MarketWatch | Refined Products

Thursday, April 17, 2025

Market Commentary

Recap: The crude market on Wednesday posted an outside trading day as the market weighed the impact of the U.S.-China trade war against the possibility of a de-escalation, reports of OPEC+ countries updating their output compensation plans and the news of further sanctions targeting Iran's oil exports. The market was pressured in overnight trading and posted a low of $60.44 after the IEA on Tuesday said global oil demand this year is expected to grow at its slowest level in five years. However, the market reversed course and rallied higher to a high of $62.71 on the possibility of trade talks between China and the U.S., amid reports that China wants more respect from the Trump administration before it can agree to talks. The market was further supported on reports that OPEC+ members pledged to make further oil output cuts to compensate for producing over their agreed quotas as well on the news that the U.S. imposed sanctions targeting Iran's oil exports, including against a China-based "teapot refinery". Most of the market's move higher was ahead of the release of the EIA's weekly petroleum stocks report, which showed a small build of 515,000 barrels in crude stocks. The crude market posted a high of $62.84 before it erased some of its gains and settled in a sideways trading range during the remainder of the session. The May WTI contract ended the session up $1.14 at $62.47 and rallied higher in the post settlement period to a new high of $62.98. The June Brent contract ended the day up $1.18 at $65.85. The product markets ended higher, with the heating oil market settling up 3.7 cents at $2.1154 and the RB market settling up 19 points at $2.0434.

Technical Analysis: The oil market will continue to tread water and trade within last Thursday's trading range from about $58.76 to $63.34, barring any major headline on Thursday, ahead of the Good Friday and Easter holiday weekend. The market will remain headline driven as it awaits for further developments on the Trump administration's tariff policies as the U.S. holds meetings with its trading partners. The market may test its previous highs on any further news of possible trade talks between the U.S. and China. The market is seen finding resistance at its high of $62.98, $63.34, $63.70, $63.90 followed by $65.72 and $66.90. Support is seen at $62.00, $60.80, $60.44, $59.43, $58.76, $58.26, $56.42 and $55.12.

Fundamental News: The United States issued new sanctions targeting Iran's oil exports, including against a China-based "teapot refinery". The Treasury said it imposed sanctions on a China-based independent "teapot" refinery it accused of playing a role in purchasing more than $1 billion worth of Iranian crude oil. The U.S. Treasury Department, the United States also imposed new sanctions targeting shipping companies under its Iran-related sanctions program.

OPEC has received updated oil output compensation plans from seven countries that have exceeded voluntary production quotas within the OPEC+ group. The OPEC secretariat said Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan and Oman will cut production by 222,000 bpd in April, 378,000 bpd in May and 431,000 bpd in June. Monthly cuts would then range between 196,000 bpd and 501,000 bpd over the following 12 months, ending in June 2026. This is up from between 189,000 bpd and 435,000 bpd previously. Iraq and Kazakhstan are planning the largest cuts at 1.934 million bpd and 1.299 million bpd cumulatively. The UAE, which has also overproduced in recent months, will compensate by just 386,000 bpd cumulatively through June 2026 after agreeing to a 300,000 bpd production baseline increase in April. OPEC+ data shows that the total backlog of overdue compensation cuts has increased by almost 9% to about 139 million barrels.

South Bow restarted the Keystone pipeline system at a reduced operating pressure after approval from the Pipeline and Hazardous Materials Safety Administration. The Keystone pipeline was shut down last week after an oil spill near Fort Ransom, North Dakota.

The U.S. Army Corps of Engineers granted Enbridge's proposed tunnel for its Line 5 pipeline national energy emergency status, fast-tracking a key federal permitting process.

Early Market Call - as of 8:45 AM EDT

WTI - May $63.56, up $1.09

RBOB - Apr $2.0681, up 2.47 cents

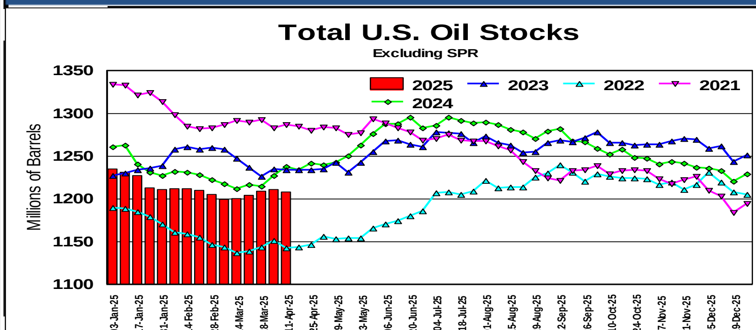
HO - Apr $2.1359, up 2.05 cents

All NYMEX | Prior Settlements

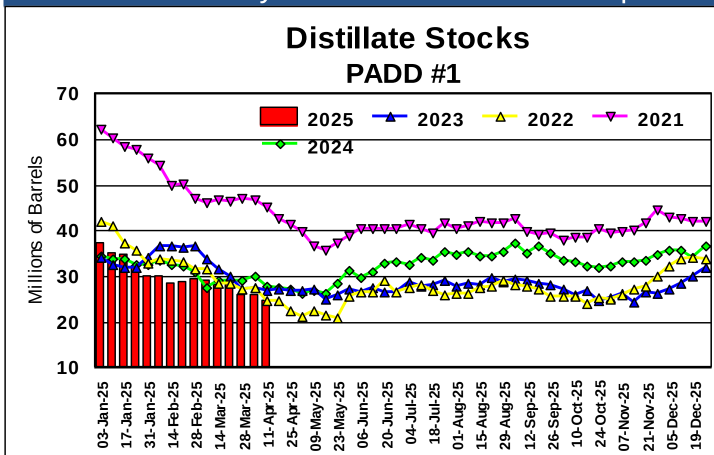
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Apr-25	2.1154	0.0370	0.0018
May-25	2.0697	0.0311	-0.0005
Jun-25	2.0545	0.0282	-0.0034
Jul-25	2.0530	0.0269	-0.0049
Aug-25	2.0580	0.0262	-0.0065
Sep-25	2.0647	0.0257	-0.0071
Oct-25	2.0684	0.0252	-0.0075
Nov-25	2.0701	0.0246	-0.0078
Dec-25	2.0746	0.0235	-0.0088
Jan-26	2.0732	0.0222	-0.0089
Feb-26	2.0649	0.0208	-0.0086
Mar-26	2.0517	0.0195	-0.0090
Apr-26	2.0456	0.0176	-0.0110
May-26	2.0436	0.0162	-0.0132
Jun-26	2.0504	0.0153	-0.0147
Jul-26	2.0585	0.0150	-0.0145
Aug-26	2.0673	0.0147	-0.0136

Sprague HeatCurve October 2025-April 2026 **$2.0686**

		Close	Change
Crude - WTI	June Brent-WTI Spread $4.02	$61.8300	$1.0800
Crude - Brent		$65.8500	$1.1800
Natural Gas		$3.2470	-$0.0820
Gasoline		$2.0434	$0.0019



Weekly EIA Petroleum Status Report for the Week Ending April 11, 2025



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 515,000 barrels

Cushing, OK Crude Stocks Down 654,000 barrels

Gasoline Stocks Down 1.958 million barrels

Distillate Stocks Down 1.851 million barrels

Refinery % Operated 86.3%, down 0.0%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Apr. 11, 2025	Week Ending Apr. 4, 2024	Week Ending Apr. 11, 2024
New England	3.3	3.9	3.9
Central Atlantic	12.2	12.2	14.2
Total PADD #1	24.7	26.1	27.7
Distillate Imports (thousands b/d)	71	61	138