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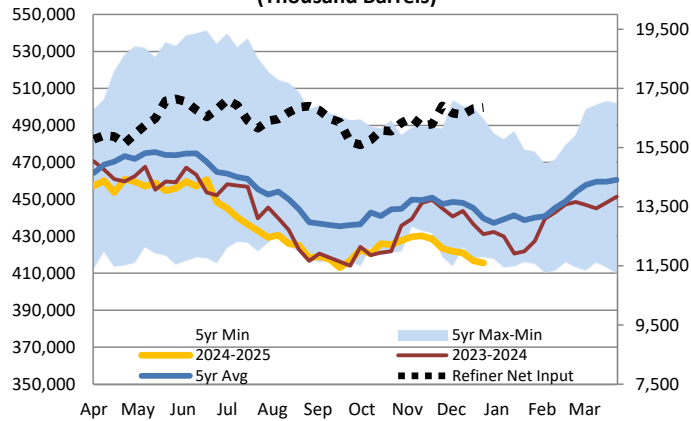
Inventory Snapshot

	Est.	API	EIA	vs. 1yr	vs. 5yr
Crude	-2.60	-1.44	-1.18	-3.6%	-4.9%
Distillates	+0.03	+5.72	+6.41	-2.4%	-8.2%
Gasoline	+0.01	+2.16	+7.72	-2.4%	-2.4%
Propane	-3.23	-	-0.55	+2.9%	+8.8%
Cushing, OK	-	+0.31	-0.14	-35.0%	-41.3%
Ref. Util.	+0.15	-	+0.20	-0.9%	+5.4%

Crude Oil

	12/27/2024	w/w	y/y
Stocks (mb)	415.60	-1.18	-15.46
Cushing, OK	22.54	-0.14	-12.14
Days Supply (days)	24.65	-0.13	-1.19
Production (mb/d)	13.57	-0.01	+0.37
Imports (exc. SPR, mb/d)	6.93	+0.46	+0.03
Refinery Runs (mb/d)	16.86	+0.04	+0.18
Refinery Utilization (%)	92.70	+0.20	-0.80
Exports	3.85	+0.13	-1.44

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



This week's inventory report was bearish all around. The EIA reported smaller than predicted draws from crude oil and propane/propylene stocks, and large, surprise builds in both distillate and gasoline inventories. Futures prices showed a muted reaction to the figures, however, and we continued to see sizeable gains on NYMEX following the release of the report.

Commercial crude oil inventories saw a smaller than predicted, seasonal draw despite increased net imports. Stocks fell by 1.18mb rather than the 2.60mb predicted by analysts, but current levels of 415.60mb still represent another weekly five-year low. US stock levels are 3.6% weaker than last year and 4.9% below the five-year average for this time of year. There is typically an inflection point around now, with inventories starting to build as refining activity historically wanes. The Cushing, OK hub saw a small draw of 0.14mb last week, but this was a counter-seasonal draw and storage levels are very low compared to normal. We are at a 35% year-on-year deficit, and the deficit to the weekly five-year average is even wider at 41.3%. Consistent with these data, the Brent-WTI spread is relatively narrow at \$3.40/bbl. The spread between the front month and the 12th month out on the NYMEX WTI futures forward curve has been widening, from a recent low of \$1.63 to as high as \$4.39/bbl this today. This backwardation (the front month is trading at a premium to out months) has been increasing with the recent rally, as near-month prices tend to move faster relative to the out months. This market structure provides economic disincentives for storage operations.

US oil imports rebounded by 0.46mb/d to average 6.93mb/d last week, which is about flat to last year. Exports picked up by 0.13mb/d, offsetting some of this move, but remain weak at 3.85mb/d as we saw 1.44mb/d higher exports last year. Refining activity saw a counter-seasonal rise last week, with the utilization rate increasing by a higher-than-expected 0.20 percentage points to 92.7%. This pushed runs up by 0.04 to 16.86mb/d, which is 0.18mb/d higher than last year and matches the weekly five-year high. With these strong runs, despite near-record production of 13.57mb/d, inventories are weak.

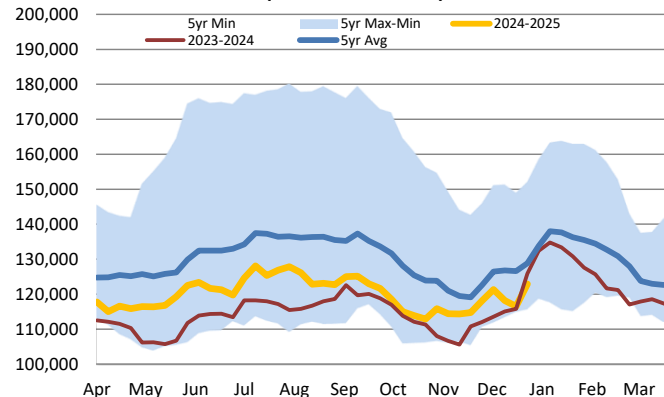
Distillates

	12/27/2024	w/w	y/y
Stocks (mb)	122.87	+6.41	-2.99
East Coast	36.63	+2.33	+4.61
New England	5.30	+0.53	+0.37
Mid-Atlantic	18.22	-0.37	+2.24
Production (mb/d)	5.37	+0.10	+0.14
Imports (mb/d)	0.20	+0.02	+0.00
Product Supplied (mb/d)	3.23	-1.02	+0.57
Exports (mb/d)	1.42	-0.02	+0.10

Ultra-Low Sulfur Diesel

	12/27/2024	w/w	y/y
Stocks (mb)	115.16	+6.76	-1.95
East Coast	35.40	+2.48	+4.56
Production (mb/d)	5.20	+0.11	+0.15
Imports (mb/d)	0.20	+0.02	+0.00
Product Supplied (mb/d)	4.43	-1.07	+0.68

**U.S. Distillate Stocks
(Thousand Barrels)**



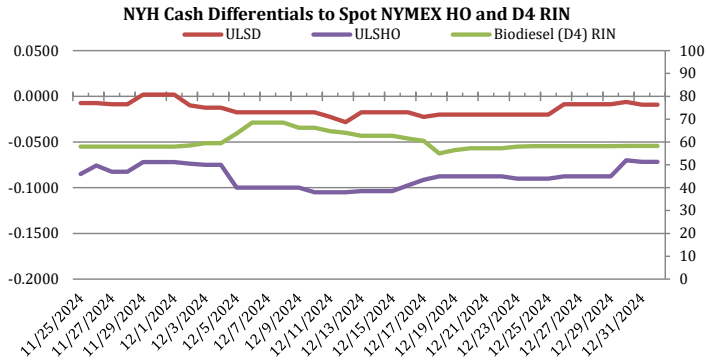


Gasoline

	12/27/2024	w/w	y/y
Stocks (mb)	231.38	+7.72	-5.57
East Coast	58.57	+1.89	+0.17
Production (mb/d)	8.96	-0.96	+0.21
Imports (exc. SPR, mb/d)	0.67	+0.01	+0.01
Product Supplied (mb/d)	8.17	-0.84	+0.21
Exports (mb/d)	0.98	-0.08	+0.07

Propane

	12/27/2024	w/w	y/y
Stocks (mb)	85.04	-0.55	+2.40
Fractionated	55.58	0.00	
Production (mb/d)	2.69	+0.02	+0.05
Imports (exc. SPR, mb/d)	0.15	+0.02	0.00
Product Supplied (mb/d)	0.83	-0.91	-0.53
Exports (mb/d)	2.09	+0.38	+0.37

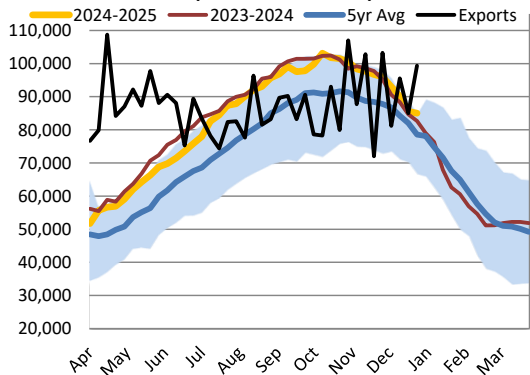


Distillates saw a very large and unexpected, but seasonal build of 6.41mb. The build matched the pattern that we saw last year at this time, and came amid a sharp decline in implied demand and a respectable increase in production. Implied demand tumbled 1.02mb/d lower to 3.23mb/d, but this was more of a return to normalcy from the previous two weeks' unusually high levels. Net exports were steady at 1.22mb/d. Production increased by 0.10 to 5.37mb/d, also helping towards the build, and this is 0.14mb/d higher than last year. Adding to the bearish nature of the data, the East Coast saw a healthy share of the weekly build, with PADD 1 inventories rising by 2.33 to 36.63mb. This is 14.4% higher than last year, but still 13.6% below normal. Below-normal temperatures are expected across much of the country over the next two weeks.

Gasoline stocks saw an even larger, unexpected build of 7.72mb, but this was very much a seasonal increase. Implied demand fell by 0.84 to 8.17mb/d, helping towards the build, but production saw a sharper drop of 0.96 to 8.96mb/d. At 115.16mb, US gasoline inventories are 2.4% lower than last year and 2.4% below normal, with about 5 weeks left in the building season. East Coast stocks are 0.3% higher than they were last year at this time, but that is still 5.8% below the five-year average. PADD 1 inventories tend to build through mid-February.

We saw a much smaller than expected dip of 0.55mb in combined propane and propylene stocks, with weaker demand and stronger production, despite increased exports. Implied demand reported dropped 0.91mb/d lower to 0.83mb/d, which is well below last year's rate of 1.36mb/d during the same week. Additionally, production increased to 2.69mb/d, above last year's already strong rate of 2.64mb/d. Net exports, however, increased by 22.5% or 0.36mb/d to average 1.94mb/d, which is higher than the 1.57mb/d we saw one year ago. US inventories remain in good shape for this time of year. Cold temperatures are expected in the 6-10 and 11-15 day periods, and Selkirk, NY differentials have perked up over the last two sessions.

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



Total U.S. Gasoline Stocks (Thousand Barrels)

