

Market Commentary

Recap: The oil market sold off for the third consecutive day on Wednesday as a decline in euro zone business activity deepened more than expected in August and U.S. business activity approached the stagnation point in August, with growth at its weakest level since February. This was in addition to the concerns over China's economy and its impact on demand for commodities. The October WTI contract, on its first day as the spot contract, posted a high of \$79.91 in overnight trading before it extended its losses to over \$2 as it sold off to a low of \$77.62 ahead of the release of the EIA's weekly petroleum stocks report. It retraced more than 32% of its move from a low of \$67.42 to a high of \$84.16. The market retraced some of its earlier losses in light of the EIA report showing a larger than expected draw in crude stocks of over 6 million barrels. While the market retraced some of its losses, it still remained in negative territory as the weak economic data outweighed the draw in stocks and a Reuters news story stating that analysts expect Saudi Arabia to roll over its voluntary cut of 1 million bpd for a third consecutive month in October. The oil market traded mostly sideways during the remainder of the session, with the October WTI contract settling down 75 cents at \$78.89. The October Brent contract settled down 82 cents at \$83.21. The product markets settled in negative territory, with the heating oil market settling down 97 points at \$3.1291 and the RB market settling down 2.03 cents at \$2.7688.

Technical Analysis: The oil market will likely trade sideways as it looks for hints on the outlook for interest rates when Federal Reserve officials and policymakers from the European Central Bank, the Bank of England and the Bank of Japan gather for an annual meeting in Jackson Hole, Wyoming on Thursday. The market is seen finding support at its low of \$77.62, \$76.61, \$76.16 and \$75.79. Meanwhile, resistance is seen at its high of \$79.91, \$80.37, \$80.72 and \$81.75.

Fundamental News: Analysts said Saudi Arabia will likely roll over a voluntary oil cut of 1 million bpd for a third consecutive month into October, amid uncertainty about supplies and as the kingdom targets drawing down global inventories further. Earlier this month, Riyadh extended its voluntary cut into September, with the energy ministry saying that it could be "extended, or extended and deepened". Two analysts, brokerage PVM Oil's John Evans and Saxo Bank's Ole Hansen, said a possible resumption of oil production from Iraq's Kurdistan region may prompt Riyadh to withhold additional supplies to the market for now. Iraq and Turkey held talks this week to resume about 450,000 bpd of exports from northern Iraq which Turkey had halted in late March, but an agreement is yet to be reached. Meanwhile, UBS analyst Giovanni Staunovo, said Saudi will likely only reduce its voluntary cut when it sees global oil inventories fall further from their current levels.

Iran's Oil Minister, Javad Owji said Iran's crude oil output will reach 3.4 million bpd by the end of September, despite U.S. sanctions remaining in place.

Goldman Sachs sees less of a downside risk to oil prices from higher-than-expected inventories, noting that lower OECD commercial stocks could add \$2 to its end-2023 Brent outlook of \$86/barrel. OECD commercial stocks were 30 million barrels lower in August than it had previously forecast.

IIR Energy reported that U.S. oil refiners are expected to shut in about 382,000 bpd of capacity in the week ending August 25th, cutting available refining capacity by 175,000 bpd. Offline capacity is expected to increase to 402,000 bpd in the week ending September 1st.

Early Market Call - as of 8:20 AM EDT

WTI - October \$78.94, up 5 cents

RBOB - September \$2.7885, up 1.97 cents

HO - September \$3.1460, up 1.67 cents

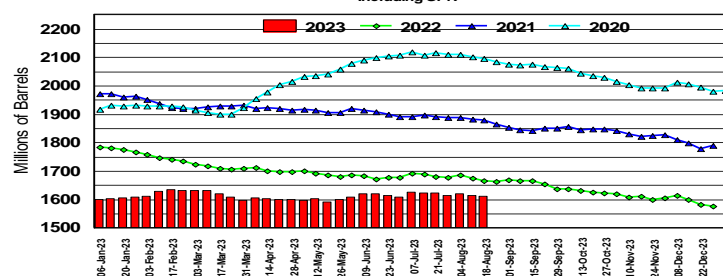
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.1291	-0.0097	0.1082
Oct-23	3.1021	-0.0104	0.1051
Nov-23	3.0221	-0.0091	0.0860
Dec-23	2.9227	-0.0098	0.0665
Jan-24	2.8678	-0.0091	0.0535
Feb-24	2.8235	-0.0089	0.0445
Mar-24	2.7728	-0.0089	0.0349
Apr-24	2.7162	-0.0095	0.0250
May-24	2.6820	-0.0093	0.0222
Jun-24	2.6587	-0.0098	0.0217
Jul-24	2.6496	-0.0099	0.0195
Aug-24	2.6427	-0.0099	0.0180
Sep-24	2.6363	-0.0098	0.0176
Oct-24	2.6269	-0.0094	0.0167
Nov-24	2.6140	-0.0089	0.0164
Dec-24	2.5985	-0.0077	0.0173
Jan-25	2.5832	-0.0063	0.0183

Sprague HeatCurve October 2023-April 2024

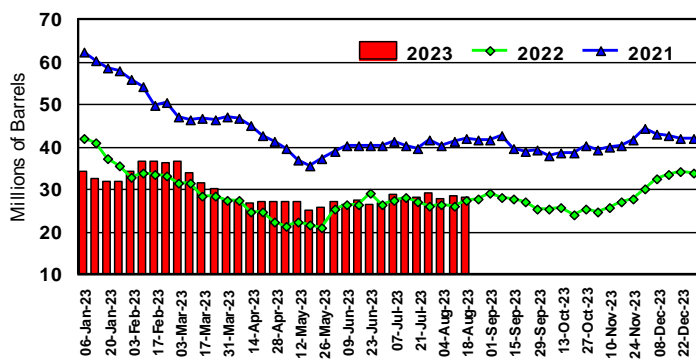
	Close	Change
Crude - WTI	\$78.8900	-\$0.7500
Crude - Brent	\$83.2100	-\$0.8200
Natural Gas	\$2.4970	-\$0.0630
Gasoline	\$2.7688	-\$0.0203

Total U.S. Oil Stocks Including SPR



Weekly EIA Petroleum Status Report for the Week Ending August 11, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 6.134 million barrels

Cushing, OK Crude Stocks Down 3.133 million barrels

Gasoline Stocks Up 1.468 million barrels

Distillate Stocks Up 945,000 barrels

Refinery % Operated 94.5%, down 0.2%

PADD #1

	Week Ending August 18, 2023	Week Ending August 11, 2023	Week Ending August 19, 2022
Distillate Stocks (in million bbl)			
New England	3.0	3.1	3.1
Central Atlantic	15.1	13.8	11.5
Total PADD #1	28.3	28.5	27.5
Distillate Imports (thousands b/d)	70	96	114