



North Carolina Monthly Petro Price Monitor

March 29, 2011

SUMMARY

For those in search of signs of economic recovery in North Carolina, a look at the changes in delivery and sale of ultra-low sulfur diesel fuel may provide some insight. Ultra-low sulfur diesel is the primary fuel used by the commercial transportation sector which moves the majority of freight in the nation. Daily sales figures for January 2011, the most recent month available, exceeded the pre-recession sales for January 2008 – 2.4 million gallons daily compared with 3.1 million gallons. Daily sales in January 2009 were 2.2 million gallons and January 2010 was just below 2.4 million gallons.

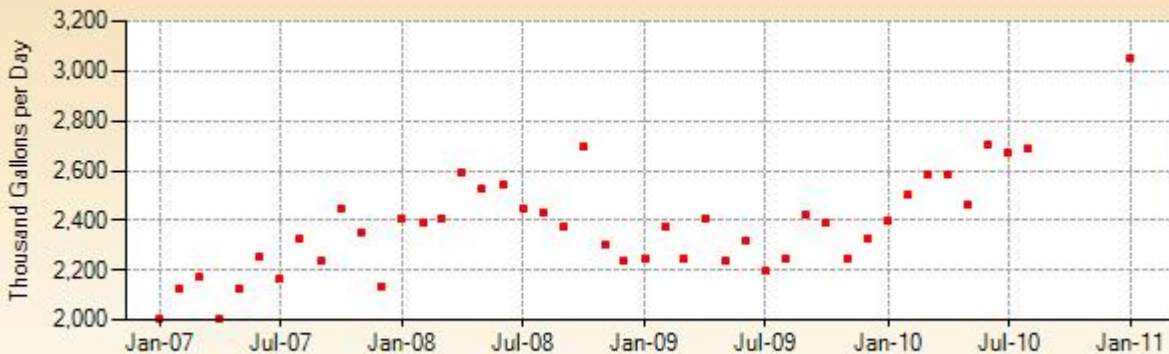
In addition, North Carolinians are traveling more. Vehicle miles traveled in the state increased from 9.76 million in January 2010 to 9.79 million in January of this year, nearly a half-percent jump. That compares with a drop of 2.5 percent from January 2009 to January 2010.

The average price of regular gasoline in the state increased two cents per gallon since the March 22 report, 45 cents more than the previous month and 80 cents more than the price in March 2010. The movement in the gas prices comes as the market reacts to the situations in Libya, Syria, Yemen and the rest of the Middle East as well as the unfolding damage from the earthquake in Japan and the resulting nuclear power plant problems.

Diesel Demand

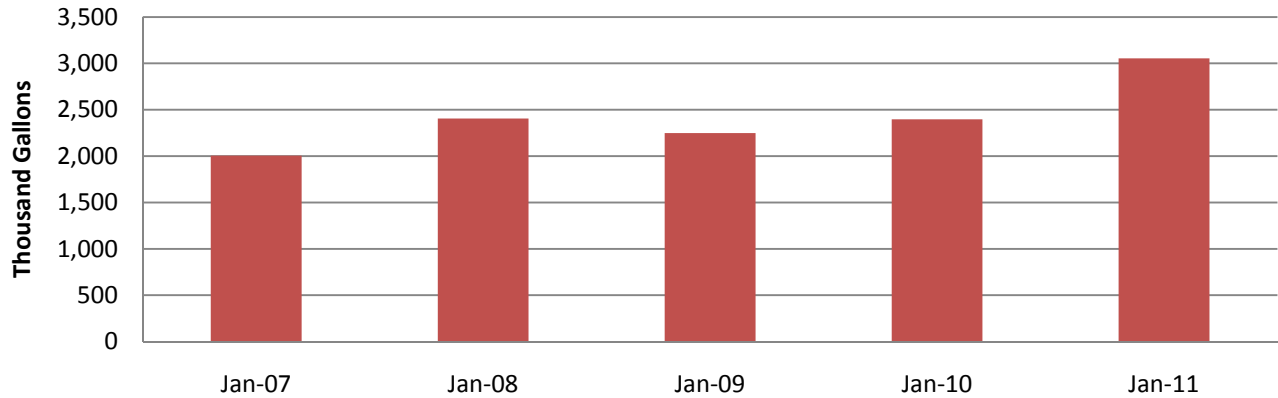
January 2011’s ultra-low sulfur diesel deliveries surpassed that of January 2008, according to the Energy Information Administration. Ultra-low sulfur diesel is the primary fuel used by the commercial transportation sector which moves a majority of all freight. January 2008 diesel deliveries were approximately 2.4 million gallons a day and dropped 6.5 percent a year later to 2.2 million gallons a day. Total diesel sales and deliveries for January 2010 were 2.4 million gallons daily and increased in January 2011 to nearly 3.1 million gallons, a 27% increase.

Monthly North Carolina No2 Diesel Ultra Low Sulfur Less than 15 ppm All Sales/Deliveries by Prime Supplier



Source: U.S. Energy Information Administration

N.C. Ultra Low Sulfur Diesel Delivery and Sales January 2007-2011



Source: Prime Supplier Sales Volumes, North Carolina, Ultra-Low Sulfur Diesel

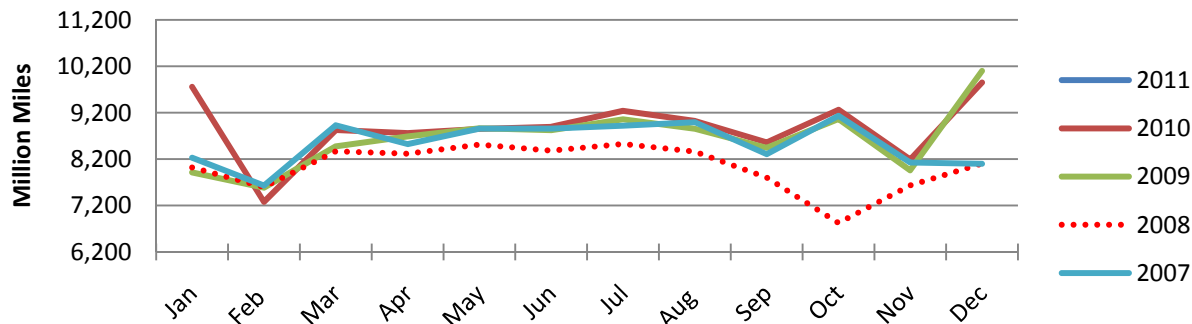
Traffic Trends

The increase in both gasoline and ultra-low sulfur diesel deliveries may be explained by an increase in motor vehicle miles traveled, according to the U.S. Department of Transportation, Federal Highway Administration's recent report, Traffic Volume Trends. North Carolina increased its vehicle miles traveled by 0.4% for January 2011 compared to January 2010. The customary travel season runs from March through September, revealed by the increase in fuel consumption and miles traveled. The likelihood of increased fuel costs may have an impact on personal travel this year.

	January			December		
	Vehicle-Miles (Millions)		Percent Change	Vehicle-Miles (Millions)		Percent Change
	2011	2010		2010	2009	
North Carolina	9,792	9,757	0.4	9,848	10,098	-2.5
South Atlantic	50,434	52,120	0.2	52,120	52,353	-0.4
Nation	223,495	223,019	0.2	244,140,	242,605	0.6

Source: U.S. Dept. of Transportation Fed. Highway Admin. Office of Policy Information, Traffic Volume Trends

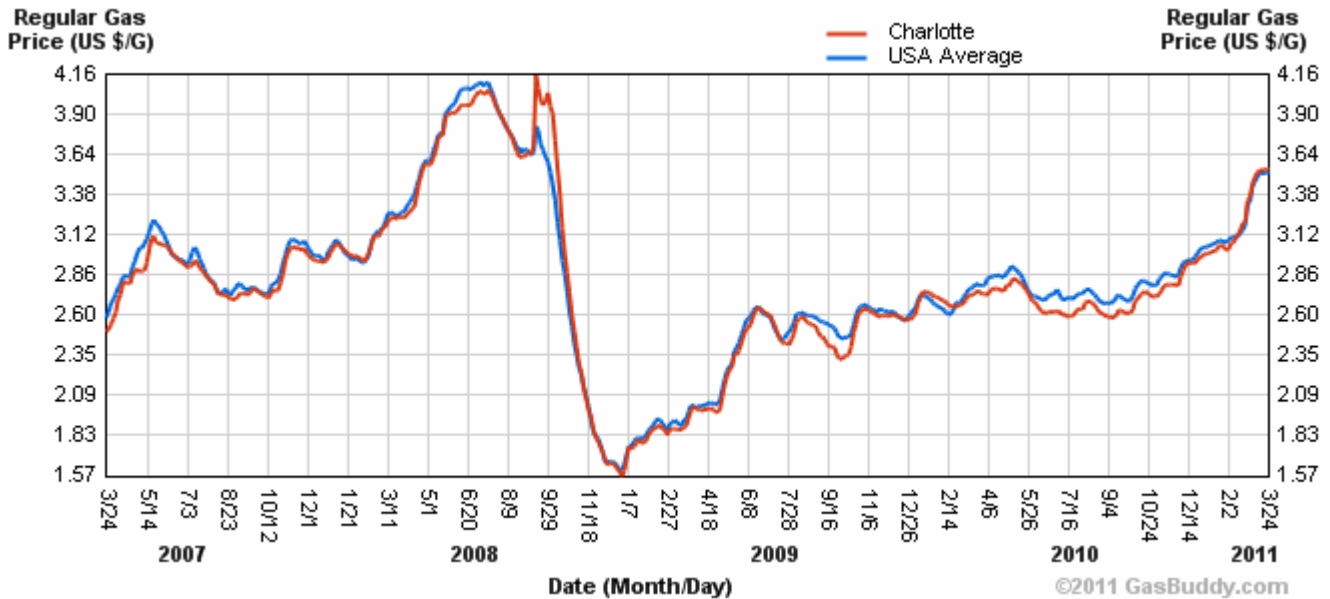
Estimated North Carolina Traffic Volume Trends All Roads 2007-2011



Source: U.S. Dept. of Transportation Fed. Highway Admin. Office of Policy Information, Traffic Volume Trends

2008 brought with it an economic down turn and gas prices that exceeded \$4.08 a gallon for regular and \$4.80 a gallon for ultra low sulfur diesel. Vehicle miles traveled dropped and did not rebound as historically expected in September and October. The reduction was preceded by a period of \$3.65 a gallon or higher regular gasoline prices.

48 Month Average Retail Price Chart



Current N.C. per gallon average for petroleum products

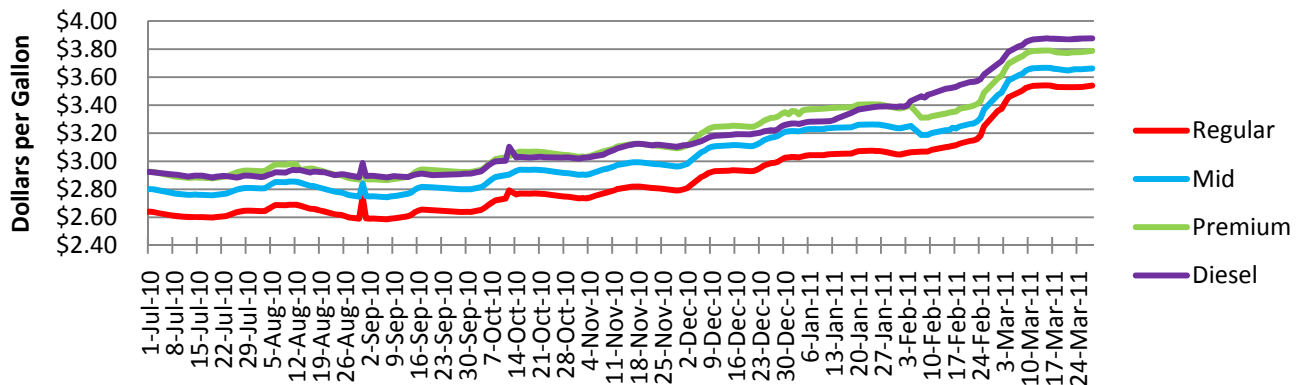
Road Fuels	Mar 29, 2011	Mar 22, 2011	Feb. 2011	Mar. 2010
Regular gasoline	\$3.55	\$3.53	\$3.10	\$2.75
Mid-grade	\$3.67	\$3.65	\$3.24	\$2.88
Premium	\$3.78	\$3.78	\$3.36	\$3.01
Ultra low sulfur diesel	\$3.88	\$3.87	\$3.49	\$2.89
Jet Fuel (SPOT)	\$3.15	\$3.03	\$2.84	\$2.11

Source: EIA, Petroleum Navigator, Weekly Retail Gasoline and Diesel 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.

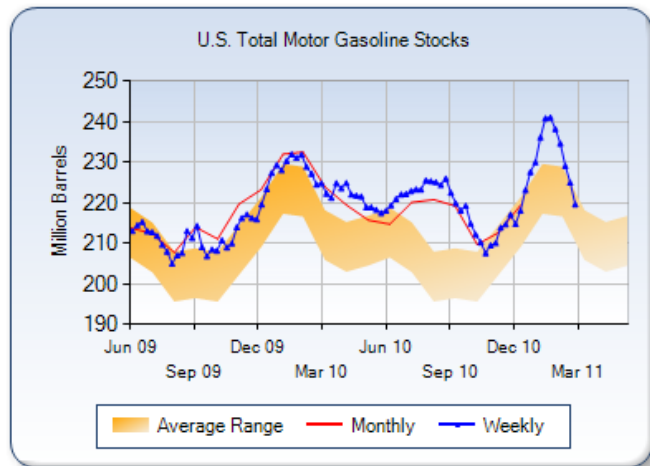
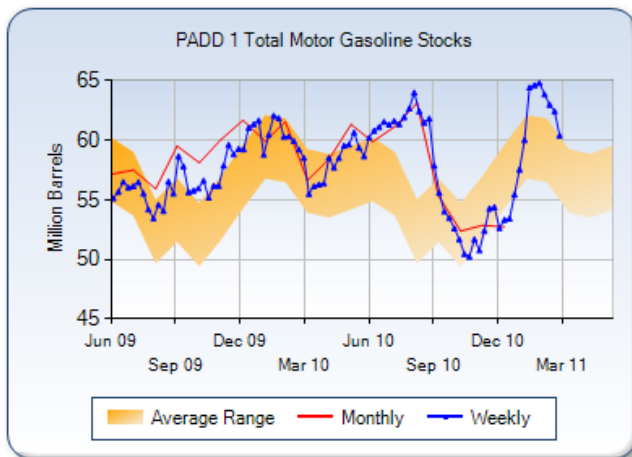
AAA Consumer Gas and Diesel Average Pricing for NC

Source: American Automobile Association Fuel Gauge Report



Gasoline Stocks

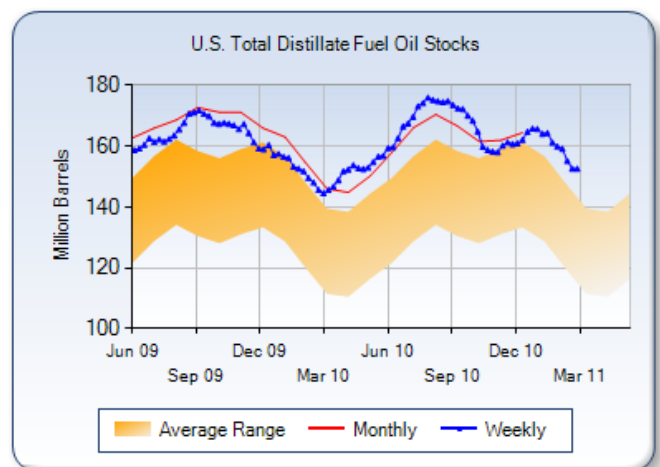
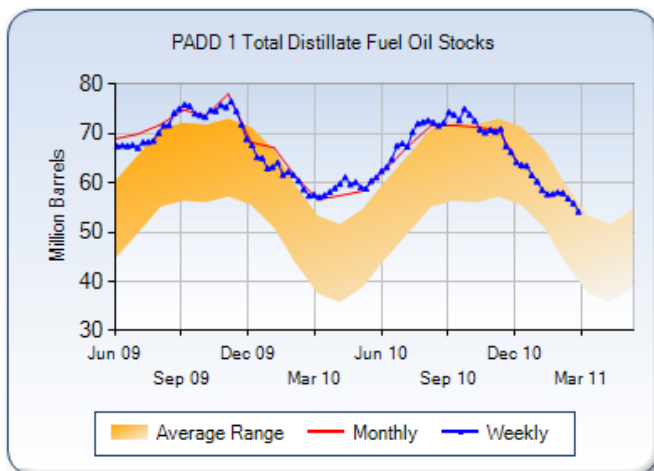
Monthly on-hand supplies in the East Coast, Lower Atlantic District are below the lower range of the five-year average, while the weekly inputs appear to be trending above the five-year average. On a national basis, monthly gasoline stocks continue to trend upwards and weekly stocks are within the five-year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

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.