



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

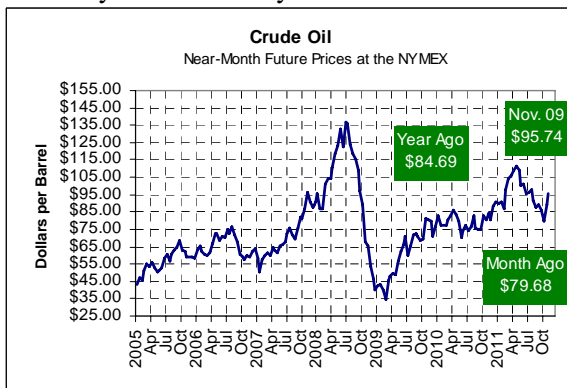
Nov. 10, 2011

Crude Oil

U.S. crude oil prices increased \$16.06 to \$95.74 per barrel in the past month and stand 13 percent higher than at this time last year.

<i>Crude Oil - Near Month Future Prices (dollars per barrel)</i>					
	<u>11-09-11</u>	<u>10-05-11</u>	<u>change</u>	<u>11-03-10</u>	<u>change</u>
NYMEX	\$95.74	\$79.68	up 20%	\$84.69	up 13%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Dec. delivery ended \$1.06, or 1.1 percent, lower Nov. 9 to close at \$95.74 per barrel, falling for the first time in 6 days after Italian bond yields surged to euro-era records and a German newspaper reported that Chancellor Merkel's party wants to enable countries to exit the currency.
- Futures fell after Italian bond yields topped the 7% level that drove Greece, Ireland and Portugal to seek bailouts. Merkel's Christian Democratic Union may propose easing rules on euro membership, Handelsblatt reported in a preview of an article, citing unidentified participants in the discussion. The European debt crisis has negative implications for oil prices and demand. Futures are up 4.8 percent this year.
- Italy's Prime Minister Berlusconi's offer to resign left his government struggling to implement austerity measures. The yield on the country's 5-year note jumped 70 basis points to 7.57 percent. The higher deposits demanded by LCH Clearnet, a clearing house that guarantees investors' trades are completed, drove benchmark indexes lower in Europe and the US. Italy is the euro's third-largest economy after Germany and France. An Euro commission is crafting a framework to be presented at



a party meeting allowing a euro member who doesn't want to or isn't able to comply with the common currency rules to leave the euro region without losing membership in the EU. Greek Prime Minister Papandreou's drive to put together a unity government fell into disarray as rival parties squabbled over the next premier. Papandreou met with President Karolos Papoulias in Athens to resign as criticism grew over delays in naming a new prime minister. Negotiations on a government between Papandreou and Antonis Samaras,

leader of the opposition New Democracy party, dragged on for a 3rd day as the two sides disagreed on a prime minister and the opposition balked at EU demands for written commitments to secure a bailout package.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$95.74 is \$11.05, or 13 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending Nov. 4 averaged just under 19.0 MMB/D, down 1.3 percent compared to the similar period last year.
- According to the Nov. 9 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 1.4 MMB for the week ending Nov. 4. U.S. crude supplies are now 26.8 MMB lower than at this time last year.
- Crude imports for the week ending Nov. 4 were 8.6 MMB/D, down by over 0.3 MMB from the prior week. Imports at this time last year averaged 8.0 MMB/D. Crude oil inventories represent 23.3 days of forward cover compared to 26.0 days at this time last year.
- U.S. refinery crude runs were down 477,000 barrels per day with refiners processing 14.6 MMB/D of crude for the week ended Nov. 4. U.S. refinery capacity was 82.6 percent, down about 2.7 percent from the prior week and 0.2 percent higher than the 82.4 percent figure at this time last year.
- Gasoline output decreased at 8.6 MMB/D on the week as refiners continued through the seasonal turnaround to allow for maintenance and a move to winter grade production. Gasoline output is down 369,000 barrels per day compared to last week and only down 322,000 barrels per day compared to last year at this time. Distillate output decreased at 4.3 MMB/D for the week ending Nov. 4 and stand 70,000 barrels per day higher compared to the production level at this time last year.

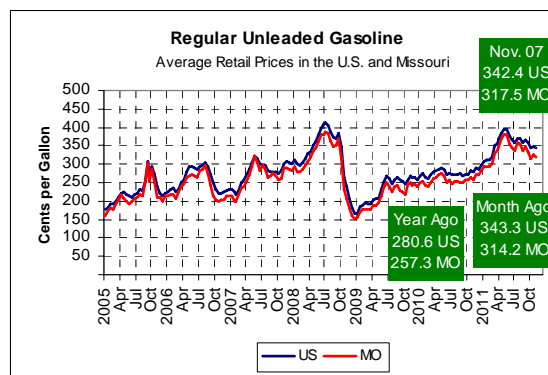
Transportation Fuels

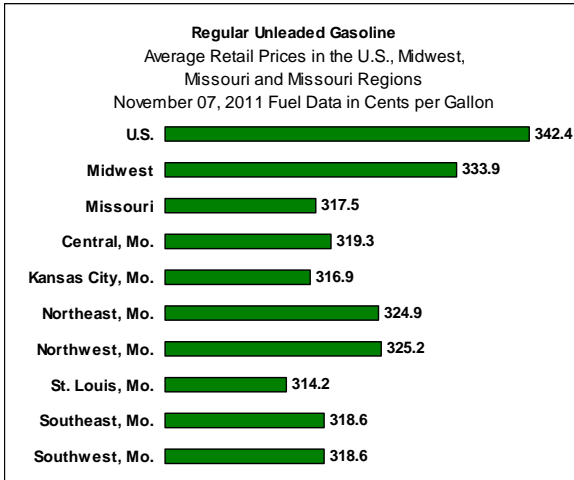
On Nov. 7, Missouri's statewide average retail price for gasoline was \$3.17 per gallon, up 3.3 cents or 1 percent in the past month.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	<u>11-07-11</u>	<u>10-03-11</u>	<u>change</u>	<u>11-01-10</u>	<u>change</u>
US	342.4	343.3	down 0%	280.6	up 22%
Missouri	317.5	314.2	up 1%	257.3	up 23%

Diesel Fuel - Retail Prices (cents per gallon)					
	<u>11-07-11</u>	<u>10-03-11</u>	<u>change</u>	<u>11-01-10</u>	<u>change</u>
US	388.7	374.9	up 4%	306.7	up 27%
Missouri	376.7	362.7	up 4%	292.3	up 29%

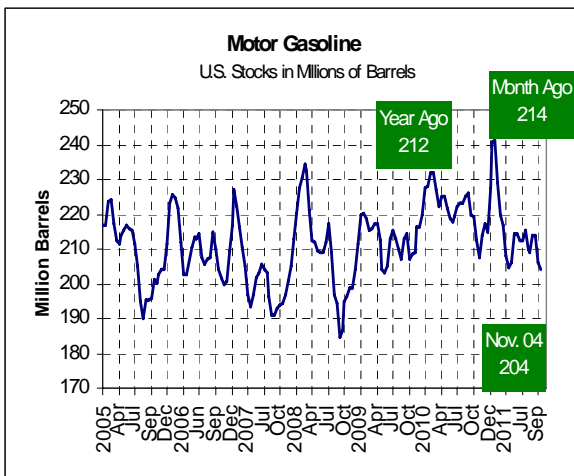
- On Nov. 7, Missouri's average retail price for gasoline was \$3.17, an increase of 3.3 cents in the past month. The average price for diesel fuel was up by about 14 cents in the past month. Missouri's average retail gasoline price is \$0.60 or 23 percent higher, while the average diesel fuel price is \$0.84, or 29 percent, higher for the comparable period in Nov. 2010.
- The U.S. average price for regular gasoline was down by about 1 cent per gallon, or less than 1 percent compared to last month at \$3.42 per gallon. The U.S. average was about \$0.62 or 22





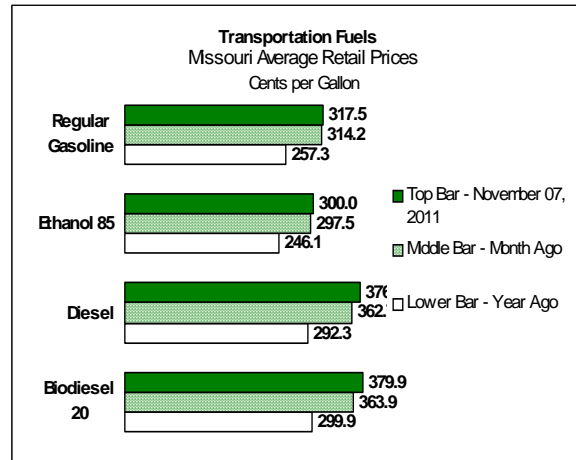
weeks, U.S. gasoline demand has averaged about 8.6 MMB/D, 508,000 barrels per day lower compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 2.1 MMB at 204.2 MMB for the week ending Nov. 4. gasoline inventories represent 23.8 days of supply for the United States based on implied demand during the past 4-week average. U.S. gasoline inventories are 6.2 MMB lower than at this time last year and trend in the middle of the five-year average for this time of year.
- Distillate stocks decreased 6.0 MMB at 135.9 MMB and stand 24.0 MMB lower compared to the same period last year. Distillate demand was down at 4.3 MMB/D for the week ending Nov. 4 and down 32,000 barrels per day compared to the same period last year. On a four-week average, distillate demand is up 73,000 barrels per day compared to the same period last year at 4.29 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down 12,000 barrels per day.



percent higher compared to this time last year. In the past week, the U.S. average decreased by about 3 cents per gallon.

- Gasoline imports increased to nearly 0.75 MMB/D for the week ending Nov. 4; about 31,000 barrels per day lower compared to the prior week and 52,000 barrels per day lower than last year at this time.
- Implied demand for gasoline increased the week ended Nov. 4 at 8.7 MMB/D, up by 153,000 barrels per day from the prior week and 385,000 barrels per day lower compared to this same period last year. In the past 4



- On Nov. 7, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$3.00 per gallon, 17 cents or 5 percent lower than the average price for conventional motor gasoline.
- On Nov. 7, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.80 per gallon, 4.0 cent or 1 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA’s Oct. 12, 2011 *Short Term Energy Outlook* , EIA projects U.S. gasoline prices to average about \$3.63 per gallon during the peak driving season (April through September) and fall to \$3.36 in the fourth quarter of 2011. EIA expects the May national average price of \$3.91 per gallon to be the peak monthly average price this driving season.

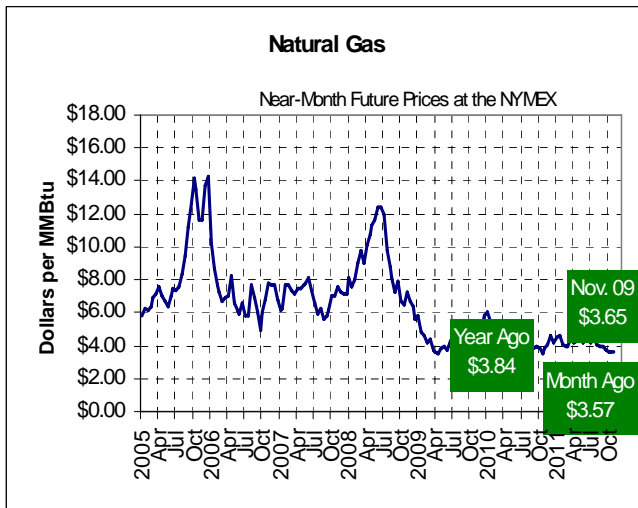
Natural Gas

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 Nov. 9, natural gas futures closed at \$3.65 per MMBtu, up 8 cents from a month ago and down 5 percent compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	11-09-11	10-05-11	change	11-03-10	change
NYMEX	\$3.65	\$3.57	up 2%	\$3.84	down 5%

- Natural gas futures for Dec. delivery increased \$0.08 in the past month to a final closing price of \$3.65 per MMBtu on Nov. 9.
- At the NYMEX, the December 2011 contract during the trading week lost about 10.0 cents from \$3.75 per MMBtu on Nov. 2 to \$3.65 per MMBtu on Nov. 9.
- This week, NYMEX natural gas futures prices entering the winter period for the November 2011-March 2012 five-month strip reached their lowest levels seen since the winter period of 2001-2002. Price expectations going into winter reached their highest point, at close to \$12 per MMBtu, heading



into the winter of 2005-2006, after Hurricanes Katrina and Rita caused natural gas supply disruptions in the Gulf of Mexico. In the past several years, however, as onshore lower 48 production has grown substantially, particularly in shale formations, winter price expectations have moderated.

- Working gas in storage as of Nov. 4 totaled 3,831 Bcf, 5.9 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 6 Bcf or 0.2 percent lower than last year at this time.
- According to EIA’s *Short Term Energy Outlook* released Oct. 12, 2011, Midwest households that heat with natural gas may realize a fall in natural gas expenditures by 0.1 percent to \$779 for the heating season based on a reduction in consumption of approximately 1.4 percent.

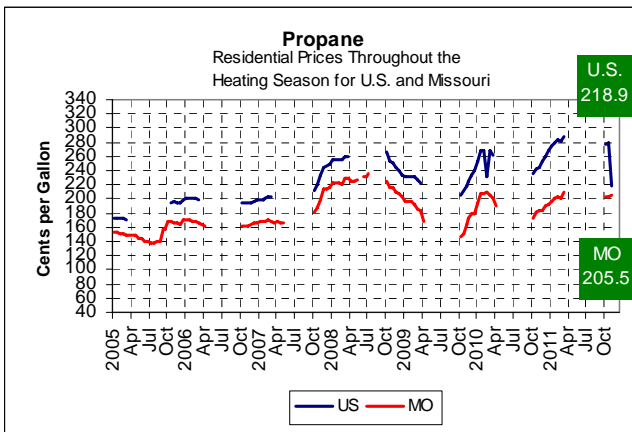
Propane

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 Nov. 7, the average Missouri retail price for residential propane was about \$2.05 per gallon, up 2.8 cents per gallon from last month and 13 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>11-07-11</u>	<u>10-03-11</u>	<u>change</u>	<u>11-01-10</u>	<u>change</u>
Missouri	205.5	202.7	up 1%	182.5	up 13%

- According to the Division of Energy's statewide propane price survey conducted Nov. 7, retail residential propane prices were up by 2.8 cents from last month and stand over 23 cents per gallon or 13 percent higher than last year at this time.
- According to the survey conducted Nov. 7, the highest Missouri retail residential price for propane was nearly \$2.70 per gallon while the lowest retail price was \$1.86 per gallon.



- For the week ending Nov. 4, U.S. inventories of propane decreased as total stocks were down 0.07 MMB to end at 60.1 MMB. Propane inventories are now 3.6 MMB lower compared to the same period last year. Implied demand for propane increased 218,000 barrels for the week ending Nov. 4 and up 0.11 MMB/D compared to the demand level for this time last year.
- For the week ending Nov. 4, Midwest propane inventories decreased 314,000 barrels. At 25.4 MMB, Midwest inventories are 3.5 MMB or about 12 percent lower than the 28.9 MMB reported at this time last year.
- According to EIA's *Short Term Energy Outlook* released Oct. 12, 2011, Midwest households that heat with propane may realize an increase in propane expenditures by 3.5 to \$1,880 for the heating season based on a and increase in price by 4.8 percent to \$2.22 per gallon.

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