MarketWatch | Refined Products

Wednesday, October 7, 2026

Market Commentary

Recap: The crude market ended the session relatively unchanged as it weighed optimism about the amount of oil exports from the Persian Gulf against supply concerns related to attacks by Houthis in Yemen. The market traded lower on news of increasing Middle Eastern crude exports, with Kuwait stating that it is producing at 75% of pre-war levels, while Saudi Arabia cut its official selling prices of its Arab Light crude bound for Asia for November loadings, a sign of improving supply. The market was also pressured by news that the governing board of the IEA is expected to decide at an October 14th-15th meeting on the details of the diesel and crude oil stocks release announced by the G7 last week. The oil market traded sideways in overnight trading and posted a high of $90.05 before it continued to trend lower. It extended its losses to as it posted a low of $86.86 by mid-morning. The market later bounced off its low and retraced its earlier losses ahead of the close as the continuing geopolitical risk limited the market's losses. The November WTI contract settled up 1 cent at $89.44 and the December Brent contract settled up 26 cents at $100.58. The product markets ended the session higher with the heating oil market settling up 2.42 cents at $4.5694 and the RB market settling up 2.7 cents at $3.2732.

Technical Analysis: While increased confidence in near-term supply has pressured the market, its losses will remain limited by the continuing conflict in the Middle East. The conflict between Saudi Arabia and Houthi forces continue to fuel concerns over potential disruptions to supply. Also, the stalemate in U.S.-Iran negotiations will continue to dampen any hopes for shipping constraints through the Strait of Hormuz to end any time soon. The oil market is seen finding support at $86.86, $85.92, $84.24, $82.47 to $82.17. Meanwhile, resistance is seen at $90.05, $91.88, $92.53, $93.51, $93.68, $94.28, $94.74 and $96.02.

Fundamental News: The Energy Information Administration raised its oil price forecast for this year and next year, as global stockpiles fall rapidly and diesel markets remain tight due to the ongoing Iran war. In its Short-Term Energy Outlook, the EIA said Brent crude is now expected to average about $98/barrel in 2026, up 8% from the EIA's previous forecast. Brent is forecast to average about $105 a barrel in the fourth quarter, $14 above the EIA's previous estimate. U.S. retail diesel prices are expected to remain above $6/gallon in October before gradually easing to an average of roughly $4.50/gallon in 2027. The EIA also reported that crude production shut-ins are expected to fall from 4.5 million bpd in the fourth quarter of 2026 to 2.7 million bpd in the first quarter of 2027. The EIA also forecast world oil demand in 2026 at 102.4 million bpd, down from a previous forecast of 102.6 million bpd, and 104.6 million bpd in 2027, which is down from a previous estimate of 105 million bpd. U.S. oil demand is seen at 20.6 million bpd in 2026 and at 20.8 million bpd in 2027, both unchanged from a previous estimate. Meanwhile, world oil output in 2026 is forecast to total 101.1 million bpd, up from a previous forecast of 100.6 million bpd and output in 2027 is expected to increase to 109.6 million bpd, down from a previous estimate of 109.9 million bpd. The EIA reported that U.S. oil output in 2026 is estimated to total 13.87 million bpd, up from previous forecast of 13.83 million bpd, while output in 2027 is forecast to total 14.3 million bpd, up from a previous estimate of 14.26 million bpd.

The EIA stated that U.S. homes that primarily heat with natural gas or propane will spend less on energy this winter than last. However, households that use heating oil, about 3% of US homes mostly in the U.S. Northeast, are expected to pay about 21% more than last winter. The EIA is forecasting a 30% increase in heating oil prices, which would be offset by milder Northeast weather. It expects national winter temperatures to be about the same as last winter and the previous 10-winter average. U.S. East Coast distillate stockpiles were 32% below their five-year seasonal average in September and are forecast to remain between 20% and 30% below average through the winter.

Early Market Call - as of 9:50 AM EDT

WTI - Nov $89.97, up 53 cents
RBOB - Nov $3.3542, up 8.1 cents
HO - Nov $4.7022, up 13.28 cents

All NYMEX | Prior Settlements

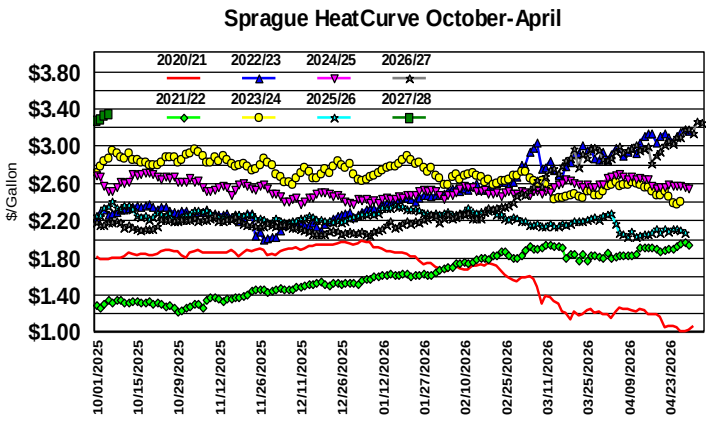
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-26	$4.5694	$0.0242	$0.0594
Nov-26	$4.4231	$0.0230	$0.0908
Dec-26	$4.3244	$0.0178	$0.0983
Jan-27	$4.2277	$0.0157	$0.0999
Feb-27	$4.1108	$0.0089	$0.0982
Mar-27	$3.9845	$0.0054	$0.1015
Apr-27	$3.8720	$0.0057	$0.1095
May-27	$3.7697	$0.0100	$0.1205
Jun-27	$3.7018	$0.0130	$0.1207
Jul-27	$3.6443	$0.0140	$0.1129
Aug-27	$3.5968	$0.0135	$0.1016
Sep-27	$3.5517	$0.0127	$0.0926
Oct-27	$3.4943	$0.0124	$0.0878
Nov-27	$3.4208	$0.0144	$0.0882
Dec-27	$3.3436	$0.0160	$0.0905
Jan-28	$3.2779	$0.0153	$0.0937
Feb-28	$3.2156	$0.0153	$0.0959
Sprague HeatCurve October 2027-April 2028			**$3.3396**

		Close	Change
Crude - WTI	**Dec Brent-WTI Spread $12.15**	$88.4300	$0.2300
Crude - Brent		$100.5800	$0.2600
Natural Gas		$3.1140	$0.0480
Gasoline		$3.2732	$0.0270

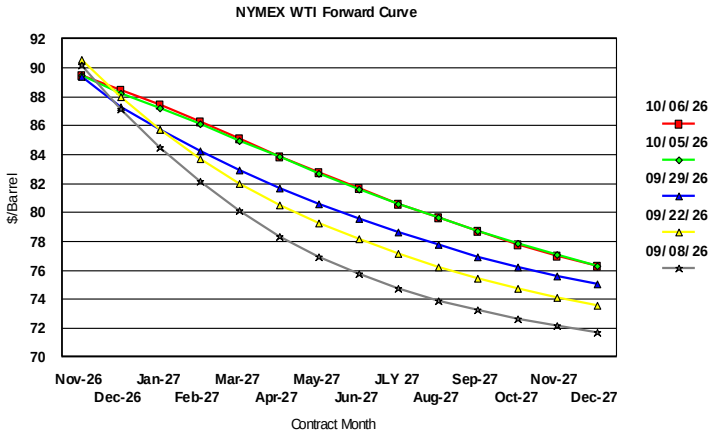
API Report for the Week Ending September 24, 2026

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.09 million barrels	Up 1.7 million barrels
Gasoline Stocks	Down 1.37 million barrels	Down 1.7 million barrels
Distillate Stocks	Up 461,000 barrels	Down 2.1 million barrels
Refinery Runs		Down 0.3% at 92.5%

Sprague HeatCurve



WTI Forward Curve



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