



# MarketWatch | Refined Products

Thursday, July 18, 2024

## Market Commentary

**Recap:** The oil market rallied higher on Wednesday in light of the larger than expected fall in U.S. crude oil stocks and a weaker U.S. dollar offsetting any pressure from concerns over China's weakening oil demand. The market posted a low of \$80.45 in overnight trading before it bounced higher and never looked back. The market was well supported by the crude stocks draw of 4.4 million barrels reported by the API late Tuesday. The crude market was further supported and extended its gains to over \$2.10 as it posted a high of \$82.94 in afternoon trading following the release of the EIA report, which showed a larger than expected draw of 4.87 million barrels on Wednesday morning. The market retraced more than 62% of its move from a high of \$84.52 to a low of \$80.22 as it rallied higher ahead of the close. The August WTI contract ended the session up \$2.09 at \$82.85 and the September Brent contract settled up \$1.35 at \$85.08. The product markets ended the session higher, with the heating oil market settling up 2.52 cents at \$2.4940 and the RB market settling up 2.38 cents at \$2.5013.

**Technical Analysis:** The crude market is seen trading sideways as it may retrace some of its sharp gains. However, the market's losses will remain limited by the larger draws reported in crude oil stocks. The market is seen finding resistance at its high of \$82.88, \$83.74, \$84.52 and \$85.27. Meanwhile, support is seen at \$81.95, \$81.52, \$80.70, its low of \$80.45 and \$80.22. Further support is seen at \$80.18, \$79.91, \$79.17 and \$78.48.

**Fundamental News:** The EIA reported that U.S. crude oil stocks fell more than expected, while gasoline and distillate inventories increased. Crude inventories fell by 4.9 million barrels to 440.2 million barrels in the week ending July 12<sup>th</sup>. Crude stocks at the Cushing, Oklahoma delivery hub fell by 875,000 barrels last week. Gasoline stocks increased by 3.3 million barrels in the week ending 233 million barrels. Distillate stocks increased by 3.5 million barrels in the week to 128.1 million barrels, compared with expectations for an 800,000 barrel decline. The EIA reported that U.S. imports of crude oil from Canada increased last week to its highest level on record, due to the startup of the newly expanded Trans Mountain pipeline. Imports increased by 807,000 bpd to 4.4 million bpd in the week ending July 12<sup>th</sup>, the largest gain since March 2023. The Trans Mountain expansion started operations in May and has nearly tripled shipping capacity to Canada's Pacific Coast to 890,000 bpd.

JP Morgan said it estimates the equilibrium price of WTI at around \$70/barrel. It believes that even at \$60/barrel, WTI prices are too low to incentivize production, potentially leading to an increase in price to \$100/barrel the following year.

IIR Energy said U.S. oil refiners are expected to shut in about 559,000 bpd of capacity in the week ending July 19<sup>th</sup>, cutting available refining capacity by 263,000 bpd. Offline capacity is expected to fall to 288,000 bpd in the week ending July 26<sup>th</sup>.

Exxon Mobil shut down its 251,800 bpd refinery at Joliet, Illinois due to a power outage after a storm. The loss of power caused a flaring incident on Monday night. The plant went down due to heavy wind and rain.

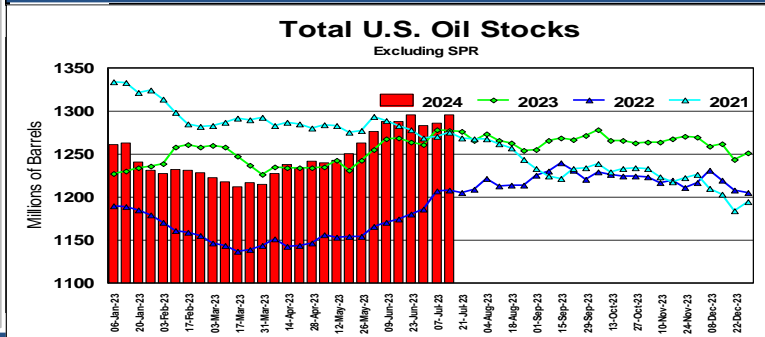
New wildfires erupted across Alberta since late Tuesday, with the first potentially threatening more than 400,000 bpd of oil production. Many of the fires are burning south of the unofficial oil sands capital of Fort McMurray. One of the fires is within 6.2 miles of MEG Energy Corp's Christina Lake site, which produced almost 100,000 bpd in May. Another fire is also within 6 miles of Imperial Oil Ltd's Cold Lake site, which produces 19,000 bpd and a third is close to Canadian Natural Resources' Kirby oil sands. Imperial Oil said it started removing non-essential workers from its Kearl oil sands mine.

**Early Market Call - as of 8:20 AM EDT**  
**WTI - Aug \$82.74, down 11 cents**  
**RBOB - Aug \$2.4987, down 26 points**  
**HO - Aug \$2.4842, down 98 points**

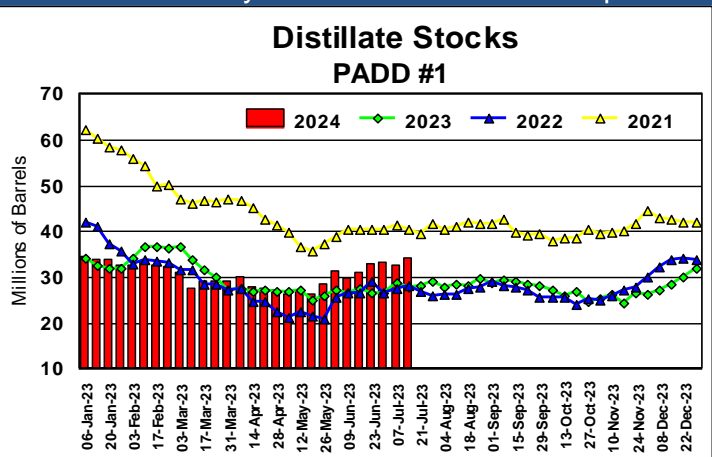
## All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-24	2.4940	0.0252	-0.0244
Sep-24	2.5102	0.0260	-0.0241
Oct-24	2.5232	0.0263	-0.0215
Nov-24	2.5275	0.0271	-0.0196
Dec-24	2.5231	0.0277	-0.0175
Jan-25	2.5251	0.0272	-0.0179
Feb-25	2.5210	0.0259	-0.0179
Mar-25	2.5083	0.0247	-0.0176
Apr-25	2.4879	0.0240	-0.0171
May-25	2.4725	0.0231	-0.0169
Jun-25	2.4607	0.0222	-0.0164
Jul-25	2.4593	0.0213	-0.0155
Aug-25	2.4597	0.0205	-0.0145
Sep-25	2.4609	0.0197	-0.0138
Oct-25	2.4616	0.0187	-0.0133
Nov-25	2.4576	0.0180	-0.0130
Dec-25	2.4496	0.0175	-0.0126

Sprague HeatCurve October 2024-April 2025		\$2.5183
	Close	Change
Crude - WTI	\$81.4400	\$1.7300
Crude - Brent	\$85.0800	\$1.3500
Natural Gas	\$2.0350	-\$0.1530
Gasoline	\$2.5013	\$0.0238



## Weekly EIA Petroleum Status Report for the Week Ending July 12, 2024



**Overall U.S. Stats**  
**Crude Oil Stocks(excluding SPR) Down 4.87 million barrels**  
**Cushing, OK Crude Stocks Down 875,000 barrels**  
**Gasoline Stocks Up 3.328 million barrels**  
**Distillate Stocks Up 3.454 million barrels**  
**Refinery % Operated 93.7%, down 1.7%**

	PADD #1		
	Week Ending July 12, 2024	Week Ending July 5, 2024	Week Ending July 13, 2023
Distillate Stocks (in million bbl)			
New England	4.6	4.1	3.2
Central Atlantic	17.3	16.4	14.2
Total PADD #1	34.1	32.5	27.9
Distillate Imports (thousands b/d)	96	84	54

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