



MarketWatch | Refined Products

Friday, June 14, 2024

Market Commentary

Recap: The oil market traded mostly sideways and ended slightly higher, up 0.15% on the day, as the market weighed the builds in crude and product stocks and expectations of slow Federal Reserve rate cuts against the U.S. economic data showing an easing labor market and slowing inflation. The market traded lower in overnight trading as it remained pressured following the EIA's weekly petroleum stocks report on Wednesday and the bearish IEA report, which warned of excess supply in the near future. The crude market continued to trend lower and posted a low of \$77.67. However, the market bounced off its low and retraced its earlier losses and posted a high of \$78.89 ahead of the close. The market was supported by hopes that the Federal Reserve will cut rates in September, reinforced by data from the Labor Department showing producer prices unexpectedly falling in May. The largest decline in prices at the factory gate since October following the report on consumer prices on Wednesday showing prices were unchanged in May for the first time in nearly two years. The July WTI contract settled up 12 cents at \$78.62 and the August Brent contract settled up 15 cents at \$82.75. The product markets ended the session higher, with the heating oil market settling up 4.6 cents at \$2.4868 and the RB market settling up 2.12 cents at \$2.4156.

Technical Analysis: On Friday, the oil market is still seen trending sideways as the market weighs conflicting demand outlooks, hawkish signals from the Federal Reserve and the unexpected builds reported in the oil inventory reports. The crude market is seen finding resistance at its highs of \$78.89, \$79.32, \$79.42, followed by \$80.62 and \$80.93. However, support is seen at its low of \$77.67, \$77.22, \$76.71, \$75.90, \$75.23-\$75.21, followed by \$75.09, \$74.06, \$72.82 and \$72.48.

Fundamental News: OPEC's Secretary General, Houthaim Al Ghais, said OPEC does not see a peak in oil demand in its long-term forecast and expects demand to increase to 116 million bpd by 2045 and may be higher. He called the IEA report "dangerous commentary, especially for consumers, and will only lead to energy volatility on a potentially unprecedented scale." He said similar narratives have been proven wrong previously. On Wednesday, the IEA said it sees oil demand peaking by 2029, levelling off at around 106 million bpd towards the end of the decade.

ANZ Research said it expects OPEC's supply policy to remain sensitive to oil market fundamentals. It said if demand fails to grow as they expect, they are likely to delay the phasing out of the group of eight's voluntary 2.2 million bpd cuts for oil. It said the likelihood of oil prices surpassing \$100/barrel for a sustained period had diminished greatly. ANZ Research said it maintains its 12-month oil price target of \$95/barrel. It said a combination of improving market fundamentals, elevated geopolitical risks and a more positive economic backdrop should lift the Brent crude price over \$85/barrel, a level it has failed to breach over the past six weeks.

Kpler shipping data is showing EU and UK diesel imports are on track to reach 768,000 b/d in June down from 1.22 million b/d recorded in May.

The Russian government said Thursday it has extended its retaliatory measures against a price cap on its oil imposed by Western countries until the end of 2024. The Russian government has banned domestic oil exporters and custom bodies from adhering to Western-imposed price caps on Russian crude oil.

The Russian energy ministry said on Thursday that while its oil production totals exceed its OPEC+ quota in May, it was still pledging to make up for this over production during the compensation period until September 2025. It also said its overproduction levels would be resolved in June. Russian officials though did not disclose any specific production totals for the month though.

Early Market Call - as of 8:30 AM EDT

WTI - July \$78.90, up 28 cents
 RBOB - July \$2.4435, up 2.79 cents
 HO - July \$2.5208, up 3.4 cents

All NYMEX | Prior Settlements

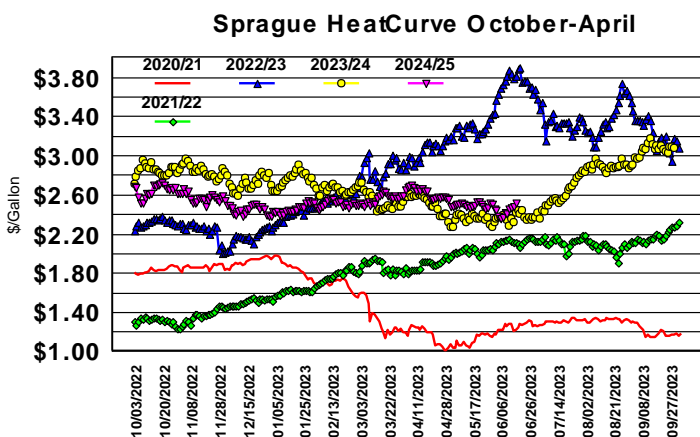
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-24	2.4868	0.0460	0.1292
Aug-24	2.4967	0.0414	0.1226
Sep-24	2.5094	0.0387	0.1179
Oct-24	2.5168	0.0359	0.1129
Nov-24	2.5163	0.0327	0.1070
Dec-24	2.5118	0.0298	0.1014
Jan-25	2.5141	0.0280	0.0980
Feb-25	2.5086	0.0267	0.0945
Mar-25	2.4938	0.0256	0.0911
Apr-25	2.4719	0.0245	0.0880
May-25	2.4582	0.0238	0.0857
Jun-25	2.4488	0.0235	0.0827
Jul-25	2.4470	0.0229	0.0805
Aug-25	2.4464	0.0224	0.0783
Sep-25	2.4472	0.0223	0.0763
Oct-25	2.4464	0.0225	0.0738
Nov-25	2.4409	0.0224	0.0712

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$4.49	\$78.2600	-\$0.4300
Crude - Brent		\$82.7500	\$0.1500
Natural Gas		\$2.9590	-\$0.0860
Gasoline		\$2.4156	\$0.0212

EIA Working Gas Storage Report

	07-Jun-24	31-May-24	Change	31-May-23
East	603	575	28	568
Midwest	712	688 R	24	624
Mountain	224	218	6	145
Pacific	276	273	3	173
South Central	1159	1146	13	1,102
Salt	336	330	6	323
Nonsalt	823	817	6	779
Total	2974	2900 R	74	2,610

Sprague HeatCurve October-April



July WTI



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