

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market on Thursday posted an outside trading day as it sold off following the release of the CPI report, which showed that inflation increased in July for the first time in 13 months. Consumer prices increased by 3.2% on the year in July, up from 3% in June, bringing an end to a 12 month streak of easing inflation. In overnight trading, the oil market rallied to a high of \$84.89 in follow through strength seen on Wednesday, when the market settled a 9 month high. However, it erased its gains as traders took profits ahead of the release of the CPI report. The market continued to sell off following the inflation data, which may have triggered some concerns over a trend of increasing inflation, and posted a low of \$82.58 ahead of the close. The September WTI contract settled down \$1.58 at \$82.82 and the October Brent contract settled down \$1.15 at \$86.40. The product markets settled in negative territory, with the heating oil market settling down 5.37 cents at \$3.1533 and the RB market settling down 2.37 cents at \$2.9047.

**Technical Analysis:** The crude market on Friday will likely trade lower as it stochastics have crossed to the downside following its sell off on Thursday. The market is seen finding support at its low of \$82.58, followed by \$81.77, \$79.90, \$78.69, \$78.55, \$78.29 and \$77.16. Meanwhile, resistance is seen at \$84.25, its high of \$84.89 and \$86.67.

**Fundamental News:** In its monthly report, OPEC said prospects for the global oil market look healthy for the second half of the year, as the producer group stuck to its forecast for increased oil demand in 2024 and increased its expectations for global economic growth. OPEC said it expects world oil demand to increase by 2.25 million bpd in 2024, compared with growth of 2.44 million bpd in 2023. Both forecasts were unchanged from last month. OPEC said that in 2024 "solid" economic growth amid continued improvements in China is expected to increase oil consumption. The report increased OPEC's forecast for world economic growth this year to 2.7% from 2.6% and raised next year's figure by the same increment to 2.6%, saying growth in the United States, Brazil and Russia had surpassed initial expectations in the first half of 2023. OPEC output fell by 836,000 bpd to 27.31 million bpd in July, driven by lower Saudi output. Saudi Arabia told OPEC that it cut output by 943,000 bpd in July to 9.013 million bpd, delivering on its promise to lower July production by 1 million bpd.

Citigroup said energy demand from China may be softening. The bank said Chinese crude oil exports in the second quarter were up 12% on the year, while LNG imports increased by 9% over the same period. Citi has stated that it believes much of those imports were tied to stock building, rather than actual demand, adding that the failure of Chinese officials to stimulate the country's economy could suggest now tight oil markets may loosen over the remainder of the year. Citi said it does not believe Chinese crude imports will match the 12 million bpd level seen occasionally in the second quarter. They calculated that China imported only 10.3 million bpd in July and are projecting that about 11 million bpd is necessary to meet domestic refining needs.

The structure of the global benchmark Brent crude futures market is at its most bullish since April, reflecting the impact of production cuts from OPEC+ on available supply. The premium of the front month Brent contract to the six-month contract increased to as much as \$3.34/barrel on Thursday, the highest since April.

Japan's Ministry of Economy, Trade and Industry said Japan will end an International Energy Agency-led measure to lower the required level of privately-held oil reserves on April 30, 2024.

**Early Market Call - as of 8:30 AM EDT**

WTI - September \$83.12, up 30 cents  
 RBOB - September \$2.9280, up 2.42 cents  
 HO - September \$3.1736, up 2.03 cents

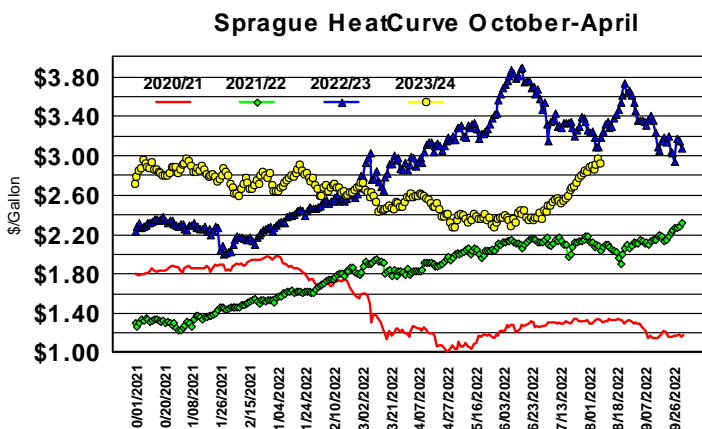
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.1533	-0.0537	0.0784
Oct-23	3.1214	-0.0493	0.0781
Nov-23	3.0508	-0.0498	0.0615
Dec-23	2.9668	-0.0505	0.0386
Jan-24	2.9183	-0.0499	0.0311
Feb-24	2.8743	-0.0485	0.0251
Mar-24	2.8244	-0.0470	0.0192
Apr-24	2.7679	-0.0457	0.0156
May-24	2.7272	-0.0447	0.0124
Jun-24	2.6953	-0.0436	0.0090
Jul-24	2.6844	-0.0435	0.0103
Aug-24	2.6780	-0.0440	0.0118
Sep-24	2.6721	-0.0442	0.0135
Oct-24	2.6619	-0.0444	0.0150
Nov-24	2.6451	-0.0431	0.0157
Dec-24	2.6240	-0.0420	0.0141
Jan-25	2.6041	-0.0414	0.0108

Sprague HeatCurve October 2023-April 2024			\$2.9207
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$4.11	\$82.2900	-\$1.4000
Crude - Brent		\$86.4000	-\$1.1500
Natural Gas		\$2.7630	-\$0.1960
Gasoline		\$2.9047	-\$0.0237

### EIA Working Gas Storage Report

	04-Aug-23	28-Jul-23	Change	04-Aug-22
East	700	680	20	562
Midwest	793	775	18	660
Mountain	196	191	5	148
Pacific	233	230	3	252
South Central	1108	1124	-16	873
Salt	284	297	-13	193
Nonsalt	824	828	-4	680
Total	3030	3001	29	2,495

## Sprague HeatCurve October-April



## ICE October Brent-WTI Spread

