



WEEKLY PETROLEUM SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Weekly Report

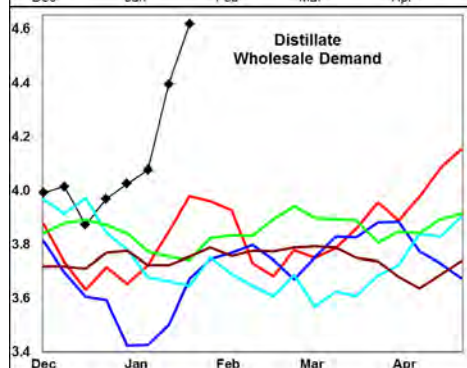
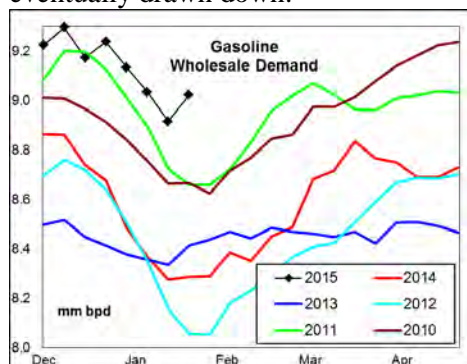
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, January 28, 2015



Major Fundamental Trends¹

Wholesale gasoline and distillate demand continues to exhibit an unusually large year on year increase.

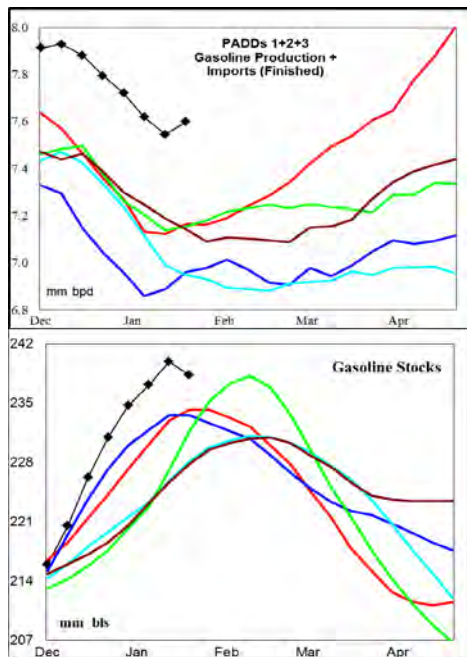
Stock building in private storage likely accounts for a portion of this increase; which if this is the case, then a significant pull back in wholesale demand lies ahead as those stocks are eventually drawn down.



The latest weekly export data as of 23Jan15 shows a week-on-week increase of +161,000 bpd and +134,000 bpd for distillate and gasoline; respectively. Compared to a year ago, exports were lower for the week ending 23Jan14.

The robust gasoline demand has been largely offset by higher production and imports, leaving stock levels at a 5-yr high for the winter season.

The reported very high level of wholesale gasoline demand has lifted cash basis in many markets, but has not led to a draw down in stocks.



Wholesale Demand for gasoline and distillate are each sharply above the last 3-yrs, driven by stock builds in private storage, favorable weather for travel and higher exports included in the demand data.

Wholesale demand, measured over the last four weeks compared to a year ago: gasoline increased +13%, distillate increased +4%, jet fuel was +8% higher, while residual fuel decreased -7%.

Stocks forward coverage: Gasoline demand coverage decreased on a -2.6 million barrel stock draw. Coverage ended the week at a level well below the 3-yr range for the period.

Distillate coverage decreased on a -3.9 million barrel stock draw. Coverage ended the week at a level slightly above last years' historic lows.

Jet fuel coverage declined on a -0.2 million barrel stock draw. Coverage ended the week below the historic range.

Residual fuel oil coverage increased on limited change in stocks and record low wholesale demand.

Refinery utilization rates increased on a +347,000 bpd increase in crude oil runs last week, concentrated in the Midwest and East regions. During the latest 4-wk period crude oil input was

nearly unchanged from a year ago.

Gasoline yield % on crude oil runs decreased last week on a -38,000 bpd decrease in output compared to the +347,000 bpd rise in crude oil runs. Gasoline yield % on crude oil runs ended the week at a level above the 3-yr midrange.

Distillate yield % on crude oil runs saw decreased on a -56,000 bpd decline in output compared to the increase in crude oil runs. The yield % on crude oil runs matched historic highs for the period.

Jet fuel yield % on crude oil runs saw little change last week on a +27,000 bpd increased in output compared the increase in crude oil runs. The yield % exceeded the historic range.

Petroleum Imports/Exports: Imports of crude oil increased +0.2 million bpd last week, with distillate imports also higher.

During the latest 4-wk period crude oil imports decreased -0.4 million bpd compared to a year ago; distillate imports were +94,000 bpd higher; finished gasoline imports were +95,000 bpd higher; gasoline blend stock imports were +99,000 bpd higher, jet fuel imports increased +65,000 bpd, and residual fuel imports increased +25,000 bpd.

Exports of distillate for the week ending 23Jan15 were -170,000 bpd below a year ago, gasoline -60,000 bpd lower, jet fuel +16,000 bpd higher and residual fuel oil was +1,000 bpd higher.

Crude Oil stocks increased +8.9 million barrels on the week, driven by a +5.5 million barrel build in the Gulf. Higher imports and record domestic production contributed to the build.

Stocks in Cushing increased +2.1 million barrels on the week, with the level now -12 million barrels below the previous record high. Look for Cushing stocks to reach historic highs during the 1st half of the year.

¹ Source is latest EIA Weekly Statistics



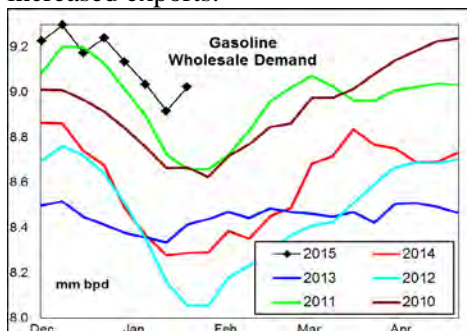
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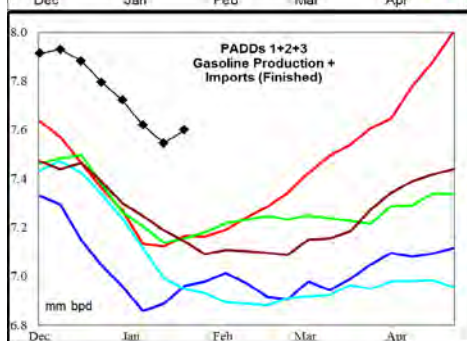
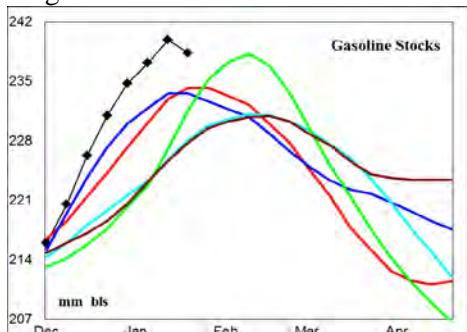
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Product Supply-Demand Trends

Gasoline wholesale demand increased +171,000 bpd last week, with the level still sharply above the last 3-yr. The latest 4-wk average demand was +1.1 million bpd above last year, driven by firms placing product into private storage, robust retail demand and increased exports.



Supply decreased -124,000 bpd last week on lower imports and production. Supply for the latest 4-wk period exceeded a year ago by +373,000 bpd on higher production. Stocks fell -2.6 million barrels on the week, although the level remains above the historic range.

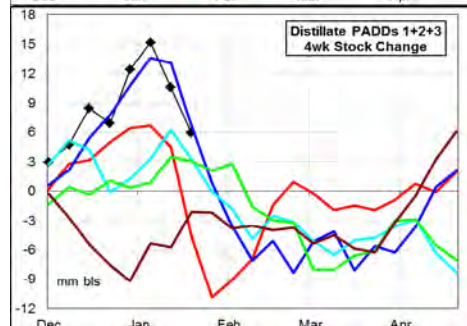
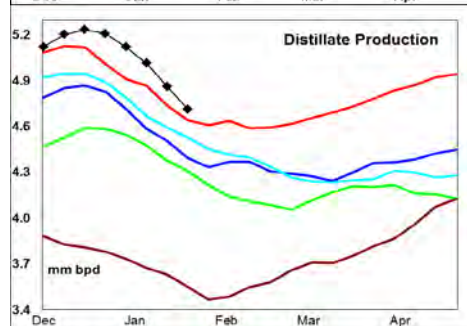
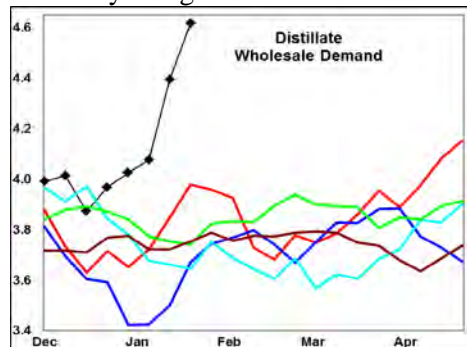


The latest 4-wk stock build east of the Rockies was +9 million barrels, matching the 5-yr mid range. Look for a significant decrease in wholesale demand as private storage is filled; which in turn limits a 'spring market

price rally'.

Distillate wholesale demand increased last week, to another record level (driven by exports above the monthly estimate). The latest 4-wk average demand was +149,000 bpd above last year.

Supply increased +115,000 bpd on higher imports. Production was +166,000 bpd above last year for latest 4-wk period, with imports +94,000 bpd higher. Stocks decreased -3.9 million barrels on the week. Stock levels ended the week +16.5 million barrels above a year ago.

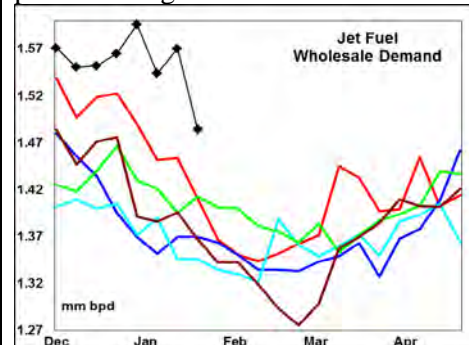


The latest 4-wk stock change in markets East of the Rockies was a +6.6 barrel build, equal to the 5-yr record high.

Look for a continued seasonal decline in stocks on expanded refinery maintenance and robust exports.

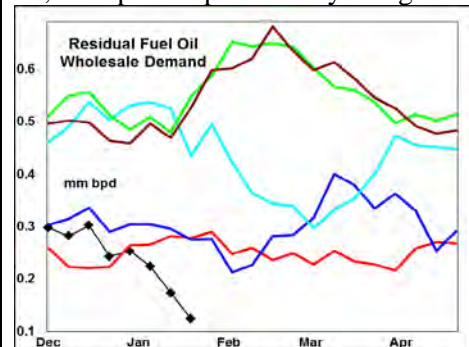
Jet Fuel wholesale demand fell -190,000 bpd on the week, with the 4-wk average +121,000 bpd above last year. The counter seasonal spike in demand is driven by direct airline imports into private storage.

Commercial stock levels remain at record low levels, as airlines hold a larger share of working stocks in private storage.



Look for wholesale demand to trend sharply lower on a continued decline in imports (placed into private storage).

Residual fuel oil demand decreased -83,000 bpd on the week. Demand for the latest 4-wk period decreased -20,000 bpd compared to a year ago.



Supply (production + imports) decreased -27,000 bpd on the week, due to lower imports. Stocks increased +0.2 million barrels, although the level remains below the historic range.

Production in the key Gulf region was -49% below last year for the most recent 4-wk period. Stock levels in the region also were at historic lows. The increase in processing of domestic shale oil underlies the decline in residual fuel output for the region.



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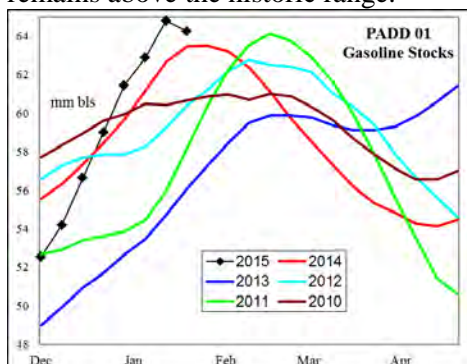
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PADD Supply Trends

PADD 1 refinery crude oil runs increased +108,000 bpd on the week, with the 4-wk average +105,000 bpd above last year.

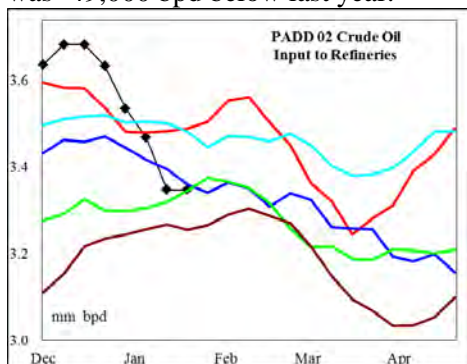
Gasoline supply fell -146,000 bpd on lower production and imports, with the 4-wk average +284,000 bpd above last year. Stocks fell -1.7 million barrels last week, although the level remains above the historic range.



Distillate supply jumped +240,000 bpd last week, with the 4-wk average +87,000 bpd above last year. Stocks decreased -0.2 million barrels on the week, to a level +7.9 million barrels above a year ago.

Jet fuel supply fell -90,000 bpd last week on lower imports; with the 4-wk average +96,000 bpd above last year. Stocks ended the week equal to historic lows.

PADD 2 crude oil refinery runs increased +169,000 bpd on the week, to a level that matched the 5-yr midrange. The latest 4-wk average was -49,000 bpd below last year.



Crude oil stocks increased +1.1 million barrels last week, to a new record high level. Cushing saw a +2.1 million barrel stock build on the week, lifting

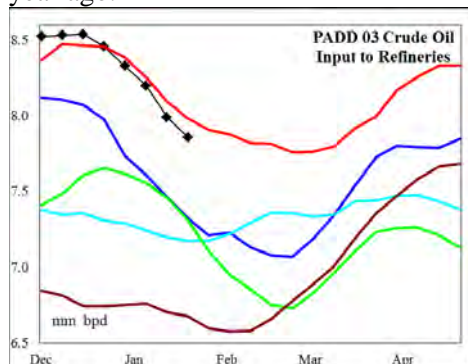
the stock level above the 5-yr mid range. Cushing stock levels are now -12 million barrels below the previous record high set in 2013.

Gasoline supply increased +35,000 bpd on the week. Production for the most recent 4-wk period was +40,000 bpd above a year ago. Stocks increased +0.3 million barrels on the week, a level below the last 3-yrs.

Distillate supply increased +43,000 bpd on the week, to a level below the last 3-yrs for the period. Stocks decreased -0.8 million barrels, to a level well above the last 2-yrs.

Jet fuel production increased +17,000 bpd last week, a level still below the historic range. Stocks ended the week at a level that matched last years' record lows.

PADD 3 refinery runs increased +13,000 bpd on the week, to a level below last year. During the latest 4-wk period, runs were -23,000 bpd below a year ago.



Crude oil stocks increased +5.5 million barrels last week, driven by a +0.3 million bpd rise in imports. Crude oil stocks are now +36 million barrels above the prior high for the period.

Gasoline supply decreased -71,000 bpd last week, with the latest 4-wk average +114,000 bpd above a year ago. Stocks decreased -0.4 million barrels on the week, to a level just below 5-yr highs.

Distillate supply declined -148,000 bpd on the week, with the latest 4-wk average supply +115,000 bpd above a year ago. Stocks fell -3.2 million barrels on the week, to a level +5% above last year.

Jet fuel production increased +57,000 bpd on the week, with the level +30,000 bpd above the 5-yr range for the latest 4-wk period. Stocks fell -0.5 million barrels to match historic lows.

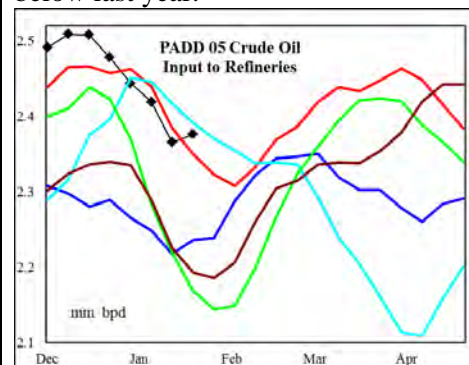
Residual fuel supply increased +101,000 bpd on higher imports. Stocks climbed +0.8 million barrels to a level that matched historic lows.

PADD 4 refinery crude runs increased +4,000 bpd last week, to a level slightly above the historic range, with the latest 4-wk average was +1,000 bpd above a year ago.

Gasoline production increased +10,000 bpd with the latest 4-wk average -20,000 bpd below last year. Stock levels ended the week +6% above the prior record high.


Distillate supply decreased -2,000 bpd last week, with the latest 4-wk production +19,000 above last year. Stock levels ended the week +11% above last year.

PADD 5 crude oil refinery runs increased +54,000 bpd last week, to a level near historic highs for the period. The 4-wk run rate was -40,000 bpd below last year.



Gasoline supply declined -60,000 bpd on the week, to a level that matched the 3-yr mid range. Stocks decreased -0.6 million barrels on the week, a level at the low end of the historic range.

Distillate supply decreased -18,000 bpd last week, although the level remains above the historic range. The 4-wk average supply was +5% above a year ago. Stocks increased +0.4 million barrels, to a record high level for the winter quarter.



FUNDAMENTAL

PETROLEUM TRENDS

PETROLEUM: Graph Link and Weekly Summary

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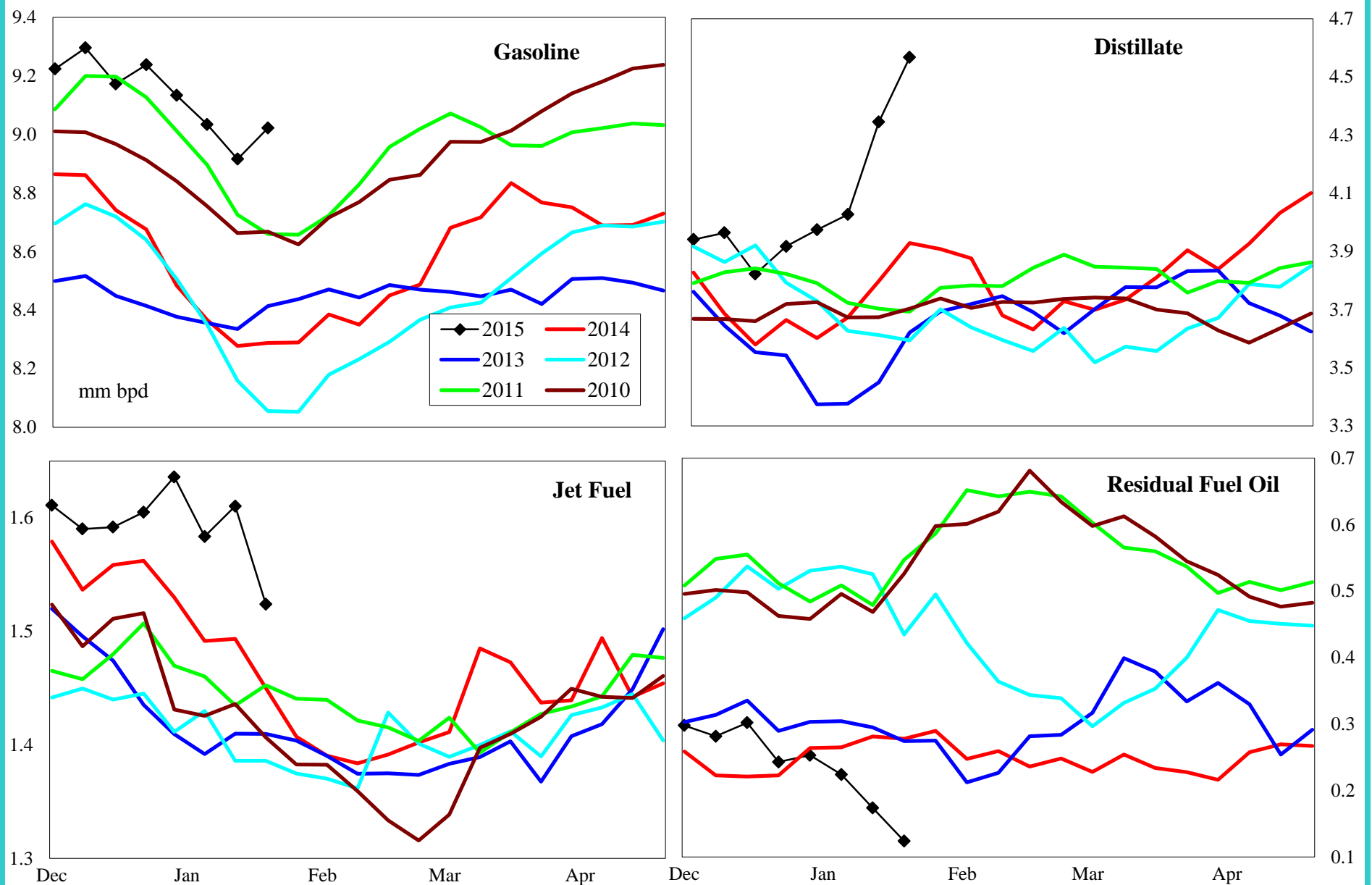
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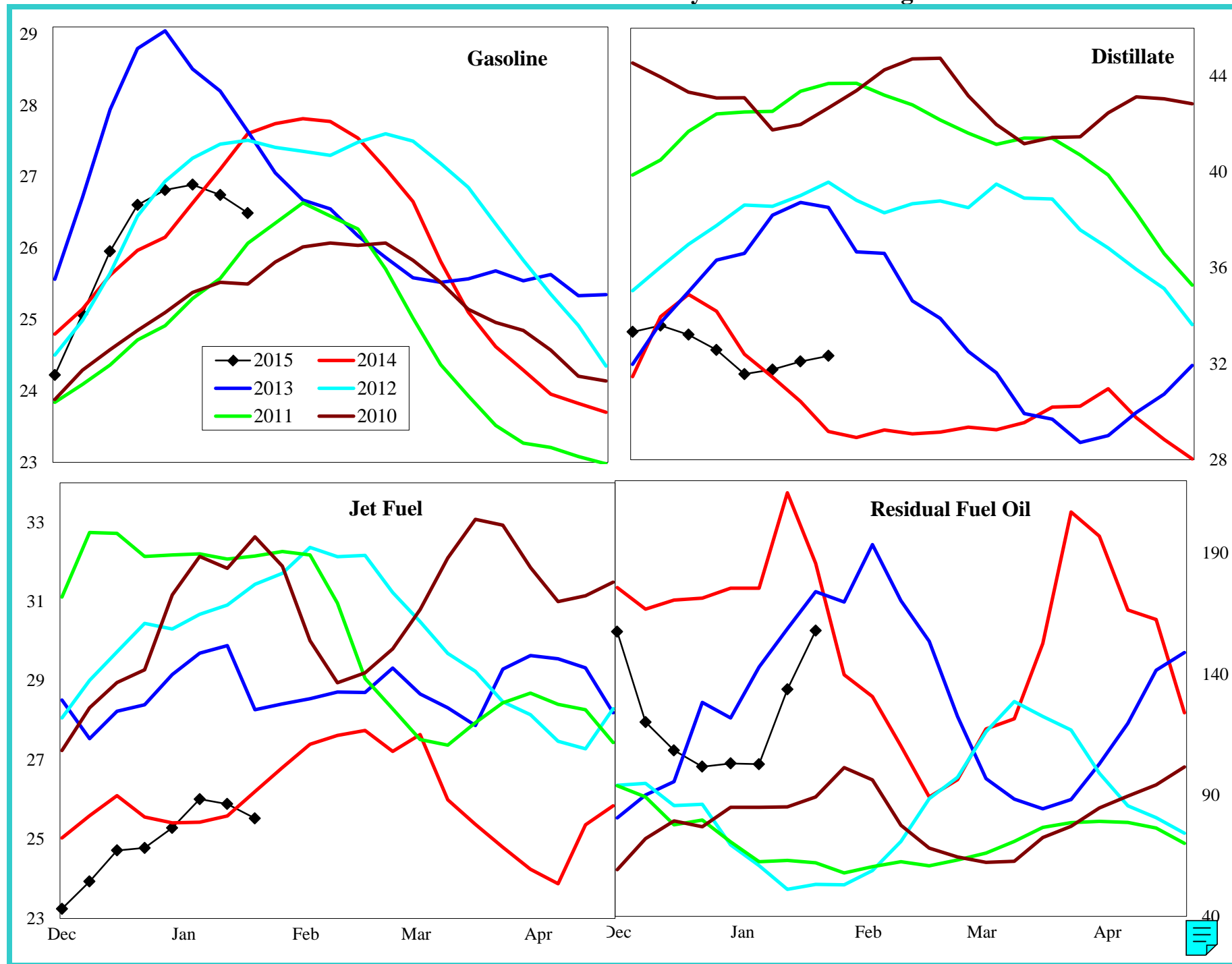
Fundamental Trends	Wholesale Demand	Stocks Days Fwd Coverage	Refinery Utilization		Product Yield %		Imports
Supply/Demand Trends	23-Jan-15	EIA-DOE CHANGE FROM PRIOR WEEK					
	000 bpd stocks 000 bls	U. S. Total	PADD				
			1	2	3	4	5
Crude Oil	Stocks	8,874	333	1,081	5,508	122	1,829
	Imports	204	305	9	259	-60	-310
	Input	347	108	169	13	4	54
	% Utilization	2.50					
Gasoline	Stocks	-2,587	-1,730	267	-353	-140	-631
	Production	-38	-47	36	-110	10	-36
	Imports	-86	-99	-1	39	0	-24
	Supplied	171					
Distillate	Stocks	-3,892	-207	-767	-3,202	-103	388
	Production	-56	55	44	-149	-2	-4
	Imports	171	185	-1	1	0	-14
	Supplied	43					
Jet Fuel	Stocks	-177	-535	291	-459	-67	593
	Production	27	1	17	57	2	-51
	Imports	-72	-91	0	0	0	19
	Supplied	-190					
Residual Fuel Oil	Stocks	242	-572	-28	775	-8	75
	Production	-2	-15	16	24	1	-30
	Imports	-25	-104	1	77	0	3
	Supplied	-83					

United States Wholesale Petroleum Demand

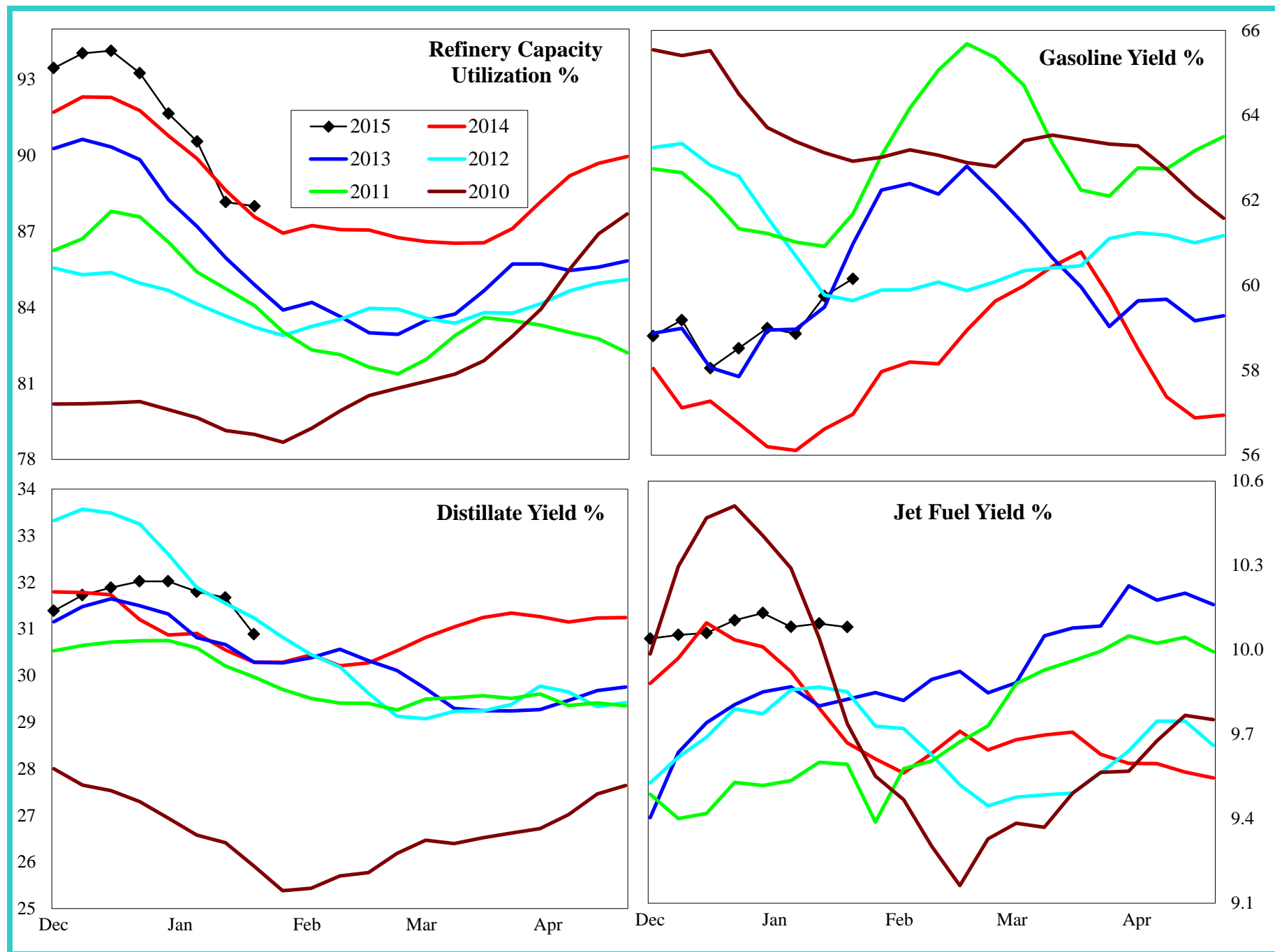


	000 bpd change from prior year				% change from prior year				
	4wk avg	Dec	Nov	Jan	4wk avg	Dec	Nov	Oct	
Gasoline	1,094	654	473	375	13.3	7.5	5.4	4.3	
Distillate	149	-40	1	143	4.0	-1.0	0.0	3.5	
Jet Fuel	121	129	117	12	8.4	9.0	8.2	0.8	
Resid	-20	38	-111	-13	-7.2	17.4	-33.6	-4.3	

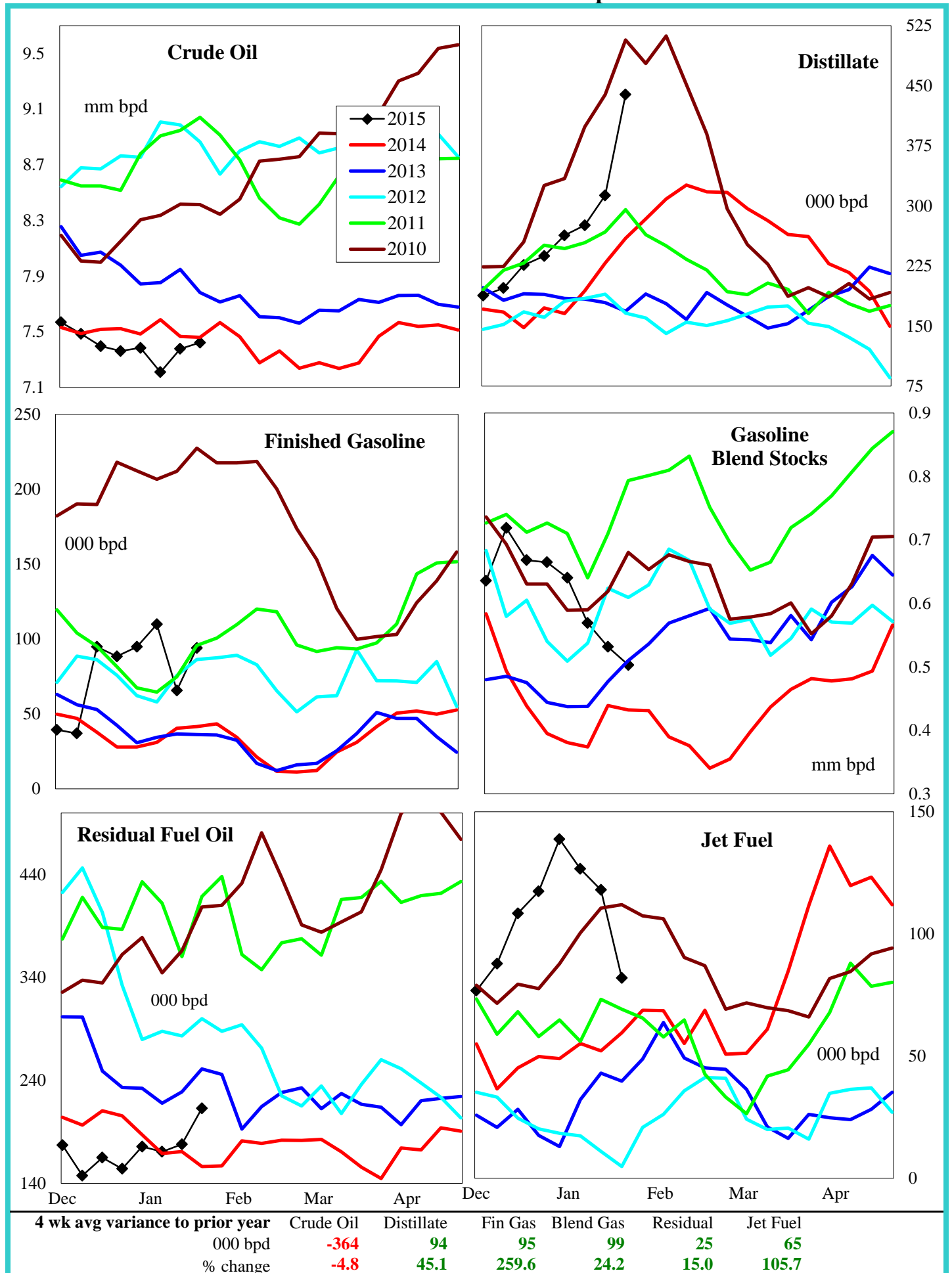


United States Product Stocks: Days Forward Coverage

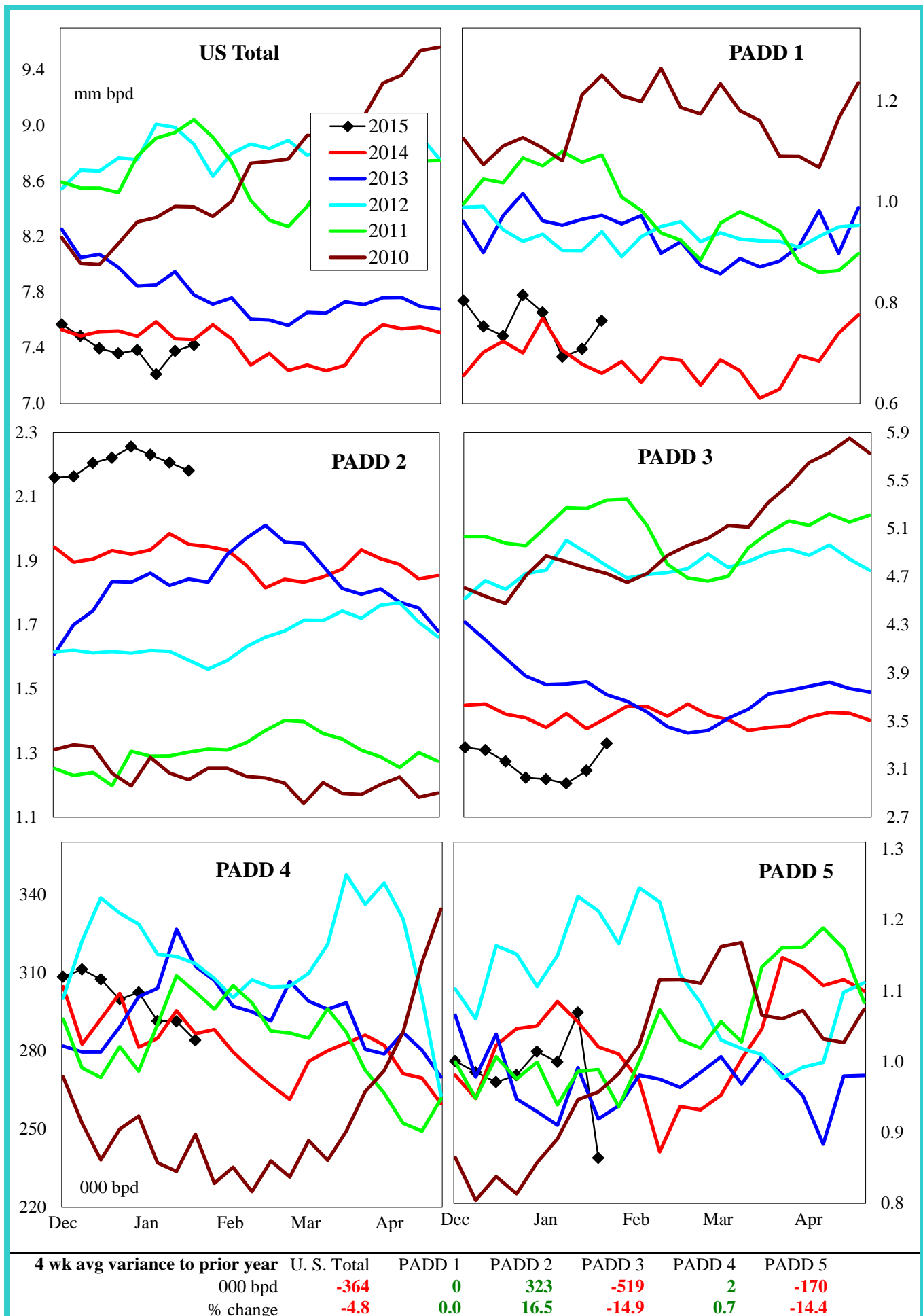
United States Refinery Percent Utilization Rate and Product Yields



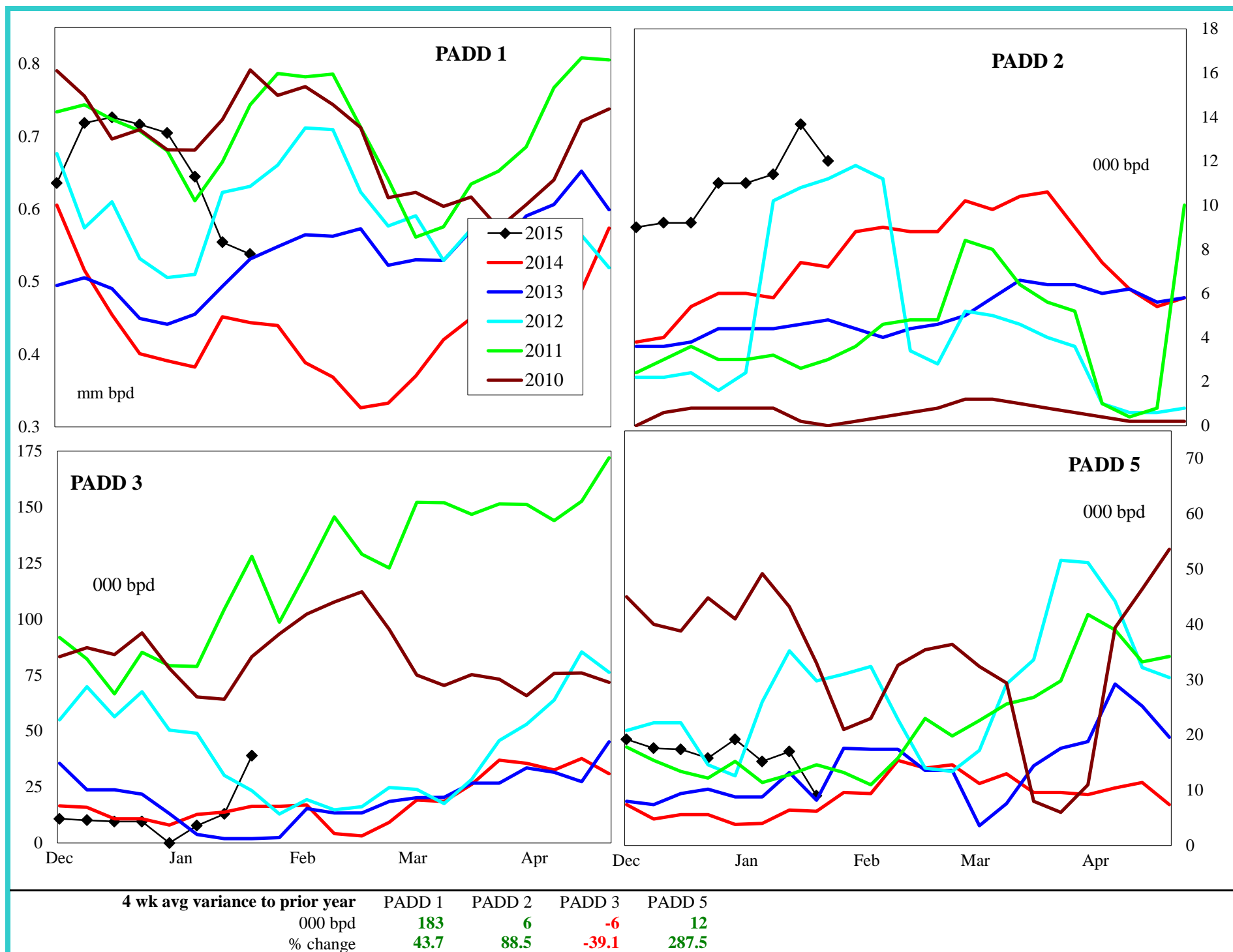
United States Petroleum Imports



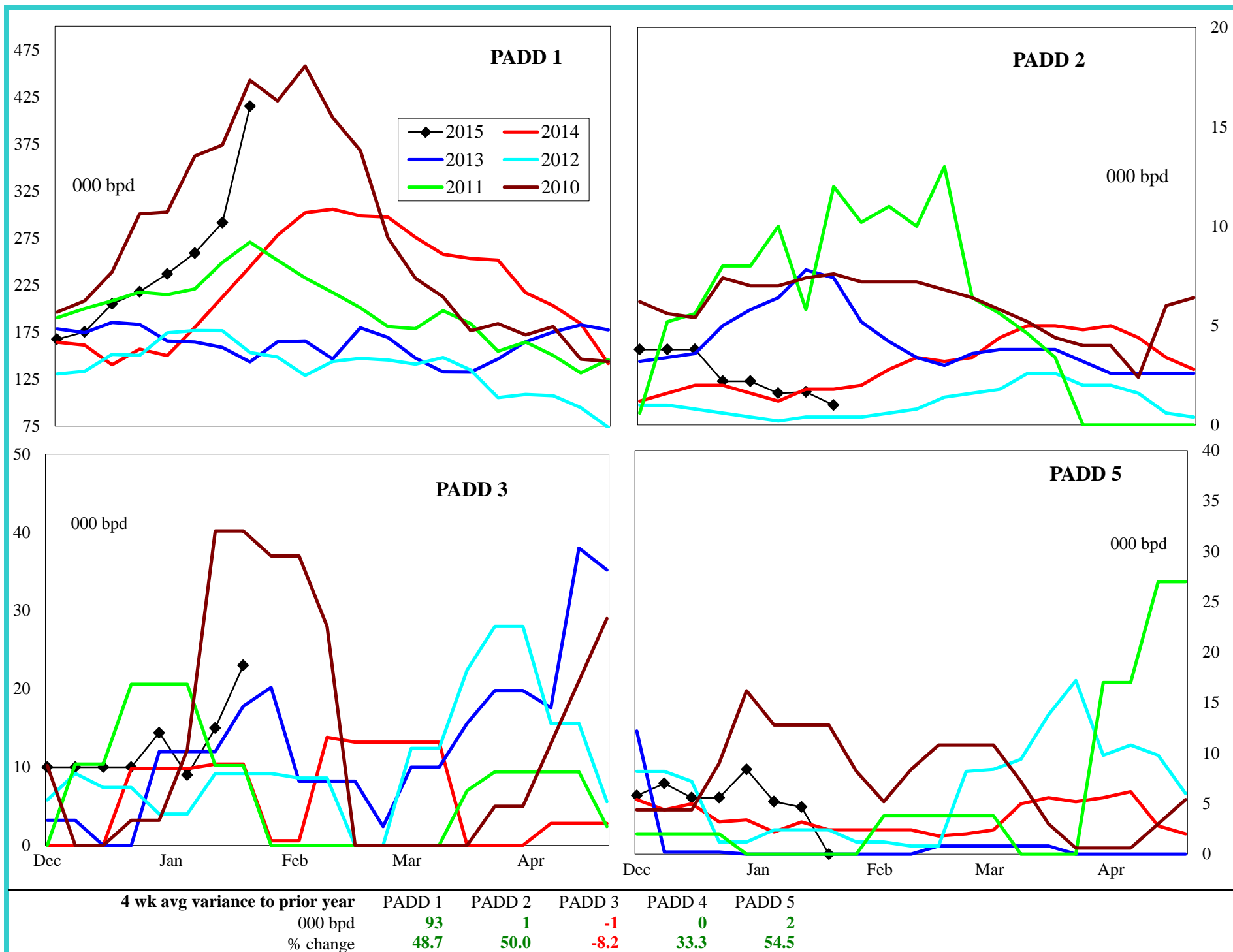
Crude Oil Imports by PADD



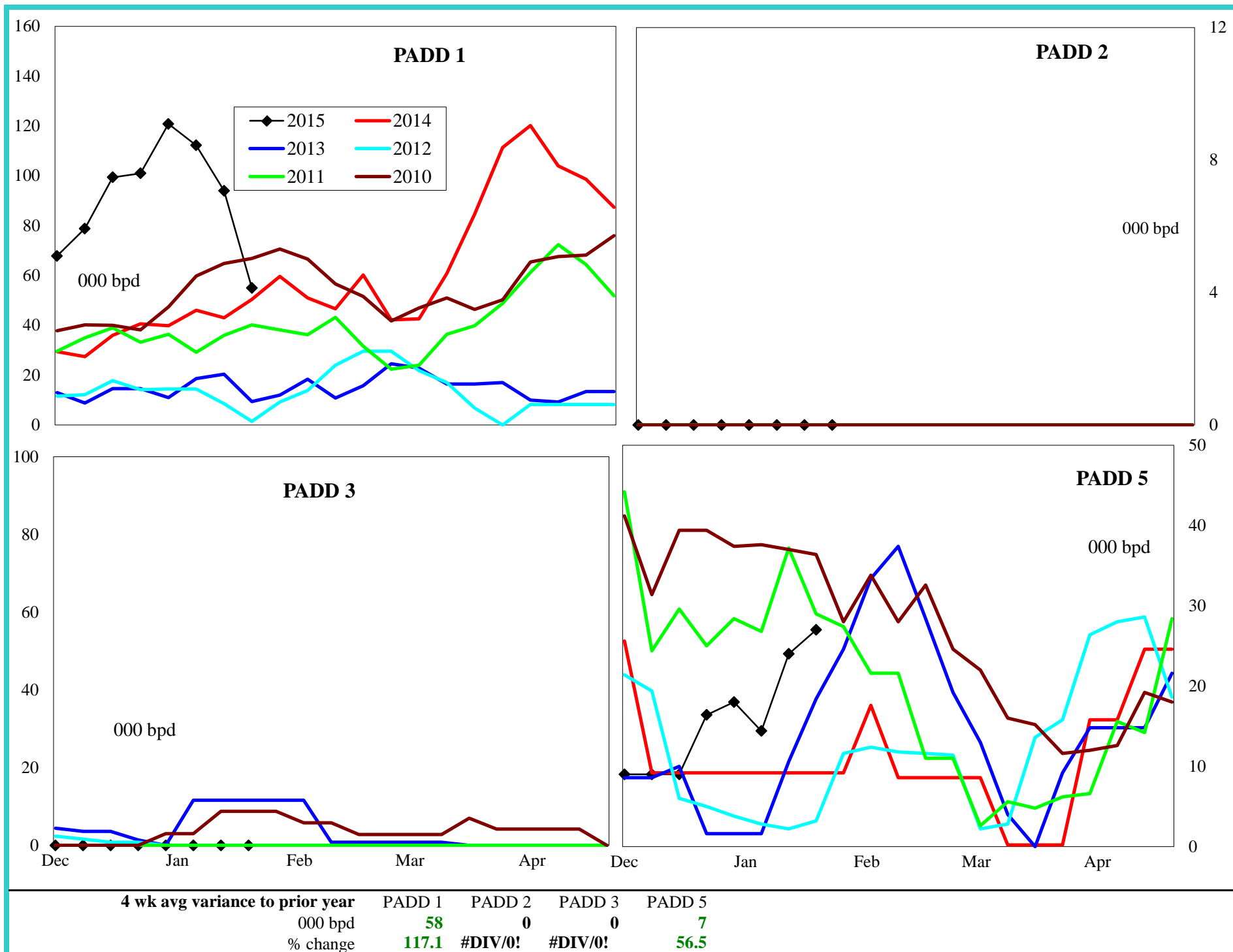
Gasoline Imports by PADD (Finished + Blend Stocks)



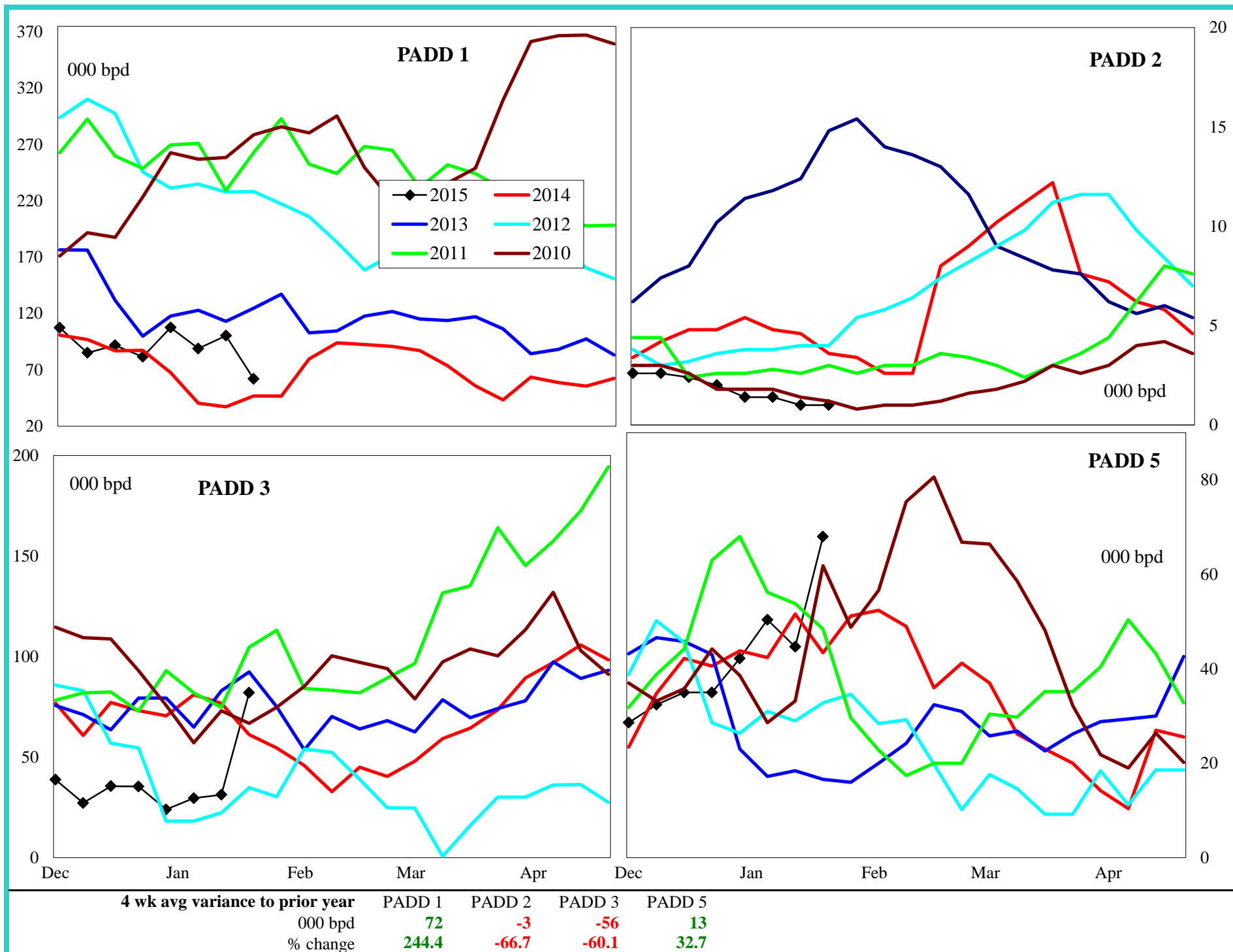
Distillate Imports by PADD



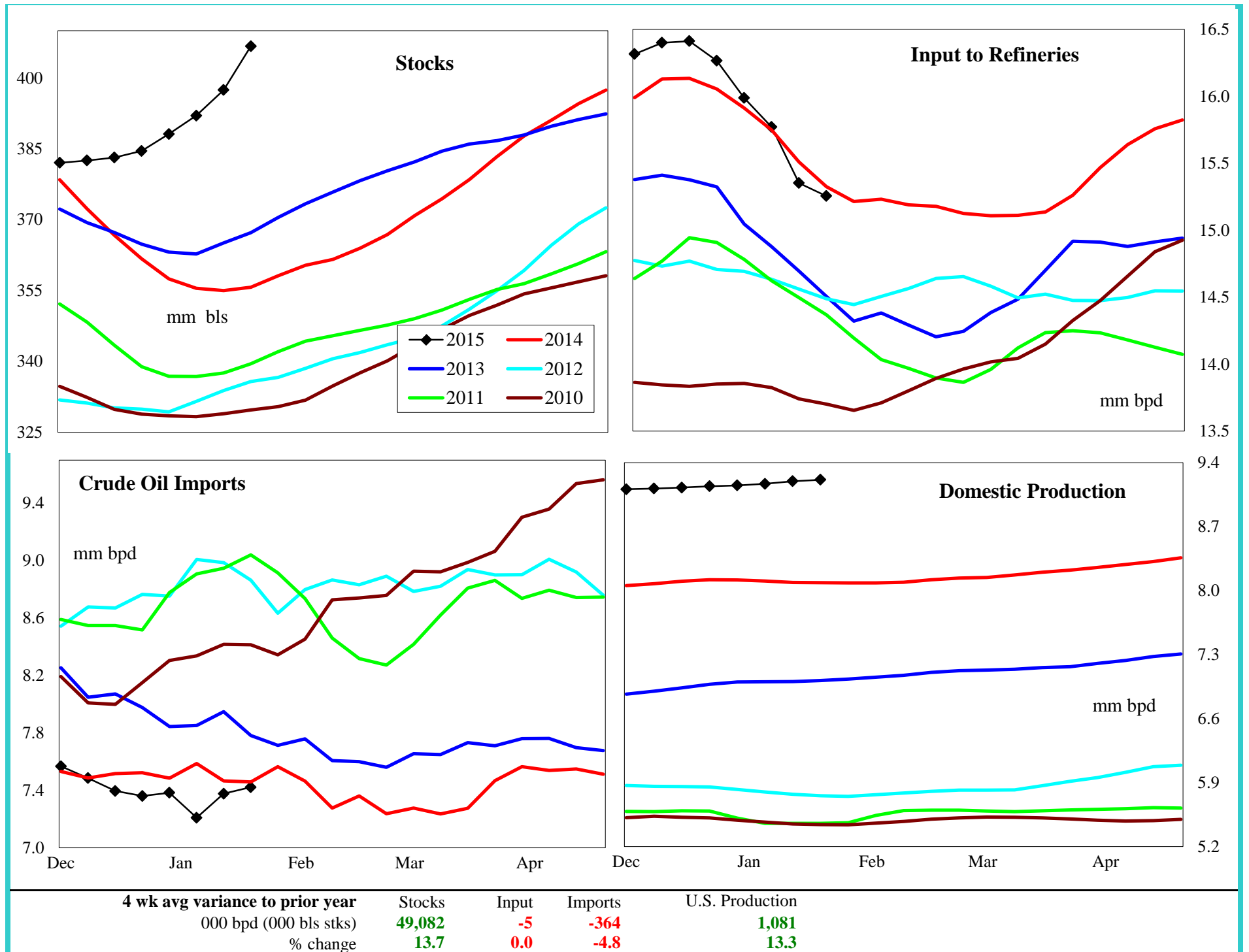
Jet Fuel Imports by PADD



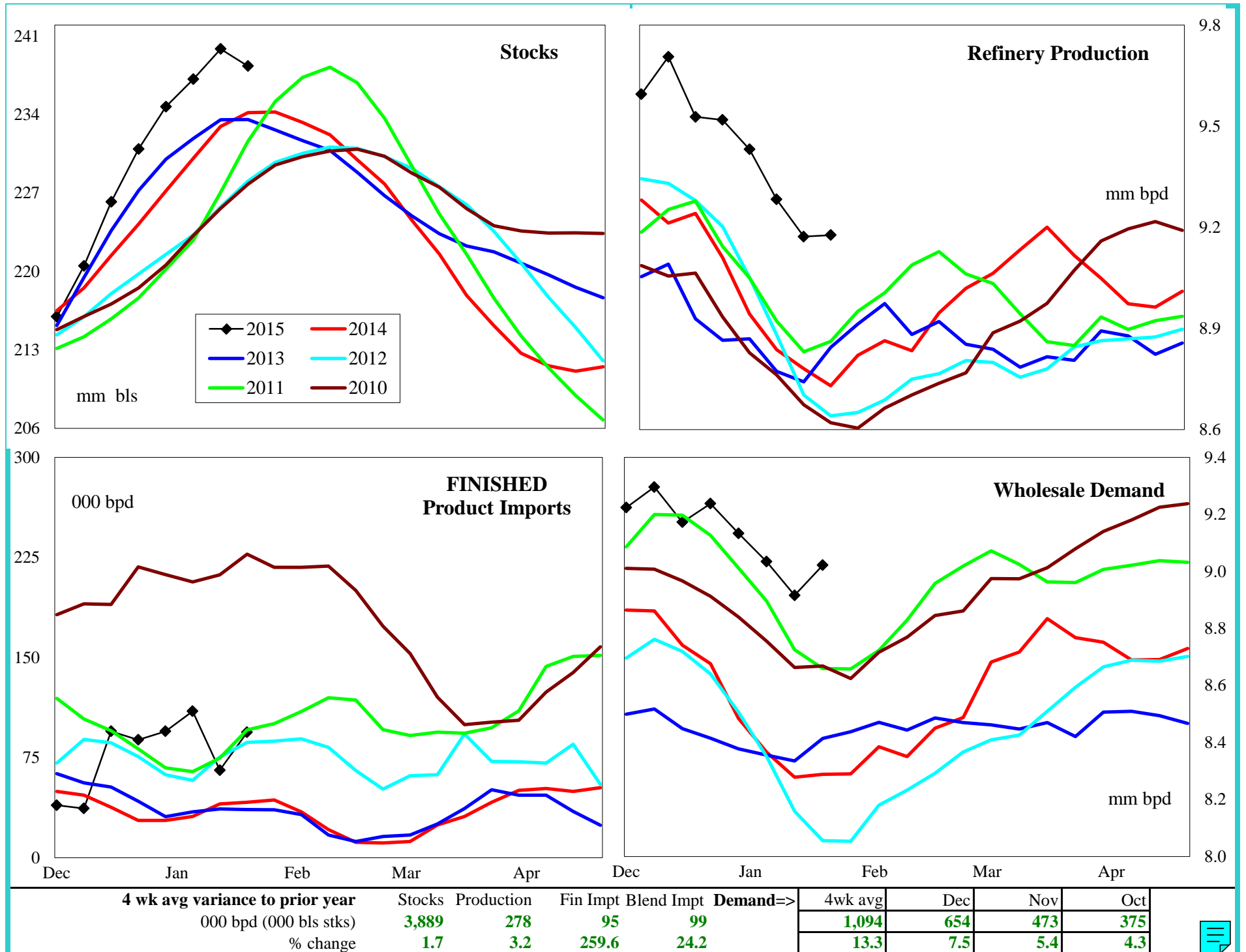
Residual Fuel Oil Imports by PADD



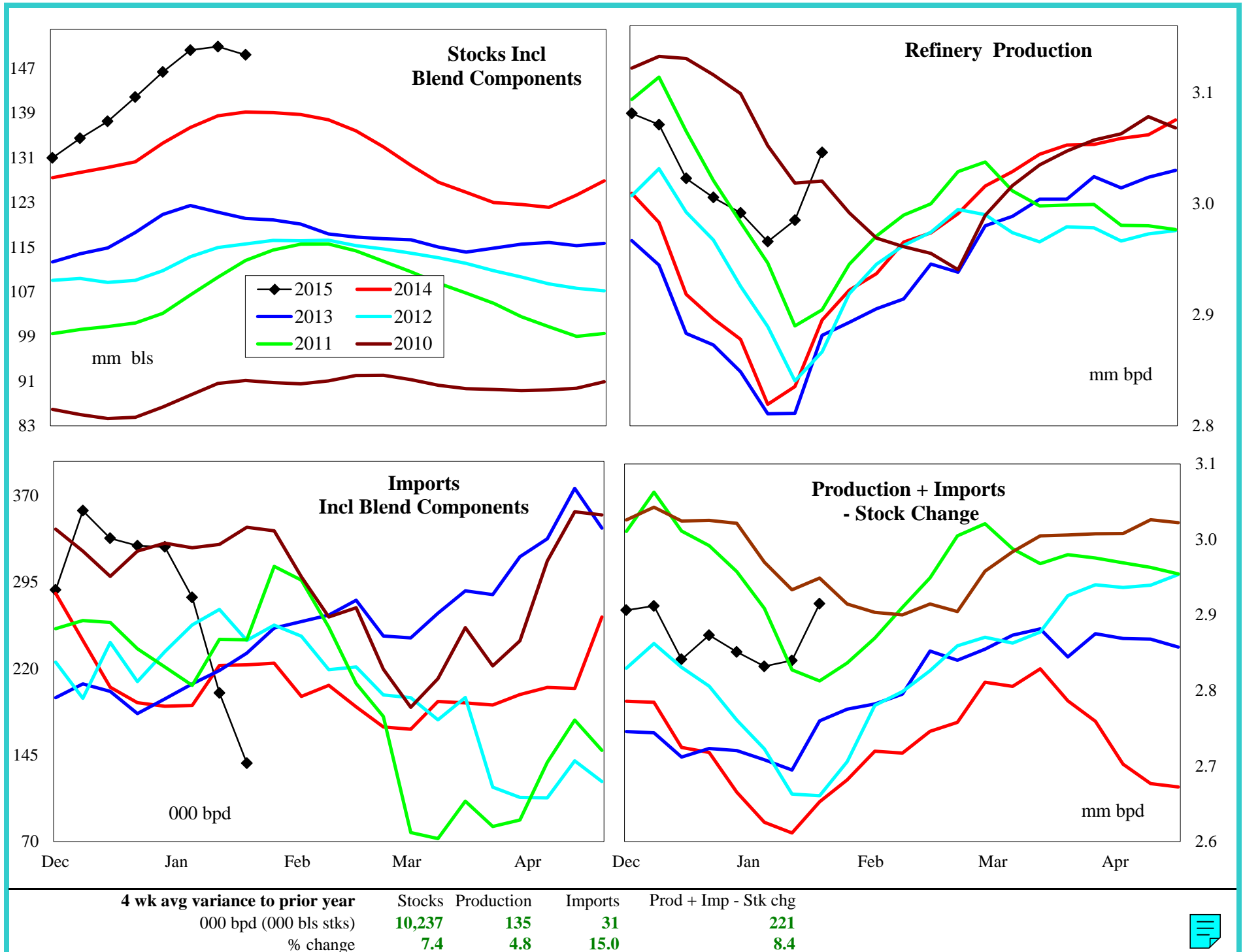
United States Crude Oil Supply and Demand Balance



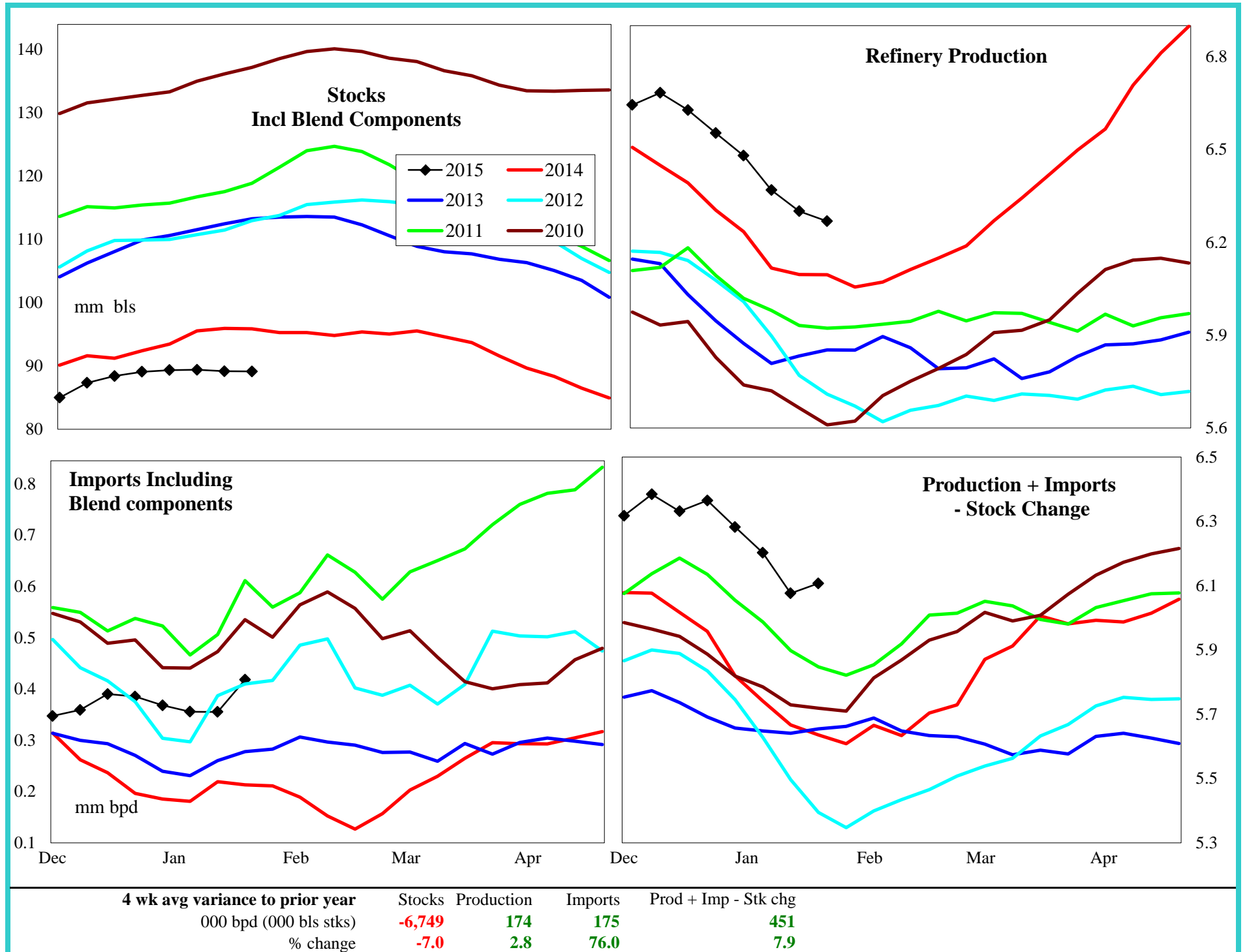
United States Gasoline Supply and Demand Balance



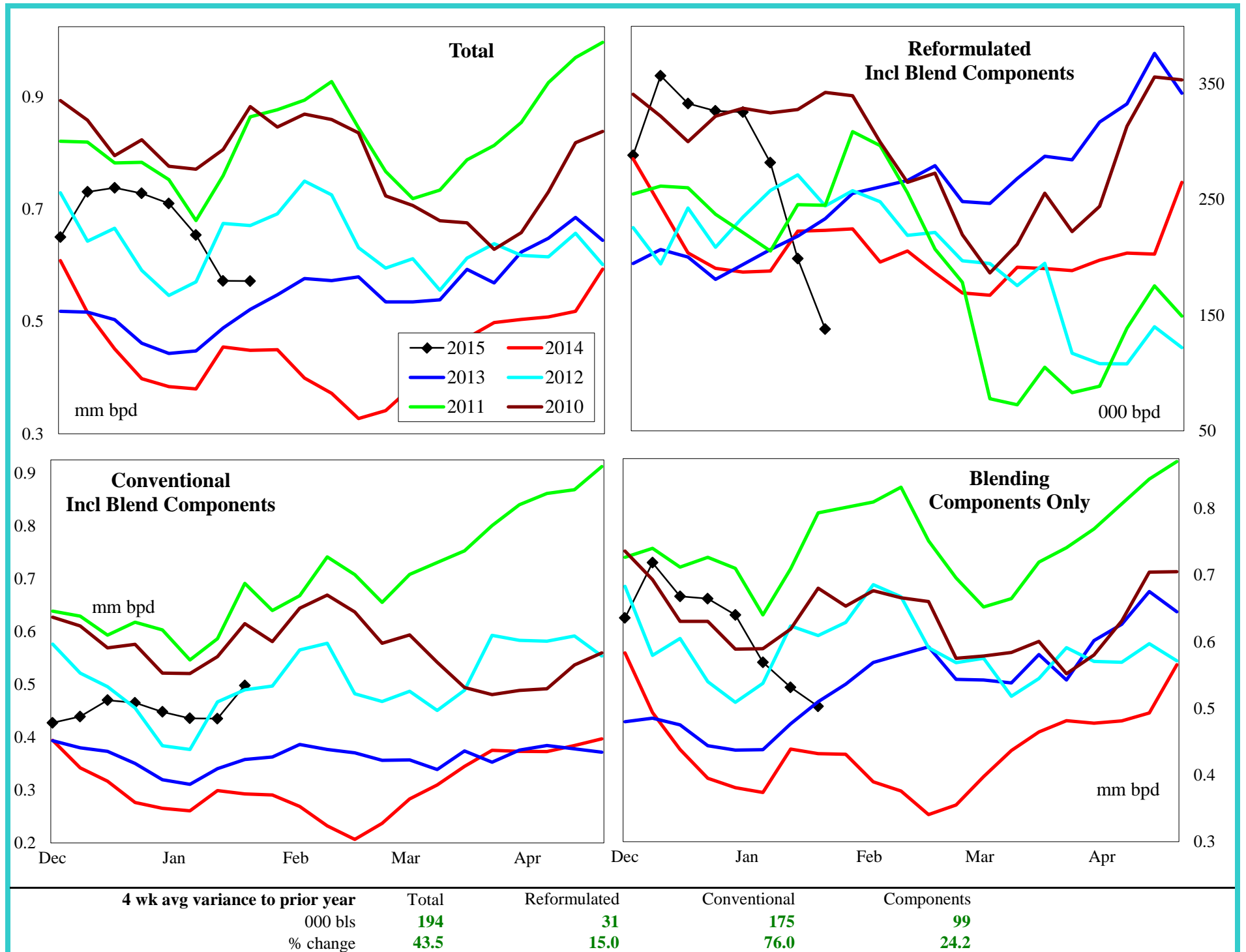
United States Reformulated Gasoline Supply



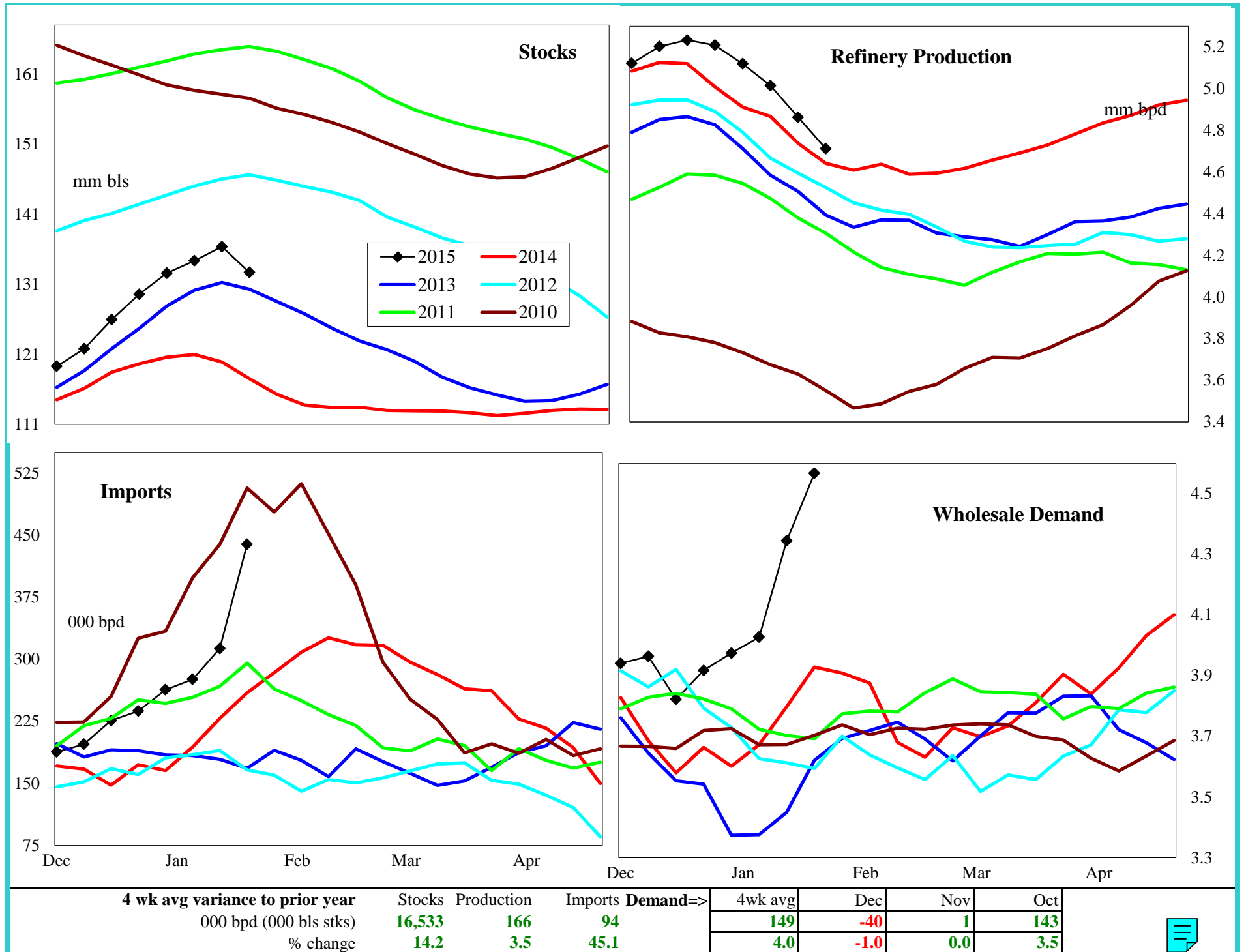
United States Conventional Gasoline Supply



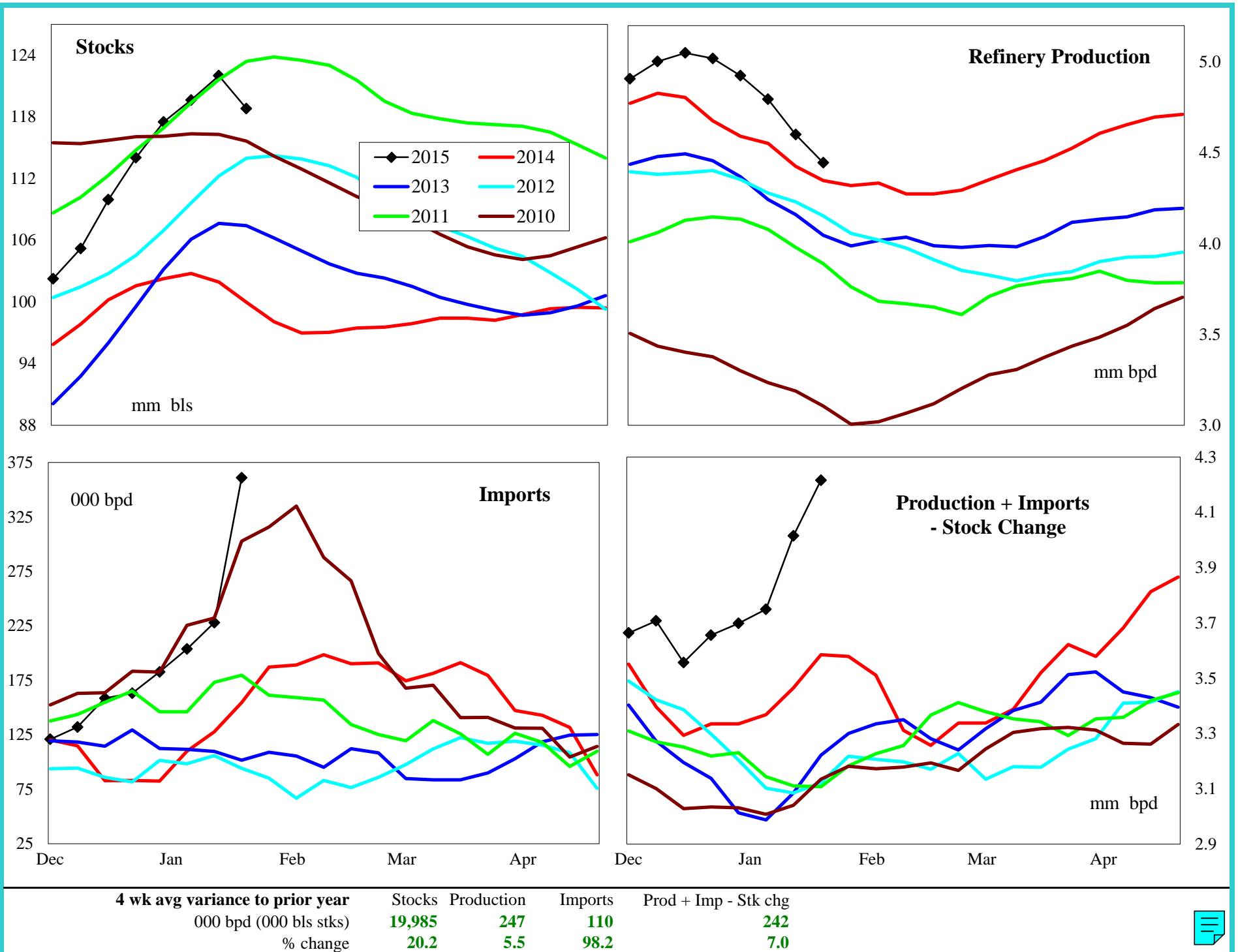
United States Gasoline Imports by Type



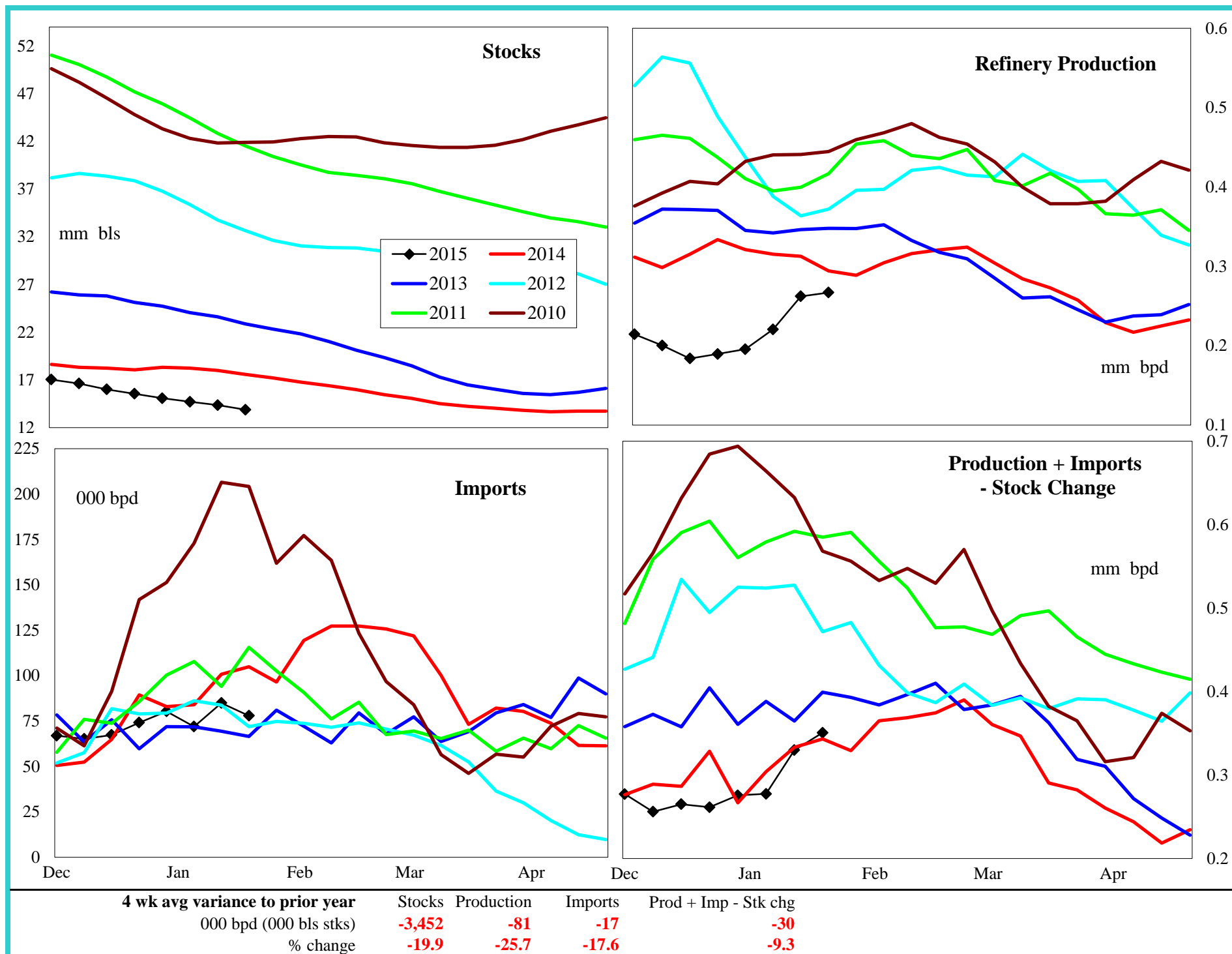
United States Distillate Supply and Demand Balance



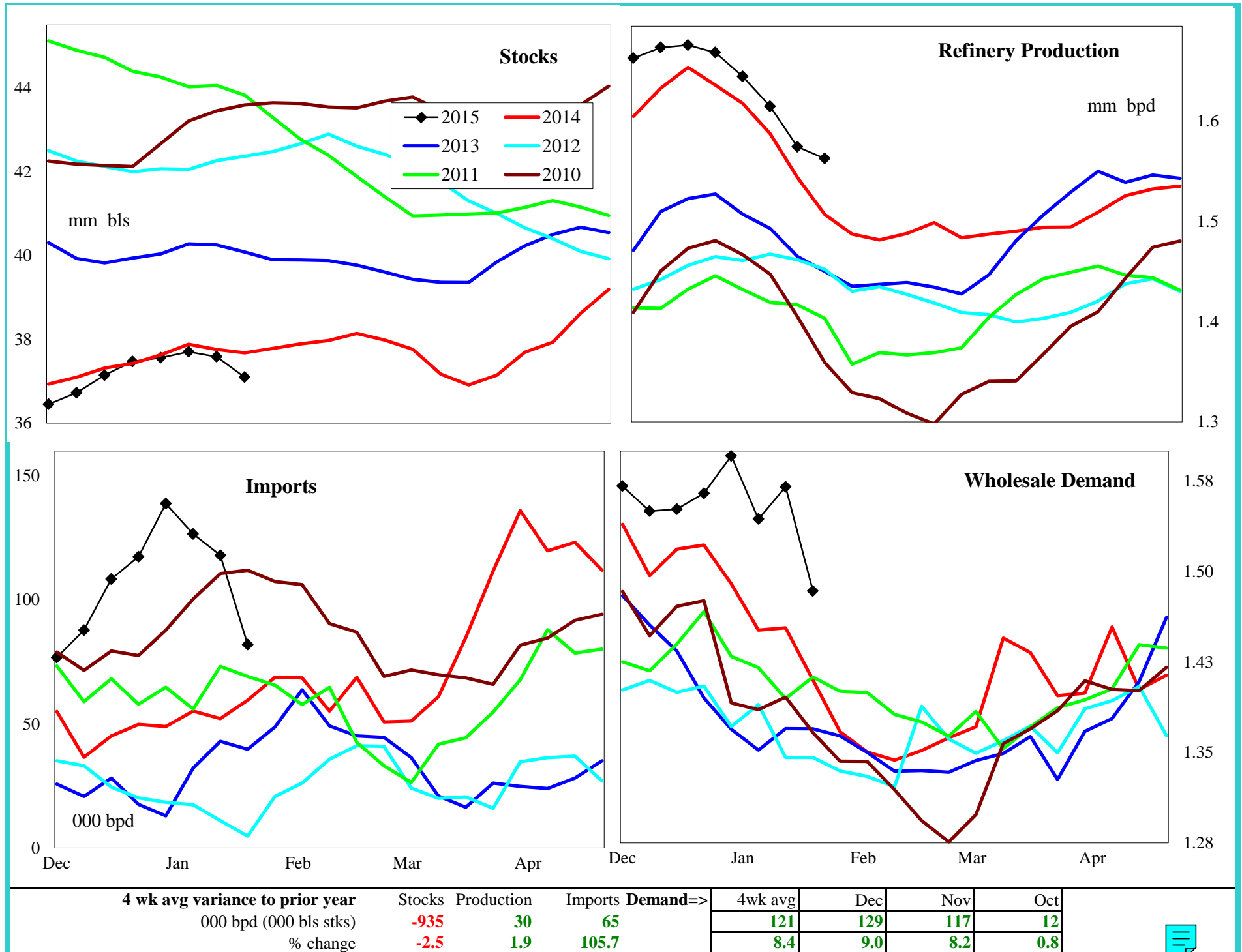
United States Low Sulfur Distillate Supply



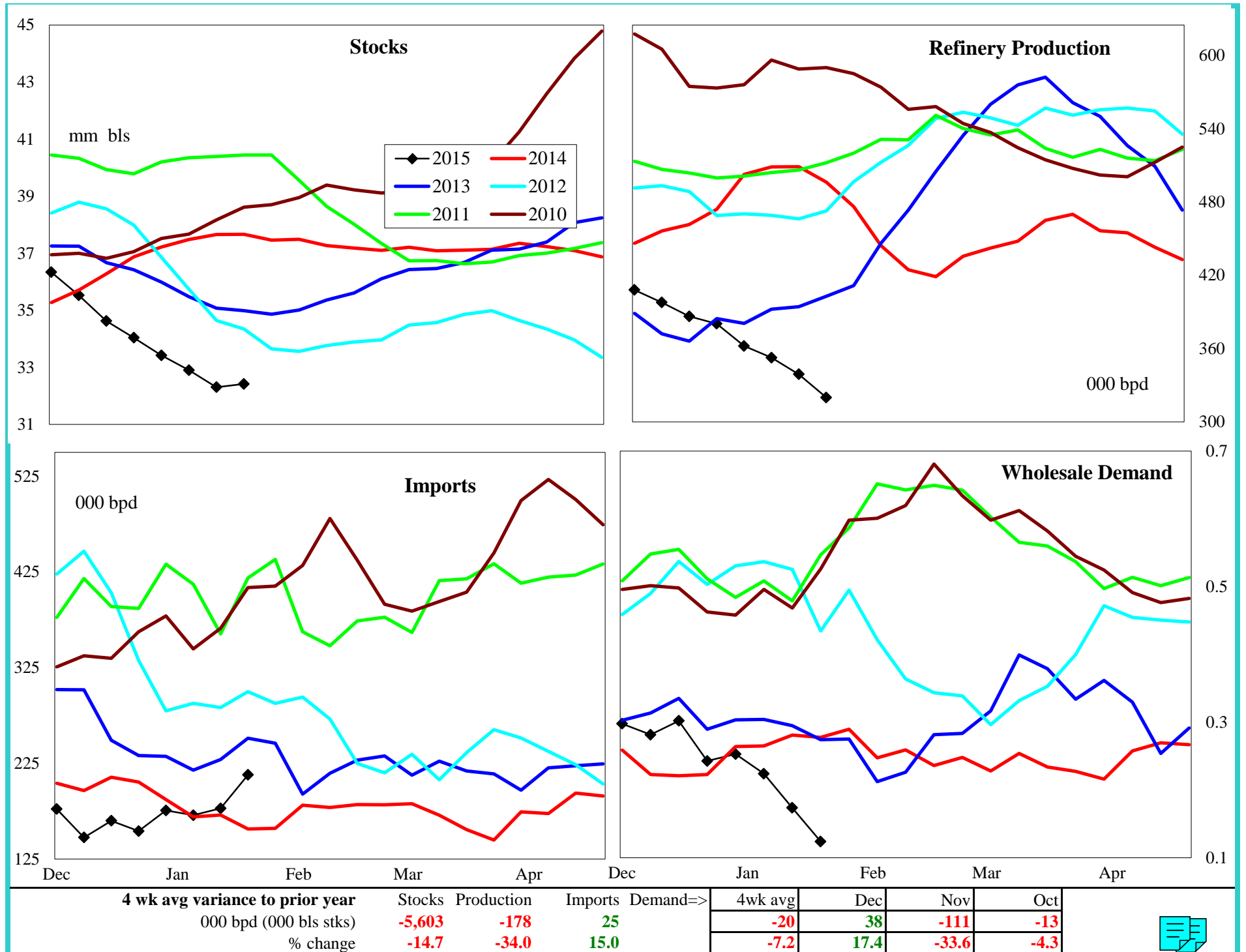
United States High Sulfur Distillate Supply



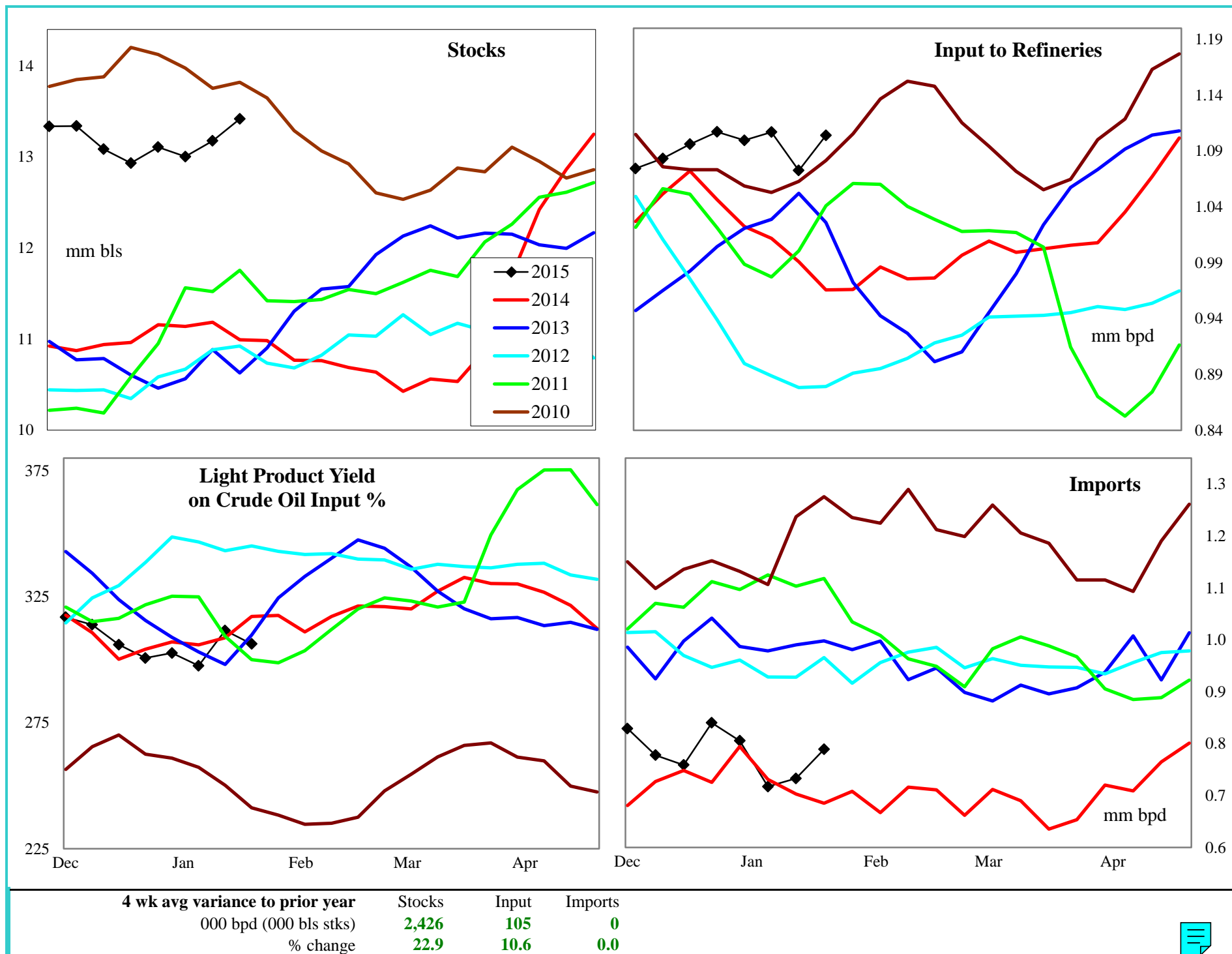
United States Jet Fuel Supply and Demand Balance



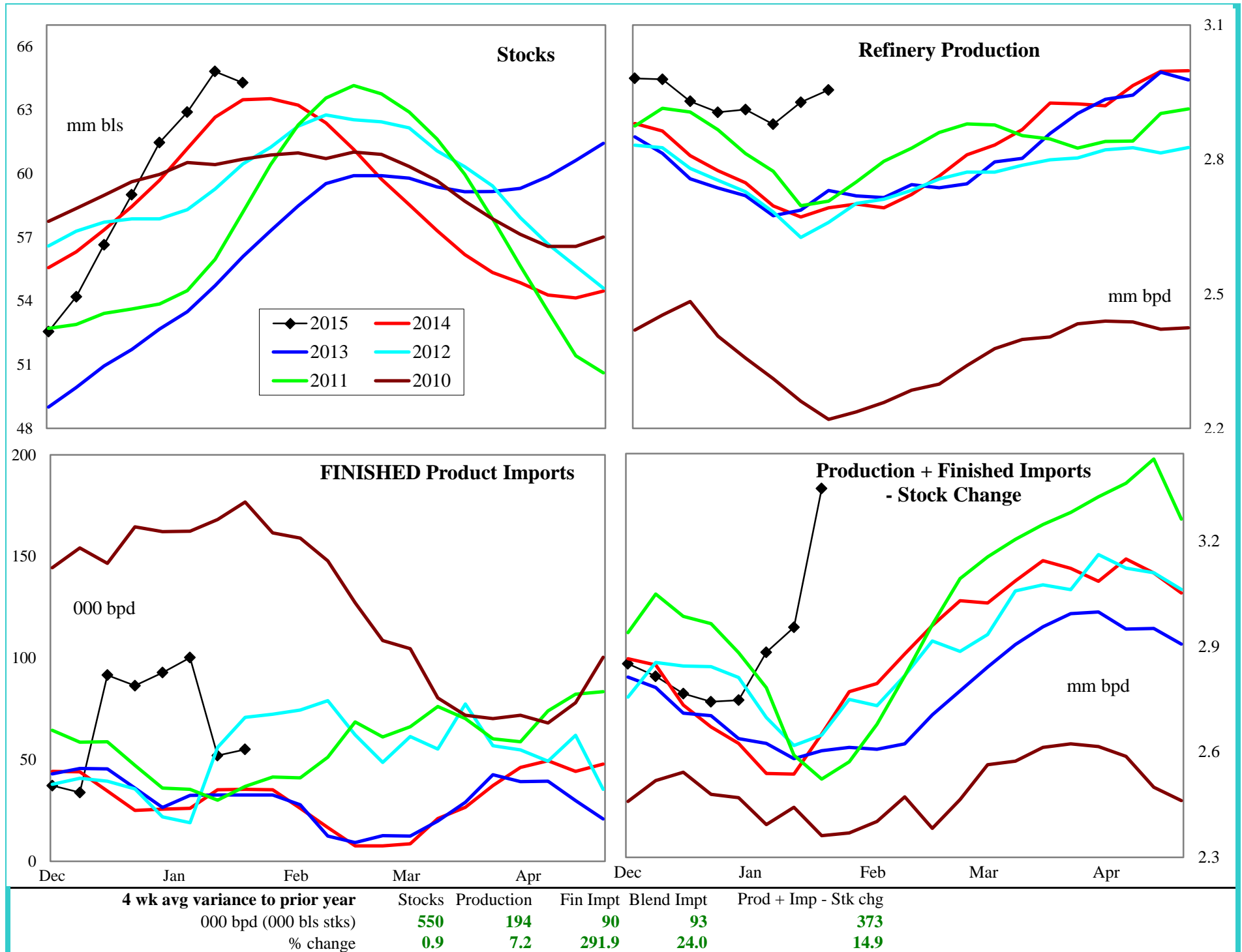
United States Residual Fuel Oil Supply and Demand Balance



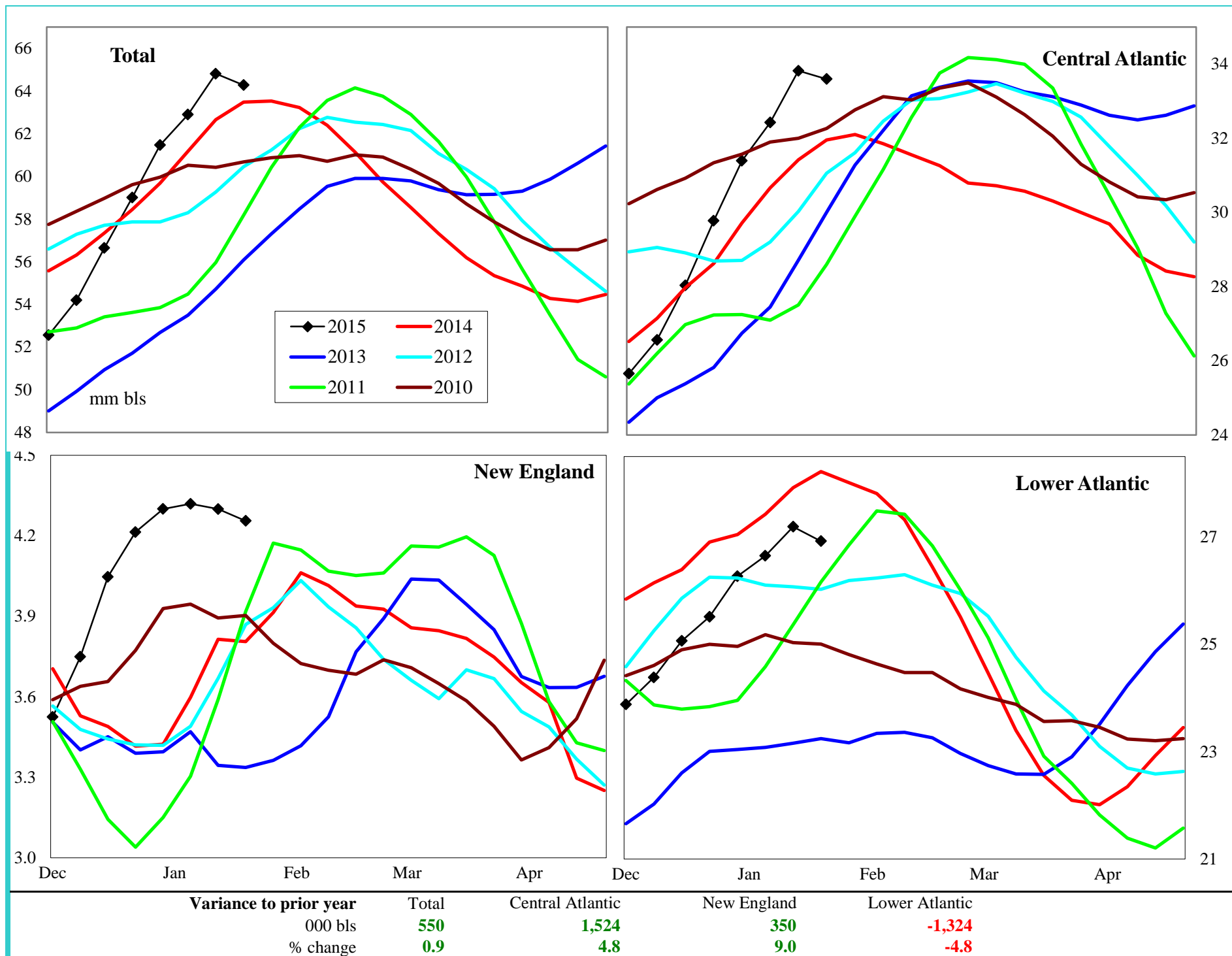
PADD 1 Crude Oil Supply and Refining



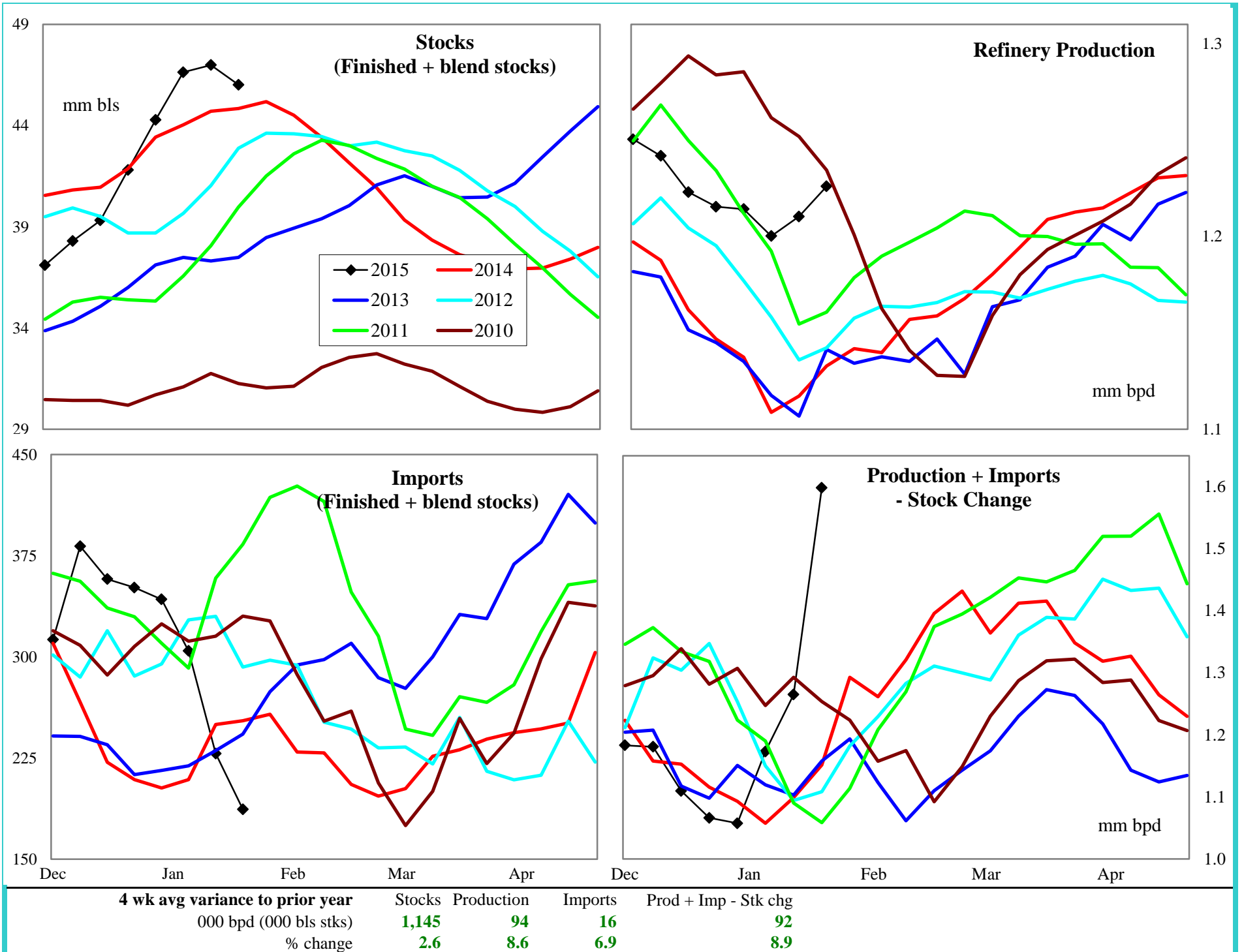
PADD 1 Gasoline Supply



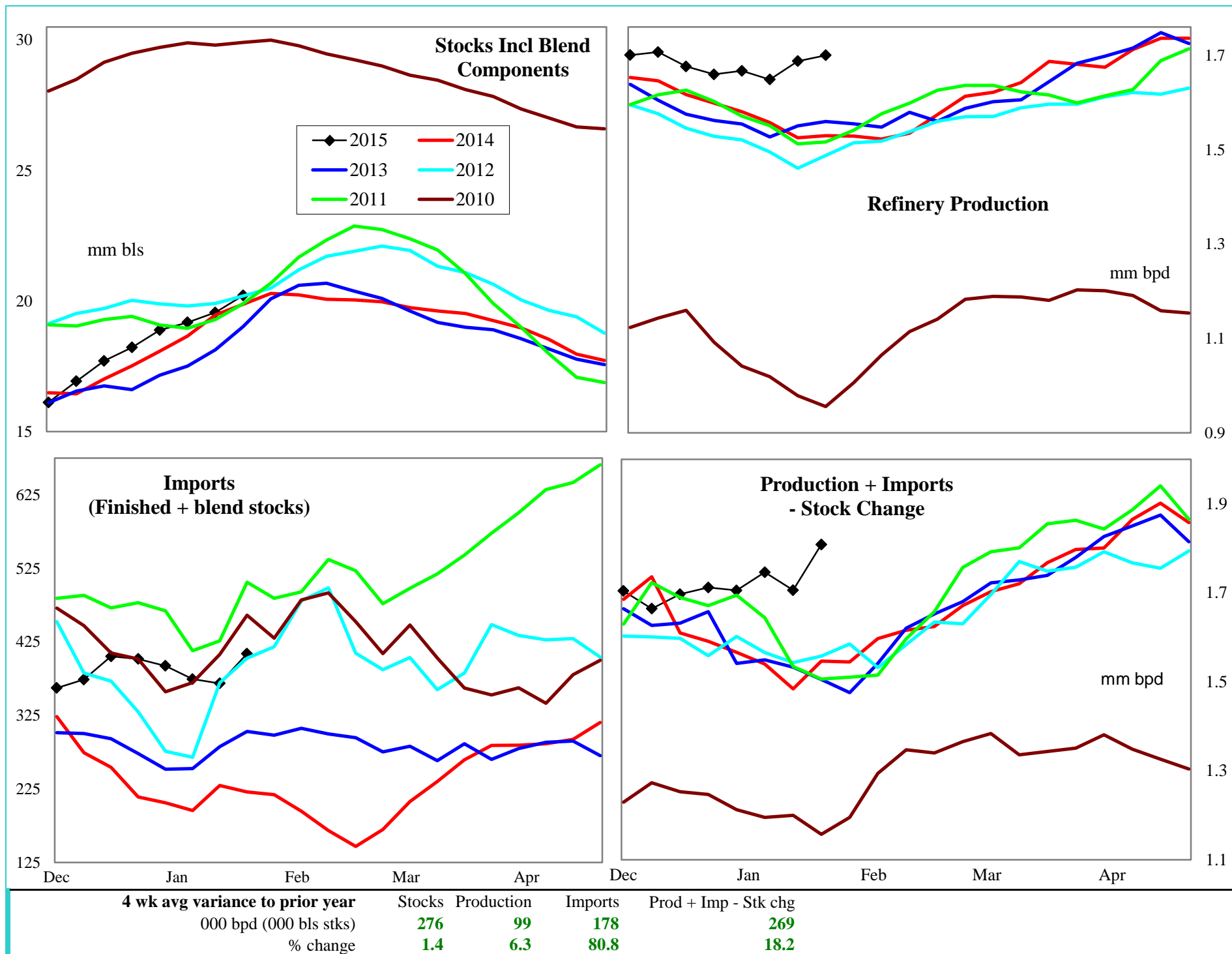
PADD 1 Gasoline Stocks by Region



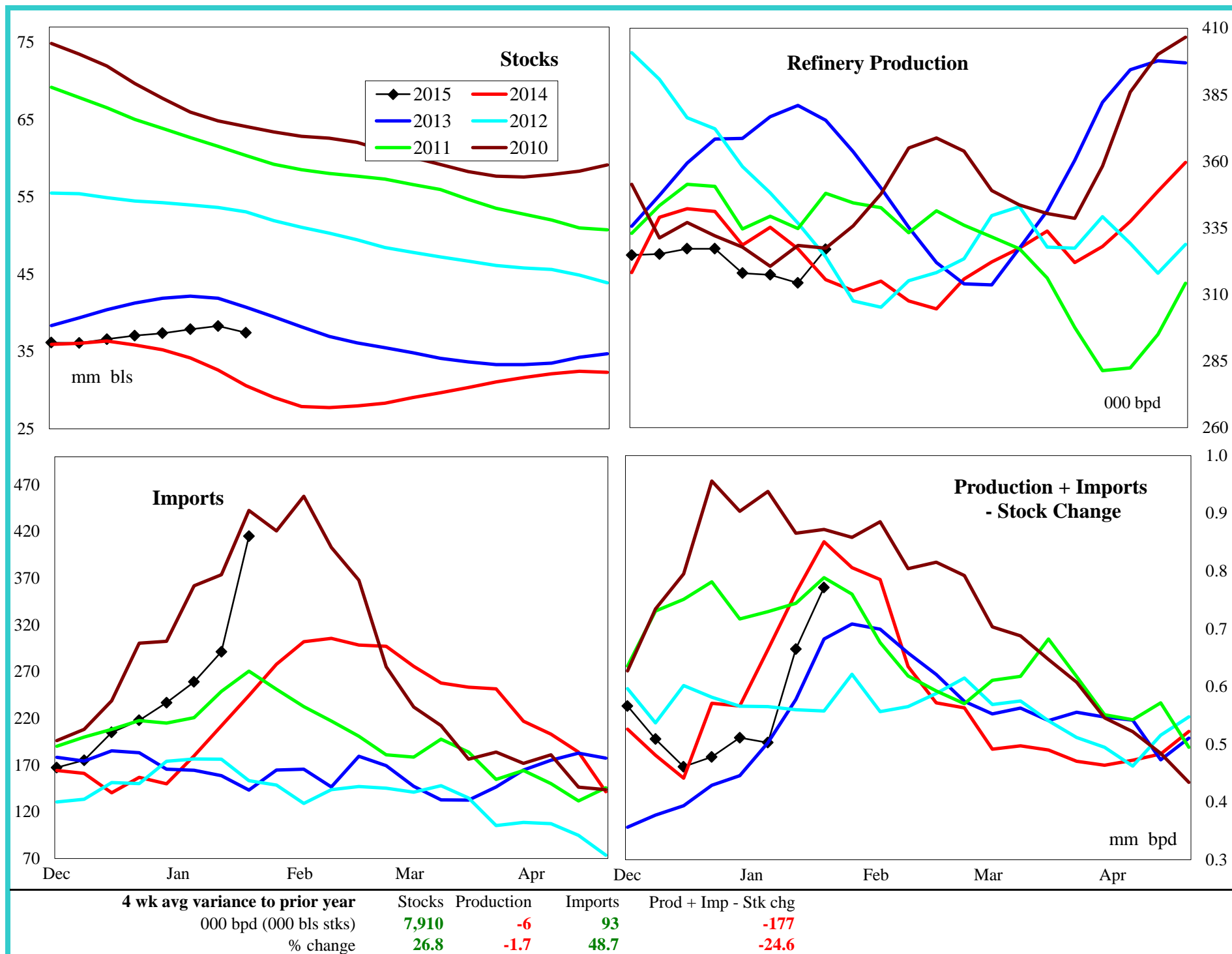
PADD 1 Reformulated Gasoline Supply



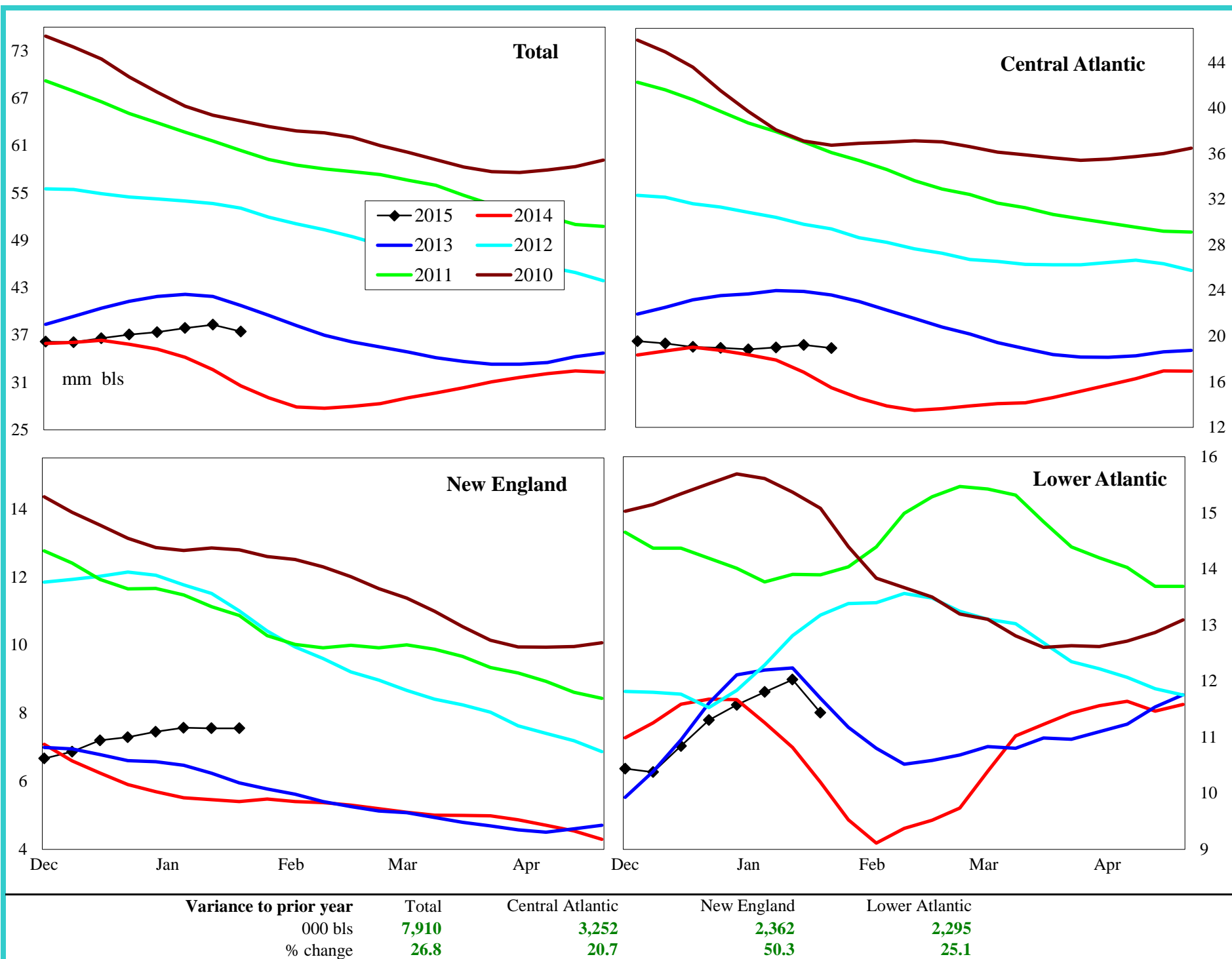
PADD 1 Conventional Gasoline Supply



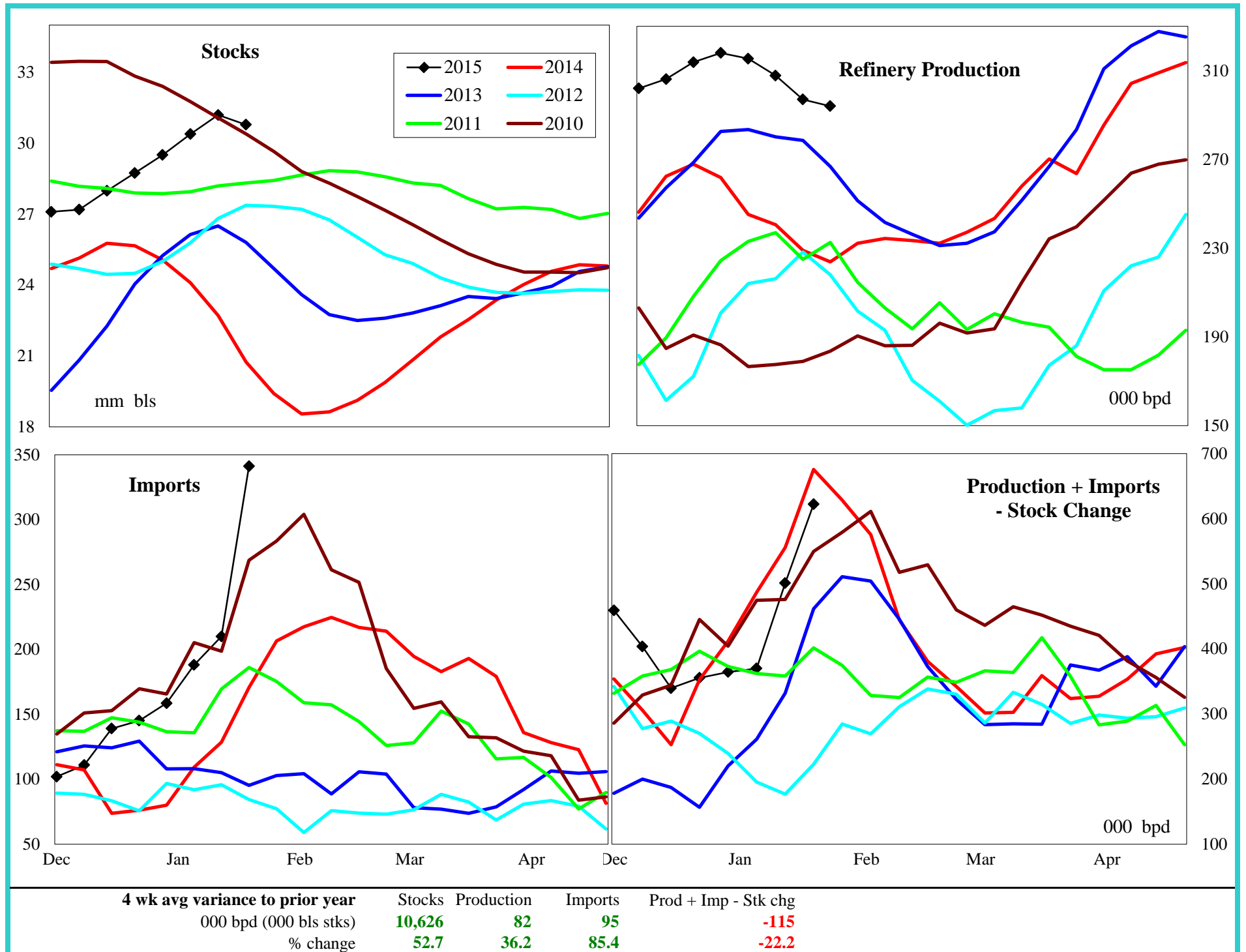
PADD 1 Distillate Supply



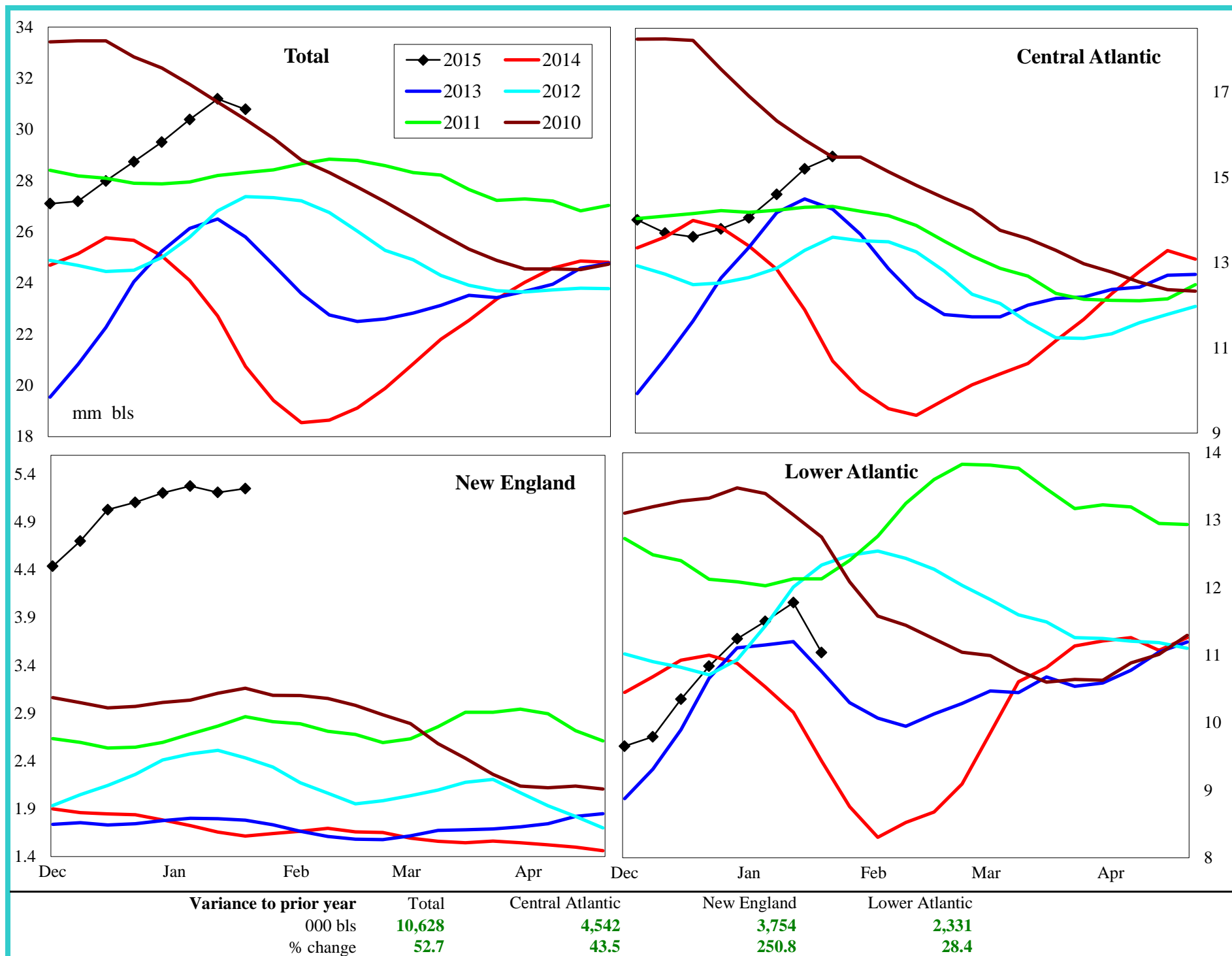
PADD 1 Distillate Stocks by Region



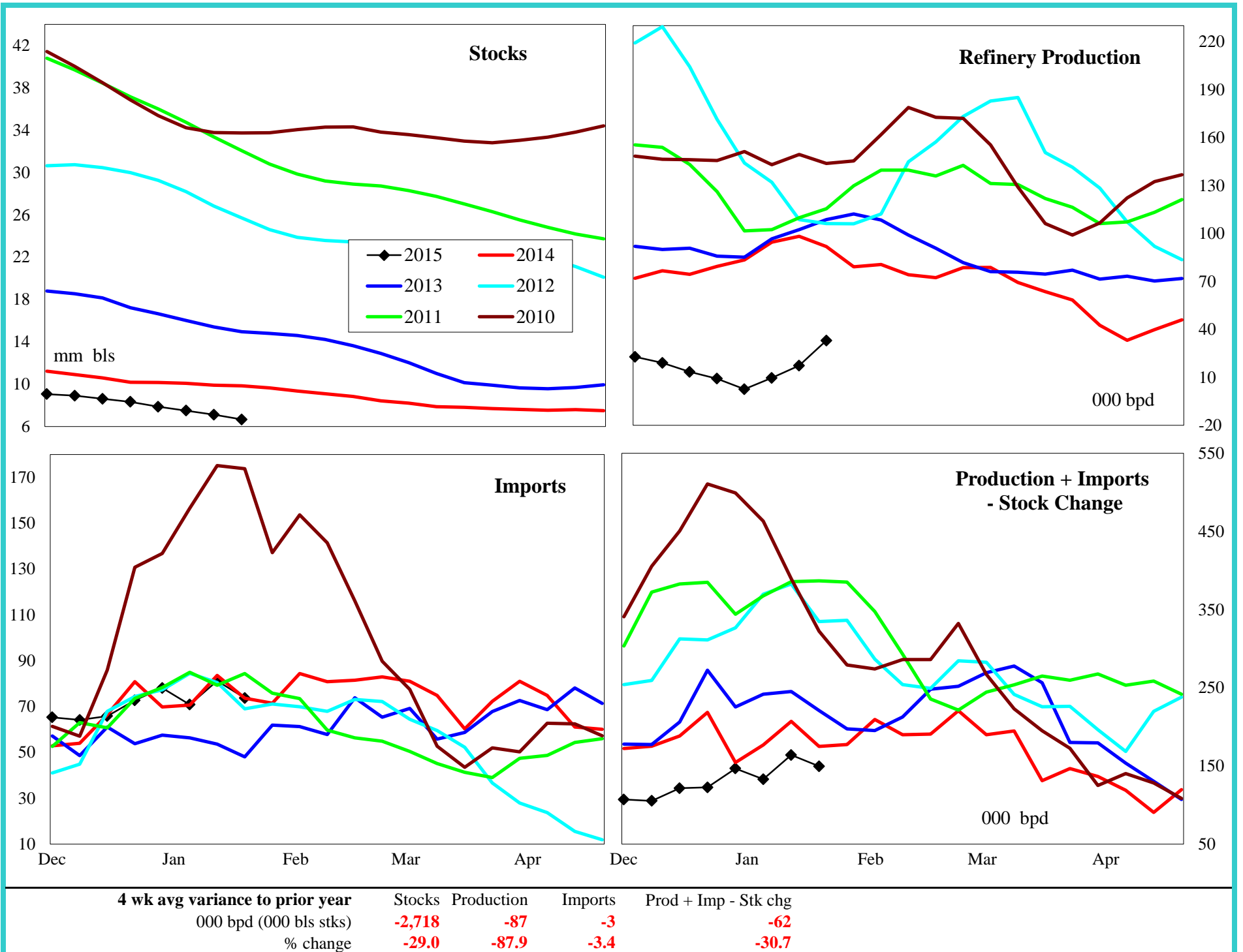
PADD 1 Low Sulfur Distillate Supply



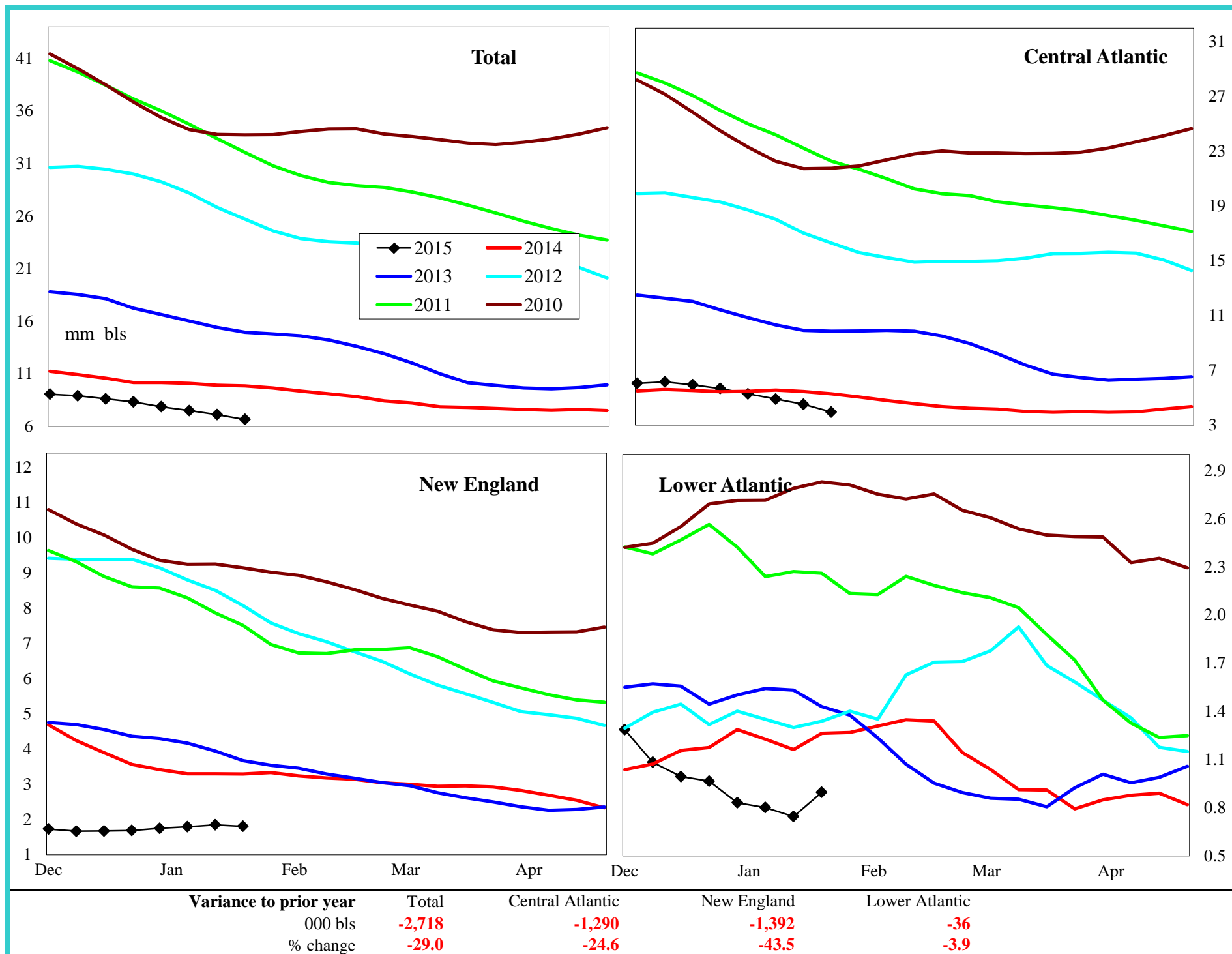
PADD 1 Low Sulfur Distillate Stocks by Region



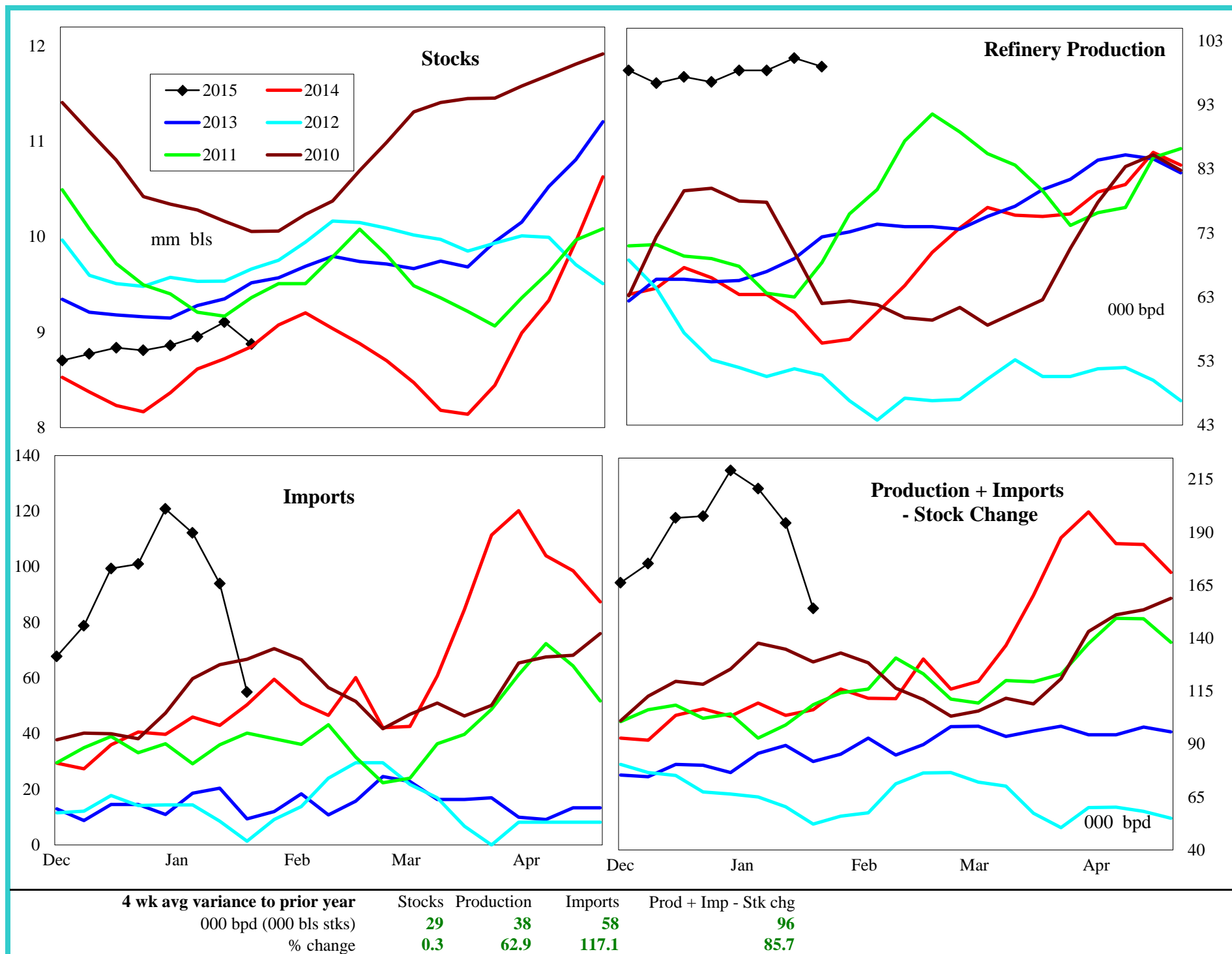
PADD 1 High Sulfur Distillate Supply



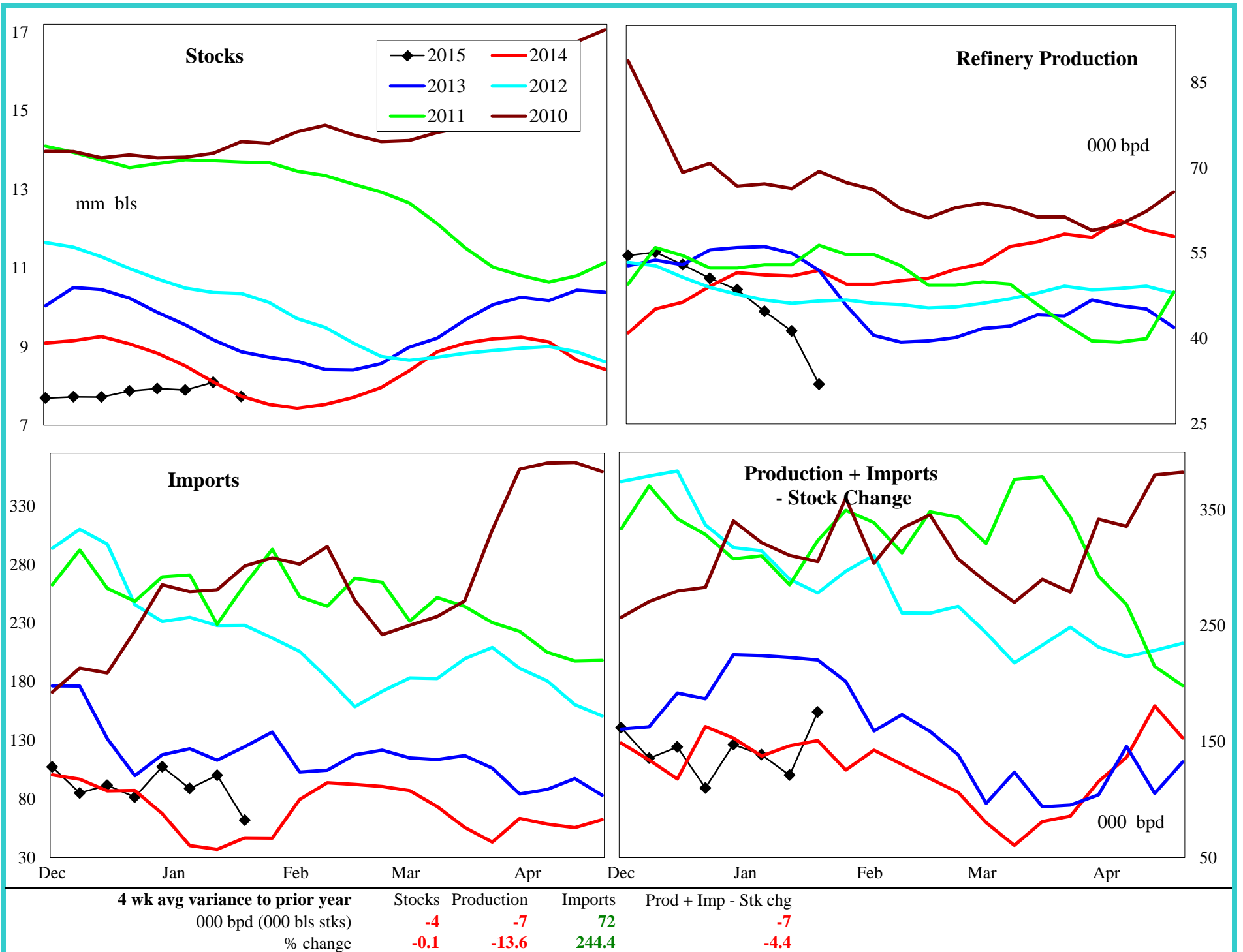
PADD 1 High Sulfur Distillate Stocks by Region



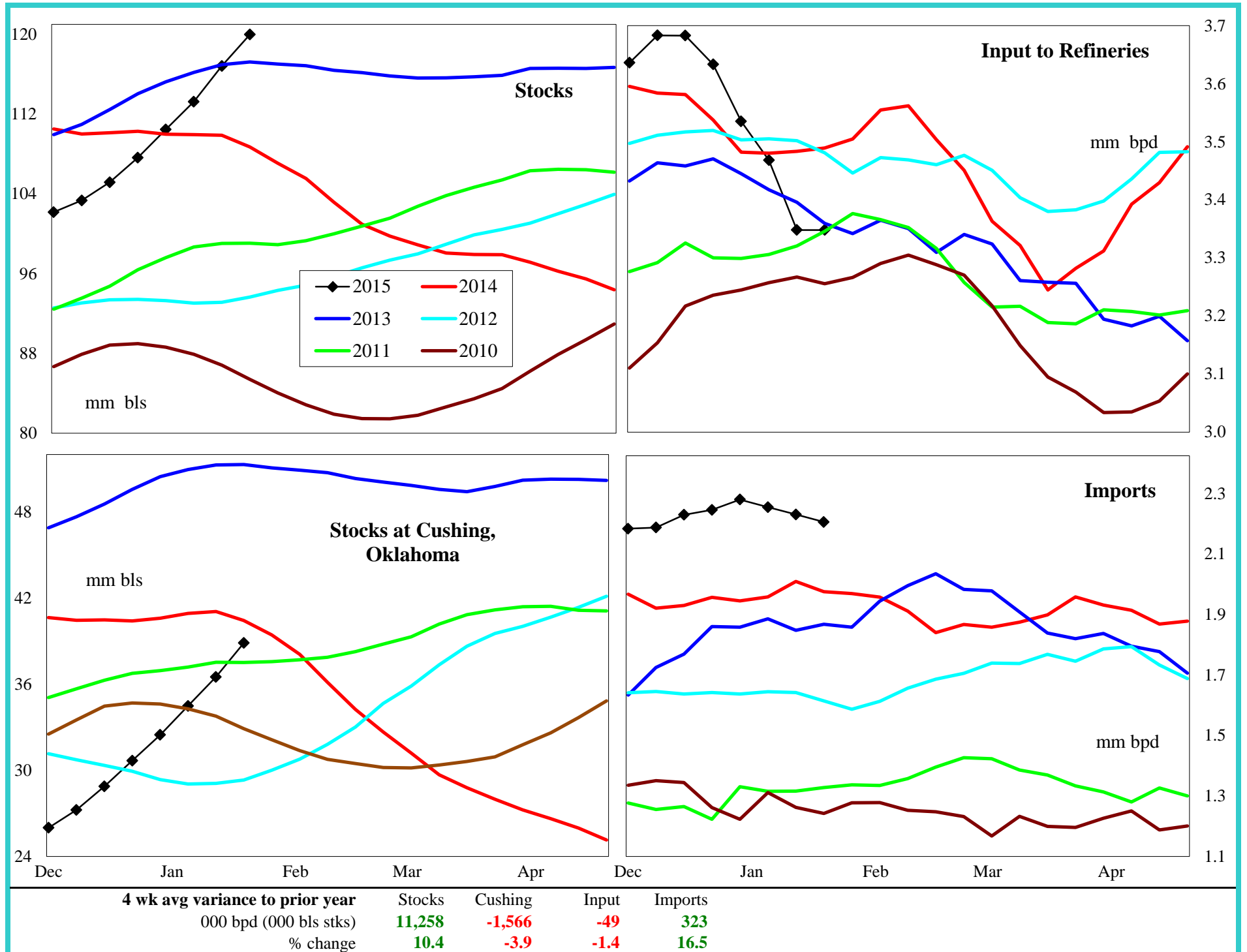
PADD 1 Jet Fuel Supply



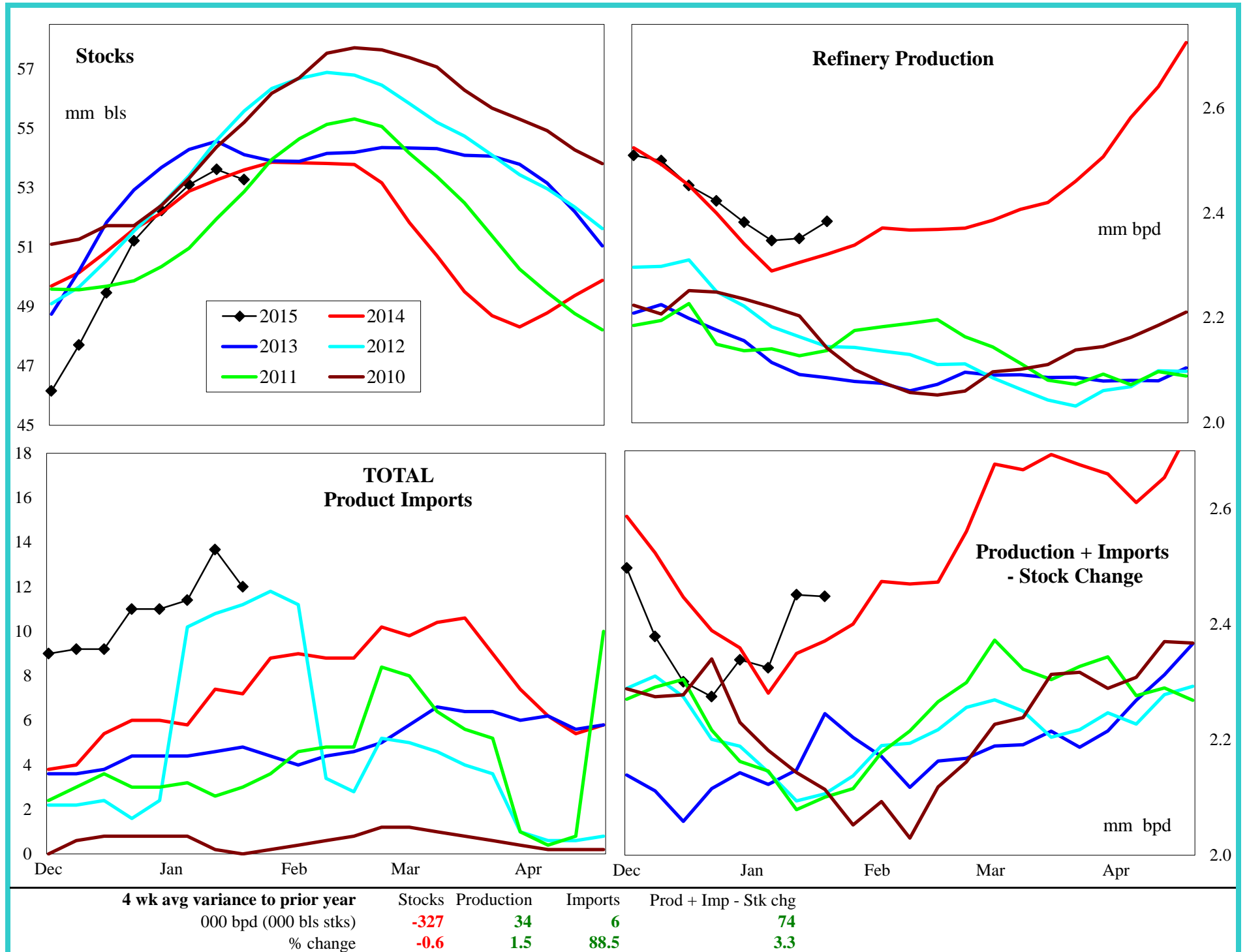
PADD 1 Residual Fuel Oil Supply



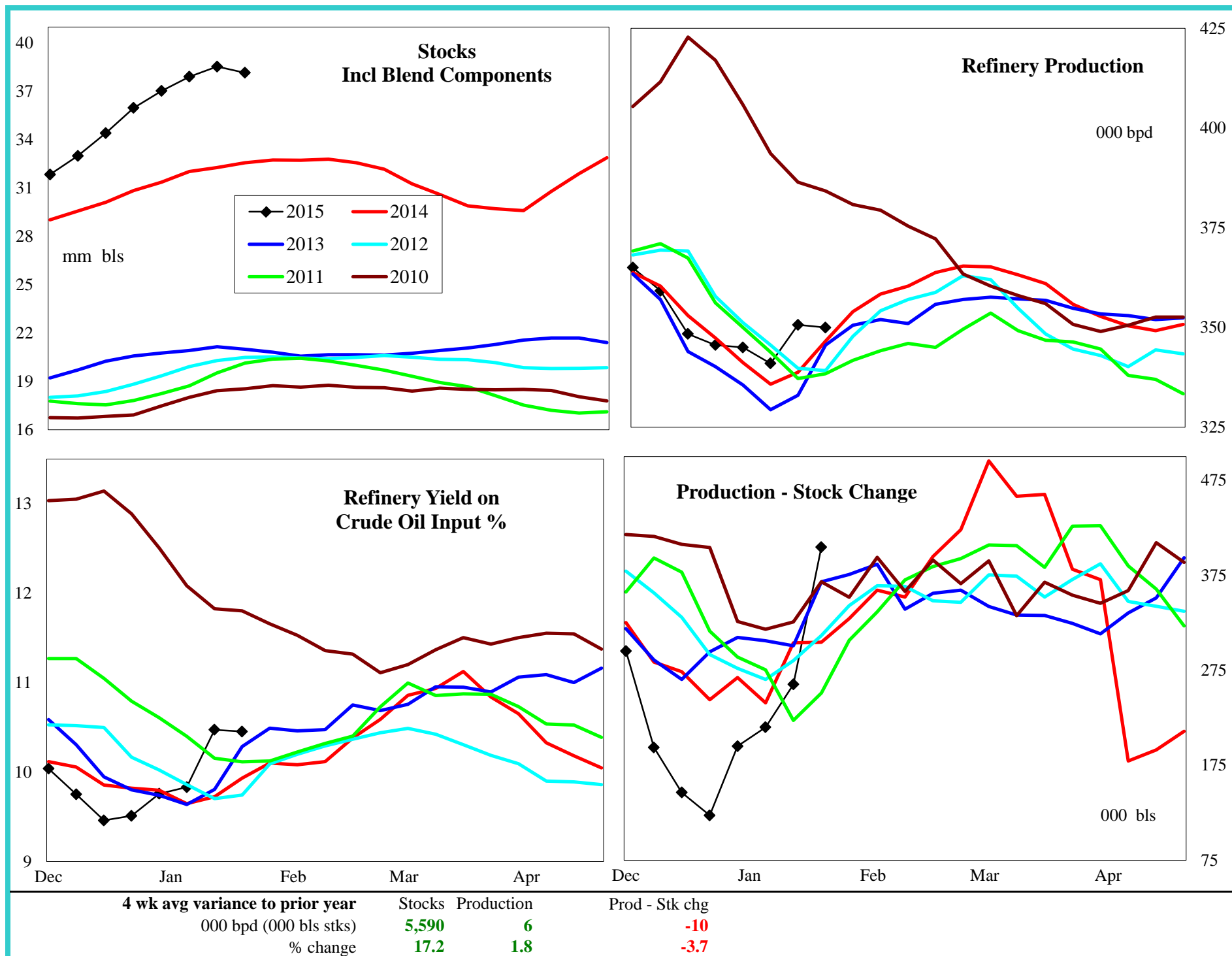
PADD 2 Crude Oil Supply and Refining



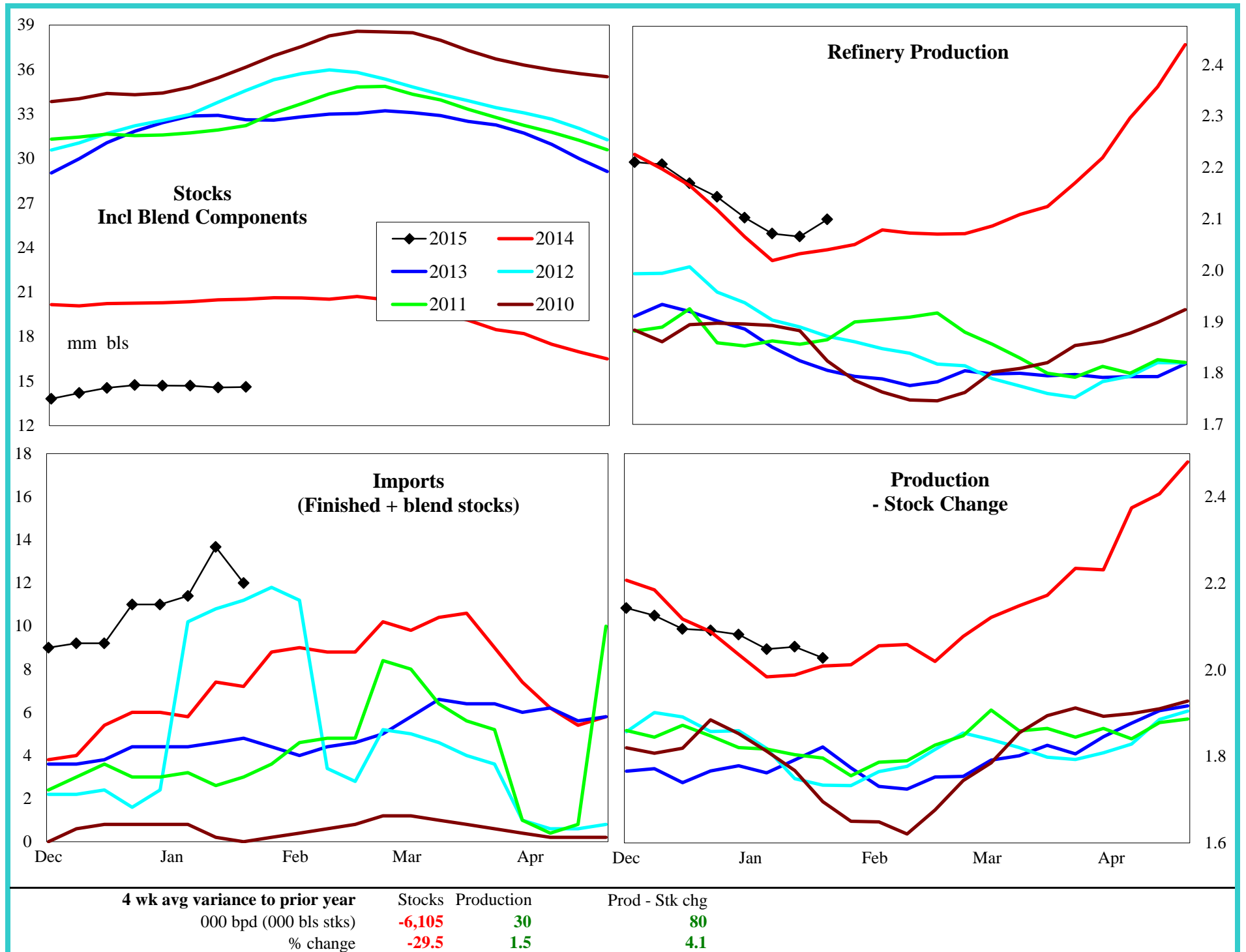
PADD 2 Gasoline Supply



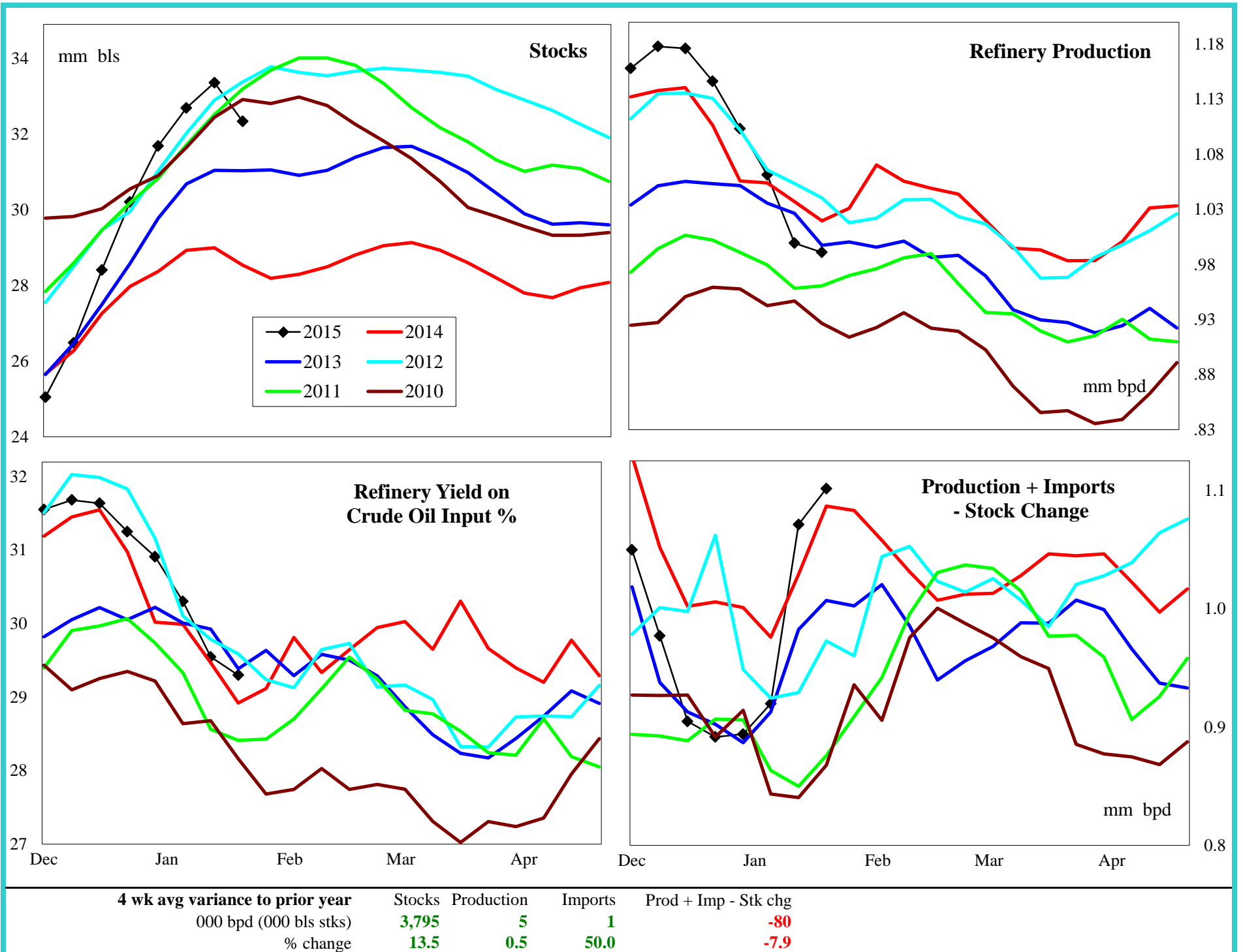
PADD 2 Reformulated Gasoline Supply



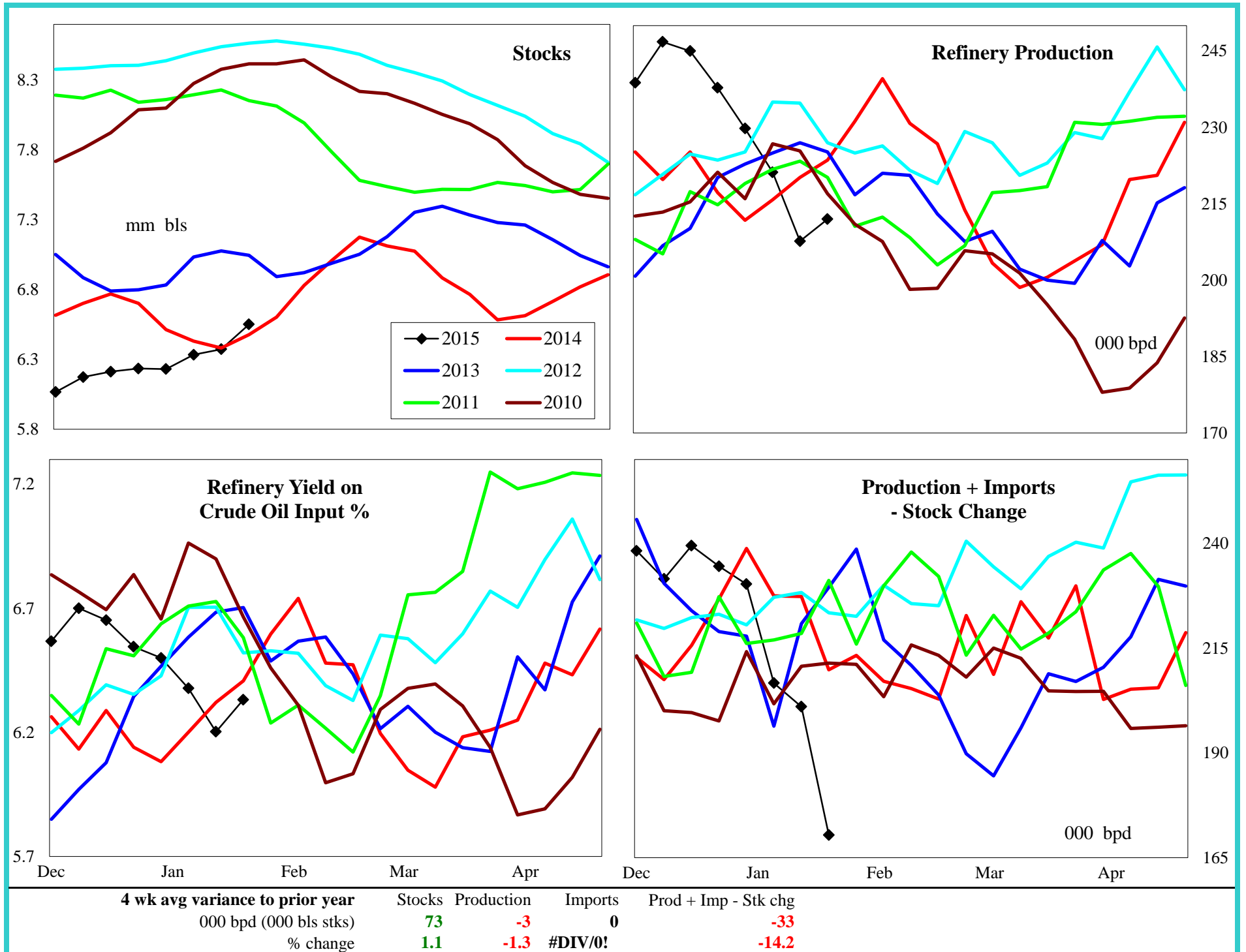
PADD 2 Conventional Gasoline Supply



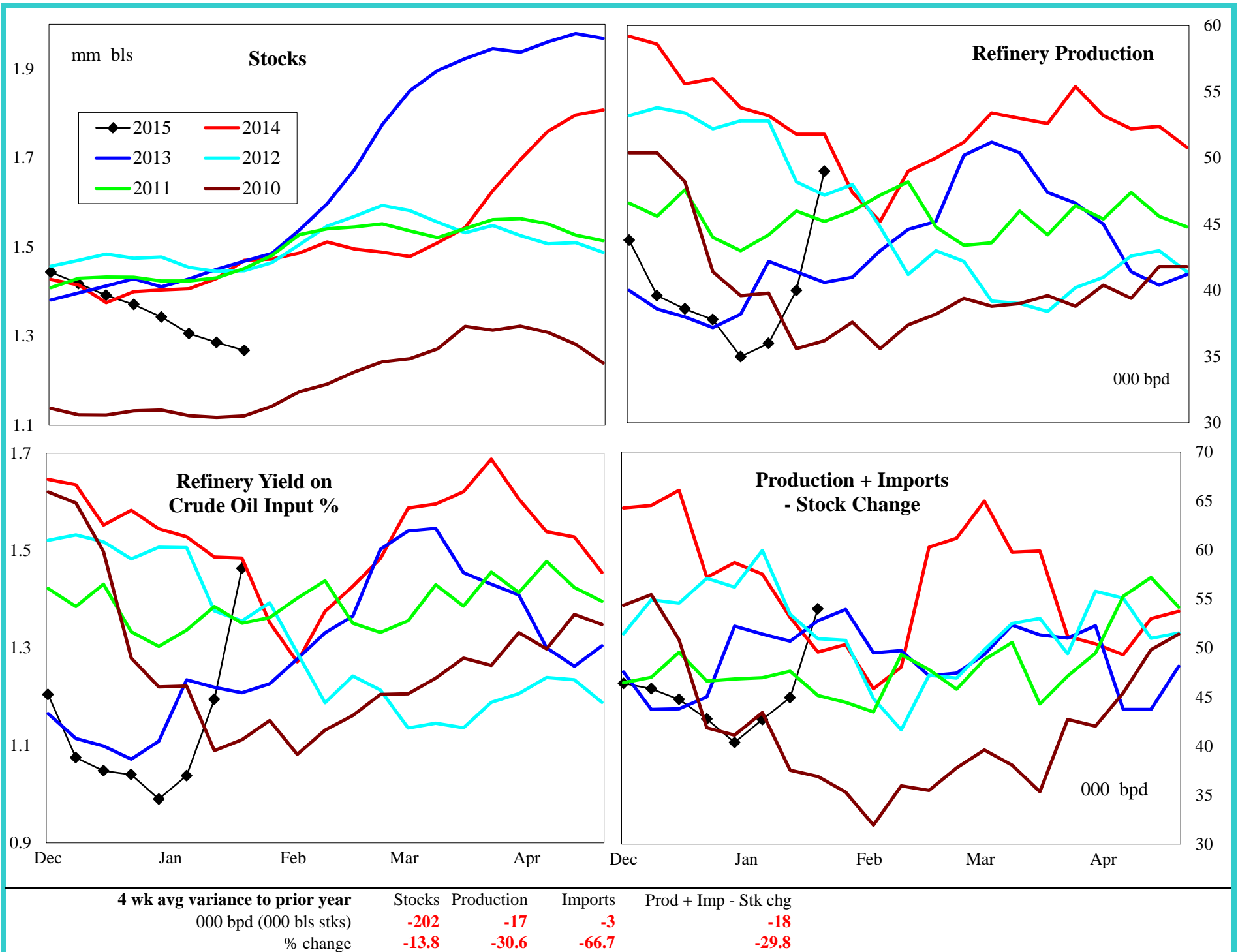
PADD 2 Distillate Supply



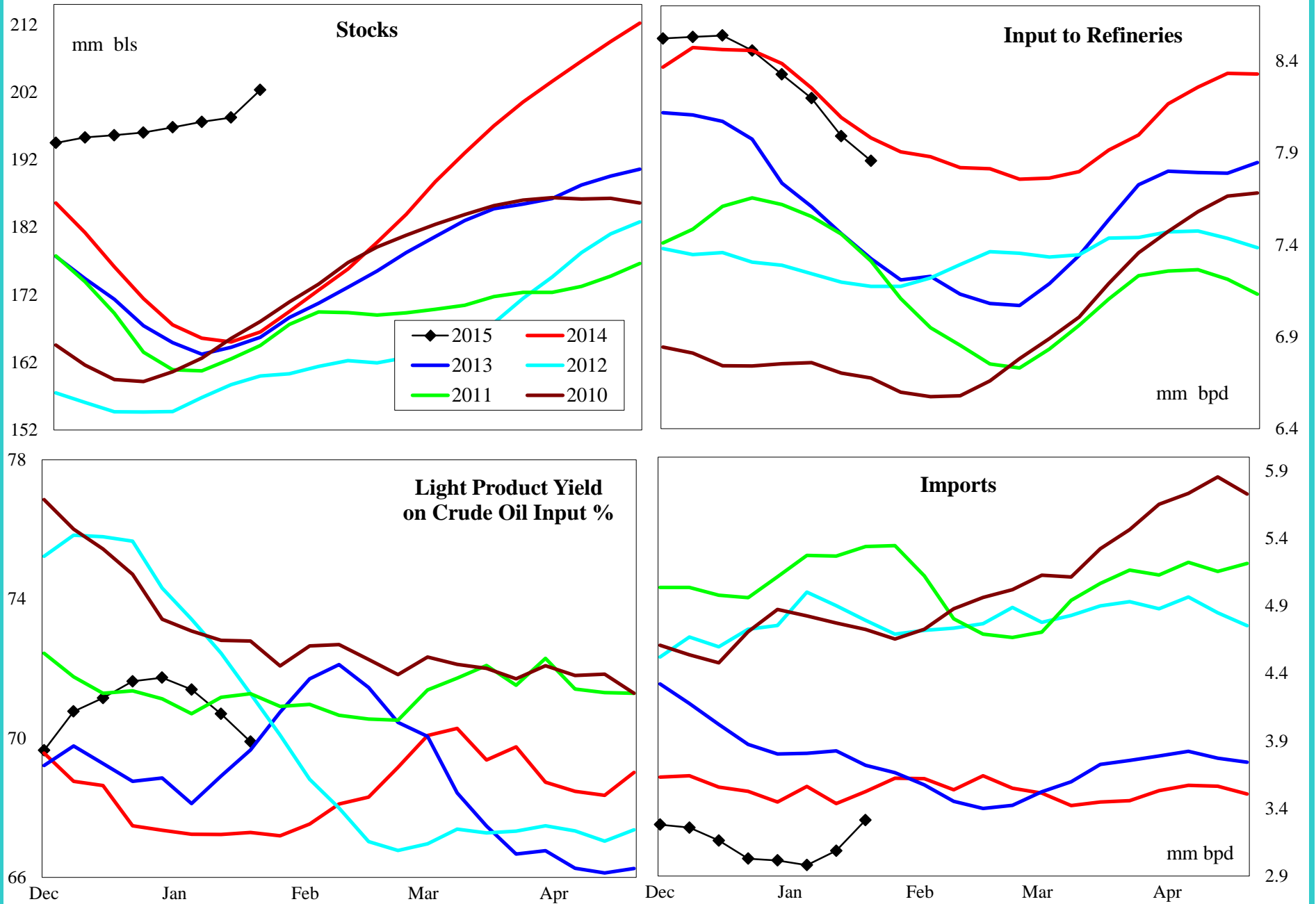
PADD 2 Jet Fuel Supply



PADD 2 Residual Fuel Oil Supply



PADD 3 Crude Oil Supply and Refining



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

35,824

21.5

Input

-23

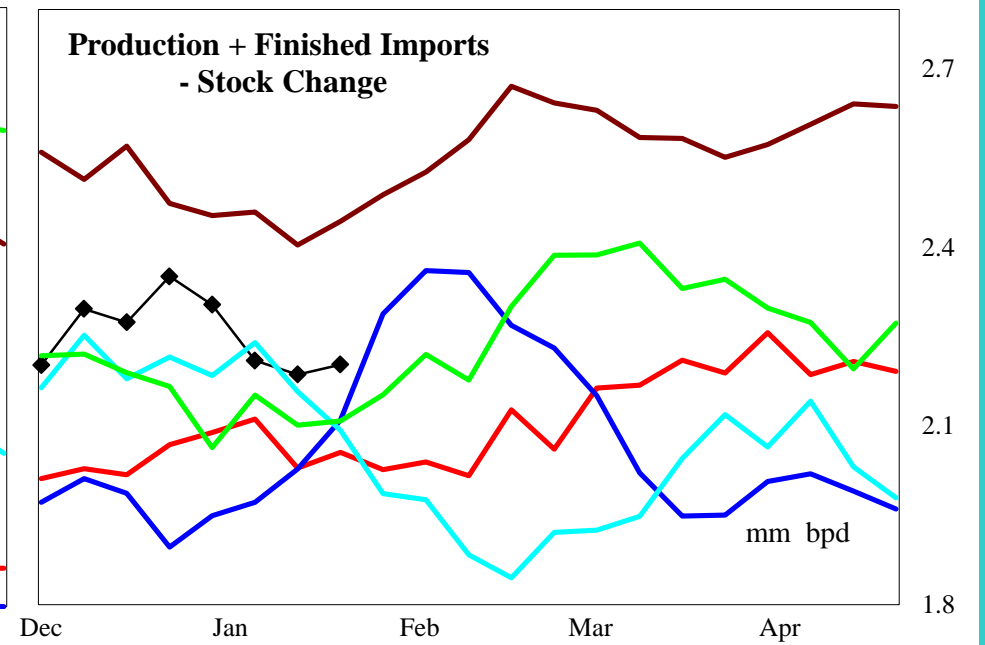
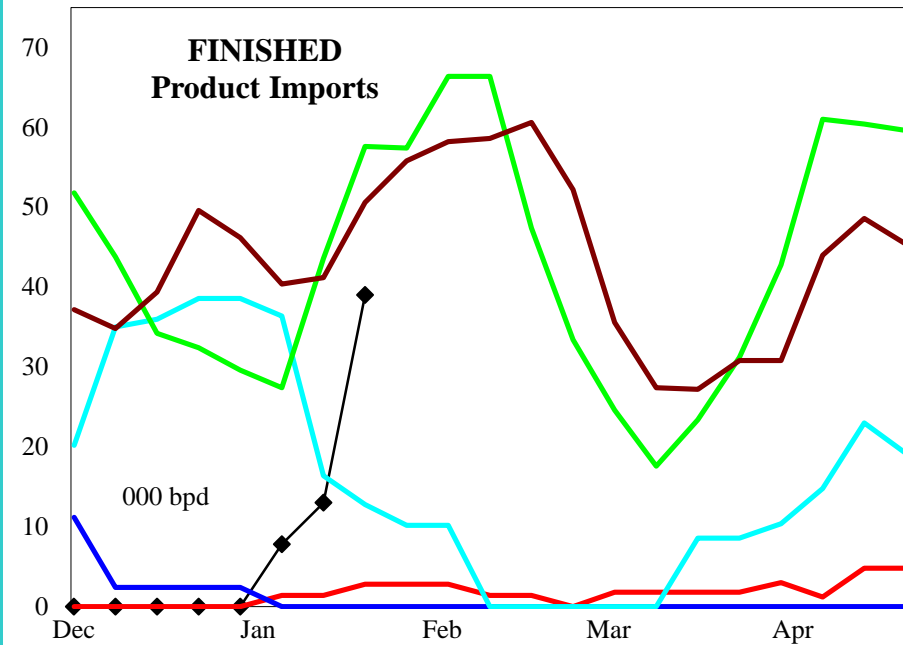
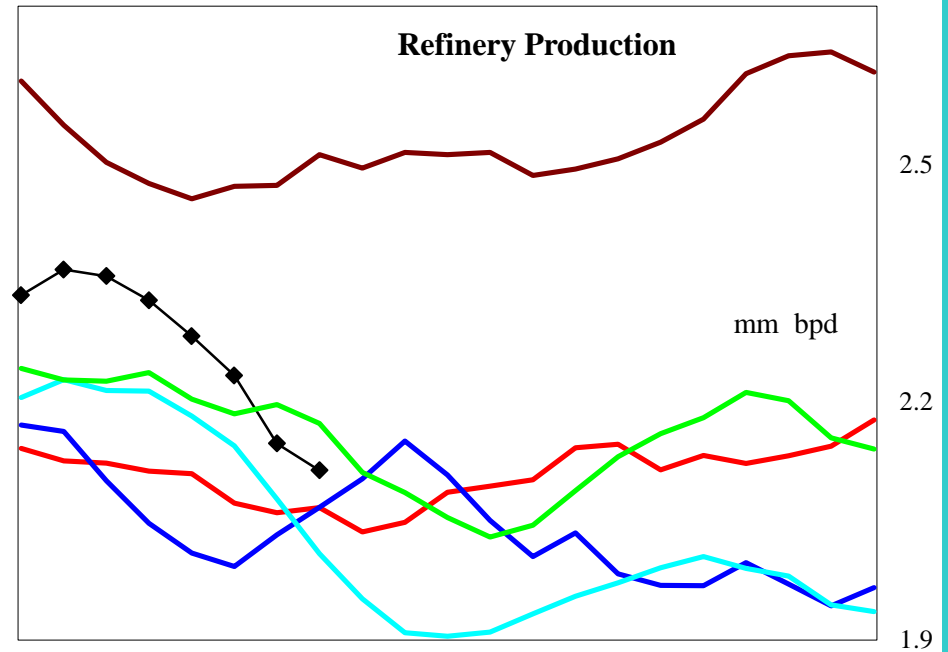
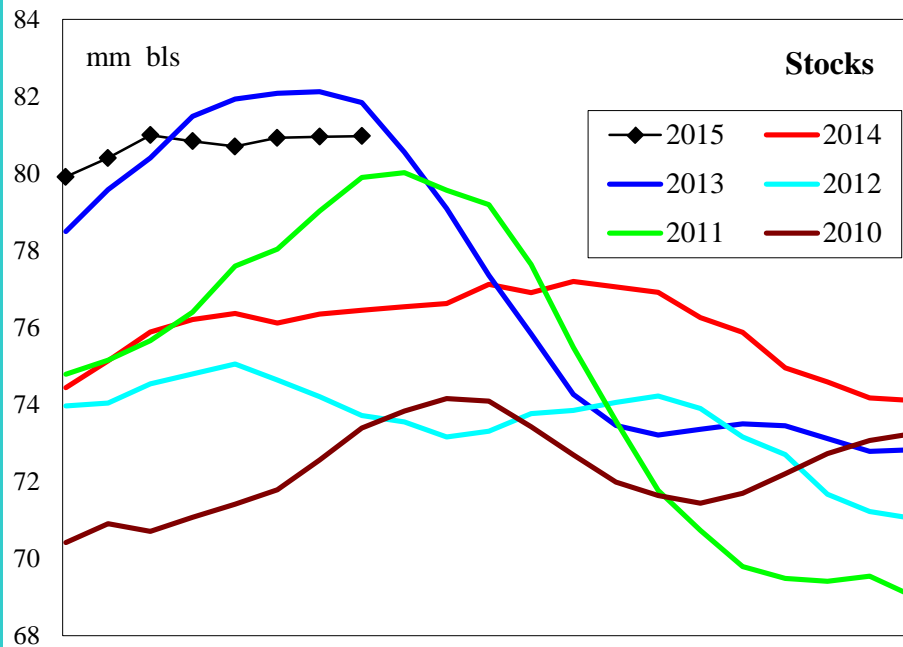
-0.3

Imports

-519

-14.9

PADD 3 Gasoline Supply



4 wk avg variance to prior year

000 bpd (000 bls stks)

% change

Stocks

5,643

7.5

Production

106

5.1

Fin Impt

8

457.1

Blend Impt

-14

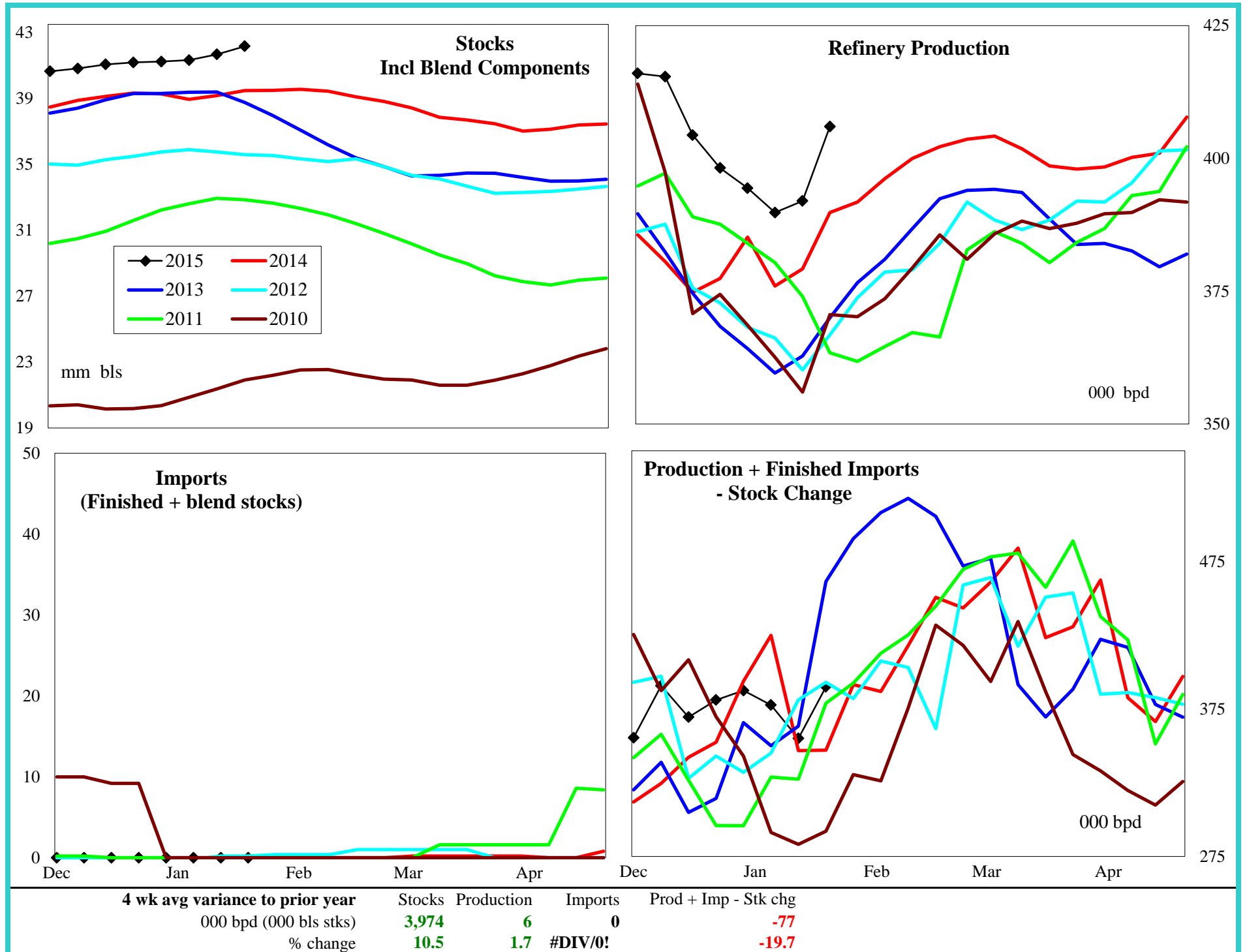
-100.0

Prod + Imp - Stk chg

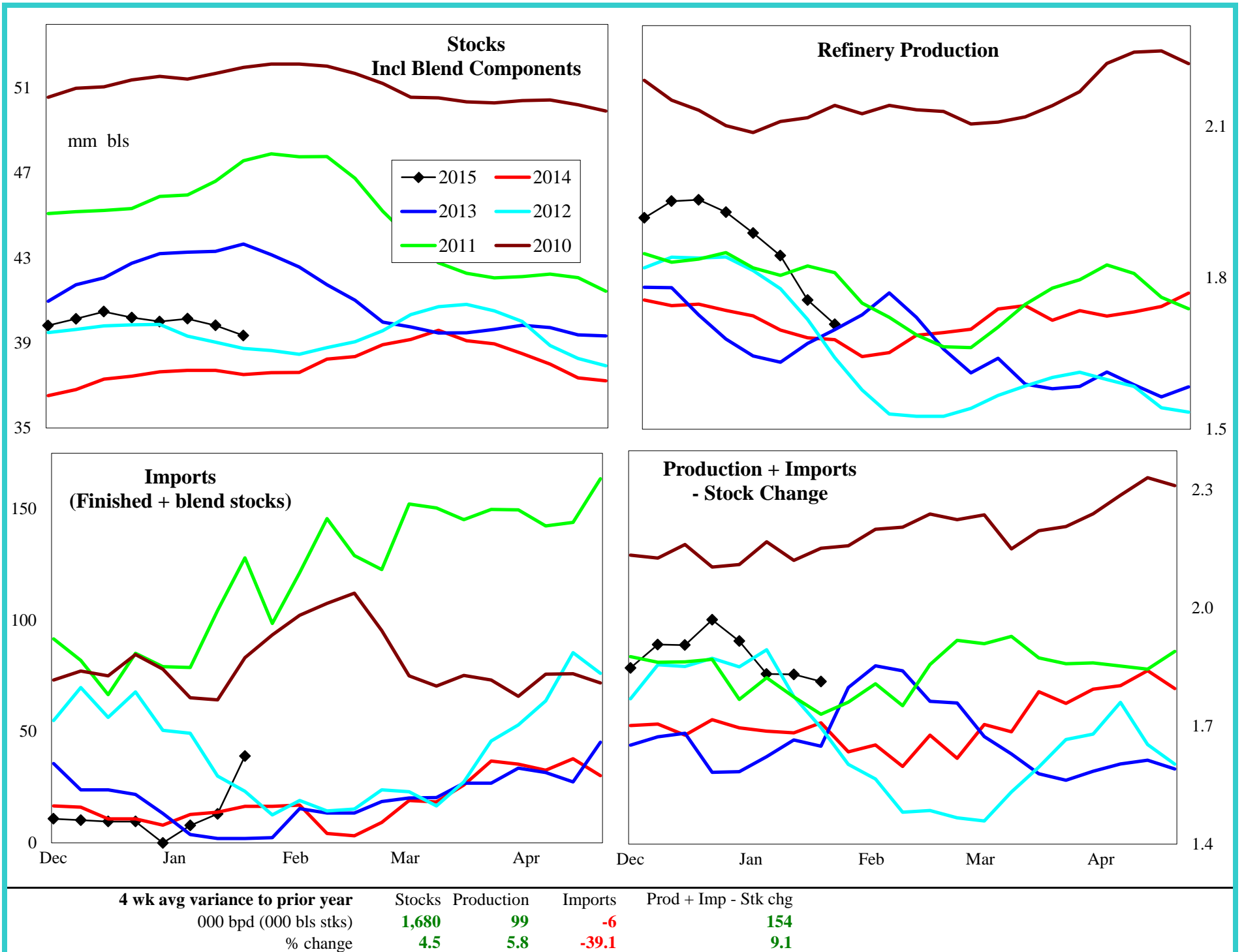
77

3.7

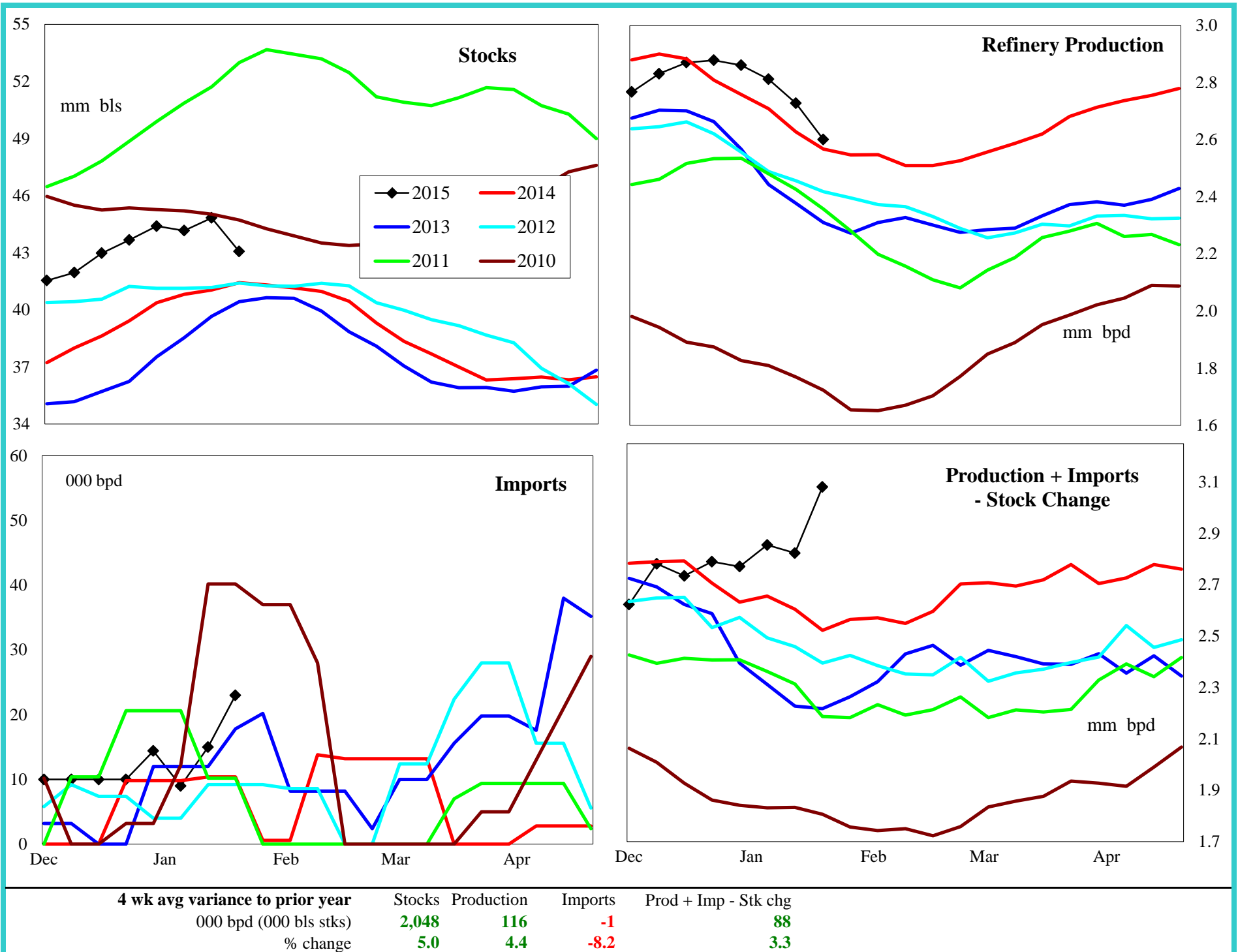
PADD 3 Reformulated Gasoline Supply



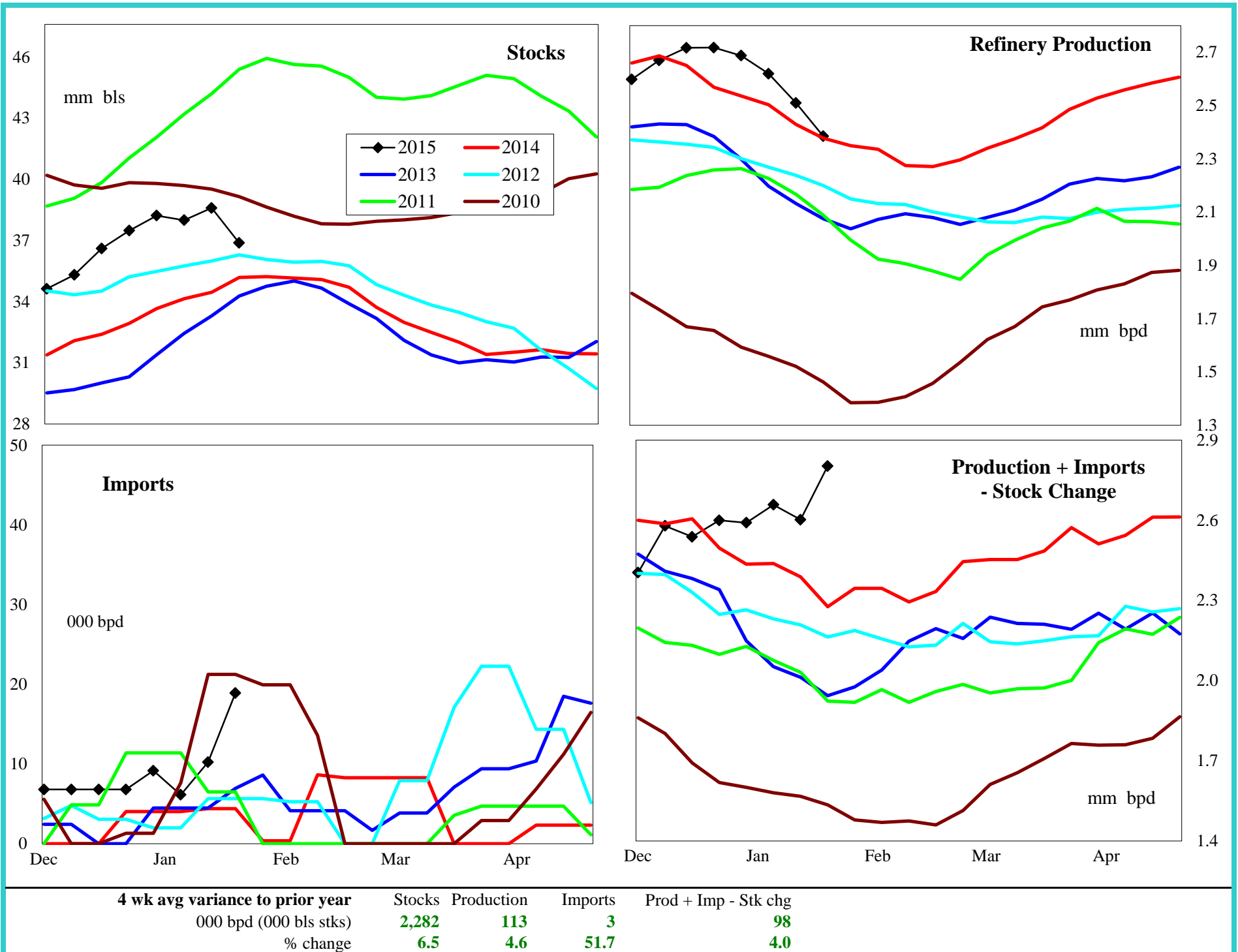
PADD 3 Conventional Gasoline Supply



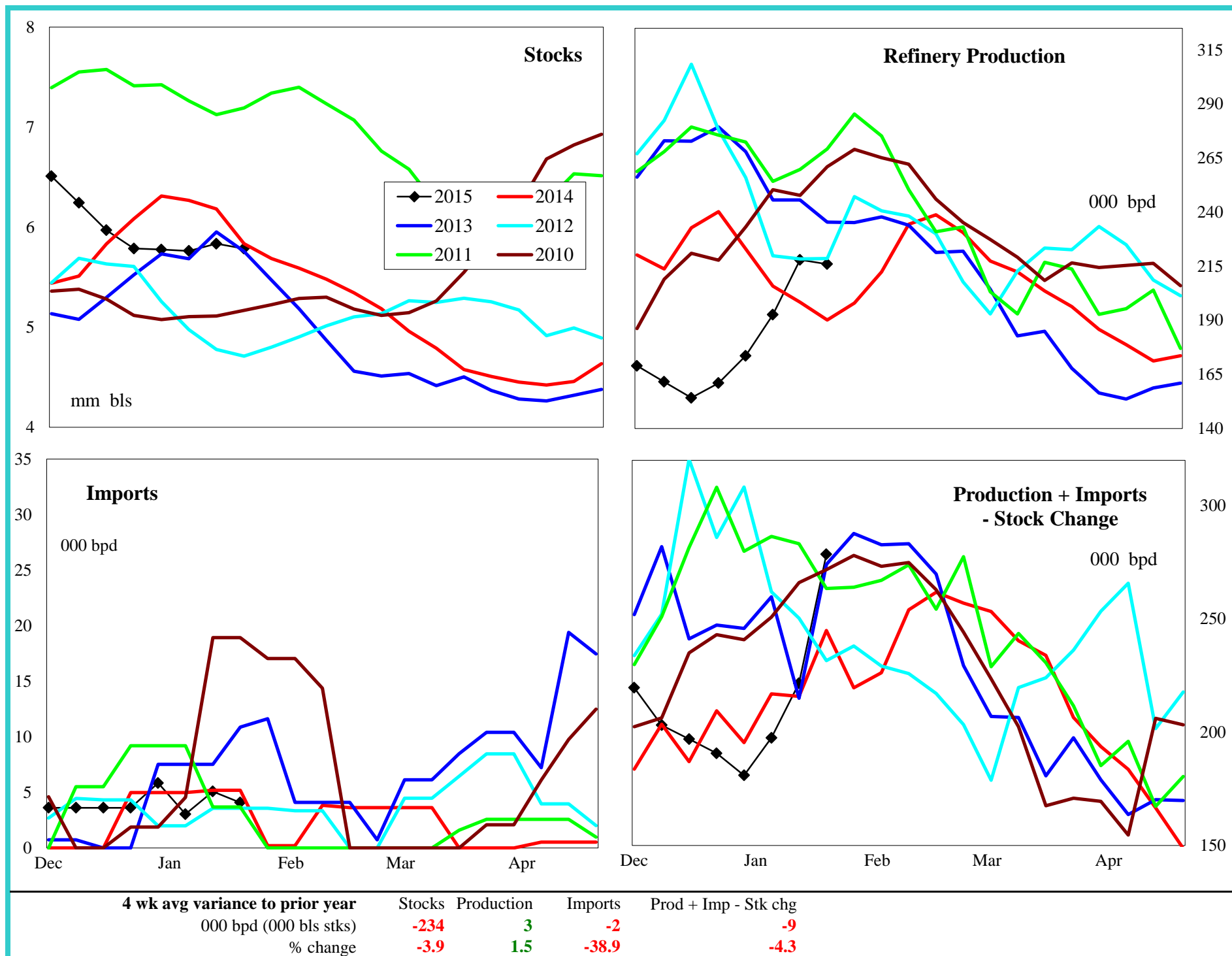
PADD 3 Distillate Supply



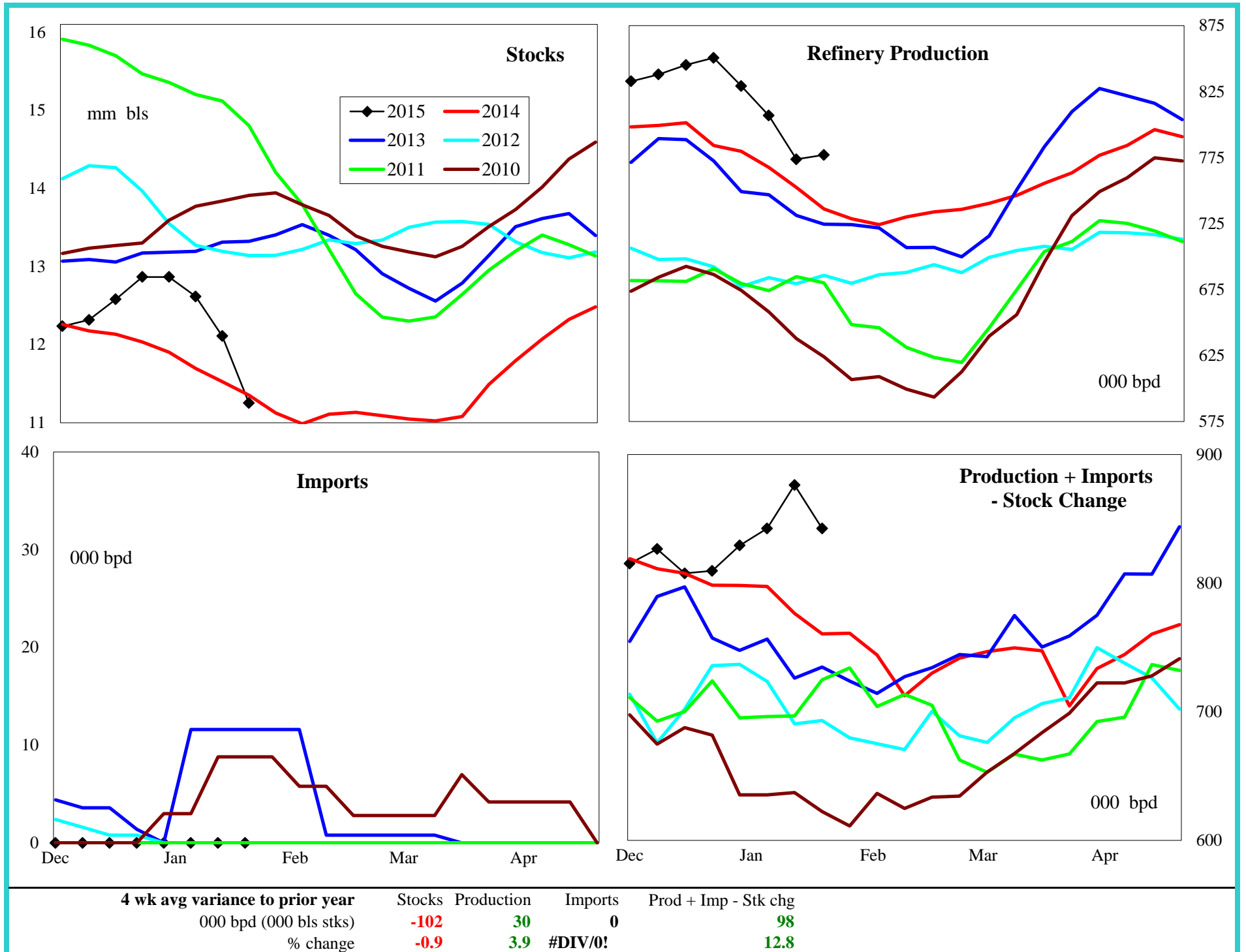
PADD 3 Low Sulfur Distillate Supply



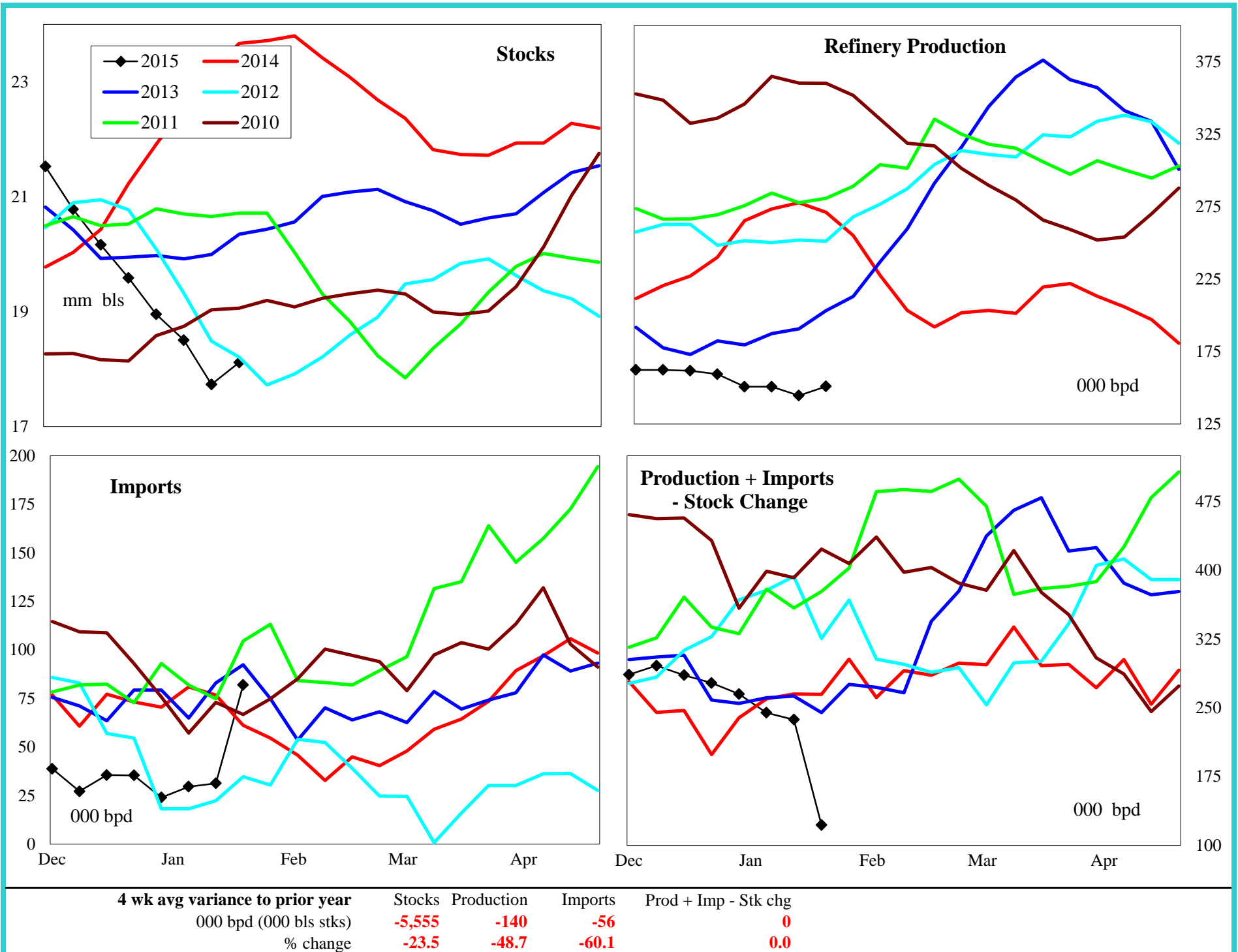
PADD 3 High Sulfur Distillate Supply



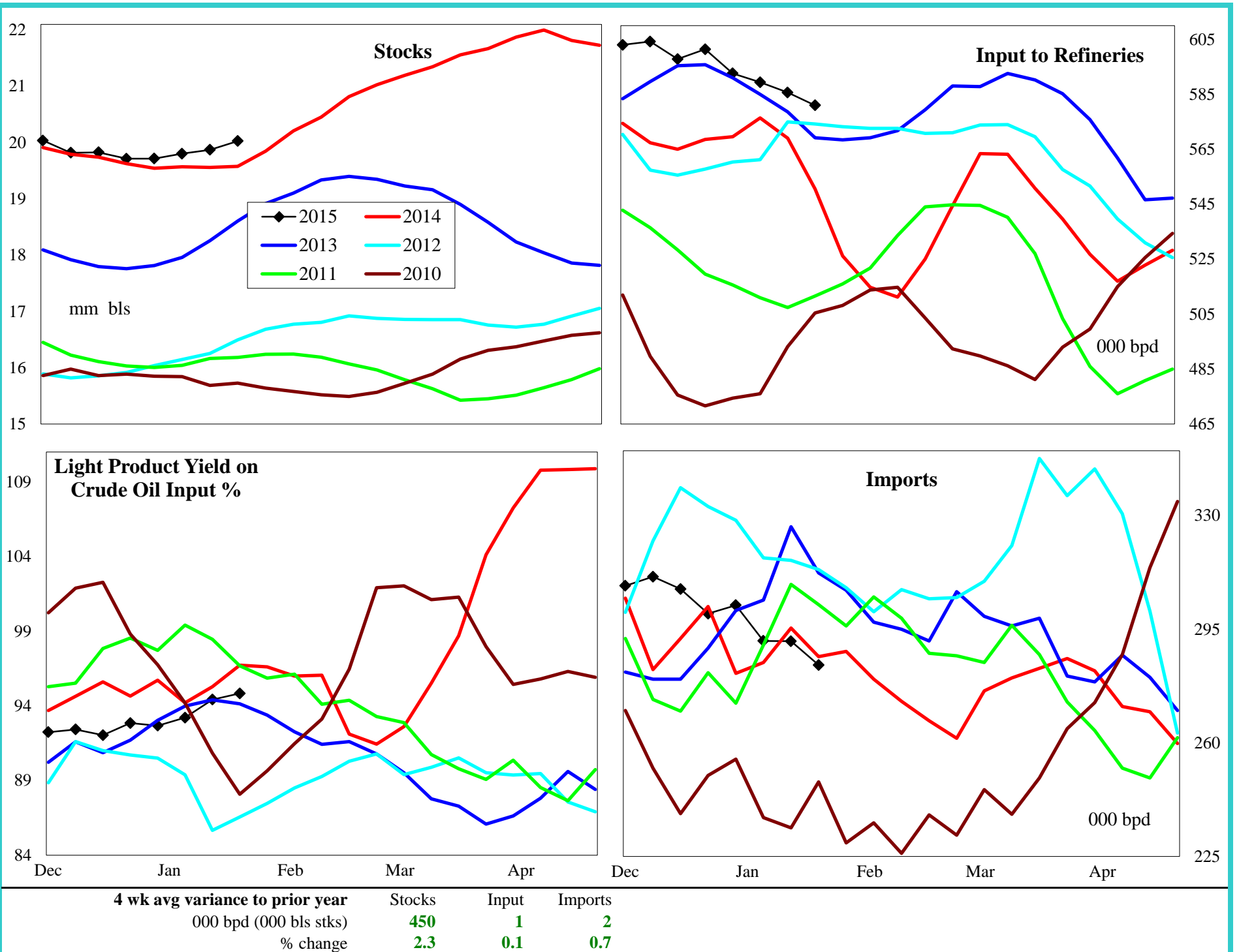
PADD 3 Jet Fuel Supply



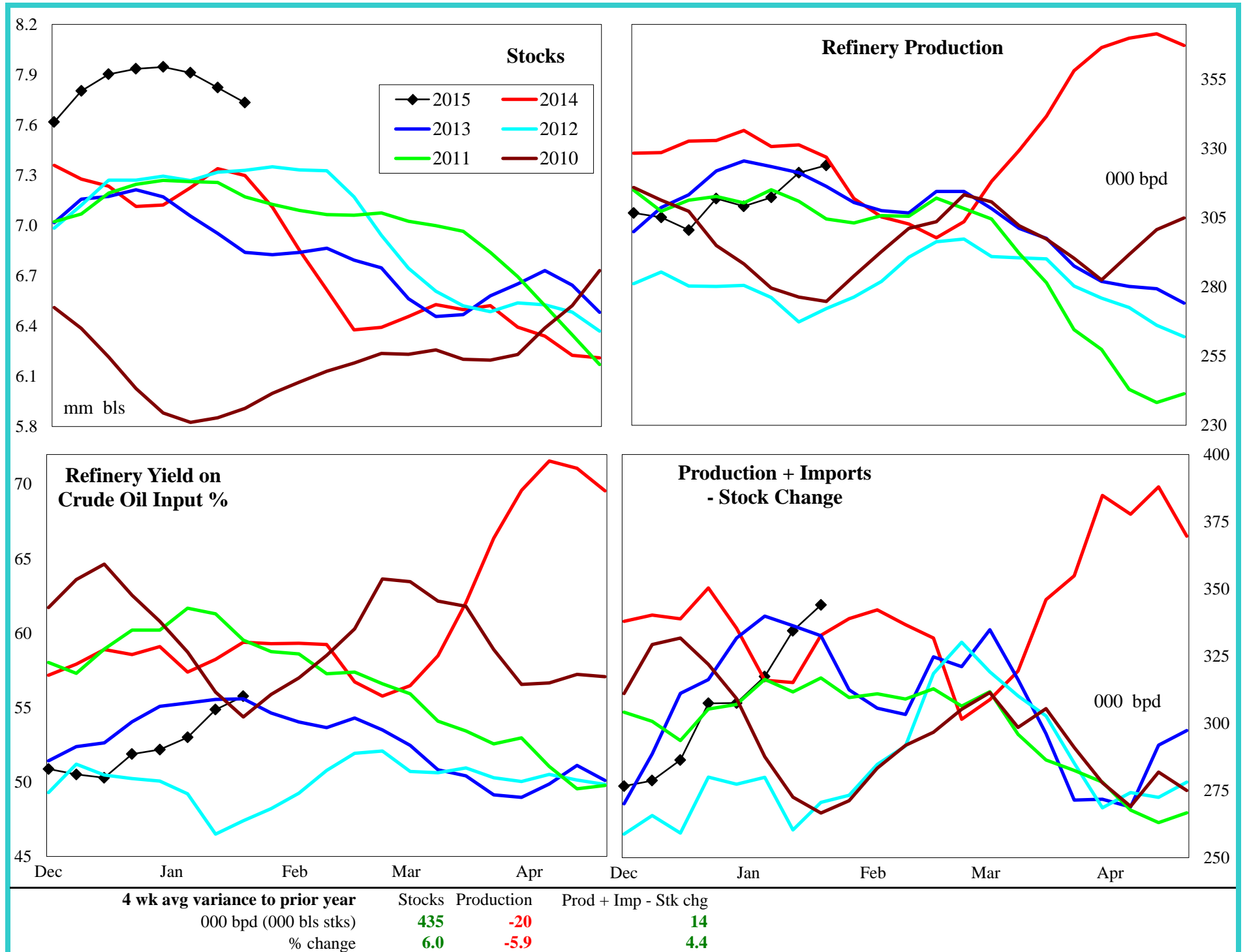
PADD 3 Residual Fuel Oil Supply



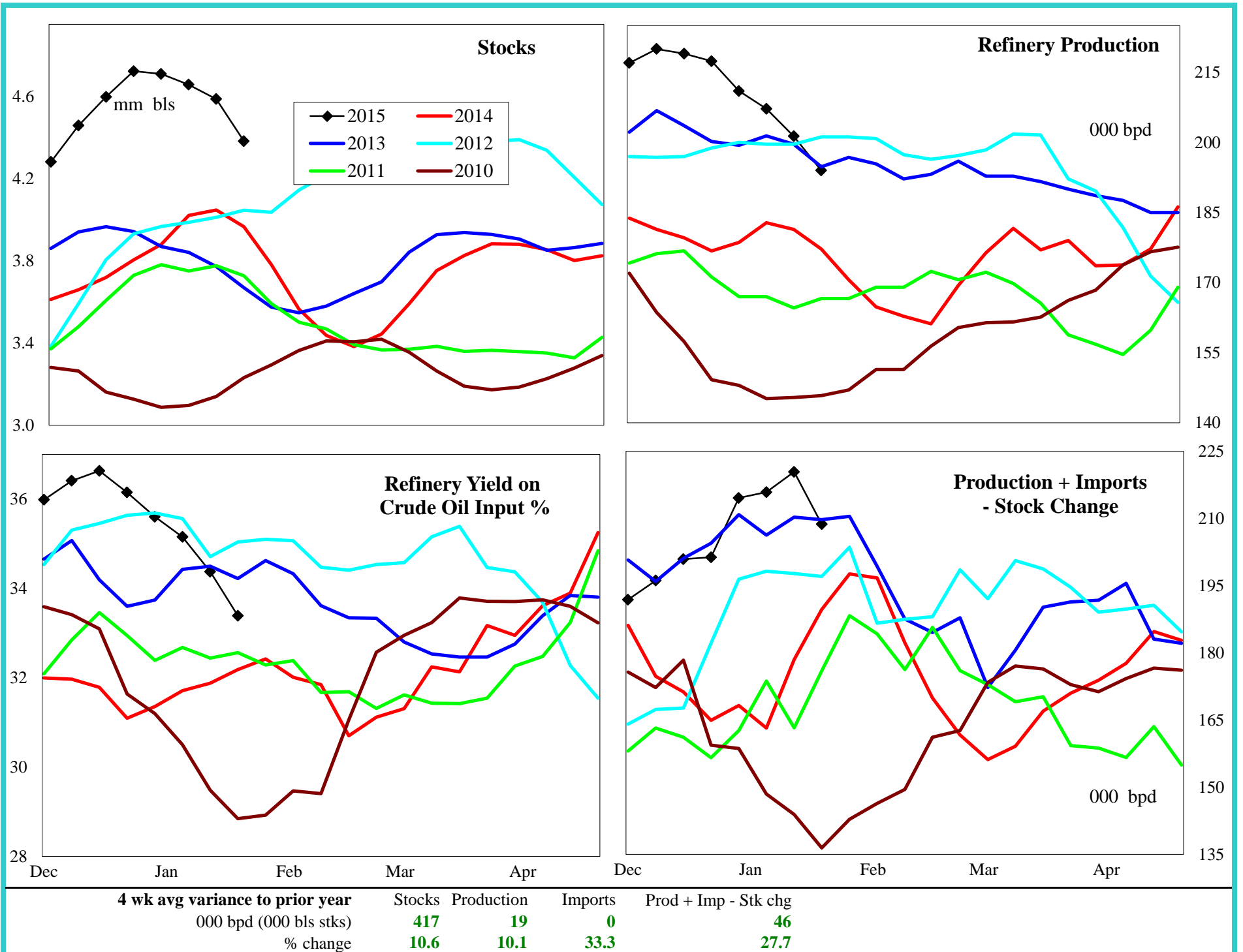
PADD 4 Crude Oil Supply and Refining



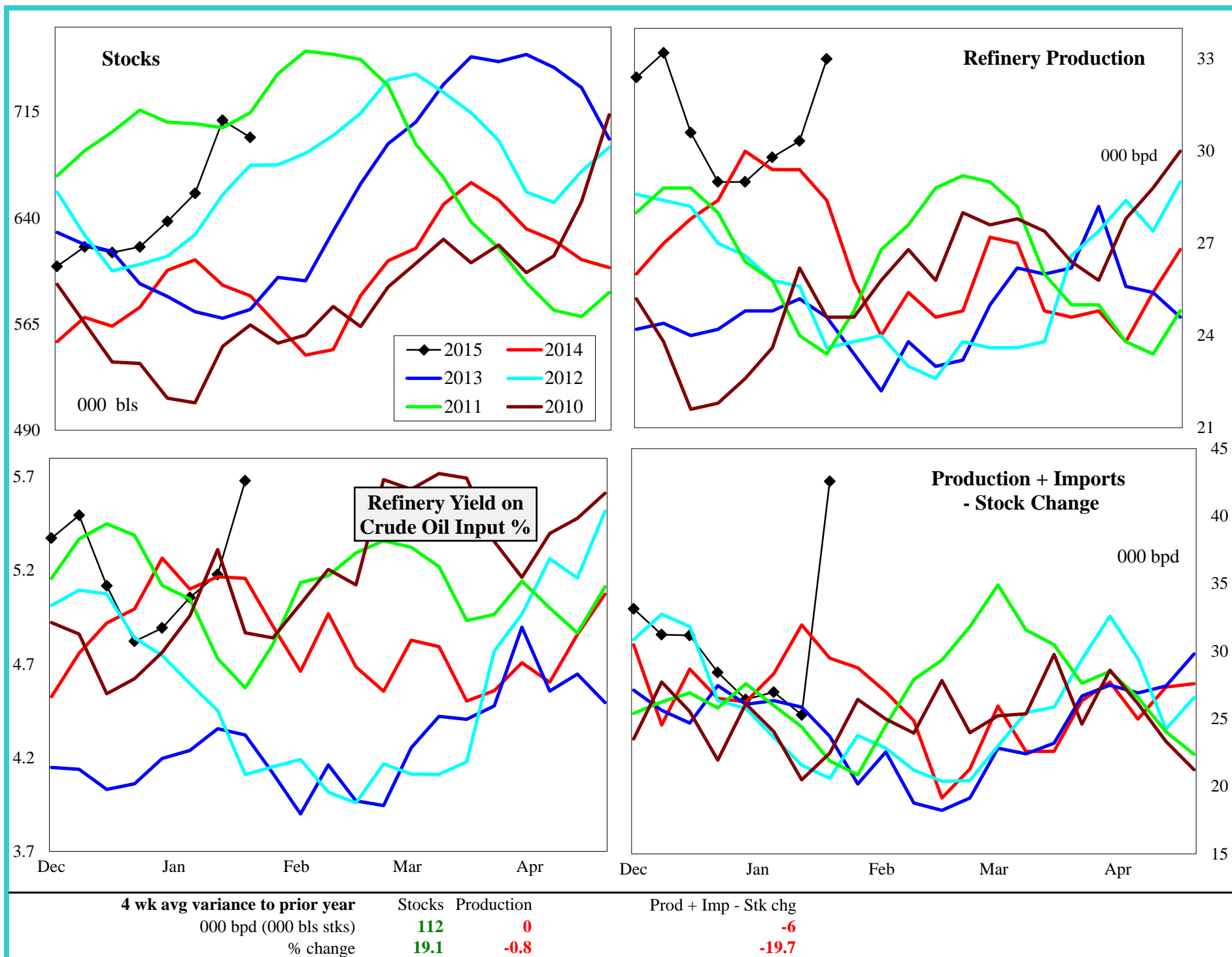
PADD 4 Gasoline Supply



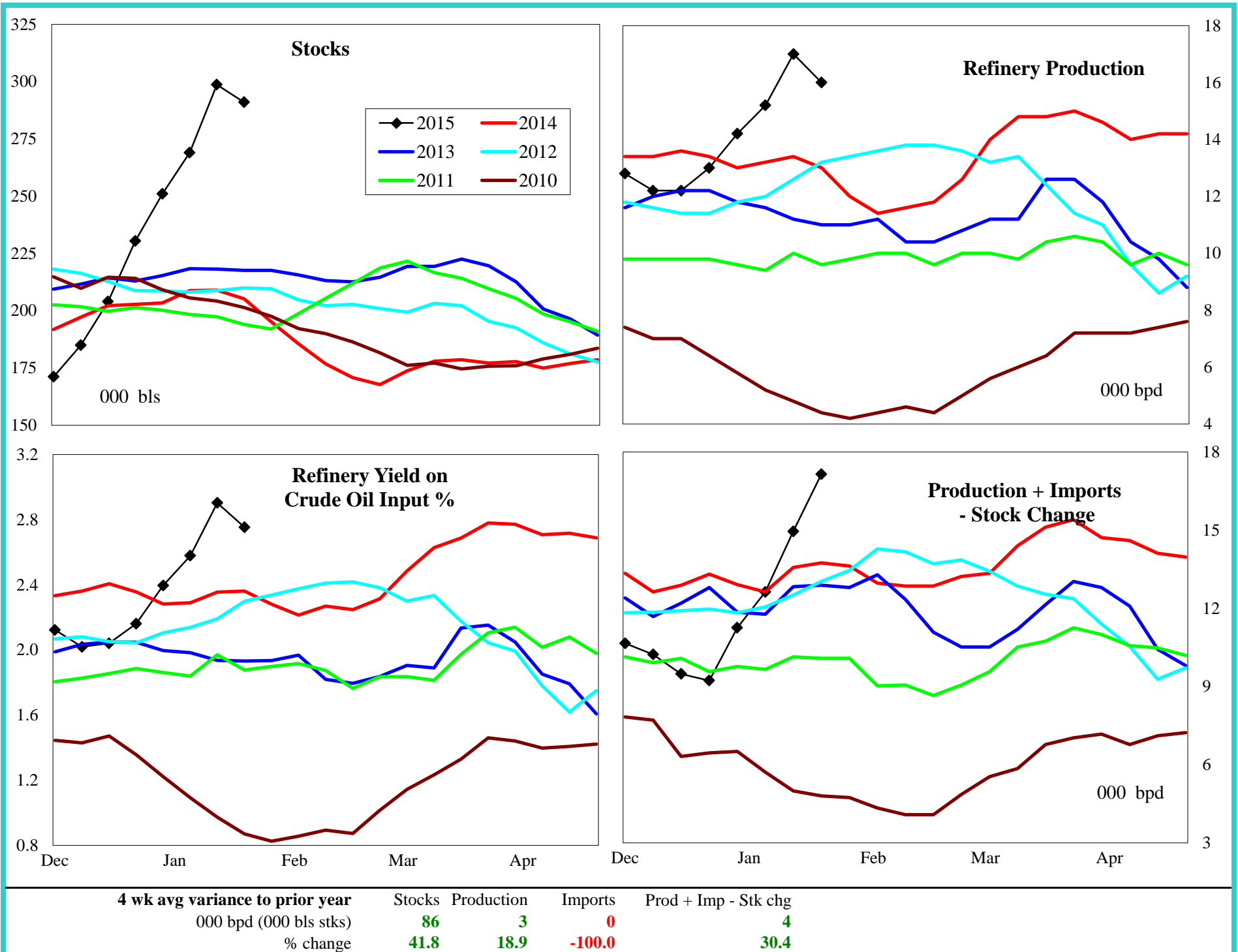
PADD 4 Distillate Supply



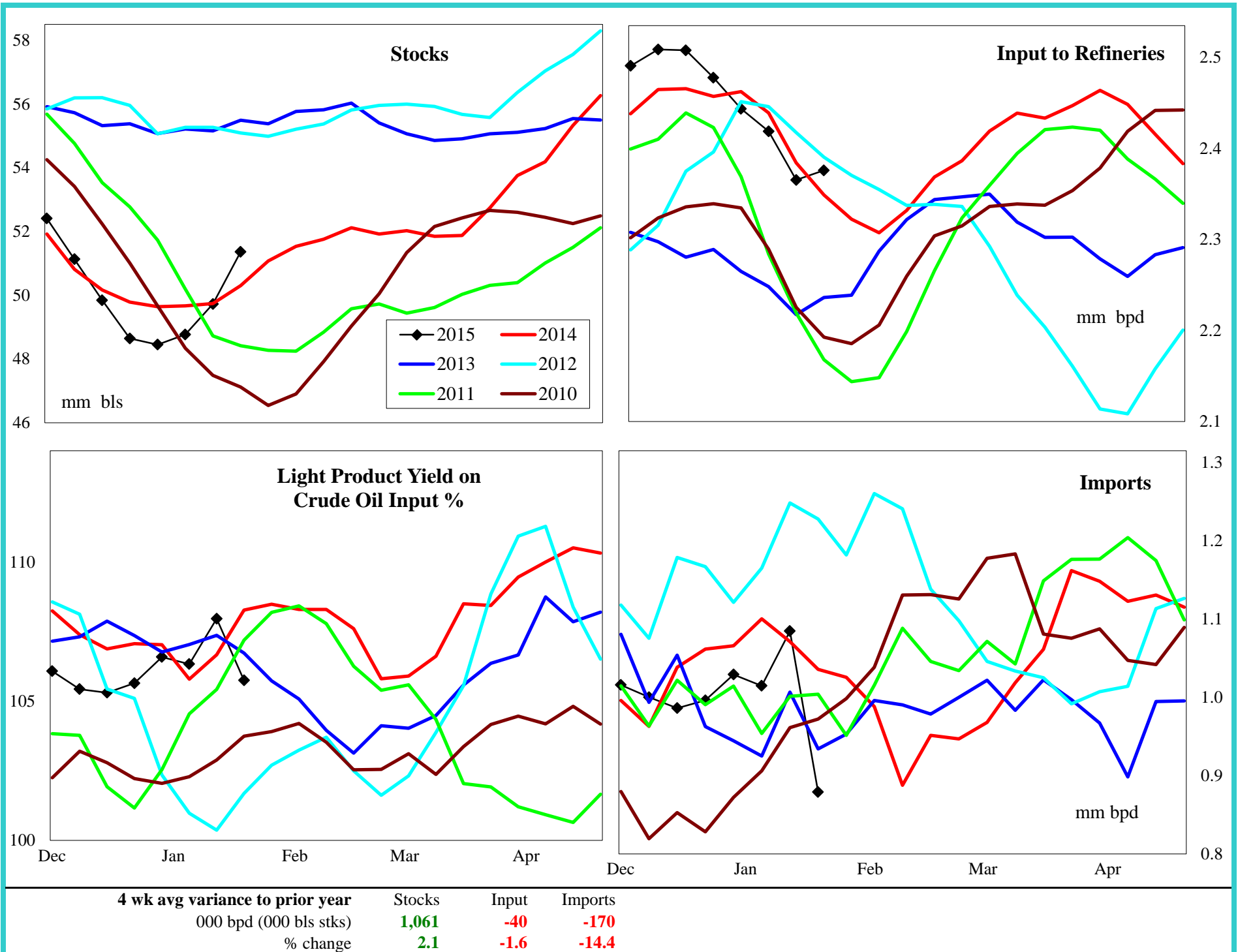
PADD 4 Jet Fuel Supply



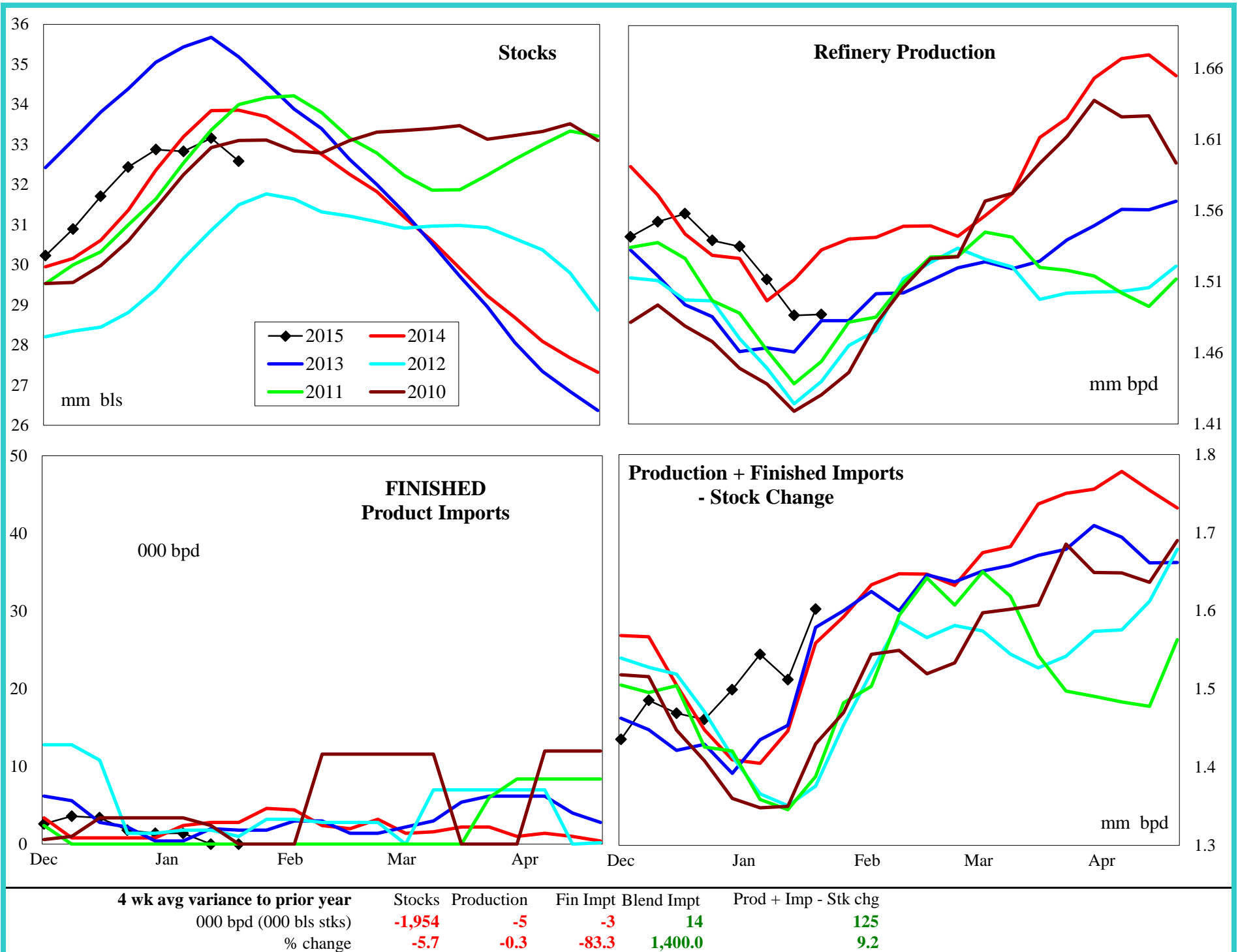
PADD 4 Residual Fuel Oil Supply



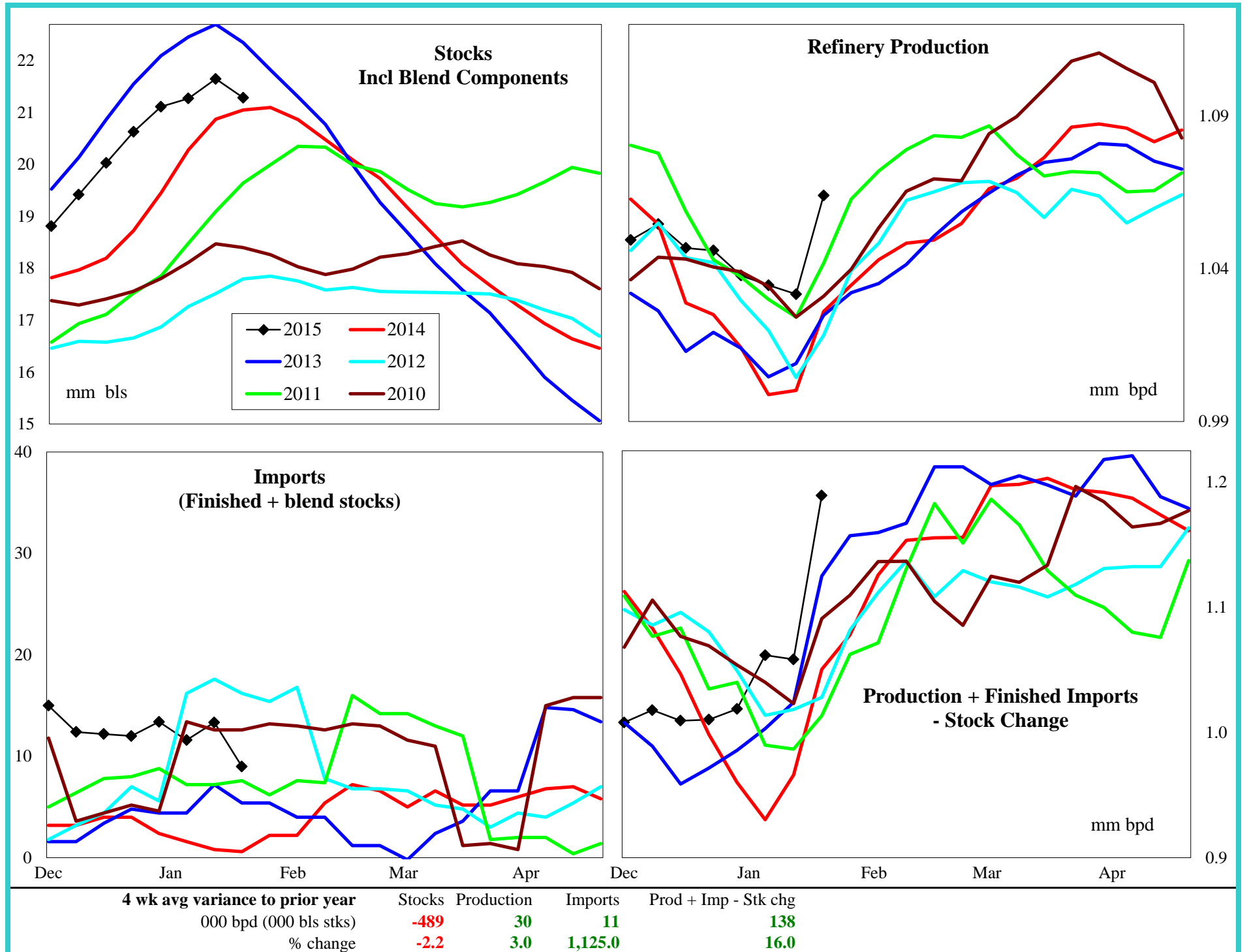
PADD 5 Crude Oil Supply and Refining



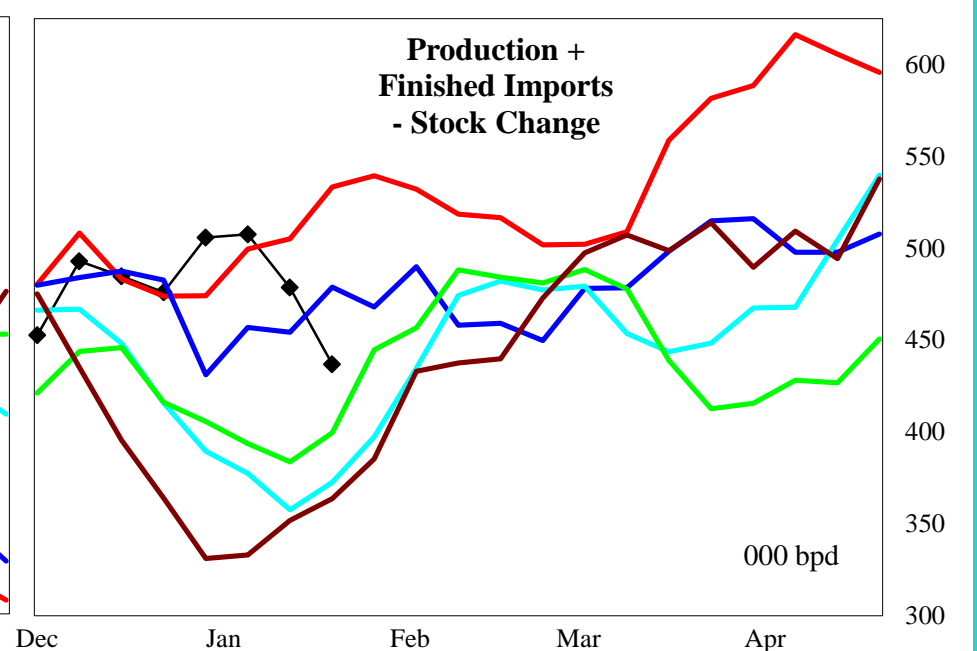
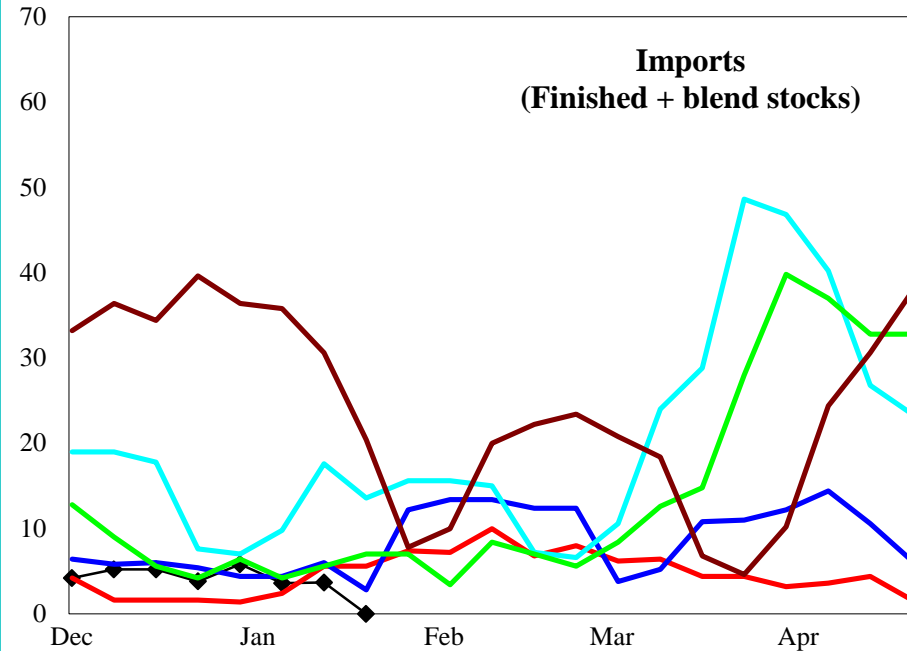
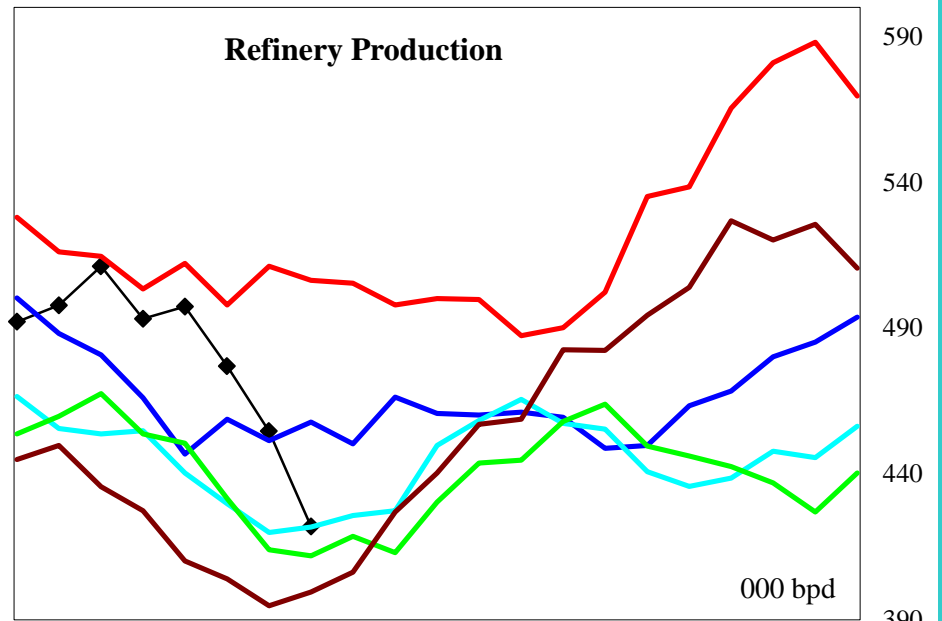
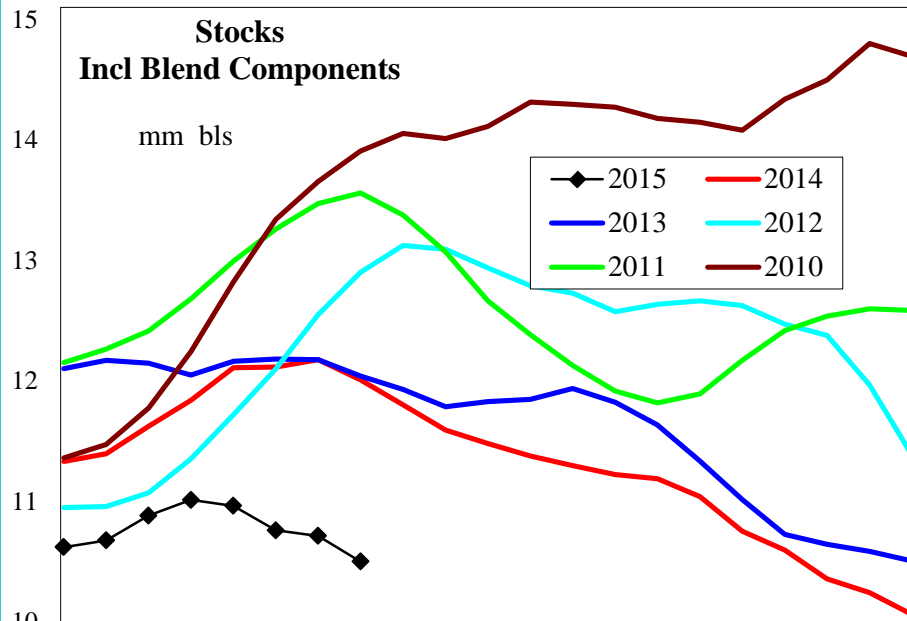
PADD 5 Gasoline Supply



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

-1,465

-35

0

-14

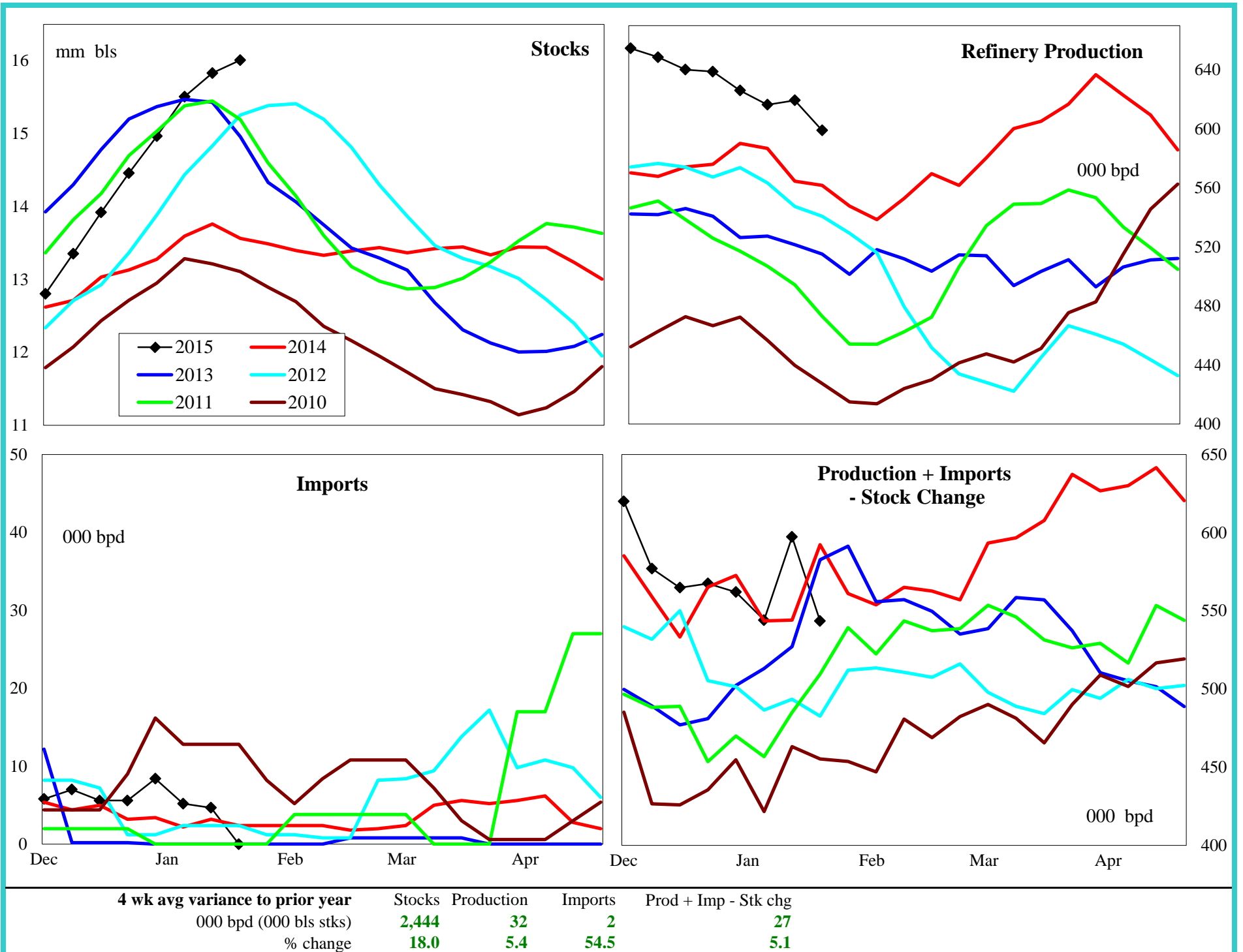
-11.8

-7.0

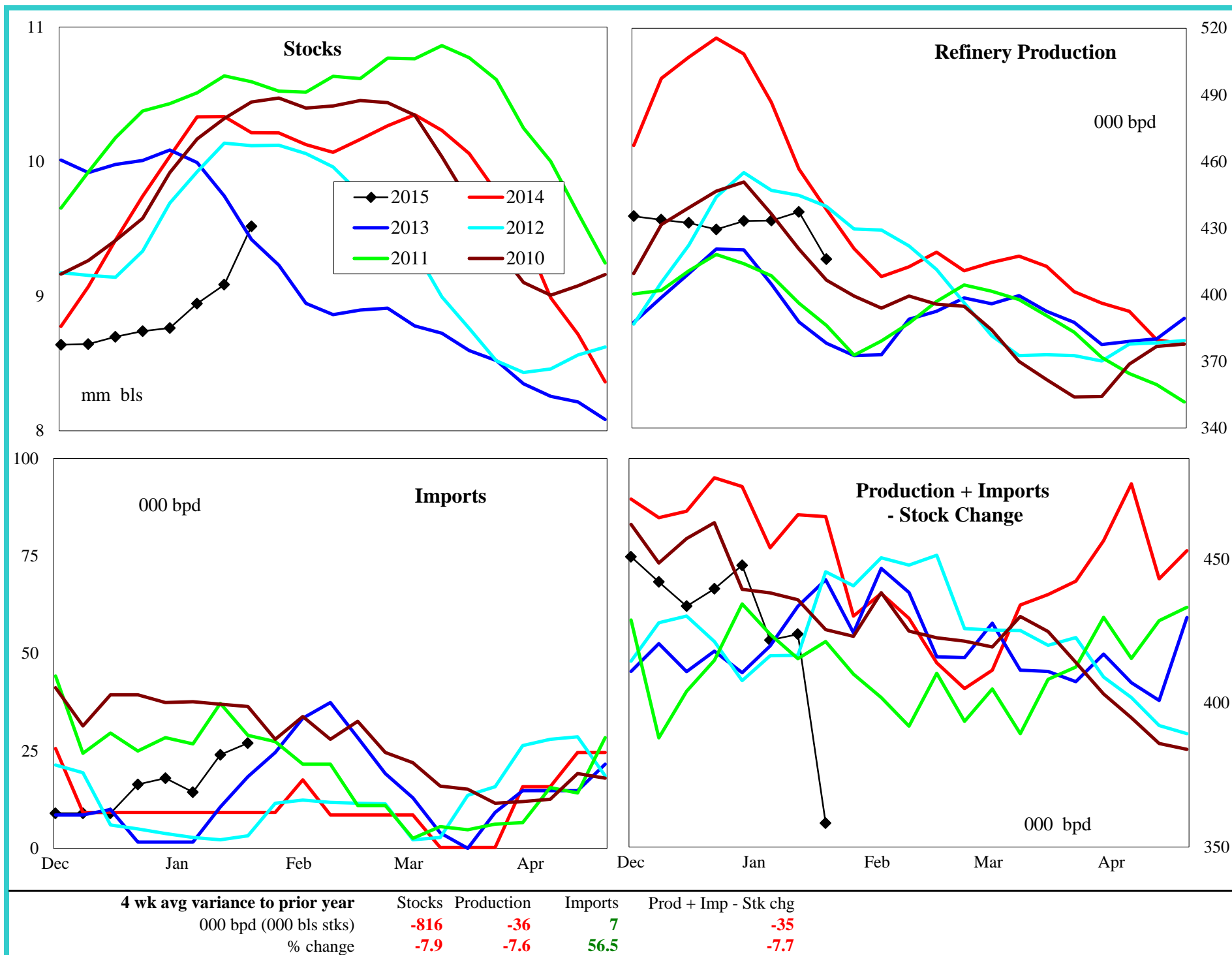
8.3

-2.8

PADD 5 Distillate Supply



PADD 5 Jet Fuel Supply



PADD 5 Residual Fuel Oil Supply

