



MarketWatch | Refined Products

Thursday, June 29, 2023

Market Commentary

Recap: The oil market traded higher as a larger than expected draw in crude stocks offset concerns over further interest rate hikes slowing economic growth and global oil demand. The market retraced some of Tuesday losses in overnight trading following the release of the API weekly petroleum report, which showed a draw of about 2.4 million barrels on the week. However, the market erased its gains as the market refocused on further interest rate hikes and slowing demand and sold off to a low of \$67.05. The crude market later traded mostly sideways before it bounced higher and extended its gains to over \$2 as it rallied to a high of \$69.73 following the release of the EIA report, which showed a larger than expected draw of 9.603 million barrels on the week. The August WTI contract settled up \$1.86 at \$69.56 and the August Brent contract settled up \$1.77 at \$74.03. The product market also ended the session higher, with the heating oil market settling up 77 points at \$2.4067 and the RB market settling up 8.66 cents at \$2.6034.

Technical Analysis: The oil market continues to trade within its recent trading range from \$64.40 to \$75.70. The market is not seen deviating from its range as it weighs the concerns over the economy and the latest weekly petroleum reports showing large draws in crude stocks. The market is seen finding resistance at its high of \$69.73, \$69.88, \$70.15, \$70.55. Further upside is seen at \$72.65, \$72.72, \$73.37 and \$75.70. Meanwhile, support is seen at its low of \$67.05, \$66.96 and \$64.41.

Fundamental News: The EIA reported that U.S. crude oil stocks held at Cushing, Oklahoma increased by 1.209 million barrels to 43.2 million barrels, the highest level since June 2021. It also reported that U.S. crude stocks in the SPR fell by 1.4 million barrels on the week to 348.6 million barrels, the lowest level since August 1983. It also reported that U.S. refinery utilization in the Midwest increased last week to the highest level since July 2021. Refinery utilization in the Midwest increased to 97.1%. Meanwhile, product supplied of jet fuel increased to 1.94 million bpd, the highest level since December 2019.

Oil traders' concerns have shifted from under-supply to over-supply, as expectations of weak economic growth outweigh Saudi Arabia's output cuts. For the first time since December, the six-month spread for Brent shows contracts for earlier loading are trading below those for later loading, a structure known as contango. This encourages traders to pay for storing oil so it can be sold at higher prices when supplies are expected to have declined. The same structure for the U.S. benchmark WTI crude oil contract fell into contango for the first time since March on Tuesday.

JP Morgan said global oil demand will likely reach 106.9 million bpd in 2030, up 7.1 million bpd from 2022 levels. It sees oil supply increasing from 99.1 million bpd in 2022 to a peak of 104.5 million bpd in 2027 before falling back to 102.6 million bpd in 2030.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,082,000 bpd of capacity in the week ending June 30th, cutting available refining capacity by 209,000 bpd. Offline capacity is expected to fall to 129,000 bpd in the week ending July 7th.

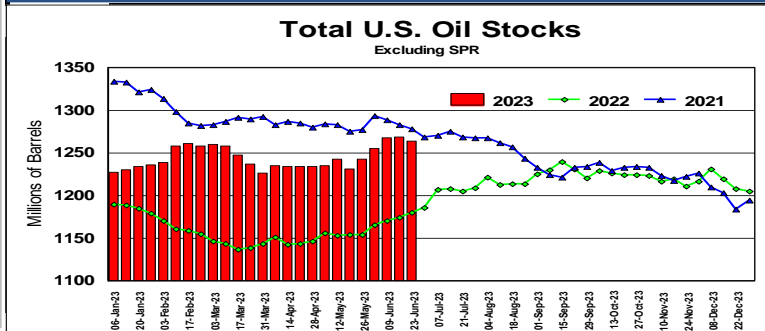
Colonial Pipeline Co is allocating space for Cycle 39 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Early Market Call - as of 8:45 AM EDT
 WTI - August \$69.24, down 32 cents
 RBOB - July \$2.5856, down 1.78 cents
 HO - July \$2.4070, up 3 points

All NYMEX | Prior Settlements

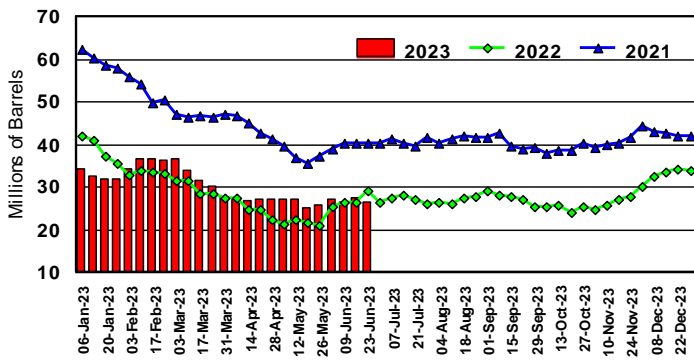
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.4067	0.0077	-0.1575
Aug-23	2.3948	0.0232	-0.1006
Sep-23	2.3907	0.0270	-0.0890
Oct-23	2.3884	0.0287	-0.0808
Nov-23	2.3835	0.0304	-0.0748
Dec-23	2.3755	0.0311	-0.0718
Jan-24	2.3718	0.0314	-0.0677
Feb-24	2.3654	0.0316	-0.0625
Mar-24	2.3516	0.0314	-0.0572
Apr-24	2.3287	0.0311	-0.0522
May-24	2.3129	0.0310	-0.0492
Jun-24	2.2999	0.0306	-0.0479
Jul-24	2.2958	0.0301	-0.0462
Aug-24	2.2941	0.0296	-0.0449
Sep-24	2.2937	0.0290	-0.0442
Oct-24	2.2939	0.0279	-0.0444
Nov-24	2.2925	0.0275	-0.0444

Sprague HeatCurve October 2023-April 2024		\$2.3669
	Close	Change
Crude - WTI	\$69.5600	\$1.8600
Crude - Brent	\$74.0300	\$1.7700
Natural Gas	\$2.6030	-\$0.1600
Gasoline	\$2.6034	\$0.0866



Weekly EIA Petroleum Status Report for the Week Ending June 23, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 9.603 million barrels
 Cushing, OK Crude Stocks Up 1.209 million barrels
Gasoline Stocks Up 603,000 barrels
Distillate Stocks Up 123,000 barrels
Refinery % Operated 92.2%, down 0.9%

PADD #1

Distillate Stocks (in million bbl)	Week Ending June 23, 2023	Week Ending June 16, 2023	Week Ending June 24, 2022
New England	3.5	3.7	3.2
Central Atlantic	11.9	11.8	11.6
Total PADD #1	26.5	27.6	29.1
Distillate Imports (thousands b/d)	96	79	81

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