

Market Commentary

Recap: The oil market posted an outside trading day, with the market rallying to its high early in the morning before it sold off sharply on a report of progress toward a deal between the U.S. and Iran. The market traded mostly sideways in overnight trading and breached its previous high of \$73.19 as it posted a high of \$73.28. The market was supported by market expectations of a potential pause to U.S. interest rate hikes by the Federal Reserve at its meeting next week. However, the market erased its gains and sold off sharply by \$3.50 to a low of \$69.03 on a report that the U.S. and Iran was nearing a temporary deal that would offer some sanctions relief in return for Iran reducing its uranium enrichment activities. The market later bounced off its low and retraced 62% of its earlier losses after the White House called the news report on a deal between the U.S. and Iran false. The July WTI contract settled down \$1.24 at \$71.29 and the August Brent contract settled down 99 cents at \$75.96. The product markets settled in negative territory, with the heating oil market settling down 1.2 cents at \$2.3898 and the RB market settling down 2.85 cents at \$2.6127.

Technical Analysis: On Friday, the oil market will likely trade sideways following Thursday's \$4 trading range as the market's focus shifts towards the next move the Fed will make when it meets next week. The market is seen finding support at its low of \$69.03, \$67.51 and \$67.03. Meanwhile, resistance is seen at its high of \$73.28, \$75.06, followed by further upside at \$75.96, \$76.49 and \$76.74.

Fundamental News: The White House denied a media report that it was near an interim deal that would see Iran curtail its nuclear program in exchange for sanctions relief. A spokesperson for the National Security Council said "This report is false and misleading."

Colonial Pipeline Co is allocating space for Cycle 35 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.

An Enbridge executive said the coming expansion of the Canadian government-owned Trans Mountain pipeline will reduce crude oil flows on Enbridge Inc.'s Mainline oil pipeline. The expansion, which is expected to begin operations in early 2024, initially will reduce Enbridge's Mainline volumes by 200,000 to 300,000 bpd. Enbridge's Mainline carries up to 2.85 million barrels per day of oil from Alberta, Canada, to Manitoba and onto markets in the U.S.

A Pioneer Natural Resources executive said global demand for crude oil is continuing to increase but supply growth remains limited. Pioneer Executive Vice President, Beth McDonald, said the impact of recessionary fears on global crude oil also will be offset by Chinese demand.

Enterprise Products Partners' Sea Port crude oil export terminal could begin operations between the second half of 2026 and early 2027.

Phillips 66 is shutting its fluid catalytic cracking unit at its 285,000 bpd Bayway refinery in Linden, NJ for about two weeks for repairs. Repairs are set to start early next week.

The IMF urged the U.S. Federal Reserve and other global central banks to "stay the course" on monetary policy and remain vigilant in fighting inflation.

Early Market Call - as of 8:35 AM EDT

WTI - July \$71.34, up 5 cents

RBOB - July \$2.6014, down 1.13 cents

HO - July \$2.3811, down 87 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.3898	-0.0120	0.0329
Aug-23	2.3820	-0.0150	0.0278
Sep-23	2.3842	-0.0163	0.0247
Oct-23	2.3868	-0.0169	0.0233
Nov-23	2.3832	-0.0179	0.0202
Dec-23	2.3768	-0.0181	0.0182
Jan-24	2.3736	-0.0186	0.0157
Feb-24	2.3678	-0.0188	0.0145
Mar-24	2.3545	-0.0190	0.0135
Apr-24	2.3328	-0.0195	0.0129
May-24	2.3188	-0.0200	0.0126
Jun-24	2.3077	-0.0207	0.0120
Jul-24	2.3020	-0.0212	0.0102
Aug-24	2.2978	-0.0217	0.0085
Sep-24	2.2951	-0.0222	0.0066
Oct-24	2.2938	-0.0223	0.0049
Nov-24	2.2911	-0.0226	0.0041

Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$71.4400	-\$1.2000
Crude - Brent	\$75.9600	-\$0.9900
Natural Gas	\$2.3520	\$0.0230
Gasoline	\$2.6127	-\$0.0285

EIA Working Gas Storage Report

	02-Jun-23	26-May-23	Change	02-Jun-22
East	552	522	30	372
Midwest	604	577	27	450
Mountain	137	127	10	117
Pacific	164	151	13	209
South Central	1093	1070	23	839
Salt	319	304	15	251
Nonsalt	774	766	8	590
Total	2550	2446	104	1,988

WTI Forward Curve

ICE August Brent-WTI Spread

