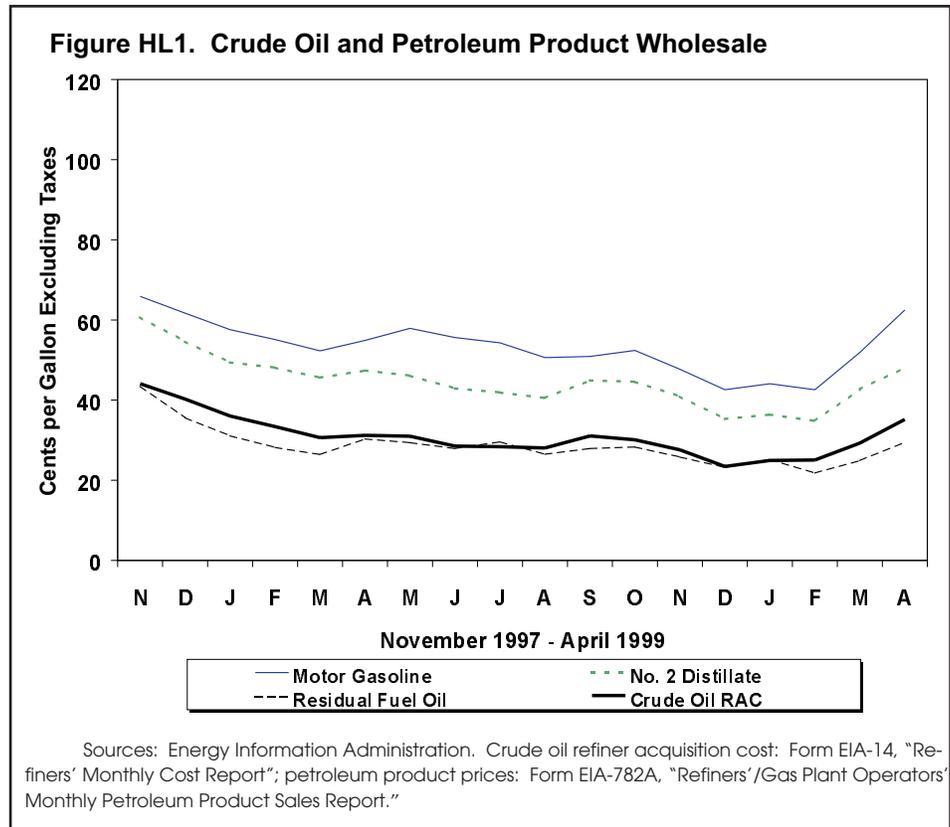


Highlights

Under the influence of the latest production cut agreement enacted by major oil producing countries, international crude oil prices continued to increase during April. Although the dramatic increases seen during March were absent, April prices moved within a higher overall range. The considerable price increases of the last two months occurred despite data that indicate abundant crude oil stockpiles remain throughout world markets. Further, no exceptional increase in demand for product during the first quarter of 1999 has been evident. Rather, markets were responding to the concerted effort by producers to address the continuing glut of crude oil in world markets. By the end of April, refiners were feeling the effects of increased prices. Like crude oil, stocks of finished products in major international markets have been high during the past year due to lower-than-expected consumer demand. With finished product prices remaining under pressure from the large inventories (still the norm in most markets), refining margins began to erode. To illustrate, the difference between the spot prices for West Texas Intermediate crude oil at Cushing, Oklahoma and No. 2 heating oil at New York Harbor rarely exceeded 1 cent per gallon during the second half of April. Similar differentials existed in Europe. Political events in Europe and the Middle East also had some short-term effect on prices. In particular, disagreements between Russia and NATO allies over the conflict in Yugoslavia at the beginning of the month supported crude oil prices. At the same time, bombing raids disrupting pipeline operations in southern Iraq helped to bolster prices. But reports indicating a high degree of compliance to the negotiated reduction in crude oil wellhead output from the major producers and notifica-

tion of cutbacks in deliveries quickly dominated market price activity.

Following the virtually unimpeded growth seen during March, prices for crude oil and finished products in the United States followed a more varied path during April. Crude oil prices provided the foundation for many products' prices to remain at their highest monthly average levels in more than a year, but other market factors including refinery operations and weekly stocks reports also had direct effects on prices. On the West Coast, prices for CARB gasoline and diesel fuel retreated as dramatically as they rose last month when several refineries in the San Francisco area experienced critical breakdowns. On the East Coast, product prices were sustained during the initial few days of the month by prices on the West Coast before they collapsed, but found support from a variety of other



sources. Market prices, especially for jet fuel, were bolstered by military operations in Eastern Europe, but as mentioned earlier, commitment to cutting crude oil output by major producer nations underpinned the complex throughout the month. Stocks reports also provided some vitality to prices in the second half of the month when the data showed falling inventories for most products. For April overall, gasoline stocks rose less than 1 percent from March levels while crude oil and distillate stocks marginal decreases from the previous month's rate. Notably, a comparison of spot market prices for West Texas Intermediate crude oil at Cushing, Oklahoma and No. 2 heating oil at New York Harbor reveals only a fine differential between the two during the latter half of the month leading some refiners to reduce production of that section of the barrel.

More April market and sales activity for crude oil and the principal petroleum products are summarized in the following sections.

Crude Oil

Buoyed by the OPEC-sponsored oil production cuts, the daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma achieved its highest level since January 1998. After opening at \$16.66 per barrel, the price dipped to its low of \$15.92 per barrel on April 8, as weekly stocks reports indicated growth in crude oil and finished product supply levels. With more encouraging market trends developing during the ensuing weeks, the price continued on an upward path through the end of April. The price reached a 16-month high of \$18.69 per barrel on the final day of the month, closing April \$2.03 per barrel higher than where it began.

- Once again monthly average crude oil prices show considerable increases from the previous month's levels. The average domestic crude oil first purchase price rose \$2.19 (20.4 percent), to \$12.94 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil also increased \$2.19 (18.4 percent), to \$14.07 per barrel. The average landed cost of foreign crude oil rose \$2.17 (17.0 percent), to \$14.93 per barrel.
- The monthly average refiner acquisition cost for domestic crude oil shows the greatest amount of change, rising \$2.62 (21.3 percent), to \$14.91 per barrel.

rel. The average cost of imported crude oil to U.S. refiners rose \$2.39 (19.4 percent), to \$14.70 per barrel. The composite refiner acquisition cost of crude oil increased \$2.48 (20.2 percent), to \$14.78 per barrel.

Petroleum Products

Motor Gasoline

Buffeted by a number of market factors, the daily spot price for unleaded regular gasoline at New York Harbor followed a varied course during April. After opening at 53.1 cents per gallon, the price eased to, and remained in the 50-cents-per-gallon range during the next several weeks as concern over adequate supplies in California dissipated, and weekly reports indicated growing stocks of gasoline across the country. The low of 47.8 cents per gallon was reached on April 14. During the final week of the month the price turning sharply upward, supported by crude oil prices, refinery runs cuts in Europe, and market technical factors. Closing at 52.7 cents per gallon, the price was only marginally lower than where it began April.

- National average gasoline prices rose dramatically during April. The average price for retail sales of motor gasoline by refiners jumped 13.9 cents, to 79.0 cents per gallon, while the average wholesale price rose 10.6 cents to 62.5 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average retail price at company-operated retail outlets increased 12.4 cents to 75.6 cents per gallon. The average wholesale price climbed 10.2 cents to 62.4 cents per gallon. The average dealer tank wagon (DTW) price surged 15.2 cents to 74.3 cents per gallon while the average rack price increased 9.7 cents to 59.5 cents per gallon. The average price for bulk sales rose 6.8 cents per gallon. The range between reformulated and conventional gasoline prices was 14.2 cents at retail and wholesale, respectively. The margin between conventional and oxygenated gasoline prices was 9.0 cents at retail.
- Sales of finished motor gasoline by refiners increased in April. Total sales rose 13.7 million gallons per day (3.7 percent), to an average of 381.5 million gallons per day. Retail sales rose 600,000 gallons per day (0.9 percent), while wholesales increased 13.1 million gallons per day (4.3 percent).

No. 2 Distillate

The April daily spot price for No. 2 heating oil at New York Harbor followed the same general trend seen in other products' prices. Notably, however, the price for WTI crude oil rivaled it during the final two weeks of the month when the margin between the two fell below 1 cent per gallon. Opening at 44.2 cents per gallon, the price dropped back to the month's low of 40.9 cents per gallon on April 8. After period of modest movement, the price increased several cents during the final week of April, closing at the month's high of 45.5 cents per gallon.

- No. 2 distillate prices climbed across the board in April. The national average residential price rose 2.0 cents to 82.9 cents per gallon, while the average wholesale price increased 5.1 cents to 48.4 cents per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets jumped 8.4 cents, while the average wholesale price rose 5.0 cents. The difference between low- and high-sulfur diesel fuel prices was 5.1 cents at retail and 3.9 cents at wholesale.
- Refiner sales of No. 2 distillate were down in April. Overall sales of No. 2 distillate fell 5.4 million gallons per day. Sales of No. 2 fuel decreased 7.6 million gallons per day (21.8 percent), while No. 2 diesel fuel sales rose 2.2 million gallons per day (1.8 percent). Low-sulfur diesel fuel sales accounted for 82.1 percent of all refiner diesel fuel sales, and 67.1 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- Residual fuel oil prices rose in all categories of sales again during April. Refiner prices for low-sulfur residual fuel increased 2.3 cents to 33.7 cents per gallon

at retail, and 3.4 cents to 30.6 cents per gallon at wholesale. High-sulfur residual fuel prices rose 3.9 cents to 29.9 cents per gallon at retail, and 4.9 cents to 28.8 cents per gallon at wholesale. Including data reported by the sample of residual fuel oil marketers, the average low-sulfur price inched up 0.9 cent to 33.7 cents per gallon at retail, and 3.0 cents to 30.0 cents per gallon at wholesale. The average price for high-sulfur residual fuel oil increased 3.7 cents to 30.3 cents per gallon at retail, and 5.1 cents to 29.3 cents per gallon at wholesale.

- Residual fuel oil sales by refiners climbed in April. Total sales rose 5.6 million gallons per day (21.5 percent), to 31.6 million gallons per day. Low-sulfur residual fuel sales increased 2.0 million gallons per day (27.4 percent), while high-sulfur residual fuel sales rose 3.6 million gallons per day (19.4 percent).

Other Products

- Prices for products included under this heading generally rose during April. Refiner propane prices increased 4.0 cents per gallon at retail, and 1.7 cents per gallon at wholesale. Including data from a sample of propane marketers, the average residential propane price rose 0.8 cent per gallon. The average retail price for propane declined 2.3 cents, while the average wholesale price increased 1.9 cents per gallon. Prices for kerosene-type jet fuel, aviation gasoline, and no. 4 distillate rose at both levels. Prices for kerosene fell at retail and rose at wholesale, while the wholesale price for no. 1 distillate increased.
- Refiner sales of propane and no. 4 distillate declined at both retail and wholesale during April. In contrast, sales of kerosene-type jet fuel and aviation gasoline rose at both levels. Sales of kerosene were mixed, rising at retail and falling at wholesale and sales of no. 1 distillate fell at wholesale.

Table HL1. U.S. Refiner Prices and Volumes of Petroleum Products

(Prices: Cents per Gallon Excluding Taxes, Volumes: Million Gallons per Day)

Products	Sales to End Users						Sales for Resale					
	April 1999		March 1999		April 1998		April 1999		March 1999		April 1998	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	79.0	64.2	65.1	63.6	67.4	64.7	62.5	317.3	51.9	304.2	54.9	310.5
Conventional	72.7	39.9	60.9	38.5	66.0	39.7	57.4	218.2	48.0	203.0	52.4	213.4
Regular	68.9	28.1	56.8	26.4	62.1	27.7	55.3	169.8	45.9	153.8	50.5	165.4
Midgrade	78.1	6.3	66.3	6.2	71.3	6.2	62.4	15.7	52.0	15.7	56.2	16.0
Premium	85.5	5.6	73.4	5.9	79.1	5.8	66.1	32.6	56.1	33.5	60.6	32.0
Oxygenated	85.5	1.7	71.1	2.9	69.3	2.1	NA	5.6	60.1	9.2	59.0	5.6
Regular	83.7	1.4	67.8	2.2	66.6	1.7	NA	4.2	58.1	6.6	57.8	4.3
Midgrade	90.1	0.2	77.2	0.4	76.0	0.3	68.6	0.9	60.7	1.3	60.3	0.8
Premium	98.0	0.1	87.7	0.3	85.1	0.2	NA	NA	70.0	1.3	67.7	0.5
Reformulated	89.7	22.7	71.7	22.2	69.7	22.8	NA	NA	59.5	92.0	60.4	91.5
Regular	86.8	15.5	67.5	14.6	65.1	15.2	71.3	65.2	56.4	61.8	57.2	61.2
Midgrade	93.3	3.6	76.9	3.8	74.9	3.7	NA	NA	63.9	10.1	63.6	10.5
Premium	98.4	3.5	82.9	3.8	82.8	3.9	NA	NA	66.7	20.2	68.7	19.8
Aviation Gasoline	101.3	0.2	89.7	0.1	98.6	0.2	98.8	0.7	86.8	0.6	90.9	0.7
Kerosene-Type Jet Fuel	48.2	49.7	39.4	47.9	46.6	48.6	46.4	12.4	39.3	12.1	46.6	12.7
Propane (Consumer Grade)	45.1	3.7	41.1	4.4	41.5	3.0	28.6	28.1	26.9	36.4	30.3	29.1
Kerosene	48.9	0.4	50.4	0.4	56.7	0.2	47.5	1.1	43.9	2.6	46.3	1.7
No. 1 Distillate	NA	NA	NA	NA	56.3	0.3	56.4	0.5	49.1	1.3	57.6	0.3
No. 2 Distillate	52.2	24.9	46.0	25.4	52.3	23.6	48.1	124.1	42.7	129.1	47.4	116.9
No. 2 Fuel Oil	49.9	3.3	46.0	3.7	53.0	2.4	44.4	23.9	39.7	31.1	44.9	27.3
No. 2 Diesel Fuel	52.5	21.6	46.0	21.7	52.2	21.3	49.0	100.2	43.6	97.9	48.2	89.6
Low Sulfur	54.9	14.3	48.3	14.5	53.9	14.5	49.7	85.7	44.3	83.8	48.7	75.4
High Sulfur	47.8	7.3	41.2	7.2	48.6	6.8	45.2	14.5	40.0	14.1	45.4	14.1
No. 4 Fuel^a	43.5	0.2	40.2	0.4	43.8	0.3	38.3	0.2	32.6	0.3	41.7	0.1
Residual Fuel Oil	30.8	14.6	27.5	14.7	31.7	14.4	29.5	17.0	24.9	11.3	30.3	17.4
Sulfur Content not > 1 %	33.7	3.4	31.4	4.1	35.9	3.5	30.6	5.9	27.2	3.2	32.9	6.5
Sulfur Content > 1 %	29.9	11.2	26.0	10.6	30.4	11.0	28.8	11.0	23.9	8.0	28.8	10.9

NA = Not available.

^a Includes No. 4 fuel oil and No. 4 diesel fuel.

Notes: Motor gasoline averages and totals prior to October 1993 include leaded gasoline.

Notes: Values shown for the current month are preliminary. Values shown for previous months are revised. Data are final upon publication in the *Petroleum Marketing Annual*.

Source: Energy Information Administration Form EIA-782A, "Refiners/Gas Plant Operators' Monthly Petroleum Product Sales Report."

