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U.S. oil demand and prices drop in November: API

WASHINGTON – November oil product deliveries (a measure of demand) fell 7.4 percent from a year ago to the lowest November level since 1998, according to API's *Monthly Statistical Report*. Compared with November 2007, gasoline deliveries fell 3.5 percent, while distillate deliveries declined 4.9 percent and jet fuel deliveries dropped a full 9 percent. Residual fuel oil deliveries slid nearly 17 percent.

“The decline in oil demand reflects the nation’s faltering economy,” said Ron Planting, manager, information and analysis for the American Petroleum Institute. “And the decline occurred even though prices were dramatically down – in the case of gasoline, more than 30 percent less than in November 2007. Indeed, from October to November 2008, gasoline prices plummeted 90 cents per gallon on average.”

While U.S. product demand shrank, domestic crude oil production rose to 5.1 million barrels per day. That is 2.5 percent above November 2007 and continues a rebound from September’s hurricane-induced low.

A 12.5 percent decline in oil product imports in November easily masked a 1.6 percent increase in crude oil imports compared with a year ago. Combined imports of crude oil and products averaged 12.9 million barrels per day, their lowest level for November since 2003.

Crude oil inventories continued to rise in November, reaching 319 million barrels. This was 6.4 percent higher than a year ago and the highest monthly figure since August 2007. Product inventories also rose from October 2008: gasoline to just below year-ago November levels, distillates to within 1.6 percent, and jet fuel to about 4 percent less.

With the sharp fall in product demand, November inputs to crude distillation units (an overall measure of activity at refineries) were down 2.6 percent from a year ago but still more than 300,000 barrels per day above October 2008. Refineries operated at 86.2 percent of capacity in November, down 2.7 percentage points from a year ago. The drop in refinery utilization was substantially less than the 7-percentage-point drop for the entire manufacturing sector, from 79.3 in November 2007 to 72.2 percent this November.

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