

Market Commentary

Recap: The oil market continued on its upward trend on Thursday as it remained well supported after U.S. inflation data implied interest rates are close to their peak. This followed the Consumer Price Index report on Wednesday showing consumer prices increasing modestly in June and saw the smallest annual increase in more than two years as inflation continued to subside. The crude market traded mostly sideways in overnight trading and retraced some of its previous gains as it posted a low of \$75.32 in the morning. The market bounced off its low and rallied to \$76.90 by mid-morning amid reports of supply outages in Libya and Nigeria. The oil market later settled in a sideways trading range before further buying ahead of the close pushed the market over the \$77.00 level. The August WTI contract settled up \$1.14 at \$76.89 and the September Brent contract settled up \$1.25 at \$81.36. The WTI continued to trade higher, rallying to a high of \$77.29 in post-settlement trading. Meanwhile, the product markets settled a little more than a penny higher, with the heating oil market settling up 1.08 cents at \$2.6104 and the RB market settling up 1.16 cents at \$2.6786.

Technical Analysis: The oil market is seen retracing some of its sharp gains on Friday. However, the market's losses will remain limited amid the supply shut ins in Libya and Nigeria. The market will also remain supported as the market sees less likelihood that the Fed will continue its monetary tightening policy following an expected increase in rates later this month. The crude market is seen finding resistance at its high of \$77.29, \$78.52-\$78.62 followed by the \$80.00 level and \$80.39. Support is seen at \$76.10, \$75.71, its low of \$75.32 followed by \$74.67, \$72.98 and \$72.67.

Fundamental News: The IEA said oil demand is set to reach a record high this year but economic headwinds and interest rate hikes mean the increase will be slightly less than anticipated. It said while demand is expected to reach 102.1 million bpd, it lowered its forecast for growth for the first time this year, by 220,000 bpd to 2.2 million bpd. Oil demand growth is set to halve next year to 1.1 million bpd, reflecting vehicle electrification and energy efficiency.

OPEC maintained an upbeat world oil demand outlook despite economic headwinds, raising its growth forecast for 2023 and predicting only a slight slowdown in 2024 as China and India continue to drive the expansion in fuel demand. In a monthly report, 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. It raised its 2023 demand growth forecast by 90,000 bpd from last month's report. OPEC said that OPEC's pre-emptive approach and output curbs had "added a considerable measure of stability to (the) global oil market, based on which the solid oil market fundamentals seen this year are expected to extend into 2024". The report also showed OPEC's oil production increased by 91,000 bpd to 28.19 million bpd in June, led by Iran and Iraq, despite output cuts pledged by OPEC+. OPEC sees global demand for its crude at 30.2 million bpd in 2024, up 800,000 from 2023. It expects non-OPEC supply to increase by 1.4 million bpd in 2024, lagging demand growth and the same rate as 2023.

JP Morgan said their current price forecast calls for Brent crude prices to increase into the \$80s in the third quarter and end the year at \$86/barrel as inventories have now started to decline.

Production at Libya's El Feel oilfield was stopped on Thursday. A tribal leader said the stoppage is considered as a protest over the kidnapping of a former finance minister.

Loadings of Nigeria's Forcados crude were suspended due to a potential leak at the export terminal. Exports of the grade, which was scheduled to ship 220,000 bpd in July, were halted on Wednesday evening after workers saw fumes around the single buoy mooring that was loading oil onto a vessel.

Early Market Call - as of 8:55 AM EDT

WTI - August \$76.80, down 9 cents

RB0B - August \$2.6738, down 48 points

HO - August \$2.6161, up 57 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.6104	0.0108	0.1310
Sep-23	2.6046	0.0126	0.1361
Oct-23	2.5984	0.0137	0.1357
Nov-23	2.5876	0.0139	0.1335
Dec-23	2.5736	0.0141	0.1304
Jan-24	2.5641	0.0141	0.1283
Feb-24	2.5504	0.0145	0.1257
Mar-24	2.5299	0.0151	0.1235
Apr-24	2.5026	0.0153	0.1214
May-24	2.4825	0.0150	0.1182
Jun-24	2.4662	0.0143	0.1151
Jul-24	2.4585	0.0136	0.1124
Aug-24	2.4538	0.0137	0.1109
Sep-24	2.4502	0.0139	0.1096
Oct-24	2.4481	0.0141	0.1090
Nov-24	2.4438	0.0144	0.1085
Dec-24	2.4376	0.0147	0.1083

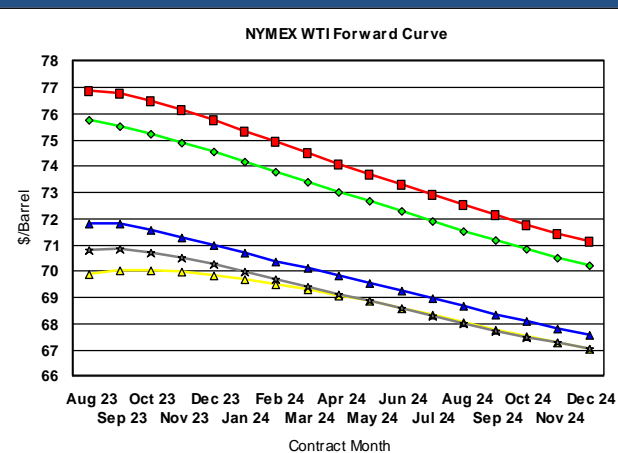
Sprague HeatCurve October 2023-April 2024

		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$4.60	\$76.7600	\$1.2200
Crude - Brent		\$81.3600	\$1.2500
Natural Gas		\$2.5450	-\$0.0870
Gasoline		\$2.6786	\$1.1600

EIA Working Gas Storage Report

	07-Jul-23	30-Jun-23	Change	07-Jul-22
East	653	643	10	498
Midwest	724	705	19	583
Mountain	180	173	7	142
Pacific	225	216	9	248
South Central	1147	1144 R	3	890
Salt	323	329 R	-6	223
Nonsalt	824	816	8	667
Total	2930	2881 R	49	2,361

WTI Forward Curve



ICE September Brent-WTI Spread

