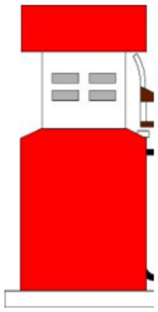


Energy Market Update, June 25, 2025

NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	Aug 25	64.92	-10.22
RBOB Gas	Jul 25	2.0824	-0.2262
NYH ULSD	Jul 25	2.2964	-0.2370
Nat. Gas	Jul 25	3.406	-0.583

Market News: Energy markets close higher

Crude and refined products put a halt to the massive sell-off over the last two days as weekly DOE numbers were supportive to energies after crude stocks dropped 5.8 million barrels, gasoline was 2.1 million barrels lower, and distillates declined over 4 million barrels. Gasoline's draw was driven by a 3.5-year high in weekly US motor fuel demand, while distillates were steered by elevated exports.

Gains fizzled near the end of the trading day as President Trump indicated the US and Iran will meet next week. Likely another attempt to resolve issues around Iran's nuclear program.

Also providing a floor under energies is the unrest that remains between Israel and Iran after the recent ceasefire, which is currently intact, but seems on shaky ground.

Still, the increased odds the Strait of Hormuz will remain open and shipments through the region will continue mostly as usual has kept geopolitics at the front of mind, even with sizable draws to petroleum products trying to provide influence on the fundamental side.

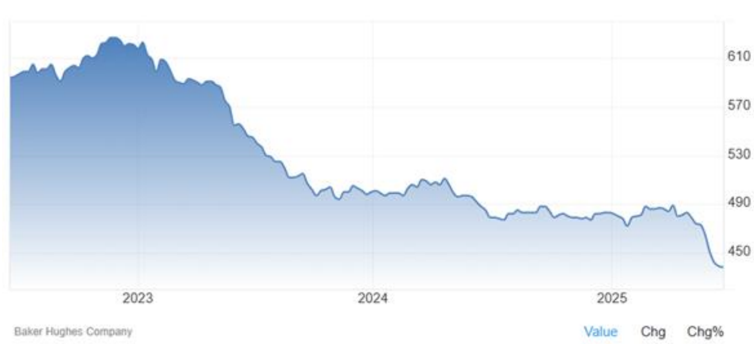
Oversupplied oil markets that are largely the result of OPEC's resolve to add barrels back to gain market share has kept prices from going higher.

Looking ahead: Q1 GDP will be released tomorrow along with May Durable Goods Orders. These scheduled data releases should provide clarity on the US economy.

	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	-11.5	420.9	448	472	0.2	230.0	222	231	0.5	109.4	109	125
Est.	+2.000/-3.900				+2.000/-1.400				+2.000/-0.700			
Propane	Total 67.5 1.5				Midwest 15.6 1.0				Gulf Coast 43.5 0.6			
API	Crude -10.1 Cushing -0.8				Gasoline -0.2				Distillates 0.3			

Active US Oil rigs continue plunge

- On Friday, oil rigs were reported lower for an eighth consecutive week
- Rigs have dopped by 35 over the eight-week time period
- Active oil rigs stand at 438, a new low dating back to October 2021



- Lower energy prices over the last few months have prompted a reduction in drilling activity

- Crude production is currently 200,000 b/d below its record high in December 2024
- Rig count changes aren't usually reflected in output for 3-6 months

Why it matters: Even with the higher efficiency of horizontal rigs to provide increased production, a drop of 35 rigs isn't nothing will have an impact on US oil production down the road. The reduction in rigs may not be felt until Fall as likely more OPEC oil is coming online. Still, the translation to US production will lower supply to the market and will likely be a support for crude markets in the second half of 2025.

Consumer Confidence lagging expectations

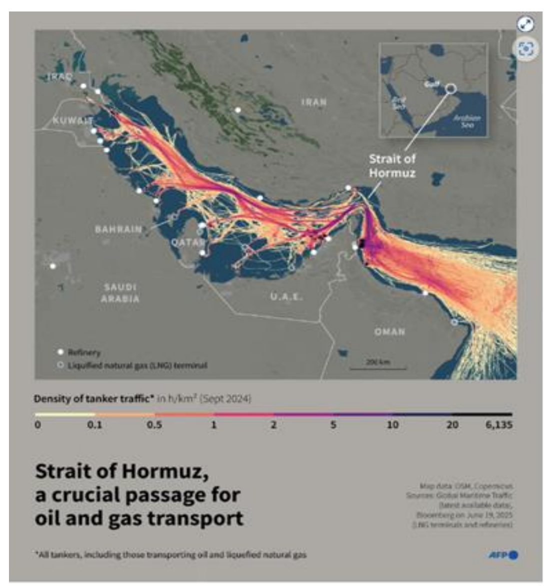
- A month after rising to a consumer confidence level of 98.4 in May, confidence dropped to 93 in June
- June's number was below expectations of 99.8
- Inflation and tariff concerns were indicated as the biggest concerns in the June reading
- The labor market differential dipped to 11.1, it's lowest value in over 4 years
- A squeeze in the labor differential reflects consumer concerns about job openings in the near future.

Why it matters: Last month's number surprised to the upside as more impact was expected from tariffs, while this month's reading fell short of forecasts as last month's resilience didn't carry over. Markets may need to see July's confidence number before developing a sentiment about the US economy. If tariffs remain elevated confidence will very likely reflect weight on consumers by moving even lower in the month(s) ahead.

Vessels are avoiding the Strait of Hormuz, as fears persist that Iran may retaliate and jeopardize global energy security by disrupting transit through this narrow body of water between Iran and Oman, which is one of the world's most critical oil chokepoints.

According to Iran's state-owned media, Iran's parliament has backed the closure of the Strait of Hormuz, which **could block 20 million barrels of crude oil per day** from passing through.

The necessity for Iranian oil exports to pass through, as well as the subsequent response from the U.S. and others, lead many to think that such an event is unlikely. **If an attack or closure did occur, it would prompt a strong upward response in energy prices. Even threats from Iran around the Strait of Hormuz could prompt higher oil and fuel prices**, which could be a part of their strategy to punish the U.S. and benefit from increased export revenues.



Infographic with map of the Gulf showing maritime tanker traffic in September 2024 through the Strait of Hormuz
Getty Images