

Highlights

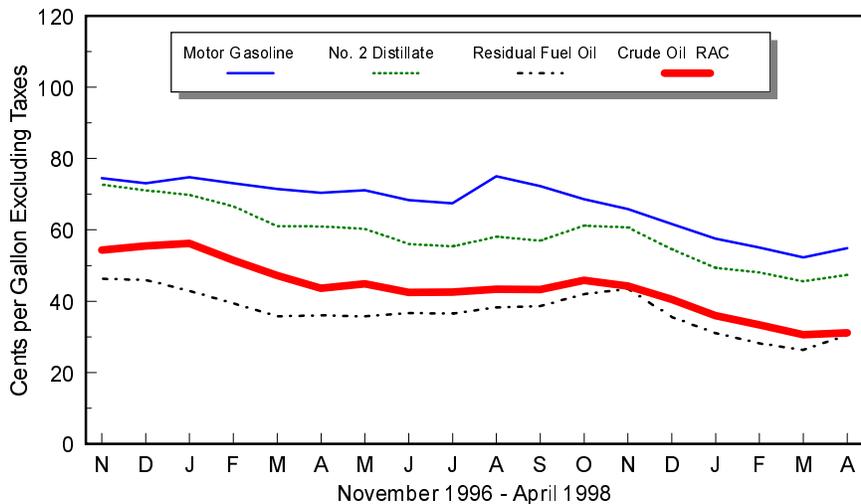
Highlights

Following March's fluctuations, international crude oil prices were comparatively steady in April. While much of the recovery from the long-term lows experienced during the latter part of March can be attributed to pledged production cuts by major producer nations, the effects of ample stockpiles and sluggish demand throughout world markets continued to restrain prices throughout April. The global supply glut is the cumulative result of severe economic upheaval in Asia, an unusually warm winter in the Northern Hemisphere, and increased wellhead production and exports during the past year. As part of an effort to alleviate pressure on prices, the agreement among Organization of Petroleum Exporting Countries (OPEC) and non-OPEC nations to reduce wellhead production by approximately 1.5 million barrels per day went into effect April 1. Initial information suggests that the proposed level of cuts were not met during the first active month of the accord, but reduced production rates were recorded. Some consternation arose in markets when it appeared the reductions were realized by reducing output of less desirable grades of crude oil. Production from Norway, one of the participants in the agreement, was reduced due to a heavy slate of maintenance on North Sea production facilities. In addition to those output curtailments, production cuts were announced by Russia and China in early April. At the close of the month, OPEC members continued to discuss the need to make further export reductions in an effort to support prices.

In the United States, crude oil and petroleum product prices endured another bumpy month. Reports indi-

cating crude oil storage facilities in the United States, the world's largest consumer of petroleum products, had reached saturation levels in key regions of the country clearly illustrated the oversupply problem and played a fundamental role behind lethargic prices here and abroad. Data indicate U.S. stocks of crude oil rose about 1.6 percent during April and were approximately 3.5 percent higher than this time last year. Various concerns about the implementation of promised global production cuts and falling refining margins also enervated crude oil prices. Finished product prices were more animated due to the variety of factors at play in the marketplace. In addition to influence emanating from crude oil prices, finished product prices were buffeted by a number of conditions associated with production and distribution facilities. While demand for gasoline continued in a growth mode for the third month in a row, supplies remained sufficient to meet the rising demand. Repairs were completed on a major products pipeline supplying gasoline to the Northeast, allowing deliv-

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 1998		March 1998		April 1997		April 1998		March 1998		April 1997	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	67.4	64.8	65.6	64.3	83.9	58.9	54.9	311.5	52.3	291.1	70.4	293.1
Conventional	66.0	39.7	64.3	39.0	81.8	37.9	52.4	214.0	49.8	195.3	67.3	204.1
Regular	62.1	27.8	60.4	27.1	77.9	26.9	50.4	166.0	47.8	149.9	65.2	157.0
Midgrade	71.3	6.2	69.5	6.1	87.8	5.9	56.2	16.0	53.3	15.7	71.4	17.0
Premium	79.1	5.8	77.3	5.8	95.5	5.0	60.6	32.0	57.9	29.8	75.8	30.1
Oxygenated	69.4	2.2	68.4	2.9	90.9	1.2	59.0	5.7	57.7	7.4	73.5	2.7
Regular	66.8	1.8	65.6	2.4	88.4	0.9	57.8	4.3	56.0	5.5	72.3	2.1
Midgrade	76.0	0.3	75.8	0.3	95.6	0.2	60.3	0.8	59.6	1.0	75.8	0.3
Premium	85.1	0.2	84.5	0.2	104.2	0.1	67.7	0.5	66.9	0.8	79.9	0.3
Reformulated	69.7	22.8	67.4	22.4	87.5	19.8	60.3	91.8	57.5	88.4	77.8	86.3
Regular	65.1	15.2	62.5	14.8	82.8	12.8	57.1	61.5	54.1	58.4	74.4	57.1
Midgrade	74.8	3.7	72.7	3.7	92.4	3.5	63.6	10.5	60.8	10.4	81.5	11.0
Premium	82.7	3.9	81.0	3.9	100.1	3.4	68.7	19.8	65.8	19.6	86.0	18.2
Aviation Gasoline	98.6	0.2	98.2	0.1	114.7	0.2	91.0	0.6	90.4	0.6	108.5	0.6
Kerosene-Type Jet Fuel	46.6	48.6	45.3	47.6	60.3	49.0	46.6	12.7	45.7	12.6	60.5	9.7
Propane (Consumer Grade)	41.5	3.0	43.8	4.1	49.7	3.4	30.3	29.1	31.2	33.9	37.7	25.8
Kerosene	56.7	0.2	65.3	0.3	69.8	0.3	46.3	1.7	47.6	2.9	62.1	1.3
No. 1 Distillate	56.3	0.3	56.0	0.4	66.3	0.2	55.4	0.3	54.3	1.1	70.6	0.4
No. 2 Distillate	52.3	23.7	51.1	24.9	64.7	26.5	47.4	116.4	45.6	120.5	61.0	121.0
No. 2 Fuel Oil	52.9	2.4	53.9	2.6	63.8	2.9	44.9	27.3	44.9	32.0	58.6	29.9
No. 2 Diesel Fuel	52.2	21.3	50.8	22.3	64.8	23.6	48.1	89.1	45.8	88.5	61.7	91.1
Low Sulfur	53.9	14.5	52.5	14.3	66.4	15.9	48.6	74.9	46.2	73.9	62.2	76.4
High Sulfur	48.6	6.8	47.7	7.9	61.4	7.7	45.4	14.2	43.9	14.5	59.2	14.7
No. 4 Fuel^a	43.8	0.3	46.0	0.4	55.9	0.2	41.7	0.1	37.5	0.3	49.7	0.3
Residual Fuel Oil	31.4	15.4	28.6	15.5	39.7	11.3	30.6	16.4	26.4	12.7	36.1	10.5
Sulfur Content not > 1 %	35.9	3.5	35.6	4.2	46.4	2.8	32.9	6.5	29.4	5.5	37.6	3.7
Sulfur Content > 1 %	30.1	11.9	26.0	11.3	37.5	8.5	29.1	9.9	24.0	7.2	35.2	6.8

^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."

eries to return to a normal pace. Additionally, imports of gasoline continued at a brisk level throughout the month. Offsetting those circumstances, unscheduled refinery shutdowns gave a boost to prices across the country, particularly on the West Coast. The Los Angeles spot price for CARB gasoline rocketed during the second half of the month, ranging as much as 27 cents during that period due to a number of refinery outages in Los Angeles and San Francisco. Despite these problems, total refinery inputs are estimated to have risen nearly 5 percent from last month's level.

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

Crude Oil

Reflected the surfeit of product in national and international markets, the April daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma, generally remained within a limited range. Opening at \$15.69 per barrel, the price rose to the month's high of \$16.08 per barrel on April 3. The most notable development occurred on April 23 when the price plummeted \$2 per barrel to \$13.09 per barrel on reports of limited storage tank space on the Cushing pipeline system. Shortly thereafter, the price returned to its previous range after the Venezuelan oil minister's call for further reductions in crude oil exports.

The price closed the month at \$15.56 per barrel, marginally lower than where it began April.

- After many months of solid declines, monthly average crude prices for April show some marginal increases. The average domestic crude oil first purchase price rose 11 cents (1.0 percent), to \$11.64 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil barely changed, dropping only 1 cent (0.1 percent), to \$11.09 per barrel. The average landed cost of foreign crude oil declined 9 cents (0.7 percent), to \$12.32 per barrel.
- The monthly average refiner acquisition costs for domestic crude oil fell 5.0 cents (0.4 percent), to \$13.47 per barrel. The average cost of imported crude oil to U.S. refiners rose 51 cents (4.1 percent), to \$12.87 per barrel. The composite refiner acquisition cost of crude oil increased 24 cents (1.9 percent), to \$13.11 per barrel.

Petroleum Products

Motor Gasoline

The April daily spot price for unleaded regular gasoline at New York Harbor showed more volatility than other major products. Opening at 47.9 cents per gallon, the price followed a rambling course throughout the rest of the month. After reaching the low of 44.0 cents per gallon on April 13, the price experienced a rapid upturn due to combination of factors including refinery outages and expectations of stockdraws. The price reached the high of 50.2 cents per gallon on April 28 before falling back to 48.1 cents per gallon at month's close.

- Much like crude oil, monthly average gasoline prices changed direction for first time in months. Prices increased in all categories of sales during April. The average price for motor gasoline retail sales by refiners rose 1.8 cents per gallon to 67.4 cents per gallon while the average wholesale price increased 2.6 cents to 54.9 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average retail price at company-operated retail outlets climbed 1.4 cents to 67.1 cents per gallon. The average wholesale price increased 2.5 cents, to 55.5 cents

per gallon. The average dealer tank wagon (DTW) price rose 2.2 cents to 61.1 cents per gallon. The average rack price increased 3.2 cents to 53.9 cents per gallon. The average bulk sales price grew 2.4 cents, to 49.0 cents per gallon. The margin between reformulated and conventional gasoline prices rose to 2.9 cents at retail, and 6.7 cents at wholesale. The margin between conventional and oxygenated gasoline prices remained at 5.7 cents at retail but dropped to 6.8 cents at wholesale.

- Sales of finished motor gasoline by refiners continued to rise during April. Total sales rose 20.9 million gallons per day (5.9 percent), to an average of 376.3 million gallons per day. Retail sales increased 800,000 gallons per day (0.8 percent), while wholesales grew 20.4 million gallons per day (7.0 percent). Rack sales accounted for 59.0 percent of total wholesales, while DTW and bulk sales made up 24.7 percent and 16.3 percent, respectively. Reformulated gasoline (RFG) constituted 30.5 percent of total motor gasoline sales, while oxygenated gasoline made up 2.1 percent of sales.

No. 2 Distillate

The daily spot price for No. 2 heating oil at New York Harbor was comparatively quiet and undistinguished during April. Opening at 44.0 cents per gallon, the price inched up to the month's high of 44.6 cents per gallon on April 3. After falling to the low of 41.2 cents per gallon on April 14, the price remained in a largely steady mode for the remainder of the month. Closing at 42.4 cents per gallon, the price was 1.6 cents per gallon lower than where it started.

- No. 2 distillate prices increased slightly in most sales categories during April. The national average residential price fell 1.7 cents to 87.9 cents per gallon, while the average wholesale price increased 1.3 cents to 48.4 cents per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets barely changed, rising 0.2 cent, while the average wholesale price rose 2.0 cents. The margins between low- and high-sulfur diesel fuel prices were 1.2 cents at retail and 2.9 cents at wholesale.
- Refiner sales of No. 2 distillate were varied during April. Total sales decreased 5.3 million gallons per day (3.6 percent), to 140.1 million gallons per day. Sales of No. 2 fuel oil fell 4.9

million gallons per day (14.2 percent) while sales of No. 2 diesel fuel dropped 400,000 gallons per day (0.4 percent). Low-sulfur diesel fuel sales made up 81.0 percent of all refiner diesel fuel sales, and 63.8 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- Almost all monthly average residual fuel oil prices experienced increases during April. Refiner prices for low-sulfur residual fuel rose 0.3 cent to 35.9 cents per gallon at retail and 3.5 cents to 32.9 cents per gallon at wholesale. Refiner high-sulfur residual fuel prices increased 4.1 cents to 30.1 cents per gallon at retail and 5.1 cents to 29.1 cents per gallon at wholesale. Including data reported by the sample of residual fuel oil marketers, the average low-sulfur price fell 0.8 cent to 35.9 cents per gallon at retail but rose 2.7 cents to 33.5 cents per gallon at wholesale. The average price for high-sulfur residual fuel oil increased 3.9 cents to 30.8 cents per gallon at retail, and 4.7 cents to 29.1 cents per gallon at wholesale.
- April sales of residual fuel oil by refiners rose in all categories. Total sales climbed 3.6 million

gallons per day (12.8 percent), to 31.8 million gallons per day. Low-sulfur residual fuel sales rose 300,000 gallons per day (3.1 percent), while high-sulfur residual fuel sales increased 3.3 million gallons per day (17.8 percent).

Other Products

- Other products prices were mixed. Refiner propane prices decreased 2.3 cents per gallon at retail, and 0.9 cent per gallon at wholesale. Including the sample of propane marketers, the average residential propane price rose 0.9 cent per gallon. The average end-user and wholesale prices for propane decreased 2.1 cents per gallon and 1.2 cents per gallon, respectively. Retail and wholesale prices rose for kerosene-type jet fuel, aviation gasoline, and No. 1 distillate. Kerosene prices were down at both levels while No. 4 distillate prices were mixed.
- Refiner sales volumes for these products were mixed during April. Sales of kerosene-type jet fuel and aviation gasoline increased at retail and wholesale. Propane, kerosene, No. 1 distillate, and No. 4 distillate sales declined at both levels.