



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

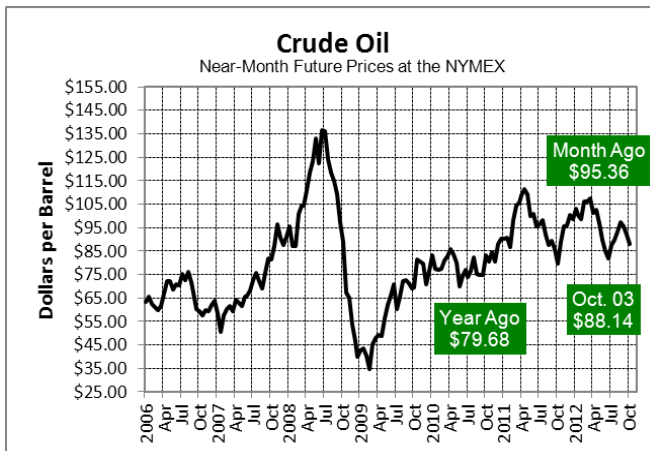
October 5, 2012

Crude Oil

U.S. crude oil prices decreased \$7.22, or 8 percent, to \$88.14 per barrel in the past month and stand 11 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	<u>10-03-12</u>	<u>09-05-12</u>	<u>change</u>	<u>10-05-11</u>	<u>change</u>
NYMEX	\$88.14	\$95.36	down 8%	\$79.68	up 11%

- At the New York Mercantile Exchange (NYMEX), crude oil futures for November delivery ended \$3.75, or 4.1 percent, lower October 3 to close at \$88.14 per barrel, after the federal government reported that domestic crude production climbed to the highest level in more than 15 years as fuel consumption decreased. While crude prices are up 11 percent compared to the same period last year, crude oil prices have declined 11 percent since the beginning of the calendar year.



Oil futures declined before the weekly federal energy report as a key economic index of China's economy fell, signaling fuel demand may decrease further. Chinese services industries expanded at the weakest pace since at least March 2011, despite Chinese banking measures adopted in September to improve the economy. Euro-area services and manufacturing output contracted during the same period as economic and unemployment issues prevail in Spain.

- U.S. oil inventories increased at 364.7 million barrels (MMB). The increase in domestic stockpiles may be due to a combination of higher domestic crude oil production and imports for the week ending September 28.
- Oil futures declined before the weekly federal energy report as a key economic index of China's economy fell, signaling fuel demand may decrease further. Chinese services industries expanded at the weakest pace since at least March 2011, despite Chinese banking measures adopted in September to improve the economy. Euro-area services and manufacturing output contracted during the same period as economic and unemployment issues prevail in Spain.
- Compared to this time last year, the U.S. crude oil futures settlement price of \$88.14 is \$8.46, or 11 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending September 28 averaged 18.3 MMB/D, down 3.3 percent compared to the similar period last year. According to the October 3 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories

decreased 0.5 MMB at 364.7 MMB for the week ending September 28. U.S. crude supplies are now 28.4 MMB higher than at this time last year.

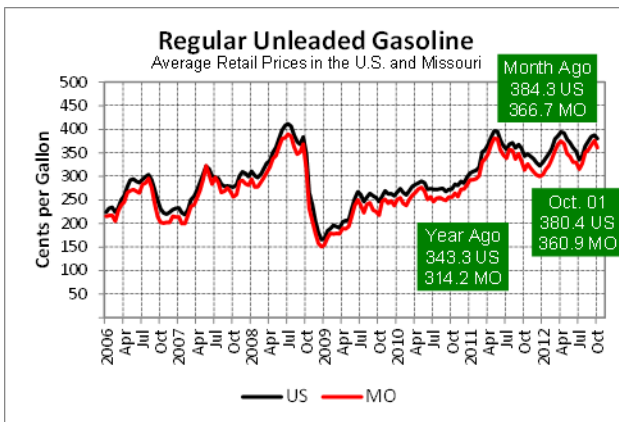
- Crude imports for the week ending September 28 were 8.1 MMB/D, up 0.5 MMB/D from the prior week. Imports at this time last year averaged 8.8 MMB/D. Crude oil inventories represent 24.8 days of forward cover compared to 22.2 days at this time last year.
- U.S. refinery crude runs were up 222,000 barrels per day with refiners processing 14.8 MMB/D of crude for the week ending September 28. U.S. refinery capacity use was 88.2 percent, up 0.9 percent from the prior week and up 0.5 percent compared to this time last year.
- Gasoline output increased slightly at 8.7 MMB/D on the week as refineries found greater margin in motor gasoline production versus other petroleum products. Gasoline output improved during the past week but is still down 438,000 barrels per day compared to last year at this time.
- Distillate output decreased at 4.6 MMB/D for the week ending September 28, and stands 75,000 barrels per day lower compared to the production level at this time last year.

Transportation Fuels

On October 1, Missouri's statewide average retail price for gasoline was about \$3.61 per gallon, down 5.8 cents in the past month but up 15 percent in the past year.

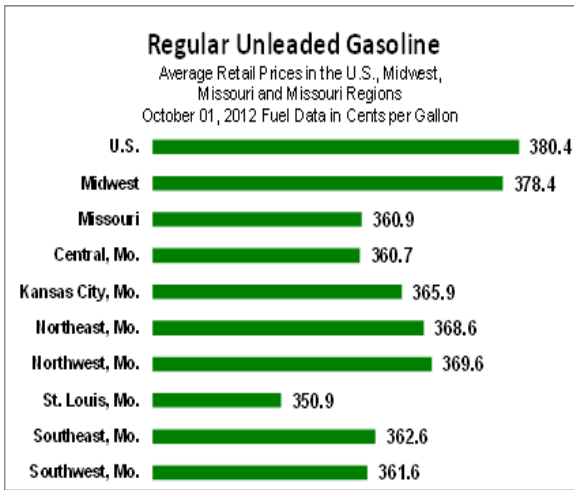
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	10-01-12	09-04-12	change	10-03-11	change
US	380.4	384.3	down 1%	343.3	up 11%
Missouri	360.9	366.7	down 2%	314.2	up 15%

Diesel Fuel - Retail Prices (cents per gallon)					
	10-01-12	09-04-12	change	10-03-11	change
US	407.9	412.7	down 1%	374.9	up 9%
Missouri	389.2	393.2	down 1%	362.7	up 7%



- On October 1, Missouri's average retail price for gasoline was about \$3.61 per gallon, a decrease of 5.8 cents in the past month. The average price for diesel fuel was down 4.0 cents per gallon in the past month. Missouri's average retail gasoline price is 46.7 cents, or 15 percent, higher, while the average diesel fuel price is 26.5 cents, or 7 percent, higher for the comparable period in October 2011.

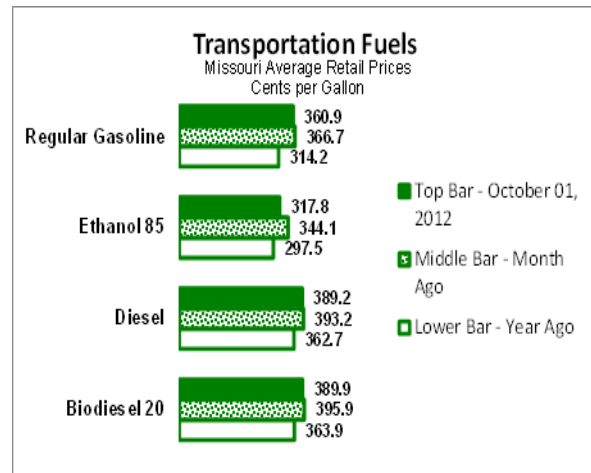
The U.S. average price for regular gasoline was down by 3.9 cents per gallon, or 1 percent, compared to last month at \$3.80 per gallon. The U.S. average was 37.1 cents, or 11 percent, higher compared to this time last year. In the past week, the U.S. average decreased 2.2 cents per gallon.



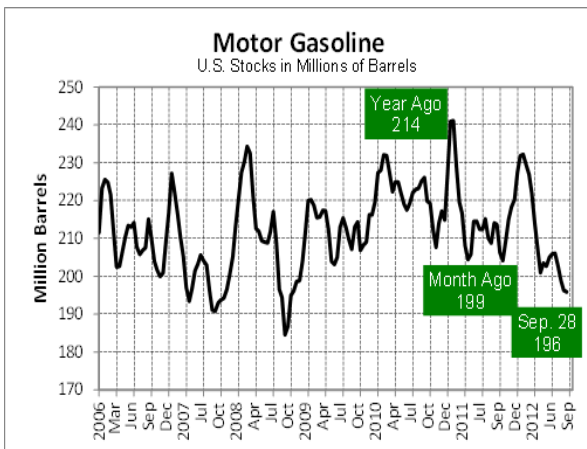
- Gasoline imports increased to 0.57 MMB/D for the week ending September 28, about 81,000 barrels per day higher compared to the prior week and 68,000 barrels per day higher than last year at this time.
- Implied demand for gasoline declined the week ending September 28 at 8.6 MMB/D, down 137,000 barrels per day from the prior week, and about 326,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.7 MMB/D; 224,000 barrels per day or 2.6 percent lower compared to the same 4-week period last year.

- U.S. gasoline supplies increased 0.1 MMB at 195.9 MMB for the week ending September 28. Gasoline inventories represent 22.6 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are down 17.8 MMB compared to this time last year and trend near the bottom of the five-year average for this time of year.

- Distillate stocks decreased at 124.1 MMB and stand 32.9 MMB lower compared to the same period last year. Distillate demand was up at 4.1 MMB/D for the week ending September 28 and down 8,000 barrels per day compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up about 388,000 barrels per day. On a four-week average, distillate demand was down 175,000 barrels per day compared to the same period last year at 3.7 MMB/D.



- On October 1, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about \$3.18 per gallon, 43 cents or about 13.5 percent lower than the average price for conventional motor gasoline.



- On October 1, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.90 per gallon, 1 cent or less than 1 percent higher than the statewide average retail price for conventional diesel fuel.
- According to EIA's September 11, 2012, *Short Term Energy Outlook*, the U.S. regular-grade motor gasoline retail price is

estimated to average \$3.64 per gallon in 2012 compared at \$3.53 last year. During the April through September peak driving season, prices were forecast to average about \$3.69 per gallon.

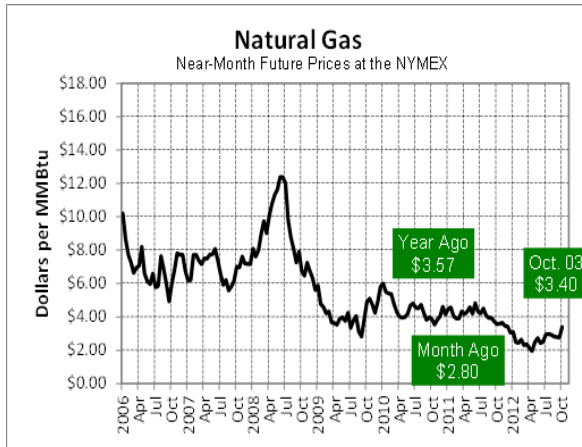
Natural Gas

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 October 3, natural gas futures closed at \$3.40 per million British thermal units (MMBtu), up 60 cents from a month ago and down 17 cents compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	10-03-12	09-05-12	change	10-05-11	change
NYMEX	\$3.40	\$2.80	up 21%	\$3.57	down 5%

- Natural gas futures for October delivery increased \$0.60 or 21 percent in the past month to a final closing price of \$3.40 per MMBtu on October 3.



- At the NYMEX, natural gas futures increased from \$3.02 per MMBtu on Wednesday, September 26 to \$3.39 per MMBtu on October 3. On Thursday, October 4, the first day of the November near-month futures contract, the NYMEX closed at \$3.29 per MMBtu, 29 cents per MMBtu higher than the Henry Hub spot price. The futures price continued to climb throughout the week, peaking at \$3.53 per MMBtu on October 2 before dropping back to \$3.40 per MMBtu on October 3.

- According to EIA, overall natural gas consumption for the U.S. fell by 0.3 percent. Consumption in the industrial and residential/commercial sectors fell by 1.3 percent and 4.4 percent respectively, which was nearly offset by an increase in natural gas consumed for power generation, which increased by 2.7 percent.
- Working gas in storage as of September 28 totaled 3,653 billion cubic feet (Bcf), 8.3 percent above the five-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 272 Bcf, or 8.0 percent, higher than last year at this time.

Propane

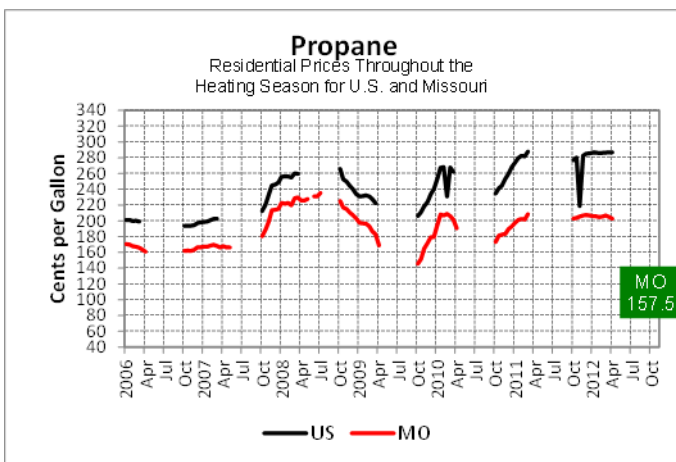
Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

(Note: From April through September, residential retail propane prices are reported only for the first full week of each month.)

On October 1, the average Missouri retail price for residential propane was about \$1.58 per gallon, up 1.8 cents in the past month, yet down 22 percent compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	10-01-12	09-04-12	change	10-03-11	change
Missouri	157.5	155.7	up 1%	202.7	down 22%

- According to the Division of Energy's statewide propane price survey conducted October 1, the average Missouri retail residential propane price was \$1.58 per gallon, up 1.8 cents or 1 percent in the past month.



- According to the survey, the highest Missouri retail residential price for propane was nearly \$1.93 per gallon, while the lowest retail price was about \$1.30 per gallon.
- For the week ending September 28, U.S. inventories of propane increased 1.3 MMB to end at 75.6 MMB. Propane inventories are now 18.1 MMB, or 32 percent, higher compared to the same period last year. Implied demand for propane decreased 247,000 barrels per day at

nearly 1.0 MMB/D for the week ending September 28, and up 4,000 barrels per day compared to the demand level for this time last year.

- For the week ending September 28, Midwest propane inventories increased 362,000 barrels. At 28.9 MMB, Midwest inventories are 3.7 MMB, or 14.7 percent, higher than the 25.2 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