

Market Commentary

Recap: The oil market rebounded from its earlier losses as the EIA forecast a better economic outlook than previously expected. In overnight trading, the crude market sold off sharply and extended its losses to over \$2 as it posted a low of \$79.90. The market was pressured and traded below the lower boundary of its upward trending channel on economic data showing China's imports and exports fell more than expected in July. However, the market, which bounced off its low and retraced its losses, was well supported by the release of the EIA's Short Term Energy Outlook. The EIA projected GDP growth of 1.9% in 2023, up from a previous forecast of 1.5%. The EIA also forecast Brent crude oil prices will average \$86/barrel in the second half of this year, up about \$7/barrel from a previous forecast. The oil market rallied to a high of \$83.08 ahead of the close as the market refocused on hopes for a recovery in U.S. oil demand. The September WTI contract settled up 98 cents at \$82.92 and the October Brent contract settled up 83 cents at \$86.17. The product markets ended higher, with the heating oil market settling up 7.01 cents at \$3.0856 and the RB market settling up 4.07 cents at \$2.8451.

Market Analysis: The oil market on Wednesday will likely retrace some of its gains amid the small builds expected in the weekly petroleum stocks reports. However, its losses will remain limited amid hopes for stronger U.S. demand and a commitment from Saudi Arabia and Russia to continue their voluntary output cuts. The market is seen finding resistance at its high of \$83.08, \$83.30 and \$85.76. Meanwhile, support is seen at \$80.86, its low of \$79.90, \$78.69, \$78.55, \$78.29 and \$77.18.

Fundamental News: In its Short Term Energy Outlook, the EIA left its 2023 world oil demand growth unchanged at 1.76 million bpd year on year. However, it cut its forecast for 2024 world oil demand growth by 30,000 bpd and now sees a 1.61 million bpd year on year increase. It forecast world oil demand in 2023 at 101.19 million bpd and demand in 2024 at 102.8 million bpd. The EIA reported that world oil output in 2023 is forecast to increase by 1.42 million bpd to 101.3 million bpd and by 1.7 million bpd to 103 million bpd in 2024. OPEC's oil output is estimated to fall by 700,000 bpd to 33.47 million bpd in 2023 and increase by 490,000 bpd to 33.96 million bpd in 2024. The EIA reported that U.S. oil output is forecast to increase by 850,000 bpd to 12.76 million bpd in 2023 and by 330,000 bpd to 13.09 million bpd in 2024. U.S. petroleum demand is forecast to increase by 190,000 bpd to 20.47 million bpd in 2023 and by 280,000 bpd to 20.75 million bpd in 2024. U.S. gasoline demand is forecast to increase by 130,000 bpd to 8.91 million bpd in 2023 and remain unchanged in 2024 at 8.91 million bpd. U.S. distillate demand is expected to fall by 70,000 bpd to 3.89 million bpd in 2023 and increase by 90,000 bpd to 3.98 million bpd in 2024. The EIA said Brent crude prices are forecast to average \$86/barrel in the second half of 2023, up about \$7/barrel from its previous forecast last month.

Saudi Arabia's cabinet said it reaffirms its support for precautionary measures by OPEC+ to stabilize the oil market.

Polish pipeline operator PERN said that it had restored the Druzhba oil pipeline to full functionality as expected, after a leak had been discovered. PERN halted pumping through a section of the pipeline, which connects Russia to Europe, after detecting a leak in central Poland on Saturday. On Sunday, the pipeline operator said there was no indication that a third party had caused the leak.

Colonial Pipeline Co is allocating space for Cycle 47 shipments on Line 2, its main distillate line from Houston, Texas to Greensboro, North Carolina. This allocation is for the pipeline segment north of Collins, Mississippi.

Early Market Call - as of 8:55 AM EDT

WTI - September \$83.71, up 79 cents
 RBOB - September \$2.8541, up 90 points
 HO - September \$3.1133, up 2.77 cents

All NYMEX | Prior Settlements

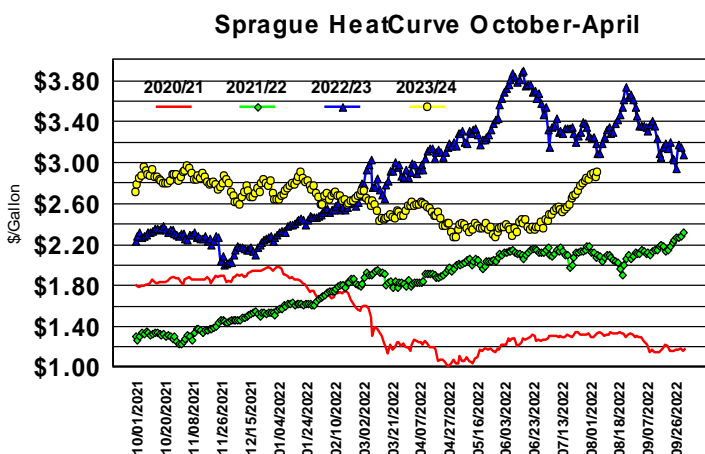
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.0856	0.0701	0.0622
Oct-23	3.0585	0.0641	0.069
Nov-23	3.0028	0.0533	0.0614
Dec-23	2.9384	0.0431	0.0505
Jan-24	2.8988	0.0389	0.0473
Feb-24	2.8624	0.0372	0.0478
Mar-24	2.8198	0.037	0.048
Apr-24	2.7691	0.0371	0.0465
May-24	2.7341	0.0371	0.047
Jun-24	2.7076	0.0369	0.0491
Jul-24	2.6996	0.0368	0.0582
Aug-24	2.6963	0.0365	0.0678
Sep-24	2.6921	0.0354	0.0753
Oct-24	2.6823	0.0343	0.0757
Nov-24	2.6642	0.0321	0.07
Dec-24	2.6432	0.0304	0.0622
Jan-25	2.6237	0.0277	0.0548

Sprague HeatCurve October 2023-April 2024			\$2.8988
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$3.82	\$82.3600	\$0.8700
Crude - Brent		\$86.1770	\$0.8300
Natural Gas		\$2.7770	\$0.0520
Gasoline		\$2.8451	\$0.0407

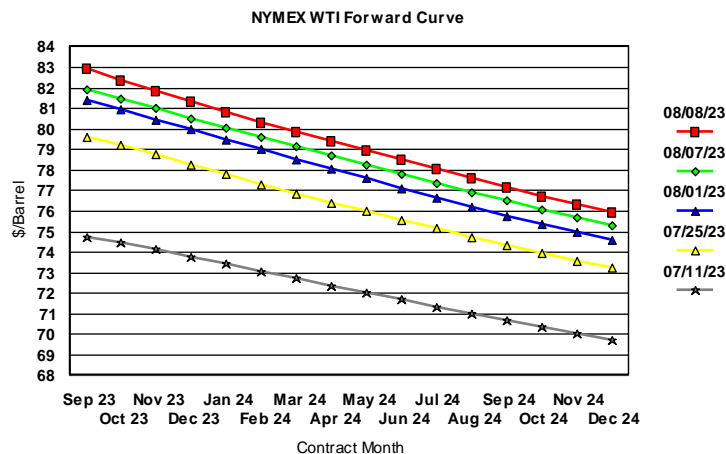
API Report for the Week Ending August 4, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.1 million barrels	Down 930,000 barrels
Gasoline Stocks	Down 400,000 barrels	Down 1.1 million barrels
Distillate Stocks	Down 2.1 million barrels	Unchanged
Refinery Runs		Up 0.5% at 93.2%

Sprague HeatCurve October-April



WTI Forward Curve



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