



MarketWatch | Refined Products

Wednesday, September 13, 2023

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market reversed Monday's small declines and continued on its recent uptrend. The market was supported by a tighter supply outlook and as OPEC maintained its demand growth forecast for this year and next year, citing resilient economic growth despite increasing interest rates. It forecast demand growth in 2023 and 2024 at 2.44 million bpd and 2.25 million bpd, respectively. The oil market traded mostly sideways in overnight trading before it retraced its previous losses and breached its previous high of \$88.15 as it rallied higher on the supportive outlook. The market extended its gains to over \$2 to a high of \$89.37 in afternoon trading. The October WTI contract settled up \$1.55 at \$88.84 and the November Brent contract settled up \$1.42 at \$92.06. Meanwhile, the product markets ended the session in mixed territory, with the heating oil market settling down 3.39 cents at \$3.3283 and the RB market settling up 92 points at \$2.7279.

Market Analysis: The crude market is seen trading sideways ahead of the release of the EIA weekly petroleum stocks report, which is expected to show draws in crude stocks of about 2 million barrels on the week. The market will also look for further direction from the CPI report scheduled to be released on Wednesday afternoon. The oil market is seen finding resistance at its high of \$89.37, \$90.00 and \$91.37. Support is seen at \$88.95, \$88.32, \$87.85, \$87.22 and \$86.71. More distant support is seen at \$86.15, \$85.93, \$85.25 and \$85.02.

Fundamental News: OPEC left its forecasts for growth in global oil demand in 2023 and 2024 unchanged citing signs that major economies are faring better than expected despite headwinds such as high interest rates and elevated inflation. In its monthly report, OPEC said world oil demand will increase by 2.25 million bpd in 2024, compared with growth of 2.44 million bpd in 2023. OPEC sees total demand averaging 104.31 million bpd for 2024 while it sees total supply from non-OPEC members at 74.28 million bpd. The OPEC report showed OPEC oil production increased in August by 113,000 bpd to 27.45 million bpd, driven by a recovery in Iran's production despite U.S. sanctions remaining in place on Tehran and Saudi Arabia's voluntary cuts.

In its Short Term Energy Outlook, the EIA said that it expects world oil demand in 2023 to increase by 1.81 million bpd to 100.97 million bpd in 2023 and increase by 1.36 million bpd to 102.33 million bpd in 2024. World petroleum output is forecast to increase by 1.24 million bpd in 2023 to 101.18 million bpd and increase by 1.7 million bpd to 102.88 million bpd in 2024. OPEC's output is expected to fall by 840,000 bpd to 33.33 million bpd in 2023 and increase by 430,000 bpd to 33.76 million bpd in 2024. Meanwhile, U.S. oil production is forecast to increase by 870,000 bpd to 12.78 million bpd in 2023, up from a previous forecast of an increase of 850,000 bpd, while production in 2024 is expected to increase by 380,000 bpd to 13.16 million bpd in 2024, compared with a previous estimate of an increase of 330,000 bpd. U.S. petroleum demand is forecast to increase by 100,000 bpd to 20.1 million bpd in 2023, while demand in 2024 is forecast to increase by 200,000 bpd to 20.3 million bpd in 2024. U.S. gasoline demand in 2023 is forecast to increase by 60,000 bpd to 8.87 million bpd but fell by 140,000 bpd to 8.73 million bpd in 2024. U.S. distillate consumption in 2023 is expected to fall by 100,000 bpd to 3.93 million bpd and demand in 2024 is expected to increase by 50,000 bpd to 3.98 million bpd in 2025. In regards to prices, the EIA expects Brent crude prices to average \$93/barrel during the fourth quarter, up from \$86/barrel in August.

Early Market Call - as of 8:40 AM EDT

WTI - October \$89.19, up 35 cents
 RBOB - October \$2.7168, down 1.11 cents
 HO - October \$3.3870, up 5.87 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.3283	-0.0339	0.1087
Oct-23	3.255	-0.0213	0.1102
Nov-23	3.126	-0.0133	0.0926
Dec-23	3.0536	-0.0087	0.0808
Jan-24	3.0018	-0.0063	0.0758
Feb-24	2.9429	-0.0055	0.0685
Mar-24	2.8762	-0.0068	0.0587
Apr-24	2.8353	-0.0059	0.0546
May-24	2.8065	-0.0058	0.0529
Jun-24	2.7902	-0.0065	0.0506
Jul-24	2.778	-0.0061	0.0506
Aug-24	2.7687	-0.0049	0.0526
Sep-24	2.758	-0.0042	0.054
Oct-24	2.7431	-0.0049	0.0533
Nov-24	2.7265	-0.0031	0.0536
Dec-24	2.7075	-0.0022	0.0514
Jan-25	2.6828	-0.001	0.0465

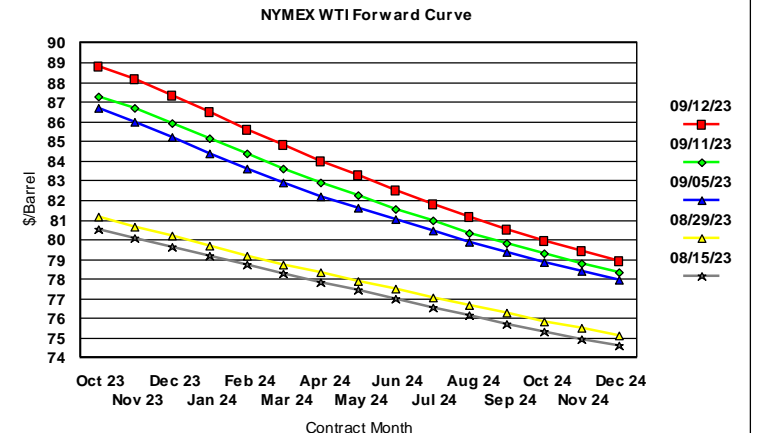
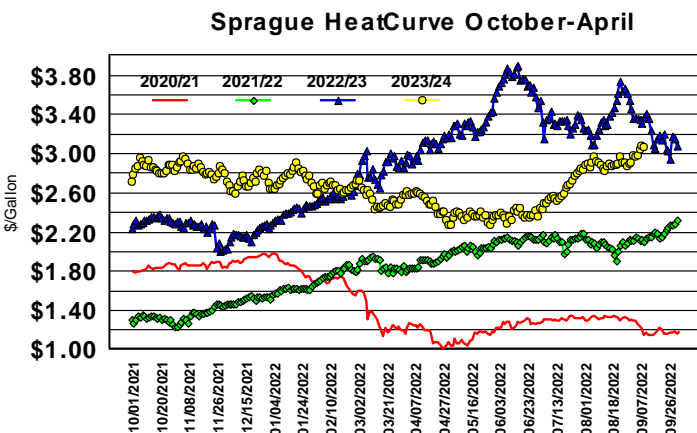
Sprague HeatCurve October 2023-April 2024			\$3.0669
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.90	\$88.1600	\$1.5000
Crude - Brent		\$92.0600	\$1.5500
Natural Gas		\$2.7430	\$0.1350
Gasoline		\$2.7279	\$0.0092

API Report for the Week Ending September 8, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.2 million barrels	Down 2 million barrels
Gasoline Stocks	Up 4.2 million barrels	Down 300,000 barrels
Distillate Stocks	Up 2.6 million barrels	Up 400,000 barrels
Refinery Runs		Down 0.2% at 92.9%

Sprague HeatCurve October-April

WTI Forward Curve



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