



MarketWatch | Refined Products

Tuesday, September 12, 2023

Market Commentary

Recap: The oil market traded mostly sideways on Monday as the market awaited monthly U.S. economic data on inflation and retail sales later this week. The market traded sideways in overnight trading before it breached its previous resistance level at \$88.08 and posted a high of \$88.15. The market remained supported by last week's news that Saudi Arabia and Russia were continuing their voluntary output cuts until the end of the year. However, the market retraced some of its gains as it traded to a low of \$86.94, posting its trading range by mid-day. The market remained range bound during the remainder of the session, with the October WTI contract settling down 22 cents at \$87.29 and the November Brent contract settling down 1 cent at \$90.64. Meanwhile, the product markets ended the session in positive territory with the heating oil contract settling up 6.31 cents at \$3.3622 and the RB market settling up 6.5 cents at \$2.7187.

Technical Analysis: The oil market will likely remain in its sideways pattern ahead of the weekly petroleum stock reports, which are expected to show builds in crude stocks, and economic data. The U.S. Consumer Price Index data is due on Wednesday and could provide some insight on whether more increases to interest rates will be in the cards. The oil market is seen finding resistance at its high of \$88.15, \$90.00 and \$90.82. Meanwhile, support is seen at \$86.71, \$86.15, \$85.93, \$85.02 and \$84.74.

Fundamental News: According to a joint statement by Saudi Arabia and India, Saudi Arabia is committed to being a reliable partner and source of crude oil supplies to India. It added "Saudi Arabia and India emphasize ensuring the security of energy supplies in global markets and the importance of supporting stability of oil markets."

Barclays said Brent oil prices have largely converged with their fair value estimate for the fourth quarter of \$92/barrel. The bank said Saudi Arabia was more aggressive with its unilateral cut than what they had assumed in the balances. It said its assessment of incremental third-party data suggests that at 16 million bpd, its 2023 demand forecast for China may still be too conservative.

Saudi Aramco notified at least five North Asian buyers that it will supply full contractual volumes of crude oil in October, despite the extended voluntary output cuts pledged by Saudi Arabia.

IIR Energy reported that U.S. oil refiners are expected to shut in 694,000 bpd of capacity in the week ending September 15th, cutting available refining capacity by 34,000 bpd. Offline capacity is expected to increase to 1.3 million bpd in the week ending September 22nd.

Analysts and traders said European oil refiners are set to have an autumn maintenance season less busy than usual, as they try to capture higher profit margins amid low fuel inventories and high demand for gasoline and diesel. According to consultancy Wood Mackenzie, offline capacity in Europe in the fourth quarter is forecast to reach about 800,000 bpd, a rise of about 200,000 bpd from the previous quarter, but about 40% below levels the same time last year and in 2019.

S&P Global Commodities at Sea data estimates China's crude inventories, commercial and SPR, reached a record high of 1.142 billion barrels in July, but declined slightly in August to 1.138 billion barrels.

Early Market Call - as of 8:40 AM EDT

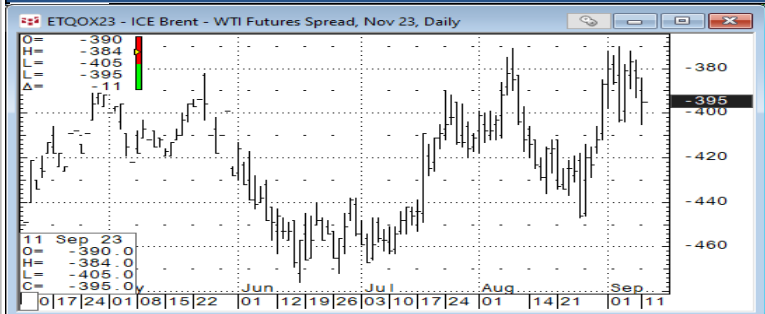
WTI - October \$88.39, up \$1.10
 RBOB - October \$2.7264, up 77 points
 HO - October \$3.3476, down 1.46 cents

All NYMEX | Prior Settlements

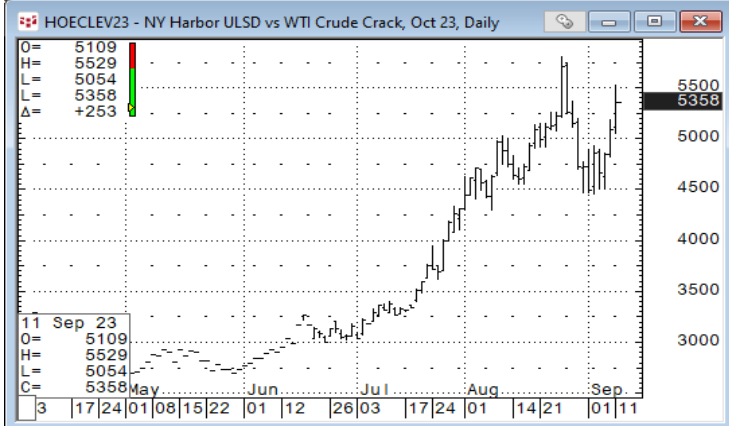
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.3622	0.0631	0.2572
Oct-23	3.2763	0.0614	0.2380
Nov-23	3.1393	0.0499	0.1998
Dec-23	3.0623	0.0436	0.1741
Jan-24	3.0081	0.0399	0.1578
Feb-24	2.9484	0.0365	0.1424
Mar-24	2.8830	0.0336	0.1274
Apr-24	2.8412	0.0301	0.1166
May-24	2.8123	0.0274	0.1109
Jun-24	2.7967	0.0258	0.1054
Jul-24	2.7841	0.0255	0.1013
Aug-24	2.7736	0.0259	0.0989
Sep-24	2.7622	0.0262	0.0978
Oct-24	2.7480	0.0259	0.0967
Nov-24	2.7296	0.0251	0.0938
Dec-24	2.7097	0.0235	0.0893
Jan-25	2.6838	0.0208	0.0819

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$3.98	\$86.6600	-\$0.1500
Crude - Brent		\$90.6400	-\$0.0100
Natural Gas		\$2.6080	\$0.0030
Gasoline		\$2.7187	\$0.0650

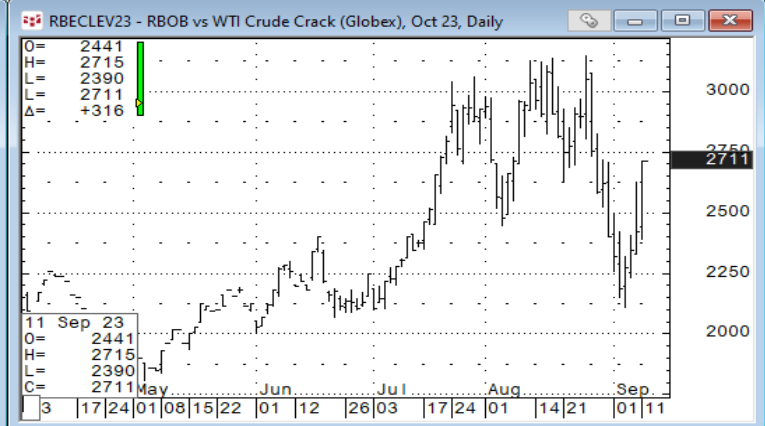
ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread



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