

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market on Tuesday posted an outside trading day as the market's gains were limited by signals that the European Central Bank is not done with interest rate hikes. The market breached its previous high and posted a high of \$70.15 in overnight trading. However, it erased its gains and sold off to \$67.73 in early morning trading. The market was pressured as European Central Bank President, Christine Lagarde, said that high inflation will require the bank to avoid declaring an end to rate hikes. The crude market traded sideways for much of the day as it awaited the release of the weekly petroleum stock reports. However, further selling ahead of the close pushed the market to a low of \$67.55. The August WTI contract settled down \$1.67 at \$67.70 and the August Brent contract settled down \$1.92 at \$72.26. The WTI contract continued to trend lower in the post settlement period and posted a new low of \$67.50. The product markets also retraced its previous losses and settled in negative territory, with the heating oil market settling down 3.98 cents at \$2.3990 and the RB market settling down 2.07 cents at \$2.5168.

**Market Analysis:** On Wednesday, the oil market will likely retrace its losses as it awaits the release of the weekly petroleum stocks reports. The reports are expected to show draws of close to 2 million barrels in crude stocks, which should limit the market's losses. The market is seen holding support at its low of \$67.50 followed by \$67.35-\$67.31 and \$66.96. More distant support is seen at \$64.41. Resistance is seen at its high of \$70.15, \$70.67, \$71.16 and \$72.65. Further resistance is seen at \$73.37, \$74.83 and \$75.70.

**Fundamental News:** OPEC said it has not invited Guyana to become a member. OPEC has invited Guyana's Minister of Natural Resources, Vickram Bharrat, to participate in the 8th International OPEC Seminar scheduled for July 5<sup>th</sup>-6<sup>th</sup> in Vienna. On Monday, The Wall Street Journal had reported that Saudi Arabia's Energy Minister, Abdulaziz bin Salman, and Haitham al-Ghais, OPEC's Secretary-General, had invited Guyana to join the group.

Russia's seaborne crude shipments fell by about 980,000 bpd to 2.55 million bpd in the week ending June 25<sup>th</sup>. Lower shipments were seen from all regions but the largest decline was seen in the Baltic region, where fewer than half the normal number of tankers were loaded at Primorsk.

Goldman Sachs said interest rates are persistent headwind to oil time spreads. It estimates higher interest rates are reducing front-to-back time spreads by \$8/barrel versus two years ago.

Shell Plc's 227,900 bpd Norco, Louisiana refinery is scheduled to resume normal operations by Thursday. The refinery's production was shut on Saturday following a power outage caused by a malfunction at an Entergy Corp substation. A brief fire was triggered by the power outage.

BP said operations were stabilized at its 435,000 bpd refinery in Whiting, Indiana after it experienced disruption caused by severe weather.

Marathon's Galveston Bay, Texas refinery is currently flaring.

Citgo Petroleum Corp reported that operating conditions at its 167,500 bpd Corpus Christi, Texas East plant have made flaring necessary.

Despite the announcement by Saudi energy minister Prince Abdulaziz bin Salman earlier this month that Saudi Arabia would reduce its crude output by an extra 1 million b/d for at least July under the latest OPEC+ agreement, Japan's trade group Petroleum Association of Japan noted that Japanese refiners had not received any cuts from Saudi Arabia for their term crude nominations for July loading allocations. Platts is reporting that it appears refiners in South Korea and Taiwan were also receiving nominated full term volumes as well.

**Early Market Call - as of 8:25 AM EDT**

WTI - August \$67.26, down 44 cents

RBOB - July \$2.5319, up 1.51 cents

HO - July \$2.3819, down 1.71 cents

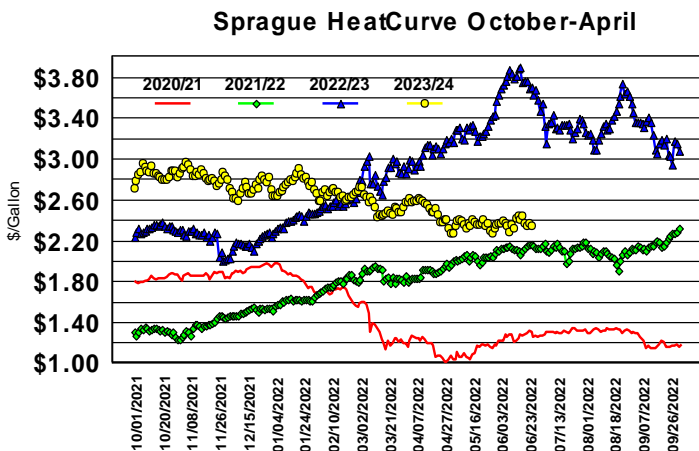
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.399	-0.0398	-0.0764
Aug-23	2.3716	-0.0411	-0.0651
Sep-23	2.3637	-0.0402	-0.0674
Oct-23	2.3597	-0.0386	-0.0672
Nov-23	2.3531	-0.0367	-0.0662
Dec-23	2.3444	-0.0357	-0.0652
Jan-24	2.3404	-0.0341	-0.0626
Feb-24	2.3338	-0.0325	-0.0591
Mar-24	2.3202	-0.031	-0.0551
Apr-24	2.2976	-0.0297	-0.0515
May-24	2.2819	-0.0285	-0.0501
Jun-24	2.2693	-0.028	-0.0499
Jul-24	2.2657	-0.0274	-0.0493
Aug-24	2.2645	-0.0264	-0.0485
Sep-24	2.2647	-0.0255	-0.0472
Oct-24	2.266	-0.0245	-0.0456
Nov-24	2.265	-0.0236	-0.0446

Sprague HeatCurve October 2023-April 2024			\$2.3358
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.56	\$67.7000	-\$1.6700
Crude - Brent		\$72.2600	-\$1.9200
Natural Gas		\$2.7630	-\$0.0280
Gasoline		\$2.5168	-\$0.0207

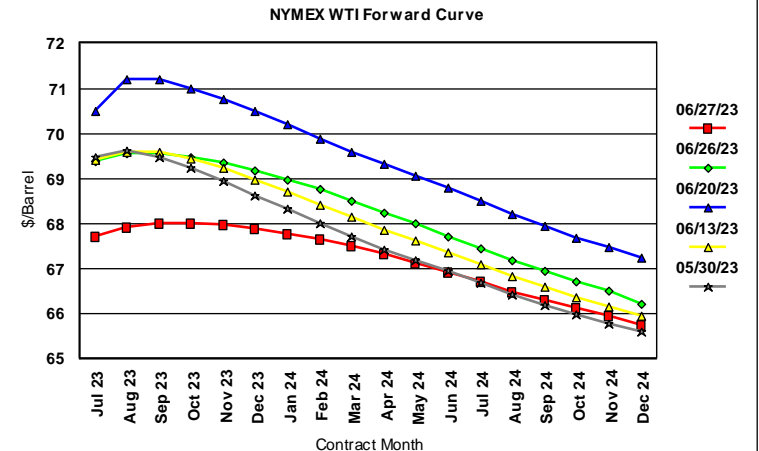
### API Report for the Week Ending June 23, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.4 million barrels	Down 1.8 million barrels
Gasoline Stocks	Down 2.9 million barrels	Down 100,000 barrels
Distillate Stocks	Up 780,000 barrels	Up 800,000 barrels
Refinery Runs		Up 0.2% at 93.3%

## Sprague HeatCurve October-April



## WTI Forward Curve



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.