
OPIS JET FUEL REPORT

A Daily Report on Jet Fuel Contract and Spot Prices, plus News and Commentary

JET SUPPLY/DEMAND STATISTICS TAKE CENTER STAGE

7/21/2010 - The U.S. jet fuel market is stealing the limelight when it comes to supply/demand numbers for finished products. Jet statistics have made a remarkable shift in the last month - supply has expanded along with production, but deliveries to the market have soared.

The latest data from the Energy Information Administration (EIA) reveals 1.568 million b/d of jet being delivered from primary storage into secondary storage. Last week they were 1.580 million b/d delivered into secondary storage.

How significant is this change? Until now, jet deliveries topped 1.5 million b/d only twice all year. Current levels dwarf year-to-date numbers, which still stand at 1.387 million b/d.

Here's what else stands out with the jet fuel data: four-week deliveries of jet fuel are 10.9% higher than the same time frame a year ago - 1.506 million b/d compared to 1.358 million b/d.

The surge in deliveries is part of an overall change in the distillate picture. Deliveries of diesel fuel over the last four weeks are 9% higher than a year ago, thanks in part of active exports.

The rebound in deliveries is heavily tilted to the distillate portion of the barrel. Gasoline deliveries over the last month have climbed 2% versus a year ago, while total product demand has grown 3% to 19.2 million b/d.

On the surface, these numbers could offer encouragement to market segments rooting for a demand recovery in oil.

But the latest EIA data contains some warning signs that cast doubt on the ability of prices to hold at recent levels given the huge amount of supply reaching the marketplace.

Gulf Coast jet fuel inventories are very high and have been for weeks. The latest EIA statistics pumps regional stocks up to 17.7 million bbl. Supplies in the last nine weeks have soared 3 million bbl, a rate of growth equivalent to one 300,000 b/d refinery pumping out nothing but jet fuel every seven days.

National inventories are also bulging. The freshest EIA data shows total supplies at the 48 million bbl mark -- the second time in three weeks numbers have topped 48 million. A bit of perspective: back when jet fuel demand was roaring hot, stocks seldom topped the 40 million bbl mark. U.S. jet supplies currently surpass where they ended 2008 by 11 million bbl or 30%.

If the economic recovery in the U.S. is linked to diesel demand then the EIA report offers much skepticism.

Distillate demand retreated to just 3.358 million b/d, the lowest national demand number since December 4, 2009. During the 12 months of the "very poor year" of 2009, the U.S. saw distillate demand slide below last year's number only nine times.

Potentially more troubling for refiners is this: the depressed demand number comes as distillate output nationwide reaches an 18-month high, rising to 3.935 million b/d, numbers that show current production outpacing demand by 600,000 b/d.

While jet inventories are bulging, the same can be said for distillate stocks. At 166.575 million bbl, middle distillate supplies in the U.S. are 33 million bbl ahead of the five-year average. They are 6 million bbl over year-ago levels.

Heating oil futures prices have fallen prey to these numbers, with front-month NYMEX values falling 3.5cts/gal back to \$1.99/gal.

Crude oil also slipped with the newly crowned September front-month contract falling to 76.56/bbl, off a dollar.

Here's the ultimate irony for those tracking jet fuel numbers: Gulf Coast basis differentials actually firmed, albeit slightly to 2.35cts/gal.

The Gulf Coast offered another mystifying statistic. At the beginning of June there were 15 million bbl of jet in regional storage. At the time, spot jet was discounted to the NYMEX by 25pts. Flash forward seven weeks: Gulf supplies are 17.7 million bbl strong and regional fuel bears a 2.35cts/gal premium to the futures market.

On the West Coast, jet fuel differentials shot back to 10.25cts/gal over the NYMEX, despite a build in supplies in that region as well.

We also saw jet basis differentials notch a penny gain in the Group, while holding steady in New York and Chicago - remarkable given the inventory picture.

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Today's NYMEX Heating Oil at Settle (cts/gal)

Month	Price	Change
AUG	198.92	-3.55
SEP	201.63	-3.43

Today's Jet Fuel Spot Prices, Excluding Superfund

Market	Ref Month	Low	High	Mean	Change	5 Day Avg	30 Day Avg	ULS2 Mean	ULS2/Jet Diff
NY Harbor	AUG	203.17	204.17	203.670	-3.550	206.31	208.38	205.020	-1.350
Gulf Coast	AUG	200.67	201.17	200.920	-3.550	203.04	204.43	201.370	-.450
Group 3	AUG	204.92	205.92	205.420	-2.550	206.96	208.53	205.420	.000
Chicago	AUG	203.92	204.92	204.420	-3.550	205.36	207.67	203.420	1.000
Los Angeles	AUG	208.92	209.42	209.170	-3.050	211.49	214.84	208.755	.415
San Francisco	AUG	207.67	208.17	207.920	-3.050	210.24	213.59	208.420	-.500
Pacific NW	AUG	208.92	209.42	209.170	-3.050	211.49	214.84	207.920	1.250
NW Europe		206.35	207.35	206.850	-2.750	208.15	-- --		
Singapore		206.15	207.15	206.650	.950	205.06	-- --		
U.S. Spot Avg		204.88	205.63	205.253	-3.217	207.23	209.57		
World Spot Avg		205.22	206.03	205.628	-2.637	207.08	209.57		

Current Refined Products Price Table

Market	Jet	WtgAvg	55Kero	HS#2	LS#2	ULS#2	Unl	Pre	WTI
NY Harbor	203.670	-- --	207.92	195.92	201.42	205.02	200.03	210.78	76.56
Gulf Coast	200.920	200.92	202.42	194.57	-- --	201.52	201.03	209.53	
Group 3	205.420	-- --	-- --	-- --	-- --	205.42	204.03	216.78	
Chicago	204.420	-- --	-- --	-- --	-- --	203.42	207.53	226.03	
Los Angeles	209.170	209.16	-- --	-- --	-- --	208.76	220.78	229.78	
San Francisco	207.920	-- --	-- --	-- --	-- --	208.42	231.78	246.78	
Pacific NW	209.170	-- --	-- --	-- --	204.92	207.92	-- --	-- --	

Jet Fuel Cash Differentials

Market	Gulf	NY	Chicago	Group 3	LA	NYMEX	Next
6/28/2010	-1.83	4.10	4.50	6.00	12.00	209.33	211.71
6/29/2010	-1.88	4.60	3.00	6.00	12.25	202.13	204.98
6/30/2010	-1.63	2.00	2.25	6.00	11.88	198.17	201.43
7/1/2010	-1.63	3.25	2.25	3.75	12.00	193.85	196.79
7/2/2010	-1.00	3.00	1.75	4.00	12.50	191.55	194.20
Wk Avg	-1.59	3.39	2.75	5.15	12.13	199.01	201.82
7/5/2010	NO SPOT TRADING.						
7/6/2010	-0.25	3.25	2.20	4.25	12.63	191.72	194.20
7/7/2010	0.63	4.75	2.00	4.25	13.25	197.87	200.09
7/8/2010	1.38	5.50	2.25	5.25	13.75	200.53	202.93
7/9/2010	1.55	5.25	2.25	4.75	13.50	202.57	204.90
Wk Avg	0.83	4.69	2.18	4.63	13.28	198.17	200.53
7/12/2010	1.75	5.50	2.75	5.00	13.38	199.13	201.56
7/13/2010	1.48	5.50	2.75	5.00	13.00	204.74	207.10
7/14/2010	1.45	5.00	3.00	5.50	12.25	203.61	205.92
7/15/2010	1.75	5.25	3.00	5.75	10.88	201.83	204.18
7/16/2010	1.75	5.50	3.25	5.75	10.38	201.13	203.38
Wk Avg	1.64	5.35	2.95	5.40	11.98	202.09	204.43
7/19/2010	1.65	5.25	3.50	5.25	10.13	201.70	204.13
7/20/2010	2.00	4.75	5.50	5.50	9.75	202.47	205.06
7/21/2010	2.00	4.75	5.50	6.50	10.25	198.92	201.63
Wk Avg	1.88	4.92	4.83	5.75	10.04	201.03	203.61

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Commercial Airline Jet Fuel Ranges

Contract Prices for jet fuel delivered into major airline storage in cts/gal, ex-taxes and discounts but excluding superfund line item.

	LOW	HIGH	AVG	DEL.SPOT		LOW	HIGH	AVG	DEL.SPOT
ALBANY, NY	222.77	222.77	222.77	—	AKRON/CANTON, OH	224.00	224.00	224.00	209.04
ATLANTA, GA	206.82	212.22	209.52	206.14	CHATTANOOGA, TN	216.22	216.22	216.22	—
AUSTIN, TX	209.84	209.84	209.84	206.29	CHICAGO, IL	206.69	206.69	206.69	206.64
BALTIMORE, MD	207.02	208.72	207.87	206.40	CINCINNATI, OH	209.72	209.72	209.72	208.54
BANGOR, ME	217.94	217.94	217.94	—	CLEVELAND, OH	206.99	211.04	209.02	208.04
BATON ROUGE, LA	212.22	221.25	216.74	205.14	COLUMBIA, MO	227.75	227.75	227.75	208.79
BIRMINGHAM, AL	—	—	—	207.29	COLUMBUS, OH	209.84	222.00	215.92	209.29
BOND-MIAMI, FL	208.22	208.22	208.22	—	DAYTON, OH	209.14	209.14	209.14	209.54
BOSTON, MA	212.94	212.94	212.94	209.04	DES MOINES, IA	214.64	220.25	217.45	208.54
BUFFALO, NY	216.44	218.94	217.69	212.56	DETROIT, MI	209.54	211.54	210.37	210.89
CHARLESTON, SC	214.92	214.92	214.92	206.54	FARGO, ND	—	—	—	—
CHARLOTTE, NC	206.12	212.22	209.17	206.14	GREEN BAY, WI	—	—	—	211.04
DALLAS METRO, TX	208.22	222.15	215.19	205.54	INDIANAPOLIS, IN	207.92	207.92	207.92	207.54
DC/DULLES, VA	207.17	208.22	207.70	206.39	KANSAS CITY, KS	211.49	211.49	211.49	208.29
FT. LAUDERDALE, FL	209.22	224.75	213.77	207.29	LEXINGTON, KY	—	—	—	—
GREENSBORO, NC	208.09	212.22	210.16	207.04	LOUISVILLE, KY	211.23	211.23	211.23	209.54
GULF COAST, TX	217.90	217.90	217.90	204.29	MEMPHIS, TN	208.84	208.84	208.84	207.54
HARTFORD, CT	215.45	215.45	215.45	209.56	MILWAUKEE, WI	209.34	209.34	209.34	210.04
HOOKER'S PT., FL	208.22	208.72	208.47	207.64	MINNEAPOLIS, MN	209.87	209.87	209.87	211.29
HOUSTON, TX	208.22	217.90	213.06	205.54	OKLAHOMA CITY, OK	215.19	224.10	219.65	207.54
JFK, NY	210.94	210.94	210.94	207.29	OMAHA, NE	212.44	226.10	219.27	209.04
LINDEN, NJ	—	—	—	206.29	RAPID CITY, SD	234.55	234.55	234.55	—
LITTLE ROCK, AR	211.42	211.42	211.42	207.04	SALINA, KS	229.50	229.50	229.50	—
MIAMI, FL	209.22	209.22	209.22	207.29	STOUX FALLS, SD	218.10	218.10	218.10	—
MOBILE, AL	215.03	219.22	217.13	207.29	ST. LOUIS, MO	219.95	219.95	219.95	207.64
NASHVILLE, TN	—	—	—	207.29	TOPEKA, KS	—	—	—	—
NEW ORLEANS, LA	207.72	207.72	207.72	206.29	TULSA, OK	210.79	222.50	216.65	206.79
NEWARK, NJ	210.44	210.44	210.44	207.14	WICHITA, KS	217.99	217.99	217.99	—
NEWBURGH, NY	217.94	217.94	217.94	213.31					
NORFOLK, VA	212.22	212.22	212.22	207.29	Contract Avg. Midwest			215.86	
ORLANDO, FL	209.72	232.00	217.23	209.54	AMARILLO, TX	222.10	222.10	222.10	—
PHILADELPHIA, PA	212.69	212.69	212.69	207.79	ANCHORAGE, AK	220.89	229.65	225.27	217.49
PITTSBURGH, PA	213.94	213.94	213.94	210.81	BOISE, ID	231.06	231.06	231.06	—
PORTLAND, ME	217.62	217.62	217.62	212.81	BROWNSVILLE, TX	224.85	224.85	224.85	—
PT. EVERGLADES, FL	—	—	—	208.04	COLORADO SPRINGS, CO	227.55	227.55	227.55	—
RALEIGH/APEX, NC	212.42	212.42	212.42	207.04	DALLAS/FT. WORTH, TX	207.59	222.15	214.87	—
RICHMOND, VA	211.06	212.72	211.89	206.21	DENVER, CO	210.89	210.89	210.89	208.54
ROANOKE, VA	213.22	213.22	213.22	207.54	EL PASO, TX	213.22	232.75	220.02	—
ROCHESTER, NY	217.19	217.19	217.19	212.06	HONOLULU, HI	212.04	212.04	212.04	217.49
SAN ANTONIO, TX	208.59	220.80	214.70	206.04	LAS VEGAS, NV	210.64	210.64	210.64	215.99
SAVANNAH, GA	214.47	214.47	214.47	—	LOS ANGELES, CA	209.84	246.50	233.90	214.09
SHREVEPORT, LA	220.45	220.45	220.45	208.04	LUBBOCK, TX	223.00	223.00	223.00	—
SYRACUSE, NY	—	—	—	212.06	PHOENIX, AZ	214.54	230.65	222.60	215.59
TAMPA, FL	212.19	230.35	221.27	208.04	PORTLAND, OR	—	—	—	212.24
WILMINGTON, NC	—	—	—	—	SALT LAKE CITY, UT	228.72	228.72	228.72	228.04
Contract Avg. East/Gulf Coast			213.68		SAN DIEGO, CA	213.54	213.54	213.54	214.49
					SAN FRANCISCO, CA	210.14	214.31	212.23	212.49
					SEATTLE, WA	210.49	215.56	213.03	217.49
					SPARKS/RENO, NV	218.76	218.76	218.76	—
					SPOKANE, WA	225.56	225.56	225.56	—
					TUCSON, AZ	223.14	223.14	223.14	216.14
					Contract Avg. Rocky Mt/West Coast			220.69	

**National Regional DOE Supply Production Data
(Statistics in 1,000 bbl for week ending 7/16/2010)**

Jet Fuel Stocks

Stocks	East			Midwest			Gulf			Rockies			West			Nation		
	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change
7/16	12,200	10,500	1,700	8,300	7,800	500	17,700	15,500	2,200	600	500	100	9,200	9,800	-600	48,000	44,100	3,900
7/9	12,900	11,100	1,800	8,700	7,900	800	17,000	14,700	2,300	700	600	100	8,400	9,000	-600	47,700	43,300	4,400
7/2	13,500	11,300	2,200	8,600	7,800	800	17,200	14,100	3,100	700	600	100	8,200	8,900	-700	48,200	42,700	5,500
6/25	12,700	11,700	1,100	8,200	7,600	100	16,900	13,600	2,000	700	500	200	8,200	8,500	400	44,500	40,700	3,800
4w kAvg	12,825	11,150	1,675	8,450	7,775	675	17,200	14,475	2,725	675	550	125	8,500	9,050	-550	47,100	42,700	4,400

Jet Fuel Output

Output	East			Midwest			Gulf			Rockies			West			Nation		
	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change
7/16	86.0	65.0	21.0	260.0	231.0	29.0	786.0	701.0	85.0	27.0	33.0	-6.0	426.0	428.0	-2.0	1,585.0	1,458.0	127.0
7/9	61.0	81.0	-20.0	261.0	217.0	44.0	750.0	734.0	16.0	26.0	32.0	-6.0	423.0	436.0	-13.0	1,521.0	1,500.0	21.0
7/2	83.0	88.0	-5.0	243.0	202.0	41.0	779.0	623.0	156.0	22.0	27.0	-5.0	445.0	444.0	1.0	1,572.0	1,384.0	188.0
6/25	80.0	103.0	0.0	230.0	204.0	-20.0	715.0	594.0	41.0	29.0	33.0	11.0	398.0	387.0	37.0	1,501.0	1,432.0	69.0
4w kAvg	77.5	84.3	-6.8	248.5	213.5	35.0	757.5	663.0	94.5	26.0	31.3	-5.3	423.0	423.8	-0.8	1,544.8	1,443.5	101.3

4-Week Price Comparisons at NY, Gulf, & LA

