



MarketWatch | Refined Products

Wednesday, July 1, 2026

Market Commentary

Recap: The oil market on Tuesday continued to trade within Friday's trading range but posted an outside trading day as the market focused on the potential U.S.-Iran talks on Doha after the strikes against each other over the weekend tested the interim ceasefire agreement. U.S. President Donald Trump's son-in-law Jared Kushner and envoy Steve Witkoff arrived in Doha on Tuesday but were not expected to hold high level meetings with Iran, casting doubt on the progress to bring a lasting end to the Iran war and fully reopen the Strait of Hormuz. A Qatari official said there would be technical talks this week that could later be elevated to senior level. The crude market breached its previous high and rallied to a high of \$71.60 by mid-morning. However, the market erased all of its gains and posted a low of \$69.22 ahead of the close. The August WTI contract settled down \$1.25 at \$69.50 and the August Brent contract settled down 23 cents at \$72.92. The product markets ended the session lower, with the heating oil market settling down 1.49 cents at \$3.3168 and the RB market settling down 4.7 cents at \$3.0144.

Technical Analysis: The crude market will continue to trend sideways as the market remains cautious in light of the fragile ceasefire agreement signed between the U.S. and Iran. The market's losses will remain limited on concerns over the prospects for a lasting peace agreement, with Iran stating that it would not meet with top U.S. envoys as the two sides still have to sort out the terms of agreement they signed two weeks ago before negotiating more difficult topics. The market will also await the release of the weekly petroleum stocks reports for further direction. The crude market is seen finding support at \$69.22, \$68.56, \$67.50, \$66.96, \$63.86 and \$63.16. Meanwhile, resistance is seen at \$71.60, \$71.86, \$72.50, \$73.18, \$74.45, \$77.34, \$78.14, \$79.18, \$80.15 and \$81.00 to \$81.68.

Fundamental News: The EIA reported that U.S. crude oil production increased to 13.93 million bpd in April, the highest on record, as producers increased their output in response to higher oil prices due to the Iran war. Production rose by 216,000 bpd in April, EIA data showed, with production in New Mexico touching a record high of 2.37 million bpd. Crude production in Texas increased 36,000 bpd to 5.83 million bpd, the highest level since November. Output from North Dakota also increased to 1.13 million bpd, the highest level since November.

U.S. President Donald Trump said gasoline retailers must get prices down immediately and warned that there will be "big problems" ahead if they did not do so. Last week, President Trump said he instructed the Department of Justice to look into oil companies for not lowering gasoline pump prices in line with falling crude costs, accusing the companies of "gouging" customers.

Morgan Stanley lowered its Brent crude price forecast for the rest of the year and next, citing a faster than expected reopening of the Strait of Hormuz, and said market focus has shifted back to a larger surplus expected in 2027. The bank lowered its third-quarter 2026 forecast and fourth-quarter 2026 view to \$75/barrel from earlier estimates of \$90/barrel and \$80/barrel, respectively. It sees Brent at \$75/barrel in the first half of 2027 and \$70/barrel in the second half, compared with an earlier forecast of \$80/barrel. The bank said that with the Middle East exports ramping up again, a supply shortfall that has been rapidly diminishing is now causing a surplus in the Brent and Dubai markets. Morgan Stanley now projects an implied global oil market surplus of 4.8 million bpd in 2027. At the start of 2026, before the conflict, its balances had pointed to a 2 million-3 million bpd surplus for the year and the closure of the Strait of Hormuz temporarily flipped that surplus into a deep deficit. Morgan Stanley analysts said that to balance the market in 2027, flows through Hormuz only need to recover to 11 million -12 million bpd, or about 65% of the pre-conflict level.

Early Market Call - as of 9:50 AM EDT

WTI - Aug \$69.08, down 95 cents
 RBOB - Aug \$2.9220, up 1.89 cents
 HO - Aug \$3.2785, up 4.52 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-26	\$3.3168	-\$0.0149	\$0.1406
Aug-26	\$3.2291	\$0.0422	\$0.1174
Sep-26	\$3.1601	\$0.0448	\$0.1053
Oct-26	\$3.1008	\$0.0421	\$0.0944
Nov-26	\$3.0346	\$0.0398	\$0.0817
Dec-26	\$2.9624	\$0.0376	\$0.0682
Jan-27	\$2.9167	\$0.0348	\$0.0596
Feb-27	\$2.8776	\$0.0315	\$0.0518
Mar-27	\$2.8287	\$0.0271	\$0.0413
Apr-27	\$2.7735	\$0.0219	\$0.0292
May-27	\$2.7355	\$0.0170	\$0.0189
Jun-27	\$2.7073	\$0.0120	\$0.0097
Jul-27	\$2.6972	\$0.0093	\$0.0052
Aug-27	\$2.6920	\$0.0080	\$0.0020
Sep-27	\$2.6902	\$0.0076	\$0.0007
Oct-27	\$2.6878	\$0.0067	\$0.0000
Nov-27	\$2.6795	\$0.0057	\$0.0001

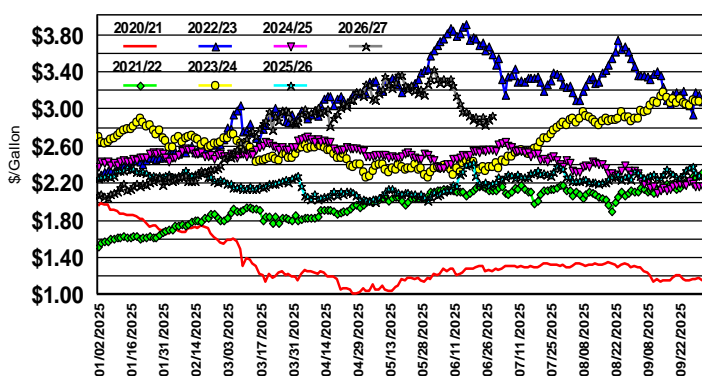
Sprague HeatCurve October 2026-April 2027		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$3.42	\$69.5000	-\$1.2500
Crude - Brent		\$72.9200	-\$0.2300
Natural Gas		\$3.2750	\$0.0940
Gasoline		\$3.0144	-\$0.0470

API Report for the Week Ending June 26, 2025

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 6.1 million barrels	Down 4.5 million barrels
Gasoline Stocks	Down 2.1 million barrels	Down 1 million barrels
Distillate Stocks	Up 2.9 million barrels	Down 500,000 barrels
Refinery Runs		Up 0.2% at 96.3%

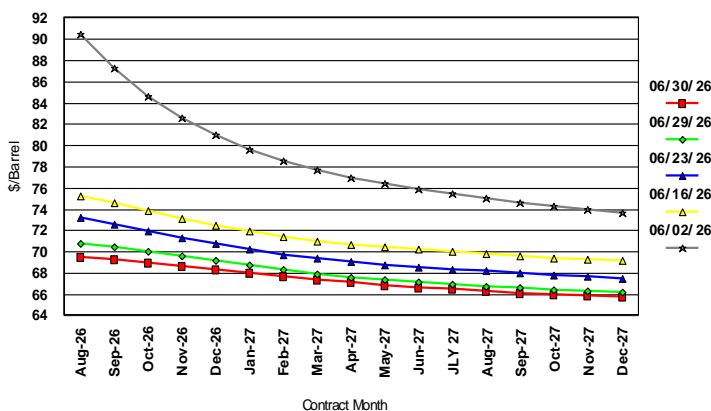
Sprague HeatCurve

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve



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