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ENERGY PROCUREMENT REPORT

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What's driving your energy prices?

Bullish Factors

- Renewed attacks on commercial vessels near the Strait of Hormuz and escalating tensions involving Saudi Arabia and Houthis increased the threat of further supply disruptions
- The IEA has warned that reduced diesel supplies from Russia and the Middle East continue to drain inventories ahead of winter
- Commercial crude stocks saw a sharp draw of 8.6mb in the week ending Oct 9
- The EIA raised its Q4 Brent crude price forecast by $14 to $105/bbl, citing constrained Middle East exports and projected global inventory draws of 700kb/d

Bearish Factors

- The IEA has agreed to accelerate the release of more than 20mb of diesel and also complete the release of 100mb of crude oil outstanding from an intervention reached back in March
- US President Donald Trump has waived massive tariffs linked to Russian energy exports
- In its October oil market energy report, the IEA forecasted global oil demand would decline by 2.6mb/d this year

Did you know?

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East Coast Basis Blowout Risk Rises

The East Coast remains a pressure point in the US diesel and heating oil market, with the latest inventory data highlighting a widening supply cushion deficit. US distillate stocks fell 2.5mb to 102mb in the week ending October 9, about 12% lower than last year and 11% below the five-year average. East Coast inventories are more than 22% weaker than a year ago and almost 29% below the norm. These shortages have helped keep NYH distillate crack spreads above $100/bbl. Tight East Coast distillate inventories increase the risk of a basis blowout, as a cold snap or supply disruption could cause local diesel and heating oil prices to spike relative to futures.







