



MarketWatch | Refined Products

Friday, September 20, 2024

Market Commentary

Recap: The oil market traded higher on Thursday as the market focused the Federal Reserve's decision on Wednesday to cut interest rates by half a percentage point. The market was also well supported by the increased tensions in the Middle East. In overnight trading, the market opened lower as demand concerns seemed to initially outweigh supply risk. The crude market opened at a low of \$70.13. However, the market bounced off its low and retraced its earlier losses. The market breached its previous high of \$71.92 and extended its gains to over \$1.50 as it rallied to a high of \$72.49 in afternoon trading. The market traded higher following the news that the Israeli military launched attacks against Hezbollah targets in Lebanon on Thursday and Hezbollah's leader Hassan Nasrallah said the attacks on its members amounted to a declaration of war. The October WTI later retraced some of its gains and settled up \$1.04 at \$71.95. The November Brent contract settled up \$1.23 at \$74.88. The product markets ended the session in positive territory, with the heating oil market settling up 2.45 cents at \$2.1720 and the RB market settling up 4.93 cents at \$2.06.

Technical Analysis: The crude market is seen retracing some of its gains on Friday ahead of the October WTI contract's expiration at the close. However, its losses will be limited as the market focuses on the escalating tension in the Middle East and Federal Reserve's decision to cut interest rates by 50 basis points. The market is seen finding resistance at its high of \$72.49 followed by \$72.89 and \$74.41. More distant resistance is seen at \$76.59 and \$76.91. Meanwhile, support is seen at its lows of \$70.13, \$69.73, \$69.61, \$68.65, \$68.47, \$68.15 and \$67.24.

Fundamental News: Israel launched a wave of airstrikes against Hezbollah targets in Lebanon on Thursday, as Hezbollah's leader Hassan Nasrallah said two days of attacks on its members amounted to a declaration of war.

Iran's Revolutionary Guards Commander Hossein Salami told Hezbollah Chief Hassan Nasrallah that Israel will face "a crushing response from the axis of resistance following attacks on Lebanese Hezbollah's communication devices. The axis of resistance refers to Iran-aligned armed groups in the Middle East, including Lebanon's Hezbollah, Yemen's Houthis, and Iraq's Popular Mobilization Forces. Lebanon and Hezbollah have blamed Israel for the attacks on Tuesday and Wednesday that killed 37 people and wounded around 3,000, although Israel has not directly commented on the attacks, which security sources say were probably carried out by its Mossad spy agency.

The EPA reported that the U.S. generated 639 million biodiesel blending credits in August, down from 828 million blending credits in July. It also reported that the U.S. generated 1.32 billion ethanol blending credits in August, up from 1.33 billion in July.

Exxon Mobil reported a process unit upset at its 609,024 bpd Beaumont, Texas refinery.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude output in July increased by 111,000 bpd to 8.941 million bpd. Saudi Arabia's crude oil exports in July fell to 5.741 million bpd, the lowest level since August 2023 from 6.047 million bpd in June.

The number of Americans filing new applications for unemployment benefits unexpectedly fell last week. The U.S. Labor Department said initial claims for state unemployment benefits fell by 12,000 to a seasonally adjusted 219,000 in the week ending September 14th. The number of people receiving benefits after an initial week of aid fell 14,000 to a seasonally adjusted 1.829 million during the week ending September 7th.

Traders added to bets the U.S. Federal Reserve's next rate cut will be smaller than the one it delivered on Wednesday, after economic data showed an unexpected decline in unemployment insurance claims.

Early Market Call - as of 8:30 AM EDT

WTI - Oct \$71.65, down 30 cents
 RBOB - Oct \$2.0501, down 99 points
 HO - Oct \$2.1703, down 17 points

All NYMEX | Prior Settlements

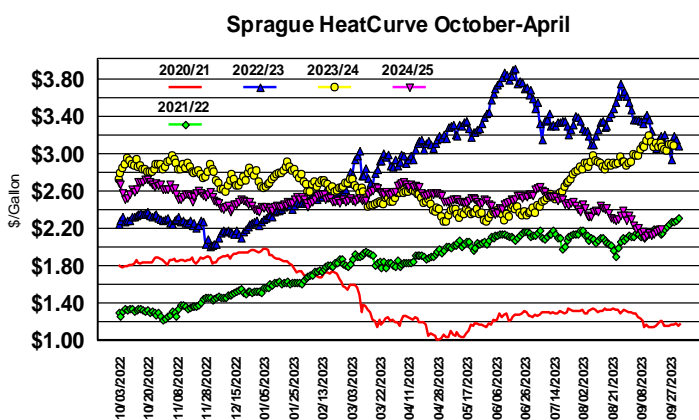
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-24	2.1720	0.0245	0.0532
Nov-24	2.1824	0.0236	0.0484
Dec-24	2.1904	0.0219	0.0438
Jan-25	2.1996	0.0215	0.0427
Feb-25	2.2011	0.0208	0.0405
Mar-25	2.1954	0.0205	0.0397
Apr-25	2.1868	0.0196	0.0386
May-25	2.1839	0.0194	0.0381
Jun-25	2.1848	0.0194	0.0383
Jul-25	2.1935	0.0190	0.0375
Aug-25	2.2024	0.0185	0.0365
Sep-25	2.2116	0.0180	0.0353
Oct-25	2.2205	0.0171	0.0338
Nov-25	2.2244	0.0162	0.0327
Dec-25	2.2256	0.0158	0.0325
Jan-26	2.2293	0.0156	0.0325
Feb-26	2.2011	-0.0104	0.0063

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.72	\$71.1600	\$1.2800
Crude - Brent		\$74.8800	\$1.2300
Natural Gas		\$2.3480	\$0.0640
Gasoline		\$2.0600	\$0.0493

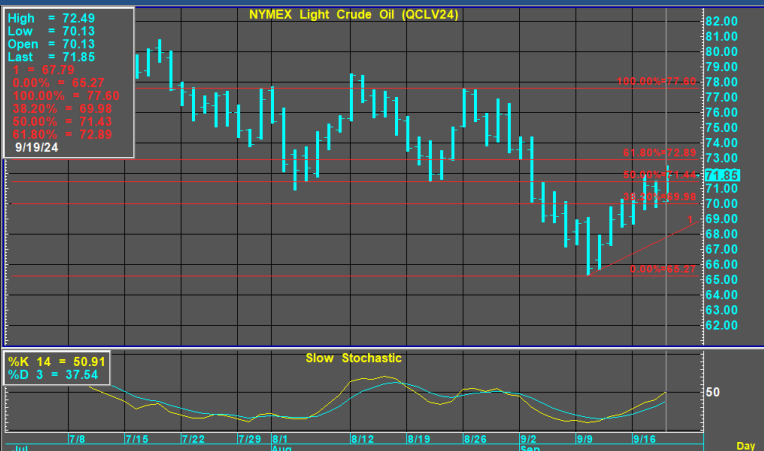
EIA Working Gas Storage Report

	13-Sep-24	06-Sep-24	Change	13-Sep-23
East	802	780	22	788
Midwest	973	950	23	923
Mountain	275	273	2	227
Pacific	283	285	-2	262
South Central	1111	1098	13	1,050
Salt	271	266	5	242
Nonsalt	840	832	8	808
Total	3445	3387	58	3,251

Sprague Heat Curve October-April



October WTI



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