

## Our View: Crude Oil Hoarding Premium Gone, Distillate Still Tight

Philip Verleger

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The 2022 crude oil market disruption may have ended, although the evidence is scant. The 2022 distillate squeeze continues to worsen. Actions by Federal Reserve Chairman Powell and the Chinese government seem to have eliminated the crude oil crisis. President Biden and the IEA also deserve credit for putting sufficient crude into the market to end panic buying, which, as I have written, creates a hoarding premium. The coming economic slowdown will boost the global oil surplus rapidly.

Distillate markets, in contrast, remain tight. The hoarding premium for distillate is now \$0.70 per gallon, as shown in the graph, or \$30 per barrel. This is not a new problem. Rising demand and the International Maritime Organization's regulations have created a shortage of low-sulfur distillate. The shortfall will be cured by the coming recession. For more information, see the [April 25 Notes at the Margin](#).

