



MarketWatch | Refined Products

Thursday, March 21, 2024

Market Commentary

Recap: The crude market on Wednesday erased its recent gains ahead of the April contract's expiration at the close and as it awaited the Federal Reserve's interest rate policy announcement. The market remained in negative territory throughout the session after opening at \$83.20 and posting a high of \$83.21 in overnight trading. The market sold off as the U.S. dollar index moved higher as the recent higher than expected inflation data raised fears that the Federal Reserve could take a more hawkish tone regarding the interest rate outlook at its policy meeting. The April WTI contract sold off to a low of \$81.44 ahead of its expiration at the close. The expiring contract settled down \$1.79 at \$81.68 and the May WTI contract settled down \$1.46 at \$81.27. Meanwhile, the May Brent contract settled down \$1.43 at \$85.95. The product markets also ended the session in negative territory, with the heating oil market settling down 6.5 cents at \$2.6957 and the RB market settling down 2.9 cents at \$2.7332.

Technical Analysis: The oil market is seen remaining range bound following the expected Federal Reserve interest rate decision to keep rates unchanged at this time and cut rates by 75 basis points by the end of the year. The May WTI contract is seen finding support at its low of \$80.83, \$80.56, \$80.01, \$79.78, \$79.15 and \$78.99. Meanwhile, resistance is seen at \$82.65, \$83.12 and \$83.87.

Fundamental News: The EIA reported that U.S. crude stocks fell unexpectedly by 1.952 million barrels to 445 million barrels in the week ending March 15th, as exports increased and refiners continued to increase runs. U.S. gasoline stocks fell by 3.31 million barrels on the week to 230.8 million barrels. Gulf Coast gasoline stocks fell by 1.82 million barrels on the week to 76.58 million barrels, the lowest level since March 2021.

The Biden Administration moved to cut pollution from the nation's cars and light trucks, imposing tailpipe emissions limits so stringent they will prompt automakers to increase sales of battery-electric and plug-in hybrid models. The EPA's mandates would require manufacturers to make a rapid shift toward zero-emission vehicles. EPA Administrator, Michael Regan, said the rule delivers the "strongest-ever vehicle pollution" standards in U.S. history. Under the rule, tailpipe emissions of carbon dioxide are capped at 85 grams per miles in 2032, down from 170 grams per mile for model year 2027. However much of the gains would come after 2030. The requirements could nearly halve fleet average emissions over existing standards for 2026. The measure also sets limits on soot and smog-forming pollution. The limits are projected to cut petroleum demand, with some 14 billion barrels of U.S. oil imports cut between now and 2055.

Russian Energy Minister, Nikolai Shulginov, said Russia's domestic fuel market is under constant surveillance. He added that measures were being taken retain a gasoline surplus.

U.S. Secretary of State Antony Blinken arrived in Saudi Arabia on Wednesday, launching a tour of the Middle East to try to secure a ceasefire in the Gaza war amid increasing strain in the relationship between President Joe Biden's administration and the government of Israeli Prime Minister Benjamin Netanyahu. Following his visit to Saudi Arabia, where he is expected to meet ruling crown prince, Mohammed bin Salman, the U.S. Secretary of State is due in Egypt on Thursday and Israel on Friday. On Tuesday, Israeli Prime Minister rebuffed a plea from President Biden to call off plans for a ground assault of Rafah. Israel says Rafah is the last major holdout of armed fighters from Hamas. The U.S. says a ground assault there would be a "mistake" and cause too much harm to civilians.

IIR Energy reported that U.S. oil refiners are expected to shut in about 773,000 bpd of capacity in the week ending March 22nd, increasing available refining capacity by 337,000 bpd. Offline capacity is expected to fall to 744,000 bpd in the week ending March 29th.

Early Market Call - as of 8:30 AM EDT

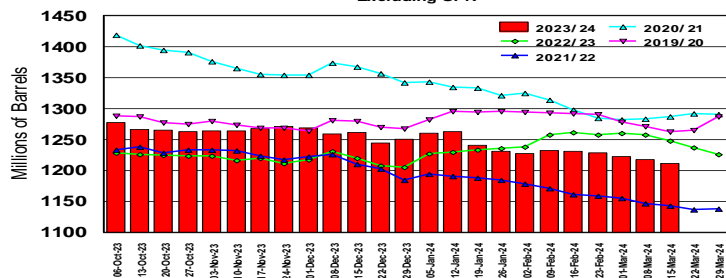
WTI - April \$81.17, down 10 cents
 RBOB - April \$2.7264, down 68 points
 HO - April \$2.6745, down 2.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.6957	-0.0650	0.0106
May-24	2.6754	-0.0632	0.0199
Jun-24	2.6570	-0.0577	0.0301
Jul-24	2.6458	-0.0527	0.0328
Aug-24	2.6392	-0.0483	0.0340
Sep-24	2.6377	-0.0452	0.0337
Oct-24	2.6353	-0.0427	0.0338
Nov-24	2.6264	-0.0407	0.0336
Dec-24	2.6103	-0.0388	0.0337
Jan-25	2.5979	-0.0370	0.0344
Feb-25	2.5815	-0.0353	0.0352
Mar-25	2.5610	-0.0331	0.0362
Apr-25	2.5342	-0.0308	0.0361
May-25	2.5131	-0.0282	0.0346
Jun-25	2.4947	-0.0256	0.0330
Jul-25	2.4826	-0.0239	0.0327
Aug-25	2.4735	-0.0226	0.0323

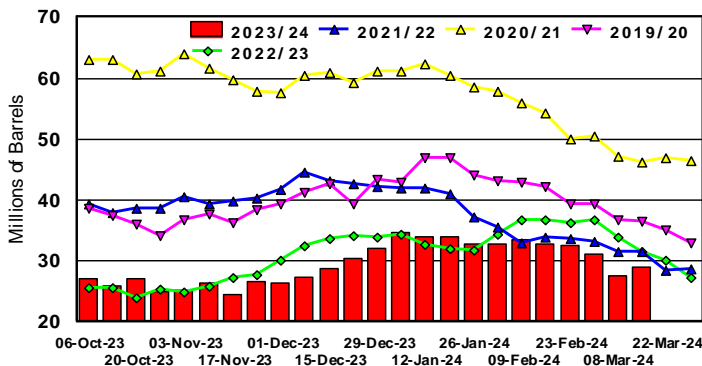
Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	May Brent-WTI Spread \$4.68	\$81.2700	-\$1.4600
Crude - Brent		\$85.9500	-\$1.4300
Natural Gas		\$1.6990	-\$0.0450
Gasoline		\$2.7332	-\$0.0290

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 15, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.952 million barrels
 Cushing, OK Crude Stocks Down 18,000 barrels
Gasoline Stocks Down 3.31 million barrels
Distillate Stocks Up 624,000 barrels
Refinery % Operated 87.8%, up 1%

PADD #1

	Week Ending Mar 15, 2024	Week Ending Mar 8, 2024	Week Ending Mar 16, 2023
Distillate Stocks (in million bbl)			
New England	4.5	4.3	4.3
Central Atlantic	13.8	14.4	16.0
Total PADD #1	29.0	27.5	31.6
Distillate Imports (thousands b/d)	152	150	186

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