



MarketWatch | Refined Products

Thursday, January 9, 2025

Market Commentary

Recap: The oil market traded lower on Wednesday in light of large builds in U.S. oil product stocks, reversing early gains from tightening supplies from Russia and other OPEC members. The market rallied higher in overnight trading following reports on Tuesday that Russia's output in December averaged 8.971 million bpd, below its OPEC+ target, and OPEC's oil output fell in December after two months of increases. The crude market opened 27 cents higher and rallied to a high of \$75.29 in overnight trading. However, the market gave up some of its sharp gains ahead of the release of the EIA's weekly petroleum stocks report. The market was further pressured after the EIA reported large builds of over 6 million barrels in each distillate and gasoline stocks. The February WTI contract sold off to a low of \$73.16 ahead of the close and settled down 93 cents at \$73.32. The March Brent contract settled down 89 cents at \$76.16. Meanwhile, the product markets ended the session lower, with the heating oil market settling down 1.56 cents at \$2.3507 and the RB market settling down 1.64 cents at \$2.0102.

Technical Analysis: The crude market is seen retracing some of its losses on Thursday and remaining mostly range bound as the market weighs the builds in stocks against the recent reports of tightening supplies from Russia and other OPEC producers. The market is seen finding support at \$73.16, \$73.11, \$72.70, \$72.01 followed by \$71.79, \$71.00, \$70.87, \$70.12 and \$69.99. Meanwhile, resistance is seen at \$75.00, \$75.29, \$76.41 and \$76.96.

Fundamental News: The EIA reported that U.S. crude oil stocks in the week ending January 3rd fell by 959,000 barrels to 414.6 million barrels. Crude oil stocks at Cushing, Oklahoma fell by 2.5 million barrels on the week to 20 million barrels, the lowest level since October 2014. The EIA reported that U.S. crude oil imports from Canada increased last week to the highest on record, ahead of incoming U.S. president Donald Trump's plans to tariff imports. U.S. crude oil imports from Canada increased by 689,000 bpd to 4.42 million bpd, the highest in records going back to June 2010. The EIA also reported that distillate stocks increased by over 6 million barrels on the week, with East Coast distillate stocks increasing by 600,000 barrels to 37.2 million barrels, the highest level since January 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in about 595,000 bpd of capacity in the week ending January 10th, cutting available refining capacity by 395,000 bpd. Offline capacity is expected to increase to 1.22 million bpd in the week ending January 17th.

The minutes of the Federal Reserve's December 17th-18th meeting showed the Federal Reserve officials agreed that inflation is likely to continue to slow this year but also saw an increasing risk that price pressures may remain sticky as policymakers began wrestling with the impact of policies expected from the incoming Trump administration. The minutes described the December rate cut by the Federal Open Market Committee as "finely balanced," with some participants noting the "merits" of not reducing borrowing costs in light of what some see as stalled progress in lowering inflation. The Fed is expected to hold its policy rate steady in the current 4.25%-4.5% range at its January 28th-29th meeting.

Federal Reserve governor, Christopher Waller, said inflation should continue falling in 2025 and allow the U.S. Federal Reserve to further reduce interest rates, though at an uncertain pace. He said that while it was true inflation "appears to have stalled" above the Fed's 2% target in the waning months of 2024, market-based inflation estimates, as well as one month and shorter-term inflation readings, have left him confident that inflation is continuing to ease in the U.S. even if the pace of improvement is less certain. He said current Federal Reserve interest rates are restrictive and thus continue to slow inflation, but are not so tight that they will cause a recession.

Early Market Call - as of 10:00 AM EDT

WTI - Feb \$73.70, up 38 cents
 RBOB - Feb \$2.0152, up 50 points
 HO - Feb \$2.3731, up 2.22 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-25	2.3507	-0.0156	0.0343
Mar-25	2.3323	-0.0164	0.0379
Apr-25	2.2966	-0.0175	0.0355
May-25	2.2712	-0.0176	0.0304
Jun-25	2.2567	-0.0182	0.0269
Jul-25	2.2566	-0.0179	0.0267
Aug-25	2.2585	-0.0174	0.0271
Sep-25	2.2622	-0.0169	0.0277
Oct-25	2.2655	-0.0160	0.0289
Nov-25	2.2652	-0.0150	0.0294
Dec-25	2.2620	-0.0141	0.0286
Jan-26	2.2637	-0.0138	0.0265
Feb-26	2.2593	-0.0138	0.0240
Mar-26	2.2472	-0.0141	0.0221
Apr-26	2.2293	-0.0133	0.0208
May-26	2.2174	-0.0125	0.0205
Jun-26	2.2567	0.0364	0.0686

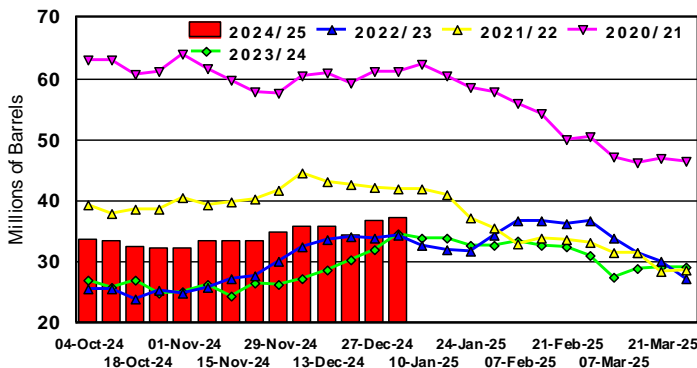
Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$3.49	\$72.6700	-\$0.9000
Crude - Brent		\$76.1600	-\$0.8900
Natural Gas		\$3.6510	\$0.2020
Gasoline		\$2.0102	-\$0.0164

EIA Working Gas Storage Report

	03-Jan-25	27-Dec-24	Change	03-Jan-24
East	737	745	-8	769
Midwest	881	914	-33	937
Mountain	255	262	-7	222
Pacific	293	295	-2	276
South Central	1207	1197	10	1,172
Salt	364	349	15	335
Nonsalt	844	848	-4	836
Total	3373	3413	-40	3,376

Weekly EIA Petroleum Status Report for the Week Ending January 3, 2025

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 959,000 barrels
 Cushing, OK Crude Stocks Down 2.502 million barrels
Gasoline Stocks Up 6.33 million barrels
Distillate Stocks Up 6.071 million barrels
Refinery % Operated 93.3%, up 0.6%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Jan. 3, 2025	Week Ending Dec. 27, 2024	Week Ending Jan. 5, 2024
New England	5.1	5.3	5.8
Central Atlantic	19.6	18.2	17.1
Total PADD #1	37.2	36.6	34.6
Distillate Imports (thousands b/d)	170	133	249

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