

Market Commentary

Recap: The oil market on Tuesday traded higher as the EIA raised its world oil demand growth estimate for the year, while OPEC maintained its forecast for strong growth in 2024. The market looked ready to post an inside trading day early in the session as the market awaited U.S. CPI data as well as the outcome of the Federal Reserve's policy meeting scheduled for Wednesday. It traded sideways after OPEC maintained its 2024 forecast for relatively strong global oil demand despite the lower than expected demand in the first quarter. However, the market, which posted a low of \$77.22 by mid-morning, breached its previous high of \$78.29 and posted a high of \$78.36 on the EIA raising its 2024 world oil demand growth forecast to 1.1 million bpd from a previous estimate of a 900,000 bpd increase. The market later retraced some of its gains and traded back below the \$78.00 level ahead of the close. The July WTI contract settled up 16 cents at \$77.90 and the August Brent contract settled up 29 cents at \$81.92. The product markets ended the session mixed, with the heating oil market settling up 66 points at \$2.4213 and the RB market settling down 20 points at \$2.4089.

Technical Analysis: The crude market on Wednesday will be driven by the weekly petroleum stocks reports, which are expected to show a draw of less than 1 million barrels in crude stocks and CPI report. While the market does not expect any change in interest rates by the Federal Reserve following the end of its two day meeting ahead of Wednesday's close, the market is seen trading mostly sideways as it awaits its decision. The market is seen finding resistance at its high of \$78.36, \$78.62, \$79.42 and \$80.62. However, support is seen at its low of \$77.22, \$76.11, \$75.42, \$75.23-\$75.21, and \$74.73.

Fundamental News: OPEC maintained its forecast for relatively strong growth in global oil demand in 2024, despite lower than expected demand in the first quarter, saying travel and tourism would support consumption in the second half of the year. In its monthly report, OPEC said world oil demand will increase by 2.25 million bpd in 2024 and by 1.85 million bpd in 2025. Both forecasts were unchanged from last month. OPEC said steady global economic growth has continued in the first half of 2024 and forecast world oil demand will increase by 2.3 million bpd in the second half. OPEC lowered its estimate of total demand in the first quarter of this year by 50,000 bpd to 103.51 million bpd and increased its forecast for the second quarter by the same 50,000 bpd increment. OPEC said its crude oil output in May increased by 29,000 bpd to 26.63 million bpd. OPEC projects demand for OPEC+ crude at 43.6 million bpd in the third quarter, much more than the group is currently producing. The OPEC+ group produced 40.92 million bpd in May, down 123,000 bpd on the month.

In its Short Term Energy Outlook, the EIA reported that world petroleum consumption in 2024 is expected to increase by 1.01 million bpd to 102.98 million bpd and by 1.53 million bpd to 104.51 million bpd in 2025. Its world oil demand growth estimates for 2024 and 2025 were increased by 180,000 bpd and by 80,000 bpd, respectively from the previous month's estimates. Meanwhile, world oil production is forecast to increase by 780,000 bpd to 102.57 million bpd in 2024 and by 2.16 million bpd to 104.73 million bpd in 2025. OPEC oil output is expected to fall by 150,000 bpd to 32.03 million bpd in 2024 and increase by 410,000 bpd to 32.44 million bpd in 2025. Meanwhile, U.S. oil output is expected to fall by 690,000 bpd to 13.24 million bpd in 2024 but increase by 470,000 bpd to 13.71 million bpd in 2025. U.S. petroleum demand is forecast to increase by 90,000 bpd to 20.34 million bpd in 2024 and by 280,000 bpd to 20.62 million bpd in 2025. Gasoline demand is estimated to fall by 50,000 bpd to 8.89 million bpd in 2024 and by 10,000 bpd to 8.88 million bpd in 2025. Distillate demand is expected to fall by 80,000 bpd to 3.85 million bpd in 2024 and increase by 100,000 bpd to 3.95 million bpd in 2025. The EIA forecast Brent crude will average \$84.15/barrel in 2024, down 4% from a previous forecast and \$85/barrel in 2025.

Early Market Call - as of 8:35 AM EDT

WTI - July \$78.93, up \$1.03

RBOB - July \$2.4410, up 3.10 cents

HO - July \$2.4584, up 3.74 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-24	2.4213	0.0066	0.1354
Aug-24	2.4368	0.0075	0.1314
Sep-24	2.4516	0.0071	0.1261
Oct-24	2.4619	0.0066	0.1219
Nov-24	2.4655	0.0063	0.1177
Dec-24	2.4654	0.0065	0.1130
Jan-25	2.4701	0.0060	0.1097
Feb-25	2.4665	0.0055	0.1059
Mar-25	2.4537	0.0052	0.1020
Apr-25	2.4337	0.0053	0.0970
May-25	2.4217	0.0052	0.0933
Jun-25	2.4135	0.0047	0.0886
Jul-25	2.4128	0.0040	0.0854
Aug-25	2.4132	0.0029	0.0830
Sep-25	2.4145	0.0016	0.0807
Oct-25	2.4142	0.0004	0.0780
Nov-25	2.4092	0.0000	0.0747

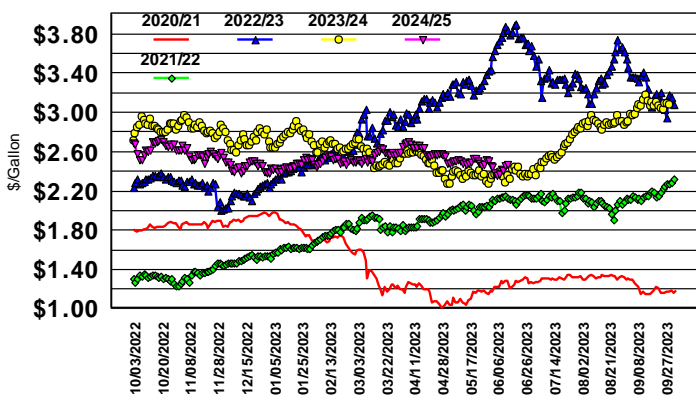
Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$4.37	\$77.5500	\$0.2200
Crude - Brent		\$81.9200	\$0.2900
Natural Gas		\$3.1290	\$0.2230
Gasoline		\$2.4089	-\$0.0020

API Report for the Week Ending June 7, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.428 million barrels	Down 900,000 barrels
Gasoline Stocks	Down 2.549miliom barrels	Down 500,000 barrels
Distillate Stocks	Up 972,000 barrels	Up 400,000 barrels
Refinery Runs		Down 0.3% at 95.1%

Sprague HeatCurve October-April

Sprague HeatCurve October-April



July WTI



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