



MarketWatch | Refined Products

Friday, August 23, 2024

Market Commentary

Recap: The oil market on Thursday posted an inside trading day as the market steadied following four days of declines on concerns over the global demand outlook. The market rebounded from its lowest levels seen since January following Thursday's selloff that was sparked by a downward revision in U.S. payrolls. The crude market posted a low of \$71.58 in overnight trading and bounced higher as it failed to test its previous low. It retraced most of Wednesday's losses as it rallied to a high of \$73.52 early in the afternoon. The market was well supported by expectation that the Federal Reserve will cut interest rates in September, according to minutes of the Federal Reserve's July meeting. Also, the U.S. Labor Department said the number of unemployment claims increased last week, but appeared to be steadying near a level consistent with gradual cooling of the labor market, setting the stage for interest rate cuts. The market later gave up some of its gains and traded in a sideways trading range ahead of the close. The October WTI contract settled up \$1.08 at \$73.01 and the October Brent contract settled up \$1.17 at \$77.22. The product markets ended the session higher, with the heating oil market settling up 1.38 cents at \$2.2635 and the RB market settling up 3.87 cents at \$2.2437.

Technical Analysis: The crude market on Friday is seen trending sideways, within its trading range of about \$71 and \$79. The market is seen finding support at its low of \$71.58, \$71.46, \$70.80 and \$70.00. Meanwhile, resistance is seen at its high of \$73.52, \$74.16, \$74.38, \$75.00, \$75.73 and \$75.83. More distant resistance is seen at \$76.98, \$77.38 and \$77.52.

Fundamental News: UBS expects Brent crude prices to recover into an \$85-\$90/barrel range over the coming months.

The U.S. EIA said a series of refinery outages in the U.S. Midwest caused regional gasoline prices to increase to more than 20% above the national average from July 22nd to August 5th during the high-demand summer driving season. Midwest refinery utilization fell 11% to 86% from the week ending July 12th to the week ending August 9th. As these refineries restarted, utilization increased back up 97% as of the week ending August 16th.

The Texas Oil & Gas Association estimates Texas oil and natural gas production reached new record highs in July. The trade group also estimates NGLs production also set a new high in July. The trade group estimates Texas crude oil production rose to 5.76 million b/d in July, with natural gas marketed production averaging 32.8 bcf/d and NGLs production of 3.85 million b/d. Year to date Texas now accounts for 42.8% of all U.S. crude oil production and 28.3% of all U.S. natural gas marketed production.

Canada Energy Regulator reported that total volumes of crude oil moved by rail cars by both CN and CPKC in the first five months of 2024 averaged 94,413 b/d with the latest monthly total averaging 89,141 b/d.

The OPEC Secretariat said it had received updated compensation plans from Iraq and Kazakhstan stating they aim to make up for their overproduction in the first seven months of this year by September 2025. Iraq's cumulative overproduction between January and July was 1.4 million bpd and Kazakhstan's was 699,000 bpd.

Federal Reserve policymakers said that with inflation well below its highs they are paying close attention to the U.S. labor market to gauge when to begin reducing interest rates, with one saying they should move "soon."

Early Market Call - as of 8:20 AM EDT

WTI - Oct \$74.38, up \$1.37

RBOB - Sep \$2.2678, up 2.41 cents

HO - Sep \$2.3002, up 3.67 cents

All NYMEX | Prior Settlements

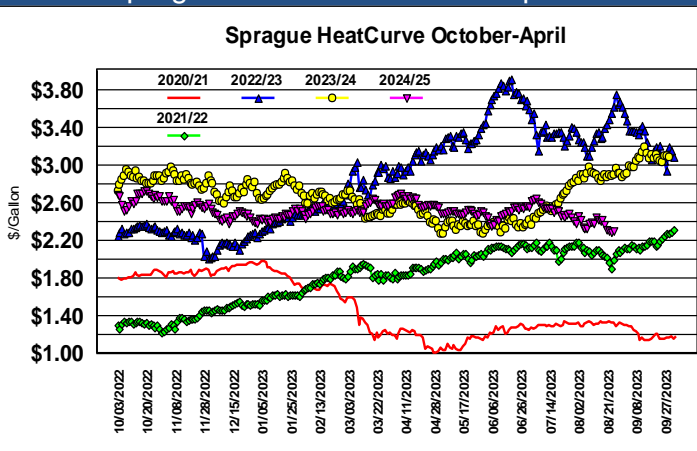
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	2.2635	0.0138	-0.1144
Oct-24	2.2787	0.0147	-0.1182
Nov-24	2.2891	0.0154	-0.1205
Dec-24	2.2954	0.0153	-0.1185
Jan-25	2.3022	0.0143	-0.1161
Feb-25	2.3004	0.0136	-0.1139
Mar-25	2.2881	0.0135	-0.1124
Apr-25	2.2726	0.0129	-0.1101
May-25	2.2636	0.0128	-0.1061
Jun-25	2.2583	0.0127	-0.1023
Jul-25	2.2639	0.0127	-0.0995
Aug-25	2.2708	0.0129	-0.0967
Sep-25	2.2786	0.0131	-0.0942
Oct-25	2.2851	0.0133	-0.0924
Nov-25	2.2854	0.0136	-0.0911
Dec-25	2.2812	0.0142	-0.0888
Jan-26	2.2803	0.0143	-0.0863

Sprague HeatCurve October 2024-April 2025		Close	
Crude - WTI	Oct Brent- WTI Spread \$4.21	\$73.0100	\$1.0800
Crude - Brent		\$77.2200	\$1.1700
Natural Gas		\$2.0530	-\$0.1240
Gasoline		\$2.2437	\$0.0387

EIA Working Gas Storage Report

	16-Aug-24	09-Aug-24	Change	16-Aug-23
East	735	723	12	727
Midwest	888	869	19	826
Mountain	263	260	3	205
Pacific	288	287	1	241
South Central	1125	1125	0	1,078
Salt	280	286	-6	263
Nonsalt	845	839	6	815
Total	3299	3264	35	3,078

Sprague HeatCurve October-April



October WTI



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