



# MarketWatch | Refined Products

Thursday, February 29, 2024

## Market Commentary

**Recap:** The oil market ended the session mostly sideways after posting the day's trading range by mid-morning as larger than expected builds in U.S. crude stocks offset its gains from a potential extension to the OPEC+ output cuts. The crude market posted a low of \$77.78 in overnight trading amid a large build in U.S. crude stocks of 8.4 million barrels reported by the API on Tuesday evening and the hopes for a Gaza ceasefire deal in the coming day. The market later bounced off its low and retraced its losses as it posted a high of \$79.62 ahead of the release of the EIA's weekly petroleum stocks report. However, the market erased its gains and traded back towards the \$78.00 level following the inventory report, which showed a larger than expected build in crude stocks of over 4 million barrels. The market traded sideways during the remainder of the session, with the April WTI contract settled down 33 cents at \$78.54. The April Brent contract settled up 3 cents at \$83.68. However, the product markets ended the session lower, with the heating oil market settling down 8.77 cents at \$2.6583 and the RB market settling down 7.34 cents at \$2.2710.

**Technical Analysis:** The oil market is likely to retrace some more of its recent gains and continue to trade in its recent trading range amid the expectations that the Fed will delay its interest rate cuts while the market awaits updates on a possible ceasefire deal between Israel and Hamas. Technically, the market looks overbought, with stochastics looking ready to cross to the downside. The market is seen finding support at its low of \$77.78, \$77.17 followed by \$75.84, \$75.52-\$75.49, \$75.21 and \$74.33. Meanwhile, resistance is seen at its high of \$79.62, \$80.00 and \$80.64.

**Fundamental News:** The EIA reported that U.S. crude stocks increased while gasoline and distillate inventories fell last week as refiners ran at below seasonal lows due to planned and unplanned outages. Crude oil inventories built for the fifth consecutive week, increasing by 4.2 million barrels to 447.2 million barrels in the week ending February 23<sup>rd</sup>. Stocks at Cushing, Oklahoma increased by 1.5 million barrels to 31 million barrels. Meanwhile, gasoline stocks fell for a fourth consecutive week, falling by 2.8 million barrels to 244.2 million barrels.

Russia's Deputy Prime Minister, Alexander Novak, said that Russia is not considering a ban on diesel exports and that a ban on gasoline exports may be lifted at any moment if the market becomes saturated. On Tuesday, Russia ordered a six-month ban on gasoline exports from March 1<sup>st</sup> to keep prices stable amid increasing demand from consumers and farmers and to allow for maintenance of refineries.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.9 million bpd of capacity in the week ending March 1<sup>st</sup>, increasing available refining capacity by 418,000 bpd. Offline capacity is expected to fall to 1 million bpd in the week ending March 8<sup>th</sup>.

Trans Mountain Corp said it successfully removed a pipe from the final section of an expansion project that will nearly triple the flow of crude oil from Alberta to the Pacific Coast. The expanded pipeline's anticipated in-service date continues to be in the second quarter of 2024.

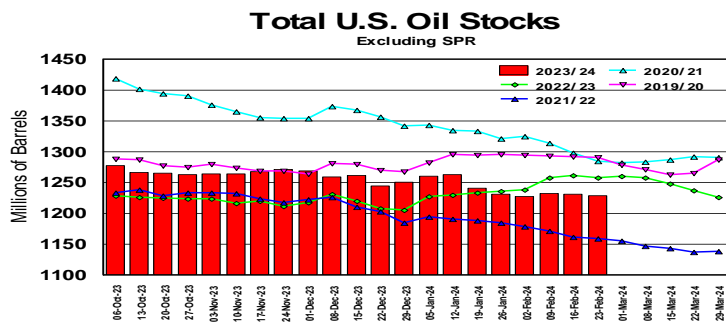
The U.S. economy grew at a solid rate in the fourth quarter amid strong consumer spending. The Commerce Department's Bureau of Economic Analysis said in its second estimate of fourth-quarter GDP growth that GDP increased at a 3.2% annualized rate in the fourth quarter, revised slightly down from the previously reported 3.3% pace. The economy grew at a 4.9% pace in the July-September quarter. It expanded 2.5% in 2023, up from 1.9% in 2022 and is growing above what Federal Reserve officials regard as the non-inflationary growth rate of 1.8%.

**Early Market Call - as of 8:30 AM EDT**  
**WTI - April \$78.71, up 17 cents**  
**RBOB - March \$2.2720, up 10 points**  
**HO - March \$2.6415, down 1.68 cents**

## All NYMEX | Prior Settlements

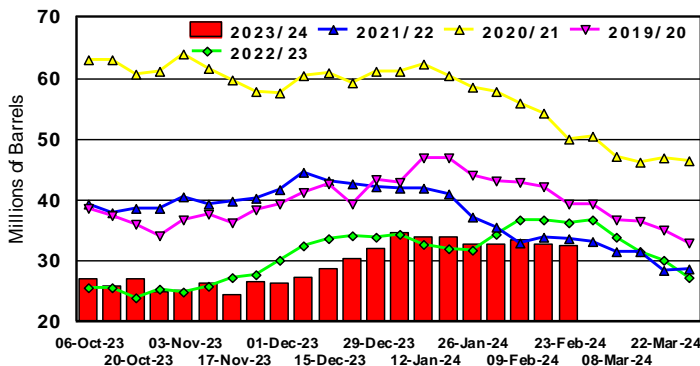
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.6583	-0.0877	-0.0469
May-24	2.6260	-0.0717	-0.0359
Jun-24	2.5789	-0.0518	-0.0166
Jul-24	2.5449	-0.0442	-0.0077
Aug-24	2.5308	-0.0409	-0.0067
Sep-24	2.5227	-0.0392	-0.0056
Oct-24	2.5221	-0.0379	-0.0041
Nov-24	2.5205	-0.0359	-0.0037
Dec-24	2.5131	-0.0330	-0.0030
Jan-25	2.4999	-0.0296	-0.0010
Feb-25	2.4886	-0.0269	0.0003
Mar-25	2.4744	-0.0249	0.0024
Apr-25	2.4560	-0.0232	0.0046
May-25	2.4308	-0.0216	0.0056
Jun-25	2.4129	-0.0204	0.0058
Jul-25	2.3974	-0.0188	0.0058
Aug-25	2.3877	-0.0177	0.0053

Sprague HeatCurve October 2024-April 2025		\$2.4829
	Close	Change
Crude - WTI	\$78.5400	-\$0.3300
Crude - Brent	\$83.6800	\$0.0300
Natural Gas	\$1.8850	\$0.0770
Gasoline	\$2.2710	-\$0.0734



## Weekly EIA Petroleum Status Report for the Week Ending February 23, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 4.199 million barrels  
**Cushing, OK Crude Stocks** Up 1.458 million barrels  
**Gasoline Stocks** Down 2.832 million barrels  
**Distillate Stocks** Down 510,000 barrels  
**Refinery % Operated** 81.5%, up 0.9%

### PADD #1

Distillate Stocks (in million bbl)	Week Ending Feb 23, 2024	Week Ending Feb 16, 2024	Week Ending Feb 25, 2023
New England	5.1	4.8	4.5
Central Atlantic	16.9	17.5	19.4
Total PADD #1	32.4	32.6	36.3
Distillate Imports (thousands b/d)	93	233	146

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