

July 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 July moved up by 1.3 percent from July 2013 to average nearly 19.3 million barrels per day. These were the highest July deliveries in four years. Compared with June, total domestic petroleum deliveries, a measure of U.S. petroleum demand, rose by 1.5 percent. For year to date, total domestic petroleum deliveries moved up by 1.0 percent compared to the same period last year. The overall economy in the U.S. showed small changes in July, adding 209,000 jobs. The U.S. unemployment rate at 6.2 percent, was slightly up from June 2014's rate of 6.1 percent, according to the Bureau of Labor and Statistics (BLS). Over the past 12 months, the unemployment rate and the number of unemployed persons declined by 1.1 percentage points and 1.7 million, respectively.

In July, gasoline deliveries, a measure of consumer gasoline demand, were down from the prior month, but were up from the prior year, and from the prior year to date. Total motor gasoline deliveries moved up 1.0 percent from July 2013, but were down by 1.9 percent from June to average 9.1 million barrels per day. These were the highest deliveries for the month since 2010. For year to date, gasoline deliveries increased by 1.7 percent compared with year to date of 2013. The average regular-grade gasoline price in July was \$3.688 per gallon, down by 7.8 cents from June but up by 2.7 cents from July 2013, according to the latest EIA price data. Distillate deliveries in July were below 4.0 million barrels per day for the fourth consecutive month this year. Distillate deliveries increased by 0.7 percent compared with June, and were 6.6 percent above July 2013 deliveries, to 3.8 million barrels per day. These were the highest July deliveries in seven years, since 2007. For year to date, distillate deliveries were also up by 4.9 percent compared with year to date 2013. Meanwhile, ULSD deliveries moved up by 2.0 percent from July 2013 to nearly 3.6 million barrels per day in July. According to EIA's latest price data, ULSD prices were \$3.884 per gallon, down 2.2 cents from the prior month, but up by 1.8 cents from July 2013.

According to the latest report from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in July for the 14th consecutive month. Moreover, the overall economy expanded for the 62nd consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated in its August 1 Press Release that the Purchasing Managers Index (PMI) was registered at 57.1 percent, an increase of 1.8 percentage points from June's reading of 55.3 percent.

PETROLEUM SUPPLY

Above 8.0 million barrels per day for the sixth consecutive month, U.S. crude oil production in July remained strong averaging nearly 8.5 million barrels per day—the highest July output level since 1986. This was up by 13.9 percent from July 2013, and was up by 1.8 percent from June. Compared with year to date 2013, domestic crude oil production rose by 14.1 percent. Natural gas liquids (NGL) production, a co-product of natural gas production, averaged just below 2.9 million barrels per day in July, down 44 thousand barrels per day or 1.5 percent from June’s record output, but was up by 13.5 percent from July 2013. Compared with year to date 2013, NGL production rose by 14.3 percent. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in July was 1,876, up 15 counts from June, and up 110 counts from July 2013. This was the highest count since August 2012. The number of oil and gas rigs continued to average below 2,000 for 31 straight months.

U.S. total petroleum imports decreased 1.9 percent from June, and were 11.6 percent lower compared with July 2013, to average 9.1 million barrels per day in July. These were the lowest July imports in 19 years, since 1995. Year to date total imports were down by 5.9 percent to 9.3 million barrels per day compared with year to date 2013. Meanwhile, crude oil imports in July averaged 7.5 million barrels per day—the lowest imports level for the month in 19 years. These were down by 0.5 percent compared with June, and were down by 7.2 percent from July 2013. Compared to the prior year to date, crude imports were down 4.1 percent. In July, imports of refined products fell 8.0 percent from June and were also down by 28.0 percent from July 2013 to the lowest July imports level in 33 years at just below 1.6 million barrels per day. For year to date, refined product imports were down by 12.3 percent compared with year to date 2013.

Production of gasoline in July averaged 9.9 million barrels per day, just 1.9 percent lower compared to June’s record output of 10.1 million barrels, but was up by 6.6 percent from July 2013 to the highest July output on record. For year to date, gasoline production also increased by 6.6 percent compared with the same period last year and was the highest year to date on record. Production of distillate fuel in July was the highest output level ever recorded for the month of July. At just over 5.0 million barrels per day, distillate production rose by 2.0 percent from June and was up by 1.5 percent from July 2013. For year to date, distillate production reached an all time record of 4.8 million barrels per day, up 6.1 percent compared with the same period last year.

At 16.6 million barrels per day, U.S. refinery gross inputs in July were the highest July inputs ever recorded. These were up from June and July 2013, rising by 4.5 percent and 0.9 percent, respectively. For year to date, refinery gross inputs increased by 3.0 percent compared with year to date 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 up by 2.8 percent from the prior month and were up by 1.3 percent from the prior year to average 3.9 million barrels per day. These were the highest July exports on record. Compared with prior year to date, exports of refined petroleum products were up by 17.3 percent to 3.9 million barrels per day. The refinery capacity utilization rate averaged above 90.0 percent for only the third time this year, at 92.8 percent in July. This was 4.0 percentage points higher than June, and was 0.2 percentage points higher than July 2013. API’s latest refinery operable capacity was 17.934 million barrels per day, up 0.7 percent from last year’s capacity of 17.815 million barrels per day.

Crude oil stocks ended in July at 363.9 million barrels—the third highest July inventory level since 1990. Crude stocks were down 4.4 percent from the prior month, and were down by 0.7 percent from the prior year. Stocks of motor gasoline ended down 0.7 percent from last month and were down by 4.2 percent from last year to 213.6 million barrels in July. Distillate fuel oil stocks were down 1.8 percent from year ago levels but were up 2.9 percent from prior month levels to end at 124.1 million barrels. These were the lowest July stocks in 10 years. Jet fuel stocks were down from the prior month by 4.6 percent, and were down by 10.7 percent from the prior year. Stocks of “other oils” were down from month ago and year ago levels. Total inventories of all oils were down 8.9 percent from month ago levels, and were down 11.5 percent from year ago levels.

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