



MarketWatch | Refined Products

Tuesday, August 26, 2026

Market Commentary

Recap: The oil market traded lower on Monday as traders took profits following its recent sharp gains. The market posted its high of \$86.57 on the opening before it started on its downward trend. The market traded lower as traders awaited the U.S. Treasury Secretary's press conference later in the afternoon, announcing sanctions on Iran. The oil market sold off to a low of \$84.36 by mid-day. The market settled in a sideways trading range ahead of the U.S. Treasury Secretary's sanctions announcement and remained within its earlier trading range following the announcement of an expansion of secondary sanctions the U.S. will impose on entities and countries that maintain business ties with Iran. It traded sideways as the U.S. Treasury Secretary declined to say what specific countries would be targeted and stopped short of actually imposing penalties. The October WTI contract, which remained within last Thursday's trading range, settled down \$2.05 at \$85.01 and the October Brent settled down \$2.22 at \$92.17. The product markets also settled in negative territory, with the heating oil market settling down 22.71 cents at \$4.2677 and the RB market settling down 7.71 cents at \$3.2708.

Technical Analysis: The crude market will likely remain range bound as it weighs the secondary sanctions imposed on Iran and the continuing impasse on finding a diplomatic resolution against reports of increased oil flows through the Strait of Hormuz. The market will remain headline driven after U.S. Defense Secretary Pete Hegseth said that President Donald Trump's administration was not ruling out using military force against Iran. The oil market is seen finding support at \$84.36, \$84.23, \$83.45, \$80.80, \$79.91, \$79.31 and \$76.80. Meanwhile, support is seen at \$86.57, \$87.51, \$87.69, \$88.07, \$88.54, \$90.14, \$90.65, \$91.09 and \$91.27.

Fundamental News: Bloomberg reported that in addition to the UAE's Abu Dhabi National Oil Co exporting oil out of the Strait of Hormuz, other countries have also been exporting oil through the waterway, including Iraq, Qatar and Kuwait. It stated that last week, they appeared to be joined by Saudi Arabia, whose alternative export route via the Red Sea is under threat from Houthi attack. Over the weekend, Axios reported that around 40 ships transited the strait using a southern route hugging the coast of Oman on Friday night. That totaled about 16 million barrels of oil or about four-fifths of regular prewar flows. Bloomberg said there are signs that Hormuz flows have gathered pace in recent weeks and are continuing to grow.

Bloomberg reported that despite the continued flow of oil out of Hormuz, Iran's shipments to Asia have declined, increasing the cost of those cargoes to the highest levels in years. Bloomberg noted that much of that scarcity is due to the success of a U.S. blockade of Iranian ports, which has left loaded vessels trapped inside the Persian Gulf and a fleet of empty tankers stuck outside.

According to the Department of Energy, crude oil stocks in the U.S. Strategic Petroleum Reserve fell by about 3.7 million barrels to 289.7 million barrels last week, the lowest level since November 1982. The drawdowns are part of a U.S. agreement to release 172 million barrels from the facility.

Morgan Stanley revised its Brent crude forecasts higher and sees prices peaking at \$100/barrel in the fourth quarter. It forecast more drawn-out Middle East supply recovery, which leaves the market in deficit throughout the fourth quarter and first quarter. The bank forecasts Brent oil at \$90 per barrel in the Q3 2026, \$100 in Q4 2026, \$95 in Q1 2027 and \$90 in Q2 2027, versus its previous assumption of \$75 for all these quarters.

IIR Energy said U.S. oil refiners are expected to shut in about 8,000 bpd of capacity in the week ending August 28th, increasing available refining capacity by 67,000 bpd.

Early Market Call - as of 9:05 AM EDT

WTI - Sep \$82.14, down \$2.84

RBOB - Sep \$3.2468, down 3.02 cents

HO - Sep \$4.2419, down 3.83 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-26	4.2677	-0.2271	0.0171
Oct-26	4.1734	-0.2114	0.0417
Nov-26	4.0498	-0.1933	0.0509
Dec-26	3.9138	-0.1709	0.0728
Jan-27	3.8127	-0.1518	0.0819
Feb-27	3.7192	-0.1366	0.0866
Mar-27	3.6127	-0.1216	0.0897
Apr-27	3.4966	-0.1077	0.0900
May-27	3.4023	-0.0963	0.0887
Jun-27	3.3257	-0.0868	0.0872
Jul-27	3.2754	-0.0801	0.0861
Aug-27	3.2350	-0.0752	0.0856
Sep-27	3.2026	-0.0713	0.0847
Oct-27	3.1720	-0.0684	0.0831
Nov-27	3.1362	-0.0657	0.0812
Dec-27	3.0971	-0.0632	0.0789
Jan-27	3.0669	-0.0624	0.0750

Sprague HeatCurve October 2026-April 2027

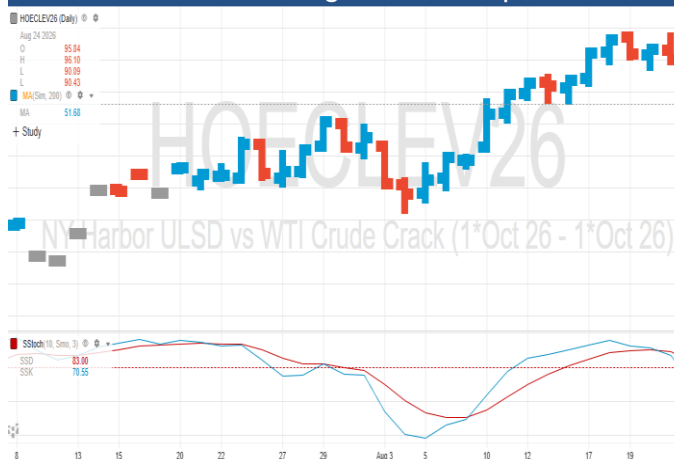
\$3.8074

	Close	Change
Crude - WTI	\$85.0100	-\$2.0500
Crude - Brent	\$92.1700	-\$2.2200
Natural Gas	\$2.7280	\$0.0090
Gasoline	\$3.2708	-\$0.0771

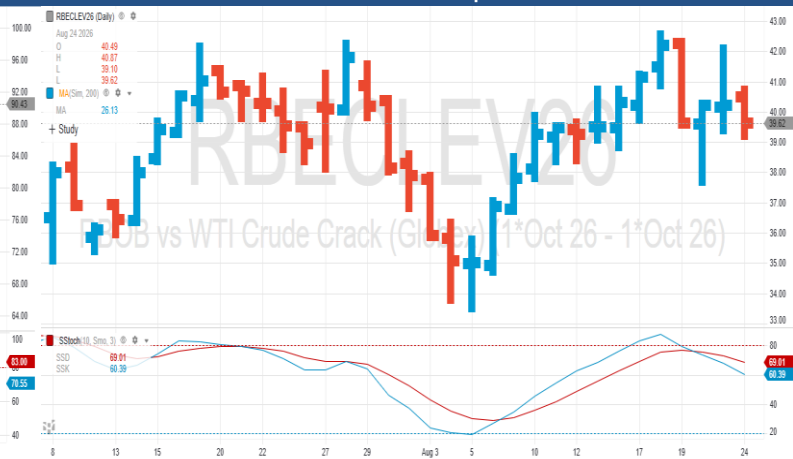
ICE October Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread



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