



# MarketWatch | Refined Products

Monday, July 31, 2023

## Market Commentary

**Recap:** On Friday, the oil market rallied higher ahead of the close and settled higher for the fifth consecutive week. The market retraced some of its previous gains but held support at its previous low of \$78.87. It traded to a low of \$79.07 but quickly bounced off that level and traded to \$80.39, where it held some resistance. The market was supported by better than expected GDP data as well as Federal Reserve Chairman Jerome Powell's inflation remarks that suggested a soft landing for the economy. The market was also well supported by the expectation that Saudi Arabia will maintain its output cuts for another month to include September. The oil market traded in a sideways trading range before further buying ahead of the close pushed the market to a high of \$80.70. The September WTI contract settled up 49 cents at \$80.58 and ended 4.6% higher on the week. Meanwhile, the September Brent contract settled up 75 cents at \$84.99. The product markets ended the session in positive territory, with the heating oil market settling up 4.17 cents at \$2.9586 and the RB market settling up 53 points at \$2.9558.

**Technical Analysis:** The crude oil market will continue to trade within its upward trending channel as it remains well supported by the economic optimism in the market and expectations of increased demand. The market is seen finding resistance at its high of \$80.70, \$82.27, \$82.59 and \$82.71. Meanwhile, support is seen at \$79.50, its lows of \$79.07, \$78.87, \$78.55, \$78.29, \$77.69 and \$77.54. More distant support is seen at \$76.44, \$75.69 and \$75.57.

**Fundamental News:** Exxon Mobil's CEO, Darren Woods, said he expects record oil demand this year and next year.

Baker Hughes reported that the oil and gas rig count fell by five to 664 in the week ending July 28<sup>th</sup>, the lowest since March 2022. U.S. oil rigs fell by one to 529 this week, their lowest since March 2022, while gas rigs decreased by three to 128. For the month, drillers cut 10 total oil and gas rigs in July, the smallest decline in three months. Oil rigs dropped by 16 rigs in July, while gas rigs increased by four rigs in July, their first increase in three months.

Five analysts said Saudi Arabia is expected to extend a voluntary oil output cut of 1 million bpd for another month to include September to provide additional support for the oil market. In June, OPEC+ agreed on a broad deal to limit oil supply into 2024 and Saudi Arabia pledged an additional voluntary cut for July. On July 3<sup>rd</sup>, Saudi Arabia said it would extend the cut for another month to include August, adding that it could be extended further.

IIR Energy reported that U.S. oil refiners are expected to shut in about 337,000 bpd of capacity in the week ending July 28<sup>th</sup>, increasing available refining capacity by 174,000 bpd. Offline capacity is expected to fall to 158,000 bpd in the week ending August 4<sup>th</sup> before falling to 155,000 bpd in the week ending August 11<sup>th</sup>.

U.S. annual inflation slowed in June, likely pushing the Federal Reserve closer to ending its fastest interest rate hiking cycle since the 1980s. The Commerce Department said inflation as measured by the Personal Consumption Expenditures price index increased 0.2% in June after increasing 0.1% in May. In the 12 months through June, the PCE price index advanced 3.0%. That was the smallest annual gain since March 2021 and followed a 3.8% increase in May.

**Early Market Call - as of 8:24 AM EDT**  
**WTI - August \$81.45 up 87 cents**  
**RBOB - August \$2.9389 down 1.69 cents**  
**HO - August \$2.9390 down 1.96 cents**

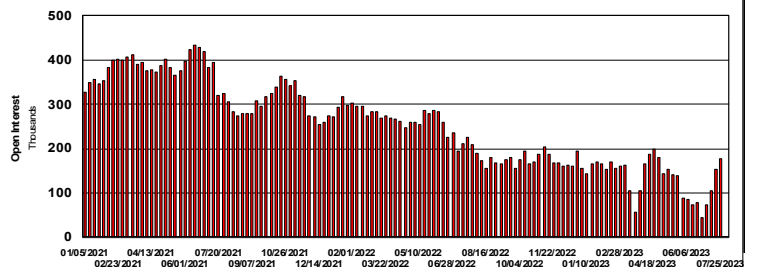
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.9586	0.0417	0.2129
Sep-23	2.9498	0.0410	0.2118
Oct-23	2.9211	0.0355	0.2004
Nov-23	2.8769	0.0321	0.1816
Dec-23	2.8292	0.0287	0.1613
Jan-24	2.7969	0.0273	0.1493
Feb-24	2.7657	0.0268	0.1406
Mar-24	2.7296	0.0261	0.1321
Apr-24	2.6872	0.0257	0.1232
May-24	2.6555	0.0248	0.1152
Jun-24	2.6293	0.0238	0.1079
Jul-24	2.6133	0.0223	0.1018
Aug-24	2.6018	0.0205	0.0979
Sep-24	2.5917	0.0188	0.0947
Oct-24	2.5843	0.0177	0.0929
Nov-24	2.5747	0.0169	0.0904
Dec-24	2.5641	0.0166	0.0901

## Sprague HeatCurve October 2023-April 2024 \$2.7948

		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$4.41	\$80.5800	\$0.4900
Crude - Brent		\$84.9900	\$0.7500
Natural Gas		\$2.6380	\$0.0430
Gasoline		\$2.9558	\$0.0053

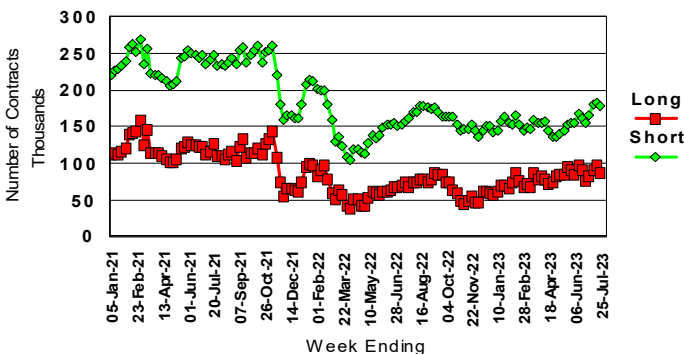
WTI Futures & Options: NYMEX & ICE Combined  
Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending July 25, 2023

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

