

April 2013

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 domestic petroleum deliveries increased slightly by 0.3 percent from last year to average nearly 18.4 million barrels per day in April. This was the second lowest April level in 17 years, since 1996. For year to date, total domestic petroleum deliveries, a measure of U.S. petroleum demand, were up by 0.5 percent compared to the same period last year. The overall economy showed modest signs of improvement in April. According to the Bureau of Labor and Statistics total nonfarm payrolls increased by 165,000 persons in April, and the employment rate stood at 7.5 percent. Since January, the unemployment rate has declined by 0.4 percent; however, the total number of unemployed persons remains basically unchanged from the prior month to 11.7 million.

In April, gasoline deliveries, a measure of consumer gasoline deliveries, were down from the prior year, and prior year to date, but increased slightly from the prior month. Total motor gasoline deliveries moved down 3.9 percent from April 2012 to average 8.5 million barrels per day, their lowest April level in 13 years, since 2000. For year to date, gasoline deliveries decreased by 2.1 percent compared with year to date of 2012. Compared to the prior month, gasoline deliveries were up by 0.5 percent. The average regular-grade gasoline price in April declined by 14.1 cents from the prior month to \$3.638 per gallon. Distillate deliveries increased by 1.4 percent compared with April 2012 to approximately 3.8 million barrels per day. For year to date, distillate deliveries rose by 3.1 percent to 3.9 million barrels per day. The increase in distillate deliveries was driven by increases in ultra-low sulfur distillate (ULSD) and high sulfur distillate fuel (HSD) deliveries. ULSD deliveries increased by 1.3 percent compared to April 2012 to nearly 3.5 million barrels per day. HSD deliveries were recorded at 280 thousand barrels per day in April, a 0.7 percent increase from April 2012. HSD, which is now relegated to near exclusive use for heating oil in the residential and commercial sectors, showed higher deliveries compared with last year, driven by the relatively colder weather this April compared to same period last year. According to NOAA, heating degree days for April were up 20 percent from 299 in April 2012 to 358. ULSD prices dropped below \$4.000 for the first time since January, and declined 13.8 cents from the prior month to \$3.930 per gallon in April. This price is 18.5 cents lower than the April 2012 price.

According to the latest report from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in April for the fifth consecutive month, and the overall economy expanded for the 47th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 50.7 percent, which is a decrease of 0.6 percentage points from March's reading of 51.3 percent. This information indicates expansion occurred for the fifth consecutive month, however, it was the lowest rate this year.

PETROLEUM SUPPLY

Domestic crude oil production in April remained above 7.0 million barrels per day for the sixth consecutive month. At a 21-year high, U.S. crude production averaged nearly 7.3 million barrels per day, up 1.7 percent from March and 15.9 percent higher than April 2012. Year over year increases in crude production were seen 49 out of 52 months since January 2009. Natural gas liquids (NGL) production, a co-product of natural gas production, was up from the prior month and the prior year. NGL production in April rose by 1.1 percent from March and up 1.1 percent compared with April 2012 to 2.4 million barrels per day—the highest April level ever. Year over year increases in NGL production were seen in 25 out of 26 months, since February 2011. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in April was 1,755, down from March’s count of 1,756. The number of oil and gas rigs continued to average below 2,000 for 15 straight months.

U.S. total imports were below 10.0 million barrels per day for only the third time in over 15 years. In April, total imports fell 0.9 percent from March and down 6.4 percent from April last year to just under 10.0 million barrels per day—the lowest April level in 17 years, since 1996. With increased crude production and record crude inventory levels, crude oil imports in April were also seen at its lowest in 16 years, since 1997, falling by 6.7 percent from the prior year to 8.0 million barrels per day. Imports of refined products in April decreased by 5.0 from the prior year to average 1.9 million barrels per day—below 2.0 million barrels per day for the third consecutive month. Compared to prior month, refined product imports rose by 1.6 percent.

Refinery gross inputs were above 15.0 million barrels per day for the first time this year. Production of all four major products—gasoline, distillate, jet fuel and residual fuels was higher than deliveries for those products, so refined petroleum products were exported. Refined product exports increased by 1.0 percent in April compared to the prior month. However, exports of petroleum products were seen down for the first time this year, posting a 4.0 percent decrease compared with the same period in 2012. In April, gasoline production was up from the prior month and the prior year. At nearly 8.9 million barrels per day, gasoline production rose to its third highest April output ever, rising by 2.2 percent from March and up 1.3 percent from April 2012. Likewise, production of distillate fuel and kerosine-jet fuel were also up compared to their year ago levels. Distillate fuel production reached its highest April level at 4.5 million barrels per day. Kerosine-jet production increased by 3.8 percent from the prior year to 1.5 million barrels per day—the highest April level since 2008. The refinery capacity utilization rate averaged 86.5 percent in April, up 2.6 percentage points from March but was down 0.1 percentage points from the same period last year. API’s latest refinery operable capacity was 17.820 million barrels per day, up 102 barrels per day from the prior month’s capacity of 17.718 million barrels per day.

Crude oil stocks ended in April at 388.9 million barrels—the highest inventory level for the month since 1981. Crude stocks were up 0.3 percent from the prior month, and up 3.2 percent from the prior year. Stocks of motor gasoline ended down 1.4 percent from March 2013 but up 3.6 percent from last year to 218.0 million barrels in April. Distillate fuel oil stocks ended at a five-year low, down 7.1 percent to 115.7 million barrels from year ago levels. Jet fuel stocks were up 4.2 percent from March but were down by 0.8 percent from the same period last year to 40.0 million barrels. Stocks of “other oils” were down from year ago levels and from month ago levels. Total inventories of all oils were down 2.3 percent from month ago levels, but were up 0.2 percent from year ago levels.

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