

Market Commentary

Recap: The crude oil market on Tuesday traded lower after it weighed the hopes that the continuing talks between the U.S. and China will result in a deal that could support global economic growth against the World Bank cutting its global growth forecast for 2025 by 0.4 percentage point to 2.3%. Early in the session, the crude market traded higher as the U.S. - China trade talks were continuing for a second day in London. U.S. President Donald Trump, on Monday, said the talks with China were going well. The market was also supported by allocations to Chinese refiners that showed Saudi Aramco will ship about 47 million barrels of oil to China in July, 1 million barrels less than June's volume. The oil market extended its gains to almost \$1 as it posted a high of \$66.28 by mid-day. However, the market later retraced its gains and sold off to a low of \$64.57. The July WTI contract settled down 31 cents at \$64.98 and the Brent contract settled down 17 cents at \$66.87. The product markets ended the session lower, with the heating oil market settling down 48 points at \$2.1416 and the RB market settling down 72 points at \$2.0880.

Technical Analysis: The oil market on Wednesday will be driven by the outcome of the trade talks between the U.S. and China. It will also look to the weekly petroleum stocks reports for further direction. The inventory reports are expected to show draws in crude stocks of close to 2 million barrels in the latest week. The crude market is seen finding resistance at its high of \$66.28 followed by \$69.42 and \$69.74. Meanwhile, support is seen at its low of \$64.57, \$64.20, \$62.82, \$62.50 and \$62.17.

Fundamental News: The EIA said in its monthly Short Term Energy Outlook report that U.S. crude oil production will fall next year to about 13.37 million bpd from about 13.42 million bpd this year. The forecast marks the first time that the U.S. Department of Energy's statistical arm has predicted a decline in U.S. crude oil output by next year, having previously forecast record output in both 2025 and 2026. Its output estimate for 2025 was unchanged from a previous forecast, while its forecast for 2026 was cut by 0.89% from a previous forecast. The EIA forecast 2025 U.S. oil demand at 20.4 million bpd, down from a previous forecast of 20.5 million bpd, while output in 2026 is expected to remain unchanged at 20.4 million bpd, which was unchanged from a previous estimate. The EIA also reported that world oil output in 2025 is estimated at 104.4 million bpd, up 0.29% from a previous forecast, while output in 2026 is expected to increase by 0.67% to 105.1 million bpd, which is down 0.28% from a previous estimate. World oil demand in 2025 is forecast at 103.5 million bpd, down 0.2% from a previous forecast, while demand in 2026 is expected to increase by 1.06% to 104.6 million bpd, which is unchanged from a previous estimate. The EIA forecast 2025 WTI will average \$62.33/barrel, up from a previous forecast of \$61.81/barrel, while the 2026 price is forecast at \$55.58/barrel, up from a previous forecast of \$55.24/barrel. The price of Brent crude in 2025 is forecast at \$65.97/barrel, up from a previous forecast of \$65.85/barrel, while Brent crude is expected to fall to \$59.24/barrel in 2026, unchanged from a previous forecast.

Trade sources said Saudi Arabia's crude oil supply to China is set to fall slightly in July but remain strong for a third consecutive month as the country regains its market share supplying the world's top crude importer. Saudi Aramco will ship about 47 million barrels to China in July, 1 million barrels less than June's allotted volume.

Iranian lawmakers said the United States and Israel are seeking to turn nuclear talks into a "strategic trap" for Iran, days before a planned sixth round of Iran-U.S. nuclear talks. On Monday, U.S. President Donald Trump highlighted that the two sides remained at odds on the issue of uranium enrichment in Iran, which Iranian lawmakers say is a non-negotiable part of the country's nuclear program. While President Trump said the next round of talks would take place on Thursday, Iran's Foreign Ministry spokesperson, Esmail Baghaei, said it was planned to take place on Sunday in Oman.

Early Market Call - as of 8:50 AM EDT

WTI - Jul \$66.29, up \$1.55

RBOB - Jul \$2.1130, up 3.25 cents

HO - Jul \$2.1660, up 3.1 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-25	\$2.1416	-\$0.0048	\$0.0417
Aug-25	\$2.1271	-\$0.0018	\$0.0380
Sep-25	\$2.1287	-\$0.0015	\$0.0371
Oct-25	\$2.1310	-\$0.0010	\$0.0359
Nov-25	\$2.1282	\$0.0000	\$0.0335
Dec-25	\$2.1224	\$0.0008	\$0.0302
Jan-26	\$2.1238	\$0.0010	\$0.0284
Feb-26	\$2.1199	\$0.0009	\$0.0268
Mar-26	\$2.1089	\$0.0010	\$0.0250
Apr-26	\$2.0917	\$0.0010	\$0.0236
May-26	\$2.0832	\$0.0010	\$0.0226
Jun-26	\$2.0784	\$0.0010	\$0.0214
Jul-26	\$2.0839	\$0.0012	\$0.0212
Aug-26	\$2.0906	\$0.0012	\$0.0212
Sep-26	\$2.0983	\$0.0012	\$0.0210
Oct-26	\$2.1055	\$0.0010	\$0.0211
Nov-26	\$2.1084	\$0.0010	\$0.0207

Sprague HeatCurve October 2025-April 2026

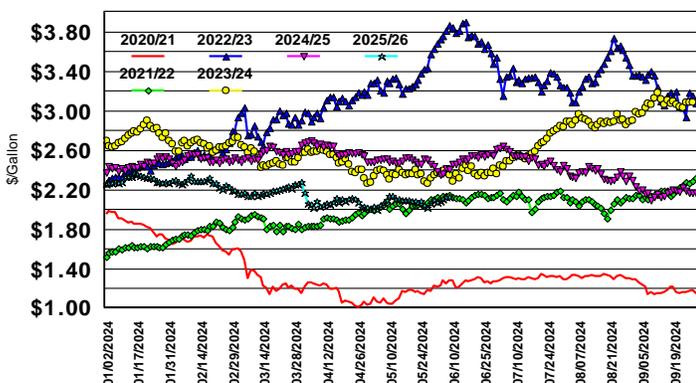
		Close	Change
Crude - WTI	Jul Brent- WTI Spread \$2.96	\$63.9100	-\$0.3100
Crude - Brent		\$66.8700	-\$0.1700
Natural Gas		\$3.5330	-\$0.1020
Gasoline		\$2.0880	-\$0.0072

API Report for the Week Ending June 6, 2025

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 370,000 barrels	Down 1.9 million barrels
Gasoline Stocks	Up 3 million barrels	Up 1.7 million barrels
Distillate Stocks	Up 3.7 million barrels	Up 800,000 barrels
Refinery Runs		Up 0.1% at 93.5%

Sprague HeatCurve October-April

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve

