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Gasoline & Diesel Futures Extend Losses Beyond 25cts Gal

Petroleum futures continue to plunge with about one hour left in an abbreviated Black Friday trading day that is dominated by fears about a new COVID variant. The drops earlier this morning appeared to be dramatic but the last hour has seen the market turn absolutely desperate with most refined products down 25cts gal or more.

Markets have plunged on massive liquidation and they have moved well under technical support levels that one would thought would take weeks to test.

Distributors and dealers will find out which suppliers are prepared to do intraday or even intra-weekend moves. The implied price of a transport truck of gasoline, diesel, or jet fuel for Monday delivery is down by more than $2100 per load.

Volume is limited by the closure of most US companies and investment houses, but there is still plenty of liquidity as estimated volume for January WTI is well over 735,000 contracts. January WTI was last quoted at $69.35 bbl, down $9.04 bbl and January Brent was off $8.16 bbl to $74.05 at 12:25 PM ET.

December RBOB was off by 26.32cts gal, putting the contract at $2.0565 gal. December ULSD was off 25.22cts gal at $2.13408gal.

Spot markets are closed today but the suspicion is that deep losses will occur for weekend racks, and Monday may be particularly active. OPIS will put out a pricing alert when the markets open early Sunday evening.
Reporting by Tom Kloza,
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Bulletin: Meager Sunday Night Rally after Devastating Covid-19 Friday Losses

Early Sunday night trading has seen crude oil prices bounce by only a fraction of the twelve to thirteen percent losses seen Friday, auguring for sharp decreases in rack prices through every state in the country.

For those who were celebrating a long Thanksgiving weekend and paid little attention to Thursday and Friday market moves here's the quick summary: WTI closed on Friday down $10.24 bbl (not a misprint) at $68.15 bbl. Brent last traded at $72.72 bbl down $9.50 bbl. RBOB plunged 28.48cts gal to $1.9811 galand ULSD dived down 28.87cts gal to $2.09076 gal.

Sunday night action saw most crude oil contracts bounce back by about $2.85-$3.10 bbl while RBOB gained a little more than 9cts gal and diesel was up just under 7cts gal. By all measurements, those rebounds bordered on pathetic, but worries about the new COVID-19 variant "Omicron" were tantamount and depressing prices for most assets.

There was no spot trading on Friday, but given the scope of the futures' drops, rack price decreases of 18-25cts gal are possible in wholesale markets for finished gasoline and diesel. On Friday, OPIS confirmed a much larger-than-normal assortment of rack price drops, but the changes saw average discounts of just 4.6cts gal for diesel and 4.97 gal for gasoline.

Retail prices barely moved, although longtime oil observers wondered if the price changes might represent a mere "flash crash" that wouldn't last, as opposed to severe downward pressure tied to the new COVID variant "Omicron" that might represent a threat to healthy, safety and mobility across all inhabited continents.

The "average" US gasoline price at the pump remained above $3.39 gal, a level associated with crude prices well above $100 bbl.

Bottom line: Crude oil prices may initiate Monday trading in the US at levels some $6-$7 bbl below what was last witnessed before the long Holiday weekend.

With little real information available about the new COVID "Omicron" variant, veteran traders may look to technical charts for hints of what could happen in petroleum futures. A plunge to below $70 bbl in Brent would convert some of the perma-bulls and a drop below $2.0315 gal for RBOB might target a further drop of 30cts gal. Diesel, which was supposed to be the beneficiary of fuel switching may not find real support until futures' prices hit about $1.83 gal or so.

At this point, It looks as though three major US physical markets - - the US Gulf Coast; the Group 3 market for the Great Plains; and the Chicago spot market - - could all see prices well under $2 gal for CBOB and RBOB Monday.

Those numbers are possible even if there is a moderate increase in equity values. US stocks lost 2.23% to 2.53% in value on Friday but have recovered by a modest 0.4-0.95% Sunday evening. The US Dollar is up by a small 0.13%, enough to assume that money isn't pouring into commodities, at least not enough to spark a huge money flow into long positions in futures.

Reporting by Tom Kloza

Crude Futures Surge on 'Day After' Omicron Crash, Lag Behind Friday Drops

Traders betting on a recovery from dramatic and nearly unprecedented Friday declines in futures are seeing substantial increases today, but most refined products values are still 15-17cts/gal below the numbers printed before the long Thanksgiving weekend. Intense fears related to possible lockdowns motivated by the omicron variant of COVID-19 have abated only slightly, and itmay take weeks of constructive news to approach the numbers seen last Wednesday.

January WTI was up $4.19/bbl at 9:40 a.m. ET, but that might be described as a "pathetic" rally given the losses of about $10/bbl seen for WTI and Brent on Friday. January Brent is thinly traded, but it has moved up $3.78/bbl, to $76.50/bbl, while more actively traded February is up $3.90/bbl, to $75.49/bbl.

Massive wholesale rack decreases are being implemented today. They are not on the scope or scale of the 28-30ct/gal drops seen on Friday, but double-digit declines are being witnessed. December RBOB has managed to crank out a 12.59ct/gal increase to $2.1553/gal, but that is well under 50% of the Friday decline. January RBOB was up 12.58cts/gal, to $2.1069/gal, but that still leaves many gasoline markets with rack prices more than 10cts/gal above implied replacement costs.

Diesel has seen a similar rebound as RBOB. December contracts are lightly traded, but prices have advanced 12.91cts/gal, to $2.2236 gal, while January is hanging right around $2.22/gal.

--Reporting by Tom Kloza

President Biden Directs FTC to Investigate Potential 'Illegal Conduct' by Oil & Gas Companies

Increasing gas prices continue to be a concern for not only motorists, but government officials and retailers.

On Nov. 17, President Joe Biden asked the Federal Trade Commission (FTC) to look into possible "illegal conduct" in the market that may be keeping prices at the pump elevated, Reuters reported.

According to the report, retail gasoline prices recently reached seven-year highs as consumer demand has recovered while oil supply remains below pre-pandemic peaks.

"The Federal Trade Commission has authority to consider whether illegal conduct is costing families at the pump. I believe you should do so immediately," Biden wrote in a letter to FTC Chair Lina Khan.

An FTC spokesperson told the news outlet the commission was also concerned about the issues raised in the White House letter and was looking into the situation.

In his letter, Biden noted the two largest U.S. oil and gas companies were on track to nearly double their net income compared to 2019. The two largest oil and gas companies in the U.S. by market capitalization, Exxon and Chevron, respectively, didn't immediately reply to a Reuters' request for comment.

"I do not accept hard-working Americans paying more for gas because of anti-competitive or otherwise potentially illegal conduct," Biden wrote. "I therefore ask that the commission further examine what is happening with oil and gas markets, and that you bring all of the commission's tools to bear if you uncover any wrongdoing."

This is not the first time the administration has raised concerns about high gas prices. In August, Brian Deese, director of the National Economic Council, sent a letter to Khan on questioning why "gas prices tend to rise more quickly to adjust to spikes in oil prices than they fall when the price of oil declines."

In response, Khan said the commission would seek to deter "unlawful" mergers in the oil and gas industry. Among the steps the FTC intended to take, Khan said the commission will start an investigation of abuses in the "franchise market" for retail fuel stations.

Another Call for Scrutiny

The Merchants Payments Coalition (MPC) also raised concerns about the cost to fill up, asking the FTC to investigate the credit card industry and its role in elevated pump prices. According to the coalition, swipe fees charged to process transactions have contributed to increases in gasoline prices.

"Card fees are up nearly 20 percent for gasoline retailers this year," said Doug Kantor, MPC Executive Committee member and NACS general counsel. "The card industry is making more right now from gas sales than local gas station owners. That's not right."

The national average for a gallon of regular gas is currently $3.41 per gallon, according to AAA. With the swipe fee that banks charge merchants to process Visa and Mastercard credit card transactions averaging 2.22 percent, that amounts to 7.6 cents per gallon, up from 4.7 cents per gallon a year ago when gasoline averaged $2.12 per gallon. Including those and other expenses, fuel industry pretax profits are currently less than 6 cents per gallon, MPC said.

Gas stations paid $10.7 billion in swipe fees in 2020 and higher gas prices have increased swipe fees paid so far this year by 19.5 percent. That puts 2021 on pace to total more than $12.5 billion, according to NACS.

September US Vehicle Miles Rebound in Line With 2019 Levels: US DOT

Total U.S. vehicle miles traveled in September rebounded back in line with 2019 levels, after the closely watched measure recently fell below its two-year comparisons, according to government data Thursday.

Total U.S. vehicle miles, which measure travel on all public roads and streets, were 266.7 billion in September, compared with 267.7 billion in September 2019, according to the latest Traffic Volume Trends report compiled by the U.S.Department of Transportation's Federal Highway Administration.

On a seasonally adjusted basis, which allows a more meaningful comparison excluding seasonal factors, September 2021 vehicle miles were 265.4 billion, a 1.5% (3.9 billion vehicle miles) gain from August 2021, according to the highway administration.

The highway administration's data showed that vehicle miles in June 2021 surpassed their level two years ago for the first time since the start of theCOVID-19 pandemic.

Looking at a breakdown of the six regions monitored by the report, the reportshowed that vehicle miles in the South Atlantic region, which includes Florida, Georgia, the Carolinas, Virginia, West Virginia, Maryland, Delaware and the District of Columbia, rose the most, up by 9% versus September 2020.

Average U.S. gasoline prices have gained around 30cts/gal since late August to about $3.41/gal on Tuesday. Although lower OPEC+ crude supply and reduced refining capacity are often cited as the main drivers for gasoline's rally, the report's data suggests resilient fuel demand by U.S. motorists also plays an important role.

Some market watchers said U.S. motorists tend not to think about driving lessuntil the average gasoline price rises above $4/gal.

According to OPIS DemandPro data, which surveys more than 25,000 gas stations across the U.S., average gas station gasoline volumes on a same-store basis in September 2021 were down 11.5% versus two years ago, which is smaller than the 13.6% two-year deficit in August 2021. For October, OPIS data show the deficit has once again widened to 12.8% versus the same month in 2019.

Prior to August, U.S. gasoline demand had narrowed two-year deficits for six straight months -- February through July 2021, OPIS data show.

--Reporting by Frank Tang

White House Announces Details of Federal COVID-19 Vaccine Mandate

The clock is now ticking down to the implementation of the federal COVID-19 vaccine mandate.

On Nov. 4, the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) revealed the details of a requirement for employers with 100 or more employees to ensure each of their workers is fully vaccinated or tests for COVID-19 on at least a weekly basis.

The OSHA emergency temporary standard (ETS) also requires that these employees receive paid time off to get vaccinated, and all unvaccinated workers wear a face mask in the workplace.

The rule, according to a briefing from the White House, covers 84 million employees who have until Jan. 4, 2022 to get their final vaccination dose — either their second dose of Pfizer or Moderna, or single dose of Johnson & Johnson. The weekly testing requirement for unvaccinated employees kicks in after that date.

However, employers must be in compliance with all other requirements, such as providing paid time off for employees to get vaccinated and masking for unvaccinated workers, by Dec. 5.

"While vaccination remains the most effective and efficient defense against COVID-19, this emergency temporary standard will protect all workers, including those who remain unvaccinated, by requiring regular testing and the use of face coverings by unvaccinated workers to prevent the spread of the virus," said Deputy Assistant Secretary of Labor for Occupational Safety and Health Jim Frederick. "As part of OSHA's mission to protect the safety and health of workers, this rule will provide a roadmap to help businesses keep their workers safe."

U.S. Appeals Court Stays Federal Vaccine Mandate

The U.S. Court of Appeals for the Fifth District hit the pause button on the federal vaccine mandate.

The move came in response to a lawsuit filed by Louisiana State Attorney General Jeff Landry challenging the new Occupational Safety and Health Administration (OSHA) rule requiring employers with 100 or more employees to ensure each of their workers is fully vaccinated or tests for COVID-19 on at least a weekly basis. OHSA detailed the mandate on Nov. 4.

The rule is set to go into effect on Jan. 4.

The court granted a temporary stay on Nov. 6, and gave the Biden Administration until Monday, Nov. 8, to reply to a motion for a permanent injunction, followed by the petitioners' reply on Tuesday, Nov. 9, as reported by The Associated Press.

The New Orleans-based judicial panel said it was delaying the federal vaccine requirement because of potential "grave statutory and constitutional issues" raised by the plaintiffs.

"The court's action not only halts Biden from moving forward with his unlawful overreach, but it also commands the judicious review we sought," Landry said. "The president will not impose medical procedures on the American people without the checks and balances afforded by the Constitution."

The U.S. Labor Department's top legal adviser, Solicitor of Labor Seema Nanda, said the department is "confident in its legal authority to issue the emergency temporary standard on vaccination and testing," the AP reported.

OSHA has the authority "to act quickly in an emergency where the agency finds that workers are subjected to a grave danger and a new standard is necessary to protect them," she said.

A spokesman for the U.S. Justice Department said the department "will vigorously defend this rule in court."

Such circuit decisions normally apply to states within a district — Mississippi, Louisiana and Texas, in this case — but Landry said the language employed by the judges gave the decision a national scope, the news outlet added.

High Gasoline Margins Reason for Retailers to Give Thanks This Holiday

With travelers expected to hit the roads in near pre-pandemic numbers for the Thanksgiving holiday weekend, the recent weakness in energy prices couldprovide a windfall for gasoline retailers around the nation.

AAA expects 48.3 million American motorists to travel this Thanksgiving weekend. That's nearly 4 million more than took to their cars last year and only about 1.6 million fewer than got behind the wheel in 2019. OPIS DemandPro data supports the idea that holiday travel will likely be close to what it was two years ago. Of the three times in recent months that the deficit to 2019 has been below 10%, two were holiday weekends -- July 4 at 6.7% below 2019 levels and Labor Day weekend at 6.3% below two years earlier.

Meanwhile, most U.S. retailers are currently enjoying some of the highest gross rack-to-retail gasoline seen in a year that has already had a good run of margins ensconced in comfortable territory. OPIS MarginPro data shows the national average gross rack-to-retail margin for gasoline in the United States on Monday is 39.8cts/gal, slightly weaker than the 41cts-plus a gallon seen over the weekend, but still up 5cts/gal from a week earlier and more than 10cts/gal above where the average stood a month ago. Margins are also 10.8cts/gal higher than what retailers were seeing leading into holiday travel last year.

Arizona retailers, however, are not seeing a boon. OPIS calculates average unleaded gasoline margins in that state are just 2.9cts/gal Monday and have not been above the 20cts/gal mark since late September. That's as the average daily price of gasoline in the state has risen from about $3.16/gal two months ago to spend the last six days above $3.70/gal. Arizona wholesale prices in recent weeks have been pressured by supply issues and turnaround work being done at the 124,000-b/d Holly Frontier refinery in Artesia, New Mexico. High prices on the West Coast are also contributing to the runup in the Grand Canyon State.

Arizona's anemic margins are even more shocking when compared to neighboring Colorado, where average gross rack-to-retail margins approached 77cts/gal Monday, the highest in the nation. Outside of Arizona, Ohio retailers are theonly others in the U.S. to see average margins below 30cts/gal, at 23.9cts/gal.

The jump in margins comes as gasoline futures prices have tumbled in the past week, dragged lower by weakness in crude oil contracts as COVID-19 cases surge in some European countries and the Biden administration talks of coordinating national strategic petroleum reserve releases with China and other Asia-area countries.

The front-month contract for RBOB gasoline futures has fallen from more than $2.50cts/gal in late October to a little over $2.21/gal on Friday. But prices at the pump have been slow to follow the downward slide. The national average price of gasoline stood at $3.409/gal Monday, according to AAA data provided by OPIS. That's only slightly lower than the recent national average high of$3.4223/gal seen on Nov. 8. It's also $1.29/gal more than motorists paid a year ago, and 81 cents more than in 2019.

Prices have been moving on a regional basis. The nation's top 10 price moves over the last week were in Florida (+9 cents), Arizona (+7 cents), Washington, D.C. (−5 cents), Michigan (−5 cents), Texas (−5 cents), Indiana (−5 cents), Ohio (−4 cents), Kansas (−4 cents), Oklahoma (−3 cents) and Kentucky (−3 cents), according to AAA.

Margins might see some erosion in the days leading up to the holiday. On Monday, RBOB futures were rallying, rising by as much as about 5cts at midday.

In an outlook for holiday gasoline prices on Monday, AAA noted how U.S. supplies of crude oil have dipped recently, even as U.S. gasoline demand has eased.

"Until global oil production ramps back up to pre-pandemic levels, this recent dip in the price of crude may only be temporary," said AAA spokesman Andrew Gross.

--Reporting by Steve Cronin

Ford Seeks Patent for Cool Idea That Could Significantly Speed EV Charging

Ford Motor Co. says it has teamed up with Purdue University to invent charging technology that it says could make fueling an electric vehicle as fast as filling a gas tank.

The trick, the automaker says, is a new way to keep charging cables cool as large amounts of electricity pass through them.

The company and the university are seeking a patent for a process that uses a new liquid active-cooling agent for cables. That, along with "in-development vehicle charging technology" could eventually lead to EVs charging "as quickly as conventional gas station fill-ups," the company said.

"Today, chargers are limited in how quickly they can charge an EV's battery due to the danger of overheating. Charging faster requires more current to travel through the charging cable," Michael Degner, senior technical leader, Ford Research and Advanced Engineering, said.

Although there are already liquid-cooling technologies on the market, the company says its process of changing a liquid to a vapor is a key difference that will enable much faster charging.

"Electric vehicle charging time can vary widely, from 20 minutes at a station to hours on an at-home charging station, and that can be a source of anxiety for people who are considering buying an electric vehicle," Issam Mudawar, a professor of mechanical engineering at Purdue, said. "My lab has come up with a solution for situations where the amounts of heat that are produced are beyond the capabilities of today's technologies."

But while the charging might be superfast, the rollout of the technology is going to take time. Mudawar said his lab will likely begin testing a prototype charging cable within the next two years. Ford doesn't offer a timeline for getting the technology to market, merely saying that the invention "could one day deliver significantly more power than today's leading systems to re-charge electric vehicles."

--Reporting by Steve Cronin

Chicago C-Store Owners Charged with Defrauding WIC to the Tune of 19.7 Million

Several Chicago-area c-store owners and employees were charged Friday in a $19.7 million scam involving a federally funded program -- Women, Infants and Children (WIC).

The WIC program is designed to improve the diet of moderate- and low-income infants, young children, and pregnant, breastfeeding and post-partum women.

The 16-count indictment alleges that from 2010 to 2019 store owners and several workers fraudulently redeemed checks from the WIC program. The indictment said the defendants let customers use WIC checks for ineligible purchases, and allowed customer to exchange WIC checks for items before and after the period when the checks were valid.

Fraudulently redeemed checks from one store allegedly were deposited into the bank account of another store to hide the sales volume conducted with WIC checks. The defendants also would get approved as vendors for the WIC program, participate for a few years and voluntarily withdraw from the program "to evade detection" of the fraud.

Store owners would appoint a third party to assume "nominal" ownership of a store they still controlled and would open the store under the name of the appointee after withdrawing from the WIC program. The store would then apply for the WIC program under new ownership.

Defendants also opened multiple banks accounts for each store and spread WIC deposits across the accounts "to conceal the amount of actual WIC check redemptions .

The deposit totals per store ranged from $950,041 to $3,530,541, and averaged just under $2 million.

Record Retrieval

DMV record retrieval is available to association members and affiliates at a cost of $12 per record. Additionally, you may order DMV certified paper abstracts of driver's license, vehicle registration, and vehicle title records for an additional fee of $2 per abstract. Please call 516-371-6201.

Lawley

Lawley Declares Dividend for 29th Year

NEW YORK STATE ASSOCIATION OF SERVICE STATION & REPAIR SHOPS, INC

Declared Dividend is 35%

In 2021* the New York State Association of Service Stations & Repair Shops, Inc. is proud to declare a dividend for the Workers Compensation Safety Group #536 of **35%**. This will be the 29th consecutive year that the group will pay the dividend.

In addition to this dividend, members have enjoyed as much as a **60%** savings on their premiums.

Checks will be processed March 15th and mailed directly to your address by The State Insurance Fund.

** Applies to Policy Term 5/1/19 - 5/1/20*

Further Details

Please contact:
Bill Adams at 716.849.8641 or by email at badams@lawleyinsurance.com if you have any questions or concerns.

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