

November 2015

MACROECONOMIC INDICATORS

- ISM Manufacturing ↓
- Fed Reserve Manufacturing Index ↓
- Rig Counts ↓

PETROLEUM DEMAND INDICATORS

- Total Deliveries ↑
- Gasoline ↑
- Distillates ↓
- Jet Fuel ↑

RETAIL PRICING INDICATORS

- Regular Gasoline ↓
- On-highway Diesel ↓

PETROLEUM DELIVERIES

Total petroleum deliveries in November moved up by 1.2 percent from November 2014 to average 19.6 million barrels per day. These were the highest November deliveries in eight years, since 2007. Compared with October, total domestic petroleum deliveries, a measure of U.S. petroleum demand, decreased slightly by 0.1 percent. For year to date, total domestic petroleum deliveries moved up by 1.9 percent compared to the same period last year. According to the Bureau of Labor and Statistics (BLS) November 6, 2015 report, the overall economy in the United States showed signs of improvement in November with an estimated 211,000 jobs added to the economy. The unemployment rate and the total number of unemployed persons were essentially unchanged from October, at 5.0 percent and 7.9 million, respectively.

Gasoline deliveries in November were up from the prior year and the prior year to date, but were down from the prior month. Total motor gasoline deliveries, a measure of consumer gasoline demand, moved up 3.2 percent from November 2014 to just above 9.2 million barrels per day. Though these were the lowest deliveries for any month since April, these were the highest November deliveries since 2007. Compared with October, gasoline deliveries decreased by 0.2 percent. For year to date, gasoline deliveries increased by 2.8 percent compared with year to date of 2014. The average regular-grade gasoline price in November was \$2.260 per gallon, according to the latest EIA price data. This was down from month-ago and year-ago prices, and was the lowest November price since 2006, falling by 12.7 cents and 73.7 cents, respectively. Distillate deliveries in November decreased from the prior month and the prior year to average nearly 3.9 million barrels per day, falling by 5.6 percent and 1.0 percent, respectively. These were the lowest deliveries for any month since June of this year, and the lowest November deliveries since 2012. For year to date, distillate deliveries were up by 0.2 percent compared with year to date 2014, to just above 4.0 million barrels per day.

Meanwhile, ULSD deliveries decreased by 1.4 percent compared with November 2014 and were down by 5.0 percent from October to average 3.7 million barrels per day in November. Below \$3.00 per gallon for the 11th month in a row, ULSD prices fell by 5.2 cents from October and were down by \$1.180 from November 2014 to average \$2.467 per gallon in November, according to the latest EIA price data.

According to the latest Manufacturing ISM Report on Business from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector contracted in November for the first time in 36 months, since November 2012. Meanwhile, the overall economy grew for the 78th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 48.6 percent in November, down 1.5 percentage points from October reading of 50.1 percent.

PETROLEUM SUPPLY

For the fourteenth month in a row, domestic crude oil production rose above 9.0 million barrels per day. At an average of 9.1 million barrels per day, U.S. crude oil production in November decreased 0.8 percent from November 2014, and decreased by 0.5 percent from October. Compared with year to date 2014, domestic crude oil production rose by 8.4 percent. This was the second highest November crude oil production level since 1973 and the highest year to date in 43 years, since 1972. Natural gas liquids (NGL) production, a co-product of natural gas production, was up from the prior month, the prior year, and the prior year to date levels. NGL production in November averaged 3.3 million barrels per day, which was the highest for the month on record and was only 28 thousand barrels below the all-time record production level set in August. This was a slight increase of 0.9 percent above October's output, and was 6.4 percent higher than November 2014's output. Compared with year to date 2014, NGL production rose by 7.7 percent. Production of natural gas in the Marcellus region, the largest natural gas producing region, reached nearly 15.9 billion barrels per day in November—down 0.9 percent from the prior month. Last month's production was up by 2.1 percent from November 2014 and was up by 21.3 percent from November 2013.

U.S. total petroleum imports in November averaged nearly 9.4 million barrels per day, down by 0.4 percent from the prior month, but was up 4.1 percent from the prior year. November's total petroleum imports were the second lowest imports for the month in 19 years, since 1996. Year to date total imports were up by 2.5 percent to average nearly 9.5 million barrels per day compared with year to date 2014. Meanwhile, crude oil imports in November were up compared with the prior year and the prior month, increasing by 6.7 percent and 0.6 percent, respectively, to average nearly 7.8 million barrels per day. Compared to the prior year to date, crude imports were up slightly by 1 thousand barrels per day. Last month's crude imports were the third lowest November imports in 19 years, since 1996. However, this was the highest imports level since September 2013.

At an average of 9.8 million barrels per day, production of gasoline in November was the highest level ever for the month. Gasoline production dropped slightly by 0.1 percent from October, but was up by 2.3 percent from November 2014's output. For year to date, gasoline production increased by 2.5 percent compared with the same period last year and was the highest year to date on record. Production of distillate fuel in November rose by 2.1 percent from the prior year to reach an average output of 5.1 million barrels per day, the highest November level ever. For year to date, distillate production reached an all time record of nearly 5.0 million barrels per day.

Refinery gross inputs in November increased by 0.8 percent from last year to reach a record high for the month at nearly 16.5 million barrels per day. Compared with October, U.S. gross refinery inputs rose by 4.5 percent. For year to date, refinery gross inputs were up by 1.5 percent compared with year to date 2014. Production of all four major products—gasoline, distillate, jet fuel and residual fuels was higher than deliveries for those products, so refined products were exported. Exports of refined petroleum products were up from the prior month, the prior year, and prior year to date. Exports of refined petroleum products in November increased by 4.7 percent from October, and were up by 8.0 percent from November 2014 to average 4.7 million barrels per day—the highest November level ever. The refinery capacity utilization rate in November averaged 91.2 percent, up 3.8 percentage points from October, but was down 0.7 percentage point from the same period last year. API's latest refinery operable capacity was 18.083 million barrels per day, up 272 thousand barrels per day from last year's capacity of 17.811 million barrels per day.

Crude oil stocks ended in November averaging at 488.60 million barrels—the highest inventory level for the month of November and for any month in 85 years, since 1930. Crude stocks were up 1.4 percent from the prior month, and were up by 25.6 percent or 99.6 million barrels from the prior year. Stocks of motor gasoline ended up by 1.0 percent from last month, but were down by 1.0 percent from last year to average 217.4 million barrels in November. These were the fourth highest motor gasoline stocks for the month of November in 21 years, since 1994. Distillate fuel oil stocks were up 3.9 percent from the prior month, and up 17.3 percent from the prior year to end at 148.1 million barrels—the highest November inventory level in 5 years, since 2010. Jet fuel stocks were down from the prior month by 3.6 percent, but were up by 4.2 percent from the prior year to end at 37.5 million barrels. Stocks of "other oils" were down from month ago and year ago levels. Total inventories of all oils were down 3.1 percent from month ago levels, but were up by 11.6 percent from year ago levels.

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