



# MarketWatch | Refined Products

Wednesday, September 11, 2024

## Market Commentary

**Recap:** The crude market on Tuesday posted an outside trading day, as a weaker demand outlook offset U.S. output disruptions due to approaching Tropical Storm Francine. The market rallied to a high of \$69.08 in overnight trading amid the reports that several energy companies removed offshore workers and shut in production as Tropical Storm Francine moved across the Gulf of Mexico, on track to become a hurricane on Tuesday. However, the market gave up its gains and sold off sharply after OPEC+ revised down its demand forecast for this year and next year. The oil market breached its previous lows and sold off to a low of \$65.27 by mid-day. The market later retraced some of its losses and traded in a sideways trading range during the remainder of the session. The October WTI contract settled down \$2.96 at \$65.75 and the October Brent contract settled down \$2.65 at \$69.19. The product markets ended the session lower, with the heating oil market settling down 8.14 cents at \$2.0580 and the RB market settling down 5.04 cents at \$1.87.

**Technical Analysis:** The oil market on Wednesday will likely retrace some of Tuesday's sharp losses after the market continued to trend lower on a weaker demand outlook and dismissed the production shut ins due to Tropical Storm Francine. The market will look to the weekly petroleum stocks reports for further direction, which are expected to show small draws in stocks. The crude market is seen finding support at its low of \$65.27 and \$63.64. Resistance is seen at \$66.55, \$67.87, \$68.81 and \$69.08. More distant resistance is seen at \$70.13, \$70.82, \$71.46, \$72.38, \$73.62 and \$74.41.

**Fundamental News:** The U.S. Bureau of Safety and Environmental Enforcement said about 24% of crude production and 26% of natural gas output in the U.S. Gulf of Mexico were offline as tropical storm Francine moved towards Louisiana.

The EIA, in its Short Term Energy Outlook, said it sees 2024 world oil demand at 103.1 million bpd, up 200,000 bpd from a previous forecast of 102.9 million bpd. It forecast 2025 world oil demand at 104.6 million bpd, up 100,000 bpd from a previous forecast of 104.5 million bpd. Meanwhile, world oil output is expected to increase by 310,000 bpd to 102.18 million bpd in 2024, down from a previous forecast of 102.4 million bpd and expects output in 2025 to increase by 2.4 million bpd to 104.6 million bpd, up from a previous estimate of 104.4 million bpd. U.S. oil output is forecast to increase by 320,000 bpd to 13.25 million bpd in 2024 and by 420,000 bpd to 13.67 million bpd in 2025. U.S. oil demand in 2024 is expected to increase by 50,000 bpd to 20.33 million bpd and increase by 310,000 bpd to 20.64 million bpd in 2025. Gasoline demand in 2024 is forecast to fall by 3.5 million bpd to 237.2 million bpd but increase by 2.7 million bpd to 239.9 million bpd in 2025. Distillate demand is forecast to fall by 7.9 million bpd to 122.6 million bpd in 2024 and by 4.9 million bpd to 117.7 million bpd in 2025.

OPEC cut its forecast for global oil demand growth in 2024 reflecting data received so far this year and also cut its expectation for next year, marking OPEC's second consecutive downward revision. In a monthly report, OPEC said world oil demand will increase by 2.03 million bpd in 2024, down from growth of 2.11 million bpd it expected last month. OPEC also cut its 2025 global demand growth estimate to 1.74 million bpd from a previous estimate of 1.78 million bpd.

Currently, the gulf coast refineries with most probable risk from the Tropical Storm/Hurricane Francine are the three plants in Calcasieu Parish with total refining capacity of 854,500 b/d, which is about a third of Louisiana's coastal refining capacity.

**Early Market Call - as of 8:30 AM EDT**

WTI - Oct \$67.27, up 1.51 cents  
 RBOB - Oct \$1.9175, up 4.75 cents  
 HO - Oct \$2.0961, up 3.81 cents

## All NYMEX | Prior Settlements

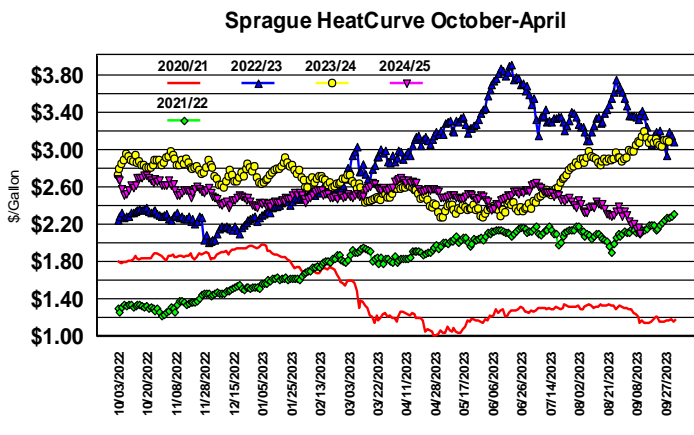
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-24	\$2.0580	-\$0.0814	-\$0.1480
Nov-24	\$2.0739	-\$0.0795	-\$0.1481
Dec-24	\$2.0878	-\$0.0775	-\$0.1427
Jan-25	\$2.0992	-\$0.0760	-\$0.1389
Feb-25	\$2.1031	-\$0.0737	-\$0.1334
Mar-25	\$2.0977	-\$0.0723	-\$0.1283
Apr-25	\$2.0899	-\$0.0701	-\$0.1235
May-25	\$2.0877	-\$0.0679	-\$0.1183
Jun-25	\$2.0889	-\$0.0656	-\$0.1132
Jul-25	\$2.0985	-\$0.0648	-\$0.1099
Aug-25	\$2.1085	-\$0.0639	-\$0.1069
Sep-25	\$2.1189	-\$0.0626	-\$0.1037
Oct-25	\$2.1293	-\$0.0611	-\$0.1002
Nov-25	\$2.1356	-\$0.0597	-\$0.0947
Dec-25	\$2.1383	-\$0.0585	-\$0.0888
Jan-26	\$2.1428	-\$0.0569	-\$0.0839
Feb-26	\$2.1031	-\$0.0941	-\$0.1191

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$4.05	\$65.1400	-\$2.7700
Crude - Brent		\$69.1900	-\$2.6500
Natural Gas		\$2.2320	\$0.0620
Gasoline		\$1.8700	-\$0.0504

## API Report for the Week Ending September 6, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.793 million barrels	Down 300,000 barrels
Gasoline Stocks	Down 513,000 barrels	Down 400,000 barrels
Distillate Stocks	Up 191,000 barrels	Up 900,000 barrels
Refinery Runs		Down 1.3% at 92%

## Sprague HeatCurve October-April



## NYMEX October WTI



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