



MarketWatch | Refined Products

Wednesday, June 21, 2023

Market Commentary

Recap: The oil market on Tuesday sold off, giving up all of last week's 2.3% gain as the market continues to experience choppy, rangebound trading. The market traded to a high of \$72.02 during Monday's shortened trading session in observance of Juneteenth. It continued to trade mostly sideways when it reopened overnight and rallied to a high of \$72.09 on Tuesday morning. However, the market gave up its gains and sold off to a low of \$69.65 by mid-morning, ahead of the July contract's expiration at the close. The market was pressured by forecasts for slower growth of oil demand in China. The oil complex also followed the U.S. stock indexes lower as hawkish comments from U.S. Federal Reserve officials last week kept traders concerned about interest rate increases and its impact to oil demand. The market later retraced some of its losses ahead of the close. The July WTI contract, which posted an outside trading day, went off the board down \$1.28 at \$70.50, while the August WTI contract settled down 74 cents at \$71.19. The August Brent contract settled down 19 cents at \$75.90. Meanwhile, the product markets also sold off and settled in negative territory, with the heating oil market settling down 76 points at \$2.4754 and the RB market settling down 7.13 cents at \$2.6092.

Technical Analysis: The oil market will continue to trend sideways within a range from about \$70.00 to \$76.00. The market is seen finding resistance at its high of \$72.38 followed by a high of \$73.37 and \$75.70. Meanwhile, support is seen at its low of \$69.76, \$68.14, \$67.31 and \$66.96.

Fundamental News: Iraqi Kurdish Prime Minister Masrour Barzani arrived in Turkey on Tuesday for talks with President Tayyip Erdogan, including discussion of halted oil exports. Turkey halted Iraq's 450,000 bpd of exports through the northern Iraq-Turkey pipeline on March 25th after an arbitration ruling by the International Chamber of Commerce. A Kurdish official said the visit by the Iraqi Kurdish Prime Minister is aimed at finding ways to accelerate the resumption of those exports. According to Reuters estimates, the Iraqi Kurdish region has lost more than \$2.2 billion over the 87 days the pipeline has been shut.

A researcher at China National Petroleum Corporation's research arm said China's 2023 crude oil demand is expected to reach 740 million metric tons or 14.86 million bpd, up 3.5% on the year. Wang Lining, head of markets at the Economic & Technology Research Institute said gasoline demand in 2023 will increase 0.8% above 2019 levels, while its diesel demand is seen reaching 98.8% of the 2019 level and kerosene demand is seen reaching about 95% of 2019 levels.

China's oil imports from Russia increased to a record high in May, as private refiners continue to import sanctioned ESPO and Urals shipments at discounts. According to data from the General Administration of Customs, arrivals from Russia totaled 9.71 million metric tons in May or 2.29 million bpd. This represented the highest level on record and a 32.4% increase on April's figure of 1.73 million bpd.

Phillips 66 reported a unit upset at its 356,000 bpd Wood River, Illinois refinery.

Colonial Pipeline Co is allocating space for Cycle 37 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Early Market Call - as of 8:26 AM EDT

WTI - July \$71.21 up 2 cents

RBOB - July \$2.5822 down 2.70 cents

HO - July \$2.4705 down 49 points

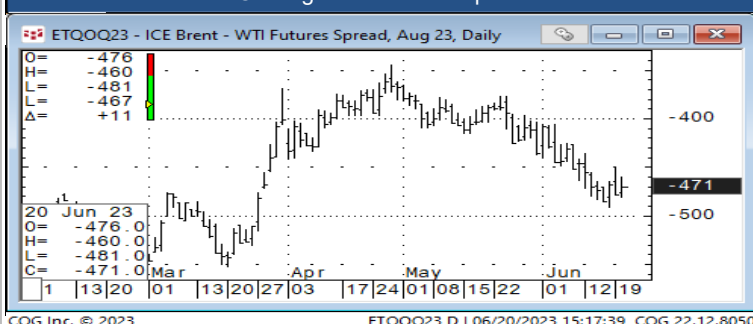
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.4754	-0.0760	0.1663
Aug-23	2.4367	-0.0681	0.1386
Sep-23	2.4311	-0.0597	0.1321
Oct-23	2.4269	-0.0539	0.1255
Nov-23	2.4193	-0.0499	0.1217
Dec-23	2.4096	-0.0469	0.1182
Jan-24	2.4030	-0.0447	0.1136
Feb-24	2.3929	-0.0433	0.1080
Mar-24	2.3753	-0.0422	0.1013
Apr-24	2.3491	-0.0414	0.0944
May-24	2.3320	-0.0405	0.0901
Jun-24	2.3192	-0.0395	0.0881
Jul-24	2.3150	-0.0379	0.0883
Aug-24	2.3130	-0.0362	0.0888
Sep-24	2.3119	-0.0352	0.0890
Oct-24	2.3116	-0.0345	0.0887
Nov-24	2.3096	-0.0332	0.0882

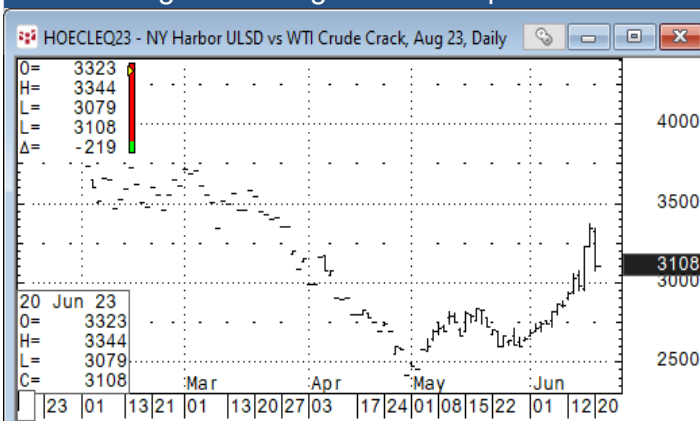
Sprague HeatCurve October 2023-April 2024 \$2.3968

	Close	Change
Crude - WTI	\$71.1900	-\$0.7400
Crude - Brent	\$75.9000	-\$0.1900
Natural Gas	\$2.4920	-\$0.1400
Gasoline	\$2.6092	-\$0.0713

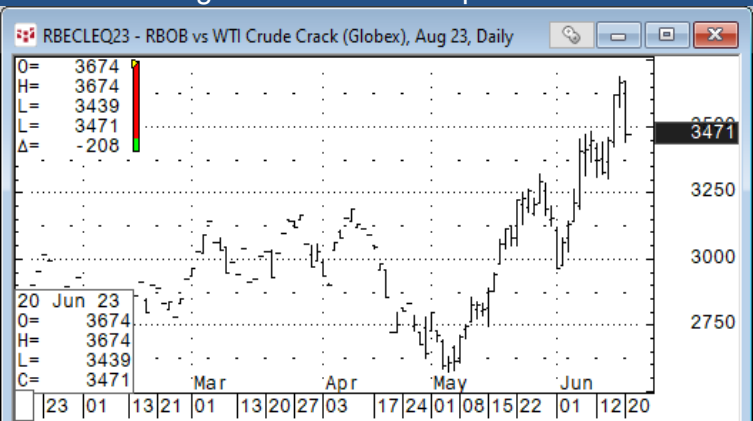
ICE August Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread



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