



MarketWatch | Refined Products

Friday, June 30, 2023

Market Commentary

Recap: The oil market remained range bound and traded in and out of positive territory on Thursday as the market continued to weigh the concerns over the economy and global oil demand against the larger than expected draw in oil stocks. The crude market traded mostly sideways in overnight trading before it posted the day's trading range from a high of \$70.60 to a low of \$68.93 by mid-day. The market later settled in a \$1 trading range from \$69-\$70 during the remainder of the session. The August WTI contract settled up 30 cents at \$69.86 and the August Brent contract settled up 31 cents at \$74.34. The product markets settled in positive territory, with the heating oil market settling up 89 points at \$2.4156 and the RB market settling up 1.43 cents at \$2.6177.

Technical Analysis: The oil market remains in its sideways trading range amid concerns over rising interest rates with fears of a global recession while its losses are limited by increased travel demand and declining crude supplies. The market is seen remaining in its trading range from \$64.40 to \$75.70. The crude market is seen finding resistance at its high of \$70.60 followed by \$72.65, \$72.72, \$73.37 and \$75.70. Support, is however seen at \$69.45, its low of \$68.93, \$67.05, \$66.96 and \$64.41.

Fundamental News: Multinational nonprofit platform CDP said oil and gas companies have made little progress in turning away from hydrocarbons and towards the goals of the 2015 Paris climate deal. Scientists say that by 2030 the world needs to cut greenhouse gas emissions by around 43% from 2019 levels to stand any chance of meeting the 2015 Paris Agreement goal of keeping warming well below 2 degrees Celsius or 3.6 Fahrenheit above pre-industrial levels. The CDP's Oil and Gas Benchmark report, published together with the World Benchmarking Alliance, said its latest assessment had shown the oil and gas sector "has made almost no progress towards the Paris Agreement goals since 2021". It said none of the 100 oil and gas companies it had assessed is set to cut its overall emissions "at a rate sufficient to align with a 1.5°C pathway over the next five years". The CDP said 81 oil and gas companies with extraction activities show "no significant reduction" in production before 2030, with production not expected to peak until 2028.

Kpler shipping data projects USAC gasoline imports declining over the next several weeks, with under 500,000 b/d being delivered for the week ending July 7th. The most recent EIA data showed that U.S. imports of gasoline into PADD #1 for the week ending June 23rd was 789,000 b/d down 112,000 b/d from the prior week.

S&P Global Commodity Insights is reporting the 141,000 b/d FCC unit at Phillips 66's Bayway refinery, which went offline back on June 12th, is expected to return to service by July 3rd.

Phillips 66 reported emission from a cat flare at its 149,000 bpd Borger, Texas refinery from Wednesday evening until Thursday morning. It said an investigation into the cause of the incident will be conducted.

Pemex reported an all clear at its Deer Park, Texas refinery following an off-site discharge incident.

The Federal Reserve's Chairman, Jerome Powell, said he expects the moderate pace of interest rate decisions to continue in the coming months. He said with U.S. inflation well above the Federal Reserve's 2% goal and a labor market that's still very tight, most of the central bank's policymakers expect they will need to raise interest rates at least twice more by year's end.

Early Market Call - as of 8:45 AM EDT

WTI - August \$70.12 up 26 cents
 RBOB - July \$ 2.6104 down 73 points
 HO - July \$2.4100 down 56 points

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jul-23 | 2.4156 | 0.0089 | -0.0499 |
| Aug-23 | 2.4072 | 0.0124 | -0.0063 |
| Sep-23 | 2.4013 | 0.0106 | -0.0011 |
| Oct-23 | 2.3980 | 0.0096 | 0.0029 |
| Nov-23 | 2.3914 | 0.0079 | 0.0055 |
| Dec-23 | 2.3818 | 0.0063 | 0.0063 |
| Jan-24 | 2.3764 | 0.0046 | 0.0074 |
| Feb-24 | 2.3683 | 0.0029 | 0.0090 |
| Mar-24 | 2.3530 | 0.0014 | 0.0111 |
| Apr-24 | 2.3291 | 0.0004 | 0.0131 |
| May-24 | 2.3128 | -0.0001 | 0.0145 |
| Jun-24 | 2.2998 | -0.0001 | 0.0150 |
| Jul-24 | 2.2957 | -0.0001 | 0.0158 |
| Aug-24 | 2.2943 | 0.0002 | 0.0170 |
| Sep-24 | 2.2938 | 0.0001 | 0.0174 |
| Oct-24 | 2.2941 | 0.0002 | 0.0173 |
| Nov-24 | 2.2923 | -0.0002 | 0.0172 |

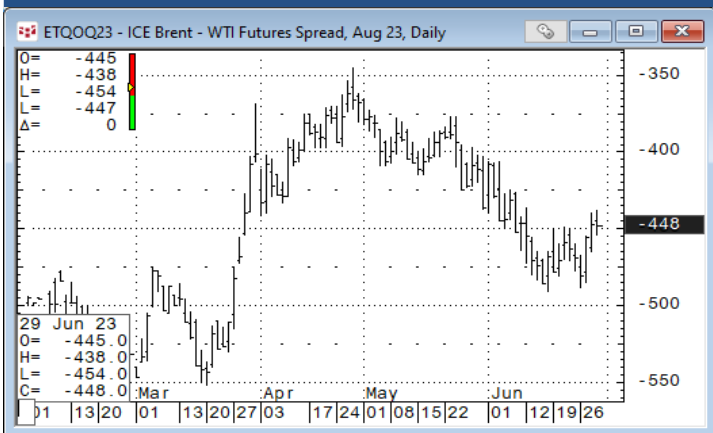
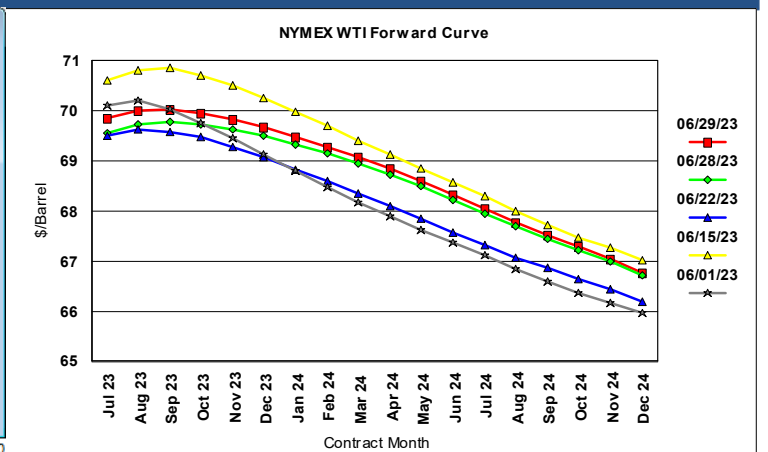
Sprague HeatCurve October 2023-April 2024 \$2.3713

| | | Close | Change |
|---------------|------------------------------------|-----------|----------|
| Crude - WTI | Aug Brent- WTI Spread \$4.48 | \$69.8600 | \$0.3000 |
| Crude - Brent | | \$74.3400 | \$0.3100 |
| Natural Gas | | \$2.7010 | \$0.0330 |
| Gasoline | | \$2.6177 | \$0.0143 |

EIA Working Gas Storage Report

| | 23-Jun-23 | 16-Jun-23 | Change | 23-Jun-22 |
|---------------|-----------|-----------|--------|-----------|
| East | 623 | 599 | 24 | 457 |
| Midwest | 685 | 658 | 27 | 531 |
| Mountain | 165 | 157 | 8 | 133 |
| Pacific | 204 | 191 | 13 | 234 |
| South Central | 1128 | 1125 | 3 | 884 |
| Salt | 330 | 330 | 0 | 243 |
| Nonsalt | 798 | 794 | 4 | 642 |
| Total | 2805 | 2729 | 76 | 2,239 |

WTI Forward Curve



COG Inc. © 2023 All rights reserved worldwide ETQOQ23,D | 06/29/2023 15:32:23, COG 22.12.8050

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.