



MarketWatch | Refined Products

Tuesday, November 12, 2024

Market Commentary

Recap: The oil market settled lower Monday as a confluence of factors kept the bears in control of this market. A surging dollar, coupled with poor near term heating demand, and disappointing economic data continuing to come out of China helped the oil markets basically match or exceed the losses recorded on Friday. In just the past two trading sessions, the spot WTI contracts has lost \$4.32 per barrel in value while the spot distillate and gasoline contracts dropped by 8.88 cents and 9.66 cents respectively.

Technical Analysis: While the hard sell off in the oil markets over the past two days may warrant a short term price correction or bounce, the fact that the daily stochastics have rolled over today and appear to be pointing to the start of a downward trending market for the first time since late October, seems to keep us comfortable with a negative price bias for the near to intermediate term. Further supporting this bearish outlook is the National Weather Service's 8-14 day temperature outlook released this afternoon that has a high level of probability that the eastern third of the nation will experience above to much above normal temperatures. We would look for support in the December WTI contract to start at \$67.92 followed by \$67.45 and \$67.09. More distant support we see at \$66.72 and \$65.92. Resistance we see at \$69.81, \$70.40 and \$70.99. More distant resistance we see at \$72.22 and \$72.88.

Fundamental News: The EU's Copernicus Climate Change Service updated their winter season temperature outlook on Monday. The weather forecasting service sees a probability of at least 60% that northern Europe and the Mediterranean will experience above normal temperatures between December and February. Forecasters noted that no section of Europe is expected to see seasonal temperatures to be below normal. Forecasters see both Japan and the northeastern U.S. facing a 70-100% probability for temperatures averaging above normal for the upcoming December-February period.

Hurricane Rafael is no longer threatening production areas in the Gulf of Mexico as the storm had dissipated over the past weekend. The National Hurricane Center currently is watching an area of disorganized showers and thunderstorms to the south of Hispaniola over the central Caribbean Sea which is associated with a tropical wave. This system is expected to move slowly westward during the next few days, and environmental conditions appear conducive for gradual development. There is a 50% chance that a tropical depression could form later this week or this weekend as it moves toward the western Caribbean Sea. Longer term, forecasters do not expect additional tropical development in the Atlantic basin as the Madden-Julian Oscillation (MJO) is expected to be moving through a Phase 2-3 event over the next 8-14 day period and beyond.

The Bureau of Safety and Environmental Enforcement (BSEE) reported this afternoon that some 26% of offshore crude oil production in the Gulf of Mexico, or 449,541 b/d still remained shut in from the result of closures due to Hurricane Rafael's passage through the Gulf of Mexico.

IIR Energy said U.S. oil refiners are expected to shut in about 557,000 bpd of capacity in the week ending November 15th, raising available refining capacity by 85,000 bpd. Offline capacity is expected to fall to 399,000 bpd in the week ending November 22nd.

Vortexa reported today that crude oil stored on tankers that have been stationary for at least seven days fell by -0.4% week on week to 61.78 million barrels in the week ending November 8th.

Early Market Call - as of 8:40 AM EDT

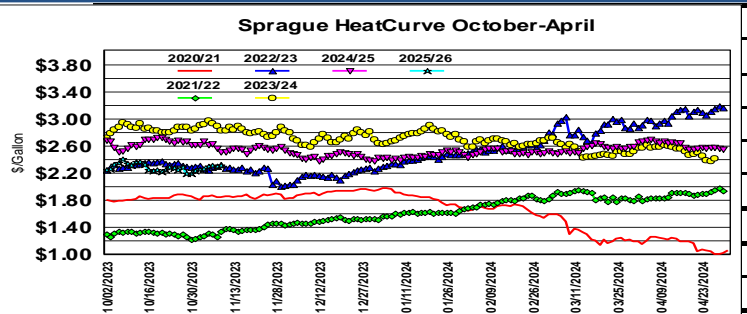
WTI - Dec \$68.56, up 52 cents
 RBOB - Dec \$1.9750, up 1.80 cents
 HO - Dec \$2.2227, up 2.51 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Dec-24	\$2.20	(\$0.04)	(\$0.09)
Jan-25	\$2.21	(\$0.04)	(\$0.09)
Feb-25	\$2.21	(\$0.05)	(\$0.08)
Mar-25	\$2.20	(\$0.05)	(\$0.08)
Apr-25	\$2.19	(\$0.05)	(\$0.08)
May-25	\$2.19	(\$0.04)	(\$0.08)
Jun-25	\$2.18	(\$0.04)	(\$0.08)
Jul-25	\$2.19	(\$0.04)	(\$0.08)
Aug-25	\$2.20	(\$0.04)	(\$0.07)
Sep-25	\$2.21	(\$0.04)	(\$0.07)
Oct-25	\$2.22	(\$0.04)	(\$0.07)
Nov-25	\$2.23	(\$0.04)	(\$0.07)
Dec-25	\$2.23	(\$0.04)	(\$0.07)
Jan-26	\$2.24	(\$0.04)	(\$0.06)
Feb-26	\$2.24	(\$0.04)	(\$0.06)
Mar-26	\$2.23	(\$0.04)	(\$0.06)
Apr-26	\$2.22	(\$0.04)	(\$0.06)

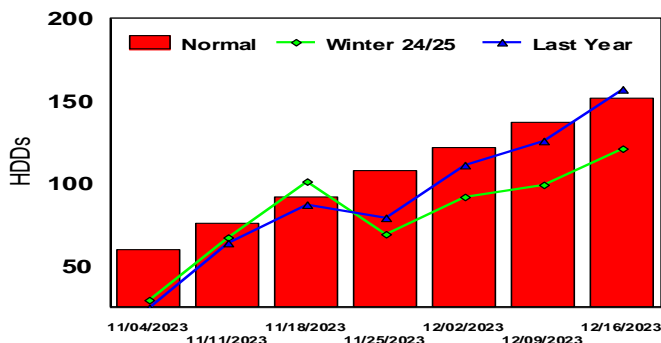
Sprague HeatCurve October 2025-April 2026		\$2.2325
	Close	Change
Crude - WTI	Jan Brent- \$67.9200	-\$2.0400
Crude - Brent	WTI Spread \$3.91	-\$2.1900
Natural Gas	\$2.9200	\$0.1870
Gasoline	\$1.9570	-\$0.0550

Sprague Winter Heat Curve



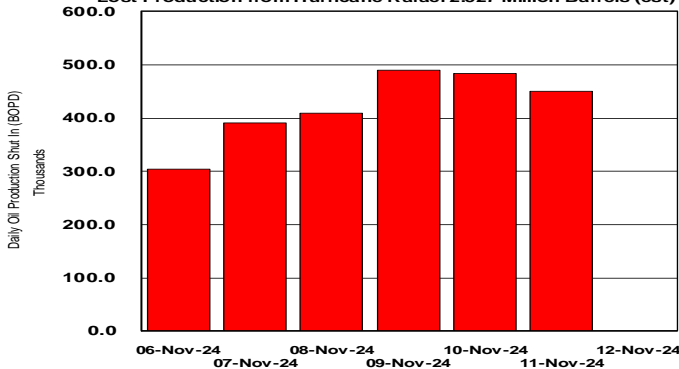
U.S. Weekly Heating Degree Days Totals

Weekly Oil Home Heating Customer Weighted Basis Heating Degree Days Actual & Forecasted



U.S. Daily Offshore Production Shut Ins

Gulf Of Mexico Oil Production Shut Ins: Lost Production from Hurricane Rafael 2.527 Million Barrels (est)



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.