



MarketWatch | Refined Products

Tuesday, August 20, 2024

Market Commentary

All NYMEX | Prior Settlements

Recap: While the oil markets were on the defensive at the start of trading Sunday night and into early Monday, based on the economic malaise that continued to be reflected in the economic statistics coming out of China late last week and again over the weekend, the market posted a sharp sell off at midday as news of further progress being made in the Gaza ceasefire talks. With the reports of Israeli agreement to accept the ceasefire proposal suggested by the U.S., crude oil prices fell over \$1.50 per barrel in just under 60 minutes of trading this afternoon and September WTI settled at \$74.37 per barrel, down \$2.28, posting its lowest settlement since August 6th. The bearish move was even greater in the products markets with September gasoline market off 4.49 cents and the spot heating oil contract off 6.25 cents. The technical damage was greater in the product markets as the September gasoline contract reached lows not seen since February of this year while the September distillate contract dropped to its lowest settlement since June 23rd of last year.

Technical Analysis: Given the high probability this market will be met with news tomorrow that a cease fire agreement remains elusive, and not a "fait accompli" we could see some rebound in prices tomorrow as traders await more concrete news on a potential deal. We would look for resistance in the October WTI contract at \$74.50 followed by \$75.39, \$76.00 and \$76.60. Support we see at \$73.45, \$71.90 and \$70.88. In the September heating oil contract we see support at \$2.2544, \$2.2229 and \$2.1837, with resistance at \$2.2925, \$2.3185, \$2.3371 and \$2.3556.

Fundamental News: U.S. Secretary of State Antony Blinken on Monday called the latest diplomatic push by Washington to achieve a ceasefire deal in Gaza "probably the best, maybe the last opportunity" and urged all parties to get the agreement over the finish line. The talks towards a ceasefire that has been going on for months are set to continue this week in Cairo, following a two-day meeting in Doha last week. The U.S. Secretary of State will intensify U.S. diplomatic pressure to ensure negotiators secure a breakthrough later this week after the U.S. put forward last week bridging proposals that the mediating countries believe would close gaps between the warring parties. Monday afternoon Secretary Blinken said following his constructive meeting with Israeli Prime Minister Netanyahu today, the prime minister confirmed his administration would accept and support the bridging ceasefire proposal put forth by the U.S.

Reuters is reporting that production from Libya's Sharara oilfield has risen back to 85,000 b/d, as operators appear to be seeking to supply the Zawia oil refinery. The field had been producing some 300,000 b/d before NOC declare a force majeure event back on August 7th following a political issue that prompted protesters to blockade the facility.

IIR Energy said U.S. oil refiners are expected to shut in about 389,000 bpd of capacity in the week ending August 23rd, increasing available refining capacity by 99,000 bpd. Offline capacity is expected to fall to 298,000 bpd in the week ending August 30th.

The U.S. National Hurricane Center is currently not expecting any other tropical cyclone development in the Atlantic basin for the next seven days. But longer range model guidance is beginning to show the possibility of a robust tropical wave to push off the coast of Africa next weekend and will be entering an area where environmental conditions are expected to be quite favorable for development. The model guidance has this system approaching the Leeward Islands by the end of next week and then continuing to move westward the following week. The long range models also are indicating the Gulf of Mexico could also be an area of additional tropical development next week as well.

Early Market Call - as of 8:20 AM EDT

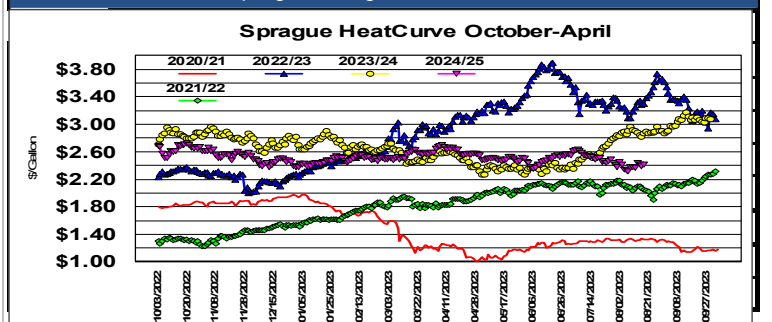
WTI - Sep \$74.44 up 7 cents
 RBOB - Sep \$2.2649 up 11 points
 HO - Sep \$2.2645 up 10 points

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	\$2.2635	-\$0.0652	-\$0.1430
Oct-24	\$2.2828	-\$0.0638	-\$0.1457
Nov-24	\$2.2973	-\$0.0622	-\$0.1415
Dec-24	\$2.3078	-\$0.0590	-\$0.1339
Jan-25	\$2.3171	-\$0.0560	-\$0.1285
Feb-25	\$2.3169	-\$0.0533	-\$0.1244
Mar-25	\$2.3061	-\$0.0512	-\$0.1211
Apr-25	\$2.2921	-\$0.0488	-\$0.1162
May-25	\$2.2826	-\$0.0467	-\$0.1125
Jun-25	\$2.2765	-\$0.0447	-\$0.1089
Jul-25	\$2.2816	-\$0.0437	-\$0.1070
Aug-25	\$2.2810	-\$0.0502	-\$0.1124
Sep-25	\$2.2956	-\$0.0428	-\$0.1037
Oct-25	\$2.3019	-\$0.0428	-\$0.1019
Nov-25	\$2.3019	-\$0.0427	-\$0.1003
Dec-25	\$2.2970	-\$0.0418	-\$0.0982
Jan-26	\$2.2954	-\$0.0407	-\$0.0966

Sprague HeatCurve October 2024-April 2025 \$2.3068

		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$2.12	\$75.5400	-\$1.7800
Crude - Brent		\$77.6600	-\$2.0200
Natural Gas		\$2.2350	\$0.1050
Gasoline		\$2.2638	-\$0.0449

Sprague Weighted Heat Curve



NYMEX October WTI Daily Chart



NYMEX September Heating Oil Weekly Chart



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.