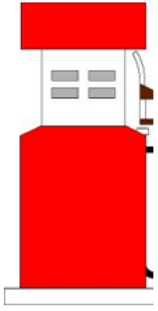


Energy Market Update, February 19, 2025

NYMEX Prices



Product	Month	Close	Wk. Change
Crude Oil	Mar 25	72.25	+0.88
RBOB Gas	Mar 25	2.0865	-0.0031
NYH ULSD	Mar 25	2.4565	+0.0045
Nat. Gas	Mar 25	4.280	+0.715

Market Comments: Crude and diesel settle higher Wednesday

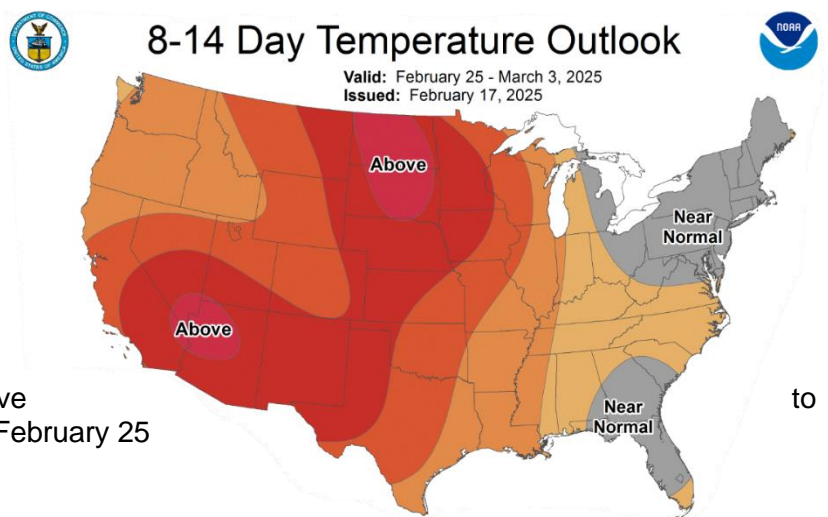
Oil and fuel prices remained mostly higher today amidst current uncertainties. However, a number of potential outcomes could be bearish: the delayed tariffs on Canada and Mexico coming to fruition next month, additional OPEC+ barrels coming to the market beginning in April (if they do begin unwinding production cuts), and conversations between U.S. and Russia aimed at beginning negotiations for a peace deal between the Russia and Ukraine. Britain's inflation rate was also reported higher today, jumping unexpectedly to 3% after being at a three-year low in September of 1.7%, with higher fuel costs being one contributor to the bounce back. Their outlook for growth isn't good, with higher global energy costs expected to keep pushing up inflation numbers above 3% for the U.K. this year. The Federal Reserve's meeting minutes confirmed they are concerned about tariffs and other policy changes from the new administration keeping inflation above their 2% target as well, alluding to interest rates holding higher.

Natural gas prices were very strong today as cold weather has settled in over Canada and the U.S. and Europe imports high levels of LNG.

Tomorrow's delayed inventory reports are expected to show a build to crude stocks when they are released at noon Eastern/11 central time. Distillate estimates are showing a draw and gasoline stocks building. This afternoon's API numbers will provide another layer of insight into what tomorrow's figures from the EIA may present the markets.

Moderating temperatures in late February and early March could decrease heating demands, removing one of the energy's market main support factors, and possibly help to soften energy prices in the coming weeks

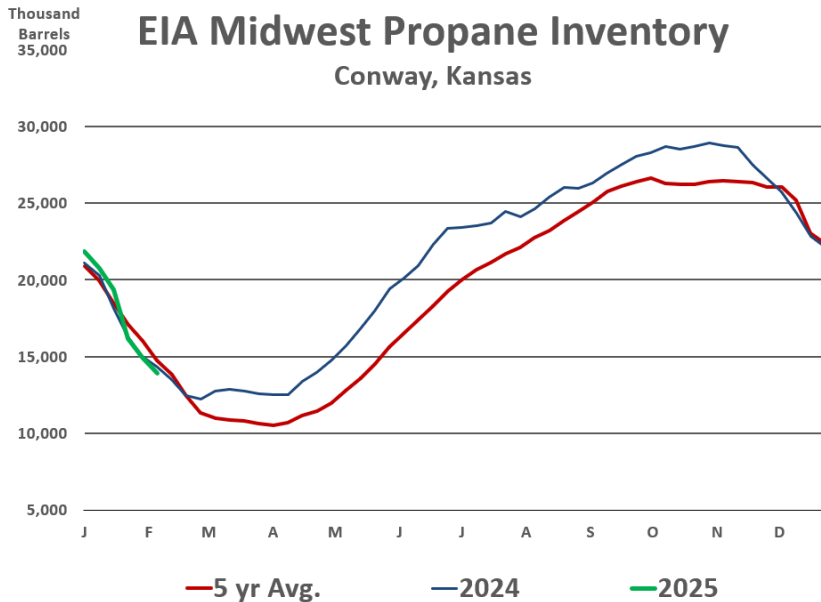
- According to NOAA's latest 8-14 Day Temperature Outlook, the western half and much of the eastern half of the country is expected to witness above well-above normal temperatures from February 25 through March 3.
- In addition, New England and part of the Southeast will likely experience near normal temperatures.



The forecast represents a significant warmup from the well-below normal temperatures that much of the country is currently seeing.

As the end of the winter heating season nears, a quick peek at PADD 2 (Midwest) LP inventories appears warranted.

Midwest propane stocks, according to the latest data from the DOE, were reported last week to have fallen by 1.1M bbls or 7% to just below 14M bbls.



PADD 2 stocks are at a near ten-month low after having fallen for the past 14 consecutive weeks.

Midwest LP stocks, currently are more than 400,000 bbls or nearly 3% below a year ago and 8% below the five-year avg.

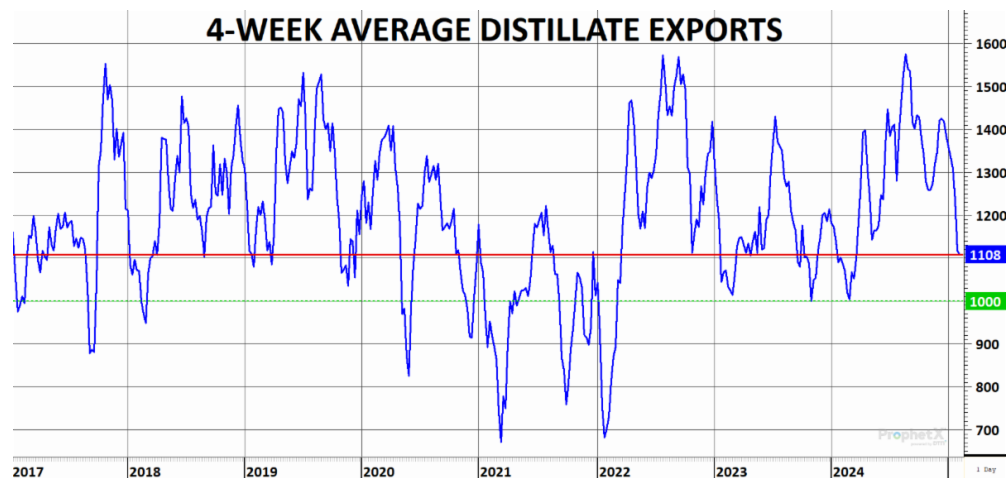
In addition, PADD 2 LP inventories, if they equal their five-year average withdrawal over the remainder of the heating season (8 weeks), could drop 4.2 M bbls or more than 530,000 bbls/week to 9.7M bbls, a three-year low.

In addition, total LP inventories currently are nearly 3.5% above year ago levels and ~0.5% below the five-year average despite the some of the coldest weather seen in years so far this winter.

Why it matters: Inventory levels, esp. end of season levels, can often present a picture on how prices can move going forward. End of season inventory levels, whether **high** (weaker prices) or **low** (stronger prices) can help provide insight into next season's (F/W 25-26) potential price levels.

Decreasing distillate exports could conceivably loosen supplies, potentially build inventories, and possibly help to soften #2 diesel prices in the coming months.

- Four-week average US distillate exports, according to the EIA, last week decreased by 100,000 bbls/d or nearly nine percentage points to an eleven-month low at 1.11M bbls/d.
- 4-wk avg. distillate exports have dropped by 250,000 bbls/d or nearly 19% since the start of this year as cold weather demands has limited exports.



- Exports have now fallen for 20 consecutive weeks and are now ~100,000 bbls/d or less than 10% of being at a three-year low.
- Forecasts for cold weather in the coming weeks point toward even lower exports as elevated domestic demands make it more attractive to keep diesel supplies from flowing overseas.