MarketWatch | Refined Products

Wednesday, November 30, 2022

Market Commentary

Recap: Oil futures firmed on Tuesday, as traders hoped the loosening of China's strict COVID-19 restrictions would lead to an increase in demand. The potential for new output cuts from the Organization of the Petroleum Exporting Countries and their allies, together known as OPEC+, which meets Sunday, also provided support for oil prices but gains were capped after reports indicated that the group may keep its production policy unchanged. WTI crude for January delivery rose 96 cents, or 1.2%, to settle at $78.20 a barrel. Brent for January delivery lost 16 cents per barrel, or 0.19% to $83.03. RBOB for December delivery gained 0.15 cent per gallon, or 0.06% to $2.3321, while ULSD for December delivery gained 8.05 cents per gallon, or 2.50% to $3.2959.

Market Analysis: Oil futures may be on the verge of heading higher as China lifts COVID restrictions and expectations rise that OPEC+ would adjust their production plans at the upcoming meeting. Traders will also keep a watchful eye on the U.S. Dollar since a weaker dollar tends to support dollar-denominated commodities. January WTI moved up toward the 10-day moving average and as in the past few visits up at this technical indicator, the market retreated. With this average edging against $80, we would consider a push above $80 opening up the opportunity for this market to trade higher. Resistance is set at $79.80 - $80, $81.41 and $83.16. On the downside, support is seen at $76.44, $74.69 and $73.08.

Fundamental News: Five sources stated that OPEC+ is likely to keep oil output policy unchanged at a meeting on Sunday, although two sources said an additional production cut was also likely to be considered to support prices that have fallen due to fears of economic slowdown.

Chevron Corp aims to start receiving cargoes of Venezuelan oil as early as December after the oil company last week received a U.S. license to do so. However, Venezuela may not be as eager because U.S. sanctions restrict payments. On Saturday, the United States granted Chevron a six-month license to operate in Venezuela, reinstating oil trading privileges it had, while preventing exchanges of cash and requiring the crude cargoes go to U.S. refiners. Executives at Venezuelan state firm PDVSA initially welcomed the authorization for a partial return to the United States. However, they are less enthusiastic after learning of license terms that will not allow Chevron to reimburse operational costs or pay taxes and royalties in Venezuela.

The head of the IEA, Fatih Birol, said Russia has lost Europe as its largest energy client "forever". He said the IEA expects Russian crude oil production to be curtailed by about 2 million bpd by the end of the first quarter next year. He also stated that he expects OPEC+ to consider "the rather fragile situation of the global economy" in making decisions.

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Early Market Call - as of 10:05 AM EDT

WTI - January $80.57 Up $2.37

RBOB - December $2.3945 Up 0.0679

HO - December $3.3816 Up 0.0874

All NYMEX | Prior Settlements

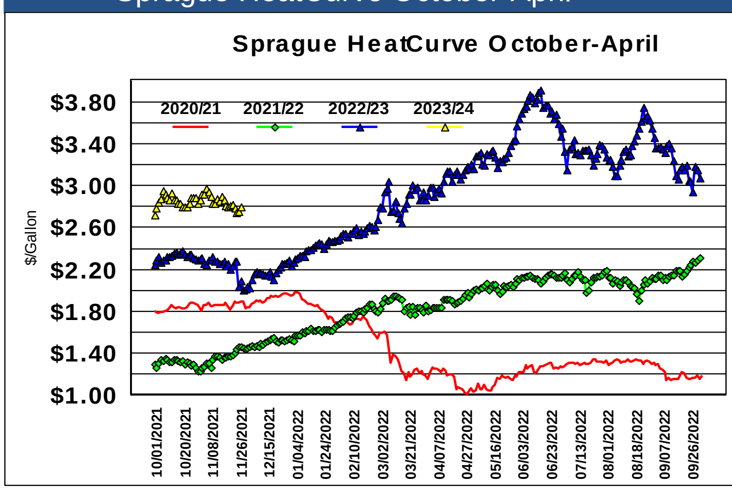
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Dec-22	$3.2959	$0.0805	-$0.1754
Jan-23	$3.2439	$0.0925	-$0.1225
Feb-23	$3.1755	$0.0824	-$0.1039
Mar-23	$3.1034	$0.0729	-$0.0867
Apr-23	$3.0225	$0.0637	-$0.0727
May-23	$2.9604	$0.0527	-$0.0598
Jun-23	$2.9136	$0.0457	-$0.0500
Jul-23	$2.8890	$0.0412	-$0.0422
Aug-23	$2.8714	$0.0393	-$0.0362
Sep-23	$2.8577	$0.0389	-$0.0322
Oct-23	$2.8451	$0.0392	-$0.0277
Nov-23	$2.8314	$0.0396	-$0.0234
Dec-23	$2.8166	$0.0400	-$0.0198
Jan-24	$2.8001	$0.0409	-$0.0164
Feb-24	$2.7821	$0.0410	-$0.0146
Mar-24	$2.7539	$0.0415	-$0.0126
Apr-24	$2.7201	$0.0425	-$0.0098
Sprague HeatCurve October 2023-April 2024			**$2.7923**

		Close	Change
Crude - WTI	Jan Brent-WTI Spread $4.83	$78.2000	$0.9600
Crude - Brent		$83.0300	-$0.1600
Natural Gas		$7.2350	$0.0390
Gasoline		$2.3321	$0.0015

API Report for the Week Ending November 22, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 7.9 million barrels	Down 4.4 million barrels
Gasoline Stocks	Up 2.9 million barrels	Up 600,000 barrels
Distillate Stocks	Up 4.0 million barrels	Up 800,000 barrels
Refinery Runs		Up 0.3% at 94.2%

Sprague HeatCurve October-April



WTI Continuation