

November 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 petroleum deliveries increased by 4.9 percent from November 2012, and increased by 2.5 percent from October to average 19.4 million barrels per day in November. These were the highest deliveries for the month in 6 years. For year to date, total domestic petroleum deliveries, a measure of U.S. petroleum demand, were up by 1.7 percent compared to the same period last year. The overall economy in the U.S. gained additional momentum in November, adding 203,000 jobs in November according to the Bureau of Labor and Statistics (BLS), and the U.S. unemployment rate decline by 0.3 percent in November to 7.0 percent, a five year low.

In November, gasoline deliveries, a measure of consumer gasoline demand, were up from the prior month, the prior year, and the prior year to date. Total motor gasoline deliveries moved up 0.1 percent from October, and were up by 5.4 percent from November 2012 to average slightly more than 8.9 million barrels per day. These were the highest November deliveries in 6 years, since 2007. For year to date, gasoline deliveries increased by 1.2 percent compared with year to date of 2012. The average regular-grade gasoline price in November declined by 9.8 cents from the prior month to \$3.322 per gallon.

Distillate deliveries increased by 3.7 percent compared with November 2012 to just under 4.0 million barrels per day. Compared to the prior month, distillate deliveries were up by 0.3 percent. For year to date, distillate deliveries were also up by 1.7 percent to 3.8 million barrels per day. The increase in distillate deliveries was driven by increases in ultra low sulfur distillate fuel oil (ULSD). ULSD deliveries increased by 6.5 percent compared with November 2012 to 3.7 million barrels per day. ULSD prices were below \$4.000 for the ninth time since January, and decreased by 4.6 cents from the prior month to \$3.839 per gallon in November. This price is 16.1 cents lower than the November 2012 price.

According to the latest report from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in November for the sixth consecutive month. Moreover, the overall economy expanded for the 54th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 57.3 percent, which is an increase of 0.9 percentage points from October's reading of 56.4 percent. The November PMI reading was the highest PMI reading for 2013.

PETROLEUM SUPPLY

For the first time in 25 years, domestic crude oil production in November averaged above 8.0 million barrels per day. Crude oil production was seen up the prior month, the prior year, and the prior year to date. U.S. crude oil production increased by 13.8 percent from November 2012, and was up 3.1 percent from October to just over 8.0 million barrels per day. Compared with year to date 2012, domestic crude oil production rose by 15.6 percent. Natural gas liquids (NGL) production, a co-product of natural gas production, was up from the prior month, the prior year, and the prior year to date, and reached a new all-time high in November. NGL production in November reached just over 2.7 million barrels per day, up by 2.3 percent from last month and was 7.6 percent higher than last year. This was the highest output level on record. Compared with year to date 2012, NGL production rose by 5.9 percent. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in November was 1,756, up from October's count of 1,744. The number of oil and gas rigs continued to average below 2,000 for 22 straight months.

U.S. total imports fell below 10.0 million barrels per day in November, averaging at 9.6 million barrels per day - the lowest import level in 17 years. Total imports were down by 4.3 percent from the prior month, and were 5.7 percent lower compared with the prior year. Meanwhile crude oil imports were also down compared with the prior month, the prior year, and the prior year to date. At a 17-year low, crude oil imports fell by 4.1 percent from October to 7.7 million barrels per day in November. This was also down by 5.4 percent compared with year-ago level. Imports of refined products in November fell by 5.2 percent from October and were also down by 6.8 percent from November 2012 to 1.9 million barrels per day. This was the lowest imports level for the month in 14 years, since 1999. For year to date, refined product imports were up by 0.6 percent compared with year to date 2012.

Refinery gross inputs in November were up from the prior month, the prior year, and the prior year to date, as most refineries came back up from their scheduled turnaround and maintenance in the prior month. U.S. gross refinery inputs increased by 3.4 percent from October and were up by 3.2 percent from November 2012 to their second highest level for the month at 15.9 million barrels per day in November. Production of all four major products—gasoline, distillate, jet fuel and residual fuels was higher than deliveries for those products, so refined products were exported. Exports of refined petroleum products were up from the prior year and the prior year to date but were down from the previous month. Exports of refined petroleum products in November increased by 1.5 percent from October and were up by 6.0 percent from November 2012 to 3.6 million barrels per day—the highest level for the month on record.

Production of gasoline in November rose above 9.0 million barrels for the sixth time this year and reached the second highest output on record, just 63 thousand barrels per day below the all-time high set last July 2010 at 9.5 million barrels per day. Gasoline production increased by 5.2 percent from October and was up by 3.1 percent from November 2012 to 9.4 million barrels per day. For year to date, gasoline production increased by 2.1 percent compared with the same period last year and was the highest year to date on record. For the first time ever, production of distillate fuel in November rose above 5.0 million barrels per day. At an all-time high of 5.1 million barrels per day, distillate production posted increases from the prior month and the prior year, up by 2.4 percent and 8.3 percent, respectively. For year to date, distillate production reached an all-time record of 4.7 million barrels per day. The refinery capacity utilization rate averaged below 90.0 percent for the second month in a row, at 89.3 percent in November, up 2.9 percentage points from October and 0.7 percentage points higher than the same period last year. API's latest refinery operable capacity was 17.816 million barrels per day, up 2.3 percent from last year's capacity of 17.408 million barrels per day.

In November, crude oil stocks fell 1.7 percent from last month and were also down by 1.0 percent from last year to end at 375.7 million barrels—but remained the second highest inventory for the month. Stocks of motor gasoline ended down 1.4 percent from last year but were up by 0.1 percent from October to 212.3 million barrels in November. Distillate fuel oil stocks were down 1.1 percent from year ago levels and were also down 4.2 percent from the prior month to end at 116.7 million barrels—the lowest inventory level for the month in 61 years, since 1952. Jet fuel stocks were down from the prior month by 6.4 percent and were down by 10.3 from the prior year. Stocks of “other oils” were down from month ago levels and year ago levels. Total inventories of all oils were down 5.1 percent from month ago levels, and were down by 3.3 percent from year ago levels.

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