

A Calm Before the Storm?

Though prices have been stable, there is still plenty of volatility to contend with

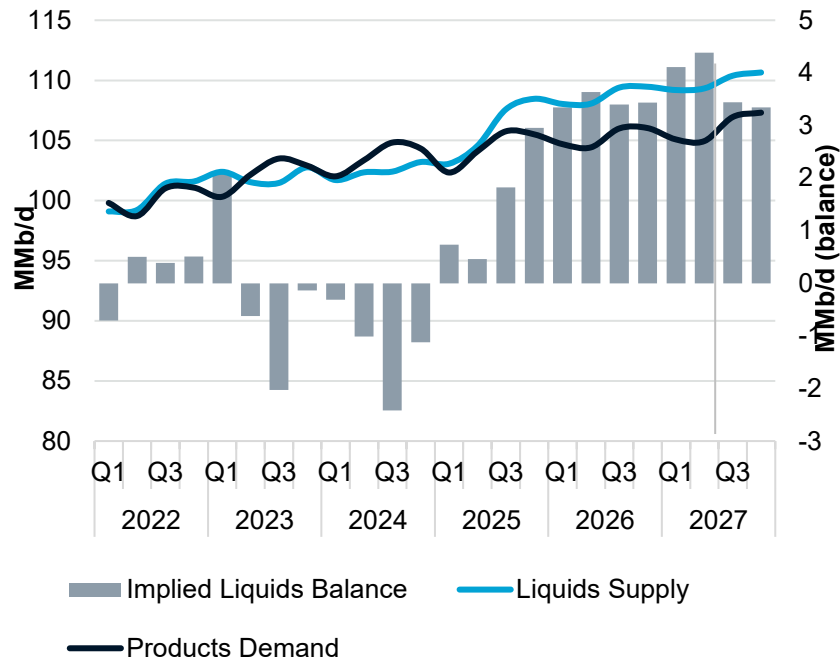
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Convenience Retailing University

We can start here...Crude and condensate supply estimated to increase 2.77 MMb/d for 2025 and 2.38 MMb/d for 2026

Global Oil (Liquids) Supply and Demand

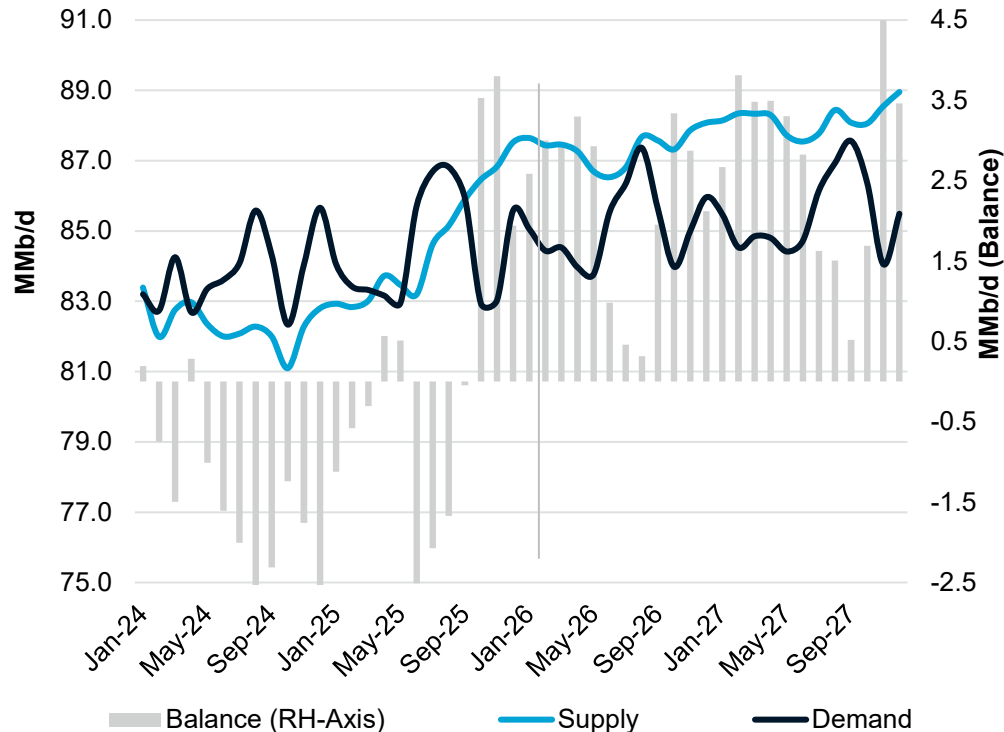


Source: Rystad Energy

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Global Crude and Condensate Supply, Demand and Balance

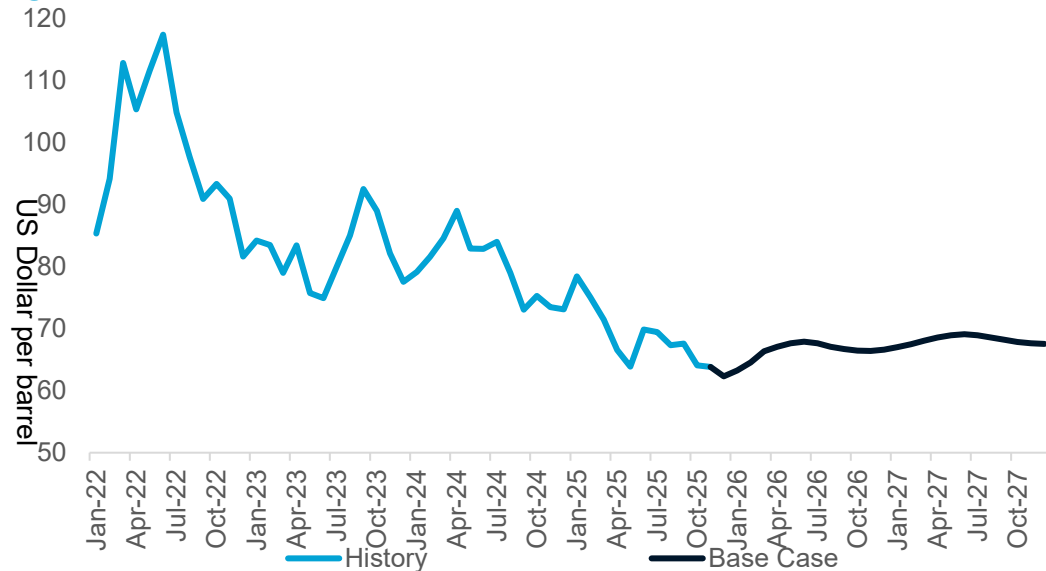


Source: Rystad Energy

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We are not as bearish as some others

ICE Brent Price Forecast



Source: Chemical Market Analytics by OPIS

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\$/bbl	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	2026	2027
Brent	79	74	75	67	68	63	65	65
WTI	75	70	71	64	65	59	62	62

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Price assumptions

- Lackluster demand and ample supply despite volatility in Venezuela that sees barrels returning to market
- Rising tension between Saudi and the UAE in Yemen, but no interruption in supply
- Tightening enforcement of sanctions on Russian crude and actions against the shadow fleet and intermediaries
- Russian output affected by repeated Ukraine drone attacks
- Uncertainty on further interest rate cuts

Key developments to monitor

- Political and operational uncertainty surrounding Venezuela's oil sector
- US-Iran tensions
- Russia-Ukraine peace deal progress
- Trade dispute resolutions between the US and other economies
- OPEC group output policy
- New development around U.S interest rate policy

- The market anticipates supply to outpace demand.
 - OPEC expects non-OPEC supply growth of 0.6 million b/d in 2026. Non-OPEC supply will be the primary source of the increase in 2026. OPEC pausing production action through 1Q 26
 - Demand is expected to grow by either side of 1 million b/d in 2026
- OPEC does face dilemma...maintain supply restraint and defend prices or increase production to regain market share.
- Chinese stockpiling is absorbing the global oversupply. They will lose some of their advantage as sanctioned/cheap Venezuelan crude oil will likely be cut off and/or get closer to market pricing.
- Refinery operations in the U.S. should be strong...first half 2026 maintenance is lighter than normal a lot of work was done first half 2025
- The West Coast will become more reliant on imports with Phillips 66 Wilmington closed and Valero Benicia closing soon.
- Expect another refinery closure announcement. Could be in Europe or North America...likely candidates are refineries that process light-sweet crude. Potentially a Midwest refinery
- Weather...not just hurricanes can be impactful

- Venezuela – output from current ~850,000 b/d to rise modestly
 - Three things needed for US producers (outside of Chevron) to have confidence to go back
 - Production could rise about 500,000 b/d relatively quickly
 - There's a nameplate capacity of 1.3 million b/d current runs well below that
 - Remember there are few countries that outside of the US that can process heavy Venezuelan crude
- Iran – here we go again...
 - Iranian production is almost 4x that of Venezuela and a variety of crudes, not just heavy
 - Exports are in the 2 million b/d area, China takes about 85-90% of those exports, India has backed off
 - 2.3 million b/d of refining capacity
 - Iran has threatened to block the Strait of Hormuz, but have never been successful
 - Deescalation could pressure oil prices by about \$5 maybe more. In the unlikely event of an attack that disrupts supply, creates upside risk Brent could easily get to high \$70s possibly \$80

- Russia – Ukraine
 - Will this one ever end. It does not seem likely in 2026
 - Trump is pushing for a deal here, using sanctions as a motivator
 - Drone strikes and disruptions have had an impact on supplies
 - China buying sanctioned crude and absorbing some of the global oversupply
 - If there is a longer-term disruption, does OPEC increase production (already talk of an April increase)
- Other risks from the geopolitical realm
 - Pipelines to Ceyhan Turkey and feeds the Mediterranean
 - Iraq can see spill over
 - Libya – it's been quiet but tends to be one of the more unstable areas

Refining and supply

Refining margins ended 2025 solidly, that has continued into 2026

What will California supply look like?

The outlook on refining

- After 2026 the amount of new refining projects slows through the rest of the decade (4 refineries closed 2 U.S. and 2 U.K. several in Asia) ..Global total about 1.3 million b/d in reduction in 2025. Valero closing Benicia is imminent
- For the time being, refining capacity globally should be able to keep up with demand growth, the end of the decade gets dicey. Capacity creep will help
- Refining margins particularly gasoline have been resilient.
 - Rising RIN costs are a headwind
 - Potential for further EV penetration, but even that seems to be temporarily plateauing (in the U.S.)
- With closures, West Coast will become more reliant on imports.

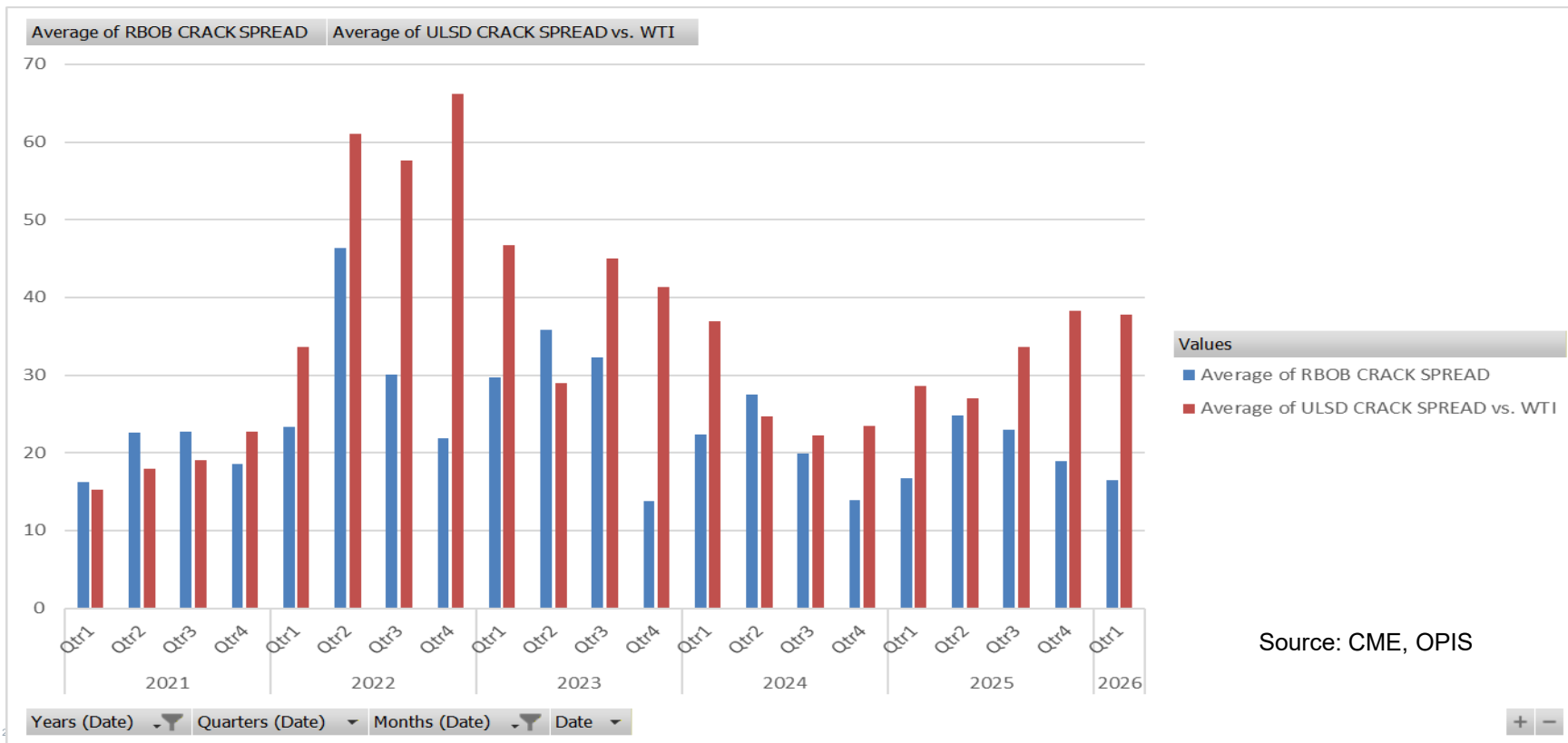
Table 1. List of refinery projects planned by 2028 (capacity in barrels per day)

Country	Refinery operator (site location)	Estimated crude distillation unit capacity	Estimated startup year	Capacity type
China	Yulong (Shandong)	400,000	2025	New
China	Ningbo Daxie (Zhejiang)	120,000	2025	Expansion
China	Sinopec Zhenhai (Zhejiang)	250,000	2026	Expansion
China	Huajin Aramco (Liaoning)	300,000	2027	New
China	Sinopec Yueyang (Hunan)	40,000	2027	New
India	Indian Oil (Gujarat)	86,000	2025	Expansion
India	Indian Oil (Barauni)	60,000	2024	Expansion
India	Indian Oil (Bongaigon)	37,000	2028	Expansion
India	Indian Oil (Guwahati)	4,000	2024	Expansion
India	Indian Oil (Panipat)	200,000	2027	Expansion
India	Hindustan Petroleum (Visakhapatnam)	150,000	2024	Expansion
India	Hindustan Petroleum (Barmer)	180,000	2026	New
India	Chennai Petroleum (Nagapattinam)	180,000	2027	New
India	Numaligarh Refinery Ltd (Assam)	120,000	2027	Expansion
India	Indian Oil (Paradip)	200,000	2027	Expansion
India	Ratnagiri Refinery and Petrochemicals (Ratnagiri)	1,200,000	2028	New
Bahrain	Bahrain Petroleum (Sitra)	110,000	2025	Expansion
Iran	National Iranian Oil Refining and Distribution Company (Bandar Abbas)	120,000	2025	Expansion
Iran	National Iranian Oil Refining and Distribution Company (South Adish, Siraf)	60,000	2025	New
Iraq	Iraqi Ministry of Oil (Haditha)	20,000	2024	Expansion
Jordan	Jordan Petroleum Refinery Company (Zarqa)	50,000	2027	Expansion
Oman	Oman Oil Company, Kuwait Petroleum International (Duqm)	17,000	2024	Expansion
Saudi Arabia	Saudi Aramco Total Refining and Petrochemical Company - SATORP (al Jubail)	40,000	2026	Expansion
Nigeria	Dangote Group (Lagos)	650,000	2024	New
Mexico	Pemex Olmecca Refinery (Dos Bocas)	340,000	2025	New

Data Source: U.S. Energy Information Administration, Facts Global Energy, Bloomberg New Energy Finance, S&P Global

Refining margins have been stable much of the past year

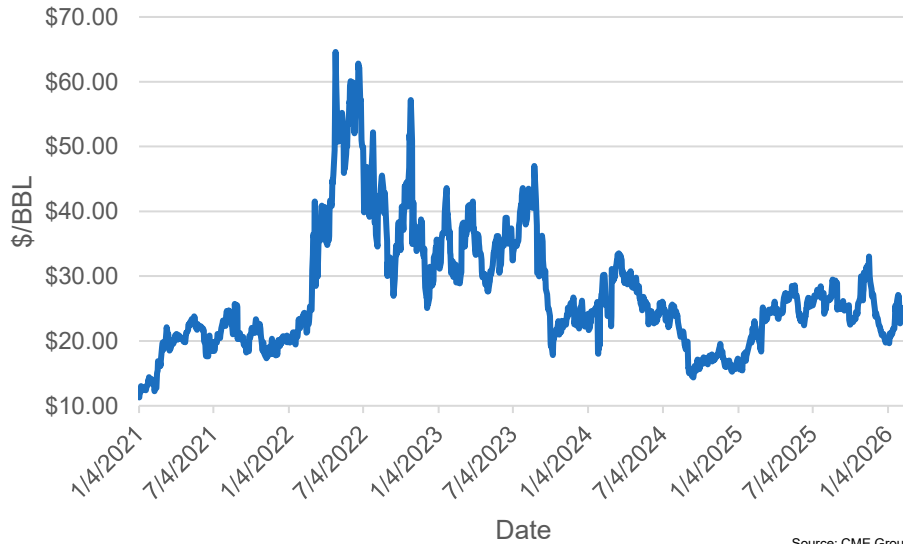
- Gasoline margins have held up despite hefty supplies, but refiners should still maximize diesel



Crack spreads have been mostly rangebound the past two years

RIN headwinds of \$8-9/bbl were much easier to absorb in 2022

NYMEX 3:2:1 Crack Spread



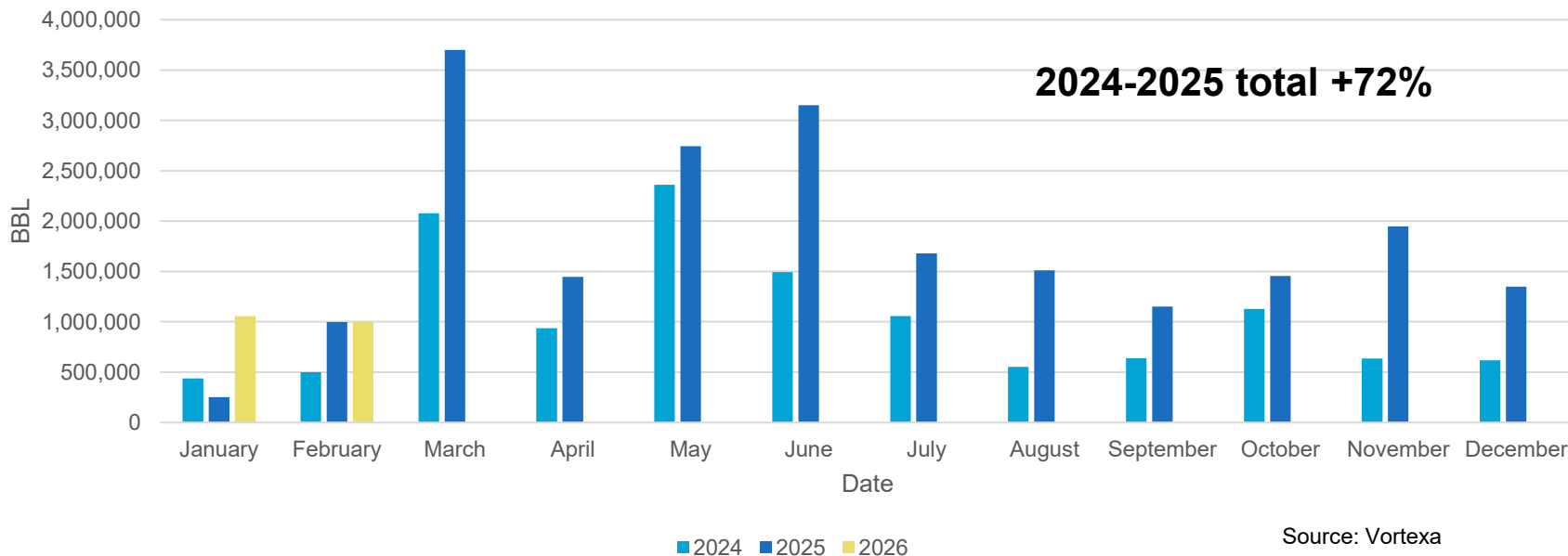
RVO \$/BBL



California and the West Coast will become a focus of foreign and domestic barrels...with a twist

Gasoline imports into PADD 5 have increased sharply

West Coast Gasoline Imports



Where are the PADD 5 barrels coming from?

Frankly...from all over

2024-Present totals by country

Country / Territory	quantity (bbl)
South Korea	13,754,546
India	6,866,488
Canada	5,222,030
United Kingdom	2,611,668
Bahamas	1,628,264
Netherlands	1,351,549
China	1,173,959
Japan	651,211
Saudi Arabia	631,710
United Arab Emirates	277,928
Brunei	267,605
Mexico	243,175
Singapore	210,916
Belgium	181,954
Panama	108,281
Taiwan	71,986
Vietnam	71,813
Finland	53,450
Uruguay	47,294
Chile	46,892
Argentina	41,797
Malaysia	27,782

Downstream: Demand, Margins and Market Share

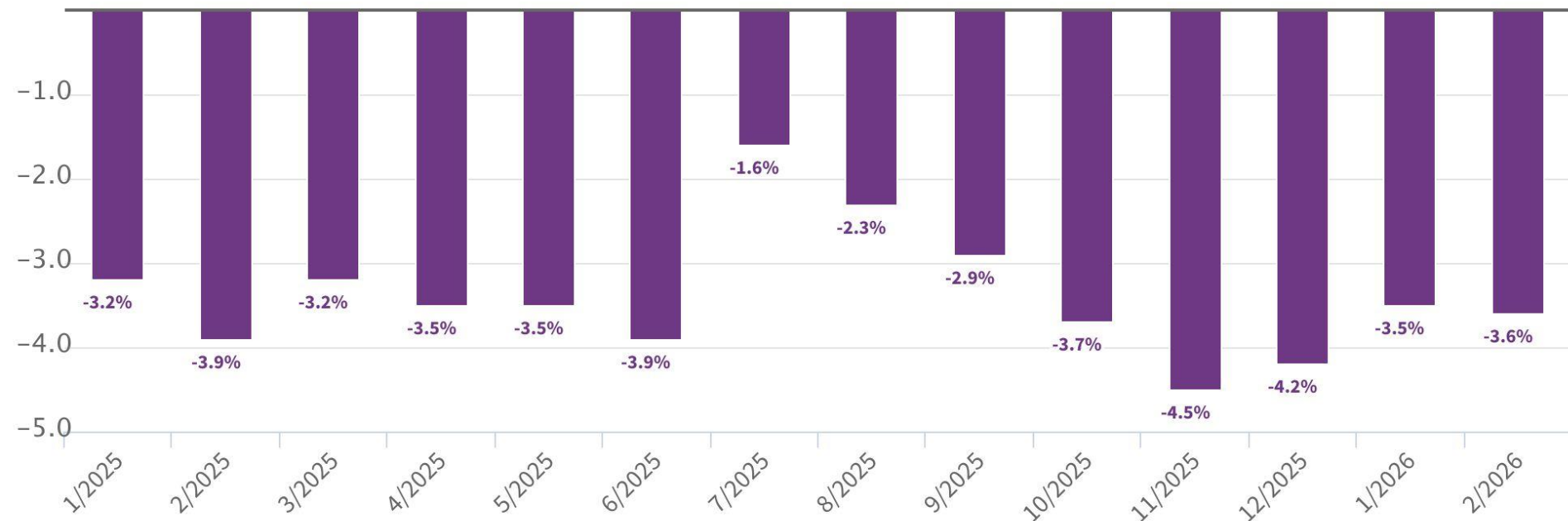
Where the rubber meets the road (no pun intended)

The forecourt focus of the c-store business

- Retail gasoline volumes are indeed shrinking. 2019 was the peak for gasoline demand in the U.S.
 - Vehicle efficiency, not electric cars (in most cases), is playing a role in falling volumes
 - Vehicle Miles Traveled grew in 2025
- Margins have been on the rise...but how much higher can they go?
 - Steady growth over the past decade for a variety of reasons
 - Starting to plateau
- Market share as a result of the latter two points becomes mission critical.
 - Your main competitor may not be who you think it is.
 - Unbranded market share growing at the expense of branded

Same store sales continue to decline on a monthly basis

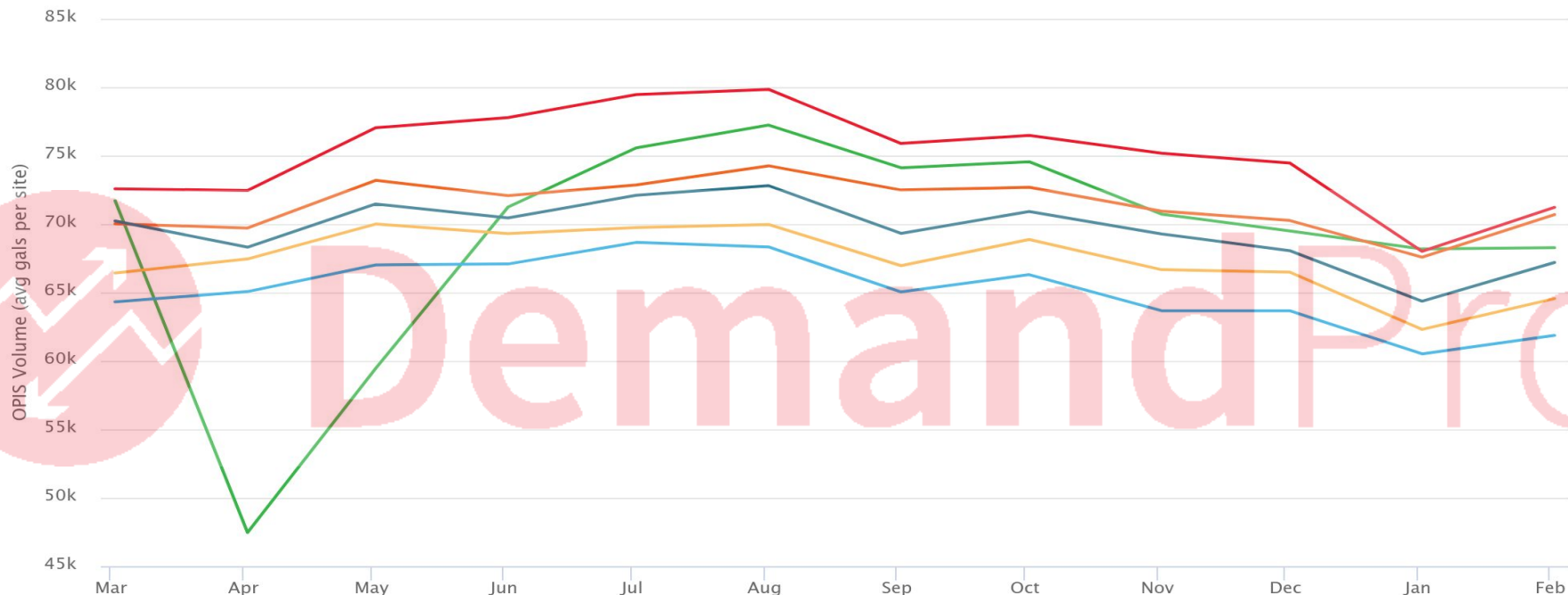
Monthly Volume Change Compared to Previous Year



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Volumes have declined since 2019

U.S. Weekly Average Volumes per Month



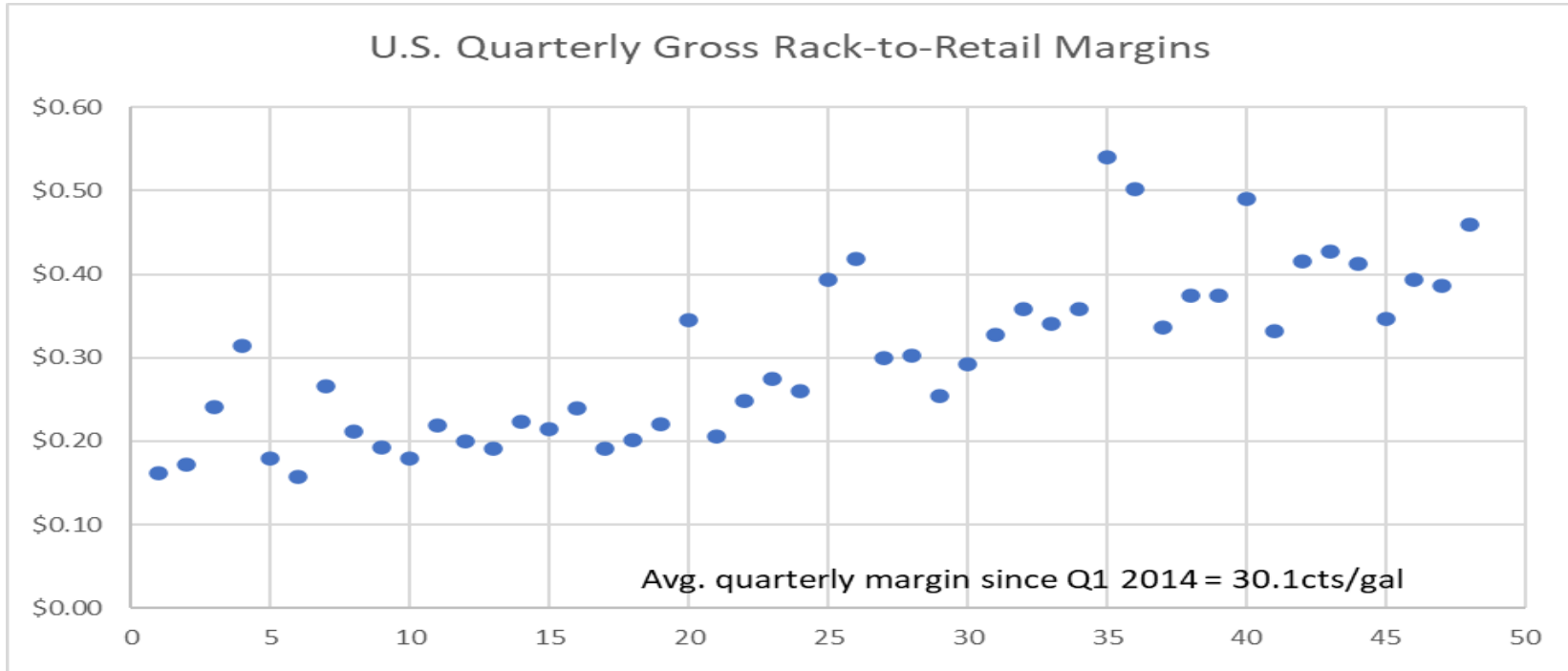
— OPIS U.S. - 6 Years Ago
— OPIS U.S. - 3 Years Ago
— OPIS U.S. - Current Year

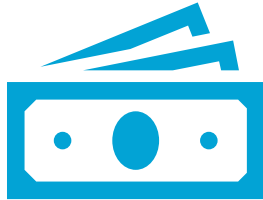
— OPIS U.S. - 5 Years Ago
— OPIS U.S. - 2 Years Ago

— OPIS U.S. - 4 Years Ago
— OPIS U.S. - Last Year

Margins by any extent have been strengthening

Fourth quarter normally the strongest quarter





There is some easy low-hanging fruit

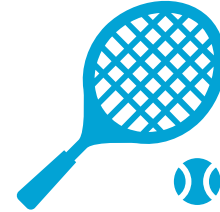
Inflation

Labor costs

Credit card swipe fees

Land costs (lease/rent)

Scale more stations in fewer hands



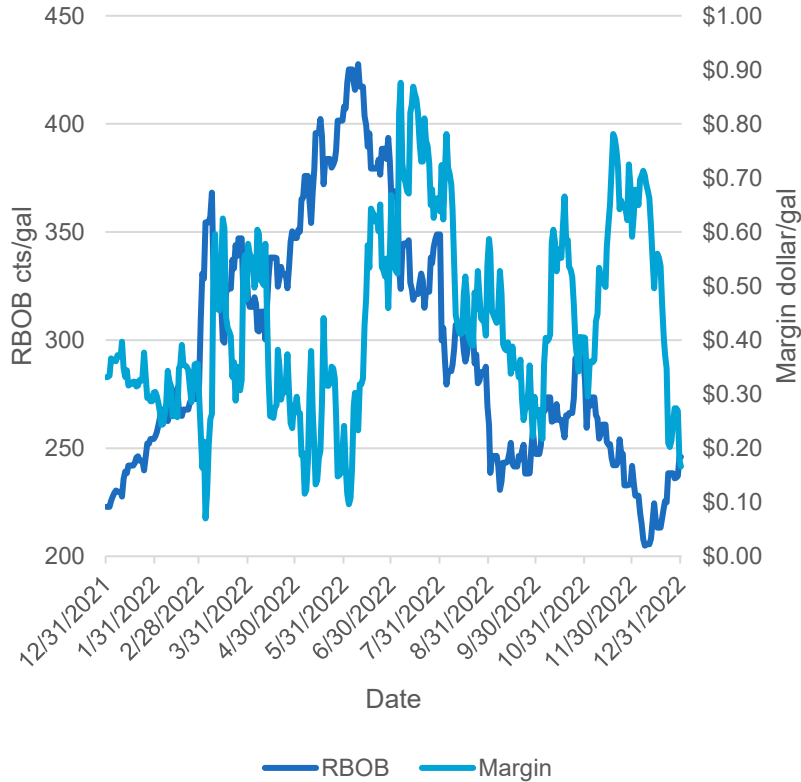
Market movements

Gasoline supplies more often than not are considered “sloppy”

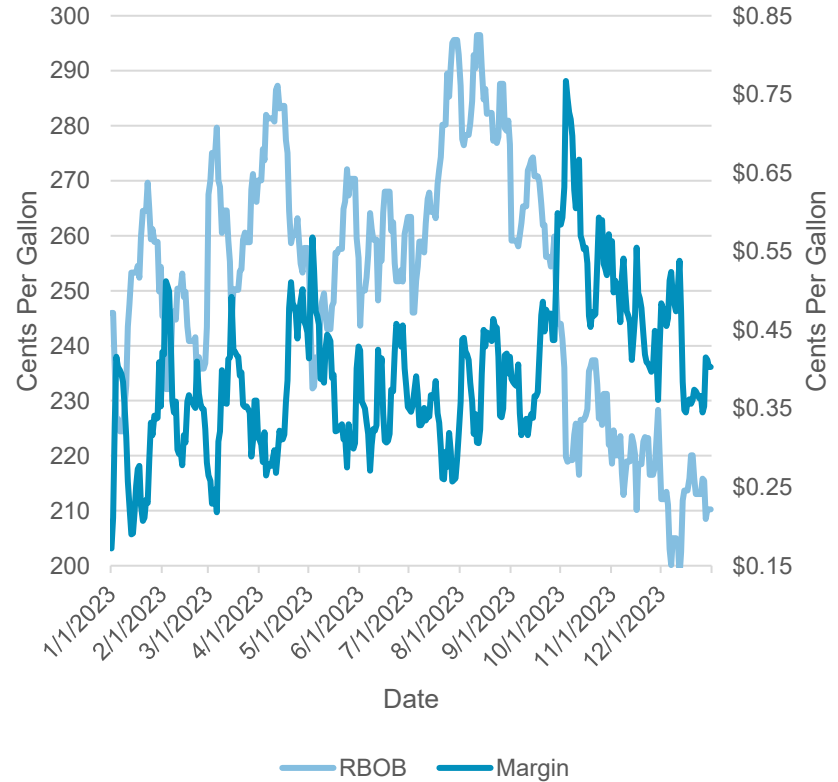
The inverse correlation between RBOB futures moves and rack-to-retail margins

Daily margins and how they move vs. RBOB futures settlements

2022 Margin vs RBOB Settle

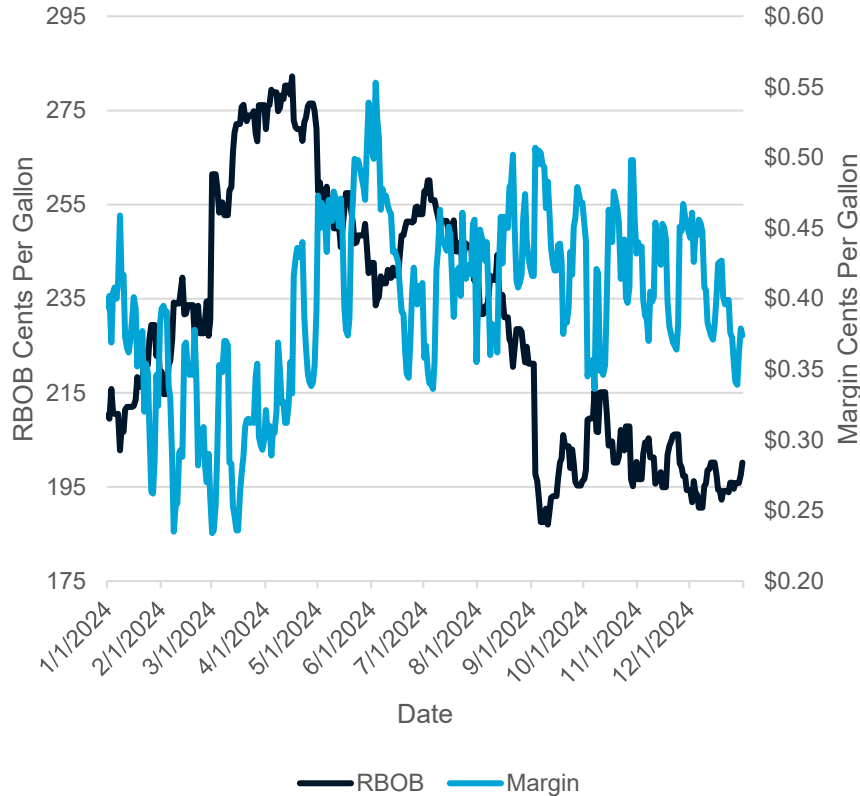


2023 Margin Vs. RBOB Settle

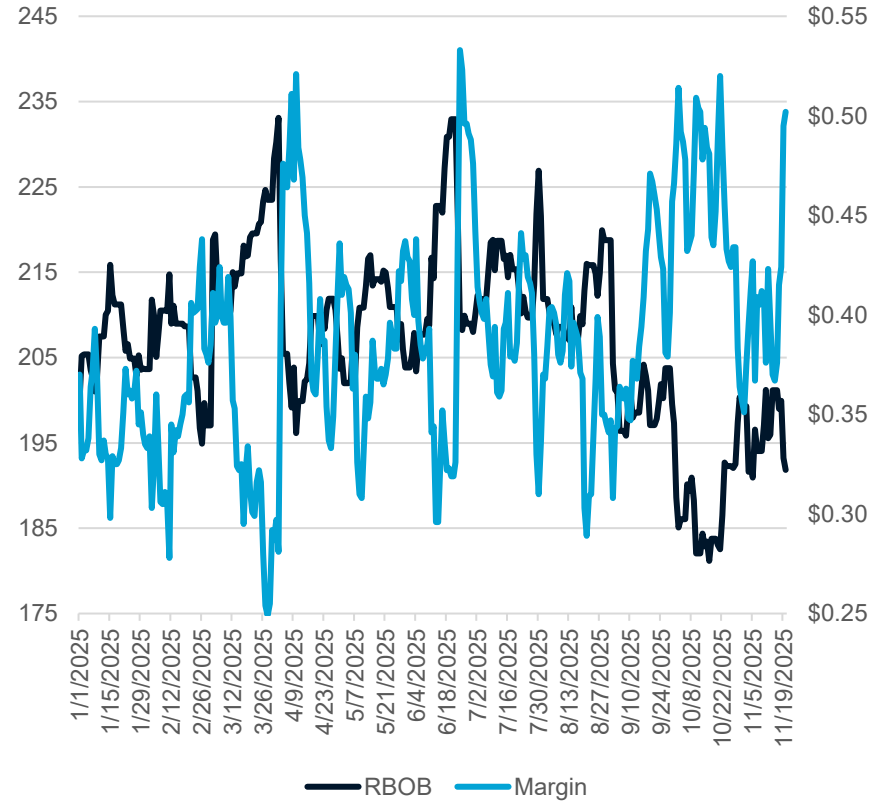


Daily margins and how they move vs. RBOB futures settlements

2024 Margin vs. RBOB Settle



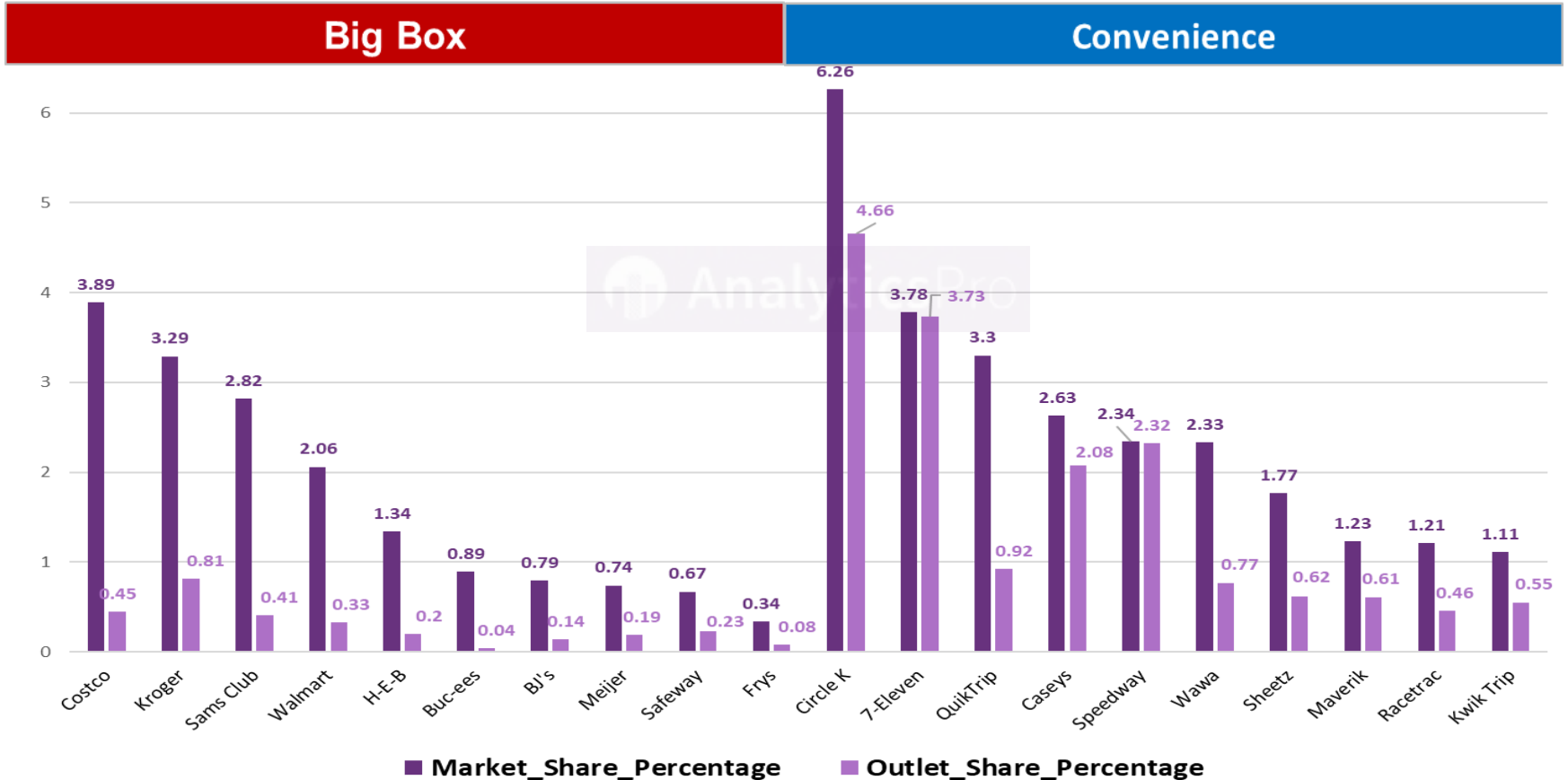
2025 Margin vs. RBOB Settle



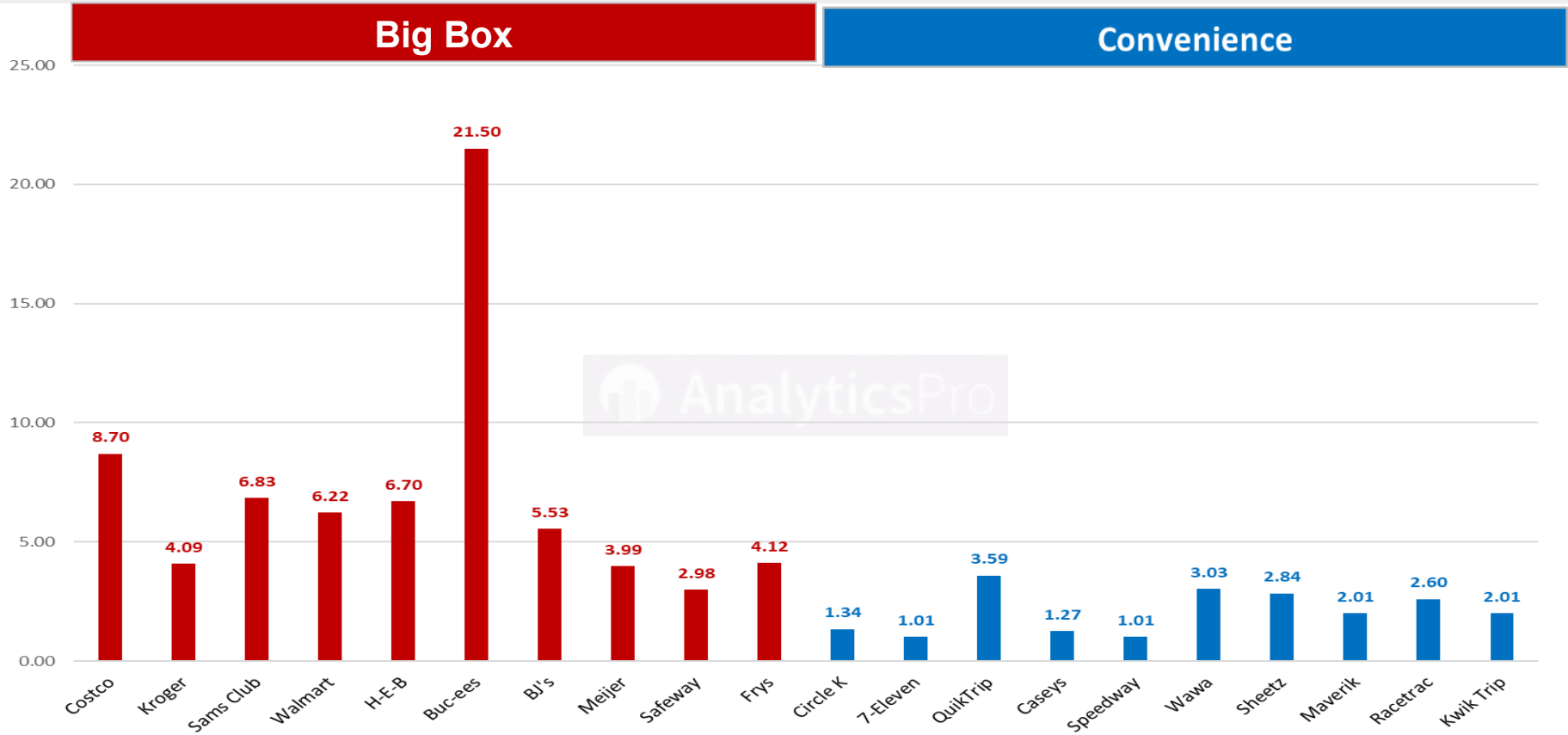
The final scorecard and what does it mean?

	Range = difference between high and low RBOB trades	Change = The average daily change in RBOB futures	Correlation between margin and RBOB
2022	\$2.30/gal	9cts/gal	-.16
2023	\$1.03/gal	-14cts/gal	-.54
2024	\$1.00/gal	-4cts/gal	-.37
2025 (to 11/20/25)	62cts/gal	-3cts/gal	-.65

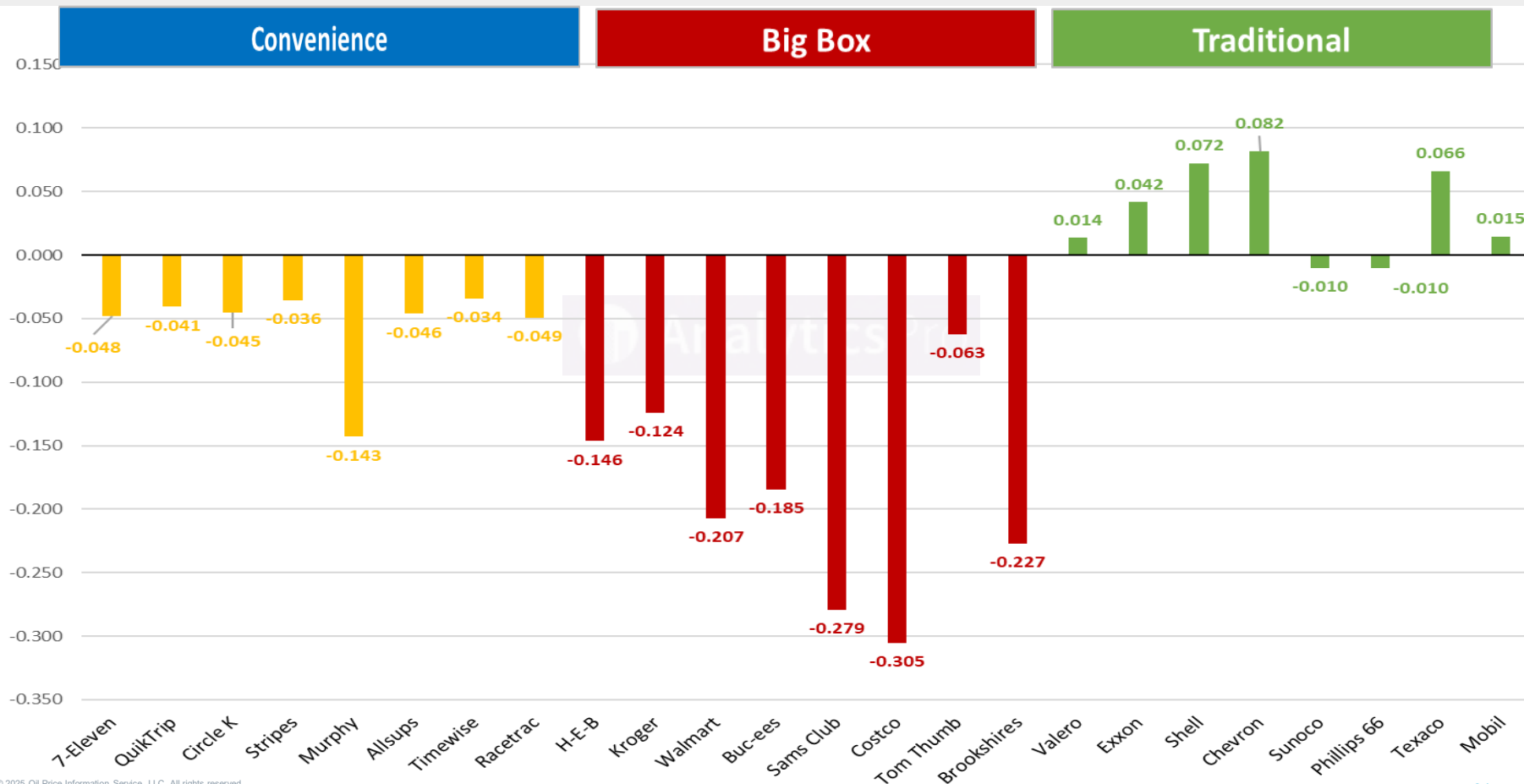
Unbranded market share continues to grow



Big box retailers have a tendency to outperform in efficiency



Price is certainly a factor, but in-store offerings can be better



- “May you live in interesting times” ...In 2025 fewer words ring more truthfully
- Over the past 12 years there have been 193 million LDV’s purchased in America (roughly 1.5 billion globally), almost 98% are liquid fueled ICE vehicles. There are still headwinds, efficiency and EV penetration, more the former than the latter
- Gasoline supplies are likely to be ample at most times in most of the country. But I do see a few potential “hot spots”
- Margins may struggle at times, especially if the geopolitical situation remains unsettled. But it could also present opportunity
- Weather... As the USGC is a critical export hub there has not been many “tests” by hurricanes over the past 3 years.
- Not just hurricanes, the past few winters have caused issues for refiners
- People...there’s a lot of them



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Thank you....Any questions, comments?

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