



MarketWatch | Refined Products

Wednesday, August 21, 2024

Market Commentary

Recap: The oil markets acted nervously on Tuesday. While the overriding theme in the markets continued to be the economic malaise in China and the potential progress in a ceasefire deal for the fighting in Gaza, the market appeared to bounce during the morning on the news of continued fighting in Gaza and the retrieval of the bodies of six hostages that had been held in Gaza by Hamas. But this rally was short-lived as it appeared the potential ceasefire deal was still alive as Secretary Blinken shuttled between Israel, Egypt and Qatar all in the last 24 hours.

The WTI options market appeared to reflect the nervous uncertainty in the market today as the two most active option strikes were the October \$70 put and the October \$80 call, as it appeared traders were seeking protection if the market made a substantial move in either direction.

Technical Analysis: With the September WTI contract expiring today, our attention moves to the October contract. We see support \$73.00 followed by \$72.54, \$70.80, and \$70.00. Resistance we see at \$74.83, \$75.54, and \$76.75

Fundamental News: U.S. Secretary of State Antony Blinken traveled to Egypt and Qatar on Tuesday, pushing for areas of possible progress on a Gaza ceasefire and hostage release deal in talks planned for later this week. He arrived in Egypt from Tel Aviv, where he said Israeli Prime Minister Benjamin Netanyahu had accepted a U.S. "bridging proposal" aimed at narrowing the gaps between the two sides after talks last week paused without a breakthrough. At the end of the day he was reported to have arrived in Qatar as he continued his efforts in seeking an agreement. He urged Hamas to also accept the proposal as the basis for more talks. The Palestinian militant group has not definitively rejected the proposal, but has said it backtracks from areas previously agreed and has accused Israel and its U.S. ally of spinning out the negotiations process in bad faith.

According to General Administration of Customs data, China's fuel oil imports fell for a third consecutive month in July. China's fuel oil imports in July totaled 1.38 million metric tons or about 282,000 bpd, 8% lower than in June and 9% down from a year earlier. Meanwhile, fuel oil export volumes for bunkering totaled 1.66 million tons in July, up 5% from June and 8% higher than in the corresponding month last year.

Goldman Sachs in a research note to clients this week noted that "soft china oil demand and downside risks to China GDP growth strengthen our view that risks to our \$75-\$90 range for Brent in 2025 skew to the downside." The investment bank now expects Brent falling to \$68 per barrel by late 2025 versus a \$81 base case if Chinese oil demand remains flat. Goldman saw Chinese oil demand growing by only 200,000 b/d over the first six months of the year, while demand this summer has turned negative versus a year ago.

Norway's Equinor has begun work to resume output at its Gullfaks C oil and gas platform in the North Sea after a shutdown on Sunday. The incident was caused by problems with one of the platform's wells, adding that the Gullfaks A and B platforms were running as normal. Late on Monday, Equinor tested the well and concluded that the situation had normalized.

Kpler data is estimating EU and UK gasoline exports have reached 981,000 b/d so far in August, well below July's 1.21 million b/d exported in July.

Early Market Call - as of 8:47 AM EDT

WTI - Oct \$73.43 up 26 cents
 RBOB - Sep \$2.2480 down 83 points
 HO - Sep \$2.2820 up 1.88 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	\$2.2632	-\$0.0003	-\$0.1260
Oct-24	\$2.2797	-\$0.0031	-\$0.1313
Nov-24	\$2.2917	-\$0.0056	-\$0.1282
Dec-24	\$2.3005	-\$0.0073	-\$0.1218
Jan-25	\$2.3087	-\$0.0084	-\$0.1172
Feb-25	\$2.3075	-\$0.0094	-\$0.1136
Mar-25	\$2.2955	-\$0.0106	-\$0.1115
Apr-25	\$2.2805	-\$0.0116	-\$0.1077
May-25	\$2.2708	-\$0.0118	-\$0.1043
Jun-25	\$2.2645	-\$0.0120	-\$0.1008
Jul-25	\$2.2693	-\$0.0123	-\$0.0991
Aug-25	\$2.2755	-\$0.0126	-\$0.0976
Sep-25	\$2.2826	-\$0.0130	-\$0.0962
Oct-25	\$2.2885	-\$0.0134	-\$0.0949
Nov-25	\$2.2881	-\$0.0138	-\$0.0941
Dec-25	\$2.2829	-\$0.0141	-\$0.0928
Jan-26	\$2.2814	-\$0.0140	-\$0.0912

Sprague HeatCurve October 2024-April 2025 \$2.2985

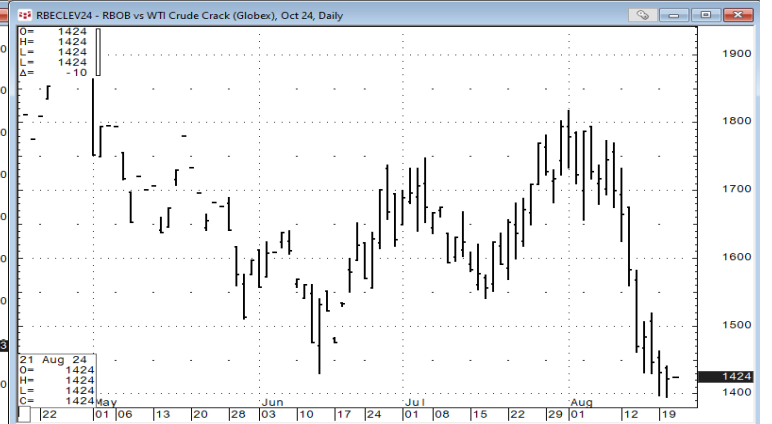
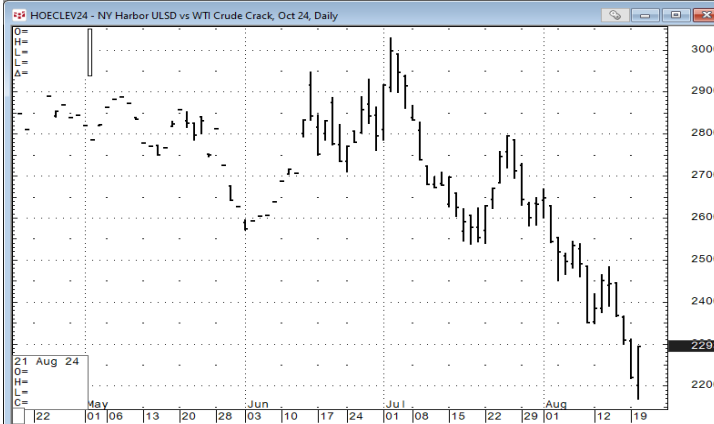
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$4.03	\$73.1700	-\$0.4600
Crude - Brent		\$77.2000	-\$0.4600
Natural Gas		\$2.1980	-\$0.0290
Gasoline		\$2.2563	-\$0.4200

API Report for the Week Ending August 16, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 347,000 barrels	Down 2.9 million barrels
Gasoline Stocks	Down 1.043 million barrels	Up 200,000 barrels
Distillate Stocks	Down 2.247 million barrels	Down 400,000 barrels
Refinery Runs		Down 0.2% at 91.3%

NYMEX October Heat Crack

NYMEX October Gasoline Crack



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