



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

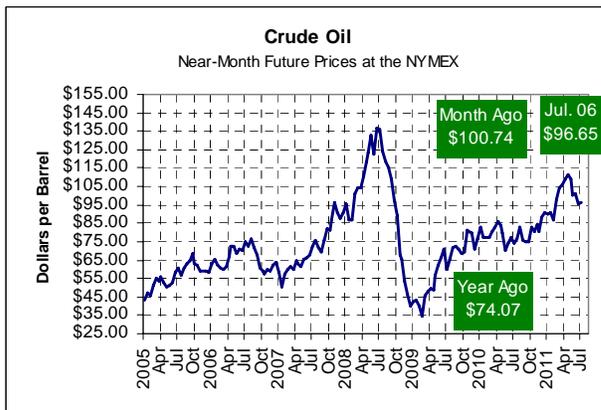
July 12, 2011

Crude Oil

U.S. crude oil prices decreased \$4.09 to \$96.65 per barrel in the past month and stand 30 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	07-06-11	06-08-11	change	07-07-10	change
NYMEX	\$96.65	\$100.74	down 4%	\$74.07	up 30%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Aug. delivery ended \$0.24 per barrel lower July 6, to close at \$96.65 per barrel, after China's central bank raised interest rates and Moody's Investors Service downgraded Portugal's credit rating.



- According to market analysts, U.S. crude oil prices dipped after the People's Bank of China raised benchmark deposit and lending rates. The euro weakened against the dollar after Moody's cut Portugal's rating to junk status. The downgrade put pressure on the euro and boosted the dollar. The dollar serves as the international currency in crude oil transactions. China raised benchmark interest rates for the 3rd time this year after inflation accelerated to the quickest pace

since 2008. Moody's slashed Portugal credit rating with a 'negative' outlook. The decision came just 2 months after Portugal received a \$112 billion aid package and hours before a sale of 1 billion euros of treasury bills. Greece received the lowest sovereign credit rating in the world from S&P last month. The euro slipped 0.8 percent to \$1.4314. Prices also came under pressure as the Institute for Supply Management's US index of non-manufacturing businesses decreased to 53.3 in June from 54.6 a month earlier.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$96.65 is \$22.58, or 30 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending July 1 averaged 19.0 million barrels per day (MMB/D), down 1.8 percent compared to the similar period last year.

- According to the July 7 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories fell 0.9 MMB for the week ending July 1. U.S. crude supplies are now 0.4 MMB higher than at this time last year.
- Crude imports for the week ending July 1 were 9.9 MMB/D, up over 0.9 MMB/D from the prior week. Imports at this time last year averaged nearly 9.4 MMB/D. Crude oil inventories represent 23.6 days of forward cover unchanged compared to this time last year.
- U.S. refinery crude runs were up 36,000 barrels per day with refiners processing about 15.6 MMB/D of crude for the week ended July 1. U.S. refinery capacity was 88.3 percent, up 2.0 percent from the prior week but 1.5 percent lower than the 89.8 percent figure at this time last year.
- Gasoline output increased at 9.5 MMB/D on the week but is up by only 124,000 barrels per day compared to last year at this time. Distillate output increased at 4.4 MMB/D for the week ending July 1 and stand 90,000 barrels per day higher compared to the production level at this time last year.

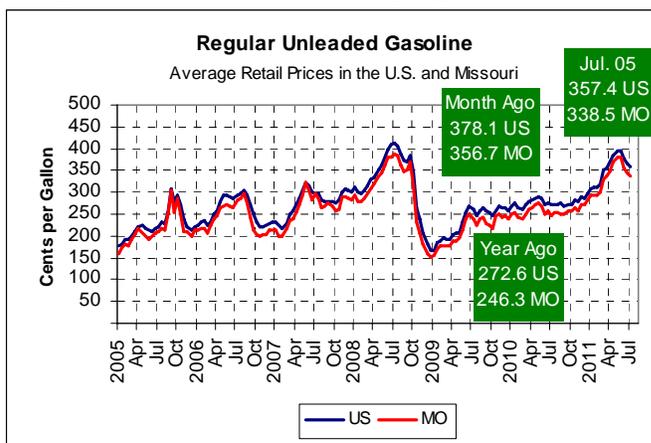
Transportation Fuels

On July 5, Missouri's statewide average retail price for gasoline was \$3.38 per gallon, down 18 cents or 5 percent in the past month and \$0.92 per gallon higher than at this time last year.

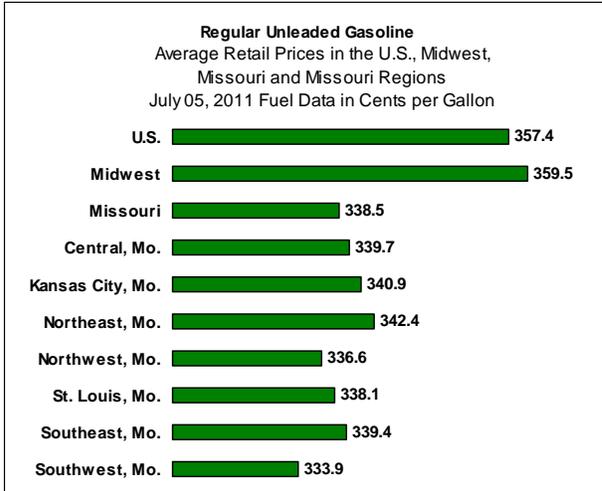
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	07-05-11	06-06-11	change	07-06-10	change
US	357.4	378.1	down 5%	272.6	up 31%
Missouri	338.5	356.7	down 5%	246.3	up 37%

Diesel Fuel - Retail Prices (cents per gallon)					
	07-05-11	06-06-11	change	07-06-10	change
US	385.0	394.0	down 2%	292.4	up 32%
Missouri	373.1	380.3	down 2%	277.0	up 35%

- On July 5, Missouri's average retail price for gasoline was \$3.38, a decrease of 18 cents in the past month. The average price for diesel fuel was down by 7 cents in the past month. Missouri's average retail gasoline price is \$0.92 or 37 percent higher, while the average diesel fuel price is \$0.96, or 35 percent, higher for the comparable period in July 2010.
- The U.S. average price for regular gasoline was down about 21 cents per gallon or about 5 percent compared to last month at \$3.57 per gallon. The U.S. average was about \$0.92 cents or 37 percent higher compared to this time last year. In the past week, the U.S. average was slightly higher at \$3.579 per gallon.



- Gasoline imports increased to 0.7 MMB/D for the week ending July 1, nearly 17,000 barrels per day higher compared to the prior week yet 554,000 barrels per day lower than last year at this time.

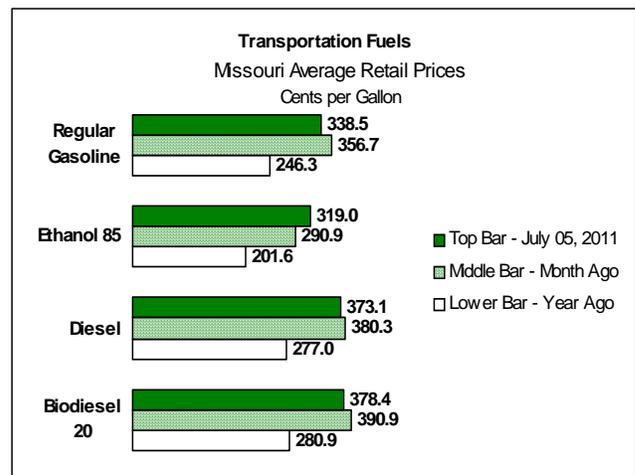


average. U.S. gasoline inventories are 6.9 MMB lower than at this time last year and trend at the mid-range of the five-year average for this time of year.

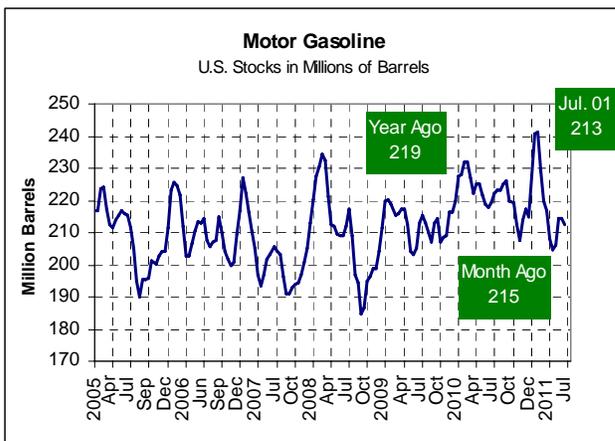
- Distillate stocks decreased 0.2 MMB at 142.1 MMB and stand 17.6 MMB lower compared to the same period last year. Distillate demand was up at 3.7 MMB/D in the past week and down 206,000 barrels per day compared to the same period last year. On a four-week average, distillate demand is down 0.2 MMB/D compared to the same period last year at 3.58 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up 191,000 barrels per day.

- Implied demand for gasoline increased the week ending July 1 at 9.3 MMB/D, up 48,000 barrels per day from the prior week yet 130,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged 9.3 MMB/D, 58,000 barrels per day lower compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 0.6 MMB at 212.5 MMB for the week ending July 1. Gasoline inventories represent 22.8 days of supply for the United States based on implied demand during the past 4-week



- On July 5, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$3.19 per gallon, 20 cents or about 6 percent lower than the average price for conventional motor gasoline.



- On June 20, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.78 per gallon, 5 cents or about 1 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA's June 12, 2011 *Short Term Energy Outlook*, EIA projects U.S. gasoline prices to average about \$3.75 per gallon during the peak driving season (Apr. through Sept.). EIA expects the May national average price of \$3.91 per gallon

will be the peak monthly average price this driving season.

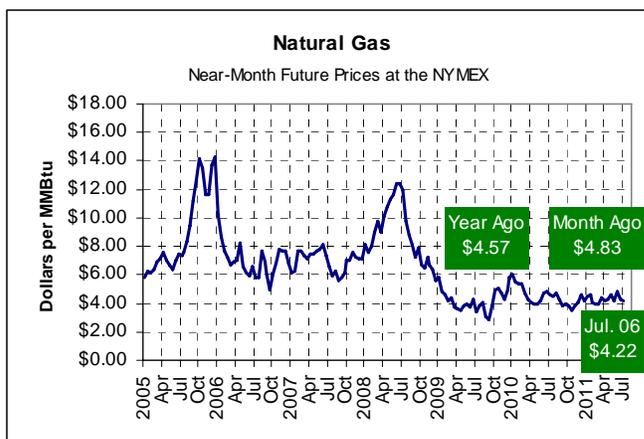
Natural Gas

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 6, natural gas futures closed at \$4.22 per MMBtu, down 61 cents from a month ago and 8 percent lower compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	07-06-11	06-08-11	change	07-07-10	change
NYMEX	\$4.22	\$4.83	down 13%	\$4.57	down 8%

- Natural gas futures for Aug. delivery decreased \$0.61 in the past month to a final closing price of \$4.22 per MMBtu on July 6.
- At the NYMEX, for the trading week ending July 6, natural gas futures decreased about 9.8 cents per MMBtu to \$4.22.
- The price decline was most likely due to factors including a reduction in demand during the trading week ending July 6 as a cold front moved south from Canada into the Lower 48 that pressured temperatures downward in portions of the Northeast and Midwest regions of the U.S. Further, natural



gas consumption fell 5.5 percent between Thursday, June 30 and Sunday, July 3, only to spike upwards 9.2 percent between Sunday, July 3 and Tuesday, July 5 before dropping back, ending the week 4.7 percent over the prior week. The largest gain on an absolute basis was registered by the power sector, which increased 12.3 percent over the prior week and 13.1 percent over this week last year. A strong uptick in demand in the power sector was seen Tuesday, July 5 and was likely due to an increase in

temperatures, especially in the Northeast. A decrease in consumption in the industrial sector made up for some of the increased consumption elsewhere. Finally, the increase in natural gas in storage was higher than the 5-year average for this time of year.

- Working gas in storage as of July 1 totaled 2,527 Bcf, 1.9 percent below the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 224 Bcf or 8.1 percent lower 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: Beginning April 2011, residential retail propane prices will be reported only for the first full week of each month through Sept. 2011)

On July 5, the average Missouri retail price for residential propane was about \$2.03 per gallon, relatively unchanged from last month and 19 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>07-05-11</u>	<u>06-06-11</u>	<u>change</u>	<u>07-06-10</u>	<u>change</u>
Missouri	202.6	203.1	down 0%	169.8	up 19%

- According to the Division of Energy's statewide propane price survey conducted July 5, retail residential propane prices were relatively unchanged in the past month and stand nearly 33 cents per gallon or 19 percent higher than last year at this time.
- According to the survey conducted July 5, the highest Missouri retail residential price for propane was \$2.50 per gallon while the lowest retail price was \$1.79 per gallon.
- For the week ending July 1, U.S. inventories of propane increased as total stocks were up about 2.3 MMB to end at 41.5 million barrels. Propane inventories are now 8.2 MMB lower compared to the same period last year. Implied demand for propane decreased 73,000 barrels for the week ending July 1 and is down 163,000 barrels per day compared to the demand level for this time last year.
- For the week ending July 1, Midwest propane inventories increased 1.2 MMB. At 18.3 MMB, Midwest inventories are 3.8 MMB or about 17 percent lower than the 22.1 MMB reported at this time last year.

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