

## Market Commentary

**Recap:** The oil market looked ready to post an inside trading day before the market rallied to its highs ahead of the close. The market had traded to \$73.08 in overnight trading before it sold off to a low of \$71.34 by mid-day as traders took some profits following its recent rebound. The market was pressured amid the strength in the dollar. However, the market bounced off its low and rallied higher ahead of the close, breaching its previous high of \$73.69 as it traded to a high of \$73.78. The market turned around on reports that the Biden administration announced it was cancelling some 140 million barrels of previously mandated sales and would begin replenishing the SPR later this year. The market was also supported by the EIA forecasting higher seasonal demand and lower than expected output in its Short Term Energy Outlook. The June WTI settled up 55 cents at \$73.62 and the July Brent contract settled up 43 cents at \$77.44. The product markets ended the session in positive territory, with the heating oil market settling up 1.25 cents at \$2.3902 and the RB market settling up 1.83 cents at \$2.4799.

**Market Analysis:** The oil market is once again seen retracing some of its gains before it continues to trend higher amid the expectations that the API and EIA reports will show draws across the board, with draws of about 1.5 million barrels in crude stocks. The market is seen finding resistance at its high of \$73.78, \$75.84, \$76.11, \$76.69, \$76.92 and \$77.93. However, support is seen at its low of \$71.34, \$71.04, \$70.00 followed by \$69.05, \$68.48, \$67.48, \$67.16, \$66.36 and \$63.64.

**Fundamental News:** In its Short Term Energy Outlook, the EIA raised its 2023 world oil demand forecast by 120,000 bpd to 1.56 million bpd but cut its forecast for 2024 world oil demand growth by 130,000 bpd to 1.72 million bpd. World oil demand is forecast to total 100.99 million bpd in 2023 and 102.71 million bpd in 2024. World petroleum output is forecast to increase by 1.49 million bpd in 2023 to 101.34 million bpd and by 1.68 million bpd in 2024 to 103.02 million bpd. OPEC oil output in 2023 is forecast to fall by 330,000 bpd to 28.34 million bpd but increase by 650,000 bpd to 28.99 million bpd in 2024. The EIA said that U.S. oil output in 2023 is forecast to increase by 640,000 bpd to 12.53 million bpd, up 660,000 bpd from a previous forecast. U.S. oil output in 2024 is forecast to increase by 160,000 bpd to 12.69 million bpd, up 210,000 bpd from a previous forecast. U.S. total petroleum consumption is forecast to increase by 200,000 bpd to 20.5 million bpd, up from a previous estimate of a 100,000 bpd increase and demand is expected to increase by 300,000 bpd to 20.8 million bpd in 2024. The EIA cut its forecasts for Brent crude and WTI crude spot prices. It expects Brent spot prices to average \$78.65/barrel in 2023, down from a previous forecast of \$85.01/barrel and expects WTI crude prices to average \$73.62/barrel in 2023, down from a previous forecast of \$79.24/barrel. Retail gasoline prices during the peak summer driving season this year will average about \$3.40/gallon, down 20% on the year.

The United Arab Emirates' Energy Minister, Suhail al-Mazrouei, said that additional voluntary cuts by the OPEC+ producer group were implemented to balance the oil market. He said he was concerned about future supply shortages due to low investment.

According to Wood Mackenzie, Canada's energy production, shut in due to wildfires, may be able to return quickly as rain headed for the areas in western Canada should improve safety conditions. It said that about 2.5 bcf/d of natural gas production or about 15% of Canada's output, has been shut in due to the fires. Wood Mackenzie also said that while some oil output has been curtailed, crude pipeline operations in western Canada have been "largely unaffected". The fires have shut down the equivalent of at least 234,000 bpd of oil production. Alberta is reporting 89 active wildfires, with 27 out of control, down from more than 100 total active fires on Monday.

**Early Market Call - as of 8:25 AM EDT**

WTI - June \$73.17, down 54 cents  
 RBOB - June \$2.4823, up 24 points  
 HO - June \$2.3826, down 76 points

## All NYMEX | Prior Settlements

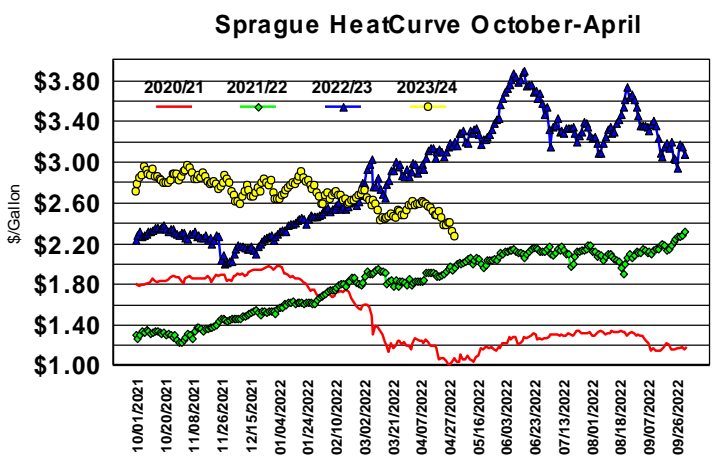
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jun-23	2.3902	0.0125	0.1010
Jul-23	2.3919	0.0125	0.1004
Aug-23	2.3974	0.0125	0.0993
Sep-23	2.4055	0.0127	0.0977
Oct-23	2.4120	0.0126	0.0949
Nov-23	2.4127	0.0126	0.0919
Dec-23	2.4089	0.0124	0.0885
Jan-24	2.4094	0.0120	0.0857
Feb-24	2.4068	0.0113	0.0833
Mar-24	2.3975	0.0109	0.0818
Apr-24	2.3803	0.0108	0.0817
May-24	2.3700	0.0109	0.0810
Jun-24	2.3618	0.0113	0.0820
Jul-24	2.3581	0.0112	0.0805
Aug-24	2.3552	0.0118	0.0794
Sep-24	2.3523	0.0124	0.0790
Oct-24	2.3494	0.0129	0.0781

Sprague HeatCurve October 2023-April 2024			\$2.4050
		Close	Change
Crude - WTI	June Brent-WTI Spread \$3.82	\$73.6200	\$0.5500
Crude - Brent		\$77.4400	\$0.4300
Natural Gas		\$2.2670	\$0.0290
Gasoline		\$2.4799	\$0.0183

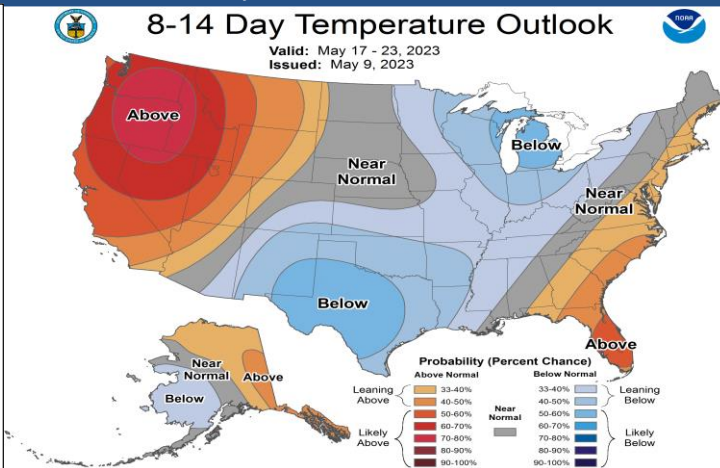
### API Report for the Week Ending May 5, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.6 million barrels	Down 1.6 million barrels
Gasoline Stocks	Up 399,000 barrels	Down 1.3 million barrels
Distillate Stocks	Down 3.9 million barrels	Down 800,000 barrels
Refinery Runs		Up 0.6% at 91.3%

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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