MarketWatch | Refined Products

Tuesday, July 28, 2026

Market Commentary

Recap: The crude oil market gapped lower on Monday and ended the session 7.5% lower after the U.S. suspended its air strike campaign against Iran over the weekend, raising hopes of a diplomatic solution. On Sunday, the U.S. ambassador to the United Nations, Mike Waltz, said U.S. President Donald Trump decided to pause U.S. attacks to allow more time for diplomacy. The market gapped lower from $87.68 to $86.12 on the opening. The market partially backfilled its gap as it posted a high of $86.20 and continued to trend lower to a low of $82.12. President Trump told Axios News that the U.S. is in “very deep talks with Iran” but threatened he is ready for “strong military action” if diplomacy fails. Meanwhile, Iran appeared to test the pause in the U.S. military campaign, with Saudi Arabia, Jordan and Iraq reporting drone attacks on Monday. Also, Iran’s Houthi allies in Yemen said they targeted the East-West Pipeline carrying oil to Saudi Arabia’s main Red Sea port of Yanbu. The market later retraced some of its losses, only to trade back towards its low later in the session. The September WTI contract settled down $6.70 at $82.61 and the September Brent contract settled down $8.42 at $88.36. The product markets ended the session lower, with the heating oil market settling down 6.9 cents at $4.1116 and the RB market settling down 6.86 cents at $3.3273.

Technical Analysis: The oil market will remain driven by the latest news regarding the situation in the Middle East. The market will look to see if talks between the U.S. and Iran continues and whether a diplomatic solution is agreed to. However, the market’s losses will be limited as long as the oil flows through the Strait of Hormuz and out of the Red Sea remain restricted. The market is seen finding support at $81.99, $80.31, $79.58, $79.34, $77.93, $77.77, $77.39, $77.20 and $72.51. Meanwhile, resistance is seen at $86.20 to $87.68, $92.83, $93.50, $94.02, $94.71, $95.07 and $95.30.

Fundamental News: Yemen's Iran-aligned Houthis said they targeted a number of sensitive crude oil supply and transport sites linking eastern Saudi Arabia to the critical Red Sea oil export hub of Yanbu. Houthi military spokesperson, Yahya Saree, said the operation was in response to what he described as Saudi drone incursions into Yemeni airspace. Saudi Arabia has re-routed its crude output to Yanbu via its east-west pipeline to get around Iranian attacks on shipping in the Strait of Hormuz, which began after the U.S. and Israel launched a war on Iran in February.

Bloomberg reported that despite the conflict in the Middle East, China’s crude imports likely increased this month from the lowest level in more than a decade. According to Kpler data, flows from the Persian Gulf briefly increased following the U.S.-Iran interim peace agreement in June, and those cargoes have finally arrived in China.

Baker Hughes said it expects annual global spending by oil and gas producers to decline modestly this year, with growth in Latin America, offshore Africa, and North America land offset by lower spending in Europe and the Middle East. In North America, it expects further seasonal recovery in the third quarter, with Brazil and Mexico driving growth in Latin America.

IIR Energy said U.S. oil refiners are expected to shut in about 221,000 bpd of capacity in the week ending July 31st, increasing available refining capacity by 23,000 bpd. Offline capacity is expected to fall to 94,000 bpd in the week ending August 7th.

Phillips 66 reported a unit upset at its 345,000 bpd Wood River, Illinois refinery on Sunday due to a power outage. Separately, Phillips 66 reported that it experienced a unit upset resulting in flaring at its 277,000 bpd Sweeny refinery and petrochemical complex in Texas.

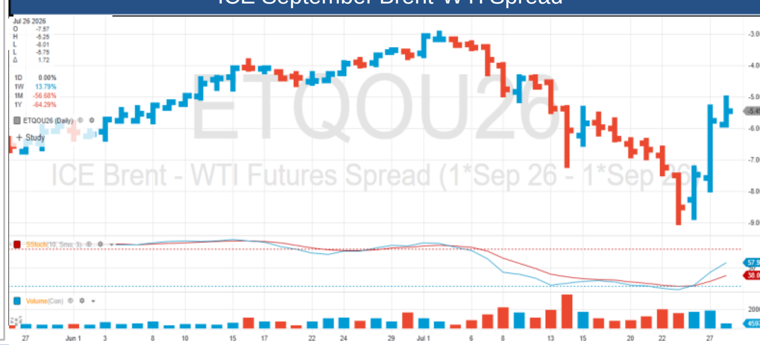
Early Market Call - as of 8:45 AM EDT
WTI - Sep $81.02, down 89 cents
RBOB - Aug $3.3212, up 1.33 cents
HO - Aug $ 4.1545, up 5.35 cents

All NYMEX | Prior Settlements

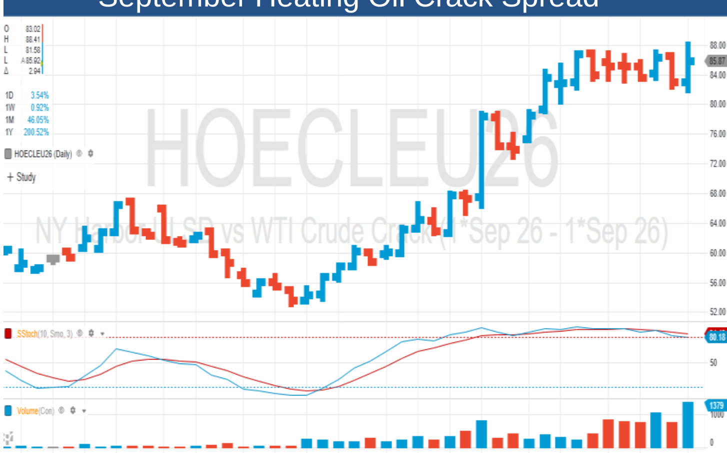
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-26	4.1116	-0.0690	-0.0074
Sep-26	4.0060	-0.0894	0.0114
Oct-26	3.8722	-0.0896	0.0202
Nov-26	3.7185	-0.0868	0.0171
Dec-26	3.5548	-0.0842	0.0097
Jan-27	3.4505	-0.0793	0.0044
Feb-27	3.3669	-0.0755	0.0016
Mar-27	3.2783	-0.0716	0.0017
Apr-27	3.1850	-0.0678	0.0028
May-27	3.1141	-0.0641	0.0043
Jun-27	3.0571	-0.0605	0.0046
Jul-27	3.0207	-0.0572	0.0040
Aug-27	2.9900	-0.0536	0.0024
Sep-27	2.9638	-0.0508	0.0010
Oct-27	2.9378	-0.0479	-0.0007
Nov-27	2.9074	-0.0457	-0.0005
Dec-27	2.8735	-0.0430	-0.0023
Sprague HeatCurve October 2026-April 2027			**$3.4643**

		Close	Change
Crude - WTI	**Sep Brent-WTI Spread $5.75**	$82.6100	-$6.7000
Crude - Brent		$88.3600	-$8.4200
Natural Gas		$2.7670	-$0.1040
Gasoline		$3.3273	-$0.0686

ICE September Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread