

Market Commentary

Recap: The oil market continued to trend higher on Monday as it remained well supported by Saudi oil output cuts impacting the market and the expectations that further stimulus in China will continue to support prices. On Monday, China's state planner announced measures to prompt private investment in some infrastructure sectors. The oil market posted a low of \$76.44 in overnight trading before it breached its previous high and extended its gains to over \$2.20 as it posted a high of \$79.28 early in the afternoon. The market erased some of its gains ahead of the close, with the September WTI contract settling up \$1.67 at \$78.74. The September Brent contract settled up \$1.67 at \$82.74. The product markets settled in positive territory, with the heating oil market settling up 2.48 cents at \$2.7705 and the RB market settling up 9.33 cents at \$2.8951.

Technical Analysis: The oil market will likely retrace some of its gains before it continues on its upward trend. The market will be driven by indications on further interest rate hikes following the expected 25 basis point increase on Wednesday. Investors seem to have priced in quarter-point hikes from the Federal Reserve and European Central Bank this week and will likely focus on what Fed Chair Jerome Powell and European Central Bank President Christine Lagarde say about future rate increases. The market is seen finding resistance at its high of \$79.28 followed by \$81.18 and \$81.48. More distant upside is seen at \$82.71, \$83.12, \$83.44 and \$83.53. Meanwhile, support is seen at \$78.33, \$77.94, \$77.23, its low of \$76.44, \$75.69, \$74.72 and \$73.88-\$73.84. More distant support is seen at \$72.98 and \$72.67.

Fundamental News: Citi Research said its short-term momentum model is pointing to higher price levels heading into late July for most commodities. Citi sees some upside for crude this summer, with its 0-3 month target of \$88/barrel and an average of \$83/barrel for the third quarter. Citi later expects downside for crude in the fourth quarter, with Brent crude averaging \$78/barrel and a 2024 average of \$73/barrel.

Three trading sources said oil loadings from Russia's Black Sea ports remained stable over the weekend despite increasing tensions in the area. Black Sea Novorossiisk port and nearby CPC terminal in Yuzhnaya Ozerneyevka are two main oil export outlets located in the south of Russian loading about 2 million bpd. Loadings from Black Sea ports continued over the weekend in line with the schedule. Russia and Ukraine said late last week that all ships crossing the areas in the Black Sea may be considered targets after the grain deal expiry.

Russia's Energy Ministry said it is considering limiting the number of companies allowed to export oil products in a bid to cut illegal exports of fuel intended for the domestic market. The Kommersant newspaper reported earlier that Russia was looking at creating a list of approved refiners to combat so-called "grey exports" of subsidized domestic fuel.

IIR Energy reported that U.S. oil refiners are expected to shut in about 155,000 bpd of capacity in week ending July 28th, increasing available refining capacity by 356,000 bpd. Offline capacity is expected to increase to 164,000 bpd in the week ending August 4th.

Exxon Mobil Corp reported flaring at its 619,024 bpd Beaumont, Texas facility.

Chevron Corp reported unplanned flaring at its 269,000 bpd El Segundo, California refinery.

U.S. business activity slowed to a five-month low in July, dragged down by decelerating service-sector growth. S&P Global said its flash U.S. Composite PMI index fell to a reading of 52 in July from 53.2 in June. July's reading showed the sixth straight month of growth but was restrained by softening conditions in the service sector.

Early Market Call - as of 8:35 AM EDT

WTI - September \$78.55, down 19 cents

RBOB - August \$2.8706, down 2.45 cents

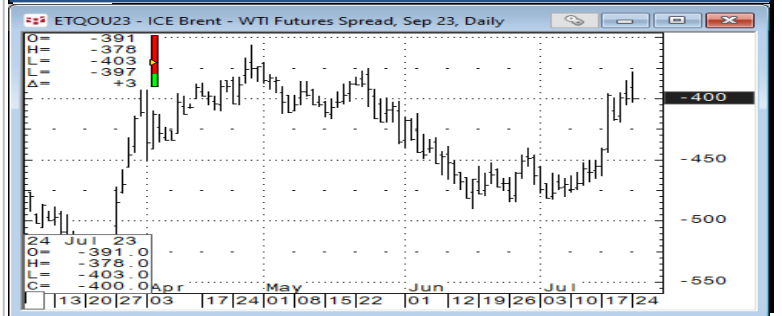
HO - August \$2.7497, down 2.08 cents

All NYMEX | Prior Settlements

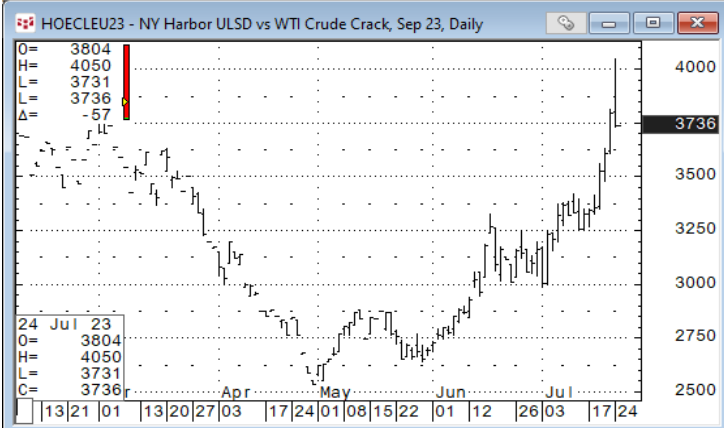
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.7705	0.0248	0.2063
Sep-23	2.7640	0.0260	0.2056
Oct-23	2.7508	0.0301	0.1996
Nov-23	2.7270	0.0317	0.1880
Dec-23	2.7010	0.0331	0.1773
Jan-24	2.6821	0.0345	0.1684
Feb-24	2.6602	0.0351	0.1597
Mar-24	2.6323	0.0348	0.1512
Apr-24	2.5974	0.0334	0.1421
May-24	2.5717	0.0314	0.1349
Jun-24	2.5508	0.0294	0.1285
Jul-24	2.5399	0.0284	0.1235
Aug-24	2.5329	0.0290	0.1203
Sep-24	2.5267	0.0297	0.1165
Oct-24	2.5221	0.0307	0.1130
Nov-24	2.5151	0.0308	0.1098
Dec-24	2.5064	0.0324	0.1067

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Sep Brent-WTI Spread \$4.00	\$78.7400	\$1.6700
Crude - Brent		\$82.7400	\$1.6700
Natural Gas		\$2.6850	-\$0.0280
Gasoline		\$2.8951	\$0.0933

ICE September Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

