MarketWatch | Refined Products

Wednesday, April 30, 2025

Market Commentary

Recap: The oil market on Tuesday continued to trade lower as the concerns over a protracted trade war between the U.S. and China could reduce global economic growth and demand. The market was also pressured by expectations that OPEC+ will increase its output by accelerating its output hikes for the second consecutive month. The market also traded lower as expectations that progress in Russia-Ukraine peace negotiations could lead to lifted sanctions and thus an increase in supply. The crude market traded sideways and posted a high of $62.07 in overnight trading. However, the market breached its previous low and sold off throughout the session to a low of $60.23 ahead of the close. The June WTI contract settled down $1.63 at $60.42 and the June Brent contract settled down $1.61 at $64.25. The product markets ended the session sharply lower, with the heating oil market settling down 5.51 cents at $2.1204 and the RB market settling down 3.46 cents at $2.0712.

Technical Analysis: The crude market is seen trading sideways as the market awaits the release of the weekly petroleum stocks reports, which are expected to show a small crude stock build of 200,000 barrels for the week ending April 25th. The market, which may see some support from the latest reversal in President Donald Trump's tariffs on the auto industry, may find some limited gains as the market remains concerned over the trade war between the U.S. and China. Also, while the market traded lower on the expectations that progress in the Russia and Ukraine peace negotiations will lead to increased supply, it is still to be seen whether a peace deal will be agreed to. U.S. Secretary of State, Marco Rubio said that the time has come for concrete proposals from Russia and Ukraine to end the war in Ukraine, warning that if there is no progress, the U.S. will step back as mediator. The crude market is seen finding support at its low of $60.23, $59.87, $59.00 and $58.29. Meanwhile, resistance is seen at its high of $62.07, $63.92, $64.87, $65.22 and $66.41.

Fundamental News: Commerce Secretary Howard Lutnick said U.S. President Donald Trump will sign an order giving automakers building vehicles in the U.S. relief from part of his new 25% vehicle tariffs to allow them time to bring parts supply chains back home. He said automakers would receive credits for up to 15% of the value of vehicles assembled in the U.S. that could be applied against the value of imported parts.

Analysts at Goldman Sachs see oil demand as resilient for now. Based on its global tracking, oil demand is on par with where it was a year ago. It said one of the positives on the global demand side and thus prices is that Chinese officials are looking to provide support for industries and exports that are especially impacted by tariffs.

According to Morgan Stanley, Brent futures prices are pointing to near-term tightness while also showing a "meaningful surplus" further out. Morgan Stanley analysts said the Brent forward curve is downward sloping across the first nine contracts and upward sloping thereafter. The analysts said the contango after the ninth month signals a rapid weakening later this year, with slowing demand and strong supply growth driving a surplus. Morgan Stanley estimates that Brent is expected to fall back into the low $60s/barrel later this year.

U.S. consumer confidence fell to a nearly five-year low in March as increasing concerns over tariffs weighed on the economic outlook. The Conference Board said its consumer confidence index fell 7.9 points to 86.0 in March, the lowest reading since May 2020. Economists had forecast the index falling to 87.5. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, fell 0.9 point to 133.5. The Expectations Index fell 12.5 points to 54.4, the lowest level since October 2011 and well below the threshold of 80 that usually signals a recession ahead.

Early Market Call - as of 8:45 AM EDT

WTI - Jun $59.49, down 93 cents

RBOB - May $2.0619, down 93 points

HO - May $2.0819, down 3.85 cents

All NYMEX | Prior Settlements

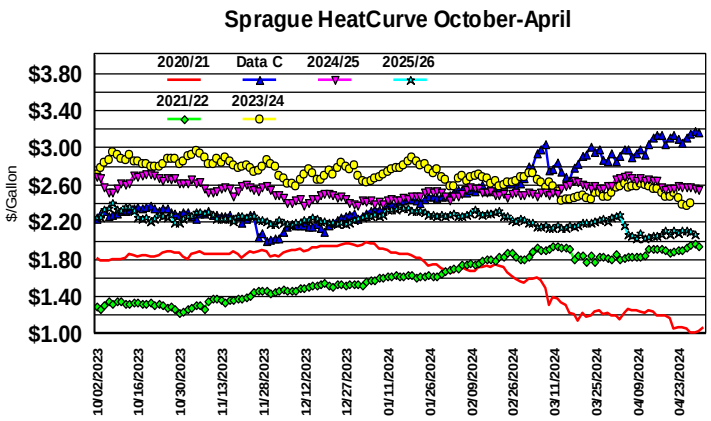
	ULSD (HO) Close	Prior Settle Change	Change In One Week
May-25	$2.1204	-$0.0551	-$0.0282
Jun-25	$2.0617	-$0.0369	-$0.0417
Jul-25	$2.0428	-$0.0346	-$0.0442
Aug-25	$2.0477	-$0.0297	-$0.0387
Sep-25	$2.0532	-$0.0307	-$0.0385
Oct-25	$2.0617	-$0.0292	-$0.0366
Nov-25	$2.0672	-$0.0282	-$0.0349
Dec-25	$2.0704	-$0.0275	-$0.0336
Jan-26	$2.0750	-$0.0269	-$0.0329
Feb-26	$2.0731	-$0.0263	-$0.0326
Mar-26	$2.0636	-$0.0259	-$0.0328
Apr-26	$2.0493	-$0.0253	-$0.0334
May-26	$2.0436	-$0.0247	-$0.0327
Jun-26	$2.0416	-$0.0241	-$0.0319
Jul-26	$2.0486	-$0.0231	-$0.0302
Aug-26	$2.0570	-$0.0220	-$0.0281
Sep-26	$2.0665	-$0.0210	-$0.0259
Sprague HeatCurve October 2025-April 2026			**$2.0680**

		Close	Change
Crude - WTI	**Jun Brent-WTI Spread $3.83**	$60.4200	-$1.6300
Crude - Brent		$64.2500	-$1.6100
Natural Gas		$3.3860	$0.0430
Gasoline		$2.0712	-$0.0346

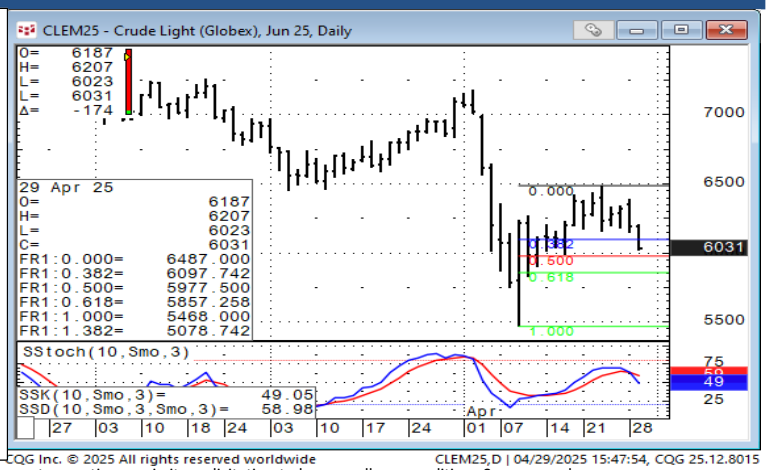
API Report for the Week Ending April 25, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 3.8 mllion barrels	Up 200,000 barrels
Gasoline Stocks	Down 3.1 million barrels	Up 1.2 million barrels
Distillate Stocks	Down 2.5 million barrels	Down 600,000 barrels
Refinery Runs		Up 0.1% at 88.2%

Sprague HeatCurve October-April



June WTI



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