

## Market Commentary

**Recap:** The oil market remained on the defensive and sold off for the fourth consecutive session on Tuesday amid disappointing economic data out of China and fears that China's unexpected cut in key policy rates was not substantial enough to support the country's post-pandemic recovery. China's industrial output and retail sales data showed the economy slowed further in July. The market was also pressured by a warning from Fitch Ratings that U.S. banks, including JPMorgan Chase could be downgraded if the agency further cuts its assessment of the operating environment for the industry. The oil market traded mostly sideways and posted a high of \$82.91 in overnight trading before it began its sharp selloff. The September WTI contract extended its losses to \$2.11 as it posted a low of \$80.40. The market remained pressured as it settled in a sideways trading range during the remainder of the session. The September WTI contract settled down \$1.52 at \$80.99 and the October Brent contract settled down \$1.32 at \$84.89. The product markets also settled in negative territory, with the heating oil market settling down 6.03 cents at \$3.0280 and the RB market settling down 5.86 cents at \$2.8476.

**Market Analysis:** The oil market on Wednesday will likely retrace some of its losses amid the expectations that the weekly petroleum stocks reports will show draws across the board for the week ending August 11<sup>th</sup>. However, its gains will be limited by the concerns over China's economy and global demand. Also, technically the market is still seen trending lower as its stochastics are still pointing lower. The market is seen finding support at its low of \$80.40, \$79.90, \$78.69, \$78.55, \$78.29 and \$78.16. Meanwhile, resistance is seen at \$81.18, \$81.90, \$82.57 and its high of \$82.91. More distant resistance is seen at \$83.20, \$83.81 and \$84.89.

**Fundamental News:** Bank of America Global Research said "Energy demand has to improve materially for a sustained rally above \$100/barrel in Brent or above \$20/MMBtu in TTF/JKM." It said it kept its \$90/barrel 2024 Brent forecast as higher prices would need larger supply cuts or disruptions or stronger demand. It sees 1.9 million bpd global oil demand growth in 2023 and 1.06 million bpd in 2024, led mostly by China.

China's National Bureau of Statistics reported that China's domestic crude oil production in July was 17.31 million metric tons, or 4.1 million bpd, up from 17.13 million metric tons in 2022. It also reported that the country's oil refinery throughput in July increased 17.4% on the year, as refiners kept output elevated to meet demand for domestic summer travel and to cash in on high regional profit margins by exporting fuel. Total refinery throughput in China was 63.13 million metric tons last month. July's production was the equivalent of 14.87 million bpd, up from a low base of 12.5 million bpd a year earlier when refiners cut back runs as the country faced extensive COVID-19 lockdowns. Production was up slightly from the 14.83 million bpd of oil processed in June. China's crude oil imports in July pared back from close-to-record levels during the previous month, totaling 43.7 million metric tons, or 10.3 million bpd.

Iran's oil minister said over the weekend that Iranian crude production currently is at 3.19 million b/d, up from 2.76 million b/d produced in July. He noted that production is expected to reach 3.3 million b/d later this month and further increase to 3.5 million b/d in September.

Colonial Pipeline Co is allocating space for Cycle 48 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

**Early Market Call - as of 8:35 AM EDT**

WTI - September \$81.33, up 34 cents

RB0B - September \$2.8522, up 46 points

HO - September \$3.0495, up 2.15 cents

## All NYMEX | Prior Settlements

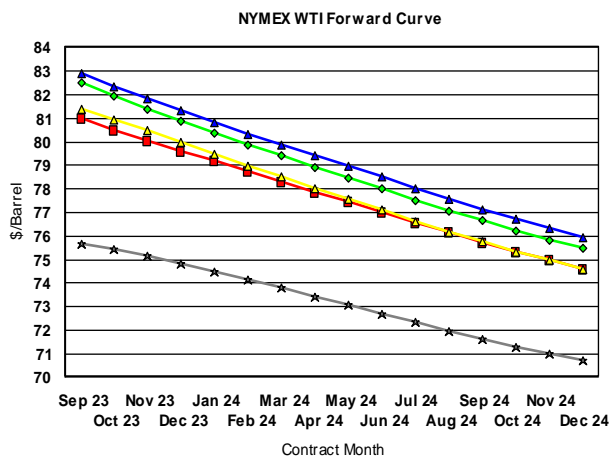
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.0883	-0.0332	0.0728
Oct-23	3.0682	-0.0277	0.0738
Nov-23	3.0074	-0.0241	0.0579
Dec-23	2.9269	-0.0246	0.0316
Jan-24	2.8823	-0.0231	0.0224
Feb-24	2.8427	-0.0205	0.0175
Mar-24	2.7968	-0.0181	0.014
Apr-24	2.7451	-0.015	0.0131
May-24	2.7099	-0.0121	0.0129
Jun-24	2.683	-0.0096	0.0123
Jul-24	2.6739	-0.0089	0.0111
Aug-24	2.6675	-0.0086	0.0077
Sep-24	2.6625	-0.0072	0.0058
Oct-24	2.6538	-0.0071	0.0058
Nov-24	2.6398	-0.0073	0.0077
Dec-24	2.6219	-0.006	0.0091
Jan-25	2.6044	-0.0049	0.0084

Sprague HeatCurve October 2023-April 2024			\$2.8457
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$4.39	\$80.5000	-\$1.4200
Crude - Brent		\$84.8900	-\$1.3200
Natural Gas		\$2.6590	-\$0.1360
Gasoline		\$2.8476	-\$0.0586

### API Report for the Week Ending August 11, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 6.2 million barrels	Down 2.26 million barrels
Gasoline Stocks	Down 760,000 barrels	Down 1.6 million barrels
Distillate Stocks	Up 660,000 barrels	Unchanged
Refinery Runs		Up 0.4% at 94.2%

## WTI Forward Curve



## ICE October Brent-WTI Spread

