



MarketWatch | Refined Products

Wednesday, October 30, 2024

Market Commentary

Recap: The oil market continued to sell off on Tuesday following Monday's 6% decline in prices on a report that Israel's Prime Minister Benjamin Netanyahu will hold a meeting for a diplomatic solution to the war in Lebanon. According to Axios, Israel's Prime Minister will hold a meeting on Tuesday evening with several ministers and the heads of the military and intelligence community regarding a diplomatic solution to the war in Lebanon. Early in the session, the market looked ready to post an inside trading day as the U.S. announced a plan late Monday to buy oil for the SPR provided some support to the market. The crude market traded to a high of \$68.52 before it sold off to a low of \$66.72 by mid-day. The market later bounced off its low and traded in a sideways trading pattern during the remainder of the session. The December WTI contract settled down 17 cents at \$67.21 and the December Brent contract settled down 30 cents at \$71.12. The product markets ended the session in mixed territory, with the heating oil market settling up at \$2.1337 and the RB market settling down 1.46 cents at \$1.9518.

Technical Analysis: The oil market on Wednesday will likely continue on its downward trend as stochastics are trending lower. The market will be also be driven by the weekly petroleum stocks reports, which are expected to show draws in crude stocks of close to 1 million barrels on the week. It will also remain driven by further developments regarding the Middle East as Israel is expected to hold talks regarding a diplomatic solution to the war in Lebanon. The market is seen finding support at its low of \$66.72, \$65.99, \$64.49 and \$64.16. Meanwhile, resistance is seen at \$68.52-\$68.55, \$69.00-\$69.96, \$71.92 and \$72.34.

Fundamental News: The U.S. Department of Energy announced Monday it will purchase three million barrels of crude oil for the SPR at an average price of \$76 per barrel. The purchase would be delivered to the Bryan Mound SPR site in 1.5 million barrel increments during April and May 2025. The purchases when finalized would increase the total number of barrels purchased by the Biden administration to over 58 million barrels. The prior purchases have an average acquisition price of \$79 per barrel versus the \$95 per barrel that Biden administration received in its 180 million barrel of sales following the Russian invasion of Ukraine.

Hezbollah said it had elected deputy head Naim Qassem to succeed slain secretary general Hassan Nasrallah, who was killed in an Israeli air attack on Beirut's southern suburb over a month ago. The group said in a written statement that its Shura Council had elected Qassem, in accordance with its established mechanism for choosing a secretary general. However, Israel said his tenure would be "temporary", an apparent threat after it killed his predecessor Hassan Nasrallah in Beirut over a month ago.

Saudi Arabia's Energy Minister, Prince Abulaziz bin Salman, said the country is committed to maintaining crude capacity at 12.3 million bpd. He also said the oil market is currently balanced and demand is expected to average 104.5 million bpd this year.

Iraq's prime minister over the weekend with top Iraqi oil ministry officials reiterated the government's support to "full adherence" to oil production agreement made by the members of OPEC+.

Yemen's Houthi said that they targeted three ships in the Red Sea and Arabian Sea, attacks they called part of their efforts to enforce a naval blockade on Israel. Houthi military spokesperson Yahya Sarea said the vessels were targeted for attempting to approach ports bound for Israel.

Phillips 66 plans to operate its refineries between the low to mid 90% range of combined capacity of 1.5 million bpd in the fourth quarter of 2024.

Early Market Call - as of 8:30 AM EDT

WTI - Dec \$68.64, up \$1.42

RBOB - Nov \$1.9831, up 3.13 cents

HO - Nov \$2.1802, up 4.65 cents

All NYMEX | Prior Settlements

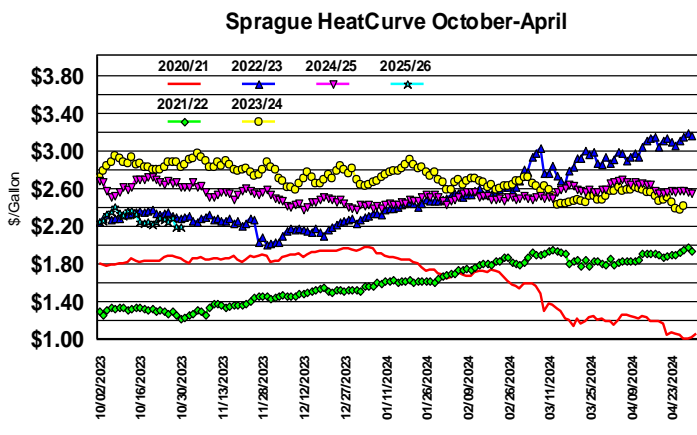
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-24	\$2.1337	\$0.0051	-\$0.1033
Dec-24	\$2.1436	\$0.0038	-\$0.1035
Jan-25	\$2.1529	\$0.0019	-\$0.1030
Feb-25	\$2.1559	-\$0.0005	-\$0.1032
Mar-25	\$2.1494	-\$0.0011	-\$0.1039
Apr-25	\$2.1409	-\$0.0008	-\$0.1027
May-25	\$2.1367	-\$0.0006	-\$0.1020
Jun-25	\$2.1360	-\$0.0005	-\$0.1014
Jul-25	\$2.1445	\$0.0001	-\$0.1015
Aug-25	\$2.1541	\$0.0009	-\$0.1011
Sep-25	\$2.1653	\$0.0017	-\$0.0996
Oct-25	\$2.1764	\$0.0024	-\$0.0973
Nov-25	\$2.1836	\$0.0027	-\$0.0953
Dec-25	\$2.1890	\$0.0029	-\$0.0929
Jan-26	\$2.1958	\$0.0034	-\$0.0911
Feb-26	\$2.1970	\$0.0040	-\$0.0888
Mar-26	\$2.1907	\$0.0042	-\$0.0870

Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$3.91	\$67.2100	-\$0.1700
Crude - Brent		\$71.1200	-\$0.3000
Natural Gas		\$2.3460	\$0.0370
Gasoline		\$1.9518	-\$0.0146

API Report for the Week Ending October 25, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 573,000 barrels	Up 800,000 barrels
Gasoline Stocks	Down 282,000 barrels	Down 1.1 million barrels
Distillate Stocks	Down 1.46 million barrels	Down 1.4 million barrels
Refinery Runs		Down 0.5% at 89%

Sprague HeatCurve October-April



NYMEX December WTI



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