



MarketWatch | Refined Products

Thursday, May 11, 2023

Market Commentary

Recap: The oil market traded mostly sideways in overnight trading but sold off and traded to its lows in afternoon trading, ending a three day rally amid an unexpected build in crude stocks. Early in the session, the market breached its previous high and posted a high of \$73.89 following the release of the CPI data showing that inflation eased to 4.9% in April following a 5% increase in March. However, the crude market retraced all of its gains and traded towards the \$72.00 level in light of the EIA reporting a build in crude stocks of more than 2.9 million barrels, confirming industry data by the API that had reported an unexpected build in crude stocks late Tuesday. The oil market sold off to a low of \$71.80 ahead of the close, with the June WTI contract settling down \$1.15 at \$72.56. The July Brent contract settled down \$1.03 at \$76.41. The product markets ended the session slightly higher, with the heating oil market settling up 32 points at \$2.3934 and the RB market settling up 1.5 cents at \$2.4949.

Technical Analysis: On Thursday, the oil market is seen remaining range bound after it failed to continue its upward trend. Its daily stochastics are also trending mostly sideways. The market is seen finding resistance at its high of \$73.89, \$75.84 followed by \$76.11, \$76.69, \$76.92 and \$77.93. Meanwhile, support is seen at its lows of \$71.80, \$71.34 and \$71.04 followed by \$70.00, \$69.05 and \$68.48. Further support is seen at \$67.48, \$67.16, \$66.36 and \$63.64.

Fundamental News: The EIA reported that U.S. crude oil stocks built by 2.951 million barrels in the week ending May 5th. U.S. East Coast crude stocks increased by 1.3 million barrels on the week to 8.8 million barrels, the highest level since May 2022. Crude stocks in the SPR fell by 2.9 million barrels on the week to 362 million barrels, the lowest level since October 1983. The drawdown is part of a congressionally-mandated 26 million barrel release of crude oil. It reported that U.S. product supplied of jet fuel increased to 1.92 million bpd, the highest level since December 2019. Gulf Coast crude imports fell to 737,000 bpd, the lowest level since December 2021, falling by the most in a week since July 2020.

Saudi Aramco has told customers in North Asia they will receive full volumes of crude oil that they have requested in June. However, the sources said some Chinese refiners have requested for lower supply volumes in June. It is not known how much less crude that the Chinese refiners asked for in June. Two of the sources estimated it could be up to 5 million barrels less than May. China is increasing procurement of discounted Russian oil, with more private mega refineries joining the cargo sweeping, and is taking bigger share of the medium sour Urals market which was dominated by Indian refiners.

Abu Dhabi National Oil Company sees no decline in demand from Asian customers as lower priced Russian oil flows into the continent on the back of Western sanctions on Moscow.

IIR Energy said U.S. oil refiners are expected to shut in about 633,000 bpd of capacity in the week ending May 12th, increasing available refining capacity by 161,000 bpd. Offline capacity is expected to fall to 336,000 bpd in the week ending May 19th.

Russia's Energy Ministry said that the country's oil output cuts almost reached the targeted level in April. The Energy Ministry's data shows the country produced a daily average of 1.319 million tons or 9.67 million bpd of crude in April.

Early Market Call - as of 8:30 AM EDT

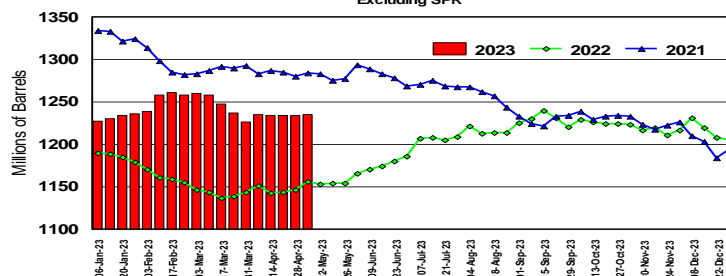
WTI - June \$72.25, down 31 cents
 RBOB - June \$2.4709, down 2.4 cents
 HO - June \$2.3888, down 46 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3934	0.0032	0.1611
Jul-23	2.3888	-0.0031	0.1543
Aug-23	2.3913	-0.0061	0.1501
Sep-23	2.3975	-0.0080	0.1470
Oct-23	2.4028	-0.0092	0.1433
Nov-23	2.4032	-0.0095	0.1395
Dec-23	2.3995	-0.0094	0.1357
Jan-24	2.4000	-0.0094	0.1320
Feb-24	2.3967	-0.0101	0.1279
Mar-24	2.3865	-0.0110	0.1239
Apr-24	2.3688	-0.0115	0.1218
May-24	2.3582	-0.0118	0.1208
Jun-24	2.3501	-0.0117	0.1218
Jul-24	2.3464	-0.0117	0.1200
Aug-24	2.3429	-0.0123	0.1180
Sep-24	2.3397	-0.0126	0.1168
Oct-24	2.3364	-0.0130	0.1153

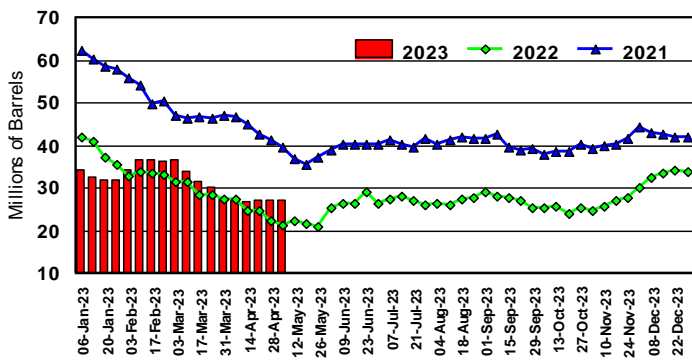
Sprague HeatCurve October 2023-April 2024		\$2.3950
	Close	Change
Crude - WTI	\$72.5200	-\$1.1000
Crude - Brent	\$76.4100	-\$1.0300
Natural Gas	\$2.1910	-\$0.0760
Gasoline	\$2.4949	\$0.0150

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending May 5, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.951 million barrels
 Cushing, OK Crude Stocks Up 397,000 barrels
Gasoline Stocks Down 3.167 million barrels
Distillate Stocks Down 4.17 million barrels
Refinery % Operated 91%, up 0.3%

PADD #1

	Week Ending May 5, 2023	Week Ending Apr 28, 2023	Week Ending May 6, 2022
Distillate Stocks (in million bbl)			
New England	3.6	3.8	3.3
Central Atlantic	11.9	12.1	9.2
Total PADD #1	27.0	27.0	21.3
Distillate Imports (thousands b/d)	96	118	104

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