

# Highlights

## Crude Oil

Following its considerable decline in May, the daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma remained unsettled during June. After opening at \$86.52 per barrel, its highest point for the month, the price was pressured into a lower range by unfavorable economic news and growing inventories, though various fundamental market factors moderated its movement through mid-month. The price became more volatile during the latter part of June. First, more discouraging news about economic activity in both the United States and abroad dampened the price, sending it to the month's low of \$77.72 per barrel on June 28, its lowest level since last October. In contrast, news of a critical agreement on the financial backing of troubled banks in several eurozone nations drove it sharply upwards on the last day of June. Closing the month at \$85.04 per barrel, the price was \$1.48 below its opening level for June. At \$82.30 per barrel, the monthly average price fell \$12.35 (13.0 percent) from May's average of \$94.65 per barrel. Additionally, it was \$13.93 per barrel (14.5 percent) below the June 2011 average price of \$96.26 per barrel.

- Monthly average crude oil prices registered significant decreases in all sales categories during July. The average domestic crude oil first purchase price dropped \$11.98 (12.5 percent), to \$83.59 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil fell \$11.97 (11.8 percent), to \$89.14 per barrel. The average landed cost of foreign crude oil decreased \$11.19 (11.0 percent), to \$90.67 per barrel.

- The average refiner acquisition cost for domestic crude oil declined \$11.51 (11.2 percent), to \$91.66 per barrel. The average cost of imported crude fell \$10.67 (10.3 percent), to \$92.59 per barrel. The composite refiner acquisition cost for crude oil dropped \$11.04 (10.7 percent), to \$92.19 per barrel.

## Petroleum Products

### *Motor Gasoline*

The daily spot price for regular gasoline at New York Harbor continued to decline during June. Opening at \$2.631 per gallon, the price gained support during the first half of the month from refinery operations issues and other market fundamental factors. The month's high of \$2.708 per gallon was reached on June 14, following a reported decline in gasoline stocks. Moving into a more volatile mode during the second half of the month, the price dropped firmly after an influx of gasoline supplies from Europe. Reports of an increase in product inventories in East Coast and other regional markets amid comparatively slow demand also helped dampened the price. At the end of the month, news of an impending deal that would keep a key East Coast refinery in operation also weighed on the price. The month's low, \$2.437 per gallon, was struck on June 28, its lowest level since February 2011. Closing the month at \$2.590 per gallon, the price was 4.1 cents

below its opening level for June. The price averaged \$2.602 per gallon for the month overall, reflecting a 27.5-cent (9.6 percent) decrease from May's average of \$2.877 per gallon. The June 2012 average price is also 23.3 cents (8.2 percent) lower than the June 2011 average of \$2.835 per gallon.

- Monthly average prices for sales of finished gasoline by refiners dropped sharply in June. The average retail sales price for motor gasoline declined 22.9 cents to \$3.060 per gallon (excluding taxes), while the average wholesale price fell 25.9 cents to \$2.757 per gallon.
- Refiner motor gasoline sales increased in June. Total sales rose 11.1 million gallons per day (3.3 percent) to an average of 342.6 million gallons per day. Retail sales climbed 1.2 million gallons per day (4.0 percent), while wholesales increased 9.9 million gallons per day (3.3 percent). DTW sales made up 9.1 percent of wholesales, while rack and bulk sales explained 80.9 percent and 10.0 percent, respectively.

### *No. 2 Distillate*

Coming on the heels of a sizable decrease in May, the daily spot price for No. 2 heating oil at New York Harbor registered further decline during June. After opening the month at \$2.708 per gallon, the price followed the general trend in the complex, experiencing moderate changes during the first half of June in response to robust inventories, economic worries, and slow demand. On continuing bearish market fundamentals, the price moved to the month's low of \$2.530 per gallon on June 21, its lowest point since January 2011. Rising at the end of the month on supportive economic news from Europe, the price closed the month at its highest point, \$2.723 per gallon, and 1.5 cents higher than its opening level for June. For the month overall, the price averaged \$2.619 per gallon, marking a drop of 29.4 cents (10.1 percent) from last month's average of \$2.913 per gallon. The June 2012 price is 34.8 cents (11.7 percent) lower than the average price of \$2.967 per gallon last year at this time.

- Refiner monthly average prices for No. 2 distillates show large decreases again in June. The average sales price for No. 2 diesel fuel to end users fell

25.1 cents to \$2.912 per gallon, while the average wholesale price declined 29.8 cents to \$2.741 per gallon. The average price for No. 2 fuel oil sales to end users dropped 26.6 cents to \$2.992 per gallon, while the average wholesale price plunged 34.7 cents to \$2.629 per gallon.

- Refiner sales of No. 2 distillates climbed during June. Total sales rose 5.8 million gallons per day (3.6 percent), to 165.2 million gallons per day. No. 2 fuel oil sales increased 200,000 gallons per day (1.8 percent), while sales of No. 2 diesel fuel rose 5.6 million gallons per day (3.7 percent).

### *Residual Fuel Oil*

- Refiner monthly average prices for residual fuel oil declined firmly across all sales categories. Prices for low-sulfur residual fuel oil decreased 8.7 cents to \$3.083 per gallon at retail, and 31.4 cents to \$2.275 per gallon at wholesale. Prices for high-sulfur residual fuel oil tumbled 47.3 cents to \$2.179 per gallon at retail, and 31.6 cents to \$2.185 per gallon at wholesale.
- Refiner sales of residual fuel oil rose in June. Total sales increased 1.1 million gallons (7.5 percent) to 15.7 million gallons per day. Low-sulfur residual fuel oil sales climbed 600,000 gallons (14.6 percent), while high-sulfur residual fuel oil sales rose 500,000 gallons per day (4.8 percent).

### *Other Products*

- Refiner prices for the remaining surveyed products generally declined in June. Propane, kerosene-type jet fuel, and No. 1 distillate prices fell at the both retail and wholesale levels. Prices for kerosene rose at retail, but fell at wholesale. The wholesale price for aviation gasoline also decreased during June.
- Refiner sales of these products varied in June. Propane and kerosene-type jet fuel sales increased at both the retail and wholesale levels. Sales of kerosene and No. 1 distillate fell at retail, but rose at wholesale. Sales of aviation gasoline increased at the wholesale level.

**Table HL1. U.S. Refiner Prices and Volumes of Petroleum Products**

(Prices: Dollars per Gallon Excluding Taxes, Volumes: Million Gallons per Day)

Products	Sales to End Users						Sales for Resale					
	June 2012		May 2012		June 2011		June 2012		May 2012		June 2011	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
<b>Motor Gasoline</b> .....	3.060	31.5	3.289	30.3	3.184	42.5	2.757	311.1	3.016	301.2	2.970	302.7
<b>Conventional</b> .....	2.992	19.0	3.197	18.1	3.133	28.0	2.719	208.9	2.952	202.5	2.935	205.6
Regular .....	2.969	16.7	3.174	16.0	3.114	25.2	2.691	183.0	2.931	176.6	2.919	182.7
Midgrade .....	3.139	1.0	3.337	1.0	3.241	1.4	2.785	8.0	2.916	7.9	2.956	7.7
Premium .....	3.193	1.2	3.411	1.2	3.351	1.4	2.975	18.0	3.175	18.0	3.114	15.2
<b>Reformulated</b> .....	3.164	12.5	3.425	12.1	3.283	14.5	2.834	102.2	3.146	98.8	3.046	97.1
Regular .....	3.113	9.8	3.376	9.6	3.241	11.5	2.802	87.5	3.114	84.7	3.020	83.4
Midgrade .....	3.287	1.1	3.547	1.0	3.388	1.2	2.904	1.6	3.233	1.5	3.113	1.7
Premium .....	3.386	1.6	3.645	1.6	3.488	1.8	3.038	13.1	3.353	12.5	3.212	12.0
<b>Aviation Gasoline</b> .....	W	W	W	W	3.913	0.1	3.855	0.4	4.004	0.4	3.847	0.4
<b>Kerosene-Type Jet Fuel</b> .....	2.766	34.4	3.100	32.7	3.138	35.9	2.750	24.8	3.076	23.2	3.101	25.5
<b>Propane (Consumer Grade)</b> .....	0.902	5.9	1.080	5.7	1.681	3.3	0.762	20.7	0.950	20.7	1.503	25.0
<b>Kerosene</b> .....	3.753	0.0	3.741	0.0	3.802	0.0	2.697	0.8	3.008	0.8	3.054	1.2
<b>No. 1 Distillate</b> .....	3.454	0.0	3.547	0.1	NA	0.0	2.921	0.2	3.381	0.2	3.172	0.4
<b>No. 2 Distillate</b> .....	2.913	12.1	3.165	12.8	3.183	14.4	2.735	153.0	3.035	146.8	3.073	147.7
No. 2 Fuel Oil .....	2.992	0.2	3.258	0.2	3.193	0.3	2.629	9.1	2.976	8.9	2.956	7.6
No. 2 Diesel Fuel .....	2.912	12.0	3.163	12.6	3.183	14.1	2.741	144.0	3.039	137.9	3.079	140.1
Ultra Low Sulfur .....	2.920	10.2	3.174	10.6	3.204	10.9	2.742	138.7	3.040	132.4	3.080	133.8
Low Sulfur .....	2.810	1.5	3.077	1.7	3.091	2.9	2.747	4.0	3.050	4.1	3.076	4.4
High Sulfur .....	3.166	0.2	3.330	0.2	3.282	0.4	2.614	1.3	2.921	1.3	3.009	1.9
<b>No. 4 Fuel<sup>a</sup></b> .....	W	W	W	W	W	W	W	W	W	W	W	W
<b>Residual Fuel Oil</b> .....	2.476	5.8	2.784	4.6	2.473	5.7	2.210	9.9	2.527	10.0	2.402	14.0
Sulfur Content not > 1 % .....	3.083	1.9	3.170	1.2	2.905	1.6	2.275	2.8	2.589	2.9	2.467	3.9
Sulfur Content > 1 % .....	2.179	3.9	2.652	3.5	2.312	4.2	2.185	7.1	2.501	7.0	2.377	10.1

NA = Not available.

W = Withheld to avoid disclosure of individual company data.

<sup>a</sup> Includes No. 4 fuel oil and No. 4 diesel fuel.

Note: Beginning January 2007, oxygenated gasoline is included in conventional gasoline.

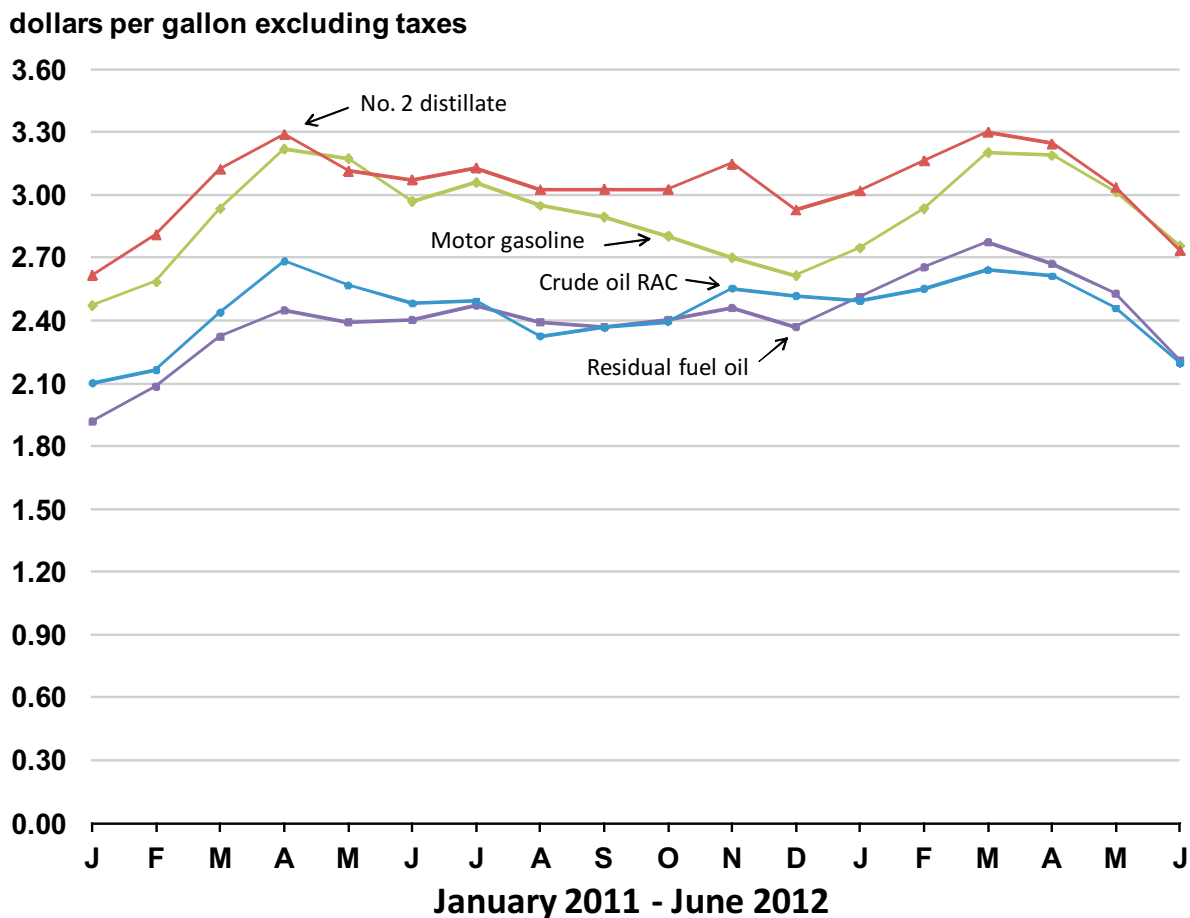
Note: In January 2007, ultra low-sulfur diesel fuel was added.

Note: All on-highway diesel must be ultra low-sulfur as of December 1, 2010.

Notes: Values shown for the current month are preliminary. Values shown for previous months are revised. Data are final upon publication in the *Petroleum Marketing Annual*. Total volumes may not equal the sum of the components due to rounding.

Source: Energy Information Administration Form EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report."

Figure HL1. Crude Oil and Petroleum Product Wholesale Prices



Sources: Energy Information Administration, Crude oil refiner acquisition cost: Form EIA-14, "Refiners' Monthly Cost Report"; petroleum product prices: Form EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report."