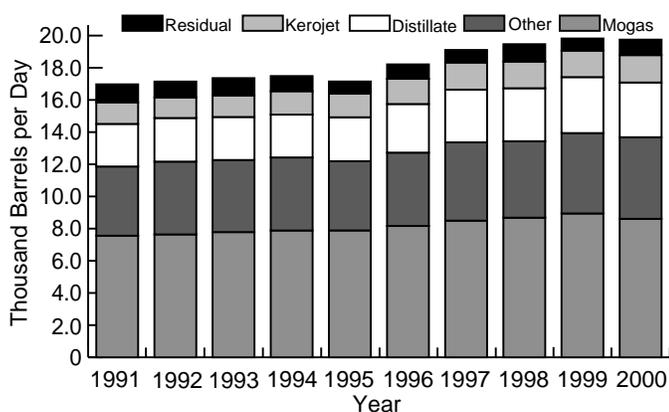


Highlights

Total demand for refined petroleum products, measured as product supplied, averaged 19.7 million barrels per day in July¹ (Table H1 and Figure H1). While demand for petroleum products remains robust, it fell short of last July's record for the month by 71 thousand barrels per day. This was attributed to a cooling off of both temperatures and demand for motor gasoline. In July, temperatures across the nation were 7.2 percent cooler than normal and 21.0 percent cooler than last year.² In addition to the cooler temperatures, the U.S.'s record economic expansion began showing some signs of moderating according to the Federal Reserve Board. While the economy continues to expand, softening was noted in consumer spending, manufacturing, and construction.³

Figure H1. Total Demand, 1991-Current, Comparison in July for Petroleum Products



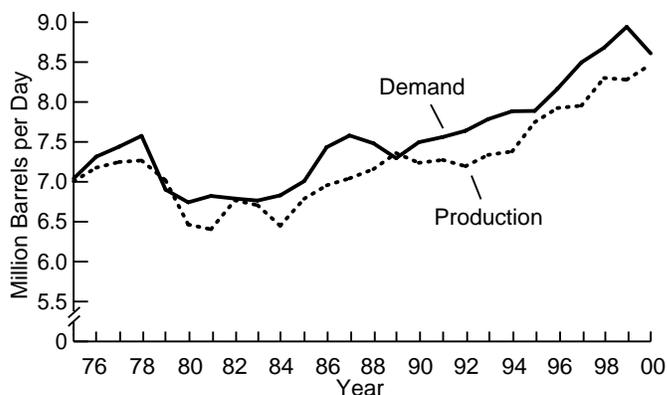
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Highlights for July 2000 include:

- Finished motor gasoline **demand** averaged 8.6 million barrels per day. **Production** set a **record high for the month** and reached one of the highest averages ever at 8.5 million barrels per day. Prices for motor gasoline eased this month. **Stocks** of finished motor gasoline ended the month totaling 161.7 million barrels, down only 2.9 million barrels from last July's total.
- Distillate fuel oil **demand** averaged 3.4 million barrels per day. **Production** of distillates set a **record high for the month** averaging 3.6 million barrels per day. Distillate fuel oil **stocks** increased 4.0 million barrels from June, ending the month at 110.4 million barrels. Still, high-sulfur distillate fuel oil stocks remain unseasonably low.

- Residual fuel oil **demand** and **production** both reflect year-to-year increases at 962 thousand barrels per day and 752 thousand barrels per day respectively. **Stocks** ended the month at their lowest level for July in decades at 33.8 million barrels.
- Kerosene-type jet fuel **demand** set a **record high for the month** at 1.7 million barrels per day. **Production** was also strong, setting a **record high for July** and one of the highest averages ever at 1.6 million barrels per day. **Stocks** of kerosene-type jet fuel ended the month totaling 44.9 million barrels.
- Propane inventories increased at a **record rate of 9.9 million barrels**, totaling 54.2 million barrels by month's end. Through July 2000, the U.S. stock build has totaled approximately 31 million barrels, more than 17 percent above the five-year average.
- Domestic **production** of crude oil averaged 5.8 million barrels per day. This represented the lowest average for the month in 50 years. Field production in Alaska was down as well, averaging only 907 thousand barrels per day. **Imports** of crude oil were particularly strong, averaging 9.5 million barrels per day. Despite the strong imports, **stocks** of crude oil, excluding the Strategic Petroleum Reserves (SPR), declined to 284.9 million barrels by month's end.
- Refinery **inputs** of crude oil reached an **all-time high in July** averaging 15.8 million barrels per day.

Figure H2. Finished Motor Gasoline, Year-to-Year July Comparisons, 1975-2000



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

¹July 2000 data are monthly-from-weekly estimates based on the Energy Information Administration's Weekly Petroleum Supply Reporting System.

²"Cooling Degree Day Data Monthly Summary, Monthly Data for July 2000", *National Oceanic and Atmospheric Administration*, accessible via the Internet at <http://www.cpc.ncep.noaa.gov/>.

³"The Beige Book Summary", *The Federal Reserve Board*, August 9, 2000, accessible via the Internet at <http://www.bog.frb.fed.us/>.

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

Category	2000			1999	January - July	
	Estimated July	June	Difference ^a	July	2000	1999
Products Supplied	19.7	19.8	-0.1	19.8	19.2	19.3
Finished Motor Gasoline.....	8.6	8.7	-0.1	8.9	8.3	8.4
Distillate Fuel Oil.....	3.4	3.6	-0.2	3.5	3.6	3.5
Residual Fuel Oil	1.0	0.8	0.1	0.8	0.8	0.8
Jet Fuel.....	1.7	1.7	(s)	1.6	1.7	1.7
Other Petroleum Products ^b	5.1	5.1	(s)	5.0	4.9	4.9
Crude Oil Inputs	15.8	15.7	0.1	15.2	14.9	14.8
Operating Utilization Rate (%)	99.5	98.4	1.1	95.8	93.8	93.7
Imports	11.4	11.7	-0.3	11.7	10.9	11.1
Crude Oil	9.5	9.5	(s)	9.4	8.8	8.9
Strategic Petroleum Reserve	(s)	(s)	(s)	0.0	(s)	0.0
Other.....	9.4	9.4	(s)	9.4	8.8	8.9
Products	1.9	2.2	-0.3	2.3	2.1	2.2
Finished Motor Gasoline.....	0.3	0.3	(s)	0.5	0.3	0.4
Distillate Fuel Oil.....	0.2	0.3	-0.1	0.2	0.3	0.3
Residual Fuel Oil	0.2	0.3	(s)	0.3	0.2	0.3
Jet Fuel.....	0.1	0.2	(s)	0.2	0.1	0.1
Other Petroleum Products ^c	1.0	1.2	-0.2	1.2	1.1	1.1
Exports	1.0	0.9	0.1	0.9	1.0	0.9
Crude Oil	0.1	(s)	0.1	0.1	0.1	0.1
Products	0.9	0.9	(s)	0.8	0.9	0.8
Total Net Imports	10.4	10.8	-0.4	10.8	9.9	10.2
Stock Change^d	0.2	0.2	-0.1	(s)	0.2	(s)
Crude Oil	-0.2	-0.2	-0.1	(s)	(s)	0.1
Products	0.4	0.4	(s)	(s)	0.2	-0.1
Total Stocks	1,527	1,533	-5	1,644	—	—
(million barrels)						
Crude Oil	855	863	-8	908	—	—
Strategic Petroleum Reserve ^e	570	569	1	576	—	—
Other.....	285	294	-9	332	—	—
Products	673	670	3	736	—	—
Finished Motor Gasoline.....	162	165	-4	165	—	—
Distillate Fuel Oil.....	110	106	4	137	—	—
Residual Fuel Oil	34	37	-3	44	—	—
Jet Fuel.....	45	44	1	46	—	—
Other Petroleum Products ^c	322	317	5	343	—	—

^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 finished 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), 1999, *Petroleum Supply Annual*, Volume 2; appropriate issues of the *Petroleum Supply Monthly* and the *Weekly Petroleum Status Report*.

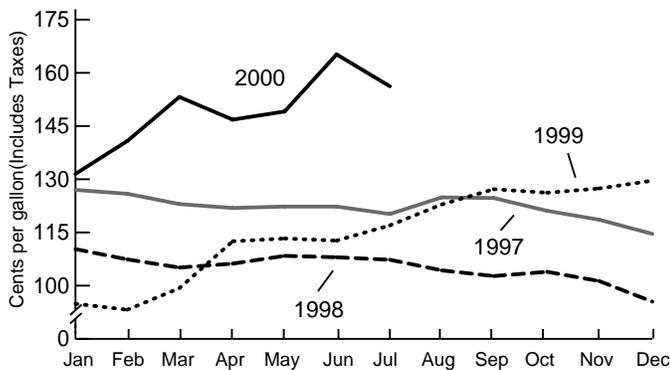
Data for the current month are preliminary estimates, based on weekly submissions. For an explanation of estimation methodology and accuracy, see Appendix A of *Weekly Petroleum Status Report* and the article, "Accuracy of Petroleum Supply Data", published in the December 1999, *Petroleum Supply Monthly*.

Motor Gasoline

Demand for finished motor gasoline continues to show weakness, averaging only 8.6 million barrels per day (Figure H2). Compared to this time last year, demand is down 3.7 percent from last July's record high for the month. As stated in the *Short-Term Energy Outlook*, "the price elasticity of demand for gasoline, while remaining small in the short term, is alive and well."⁴ While the price of conventional motor gasoline **dropped by nine cents in July**, prices remain well above last year's unusually low average. Conventional motor gasoline prices averaged \$1.562 a gallon (Figure H3).⁵ The combination of record high refinery gasoline yields this year and the ability of the refineries to shift production slates to meet consumer demand has resulted in record production levels over the past several months.⁶ **Production** of finished motor gasoline set a **record high for July** at an average of 8.5 million barrels per day. **Imports** of finished motor gasoline averaged 335 thousand barrels per day.

Stocks of finished motor gasoline ended the month at 161.7 million barrels, the lowest total for the month since 1997. Stocks of other finished motor gasoline accounted for 120.8 million barrels compared to 122.7 million barrels a year ago. Stocks of reformulated motor gasoline totaled 39.8 million barrels versus 40.3 million barrels last July. Oxygenated stocks totaled 1.1 million barrels, down from last year's total of 1.7 million barrels.

Figure H3. Price for Conventional Motor Gasoline, 1997-current

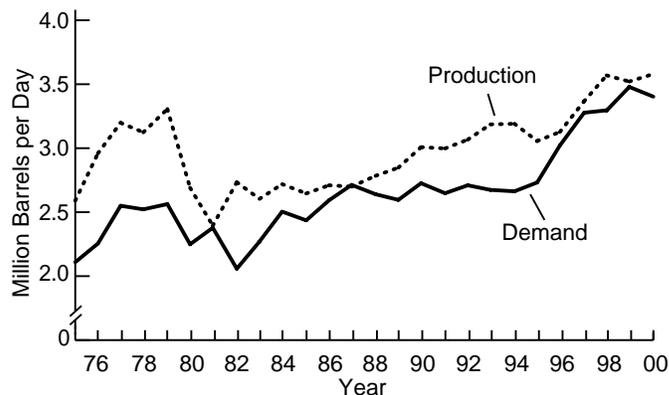


Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

Distillate Fuel Oil

Demand for distillate fuel oil averaged 3.4 million barrels per day for the month. Transportation demand for the fuel oil continues to be strong, as evident in the increase seen in the railroads in July.⁷ Distillate fuel oil **production** set a **record high for the month** at an average of 3.6 million barrels per day (Figure H4). **Imports** of distillates averaged 185 thousand barrels per day, down 10.6 percent compared to the five-year average for the month. End-of-month stocks of total distillates increased 4.0 million barrels from June's month-end total. However, distillate **stocks** remain **below the normal seasonal range** at 110.4 million barrels. Stocks of low-sulfur distillates, typically considered for use in on-highway diesel engines, totaled 69.2 million barrels. High-sulfur stocks, primarily used for space heating and electric power generation, ended the month totaling 41.2 million barrels. Stocks of high-sulfur distillate fuel oil are **38.0 percent lower than this time last year** or at a 25.3 million barrel deficit.

Figure H4. Distillate, Year-to-Year July Comparisons, 1975-2000



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 and **production** of residual fuel oil both showed increases in July compared to this time last year at 962 thousand barrels per day and 752 thousand barrels per day respectively (Figure H5). **Imports** averaged 236 thousand barrels per day, down 33 thousand barrels per day from July's five-year average. **Stocks** of residual fuel oil declined 3.3 million barrels this month, totaling 33.8 million barrels by month's end. This represents **the lowest month-end total for July in decades**.

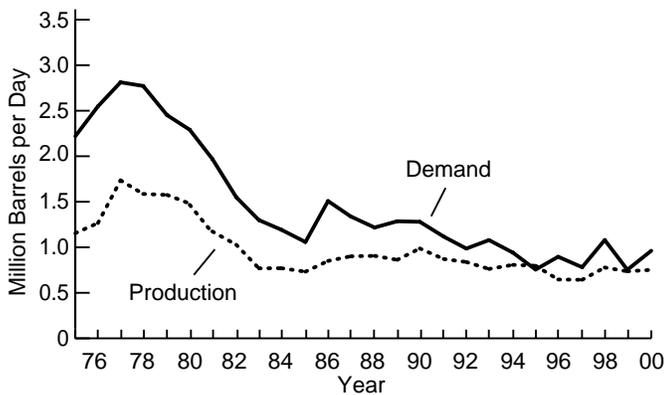
⁴"Short-Term Energy Outlook Summary", *The Energy Information Administration*, August 2000, accessible via the Internet at <http://www.eia.doe.gov/>.

⁵Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1999 to Present", *Weekly Petroleum Status Report*, August 4, 2000, p. 27.

⁶"Marketview-Up Again On The Downstream", *Petroleum Intelligence Weekly*, July 17, 2000, p. 6.

⁷"Rail Intermodal Freight Traffic Registers Solid Gain in July", *Association of American Railroads*, August 3, 2000, accessible via the Internet at <http://www.aar.org/>.

Figure H5. Residual, Year-to-Year July Comparisons, 1975-2000

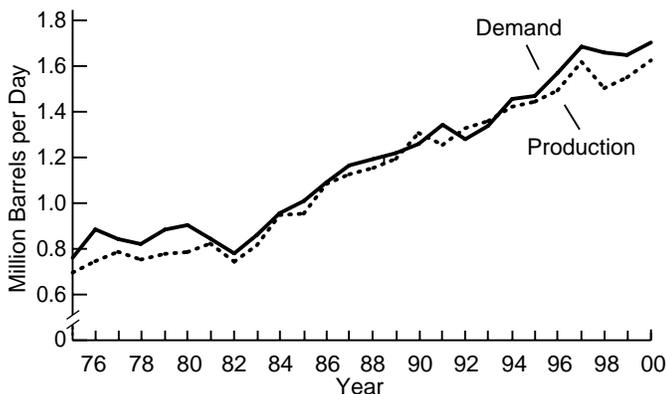


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

Trends in available seat miles of the major air carries reflects the increasing need for kerosene-type jet fuel to meet the demand for air travel.⁸ **Setting a record high for the month, demand** for kerosene-type jet fuel reached an average of 1.7 million barrels per day (Figure H6). As well as setting another **record high for July, production** of kerosene-type jet fuel reached the third highest average ever at 1.6 million barrels per day. Total **imports** of jet fuel, both kerosene- and naphtha-type combined, were above the five-year average at 123 thousand barrels per day. **Stocks** of kerosene-type jet fuel, which account for nearly all of the jet fuel stocks, ended the month at 44.9 million barrels.

Figure H6. Kerojet, Year-to-Year July Comparisons, 1975-2000



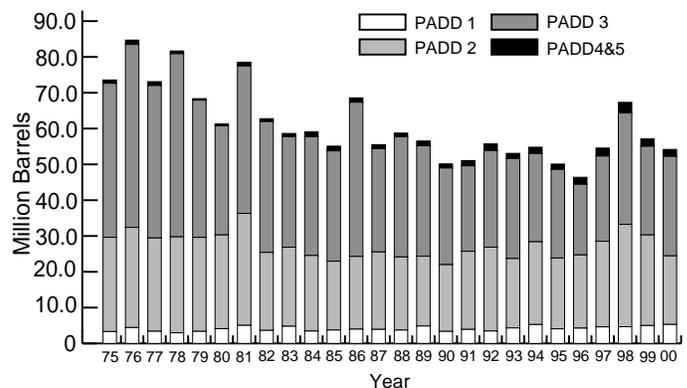
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Propane

Primary stockholders added a July record 9.9 million barrels of propane to U.S. inventories by months end. Still, 54.2 million barrels of propane remains near the lower limit of the normal seasonal range for the month (Figure H7). Regionally, East Coast inventories gained 1.3 million barrels, while inventories in the Midwest and Gulf Coast regions gained 4.3 million barrels and 4.5 million barrels, respectively. East Coast stocks moved slightly above the normal seasonal range at 5.3 million barrels. Stocks in the Gulf Coast continue to track within their normal range for July at 27.8 million barrels. Midwest inventories continue to lag significantly below their normal range for the month at 19.1 million barrels.

The past several months have witnessed surprisingly strong stock builds in all regions of the Nation due in particular to the strong level of production this year. Through the end of July, the U.S. stock build totaled about 31 million barrels, more than 17 percent above the average over the last five-years.

Figure H7. Propane Stocks, Year-to-Year July Comparisons, 1975-2000



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** slipped to an average of 5.8 million barrels per day, the **lowest average for the month since 1950**. Alaskan field production continues to suffer as well, dipping to an average of 907 thousand barrels per day. Warmer weather and natural field declines were behind this month's down turn.⁹ The residual effects from the 1998 crude oil price collapse continue to plague the already waning domestic production. Even with the resurgence in crude oil prices, a lack of investment, natural field declines, and a shift toward the natural gas sector are each taking a toll on domestic output.¹⁰ The refineries' composite average price of crude oil was estimated at \$28.48 a barrel in July (Figure H8).¹¹ While down slightly from June, crude oil prices remain

⁸ "Preliminary Scheduled Passenger Traffic", *Air Transport Association*, August 16, 2000, accessible via the Internet at <http://www.air-transport.org/>.

⁹ "ANS Output Slipped in July", *The Oil Daily*, August 7, 2000, p. 8.

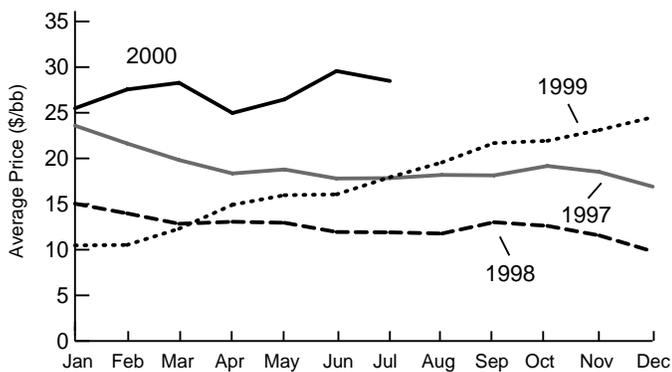
¹⁰ "A US Tale: High Prices, Low Oil Output", *Petroleum Intelligence Weekly*, July 17, 2000, p. 5.

¹¹ "Table 19. Prices of Crude Oil and Petroleum Products by PADD", *Weekly Petroleum Status Report*, August 11, 2000, p. 31 & 32.

substantially higher than this time last year. **Imports** of crude oil not only reached a **record high for the month**, but the **second highest average ever** at a rate of 9.5 million barrels per day. Net imports of crude oil, imports minus exports, averaged 9.4 million barrels per day.

Primary **stocks** of crude oil, excluding the SPR inventories, declined further this month to a total of 284.9 million barrels. This is the lowest total for the month since 1976. Total crude oil stocks, including SPR inventories and non-U.S. stocks held under foreign or commercial storage agreements, totaled 854.8 million barrels.

Figure H8. Refiners' Composite Acquisition Cost of Crude Oil, 1997-Present

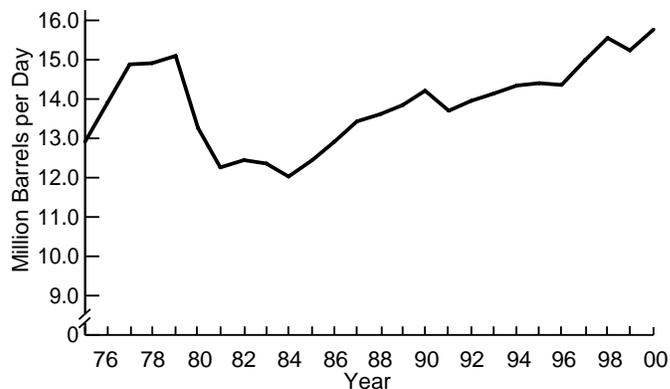


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Refinery Operations

Refinery **inputs** of crude oil reached an **all-time high** at an average of 15.8 million barrels per day (Figure H9). The estimated refinery **operable utilization rate** (gross input divided by operable capacity) average of 96.1 percent of capacity was **well above last July's average** of 94.9 percent.

Figure H9. Year-to-Year July Comparisons for Crude Oil Inputs, 1975-2000



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