



MarketWatch | Refined Products

Thursday, September 14, 2023

Market Commentary

Recap: The oil market continued on its upward trend in overnight trading before an unexpected build in oil inventories offset expectations of a tight market. The market rallied higher in overnight trading in follow through strength seen during Tuesday's session. WTI crude rallied to a high of \$89.64, a high not seen since mid-November. It later retraced some of its gains and held resistance around the \$89.50 level as it traded mostly sideways ahead of the release of the EIA's weekly petroleum stocks report. The market later traded to \$88.39 following the release of the inventory report, which showed an unexpected build in crude stocks of over 3.9 million barrels on the week. The market settled in a sideways trading range before further selling pushed the market to its low of \$88.29. The October WTI contract settled down 32 cents at \$88.52 and the November Brent contract settled down 18 cents at \$91.88. Meanwhile, the product markets ended the session in positive territory, with the heating oil market settling sharply higher, up 10.71 cents at \$3.4354 and the RB market settling up 1.05 cents at \$2.7384.

Technical Analysis: Technically, the oil market is seen remaining range bound as stochastics are trending sideways. The market is seen finding support at its low of \$88.32, \$87.22, \$86.71, \$86.15, \$85.93 and \$85.84. Meanwhile, resistance is seen at \$89.50, its high of \$89.64 and \$91.92.

Fundamental News: The EIA reported that crude stocks built by 3.955 million barrels to 420.6 million barrels in the week ending September 8th. Crude stocks in the Gulf Coast increased by 7.3 million barrels on the week to 238.7 million barrels while stocks in the Midwest fell by 4.2 million barrels on the week to 104.7 million barrels, the lowest level since July 2022. U.S. crude oil imports increased by 812,000 bpd to 7.582 million barrels, the highest level since August 2019. Crude imports in the Gulf Coast increased by 289,000 bpd to 2 million bpd, the highest level since July 2020. U.S. gasoline stocks increased by 5.561 million barrels on the week, the largest build since July 2022 and U.S. distillate stocks increased by 3.931 million barrels on the week to 122.5 million barrels, the highest since January 2022.

The International Energy Agency said the extension of supply cuts by OPEC+ to the end of 2023 will lock in a substantial market deficit through the fourth quarter, as it stuck by its estimates for demand growth this year and next. The IEA left its forecast for 2023 global oil demand growth steady at 2.2 million bpd and its 2024 demand growth forecast remained steady at 1 million bpd as China's recovery runs out of steam and vehicle electrification and greater efficiency take hold. It said output curbs by OPEC+ members of more than 2.5 million bpd since the start of 2023 have so far been offset by higher supplies from producers outside the alliance, including the United States, Brazil and still under-sanctions Iran. It said "But from September onwards, the loss of OPEC+ production, will drive a significant supply shortfall through the fourth quarter." However, it added that the lack of cuts at the start of next year would shift the balance to a surplus, highlighting that stocks will be at uncomfortably low levels, increasing the risk of another increase in volatility in a fragile economic environment.

Analysts at Bank of America Global Research said OPEC+ maintaining current supply cuts through year-end coupled with a positive demand backdrop in Asia could push Brent prices above \$100/barrel before 2024.

IIR Energy reported that U.S. oil refiners are expected to shut in about 768,000 bpd of capacity in the week ending September 15th, cutting available refining capacity by 108,000 bpd. Offline capacity is expected to increase to 1.3 million bpd in the week ending September 22nd.

Early Market Call - as of 8:45 AM EDT

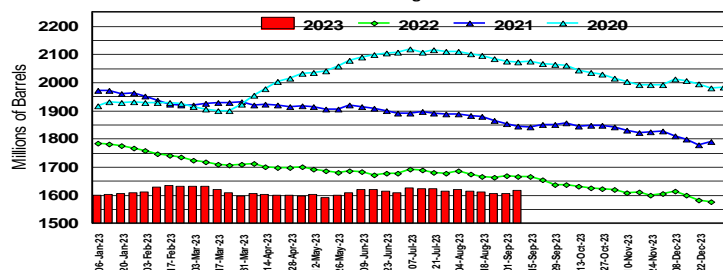
WTI - October \$89.91, up 1.41 cents
 RBOB - October \$2.7665, up 2.81 cents
 HO - October \$3.4242, down 1.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.4354	0.1071	0.2427
Oct-23	3.3441	0.0891	0.2153
Nov-23	3.1971	0.0711	0.1779
Dec-23	3.1136	0.0600	0.1553
Jan-24	3.0546	0.0528	0.1398
Feb-24	2.9886	0.0457	0.1221
Mar-24	2.9150	0.0388	0.1027
Apr-24	2.8689	0.0336	0.0908
May-24	2.8350	0.0285	0.0817
Jun-24	2.8142	0.0240	0.0736
Jul-24	2.7989	0.0209	0.0696
Aug-24	2.7885	0.0198	0.0696
Sep-24	2.7774	0.0194	0.0697
Oct-24	2.7622	0.0191	0.0677
Nov-24	2.7448	0.0183	0.0669
Dec-24	2.7252	0.0177	0.0638
Jan-25	2.6996	0.0168	0.0579

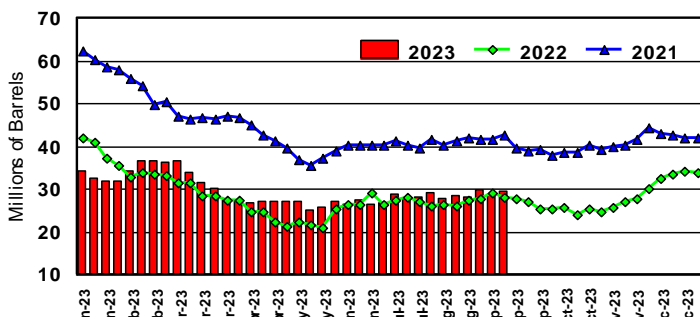
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$4.00	\$87.8800	-\$0.2800
Crude - Brent		\$91.8800	-\$0.1800
Natural Gas		\$2.6800	-\$0.0630
Gasoline		\$2.7384	\$0.0105

Total U.S. Oil Stocks Including SPR



Weekly EIA Petroleum Status Report for the Week Ending September 8, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.955 million barrels
 Cushing, OK Crude Stocks Down 2.45 million barrels
Gasoline Stocks Up 5.561 million barrels
Distillate Stocks Up 3.931 million barrels
Refinery % Operated 93.7%, up 0.6%

PADD #1

	Week Ending Sep 8, 2023	Week Ending Sep 1, 2023	Week Ending Sep 9, 2022
Distillate Stocks (in million bbl)			
New England	3.7	3.2	3.4
Central Atlantic	15.6	15.6	13.2
Total PADD #1	29.4	28.9	28.1
Distillate Imports (thousands b/d)	156	67	103

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