



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

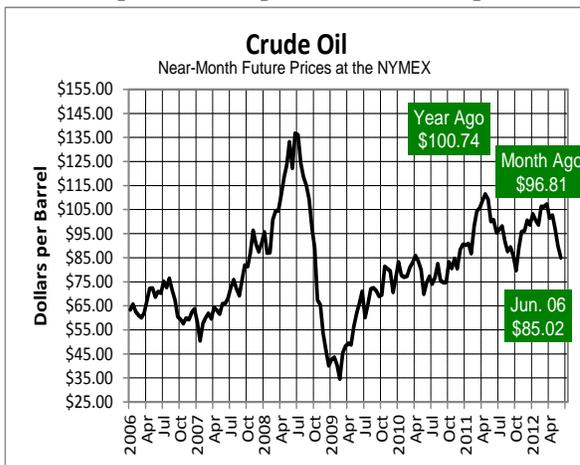
June 8, 2012

Crude Oil

U.S. crude oil prices decreased \$11.79, or 12 percent, to \$85.02 per barrel in the past month and stand 16 percent lower than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	06-06-12	05-09-10	change	06-08-11	change
NYMEX	\$85.02	\$96.81	down 12%	\$100.74	down 16%

- At the New York Mercantile Exchange (NYMEX), crude oil futures for July delivery ended \$0.73, or 0.9 percent, higher June 6 to close at \$85.02 per barrel, increasing for a 3rd day on speculation that monetary policy makers will act to spur economic growth, boosting fuel demand. Crude prices are down 16 percent compared to the same period last year.



- U.S. oil inventories fell slightly at 384.6 million barrels (MMB). Oil prices have risen 2.2 percent so far this week from an 8-month low of \$81.01 per barrel on June 1.
- The Dow Jones Industrial Average reversed direction and headed toward its biggest gain in 2012 on June 6 on U.S. and European banking news. The Federal Reserve's policy-setting Federal Open Market Committee meets June 19 to consider whether more stimulus is warranted amid signs the U.S. economy is slowing. The central bank

bought a total of \$2.3 trillion in bonds from December 2008 to June 2011 to stimulate the economy in quantitative easing. The European Central Bank or ECB is under pressure to lower rates and introduce more liquidity support for banks as European governments struggle to fix a crisis that is engulfing Spain and could force Greece out of the euro. Prices also rose as Iran accused the United Nations agency that oversees nuclear inspections of spying and vowed never to suspend uranium enrichment.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$85.02 is \$15.72, or 16 percent, lower.
- Total petroleum products supplied to market over the last four-week period ending June 1 averaged 18.6 MMB/D, down 2.0 percent, compared to the similar period last year.

- According to the June 6 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 0.1 MMB at 384.6 MMB for the week ending June 1. U.S. crude supplies are now 15.7 MMB higher than at this time last year.
- Crude imports for the week ending June 1 were 8.9 MMB/D, down 0.1 MMB/D from the prior week. Imports at this time last year averaged 8.6 MMB/D. Crude oil inventories represent 25.4 days of forward cover compared to 25.0 days at this time last year.
- U.S. refinery crude runs were up 250,000 barrels per day with refiners processing 15.7 MMB/D of crude for the week ending June 1. U.S. refinery capacity use was 91.0 percent, up 1.9 percent from the prior week and up 3.8 percent compared to this time last year.
- Gasoline output was down at 8.8 MMB/D on the week as refiners maximize diesel yields at the expense of gasoline. Gasoline output was down 0.2 MMB/D on the week and down 369,000 barrels per day compared to last year at this time. Distillate output increased slightly at 4.7 MMB/D for the week ending June 1, and stands 237,000 barrels per day higher compared to the production level at this time last year.

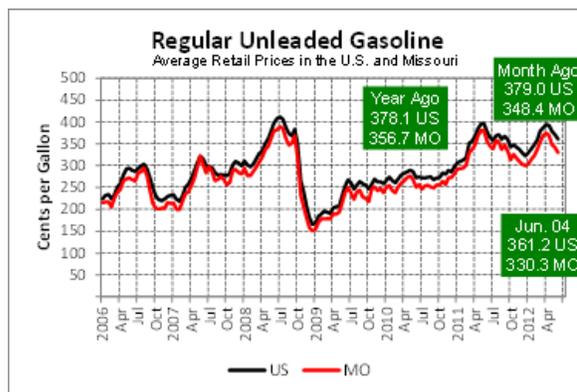
Transportation Fuels

On June 4, Missouri's statewide average retail price for gasoline was \$3.30 per gallon, down 18.1 cents or 5 percent in the past month.

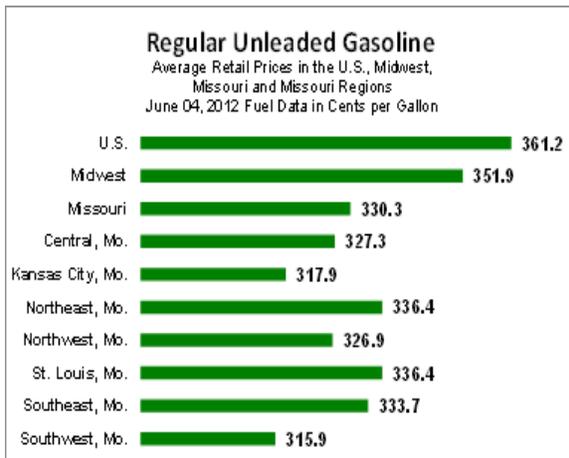
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	06-04-12	05-07-12	change	06-06-11	change
US	361.2	379.0	down 5%	378.1	down 4%
Missouri	330.3	348.4	down 5%	356.7	down 7%

Diesel Fuel - Retail Prices (cents per gallon)					
	06-04-12	05-07-12	change	06-06-11	change
US	361.2	405.7	down 11%	394.0	down 8%
Missouri	358.9	384.9	down 7%	380.3	down 6%

- On June 4, Missouri's average retail price for gasoline was \$3.30, a decrease of 18.1 cents in the past month. The average price for diesel fuel was down by 26.0 cents in the past month. Missouri's average retail gasoline price is \$0.26, or 7.0 percent, lower, while the average diesel fuel price is \$0.21, or 6 percent, lower for the comparable period in June 2011.

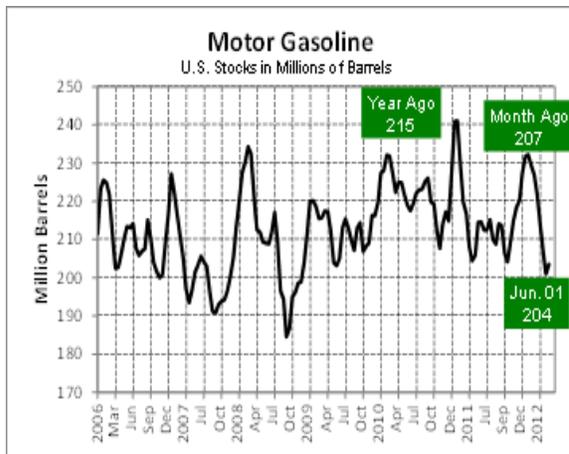


- The U.S. average price for regular gasoline was down by 17.8 cents per gallon, or 5 percent, compared to last month at \$3.61 per gallon. The U.S. average was about \$0.17, or 4 percent, lower compared to this time last year. In the past week, the U.S. average decreased by about 6 cents per gallon.
- Gasoline imports increased to 0.8 MMB/D for the week ending June 1; about 40,000 barrels per day higher compared to the prior week, but 319,000 barrels per day lower than last year at this time.



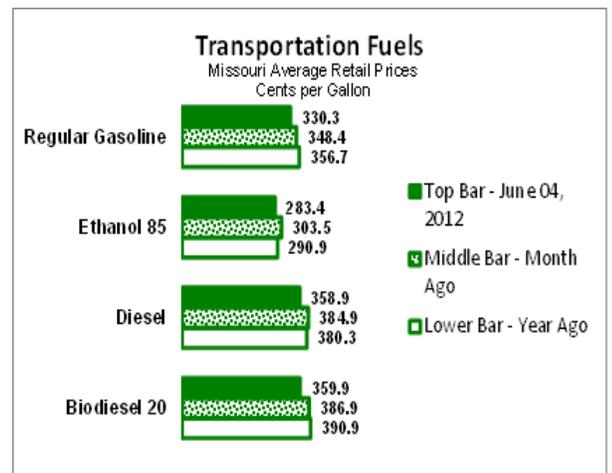
inventories are down 11.0 MMB compared to this time last year and trend at the bottom of the five-year average for this time of year.

- Distillate stocks increased at 120.0 MMB and stand 20.9 MMB lower compared to the same period last year. Distillate demand was down at 3.4 MMB/D for the week ending June 1 and down 423,000 barrels per day compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down about 481,000 barrels per day. On a four-week average, distillate demand was down 189,000 barrels per day compared to the same period last year at 3.6 MMB/D.



According to EIA's May 8, 2012, *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to average \$3.71 per gallon in 2012, compared with \$3.53 per gallon last year. During the April through September peak driving season, prices are forecast to average about \$3.79 per gallon.

- Implied demand for gasoline decreased the week ending June 1 at nearly 8.6 MMB/D, down 283,000 barrels per day from the prior week and about 515,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.8 MMB/D, 371,000 barrels per day, or 4.2 percent, lower compared to the same 4-week period last year.
- U.S. gasoline supplies increased 3.3 MMB at 203.5 MMB for the week ending June 1. Gasoline inventories represent 23.1 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline



- On June 4, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about \$2.83 per gallon, 47 cents or about 14 percent lower than the average price for conventional motor gasoline.
- On June 4, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.60 per gallon, 1.0 cent or less than 1.0 percent, lower than the statewide average retail price for conventional diesel fuel.

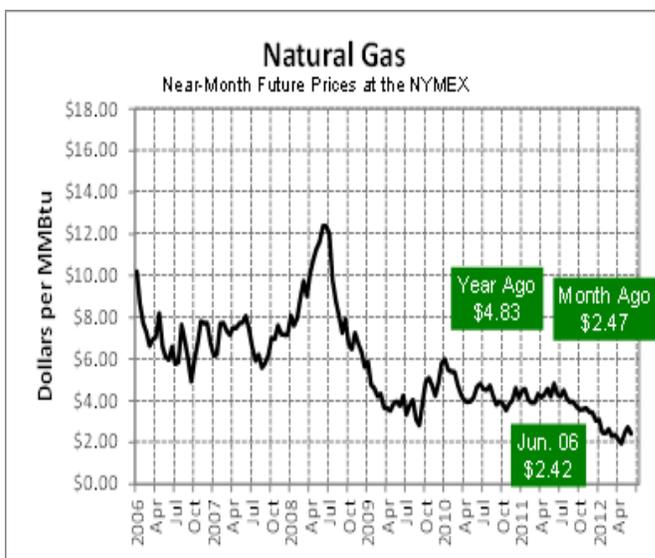
Natural Gas

Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On June 6, natural gas futures closed at \$2.42 per million British thermal units (MMBtu), down 5 cents from a month ago and down \$2.41 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	06-06-12	05-09-12	change	06-08-11	change
NYMEX	\$2.42	\$2.47	down 2%	\$4.83	down 50%

- Natural gas futures for July delivery decreased \$0.05 in the past month to a final closing price of \$2.42 per MMBtu on June 6.
- At the NYMEX, the July 2012 contract during the trading week increased 0.3 cents to close at \$2.42 per MMBtu on June 6.



- The July 2012 contract ended the week virtually unchanged. Prices dropped late last week, falling to \$2.326 per MMBtu on Friday, but rose on Monday and Tuesday before retreating slightly on Wednesday, June 6.
- According to EIA, domestic natural gas consumption fell by 2.8 percent for the week ending June 1, driven by a decline of 10.1 percent in power sector consumption. Residential, commercial and industrial sector consumption ended the week up 9.3 percent and 1.3 percent, respectively. For all sectors, consumption exceeded levels for the same week last year.
- Working gas in storage as of June 1 totaled 2,877 billion cubic feet (Bcf), 31.4 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 713 Bcf, or 32.9 percent, higher than last year at this time.

Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

(Note: From April through September, residential retail propane prices are reported only for the first full week of each month.)

On June 4, the average Missouri retail price for residential propane was about \$1.76 per gallon, down 37.0 cents in the past month.

<i>Propane - Retail Prices (cents per gallon)</i>					
	<u>06-04-12</u>	<u>05-07-12</u>	<u>change</u>	<u>06-06-11</u>	<u>change</u>
Missouri	176.4	188.0	down 6%	203.1	down 13%

- According to the Division of Energy's statewide propane price survey conducted June 4, Missouri retail residential propane prices were down 37.0 cents, or 6 percent, in the past month.
- According to the survey, the highest Missouri retail residential price for propane was nearly \$2.10 per gallon, while the lowest retail price was about \$1.51 per gallon.
- For the week ending June 1, U.S. inventories of propane increased 2.3 MMB to end at 57.9 MMB. Propane inventories are now 23.3 MMB higher compared to the same period last year. Implied demand for propane decreased 52,000 barrels per day at 0.86 MMB/D for the week ending June 1, and up 32,000 barrels per day compared to the demand level for this time last year.
- For the week ending June 1, Midwest propane inventories increased 1.3 MMB. At 23.2 MMB, Midwest inventories are 8.3 MMB, or 55.7 percent, higher than the 14.9 MMB reported at this time last year. The robust build in primary supplies of propane seen since mid-March continued through the week ending June 1. Most of the weekly build was concentrated in the Midwest, while the Gulf Coast reported the second largest weekly gain. Inventory builds may be due to higher crude oil and natural gas refining rates and the seasonal reduction in propane demand.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources' Division of Energy. The Division of Energy collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the division's Web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm