



MarketWatch | Refined Products

Friday, September 13, 2024

Market Commentary

Recap: The crude market rallied higher on Thursday extending Wednesday's gains amid concerns over Hurricane Francine's impact on U.S. output. The market was well supported as the extent of the hurricane's impact on energy production began to emerge, with higher estimates of lost output from the more than 171 offshore platforms that were evacuated due to the storm. The oil market opened slightly higher and posted a low of \$67.24 early in the session. It extended its gains to \$2.50 as it rallied to a high of \$69.81 by mid-day. The market later erased some of its gains ahead of the close. The October WTI contract settled up \$1.66 at \$68.97 and the November Brent contract settled up \$1.36 at \$71.97. The product markets ended the session higher, with the heating oil market settling up 2.71 cents at \$2.1188 and the RB market settling up 2.98 cents at \$1.9270.

Technical Analysis: The oil market on Friday will likely erase some of Thursday's gains as the impact of the storm on output is expected to be short-lived, with operations beginning to return to normal. The market will likely refocus on concerns over demand. The market is seen finding resistance at its high of \$69.81, \$69.98, \$70.13, \$70.82 followed by \$71.46 and \$72.89. Meanwhile, support is seen at \$68.85, \$67.80, \$67.24, \$65.63, \$65.27 and \$63.64.

Fundamental News: U.S. energy producers on Thursday were assessing the extent of damage from Hurricane Francine to their U.S. Gulf of Mexico infrastructure while export ports in southern Texas began to reopen. The extent of Francine's impact on energy production began to emerge with new, higher estimates of lost output from the more than 171 offshore platforms that were evacuated. The U.S. Bureau of Safety and Environmental Enforcement said that about 730,000 bpd or 42% of crude oil production and 53% of natural gas output in the U.S. Gulf of Mexico were shut on Thursday. Shell said that downstream issues stemming from hurricane Francine led to curtailed production at Appomattox, Mars, Vito, Ursa, and Olympus in the Gulf of Mexico. It said it started redeploying personnel to its Perdido asset, while production there and at its Auger and Enchilada/Salsa assets is still shut in. It also stated that drilling remained paused at its Whale asset. Woodside Energy shut-in oil and gas output on Wednesday at its Shenzi offshore production platform in the U.S. Gulf of Mexico. A Woodside spokesperson said an onshore refinery lost power prompting the shut-in. The company earlier had partially evacuated staff from the platform ahead of the arrival of Hurricane Francine. Top U.S. oil and fuel export ports from south to central Texas reopened. The U.S. Coast Guard said the port of Corpus Christi lifted restrictions, while ports in Freeport, Houston to as far north as Sabine reopened. Louisiana ports including Cameron, Lake Charles, New Orleans, Plaquemines, St. Bernard and sections of the Mississippi River remained closed.

UBS said Hurricane Francine likely disrupted about 1.5 million barrels of U.S. oil production. It said oil production in the Gulf of Mexico in September will be reduced by about 50,000 bpd.

In its monthly report, the IEA cut its 2024 oil demand growth forecast by 70,000 bpd or about 7.2% from a previous estimate to 900,000 bpd. The agency cited a slowdown in Chinese demand as the main driver of weaker global demand growth. It now expects Chinese demand to grow by 180,000 bpd in 2024 as a broader macroeconomic slowdown coincides with higher uptake of electric vehicles. The IEA left its 2025 world oil demand growth forecast unchanged at 950,000 bpd. It said current trends reinforce its expectation that global oil demand will plateau by the end of the decade. It said the current balances suggest the world oil market will be oversupplied in 2025 if OPEC+ proceeds with its proposed unwinding of cuts. The IEA said increasing global oil supply is being driven by higher non-OPEC output, with the agency forecasting non-OPEC supply growth at 1.5 million bpd for this year and next, with higher production from the United States, Guyana, Canada and Brazil.

Early Market Call - as of 8:40 AM EDT

WTI - Oct \$69.79, up 82 cents
 RBOB - Oct \$1.9511, up 2.41 cents
 HO - Oct \$2.1249, up 61 points

All NYMEX | Prior Settlements

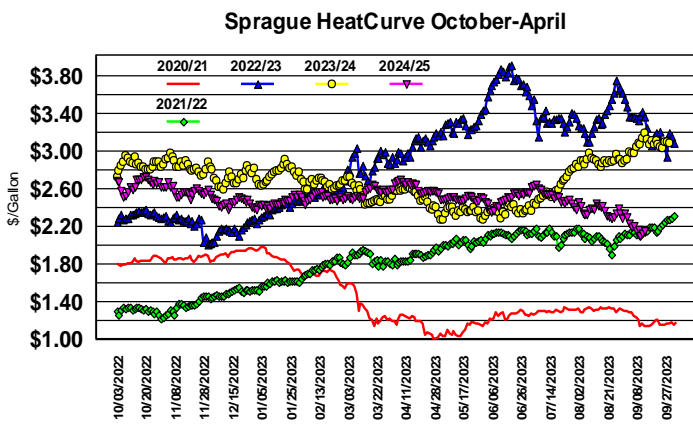
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	2.1188	0.0271	-0.0501
Oct-24	2.1340	0.0287	-0.0506
Nov-24	2.1466	0.0285	-0.0508
Dec-24	2.1569	0.0276	-0.0506
Jan-25	2.1606	0.0273	-0.0487
Feb-25	2.1557	0.0277	-0.0467
Mar-25	2.1482	0.0281	-0.0439
Apr-25	2.1458	0.0280	-0.0408
May-25	2.1465	0.0273	-0.0378
Jun-25	2.1560	0.0271	-0.0358
Jul-25	2.1659	0.0272	-0.0337
Aug-25	2.1763	0.0273	-0.0312
Sep-25	2.1867	0.0274	-0.0282
Oct-25	2.1917	0.0269	-0.0260
Nov-25	2.1931	0.0264	-0.0234
Dec-25	2.1968	0.0261	-0.0201
Jan-26	2.1606	-0.0087	-0.0523

Sprague HeatCurve October 2024-April 2025		Close	
Crude - WTI	Nov Brent- WTI Spread \$3.82	\$68.1500	\$1.5500
Crude - Brent		\$71.9700	\$1.3600
Natural Gas		\$2.3570	\$0.0870
Gasoline		\$1.9270	\$0.0298

EIA Working Gas Storage Report

	06-Sep-24	30-Aug-24	Change	06-Sep-23
East	780	761	19	772
Midwest	950	922	28	896
Mountain	273	270	3	223
Pacific	285	289	-4	258
South Central	1098	1105	-7	1,039
Salt	266	267	-1	241
Nonsalt	832	838	-6	799
Total	3387	3347	40	3,189

Sprague HeatCurve October-April



October WTI



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