



# MarketWatch | Refined Products

Thursday, September 5, 2024

## Market Commentary

**Recap:** The crude market continued to trend lower on Wednesday as bearish sentiment seems to be dominating the narrative. While the market fell sharply on Tuesday following reports that the parties vying for control in Libya reached an agreement that may lead to the resumption of the country's crude exports, the market seemed to discount the fact that Libya's output remains shut. In overnight trading, the oil market continued to trade lower in follow through selling. The market later traded back above the \$71.00 level to a high of \$71.46 amid the news that OPEC delegates are discussing whether they should delay an oil output increase of 180,000 bpd starting in October due to the recent decline in prices. However, the market once again erased its gains and sold off to a low of \$69.11 ahead of the close. The October WTI contract settled down \$1.07 at \$68.52 continued to sell off in the post settlement period to a low of \$68.90. Meanwhile, the October Brent contract settled down \$1.05 at \$72.70. The product markets also ended the session lower, with the heating oil market settling down 4.85 cents at \$2.1575 and the RB market settling down 1.59 cents at \$1.9618.

**Technical Analysis:** The oil market on Thursday will likely retrace some of its sharp losses ahead of the release of the weekly petroleum stocks reports, which are expected to show draws across the board. The market is seen finding support at its low of \$68.82 followed by \$67.67. Meanwhile, resistance is seen at its high of \$71.46, \$72.17, \$73.21, \$74.23 and \$74.41. More distant resistance is seen at \$76.48.

**Fundamental News:** UBS believes the oil market is undersupplied despite weak Chinese oil demand as demand remains strong in other countries, supply growth disappointed in some non-OPEC+ states. It said oil prices are likely to remain volatile in the near term. It maintains a positive outlook and expects oil prices to recover from current levels over the coming months. It expects prices to recover, with Brent prices moving back up above \$80/barrel over the coming months.

Citi said that if OPEC+ doesn't reduce production further, the average price of oil could fall to \$60/barrel in 2025 due to reduced demand and increased supply from non-OPEC countries. Citi said that while a technical rebound was possible, the market could lose confidence in OPEC+ defending the \$70/barrel level if the group does not commit to extending current output cuts indefinitely. Citi analysts said that if Brent prices fall into the \$60s, financial flows could drive them down further, possibly to \$50/barrel before a potential rebound. Citi recommends selling into rallies when Brent approaches \$80, given the current market dynamics.

Bloomberg is reporting that OPEC+ is discussing a possible delay to an oil output increase planned for October, which is scheduled to increase the group's production quotas by 180,000 b/d. Last week, the group looked set to proceed with a 180,000 bpd increase in October, but market volatility from oil facility shutdowns in Libya and a weak demand outlook have raised concern within the group. Eight OPEC+ members are scheduled to raise output by 180,000 bpd in October as part of a plan to begin unwinding their most recent layer of output cuts of 2.2 million bpd while keeping other cuts in place until the end of next year.

A 600,000 barrel oil tanker Front Jaguar was loading at Libya's Brega port on Wednesday, despite a blockade that has halted other exports.

IIR Energy said U.S. oil refiners are expected to shut in about 529,000 bpd of capacity in the week ending September 6<sup>th</sup>, cutting available refining capacity by 104,000 bpd.

Teamsters members working at Marathon Petroleum's 140,000 bpd Detroit refinery will go on a strike starting Wednesday after months of pay and safety related negotiations with the company did not yield results. Marathon said it does not expect the strike to impact operations at the facility.

**Early Market Call - as of 8:50 AM EDT**

WTI - Oct \$69.83, up 63 cents

RBOB - Oct \$ 1.9556, down 62 points

HO - Oct \$2.1784, up 2.09 cents

## All NYMEX | Prior Settlements

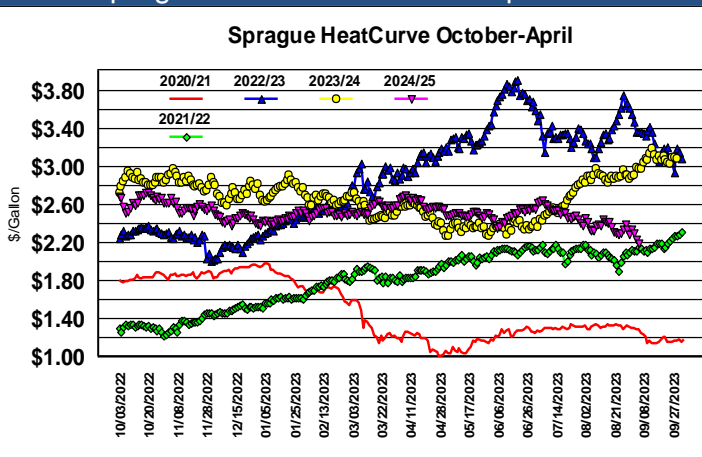
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-24	\$2.1575	-\$0.0485	-\$0.1531
Nov-24	\$2.1752	-\$0.0468	-\$0.1505
Dec-24	\$2.1886	-\$0.0419	-\$0.1468
Jan-25	\$2.1981	-\$0.0400	-\$0.1461
Feb-25	\$2.2000	-\$0.0365	-\$0.1430
Mar-25	\$2.1934	-\$0.0326	-\$0.1384
Apr-25	\$2.1834	-\$0.0300	-\$0.1337
May-25	\$2.1779	-\$0.0281	-\$0.1306
Jun-25	\$2.1755	-\$0.0266	-\$0.1277
Jul-25	\$2.1830	-\$0.0254	-\$0.1255
Aug-25	\$2.1909	-\$0.0245	-\$0.1240
Sep-25	\$2.1990	-\$0.0236	-\$0.1231
Oct-25	\$2.2064	-\$0.0231	-\$0.1217
Nov-25	\$2.2087	-\$0.0216	-\$0.1198
Dec-25	\$2.2072	-\$0.0199	-\$0.1173
Jan-26	\$2.2075	-\$0.0192	-\$0.1156
Feb-26	\$2.2000	-\$0.0222	-\$0.1167

Sprague HeatCurve October 2024-April 2025			\$2.1892
		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$4.18	\$68.5200	-\$1.0700
Crude - Brent		\$72.7000	-\$1.0500
Natural Gas		\$2.1450	-\$0.0580
Gasoline		\$1.9618	-\$0.0159

## API Report for the Week Ending August 30, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 7.431 million barrels	Down 1.3 million barrels
Gasoline Stocks	Down 336,000 barrels	Down 1.38 million barrels
Distillate Stocks	Down 406,000 barrels	Down 49,000 barrels
Refinery Runs		Down 0.3% at 93%

## Sprague HeatCurve October-April



## NYMEX October WTI



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