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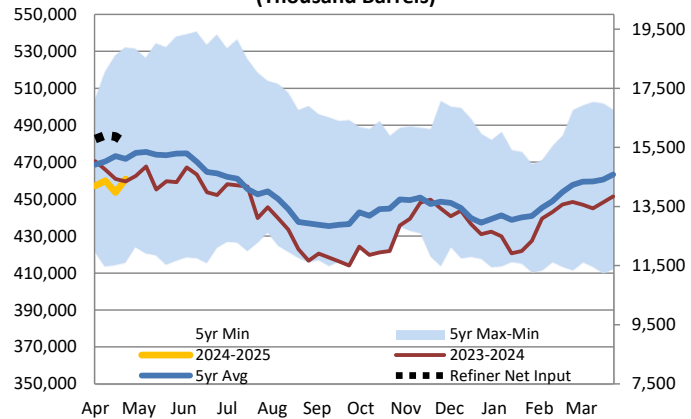
Inventory Snapshot

	Est.	API	EIA	vs. 1yr	vs. 5yr
Crude	-1.78	+4.91	+7.27	+0.3%	-2.3%
Distillates	+0.13	-2.19	-0.73	+5.0%	-7.8%
Gasoline	-1.02	-1.48	+0.34	+1.9%	-2.9%
Propane	+2.09	-	+0.25	-2.4%	+12.0%
Cushing, OK	-	+1.48	+1.09	-0.5%	-24.0%
Ref. Util.	+0.50	-	-1.00	-3.5%	+2.9%

Crude Oil

	4/26/2024	w/w	y/y
Stocks (mb)	460.89	+7.26	+1.26
Cushing, OK	33.46	+1.09	-0.15
Days Supply (days)	29.47	+0.88	+0.26
Production (mb/d)	13.10	0.00	+0.80
Imports (exc. SPR, mb/d)	6.77	+0.28	+0.38
Refinery Runs (mb/d)	15.64	-0.23	-0.09
Refinery Utilization (%)	87.50	-1.00	-3.20
Exports	3.92	-1.26	-0.82

U.S. Crude Inventories Excluding SPR (Thousand Barrels)



This morning's petroleum inventory data from the Energy Information Administration (EIA) were bearish for crude oil and unsupportive for gasoline, but supportive for distillates and bullish for propane. The agency reported a large and surprise (but seasonal) build in commercial crude stocks and a small, surprise, and counter-seasonal rise in gasoline inventories, but a surprise draw from distillate stockpiles and a smaller than predicted propane/propylene build. Following release of the report, petroleum futures extended losses.

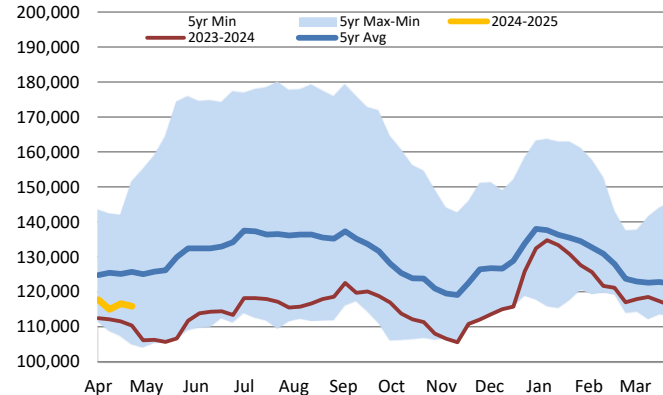
Analysts were expecting to see a 1.78mb draw from crude stocks, but the EIA instead reported a 7.27mb build. The rise was seasonal, and helped along by weaker net exports and reduced refining activity. The jump left US inventories at 460.89mb, which is 0.3% higher than last year but still 2.3% below the five-year average for the reporting week. Stock levels at the Cushing, OK storage hub also rose last week, by 1.09 to 33.46mb. That's just 0.5% shy of last year's levels, but as they were quite weak, we are still 24% below normal. The NYMEX WTI futures forward curve remains backwardated (near-month contracts are trading at a premium over contracts further out on the curve), which provides economic disincentives for storage operations. The Brent-WTI spread has been trending slightly wider recently, from \$4.46 on March 1 to \$5.04/bbl today. Cushing, OK inventories, representing a localized supply glut, are often positively correlated with this price spread.

Exports dropped 1.26mb/d lower last week, averaging 3.92mb/d last week, which is 0.82mb/d lower than during the same week last year. Also helping towards the build was a 0.28mb/d rise in imports, averaging 6.77mb/d which is 0.38mb/d higher than last year. Back on the other side of the supply-demand equation, refinery runs fell by 0.23mb/d to average 15.64mb/d. This was a counter-seasonal dip, as activity tends to rise through the middle of August. Still, at 15.64mb/d, runs are only 0.09mb/d lower than last year and elevated compared to the 15.17mb/d five-year average. Production held steady at 13.10mb/d, which is 0.80mb/d higher than last year but below the 13.2mb/d average production rate forecast for 2024. The EIA expects output to grow further next year, averaging 13.7mb/d.

Distillates

	4/26/2024	w/w	y/y
Stocks (mb)	115.85	-0.73	+5.53
East Coast	27.17	-0.38	+0.12
New England	3.46	-0.48	-0.32
Mid-Atlantic	13.60	-0.02	+1.49
Production (mb/d)	4.51	-0.27	-0.07
Imports (mb/d)	0.10	-0.04	-0.04
Product Supplied (mb/d)	3.68	+0.13	-0.19
Exports (mb/d)	1.04	-0.10	+0.02

U.S. Distillate Stocks (Thousand Barrels)



Ultra-Low Sulfur Diesel

	4/26/2024	w/w	y/y
Stocks (mb)	106.33	-0.73	+6.70
East Coast	25.66	-0.76	+0.32
Production (mb/d)	4.31	-0.36	-0.08
Imports (mb/d)	0.10	-0.03	-0.04
Product Supplied (mb/d)	4.52	-0.18	-0.28

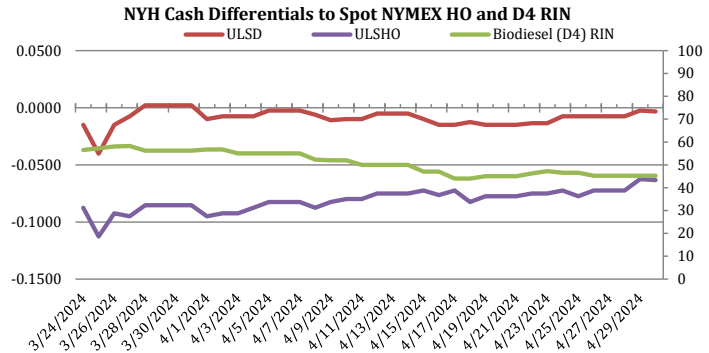


Gasoline

	4/26/2024	w/w	y/y
Stocks (mb)	227.09	+0.34	+4.21
East Coast	53.60	+1.68	+0.64
Production (mb/d)	9.40	+0.25	+0.02
Imports (exc. SPR, mb/d)	0.98	+0.20	+0.18
Product Supplied (mb/d)	8.62	+0.20	0.00
Exports (mb/d)	0.92	+0.14	+0.08

Propane

	4/26/2024	w/w	y/y
Stocks (mb)	56.92	+0.25	-1.37
Fractionated	31.54	+0.78	
Production (mb/d)	2.80	-0.03	+0.32
Imports (exc. SPR, mb/d)	0.08	-0.01	+0.01
Product Supplied (mb/d)	1.16	+0.72	+0.05
Exports (mb/d)	1.69	-0.65	+0.15

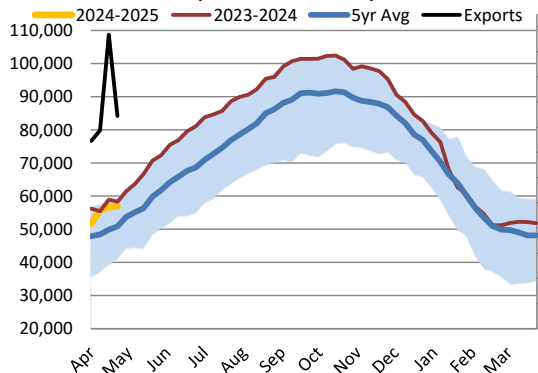


Distillate stocks were expected to see a small build, and instead saw a counter-seasonal draw of 0.73mb amid weaker production and stronger demand. With the drop in refining activity last week, distillate production fell by 0.27mb/d to an average of 4.51mb/d, which is slightly lower than last year. Additionally, implied demand rose by 0.13mb/d to 3.68mb/d. While this is 0.19mbd lower than last year, it is also near last year's 3.72mb/d rate for the same week. Net exports fell by 0.06mb/d as exports slowed by 0.10 to 1.04mb/d and imports slipped 0.04mb/d lower to 0.10mb/d. US inventories are 5.0% higher than last year's weak levels, but still 7.8% below normal for this point early in the building season. The East Coast saw 0.38mb of the 0.73mb weekly stock draw, leaving PADD 1 levels at 27.17mb. This is 0.4% higher than last year, but also 23.6% lower than last year. A carry has developed in the front of the NYMEX HO (ULSD) futures forward curve, from the June front-month through the November 2024 contract, with the spread at about four cents this afternoon. This market structure provides economic incentives for storage operations.

Gasoline inventories saw a surprise, counter-seasonal build last week, albeit a small one at 0.34mb. The rise came amid stronger production and imports, despite increases in both exports and implied demand. Exports rose by 0.14mb/d and implied demand picked up by 0.20mb/d, consistent with the seasonal pattern, but a 0.20mb/d jump in imports offset that, and a 0.25mb/d jump in production left the market balance looser. Adding to the bearish nature of this week's gasoline data is that the East Coast saw a 1.68mb build. That left regional inventories at 53.60mb, which is now 1.2% higher than last year - but still 11.0% weaker than normal. Overall US stock levels are 1.9% higher than last year but 2.9% below the five-year average.

We saw a much smaller than predicted propane/propylene stock build amid a sharp rebound in implied demand. The agency had reported an odd decline of nearly 1mb/d in the week prior, and this week's 0.72mb/d jump to 1.16mb/d puts demand back in-line with levels that we saw last year at this time. Meanwhile, net exports were reported to have slowed by 28% or 0.64mb/d, to 1.61mb/d. This series also seems to be fairly jumpy. Despite the drop in exports Gulf Coast stocks were reported to have seen a 1.17mb draw, leaving them at 34.46mb. This is still 3% higher than normal, and US inventories overall enjoy a 12% surplus over the weekly five-year average. Fractionated and ready for sale inventories rose by 0.78mb to 31.54mb last week, due to large increases of about 0.71mb in both the Midwest and on the East Coast, whereas Gulf Coast stocks fell by 0.70mb.

Total U.S. Propane/Propylene Stocks (Thousand Barrels)



Total U.S. Gasoline Stocks (Thousand Barrels)

