

Market Commentary

Recap: The oil market sold off sharply on Monday in follow through selling seen in the equities market amid fears of a U.S. recession. Its losses were however limited by Libyan supply losses and concerns that an escalating conflict in the Middle East could further impact crude supply. The market posted a high of \$74.46 in overnight trading amid the news that Libya's Sharara oil field cut its output by 60,000 bpd after protesters had partially shut down the site. However, the market gave up its gains and sold off to a low of \$71.67 early in the morning amid a sell off in the equities market across Asia, with Japanese stocks exceeding their 1987 "Black Monday" loss as fears of a U.S. recession sent investors fleeing from risk. The market later bounced off its low and traded in a sideways trading pattern during the remainder of the session. The September WTI contract settled down 58 cents at \$72.94 and the October Brent contract settled down 51 cents at \$76.30. The product markets ended the session in mixed territory, with the heating oil market settling down 1.99 cents at \$2.2986 and the RB market settling up 1.6 cents at \$2.3336.

Technical Analysis: The oil market on Tuesday will continue to weigh the fears of a U.S. recession against the concerns of a spreading conflict in the Middle East amid reports that Iran's retaliatory strikes against Israel may happen as early as Monday or Tuesday. The market is seen finding support at \$72.46, its low of \$71.67, \$71.60, \$70.70 and \$70.00. Meanwhile, resistance is seen at its high of \$74.46, \$75.28, \$76.13, \$77.29 and \$78.88.

Fundamental News: Oil production at Libya's Sharara field has been reduced by 60,000 bpd or about 20% of its capacity due to ongoing protests in the area. Earlier, Reuters reported that local protesters partially shut down the field, which the Libyan government described as "political blackmail".

Palestinian officials said an Israeli airstrike hit two schools in Gaza City on Sunday, killing at least 30 people, while the Israeli military said it struck a Hamas military compound embedded in the schools. An Israeli airstrike hit a tent camp inside a hospital in central Gaza earlier in the day. Gaza health officials said a total of at least 44 Palestinians were killed on Sunday, the day after a round of talks in Cairo ended without result. Israel is bracing for a serious escalation following the assassination of Hamas' leader Ismail Haniyeh in Tehran on Wednesday, a day after an Israeli strike in Beirut killed Fuad Shukur, a top military commander from Lebanese armed group Hezbollah. Israeli Prime Minister Benjamin Netanyahu was due to convene special security discussions late on Sunday following threats of retaliation from Iran and Hezbollah. Defense Minister, Yoav Gallant, said he was reviewing plans "that would exact a price in the case of attempts by Iran and its proxies to attack Israel."

Israel remains on high alert for a major retaliation by its adversaries after senior Hamas and Hezbollah officials were killed last week. The Washington Post reported that the Biden Administration informed U.S. lawmakers that Iran's retaliatory strikes may happen as early as Monday or Tuesday. Earlier, Iran's Foreign Ministry spokesperson, Nasser Kanaani, said Iran is not looking to escalate regional tensions but believes it needs to punish Israel to prevent further instability following the killing of Hamas leader Ismail Haniyeh in Tehran last week.

Data from the General Administration of Customs showed that China's crude oil imports in June fell 11% from a high base a year earlier, as independent refiners continued to cut production due to weak profit margins and as fuel demand remained tepid. June arrivals totaled 46.45 million metric tons or about 11.3 million bpd.

Early Market Call - as of 8:20 AM EDT

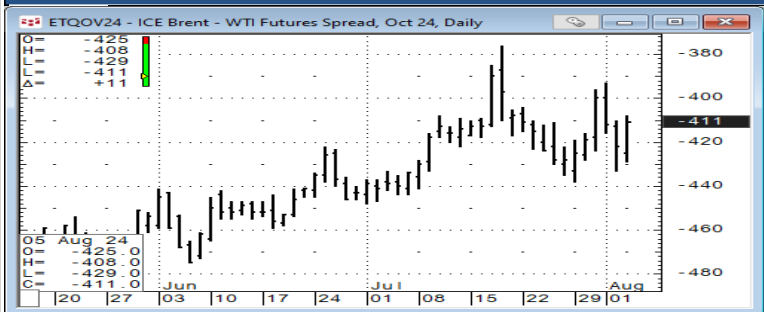
WTI - Sep \$72.36, down 59 cents
 RBOB - Sep \$2.3146, down 1.9 cents
 HO - Sep \$2.2806, down 1.8 cents

All NYMEX | Prior Settlements

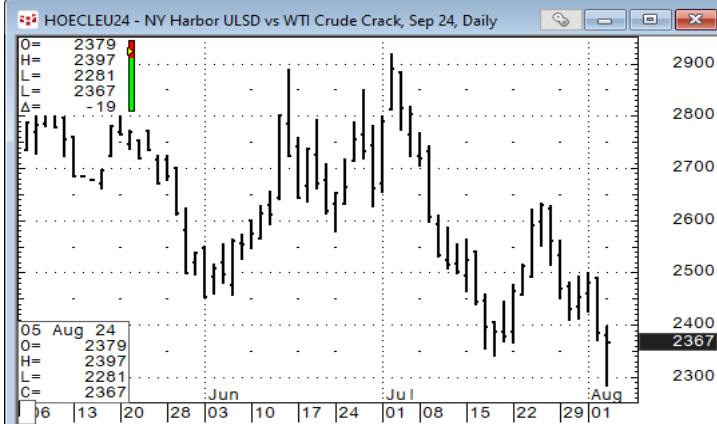
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-24	2.2986	-0.0199	-0.0949
Oct-24	2.3161	-0.0201	-0.0931
Nov-24	2.3241	-0.0175	-0.0892
Dec-24	2.3253	-0.0151	-0.0826
Jan-25	2.3312	-0.0139	-0.0807
Feb-25	2.3283	-0.0132	-0.0798
Mar-25	2.3163	-0.0127	-0.0788
Apr-25	2.2990	-0.0120	-0.0780
May-25	2.2884	-0.0108	-0.0766
Jun-25	2.2821	-0.0095	-0.0747
Jul-25	2.2864	-0.0082	-0.0729
Aug-25	2.2923	-0.0069	-0.0708
Sep-25	2.2986	-0.0059	-0.0688
Oct-25	2.3042	-0.0054	-0.0671
Nov-25	2.3036	-0.0056	-0.0663
Dec-25	2.2983	-0.0056	-0.0660
Jan-26	2.2965	-0.0054	-0.0655

Sprague HeatCurve October 2024-April 2025		\$2.3226
	Close	Change
Crude - WTI	\$72.2000	-\$0.3900
Crude - Brent	\$76.3000	-\$0.5100
Natural Gas	\$1.9420	-\$0.0250
Gasoline	\$2.3336	\$0.0160

ICE October Brent-WTI



September Heating Oil Crack Spread



September RBOB Crack Spread

