

Market Commentary

Recap: The oil market ended the session over 4.3% higher after U.S. President Donald Trump said the memorandum of understanding to end the war with Iran was "over". The U.S. launched airstrikes on Iran in response to Iranian attacks on three commercial vessels that were transiting the Strait of Hormuz. Meanwhile, Iran's Revolutionary Guards later stated that it launched strikes against U.S. military sites in Bahrain and Kuwait early on Wednesday. The market posted a low of \$71.75 in overnight trading and rallied higher for much of the session as the attacks renewed concerns about tanker traffic through the Strait of Hormuz. The market rallied to a high of \$76.08 before it erased some of its gains after President Trump said he did not believe a full-fledged conflict would restart in the wake of the military strikes from both sides. The August WTI contract settled up \$3.08 at \$73.52 and the September Brent contract settled up \$3.86 at \$78.02. The product markets ended the session sharply higher, with the heating oil market settling up 35.58 cents at \$3.6575 and the RB market settling up 14.95 cents at \$3.1034.

Technical Analysis: The crude market will remain driven by the latest headlines following President Trump's threat of further strikes against Iran later on Wednesday. The market will likely remain supported amid the concerns over tanker traffic through the Strait of Hormuz as President Trump's assertion that the memorandum of understanding is over increases the prospect of a re-closing of the waterway. The oil market is seen finding resistance at \$76.08, \$77.12, \$78.14, \$79.18, \$80.15, \$80.23, \$81.00 to \$81.68 and \$83.34. Meanwhile, support is seen at \$71.75, \$68.58, \$67.82 and \$67.04.

Fundamental News: The EIA reported that U.S. crude inventories increased for the first time since mid-April last week, as exports softened, while gasoline and distillate inventories fell ahead of the Independence Day weekend. Crude inventories increased by 3 million barrels to 411.4 million barrels in the week ending July 3rd after falling for 10 straight weeks. Crude stocks at Cushing, Oklahoma delivery hub fell by 52,000 barrels in the week. U.S. crude oil exports declined by 746,000 barrels to 3.3 million bpd during the week, while net crude imports increased by 1.1 million bpd. The EIA said U.S. energy firms exported a record 8.73 million bpd of total petroleum products in the week ended July 3rd. That topped the prior weekly all-time high of 8.22 million bpd in early May.

Ship-tracking data showed that at least four oil and gas tankers have turned back from attempting to transit the Strait of Hormuz, as renewed attacks on vessels in the critical waterway heightened safety and security concerns. The diversions came after a Qatari liquefied natural gas tanker and a Saudi-flagged crude oil tanker were damaged near the strait on Tuesday following reports that Iran fired missiles at ships in the waterway, prompting maritime authorities to raise the threat risk for transiting vessels to "severe." Data from analytics firms Kpler and LSEG showed that LNG tankers Al Ghariya, Duhail and Al Ruwais were moving westward towards the Strait of Hormuz before changing course to turn away late on Tuesday. All three tankers controlled by QatarEnergy were empty and heading towards Qatar's Ras Laffan export facility to load cargoes. LSEG and Kpler data also showed the Indian-flagged Very Large Crude Carrier Lila Vadinar, which is carrying 2 million barrels of Kuwaiti crude that was loaded late last week, made a U-turn off the tip of Oman at the Strait of Hormuz on Wednesday. According to Vortexa analysts, a queue of ballast or empty vessels waiting to load at Ras Laffan has also built up, reaching more than 10 ships in early July.

HSBC lowered its Brent crude oil price forecast for 2026 to \$80/barrel from \$95/barrel, as it assumes a return to normal Gulf oil exports by the end of September. The bank also lowered its 2027 Brent price forecast to \$65/barrel from \$75/barrel.

Early Market Call - as of 8:45 AM EDT

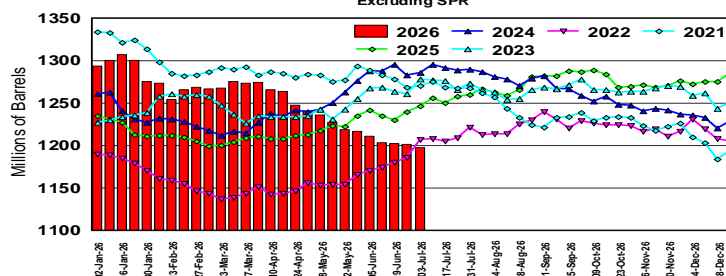
WTI - Aug \$73.96, down 80 cents
 RBOB - Aug \$3.1241, down 1.47 cents
 HO - Aug \$3.6070, down 12.5 cents

All NYMEX | Prior Settlements

| | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Aug-26 | 3.6575 | 0.3558 | 0.4706 |
| Sep-26 | 3.5815 | 0.3289 | 0.4662 |
| Oct-26 | 3.4853 | 0.2870 | 0.4266 |
| Nov-26 | 3.3838 | 0.2506 | 0.3890 |
| Dec-26 | 3.2792 | 0.2191 | 0.3544 |
| Jan-27 | 3.2124 | 0.2004 | 0.3305 |
| Feb-27 | 3.1535 | 0.1860 | 0.3074 |
| Mar-27 | 3.0846 | 0.1720 | 0.2830 |
| Apr-27 | 3.0103 | 0.1587 | 0.2587 |
| May-27 | 2.9549 | 0.1464 | 0.2364 |
| Jun-27 | 2.9119 | 0.1356 | 0.2166 |
| Jul-27 | 2.8864 | 0.1255 | 0.1985 |
| Aug-27 | 2.8657 | 0.1158 | 0.1817 |
| Sep-27 | 2.8490 | 0.1076 | 0.1664 |
| Oct-27 | 2.8322 | 0.0993 | 0.1511 |
| Nov-27 | 2.8095 | 0.0915 | 0.1357 |
| Dec-27 | 2.7845 | 0.0841 | 0.1237 |

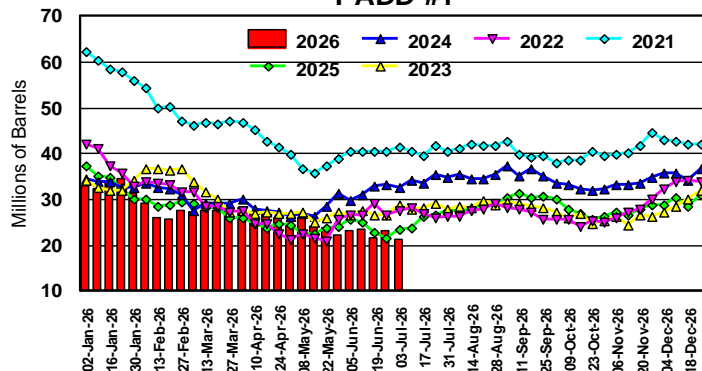
| Sprague HeatCurve October 2026-April 2027 | | \$3.2149 |
|---|-----------|-----------|
| | Close | Change |
| Crude - WTI | \$73.2700 | \$2.9300 |
| Crude - Brent | \$78.0200 | \$3.8600 |
| Natural Gas | \$3.2120 | -\$0.0530 |
| Gasoline | \$3.1034 | \$0.1495 |

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending July 3, 2026

Distillate Stocks PADD #1



Overall U.S. Stat

Crude Oil Stocks(excluding SPR) Up 3 million barrels
 Cushing, OK Crude Stocks Down 52,000 barrels
Gasoline Stocks Down 1.9 million barrels
Distillate Stocks Down 5 million barrels
Refinery % Operated 95.8%, down 0.8%

PADD #1

| Distillate Stocks (in million bbl) | Week Ending July 3, 2026 | Week Ending June 26, 2026 | Week Ending July 2, 2025 |
|------------------------------------|--------------------------|---------------------------|--------------------------|
| New England | 2.6 | 2.8 | 3.2 |
| Central Atlantic | 9.9 | 10.0 | 10.3 |
| Total PADD #1 | 21.3 | 23.0 | 23.3 |
| Distillate Imports (thousands b/d) | 67 | 60 | 24 |

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