



The new Refined Fuels Demand brings the industry closer to its holy grail

By J. Scott Susich, director of data analytics and advisory services, DTN

Not long ago, a colleague and fellow market data veteran sent me the article "[Traders thought Apple had 'the holy grail' of oil data, but the quest continues.](#)" It detailed how energy players gather and analyze all kinds of information, trying to determine fuel demand to gain a trading edge. People look at thermal images of pipelines and storage tanks. They attempt to monitor pump speeds. They count cars and traffic. However, nothing yields the ultimate prize. This time, traders thought they had it made with mobility data and directional searches from smartphones — until those searches translated into little actual demand. Back to the drawing board.

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The importance of context

Sure, insights gleaned from demand intelligence can benefit traders in front-running EIA statistics, anticipating long/short physical arbs, and following macro trends like COVID-19 demand restoration. But beyond the trading community, there is immense potential for a much larger audience of operational personnel. Imagine the added layer of confidence when buying and scheduling barrels into markets while you're monitoring day-by-day liftings up and down the pipe. The paradox for any pipeline scheduler, supply group, pricing department, or brand manager is the issue of context. You see your own KPIs and operating metrics but lack insight on the market at large.

Suppose you get aggressive on price to gain share or remedy a long position and see volumes respond with a 4% increase. That's great if the rest of the market only went up 2%, or even better if it went down 1%. But if the rest of the market went up 6%, it paints a very different story where you're still long and losing share. This applies to brand share, outlet share, market share, and virtually any other downstream operating metric. Context is everything, and without it, you're flying blind.

The power of demand intelligence

Accurate, timely demand intelligence is beneficial at the refinery level, too. The Reuters article references reputable EIA data, which — despite its high usage — is woefully lagging. Beyond weekly reporting at the national level, one must wait two months for state-level sales data. Contrast the implications of planning refinery runs based on EIA data versus daily demand numbers. Managing the timing and placement of product during seasonal spec changes is exponentially easier when operations managers have daily market-level demand numbers. These same insights can enhance decision-making when timing product availability for export or going in and out of storage.

Changing how oil markets trade

When the aforementioned article arrived, the only note attached was a smiley emoji. After reading the article, I understood why. DTN just released its Refined Fuels Demand intelligence solution, a culmination of more than two years of intensive development and discovery. The service reports daily wholesale gasoline and diesel demand, in gallons, by grade, at more than 300 cities nationwide. I invite you to read the linked article above and then come back and re-read that last sentence.

Each day, DTN electronically measures more than 85% of the flow of downstream U.S. refined products. The demand numbers reported are based on actual tanker truck loadings, which only take place when a buyer and seller agree to make a delivery. In the article, Patrick DeHaan, head of petroleum analysis at GasBuddy, is quoted to say, "On-the-spot gasoline consumption figures would change the way oil markets trade because it is 'the holy grail' of metrics."

Looking beyond demand

I recently told a client that I was perhaps the most excited about how the metadata speaks to us beyond mere demand. Since gallons are reported based on actual truck liftings, the new Refined Fuels Demand service can inform on availability by grade. Nothing can guarantee a load, but imagine having access to a dashboard that identifies where distillates are being loaded during a rapidly-advancing harvest. On a larger scale, we have watched volumes scale up and down in and around storm-impacted areas — and when locations go offline altogether.

DTN publishes demand at 3:30 a.m. CST for midnight-to-midnight local terminal liftings. However, the raw inputs are captured in near-real-time, meaning the future could include informing on such intraday metrics as capacity utilization and potential congestion. Years ago, as part of my quest for demand intelligence, a major credit card processor told me they could watch snowstorms move across the United States based on gasoline purchases. Is this the holy grail? I wouldn't go that far, but I bet I can tell you who's expecting snow this winter.

Explore the solution

Visit www.dtn.com/refined-fuels-demand/ to learn more about our new Refined Fuels Demand solution.