



# MarketWatch | Refined Products

Monday, June 24, 2024

## Market Commentary

**Recap:** The oil market retraced its earlier gains on Friday and ended the session lower for the first time in four days but still ended the week up \$2.68 or 3.43%. The crude market traded mostly sideways in overnight trading but rallied to a high of \$81.75 by mid-morning on some supportive economic news. U.S. business activity increased to a 26 month high in June amid a rebound in employment. The market also remained supported by a return of Middle East tensions and this week's draws reported in crude and gasoline stocks. The market later erased its gains and gradually sold off to a low of \$80.35 ahead of the close amid the strength in the dollar, which increased to a seven week high. The August WTI contract settled down 56 cents at \$80.73 and the August Brent contract settled down 47 cents at \$85.24. Meanwhile, the product markets ended the session mixed, with the heating oil market settling down 3.3 cents at \$2.4915 and the RB market settling up 1.29 cents at \$2.5137.

**Technical Analysis:** The crude market will be driven by headlines over the weekend amid heightened tensions in the Middle East after the head of Hezbollah earlier this week threatened Israel and Cyprus. He said that nowhere in Israel would be safe if a full-fledged war breaks out between Israel and Hezbollah, and also threatened Cyprus for the first time and other parts of the Mediterranean. Barring any major developments, the market will likely retrace some more of its recent gains as stochastics are trending sideways. The market is seen finding support at \$80.64, \$80.35, \$79.17, \$78.22, \$77.58, \$77.42, \$77.35, \$77.12 and \$76.01. Resistance is seen at \$81.79, \$81.98, \$82.42, \$82.80 and \$83.96.

**Fundamental News:** S&P Global Commodities at Sea data appears to show that European exports of gasoline to the U.S. so far in June have averaged some 282,300 b/d, down 24% from May levels and 39% on the year.

According to EIA data, U.S. refiners produced jet fuel last week at the fastest pace since the pandemic, as they look to keep up with forecasts of record air travel this summer. U.S. refiners' net production of jet fuel reached about 1.9 million bpd in the week ending June 14<sup>th</sup>, 8% higher than the same time last year and the highest weekly total since January 2020. U.S. four-week average jet fuel demand of 1.75 million bpd over the last week was also the highest for this time since 2019.

Baker Hughes reported that U.S. energy firms this week cut the number of oil and natural gas rigs operating to the lowest level since January 2022 for a third consecutive week. The oil and gas rig count fell by two to 588 in the week ending June 21<sup>st</sup>. Baker Hughes reported that the number of oil rigs fell by three to 485 this week, the lowest since January 2022, while gas rigs were unchanged for a third week at 98, the lowest since October 2021.

IIR Energy said U.S. oil refiners are expected to shut in about 153,000 bpd of capacity in the week ending June 21<sup>st</sup>, cutting available refining capacity by 56,000 bpd. Offline capacity is expected to fall to 85,000 bpd in the week ending June 28<sup>th</sup> and to 79,000 bpd in the week ending July 5<sup>th</sup>.

Euroilstock data showed that European oil refinery output in May fell by 1.7% on the month and by 3.8% on the year to 9.13 million bpd. European gasoline output in May increased by 1.8% on the month but fell by 0.1% on the year to 2.285 million bpd, while middle distillates fell by 1.3% on the month and by 3% on the year to 4.689 million bpd, fuel oil output fell by 6% on the month and by 3.5% on the year to 819,000 bpd and naphtha output increased by 1.6% on the month but fell by 7.3% on the year to 871,000 bpd. Total crude intake was 8.9 million bpd in May, down 2.5% on the month and 1.9% on the year.

**Early Market Call - as of 8:40 AM EDT**

WTI - July \$80.79, up 6 cents  
 RBOB - July \$2.5070, down 67 points  
 HO - July \$2.4915, unchanged

## All NYMEX | Prior Settlements

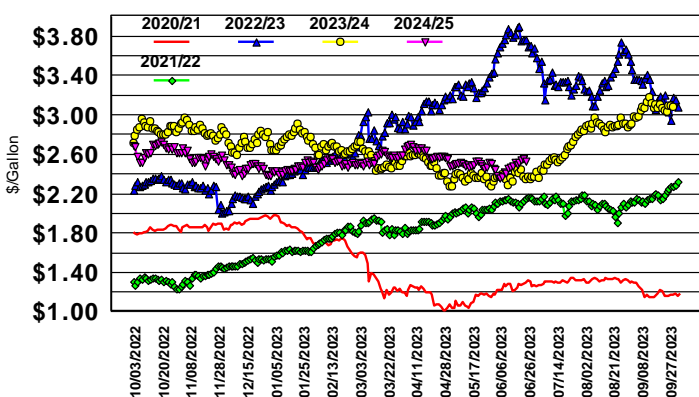
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-24	2.4915	-0.0330	0.0209
Aug-24	2.5101	-0.0286	0.0262
Sep-24	2.5265	-0.0258	0.0307
Oct-24	2.5362	-0.0229	0.0331
Nov-24	2.5358	-0.0211	0.0334
Dec-24	2.5307	-0.0206	0.0324
Jan-25	2.5308	-0.0204	0.0303
Feb-25	2.5238	-0.0198	0.0286
Mar-25	2.5096	-0.0191	0.0288
Apr-25	2.4882	-0.0182	0.0290
May-25	2.4735	-0.0174	0.0283
Jun-25	2.4623	-0.0170	0.0270
Jul-25	2.4593	-0.0172	0.0265
Aug-25	2.4579	-0.0173	0.0262
Sep-25	2.4580	-0.0171	0.0261
Oct-25	2.4571	-0.0166	0.0268
Nov-25	2.4516	-0.0154	0.0268

Sprague HeatCurve October 2024-April 2025		\$2.5234
	Close	Change
Crude - WTI	Aug Brent- WTI Spread \$	} \$85.2400 -\$0.4700 -\$0.0360 \$0.0129
Crude - Brent		
Natural Gas		
Gasoline		

## EIA Working Gas Storage Report

	14-Jun-24	07-Jun-24	Change	14-Jun-23
East	631	603	28	592
Midwest	736	712	24	651
Mountain	230	224	6	154
Pacific	279	276	3	187
South Central	1168	1159	9	1,119
Salt	337	336	1	328
Nonsalt	831	823	8	790
Total	3045	2974	71	2,702

## Sprague HeatCurve October-April



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