



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

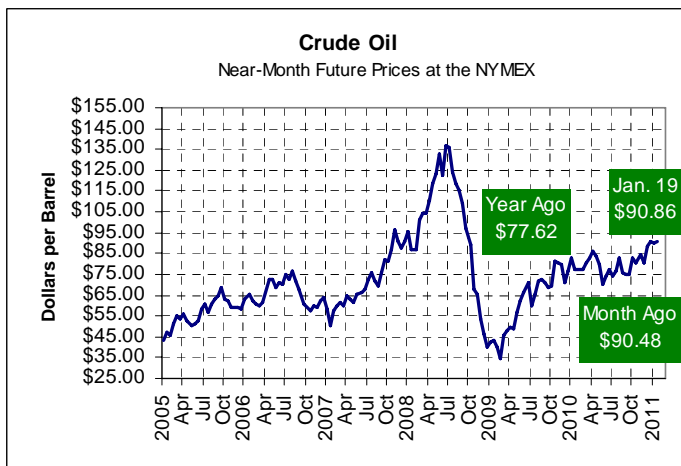
Jan. 21, 2011

Crude Oil

U.S. crude oil prices increased \$0.38 per barrel in the past month and stand 17 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	01-19-11	12-22-10	change	01-20-10	change
NYMEX	\$90.86	\$90.48	up 0%	\$77.62	up 17%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for February delivery ended \$0.52 or 0.6 percent per barrel lower Jan. 19, to close at \$90.86 per barrel, in response to a U.S.



Department of Commerce report that showed U.S. builders began work on fewer homes than projected in December, a signal that the economic recovery may be slowing. An increase in U.S. crude supplies also helped to pressure crude oil prices lower.

- The weekly fuels report released Jan. 20 by the Energy Information Administration (EIA) showed that oil supplies increased the week ending Jan. 14. Analysts had projected higher prices based on a slower-than-

expected recovery of the Trans Alaska Pipeline System that was shuttered on Jan. 8 due a pump station leak. Prior to the leak, the pipeline carried 630,000 barrels of crude oil a day (bpd) or approximately 11 percent of all U.S. crude production. As of Jan. 17, the pipeline boosted oil flows to about 566,000 bpd, according to the pipeline's operator, Alyeska Pipeline Service. The break helped push crude oil prices above the \$90 threshold.

- Crude oil futures fell after a U.S. Department of Commerce report noted new housing starts dropped 4.3 percent last month to a 529,000 annual rate. The S&P 500 Index decreased 1.1 percent to 1,281.10 on the housing-start numbers and as Goldman Sachs reported profit slid by more than half as revenue from trading and investment banking declined.
- Compared to this time last year, this crude oil futures settlement price was \$13.24 or 17 percent, higher.

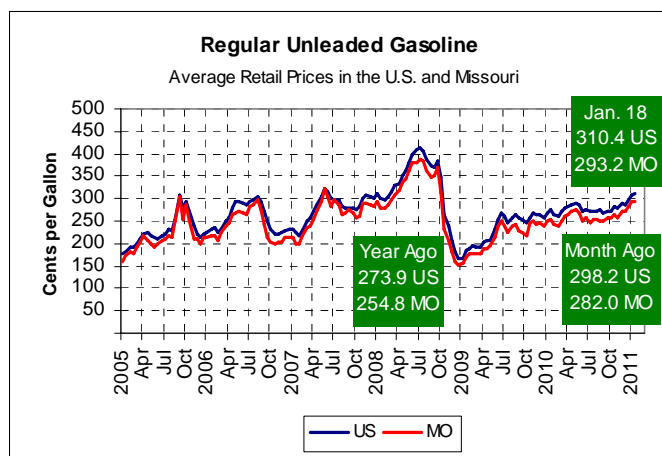
- Total petroleum products supplied to market over the last four-week period ending Jan. 14 averaged 19.5 million barrels per day (MMB/D), up 3.8 percent compared to the similar period last year.
- According to the EIA report, U.S. oil inventories increased 2.6 MMB for the week ending Jan. 14. U.S. crude supplies are now 5.2 MMB higher than at this time last year.
- Crude imports for the week ending Jan. 14 were 9 MMB/D, up 100,000 barrels per day from the prior week. Imports at this time last year averaged 8.5 MMB/D. Crude imports have dropped 20 percent since July 2010. Crude oil inventories represent 22.8 days of forward cover compared to 23.8 days at this time last year.
- U.S. refinery crude runs decreased with refiners processing about 14.6 MMB/D of crude for the week ended Jan. 14. U.S. refinery capacity was 83 percent, down 3.5 percent from the prior week but 4.6 percent higher than the 78.4 percent figure at this time last year, suggesting that "margin management" is very much on the minds of processors this quarter. Stocks for light products were still able to climb, despite the input drop, but the foundation is being set for a potential strong gas price rally when inventory transitions from winter to summer blends.
- Gasoline output increased at 8.8 MMB/D on the week and is up about 227,000 barrels per day compared to last year at this time. Distillate output decreased at 4.4 MMB/D last week but stands 870,000 barrels per day higher compared to the production level at this time last year.

Transportation Fuels

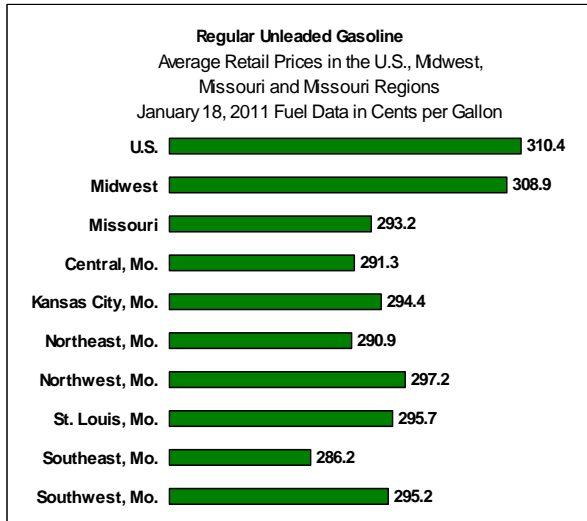
On Jan. 18, Missouri's statewide average retail price for gasoline was \$2.93 per gallon, up 11.2 cents or 4 percent in the past month and over \$0.38 per gallon higher than at this time last year.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	01-18-11	12-20-10	change	01-18-10	change
US	310.4	298.2	up 4%	273.9	up 13%
Missouri	293.2	282.0	up 4%	254.8	up 15%

Diesel Fuel - Retail Prices (cents per gallon)					
	01-18-11	12-20-10	change	01-18-10	change
US	340.7	324.8	up 5%	287.0	up 19%
Missouri	323.9	308.1	up 5%	271.4	up 19%

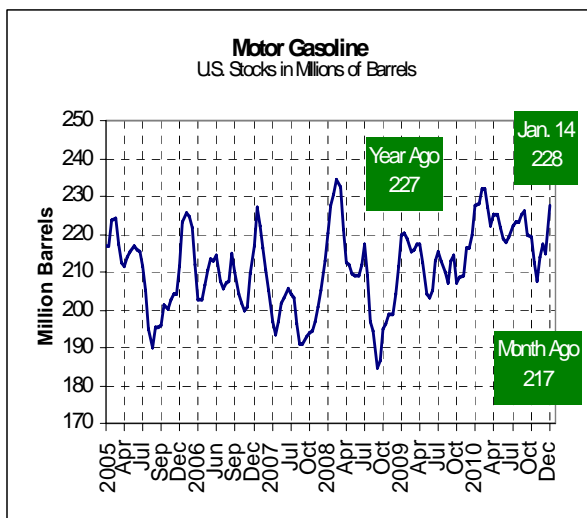


- On Jan. 18, Missouri's average retail price for gasoline was \$2.93, an increase of over 38 cents in the past month. The average price for diesel fuel was up by about 16 cents in the past month. Missouri's average retail gasoline price is about \$0.38 or 15 percent higher, while the average diesel fuel price is about \$0.53, or 19 percent, higher for the comparable period in Jan. 2010.
- The U.S. average price for regular gasoline



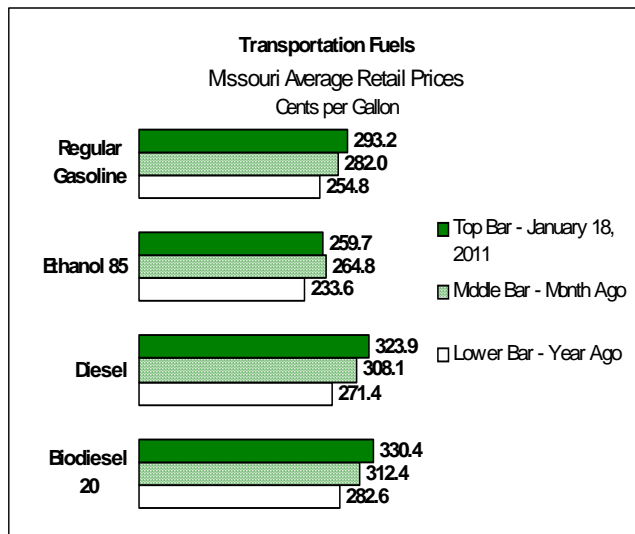
gasoline demand has averaged 8.9 MMB/D or 173,000 barrels per day higher compared to the same 4-week period last year.

- U.S. gasoline supplies increased 4.4 MMB at 228 MMB for the week ending Jan. 14. Gasoline inventories represent 25.4 days of supply for the United States based on implied demand during the past 4-week average. U.S. gasoline inventories are 0.2 MMB higher than at this time last year and trend above the upper range of the five-year average for this time of year.
- Distillate stocks increased to 166 MMB and stand 8.7 MMB higher compared to the



was up 12 cents per gallon or about 4 percent compared to last month at \$3.10 per gallon. The U.S. average was about 37 cents or 13 percent higher compared to last year. In the past week, the U.S. average was up about 1.5 cents per gallon.

- Gasoline imports decreased to 0.7 MMB/D last week, nearly 149,000 barrels per day lower compared to this time last week and about 10,000 barrels per day lower than last year at this time.
- Implied demand for gasoline decreased the week ending Jan. 14 at 8.8 MMB/D, down 44,000 barrels per day from the prior week but up 173,000 barrels per day compared to this same period last year. In the past 4 weeks, U.S.



same period last year. Distillate demand was about 5.2 percent higher at 3.6 MMB/D compared to 3.8 MMB/D at this time last year. On a four-week average, distillate demand is up about 2 percent compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up by 1 percent at 3.6 MMB/D for the week ending Jan. 14.

- On Jan. 18, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.60 per gallon, 33 cents or about 11 percent lower than the average price for conventional motor gasoline.

- On Jan. 18, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.30 per gallon, 6 cents or about 2 percent, higher than the statewide average retail price for conventional diesel fuel.
- According to EIA, regular-grade motor gasoline retail prices are projected to average \$3.17 per gallon in 2011 and average \$3.22 during the summer driving season April through September.

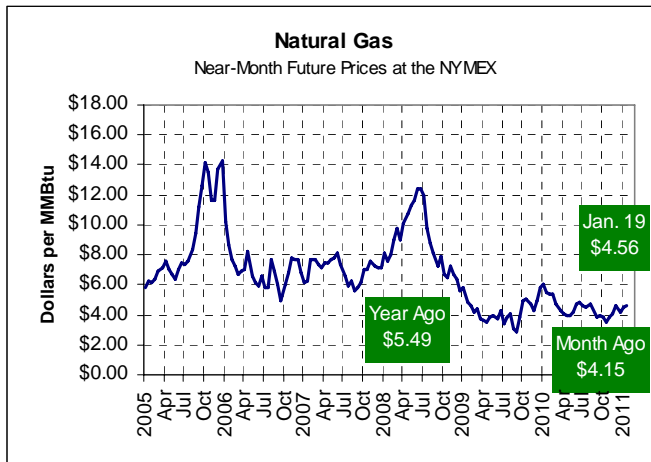
Natural Gas

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 Jan. 19, natural gas futures closed at \$4.56 per MMBtu, up 41 cents from a month ago but 17 percent lower compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	01-19-11	12-22-10	change	01-20-10	change
NYMEX	\$4.56	\$4.15	up 10%	\$5.49	down 17%

- Natural gas futures for Feb. delivery decreased \$0.14 in the past month to a final closing price of \$4.56 per MMBtu on Jan. 19.



- At the NYMEX, for the trading week ending Jan. 19, natural gas futures increased 3 cents per MMBtu to \$4.46. Natural gas prices fell at most market locations, likely the result of weather moderating from cold temperatures last week and at the beginning of this report week (Jan. 12). During the beginning of the report week, temperatures were very cold across most of the lower 48 States.
- Consistent with price declines, natural gas consumption fell during the report week. On

Thursday, January 13, consumption totaled 107.4 Bcf, the result of a spike in demand for natural gas for power generation as well as for heating residential and commercial buildings, then fell as the week went on. Consumption remained below 90 Bcf per day for most of the week as the temperatures moderated. Demand for natural gas in the electric power sector and in the residential and commercial sectors declined the most in response to the weather. Supply during the week fell slightly, as production remained flat week over week, and Canadian imports declined 4 percent from the previous week.

- Working gas in storage as of Jan. 14 totaled 2,716 Bcf, 1.9 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 74 Bcf or 2.8 percent higher than last year at this time.
- According to the EIA's *Short Term and Winter Fuels Outlook* released Jan. 11, EIA expects Midwest households heating primarily with natural gas to spend an average of \$18, or 2.3 percent, more this winter. The increase in natural gas expenditures reflects a 2.4-percent increase in prices and a 0.1-percent decrease in consumption. Heating expenditures are projected at \$823 for the winter heating period.

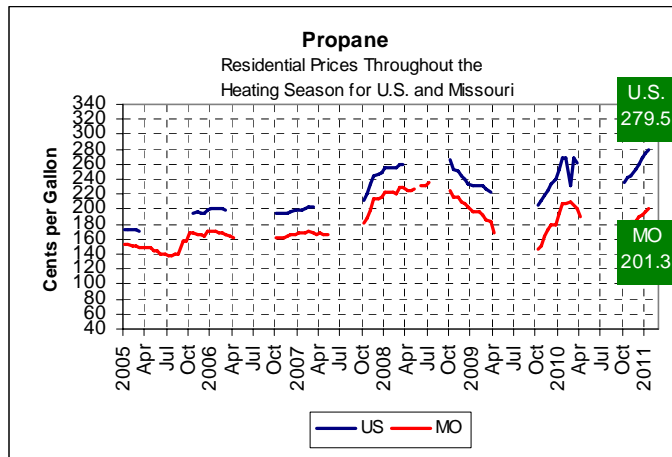
Propane

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.

On Jan. 18, the average Missouri retail price for residential propane was about \$2.01 per gallon, up 8 cents from last month but 3 percent lower compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>01-18-11</u>	<u>12-20-10</u>	<u>change</u>	<u>01-18-10</u>	<u>change</u>
Missouri	201.3	192.9	up 4%	208.3	down 3%

- According to the Division of Energy's statewide propane price survey conducted Jan. 18, retail residential propane prices increased about 8 cents since in the past month but stand about 7 cents per gallon or 3 percent lower than last year at this time. The average U.S. residential propane price



increased in the past month, rising nearly \$0.12 per gallon to reach \$2.79 per gallon. This was an increase of \$0.12 per gallon compared to the \$2.67 per gallon average from the same period last year.

level since Feb. 1, 2008, and 73,000 barrels per day above the demand level for this time last year.

- U.S. inventories of propane fell last week as total stocks were down about 5.4 million barrels to end at 45 million barrels. Propane inventories are now 4 million barrels higher compared to the same period last year. Implied demand for propane increased at 1.9 MMB/D for the week ending Jan. 14, the highest weekly level since Feb. 1, 2008, and 73,000 barrels per day above the demand level for this time last year.
- According to the survey, the highest Missouri retail residential price for propane was \$2.80 per gallon while the lowest retail price was \$1.75 per gallon.
- For the week ending Jan. 14, Midwest propane inventories decreased 1.5 MMB. At 20.1 MMB, Midwest inventories are 3.6 MMB or about 18 percent higher than the 16.5 MMB reported at this time last year.
- According to the EIA's *Short Term and Winter Fuels Outlook* released Jan. 11, EIA expects Midwest households heating primarily with propane to spend an average of \$243, or 14 percent, more this winter. The increase in propane gas expenditures reflects a 14.8 percent increase in prices and a 0.8 percent decrease in consumption. Heating expenditures are projected at \$1,997 for the winter heating period.

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