

Energy Market Update, September 6, 2023 NYMEX Prices

Product	Month	Close	Wk. Change
Crude Oil	23-Oct	87.54	+6.66
RBOB Gas	23-Oct	2.6014	+0.0343
NYH ULSD	23-Oct	3.1927	+0.1269
Nat. Gas	23-Oct	2.510	-0.286

Following yesterday's strength the energy markets are setting back this morning. The surge was linked to a decision by OPEC+ leaders Saudi Arabia and Russia to extend supply curbs through the end of the year.

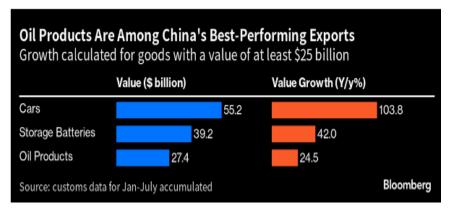
The strategy from Riyadh and Moscow aims to drain inventories further while driving the market's underlying time spreads deeper into backwardation.

Australia's New South Wales state will raise royalty rates to be paid to coal miners there, seeking greater benefit from elevated prices fanned by energy supply concerns following Russia's invasion of Ukraine.

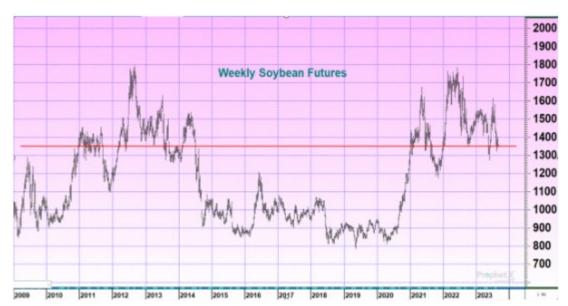
The Panama Canal Authority has reportedly begun holding actions for shops waiting to pass the canal, with one vessel reportedly paying \$2.4 million to transit, amid warnings that restrictions at the key waterway may last for another 10 months. Since late July, only 10 vessels have been allowed to move through the neo-Panamax locks per day. The Authority kept only one to two daily slots for unbooked vessels that they auctioned to the highest bidder.



Chevron Australia and unions representing works at two of the U.S. energy major's liquefied natural gas facilities in Australia began talks aimed at averting strikes scheduled for Thursday should the parties fail to reach a deal. If an agreement is not reached facilities are expected to go ahead with planned work stoppages. Last week, workers at Chevron rejected the company's offer on pay and conditions. Australia is the world's biggest LNG exporter, and the Gorgon and Wheatstone projects account for more than 5 percent of global LNG capacity. This dispute has stoked volatility in natural gas markets nervous about the risk of long-term disruptions.

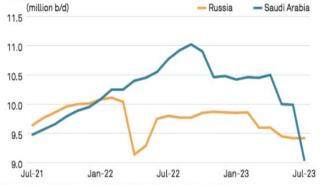


Iranian shipments to China have been increasing towards the highest level seen in a decade. China's oil refineries have been putting out plenty of transport fuel. This has become one of China's fastest growing export sectors. This is aiding the poor export performance from the country, that has been struggling otherwise since the pandemic.



With the calendar flipped to September, attention will be shifting to the agriculture community, as combines will start moving through the fields in a matter of weeks in some regions. Looking at at continuous soybean chart, prices have retreated from the highs traced out back in June 2022, but are still holding well above prices experienced back from 2014-2020. Last year at this time soybean prices were coming in at \$15.10 vs. \$13.54 last week, that's down \$1.56 year over year. According to the USDA weekly crop report, 53 percent of the U.S. corn crop is in good to excellent condition, vs. 56 percent last week. As for soybeans, 53 percent were pegged in the top category vs. 58 percent last week.

Aggressive cuts sink Saudi crude production below Russia's



Source: Platts OPEC+ survey by S&P Global Commodity Insights

Defending the market has been costly to the Saudi's. The gap between oil production in the United States vs. oil production in Saudi Arabia continues to widen as well. As supplies in global oil markets tightens, Washington continues to try and battle higher energy prices, particularly gasoline. As part of the Biden administration efforts to bring more oil to market, oil sanctions on Iran have been relaxed, allowing this OPEC member to add more barrels onto the market as well.