

U.S. Petroleum Deliveries Down / Crude Production Up

Report by the American Petroleum Institute (API)

Total U.S. petroleum deliveries (a measure of demand) fell 1.1 percent in May compared to the same month last year to average just over 18.5 million barrels per day. This was the third lowest May level in 15 years, according to latest statistics released by the **American Petroleum Institute (API)**, a national trade association that represents all segments of America's technology-driven oil and natural gas industry.

"The economy continues to show signs of modest growth, but there are still some yellow flags out there," said API Chief Economist John Felmy. "Despite some gains in employment and retail sales last month, demand for oil and gasoline did not keep pace."

Gasoline demand fell 3.3 percent from May 2012 to average 8.7 million barrels per day for the month. Distillate deliveries rose 2.3 percent to a five-year high for May at 3.8 million barrels per day, driven by a 5.1 percent increase in ultra-low sulfur distillate. Deliveries of kerosine-jet fuel and "other oils" fell 2.7 percent and 1.9 percent over year-ago levels, respectively. Residual fuel oil demand jumped 35.6 percent from last May but still marked the second lowest level on record for that month.

Refinery gross inputs fell 0.7 percent from last year but remained above 15.0 million barrels per day for the second month in a row at 15.6 million. Gasoline production was up 2.8 percent from April and 1.9 percent higher than May 2012 to 9.1 million barrels per day. This was the second highest May output on record. Distillate fuel production reached its highest May level ever at 4.8 million barrels per day. Production of all major refined products – gasoline, distillates, jet fuel, and residual fuels – was higher than deliveries, so products were exported. Exports were down 0.8 percent from April and 2.6 percent lower compared to the prior year.

Domestic crude oil production in May remained above 7.0 million barrels per day for the seventh straight month. Crude production increased 14.9 percent from May 2012 to nearly 7.3 million barrels per day – the highest output for the month in 22 years. According to the latest reports from Baker-Hughes, Inc., the number of oil and gas rigs in the U.S. in May increased from April's count of 1,755 to 1,767, the highest number for the year thus far.

May crude oil stocks ended at 388.6 million barrels – the highest inventory level for the month since 1981 and a 0.8 percent increase from 2012 levels. Stocks of motor gasoline grew 8.3 percent from a year ago to 222.2 million barrels while distillate fuel oil stocks ended up 0.1 percent at 121.8 million barrels.

Total imports in May reached the lowest level for the month in 17 years, falling 9.4 percent from last year to nearly 10.1 million barrels per day. With increased crude production and record crude inventory levels, crude oil imports in May dropped to their lowest level in 18 years, falling by 11.1 percent from the prior year to 7.9 million barrels per day. Refined products imports exceeded 2.0 million barrels per day for the second time this year, averaging 2.2 million barrels per day after a 2.4 percent decrease from May 2012.

The refinery capacity utilization rate averaged 87.3 percent in May, an increase of 0.8 percent from April but down 3.6 percent from the same period last year. API's latest refinery operable capacity shows a 3.4 percent increase from last year's level of 17.230 million to 17.820 million barrels per day.