



MarketWatch | Refined Products

Friday, March 31, 2023

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Thursday posted an outside trading day as it continued to erase Wednesday's early gains in overnight trading and later bounced higher. The market extended its previous losses as it posted a low of \$72.61 in overnight trading. However, the market bounced off its lows and retraced all of its previous losses by mid-day. The market rallied to a high of \$74.63 as it remained supported by the news that producers have shut in or cut output at several oilfields in the Kurdistan region of northern Iraq following a halt to the northern export pipeline to the Turkish port of Ceyhan. The market also remained supported by the unexpected draw in crude stocks reported by the EIA on Wednesday morning. These factors offset the bearish sentiment seen on Wednesday following reports of a lower than expected cut to Russian crude oil output. The May WTI contract settled up \$1.40 at \$74.37 and the May Brent contract settled up 99 cents at \$79.27. The product markets ended the session in negative territory ahead of the April product expirations on Friday. The April heating oil contract settled down 3.44 cents at \$2.6237 and the April RB contract settled down 67 points at \$2.6614.

Technical Analysis: The crude market on Friday will be driven by the U.S. spending and inflation data due out in the morning and the resulting impact on the value of the U.S. dollar. The market will also position itself ahead of the OPEC+ meeting on Monday, when the producer group is likely to stick to its existing output cut agreement. Technically, the crude market is seen finding resistance at its high of \$74.39, \$74.67, \$75.02 and \$75.61. More distant upside is seen at \$77.56 and \$78.17. Meanwhile, support is seen at its low of \$72.61, \$72.19, \$71.05, \$70.15 and \$69.89. Further support is seen at \$69.13, \$66.82 and \$64.36.

Fundamental News: Barclays forecast Brent crude prices at \$89/barrel in the second quarter of this year, \$96/barrel in the third quarter and \$98/barrel in the fourth quarter. It also forecast Brent crude prices in the first quarter of 2024 at \$92/barrel, while the price of Brent crude is expected to increase to \$94/barrel, \$100/barrel and \$103/barrel in the second, third and fourth quarters of 2024, respectively. The price of WTI is seen at \$83/barrel in the second quarter of this year, \$91/barrel in the third quarter and \$93/barrel in the fourth quarter. The price of WTI crude in the first quarter of 2024 is seen at \$86/barrel, while the price of WTI is expected to increase to \$88/barrel, \$95/barrel and \$98/barrel in the second, third and fourth quarters of 2024, respectively.

Five OPEC+ delegates said the producer group is likely to stick to its existing deal to cut oil output at a meeting on Monday. OPEC+, which comprises OPEC and allies led by Russia, is due to hold a virtual meeting of its ministerial monitoring panel, which includes Russia and Saudi Arabia, on Monday. A delegate said the Kurdistan curbs and recent price drops were not sufficiently important to affect the overall OPEC+ policy path for 2023. Three other OPEC+ delegates also said any policy changes were unlikely on Monday.

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

The number of Americans filing new claims for unemployment benefits increased moderately last week, showing no signs yet that tightening credit conditions were having a material impact on the labor market. The U.S. Labor Department said initial claims for state unemployment benefits increased by 7,000 to a seasonally adjusted 198,000 in the week ending March 25th.

The U.S. Commerce Department reported that GDP increased at a revised 2.6% annualized rate last quarter. That was revised down from the 2.7% pace reported last month. The price index for gross domestic purchases increased 3.6% in the fourth quarter, unchanged from a previous estimate.

Early Market Call - as of 8:20 AM EDT

WTI - May \$74.72 up 35 cents

RBOB - April \$2.6585 down 29 points

HO - April \$2.6421 up 1.84 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.6237	-0.0344	-0.0610
May-23	2.5638	-0.0027	-0.0089
Jun-23	2.5123	0.0027	0.0122
Jul-23	2.5020	0.0064	0.0233
Aug-23	2.4993	0.0080	0.0248
Sep-23	2.4998	0.0084	0.0240
Oct-23	2.4994	0.0080	0.0229
Nov-23	2.4948	0.0064	0.0208
Dec-23	2.4873	0.0045	0.0190
Jan-24	2.4821	0.0023	0.0169
Feb-24	2.4743	0.0000	0.0148
Mar-24	2.4606	-0.0021	0.0122
Apr-24	2.4413	-0.0031	0.0102
May-24	2.4322	-0.0032	0.0102
Jun-24	2.4254	-0.0027	0.0105
Jul-24	2.4237	-0.0031	0.0103
Aug-24	2.4221	-0.0034	0.0104

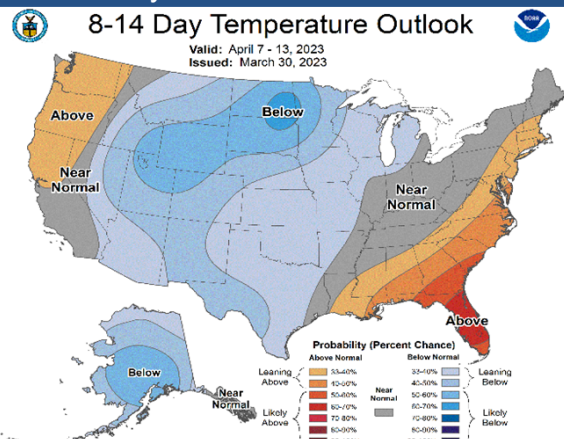
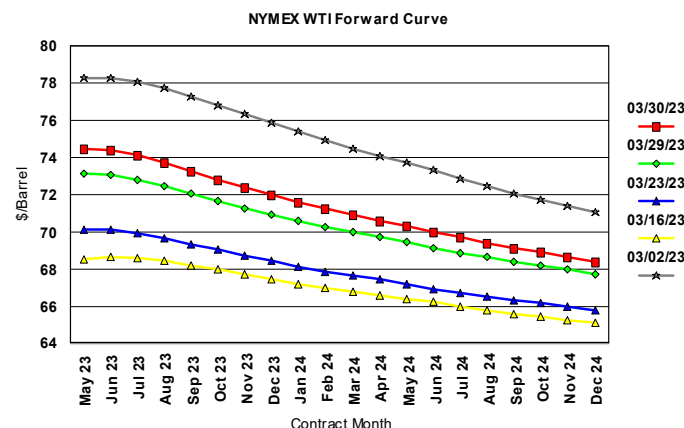
Sprague HeatCurve October 2023-April 2024		\$2.4773
		Close
		Change
Crude - WTI	May Brent- WTI Spread	\$74.3700
Crude - Brent		\$79.2700
Natural Gas	\$4.90	\$2.1040
Gasoline		\$2.6614
		-\$0.0800
		-\$0.0067

EIA Working Gas Storage Report

	24-Mar-23	17-Mar-23	Change	24-Mar-22
East	343	355	-12	268
Midwest	437	461	-24	317
Mountain	82	84	-2	89
Pacific	73	72	1	160
South Central	917	927	-10	578
Salt	262	262	0	167
Nonsalt	655	664	-9	411
Total	1853	1900	-47	1,411

WTI Forward Curve

8-14 Day Weather Forecast



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