

August 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 August moved up by 1.3 percent from August 2016 to average 20.5 million barrels per day. These were the highest August deliveries in 10 years, since 2007. Compared with July, total domestic petroleum deliveries, a measure of U.S. petroleum demand, decreased 0.6 percent. For year-to-date, total domestic petroleum deliveries moved up 1.3 percent compared to the same period last year. The overall economy in the U.S. showed gains in August, adding 156,000 jobs, according to the Bureau of Labor Statistics (BLS). The U.S. unemployment rate and the number of unemployed persons increased slightly, up 4.4 percent and 7.1 million, respectively.

Gasoline deliveries in August were down from the prior month, the prior year, and the prior year to date. Total motor gasoline deliveries, a measure of consumer gasoline demand, decreased 1.5 percent from August 2016, to average 9.5 million barrels per day—but remained the fourth highest deliveries to date. Compared with July, total motor gasoline deliveries decreased 1.5 percent. For year-to-date, total motor gasoline deliveries decreased 0.3 percent compared with year-to-date 2016 to the second highest year-to-date level at 9.3 million barrels per day. According to the latest EIA price data, the average regular-grade gasoline price in August was \$2.494 per gallon, up 8.0 cents and 21.0 cents from the prior month and the prior year, respectively. Distillate deliveries in August were up from the prior month, the prior year, and the prior year-to-date to reach the highest August deliveries in 10 years and the highest deliveries since March. Distillate deliveries averaged 4.1 million barrels per day, up 6.5 percent compared with August 2016, and were up 0.7 percent compared with July. For year-to-date, distillate deliveries increased 3.2 percent compared to year-to-date 2016. Ultra-low sulfur distillate (ULSD) deliveries increased 4.9 percent compared with the prior year and were up by 2.0 percent compared with the prior month and reached the highest deliveries for the month of August at nearly 4.0 million barrels per day. According to the latest EIA price data, ULSD prices increased 9.9 cents from last month's price of \$2.496 per gallon to \$2.595 per gallon in August. Last month's price was 24.4 cents above the August 2016 price of \$2.351 per gallon, but remained the second lowest August price on record.

According to the latest Manufacturing ISM Report on Business from the Institute for Supply Management (ISM) Survey, economic activity in the manufacturing sector expanded in August, and the overall economy grew for the 99th consecutive month. The chair of the ISM Manufacturing Business Survey Committee stated that the Purchasing Managers Index (PMI) was registered at 58.8 percent, 2.5 percentage points above the July reading of 56.3 percent.

PETROLEUM SUPPLY

U.S. crude oil production remained above 9.0 million barrels per day for the seventh consecutive month. Domestic crude oil production in August decreased from the prior month but was up from the prior year and the prior year-to-date to reach the second highest August output level in 45 years, since 1972. Domestic crude oil production decreased 1.3 percent from July but was up by 6.8 percent from August 2016 to average 9.3 million barrels per day in August. For year-to-date, crude production increased 2.4 percent compared with year-to-date 2016, and was the second highest year-to-date level in 44 years, since 1973. 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 to reach a record level. NGL production in August averaged nearly 3.7 million barrels per day, up 1.0 percent from last month, 8.6 percent from last year, and 2.9 percent from last year-to-date.

U.S. total petroleum imports decreased 2.0 percent from July and decreased 6.4 percent from August 2016 to average just below 9.7 million barrels per day in August. These were the lowest imports since November 2015. For year-to-date, total petroleum imports were up 1.6 percent compared with year-to-date 2016. Crude oil imports decreased 7.0 percent from August 2016 to 7.5 million barrels per day in August. These were also the lowest imports since November 2015. Compared with July, crude oil imports were 3.2 percent lower. For year-to-date, crude imports were up 3.1 percent compared with year-to-date 2016.

Gasoline production was down from the prior month, the prior year, and the prior year-to-date. Above 10.0 million barrels per day for the fourth consecutive month, gasoline production reached the second highest output for the month of August, down 1.0 percent from the prior month, and down 1.8 percent from the prior year to average 10.1 million barrels per day in August. For year-to-date, gasoline production decreased 1.5 percent compared to the same period last year and was the second highest year-to-date on record. Distillate production was down 2.8 percent from the prior month, but up 2.4 percent from the prior year, and up 3.8 percent from the prior year-to-date period to averaged nearly 5.1 million barrels per day in August. This was the second highest August output on record and the highest year to date on record.

Refinery gross inputs moved up 0.8 percent from August 2016 and were the highest inputs for the month of August to date, averaging 17.1 million barrels per day. Compared with July and year-to-date 2016, refinery gross inputs decreased 2.8 percent and increased 2.5 percent, respectively. Production of the four major products— gasoline, distillate fuel, and residual fuel was higher than demand for those products, so refined products were exported. Exports of crude oil and refined petroleum products increased 2.4 percent from August 2016 to average 5.2 million barrels per day in August. This was the highest August export level ever. Refinery capacity utilization rate averaged 92.2 percent in August, down 2.4 percentage points from July but up 0.1 percentage points from August 2016. API's latest refinery operable capacity was 18.598 million barrels per day.

Crude oil stocks decreased 4.0 percent or 19.1 million barrels from July and were down by 4.3 percent or 24.0 million barrels from August 2016 to end at 462.7 million barrels in August. These remained the second highest August inventory level in 87 years, since 1930. In August, total motor gasoline stocks ended at 230.4 million barrels, up 0.1 percent from the prior month and almost flat compared with the prior year. August's total motor gasoline stocks were the second highest inventory level for the month of August in 36 years, since 1981. Distillate fuel oil stocks were also down from July and August 2016, falling 0.8 percent and 7.4 percent, respectively, to end at 148.4 million barrels.

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