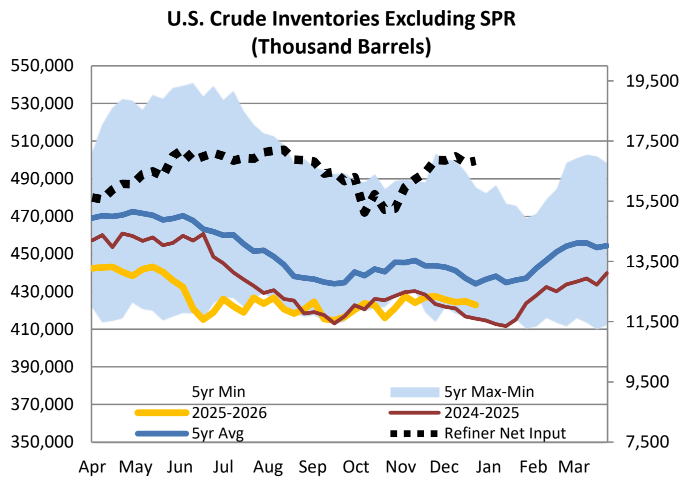
Hedge Solutions

Petroleum Status Report

Inventory Snapshot

	Est.	API	EIA	vs. 1yr	vs. 5yr
Crude	+0.25	+1.70	-1.93	+1.8%	-2.6%
Distillates	+1.29	+1.00	+4.98	+0.7%	-5.3%
Gasoline	+0.83	+6.20	+5.85	+1.3%	+0.6%
Propane	-1.52	-	+0.79	+18.0%	+29.7%
Cushing, OK	-	+0.80	+0.54	-1.9%	-38.2%
Ref. Util.	-0.43	-	+0.10	+2.2%	+8.5%



Crude Oil

	12/26/2025	w/w	y/y
Stocks (mb)	422.89	-1.93	+7.29
Cushing, OK	22.11	+0.54	-0.43
Days Supply (days)	25.10	-0.22	+0.45
Production (mb/d)	13.83	+0.00	+0.25
Imports (exc. SPR, mb/d)	4.95	-1.13	-1.97
Refinery Runs (mb/d)	16.85	+0.07	-0.01
Refinery Utilization (%)	94.70	+0.10	+2.00
Exports	3.44	-0.18	-0.41

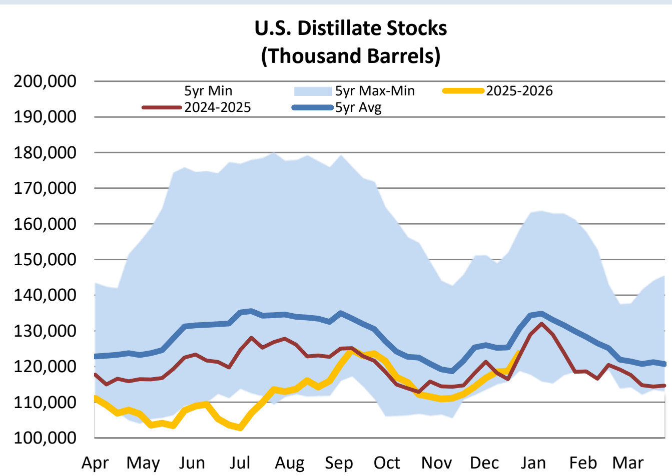
The EIA inventory report for the week ended December 26 was bullish for crude oil, but bearish for distillates, gasoline, and propane. The agency reported a surprise draw from commercial crude oil inventories, but significantly higher-than-predicted builds in both distillates and gasoline stocks and a surprise increase in propane/propylene stockpiles. Crack spreads were narrowing as of this writing, which is consistent with this data.

Commercial crude oil inventories saw a surprise draw of 1.93mb amid stronger refinery runs and lower net imports. Stocks fell to 422.89mb, which is 1.8% higher than last year, but still 2.6% below the five-year average. There is typically an inflection point around now, with inventories starting to build as refining activity historically wanes. The Cushing, OK hub saw a build of 0.54mb last week, but storage levels are still very low compared to normal. We are at a 1.9% year-on-year deficit, and the deficit to the weekly five-year average is at a wide 38.2%.

US oil imports dropped 1.13mb/d lower to average 4.95mb/d last week, which is 1.97mb/d lower than last year. Exports fell by just 0.18mb/d, offsetting only a small fraction of this move, and remain weak at 3.44mb/d as we saw 0.41mb/d higher exports last year. Refining activity saw a counter-seasonal rise last week, with the utilization rate increasing by 0.10 percentage points to 94.7%, where forecasts called for a 0.43 percentage point dip. This pushed runs up by 0.07 to 16.85mb/d, which matches last year's numbers but is still much higher than the weekly five-year average at 15.52mb/d.

Distillates

	12/26/2025	w/w	y/y
Stocks (mb)	123.68	+4.98	+0.81
East Coast	31.09	+2.61	-5.54
New England	4.82	+0.73	-0.48
Mid-Atlantic	14.28	+0.18	-3.94
Production (mb/d)	5.23	-0.08	-0.14
Imports (mb/d)	0.28	+0.10	+0.09
Product Supplied (mb/d)	3.38	-0.78	+0.15
Exports (mb/d)	1.43	+0.12	+0.01



Ultra-Low Sulfur Diesel

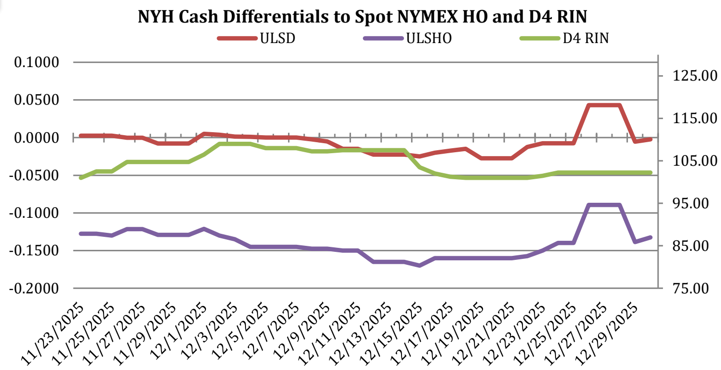
	12/26/2025	w/w	y/y
Stocks (mb)	113.13	+4.92	-2.03
East Coast	29.88	+2.55	-5.52
Production (mb/d)	5.06	-0.09	-0.14
Imports (mb/d)	0.28	+0.11	+0.09
Product Supplied (mb/d)	4.64	-0.63	+0.21

Gasoline

12/26/2025		w/w	y/y
Stocks (mb)	234.33	+5.85	+2.95
East Coast	56.22	+3.21	-2.35
Production (mb/d)	9.47	-0.35	+0.51
Imports (exc. SPR, mb/d)	0.53	-0.14	-0.14
Product Supplied (mb/d)	8.56	-0.38	+0.40
Exports (mb/d)	0.90	-0.06	-0.08

Propane

12/26/2025		w/w	y/y
Stocks (mb)	100.32	+0.79	+15.28
Fractionated	62.23	-1.20	+6.65
Production (mb/d)	2.85	+0.07	+0.16
Imports (exc. SPR, mb/d)	0.18	+0.01	+0.03
Product Supplied (mb/d)	1.22	+0.31	+0.40
Exports (mb/d)	1.69	-0.42	-0.40



Distillates saw a very large and higher-than-expected, but seasonal build of 4.98mb. The build came amid a sharp decline in implied demand which tumbled 0.78mb/d lower to 3.38mb/d, but this is still 0.15mb/d higher than last year. Net exports were little changed at 1.15mb/d. Helping limit the size of the build was a 0.08mb/d dip in production which averaged 5.23mb/d – 0.14mb/d lower compared to 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 2.61mb to 31.09mb. However, this is still 15.1% lower than last year and 24.4% below normal. Below-normal temperatures are expected in the Northeast and parts of the Midwest over the next five days.

Gasoline stocks saw an even larger build of 5.85mb, but this was very much a seasonal increase. Implied demand fell by 0.38mb/d to 8.56mb/d, helping towards the build, but production saw a drop of 0.35mb/d to 9.47mb/d and imports fell by 0.14mb/d to 0.53mb/d. At 234.33mb, US gasoline inventories are 1.3% higher than last year and 0.6% above normal, with about 5 to 6 weeks left in the building season. East Coast stocks, however, are 4.0% lower than they were last year at this time and 7.8% below the five-year average. PADD 1 inventories tend to build through mid-February.

We saw a surprise and counter-seasonal build in propane and propylene stocks. Whereas an OPIS survey put expectations at a 1.52mb draw, the EIA reported a 0.79mb build, with weaker exports and stronger production, despite increased demand. Implied demand rose 0.31mb/d to 1.22mb/d, which is well above last year's rate of 0.82mb/d during the same week. On the other side of the equation, production increased to 2.85mb/d, above last year's already strong rate of 2.69mb/d. Net exports fell by 22% or 0.43mb/d to average 1.52mb/d, which is well below the 1.94mb/d we saw one year ago. US inventories remain in great shape for this time of year – 18.0% higher than last year and 29.7% above the norm. Gulf Coast inventories shot up 2.01mb to 63.98mb and are now 48.9% higher than the five-year average. On the other hand, Inventories in the Midwest fell by 0.86mb to 23.64mb (7.6% above the norm) and East Coast stocks fell by 0.28mb to 7.73mb (0.3% below the norm).