



MarketWatch | Refined Products

Thursday, November 14, 2024

Market Commentary

Recap: On Wednesday, the oil market retraced its earlier losses on some short covering after prices continued to trend lower in follow through selling seen in the last few trading sessions. Early in the session, the market posted a high of \$68.86 before it sold off to a low of \$66.94 as it breached its previous low of \$67.75 and its support line at \$67.52. The crude market remained pressured by the OPEC report released on Tuesday showing lower global oil demand growth for 2024 and 2025 amid demand concerns in China. The market also pressured amid the strength in the U.S. dollar, which traded to a near seven month high after data showed U.S. inflation for October increased by 0.2% on the month and 2.6% on the year, in line with expectations, suggesting the Fed will keep cutting rates. However, the market later bounced off its low and traded back towards its high in afternoon trading. The December WTI contract settled up 31 cents at \$68.43 and the January Brent contract settled up 39 cents at \$72.28. Meanwhile, the product markets ended the session higher, with the heating oil market settling up 85 points at \$2.2193 and the RB market settling up 8 points at \$1.9651.

Technical Analysis: The crude market is seen trading within its recent trading range as it awaits the release of the weekly petroleum stocks reports. On Thursday, the market will also await the release of the IEA's latest forecast of world petroleum demand, which has been lower than OPEC's estimate. The oil market is seen finding support at \$67.60, \$66.94, \$66.72, \$65.99 followed by \$64.49 and \$64.16. Meanwhile, resistance is seen at \$68.86, \$69.13, \$70.56, \$72.25 and \$72.88.

Fundamental News: In its Short Term Energy Outlook, the EIA reported world oil consumption in 2024 is expected to increase by 990,000 bpd to 103.13 million bpd and increase by 1.22 million bpd in 2025 to 104.35 million bpd. Meanwhile, world oil output in 2024 is forecast to increase by 600,000 barrels to 102.62 million bpd and by 2.04 million bpd to 104.66 million bpd in 2025. The EIA also reported that U.S. output is forecast to increase by 300,000 bpd to 13.23 million bpd in 2024 and by 300,000 bpd to 13.53 million bpd in 2025. U.S. total petroleum products consumption in 2024 is forecast to increase by 40,000 bpd to 20.32 million bpd and by 190,000 bpd to 20.51 million bpd in 2025. U.S. gasoline demand is expected to remain unchanged in 2024 at 8.94 million bpd and fall by 20,000 bpd to 8.92 million bpd in 2025, while distillate demand is expected to fall by 100,000 bpd to 3.82 million bpd in 2024 and increase by 150,000 bpd to 3.97 million bpd in 2025.

Oil prices may see a drastic fall in the event that OPEC+ unwinds its existing output cuts. Tom Kloza, global head of energy analysis at OPI said oil prices could fall to \$30 to \$40/barrel if OPEC unwinds its output cuts and does not have any kind of real agreement to rein in production. The head of energy, climate and resources at Eurasia Group, Henning Gloystein, said that given that oil demand growth next year probably would not be much more than 1 million bpd, a full unwinding of OPEC+ supply cuts in 2025 would "undoubtedly see a very steep decline in crude prices, possibly towards \$40 a barrel." Similarly, MST Marquee's senior energy analyst Saul Kavonic said that should OPEC+ unwind cuts without regard to demand, it would "effectively amount to a price war over market share that could send oil to lows not seen since COVID."

IIR Energy said U.S. oil refiners are expected to shut in about 563,000 bpd of capacity in the week ending November 15th, raising available refining capacity by 79,000 bpd.

Enbridge said Tuesday apportionment on its Canadian Mainline crude oil system has been reinstated for November at 2% for both light and heavy barrels. The Mainline has been apportioned for every month this year except September and October due to industry turnarounds. Enbridge said it is ongoing discussions with producers for adding additional 100,000-150,000 b/d pipeline capacity out of the Western Canadian Sedimentary Basin, with an estimated in-service date of late 2026 or early 2027.

Early Market Call - as of 8:20 AM EDT

WTI - Dec \$69.15, up 73 cents

RBOB - Dec \$1.9784, up 1.33 cents

HO - Dec \$2.2390, up 1.97 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-24	\$2.2193	\$0.0085	-\$0.0507
Jan-25	\$2.2288	\$0.0094	-\$0.0525
Feb-25	\$2.2330	\$0.0105	-\$0.0536
Mar-25	\$2.2246	\$0.0095	-\$0.0538
Apr-25	\$2.2116	\$0.0083	-\$0.0545
May-25	\$2.2031	\$0.0073	-\$0.0552
Jun-25	\$2.1985	\$0.0063	-\$0.0559
Jul-25	\$2.2021	\$0.0045	-\$0.0580
Aug-25	\$2.2078	\$0.0031	-\$0.0590
Sep-25	\$2.2166	\$0.0022	-\$0.0586
Oct-25	\$2.2258	\$0.0015	-\$0.0572
Nov-25	\$2.2323	\$0.0010	-\$0.0565
Dec-25	\$2.2374	\$0.0012	-\$0.0554
Jan-26	\$2.2434	\$0.0009	-\$0.0548
Feb-26	\$2.2431	\$0.0004	-\$0.0541
Mar-26	\$2.2350	\$0.0001	-\$0.0532
Apr-26	\$2.2210	-\$0.0001	-\$0.0520

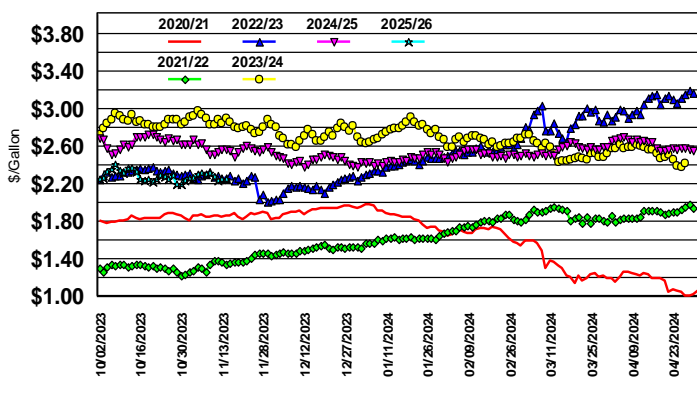
Sprague HeatCurve October 2025-April 2026			\$2.2365
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$4.02	\$68.2600	\$0.2900
Crude - Brent		\$72.2800	\$0.3900
Natural Gas		\$2.9830	\$0.0760
Gasoline		\$1.9651	\$0.0008

API Report for the Week Ending November 8, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 777,000 barrels	Up 1.5 million barrels
Gasoline Stocks	Up 312,000 barrels	Down 1 million barrels
Distillate Stocks	Up 1.14 million barrels	Down 1 million barrels
Refinery Runs		Up 0.6% at 90.5%

Sprague HeatCurve October-April

Sprague HeatCurve October-April



NYMEX December WTI



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