



This Week in Petroleum (5-30-2007)

Posted by [Robert Rapier](#) on May 31, 2007 - 12:27pm

Topic: [Demand/Consumption](#)

Tags: [eia](#), [gas inventories](#), [gas prices](#), [oil inventories](#), [twip](#) [[list all tags](#)]

The data have been released: [Summary of Weekly Petroleum Data for the Week Ending May 25, 2007](#)

As I have been predicting, this was an all-time record low gasoline inventory for Memorial Day Weekend. This is 2.7 million barrels lower than the previous low inventory mark for Memorial Day. Woo-hoo?

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) fell by 2.0 million barrels compared to the previous week. At 342.2 million barrels, U.S. crude oil inventories are at the upper end of the average range for this time of year. Total motor gasoline inventories increased by 1.3 million barrels last week, but remain well below the lower end of the average range. Distillate fuel inventories inched higher by 0.1 million barrels per day, and are below the upper end of the average range for this time of year.

Despite the high prices, demand is still exceptionally high:

Over the last four weeks, **motor gasoline demand has averaged over 9.4 million barrels per day, or 1.4 percent above the same period last year.** Distillate fuel demand has averaged nearly 4.2 million barrels per day over the last four weeks, up 2.9 percent compared to the same period last year. Jet fuel demand is up 0.1 percent over the last four weeks compared to the same four-week period last year.

More under the fold.

Imports, of both crude and gasoline remain very strong:

U.S. crude oil imports averaged over 10.0 million barrels per day last week, down 874,000 barrels per day from the previous week. Over the last four weeks, crude oil imports have averaged nearly 10.6 million barrels per day, or 395,000 barrels per day more than averaged over the same four-week period last year. **Total motor gasoline imports** (including both finished gasoline and gasoline blending components) last week **averaged 1.6 million barrels per day, the third highest weekly average ever.** Distillate fuel imports averaged 198,000 barrels per day last week.

If gasoline imports hadn't been so strong ([also something I have been predicting](#)) then we could have actually seen a draw this week. If imports had been at last week's level - which was itself

pretty healthy - we would have seen nearly a 1 million barrel draw on gasoline stocks. That would have likely set the market back on fire, and demonstrates just how dependent summer prices are on gasoline imports. But as I wrote last week:

While refiners are certainly making good profits from the recent rise, another result is that foreign refiners will want to get a piece of the action. As I commented a few weeks back, I can hear them scrambling to fill tankers to get the product to the U.S. Imports last week had increased by 700,000 barrels per day over the low point in February. I expect that trend to continue, and imports to start taking some of the pressure off of gasoline prices pretty soon.

It certainly appears the exporters are responding to the price. We are feeling it in Europe as well, as prices have been climbing here.

Update: Yesterday, I posted that prices may soon mitigate, and then [gasoline futures took a huge drop](#):

Front month June Gasoline futures fell over 10 cents a gallon, as analysts are looking for another storage build in Gasoline last week. Current estimates are for a gain of 1.2 million barrels of Gasoline last week, which if true would be the 4th consecutive week of increased storage.

I had no idea I had such a powerful influence on the market. :-) Ahead of the report, I will reiterate [the prediction I made before the release of the May 16th report](#) that "*we will hit Memorial Day with record low inventory levels.*" I think we are likely to see another gasoline build, but no way are we going to close the 4 million barrel gap that would be required to keep us out of the record books.

Unless we see a surprising draw, I think gasoline prices are going to bounce around in this range for the next month or so. If we can claw our way out of this hole over the next month (I still expect imports, at these prices, to remain strong) then prices may mitigate. If we don't make up a lot of room prior to the really high demand season in July and August, then we haven't see the highs for gasoline yet.

I will update this after the release of ~~tomorrow's~~ Thursday's report. As was pointed out in the comments, this week's report will be delayed a day due to Memorial Day. So, on Thursday we will find out if this Memorial Day saw record low gasoline inventories.



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