

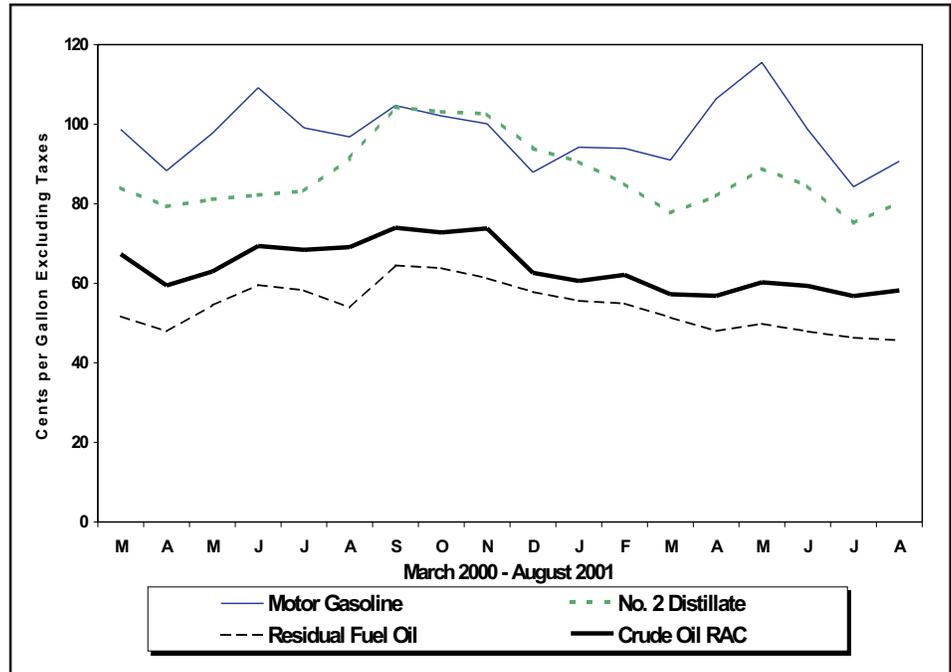
Highlights

On average, world crude oil prices moved moderately higher in August. Following a period of increase that ran through the start of August, prices moved within a fairly limited range during the rest of the month. Declining inventories of crude oil and finished products, especially in the United States, drove the increase and sustained price levels. However, concerns about a slowing world economy and its effect on oil demand also played a role behind price trends, tempering the influence of falling stocks and lower wellhead production. Additionally, the fall refinery maintenance season is expected to be at its height in September in North American and European markets, further muting oil demand and prices. Remarks by some members of the Organization of Petroleum Exporting Countries (OPEC) indicating the group intends to adhere to the new, lower production quotas slated to go into effect on September 1 had a nominal supportive effect on prices. In addition, continuing political conflict in the Mideast lent some support to prices. At mid-month, U.S. and British warplanes bombed targets in Iraq following attacks on coalition aircraft patrolling no-fly zones. More violent conflicts between Israelis and Palestinians added to the air of conflict in the region.

In the United States, August crude oil and finished product prices rose in markets throughout the country amid a spate of refinery outages and declines in product stock levels. Some of the most dramatic activity took place in the Midwest where refinery problems caused gasoline prices to soar. A fire at Citgo's Lamont, Illinois facility caused gasoline prices to surge in Midwestern markets during the second half of the month. Concern that shortages of reformulated gasoline, required for use in the Chicago and Milwaukee metropolitan areas,

would exacerbate existing high prices led the U.S. Environmental Protection Agency (EPA) to grant Citgo a temporary exemption relaxing some of the anti-pollution requirements for gasoline on August 28. The EIA survey of retail gasoline prices shows the self-service pump price for reformulated gasoline in Chicago was \$1.785 per gallon on August 27. Gasoline prices in West Coast markets also experienced sharp increases beginning in mid-August due to problems at a number of refineries in the region. The Los Angeles spot market price for reformulated regular gasoline reached a high of \$1.280 per gallon on August 30. Retail pump prices for regular gasoline as of August 27 reached \$1.478 per gallon and \$1.675 per gallon in Los Angeles and San Francisco, respectively. Monthly average stocks data at the U.S. level show supplies of the major products declining from July levels. Gasoline inventories fell more than 7 percent, while crude oil and

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					
	August 2001		July 2001		August 2000		August 2001		July 2001		August 2000	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	102.5	65.0	103.0	62.9	110.3	63.6	90.7	321.9	84.3	316.9	96.9	321.5
Conventional	98.8	38.5	95.1	37.6	105.5	38.1	87.9	217.0	78.1	212.1	91.9	213.2
Regular	95.8	29.5	91.7	28.7	102.0	28.8	86.5	178.7	76.4	174.2	90.2	173.2
Midgrade	104.8	5.0	102.6	4.9	112.9	5.2	91.6	12.5	82.6	12.3	95.8	13.8
Premium	112.6	4.0	110.5	4.0	120.7	4.1	96.5	25.8	87.5	25.5	101.0	26.3
Oxygenated	118.5	1.7	104.2	1.7	114.9	1.9	105.5	7.2	91.7	7.1	104.2	7.6
Regular	116.3	1.4	101.4	1.4	112.6	1.6	104.3	5.7	90.8	5.5	103.4	5.9
Midgrade	123.7	0.2	112.2	0.2	121.9	0.2	108.3	1.0	90.8	1.1	102.5	1.1
Premium	134.6	0.1	122.3	0.1	131.4	0.1	113.9	0.5	104.5	0.5	115.8	0.5
Reformulated	107.2	24.7	115.5	23.6	117.7	23.6	95.9	97.7	97.1	97.8	106.9	100.7
Regular	103.0	17.8	111.1	17.0	113.8	16.8	92.7	73.8	93.3	74.9	104.1	74.5
Midgrade	113.5	3.5	122.6	3.3	123.9	3.5	102.4	7.7	107.5	7.4	110.8	8.8
Premium	122.9	3.4	131.4	3.2	131.5	3.2	107.5	16.3	110.4	15.4	116.6	17.4
Aviation Gasoline	136.3	0.1	134.6	0.1	NA	NA	125.9	0.8	120.9	0.8	133.8	0.8
Kerosene-Type Jet Fuel	77.9	54.5	76.9	53.7	88.8	51.4	77.7	13.4	75.9	13.5	87.9	15.9
Propane (Consumer Grade)	46.5	3.8	45.1	3.6	55.7	3.8	45.5	30.9	43.6	30.2	60.3	33.3
Kerosene	84.2	0.3	83.4	0.1	96.5	0.1	81.5	1.4	75.4	1.8	89.8	2.1
No. 1 Distillate	92.0	0.2	86.6	0.2	94.7	0.2	94.0	0.4	86.0	0.2	100.8	0.5
No. 2 Distillate	84.4	26.3	81.1	25.1	93.3	26.2	80.4	124.8	75.1	120.7	91.5	129.1
No. 2 Fuel Oil	82.1	2.6	78.1	2.3	90.8	2.7	77.0	17.2	72.8	18.4	88.3	21.5
No. 2 Diesel Fuel	84.6	23.6	81.4	22.8	93.6	23.5	80.9	107.6	75.5	102.2	92.1	107.6
Low Sulfur	85.8	17.0	82.8	16.1	95.5	16.2	81.6	92.8	75.9	88.7	92.8	92.5
High Sulfur	81.5	6.6	78.0	6.7	89.5	7.3	76.9	14.8	73.0	13.5	87.7	15.1
No. 4 Fuel^a	62.4	0.3	61.4	0.3	69.5	0.2	58.2	0.1	57.2	0.1	68.9	0.1
Residual Fuel Oil	51.1	13.6	51.5	13.7	57.1	13.2	45.7	9.5	46.3	12.0	53.9	10.2
Sulfur Content not > 1 %	60.0	3.6	63.2	3.7	67.0	3.4	50.4	4.6	50.0	6.4	61.5	5.0
Sulfur Content > 1 %	48.0	10.1	47.2	10.0	53.6	9.8	41.3	4.9	42.2	5.6	46.7	5.2

NA = Not available.

^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."

distillate stocks declined less than 1 percent and 2.5 percent, respectively.

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

Crude Oil

The daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma remained on a fairly steady path during August as increasing concern about a global economic slowdown tempered crude oil prices. Opening at \$26.70 per barrel, the price experi-

enced only small fluctuations during the first three weeks of the month. The price reached its low of \$25.63 per barrel on August 23 only to rise to the month's high of \$28.34 per day the following day. The price closed the month \$26.65 per barrel, essentially the same as where it began August.

- August monthly average crude oil prices rose mildly from July levels. The average domestic crude oil first purchase price increased 16 cents (0.7 percent), to \$23.10 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil rose 47 cents (2.2 percent), to \$21.84 per barrel. The average landed cost of foreign crude oil increased 67 cents (2.9 percent), to \$23.51 per barrel.

- The average refiner acquisition cost for domestic crude oil increased 17 cents (0.7 percent), to \$25.44 per barrel. The average cost of imported crude oil to U.S. refiners climbed 94 cents (4.1 percent), to \$23.77 per barrel. The composite refiner acquisition cost for crude oil rose 58 cents (2.4 percent), to \$24.44 per barrel.

Petroleum Products

Motor Gasoline

The daily spot price for regular gasoline at New York Harbor was the most active element with the complex during August. The price began the month at its low point of 70.1 cents per gallon. It climbed steadily during the coming weeks as numerous refinery problems arose and stocks reports repeatedly showed declines in inventories. The month's high was marked on August 28 when the price reached 85.0 cents per gallon. Closing August at 78.7 cents per gallon, the price was 8.6 cents higher than where it began the month.

- Most U.S. average gasoline prices increased moderately from July values. The average price for retail sales of motor gasoline by refiners slipped 0.5 cent to \$1.025 per gallon. The average wholesale price increased 6.4 cents to 90.7 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average retail price at company-operated retail outlets rose 2.0 cents to \$1.030 per gallon. The average wholesale price climbed 6.9 cents to 90.9 cents per gallon. The average dealer tank wagon (DTW) price barely changed, falling 0.1 cent to 98.4 cents per gallon, while the average rack price jumped 11.3 cents to 90.3 cents per gallon. The average price for bulk sales rose 2.6 cents to 77.5 cents per gallon. Reformulated gasoline (RFG) prices exceeded conventional gasoline prices by 7.1 cents at retail and 6.5 cents at wholesale. Oxygenated gasoline prices were 20.2 cents higher than conventional gasoline prices at retail and 18.4 cents higher at wholesale.
- Total refiner sales of gasoline rose 7.1 million gallons per day in August (1.9 percent), to an average of 386.9 million gallons per day. Retail sales increased 2.1 million gallons per day (3.3 percent), while wholesales rose 5.0 million gallons per day (1.6 percent). Rack sales accounted for 65.4 percent of wholesales, while DTW and bulk sales formed 21.0

percent and 13.6 percent, respectively. Reformulated gasoline represented 31.6 percent of total motor gasoline sales, while oxygenated gasoline made up 2.3 percent.

No. 2 Distillate

At New York Harbor, the No. 2 heating oil daily spot price increased gradually during August. Like gasoline, the heating oil price opened at its lowest point for the month at a cost of 68.7 cents per gallon. It moved up progressively during the following weeks, partly led by prices for other products and reports showing essentially inert stock levels. The price reached the month's high of 77.5 cents per gallon on August 28. Closing at 76.3 cents per gallon, the price was 7.6 cents per gallon higher than where it began August.

- Reversing July's trend, No. 2 distillate prices rose in all sales categories in August. The national average residential price for No. 2 distillate inched up 0.8 cent to \$1.144 per gallon. The average wholesale price rose 5.1 cents to 80.7 cents per gallon. The average price for No. 2 diesel fuel increased 4.1 cents at company-operated retail outlets, while the average wholesale price jumped 15.3 cents. Low- and high-sulfur diesel fuel prices differed by 1.6 cents at retail and 3.5 cents at wholesale.
- Total sales of No. 2 distillate increased 5.3 million gallons (3.6 percent), to 151.0 million gallons per day in August. Sales of No. 2 fuel oil declined 900,000 gallons per day (4.3 percent), while sales of No. 2 diesel fuel climbed 6.2 million gallons per day (5.0 percent). Low-sulfur diesel fuel accounted for 83.7 percent of all refiner diesel fuel sales, and 72.7 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- Only small changes occurred in residual fuel oil prices during August. Refiner prices for low-sulfur residual fuel fell 3.2 cents to 60.0 cents per gallon at retail, but rose 0.4 cent to 50.4 cents per gallon at wholesale. The average price for high-sulfur residual fuel at retail increased 0.8 cent to 48.0 cents per gallon, while the wholesale price declined 0.9 cent to 41.3 cents per gallon. Including data reported by a sample of residual fuel oil marketers, the average low-sulfur residual fuel oil price decreased 0.4 cent to 57.2 cents per gallon at retail. The wholesale price declined 1.0 cent to 49.5 cents per gallon. Prices for high-sulfur residual fuel oil increased 0.4 cent to 48.9

cents per gallon at retail, and 0.1 cent to 42.0 cents per gallon at wholesale.

- Total sales of residual fuel oil by refiners declined 2.6 million gallons per day (10.1 percent), to 23.1 million gallons per day in August. Low-sulfur residual fuel sales decreased 1.9 million gallons per day (18.8 percent), while high-sulfur residual fuel oil sales fell 600,000 gallons per day (3.8 percent).

Other Products

- Prices for other surveyed products were mixed in August. Refiner propane prices rose 1.4 cents per

gallon at retail and 2.0 cents at wholesale. Including data from a sample of propane marketers, the average residential propane price fell 5.8 cents per gallon. The average retail price declined 0.7 cents, while the wholesale price increased 1.8 cents. Prices for kerosene-type jet fuel, aviation gasoline, kerosene, No. 1 distillate, and No. 4 distillate increased at both levels.

- Refiner sales of propane, aviation gasoline, No. 1 distillate and rose at both the retail and wholesale levels in August. Sales of kerosene-type jet fuel, kerosene, and No. 4 distillate increased at retail but fell at wholesale.