Charts of the Day - Sunday 9th December 2007

Posted by Phil Hart on December 8, 2007 - 6:42pm in The Oil Drum: Australia/New Zealand
Topic: Alternative energy
Tags: prices [list all tags]

Thanks to Rex in Sydney for these charts comparing Asian oil and product prices to WTI.

Note the varying differential between TAPIS oil and WTI. The delivery point for WTI is Cushing, Oklahama, which is landlocked, so delivery and supply is constrained by the availability of pipeline and/or storage capacity. Stocks are now high at Cushing so there is a constraint on how high the WTI can be bid up. However, OECD stocks are lower in other areas, so other traded oil prices are again opening up a differential above WTI price, as happened in the first half of 2007.

Also note the varying margin of the product prices against TAPIS crude oil price. This is the refining margin which determines how profitable it is to run a refinery to produce oil products. This margin has been quite volatile over the last 12-18 months. Unleaded had a huge margin over oil in the first half of the year (reflecting the US demand for gasoline imports to resolve their low stock levels), which then fell to near zero later in the year, but is now starting to open up again.

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