



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

December 4, 2008

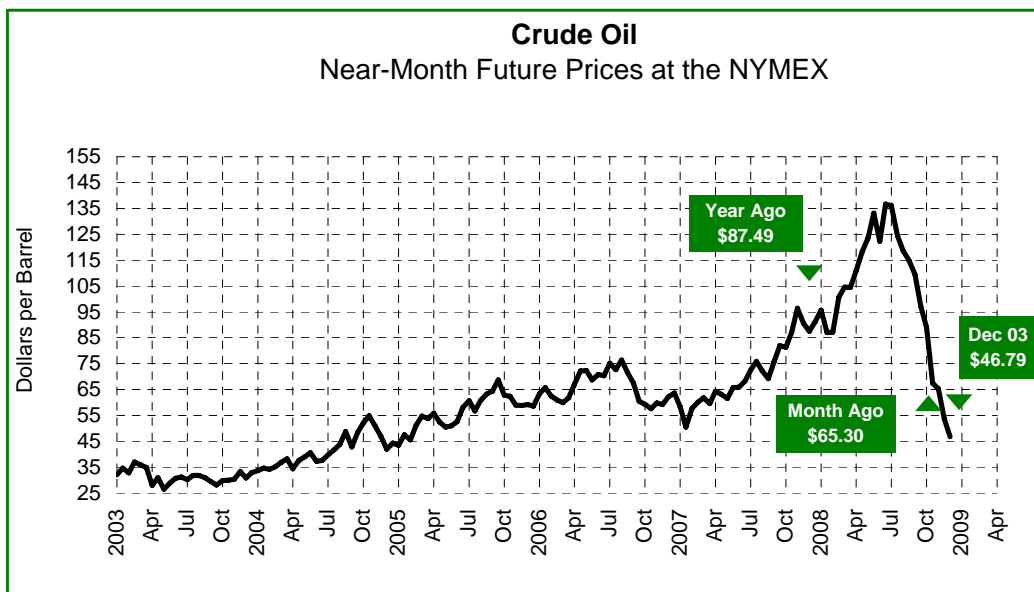
Crude Oil

On December 3 crude oil futures for January delivery on the NYMEX settled at \$46.79 per barrel, the lowest settlement since February 9, 2005 as fuel demand continued to fall.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>12-03-08</u>	<u>11-05-08</u>	<u>change</u>	<u>12-05-07</u>	<u>change</u>
NYMEX	\$46.79	\$65.30	down 28%	\$87.49	down 47%

- Petroleum prices continue to fall as the U.S. struggles through an economic recession, now nearly one-year long. U.S. crude oil for January delivery on the NYMEX fell \$0.17 December 3 to settle at \$46.79 per barrel, the lowest since February 2005, as refineries curbed production on weaker fuel demand. Crude prices continue their descent, now moving into the \$43.00 price band today following the announcement of further employment cuts in the financial and services sectors.



- Prices also fell because OPEC ministers made no cuts to oil production at its informal November 29 weekend summit. The cartel, which provides 40 percent of the world's crude, reduced output quotas by 1.5 million barrels per day last month. Analysts noted that those cuts were not yet realized and the group opted to maintain current production levels. OPEC meets again December 17. Crude oil prices have tumbled over \$100 or 68 percent since reaching a record high in July.
- US fuel demand during the past 4 weeks averaged 19.6 million barrels per day (MMB/D), down 5.7 percent from a year ago. According to the EIA's weekly petroleum report released on December 3, U.S. crude oil supplies fell 0.5 million barrels at 320.4 MMB for the week ending November 28. U.S. crude oil inventories are 15.2 MMB higher compared to last year at this time.
- U.S. refiners consumed on average 14.8 MMB/D of crude oil last week with total utilization capacity of just 84.3 percent, down 1.8 percentage points from the week before. It was the biggest one-week

drop since September, when hurricanes Gustav and Ike struck the Gulf Coast. U.S. refinery capacity is down 5.1 percent compared to this time last year when refineries were operating at 89.4 percent.

- Gasoline output decreased to 8.7 MMB/D, down by 0.38 MMB/D compared to output at this time last year, while distillate output fell at 4.31 MMB/D last week, slightly lower compared to the 4.35 MMB/D figure at this time last year.
- Crude imports for the week ending November 28 decreased 1.5 MMB/D to 9.5 MMB/D. Imports at this time last year averaged 9.4 MMB/D. Crude oil in inventory represents 21.9 days of forward cover.

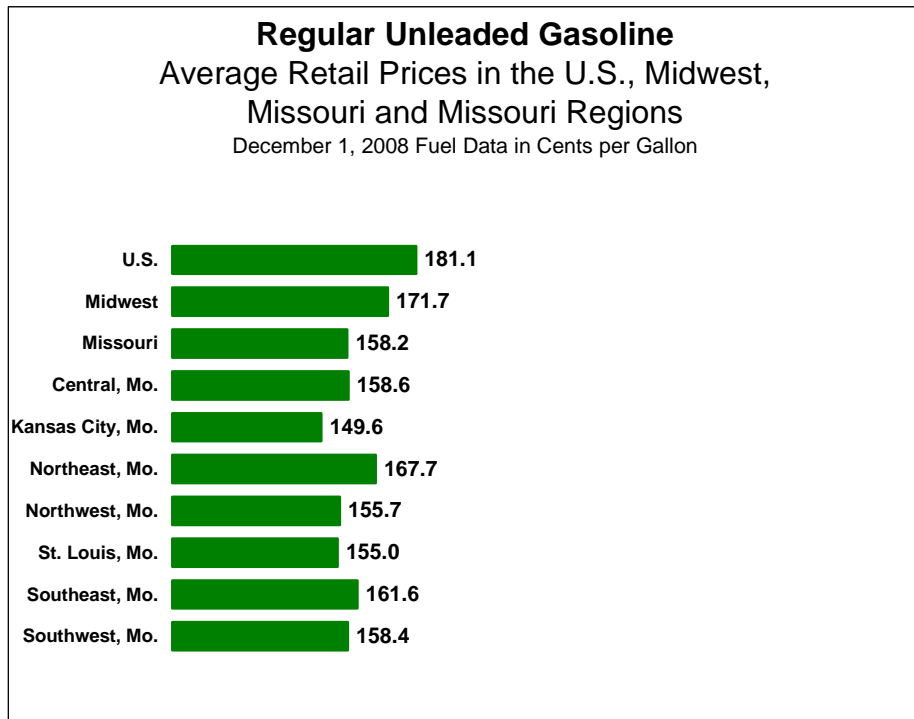
Transportation Fuels

On December 1, Missouri's statewide average retail price for gasoline was \$1.58 per gallon, a decrease of \$0.47 or 23 percent in the past month.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>12-01-08</u>	<u>11-03-08</u>	<u>change</u>	<u>12-03-07</u>	<u>change</u>
US	181.1	240.0	down 25%	306.1	down 41%
Missouri	158.2	205.6	down 23%	284.5	down 44%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>12-01-08</u>	<u>11-03-08</u>	<u>change</u>	<u>12-03-07</u>	<u>change</u>
US	261.5	308.8	down 15%	341.6	down 23%
Missouri	250.1	291.3	down 14%	333.0	down 25%

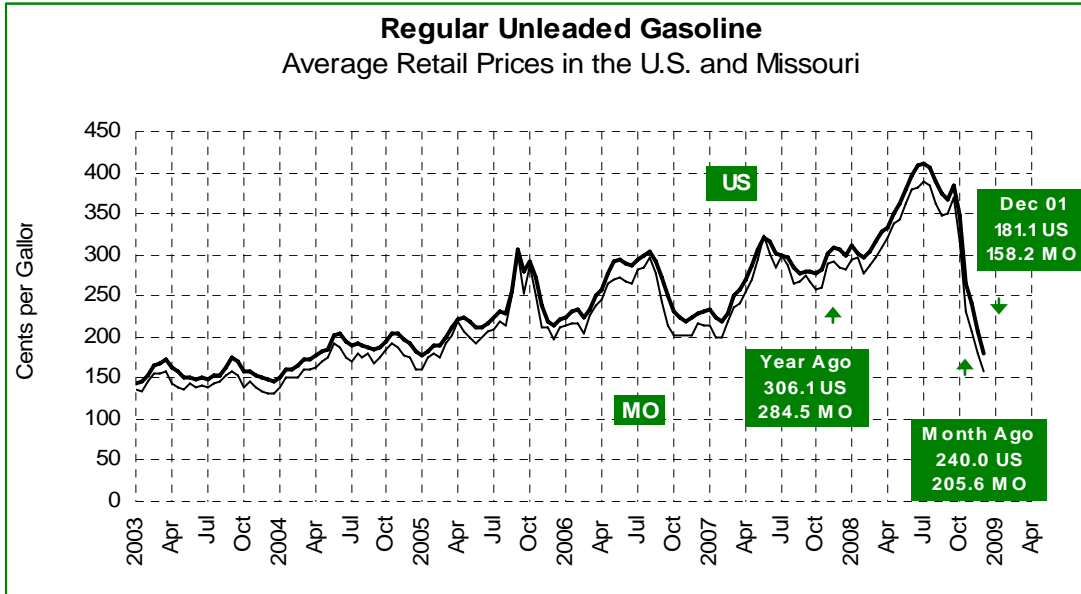
- On December 1, Missouri's average retail price for gasoline decreased 47.4 cents to \$1.58 in the past month and dropped \$2.31 from the record retail price of \$3.89 set on July 7. The average price for diesel fuel decreased to \$2.50, down over 41 cents compared to this time last month. Missouri's average retail gasoline price is \$1.26 or 44 percent lower, while the average diesel fuel price is over \$0.82 or 25 percent, lower for the comparable period in December 2007.



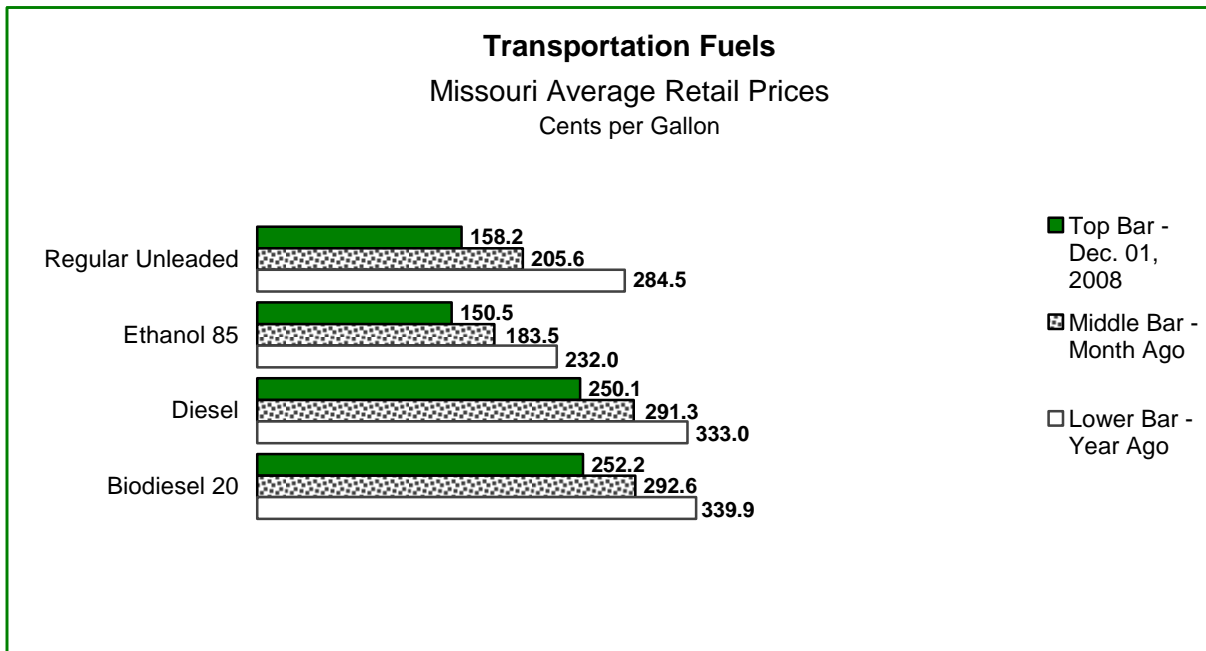
- On December 1, Missouri's average retail price for E85 (regular gasoline containing 85 percent ethanol) was \$1.51 compared to \$1.84 per gallon at this time last month and \$2.32 in December 2007. At \$1.51 per gallon, E85 is 7 cents or about 4.4 percent lower than the average price of regular

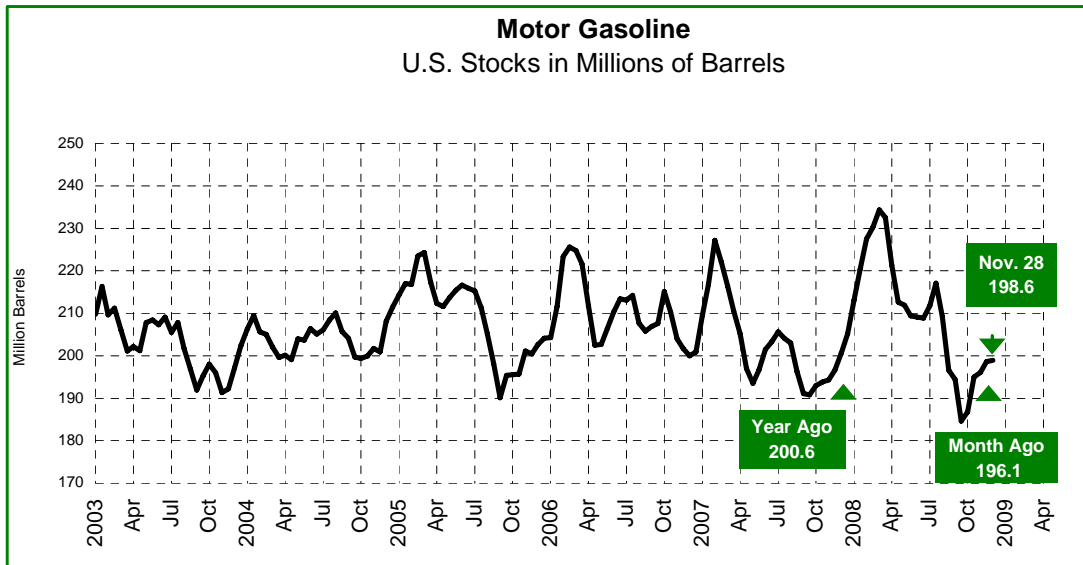
unleaded gasoline in Missouri. (Note: One volumetric gallon of E85 represents 73 percent of the energy content of gasoline.)

- Gasoline imports declined by 96,000 barrels per day (B/D) from the previous week to 0.88 MMB/D. Imports were 1.17 MMB/D at this time last year.



- U.S. gasoline supplies decreased 1.5 MMB to 198.9 MMB for the week ending November 28. Gasoline inventories represent 22.3 days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are 1.7 MMB lower than at this time last year.
- Implied consumer demand for gasoline moved higher last week at 8.9 MMB/D and is 3.6 percent lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged 8.9 MMB/D compared to 9.26 MMB/D during the comparable 4-week period last year.
- For the week ending November 28, U.S. distillate stocks declined 1.7 MMB to 125 MMB, or 7.3 MMB lower compared to the same period last year. Distillate demand, including diesel fuel and home heating oil, fell slightly to 3.89 MMB/D for the week ending November 28.





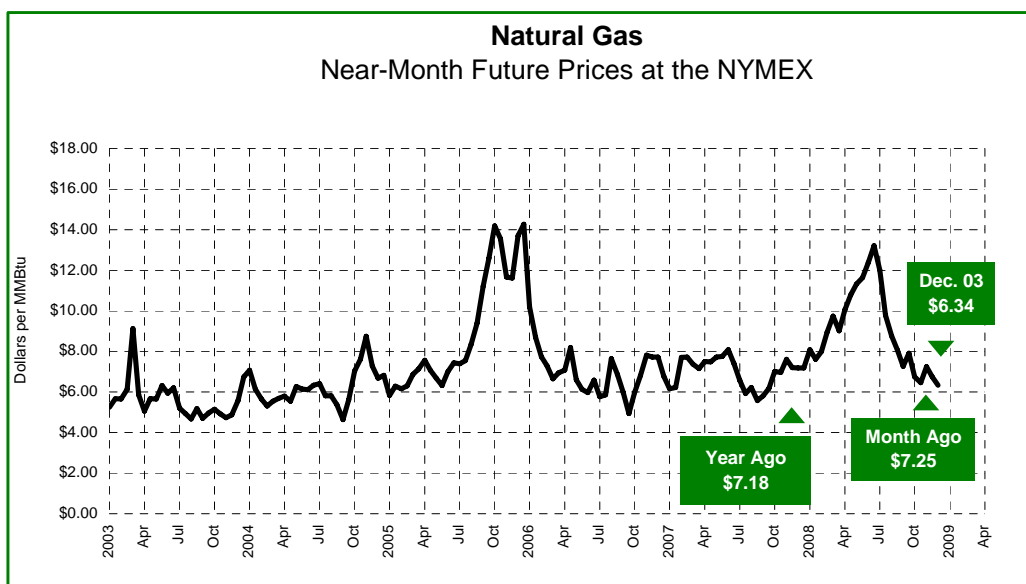
Natural Gas

Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On December 3, natural gas futures closed at \$6.34 per MMBtu, down 13 percent from a month ago, and down 6 percent compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	<u>12-03-08</u>	<u>11-05-08</u>	<u>change</u>	<u>12-05-07</u>	<u>change</u>
NYMEX	\$6.34	\$7.25	down 13%	\$7.18	down 6%

- At the NYMEX, the price of natural gas for January delivery decreased \$0.91 per MMBtu during the report week to a final closing price of \$6.34. Factors contributing to the relative softness of natural gas prices likely included the robust levels of domestic natural gas production and working gas in storage, falling crude oil prices, and the effects of the weakening economy on industrial demand for natural gas. Furthermore, cold winter temperatures have yet to begin in earnest in most areas of the Lower 48 States.



- Working gas in storage as of November 28 totaled 3,358 billion cubic feet (Bcf), 2.1 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 107 Bcf or 3.1 percent lower than last year at this time.
- According to the EIA's Short-Term Energy Outlook released November 12, Midwest households that heat with natural gas are projected to spend \$5 or 0.5 percent less for natural gas during the 2008/2009 winter heating season due to a 2.3 percent decline in natural gas consumption.

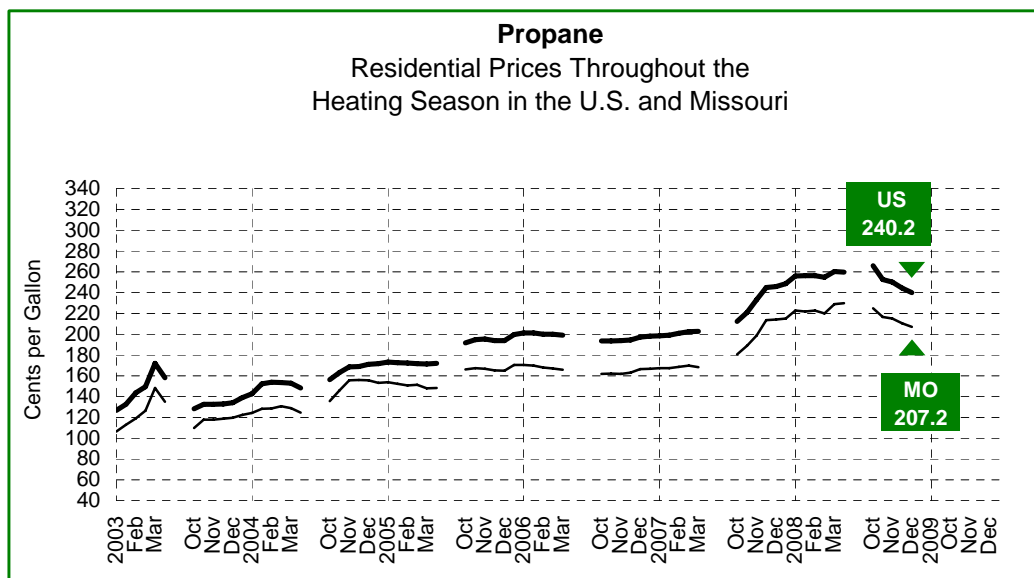
Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

On December 1, the average retail price for residential propane in Missouri was \$2.07 per gallon, down 4 percent from last month and 3 percent lower compared to last year.

Propane - Residential Prices (cents per gallon)					
	12-01-08	11-03-08	change	12-03-07	change
Missouri	207.2	215.2	down 4%	214.1	down 3%

- On December 1, Missouri's average residential retail price for propane was \$2.07 per gallon, 8.0 cents or 4 percent lower than the average price last month and 3 percent lower than last year at this time.



- For the week ending November 28, U.S. propane supplies increased at 71.2 MMB which is 0.64 MMB lower than at this time last year. Midwest inventories decreased 0.33 MMB or 1 percent in the past month and decreased 0.46 MMB or 2 percent to 21.4 MMB compared to 21.8 MMB at this time last year.
- According to the EIA, Midwest households that heat with propane are projected to spend \$202 or 11.4 percent less for propane during the 2008/2009 winter heating season due to a combination of lower propane prices and lower space heating demand.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm