



MarketWatch | Refined Products

Thursday, March 28, 2024

Market Commentary

Recap: The oil market continued to trade lower on Wednesday amid signs that OPEC+ is unlikely to change its output policy at its meeting next week and the unexpected builds reported in crude stocks. The market remained pressured in overnight trading as traders took profits on the OPEC news. The crude market, which posted a low of \$80.55, also fell after the API on Tuesday afternoon reported an unexpected build in crude inventories of 9.3 million barrels. The market bounced off its low and retraced some of its previous losses as it posted a high of \$81.60 in late morning trading. This was despite the EIA showing a build of 3.2 million barrels in crude stocks compared with the market expectations of a decline of 1.3 million barrels. The crude market later traded mostly sideways ahead of the close, with the May WTI contract settling down 27 cents at \$81.35. The market later posted a new high of \$81.66 in the post-settlement period. The May Brent contract settled down 16 cents at \$86.09. The product markets ended the session lower, with the heating oil market settling down 2.32 cents at \$2.5986 and the RB market settling down 1.59 cents at \$2.6847.

Technical Analysis: Ahead of the long Easter holiday weekend, the crude market on Thursday is seen trending sideways as it remains in its recent trading range we have previously mentioned from \$80-\$83. The market will weigh the expectations that OPEC+ will maintain its output policy unchanged at its meeting next week and the latest inventory reports showing builds in crude stocks against the continuing geopolitical concerns in the Middle East. The oil market is seen finding resistance at its high of \$81.66, \$82.00, \$82.36, \$82.48 followed by \$82.65, \$83.12 and \$83.87. Meanwhile, support is seen at its low of \$80.55, \$80.42, \$80.30, \$80.01, \$79.78, \$79.15 and \$78.99.

Fundamental News: The U.S. Energy Department said the Biden administration has awarded contracts worth \$225.6 million to buy 2.8 million barrels of oil for the Strategic Petroleum Reserve to Atlantic Trading & Marketing, Macquarie Commodities, and Sunoco Partners Marketing & Terminals.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.1 million bpd of capacity in the week ending March 29th, increasing available refining capacity by 33,000 bpd. Offline capacity is expected to fall to 956,000 bpd in the week ending April 5th.

Six biofuels and agricultural industry groups this week called on the US EPA to quickly issue a waiver allowing the sale of E15 ethanol gasoline in the Midwest this summer, in order to allow consumers access to "lower cost" gasoline this summer. The EPA last month announced it would allow the higher ethanol blends to be sold nationwide and year round beginning in 2025. The EPA did issue temporary emergency waivers in 2022 and 2023 to help combat rapidly rising gasoline prices at the time.

Colonial Pipeline is rationing space on a small line to Baltimore in an unusual move that signals demand is exceeding capacity after the Francis Scott Key Bridge collapsed on Tuesday when it was struck by a container ship. Much of the Baltimore area gets its fuel via pipeline rather than barges, meaning extra supplies will likely have to flow through the Colonial Pipeline. Colonial issued an allocation notice for Line 32, which delivers gasoline, diesel and jet fuel between Maryland's Dorsey Junction to Baltimore neighborhood Curtis Bay. The notice is for cycle 17, which spans from April 9th-16th. The company also froze nominations, which means shippers cannot send more barrels than initially indicated, for the previous two cycles.

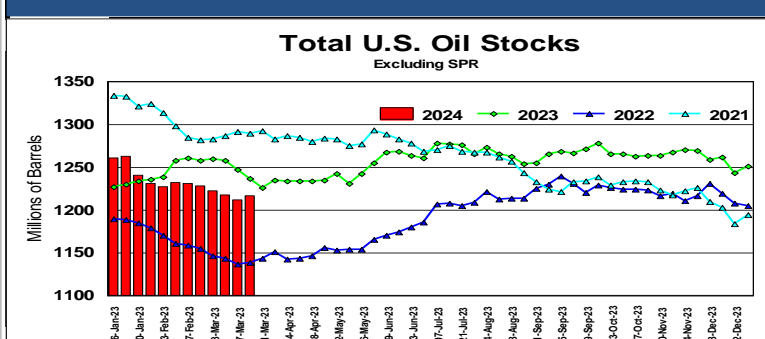
Early Market Call - as of 8:50 AM EDT

WTI - May \$82.69, up \$1.34
 RBOB - April \$2.7147, up 3 cents
 HO - April \$2.6150, up 1.64 cents

All NYMEX | Prior Settlements

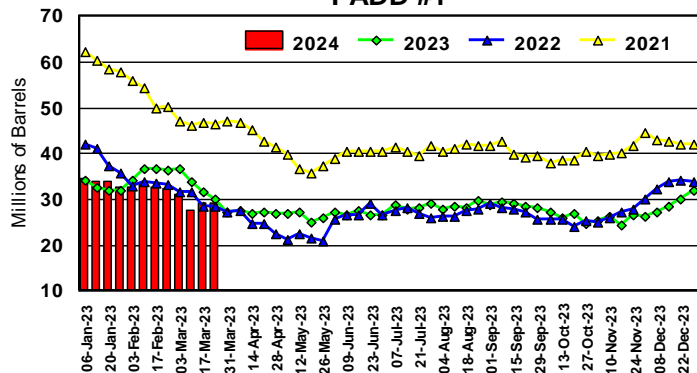
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.5986	-0.0232	-0.0971
May-24	2.6025	-0.0134	-0.0729
Jun-24	2.5980	-0.0094	-0.0590
Jul-24	2.5957	-0.0068	-0.0501
Aug-24	2.5948	-0.0051	-0.0444
Sep-24	2.5961	-0.0042	-0.0416
Oct-24	2.5969	-0.0031	-0.0384
Nov-24	2.5919	-0.0018	-0.0345
Dec-24	2.5787	-0.0002	-0.0316
Jan-25	2.5680	0.0013	-0.0299
Feb-25	2.5518	0.0019	-0.0297
Mar-25	2.5302	0.0020	-0.0308
Apr-25	2.5035	0.0026	-0.0307
May-25	2.4875	0.0040	-0.0256
Jun-25	2.4751	0.0051	-0.0196
Jul-25	2.4664	0.0062	-0.0162
Aug-25	2.4592	0.0071	-0.0143

Sprague HeatCurve October 2024-April 2025		\$2.5602
	Close	Change
Crude - WTI	\$81.3500	-\$0.2700
Crude - Brent	\$86.0900	-\$0.1600
Natural Gas	\$1.7180	-\$0.0700
Gasoline	\$2.6847	-\$0.0159



Weekly EIA Petroleum Status Report for the Week Ending March 22, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.165 million barrels
 Cushing, OK Crude Stocks Up 2.107 million barrels
Gasoline Stocks Up 1.299 million barrels
Distillate Stocks Down 1.185 million barrels
Refinery % Operated 88.7%, up 0.9%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Mar 22, 2024	Week Ending Mar 15, 2024	Week Ending Mar 23, 2023
New England	4.8	4.5	4.3
Central Atlantic	13.9	13.8	14.2
Total PADD #1	29.2	29.0	30.1
Distillate Imports (thousands b/d)	150	152	136

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