



# MarketWatch | Refined Products

Thursday, May 9, 2024

## Market Commentary

**Recap:** The oil market settled higher on Wednesday after the market once again posted an outside trading day. In overnight trading, the crude market sold off sharply to a low of \$76.89, pressured by the mostly bearish APIs late Tuesday that showed a build of 509,000 barrels in crude stocks and builds of over 1 million barrels each in distillate stocks and gasoline stocks. The market also traded lower amid the strength in the dollar. The oil market later retraced some of its losses ahead of the release of the EIA report. The market was well supported by the EIA report, which showed an unexpected draw of over 1.3 million barrels in crude stocks as refiners increased their output. The crude market rallied higher, breaching its previous high and posted a high of \$79.27 ahead of the close. The June WTI contract settled up 61 cents at \$78.99 and the July Brent contract settled up 42 cents at \$83.58. The product markets ended the session mixed, with the heating oil market settling up 1.05 cents at \$2.4761 and the RB market settling down 1.16 cents at \$2.5318.

**Technical Analysis:** The crude market is seen remaining range bound as the market continues to focus on the inventory report and technically, its stochastics look ready to cross back up following today's retracement. Also, the market's geopolitical risk premium has diminished on the prospect of a ceasefire agreement in the coming days as negotiations continue. Resistance is seen at its high of \$79.27, \$79.63, \$79.90, \$80.20 followed by \$81.57, \$82.39 and \$82.95. Meanwhile, support is seen at its low of \$76.89, \$76.67, \$76.07 and \$75.10.

**Fundamental News:** The EIA reported that U.S. crude oil stocks fell as refiners increased production, while fuel inventories increased unexpectedly last week. Crude inventories fell by 1.4 million barrels to 459.5 million barrels in the week ending May 3<sup>rd</sup>. The draw came as refinery crude runs increased by 307,000 bpd and refinery utilization rates increased by 1% to 88.5% of total capacity. The EIA data showed that U.S. gasoline and diesel demand are the lowest seasonal level since the 2020 coronavirus pandemic. The four-week average demand for gasoline stood at 8.63 million bpd in the week ending May 3<sup>rd</sup>, the lowest reading for the beginning of May since 2020. The four-week average demand for distillate fuels stood at 3.6 million bpd, also the weakest seasonal level since the pandemic.

An Israeli official said Israel sees no sign of a breakthrough in Egyptian-mediated talks on a truce with Hamas that would free some Gaza hostages, but is keeping its delegation of mid-level negotiators in Cairo for now.

A U.S. official said the U.S. has halted a shipment of powerful bombs to Israel, as Washington puts pressure on its ally to avoid a full-scale invasion of the Gaza Strip's southern city of Rafah and give more time for ceasefire talks. The White House said talks aimed at reaching a Gaza ceasefire for hostages deal are ongoing and added that Israel and Hamas militants are close enough to an agreement that they should be able to close the gaps. On Tuesday, Israeli forces seized the main border crossing between Gaza and Egypt in Rafah, cutting off a vital route for aid. Despite the latest Israeli assault in Rafah and fighting elsewhere in Gaza, the United States said it believes a revised Hamas ceasefire proposal may lead to a breakthrough in the ceasefire impasse, with talks resuming in Cairo on Wednesday. CIA Director Bill Burns was in Israel meeting Israeli Prime Minister Benjamin Netanyahu and Israeli officials about a possible suspension of the Israeli operation in Rafah in return for a hostage release.

IIR Energy reported that U.S. oil refiners are expected to shut in about 800,000 bpd of capacity in the week ending May 10<sup>th</sup>, increasing available refining capacity by 205,000 bpd. Offline capacity is expected to fall to 683,000 bpd in the week ending May 17<sup>th</sup>.

**Early Market Call - as of 8:20 AM EDT**

WTI - June \$79.49 up 50 cents  
 RBOB - June \$2.5559 up 2.38 cents  
 HO - June \$2.5002 up 2.41 cents

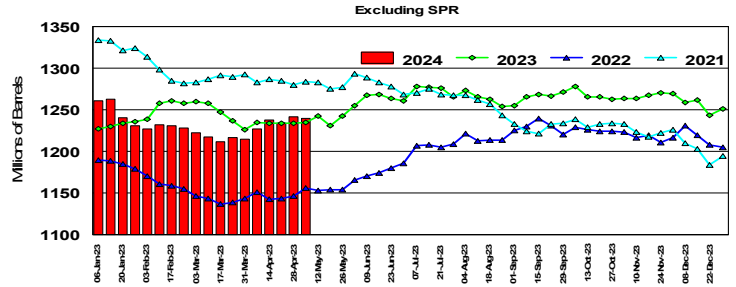
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-24	2.4761	0.0105	0.0242
Jul-24	2.4879	0.0089	0.0228
Aug-24	2.5002	0.0078	0.0229
Sep-24	2.5125	0.0069	0.0249
Oct-24	2.5203	0.0059	0.0254
Nov-24	2.5198	0.0049	0.0250
Dec-24	2.5144	0.0036	0.0251
Jan-25	2.5150	0.0037	0.0279
Feb-25	2.5069	0.0035	0.0289
Mar-25	2.4906	0.0032	0.0275
Apr-25	2.4693	0.0026	0.0264
May-25	2.4567	0.0020	0.0269
Jun-25	2.4476	0.0017	0.0283
Jul-25	2.4422	0.0011	0.0292
Aug-25	2.4377	0.0004	0.0295
Sep-25	2.4345	-0.0006	0.0286
Oct-25	2.4307	-0.0017	0.0274

## Sprague HeatCurve October 2024-April 2025 \$2.5065

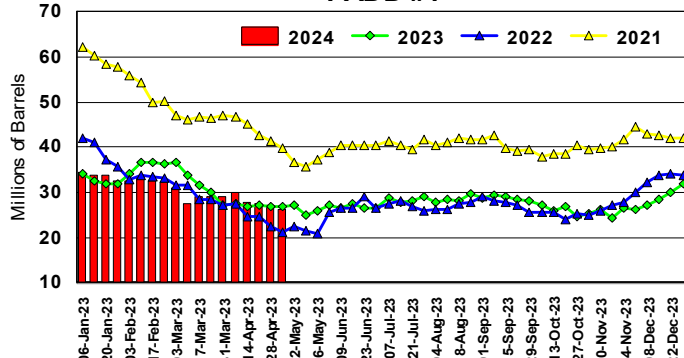
	Close	Change
Crude - WTI	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <b>July Brent- WTI Spread</b> \$         </div>	\$83.5800
Crude - Brent		\$0.4200
Natural Gas		-\$0.0200
Gasoline		-\$0.0116

## Total U.S. Oil Stocks



## Weekly EIA Petroleum Status Report for the Week Ending May 3, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 1.362 million barrels  
**Cushing, OK Crude Stocks** Up 1.88 million barrels  
**Gasoline Stocks** Up 915,000 barrels  
**Distillate Stocks** Up 560,000 barrels  
**Refinery % Operated** 88.5%, up 1%

### PADD #1

	Week Ending May 3, 2024	Week Ending Apr 26, 2024	Week Ending May 5, 2023
Distillate Stocks (in million bbl)			
New England	3.4	3.5	3.6
Central Atlantic	13.6	13.6	11.9
Total PADD #1	26.3	27.2	27.0
Distillate Imports (thousands b/d)	75	87	96

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