

Petroleum Fact Sheet

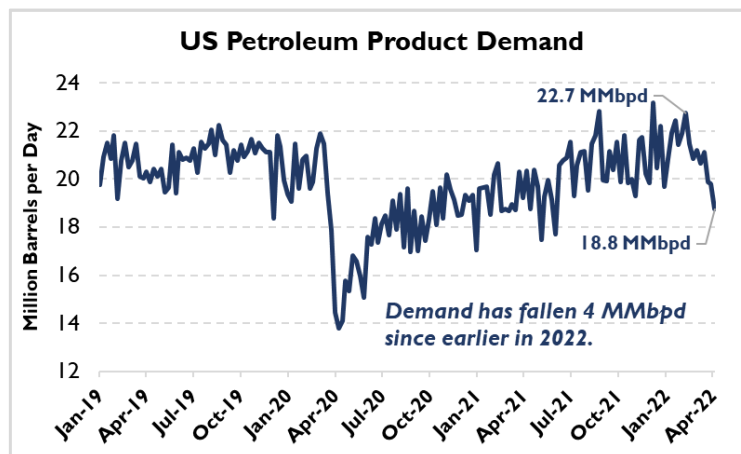


1. Higher Prices Equate to a \$25 Billion Monthly Tax for US Economy

Prices have risen over \$1 per gallon since the Russia-Ukraine crisis began. With the US consuming roughly 850 million gallons per day of refined fuels, that's an \$850 million per day incremental cost for the US economy, or \$25 billion per month, with no additional value-add.

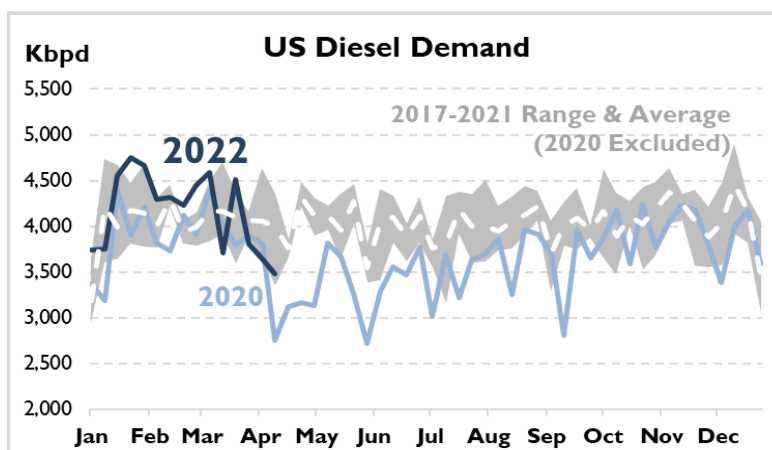
2. High Price Drive 4 MMbpd Decline in Petroleum Demand

Total US petroleum product demand rose to an all-time high of 23.2 MMbpd in December, sustaining at 22.7 MMbpd in February. Since the Russian invasion, total petroleum demand has fallen by nearly 4 million barrels per day.



3. Before the Russian Invasion, Diesel Demand Was +5% above Average

Prior to the Russian invasion, diesel demand was tending close to 4.5 MMbpd. YTD average diesel demand is 4.2 MMbpd – 5% higher than the typical Q1 demand level, even excluding 2020 from the data.

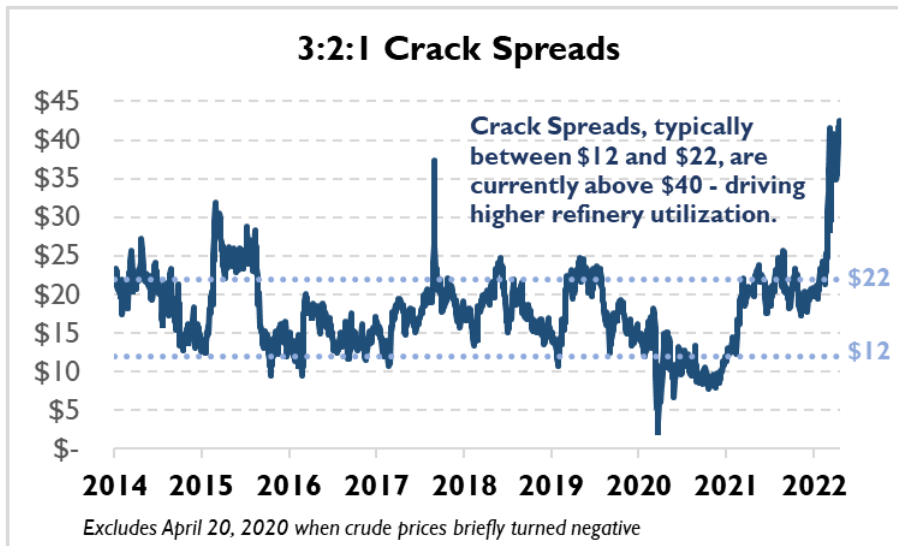
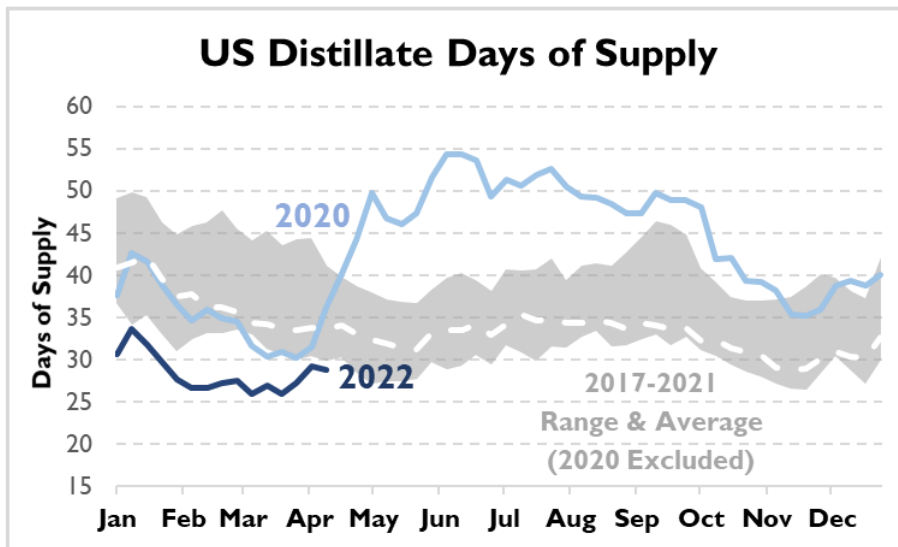


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4. Diesel Inventories Fall, Pushing Crack Spreads to Record Highs

Diesel days of supply hit a low of 25.9 days on March 4 – the lowest recorded level since May 2008. Year to date, days of supply have averaged 28.4 days, compared to a 5-year average of 36.7 days. With diesel supplies so tight, 3:2:1 crack spreads (refiner margins) are currently above \$40/bbl, roughly double the typical level.



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5. Could Russia's Oil Sector Decline like Venezuela's in 2015?

Russia's oil sector has paid heavily for the invasion. Oil majors have pulled their operations, freezing Russian oil investments. When the crisis ends, new investments will likely be slow or non-existent, meaning Russia's oil sector (producing 10% of the world's oil) could decline similar to Venezuela's decline since 2015. Among the specific company activities:

- ▶ **Exxon Mobil:** exited its \$4 billion stake in Sakhalin-1, which produces 300 kbpd
- ▶ **BP:** pulled its \$25 BN, 19.75% stake in state oil giant Rosneft
- ▶ **Shell:** pulled its 27.5% stake in Sakhalin 2 LNG Pipeline & financing for Nord Stream 2
- ▶ **TotalEnergy:** stopped buying Russian crude except at one land-locked refinery in Germany. Halting all new spending in Russia
- ▶ **Trafigura:** one of the largest traders in Russian oil, froze investments in Russia

Venezuelan Oil Production

