



# MarketWatch | Refined Products

Thursday, June 20, 2024

## Market Commentary

**Recap:** The oil market on Tuesday continued to trend higher following comments from a Federal Reserve policymaker on the future of interest rate cuts. The market traded mostly sideways in overnight trading and posted a low of \$79.77 as it retraced some of Monday's sharp gains. However, the market rallied on comments made by New York Federal Reserve President, John Williams, who stated that interest rates will come down gradually over time, although he declined to say when the U.S. central bank will start its monetary policy easing. It extended its gains to over \$1.30 as it posted a high of \$81.67 ahead of the close. The market was also supported ahead of the release of the weekly petroleum stocks reports later on Tuesday and Thursday morning which are expected to show a draw in crude stocks of over 4 million barrels. The July WTI contract settled up \$1.24 at \$81.57 and the August Brent contract settled up \$1.08 at \$85.33. The product markets ended the session higher, with the heating oil market settling up 3.83 cents at \$2.5208 and the RB market settling up 3.63 cents at \$2.4832.

**Technical Analysis:** Following the Juneteenth holiday on Wednesday, the crude market on Thursday will likely retrace some of its recent sharp gains ahead of the July WTI contract's expiration at the close. It will also look to the weekly petroleum stocks reports for further direction. The inventory reports are expected to show large draws in crude stocks, which could push the market towards the \$83.00 level ahead of its expiration. The market is seen finding resistance at its high of \$81.67, \$82.00, \$82.65, \$83.19 and \$83.63. Meanwhile, support is seen at its low of \$79.77, \$77.98, \$77.73, \$77.67 and \$77.22. Basis the August contract, resistance is seen at \$80.85, \$81.98 and \$82.12, while support is seen at \$79.17, \$78.80 and \$77.58.

**Fundamental News:** Goldman Sachs stated that as summer inventory draws materialize, the price of Brent crude will increase further to an August peak of \$86/barrel led by rising time spreads. Separately, Goldman Sachs said production growth in the Permian Basin is likely to gradually slow down from a strong output level of 520,000 bpd in 2023 to 270,000 bpd in 2026. It said "Robust Permian growth and high OPEC spare capacity will likely support ceiling of our \$75-\$90 Brent forecast in the short run."

The American Petroleum Institute, the National Corn Growers Association, the American Farm Bureau Federation and the Owner-Operator Independent Drivers Association said on Tuesday they were suing President Joe Biden's administration over its plan to cut emissions from heavy-duty vehicles, arguing the regulations will cause economic harm. This spring, the U.S. Environmental Protection Agency finalized new rules for models of semi-trucks, buses and other heavy-duty vehicles released from 2027 to 2032 in a bid to cut 1 billion tons of greenhouse gas emissions through 2055. The corn lobby group said they had joined the suit, arguing in favor of other methods to fight climate change like biofuels.

The Buzzard oilfield in the North Sea resumed output over the weekend following a production outage last month. CNOOC reported an outage at the field on May 28<sup>th</sup>.

Phillips 66 said the start-up of Canada's Trans Mountain pipeline expansion project has tightened its margins. The pipeline project was expected to triple the flow of oil from Alberta to Canada's Pacific coast to 890,000 bpd.

Exxon Mobil Corp reported emissions at its 564,440 bpd Baytown, Texas refinery. It reported an unplanned shut down of its hydrofining unit 10. It said there is minimal impact to production.

Citgo Petroleum Corp was starting up units following the completion of planned maintenance activities at its 167,500 bpd Corpus Christi West plant in Texas.

TotalEnergies reported to state regulators a compressor trip was responsible for flaring that began at its 238,000 b/d Port Arthur refinery back on June 14<sup>th</sup>.

**Early Market Call - as of 8:50 AM EDT**

WTI - July \$81.87, up 30 cents  
 RBOB - July \$2.4967, up 1.35 cents  
 HO - July \$2.5317, up 1.09 cents

## All NYMEX | Prior Settlements

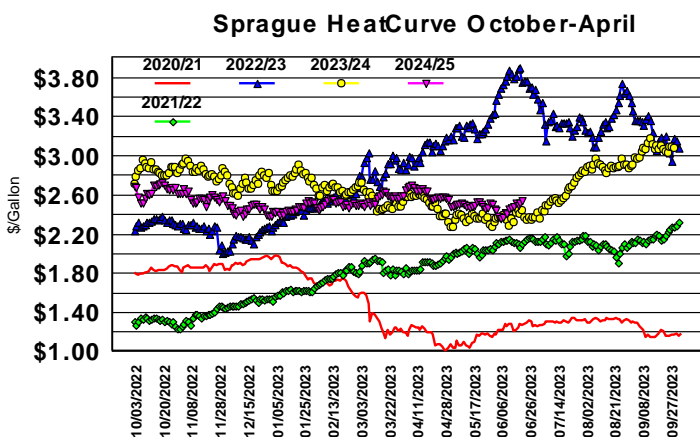
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-24	2.5208	0.0383	0.0995
Aug-24	2.5358	0.0375	0.0990
Sep-24	2.5493	0.0382	0.0977
Oct-24	2.5569	0.0381	0.0950
Nov-24	2.5544	0.0369	0.0889
Dec-24	2.5486	0.0357	0.0832
Jan-25	2.5490	0.0345	0.0789
Feb-25	2.5417	0.0336	0.0752
Mar-25	2.5267	0.0332	0.0730
Apr-25	2.5043	0.0327	0.0706
May-25	2.4889	0.0321	0.0672
Jun-25	2.4773	0.0318	0.0638
Jul-25	2.4741	0.0318	0.0613
Aug-25	2.4727	0.0323	0.0595
Sep-25	2.4727	0.0329	0.0582
Oct-25	2.4714	0.0336	0.0572
Nov-25	2.4647	0.0331	0.0555

Sprague HeatCurve October 2024-April 2025			\$2.5414
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.62	\$80.7100	\$0.9900
Crude - Brent		\$85.3300	\$1.0800
Natural Gas		\$2.9090	\$0.1210
Gasoline		\$2.4832	\$0.0363

### API Report for the Week Ending June 14, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 2.264 million barrels	Down 4.1 million barrels
Gasoline Stocks	Down 1.077 million barrels	Up 100,000 barrels
Distillate Stocks	Up 538,000 barrels	Up 280,000 barrels
Refinery Runs		Down 0.15% at 95%

## Sprague HeatCurve October-April



## July WTI



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