

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Tuesday continued on its upward trend as it remained supported by the supply cuts by Saudi Arabia and Russia for August and hopes for higher demand in the second half of the year, as China said it will take more steps to revive its economy with additional stimulus. The market was supported amid indications that Russian crude oil production is declining. Bloomberg reported that the average shipments of Russian crude have declined below their February averages. The oil market opened higher and sold off to a low of \$72.98 in overnight trading before it bounced higher and breached its previous high. The extended its gains to over \$1.60 and posted a high of \$74.96 ahead of the close. The oil market was also well supported by the weakness in the dollar, as it fell to a two-month low after several Federal Reserve officials on Monday signaled the central bank was near the end of its tightening cycle. The August WTI contract settled up \$1.84 at \$74.83 and the September Brent contract settled up \$1.71 at \$79.40. The product markets remained supported, with the heating oil market settling up 3.05 cents at \$2.5837 and the RB market settling up 5.31 cents at \$2.6227.

Market Analysis: The oil market will trade in a sideways trading range ahead of the release of the U.S. Consumer Price Index report on Wednesday morning, which is expected to show a 3.1% increase in consumer prices for the year ended in June, down from a 4% annual increase in May. However, the report is unlikely to change the Fed's interest rate trajectory barring a big surprise. The market's losses may be limited by the expected crude oil stocks draws in weekly petroleum stocks reports. The crude market is seen finding resistance at its high of \$74.96, \$75.06 and \$75.70. More distant upside is seen at \$76.11, \$76.69 and \$76.92. Support is seen at its low of \$72.98, \$72.67, \$71.19, \$70.22, \$69.90 and \$69.76. Further support is seen at \$69.69, \$69.53, \$68.93 and \$67.05.

Fundamental News: The EIA raised its 2023 world oil demand growth forecast by 170,000 bpd to 1.76 million bpd and cut its oil demand growth estimate for 2024 by 60,000 bpd to 1.64 million bpd. Total world oil demand in 2023 is forecast to increase to 101.16 million barrels and to 102.8 million barrels in 2024. World oil output is expected to increase by 1.25 million bpd to 101.1 million bpd in 2023 and increase by 1.47 million bpd to 102.57 million bpd. It reported that OPEC production is forecast to fall by 650,000 bpd to 28.02 million bpd in 2023 and increase by 470,000 bpd to 28.49 million bpd in 2024. U.S. oil output is forecast to increase by 670,000 bpd to 12.56 million bpd in 2023 and increase by 290,000 bpd to 12.85 million bpd in 2024. The EIA also reported that U.S. petroleum demand in 2023 is forecast to increase by 160,000 bpd to 20.44 million bpd and by 350,000 bpd to 20.79 million bpd in 2024. U.S. gasoline demand is forecast to increase by 140,000 bpd in 2023 to 8.92 million bpd and by 10,000 bpd to 8.93 million bpd in 2024, while U.S. distillate demand is expected to fall by 50,000 bpd to 3.91 million bpd in 2023 and increase by 50,000 bpd to 3.96 million bpd in 2024. The EIA forecast that the Brent crude price will average \$78/barrel in July and gradually increase to about \$80/barrel in the fourth quarter. The price of Brent crude is expected to average about \$84/barrel in 2024.

OPEC's Secretary General, Haitham Al Ghais, said global energy demand is forecast to increase by 23% through 2045.

Saudi Arabia's cabinet reaffirmed the country's desire to increase precautionary efforts by OPEC and their allies to stabilize oil markets.

JP Morgan said OPEC+ needs to deepen its cuts by another 700,000 bpd in the second half of 2023 in addition to the announced reductions. It said the 700,000 bpd addition cut would need to be extended into 2024 in order to offset both non-OPEC supply growth and increasing output from some non-core OPEC members.

Early Market Call - as of 9:25 AM EDT

WTI - August \$75.60, up 76 cents

RBOB - August \$2.6107, up 2.7 cents

HO - August \$2.6403, up 1.73 cents

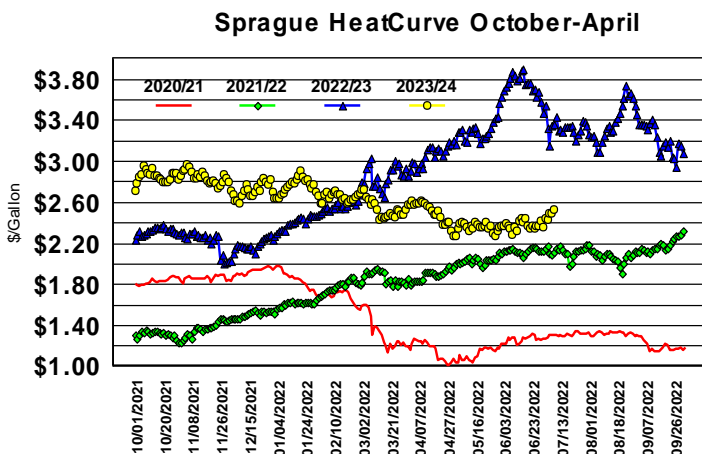
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.5837	0.0305	0.0904
Sep-23	2.5747	0.0346	0.092
Oct-23	2.5672	0.0367	0.0914
Nov-23	2.5562	0.0372	0.0893
Dec-23	2.542	0.0364	0.0858
Jan-24	2.5327	0.0358	0.0839
Feb-24	2.5193	0.035	0.0809
Mar-24	2.4989	0.0346	0.0782
Apr-24	2.4715	0.0346	0.0759
May-24	2.4519	0.0346	0.0733
Jun-24	2.4364	0.0341	0.0712
Jul-24	2.4295	0.0335	0.0694
Aug-24	2.425	0.032	0.0676
Sep-24	2.4217	0.0316	0.0665
Oct-24	2.4197	0.031	0.0659
Nov-24	2.4153	0.0308	0.065
Dec-24	2.4088	0.0315	0.0635

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.69	\$74.7100	\$1.7600
Crude - Brent		\$79.4000	\$1.7100
Natural Gas		\$2.7310	\$0.0620
Gasoline		\$2.6227	\$0.0531

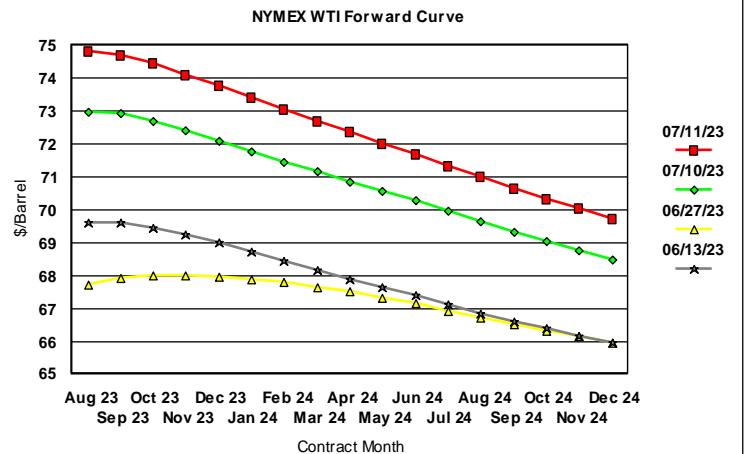
API Report for the Week Ending July 7, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3 million barrels	Down 1.1 million barrels
Gasoline Stocks	Up 1 million barrels	Down 1.1 million barrels
Distillate Stocks	Up 2.9 million barrels	Up 155,000 barrels
Refinery Runs		Up 0.5% at 91.6%

Sprague HeatCurve October-April



WTI Forward Curve



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