



# MarketWatch | Refined Products

Thursday, March 14, 2019

## Market Commentary

**Recap:** WTI rose to its highest level in 4 four months after the EIA reported a 3.8 million barrel drop in U.S. crude oil inventories. Expectations were calling for a build of 2.7 million. Immediately after the number, April WTI rose as much as 2.1 percent, hitting an intraday high of \$58.08. At first, it appeared that this spot contract would struggle above \$58.00, but a late session rally pushed it to a fresh high of \$58.48. The higher move was fueled by reports that Chevron shut several of its oil production facilities in the Gulf of Mexico. April WTI settled at \$58.26 a barrel, up \$1.39, or 2.4%, while Brent for May delivery tacked on 88 cents, or 1.3%, to settle at \$67.55 a barrel. April RBOB added 2.3% to \$1.857 a gallon, with front-month prices logging the highest finish since October. April heating oil rose 0.3% to \$1.992 a gallon.

**Technical Analysis:** April WTI settled back in the ascending channel, while settling above the 10-day moving average for the third straight session. With moving oscillators indicating higher moves, we would look for a run at \$59.50. Additional resistance can be found at \$60.68. Support is set at \$57.55 and below that at \$56.57.

**Fundamental News:** US Secretary of State, Mike Pompeo, said every option is on the table to deliver democracy to Venezuela. Separately, the US Secretary of State urged the oil industry to work with the Trump administration to promote US foreign policy interests, especially in Asia and in Europe, and to punish what he called "bad actors" on the world stage. He said the US would use all its economic tools to help deal with the situation in Venezuela.

Iran's Minister of Defense, Amir Hatami, said the country will respond firmly to any Israeli naval action against its oil shipments. His comments came a week after Israel's Prime Minister, Benjamin Netanyahu, said its navy could act against Iranian oil "smuggling" to enforce US sanctions. Iran's Defense Minister said the country had the military capabilities to confront any Israeli intervention, and said the international community would also not accept such action. He said such confrontation would be considered as "piracy" and warned that "if it happens, we will firmly respond."

Iranian and Western sources said that Iran is discreetly seeking second-hand oil tankers to replace its ageing fleet and keep its crude exports flowing as US sanctions start to impact its oil flow. Since US President Donald Trump imposed sanction in November, exploratory talks with South Korea for up to 10 new supertankers have stalled, Panama removed at least 21 Iranian tankers from its registry and Iran is now seeking extra vessels in places such as Vietnam. With oil exports accounting for 70% of Iran's revenues, maintaining an effective fleet of tankers to store and move that oil is crucial for Iran.

A US State Department official said a global oil surplus is allowing the US to accelerate its plan of bringing Iranian crude exports to zero. The State Department's special representative on Iran, Brian Hook, said in remarks at the CERAWEEK energy conference that the sanctions imposed on Iran have denied the country of about \$10 billion in revenue since 2017, removing about 1.5 million bpd of Iranian crude from global markets.

Iranian oil shipments increased to a four-month high of about 1.51 million bpd in February, supported by particularly strong buying interest from China. Iranian crude and condensate shipments in February increased by 165,387 bpd compared with the previous month on strong demand from the five countries that have taken advantage of the US exemptions.

IIR Energy reported that US oil refiners are expected to shut in 1.2 million bpd of capacity in the week ending March 15<sup>th</sup>, increasing the available refining capacity by 58,000 bpd from the previous week. The offline capacity is expected to fall to 1.1 million bpd in the week ending March 22<sup>nd</sup>.

**Early Market Call - as of 8:15AM EDT**

WTI - Apr \$58.39, up 13 cents

RBOB - Apr \$1.8731, up 1.6 cents

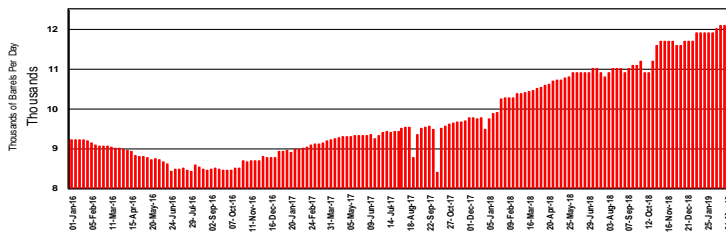
HO - Apr \$1.9959, up 37 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-19	\$1.9921	\$0.0064	-\$0.0241
May-19	\$1.9944	\$0.0082	-\$0.0165
Jun-19	\$1.9993	\$0.0102	-\$0.0080
Jul-19	\$2.0070	\$0.0117	-\$0.0034
Aug-19	\$2.0154	\$0.0123	-\$0.0017
Sep-19	\$2.0257	\$0.0122	-\$0.0011
Oct-19	\$2.0352	\$0.0123	\$0.0000
Nov-19	\$2.0434	\$0.0123	\$0.0007
Dec-19	\$2.0513	\$0.0124	\$0.0020
Jan-20	\$2.0586	\$0.0126	\$0.0035
Feb-20	\$2.0604	\$0.0129	\$0.0051
Mar-20	\$2.0572	\$0.0131	\$0.0059
Apr-20	\$2.0458	\$0.0135	\$0.0064
May-20	\$2.0371	\$0.0139	\$0.0070
Jun-20	\$2.0320	\$0.0141	\$0.0073
Jul-20	\$2.0316	\$0.0139	\$0.0069
Aug-20	\$2.0316	\$0.0138	\$0.0066

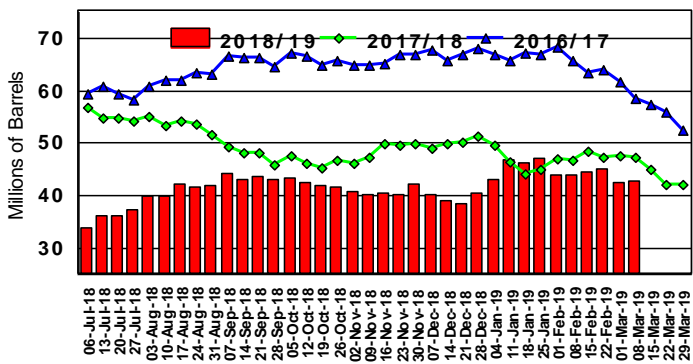
Sprague HeatCurve Oct 2019-Apr 2020		\$2.0529	
Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$58.5900	\$1.3900
Crude - Brent	WTI Spread	\$67.5500	\$0.8800
Natural Gas	\$8.96	\$2.8200	\$0.0360
Gasoline		\$1.8568	\$0.0413

## U.S. Domestic Crude Production



## Weekly EIA Petroleum Status Report for the Week Ending March 8, 2019

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 3.862 million barrels  
 Cushing, OK Crude Stocks Down 672,000 barrels  
**Gasoline Stocks** Down 4.624 million barrels  
**Distillate Stocks** Up 383,000 barrels  
**Refinery % Operated** 87.6%, Up 0.1%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Mar 8, 2019	Week Ending Mar 1, 2019	Week Ending Mar 9, 2018
New England	7.1	7.5	7.2
Central Atlantic	23.0	23.0	28.1
Total PADD #1	42.7	42.4	47.3
Distillate Imports (thousands b/d)	230	192	219

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