



MarketWatch | Refined Products

Friday, November 8, 2024

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market ended the session higher after it was well supported early in the afternoon ahead of the Federal Reserve's interest rate decision. Early in Thursday's session, the crude market remained steady following a volatile trading session on Wednesday. The market seemed ready to post an inside trading day as it traded to \$72.29 in overnight trading and sold off to a low of \$70.66 early in the morning. The market was pressured by news of China's crude oil imports falling by 6% in October, the sixth consecutive month showing a year-on-year decline. The market later bounced off that low and breached its previous highs as it rallied to a high of \$72.88 ahead of the Fed decision. The market's reaction to the expected 25 basis point interest rate cut was muted as the market remained range bound following the Federal Reserve announcement. The December WTI contract settled up 67 cents at \$72.36 and the January Brent contract settled up 71 cents at \$75.63. The product markets ended the session higher, with the heating oil market settling up 1.64 cents at \$228.64 and the RB market settling up 1.82 cents at \$2.0536.

Technical Analysis: The oil market on Friday is still seen remaining supported as it positions itself ahead of the weekend. The market will weigh the news of China's imports falling for the sixth consecutive month against the output that has been shut in due to Hurricane Rafael in the Gulf of Mexico, the continuing conflict in the Middle East and the possibility that president elect Donald Trump's administration may tighten sanctions on Iran and Venezuela. The crude market is seen finding resistance at its high of \$72.88, \$74.35, \$75.28, \$75.45 and \$77.70. Meanwhile, support is seen at its low of \$70.66, \$70.53, \$69.80-\$69.74, \$69.32, \$69.07, \$68.30 followed by \$67.28 and \$66.72.

Fundamental News: Russell Hardy, CEO of Vitol, said global oil prices are expected to stay in the \$70 to \$80/barrel range in 2025, similar to 2024, while geopolitical risks create uncertainty around supply. He said there's still a lot of geopolitical tensions, unknowns around the Middle East, around Iranian exports and Venezuelan exports under the new U.S. Trump presidency. He said China's oil demand is expected to grow by 700,000 bpd in 2025.

According to the General Administration of Customs data, China's crude oil imports in October fell 9% on the year to 44.7 million metric tons or about 10.53 million bpd. That was down from 11.07 million bpd in September and 11.53 million bpd in October 2023. China's January-October crude oil imports were down 3.4% at 457 million metric tons or 10.76 million bpd.

The U.S. Bureau of Safety and Environmental Enforcement said that over 22% or 391,214 bpd of crude oil production and 9% or 181 mcf of natural gas output in the U.S. Gulf of Mexico was shut in response to Hurricane Rafael.

The Federal Reserve cut interest rates by a quarter of a percentage point on Thursday, lowering the overnight interest rate to the 4.50%-4.75% range, as widely expected as policymakers took note of a job market that has "generally eased" while inflation continues to move towards the U.S. central bank's 2% target. The central bank's rate-setting Federal Open Market Committee said "Economic activity has continued to expand at a solid pace."

U.S. Federal Reserve Chair Jerome Powell said some of the downside risks to the economy have diminished amid stronger economic data, including retail sales and revisions to the National Income and Product Accounts data. He said that no decision has been made on what sort of policy action the Fed will take in December. He said "we are prepared to adjust our assessment of the appropriate pace and destination" for monetary policy amid uncertainty.

Early Market Call - as of 8:38 AM EDT

WTI - Dec \$71.01 down \$1.35
 RBOB - Dec \$2.0239 down 2.97 cents
 HO - Dec \$2.2549 down 3.15 cents

| | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|--------------------|------------------------|-----------------------|
| Dec-24 | 2.2864 | 0.0164 | 0.0517 |
| Jan-25 | 2.2964 | 0.0151 | 0.0547 |
| Feb-25 | 2.3019 | 0.0153 | 0.0599 |
| Mar-25 | 2.2944 | 0.0160 | 0.0622 |
| Apr-25 | 2.2824 | 0.0163 | 0.0620 |
| May-25 | 2.2749 | 0.0166 | 0.0612 |
| Jun-25 | 2.2711 | 0.0167 | 0.0601 |
| Jul-25 | 2.2769 | 0.0168 | 0.0593 |
| Aug-25 | 2.2837 | 0.0169 | 0.0584 |
| Sep-25 | 2.2922 | 0.0170 | 0.0574 |
| Oct-25 | 2.3004 | 0.0174 | 0.0562 |
| Nov-25 | 2.3065 | 0.0177 | 0.0561 |
| Dec-25 | 2.3109 | 0.0181 | 0.0566 |
| Jan-26 | 2.3161 | 0.0179 | 0.0560 |
| Feb-26 | 2.3152 | 0.0180 | 0.0549 |
| Mar-26 | 2.3062 | 0.0180 | 0.0535 |
| Apr-26 | 2.2909 | 0.0179 | 0.0509 |

Sprague HeatCurve October 2025-April 2026 \$2.3090

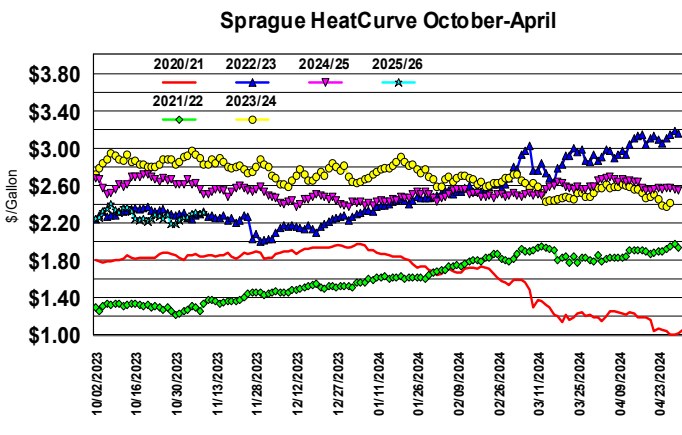
| | | Close | Change |
|---------------|------------------------------------|-----------|-----------|
| Crude - WTI | Jan Brent- WTI Spread \$3.67 | \$71.9600 | \$0.7200 |
| Crude - Brent | | \$75.6300 | \$0.7100 |
| Natural Gas | | \$2.6930 | -\$0.0540 |
| Gasoline | | \$2.0536 | \$0.0182 |

EIA Working Gas Storage Report

| | 01-Nov-24 | 25-Oct-24 | Change | 01-Nov-23 |
|---------------|-----------|-----------|--------|-----------|
| East | 934 | 919 | 15 | 924 |
| Midwest | 1130 | 1109 | 21 | 1,104 |
| Mountain | 290 | 291 | -1 | 254 |
| Pacific | 310 | 305 | 5 | 284 |
| South Central | 1267 | 1240 | 27 | 1,208 |
| Salt | 341 | 331 | 10 | 313 |
| Nonsalt | 926 | 909 | 17 | 895 |
| Total | 3932 | 3863 | 69 | 3,775 |

Sprague HeatCurve October-April

December WTI



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