



MarketWatch | Refined Products

Wednesday, August 14, 2024

Market Commentary

Recap: The oil market posted an inside trading day as it gave up some of Monday's sharp gains on concerns over demand. The IEA kept its 2024 and 2025 demand growth forecasts below 1 million bpd. The IEA kept its 2024 global oil demand growth forecast unchanged at 970,000 bpd but cut its 2025 estimate to 950,000 bpd from a previous estimate of 980,000 bpd, citing the impact of Chinese consumption. The crude market posted a high of \$80.15 early in the morning. However, as the market failed to breach Monday's high of \$80.16, it erased its gains and sold off to a low of \$78.25 in afternoon trading. The market later settled in a sideways trading range ahead of the close. The oil market ended a five day winning streak with the September WTI contract settling down \$1.71 at \$78.35 and the October Brent contract settling down \$1.61 at \$80.69. The product markets ended the session lower, with the heating oil market settling down 1.73 cents at \$2.3892 and the RB market settling down 6.82 cents at \$2.3747.

Technical Analysis: The oil market on Wednesday is seen trading sideways amid the small build expected in crude stocks and draws expected in products stocks. The market's losses will remain limited by the increasing geopolitical tension in the Middle East as the U.S. stated it had prepared for what could be significant attacks by Iran or its proxies in the region as soon as this week. The market is seen finding resistance at its highs of \$80.15-\$80.16, \$81.34, \$82.27-\$82.29, \$82.50 and \$83.58. However, support is seen at \$78.25, \$76.92, \$76.70, \$75.91, \$75.85, \$74.91 and \$74.60.

Fundamental News: The International Energy Agency kept its 2024 global oil demand growth forecast unchanged at 970,000 bpd but cut its 2025 estimate to 950,000 bpd from a previous estimate of 980,000 bpd, citing the impact of Chinese consumption. The IEA said the end of a post-COVID economic bounce in China was limiting global oil demand, but that advanced economies, specifically the United States, where one-third of global gasoline is consumed, compensated for that loss. The IEA added that the summer driving season in the United States is set to be the strongest since the pandemic and supply cuts by OPEC+ are tightening the physical market. The IEA reported that global observed oil inventories fell by 26.2 million barrels in June following four months of builds.

The National Oil Corp said a fire on Libya's Zaggut-Sidra oil pipeline has been extinguished with no damage or casualties. The fire started during maintenance operations which will continue for a few more hours. Earlier, a port engineer and a Waha company source said the pipeline pumping oil from Libya's Waha field to Es Sider port was affected by a fire that broke out on the pipeline on Monday, but added that there has been no impact on exports. The source said the incident had no impact on production or exports.

Motiva Enterprises began restarting a fluidic catalytic cracker at its 626,000 bpd Port Arthur, Texas refiner on Tuesday. The 81,000 bpd fluid catalytic cracker was shut on July 24th for repair of a leak. Further leaks were discovered after the initial leak, extending the time the unit was shut to two weeks.

Pemex's Deer Park, Texas facility reported a diesel spill into the Houston Ship Channel on Tuesday. The refinery said it had isolated the site.

ExxonMobil on Monday said it has safely restarted its 241,800 b/d refinery in the wake of the July 15th abrupt plant wide shut down.

U.S. producer prices increased less than expected in July as an increase in the cost of goods was tempered by cheaper services, indicating that inflation continued to moderate. The Labor Department's Bureau of Labor Statistics said the Producer Price Index for final demand increased 0.1% in July after increasing by an unrevised 0.2% in June. In the 12 months through July, the PPI increased 2.2% after increasing 2.7% in June. Excluding food, energy and trade, prices increased 0.3% after increasing 0.1% in June. The core PPI increased 3.3% on the year after increasing 3.2% in June.

Early Market Call - as of 9:10 AM EDT

WTI - September \$78.67, up 32 cents

RBOB - September \$2.3789, up 42 points

HO - September \$2.3884, down 8 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-24	2.3892	-0.0173	0.0934
Oct-24	2.4110	-0.0175	0.0986
Nov-24	2.4199	-0.0189	0.0994
Dec-24	2.4223	-0.0194	0.1003
Jan-25	2.4259	-0.0197	0.0983
Feb-25	2.4211	-0.0202	0.0967
Mar-25	2.4070	-0.0202	0.0953
Apr-25	2.3882	-0.0201	0.0947
May-25	2.3751	-0.0200	0.0930
Jun-25	2.3653	-0.0201	0.0901
Jul-25	2.3684	-0.0202	0.0886
Aug-25	2.3731	-0.0203	0.0871
Sep-25	2.3788	-0.0205	0.0861
Oct-25	2.3834	-0.0204	0.0850
Nov-25	2.3822	-0.0200	0.0844
Dec-25	2.3757	-0.0195	0.0836
Jan-26	2.3726	-0.0194	0.0825

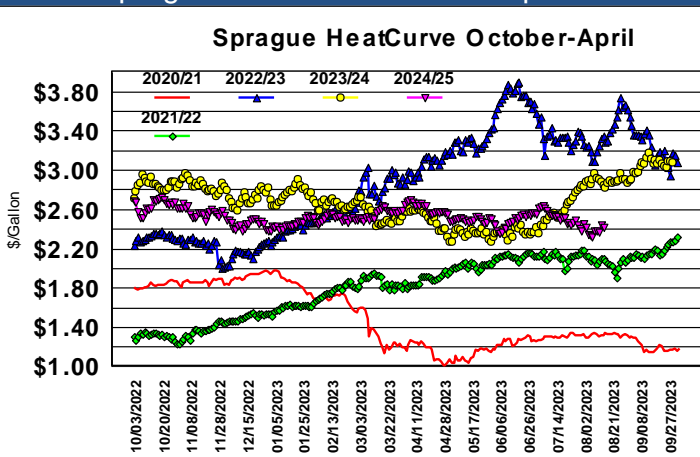
Sprague HeatCurve October 2024-April 2025 \$2.4164

		Close	
Crude - WTI	Sep Brent- WTI Spread \$3.89	\$76.8000	-\$1.6600
Crude - Brent		\$80.6900	-\$1.6100
Natural Gas		\$2.1480	-\$0.0410
Gasoline		\$2.3747	-\$0.0682

API Report for the Week Ending August 9, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 5.21 million barrels	Up 530,000 barrels
Gasoline Stocks	Down 3.69 million barrels	Down 1.9 million barrels
Distillate Stocks	Up 612,000 barrels	Down 750,000 barrels
Refinery Runs		Unchanged at 90.5%

Sprague Heat Curve October-April



September WTI



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