

June 2016

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 June moved up by 2.8 percent from June 2015 to average 20.1 million barrels per day. These were the highest June deliveries in nine years, since 2007. Compared with May, total domestic petroleum deliveries, a measure of U.S. petroleum demand, increased 2.2 percent. For year-to-date, total domestic petroleum deliveries moved up 1.7 percent compared to the same period last year. The overall economy in the U.S. showed gains for the fifth time in the year, adding 287,000 jobs in June, according to the Bureau of Labor and Statistics (BLS). The U.S. unemployment rate grew by 0.2 percentage points to 4.9 percent, and the number of unemployed persons increased by 347,000 to 7.8 million. Deliveries of gasoline, distillate fuel, kerosene-jet, and all other oils showed month-over-month increases.

Gasoline deliveries in June were up from the prior month, the prior year, and the prior year-to-date to reach the highest June level on record and the highest year-to-date ever recorded. Total motor gasoline deliveries, a measure of consumer gasoline demand, moved up 2.7 percent from June 2015, to average over 9.6 million barrels per day. Compared with May 2016, total motor gasoline deliveries increased 2.1 percent. For year-to-date, total motor gasoline deliveries increased 2.5 percent compared with year-to-date 2015 to a record level near 9.3 million barrels per day. According to the latest EIA price data, the average regular-grade gasoline price in June was \$2.467 per gallon—the lowest June price since 2005. This was up 9.6 cents from May, but was down 41.8 cents from June 2015.

In June, distillate deliveries averaged just over 3.9 million barrels per day, up 1.6 percent compared with June 2015. Compared to the prior month, June distillate deliveries were up 0.8 percent. For year-to-date, distillate deliveries decreased 4.2 percent compared to year-to-date 2015. The decrease in year-to-date distillate deliveries was driven by the decrease in ultra-low sulfur distillate (ULSD) deliveries, which declined by 4.0 percent during the same period to 3.7 million barrels per day. According to the latest EIA price data, ULSD prices in June increased 10.8 cents from last month's price of \$2.315 per gallon to the highest price for the year at \$2.423 per gallon. Last month's price was 45.0 cents below the June 2015 price of \$2.873 per gallon, and was the lowest June price on record.

According to the latest Manufacturing ISM Report on Business from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in June for the fourth consecutive month, while the overall economy grew for the 85th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 53.2 percent, 1.9 percentage points above the May reading of 51.3 percent.

PETROLEUM SUPPLY

Crude oil production was down from the prior month, the prior year, and the prior year-to-date to the lowest output level since May 2014. Crude oil production decreased 1.8 percent from May, and was down 7.4 percent from June 2015 to average 8.6 million barrels per day in June. This was the ninth consecutive monthly decline observed. For year-to-date, crude production was also down 5.4 percent compared with year-to-date 2015. 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. NGL production in June averaged nearly 3.5 million barrels per day, up 2.0 percent from last month, 6.8 percent from last year, and 7.6 percent from last year-to-date. This was the highest June output level on record. According to the latest reports from Baker-Hughes, Inc., the average U.S. rig count for June 2016 increased eight rigs from May to 417. However, this count represents the second lowest count on record and the lowest June on record. This was down 51.6 percent from June 2015's count of 861.

U.S. total petroleum imports in June averaged just below 9.8 million barrels per day, up 2.0 percent from the prior month and up 2.4 percent from the prior year, but remained the third lowest total petroleum imports for the month of June in 20 years, since 1996. For year-to-date, total petroleum imports were also up 4.3 percent compared with year-to-date 2015. Crude oil imports increased 2.3 percent from June 2015 to 7.5 million barrels per day in June 2016. Compared with May 2016, crude oil imports were 1.7 percent lower. For year-to-date, crude imports were up 6.3 percent compared with year-to-date 2015.

Gasoline production for the month of June averaged 10.1 million barrels per day, up 2.1 percent from the prior year, and up 3.3 percent from the prior month. The June 2016 gasoline output was the highest on record. For year-to-date, gasoline production increased 1.4 percent compared to the same period last year and was the highest year-to-date on record. Distillate production in June was down 0.4 percent from the prior year, and down 2.7 percent from the prior year-to-date period, but up 3.9 percent from the prior month. Distillate fuel production in June averaged 5.0 million barrels per day. Kerosene-jet production averaged 1.6 million barrels per day in June, the third highest output for the month on record.

Refinery gross inputs moved down 1.3 percent from June 2015, but remained the second highest inputs for the month of June, averaging 16.7 million barrels per day. Compared to May 2016, refinery gross inputs were up 2.0 percent. Production of three of the four major products—gasoline, jet fuel and residual fuels was higher than demand for those products, so refined products were exported. Exports of crude oil and refined petroleum products increased 7.0 percent in June 2016, compared to June 2015, to average 5.0 million barrels per day. This was the highest June export level ever. Refinery capacity utilization rate averaged 91.3 percent in June, down 2.7 percentage points from the prior year, but up 1.7 percentage points compared to the prior month. API's latest refinery operable capacity was 18.314 million barrels per day.

Crude oil stocks ended in June at 520.9 million barrels—the highest June inventory level in 86 years, since 1930. Crude stocks were down 15.7 million barrels or 2.9 percent from the prior month, and were up 51.4 million barrels or 10.9 percent from the prior year. In June, motor gasoline stocks ended at 237.4 million barrels, down 1.4 percent from the prior month but up 7.4 percent from prior year. June's motor gasoline stocks were the highest inventory level for the month of June for 32 years, since 1984. Distillate fuel oil stocks were down 0.7 percent from the prior month, but up 6.9 percent from the prior year to end at 149.1 million barrels—the highest June inventory level in 6 years, since 2010. Jet fuel stocks were down from the prior month by 9.0 percent, and were also down 8.0 percent from the prior year to end at 40.2 million barrels. Stocks of "other oils" were down from month ago and year ago levels. Total inventories of all oils were down 3.6 percent from month ago levels, but were up 3.4 percent from year ago levels.

Copyright©2016 The American Petroleum Institute.

All information offered in this report is the sole and exclusive property of the American Petroleum Institute. You may not reproduce, upload, post, transmit, download, or distribute, resell or otherwise transfer outside of your company without the express consent of the American Petroleum Institute. Data published in the API Monthly Statistical Report are based on data voluntarily reported by petroleum companies operating in the United States. Although API reviews reported data to identify internal inconsistencies and unusual period-to-period changes, in general API is not able to verify the accuracy of reported data. API therefore cannot guarantee the accuracy of the reported data, and disclaims any liability in