



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

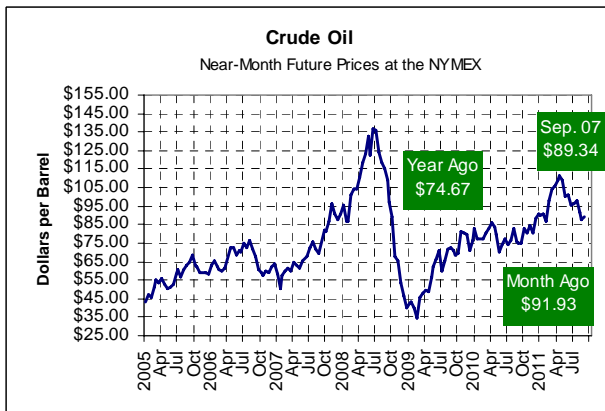
Sept. 12, 2011

Crude Oil

U.S. crude oil prices decreased \$2.59 to \$89.34 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)					
	09-07-11	08-03-11	change	09-08-10	change
NYMEX	\$89.34	\$91.93	down 3%	\$74.67	up 20%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Oct. delivery ended \$3.32, or 3.9 percent, higher Sept. 7 to close at \$89.34 per barrel, as a tropical weather system threatened to reduce production again from the Gulf of Mexico, where refinery shut-ins from the prior week's storm cut inventories. Tropical Storm Lee shut output along the Gulf Coast. Oil prices also rose on speculation President Obama will announce plans for more stimulus spending in an attempt to boost the U.S. economy. About 37 percent of U.S. oil production and 18 percent of natural gas output from the Gulf of Mexico has been halted after Tropical Storm Lee passed through the region, according to the Bureau of Ocean Energy Management, Regulation and Enforcement.



- Crude prices rose 0.9 percent last week, the 3rd consecutive weekly advance. The euro fell 1.5 percent to \$1.3669, or 3.8 percent, the lowest level since February. German Chancellor Angela Merkel's government is preparing plans to shore up German banks in the event Greece fails to meet the terms of its aid package and defaults. Juergen Stark of Germany resigned from the European Central Bank's (ECB) Executive Board after protesting the bank's bond purchases

earlier in the week. The purchase program was expanded last month when the ECB started buying Italian and Spanish bonds. Obama challenged Congress to pass a \$447 billion jobs plan right away to boost spending on infrastructure, stem teacher layoffs and halve payroll taxes paid by workers and small-business owners. The president's remarks came after Federal Reserve Chairman Bernanke stopped short of outlining new plans to revive growth. The Standard & Poor's 500 Index fell 2.7 percent to 1,154.23. Oil also declined on signals that Libya may export a cargo this month for the first time since March 2011 from the country's west. There are two factors dominating the outlook for the oil markets at this time: what global economic developments are doing to demand and the prospects for a pickup in Libyan oil exports. Oil also declined as the National Hurricane Center forecast that Tropical Storm Nate would move toward the Mexican coast, a prime supplier to the U.S.

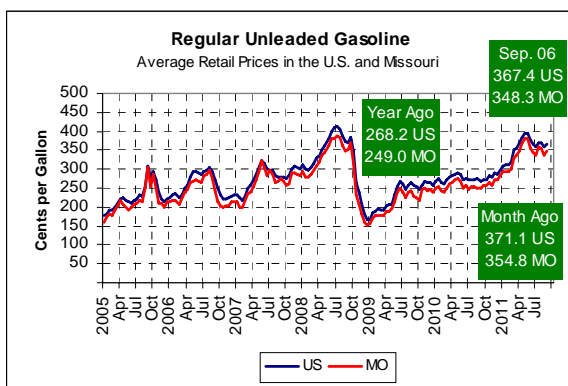
- Compared to this time last year, the U.S. crude oil futures settlement price of \$89.34 is \$14.67, or 20 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending Sept. 2 averaged 19.4 million barrels per day (MMB/D), down 0.2 percent compared to the similar period last year.
- According to the Sept. 8 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 4.0 MMB for the week ending Sept. 2. U.S. crude supplies are now 6.8 MMB lower than at this time last year.
- Crude imports for the week ending Sept. 2 were 8.5 MMB/D, down by over 1.0 MMB from the prior week. Imports at this time last year averaged over 8.9 MMB/D. Crude oil inventories represent 22.8 days of forward cover compared to 24.0 days at this time last year.
- U.S. refinery crude runs were down 43,000 barrels per day with refiners processing over 15.7 MMB/D of crude for the week ended Sept. 2. U.S. refinery capacity was 89.0 percent, down about 0.2 percent from the prior week and 0.8 percent higher than the 88.2 percent figure at this time last year.
- Gasoline output fell at 9.0 MMB/D on the week as supplies continued to increase and consumer demand continued to fall. Gasoline output is down 485,000 barrels per day compared to last week and down 137,000 barrels compared to last year at this time. Distillate output decreased at 4.5 MMB/D for the week ending Sept. 2 and stand 245,000 barrels per day higher compared to the production level at this time last year.

Transportation Fuels

On Sept. 6, Missouri's statewide average retail price for gasoline was \$3.48 per gallon, down nearly 7 cents or 2 percent in the past month and \$0.95 per gallon higher than at this time last year.

Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	09-06-11	08-01-11	change	09-07-10	change
US	367.4	371.1	down 1%	268.2	up 37%
Missouri	348.3	354.8	down 2%	249.0	up 40%

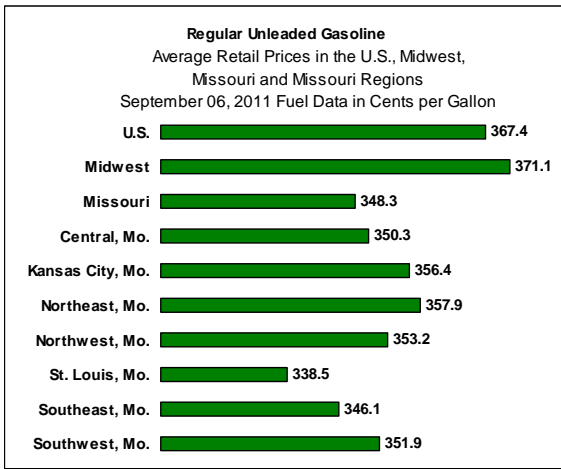
Diesel Fuel - Retail Prices (cents per gallon)					
	09-06-11	08-01-11	change	09-07-10	change
US	386.8	393.7	down 2%	293.1	up 32%
Missouri	375.5	382.4	down 2%	280.3	up 34%



- On Sept. 6, Missouri's average retail price for gasoline was \$3.48, a decrease of 6.5 cents in the past month. The average price for diesel fuel was down by about 7 cents in the past month. Missouri's average retail gasoline price is \$0.99 or 40 percent higher, while the average diesel fuel price is \$0.95, or 34 percent, higher for the comparable period in Sept. 2010.

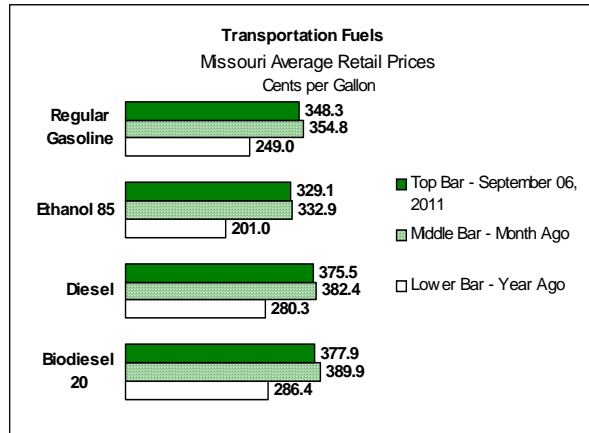
- The U.S. average price for regular gasoline was

down about 4 cents per gallon or about 1 percent compared to last month at \$3.67 per gallon. The U.S. average was about \$0.99 cents or 37 percent higher compared to this time last year. In the past week, the U.S. average increased by nearly 5 cents per gallon.

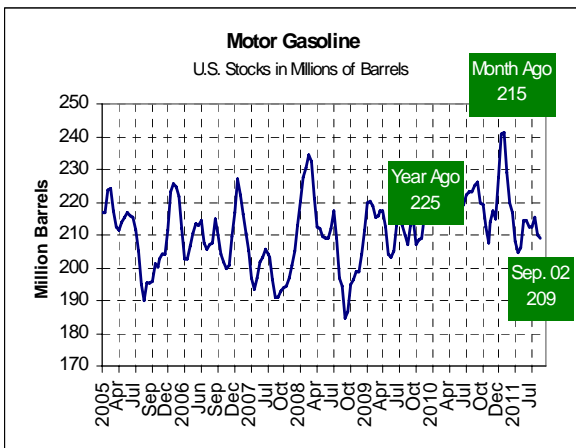


- Gasoline imports decreased to nearly 0.6 MMB/D for the week ending Sept. 2; about 12,000 barrels per day lower compared to the prior week and 485,000 barrels per day lower than last year at this time.
- Implied demand for gasoline decreased the week ended Sept. 2 at 8.9 MMB/D, down 273,000 barrels per day from the prior week and 307,000 barrels per day lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 9.1 MMB/D, 274,000 barrels per day lower compared to the same 4-week period last year.

- U.S. gasoline supplies decreased 0.2 MMB at 208.8 MMB for the week ending Sept. 2. Gasoline inventories represent 23.0 days of supply for the United States based on implied demand during the past 4-week average. U.S. gasoline inventories are 16.3 MMB lower than at this time last year and trend at near the top of the five-year average for this time of year.



- Distillate stocks increased 0.7 MMB at 156.8 MMB and stand 18.1 MMB lower compared to the same period last year. Distillate demand was down at 3.8 MMB/D in the past week and down 79,000 barrels per day compared to the same period last year. On a four-week average, distillate demand is down 23,000 barrels compared to the same period last year at 3.83 MMB/D. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down 233,000 barrels per day.



- On Sept. 6, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was \$3.29 per gallon, 19 cents or over 5 percent lower than the average price for conventional motor gasoline.
- On Sept. 6, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.78 per gallon, 2.4 cents or about 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.

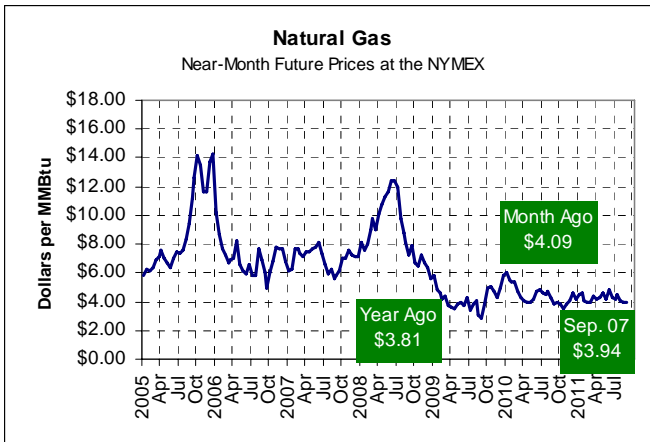
Natural Gas

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 Sept. 7, natural gas futures closed at \$3.94 per MMBtu, down 15 cents from a month ago and down 3 percent compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	<u>09-07-11</u>	<u>08-03-11</u>	<u>change</u>	<u>09-08-10</u>	<u>change</u>
NYMEX	\$3.94	\$4.09	down 4%	\$3.81	up 3%

- Natural gas futures for Oct. delivery decreased \$0.15 in the past month to a final closing price of \$3.94 per MMBtu on Sept. 7.
- At the NYMEX, for the trading week ending Sept. 7, natural gas futures decreased 11.4 cents per MMBtu to \$3.94.



- In the wake of Hurricane Irene (later downgraded to Tropical Storm Irene), Tropical Depression Lee moved into the Gulf, causing production shut-ins and across the board price increases on Sept. 1st. The Henry Hub spot price saw a 21 cent increase, jumping from \$3.97 per million Btu (MMBtu) on Wednesday August 31st to \$4.18 per MMBtu the following day. The impacts of the slow-moving storm were overshadowed, however, by significantly cooler weather, and prices declined steadily from their August 31 high over the next

few days, closing at \$3.93 per MMBtu on Sept. 6. The threat of a new storm in the Gulf, Tropical Storm Nate, likely caused prices to rally slightly, with the Henry Hub spot price closing out the report week Sept. 8 at \$3.96 per MMBtu.

- Cooler temperatures across the country, in addition to continued power outages following Hurricane Irene, dampened natural gas demand for power burn, with demand declining by slightly over 16 percent across the report period. Fall-like conditions were especially apparent in the Midwest, and much of the South saw temperature declines accompany the rains brought by Lee. Over 6.4 million homes lost power during Hurricane Irene, and almost 600,000 homes along the east coast were still without power as of Friday, Sept. 2. Total consumption was down 6.1 percent, and supply was down 4.2 percent, a combination of a 3.6 percent decline in domestic dry gas production and a 10.9 percent drop in Canadian imports.

- Working gas in storage as of Sept. 2 totaled 3,025 Bcf, 1.9 percent below the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 131 Bcf or 4.2 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.

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

On Sept. 6, the average Missouri retail price for residential propane was about \$1.99 per gallon, down less than 1 cent per gallon from last month and 16 percent higher compared to last year at this time.

Propane - Retail Prices (cents per gallon)					
	<u>09-06-11</u>	<u>08-01-11</u>	<u>change</u>	<u>09-07-10</u>	<u>change</u>
Missouri	199.6	200.5	down 0%	171.7	up 16%

- According to the Division of Energy's statewide propane price survey conducted Sept. 6, retail residential propane prices were down by less than 1 cent in the past month and stand nearly 28 cents per gallon or 16 percent higher than last year at this time.
- According to the survey conducted Sept. 6, the highest Missouri retail residential price for propane was nearly \$2.50 per gallon while the lowest retail price was \$1.79 per gallon.
- For the week ending Sept. 2, U.S. inventories of propane decreased as total stocks were down 29,000 barrels to end at 53.6 million barrels. Propane inventories are now 10.4 MMB lower compared to the same period last year. Implied demand for propane increased 235,000 barrels for the week ending Sept. 2 and up 152,000 barrels per day compared to the demand level for this time last year.
- For the week ending Sept. 2, Midwest propane inventories decreased 1.1 MMB. At 23.6 MMB, Midwest inventories are 4.0 MMB or about 14 percent lower than the 27.6 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