



MarketWatch | Refined Products

Friday, October 6, 2023

Market Commentary

Recap: The oil market on Thursday continued on its downward spiral, posting a 7.8% decline over the past two trading sessions, the largest two-day decline since May 3rd. Crude is down more than 12% from its peak back on September 27th. The crude market remained pressured as an uncertain demand outlook overshadowed an OPEC+ decision to maintain its output cuts. The market is concerned about further increases to interest rates. The crude market traded sideways and posted a high of \$84.92 in overnight trading before it resumed its downward trend. It traded to \$82.24 by mid-day and settled in a sideways trading pattern before some further selling ahead of the close pushed the market to a low of \$82.20. The November WTI contract settled down \$1.91 at \$82.31 and the December Brent contract settled down \$1.74 at \$84.07. The product markets also ended the session in negative territory, with the heating oil market settling sharply lower, down 14.91 cents at \$2.8687 and the RB market settling down 9 points at \$2.189.

Technical Analysis: The crude market is seen retracing some of its sharp losses before it continues on its downward trend. Technically, the market is still seen trending lower. While stochastics are in oversold territory, they have yet to cross to the upside. Also, the market breached a lower boundary of a downward trend channel and settled below it during Thursday's session. The market is seen finding support at \$81.44, followed by \$81.00, \$80.43 and \$78.94. Meanwhile, resistance is seen at its high of \$84.92, \$86.87, \$87.07, \$88.59, \$89.59 and \$90.11.

Fundamental News: Turkey's Energy Minister, Alparslan Bayraktar, said a crude oil pipeline from Iraq through Turkey, which has been suspended for about six months, is ready for operations as of Wednesday. He said there were no obstacles now to shipping Iraqi oil to global markets.

The Kremlin said Russia's President Vladimir Putin has ordered the government to provide state funds to ensure a smooth heating season, including the introduction of regulated prices for fuel oil supplied for household heating in some regions.

The Keystone crude oil pipeline is operating at about half of its capacity or 300,000 bpd to markets in the U.S. and overseas after it was shut in for maintenance work. The disruption contributed to Canadian heavy crude's discount in Alberta to WTI widening about 85 cents to \$20.60/barrel, the first time it has exceeded \$20/barrel since February. The resumption of operations also allows flows into Cushing, Oklahoma to resume.

The Biden Administration said it would hold an auction of oil and gas leases in the Gulf of Mexico on November 8th following a court order to expand the sale. The U.S. Bureau of Ocean Energy Management said the sale would offer about 72.7 million acres on the Outer Continental Shelf.

Chicago Federal Reserve Bank President, Austan Goolsbee, said he sees no clear signals that the U.S. economy is veering off the "golden path" toward the Fed's 2% inflation goal and at the same time averting a recession, even as the recent increase in long-term Treasury yields has some analysts questioning that.

San Francisco Reserve Bank President, Mary Daly, said that with U.S. monetary policy "well into" restrictive territory, a lot of progress towards 2% inflation and the recent increase in U.S. Treasury yields, the Fed may not need to raise rates any more.

Early Market Call - as of 8:40 AM EDT

WTI - October \$81.80, down 52 cents
 RBOB - October \$2.1995, up 1.05 cents
 HO - October \$2.9265, up 5.78 cents

All NYMEX | Prior Settlements

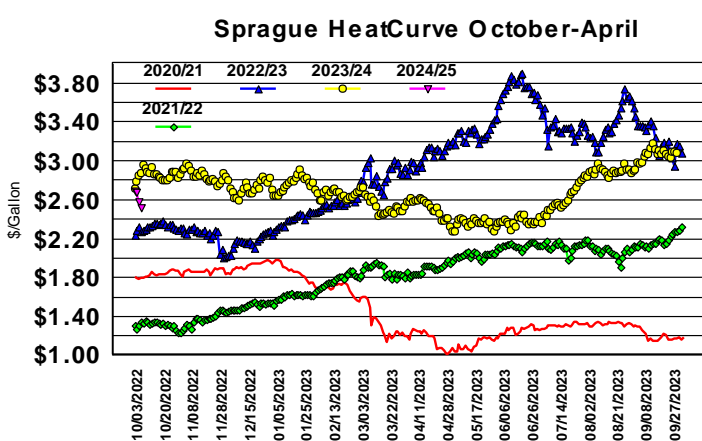
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	2.8687	-0.1491	-0.4017
Dec-23	2.7991	-0.1263	-0.3544
Jan-24	2.7563	-0.1121	-0.3240
Feb-24	2.7239	-0.0989	-0.3005
Mar-24	2.6791	-0.0876	-0.2766
Apr-24	2.6218	-0.0767	-0.2538
May-24	2.5818	-0.0705	-0.2428
Jun-24	2.5551	-0.0665	-0.2339
Jul-24	2.5467	-0.0637	-0.2218
Aug-24	2.5428	-0.0619	-0.2136
Sep-24	2.5432	-0.0611	-0.2081
Oct-24	2.5418	-0.0607	-0.2028
Nov-24	2.5361	-0.0607	-0.1965
Dec-24	2.5276	-0.0610	-0.1889
Jan-25	2.5185	-0.0597	-0.1807
Feb-25	2.5053	-0.0586	-0.1724
Mar-25	2.4875	-0.0567	-0.1635

Sprague HeatCurve October 2024-April 2025			\$2.5116
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$3.26	\$80.8100	-\$1.7400
Crude - Brent		\$84.0700	-\$1.7400
Natural Gas		\$3.1660	\$0.2040
Gasoline		\$2.1890	-\$0.0090

EIA Working Gas Storage Report

	29-Sep-23	22-Sep-23	Change	29-Sep-22
East	847	821	26	751
Midwest	991	962	29	911
Mountain	239	234	5	183
Pacific	278	271	7	246
South Central	1090	1071	19	997
Salt	259	250	9	222
Nonsalt	830	821	9	775
Total	3445	3359	86	3,088

Sprague HeatCurve October-April



November WTI



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