



MarketWatch | Refined Products

Friday, July 7, 2023

Market Commentary

Recap: The oil market on Thursday erased its overnight gain as the market saw a higher likelihood of a U.S. interest rate hike that could impact demand. The Fed's minutes released on Wednesday showed that a united U.S. central bank agreed to hold rates steady at its June meeting to buy time and assess the need for further hikes, with most attendees expecting they would eventually need to tighten further. U.S. interest rate futures on Thursday increased the probability of another U.S. rate hike after news private payrolls increased in June. The market posted a high of \$72.34 in overnight trading before it sold off to a low of \$70.22 on concerns over the economy. However, the earlier losses seen in the energy complex were limited by the EIA report showing draws across the board. The crude market bounced off its low and retraced most of its earlier losses as it traded back towards the \$72.00 level ahead of the close. The August WTI contract settled up 1 cent at \$71.80 and the September Brent contract settled down 13 points at \$76.52. The product markets settled in mixed territory, with the heating oil market settling down 1.39 cents at \$2.4794 and the RB market settling up 2.55 cents at \$2.5438.

Technical Analysis: The oil market remains in its sideways trading range from \$66.90 to \$75.70. It is seen trading mostly sideways as it continues to weigh the economic concerns and the draws in stocks. The market is seen finding resistance at its high of \$72.34, \$72.65, \$72.72, \$73.37, followed by \$75.70, \$76.93 and \$77.28. Meanwhile, support is seen at its lows of \$70.22, \$69.90, \$69.69 and \$69.53. Further support is seen at \$68.93, \$67.05 and \$66.96.

Fundamental News: The EIA reported that U.S. crude stocks in the SPR fell 600,000 bpd 347.2 million barrels, the lowest level since August 1983. It also reported that U.S. gasoline product supplied increased by 9,600 bpd in the week ending June 30th, the highest level since December 2021. The four-week average of U.S. gasoline demand rose to the highest since November 2021, while the four-week average of U.S. jet fuel demand increased to the highest since January 2020.

OPEC's Secretary General, Haitham Al Ghais, said the organization's market share is expected to increase to 40% by 2040-2045. He said "This will happen after production decreases from countries outside OPEC+ or outside OPEC. The U.S production is expected to decrease by 2029-2030, as well as other countries."

Bloomberg reported that the UAE's Energy Minister, Suhail al-Mazouei, said there had been no request for the UAE to undertake voluntary output cuts.

Iraq's Oil Minister, Hayan Abdel-Ghani, said the country's current oil production capacity stands at 5.4 million bpd and it aims to increase this figure. He said "Iraq aspires through promising plans to raise production capacity to 6 million bpd, through licensing contracts concluded with companies in the coming phase." He said Iraq's current output stands at 4.43 million bpd.

The Iranian Oil Ministry's SHANA news agency reported that Iran's Oil Minister Javad Owji and Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman met on the sidelines of the Vienna OPEC conference on Wednesday. SHANA said "Owji and Bin Salman discussed bilateral issues between Iran and Saudi Arabia, including investment in the oil and gas industry and exploring the possibility of joint investment."

Colonial Pipeline Co is allocating space for Cycle 40 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Early Market Call - as of 8:45 AM EDT

WTI - August \$72.08 up 28 cents per barrel
 RBOB - August \$2.5608 up 1.7 cents per gallon
 HO - August \$2.5005 up 2.11 cents per gallon

All NYMEX | Prior Settlements

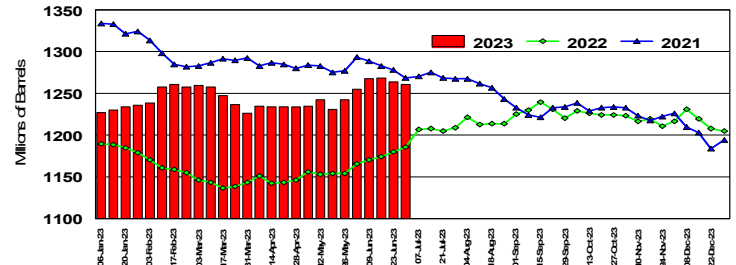
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.4794	-0.0139	0.0722
Sep-23	2.4685	-0.0142	0.0672
Oct-23	2.4627	-0.0131	0.0647
Nov-23	2.4541	-0.0128	0.0627
Dec-23	2.4432	-0.0130	0.0614
Jan-24	2.4358	-0.0130	0.0594
Feb-24	2.4247	-0.0137	0.0564
Mar-24	2.4064	-0.0143	0.0534
Apr-24	2.3812	-0.0144	0.0521
May-24	2.3643	-0.0143	0.0515
Jun-24	2.3511	-0.0141	0.0513
Jul-24	2.3461	-0.0140	0.0504
Aug-24	2.3429	-0.0145	0.0486
Sep-24	2.3406	-0.0146	0.0468
Oct-24	2.3391	-0.0147	0.0450
Nov-24	2.3353	-0.0150	0.0430
Dec-24	2.3293	-0.0160	0.0405

Sprague HeatCurve October 2023-April 2024 \$2.4297

	Close	Change
Crude - WTI	\$71.7900	-\$0.0900
Crude - Brent	\$76.5200	-\$0.1300
Natural Gas	\$2.6090	\$0.0480
Gasoline	\$2.5438	\$0.0255

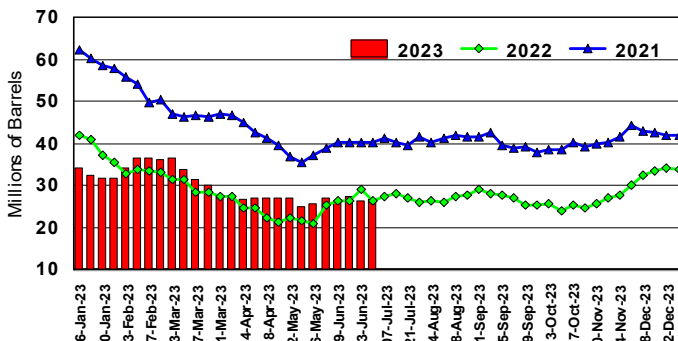
Sep Brent-WTI Spread \$4.73

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending June 30, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.508 million barrels
 Cushing, OK Crude Stocks Down 400,000 barrels
 Gasoline Stocks Down 2.549 million barrels
 Distillate Stocks Down 1.045 million barrels
 Refinery % Operated 91.1%, down 1.1%

PADD #1

Distillate Stocks (in million bbl)	Week Ending June 30, 2023	Week Ending June 23, 2023	Week Ending July 1, 2022
New England	3.4	3.5	2.8
Central Atlantic	11.4	11.9	12.1
Total PADD #1	26.7	26.5	26.5
Distillate Imports (thousands b/d)	80	96	47

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.