

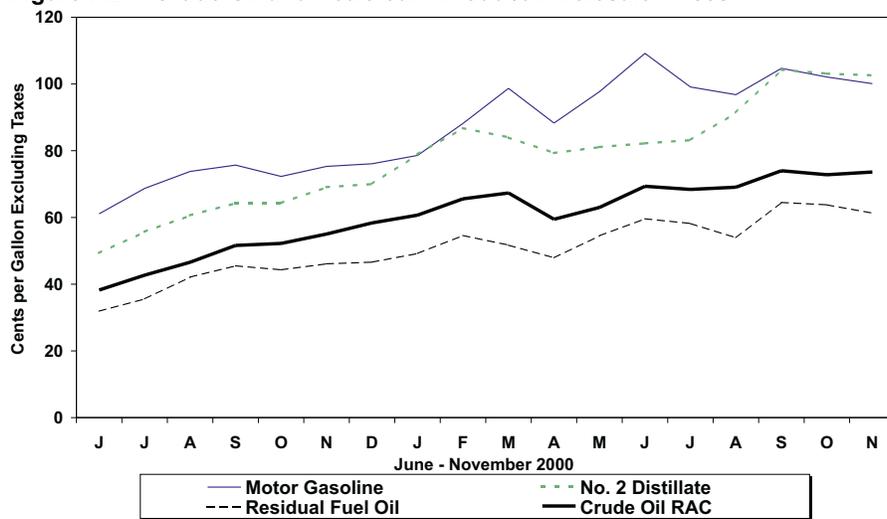
# Highlights

International crude oil prices remained at high levels during November, although a downward shift was evident at the end of the month. Prices were supported by fundamental factors including solid demand for crude oil and ongoing low finished product stock levels in Atlantic basin markets. Substantial refining margins, kindled by high prices for finished products, led some refinery operators to delay scheduled maintenance on facilities. The continued high throughput rate extended demand for crude oil past the time of year when it typically ebbs. A number of political matters also affected prices. Continuing turmoil between Israelis and Palestinians along with issues associated with the U.N./Iraq "oil-for-food" program affected prices at various times during the month. Additionally, a force majeure declared on some Nigerian crude oil export loadings due to civil unrest lifted prices early in the month. Crude oil prices also rose leading up to, and following an Organization of Petroleum Exporting Countries (OPEC) ministerial meeting in Vienna, Austria, on November 12. The group announced its decision not to increase wellhead production for a fifth time this year, despite some pressure from consumer nations. Previous increases during 2000 have added 3.7 million barrels per day to the group's production quota. The decision also effectively suspended the group's price band mechanism. At the end of month, however, statements made by Saudi officials when Iraq threatened to stop exports if its demands for a surcharge were rejected, indicated that Saudi Arabia and other producers would cover unexpected shortages in supplies. At the same time, U.S. officials said more oil could be released from the Strategic Petroleum Reserve (SPR), if needed, to quell prices. These statements, along with forecasts for warmer temperatures in North America and Eu-

rope and expectations that U.S. crude oil stocks would rise, pressured prices downward during the final days of the month.

Crude oil and finished product prices in the United States were unsettled during November. Continuing concern about supply levels of heating fuels, exacerbated by bouts of cold temperatures across the country and record-setting high natural gas prices, pushed heating oil prices higher. Gasoline prices across the country decreased as demand for the product eased and inventories registered modest growth. On the West Coast, spot market prices for reformulated gasoline plummeted as refinery operations returned to a comparatively smooth status in addition to other fundamental factors moving into greater equilibrium. At mid-month, distillate prices across the country diverged from other major product prices as forecasted cold weather materialized. Besides ongoing market concern about adequate inventories of heating oil for the coming winter season, record high prices for natu-

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 2000		October 2000		November 1999		November 2000		October 2000		November 1999	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
<b>Motor Gasoline</b> .....	113.4	62.4	114.8	62.2	88.1	59.1	100.1	297.6	102.1	297.1	75.2	309.7
<b>Conventional</b> .....	108.6	35.8	110.0	36.5	85.9	34.3	95.8	191.8	97.5	194.8	72.7	198.9
Regular .....	105.7	27.2	106.9	27.7	82.3	24.5	94.3	155.6	96.1	158.3	70.7	155.5
Midgrade .....	115.0	4.9	116.4	5.0	92.1	5.3	99.6	12.5	101.0	12.5	77.1	14.6
Premium .....	121.4	3.8	123.4	3.9	98.7	4.4	103.3	23.6	104.9	24.0	81.1	28.7
<b>Oxygenated</b> .....	120.9	3.6	122.4	2.8	93.3	3.6	108.1	12.5	112.5	10.7	81.0	11.8
Regular .....	117.3	2.7	119.7	2.2	89.6	2.7	106.9	9.8	111.4	8.4	79.4	8.9
Midgrade .....	128.0	0.5	129.3	0.3	99.9	0.6	107.6	1.5	111.2	1.3	81.4	1.5
Premium .....	139.1	0.3	138.4	0.2	110.0	0.4	119.1	1.2	124.3	1.0	91.4	1.4
<b>Reformulated</b> .....	119.8	23.0	121.5	23.0	90.7	21.2	108.0	93.4	110.7	91.6	79.7	99.0
Regular .....	115.9	16.5	118.2	16.5	86.3	14.4	105.4	69.0	108.2	67.5	76.4	69.2
Midgrade .....	125.9	3.4	127.1	3.4	96.2	3.5	112.9	8.2	115.2	8.2	84.6	10.1
Premium .....	133.3	3.1	133.3	3.1	104.8	3.2	116.9	16.1	119.2	15.9	88.7	19.7
<b>Aviation Gasoline</b> .....	134.9	0.2	134.9	0.2	116.4	0.1	137.7	0.5	138.1	0.6	108.1	0.6
<b>Kerosene-Type Jet Fuel</b> .....	106.6	50.1	104.5	49.5	68.2	47.6	105.1	12.3	104.5	12.7	66.5	15.9
<b>Propane (Consumer Grade)</b> .....	63.8	2.7	59.7	2.8	52.1	3.7	63.2	42.0	64.3	37.5	42.6	35.3
<b>Kerosene</b> .....	123.3	0.3	116.0	0.2	84.8	0.2	113.1	2.4	108.2	1.9	72.8	2.5
<b>No. 1 Distillate</b> .....	111.5	0.4	110.7	0.3	81.7	0.3	114.0	3.3	116.2	1.2	80.0	2.5
<b>No. 2 Distillate</b> .....	106.9	25.3	107.3	26.4	71.9	25.2	102.6	124.1	103.1	128.1	69.1	121.5
No. 2 Fuel Oil .....	106.4	2.8	105.0	2.8	71.6	3.0	100.4	25.6	98.8	22.0	66.2	25.3
No. 2 Diesel Fuel .....	107.0	22.6	107.6	23.6	71.9	22.1	103.2	98.5	104.0	106.1	69.9	96.2
Low Sulfur .....	109.3	15.2	109.9	15.8	74.5	14.5	103.8	84.4	104.6	91.6	70.5	83.3
High Sulfur .....	102.2	7.3	103.0	7.8	66.9	7.6	99.6	14.1	100.1	14.5	65.5	12.8
<b>No. 4 Fuel<sup>a</sup></b> .....	87.5	0.4	81.4	0.2	57.8	0.3	90.1	0.2	91.2	0.1	63.7	0.1
<b>Residual Fuel Oil</b> .....	64.7	14.0	68.6	13.8	50.4	11.8	61.3	9.9	63.8	10.8	46.8	10.9
Sulfur Content not > 1 % .....	77.1	4.3	76.8	3.8	54.4	2.8	71.3	4.6	73.7	4.3	48.5	6.6
Sulfur Content > 1 % .....	59.2	9.7	65.4	10.0	49.1	9.0	52.5	5.2	57.3	6.5	44.2	4.3

<sup>a</sup> 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."

ral gas enhanced the upsurge in distillate prices. A comparison of year-on-year No. 2 heating oil spot market prices at New York Harbor adds some perspective on the market's price trends. The spot price for No. 2 heating oil ranged between 59.0 cents per gallon and 69.5 cents per gallon in November 1999 with a monthly average of 64.6 cents per gallon. In November 2000, the price ranged between 92.7 cents per gallon and \$1.107 per gallon with the monthly average price of \$1.028 per gallon reflecting a 57 percent increase. Although these prices were the highest seen since last February's extraordinary spike, they were not enough to help trigger a release from the Northeast Heating Oil Reserve. (For a more detailed explanation of the pricing mechanism that enables a possible release from the reserve see *Determination of "Market Dislocation" for Release from Northeast Heating Oil Reserve* at the following world wide web address:

[Http://www.fe.doe.gov/spr/heatingoil/heatingoil-salebasis.html](http://www.fe.doe.gov/spr/heatingoil/heatingoil-salebasis.html).)

Additional November 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 West Texas Intermediate (WTI) crude oil rose gradually through most of November before dropping at the end of the month. After opening at \$32.70 per barrel, the price slipped to its low of \$32.59 per barrel on November 2. After that, it began to rise at a steady pace for the next several weeks, pressured by a variety of political

events, ongoing low inventories, and cold weather. The price reached its high of \$36.24 per barrel on November 27 as violence in the Middle East continued to trouble international markets and cold weather in the Northeast added support to the U.S. market. Falling after that, the price closed the month at \$33.61 per barrel, 91 cents higher than where it began November.

- November monthly average crude oil prices show only modest changes from October levels. The average domestic crude oil first purchase price rose 63 cents (2.1 percent), to \$30.26 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil fell 93 cents (3.3 percent), to \$26.91 per barrel. The average landed cost of foreign crude oil decreased 71 cents (2.4 percent), to \$29.02 per barrel.

The average refiner acquisition cost for domestic crude oil rose 26 cents (0.8 percent), to \$32.29 per barrel. The average cost of imported crude oil to U.S. refiners increased 33 cents (1.1 percent), to \$30.02 per barrel. The composite refiner acquisition cost for crude oil rose 34 cents (1.1 percent), to \$30.92 per barrel.

## Petroleum Products

### *Motor Gasoline*

After an initial period of increases, the daily spot price for regular gasoline at New York Harbor began to retreat from its recent high levels. Opening at 94.5 cents per gallon, the price rose during the coming week following reports of a decline in gasoline inventories. With the arrival of imports and refinery restarts, the price retreated from its rising path during the next week. Following that period the price rose to its high of 98.6 cents per gallon, pulled by other product prices in the complex and reports of refinery problems at various facilities. After the long Thanksgiving Day weekend, the price dropped appreciably and closed the month at its lowest point, 86.9 cents per gallon.

- National average gasoline prices declined again in all categories during November. The average price for retail sales of motor gasoline by refiners fell 1.4 cents to \$1.134 per gallon, while the average wholesale price dropped 2.0 cents to \$1.001 per gallon. Including data reported by a sample of motor gasoline marketers, the national average retail price at company-operated retail outlets dropped 1.6 cents to

\$1.125 per gallon. The average wholesale price declined 2.1 cents to \$1.005 per gallon. The average dealer tank wagon (DTW) price fell 2.2 cents to \$1.087 per gallon, while the average rack price declined 1.8 cents to 97.7 cents per gallon. The average price for bulk sales decreased 1.9 cents to 92.8 cents per gallon. Reformulated gasoline prices exceeded conventional gasoline prices by 9.4 cents at retail and 10.6 cents at wholesale. Oxygenated gasoline prices were 10.6 cents higher than conventional gasoline prices at retail and 11.0 cents at wholesale.

- Refiner gasoline sales show only small differences from October rates. Total sales increased 700,000 gallons per day (0.2 percent), to an average of 360.0 million gallons per day. Retail sales edged up 200,000 gallons per day (0.3 percent), while wholesales rose 500,000 gallons per day (0.2 percent). Rack sales accounted for 65.4 percent of wholesales, while DTW and bulk sales made up 23.5 percent and 11.2 percent, respectively. Reformulated gasoline (RFG) accounted for 32.3 percent of total motor gasoline sales, while oxygenated gasoline constituted 4.5 percent.

### *No. 2 Distillate*

The No. 2 heating oil daily spot price at New York Harbor increased sharply during November as cold temperatures swept across the country. Ongoing low inventories and record high natural gas prices also bolstered the climb. Opening at 94.2 cents per gallon, the price surged during the coming weeks as all these factors came into play. Continuing allocations on the Colonial Pipeline (a major line from the Gulf Coast to the Northeast) underpinned the price as well. The price reached its high of \$1.107 on November 22. The price retreated moderately after that as warmer temperatures replaced the recent cold snap. Closing at \$1.049, the price was more than 10 cents higher than where it began November.

- November monthly average No. 2 distillate prices show only minor changes from last month's levels. The national average residential price increased 3.0 cents to \$1.396 per gallon. The average wholesale price dropped 0.2 cent to \$1.030 cents per gallon. The average price for No. 2 diesel fuel fell 1.0 cent at company-operated retail outlets, while the average wholesale price decreased 0.7 cent. The difference between low- and high-sulfur diesel fuel prices was 2.4 cents at retail and 4.0 cents at wholesale.

- Except for fuel oil, refiner sales of No. 2 distillates declined during November. Total sales of No. 2 distillate fell 5.0 million gallons (3.2 percent), to 149.5 million gallons per day. Sales of No. 2 fuel oil rose 3.6 million gallons per day (14.5 percent), while sales of No. 2 diesel fuel declined 8.6 million gallons per day (6.6 percent). Low-sulfur diesel fuel made up 82.2 percent of all refiner diesel fuel sales, and 66.6 percent of all refiner No. 2 distillate sales.
- Residual fuel oil sales by refiners were mixed in November. Total sales declined 700,000 gallons per day (2.8 percent), to 23.9 million gallons per day. Low-sulfur residual fuel sales climbed 800,000 gallons per day (9.9 percent), while high-sulfur residual fuel oil sales fell 1.6 million gallons per day (9.7 percent).

### ***Residual Fuel Oil***

- Monthly average residual fuel oil prices declined for the most part in November. Refiner prices for low-sulfur residual fuel inched up 0.3 cent to 77.1 cents per gallon at retail, but fell 2.4 cents to 71.3 cents per gallon at wholesale. The average price for high-sulfur residual fuel at retail dropped 6.2 cents to 59.2 cents per gallon, while the wholesale price fell 4.8 cents to 52.5 cents per gallon. Including data reported by the sample of residual fuel oil marketers, the average low-sulfur price increased 1.6 cents to 77.2 cents per gallon at retail, but declined 1.2 cents to 71.5 cents per gallon at wholesale. Prices for high-sulfur residual fuel oil fell 4.2 cents to 61.7 cents per gallon at retail, and 2.7 cents to 56.5 cents per gallon at wholesale.
- November monthly average prices for the remaining surveyed products followed a mixed path. Refiner propane prices increased 4.1 cents per gallon at retail but declined 1.1 cents at wholesale. Including data from a sample of propane marketers, the average residential propane price rose 0.9 cent per gallon. The average retail price for propane climbed 3.9 cents, while the wholesale price dropped 0.9 cent per gallon. Prices for kerosene and kerosene-type jet fuel rose at both levels. Prices for aviation gasoline, No. 1 distillate, and No. 4 distillate increased at retail but fell at wholesale.
- Refiner sales of these products generally increased during November. Sales of propane fell at retail but rose at wholesale. Sales of kerosene-type jet fuel did just the opposite, rising at retail and declining at wholesale. Aviation gasoline sales fell at both retail and wholesale, while sales of kerosene, No. 1 distillate, and No. 4 distillate increased at both levels.

### ***Other Products***