

December 2011

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 2011, domestic petroleum deliveries averaged 18.9 million barrels per day, a drop of 1.2 percent from 2010. This was the second largest drop in annual domestic deliveries in the last 10 years, after 2008. For the fourth quarter, domestic deliveries were down 0.5 percent from the same period in 2010. December's petroleum deliveries showed the largest drop of 5.9 percent in 2011, from the prior year, to average 18.6 million barrels per day, a 15-year low for the month of December. U.S. economic activity in the industrial and consumer retail sectors continued to show mixed signs. Despite the fastest expansion in the U.S. manufacturing sector in 2011, December's holiday season retail sales were below expectations. The "core" retail sales (excludes sales of autos, gas and building materials) posted the first monthly drop in a year, according to the latest reports from the Institute of Supply Management, U.S. Department of Commerce and The Conference Board.

In 2011, gasoline deliveries dropped by 2.1 percent from the prior year, the second largest year-over-year decline since 1980. For the fourth quarter, gasoline deliveries fell by 0.5 percent from the fourth quarter of 2010, reflecting weak consumer demand and concerns in the labor market. For December, gasoline deliveries slumped to a 13-year low averaging 8.5 million barrels per day, a drop of 4.3 percent from December 2010. December's gasoline deliveries were the second-lowest in 2011 after January's gasoline deliveries. Despite the decline in demand for refined products, the supply of refined petroleum products remained ample. Gasoline production for the year 2011 was at a record high averaging 9.1 million barrels per day. This was 0.5 percent higher than the 2010 average production volume. For December, gasoline production fell by 5.4 percent to reach 8.8 million barrels per day.

PETROLEUM DELIVERIES...

The largest volumetric increase among the major products for 2011 was for distillate fuel oil. Distillate fuel deliveries averaged 3.9 million barrels per day in 2011, an increase of 3.2 percent from the prior year and reached a three-year high. For the fourth quarter of 2011, distillate fuel deliveries were up 6.8 percent. For December, distillate fuel deliveries were at 3.9 million barrels per day, the second highest monthly average in 2011 after January, but down 4.9 percent from December 2010. High-sulfur distillate fuel deliveries were down over 34 percent in December while Ultra-low sulfur distillate fuel (ULSD) deliveries were up by two percent. ULSD deliveries for 2011 were up 9.7 percent from the prior year. Distillate fuel production was at a record high for the year 2011, for the fourth quarter and for the month of December. At 4.5 million barrels per day, distillate fuel production was up by 6.1 percent from 2010 production average. Jet fuel deliveries were up 0.7 percent in 2011 compared with 2010 to average 1.4 million barrels per day. Residual fuel deliveries were down 16.4 percent in 2011 compared with 2010 to average 447 thousand barrels per day.

PETROLEUM SUPPLY

Crude oil production rose 2.5 percent in 2011 compared with the prior year to average 5.6 million barrels per day. For December, production averaged 5.5 million barrels per day, an increase of 0.5 percent from December 2010. Crude oil production average was at an eight-year high for the month of December. Natural gas liquids production increased on a monthly, quarterly and annual basis. Total domestic supply strengthened in 2011 compared with 2010, with a 4.0 percent increase to 8.8 million barrels per day. In 2011, exports were up 25.5 percent compared with 2010. December's export volumes averaged 3.6 million barrels per day, an increase of 34.3 percent from the same month in 2010.

The total number of oil and gas rigs remained above 2,000 for the third month in a row but declined slightly from November to 2,003, according to the latest Baker-Hughes Inc. report.

Total imports of crude oil and refined products dropped 5.6 percent in 2011 compared with 2010. Crude oil imports fell by 3.4 percent and refined products imports were down 14 percent compared with 2010 averages. For the fourth quarter, total imports averaged 10.7 million barrels per day, down by 3.6 percent from the same period in 2010. For December, total imports averaged 10.4 million barrels per day, down by 6.9 percent from December 2010. Crude oil imports were slightly up in December at 8.7 million barrels per day while product imports were down over 33 percent to reach 1.6 million barrels per day. Imports of motor gasoline and blending components fell by 22.4 percent in December.

Refinery inputs fell by 1.5 percent in 2011 compared with 2010. On a quarterly basis, inputs were down 0.1 percent from the fourth quarter of 2010. For December 2011, refinery inputs were at 14.9 million barrels per day, down 0.4 percent from December 2010. In 2011, jet fuel production averaged 1.5 million barrels per day, up by 3.0 percent from 2010, and residual fuel production averaged 540 thousand barrels per day, down by 7.8 percent from 2010.

PETROLEUM SUPPLY...

Crude oil stocks ended the year slightly up from 2010. At 334.6 million barrels, December's crude oil stock levels were up 0.4 percent from 2010 and down 0.1 percent from November 2011 levels. Crude oil stocks were at a 17-year high in December. Motor gasoline stocks were up from the prior month and the prior year and finished December at 219.7 million barrels. Distillate fuel stocks were down 11.4 percent from 2010 ending stock levels, at 145.6 million barrels and a five-year low for a December. Total oils, at 974.1 million barrels, were up 3.5 percent from 2010 levels and up 4.9 percent from November 2011 levels.

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

Disposition and Supply	December			Year-to-Date		
	2011 ²	2010	% Change	2011 ³	2010	% Change
Disposition:						
Total motor gasoline.....	8,531	8,911	(4.3)	8,803	8,993	(2.1)
Finished reformulated.....	2,860	3,057	(6.4)	2,993	3,076	(2.7)
Finished conventional.....	5,671	5,854	(3.1)	5,811	5,917	(1.8)
Kerosine-jet.....	1,482	1,383	7.1	1,442	1,432	0.7
Distillate fuel oil.....	3,972	4,176	(4.9)	3,921	3,800	3.2
≤ 500 ppm sulfur.....	3,463	3,400	1.9	3,523	3,347	5.3
≤ 15 ppm sulfur.....	3,463	3,395	2.0	3,518	3,207	9.7
> 500 ppm sulfur.....	509	775	(34.4)	399	579	(31.1)
Residual fuel oil.....	356	525	(32.2)	447	535	(16.4)
All other oils (including crude losses)	4,320	4,698	(8.1)	4,351	4,397	(1.0)
Reclassified ⁴	(96)	28	na	(17)	13	na
Total domestic product supplied.....	18,565	19,722	(5.9)	18,948	19,170	(1.2)
Exports.....	3,550	2,644	34.3	2,951	2,353	25.5
Total disposition.....	22,115	22,366	(1.1)	21,900	21,522	1.8
Supply:						
Domestic liquids production						
Crude oil (including condensate).....	5,534	5,507	0.5	5,610	5,474	2.5
Natural gas liquids.....	2,208	2,124	3.9	2,157	2,074	4.0
Other supply ⁵	1,645	961	71.1	1,025	907	13.1
Total domestic supply.....	9,387	8,593	9.2	8,793	8,455	4.0
Imports:						
Crude oil (excluding SPR imports).....	8,738	8,695	0.5	8,947	9,262	(3.4)
From Canada.....	2,105	2,086	0.9	2,141	1,970	8.7
All other.....	6,633	6,610	0.4	6,805	7,292	(6.7)
Products.....	1,625	2,437	(33.3)	2,220	2,580	(14.0)
Total motor gasoline (incl. blend.comp)....	570	734	(22.4)	785	860	(8.8)
All other.....	1,055	1,703	(38.0)	1,435	1,720	(16.6)
Total imports.....	10,363	11,132	(6.9)	11,178	11,842	(5.6)
Total supply.....	19,750	19,726	0.1	19,970	20,297	(1.6)
Stock change, all oils.....	(2,365)	(2,640)	na	(1,929)	(1,225)	na
Refinery Operations:						
Input to crude distillation units.....	14,899	14,962	(0.4)	14,866	15,096	(1.5)
Gasoline production.....	8,755	9,252	(5.4)	9,108	9,059	0.5
Distillate fuel production.....	4,923	4,670	5.4	4,480	4,223	6.1
Kerosine-jet production.....	1,502	1,417	6.0	1,460	1,418	3.0
Residual fuel production.....	518	595	(12.9)	540	585	(7.8)
Operable capacity.....	17,737	17,594	0.8	17,721	17,590	0.7
Refinery utilization ⁶	84.0%	85.0%	na	83.9%	85.8%	na
Crude oil runs.....	14,584	14,976	(2.6)	15,094	14,724	2.5

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)

	December 2011	November 2011	December 2010	% Change From	
				Month Ago	Year Ago
Stocks (at month-end, in millions of barrels):					
Crude oil (excluding SPR stocks).....	334.6	334.9	333.4	(0.1)	0.4
Unfinished oils.....	77.0	81.7	80.6	(5.8)	(4.5)
Total motor gasoline.....	219.7	214.5	219.4	2.4	0.1
Finished reformulated.....	0.1	0.1	0.3	150.0	(60.8)
Finished conventional.....	62.1	57.5	63.0	8.0	(1.4)
Blending components.....	157.5	156.9	156.2	0.4	0.8
Kerosine-jet.....	41.5	42.5	43.2	(2.4)	(4.0)
Distillate fuel oil.....	145.6	140.9	164.3	3.3	(11.4)
≤ 500 ppm sulfur.....	108.2	101.9	119.9	6.2	(9.7)
≤ 15 ppm sulfur.....	99.2	92.9	107.7	6.8	(7.9)
> 500 ppm sulfur.....	37.4	39.1	44.4	(4.3)	(15.8)
Residual fuel oil.....	35.8	36.5	41.3	(1.9)	(13.4)
All other oils.....	119.9	77.4	58.8	54.9	103.8
Total all oils.....	974.1	928.4R	941.2	4.9	3.5

R: Revised. na: Not available.

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

Disposition and Supply	Fourth Quarter		
	2011 ²	2010	% Change
Disposition			
Total motor gasoline.....	8,870	8,915	(0.5)
Finished reformulated.....	2,964	3,042	(2.6)
Finished conventional.....	5,906	5,873	0.6
Kerosine-jet.....	1,450	1,403	3.4
Distillate fuel oil.....	4,211	3,941	6.8
≤ 0.05 percent sulfur.....	3,796	3,372	12.6
≤ 15 ppm sulfur.....	3,796	3,368	12.7
> 0.05 percent sulfur.....	416	570	(27.0)
Residual fuel oil.....	334	521	(36.0)
All other oils (including crude losses)	4,363	4,451	(2.0)
Reclassified ⁵	(104)	(5)	na
Total domestic product supplied.....	19,125	19,227	(0.5)
Exports.....	3,389	2,574	31.7
Total disposition.....	22,514	21,801	3.3
Supply:			
Domestic liquids production			
Crude oil (including condensate).....	5,586	5,544	0.8
Natural gas liquids.....	2,222	2,128	4.4
Other supply ⁴	1,228	951	29.1
Total domestic supply.....	9,035	8,623	4.8
Imports:			
Crude oil (excluding SPR imports).....	8,957	8,644	3.6
From Canada.....	2,176	1,967	10.6
All other.....	6,781	6,677	1.6
Products.....	1,715	2,480	(30.8)
Total motor gasoline (incl. blend.comp).....	611	760	(19.6)
All other.....	1,104	1,719	(35.8)
Total imports.....	10,718	11,124	(3.6)
Total supply.....	19,753	19,747	0.0
Stock change, all oils.....	(2,762)	(2,054)	na
Refinery Operations:			
Input to crude distillation units.....	14,771	14,786	(0.1)
Operable capacity.....	17,737	17,594	0.8
Refinery utilization ⁵	83.3%	84.0%	na
Crude oil runs.....	14,703	14,537	1.1
	Fourth Quarter		
	2011 ²	2010	% Change
Stocks (at end of quarter, in millions of barrels):			
Crude oil (excluding SPR stocks).....	334.6	333.4	0.4
Unfinished oils.....	77.0	80.6	(4.5)
Total motor gasoline.....	219.7	219.4	0.1
Finished reformulated.....	0.1	0.3	(60.8)
Finished conventional.....	62.1	63.0	(1.4)
Blending components.....	157.5	156.2	0.8
Kerosine-jet.....	41.5	43.2	(4.0)
Distillate fuel oil.....	145.6	164.3	(11.4)
≤ 0.05 percent sulfur.....	108.2	119.9	(9.7)
≤ 15 ppm sulfur.....	100.5	93.9	7.1
> 0.05 percent sulfur.....	37.4	44.4	(15.8)
Residual fuel oil.....	35.8	41.3	(13.4)
All other oils.....	119.9	58.8	103.8
Total all oils.....	974.1	941.2	3.5

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