

Ending The War, By Winning The War, Where We Head Bolsters Our Bullish Outlook! It Will Have More Prosperity Being Produced And Blessing More.

Figure 1

United States Weekly Retail Diesel Prices

(Src: U.S. Department of Energy)

Dollars per gallon

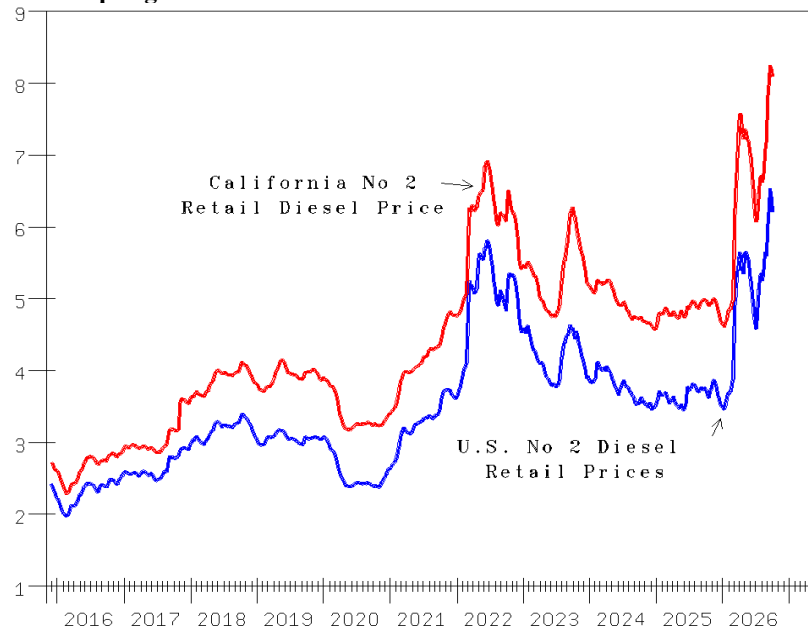
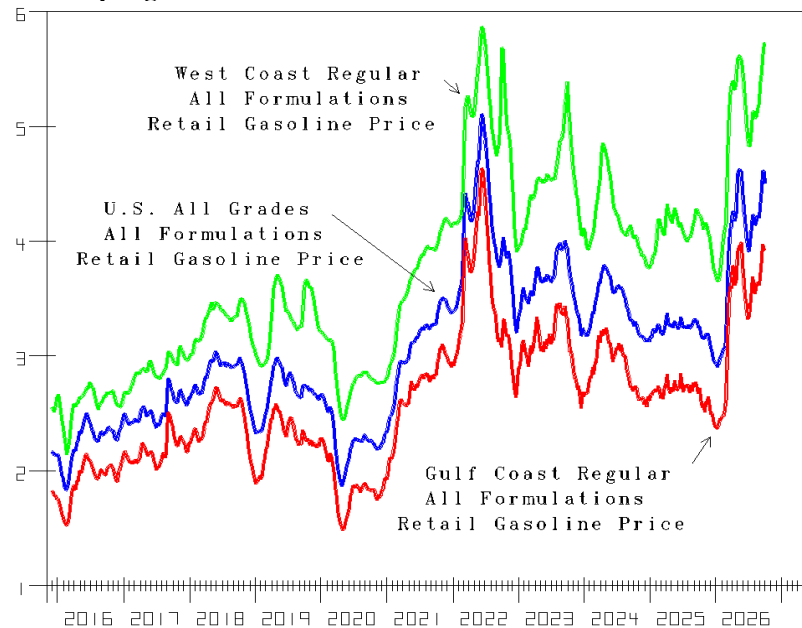


Figure 2

United States Weekly Retail Diesel and Gasoline Prices

(Src: U.S. Department of Energy)

Dollars per gallon



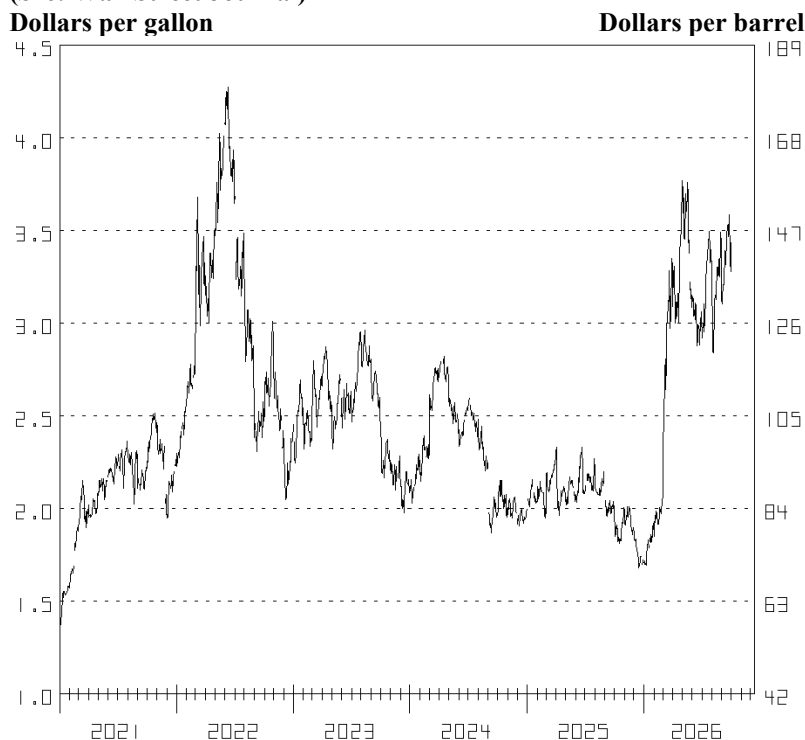
Record-high prices, having the high cost of diesel fueling affordability fear, has some leaders arguing to “End-The-War” by just agreeing to end it.

California retail diesel over \$8 per gallon (Figure 1, red line) helping have the national average up around \$6.20 (blue line) has Ending-The-War emphasized much. Those proclaiming, “Just-Reach-an-Agreement,” see Military action as a big mistake. Retail California \$1.80ish more than the national average, yet spot market Los Angeles diesel yesterday at \$5.22, only 59 cents more than Gulf Coast at \$4.63 has us conclude: California rules/regulations and dictates are the big mistake.

Yesterday’s national average retail gasoline price at \$4.36, \$1.92 less than the \$6.28 diesel prices highlights the importance of what is happening in the

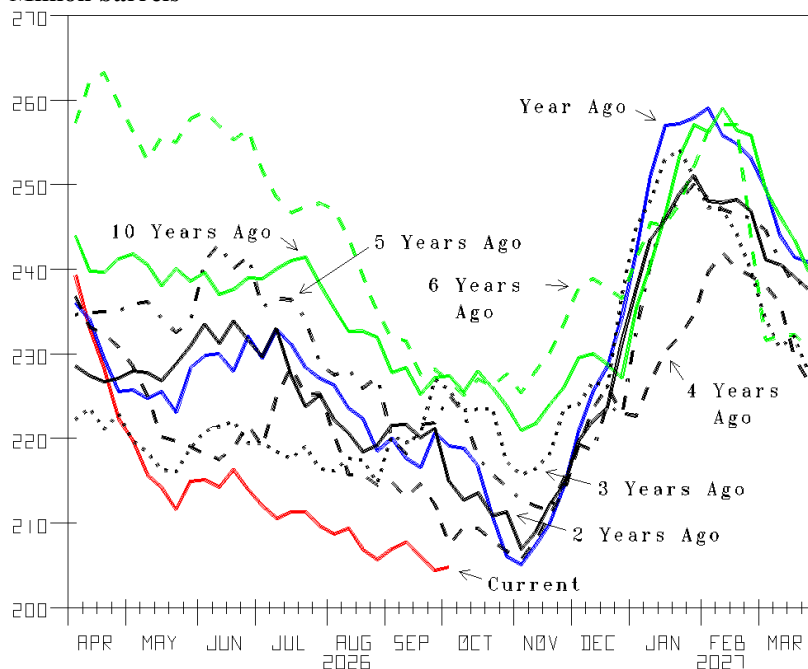
world. While retail diesel prices are setting new highs (Figure 1), retail gasoline prices (Figure 2, red line) are below the Russia Invasion in 2022 and Operation Epic Fury highs, except for the West Coast (green line). Distillate oil (diesel and heating) the dominant fuel Over There has supply disruptions Over There boosting diesel and heating oil cost here.

Figure 3
Gasoline-New York RBOB daily, near-month closing futures price
 (Src: Wall Street Journal)
Dollars per gallon



Progress to finally end Iran's Rulers decades-long War is evident in the closing futures contract price of gasoline below Russia's invasion and Epic-Fury highs. \$4.276 per gallon was the New York RBOB near-month gasoline futures contract high with Russia's invasion of Ukraine (Figure 3). \$3.738 was its high with the Epic Fury effort to finally end the Ruler's of Iran's war. While \$3.432 yesterday is up from the decline down toward \$2.90 with efforts to negotiate peace. There is some cost-of-living improvement (Figure 2).

Figure 4
U.S. Gasoline Inventory
 (Src: Department of Energy)
Million barrels



Gasoline's cost high with supply tight is evident in U.S. gasoline inventory setting new lows.

Distillate oil needed last year having gasoline over produced greatly increased U.S. gasoline inventory to a new January high (Figure 4, blue line). More needed to make up for less produced Over There had it drop to new lows with preparation for driving Summer (red line). The switch from Summer to Winter grades and Free Markets diligently working have us predict: we have experienced gasoline's highest prices.

Figure 5

New York Harbor, Ultra Low Sulfur Distillate (ULSD) daily,
Near-month closing futures price (Src: Wall Street Journal)

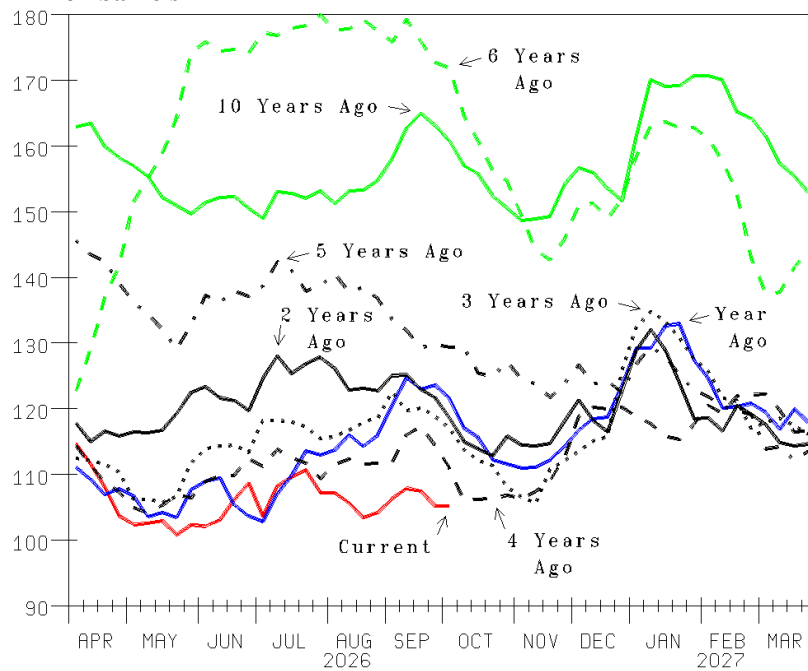
Dollars per gallon

Dollars per barrel

**Figure 6**

U.S. Distillate Oil (Diesel and Heating Oil) Inventory
(Src: Department of Energy)

Million barrels



Distillate the major fuel Over There and military action to end both the Ruler's of Iran and Ruler of Russia's wars have the cost of diesel up setting new highs.

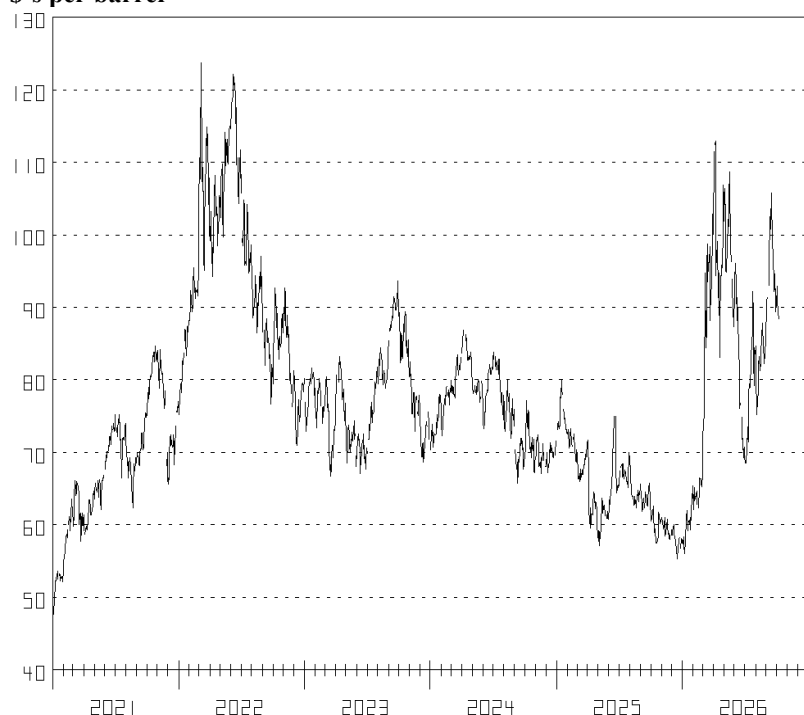
The ruler of Russia invading Ukraine dropping supply jumped the closing futures contract price of Ultra Low Sulfur Distillate (ULSD) to a \$5.135 per gallon high at the end of April, 2022 (Figure 5). Supply restored reduced it almost as low as \$2 last year. Military action to finally end the Iranian Ruler's war jumped it to \$4.608 in March. We credit more military action by Ukraine, against Russia's oil-production capabilities, for the new, \$5.262 high mid-September. \$4.623 yesterday above the prior highs confirms the importance and very high value of all that distillate oil fuels. As well as fear-driven rules/regulations and dictates minimizing supply.

Distillate oil supply very tight is evident in U.S. inventory extra low.

The Coronavirus Recession dictated in 2020 dropping activity and boosting U.S. distillate oil inventory up near 180 million barrels (Figure 6, green dash) dropped the closing futures contract price down to almost a 60 cents per gallon low. Inventory setting new lows as we head to fueling Winter, and military action to end both wars has prices up setting new highs.

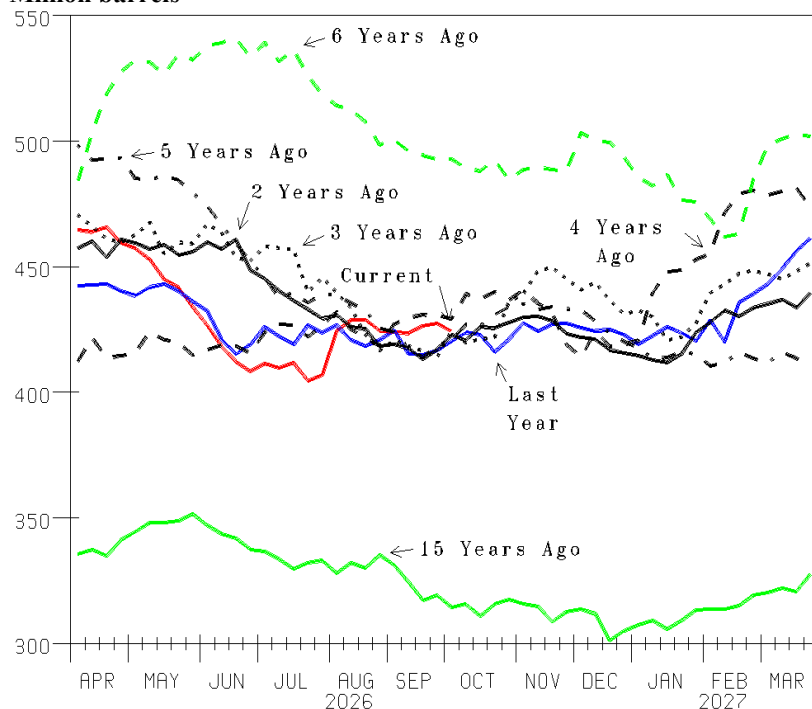
Victory over Japan's and Hitler's Wars with the world remind us that reducing the oil fueling their war effort was a major victory factor. Oil funding the decades-long War by those ruling Iran makes reducing its oil funding the major weapon now.

Figure 7
Near Month Closing Futures Contract Price of WTI Crude Oil
 (Src: Wall Street Journal)
 \$'s per barrel



The cost of crude oil down from highs highlights what is needed to increase everyone's affordability. The near-month, closing futures contract price of West Texas Intermediate (WTI) crude oil was just above \$60 per barrel when year 2020 began. The collapse from the Coronavirus Recession had a few contracts close, down at a price near -\$40 per barrel. Growth resuming had the price at \$50 when 2021 began and Russia invading jumped it to a \$123.0, year 2022 high (Figure 7). \$112.95 was the high with Operation Epic Fury's military effort to end Iran's Rulers war. \$105.83 was the September high with war fighting resuming.

Figure 8
U.S. Commercial Crude Oil Inventory
 (Src: Department of Energy)
 Million barrels

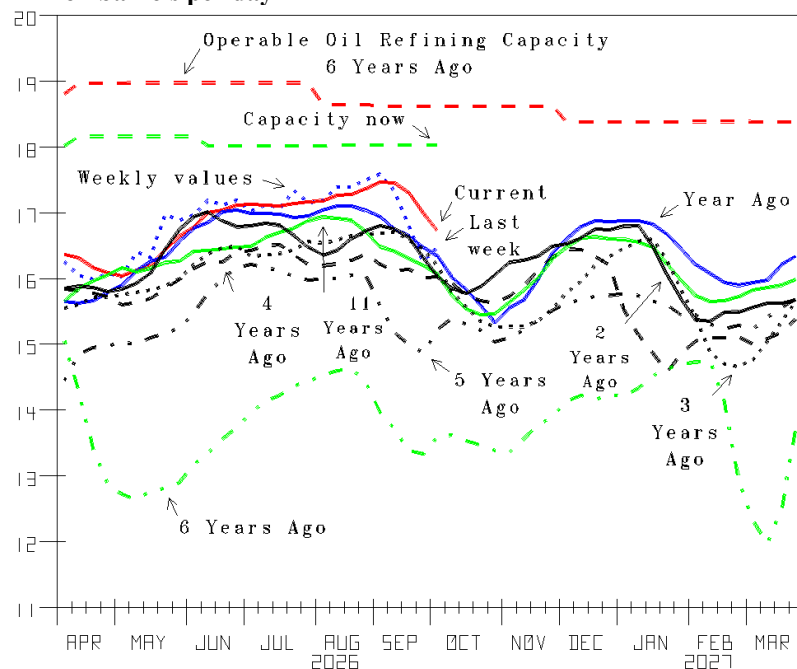


Yesterday's \$88.28 per barrel crude oil futures price notably below all its highs reflects commercial inventory in the historic range because of 132.2 mmb drawn from U.S. SPR inventory. The closing crude-oil futures price dropping to a few trades down near -\$40 per barrel, with the Coronavirus Recession dictated, reflected crude oil inventory rapidly increasing in April of 2020 (Figure 8, green dash). No place to put what some committed to take delivery resulted in a few committed parties paying as much as \$40 to have the obligation taken away. U.S. Strategic Petroleum Reserve (SPR) supply dropping from 415.2 million barrels (mmb) mid-February to 283.0 now has 424.1 mmb in inventory now (Figure 8, red line) 3.9 more than last year (blue line) providing cost relief. It is a great example of having Free Markets work, increasing well, supply of the much, much now needed.

Figure 9

U.S. Oil Refinery Runs – 4-week averages and the latest weeks
(Src: Department of Energy data and calculated from it)

Million barrels per day



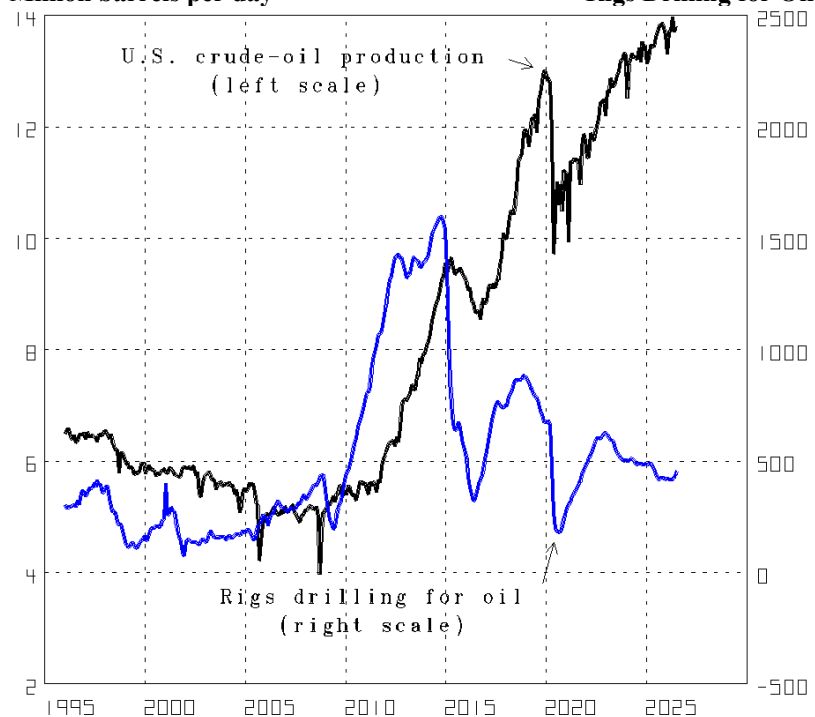
Commercial crude oil inventory as high as it is also reflects refinery runs declining seasonally consuming less.

Oil prices signaling need for more (Figures 3, 4) had U.S. refinery runs setting new, multi-year highs (Figure 9, blue dot). Runs averaging 16.480 million barrels per day (mmbd) last week, down from 17.586 as September began is 1.106 fewer barrels processed, 7.7 mmb fewer needed per week now than then. Maintenance needed and reductions from changeover for Summer to Winter will provide relief a little longer. Before fueling Winter increase begins.

Figure 10

U.S. Monthly Crude Oil Production & Rigs Drilling for Oil
(Src: U.S. Department of Energy data)

Million barrels per day



Plus, it reflects the Blessings of the Fracking Revolution made to work for oil here. What now needs another, multi-year Drilling Boom fueling much more prosperity being produced and BLESSING many, much, much more. U.S. crude oil production was steadily declining as the last century ended and this one began (Figure 10, bold line, left scale). Then, our Free- Market economy learned to make the success of Fracking working for drilling natural gas (thank you, George Mitchell) to working for oil. Rigs drilling for oil increased toward 500, dropped with the Coronavirus Recession dictated but then surged to over 1,500 (blue line, right scale). Production surging reducing oil's price reduced the number of rigs running and the value of Drilling and Oil Service. Capacity now very low powers our very bullish oil and natural gas outlook. Much next needed driving a multi-year, very profitable Drilling boom next.

Figure 11
U.S. Total Oil Imports, Total Oil Exports and
Net Total Oil Imports—4-weeks moving averages
 (Src: Calculated from U.S. Department of Energy data)
 Million barrels per day

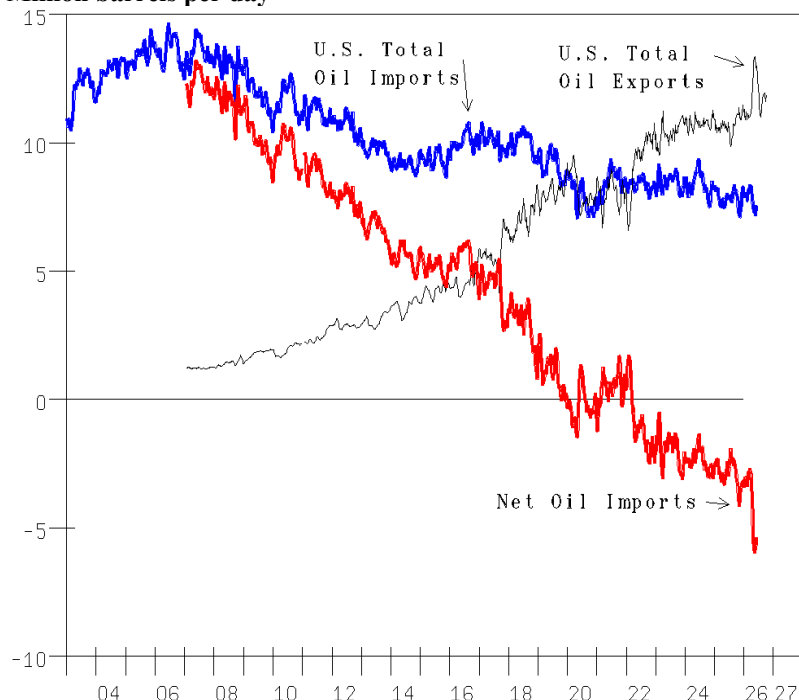
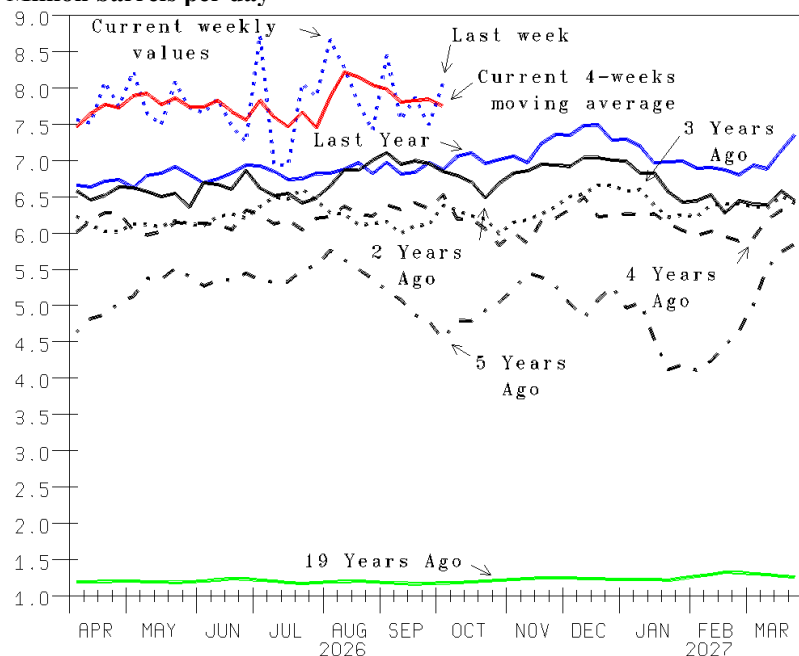


Figure 12
U.S. Total Petroleum-Product Exports,
Latest weekly and 4-weeks moving averages
 (Src: Calculated from U.S. Department of Energy data)
 Million barrels per day



The U.S. transformed from being the worlds largest oil and natural gas importer back with Crash 2008, to its largest exporter now is funding consensus-beating growth, prosperity and upward mobility along with much regulations/rules and dictate improvement. U.S. oil imports up very high (Figure 11, blue line) and exports very low (line) had net oil imports up around 12.5 mmbd in 2007 and 2008 (red line). That sending much money Over There to bring oil here helped intensify the Crash 2008 recession. Free Market innovation working well now has the U.S. the world's largest oil exporter. That and better communication is helping more learn what and how things work and Participate in Doing/Being/Having More/Better.

Much, much money now coming here, funding better lives and a better future is helped by high value petroleum products the oil we most export. People free to Do/Be/Have better has jumped U.S. petroleum product exports from down near 1.0 mmbd in 2007 (Figure 12, green line) to around 8.0 now (red line). This, the highest-value oil. Ending the Wars by winning them (not reaching temporary agreements), the policy we see now pursued, also power our bullish outlook. **Much of late minimizing, infrastructure trends, AI activity increasing, Over There growing too with work to end/restore war destruction, conventional energy expectations low, + much poorly understood has conventional-energy-Bullish happening.** We rate nat gas, crude oil, oil-focused E&P and Drilling & Oil Service **Overweight Strong Buy; and Oil-Refining BUY.**