



# MarketWatch | Refined Products

Wednesday, October 23, 2024

## Market Commentary

**Recap:** The crude market on Tuesday extended the gains posted on Monday as the market remained well supported by the latest economic stimulus measures announced in China to support its economy. The market continued to trade higher after China on Monday cut its benchmark lending rates as part of the government's latest stimulus measures. The oil market, which posted an inside trading day on Monday, posted a low of \$70.05 in overnight trading before it rallied higher and retraced more than 38% of its move from a high of \$78.46 to a low of \$68.69. The market breached its previous highs and traded to a high of \$72.66 in afternoon trading. The market was also supported ahead of the November WTI contract's expiration at the close. The November WTI contract later traded in a sideways trading range ahead of the close and expired up \$1.53 at \$72.09. The December WTI contract settled up \$1.70 at \$71.74 and the December Brent contract settled up \$1.75 at \$76.04. The product markets ended the session sharply higher, with the heating oil market settling up 5.37 cents at \$2.2370 and the RB market settling up 5.68 cents at \$2.0715.

**Technical Analysis:** The crude market on Wednesday will be driven by the latest weekly petroleum stocks reports, which are expected to show builds in crude stocks and draws in product stocks. The market will also remain supported as concerns over the conflict in the Middle East persist. It continues to await the expected Israeli retaliation against Iran. The oil market is seen finding resistance at its high of \$72.09, basis the December contract, \$72.94, \$74.06, \$74.35, \$75.28, \$75.45. Meanwhile, support is seen at \$69.35, \$68.46, \$68.17, \$67.94 and \$65.99.

**Fundamental News:** On Tuesday, Hezbollah said it had fired rockets at two bases near the Israeli city of Tel Aviv and one west of Haifa on Tuesday morning just hours before U.S. Secretary of State Antony Blinkin arrived in Israel to make another push for a ceasefire. Diplomatic efforts have so far failed to bring an end to the year-long war in the Palestinian territory of Gaza and its spillover conflict between the Lebanese armed group Hezbollah and Israel, which has intensified in recent weeks. He will meet Israeli Prime Minister Benjamin Netanyahu, Defense Minister Yoav Gallant and other officials during the day as part of a week-long Middle East visit that also includes Jordan and Qatar. A senior State Department official said that in Israel, Blinkin will discuss Israel's anticipated retaliation for a ballistic missile attack launched by Iran on October 1<sup>st</sup>. Meanwhile, Iran's Foreign Minister Abbas Araçchi, said Tehran does not seek war in the Middle East and has made efforts to reduce tensions but is prepared for any conflict.

Iran's Revolutionary Guards' cultural and social commander, Mohammad Ali Jafari, said Israel is unlikely to make a "significant move" against Iran but could instead mount a symbolic limited attack. He added that Iran's response would depend on the intensity of Israel's retaliation, and that if Israel ended up carrying out a significant attack, Iran would respond with a higher-intensity offensive against Israel.

Shale producers' West Texas Midland crude is getting lighter, which could make it less appealing to some refiners. Super-light crudes would have to be blended with heavier grades for processing into gasoline, diesel and jet fuel. Less supply of heavy crude and high prices for it could cut demand for WTI Midland, which could result in lower prices for the globally used dated Brent benchmark of which WTI has become an integral part. It has become a central part of Brent, a group of North Sea grades used to price over 75% of the world's crude. However, shale producers in the Permian basin of west Texas and New Mexico have been producing lighter crude. Shale producers are pumping lighter oil as they exhaust first-tier production areas and move into second-tier acreage. These wells yield more natural gas, with crude pushing into super-light territory. Sources said refiners, pipeline operators and others have begun discussing the need for a lighter gravity benchmark, which would help buyers differentiate WTI Midland from super-light streams of oil.

**Early Market Call - as of 8:50 AM EDT**

WTI - Dec \$70.59, down \$1.15

RBOB - Nov \$2.0401, down 3.14 cents

HO - Nov \$2.2148, down 2.22 cents

## All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-24	\$2.2370	\$0.0537	\$0.0493
Dec-24	\$2.2471	\$0.0523	\$0.0472
Jan-25	\$2.2559	\$0.0517	\$0.0464
Feb-25	\$2.2591	\$0.0505	\$0.0437
Mar-25	\$2.2533	\$0.0493	\$0.0425
Apr-25	\$2.2436	\$0.0479	\$0.0413
May-25	\$2.2387	\$0.0467	\$0.0409
Jun-25	\$2.2374	\$0.0457	\$0.0411
Jul-25	\$2.2460	\$0.0452	\$0.0409
Aug-25	\$2.2552	\$0.0446	\$0.0406
Sep-25	\$2.2649	\$0.0440	\$0.0398
Oct-25	\$2.2737	\$0.0432	\$0.0383
Nov-25	\$2.2789	\$0.0429	\$0.0375
Dec-25	\$2.2819	\$0.0426	\$0.0369
Jan-26	\$2.2869	\$0.0421	\$0.0368
Feb-26	\$2.2858	\$0.0418	\$0.0376
Mar-26	\$2.2777	\$0.0416	\$0.0385

Sprague HeatCurve October 2025-April 2026			\$2.2806
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$4.30	\$71.7400	\$1.7000
Crude - Brent		\$76.0400	\$1.7500
Natural Gas		\$2.3110	-\$0.0010
Gasoline		\$2.0715	\$0.0568

## API Report for the Week Ending October 17, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 1.64 million barrels	Up 300,000 barrels
Gasoline Stocks	Down 2.02million barrels	Down 1.2 million barrels
Distillate Stocks	Down 1.48 million barrels	Down 1.7 million barrels
Refinery Runs		Down 0.3% at 87.4%

## NYMEX November Heating Oil



## NYMEX December WTI



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.