

January 2015

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 moved up by 1.5 percent from the prior year to 19.2 million barrels per day in January 2015. These were the highest January deliveries in seven years, since 2008. Compared with December 2014, total domestic petroleum deliveries, a measure of U.S. petroleum demand, fell by 3.7 percent. The overall economy in the U.S. showed gains in January, adding 257,000 jobs in January according to the Bureau of Labor and Statistics (BLS). The U.S. unemployment rate changed little in January, declining by 0.1 percent from December 2014 to 5.7 percent, and has shown no net change since October. However, based on BLS not seasonally adjusted employment data, the U.S. incurred nearly 2.8 million lost jobs in January, down by 1.9 percent from December 2014. This is consistent with the decline in deliveries from December to January. Deliveries of gasoline, kerosine-jet fuel, residual fuel, and all other oils showed month-over-month declines.

Gasoline deliveries in January were up from the prior year, but were down from the prior month. Total motor gasoline deliveries, a measure of consumer gasoline demand, moved up 6.3 percent from January 2014 to average 8.7 million barrels per day—the highest January demand since 2008. Compared with December 2014, total motor gasoline deliveries decreased by 4.6 percent. The average regular-grade gasoline price in January fell by 42.4 cents from the prior month and 118.4 cents from the prior year to \$2.208 per gallon, according to the latest EIA price data. This price was the lowest since April 2009. At nearly 4.1 million barrels per day, distillate deliveries decreased by 5.0 percent compared with January 2014. Compared to the prior month, January distillate deliveries moved up 1.1 percent. The year to year decrease in distillate deliveries was driven by a decline in high sulfur distillate (HSD) deliveries which fell by 32.4 percent for the same period from January 2014 to January 2015. Production and imports of HSD both showed declines from year ago levels, falling by 7.3 percent and 28.4 percent, respectively. In January 2015, ULSD deliveries were also down from January 2014, falling by 1.5 percent to 3.8 million barrels per day. According to the latest EIA price data, ULSD prices decreased by 41.4 cents from last month's price of \$3.411 per gallon to its lowest price since September 2010 at \$2.997 per gallon. This was 89.6 cents below the January 2014 price of \$3.893 per gallon.

According to the latest report from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in January for the 20th consecutive month. Moreover, the overall economy expanded for the 68th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 53.5 percent, 5.2 percentage points below December 2014's seasonally adjusted reading of 56.5 percent. According to the February ISM report, "most industries, but not all, are experiencing strong demand as 2015 kicks off."

PETROLEUM SUPPLY

Above 9.0 million barrels per day for the fourth consecutive month, domestic crude oil production remained strong in January and was up from the prior month and year levels to its highest output in over 41 years, since October 1973. Crude oil production rose 0.6 percent from December 2014, and was up by 15.4 percent from January 2014 to average just below 9.2 million barrels per day. This was the highest January output in 44 years, since 1971. The Bakken, the Eagle Ford, and the Permian regions posted record levels of oil production last month, averaging 1.3 million barrels per day, 1.7 million barrels per day, and nearly 1.9 million barrels per day, respectively. Natural gas liquids (NGL) production, a co-product of natural gas production, was down from the prior month, but was up from the prior year. NGL production in January averaged above 3.1 million barrels per day, down by 1.4 percent from last month but was 18.7 percent higher than last year. This was the highest January output level on record. Production of natural gas in the Marcellus region, the largest natural gas producing region, reached a record high of just above 16.3 billion cubic feet per day in January—up 1.3 percent from December. This was also up by 18.5 percent from January 2014 and was up by 69.0 percent from January 2013. According to the latest reports from Baker-Hughes, Inc., the average U.S. rig count for January 2015 was 1,683, down 199 from the 1,882 counted in December 2014, and down 86 from the 1,769 counted in January 2014. Last month's count was the lowest since November 2010. The decline in January's count was primarily due to lower California and Texas rig counts, dropping by 55.2 percent and 11.3 percent, respectively. The number of oil and gas rigs continued to average below 2,000 for 37 straight months.

U.S. total petroleum imports in January were at their second lowest level in 18 years, since 1997. Total imports averaged 9.4 million barrels per day, down 2.6 percent from the prior month and were up by 1.6 percent from the prior year. With crude oil production at a 44-year high, crude oil imports in January were seen at their lowest level in nearly two decades. Crude oil imports fell by 117 thousand barrels per day or 1.5 percent from January 2014, to nearly 7.5 million barrels per day. Compared with December 2014, crude oil imports were 2.3 percent lower. Though refined product imports in January rose by 15.8 percent from the prior year to 1.9 million barrels per day, they remained the second lowest January imports level in 17 years, since 1998. In addition, refined product imports fell 3.7 percent from the prior month.

Refinery gross inputs moved up by 1.9 percent from January 2014 to reach a new high for the month, averaging 15.9 million barrels per day in January. Compared to December 2014, refinery gross inputs were down 751 thousand barrels per day or 4.5 percent. 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 8.1 percent in January 2015 compared to January 2014 to average 4.3 million barrels per day. This was the highest January export level ever, and was 255 thousand barrels below December 2014's record level of nearly 4.6 million barrels per day. In January, gasoline production averaged nearly 9.4 million barrels per day, up 4.3 percent from the prior year but was down by 2.7 percent from the prior month. The January 2015 output was a record high for the month. In addition, distillate fuel production rose by 5.3 percent from last year to its highest January output at nearly 4.9 million barrels per day. Compared to December 2014, distillate production fell by 6.3 percent. Refinery capacity utilization rate averaged 89.5 percent in January, up 2.3 percentage points from the prior year, but was down by 4.2 percentage points from the prior month. This was the highest rate for the month in 10 years. API's latest refinery operable capacity was 17.805 million barrels per day.

Crude oil stocks ended in January at 412.6 million barrels—the highest January inventory level in 85 years, since 1930. Crude stocks were up 7.6 percent from the prior month, and were up by 13.4 percent from the prior year. In January, motor gasoline stocks ended up by 2.1 percent from December 2014, but were down by 0.9 percent from the same period last year, to their lowest inventories in five years 233.6 million barrels. Distillate fuel stocks ended at 130.8 million barrels, up 14.2 percent from year ago levels but were down by 0.3 percent from month ago levels. This was the second lowest January inventory in 10 years. Jet fuel stocks were both up from the year ago and month ago levels, rising by 0.7 percent and 1.9 percent, respectively, to 37.8 million barrels. Stocks of “other oils” were also up from year ago levels, but were down from month ago levels. Total inventories of all oils were up 12.0 percent from year ago levels, but down 0.7 percent from month ago levels.

Copyright©2015 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.