

November 2016

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 in November increased 2.2 percent from November 2015 to average 19.6 million barrels per day, and were the highest November deliveries in nine years, since 2007. Compared with October, total domestic petroleum deliveries, a measure of U.S. petroleum demand, decreased 2.6 percent. For year to date, total domestic petroleum deliveries moved up 0.6 percent compared to the same period last year. According to the Bureau of Labor and Statistics (BLS) December 2, 2016 report, the overall economy in the United States showed signs of improvement in November with an estimated 178,000 jobs added to the economy. The unemployment rate decreased by 0.3 percentage point, and the total number of unemployed persons declined 387,000 to 7.4 million.

Gasoline deliveries in November were down from the prior month, but up from the prior year, and the prior year to date. Total motor gasoline deliveries, a measure of consumer gasoline demand, moved up 0.6 percent from November 2015 to 9.2 million barrels per day. These were the lowest deliveries since January 2016, but remained the fourth highest November deliveries on record. Compared with October, gasoline deliveries decreased by 1.0 percent. For year to date, gasoline deliveries increased by 1.7 percent compared with year to date of 2015. The average regular-grade gasoline price in November was \$2.295 per gallon, according to the latest EIA price data. This was down from month-ago prices by 6.4 cents, but up from year-ago prices by 3.5 cents, and was the second lowest November price in eight years, since 2008.

Distillate deliveries increased by 2.3 percent from November 2015 to average 3.8 million barrels per day. November deliveries, however, decreased by 1.8 percent from October and were the lowest deliveries since July. Distillate deliveries were down by 4.3 percent compared with year to date 2015, to 3.8 million barrels per day – the lowest year to date in 3 years, since 2013. ULSD prices decreased 1.5 cents from October and decreased 2.8 cents from November 2015 to average \$2.439 per gallon in November, according to the latest EIA price data. Last month's price was the lowest November price on record.

Deliveries of kerosine-jet fuel in November increased 7.9 percent from November 2015, and decreased 1.0 percent from October to average 1.6 million barrels per day. These were the highest deliveries for the month in 12 years, since 2004. For year to date, jet fuel deliveries increased 4.1 percent compared with the same period last year, to 1.5 million barrels per day.

According to the latest Manufacturing ISM Report on Business from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in November for the 90th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) registered at 53.2 percent in November, up 1.3 percentage points from the October reading of 51.9 percent.

PETROLEUM SUPPLY

Crude oil production in November was higher compared to the prior month, but was lower than the prior year, and the prior year to date. At an average of 8.7 million barrels per day, U.S. crude oil production in November decreased 6.5 percent from November 2015, but increased from October by 1.1 percent. November's crude oil production was the third highest for the month and the second highest year to date in 31 years, since 1985. Compared with year to date 2015, domestic crude oil production declined by 6.2 percent to average 8.9 million barrels per day.

Natural gas liquids (NGL) production, a co-product of natural gas production, was down from the prior month and the prior year, but up from the prior year to date level. NGL production in November averaged 3.5 million barrels per day, which was the second highest for the month on record. However, this was a decrease of 1.6 percent from October's output and was 1.0 percent lower than November 2015's output. Compared with year to date 2015, NGL production rose 4.2 percent and was the highest year to date on record. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in November was 580, an increase of 6.8 percent from the previous month but a decrease of 23.7 percent from year ago levels. Last month's count was the sixth consecutive monthly increase.

U.S. total petroleum imports in November averaged nearly 10.4 million barrels per day, up 6.1 percent from the prior month, and up 13.1 percent from the prior year. November's total petroleum imports were the highest in five years. Year to date total imports were up 7.1 percent to average 10.1 million barrels per day compared with year to date 2015. Meanwhile, crude oil imports in November were up compared with the prior year, increasing 9.1 percent from November 2015 to average 8.0 million barrels per day. Compared to the prior month, crude imports were up 4.8 percent. Compared to year to date 2015, crude imports were up 7.8 percent. Last month's crude imports were the highest November imports in 4 years, since 2012.

At an average of 10.0 million barrels per day, production of gasoline in November was the highest level ever for the month. Gasoline production increased by 2.3 percent from November 2015, but was down 0.1 percent from October. For year to date, gasoline production increased 2.4 percent compared with the same period last year and was the highest year to date on record. Production of distillate fuel in November decreased 1.9 percent from the prior year but increased 10.8 percent from the prior month, to reach an average output of 5.1 million barrels per day—the second highest production since November 2015. For year to date, distillate production reached 4.8 million barrels per day, 3.4 percent lower than the same period last year.

Refinery gross inputs in November decreased 1.0 percent from last year becoming the second highest November on record at nearly 16.5 million barrels per day. Compared with October, U.S. gross refinery inputs increased 4.2 percent. For year to date, refinery gross inputs increased 0.6 percent compared with year to date 2015. Production of all the major products—gasoline, kerosene jet, distillate, and residual fuels was higher than deliveries for those products, so these refined products were exported. Exports of refined petroleum products were up from the prior year, prior year to date and from the prior month. Exports of refined petroleum products in November increased 0.1 percent from October, up 3.2 percent from November 2015 to average 5.1 million barrels per day—the highest November level ever. The refinery capacity utilization rate in November averaged 89.6 percent. This was up 3.6 percentage points from October, but down 2.1 percentage points from the same period last year. API's latest refinery operable capacity was 18.436 million barrels per day, up 250 thousand barrels per day from last year's capacity of 18.186 million barrels per day.

Crude oil stocks (excluding lease stocks) ended in November averaging at nearly 485.8 million barrels—the highest November inventory level in 86 years, since 1930. Crude stocks were up 0.4 percent or 2.1 million barrels from the prior month, and were up by 6.5 percent or 29.8 million barrels from the prior year. Stocks of motor gasoline ended in November up 2.2 percent from last month and up 2.3 percent from last year to average 228.0 million barrels. These were the highest motor gasoline stocks for the month in 30 years, since 1986. Distillate fuel oil stocks were up 4.4 percent from the prior month, but were down 1.0 percent from the prior year to end at 155.6 million barrels—the second highest stocks for the month in 6 years, since 2010. Jet fuel stocks were up from the prior month by 1.9 percent and were up 13.9 percent from the prior year to end at 43.4 million barrels. Stocks of "other oils" were up from month ago, but were down from year ago levels. Total inventories of all oils were up 1.3 percent from month ago levels and up 2.1 percent from year ago levels.

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