



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

July 6, 2012

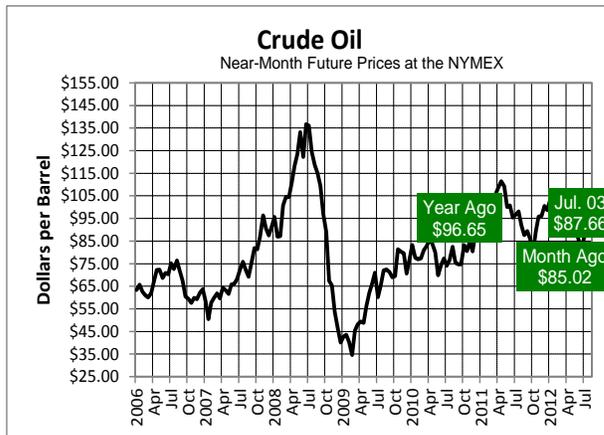
Crude Oil

U.S. crude oil prices increased \$2.64, or 3 percent, to \$87.80 per barrel in the past month and stand 9 percent lower than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	07-03-12	06-06-12	change	07-06-11	change
NYMEX	\$87.66	\$85.02	up 3%	\$96.65	down 9%

- At the New York Mercantile Exchange (NYMEX), crude oil futures for August delivery ended \$3.91, or 4.7 percent, higher July 3 to close at \$87.66 per barrel, as central banks from Europe to China eased monetary policy to increase growth while sanctions against Iran may cut oil supply. Crude prices are down 9 percent compared to the same period last year and down 11 percent this

calendar year. Oil futures have increased 13 percent since closing at an 8-month low of \$77.69 per barrel on June 28.



- U.S. oil inventories decreased at 382.9 million barrels (MMB). The decrease in stockpiles may be due to lower crude imports and lower Gulf Coast production in the wake of Tropical Storm Debby.
- Global oil prices gained as the European Central Bank cut interest rates this week. Iran fired several missiles during a military exercise as the country threatened

to block tanker traffic in the Strait of Hormuz. The market's focus is returning back to Iran and the implications of the embargo in terms of the volume of oil that may need to be replaced. The European Central Bank and the Bank of England announced interest-rate reductions lowering their benchmark rate by 25 basis points to a record low 0.75 percent. The People's Bank of China cut lenders' reserve requirements to increase liquidity in the banking system. A European Union embargo on Iranian oil took full effect on July 1 after exemptions on some contracts and insurance ended. Iran's crude exports may drop to about 1 million barrels per day (MMB/D), according to Goldman Sachs. Oil prices also increased as oil stockpiles decreased last week.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$87.66 is \$8.99, or 9 percent, lower.

- Total petroleum products supplied to market over the last four-week period ending June 29 averaged 19.2 MMB/D, up 0.9 percent compared to the similar period last year. According to the July 5 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 4.3 MMB at 382.9 MMB for the week ending June 29. U.S. crude supplies are now 24.3 MMB higher than at this time last year.
- Crude imports for the week ending June 29 were 8.8 MMB/D, down 0.346 MMB/D from the prior week. Imports at this time last year averaged 9.85 MMB/D. Crude oil inventories represent 24.5 days of forward cover compared to 23.6 days at this time last year.
- U.S. refinery crude runs were down 102,000 barrels per day with refiners processing 15.9 MMB/D of crude for the week ending June 29. U.S. refinery capacity use was 92.0 percent, down 0.6 percent from the prior week and up 3.7 percent compared to this time last year.
- Gasoline output was down at 9.13 MMB/D on the week as refiners found greater premiums in distillate production. Gasoline output was down 41,000 barrels per day on the week and down 396,000 barrels per day compared to last year at this time. Distillate output increased at 4.7 MMB/D for the week ending June 29, and stands 279,000 barrels per day higher compared to the production level at this time last year.

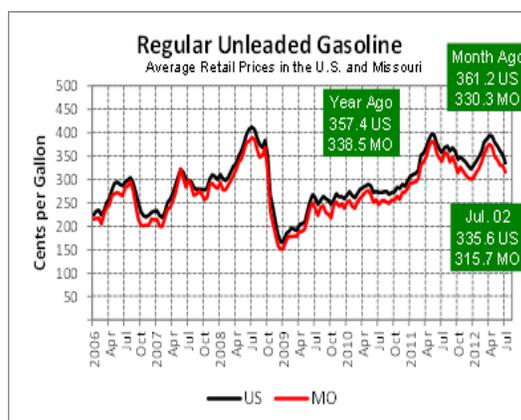
Transportation Fuels

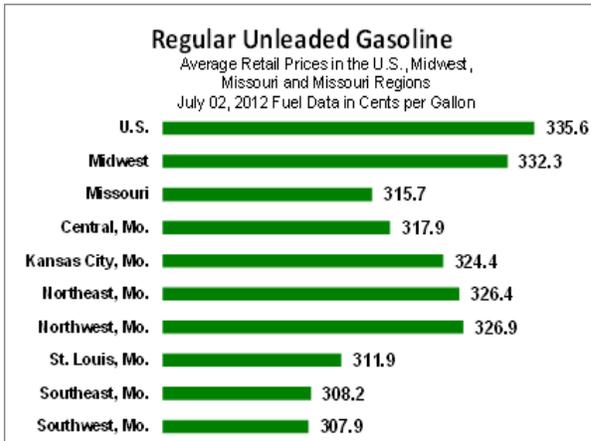
On July 2, Missouri's statewide average retail price for gasoline was \$3.16 per gallon, down 14.6 cents or 4 percent in the past month.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>07-02-12</u>	<u>06-04-12</u>	<u>change</u>	<u>07-05-11</u>	<u>change</u>
US	335.6	361.2	down 7%	357.4	down 6%
Missouri	315.7	330.3	down 4%	338.5	down 7%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>07-02-12</u>	<u>06-04-12</u>	<u>change</u>	<u>07-05-11</u>	<u>change</u>
US	364.8	361.2	up 1%	385.0	down 5%
Missouri	340.2	358.9	down 5%	373.1	down 9%

- On July 2, Missouri's average retail price for gasoline was about \$3.16, a decrease of 14.6 cents in the past month. The average price for diesel fuel was down by 18.7 cents in the past month. Missouri's average retail gasoline price is nearly \$0.23, or 7.0 percent, lower, while the average diesel fuel price is nearly \$0.33, or 9.0 percent, lower for the comparable period in July 2011.
- The U.S. average price for regular gasoline was down by 25.6 cents per gallon, or 7.0 percent, compared to last month at \$3.36 per gallon. The U.S. average was about \$0.22, or 6 percent, lower compared to this time last year. In the past week, the U.S. average decreased 8.1 cents per gallon.

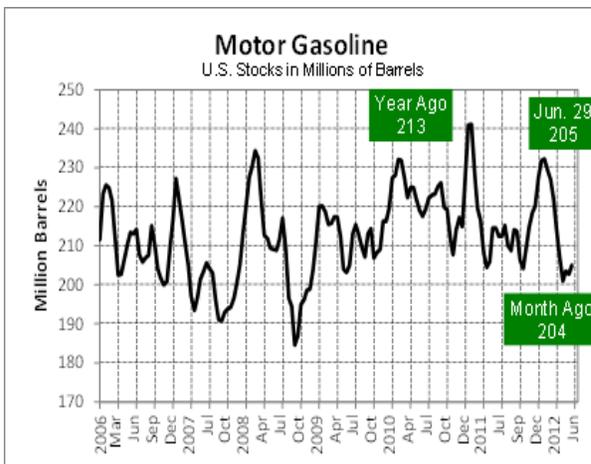




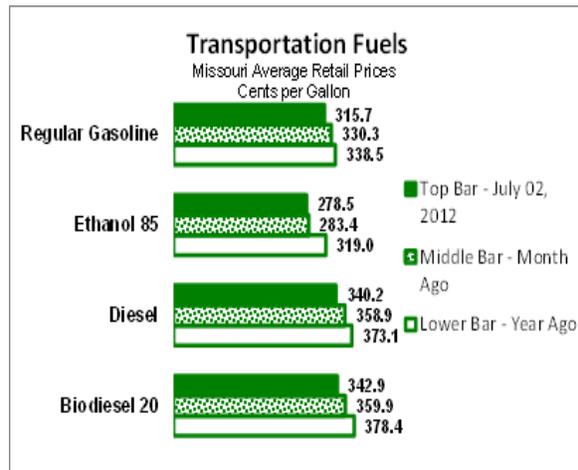
compared to the same 4-week period last year.

- U.S. gasoline supplies increased 0.2 MMB at 205.0 MMB for the week ending June 29. Gasoline inventories represent 23.0 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are down 7.6 MMB compared to this time last year and trend at the bottom of the five-year average for this time of year.

- Distillate stocks decreased at 117.8 MMB and stand 24.3 MMB lower compared to the same period last year. Distillate demand was up at 3.8 MMB/D for the week ending June 29 and up 106,000 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 up about 22,000 barrels per day. On a four-week average, distillate demand was up 137,000 barrels per day compared to the same period last year at 3.7 MMB/D.



- Gasoline imports increased to 0.82 MMB/D for the week ending June 29; about 51,000 barrels per day higher compared to the prior week and 125,000 barrels per day higher than last year at this time.
- Implied demand for gasoline increased the week ending June 29 at 9.0 MMB/D, up 155,000 barrels per day from the prior week, but about 308,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.9 MMB/D, 397,000 barrels per day or 4.5 percent lower



- On July 2, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about \$2.79 per gallon, 37 cents or about 13 percent lower than the average price for conventional motor gasoline.
- On July 2, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.43 per gallon, 2.7 cents or less than 1.0 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA's June 12, 2012, *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to average \$3.56 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 \$3.60 per gallon.

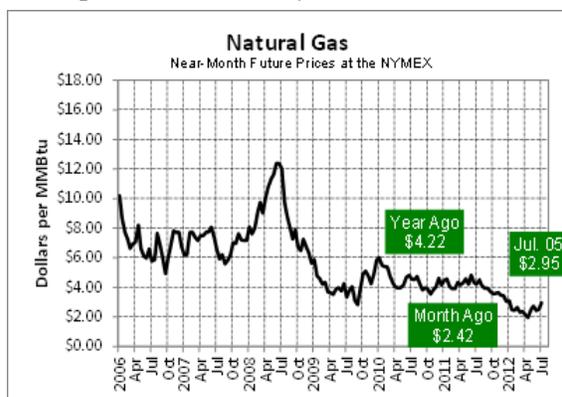
Natural Gas

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 July 5, natural gas futures closed at \$2.95 per million British thermal units (MMBtu), up 53 cents from a month ago and down \$1.27 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	07-05-12	06-06-12	change	07-06-11	change
NYMEX	\$2.95	\$2.42	up 22%	\$4.22	down 30%

- Natural gas futures for August delivery increased \$0.53 in the past month to a final closing price of \$2.95 per MMBtu on July 5.



- The August 2012 started the trading week at \$2.77 per MMBtu with the futures contract moving 18.0 cents per MMBtu (6.5 percent) higher to finish the week at \$2.95 per MMBtu. The NYMEX was closed Wednesday due to the Fourth of July holiday.

- According to EIA, domestic natural gas offshore oil and natural gas platform operators evacuated rigs and shut in production during the report week ending June 27 in response to

Tropical Storm Debby (later downgraded to a tropical depression). According to the Bureau of Safety and Environmental Enforcement (BSEE), 17.1 percent of natural gas production from the Gulf of Mexico was shut in on Tuesday morning, June 26. This amounts to about 773 million cubic feet (MMcf) per day. About 250,000 barrels per day of oil were reported as shut in on June 26, about 18.1 percent of Gulf of Mexico crude oil production. Most shut-ins occurred June 24 and June 25. Most production had returned to normal on June 27.

- Working gas in storage as of June 29 totaled 3,102 billion cubic feet (Bcf), 22.7 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 602 Bcf, or 24.1 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 July 2, the average Missouri retail price for residential propane was about \$1.64 per gallon, down 12.9 cents in the past month.

Propane - Retail Prices (cents per gallon)					
	<u>07-02-12</u>	<u>06-04-12</u>	<u>change</u>	<u>07-05-11</u>	<u>change</u>
Missouri	163.5	176.4	down 7%	202.6	down 19%

- According to the Division of Energy's statewide propane price survey conducted July 2, Missouri retail residential propane prices were down 12.9 cents, or 7.0 percent, in the past month.
- According to the survey, the highest Missouri retail residential price for propane was nearly \$1.93 per gallon, while the lowest retail price was about \$1.11 per gallon.
- For the week ending June 29, U.S. inventories of propane increased 0.86 MMB to end at 62.2 MMB. Propane inventories are now 20.7 MMB higher compared to the same period last year. Implied demand for propane increased 100,000 barrels per day at 1.07 MMB/D for the week ending June 29, and up 417,000 barrels per day compared to the demand level for this time last year.
- For the week ending June 29, Midwest propane inventories increased 0.28 MMB. At 25.8 MMB, Midwest inventories are 7.5 MMB, or 41.0 percent, higher than the 18.3 MMB reported at this time last year. Domestic propane supplies continue to grow with all regions including the Gulf Coast, Rocky Mountain/West Coast and East Coast reporting at least 0.1 MMB of inventory growth each.

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