



## This Week in Petroleum 1-24-08

Posted by [Robert Rapier](#) on January 24, 2008 - 3:57pm

Topic: [Supply/Production](#)

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

### Updated:

Not too much to get excited about. Those reports of some refineries coming down early for turnarounds due to low margins look to be accurate, given the drop in refinery utilization. That would also explain the rise in crude inventories, but typically you start to see gasoline inventories coming down as the refineries come offline. Gasoline production did fall, as one would expect as turnaround season begins. However, gasoline inventories increased on the back of very strong gasoline import numbers.

The highlights:

### [Summary of Weekly Petroleum Data for the Week Ending January 18, 2008](#)

U.S. crude oil refinery inputs averaged 14.9 million barrels per day during the week ending January 18, down 91,000 barrels per day from the previous week's average. Refineries operated at 86.5 percent of their operable capacity last week. Gasoline production moved slightly lower compared to the previous week, averaging about 9.0 million barrels per day. Distillate fuel production fell last week, averaging 4.1 million barrels per day.

U.S. crude oil imports averaged about 10.2 million barrels per day last week, down 233,000 barrels per day from the previous week. Over the last four weeks, crude oil imports have averaged nearly 10.1 million barrels per day, or 0.1 million 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 1.2 million barrels per day. Distillate fuel imports averaged 242,000 barrels per day last week.

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) rose by 2.3 million barrels compared to the previous week. At 289.4 million barrels, U.S. crude oil inventories are in the lower half of the average range for this time of year. Total motor gasoline inventories increased by 5.0 million barrels last week, and are above the upper limit of the average range. Distillate fuel inventories declined by 1.3 million barrels, and are near the middle of the average range for this time of year. Propane/propylene inventories decreased by 3.3 million barrels last week. Total commercial petroleum inventories increased by 2.2 million barrels last week, and are in the middle of the average range for this time of year.

## Pre-Release Commentary

This week's inventory report will be delayed until Thursday due to Monday's holiday. As we move toward spring, inventory levels will be influenced by 1). Spring turnaround season; and 2). The return of [summer gasoline blends](#). Typically, turnaround season doesn't really kick off until late February to early-March, but a note from the [OPIS](#) report that came out on Wednesday stated "*Apparently, the 2008 refinery turnaround season has been launched early, particularly at the U.S. Gulf Coast.*" In the face of horrible margins, it makes sense to move turnarounds up and take the outages now, as opposed to later when margins should firm up.

If lots of refiners do push up their turnarounds, we will see crude inventories start to build earlier than normal (which may have already started), and gasoline inventories will start to be pulled down as they were last spring. Gasoline inventories have recovered from the record low levels of last year, and are setting in pretty good shape heading into the turnarounds. Whether we reach \$4 gasoline is going to depend on the draw down rate, which last spring was very steep.

Back to the OPIS reports, last Friday's report contained a very interesting story that I have not seen reported in the media. Here is an excerpt:

A couple of traders and refiners on the U.S. West Coast may have found an outlet for the burgeoning gasoline stocks after fixing two ships to sail to Asia or Australia, industry sources said on Friday.

The West Coast gasoline stocks have reached the highest level since February 2006, prompting some traders to look for outlets in the East Coast in a potentially unprecedented move, and, possibly, the Gulf Coast, Asia, Australia or the west coast of Mexico.

As of Thursday, two ships were booked to load gasoline on the West Coast for delivery to Asia or Australia. Pacific Ruby was booked to load at the end of January, and Wang Chi was fixed to load on Feb. 1. These ships are likely to sail to Singapore or China or Australia.

"Those two vessels were booked earlier this week," a source said. "A few ships were provisionally booked on Thursday for the same voyage, but all those fixtures failed."

## Good Resources

It goes without saying that the inventory reports from the EIA are must reads every week for me. There are several other resources that I utilize on a daily basis to keep up with what's going on in the world of energy. One is of course here at TOD, where the important headlines are usually captured in the daily Drumbeat. The daily subscriber reports from [OPIS](#) are a very valuable source of information on the energy markets, and they often contain information that I never see in any publicly available sources. The reports also have daily pricing updates for gasoline (and gasoline blending components), distillates, and ethanol. (I see that spot ethanol prices are headed back up, and are once again higher than spot premium gasoline on the West Coast).

[Platts](#) is another good resource that covers a lot of areas that OPIS doesn't. Platts also has a blog, [The Barrel](#), that usually covers supply/demand issues (and links back to both TOD and [my blog](#)). Finally, [Rigzone](#) usually keeps me updated on the latest exploration and discovery news. One source that I have available with my company is a daily news summary from various categories such as Energy, Oil, Alternative Energy, etc. Sometimes I spot a story there that I find particularly interesting, and I link to the original source and write about it. Anyway, just wanted to share some of the resources that I find especially useful.



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