

Market Commentary

Recap: On Wednesday, the crude market traded higher in follow through strength seen on Tuesday in light of the Saudi and Russian decision to extend their output cuts until the end of the year. The market posted a low of \$85.93 in overnight trading. However, the market bounced off that level and retraced its losses as it failed to test its support at its previous low. The market was well supported on Wednesday by the strong economic data, which helped push the market to a high of \$88.08 ahead of the close. The oil market settled higher for the ninth consecutive session, with the October WTI contract settling up 85 cents at \$87.54, the highest level since November 11, 2022. The November Brent contract settled up 56 cents at \$90.60. The product markets ended the session in mixed territory once again, with the heating oil market settling down 2.69 cents at \$3.1927 and the RB market settling up 2.04 cents at \$2.6014.

Market Analysis: The oil market on Thursday will be driven by the weekly petroleum stock reports, which are expected to show draws in crude stocks of over 2 million barrels. The market will also remain well supported by the extension of Saudi Arabia's and Russia's voluntary output cuts until the end of the year. The market is seen finding resistance at its high of \$88.08, \$89.17 and the \$90.00 level. Meanwhile, support is seen at \$85.93, \$85.02, \$83.46, \$83.09, followed by \$82.83, \$81.59, \$81.48 and \$80.88.

Fundamental News: The Kremlin said that Russian President Vladimir Putin had spoken by phone with Saudi Crown Prince Mohammed bin Salman, and added that recent agreements on supply cuts had ensured stability on global energy markets. Kremlin said the leaders had been highly satisfied with cooperation between their countries within the framework of the OPEC+ group of leading oil producers. The Saudi state news agency said the two leaders agreed to continue their efforts towards the stability of energy markets.

The White House said Saudi Arabia's oil production cut extension does not change the administration's efforts to lower gas prices for Americans.

Goldman Sachs Commodities Research said Saudi Arabia and Russia's extension of voluntary supply cuts posed bullish risk to their crude price forecasts, increasing the possibility that Brent crude could increase as high as \$107/barrel next year. The bank said the "bullish extension" reflected OPEC+ "exercising assertively its unusually high pricing power." It also suggested OPEC+ was unlikely to be in a rush to increase output and that a potential sale of an additional stake in Saudi Aramco may further incentivize Saudi Arabia to exercise its pricing power.

Chevron said Tuesday it expects its Permian 2023 production growth to be weighted to the second half of 2023. It is planning to average 13-14 company operated drilling rigs in 2024 in the Permian, while this operating level is higher than 2022 levels, it is still below what had been market expectations.

IIR Energy reported that U.S. oil refiners are expected to shut in about 333,000 bpd of capacity in the week ending September 8th, increasing available refining capacity by 274,000 bpd. Offline capacity is expected to increase to 524,000 bpd in the week ending September 15th.

Early Market Call - as of 9:25 AM EDT

WTI - October \$87.26, down 28 cents
 RBOB - September \$2.6271, up 2.57 cents
 HO - September \$3.1914, down 13 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.1927	-0.0269	0.1269
Oct-23	3.1288	-0.016	0.1321
Nov-23	3.0192	-0.0142	0.1159
Dec-23	2.9583	-0.0145	0.1064
Jan-24	2.9148	-0.0112	0.1004
Feb-24	2.8665	-0.0079	0.0956
Mar-24	2.8123	-0.0052	0.0922
Apr-24	2.7781	-0.0026	0.0902
May-24	2.7533	-0.0003	0.0891
Jun-24	2.7406	0.001	0.0868
Jul-24	2.7293	0.0019	0.0844
Aug-24	2.7189	0.0028	0.0825
Sep-24	2.7077	0.0037	0.0822
Oct-24	2.6945	0.0047	0.0821
Nov-24	2.6779	0.005	0.0813
Dec-24	2.6614	0.0053	0.0808
Jan-25	2.6417	0.0054	0.08

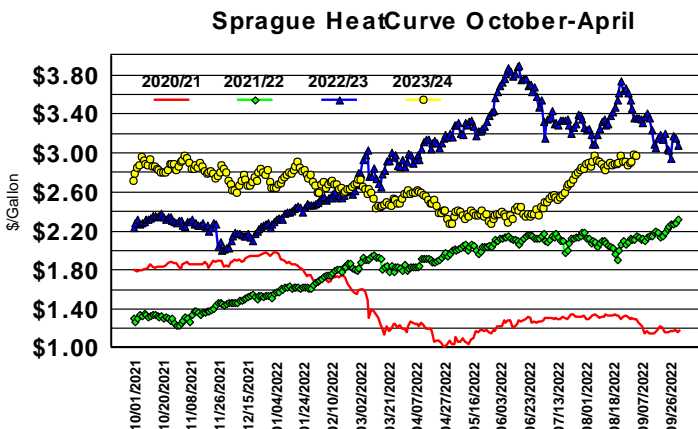
Sprague HeatCurve October 2023-April 2024

		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.81	\$86.7900	\$0.7800
Crude - Brent		\$90.6000	\$0.5600
Natural Gas		\$2.5100	-\$0.0720
Gasoline		\$2.6014	\$0.0204

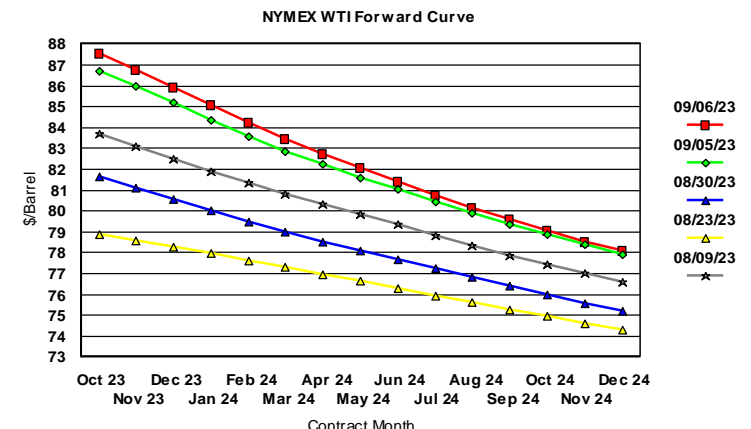
API Report for the Week Ending September 1, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5.5 million barrels	Down 2.1 million barrels
Gasoline Stocks	Down 5.1 million barrels	Down 1 million barrels
Distillate Stocks	Up 306,000 barrels	Up 200,000 barrels
Refinery Runs		Up 0.1% at 93.4%

Sprague HeatCurve October-April



WTI Forward Curve



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