



MarketWatch | Refined Products

Tuesday, August 13, 2024

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market continued to trend higher for a fifth consecutive session, extending gains seen in the previous week as U.S. recession fears eased and concerns over tensions in the Middle East intensified. The market remained supported following last week's better than expected U.S. data. Last week, three U.S. Federal Reserve officials said that inflation appeared to be cooling enough for the Federal Reserve to cut interest rates as soon as next month. Meanwhile, Iran and Hezbollah have vowed to retaliate for the assassinations of Hamas leader Ismail Haniyeh and Hezbollah military commander Fuad Shukr. The oil market posted a low of \$76.70 on the opening and rallied higher throughout the session, extending its gains to \$2.85 as it posted a high of \$79.69 ahead of the close. It retraced more than 62% of its move from a high of \$83.58 to a low of \$71.67. The September WTI contract settled up \$3.22 at \$80.06 and the Brent contract settled up \$2.64 at \$82.30. The product markets also ended the session in positive territory, with the heating oil market settling up 6.68 cents at \$2.4065 and the RB market settling up 5.26 cents at \$2.4429.

Technical Analysis: The crude market on Tuesday will likely retrace some of its sharp gains and trade in a sideways trading range as it will likely remain well supported by the escalating tension in the Middle East. The market will continue to look to further updates as White House national security spokesperson, John Kirby, said the U.S. has prepared for what could be significant attacks by Iran or its proxies in the Middle East as soon as this week. The oil market is seen finding resistance at \$79.69 followed by \$81.34, \$82.27-\$82.29, \$82.50 and \$83.58. Meanwhile, support is seen at \$78.97, \$78.15, \$77.32 and its low of \$76.70. More distant support is seen at \$75.85 and \$74.60.

Fundamental News: The U.S. Energy Department said the U.S. is seeking another 6 million barrels of oil to help replenish the SPR.

OPEC cut its forecast for global oil demand growth in 2024, citing weaker than expected data for the first half of the year and softer expectations for China and also cut its expectation for next year. OPEC, in its monthly report said world oil demand will increase by 2.11 million bpd in 2024, down from growth of 2.25 million bpd expected last month. In the report, OPEC also cut next year's demand growth estimate to 1.78 million bpd from 1.85 million bpd previously expected. OPEC reported that OPEC+ is pumping 40.9 million bpd in July, up 117,000 bpd on the month, led by an increase from Saudi Arabia. The OPEC report projects demand for OPEC+ crude at 43.8 million bpd in the fourth quarter.

The Biden administration said it expects Gaza peace talks to move forward as planned, adding that it believes that a ceasefire agreement is still possible. State Department deputy spokesperson, Vedant Patel, said the department fully expects talks to continue and that it would continue to work with the parties involved, adding that an agreement was still possible. On Sunday, Palestinian militant group Hamas asked mediators to present a plan based upon previous talks instead of engaging in new negotiations for a Gaza ceasefire agreement.

According to Axios reporter Barak Ravid, Israeli Defense Minister Yoav Gallant told U.S. Defense Secretary Lloyd Austin on Sunday that Iran was making preparations for a large-scale military attack on Israel.

Platts reported that Saudi Aramco has allocated full term volumes to Asian refiners for September crude loadings.

IIR Energy U.S. oil refiners are expected to shut in about 308,000 bpd of capacity in the week ending August 16th, increasing available refining capacity by 354,000 bpd. Offline capacity is expected to fall to 239,000 bpd in the week ending August 23rd.

Early Market Call - as of 8:10 AM EDT

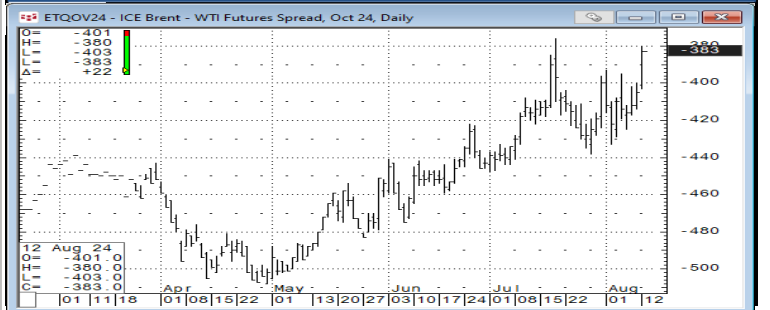
WTI - Sep \$79.63, down 45 cents
 RBOB - Sep \$2.4252, down 1.77 cents
 HO - Sep \$2.4079, up 14 points

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-24	2.4065	0.0668	0.1079
Oct-24	2.4285	0.0676	0.1124
Nov-24	2.4388	0.0669	0.1147
Dec-24	2.4417	0.0667	0.1164
Jan-25	2.4456	0.0657	0.1144
Feb-25	2.4413	0.0641	0.1130
Mar-25	2.4272	0.0626	0.1109
Apr-25	2.4083	0.0615	0.1093
May-25	2.3951	0.0601	0.1067
Jun-25	2.3854	0.0585	0.1033
Jul-25	2.3886	0.0570	0.1022
Aug-25	2.3934	0.0557	0.1011
Sep-25	2.3993	0.0548	0.1007
Oct-25	2.4038	0.0537	0.0996
Nov-25	2.4022	0.0522	0.0986
Dec-25	2.3952	0.0505	0.0969
Jan-26	2.3920	0.0499	0.0955

Sprague HeatCurve October 2024-April 2025 \$2.4360

	Close	Change
Crude - WTI	\$78.4600	\$2.8500
Crude - Brent	\$82.3000	\$2.6400
Natural Gas	\$2.1890	\$0.0460
Gasoline	\$2.4429	\$0.0526

ICE October Brent-WTI Spread



September Heating Oil Crack Spread

September RBOB Crack Spread

