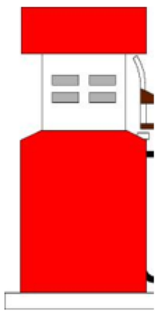

Energy Market Update, December 11, 2024

NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	Jan 25	70.29	+1.75
RBOB Gas	Jan 25	1.9858	+0.0467
NYH ULSD	Jan 25	2.2233	+0.0559
Nat. Gas	Jan 25	3.378	+0.335

Market Comments: **Petroleum futures extend gains.**

After Energy markets posted gains for a third consecutive day as China's plans to initiate changes to its monetary policy into next year had traders bullish demand will recover. Crude settled at a 2-week high, while gasoline and distillate settlements managed +1-week highs.

Capping gains are revisions downward on forecasted demand for 2024 and 2025 by energy agencies. The most recent change came yesterday from OPEC+, which had previously been the most bullish about demand.

Weekly EIA data showed crude stocks down 1.5 million barrels and is providing a lift, even though gasoline and diesel inventories were up over 3 million bbls and 5 million bbls.

Spreading conflict in the Middle East is providing strength to energies as well, with Israel taking the fight to Syria as rebellion ensues.

	Crude				Gasoline				Distillate Fuel			
	Change	Total	3-Yr. Avg.	5-Yr. Avg.	Change	Total	3-Yr. Avg.	5-Yr. Avg.	Change	Total	3-Yr. Avg.	5-Yr. Avg.
EIA	-1.4	422.0	434	449	5.1	219.7	219	224	3.2	121.3	115	121
Est.	+6.900/-3.300				+4.000/-2.000				+3.000/+0.500			
Propane	Total 93.1 -3.0				Midwest 25.8 -0.9				Gulf Coast 53.3 -2.4			
API	Crude 0.5		Cushing -1.5		Gasoline 2.9				Distillates 2.5			

Chinese oil consumption nearing peak

- A year ago, China National Petroleum Corporation (CNPC) was projecting the tip of Chinese oil demand to occur by 2030.
- Just this week, CNPC indicated demand may peak as soon as next year.
- The rapid transition to EV's and move to LNG as an alternative fuel source for vehicles has intensified the move away from oil dependence.
- Sputtering economic conditions in the region have also contributed to the slow down in consumption.

Why it matters: While emerging economies will elevate oil demand into the near future, further slowing of oil consumption from world's largest importer of oil means the market may be oversupplied under current oil production forecasts for the future.

On the economic front, there are several supportive factors for prices:

- China will be further easing their monetary policy into next year to try and boost growth, which could lift their oil demand if effective.

- In the U.S., Friday's job's report beat expectations for November, adding 227,000 jobs following just 36,000 added in October. This has boosted optimism the Federal Reserve will lower interest rates again this month.

- The U.S. dollar index has drifted lower this month, alleviating some upside resistance to petroleum prices.

The projected oil supply surplus for next year continues to provide downside pressure on crude and refined product prices. The warmer forecast for the latter half of December has the propensity to weigh on the heating oil contract in particular.

Sanctioned Russian vessel numbers continue to grow

- The White House administration is considering additional sanctions on Russian cargoes.

- President Biden's team has shifted its stance on keeping sanctions level as market energy prices have stayed lower with demand being revised down into next year.

- The likely move also comes just a month ahead of a new regime in the White House.

Why it matters: Last ditch efforts are being made to influence Russia's ability to fund its war efforts in Ukraine ahead of next month's inauguration. Short-term we may see a change to Russian supply. Many questions abound on what US involvement will be in the Eastern European conflict going forward.