



MarketWatch | Refined Products

Tuesday, July 23, 2024

Market Commentary

Recap: The oil market on Monday traded lower ahead of the August contract's expiration at the close. The market traded to a high of \$80.69 in overnight trading as the market remained supported by signs the U.S. may begin to cut interest rates as soon as September. The market seemed to shrug off the news that President Joe Biden decided on Sunday to end his reelection bid as well as the news of conflict escalation in Israel. The market retraced more than 38% of its move from a low of \$72.44 to a high of \$84.52 as it sold off to a low of \$79.17 by mid-morning. The market later retraced some of its losses and settled in a sideways trading range during the remainder of the session. The August WTI contract went off the board down 35 cents at \$79.78 and the September WTI contract settled down 24 cents at \$78.40 after the contract retraced more than 50% of its move from a low of \$72.23 to a high of \$83.58 and traded within a range from \$77.50 to \$78.50 during the remainder of the session. The September Brent contract settled down 32 cents at \$82.40. Meanwhile, the product markets ended the session in positive territory, with the heating oil market settling up 1.57 cents at \$2.4348 and the RB market settling up 2.02 cents at \$2.4706.

Technical Analysis: The crude market on Tuesday will likely retrace some of its losses and trade sideways as it awaits for the release of the weekly petroleum stocks reports later in the afternoon and on Wednesday. The oil inventory reports are expected to show draws in crude stocks of 2.5 million barrels on the week. The oil market is seen finding support at its low of \$77.55, \$77.07, \$76.95, \$76.57 and \$76.40. Meanwhile, resistance is seen at its high of \$79.13, \$79.24, \$80.00, \$80.98, \$81.34 and \$82.27.

Fundamental News: U.S. President Joe Biden ended his reelection bid on Sunday under increasing pressure from his fellow Democrats and endorsed Vice President Kamala Harris as the party's candidate to face Republican Donald Trump in the November election. President Biden said he would remain in the presidency until his term ended on January 20, 2025, and would address the nation this week.

Morgan Stanley said the crude oil market is currently tight but added that next year it will likely be in surplus, with Brent prices declining into the mid-to-high \$70s range. The tightness will hold for most of the third quarter, but equilibrium will return by the fourth quarter, "when seasonal demand tailwinds abate and both OPEC and non-OPEC supply return to growth." Morgan Stanley said it expects OPEC and non-OPEC supply to grow by about 2.5 million bpd in 2025, well ahead of demand growth. Refinery runs are set to reach a peak in August this year and are unlikely to return to that level until July 2025. Morgan Stanley left its forecast for Brent crude prices for the third quarter of 2024 unchanged at \$86/barrel.

Gaza medics said Israeli tank shelling and airstrikes killed at least 16 Palestinians near Khan Younis on Monday, after Israel issued new orders to evacuate some neighborhoods following what it said were renewed attacks from those areas. The military statement said the new orders were due to renewed Palestinian militant attacks, including rockets launched from the targeted areas in eastern Khan Younis. Israel said the attacks were aimed at armed militants, including some top Hamas military commanders. Palestinian officials called those allegations false and said they were used to justify the attacks. A ceasefire effort led by Qatar and Egypt and backed by the United States has so far fallen short because of disagreements over terms between the combatants, who blame each other for the impasse. On Sunday, Israeli Prime Minister Benjamin Netanyahu ordered a delegation charged with negotiating a hostage deal to be dispatched on Thursday.

Early Market Call - as of 8:40 AM EDT

WTI - Aug \$77.79 down 61 cents
 RBOB - Aug \$2.4589 down 1.17 cents
 HO - Aug \$2.4212 down 1.36 cents

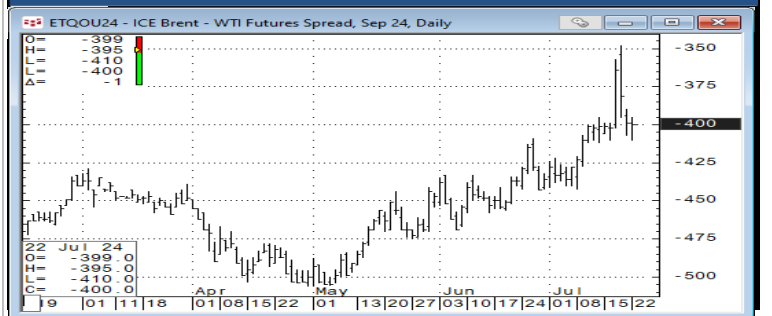
All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-24	2.4348	0.0157	-0.0788
Sep-24	2.4529	0.0159	-0.0750
Oct-24	2.4656	0.0150	-0.0734
Nov-24	2.4696	0.0136	-0.0714
Dec-24	2.2466	-0.2069	-0.2873
Jan-25	2.4689	0.0120	-0.0664
Feb-25	2.4649	0.0115	-0.0666
Mar-25	2.4515	0.0106	-0.0675
Apr-25	2.4319	0.0103	-0.0659
May-25	2.4181	0.0102	-0.0639
Jun-25	2.4078	0.0101	-0.0618
Jul-25	2.4078	0.0104	-0.0604
Aug-25	2.4095	0.0107	-0.0588
Sep-25	2.4123	0.0111	-0.0570
Oct-25	2.4148	0.0116	-0.0551
Nov-25	2.4124	0.0120	-0.0533
Dec-25	2.4056	0.0122	-0.0520

Sprague HeatCurve October 2024-April 2025 \$2.4243

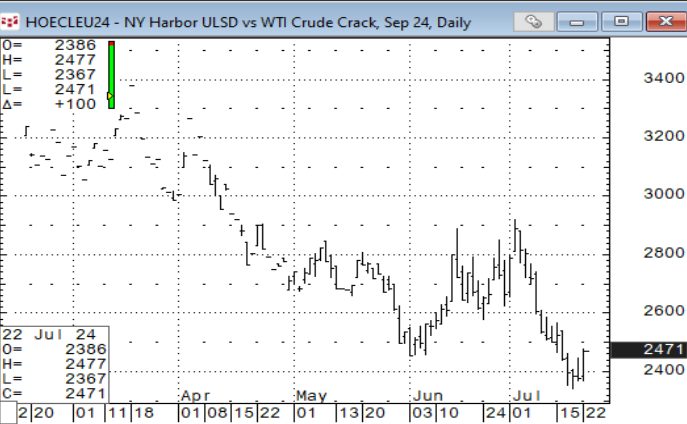
		Close	Change
Crude - WTI	Sep Brent-	\$78.4000	-\$0.2400
Crude - Brent	WTI Spread	\$82.4000	-\$0.2300
Natural Gas	\$4.00	\$2.2510	\$0.1230
Gasoline		\$2.4706	\$0.0202

ICE September Brent-WTI Spread

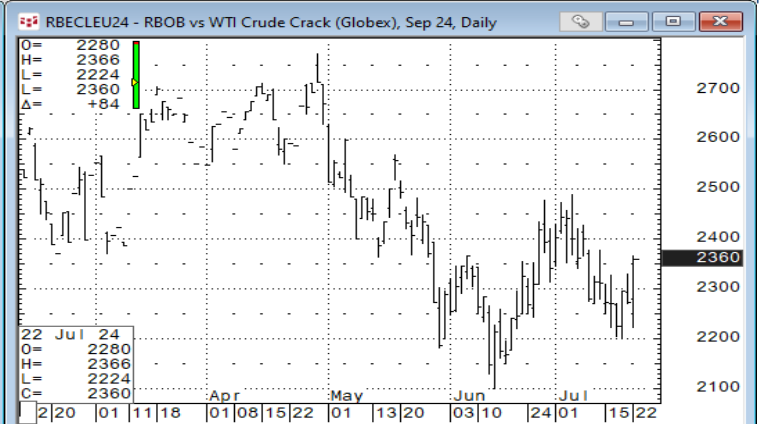


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September Heating Oil Crack Spread



September RBOB Crack Spread



COG Inc. © 2024 All rights reserved worldwide HOECLEU24.D | 07/22/2024 14:46:54, COG 22.12.8050 RBECEU24.D | 07/22/2024 14:47:06, COG 22.12.8050

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