



The European SPR 05/05/2022

The U.S. SPR consists of overwhelmingly crude oil while the Europeans principally hold theirs in the form of products. The U.S has been exporting near record levels of gasoline and diesel since the beginning of the year. Diesel prices have overshadowed the price increases in crude oil and gasoline. Gasoline stocks are tight, diesel stocks are tighter. And there doesn't seem to be much relief in the near term.

In just the past three weeks, gasoline prices have increased 11cents/gallon (\$4.62/bbl) while diesel prices have jumped 21cents/gallon (\$8.82/bbl), virtually twice as much. In the past year, gasoline prices have increased \$1.29/gallon (\$54.18/bbl) compared to \$2.37/gallon for diesel (\$99.54/bbl).

The diesel price increases not only impact the heating oil market, but the price of goods moved by truck. Currently, the European countries hold more than 200 million barrels of diesel in their SPR. These barrels are held for the governments by the private oil companies and could move quickly in the markets where needed. The IEA should encourage the European governments to completely open up these stocks. There shouldn't be a huge run on these stocks since the prompt price is very high and the market is sharply backwardated. However, it would add to supply and take some pressure off the prompt price.



GASOLINE AND DIESEL PRICES (\$/gallon)

	4/18	5/02	YEAR AGO CHANGE
GASOLINE	\$ 4.07	\$4.18	+\$1.29
DIESEL	\$5.10	\$5.31	+\$2.37