



MarketWatch | Refined Products

Thursday, September 12, 2024

Market Commentary

Recap: The oil market on Wednesday retraced some of its previous sharp losses and posted an inside trading as the market focused on the production shut ins in the U.S. Gulf Coast due to Hurricane Francine. Contrary to the market's reaction to the news of output shut ins on Tuesday, the market was well supported on Wednesday. It retraced some of its previous losses in overnight trading and rallied over the \$67.00 level. The market later erased some of its earlier gains and sold off to a low of \$65.63 amid the builds reported across the board by the EIA. However, the market bounced off its low and rallied to a high of \$67.97 in afternoon trading as 39% of crude production and 49% of natural gas output in the U.S. Gulf of Mexico was shut as Hurricane Francine moved towards the Louisiana coast on Wednesday. The October WTI contract settled up \$1.56 at \$67.31 and the November Brent contract settled up \$1.42 at \$70.61. The product markets ended the session in positive territory, with the heating oil market settling up 3.37 cents at \$2.0917 and the RB market settling up 2.72 cents at \$1.8972.

Technical Analysis: The crude market on Thursday is seen trading sideways as the market weighs the builds reported in oil stocks against the output shutdowns in the Gulf coast due to the hurricane. Also, daily stochastics are trending sideways. Support is seen at its low of \$65.63, \$65.27 and \$63.64. The market is seen finding resistance at its high of \$67.97, \$69.08, \$69.98 followed by \$70.13, \$70.82, \$71.46 and \$72.89.

Fundamental News: The EIA reported that U.S. crude stocks, gasoline and distillate inventories increased in the week ending September 6th. Crude inventories increased by 833,000 barrels to 419.1 million barrels on the week. Meanwhile, gasoline and distillate stocks increased by 2.3 million barrels each to 221.6 million barrels and 125 million barrels, respectively. The EIA reported that U.S. East Coast distillate inventories increased by 1.8 million barrels to 37.22 million barrels, the highest level since January 2022.

Energy facilities along the U.S. Gulf Coast scaled back operations and evacuated some production sites as Hurricane Francine passed through the region. U.S. offshore regulator Bureau of Safety and Environmental Enforcement said about 39% of crude production and 49% of natural gas output in the U.S. Gulf of Mexico were shut on Wednesday as Hurricane Francine moved towards the Louisiana coast. According to the U.S. Coast Guard, the port of Brownsville near the border with Mexico and other smaller terminals in Texas remained closed, while other ports, including Houston, Galveston, Corpus Christi, Texas City and Freeport, were working with restrictions. Between Texas and Louisiana, ports from Beaumont, to Plaquemines imposed restrictions to vessel traffic. Ports in Houma, Morgan City and the Louisiana Offshore Oil Port were closed to navigation. The U.S. Coast Guard suspended operations at Port Fourchon in Louisiana ahead of hurricane Francine. Louisiana Offshore Oil Port (LOOP) said that it suspended marine operations and executed its inclement weather plan due to Hurricane Francine.

IIR Energy said U.S. oil refiners are expected to shut in about 530,000 bpd of capacity in the week ending September 13th, cutting available refining capacity by 23,000 bpd. Offline capacity is expected to fall to 454,000 bpd in the week ending September 20th.

Oil refiners and fuel distributors along the Louisiana coast were preparing to weather the storm. Citgo Petroleum said its Lake Charles oil refinery was implementing its hurricane plan. Exxon Mobil Corp's Baton Rouge, Louisiana refinery was cutting back production on Tuesday as Hurricane Francine was forecast to pass just east of its location. Exxon plans to cut production to as low as 20% of the Baton Rouge refinery's 522,500 bpd capacity by Wednesday when Francine moves ashore. Meanwhile, Exxon and Shell Plc's 233,702 bpd Norco, Louisiana refinery were planning rely on "ridethrough" crews to operate the refineries during the storm's passage.

Early Market Call - as of 8:30 AM EDT

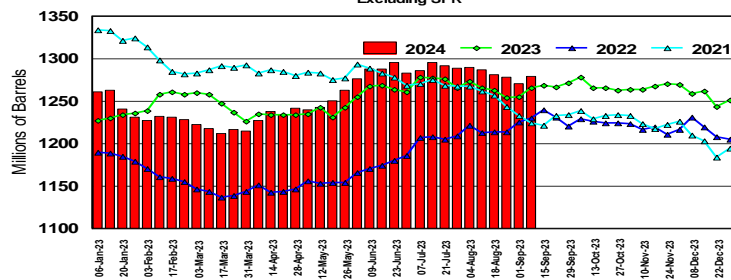
WTI - Oct \$68.26, up 95 cents
 RBOB - Oct \$1.9075, up 1.03 cents
 HO - Oct \$2.0983, up 66 points

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	2.0917	0.0337	-0.0658
Oct-24	2.1053	0.0314	-0.0699
Nov-24	2.1181	0.0303	-0.0705
Dec-24	2.1293	0.0301	-0.0688
Jan-25	2.1333	0.0302	-0.0667
Feb-25	2.1280	0.0303	-0.0654
Mar-25	2.1201	0.0302	-0.0633
Apr-25	2.1178	0.0301	-0.0601
May-25	2.1192	0.0303	-0.0563
Jun-25	2.1289	0.0304	-0.0541
Jul-25	2.1387	0.0302	-0.0522
Aug-25	2.1490	0.0301	-0.0500
Sep-25	2.1593	0.0300	-0.0471
Oct-25	2.1648	0.0292	-0.0439
Nov-25	2.1667	0.0284	-0.0405
Dec-25	2.1707	0.0279	-0.0368
Jan-26	2.1333	-0.0077	-0.0703

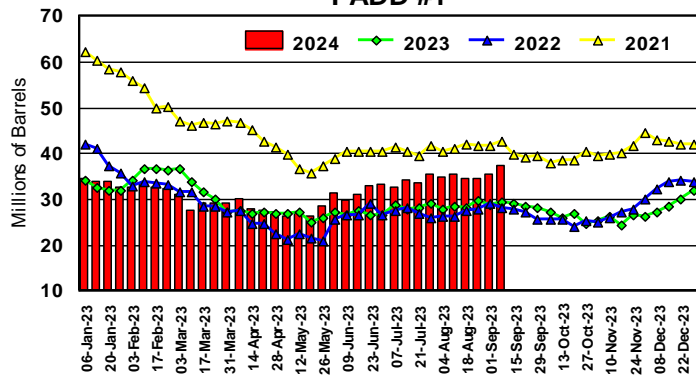
Sprague HeatCurve October 2024-April 2025		\$2.1216	
		Close	
Crude - WTI	Nov Brent-WTI Spread \$4.01	\$66.6000	\$1.4600
Crude - Brent		\$70.6100	\$1.4200
Natural Gas		\$2.2700	\$0.0380
Gasoline		\$1.8972	\$0.0272

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending September 6, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 833,000 barrels
 Cushing, OK Crude Stocks Down 1.704 million barrels
Gasoline Stocks Up 2.31 million barrels
Distillate Stocks Up 2.308 million barrels
Refinery % Operated 92.8%, down 0.5%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Sept. 6, 2024	Week Ending Aug. 30, 2024	Week Ending Sept. 8, 2023
New England	5.3	4.8	3.7
Central Atlantic	19.5	18.5	15.6
Total PADD #1	37.2	35.4	29.4
Distillate Imports (thousands b/d)	112	119	156

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