

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



Source: Shutterstock

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 315Mbbbls/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
Crude oil								
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
Refined products								
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

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial

Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.