

April 2017

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 April moved up by 1.7 percent from April 2016 to average 19.6 million barrels per day. These were the highest April deliveries in nine years, since 2008. Compared with March, total domestic petroleum deliveries, a measure of U.S. petroleum demand, decreased 0.3 percent. For year to date, total domestic petroleum deliveries moved up slightly by 0.1 percent compared to the same period last year to average 19.4 million barrels per day. The overall economy in the U.S. showed gains for the fourth time in the year, adding 211,000 jobs in April, according to the latest U.S. Bureau of Labor Statistics (BLS) report. The U.S. unemployment rate was little changed at 4.4 percent, and the number of unemployed persons was little changed at 7.1 million.

Gasoline deliveries in April were up from the prior month and the prior year, but down from the prior year to date. Total motor gasoline deliveries, a measure of consumer gasoline demand, moved up 0.6 percent from April 2016, to average nearly 9.3 million barrels per day—the highest April deliveries on record. Compared with March 2017, total motor gasoline deliveries increased 0.4 percent. For year to date, total motor gasoline deliveries decreased 1.3 percent compared with year to date 2016 to average almost 9.0 million barrels per day. According to the latest EIA price data, the average regular-grade gasoline price in April was \$2.528 per gallon—the highest price for any month since August 2015. This was up 9.1 cents from March, and up 31.2 cents from April 2016.

In April, distillate deliveries were the highest in 10 years, since 2007. Distillate deliveries averaged 4.2 million barrels per day, up by 9.7 percent compared with April 2016. Compared to the prior month, April distillate deliveries moved up 2.0 percent. For year to date, distillate deliveries increased 3.1 percent compared to year to date 2016. The increase in distillate deliveries was driven by both ultra-low sulfur distillate (ULSD) and high sulfur distillate (HSD) deliveries, which rose 7.7 percent and 62.6 percent during the same period to nearly 4.0 million barrels per day and 239 thousand barrels per day, respectively. According to the latest EIA price data, ULSD prices in April increased by 2.9 cents from last month's price of \$2.554 per gallon to the highest price since August 2015 at \$2.583 per gallon. Last month's price was 43.1 cents higher than the April 2016 price of \$2.152 per gallon.

According to the latest Manufacturing ISM Report on Business from the Institute for Supply Management (ISM), economic activity in the manufacturing sector expanded in April while the overall economy grew for the 95th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) registered at 54.8 percent, 2.4 percentage points below the March reading of 57.2 percent. Comments from the panel generally reflect stable to growing business conditions.

PETROLEUM SUPPLY

At 9.2 million barrels per day, crude oil production was the second highest April output in 44 years, since 1973. Crude oil production increased 1.0 percent from March, and up by 3.4 percent from April 2016. This was the highest for any month in 17 months, since November 2015. For year to date, crude production was also up 2.2 percent compared with year to date 2016. Natural gas liquids (NGL) production, a co-product of natural gas production, was down from the prior year, but up from the prior month and the prior year to date. NGL production in April averaged nearly 3.5 million barrels per day, down 1.5 percent from last year, but up 0.4 percent from last month and up 1.4 percent from the prior year to date. This was the second highest April output level on record. According to the latest reports from Baker-Hughes, Inc., the average U.S. rig count for April 2017 increased to 853. This was up 8.1 percent from March's count of 789, and was up 94.7 percent from April 2016's count of 438.

U.S. total petroleum imports in April averaged nearly 10.2 million barrels per day, up 1.6 percent from the prior month and were up 3.3 percent from the prior year. For year to date, total petroleum imports were also up by 3.4 percent compared with year to date 2016. Crude oil imports increased 3.4 percent from April 2016 to just below 7.9 million barrels per day in April 2017. Compared with March, crude oil imports were 0.4 percent higher. For year to date, crude imports were also up 2.7 percent compared with year to date 2016.

Gasoline production for the month of April averaged 9.8 million barrels per day, down 0.2 percent from the prior year, but up 1.4 percent from the prior month. The April 2017 gasoline output was the second highest April on record. For year to date, gasoline production decreased 1.3 percent compared to the same period last year. Distillate production in April was up from the prior month, the prior year, and the period year to date to the highest April output level ever. Distillate fuel production in April increased 8.9 percent and 6.3 percent from March 2017 and from April 2016, respectively. For year to date, distillate production increased 3.2 percent compared to the same period last year.

Refinery gross inputs moved up 6.2 percent from the prior year and were up by 6.3 percent from the prior month to its highest inputs level for any month, averaging 17.2 million barrels per day in April. Compared to year to date 2016, refinery gross inputs were up 1.1 percent. Production of all four major products—gasoline, distillate, jet fuel and residual fuels was higher than demand for those products, so refined products were exported.

Crude oil stocks ended in April at 525.8 million barrels—the highest April inventory level on record in 87 years, since 1930. Crude stocks were down 7.7 million barrels or 1.4 percent from the prior month, but were up 19.5 million barrels or 3.9 percent from the prior year. In April, total motor gasoline stocks ended at 241.3 million barrels, up 0.8 percent from the prior month but were down 0.6 percent from prior year. April's total motor gasoline stocks were the second highest inventory level for the month of April for 30 years, since 1987. Distillate fuel oil stocks were down from the prior month and the prior year, falling by 2.2 percent and 3.5 percent, respectively, to end at 149.3 million barrels. This was the second highest April inventory level in eight years, since 2009. Total inventories of all oils were down 0.3 percent from month ago levels, and were down 3.3 percent from year ago levels.

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