



MarketWatch | Refined Products

Friday, April 12, 2024

Market Commentary

Recap: The oil market continued to trade within its recent sideways trading range as the market weighed the economic news against the geopolitical news. Overnight, the crude market continued to trend higher following its sharp gains on Wednesday as the Middle East was on alert for possible Iranian retaliation for a suspected Israeli air strike on Iran's embassy in Syria on April 1st. This followed a Bloomberg report stating that the U.S. and its allies believed major missile or drone strikes by Iran against military and government targets in Israel were imminent. The market breached its previous high and rallied to a high of \$86.63. However, the market erased its gains as it was weighed down by the expectations that the Fed will cut interest rates in September instead of in June following a third consecutive consumer inflation reading that exceeded forecasts. The market erased its gains and sold off to a low of \$84.84 by mid-morning. The market bounced off its low and traded sideways as market braced for a potential attack on Israeli interests by Iran. The May WTI contract settled down \$1.19 at \$85.02 and the June Brent contract settled down 74 cents at \$89.74. The product markets ended the session lower, with the heating oil market settling down 4.78 cents at \$2.6598 and the RB market settling down 75 points at \$2.7741.

Technical Analysis: The crude market on Friday will continue to trade sideways, within a range from \$84.00 to \$88.00 as it awaits any news regarding the intensifying situation in the Middle East, amid reports of a possible Iranian attack on Israeli interests. The market is seen finding support at its low of \$84.84, \$84.55, \$83.85, \$83.10 and \$82.60. Meanwhile, resistance is seen at its high of \$86.63, \$86.98, \$87.10 and \$87.63. More distant upside is seen at \$88.29-\$88.33, \$90.00 and \$90.78.

Fundamental News: OPEC predicted strong fuel demand in the summer months and maintained its forecast for relatively strong growth in global oil demand in 2024, while saying there was a chance the world economy could do better than expected this year. In its monthly report, OPEC said world oil demand will increase by 2.25 million bpd in 2024 and by 1.85 million bpd in 2025. Both forecasts were unchanged from its previous forecast. It said that "The robust oil demand outlook for the summer months warrants careful market monitoring, amid ongoing uncertainties, to ensure a sound and sustainable market balance." The OPEC report also said that OPEC oil production was steady in March, increasing by 3,000 bpd to 26.60 million bpd, despite the new round of voluntary output cuts by OPEC+ members that started in January. Demand for OPEC crude this year is set to average 28.5 million bpd, up 100,000 bpd from the previous forecast. OPEC said spot oil prices in March were supported by a futures market rally, higher financial flows in futures markets and improving sentiment on oil fundamental as well as geopolitical tensions.

Russia and Germany urged countries in the Middle East to show restraint and Israel said it was preparing to "meet all its security needs" in a region on edge over an Iranian threat to strike Israel. Russia's Foreign Ministry told its citizens that they should refrain from travelling to the Middle East, especially to Israel, Lebanon and the Palestinian territories, while German Foreign Minister Annalena Baerbock called her Iranian counterpart Hossein Amirabdollahian to urge "maximum restraint" to avoid further escalation. The German airline Lufthansa, one of only two Western carriers flying to Tehran, extended a suspension of its flights to the Iranian capital. Meanwhile, Israel's Prime Minister, Benjamin Netanyahu, said Israel was keeping up its war in Gaza but making security preparations elsewhere. On Wednesday, Bloomberg reported the United States and its allies believe major missile or drone strikes by Iran or its proxies against military and government targets in Israel are imminent.

Motiva Enterprises restarted two crude distillation units at its 626,000 bpd Port Arthur, Texas refinery overnight following a power outage on Wednesday. Motiva began restating a fluid catalytic cracking unit on Thursday morning.

Early Market Call - as of 8:20 AM EDT

WTI - May \$86.36, up \$1.34

RBOB - May \$2.8138, up 3.97 cents

HO - May \$2.6991, up 3.93 cents

All NYMEX | Prior Settlements

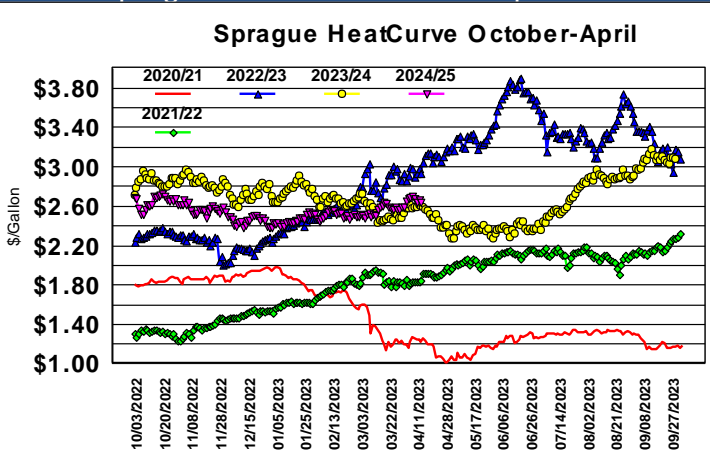
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-24	2.6598	-0.0478	-0.0815
Jun-24	2.6624	-0.0414	-0.0719
Jul-24	2.6633	-0.0385	-0.0670
Aug-24	2.6646	-0.0362	-0.0619
Sep-24	2.6681	-0.0344	-0.0579
Oct-24	2.6679	-0.0335	-0.0559
Nov-24	2.6625	-0.0331	-0.0538
Dec-24	2.6519	-0.0323	-0.0508
Jan-25	2.6440	-0.0311	-0.0475
Feb-25	2.6291	-0.0290	-0.0437
Mar-25	2.6074	-0.0257	-0.0395
Apr-25	2.5807	-0.0222	-0.0355
May-25	2.5634	-0.0188	-0.0308
Jun-25	2.5482	-0.0158	-0.0264
Jul-25	2.5364	-0.0141	-0.0238
Aug-25	2.5265	-0.0126	-0.0216
Sep-25	2.5188	-0.0125	-0.0202

Sprague HeatCurve October 2024-April 2025		\$2.6352	
	Close	Change	
Crude - WTI	May Brent-WTI Spread \$		
Crude - Brent		\$89.7400	-\$0.7400
Natural Gas		\$1.7640	-\$0.1210
Gasoline		\$2.7741	-\$0.0075

EIA Working Gas Storage Report

	05-Apr-24	29-Mar-24	Change	05-Apr-23
East	362	363	-1	342
Midwest	512	510	2	425
Mountain	165	162	3	80
Pacific	229	227	2	74
South Central	1014	996	18	927
Salt	299	294	5	262
Nonsalt	714	701	13	664
Total	2283	2259	24	1,848

Sprague HeatCurve October-April



May WTI



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