

## Market Commentary

**Recap:** The oil market posted an inside trading day on Friday and ended the week down more than 2% following Thursday's volatile trading session. The market on Thursday lost more than \$3 after a report stating that U.S.-Iran nuclear deal was imminent but later retraced those losses after both countries denied the report. The crude market settled in a sideways range after it traded to \$70.62 in overnight trading and posted a high of \$71.77 by mid-morning. However, the market later sold off more than \$1 to a low of \$70.10 ahead of the close. The July WTI contract settled down \$1.12 at \$70.17 and the August Brent contract settled down \$1.17 at \$74.79. The product markets also ended the session in negative territory, with the heating oil market settling down 2.88 cents at \$2.3610 and the RB market settling down 1.95 cents at \$2.5932.

**Technical Analysis:** The market's direction next week will depend on the inflation data due out on Tuesday and the Federal Reserve's interest rate decision at the end of its two day meeting on Wednesday. The market is seen remaining in its recent trading range from \$69.00 to \$75.00, ahead of the data and Fed decision. The market is seen finding support at its low of \$70.10 followed by \$69.03, \$68.35, \$67.51 and \$67.03. More distant support is seen at \$63.90. Meanwhile, resistance is seen at its high of \$71.77, \$73.28, \$75.06, \$75.96, followed by \$76.49, \$76.74 and \$77.60.

**Fundamental News:** A Chevron executive said concern about the global economy dampened the oil market's reaction to Saudi Arabia's pledge to cut supplies and has capped prices this year. Colin Parfitt, Chevron's vice president of midstream, said "Saudi Arabia made a cut of 1 million barrels per day and fundamentally, the market yawned. It's all about macroeconomic sentiment." He said softer prices are masking an oil market that is little changed from last year and remains tight, with little spare capacity to deal with a future increase in demand. He added that an uptick in economic activity from China and with it fuel demand could quickly change sentiment in the market.

Commerzbank sees the price of oil rising to \$90/barrel by the end of 2023 as the market looks set to tighten noticeably.

Several OPEC+ sources stated that Saudi Arabia kept under wraps its plan to make a deep cut to its own oil output during a weekend of OPEC+ talks in Vienna, with some member states only learning about the reduction from the final news conference. Four OPEC+ sources, who were among their countries' delegations involved in policy talks, said they only heard details of the Saudi cut at the Sunday evening news conference and that the idea of a cut did not come up during a weekend of discussions on a broader deal to limit supply into 2024. Saudi Arabia said it would cut output in July by 10% or 1 million bpd to 9 million bpd and may extend cuts further if needed. Meanwhile, OPEC+ agreed to extend cuts into 2024 but didn't commit to any new cuts in 2023. OPEC+ lowered its collective production target for 2024 and the nine participating countries extended the April voluntary cuts to the end of 2024.

Baker Hughes reported that U.S. energy firms this week cut the number of oil and natural gas rigs operating for a sixth consecutive week for the first time since July 2020. It reported that the oil and gas rig count fell by one to 695 in the week ending June 9<sup>th</sup>, the lowest since April 2022. U.S. oil rigs increased by one to 556 this week, while gas rigs fell by two to 135, their lowest level since March 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in about 371,000 bpd of capacity in the week ending June 9<sup>th</sup>, increasing available refining capacity by 58,000 bpd. Offline capacity is expected to fall to 65,000 bpd in the week ending June 16<sup>th</sup> and to 14,000 bpd in the week ending June 23<sup>rd</sup>.

**Early Market Call - as of 8:55 AM EDT**

WTI - July \$68.06, down \$2.11

RB0B - July \$2.5331, down 6.01 cents

HO - July \$2.3290, down 3.2 cents

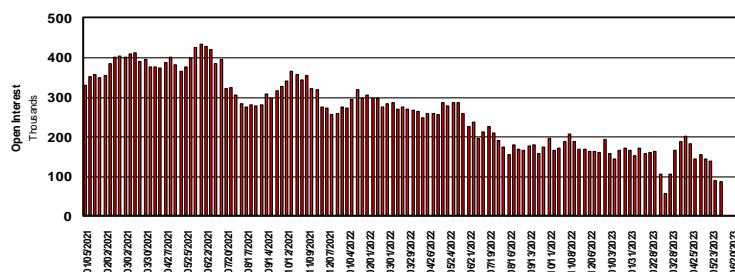
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-23	2.3610	-0.0288	0.0041
Aug-23	2.3538	-0.0282	-0.0004
Sep-23	2.3559	-0.0283	-0.0036
Oct-23	2.3589	-0.0279	-0.0046
Nov-23	2.3562	-0.0270	-0.0068
Dec-23	2.3506	-0.0262	-0.0080
Jan-24	2.3484	-0.0252	-0.0095
Feb-24	2.3440	-0.0238	-0.0093
Mar-24	2.3326	-0.0219	-0.0084
Apr-24	2.3122	-0.0206	-0.0077
May-24	2.2984	-0.0204	-0.0078
Jun-24	2.2871	-0.0206	-0.0086
Jul-24	2.2816	-0.0204	-0.0102
Aug-24	2.2777	-0.0201	-0.0116
Sep-24	2.2755	-0.0196	-0.0130
Oct-24	2.2749	-0.0189	-0.0140
Nov-24	2.2728	-0.0183	-0.0142

## Sprague HeatCurve October 2023-April 2024 \$2.3440

	Close	Change
Crude - WTI	\$70.3300	-\$1.1100
Crude - Brent	\$74.7900	-\$1.1700
Natural Gas	\$2.2540	-\$0.0980
Gasoline	\$2.5932	-\$0.0195

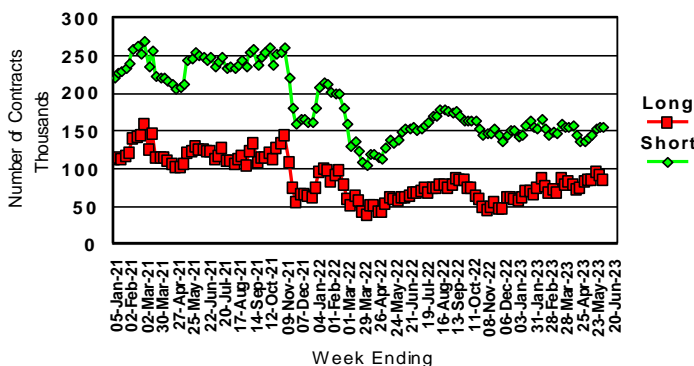
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending June 6, 2023

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

