



MarketWatch | Refined Products

Thursday, May 2, 2024

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market traded lower on Wednesday for the third consecutive session as the market continued to sell off on the prospect of a ceasefire agreement between Israel and Hamas. The market was also pressured by the weekly petroleum stocks reports showing unexpected builds in crude stocks. Expectations that a ceasefire agreement between Israel and Hamas could be in sight have grown following a renewed push led by Egypt, even though Israeli Prime Minister Benjamin Netanyahu has promised to go ahead with an assault on Rafah. The market traded back to Tuesday's lows in overnight trading after the API reported a build of 4.9 million barrels in crude stocks late Tuesday afternoon. The oil market posted a high of \$81.57 ahead of the release of the EIA report. However, the market erased its gains and sold off to \$78.93 in light of the EIA report showing a build of more than 7.2 million barrels in crude stocks on the week. The market later traded sideways before it posted a low of \$78.83 following the Federal Reserve's expected decision to leave interest rates unchanged at its meeting. The June WTI contract settled down \$2.93 at \$79.00, the lowest settlement since March 12th, while the July Brent contract settled down \$2.89 at \$83.44. The product markets ended the session sharply lower, with the heating oil market settling down 6.15 cents at \$2.4519 and the RB market settling down 13.34 cents at \$2.5774.

Technical Analysis: The crude market, which breached a support line Tuesday and settled sharply lower on Wednesday, is seen continuing on its downward trend as stochastics are still trending lower and talks of a ceasefire have cut the market's risk premium. The market may retrace some of its sharp losses before it continues to trend lower. It is seen finding support at its low of \$78.83, \$76.98, \$76.67 and \$76.07. More distant support is seen at \$75.10. Meanwhile, resistance is seen at \$79.75, \$80.10, its high of \$81.57, \$82.06, \$83.30 and \$83.46.

Fundamental News: The EIA reported that U.S. crude oil and gasoline inventories increased unexpectedly last week as refineries slowed down operating rates. The EIA said crude inventories increased by 7.3 million barrels to 460.9 million barrels in the week ending April 26th. Crude stocks were at the highest level since June, driven by a 6.8 million barrel increase in Gulf coast inventories, increasing them to the highest level since April 2023 at 261.6 million barrels. Refinery crude runs fell by 230,000 bpd, while refinery utilization rates fell by 1% to 87.5% of total capacity.

The Association of American Railroads reported that weekly railcar loadings on major U.S. railroads in the week ending May 1st fell by 6.4% on the year to 214,414. The number of railcar loadings transporting petroleum and petroleum products increased by 4.6% on the year to 9,800.

IIR Energy reported that U.S. oil refiners are expected to shut in about 987,000 bpd of capacity in the week ending May 3rd, increasing available refining capacity by 170,000 bpd.

The U.S. Federal Reserve held interest rates steady on Wednesday and signaled it is still leaning towards eventual reductions in borrowing costs. The Fed's latest policy statement, issued at the end of a two-day meeting, kept the main elements of its economic assessment and policy guidance intact, noting that "inflation has eased" over the past year, and framing its discussion of interest rates around the conditions under which borrowing costs can be lowered. The benchmark policy rate has been held in the current 5.25%-5.50% range since July.

U.S. manufacturing contracted in April amid a decline in orders after briefly expanding in the previous month, while a measure of prices paid by factories for inputs approached a two-year high. The Institute for Supply Management said that its manufacturing PMI fell to 49.2 in April from 50.3 in March, which was the highest and first reading above 50 since September 2022.

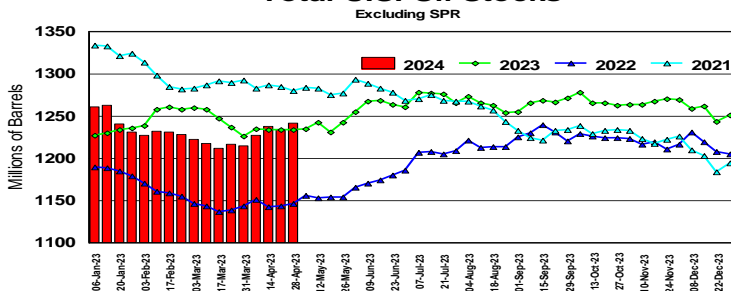
Early Market Call - as of 8:35 AM EDT

WTI - June \$79.44, up 44 cents
RBOB - June \$2.5861, up 92 points
HO - June \$2.4496, down 21 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-24	2.4519	-0.0757	-0.1078
Jul-24	2.4651	-0.0735	-0.1029
Aug-24	2.4773	-0.0704	-0.0987
Sep-24	2.4876	-0.0685	-0.0955
Oct-24	2.4949	-0.0682	-0.0934
Nov-24	2.4948	-0.0679	-0.0913
Dec-24	2.4893	-0.0669	-0.0885
Jan-25	2.4871	-0.0660	-0.0862
Feb-25	2.4780	-0.0651	-0.0827
Mar-25	2.4631	-0.0641	-0.0786
Apr-25	2.4429	-0.0621	-0.0735
May-25	2.4298	-0.0607	-0.0688
Jun-25	2.4193	-0.0591	-0.0645
Jul-25	2.4130	-0.0576	-0.0620
Aug-25	2.4082	-0.0563	-0.0604
Sep-25	2.4059	-0.0547	-0.0586
Oct-25	2.4033	-0.0531	-0.0570

Sprague HeatCurve October 2024-April 2025		\$2.4796
	Close	Change
Crude - WTI	\$78.4400	-\$2.8400
Crude - Brent	\$83.4400	-\$2.8900
Natural Gas	\$1.9320	-\$0.0590
Gasoline	\$2.5774	-\$0.1334

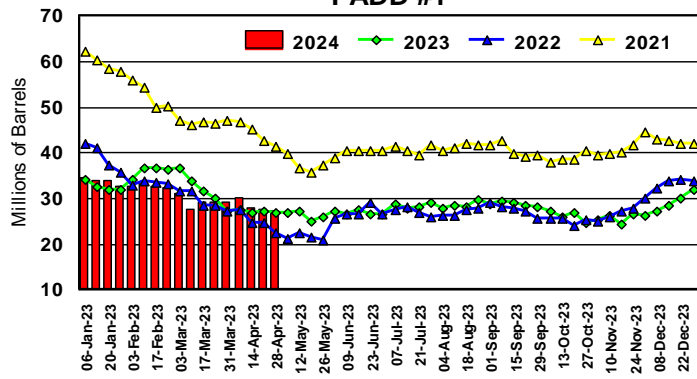
Total U.S. Oil Stocks



Weekly EIA Petroleum Status Report for the Week Ending April 26, 2024

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.265 million barrels

Cushing, OK Crude Stocks Up 1.089 million barrels

Gasoline Stocks Up 344,000 barrels

Distillate Stocks Down 732,000 barrels

Refinery % Operated 87.5%, down 1%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Apr 26, 2024	Week Ending Apr 19, 2024	Week Ending Apr 28, 2023
New England	3.5	3.9	3.8
Central Atlantic	13.6	13.6	12.1
Total PADD #1	27.2	27.5	27.0
Distillate Imports (thousands b/d)	87	111	118

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