



MarketWatch | Refined Products

Friday, June 16, 2023

Market Commentary

Recap: The oil market on Thursday retraced its previous losses and posted an outside trading day as traders covered some of their short positions. This followed Wednesday's 1.7% decline after the Fed held rates steady for June but suggested further rate hikes later this year. The market opened 43 cents higher at \$68.70 and posted a low of \$67.97 in overnight trading before it bounced higher and never looked back. The oil market seemed to be supported by a weaker dollar and an apparent increase in demand as China's refinery runs increased in May and reached its second highest total on record. The crude market extended its gains to close to \$2.70 as it breached its previous high and rallied to \$70.96 ahead of the close. The July WTI contract settled up \$2.35 at \$70.62 and the August Brent contract settled up \$2.47 at \$75.67. The product markets ended the session sharply higher, with the heating oil market settling up 12.19 cents at \$2.4796 and the RB market settling up 8.71 cents at \$2.6417.

Technical Analysis: The oil market is seen remaining supported ahead of a long holiday weekend and is still seen remaining in its recent trading range from \$66.80 to \$75. The market continues to weigh increased demand against the Fed's statement that further rate hikes are expected later in the year. The crude market is seen finding resistance at its high of \$70.96, \$71.77 and \$71.90. Further upside is seen at \$73.28 and \$75.06. Support is however seen at its low of \$67.97, \$67.15, \$66.80 and \$63.64.

Fundamental News: Iraqi Deputy Oil Minister for Upstream Affairs, Basim Mohammed, said a Turkish energy delegation will meet Iraqi oil officials in Baghdad on June 19th to discuss the resumption of Iraq's northern oil exports.

Kuwait Petroleum Corporation's Chief Executive, Sheikh Nawaf Saud al-Sabah, said the company sees continued good demand for oil from China in the second half of the year. He also said Kuwait's market share in China was stable despite increasing Russian exports into Asia on the back of Western sanctions on Moscow since its invasion of Ukraine. He also stated that Kuwait had taken advantage of the increased demand in Europe for its fuel oil and middle distillates.

Bloomberg reported that the U.S. and Iran are working towards an understanding to free prisoners while creating space for diplomacy aimed at encouraging nuclear restraint and reduced threats to seize oil shipments. According to officials, negotiations led to an initial agreement for Iran to free U.S. prisoners, while the U.S. would release payments owed to the Islamic Republic that were frozen by sanctions. Diplomats are also pushing Iran to voluntarily limit its uranium-enrichment levels and increase its cooperation with international monitors in return for allowances to ship more crude oil. Russia's Deputy Energy Minister, Pavel Sorokin, said Russia does not object to OPEC+ revising its oil production baseline. On Tuesday, OPEC+ said it granted Russia a slightly higher oil production baseline after the country agreed to work with several think tanks and agencies to review its output figures.

Shell said its Olympus production platform in the U.S. Gulf of Mexico is offline for planned maintenance. The work started on Wednesday, June 7th and is expected to last 14 days.

China's oil refinery throughput in May increased by 15.4% from a year earlier, as refiners brought units back online from planned maintenance and independent refiners processed cheap imports. Data from the National Bureau of Statistics showed that total refinery throughput in China was 62.0 million metric tons in May.

Early Market Call - as of 8:35 AM EDT

WTI - July \$70.91, up 29 cents

RBOB - July \$2.6700, up 2.83 cents

HO - July \$2.5171, up 3.75 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.4796	0.1219	0.0898
Aug-23	2.4544	0.1125	0.0724
Sep-23	2.4458	0.1061	0.0616
Oct-23	2.4401	0.1008	0.0533
Nov-23	2.4313	0.0974	0.0481
Dec-23	2.4214	0.0952	0.0446
Jan-24	2.4153	0.0921	0.0417
Feb-24	2.4057	0.0888	0.0379
Mar-24	2.3882	0.0850	0.0337
Apr-24	2.3631	0.0816	0.0303
May-24	2.3462	0.0789	0.0274
Jun-24	2.3335	0.0773	0.0258
Jul-24	2.3280	0.0758	0.0260
Aug-24	2.3240	0.0745	0.0262
Sep-24	2.3216	0.0737	0.0265
Oct-24	2.3203	0.0730	0.0265
Nov-24	2.3170	0.0724	0.0259

Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$70.8100	\$2.3500
Crude - Brent	\$75.6700	\$2.4700
Natural Gas	\$2.5330	\$0.1910
Gasoline	\$2.6417	\$0.0871

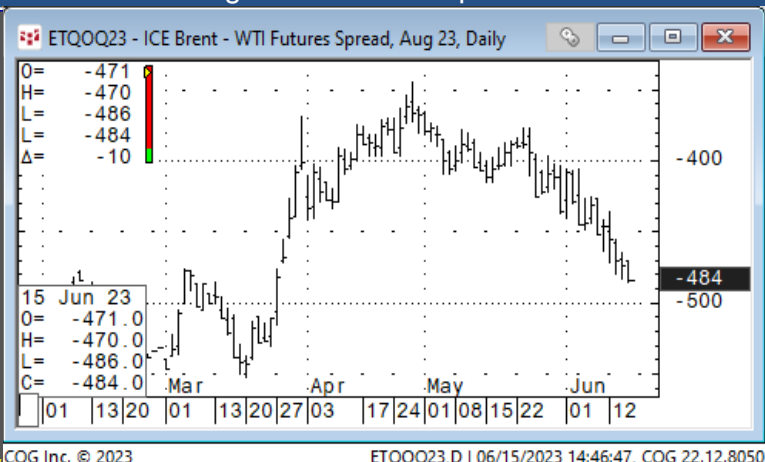
EIA Working Gas Storage Report

	09-Jun-23	02-Jun-23	Change	09-Jun-22
East	574	552	22	403
Midwest	632	604	28	478
Mountain	148	137	11	121
Pacific	176	164	12	220
South Central	1105	1093	12	860
Salt	324	319	5	251
Nonsalt	781	774	7	609
Total	2634	2550	84	2,082

WTI Continuation



ICE August Brent-WTI Spread



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