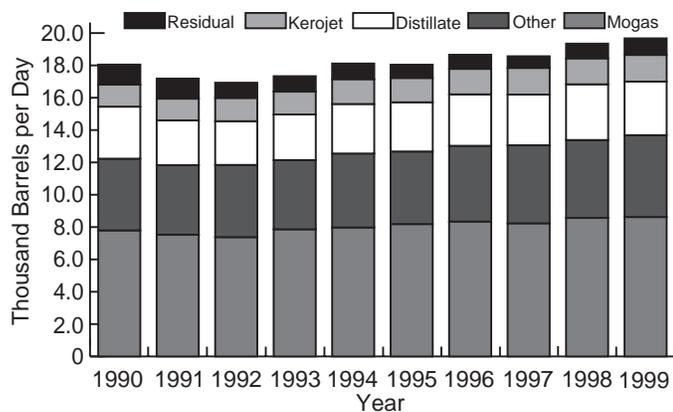


Highlights

The United States economy continues to grow robustly as evident by recent data for August reflecting increasing productivity, strong consumer buying, and benign inflation as prices appear to be under control.¹ A vibrant economy and record demand for finished motor gasoline and kerosene-type jet fuel along with strong demand for the other major petroleum products pushed total demand for refined petroleum products to not only a **record high for the month, but it's the eleventh highest one month average ever**. Total demand for refined petroleum products, measured as product supplied, averaged 19.7 million barrels per day for August 1999² (Table & Figure H1). Cooling degree day temperatures across the U.S. were, on average, slightly warmer than normal although much cooler than this time last year.³

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



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

August 1999 highlights include:

- **Demand** for finished motor gasoline set not only a **record high for the month** but one of the highest averages ever at 8.6 million barrels per day. **Production** of finished motor gasoline also set an **August record high** at an average of 8.3 million barrels per day. **Imports** averaged 356 thousand barrels per day, the highest average for the month in five years. Ending the month at a **10.2 million barrels deficit compared to last year**, stocks of finished motor gasoline ended the month totaling 157.2 million barrels.
- Distillate fuel oil **production** averaged 3.5 million barrels per day, **close to the August record set last year**. **Stocks** of 141.2 million barrels left distillates down 7.8 million barrels compared to 1998's unusually high level.
- **Demand** for residual fuel oil averaged 1.0 million barrels per day, the highest average for the month since 1991. Residual fuel oil **stocks** ended the month at 36.4 million barrels, down 5.4 million barrels from last August.

¹"August Inflation Mild Despite Energy Jump", *Reuters*, September 15, 1999, accessible via the Internet at <http://dailynews.yahoo.com/>.

²August 1999 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

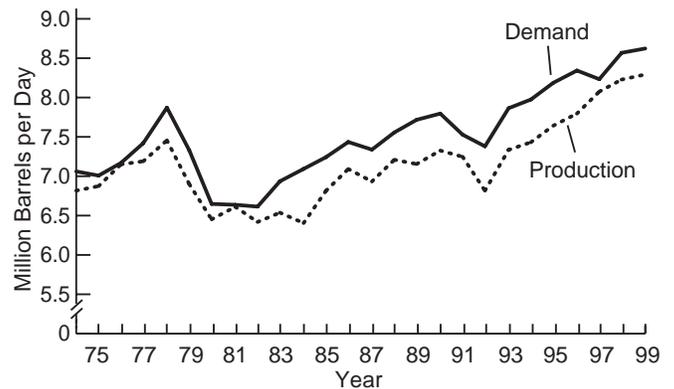
³Cooling Degree Day Data Monthly Summary, Monthly Data for August 1999", *National Oceanic and Atmospheric Administration*, accessible via the Internet at <http://www.cpc.ncep.noaa.gov>.

⁴"Table 16 U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1998 to Present", *Weekly Petroleum Status Report*, September 3, 1999, p. 27.

⁵"Gasoline Supply Barometer", *Oil Express*, September 6, 1999, p. 2.

- **Demand** for kerosene-type jet fuel also set a **record high for the month** at an average of 1.6 million barrels per day, **2.6 percent higher than the previous record**. Kerosene-type jet fuel **stocks** ended the month totaling 44.8 million barrels, down 1.6 million barrels compared to last August.
- Propane inventories posted a relatively strong build for the month, increasing 4.4 million barrels to a total of 61.8 million barrels.
- Domestic **production** of crude oil averaged 6.0 million barrels per day, **the lowest average for the month in 49 years**. **Imports** averaged 8.8 million barrels per day, 0.4 million barrels per day below the record for the month. Crude oil **stocks** ended the month down 14.4 million barrels compared to this time last year.

Figure H2. Finished Motor Gasoline, Year-to-Date August 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

As expected, demand for finished motor gasoline is living up to expectations, ending the summer driving season at record levels. **Demand** for finished motor gasoline averaged 8.6 million barrels per day, **not only a record high for the month but one of the highest averages ever** (Figure H2). Motorists filled their tanks in August, unabated by motor gasoline prices that climbed to a 23 month high. During August, the price for conventional motor gasoline averaged \$1.229 per gallon, including taxes (Figure H3).⁴ **Production** of finished motor gasoline set an **August record high** at an average of 8.3 million barrels per day. **Imports** were above the average for this time of year at 356 thousand barrels per day. Rising gasoline prices gave importers an incentive to bring in additional supplies.⁵ Stocks of finished motor gasoline were drawn down 6.4 million barrels in August to end the month 10.2 million barrels behind this time last year. Month-end **stocks** of

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

Category	1999			1998	January - August	
	Estimated August	July	Difference ^a	August	1999	1998
Products Supplied	19.7	19.5	0.2	19.3	19.2	18.9
Finished Motor Gasoline.....	8.6	8.8	-0.2	8.6	8.3	8.2
Distillate Fuel Oil.....	3.3	3.4	-0.1	3.4	3.5	3.5
Residual Fuel Oil	1.0	0.8	0.3	0.9	0.9	0.9
Jet Fuel.....	1.6	1.6	(s)	1.6	1.7	1.6
Other Petroleum Products ^b	5.1	4.9	0.2	4.8	4.9	4.7
Crude Oil Inputs	15.4	15.2	0.2	15.7	14.9	15.0
Operating Utilization Rate (%)	97.2	95.7	1.5	100.8	94.3	97.6
Imports	10.7	11.3	-0.6	11.0	10.7	10.8
Crude Oil	8.8	9.2	-0.4	9.2	8.7	8.8
Strategic Petroleum Reserve	0.0	0.0	0.0	0.0	0.0	0.0
Other.....	8.8	9.2	-0.4	9.2	8.7	8.8
Products	1.9	2.0	-0.2	1.9	2.0	2.0
Finished Motor Gasoline.....	0.4	0.4	-0.1	0.3	0.4	0.3
Distillate Fuel Oil.....	0.2	0.2	(s)	0.2	0.2	0.2
Residual Fuel Oil	0.2	0.2	(s)	0.3	0.2	0.3
Jet Fuel.....	0.1	0.1	(s)	0.1	0.1	0.1
Other Petroleum Products ^c	1.0	1.0	(s)	0.9	1.0	1.1
Exports	1.0	0.9	0.1	0.8	0.9	1.0
Crude Oil	0.1	0.1	(s)	0.1	0.1	0.1
Products	0.9	0.8	0.1	0.7	0.8	0.9
Total Net Imports	9.7	10.3	-0.7	10.3	9.8	9.8
Stock Change^d	-0.4	0.1	-0.5	0.2	-0.1	0.4
Crude Oil	-0.3	0.1	-0.4	-0.3	(s)	0.1
Products	-0.1	(s)	-0.1	0.5	-0.1	0.3
Total Stocks	1,628	1,639	-11	1,669	—	—
(million barrels)						
Crude Oil	890	906	-16	892	—	—
Strategic Petroleum Reserve ^e	576	576	(s)	563	—	—
Other.....	315	330	-16	329	—	—
Products	738	733	5	776	—	—
Finished Motor Gasoline.....	157	164	-6	167	—	—
Distillate Fuel Oil.....	141	138	3	149	—	—
Residual Fuel Oil	36	43	-7	42	—	—
Jet Fuel.....	45	45	(s)	46	—	—
Other Petroleum Products ^c	358	344	14	372	—	—

^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	15,447					
Operating Refinery Capacity ²	15,953	15,955	16,139	16,140	15,984	16,137	16,134					
Idle Capacity ³	200	227	131	132	288	139	153					
Idle Three Months or Less	71	98	2	0	158	7	21					
Idle More than Three Months	129	129	129	132	130	132	132					
Operable Refinery Capacity	16,153	16,181	16,270	16,271	16,271	16,276	16,287					
Utilization Rate (percent)												
Operating Capacity	92.5	92.3	91.7	95.0	95.4	94.2	95.7					
Operable Capacity	91.4	91.0	91.0	94.2	93.7	93.4	94.8					

¹Capacities are on a calendar day basis.

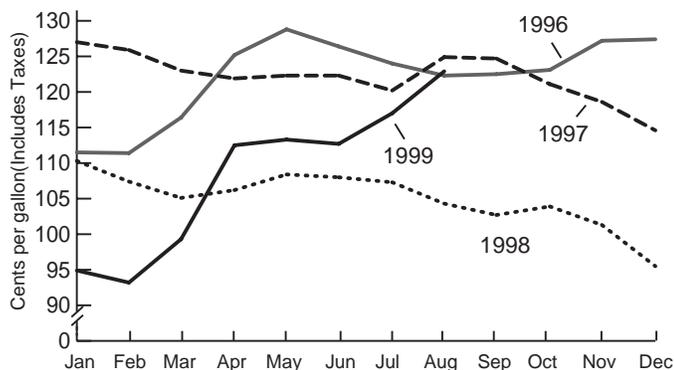
²Operating capacity equals the operable capacity less the total idle capacity.

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.

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



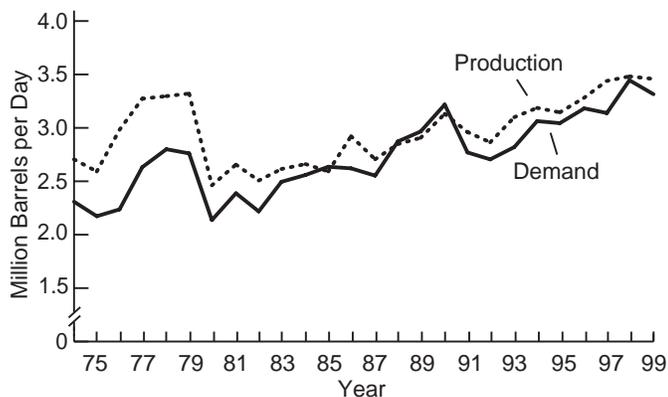
Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

finished motor gasoline totaled 157.2 million barrels. Of that, reformulated stocks accounted for 37.8 million barrels, oxygenated 1.3 million barrels, and other finished 118.1 million barrels.

Distillate Fuel Oil

While demand for distillate fuel oil was high, it failed to surpass the August record set last year. **Demand** for distillate fuel oil averaged 3.3 million barrels per day, the second highest average for the month ever (Figure H4). **Production** of distillate fuel oil was only 24 thousand barrels per day below the August record at an average of 3.5 million barrels per day. Distillate fuel oil **imports** were lower than normal for the month, averaging 172 thousand barrels per day. **Stocks** ended the month at 141.2 million barrels, down 7.8 million barrels from this time last year. Of that, stocks of heating oils, or high-sulfur distillates, ended the month totaling 72.8 million barrels compared to 77.1 million barrels in 1998.

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

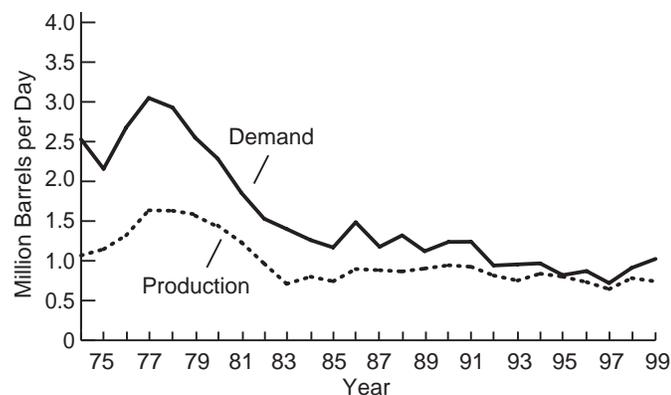


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Residual Fuel Oil

Residual fuel oil **demand** averaged 1.0 million barrels per day, **the highest average for August since 1991** (Figure H5). Demand for residual fuel oil got a boost from increased industrial activity as the latest data for industrial production reveals another increase in August.⁶ **Production** of residual averaged 741 thousand barrels per day, down slightly from this time last year. Residual fuel oil **imports** also trailed last year's average for the month, at 219 thousand barrels per day. **Stocks** ended the month totaling 36.4 million barrels, down 5.4 million barrels from last year.

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

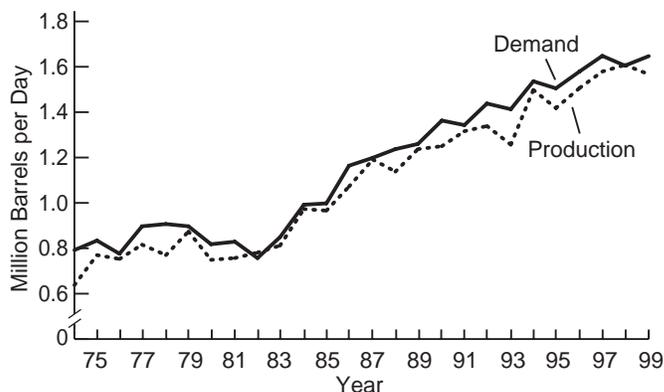


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

Domestic air travel continues to show impressive strength as the latest data on available seat miles—one seat flown one mile—reveal a year-on-year increase of 5.5 percent for the month.⁷ **Demand** for kerosene-type jet fuel averaged 1.6 million barrels per day, the highest average for the month since the record was set in 1997 (Figure H6). **Production** of kerosene-type jet fuel averaged a hearty 1.6 million barrels per day as well, down slightly from last August's record high for the month. Imports were up considerably from August's five-year average. **Imports** of total jet fuel, kerosene- and naphtha-type, averaged 124 thousand barrels per day. Compared to year-ago levels, **stocks** of kerosene-type jet fuel ended the month down 1.6 million barrels for a total of 44.8 million barrels.

Figure H6. Kerojet, Year-to-Date August 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

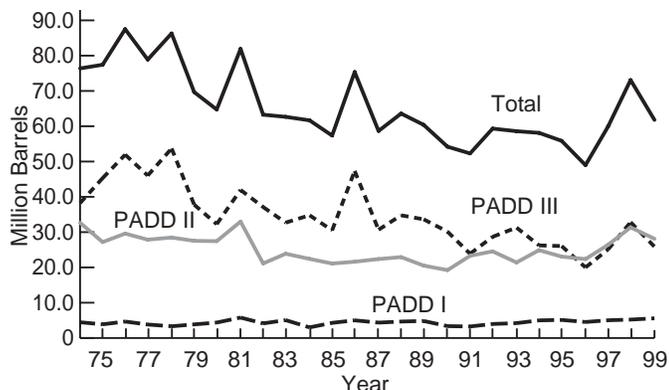
As the summer stock build season came to a close, U.S. propane inventories posted a relatively strong build for the month. Propane inventories added nearly 4.4 million barrels to end the month at a total of 61.8 million barrels. This left stocks of propane at **the second highest August month-end total in over a decade**. All of the major regions continued higher with stocks along the East Coast ending well above the normal range for the month. Both Gulf Coast and Midwest inventories ended the month well within their normal seasonal ranges. Midwest stocks increased 2.6 million barrels to end the month at a total of 28.5 million barrels. Inventories along the Gulf Coast increased almost 1.0 million barrels for a total of 25.9 million barrels by month's end. Along the East Coast, propane inventories totaled 5.6 million barrels, **the highest total for the month since the record was set in 1981**.

⁶“Industrial Production and Capacity Utilization”, *Federal Reserve Board*, September 16, 1999, accessible via the Internet at <http://www.bog.frb.fed.us/>

⁷“Preliminary Scheduled Passenger Traffic Statistics”, *Air Transport Association*, September 15, 1999, accessible via the Internet at <http://www.ata.org>.

Overall, the seasonal stock build through August trailed the five-year average, due partly to the overhang in inventories from last year. U.S. regional inventories remain at more than adequate levels prior to the start of the 1999 - 2000 heating season.

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



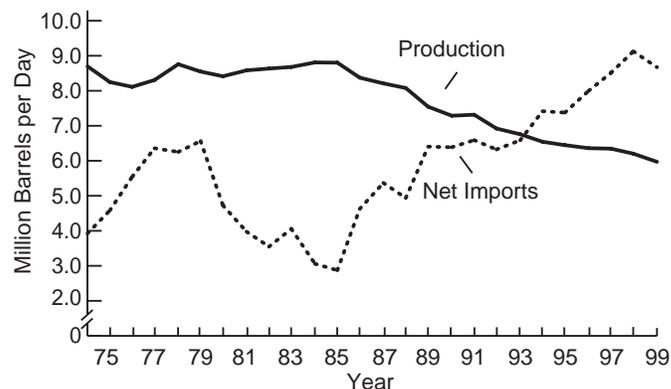
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Crude Oil

While domestic crude oil production did increase compared to July, it continued its year-on-year decline. Domestic production of crude oil averaged only 6.0 million barrels per day, **the lowest average for the month since 1950**. Alaskan field production of crude oil also continued its year-on-year decline as warmer weather and continued maintenance of storage tanks in Valdez both had detrimental effects on production.⁸ At an average of 1.0 million barrels per day, its average is the lowest for this time of year since 1977, when the TransAlaskan Pipeline System became operational. Crude oil **imports** averaged 8.8 million barrels per day, the second highest average for the month ever. Net imports of crude oil, one measure of the U.S. reliance on foreign supply, also reached the second highest average for the month yet at 8.7 million barrels per day.

Crude oil **stocks**, excluding the Strategic Petroleum Reserves (SPR), ended the month at a total of 314.6 million barrels. Compared to last August, stocks of crude oil, excluding the SPR, were **down 14.4 million barrels**. Total crude oil stocks ended the month at 890.3 million barrels; this includes non-U.S. stocks held under foreign or commercial storage agreements.

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

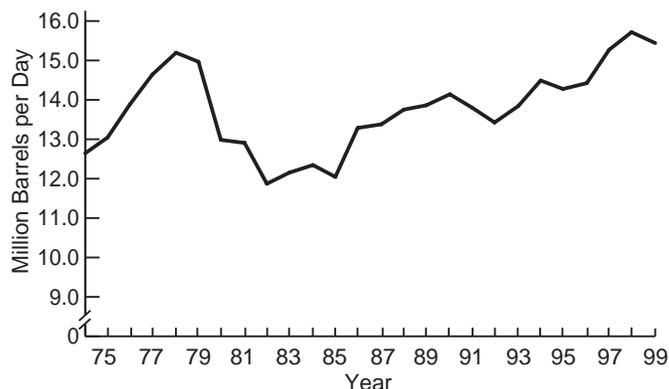


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Refinery Operations

At only 0.3 million barrels per day from the August record high, crude oil inputs were not only high for this time of year, but at one of the highest averages ever. Crude oil **inputs** averaged 15.4 million barrels per day. The estimated refinery **operable utilization rate** (gross input divided by operable capacity) averaged 95.5 percent of capacity compared to 99.9 percent a year ago.

Figure H9. Year-to-Date August 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“FY 2000 ANS Production”, *Alaska Department of Revenue*, August 1999, accessible via the Internet at <http://www.revenue.state.ak.us/oga/production.htm#oilproduct ion>.