

Market Commentary

Recap: The crude market on Friday traded higher as U.S. Federal Reserve Chair Jerome Powell signaled that interest rate cuts would be among the central bank's priorities in the next few months. The oil market traded mostly sideways in overnight trading before it breached Thursday's high of \$73.52 and retraced some of its recent sell off as the U.S. dollar index softened. The market continued to trend higher throughout the session after the Federal Reserve Chair said further cooling in the job market would be unwelcome and expressed confidence that inflation was within reach of its 2% target. The crude market retraced little more than 50% of its move from a high of \$78.54 to a low of \$71.46 as it rallied to a high of \$75.07 ahead of the close. The October WTI contract settled up \$1.82 or 2.49% at \$74.83 but still ended the week 0.94% lower. The October Brent contract settled up \$1.80 or 2.33% at \$79.02 but down 0.83% on the week. Meanwhile, the product markets ended the session higher, with the heating oil market settling up 3.62 cents at \$2.2997 and the RB market settling up 4.14 cents at \$2.2851.

Technical Analysis: The oil market is seen continuing to trade sideways, within its trading range we previously mentioned from \$71 to \$79. The market will remain supported by the expectations that the Fed will soon cut interest rates starting in September following the comments made by Fed Chair Jerome Powell. The market will also remain driven by any news regarding the possible Gaza ceasefire as talks continue. The market is seen finding resistance at its high of \$75.07, \$75.73, \$75.84, followed by \$76.98, \$77.38, \$77.52, \$78.43 and \$78.54. Meanwhile, support is seen at \$72.83, \$71.58, \$71.46, \$70.80 and \$70.00.

Fundamental News: Morgan Stanley lowered its global oil demand growth forecast for 2024, mainly due to China's slower economic growth, increased electric vehicle usage there, and an increase in the number of trucks in China powered by liquefied natural gas. The bank cut its global oil demand growth forecast for this year to 1.1 million bpd from 1.2 million bpd. It also lowered its Brent price forecasts modestly and sees prices averaging \$80/barrel in the fourth quarter of 2024 compared to \$85/barrel previously. Morgan Stanley analysts said the shift to LNG trucks has cut China's oil demand growth by 100,000-150,000 bpd, while gasoline displacement by EVs has reduced it by about 100,000 bpd. The bank said that for now, the balance in the oil market is tight, with inventories being drawn down by about 1.2 million bpd in the last four weeks, a trend which is expected to continue for the rest of the third quarter. In the short term, Brent prices have declined ahead of the underlying market fundamentals. It expects Brent to be anchored around \$75/barrel this time next year.

The White House said talks in Cairo aimed at reaching a Gaza ceasefire have been "constructive," with some progress made and added that all sides need to come together to work toward implementation of a proposed agreement. White House national security spokesperson John Kirby said that the discussions will continue on Friday with CIA Director Bill Burns and U.S. Middle East envoy Brett McGurk representing the United States.

Axios reported that U.S. President Joe Biden asked Israeli Prime Minister Benjamin Netanyahu to move Israeli troops back from Gaza's border with Egypt as part of an initial phase of a ceasefire deal so that talks could continue. Israel's Prime Minister partially accepted Biden's request made in their call on Wednesday and agreed to give up an Israeli troop position along one part of the Egypt-Gaza border.

Baker Hughes said U.S. energy firms this week cut the number of oil and natural gas rigs operating for a second consecutive week for the first time since late June. The oil and gas rig count fell by one to 585 in the week ending August 23rd. Baker Hughes said oil rigs were unchanged at 483 this week, while gas rigs fell by one to 97.

IIR Energy said U.S. oil refiners are expected to shut in about 389,000 bpd of capacity in the week ending August 23rd, increasing available refining capacity by 99,000 bpd.

Early Market Call - as of 8:20 AM EDT

WTI - Oct \$76.91, up \$2.08

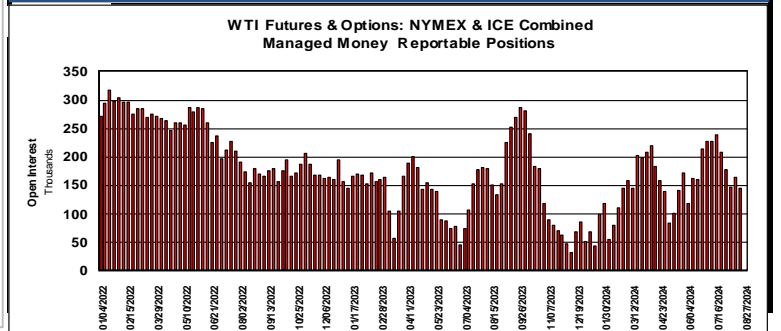
RBOB - Sep \$2.3202, up 3.51 cents

HO - Sep \$2.3448, up 4.51 cents

All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-24	2.2997	0.0362	-0.0290
Oct-24	2.3181	0.0394	-0.0285
Nov-24	2.3282	0.0391	-0.0313
Dec-24	2.3337	0.0383	-0.0331
Jan-25	2.3400	0.0378	-0.0331
Feb-25	2.3380	0.0376	-0.0322
Mar-25	2.3259	0.0378	-0.0314
Apr-25	2.3104	0.0378	-0.0305
May-25	2.3015	0.0379	-0.0278
Jun-25	2.2961	0.0378	-0.0251
Jul-25	2.3015	0.0376	-0.0238
Aug-25	2.3080	0.0372	-0.0232
Sep-25	2.3154	0.0368	-0.0230
Oct-25	2.3212	0.0361	-0.0235
Nov-25	2.3213	0.0359	-0.0233
Dec-25	2.3168	0.0356	-0.0220
Jan-26	2.3156	0.0353	-0.0205

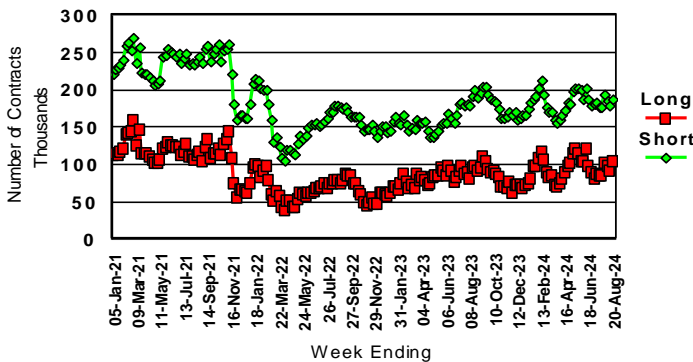
Sprague HeatCurve October 2024-April 2025		\$2.3308
Close		
Crude - WTI	Oct Brent- WTI Spread \$4.19	\$74.8300 \$1.8200
Crude - Brent		\$79.0200 \$1.8000
Natural Gas		\$2.0220 -\$0.0310
Gasoline		\$2.2851 \$0.0414



Commitment of Traders Report for the Week Ending August 20, 2024

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

