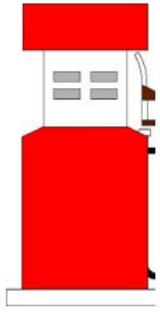


# Energy Market Update, August 21, 2024

## NYMEX Prices



Product	Month	Close	Wk. Change
Crude Oil	Oct 24	71.93	-3.91
RBOB Gas	Sep 24	2.2050	-0.1161
NYH ULSD	Sep 24	2.2497	-0.1185
Nat. Gas	Sep 24	2.177	-0.042

### Market Comments: Energy futures retreat further - WTI crude at 7-month low

Crude and refined products continued lower today, trading down for a fourth consecutive session despite good-sized draws reported by the DOE in crude oil, gasoline, and distillate fuel stocks. Crude settled at the lowest level since January. Propane was the outlier today, with a good-sized build. LP prices held their ground today and didn't dip with the rest of the petroleum complex.

The Labor Department released a large revision to its 12-month monthly payroll figures ending in March, lowering job growth by 818,000. This revision was unusually large this year, heightening concerns about nonfarm payrolls and unemployment figures.

Tomorrow brings us jobless claims figures along with services and manufacturing PMI data. Jerome Powell, the Federal Reserve Chairman will be speaking at the Economic Symposium in Jackson Hole, Wyoming on Friday and likely provide further insight on the labor market and expectations for a September interest rate cut.

**Bullish inventory numbers from the Department of Energy** couldn't lift crude and products post report even though the distillate draw was much more than expected, and crude inventories were reduced to the lower end of analysts' estimates.

	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	-4.6	426.0	457	456	-1.6	220.6	236	236	-3.3	122.8	146	148
Est.	-5.400/+2.100				-3.100/+0.700				-2.000/+0.800			
Propane	Total		92.1	2.0	Midwest		25.4	0.8	Gulf Coast		53.9	0.7
API	Crude		0.35	Cushing	Gasoline		-1		Distillates		-2.25	

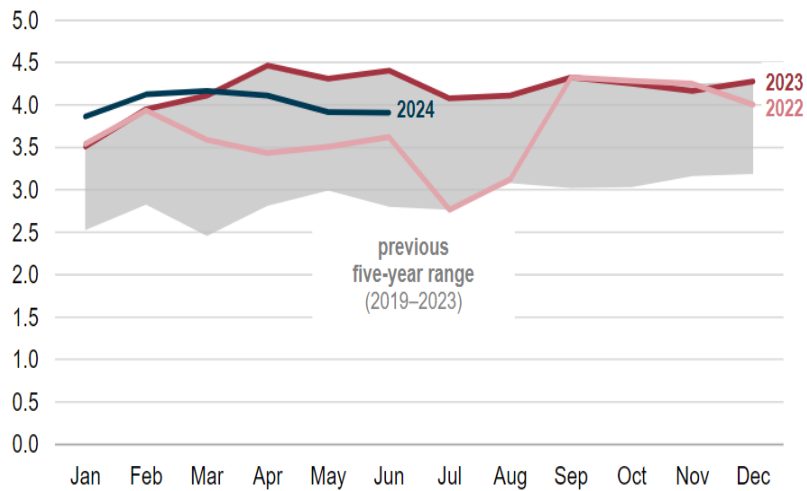
Supporting factors for markets are **attacks on energy infrastructure**, including a Russian attack on a Ukrainian fuel reservoir on Tuesday - following drone attacks on a Russian oil depot, which poses a risk to exports.

The **dollar index** has also dropped over the past week, from 103+ down towards 101, adding to export potential for U.S. products. This is back to levels that we haven't seen since early 2024.



# China Experiences Dip in Diesel Demand

Monthly China diesel apparent demand (Jan 2019–Jun 2024)  
million barrels per day



- According to the EIA, diesel consumption in China totaled 3.9 million barrels per day in June 2024.
- This was an 11% decline from the same month last year and the largest year-over-year decline in consumption for any month since July 2012.
- From 2020 to 2022, China's government implemented COVID restrictions, which limited travel and resulted in fluctuations in diesel consumption.
- After establishing another all-time high in 2023, diesel consumption began declining in the second quarter of 2024.
- This recent decline has been linked to the slowing economy and the substitution of liquefied natural gas for petroleum diesel fuel in heavy-duty trucks.

## Diesel prices settle at 14-month low

- Front-month (September) diesel futures settled at \$2.2635, as prices have retreated \$0.15 from a week ago.
- Early June's intra-day low of \$2.2566 was eclipsed overnight.
- The low settlement over the last 2.5 years of \$2.2323 could be challenged.
- Distillate markets that are mostly directed by truck traffic and manufacturing activity, domestic demand remains below average and inventories remain high.
- Chinese diesel exports are down 31% year-over-year.



**Why it matters:** As the chart shows below, just less than a year ago diesel futures climbed over \$3.50 a gallon and have dropped \$1.25 per gallon to current values. If you're looking for an opportunity to lock up the last bit of Fall contract volume or start into your Spring needs, now may be a good time to take that step.

## Chinese refined fuel exports weighing on prices

In addition to distillate demand being down, Chinese export energy volumes are down significantly across the board.

- July diesel exports were down 41% from June, while gasoline exports were down 36%.
- The combination of gasoline and distillate demand and exports volumes being down is concerning for producers.

Exports	July	y/y % change	YTD	y/y % change
Gasoline	790,000	-35.7	5,710,000	-22.7
Jet fuel	1,760,000	20.2	11,410,000	39.1
Diesel	540,000	-41.2	5,830,000	-30.7
Import	July	y/y % change	YTD	y/y % change
LNG	5,900,000	1.1	43,830,000	11.8