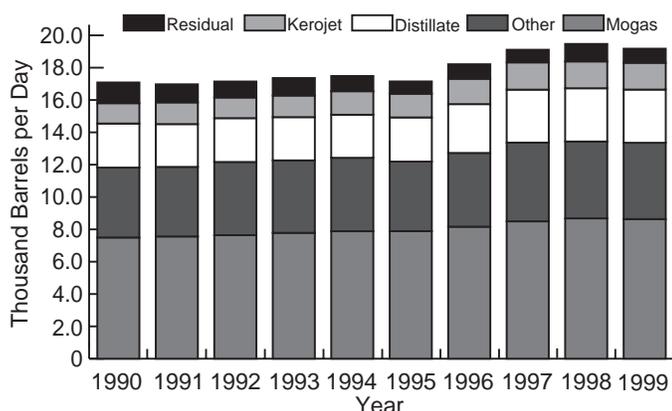


Highlights

The latest data from the National Oceanic and Atmospheric Administration show that July was a very warm month. Cooling degree day temperatures across the U.S. were, on average, warmer than normal and much warmer than this time last year.¹ Economic data continue to suggest a strong economy with strength noted in manufacturing, retail sales, automotive sales, and tight labor markets.² Supported by the nation's strong economy, total demand for refined petroleum products, measured as product supplied, averaged 19.2 million barrels per day for July 1999³ (Table & Figure H1). However, this number still trailed the July record set last year by 0.3 million barrels per day.

Figure H1. Total Demand, 1990-Current, Comparison in July for Petroleum Products



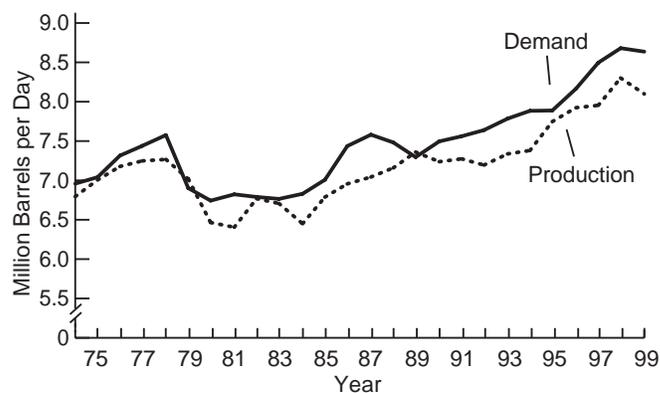
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

July 1999 highlights include:

- **Demand** for finished motor gasoline was less than 50 thousand barrels per day from the record for the month, at an average of 8.6 million barrels per day. **Production** averaged 8.1 million barrels per day, also off from the July record. **Stocks** of finished motor gasoline ended the month at 160.1 million barrels, **12.0 million barrels below this time last year**.
- Distillate fuel oil **demand** and **production** averaged 3.3 million barrels per day and 3.5 million barrels per day respectively, both near the record highs for the month. Distillate fuel oil **stocks** ended the month totaling 136.6 million barrels, **down 10.3 million barrels or 7.0 percent compared to this time last year**.
- **Production** of residual fuel oil averaged 794 thousand barrels per day, the highest average for the month since 1995. **Stocks** totaled 42.2 million barrels, the highest level to end the month since 1993.

- **Imports** of total jet fuel, kerosene- and naphtha-type, averaged 152 thousand barrels per day. Both **demand** and **production** of kerosene-type jet fuel were near record averages for July, at 1.7 million barrels per day and 1.5 million barrels per day respectively.
- Propane inventories added 5.6 million barrels during the month to total 56.8 million barrels by month end. Propane inventories ended the month at their second highest total for July since 1988.
- Domestic **production** of crude oil averaged 5.9 million barrels per day, the lowest average for July since 1950. Crude oil **imports** averaged 9.1 million barrels per day, 440 thousand barrels per day below the record high for July set last year. End-of-month crude oil **stocks**, excluding the Strategic Petroleum Reserve (SPR), totaled 325.0 million barrels.

Figure H2. Finished Motor Gasoline, Year-to-Date July Comparisons, 1974-1999



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Motor Gasoline

Demand for finished motor gasoline reached one of the highest levels ever, at an average of 8.6 million barrels per day. However, it was still less than 50 thousand barrels per day from the July record (Figure H2). Following the rebound in crude oil prices and the markets reaction to refinery problems, motorists ended up paying **the highest price for motor gasoline since the end of 1997**.⁴ The national average retail price for conventional motor gasoline was \$1.170 per gallon, including taxes (Figure H3).⁵ As mentioned, recent refinery problems reigned in production this month, falling 202 thousand barrels per day short of the July record high. **Production** of finished motor gasoline averaged 8.1 million barrels per day, down 2.4 percent from the July record. Finished motor gasoline **imports** were normal for this time of year,

¹“Cooling Degree Day Data Monthly Summary, Monthly Data for July 1999”, *National Oceanic and Atmospheric Administration*, accessible via the Internet at <http://www.cpc.ncep.noaa.gov>.

²“The Beige Book Summary”, *The Federal Reserve Board*, August 11, 1999, accessible via the Internet at <http://www.bog.frb.fed.us/>.

³July 1999 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

⁴“Drivers See Top Price For Retail Gasoline Since December 1997”, *The Oil Daily*, July 21, 1999, p. 3.

⁵“Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1998 to Present”, *Weekly Petroleum Status Report*, August 6, 1999, p. 27.

Table H1. Petroleum Supply Summary
(Million Barrels per Day, Except Where Noted)

Category	1999			1998	January - July	
	Estimated July	June	Difference ^a	July	1999	1998
Products Supplied	19.2	19.7	-0.6	19.5	19.1	18.8
Finished Motor Gasoline.....	8.6	8.8	-0.1	8.7	8.3	8.2
Distillate Fuel Oil.....	3.3	3.5	-0.2	3.3	3.5	3.5
Residual Fuel Oil	0.9	0.7	0.1	1.1	0.8	0.9
Jet Fuel.....	1.7	1.6	(s)	1.7	1.7	1.6
Other Petroleum Products ^b	4.7	5.2	-0.4	4.8	4.8	4.6
Crude Oil Inputs	15.3	14.9	0.4	15.6	14.8	14.9
Operating Utilization Rate (%)	95.8	94.2	1.6	100.1	93.9	97.1
Imports	10.9	10.6	0.3	11.6	10.7	10.7
Crude Oil	9.1	8.6	0.5	9.5	8.7	8.7
Strategic Petroleum Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Other.....	9.1	8.6	0.5	9.5	8.7	8.7
Products	1.9	2.0	-0.1	2.1	2.0	2.0
Finished Motor Gasoline.....	0.3	0.4	-0.1	0.3	0.4	0.3
Distillate Fuel Oil.....	0.1	0.2	(s)	0.2	0.2	0.2
Residual Fuel Oil	0.3	0.2	(s)	0.4	0.2	0.3
Jet Fuel.....	0.2	0.1	0.1	0.1	0.1	0.1
Other Petroleum Products ^c	1.0	1.1	-0.1	1.0	1.0	1.1
Exports	1.0	0.9	0.1	1.0	0.9	1.0
Crude Oil	0.1	0.1	(s)	0.1	0.1	0.1
Products	0.9	0.8	0.1	0.9	0.8	0.9
Total Net Imports	10.0	9.7	0.3	10.7	9.8	9.7
Stock Change^d	0.1	-0.8	0.9	0.3	(s)	0.5
Crude Oil	-0.1	-0.4	0.3	0.2	(s)	0.2
Products	0.2	-0.4	0.6	0.2	-0.1	0.3
Total Stocks	1,641	1,636	5	1,661	—	—
(million barrels)						
Crude Oil	900	903	-3	901	—	—
Strategic Petroleum Reserve ^e	575	575	(s)	563	—	—
Other.....	325	328	-3	338	—	—
Products	742	733	8	760	—	—
Finished Motor Gasoline.....	160	172	-12	172	—	—
Distillate Fuel Oil.....	137	133	3	147	—	—
Residual Fuel Oil	42	43	(s)	40	—	—
Jet Fuel.....	44	44	(s)	42	—	—
Other Petroleum Products ^c	358	341	17	359	—	—

^a Difference is equal to volume for current month minus volume for previous month.

^b Includes crude oil product supplied, natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except finished motor gasoline, distillate fuel oil, residual fuel oil, and jet fuel.

^c Includes natural gas liquids, liquefied refinery gases (LRG's), other liquids, and all finished petroleum products except motor gasoline, jet fuel, distillate fuel oil, and residual fuel oil.

^d A negative number indicates a decrease in stocks and a positive number indicates an increase.

^e Crude oil stocks in the Strategic Petroleum Reserve include non-U.S. stocks held under foreign or commercial storage agreements.

(s) = Less than 0.05 million barrels per day, or less than 0.05 percent, or less than 0.5 million barrels.

Note: Totals may not equal sum of components due to independent rounding.

Source: Energy Information Administration (EIA), 1998, *Petroleum Supply Annual*, Volume II; appropriate issues of the *Petroleum Supply Monthly* and the *Weekly Petroleum Status Report*.

Data for the current month are preliminary estimates, based on weekly submissions. For an explanation of estimation methodology and accuracy, see Appendix A of *Weekly Petroleum Status Report* and the article, "Accuracy of Petroleum Supply Data", published in the October 1998, *Petroleum Supply Monthly*.

Table H2. U.S. Refinery Inputs, Capacities¹ and Utilization Rates: 1998-1999
(Thousand Barrels per Day, Except Where Noted)

Item	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
1998												
Gross Refinery Inputs	14,661	14,262	14,901	15,301	15,464	15,671	15,705	15,806	15,040	14,222	15,095	15,169
Operating Refinery Capacity ²	15,538	15,558	15,550	15,547	15,573	15,686	15,691	15,685	15,699	15,343	15,478	15,797
Idle Capacity ³	173	158	184	144	135	135	135	143	129	537	449	154
Idle Three Months or Less	47	20	46	0	0	0	0	14	0	420	369	37
Idle More than Three Months	127	138	138	144	135	135	135	129	129	117	80	117
Operable Refinery Capacity	15,711	15,716	15,735	15,692	15,708	15,821	15,826	15,828	15,828	15,880	15,927	15,951
Utilization Rate (percent)												
Operating Capacity	94.4	91.7	95.8	98.4	99.3	99.9	100.1	100.8	95.8	92.7	97.5	96.0
Operable Capacity	93.3	90.7	94.7	97.5	98.4	99.1	99.2	99.9	95.0	89.6	94.8	95.1
1999												
Gross Refinery Inputs	14,762	14,719	14,802	15,333	15,253	15,195						
Operating Refinery Capacity ²	15,953	15,955	16,139	16,140	15,984	16,137						
Idle Capacity ³	200	227	131	132	288	139						
Idle Three Months or Less	71	98	2	0	158	7						
Idle More than Three Months	129	129	129	132	130	132						
Operable Refinery Capacity	16,153	16,181	16,270	16,271	16,271	16,276						
Utilization Rate (percent)												
Operating Capacity	92.5	92.3	91.7	95.0	95.4	94.2						
Operable Capacity	91.4	91.0	91.0	94.2	93.7	93.4						

¹Capacities are on a calendar day basis.

²Operating capacity equals the operable capacity less the total idle capacity.

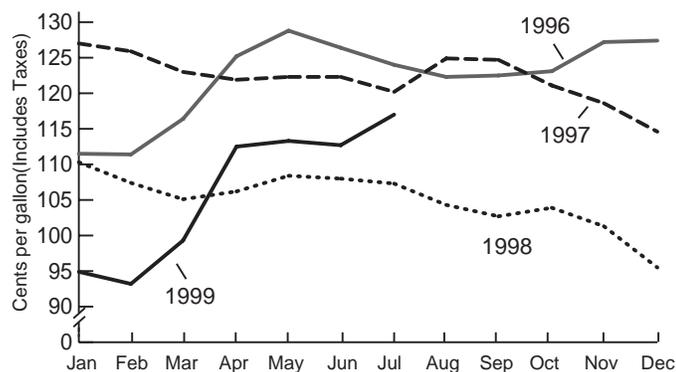
³Idle capacity is the component of operable capacity that is not in operation and not under active repair, but is capable of being placed in operation within 30 days; and capacity not in operation but is under active repair that can be completed within 90 days.

Note: Totals may not equal sum of components due to independent rounding.

Sources: Energy Information Administration (EIA), 1998, *Petroleum Supply Annual*, Volume 2, Table 16; EIA, *Petroleum Supply Monthly*, 1999 data issue, Table 28.

averaging 326 thousand barrels per day. End-of-month **stocks** of finished motor gasoline totaled 160.1 million barrels, a **12.0 million barrel deficit compared to last year**. Reformulated motor gasoline inventories accounted for 40.4 million barrels while stocks of other finished motor gasoline accounted for another 118.5 million barrels and oxygenated motor gasoline for 1.2 million barrels.

Figure H3. Retail Prices for Conventional Motor Gasoline, 1996-current

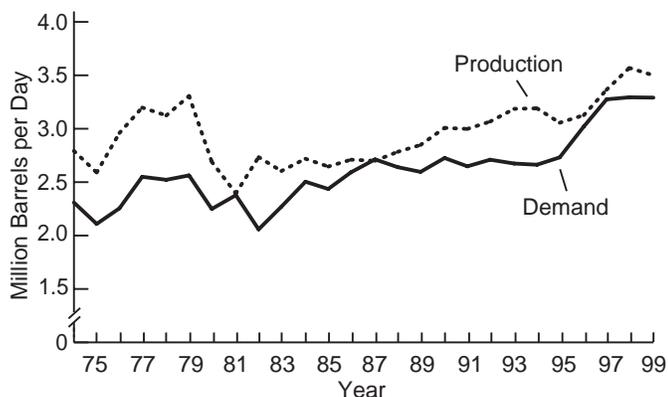


Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

Distillate Fuel Oil

Distillate fuel oil **demand** fell just short of breaking last July's record for the month, averaging 3.3 million barrels per day. Production of distillate fuel oil was also off from the prior July's record high. Distillate fuel oil **production** averaged 3.5 million barrels per day (Figure H4). **Imports** of distillate fuel oils were in the lower range for the month at an average of 148 thousand barrels per day. Total **stocks** of distillates ended the month at 136.6 million barrels, down 10.3 million barrels compared to last July. Although down from the previous July, **they remain well above normal for this time of year**. Stocks of high-sulfur distillates trailed last July's total by 6.5 million barrels and low-sulfur distillates were down 3.9 million barrels.

Figure H4. Distillate, Year-to-Date July Comparisons, 1974-1999

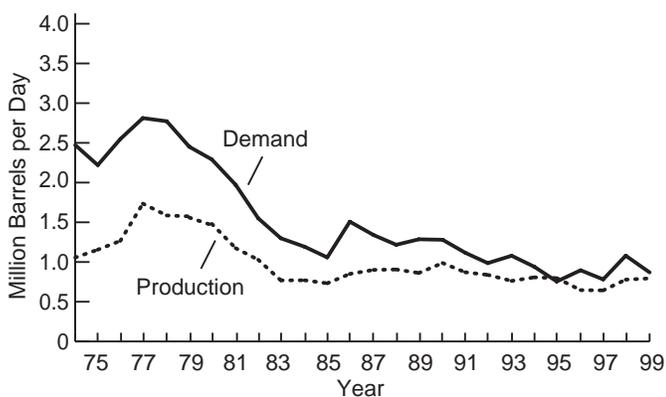


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Residual Fuel Oil

Demand for residual fuel oil averaged 869 thousand barrels per day, down slightly from the five-year average for July (Figure H5). **Production** of residual fuel oil not only reached its highest average this year, but the highest average for the month since 1995 at an average of 794 thousand barrels per day. Residual fuel oil **imports** averaged 250 thousand barrels per day during the month which is about normal for this time of year. **Stocks** ended the month totaling 42.2 million barrels, the highest level for July since 1993.

Figure H5. Residual, Year-to-Date July Comparisons, 1974-1999

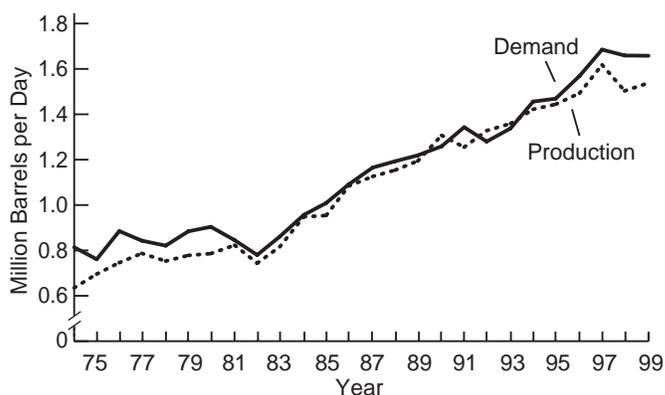


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

Demand from the utilities to supplement peak electricity demand to meet air conditioning needs helped push demand to a near record high in July.⁶ Demand for kerosene-type jet fuel was off just 27 thousand barrels per day from the July record at 1.7 million barrels per day (Figure H6). In addition to the increased demand from the utilities, demand for kerosene-type jet fuel from the airline industry can be inferred from statistics on available seat miles, which represent one seat flown one mile. According to the Air Transport Association, July domestic available seat miles were up 5.0 percent compared to this time last year.⁷ **Production** of kerosene-type jet fuel was also healthy, averaging 1.5 million barrels per day. **Imports** of total jet fuel were **unusually high for this time of year**, at an average of 152 thousand barrels per day. This marks the highest average for July since 1974. **Stocks** of kerosene-type jet fuel ended the month at 44.4 million barrels, close to the July record.

Figure H6. Kerojet, Year-to-Date July Comparisons, 1974-1999



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Propane

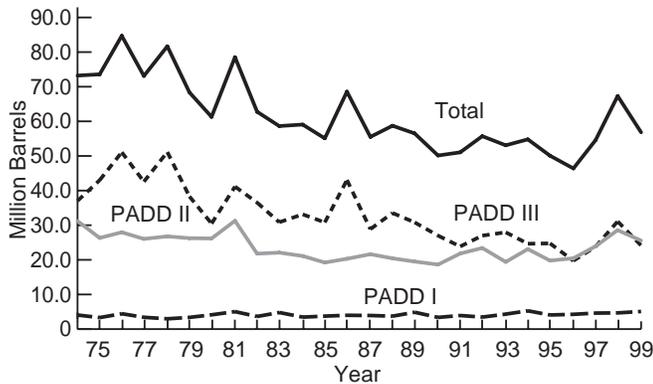
Propane inventories increased 11.0 percent in July, adding 5.6 million barrels to end the month totaling 56.8 million barrels (Figure H7). Although propane inventories were 10.5 million barrels less than this time last year, total propane stocks ended the month well within the normal seasonal range. Stocks in the Gulf Coast and Midwest both ended the month within the normal seasonal ranges while stocks along the East Coast ended above the normal season range. Stocks along the East Coast increased 1.6 million barrels for a total of 5.1 million barrels by month end. Midwest stocks ended the month at 25.6 million barrels, up 2.4 million barrels. Propane stocks along the Gulf Coast added 1.5 million barrels during the month to total 24.1 million barrels.

⁶"Jet Fuel Watch Utility Demand Pushes Jet Prices Up", *Oil Price Information Service*, August 2, 1999, p. 15.

⁷"Preliminary Scheduled Passenger Traffic Statistics", *Air Transport Association*, August 11, 1999, accessible via the Internet at <http://www.air-transport.org>.

Two months remain in the traditional April-through-September stock build season and many industry observers feel that 60 million barrels is an adequate level to start the heating season. This puts the U.S. inventories 3.2 million barrels away from such a level, well within reach of the 60 million barrel target.

Figure H7. Propane Stocks, Year-to-Year July Comparisons, 1974-1999



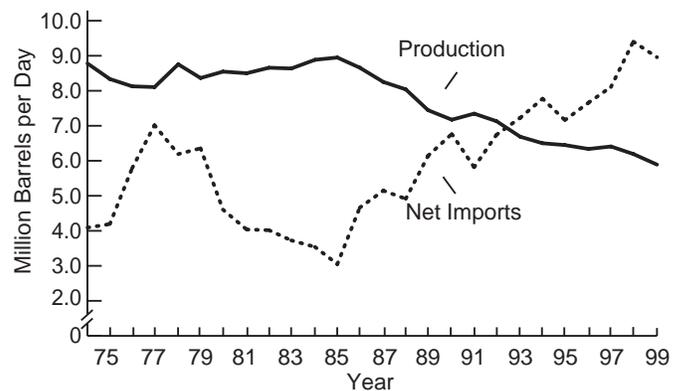
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Crude Oil

Domestic crude oil **production** remains depressed and at a one of the lowest averages for the month in nearly half a century. July's average domestic production of 5.9 million barrels per day was **the lowest average for the month since 1950**. Domestic production still has not recovered from the effects of the low crude oil prices several months ago. While crude prices have made an impressive recovery, many drillers turned their attention toward natural gas. Combined with the beleaguered service sector, domestic production is expected to be slow in recovering.⁸ Alaskan crude oil production continues to suffer from a variety of circumstances; warm weather, lingering problems from the June explosion on the Olympic Pipeline, and routine maintenance at the Valdez port put over one million barrels in storage out of service.⁹ Alaskan crude oil field production averaged 986 thousand barrels per day, the lowest average for the month since 1977. **Imports** of crude oil averaged 9.1 million barrels per day, 440 thousand barrels per day below the record high for the month but still the second highest average for the month yet. Net imports of crude oil, (imports minus exports) were also close to the July record. Net imports of crude oil averaged 9.0 million barrels per day (Figure H8).

Crude oil **stocks**, excluding the SPR, ended the month **down 3.9 percent or 13.1 million barrels compared to this time last year**. Excluding the SPR, crude oil stocks ended the month at 325.0 million barrels (Figure H9). Total stocks, including non-U.S. stocks held under foreign or commercial storage agreements, ended the month totaling 899.8 million barrels.

Figure H8. Crude Oil, Year-to-Date July Comparisons for Production and Net Imports, 1974-1999

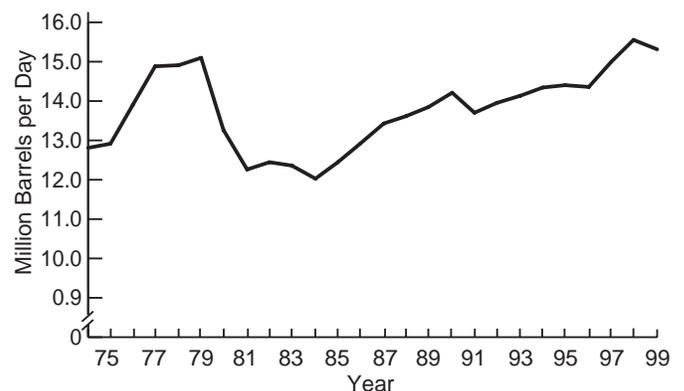


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Refinery Operations

Crude oil **inputs** averaged 15.3 million barrels per day, down slightly from last July's record. The estimated refinery **operable utilization rate** (gross input divided by operable capacity) averaged 95.0 percent of capacity compared to 99.2 percent a year ago.

Figure H9. Year-to-Date July Comparisons for Crude Oil Inputs, 1974-1999



Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

⁸“Drop in Global Production to 3-Year Low Accounts for Price Increase”, *The Oil Daily*, July 13, 1999, p. 3 & 6.

⁹“FY 2000 ANS Production”, *Alaska Department of Revenue*, July 1999, accessible via the Internet at <http://www.revenue.state.ak.us/oga/production/production.htm#oilproduction>.