

Market Commentary

Recap: On Wednesday, the oil market posted an outside trading day as the market weighed the supply cuts announced earlier this week by Saudi Arabia and Russia against the concerns over the global economy. The market traded mostly sideways during Tuesday's short trading session before it sold off to a low of \$69.90 in overnight trading. Given there was no settlement on Tuesday because of the Independence Day holiday, trading on Wednesday appeared to narrow the spread between Brent and WTI, with WTI catching up with Brent's gains the previous day. Early in the session, the market seems to have come under pressure again due to concerns over a slowdown in the global economy and future interest rate increases in the U.S. and Europe. A private sector survey showed China's services activity expanded at the slowest pace in five months in June. However, the oil market bounced off its lows and never looked back as it rallied to a high of \$72.17 on the additional supply cuts announced this week and ahead of the weekly petroleum stock reports. The August WTI contract settled up \$2.00 at \$71.79 and the September Brent contract settled up 40 cents at \$76.65. The product markets were also well supported, with the heating oil market settling up 1.16 cents at \$2.4933 and the RB market settling up 5.59 cents at \$2.5183.

Market Analysis: The oil market on Thursday will seek further direction from the weekly petroleum stocks reports due later on Wednesday and Thursday morning, which are expected to show draws in crude stocks of 1 million barrels on the week. The market is seen finding resistance at its high of \$72.12, \$72.65, \$72.72, \$73.37, \$75.70 and \$76.93. Meanwhile, support is seen at \$71.00, \$69.90, \$69.69, \$69.53, \$68.93, \$67.05 and \$66.96.

Fundamental News: In a statement, OPEC said its ministers met on the sidelines of the 8th OPEC seminar in Vienna where they reviewed the market conditions and agreed to continue consultation with their non-OPEC counterparts, in their continued efforts to support a stable and balanced oil market.

Saudi Energy Minister, Prince Abdulaziz bin Salman, said new joint oil output cuts agreed by Russia and Saudi Arabia earlier this week have again proven sceptics wrong about Saudi-Russian energy relations. He said OPEC+ will do whatever necessary to support the market. He also said IEA data anomalies create market distortions.

The United Arab Emirates' Energy Minister, Suhail Al Mazrouei, said additional oil output and export cuts made by Saudi Arabia and Russia earlier this week should be enough to help balance the oil market.

Kuwait's Oil Minister said that his country hopes to have a higher oil production quota when it ramps up capacity and Kuwait remains committed to OPEC decisions. The minister also said his country hopes to reach 3.2 million bpd of production capacity before the end of 2024.

Morgan Stanley said it expects Brent prices to moderate towards \$70/barrel as the market's focus shifts from the second half of 2023 stock draws to the first half of 2024 stock builds. Morgan Stanley lowered its oil price forecasts, predicting a market surplus in the first half of 2024 with non-OPEC supply growing faster than demand next year. The bank cut its Brent price outlook for the third quarter this year to \$75/barrel from \$77.50/barrel and lowered its fourth quarter forecast to \$70/barrel from \$75/barrel. It also cut its forecasts for 2024 by \$5, and now sees prices at \$70/barrel in the first quarter, at \$72.50/barrel in the second, and at \$75/barrel and \$80/barrel for the final two quarters, respectively.

IIR Energy reported that U.S. oil refiners are expected to shut in about 129,000 bpd of capacity in the week ending July 7th, increasing available refining capacity by 915,000 bpd.

Early Market Call - as of 8:25 AM EDT

WTI - August \$71.37 down 42 cents per barrel
 RBOB - August \$2.5013 down 1.70 cents per gallon
 HO - August \$2.4696 down 2.37 cents per gallon

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.4933	0.116	0.0985
Sep-23	2.4827	0.1076	0.092
Oct-23	2.4758	0.1017	0.0874
Nov-23	2.4669	0.0963	0.0834
Dec-23	2.4562	0.0922	0.0807
Jan-24	2.4488	0.088	0.077
Feb-24	2.4384	0.084	0.073
Mar-24	2.4207	0.0807	0.0691
Apr-24	2.3956	0.0784	0.0669
May-24	2.3786	0.077	0.0657
Jun-24	2.3652	0.0759	0.0653
Jul-24	2.3601	0.075	0.0643
Aug-24	2.3574	0.0742	0.0633
Sep-24	2.3552	0.0735	0.0615
Oct-24	2.3538	0.073	0.0599
Nov-24	2.3503	0.0724	0.0578
Dec-24	2.3453	0.0718	0.056

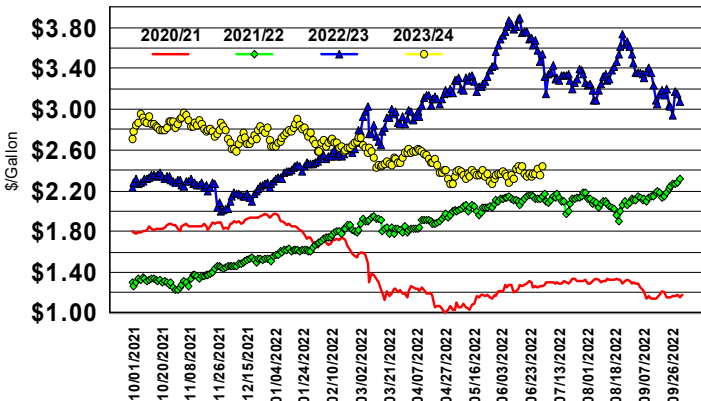
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.77	\$71.8800	\$1.9700
Crude - Brent		\$76.6500	\$0.4000
Natural Gas		\$2.6570	\$0.0520
Gasoline		\$2.5183	\$0.0559

API Report for the Week Ending June 30, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 4.4 million barrels	Down 1 million barrels
Gasoline Stocks	Up 1.6 million barrels	Down 1.4 million barrels
Distillate Stocks	Up 600,000 barrels	Up 300,000 barrels
Refinery Runs		Unchanged at 92.2%

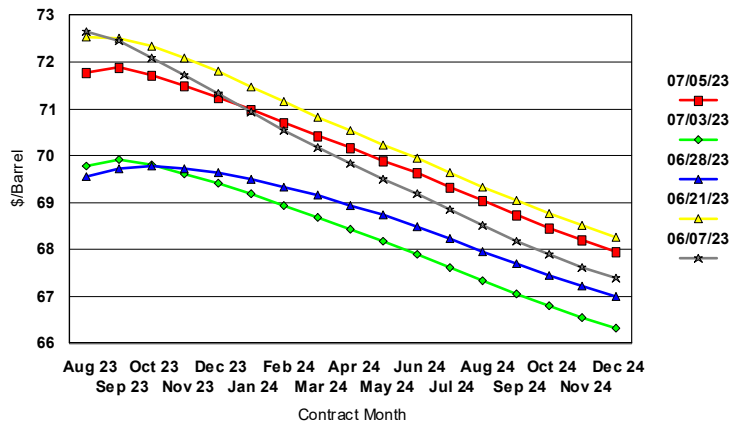
Sprague HeatCurve October-April

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WTI Forward Curve

NYMEX WTI Forward Curve



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