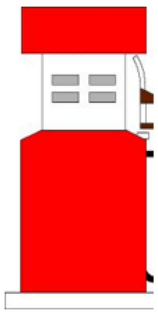


Energy Market Update, June 11, 2025

NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	Jul 25	68.15	+5.30
RBOB Gas	Jul 25	2.1668	+0.1328
NYH ULSD	Jul 25	2.2053	+0.1352
Nat. Gas	Jul 25	3.507	-0.209

Market News: **Petroleum futures continue to advance**

Oil and fuel prices posted strong gains on Wednesday as the crude oil market closed at a two-month high, and the refined product markets settled at one-month highs.

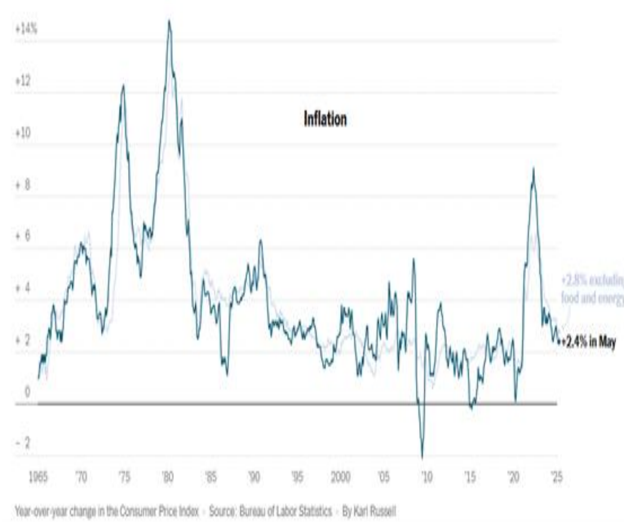
Petroleum prices appeared to climb higher today on the back of easing trade war fears after the US and China reportedly agreed to a framework to restore their trade truce deal from last month.

Additional support for rallying energy prices also appeared to result from signs of decreasing inflation after the Labor Dept. this morning reported consumer prices in May increased by a less-than-expected 0.1% MoM and by 2.4% YoY and today's DOE inventory report which showed crude oil stockpiles dropped by a larger-than-expected 3.6M bbls 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	-3.6	432.4	448	472	1.5	229.8	222	231	1.2	108.9	109	125
Est.	-6.6/+2.0				-3.0/+4.9				-3.0/+4.0			
Propane	Total 66.0 4.0				Midwest 14.6 1.0				Gulf Coast 42.8 1.8			
API	Crude -0.4 Cushing -0.7				Gasoline 3.0				Distillates 3.7			

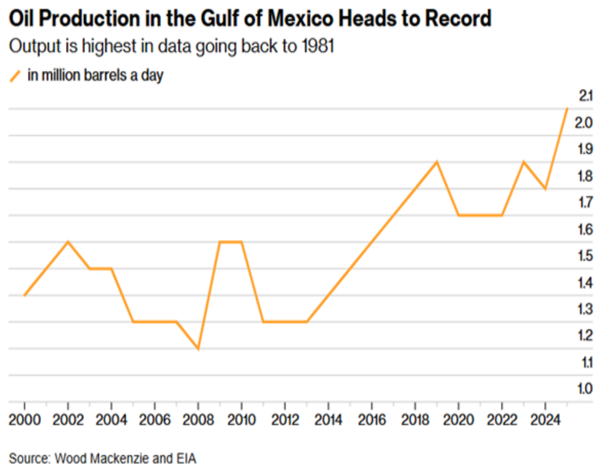
This morning the Labor Dept. reported that **consumer prices (CPI)** in May increased by 0.1% MoM and by 2.4% YoY, below forecasts for prices to have increased by 0.2% MoM and by 2.5% YoY.

- Consumer prices versus a year ago in May were 0.1% higher, while on a monthly basis versus a year ago were 0.1% lower.
- Core CPI were reported to have increased by 0.1% while YOY core prices came in at 2.8%, below expectations for 0.3% MoM increase and a 2.9% YOY increase.
- May's consumer prices appear to show businesses are being slow to raise prices despite the tariff issue and that prices are helping keep a lid on inflation.



Why it matters: If inflationary pressures continue to recede it could signal that Fed will cut interest rates to spur economic activity which could help boost fuel demands and potentially boost petroleum prices. However, current expectation do not see the Fed cutting rates until its September meeting.

Although expectations that crude oil production growth in the US' shale fields is expected to plateau in the coming years, output from the Gulf of Mexico (GOM) is forecast to increase and will likely replace the shale regions as the country largest source of new production in the coming years.

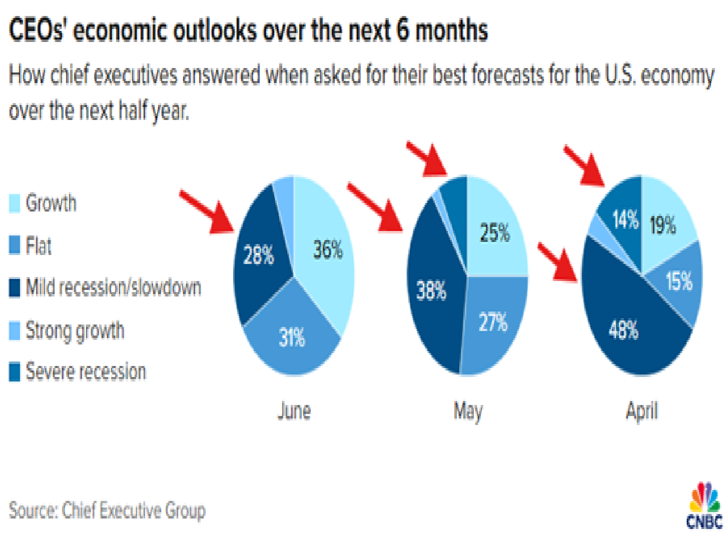


- Gulf of Mexico (America) oil production, which has steadily increased since 2022, is expected to surge again as oil giants Chevron, Shell, and BP attempt to develop new fields.
- Currently the GOM pumps slightly more than 2M bbls/d of oil or nearly 15% of the US' total.
- If forecasts for the GOM come to fruition, the new oil fields in the Gulf of America could add close to 300,000 bbls/d of production in 2025 and 250,000 bbls/d of growth in 2026.
- In addition, production growth in 2026 is expected to represent all of the US' growth in that year.
- Chevron is projected to grow its GOM output by 300,000 bbls/d over the course of 2025-26.
- BP is expected to increase its Gulf production by ~20% to more than 400,000 bbls/d in the coming year.

Why it matters: Increased crude oil production levels in the GOM will add to supply, possibly help build inventories, and could soften oil and fuel prices in the coming year, esp. if increased output overlaps with an economic slowdown, fuel demand destruction, and increased OPEC+ output.

Is perception about Economic Sentiment shifting?

- A June survey done on public company CEO's shows less than 30% of believe the US is heading for a severe or mild recession in the next 6 months.
- The same survey in May showed 46% for mild and severe.
- April numbers were even higher at 62% for mild and severe categories.
- Expectations for growth in the next 6 months has gone from 19% in April to 36% in June, now accounting for the biggest slice of the pie chart
- Flat economic growth has also grown too, higher inflation may keep economic gains tempered.



Why it matters: Some corporate leaders may not be as fearful on tariff policies going forward and have provided some indication that maybe the economic outlook won't be as dire as it looked 60 days ago. This also means demand for fuel could be higher than recently expected as we get into the Q3 and Q4, pushing energy prices higher.