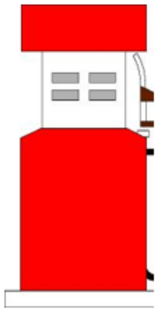
Energy Market Update, June 4, 2025



NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	Jul 25	62.85	+1.01
RBOB Gas	Jul 25	2.0340	-0.0552
NYH ULSD	Jul 25	2.0701	-0.0180
Nat. Gas	Jul 25	3.716	+0.512

Market News: Energy markets ended their two-day rally Wednesday, settling lower.

Gasoline losses led the way, falling more than 2% after the weekly DOE reported demand down by 1.2 million barrels to a four-month low. Gasoline inventories added 5.2 million barrels on the week, a 5-month high, to weekly inventory gains.

Distillate stocks also added a glut of barrels, 4.2 million barrels to be exact, sparking additional selling to energy markets. Refinery utilization greatly helped the builds to refine inventories as the increase of 3% brought throughput rates above 93%.

The biggest winner of the day from update inventory numbers had to be propane as stocks climbed by a **weekly record** of 6.8 million barrels. ✸ The massive build was the result of LP exports dropping over 900,000 barrels per day to a 1.5-year low.

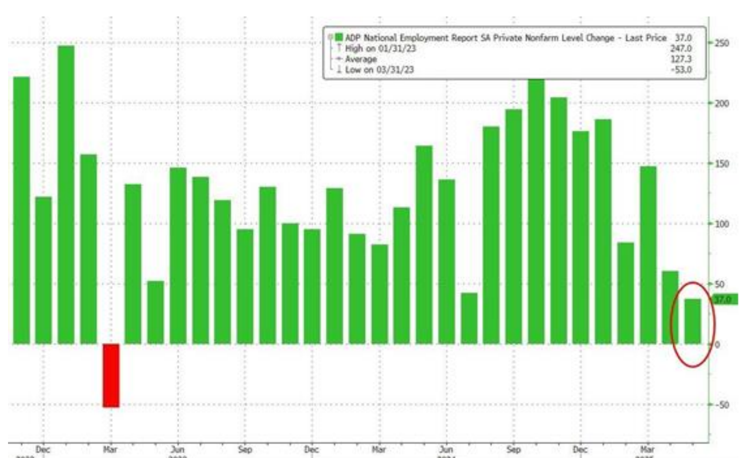
May jobs numbers that were at multi-year lows started the morning selling as weakness in the US economy seems to be showing up post-tariff increases.

Drone attacks by Ukrainian forces deep in Russia are propping up prices as progress towards a ceasefire seems out of sight at this point. Stalled discussions on a nuclear deal between Iran and the US are supporting market energy prices as well.

	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	-4.3	436.1	448	472	5.2	228.3	222	231	4.2	107.6	109	125
Est.	+1.2/-3.300				+2.900/-1.900				+3.600/-1.300			
Propane	Total 61.9 6.8				Midwest 13.6 0.9				Gulf Coast 41.0 5.7			
API	Crude -3.3 Cushing -0.9				Gasoline 4.7				Distillates 0.8			

May US private payrolls plummet

- May private payrolls were reported Wednesday morning at an increase of just 37,000
- May numbers fell well short of the forecasted 111,000 and April's 60,000
- This was the lowest monthly payroll number since March 2023, the last time payrolls decreased month-over-month



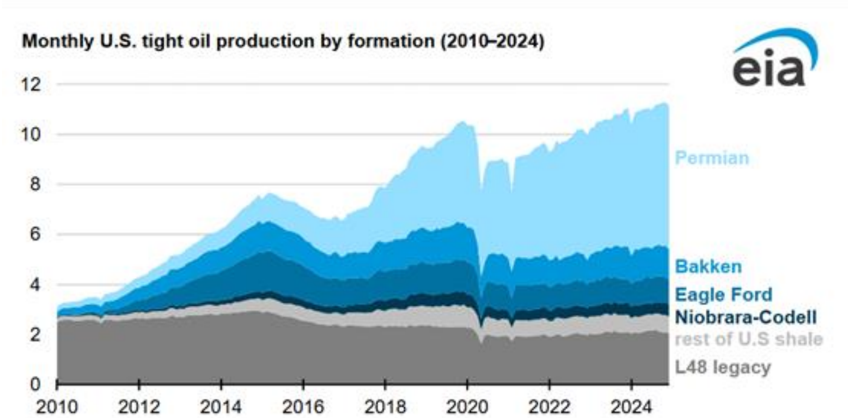
- Manufacturing and mining were seen as two of the biggest losers, dropping 2,000 and 5,000, respectively.

Why it matters: With monthly jobs numbers coming in below expectations and at a 2+ year low, more tariff effects are emerging. The slowdown may force Fed officials to consider changes to their rate policies sooner to avoid more turbulent economic times.

Tight oil production in the Permian drives growth in onshore U.S. Lower 48 state production.

- Onshore crude oil production in the U.S. lower 48 States has more than tripled since January 2010.

- Driven by tight oil production growth in the Permian region.



- Onshore crude oil is made up of both legacy oil production, primarily from vertically drilled wells, and new tight oil production, primarily from horizontally drilled wells.

- Legacy production decreased from 2.6 million barrels per day in 2010 to 2.1 million barrels per day in 2024.

- Over the same period, tight oil production increased from 0.8 million b/d to 8.9 million b/d, accounting for 81 percent of total onshore lower 48 production in 2024.

- The Permian accounted for 65% of all tight oil production growth and 51% of lower 48 oil production in 2024.

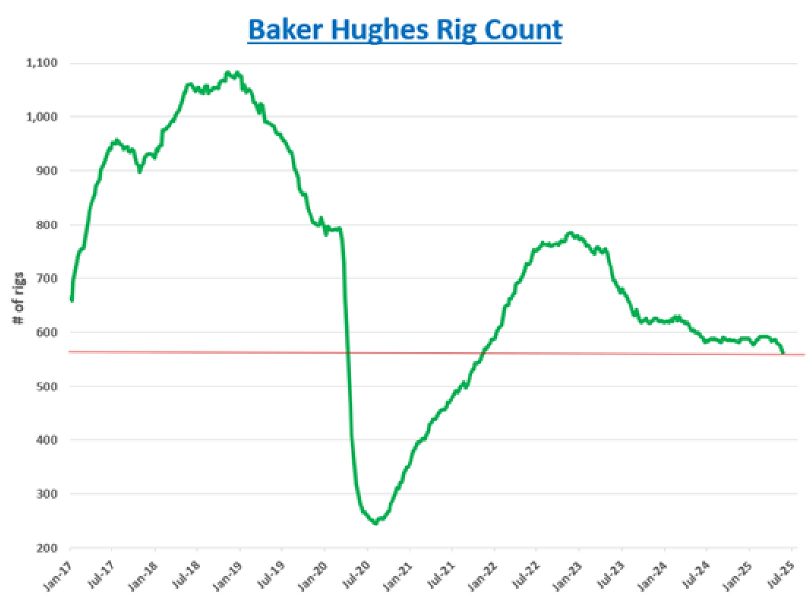
Reduced drilling activity in the US has the potential to lower production levels and could provide support and potentially help boost oil and fuel prices in the second half of this year.

- Last week, Baker Hughes reported that the number of active oil and natural gas rigs dropped by three rigs to a 3.5 low at 563 rigs,

- A sixth consecutive weekly drop and a 10th out of the past 11 weeks that rigs have declined.

- On the week, oil rigs fell by four to a 3.5-year low at 461 rigs, a fifth consecutive drop.

- Since peaking at 593 rigs back in late February, the number of active rigs has dropped by 30 rigs or 5% as falling oil prices appear to disincentivize producers' drilling activity.



Why it matters: If drilling activity continues to drop off, crude oil production levels which have been between 13.2-13.6M bbls/d for the past year could begin decline and this could add provide support and potentially provide a spark to oil and fuel prices in the coming year, especially if reduced drilling activity dovetails with stronger than expected fuel demand levels.