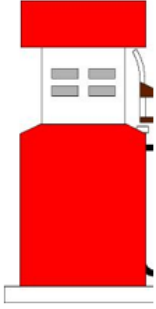


# Energy Market Update, July 16, 2025

## NYMEX Prices



Product	Month	Close	Wk. Change
Crude Oil	Aug 25	66.38	-2.00
RBOB Gas	Aug 25	2.1440	-0.0439
NYH ULSD	Aug 25	2.3915	-0.0177
Nat. Gas	Aug 25	3.551	+0.337

### Market News:

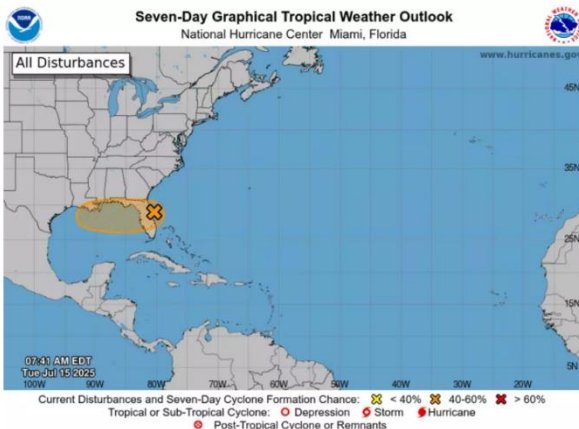
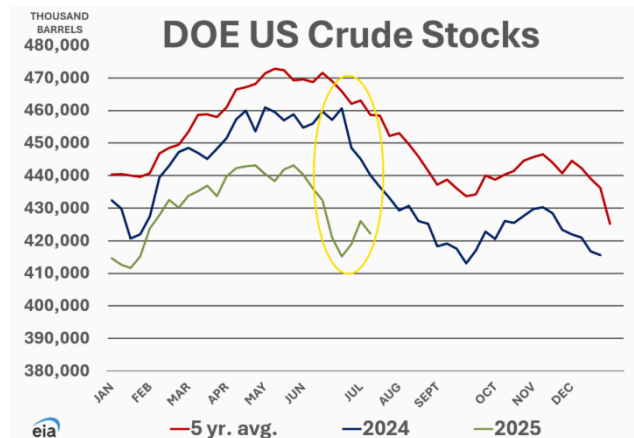
WTI turned away from its lows this afternoon following a 3.9-million-barrel draw posted by the DOE. This was a massive contrast to the API 8.4 mb build reported yesterday afternoon. Gasoline demand was down again, leading to a 3.4 MMbbl build in inventories. Refiners also cut back on gasoline production, and runs declined. The best news of the day was a 4.2 MMbbl build to distillate inventories, finally cutting into the deficit, but still ~21 MMbbl under last year. Propane also had a strong build today of 4.5 MMbbls, when 2.3 was expected, and the five-year average build for week 28 of the year is only 2.7 million barrels.

### Weekly Petroleum Status Report

	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	-3.9	422.2	448	472	3.4	232.9	222	231	4.2	107.0	109	125
Est.	+3.3/-4.700				+1.400/-2.300				+1.500/-2.800			
Propane	Total 82.8 4.5				Midwest 21.1 1.2				Gulf Coast 49.8 1.7			
API	Crude 8.4 Cushing				Gasoline 1.9				Distillates 0.8			

### Domestic Crude Inventory Update

- Yesterday's APIs showed a huge build to crude, but this was not realized in the DOE data from this past week.
- Domestic crude stocks have been showing contra seasonal builds over the past three weeks, which had us monitoring this trend. However, this week's nearly four million barrel draw has turned back towards the expected decline in inventories.
- Typically, we do see a crude draw down during the summer when driving season increases demand.



### National Hurricane Center is tracking a system emerging in the Gulf

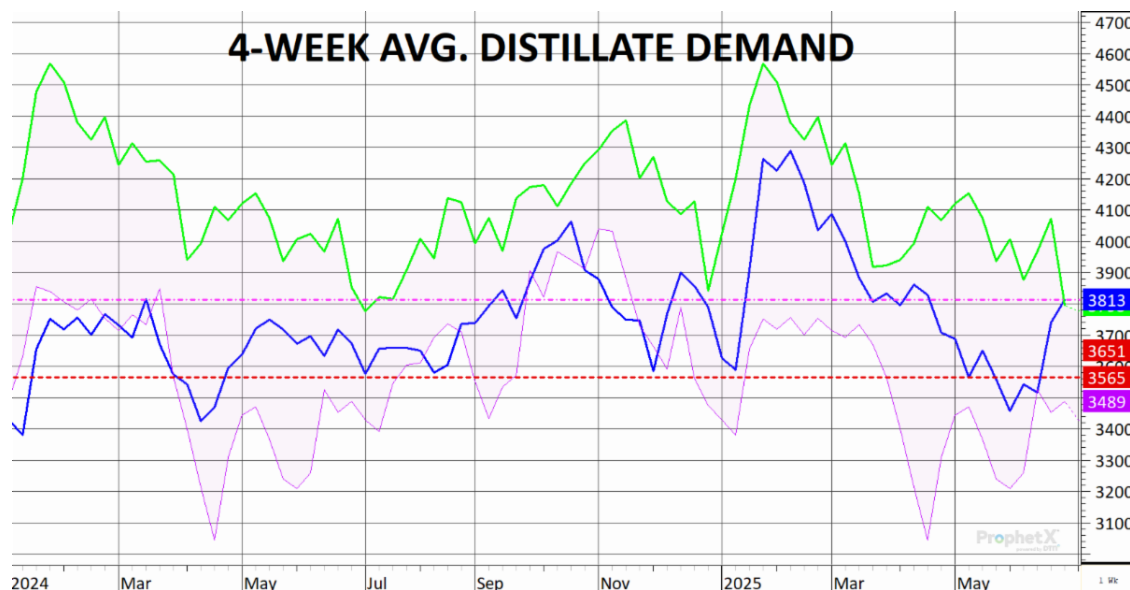
- There is growing concern for a potential hurricane in the Gulf coast, as the National Hurricane Center is now projecting a higher 40% chance that a Tropical Storm, to be named Dexter, will form in the next 48 hours.
- The chances have increased since Monday, with forecasts anticipating the system to reach the northeastern Gulf today. Spaghetti models showing a four-state path, including a Louisiana landfall by Thursday.

## One factor that has contributed to the tight inventory picture in distillate stockpiles (20-year low) that currently overhangs the #2 diesel market is elevated demand levels.

- Four-week average distillate demand, according to the last week's data from the DOE, last week increased by 73,000 bbls/d or nearly 2% to a 2.5-month high at 3.8M bbls/d.

- Four-week average demand has now climbed to ~160,000 bbls/d or close to 4.5% above its five-year average.

- 4-wk. distillate demand, which normally drops off at this time of year, has now jumped by ~350,000 bbls/d or 10% since the start of June.



- 4-wk. avg. demand has now climbed to its four-week average high for the past five years (top line in the shaded part of the chart below) as stronger than expected economic conditions buoys consumption levels and hinders that normal inventory builds that occur at this time of year.

**Why it matters:** Elevated distillate demands in the coming months could help limit inventories builds, further tighten supplies, and present a strong risk to higher #2 diesel prices ahead of the start of the Fall harvest and winter heating seasons, with a increased likelihood that a hurricane supply disruption and/or unexpected shutdown of a major refinery increasing the chances of an even stronger price reaction.

## LP inventory builds on a tear

- After a winter of more historically average draws (60 million bbls), stocks bottomed to a 3-yr low in mid-March.
- Since the bottom, inventories (as of week 27 of the year) have added 35 million barrels, surpassing last year's mark for this time of year (yellow oval).
- Not including today's DOE data, the previous 6 weeks alone stocks have climbed over 23 million barrels.
- Last year inventories climbed to a record 103.1 million barrels.
- LP stocks have benefited from exports and domestic demand being down.

### Why it matters:

While a lot can change with supply and demand during expected seasonal builds, worries of a tighter supply picture in the Spring have mostly faded. LP in the US is now on pace to have adequate inventory headed into the Fall/Winter time frame and potentially surpass last year's record.

