

## Market Commentary

**Recap:** The oil market settled higher Friday, posting the third consecutive higher daily settlement as the financial markets found support by signs that inflation was slowing. But despite the gains, the oil markets still posted their fourth straight quarterly loss as concerns still remain on the strength of the global economic growth. With the approach of the long holiday weekend in the U.S. and Canada trading interest appeared to be subdued Friday.

ICE reported that speculators reduced their net long position by 403 contracts to 15,788 lots in the gasoil market for the week ending June 27<sup>th</sup>. They also reduced their net long position in the Brent contract by 30,586 lots to 159,800 contracts during the same time period.

The CFTC reported that for the week ending June 27<sup>th</sup> money managers cut their net crude position by 32,553 contracts on a combined basis between the NYMEX and ICE WTI futures and option contracts. Hedge funds also reduced their net position in the RBOB contract, reducing it by 6,686 lots while increasing their net position in the heating oil market by 6,455 lots.

**Fundamental News:** The EIA reported that U.S. crude oil production fell by 102,000 bpd in April to 12.615 million bpd. The March oil production level was revised up by 21,000 bpd to 12.717 million bpd. U.S. crude oil exports in April fell to 4.009 million bpd from 4.807 million bpd in March. U.S. total refined oil product exports fell to 2.633 million bpd in April from 3.134 million bpd in March. U.S. distillates fuel exports fell to 1.02 million bpd in April, down from 1.141 million bpd in March and gasoline exports fell to 731,000 bpd from 862,000 bpd in March. The EIA reported that U.S. total domestic crude oil shipments by rail increased to 164,000 bpd in April.

According to Reuters, OPEC oil output has fallen slightly in June as increases in Iraq and Nigeria limited the impact of cutbacks by others, despite a wider OPEC+ deal and voluntary cuts by several members to support the market. OPEC produced 28.18 million bpd in June, down 50,000 bpd in May's revised level.

Baker Hughes reported the number of oil and natural gas rigs operating in the United States declined this week marking the ninth consecutive week of declines, an event not seen since 2020. The number of rigs operating declined by 8 to 674 rigs, the lowest level since April 2022.

The Department of energy reported it has bought 3.2 million barrels of oil for its SPR. The purchases were from Shell, Sunoco, Atlantic Trading and Macquarie.

The U.S. Commerce Department reported that consumers increased their spending for the fifth consecutive month in May and inflation eased. Consumer spending increased by 0.1% in May from the previous month, compared with a revised 0.6% increase in April. The Personal Consumption Expenditures Price Index increased 3.8% on the year, down from 4.3% in April. The core prices, excluding food and energy prices, increased by 4.6% in May from a year earlier, down slightly from 4.7% in April. Overall prices increased 0.1% in the month after easing from a 0.4% increase in April.

The University of Michigan's survey of consumer sentiment in June increased to 64.4 from a preliminary reading of 63.9 and a final reading of 59.2 in May. Its current conditions index in June increased to 69 from a preliminary reading of 68 and a final reading of 64.9 in May and the consumer expectations index increased to 61.5 in June from a preliminary reading of 61.3 and a final reading of 55.4 in May.

**Early Market Call - as of 8:25 AM EDT**

WTI - August \$71.36, up 72 cents

RBOB - August \$2.5452, up 3 points

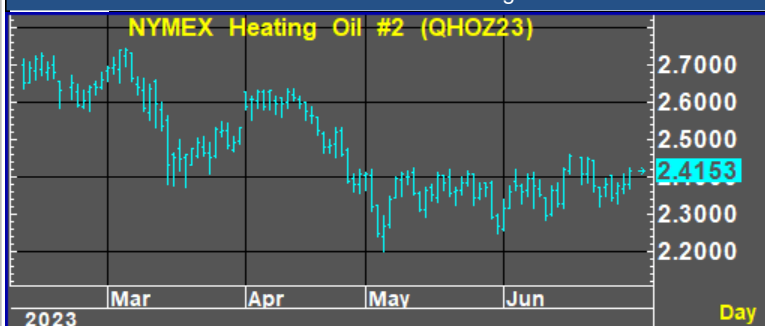
HO - August \$2.4339, down 1.07 cents

## All NYMEX | Prior Settlements

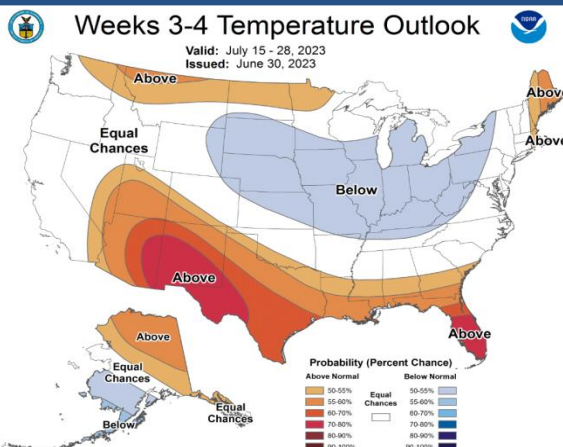
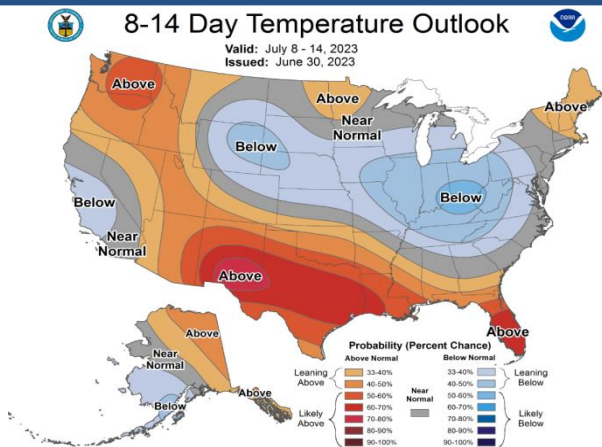
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-23	\$2.4482	\$0.0326	\$0.0411
Aug-23	\$2.4476	\$0.0404	\$0.0747
Sep-23	\$2.4420	\$0.0407	\$0.0747
Oct-23	\$2.4378	\$0.0398	\$0.0740
Nov-23	\$2.4306	\$0.0392	\$0.0733
Dec-23	\$2.4209	\$0.0391	\$0.0716
Jan-24	\$2.4150	\$0.0386	\$0.0700
Feb-24	\$2.4066	\$0.0383	\$0.0689
Mar-24	\$2.3911	\$0.0381	\$0.0682
Apr-24	\$2.3668	\$0.0377	\$0.0678
May-24	\$2.3505	\$0.0377	\$0.0683
Jun-24	\$2.3376	\$0.0378	\$0.0682
Jul-24	\$2.3322	\$0.0365	\$0.0669
Aug-24	\$2.3296	\$0.0353	\$0.0660
Sep-24	\$2.3279	\$0.0341	\$0.0648
Oct-24	\$2.3276	\$0.0335	\$0.0638
Nov-24	\$2.3256	\$0.0333	\$0.0632

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.26	\$70.6400	\$0.7800
Crude - Brent		\$74.9000	\$0.5600
Natural Gas		\$2.7980	\$0.0970
Gasoline		\$2.6340	\$0.0163

### NYMEX December Heating Oil



## U.S. Temperature Forecasts



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