



# MarketWatch | Refined Products

Tuesday, April 30, 2024

## Market Commentary

**Recap:** The oil market traded lower on Monday as Israel-Hamas ceasefire talks in Cairo cut fears of a wider Middle East conflict. Over the weekend, Hamas said it was reviewing a new Israeli proposal for a ceasefire in Gaza as Egypt continued its efforts to broker a deal to end the war and stave off a planned Israeli ground offensive into the southern Gaza city of Rafah. The crude market traded lower on the opening and traded slightly below the \$83.00 level before it bounced off that level and posted a high of \$83.91. The market, however, sold off and breached its earlier low as it retraced more than 50% of its move from a low of \$80.70 to a high of \$84.46. It extended its losses to \$1.45 as it posted a low of \$82.40 ahead of the close. The June WTI contract settled down \$1.22 at \$82.63, while the June Brent contract settled down \$1.10 at \$88.40. The product markets ended the session in negative territory, with the heating oil market settling down 1.69 cents at \$2.5313 and the RB market settling down 1.59 cents at \$2.7487.

**Technical Analysis:** The crude market is seen trading sideways on Tuesday as the Middle East risk premium fades and the market focuses on this week's Fed meeting. The market is also seen remaining sideways ahead of the release of the weekly petroleum stocks reports, which are expected to show draws in crude stocks of less than 1 million barrels on the week. The market is seen finding support at its low of \$82.40, \$82.14, \$81.99, \$80.88 and \$80.70. Resistance is seen at its high of \$83.91, \$84.46, \$84.57, \$85.64 and \$86.97.

**Fundamental News:** According to the Department of Energy, the U.S. added 2.3 million barrels of oil to the SPR during the first four weeks of April, marking a sixth consecutive month where inventories have increased. The DOE reported that as of Friday, there were 366.3 million barrels in the SPR, including 143.8 million barrels of sweet crude and 222.5 million barrels of sour crude.

On Saturday, Hamas said it was reviewing a new Israeli proposal for a ceasefire in Gaza as Egypt intensified its efforts to broker a deal to end the months-long war and stave off a planned Israeli ground offensive into the southern city of Rafah. A senior Hamas official said it was in response to a Hamas proposal two weeks ago. Meanwhile, according to an Egyptian official, an Egyptian delegation ended a visit to Israel where it discussed a "new vision" for a prolonged ceasefire in Gaza.

U.S. Secretary of State Antony Blinken said that Israel must still do more to increase the flow of humanitarian aid into the besieged Gaza Strip and that he would use his current Middle East trip to press that case with Israeli leaders. He said that the best way to ease the humanitarian catastrophe in Gaza would be to conclude an elusive ceasefire agreement that would release hostages held by Hamas. He added that Hamas has been presented with an "extraordinarily generous" offer by Israel that he hoped the group would accept.

IIR Energy reported that U.S. oil refiners are expected to shut in about 865,000 bpd of capacity in the week ending May 3<sup>rd</sup>, increasing available refining capacity by 339,000 bpd. Offline capacity is expected to fall to 759,000 bpd in the week ending May 10<sup>th</sup>.

Analysts at Rystad Energy said the global upstream industry is expected to see deals worth \$150 billion over the rest of the year, with focus shifting to shale plays in the U.S. other than the Permian Basin. M&A activity in the global upstream industry has already crossed the \$64 billion mark this year, with most of it focused around the U.S. shale patch. M&A activity in the first quarter in North America was nearly \$54 billion or 83% of the worldwide total and the region is expected to be the driving force for consolidation for the rest of the year.

The United Kingdom Maritime Trade Operations agency said a vessel that reported an explosion in its proximity, 54 nautical miles northwest of Yemen's Mokha, has sustained damage but the ship and crew are safe and proceeding to next port of call.

**Early Market Call - as of 8:30 AM EDT**

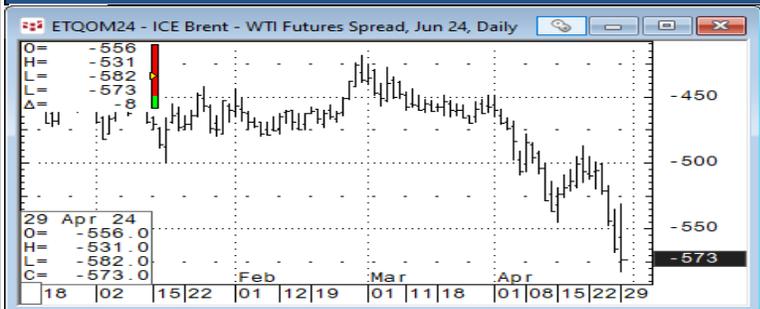
- WTI - June \$83.10, up 47 cents
- RBOB - May \$2.7480, down 7 points
- HO - May \$2.5488, up 1.75 cents

## All NYMEX | Prior Settlements

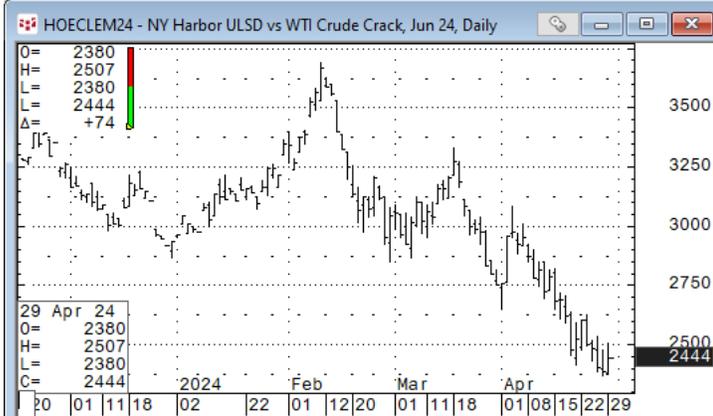
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.5313	-0.0169	-0.0291
Jun-24	2.5460	-0.0147	-0.0219
Jul-24	2.5562	-0.0154	-0.0181
Aug-24	2.5648	-0.0163	-0.0154
Sep-24	2.5724	-0.0165	-0.0126
Oct-24	2.5787	-0.0161	-0.0095
Nov-24	2.5781	-0.0163	-0.0060
Dec-24	2.5716	-0.0173	-0.0025
Jan-25	2.5678	-0.0176	-0.0003
Feb-25	2.5566	-0.0173	0.0026
Mar-25	2.5392	-0.0166	0.0054
Apr-25	2.5159	-0.0155	0.0079
May-25	2.5002	-0.0148	0.0098
Jun-25	2.4865	-0.0143	0.0113
Jul-25	2.4779	-0.0139	0.0122
Aug-25	2.4711	-0.0137	0.0125
Sep-25	2.4668	-0.0135	0.0123

Sprague HeatCurve October 2024-April 2025			\$2.5594
		Close	Change
Crude - WTI	June Brent-WTI Spread \$5.77	\$82.6300	-\$1.2200
Crude - Brent		\$88.4000	-\$1.1000
Natural Gas		\$2.0300	\$0.1070
Gasoline		\$2.7487	-\$0.0159

### ICE June Brent-WTI Spread



## June Heating Oil Crack Spread



## June RBOB Crack Spread

