

# MarketWatch | Refined Products

Thursday, June 27, 2019

### Market Commentary

Recap: WTI futures climbed almost 3% on Wednesday, as the EIA reported a weekly drop of nearly 13 million barrels in U.S. crude oil stocks, the largest drop since September 2016. Analysts had expected a 2.5 million barrel draw. August WTI fell shy of hitting \$60.00 a barrel, as this spot contract rose to a session high of \$59.93, a gain of \$2.10, or 3.6% by 10:33. August Brent tacked on \$1.81, to top the session at \$66.86 a barrel. Given the 1 million barrel drawdown in gasoline inventories and supply decline at the U.S. oil trading hub at Cushing, OK, a push over \$60.00 seems imminent. August WTI rose \$1.55, or 2.7%, to settle at \$59.38 a barrel. The settlement was the highest for a front-month contract since May 22. August Brent gained \$1.44, or 2.2%, to \$66.49 a barrel, the highest settlement in about a month. Gasoline futures also rallied on news of the planned closure of a key East Coast refinery. Prices for both U.S. oil and gasoline settled at their highest in five weeks. The Philadelphia Energy Solutions refinery in Philadelphia plans to permanently shut down, according to news reports. That follows an explosion and fire at the 335,000 barrel-per-day refinery Friday. July RBOB jumped 9.3 cents, or 5%, to finish at \$1.970 a gallon. This is the highest settlement in five weeks. July heating oil added 4.8 cents, or 2.5%, to \$1.971 a gallon. Technical Analysis: Based upon a daily spot continuation chart, August WTI blew past \$59.60, the 50-day moving average but stopped short of \$60.01, the 200-day moving average. With WTI continuing to gain strength from supportive fundamentals amid bullish technical indicators, we would look for an attempt to push through the 200-day moving average. We would not however, be surprised to see at bid of a pullback. Above \$60.00, additional resistance is set at \$61.30. Support is set at \$55.49 and below that at \$53.50

Fundamental News: Barclays expects OPEC and non-OPEC producers to roll over the existing output cut agreement. It maintains its \$73/barrel price forecast for Brent in the second half of 2019. It sees key OPEC producers maintaining close to 100% compliance in the second half of 2019, unless the situation in Iran and Venezuela deteriorates further.

Russia's average oil production during the period of June 1-25, was 11.15 million bpd, up from an average of 11.04 million bpd during June 1-10. Russian oil output in May fell to 11.11 million bpd, its lowest level since June 2018, from 11.23 million bpd in April.

US President, Donald Trump, said he was "not talking boots on the ground" if military action were necessary against Iran, and said any conflict would not last long.

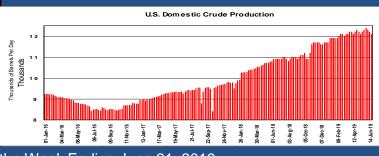
Iran's President, Hassan Rouhani, said America is pursuing an incorrect path. He said European signatories have not done enough to preserve the 2015 nuclear deal and it would be in the benefit of European countries and the US to stick to their promises under the deal.

Separately, Iran's Supreme Leader, Ayatollah Ali Khamenei, said the offer by the US to negotiate with Iran is a deception. He said Iran will not retreat in the face of "cruel" US sanctions and "insults."

IIR Energy reported that US oil refiners are expected to shut in 558,000 bpd of capacity in the week ending June 28<sup>th</sup>, cutting available refining capacity by 117,000 bpd from the previous week. Offline capacity is expected to fall to 374,000 bpd in the week ending July 5<sup>th</sup>. Philadelphia's Mayor, Jim Kenney, said Philadelphia Tefinery Solutions confirmed plans to permanently shut down the 335,000 bpd Philadelphia refinery within the next month after the massive fire caused substantial damage to the complex. PES is expected to file a notice of intent with state and federal regulators as early as Wednesday. PES' 200,000 bpd Crude section in the Girard Point section of the facility remains offline since June 21<sup>st</sup> following the fire at the 20,000 bpd HF alkylation unit. A 65,000 bpd gasoline hydrotreater was also shut on June 21<sup>st</sup> following the incident.

#### Early Market Call - as of 8:30 AM EDT WTI - Aug \$58.97, down 41 cents RBOB - July \$1.9352, down 3.42 cents HO - July \$1.9556, down 1.55 cents

| Month       close       change       one Wee         Jul-19       1.9713       0.0479       0.141         Aug-19       1.9782       0.0473       0.142         Sep-19       1.9782       0.0464       0.141         Oct-19       1.9852       0.0464       0.141         Oct-19       1.9907       0.045       0.132         Dec-19       1.9963       0.0407       0.132         Jan-20       1.9966       0.0395       0.129         Feb-20       1.9908       0.0381       0.126         Mar-20       1.9908       0.0381       0.126         Mar-20       1.9651       0.0345       0.119         May-20       1.9548       0.0327       0.114         Jul-20       1.9483       0.0318       0.112         Jul-20       1.9483       0.0318       0.112         Aug-20       1.9483       0.0287       0.104         Sep-20       1.9504       0.0298       0.107         Oct-20       1.9506       0.0287       0.104         Nov-20       1.9512       0.028       0.102                                             |                                              |            |           |              |           |  |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------|-----------|--------------|-----------|--|--|
| Jul-19     1.9713     0.0479     0.141       Aug-19     1.9782     0.0473     0.142       Sep-19     1.9852     0.0464     0.141       Oct-19     1.9907     0.045     0.133       Nov-19     1.9948     0.0431     0.132       Dec-19     1.9963     0.0407     0.132       Jan-20     1.9966     0.0395     0.129       Feb-20     1.9908     0.0381     0.126       Mar-20     1.9908     0.0381     0.126       Mar-20     1.9807     0.0363     0.123       Apr-20     1.9807     0.0363     0.123       May-20     1.9548     0.0337     0.117       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0298     0.107       Oct-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$59.3800     \$1 <th></th> <th></th> <th>ULSD (HO)</th> <th>Prior Settle</th> <th>Change In</th>                                   |                                              |            | ULSD (HO) | Prior Settle | Change In |  |  |
| Aug-19     1.9782     0.0473     0.142       Sep-19     1.9852     0.0464     0.141       Oct-19     1.9907     0.045     0.133       Nov-19     1.9948     0.0431     0.132       Jan-20     1.9963     0.0407     0.132       Jan-20     1.9966     0.0395     0.123       Feb-20     1.9966     0.0395     0.123       Mar-20     1.9908     0.0381     0.126       Mar-20     1.9807     0.0363     0.123       Apr-20     1.9807     0.0363     0.123       May-20     1.9548     0.0337     0.117       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0318     0.112       Aug-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$59.3800     \$1       Crude - WTI     Aug Brent-<br>WTI Spread<br>\$7.11     \$59.380                                                                                          | Month                                        |            | Close     | Change       | One Week  |  |  |
| Sep-19     1.9852     0.0464     0.141       Oct-19     1.9907     0.045     0.133       Nov-19     1.9948     0.0431     0.136       Dec-19     1.9963     0.0407     0.132       Jan-20     1.9966     0.0395     0.129       Feb-20     1.9908     0.0381     0.126       Mar-20     1.9908     0.0363     0.123       Apr-20     1.9651     0.0345     0.119       May-20     1.9651     0.0345     0.119       May-20     1.9484     0.0327     0.114       Jul-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0308     0.109       Sep-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$59.3800     \$1       Crude - WTI     Aug Brent-<br>WTI Spread<br>\$7.11     \$59.3800     \$1       \$2.2910     -\$0     -\$0                                                                                             | Jul-19                                       |            | 1.9713    | 0.0479       | 0.1419    |  |  |
| Oct-19       1.9907       0.045       0.133         Nov-19       1.9948       0.0431       0.136         Dec-19       1.9963       0.0407       0.132         Jan-20       1.9966       0.0395       0.129         Feb-20       1.9908       0.0381       0.126         Mar-20       1.9908       0.0363       0.129         Mar-20       1.9907       0.0363       0.129         Mar-20       1.9908       0.0381       0.126         Mar-20       1.9908       0.0363       0.129         May-20       1.9651       0.0345       0.119         May-20       1.9651       0.0345       0.119         Jun-20       1.9484       0.0327       0.114         Jul-20       1.9483       0.0318       0.112         Aug-20       1.9492       0.0308       0.109         Sep-20       1.9504       0.0298       0.107         Oct-20       1.9512       0.028       0.102         Sprague HeatCurve Oct 2019-Apr 2020       \$1       \$59.3800       \$1         Crude - WTI       Aug Brent-<br>WTI Spread<br>\$7.1           | Aug-19                                       |            | 1.9782    | 0.0473       | 0.1426    |  |  |
| Nov-19     1.9948     0.0431     0.136       Dec-19     1.9963     0.0407     0.132       Jan-20     1.9966     0.0395     0.129       Feb-20     1.9908     0.0381     0.126       Mar-20     1.9908     0.0363     0.123       Apr-20     1.9908     0.0381     0.126       Mar-20     1.9908     0.0363     0.123       Apr-20     1.9651     0.0345     0.119       May-20     1.9651     0.0345     0.119       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0308     0.109       Sep-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$59.3800     \$1       Crude - WTI     Aug Brent-<br>WTI Spread<br>\$7.11     \$59.3800     \$1       \$2.2910     -\$0     \$0     \$1                                                                                                                                  | Sep-19                                       |            | 1.9852    | 0.0464       | 0.1417    |  |  |
| Dec-19     1.9963     0.0407     0.132       Jan-20     1.9966     0.0395     0.129       Feb-20     1.9908     0.0381     0.126       Mar-20     1.9908     0.0381     0.126       Apr-20     1.9807     0.0363     0.123       Apr-20     1.9807     0.0363     0.123       May-20     1.9651     0.0345     0.119       May-20     1.9548     0.0337     0.117       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0298     0.107       Oct-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1       Sprague HeatCurve Oct 2019-Apr 2020     \$1       Strage - WTI     Aug Brent-<br>\$59.3800     \$1       Crude - WTI     Aug Brent-<br>\$7.11     \$59.3800     \$1       \$2.2910 <td< th=""><th>Oct-19</th><th></th><th>1.9907</th><th>0.045</th><th>0.139</th></td<> | Oct-19                                       |            | 1.9907    | 0.045        | 0.139     |  |  |
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| Mar-20     1.9807     0.0363     0.123       Apr-20     1.9651     0.0345     0.119       May-20     1.9548     0.0337     0.117       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9492     0.0308     0.109       Sep-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$1       Other Front Month NYMEX     Close     Chast       Crude - WTI     Aug Brent-     \$59.3800     \$1       WTI Spread     \$59.3800     \$1       \$2.2910     -\$0     -\$0                                                                                                                                                                                                                                                                          | Jan-20                                       |            | 1.9966    | 0.0395       | 0.1297    |  |  |
| Apr-20     1.9651     0.0345     0.119       May-20     1.9548     0.0337     0.117       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0318     0.112       Sep-20     1.9483     0.0308     0.109       Oct-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$1       Other Front Month NYMEX     Close     Cher       Crude - WTI     Aug Brent-     \$59.3800     \$1       WTI Spread     \$59.3800     \$1       \$2.2910     -\$0                                                                                                                                                                                                                                                                                                                                                                              | Feb-20                                       |            | 1.9908    | 0.0381       | 0.1265    |  |  |
| May-20     1.9548     0.0337     0.117       Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0318     0.112       Aug-20     1.9483     0.0318     0.112       Sep-20     1.9492     0.0308     0.109       Oct-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$1       Other Front Month NYMEX     Close     Char       Crude - WTI     Aug Brent-     \$59.3800     \$1       WTI Spread     \$59.3800     \$1       \$2.2910     -\$0                                                                                                                                                                                                                                                                                                                                                                              | Mar-20                                       |            | 1.9807    | 0.0363       | 0.1233    |  |  |
| Jun-20     1.9484     0.0327     0.114       Jul-20     1.9483     0.0318     0.112       Aug-20     1.9492     0.0308     0.109       Sep-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$1       Other Front Month NYMEX     Close     Cher       Crude - WTI     Aug Brent-     \$59.3800     \$1       WTI Spread     \$66.4900     \$1       \$2.2910     -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Apr-20                                       |            | 1.9651    | 0.0345       | 0.1196    |  |  |
| Jul-20     1.9483     0.0318     0.112       Aug-20     1.9492     0.0308     0.109       Sep-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$1     \$1       Other Front Month NYMEX     Close     Ch       Crude - WTI     Aug Brent-     \$59.3800     \$1       Strual Gas     \$7.11     \$2.2910     -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | May-20                                       |            | 1.9548    | 0.0337       | 0.1172    |  |  |
| Aug-20     1.9492     0.0308     0.109       Sep-20     1.9504     0.0298     0.107       Oct-20     1.9506     0.0287     0.104       Nov-20     1.9512     0.028     0.102       Sprague HeatCurve Oct 2019-Apr 2020     \$1     \$1       Other Front Month NYMEX     Close     Cher       Crude - WTI     Aug Brent-     \$59.3800     \$1       Crude - Brent     WTI Spread     \$66.4900     \$1       Natural Gas     \$7.11     \$2.2910     -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Jun-20                                       |            | 1.9484    | 0.0327       | 0.1148    |  |  |
| Sep-20       1.9504       0.0298       0.107         Oct-20       1.9506       0.0287       0.104         Nov-20       1.9512       0.028       0.102         Sprague HeatCurve Oct 2019-Apr 2020       \$1       Strague HeatCurve Oct 2019-Apr 2020       \$1         Other Front Month NYMEX       Close       Chr         Crude - WTI       Aug Brent-<br>WTI Spread       \$59.3800       \$1         Natural Gas       \$7.11       \$2.2910       -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Jul-20                                       |            | 1.9483    | 0.0318       | 0.1123    |  |  |
| Oct-20       1.9506       0.0287       0.104         Nov-20       1.9512       0.028       0.102         Sprague HeatCurve Oct 2019-Apr 2020       \$1         Other Front Month NYMEX       Close       Ch         Crude - WTI       Aug Brent-<br>WTI Spread       \$59.3800       \$1         Natural Gas       \$7.11       \$2.2910       -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Aug-20                                       |            | 1.9492    | 0.0308       | 0.1098    |  |  |
| Nov-20       1.9512       0.028       0.102         Sprague HeatCurve Oct 2019-Apr 2020       \$1         Other Front Month NYMEX       Close       Ch         Crude - WTI       Aug Brent-<br>WTI Spread       \$59.3800       \$1         Natural Gas       \$7.11       \$2.2910       -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Sep-20                                       |            | 1.9504    | 0.0298       | 0.1072    |  |  |
| Sprague HeatCurve Oct 2019-Apr 2020\$1Other Front Month NYMEXCloseChCrude - WTIAug Brent-<br>WTI Spread\$59.3800\$1Crude - BrentWTI Spread<br>\$7.11\$66.4900\$1Natural Gas\$7.11\$2.2910-\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Oct-20                                       |            | 1.9506    | 0.0287       | 0.1047    |  |  |
| Other Front Month NYMEXCloseChCrude - WTIAug Brent-<br>WTI Spread\$59.3800\$1Crude - BrentWTI Spread\$66.4900\$1Natural Gas\$7.11\$2.2910-\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                              |            |           | 0.028        | 0.1029    |  |  |
| Crude - WTI       Aug Brent-<br>WTI Spread       \$59.3800       \$1         Aug Brent-<br>WTI Spread       \$66.4900       \$1         Natural Gas       \$7.11       \$2.2910       -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Sprague HeatCurve Oct 2019-Apr 2020 \$1.9896 |            |           |              |           |  |  |
| Crude - Brent       WTI Spread       \$66.4900       \$1         Natural Gas       \$7.11       \$2.2910       -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Other Front Mo                               | Close      |           | Change       |           |  |  |
| Natural Gas       \$7.11       \$2.2910       -\$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Crude - WTI                                  | Aug Brent- | \$59.3800 |              | \$1.5500  |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                              |            |           |              | \$1.4400  |  |  |
| Gasoline \$1.9704 \$0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                              | \$7.11     | • • •     |              | -\$0.0170 |  |  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Gasoline                                     |            | \$1.9704  |              | \$0.0932  |  |  |



## Weekly EIA Petroleum Status Report for the Week Ending June 21, 2019

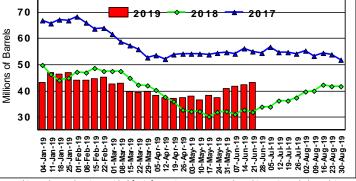
#### **Overall U.S. Stats**

**Crude Oil Stocks(excluding SPR)** Down 12.788 million barrels Cushing, OK Crude Stocks Down 1.8 million barrels

Gasoline Stocks Down 996,000 barrels

**Distillate Stocks** Down 2.441 million barrels **Refinery % Operated** 94.2%, Up 0.3%

|                    | PADD #1       |               |               |  |  |
|--------------------|---------------|---------------|---------------|--|--|
| Distillate Stocks  | Week Ending   | Week Ending   | Week Ending   |  |  |
| (in million bbls)  | June 21, 2019 | June 14, 2019 | June 22, 2018 |  |  |
| New England        | 5.6           | 5.6           | 4.7           |  |  |
| Central Atlantic   | 23.8          | 23.5          | 15.6          |  |  |
| Total PADD #1      | 43.1          | 42.3          | 31.7          |  |  |
| Distillate Imports |               |               |               |  |  |
| (thousands b/d)    | 20            | 100           | 46            |  |  |
|                    |               |               |               |  |  |



**Distillate Stocks** 

PADD #1

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.

### All NYMEX | Prior Settlements