



MarketWatch | Refined Products

Wednesday, December 4, 2024

Market Commentary

Recap: The crude market on Tuesday continued to retrace its previous losses as it remained supported ahead of the OPEC+ meeting on Thursday and the increasingly fragile ceasefire between Israel and Hezbollah. The oil market posted a low of \$67.91 in overnight trading before it bounced off that level and never looked back. It extended its gains to \$2.13 as it posted a high of \$70.23 in afternoon trading. The market was well supported by the news that Israel threatened to return to war in Lebanon if its truce with Hezbollah collapses. Despite last week's truce, Israeli forces have continued strikes against what they say are Hezbollah fighters ignoring the agreement to halt attacks and withdraw beyond the Litani River. The January WTI contract later gave up some of its gains and settled up \$1.84 at \$69.94. The February Brent contract settled up \$1.79 at \$73.62. Meanwhile, the product markets ended the session higher, with the heating oil market settling up 4 cents at \$2.2177 and the RB market settling up 4.52 cents at \$1.9624.

Technical Analysis: The oil market will remain mired in its recent trading range from \$66.50 to \$71.50 as it awaits the outcome of the upcoming OPEC+ meeting on Thursday, in which the cartel is expected to extend its latest round of oil output cuts until the end of the first quarter. The market will also remain range bound as the market looks for further developments in the Middle East after Israel threatened to attack the Lebanese state if its truce with Hezbollah collapses. The market will also be driven by the weekly petroleum stocks reports, which are expected to show draws in crude stocks and builds in products stocks. The crude market is seen finding support at its low of \$67.91, \$67.71, \$67.17, \$66.53, \$66.32 and \$65.74. Meanwhile, resistance is seen at \$70.23, \$70.30, \$71.48-\$71.51 followed by \$71.68 and \$71.87.

Fundamental News: J.P. Morgan said the price of Brent crude oil is expected to average \$80/barrel in 2024. It also said "our price forecast calls for Brent oil to average \$61/bbl, with WTI at \$57, in 2026."

Israel threatened to return to war in Lebanon if its truce with Hezbollah collapses and said this time its attacks would go deeper and target the Lebanese state itself, after the deadliest day since the ceasefire was agreed last week. Israel's Defense Minister, Israel Katz, said Israel would hold Lebanon responsible for failing to disarm militants who violate the ceasefire.

OPEC+ sources stated that OPEC+ is likely at its meeting on Thursday to extend its latest round of oil output cuts until the end of the first quarter to provide additional support for the oil market. OPEC+ members are holding back 5.86 million bpd of output or about 5.7% of global demand, in a series of steps agreed since 2022 to support the market. An output increase of 180,000 bpd was planned for January from the eight members involved in OPEC+'s most recent cuts of 2.2 million bpd. The hike has been delayed from October due to falling prices. Sources said high-level talks within OPEC+ ahead of the meeting, which was previously scheduled for December 1st, have focused on the length of a delay to the production hike.

Sources said Biden administration officials will not finalize guidelines on new clean fuel production tax credits aimed at the airline and biofuel industries before they leave in January, casting doubt on the future of a key part of the U.S. president's climate agenda. The tax credit was due to become effective January 1st, but a lack of detailed guidance from the U.S. Treasury would render the program dormant.

Early Market Call - as of 8:45 AM EDT

WTI - Jan \$70.18, up 24 cents
 RBOB - Jan \$1.9705, up 81 points
 HO - Jan \$2.2132, down 45 points

All NYMEX | Prior Settlements

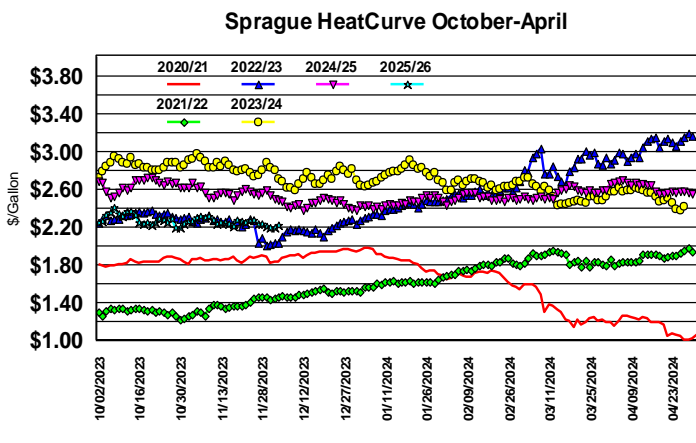
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-25	\$2.2177	\$0.0400	-\$0.0300
Feb-25	\$2.2199	\$0.0418	-\$0.0239
Mar-25	\$2.2101	\$0.0409	-\$0.0201
Apr-25	\$2.1956	\$0.0397	-\$0.0163
May-25	\$2.1858	\$0.0392	-\$0.0129
Jun-25	\$2.1798	\$0.0384	-\$0.0086
Jul-25	\$2.1843	\$0.0375	-\$0.0075
Aug-25	\$2.1902	\$0.0364	-\$0.0073
Sep-25	\$2.1986	\$0.0356	-\$0.0076
Oct-25	\$2.2075	\$0.0351	-\$0.0073
Nov-25	\$2.2138	\$0.0349	-\$0.0063
Dec-25	\$2.2176	\$0.0342	-\$0.0059
Jan-26	\$2.2234	\$0.0338	-\$0.0054
Feb-26	\$2.2225	\$0.0333	-\$0.0052
Mar-26	\$2.2133	\$0.0325	-\$0.0051
Apr-26	\$2.1977	\$0.0318	-\$0.0053
May-26	\$2.1874	\$0.0311	-\$0.0053

Sprague HeatCurve October 2025-April 2026			\$2.2162
		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$4.08	\$69.5400	\$1.7000
Crude - Brent		\$73.6200	\$1.7900
Natural Gas		\$3.0420	-\$0.1710
Gasoline		\$1.9624	\$0.0452

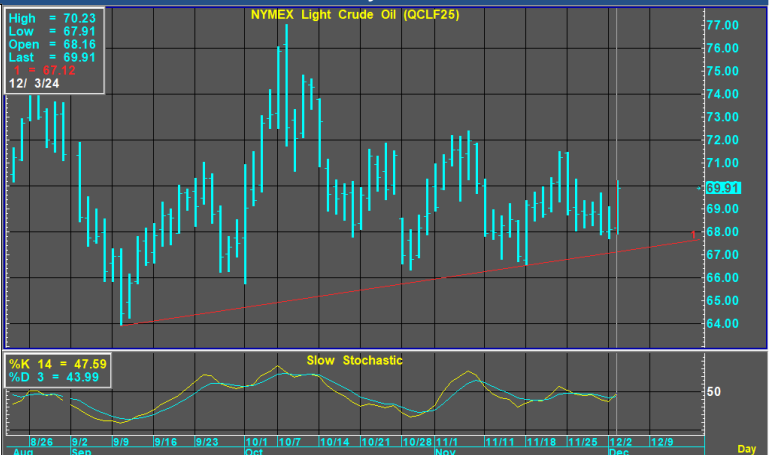
API Report for the Week Ending November 22, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 1.2 million barrels	Down 1.6 million barrels
Gasoline Stocks	Up 4.6 million barrels	Up 1.6 million barrels
Distillate Stocks	Up 1 million barrels	Up 800,000 barrels
Refinery Runs		Up 0.4% at 90.9%

Sprague HeatCurve October-April



NYMEX January WTI



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