

Market Commentary

Recap: The oil market fell over 4% on Thursday as concerns over the impact of a larger than expected rate hike by the Bank of England outweighed a larger than expected draw in crude stocks. The market opened down 10 cents at \$72.43 and posted a high of \$72.65 in overnight trading. However, the market erased its previous gains and sold off sharply as the Bank of England raised interest rates by half a percentage point. The oil market was further pressured as Federal Reserve Chair, Jerome Powell, said two more U.S. interest rate hikes of 25 basis points each by the end of the year was "a pretty good guess." The market extended its losses to \$3.60 as it sold off to a low of \$68.93 despite the EIA report showing a draw in crude stocks of close to 4 million barrels. The market later retraced some of its losses ahead of the close, with the August WTI contract settling down \$3.02 at \$69.51. The August Brent contract settled down \$2.98 at \$74.14. The product markets settled sharply lower, with the heating oil market settling down 9.87 cents at \$2.4655 and the RB market settling down 7.4 cents at \$2.5501.

Technical Analysis: The crude market on Friday will likely retrace some of its losses following its sharp losses and continue to trade within its recent trading range from \$67 to \$76. The market's gains will remain limited after it breached an upward trending support line at \$69.76 during Thursday's session. Resistance is seen at \$70.11, \$70.92, \$71.25, its high of \$72.65, followed by \$72.72, \$73.37 and \$73.78. Further upside is seen at \$75.70. Support is seen at \$68.93, \$68.14, \$67.31 and \$66.96.

Fundamental News: The EIA reported that U.S. crude oil output fell by 200,000 bpd to 12.2 million bpd last week, the largest decline since September 2021. It reported that U.S. crude stocks in the SPR fell by 1.7 million barrels in the latest week to 350 million barrels, the lowest level since August 1983.

A Refinitiv analyst said European diesel imports in June look set to reach 6.02 million metric tons and are likely to exceed May's total imports of 6.1 million tons. Diesel exports from Asia and the Middle East to Europe are expected to increase in July and August as refining margins in Europe continue to strengthen.

According to the latest survey of energy executives by the Federal Reserve Bank of Dallas, oilfield activity slowed further this quarter, with declines in oil production and gas output indices. The overall business activity index fell to zero in the second quarter from 2.1 in the previous quarter. U.S. oilfield executives polled this quarter expect crude oil and natural gas prices to continue rising through the end of this year. A survey of energy executives at 152 firms found they expect U.S. crude oil prices to reach by year-end about \$77/barrel and natural gas at \$2.97/mmBtu.

In his second day of hearings before the U.S. Congress, Federal Reserve Chair, Jerome Powell, defended the likely need for further interest rate increases despite the possible impact on jobs. He said the test for the Federal Reserve interest rate cuts down the road is confidence that inflation is moving lower and any reduction will need to wait until policymakers are confident inflation is moving down to the central bank's 2% target. He said the central bank would move interest rates at a "careful pace".

Valero's 195,000 bpd McKee, Texas refinery reported emissions from a fluid catalytic cracking unit stack vent on Wednesday.

Marathon Petroleum Corp reported unplanned flaring due to mechanical/electrical malfunction at its Wilmington, California refinery.

Exxon Mobil Corp reported emissions at its 564,440 bpd Baytown, Texas refinery on Wednesday. It said an unplanned opening of a feed valve to pipestill 8 resulted in a unit upset at the refinery.

A fire was extinguished at Pemex's Dos Bocas refinery in Mexico.

Early Market Call - as of 8:10 AM EDT

WTI - August \$69.53, down 98 cents

RBOB - July \$2.5226, down 2.75 cents

HO - July \$2.4187, down 4.68 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.4655	-0.0987	-0.0141
Aug-23	2.4135	-0.0819	-0.0409
Sep-23	2.4024	-0.0773	-0.0434
Oct-23	2.3951	-0.0741	-0.0450
Nov-23	2.3859	-0.0724	-0.0454
Dec-23	2.3755	-0.0718	-0.0459
Jan-24	2.3690	-0.0705	-0.0463
Feb-24	2.3593	-0.0686	-0.0464
Mar-24	2.3419	-0.0669	-0.0463
Apr-24	2.3160	-0.0649	-0.0471
May-24	2.2983	-0.0638	-0.0479
Jun-24	2.2848	-0.0630	-0.0487
Jul-24	2.2799	-0.0621	-0.0481
Aug-24	2.2773	-0.0617	-0.0467
Sep-24	2.2764	-0.0615	-0.0452
Oct-24	2.2768	-0.0615	-0.0435
Nov-24	2.2751	-0.0618	-0.0419

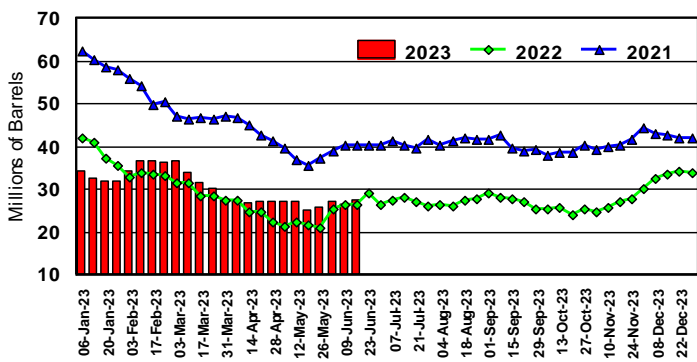
Sprague HeatCurve October 2023-April 2024			\$2.3633
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.63	\$69.5100	-\$3.0200
Crude - Brent		\$74.1400	-\$2.9800
Natural Gas		\$2.6080	\$0.0110
Gasoline		\$2.5501	-\$0.0740

EIA Working Gas Storage Report

	16-Jun-23	09-Jun-23	Change	16-Jun-22
East	599	574	25	427
Midwest	658	632	26	503
Mountain	157	148	9	127
Pacific	191	176	15	230
South Central	1125	1105	20	873
Salt	330	324	6	248
Nonsalt	794	781	13	626
Total	2729	2634	95	2,158

Weekly EIA Petroleum Status Report for the Week Ending June 16, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.831 million barrels
 Cushing, OK Crude Stocks Down 98,000 barrels
Gasoline Stocks Up 479,000 barrels
Distillate Stocks Up 434,000 barrels
Refinery % Operated 93.1%, down 0.6%

PADD #1

Distillate Stocks (in million bbl)	Week Ending June 16, 2023	Week Ending June 9, 2023	Week Ending June 17, 2022
New England	3.7	3.3	3.2
Central Atlantic	11.8	12.3	11.3
Total PADD #1	27.6	26.6	26.6
Distillate Imports (thousands b/d)	79	118	50