



MarketWatch | Refined Products

Thursday, March 14, 2024

Market Commentary

Recap: The oil market on Wednesday rallied over 2% following the release of a supportive EIA inventory report and a second day of Ukrainian drone attacks on Russian refining facilities. On Tuesday evening, the API reported an unexpected draw of 5.5 million barrels in crude stocks, providing the market with some support in overnight trading. The market retraced some of its gains and posted a low of \$77.57, but quickly bounced off that level and never looked back. The news of the drone attacks on Russian regions, causing disruptions in Russia's refining operations provided the market with further support. The oil market rallied to \$79.73 in light of the EIA reporting an unexpected draw in crude stocks of over 1.5 million barrels and a larger than expected draw in gasoline stocks. It later settled in a sideways trading range before further buying on the close pushed the market to a high of \$79.75. The April WTI contract settled up \$2.16 at \$79.72 and continued to trend higher as it posted a new high of \$79.90 in the post settlement period. The May Brent contract settled up \$2.11 at \$84.03. Meanwhile, the product markets also settled sharply higher, with the heating oil market settling up 6.86 cents at \$2.6851 and the RB market settling up 7.51 cents at \$2.6615 following the larger than expected draw in gasoline stocks.

Technical Analysis: The oil market on Thursday will remain range bound from \$75.50 to \$81.00 as the market retraces some of its sharp gains before it attempts to retest its previous highs amid the supportive fundamentals. Its stochastics have also crossed back to the upside. The market is seen finding resistance at its highs of \$79.90, \$79.99, \$80.67 and \$80.85. More distant resistance is seen at \$81.50, \$82.00 and \$82.61. Meanwhile, support is seen at its low of \$77.57, \$77.34 followed by \$76.79 and \$76.17. Further support is seen at \$75.84, \$75.52 - \$75.49 and \$75.07.

Fundamental News: The EIA reported that after six consecutive weeks of builds, total U.S. crude stocks unexpectedly fell by 1.536 million barrels in the week ending March 8th to 447 million barrels. U.S. crude oil imports fell by 1.731 million barrels on the week to 5.491 million barrels, the lowest level since March 2023. The EIA also reported a larger than expected draw in U.S. gasoline stocks of 5.662 million barrels on the week to 234.1 million barrels. Gasoline stocks in the U.S. Gulf Coast fell by 588,000 barrels on the week to 78.4 million barrels, the lowest level since November 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.2 million bpd of capacity in the week ending March 15th, increasing available refining capacity by 451,000 bpd. Offline capacity is expected to fall to 885,000 bpd in the week ending March 22nd.

Ukraine struck Russian oil refineries in a second day of heavy drone attacks on Wednesday. Russia's 340,000 bpd Ryazan oil refinery shut down two primary oil refining units on Wednesday following a fire caused by a drone attack. Separately, the Leningrad region's Governor, Alexander Drozdenko, said a drone was destroyed on its approach to the Kinef oil refinery in the region. Also, operations of the 112,000 bpd Novoshakhtinsk oil refinery in Russia's southern Rostov region resumed following a drone attack. The Rostov region's Governor, Vasily Golubev, said the operations of the refinery were halted on Wednesday after downed drones fell on its territory.

Russia's President Vladimir Putin said the Ukrainian drone attacks in Russian regions "are aimed at, if not frustrating the elections in Russia, then interfering with them." The Russian Defense Ministry said its forces intercepted 58 drones overnight in the Belgorod, Bryansk, Voronezh, Kursk, Ryazan and Leningrad regions.

Enbridge said the Gray Oak crude oil pipeline in Texas is operating normally following the completion of planned maintenance.

Early Market Call - as of 8:20 AM EDT

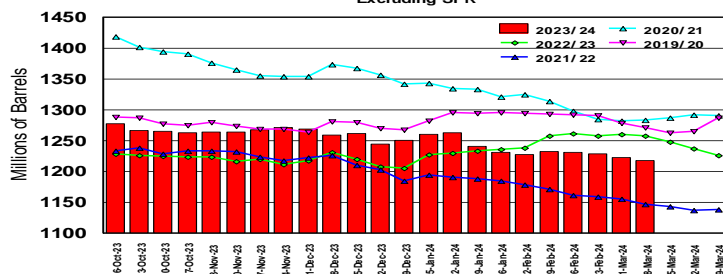
WTI - April \$80.38, up 66 cents
 RBOB - April \$2.6658, up 43 points
 HO - April \$2.7012, up 1.61 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.6851	0.0686	0.0218
May-24	2.6555	0.0710	0.0440
Jun-24	2.6269	0.0725	0.0548
Jul-24	2.6130	0.0703	0.0576
Aug-24	2.6052	0.0682	0.0578
Sep-24	2.6040	0.0658	0.0555
Oct-24	2.6015	0.0639	0.0532
Nov-24	2.5928	0.0625	0.0520
Dec-24	2.5766	0.0609	0.0504
Jan-25	2.5635	0.0590	0.0490
Feb-25	2.5463	0.0577	0.0477
Mar-25	2.5248	0.0565	0.0476
Apr-25	2.4981	0.0552	0.0483
May-25	2.4785	0.0532	0.0479
Jun-25	2.4617	0.0514	0.0477
Jul-25	2.4499	0.0495	0.0464
Aug-25	2.4412	0.0478	0.0454

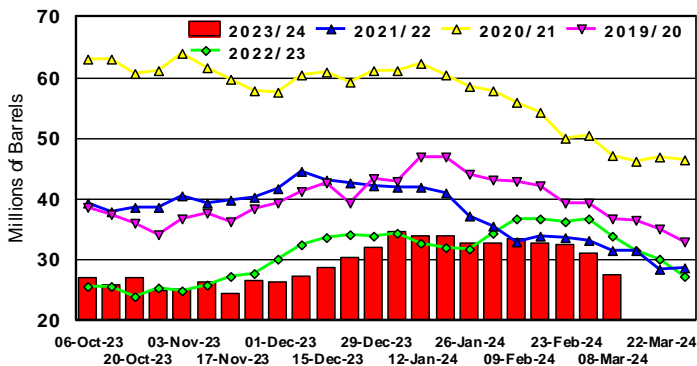
Sprague HeatCurve October 2024-April 2025		\$2.5569
	Close	Change
Crude - WTI	\$79.3000	\$2.0500
Crude - Brent	\$84.0300	\$2.1100
Natural Gas	\$1.6580	-\$0.0560
Gasoline	\$2.6615	\$0.0751

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending March 8, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.536 million barrels
 Cushing, OK Crude Stocks Down 220,000 barrels
Gasoline Stocks Down 5.662 million barrels
Distillate Stocks Up 888,000 barrels
Refinery % Operated 86.8%, up 1.9%

PADD #1

	Week Ending Mar 8, 2024	Week Ending Mar 1, 2024	Week Ending Mar 9, 2023
Distillate Stocks (in million bbl)			
New England	4.3	4.8	4.6
Central Atlantic	14.4	16.1	17.3
Total PADD #1	27.5	31.1	33.8
Distillate Imports (thousands b/d)	150	162	146

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