



MarketWatch | Refined Products

Wednesday, August 7, 2024

Market Commentary

Recap: The oil market traded mostly sideways on Tuesday after it retraced some of Monday's sharp losses in overnight trading. The market breached its previous high of \$74.46 and posted a high of \$74.56. However, the market erased its gains and traded lower on a weak demand outlook following a global sell off on Monday. The crude market posted a low of \$72.20 early in the morning and later retraced some of its losses and traded in a sideways trading pattern during the remainder of the session. The market's losses were limited by concerns that Iran may retaliate against Israel and the U.S. following the assassination of a Hamas leader and an Israeli attack that killed a Hezbollah leader in Lebanon as well as a fall in Libya's oil production at its Sharara oil field due to protests. The September WTI contract settled up 26 cents at \$73.20 and the October Brent contract settled up 18 cents at \$76.48. The product markets ended the session in negative territory, with the heating oil market settling down 28 points at \$2.2958 and the RB market settling down 74 points at \$2.3262.

Technical Analysis: The crude market on Wednesday will likely continue to trade within its recent trading range as the market is seen remaining supported by the API's and EIA's oil inventory reports, which are expected to show draws across the board. The market will also remain supported amid the fears of an escalation in the Middle East conflict. The oil market is seen finding support at \$72.91, \$72.20, \$72.06, \$71.67, \$71.60, \$70.70 and \$70.00. Meanwhile, resistance is seen at \$74.00, its high of \$74.56, \$75.28, \$76.13, \$77.29 and \$78.88.

Fundamental News: The U.S. Energy Department said it is offering to buy up to 3.5 million barrels of oil to help replenish the SPR in January 2025.

The EIA forecast in its Short Term Energy Outlook that global consumption of liquid fuels will increase by 1.1 million bpd in 2024 and 1.6 million bpd in 2025, down from a previous forecast of 1.8 million bpd. Total world oil demand in 2024 is forecast to increase to 102.94 million bpd and to 104.55 million bpd in 2025. Total world oil output in 2024 is forecast to increase by 570,000 bpd to 102.36 million bpd and by 2.08 million bpd to 104.44 million bpd in 2025. OPEC's oil output is forecast to fall 220,000 bpd to 26.67 million bpd in 2024 but increase by 480,000 bpd to 27.15 million bpd in 2025. U.S. oil output is estimated to increase by 300,000 bpd to 13.23 million bpd in 2024 and by 460,000 bpd to 13.69 million bpd in 2025. Meanwhile, U.S. petroleum demand is expected to increase by 200,000 bpd to 20.45 million bpd in 2024 and by 180,000 bpd to 20.63 million bpd in 2025. Gasoline demand is forecast to remain unchanged in 2024 at 8.94 million bpd but fall by 50,000 bpd to 8.89 million bpd in 2025. Distillate demand is expected to fall by 60,000 bpd to 3.87 million bpd in 2024 and increase by 110,000 bpd to 3.98 million bpd in 2025. The EIA lowered its 2024 WTI price forecast to \$80.21/barrel from a previous forecast of \$82.03/barrel. It also lowered its 2025 forecast to \$81.21/barrel, down from \$83.88/barrel. It lowered its 2024 Brent price forecast to \$84.44/barrel from \$86.37/barrel and also lowered its 2025 forecast to \$85.71/barrel from \$88.38/barrel.

Bloomberg is reporting that oil production at Libya's biggest oil field was halted on Monday following production declines over the weekend. The 300,000 b/d Sharara oil field was producing 270,000 b/d on Saturday. Platts is reporting the shutdown of the field came after the son of eastern warlord Khalifa Haftar ordered the shutdown in response to a European arrest being issued. The Libyan government called the curtailment of production as "new attempts at political blackmail". Libyan oil production in recent months had been averaging 1.2 million b/d.

Early Market Call - as of 9:50 AM EDT

WTI - September \$74.49, up \$1.29
 RBOB - September \$2.3447, up 1.85 cents
 HO - September \$2.3352, up 3.93 cents

All NYMEX | Prior Settlements

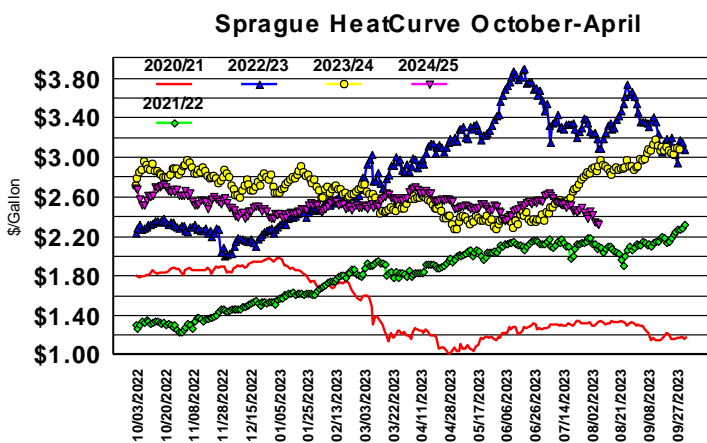
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-24	2.2958	-0.0028	-0.0629
Sep-24	2.3124	-0.0037	-0.0635
Oct-24	2.3205	-0.0036	-0.0615
Nov-24	2.3220	-0.0033	-0.0578
Dec-24	2.3276	-0.0036	-0.0573
Jan-25	2.3244	-0.0039	-0.0570
Feb-25	2.3117	-0.0046	-0.0574
Mar-25	2.2935	-0.0055	-0.0583
Apr-25	2.2821	-0.0063	-0.0587
May-25	2.2752	-0.0069	-0.0585
Jun-25	2.2798	-0.0066	-0.0573
Jul-25	2.2860	-0.0063	-0.0557
Aug-25	2.2927	-0.0059	-0.0540
Sep-25	2.2984	-0.0058	-0.0529
Oct-25	2.2978	-0.0058	-0.0526
Nov-25	2.2921	-0.0062	-0.0530
Dec-25	2.2901	-0.0064	-0.0528

Sprague HeatCurve October 2024-April 2025			\$2.3187
		Close	
Crude - WTI	Sep Brent- WTI Spread \$4.14	\$72.3400	\$0.1400
Crude - Brent		\$76.4800	\$0.1800
Natural Gas		\$2.0100	\$0.0680
Gasoline		\$2.3262	-\$0.0074

API Report for the Week Ending August 2, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 176,000 barrels	Down 700,000 barrels
Gasoline Stocks	Up 3.313 million barrels	Down 2.4 million barrels
Distillate Stocks	Up 1.217 million barrels	Down 700,000 barrels
Refinery Runs		Down 0.5% at 89.6%

Sprague Heat Curve October-April



September WTI



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