Executive Summary

This report presents API and Energy Information Administration (EIA) U.S. demand, supply, and inventory data for the week ended August 19, 2022, plus Bloomberg spot and CME Group futures prices. Key takeaways:

**U.S. oil demand, production, exports and crude oil inventories fell; and prices rose**

- **Prices.** Crude oil spot prices as of Aug. 23 were $94.39 per barrel for West Texas Intermediate (WTI) crude oil and $9.75 per million Btu (mmBtu) for natural gas at Henry Hub, resulting in a 10:1 U.S. oil-to-gas price ratio. WTI crude oil spot prices increased by 9.1% week-on-week (w/w), and natural gas spot prices increased by 5.6% w/w.

- **Demand.** U.S. total petroleum deliveries per EIA were approximately 19.3 million barrels per day (mb/d), which was a decrease of 8.9% (1.9 mb/d) w/w and 9.9% (2.1 mb/d) year-on-year (y/y). The weekly change was driven by decreases in motor gasoline (0.9 mb/d w/w), other oils (0.6 mb/d w/w) and residual fuel oil (0.4 mb/d w/w).
  - High-frequency oil demand indicators, such as FlightRadar24 flight tracking showed decreases in weekly flight activity, while DAT freight monitoring showed an increase in weekly freight spot truck posts.

  Refinery gross inputs of 16.9 mb/d increased by 0.7% w/w and by 1.3% y/y. This implied a capacity utilization rate of 94.2%. Natural gas demand of 68.4 billion cubic feet per day (bcf/d) decreased by 8.1% w/w and by 3.5% y/y for the week ended August 17 (latest) per EIA. The weekly decrease was led by power consumption (down by 5.4 bcf/d w/w) and residential/commercial consumption (down by 0.8 bcf/d w/w).

- **Supply.** As of August 19, U.S. crude oil production decreased by 0.1 mb/d to 12.0 mb/d, while production of natural gas liquids remained unchanged at 5.9 mb/d. Natural gas marketed production of 109.7 bcf/d decreased by 1.3 bcf/d w/w and was up by 3.4 bcf/d y/y as of August 17 per EIA.
  - Baker Hughes reported 601 U.S. oil-directed rigs running as of August 12 – unchanged for the week but up by 196 rigs y/y. Gas-directed rigs were at 159, down by one rig for the week but up by 62 rigs y/y.

- **International trade.** For the week ended August 19, the U.S. was a net exporter of 2.6 mb/d of crude oil and petroleum products, which decreased by 0.1 mb/d w/w. This was the net result of an increase in petroleum products net exports (0.7 mb/d w/w) that were more than offset by a 0.9 mb/d w/w increase in crude oil net imports. U.S. natural gas exports (LNG: 11.0 bcf/d; pipeline to Mexico: 5.8 bcf/d) increased by 0.5 bcf/d for the week ended August 17.

- **Inventories.** Total petroleum inventories (crude oil and refined products) of 1.21 billion barrels increased by 0.1% w/w. Meanwhile, crude oil inventories (excluding the Strategic Petroleum Reserve) fell by 5.6 million barrels (mmbbl) to 421.7 mmbbl for the week per API. Natural gas storage increased to 2.51 trillion cubic feet, a net increase of 18 billion cubic (bcf) from the previous week, remained 367 bcf below the five-year average and 296 bcf lower than last year at this time.

Charts based on the latest weekly data and API Monthly Statistical Report (MSR)
Prices as of August 23, 2022

<table>
<thead>
<tr>
<th></th>
<th>Brent crude oil ($ per barrel)</th>
<th>WTI crude oil ($ per barrel)</th>
<th>Brent-WTI price differential ($ per barrel)</th>
<th>Henry Hub ($ per mmBtu)</th>
<th>U.S. oil-to-gas price ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spot</td>
<td>99.69</td>
<td>94.39</td>
<td>5.30</td>
<td>9.75</td>
<td>10x</td>
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<tr>
<td>3-month futures</td>
<td>97.95</td>
<td>92.53</td>
<td>5.20</td>
<td>9.23</td>
<td>10x</td>
</tr>
<tr>
<td>12-month futures</td>
<td>90.47</td>
<td>85.19</td>
<td>4.79</td>
<td>5.62</td>
<td>15x</td>
</tr>
</tbody>
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U.S. refined product inventories have been below-average mainly for East Coast crude oil, diesel fuel and heating oil

- As of August 19, per EIA, notable regional low inventories were: East Coast heating oil (28% of its 5-yr. average), New England ultra-low sulfur diesel (ULSD, 45%) and heating oil (0.2%); plus, Central Atlantic ULSD (43%) and heating oil (21%)

U.S. petroleum product inventory heat map, weekly inventory by product/region of the vs. the latest weekly level versus its respective 5-year average per EIA as of August 19

- *PADD denotes U.S. Petroleum Administration Defense District sources: EIA, API Team calculations
- **ULSD is distillate fuel oil of 0 to 15 ppm sulfur; heating oil 15-500 ppm sulfur