

Market Commentary

Recap: The oil market retraced some of its recent losses in light of the weekly petroleum stocks reports showing draws in crude stocks. However, its gains were limited after the Federal Reserve signaled that it would slow the pace of interest rates cuts next year. The crude market posted a low of \$70.05 in overnight trading and gradually traded higher after the EIA reported a draw in crude stocks of 934,000 barrels. This followed a draw of 4.69 million barrels reported by the API late Tuesday. The market posted a high of \$71.38 by mid-day before it settled in a sideways trading range ahead of the Federal Reserve interest rate decision. The market later found some selling pressure ahead of the close after the Fed cut rates by the expected 25 basis points but cut the pace of rate cuts for next year due to expectations of higher inflation. The January WTI contract settled up 50 cents at \$70.58 and the February Brent contract settled up 20 cents at \$73.39. The product markets ended the session mixed, with the heating oil market settling up 2.71 cents at \$2.255 and the RB market settling down 11 points at \$1.9428.

Technical Analysis: The crude market will likely trade lower in follow through selling seen in the post settlement period after the Fed indicated it will slow the pace of interest rates cuts next year to two cuts instead of the four cuts it had previously projected. The market is seen finding support at its lows of \$70.05, \$69.18-\$69.14 followed by \$68.68, \$68.44, \$67.72, \$67.08 and \$66.98. Meanwhile, resistance is seen at its high of \$71.38, \$71.44, \$71.48-\$71.51, \$71.87 and \$72.41.

Fundamental News: The EIA reported that U.S. crude and distillate inventories fell in the week ending December 13th as exports increased. Crude inventories fell by 934,000 barrels to 421 million barrels in the week. U.S. crude exports increased by 1.8 million bpd to 4.89 million bpd. Distillate stocks fell by 3.2 million barrels on the week to 118.2 million barrels as total U.S. distillate demand increased to about 4.5 million bpd, the highest level since March 2022. Distillate demand increased by more than 1 million bpd last week, the highest weekly increase since December 2021.

The U.S. EPA said it has approved California's landmark plan to end the sale of gasoline-only vehicles by 2035. EPA Administrator Michael Regan granted a waiver under the Clean Air Act to California to implement its plan to require that by 2035 at least 80% of new cars sold be electric and up to 20% plug-in hybrid models.

Bloomberg News is reporting that the transition team for the incoming Trump administration is recommending potential policy changes during the first 100 days in office that will seek to cut federal subsidies to boost electric vehicles. But the group is also looking to encourage relaxing environmental reviews and speeding up permitting for federally funded EV and infrastructure projects, including the development of batteries and critical minerals.

IIR Energy said U.S. oil refiners are expected to shut in about 265,000 bpd of capacity in the week ending December 20th, cutting available refining capacity by 171,000 bpd. Offline capacity is expected to fall to 25,000 bpd in the week ending December 27th.

The U.S. Federal Reserve cut interest rates on Wednesday by 25 basis points and signaled it will slow the pace at which borrowing costs fall any further given a relatively stable unemployment rate and little recent improvement in inflation. U.S. central bankers now project they will make just two quarter-percentage-point rate reductions by the end of 2025. That is half a percentage point less in policy easing next year than officials anticipated as of September, with Fed projections of inflation for the first year of the new Trump administration increasing from 2.1% in their prior projections to 2.5% in the current ones, well above the central bank's 2% target. With Wednesday's rate cut, the Fed has now cut rates a full percentage point this year. Fed officials also increased their estimate of the long-run neutral rate of interest to 3%.

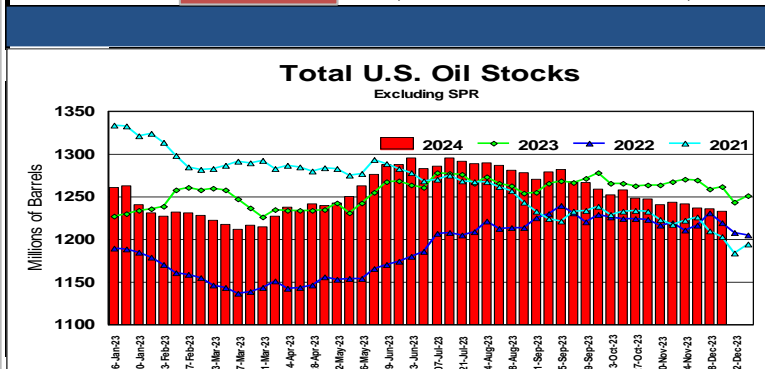
Early Market Call - as of 8:25 AM EDT

WTI - Jan \$70.56, down 2 cents
 RBOB - Jan \$1.9400, down 28 points
 HO - Jan \$2.2460, down 90 points

All NYMEX | Prior Settlements

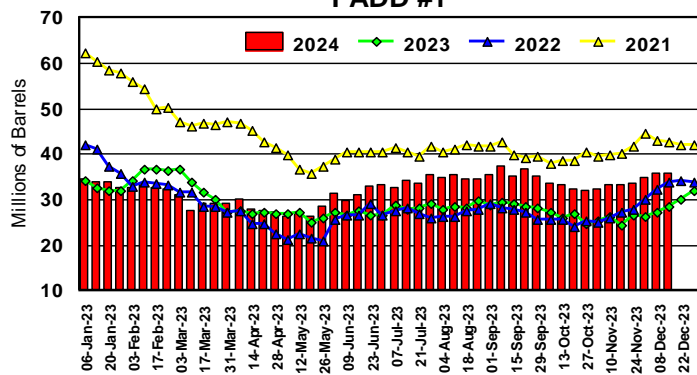
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-25	2.2550	0.0271	0.0317
Feb-25	2.2584	0.0260	0.0289
Mar-25	2.2433	0.0226	0.0229
Apr-25	2.2201	0.0171	0.0156
May-25	2.2036	0.0134	0.0093
Jun-25	2.1948	0.0109	0.0063
Jul-25	2.1954	0.0087	0.0022
Aug-25	2.1986	0.0073	-0.0001
Sep-25	2.2041	0.0061	-0.0010
Oct-25	2.2090	0.0048	-0.0021
Nov-25	2.2116	0.0035	-0.0031
Dec-25	2.2128	0.0023	-0.0042
Jan-26	2.2173	0.0018	-0.0044
Feb-26	2.2154	0.0015	-0.0050
Mar-26	2.2064	0.0014	-0.0050
Apr-26	2.1909	0.0009	-0.0050
May-26	2.1803	0.0004	-0.0055

Sprague HeatCurve October 2025-April 2026		\$2.2109
	Close	Change
Crude - WTI	\$70.0200	\$0.3700
Crude - Brent	\$73.3900	\$0.2000
Natural Gas	\$3.3740	\$0.0660
Gasoline	\$1.9428	-\$0.0011



Weekly EIA Petroleum Status Report for the Week Ending December 13, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 934,000 barrels
 Cushing, OK Crude Stocks Up 108,000 barrels
Gasoline Stocks Up 2.348 million barrels
Distillate Stocks Down 3.18 million barrels
Refinery % Operated 91.8%, down 0.6%

PADD #1

	Week Ending (in million bbl) Dec. 13, 2024	Week Ending Dec. 6, 2024	Week Ending Dec. 14, 2023
Distillate Stocks	4.9	5.6	3.8
Central Atlantic	18.1	18.2	13.4
Total PADD #1	35.8	35.8	28.6
Distillate Imports (thousands b/d)	138	125	201