



# MarketWatch | Refined Products

Thursday, August 29, 2024

## Market Commentary

**Recap:** The crude market continued to trend lower as demand concerns outweighed geopolitical tensions. The market traded lower due to continuing concerns over Chinese demand and increased risks of a broader economic slowdown. After posting an inside trading day on Tuesday, the market posted a high of \$75.95 and breached its previous lows as it retraced almost 62% of its move from a low of \$71.46 to a high of \$77.60. It sold off to a low of \$73.82 early in the morning. The market later bounced off its low and traded over the \$75.00 level despite the EIA's weekly petroleum stocks report, showing a smaller than draw in crude stocks of over 800,000 barrels on the week. However, gasoline stocks drew down 2.203 million barrels on the week. The oil market later traded in a sideways trading range during the remainder of the session. The October WTI contract settled down \$1.01 at \$74.52 and the October Brent contract settled down 90 cents at \$78.65. The product markets ended the session lower, with the heating oil market settling down 5.71 cents at \$2.2291 and the RB market settling down 3.21 cents at \$2.2148.

**Technical Analysis:** While the market's sentiment remains weak with increased risk of a broader economic slowdown, the market's losses will remain limited by supply risk in the Middle East and Libya. In the Middle East, fighting continues in the Gaza Strip between Israel and Hamas militants, with no signs of a breakthrough in ceasefire talks, while several oilfields in Libya have halted their output as a dispute continues between rival government factions over control of the central bank and the country's oil revenue. The oil market is seeing support at \$73.82-\$73.80 followed by \$72.83, \$71.58, \$71.46, \$70.80 and \$70.00. Meanwhile, resistance is seen at its high of \$75.95, \$77.48, \$77.60, \$78.43 and \$78.54.

**Fundamental News:** The EIA reported that U.S. crude oil and gasoline inventories fell last week as demand increased ahead of Labor Day weekend and the end of the summer driving season. Crude stocks fell by 846,000 barrels to 425.2 million barrels in the week ending August 23<sup>rd</sup>. Stocks at the Cushing, Oklahoma fell by 668,000 barrels on the week. Gasoline stocks fell by 2.2 million barrels in the week to 218.4 million barrels, the lowest level since November. U.S. Gulf Coast gasoline inventories last week fell by 2.8 million barrels to 76.3 million barrels, their lowest since March 2021.

Two field engineers said Libya's oilfield closures spread on Wednesday as the Sarir field almost completely halted output, amid a political dispute over control of the central bank and oil revenue. Authorities in the east, where most of Libya's oilfields are located, declared on Monday that all production and exports would be halted. Sarir was producing about 209,000 bpd before output was reduced. Force majeure had already been announced on exports at the 300,000 bpd Sharara oilfield and this week disruptions were reported at El Feel, Amal, Nafoora and Abu Attif. The move to shut off Libya's main source of revenue comes in response to the Tripoli-based Presidency Council sacking Central Bank of Libya chief Sadiq al-Kabir, prompting rival armed factions to mobilize. Prime Minister Abdulhamid al-Dbeibah, installed through a U.N.-backed process in 2021 and head of the Tripoli-based Government of National Unity, said this week that oilfields should not be allowed to be shut "under flimsy pretexts". Meanwhile, ports in the country's Oil Crescent operated normally on Wednesday and had not received order to halt exports. Four vessels were at the ports of Es Sidra, Brega and Zueitina to load 600,000 barrels each.

The National Hurricane Center continues to watch an area of disorganized showers over the central Tropical Atlantic that are associated with a tropical wave. Forecasters continue to look for some slow development of this system over this weekend and into early next week as it moves west/northwestward. Currently forecasters are assigning a 20% chance of tropical cyclone development over the next seven days.

**Early Market Call - as of 8:20 AM EDT**

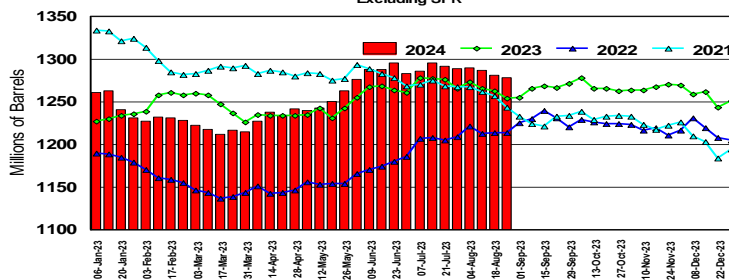
WTI - Oct \$74.93, up 41 cents  
 RBOB - Sep \$2.2254, up 1.06 cents  
 HO - Sep \$2.2515, up 2.24 cents

## All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	2.2291	-0.0571	-0.0206
Oct-24	2.2571	-0.0535	-0.0069
Nov-24	2.2758	-0.0499	0.0021
Dec-24	2.2875	-0.0479	0.0074
Jan-25	2.2969	-0.0473	0.0090
Feb-25	2.2961	-0.0469	0.0093
Mar-25	2.2853	-0.0465	0.0107
Apr-25	2.2717	-0.0454	0.0120
May-25	2.2640	-0.0445	0.0132
Jun-25	2.2597	-0.0435	0.0141
Jul-25	2.2655	-0.0430	0.0143
Aug-25	2.2723	-0.0426	0.0144
Sep-25	2.2799	-0.0422	0.0144
Oct-25	2.2864	-0.0417	0.0146
Nov-25	2.2868	-0.0417	0.0150
Dec-25	2.2833	-0.0412	0.0163
Jan-26	2.2824	-0.0407	0.0164

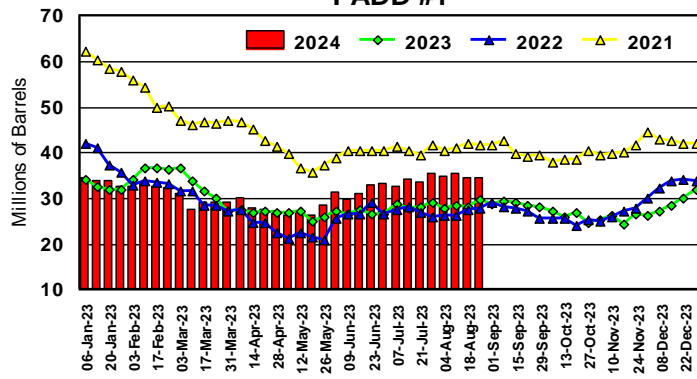
Sprague HeatCurve October 2024-April 2025		Close	
Crude - WTI	Oct Brent- WTI Spread \$	\$74.5200	-\$1.0100
Crude - Brent		\$78.6500	-\$0.9000
Natural Gas		\$1.9300	\$0.0260
Gasoline		\$2.2148	-\$0.0321

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending August 23, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 846,000 barrels  
 Cushing, OK Crude Stocks Down 668,000 barrels  
**Gasoline Stocks** Down 2.203 million barrels  
**Distillate Stocks** Up 275,000 barrels  
**Refinery % Operated** 93.3%, up 1%

#### PADD #1

	Week Ending August 23, 2024	Week Ending August 16, 2024	Week Ending August 25, 2023
Distillate Stocks (in million bbl)			
New England	4.4	3.9	3.3
Central Atlantic	18.6	18.4	16.0
Total PADD #1	34.6	34.4	29.7
Distillate Imports (thousands b/d)	183	44	145

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