

Petroleum Post – November 7th 2024

Day Change Summary

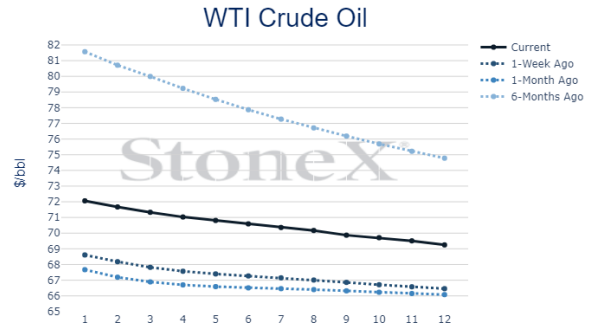
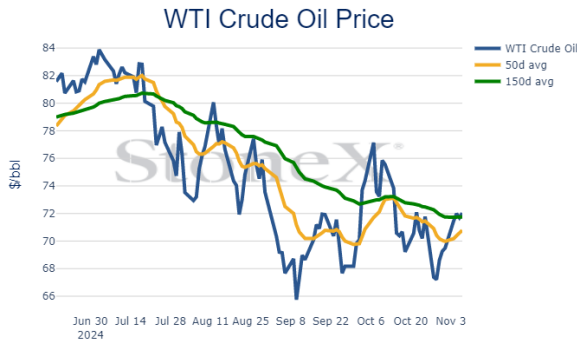
February Brent, December WTI crude, gasoline, and diesel are the most active contracts currently and were used in the following tables. The biggest mover on the week was WTI which was up 4% and the rest of the complex was up outside of diesel crack spreads. After the election oil markets initially took a sharp dive lower but have been resilient to end yesterday's session and today's.

Product	Price	Day Change	Day % Change	Week Change	Week % Change
RBOB Crack	13.97	0.17	1.2	0.33	2.4
Brent	75.63	0.71	0.9	2.47	3.4
RBOB	2.0482	0.0128	0.6	0.0447	2.2
WTI	72.05	0.36	0.5	2.79	4.0
HO	2.2797	0.0097	0.4	0.0602	2.7
HO Crack	23.71	0.06	0.3	-0.89	-3.6

Seasonal percentiles of diesel crack spreads are the lowest across the board while gasoline crack spreads are seasonally slightly elevated. The oil complex is right around seasonal averages, with crude slightly elevated. On the surface, this is a proper reflection of artificial tightness in crude markets (from OPEC cuts), while crack spreads are below seasonal averages in diesel which is backed up by weak diesel demand and healthy refining capacity.

Product	Price	EMA 200-day	3 Yr Percentile	Seasonal Percentile	Difference from 3-Yr Avg (+/- %)
WTI	72.05	75.63	58.3	58.8	5.6
Brent	75.63	79.51	54.3	55.7	3.5
HO	2.28	2.43	56.9	46.4	-2.9
RBOB	2.05	2.28	44.9	58.1	5.3
HO Crack	23.71	26.56	47.7	35.3	-21.8
RBOB Crack	13.97	19.83	31.0	54.6	3.9

WTI Crude Oil



Market Dynamics

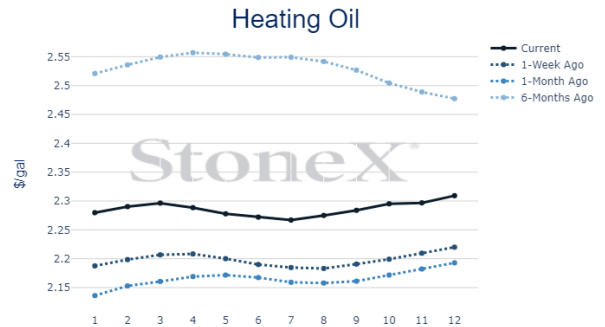
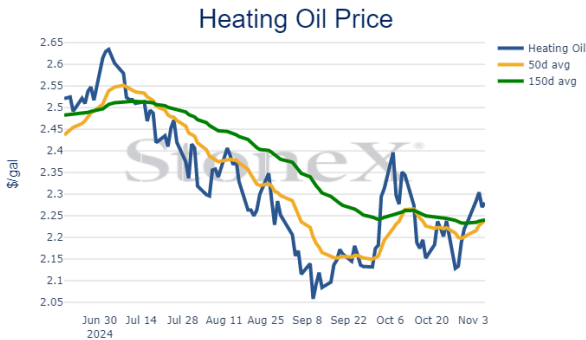
WTI prices have slowly climbed back up and is ready to test long-term moving average levels of \$72/bbl. Although physical markets are not showing strong signs, the general price trend tends to be sideways to higher in the medium-term (30 days). Hedge funds have closed out of many shorts, and options appear to be positioned for moves higher. These factors will help keep volatile price action from occurring to the upside, but technical indicators point to moves higher into November.

Factor	Current	Trend
Spreads	Flat	Flat
Physical Market	Weak	Weakening
Price	Flat	Strengthening

Action Plan

Options volatility is still elevated, and premiums of options are too expensive to purchase. The market will likely climb higher, but at a slow pace as the market digests OPEC extension of cuts and what the Trump presidency means to the oil market.

NYMEX Heating Oil



Market Dynamics

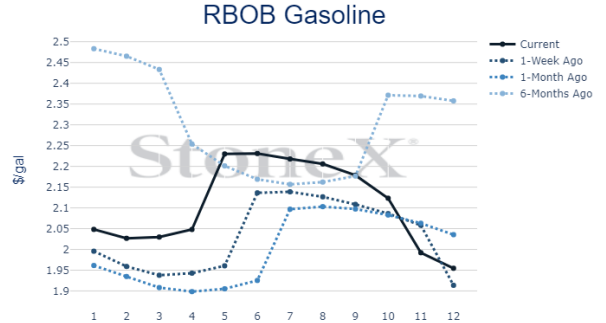
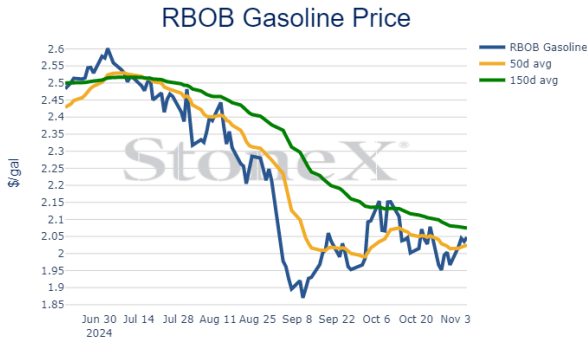
Diesel markets appear to be consolidating and are not quite testing long-term moving averages yet. The structure of the market does appear to be strengthening, and price trends are higher, but these are seasonal moves expected. The crack spread is more telling, in my opinion, as it remains below seasonal averages. Diesel prices will likely follow crude higher in the next several weeks, but don't expect a sustained aggressive rally in HO as refining capacity has expanded and industrial demand continues to underperform.

Factor	Current	Trend
Spreads	Flat	Strengthening
Physical Market	Weak	Weakening
Price	Flat	Strengthening

Action Plan

Diesel markets could see moves higher in the next month but not aggressively so. Spreads still should remain in contango which could mean inventory plays should be profitable.

NYMEX RBOB Gasoline



Market Dynamics

Gasoline crack spreads are slightly elevated as demand has outperformed expectations. Gasoline inventories are tight on the East Coast, which could help support RBOB prices from falling too aggressively. However, we are in the off-peak season for gasoline and more attention will be on HO prices. Blending components like butane and naphtha have recently ripped higher, indicating strong blending demand.

Factor	Current	Trend
Spreads	Very Weak	Weakening
Physical Market	Very Weak	Strengthening
Price	Flat	Strengthening

Action Plan

Gasoline prices should remain in a sideways to slightly up trend, along with crude. However, there is not great buying value at current levels.