

Division of Energy

MISSOURI ENERGY BULLETIN

January 9, 2015

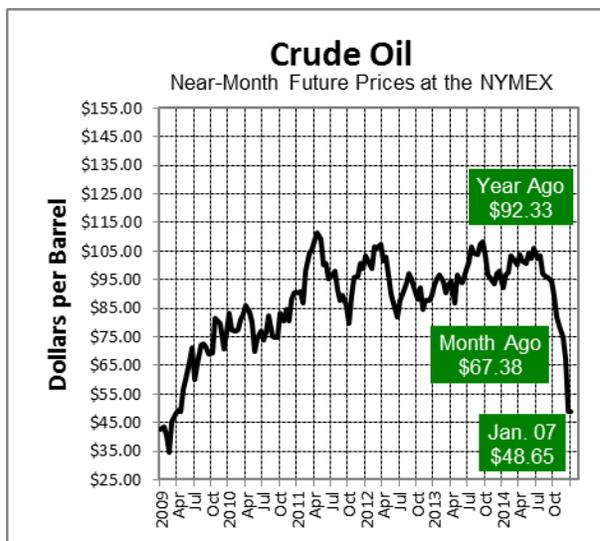
(Data is for the week ended January 2, 2015, unless stated otherwise.)

Crude Oil

U.S. crude oil prices decreased \$18.73, or 28 percent, to \$48.65 per barrel in the past month and stand 47 percent lower compared to this time last year.

| Crude Oil - Near Month Future Prices (dollars per barrel) | | | | | |
|---|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>01-07-15</u> | <u>12-03-14</u> | <u>change</u> | <u>01-08-14</u> | <u>change</u> |
| NYMEX | \$48.65 | \$67.38 | down 28% | \$92.33 | down 47% |

- At the New York Mercantile Exchange (NYMEX), crude oil futures for February 2015 delivery ended \$0.72, or 1.5 percent, higher on the January 7 trade day to settle at \$48.65 in response to stronger U.S. refinery demand.
- Qatar, one of OPEC's 12 members, has estimated the global oil surplus at 2 million barrels per day (MMB/D). Iran has held talks with Russia to reduce supply. The parties haven't reached an agreement yet. OPEC agreed to maintain its output quota at 30 MMB/D. OPEC's next scheduled meeting is June 5. The cartel's production slipped by 122,000 bpd from November to 30.24 MMB/D in December.



- Compared to this time last year, the U.S. crude oil futures settlement price of \$48.65 is \$43.68, or 47 percent, lower.
- Total petroleum products supplied to market, a measure of consumption, over the last four-week period averaged 20.2 MMB/D, up by 2.6 percent compared to the same period last year.
- According to the January 7 weekly Energy Information Administration (EIA) fuels report, U.S. oil inventories decreased 3.1 MMB to 382.4 MMB. U.S. crude supplies are now 24.5 MMB higher compared to this time last year.

- Crude imports decreased from the prior week at 6.7 MMB/D. Imports at this time last year averaged less than 8.0 MMB/D. Domestic crude production was unchanged at 9.1 MMB/D on the week. Last year at this time, production stood at 8.1 MMB/D.
- U.S. refinery crude runs were unchanged from the prior week with refiners processing about 16.4 MMB/D of crude. U.S. refinery capacity use was down on the week at 93.9 percent. Last year at this time, capacity use stood at 92.3 percent.
- Gasoline output was lower on the week at 9.0 MMB/D. Production at this time last year averaged 8.8 MMB/D. Distillate output was down from the prior week at 5.2 MMB/D. Last year at this time, production stood at 5.1 MMB/D.

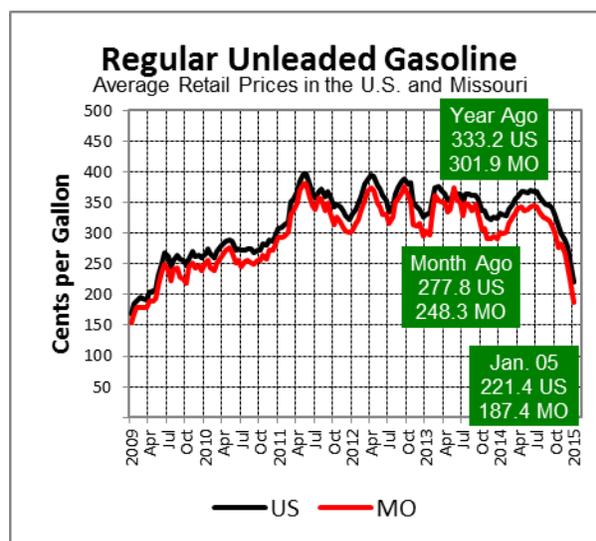
Transportation Fuels

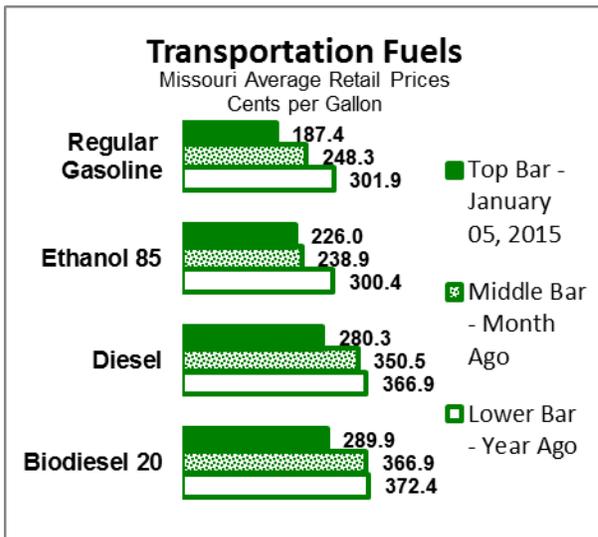
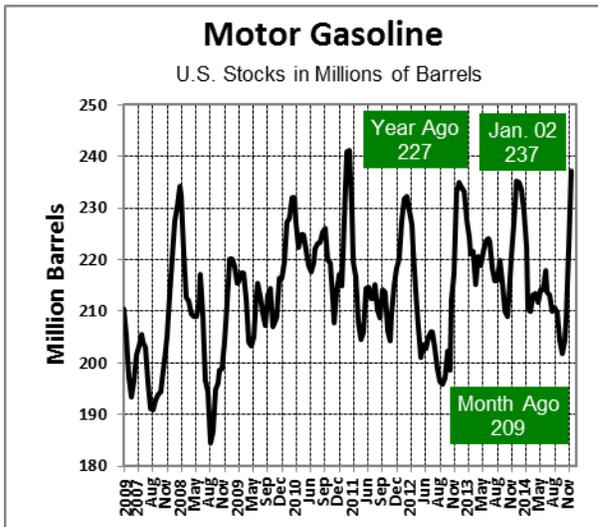
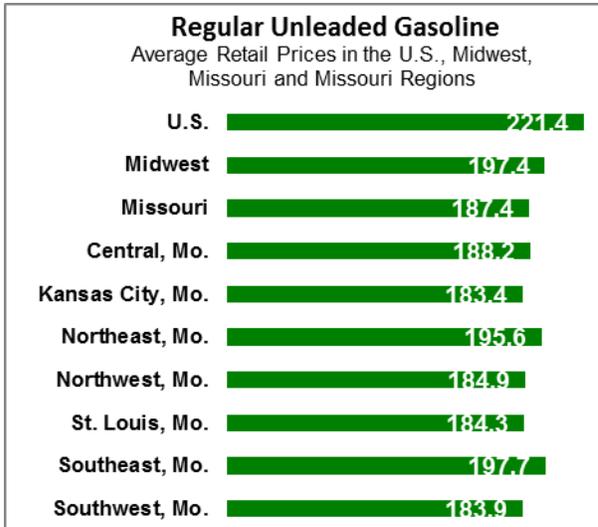
On January 5, Missouri's statewide average retail price for gasoline was about \$1.87 per gallon, down 60.9 cents in the past month and down 114.5 cents in the past year.

| Regular Unleaded Gasoline - Retail Prices (cents per gallon) | | | | | |
|--|----------|----------|----------|----------|----------|
| | 01-05-15 | 12-01-14 | change | 01-07-14 | change |
| US | 221.4 | 277.8 | down 20% | 333.2 | down 34% |
| Missouri | 187.4 | 248.3 | down 25% | 301.9 | down 38% |

| Diesel Fuel - Retail Prices (cents per gallon) | | | | | |
|--|----------|----------|----------|----------|----------|
| | 01-05-15 | 12-01-14 | change | 01-07-14 | change |
| US | 313.7 | 277.8 | up 13% | 391.0 | down 20% |
| Missouri | 280.3 | 350.5 | down 20% | 366.9 | down 24% |

- On January 5, Missouri's average retail price for gasoline was about \$1.87 per gallon, down 60.9 cents in the past month.
- Missouri's average price for diesel fuel was down 70.2 cents per gallon, or 20 percent, in the past month.
- Missouri's average retail gasoline price is 114.5 cents, or 38 percent, lower while the average retail diesel fuel price is 86.6 cents, or 24 percent, lower for the comparable period in January 2014.
- The U.S. average price for regular gasoline is 56.4 cents per gallon, or 20 percent, lower compared to last month at about \$2.21 per gallon.
- The U.S. average was down 111.8 cents, or 34 percent, compared to this time last year. In the past week, the U.S. average decreased by 8.5 cents per gallon.





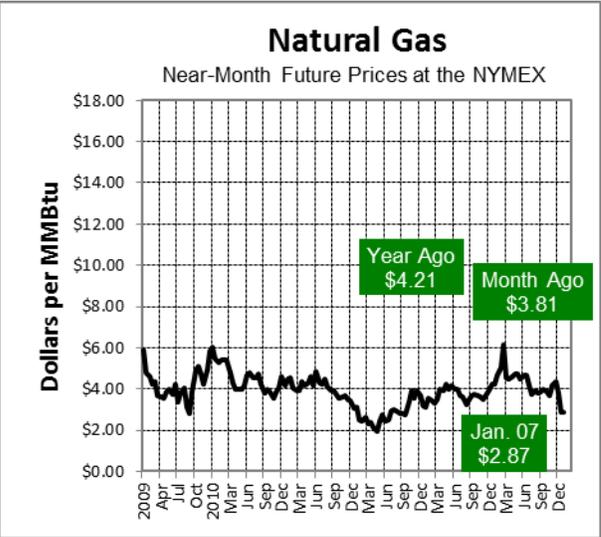
- Gasoline imports increased from the prior week at less than 0.8 MMB/D, 0.4 MMB/D higher compared to last year at this time.
- Implied demand for gasoline was lower at 8.8 MMB/D. At this time last year, demand was 8.3 MMB/D.
- In the past four weeks, U.S. gasoline demand has averaged about 9.3 MMB/D, 0.5 MMB/D higher compared to the same four-week period last year.
- U.S. gasoline supplies increased at 237.2 MMB on the week. U.S. inventories are up 10.2 MMB compared to this time last year and trend well above the five-year average for this time of year.
- Distillate stocks increased at 136.9 MMB and stand 12.0 MMB higher compared to the same period last year.
- Distillate demand decreased at 2.9 MMB/D on the week. Demand stood at 3.0 MMB/D at this time last year. On a four-week average, distillate demand decreased at 3.9 MMB/D.
- On January 5, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.26 per gallon, 38.6 cents or 20.6 percent higher than the average price for conventional motor gasoline.
- On January 5, Missouri's average retail price for B20, diesel fuel containing 20 percent biofuel, was about \$2.90 per gallon, 9.6 cents or 3.5 percent higher than the average retail price for conventional diesel fuel.
- According to the December 9, 2014, *Short Term Energy Outlook*, EIA forecasts the 2014 regular gasoline retail price to average \$3.37 per gallon falling to \$2.60 in 2015.

Natural Gas

Approximately 53 percent (1,251,339) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity. (Data updated from the most recent U.S. Census report.)

On January 7, natural gas futures at the NYMEX closed at \$2.87 per million British thermal units (MMBtu), down \$0.94 in the last month.

| Natural Gas - Near Month Future Prices (dollars per MMBtu) | | | | | |
|--|----------|----------|----------|----------|----------|
| | 01-07-15 | 12-03-14 | change | 01-08-14 | change |
| NYMEX | \$2.87 | \$3.81 | down 25% | \$4.21 | down 32% |



- At the NYMEX, natural gas futures for February 2015 delivery ended 6.7 cents lower on the January 7 trade day to close at \$2.87 per MMBtu. In the past year, natural gas values have decreased by \$1.34 per MMBtu, or 32 percent.
- For the reporting week, December 31 to January 7, the price of the February 2015 contract decreased by 2 cents, moving from \$2.89 to \$2.87 per MMBtu.
- The 12-month strip, the average of February 2015 through January 2016 futures contracts, ended the week down 6 cents, at \$2.90 per MMBtu.

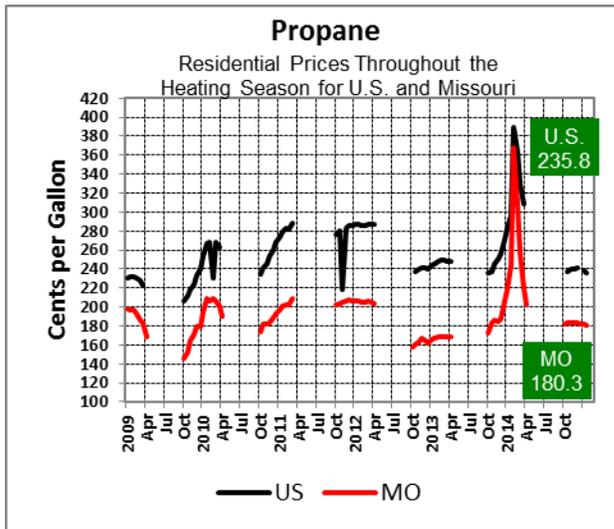
- According to the EIA, U.S. natural gas consumption on January 6 climbed to 129 Bcf/d, its highest level since January 2014, and the fifth highest recorded level since 2005. All sectors had increases in demand, with both the residential/commercial consumption and power burn (natural gas used for electrical generation) increasing by about 20 percent week-over-week.
- Working gas in storage totaled 3,089 Bcf, 2.1 percent below the five-year average inventory level for the week, according to EIA’s *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 250 Bcf, or 8.8 percent, higher than last year at this time.
- EIA expects that households heating with natural gas in the Midwest will spend an average of \$68, or 8.9 percent, less this winter than last winter, reflecting prices that are about 1.5 percent higher and consumption that is nearly 10.2 percent lower.

Propane

Approximately 10 percent (234,133) of Missouri households use propane to heat their homes. (Data updated from the most recent U.S. Census report.) Propane is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

On January 5, the average Missouri retail price for residential propane was about \$1.80 per gallon, 3.5 cents lower in the past month and down 37.4 cents in the past year.

| Propane - Retail Prices (cents per gallon) | | | | | |
|--|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>01-05-15</u> | <u>12-01-14</u> | <u>change</u> | <u>01-07-14</u> | <u>change</u> |
| Missouri | 180.3 | 183.8 | down 2% | 217.7 | down 17% |



- According to the Division of Energy's most recent statewide propane price survey conducted January 5, the average Missouri retail residential propane price was about \$1.80 per gallon, 3.5 cents lower in the past month and down 37.4 cents compared to last year at this time.
- According to the survey, the highest Missouri retail residential price for propane was nearly \$2.10 per gallon. The lowest retail price was about \$1.56 per gallon.
- U.S. propane stocks decreased by 1.6 MMB on the week to 75.7 MMB as of January 2, 2015, 33.2 MMB or 78.3

percent higher than a year ago. Midwest inventories decreased less than 0.5 MMB to 26.3 MMB. Midwest inventories are 13.2 MMB, or 100.1 percent, higher than the 13.1 MMB reported at this time last year.

- Implied demand for propane increased at 1.4 MMB/D on the week. Propane demand is 288,000 B/D or 20.1 percent, lower compared to this time last year.
- EIA expects that households heating with propane in the Midwest will spend an average of \$761, or 33.6 percent, less this winter than last winter, reflecting prices that are about 26.1 percent lower and consumption that is nearly 10.2 percent lower. Factors that could affect propane demand include a repeat of last winter's cold weather and recent infrastructure changes.

For more information on propane, please visit:

<http://energy.mo.gov/energy/services/be-prepared-for-propane>

To access previous issues of the Energy Bulletin, or to subscribe, please visit:

<http://energy.mo.gov/energy/stay-informed/missouri-energy-bulletins>

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For more information about the Comprehensive State Energy Plan, visit:
<http://energy.mo.gov/energy/about/comprehensive-state-energy-plan>.

The *Missouri Energy Bulletin* is distributed twice a month by the Missouri Department of Economic Development's 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 online 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 Economic Development, Division of Energy, P.O. Box 1766, Jefferson City, MO 65102-1766; Phone: 573-751-2254; Fax: 573-751-6860; Email: energy@ded.mo.gov; Web Address: <http://energy.mo.gov/energy/stay-informed/missouri-energy-bulletins>.