



# MarketWatch | Refined Products

Friday, July 20, 2018

## Market Commentary

**Recap:** Oil prices were mixed on Thursday, with Brent succumbing to fears of an over supplied market, while WTI held on to Wednesday's bullish reaction to the EIA report. After a short-lived rally on comments that Saudi Arabia's exports would fall in August, September Brent slipped below \$72.00 a barrel as traders fixated on the fact that OPEC and other major producers continue to ramp up output. Also the settlement of the Norwegian oil workers strike also lent additional pressure. Meanwhile, WTI held on to Wednesday's bullish reaction to the EIA report, while getting an extra boost from reports that Saudi Arabia's exports are expected to fall by roughly 100,000 barrels per day. September Brent fell 32 cents, or 0.44%, to settle at \$72.58 a barrel, while August WTI tacked on 70 cents, or 1.02%, to settle at \$69.46. August RBOB settled unchanged at \$2.044 a gallon, while August heating oil finished close to unchanged at \$2.090 a gallon.

August WTI continued to pull away for the 50-day moving average, while working toward the 10-day moving average, which is currently set at \$69.45. The 50-day moving average, currently set at \$67.56, will continue to act as the first line of support, with additional support set at \$66.13. Resistance is set at \$69.44, the 10-day moving average, and \$70.17.

**Fundamental News:** The Saudi Arabian OPEC governor said Thursday that concerns that Saudi Arabia and its partners are moving to substantially oversupply the market are "without basis". He said the Kingdom will "only export barrels that are earmarked to match confirmed lifting requests by end users and does not try to push oil into the market beyond its customers' needs. He noted that despite global oil markets being well balanced in the 3Q2018, there will still be substantial stock draws due to seasonal robust demand. He expects Saudi July crude oil exports will be roughly equal to June levels, but exports in August should drop by roughly 100,000 b/d.

Genscape reported Thursday morning that crude oil stocks at Cushing as of July 17<sup>th</sup> stood at 26,473,487 barrels, down 1.782 million barrels from July 10<sup>th</sup> and off 1.414 million barrels from July 13<sup>th</sup>.

The Norwegian drilling rigs workers ended their strike action Thursday after the unions reached an agreement with the Norwegian Shipowners Association following intervention by a state-appointed mediator who helped to break the impasse. The strike which began back on July 10<sup>th</sup> had led to the shutdown of the Knarr field which had a daily output of 23,900 barrels of mostly oil pre day.

S&P Global Platts reported Thursday that PDVSA's 335,000 b/d Curacao refinery was operating at only 11.9% of capacity or 40,000 b/d. PDVSA currently is not supplying any crude to the refinery. The refinery's FCC and alkylation units are out of service for scheduled repairs.

The small 25,000 b/d FCC unit at Irving's St John refinery was reportedly back at normal operating levels. The unit which was taken offline on June 16<sup>th</sup> began to ramp back up starting on July 13<sup>th</sup>.

**Early Market Call - as of 10:05 AM EDT**

WTI - Aug \$67.90 down 30 cents  
 RBOB - Aug \$2.0686 up 2.56 cents  
 HO - Aug \$2.1086 up 1.82 cents

## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Aug-18 | \$2.0901  | -\$0.0002    | -\$0.0328 |
| Sep-18 | \$2.0945  | -\$0.0007    | -\$0.0328 |
| Oct-18 | \$2.0995  | -\$0.0004    | -\$0.0334 |
| Nov-18 | \$2.1050  | -\$0.0001    | -\$0.0337 |
| Dec-18 | \$2.1093  | -\$0.0008    | -\$0.0338 |
| Jan-19 | \$2.1142  | -\$0.0014    | -\$0.0339 |
| Feb-19 | \$2.1121  | -\$0.0020    | -\$0.0343 |
| Mar-19 | \$2.1042  | -\$0.0022    | -\$0.0346 |
| Apr-19 | \$2.0911  | -\$0.0023    | -\$0.0350 |
| May-19 | \$2.0852  | -\$0.0026    | -\$0.0346 |
| Jun-19 | \$2.0830  | -\$0.0036    | -\$0.0341 |
| Jul-19 | \$2.0892  | -\$0.0039    | -\$0.0344 |
| Aug-19 | \$2.0961  | -\$0.0039    | -\$0.0346 |
| Sep-19 | \$2.1032  | -\$0.0040    | -\$0.0352 |
| Oct-19 | \$2.1100  | -\$0.0041    | -\$0.0340 |
| Nov-19 | \$2.1173  | -\$0.0041    | -\$0.0336 |
| Dec-19 | \$2.1266  | -\$0.0042    | -\$0.0342 |

| Sprague HeatCurve Oct 2018-April 2019 |            | \$2.1073  |           |
|---------------------------------------|------------|-----------|-----------|
| Other Front Month NYMEX               |            | Close     | Change    |
| Crude - WTI                           | Sep Brent- | \$68.2400 | \$0.4900  |
| Crude - Brent                         | WTI Spread | \$72.5800 | -\$0.3200 |
| Natural Gas                           | \$4.34     | \$2.7690  | \$0.0480  |
| Gasoline                              |            | \$2.0435  | -\$0.0009 |

## EIA Natural Gas Storage Report

### EIA Weekly Report

|               | 13-Jul-18 | 06-Jul-18 | Change | Year Ago |
|---------------|-----------|-----------|--------|----------|
| East          | 507       | 480       | 27     | 606      |
| Midwest       | 501       | 477       | 24     | 731      |
| Mountain      | 144       | 143       | 1      | 194      |
| Pacific       | 259       | 260       | -1     | 292      |
| South Central | 838       | 843       | -5     | 1,136    |
| Salt          | 230       | 238       | -8     | 320      |
| Nonsalt       | 608       | 605       | 3      | 816      |
| Total         | 2,249     | 2,203     | 46     | 2,959    |

## Sprague HeatCurve Winter 2018/19

## ICE September WTI-Brent Spread

