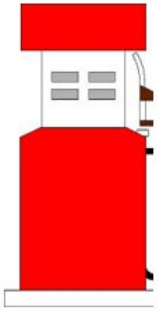


Energy Market Update, July 24, 2024

NYMEX Prices



Product	Month	Close	Wk. Change
Crude Oil	Sep 24	77.59	-5.26
RBOB Gas	Aug 24	2.4515	-0.0498
NYH ULSD	Aug 24	2.4524	-0.0416
Nat. Gas	Aug 24	2.117	+0.082

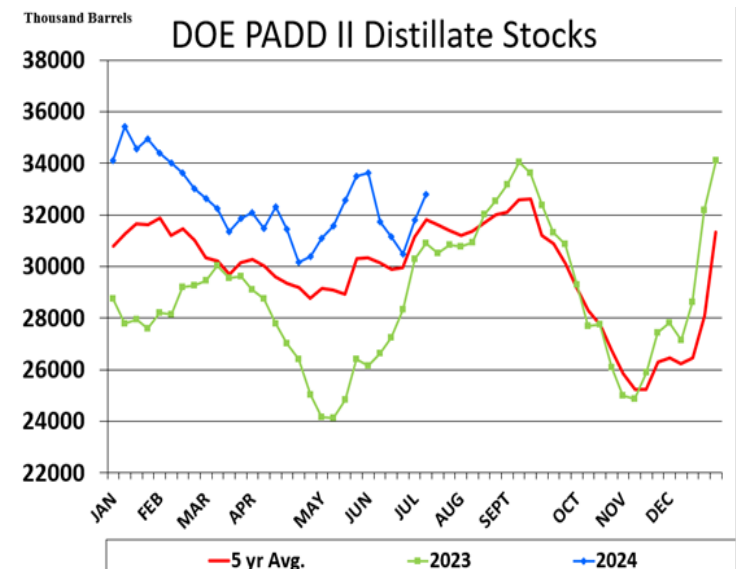
Market Comments: Petroleum futures post gains in Wednesday trading.

Oil and fuel prices posted gains in midweek trading as energy markets looked to halt their past couple of week slide. After closing yesterday at six-week lows in crude oil and diesel prices, four-week lows in motor fuel prices, the petroleum markets rebounded and posted strong gains on Wednesday. This week's inventory reports showed an across the board draw in both oil and fuel stockpiles, providing a boost to prices.

	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	-3.7	436.5	457	456	-5.6	227.4	236	236	-2.8	125.3	146	148
Est.	-3.600/+2.800				-2.000/+2.500				-2.000/+2.500			
Propane	Total		84.5	1.8	Midwest		23.7	0.2	Gulf Coast		49.3	2.1
API	Crude -3.9	Cushing -1.6			Gasoline -2.8			Distillates -1.5				

Increasing Midwest (PADD 2) distillate inventories could help depress Mid-continent diesel prices in the coming months.

- According to the latest data from the DOE, PADD 2 distillate inventories last week rose by nearly 1M bbls or 3% to 32.86M bbls.
- Midwest Distillate inventories now stand at a 6-week high.
- In addition, PADD 2 distillate stockpiles are 965,000 bbls or 3% above the five-year average and 6% or nearly 1.9M bbls above a year ago levels as elevated refinery utilization rates and tepid demand levels buoy stockpiles.

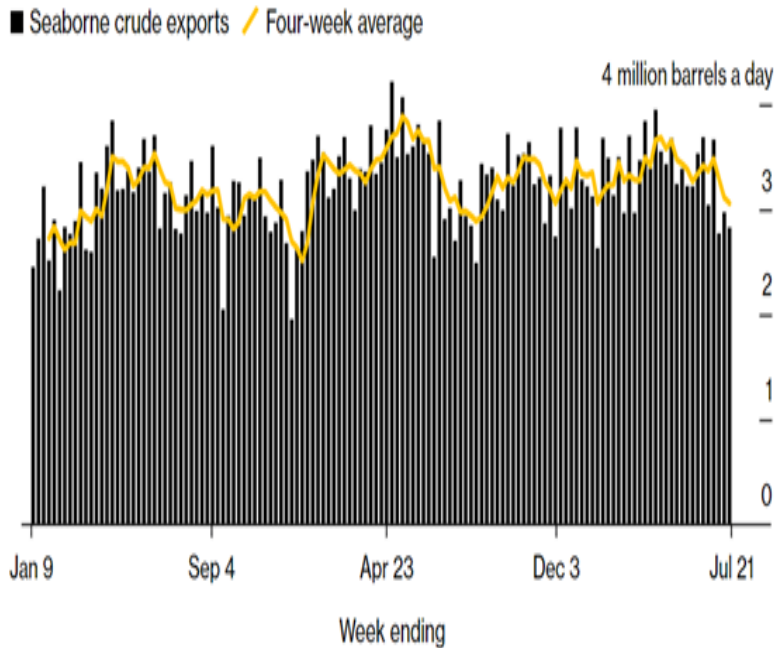


Why it matters: If demand continues to falter and refineries continue to operate at high levels, stockpiles will likely increase further, supply will loosen, and prices could potentially slide toward back to near their 2024 lows again.

Reduced Russian oil exports could help tighten global oil supplies and potentially provide a spark to prices in the coming months.

Seaborne Crude

Russia's seaborne crude shipments (2022-2024)



Source: Vessel tracking data monitored by Bloomberg

- In a sign that Russia is attempting to increase its compliance with its OPEC+ production quota, Russian crude oil exports have dropped to their lowest levels since December.
- Last week, sea borne oil exports dropped to 2.8M bbls/d, according to Bloomberg.
- Since April, Russian oil exports have decreased by more than 600,000 bbls/d.
- In addition, Ukraine has toughened sanctions on Russia's Lukoil preventing its supplying crude oil by pipeline (Druzhba) to refineries in Central Europe (Hungary & Slovakia)) further limiting global supplies.
- In addition, the EU and the UK are on the verge of again tightening sanctions on Russia which could further affect exports.

Why it matters: Reduced crude oil exports from Russia, esp. if they dovetail with the expected increase in global demands during the remainder of this year, could tighten global supplies, limit inventories, and help boost oil and fuel prices in the coming months.

Chicago (CHI) distillate basis hitting 3-month high

- In a week, CHI distillate basis has risen 26 cents due to supply constraints.
- ExxonMobil's 250,000 barrel per day Joliet refinery has been offline since last Monday after a line of storms forced a power outage.
- Initial expectations were for the outage to be a matter of days, current projections are indicating another few weeks until operations are going again.



Why it matters: Until product is flowing out of this key Midwest refinery again basis will likely be elevated as supply is tighter, trickling down to rising prices at the rack.