

## Market Commentary

**Recap:** On Friday, the oil market continued to retrace some of its previous losses and rallied to its fourth weekly gain. The market was supported amid tightening supplies and economic stimulus in China. Analysts believe the tightness in supply is showing up in inventories, with the EIA reporting a draw in stocks and an increase in exports in its latest report earlier this week. The market was also supported on the news that Chinese authorities announced plans to increase sales of automobiles and electronics as measures to stimulate the economy. The oil market opened at its low of \$75.69 and gradually continued to retrace its previous losses, trading to \$76.85 early in the morning. The market held some resistance at that level but later breached that level as further buying ahead of the close pushed the market to a high of \$77.29. The September WTI, on its first day as the spot contract, settled up \$1.42 at \$77.07, the highest close since April 25<sup>th</sup>. Meanwhile, the September Brent contract settled up \$1.43 at \$81.07. The product markets ended the session higher, with the heating oil market settling up 8.13 cents at \$2.7457 and the RB market settling up 5.86 cents at \$2.8018.

**Technical Analysis:** The oil market on Monday will erase some of its gains and trend sideways as the market positions itself ahead of the Fed meeting on Tuesday and Wednesday. The Fed is expected to increase rates by 25 points at the meeting before it pauses its monetary tightening policy. The crude market is seen finding resistance at \$77.29, \$77.35, \$77.93 followed by \$79.07 and \$79.18. Meanwhile, support is seen at \$75.69, \$74.52, \$73.82-\$73.78, \$73.38, \$72.94, \$72.63 and \$72.21. More distant support is seen at \$71.22 and \$71.04.

**Fundamental News:** UAE Energy Minister, Suhail al-Mazrouei, said current actions by OPEC+ to support the oil market were sufficient for now and the group is "only a phone call away" if any further steps are needed. The next OPEC+ policy meeting is not until November, although a panel of key ministers is scheduled to hold a meeting on August 4<sup>th</sup> to review the market.

According to a Reuters analysis, U.S. inventories of diesel and other distillate fuel oils have failed to replenish significantly despite a downturn in manufacturing and freight activity that has so far lasted eight months. EIA data showed that distillate fuel oil inventories amounted to just 118 million barrels as of the week ending July 14<sup>th</sup>. Stocks were 21 million barrels or 15% below the prior 10-year seasonal average and the deficit had narrowed only modestly from 27 million barrels or 19% a year ago. There is not much scope for rebuilding depleted diesel stocks by increasing runs at refineries, shifting them away from producing gasoline, or drawing down diesel inventories in other regions of the world. U.S. distillate consumption and inventories are both closely geared to the business cycle since more than three-quarters of distillate fuel oil is consumed by trucking firms, railroads and manufacturers. If the U.S. economy avoids a recession and industrial activity starts to rise, inventory depletion will resume and stocks will quickly fall to critically low levels, putting upward pressure on fuel prices and inflation.

IIR Energy said U.S. oil refiners are expected to shut in about 511,000 bpd of capacity in the week ending July 21<sup>st</sup>, cutting available refining capacity by 17,000 bpd.

Baker Hughes reported that U.S. energy firms cut the number of oil and natural gas rigs operating for a second consecutive week. The oil and gas rig count fell by six to 669 in the week to July 21<sup>st</sup>, the lowest since March 2022. That was also the 11th time in the last 12 weeks that drillers cut rigs. Baker Hughes reported that U.S. oil rigs fell by seven to 530 on the week, the lowest since March 2022, while gas rigs fell by two to 131.

**Early Market Call - as of 8:40 AM EDT**

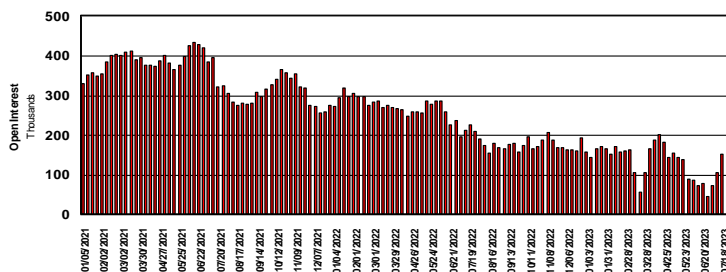
WTI - September \$77.84, up 77 cents  
 RBOB - August \$2.8363, up 3.45 cents  
 HO - August \$2.7985, up 5.28 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.7457	0.0813	0.1478
Sep-23	2.7380	0.0806	0.1486
Oct-23	2.7207	0.0739	0.1391
Nov-23	2.6953	0.0674	0.1264
Dec-23	2.6679	0.0619	0.1149
Jan-24	2.6476	0.0572	0.1050
Feb-24	2.6251	0.0531	0.0968
Mar-24	2.5975	0.0496	0.0899
Apr-24	2.5640	0.0462	0.0839
May-24	2.5403	0.0430	0.0806
Jun-24	2.5214	0.0398	0.0783
Jul-24	2.5115	0.0368	0.0761
Aug-24	2.5039	0.0338	0.0738
Sep-24	2.4970	0.0309	0.0706
Oct-24	2.4914	0.0288	0.0672
Nov-24	2.4843	0.0271	0.0641
Dec-24	2.4740	0.0240	0.0595

Sprague HeatCurve October 2023-April 2024		\$2.6426
	Close	Change
Crude - WTI	\$77.0700	\$1.4200
Crude - Brent	\$81.0700	\$1.4300
Natural Gas	\$2.7130	-\$0.0440
Gasoline	\$2.8018	\$0.0586

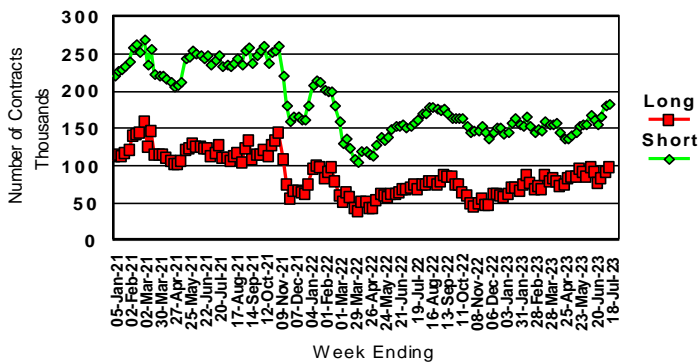
WTI Futures & Options: NYMEX & ICE Combined  
 Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending July 18, 2023

### Producer/Merchant Heat Posits

CFTC Commitment of Traders Report



### Managed Money Heat Posits

CFTC Commitment of Traders Report

