

## February Petroleum Demand Falls to 20-Year Low

### *U.S. Crude Production Continues to Rise*

The **American Petroleum Institute (API)** reported that total U.S. petroleum deliveries (a measure of demand) were down 4.1 percent for February against the same month a year ago – to the lowest February level in 20 years (since 1993). “Declining numbers for most of the key products isn’t consistent with a robust recovery,” said API Chief Economist **John Felmy**. “Although there’s been some encouraging news on employment and manufacturing, fuel demand is an important indicator of where the economy is – and it’s headed in a different direction.”

Gasoline deliveries were down from February a year ago by 3.1 percent while distillate deliveries fell by 7.3 percent, driven by the relative weakness of ultra-low-sulfur distillate deliveries (down by 6.1 percent from February 2012), said API. February demand was also down for kerosine jet fuel by 8.7 percent and for residual fuel oil by 12.6 percent, although it rose for other oils by 4.8 percent.

API reports total U.S. crude oil production at nearly 7.1 million barrels per day was up from the prior month, the prior year (by 13.9 percent) and prior year to date. Year-over-year increases in domestic crude oil production have occurred for 17 straight months. Crude oil stocks ended February at 379.0 million barrels per day, the highest February inventory levels in 82 years (since 1931). Crude stocks were up 1.9 percent from the prior month, and up 9.2 percent from the prior year. In February, motor gasoline stocks ended down by 1.5 percent from the prior month, January 2013, and down 0.2 from the same period last year, to 230.2 million barrels. Distillate fuel stocks ended at a five-year low, down 12.1 percent to 122.6 million barrels from year ago levels.

Refinery gross inputs fell below 15.0 million barrels per day for the second month in a row. Production of all major refined products – gasoline, distillates, jet fuel, and residual fuels – was higher than demand, so products were exported, with an overall increase of 11.7 percent in February compared with the same month in 2012. Gasoline production was up by 0.8 percent to 8.7 million barrels per day, the second highest February output ever recorded, although down from January 2013. Distillate fuel production rose to its highest ever February level, though also down from the prior month.

In February, total imports were at 9.9 million barrels per day, their lowest level since 1998 and down by 5.8 percent from the prior year. Crude oil imports were at their lowest February level in 16 years (since 1997), while refined product imports rose by 8.6 percent from February a year ago, said API.

The refinery utilization rate averaged 83.8 percent for February, down 2.1 percent from the prior month and 2.7 percent from February 2012. API’s latest refinery operable capacity was 17.398 million barrels per day (in December).

The number of oil and gas rigs increased from 1,756 in January to 1,762 in February, according to the latest reports from **Baker-Hughes, Inc.**, and has stayed below 2,000 for 14 straight months.