



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

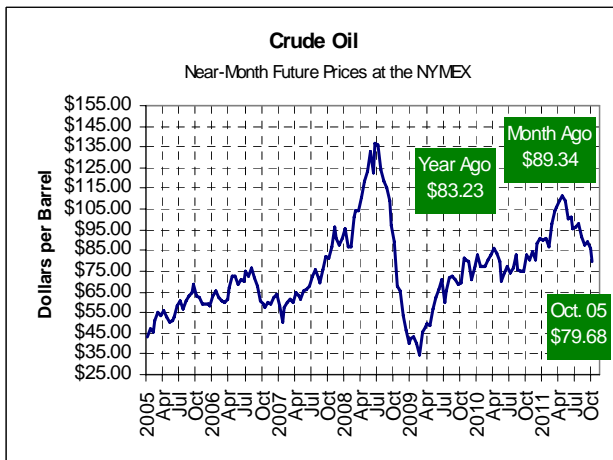
Oct. 7, 2011

Crude Oil

U.S. crude oil prices decreased \$9.66 to \$79.68 per barrel in the past month and stand 4 percent lower than at this time last year.

| Crude Oil - Near Month Future Prices (dollars per barrel) | | | | | |
|---|----------------|----------------|-----------------|----------------|----------------|
| | 10-05-11 | 09-07-11 | change | 10-06-10 | change |
| NYMEX | \$79.68 | \$89.34 | down 11% | \$83.23 | down 4% |

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Nov. delivery ended \$4.01, or 5.3 percent, higher Oct. 5 to close at \$79.68 per barrel, rebounding from the prior day's close of \$75.67, the lowest level in more than a year, after the weekly federal fuel report reflected an unexpected supply decline; and, economic data that exceeded estimates.
- Crude oil inventories are down on a combination of lower imports and refiners using oil stock held in hand. The numbers are a lot less bullish than they initially appear. It appears that U.S. refineries, especially along the Gulf Coast, are intentionally working down their stocks. It's not a sign that there's an oil shortage but an intentional reduction to manage stocks in relation to demand for refined products.



- OPEC's basket of oil grades fell to \$98.59 Tuesday, Oct. 4, the lowest level since Feb. 14th. The cartel last met in June, when six members rejected a Saudi proposal to replace lost Libyan barrels. OPEC next meets on December 14th in Vienna. Saudi Arabia vowed to use an 'iron fist' after eleven members of the Saudi security forces were injured by attackers during unrest. The government accused an unnamed 'foreign country' of seeking to undermine stability.
- ADP Employer Services showed US companies added more jobs than expected in September, and the Institute for Supply Management reported growth in services. The Institute for Supply Management's non-manufacturing index fell to 53 in September from 53.3 in August, but was higher than expected. Federal Reserve Chairman Bernanke signaled he will push forward with further expansion of monetary stimulus if needed. The Standard & Poor's 500 Index rose 1.2 percent to 1,137.3.

- Compared to this time last year, the U.S. crude oil futures settlement price of \$79.68 is \$3.55, or 4 percent lower.
- Total petroleum products supplied to market over the last four-week period ending Sept. 30 averaged 19.0 million barrels per day (MMB/D), down 1.3 percent compared to the similar period last year.
- According to the Oct. 5 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 4.7 MMB for the week ending Sept. 30. U.S. crude supplies are now 24.7 MMB lower than at this time last year.
- Crude imports for the week ending Sept. 30 were 8.6 MMB/D, down by over 1.0 MMB from the prior week. Imports at this time last year averaged nearly 9.0 MMB/D. Crude oil inventories represent 22.2 days of forward cover compared to 24.5 days at this time last year.
- U.S. refinery crude runs were down 19,000 barrels per day with refiners processing over 15.5 MMB/D of crude for the week ended Sept. 30. U.S. refinery capacity was 87.7 percent, down about 0.1 percent from the prior week and 4.6 percent higher than the 83.1 percent figure at this time last year.
- Gasoline output improved at 9.2 MMB/D on the week as refiners reduced oil inventories on hand and as consumer demand remained flat. Gasoline output is up 78,000 barrels per day compared to last week and only up 74,000 barrels per day compared to last year at this time. Distillate output increased at 4.7 MMB/D for the week ending Sept. 30 and stand 515,000 barrels per day higher compared to the production level at this time last year as seasonal fuel demand changes to diesel and heating oil.

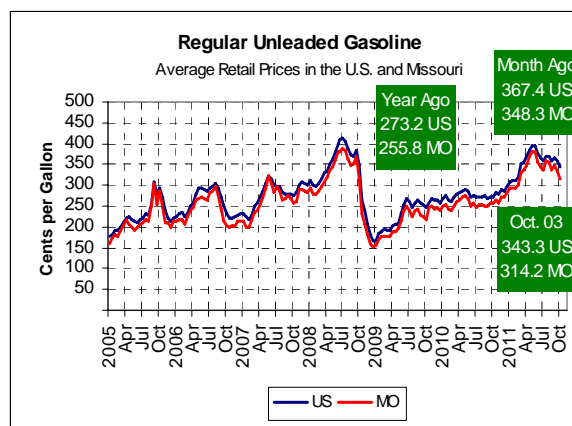
Transportation Fuels

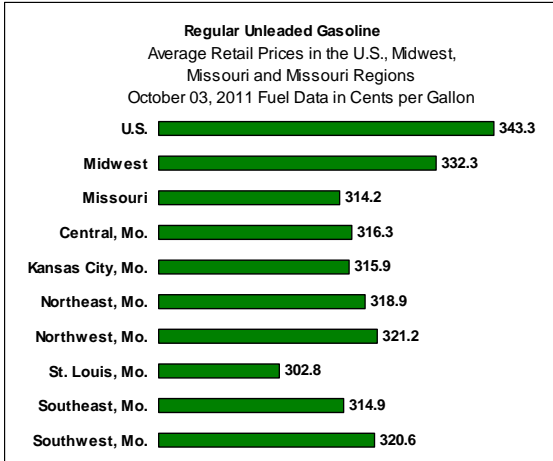
On Oct. 3, Missouri's statewide average retail price for gasoline was \$3.14 per gallon, down 34 cents or 10 percent in the past month.

| Regular Unleaded Gasoline - Retail Prices (cents per gallon) | | | | | |
|---|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>10-03-11</u> | <u>09-06-11</u> | <u>change</u> | <u>10-04-10</u> | <u>change</u> |
| US | 343.3 | 367.4 | down 7% | 273.2 | up 26% |
| Missouri | 314.2 | 348.3 | down 10% | 255.8 | up 23% |

| Diesel Fuel - Retail Prices (cents per gallon) | | | | | |
|---|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>10-03-11</u> | <u>09-06-11</u> | <u>change</u> | <u>10-04-10</u> | <u>change</u> |
| US | 374.9 | 386.8 | down 3% | 300.0 | up 25% |
| Missouri | 362.7 | 375.5 | down 3% | 285.1 | up 27% |

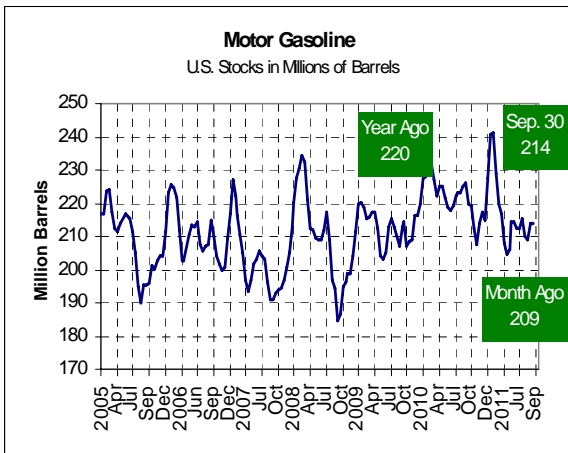
- On Oct. 3, Missouri's average retail price for gasoline was \$3.14, a decrease of 34.1 cents in the past month. The average price for diesel fuel was down by about 13 cents in the past month. Missouri's average retail gasoline price is \$0.58 or 23 percent higher, while the average diesel fuel price is \$0.78, or 27 percent, higher for the comparable period in Oct. 2010.
- The U.S. average price for regular gasoline was down 24.1 cents per gallon, or 7 percent





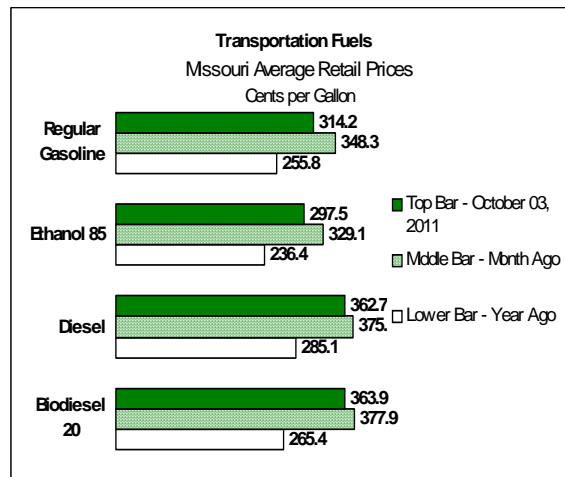
5,000 barrels per day from the prior week and 30,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.9 MMB/D, 153,000 barrels per day lower compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 1.1 MMB at 213.7 MMB for the week ending Sept. 30. Gasoline inventories represent 24.0 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 above the five-year average for this time of year.
- Distillate stocks decreased 0.7 MMB at 156.9 MMB and stand 15.5 MMB lower compared to the same period last year. Distillate demand was up at 4.1 MMB/D for the week ending Sept. 30 and up 400,000 barrels per day compared to the same period last year. On a four-week average, distillate demand is up 62,000 barrels per day compared to the same period last year at 3.86 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was up 282,000 barrels per day.



compared to last month at \$3.43 per gallon. The U.S. average was about \$0.70 or 26 percent higher compared to this time last year. In the past week, the U.S. average decreased by about 8 cents per gallon.

- Gasoline imports decreased to nearly 0.5 MMB/D for the week ending Sept. 30; about 37,000 barrels per day lower compared to the prior week and 207,000 barrels per day lower than last year at this time.
- Implied demand for gasoline remained flat the week ended Sept. 30 at 8.9 MMB/D, down by



- On Oct. 3, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$2.97 per gallon, 17 cents or 5 percent lower than the average price for conventional motor gasoline.
- On Oct. 3, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.64 per gallon, 1.0 cent or less than 1 percent, higher than the statewide average retail price for conventional diesel fuel.

- According to EIA’s Sept. 7, 2011 *Short Term Energy Outlook* , EIA projects U.S. gasoline prices to average about \$3.72 per gallon during the peak driving season (April through September) and fall to \$3.47 in the fourth quarter of 2011. EIA expects the May national average price of \$3.91 per gallon will be the peak monthly average price this driving season.

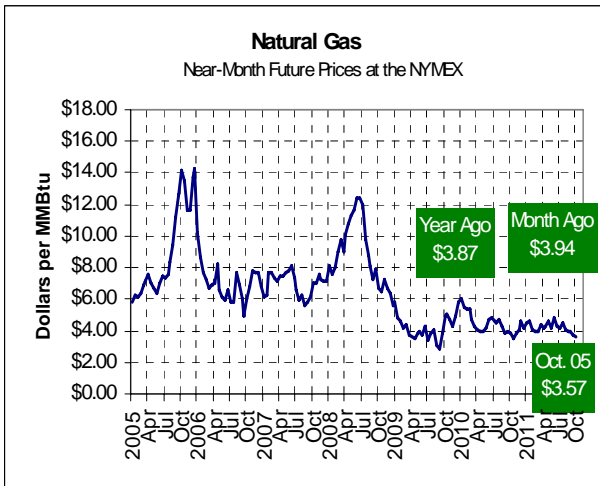
Natural Gas

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 Oct. 5, natural gas futures closed at \$3.57 per MMBtu, down 37 cents from a month ago and down 8 percent compared to last year at this time.

| Natural Gas - Near Month Future Prices (dollars per MMBtu) | | | | | |
|---|-----------------|-----------------|----------------|-----------------|----------------|
| | <u>10-05-11</u> | <u>09-07-11</u> | <u>change</u> | <u>10-06-10</u> | <u>change</u> |
| NYMEX | \$3.57 | \$3.94 | down 9% | \$3.87 | down 8% |

- Natural gas futures for Nov. delivery decreased \$0.37 in the past month to a final closing price of \$3.57 per MMBtu on Oct. 5.
- At the NYMEX, for the trading week ending Oct. 5, natural gas futures decreased 23.0 cents per MMBtu to \$3.57.
- At the NYMEX, the November 2011 contract decreased 22.9 cents (6.0 percent) from \$3.799 per MMBtu on Sept. 28 to \$3.560 per MMBtu on Oct. 5. The contract dropped 18.2 cents from Sept. 29 through Oct. 3 on the higher-than-average triple-digit storage build last week, a rebounding gas-directed rig count, fading weather loads—either cooling or heating and the decline in crude oil values.



- In spite of the mild fall temperatures present over the past week, consumption registered a modest increase for the week. Domestic gas consumption increased by 1.2 percent over last week. The residential/commercial sector posted a double-digit percent increase while the industrial sector tallied a 2.2 percent increase. However, the power sector posted a generally offsetting 11.8 percent drop reflecting the light weather load.
- Working gas in storage as of Sept. 30 totaled 3,409 Bcf, 0.8 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 78 Bcf or 2.2 percent lower than last year at this time.

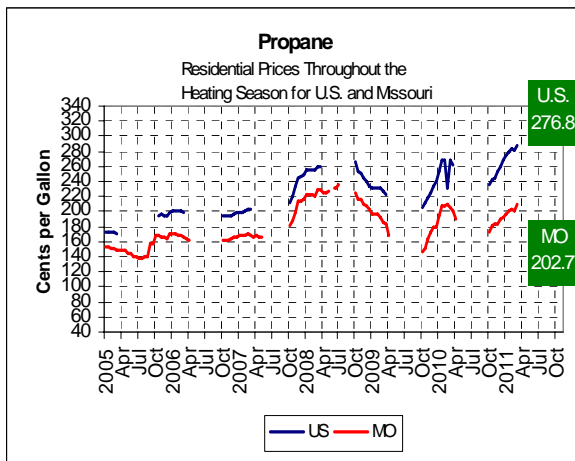
Propane

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.

On Oct. 3, the average Missouri retail price for residential propane was about \$2.03 per gallon, up 3.1 cent per gallon from last month and 17 percent higher compared to last year at this time.

| Propane - Retail Prices (cents per gallon) | | | | | |
|---|-----------------|-----------------|---------------|-----------------|---------------|
| | <u>10-03-11</u> | <u>09-06-11</u> | <u>change</u> | <u>10-04-10</u> | <u>change</u> |
| Missouri | 202.7 | 199.6 | up 2% | 173.4 | up 17% |

- According to the Division of Energy's statewide propane price survey conducted Oct. 3, retail residential propane prices were up by 3.1 cents in the past month and stand over 29 cents per gallon or 17 percent higher than last year at this time.



- According to the survey conducted Oct. 3, the highest Missouri retail residential price for propane was nearly \$2.50 per gallon while the lowest retail price was \$1.85 per gallon.
- For the week ending Sept. 30, U.S. inventories of propane increased as total stocks were up 1.2 MMB to end at 57.5 MMB. Propane inventories are now 6.5 MMB lower compared to the same period last year. Implied demand for propane declined 5,000 barrels for the week ending Sept. 30 but up only 2,000 barrels per day compared to the demand level for this time last year.
- For the week ending Sept. 30, Midwest propane inventories increased 6,000 barrels. At 25.2 MMB, Midwest inventories are 3.2 MMB or about 11 percent lower than the 28.4 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