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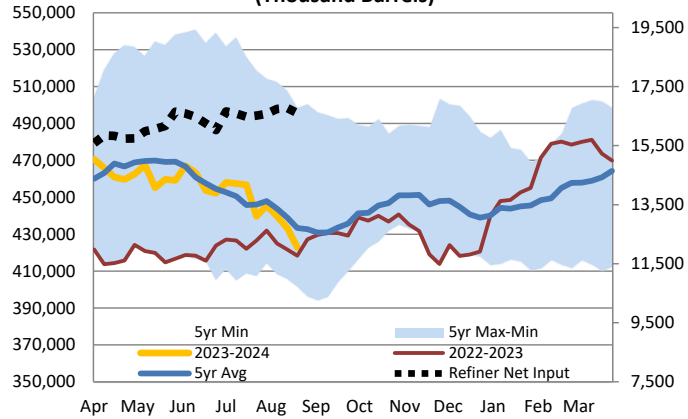
**Inventory Snapshot**

	Est.	API	EIA	vs. 1yr	vs. 5yr
Crude	-2.29	-11.49	-10.58	+1.1%	-2.4%
Distillates	-0.42	+2.46	+1.24	+5.6%	-14.9%
Gasoline	-0.98	+1.40	-0.21	+1.4%	-4.7%
Propane	+2.26	-	+3.18	+32.2%	+19.3%
Cushing, OK	-	-2.23	-1.50	+15.3%	-17.7%
Ref. Util.	+0.17	-	-1.20	+0.6%	+3.2%

**Crude Oil**

	8/25/2023	w/w	y/y
Stocks (mb)	422.94	-10.58	+4.60
Cushing, OK	29.17	-1.50	+3.88
Days Supply (days)	25.47	-0.37	-0.29
Production (mb/d)	12.80	0.00	+0.70
Imports (exc. SPR, mb/d)	6.62	-0.32	+0.66
Refinery Runs (mb/d)	16.60	-0.17	+0.37
Refinery Utilization (%)	93.30	-1.20	+0.60
Exports	4.53	+0.27	+0.56

**U.S. Crude Inventories Excluding SPR (Thousand Barrels)**



**Weekly petroleum stock data released by the EIA this morning were bullish for crude oil** but neutral for gasoline and unresponsive for both distillates and propane. The agency reported a much larger than predicted crude stock draw, but an as-expected dip in gasoline stocks, a surprise build in distillates, and a larger than predicted rise in combined propane and propylene stock levels. Following the report's release, the diesel crack was narrowing, as ULSD futures were down by two percent while WTI futures had added 0.3%, consistent with the data.

**Commercial crude oil inventories saw a seasonal, but much sharper than expected drop** of 10.58mb last week on lower net imports. The 10.58mb drop left US crude stocks 2.4% weaker than normal for this time of year and just 1.1% higher than last year's relatively weak levels. Cushing, OK stocks also fell last week, by 1.50 to 29.17mb. This is 15.3% higher than last year, but 17.7% weaker than normal for this time of year. Stock levels at the hub, and for the US overall, typically hit an inflection point in September and begin to rise when refinery maintenance operations reduce domestic demand for crude oil.

Refinery utilization saw a surprise 1.2 percentage point drop last week, cutting runs by 0.17mb/d. At 16.60mb/d, runs are still 0.37mb/d higher than last year and well above the weekly five-year average. Crack spreads, a proxy for refining economics, have been strong, but have narrowed back some over the past few trading sessions. A 0.27mb/d rise in exports more than offset the decline in refining activity, and with a 0.32mb/d weekly drop in imports and steady production, inventories were pressured lower. Production held at 12.80mb/d, which is a post-pandemic record and 0.70mb/d higher than last year despite a sharp decline in the US oil rig count amid increased efficiency.

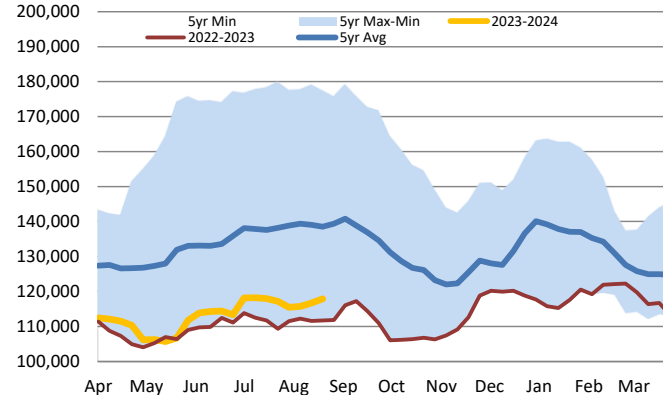
**Distillates**

	8/25/2023	w/w	y/y
Stocks (mb)	117.92	+1.24	+6.22
East Coast	29.73	+1.42	+2.00
New England	3.35	+0.36	+0.10
Mid-Atlantic	15.96	+0.89	+3.03
Production (mb/d)	5.02	-0.04	+0.10
Imports (mb/d)	0.16	+0.08	-0.05
Product Supplied (mb/d)	3.70	-0.13	+0.14
Exports (mb/d)	1.31	+0.13	-0.24

**Ultra-Low Sulfur Diesel**

	8/25/2023	w/w	y/y
Stocks (mb)	107.96	+0.95	+7.15
East Coast	27.76	+1.00	+2.07
Production (mb/d)	4.83	-0.10	+0.06
Imports (mb/d)	0.16	+0.08	-0.05
Product Supplied (mb/d)	4.86	-0.12	-0.10

**U.S. Distillate Stocks (Thousand Barrels)**



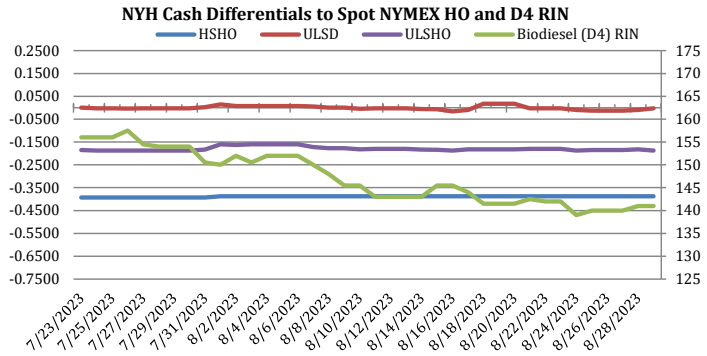


**Gasoline**

	8/25/2023	w/w	y/y
Stocks (mb)	217.41	-0.21	+2.94
East Coast	56.08	+1.20	+4.22
Production (mb/d)	10.01	+0.29	+0.23
Imports (exc. SPR, mb/d)	0.85	-0.05	+0.26
Product Supplied (mb/d)	9.07	+0.16	+0.48
Exports (mb/d)	0.85	+0.02	-0.19

**Propane**

	8/25/2023	w/w	y/y
Stocks (mb)	95.47	+3.18	+23.23
East Coast	7.83	+0.61	+1.15
Production (mb/d)	2.54	-0.07	+0.14
Imports (exc. SPR, mb/d)	0.10	+0.04	-0.02
Product Supplied (mb/d)	0.64	-0.34	-0.01
Exports (mb/d)	1.55	+0.09	+0.28

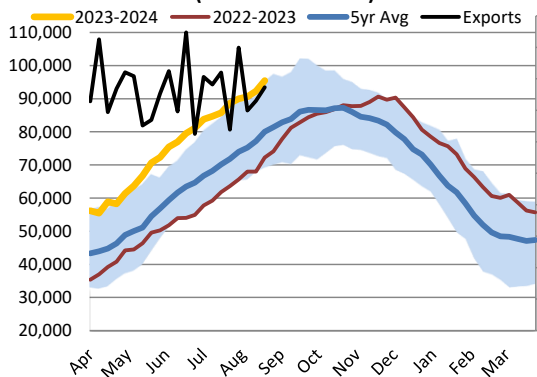


**Distillate stocks saw a surprise, but seasonal build of 1.24mb last week.** Stock levels rose to 117.92mb, which is 5.6% higher than last year but 14.9% lower than normal, with only a week or two before the typical end of the building season. Stocks tend to turn southwards in September, not turning higher again until the middle or end of November when refinery turnarounds and crop harvesting have been completed. The East Coast saw a welcome build of 1.42mb last week, putting inventories at 29.73mb. This is 7.2% higher than last year, but there remains a wide deficit of 32.6% against normal levels. Exports rose by 0.13mb/d last week, averaging 1.31mb/d, but this is 0.24mb/d lower than last year, and was offset by a 0.13mb/d drop in implied demand. Demand averaged 3.70mb/d, which is 0.14mb/d higher than last year. Production fell marginally to 5.02mb/d, but imports rose by slightly more to 0.16mb/d. Stock levels remain low, which can lead to higher chances for a basis blowout, all else equal. At the same time, El Niño conditions are leading to forecasts for above-normal temperatures in the Midwest and Northeast.

**Gasoline stocks saw a small dip last week, as expected.** The 0.21mb decline kept stock levels within, but still near the bottom of the weekly five-year range. Implied demand rebounded, up by 0.16mb/d to 9.07mb/d this week. However, production saw a larger jump of 0.29mb/d, averaging 10.01mb/d and 0.23mb/d higher than last year. US stocks are 1.4% higher than last year's very weak levels but 4.7% below normal. East Coast inventories are 8.2% stronger than last year, but still 7.7% weaker than normal with months to go before the typical November inflection point in inventories.

**Combined propane and propylene stocks saw a larger than predicted but seasonal build.** The build was helped by a drop in implied demand, which overshadowed an uptick in exports and a production dip. Implied demand dropped 0.34mb/d lower to average 0.64mb/d, about flat to last year and near five-year lows for the reporting week. Net exports picked up by 0.05mb/d to average 1.45mb/d, which is elevated compared to the 1.15mb/d we saw last year. Production fell by 0.07 to 2.54mb/d, but this is still above last year's 2.40mb/d. Gulf Coast stocks jumped 1.57mb higher last week to 57.31mb, which is 31.3% higher than normal. Midwestern inventories saw a welcome 0.81mb build and are just above the five-year average. East Coast stocks jumped 0.61mb higher to 7.83mb and are also slightly higher than normal. Overall US inventories are 19.3% higher than is typical for this point in the building season.

**Total U.S. Propane/Propylene Stocks (Thousand Barrels)**



**Total U.S. Gasoline Stocks (Thousand Barrels)**

