



MarketWatch | Refined Products

Thursday, March 7, 2024

Market Commentary

Recap: The crude market traded higher on Wednesday on a smaller than expected build in crude stocks and large draws in product stocks as well as remarks by U.S. Federal Reserve Chair Jerome Powell that he still expects interest rate cuts this year. The market was also well supported by the news that Saudi Arabia increased its prices for its crude bound for Asia in April following the OPEC+ decision on Sunday to extend its output cuts of 2.2 million bpd until the end of the second quarter. The oil market traded off a low of \$77.99 in overnight trading and rallied higher on the Saudi price increase followed by the Fed Chair's comments on interest rate cuts later this year. Also U.S. private payrolls increased slightly less than expected in February supporting the case for rate cuts. The crude market rallied over 3.2% as it posted a high of \$80.67 following the inventory report. However, the market later erased some of its gains as it traded back towards the \$79.00 level ahead of the close. The April WTI contract settled up 98 cents at \$79.13 and the May Brent contract settled up 92 cents at \$82.96. The product markets ended the session higher amid the draws in stocks, with the heating oil market settling up 5.68 cents at \$2.6633 and the RB market settling up 2.11 cents at \$2.5539.

Technical Analysis: The oil market will likely retrace some of Wednesday's late move lower amid the supportive inventory reports and the continuing geopolitical risks in the Middle East amid the deadlocked ceasefire talks between Israel and Hamas and continuing attacks on Red Sea shipping. The market is seen finding support at its low of \$77.99 followed by \$77.52, \$77.27, \$77.17 followed by \$76.17, \$75.84, \$75.52-\$75.49 and \$75.07. Meanwhile, resistance is seen at its highs of \$80.67, \$80.85, \$81.50, \$82.00 and \$82.61.

Fundamental News: The EIA reported that U.S. crude stocks in the week ending March 1st increased for the sixth consecutive week as refining rates increased. U.S. crude stocks increased by 1.36 million barrels on the week to 448.5 million barrels. Total gasoline stocks fell by about 4.5 million barrels on the week. U.S. Gulf Coast gasoline stocks fell by 3.5 million barrels to 79 million barrels, the lowest level since November 2022. Meanwhile, distillate stocks fell by 4.1 million barrels on the week, with Gulf Coast distillates stocks falling by 2.3 million barrels to 36.8 million barrels, the lowest level since March 2022.

The Palestinian militant group Hamas said it would continue working towards achieving a ceasefire in Gaza with Israel despite the absence of Israeli negotiators from the latest round of talks in Cairo. Negotiators from Hamas, Qatar and Egypt are in Cairo trying to secure a 40-day ceasefire in the war between Israel and the Islamist group in time for the Muslim fasting month of Ramadan, which begins early next week. Earlier in Beirut, Hamas official Osama Hamdan repeated his group's main demands: an end to the Israeli military offensive, withdrawal of Israeli forces, and the return of all Gazans to the homes they had been forced to flee. He said any exchange of prisoners cannot take place except after a ceasefire. Israel for its part wants merely a pause in fighting to get hostages out of Gaza and more aid in, insisting that it will not end the conflict before Hamas is "eliminated".

In the latest attack on vessels in the Red Sea by Iran-aligned Houthi forces, a merchant vessel was targeted in the Gulf of Aden with missiles on Wednesday. True Confidence Shipping and Greece based operator Third January Maritime Ltd said the Barbados-flagged True Confidence bulk carrier was hit by a missile 50 nautical miles southwest of Yemen's Aden, with a fire continuing onboard.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.5 million bpd of capacity in the week ending March 8th, increasing available refining capacity by 270,000 bpd. Offline capacity is expected to fall to 668,000 bpd in the week ending March 15th.

Early Market Call - as of 8:15 AM EDT

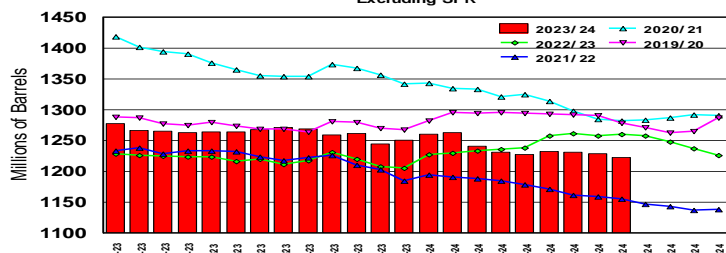
WTI - April \$78.83, down 30 cents
 RBOB - April \$2.5523, down 16 points
 HO - April \$2.6652, up 19 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.6633	0.0568	0.0373
May-24	2.6115	0.0494	0.0326
Jun-24	2.5721	0.0437	0.0272
Jul-24	2.5554	0.0395	0.0246
Aug-24	2.5474	0.0367	0.0247
Sep-24	2.5485	0.0349	0.0264
Oct-24	2.5483	0.0345	0.0278
Nov-24	2.5408	0.0340	0.0277
Dec-24	2.5262	0.0332	0.0263
Jan-25	2.5145	0.0325	0.0259
Feb-25	2.4986	0.0314	0.0242
Mar-25	2.4772	0.0296	0.0212
Apr-25	2.4498	0.0279	0.0190
May-25	2.4306	0.0268	0.0177
Jun-25	2.4140	0.0261	0.0166
Jul-25	2.4035	0.0263	0.0158
Aug-25	2.3958	0.0268	0.0155

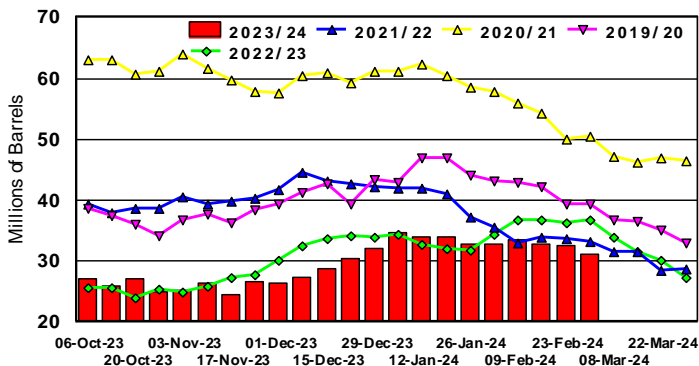
Sprague HeatCurve October 2024-April 2025		\$2.5076
	Close	Change
Crude - WTI	\$78.4100	\$1.0000
Crude - Brent	\$82.9600	\$0.9200
Natural Gas	\$1.9290	-\$0.0280
Gasoline	\$2.5539	\$0.0211

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 1, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.367 million barrels
 Cushing, OK Crude Stocks Up 701,000 barrels
Gasoline Stocks Down 4.46 million barrels
Distillate Stocks Down 4.131 million barrels
Refinery % Operated 84.9%, up 3.4%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Mar 1, 2024	Week Ending Feb 23, 2024	Week Ending Feb 26, 2023
New England	4.8	5.1	4.3
Central Atlantic	16.1	16.9	19.0
Total PADD #1	31.1	32.4	36.6
Distillate Imports (thousands b/d)	162	93	121

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