



# Missouri Department of Natural Resources Division of Energy

## MISSOURI ENERGY BULLETIN

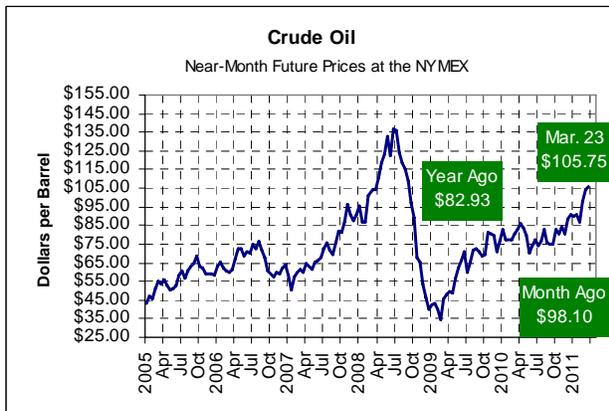
March 24, 2011

### Crude Oil

U.S. crude oil prices increased \$7.65 to \$105.75 per barrel in the past month and stand 28 percent higher than at this time last year.

| Crude Oil - Near Month Future Prices (dollars per barrel) |          |          |        |          |        |
|---|----------|----------|--------|----------|--------|
|   | 03-23-11 | 02-23-11 | change | 03-12-10 | change |
| NYMEX   | \$105.75 | \$98.10  | up 8%  | \$82.93  | up 28% |

- At the New York Mercantile Exchange (NYMEX) crude oil futures for May delivery ended \$0.78 per barrel higher Mar. 23, to close at \$105.75 per barrel, near a 30-month high, as the US and its allies attacked Libya's troops and protesters clashed with government forces in Syria, bolstering concern Middle East Region oil supplies will be disrupted.



- U.S. oil prices increased as coalition forces targeted Libya's tanks, artillery, supply lines and communications points. Prices have advanced 16 percent in 2011 as unrest spread from Tunisia to Egypt, Yemen, Bahrain and Syria. The Energy Information Administration (EIA) reported that crude domestic oil supplies increased as gasoline stockpiles fell to the lowest level this year. Crude oil prices have advanced 28 percent in the past year. Credit Suisse Group raised its estimates for Brent crude for 2011 to an average of \$105.80 per barrel and for West Texas Intermediate by 10

percent to \$93.80. It cited higher demand growth and Middle East output disruptions as reasons for the increase. This average annual price projection includes the average price before the civil unrest in the Middle East and North Africa and the possibility of lower crude prices later this year.

- Compared to this time last year, this crude oil futures settlement price was \$22.82, or 28 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending Mar. 18 averaged 19.3 million barrels per day (MMB/D), down 0.5 percent compared to the similar period last year.
- According to the EIA report, U.S. oil inventories increased 2.1 MMB for the week ending Mar. 18. U.S. crude supplies are now 1.5 MMB higher than at this time last year.

- Crude imports for the week ending Mar. 18 were 8.9 MMB/D, up 0.3 MMB/D from the prior week. Imports at this time last year averaged 9.4 MMB/D. Crude oil inventories represent 25.1 days of forward cover unchanged compared to this time last year.
- U.S. refinery crude runs were up 0.12 MMB/D with refiners processing about 14.8 MMB/D of crude for the week ended Mar. 18. U.S. refinery capacity was 84 percent, up 0.7 percent from the prior week and 3 percent higher than the 81.1 percent figure at this time last year.
- Gasoline output increased at 9.1 MMB/D on the week and is up by 43,000 barrels per day compared to last year at this time. Distillate output increased slightly at 4.3 MMB/D for the week ending Mar. 18 and stand 0.6 MMB/D higher compared to the production level at this time last year.

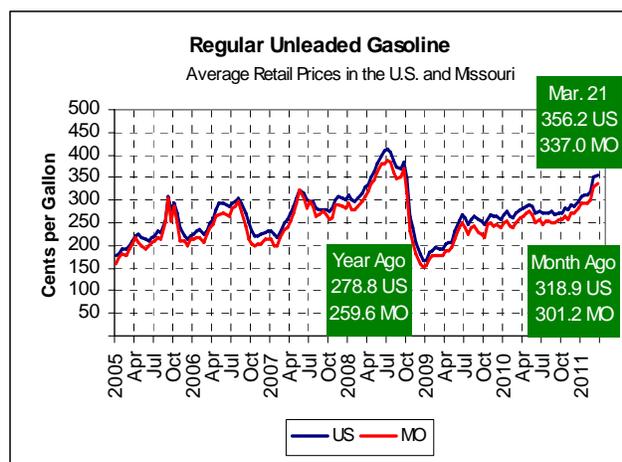
### Transportation Fuels

On Mar. 21, Missouri's statewide average retail price for gasoline was \$3.37 per gallon, up 36 cents or 12 percent in the past month and \$0.77 per gallon higher than at this time last year.

| Regular Unleaded Gasoline - Retail Prices (cents per gallon) |          |          |        |          |        |
|--|----------|----------|--------|----------|--------|
|  | 03-21-11 | 02-22-11 | change | 03-15-10 | change |
| US   | 356.2    | 318.9    | up 12% | 278.8    | up 28% |
| Missouri   | 337.0    | 301.2    | up 12% | 259.6    | up 30% |

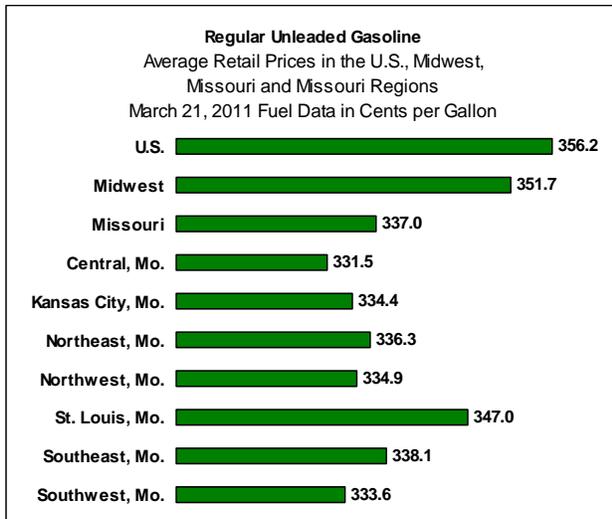
| Diesel Fuel - Retail Prices (cents per gallon) |          |          |        |          |        |
|--|----------|----------|--------|----------|--------|
|  | 03-21-11 | 02-22-11 | change | 03-15-10 | change |
| US   | 390.7    | 357.3    | up 9%  | 292.4    | up 34% |
| Missouri                                       | 376.8    | 339.5    | up 11% | 275.0    | up 37% |

- On Mar. 21, Missouri's average retail price for gasoline was \$3.37, an increase of 36 cents in the past month. The average price for diesel fuel was up by nearly 37 cents in the past month. Missouri's average retail gasoline price is \$0.77 or 30 percent higher, while the average diesel fuel price is nearly \$1.02, or 37 percent, higher for the comparable period in Mar. 2010.



- The U.S. average price for regular gasoline was up 37 cents per gallon or about 12 percent compared to last month at \$3.56 per gallon. The U.S. average was about 77 cents or 28 percent higher compared to last year. In the past week, the U.S. average was down by less than 1 cent per gallon.
- Gasoline imports increased to 0.7 MMB/D for the week ending Mar. 18, nearly 46,000 barrels per day higher compared to the prior week and about 72,000 barrels per day higher than last year at this time.

- Implied demand for gasoline increased the week ending Mar. 18 at 9.1 MMB/D, up 244,000 barrels per day from the prior week yet, down 13,000 barrels per day compared to this same period last year.

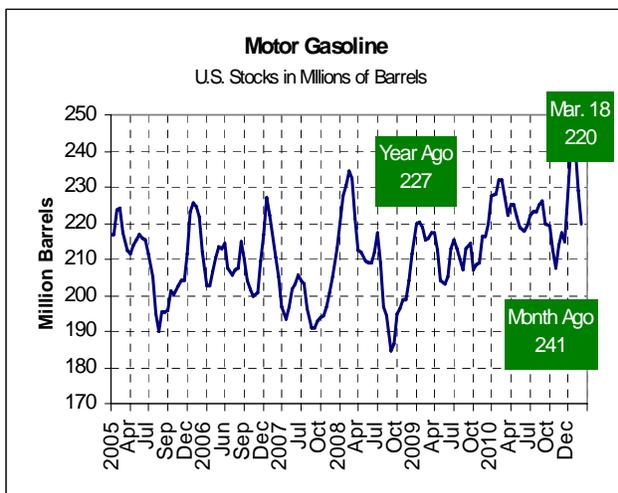
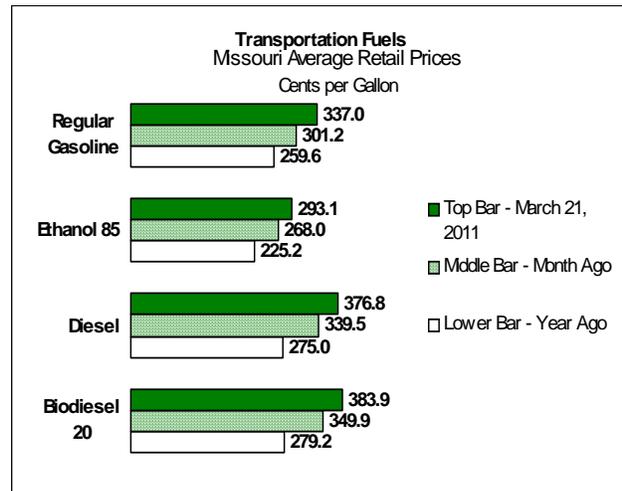


In the past 4 weeks, U.S. gasoline demand has averaged 9.1 MMB/D, 0.1 MMB/D higher compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 5.3 MMB at 220 MMB for the week ending Mar. 18. Gasoline inventories represent 24.2 days of supply for the United States based on implied demand during the past 4-week average. U.S. gasoline inventories are 4.8 MMB lower than at this time last year and trend at the mid-point of the five-year average for this time of year.
- Distillate stocks were unchanged at 153 MMB and stand 6.9 MMB higher compared to the same period last year. Distillate demand was

down at 3.8 MMB/D and unchanged compared to the same period last year. On a four-week average, distillate demand is higher compared to the same period last year at 3.9 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down 100,000 barrels per day or 4 percent at 3.8 MMB/D for the week ending Mar. 18.

- On Mar. 21, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.93 per gallon, 44 cents or about 15 percent lower than the average price for conventional motor gasoline.
- On Mar. 21, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.84 per gallon, 7 cents or about 2 percent, higher than the statewide average retail price for conventional diesel fuel.



- According to EIA Mar.8, 2011 *Short Term Energy Outlook*, EIA projects U.S. gasoline prices to average about \$3.70 per gallon during the peak driving season (Apr. through Sept.) with considerable regional and local variation. There is also significant uncertainty surrounding the forecast, with the current market prices of futures and options contracts for gasoline suggesting a 25-percent probability that the national monthly average retail price for regular gasoline could exceed \$4.00 per gallon during summer 2011.

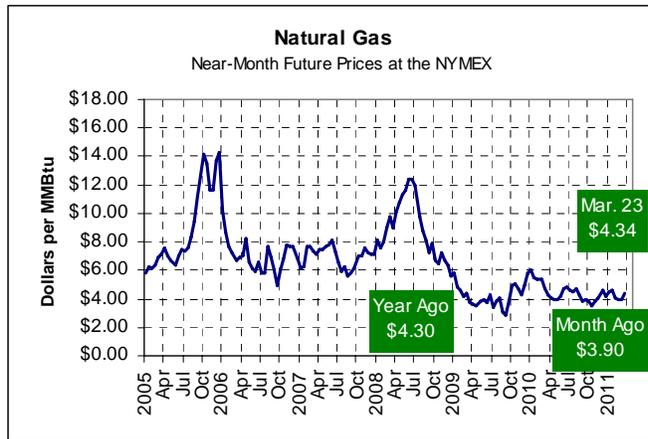
## Natural Gas

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 Mar. 23, natural gas futures closed at \$4.34 per MMBtu, up 11 cents from a month ago and 1 percent higher compared to last year at this time.**

| Natural Gas - Near Month Future Prices (dollars per MMBtu) |          |          |        |          |        |
|--|----------|----------|--------|----------|--------|
|  | 03-23-11 | 02-24-11 | change | 03-17-10 | change |
| NYMEX  | \$4.34   | \$3.90   | up 11% | \$4.30   | up 1%  |

- Natural gas futures for Apr. delivery increased \$0.44 in the past month to a final closing price of \$4.34 per MMBtu on Mar. 23.
- At the NYMEX, for the trading week ending Mar. 23, natural gas futures increased 40 cents per MMBtu to \$4.34. Natural gas prices increased at most market locations throughout the U.S.



- The increase could be attributed to colder temperatures moving into consuming regions of the country. Upward price pressure also appears related to concerns about the stability of international supplies of LNG. Upward pressure on prices at the NYMEX also appears related to concerns over events in Japan that could affect energy markets. Japan, the world's largest liquefied natural gas (LNG) consumer, is expected to boost consumption of LNG as a fuel for power generation following the nuclear crisis in the country. However, it should be

noted that LNG demand in the United States has fallen significantly in recent years as a result of higher U.S. production.

- Working gas in storage as of Mar. 18 totaled 1,612 Bcf, 2.2 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 12 Bcf or 0.7 percent lower than last year at this time.
- According to the EIA's *Short Term and Winter Fuels Outlook* released Mar. 8, EIA expects Midwest households heating primarily with natural gas to spend an average of \$2, or 0.2 percent, less this winter. The decrease in natural gas expenditures reflects a 0.9-percent decrease in prices and a 0.7-percent increase in consumption. Heating expenditures are projected at \$803 for the winter heating period.

## Propane

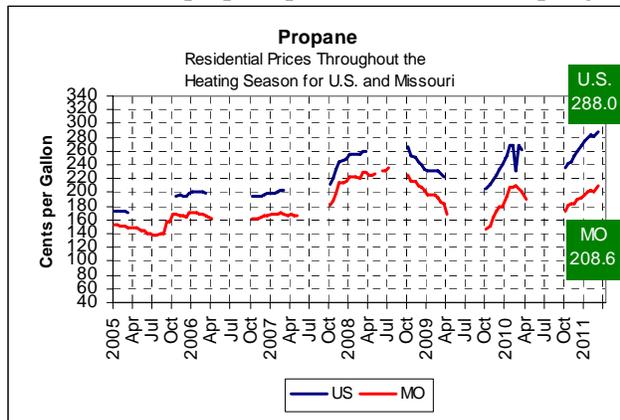
Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

(Note: Beginning Apr. 2011, residential retail propane prices will be reported only for the first full week of each month through Sept. 2011)

**On Mar. 7, the average Missouri retail price for residential propane was about \$2.09 per gallon, up 6 cents from last month and 2 percent higher compared to last year at this time.**

| Propane - Retail Prices (cents per gallon) |          |          |        |          |        |
|--|----------|----------|--------|----------|--------|
|  | 03-07-11 | 02-07-11 | change | 03-01-10 | change |
| Missouri                                   | 208.6    | 202.4    | up 3%  | 206.3    | up 1%  |

- According to the Division of Energy's statewide propane price survey conducted Mar. 7, retail residential propane prices were 6.2 cents per gallon higher in the past month and stand over 2 cents per gallon or 1 percent higher than last year at this time. The average U.S. residential propane price increased in the past month, rising nearly \$0.05 per gallon to reach \$2.88 per gallon. This was an increase of \$0.20 per gallon compared to the \$2.68 per gallon average from the same period last year.



- U.S. inventories of propane fell last week as total stocks were down about 1.4 million barrels to end at 27 million barrels. Propane inventories are now 1.8 million barrels higher compared to the same period last year. Implied

demand for propane was unchanged at 1.2 MMB/D for the week ending Mar. 4 and about 0.3 MMB/D lower compared to 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 \$1.80 per gallon.
- For the week ending Mar. 4, Midwest propane inventories decreased 0.4 MMB. At 9.2 MMB, Midwest inventories are 0.3 MMB or about 3 percent lower than the 9.5 MMB reported at this time last year.
- According to the EIA's *Short Term and Winter Fuels Outlook* released Mar. 8, EIA expects Midwest households heating primarily with propane to spend an average of \$207, or 12 percent, more this winter. The increase in propane gas expenditures reflects a 11.7 percent increase in price and a 0.1 percent increase 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