



CORNERSTONE ANALYTICS

THE MORNING ENERGY UPDATE

JUNE 19, 2025

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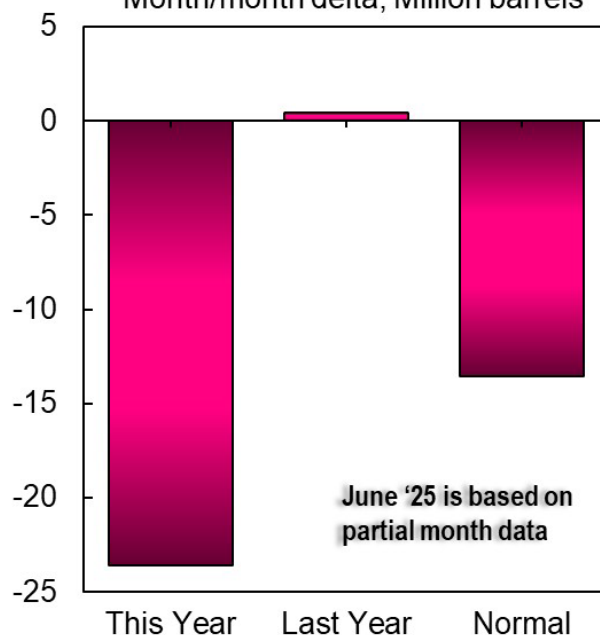
WE SEE IT AND WE'RE NOT SURE WE BELIEVE IT

Based on data for the first half of June, global petroleum inventories are tracking to draw by more than normal. The analysis to the right keys off of readings for the Pacific and North America with Europe assumed as having a normal change for the month. The draw follows what we estimated to have been a whopper of a stockbuild in May.

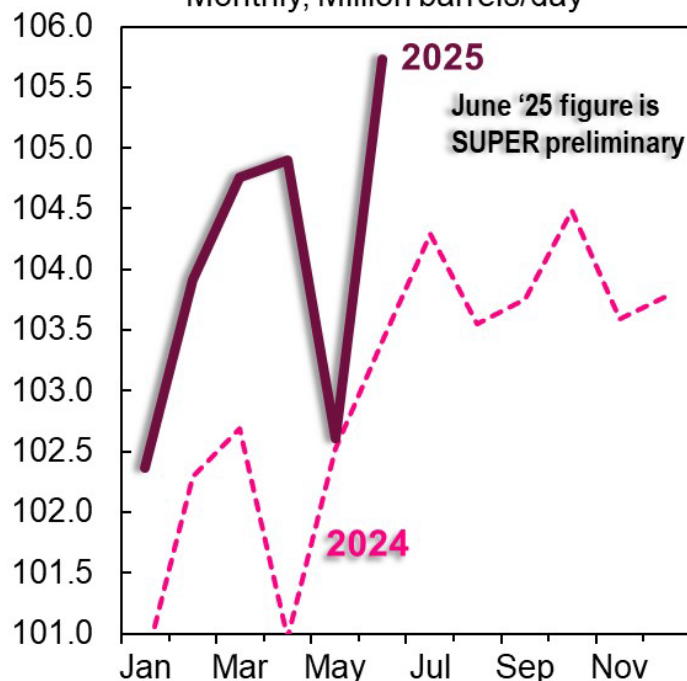
Using an early number for OPEC and non-OPEC output and the above inventory change, we reckon global oil demand is running at 105.7 million b/d. This rate is wicked high and would represent a new record level in global use. We note the figure is super preliminary and subject to revision, but even so it's a monster of a number. The year/year growth works out to 2.33 million b/d bringing the current quarter's demand 2.1 million b/d higher than the 2Q 2024 figure (triple the IEA's projection and 700,000 b/d above our own forecast.

As to assertions that there's \$10 of "risk premium" in oil prices, we disagree. Based on inventory levels, the fair value for Brent (employing MIKER) is \$81.26/barrel.

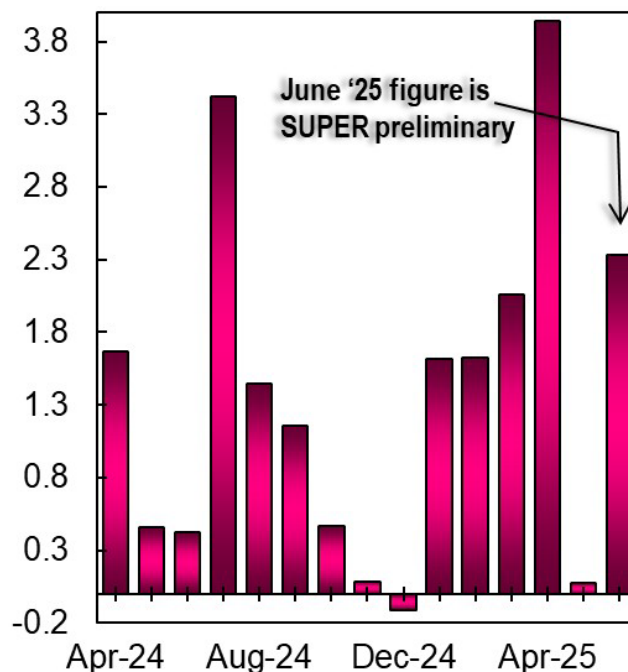
Global Inventory Change - June
Month/month delta, Million barrels



Global Oil Demand
Monthly, Million barrels/day



Global Oil Demand
Year/year change by month, MM b/d

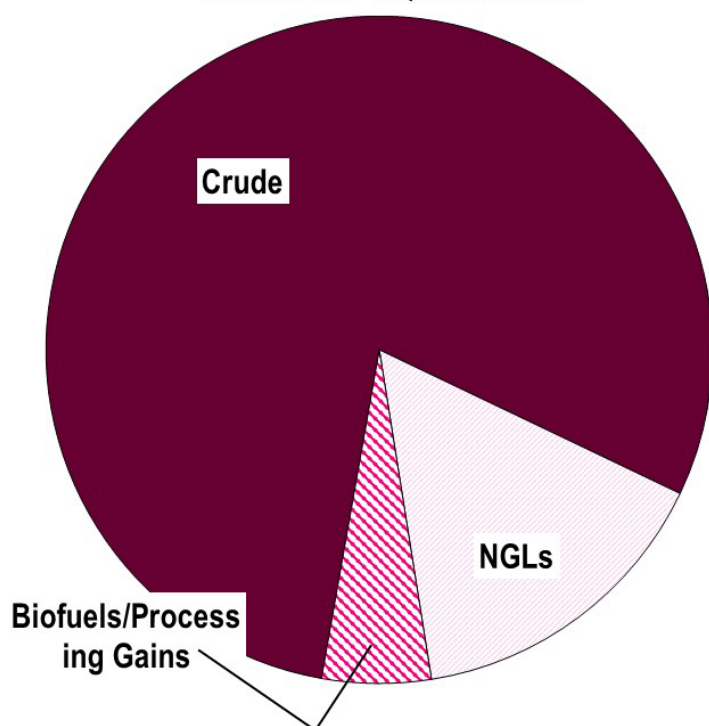


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NO ONE (AND WE MEAN NO ONE) IS DISCUSSING IRAN'S NGLs**Share of Global Oil production by Type**

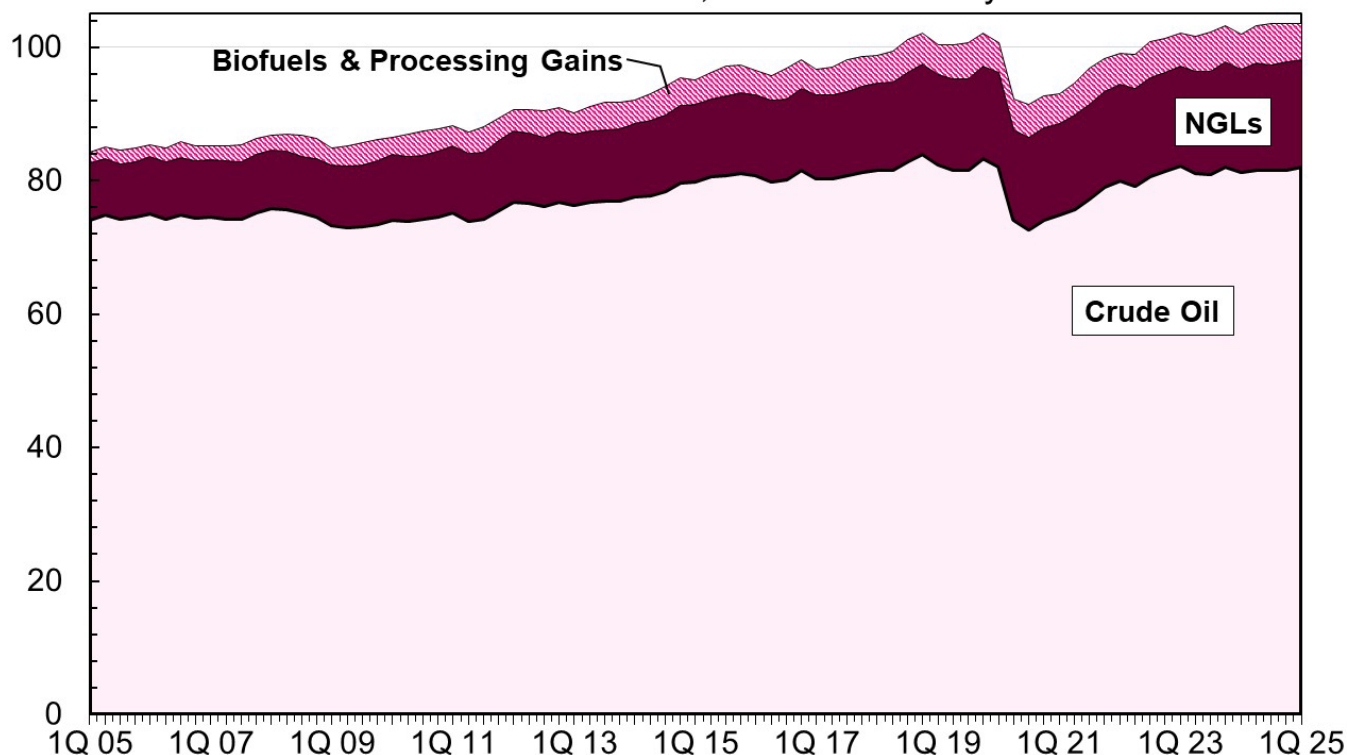
Based on 1Q 2025 data



The reporting about damage to processing capacity used to service Iran's South Pars natural gas field is getting virtually no ink in the trade rags (or general press). It's the single largest gas structure in the world and accounts for 70% of Iran's total natural gas production. What's seems lost on most is that roughly 90% of NGLs (natural gas liquids) come from natural gas production. Globally, NGLs account for 15% of global oil supply (in the case of Iran that figure is 28%) and they're used for plastics, cooking fuels, gasoline, refrigerants, aerosols and even synthetic rubber. In the case of Iran, a little over 1.3 million b/d of its total oil production comes from NGLs with 3/4^{ths} of that sourced to South Pars. We won't see data for Iran's oil production for several weeks, at best.

Global Oil Production

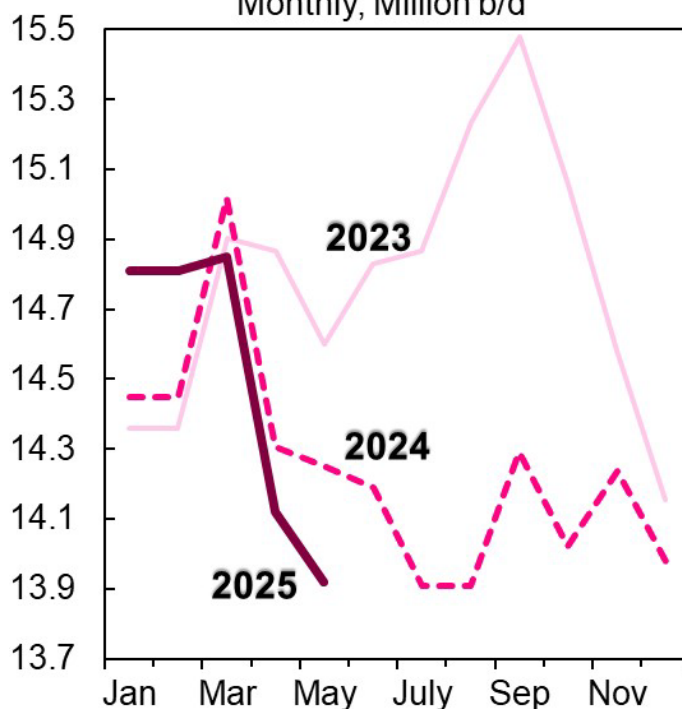
Crude versus NGLs, Million barrels/day



CHINA'S SUCKIN' WIND...

In contrast to data for global oil demand, China's oil consumption hit an air pocket after March that has stretched into May. We have previously published that global demand and China's oil demand march to their own drumbeat (which most found hard to believe). Be that as it may, China's oil demand ex-petchems is approximated by the sum of refined product imports (or exports) and refinery runs as detailed right. Throughput rates have fallen sharply. While last year's 2Q demand in China was very weak, we've abandoned the prospect that this year's 2Q would see something of a reversion to the mean – the revisions we accounted for in the oil balance model published yesterday employed a lower 2Q figure for China.

China's Crude Runs
Monthly, Million b/d



China's Oil Demand ex-Petchems
Million Barrels/Day

