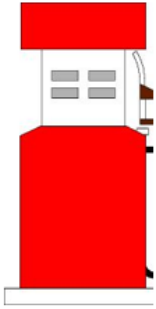


Energy Market Update, March 12, 2025

NYMEX Prices



Product	Month	Close	Wk. Change
Crude Oil	Apr 25	67.68	+1.37
RBOB Gas	Apr 25	2.1501	+0.0131
NYH ULSD	Apr 25	2.2063	-0.0345
Nat. Gas	Apr 25	4.084	-0.361

Market Comments: Petroleum Prices Continue Rebound

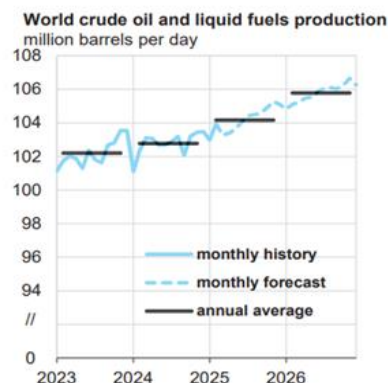
Oil and fuel prices posted gains in midweek trading as the energy markets continued to push higher and wrapped up a second consecutive day of gains.

Petroleum prices appeared to garner support for their push higher from ongoing short covering, signs of falling fuel stockpiles in today's DOE inventory report, which showed gasoline stockpiles dropped by a larger-than-expected 5.7M bbls and increased motor fuel demands, which climbed to 9.2M bbls/d last week.

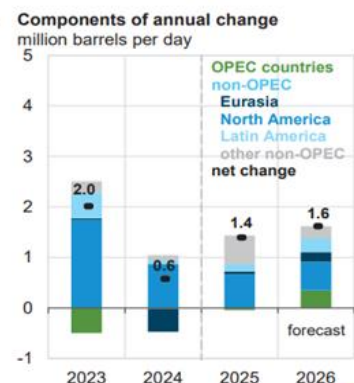
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3-Yr. Avg.	5-Yr. Avg.	Change	Total	3-Yr. Avg.	5-Yr. Avg.	Change	Total	3-Yr. Avg.	5-Yr. Avg.
EIA	1.4	435.2	446	453	-5.7	241.1	241	244	-1.6	117.6	118	130
Est.	-2.000/+3.700				-3.700/+1.100				-2.000/+1.000			
Propane	Total 45.3 -3.4				Midwest 9.0 -1.4				Gulf Coast 30.4 -1.5			
API	Crude 4.2 Cushing -1.2				Gasoline -4.6				Distillates 0.42			

Increasing global crude oil and liquid fuel production could loosen supplies, build inventories, and potentially help soften oil and fuel prices in the coming years.

- Global crude oil and liquid fuel production in 2025 is projected to increase by 1.4M bbls/d or 1.4% to a record 104.2M bbls/d, according to the latest data released yesterday in the EIA's Short Term Energy Outlook.
- Increased production in 2025 is expected to come from rising non-OPEC crude oil production and a gradual increase in OPEC+ output as the producer cartel slowly reduces its 2.2M bbls/d voluntary production cut.
- Increased non-OPEC output in 2025 will come mainly from the western hemisphere nations (US -(record 13.6M bbls/d), Canada, Brazil, and Guyana) which is projected to add 1.2M bbls/d of production to the markets.
- Of note: global demand is forecast to increase by only 1.3M bbls in 2025 and by 1.2M bbls/d in 2026, an indication that production growth could exceed demand growth and trigger a growing supply/demand surplus in the coming years



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, March 2025



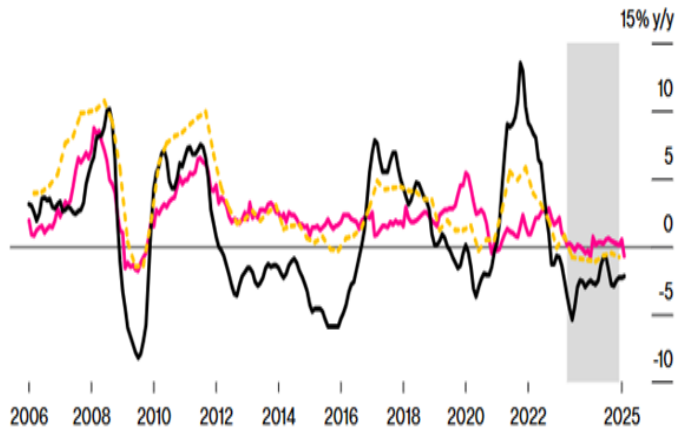
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Signs of slumping China consumer prices could indicate slowing economic conditions and point toward decreased fuel demands in one of the world's largest economies that could help to further soften global oil and fuel prices in the coming months.

China's Consumer Prices Dropped in February

Producer prices fell for 29th month, likely extending deflationary streak

● Producer prices ● Consumer prices ● GDP deflator ■ Deflation



Source: China's National Bureau of Statistics

- Earlier this week, China's National Bureau of Statistics reported consumer prices (CPI) in February dropped by 0.7% from a year earlier.
- The drop in prices was the first time in 13 months that consumer prices had fallen below zero (deflation).
- In addition, consumer prices dropped from previous month's 0.5% gain and below all for Feb. projections.
- The decline was partly attributed to seasonal distortion (last year's Lunar New Year festival spending elevated a year ago prices) and to signs of persisting deflationary pressure in the economy.
- Further, in February producer prices were reported to have dropped by 2.2% and core CPI dropped by 0.1% (marking the first decrease since Jan. 2021).
- In an indication that China is worried about slowing price growth (possibly deflationary pressure in the economy), it lowered its consumer price growth target for 2025 to 0.2% from its previous forecast of 0.3%.

Why it matters: Slowing economic conditions in the world's largest crude oil importer could point toward looser supplies, increased inventories, and potentially lower global oil and fuel prices in the coming year. If slowing Chinese economic activity and decreased fuel demands in the Asian nation dovetail with increased global oil supplies (both OPEC and non-OPEC) in the coming year, the energy markets could witness a burgeoning supply/demand surplus which could trigger even greater selling pressures than currently expected.

Opportunity knocking for setting fixed diesel prices

- May diesel futures settlement of \$2.1480 was the lowest close price for this time period since the first week of December.
- Fall diesel prices have also been on the move; Monday's close of \$2.1284 was within a penny of setting a new bottom that was established in early September.
- Spring and Fall diesel values have moved within \$0.10 of the near-term 3-year low from early September.

Why it matters: If end users have waited to lock in a fixed price for Spring and/or have expressed interest in Fall prices, now is as good of a time as any to layer in price certainty. Energy markets are firmly in oversold territory and may provide only a brief window to capture present lower values.

