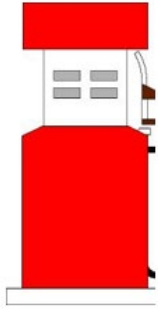


# Energy Market Update, April 10, 2024

## NYMEX Prices



| Product   | Month  | Close  | Wk. Change |
|-----------|--------|--------|------------|
| Crude Oil | May 24 | 86.21  | +0.78      |
| RBOB Gas  | May 24 | 2.7816 | +0.0207    |
| NYH ULSD  | May 24 | 2.7076 | -0.0248    |
| Nat. Gas  | May 24 | 1.885  | +0.044     |

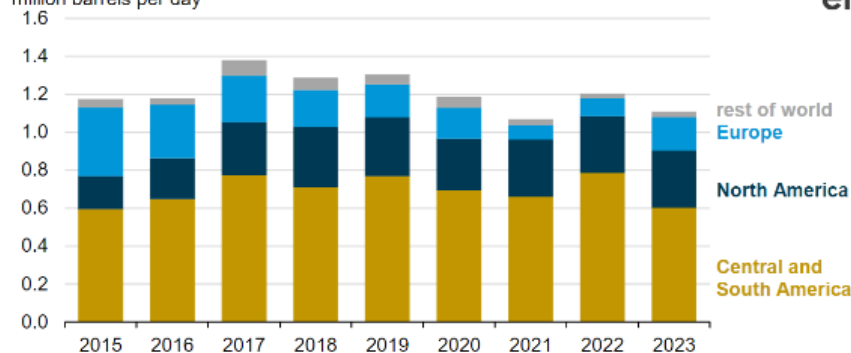
### Market Comments: Energies wrapped up firm at mid-week.

Early in the session, the market was trading in positive territory, but after the release of the DOE report, prices turned lower across the board, flipping positive as the afternoon wore on. This contributed to the report showing builds across the board in the products. Crude oil posted a 5.8 million build, gasoline 700,000, and distillates 1.7 million. Going into the report, the trade was looking for smaller builds following Tuesday's API numbers. The only product posting a draw was propane, as it had a minimal draw, which was not too surprising following some below-average temperatures in some regions.

|         | 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     | 5.8                   | 457.3 | 457        | 456        | 0.7               | 228.5 | 236        | 236        | 1.7                 | 117.7 | 146        | 148        |
| Est.    | -0.200/+5.200         |       |            |            | -3.600 /+1.100    |       |            |            | -1.500/ +0.400      |       |            |            |
| Propane | Total 51.7 -0.1       |       |            |            | Midwest 12.5 -0.1 |       |            |            | Gulf Coast 32.1 0.6 |       |            |            |
| API     | Crude -5.5 Cushing -1 |       |            |            | Gasoline -3.8     |       |            |            | Distillates -1.2    |       |            |            |

Annual U.S. distillate exports by region (2015–2023)

million barrels per day



Data source: U.S. Energy Information Administration, *Petroleum Supply Monthly*



### Distillate fuel is the second-highest exported petroleum product from the U.S.

- Distillates to Europe have increased since Russia invaded Ukraine and decreased to Central and South America as Russia has looked elsewhere for buyers. Brazil is one such example, increasing imports from Russia as it decreased purchases from the U.S.
- The Netherlands has been a strong buyer of U.S. distillates, growing more than any other country, from 36,000 b/d in 2022 to 62,000 b/d in 2023.

**Why it Matters:** The health of the economy in Europe has become more important, as U.S. exports have shifted away from Central and South America, and more to Europe in recent years, as you can see the growth in the chart below since 2020.

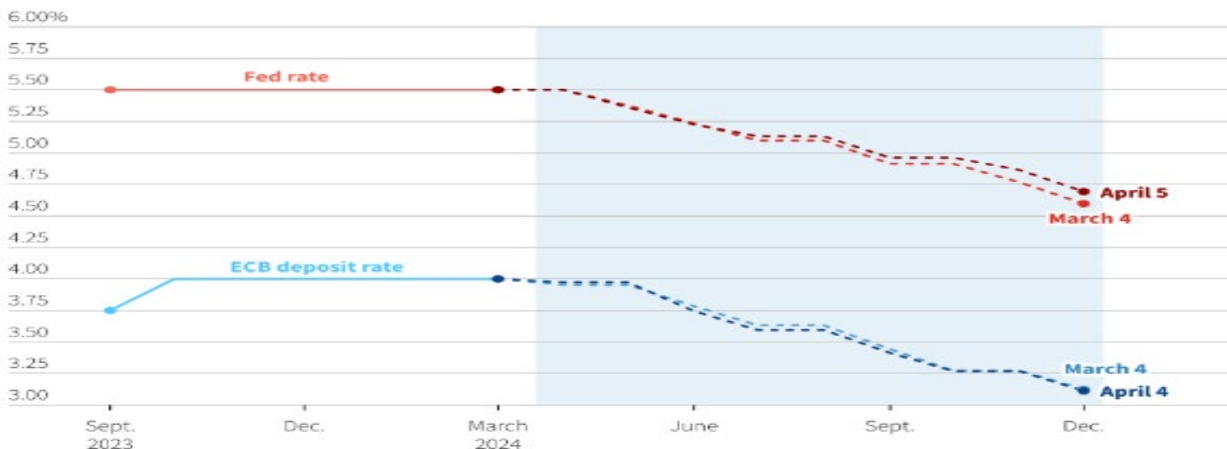
## Rate cuts encountering resistance

- March's jobs report showed non-farm payrolls increased by 303,000 versus expectations for approximately 200,000 new jobs.
- Unemployment remains on the low side, sitting at 3.8% last month; the 26th straight month, unemployment was below 4%, the longest stretch in over 50 years.
- Equity markets are showing doubts about the Fed following through with three rate cuts this year.
- On Thursday, Minneapolis Fed President [Neel Kashkari](#) said rate cuts might not be required this year.

**Why it Matters:** As the chart below shows, the latest economic numbers have shifted the odds from three cuts to two. Rates would then be higher for longer. The European Central Bank may proceed ahead of the U.S. with cuts as economic numbers remain favorable.

## Traders reduce Fed rate cut bets, hold steady on ECB

Strong U.S. economy means ECB may cut earlier and steeper than Fed this year.



Note: Market implied rates for the ECB are as of April 4, 1:15 PM GMT and for the Fed are as of April 5, 1:30 PM GMT.  
Source: LSEG Eikon | Reuters, April 5, 2024 | By Sumanta Sen



## USDA WEEKLY PLANTING PROGRESS:

U.S. corn planting stands at 3 percent complete, which is in line with last year at this time.

U.S. soybean planting progress has not been reported yet.

The U.S. winter wheat good/excellent rating is 56 percent in the top category, compared to 27 percent last year.