

## Market Commentary

**Recap:** The oil market on Wednesday posted an inside trading day after failing to breach its previous trading range. The market posted a low of \$85.88 in overnight trading, holding its support at its previous low of \$85.73, and traded sideways ahead of the release of the EIA's weekly petroleum stocks report. However, the market bounced higher and rallied over \$2.60 as it posted a high of \$89.16 amid a larger than expected draw in crude stocks. The EIA reported a large draw of 7.1 million barrels in the week ending August 12<sup>th</sup>, compared with expectations of a 275,000 barrel draw. The draw outweighed concerns over increasing Russian output and exports and fears of a global recession. The market later retraced some of its sharp gains and continued to trade sideways during the remainder of the session. The September WTI contract settled up \$1.58 at \$88.11, while the October Brent contract settled up \$1.31 at \$93.65. The product markets ended the session in positive territory, with the heating oil market settling up 13.72 cents at \$3.6174 and the RB market settling up 3.38 cents at \$2.9345.

**Technical Analysis:** On Thursday, the crude market is seen trading within its recent trading range. The market continues to await developments from talks to revive the Iranian nuclear deal, which could lead to an increase in Iranian crude oil exports if a deal is reached. The crude market is seen finding support at \$86.95, \$86.45, \$86.18, its lows of \$85.88 and \$85.73. Further support is seen at \$85.40 and \$82.99. Meanwhile, resistance is seen at its highs of \$89.16, \$90.65, and \$91.90, its 38% retracement level off a low of \$85.73 to a high of \$101.88. More distant resistance is seen at \$92.10, \$92.63, basis a trendline, \$93.81, its 50% retracement level, \$94.81, \$95.05, and \$95.71, its 62% retracement level.

**Fundamental News:** The EIA reported that U.S. crude oil stocks fell by 7.1 million barrels to 425 million barrels in the week ending August 12<sup>th</sup> as the country exported a record 5 million bpd of crude oil, up by a record 2.9 million bpd. U.S. crude oil exports reached 5 million bpd, causing net imports to fall by a record 2.93 million bpd to 1.2 million bpd.

OPEC Secretary-General, Haitham Al Ghais, said inadequate investment in the oil and gas sector is the chief reason behind the recent increase in prices and OPEC is not to blame.

According to an Ernst & Young report, U.S. oil reserves held by 50 large companies increased by 13% over the five years ended in December, with mergers and acquisitions contributing most of the recent gain. Oil reserve estimates increased to 31.8 billion barrels at the end of last year after falling in 2020 as the COVID-19 pandemic forced energy companies to curtail activity. U.S. reserves were still lower than 2019 levels of 32.5 billion barrels.

Goldman Sachs said the return of Iranian crude supply would reduce its Brent crude price forecast for 2023 by \$5-\$10/barrel from \$125/barrel. It said an increase in Iranian crude supply of an average 500,000 bpd next year would cut its 2023 forecast by up to \$15/barrel from \$125/barrel.

IIR Energy reported that U.S. oil refiners are expected to shut in 529,000 bpd of capacity in the week ending August 19<sup>th</sup>, cutting available refining capacity by 64,000 bpd. Offline capacity is expected to fall to 294,000 bpd in the week ending August 26<sup>th</sup>.

Colonial Pipeline Co is allocating space for Cycle 48 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

Shell will shut its Gulf of Mexico Odyssey and Delta crude pipelines for maintenance for two weeks in September.

**Early Market Call - as of 8:30 AM EDT**

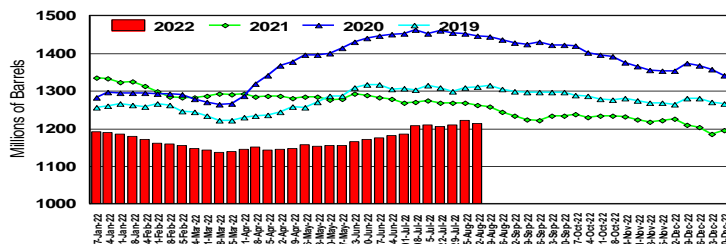
WTI - September \$89.42, up \$1.31  
 RBOB - September \$2.9753, up 4.08 cents  
 HO - September \$3.5929, down 2.45 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.6174	0.1372	0.2071
Oct-22	3.5682	0.1234	0.1925
Nov-22	3.5103	0.112	0.1735
Dec-22	3.4526	0.1008	0.1546
Jan-23	3.4019	0.0897	0.135
Feb-23	3.3375	0.0778	0.1123
Mar-23	3.2587	0.0668	0.0936
Apr-23	3.1781	0.0588	0.0803
May-23	3.1232	0.054	0.0718
Jun-23	3.0816	0.0516	0.0666
Jul-23	3.053	0.0503	0.0581
Aug-23	3.0247	0.0499	0.0498
Sep-23	2.9952	0.0494	0.0407
Oct-23	2.9657	0.0483	0.0317
Nov-23	2.9401	0.0481	0.0254
Dec-23	2.9115	0.0411	0.0163
Jan-24	2.8873	0.0388	0.0137

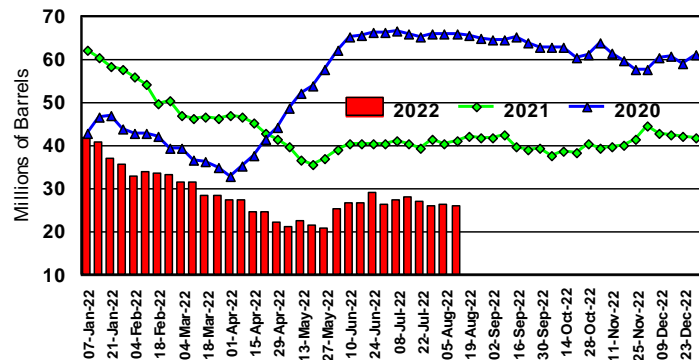
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$5.96	\$87.6900	\$1.5300
Crude - Brent		\$93.6500	\$1.3100
Natural Gas		\$9.2440	-\$0.0850
Gasoline		\$2.9345	\$0.0338

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending August 12, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 7.1 million barrels  
 Cushing, OK Crude Stocks Up 192,000 barrels  
**Gasoline Stocks** Down 4.6 million barrels  
**Distillate Stocks** Up 766,000 barrels  
**Refinery % Operated** 93.5%, down 0.8%

#### PADD #1

Distillate Stocks (in million bbl)	Week Ending August 12, 2022	Week Ending August 5, 2022	Week Ending August 13, 2021
New England	3.0	3.1	6.8
Central Atlantic	11.8	12.4	20.3
Total PADD #1	26.2	26.4	41.2
Distillate Imports (thousands b/d)	103	155	120