



MarketWatch | Refined Products

Thursday, April 11, 2024

Market Commentary

Recap: The oil market ended 1.15% higher amid the intensifying geopolitical tension in the Middle East. The oil market traded mostly sideways in overnight trading after the market erased some of its previous gains early in the week. The market traded to \$86.02 early in the session as it remained well supported by the threats between Israel and Iran, with Israel's Foreign Minister stating that Israel would attack Iran, if Iran attacked its territory after Iran's Supreme Leader Ayatollah Ali Khamenei reiterated threats of retribution for the deadly attack on its consulate in Syria. However, the oil market erased its gains and breached its previous lows following the release of the latest Consumer Price Index report showing that inflation increased more than expected in March, putting at risk the prospect of a U.S. interest rate cut in June. The market was also pressured by the larger than expected build in crude stocks of over 5.8 million barrels and the unexpected builds in distillate and gasoline stocks of 1.6 million barrels and 715,000 barrels, respectively. The crude market sold off to a low of \$84.55 by mid-day before it settled in a sideways trading range. The market later rallied higher and posted a high of \$86.38 ahead of the close on a Bloomberg report stating that the U.S. and its allies believe an attack on Israel by Iran and its proxies is imminent. The May WTI contract settled up 98 cents at \$86.21 and the June Brent contract settled up \$1.06 at \$90.48. The product markets also ended the session higher, with the heating oil market settling up 3.06 cents at \$2.7076 and the RB market settling up 2.6 cents at \$2.7816.

Technical Analysis: The oil market on Thursday will remain driven by headlines following today's report of the possibility of an imminent attack on Israel by Iran. The market will be focused on any headlines regarding the geopolitical tensions as the market was also awaiting for updates regarding a possible ceasefire between Israel and Hamas. It is seen holding support at its low of \$84.55, \$83.85, \$83.10 and \$82.60. Meanwhile, resistance is seen at its high of \$86.38, \$86.98, \$87.10 and \$87.63. More distant upside is seen at \$88.29-\$88.33, the \$90.00 level and \$90.78.

Fundamental News: The EIA reported that U.S. crude oil, gasoline and distillate inventories increased last week mainly driven by low crude exports and as implied demand for refined products declined. The EIA reported that U.S. crude oil imports from Mexico fell to 209,000 bpd in the week ending April 5th. It is the lowest level on record in the first week of April, as Mexico's Pemex cut exports to supply more oil to its domestic refineries.

UBS raised its oil forecasts higher by \$5/barrel as it increased its 2024 oil demand growth estimates and reduced its OPEC+ crude production projection for the second quarter of the year. It said market conditions this summer will allow for some voluntary OPEC+ production cuts to be unwound but added that this should be a gradual process. It said Brent oil will likely trade in the upper half of its new forecast trading range of \$85-\$95/barrel. It sees oil demand growth in 2024 of 1.5 million bpd and demand growth of 1.3 million bpd in 2025. In regards to Russia, UBS said it expects the country's crude production to fall to 9 million bpd by June, down from 9.5 million bpd in the first quarter.

Bloomberg reported that the U.S. and its allies believe an attack on Israel by Iran and its proxies is imminent.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1 million bpd of capacity in the week ending April 12th, increasing available refining capacity by 231,000 bpd. Offline capacity is expected to fall to 994,000 bpd in the week ending April 19th.

Early Market Call - as of 8:15 AM EDT

WTI - May \$85.83, down 38 cents

RBOB - May \$2.7859, up 43 points

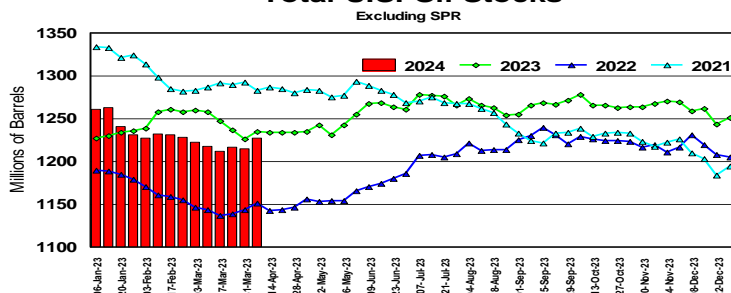
HO - May \$2.6835, down 2.44 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.7076	0.0306	-0.0248
Jun-24	2.7038	0.0279	-0.0195
Jul-24	2.7018	0.0279	-0.0163
Aug-24	2.7008	0.0279	-0.0131
Sep-24	2.7025	0.0270	-0.0114
Oct-24	2.7014	0.0263	-0.0115
Nov-24	2.6956	0.0262	-0.0102
Dec-24	2.6842	0.0256	-0.0082
Jan-25	2.6751	0.0255	-0.0059
Feb-25	2.6581	0.0254	-0.0043
Mar-25	2.6331	0.0253	-0.0040
Apr-25	2.6029	0.0254	-0.0042
May-25	2.5822	0.0253	-0.0039
Jun-25	2.5640	0.0249	-0.0032
Jul-25	2.5505	0.0245	-0.0025
Aug-25	2.5391	0.0237	-0.0018
Sep-25	2.5313	0.0231	-0.0005

Sprague HeatCurve October 2024-April 2025		\$2.6649		
	Close	Change		
Crude - WTI	<div style="background-color: #c00000; color: white; padding: 5px; display: inline-block;"> May Brent-WTI Spread \$ </div>	<div style="font-size: 2em; vertical-align: middle;">}</div>		
Crude - Brent			\$90.4800	\$1.0600
Natural Gas			\$1.8850	\$0.0130
Gasoline			\$2.7816	\$0.0260

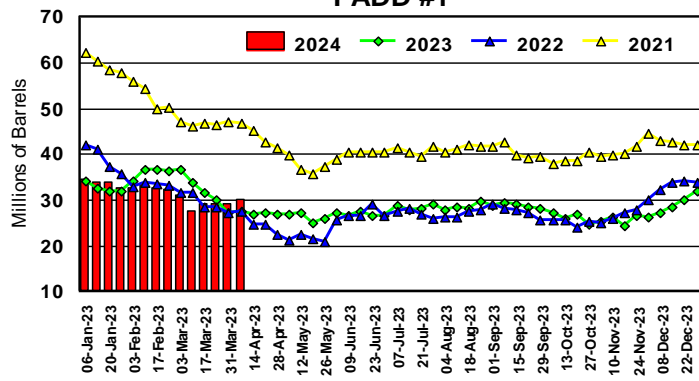
Total U.S. Oil Stocks



Weekly EIA Petroleum Status Report for the Week Ending April 5, 2024

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.841 million barrels

Cushing, OK Crude Stocks Down 170,000 barrels

Gasoline Stocks Up 715,000 barrels

Distillate Stocks Up 1.659 million barrels

Refinery % Operated 88.3%, down 0.3%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Apr 5, 2024	Week Ending Mar 29, 2024	Week Ending Apr 6, 2023
New England	4.2	4.2	3.9
Central Atlantic	14.5	14.4	12.4
Total PADD #1	30.2	29.2	27.5
Distillate Imports (thousands b/d)	119	83	217

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