

Market Commentary

Recap: On Thursday, the oil market continued to retrace its previous losses as increasing jobless claims and a stronger dollar weighed on sentiment. The market traded sideways in overnight trading and ahead of the release of the weekly unemployment report. However, the market breached its previous low and began the day's sell off upon the release of the weekly jobless claims report showing claims increased to the highest level since October 2021 and a gauge of producer sentiment came in below market expectations. The market sold off to a low of \$70.63 by mid-morning and remained pressured during the remainder of the session. The market traded towards its low ahead of the close and settled in a sideways trading range before settling in negative territory for the second consecutive session. The June WTI contract settled down \$1.69 at \$70.87 and the July Brent contract settled down \$1.43 at \$74.98. The product markets settled lower, with the heating oil market settling down 4.39 cents at \$2.3495 and the RB market settling down 3.7 cents at \$2.4577.

Technical Analysis: The crude oil market on Friday is seen retracing some of its recent losses ahead of the weekend. The market will look for further direction from any economic news as traders weigh the outlook for energy demand, with the debt ceiling issue hanging over the market. The market is seen finding support at its low of \$70.63, \$69.97, \$68.77, \$68.48 and \$67.56. Meanwhile, resistance is seen at \$73.50, \$73.89, \$75.84 followed by \$76.11, \$76.69, \$76.92 and \$77.93.

Fundamental News: OPEC raised its forecast for Chinese oil demand growth this year but left its global projection steady, citing potential downside risks such as the U.S. debt ceiling. In its monthly report, world oil demand in 2023 will increase by 2.33 million bpd or 2.3%. This was virtually unchanged from 2.32 million bpd forecast last month. OPEC said Chinese oil demand is now expected to increase by 800,000 bpd, up from the 760,000 bpd forecast last month, adding to a recovery after strict COVID-19 containment measures were scrapped. The global demand growth figure was unchanged for a third straight month and OPEC left its 2023 economic growth forecast at 2.6%, citing potential downside risks such as persistent inflation and increasing debt payments from higher interest rates. The OPEC report showed that OPEC's oil production fell in April by 191,000 bpd to 28.6 million bpd, with declines in Iraq and Nigeria. Iraq's northern exports were halted while some of Nigeria's exports were disrupted by a labor dispute. OPEC kept its forecast that non-OPEC supply would increase by 1.4 million bpd in 2023 and flagged factors that could limit or cut supplies such as investment levels and the war in Ukraine.

Three sources said Russia's Deputy Energy Minister Pavel Sorokin held a call this month with Western analysts about the country's oil production, trying to convince them that Russia had reduced output as targeted.

Nigerian officials reported Wednesday the nation's crude oil and condensate production in April fell to just 1.25 million b/d as a result of strikes at key oil export terminals. April's production was down 18% from March's levels and was at the lowest level since October 2022, when output had fallen to a 40 year low. This production level was well below its OPEC+ production quota of 1.74 million b/d. The country currently has a production capacity of 2.2 million b/d.

S&P Global Commodity Insights is estimating OPEC and its allies pumped 380,000 b/d of crude oil less in April than they did in March. Much of this decline was the result of Kurdish barrels not being able to reach export markets and the shortfall in Nigeria.

Early Market Call - as of 8:25 AM EDT

WTI - June \$71.30, up 43 cents

RB0B - June \$2.4512, up 5 points

HO - June \$2.3385, down 1.1 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jun-23	2.3495	-0.0439	0.1108
Jul-23	2.3430	-0.0458	0.1002
Aug-23	2.3459	-0.0454	0.0958
Sep-23	2.3524	-0.0451	0.0932
Oct-23	2.3582	-0.0446	0.0909
Nov-23	2.3592	-0.0440	0.0888
Dec-23	2.3560	-0.0435	0.0866
Jan-24	2.3566	-0.0434	0.0839
Feb-24	2.3533	-0.0434	0.0805
Mar-24	2.3433	-0.0432	0.0774
Apr-24	2.3259	-0.0429	0.0758
May-24	2.3158	-0.0424	0.0753
Jun-24	2.3082	-0.0419	0.0768
Jul-24	2.3050	-0.0414	0.0771
Aug-24	2.3025	-0.0404	0.0776
Sep-24	2.3006	-0.0391	0.0782
Oct-24	2.2985	-0.0379	0.0772

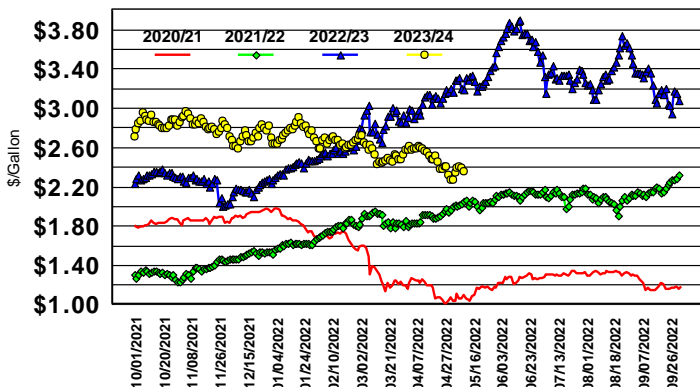
Sprague HeatCurve October 2023-April 2024			\$2.3515
		Close	Change
Crude - WTI	July Brent- WTI Spread \$4.10	\$70.8800	-\$1.6400
Crude - Brent		\$74.9800	-\$1.4300
Natural Gas		\$2.1900	-\$0.0010
Gasoline		\$2.4577	-\$0.0370

EIA Working Gas Storage Report

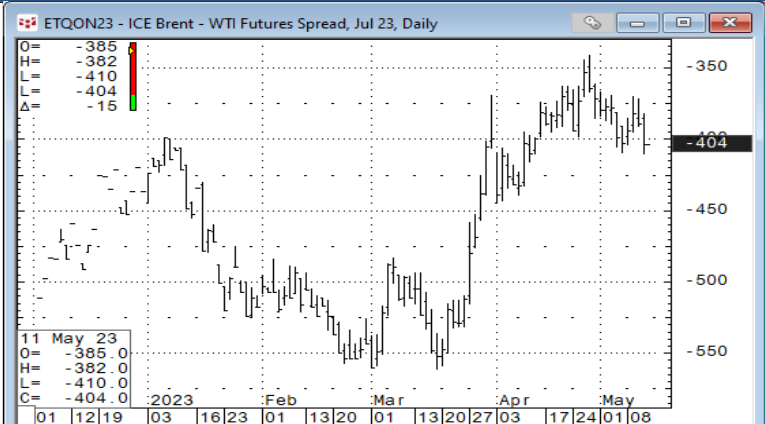
	05-May-23	28-Apr-23	Change	05-May-22
East	422	410	12	271
Midwest	497	481	16	339
Mountain	104	95	9	95
Pacific	114	100	14	182
South Central	1002	977	25	745
Salt	287	278	9	240
Nonsalt	715	699	16	504
Total	2141	2063	78	1,632

Sprague HeatCurve October-April

Sprague HeatCurve October-April



ICE July Brent-WTI Spread



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