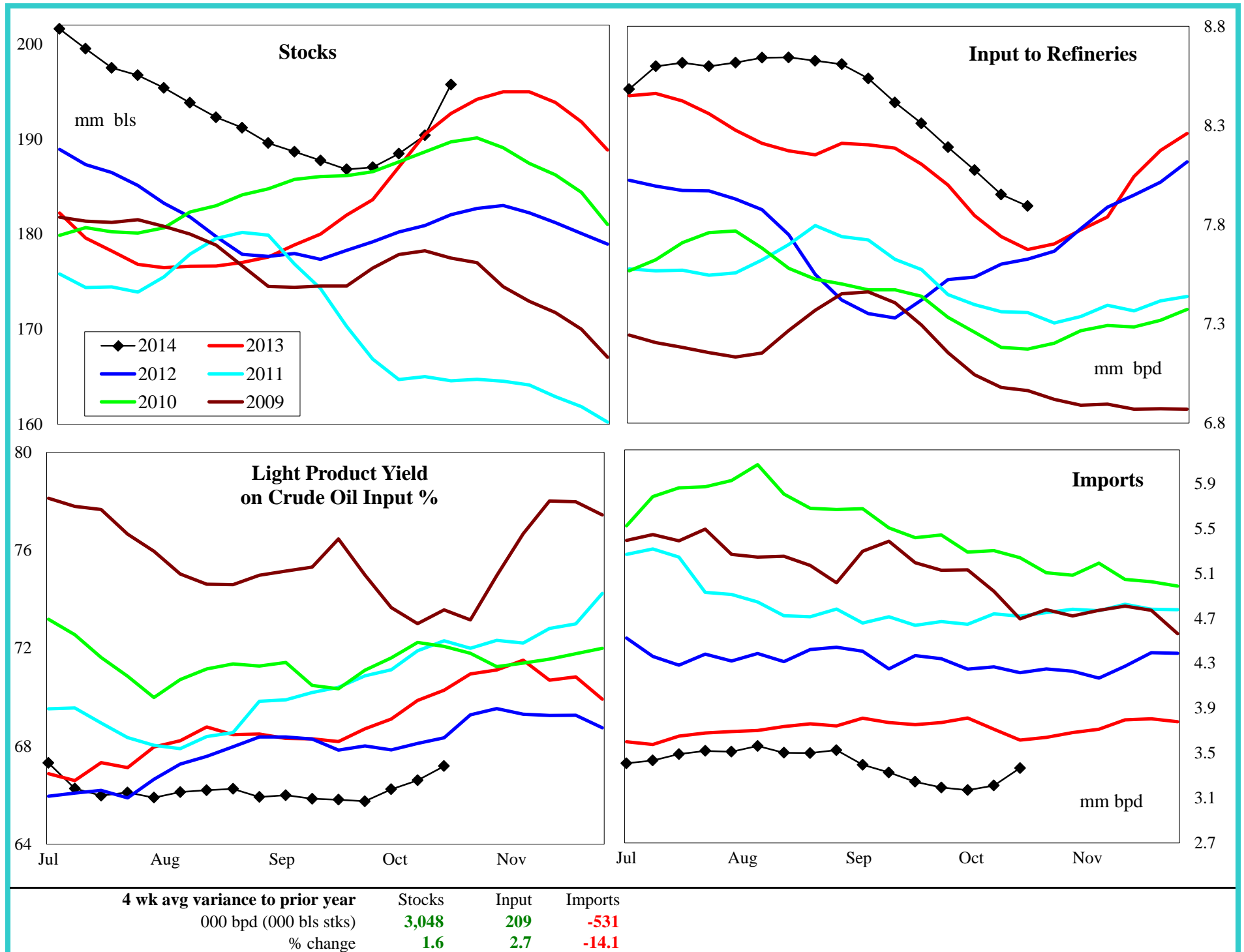
PADD 2 Jet Fuel Supply



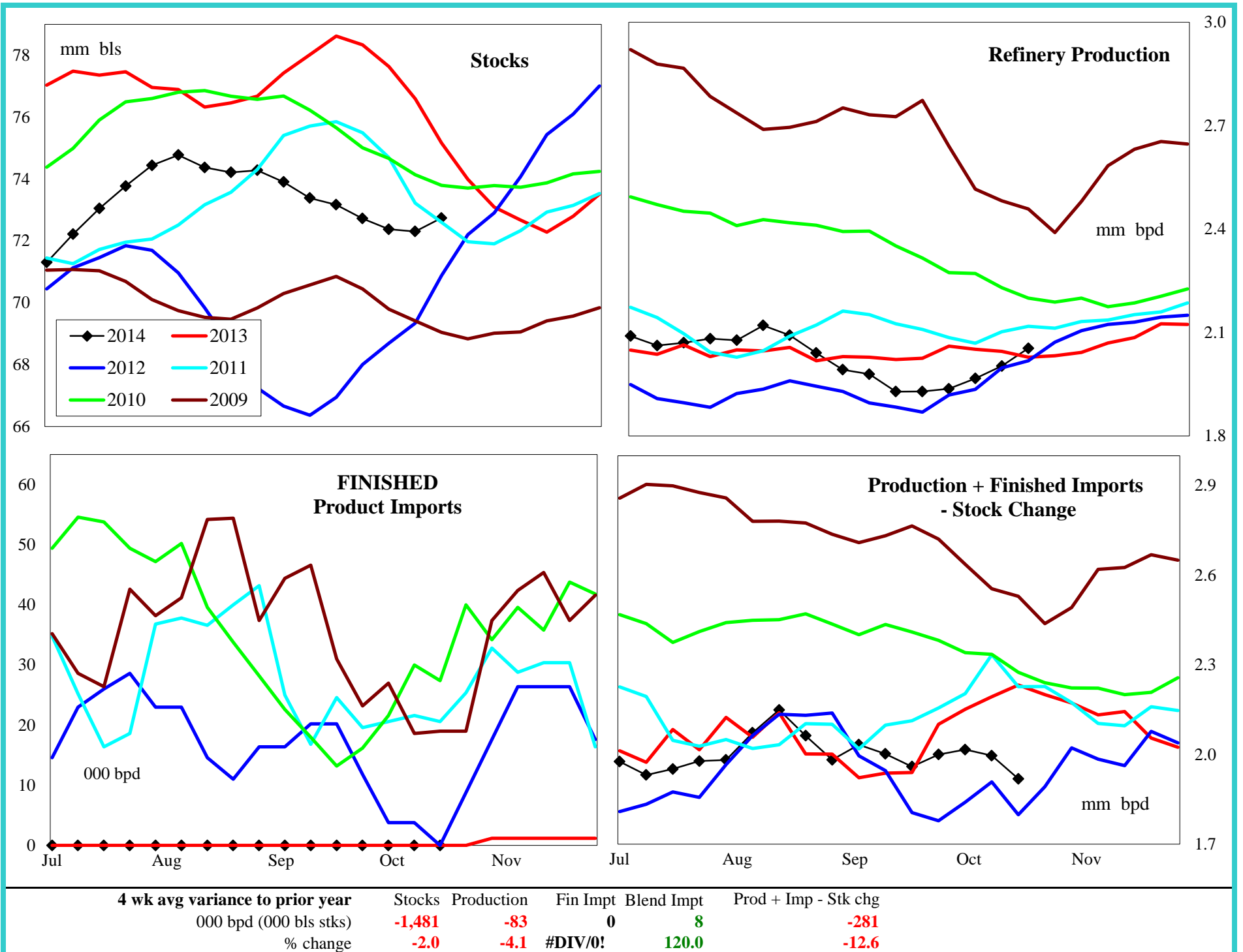
PADD 2 Residual Fuel Oil Supply



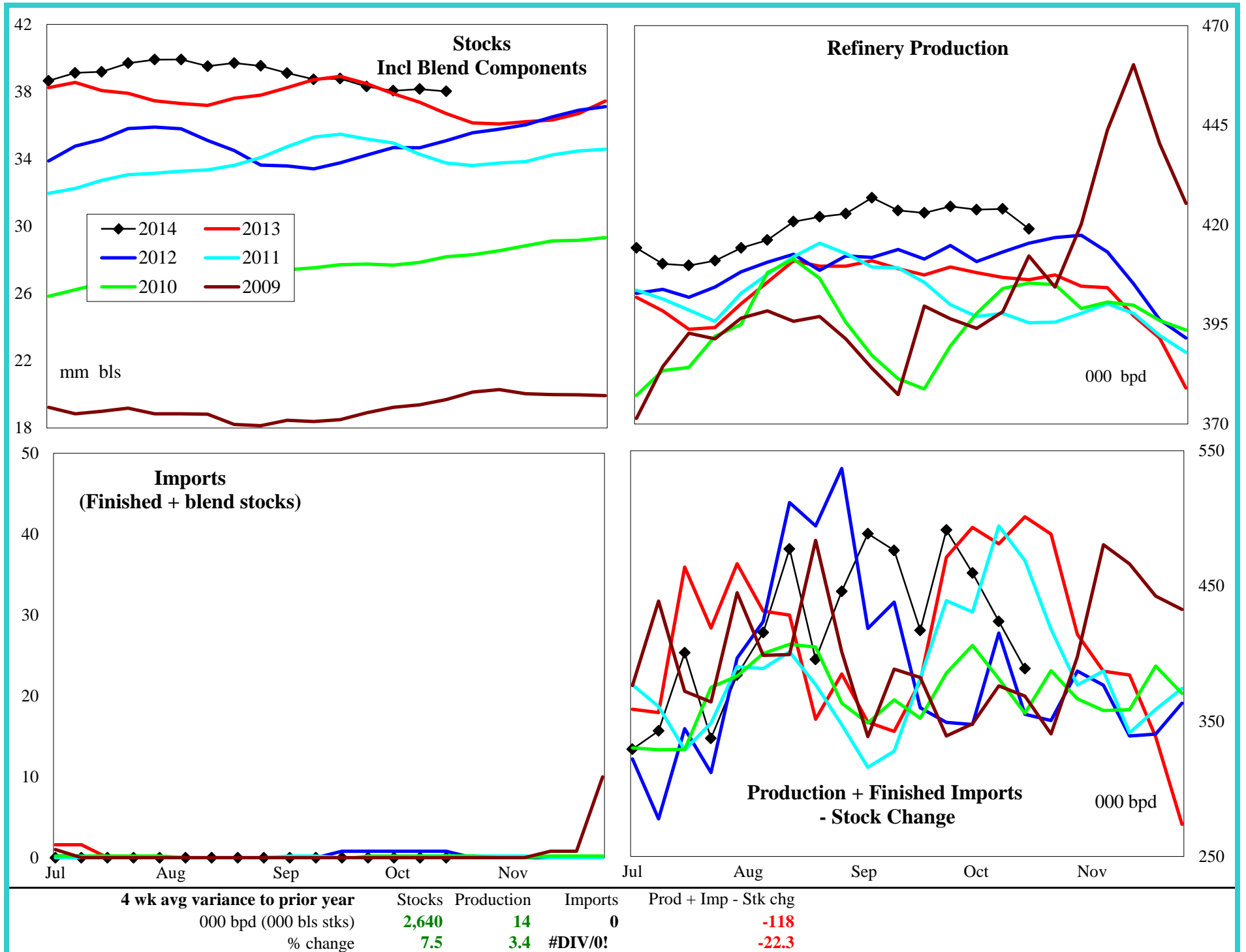
PADD 3 Crude Oil Supply and Refining



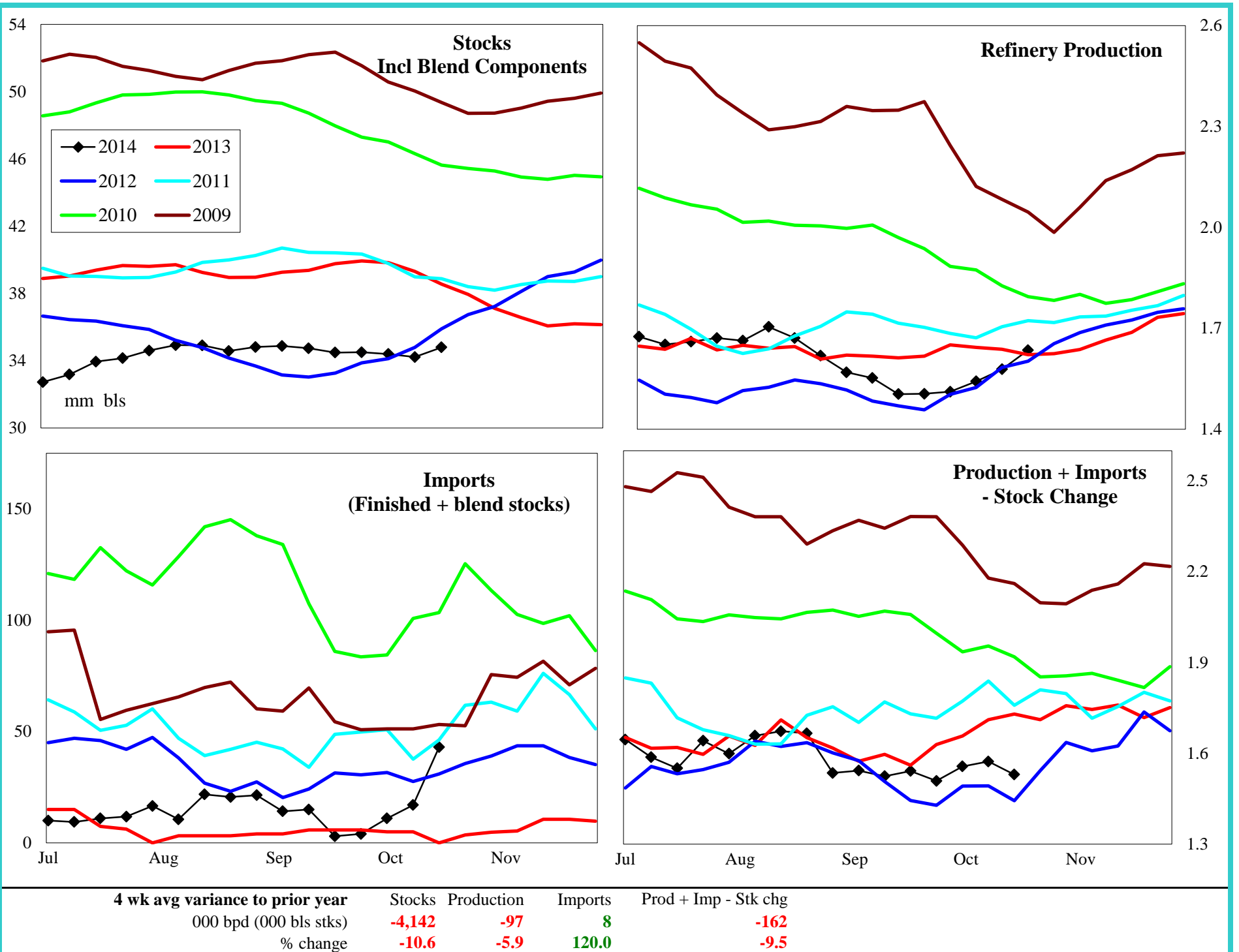
PADD 3 Gasoline Supply



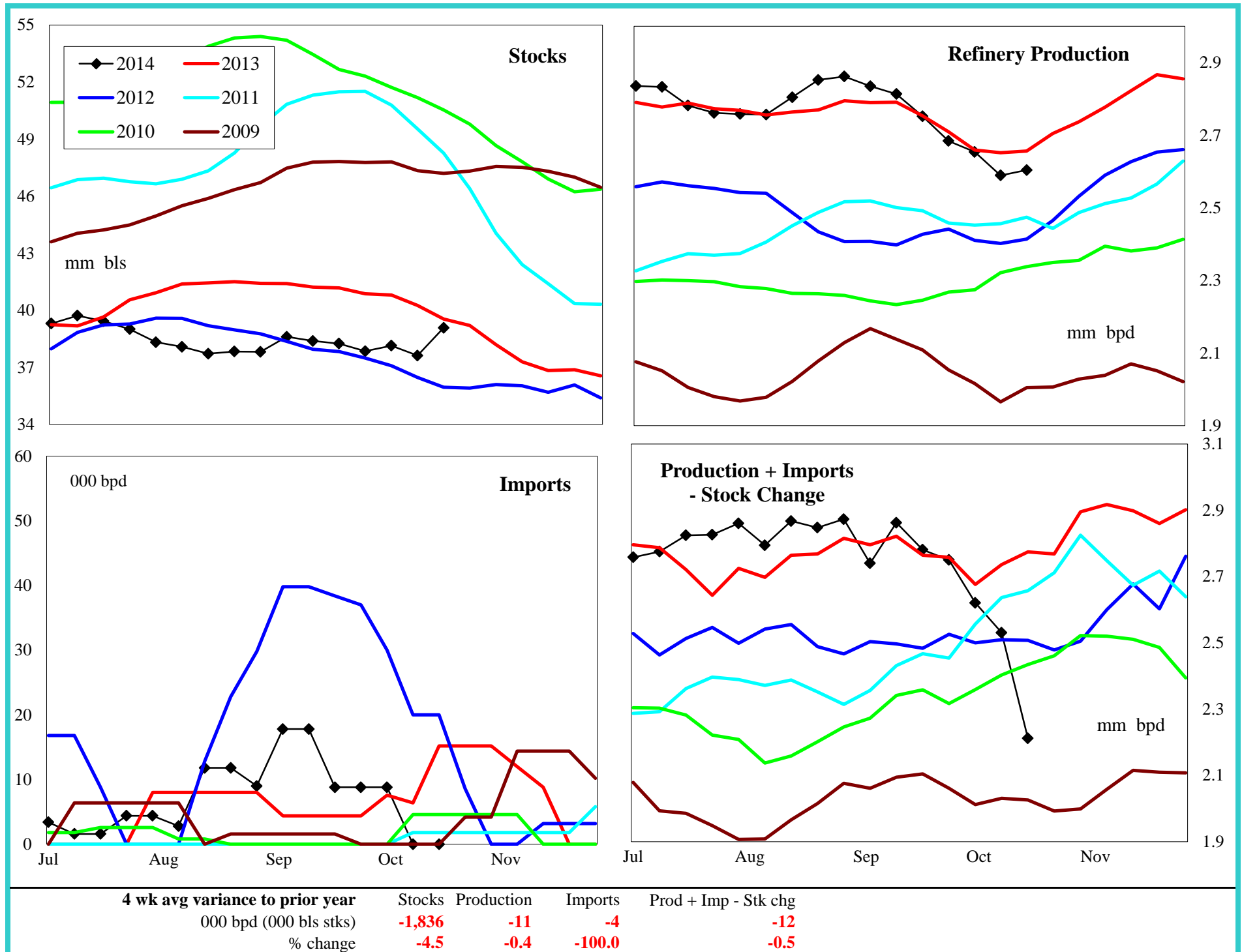
PADD 3 Reformulated Gasoline Supply



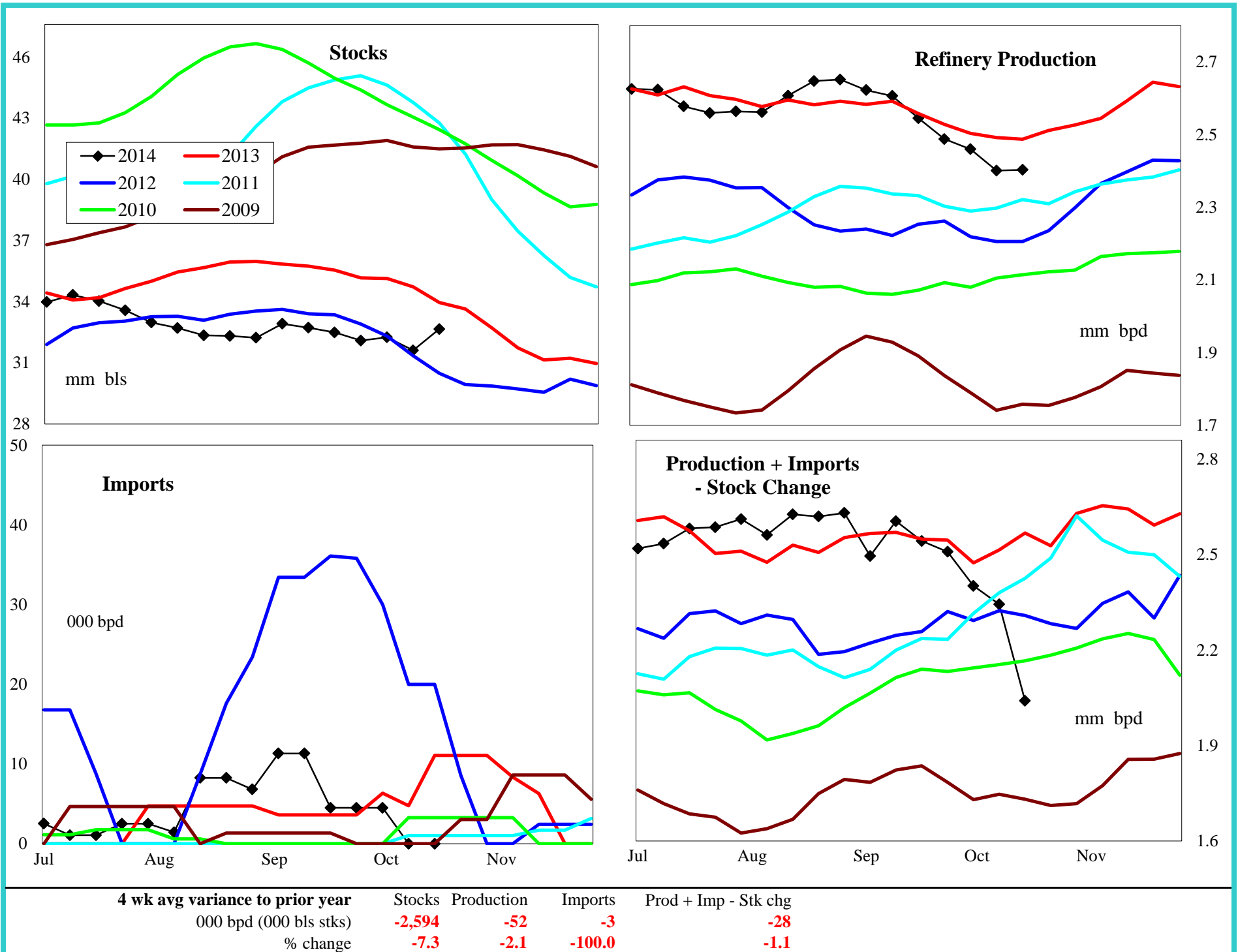
PADD 3 Conventional Gasoline Supply



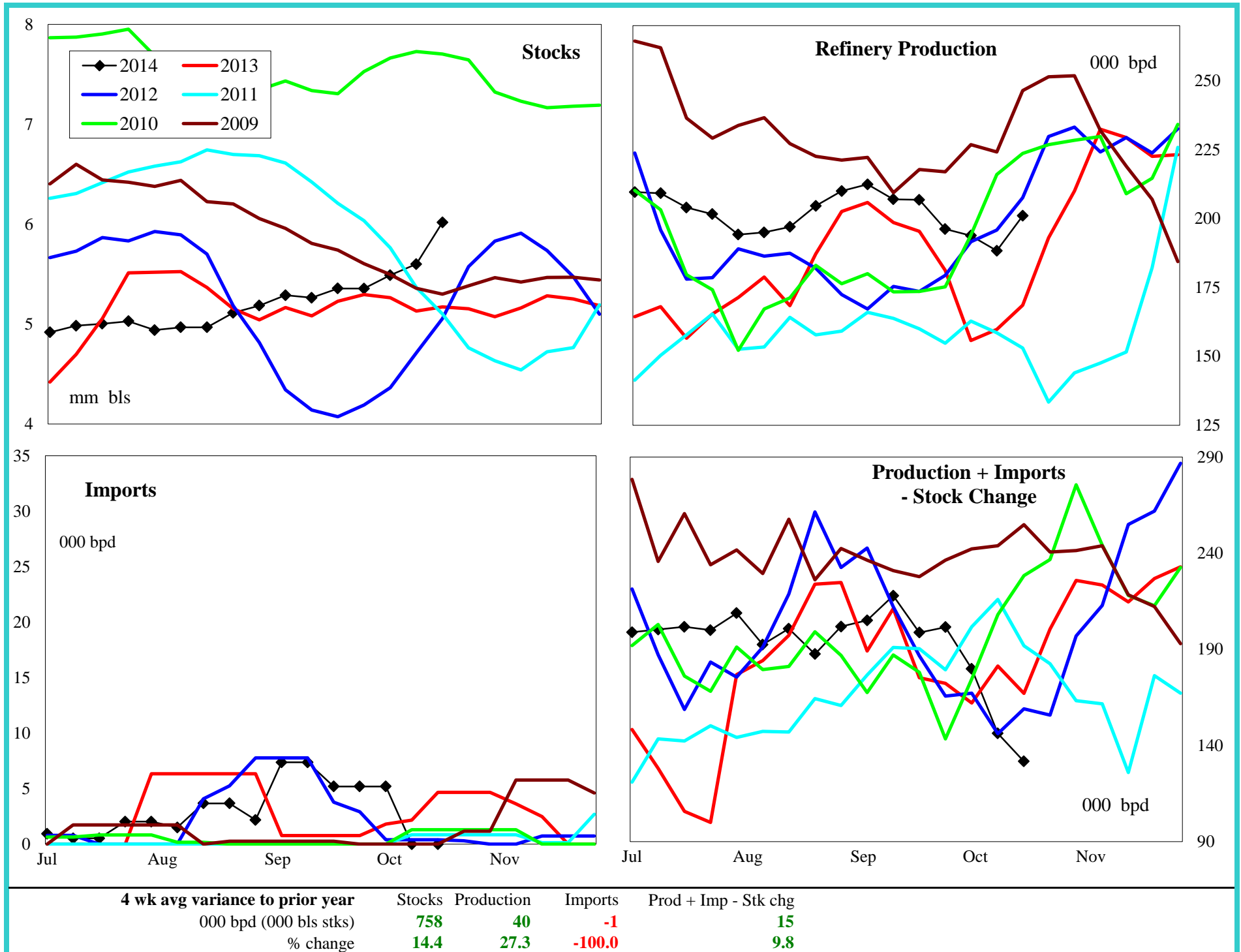
PADD 3 Distillate Supply



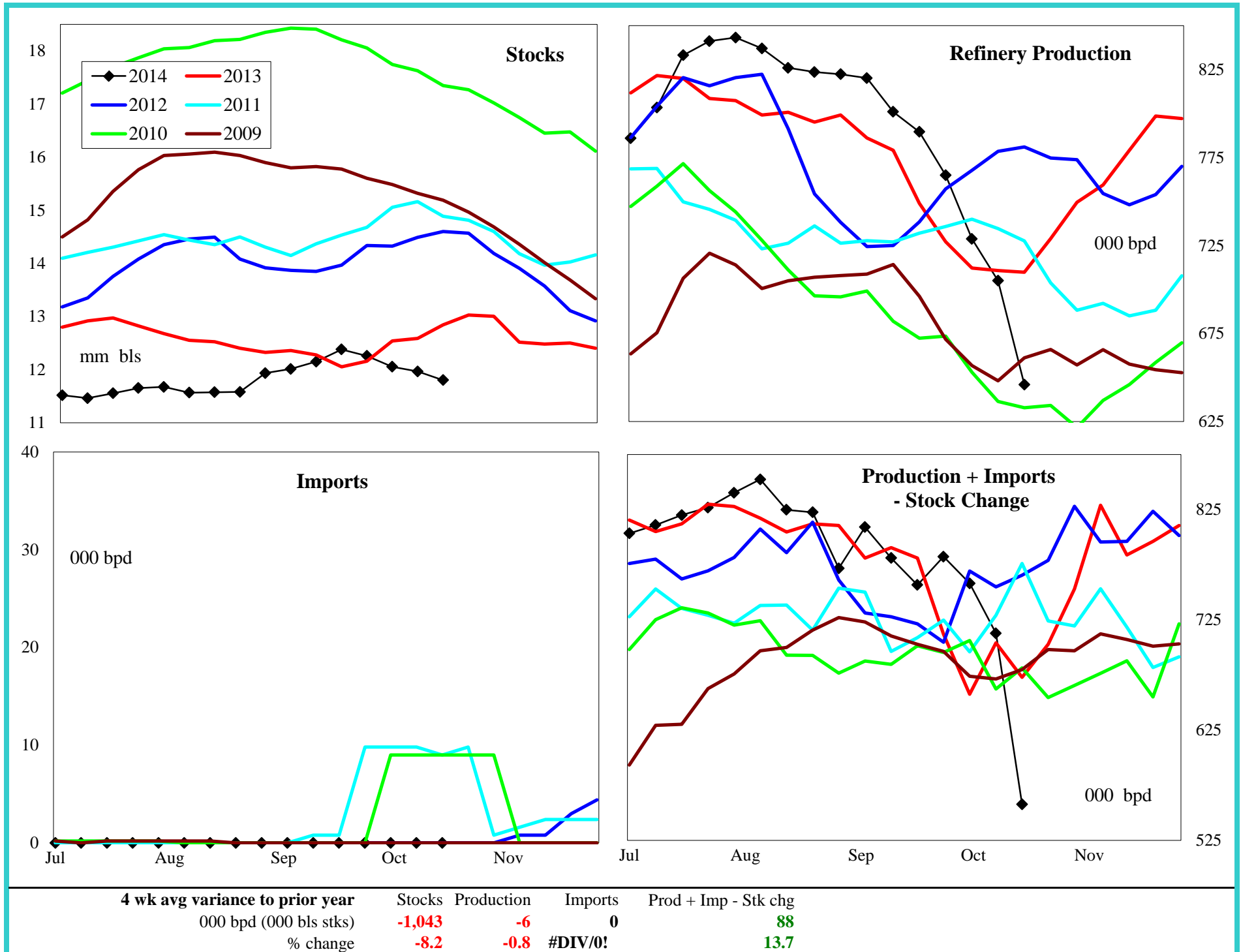
PADD 3 Low Sulfur Distillate Supply



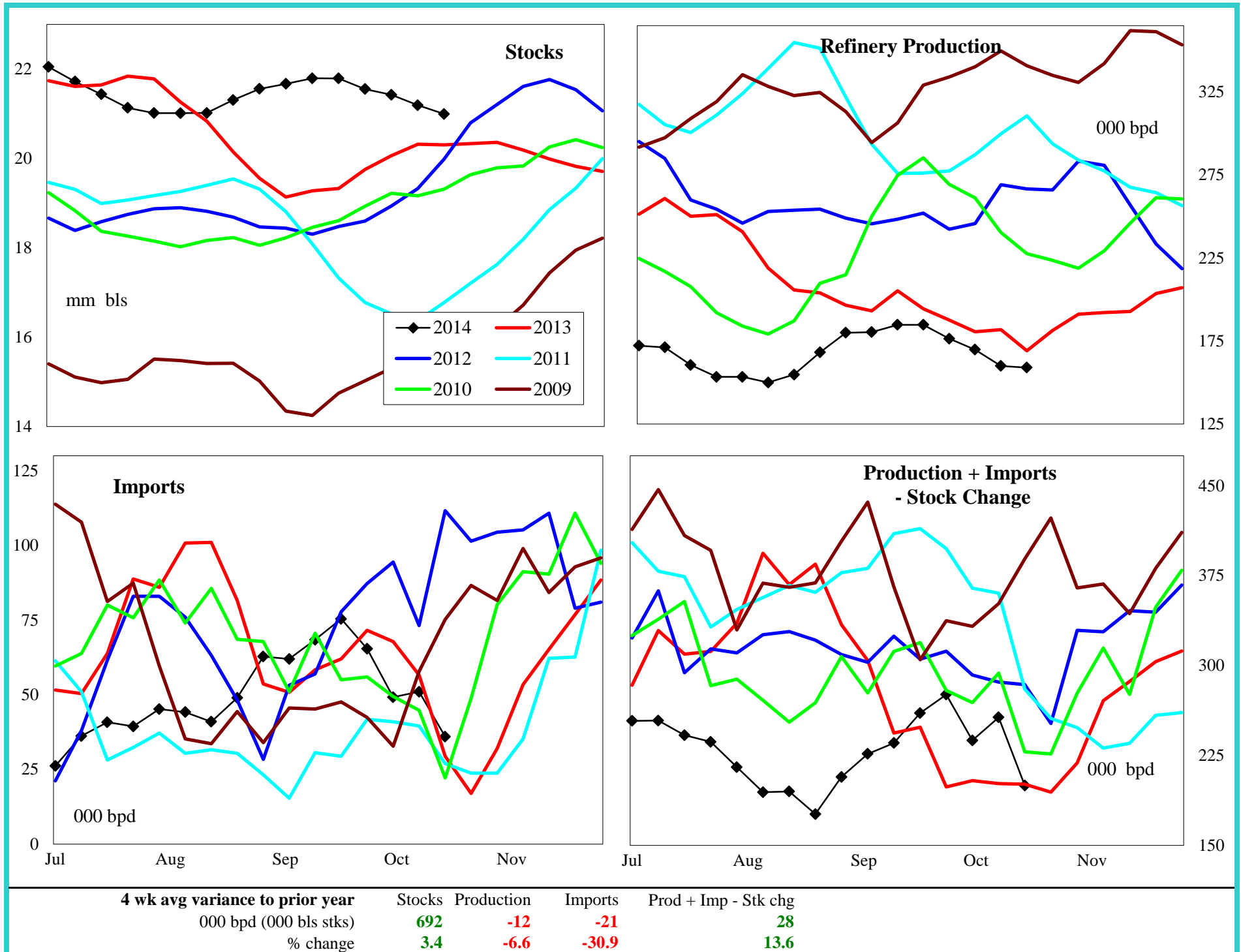
PADD 3 High Sulfur Distillate Supply



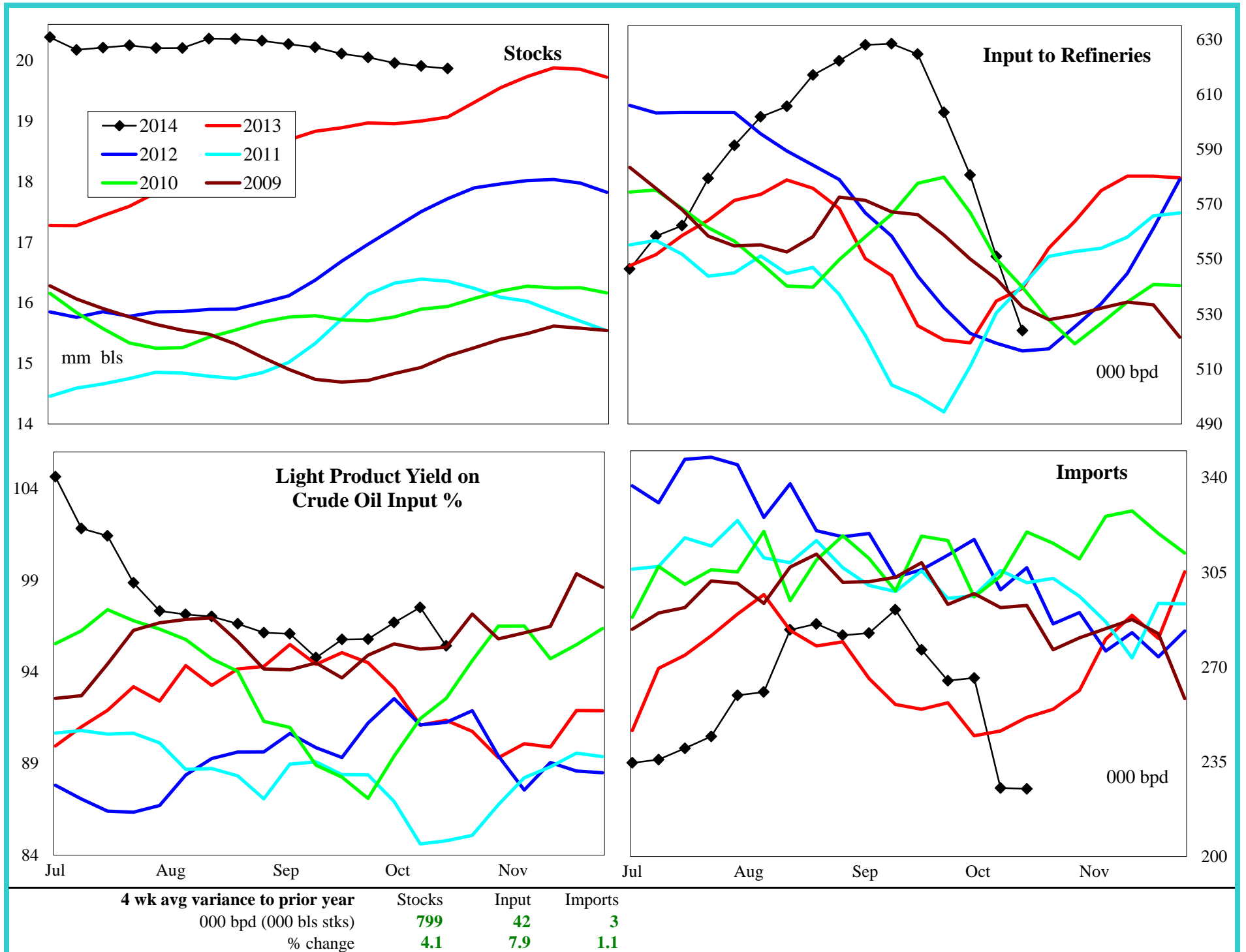
PADD 3 Jet Fuel Supply



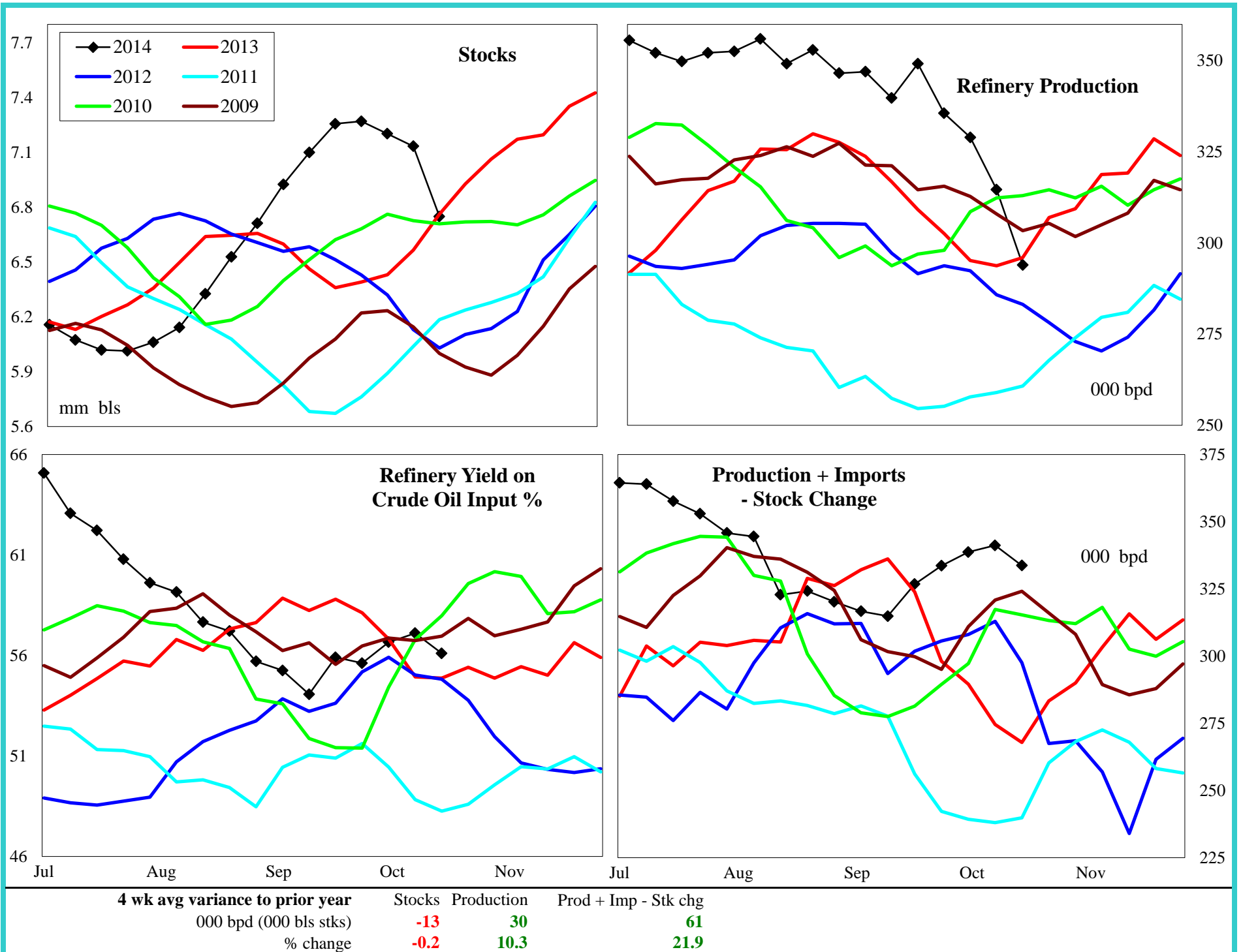
PADD 3 Residual Fuel Oil Supply



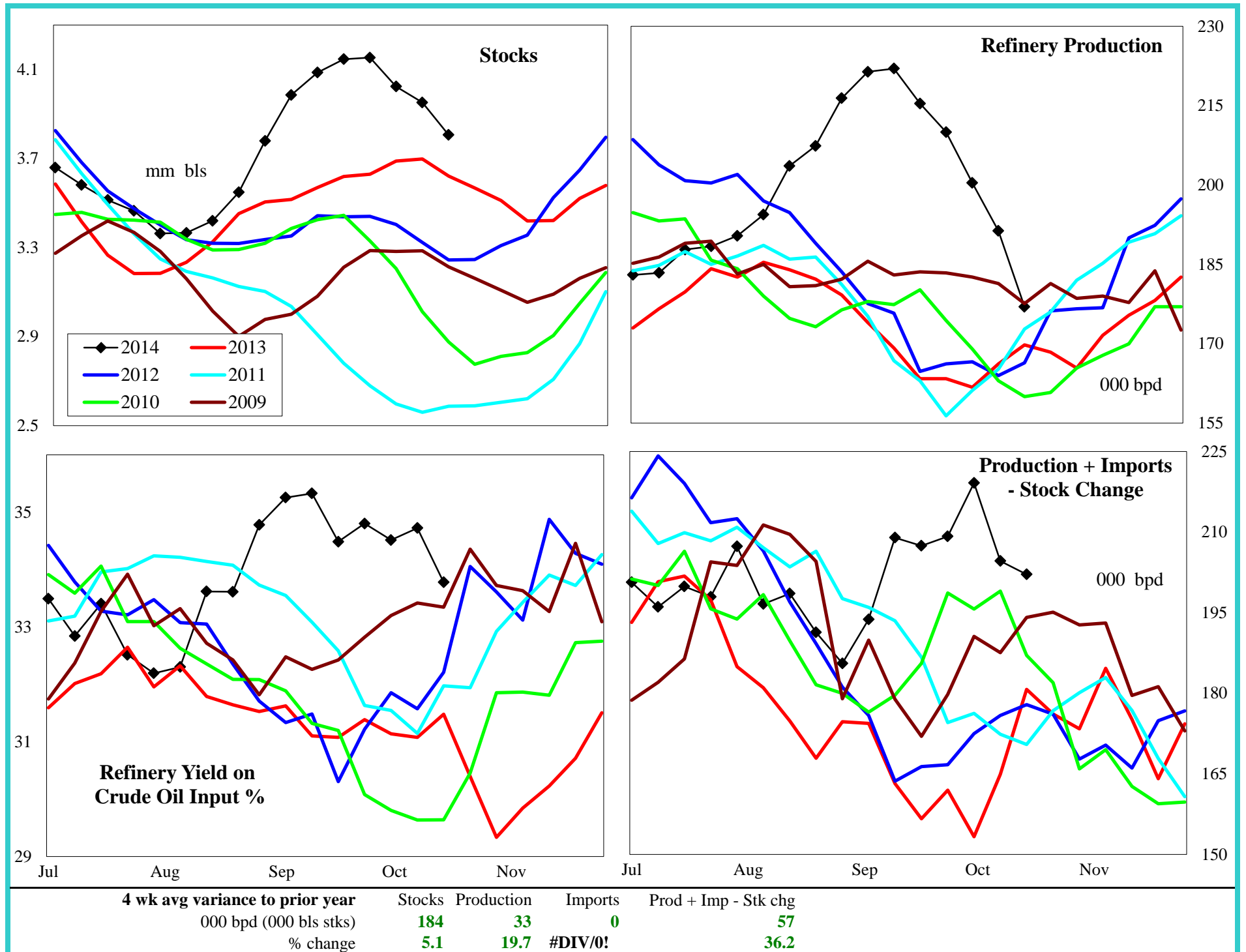
PADD 4 Crude Oil Supply and Refining



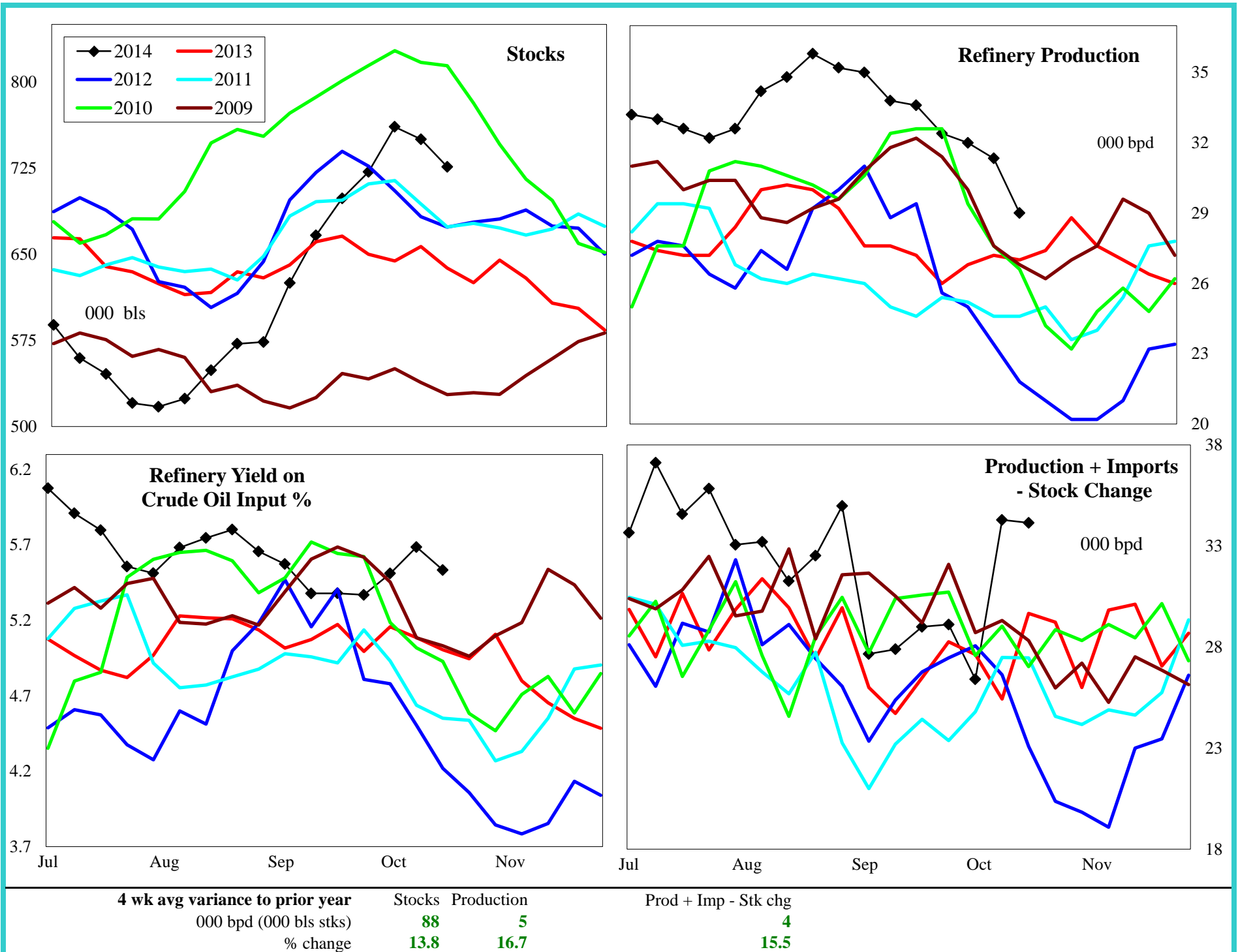
PADD 4 Gasoline Supply



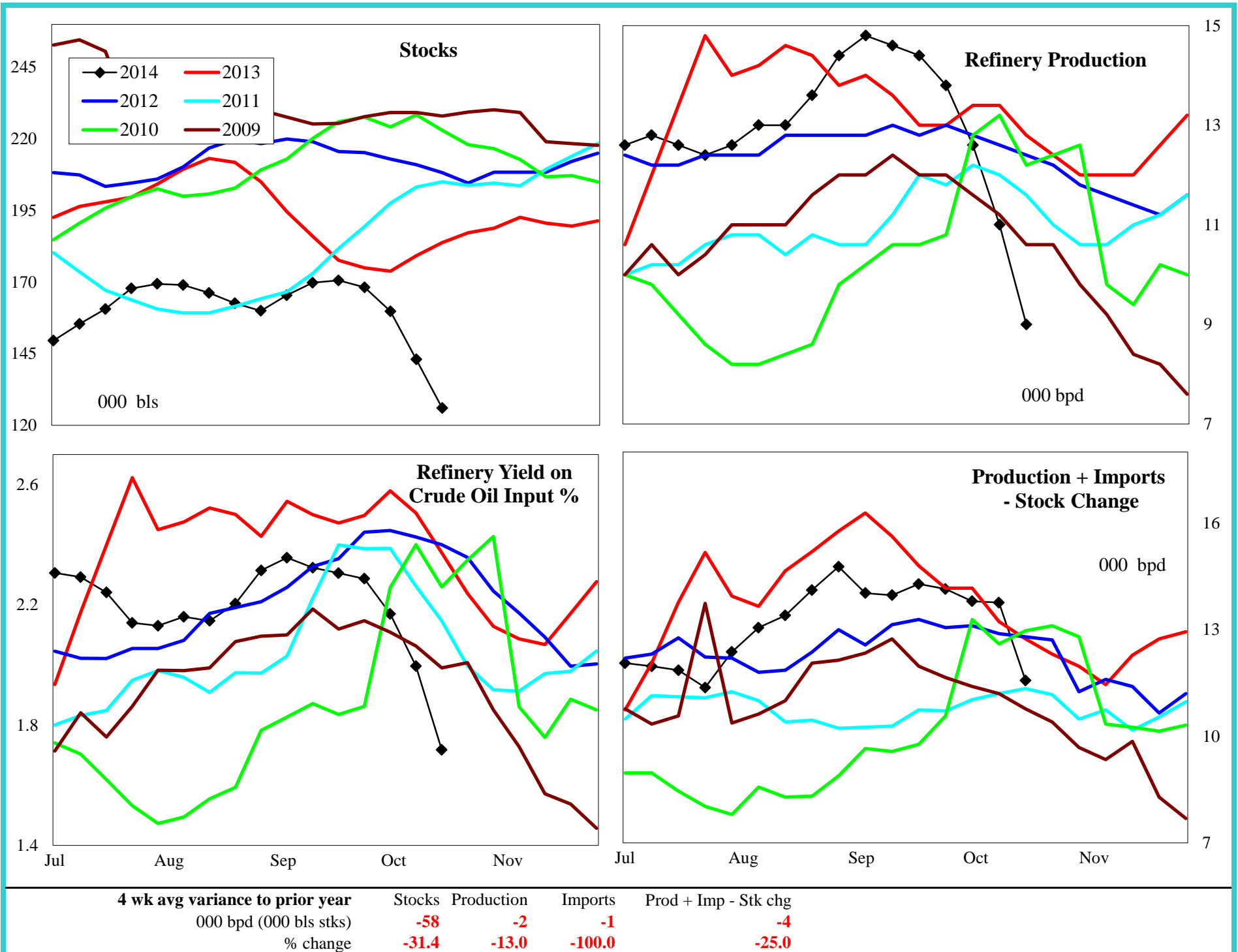
PADD 4 Distillate Supply



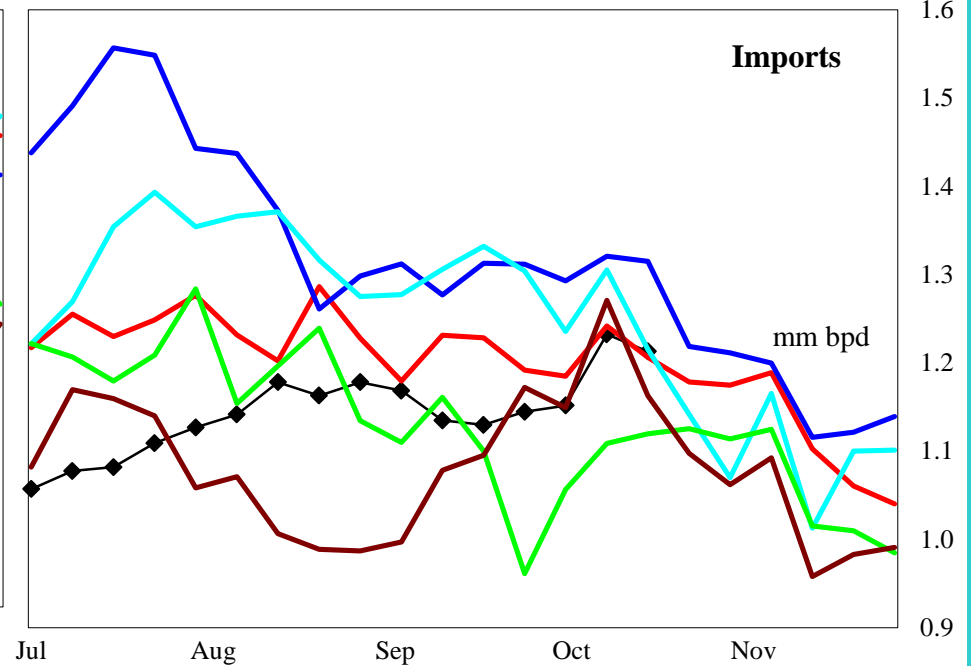
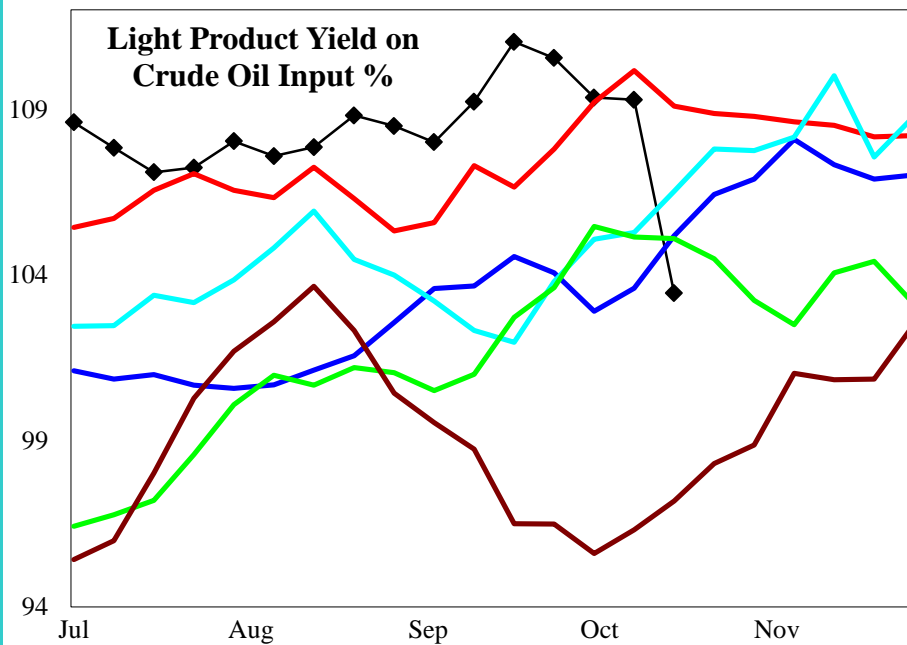
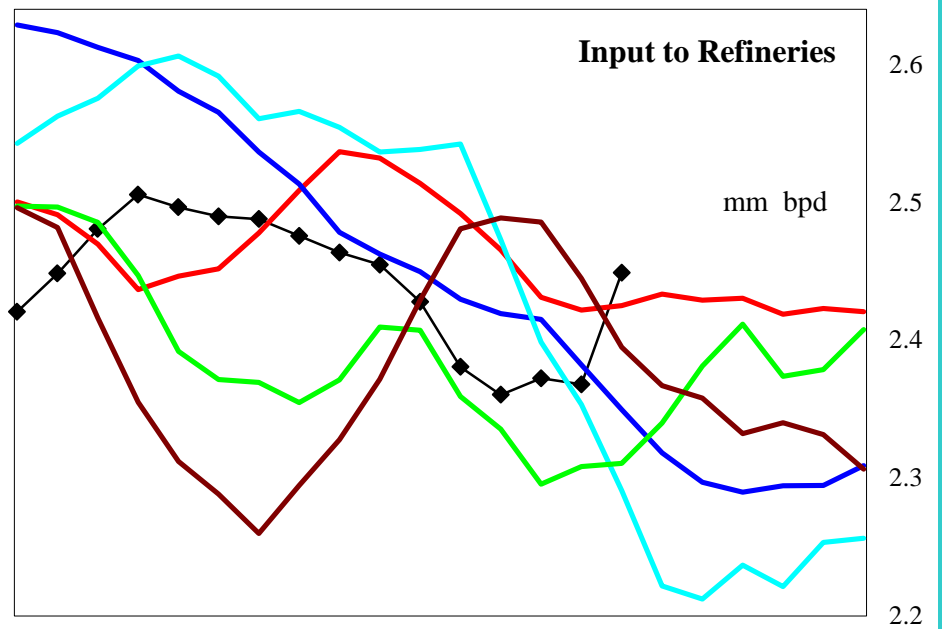
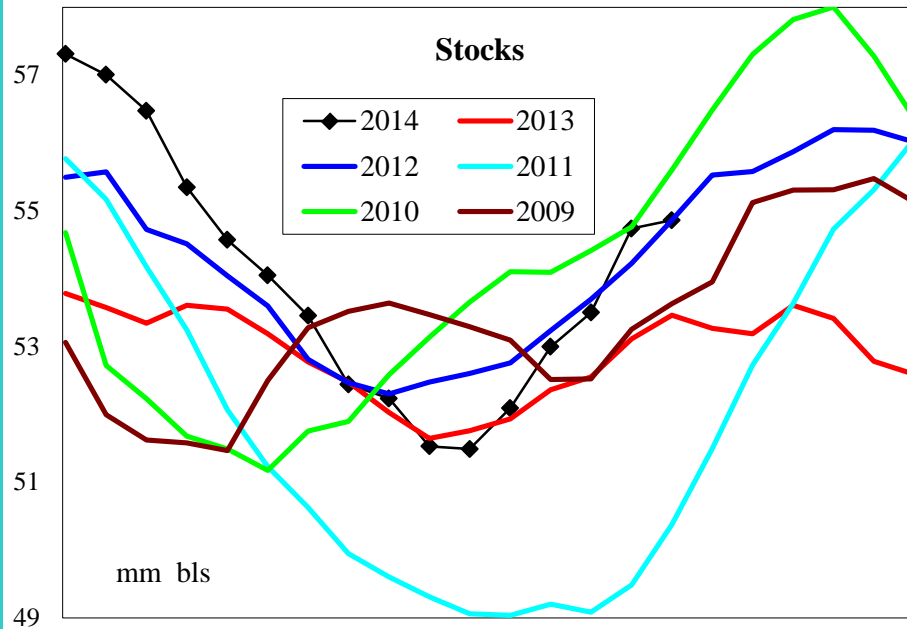
PADD 4 Jet Fuel Supply



PADD 4 Residual Fuel Oil Supply



PADD 5 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

1,398

2.6

Input

-48

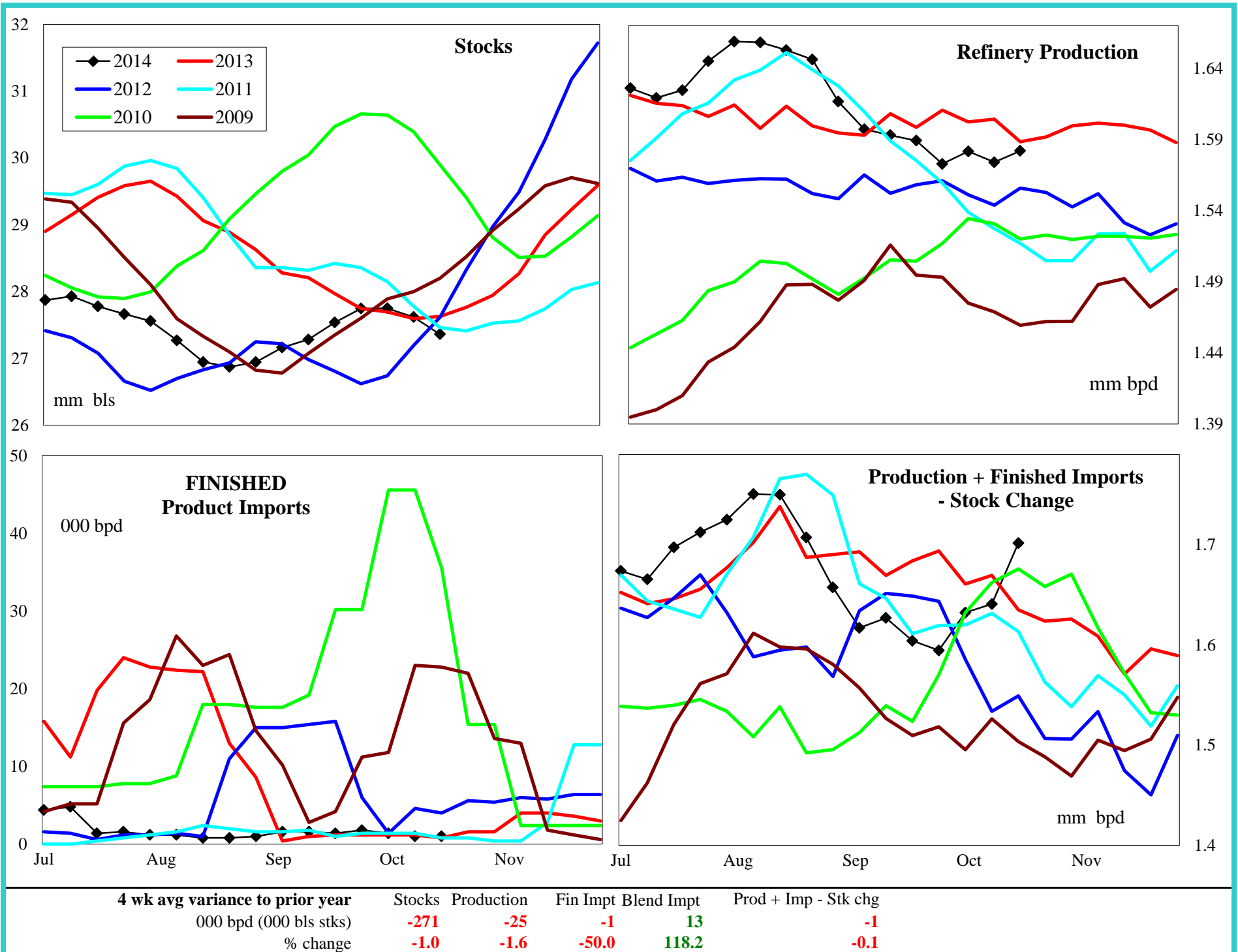
-2.0

Imports

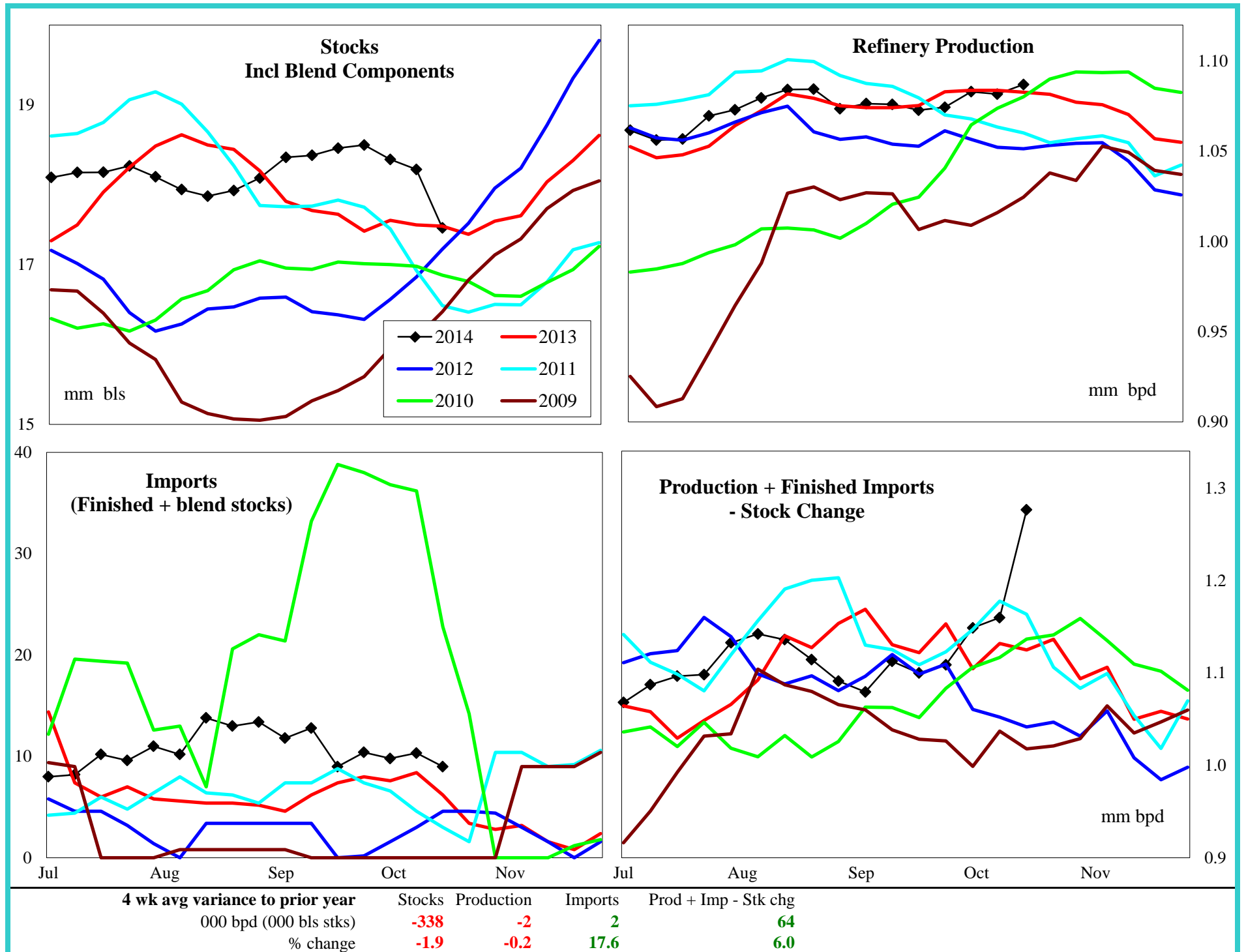
-55

-4.5

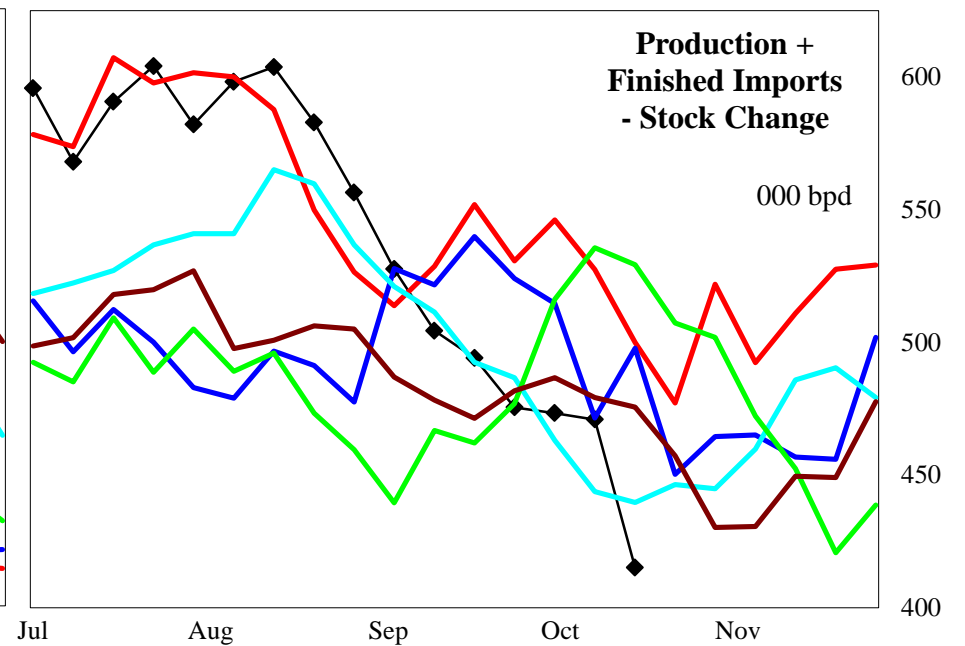
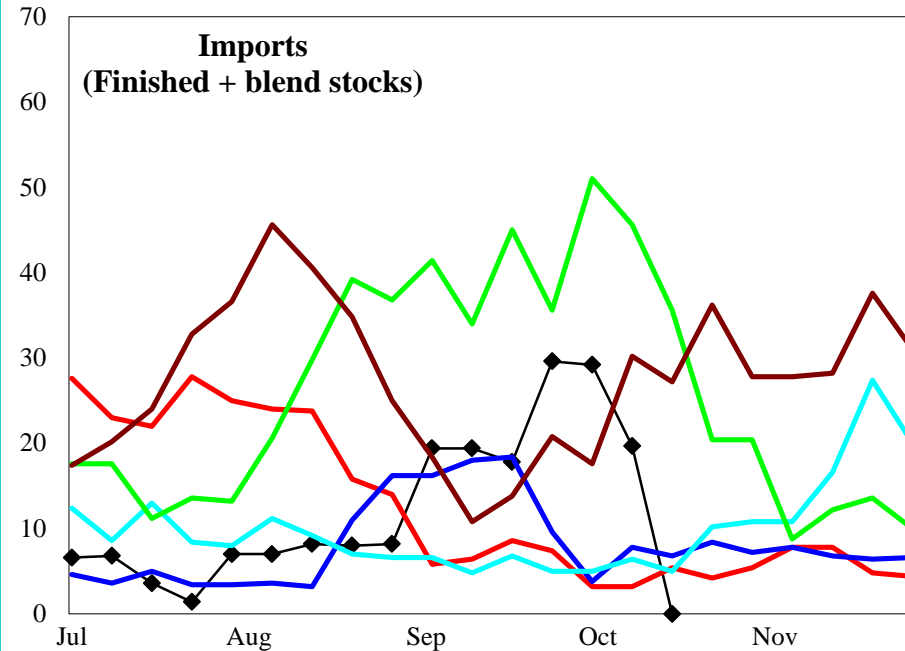
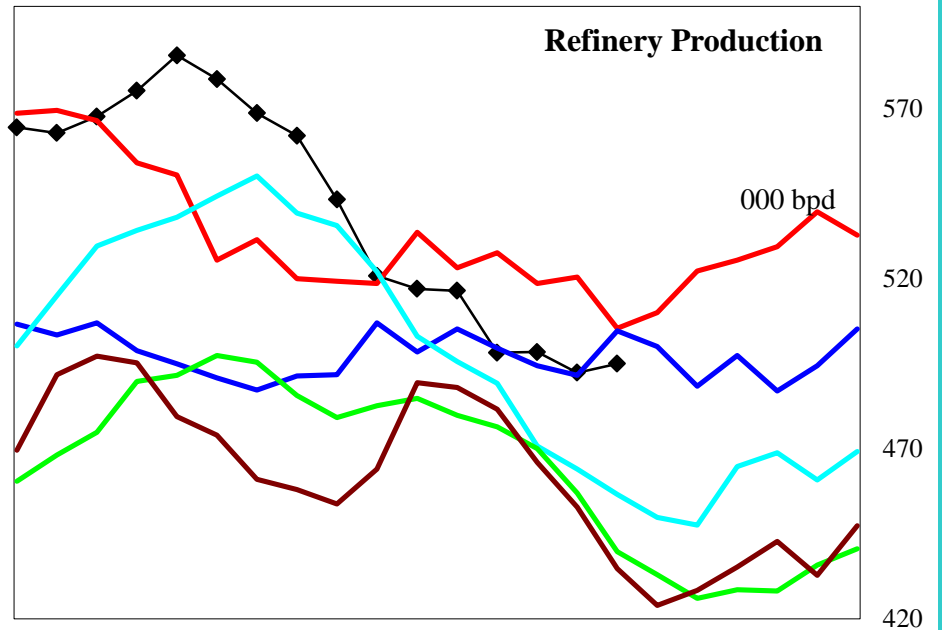
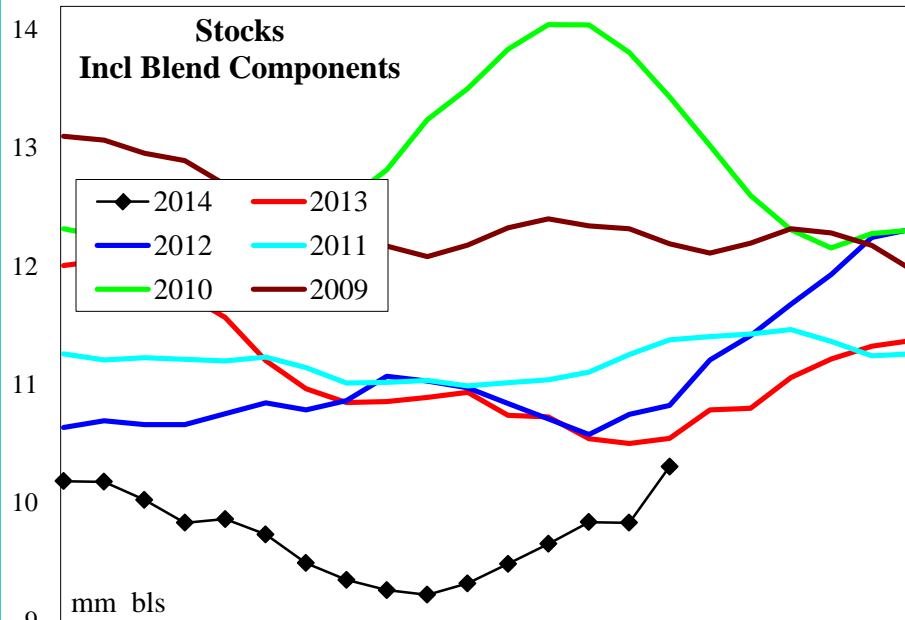
PADD 5 Gasoline Supply



PADD 5 Reformulated Gasoline Supply



PADD 5 Conventional Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bbls stks)

% change

Stocks

67

0.7

Production

-23

-4.4

Imports

11

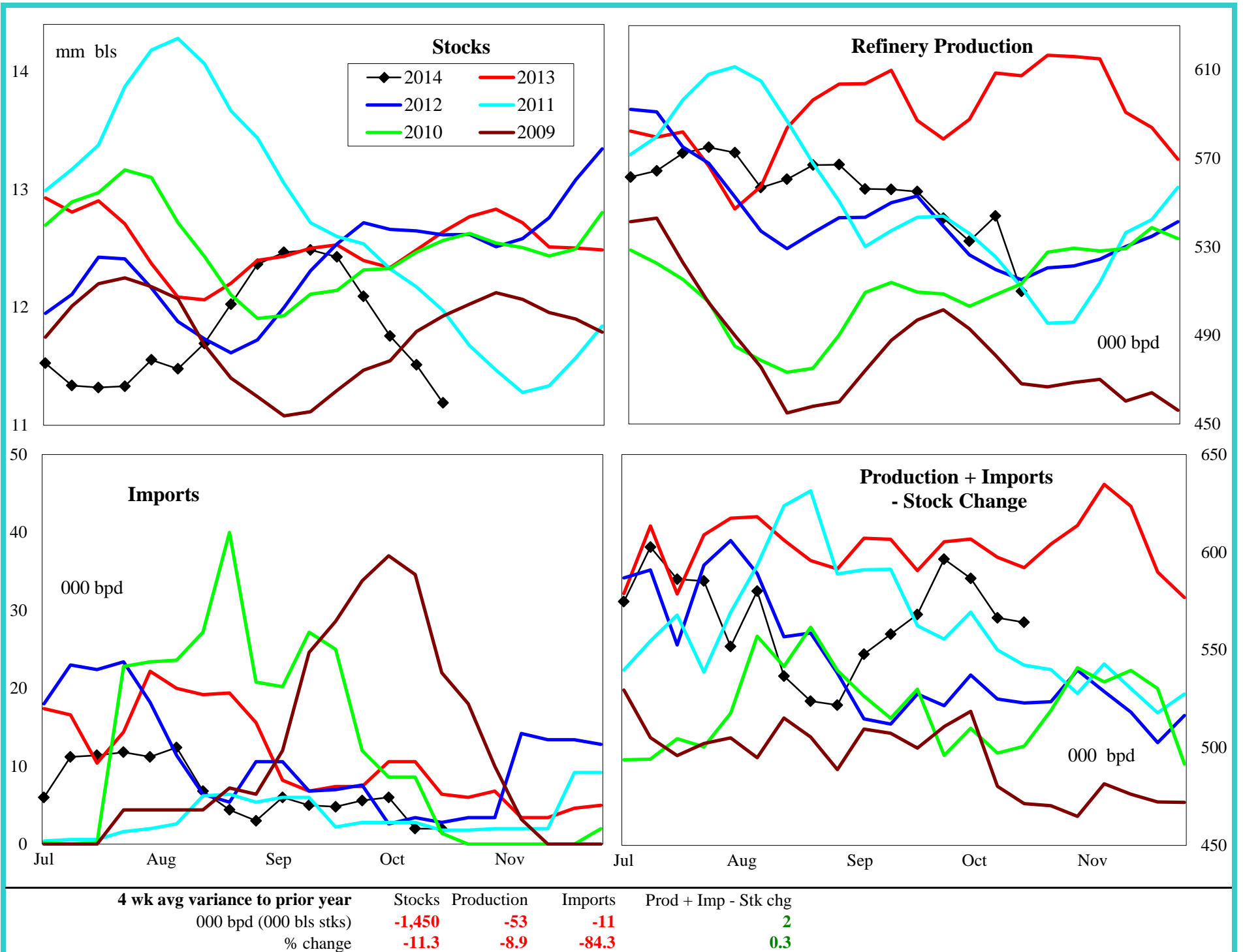
268.8

Prod + Imp - Stk chg

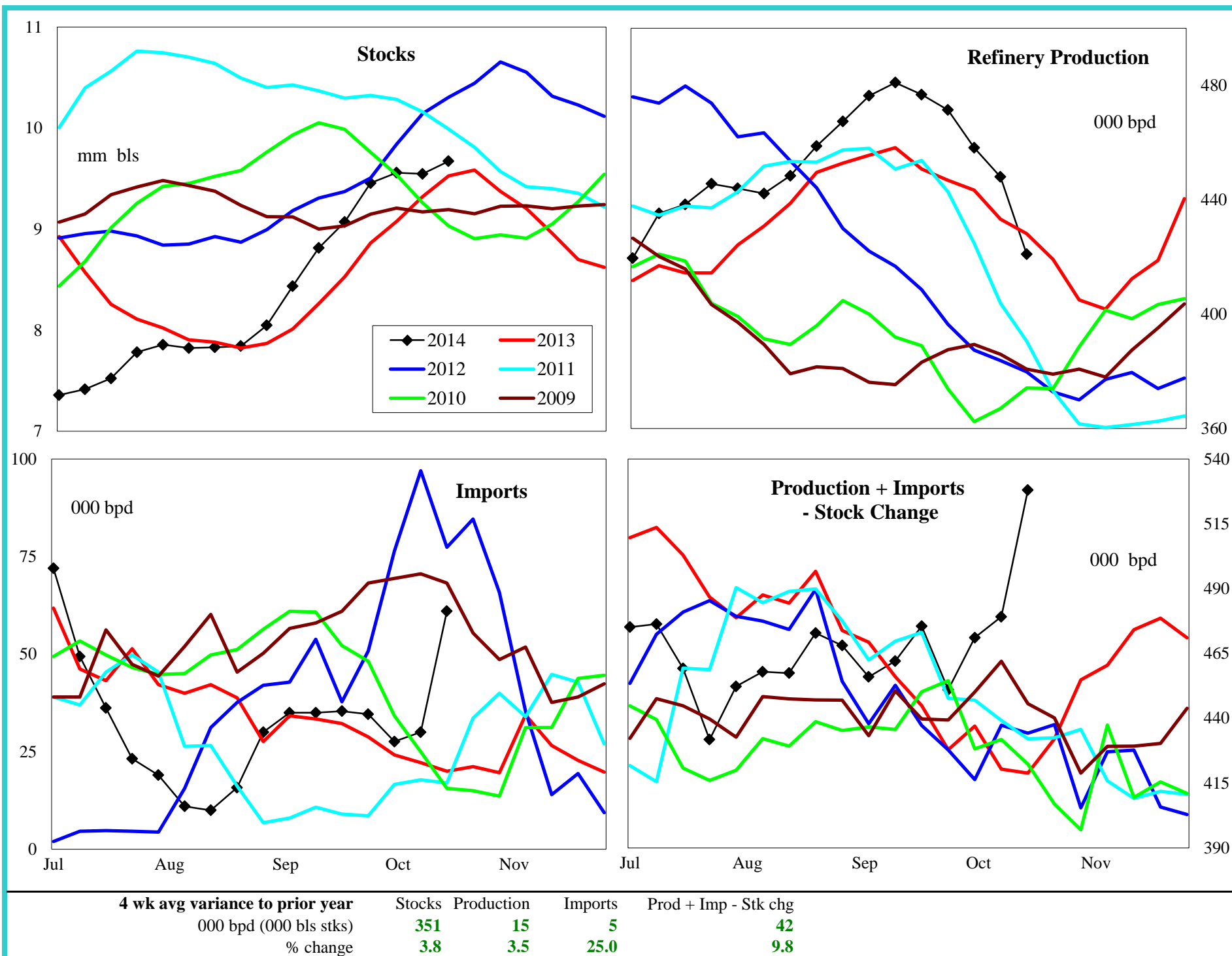
-65

-11.8

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

