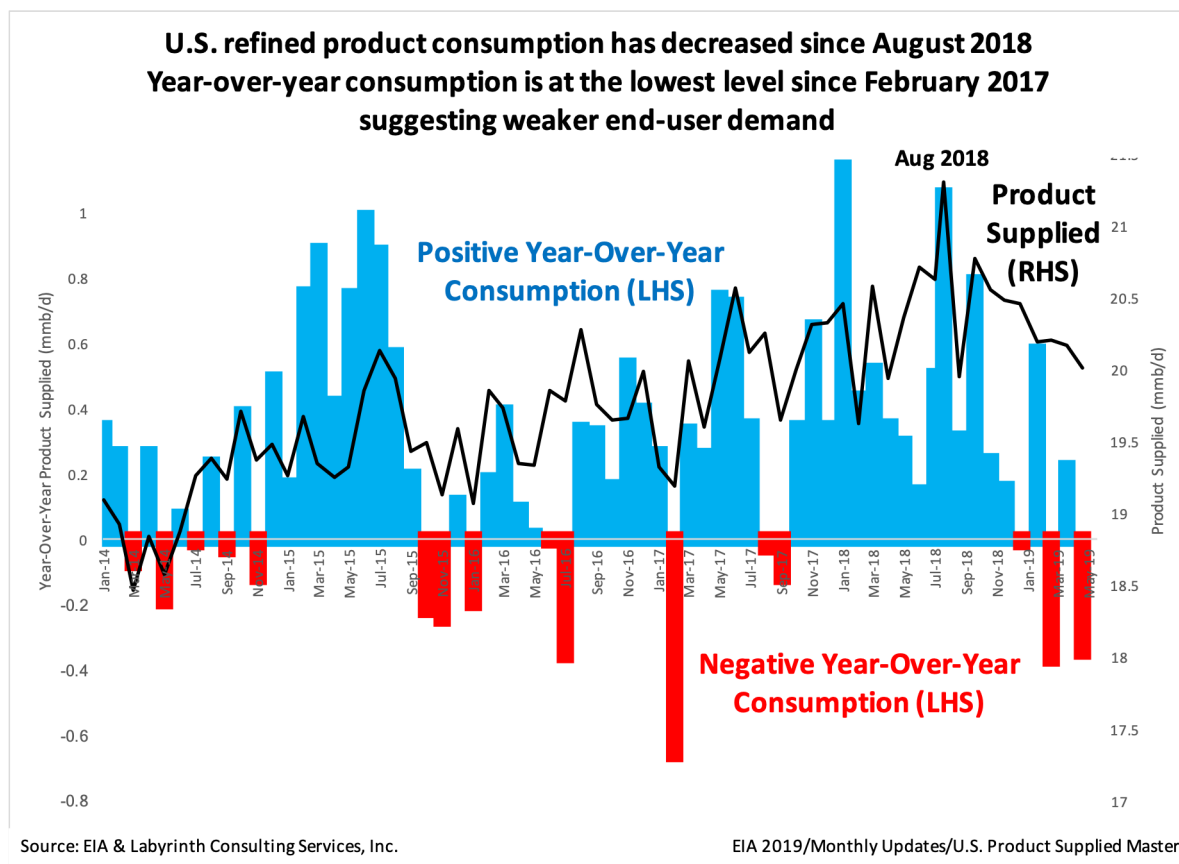




MacroVoices
June 5, 2019

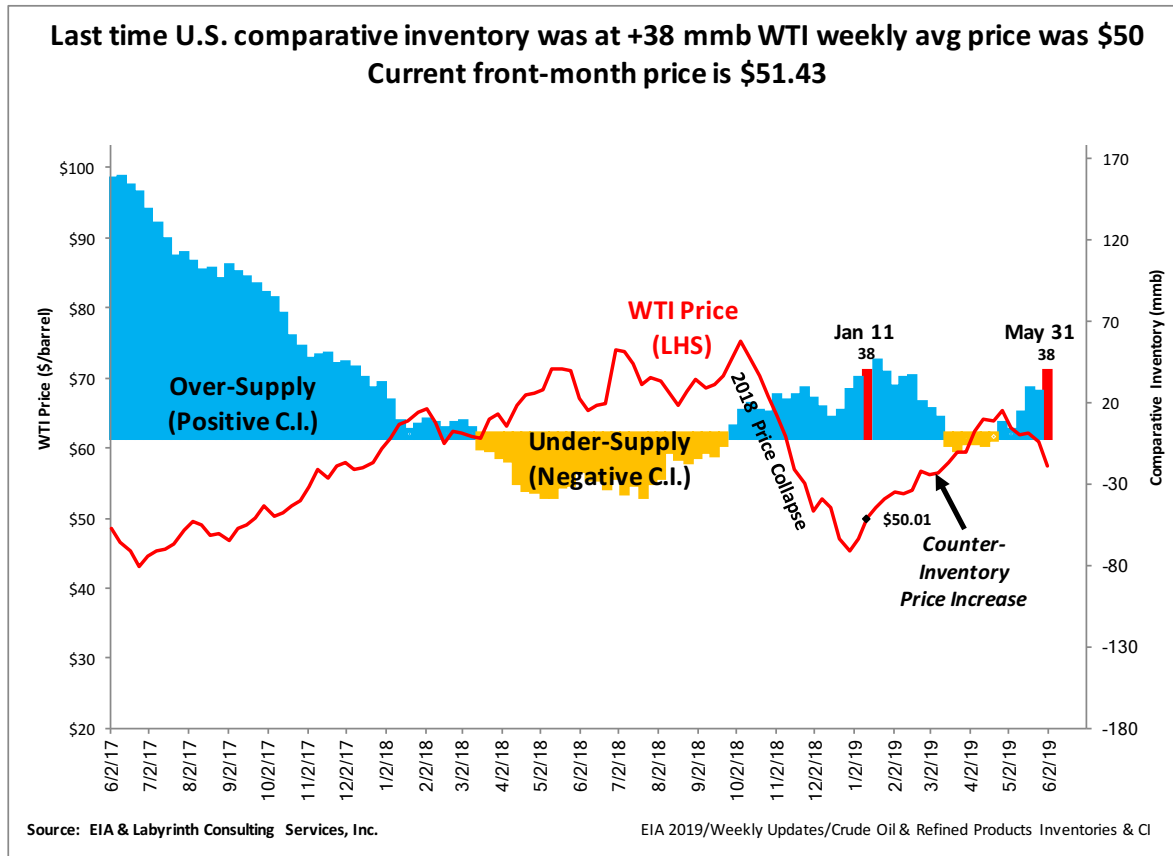
Art Berman
Labyrinth Consulting Services, Inc.

U.S. refined product consumption is decreasing



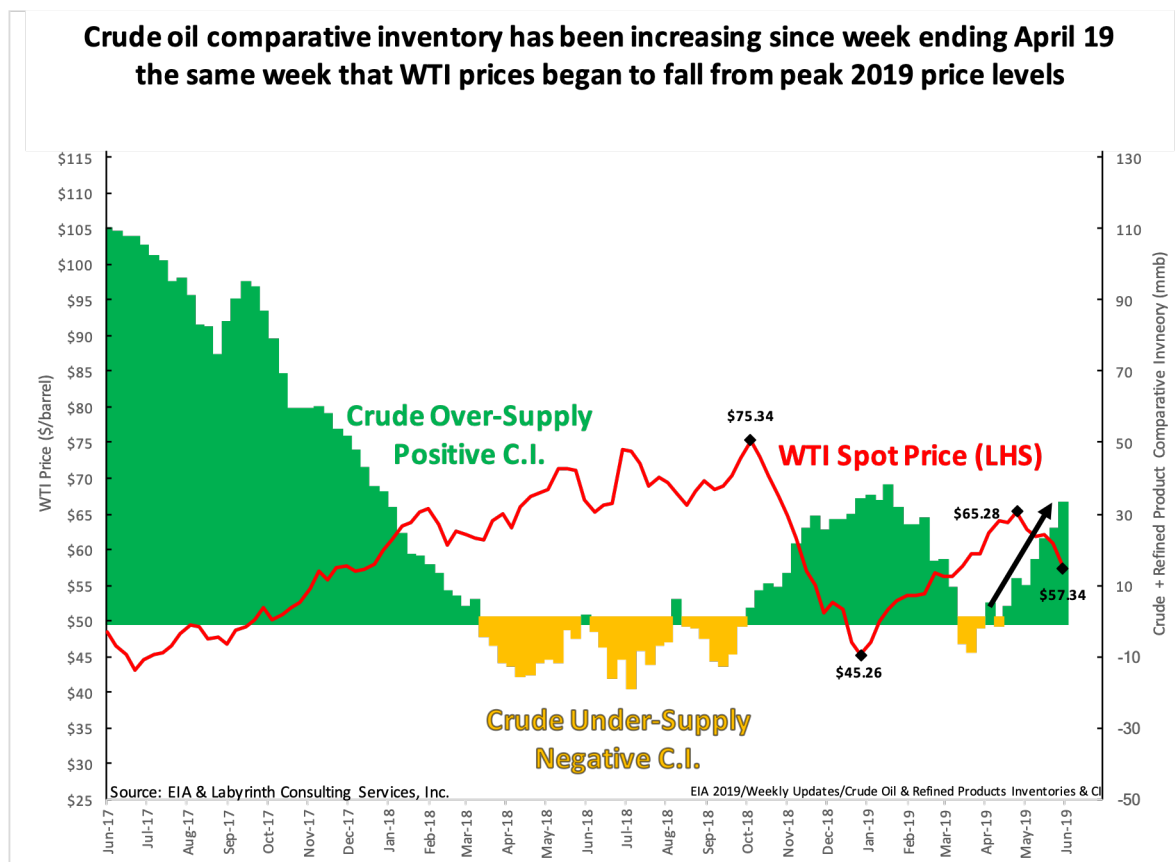
- U.S. refined product consumption has decreased since August 2018 suggesting weaker end-user demand.
- Year-over-year consumption is at the lowest level since February 2017.
- Consumption remains more than the 5-year average so there is some hope the trend may reverse with higher summer demand.

U.S. crude + product over-supply is increasing



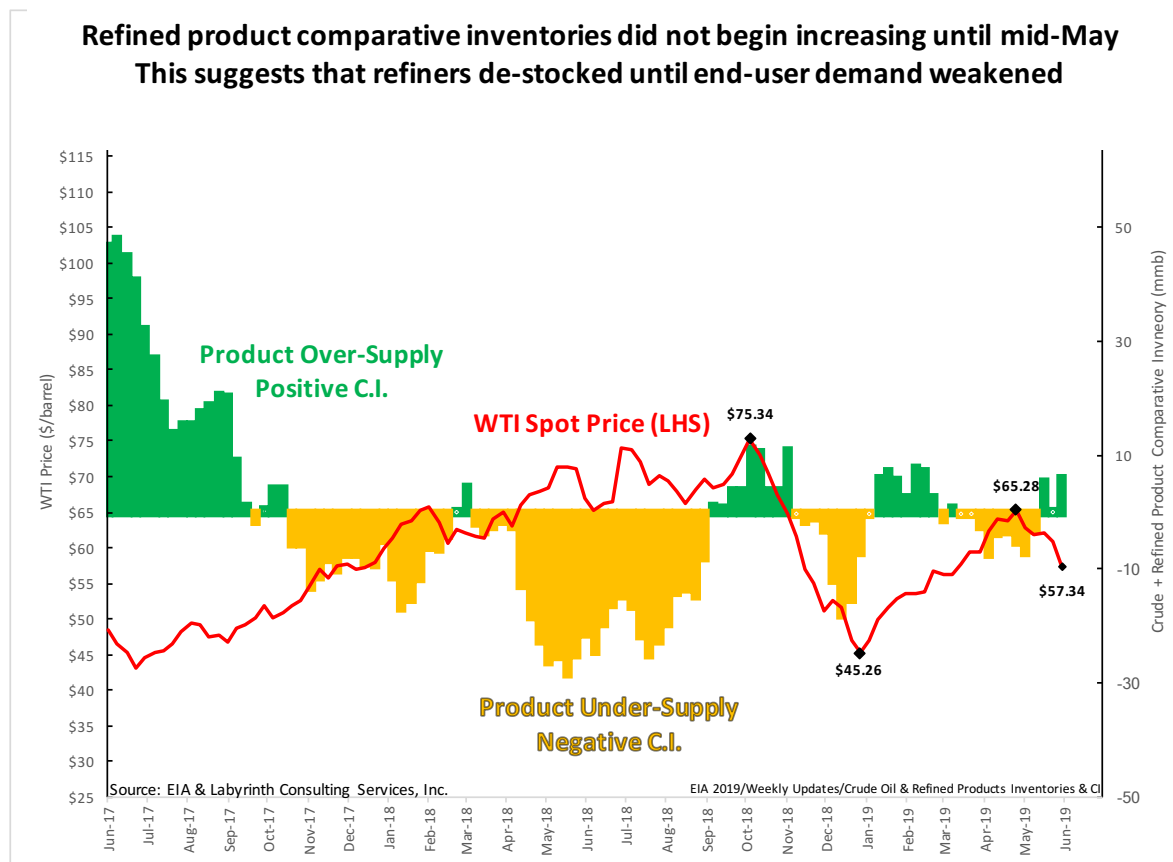
- Crude + refined product comparative inventory is almost as high as mid-January peak of oil-price collapse.
- Last time comparative inventory was at +38 mmb, WTI average weekly price was \$50.01.
- Current front-month price is \$51.

Crude oil stocks have been increasing since WTI prices peaked



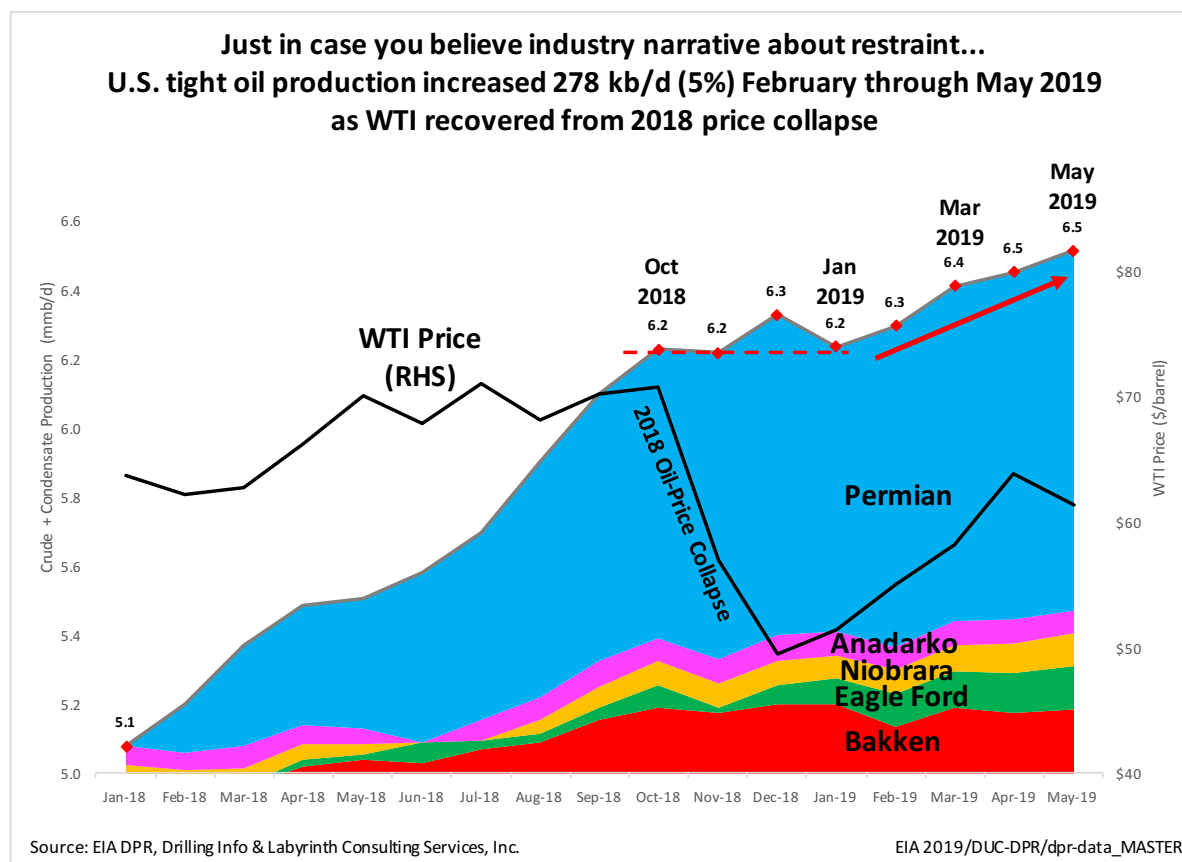
- Crude oil comparative inventory has been increasing since week ending April 19.
- That was the same week that WTI prices began to fall from peak 2019 price levels.

But refined product stocks continued to decrease for several weeks



- Refined product comparative inventories did not begin increasing until mid-May, several weeks after crude stocks began to build.
- This suggests that refiners de-stocked until end-user demand weakened.

Just in case you believe industry narrative about restraint....



- U.S. tight oil production increased +278 kb/d (5%) in 2019 as WTI recovered from 2018 price collapse.
- Permian output rose +220 kb/d & represents 79% of tight oil increases.
- Eagle Ford increased +43 kb/d & Bakken decreased -11 kb/d partly because of winter freez-offs.