

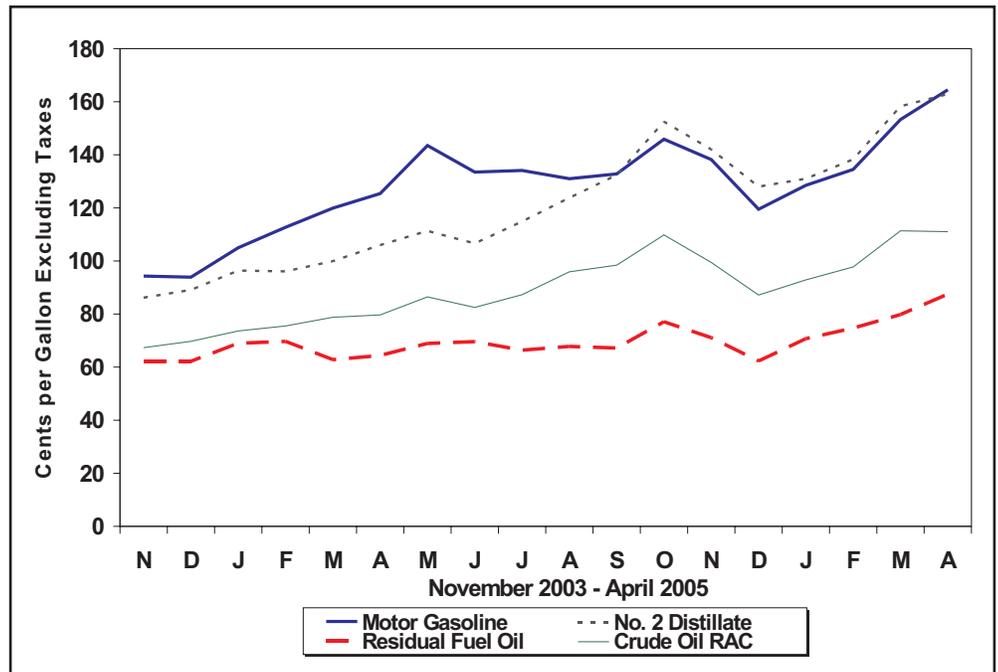
# Highlights

Influenced by unsettled petroleum product prices in key markets, international crude oil prices were volatile during April. In addition to refined product prices, supply and demand rates and violence in Iraq and Saudi Arabia also affected crude oil price trends. In Atlantic Basin markets, crude oil inventories rose because of lower refinery inputs due to maintenance on facilities in Europe and the United States. The resulting lower rate of demand also increased the availability of oil in physical markets which helped to dampen prices. A report released by the International Energy Agency (IEA) during the second week of the month, describing easing demand for crude oil at the global level, also extended a moderating effect on prices. At about the same time, reports that Saudi Arabia was gearing up to increase exports in May also contributed to lower prices. The downward path ended shortly after that when a series of refinery problems in the United States provoked a new round of fears of gasoline shortages during the coming summer months. Political factors helped to underpin the rise in prices during the latter half of the month. An incident between government forces and Islamic militants near Mecca, Saudi Arabia on April 21, and ongoing violence in Iraq contributed some upward pressure on prices. However, they fell again during the last week of April, mainly due to the wide availability of supplies throughout the marketplace.

In the United States, prices for crude oil and petroleum products were also unsettled during April. Refinery issues, inventory levels, and demand rates all contributed to the volatility in prices. While the month opened with crude oil and product prices at long-term highs, they began to slide immediately. The decline was driven by refineries coming back from

turnarounds and the resulting rise in gasoline production, easing earlier concerns about adequate supplies of gasoline for the coming summer driving season that begins at the end of May. Rising inventories of crude oil and other refined products, along with signs of a slowing economy also helped to deflate prices through mid-month. Despite the firm downturn in prices through the first half of April, prices began to rise again. The increase was powered by problems at several refineries in the Gulf and West coast regions and supply reports showing decreases in stocks of major products, particularly gasoline. The outages caused concerns about gasoline supplies again, since production of lower-RVP gasoline (required for use during warm weather months for environmental reasons) was in full swing in order to meet the May 1 deadline when the product is required at the terminal level. However, prices cooled once again during the final week of April as imports increased, and supply reports showed

**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 2005         |        | March 2005 |        | April 2004 |        | April 2005       |        | March 2005 |        | April 2004 |        |
|                                       | Price              | Volume | Price      | Volume | Price      | Volume | Price            | Volume | Price      | Volume | Price      | Volume |
| <b>Motor Gasoline</b> .....           | 180.0              | 60.6   | 163.6      | 59.0   | 139.6      | 59.2   | 164.5            | 326.8  | 153.3      | 319.1  | 125.4      | 316.5  |
| <b>Conventional</b> .....             | 175.5              | 34.8   | 160.4      | 33.9   | 134.3      | 34.6   | 161.0            | 221.6  | 151.2      | 211.3  | 121.2      | 216.5  |
| Regular .....                         | 173.2              | 29.0   | 158.2      | 27.9   | 131.9      | 27.9   | 159.8            | 192.6  | 149.9      | 182.1  | 119.6      | 185.7  |
| Midgrade .....                        | 182.4              | 3.3    | 167.0      | 3.4    | 141.2      | 3.8    | 164.3            | 11.0   | 155.7      | 11.4   | 127.3      | 11.1   |
| Premium .....                         | 192.7              | 2.5    | 175.8      | 2.6    | 148.5      | 2.9    | 172.5            | 17.9   | 161.8      | 17.9   | 132.2      | 19.7   |
| <b>Oxygenated</b> .....               | 172.1              | 1.8    | 166.6      | 2.3    | 142.9      | 1.6    | 162.7            | 8.3    | 156.3      | 10.5   | 129.8      | 7.7    |
| Regular .....                         | 170.3              | 1.5    | 164.7      | 1.9    | 140.8      | 1.3    | 161.7            | 6.9    | 154.7      | 8.5    | 128.9      | 6.2    |
| Midgrade .....                        | 177.9              | 0.2    | 173.3      | 0.2    | 148.9      | 0.2    | 160.7            | 0.9    | 157.0      | 1.1    | 129.9      | 1.0    |
| Premium .....                         | 184.7              | 0.1    | 181.9      | 0.1    | 159.4      | 0.1    | 179.2            | 0.5    | 169.6      | 0.9    | 140.9      | 0.5    |
| <b>Reformulated</b> .....             | 187.3              | 23.9   | 168.1      | 22.9   | 147.4      | 23.0   | 172.5            | 96.9   | 157.3      | 97.3   | 134.8      | 92.3   |
| Regular .....                         | 183.8              | 18.3   | 164.6      | 17.3   | 143.9      | 17.0   | 170.1            | 79.2   | 154.9      | 78.5   | 132.2      | 73.2   |
| Midgrade .....                        | 194.8              | 2.8    | 175.1      | 2.7    | 153.2      | 2.8    | 179.4            | 4.4    | 162.7      | 4.7    | 141.5      | 5.4    |
| Premium .....                         | 202.1              | 2.9    | 182.2      | 2.9    | 161.3      | 3.2    | 185.0            | 13.3   | 168.8      | 14.1   | 146.0      | 13.8   |
| <b>Aviation Gasoline</b> .....        | 222.2              | 0.1    | 201.6      | 0.1    | 177.4      | 0.1    | 202.9            | 0.5    | 183.8      | 0.5    | 155.7      | 0.6    |
| <b>Kerosene-Type Jet Fuel</b> .....   | 167.3              | 45.8   | 158.3      | 45.9   | 106.6      | 48.1   | 165.4            | 16.2   | 157.8      | 14.3   | 103.3      | 10.6   |
| <b>Propane (Consumer Grade)</b> ..... | 100.6              | 2.5    | 109.0      | 2.7    | 67.4       | 2.7    | 85.3             | 31.2   | 86.2       | 38.7   | 60.4       | 31.3   |
| <b>Kerosene</b> .....                 | NA                 | NA     | 166.3      | 0.4    | 139.8      | 0.1    | 163.7            | 1.0    | 163.0      | 2.1    | 104.3      | 1.1    |
| <b>No. 1 Distillate</b> .....         | 175.3              | 0.1    | 169.5      | 0.3    | 120.5      | 0.1    | 173.9            | 0.5    | 168.2      | 1.2    | 119.2      | 0.3    |
| <b>No. 2 Distillate</b> .....         | 167.6              | 20.4   | 162.2      | 20.9   | 113.0      | 18.7   | 162.9            | 135.6  | 158.3      | 143.8  | 106.0      | 136.8  |
| No. 2 Fuel Oil .....                  | 160.8              | 2.2    | 159.5      | 2.2    | 101.9      | 2.3    | 155.4            | 16.9   | 153.7      | 21.8   | 95.5       | 18.3   |
| No. 2 Diesel Fuel .....               | 168.4              | 18.2   | 162.6      | 18.7   | 114.6      | 16.4   | 164.0            | 118.7  | 159.1      | 121.9  | 107.6      | 118.5  |
| Low Sulfur .....                      | 172.1              | 12.1   | 164.7      | 12.0   | 118.2      | 11.3   | 165.1            | 102.4  | 160.0      | 103.5  | 109.1      | 102.3  |
| High Sulfur .....                     | 161.0              | 6.0    | 158.8      | 6.7    | 106.6      | 5.1    | 157.0            | 16.3   | 154.2      | 18.5   | 98.3       | 16.2   |
| <b>No. 4 Fuel<sup>a</sup></b> .....   | W                  | W      | W          | W      | W          | W      | 127.8            | 0.1    | 115.9      | 0.1    | 91.1       | 0.0    |
| <b>Residual Fuel Oil</b> .....        | 97.1               | 9.7    | 89.0       | 11.2   | 68.8       | 10.7   | 87.5             | 5.0    | 79.8       | 6.5    | 64.4       | 6.3    |
| Sulfur Content not > 1 % .....        | 103.4              | 3.6    | 95.1       | 5.6    | 75.8       | 3.9    | 99.9             | 2.1    | 93.4       | 3.3    | 69.9       | 3.3    |
| Sulfur Content > 1 % .....            | 93.3               | 6.1    | 82.8       | 5.6    | 64.8       | 6.7    | 78.6             | 2.9    | 66.1       | 3.2    | 58.4       | 3.0    |

NA = Not available.

W = Withheld to avoid disclosure of individual company data.

<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."

stocks rising again and refinery operations improving. Notably, distillate prices remained above gasoline prices for most of April when they more typically change position. Although the end of the heating season was well under way, agricultural demand for spring planting and demand from the transportation sector took up the slack. Additionally, while gasoline production grew, distillate production remained essentially flat. A review of monthly average spot market prices for gasoline and No. 2 heating oil at New York Harbor reflects some of the trends in the petroleum products marketplace. For conventional regular gasoline, the March 2005 average price was \$1.439 per gal-

lon, compared with \$1.480 per gallon in April 2005, a comparatively modest change of 4.1 cents. However, the difference to the average price of \$1.120 per gallon one year ago in April 2004 was a more substantial spread of 36.0 cents. For No. 2 fuel oil, the average price in March 2005 was \$1.551 per gallon compared with \$1.523 per gallon in April 2005, a 2.8-cents-per-gallon decrease. The price in April 2004 was 92.0 cents per gallon, a difference of 60.3 cents to the April 2005 price.

Additional April 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 moved along a volatile path during April. Opening at \$55.31 per barrel, the price moved immediately to the month's high of \$57.26 per barrel on April 1. The increase was in part due to a report issued at the end of March by a derivatives trading company, and rising petroleum products prices. The price declined significantly during the coming weeks, as concern about inventories abated and the IEA report was released. However, the price rebounded on violence in the Middle East and refinery problems. However, following the release of weekly supply reports, the price fell sharply again and closed the month at its lowest point, \$49.20 per barrel, \$6.11 below April's opening level.

- April monthly average crude oil prices showed only modest changes from March levels. The average domestic crude oil first purchase price declined 46 cents (1.0 percent) to \$46.93 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil dropped 76 cents (1.7 percent), to \$43.58 per barrel. The average landed cost of foreign crude oil declined \$1.12 (2.4 percent), to \$44.87 per barrel.
- The average refiner acquisition cost for domestic crude oil increased 67 cents (1.4 percent), to \$49.54 per barrel. The average cost of imported crude oil to U.S. refiners fell 53 cents (1.2 percent), to \$45.18 per barrel, while the composite refiner acquisition cost for crude oil declined 14 cents (0.3 percent), to \$46.63 per barrel.

## Petroleum Products

### *Motor Gasoline*

At New York Harbor, the daily spot price for regular gasoline was unsettled during April. After opening at \$1.545 per gallon, the price marked the month's high on April 1 when it reached \$1.604. It dropped firmly during the following few weeks thanks chiefly to diminishing worries about gasoline inventories for the coming summer driving season. However, the price began to rise sharply during the second half of the month, as supply worries began to surface again on news of refinery problems. After the price rose almost to the level

seen early in the month, it dropped swiftly again as supplies were reported to be firmly above year-ago levels. The price reached the month's low of \$1.374 per gallon on April 29, closing the month more than 17 cents below its opening level.

- Monthly average gasoline prices increased significantly again in April. The average price for retail sales of motor gasoline by refiners jumped 16.4 cents to \$1.800 per gallon, while the average wholesale price climbed 11.2 cents to \$1.645 per gallon. Including data reported by a sample of motor gasoline marketers, the national average price at company-operated retail outlets increased 15.6 cents to \$1.799 per gallon. The average wholesale price for gasoline rose 10.7 cents to \$1.642 per gallon. The average dealer tank wagon (DTW) price increased 13.8 cents to \$1.720 per gallon, while the average rack price climbed 9.5 cents to \$1.632 per gallon. The average bulk sale price rose 13.0 cents to \$1.544 per gallon. Reformulated gasoline prices were 9.9 cents higher than conventional gasoline prices at retail, and 9.1 cents more at wholesale. Oxygenated gasoline prices were 5.0 cents below conventional gasoline prices at retail, and even at wholesale.
- Refiner sales of motor gasoline increased during April. Total sales rose 9.3 million gallons per day (2.5 percent) to an average of 387.4 million gallons per day. Retail sales climbed 1.6 million gallons per day (2.7 percent), while wholesales increased 7.7 million gallons per day (2.4 percent). Rack sales accounted for 68.0 percent of wholesales, while DTW and bulk sales made up 16.0 percent and 15.9 percent, respectively. Reformulated gasoline accounted for 31.2 percent of total motor gasoline sales, while oxygenated gasoline made up 2.6 percent of sales.

### *No. 2 Distillate*

Like prices for other products in the complex, the daily spot price for No. 2 heating oil at New York Harbor was volatile during April. Opening at \$1.658 per gallon, the price marked the month's high of \$1.701 per gallon on April 1. The price dropped significantly during the following weeks, but rose again during the latter half of the month on supply concerns. The price closed at its lowest level for the month, \$1.414 per gallon, 24.4 cents below its opening point.

- April monthly average prices for No. 2 distillates rose across the board. The national average residential sales price increased 1.8 cents to \$1.957 per gallon. The average wholesale price climbed 4.6 cents

to \$1.631 per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets increased 6.2 cents, while the average wholesale price for No. 2 diesel fuel rose 4.7 cents. The difference between low- and high-sulfur diesel fuel prices was 7.5 cents at retail and 6.5 cents at wholesale.

- Sales of No. 2 distillates by refiners declined in April. Total sales fell 8.6 million gallons per day (5.2 percent), to 156.0 million gallons per day. Sales of No. 2 fuel oil decreased 4.9 million gallons per day (20.4 percent), while sales of No. 2 diesel fuel declined 3.7 million gallons per day (2.6 percent). Low-sulfur diesel fuel accounted for 83.6 percent of all refiner diesel fuel sales, and 73.4 percent of all refiner No. 2 distillate sales.

### *Residual Fuel Oil*

- Monthly average residual fuel oil prices increased substantially in April. Refiner prices for low-sulfur residual fuel oil rose 8.3 cents to \$1.034 cents per gallon at retail, and 6.5 cents to 99.9 cents per gallon at wholesale. The average refiner retail price for high-sulfur residual fuel oil climbed 10.5 cents to 93.3 cents per gallon, while the wholesale price jumped 12.5 cents, to 78.6 cents per gallon. Including data reported by a sample of residual fuel oil marketers, average prices for low-sulfur residual fuel oil rose 6.9 cents to \$1.031 cents per gallon at retail, and 9.8 cents to 96.5 cents per gallon at wholesale. The retail price for high-sulfur residual fuel oil increased 10.2 cents to 92.2 cents per gallon, while the wholesale price rose 9.3 cents to 82.7 cents per gallon.

- Refiner sales of residual fuel oil generally declined in April. Total sales fell 3.0 million gallons per day (16.9 percent). Low-sulfur residual fuel oil sales fell 3.2 million gallons per day (36.0 percent), while high-sulfur residual fuel oil sales rose 200,000 gallons per day (2.3 percent).

### *Other Products*

- Many of the prices for the remaining surveyed products increased in April. However, refiner prices for propane fell 8.4 cents per gallon at retail, and 0.9 cent per gallon at wholesale. Including data from a sample of propane marketers, the average residential propane price increased 5.2 cents per gallon, while the average retail propane price dropped 0.9 cent per gallon. The average wholesale propane price fell 0.7 cent per gallon. Prices for kerosene-type jet fuel, aviation gasoline, and No. 1 distillate rose at both retail and wholesale. Wholesale prices for kerosene and No. 4 distillate also show increases in April.
- Refiner sales of propane and No. 1 distillate fell at both the retail and wholesale levels during April. Sales of kerosene-type jet fuel fell at retail but rose at wholesale, while sales of aviation gasoline did just the opposite. Sales of No. 4 distillate increased at wholesale, while sales of kerosene registered a decline in the same category.

