

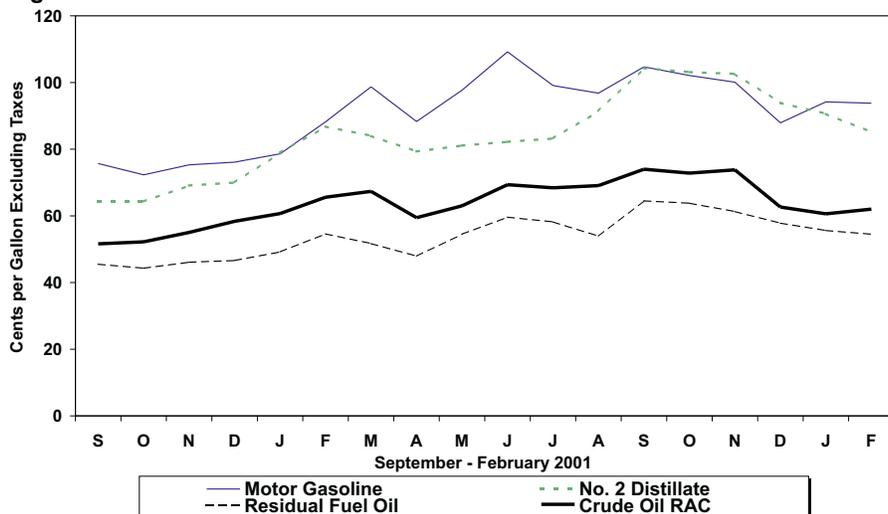
Highlights

Amid fewer volatile market conditions than those seen during recent months, world crude oil prices declined in February. Lower demand for crude oil played a key role behind falling prices. Routine refinery maintenance in North America and runs cuts in European refining centers contributed to the reduction in demand for product. In addition, growing talk of a general international economic slowdown (which would affect oil demand) had an impact on February crude oil prices. Comments made by U.S. Federal Reserve Chairman Alan Greenspan during Senate testimony on February 13 regarding a major economic slowdown in the United States in 2001 helped drive down prices across world markets. Substantiating the perception of flagging economic development, revised forecasts depicted global demand for crude oil in 2001 to be lower than previously expected. Despite these trends, values for many key streams marked their highest monthly averages since November 2000.

eased in most markets as stocks grew, in part because of slow demand. February is typically a transition month when interest in high RVP gasoline produced for use during wintertime wanes and market attention turns to lower RVP product used during summertime. At New York Harbor, the price for regular gasoline ranged between 75.6 cents per gallon and 89.1 cents per gallon with a monthly average of 82.6 cents per gallon. In February 2000, the price ranged between 75.0 cents per gallon and 94.0 cents per gallon with a monthly average of 81.6 cents per gallon. In California markets prices for cleaner burning gasoline (CBG) soared throughout the month. The combination of delays bringing facilities back online from scheduled maintenance and unexpected outages at others caused the high prices. By the close of February, prices still had not yielded from their high levels.

Prices for crude oil and finished products in the United States declined in most regions of the country during February. Rising stock levels and warmer temperatures across the country, especially in the critical Northeast market, caused No. 2 heating oil prices to decline steadily throughout the month. The February 2000 spot price for No. 2 heating oil at New York Harbor averaged 93.8 cents per gallon for the month while the February 2001 price averaged out to be 78.6 cents per gallon. Crude oil prices were less volatile amid reports of increasing stocks throughout the month. Notably, the sizeable stock reduction reported at mid-month was attributed to heavy fog on the Gulf Coast which delayed offloading product from ships. Gasoline prices

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					
	February 2001		January 2001		February 2000		February 2001		January 2001		February 2000	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	106.2	61.8	106.6	58.2	98.7	59.8	93.8	281.3	94.2	268.2	88.2	295.9
Conventional	102.3	35.1	103.2	32.7	97.7	34.5	90.1	183.5	91.4	174.4	86.8	192.3
Regular	99.1	26.5	100.2	24.7	94.5	25.3	88.4	149.2	89.8	141.9	85.2	152.3
Midgrade	108.7	4.9	109.4	4.5	103.7	5.2	94.5	12.1	95.9	11.4	90.9	13.7
Premium	116.6	3.8	116.7	3.5	109.9	4.0	98.9	22.3	100.0	21.1	94.0	26.3
Oxygenated	113.2	3.9	113.2	3.8	102.4	3.5	100.7	11.3	100.9	11.2	94.0	11.6
Regular	110.2	3.0	110.2	2.9	99.3	2.7	99.3	8.9	99.4	8.8	92.3	8.8
Midgrade	119.0	0.6	118.2	0.6	108.7	0.5	102.5	1.3	104.0	1.3	95.8	1.4
Premium	130.3	0.3	129.9	0.3	118.4	0.3	110.6	1.0	109.5	1.1	102.6	1.4
Reformulated	111.0	22.8	110.7	21.6	99.6	21.8	100.7	86.5	99.1	82.6	90.4	92.0
Regular	106.5	16.1	106.2	15.3	95.5	15.2	98.0	63.7	96.2	60.6	87.7	64.5
Midgrade	117.0	3.4	116.5	3.3	105.5	3.5	104.8	7.9	103.3	7.6	94.2	9.5
Premium	127.0	3.3	126.7	3.0	113.3	3.1	110.2	14.9	109.1	14.3	98.2	18.0
Aviation Gasoline	129.2	0.1	128.5	0.1	123.8	0.1	131.9	0.4	131.0	0.4	118.9	0.5
Kerosene-Type Jet Fuel	86.9	48.7	88.3	48.2	82.7	46.3	87.2	12.9	88.2	13.9	83.6	16.9
Propane (Consumer Grade)	67.0	2.8	82.3	2.3	72.9	3.9	66.9	39.8	86.4	50.8	60.3	38.3
Kerosene	122.1	0.3	126.0	0.4	126.2	0.3	94.3	2.8	107.3	4.1	103.0	3.3
No. 1 Distillate	97.4	0.5	103.3	0.6	93.1	0.5	97.8	2.9	109.9	3.5	94.2	2.4
No. 2 Distillate	92.2	27.4	96.7	29.2	89.5	25.5	85.1	126.6	90.6	132.4	86.8	121.6
No. 2 Fuel Oil	94.4	3.6	99.6	4.3	94.9	3.1	82.5	33.9	90.3	36.7	91.8	29.6
No. 2 Diesel Fuel	91.9	23.7	96.2	24.9	88.8	22.4	86.0	92.7	90.7	95.7	85.2	92.0
Low Sulfur	93.5	16.1	97.6	17.6	92.1	15.1	86.4	80.9	91.2	81.1	85.7	79.6
High Sulfur	88.5	7.7	92.6	7.3	82.0	7.2	82.9	11.7	87.9	14.7	82.2	12.4
No. 4 Fuel^a	81.2	0.6	86.2	0.7	84.7	0.5	78.0	0.2	81.5	0.3	80.8	0.3
Residual Fuel Oil	59.4	17.2	61.9	21.1	57.5	14.5	54.5	11.8	55.6	10.3	54.6	11.0
Sulfur Content not > 1 %	69.4	5.2	73.1	7.2	67.3	4.2	61.9	4.9	64.5	4.6	61.1	5.3
Sulfur Content > 1 %	55.1	12.0	56.2	14.0	53.6	10.3	49.1	6.9	48.5	5.7	48.6	5.7

^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."

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

Crude Oil

Reflecting a less volatile market atmosphere, the daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma declined during February. Pressed by other products' prices after opening at \$28.62 per barrel, the WTI price rose to the month's high of \$31.57 per barrel on February 8. Waning throughout the rest of the month, the price closed February at its lowest point of \$27.35 per barrel.

- February monthly average crude oil prices show modest increases from January levels for the most part. The average domestic crude oil first purchase price rose 59 cents (2.4 percent), to \$25.17 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil inched up 12 cents (0.5 percent), to \$22.82 per barrel. The average landed cost of foreign crude oil barely changed, falling 3 cents (0.1 percent), to \$24.32 per barrel.
- The average refiner acquisition cost for domestic crude oil climbed 80 cents (3.0 percent), to \$27.64 per barrel. The average cost of imported crude oil to U.S. refiners rose 46 cents (1.9 percent), to \$24.95 per barrel. The composite refiner acquisition cost for crude oil increased 59 cents (2.3 percent), to \$26.05 per barrel.

Petroleum Products

Motor Gasoline

After undergoing an increase at the start of the month, the daily spot price for regular gasoline at New York Harbor declined gradually during the rest of February. Opening at 80.2 cents per gallon, the price rose to its high of 89.1 cents per gallon on February 8 following reports of an unanticipated decline in stocks. The price slipped steadily after that as more refining facilities returned from winter maintenance. Closing at its lowest point, 75.6 cents per gallon, the price was 4.6 cents lower than where it began February.

- February national average gasoline prices generally show small changes from last month's levels. The average price for retail sales of motor gasoline by refiners declined 0.4 cent to \$1.062 per gallon. The average wholesale price also fell 0.4 cent, declining to 93.8 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average retail price at company-operated retail outlets changed by 0.1 cent to \$1.060 per gallon. The average wholesale price dropped 0.2 cent to 94.3 cents per gallon. The average dealer tank wagon (DTW) price increased 0.3 cent to \$1.009 per gallon, while the average rack price fell 1.0 cent to 91.8 cents per gallon. The average price for bulk sales increased 2.7 cents to 87.3 cents per gallon. Reformulated gasoline prices outstripped conventional gasoline prices by 6.2 cents at retail and 9.1 cents at wholesale. Oxygenated gasoline prices were 10.6 cents higher than conventional gasoline prices at retail and 10.5 cents at wholesale.
- Total refiner sales of gasoline rose 16.7 million gallons per day (5.1 percent), to an average of 343.1 million gallons per day. Retail sales increased 3.6 million gallons per day (6.2 percent), while wholesales rose 13.1 million gallons per day (4.9 percent). Rack sales accounted for 66.6 percent of wholesales, while DTW and bulk sales made up 24.2 percent and 9.2 percent, respectively. Reformulated gasoline (RFG) represented 31.9 percent of total motor gasoline sales, while oxygenated gasoline made up 4.4 percent.

No. 2 Distillate

With stocks rising and forecasts of warmer weather materializing, the daily spot price for No. 2 heating oil

at New York Harbor declined in February. Opening at 78.5 cents per gallon the price followed the general trend in the complex, experiencing a short-lived increase prior to reaching the month's high of 84.9 cents per gallon. Falling progressively during the coming weeks as stockpiles rose, the price closed February at 73.2 cents per gallon, its lowest level since last spring.

- No. 2 distillate prices fell in all categories during February. The national average residential price for No. 2 distillate declined 4.3 cents to \$1.344 per gallon. The average wholesale price fell 5.3 cents to 85.5 cents per gallon. The average price for No. 2 diesel fuel dropped 3.9 cents at company-operated retail outlets, while the average wholesale price decreased 4.5 cents. The difference between low- and high-sulfur diesel fuel prices was 2.2 cents at retail and 3.1 cents at wholesale.
- Total sales of No. 2 distillate declined 7.7 million gallons (4.8 percent), to 153.9 million gallons per day. Sales of No. 2 fuel oil fell 3.5 million gallons per day (8.5 percent), while sales of No. 2 diesel fuel dropped 4.2 million gallons per day (3.5 percent). Low-sulfur diesel fuel reflected 83.3 percent of all refiner diesel fuel sales, and 63.0 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- Residual fuel oil prices mostly declined during February. Refiner prices for low-sulfur residual fuel fell 3.7 cents to 69.4 cents per gallon at retail, and 2.6 cents to 61.9 cents per gallon at wholesale. The average price for high-sulfur residual fuel at retail dropped 1.1 cents to 55.1 cents per gallon, while the wholesale price rose 0.6 cent to 49.1 cents per gallon. Including data reported by a sample of residual fuel oil marketers, the average low-sulfur residual fuel oil price declined 3.6 cents to 69.4 cents per gallon at retail, and 3.9 cents to 62.2 cents per gallon at wholesale. Prices for high-sulfur residual fuel oil fell 0.8 cent to 55.5 cents per gallon at retail, and 0.5 cent to 50.1 cents per gallon at wholesale.
- Total sales of residual fuel oil sales by refiners in January decreased 2.4 million gallons per day (7.6 percent), to 29.0 million gallons per day. Low-sulfur residual fuel sales fell 1.7 million gallons per day (14.4 percent), while high-sulfur residual fuel oil sales declined 800,000 gallons per day (4.1 percent).

Other Products

- Prices for the remaining surveyed products generally fell in February. Refiner propane prices plummeted 15.3 cents per gallon at retail and 19.5 cents at wholesale. Including data from a sample of propane marketers, the average residential propane price fell 12.8 cents per gallon. The average retail and wholesale prices for propane also dropped sharply, falling 16.1 cents and 17.8 cents, respectively. Prices for kerosene, kerosene-type jet fuel, No. 1 distillate, and No. 4 distillate fell at both levels. Aviation gasoline prices rose at both retail and wholesale.
- Refiner sales of propane and kerosene-type jet fuel increased at retail and but fell at wholesale while sales of aviation gasoline did just the opposite. Kerosene, No. 1 distillate, and No. 4 distillate sales decreased at both levels.

