



# MarketWatch | Refined Products

Thursday, February 1, 2024

## Market Commentary

**Recap:** The oil market remained pressured on Wednesday amid some weak economic data from China and an unexpected build in crude stocks. The market posted a high of \$78.11 in overnight trading before it erased some of Tuesday's gains. The market traded lower on data showing that manufacturing activity in China contracted for the fourth consecutive month in January. It was the latest sign of the country's economy struggling to regain momentum after a court ordered the liquidation of property developer Evergrande. The market remained pressured throughout the session as the EIA reported an unexpected build in crude stocks of 1.2 million barrels on the week. It retraced little more than 38% of its move from \$69.56 to a high of \$79.29 as it sold off to a low of \$75.52 in afternoon trading. The March WTI contract settled down \$1.97 at \$75.85 and the March Brent contract settled down \$1.16 at \$81.71. The product markets were mixed, with the heating oil market settling up 14 points at \$2.8082 and the RB market settling down 7.74 cents at \$2.1833.

**Technical Analysis:** While the crude market will likely remain pressured amid the inventory build and the bearish economic news, its losses will remain limited as the situation in the Middle East remains a concern in the market. Yemen's Houthi group on Wednesday said it would keep up attacks on U.S. and British warships in the Red Sea, stoking fears of long-term disruption to global trade. The market is seen finding support at its low of \$75.52, \$75.16, \$74.43, \$73.94, \$73.41 and \$73.28. Further support is seen at \$72.56 and \$72.10. Meanwhile, resistance is seen at \$76.94, \$77.50, \$78.11-\$78.14, \$79.29, \$79.56, \$79.65 and \$80.08.

**Fundamental News:** The EIA said U.S. weekly gasoline stocks increased by 1.2 million barrels in the week ending January 26<sup>th</sup> to 254.1 million barrels, the most since February 2021. U.S. Midwest gasoline stocks increased by 900,000 barrels to 60.7 million barrels, the highest level since February 2022. The EIA also reported that U.S. weekly field production increased by 700,000 bpd on the week to 13 million bpd as wells returned to service after freezing during extreme cold in mid-January.

The U.S. Central Command said U.S. forces struck and destroyed Yemen's Houthi surface-to-air missile which was prepared to launch. It stated that "U.S. forces identified the missile in Houthi-controlled areas of Yemen and determined that it presented an imminent threat to U.S. aircraft."

Russian Deputy Prime Minister, Alexander Novak, said that current oil prices adequately reflect current market situation, while global oil demand is widely seen increasing by about 2 million bpd.

The EIA reported that U.S. crude oil production in November increased 0.6% to a new monthly record of 13.31 million bpd. The EIA reported that U.S. crude oil exports fell to 3.967 million bpd in November from 4.112 million bpd in October, while total refined oil product exports increased to 2.882 million bpd in November from 2.811 million bpd in October. U.S. total oil demand in November increased by 2.5% or 496,000 bpd on the year to 20.71 million bpd. Distillates demand in November fell by 1.2% or 48,000 bpd to 4.011 million bpd and gasoline demand increased by 0.2% or 18,000 bpd to 8.845 million bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.8 million bpd of capacity in the week ending February 2<sup>nd</sup>, cutting available refining capacity by 225,000 bpd.

The Federal Reserve left interest rates unchanged on Wednesday but took a major step towards lowering them in coming months in a policy statement that tempered inflation concerns with other risks to the economy and dropped a longstanding reference to possible further hikes in borrowing costs.

**Early Market Call - as of 8:15 AM EDT**

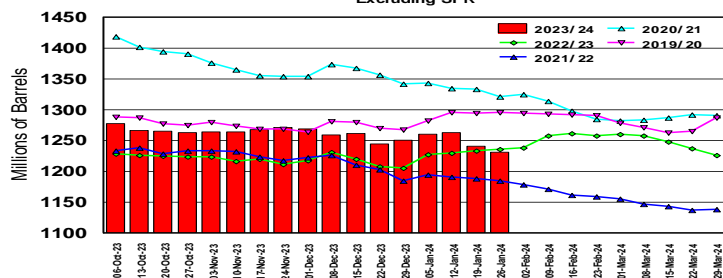
WTI - March \$76.60, up 75 cents  
 RBOB - March \$2.2527, up 2.16 cents  
 HO - March \$2.8119, up 2.64 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.8082	0.0014	0.1264
Mar-24	2.7852	0.0086	0.1298
Apr-24	2.7203	0.0051	0.1222
May-24	2.6478	-0.0047	0.0989
Jun-24	2.5929	-0.0104	0.0823
Jul-24	2.5682	-0.0131	0.0746
Aug-24	2.5538	-0.0155	0.0677
Sep-24	2.5500	-0.0175	0.0620
Oct-24	2.5497	-0.0189	0.0577
Nov-24	2.5423	-0.0202	0.0522
Dec-24	2.5271	-0.0212	0.0448
Jan-25	2.5135	-0.0216	0.0388
Feb-25	2.4978	-0.0222	0.0343
Mar-25	2.4769	-0.0228	0.0288
Apr-25	2.4515	-0.0230	0.0254
May-25	2.4325	-0.0228	0.0222
Jun-25	2.4169	-0.0225	0.0185

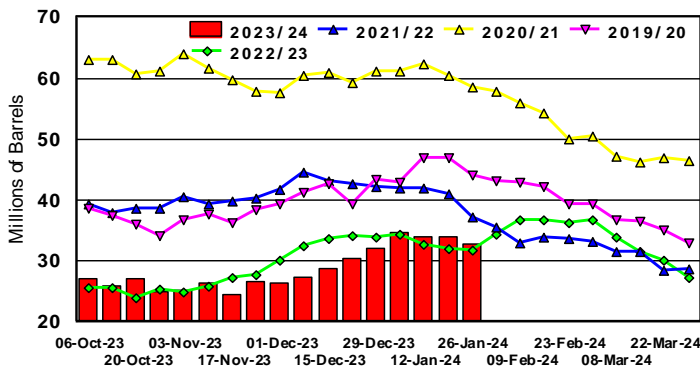
Sprague HeatCurve October 2024-April 2025		\$2.5077
	Close	Change
Crude - WTI	\$75.8500	-\$1.9700
Crude - Brent	\$81.7100	-\$1.1600
Natural Gas	\$2.1000	\$0.0230
Gasoline	\$2.1833	-\$0.0774

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending January 26, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 1.234 million barrels  
 Cushing, OK Crude Stocks Down 1.972 million barrels  
**Gasoline Stocks** Up 1.157 million barrels  
**Distillate Stocks** Down 2.541 million barrels  
**Refinery % Operated** 82.9%, down 2.6%

### PADD #1

	Week Ending Jan 26, 2024	Week Ending Jan 19, 2024	Week Ending Jan 27, 2023
Distillate Stocks (in million bbl)			
New England	4.8	4.8	4.8
Central Atlantic	15.8	16.1	15.8
Total PADD #1	32.6	33.8	31.8
Distillate Imports (thousands b/d)	121	187	283

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