

## Market Commentary

**Recap:** On Friday, the oil market extended Thursday's 3% gain and increased by an additional 2% ahead of the weekend. The market was well supported after the U.S. Senate passed a bill raising the debt ceiling late Thursday night, averting a default, and the jobs report indicated a possible rate hike pause. The payrolls data for May showed that employment increased more than expected and a moderation in wages that could allow the Federal Reserve to skip an interest rate increase this month for the first time since starting its policy tightening campaign more than a year ago. The market posted a low of \$70.00 and traded mostly sideways overnight before it breached its previous high and continued on its upward trend. The market rallied to a high of \$72.17 by mid-morning. The market later gave up its gains and settled in a sideways trading range during the remainder of the session. The July WTI contract settled up \$1.64 or 2.3% at \$71.74 and the August Brent contract settled up \$1.85 or 2.5% at \$76.13. The product markets also settled in positive territory, with the heating oil market settling up 4.22 cents at \$2.3569 and the RB market settling up 6.45 cents at \$2.5007.

**Technical Analysis:** The oil market on Monday will be driven by the outcome of the OPEC meeting over the weekend. On Friday afternoon, sources stated that OPEC+ producers were discussing a 1 million bpd output cut which will push the market back to its previous highs of \$74.37 and \$74.73. Further upside is seen at \$76.11, \$76.69 and \$76.92. Meanwhile, support is seen at its low of \$70.00, \$68.75, \$67.51, \$67.03 and \$63.90

**Fundamental News:** Two OPEC+ sources said OPEC+ is discussing an additional oil output cut of about 1 million bpd among possible options for its June 4<sup>th</sup> meeting.

Iraq's Oil Minister, Hayan Abdel-Ghani, said OPEC + will not hesitate to take any decision to create more balance in the oil market. He said OPEC+ will take decisions that serve oil consumers, producers and investors.

Kremlin spokesman, Dmitry Peskov, said Russia continues contacts with OPEC+ producers before the group meets on Sunday to make a decision on its production policy. He declined to comment on the possible outcome of the meeting. Two sources from the alliance said OPEC and its allies are unlikely to decide on further oil supply cuts at a meeting on Sunday despite a fall in oil prices toward \$70/barrel this week, although another source said the outcome was still unclear.

Analysts at Citigroup said the outcome of Sunday's OPEC+ meeting will most likely be price-driven. Baker Hughes Co. said U.S. energy firms this week cut the number of oil rigs operating by the most since September 2021, reducing the overall count for a fifth consecutive week. The oil and gas rig count, an early indicator of future output fell by 15 in the week ending June 2<sup>nd</sup> to 696, the lowest level since April 2022. The number of oil rigs fell by 15 to 555 this week, while the number of gas rigs were unchanged at 137.

IIR Energy reported that U.S. oil refiners are expected to shut in about 339,000 bpd of capacity in the week ending June 2<sup>nd</sup>, increasing available refining capacity by 348,000 bpd. Offline capacity is expected to decrease to 34,000 bpd in the week ending June 9<sup>th</sup>.

Colonial Pipeline Co is allocating space for Cycle 34 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 9:00 AM EDT**

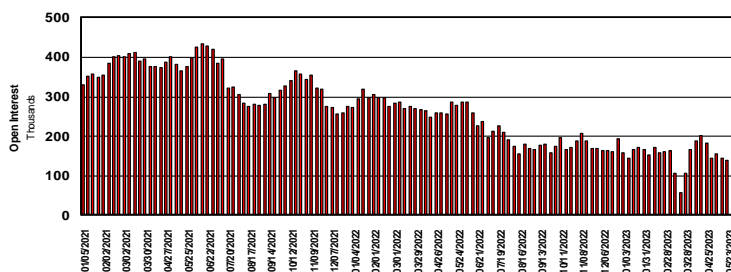
WTI - July \$73.45, up \$1.71  
 RBOB - July \$2.5542, up 5.35 cents  
 HO - July \$2.4044, up 4.75 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.3569	0.0422	0.0015
Aug-23	2.3542	0.0428	-0.0019
Sep-23	2.3595	0.0431	-0.0047
Oct-23	2.3635	0.0430	-0.0064
Nov-23	2.3630	0.0422	-0.0080
Dec-23	2.3586	0.0414	-0.0090
Jan-24	2.3579	0.0402	-0.0104
Feb-24	2.3533	0.0392	-0.0109
Mar-24	2.3410	0.0378	-0.0115
Apr-24	2.3199	0.0359	-0.0135
May-24	2.3062	0.0341	-0.0164
Jun-24	2.2957	0.0327	-0.0186
Jul-24	2.2918	0.0317	-0.0188
Aug-24	2.2893	0.0310	-0.0185
Sep-24	2.2885	0.0308	-0.0169
Oct-24	2.2889	0.0306	-0.0158
Nov-24	2.2870	0.0297	-0.0167

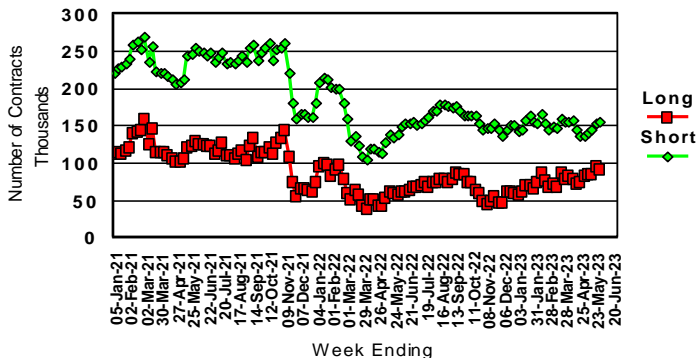
Sprague HeatCurve October 2023-April 2024		\$2.3522
	Close	Change
Crude - WTI	\$71.8400	\$1.6400
Crude - Brent	\$76.1300	\$1.8500
Natural Gas	\$2.1720	\$0.0140
Gasoline	\$2.5007	\$0.0645

WTI Futures & Options: NYMEX & ICE Combined  
Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending May 30, 2023

Producer/Merchant Heat Positons  
CFTC Commitment of Traders Report



Managed Money Heat Positons  
CFTC Commitment of Traders Report

