



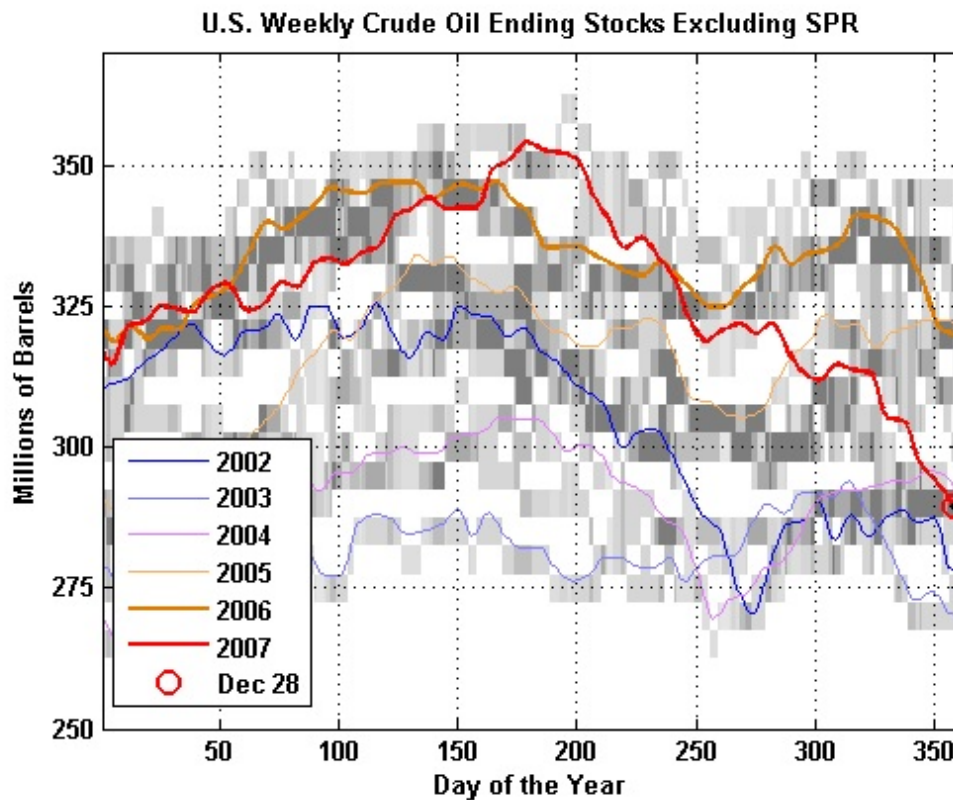
## TWIP - This Week In Petroleum (1-3-08)

Posted by [Nate Hagens](#) on January 3, 2008 - 12:19pm

Topic: [Alternative energy](#)

Tags: [gasoline](#), [refining margins](#), [twip](#) [[list all tags](#)]

The details are out on the weekly crude oil statistics. In sum, a larger drop in crude stocks was offset by higher gasoline stocks and lower gasoline demand than expected. Oil sold off initially, rallied to \$100.10, and has now settled around \$99.25. At \$100 oil, isn't it strange that gasoline at the pump is \$3.05. Are the refiners working for free? And if so, why would they do that? Details of this weeks TWIP below the fold:



US Crude Stocks -Thanks -Khebab

First, the numbers:

DOE and API oil and product inventory reports. A comparison of the two is below:

DOE: Actuals

Crude oil: Down 4.1 million barrels  
Motor gas: Up 2.0 million barrels  
Distillates: Up 0.6 million barrels  
**Complex Down 1.5 million barrels**

API: Actuals

Crude oil: Up 0.2 million barrels  
Motor gas: Up 4.5 million barrels  
Distillates: Up 2.0 million barrels  
**Complex: Up 6.7 million barrels**

This compares to the Bloomberg survey of analyst's expectations:

Crude oil: Down 2.3 million barrels  
Motor gas: Up 1.8 million barrels  
Distillates: Down 0.6 million barrels  
**Complex: Down 1.1 million barrels**

"Over the last four weeks, motor gasoline demand is up 0.1% year over year; distillate fuel demand is up 5.7% and jet fuel demand is down 1.1%. Refinery utilization was 89.4% vs 88.1% last week."

"U.S. crude oil imports averaged 10.0 million barrels per day last week, up 204,000 barrels per day from the previous week. Over the last four weeks, crude oil imports have averaged 9.7 million barrels per day, or 180,000 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 nearly 1.2 million barrels per day. Distillate fuel imports averaged 326,000 barrels per day last week."

\$100 per Barrel?

Crude oil prices, which settled yesterday at a new nominal record price of \$99.62 per barrel, are near \$100 per barrel for the second time in recent months. While oil markets are expected to remain tight and the average price of crude oil in 2008 is expected to be well above the average price of about \$72 per barrel (for West Texas Intermediate crude oil) seen in 2007, EIA expects average monthly crude oil prices to drop throughout most of 2008, reflecting increases in supply from both OPEC and non-OPEC countries and the impact of slowing economic growth on demand. See EIA's Short-Term Energy Outlook for details on EIA's energy market outlook for 2008, and for 2009 after it is updated next Tuesday. The rest of the report, which largely discusses Propane can be read here: [This Week In Petroleum](#):

Each barrel of oil is 42+/- gallons, which means that at \$100 oil, gasoline would be at \$2.40ish with NO taxes, transportation costs, refining costs, or refining profit margins. Yet it is only hovering around \$3? And refinery utilization, while up this week is still at 89%?? How can this be explained? I know no different, but could this be political in nature? Keep gasoline prices down during presidential caucuses, etc? I wonder where gasoline at the pump will be if oil retreats to \$80-\$85? My guess is it won't go any lower than it is now - this is a 'buffer'. But stockholders don't like buffers, which is perhaps why [the refining stocks are taking it on the chin today](#).

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