



MarketWatch | Refined Products

Wednesday, October 2, 2024

Market Commentary

Recap: The oil market on Tuesday posted an outside trading day after it continued to trade for two consecutive days within last Thursday's trading range. The market was initially pressured by the prospect of increased supply, with Libya's output expected to recover after an agreement on a new head of the central bank was reached and the official and his deputy took their oath before Libya's parliament on Tuesday. The market was also pressured by the expectation that OPEC+ will increase its output by 180,000 bpd starting in December. The crude market traded mostly sideways before it sold off sharply and breached its previous lows as it posted a low of \$66.33. However, the market bounced off that level and rallied amid reports of a U.S. official stating that the U.S. had indications that Iran was preparing to imminently launch a missile attack against Israel. The market extended its gains to \$3.77 as it posted a high of \$71.94 after Iran fired ballistic missiles at Israel. The November WTI contract later erased some of its gains ahead of the close and settled up \$1.66 at \$69.83, while the December Brent contract settled up \$1.86 at \$73.56. The product markets ended sharply higher as well with the heating oil market settling up 1.98 cents at \$2.1742 and the RB market settling up 3.15 cents at \$1.9666.

Technical Analysis: The oil market is seen trending sideways as it awaits for Israel's response to Iran's attack on the country on Tuesday. The last time Iran attacked Israel in April, Israel retaliated in limited ways and the geopolitical price premium eased as there was no disruption to oil supply. A similar scenario can take place once again, assuming there is no disruption. However, the geopolitical context has changed with Israel killing the leader of the Lebanese militia Hezbollah, which weakened one of Iran's major proxies and has limited its ability to strike back against Israel. The market's direction will be driven by the headlines regarding Israel's response. The oil market is seen finding resistance at its high of \$71.94, \$72.40, \$72.55 and \$73.55. More distant resistance is seen at \$75.31, \$75.51, \$76.21 and \$76.40. Meanwhile, support is seen at \$69.80, \$67.50, its low of \$66.33, \$64.99 and \$64.61.

Fundamental News: Iran fired ballistic missiles at Israel on Tuesday in retaliation for Israel's campaign against Tehran's Hezbollah allies in Lebanon. Reuters journalists saw missiles intercepted in the airspace of neighboring Jordan. Iran's elite Revolutionary Guards said they launched tens of missiles towards Israel and warned that if Israel retaliated Iran's response would be "more crushing and destructive." The missile launches were ordered by Supreme Leader Ayatollah Ali Khamenei. Israeli media reports said nearly 200 missiles had been launched into Israel from Iran. Earlier, the military had announced that any ballistic missile strike from Iran was expected to be widespread and told the public to shelter in safe rooms in the event of an attack. Iran had vowed to retaliate following attacks that killed the top leadership of its Hezbollah allies in Lebanon. The firing of missiles came after Israel said its troops had launched ground raids into Lebanon, though it described the attacks as limited. In Washington, U.S. President Joe Biden said the United States was prepared to help Israel defend itself from Iranian missile attacks. A senior White House official, the U.S. was actively supporting preparations to defend Israel against the possible attack. Iran had vowed to strike Israel for the assassination of Hezbollah's leader, Hassan Nasrallah, in southern Beirut and the killing of Hamas' political leader while in Tehran.

Earlier, Israel said intense fighting erupted with Hezbollah in south Lebanon on Tuesday after its paratroops and commandos launched raids there, at the start of a ground incursion and following airstrikes against Hezbollah's leadership.

Russia called on Israel to withdraw troops from Lebanon, warning that the attack would lead to a further escalation of violence in the Middle East.

Early Market Call - as of 8:35 AM EDT

WTI - Nov \$71.75, up \$1.92

RBOB - Nov \$2.0043, up 3.77 cents

HO - Nov \$2.2283, up 5.41 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-24	\$2.1742	\$0.0198	-\$0.0249
Dec-24	\$2.1869	\$0.0238	-\$0.0237
Jan-25	\$2.1980	\$0.0264	-\$0.0229
Feb-25	\$2.2017	\$0.0272	-\$0.0222
Mar-25	\$2.1962	\$0.0273	-\$0.0226
Apr-25	\$2.1887	\$0.0280	-\$0.0217
May-25	\$2.1879	\$0.0281	-\$0.0208
Jun-25	\$2.1917	\$0.0277	-\$0.0190
Jul-25	\$2.2021	\$0.0278	-\$0.0180
Aug-25	\$2.2123	\$0.0278	-\$0.0172
Sep-25	\$2.2226	\$0.0280	-\$0.0166
Oct-25	\$2.2330	\$0.0283	-\$0.0153
Nov-25	\$2.2392	\$0.0285	-\$0.0131
Dec-25	\$2.2426	\$0.0292	-\$0.0109
Jan-26	\$2.2482	\$0.0294	-\$0.0089
Feb-26	\$2.2466	\$0.0289	-\$0.0079
Mar-26	\$2.2394	\$0.0284	-\$0.0077

Sprague HeatCurve October 2025-April 2026			\$2.2417
		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$4.17	\$69.3900	\$1.6200
Crude - Brent		\$73.5600	\$1.8600
Natural Gas		\$2.8960	-\$0.0270
Gasoline		\$1.9666	\$0.0315

API Report for the Week Ending September 27, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 1.46 million barrels	Unchanged
Gasoline Stocks	Up 437,000 barrels	Down 400,000 barrels
Distillate Stocks	Down 2.67 million barrels	Down 1.7 million barrels
Refinery Runs		Down 0.9% at 90%

NYMEX November Heating Oil



NYMEX November WTI



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