

## EIA weekly oil report: US inventory build

The EIA reported that US crude oil inventories increased by 3.8MMbbls over the last week, compared to the 5.59MMbbls build reported by the API, and contrary to market expectations of a drawdown of around 3MMbbls



Source: Shutterstock

### So what drove the build?

The increase was predominantly driven by weaker crude oil exports over the week, with them averaging 1.31MMbbls/d - down from 2.68MMbbls/d seen in the previous week. This fall shouldn't come as too much of a surprise given the general narrowing that we have seen in the WTI-Brent discount lately. Meanwhile, crude oil imports over the week were marginally lower at 7.75MMbbls/d. The biggest WoW increase in imports was from Venezuela, with imports up 211Mbbbls/d to average 603Mbbbls/d. Meanwhile, imports from Mexico fell by 475Mbbbls/d.

While the total crude oil build should be seen as bearish, the fact that crude oil inventories at the WTI delivery hub, Cushing, fell by a further 1.34MMbbls over the week should prove relatively constructive for prompt WTI time spreads. Cushing inventories now stand at 22.39MMbbls, the lowest level since late 2014, and sees stocks falling closer towards the 5-year low. All eyes will be on how quickly Syncrude ramp up supply, as this could reverse this trend.

Moving to products, and gasoline demand continues to be strong, with it basically matching the record levels seen back in early June (9.88MMbbls/d). Robust demand meant that gasoline inventories fell by 2.54MMbbls over the week. However, gasoline inventories remain comfortably

above the 5-year average.

Meanwhile, we continue to see the seasonal build in distillate fuel oil inventories, with a 2.98MMbbls increase over the week. However despite this build, inventories in the US still remain below the 5-year low, and so at least in the near term should continue to offer support to middle distillates.

**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	11.00	-0.10	9.43	1.47	8.66	2.24
	Imports	7.75	7.77	-0.02	8.25	-0.50	8.09	-0.34
Demand	Refinery input	17.88	17.45	0.43	17.77	0.11	16.99	0.89
	Export	1.31	2.68	-1.37	0.70	0.61	0.46	0.85
Inventory	Stocks-MMbbls	408.74	404.94	3.80	481.89	-73.15	414.64	-5.90
	Days of supply	0.00	23.20	-23.20	27.90	-27.90	24.80	-24.80
	Cushing stocks-MMbbls	22.39	23.73	-1.34	55.80	-33.41	47.52	-25.13
<b>Refined products</b>								
Supply	Refinery utilization-%	96.10	93.80	2.30	95.40	0.70	93.72	2.38
	Gasoline prod	10.48	10.26	0.23	10.30	0.19	9.76	0.72
	Mid distillate prod	5.16	5.16	0.00	5.23	-0.07	5.02	0.14
	Products import	2.30	2.49	-0.19	1.83	0.47	1.98	0.32
Demand	Gasoline supplied	9.88	9.85	0.03	9.84	0.04	9.42	0.46
	Mid distillate supplied	3.61	4.17	-0.56	4.14	-0.53	3.84	-0.23
	Products exports	5.03	5.37	-0.34	4.38	0.65	3.69	1.34
Inventory	Gasoline- MMbbls	230.97	233.50	-2.54	227.68	3.29	224.70	6.27
	Mid distillate-MMbbls	124.19	121.21	2.98	149.41	-25.22	139.88	-15.68
	Other products- MMbbls	442.69	436.36	6.33	457.39	-14.71	442.31	0.37

Source: EIA, ING research

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