

## Petroleum & Other Liquids

### This Week in Petroleum

Release Date: August 16, 2023 | Next Release Date: August 23, 2023

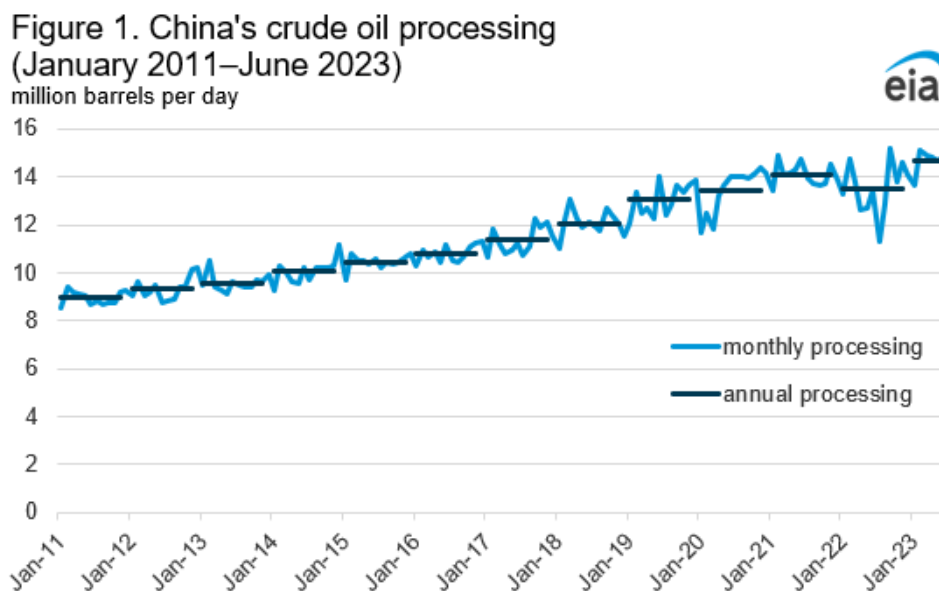
**Notice:** [Changes to August 31, 2023 Release of \*Petroleum Supply Monthly\* and \*Petroleum Supply Annual\*](#)

We will add new data labeled *Transfers to crude oil supply* to national and regional volumetric balance tables for petroleum and biofuels beginning with data that will be released on August 31, 2023. Transfers to crude oil supply will include barrels of unfinished oils (refinery feedstocks) and natural gas liquids that we identified as being added to crude oil supply by blending. We will make changes to account for these transfers in the [Weekly Petroleum Status Report](#) before the end of the year.

#### Refiners in China increase crude oil processing and imports in the first half of 2023

Refiners in China processed and imported record volumes of crude oil in the first half of 2023 (1H23), sourcing much of the additional crude oil runs from Russia, Iran, Brazil, and the United States. These increases, sparked by China's initiatives to ease [COVID-19 mobility restrictions](#) and reopen its economy, are a return to a more than a decade-long trend of expanding crude oil processing in China following [declines in 2022](#).

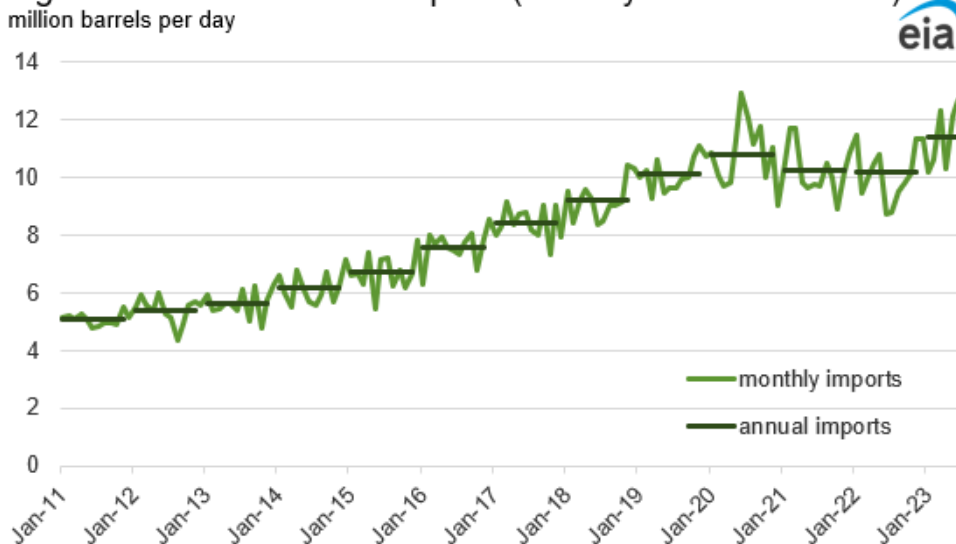
According to its National Bureau of Statistics, refiners in China processed a record-high 14.7 million barrels per day (b/d) of crude oil in 1H23, an 8% increase from 2022's annual average of 13.5 million b/d and a 4% increase from 2021's record-high annual average of 14.1 million b/d (Figure 1). New refinery capacity was partly responsible for the record-high crude oil processing. Shenghong Petrochemical's 320,000-b/d refinery in Lianyungang began operations in November 2022 and PetroChina's 400,000-b/d Jieyang refinery began trial runs in February 2023.



Data source: China National Bureau of Statistics, as compiled by Bloomberg, L.P.

To process record-high volumes of crude oil, refiners in China imported record-high volumes of crude oil in 1H23. (Figure 2). China imported an average of 11.4 million b/d in 1H23, a 12% increase from 2022's annual average of 10.2 million b/d and a 5% increase from 2020's previous record of 10.8 million b/d.

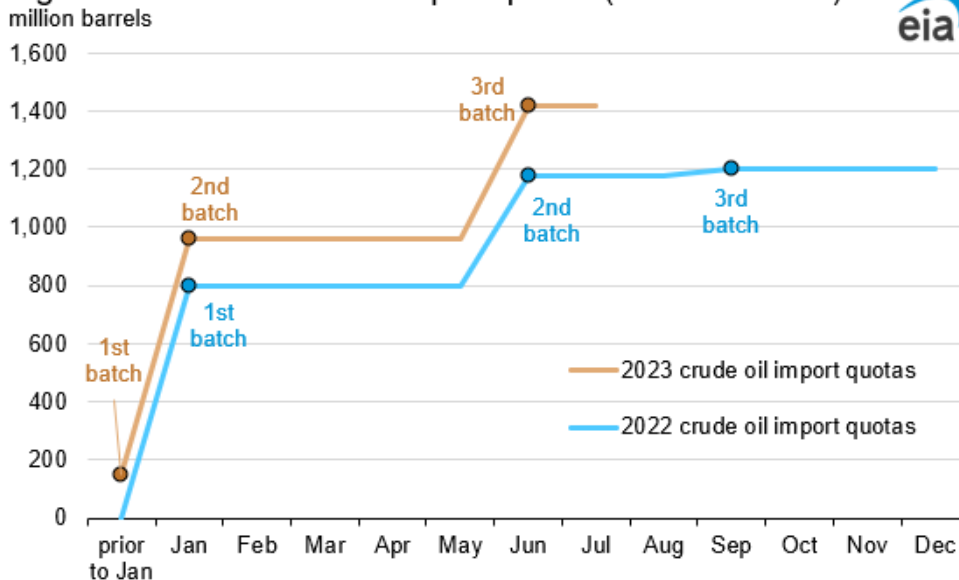
Figure 2. China's crude oil imports (January 2011–June 2023)



Data source: China General Administration of Customs, as compiled by Bloomberg, L.P.

China releases several crude oil import quotas every year, assigning a set volume of imports to a select few, mostly state-owned, refiners. In October 2022, three months earlier than expected, China announced its [first batch of crude oil import quotas](#) for 2023, indicating that it hopes to boost crude oil imports and processing to satisfy an expected increase in domestic demand. China maintained higher import quotas in 2023 than in 2022, announcing a [second batch of import quotas](#) in January and a [third batch](#) in June. These crude oil import quotas are about 20% above those set for 2022 and have allowed record-high crude oil imports and processing so far this year (Figure 3). In addition to higher crude oil imports, refiners in China also [boosted fuel oil imports](#), particularly from Russia. Fuel oil is often used as refinery feedstock by small, independent refiners that have not been granted crude oil import quotas and by state-owned refiners that have exhausted their quotas.

Figure 3. China's crude oil import quotas (2022 and 2023)



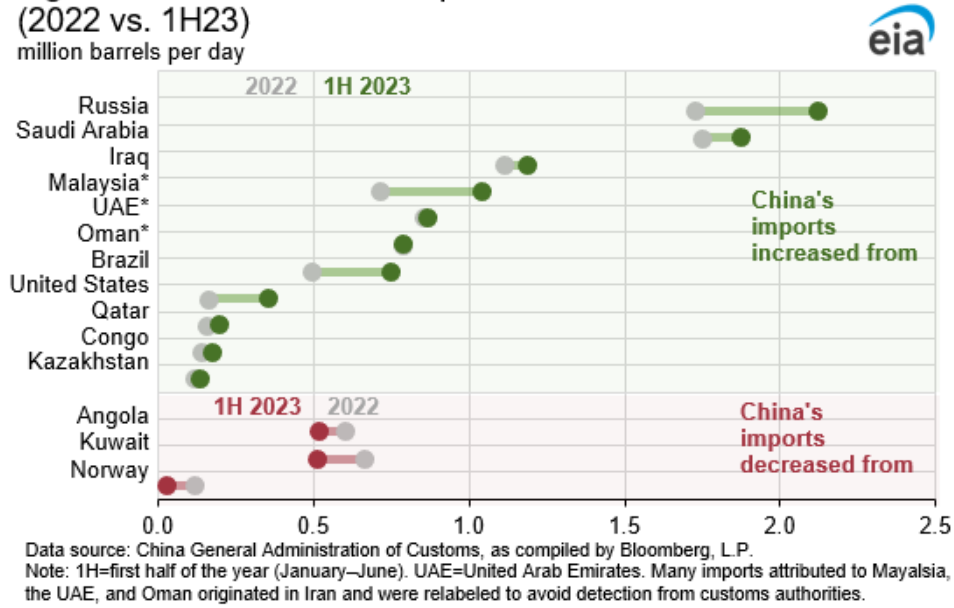
Data source: Reuters

Note: China could announce more batches of import quotas in 2023.

In 1H23, China increased imports from all but 3 of the 14 countries that it imported an average of at least 100,000 b/d of crude oil from in 2022, according to China Customs Data (Figure 4). Compared with 2022 averages, China increased imports from Russia by 400,000 b/d (23%); from Saudi Arabia by 130,000 b/d (7%); from Brazil by 250,000 b/d (49%); and from the United States by 200,000 b/d (124%). Customs data also indicate that imports from Malaysia increased 330,000 b/d (46%); however, the volume of imports from Malaysia exceeds Malaysian production. [Industry analysts](#) indicate that much of the oil that was shipped from Iran to China was relabeled as originating from countries such as Malaysia, the [United Arab](#)

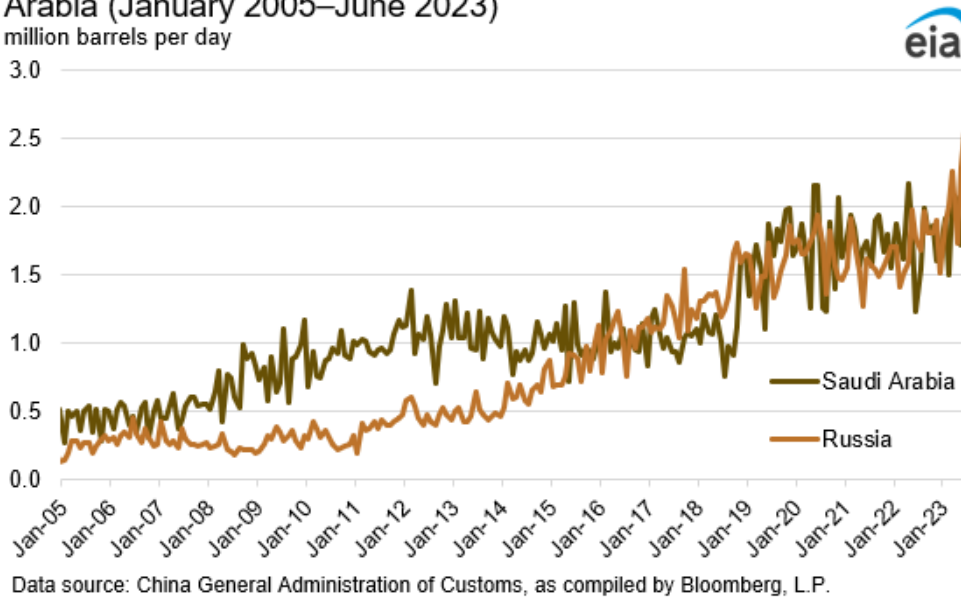
Emirates [↗](#), and Oman [↗](#) to avoid sanctions. The increase in crude oil imports from Brazil is a return to historical averages before Russia’s full-scale invasion of Ukraine.

**Figure 4. China's crude oil imports from select countries (2022 vs. 1H23)**  
million barrels per day



China increased imports the most from Russia, and in 1H23, Russia passed Saudi Arabia to become China’s largest source of crude oil imports (Figure 5). From 2019–2021, China sourced 15% of its crude oil imports from Russia. Following Russia’s full-scale invasion of Ukraine in February 2022, China began importing a higher share of its total crude oil imports from Russia, likely because of the discounts that Russia offered on its crude oil sales. China sourced 18% of its crude oil imports from Russia in 2H22 and 19% in 1H23. The 2.6 million b/d of crude oil that China imported from Russia in June is the most China has ever imported from any country.

**Figure 5. China's crude oil imports from Russia and Saudi Arabia (January 2005–June 2023)**  
million barrels per day

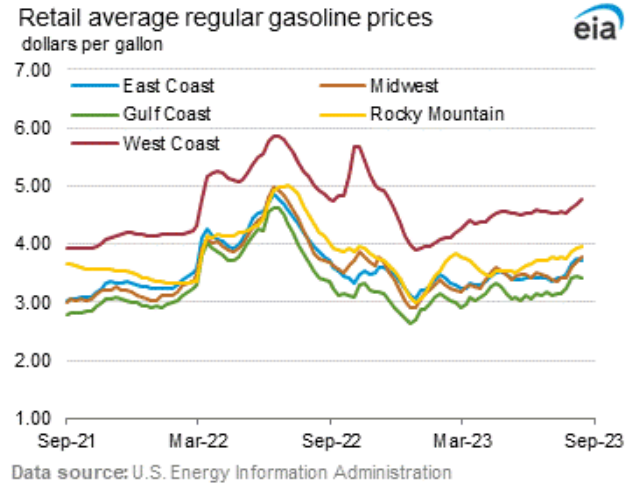
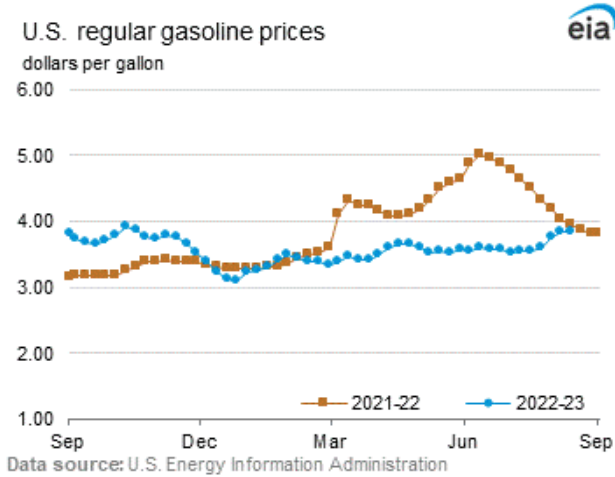


On a percentage basis, China increased imports more from the United States than any of its other top 14 import sources. Most of this increase came from increased imports in May and June. After importing about 210,000 b/d of crude oil from the United States between January and April, China imported over 520,000 b/d in May and over 740,000 b/d in June. China likely increased imports from the United States in May and June because the price of West Texas Intermediate (WTI) crude oil—a light, sweet crude oil produced in the United States—decreased relative to medium, sour crude

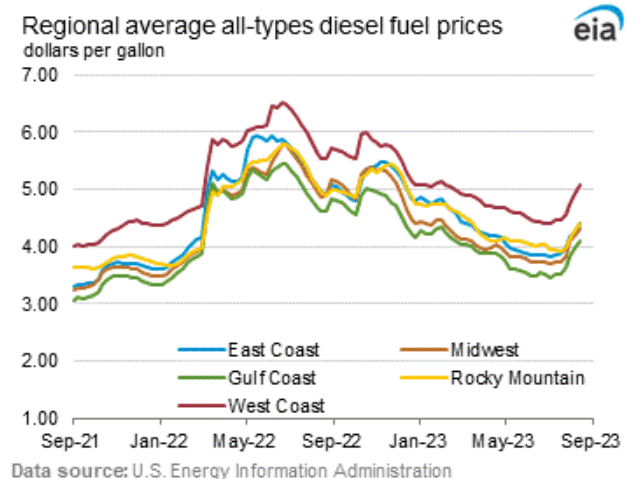
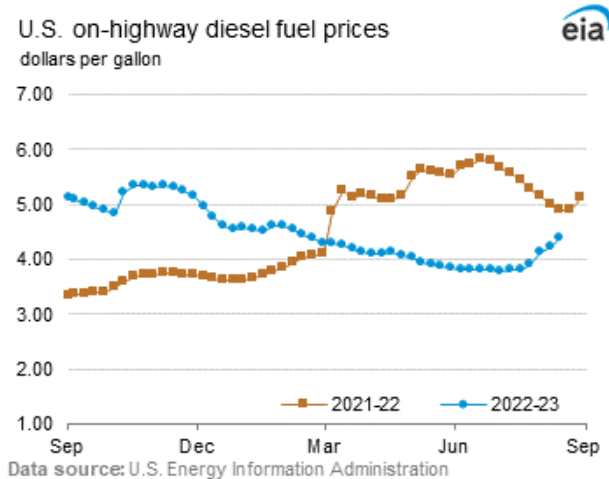
oils from the Middle East after OPEC+ announced extended crude oil production cuts on [June 4](#). Vortexa tanker tracking data suggest that China primarily imports medium, sour crude oil but that it increased light, sweet crude oil imports in June and is on track to import higher amounts in August. The primary sources of those August imports of light, sweet crude oil are the United States, Angola, and Ghana. The only other period during which China imported more than 500,000 b/d of crude oil from the United States was in [2020](#), when China was building crude oil stocks with cheap crude oil and meeting purchase commitments under [the U.S.-China trade agreement](#).

For questions about This Week in Petroleum, contact the Petroleum and Liquid Fuels Markets Team at 202-586-5840.

### Retail prices (dollars per gallon)

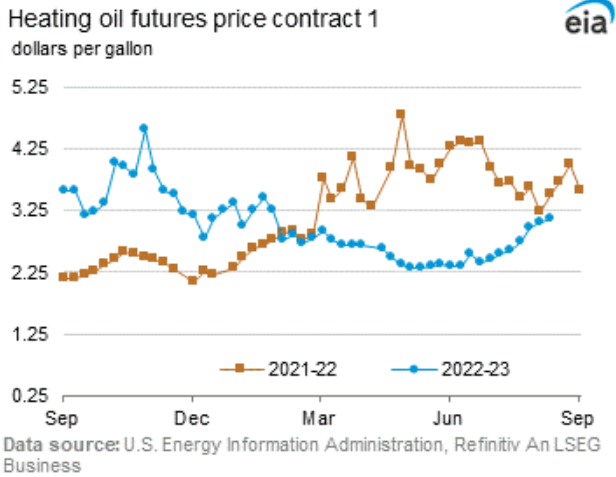
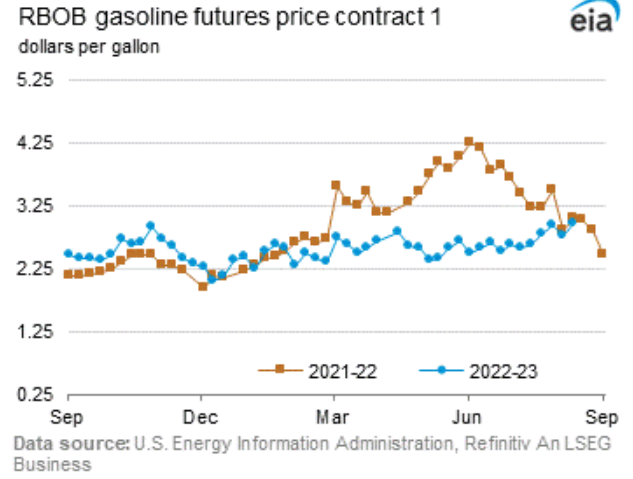
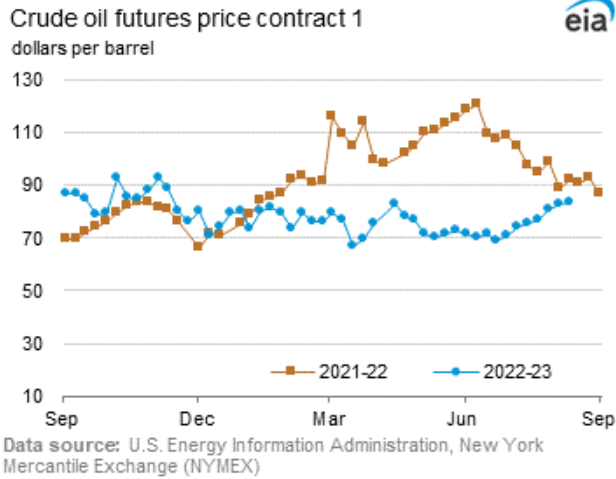


Gasoline	Retail prices	Change from last	
	08/14/23	Week	Year
U.S.	3.850	0.022 <span style="color: green;">▲</span>	-0.088 <span style="color: red;">▼</span>
East Coast	3.711	-0.026 <span style="color: red;">▼</span>	-0.145 <span style="color: red;">▼</span>
Midwest	3.768	0.090 <span style="color: green;">▲</span>	0.013 <span style="color: green;">▲</span>
Gulf Coast	3.415	-0.038 <span style="color: red;">▼</span>	-0.013 <span style="color: red;">▼</span>
Rocky Mountain	3.954	0.010 <span style="color: green;">▲</span>	-0.259 <span style="color: red;">▼</span>
West Coast	4.759	0.074 <span style="color: green;">▲</span>	-0.155 <span style="color: red;">▼</span>



Diesel	Retail prices	Change from last	
	08/14/23	Week	Year
U.S.	4.378	0.139 <span style="color: green;">↑</span>	-0.533 <span style="color: purple;">↓</span>
East Coast	4.402	0.154 <span style="color: green;">↑</span>	-0.548 <span style="color: purple;">↓</span>
Midwest	4.317	0.122 <span style="color: green;">↑</span>	-0.555 <span style="color: purple;">↓</span>
Gulf Coast	4.095	0.135 <span style="color: green;">↑</span>	-0.519 <span style="color: purple;">↓</span>
Rocky Mountain	4.394	0.106 <span style="color: green;">↑</span>	-0.569 <span style="color: purple;">↓</span>
West Coast	5.086	0.175 <span style="color: green;">↑</span>	-0.455 <span style="color: purple;">↓</span>

Futures prices (*dollars per gallon\**)



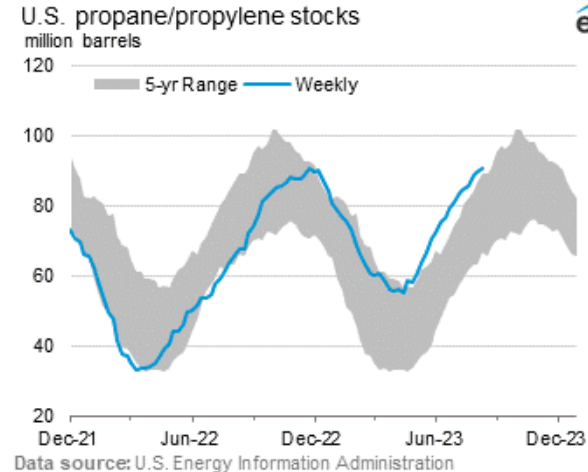
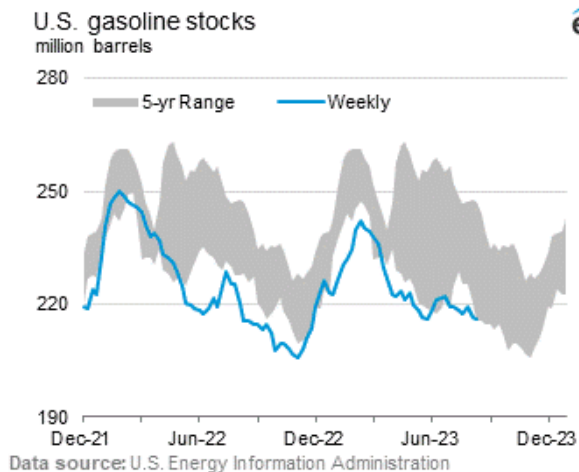
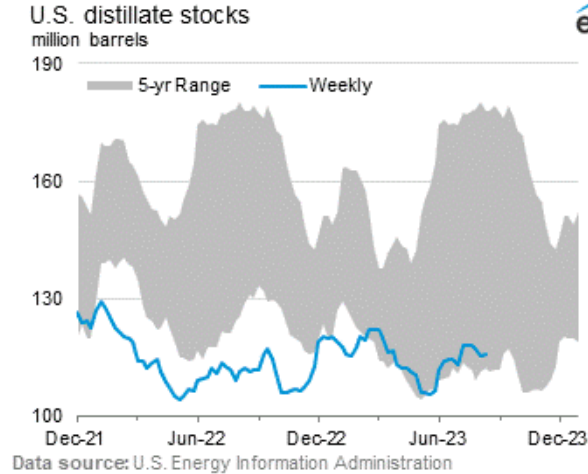
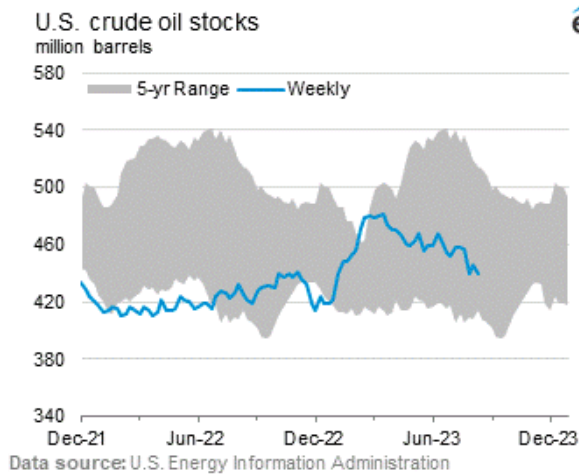
Futures prices	Change from last		
	08/11/23	Week	Year
Crude oil	83.19	0.37 <span style="color: green;">↑</span>	-8.90 <span style="color: purple;">↓</span>

\*Note: Crude oil price in dollars per barrel.

	Futures prices	Change from last	
	08/11/23	Week	Year
Gasoline	2.965	0.182 <span style="color: green;">▲</span>	-0.081 <span style="color: purple;">▼</span>
Heating oil	3.122	0.060 <span style="color: green;">▲</span>	-0.396 <span style="color: purple;">▼</span>

\*Note: Crude oil price in dollars per barrel.

### Stocks (million barrels)



	Stocks	Change from last	
	08/11/23	Week	Year
Crude oil	439.7	-6.0 <span style="color: purple;">▼</span>	14.7 <span style="color: green;">▲</span>
Gasoline	216.2	-0.3 <span style="color: purple;">▼</span>	0.5 <span style="color: green;">▲</span>
Distillate	115.7	0.3 <span style="color: green;">▲</span>	3.5 <span style="color: green;">▲</span>
Propane	90.621	0.671 <span style="color: green;">▲</span>	22.619 <span style="color: green;">▲</span>