



# MarketWatch | Refined Products

Monday, August 14, 2023

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market on Friday traded higher and posted its seventh consecutive weekly gain, matching the longest winning streak since February 10, 2022. The market traded lower in overnight trading following Thursday's profit taking and posted a low of \$82.23. However, it bounced off that level and retraced some of its losses on optimistic demand forecasts from OPEC. On Thursday, OPEC said it expects global oil demand to increase by 2.44 million bpd this year and by 2.25 million bpd in 2024, while on Friday morning the IEA warned that global inventories could fall sharply over the remainder of 2023, potentially increasing prices further. The IEA forecast global oil demand will expand by 2.2 million bpd in 2023. The oil market extended its gains to over 70 cents as it posted a high of \$83.81 by mid-day. The market later traded in a sideways trading range ahead of the close. The September WTI contract settled up 37 cents at \$83.19 and the October Brent contract settled up 41 cents at \$86.81. The WTI contract settled up 0.4% on the day and also 0.4% on the week. Meanwhile, the product markets ended the session in mixed territory, with the heating oil market settling down 3.18 cents at \$3.1215 and the RB market settling up 6.02 cents at \$2.9649.

**Technical Analysis:** The crude market will remain in its upward trend channel following the supportive demand outlooks released by OPEC and the IEA. The oil market is seen finding resistance at its high of \$83.81, \$84.89 and \$87.12. However, support is seen at \$82.23-\$88.22 followed by \$79.90, \$78.69, \$78.55, \$78.29 and \$78.16.

**Fundamental News:** The IEA said demand growth for oil next year will be slower than previously forecast, citing lackluster macroeconomic conditions, a post-pandemic recovery running out of steam and the increasing use of electric vehicles. In its monthly oil report, the IEA said growth is forecast to slow to 1 million bpd in 2024, down by 150,000 bpd from its previous forecast. The IEA warned global inventories could draw down sharply over the rest of 2023, potentially driving prices higher. In 2023, global oil demand is set to expand by 2.2 million bpd, buoyed by summer air travel, increased oil use in power generation and surging Chinese petrochemical activity. That forecast is largely unchanged from the IEA's previous estimate. Demand is forecast to average 102.2 million bpd this year, with China accounting for more than 70% of growth, despite concerns about the economic health of the world's top oil importer. Demand reached a record 103 million bpd in June. The IEA said August could see yet another peak. On the supply side, output has slowed considerably in recent months, spearheaded by voluntary reductions from Saudi Arabia. The IEA said that in July, global oil supply fell by 910,000 bpd in part due to a sharp reduction in Saudi output. Meanwhile, Russian oil exports held steady at around 7.3 million bpd in July. The IEA said if current targets by OPEC+ are maintained, oil inventories could draw by 2.2 million bpd in the third quarter, and 1.2 million bpd in the fourth quarter, potentially fueling another increase in prices. It said OPEC+ supply cuts could erode inventories in the rest of this year, potentially driving prices even higher, before economic headwinds limit global demand growth in 2024.

Saudi Aramco has informed customers in North Asia that they will receive the full volumes of crude oil they requested for September, even as the unilateral voluntary output cut by Saudi Arabia has been extended. According to three trading sources, Chinese refiners did not request lower supply volumes for September-loading cargoes despite higher official selling prices set by Saudi Aramco. They estimated that about 50 million to 52 million barrels of Saudi crude will be imported by Chinese buyers, much higher than about 38 million barrels in August.

IIR Energy reported that U.S. oil refiners are expected to shut in about 212,000 bpd of capacity in the week ending August 11<sup>th</sup>, increasing available refining capacity by 131,000 bpd.

**Early Market Call - as of 9:22 AM EDT**

**WTI - September \$82.72 down 47 cents**

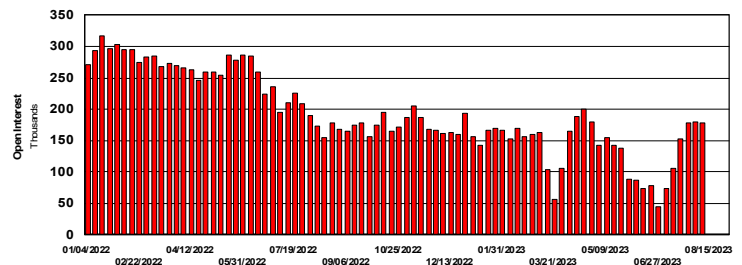
**RBOB - September \$2.9229 down 4.20 cents**

**HO - September \$3.1322 up 1.07 cents**

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.1215	-0.0318	0.0593
Oct-23	3.0959	-0.0255	0.0586
Nov-23	3.0315	-0.0193	0.0405
Dec-23	2.9515	-0.0153	0.0175
Jan-24	2.9054	-0.0129	0.0099
Feb-24	2.8632	-0.0111	0.0052
Mar-24	2.8149	-0.0095	0.0014
Apr-24	2.7601	-0.0078	-0.0011
May-24	2.7220	-0.0052	-0.0035
Jun-24	2.6926	-0.0027	-0.0057
Jul-24	2.6828	-0.0016	-0.0047
Aug-24	2.6761	-0.0019	-0.0047
Sep-24	2.6697	-0.0024	-0.0039
Oct-24	2.6609	-0.0010	-0.0013
Nov-24	2.6471	0.0020	0.0017
Dec-24	2.6279	0.0039	0.0023
Jan-25	2.6093	0.0052	0.0005

Sprague HeatCurve October 2023-April 2024			\$2.9070	
			Close	
Crude - WTI	Oct Brent- WTI Spread \$4.24	}	\$82.5700	\$0.2800
Crude - Brent			\$86.8100	\$0.4100
Natural Gas			\$2.7700	\$0.0070
Gasoline			\$2.9649	\$0.0602

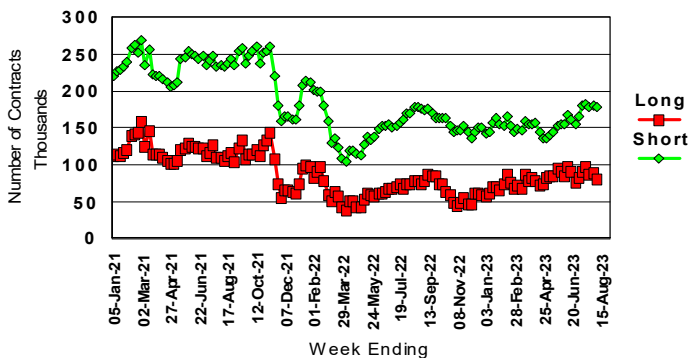
WTI Futures & Options: NYMEX & ICE Combined  
Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending August 8, 2023

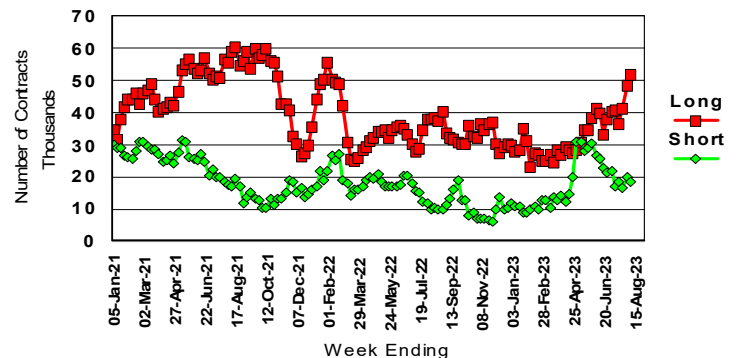
### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report



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