

SEPTEMBER 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

Petroleum deliveries, as measured of demand, increased in September from the prior year as the U.S. consumer activity inched upwards and the industrial activity strengthened. Motor gasoline deliveries, up by 0.3 percent, and distillate fuel deliveries, up by 9.3 percent, are good indicators of consumer and industrial activity respectively. Distillate deliveries reached a record high for the month of September. The Consumer Confidence Index, as measured by the Consumer Conference Board, increased by 0.2 from the prior month to 45.4 in September. Industrial production in the manufacturing sector, as measured by the Federal Reserve, was up by 3.9 from September 2010, to reach 90.9.

Gasoline deliveries, at 9.1 million barrels per day, were up slightly from August by just 11 thousand barrels per day. On a year-to-date basis, gasoline deliveries were down 1.3 percent from 2010. For the third quarter, gasoline deliveries were up by just 0.1 percent. Distillate fuel deliveries, at 4.2 million barrels per day, were up by just four thousand barrels per day from August and were at a record high for the month of September. On a year-to-date basis, distillate fuel deliveries were up 4.3 percent, driven by ultra-low sulfur distillate (ULSD) fuel demand. ULSD deliveries were up by 10.5 percent in September, up 9.0 percent on a year-to-date basis and up by 11.0 percent in the third quarter of 2011 compared with the same periods in 2010. ULSD deliveries were at a record high in September.

Total domestic deliveries were up by 2.5 percent to reach 19.9 million barrels per day. According to the latest report from the Institute of Supply Management, the Purchasing Manufacturers' Index (PMI) registered 51.2 percent in September, indicating a return to growth after contracting in August. The economic activity in the manufacturing sector expanded in September for the 26th consecutive month according to the ISM report. Exports of petroleum products jumped 19.0 percent from last September to reach 2.8 million barrels per day.

PETROLEUM SUPPLY

Crude oil production continued to show weakness in September this year compared with the prior year. At 5.3 million barrels per day, production was higher than August but down from September 2010 by 5.4 percent and down by 1.7 percent in the third quarter of this year. On a year-to-date basis, production was up by 1.2 percent. Production in the Lower 48 states was down by 6.2 percent to 4.7 million barrels per day. Alaskan production jumped higher from the summer lows to reach 622 thousand barrels per day. Production at Alaska's North Slope oil fields continued to ramp up by 13.3 percent from August to average 608 thousand barrels per day. Cook Inlet production, in September, reached its highest volume since October 2008. Crude production in North Dakota jumped higher in September to reach 370 thousand barrels per day, produced by the State's 5,951 wells. North Dakota moved up from the ninth biggest producer in 2006 to fourth in 2010. Natural gas liquids production continued to ramp up through the year and reached 2.2 million barrels per day, a 4.4 percent jump from last year. NGL production in the third quarter of this year was higher than last year by 6.6 percent. In September, the total number of oil and gas rigs jumped by 21 to 1978, a three-year high, according to Baker-Hughes Inc. report.

Total imports of petroleum products were down from last year by 9.9 percent in September, at 10.7 million barrels per day. Crude imports fell by 2.3 percent to 9.0 million barrels per day and product imports fell by 37.0 percent to 1.6 million barrels per day, compared with last year. Canadian imports of crude oil, a reliable source for the U.S. petroleum supply mix, showed a 9.9 percent jump from last year to average 2.1 million barrels per day in September. On a year-to-date basis, total imports were down 6.6 percent. Third quarter imports of crude oil and refined products were down 10 percent compared with the same period in 2010. For the third quarter, crude oil imports were down 3.5 percent to 5.4 million barrels per day and refined product imports were down 32.6 percent.

Refinery inputs remained over 15 million barrels per day for the fourth month in a row, although slipping from August levels by over 400 thousand barrels per day partly due to the effects of Tropical Storm Lee that impacted Gulf Coast refineries in the first week of September. At 15.0 million barrels per day, inputs were 1.4 percent lower than last year. Gasoline production, at 9.4 million barrels per day, was up by 3.0 percent in September compared with last year and at a record high on a year-to-date basis. Distillate fuel production, at 4.4 million barrels per day, was up by 2.0 percent in September and up by 6.6 percent on a year-to-date basis. September production volumes of both motor gasoline and distillate fuel are at a record high for the month. Jet fuel production moved higher by 9.6 percent while residual fuel production fell by 9.9 percent in September.

For the fourth time this year, crude oil stocks showed year over year declines as crude imports and inputs declined compared with the prior year. Stocks of crude oil (excluding SPR) fell by 1.7 percent from the prior month and 5.3 percent from the prior year. With the exception of September 2010, crude oil stocks were at their highest levels for any September since 1983. Total stocks of oil and products were down 3.9 percent from last year and up 1.9 percent from August 2011 levels. Motor gasoline stocks fell on a yearly basis to 212.3 million barrels but were higher than August 2011 levels. This stock level was at a three-year low for the month of September. Distillate fuel stocks showed both month-to-month and year-to-year declines, falling to 154.6 million barrels in September and at a three-year low for the month of September. Inventories of residual fuel, jet fuel and unfinished oils were down from the prior year. With the exception of jet fuel stocks, residual fuel and unfinished oils showed month-to-month declines as well. On a quarterly basis, stocks of crude oil and refined products showed declines from 2010. Crude oil stocks were down 5.3 percent in third quarter of 2010 to 343.7 million barrels.

The API **Monthly Statistical Report** is available via IHS Global (www.global.ihs.com). For more information, go to <http://www.api.org/statistics> or contact IHS at 1-800-854-7179.

Copyright©2011 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.

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

Disposition and Supply	September			Year-to-Date		
	2011 ²	2010	% Change	2011 ³	2010	% Change
Disposition:						
Total motor gasoline.....	9,144	9,112	0.3	8,902	9,019	(1.3)
Finished reformulated.....	3,044	3,047	(0.1)	3,038	3,087	(1.6)
Finished conventional.....	6,100	6,065	0.6	5,865	5,932	(1.1)
Kerosine-jet.....	1,509	1,457	3.6	1,448	1,441	0.5
Distillate fuel oil.....	4,249	3,886	9.3	3,916	3,753	4.3
≤ 500 ppm sulfur.....	3,775	3,416	10.5	3,496	3,338	4.7
≤ 15 ppm sulfur.....	3,775	3,416	10.5	3,435	3,153	9.0
> 500 ppm sulfur.....	474	470	0.7	420	582	(27.8)
Residual fuel oil.....	406	513	(20.9)	501	540	(7.1)
All other oils (including crude losses)	4,697	4,412	6.5	4,387	4,379	0.2
Reclassified ⁴	(75)	58	na	1	19	na
Total domestic product supplied.....	19,929	19,439	2.5	19,156	19,150	0.0
Exports.....	2,791	2,345	19.0	2,694	2,278	18.3
Total disposition.....	22,720	21,783	4.3	21,850	21,428	2.0
Supply:						
Domestic liquids production						
Crude oil (including condensate).....	5,349	5,652	(5.4)	5,516	5,451	1.2
Natural gas liquids.....	2,197	2,104	4.4	2,140	2,056	4.1
Other supply ⁵	1,126	915	23.1	1,054	892	18.2
Total domestic supply.....	8,672	8,670	0.0	8,710	8,398	3.7
Imports:						
Crude oil (excluding SPR imports).....	9,020	9,229	(2.3)	8,984	9,471	(5.1)
From Canada.....	2,129	1,937	9.9	2,097	1,971	6.4
All other.....	6,891	7,292	(5.5)	6,887	7,499	(8.2)
Products.....	1,634	2,594	(37.0)	2,305	2,614	(11.8)
Total motor gasoline (incl. blend.comp)....	589	883	(33.3)	823	894	(7.9)
All other.....	1,045	1,711	(38.9)	1,482	1,720	(13.8)
Total imports.....	10,654	11,823	(9.9)	11,289	12,085	(6.6)
Total supply.....	19,326	20,493	(5.7)	19,999	20,483	(2.4)
Stock change, all oils.....	(3,394)	(1,290)	na	(1,850)	(945)	na
Refinery Operations:						
Input to crude distillation units.....	15,003	15,211	(1.4)	14,851	15,201	(2.3)
Gasoline production.....	9,421	9,143	3.0	9,135	9,030	1.2
Distillate fuel production.....	4,429	4,341	2.0	4,403	4,131	6.6
Kerosine-jet production.....	1,539	1,404	9.6	1,480	1,432	3.4
Residual fuel production.....	530	588	(9.9)	547	593	(7.6)
Operable capacity.....	17,699	17,594	0.6	17,708	17,588	0.7
Refinery utilization ⁶	84.8%	86.5%	na	83.9%	86.4%	na
Crude oil runs.....	14,405	14,740	(2.3)	14,949	14,787	1.1

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)

	September 2011	August 2011	September 2010	% Change From	
				Month Ago	Year Ago
Stocks (at month-end, in millions of barrels):					
Crude oil (excluding SPR stocks).....	343.7	349.6	362.8	(1.7)	(5.3)
Unfinished oils.....	80.0	82.4	83.3	(2.9)	(4.0)
Total motor gasoline.....	212.3	210.0	219.3	1.1	(3.2)
Finished reformulated.....	0.2	0.1	0.6	150.0	(65.0)
Finished conventional.....	56.7	56.7	69.6	0.0	(18.6)
Blending components.....	155.4	153.2	149.0	1.4	4.3
Kerosine-jet.....	46.5	44.5	46.8	4.5	(0.5)
Distillate fuel oil.....	154.6	156.5	166.7	(1.2)	(7.3)
≤ 500 ppm sulfur.....	114.8	114.3	116.6	0.4	(1.6)
≤ 15 ppm sulfur.....	105.1	103.3	104.7	1.8	0.3
> 500 ppm sulfur.....	39.7	42.2	50.1	(5.9)	(20.7)
Residual fuel oil.....	35.5	36.9	40.1	(3.8)	(11.5)
All other oils.....	87.6	62.1	80.0	41.1	9.5
Total all oils.....	960.2	942R	999.0	1.9	(3.9)

R: Revised. na: Not available.

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

Disposition and Supply	Third Quarter		
	2011 ²	2010	% Change
Disposition			
Total motor gasoline.....	9,235	9,224	0.1
Finished reformulated.....	3,098	3,098	0.0
Finished conventional.....	6,137	6,126	0.2
Kerosine-jet.....	1,506	1,479	1.8
Distillate fuel oil.....	4,052	3,752	8.0
≤ 0.05 percent sulfur.....	3,718	3,356	10.8
≤ 15 ppm sulfur.....	3,718	3,351	11.0
> 0.05 percent sulfur.....	334	396	(15.5)
Residual fuel oil.....	393	528	(25.6)
All other oils (including crude losses)	4,473	4,486	(0.3)
Reclassified ⁵	(31)	5	na
Total domestic product supplied.....	19,628	19,473	0.8
Exports.....	2,722	2,425	12.3
Total disposition.....	22,350	21,898	2.1
Supply:			
Domestic liquids production			
Crude oil (including condensate).....	5,367	5,458	(1.7)
Natural gas liquids.....	2,192	2,055	6.6
Other supply ⁴	1,237	911	35.9
Total domestic supply.....	8,796	8,424	4.4
Imports:			
Crude oil (excluding SPR imports).....	9,236	9,572	(3.5)
From Canada.....	2,108	1,976	6.7
All other.....	7,127	7,596	(6.2)
Products.....	1,831	2,718	(32.6)
Total motor gasoline (incl. blend.comp).....	668	995	(32.9)
All other.....	1,163	1,723	(32.5)
Total imports.....	11,067	12,290	(10.0)
Total supply.....	19,862	20,714	(4.1)
Stock change, all oils.....	(2,488)	(1,184)	na
Refinery Operations:			
Input to crude distillation units.....	15,353	15,618	(1.7)
Operable capacity.....	17,519	17,594	(0.4)
Refinery utilization ⁵	87.6%	88.8%	na
Crude oil runs.....	15,114	15,127	(0.1)
	Third Quarter		
	2011 ²	2010	% Change
Stocks (at end of quarter, in millions of barrels):			
Crude oil (excluding SPR stocks).....	343.7	362.8	(5.3)
Unfinished oils.....	80.0	83.3	(4.0)
Total motor gasoline.....	212.3	219.3	(3.2)
Finished reformulated.....	0.2	0.6	(65.0)
Finished conventional.....	56.7	69.6	(18.6)
Blending components.....	155.4	149.0	4.3
Kerosine-jet.....	46.5	46.8	(0.5)
Distillate fuel oil.....	154.6	166.7	(7.3)
≤ 0.05 percent sulfur.....	114.8	116.6	(1.6)
≤ 15 ppm sulfur.....	100.5	93.9	7.1
> 0.05 percent sulfur.....	39.7	50.1	(20.7)
Residual fuel oil.....	35.5	40.1	(11.5)
All other oils.....	83.3	80.0	4.1
Total all oils.....	955.9	999.0	(4.3)

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. Data for most current two months are API estimates. Other data come from U.S. Energy Information Administration (including any adjustments).

3. An adjustment to avoid double counting resulting from differences in product classifications among different refineries and blenders.

4. 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.

5. Represents "Input to crude oil distillation units" as a percent of "Operable capacity".

R: Revised. na: Not available.