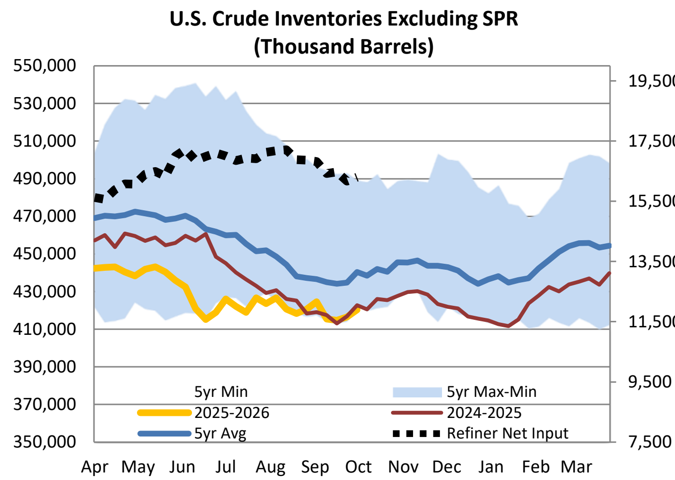
Hedge Solutions

Petroleum Status Report

Inventory Snapshot

	Est.	API	EIA	vs. 1yr	vs. 5yr
Crude	+0.60	+2.80	+3.72	-0.6%	-4.6%
Distillates	-0.65	-1.80	-2.02	+2.6%	-4.3%
Gasoline	-1.23	-1.20	-1.60	+2.0%	-0.3%
Propane	+1.24	-	-2.88	+0.7%	+9.6%
Cushing, OK	-	-1.20	-0.76	-8.9%	-31.3%
Ref. Util.	-1.07	-	+1.00	+6.6%	+8.9%



Crude Oil

	10/3/2025	w/w	y/y
Stocks (mb)	420.26	+3.72	-2.48
Cushing, OK	22.70	-0.76	-2.21
Days Supply (days)	25.79	+0.02	-1.33
Production (mb/d)	13.63	+0.12	+0.23
Imports (exc. SPR, mb/d)	6.40	+0.57	+0.16
Refinery Runs (mb/d)	16.30	+0.13	+0.71
Refinery Utilization (%)	92.40	+1.00	+5.70
Exports	3.59	-0.16	-0.20

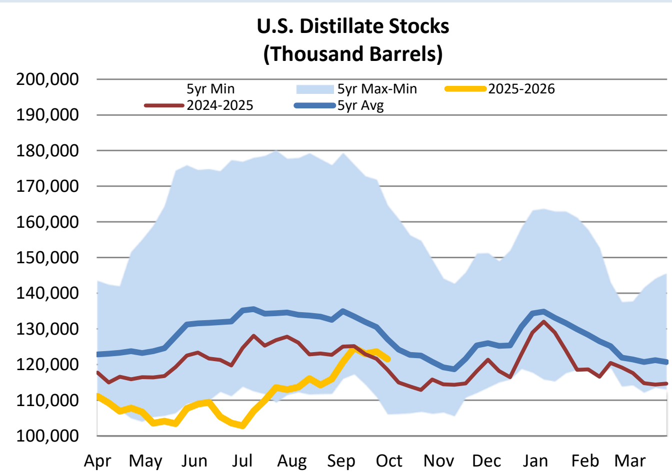
This morning's EIA report was bearish for crude oil but neutral to supportive for gasoline, and bullish for distillates and propane. The agency reported a larger-than-estimated build in commercial crude stocks, but a slightly larger-than-predicted draw from gasoline stockpiles and a significantly larger drop in distillate stocks, as well as a surprise withdrawal from combined propane and propylene inventories. Following the release of the report, WTI crude futures pared gains but recovered quickly to trade 1.8% higher as of this writing. Both ULSD and RBOB futures were up 1.1%.

Crude oil inventories shot up by 3.72mb last week on stronger production and imports, as well as reduced export activity. Production rose 0.12mb/d to 13.63mb/d and this is 0.23mb/d higher than during the same week last year. Imports jumped 0.57mb/d higher, also helping towards last week's build, averaging 6.40mb/d. On the other side of the supply-demand equation, exports fell by 0.16mb/d to 3.59mb/d and are 0.20mb/d lower than last year. Helping limit the size of last week's build was a 0.13mb/d increase in refinery runs, averaging 16.30mb/d, which is 0.71mb/d higher than last year and even further above the weekly five-year average of 15.02mb/d.

Stocks are still near the bottom of the weekly five-year range and last week's seasonal build kept them within it. Current levels are 0.6% lower than last year's weak levels and 4.6% below the five-year average. Whereas US inventories saw an overall build, the Cushing, OK hub saw a weekly draw. Inventories at Cushing fell by 0.76 to 22.70mb, which is 8.9% lower than last year and a very sharp 31.3% below their five-year average for this time of year. The backwardation in NYMEX WTI futures forward curve has eased with the spread between the front month contract and the 12th month out currently at just $1.31/bbl today.

Distillates

	10/3/2025	w/w	y/y
Stocks (mb)	121.56	-2.02	+3.05
East Coast	30.19	-0.52	-3.44
New England	4.06	+0.03	-1.04
Mid-Atlantic	14.84	+0.27	-2.64
Production (mb/d)	5.17	+0.21	+0.18
Imports (mb/d)	0.13	+0.01	+0.03
Product Supplied (mb/d)	4.35	+0.73	+0.32
Exports (mb/d)	1.24	-0.13	-0.26



Ultra-Low Sulfur Diesel

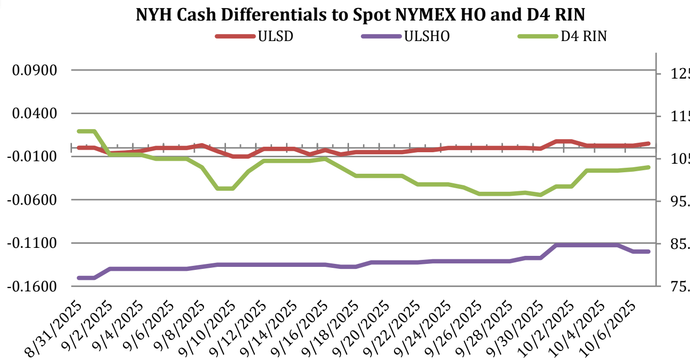
	10/3/2025	w/w	y/y
Stocks (mb)	110.60	-1.98	+1.59
East Coast	28.86	-0.47	-3.44
Production (mb/d)	5.04	+0.27	+0.23
Imports (mb/d)	0.13	+0.01	+0.03
Product Supplied (mb/d)	5.45	+0.66	+0.01

Gasoline

	10/3/2025	w/w	y/y
Stocks (mb)	219.09	-1.60	+4.19
East Coast	55.01	-1.10	-4.65
Production (mb/d)	9.75	+0.41	-0.48
Imports (exc. SPR, mb/d)	0.63	-0.04	+0.20
Product Supplied (mb/d)	8.92	+0.40	-0.73
Exports (mb/d)	0.91	-0.01	-0.04

Propane

	10/3/2025	w/w	y/y
Stocks (mb)	100.50	-2.88	+0.73
Fractionated	62.55	-1.90	-6.51
Production (mb/d)	2.86	-0.04	+0.16
Imports (exc. SPR, mb/d)	0.09	-0.05	-0.03
Product Supplied (mb/d)	1.47	+0.94	+0.48
Exports (mb/d)	1.89	-0.12	+0.34



Distillate stocks saw a larger than predicted but seasonal draw of 2.02mb, with stronger implied demand, despite lower exports and a jump in production. Implied demand shot up 0.73 to 4.35mb/d, which is 0.32mb/d higher than last year at this time and also above the five-year average at 4.04mb/d for the reporting week. Helping limit the size of a draw was a 0.13mb/d dip in exports, which fell to 1.24mb/d (0.26mb/d lower than last year) and a 0.21mb/d rise in production, which averaged 5.17mb/d (0.18mb/d higher than a year ago). At 121.56mb, US distillate inventory levels are 2.6% higher than last year, but still 4.3% below the five-year average. The East Coast saw 0.52mb of last week's 2.02mb draw. Regional inventories, at 30.19mb, are 10.2% weaker than last year and at an even sharper deficit of 19.4% to the five-year average for this point in the heating season. The ULSD futures forward curve remains backwardated, with the front-month November contract trading at $2.2890/g as of this writing and the October 2026 contract trading at $2.1877/g. This market structure provides economic headwinds for storage operations.

Gasoline stock levels fell 1.60mb last week, above expectations at 1.23mb. The drop came as implied demand rose, despite a similar jump in production. Implied demand jumped 0.40mb/d higher to 8.92mb/d, but this is still 0.73mb/d lower than last year. On the other end of the equation, production rose 0.41mb/d to 9.75mb/d, which is 0.48mb/d below last year's levels. US inventory levels are now 0.3% below the normal but 2.0% stronger than last year. The East Coast saw a large share of the draw last week. Stocks in the region fell 1.10mb to 55.01mb, which is 7.8% lower than last year and 4.8% below the five-year average.

This week's report was bullish for propane, as we saw a surprise draw of 2.88mb, against expectations calling for a 1.24mb build. The draw came amid stronger implied demand. Product supplied jumped 0.94mb/d to average 1.47mb/d, 0.48mb/d higher than last year. Production fell marginally to average 2.86mb/d, which is higher than last year's already strong rate of 2.70mb/d. The draw could have been larger if net exports had not decreased by 0.07mb/d to average 1.80mb/d. Gulf Coast stocks saw a draw of 1.28mb to 60.16mb and are 16.6% higher than normal. Midwestern inventories fell by 0.50mb to 26.82mb but are still 1.9% stronger than normal. East Coast stocks fell 1.01mb to 8.04mb (1.4% lower than normal). Fractionated and ready for sale US propane inventories also fell last week, by 1.90 to 62.55mb.