

FEBRUARY 2012

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

In February, total domestic petroleum deliveries, a measure of U.S. petroleum demand, dropped 2.3 percent compared with the same month in 2011. Gasoline deliveries, a measure of consumer demand, increased 0.9 percent to 8.7 million barrels per day, the first increase in demand since February 2011. Recent BLS data showed employment growth from January to February for both seasonally adjusted and not seasonally adjusted nonfarm payrolls. This is an improvement over the January changes that reflected a large drop in not seasonally adjusted payrolls but an increase in seasonally adjusted payrolls. One must pay closer attention to not seasonally adjusted payrolls to understand the impact on gasoline demand because seasonally adjusted workers don't buy gasoline – actual workers do – or don't if they are unemployed. Nevertheless, this increase in gasoline demand is not enough to offset the secular changes due to the increase in fuel-efficient cars on the road and the demographic changes in the driving-age population. Peak gasoline demand occurred in July 2007 at 9.640 million barrels per day.

Deliveries of distillate fuel, which include both diesel and heating oil, increased by 0.6 percent to 3.9 million barrels per day. Ultra-low sulfur diesel deliveries showed slower growth of 2.6 percent from last year but the high-sulfur type was down by 10.4 percent from last year due to the relatively warm weather in February. Distillate fuel deliveries have declined significantly since their peak of 4.582 million barrels per day in February of 2007. Jet fuel deliveries increased 2.0 percent and residual fuel deliveries were down 40.2 percent from February 2011 levels. The "other oils" share of the domestic market decreased by 4.3 percent from last year.

PETROLEUM SUPPLY

Domestic crude oil production rose by 2.9 percent to average 5.776 million barrels per day in February. Alaskan production was down by 0.2 percent from last February, at 610 thousand barrels per day. North Dakota produced record levels of crude oil for the State at 546 thousand barrels per day in January. The number of oil and gas rigs count declined from 2003 in January to 1990 in February, according to the latest reports from Baker-Hughes Inc. Imports of crude oil and refined products fell in February by 0.7 percent to average 10.4 million barrels per day as increased domestic production offset the lower import levels. Canadian crude imports dropped by 3.0 percent in February to average 2.128 million barrels per day.

Despite the recent announcements on declines in refinery capacity due to closures in the North East region, February's total refinery inputs were higher than last year's levels by 9.3 percent. Production of all four major products – gasoline, distillate, jet fuel and residual fuels was greater than demand for those products, so exports of refined petroleum products increased by 18.1 percent. Gasoline production at 9.1 million barrels per day was at a record-high for the month of February and year to date. Distillate fuel production at 4.4 million barrels per day was at a record-high for February and year to date. Utilization rates were up in February this year compared with last year.

In February, crude oil stocks were up 6.2 percent from last year and slightly up from January levels. At 345.8 million barrels, crude oil stocks were up 20 million barrels from last year. Gasoline stocks were up from month-ago and down slightly from year-ago levels. Distillate fuel inventories were down from month-ago and year-ago levels and reached 140.9 million barrels. Jet fuel stocks were up from year ago levels, but down from month ago levels. Stocks of "other oils" were down from month ago and year ago levels. Total inventories of all oils were down from month ago and year ago levels by about 5 percent.

The API **Monthly Statistical Report** is available via IHS Global (www.global.ihs.com). For more information, go to <http://www.api.org/statistics> or contact IHS at 1-800-854-7179.

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ESTIMATED UNITED STATES PETROLEUM BALANCE¹
(Daily average in thousands of 42 gallon barrels)

Disposition and Supply	February			Year-to-Date		
	2012 ²	2011	% Change	2012 ³	2011	% Change
Disposition:						
Total motor gasoline.....	8,724	8,648	0.9	8,556	8,524	0.4
Finished reformulated.....	2,971	3,002	(1.0)	2,917	2,951	(1.1)
Finished conventional.....	5,753	5,646	1.9	5,639	5,574	1.2
Kerosine-jet.....	1,370	1,344	2.0	1,361	1,350	0.8
Distillate fuel oil.....	3,893	3,871	0.6	3,904	3,922	(0.5)
≤ 500 ppm sulfur.....	3,438	3,364	2.2	3,395	3,282	3.4
≤ 15 ppm sulfur.....	3,438	3,350	2.6	3,395	3,204	6.0
> 500 ppm sulfur.....	455	508	(10.4)	509	640	(20.6)
Residual fuel oil.....	375	627	(40.2)	343	625	(45.0)
All other oils (including crude losses)	4,188	4,376	(4.3)	4,175	4,571	(8.7)
Reclassified ⁴	(124)	4	na	(119)	10	na
Total domestic product supplied.....	18,426	18,869	(2.3)	18,219	19,001	(4.1)
Exports.....	3,042	2,575	18.1	3,046	2,634	15.7
Total disposition.....	21,467	21,443	0.1	21,265	21,635	(1.7)
Supply:						
Domestic liquids production						
Crude oil (including condensate).....	5,776	5,612	2.9	5,732	5,544	3.4
Natural gas liquids.....	2,323	1,920	21.0	2,288	1,974	15.9
Other supply ⁵	489	960	(49.1)	1,045	968	8.0
Total domestic supply.....	8,588	8,492	1.1	9,064	8,486	6.8
Imports:						
Crude oil (excluding SPR imports).....	8,856	8,013	10.5	8,671	8,568	1.2
From Canada.....	2,128	2,193	(3.0)	2,108	2,170	(2.8)
All other.....	6,728	5,820	15.6	6,563	6,398	2.6
Products.....	1,574	2,490	(36.8)	1,590	2,590	(38.6)
Total motor gasoline (incl. blend.comp)....	590	823	(28.3)	619	851	(27.3)
All other.....	984	1,667	(41.0)	971	1,738	(44.2)
Total imports.....	10,430	10,503	(0.7)	10,261	11,158	(8.0)
Total supply.....	19,018	18,995	0.1	19,325	19,643	(1.6)
Stock change, all oils.....	(2,450)	(2,449)	na	(1,941)	(1,992)	na
Refinery Operations:						
Input to crude distillation units.....	15,023	13,745	9.3	14,863	14,113	5.3
Gasoline production.....	9,098	8,793	3.5	9,006	8,729	2.2
Distillate fuel production.....	4,421	4,032	9.6	4,510	4,175	8.0
Kerosine-jet production.....	1,404	1,298	8.2	1,423	1,332	6.9
Residual fuel production.....	559	529	5.6	514	541	(5.0)
Operable capacity.....	17,737	19,479	(8.9)	17,737	18,489	(4.1)
Refinery utilization ⁶	84.7%	70.6%	na	83.8%	76.6%	na
Crude oil runs.....	14,544	14,640	(0.7)	14,449	14,640	(1.3)

1. Total supply, i.e., production plus imports adjusted for net stock change is equal to total disposition from primary storage. Total disposition from primary storage less exports equals total domestic products supplied. Information contained in this report is derived from information published in the API *Weekly Statistical Bulletin* and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2. Based on API estimated data converted to a monthly basis.

3. Data for most current two months are API estimates. Other data come from U.S. Energy Information Administration (including any adjustments).

4. An adjustment to avoid double counting resulting from differences in product classifications among different refineries and blenders.

5. Includes unaccounted-for crude oil, withdrawals from the SPR when they occur, processing gain, field production of other hydrocarbons and alcohol, and downstream blending of ethanol.

6. Represents "Input to crude oil distillation units" as a percent of "Operable capacity".

R: Revised. na: Not available.

ESTIMATED UNITED STATES PETROLEUM BALANCE¹
(Daily average in thousands of 42 gallon barrels)

	February 2012	January 2012	February 2011	% Change From	
				Month Ago	Year Ago
Stocks (at month-end, in millions of barrels):					
Crude oil (excluding SPR stocks).....	345.8	336.2	325.6	2.9	6.2
Unfinished oils.....	82.9	79.4	84.3	4.4	(1.7)
Total motor gasoline.....	228.8	227.6	229.5	0.5	(0.3)
Finished reformulated.....	0.5	0.4	0.2	150.0	104.1
Finished conventional.....	60.9	62.1	67.5	(1.9)	(9.8)
Blending components.....	167.4	165.1	161.7	1.4	3.5
Kerosine-jet.....	41.2	42.1	39.3	(2.1)	4.7
Distillate fuel oil.....	140.9	144.1	153.8	(2.2)	(8.4)
≤ 500 ppm sulfur.....	109.9	112.2	116.2	(2.0)	(5.4)
≤ 15 ppm sulfur.....	102.2	104.6	114.1	(2.3)	(10.5)
> 500 ppm sulfur.....	31.0	31.9	37.7	(2.8)	(17.7)
Residual fuel oil.....	35.8	35.1	35.0	2.0	2.3
All other oils.....	36.6	98.8	92.6	(63.0)	(60.5)
Total all oils.....	912.0	963.3R	960.2	(5.3)	(5.0)

R: Revised. na: Not available.