

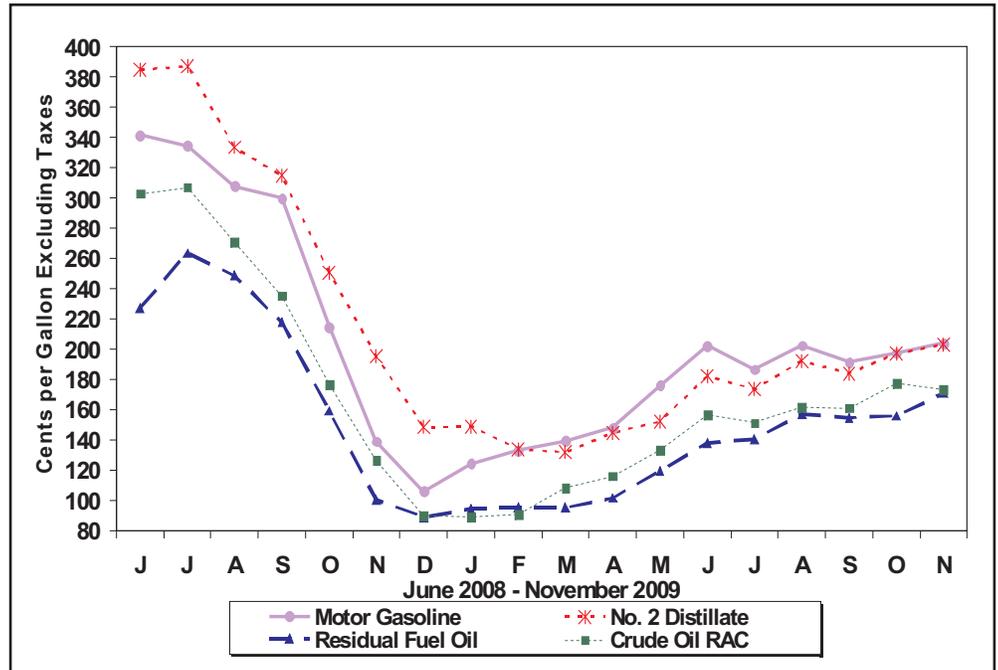
Highlights

Following their appreciable rise in October, international crude oil prices traveled along a less volatile path during November. Signs of economic recovery continued to underpin oil prices despite lower demand and robust supply levels in key markets, factors that more typically colored price trends. Notably, oil demand in the United States and other Atlantic basin markets remained sluggish, in contrast to demand from Asian markets, particularly China and India. Government-sponsored economic stimulus programs in China have underpinned the brisk demand for petroleum products during recent months, and continued to do so during November. Prices remained mostly unruffled by the threat of Hurricane Ida crossing into the Gulf of Mexico during the second week of the month, despite the shut-in of many production facilities in the affected region. Although there was some talk of the Organization of Petroleum Exporting Countries (OPEC) raising official production levels at the group's coming December meeting if prices continued to rise, the chance of that coming about given the current state of market fundamentals seemed unlikely by the end of November.

In U.S. markets, crude oil and refined product prices moved within a narrow range during November after registering sizable increases in October. While news about economic trends and activity in financial markets continued to be influential factors, high inventory levels and sluggish demand also affected prices. Early in the month, prices dipped in response to a combination of gloomy economic data showing the U.S. unemployment rate at its highest level in more than 26 years and estimates pointing to a year-on-year drop in data reflecting implied demand for oil products. Included in this

publication, November preliminary Prime Supplier data show U.S. sales of finished gasoline fell 1.3 percent from October's level, though it remained essentially flat compared with the year-ago rate. Sales of No. 2 distillates declined 2.2 percent from last month, and 4.3 percent year-on-year. While a number of issues—the threat of Hurricane Ida, slower imports of gasoline at New York Harbor, and refinery maintenance—boosted prices modestly, they retreated again following reported inventory builds. Notably, as the refinery utilization rate fell in November, stocks at Cushing, Oklahoma (the physical delivery point for crude oil contracts traded on the NYMEX) rose throughout the month. The give-and-take tendency of prices continued throughout the month, fed by fluctuating oil product stock levels, and ongoing financial and economic concerns.

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					
	November 2009		October 2009		November 2008		November 2009		October 2009		November 2008	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	217.2	47.4	210.4	48.5	161.7	54.1	203.9	299.3	197.5	309.2	139.3	295.0
Conventional	212.5	30.3	204.3	30.8	155.9	34.5	202.0	208.4	194.3	215.3	135.9	203.4
Regular	210.4	26.9	202.3	27.3	153.4	30.3	200.6	184.7	192.7	190.9	134.5	180.4
Midgrade	223.7	1.8	213.7	1.8	167.6	2.1	204.5	8.5	198.6	8.9	137.6	9.3
Premium	235.4	1.7	225.6	1.7	180.7	2.1	218.3	15.2	211.5	15.5	153.4	13.8
Reformulated	225.6	17.1	221.2	17.7	172.0	19.6	208.1	90.9	204.8	93.9	146.8	91.5
Regular	221.0	13.3	216.4	13.8	167.0	15.3	205.3	77.4	201.8	80.0	143.7	78.1
Midgrade	236.0	1.6	232.6	1.6	183.2	1.8	216.9	2.0	215.1	2.1	157.2	2.0
Premium	246.1	2.2	242.6	2.3	194.6	2.4	225.6	11.5	223.3	11.8	166.0	11.4
Aviation Gasoline	283.9	0.1	269.3	0.1	223.0	0.1	270.1	0.3	259.6	0.4	214.0	0.3
Kerosene-Type Jet Fuel	206.4	37.0	193.0	36.1	198.8	37.4	204.9	16.7	191.7	14.9	197.4	15.6
Propane (Consumer Grade)	138.5	4.0	125.8	3.7	165.2	2.3	108.0	38.3	99.4	32.1	100.5	36.4
Kerosene	287.5	0.0	273.8	0.0	308.5	0.1	207.0	1.7	205.0	1.6	228.8	1.3
No. 1 Distillate	246.6	0.1	244.6	0.1	245.9	0.1	234.8	1.2	232.1	0.9	223.9	1.7
No. 2 Distillate	216.4	16.5	208.8	16.6	214.7	19.3	203.3	141.9	197.2	141.2	195.5	144.5
No. 2 Fuel Oil	222.7	0.8	216.3	0.6	229.3	1.0	199.3	13.4	191.8	12.1	194.7	13.8
No. 2 Diesel Fuel	216.1	15.7	208.6	16.0	213.9	18.3	203.7	128.5	197.8	129.1	195.5	130.7
Ultra Low Sulfur	217.7	12.3	209.9	12.4	215.3	12.5	203.9	114.0	198.1	114.6	196.1	111.0
Low Sulfur	211.5	2.8	205.1	2.9	210.7	4.4	201.5	11.6	195.6	12.0	192.1	16.9
High Sulfur	205.2	0.6	200.2	0.7	211.9	1.3	202.9	2.9	193.8	2.5	193.8	2.7
No. 4 Fuel^a	W	W	W	W	W	W	193.5	0.1	W	W	W	W
Residual Fuel Oil	164.3	8.2	155.3	7.9	122.5	8.1	170.9	10.5	156.0	10.8	100.4	8.7
Sulfur Content not > 1 %	173.9	2.4	171.7	1.9	165.4	2.3	173.4	2.7	161.9	1.8	103.6	4.5
Sulfur Content > 1 %	160.3	5.8	150.1	6.0	105.5	5.8	170.0	7.8	154.8	9.0	97.1	4.3

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."

A review of some spot market prices for crude oil and refined products illustrates the activity in petroleum product prices during November. The November 2009 average price for WTI crude oil at Cushing, Oklahoma, was \$77.99 per barrel, \$2.27 (3.0 percent) more than October's average of \$75.72 per barrel, and \$20.68 higher than the November 2008 average of \$57.31 per barrel. The average New York Harbor spot market price for regular gasoline rose 5.9 cents (3.1 percent), to \$1.983 per gallon from last month's average of \$1.924 per gallon. The average price last November was \$1.283 per gallon, a difference of 70.0 cents from the current level. The November 2009 price for No. 2 heating oil at New York Harbor averaged \$1.981 per gallon, an increase of 5.2 cents (2.7 percent) from October's average of \$1.929 per gallon. Last year at this time, the price was \$1.844 per gallon, 13.7 cents (7.4 percent) below the current rate.

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

Crude Oil

Following its conspicuous increase last month, the daily spot price for WTI crude oil remained within a comparatively tight range throughout November. Opening at \$77.04 per barrel, the price moved to the month's high of \$80.30 per barrel on November 4 following an unexpected drop in crude oil stocks reported in weekly inventory data. The price waxed and waned during the following weeks, influenced

by industry-related fundamental factors and by news and trends taking place in the wider economy. After dropping to its low of \$74.88 per barrel on November 24, due to less favorable demand data and economic news, the price rebounded. Closing the month at \$77.19 per barrel, the price was 15 cents above its opening price for November.

- Monthly average crude oil prices increased across the board again in November. The average domestic crude oil first purchase price rose \$2.16 (3.1 percent), to \$71.98 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil climbed \$2.78 (4.0 percent), to \$73.13 per barrel. The average landed cost of foreign crude oil increased \$1.79 (2.5 percent), to \$74.26 per barrel.
- The average refiner acquisition cost for domestic crude oil rose \$2.53 (3.5 percent), to \$74.57 per barrel. The average cost of imported crude oil increased \$2.34 (3.2 percent), to \$74.40 per barrel. The composite refiner acquisition cost for crude oil rose \$2.42 (3.4 percent), to \$74.47 per barrel.

Petroleum Products

Motor Gasoline

Subsequent to its marked increase in October, the daily spot price for regular gasoline at New York Harbor moved within a much narrower—though higher—range in November. Opening at \$1.979 per gallon, the price moved to its low of \$1.922 on November 6 in response to slower demand, robust inventories, and unfavorable economic news. Regaining some ground on reports of slower imports, planned refinery maintenance, and stock draws, the price moved to its high of \$2.027 per gallon on November 18. Buffeted by concerns about market fundamentals and wider economic issues, the price continued to seesaw before closing the month at \$2.005 per gallon, 2.6 cents above its starting level for November.

- November monthly average prices for finished gasoline rose in all categories of sales. The average price for retail sales of motor gasoline by refiners increased 6.8 cents to \$2.172 per gallon, while the average wholesale price rose 6.4 cents to \$2.039 per gallon. Including data reported by a sample of motor gasoline marketers, the national average price at

company-operated retail outlets moved up 8.3 cents to \$2.182 per gallon. The average wholesale price for gasoline increased 6.5 cents to \$2.044 per gallon. The average dealer tank wagon (DTW) price rose 5.8 cents to \$2.106 per gallon, while the average rack price increased 5.2 cents to \$2.028 per gallon. The average bulk sale price rose 14.3 cents to \$1.974 per gallon. Reformulated gasoline prices were 11.0 cents more than conventional gasoline prices at retail and 3.7 cents higher at wholesale.

- Refiner sales of motor gasoline declined in November. Total sales fell 11.0 million gallons per day (3.1 percent) to an average of 346.7 million gallons per day. Retail sales decreased 1.1 million gallons per day (2.3 percent), while wholesales fell 9.9 million gallons per day (3.2 percent). DTW sales made up 12.6 percent of wholesales, while rack and bulk sales accounted for 73.7 percent and 13.7 percent, respectively.

No. 2 Distillate

The daily spot price for No. 2 heating oil at New York Harbor moved along a comparatively stable path during November, following its appreciable increase last month. Opening at \$1.965 per gallon, the price moved to the month's high of \$2.033 per gallon on November 4 following a reported stock draw and supportive statements about the outlook for economic recovery made by the Federal Reserve. The price followed the same general pattern seen in other petroleum product prices in the complex during the coming weeks, as a variety of matters exerted their influence on the market. On November 24, the price reached the month's low of \$1.945 per gallon, under pressure from data showing slower economic growth and expectations of slower demand for oil products. The price closed the month at \$1.984 per gallon, 1.9 cents higher than its opening level for November.

- November monthly average prices for No. 2 distillates show increases in all sales categories from October levels. The national average residential sales price climbed 13.5 cents to \$2.599 per gallon, while the average wholesale price rose 5.8 cents to \$2.048 per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets increased 11.5 cents, while the average wholesale price rose 5.7 cents. Average prices for ultra low-sulfur diesel fuel were 0.8 cent lower than low-sulfur diesel fuel at retail, but 3.0 cents more at wholesale.

- Refiner sales of No. 2 distillates increased slightly in November. Total sales rose 600,000 gallons per day (0.4 percent), to 158.4 million gallons per day. Sales of No. 2 fuel oil increased 1.5 million gallons per day (12.1 percent), while sales of No. 2 diesel fuel fell 900,000 gallons per day (0.6 percent). Ultra low-sulfur diesel fuel accounted for 87.6 percent of all refiner diesel fuel sales, while total diesel fuel sales made up 91.0 percent of all refiner No. 2 distillate sales.
- Refiner sales of residual fuel were mixed in November. Total sales remained flat at 18.7 million gallons per day. Low-sulfur residual fuel oil sales increased 1.4 million gallons (37.8 percent), while high-sulfur residual fuel oil sales fell 1.4 million gallons (9.3 percent).

Residual Fuel Oil

- Monthly average residual fuel oil prices rose in November. Refiner prices for low-sulfur residual fuel oil increased 2.2 cents to \$1.739 per gallon at retail, and 11.5 cents to \$1.734 per gallon at wholesale. Refiner prices for high-sulfur residual fuel oil rose 10.2 cents to \$1.603 per gallon at retail, and 15.2 cents to \$1.700 per gallon at wholesale. Including data reported by a sample of residual fuel oil marketers, average prices for low-sulfur residual fuel oil increased 2.5 cents to \$1.759 per gallon at retail, and 6.6 cents to \$1.722 per gallon at wholesale. Prices for high-sulfur residual fuel oil climbed 13.0 cents to \$1.661 per gallon at retail, and again by 13.0 cents to \$1.691 per gallon at wholesale.
- All prices for the remaining surveyed products increased during November. The refiner retail sales price for propane jumped 12.7 cents per gallon, while the wholesale price rose 8.6 cents per gallon. Data from a sample of propane marketers show the average residential price increased 11.0 cents per gallon, while the average retail price rose 4.9 cents per gallon. The average wholesale price for propane climbed 9.8 cents per gallon. Prices for kerosene-type jet fuel, aviation gasoline, kerosene, and No. 1 distillate increased at both retail and wholesale.
- For the most part, refiner sales of products included in this section rose during November. Sales of propane, kerosene-type jet fuel, kerosene, and No. 1 distillate increased at both the retail and wholesale levels, while aviation gasoline sales did the opposite.

Other Products