

Market Commentary

Recap: The oil market rallied higher on Tuesday after Saudi Arabia and Russia extended their voluntary supply cuts by three months to the end of the year. The market traded mostly sideways during Monday's shortened trading session in observance of the Labor Day holiday and posted a low of \$85.02 early Tuesday morning. The market bounced off that level and rallied to a high of \$88.07 by mid-day following the unexpected three month extension. The market was also well supported by prospects of the U.S. economy avoiding a hard recession. Goldman Sachs said it sees the probability of a U.S. recession starting in the next 12 months at 15%, down from an earlier forecast of 20%. The market later retraced more than 50% of its earlier move higher ahead of the close. The October WTI contract settled up \$1.14 at \$86.69 and the October Brent contract settled up \$1.04 at \$90.04. The product markets ended the session mixed, with the heating oil market settling up 11.46 cents at \$3.2196 and the RB market settling down 1.02 cents at \$2.5810.

Technical Analysis: The oil market is seen retracing some of Tuesday's sharp gains before it continues on its upward trend following the supportive news of Saudi Arabia and Russia's decision to extend their output cuts. The market is seen finding resistance at its high of \$88.07 and the \$90.00 level. Support is however seen at its low of \$85.02, \$84.07, \$83.46, \$82.83, \$81.59, \$81.48 and \$80.88.

Fundamental News: Saudi Arabia and Russia prolonged their unilateral oil supply cuts by another three months until December. State news agency SPA said Saudi Arabia will extend its voluntary oil output cut of 1 million bpd for another three months until the end of December 2023. The news agency said the voluntary cut decision will be reviewed monthly to consider deepening the cut or increasing production depending on market conditions. The move will hold output at about 9 million bpd for six months in total, the lowest level in several years. Meanwhile, Russia's Deputy Prime Minister, Alexander Novak, said Russia will extend its voluntary decision to cut oil exports by 300,000 bpd until the end of the year "to maintain stability and balance" on oil markets. Russia has stated that it would cut exports by 500,000 bpd or about 5% of its output in August and by 300,000 bpd in September.

Gasoline prices are now at the highest seasonal level in more than a decade even as the Labor Day holiday marked the end of the U.S. summer driving season. According to the AAA, the national average for regular gasoline stands at \$3.811/gallon, surpassing the price seen this time last year and marking the second-highest level in records going back to 1994.

Gunvor Group Ltd. said the oil market's rally since late June could be erased in the next six months as weakening demand takes over from supply cuts as the main market driver. Gunvor's global head of research and analysis, Frederic Lasserre, said parts of Europe are already in recession and the U.S. is likely to slip into a mild one. He said there is also uncertainty on demand in China. He said there is a risk of a "significant correction" in the fourth quarter or first three months of next year and Brent crude could test \$71/barrel to \$72/barrel in the next six months.

BloombergNEF is calculating demand for passenger jet fuel is set for the fourth consecutive weekly decline, as the seasonal autumn travel decline gets underway. For the week of September 5-11th, implied jet fuel demand is estimated to decline 1% week on week to 6.58 million b/d.

Sources said Iraqi oil flows to Turkey are not expected to resume before October, when Turkish President Tayyip Erdogan will likely visit Baghdad, after the trip originally scheduled for August was postponed. Turkey halted Iraqi northern oil export flows on March 25th after an arbitration ruling by the International Chamber of Commerce ordered Ankara to pay Baghdad damages of \$1.5 billion for unauthorized exports by the Kurdistan Regional Government between 2014 and 2018.

Early Market Call - as of 8:20 AM EDT

WTI - October \$86.54, down 15 cents

RBOB - October \$2.5702, down 1.08 cents

HO - October \$3.1775, down 4.21 cents

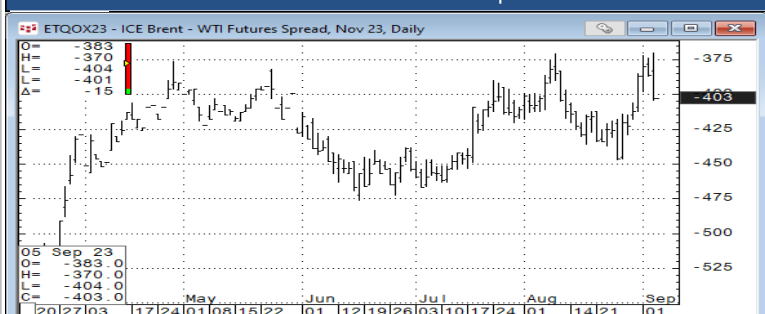
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-23	\$3.2196	\$0.1146	\$0.0471
Nov-23	\$3.1448	\$0.1065	\$0.0640
Dec-23	\$3.0334	\$0.0939	\$0.0707
Jan-24	\$2.9728	\$0.0846	\$0.0806
Feb-24	\$2.9260	\$0.0757	\$0.0812
Mar-24	\$2.8744	\$0.0684	\$0.0812
Apr-24	\$2.8175	\$0.0619	\$0.0807
May-24	\$2.7807	\$0.0561	\$0.0791
Jun-24	\$2.7536	\$0.0522	\$0.0772
Jul-24	\$2.7396	\$0.0483	\$0.0742
Aug-24	\$2.7274	\$0.0446	\$0.0711
Sep-24	\$2.7161	\$0.0414	\$0.0682
Oct-24	\$2.7040	\$0.0396	\$0.0679
Nov-24	\$2.6898	\$0.0385	\$0.0689
Dec-24	\$2.6729	\$0.0371	\$0.0705
Jan-25	\$2.6561	\$0.0357	\$0.0710
Feb-24	\$2.6363	\$0.0344	\$0.0703

Sprague HeatCurve October 2023-April 2024

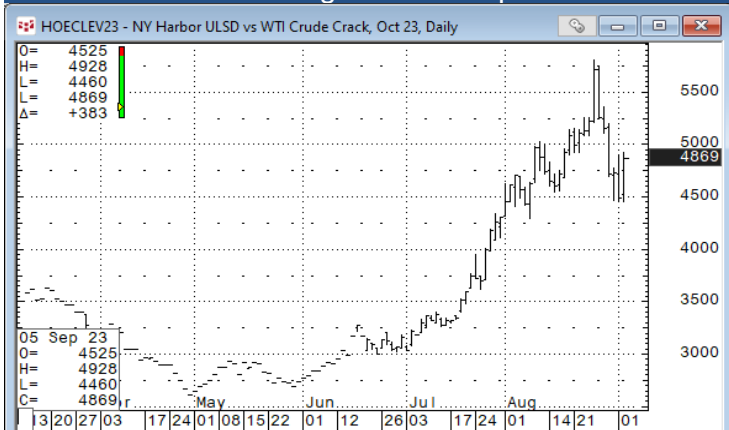
	Close	Change
Crude - WTI	\$86.0100	\$1.2600
Crude - Brent	\$90.0400	\$1.0400
Natural Gas	\$2.5820	-\$0.1830
Gasoline	\$2.5810	-\$0.0102

ICE November Brent-WTI Spread



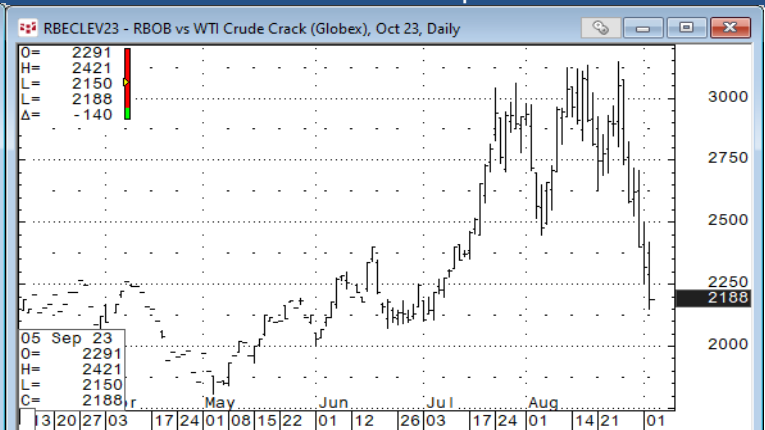
CQG Inc. © 2023 All rights reserved worldwide ETQOX23.D | 09/05/2023 16:06:57, CQG 22.12.8050

October Heating Oil Crack Spread



CQG Inc. © 2023 All rights reserved worldwide HOECLEV23.D | 09/05/2023 16:07:43, CQG 22.12.8050

October RBOB Crack Spread



CQG Inc. © 2023 All rights reserved worldwide RBECLV23.D | 09/05/2023 16:08:07, CQG 22.12.8050

This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.