



MarketWatch | Refined Products

Tuesday, October 17, 2023

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Monday erased some of its earlier gains on reports that the U.S. and Venezuela could soon reach a deal to ease sanctions on Venezuela if a presidential election date is set. The U.S. and Venezuelan governments were getting ready to sign a pact as early as Tuesday. The market also traded lower as the market awaited for further developments in the Israel-Hamas conflict. While the Israeli air strikes on Gaza intensified, the conflict has not impacted crude supplies. The oil market traded higher in overnight trading following its strength on Friday. It traded to a high of \$88.33 early in the morning before it erased its gains and sold off to a low of \$86.32 by mid-morning. The market later bounced off its low but remained in negative territory during the remainder of the session. The November WTI contract settled down \$1.03 at \$86.66 and the December Brent contract settled down \$1.24 at \$89.65. The product markets ended the session mixed, with the heating oil market settling down 6.25 cents at \$3.1492 and the RB market settling up 77 points at \$2.2730.

Technical Analysis: The oil market on Tuesday will be driven by further developments on the U.S. and Venezuelan deal on easing U.S. sanctions on Venezuela's oil. The easing of sanctions on Venezuela could result in increased oil supply. The market will also continue to monitor the war between Israel and Hamas. The market is seen finding support at its low of \$86.32, \$85.35, \$84.00, \$83.35, \$82.31 and \$81.50. Meanwhile, resistance is seen at \$88.33, \$88.67, \$89.59, \$90.17 and \$90.27. More distant resistance is seen at \$91.88, \$93.10 and \$95.03.

Fundamental News: Israel said no ceasefire had been implemented in southern Gaza even though security sources in Egypt said a deal had been reached to allow foreigners out of the Palestinian enclave and aid to be brought in. Two Egyptian security sources said the Egyptian-controlled Rafah border crossing was expected to reopen to allow foreign passport holders to leave. The bombardment of Hamas-ruled Gaza continued overnight, with residents saying it was the heaviest pounding yet in nine days of conflict. Israeli Prime Minister Benjamin Netanyahu's office said in a statement: "There is currently no truce and humanitarian aid in Gaza in exchange for getting foreigners out." Hundreds of tons of aid from several countries have been held up in Egypt for days pending a deal for its safe delivery to Gaza and the evacuation of some foreign passport holders through the Rafah crossing. Egypt has said bombardment had rendered the crossing inoperable.

LSEG estimated gasoline exports from Northwest Europe to the United States booked so far in October is estimated at 553,000 mt compared to the 777,000 tons exported in September and the 546,000 shipped in August.

The EIA reported that U.S. total shale regions oil production for November is expected to fall about 51,000 bpd to 9.553 million bpd. This compares with a 45,000 bpd decline in October. U.S. Bakken oil output for November is expected to increase by 200 bpd to 1.27 million bpd following an increase of 2,700 bpd in October. U.S. Eagle Ford oil production for November fell by 19,000 bpd to 1.119 million bpd following a 19,000 bpd decline in October, while U.S. Permian Basin oil production fell by 30,000 bpd to 5.901 million bpd following a 29,000 bpd decline in October.

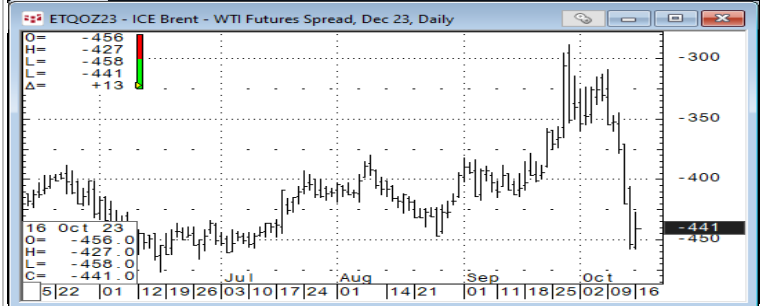
IIR Energy reported that U.S. oil refiners are expected to shut in 1.68 million bpd of capacity in the week ending October 20th, increasing available refining capacity by 436,000 bpd. Offline capacity is expected to fall to 1.56 million bpd in the week ending October 27th.

Early Market Call - as of 9:30 AM EDT
WTI - November \$86.39 down 27 cents
RBOB - November \$2.2726 down 4 points
HO - November \$3.1000 down 4.92 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.1492	-0.0625	0.1826
Dec-23	3.0421	-0.0382	0.1638
Jan-24	2.9802	-0.0290	0.1593
Feb-24	2.9366	-0.0211	0.1551
Mar-24	2.8815	-0.0197	0.1471
Apr-24	2.8171	-0.0169	0.1432
May-24	2.7706	-0.0148	0.1385
Jun-24	2.7403	-0.0137	0.1353
Jul-24	2.7307	-0.0130	0.1357
Aug-24	2.7262	-0.0124	0.1359
Sep-24	2.7274	-0.0120	0.1369
Oct-24	2.7269	-0.0114	0.1368
Nov-24	2.7222	-0.0110	0.1355
Dec-24	2.7120	-0.0111	0.1334
Jan-25	2.6995	-0.0102	0.1308
Feb-25	2.6797	-0.0090	0.1249
Mar-25	2.6546	-0.0085	0.1182

Sprague HeatCurve October 2024-April 2025			\$2.6888
		Close	Change
Crude - WTI	Dec Brent-	\$85.2600	-\$1.0900
Crude - Brent	WTI Spread	\$89.6500	-\$1.2400
Natural Gas	\$4.39	\$3.1090	-\$0.1270
Gasoline		\$2.2730	\$0.0077

ICE December Brent-WTI Spread



December Heating Oil Crack Spread

December RBOB Crack Spread

