

Market Commentary

Recap: The crude market traded higher on Monday following last week's gains as traders turned more optimistic on demand growth. Last week, the market posted a weekly gain for the first time in four weeks after reports by OPEC+, the IEA and the EIA raised confidence that oil demand will improve in the second half of the year. The market was also supported by some economic data from China, which increased hopes of stronger oil demand. China's government data showed that manufacturing investment in China in the first five months of the year showed a growth of 9.6%. The market posted a low of \$77.98 in overnight trading. However, it bounced off its low and never looked back as it extended its gains to over \$2.11 as it rallied to a high of \$80.56 ahead of the close. The July WTI contract settled up \$1.88 at \$80.33 and continued to trend higher in the post settlement period as it posted a new high of \$80.60. The August Brent contract settled up \$1.63 at \$84.25. The product markets ended the session in positive territory, with the heating oil market settling up 1.19 cents at \$2.4825 and the RB market settling up 4.73 cents at \$2.4469.

Technical Analysis: The oil market on Tuesday will likely retrace some of its sharp gains and traded in a sideways trading range ahead of the release the API's weekly petroleum status report on Tuesday evening and the EIA's inventory report on Thursday morning due to the Juneteenth holiday. The market is seen finding resistance at its high of \$80.60-\$80.62 and \$80.93. More distant upside is seen at \$82.65, \$83.19 and \$83.63. Meanwhile, support is seen at \$79.10, \$78.60, \$78.25, its low of \$77.98, \$77.73, \$77.67 and \$77.22. Further support is seen at \$75.23-\$75.21.

Fundamental News: The Financial Times reported that the Biden administration is ready to release more oil from the U.S. strategic stockpile to stop any increase in petrol prices this summer. Senior Biden adviser Amos Hochstein told the newspaper that oil prices are "still too high for many Americans" and he would like to see them "cut down a little bit further". He said that the U.S. would "continue to purchase into next year, until we think that the Strategic Petroleum Reserve (SPR) has the volume that it needs again to serve its original purpose of energy security"

IIR Energy reported that U.S. oil refiners are expected to shut in about 92,000 bpd of capacity in the week ending June 21st, increasing available refining capacity by 5,000 bpd. Offline capacity is expected to fall to 85,000 bpd in the week ending June 28th.

Oil refiners are making less money selling their gasoline as demand during the peak summer driving season has fallen short of what they expected when many of them increased production. In the U.S., the world's largest gasoline market, refiners increased output sharply, expecting demand that never materialized. U.S. gasoline demand was 9 million bpd in the first week of June, 1.7% below last year and seasonally the lowest since 2021. In Asia, weakness in the gasoline market has already led to run cuts, and refiners elsewhere are also likely to pull back in weeks ahead. This could reduce global demand for crude oil. Higher output from American refineries, combined with weak demand, has lifted U.S. gasoline stockpiles by 5.7 million barrels since the start of April to 233.5 million barrels by June 7th, the highest for this time since 2021. U.S. refiners cut run rates to 95% in the week ending June 7th, after utilizing a one-year high of 95.4% in the previous week. That was the first cut since April. Mizuho analyst Robert Yawger said they will need to lower rates further if demand remains lackluster.

Colonial Pipeline Co is allocating space for Cycle 37 shipments on Line 2, its main distillate line from Houston, Texas to Greensboro, North Carolina. This allocation is for the pipeline segment north of Collins, Mississippi. Colonial Pipeline Co is also allocating space for Cycle 37 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

Early Market Call - as of 8:30 AM EDT

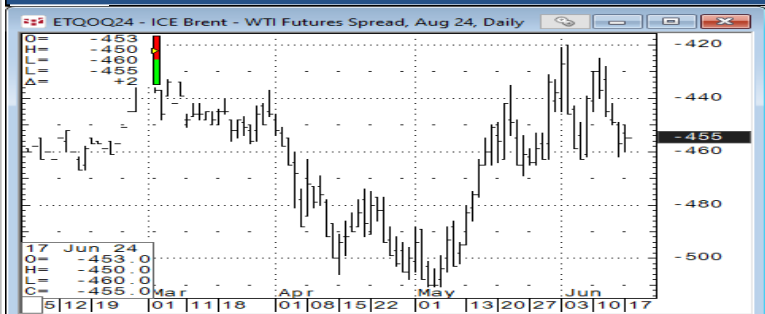
WTI - July \$80.41, up 8 cents
 RBOB - July \$2.4567, up 98 points
 HO - July \$2.4918, up 93 points

All NYMEX | Prior Settlements

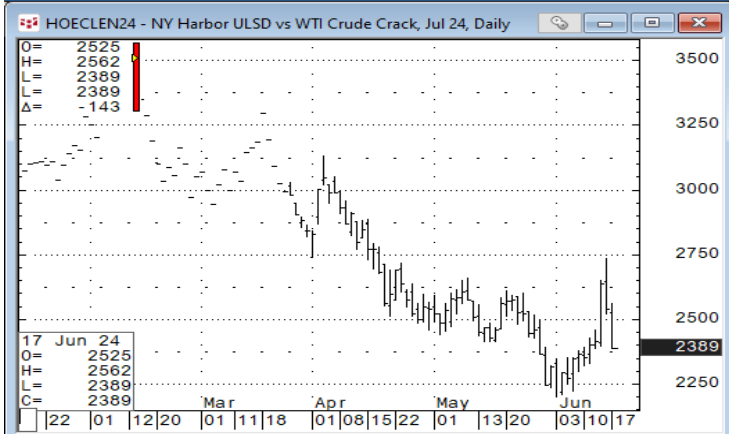
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-24	2.4825	0.0119	0.0678
Aug-24	2.4983	0.0144	0.0690
Sep-24	2.5111	0.0153	0.0666
Oct-24	2.5188	0.0157	0.0635
Nov-24	2.5175	0.0151	0.0583
Dec-24	2.5129	0.0146	0.0540
Jan-25	2.5145	0.0140	0.0504
Feb-25	2.5081	0.0129	0.0471
Mar-25	2.4935	0.0127	0.0450
Apr-25	2.4716	0.0124	0.0432
May-25	2.4568	0.0116	0.0403
Jun-25	2.4455	0.0102	0.0367
Jul-25	2.4423	0.0095	0.0335
Aug-25	2.4404	0.0087	0.0301
Sep-25	2.4398	0.0079	0.0269
Oct-25	2.4378	0.0075	0.0240
Nov-25	2.4316	0.0068	0.0224

Sprague HeatCurve October 2024-April 2025		\$2.5067
	Close	Change
Crude - WTI	\$79.7200	\$1.7700
Crude - Brent	\$84.2500	\$1.6300
Natural Gas	\$2.7880	-\$0.0930
Gasoline	\$2.3996	\$0.0497

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

