



MarketWatch | Refined Products

Friday, September 6, 2024

Market Commentary

Recap: The oil market continued on its downward trend despite some supportive news that initially limited the market's losses. The market held support in overnight trading following reports of discussions between OPEC+ producers on Wednesday about delaying the output increases that are scheduled to begin in October. The market retraced some of its losses and traded in a sideways trading range from \$69.15 to \$70.15. The crude market later rallied higher to a high of \$70.82 on the announcement by OPEC that eight members of OPEC+ will extend their voluntary output cuts by two months until the end of November. The market was further supported by the larger than expected draw in crude stocks reported by the EIA. The weekly petroleum stocks report showed a draw of over 6.8 million barrels on the week. However, as bearish sentiment once again overshadowed any supportive news, the market erased its gains and sold off to a low of \$68.75 ahead of the close. The October WTI contract settled down 5 cents at \$69.15 while the October Brent contract settled down 1 cent at \$72.69. The product markets ended the session mixed with the heating oil market settling up 1.14 cents at \$2.1689 and the RB market settling down 3.6 cents at \$1.9258.

Technical Analysis: The oil market on Friday will likely continue to trend lower following the losses seen on Thursday despite the supportive news and inventory reports. The market continues to discount the fact that Libya's output remains shut in. The market is seen finding support at its low of \$68.75 followed by \$67.53, the lower range of a trend channel. Meanwhile, resistance is seen at its highs of \$70.82, \$71.46, \$72.13, \$73.18, \$74.22 and \$74.41. More distant resistance is seen at \$76.35.

Fundamental News: The EIA reported that U.S. crude oil inventories fell to their lowest since September 2023 as imports fell, while gasoline stockpiles increased with the end of the summer driving season. Crude inventories fell by 6.9 million barrels to 418.3 million barrels in the week ending August 30th. Net U.S. crude imports fell last week by 853,000 bpd to 2.0 million bpd, while exports increased by 85,000 bpd to 3.8 million bpd. Crude stocks in Cushing, Oklahoma fell by 1.1 million barrels.

OPEC said eight members of OPEC+, Saudi Arabia, Russia, Iraq, the UAE, Kuwait, Kazakhstan, Algeria and Oman, will extend their voluntary output cuts by two months until the end of November. It said the participating countries agreed to extend their additional voluntary production cuts of 2.2 million bpd.

HSBC said in a report that any decision by OPEC+ might be taken negatively by the market. Holding off its output increase may be interpreted as a belated admission by OPEC that oil demand is weak. It said increasing production would tip the oil market into a meaningful surplus from the first quarter of 2025 onwards. HSBC said its Brent price forecasts remain at \$80/barrel for the second half of 2024 and \$76.50/barrel for 2025. However, it stated that downside risks are increasing.

RBC Capital analyst, Helima Croft, said that it may be prudent for OPEC+ to wait until December before returning extra barrels.

Shipping data showed that Libyan oil exports remained mostly halted on Thursday, but some tankers were being allowed to load crude from storage, with output still curtailed amid a political standoff over the central bank and oil revenue. Engineers said an oil tanker, Kriti Samaria, has been approved for entry into Libya's Zueitina port on Thursday evening or Friday to load 600,000 barrels of crude oil and will head to Italy. The tanker will be permitted to load oil from storage. Another tanker, the Front Jaguar, was loading crude from storage at Libya's Brega port.

Early Market Call - as of 8:15 AM EDT

WTI - Oct \$69.72, up 57 cents
 RBOB - Oct \$1.9527, up 2.73 cents
 HO - Oct \$2.1768, up 79 points

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	2.1689	0.0114	-0.1437
Oct-24	2.1846	0.0094	-0.1444
Nov-24	2.1974	0.0088	-0.1407
Dec-24	2.2075	0.0094	-0.1385
Jan-25	2.2093	0.0093	-0.1346
Feb-25	2.2024	0.0090	-0.1297
Mar-25	2.1921	0.0087	-0.1256
Apr-25	2.1866	0.0087	-0.1225
May-25	2.1843	0.0088	-0.1193
Jun-25	2.1918	0.0088	-0.1168
Jul-25	2.1996	0.0087	-0.1148
Aug-25	2.2075	0.0085	-0.1131
Sep-25	2.2149	0.0085	-0.1113
Oct-25	2.2177	0.0090	-0.1080
Nov-25	2.2165	0.0093	-0.1041
Dec-25	2.2169	0.0094	-0.1019
Jan-26	2.2093	0.0057	-0.1033

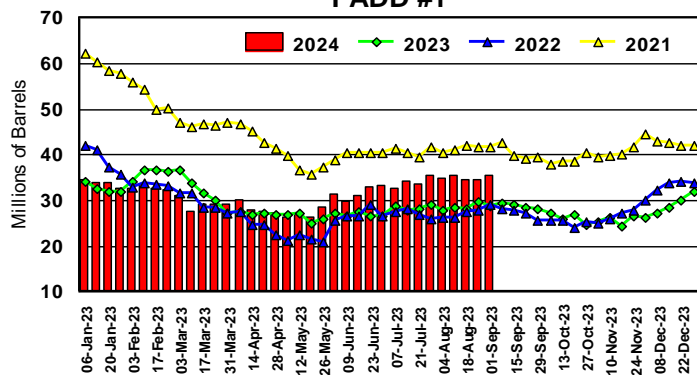
Sprague HeatCurve October 2024-April 2025		Close	
Crude - WTI	Nov Brent- WTI Spread \$4.19	\$68.5000	-\$0.0200
Crude - Brent		\$72.6900	-\$0.0100
Natural Gas		\$2.2540	\$0.1090
Gasoline		\$1.9280	-\$0.0360

EIA Working Gas Storage Report

	30-Aug-24	22-Aug-24	Change	30-Aug-23
East	761	754	7	762
Midwest	922	909	13	870
Mountain	270	266	4	217
Pacific	289	287	2	251
South Central	1105	1119	-14	1,039
Salt	267	272	-5	243
Nonsalt	838	847	-9	797
Total	3347	3334	13	3,139

Weekly EIA Petroleum Status Report for the Week Ending August 30, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 6.873 million barrels
 Cushing, OK Crude Stocks Down 1.142 million barrels
Gasoline Stocks Up 848,000 barrels
Distillate Stocks Down 371,000 barrels
Refinery % Operated 93.3%, unchanged

PADD #1

Distillate Stocks (in million bbl)	Week Ending August 30, 2024	Week Ending August 23, 2024	Week Ending September 1, 2023
New England	4.8	4.4	3.2
Central Atlantic	18.5	18.6	15.6
Total PADD #1	35.4	34.6	28.9
Distillate Imports (thousands b/d)	119	183	67

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