

Market Commentary

Recap: The oil market traded mostly sideways in overnight trading before it rallied higher on bullish oil demand growth forecasts from the International Energy Agency. The IEA raised its oil demand growth forecast for this year by 200,000 bpd to 2.4 million bpd. The market extended its previous gains and posted a high of \$70.49 early in the session. However, the market gave up its gains on an unexpected large build in crude stocks. The market, which had retraced over 32% of its move from a high of \$75.06 to a low of \$66.80, erased those gains and sold off to a low of \$68.62 by mid-day following the EIA report showing a build in crude stocks of close to 8 million barrels. The market later settled in a sideways trading range before the market was further pressured ahead of the close on the Fed decision. The July WTI contract settled down \$1.15 at \$68.27 and the August Brent contract settled down \$1.09 at \$73.20. The product markets settled down, with the heating oil market settling down 3.78 cents at \$2.3577 and the RB market settling down 33 points at \$2.5546.

Technical Analysis: The oil market is seen remaining in its recent trading range from about \$66.80 to \$75, as the market weighs the increased oil demand growth forecast against the Fed statement that further rate increases may still occur by the end of the year after it left rates steady for now. The market is seen finding resistance at its high of \$70.49, \$70.93, \$71.77 and \$71.90. More distant resistance is seen at \$73.28 and \$75.06. Meanwhile, support is seen at its low of \$68.07, \$67.15, \$66.80 and \$63.64.

Fundamental News: According to the EIA, U.S. crude oil inventories posted an unexpected large build in the week ending June 9th. Crude oil inventories increased by 7.9 million barrels on the week. U.S. crude oil stocks in Cushing, Oklahoma increased by 1.6 million barrels on the week to 42.1 million barrels, the highest level since June 2021. The EIA also reported that U.S. crude oil stocks in the SPR fell by 1.9 million barrels to a new four-decade low of 3.52 million barrels in the week ending June 9th.

The International Energy Agency said the increase to oil demand growth from the post-pandemic recovery is set to end this year, with economic challenges and the transition to cleaner fuels cutting growth from 2024. In its monthly report, the IEA said global oil demand will grow by 2.4 million bpd in 2023 to a record 102.3 million bpd. However, the agency expects economic headwinds to reduce growth to 860,000 bpd next year and increasing use of electric vehicles to help to reduce that to 400,000 bpd in 2028 for overall demand of 105.7 million bpd. Oil demand is expected to increase by 6% between 2022 and 2028. The IEA also stated that upstream oil investment exceeds the amount need in a world on track for net zero emissions. The IEA also stated that global oil supply fell by 660,000 bpd to 100.6 million bpd in May after additional cuts by some OPEC+ producers.

JP Morgan lowered its Brent oil price forecast for 2023 to \$81/barrel from \$90/barrel and its WTI price forecast to \$76/barrel from a previous estimate of \$84/barrel. It also lowered its 2024 price forecasts for Brent to \$83/barrel from a previous estimate of \$98/barrel and for WTI to \$79/barrel from a previous forecast of \$94/barrel. It said world oil demand is set to increase by 2.2 million bpd to average 101.4 million bpd this year, a new record high and almost 1 million bpd above the 2019 level. The increase in demand will be led by China, India and the Middle East. It stated that even with OPEC's 1.16 million bpd cuts extended into 2024, it sees a surplus of 400,000 bpd next year. The bank expects output from Venezuela, Nigeria and Iran to be about 600,000 bpd higher than its previous projections.

Early Market Call - as of 8:30 AM EDT

WTI - July \$68.97, up 70 cents
RBOB - July \$2.5795, up 2.49 cents
HO - July \$2.3808, up 2.31 cents

All NYMEX | Prior Settlements

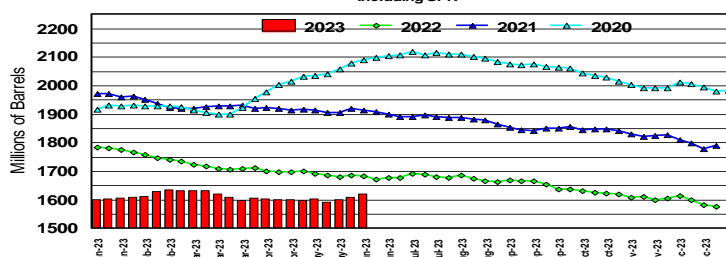
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	2.3577	-0.0378	-0.0441
Aug-23	2.3419	-0.0370	-0.0551
Sep-23	2.3397	-0.0368	-0.0608
Oct-23	2.3393	-0.0369	-0.0644
Nov-23	2.3339	-0.0366	-0.0672
Dec-23	2.3262	-0.0361	-0.0687
Jan-24	2.3232	-0.0354	-0.0690
Feb-24	2.3169	-0.0352	-0.0697
Mar-24	2.3032	-0.0353	-0.0703
Apr-24	2.2815	-0.0349	-0.0708
May-24	2.2673	-0.0339	-0.0715
Jun-24	2.2562	-0.0327	-0.0722
Jul-24	2.2522	-0.0314	-0.0710
Aug-24	2.2495	-0.0304	-0.0700
Sep-24	2.2479	-0.0295	-0.0694
Oct-24	2.2473	-0.0289	-0.0688
Nov-24	2.2446	-0.0288	-0.0691

Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$68.4600	-\$1.1200
Crude - Brent	\$73.2000	-\$1.0900
Natural Gas	\$2.3420	\$0.0020
Gasoline	\$2.5546	-\$0.0033

Total U.S. Oil Stocks

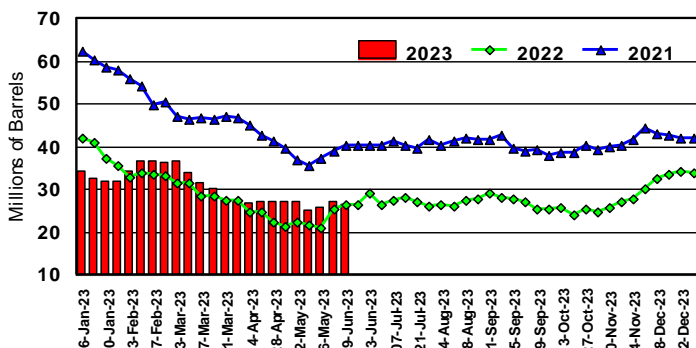
Including SPR



Weekly EIA Petroleum Status Report for the Week Ending May 26, 2023

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 7.919 million barrels

Cushing, OK Crude Stocks Up 1.554 million barrels

Gasoline Stocks Up 2.108 million barrels

Distillate Stocks Up 2.123 million barrels

Refinery % Operated 93.7%, down 2.1%

PADD #1

	Week Ending May 26, 2023	Week Ending May 19, 2023	Week Ending May 27, 2022
Distillate Stocks (in million bbl)			
New England	3.3	3.5	3.2
Central Atlantic	12.3	11.8	10.6
Total PADD #1	26.6	27.2	26.6
Distillate Imports (thousands b/d)	118	155	119