

## Market Commentary

**Recap:** The oil market gapped lower on the opening and remained pressured on Monday following weaker than expected Chinese economic growth and a partial restart of Libyan output. The market gapped lower from \$75.11 to \$75.02, which it quickly backfilled but remained under pressure with China reporting that its GDP grew 6.3% on the year in the second quarter as its post-pandemic recovery lost momentum. The market briefly rallied to a high of \$76.09 following a Reuters news alert on Saudi Arabia extending a voluntary output cut. However, the market quickly fell as Reuters recalled the headline, because it was repeated news originally published on June 4<sup>th</sup>. The market sold off to a low of \$73.84 before it retraced some of its losses during the remainder of the session. The August WTI contract settled down \$1.27 at \$74.15 and the September Brent contract settled down \$1.37 at \$78.50. The product markets ended the session lower with the heating oil market settling down 3.37 cents at \$2.5642 and the RB market settling down 1.2 cents at \$2.6317.

**Technical Analysis:** The crude oil market on Tuesday will likely trade sideways as it awaits the release of the weekly petroleum stocks report. The market is expecting to see draws in crude and product stocks, with a draw of over 2 million barrels in crude stocks. The market is seen finding support at its low of \$73.84, followed by \$73.40, \$72.98, \$72.67, \$72.19, \$71.19 and \$70.98. Meanwhile, resistance is seen at \$75.15, \$76.09, \$77.30-\$77.33 followed by \$78.52-\$78.62, the \$80.00 level and \$80.39.

**Fundamental News:** The EIA reported that U.S. shale production is set to fall to nearly 9.4 million bpd in August, which would be the first monthly decline since December 2022. Output from the Permian Basin is set to fall to 5.76 million bpd in August, the lowest level since April while output from the Bakken region is set to increase to 1.22 million bpd in August, the highest level since November 2020 and output from the Eagle Ford region is set to fall to 1.12 million bpd in August, the lowest level since February.

Production at Libya's Sharara and El Feel oilfields, which were shut on Thursday following the abduction of a former finance minister, has resumed on Saturday evening. Sharara partially resumed its output at 30,000 bpd out of its usual 290,000 bpd. Production was returning to normal on Sunday morning.

According to the International Energy Forum, citing data from the Joint Organizations Data Initiative, Saudi Arabia's crude oil production in May fell by 502,000 bpd to 9.96 million bpd in May. The country's crude oil exports in May fell 5.3% to a 19-month low of 6.93 million bpd from 7.32 million bpd in April. Saudi Arabia's crude oil inventories fell by 1.2 million barrels and its product inventories increased by 900,000 barrels in May. The country's domestic refineries processed 100,000 bpd less crude t 2.59 million bpd, while direct crude burn increased by 89,000 bpd in May to 478,000 bpd.

The Kommersant newspaper reported that Russia is on track towards fulfilling its plan to cut oil exports in August by 500,000 bpd. The newspaper said Russia's oil exports by sea may fall to 2.9-3 million bpd in August, mainly due to export cuts at Russia's Baltic ports. The cuts were made by adjusting the third quarter export schedule of state-owned pipeline operator Transneft. Earlier this month, Russia announced the plan as it looked to support global oil prices in concert with Saudi Arabia.

Russia's Energy Ministry said Russia will reduce its oil exports by 2.1 million tons in the third quarter in line with planned voluntary export cuts of 500,000 bpd in August. The reduction will affect supplies to Western ports of Primorsk, Ust-Luga and Novorossiisk, as well as shipments via pipelines.

IIR Energy said U.S. oil refiners are expected to shut in about 442,000 bpd of capacity in the week ending July 21<sup>st</sup>, increasing available refining capacity by 52,000 bpd. Offline capacity is expected to fall to 155,000 bpd in the week ending July 28<sup>th</sup>.

### Early Market Call - as of 9:40 AM EDT

WTI - August \$74.85, up 70 cents

RBOb - August \$2.6782, up 4.62 cents

HO - August \$2.5895, up 2.53 cents

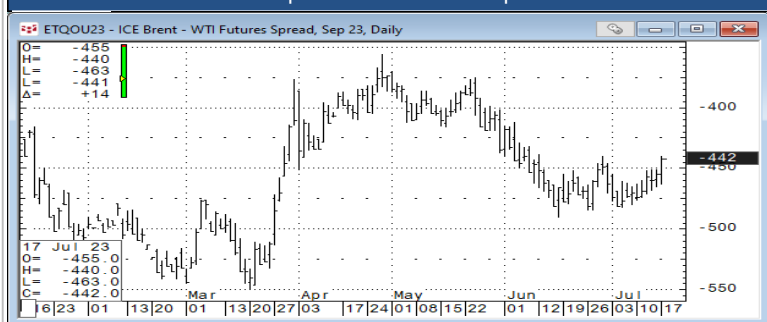
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-23	2.5642	-0.0337	0.0110
Sep-23	2.5584	-0.0310	0.0183
Oct-23	2.5512	-0.0304	0.0207
Nov-23	2.5390	-0.0299	0.0200
Dec-23	2.5237	-0.0293	0.0181
Jan-24	2.5137	-0.0289	0.0168
Feb-24	2.5005	-0.0278	0.0162
Mar-24	2.4811	-0.0265	0.0168
Apr-24	2.4553	-0.0248	0.0184
May-24	2.4368	-0.0229	0.0195
Jun-24	2.4223	-0.0208	0.0200
Jul-24	2.4164	-0.0190	0.0204
Aug-24	2.4126	-0.0175	0.0196
Sep-24	2.4102	-0.0162	0.0201
Oct-24	2.4091	-0.0151	0.0204
Nov-24	2.4053	-0.0149	0.0208
Dec-24	2.3997	-0.0148	0.0224

### Sprague HeatCurve October 2023-April 2024 \$2.5084

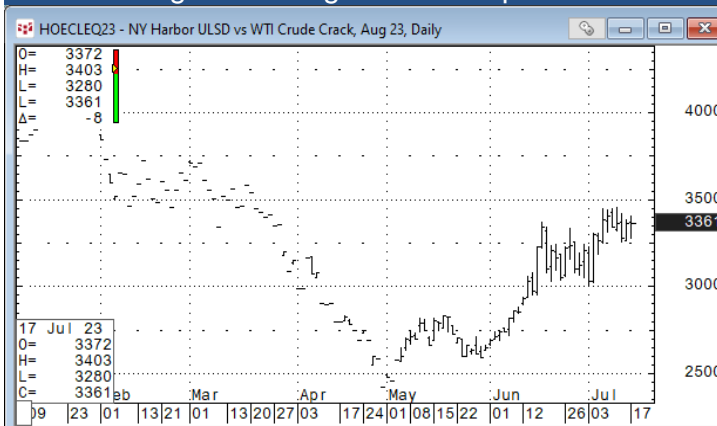
		Close	Change
Crude - WTI	Sep Brent-	\$74.0800	-\$1.2400
Crude - Brent	WTI Spread	\$78.5000	-\$1.3700
Natural Gas	\$4.42	\$2.5120	-\$0.0270
Gasoline		\$2.6317	-\$0.0120

### ICE September Brent-WTI Spread



CQG Inc. © 2023 All rights reserved worldwide. <http://www.cqg.com> ETQOU23,D | 07/17/2023 16:23:43, CQG 22.12.8050

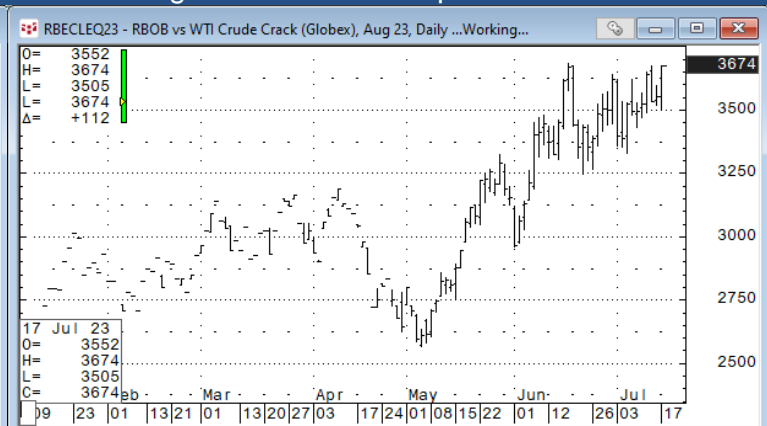
## August Heating Oil Crack Spread



CQG Inc. © 2023 All rights reserved worldwide

HOECLEQ23,D | 07/17/2023 16:24:11, CQG 22.12.8050

## August RBOB Crack Spread



RBECLQ23,D | 07/17/2023 16:24:23, CQG 22.12.8050

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.