

MarketWatch | Refined Products

Monday, September 18, 2023

Market Commentary

Recap: The oil market on Friday rallied higher and posted a gain for the third consecutive week as supply tightness following the Saudi Arabian production cuts and optimism regarding Chinese demand lifted oil prices. The market continued to climb higher in overnight trading and traded over the \$91.00 level to \$91.15 before it erased some of its gains and sold off to a low of \$89.22 as the equities markets sold off amid a fall in shares of Ford and General Motors and chip equipment makers after the United Auto Workers union started simultaneous strikes at three factories. However, the oil market bounced off its low and retraced all of its earlier losses as it traded back above the \$91.00 level ahead of the close. The October WTI contract settled up 61 cents at \$90.77, the highest level since November 7th. It gained \$3.26 or 3.73% on the week. The market posted a high of \$91.16 in the post-settlement period. The November Brent contract settled up 23 cents at \$93.93. Meanwhile, the product markets ended the session sharply lower, with the heating oil market settling down 9.81 cents at \$3.3834 and the RB market settling down 3.46 cents at \$2.7081.

Technical Analysis: While the crude market is in technically overbought territory, it continues to trend higher in its upward trending channel as stochastics are still pointing higher. The market will remain supported amid the concerns over tight supply in light of Saudi Arabia and Russia's voluntary output cuts. The market is seen finding resistance at its high of \$91.16 and \$93.02, while support is seen at its low of \$89.22, \$88.68, \$88.29, \$87.22, \$86.94, \$86.71 and \$86.15.

Fundamental News: U.S. energy firms this week added the most oil and natural gas rigs in a week since November, with the count increasing for a second consecutive week. Baker Hughes said the oil and gas rig count increased by nine to 641 in the week ending September 15th, the highest level since mid-August. It stated that U.S. oil rigs increased by 2, the most in a week since April, to 515, while gas rigs increased by 8 to 121.

LSEG analysts said diesel imports into Europe are increasing after the sharp increase in refining margins in recent weeks opened arbitrage opportunities. Global shipments into the region were set to reach about 4.45 million tons so far in September, compared with a total of 5.1 million tons last month. Imports from Asia and the Middle East increased to 2.95 million tons so far in September compared with a total of 2.41 million tons a month earlier.

IIR Energy reported that U.S. oil refiners are expected to shut in about 648,000 bpd of capacity in the week ending September 15th, cutting available refining capacity by 61,000 bpd. Offline capacity is expected to increase to 1.2 million bpd in the week ending September 22nd before increasing to 1.5 million bpd in the subsequent week.

Turkey's Energy Minister, Alparslan Bayraktar, said Iraq's northern oil export route through Turkey will soon be ready to resume operation after checks on pipeline maintenance and repairs to flood damage. He said a survey of the oil pipeline is complete and it will soon be "technically" ready for operation. Turkey halted flows on Iraq's northern oil export route on March 25th after an arbitration ruling by the International Chamber of Commerce ordered Ankara to pay Baghdad damages for unauthorized exports by the Kurdistan Regional Government between 2014 and 2018. Turkey then started maintenance work on the pipeline, which goes through a seismically active zone and which it says has been damaged by floods. Sources said oil flows are not expected to start before October, with KRG losing roughly \$4 billion in lost exports.

The TASS news agency reported that the Russian government is considering a complete ban on the export of oil products for a certain period of time in order to stabilize domestic fuel prices. It said another option under consideration is an increase in the oil products export duty to \$250/ton.

Early Market Call - as of 9:53 AM EDT WTI - October \$91.73, up 96 cents RBOB - October \$2.7099, up 18 points HO - October \$3.3624, down 2.1 cents

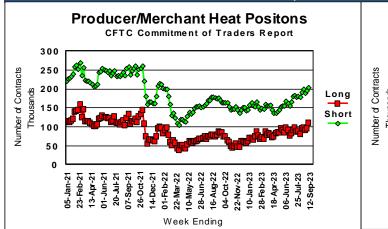
Oct-23 3.3083 -0.0873 0.0934 Nov-23 3.1710 -0.0768 0.0816 Dec-23 3.1016 -0.0625 0.0829 Jan-24 3.0527 -0.0516 0.0846 Feb-24 2.9922 -0.0419 0.0800 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0626 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0213 0.0476 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7743 -0.0191 0.0512 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$90.0200 \$0.4100						
Sep-23 3.3834 -0.0981 0.0843 Oct-23 3.3083 -0.0873 0.0934 Nov-23 3.1710 -0.0768 0.0846 Dec-23 3.1016 -0.0625 0.0829 Jan-24 3.0527 -0.0516 0.0846 Feb-24 2.9922 -0.0419 0.0800 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0628 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7743 -0.0191 0.0519 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100			ULSD (HO)	Prior Settle	Change In	
Oct-23 3.3083 -0.0873 0.0934 Nov-23 3.1710 -0.0768 0.0816 Dec-23 3.1016 -0.0625 0.0829 Jan-24 3.0527 -0.0516 0.0846 Feb-24 2.9922 -0.0419 0.0800 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0626 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0213 0.0476 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7743 -0.0191 0.0512 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$90.0200 \$0.4100	Month		Close	Change	One Week	
Nov-23 3.1710 -0.0768 0.0816 Dec-23 3.1016 -0.0625 0.0829 Jan-24 3.0527 -0.0516 0.0848 Feb-24 2.9922 -0.0419 0.0803 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0628 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7743 -0.0191 0.0518 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0518 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$90.0200 \$0.4100	Sep-23		3.3834	-0.0981	0.0843	
Dec-23 3.1016 -0.0625 0.0825 Jan-24 3.0527 -0.0516 0.0845 Feb-24 2.9922 -0.0419 0.0805 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0626 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0476 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7743 -0.0191 0.0512 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Oct-23		3.3083	-0.0873	0.0934	
Jan-24 3.0527 -0.0516 0.0845 Feb-24 2.9922 -0.0419 0.0803 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0628 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0519 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$90.0200 \$0.4100	Nov-23		3.1710	-0.0768	0.0816	
Feb-24 2.9922 -0.0419 0.0803 Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0628 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0213 0.0478 Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0519 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0519 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Dec-23		3.1016	-0.0625	0.0829	
Mar-24 2.9196 -0.0350 0.0702 Apr-24 2.8739 -0.0295 0.0628 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0518 Oct-24 2.7743 -0.0177 0.0522 Nov-24 2.7377 -0.0168 0.0526 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Jan-24		3.0527	-0.0516	0.0845	
Apr-24 2.8739 -0.0295 0.0628 May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0519 Oct-24 2.7743 -0.0177 0.0522 Nov-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0519 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$90.0200 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Feb-24		2.9922	-0.0419	0.0803	
May-24 2.8405 -0.0252 0.0556 Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0476 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0516 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 \$90.0200 \$0.4100	Mar-24		2.9196	-0.0350	0.0702	
Jun-24 2.8206 -0.0226 0.0497 Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0519 Oct-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Apr-24		2.8739	-0.0295	0.0628	
Jul-24 2.8064 -0.0213 0.0478 Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0519 Oct-24 2.7743 -0.0177 0.0522 Nov-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0519 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Crude - WTI Nov Brent- \$90.0200 \$0.4100	May-24		2.8405	-0.0252	0.0556	
Aug-24 2.7979 -0.0203 0.0502 Sep-24 2.7879 -0.0191 0.0518 Oct-24 2.7743 -0.0177 0.0522 Nov-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0518 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 Close Change Close Change Crude - WTI Nov Brent-	Jun-24		2.8206	-0.0226	0.0497	
Sep-24 2.7879 -0.0191 0.0519 Oct-24 2.7743 -0.0177 0.0522 Nov-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0519 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Crude - WTI Nov Brent- \$90.0200 \$0.4100	Jul-24		2.8064	-0.0213	0.0478	
Oct-24 2.7743 -0.0177 0.0522 Nov-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0516 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Aug-24		2.7979	-0.0203	0.0502	
Nov-24 2.7571 -0.0168 0.0526 Dec-24 2.7377 -0.0166 0.0515 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1156 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Sep-24		2.7879	-0.0191	0.0519	
Dec-24 2.7377 -0.0166 0.0515 Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1156 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Oct-24		2.7743	-0.0177	0.0522	
Jan-25 2.7127 -0.0159 0.0497 Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Nov-24		2.7571	-0.0168	0.0526	
Sprague HeatCurve October 2023-April 2024 \$3.1158 Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100	Dec-24		2.7377	-0.0166	0.0515	
Close Change Crude - WTI Nov Brent- \$90.0200 \$0.4100					0.0497	
Crude - WTI Nov Brent- \$90.0200 \$0.4100	Sprague HeatCurve October 2023-April 2024 \$3.11					
		Close			Change	
Crude - Brent WTI Spread L \$93.9300 \$0.2300	Crude - WTI	Nov Brent-	\$90.020	0	\$0.4100	
	Crude - Brent	- Brent WTI Spread \$93.9300			\$0.2300	



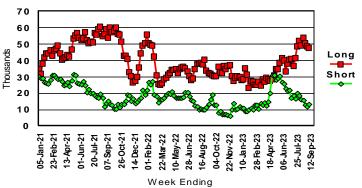
WTI Futures & Options: NYMEX & ICE Combined



Commitment of Traders Report for the Week Ending September 12, 2023



Managed Money Heat Positons CFTC Commitment of Traders Report



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