



MarketWatch | Refined Products

Thursday, September 26, 2024

Market Commentary

Recap: The crude oil market on Wednesday retraced some of its previous gains despite the weekly petroleum stocks reports showing a larger than expected draw in crude stocks. The market was pressured as concerns over output disruptions in Libya eased. The oil market posted a high of \$71.72 in overnight trading before it started to retrace its previous gains. The market mostly dismissed the API report, which showed a larger than expected draw of 4.34 million barrels in crude stocks as well as draws in distillate and gasoline stocks. The market was also pressured as the market reassessed whether China's latest stimulus plan would be enough to support its economy and a change in the forecast track for Tropical Storm Helene that had it moving away from oil and gas producing areas in Texas, Louisiana and Mississippi. The crude market traded below the \$70.00 level early in the morning before it bounced off its lows and traded over the \$71.00 level following the EIA report, which showed a large draw of over 4.4 million barrels in crude stocks and draws in products stocks. However, the market failed to sustain any of its gains and extended its losses to over \$2.30 as it posted a low of \$69.23 in afternoon trading. It retraced more than 38% of its move from a low of \$64.61 to a high of \$72.40. The market traded lower after Libya's factions signed an agreement, an initial step in resolving the dispute that caused a cut in Libya's output and exports. The crude market later traded in a sideways trading range ahead of the close. The November WTI contract settled down \$1.87 at \$69.69 and the November Brent contract settled down \$1.71 at \$73.46. The product markets also ended lower, with 2.98 cents at \$1.9999.

Technical Analysis: The oil market on Thursday will likely retrace some of its losses as it may refocus on the larger than expected draws reported in oil inventories. However, its gains will remain limited by some less supportive news, including an agreement between Libyan factions that could help restart some of the country's shut in output and exports and the continuing diplomatic efforts to avoid an all-out war between Israel and Lebanon's Hezbollah. The crude market is seen at \$69.23, \$69.13, \$68.58-\$68.51, \$67.70, \$67.58 and \$66.55. Meanwhile, resistance is seen at \$71.72, \$72.40, \$72.55 followed by \$73.35, \$75.31 and \$75.51.

Fundamental News: U.S. Secretary of State, Antony Blinken, said the risk of escalation in the Middle East was "acute" and that both the U.S. and its allies were working to avoid a full-blown war between Israel and the Lebanon's armed group Hezbollah. Earlier, White House national security spokesperson, John Kirby, said the United States is deeply concerned by reports of a Hezbollah rocket attack aimed at Israel's intelligence service, but still believes a diplomatic solution can de-escalate tensions on the Lebanon-Israel border.

The Bureau of Safety and Environmental Enforcement said that about 29% of crude production and 17% of natural gas output in the U.S. Gulf of Mexico were shut in response to Hurricane Helene. Energy companies shut in 511,000 bpd of oil production and nearly 313 million cubic feet of natural gas from Gulf waters.

Shell said that following a change in the forecast track of Tropical Storm Helene, it has started to restore production at the Appomattox platform in the Gulf of Mexico to normal levels. However, Equinor shut in operations and evacuated staff at its Titan platform in the Gulf of Mexico as of Tuesday morning due to approaching Hurricane Helene. Also, Chevron said it was shutting in production at its Gulf of Mexico facilities and evacuating all associated personnel due to the approaching hurricane.

The United Nations Libya mission said Libya's factions signed an agreement on the procedures, criteria and timelines for appointing a governor, deputy governor and board of directors for the country's central bank. The agreement could help defuse a crisis over control of the central bank and oil revenue that has caused a cut in Libya's oil output and exports.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.03 million bpd of capacity in the week ending September 27th, cutting available refining capacity by 36,000 bpd.

Early Market Call - as of 8:20 AM EDT

WTI - Nov \$67.77, down \$1.92

RBOB - Oct \$1.9700 down 2.99 cents

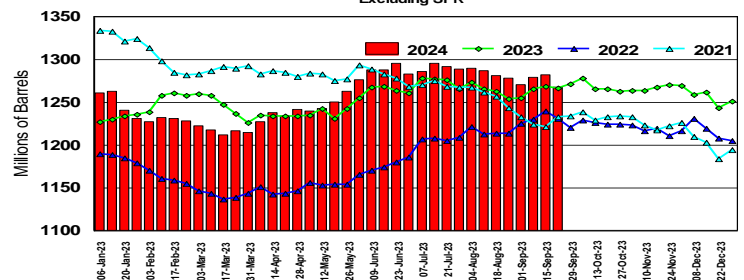
HO - Oct \$2.1197, down 4.05 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-24	2.1602	-0.0203	0.0127
Nov-24	2.1769	-0.0222	0.0181
Dec-24	2.1875	-0.0231	0.0190
Jan-25	2.1978	-0.0231	0.0197
Feb-25	2.2009	-0.0230	0.0206
Mar-25	2.1958	-0.0230	0.0209
Apr-25	2.1873	-0.0231	0.0201
May-25	2.1857	-0.0230	0.0212
Jun-25	2.1881	-0.0226	0.0227
Jul-25	2.1978	-0.0223	0.0233
Aug-25	2.2074	-0.0221	0.0235
Sep-25	2.2173	-0.0219	0.0237
Oct-25	2.2269	-0.0214	0.0235
Nov-25	2.2317	-0.0206	0.0235
Dec-25	2.2337	-0.0198	0.0239
Jan-26	2.2380	-0.0191	0.0243
Feb-26	2.2009	-0.0536	-0.0106

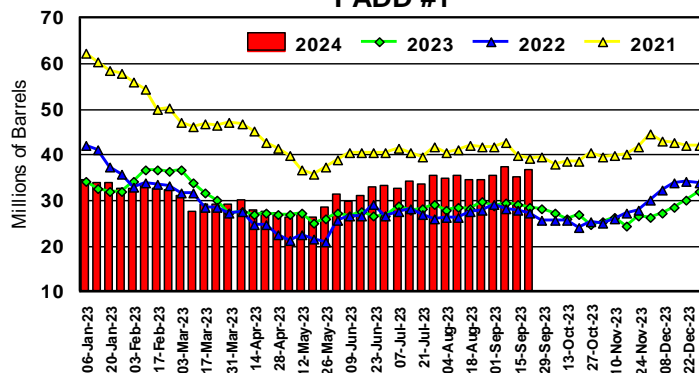
Sprague HeatCurve October 2024-April 2025		Close	
Crude - WTI	Nov Brent- WTI Spread \$3.77	\$69.6900	-\$1.8700
Crude - Brent		\$73.4600	-\$1.7100
Natural Gas		\$2.6370	\$0.0860
Gasoline		\$1.9999	-\$0.0298

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending September 20, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 4.471 million barrels
Cushing, OK Crude Stocks Up 116,000 barrels
Gasoline Stocks Down 1.538 million barrels
Distillate Stocks Down 2.227 million barrels
Refinery % Operated 90.9%, down 1.2%

PADD #1

	Week Ending Sept. 20, 2024	Week Ending Sept. 13, 2024	Week Ending Sept. 21, 2023
Distillate Stocks (in million bbl)			
New England	5.2	5.2	3.2
Central Atlantic	18.9	18.2	15.4
Total PADD #1	36.7	35.2	28.4
Distillate Imports (thousands b/d)	85	97	77

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