



MarketWatch | Refined Products

Thursday, June 27, 2024

Market Commentary

Recap: The oil market settled slightly higher on Wednesday despite the EIA's weekly petroleum stocks reports showing unexpected builds in both crude and gasoline stocks. The EIA reported a build of over 3.5 million barrels in crude stocks and a build in gasoline stocks of over 2.6 million barrels in the week ending June 21st. The crude market traded sideways within Tuesday's trading range ahead of the release the EIA's inventory report after the API reported a smaller build of 914,000 barrels late Tuesday. The market, which had posted a high of \$81.63 early in the morning, later sold off to a low of \$80.18 in light of the EIA's large build in crude stocks. However, the market bounced off its low and retraced some of its losses ahead of the close. The August WTI contract settled up 7 cents at \$80.90 while the August Brent contract settled up 24 cents at \$85.25. The product markets ended the session higher, with the heating oil market settling up 2.81 cents at \$2.5375 and the RB market settling up 2.99 cents at \$2.5446.

Technical Analysis: The crude market is seen trading sideways as the market weighs the builds in oil inventories against the continued concern over the geopolitical tension in the Middle East, as investors are worried of a potential expansion of the Gaza war. While the market's sentiment may be weighed down by concerns over demand as stocks increase, the market's losses will be limited by concerns over the escalating tension between Israel and Lebanon's Hezbollah in recent weeks that could potentially draw in other regional powers, including Iran. The oil market is seen finding resistance at its high of \$81.63, \$81.90, \$81.98, \$82.42, \$82.80 and \$84.00. Meanwhile, support is seen at its low of \$80.18, \$79.17 and \$78.29. More distant support is seen at \$77.58, \$77.42, \$77.35, \$77.17 and \$76.05.

Fundamental News: The EIA reported that crude stocks in the U.S. SPR increased by 1.3 million barrels in the week ending June 21st, the most since June 2020. Crude stocks in the SPR increased to 372.2 million barrels, the highest level since December 2022.

The Federal Reserve Bank of Dallas said oil and gas activity in Texas, Louisiana and New Mexico increased modestly in the second quarter of 2024. According to executives polled, second quarter oil and gas production was little changed. On average, respondents expected a West Texas Intermediate oil price of about \$79/barrel at year-end 2024 compared with an \$80/barrel forecast in the prior quarter.

IIR Energy said U.S. oil refiners are expected to shut in about 164,000 bpd of capacity in the week ending June 28th, cutting available refining capacity by 11,000 bpd. Offline capacity is expected to fall to 92,000 bpd in the week ending July 5th.

Colonial Pipeline Co is allocating space for Cycle 39 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

U.S. rail car loadings for the current week were up 3.6% from a year ago and has been running 2.2% better than the same year to date level a year ago.

Pierre Andurand's Andurand Capital Management "fully exited" long positions in oil futures prior to the June OPEC+ meeting, with a current "mixed" outlook on the market. A letter to investors said "We will reengage in the oil markets once we obtain greater clarity on the supply side."

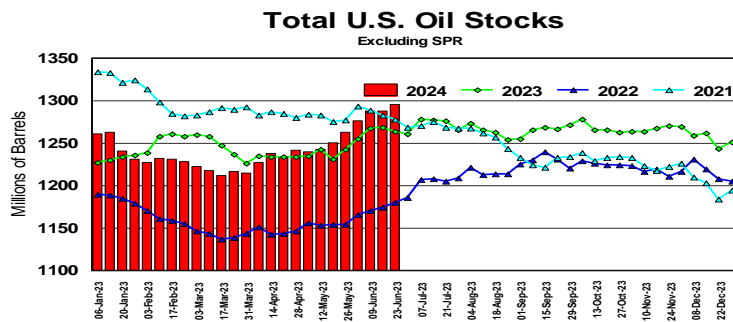
Early Market Call - as of 8:40 AM EDT

WTI - July \$81.57, up 67 cents
 RBOB - July \$2.5511, up 65 points
 HO - July \$2.5628, up 2.53 cents

All NYMEX | Prior Settlements

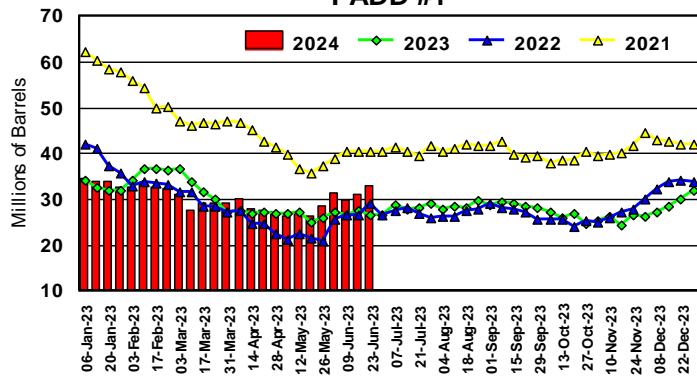
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-24	2.5375	0.0281	0.0167
Aug-24	2.5530	0.0266	0.0172
Sep-24	2.5672	0.0254	0.0179
Oct-24	2.5734	0.0237	0.0165
Nov-24	2.5708	0.0219	0.0164
Dec-24	2.5640	0.0202	0.0154
Jan-25	2.5637	0.0201	0.0147
Feb-25	2.5565	0.0198	0.0148
Mar-25	2.5420	0.0193	0.0153
Apr-25	2.5201	0.0189	0.0158
May-25	2.5050	0.0185	0.0161
Jun-25	2.4930	0.0181	0.0157
Jul-25	2.4903	0.0177	0.0162
Aug-25	2.4888	0.0172	0.0161
Sep-25	2.4889	0.0169	0.0162
Oct-25	2.4880	0.0168	0.0166
Nov-25	2.4822	0.0170	0.0175

Sprague HeatCurve October 2024-April 2025		\$2.5567
	Close	Change
Crude - WTI	\$80.9000	\$0.0700
Crude - Brent	\$85.2500	\$0.2400
Natural Gas	\$2.6280	-\$0.1280
Gasoline	\$2.5446	\$0.0299



Weekly EIA Petroleum Status Report for the Week Ending June 21, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.591 million barrels
 Cushing, OK Crude Stocks Down 226,000 barrels
Gasoline Stocks Up 2.654 million barrels
Distillate Stocks Down 377,000 barrels
Refinery % Operated 92.2%, down 1.3%

PADD #1

	Week Ending June 21, 2024	Week Ending June 14, 2024	Week Ending June 23, 2023
Distillate Stocks (in million bbl)			
New England	4.1	3.9	3.5
Central Atlantic	17.1	15.5	11.9
Total PADD #1	33.0	30.9	26.5
Distillate Imports (thousands b/d)	73	131	96

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