

JANUARY 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 January, total domestic petroleum deliveries, a measure of U.S. petroleum demand, dropped 5.7 percent compared with the same month in 2011, with declines in deliveries of all the major refined products. Gasoline deliveries, a measure of consumer demand, slipped 0.2 percent to 8.4 million barrels per day, a nine-year low for the month of January. Despite the improved employment situation in January, as reported by The Conference Board, consumer demand for gasoline has been weak since the 2007-highs, possibly due to the increase in fuel-efficient cars on the road, higher gasoline prices and the demographic changes in the driving-age population.

Deliveries of distillate fuel, which include both diesel and heating oil, fell by 1.4 percent to 3.9 million barrels per day. Ultra-low sulfur diesel deliveries showed strong growth of 4.7 percent from last year but the high-sulfur type was down by nearly 27 percent from last year due to the relatively warm winter in January. With the exception of January 2007, distillate fuel deliveries were at a 12-year low for the month. Jet fuel deliveries were down 0.2 percent and residual fuel deliveries were down nearly 50 percent from January 2011 levels. The “other oils” share of the domestic market shrank by 12.3 percent from last year. Petroleum exports fell from the recent highs of 2011 to average just over three million barrels per day and were higher than last year’s levels by 13.5 percent.

PETROLEUM SUPPLY

Domestic crude oil production rose by 3.8 percent to average 5.7 million barrels per day in January. This level was at an eight-year high for the month. Alaskan production was up by 34 percent from last January, at 624 thousand barrels per day. North Dakota, the center of recently discovered tight-oil formations, produced near-record levels of crude oil for the State at 470 thousand barrels per day. The number of oil and gas rig counts remained flat from December 2011 levels, according to the latest reports from Baker-Hughes Inc. Imports of crude oil and refined products fell in January by 14 percent to average 10.1 million barrels per day as increased domestic production offset the lower import levels. Canadian crude imports dropped by 2.8 percent in January to average 2.1 million barrels per day. Crude oil imports fell to a 12-year low with the exception of January 2010 and refined product imports fell to a 17-year low for the month of January.

Despite the recent announcements on declines in refinery capacity due to closures in the Northeast region, January's total refinery inputs were higher than last year's levels by 1.9 percent. With the exception of residual fuel production, industry production of key refined products remained higher than the prior year levels. Gasoline production at 8.9 million barrels per day was at a record-high for the month of January. Distillate fuel production at 4.6 million barrels per day was at a record-high for any January. Utilization rates were up by 0.9 percent in January this year compared with last year.

In January, crude oil stocks were down 3.2 percent from last year but slightly up from December 2011 levels. At 336.2 million barrels, crude oil stocks were at a four-year low for January. Gasoline stocks were up from month-ago and year-ago levels. At 227.6 million barrels, gasoline stocks were at a three-year high for January. Distillate fuel inventories were down from month-ago and year-ago levels and reached three-year lows in January, at 144.1 million barrels. Jet fuel stocks were at a six-year high for the month, with the exception of January 2010. Stocks of "other oils" grew by 41.3 percent primarily driven by the increased production of propane/propylene mix and the reduced demand for heating oil products. Total inventories of all oils were up from last year by 1.7 percent but down from December 2011 levels by 1.1 percent.

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

Disposition and Supply	January			Year-to-Date		
	2012 ²	2011	% Change	2012 ³	2011	% Change
Disposition:						
Total motor gasoline.....	8,398	8,412	(0.2)			
Finished reformulated.....	2,867	2,904	(1.3)			
Finished conventional.....	5,532	5,509	0.4			
Kerosine-jet.....	1,353	1,355	(0.2)			
Distillate fuel oil.....	3,914	3,968	(1.4)			
≤ 500 ppm sulfur.....	3,355	3,208	4.6			
≤ 15 ppm sulfur.....	3,355	3,204	4.7			
> 500 ppm sulfur.....	559	760	(26.5)			
Residual fuel oil.....	314	623	(49.5)			
All other oils (including crude losses)	4,162	4,748	(12.3)			
Reclassified ⁴	(115)	15	na			
Total domestic product supplied.....	18,026	19,121	(5.7)			
Exports.....	3,050	2,687	13.5			
Total disposition.....	21,076	21,809	(3.4)			
Supply:						
Domestic liquids production						
Crude oil (including condensate).....	5,690	5,483	3.8			
Natural gas liquids.....	2,255	2,022	11.5			
Other supply ⁵	1,565	975	60.4			
Total domestic supply.....	9,510	8,480	12.2			
Imports:						
Crude oil (excluding SPR imports).....	8,498	9,069	(6.3)			
From Canada.....	2,090	2,149	(2.8)			
All other.....	6,408	6,920	(7.4)			
Products.....	1,604	2,680	(40.2)			
Total motor gasoline (incl. blend.comp)....	646	877	(26.4)			
All other.....	958	1,803	(46.9)			
Total imports.....	10,102	11,749	(14.0)			
Total supply.....	19,612	20,229	(3.0)			
Stock change, all oils.....	(1,464)	(1,580)	na			
Refinery Operations:						
Input to crude distillation units.....	14,714	14,446	1.9			
Gasoline production.....	8,920	8,671	2.9			
Distillate fuel production.....	4,593	4,305	6.7			
Kerosine-jet production.....	1,441	1,362	5.8			
Residual fuel production.....	472	552	(14.6)			
Operable capacity.....	17,737	17,594	0.8			
Refinery utilization ⁶	83.0%	82.1%	na			
Crude oil runs.....	14,360	14,640	(1.9)			

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)

	January 2012	December 2011	January 2011	% Change From	
				Month Ago	Year Ago
Stocks (at month-end, in millions of barrels):					
Crude oil (excluding SPR stocks).....	336.2	334.6	347.4	0.5	(3.2)
Unfinished oils.....	79.4	77.0	84.9	3.1	(6.4)
Total motor gasoline.....	227.6	219.7	202.0	3.6	12.7
Finished reformulated.....	0.4	0.1	0.5	150.0	(15.8)
Finished conventional.....	62.1	62.1	69.4	0.0	(10.5)
Blending components.....	165.1	157.5	165.7	4.8	(0.3)
Kerosine-jet.....	42.1	41.5	41.5	1.4	1.5
Distillate fuel oil.....	144.1	145.6	162.2	(1.0)	(11.2)
≤ 500 ppm sulfur.....	112.2	108.2	125.0	3.7	(10.3)
≤ 15 ppm sulfur.....	104.3	99.2	114.1	5.1	(8.6)
> 500 ppm sulfur.....	31.9	37.4	37.2	(14.7)	(14.2)
Residual fuel oil.....	35.1	35.8	39.0	(2.0)	(10.0)
All other oils.....	98.8	119.9	69.9	(17.6)	41.3
Total all oils.....	963.3	974.1R	946.9	(1.1)	1.7

R: Revised. na: Not available.