

April 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 April moved up by 2.3 percent from April 2013 to average nearly 19.0 million barrels per day. These were the highest April deliveries in four years. Compared with March, total domestic petroleum deliveries, a measure of U.S. petroleum demand, rose by 2.3 percent. For year to date, total domestic petroleum deliveries moved up by 0.5 percent compared to the same period last year. The overall economy in the U.S. showed a slowed gain in April, adding 288,000 jobs according to the Bureau of Labor and Statistics (BLS), and the U.S. unemployment rate dropped by 0.4 percent from March 2014 to 6.3 percent.

In April, gasoline deliveries, a measure of consumer gasoline demand, were up from the prior month, the prior year, and the prior year to date. Total motor gasoline deliveries moved up 2.7 percent from April 2013, and were up by 2.2 percent from March to average 9.0 million barrels per day. These were the highest deliveries for the month since 2010. For year to date, gasoline deliveries increased by 2.0 percent compared with year to date of 2013. The average regular-grade gasoline price in April was \$3.735 per gallon, up by 12.9 cents from March and up by 9.7 cents from April 2013, according to the latest EIA price data. Distillate deliveries in April were above 4.0 million barrels per day for the third time this year, and were up from the prior month, the prior year, and the prior year to date. Distillate deliveries increased by 9.1 percent compared with March, and were 8.8 percent above April 2013, to 4.2 million barrels per day. These were the highest April deliveries in seven years, since 2007. For year to date, distillate deliveries were also up by 5.4 percent compared with year to date 2013. The increase in distillate deliveries was driven by increases in high sulfur distillate fuel (HSD) deliveries, which are now relegated to near exclusive use for heating in the residential and commercial sectors, were higher compared with April 2013, up by 49.2 percent to 412 thousand barrels per day in April. According to NOAA's latest report, heating degree days rose by 1.4 percent from last year to 498 in April. ULSD deliveries moved up by 6.4 percent from April 2013 to nearly 3.8 million barrels per day in April. According to EIA's latest price data, ULSD prices were \$3.964 per gallon, down 3.7 cents from the prior month but were up by 3.4 cents from April 2013.

According to the latest report from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in April for the 11th consecutive month. Moreover, the overall economy expanded for the 59th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated in his May 1 Press Release that the Purchasing Managers Index (PMI) was registered at 54.9 percent, an increase of 1.2 percentage points increase from the March reading of 53.7 percent.

PETROLEUM SUPPLY

For the fourth consecutive month, domestic crude oil production rose above 8.0 million barrels per day. At nearly 8.3 million barrels per day, U.S. crude oil production in April increased by 12.6 percent from April 2013, and was up by 2.2 percent from March. This was the highest output level for the month since 1988. Compared with year to date 2013, domestic crude oil production rose by 12.8 percent. Natural gas liquids (NGL) production, a co-product of natural gas production, was up from the prior month, the prior year, and the prior year to date. NGL production in April was 2.7 million barrels per day, up by 1.2 percent from March and was 9.2 percent higher than April 2013's output. Compared with year to date 2013, NGL production rose by 9.5 percent. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in April was 1,835, up 32 counts from March and was up by 80 counts from April 2013. This was the highest count since September 2012. The number of oil and gas rigs continued to average below 2,000 for 28 straight months.

U.S. total petroleum imports in April averaged 10.1 million barrels per day. These were the second lowest imports in 17 years, since 1997. Total petroleum imports were up by 6.8 percent from the prior month, and were 0.6 percent higher compared with the prior year. Year to date total petroleum imports were down by 2.0 percent to 9.5 million barrels per day compared with year to date 2013. Meanwhile crude oil imports were above 8.0 million barrels per day for the first time in eight months. Crude oil imports averaged 8.0 million barrels per day, up 4.6 percent compared with March and were up by 3.7 percent from April 2013. Compared to the prior year to date, crude imports were up 0.2 percent. Imports of refined products in April rose by 16.3 percent from March but were down by 9.4 percent from April 2013 to 2.1 million barrels per day. These were the second lowest level for the month in 16 years, since 1998. For year to date, refined product imports were down by 9.8 percent compared with year to date 2013.

Production of gasoline was up from the prior month, the prior year, and the prior year to date to reach a record high. Gasoline production moved up by 4.9 percent from March and was 9.2 percent higher than April 2013's output to 9.8 million barrels per day. This was the highest gasoline production on record. For year to date, gasoline production increased by 5.9 percent compared with the same period last year and was the highest year to date on record. Production of distillate fuel in April was the highest output level ever recorded for the month of April. At approximately 5.0 million barrels per day, distillate production rose by 3.3 percent from March and was up by 12.1 percent from April 2013. For year to date, distillate production reached an all time record of 4.7 million barrels per day.

At 16.1 million barrels per day, U.S. refinery gross inputs in April were the highest inputs for the month of April ever recorded. These were up from March and April 2013, rising by 3.6 percent and 5.1 percent, respectively. For year to date, refinery gross inputs increased by 5.0 percent compared with year to date of 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 6.7 percent from the prior month but were up by 16.0 percent from the prior year to average 3.7 million barrels per day. These were the highest exports for the month on record, and were 723 thousand barrels lower than the record high of 4.4 million barrels per day set last December 2013. Compared with prior year to date, exports of refined petroleum products were up by 23.7 percent to 3.8 million barrels per day. The refinery capacity utilization rate averaged below 90.0 percent for the fourth month in a row, at 89.7 percent in April, up 2.6 percentage points from March and was 3.9 percentage points higher than the same period last year. API's latest refinery operable capacity was 17.922 million barrels per day, up 0.6 percent from last year's capacity of 17.814 million barrels per day.

Crude oil stocks ended in April at 390.0 million barrels—the second highest April inventory in 31 years. Crude stocks were up 3.3 percent from March, but were down by 1.5 percent from April 2013. Stocks of motor gasoline ended down 1.5 percent from last month and were down by 2.3 percent from last year to 216.0 million barrels in April. Distillate fuel oil stocks were down 3.8 percent from year ago levels but were up by 0.8 percent from prior month levels to end at 113.6 million barrels—the lowest April inventory level in 6 years. Jet fuel stocks were up from the prior month by 3.2 percent but were down by 6.1 percent from the prior year. Stocks of "other oils" were down from month ago levels and year ago levels. Total inventories of all oils were down 1.3 percent from month ago levels, and were down by 6.7 percent from year ago levels.

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