



MarketWatch | Refined Products

Wednesday, December 18, 2024

Market Commentary

Recap: On Tuesday, the oil market extended the losses triggered on Monday by concerns over China's economy, while traders remained cautious ahead of the Federal Reserve's decision on interest rates on Wednesday. The market remained pressured by concerns over Chinese demand in light of data on Monday showing retail sales in November increased less than expected. Also, German economic data showed that business morale worsened more than expected in December, weighed down by companies' pessimistic assessment of the coming months. The crude market traded to a high of \$70.92 in overnight trading before it continued to retrace its previous gains. It sold off to a low of \$69.18, retracing slightly more than 50% of its move from a high of \$71.44 to a low of \$66.98. The market later bounced off its low and settled in a sideways trading range as the market positioned itself ahead of the weekly petroleum stocks reports and the Fed decision on Wednesday. The January WTI contract settled down 63 cents at \$70.08 and the February Brent contract settled down 72 cents at \$73.19. The product markets ended the session lower, with the heating oil market settling down 3.61 cents at \$2.2279 and the RB market settling down 3.18 cents at \$1.9439.

Technical Analysis: The crude oil market will trade mostly sideways as the market awaits the release of the weekly petroleum stocks reports later on Tuesday and Wednesday morning, which are expected to show draws in crude stocks of about 1.8 million barrels on the week and builds in product stocks. The market is also awaiting the Federal Reserve's decision later on Wednesday afternoon, when they are expected to cut rates by 25 basis points. The crude market is seen finding resistance at \$70.92, \$71.44, \$71.48-\$71.51, \$71.87 and \$72.41. Meanwhile, support is seen at \$69.18, \$69.14, \$68.68, \$68.44, \$67.72, \$67.08 and \$66.98.

Fundamental News: According to sources, an upcoming U.S. government funding bill is expected to include a plan that would allow year-round sales of gasoline with a higher ethanol blend. The inclusion would mark a victory for the ethanol industry, which has wanted year-round E15 sales as a way to increase profits. Currently, sales of E15 are effectively blocked from June to September. The plan would also provide credits to some refiners that prove compliance with the U.S. Renewable Fuel Standard.

On Monday, the European Union has adopted a 15th package of sanctions against Russia, including stricter measures against Chinese entities and more vessels from Russia's so-called shadow fleet. The new package adds 52 vessels from the shadow fleet that try to circumvent Western restrictions to move oil, arms and grains, bringing the total listed to 79. Of the 52 vessels sanctioned, 33 were included for transporting crude oil or petroleum products originating in or exported from Russia, taking the total number of vessels sanctioned for transporting oil to 43. The new restrictions add 84 new individuals and entities, including seven Chinese persons and entities.

Britain sanctioned 20 ships that it said were using illicit practices to avoid sanctions on Russian oil, its latest measures targeting Russia's so-called shadow fleet of vessels. Britain's government said the ships sanctioned include Ocean Faye, Andaman Skies and Mianzimu, which have each carried more than 4 million barrels of Russian oil this year. The measures restrict or prohibit their movement and access to some British ports.

Ukraine's President Volodymyr Zelenskyy appealed to allies to sanction Russia's so-called shadow fleet carrying illicit oil.

Goldman Sachs cut its forecast for China's demand by 200,000 bpd due to higher product stocks. It sees significant downside to oil tanker freight rates and up to \$3/barrel of downside to its refined product margin forecasts from a potential full unwinding of the oil tanker Red Sea and Russia redirections.

Early Market Call - as of 8:20 AM EDT

WTI - Jan \$70.75, up 67 cents

RBOB - Jan \$1.9657, up 2.18 cents

HO - Jan \$2.2505, up 2.26 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-25	\$2.2279	-\$0.0361	\$0.0418
Feb-25	\$2.2324	-\$0.0342	\$0.0400
Mar-25	\$2.2207	-\$0.0330	\$0.0375
Apr-25	\$2.2030	-\$0.0308	\$0.0350
May-25	\$2.1902	-\$0.0290	\$0.0317
Jun-25	\$2.1839	-\$0.0269	\$0.0301
Jul-25	\$2.1867	-\$0.0270	\$0.0266
Aug-25	\$2.1913	-\$0.0265	\$0.0238
Sep-25	\$2.1980	-\$0.0259	\$0.0220
Oct-25	\$2.2042	-\$0.0255	\$0.0205
Nov-25	\$2.2081	-\$0.0247	\$0.0196
Dec-25	\$2.2105	-\$0.0237	\$0.0185
Jan-26	\$2.2155	-\$0.0231	\$0.0182
Feb-26	\$2.2139	-\$0.0224	\$0.0171
Mar-26	\$2.2050	-\$0.0218	\$0.0165
Apr-26	\$2.1900	-\$0.0214	\$0.0162
May-26	\$2.1799	-\$0.0210	\$0.0154

Sprague HeatCurve October 2025-April 2026 \$2.2088

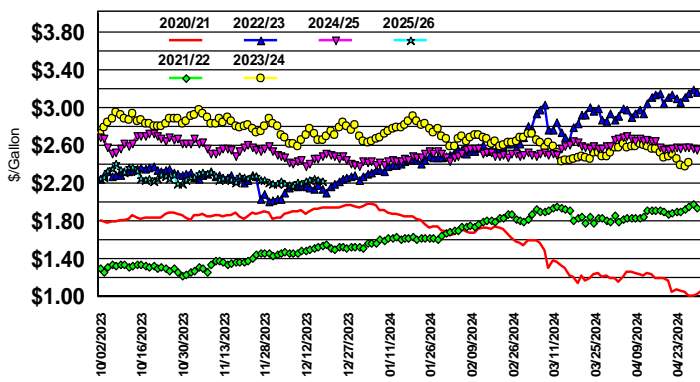
	Close	Change
Crude - WTI	\$69.6500	-\$0.6400
Crude - Brent	\$73.1900	-\$0.7200
Natural Gas	\$3.3080	\$0.0940
Gasoline	\$1.9439	-\$0.0318

API Report for the Week Ending December 13, 2024

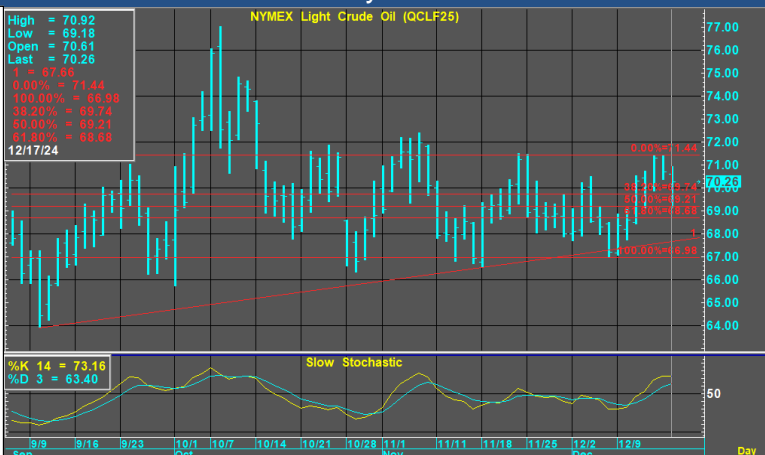
	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 4.69 million barrels	Down 1.8 million barrels
Gasoline Stocks	Up 2.45 million barrels	Up 2.1 million barrels
Distillate Stocks	Up 744,000 barrels	Up 600,000 barrels
Refinery Runs		Up 0.3% at 92.7%

Sprague HeatCurve October-April

Sprague HeatCurve October-April



NYMEX January WTI



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