

## EIA weekly oil report: smaller than expected crude draw

The EIA reported that US crude oil inventories fell by 1.35MMbbls over the week, this was less than the 3MMbbls drawdown that the market was expecting, and significantly less than the 6.02MMbbls draw that the API reported the previous day



### Main takeaways

The crude oil draw was largely driven by stronger exports, which were up 540Mbbls/d, and a 100Mbbls/d decline in production. The decline in production shouldn't come as too much of a surprise, as the EIA has overestimated its weekly production numbers in recent months, which was confirmed in the last monthly report. Yesterday the EIA also revised lower its production forecast for 2018 by 100Mbbls/d to an average of 10.7MMbbls/d. Pipeline capacity constraints do appear to be having an impact on output.

Meanwhile, it was another week where crude oil inventories in Cushing fell, stocks at the WTI delivery hub now stand at more than 25MMbbls below the 5-year average. However, the recent weakness in the WTI prompt spread is at odds with this draw, and suggests that this is a trend that is likely to change moving forward, especially with the ramping up of Syncrude.

This week's report was more bearish for refined products, the EIA reported a surprise 2.9MMbbls increase in gasoline inventories, compared to expectations of a 1.9MMbbls draw. The stock build was largely driven by weaker demand over the week, with gasoline demand falling by 530Mbbbls/d. As a result, gasoline inventories remain towards the top end of the 5-year range, which should keep pressure on the gasoline crack.

#### EIA weekly data snapshot (MMbbls/d)

		Latest	Wk ago	ΔWoW	Yr Ago	ΔYoY	5Y Avg	Δ5Y Avg
<b>Crude oil</b>								
Supply	Production	10.80	10.90	-0.10	9.42	1.38	8.67	2.13
	Imports	7.93	7.75	0.18	7.76	0.17	7.76	0.17
Demand	Refinery input	17.97	17.88	0.09	17.86	0.11	16.95	1.02
	Export	1.85	1.31	0.54	0.71	1.14	0.46	1.39
Inventory	Stocks-MMbbls	407.39	408.74	-1.35	475.44	-68.05	412.10	-4.71
	Cushing stocks-MMbbls	21.80	22.39	-0.59	56.37	-34.57	47.33	-25.53
<b>Refined products</b>								
Supply	Refinery utilization-%	96.60	96.10	0.50	96.30	0.30	93.58	3.02
	Gasoline prod	9.91	10.48	-0.57	10.30	-0.39	9.94	-0.03
	Mid distillate prod	5.24	5.16	0.08	5.31	-0.07	4.96	0.27
	Products import	2.29	2.30	0.00	2.61	-0.31	2.05	0.24
Demand	Gasoline supplied	9.35	9.88	-0.53	9.80	-0.45	9.57	-0.23
	Mid distillate supplied	4.00	3.61	0.39	4.51	-0.51	4.03	-0.03
	Products exports	5.20	5.03	0.17	4.18	1.02	3.68	1.53
Inventory	Gasoline- MMbbls	233.87	230.97	2.90	231.10	2.76	224.13	9.73
	Mid distillate-MMbbls	125.42	124.19	1.23	147.69	-22.26	139.01	-13.59
	Other products- MMbbls	443.18	442.69	0.50	457.54	-14.36	444.31	-1.13

Source: EIA, ING Research

## Author

### Warren Patterson

Head of Commodities Strategy

[Warren.Patterson@asia.ing.com](mailto:Warren.Patterson@asia.ing.com)

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