



North Carolina Monthly Petro Price Monitor

March 14, 2011

SUMMARY

Motorists undoubtedly have noticed petroleum prices continue to rise. The price increase can be attributed to several factors that affect supply. The unrest in the Middle East and Japan's earthquake, tsunami and unfolding nuclear crisis are expected to have an impact on the supply of petroleum in an already jittery market. The extent supply is affected will become clearer over the next few days, particularly as the extent of the disaster in Japan is better understood.

On average, regular gasoline prices in North Carolina increased five cents per gallon since the March 8 report; 44 cents over the previous month; and 79 cents over March 2010. Ultra low sulfur diesel increased five-cents over the March 8 report, 38 cents over the previous month, and 98 cents over March 2010. Spot prices for jet fuel decreased two cents per gallon over the last report, but still increased 29 cents per gallon over February 2011, and \$1.02 per gallon over March 2010. Home heating oil increased 15 cents/gallon over the March 8th report, increased 25 cents over the February 2011 average, and 87 cents over March 2010. Propane decreased two cents over the last report, but remained two cents over the February 2011 average and 25 cents over March 2010.

Current N.C. per gallon average for petroleum products

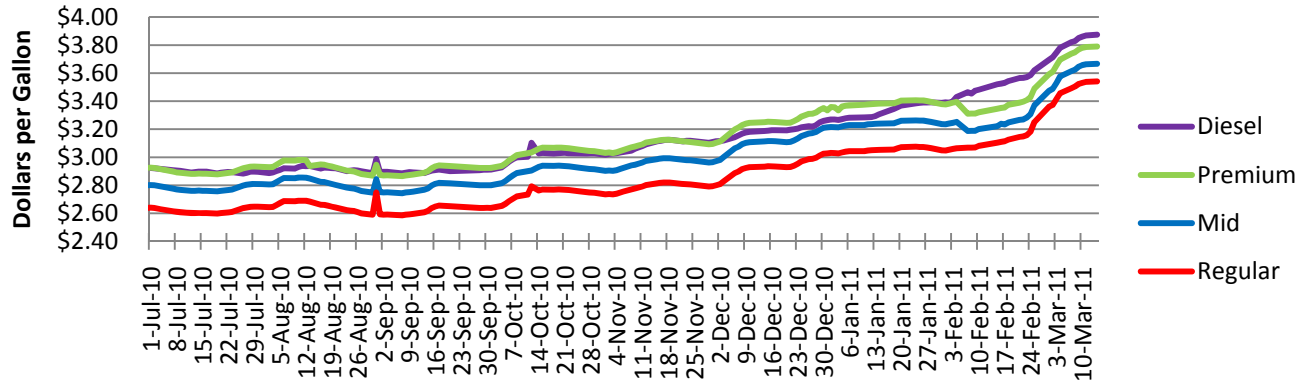
<u>Road Fuels</u>	<u>Mar 14, 2011</u>	<u>Mar 7, 2011</u>	<u>Feb. 2011</u>	<u>Mar. 2010</u>
Regular gasoline	\$3.54	\$3.49	\$3.10	\$2.75
Mid-grade	\$3.67	\$3.61	\$3.24	\$2.88
Premium	\$3.79	\$3.74	\$3.36	\$3.01
Ultra low sulfur diesel	\$3.87	\$3.82	\$3.49	\$2.89
Jet Fuel (SPOT)	\$3.13	\$3.15	\$2.84	\$2.11
<u>Winter Heating Fuels</u>				
Home heating oil	\$3.59	\$3.44	\$3.34	\$2.72
Propane	\$3.11	\$3.13	\$3.09	\$2.86

Source: EIA, Petroleum Navigator, Weekly Retail Gasoline and Diesel Prices, Weekly Heating Oil and Propane Prices and the AAA Fuel Gauge Report

The Energy Information Administration divides the nation into several regions –Petroleum Administration Defense Districts. North Carolina is in District 1C, East Coast, Lower Atlantic; with Florida, Georgia, South Carolina, Virginia and West Virginia.

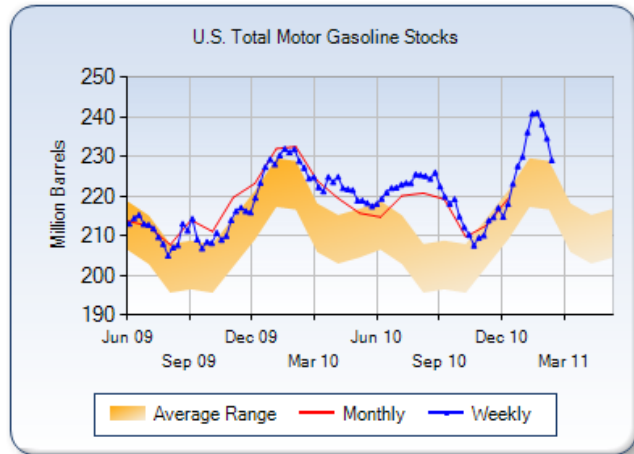
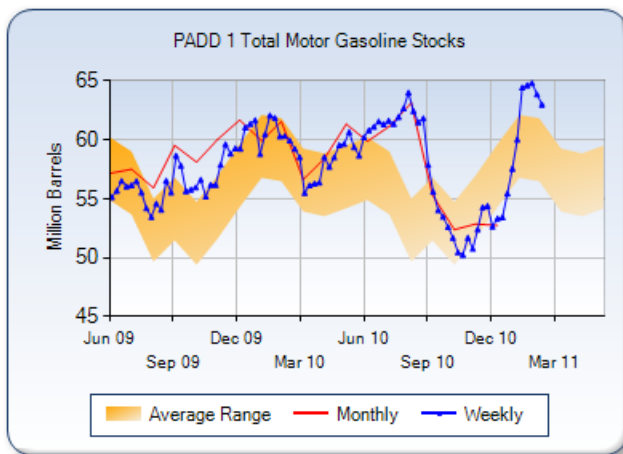
AAA Consumer Gas and Diesel Average Pricing for NC

Source: American Automobile Association Fuel Gauge Report



Gasoline Stocks

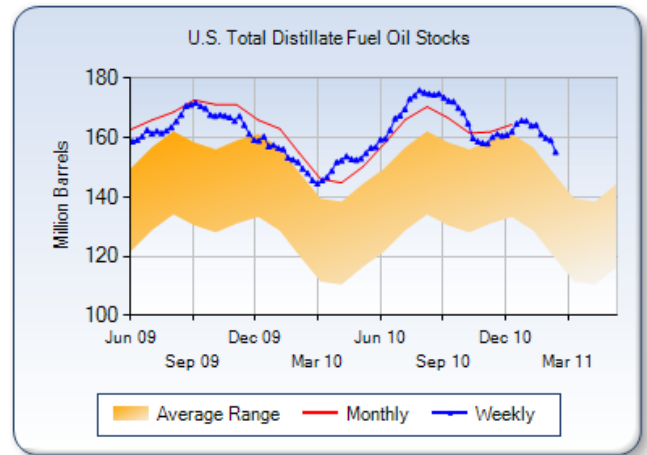
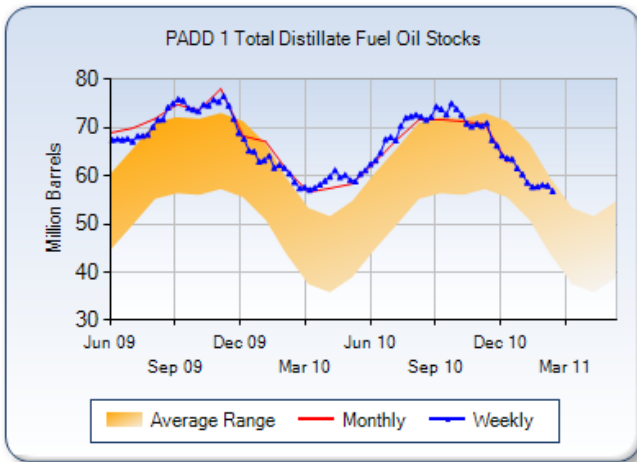
Monthly on-hand supplies in the East Coast, Lower Atlantic District remain close to the lower range of the five-year average, while the weekly inputs appear to be trending above the five-year average. On a national basis, monthly gasoline stocks continue to trend upwards and weekly stocks exceed the five-year average.



Source: Energy Information Administration, Stocks of Total Motor Gasoline by Petroleum Administration for Defense District, June 2009 to present

Diesel Stocks

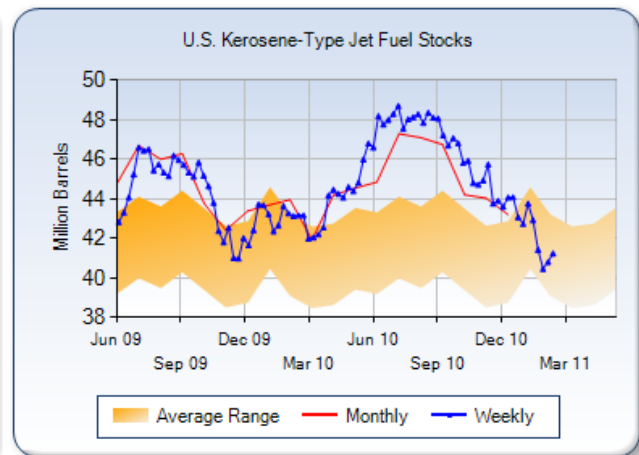
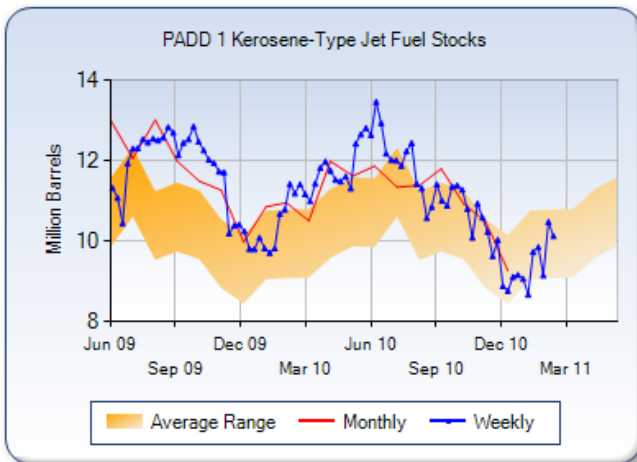
The on hand supplies of diesel in the East Coast, Lower Atlantic District appear well within the five-year average range. The monthly trend remains near the upper range of the five-year average, while the weekly supplies are following the five-year average trend. On a national basis, diesel stocks are well above the five-year average.



Source: Energy Information Administration, Stocks of Distillate Fuel Oil by Petroleum Administration for Defense District, June 2009 to present

Jet Fuel Stocks

The on hand supplies of jet fuel in the East Coast, Lower Atlantic District appear within the five-year average range. The monthly trend appears to remain within the 5-year average, while the weekly supplies are following the five-year average trend. On a national basis, jet fuel stocks are above the five-year average.



Source: Energy Information Administration, Stocks of Distillate Fuel Oil by Petroleum Administration for Defense District, June 2009 to present

Global Supply

Recently, the political turmoil in the Middle East has affected pump prices. The Energy Information Administration, in its Short Term Energy Outlook, indicated that the supply gap created by the crisis in Libya may be filled in by a drawdown of Organization of Petroleum Exporting Countries (OPEC) inventories and an increase in production from other OPEC countries. In thinking of the global petroleum market through the supply lens, it is important to note the difference between the “nationalized oil companies” and the “international oil companies.” The major difference is that nationalized oil companies are controlled by a particular government and may behave with the government’s interest in mind – for example to preserve future production potential or to bring future wealth to the nation. Examples of national oil companies are: Algeria, Libya, Nigeria, Saudi Arabia, and Venezuela. The international oil companies are privately controlled and usually seek to behave in the interest of the company owners, usually shareholders. Examples of international oil companies are: BP, Chevron, Conoco-Phillips, and Exxon. According to the Energy Information Administration the ratio of national oil companies to international oil companies has increased over the last 40 years. National oil companies control approximately for 85 percent of the global supply and/or reserves, while international oil companies account for the remainder.

Editorial Note

The Monitor is a brief status report of the most recent week, with some analysis of causes for price changes. The North Carolina Energy Office tracks supplies, prices and events that have an impact on petroleum products. Questions about the information in the Monitor can be directed to Bob Mielish at bmielish@nccommerce.com.