

November 2014

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 moved up by 1.9 percent from November 2013 to average 19.9 million barrels per day. These were the highest November deliveries in seven years. Compared with October, total domestic petroleum deliveries, a measure of U.S. petroleum demand, rose by 3.1 percent. For year to date, total domestic petroleum deliveries moved up by 0.3 percent compared to the same period last year. The overall economy in the U.S. showed increases in November, adding 321,000 jobs, according to the Bureau of Labor and Statistics (BLS). The unemployment rate held at 5.8 percent, and the number of unemployed persons increased slightly to 9.1 million.

Gasoline deliveries, a measure of consumer gasoline demand, in November were up from the prior month, the prior year, and the prior year to date. Total motor gasoline deliveries moved up 1.9 percent from November 2013, and were up by 1.3 percent from October to average 9.1 million barrels per day. These were the highest deliveries for the month since 2007. For year to date, gasoline deliveries increased by 0.5 percent compared with year to date of 2013. The average regular-grade gasoline price in November fell below \$3 for the first time since November 2010, averaging \$2.997 per gallon. This was down by 25.8 cents from October and was down 32.5 cents from November 2013, according to the latest EIA price data. Distillate deliveries in November were below 4.0 million barrels per day for the eighth consecutive month this year, and were the highest deliveries in eight months. Distillate deliveries increased by 3.9 percent compared with October, and were 1.2 percent above November 2013, at 3.9 million barrels per day. These were the highest November deliveries in three years, since 2011. For year to date, distillate deliveries were up by 3.7 percent compared with year to date 2013. According to EIA's latest price data, ULSD prices were \$3.647 per gallon, down 3.4 cents from the prior month, and down 19.2 cents from November 2013.

According to the latest report from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in November for the 18th consecutive month. Moreover, the overall economy expanded for the 66th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated in its November 1 Press Release that the Purchasing Managers Index (PMI) was registered at 58.7 percent, a decrease of 0.3 percentage point from October's reading of 59 percent. The press release states that "comments from the panel are upbeat about strong demand and new orders, with some expressing concerns about West Coast port slowdowns and the threat of a potential dock strike."

PETROLEUM SUPPLY

U.S. crude oil production rose from the prior month, the prior year, and the prior year to date to above 9.0 million barrels per day for the first time since March 1986. Crude production in November averaged nearly 9.1 million barrels per day, up 0.7 percent from last month and was up 14.9 percent from last year to its highest November output in over four decades, since 1973. The Bakken, the Eagle Ford, and the Permian regions posted record levels of production last month, averaging 1.2 million barrels per day, 1.6 million barrels per day, and nearly 1.8 million barrels per day, respectively. Natural gas liquids (NGL) production, a co-product of natural gas production, averaged above 3.0 million barrels per day for the sixth consecutive month to reach its highest output on record at nearly 3.2 million barrels per day. This was up by 1.4 percent from October, and was up by 15.3 percent from November 2013. Production of natural gas in the Marcellus region, the largest natural gas producing region, reached a record high of nearly 15.9 billion cubic feet per day in November, up 3.8 percent from October's revised output. This was up 17.9 percent from November 2013 and was up by 74.0 percent from November 2012. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in November was 1,925, the same from October, but was up 169 counts from November 2013. This was the second highest count since July 2012. The number of oil and gas rigs continued to average below 2,000 for 34 straight months.

U.S. total petroleum imports in November were the second lowest imports since February 1996. These were down by 2.3 percent from October, and were down by 5.2 percent from November 2013, to average just below 8.9 million barrels per day. Compared with year to date 2013, total petroleum imports were down by 6.8 percent to 9.2 million barrels per day. Crude oil imports decreased by 1.9 percent from October but were up slightly by 0.7 percent from November 2013 to average nearly 7.5 million barrels per day. These were the second lowest November imports in 18 years, since 1996. Compared to the prior year to date, crude imports were down 4.1 percent. In November, imports of refined products fell to their lowest level since May 1995 at 1.4 million barrels per day. These were down 4.3 percent from October and were down by 27.3 percent from November 2013. For year to date, refined product imports were down by 16.4 percent to 1.8 million barrels per day compared with year to date 2013.

Production of gasoline in November was up from the prior month, prior year, and the prior year to date to reach its highest output for the month of November. Gasoline production averaged 9.5 million barrels per day, 0.1 percent higher than October, and was up by 0.6 percent from November 2013. For year to date, gasoline production also increased by 4.2 percent compared with the same period last year and was the highest year to date on record. Production of distillate fuel was the third highest output level for the month of November. At nearly 4.9 million barrels per day, distillate production rose by 4.9 percent from October but was down by 3.7 percent from November 2013. Compared with year to date 2013, distillate production reached an all time record of nearly 4.9 million barrels per day, up 3.3 percent compared with the same period last year.

U.S. refinery gross inputs were the highest November inputs ever recorded, averaging 16.3 million barrels per day. These were up by 3.0 percent from October, and were up by 0.9 percent from November 2013. 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 down by 5.3 percent from the prior month but were up by 5.5 percent from the prior year to average 4.2 million barrels per day. These were the highest exports for the month of November on record. With several refineries back up from their scheduled turnaround, the refinery capacity utilization rate averaged 91.4 percent in November, up 2.6 percentage point from October and was up by 0.8 percentage point from November 2013. This was the highest November rate in 10 years. API's latest refinery operable capacity was 17.805 million barrels per day, down 0.1 percent from last year's capacity of 17.820 million barrels per day.

Crude oil stocks ended at 374.9 million barrels, up 0.3 percent from the last year, and were up by 0.2 percent from October. These were the second highest November inventories in 84 years, since 1930. Stocks of motor gasoline ended lower in November, falling by 3.9 percent from last year to their lowest inventories in six years at 208.3 million barrels. At 120.6 million barrels, distillate fuel oil stocks decreased from the prior month and the prior year levels, falling by 1.1 percent and 0.5 percent, respectively. These were the second lowest November stocks in 14 years. Jet fuel stocks were down from the prior month and the prior year, falling by 3.8 percent and 3.5 percent, respectively. Stocks of "other oils" were down from month ago and year ago levels. Total inventories of all oils were down 6.2 percent from month ago levels, and were down 4.4 percent from year ago levels.

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