

Market Commentary

Recap: The oil markets spent much of the trading session today on the defensive as the bearish contagion from global equity markets regarding concerns over the sputtering Chinese economy kept buyers on the sidelines. Additional price pressure appeared to come from the news that Nigerian Forcados crude exports resumed on Sunday. But the market appeared to lack conviction as it posted its smallest daily trading range in two weeks as it appeared many traders may have been absent from the market enjoying one of the final weeks of the summer vacation period.

Technical Analysis: Technically it appears that the market is possibly in a corrective phase of a market that had been in a nearly uninterrupted six week rally that had pushed crude prices upward by over \$17 per barrel and heating oil prices upward by nearly a dollar per gallon. We would closely watch the daily stochastics which rolled over on Thursday, pointing to a downward trend for the third consecutive trading session today. We would not step into this market for any bargain hunting until these stochastics indicators stall and roll back over to indicate the start of another upward trend. We would look for the September WTI contract to initially test today's low tomorrow at \$81.76 followed by \$79.90, \$78.69 and \$78.16. Resistance we see at \$83.20, \$83.81 and \$84.89.

Fundamental News Goldman Sachs in a research note to clients has adjusted their retail price forecast for U.S. gasoline to now average \$3.60 per gallon through 2024. The investment bank also adjusted upward its U.S. RBOB-Brent crack spread by nearly a dollar to \$21.19 per barrels for the next 18 months, but cut its NWE gasoil crack spread by two dollars to \$28.27, with analysts seeing downside to the current 4Q23 pricing.

The EIA reported this afternoon with the release of its Monthly Drilling Productivity Report, it is forecasting U.S. crude oil output from U.S. shale producing regions in September will most likely fall to its lowest level since May 2023, due to declines in the Permian and Eagle Ford regions. Overall production is pegged at 9.415 million b/d down 15,000 b/d from August. Bakken oil output though is expected to rise in September to its highest level since November 2020. The EIA estimated the rig weighted average for new well oil production per rig would increase to 981 b/d, up 11 b/d from August estimates. The EIA also estimated the number of drilled but uncompleted wells (DUC) stood at 4,787 wells as of the end of July, down 5 wells from the prior month.

Shell said Monday that exports of Nigerian Forcados crude oil resumed on Sunday, basically a month after loadings had been suspended due to a potential leak at the export terminal.

IIR Energy said Monday it saw U.S. oil refiners will have 180,000 b/d of refining capacity offline for the week ending August 18th, increasing available refining capacity by 32,000 b/d from last week.

Delek reported to Texas regulators it had experienced an equipment malfunction at its 73,000 b/d Big Spring, Texas refinery.

Early Market Call - as of 8:20 AM EDT

WTI - September \$81.25, down \$1.26

RBOB - September \$2.8928, down 1.34 cents

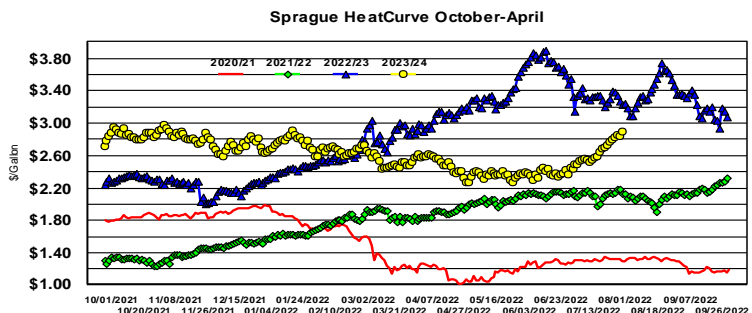
HO - September \$3.0579, down 3.04 cents

All NYMEX | Prior Settlements

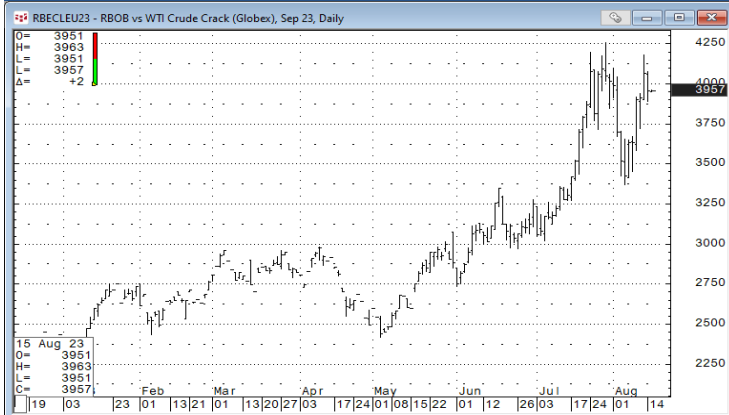
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	\$3.0883	-\$0.0332	\$0.0728
Oct-23	\$3.0682	-\$0.0277	\$0.0738
Nov-23	\$3.0074	-\$0.0241	\$0.0579
Dec-23	\$2.9269	-\$0.0246	\$0.0316
Jan-24	\$2.8823	-\$0.0231	\$0.0224
Feb-24	\$2.8427	-\$0.0205	\$0.0175
Mar-24	\$2.7968	-\$0.0181	\$0.0140
Apr-24	\$2.7451	-\$0.0150	\$0.0131
May-24	\$2.7099	-\$0.0121	\$0.0129
Jun-24	\$2.6830	-\$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	-\$0.0060	\$0.0091
Jan-25	\$2.6044	-\$0.0049	\$0.0084

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Oct Brent-WTI Spread \$4.29	\$81.9200	-\$0.6500
Crude - Brent		\$86.2100	\$0.4100
Natural Gas		\$2.7950	\$0.0250
Gasoline		\$2.9062	-\$0.0587

Sprague Heat Curve



September RBOB Crack



September Heat Crack

