



MarketWatch | Refined Products

Thursday, October 19, 2023

Market Commentary

Recap: The crude market on Wednesday retraced its previous losses amid concerns over the escalating tensions in the Middle East and a larger than expected draw in crude stocks. The market was well supported as tension in the Middle East increased following a deadly blast at a Gaza City hospital on Tuesday that Israeli and Palestinian officials blamed on each other. The market was further supported as Iran called on Muslim countries to impose an oil embargo on Israel following the explosion at the Gaza hospital. The oil market rallied higher in overnight trading, posting a high of \$89.88. The market later erased some of its gains as OPEC sources stated that OPEC+ was not planning to hold an extraordinary meeting to take any action following Iran's call for an oil embargo and other sanctions on Israel. The market posted a low of \$87.20 ahead of the release of the EIA petroleum stock report but quickly bounced off that level amid the larger than expected draws reported across the board. The November WTI contract traded back towards the \$89.00 level during the remainder of the session and settled up \$1.66 at \$88.32. The December Brent contract settled up \$1.60 at \$91.50. Meanwhile, the product markets ended mixed, with the heating oil market settling down 3.74 cents at \$3.1393 and the RB market settling up 6.9 cents at \$2.3535.

Technical Analysis: The oil market on Thursday is seen remaining supported as the market remains concerned over the possibility of the Israel-Hamas conflict spreading to other parts of the Middle East. Technically, stochastics are trending sideways as the market retraces some of its losses from its recent high of \$95.03. The market is seen finding resistance at its high of \$89.88, \$90.17, \$90.27 followed by \$91.88, \$93.10 and \$95.03. Meanwhile, support is seen at \$87.20, \$85.60, \$83.35, \$82.31 and \$81.50.

Fundamental News: The EIA reported that U.S. crude oil and fuel inventories fell by more than expected in the week ending October 13th as refiners increased crude runs to meet strong domestic demand for distillate fuels. U.S. crude stocks fell by 4.491 million barrels on the week, with crude stocks at Cushing, Oklahoma falling by 758,000 barrels to 21 million barrels, the lowest level since October 2014. It reported that distillate stocks fell by 3.2 million barrels on the week to 113.8 million barrels. Weekly product supplied of distillate fuels increased to 4.4 million bpd, the highest level since March 2022.

The United Nations Middle East peace envoy, Tor Wennesland, warned the Security Council on Wednesday that the risk of expansion of the conflict between Israel and Hamas militants in the Gaza Strip is "very real, and extremely dangerous."

A senior U.S. State Department official said exemptions to sanctions on Venezuelan crude oil exports that the U.S. is considering will not result in a large crude production increase, instead take barrels away from its main destination, China. The Biden administration plans to provide some broad easing of energy-related sanctions for Venezuela's oil and gas sector almost immediately following a deal on guarantees for the 2024 presidential election reached between the Venezuelan government and the country's opposition.

IIR Energy said U.S. oil refiners are expected to shut in 2.3 million bpd of capacity in the week ending October 20th, cutting available refining capacity by 70,000 bpd. Offline capacity is expected to fall to 1.9 million bpd in the week ending October 27th.

Exxon Mobil said an oil tanker that the U.S. government imposed sanctions on for recently carrying Russian oil above the Western price cap is proceeding to the Baytown refinery in Texas for unloading. The unloading by Exxon has been authorized by the U.S. Treasury Department's Office of Foreign Assets Control. According to Exxon, the deliveries are certified products of Canadian origin.

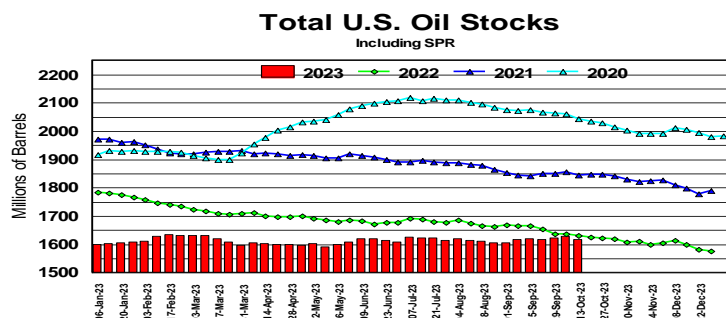
Early Market Call - as of 8:20 AM EDT

WTI - November \$87.67, down 65 cents
 RBOB - November \$2.3372, down 1.63 cents
 HO - November \$3.1288, down 1.05 cents

All NYMEX | Prior Settlements

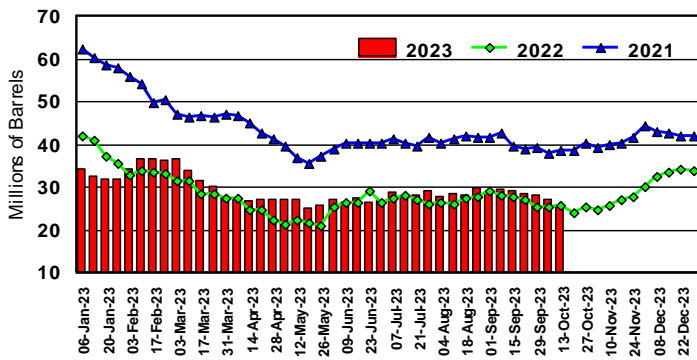
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.1393	-0.0374	0.1408
Dec-23	3.0454	-0.0078	0.1336
Jan-24	2.9956	0.0068	0.1399
Feb-24	2.9550	0.0107	0.1409
Mar-24	2.9017	0.0118	0.1364
Apr-24	2.8389	0.0136	0.1342
May-24	2.7936	0.0158	0.1313
Jun-24	2.7640	0.0172	0.1275
Jul-24	2.7533	0.0166	0.1236
Aug-24	2.7475	0.0156	0.1195
Sep-24	2.7476	0.0146	0.1170
Oct-24	2.7477	0.0149	0.1171
Nov-24	2.7440	0.0154	0.1191
Dec-24	2.7348	0.0150	0.1210
Jan-25	2.7232	0.0148	0.1220
Feb-25	2.7052	0.0148	0.1223
Mar-25	2.6818	0.0151	0.1213

Sprague HeatCurve October 2024-April 2025		\$2.7132
	Close	Change
Crude - WTI	\$85.4400	\$0.1800
Crude - Brent	\$91.5000	\$1.6000
Natural Gas	\$3.0560	-\$0.0230
Gasoline	\$2.3535	\$0.0690



Weekly EIA Petroleum Status Report for the Week Ending October 13, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 4.491 million barrels
 Cushing, OK Crude Stocks Down 758,000 barrels
Gasoline Stocks Down 2.37 million barrels
Distillate Stocks Down 3.185 million barrels
Refinery % Operated 86.1%, up 0.4%

PADD #1

	Week Ending Oct 13, 2023	Week Ending Oct 6, 2023	Week Ending Oct 14, 2022
Distillate Stocks (in million bbl)			
New England	2.8	3.0	3.5
Central Atlantic	13.7	14.0	11.6
Total PADD #1	25.9	27.1	25.6
Distillate Imports (thousands b/d)	77	120	111

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