

March 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 demand rose by 0.6 percent from last year to average 18.3 million barrels per day in March. This was the second lowest March level in 16 years, since 1997. For the first quarter of 2013, total domestic petroleum deliveries, a measure of U.S. petroleum demand, were down by 0.4 percent compared with the first quarter of 2012. The United States economy showed signs of concern in March with only 88,000 non-farm payroll jobs added to the U.S. economy according to the Bureau of Labor and Statistics (BLS), which was lower compared to the 169,000 workers added to the economy per month over the past 12 months. The unemployment rate was estimated to be at 7.6 percent, with 11.7 million Americans counted as unemployed persons. Moreover, the BLS stated that the civilian labor force declined by nearly half a million persons over the month, and the labor force participation rate declined by 0.2 percentage point to hit 63.3 percent.

In March, gasoline deliveries, a measure of consumer gasoline demand, were down from the prior year, and the prior first quarter, but was slightly up from the prior month. Total motor gasoline demand moved down 2.3 percent from March 2012 to average 8.4 million barrels per day, their lowest March level in 13 years. For the first quarter of 2013, gasoline deliveries decreased by 1.7 percent compared with the first quarter of 2012. Compared with the prior month, gasoline demand was up slightly by 0.9 percent. The average regular-grade gasoline price in March increased by 4.3 cents from the prior month to \$3.779 per gallon. Distillate deliveries increased by 5.0 percent in March compared with the same period last year to approximately 3.9 million barrels per day. The increase in distillate demand was driven by increases in high sulfur distillate fuel (HSD) demand. HSD 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 March. According to NOAA, heating degree days for March rose by 75.1 percent from 377 in March 2012 to 660. At 395 thousand barrels per day, though the second lowest level on record, HSD fuel deliveries were up by 37.4 percent in March compared with last year. For the second consecutive month, ULSD prices remained above \$4.000, but declined 4.3 cents from the prior month to \$4.068 in March. This price is 5.9 cents lower than the March 2012 price. According to the latest report from the Institute for Supply Management Survey, economic activity in the manufacturing sector expanded in March for the fourth consecutive month, and the overall economy grew for the 46th consecutive month. According to the chair of the Institute for Supply Management Manufacturing Business Survey Committee, the Purchasing Managers Index (PMI) was registered at 51.3 percent, which was a decrease of 2.9 percentage points from 54.2 percent in February. This information indicated that there was an expansion in the manufacturing sector for the fourth consecutive month, but at slower rate.

## PETROLEUM SUPPLY

Domestic crude oil production increased for the first quarter this year, up 14.1 percent from the same period last year. Above 7.0 million barrels per day for the fifth consecutive month, U.S. crude oil production rose 13.8 percent from last year to average 7.1 million barrels per day in March—the highest March output in 21 years. Natural gas liquids (NGL) production, a co-product of natural gas production, rose by 0.3 percent from the prior year to a record level in March, averaging nearly 2.4 million barrels per day. For the first quarter of 2013, NGL production increased by 1.1 percent compared with the same period in 2012. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in March was 1756, down from February’s count of 1,762. The number of oil and gas rigs continued to average below 2,000 for 15 straight months.

For the first quarter of 2013, U.S. total imports decreased by 6.5 percent compared with the first quarter of 2012 to average just below 10.0 million barrels per day. At their lowest level in 15 years, total imports in March fell by 5.3 percent from March 2012 to 10.0 million barrels per day. With increased crude production and record inventory levels, crude oil imports in March were also seen at their lowest in 15 years, since 1998, falling by 7.2 percent from the prior year to 8.1 million barrels per day. Refined product imports for the first quarter of 2013 fell by 1.1 percent to 2.0 million barrels per day compared with the same period in 2012. Production of all four major products—gasoline, distillate, jet fuel and residual fuels was higher than demand for those products. Exports of refined petroleum products increased by 1.2 percent from last year to 3.1 million barrels per day in March 2013. Gasoline production in March was down from the prior month and the prior year, but was up from the prior first quarter. At 8.7 million barrels per day, gasoline production was the lowest March output in five years, falling by 0.4 percent from February 2013 and was 0.9 percent lower than March 2012. Distillate fuel production reached its second highest March level at 4.3 million barrels per day. For the first quarter in 2013, distillate fuel production also rose to record levels, up 1.2 percent from the same period in 2012 to 4.4 million barrels per day. The refinery capacity utilization rate averaged 83.9 percent in March, up 0.1 percentage points from the prior month but was down 2.0 percentage points from the prior year. API’s latest refinery operable capacity was 17.718 million barrels per day.

Reaching a record inventory level for the month since 1981, crude oil stocks ended in March at 387.9 million barrels. Crude stocks were seen higher compared with the prior month and prior year, up 2.3 percent and 5.4 percent, respectively. Stocks of motor gasoline ended down by 3.9 percent from February 2013 but up 1.1 percent from year ago levels to 221.2 million barrels in March. Distillate fuel oil stocks ended at a five-year low, down 14.2 percent to 114.8 million barrels from year ago levels. USLD stocks also ended lower for the month of March, down 4.0 percent from March 2012 to 92.9 million barrels. Jet fuel stocks were down 1.9 percent from March 2012 and were down 3.5 percent from February 2013 to 38.4 million barrels. Stocks of “other oils” were up from year ago levels and from month ago levels. Total inventories of all oils were up 1.4 percent from month ago levels, and were up 2.6 percent from year ago levels.

Copyright©2013 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 connection with the data.*