

Market Commentary

Recap: The oil market traded higher on Friday as the market awaited a speech by Fed Chairman Jerome Powell at the Jackson Hole Symposium for hints on the outlook for interest rates. The market opened at its low of \$78.85 and began its upward trend for the day. The market breached the upper boundary of its downward trending channel as it traded to \$80.45 early in the session. The market later erased most of its gains following Fed Chair Jerome Powell's remarks that U.S. Federal Reserve may need to raise interest rates further to ensure inflation is contained. The crude market sold off to a low of \$78.14 in afternoon trading amid the prospect of further U.S. interest rate hikes and a stronger U.S. dollar. The October WTI contract settled up 78 cents at \$79.83 and the October Brent contract settled up \$1.12 at \$84.48. Meanwhile, the heating oil market rallied to a seven month high of \$3.3331, increasing the heating oil crack spread to \$57.97, the highest level since late January. The heating market settled up \$15.11 cents at \$3.3075, while the RB market settled up 9.64 cents at \$2.8764.

Technical Analysis: The oil market is still seen remaining in its downward trend channel amid the weak economic data and expectations that there may be further interest rate hikes in the future. The market is also seen remaining in its downward trend as stochastics are mostly trending sideways. The market is seen finding resistance at \$80.03, \$80.45 and \$81.75, while support is seen at its low of \$78.14, \$77.59, \$76.27, \$76.16 and \$75.79.

Fundamental News: Morgan Stanley expects Brent crude prices to be well supported around \$80/barrel as the oil market is likely to remain in a deficit in the second half of 2023 before returning to a small surplus next year. Morgan Stanley raised its Brent price forecast for the third quarter to \$85/barrel from \$75/barrel, and for the fourth quarter to \$82.50/barrel from \$70/barrel. The bank stated that although OPEC's production cuts will have a bullish impact on oil prices in the near future, spare capacity is at its highest in 20 years and a decline in the group's market share could weigh on prices in the longer term. Morgan Stanley raised its 2023 oil demand forecast to 2.1 million bpd from 1.8 million bpd.

Baker Hughes reported that U.S. energy firms in August cut the number of active oil rigs for a ninth consecutive month while the combined oil and natural gas rig count fell for the fourth consecutive month. Baker Hughes reported that the oil and gas rig count, fell by 10 in the week ending August 25th to 632, the lowest since February 2022. U.S. oil rigs fell by eight to 512 this week, their lowest since February 2022, while gas rigs fell by two to 115, the lowest level since January 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in about 429,000 bpd of capacity in the week ending August 25th, decreasing available refining capacity by 222,000 bpd. Offline capacity is expected to fall to 402,000 bpd in the week ending September 1st and increase to 543,000 bpd in the week ending September 8th.

Federal Reserve Chair, Jerome Powell, said the U.S. Federal Reserve may need to raise interest rates further to ensure inflation is contained. He said Fed policymakers would "proceed carefully as we decide whether to tighten further," but also made clear that the central bank has not yet concluded that its benchmark interest rate is high enough to be sure that inflation returns to the 2% target. He said the economy continues to grow above trend and added if that continues "it could put further progress on inflation at risk and could warrant further tightening of monetary policy."

Early Market Call - as of 8:20 AM EDT

WTI - October \$79.81, down 2 cents

ROBO - September \$2.8259, down 5.05 cents

HO - September \$3.2379, down 6.96 cents

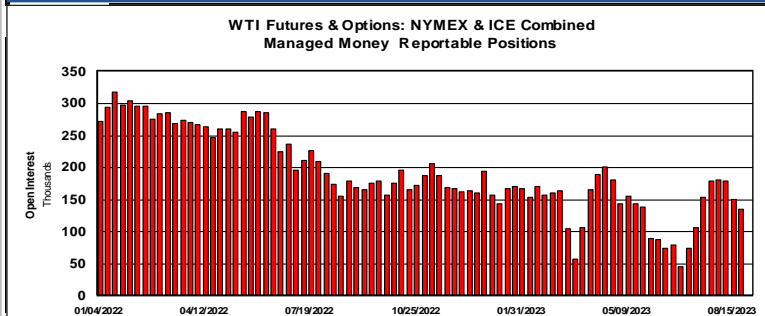
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.3075	0.1511	0.1478
Oct-23	3.2673	0.1402	0.1394
Nov-23	3.1561	0.1120	0.1135
Dec-23	3.0238	0.0833	0.0803
Jan-24	2.9454	0.0621	0.0615
Feb-24	2.8896	0.0533	0.0541
Mar-24	2.8306	0.0466	0.0453
Apr-24	2.7674	0.0410	0.0348
May-24	2.7271	0.0356	0.0298
Jun-24	2.6986	0.0316	0.0263
Jul-24	2.6852	0.0288	0.0231
Aug-24	2.6749	0.0271	0.0209
Sep-24	2.6654	0.0259	0.0188
Oct-24	2.6529	0.0244	0.0162
Nov-24	2.6366	0.0228	0.0133
Dec-24	2.6178	0.0208	0.0112
Jan-25	2.5993	0.0183	0.0091

Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$79.8300	\$0.7800
Crude - Brent	\$84.4800	\$1.1200
Natural Gas	\$2.5400	\$0.0210
Gasoline	\$2.8764	\$0.0964

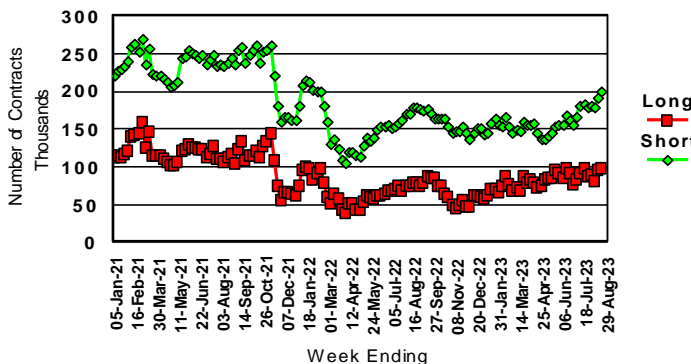
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Comittment of Traders Report for the Week Ending August 22, 2023

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

