

Market Commentary

Recap: The oil market posted an inside trading day on Tuesday after the market retraced most of its previous losses, breaking a three-day slide. The market posted a low of \$67.15 in overnight trading before it bounced higher after the market seemed oversold from its previous losses. The market rallied over \$2.70 as it posted a high of \$69.83 following the release of the inflation data, which showed the Consumer Price Index increased by 0.1% in May. The data showed the gains in consumer prices slowed more than expected causing traders to increase their expectations of the Federal Reserve deciding on Wednesday forego an interest rate hike. However, the market's gains were limited and it settled in a sideways trading range ahead of the weekly oil inventory reports and the Fed decision. The July WTI contract settled up \$2.30 at \$69.83, \$69.96, \$70.33, \$70.93, \$71.77 and \$71.90. Further upside is seen at \$73.28 and \$75.06. The market is seen finding support at its low of \$67.15, \$66.80 and \$63.64.

Market Analysis: The oil market will likely remain supported as the weekly petroleum stock reports are expected to show draws in crude stocks of over 1 million barrels and ahead of the Fed decision on interest rates on Wednesday afternoon. Resistance is seen at its high of \$69.83, \$69.96, \$70.33, \$70.93, \$71.77 and \$71.90. Further upside is seen at \$73.28 and \$75.06. The market is seen finding support at its low of \$67.15, \$66.80 and \$63.64.

Fundamental News: OPEC left its 2023 global oil demand growth forecast steady for a fourth consecutive month, although the producer group warned that the world economy faced increasing uncertainty and slower growth in the second half of the year. In its monthly report, OPEC said world oil demand in 2023 will increase by 2.35 million bpd or 2.4%. This was virtually unchanged from 2.33 million bpd forecast last month. Chinese oil demand is now expected to increase by 840,000 bpd, up from the 800,000 bpd forecast last month, adding to a recovery after strict COVID-19 containment measures were scrapped. The report showed that OPEC's oil production fell in May, reflecting the impact of earlier output cuts pledged by OPEC+ as well as some unplanned outages. OPEC said its May output fell by 464,000 bpd to 28.06 million bpd as voluntary cuts, promised by Saudi Arabia and other members, took effect.

Barclays said it remains constructive on oil prices. It expects non-OPEC+ supply growth to slow significantly over the coming quarters and added that a lot of incremental weakness in demand is likely already priced in. It said OPEC+ will likely remain proactive with the primary goal of avoiding a sustained surplus. It forecast U.S. oil output will increase by 700,000 bpd in the fourth quarter and by 300,000 bpd in 2024, with the Permian Basin still driving most of the gains.

Colonial Pipeline Co is allocating space for Cycle 36 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.

The U.S. Environmental Protection Agency is seeking a short-term delay to a final rule on biofuel blending mandates for the years 2023-2025. The EPA was set to issue a final rule on Wednesday, but now will likely issue it next week. Under the U.S. Renewable Fuel Standard, oil refiners must blend billions of gallons of biofuels into the nation's fuel mix or buy tradable credits from those that do.

Early Market Call - as of 8:45 AM EDT

WTI - July \$70.12, up 70 cents

BOB - July \$2.5670, up 91 points

HO - July \$2.4194, up 2.39 cents

All NYMEX | Prior Settlements

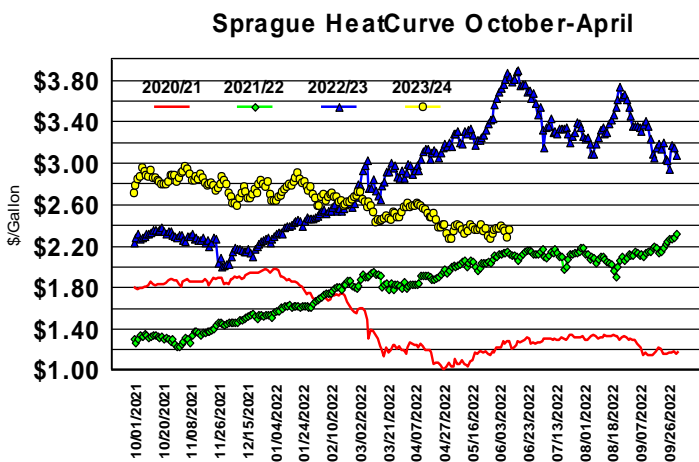
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-23	2.3955	0.0864	0.0277
Jul-23	2.3789	0.0808	0.0132
Aug-23	2.3765	0.0775	0.0057
Sep-23	2.3762	0.0748	0.0018
Oct-23	2.3705	0.0729	-0.0026
Nov-23	2.3623	0.0709	-0.0058
Dec-23	2.3586	0.0692	-0.008
Jan-24	2.3521	0.0672	-0.0093
Feb-24	2.3385	0.0645	-0.0098
Mar-24	2.3164	0.0617	-0.0108
Apr-24	2.3012	0.0593	-0.0126
May-24	2.2889	0.0578	-0.0149
Jun-24	2.2836	0.0569	-0.0154
Jul-24	2.2799	0.0557	-0.0157
Aug-24	2.2774	0.0545	-0.0165
Sep-24	2.2762	0.0533	-0.0173
Oct-24	2.2734	0.052	-0.0179

Sprague HeatCurve October 2023-April 2024			\$2.3538
		Close	Change
Crude - WTI	Aug Brent-	\$69.5800	\$2.2900
Crude - Brent	WTI Spread	\$74.2900	\$2.4500
Natural Gas	\$4.71	\$2.3400	\$0.0740
Gasoline		\$2.5579	\$0.0753

API Report for the Week Ending June 9, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.0 million barrels	Down 1.3 million barrels
Gasoline Stocks	Up 2.1 million barrels	Up 600,000 barrels
Distillate Stocks	Up 1.4 million barrels	Up 1.6 million barrels
Refinery Runs		Down 0.1% at 95.7%

Sprague HeatCurve October-April



WTI Forward Curve



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