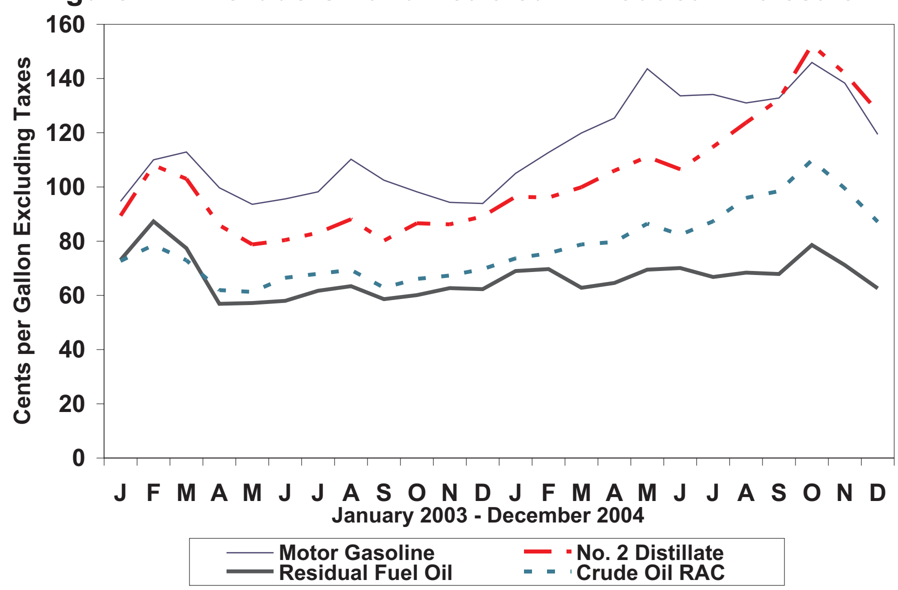
Highlights
Year in Review - 2004

International crude oil prices rose considerably during 2004. While many issues contributed to higher prices, perhaps the most consistent factor was growing demand for oil resulting from economic recovery in many regional markets. Other fundamental and technical market factors influenced price trends at different points during the year too. These more intermittent matters involved production levels, inventories in key markets, political events, inclement weather, and noncommercial speculation in commodities markets.

The year began with prices still influenced by residual turmoil in the market seen during the last quarter of 2003. Amid this unsettled atmosphere, the combined effects of very low crude oil stock levels in the United States and cold temperatures in Atlantic Basin markets sent crude oil prices much higher. Prices were also briefly affected by an explosion at a refining complex in Algeria in mid-January. However, prices began to ease during the latter half of the month as oil stocks in the United States rose to more comfortable levels and temperatures moderated. Further downward pressure came from conjecture that the Organization of Petroleum Exporting Countries (OPEC) would not vote to cut existing production quotas at its next meeting on February 10. In addition, some market watchers pointed to a decreased amount of speculation from noncommercial sources that helped to deflate prices.

However, the late-January decline was short-lived as prices were on the rise again during February in response to continued robust demand from Asian markets, tight gasoline inventories in the United States, political unrest in Venezuela, and a vote by OPEC to reduce production levels. In a surprise move, the group voted to cut production by 1.0 million barrels to 23.5 million barrels per day, effective April 1, 2004. The group's rationale for the reduction was a desire to maintain recent price levels by reducing supply during the second quarter of the year when demand typically falls to its lowest point. An outbreak of civil unrest in Venezuela late in the month also underpinned prices. A rejection of a recall vote against President Hugo Chavez set off anti-government protests and sparked fears of a repeat of the general labor strike that severely reduced crude oil production and exports in the winter of 2002-2003.

Figure HL1. Crude Oil and Petroleum Product Wholesale



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."

The upward trend continued through most of March, thanks to many of the same issues. OPEC members asserted that because of the fluctuation in the value of the U.S. dollar against other currencies, the group's price band was not an appropriate measure to use when considering changes to production levels. The OPEC reference basket price had remained at or above the $28-per-barrel range though most of the first quarter of the year. That assessment, coupled with the perception that high U.S. gasoline prices and commodity market speculation by noncommercial investors were affecting world crude oil prices, led to a vote confirming the production cut during a quarterly meeting on March 31.

Following a very brief drop at the end of March, prices rose sharply and remained within a high range during April. Fundamental supply and demand factors played a principal role behind the direction and levels of prices. Market forecast reports estimated that global demand for oil would not drop as much in spring 2004 as in past years. While many world regions were registering an increase in demand, China continued to show a singular degree of increase. Thanks to the country's prospering economy, demand for oil continued to rise and contributed a degree of change in oil market dynamics. More immediately, some market watchers believed that the supply rates were not adequate to allow rebuilding of stocks to a level that would meet coming demand without significant price increases. Inasmuch, the decision by OPEC to cut production at the beginning of the month supported higher prices. Trim gasoline inventories in the United States also underpinned crude oil prices. Although stocks registered modest gains by the end of April, apprehensiveness as to whether supplies would be adequate to meet summer driving season demand colored prices for all major petroleum products, particularly in Atlantic Basin markets.

While these same factors continued to spur oil prices higher during May, political events also drove prices up. At the beginning of the month, news of an attack at a petrochemical complex in Yanbu, Saudi Arabia, in which five foreign national workers were killed, helped move oil prices higher. Further, more attacks on oil production and transport facilities in Iraq continued to hobble production. While no major disruptions occurred, the offensives contributed to a degree of unease about the political equilibrium in the Middle East. Besides those troubles, skirmishes between ethnic and religious groups in Nigeria throughout the month and a coming recall vote on Venezuelan President Hugo Chavez in August added to the unsettled atmosphere in oil markets. In the face of ongoing concern about the adequacy of current supply rates in the face of continued robust world demand and high prices, Saudi Arabia announced on May 21 that it would raise its production rate from 8.3 million barrels per day to 9.1 million barrels per day. Market speculation by noncommercial investors also had a degree of influence on oil prices as potential profits from the commodity began to look more attractive when prices hit the $40-per-barrel mark during the second week of the month.

Prices dropped sharply in June as the issues driving them changed. More specifically, supply tightness began to ease as producers officially increased wellhead output while demand stepped back from the robust rates seen during the year thus far. During its June 3 meeting in Beirut, Lebanon, OPEC voted to raise production quotas to 25.5 million barrels per day as of July 1, and again on August 1 to 26.0 million barrels per day. The measure influenced purchasing decisions in both the physical and commodities futures markets as buyers waited to see the results of the production increase. Refining activity also affected demand for crude oil. While refining margins remained very attractive in U.S. and European markets, encouraging crude oil inputs at refineries, reports indicated that ongoing planned maintenance activities in Asian refining centers dampened demand for crude oil.

Following the downturn in June, prices were firmly on the rise again in July. Talk of a so-called "security premium" driving prices above their fundamental value became more prevalent. The war in Iraq, political tensions in the Middle East, Venezuela, and other areas, along with terror warnings in the United States are examples of issues cited as contributing to this premium and influencing price trends. While each of these issues was (and continue to be) cause for concern in light of shrinking spare crude oil production capacity, data suggested that few, if any of them had a tangible effect on the overall supply of oil in markets. Contemporaneous EIA forecasts predicted that world oil supply would exceed demand during the second and third quarters of 2004. Further, OPEC raised production quotas on July 1, and would increase them again in August. Other events including a dispute between the Russian oil company, YUKOS, and the Russian government regarding taxes, an increase in demand from Asia as refineries in the region came back online from scheduled maintenance, and approaching maintenance on North Sea production facilities influenced prices.

During August, oil prices were volatile. In the first half of the month, prices climbed to new highs due to disruptions to Iraqi oil production and transportation facilities, the ongoing tax dispute between YUKOS and the Russian government, and a referendum vote of confidence on Venezuela's president. Further, two storms in the Gulf of Mexico, Bonnie and Charley, prompted shutdowns of production facilities in the region. Although the closures were short-lived and damage was minimal, the disruption supported rising prices. However, prices dropped significantly during the latter part of August. In Venezuela, President Hugo Chavez survived a referendum vote on August 15, which allayed market anxiety about the country's political stability. Further, the reopening of two pipelines in Southern Iraq, allowing exports to resume at normal rates dampened prices. Prices were also affected by market technical factors and profit-taking by market participants.

Following the downturn in prices during the second half of August, oil prices rose significantly in September, spurred by more severe weather in the Gulf of Mexico and political factors arising from various issues. Saboteurs set off an explosion damaging an Iraqi export pipeline, disrupting shipments on the line that had just been restored the previous week. During the second week of the month, Hurricane Ivan bore down on the Gulf of Mexico, shuttering offshore oil production facilities, ports, and refineries throughout the Gulf Coast region. Notably, the region accounts for 30 percent of all U.S. crude oil production. In part because of the storm, and in part because of estimations that it is already pumping approximately 28.0 million barrels per day, the September 15 announcement by OPEC raising the official production rates 1.0 million barrels per day to 27.0 million barrels per day had little effect on prices in international markets. Prices were also affected late in the month by rising political tensions in Nigeria. Although a truce had been called by the participants by the close of September, market watchers perceived it as rather tenuous.

Prices for many world crude oil streams surged to record levels during October. While political issues affecting the oil industry added pressure on prices, fundamental market factors acted as the primary influence on crude oil values. The rise in prices was particularly evident in Atlantic Basin markets, where production and stocks of middle distillates heavily affected crude oil price activity. Worries about the supply of heating fuel in the United States and diminished crude oil output from offshore fields in the Gulf of Mexico lifted benchmark prices well above $50 per barrel. In European markets, efforts to produce very low-sulfur diesel fuel before environmental regulations went into effect influenced demand for sweet crude oil streams, driving their prices appreciably higher than prices for sour crude oil streams. However, prices dropped sharply during the closing days of October following weekly supply reports showing an increase in U.S. crude oil inventories and reports of improving production rates in the Gulf of Mexico.

The decline continued in November. Rising stocks in major consuming markets were a major factor contributing to lower prices. Mild temperatures dampened heating oil demand in key consuming regions that, along with higher refinery utilization rates, allowed stocks to build over the course of the month. Increasing production in the U.S. Gulf Coast and North Sea following maintenance procedures helped build global supplies. Further, continuing high output from OPEC increased market availability of crude oil. Overall, estimates show that global wellhead output was running above demand at the international level during November.

While volatile, prices for many benchmark crude oil streams registered overall decreases in December. Rising inventories and expectations that OPEC would continue to produce oil at high levels, despite the group's decision to reduce official production levels by 1 million barrels per day at the beginning of January, aided the fall in prices. A resumption of Iraqi crude oil exports helped to draw prices down and offset the impact of the OPEC vote to cut production. Nevertheless, falling prices were moderated throughout the month by production problems in several oil producing regions around the world. Shutdowns in the North Sea, more disruptions to Iraqi oil production and transport facilities, civil unrest curtailing Nigerian exports, and ongoing delays in the full resumption of production operations in the Gulf of Mexico influenced price trends across international markets. After a short period of decline, prices rose again during the last week of December in reaction to news of two car bomb attacks in Riyadh, Saudi Arabia. In the larger view of the global oil market, 2004 ended with the perception that the tight balance between supply and demand seen throughout the year would most likely continue in 2005, with the possibility of volatile prices should any event significantly strain that equation.

Events and Trends in U.S. Markets

Crude oil and refined product prices in the United States began the year in a volatile mode. Lean inventories of gasoline and crude oil, refinery maintenance, and very cold weather all affected prices. Additionally, fuel switching by industrial users from natural gas to fuel oils when natural gas prices soared added more pressure on petroleum product prices. January also marked the beginning of new federal and state regulations governing gasoline. The phase-in period for federal Tier 2 gasoline sulfur standards (with regulations to be fully in place by 2007) began on January 1. California, New York, and Connecticut implemented laws requiring the use of ethanol-blended gasoline in place of products using MTBE, which has been found to contaminate groundwater. These same issues continued to color market trends during February. With demand for gasoline running firmly above the year-ago level, any delays or interruptions to production helped send prices higher. Turnarounds and unexpected outages at a number of refineries across the country did, therefore, have an impact on prices across regional markets. Reduced-sulfur gasoline continued to make an impression on prices, especially since gasoline imported from foreign sources typically did not meet the new standards. By March prices for some refined products registered declines, but gasoline prices remained at high levels. Supply levels continued to be the focal point as markets moved towards the transition to low-RVP gasoline, which is required for use during warm weather months. However, refinery inputs and utilization were running below the rates seen at this time during previous years. With implied demand for gasoline rising 2 percent from February's level (and nearly 4 percent from the year-ago level), already trim stocks declined again. Consequently, in spot markets across the country, gasoline prices did not experience the decrease that prices for crude oil and other products saw during the latter part of March.

Volatility characterized the market during the second quarter of the year. Gasoline prices continued to be particularly active in April, but other product prices were at comparatively high levels too. A reported decline in stocks of crude oil and many refined products in weekly inventory reports at the beginning of April drove prices higher. Brisk demand also underpinned rising prices. Year-on-year data suggest implied demand for gasoline growing more than 3 percent, while demand for distillates increased close to 4 percent in April. Price trends were also influenced by a drop in refinery inputs compared with the previous year's rate, along with lower imports of crude oil and refined products, particularly gasoline. By May, prices were registering significant increases with many products' prices reaching new long-term highs. Price trends for one product had a direct effect on prices for other products. For example, while high crude oil prices contributed to high gasoline prices – EIA estimates that crude oil costs accounted for just over 40 percent of the price of a gallon of regular gasoline in May 2004 – rising crude oil prices have been spurred by soaring gasoline prices. Tight supplies of gasoline along with a significant increase in demand for it throughout U.S. markets promoted prices to record-setting levels. However, improving fundamentals led crude oil and refined product prices to drop in June. Crude oil prices began to fall on overt indications that OPEC planned to increase wellhead production and rising import levels. Gasoline prices also dropped precipitously in markets across the country as demand for the product and inventories rose. Overall, the volatile price trends seen in the marketplace up to this point were mostly absent in June. The comparative quiescence was the result of product inventories registering regular increases and several potentially influential international political issues that were quickly concluded.

Prices were on the rise again in July. Crude oil prices were climbing firmly, as were refined product prices. Notably, however, gasoline prices began to retreat at mid-month as demand eased, production remained brisk, and inventories registered increases. Despite those developments and resulting declines, gasoline prices remained at a substantial level. In contrast, distillate prices rose throughout the month, thanks to robust demand and some supply tightness in Atlantic Basin markets. In contrast to the relatively smooth trends seen during July, prices were unsettled in August. Crude oil prices set new records, while distillate prices challenged gasoline prices during the high-demand summer driving season. Two storms in the Gulf of Mexico, Bonnie and Charley, led to shut downs of production facilities in the region during the first half of the month. Although the closures were short-lived and damage was minimal, the disruption supported rising crude oil prices. Gasoline prices were influenced by solid supply levels, robust production, and solid import rates. However, thanks to an unusually high rate of demand for diesel fuel from trucking and manufacturing consumers throughout the summer, distillate product prices often rivaled gasoline prices during August. Expectations for an early harvest season also supported distillate prices. Nevertheless, all prices registered decreases during the latter part of the month. Crude oil prices fell, generally in anticipation of the coming fall refinery maintenance season, when demand for crude oil typically declines. Refined product prices also fell, following the general lead set by crude oil prices. In September, however, the trend changed again when crude oil and product prices experienced substantial increases, again with the lead set by crude oil prices. Hurricane Ivan had a substantial effect on activity in the U.S. marketplace. Besides the closures of offshore oil production facilities, the Louisiana Offshore Oil Port (LOOP) was shut down twice in September. The LOOP is the major U.S. port facility for delivery of offshore and foreign crude oil. Overall, imports of crude oil fell 6 percent from the September 2003 level. Further, many companies shut down or sharply curtailed operations at refineries in Gulf Coast states because of the storm. Finished product prices, particularly No. 2 distillate prices, were also influenced by supply reports showing either noticeable declines or uncharacteristically slow growth for this time of year.

Prices continued to be quite volatile in October. The spot market price for the benchmark West Texas Intermediate (WTI) at Cushing, Oklahoma, broke the $50-per-barrel mark on the first day of the month, then continued to rise to new levels almost daily during the first half of October. Escalating prices, especially for distillates, were supported by declining inventories. Stock levels of finished products fell thanks to both refinery maintenance and the lingering effects of storm-related cutbacks at refineries and ports in the Gulf Coast region. Distillate prices were also affected by continuing robust demand from the transportation and manufacturing sectors, as well as brisk demand for diesel fuel for agricultural use. However, prices experienced sharp declines during the last week of October as more refineries came back online from scheduled maintenance procedures. While the decrease in prices continued into November, they remained volatile throughout the month, with the volatility stemming from the same fundamental issues: inventory, demand, and production levels. The downward trend halted at mid-month when weekly supply data showed a stockdraw in distillates, sparking concern about supplies for the coming winter season since inventories were at a below-average level. Notably, mild temperatures dampened demand for fuel oil, particularly in the high-consumption Central Atlantic and New England regions.

Petroleum product prices continued to be unsettled during December, reflecting the overall trend for prices during 2004. Prices reacted to a variety of fundamental and technical market factors, along with some political events. At the start of December, prices were affected by year-end book squaring by producers looking to reduce product holdings. Shrinking refining margins also helped to dampen demand for crude oil. Gasoline prices saw the largest decreases, mainly in response to comfortable stock levels. They gained some ground during the middle of the month when they were pulled higher by increases in other products' prices and the expectation of higher demand from holiday travel. Distillate prices, particularly heating oil prices, remained in the high-end range of the complex. After falling at the beginning of the month, they jumped at mid-month on a reported stockdraw just when a snap of cold weather appeared. Following a post-holiday decline, product prices experienced a modest increase, thanks mostly to technical factors, closing the year appreciably higher than where they began 2004.

Crude Oil

The level of the daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma, increased appreciably during 2004. After opening the year at $32.51 per barrel, the price, influenced by low stock levels and firm demand, continued on an upward path through most of the first quarter. A vote in February by OPEC to cut production levels at the beginning of April, along with civil unrest in Venezuela late in the month, underpinned the price through March. Concern about supply rates and growing demand along with thin gasoline inventories led the price higher during the second quarter of the year. Political events in the Middle East as well as in Nigeria and Venezuela also supported the price at a higher level. Following a drop in price during June, mainly in response to the OPEC decision to raise production rates, the price rose firmly again in July and August. The third quarter of the year was marked by a combination of fundamental factors, political issues, and the storm-related shutdown of production facilities in the Gulf of Mexico. Following a relatively short-lived downturn during the latter part of August, the price shot upwards again in September, spurred by more inclement weather in the Gulf of Mexico, damage to Iraqi export pipelines, and political tension in Nigeria. The price rose to record levels in October, with the year's high of $56.37 per barrel struck on October 26. In addition to ongoing political issues and other fundamental factors, the record-setting level was the result of reduced output from oil fields in the Gulf of Mexico and worries about middle distillate supplies. However, the price fell sharply in November due to reports of rising stock levels, increasing output from off-shore oil fields, and mild temperatures. The price was quite unsettled during the final month of the year, thanks to many conflicting political and fundamental issues. The price closed 2004 at $43.36 per barrel, $10.85 above its opening level.

- Average crude oil prices for 2004 rose considerably from 2003 levels. The domestic crude oil first purchase price increased $9.21 (33.4 percent), to $36.77 per barrel.

- The free-on-board (f.o.b.) cost of imported crude oil rose $7.89 (30.5 percent), to $33.75 per barrel. The landed cost of foreign crude oil climbed $8.38 (30.3 percent), to $36.07 per barrel.

- The refiner acquisition cost of domestic crude oil increased $9.15 (30.7 percent), to $38.97 per barrel. The cost of imported crude oil to U.S. refiners rose $8.19 (29.6 percent), to $35.90 per barrel. The composite refiner acquisition cost of crude oil increased $8.45 (29.6 percent), to $36.98 per barrel.

Petroleum Products

Motor Gasoline

The daily spot price for regular gasoline at New York Harbor was volatile during 2004. Shortly after opening the year at 94.5 cents per gallon, the price dropped to its lowest point, 94.2 cents per gallon, on January 15. The price rebounded and continued to gain ground during the first quarter, underpinned by new federal regulations, reduced stock levels, brisk demand, refinery maintenance, and very cold weather. At the start of the second quarter of the year, concern about supply levels and rising demand caused the price to rise rapidly. By mid-May, the price was recording steep increases and reached long-term highs. Nevertheless, once market fundamentals changed, the price dropped sharply, falling more than 20 cents per gallon during the first week of June amid reports of rising gasoline inventories. By the end of the month the price had fallen 23.6 cents from its opening level. The price remained volatile during July, rising during the first half of the month, then falling again as data implied demand for the product was easing. The price experienced significant fluctuations during August, rising with the storm threat in the Gulf of Mexico, then falling on reports of rising stocks during the latter part of the month. However, that decline was short-lived. When the possibility of storm-related damage to oil production and refining facilities in and along the coast of the Gulf of Mexico forced temporary closures at mid-September, the price rose rapidly. It continued to rise firmly during the first two weeks of October, following the general market trend. The price reached its high for the year, $1.431 per gallon, on October 22, then dropped through the end of the month when attention was focused on distillate and crude oil inventories. The price continued to be unsettled during November, but overall registered a decline for the month. At the start of December, the price dropped precipitously, chiefly in response to reports showing comfortable stock levels. While it fluctuated during the rest of the month, the market attention continued to be centered on distillates. The price closed the year at $1.098 per gallon, 15.2 cents above the opening level for 2004.

- 2004 national average gasoline prices rose considerably from 2003 levels in all sales categories. The average price for retail sales of motor gasoline by refiners jumped 27.9 cents to $1.435 per gallon, while the average wholesale price increased 28.6 cents to $1.288 per gallon. Including data reported by a sample of motor gasoline marketers, the national average price at company-operated retail outlets surged 28.8 cents, to $1.427 per gallon. The average wholesale price rose 28.7 cents, to $1.288 per gallon. The average dealer tank wagon (DTW) price for motor gasoline jumped 27.7 cents, to $1.346 per gallon. The average rack price increased 29.4 cents to $1.274 per gallon. The average bulk sales price rose 29.9 cents to $1.189 per gallon. Reformulated gasoline prices were 11.5 cents more than conventional gasoline prices at retail, and 10.7 cents higher at wholesale. The difference between conventional and oxygenated gasoline prices averaged 3.5 cents at retail and 4.4 cents at wholesale.

- Trends in refiner sales of finished motor gasoline were mixed in 2004. Total sales dropped 600,000 gallons per day (0.2 percent), to 374.8 million gallons per day. Retail sales fell 5.4 million gallons per day (8.5 percent), while wholesales rose 4.8 million gallons per day (1.5 percent). Rack sales accounted for 68.6 percent of refiner wholesale gasoline volumes, while DTW and bulk sales made up 17.3 percent and 14.1 percent, respectively. Sales of reformulated gasoline (RFG) represented 31.2 percent of total motor gasoline sales, while oxygenated gasoline made up 3.1 percent of sales.

No. 2 Distillate

Like other petroleum product prices during 2004, the daily spot price for No. 2 heating oil at New York Harbor experienced substantial changes during the year. More specifically, the price registered 74-cent range between its high and low points in 2004. Opening at 88.8 cents per gallon, the price proved to be volatile during January. It increased at the beginning of the month as very cold weather settled in across the country, but began to abate at the end of the month and into February as supplies were seen to be adequate to meet demand through the end of the winter season. It remained volatile through the remainder of the first quarter, rising because of the general upward trend of prices in the complex and periods of cold weather in the Northeast, then slipping under pressure from the perception of adequate supplies and lower demand. The price was steadier during the second quarter of the year, when demand for this product drops and attention turns to gasoline. Notably, however, concern about supply levels were being expressed in the market. By May, even though the price was more subdued than other products' prices, it moved in a range that is out of the ordinary for this time of year, due to concern about product inventories stemming from the industry's focus on producing gasoline. The same pattern continued during June, but in July the price registered increases throughout the month because of concerns about supply levels and comparatively robust demand. The price echoed the rise seen in crude oil prices during August. Combined with solid demand for the product, the price reached new seasonal highs. The upward trend continued in September. While all product prices were firmly on the rise, the No. 2 heating oil price rose more sharply than gasoline prices as a reflection of the reported high demand for diesel fuel and the not-too-distant start of the winter heating season. The price surged dramatically in October, jumping at mid-month as concerns increased about adequate supplies of heating fuels during the coming winter season. Shortly after reaching the year's high of $1.589 per gallon on October 22, the price began a sizable decline that continued through the first half of November. However, the price jumped at mid-month following the release of a government stocks report showing a decrease in distillates inventories when market watchers had expected an increase. Like other products' prices, it experienced a steep drop at the beginning of December, but remained quite volatile during the remainder of the month. The price rose sharply on fundamental factors and political issues at the middle of the month, then retreated again during the latter part of the month due to rising inventories and warm winter temperatures. The price closed the year at $1.229 per gallon, 34.1 cents higher than its 2004 opening level.

- 2004 yearly average No. 2 distillate prices show substantial increases from 2003 levels. The national average residential price climbed 19.3 cents to $1.548 per gallon. The average wholesale price jumped 28.7 cents to $1.178 per gallon. The national average price at company-operated retail outlets for No. 2 diesel fuel surged 30.4 cents to $1.348 cents per gallon, while the average No. 2 diesel wholesale price increased 30.0 cents, to $1.191 per gallon. The difference between low- and high-sulfur diesel fuel prices in 2004 averaged 4.4 cents per gallon at retail and 5.1 cents per gallon at wholesale.

- Refiner sales of No. 2 distillate generally increased in 2004. Total sales rose 6.2 million gallons (4.2 percent) to 155.4 million gallons per day. No. 2 fuel oil sales declined 1.6 million gallons per day (6.8 percent), while sales of No. 2 diesel fuel increased 7.8 million gallons per day (6.2 percent). Low-sulfur diesel accounted for 82.8 percent of all diesel fuel sales and 71.1 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- 2004 yearly average prices for residual fuel oil show increases from 2003 levels in all categories. The refiner price for retail sales of low-sulfur residual fuel oil rose 3.1 cents to 83.5 cents per gallon. The wholesale price increased 3.6 cents to 76.4 cents per gallon. Refiner high-sulfur residual fuel oil prices rose 4.1 cents, to 69.2 cents per gallon at retail and 1.3 cents to 60.1 cents per gallon at wholesale. Including data reported by a sample of residual fuel oil marketers, average low-sulfur residual fuel oil prices increased 0.9 cent to 79.4 cents per gallon at retail, and 0.8 cent to 74.0 cents per gallon at wholesale. Average prices for high-sulfur residual fuel oil climbed 3.6 cents to 68.7 cents per gallon at retail, and 1.7 cents to 63.8 cents per gallon at wholesale.

- Refiner sales of residual fuel oil decreased in 2004. Total refiner sales fell 1.3 million gallons per day (7.5 percent), to an average of 16.1 million gallons per day. Low-sulfur residual fuel oil sales declined 500,000 gallons per day (7.4 percent), while high-sulfur residual fuel oil decreased 800,000 gallons per day (7.5 percent).

Other Products

- 2004 yearly average prices for the remaining surveyed products generally show large increases from 2003 levels. Refiner propane prices rose 26.2 cents per gallon at retail and 14.4 cents at wholesale. Including a sample of propane marketers, the average residential propane price jumped 16.9 cents to $1.443 per gallon, while the average wholesale price increased 14.6 cents to 76.1 cents per gallon. Refiner prices for kerosene-type jet fuel, aviation gasoline, No. 1 distillate, and No. 4 distillate show large increases in both the retail and wholesale categories, while kerosene prices fell at retail, but rose at wholesale.

- The average volume of refiner sales of products included in this section varied in 2004. Sales of propane and kerosene-type jet fuel rose at both levels, while sales of No. 4 distillate fell at both retail and wholesale. Sales of aviation gasoline and No. 1 distillate declined at retail and rose at wholesale. Sales of kerosene did just the opposite, rising at retail and falling at wholesale.