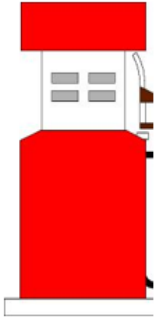


Gateway FS



Energy Market Update, March 20, 2024

NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	Apr 24	81.68	+1.96
RBOB Gas	Apr 24	2.7332	+0.0717
NYH ULSD	Apr 24	2.6957	+0.0106
Nat. Gas	Apr 24	1.699	+0.041

Market Comments:

- The markets are returning from 5 months' highest this morning as the trade awaits supply data and news from the Federal Reserve policy meeting.
- Natural gas prices hit a low in February, but expectations are that they won't stay suppressed as an export boom is on the horizon.
- Despite global moves toward reducing greenhouse gas emissions, the transition to renewable energy from fossil fuels will likely take longer in Asia than initially expected.
- The EIA lifted its forecast for oil demand growth this year on the improved outlook in the U.S. and increased bunkering, while it cut estimates for global supply on lower output expectations from OPE

	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	-2.0	445.0	457	456	-3.3	230.8	236	236	0.6	118.5	146	148
Est.	-2.000/+1.500				-4.100/+1.500				-2.600 / +1.200			
Propane	Total 52.2 0.4				Midwest 12.9 0.1				Gulf Coast 31.2 0.1			
API	Crude -1.52 Cushing 0.325				Gasoline -1.6				Distillates 0.51			

Decreased Russian diesel exports could tighten global supply and support ULSD prices.

- Recent Ukrainian drone attacks on Russian refineries appear to have curtailed Russian diesel exports in the past month.
- According to Reuters, Russian oil refining capacity that has been shut down due to drone attacks has reached 7%, or nearly 400,000 bbls/d, of the country's total refinery capacity this month.
- Russian diesel exports peaked at ~1.2Mbbbls/d in December and appear to have dropped to close to 800,000 bbls/d by mid-March.
- The attacks, which have escalated over the winter, have damaged three Russian refineries so far: Lukoil's 300,000 bbls/d Volgograd and 340,000 bbls/d Norski and the privately owned 74,000 bbls/d Kaluga refinery, which is located only 40 miles from Moscow.

- Although damage reports are not readily available, if Ukrainian attacks continue to escalate, more and more production could be taken offline, and export levels could continue to drop going forward, further tightening global supplies.

Why it matters: Reduced Russian fuel exports will tighten global supplies and likely help boost US diesel exports, which could tighten US supplies and spark domestic diesel prices in the coming months.

Russia's Diesel Exports are Falling

Shipments fell in February and are on course for March drop

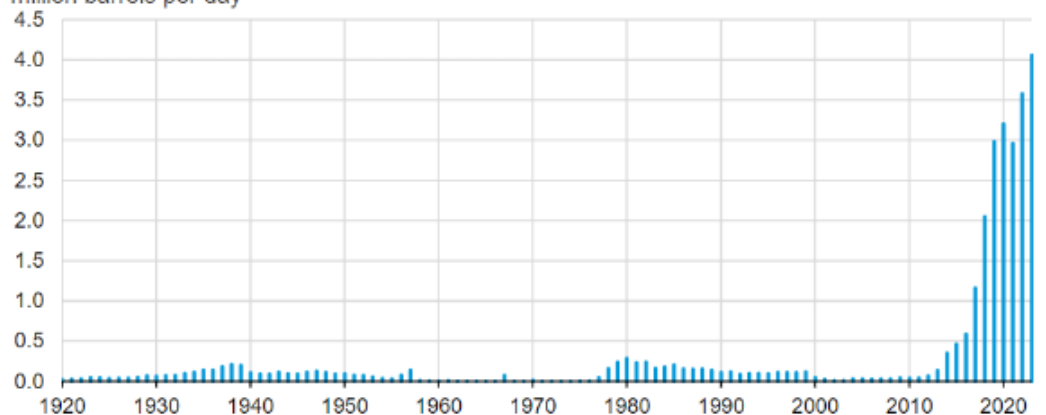
■ Russia gasoil/diesel exports 3-month moving average



Source: Kpler data, compiled by Bloomberg
March figures cover the first two weeks of the month.

Annual U.S. crude oil exports (1920–2023)

million barrels per day



eia

The U.S. Crude Oil Exports Reached a Record in 2023

- Crude oil exports established a record in 2023, averaging 4.1 million daily barrels.
- 13 percent (482,000 b/d) more than the previous annual record set in 2022.
- Except for 2021, U.S. crude oil exports have increased yearly since 2015, when the U.S. ban on most crude oil exports was lifted.
- Growth in crude oil production in the U.S. has supported increased U.S. crude oil exports.
- In 2023, crude oil production reached a record high of 12.9 million b/d in the U.S.
- Many U.S. refineries are optimized to run heavy, sour crude oils, but more of the crude oil produced in the U.S. is light and sweet, creating export incentives for market participants.

- Europe and Asia have been the top regional destinations for U.S. crude oil exports since 2018.

Why it Matters: Keeping a watchful eye on export demand for U.S. energy products is essential. While the U.S. has increased production, not all of this supply stays domestically, as it is being exported, and there are limited builds in the U.S. stocks.