

Highlights

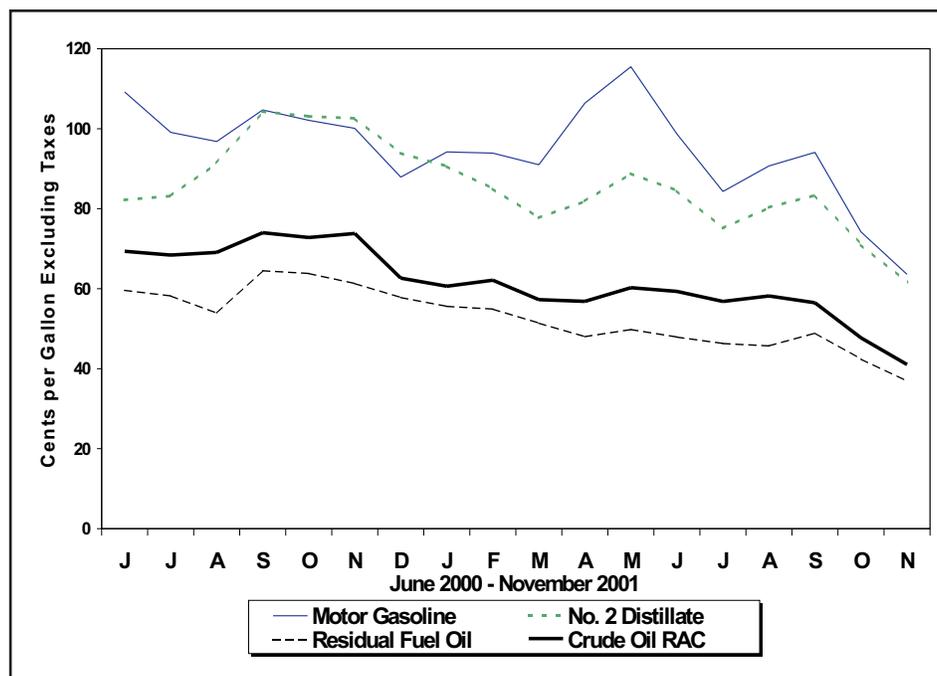
World crude oil prices declined again in November. Across international markets, unfavorable economic conditions, slow demand, and high inventories of crude oil and finished products continued to be the principal factors affecting the direction of prices. Throughout the month, markets focused on discussions between Organization of Petroleum Exporting Countries (OPEC) and other major producer states regarding production and export levels. During a meeting on November 14, OPEC members agreed to cut production 1.5 million barrels per day beginning January 1, 2002 contingent on major non-OPEC producers cutting production 500,000 barrels per day. Mexico and Norway expressed willingness to make significant cuts provided Russia trims output more than the negligible 30,000 to 50,000 barrels per day it offered. By the end of the month, the issue had not been settled. During the final days of the month, prices were lifted slightly when Iraq did not respond to the United Nations' renewal of the "oil-for-food" program for another six-month term. The lack of action was met with technical maneuvering in markets in case Iraq implemented an export ban in protest over the terms of the program as it had this past June.

In the United States, crude oil and finished product prices continued to slide during November. Already robust stocks continued to grow as demand for the major products remained anemic. In addition to negative economic conditions affecting demand for all products, unusually warm temperatures further undermined distillate product prices. The spot price for No.2 heating oil at New York Harbor hit its lowest level in

more than two years by the middle of November when the price dropped to 50.5 cents per gallon. The difference between last year's monthly average price and November 2001 is striking: \$1.028 per gallon a year ago compared with 54.9 cents this year. A review of prices for conventional regular gasoline at New York Harbor shows a similar degree of change: 94.2 cents per gallon last year versus 51.7 cents per gallon this year. By the latter part of November, shrinking margins prompted talk of refinery runs cuts at facilities on the East and Gulf coasts. Prices in the often volatile and high-flying West Coast markets also retreated and quieted in November as reports continued to show healthy supplies of finished products throughout the month.

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

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 2001		October 2001		November 2000		November 2001		October 2001		November 2000	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	76.9	59.7	89.9	60.7	113.5	62.2	63.6	296.5	74.2	307.0	100.2	299.5
Conventional	73.1	33.4	85.0	34.9	108.6	35.6	60.0	191.8	69.3	199.2	95.7	191.9
Regular	69.8	25.3	81.6	26.7	105.7	27.0	58.4	156.1	67.7	163.1	94.3	155.6
Midgrade	79.4	4.2	92.3	4.4	114.9	4.8	63.9	11.2	73.4	11.7	99.6	12.5
Premium	87.5	3.9	100.6	3.8	121.3	3.8	68.3	24.5	77.7	24.5	103.3	23.7
Oxygenated	86.0	4.1	97.8	3.3	120.6	3.5	73.2	11.7	85.3	10.7	107.8	12.4
Regular	83.4	3.2	94.3	2.6	117.1	2.7	72.0	9.1	84.3	8.4	106.6	9.8
Midgrade	90.8	0.5	106.0	0.4	127.7	0.5	72.1	1.4	83.5	1.3	107.4	1.5
Premium	102.0	0.4	116.2	0.3	138.5	0.3	83.1	1.3	95.8	1.0	118.7	1.2
Reformulated	81.1	22.2	96.3	22.5	120.0	23.0	70.0	93.0	82.9	97.1	108.2	95.2
Regular	76.7	15.8	92.1	16.2	116.2	16.5	66.9	68.4	79.9	72.7	105.6	70.4
Midgrade	87.6	3.1	103.1	3.1	126.1	3.4	75.7	8.0	90.7	7.9	113.0	8.4
Premium	95.8	3.3	111.2	3.2	133.3	3.2	79.9	16.6	92.8	16.5	117.0	16.4
Aviation Gasoline	118.9	0.1	125.4	0.1	134.9	0.2	102.8	0.6	112.1	0.6	137.6	0.5
Kerosene-Type Jet Fuel	62.8	44.8	67.8	44.1	106.6	50.1	62.6	13.2	68.5	12.2	105.1	12.5
Propane (Consumer Grade)	43.5	3.5	44.7	4.9	63.8	2.7	41.4	39.0	46.1	38.2	63.3	41.3
Kerosene	100.9	0.1	104.3	0.1	122.9	0.3	64.0	1.9	74.5	2.0	112.8	2.5
No. 1 Distillate	76.6	0.4	87.7	0.3	111.3	0.4	73.4	2.4	85.1	1.4	114.0	3.3
No. 2 Distillate	68.2	24.5	76.6	26.1	106.9	25.3	61.6	124.2	71.0	129.9	102.6	124.2
No. 2 Fuel Oil	65.7	3.5	72.4	3.3	106.4	2.8	60.7	23.4	68.5	20.9	100.4	25.6
No. 2 Diesel Fuel	68.6	21.0	77.2	22.8	107.0	22.5	61.8	100.8	71.4	109.0	103.2	98.6
Low Sulfur	70.4	14.2	78.8	15.4	109.3	15.2	62.1	87.7	71.8	95.1	103.8	84.5
High Sulfur	64.7	6.9	73.8	7.4	102.2	7.3	59.8	13.1	68.9	13.9	99.6	14.1
No. 4 Fuel^a	54.5	0.5	56.6	0.3	87.5	0.4	57.7	0.1	63.4	0.1	90.1	0.2
Residual Fuel Oil	43.2	11.3	49.3	10.9	64.7	13.9	36.9	8.8	42.4	9.0	61.3	10.0
Sulfur Content not > 1 %	52.3	2.5	59.2	2.3	77.1	4.3	40.5	5.1	44.8	4.4	71.3	4.6
Sulfur Content > 1 %	40.6	8.8	46.6	8.6	59.2	9.6	31.9	3.6	40.0	4.6	52.8	5.4

^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."

Crude Oil

The West Texas Intermediate (WTI) crude oil daily spot price at Cushing, Oklahoma continued to decline during November. After opening at \$21.20 per barrel, the price rose as talk of OPEC production cuts circulated before the group's meeting. The high for the month, \$22.23 per barrel was reached on November 9. The price slumped as markets reacted to news of the conditions attached to the proposed OPEC production cuts and the month's low of \$17.50 per barrel, was struck on November 15. After regaining some ground, it closed November at \$19.46 per barrel, \$1.74 below the beginning level for the month.

- Monthly average crude oil prices fell in all categories in November. The average domestic crude oil first purchase price declined \$2.13 (11.4 percent), to \$16.60 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil decreased \$2.40 (13.9 percent), to \$14.85 per barrel. The average landed cost of foreign crude oil fell \$2.42 (13.1 percent), to \$16.10 per barrel.

The average refiner acquisition cost for domestic crude oil declined \$2.80 (12.8 percent), to \$18.99 per barrel. The average cost of imported crude oil to U.S. refiners fell \$2.70 (14.4 percent), to \$16.06 per barrel. The composite refiner acquisition cost for crude oil dropped \$2.80 (14.0 percent), to \$17.24 per barrel.

Petroleum Products

Motor Gasoline

At New York Harbor, the daily spot price for regular gasoline continued to slide during November. Opening at 54.0 cents per gallon, the price moved higher during the early days of the month, supported by crude oil prices and weekly demand data. Following the month's high of 58.5 cents per gallon on November 9, the price fell to its low of 46.8 cents per gallon on November 15. With data showing plentiful stocks, the price showed only minor changes during the rest of the month. Closing at 51.2 cents per gallon, the price was 2.8 cents lower than where it began November.

- National average gasoline prices continued their decline during November. The average price for retail sales of motor gasoline by refiners fell 13.0 cents to 76.9 cents per gallon. The average wholesale price slipped 10.6 cents to 63.6 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average price at company-operated retail outlets declined 13.2 cents to 76.6 cents per gallon. The average wholesale price fell 10.4 cents to 64.1 cents per gallon. The average dealer tank wagon (DTW) price dropped 12.9 cents to 72.2 cents per gallon, while the average rack price decreased 9.5 cents to 61.2 cents per gallon. The average price for bulk sales declined 9.1 cents to 57.5 cents per gallon. Reformulated gasoline (RFG) prices exceeded conventional gasoline prices by 7.2 cents at retail and 8.8 cents at wholesale. Oxygenated gasoline prices were 11.2 cents higher than conventional gasoline prices at retail and 11.6 cents higher at wholesale.
- Total refiner sales of gasoline declined in November, falling 11.5 million gallons per day (3.1 percent), to an average of 356.2 million gallons per day. Retail sales dropped 1.0 million gallons per day (1.6 percent), while wholesales fell 10.5 million gallons per day (3.4 percent). Rack sales accounted for 66.8 percent of wholesales, while DTW and bulk sales made up 22.7 percent and 10.6 percent, respectively. Reformulated gasoline formed 32.3 percent of total motor gasoline sales, while oxygenated gasoline accounted for 4.4 percent.

No. 2 Distillate

Showing little deviation from the overall pattern set in the complex by crude oil prices and robust stock levels,

the daily spot price for No. 2 heating oil at New York Harbor fell during November. Opening at 60.0 cents per gallon, the price followed the general rising trend seen in the market. After reaching the high of 61.4 cents per gallon on November 9, the price dropped to its low of 50.5 cents per gallon on November 15. Closing the month at 54.0 cents per gallon, the price was 6 cents lower than where it started November.

- No. 2 distillate prices continued to decline in November. The national average residential price for No. 2 distillate fell 3.3 cents to \$1.108 per gallon. The average wholesale price dropped 8.8 cents to 62.7 cents per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets declined 9.1 cents, while the average wholesale price decreased 9.5 cents. The difference between low- and high-sulfur diesel fuel prices was 2.5 cents at retail and 1.9 cents at wholesale.
- Total refiner sales of No. 2 distillate fell in November, decreasing 7.3 million gallons (4.7 percent), to 148.7 million gallons per day. Sales of No. 2 fuel oil rose 2.7 million gallons per day (11.2 percent), while sales of No. 2 diesel fuel dropped 10.0 million gallons per day (7.6 percent). Low-sulfur diesel fuel made up 83.7 percent of all refiner diesel fuel sales, and 68.5 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- U.S. average residual fuel oil prices declined in November. Refiner prices for low-sulfur residual fuel decreased 6.9 cents to 52.3 cents per gallon at retail, and 4.3 cents to 40.5 cents per gallon at wholesale. The average price for high-sulfur residual fuel at retail fell 6.0 cents to 40.6 cents per gallon, while the wholesale price dropped 8.1 cents to 31.9 cents per gallon. Including data reported by a sample of residual fuel oil marketers, the average low-sulfur residual fuel oil price decreased 6.0 cents to 48.9 cents per gallon at retail. The wholesale price declined 4.5 cents to 41.6 cents per gallon. Prices for high-sulfur residual fuel oil fell 6.9 cents to 40.4 cents per gallon at retail, and 6.9 cents to 35.1 cents per gallon at wholesale.
- Refiner residual fuel oil sales rose marginally in November, increasing 200,000 gallons per day (1.0 percent), to 20.1 million gallons per day. Low-sulfur residual fuel sales increased 900,000 gallons per day (13.4 percent), while high-sulfur residual fuel oil sales dropped 800,000 gallons per day (6.1 percent).

Other Products

- In general, prices for the remaining surveyed products decreased during November. Refiner propane prices fell 1.2 cents per gallon at retail and 4.7 cents at wholesale. Including data from a sample of propane marketers, the average residential propane price slipped 0.4 cent per gallon. While the average retail price rose 3.9 cents, the wholesale price fell 4.4 cents.

Prices for kerosene, kerosene-type jet fuel, aviation gasoline, No. 1 distillate, and No. 4 distillate fell at both retail and wholesale.

- Refiner sales of propane declined at retail but increased at wholesale in November, while sales of aviation gasoline and kerosene did the reverse. Kerosene-type jet fuel, No. 1 distillate, and No. 4 distillate sales increased at both levels.