



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

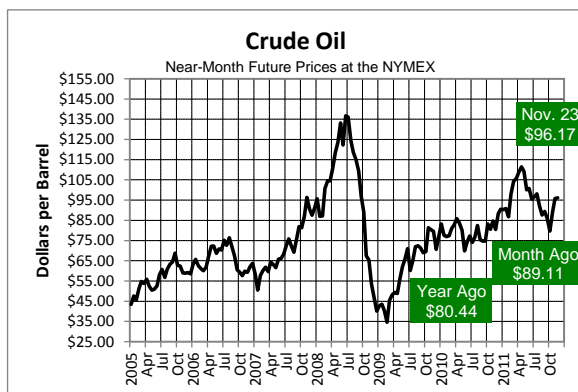
Nov. 25, 2011

Crude Oil

U.S. crude oil prices increased \$7.06 to \$96.17 per barrel in the past month and stand 20 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	<u>11-23-11</u>	<u>10-19-11</u>	<u>change</u>	<u>11-17-10</u>	<u>change</u>
NYMEX	\$96.17	\$89.11	up 8%	\$80.44	up 20%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Dec. delivery ended \$1.84, or 1.9 percent, lower Nov. 23 to close at \$96.17 per barrel, as U.S. refiners shed crude stocks before the end of the calendar year to avoid tax liabilities and on very soft consumer fuel demand.
- Futures prices increased from January to May 2011, a market pattern known as contango. Last month the market moved into backwardation, with futures closest to expiration more expensive than those for later delivery. The contracts shifted into contango as the European debt crisis spread from Greece to Italy and Spain. Crude prices have gained 5.6 percent this year.
- Analysts had expected an increase in crude oil prices. Futures on Nov. 22 rose after the US, the UK and Canada expanded measures aimed at thwarting Iran’s nuclear program. In Egypt, protesters gathered in Tahrir Square for a 5th day after deadly clashes between security forces and demonstrators spurred the Cabinet to offer to quit. The US, UK and Canada targeted Iran’s central bank and oil industry with sanctions aimed at cutting the regime off from international financial transactions. The actions are in response to a United Nations’ atomic agency report concluding that previous efforts have not stopped the regime from clandestine nuclear-bomb work. The new sanctions target companies that provide goods or services to Iran’s oil and natural gas industries. Clashes in Cairo in the past week have left at least 25 people dead in some of the deadliest violence since the uprising against Mubarak in January and February. About 2.5% of global



oil output moves through Egypt via the Suez Canal and the adjacent Suez-Mediterranean pipeline. Prices pared gains in intraday trading after a government report showed the US economy expanded less than previously estimated in the 3rd quarter. Gross domestic product climbed at a 2% annual rate, down from a 2.5% prior estimate, revised Commerce Department figures showed.

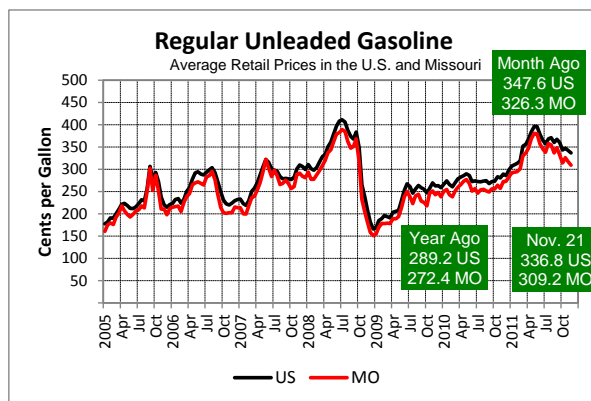
- Compared to this time last year, the U.S. crude oil futures settlement price of \$80.44 is \$15.73, or 20 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending Nov. 18 averaged 19.1 MMB/D, down 0.3 percent compared to the similar period last year.
- According to the Nov. 23 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 6.2 MMB at 330.8 for the week ending Nov. 18, the lowest since Jan. 2010. U.S. crude supplies are now 27.8 MMB lower than at this time last year and over 7 MMB lower than 2009 numbers. Total U.S. inventories - of crude and products - are now 99.9 MMB behind last year, when SPR crude is part of the math.
- Crude imports for the week ending Nov. 18 were 8.3 MMB/D, down by nearly 0.3 MMB from the prior week. Imports at this time last year averaged 8.6 MMB/D. Crude oil inventories represent 22.6 days of forward cover compared to 25.4 days at this time last year.
- U.S. refinery crude runs were up 134,000 barrels per day with refiners processing 15.2 MMB/D of crude for the week ended Nov. 18. U.S. refinery capacity was 85.5 percent, up 0.8 percent from the prior week and unchanged compared at this time last year.
- Gasoline output increased at 9.2 MMB/D on the week as refiners drew down on existing crude stocks. Gasoline output is up 0.24 MMB/D compared to last week and up 0.1 MMB/D compared to last year at this time. Distillate output increased at 4.7 MMB/D for the week ending Nov. 18 and stand 0.4 MMB/D higher compared to the production level at this time last year.

Transportation Fuels

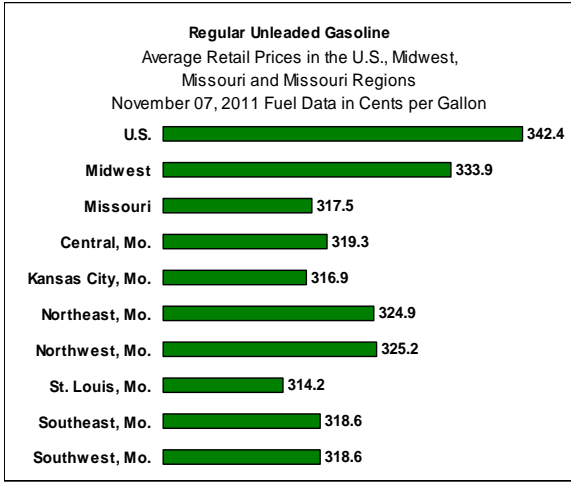
On Nov. 21, Missouri's statewide average retail price for gasoline was \$3.09 per gallon, down 17.1 cents or 5 percent in the past month.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	11-21-11	10-17-11	change	11-15-10	change
US	336.8	347.6	down 3%	289.2	up 16%
Missouri	309.2	326.3	down 5%	272.4	up 14%

Diesel Fuel - Retail Prices (cents per gallon)					
	11-21-11	10-17-11	change	11-15-10	change
US	401.0	380.1	up 5%	318.4	up 26%
Missouri	386.0	364.4	up 6%	303.6	up 27%



- On Nov. 21, Missouri's average retail price for gasoline was \$3.09, a decrease of 17.1 cents in the past month. The average price for diesel fuel was up by about 22 cents in the past month. Missouri's average retail gasoline price is \$0.37 or 14 percent higher, while the average diesel fuel price is \$0.82, or 27 percent, higher for the comparable period in Nov. 2010.
- The U.S. average price for regular gasoline was down by about 11 cents per gallon, or 3 percent

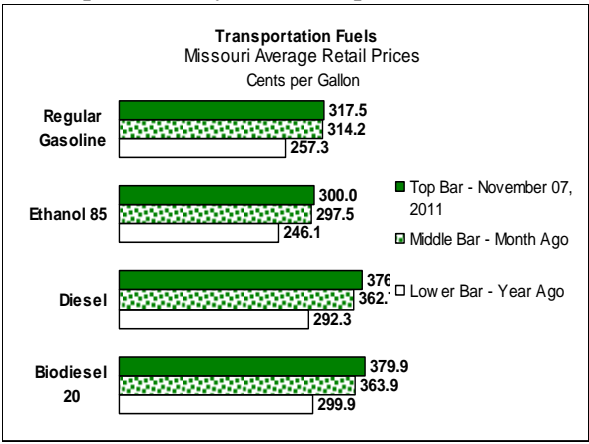


compared to last month at \$3.36 per gallon. The U.S. average was about \$0.48 or 16 percent higher compared to this time last year. In the past week, the U.S. average decreased by about 7 cents per gallon.

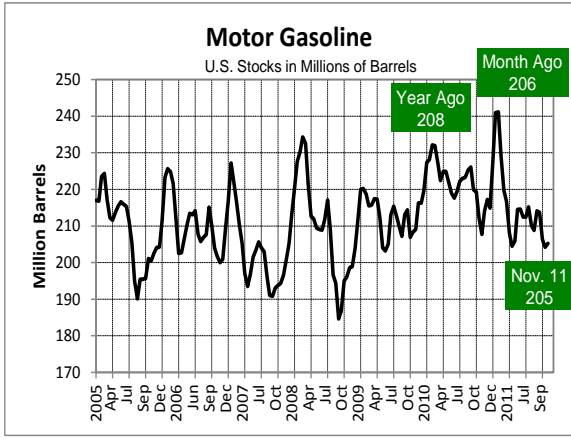
- Gasoline imports increased to nearly 1.0 MMB/D for the week ending Nov.18; about 194,000 barrels per day higher compared to the prior week and 172,000 barrels per day higher than last year at this time.
- Implied demand for gasoline decreased the week ended Nov. 18 at 8.6 MMB/D, down by 33,000 barrels per day from the prior week

and 237,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.6 MMB/D, 361,000 barrels per day lower compared to the same 4-week period last year.

- The U.S. is unfamiliar with gasoline demand numbers that are barely above 8.6 MMB/D on a four-week average basis. In the same four weeks in 2010, gasoline demand averaged 8.967 MMB/D; in 2009 the number was 9.05 MMB/D; and in the deepest throes of the Great Recession in 2008, motorists managed to use 8.978 MMB/D.



- U.S. gasoline supplies increased 4.5 MMB at 209.6 MMB for the week ending Nov. 18. Gasoline inventories represent 24.4 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are unchanged compared to this time last year and trend in the middle of the five-year average for this time of year.



period last year at 4.25 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down 120,000 barrels per day.

- Distillate stocks decreased 0.8 MMB at 133.0 MMB and stand 25.3 MMB lower compared to the same period last year. Distillate demand was down at 4.0 MMB/D for the week ending Nov. 18 but up 265,000 barrels per day compared to the same period last year. On a four-week average, distillate demand is up 228,000 barrels per day compared to the same

- On Nov. 21, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.97 per gallon, 12 cents or 4 percent lower than the average price for conventional motor gasoline.

- On Nov. 21, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.92 per gallon, 6.0 cents or 2 percent, higher than the statewide average retail price for conventional diesel fuel.
- According to EIA’s Nov. 8, 2011 *Short Term Energy Outlook* , regular-grade gasoline retail prices have fallen by 46 cents per gallon from their peak monthly average this year of \$3.91 per gallon for May to \$3.45 per gallon for October. This drop in prices results from falling crude oil prices as well as the normal seasonal decline in consumption and the switch in production from summer-grade gasoline to lower-cost winter-grade gasoline. EIA projects gasoline retail prices to continue to decline, albeit slightly, through the end of the year.

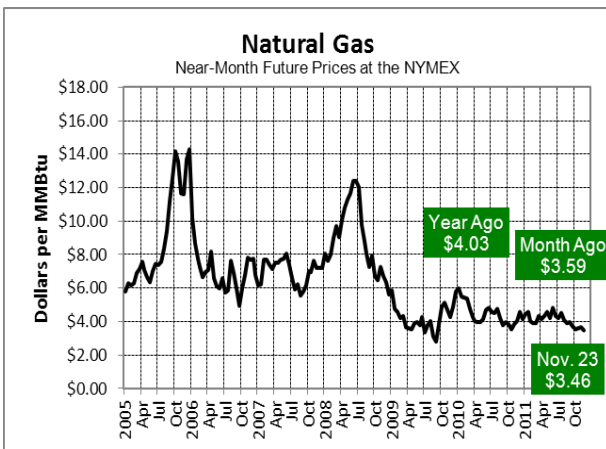
Natural Gas

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. 23, natural gas futures closed at \$3.46 per MMBtu, down 13 cents from a month ago and down 57 cents compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	<u>11-23-11</u>	<u>10-20-11</u>	<u>change</u>	<u>11-17-10</u>	<u>change</u>
NYMEX	\$3.46	\$3.59	down 4%	\$4.03	down 14%

- Natural gas futures for Dec. delivery decreased \$0.13 in the past month to a final closing price of \$3.46 per MMBtu on Nov. 23.
- At the NYMEX, the December 2011 contract during the trading week gained about 11.6 cents from \$3.344 per MMBtu on Nov. 16 to \$3.46 per MMBtu on Nov. 23. The Jan. 2012 contract closed higher at \$3.608
- NYMEX natural gas futures prices gained about half the week’s gain at around 5 cents between Nov. 22 and the closing on Nov. 23. The likely price response may have been due to a projected growth in domestic natural gas storage at 18 to 22 billion cubic feet and the actual growth at 8 billion cubic feet for the week ending Nov. 18. The growth in domestic stock is atypical for this time of year as warmer temperatures helped to abate demand for space heat as well as domestic power generation.



- Working gas in storage as of Nov. 18 totaled 3,852 Bcf, 6.4 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 23 Bcf or 0.6 percent higher than last year at this time.
- According to EIA’s *Short Term Energy Outlook* released Nov. 8, 2011, Midwest households that heat with natural gas may realize a fall in natural gas expenditures by 0.7 percent to \$774 for the heating season

based on a reduction in consumption of approximately 1.3 percent.

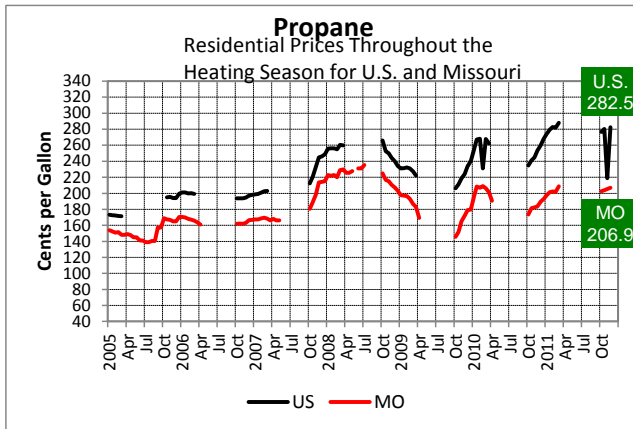
Propane

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. 21, the average Missouri retail price for residential propane was about \$2.07 per gallon, up 3.0 cents per gallon from last month and 13 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>11-21-11</u>	<u>10-17-11</u>	<u>change</u>	<u>11-15-10</u>	<u>change</u>
Missouri	206.9	203.9	up 1%	183.5	up 13%

- According to the Division of Energy's statewide propane price survey conducted Nov. 21, retail residential propane prices were up by 3.0 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. 21, 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. 21, U.S. inventories of propane decreased as total stocks were down 0.2 MMB to end at 59.4 MMB. Propane inventories are now 4.8 MMB lower compared to the same



period last year. Implied demand for propane decreased 80,000 barrels per day at 1.18 MMB/D for the week ending Nov. 18 and up 48,00 barrels per day compared to the demand level for this time last year.

- For the week ending Nov. 18, Midwest propane inventories increased 197,000 barrels. At 25.3 MMB, Midwest inventories are 3.4 MMB or about 12 percent lower than the 28.7 MMB reported at this time last year.
- According to EIA's *Short Term Energy*

Outlook released Nov. 8, 2011, Midwest households that heat with propane may realize an increase in propane expenditures by 8.1 percent to \$1,817 for the heating season based on an increase in price by 9.5 percent to \$2.32 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