



MarketWatch | Refined Products

Friday, September 15, 2023

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Thursday continued higher in its upward trend channel on concerns of tighter supply. The market retraced some of Wednesday's losses but remained range bound as it held resistance at its previous high. However, the market breached that level and rallied higher amid the IEA statement on Wednesday that pointed to a 2023 supply deficit if Saudi Arabia and Russia's output cuts are maintained. The crude market breached the \$90 level and rallied to a high of \$90.50 ahead of the close. The October WTI contract settled up \$1.64 at \$90.16, the first time the market has settled above the \$90 level this year and the highest settlement since November 7, 2022. The November Brent contract settled up \$1.82 at \$93.70. The product markets also ended in positive territory, with the heating oil market settling up 4.61 cents at \$3.4815 and the RB market settling up 43 points at \$2.7427.

Technical Analysis: The oil market is still seen trending higher as the market's concern over supply tightness continues to outweigh concerns over weak economic growth. Technically, the stochastics, which are in overbought territory are still trending sideways. The market is seen finding resistance at its high of \$90.50 and \$92.47, while support is seen at its low of \$88.68, \$88.29, \$87.22, \$86.71 and \$86.39.

Fundamental News: The Organization of the Petroleum Exporting Countries said data-based forecasts do not support the International Energy Agency's projection that demand for fossil fuels would peak in 2030. On Tuesday, IEA Executive Director Fatih Birol said in an op-ed in the Financial Times that new IEA estimates show "this age of seemingly relentless growth is set to come to an end this decade, bringing with it significant implications for the global energy sector and the fight against climate change." OPEC, in its statement on Thursday said what made the projections "so dangerous" is they are often accompanied by calls to stop new oil and gas investments. OPEC Secretary General Haitham Al Ghais said "Such narratives only set the global energy system up to fail spectacularly." OPEC said the projections do not factor ongoing technological progress by the oil and gas industry to cut emissions and that 80% of the world's energy mix comes from fossil fuels, the same as three decades ago.

Kuwait's Oil Minister, Saad Al Barrak, said members of OPEC have acted in "harmony" at various stages throughout the group's history, which has ensured the group's success. He said OPEC members have focused on the stability of the oil markets.

Kpler shipping data showed that total gasoline fixtures from Northwest Europe to the U.S. Atlantic Coast for the week ending September 8th reached 357,000 mt, a two month high and up from a four week prior average of 243,000 mt shipped.

S&P Global Commodities at Sea estimated shipments of diesel and gasoil from the Middle East to Europe averaged 420,000 b/d in August, up from 353,000 b/d shipped in July. S&P Global Commodity Insights is estimating these shipment will grow to 598,000 b/d in the fourth quarter, as Europe's net deficit in middle distillates grow, especially with refinery maintenance in Europe expected to peak in October.

Demand for Iranian crude is increasing in China after the extension of supply cuts by Saudi Arabia and Russia increased global prices, while Tehran is increasing its output and exports despite U.S. sanctions.

U.S. producer prices increased by the most in more than a year in August as the cost of gasoline increased. The Labor Department said the Producer Price Index for final demand increased 0.7% in August, the largest gain since June 2022. Data for July was revised slightly up to show the PPI advancing 0.4% instead of the previously reported 0.3%. In the 12 months through August, the PPI gained 1.6% after increasing 0.8% in July.

Early Market Call - as of 9:53 AM EDT
WTI - October \$89.77 down 39 cents
RBOB - October \$2.6897 down 5.3 cents
HO - October \$3.3801 down 10.14 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.4815	0.0461	0.2692
Oct-23	3.3956	0.0515	0.2505
Nov-23	3.2478	0.0507	0.2182
Dec-23	3.1641	0.0505	0.1998
Jan-24	3.1043	0.0497	0.1865
Feb-24	3.0341	0.0455	0.1681
Mar-24	2.9546	0.0396	0.1464
Apr-24	2.9034	0.0345	0.1310
May-24	2.8657	0.0307	0.1175
Jun-24	2.8432	0.0290	0.1073
Jul-24	2.8277	0.0288	0.1027
Aug-24	2.8182	0.0297	0.1033
Sep-24	2.8070	0.0296	0.1032
Oct-24	2.7920	0.0298	0.1014
Nov-24	2.7739	0.0291	0.0995
Dec-24	2.7543	0.0291	0.0962
Jan-25	2.7286	0.0290	0.0902

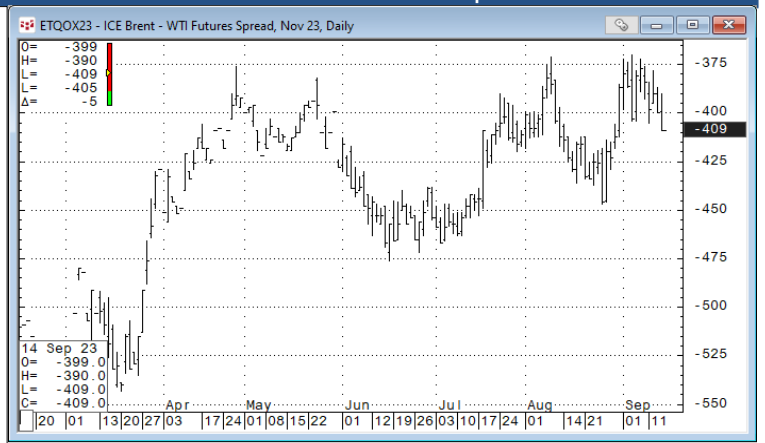
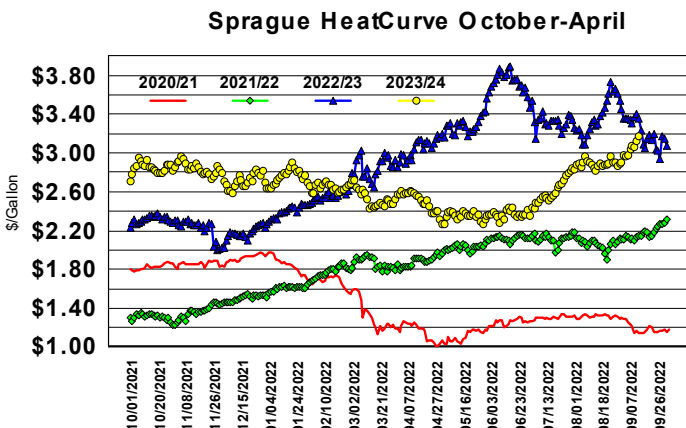
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$4.09	\$89.6100	\$1.7300
Crude - Brent		\$93.7000	\$1.8200
Natural Gas		\$2.7080	\$0.0280
Gasoline		\$2.7427	\$0.0043

EIA Working Gas Storage Report

	08-Sep-23	01-Sep-23	Change	08-Sep-22
East	775	766	9	657
Midwest	904	877	27	804
Mountain	225	218	7	162
Pacific	260	252	8	235
South Central	1041	1035	6	902
Salt	241	241	0	186
Nonsalt	801	795	6	715
Total	3205	3148	57	2,760

Sprague HeatCurve October-April

ICE November Brent-WTI Spread



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.