



# MarketWatch | Refined Products

Thursday, June 6, 2024

## Market Commentary

**Recap:** The crude market on Wednesday traded off its four-month low posted on Tuesday as expectations of the Federal Reserve cutting interest rates in September outweighed the bearish oil inventory reports. The oil market posted a low of \$72.82 in overnight trading following the release of the API's weekly oil inventory report, which showed a build of over 4 million barrels in crude stocks. However, the market failed to test its previous low and retraced some of Tuesday's sharp losses as it traded to \$73.89. The market, which looked ready to post an inside trading day later breached its previous high of \$74.13 as it rallied to a high of \$74.22 ahead of the close. The market traded higher in tandem with the equities markets, which were supported by increased expectations that the Fed will cut its interest rate in September and possibly once more later in the year. The July WTI contract settled up 82 cents at \$74.07 and the August Brent contract settled up 89 cents at \$78.41. The product markets ended the session higher, with the heating oil market settling up 1.52 cents at \$2.3011 and the RB market settling up 41 points at \$2.3536.

**Technical Analysis:** On Thursday, the oil market is seen retracing some of its gains and will likely trade sideways after the market broke a five day losing streak during Wednesday's session. Technically, the crude market's daily stochastics are also trending sideways. The market is seen finding upside at its high of \$74.24, \$75.59, \$76.55 and \$77.51. However, support is seen at its low of \$72.82. \$72.48, \$72.27, \$71.33 and \$70.54.

**Fundamental News:** The EIA said U.S. crude oil stocks unexpectedly increased by 1.2 million barrels to 455.9 million barrels in the week ending May 31<sup>st</sup>, while gasoline and distillates inventories also increased as refining ramped up and demand fell despite the start of the summer driving season. The EIA reported that U.S. refiner net input of crude oil increased by 61,000 bpd in the week ending May 31<sup>st</sup> to 17.144 million bpd, the highest level since December 2019. Refinery utilization rates increased by 1.1% to 95.4%, the strongest level in a year.

According to a majority of forecasters in a Reuters survey, the U.S. Federal Reserve will cut its key interest rate in September and once more this year. Nearly two-thirds of economists, 74 of 116, in the May 31<sup>st</sup>-June 5<sup>th</sup> Reuters poll predicted the first cut in the fed funds rate to a 5.00%-5.25% range would come in September. Only five expect a July cut, down from 11 in the May survey, and none predicted a reduction at the June 11<sup>th</sup>-12<sup>th</sup> policy meeting.

IIR Energy reported that U.S. oil refiners are expected to shut in about 60,000 bpd of capacity in the week ending June 7<sup>th</sup>, increasing available refining capacity by 44,000 bpd. Offline capacity is expected to increase to 66,000 bpd in the week ending June 14<sup>th</sup>.

Bloomberg reported that the unplanned shutdown of the North Sea Buzzard oil field since late May will likely help ease a surplus. The shutdown comes at a time when the North Sea Forties crude grade is suffering from low demand, especially from China. Six out of eight cargoes for May loading are still sitting on tanker when they would normally be delivered to customers. Traders said Forties cargoes for June loading now face lengthy delays, which may help ease a mini supply glut.

Saudi Aramco cut the prices of all of its oil bound for Asia next month, the first reduction since February, amid concerns over the strength of demand in its largest market. Aramco cut the price of its Arab Light crude by 50 cents to \$2.40/barrel over the Oman/Dubai average.

**Early Market Call - as of 8:20 AM EDT**

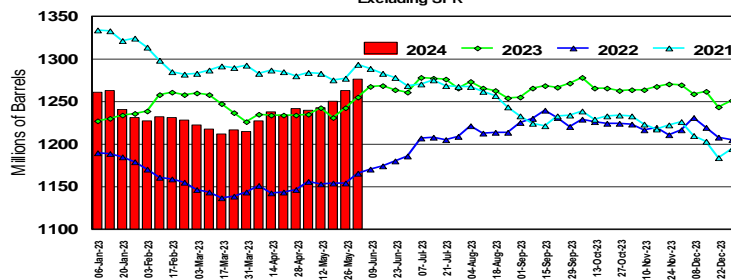
WTI - July \$74.92, up 86 cents  
 RBOB - July \$2.3713, up 1.77 cents  
 HO - July \$2.3150, up 1.39 cents

## All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-24	2.3011	0.0152	-0.1548
Jul-24	2.3198	0.0144	-0.1541
Aug-24	2.3399	0.0144	-0.1517
Sep-24	2.3541	0.0141	-0.1478
Oct-24	2.3613	0.0135	-0.1430
Nov-24	2.3649	0.0125	-0.1374
Dec-24	2.3723	0.0119	-0.1327
Jan-25	2.3718	0.0112	-0.1283
Feb-25	2.3615	0.0098	-0.1245
Mar-25	2.3446	0.0079	-0.1223
Apr-25	2.3344	0.0060	-0.1210
May-25	2.3297	0.0048	-0.1188
Jun-25	2.3315	0.0041	-0.1149
Jul-25	2.3342	0.0040	-0.1108
Aug-25	2.3379	0.0041	-0.1066
Sep-25	2.3401	0.0039	-0.1026
Oct-25	2.3383	0.0038	-0.0997

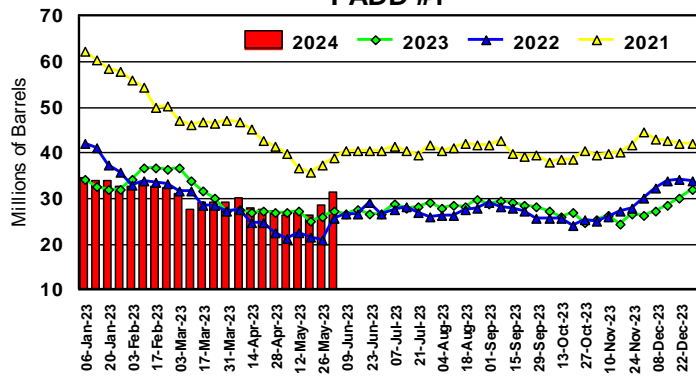
Sprague HeatCurve October 2024-April 2025		\$2.3642
	Close	Change
Crude - WTI	\$73.8200	\$0.7800
Crude - Brent	\$78.4100	\$0.8900
Natural Gas	\$2.7570	\$0.1710
Gasoline	\$2.3536	\$0.0041

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending May 31, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 1.233 million barrels  
 Cushing, OK Crude Stocks Up 854,000 barrels  
**Gasoline Stocks** Up 2.102 million barrels  
**Distillate Stocks** Up 3.197 million barrels  
**Refinery % Operated** 95.4%, up 1.1%

### PADD #1

	Week Ending May 31, 2024	Week Ending May 24, 2024	Week Ending June 2, 2023
Distillate Stocks (in million bbl)			
New England	4.3	3.9	3.5
Central Atlantic	14.7	13.3	11.8
Total PADD #1	31.2	28.4	27.2
Distillate Imports (thousands b/d)	88	109	155

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