



MarketWatch | Refined Products

Friday, June 7, 2024

Market Commentary

Recap: The oil market continued to trend higher on Thursday after the market broke its five-day selling spree on Wednesday on renewed hopes that the Federal Reserve would cut interest rates in September. The market was also supported by comments made by OPEC+ ministers, who stated that the producer group could tweak its latest output agreement if needed to support the oil market. The market was further supported by the European Central Bank cutting interest rates for the first time in five years on Thursday. The crude market posted a low of \$74.06 in overnight trading before it bounced off that level and continued to retrace its recent selloff, retracing more than 38% of its move from a high of \$80.62 to a low of \$72.48 as it rallied to a high of \$75.79 in afternoon trading. The July WTI contract later settled in a sideways trading range and ended the session up \$1.48 at \$75.55, while the August Brent contract ended the session up \$1.46 at \$79.87. The product markets also ended the session higher, with the heating oil market settling up 5.65 cents at \$2.3576 and the RB market settling up 4.39 cents at \$2.3975.

Technical Analysis: The crude market is seen trading mostly sideways, as it retraces some of its gains seen over the last two sessions but remains supported by the expectations that the Federal Reserve will cut rates later this year. The market's losses will also remain limited after OPEC ministers expressed optimism of continued strong demand for oil and pushed back against the market reaction to their decision to start tapering voluntary output cuts after September. The market is seen finding resistance at its high of \$75.79, \$76.55, \$77.51, \$78.62, \$79.42 and \$80.29. Meanwhile, support is seen at \$74.06, \$72.82, \$72.48 followed by \$72.27, \$71.33 and \$70.54.

Fundamental News: OPEC+ ministers and officials said OPEC+ could tweak its latest oil output agreement which calls for some output cuts to be reversed later this year if needed to support the market. The ministers and officials, at an economic forum at St Petersburg, also praised the agreement and said the oil demand outlook was positive. Saudi Energy Minister Prince Abdulaziz bin Salman said OPEC+ can pause or reverse oil production increases if the market weakens. He said OPEC+ would provide the market with a "clear path" on how any additional barrels might be supplied. OPEC Secretary General Haitham Al Ghais defended the recent adjustments to the OPEC+ oil output deal, calling it a success. He expressed optimism about continued strong oil demand, citing a rebound in travel. The United Arab Emirates' Energy Minister, Suhail Al Mazrouei, said the country has been committed to OPEC+, consumers and the market despite some media reports suggesting otherwise. Russia's Deputy Prime Minister, Alexander Novak, said the current OPEC+ agreement is helping to balance oil supply and demand and provides certainty for energy markets, adding that the group might adjust it if necessary to support the market. He said a decline in oil prices after OPEC+ meeting was caused by "speculative factors" and misinterpretations of the agreement that was reached. He expects oil prices to be around \$80-85/barrel by the end of the year. He said Russia is seeing a gradual increase in global oil demand but added that Russia does not expect oil demand to peak in the near future. Separately, Russia's Deputy Prime Minister said Russia continued to reduce oil production in May under its agreement with OPEC+ partners. He said the exact production volumes will be known in a week. He said that oil production in Russia in 2024 is expected to be 505-515 million tons. Last month, Russia said it had exceeded its OPEC+ production quota in April for "technical reasons" and would soon present to the OPEC Secretariat its plan to compensate for the error.

Colonial Pipeline Co is allocating space for Cycle 34 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Early Market Call - as of 8:25 AM EDT

WTI - July \$76.01, up 46 cents
 RBOB - July \$2.4099, up 1.24 cents
 HO - July \$2.3642, up 66 points

All NYMEX | Prior Settlements

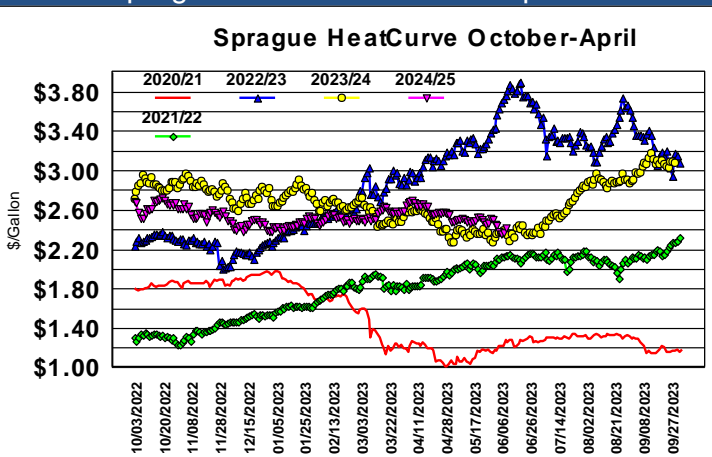
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-24	2.3576	0.0565	-0.0341
Aug-24	2.3741	0.0543	-0.0386
Sep-24	2.3915	0.0516	-0.0422
Oct-24	2.4039	0.0498	-0.0451
Nov-24	2.4093	0.0480	-0.0459
Dec-24	2.4104	0.0455	-0.0457
Jan-25	2.4161	0.0438	-0.0447
Feb-25	2.4141	0.0423	-0.0435
Mar-25	2.4027	0.0412	-0.0427
Apr-25	2.3839	0.0393	-0.0441
May-25	2.3725	0.0381	-0.0455
Jun-25	2.3661	0.0364	-0.0463
Jul-25	2.3665	0.0350	-0.0450
Aug-25	2.3681	0.0339	-0.0431
Sep-25	2.3709	0.0330	-0.0409
Oct-25	2.3726	0.0325	-0.0383
Nov-25	2.3697	0.0314	-0.0372

Sprague HeatCurve October 2024-April 2025			\$2.4082
		Close	Change
Crude - WTI	July Brent-WTI Spread \$4.63	\$75.2400	\$1.4200
Crude - Brent		\$79.8700	\$1.4600
Natural Gas		\$2.8210	\$0.0640
Gasoline		\$2.3975	\$0.0439

EIA Working Gas Storage Report

	31-May-24	24-May-24	Change	31-May-23
East	575	538	37	543
Midwest	681	652	29	596
Mountain	218	210	8	134
Pacific	273	267	6	160
South Central	1146	1128	18	1,086
Salt	330	324	6	315
Nonsalt	817	804	13	772
Total	2893	2795	98	2,520

Sprague HeatCurve October-April



July WTI



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.