



# MarketWatch | Refined Products

Thursday, November 9, 2023

## Market Commentary

**Recap:** The oil market continued on its downward trend on Wednesday and settled down for the second consecutive session on concerns over declining demand in the U.S. and China. The market traded lower in follow through selling seen on Tuesday following the EIA's forecast that oil demand will decline. The EIA expects U.S. oil demand to fall by 300,000 bpd this year, reversing a previous forecast of a 100,000 bpd increase. The market was also pressured after the API reported on Tuesday afternoon a large unexpected build in crude stocks of almost 12 million barrels for the week ending November 3<sup>rd</sup>. The market retraced some of Tuesday's losses in overnight trading as it posted a high of \$77.53 in overnight trading. However, the market erased its gains and continued to trend lower as it breached a support line at \$75.83. The crude market later sold off to a low of \$74.91 by mid-day and settled in a sideways trading range ahead of the close. The December WTI contract ended the session down \$2.04 or 2.6% at \$75.33, the lowest level since July 17<sup>th</sup>. The January Brent contract settled down \$2.07 at \$79.54. The product markets also ended the session lower, with the heating oil market settling down 8.92 cents at \$2.7492 and the RB market settling down 3.92 cents at \$2.1285.

**Technical Analysis:** The crude market is seen retracing some of its sharp losses and is seen trending sideways on Thursday as stochastics are currently in oversold territory. The market will look to any economic news for further direction as it has remained pressured amid the weak data out of China. The market is seen finding support at \$75.21, its low of \$74.91, \$73.88, \$73.84 and \$72.98. Meanwhile, resistance is seen at its high of \$77.53, \$78.23, \$79.26, \$80.28 and \$81.05-\$81.10.

**Fundamental News:** The U.S. EIA will delay its data on U.S. crude and petroleum inventories to complete a planned systems upgrade. The data will instead be released next Wednesday, November 15<sup>th</sup>.

The United Nations Environment Program's report states that global fossil fuel production in 2030 is set to be more than double the levels that are deemed consistent with meeting climate goals set under the 2015 Paris climate agreement.

Barclays in a research note to clients this week, lowered its oil price forecast for Brent crude futures next year by \$4 per barrel to \$93 per barrel, but hedged their price outlook a bit by noting that the recent selloff in global oil prices may be a bit overdone. On Tuesday Standard Chartered Bank oil analysts warned the key oil demand centers of China and India will see a notable slowdown next year, contributing to a global decline in oil demand growth. It lowered its Asia-Pacific region oil demand growth forecast for 2024 to 952,000 b/d, down from the estimated growth of 1.26 million b/d for 2023.

Iraqi government oil officials met with representatives of the Association of the Petroleum Industry of Kurdistan on Wednesday to discuss the resumption of flows from the export pipeline from Iraq to Turkey. During the meeting, the Association of the Petroleum Industry of Kurdistan and Iraqi government officials emphasized the urgency of resuming full oil production and exports under mutually acceptable commercial terms. However, no agreement has so far emerged.

IIR Energy reported that U.S. oil refiners are expected to shut in 1.2 million bpd of capacity in the week ending November 10<sup>th</sup>, increasing available refining capacity by 426,000 bpd. Offline capacity is expected to fall to 540,000 bpd in the week ending November 17<sup>th</sup>.

### Early Market Call - as of 8:26 AM EDT

WTI - December \$76.25 up 92 cents  
RBOB - December \$2.1502 up 2.17 cents  
HO - December \$2.7419 down 73 points

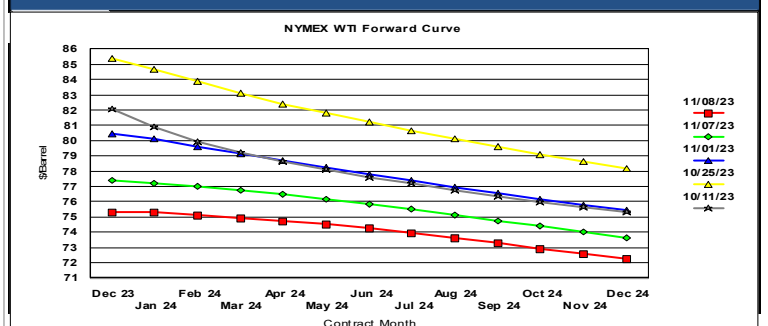
## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Dec-23 | 2.7492    | -0.0892      | -0.2123   |
| Jan-24 | 2.6977    | -0.0808      | -0.1933   |
| Feb-24 | 2.6664    | -0.0755      | -0.1754   |
| Mar-24 | 2.6296    | -0.0714      | -0.1595   |
| Apr-24 | 2.5868    | -0.0651      | -0.1400   |
| May-24 | 2.5577    | -0.0587      | -0.1253   |
| Jun-24 | 2.5406    | -0.0539      | -0.1166   |
| Jul-24 | 2.5362    | -0.0512      | -0.1125   |
| Aug-24 | 2.5357    | -0.0490      | -0.1083   |
| Sep-24 | 2.5402    | -0.0470      | -0.1041   |
| Oct-24 | 2.5421    | -0.0458      | -0.1022   |
| Nov-24 | 2.5376    | -0.0451      | -0.1023   |
| Dec-24 | 2.5273    | -0.0448      | -0.1028   |
| Jan-25 | 2.5167    | -0.0439      | -0.1026   |
| Feb-25 | 2.5035    | -0.0428      | -0.1009   |
| Mar-25 | 2.4871    | -0.0413      | -0.0982   |
| Apr-25 | 2.4652    | -0.0401      | -0.0934   |

## Sprague HeatCurve October 2024-April 2025 \$2.5112

|               | Close     | Change    |
|---------------|-----------|-----------|
| Crude - WTI   | \$75.3100 | -\$1.9000 |
| Crude - Brent | \$79.5400 | -\$2.0700 |
| Natural Gas   | \$3.1060  | -\$0.0340 |
| Gasoline      | \$2.1285  | -\$0.0392 |

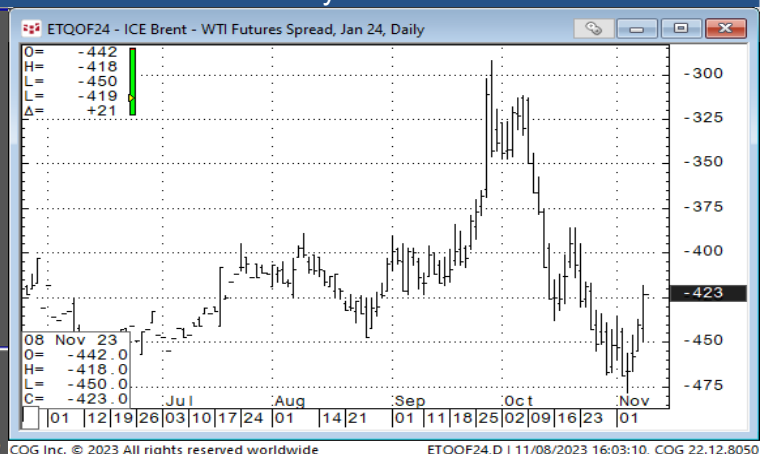
## WTI Forward Curve



## December WTI



## ICE January Brent-WTI



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