



MarketWatch | Refined Products

Wednesday, May 22, 2019

Market Commentary

Recap: Oil prices bounced around the unchanged level on Tuesday, with tensions in the Middle East providing early support, while trade disputes between the U.S. and China added pressure. A lack of fresh fundamentals has kept prices contained within a \$4.00 trading range for the past 3 weeks, with WTI holding between \$60.00 and \$64.00 a barrel, and Brent range trading between \$73.50 and \$69.30 a barrel. July WTI was trading at \$63.78, up 57 cents in early morning trading, but by 11:56 EDT, this spot contract fell to a session low of \$62.78, down 33 cents on the day. July Brent reached a high of \$72.52, for a gain of 55 cents before falling to a low of \$71.61, down 36 cents. Prior to the settlement period, these two contracts diverted slightly, with July WTI closing down 11 cents, or .17%, to settle at \$62.99 a barrel, while July Brent settled at \$72.18 a barrel, up 21 cents, or .29%. June RBOB added 0.5% to \$2.019 a gallon, while June heating oil climbed 0.3% to \$2.079 a gallon.

Technical Analysis: WTI continued hold below the downward trend line on the symmetrical triangle, while holding above the 10 and 50-day moving averages, which are \$62.54 and \$62.52, respectively. As a reminder, as the market trades closer toward the apex of the symmetrical triangle, this formation will lose significance. Our stance on this market has not changed therefore we look for continued sideways trading. Support is set at \$62.41 and the aforementioned \$61.66, the bottom of the aforementioned triangle. Resistance is set at \$63.83 and above that at \$65.00.

Fundamental News: Iraq's Oil Minister, Thamer Ghadhban, said growing tensions in the Middle East pose a challenge to the stability of global crude oil markets. He said OPEC's ministerial monitoring committee must monitor markets to pave the way for a new agreement to be discussed at an upcoming OPEC meeting in Vienna to help stabilize markets and support prices.

Iranian President, Hassan Rouhani, rejected any talks with the US and called on Tuesday for the government to be given more power to run the economy in an "economic war." The US said it aimed to push Iran into new negotiations on a broader arms control deal. Iran has repeatedly rejected any further negotiations as long as the US remains outside the nuclear pact.

The French Finance Minister said European powers are facing huge pressure from the US to drop its proposed trade channel with Iran, but it will also not succumb to ultimatums from Iran. He said the European powers are determined to show they can compensate for last year's U.S. withdrawal from the accord but daily threats from Iran to withdraw from the agreement were making its talks on creating the trade channel more difficult.

The Joint Organizations Data Initiative reported that Saudi Arabia's oil exports in March increased to 7.14 million bpd from 6.977 million bpd in February. The country's oil production in March fell by 349,000 bpd on the month to 9.787 million bpd. Saudi Arabia's crude stocks in March fell by 3.599 million barrels to 200.968 million barrels.

Belarusian Prime Minister, Sergei Rumas, said he planned to discuss the contamination of Russian oil via the Druzhba pipeline with Russia's Prime Minister, Dmitry Medvedev, on Friday. He said the main task for Belarus now is to pump out contaminated oil so that it can restore the oil flows

Poland's Prime Minister, Mateusz Morawiecki, said Russian oil suppliers made big mistakes in the wake of the supply of contaminated oil and they will have to respond financially. Pipeline operator Transneft is set to compensate buyers for any proven losses.

Shell said Nigeria's Trans Forcados pipeline remains closed but no force majeure has been declared after a fire broke out on Sunday.

Early Market Call - as of 8:25 AM EDT

WTI - June \$62.25 down 88 cents
RBOB - June \$2.0102 down 91 points
HO - June \$2.0581 down 2.13 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-19	2.0794	0.0058	0.0205
Jul-19	2.0827	0.0073	0.0207
Aug-19	2.088	0.0079	0.0217
Sep-19	2.0945	0.0077	0.0217
Oct-19	2.1001	0.0076	0.0204
Nov-19	2.104	0.0075	0.019
Dec-19	2.1057	0.0073	0.0173
Jan-20	2.1064	0.0074	0.0162
Feb-20	2.1005	0.0077	0.0154
Mar-20	2.0884	0.0081	0.0152
Apr-20	2.0711	0.0084	0.0156
May-20	2.0595	0.0083	0.0159
Jun-20	2.0518	0.0078	0.0169
Jul-20	2.0477	0.0078	0.0173
Aug-20	2.0449	0.0079	0.0185
Sep-20	2.0431	0.0078	0.019
Oct-20	2.0407	0.0073	0.0193

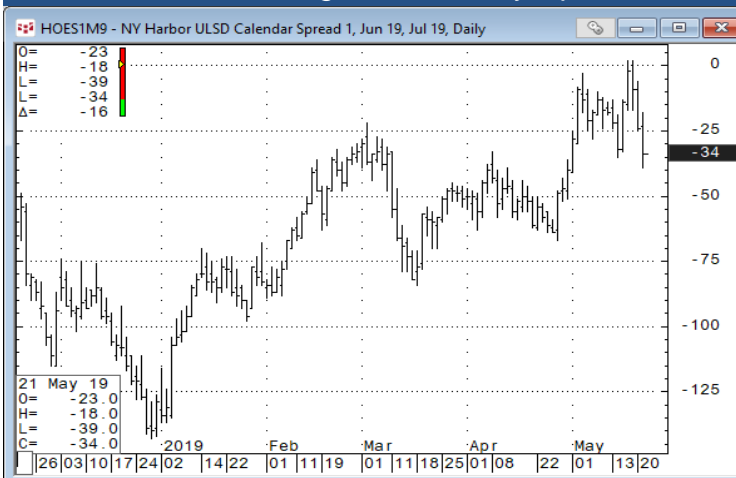
Sprague HeatCurve Oct 2019-Apr 2020 \$2.0986

Other Front Month NYMEX		Close	Change
Crude - WTI	July Brent-	\$63.1300	-\$0.0800
Crude - Brent	WTI Spread	\$72.1800	\$0.2100
Natural Gas	\$9.05	\$2.6130	-\$0.6000
Gasoline		\$2.0193	\$0.9400

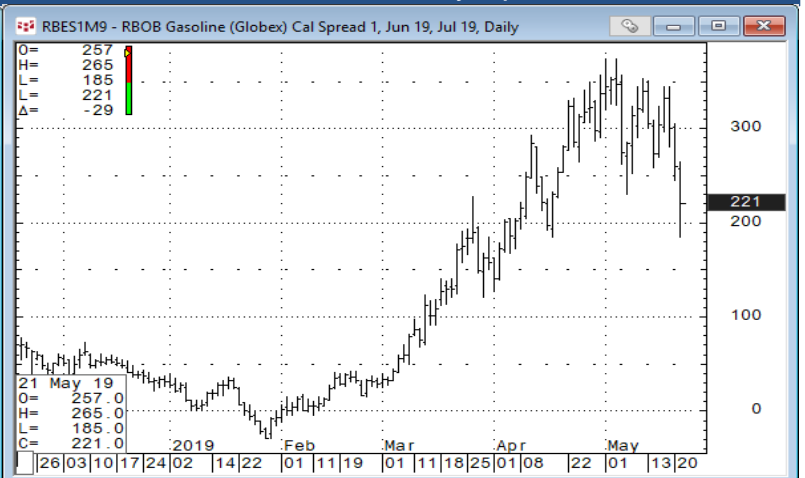
API Weekly Report for the Week Ending May 17, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 2.4 million barrels	Down 600,000 barrels
Cushing, OK Crude Stocks	Up 871,000 barrels	Up 1.2 million barrels
Gasoline Stocks	Up 350,000 barrels	Down 800,000 barrels
Distillate Stocks	Up 237,000 barrels	Down 50,000barrels
Refinery Runs	Up 110,000 bpd	Up 0.4% at 91%

NYMEX Heating Oil June-July Spread



NYMEX RBOB June-July Spread



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