

Market Commentary

Recap: The oil market on Monday continued to trend higher for the third consecutive session on supply concerns amid reports of escalating conflict in the Middle East and output cuts in Libya as the country is divided between two administrations. The crude market gapped higher on the opening from \$75.07 to \$75.10 amid the wider Middle Eastern tensions as Israel and Hezbollah exchanged fire in southern Lebanon. Also, the market was well supported as the Gaza ceasefire talks in Cairo on Sunday ended with no agreement, with neither Hamas nor Israel agreeing to several compromises presented by mediators. The crude market backfilled its gap as it posted a low of \$75.04. However, it bounced off that level and extended its gains after the government in Libya's eastern half declared force majeure on all oilfields, ports, institutions and facilities and stopped the production and export of oil until further notice. The market rallied to a high of \$77.60 by mid-morning. The oil market later erased some of its gains and settled in a sideways trading range during the remainder of the session. The October WTI contract settled up \$2.59 at \$77.42 and the October Brent contract settled up \$2.41 at \$81.43. The product markets ended mixed, with the heating oil market settling up 4.83 cents at \$2.348 and the RB market settling down 52 points at \$2.2799.

Technical Analysis: The oil market on Tuesday is seen remaining supported amid the continuing Middle East tensions. The market will also remain supported as Federal Reserve officials are pointing to a rate cut in September and the weekly petroleum stocks reports scheduled to be released on Tuesday evening and Wednesday morning are expected to show draws in crude stocks. The crude market is seen finding resistance at \$77.60, \$78.14, \$78.43, \$78.54 followed by \$76.98, \$77.38, \$77.52, \$78.43 and \$78.54. Meanwhile, support is seen at its low of \$75.04, \$72.83, \$71.58, \$71.46, \$70.80 and \$70.00.

Fundamental News: The Libyan eastern-based government said that all oilfields are closing down, halting production and exports, but the country's Tripoli-based National Oil Corp, which controls oil resources, has not provided confirmation. Libyan factions are locked in a power struggle over control of the central bank and oil revenues. The government in Benghazi is not internationally recognized, but most oilfields are under the control of eastern Libyan military leader Khalifa Haftar. The latest round of tensions started after efforts by political factions to oust the Central Bank of Libya head Sadiq al-Kabir, with rival armed factions mobilizing on each side.

Hezbollah launched hundreds of rockets and drones at Israel early on Sunday, as Israel's military said it struck Lebanon with around 100 jets to thwart a larger attack, in one of the biggest clashes in more than 10 months of border warfare. Any major spillover in the fighting, which began in parallel with the war in Gaza, risks turning into a regional conflict drawing in Hezbollah's supporter Iran and Israel's main ally the United States. With three deaths confirmed in Lebanon and one in Israel, both sides indicated they were happy to avoid further escalation for now, but warned that there could be more strikes to come. Hezbollah leader, Sayyed Hassan Nasrallah, said the Iranian-backed group's barrage, a reprisal for the assassination of senior commander Fuad Shukur last month, had been completed "as planned". However, he said the group would assess the impact of its strikes and "if the result is not enough, then we retain the right to respond another time".

Two Egyptian security sources said there was no agreement on Sunday in the Gaza ceasefire talks that took place in Cairo, with neither Hamas nor Israel agreeing to several compromises presented by mediators, casting doubt on the chances of success in the latest U.S.-backed effort to end the 10-month old war.

IIR Energy said U.S. oil refiners are expected to shut in about 508,000 bpd of capacity in the week ending August 30th, cutting available refining capacity by 9,000 bpd. Offline capacity is expected to fall to 177,000 bpd in the week ending September 6th.

Early Market Call - as of 8:35 AM EDT

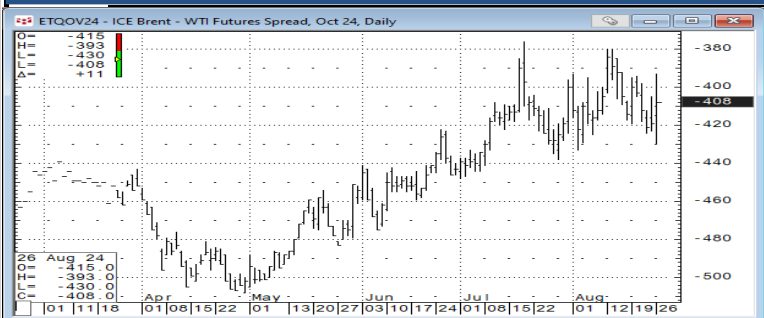
WTI - Oct \$76.70, down 73 cents
 RBOB - Sep \$2.2799, unchanged
 HO - Sep \$2.3202, down 2.78 cents

All NYMEX | Prior Settlements

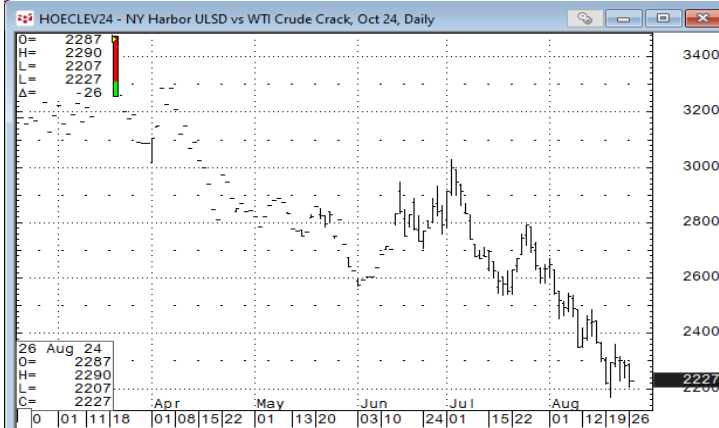
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-24	2.3480	0.0483	0.0845
Oct-24	2.3970	0.0789	0.1142
Nov-24	2.3814	0.0532	0.0841
Dec-24	2.3864	0.0527	0.0786
Jan-25	2.3924	0.0524	0.0753
Feb-25	2.3893	0.0513	0.0724
Mar-25	2.3761	0.0502	0.0700
Apr-25	2.3593	0.0489	0.0672
May-25	2.3491	0.0476	0.0665
Jun-25	2.3423	0.0462	0.0658
Jul-25	2.3465	0.0450	0.0649
Aug-25	2.3520	0.0440	0.0639
Sep-25	2.3581	0.0427	0.0625
Oct-25	2.3629	0.0417	0.0610
Nov-25	2.3621	0.0408	0.0602
Dec-25	2.3571	0.0403	0.0601
Jan-26	2.3550	0.0394	0.0596

Sprague HeatCurve October 2024-April 2025		\$2.3844
		Close
Crude - WTI	Oct Brent-	\$77.4200
Crude - Brent	WTI Spread	\$81.4300
Natural Gas	\$4.01	\$1.9560
Gasoline		\$2.2799
		-\$0.0660
		-\$0.0052

ICE October Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

