



MarketWatch | Refined Products

Thursday, August 1, 2024

Market Commentary

Recap: The oil market snapped a three day losing streak and rebounded from almost eight week lows as it settled up 4.26% on Wednesday on increasing concerns of wider conflict in the Middle East region after Israel said it killed a Hezbollah military leader in Beirut and a Hamas political leader was killed in Tehran. The market was also well supported by the weekly petroleum stocks reports, with the API late Tuesday showing a 4.5 million barrel draw in crude stocks. The crude market posted a low of \$75.18 and rallied to \$77.58 early in the morning amid the supportive news. It later retraced some of its gains ahead of the release of the EIA weekly petroleum report. However, the market later continued on its upward trend in light of the draws reported in crude stocks of over 3.4 million barrels and the draw in gasoline stocks of over 3.6 million barrels on the week. The market was also further supported by comments made by Israeli Prime Minister Benjamin Netanyahu that Israel will respond forcefully to any attack. The oil market rallied over \$3.30 and retraced little more than 38% of its move from a high of \$83.58 to a low of \$74.59 as it posted a high of \$78.06 ahead of the close. The September WTI contract settled up \$3.18 at \$77.91 and traded to a high of \$78.10 in the post settlement period. The September Brent contract settled up \$2.09 at \$80.72. The product markets ended the session sharply higher, with the expiring August heating oil contract settling up 7.87 cents at \$2.4155 and the August RB contract settling up 9.49 cents at \$2.482.

Technical Analysis: The crude market on Thursday is seen retracing some of its sharp gains and trade in a sideways pattern as the market awaits for further news regarding the situation in the Middle East. The market's gains will be limited as supply has not been impacted by the latest escalation in tension. The market is seen finding resistance at its high of \$78.10 followed by \$78.60, \$78.73, \$79.13 and \$80.14. Meanwhile, support is seen at \$76.86, \$76.52, \$75.18 and \$74.59.

Fundamental News: According to the EIA, U.S. crude oil and gasoline inventories fell sharply last week on strong export demand. Crude stocks fell by 3.4 million barrels in the week ended July 26th to 433 million barrels. Exports of crude oil increased by 733,000 bpd to 4.9 million bpd last week, resulting in a drop in net imports of 651,000 bpd to just over 2 million bpd. Gasoline stocks fell by 3.7 million barrels in the week to 223.8 million barrels, more than three times the expectations for a 1 million barrel draw. However, distillate stockpiles increased by 1.5 million barrels in the week to 126.8 million barrels. U.S. East Coast distillate fuel oil stocks increased by 1.93 million barrels on the week to 35.31 million barrels, their highest since March 2023.

Iran's Revolutionary Guards said that Hamas chief Ismail Haniyeh and one of his body guards were assassinated in Tehran on Wednesday, an attack that drew threats of revenge on Israel and fueled further concern that the conflict in Gaza was turning into a wider Middle East war. The latest events appear to set back chances of any imminent ceasefire agreement in the nearly 10-month-old war in Gaza between Israel and the Iran-backed Hamas. Hamas' armed wing said in a statement Haniyeh's killing would "take the battle to new dimensions and have major repercussions". Vowing to retaliate, Iran declared three days of national mourning and said the U.S. bears responsibility because of its support for Israel. Iran's Supreme Leader Ayatollah Ali Khamenei said Israel had provided the grounds for "harsh punishment for itself" and it was Tehran's duty to avenge Haniyeh's death.

On Tuesday, the United States carried out a strike in Iraq that U.S. officials described as self defense, as regional tensions increased after an Israeli airstrike in Beirut that Israel said killed Hezbollah's most senior commander.

Early Market Call - as of 8:10 AM EDT

WTI - Sep \$78.34 up 43 cents
 RBOB - Sep \$2.4527 up 1.02 cents
 HO - Sep \$2.4511 up 1.28 cents

All NYMEX | Prior Settlements

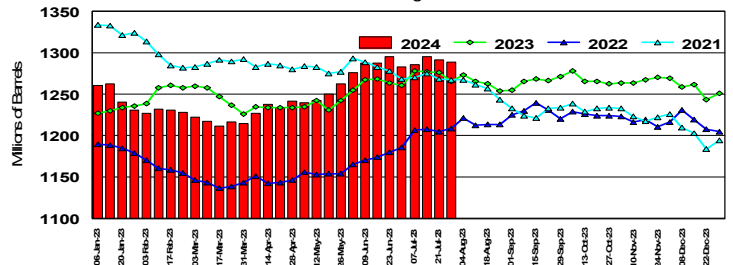
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-24	2.4155	0.0787	-0.0369
Sep-24	2.4383	0.0796	-0.0307
Oct-24	2.4541	0.0782	-0.0258
Nov-24	2.4581	0.0761	-0.0222
Dec-24	2.4547	0.0749	-0.0182
Jan-25	2.4577	0.0728	-0.0166
Feb-25	2.4535	0.0721	-0.0157
Mar-25	2.4395	0.0704	-0.0150
Apr-25	2.4198	0.0680	-0.0141
May-25	2.4063	0.0655	-0.0133
Jun-25	2.3966	0.0629	-0.0125
Jul-25	2.3981	0.0610	-0.0112
Aug-25	2.4011	0.0594	-0.0104
Sep-25	2.4047	0.0580	-0.0099
Oct-25	2.4080	0.0567	-0.0093
Nov-25	2.4060	0.0556	-0.0090
Dec-25	2.3994	0.0543	-0.0088

Sprague HeatCurve October 2024-April 2025 \$2.4500

	Close	Change
Crude - WTI	\$77.9100	\$3.1800
Crude - Brent	\$80.7200	\$2.0900
Natural Gas	\$2.0360	-\$0.0900
Gasoline	\$2.4820	\$0.0787

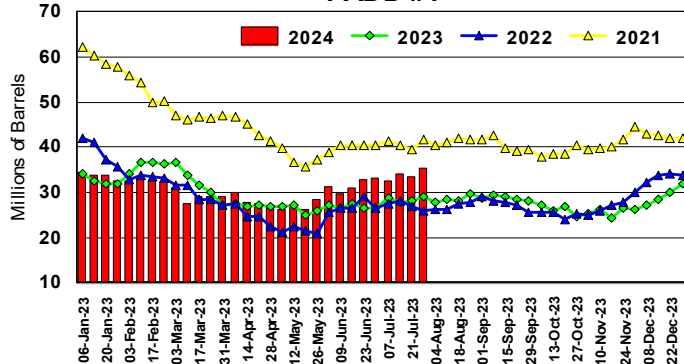
Sep Brent-WTI Spread \$2.81

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending July 26, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.436 million barrels
 Cushing, OK Crude Stocks Down 1.106 million barrels
 Gasoline Stocks Down 3.665 million barrels
 Distillate Stocks Up 1.534 million barrels
 Refinery % Operated 90.1%, down 1.5%

PADD #1

	Week Ending July 26, 2024	Week Ending July 19, 2024	Week Ending July 27, 2023
Distillate Stocks (in million bbl)			
New England	4.2	4.1	3.4
Central Atlantic	17.7	17.0	13.2
Total PADD #1	35.3	33.4	29.1
Distillate Imports (thousands b/d)	96	81	66

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