

January 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 deliveries, a measure of U.S. petroleum demand, moved down 2.4 percent from December, and fell by 1.7 percent from last year to just under 18.0 million barrels per day—the lowest January demand level in 18 years, since 1995. Recently released economic data indicates that the United States economy has slowed primarily because of federal spending cuts in the fourth quarter of 2012 (U.S. military spending saw its largest quarterly drop in 40 years). In the last three months of 2012 the economy contracted at an annual rate of 0.1 percent. According to the Bureau of Labor and Statistics (BLS), the U.S. unemployment rate in January stood at 7.9 percent, down 0.4 percentage point from January 2012.

Gasoline deliveries in January were up from the prior year, but down from the prior month. Total motor gasoline deliveries, a measure of consumer gasoline demand, moved down 2.3 percent in January 2013 from December 2012 to 8.4 million barrels per day—the third lowest January level since 2002. Compared to January 2012, total motor gasoline increased by 2.4 percent. The average regular-grade gasoline price in January rose by 0.9 cents from the prior month to \$3.319 per gallon. At just below 3.6 million barrels per day, distillate deliveries declined 6.0 percent in January compared with the same period last year—driven by the relative weakness of ULSD deliveries (down by 4.4 percent from last year). Compared with the prior month, January distillate deliveries increased by 0.3 percent, while January ULSD deliveries declined by 183 barrels per day. For the third consecutive month, the ULSD price has been at or below \$4.000, falling 5.2 cents from last month's price of \$3.961 per gallon to \$3.909 per gallon in January. According to the latest report from the Institute for Supply Management, economic activity in the manufacturing sector grew in January for the second consecutive month, moreover, the overall economy expanded for the 44th consecutive month. The chair of the Institute for Supply Management Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 53.1 percent, which was an increase of 2.9 percentage points from December's seasonally adjusted reading of 50.2 percent.

PETROLEUM SUPPLY

Total U.S. crude production in January rose above 7.0 million barrels per day for the first time in over 20 years. Domestic crude oil production was up 0.6 percent and 14.3 percent from the prior month and the prior year, respectively, to slightly above 7.0 million barrels per day—the highest January output in 21 years. Year over year increases in crude production were seen for 16 straight months. Production in the Lower 48 states in January was also up, it increased by 882 thousand barrels per day or 15.9 percent from January 2012 to average 6.4 million barrels per day—the highest production level in 26 years. At their third lowest production in 36 years, Alaskan production in January fell by 1.0 percent from January 2012 and was down 0.8 percent from December 2012 to average 587 thousand barrels per day.

PETROLEUM SUPPLY (continued)

Natural gas liquids (NGL) production, a co-product of natural gas production, rose from the prior month and the prior year to record highs in January. Total U.S. NGL production increased by 0.7 percent from December 2012 and was up 5.6 percent from January 2012 to average slightly above 2.5 million barrels in January. NGL production in January was the highest January level recorded and the second highest output ever. Year over year increases in NGL production were seen 23 months in a row, since March 2011. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. decreased from 1,784 in December to 1,756 in January. The number of oil and gas rigs continued to average below 2,000 for 13 straight months.

Total petroleum imports in January were at their lowest level in 13 years, since 2000. Total imports averaged nearly 10.4 million barrels per day, down 592 thousand barrels per day or 5.4 percent from the prior year. With increased crude production, crude oil imports in January were also seen at their lowest in 13 years, falling by 284 thousand barrels per day or 3.3 percent from January 2012 to 8.3 million barrels per day. In January, refined product imports fell from the prior year to their lowest January level in 14 years, since 1999, to 2.1 million barrels per day. Refined product imports fell 13.0 percent the prior year, but were up 3.6 percent from the prior month.

Refinery gross inputs fell below 15.0 million barrels per day for the first time in nine months. In January, refinery gross inputs were down 832 thousand barrels per day or 5.3 percent from December 2012, but up slightly by 0.4 percent from January 2012 to just under 15.0 million barrels per day. 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 14.2 percent in January 2013 compared to January 2012. At 8.8 million barrels per day, the highest January output recorded, gasoline production in January rose 4.8 percent from the prior year. Gasoline production was down 2.7 percent from the prior month. Distillate fuel production rose 2.3 percent from last year to 4.6 million barrels per day—the highest January output recorded. Distillate fuel production fell 6.1 percent from the prior month. Kerosine-jet production fell 1.2 percent from the prior year and 4.1 percent from the prior month to 1.4 million barrels per day. Meanwhile, residual fuel production was down by 19.2 percent from the prior year to average 400 thousand barrels per day in January. Residual fuel production in January was the lowest production for the month of January and the second lowest recorded.

Crude oil stocks ended in January at 371.8 million barrels—the highest January inventory levels in 32 years, since 1981. Crude stocks were up 3.3 percent from the prior month, and up 9.3 percent from the prior year. In January, motor gasoline stocks ended up by 4.9 percent from December 2012, but down 0.2 percent from the same period last year, to 234.6 million barrels. Meanwhile, distillate fuel stocks ended at an eight-year low, down 13.4 percent to 128.8 million barrels from year ago levels. USLD stocks also ended lower for the month of January, down 8.4 percent from the same period last year to 100.2 million barrels. Jet fuel stocks were down 9.1 percent from January 2012 and down 2.8 percent from December 2012 to 38.3 million barrels. Stocks of “other oils” were up from year ago levels but down from month ago levels. Total inventories of all oils were down 0.9 percent from month ago levels, but up 4.5 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.