

## Market Commentary

**Recap:** The oil market continued to trend higher on Friday as supply concerns outweighed fears that further interest rate hikes could slow economic growth. The market was well supported by several fundamental factors, with Vortexa reporting that there was currently 10.5 million barrels of Saudi crude in floating storage off the Egyptian Red Sea port of Ain Sukhna, down by almost half from mid-June. In Norway, Equinor halted output at its Oseberg East oil field in the North Sea due to staffing shortages, while in Mexico a fire broke out at the Nohoch-A offshore platform run by Pemex at the Cantarell complex. The oil market sold off early in the session to a low of \$71.19 after U.S. jobs report did little to calm fears of further interest rate increases. However, the market bounced off its lows and rallied higher during the remainder of the session as the supportive fundamental news regarding supply more than offset the economic concerns. The market extended its gains to over \$2 as it rallied to a high of \$73.92 ahead of the close. The August WTI contract settled up \$2.06 at \$73.86 and the September Brent contract settled up \$1.95 at \$78.47. The WTI contract settled up \$3.22 or 4.56% on the week, the largest percentage gain since the week ending April 6<sup>th</sup>. The product markets ended the session sharply higher as well, with the heating oil contract settling up 7.97 cents at \$2.5591 and the RB market settling up 4.55 cents at \$2.5893.

**Technical Analysis:** The oil market will likely retrace some of its sharp gains on Monday before it continues to trade higher within its trading range seen over the last few weeks. The market is seen finding resistance at its high of \$73.92, \$75.06, \$75.70, \$76.11, \$76.69 and \$76.92. Support is however seen at its low of \$71.19, \$70.22, \$69.90, \$69.69, \$69.53, \$68.93 and \$67.05.

**Fundamental News:** According to data from oil analytics firm Vortexa, there are currently 10.5 million barrels of Saudi crude in floating storage off the Egyptian Red Sea port of Ain Sukhna, half the volume that built up there in mid-June. On June 14<sup>th</sup>, Vortexa observed 19.5 million barrels of Saudi crude on board 10 very large crude carriers outside Ain Sukhna, most of which had loaded in the second half of May. Vortexa said the last time Saudi crude was stored on ships in such big volumes was in the second quarter of 2020, when the COVID-19 pandemic drove a collapse in global oil demand. Currently, five VLCCs laden with Saudi crude are in floating storage off Ain Sukhna.

Commerzbank lowered its Brent oil price forecast for the end of the year to \$85/barrel from a previous forecast of \$90/barrel. It sees WTI crude trading at \$80/barrel at the end of 2023. It also forecast Brent prices at \$90/barrel and WTI prices at \$85/barrel at the end of 2024.

Refinitiv analyst, Raj Rajendran, said diesel imports into Europe so far in July are expected to reach 2.9 million tons. June imports into the region reached 6.7 million tons, up from 6.15 million tons in the previous month. Separately, Refinitiv tracking data showed that Northwest European gasoline exports to the U.S. and West Africa in June reached 1.73 million tons. July shipments planned so far reached 430,000 tons.

U.S. energy firms this week added oil and natural gas rigs for the first time in 10 weeks, due to the largest weekly increase in gas rigs since October 2016. Baker Hughes reported that the oil and gas rig count increased by 6 to 680 in the week ending July 7<sup>th</sup>. U.S. oil rigs fell five to 540 this week, their lowest since April 2022, while gas rigs increased by 11 to 135, the highest level since early June.

IIR Energy said U.S. oil refiners are expected to shut about 259,000 bpd of capacity in the week ending July 7<sup>th</sup>, increasing available refining capacity by 785,000 bpd. Offline capacity is expected to decrease to 222,000 bpd in the week ending July 14<sup>th</sup> and fall further to 130,000 bpd for the week ending July 21<sup>st</sup>.

**Early Market Call - as of 9:00 AM EDT**

WTI - August \$73.08, down 77 cents

RBOB - August \$2.5590, down 3.03 cents

HO - August \$2.5344, down 2.44 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-23	2.5591	0.0797	0.1115
Sep-23	2.5420	0.0735	0.1000
Oct-23	2.5289	0.0662	0.0911
Nov-23	2.5151	0.0610	0.0845
Dec-23	2.5004	0.0572	0.0795
Jan-24	2.4901	0.0543	0.0751
Feb-24	2.4766	0.0519	0.0700
Mar-24	2.4561	0.0497	0.0650
Apr-24	2.4286	0.0474	0.0618
May-24	2.4097	0.0454	0.0592
Jun-24	2.3953	0.0442	0.0577
Jul-24	2.3891	0.0430	0.0569
Aug-24	2.3856	0.0427	0.0560
Sep-24	2.3830	0.0424	0.0551
Oct-24	2.3809	0.0418	0.0533
Nov-24	2.3761	0.0408	0.0505
Dec-24	2.3695	0.0402	0.0484

Sprague HeatCurve October 2023-April 2024			\$2.4844
		Close	Change
Crude - WTI	Sep Brent-WTI Spread \$4.70	\$73.7700	\$1.9800
Crude - Brent		\$78.4700	\$1.9500
Natural Gas		\$2.5820	-\$0.0270
Gasoline		\$2.5893	\$0.0455

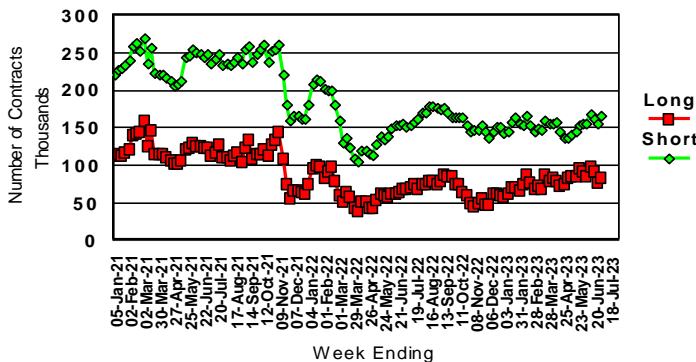
### EIA Working Gas Storage Report

	30-Jun-23	23-Jun-23	Change	30-Jun-22
East	643	623	20	479
Midwest	705	685	20	558
Mountain	173	165	8	137
Pacific	216	204	12	239
South Central	1141	1128	13	889
Salt	325	330	-5	234
Nonsalt	816	798	18	655
Total	2877	2805	72	2,302

## Commitment of Traders Report for the Week Ending June 30, 2023

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

