



MarketWatch | Refined Products

Friday, August 25, 2023

Market Commentary

Recap: The oil market ended its streak of losses with a small gain of 0.2% but was still more than 2% lower for the week, as it remained under pressure from weak economic data from major economies released on Wednesday and ahead of a speech from U.S. Federal Reserve Chairman Jerome Powell on Friday. The crude market posted the day's trading range by mid-morning, with a high of \$79.28 posted early in the morning before it sold off to a low of \$77.59. The oil market later bounced off its low and traded back towards its high before settling in a sideways trading range during the remainder of the session. The October WTI contract settled up 16 cents at \$79.05 and the October Brent contract settled up 15 cents at \$83.36. The product markets ended the session in positive territory, with the heating oil market settling up 2.73 cents at \$3.1564 and the RB market settling up 1.12 cents at \$2.78.

Technical Analysis: The oil market is seen trading mostly sideways as it awaits for any insight into the potential path for interest rates from Fed Chair Jerome Powell's speech on Friday at the Fed's Jackson Hole Symposium. Technically, the crude market is seen remaining in its downward trend as stochastics are still pointing lower and the market remains in its downward trend channel. The market is seen finding support at its low of \$77.59, \$76.27, \$76.16 and \$75.79. Meanwhile, resistance is seen at its high of \$79.28, \$79.91, \$80.37 and \$81.75.

Fundamental News: Global oil inventories have declined sharply, with OPEC+ production cuts and increased demand starting to affect the supply of crude. According to Kpler, worldwide onshore stocks were estimated at about 3.37 billion barrels as of Wednesday, down 60 million barrels on the month. Much of the decline was seen in China. U.S. inventories have also been falling steadily.

According to Citigroup, OPEC's core members may need to consider further production cuts as some of the group's most troubled nations achieve unexpected supply growth. It said the "fragile five" of Iran, Iraq, Libya, Nigeria and Venezuela will add about 900,000bpd of production this year and at least the same in 2024. It said that is enough to satisfy coming growth in oil demand. The five countries are all showing positive signs of supply recovery, while growth in oil demand will be constrained by fading expansion in China. Citigroup's head of commodities research, Ed Morse, said Saudi Arabia and its Persian Gulf allies may face pressure to cut output further.

Colonial Pipeline Co is allocating space for Cycle 50 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee. Colonial Pipeline Co is allocating space for Cycle 50 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.

Federal Reserve Bank of Philadelphia President, Patrick Harker, sees interest rates on hold for the rest of the year and thinks policymakers have likely undertaken sufficient tightening, stating that we've probably done enough.

Federal Reserve Bank of Boston President, Susan Collins, said the central bank may be in a place where it does not need to raise rates again, while keeping open the option for more action.

Early Market Call - as of 8:35 AM EDT

WTI - October \$80.06, up \$1.01

RBOB - September \$2.7966, up 1.66 cents

HO - September \$3.2108, up 5.44 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.1564	0.0273	0.0626
Oct-23	3.1271	0.0250	0.0592
Nov-23	3.0441	0.0220	0.0495
Dec-23	2.9405	0.0178	0.0352
Jan-24	2.8833	0.0155	0.0282
Feb-24	2.8363	0.0128	0.0219
Mar-24	2.7840	0.0112	0.0149
Apr-24	2.7264	0.0102	0.0077
May-24	2.6915	0.0095	0.0071
Jun-24	2.6670	0.0083	0.0071
Jul-24	2.6564	0.0068	0.0051
Aug-24	2.6478	0.0051	0.0035
Sep-24	2.6395	0.0032	0.0018
Oct-24	2.6285	0.0016	-0.0002
Nov-24	2.6138	-0.0002	-0.0007
Dec-24	2.5970	-0.0015	0.0001
Jan-25	2.5810	-0.0022	0.0009

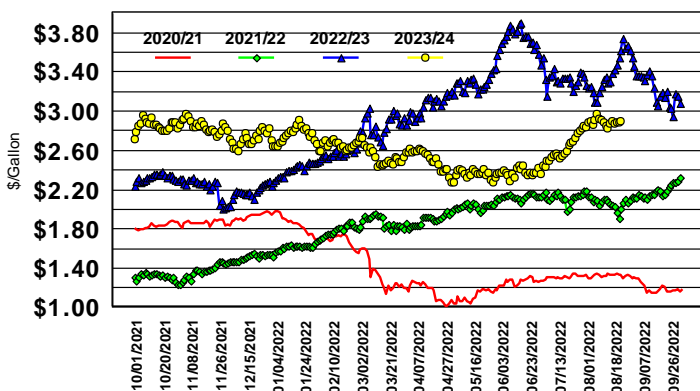
Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$79.0500	\$0.1600
Crude - Brent	\$83.3600	\$0.1500
Natural Gas	\$2.5190	\$0.0220
Gasoline	\$2.7800	\$0.0112

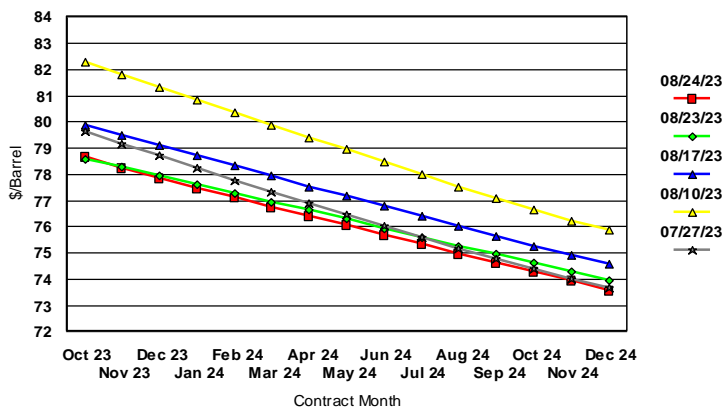
EIA Working Gas Storage Report

	18-Aug-23	11-Aug-23	Change	18-Aug-22
East	731	717	14	594
Midwest	831	812	19	710
Mountain	206	202	4	153
Pacific	242	240	2	244
South Central	1072	1093	-21	870
Salt	260	272	-12	184
Nonsalt	813	821	-8	686
Total	3083	3065	18	2,570

Sprague HeatCurve October-April



NYMEX WTI Forward Curve



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.