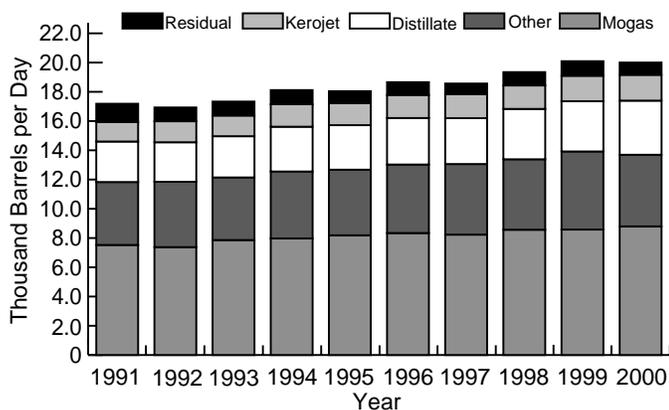


Highlights

Demand for petroleum products remains strong, as August's average was only 92 thousand barrels per day off the record high for the month. Total demand for refined petroleum products in August¹, measured as product supplied, averaged 20.0 million barrels per day (Table H1 and Figure H1). Economic data for the U.S. continue to reflect growth, albeit at a slowing pace.² Along with the healthy economy, warmer weather also added to the demand for petroleum. On average, temperatures across the nation were 4.2 percent warmer than normal and 2.0 percent warmer than this time last year.³ As the summer driving season winds down and thoughts turn toward the coming heating season, concern focuses on the low stock levels of petroleum both here and abroad. Many stocks ended the month trailing year-ago levels, a situation worsened by backwardation in the markets⁴ leaving little financial incentive to build inventories.

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



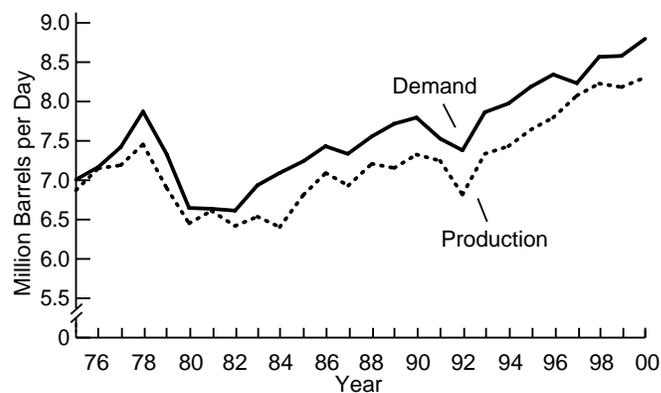
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Highlights for August 2000 include:

- **Demand** for finished motor gasoline set a **record high for the month** at 8.8 million barrels per day. **Production** of 8.3 million barrels per day also set a **record high for the month**. **Stocks** fell this month to a total of 151.9 million barrels, 7.7 million barrels below last August's month-end total.
- Distillate fuel oil **demand** and **production** each averaged 3.7 million barrels per day, setting **record highs in both categories for the month**. Total distillate **stocks** of 112.3 million barrels were 28.9 million barrels below last year's end-of-month level for August. Stocks of heating oils are particularly low.

- **Demand** for residual fuel oil at 841 thousand barrels per day was the lowest average for the month since 1997. Residual fuel oil **imports** were in the upper range for the month at 301 thousand barrels per day. **Stocks** ended the month totaling 36.4 million barrels, 2.3 million barrels below last August's month-end total.
- Kerosene-type jet fuel **demand** set a **record high for the month and the second highest average ever** at 1.8 million barrels per day. **Production** was also robust at 1.6 million barrels per day, setting a **record high for the month**. End-of-month kerosene-type jet fuel **stocks** totaled 43.9 million barrels, 2.6 million barrels below the end of last August.
- Although propane **inventories** increased 6.6 million barrels during the month, stocks ended the month in the lower range for this time of year totaling only 59.2 million barrels.
- Domestic **production** of crude oil continues its slide, reaching the **lowest average for August since 1950** at 5.8 million barrels per day. **Imports** of crude oil remain strong at 9.5 million barrels per day, a **record high for August**. End-of-month crude oil **stocks** (excluding the Strategic Petroleum Reserve) totaled 289.5 million barrels, 25.7 million barrels below last August's month-end total.
- Refinery **inputs** of crude oil reached a **record high for August** at 15.7 million barrels per day.

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



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

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

²"The Beige Book Summary", *The Federal Reserve Board*, September 20, 2000, accessible via the Internet at <http://www.bog.frb.fed.us/>.

³"Cooling Degree Day Data Monthly Summary, Monthly Data for August 2000", *National Oceanic and Atmospheric Administration*, accessible via the Internet at <http://www.cpc.ncep.noaa.gov/>.

⁴"Market Movement Oil price outlook firm, provided...", *The Oil & Gas Journal*, August 28, 2000, p. 5.

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

| Category | 2000 | | | 1999 | January - August | |
|------------------------------------------------|------------------|-------|-------------------------|--------|------------------|------|
| | Estimated August | July | Difference ^a | August | 2000 | 1999 |
| Products Supplied | 20.0 | 19.6 | 0.4 | 20.1 | 19.3 | 19.4 |
| Finished Motor Gasoline..... | 8.8 | 8.6 | 0.2 | 8.6 | 8.3 | 8.4 |
| Distillate Fuel Oil..... | 3.7 | 3.4 | 0.3 | 3.4 | 3.6 | 3.5 |
| Residual Fuel Oil | 0.8 | 1.0 | -0.1 | 1.0 | 0.8 | 0.9 |
| Jet Fuel..... | 1.8 | 1.8 | (s) | 1.7 | 1.7 | 1.7 |
| Other Petroleum Products ^b | 4.9 | 4.8 | 0.1 | 5.3 | 4.9 | 5.0 |
| Crude Oil Inputs | 15.7 | 15.8 | -0.1 | 15.3 | 15.0 | 14.9 |
| Operating Utilization Rate (%) | 97.8 | 98.2 | -0.4 | 96.4 | 94.2 | 94.0 |
| Imports | 11.4 | 11.3 | (s) | 11.1 | 10.9 | 11.1 |
| Crude Oil | 9.5 | 9.3 | 0.2 | 8.9 | 8.8 | 8.9 |
| Strategic Petroleum Reserve | 0.0 | (s) | (s) | (s) | (s) | (s) |
| Other..... | 9.5 | 9.3 | 0.2 | 8.9 | 8.8 | 8.9 |
| Products | 1.9 | 2.0 | -0.1 | 2.2 | 2.1 | 2.2 |
| Finished Motor Gasoline..... | 0.3 | 0.4 | -0.1 | 0.3 | 0.3 | 0.4 |
| Distillate Fuel Oil..... | 0.2 | 0.2 | (s) | 0.3 | 0.3 | 0.3 |
| Residual Fuel Oil | 0.3 | 0.3 | (s) | 0.2 | 0.2 | 0.3 |
| Jet Fuel..... | 0.1 | 0.1 | (s) | 0.2 | 0.1 | 0.1 |
| Other Petroleum Products ^c | 1.0 | 1.1 | -0.1 | 1.2 | 1.1 | 1.2 |
| 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 | 10.4 | -0.1 | 10.2 | 9.9 | 10.2 |
| Stock Change^d | 0.2 | 0.4 | -0.1 | -0.7 | 0.3 | -0.1 |
| Crude Oil | 0.2 | -0.2 | 0.4 | -0.6 | (s) | (s) |
| Products | 0.1 | 0.6 | -0.6 | -0.1 | 0.2 | -0.1 |
| Total Stocks | 1,535 | 1,544 | -10 | 1,622 | — | — |
| (million barrels) | | | | | | |
| Crude Oil | 861 | 856 | 5 | 890 | — | — |
| Strategic Petroleum Reserve ^e | 571 | 570 | 1 | 575 | — | — |
| Other..... | 289 | 286 | 4 | 315 | — | — |
| Products | 674 | 688 | -14 | 732 | — | — |
| Finished Motor Gasoline..... | 152 | 165 | -13 | 160 | — | — |
| Distillate Fuel Oil ^f | 112 | 113 | -1 | 141 | — | — |
| Residual Fuel Oil | 36 | 35 | 1 | 39 | — | — |
| Jet Fuel..... | 44 | 43 | 1 | 47 | — | — |
| Other Petroleum Products ^c | 330 | 332 | -3 | 346 | — | — |

^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*.

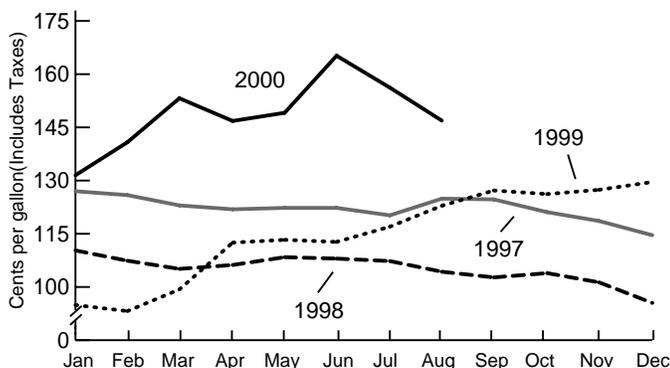
Data for the current month are preliminary estimates, based on weekly submissions. For an explanation of estimation methodology and accuracy, see Appendix A of *Weekly Petroleum Status Report* and the article, "Accuracy of Petroleum Supply Data", published in the December 1999, *Petroleum Supply Monthly*.

Motor Gasoline

Demand for finished motor gasoline set a **record high for August** averaging 8.8 million barrels per day (Figure H2). Motorists benefitted from further reductions in retail prices for conventional motor gasoline as the average for the month declined to \$1.469 a gallon (Figure H3).⁵ **Production** of finished motor gasoline also set a **record high for the month** at an average of 8.3 million barrels per day. **Imports** of finished motor gasoline averaged 292 thousand barrels per day, the lowest average for August since 1997.

Stocks of finished motor gasoline **fell further in August**, down to a total of 151.9 million barrels by month's end. This represents a decline of **4.8 percent compared to this time last year** and was the lowest total for the month in three years. Stocks of other finished motor gasoline totaled 111.9 million barrels, down 4.8 percent from last August. Reformulated motor gasoline stocks totaled 39.0 million barrels, down 3.0 percent compared to a year ago. Oxygenated stocks totaled 1.1 million barrels, reflecting a 46.2 percent decline compared to last August's month-end total.

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



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

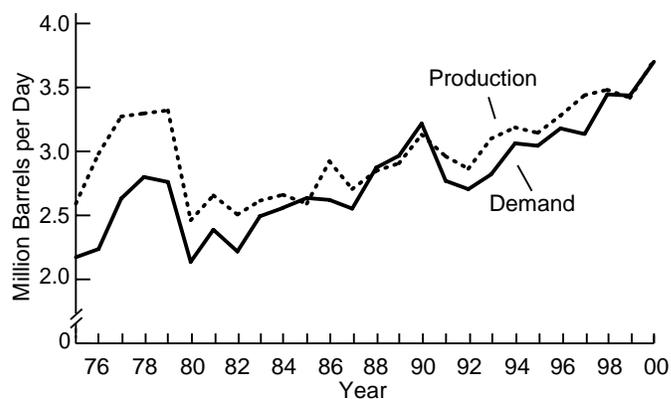
Distillate Fuel Oil

Demand for distillate fuel oil reached a **record high for August** at an average of 3.7 million barrels per day. This demand shattered the prior August high, set in 1998, by more than **seven percent**. High margins for distillates have provided additional incentive for refineries to shift production slates and supply as much of the product as possible to the tight market.⁶ Well ahead of the usual high **production** months, August's average of 3.7 million barrels

per day set an **all-time record** (Figure H4). Strong prices abroad for heating oils kept some barrels from the U.S. this month.⁷ As a result distillate fuel oil **imports** averaged 216 thousand barrels per day, the lowest average for the month since 1998.

Distillate fuel oil stocks continued below normal seasonal levels in August, ending at their lowest level for the month in four years. **Stocks declined slightly** to 112.3 million barrels by month's end. Compared to this time last year, low-and-high-sulfur distillate fuel oil stocks were down 2.7 percent and 37.2 percent, respectively. Low-sulfur distillates, typically considered for use in on-highway diesel engines, totaled 66.7 million barrels. High-sulfur distillates, primarily used for space heating and electric power generation, totaled only 45.6 million barrels. With stocks of heating oils substantially below normal levels, plans to fill the Northeast Heating Oil Reserve are underway. This newly created reserve has been established to help provide short-term relief from weather-related shortages in home heating oil similar to those last year in New England which resulted in severe price spikes.⁸

Figure H4. Distillate, Year-to-Year August 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 for residual fuel oil slipped to an average of 841 thousand barrels per day, the lowest average for the month since 1997 (Figure H5). **Production** of residual fuel oil was normal for this time of year averaging 752 thousand barrels per day. **Imports**, at 301 thousand barrels per day, were in the upper range for the month. **Stocks** ended the month at 36.4 million barrels, their lowest level for August in four years and 2.3 million barrels below last August's month-end total.

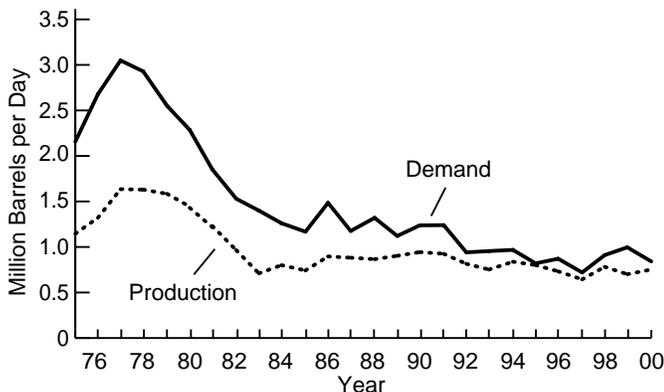
⁵“Table 16. U.S. Retail Motor Gasoline and On-Highway Diesel Fuel Prices, 1999 to Present”, *Weekly Petroleum Status Report*, August 4, 2000, p. 27.

⁶“August Inflicts Pain On End-Users And Marketers”, *Oil Price Information Service*, August 28, 2000, p. 1.

⁷“Heating oil on NYMEX climbs above unleaded, early in season”, *Platt's Oilgram Price Report*, August 24, 2000, p. 1.

⁸“Morgan Stanley to supply 1.0-mil bbl for US heating reserve”, *Platt's Oilgram Price Report*, August 30, 2000, p. 1.

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

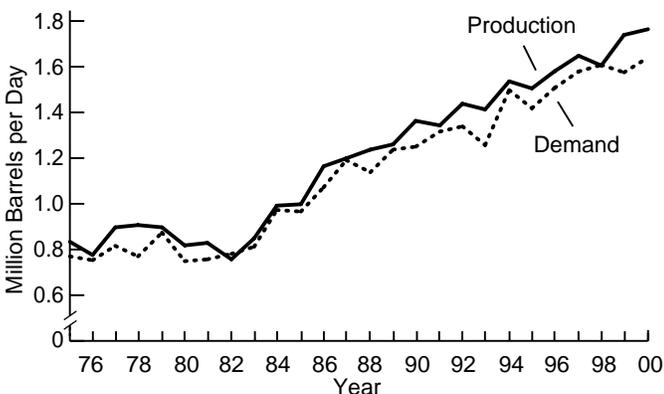


Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Kerosene-Type Jet Fuel

As reported by the *Air Transport Association*, the latest data on fuel consumption from the airlines continue to reflect growing demand from the industry.⁹ **Demand** for kerosene-type jet fuel set a **record high for the month and the second highest average ever** at 1.8 million barrels per day (Figure H6). **Production** of kerosene-type jet fuel reached an average of 1.6 million barrels per day. While production of kerosene-type jet fuel **set an August record high** it fell just short of the all-time high by only a few thousand barrels per day. With solid growth in demand and strong margins, refineries have been provided with plenty of incentive to maximize production of the fuel.¹⁰ Total **imports** of jet fuel, both kerosene- and naphtha-type, averaged 124 thousand barrels per day. Month-end **stocks** of kerosene-type jet fuel totaled 43.9 million barrels, the lowest total for the month since 1997.

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



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

⁹"Fuel Cost And Consumption", *Air Transport Association*, September 1, 2000, accessible via the Internet at <http://www.air-transport.org/>.

¹⁰Jet Fuel Watch "Refiners Motivated To Make Fuel", *Oil Price Information Service*, September 11, 2000, p. 15.

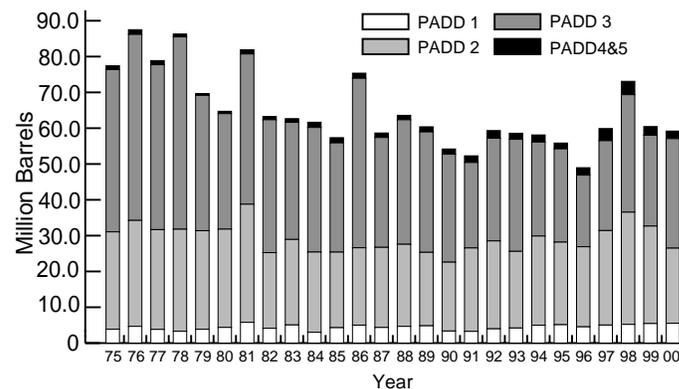
¹¹"Table 19. Prices of Crude Oil and Petroleum Products by PADD", *Weekly Petroleum Status Report*, September 15, 2000, p. 31 & 32.

Propane

The strong summer stock build continued with a **near record build for the month** of 6.6 million barrels. This build increased U.S. inventories of propane to 59.2 million barrels, only 1.3 million barrels below last years month-end total (Figure H7). However even with this build in propane stocks, inventories remain at the lower limit of the normal range for the month. Regionally, stock builds measured 780 thousand barrels along the East Coast, 2.1 million barrels in the Midwest, and 4.2 million barrels for the Gulf Coast. Propane stocks along the East Coast ended the month at 5.5 million barrels, the upper limit of the normal seasonal range. Gulf Coast inventories also moved near the upper limit of the normal seasonal range at 30.6 million barrels. Midwest inventories **remain significantly below their normal seasonal range** at 21.0 million barrels and ended the month at their lowest total for this time of year since 1990.

Nearing the start of the heating season, most regional inventories are at relatively adequate levels except in the Midwest. With only one month remaining in the traditional build season, Midwest inventories are not expected to reach normal levels by the start of the heating season.

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



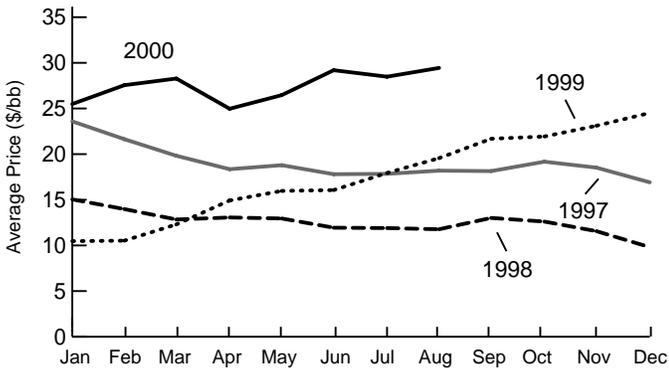
Source: Energy Information Administration, *Petroleum Supply Annual*, DOE/EIA-0340 (various issues), and *Petroleum Supply Monthly*, DOE/EIA-0109 (various issues).

Crude Oil

Domestic crude oil **production** slipped for the sixth consecutive month to 5.8 million barrels per day, the **lowest average for the month since 1950**. Alaskan field production averaged 914 thousand barrels per day representing the lowest average for the month since 1977 when the Trans-Alaskan Pipeline System first started moving oil. Crude oil prices rose in August reflecting the tight supply situation as the refineries' composite average price of crude oil was estimated at \$29.44 a barrel (Figure H8).¹¹ At 9.5 million barrels per day, **imports** of crude oil set a **record for the month** and the second highest average ever. Net imports of crude oil, imports minus exports, set an August record at 9.4 million barrels per day.

Primary **stocks** of crude oil, excluding the SPR inventories, increased 3.9 million barrels to 289.5 million barrels representing **a 24 year low for the month's end**. Total crude oil stocks, including SPR inventories and non-U.S. stocks held under foreign or commercial storage agreements, totaled 860.6 million barrels.

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

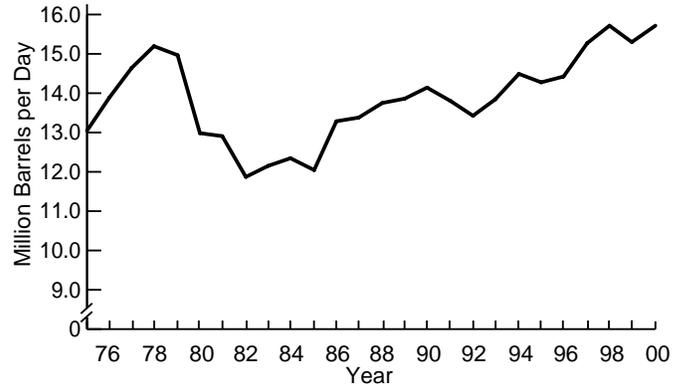


Source: Energy Information Administration, *Weekly Petroleum Status Report*, DOE/EIA-0208 (various issues).

Refinery Operations

Refinery **inputs** of crude oil set a **record high** for the month averaging 15.7 million barrels per day (Figure H9). The estimated refinery **operable utilization rate** (gross input divided by operable capacity) averaged 95.5 percent of capacity, similar to last August's average.

Figure H9. Year-to-Year August 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).