

15 August 2018  
Snap

## EIA weekly oil report: Stock build adds to bearish sentiment

US crude oil inventories increased by 6.81MMbbls over the last week reported the Energy Information Administration which is significantly more than the 3.66MMbbls build the API reported yesterday and very different to market expectations for a 2.5MMbbls drawdown. This build certainly hasn't helped market sentiment

### What drove the build?

The build was largely driven by a 1.08MMbbls/d increase in crude oil imports, with them averaging 9.01MMbbls/d over the week. Imports from Saudi Arabia were a big driver in this increase, up 315Mbbls/d to average 1.24MMbbls/d over the week, and in fact the strongest weekly imports from Saudi since mid-2017. This will likely raise questions once again into the month on month decline in production that Saudi Arabia reported for July.

Meanwhile, as expected that EIA reported a 1.64MMbbls build in Cushing inventories, which was similar to the number that the American Petroleum Institute (API) reported yesterday. The expectation of this build has been reflected in the WTI prompt spread, which has weakened considerably over August.

Turning to products, and it is a fairly bearish story too, driven by refiners operating at a record rate over the past week. Refiners increased utilisation rates to 98.1%, up 1.5% WoW, which led to a 3.57MMbbls build in distillate fuel oil inventories. Meanwhile stronger throughput rates also meant gasoline inventories only declined by 743Mbbls over the week, compared to the API reporting a 1.56MMbbls draw.

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

		Latest	Wk ago	ΔWoW	Yr Ago	ΔYoY	5Y Avg	Δ5Y Avg
<b>Crude oil</b>								
Supply	Production	10.90	10.80	0.10	9.50	1.40	8.72	2.18
	Imports	9.01	7.93	1.08	8.13	0.89	7.93	1.08
Demand	Refinery input	18.24	17.97	0.27	17.84	0.40	16.92	1.33
	Export	1.59	1.85	-0.26	0.88	0.72	0.50	1.10
Inventory	Stocks-MMbbls	414.19	407.39	6.81	466.49	-52.30	409.25	4.95
	Cushing stocks-MMbbls	23.45	21.80	1.64	57.05	-33.60	47.12	-23.68
<b>Refined products</b>								
Supply	Refinery utilization-%	98.10	96.60	1.50	96.10	2.00	93.34	4.76
	Gasoline prod	10.23	9.91	0.32	10.05	0.19	9.78	0.45
	Mid distillate prod	5.34	5.24	0.10	5.29	0.05	4.99	0.35
	Products import	2.11	2.29	-0.19	2.14	-0.03	2.07	0.04
Demand	Gasoline supplied	9.51	9.35	0.17	9.52	-0.01	9.42	0.10
	Mid distillate supplied	3.96	4.00	-0.04	4.22	-0.26	3.78	0.18
	Products exports	5.28	5.20	0.08	4.76	0.52	3.79	1.49
Inventory	Gasoline- MMbbls	233.13	233.87	-0.74	231.13	2.00	222.88	10.25
	Mid distillate-MMbbls	128.99	125.42	3.57	148.39	-19.40	140.06	-11.07
	Other products- MMbbls	451.00	443.18	7.81	458.45	-7.45	447.29	3.71

Source: ING, EIA

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