



MarketWatch | Refined Products

Wednesday, October 16, 2024

Market Commentary

Recap: The crude market continued to sell off on Tuesday on a report suggesting that Israel would not strike Iranian oil facilities, easing fears of a supply disruption. The market was also pressured by weaker demand forecasts. The Washington Post reported that Israel's Prime Minister said Israel was willing to strike Iranian military targets and not its oil or nuclear facilities in retaliation for Iran's October 1st missile attack. Also, the IEA was the latest agency to cut its 2024 world oil demand growth forecast, cutting its forecast by 40,000 bpd to 860,000 bpd. The oil market continued to sell off overnight following Monday's steep decline in the post settlement period. It posted a high of \$72.12 and sold off to a low of \$69.71 early in the morning as it retraced more than 62% of its move from a low of \$64.61 to a high of \$78.46. However, it later retraced some of its losses and traded in a sideways trading range during the remainder of the session. The November WTI contract settled down \$3.25 at \$70.58 and the December Brent contract settled down \$3.21 at \$74.25. Meanwhile, the product markets ended the session in negative territory, with the heating oil market settling down 8.65 cents at \$2.1877 and the RB market settling down 7.09 cents at \$2.0377.

Technical Analysis: The oil market is seen retracing some of its losses on Wednesday as the market positions itself ahead of the release of the weekly oil stocks reports, which are expected to show builds in crude stocks of about 2 million barrels and draws in product stocks of 2 million barrels in distillate stocks and 1.5 million barrels in gasoline stocks. While the market has given up some of its recent gains on news that Israel will not target Iran's oil or nuclear installations, the market may still remain wary and wait and see its final decision after Israel said it would act on its own assessments. The crude market is seen finding support at its low of \$69.71, \$67.59, \$66.33, \$64.99 and \$64.61. Meanwhile, resistance is seen at \$72.12, \$73.05, \$74.08 and \$75.12.

Fundamental News: The Washington Post reported that Israel's Prime Minister Benjamin Netanyahu told the Biden administration that it was willing to strike military targets rather than oil or nuclear facilities in Iran. Later, Israel said it was weighing U.S. warnings against striking Iran's energy sites but will act on its own assessments.

The IEA further cut its global oil demand growth forecast for this year citing weakness in China and said the market was heading for a sizeable surplus in 2025 in the absence of a major supply disruption. The IEA cut its 2024 world oil demand growth forecast to 860,000 bpd from a previous forecast of 900,000 bpd. The agency now expects Chinese demand to grow by only 150,000 barrels per day in 2024, after consumption fell by 500,000 bpd in August compared with the same month last year, a fourth consecutive month of declines. The IEA however raised its 2025 world oil demand growth forecast to 1 million bpd compared with a previous forecast of 950,000 bpd. In regards to the Iran-Israel tension, it stands ready to act if needed. The IEA's public oil stocks are over 1.2 billion barrels. It also added that OPEC+'s spare production capacity stands at historic highs.

Axios reported that U.S. Secretary of State Antony Blinken and Defense Secretary Lloyd Austin said Israel must take urgent steps to improve the humanitarian situation in Gaza to avoid legal action involving U.S. military aid.

Hezbollah's deputy chief Naim Qassem said the group would inflict "pain" on Israel but he also called for a ceasefire as a conflict continues between them in south Lebanon. On Monday, Prime Minister Benjamin Netanyahu said Israel would continue to attack Hezbollah "without mercy, everywhere in Lebanon – including Beirut".

Early Market Call - as of 8:52 AM EDT

WTI - Nov \$70.90 up 32 cents
 RBOB - Nov \$2.0447 up 70 points

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-24	\$2.1877	-\$0.0865	-\$0.1095
Dec-24	\$2.1999	-\$0.0874	-\$0.1102
Jan-25	\$2.2095	-\$0.0879	-\$0.1104
Feb-25	\$2.2154	-\$0.0872	-\$0.1077
Mar-25	\$2.2108	-\$0.0853	-\$0.1044
Apr-25	\$2.2023	-\$0.0837	-\$0.1032
May-25	\$2.1978	-\$0.0824	-\$0.1022
Jun-25	\$2.1963	-\$0.0810	-\$0.1006
Jul-25	\$2.2051	-\$0.0799	-\$0.0980
Aug-25	\$2.2146	-\$0.0789	-\$0.0957
Sep-25	\$2.2251	-\$0.0778	-\$0.0937
Oct-25	\$2.2354	-\$0.0771	-\$0.0927
Nov-25	\$2.2414	-\$0.0770	-\$0.0931
Dec-25	\$2.2450	-\$0.0766	-\$0.0938
Jan-26	\$2.2501	-\$0.0752	-\$0.0932
Feb-26	\$2.2482	-\$0.0735	-\$0.0916
Mar-26	\$2.2392	-\$0.0722	-\$0.0904

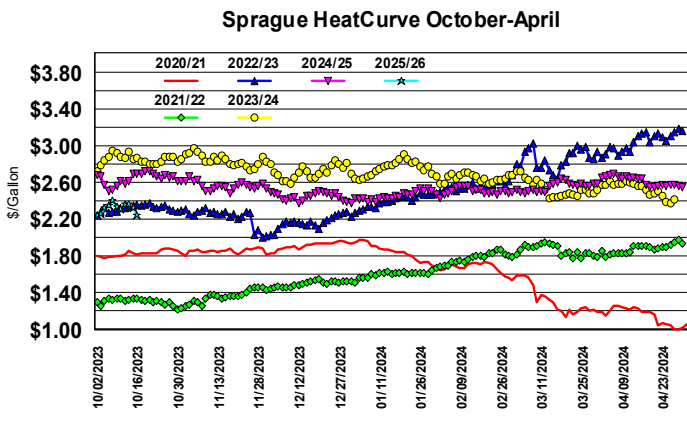
Sprague HeatCurve October 2025-April 2026 \$2.2430

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$4.24	\$70.0100	-\$3.2300
Crude - Brent		\$74.2500	-\$3.2100
Natural Gas		\$2.4980	\$0.0040
Gasoline		\$2.0377	-\$0.0709

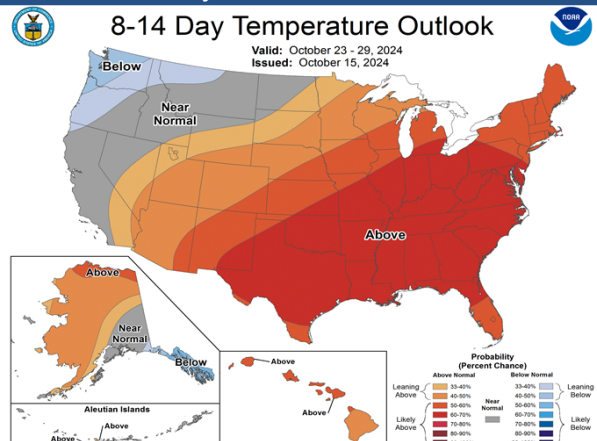
NYMEX November WTI



Sprague HeatCurve October-April



8-14 Day Weather Forecast



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