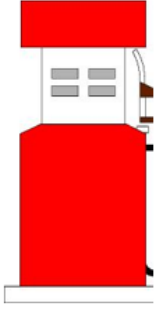


Energy Market Update, April 2, 2025



NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	May 25	71.71	+2.06
RBOB Gas	May 25	2.3310	+0.0982
NYH ULSD	May 25	2.3220	+0.0333
Nat. Gas	May 25	4.055	+0.194

Market Comments: Energy Prices Settled Higher Wednesday

Markets are still awaiting the news of tariff announcements to come this afternoon at 4:00 eastern/3:00 central time. Equities have been heavy with the uncertainty, and with the ISM reporting that U.S. manufacturing fell into contracting last month. However, the jobs report was positive, with ADP private payrolls showing 155,000 jobs were added in March, which was greater than expected.

Petroleum futures have been supported this week by the possibility of increased sanctions on Russia, Iranian and Venezuelan exports, but API numbers released Tuesday afternoon that showed a large crude build, driving prices lower in overnight trading.

Weekly Petroleum Status Update

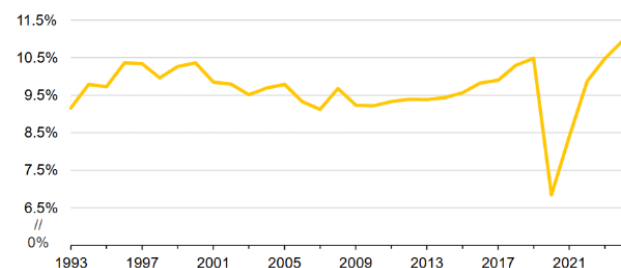
The Department of Energy confirmed the API's large crude build number this week, which not expected. U.S. Propane inventories were also a surprise this week, increasing nearly 1 million barrels, when a draw was expected. Prices for crude and products are not reacting negatively to the large stock build in crude this far.

	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	6.2	439.8	445	461	-1.6	237.6	229	233	0.3	114.6	114	124
Est.	-2.1				-1.7				-1.0			
Propane	Total 44.1 1.0				Midwest 9.4 0.4				Gulf Coast 28.7 0.8			
API	Crude 6.1 Cushing 2.2				Gasoline -1.6				Distillates 0.0			

WTI Crude Spiking

- After toying with \$70 per barrel several days last week, crude finally settled above the psychological barrier.
 - Fresh highs were reached as WTI settled at its highest level since February 20th.
 - Since falling to nearly 2-year lows 3 weeks ago, crude has risen 10%.
 - The 100-day and 50-day moving averages are no longer a barrier for crude, prices rocketed past these marks and taking aim at the 200-day (\$72.82 per barrel).
- Monday, crude had the biggest 1-day gain in over 2 months.

Annual U.S. jet fuel refinery yields (1993–2024) percentage



Jet fuel made up a record share of U.S. refinery output in 2024

U.S. refiners produced a record high share of jet fuel in 2024, reflecting increased demand relative to other transportation fuels. Motor gasoline, distillate fuel oil, and jet fuel make up more than 85 percent of U.S. refinery output, with gasoline making up the largest share and distillate fuel oil making up the second largest. Changes in demand are an important factor driving changes in refinery yields. Increased travel measures, including TSA passenger volume and flight departures, have increased U.S. jet fuel consumption yearly following the steep decline in 2020.

Group Diesel Basis Chart

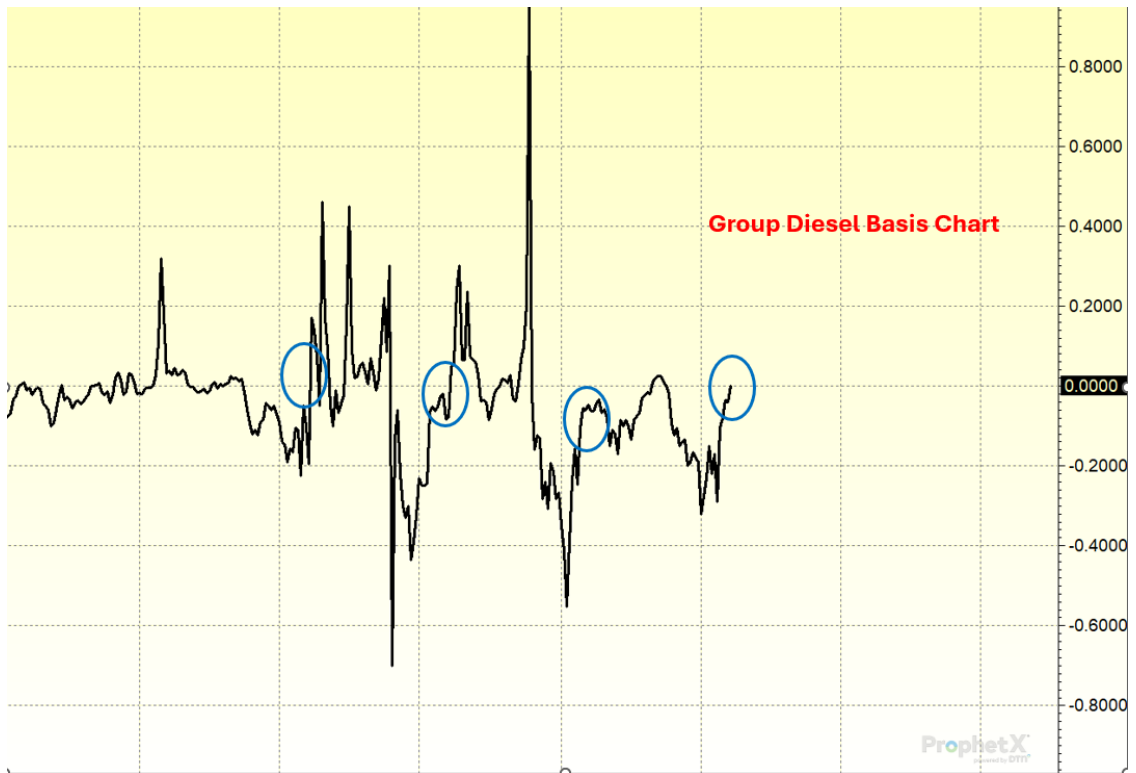
As we head into the demand season from the agriculture sectors, we typically experience strength in basis values.

This year is no exception. As the basis was softer in the winter months, demand was weaker and then strengthened into the spring months.

This is the pattern we have seen over several years.

2 and 3 years ago, we saw group basis values strengthen even further in April/May.

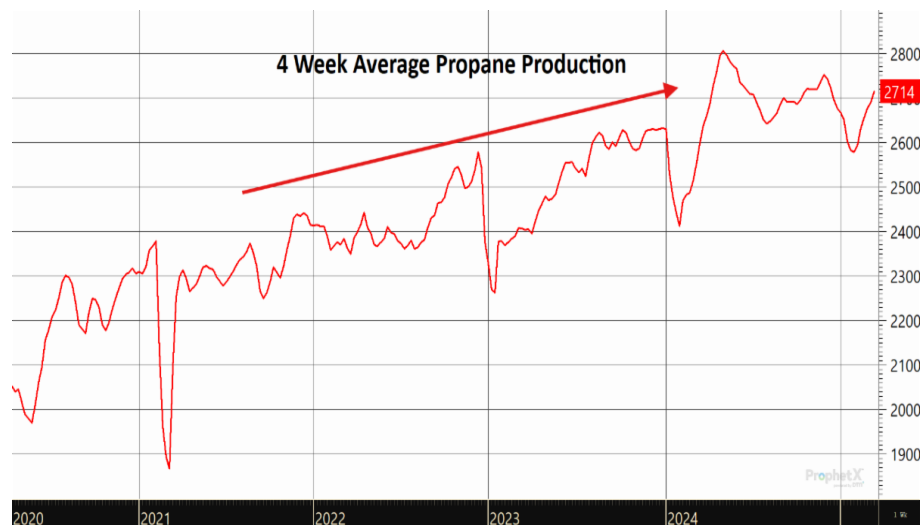
However, last year's values weakened slightly in those months.



In addition, the second spike in basis values typically occurs in the fall months, when demand from the agriculture sector is greatest.

Propane production on the move

- For the last 4 years four-week average propane output has grown by at least 100,000 bbl/d from its January start to its peak.
-
- Since the first week of February's recent low, production has recovered to nearly 150,000 barrels per day.
- Continued US investment in natural gas and oil production should only aid propane's rise in output.
- While US demand has had it'd ups and downs for the last 5+ years.



- Export demand is one variable that has shown steady growth over the last several years and could be the most significant factor for builds to depleted LP stocks.

Why it matters: In order for LP inventories to dig out of the 3-year hole left by more seasonal winter conditions, propane production will need to continue growing. At this point, it seems unreasonable to look for inventories to achieve a new peak high of 104 million barrels, but it does seem feasible to build at an equivalent rate to last year, which would put this year's peak at 95 million barrels, right above the 5-year average.