

Market Commentary

Recap: On Wednesday, the oil market was well supported after U.S. inflation data suggested that inflation was slowing enough to allow the Federal Reserve to stop tightening U.S. monetary policy. The Consumer Price Index report showed U.S. consumer prices, excluding food and energy, in June increased by 0.2% on the month, the smallest increase since August 2021. The WTI market breached the \$76 level and the Brent market traded over the \$80 level for the first time since May following the report. The oil market retraced some of its gains following the release of the EIA weekly petroleum stocks report, which showed a larger than expected build in crude stocks of over 5 million barrels and a larger than expected build in distillates stocks of over 4.8 million barrels. However, the crude market later continued on its upward trend, trading to a high of \$76.15 by mid-day. The market later settled in a sideways trading range ahead of the close. The August WTI contract settled up 92 cents at \$75.75 and the September Brent contract settled up 71 cents at \$80.11. The product markets ended higher, with the heating oil market settling up 1.59 cents at \$2.5996 and the RB market settling up 4.43 cents at \$2.6670.

Technical Analysis: The crude market is seen retracing some of Wednesday's sharp gains before it continues on its upward trend as the market is hoping that the next interest rate increase later this month may be the last. The oil market is seen finding resistance at its high of \$76.15, \$76.35, \$77.25 and \$78.52-\$78.62. Meanwhile, support is seen at \$74.67, \$72.98, \$72.67, \$71.60, followed by \$71.19 and \$70.53.

Fundamental News: The EIA reported that net input of crude oil by U.S. refineries increased to 16.7 million barrels last week, its highest level since June 2022. U.S. West Coast refinery utilization increased to 96.7%, the highest level since September 2018, while utilization by Midwest refineries increased to 98.6%, the highest level in two years.

IIR Energy reported that U.S. oil refiners are expected to shut in about 408,000 bpd of capacity in the week ending July 14th, increasing available refining capacity by 82,000 bpd. Offline capacity is expected to fall to 272,000 bpd in the week ending July 21st.

Colonial Pipeline Co is allocating space for Cycle 41 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

U.S. consumer prices increased modestly in June and posted their smallest annual increase in more than two years as inflation continued to subside. The U.S. Labor Department said the CPI gained 0.2% in June after increasing 0.1% in May. The CPI was lifted by rises in gasoline prices as well as rents, which offset a decrease in the price of used motor vehicles. In the 12 months through June, the CPI increased 3.0%. That was the smallest year-on-year increase since March 2021 and followed a 4.0% rise in May. Excluding the food and energy categories, the CPI increased 0.2% in June. It was the first time in six months that the core CPI did not post monthly gains of at least 0.4%. In the 12 months through June, the core CPI increased 4.8% after increasing 5.3% in May.

Traders said inflation is slowing fast enough to allow the Federal Reserve to stop tightening U.S. monetary policy after what is still widely expected to be an interest rate increase at its meeting in two weeks' time. The contract pricing still shows traders expect the policy rate to increase a quarter point to a 5.25%-5.5% range at the Fed's July 25th-26th meeting but now see about a 25% chance of another rate increase before year's end, down from about 35% before the report.

The Fed Beige Book released today noted that overall economic activity in the U.S. increased slightly since late May and overall economic expectations for the coming months generally continued to call for slow growth. It noted that its survey found wage increases were returning to or nearing pre-pandemic levels and market expectations for price increases were generally stable or lower over the next several months.

Early Market Call - as of 8:40 AM EDT

WTI - August \$75.56, down 19 cents

RBOB - August \$2.6537, down 1.33 cents

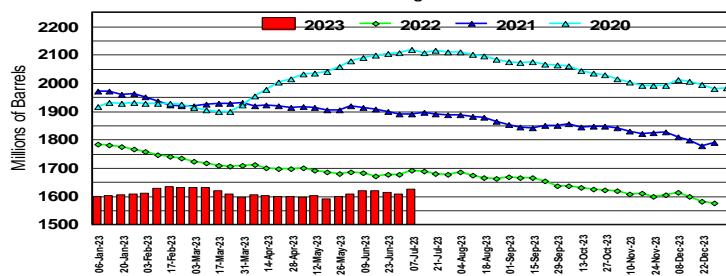
HO - August \$2.5997, up 1 point

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.5996	0.0159	0.1063
Sep-23	2.5920	0.0173	0.1093
Oct-23	2.5847	0.0175	0.1089
Nov-23	2.5737	0.0175	0.1068
Dec-23	2.5595	0.0175	0.1033
Jan-24	2.5500	0.0173	0.1012
Feb-24	2.5359	0.0166	0.0975
Mar-24	2.5148	0.0159	0.0941
Apr-24	2.4873	0.0158	0.0917
May-24	2.4675	0.0156	0.0889
Jun-24	2.4519	0.0155	0.0867
Jul-24	2.4449	0.0154	0.0848
Aug-24	2.4401	0.0151	0.0827
Sep-24	2.4363	0.0146	0.0811
Oct-24	2.4340	0.0143	0.0802
Nov-24	2.4294	0.0141	0.0791
Dec-24	2.4229	0.0141	0.0776

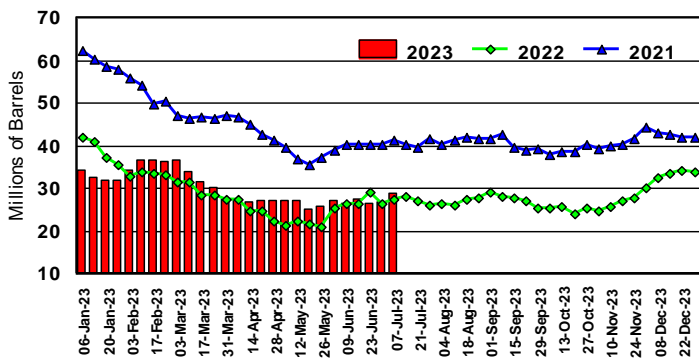
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Sep Brent-WTI Spread \$4.56	\$75.5400	\$0.8300
Crude - Brent		\$80.1000	\$0.7100
Natural Gas		\$2.6320	-\$0.0990
Gasoline		\$2.6670	\$0.0443

Total U.S. Oil Stocks Including SPR



Weekly EIA Petroleum Status Report for the Week Ending July 7, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.946 million barrels
 Cushing, OK Crude Stocks Down 1.605 million barrels
Gasoline Stocks Down 4,000 barrels
Distillate Stocks Up 4.815 million barrels
Refinery % Operated 93.7%, up 2.6%

PADD #1

Distillate Stocks (in million bbl)	Week Ending July 7, 2023	Week Ending June 30, 2023	Week Ending July 8, 2022
New England	3.5	3.4	3.3
Central Atlantic	12.7	11.4	12.8
Total PADD #1	28.9	26.7	27.5
Distillate Imports (thousands b/d)	54	80	107