

Market Commentary

Recap: The crude market on Monday rallied higher, recovering after three weeks of losses. The market was well supported by hopes of increasing fuel demand this summer. Goldman Sachs analysts expect Brent prices to increase to \$86/barrel in the third quarter, saying that solid summer transport demand will push the oil market into a third quarter deficit of 1.3 million bpd. The oil market posted a low of \$75.23 on the opening and started its upward trend as it failed to test its support at its previous low of \$75.21. The market breached its previous high of \$76.25 and retraced more than 62% of its move from a high of \$80.62 to a low of \$72.48 as it rallied to a high of \$77.96 ahead of the close. The July WTI contract settled up \$2.21 at \$77.74 and the August Brent contract settled up \$2.01 at \$81.63. The product markets ended the session in positive territory, with the heating oil market settling up 6.3 cents at \$2.4147 and the RB market settling up 2.83 cents at \$2.4109.

Technical Analysis: On Tuesday, the oil market is seen retracing some of its sharp gains seen during Monday's session as the market positions itself ahead of the weekly petroleum stocks reports. The market is also seen trading mostly sideways as it awaits the release of the Consumer Price Index inflation data for May on Wednesday morning for hints on when the Federal Reserve may begin reducing interest rates. The market is also awaiting the end of the Fed's two-day policy meeting on Wednesday afternoon, in which the central bank is expected to hold interest rates steady. The crude market is seen finding resistance at its high of \$77.96 followed by \$78.62, \$79.42 and \$80.62. Meanwhile, support is seen at its lows of \$75.23 - \$75.21, \$74.06, \$72.82 and \$72.48.

Fundamental News: Goldman Sachs said a healthy growth in consumer spending and solid summer demand will push the oil market to a 1.3 million bpd deficit in the third quarter and increase benchmark Brent prices to \$86 a barrel. The bank cut its 2024 oil demand growth forecast by 200,000 bpd to 1.25 million bpd, but maintained that it expects demand growth to be strong mainly due to jet fuel recovery. The modest China-driven demand growth downgrade for 2024 offsets a 100,000 bpd cut to non-OPEC supply and an assumption of higher U.S. strategic petroleum reserve purchases. The Wall Street bank sees Brent averaging at \$84/barrel and WTI at \$79/barrel in 2024. It continues to expect Brent in \$75-\$90 range, and kept its 2025 average price forecast unchanged at \$82/barrel. The bank's analysts said they see a \$75/barrel floor under Brent as physical demand for oil, including from China and the U.S. SPR, tends to rise when prices fall. Goldman Sachs said OPEC's agreement on new production baselines through 2026 signals stronger cohesion, further reducing the likelihood of much lower prices. It noted that financial demand for oil is likely to increase substantially if currently very low speculative positioning normalizes.

The U.S. Central Command said the Swiss-owned Tavvish and German-owned Norderney container ships were damaged by Iran-backed Houthi anti-ship ballistic missiles fired within the last 24 hours. According to S&P Global Commodities at Sea, Tavvish is destined for Djibouti while Norderney is headed for Dubai's Jebel Ali. The UK Maritime Trade Operations said the attacks in the Gulf of Aden off Yemen occurred over June 8th-9th.

The U.S. announced sanctions on 10 people, ships and companies in a bid to choke off commodity revenue for Yemen's Houthi rebels. The U.S. Treasury Department said the sanctions targeted the network of Houthi financial facilitator Sa'id al-Jamal, who has already been subjected to repeated sanctions. Also among the targets was Lainey Shipping Ltd.

IIR Energy said U.S. oil refiners are expected to shut in about 66,000 bpd of capacity in the week ending June 14th, increasing available refining capacity by 71,000 bpd. Offline capacity is expected to increase to 83,000 bpd in the week ending June 21st.

Early Market Call - as of 8:35 AM EDT

WTI - July \$77.48, down 26 cents

RBOB - July \$2.3964, down 1.45 points

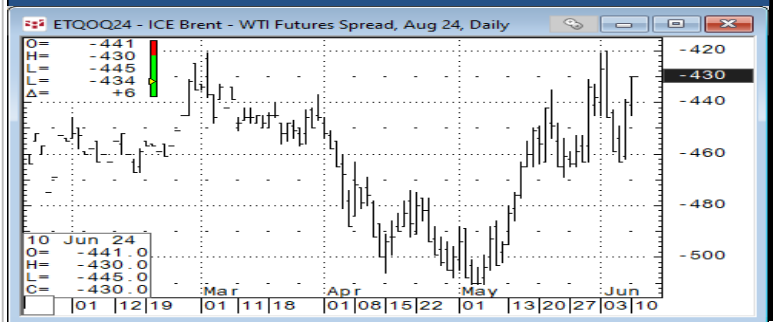
HO - July \$2.4060, down 87 points

All NYMEX | Prior Settlements

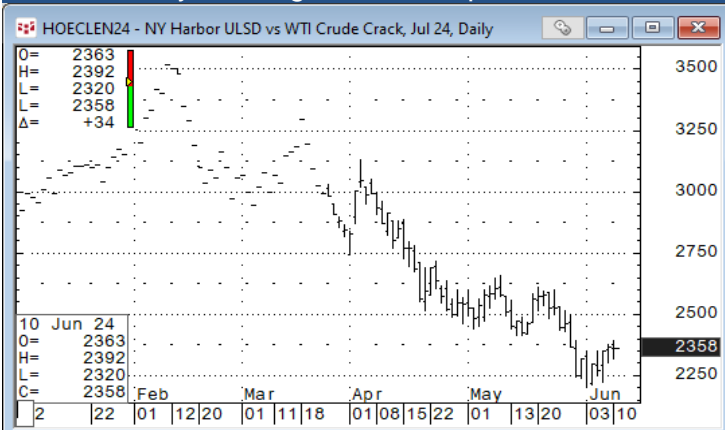
| | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jul-24 | 2.4147 | 0.0630 | 0.1185 |
| Aug-24 | 2.4293 | 0.0609 | 0.1075 |
| Sep-24 | 2.4445 | 0.0591 | 0.0984 |
| Oct-24 | 2.4553 | 0.0577 | 0.0925 |
| Nov-24 | 2.4592 | 0.0561 | 0.0876 |
| Dec-24 | 2.4589 | 0.0544 | 0.0824 |
| Jan-25 | 2.4641 | 0.0531 | 0.0798 |
| Feb-25 | 2.4610 | 0.0517 | 0.0767 |
| Mar-25 | 2.4485 | 0.0504 | 0.0731 |
| Apr-25 | 2.4284 | 0.0490 | 0.0679 |
| May-25 | 2.4165 | 0.0479 | 0.0640 |
| Jun-25 | 2.4088 | 0.0469 | 0.0598 |
| Jul-25 | 2.4088 | 0.0462 | 0.0578 |
| Aug-25 | 2.4103 | 0.0458 | 0.0571 |
| Sep-25 | 2.4129 | 0.0453 | 0.0568 |
| Oct-25 | 2.4138 | 0.0443 | 0.0562 |
| Nov-25 | 2.4092 | 0.0422 | 0.0535 |

| Sprague HeatCurve October 2024-April 2025 | | \$2.4559 |
|---|-----------|-----------|
| | Close | Change |
| Crude - WTI | \$77.3300 | \$2.1100 |
| Crude - Brent | \$81.6300 | \$2.0100 |
| Natural Gas | \$2.9060 | -\$0.0120 |
| Gasoline | \$2.4109 | \$0.0283 |

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

