



MarketWatch | Refined Products

Wednesday, July 3, 2024

Market Commentary

Recap: On Tuesday, the oil market ended the session lower after the market extended its previous gains to two-month highs early in the session. The market was well supported by an expected rise in demand as the summer travel season increases with the Independence Day holiday this week. The American Automobile Association forecast travel during the holiday period will increase 5.2% on the year, with car travel up 4.8% on the year. Also, while Hurricane Beryl, which strengthened into a category 5 storm on Monday is not expected to affect operations in the Gulf of Mexico immediately, the market was closely watching the forecasts. The market continued to extend its recent gains and posted a high of \$84.38 by mid-morning. However, it erased its sharp gains and sold off to a low of \$82.72 on profit-taking as fears of supply disruptions caused by Hurricane Beryl dissipated. The August WTI contract settled down 57 cents at \$82.81 and the September Brent contract settled down 36 cents at \$86.24. The product market settled in mixed territory, with the heating oil market settling up 1.5 cents at \$2.6297 and the RB market settling down 49 points at \$2.5734.

Technical Analysis: While the market has remained in overbought territory, it is seen remaining supported as the weekly petroleum stocks reports are expected to show draws across the board and demand increases ahead of the Fourth of July holiday on Thursday. Any retracement of its recent gains will remain limited by continuing concerns over the geopolitical tensions in the Middle East. Meanwhile, the latest forecast for Hurricane Beryl is calling for the Category 5 hurricane to weaken into a tropical storm by the time it enters the Gulf of Mexico late this week and is unlikely to shut down any major amounts of offshore oil production. The oil market is seen finding resistance at its high of \$84.38, \$85.00 and \$85.27. However, support is seen at its low of \$82.72, \$81.38, \$80.97, \$80.51, \$80.18 and \$79.82.

Fundamental News: The U.S. Department of Energy said it has completed awarding contracts for the sale of 1 million barrels of gasoline from the Northeast Gasoline Supply Reserve to lower prices ahead of the Fourth of July holiday. The Energy Department said the barrels were sold at an average price of \$2.34/gallon to five companies, with BP buying 500,000 barrels, Vitol buying 200,000 barrels and Freeport Commodities, Irving Oil and George E. Warren purchasing about 100,000 barrels each.

Iran's Oil Minister, Javad Owji, said Iran is selling crude oil to 17 countries, including some countries in Europe, indicating some countries may not be honoring U.S. sanctions. He said he could not provide additional detail regarding the amounts sold or the identity of buyers due to the sensitivity of the subject.

On Monday night, Hurricane Beryl strengthened into a "potentially catastrophic" category 5 storm as it moved across the eastern Caribbean. The National Hurricane Center said Hurricane Beryl, packing winds of up to 155 mph, was about 485 miles east-southeast of Kingston, Jamaica. The storm struck the Caribbean region earlier in the day as the earliest Category 4 storm on record. Meanwhile, a private weather forecaster said the environmental conditions will gradually become less favorable for Beryl to maintain its extremely powerful hurricane status by late Tuesday. The forecaster said it is likely that Beryl will begin weakening and this weakening will continue when the eye of the hurricane passes just south of Jamaica on Wednesday night. The hurricane will still be close enough to produce hurricane conditions across Jamaica during Wednesday. Beyond this, there continues to be quite a bit of uncertainty as to how much Beryl will have weakened by the time it reaches the southern Yucatan Peninsula on Thursday night and model consensus seems to suggest that Beryl may be a tropical storm when it comes ashore on the eastern Yucatan Peninsula on Friday. Environmental conditions are not expected to be favorable for major strengthening in the Gulf of Mexico. However, a tropical storm impact somewhere between Tampico, Mexico and Corpus Christi, Texas is a possibility around Sunday or Monday.

Early Market Call - as of 8:40 AM EDT

WTI - August \$82.92, up 11 cents

RBOB - August \$2.5607, down 1.27 cents

HO - August \$2.6072, down 2.25 cents

All NYMEX | Prior Settlements

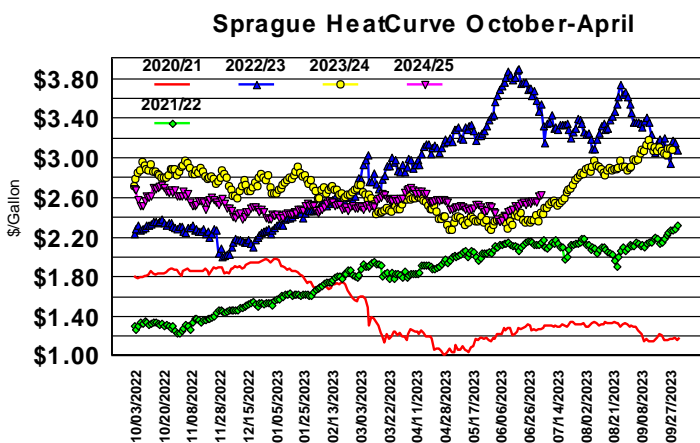
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-24	2.6297	0.0150	0.1033
Sep-24	2.6415	0.0157	0.0997
Oct-24	2.6463	0.0156	0.0966
Nov-24	2.6423	0.0152	0.0934
Dec-24	2.6316	0.0136	0.0878
Jan-25	2.6304	0.0133	0.0868
Feb-25	2.6222	0.0132	0.0855
Mar-25	2.6055	0.0126	0.0828
Apr-25	2.5811	0.0120	0.0799
May-25	2.5632	0.0118	0.0767
Jun-25	2.5489	0.0117	0.0740
Jul-25	2.5446	0.0115	0.0720
Aug-25	2.5423	0.0114	0.0707
Sep-25	2.5415	0.0113	0.0695
Oct-25	2.5409	0.0117	0.0697
Nov-25	2.5357	0.0118	0.0705
Dec-25	2.5266	0.0119	0.0711

Sprague HeatCurve October 2024-April 2025			\$2.6234
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$4.33	\$81.9100	-\$0.4100
Crude - Brent		\$86.2400	-\$0.3600
Natural Gas		\$2.4350	-\$0.0430
Gasoline		\$2.5734	-\$0.0049

API Report for the Week Ending June 28, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 9.163 million barrels	Down 200,000 barrels
Gasoline Stocks	Up 2.468 million barrels	Down 1.5 million barrels
Distillate Stocks	Down 740,000 barrels	Down 1.1 million barrels
Refinery Runs		Up 0.9% at 93.1%

Sprague Heat Curve October-April



August WTI



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