

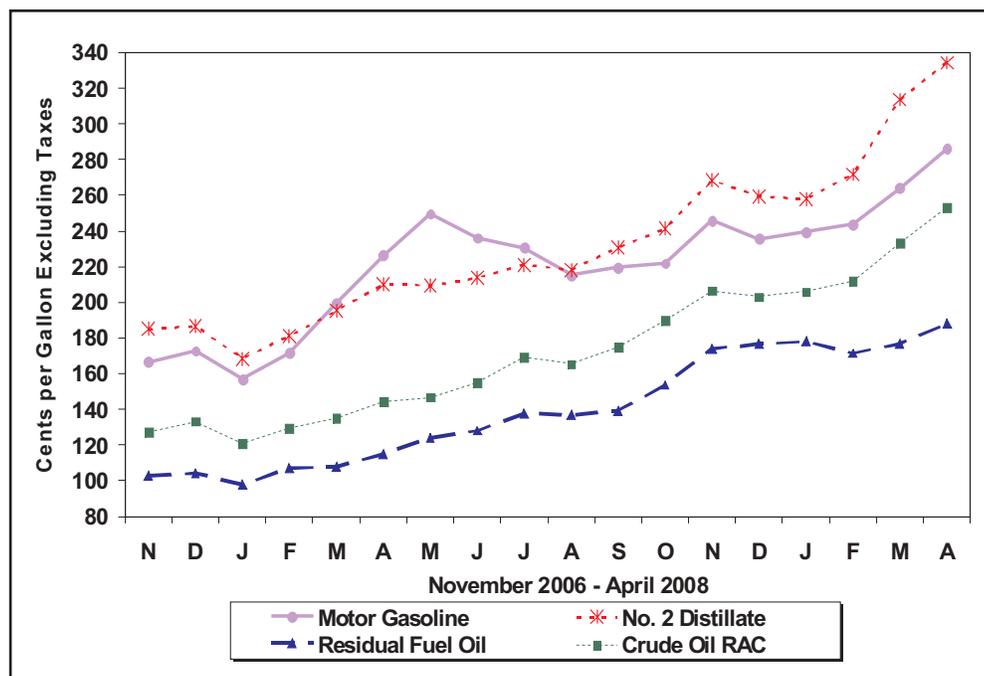
Highlights

International crude oil prices rose substantially in April amid volatile market conditions created by a variety of fundamental, economic, and political factors. Following a momentary decline due to a short-lived increase in the value of the dollar at the start of the month, prices moved sharply upwards in the coming days as worrisome economic news roiled the market. An unanticipated decline in U.S. crude oil stocks during the second week of the month added pressure on prices as market watchers considered the impact on an already tight balance between supply and demand in the global oil market. At nearly the same time, Saudi Arabia's oil minister discounted calls from consuming nations for an increase in production from Organization of Petroleum Exporting Countries (OPEC), saying current supply was adequate and high prices were not the result of short oil supplies. Notably demand from Asia, especially from China, has grown more robust as economies in the region have grown, heightening concern about current oil supply levels. Estimates put Chinese demand during March 2008 approximately 25 percent higher than one year ago. As the month continued, additional declines in oil product inventories in the United States coupled with more decreases in the dollar's value exacerbated volatile market conditions and spurred oil prices higher. Threats of an oil workers' strike in Scotland later in the month, pipeline sabotage in Nigeria, and political incidents in the Middle East also underpinned higher prices. Late in the month, the shutdown of production activities in the North Sea in preparation for the strike in Scotland, another oil workers' strike in Nigeria, and political incidents in the Persian Gulf region, led prices for many

benchmark crude oil streams to new, record-setting highs. However, because of a quick resolution to the strike in Scotland and talks to resolve the strike in Nigeria firmly underway, supply worries eased and dampened prices during the final days of April.

In the United States, crude oil and refined product prices rose to new heights during April. While larger economic matters influenced price trends, fundamental issues including supply and demand rates and refinery operations were essential factors behind the rise in prices. While crude oil prices set new records and continued to squeeze gasoline margins, distillate stocks and record-setting distillate prices also attracted a great deal of market attention. Distillate stocks remained near the bottom of their five-year average range at the U.S. level and continued at below-average levels in East Coast markets as refinery throughputs remained below

Figure HL1. Crude Oil and Petroleum Product Wholesale Prices



Sources: Energy Information Administration. Crude oil refiner acquisition cost: Form EIA-14, "Refiners' Monthly Cost Report"; petroleum product prices: Form EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report."

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 2008		March 2008		April 2007		April 2008		March 2008		April 2007	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	298.5	56.1	278.4	55.3	240.5	57.5	286.0	311.2	264.0	311.2	226.4	318.2
Conventional	294.6	33.8	275.6	33.2	234.2	35.2	283.2	220.3	261.9	220.0	221.3	227.0
Regular	292.6	29.7	273.6	29.0	232.0	30.5	281.6	195.3	260.5	195.3	219.2	198.6
Midgrade	303.9	2.2	284.8	2.3	243.4	2.7	286.6	10.3	263.0	10.6	226.8	10.5
Premium	316.0	1.8	296.9	1.8	254.7	2.1	301.9	14.8	281.0	14.2	241.1	17.9
Reformulated	304.5	22.4	282.4	22.1	250.5	22.2	292.9	90.9	269.1	91.2	239.1	91.2
Regular	300.8	17.9	278.5	17.5	246.4	17.3	290.4	77.6	266.3	77.8	236.0	76.0
Midgrade	313.9	2.1	291.6	2.2	260.0	2.4	300.8	2.3	278.4	2.4	248.4	3.0
Premium	323.6	2.4	302.4	2.5	269.9	2.5	309.6	10.9	287.0	11.0	256.1	12.1
Aviation Gasoline	359.7	0.1	337.0	0.1	296.9	0.1	346.8	0.4	324.9	0.4	277.9	0.5
Kerosene-Type Jet Fuel	333.4	39.7	311.9	37.7	203.9	40.9	331.8	17.4	310.5	16.5	202.1	15.0
Propane (Consumer Grade)	NA	3.0	180.9	3.4	127.4	4.0	152.7	29.1	146.0	34.3	106.7	39.3
Kerosene	376.6	0.0	358.2	0.1	236.1	0.1	354.2	0.2	328.0	0.7	204.8	1.1
No. 1 Distillate	342.8	0.1	319.8	0.1	220.7	0.2	353.0	0.3	331.6	0.7	230.3	0.3
No. 2 Distillate	345.1	22.2	325.4	20.9	219.9	26.6	334.3	157.9	313.6	148.2	210.0	141.8
No. 2 Fuel Oil	340.7	0.9	323.2	1.0	210.3	0.9	319.3	14.0	297.6	18.2	191.0	10.9
No. 2 Diesel Fuel	345.2	21.3	325.5	19.8	220.2	25.8	335.8	143.9	315.9	130.0	211.6	130.9
Ultra Low Sulfur	346.9	12.9	326.8	11.8	224.4	12.6	336.5	120.8	316.4	109.1	215.8	97.1
Low Sulfur	344.9	7.4	325.9	7.0	225.7	7.8	333.2	19.4	314.0	18.2	206.6	17.6
High Sulfur	327.3	1.0	308.4	1.0	202.2	5.3	325.7	3.7	307.0	2.7	191.8	16.3
No. 4 Fuel^a	W	W	W	W	W	W	241.5	0.3	220.2	0.2	137.8	0.2
Residual Fuel Oil	198.3	9.0	193.4	7.8	120.9	13.0	188.0	10.0	176.9	10.5	115.0	8.0
Sulfur Content not > 1 %	221.9	2.2	204.7	2.5	125.8	4.6	213.9	1.8	195.6	2.3	124.4	3.4
Sulfur Content > 1 %	190.4	6.8	188.1	5.4	118.2	8.4	182.3	8.2	171.7	8.2	108.4	4.7

NA = Not available.

W = Withheld to avoid disclosure of individual company data.

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

Note: Beginning January 2007, oxygenated gasoline is included in conventional gasoline.

Note: In January 2007, ultra low-sulfur diesel fuel was added.

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*. Total volumes may not equal the sum of the components due to rounding.

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

year-ago rates due to both discretionary runs cuts and unexpected outages. Additional pressure on distillate stocks and prices came from abroad. Refinery outages and lingering cold temperatures across Europe taxed already tight distillate supplies even further and encouraged interest in scant, high-priced U.S. exports. Gasoline prices also saw dramatic increases over the course of the month. While gasoline inventories were substantial at the beginning of the year and remained appreciable through mid-March, stocks experienced decisive declines in April. Although demand for gasoline during the year thus far has been flat compared with year-ago rates, market watchers expect, and EIA predicts, that gasoline demand will rise during the coming months even though prices will remain at

historically high levels. A look at monthly average spot market prices shows some striking changes taking place in oil product prices. At Cushing, Oklahoma, the April 2008 average spot price for West Texas Intermediate (WTI) crude oil was \$112.58 per barrel compared to last month's average of \$105.45 per barrel, reflecting an increase of \$7.13 (6.8 percent.) In contrast, the difference from the year-ago level is more dramatic: the April 2007 price was \$63.98 per barrel, marking a \$48.60 (76.0 percent) change. The April 2008 average price for No. 2 fuel oil at New York Harbor was \$3.226 per gallon, registering a 16.0 cent (5.2 percent) increase from March's average of \$3.066 per gallon and a \$1.363 (73.1 percent) climb from the April 2007 average of

Petroleum Products

Motor Gasoline

The daily spot price for regular gasoline at New York Harbor rose considerably during April. After opening at its lowest point for the month, \$2.400 per gallon, the price continued on a firm, upward path through the coming weeks. The increase was underpinned by a variety of factors including reported declines in stock levels, refinery outages, and rising crude oil prices. The month's high was reached on April 25 when the price hit \$2.948 per gallon, driven by news involving a variety of issues affecting the petroleum products marketplace. Easing moderately after that point, the price closed the month at \$2.811 per gallon, and 41.1 cents higher than its opening level for April.

- April monthly average prices for finished gasoline show large increases again in all sales categories. The average price for retail sales of motor gasoline by refiners jumped 20.1 cents to \$2.985 per gallon, while the average wholesale price climbed 22.0 cents to \$2.860 per gallon. Including data reported by a sample of motor gasoline marketers, the national average price at company-operated retail outlets increased 19.2 cents to \$2.979 per gallon. The average wholesale price for gasoline rose 21.8 cents to \$2.863 per gallon. The average dealer tank wagon (DTW) price increased 21.4 cents to \$2.930 per gallon, while the average rack price rose 23.2 cents to \$2.871 per gallon. The average bulk sale price climbed 18.3 cents to \$2.724 per gallon. Reformulated gasoline prices were 9.1 cents higher than conventional gasoline prices at retail, and 8.5 cents more at wholesale.
- Refiner sales of motor gasoline during April show modest changes from March levels. Total sales rose 800,000 gallons per day (0.2 percent) to an average of 367.3 million gallons per day. Retail sales also increased 800,000 gallons per day (1.4 percent), while wholesales remained flat. DTW sales accounted for 13.1 percent of wholesales, while rack and bulk sales made up 70.6 percent and 16.2 percent, respectively.

\$1.864 per gallon. Also at New York Harbor, the April 2008 average spot market price for regular gasoline was \$2.762 per gallon, 25.8 cents (10.3 percent) higher than the March 2008 average of \$2.504 per gallon, and 65.7 cents (31.2 percent) above the April 2007 average price of \$2.105 per gallon.

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

Crude Oil

At Cushing, Oklahoma, the daily spot price for WTI crude oil increased significantly during April. After opening at \$101.54 per barrel, the price immediately marked the month's low of \$100.92 per barrel on April 1 following a reported increase in the value of the U.S. dollar. Driven by a variety of supportive fundamental, political, and economic factors, the price continued to rise firmly until it reached a new record-setting high on April 25 when it reached \$119.64 per barrel. The price eased during the final days of the month on news of a settlement in the strike in Scotland and a reported increase of the value of the dollar. Closing at \$113.70 per barrel, the price was \$12.16 higher than its opening level for April.

- Monthly average crude oil prices climbed again in April, with all categories registering prices in excess of \$100 per barrel. The average domestic crude oil first purchase price rose \$8.18 (8.3 percent) to \$106.62 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil increased \$6.09 (6.4 percent) to \$101.59 per barrel. The average landed cost of foreign crude oil rose \$5.70 (5.8 percent), to \$104.47 per barrel.
- The average refiner acquisition cost for domestic crude oil climbed \$8.79 (8.8 percent), to \$108.53 per barrel. The average cost of imported crude oil rose \$7.92 (8.2 percent), to \$104.95 per barrel, while the composite refiner acquisition cost for crude oil increased \$8.27 (8.4 percent), to \$106.23 per barrel.

No. 2 Distillate

The daily spot price for No. 2 heating oil at New York Harbor continued to set new records during April. Following its opening at \$3.078 per gallon, the price dropped back to its low of \$2.899 per gallon on April 1. Like other product prices in the complex, the No. 2 heating oil price climbed swiftly after that point. The price experienced an appreciable jump during the second week of the month following the release of weekly inventory data showing a larger-than-expected decline in stocks. Nevertheless, although it remained at a high level, the price was less volatile for a period at mid-month, thanks to warmer temperatures in the Northeast and steadier inventories. The price reached the month's high of \$3.337 per gallon on April 23. Following the same moderately declining trend seen throughout the complex, the price closed the month at \$3.195 per gallon, 11.7 cents above April's opening level.

- Prices for No. 2 distillates increased again in April, but not as dramatically as in March. The national average residential sales price rose 15.0 cents to \$3.623 per gallon. The average wholesale price climbed 20.9 cents to \$3.354 per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets increased 18.9 cents, while the average wholesale price rose 19.7 cents. Ultra low-sulfur diesel fuel prices were 2.2 cents higher than low-sulfur diesel fuel at retail, and 3.4 cents more at wholesale.
- Overall, sales of No. 2 distillates by refiners increased in April. Total sales rose 11.1 million gallons per day (6.6 percent), to 180.1 million gallons per day. Sales of No. 2 fuel oil declined 4.3 million gallons per day (22.4 percent), while sales of No. 2 diesel fuel climbed 15.4 million gallons per day (10.3 percent). Ultra low-sulfur diesel fuel accounted for 80.9 percent of all refiner diesel fuel sales, while total diesel fuel sales made up 91.7 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- Residual fuel oil prices rose firmly in April. Refiner prices for low-sulfur residual fuel oil jumped 17.2 cents to \$2.219 per gallon at retail, and 18.3 cents to \$2.139 per gallon at wholesale. Refiner prices for high-sulfur residual fuel oil rose 2.3 cents to \$1.904 per gallon at retail, and 10.6 cents to \$1.823 per gallon at wholesale. Including data reported by a sample of residual fuel oil marketers, average prices for low-sulfur residual fuel oil increased 11.8 cents to \$2.176 per gallon at retail, and 9.0 cents to \$2.020 per gallon at wholesale. Prices for high-sulfur residual fuel oil rose 3.4 cents to \$1.900 per gallon at retail, and 11.4 cents to \$1.826 per gallon at wholesale.
- Refiner sales of residual fuel oil increased modestly in April. Total sales rose 700,000 gallons (3.8 percent) to 19.0 million gallons per day. Low-sulfur residual fuel oil sales declined 800,000 gallons (16.7 percent), while high-sulfur residual fuel oil sales climbed 1.4 million gallons (10.3 percent).

Other Products

- Prices for products included in this section rose significantly in almost all cases. The refiner retail sales price for propane fell 3.3 cents per gallon, while the wholesale price increased 6.7 cents per gallon. Including data from a sample of propane marketers, the average residential price climbed 5.5 cents per gallon, while the average retail price rose 1.5 cents per gallon. The average wholesale price for propane increased 6.6 cents per gallon. Prices for kerosene-type jet fuel, aviation gasoline, kerosene, and No. 1 distillate recorded large increases at both the retail and wholesale levels, while the wholesale price for No. 4 distillate also registered a sizable increase in April.
- Sales of the remaining surveyed products were mixed in April. Sales of propane, kerosene, and No. 1 distillate declined again at both the retail and wholesale levels, while sales of kerosene-type jet fuel and aviation gasoline rose in both categories. Sales of No. 4 distillate increased at the wholesale level during April.