



# MarketWatch | Refined Products

Thursday, June 8, 2023

## Market Commentary

**Recap:** The oil market retraced some of its previous losses on Wednesday amid unexpected draws reported in crude stocks. The crude market traded sideways in overnight trading as it traded towards the \$72.00 level on the opening following the release of the API data which showed an unexpected draw of 1.7 million barrels in crude stocks. The market posted a low of \$69.88 in overnight trading before it bounced higher and never looked back. The oil market was further supported by the EIA report, which showed a draw in crude stocks of over 450,000 barrels on the week. The crude market rallied to a high of \$73.19 by mid-day before it erased some of its gains and traded in a sideways trading range ahead of the close. The July WTI contract settled up 79 cents at \$72.53 and August Brent contract settled up 66 cents at \$76.95. The product markets also ended the session higher, with the heating oil market settling up 3.4 cents at \$2.4018 and the RB market settling up 7.69 cents at \$2.6412.

**Technical Analysis:** The oil market is seen trading sideways in its recent trading range from \$75.06 to \$70.00, as the market positions itself ahead of upcoming economic reports due out over the next few days and into next week ahead of the Federal Reserve's policy meeting next Wednesday. The market is seen finding support at \$71.01, \$70.13, \$70.00 followed by \$67.51 and \$67.03. Meanwhile, resistance is seen at its highs of \$73.19 and \$75.06 followed by \$75.96, \$76.49 and \$76.74.

**Fundamental News:** The EIA reported that U.S. crude oil stocks unexpectedly fell in the week ending June 2<sup>nd</sup> as refiners increased crude runs by 482,000 bpd and refinery utilization rates increased by 2.7% percentage points to 95.8%, the highest level since August 2019. The EIA reported that U.S. crude oil field production increased by 200,000 bpd to 12.4 million bpd, the highest level since April 2020. Meanwhile, U.S. crude stocks in the SPR fell by 1.8 million barrels on the week to 353.6 million barrels.

IIR Energy reported that U.S. oil refiners are expected to shut in 347,000 bpd of capacity in the week ending June 9<sup>th</sup>, increasing available refining capacity by 78,000 bpd. Offline capacity is expected to decrease to 65,000 bpd in the week ending June 16<sup>th</sup>.

The Association of American Railroads reported that its weekly railcar loadings on major U.S. railroads in the week ending June 7<sup>th</sup> increased by 0.4% to 219,289. The number of railcar loadings transporting petroleum and petroleum products increased by 6.6% to 9,078.

The OECD said global economic growth will increase only moderately over the next year as the full effects of central bank rate hikes are felt, softening the increase from lower inflation. The OECD said the world economy is set to grow 2.7% this year, up from its previous forecast of 2.6% in March. It said that would be the lowest annual rate since the 2008-2009 global financial crisis with the exception of the pandemic-hit year of 2020. Growth would then accelerate only slightly next year to 2.9%, unchanged from March's forecast, as the impact of rate hikes by major central banks over the last year increasingly drags on private investment, starting with housing markets. The OECD forecast that inflation in the Group of 20 major economies would fall from 7.8% last year to 6.1% this year and 4.7% in 2024. The OECD forecast the U.S. economy would grow 1.6% this year before slowing to 1% in 2024, with the lagged effect of rate hikes hitting the world's biggest economy particularly hard. It had previously foreseen U.S. growth of 1.5% this year and 0.9% in 2024.

**Early Market Call - as of 8:30 AM EDT**

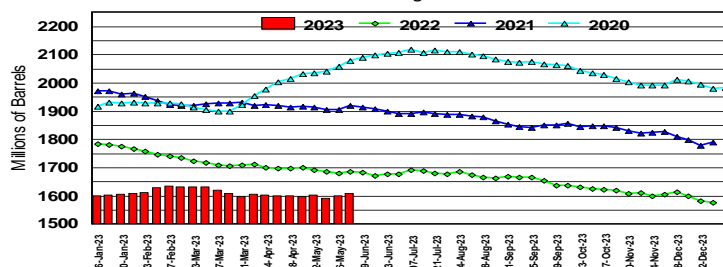
WTI - July \$72.95, up 42 cents  
 RBOB - July \$2.6544, up 1.32 cents  
 HO - July \$2.4156, up 1.38 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.4018	0.0340	0.0871
Aug-23	2.3970	0.0313	0.0856
Sep-23	2.4005	0.0297	0.0841
Oct-23	2.4037	0.0293	0.0832
Nov-23	2.4011	0.0280	0.0803
Dec-23	2.3949	0.0268	0.0777
Jan-24	2.3922	0.0256	0.0745
Feb-24	2.3866	0.0252	0.0725
Mar-24	2.3735	0.0252	0.0703
Apr-24	2.3523	0.0251	0.0683
May-24	2.3388	0.0250	0.0667
Jun-24	2.3284	0.0246	0.0654
Jul-24	2.3232	0.0242	0.0631
Aug-24	2.3195	0.0239	0.0612
Sep-24	2.3173	0.0234	0.0596
Oct-24	2.3161	0.0226	0.0578
Nov-24	2.3137	0.0224	0.0564

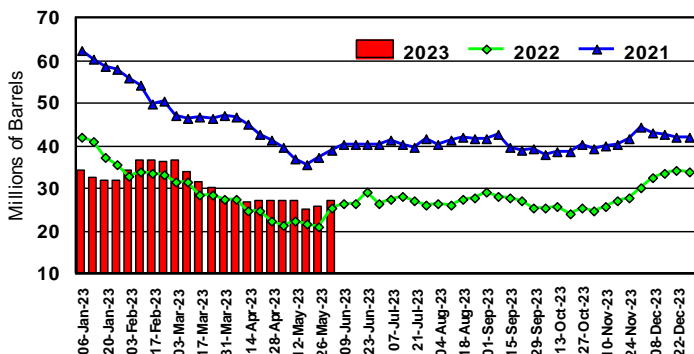
Sprague HeatCurve October 2023-April 2024		\$2.3871
	Close	Change
Crude - WTI	\$72.6400	\$0.7900
Crude - Brent	\$76.9500	\$0.6600
Natural Gas	\$2.3290	\$0.0670
Gasoline	\$2.6412	\$0.0769

### Total U.S. Oil Stocks Including SPR



## Weekly EIA Petroleum Status Report for the Week Ending June 2, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 452,000 barrels  
 Cushing, OK Crude Stocks Up 1.721 million barrels  
**Gasoline Stocks** Up 2.745 million barrels  
**Distillate Stocks** Up 5.074 million barrels  
**Refinery % Operated** 95.8%, up 2.7%

### PADD #1

	Week Ending June 2, 2023	Week Ending May 26, 2023	Week Ending June 3, 2022
Distillate Stocks (in million bbl)	27.2	25.9	25.5
New England	3.5	3.4	3.0
Central Atlantic	11.8	11.2	9.5
Total PADD #1	27.2	25.9	25.5
Distillate Imports (thousands b/d)	155	162	156

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