

Market Commentary

Recap: The oil markets finished higher on Monday marking the third straight trading session of price gains. The September Brent, which expired today, finished the trading session up 0.7% at \$85.56 a barrel while the September WTI contract finished up \$1.22 per barrel or 1.5% at \$81.80. Both Brent and WTI saw their highs of the day reach the highest level since late April and recorded their steepest monthly gains since January 2022 as traders remained nervous that global supplies would continue to tighten as a result of OPEC+ production restraint and expectation for rising demand through the remainder of the year.

Technical Analysis: The September WTI contract is still firmly entrenched in its upward trading channel as the September contract posted its fifth daily gain of \$1.22 per barrel or more over the last ten trading sessions. But these strong daily gains are resulting in technical indicators such as daily stochastics and RSI's rapidly climbing into significantly overbought territory. The 9 day slow stochastics are floating in the 90% level while the 9 day RSI over 80. We would closely watch this market to see if it attempts to test the upper boundary of this bull trend which tomorrow would be seen at \$83.04. We would look for initial support to be seen at \$80.13 followed by \$79 and \$78.15.

Fundamental News: Goldman Sachs in a research note to clients said it sees global oil demand rising to 102.8 million b/d in July and it has revised upward its 2023 demand estimate by 550,000 b/d due to stronger economic growth estimates in India and the U.S. being able to offset a downgraded estimate for Chinese oil consumption.

The EIA Monday reported it estimates U.S. crude oil production in May stood at 12.662 million barrels, down 15,000 b/d from April levels. The EIA though revised upward its April production estimate by 62,000 b/d to 12.677 million b/d. U.S. crude oil exports in May averaged 3.789 million b/d down from the 4.009 million b/d exported in April. The EIA also said it estimates U.S. oil supplied, a proxy for demand, rose to 20.78 million b/d in May, the highest level since August 2019. Gasoline demand is estimated in May to have reached 9.11 million b/d the highest level since June 2022.

A Reuters survey estimates OPEC oil output has fallen in July by 840,000 b/d from June, averaging 27.34 million b/d. Declines were led by Saudi Arabian and Nigerian production declines.

The EIA's latest Petroleum Monthly Report released Monday showed that total U.S. oil demand in May stood at 20.776 million b/d, up 2.5% from April and some 3.5% higher than the same month a year ago. Distillate demand was estimated at 3.93 million b/d up 1.4% from a year ago while gasoline demand was basically flat from a year ago, down just 2,000 b/d at 9.105 million b/d.

Colonial Pipeline announced it is allocating space for Cycle 45 on Line 1, its main gasoline line.

Early Market Call - as of 8:40 AM EDT

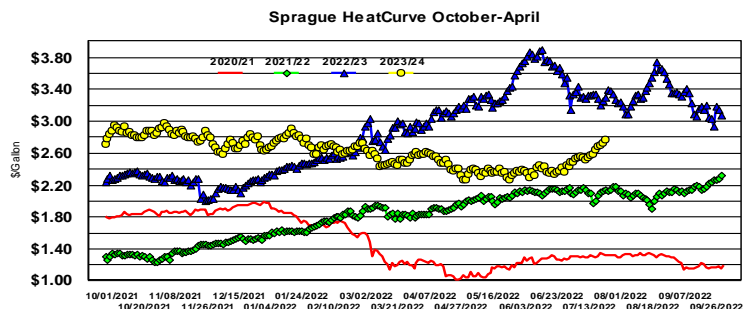
WTI - September \$81.33, down 48 cents
 RBOB - September \$2.8820, down 1.35 cents
 HO - September \$3.0070, up 2.15 cents

All NYMEX | Prior Settlements

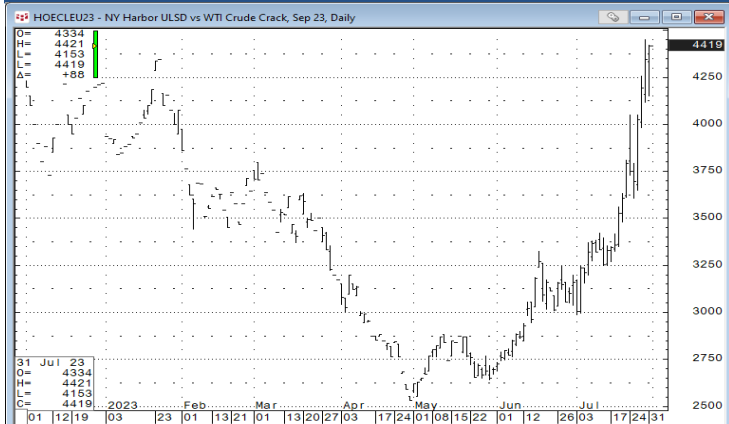
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Aug-23 | \$2.9909 | \$0.0323 | \$0.2204 |
| Sep-23 | \$2.9855 | \$0.0357 | \$0.2215 |
| Oct-23 | \$2.9508 | \$0.0297 | \$0.2000 |
| Nov-23 | \$2.9036 | \$0.0267 | \$0.1766 |
| Dec-23 | \$2.8521 | \$0.0229 | \$0.1511 |
| Jan-24 | \$2.8192 | \$0.0223 | \$0.1371 |
| Feb-24 | \$2.7866 | \$0.0209 | \$0.1264 |
| Mar-24 | \$2.7486 | \$0.0190 | \$0.1163 |
| Apr-24 | \$2.7038 | \$0.0166 | \$0.1064 |
| May-24 | \$2.6714 | \$0.0159 | \$0.0997 |
| Jun-24 | \$2.6454 | \$0.0161 | \$0.0946 |
| Jul-24 | \$2.6300 | \$0.0167 | \$0.0901 |
| Aug-24 | \$2.6193 | \$0.0175 | \$0.0864 |
| Sep-24 | \$2.6101 | \$0.0184 | \$0.0834 |
| Oct-24 | \$2.6029 | \$0.0186 | \$0.0808 |
| Nov-24 | \$2.5935 | \$0.0188 | \$0.0784 |
| Dec-24 | \$2.5828 | \$0.0187 | \$0.0764 |

| Sprague HeatCurve October 2023-April 2024 | | Close | Change |
|---|------------------------------------|-----------|-----------|
| Crude - WTI | Sep Brent- WTI Spread \$3.76 | \$81.8000 | \$1.2200 |
| Crude - Brent | | \$85.5600 | \$0.5700 |
| Natural Gas | | \$2.6340 | -\$0.0040 |
| Gasoline | | \$2.9290 | -\$0.0268 |

Sprague Heat Curve



September Heating Oil Crack Spread



September RBOB Crack Spread

