

## Market Commentary

**Recap:** The oil market ended the session higher on Wednesday as the market weighed larger than expected draws in oil stocks against bearish economic data from the U.S., the euro zone and China. The crude market traded sideways in overnight trading despite the larger than expected draw in crude stocks of over 9 million barrels in the week ending June 28<sup>th</sup> reported by the API. The market's gains were limited by economic headwinds from China, which reported that its services activity expanded at the slowest pace in eight months and confidence fell a four-year low in June, while overall business growth across the euro zone also slowed sharply in June. The market later posted a trading range from \$83.53 to \$82.46 following the release of the EIA report. The market was initially well supported by the EIA report, which showed larger than expected draws across the board, with a draw in crude stocks of over 12 million barrels on the week. However, the market quickly erased its gains and sold off to its low as the market reassessed some bearish U.S. economic data, with U.S. factory orders unexpectedly falling in May and a measure of U.S. services sector activity falling to a four year low in June. The crude market later settled in a sideways trading range before some late buying ahead of the Independence Day holiday on Thursday pushed the market to a high of \$83.93 ahead of the close. The August WTI contract settled up \$1.07 at \$83.88 and the September Brent contract settled up \$1.10 at \$87.34. The product markets ended the session higher, with the heating oil market settling up 46 points at \$2.6343 and the RB market settling up 2.79 cents at \$2.6013.

**Technical Analysis:** Following the Independence Day holiday, the crude market on Friday is seen remaining in its recent trading range with muted trading volumes ahead of the weekend. The market will be driven by any news of evacuations and production shut ins in the Gulf of Mexico ahead of the approach of Hurricane Beryl. The oil market is seen finding resistance at its high of \$83.93, \$84.38 and \$85.27. Meanwhile, support is seen at its low of \$82.46, \$82.00, \$81.38, \$80.97, \$80.51, \$80.18 and \$79.82.

**Fundamental News:** IIR Energy said U.S. oil refiners are expected to shut in about 117,000 bpd of capacity in the week ending July 5<sup>th</sup>, increasing available refining capacity by 59,000 bpd. Offline capacity is expected to increase to 261,000 bpd in the week ending July 12<sup>th</sup>.

Colonial Pipeline Co is allocating space for Cycle 40 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.

The EIA reported that U.S. crude oil stocks fell by about 12.2 million barrels in the week ending July 28<sup>th</sup>, the largest weekly withdrawal since July 2023. Total U.S. commercial crude inventories, which exclude the SPR, were at 448.5 million barrels by the end of last week, the lowest level since March.

Citi Research said its three month price target for Brent remains at \$82/barrel and its 6-12 month target remains at \$72/barrel. It stated that geopolitical risks do not necessarily translate into oil supply disruptions.

Shell Plc started evacuating non-essential personnel from at its Perdido and Whale oilfields in the Gulf of Mexico due to Hurricane Beryl. It shut down drilling operations ahead of the approaching storm.

**Early Market Call - as of 8:45 AM EDT**  
 WTI - Aug \$83.95, up 7 cents  
 RBOB - Aug \$2.5960, down 53 points  
 HO - Aug \$2.6282, down 62 points

## All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-24	2.6343	0.0046	0.0813
Sep-24	2.6480	0.0065	0.0808
Oct-24	2.6563	0.0100	0.0829
Nov-24	2.6546	0.0123	0.0838
Dec-24	2.6453	0.0137	0.0813
Jan-25	2.6448	0.0144	0.0811
Feb-25	2.6370	0.0148	0.0805
Mar-25	2.6201	0.0146	0.0781
Apr-25	2.5959	0.0148	0.0758
May-25	2.5779	0.0147	0.0729
Jun-25	2.5636	0.0147	0.0706
Jul-25	2.5592	0.0146	0.0689
Aug-25	2.5569	0.0146	0.0681
Sep-25	2.5562	0.0147	0.0673
Oct-25	2.5553	0.0144	0.0673
Nov-25	2.5493	0.0136	0.0671
Dec-25	2.5396	0.0130	0.0668

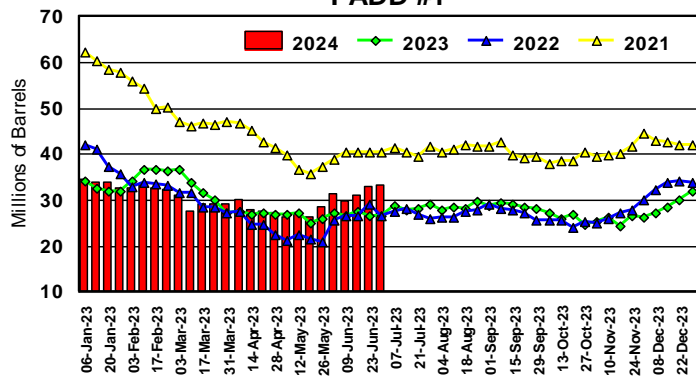
Sprague HeatCurve October 2024-April 2025			\$2.6373
		Close	Change
Crude - WTI	Sep Brent- WTI Spread \$4.32	\$83.0200	\$1.1100
Crude - Brent		\$87.3400	\$1.1000
Natural Gas		\$2.4180	-\$0.0170
Gasoline		\$2.6013	\$0.0279

## EIA Working Gas Storage Report

	28-Jun-24	21-Jun-24	Change	28-Jun-23
East	660	646	14	637
Midwest	779	758 R	21	699
Mountain	239	236 R	3	171
Pacific	282	283	-1	213
South Central	1174	1178 R	-4	1,139
Salt	326	334	-8	329
Nonsalt	848	845	3	811
Total	3134	3102 R	32	2,859

## Weekly EIA Petroleum Status Report for the Week Ending June 28, 2024

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 12.157 million barrels  
 Cushing, OK Crude Stocks Up 345,000 barrels  
**Gasoline Stocks** Down 2.214 million barrels  
**Distillate Stocks** Down 1.535 million barrels  
**Refinery % Operated** 93.5%, up 1.3%

### PADD #1

Distillate Stocks (in million bbl)	Week Ending June 28, 2024	Week Ending June 21, 2024	Week Ending June 30, 2023
New England	4.2	4.1	3.4
Central Atlantic	16.7	17.1	11.4
Total PADD #1	33.3	33.0	26.7
Distillate Imports (thousands b/d)	78	73	80