



MarketWatch | Refined Products

Wednesday, September 4, 2024

Market Commentary

Recap: The oil market sold off sharply on Tuesday, following the long Labor Day holiday on Monday, after reports that a deal was imminent to resolve a dispute that has halted Libyan production and exports. During Monday's holiday shortened session, the crude market traded higher and posted a high of \$74.41, recovering some losses from late last week, as Libya's oil exports remained halted and Libya's National Oil Corp declared force majeure on its El Feel oilfield. However, the oil market erased Monday's gains and sold off as sluggish economic growth in China increased demand concerns. Weaker than expected Chinese manufacturing Purchasing Managers' Index over the weekend exacerbated concerns about China's economy. The market was further pressured by the reports that a deal to resolve a dispute that halted Libya's oil production and exports was imminent. The crude market extended its losses to \$3.45 as it posted a low of \$70.10 ahead of the close. The October WTI contract settled down \$3.21 at \$70.34, the lowest settlement since December 12th. The November Brent contract settled down \$3.77 at \$73.75. The product markets also ended the session lower, with the heating oil market settling down 4.55 cents at \$2.206 and the RB market settling down 2.34 cents at \$1.9777.

Technical Analysis: The crude market on Wednesday is seen retracing some of its sharp losses and remains range bound ahead of the release of the weekly petroleum stocks reports on Wednesday evening and Thursday morning. The market is seen finding support at its low of \$70.10 and \$67.81. Resistance is seen at \$72.96, \$73.85, \$74.41, \$74.73 and \$76.82.

Fundamental News: The legislative bodies representing Libya's two regions agreed on Tuesday to appoint jointly a central bank governor, potentially defusing a battle over control of the country's oil revenue that has cut output. The House of Representatives in Benghazi and the High State Council signed a joint statement after two days of talks hosted by the U.N. Support Mission in Libya. They agreed to appoint a central bank governor and board of directors within 30 days.

Two engineers said Libya's 70,000 bpd El Feel oilfield is "now undergoing major maintenance that will take time", following the country's National Oil Corporation's declaration of force majeure on the field as of Monday, September 2nd.

Several engineers said oil exports at major Libyan ports were halted on Monday and production curtailed across the country, amid a standoff between rival political factions over control of the central bank and oil revenue.

IIR Energy said U.S. oil refiners are expected to shut in about 263,000 bpd of capacity in the week ending September 6th, increasing available refining capacity by 162,000 bpd. Offline capacity is expected to fall to 559,000 bpd in the week ending September 13th.

Saudi shipping firm Bahri said its tanker Amjad was not targeted in a Red Sea attack, and that it had been spared any damage from the incident that hit another tanker that was sailing nearby. The U.S. Central Command said Yemen's Iran-backed Houthi rebels attacked two crude oil tankers, the Saudi-flagged Amjad and the Panama-flagged Blue Lagoon I, in the Red Sea on Monday with two ballistic missiles and a one-way attack uncrewed aerial system, hitting both vessels.

According to a Reuters survey, OPEC oil output fell in August to its lowest since January as unrest that disrupted Libyan supply added to the impact of ongoing voluntary supply cuts by other members and the wider OPEC+ alliance. OPEC produced 26.36 million bpd last month, down 340,000 bpd from July.

Early Market Call - as of 9:00 AM EDT

WTI - Oct \$70.30 down 4 cents
 RBOB - Oct \$1.9701 down 76 points
 HO - Oct \$2.1816 down 1.64 cents

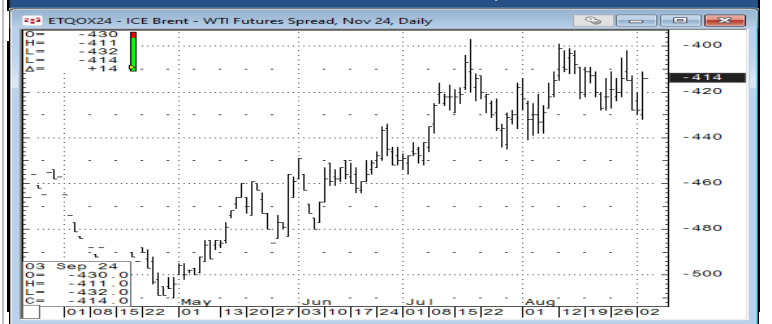
All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-24	\$2.2060	-\$0.0723	-\$0.1637
Nov-24	\$2.2220	-\$0.0717	-\$0.1594
Dec-24	\$2.2305	-\$0.0709	-\$0.1559
Jan-25	\$2.2381	-\$0.0703	-\$0.1543
Feb-25	\$2.2365	-\$0.0698	-\$0.1528
Mar-25	\$2.2260	-\$0.0689	-\$0.1501
Apr-25	\$2.2134	-\$0.0672	-\$0.1459
May-25	\$2.2060	-\$0.0661	-\$0.1431
Jun-25	\$2.2021	-\$0.0651	-\$0.1402
Jul-25	\$2.2084	-\$0.0640	-\$0.1381
Aug-25	\$2.2154	-\$0.0630	-\$0.1366
Sep-25	\$2.2226	-\$0.0623	-\$0.1355
Oct-25	\$2.2295	-\$0.0612	-\$0.1334
Nov-25	\$2.2303	-\$0.0602	-\$0.1318
Dec-25	\$2.2271	-\$0.0587	-\$0.1300
Jan-26	\$2.2267	-\$0.0574	-\$0.1283
Feb-26	\$2.2365	-\$0.0415	-\$0.1115

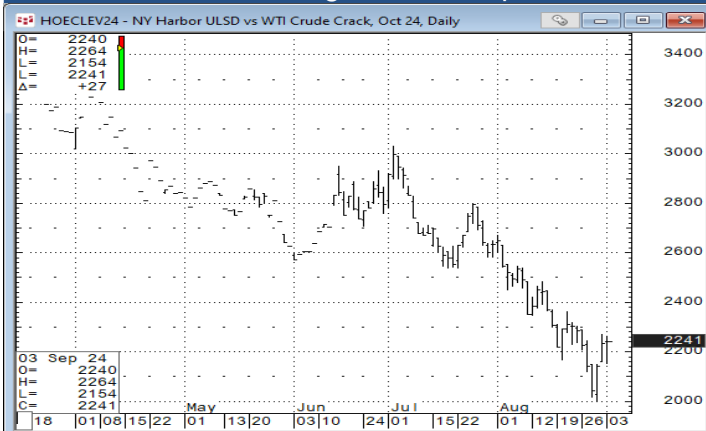
Sprague HeatCurve October 2024-April 2025 \$2.2283

	Close	Change
Crude - WTI	\$69.5900	-\$3.0600
Crude - Brent	\$73.7500	-\$3.7700
Natural Gas	\$2.2030	\$0.0760
Gasoline	\$1.9777	-\$0.0234

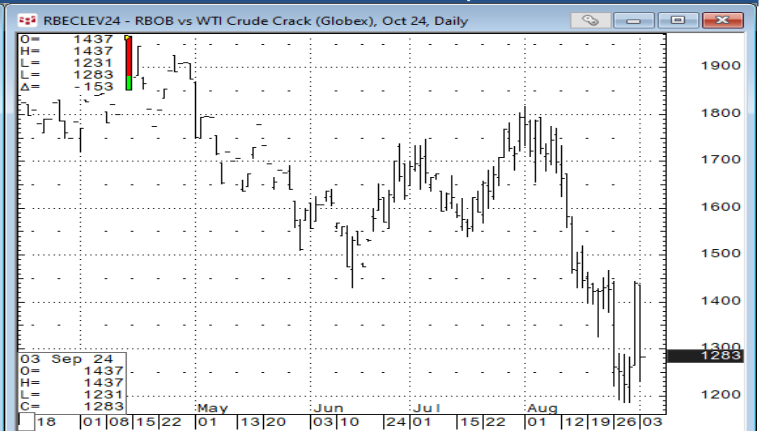
ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread



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