

## Market Commentary

**Recap:** The oil market posted an outside trading day and sold off sharply after Fitch downgraded the U.S. government's top credit rating to AA+ from AAA. The market breached its previous high as it rallied to a high of \$82.43 in overnight trading. However, the market erased its previous gains and sold off sharply on the rating downgrade as well as the announcement on Tuesday afternoon that the U.S. withdrew an offer to buy 6 million barrels of oil for the SPR. The market extended its losses to over \$2.30 as it sold off to a low of \$79.05 by the early afternoon. This was despite the EIA's weekly petroleum status report showing a larger than expected draw in stocks of over 17 million barrels, the largest draw on record. The oil market later bounced off its low and retraced some of its losses ahead of the close. The September WTI contract settled down \$1.88 at \$79.49 and the October Brent contract settled down \$1.71 at \$83.20. The product markets also ended in negative territory, with the heating oil market settling down 1.91 cents at \$3.0043 and the RB market settling down 9.72 cents at \$2.7758 following an unexpected build in gasoline stocks.

**Technical Analysis:** The market on Thursday will likely retrace some of its sharp losses before it tests the lower boundary of its upward trending channel at \$79.05, which is also Wednesday's low, as stochastics crossed to the downside following its sharp selloff. Further support is seen at \$78.87, \$78.55, \$78.29, followed by \$76.64, \$76.44, \$75.69 and \$74.85. Meanwhile, resistance is seen at \$79.50, \$81.28, its high of \$82.43 and \$83.95.

**Fundamental News:** The EIA reported that U.S. crude oil stocks in the week ending July 28<sup>th</sup> fell by 17.049 million barrels, the most on record. The draw was driven by increased refinery runs and strong crude exports. It reported that U.S. Gulf Coast crude stocks fell by 15.6 million barrels, the most on record.

The Chief Executive of Pioneer Natural Resources said oil prices will range between \$80 and \$100/barrel this year and next as demand outpaces supply, citing output cuts by Saudi Arabia and underinvestment by U.S. producers. The outlook is lower than the \$90-\$100 range he had forecast earlier this year.

Six OPEC+ sources stated that OPEC+ is unlikely to change its current oil output policy when a panel meets on Friday, as tighter supplies and resilient demand drive an oil price rally. One of the sources cited the rising oil price as a reason to take no action. Ministers from OPEC and allies led by Russia, known as OPEC+, are scheduled to meet on August 4<sup>th</sup>. The panel, called the Joint Ministerial Monitoring Committee, can call for a full OPEC+ meeting if warranted. However, a surprise cannot be ruled out. In July, Saudi Arabia's Energy Minister said OPEC+ would "continue the effort at surprising markets". At its last policy meeting in June, OPEC+ agreed on a broad deal to limit supply into 2024 and Saudi Arabia pledged a voluntary production cut for July that it has since extended to include August. Last week, analysts said they expected Saudi Arabia to extend the voluntary cut for another month to include September.

IIR Energy reported that U.S. oil refiners are expected to shut in 311,000 bpd of capacity in the week ending August 4<sup>th</sup>, increasing available refining capacity by 26,000 bpd. Offline capacity is expected to fall to 155,000 bpd in the week ending August 11<sup>th</sup>.

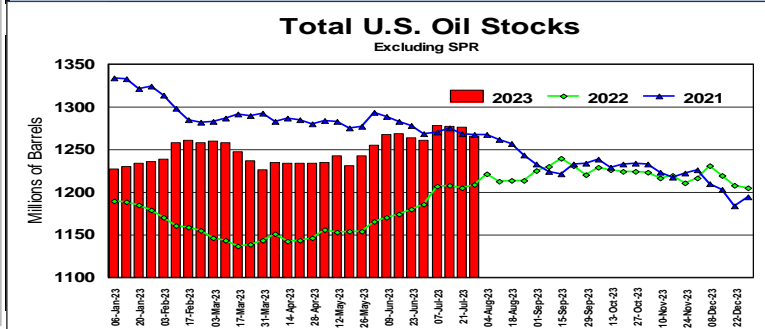
**Early Market Call - as of 8:20 AM EDT**

WTI - September \$79.59, up 10 cents  
 RBOB - September \$2.7281, down 4.77 points  
 HO - September \$2.9809, down 2.34 cents

## All NYMEX | Prior Settlements

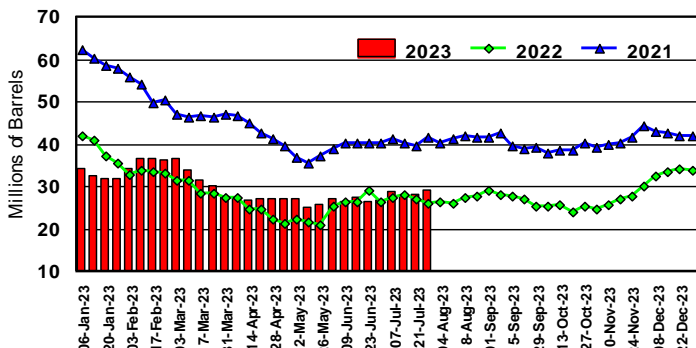
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.0043	-0.0191	0.1676
Oct-23	2.9761	-0.0134	0.1583
Nov-23	2.9284	-0.0130	0.1431
Dec-23	2.8728	-0.0151	0.1231
Jan-24	2.8344	-0.0171	0.1095
Feb-24	2.7967	-0.0179	0.0981
Mar-24	2.7525	-0.0193	0.0858
Apr-24	2.7008	-0.0218	0.0722
May-24	2.6640	-0.0231	0.0624
Jun-24	2.6356	-0.0229	0.0557
Jul-24	2.6218	-0.0196	0.0537
Aug-24	2.6139	-0.0146	0.0538
Sep-24	2.6062	-0.0106	0.0530
Oct-24	2.5961	-0.0105	0.0476
Nov-24	2.5797	-0.0145	0.0379
Dec-24	2.5624	-0.0186	0.0295
Jan-25	2.5476	-0.0213	0.0246

Sprague HeatCurve October 2023-April 2024		\$2.8307
	Close	Change
Crude - WTI	\$79.1300	-\$1.7900
Crude - Brent	\$83.2000	-\$1.7100
Natural Gas	\$2.4770	-\$0.0830
Gasoline	\$2.7758	-\$0.0972



## Weekly EIA Petroleum Status Report for the Week Ending July 28, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 17.049 million barrels  
 Cushing, OK Crude Stocks Down 1.259 million barrels  
**Gasoline Stocks** Up 1.481 million barrels  
**Distillate Stocks** Down 796,000 barrels  
**Refinery % Operated** 92.7%, down 0.7%

### PADD #1

	Week Ending July 28, 2023	Week Ending July 21, 2023	Week Ending July 29, 2022
Distillate Stocks (in million bbl)			
New England	3.4	3.5	3.3
Central Atlantic	13.2	13.2	11.4
Total PADD #1	29.1	28.1	26.1
Distillate Imports (thousands b/d)	66	154	203