



# Petroleum Market Report

October 29, 2001

Energy Information Administration  
Office of Oil & Gas

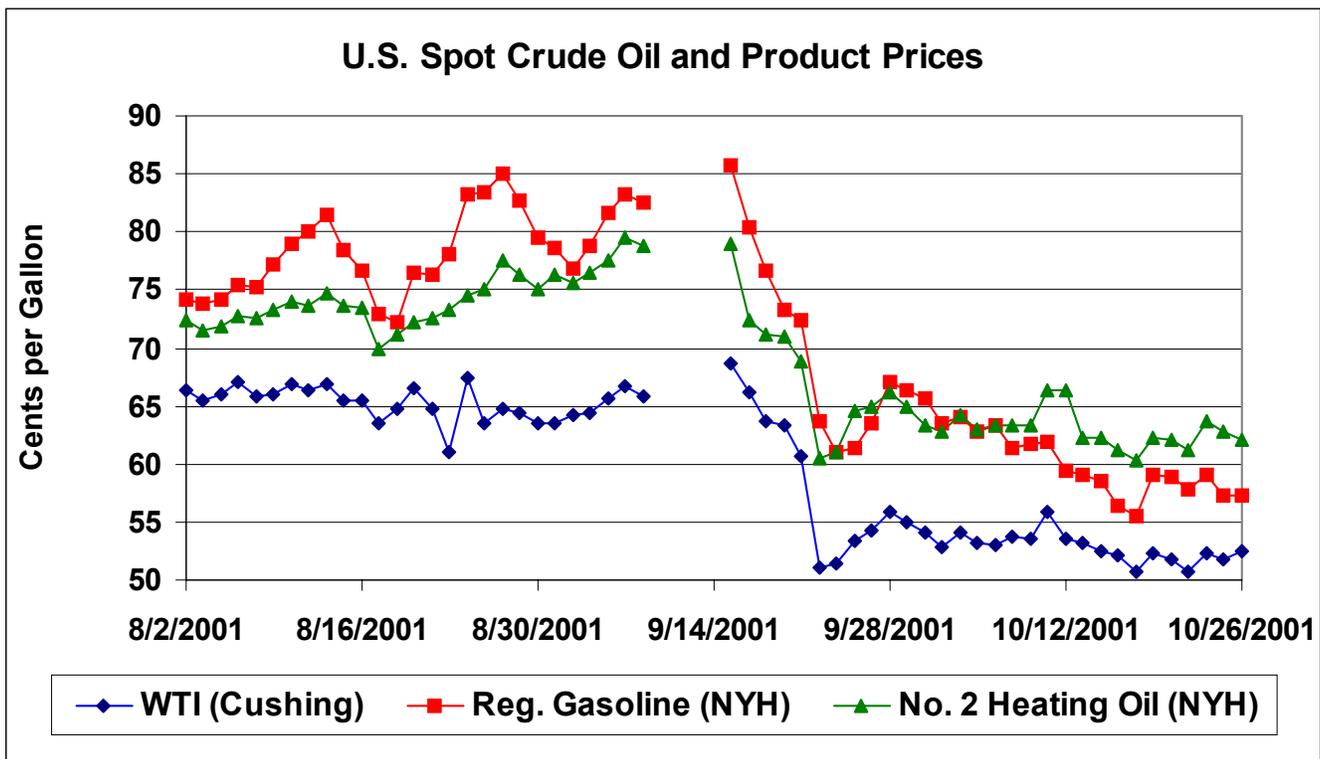
## MARKET SUMMARY

Crude spot and futures price edged above \$22 per barrel for the first time since October 16. Product spot and futures prices were down last week, as news of increases in crude, gasoline, and distillate inventories during the previous week competed with news that OPEC has “virtually” agreed to cut production by 1.0 million barrels per day. However, it is unclear how large an effect such a cut would have, as it has been reported that several member countries are producing over the current quota. Prices stayed down despite the fact that EIA’s four-week average of implied demand for gasoline rose above last year’s levels for the first time since the September 11 attacks.

**Crude oil** - Crude oil spot and futures were able to end over the \$22 mark this week, holding onto gains made mid-week. Light, sweet November crude futures were up \$0.23 for the week, ending at \$22.08 per barrel.

**Gasoline** - Gasoline spot and futures prices fluctuated throughout the week, with spot prices losing ground in the middle of the week. November gasoline ended down 1.20 cents for the week, finishing at 58.32 cents per gallon.

**Distillate** - Heating oil spot and futures were down for most of the week, making gains on Wednesday only to reverse most of the increase by week’s end. NYMEX heating oil futures ended at 62.36 cents per gallon, down 0.27 cents from the previous week.



## **CHRONOLOGY OF RECENT MARKET EVENTS**

- 10/26- mixed-** markets showed muted response to Thursday's late announcement of a likely OPEC production cut. The Organization for Economic Cooperation and Development (OECD) announced that it expects the global economy to recover in the second half of 2002, which could help to bring oil prices to higher levels. Crude futures gained slightly for the day, while product prices were down.
- 10/25- falling-** crude futures finished lower in New York, reversing the previous day's gains. Late in the afternoon, Venezuelan President Chavez announced that OPEC had "virtually" agreed to cut production by about 1.0 million barrels per day at its November meeting.
- 10/24- rising-** crude and product futures finished higher on rumors of an OPEC production cut and new government data that showed an increase in implied gasoline demand. However, government and industry data showed sizable inventory increases for crude and major petroleum products, which did not help to support prices.
- 10/23- mixed-** further drops in crude futures may have indicated a loss of confidence in OPEC's ability to control prices. Non-OPEC producers have shown few signs of supporting further production cuts.
- 10/22- mixed-** NYMEX crude and product futures traded sideways, marking time until the release of inventory numbers or news from OPEC.
- 10/19- rising-** profit-taking helped to end the price slump in the energy futures market on Friday, as traders engaged in technical buying before the weekend.
- 10/18- falling-** NYMEX crude oil futures fell to their lowest level since August 1999, ending the day at \$21.01 per barrel. Analysts reported that the market was surprised that OPEC had not taken action to decrease output in the wake of falling prices.
- 10/17- falling-** the latest government and industry data showed a sizable draw in crude oil stocks, but the market did not respond and prices continued to fall. Government data also showed an increase in product stocks. The Saudi and Iranian oil ministers agreed on the need to meet with other key producers to work towards "fair prices" for oil exports.
- 10/16- mixed-** despite talk of production cuts from OPEC, prices continued to fall in the energy futures market. The Iraqi Oil Minister urged OPEC to cut output by 1 million barrels per day (MMBD), while Venezuela and Libya suggested a more drastic 3 MMBD cut.
- 10/15- falling-** continuing worries about oil demand brought crude and product futures down. Analysts reported that traders felt that OPEC was unlikely to take any action to stabilize prices.