



MarketWatch | Refined Products

Monday, November 27, 2023

Market Commentary

Recap: The oil market sold off sharply on Wednesday after OPEC+ producers delayed their scheduled meeting from Sunday until November 30th, signaling disunity among the producer group. While the group has delayed meetings before, the long delay indicates the difficulties within the OPEC+ group to reach an agreement to cut output, raising questions about the future course of production cuts. The crude market traded sideways overnight, posting a high of \$77.97 before it sold off more than 5.1% to a low of \$73.79 by mid-morning. However, the market rebounded and erased most of its losses as it traded back towards the \$77.00 level during the remainder of the session. This was despite the EIA's weekly petroleum stock report showing a larger than expected build in crude stocks of 8.7 million barrels. The January WTI contract settled down 67 cents at \$77.10 ahead of Thursday's Thanksgiving holiday. The Brent contract settled down 49 cents at \$81.96. The product markets settled in negative territory, with the heating oil market settling down 3.58 cents at \$2.8891 and the RB market settling down 14 points at \$2.2324.

Technical Analysis: The crude market on Friday's shortened session will likely trade sideways with light volume trading following Thursday's Thanksgiving Day holiday. The market is seen trading in a range as the market awaits for further developments ahead of the OPEC+ meeting on Thursday, November 30th. The oil market is seen finding resistance at its high of \$77.97, \$78.46-\$78.48 followed by \$78.69 and \$79.65. More distant upside is seen at \$80.37 and \$80.79. Meanwhile, support is seen at \$76.40, \$75.68, \$74.73, \$73.79 followed by \$72.91 and \$72.37.

Fundamental News: The EIA reported that U.S. crude inventories increased in the week ending November 17th by 8.7 million barrels due to higher imports. Net crude imports increased by 259,000 bpd on the week. Meanwhile, distillate stocks fell by 1.02 million barrels to 105.6 million barrels, the lowest level since May 2022. East Coast distillates stocks fell to their lowest level since October 2022.

OPEC said OPEC+ has delayed its ministerial meeting to set output policy to November 30th from a previously scheduled meeting on November 26th. An OPEC+ source said Saudi Arabia and Russia are in agreement to delay the meeting due to outstanding issues with some other producers. The source said the delay might be to allow more time for countries to discuss both compliance with existing output cuts and potential additional cuts.

Morgan Stanley said oil demand growth will likely slow in 2024 to about 1.2 million bpd as post-COVID tailwinds abate and economic growth remains muted. It stated that although U.S. production slows sharply, non-OPEC supply is still likely to increase by 1.4 million bpd next year, enough to meet all global demand growth. It also said "OPEC will likely continue to balance the market and keep oil inventories around current levels; Our Brent forecast of \$85/barrel flat is unchanged."

On Wednesday, Israel's government and Hamas agreed to a ceasefire in Gaza for at least four days, to allow in aid and release at least 50 hostages captured by militants in exchange for at least 150 Palestinians jailed in Israel.

Goldman Sachs says the possibility of a deeper group oil output cut is on the table when OPEC+ oil producers meet and it expects Saudi Arabia and Russia to announce an extension of their additional voluntary curbs through at least the first quarter of 2024.

Hedge fund manager, Pierre Andurand, said OPEC+ may need to announce deeper oil production cuts this weekend to offset strong supply growth from the U.S. and elsewhere. He said Saudi Arabia probably wants higher prices and will urge fellow OPEC+ members to join its recent output cuts.

Early Market Call - as of 8:55 AM EDT

WTI - January \$74.91, down 63 cents

RBOb - December \$ 2.1734, up 83 points

HO - December \$2.8465, up 1.08 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.8357	-0.0534	0.0632
Jan-24	2.7623	-0.0421	0.0484
Feb-24	2.7253	-0.0422	0.0410
Mar-24	2.6866	-0.0410	0.0361
Apr-24	2.6387	-0.0394	0.0292
May-24	2.6057	-0.0380	0.0229
Jun-24	2.5839	-0.0365	0.0206
Jul-24	2.5760	-0.0346	0.0202
Aug-24	2.5744	-0.0333	0.0197
Sep-24	2.5791	-0.0324	0.0187
Oct-24	2.5815	-0.0309	0.0176
Nov-24	2.5751	-0.0299	0.0163
Dec-24	2.5627	-0.0288	0.0150
Jan-25	2.5496	-0.0284	0.0121
Feb-25	2.5333	-0.0284	0.0078
Mar-25	2.5143	-0.0282	0.0050
Apr-25	2.4913	-0.0280	0.0033

Sprague HeatCurve October 2024-April 2025 \$2.5435

	Close	Change
Crude - WTI	\$75.5400	-\$1.5600
Crude - Brent	\$80.5800	-\$0.8400
Natural Gas	\$2.8550	-\$0.0420
Gasoline	\$2.1651	-\$0.0673

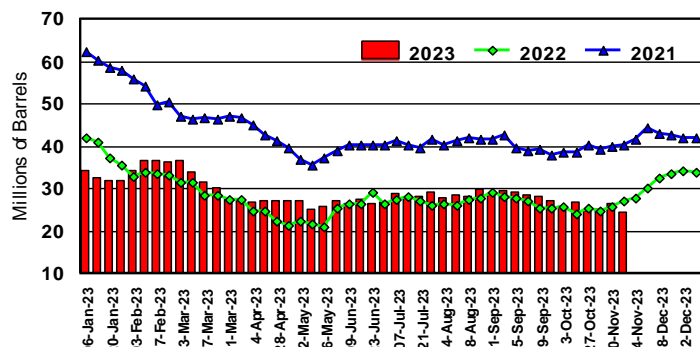
EIA Working Gas Storage Report

	17-Nov-23	10-Nov-23	Change	17-Nov-22
East	918	931	-13	868
Midwest	1118	1116	2	1,066
Mountain	255	256	-1	204
Pacific	296	292	4	233
South Central	1240	1238	2	1,204
Salt	331	332	-1	319
Nonsalt	909	906	3	885
Total	3826	3833	-7	3,575

Weekly EIA Petroleum Status Report for the Week Ending November 17, 2023

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 8.7 million barrels

Cushing, OK Crude Stocks Up 858,000 barrels

Gasoline Stocks Up 750,000 barrels

Distillate Stocks Down 1.018 million barrels

Refinery % Operated 87%, up 0.9%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Nov 17, 2023	Week Ending Nov 10, 2023	Week Ending Nov 18, 2022
New England	3.4	3.7	3.8
Central Atlantic	11.6	12.1	11.9
Total PADD #1	24.3	26.3	27.2
Distillate Imports (thousands b/d)	68	140	104

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