

Market Commentary

Recap: The oil market traded higher in a choppy session on Monday as traders weighed concerns about global demand growth against upcoming supply disruptions that could get exacerbated by political instability in Russia. A clash between Moscow and Russian mercenary group Wagner was averted on Saturday after the mercenaries withdrew from the southern Russian city of Rostov. The oil market gapped higher from \$69.65 to \$69.84 as it opened higher following the Russian news. It quickly posted a high of \$70.11 before it gave up some of its previous gains and backfilled its opening gap. The market sold off to a low of \$68.71 in overnight trading before the market seesawed between its early trading range throughout the session. The August WTI contract settled up 21 cents at \$69.37 and the August Brent contract settled up 33 cents at \$74.18. The product markets ended the session higher, with the heating oil market settling up 3.17 cents at \$2.4388 and the RB market settling up 2.03 cents at \$2.5375.

Technical Analysis: The crude oil market on Tuesday will likely continue to trade sideways as the market awaits the release of the weekly petroleum stock reports. The inventory reports are expected to show draws in crude stocks of over 1 million barrels on the week. The oil market is seen finding resistance at its high of \$70.11, \$70.81, \$70.92, \$71.25 and \$72.65. More distant resistance is seen at \$72.72, \$73.37, \$73.78 and \$75.70. Meanwhile, support is seen at \$68.71, \$67.35-\$67.31 followed by \$66.96 and \$64.41.

Fundamental News: According to the AAA, more than 43 million motorists will drive 50 miles or more from their homes this Independence Day weekend. That is 4% more than in 2019 and would mark a new record following several years of pent up demand and lower prices at the pump. It also predicted that travel by planes, buses, cruise ships and trains and holiday travel will reach an all-time high of 50.7 million Americans during the five-day period from Friday, June 30th to Tuesday, July 4th. However, while record driving is supportive for gasoline and refiners who supply it, the use of more efficient vehicles means fuel demand remains muted and may never get back to pre-pandemic levels. The head of petroleum analysis at GasBuddy, Patrick De Haan, said while the AAA predicted around 6% more travelers would drive during the late-May holiday weekend, U.S. drivers ultimately consumed 1.5% less gasoline compared with a year ago.

Bloomberg reported that the amount of oil stored at sea globally increased to the highest level in more than two-and-a-half years. According to Vortexa, about 129 million barrels of crude were stationary on oil tankers in the week ending June 23rd, the highest level since October 2020. A group of Saudi oil tankers has built up in the Red Sea, though there have been tentative signs in recent days that the number of vessels might be starting to decline.

OPEC Secretary General, Haitham Al Ghais, expects global oil demand to increase to 110 million bpd and overall energy demand to increase 23% by 2045.

Saudi Aramco CEO, Amin Nasser, said global oil market fundamentals are expected to remain sound for the rest of the year, underpinned by healthy demand in developing countries, especially in China and India.

IIR Energy reported that U.S. oil refiners are expected to shut in about 372,000 bpd of capacity in the week ending June 30th, increasing available refining capacity by 372,000 bpd.

An operational disruption at BP's 435,000 bpd refinery in Whiting, Indiana, owing to severe weather led to unplanned flaring on Monday. BP said crews are on site to manage the situation.

Early Market Call - as of 8:15 AM EDT

WTI - August \$68.13, down \$1.24

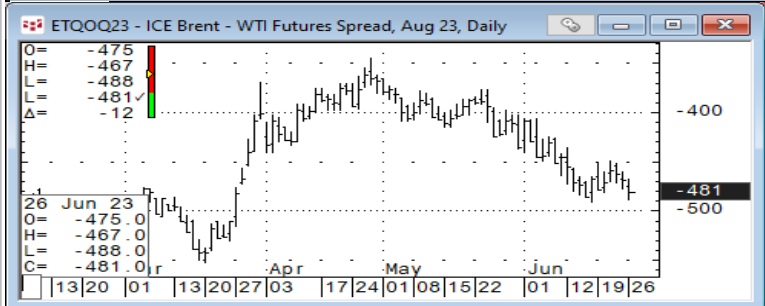
RBOB - July \$2.5084, down 2.91 cents

HO - July \$2.4399, up 11 points

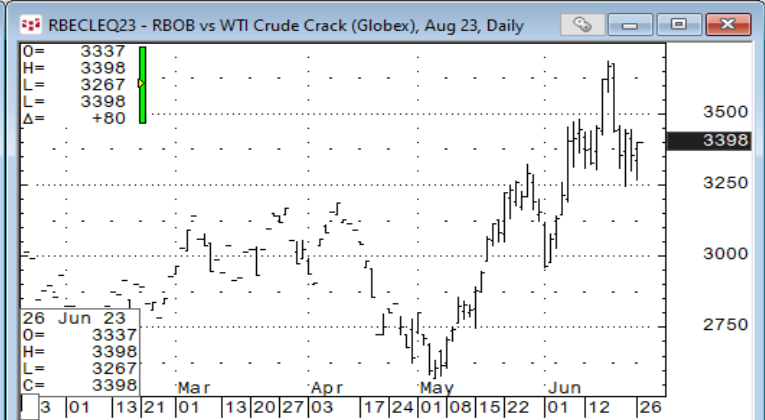
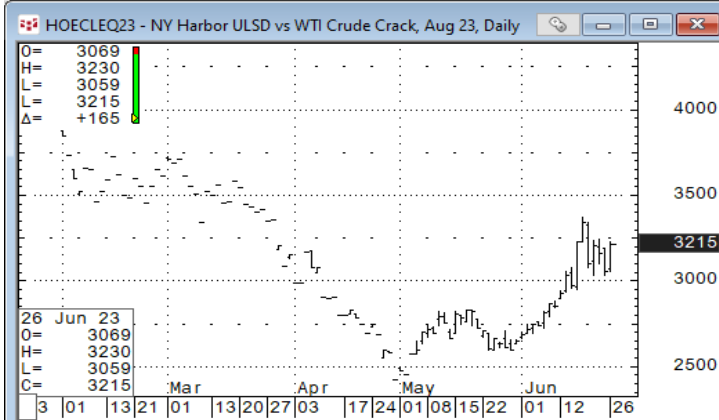
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.4388	0.0317	-0.0366
Aug-23	2.4127	0.0398	-0.0240
Sep-23	2.4039	0.0366	-0.0272
Oct-23	2.3983	0.0345	-0.0286
Nov-23	2.3898	0.0325	-0.0295
Dec-23	2.3801	0.0308	-0.0295
Jan-24	2.3745	0.0295	-0.0285
Feb-24	2.3663	0.0286	-0.0266
Mar-24	2.3512	0.0283	-0.0241
Apr-24	2.3273	0.0283	-0.0218
May-24	2.3104	0.0282	-0.0216
Jun-24	2.2973	0.0279	-0.0219
Jul-24	2.2931	0.0278	-0.0219
Aug-24	2.2909	0.0273	-0.0221
Sep-24	2.2902	0.0271	-0.0217
Oct-24	2.2905	0.0267	-0.0211
Nov-24	2.2886	0.0262	-0.0210

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.81	\$69.3700	\$0.2100
Crude - Brent		\$74.1800	\$0.3300
Natural Gas		\$2.7910	\$0.0620
Gasoline		\$2.5375	\$0.0203



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