# U.S. oil demand in 2008 hit a 10-year low

WASHINGTON (Reuters) - Battered by high gasoline prices and a dismal economy, U.S. oil demand fell to its lowest level in 10 years in 2008, an Energy Information Administration report said on Friday.

U.S. petroleum demand for 2008 was down 6.1 percent, or 1.261 million barrels per day, at 19.419 million bpd.

Oil consumption declined globally in 2008 as major world economies, including the United States, fell into recession.

"People are hurting," said Tancred Lidderdale, an analyst with EIA. "They aren't driving as much, aren't buying as many goods that are shipped by truck, and new homes aren't being built."

The EIA is not expecting oil demand to recover in 2009, as the U.S. economy will remain weak.

"I think we're closer to a bottom because some of this economic activity is going to filter into the markets," said Phil Flynn, an analyst at Alaron Trading in Chicago.

"I still think we can see some more weakness in demand at least in the foreseeable future," he added.

U.S. oil demand in December was revised down 4.0 percent from an early estimate of 19.993 million bpd to a final number of 19.199 million bpd. December oil consumption in the United States was down 1.520 million bpd, or 7.3 percent, from oil demand of 20.719 million bpd a year earlier, the agency said.

The final numbers in the EIA's monthly petroleum supply report always differ from initial estimates in the weekly petroleum report.

The monthly report reflects information on petroleum products supplied for all U.S. energy companies, while the weekly report surveys the biggest companies that represent about 90 percent of the market.

In the United States, the world's largest petroleum consumer, Americans drove less in 2008 as the cost of gasoline hit levels above $4 a gallon during the summer before prices collapsed in the fall.

Gasoline demand for December was revised down 1.24 percent from the previous estimate to 8.921 million bpd. December gasoline demand was down 330,000 bpd from a year ago.

Americans drove 237 billion miles in December, down 3.8 billion miles, or 1.6 percent, compared to a year earlier, the U.S. Transportation Department reported earlier this month. This was the 14th consecutive monthly decline in U.S. highway travel.

Lidderdale said that while the drop in gasoline demand played a significant role in the decline in oil consumption in 2008, falling diesel demand will likely take the lead in pushing oil demand down in 2009.

"With the industrial production index for the U.S. in 2009 probably about 10 percent lower than 2008, we're looking at a weaker diesel fuel market this year relative to gasoline," he said.

December demand for distillate fuel was lowered 8.44 percent or 349,000 bpd from a previous estimate to 3.784 million bpd, down 409,000 bpd from a year ago.

Below is a chart comparing the final monthly EIA demand report with the agency's previous weekly report and final year-ago numbers:

(Additional reporting by Tom Doggett; Editing by Christian Wiessner)

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