Hedge Solutions

Petroleum Status Report

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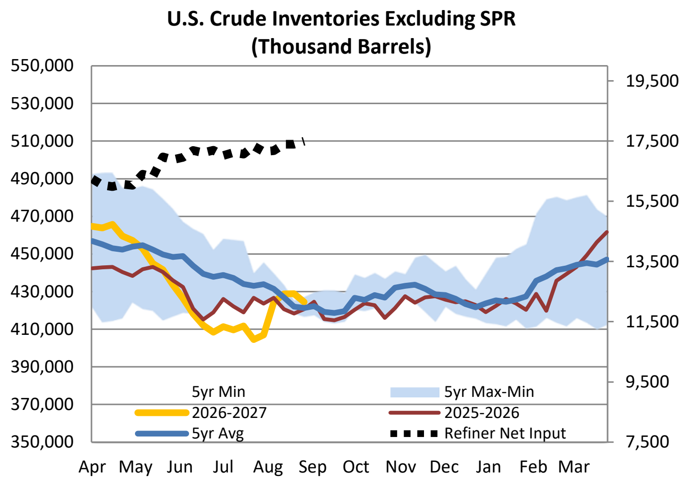
Inventory Snapshot

	Est.	API	EIA	vs. 1yr	vs. 5yr
Crude	-0.33	-2.60	-4.45	+0.9%	+0.7%
Distillates	-0.74	-0.27	+0.80	-10.1%	-13.6%
Gasoline	-1.74	+0.35	-1.17	-5.9%	-5.4%
Propane	+1.42	-	-2.07	+11.7%	+24.3%
Cushing, OK	-	+0.20	+0.08	-7.1%	-19.2%
Ref. Util.	-0.13	-	+0.60	+3.9%	+8.0%



Crude Oil

	8/28/2026	w/w	y/y
Stocks (mb)	424.46	-4.45	+3.75
Cushing, OK	22.51	+0.08	-1.71
Days Supply (days)	24.26	-0.40	-0.68
Production (mb/d)	13.86	+0.02	+0.44
Imports (exc. SPR, mb/d)	6.77	+0.61	+0.03
Refinery Runs (mb/d)	17.50	+0.10	+0.63
Refinery Utilization (%)	98.00	+0.60	+3.70
Exports	4.48	+0.69	+0.60

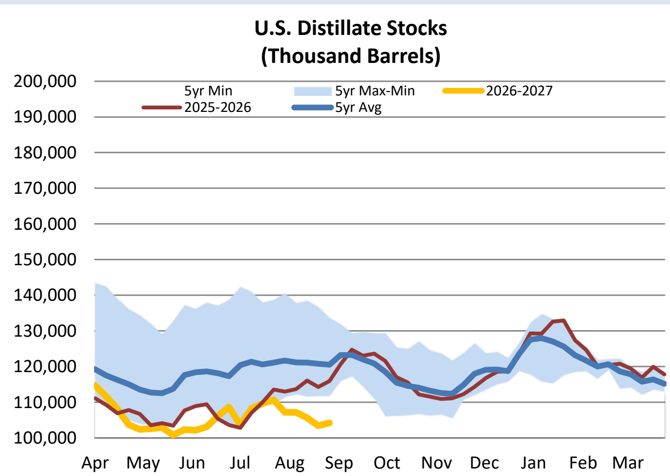
The inventory report released this morning by the EIA was bullish for crude oil and propane, but bearish for distillates and unsupportive for gasoline. The agency reported a higher-than-expected draw from crude oil inventories and a surprise draw from propane stockpiles, but an unexpected build in distillates stocks and a lower-than-predicted draw from gasoline stockpiles. As of this writing, WTI crude futures were seeing a gains of 0.8%, while RBOB and ULSD futures were up just 0.1% and 0.2%, respectively.

Commercial crude oil inventories saw a seasonal and higher-than expected draw amid higher exports and refinery runs, despite an increase in imports. Stock levels fell by 4.45mb to 424.46mb, which is only 0.9% higher than last year's levels and represents a 0.7% surplus to the historical average. Cushing, OK saw a 0.08mb build last week, leaving stocks at 22.51mb. This is now 7.1% lower than last year and 19.2% below normal for this time of year. The Brent-WTI spread has been widened slightly over the last month from around $3.43/bbl at the beginning of August to about $4.57/bbl today.

Exports jumped 0.69mb/d higher to 4.48mb/d, but the majority of this was offset by an increase in imports of 0.61mb/d to 6.77mb/d. Refining activity – expected to drop by 0.13 percentage points – instead rose by 0.60pp to 98.00% last week. Refinery runs rose by 0.10mb/d to 17.50mb/d – 0.63mb/d higher than last year's numbers and even further above the five-year average at 16.13mb/d. On the other side of the equation, production rose marginally to 13.86mb/d, which is 0.44mb/d higher than last year.

Distillates

	8/28/2026	w/w	y/y
Stocks (mb)	104.19	+0.80	-11.74
East Coast	19.32	-1.69	-9.42
New England	2.26	-0.16	-1.36
Mid-Atlantic	10.27	-0.10	-3.73
Production (mb/d)	5.13	-0.01	-0.13
Imports (mb/d)	0.11	-0.06	+0.02
Product Supplied (mb/d)	3.39	-0.45	-0.38
Exports (mb/d)	1.74	-0.05	+0.39



Ultra-Low Sulfur Diesel

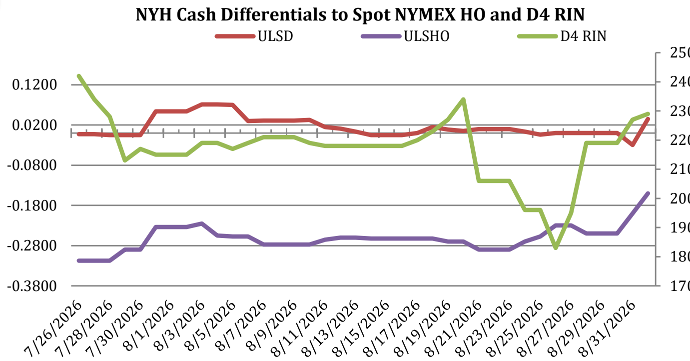
	8/28/2026	w/w	y/y
Stocks (mb)	94.18	+0.59	-12.16
East Coast	18.43	-1.65	-9.24
Production (mb/d)	4.95	-0.01	-0.06
Imports (mb/d)	0.11	-0.06	+0.02
Product Supplied (mb/d)	4.98	-0.46	+0.05

Gasoline

	8/28/2026	w/w	y/y
Stocks (mb)	205.67	-1.17	-12.87
East Coast	52.57	+0.32	-2.88
Production (mb/d)	9.85	+0.07	-0.03
Imports (exc. SPR, mb/d)	0.37	-0.20	-0.21
Product Supplied (mb/d)	8.92	-0.12	-0.20
Exports (mb/d)	0.93	+0.04	-0.05

Propane

	8/28/2026	w/w	y/y
Stocks (mb)	107.41	-2.07	+11.28
Fractionated	74.58	-1.25	+14.88
Production (mb/d)	2.92	-0.01	+0.05
Imports (exc. SPR, mb/d)	0.07	-0.02	-0.01
Product Supplied (mb/d)	1.13	+0.49	+0.42
Exports (mb/d)	2.15	+0.14	+0.37



Distillate stocks saw a build of 0.80mb rather than an expected draw, as demand and exports declined, even as imports fell. Implied demand fell by 0.45mb/d to average 3.39mb/d, which is 0.38mb/d lower than last year. Exports ticked 0.05mb/d lower to average 1.74mb/d, which is still 0.39mb/d stronger than last year. On the other hand, imports fell by 0.06mb/d to 0.11mb/d. Although we saw an overall stock build, a bullish detail in this week's data is that the East Coast saw a 1.69mb draw. This left regional inventories at 19.32mb, which is 32.8% weaker than last year and at an even sharper deficit of 41.0% to the five-year average. Overall, US inventories are 10.1% lower than last year and 13.6% weaker than the normal.

Gasoline inventories fell 1.17mb with higher net exports, despite higher production and lower implied demand. Net exports increased as exports rose by just 0.04mb/d to 0.93mb/d and imports fell by 0.20mb/d to 0.37mb/d. Helping limit the size of the draw was a 0.12mb/d dip in implied demand which averaged 8.92mb/d – 0.20mb/d weaker than the same week last year. Moreover, production rose by 0.07mb/d to 9.85mb/d, which is about flat to last year. A bearish detail is that East Coast stock levels rose by 0.32mb to 52.57mb, which is now 5.2% lower than last year and 5.3% below the normal. US inventories tend to continue to draw down through sometime in November.

We saw a surprise 2.07mb draw from propane/propylene inventories amid stronger implied demand and exports. Product supplied jumped 0.49mb/d higher to an average of 1.13mb/d – 0.42mb/d higher than last year. Net exports increased by 0.16mb/d to 2.08mb/d with increased outflows of 2.15mb/d. Production fell marginally, averaging 2.92mb/d. The Gulf Coast saw the largest share of last week's draw, as regional inventories dropped 1.43mb lower to 68.18mb. Midwest inventories fell 0.47mb to 26.18mb and East Coast stock levels fell by 0.28mb to 7.86mb. Fractionated and ready for sale inventories saw a smaller decline this week of 1.25mb to 74.58mb – still 25% higher than a year ago.