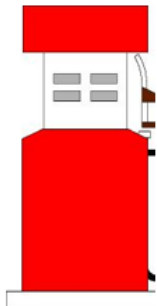


Energy Market Update, May 28, 2025

NYMEX Prices



Product	Month	Close	Wk. Change
Crude Oil	Jul 25	61.84	+0.270
RBOB Gas	Jun 25	2.0892	-0.061
NYH ULSD	Jun 25	2.0881	-0.051
Nat. Gas	Jun 25	3.204	-0.164

Market News: Petroleum futures settled higher Wednesday

Crude and refined product prices were supported today by the potential for additional sanctions on Russia, from signs that President Putin doesn't appear to be moving toward peace with Ukraine.

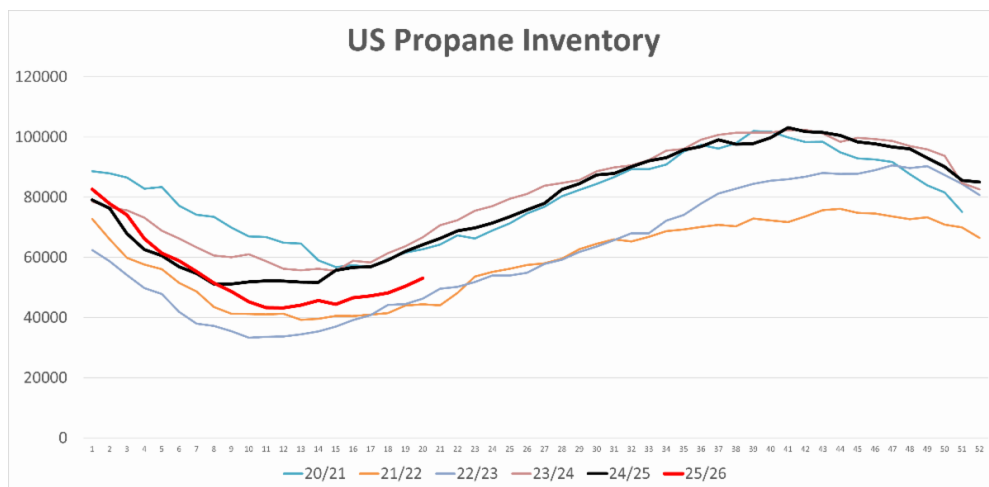
Negotiations with Iran seem to be stalling, offering some support to markets as the oil markets are losing confidence that sanctions will come off with a deal.

The EU tariff de-escalation offers another layer of support to energy markets.

Wildfires have also broken out in Canada, which has the potential to shut-in oil in production areas of Alberta.

The Weekly Petroleum Status Report will be released tomorrow morning at 10:00 central/11:00 eastern, rather than today per usual, due to the shortened holiday trading week.

US propane stocks are showing signs of life



- DOE data from last week showed inventories 2.7 million barrels higher, exceeding expectations and 5-year builds of 1.4 million barrels.

- Inventories have been slow to build so far this Spring exports trended higher.

- The peak to bottom differential of 60 million barrels from Fall 24

through Winter 25 was the biggest inventory drawdown since F/W 16/17

- Current stocks at 53.1 million barrels are just 3.8 million barrels below the 5-year average for week 20.
- The red line below shows how LP stocks are in the middle but are off pace from the last few years.

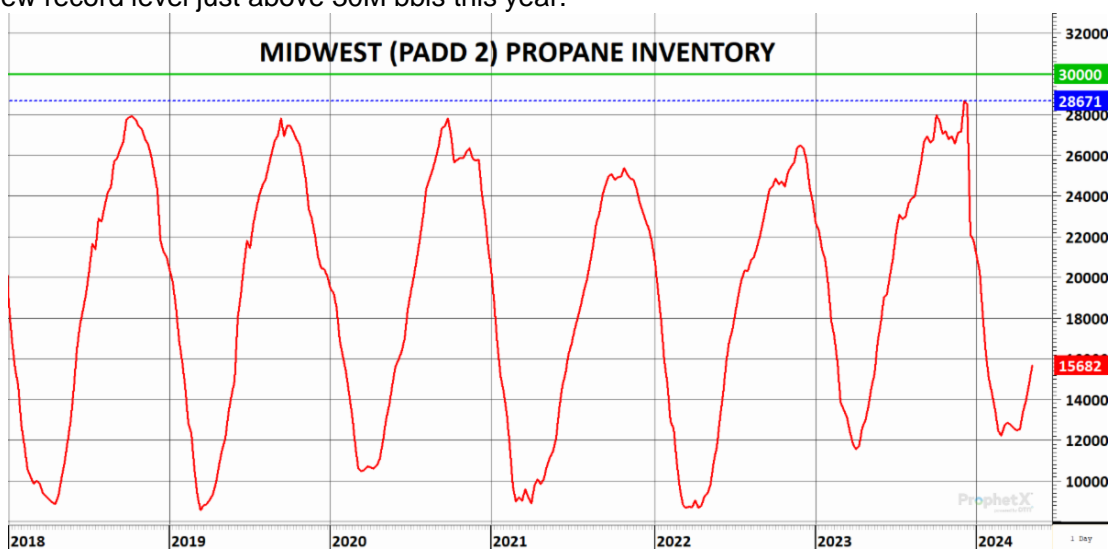
Why it matters: Putting it in perspective, after a few years of unseasonal warmer weather, 24/25 winter draws were harder on LP stocks. However, the last 2 weeks are showing promise as inventory builds exceeded forecasts and 5-year averages. Some hope is starting to emerge builds will start to lead to further price softening.

Increasing Midwest (PADD 2) LP inventories could loosen supplies and help soften regional LP prices in the coming months.

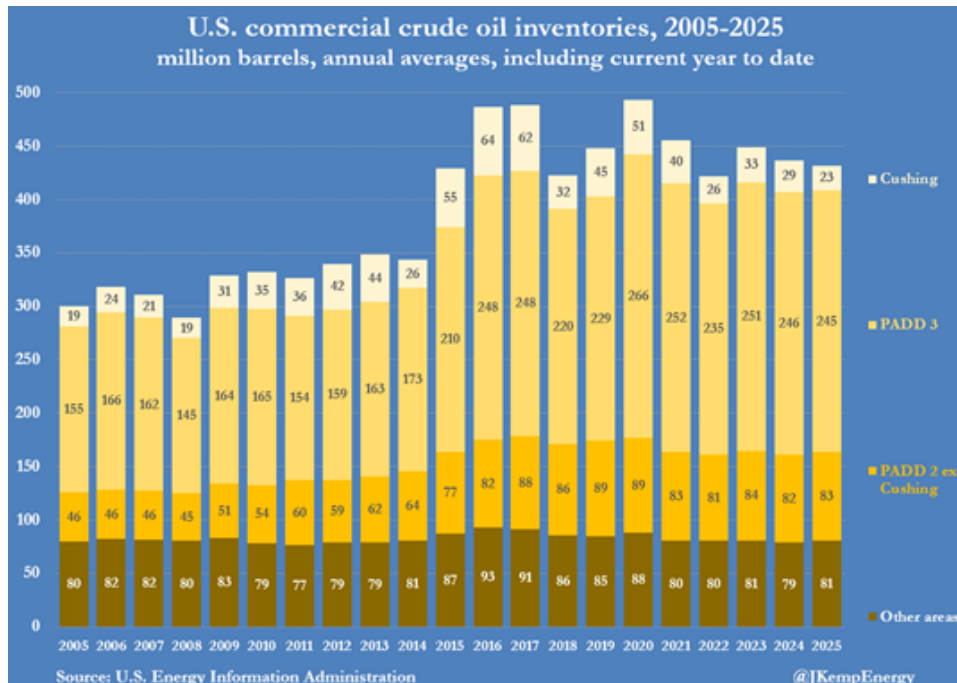
- Midwest LP inventories last week were reported to have built by nearly 90,000 bbls or 0.6% to a 3.5-month high at 15.7M bbls/d.
- In addition, total US propane inventories last week increased by a much larger than expected 2.9M bbls or 4.8% to a three-month high of nearly 62M bbls, 14% above the 5-yr avg.
- PADD 2 LP inventories have now built by 28% or nearly 3.5M bbls from their 2024 winter low at just above 12M bbls as the combination of mild winter weather and record LP production levels has boosted inventories.
- If Midwest propane inventories equal their inventory builds of last year for the remainder of the year, storage levels will increase by 14M bbls and reach a new record level of 29.7M bbls at their 2024 peak.
- If inventory builds match their 5-yr avg. build during the remainder of this year, storage levels will climb to a new record level just above 30M bbls this year.

Why it matters:

Increasing Midwest LP inventories and record production levels of LP could boost Midwestern propane storage levels to a record high for a 2nd consecutive year in 2024 which could weigh on LP prices in the coming months.



US crude inventories



With OPEC+ boosting output again in July, chipping away at their previous 2.2 million bpd production cut, global supplies are expected to rise. Currently, crude oil stocks at Cushing are at a three-year low, ~ 17 million barrels below the five-year average. Looking at US commercial crude oil inventories in other areas of the United States provides another perspective. While overall, looking at the chart below, we are still at a three-year low - PADD 2, PADD 3, and other inventories are slightly ahead of last year. We are coming up on the time of year when we expect to see US crude stocks draw down.

- Why it matters?:** If OPEC+ production increases are combined with lower demand, inventories could increase rapidly in the US and lead to a decline in WTI prices.