



# MarketWatch | Refined Products

Friday, September 27, 2024

## Market Commentary

**Recap:** The oil market on Thursday continued on its recent downtrend following a Financial Times report that Saudi Arabia will give up its \$100 price target as it prepares to increase its output and gain market share. The crude market, which initially traded sideways and posted a high of \$70.01, sold off sharply to \$67.16 on the Financial Times report. It retraced more than 62% of its move from a low of \$64.61 to a high of \$72.40. The market bounced off its lows but was once again pressured and sold off to a low of \$66.95 by mid-morning. OPEC+ sources said that the producer group was set to proceed with a December oil output increase. The market was also pressured as the shutdown of Libya's oil output looked set to end within days after representatives of Libya's rival eastern and western legislative bodies agreed to appoint a new central bank governor. The market later saw some choppy trading within a range from \$67.25 to \$68.50 during the remainder of the session. The November WTI contract settled down \$2.02 at \$67.67 and the November Brent contract settled down \$1.86 at \$71.60. The product market also ended the session lower, with the heating oil market settling down 2.41 cents at \$2.1361 and the RB market settling down 3.86 cents at \$1.9613.

**Technical Analysis:** The crude market is seen trending lower amid the bearish news regarding Saudi Arabia preparing to raise its output, along with the rest of OPEC+ in December and the expectations that Libya's shut in output will resume within days. Technically, the market is also seen trending lower as its daily stochastics have crossed to the downside. The market is seen finding support at its low of \$66.95, \$66.55, \$64.99 and \$64.61. Meanwhile, resistance is seen at its high of \$70.01, \$71.72 and \$72.40.

**Fundamental News:** The Bureau of Safety and Environmental Enforcement said about 441,923 bpd or 25% of crude oil production and 363.4 million cubic feet or 20% of natural gas output in the U.S. Gulf of Mexico was shut due to Hurricane Helene.

The Financial Times reported that Saudi Arabia is preparing to abandon its unofficial oil price target of \$100/barrel as it prepares to increase output to gain back market share, even if it means lower prices. The Financial Times reported that OPEC+ is committed to increasing production as planned on December 1<sup>st</sup>, even if that means a longer period of low oil prices. The newspaper reported that Saudi Arabia has decided that it is unwilling to continue to cede market share to other oil producers and believes it has enough funding options, including foreign reserves and debt, to withstand a period of lower crude prices. Saudi Arabia has shouldered a large share of OPEC+ output cuts, reducing its own output by about 2 million bpd since late 2022.

Two OPEC+ sources said OPEC+ is set to go ahead with a December oil output increase as its impact will be small should a plan for some members to make larger cuts to compensate for overproduction be delivered in September and later months. OPEC+ is scheduled to raise output by 180,000 bpd in December, part of a plan to start unwinding its most recent layer of output cuts. Two OPEC+ members, Iraq and Kazakhstan, have pledged to make extra cuts totaling 123,000 bpd in September and additional cuts in future months, to compensate for previously producing above agreed levels. Top ministers from OPEC+ are scheduled to meet on October 2<sup>nd</sup> to review the market and are not expected to make any changes to policy. Another OPEC+ source said the ministers could meet again in November.

U.S. Secretary of State, Antony Blinken, said countries around the world, including leading Arab nations, those in the G7 and the European Union, want a halt to hostilities between Israel and Hezbollah along Israel's northern border with Lebanon. He said he is scheduled to meet with Israeli officials in New York later on Thursday.

**Early Market Call - as of 9:10 AM EDT**

WTI - Nov \$67.56, down 11 cents  
 RBOB - Oct \$1.9508, down 1.05 cents  
 HO - Oct \$2.1080, down 2.81 cents

## All NYMEX | Prior Settlements

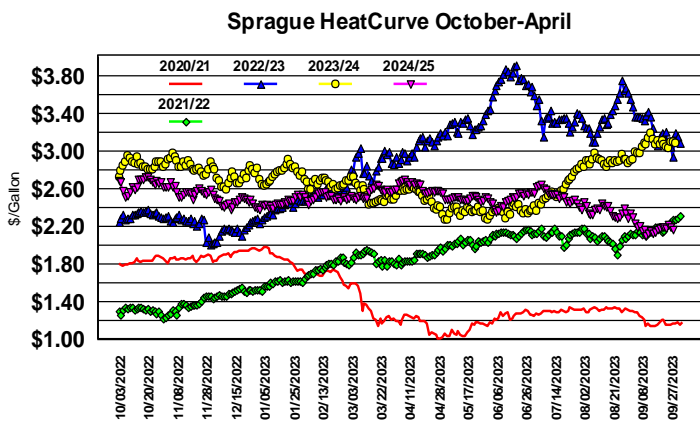
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-24	2.1361	-0.0241	-0.0359
Nov-24	2.1529	-0.0240	-0.0295
Dec-24	2.1606	-0.0269	-0.0298
Jan-25	2.1691	-0.0287	-0.0305
Feb-25	2.1717	-0.0292	-0.0294
Mar-25	2.1674	-0.0284	-0.0280
Apr-25	2.1592	-0.0281	-0.0276
May-25	2.1579	-0.0278	-0.0260
Jun-25	2.1611	-0.0270	-0.0237
Jul-25	2.1717	-0.0261	-0.0218
Aug-25	2.1822	-0.0252	-0.0202
Sep-25	2.1929	-0.0244	-0.0187
Oct-25	2.2035	-0.0234	-0.0170
Nov-25	2.2096	-0.0221	-0.0148
Dec-25	2.2129	-0.0208	-0.0127
Jan-26	2.2185	-0.0195	-0.0108
Feb-26	2.1717	-0.0641	-0.0549

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.93	\$67.6700	-\$2.0200
Crude - Brent		\$71.6000	-\$1.8600
Natural Gas		\$2.5850	-\$0.0520
Gasoline		\$1.9613	-\$0.0386

## EIA Working Gas Storage Report

	20-Sep-24	13-Sep-24	Change	20-Sep-23
East	818	802	16	813
Midwest	993	973	20	953
Mountain	279	275	4	232
Pacific	289	283	6	269
South Central	1113	1111	2	1,066
Salt	265	271	-6	248
Nonsalt	848	840	8	818
Total	3492	3445	47	3,333

## Sprague HeatCurve October-April



## November WTI



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