



## Market Commentary

**Recap:** The oil market on Thursday morning continued to trend lower falling to a two-week low on concerns over inflation. The market traded lower overnight after the Federal Reserve raised its key interest rate on Wednesday by 75 basis points. The equities market in Europe was pressured following a surprise rate increase from Swiss National Bank and a rate increase by the Bank of England, which fed concerns over a slowdown in global economic growth. The oil market retraced almost 62% of its move from a low of \$105.13 to a high of \$123.68 as it posted a low of \$112.31 by mid-morning. The market later bounced off its low as it pared its earlier losses. The market rallied to a high of \$118.08 in afternoon trading after the U.S. Treasury Department announced new sanctions on Iran, underscoring the difficulty of reviving the 2015 nuclear agreement. The July WTI contract settled up \$2.27 at \$117.58. The product markets ended the session in positive territory, with the heating oil market settling up 2.49 cents at \$4.5719 and the RBOB market settling up 6.12 cents at \$3.9554.

**Technical Analysis:** The oil market will trade sideways on Friday as it continues to trade within its ascending trending channel as supply is expected to remain tight. The market is seen finding resistance at its highs of \$118.08, \$119.61 followed by \$1.2368 and \$1.2406, basis its trendline. Meanwhile, support is seen in \$116.59, \$114.56, its low of \$112.31 and \$112.22, its 62% retracement level. More distant support is seen at \$111.20, \$110.27, \$109.23 and \$108.61.

**Fundamental News:** U.S. Energy Secretary Jennifer Granholm is expected to meet with refining executives on June 23<sup>rd</sup> to discuss gasoline prices.

The U.S. Treasury Department reported that the U.S. issued new Iran-related sanctions on Thursday, targeting petrochemical and shipping companies and two individuals.

The EPA reported that the U.S. generated 513 million biodiesel (D4) blending credits in May, up from 499 million credits in April. The EPA also reported that the U.S. generated 1.23 billion ethanol (D6) blending credits in May, up from 1.14 billion credits in April

OPEC+ produced 2.695 million bpd below its crude oil targets in May because of production problems at several member countries and as Russia faced sanctions. Underproduction by OPEC+ was higher in May, when overall compliance with planned output cuts stood at 256%, up from 220% a month earlier.

Russia's Deputy Prime Minister, Alexander Novak, said Russia could continue cooperating within the OPEC+ oil production agreement beyond 2022. He said "We will work to ensure the energy security of the oil market." He said Russia has no need to cut its oil output in response to the European Union's embargo. He also said he saw the role of OPEC+ strengthening in response to market conditions. He said Russia has no plans to switch to an oil-for-roubles payment scheme, like the one adopted for Russia's gas exports. He said the oil market was balanced, but there were still lots of uncertainties. The Deputy Prime Minister, who held talks with Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman earlier on Thursday, said the meeting was an important one. He added that they discussed oil prices and balance forecasts. Separately, Russia's Deputy Prime Minister, Alexander Novak, said Europe would pay an extra \$400 billion in higher energy prices and could face a shortage of oil products. He said Russia could switch energy exports away from Europe to countries like China and India in order to cover the loss of European sales.

**Early Market Call - as of 8:35 AM EDT**

WTI - July \$116.69, down 90 cents  
 RBOB - July \$3.8744, down 8.14 cents  
 HO - July \$4.5329, down 3.84 cents

## All NYMEX | Prior Settlements

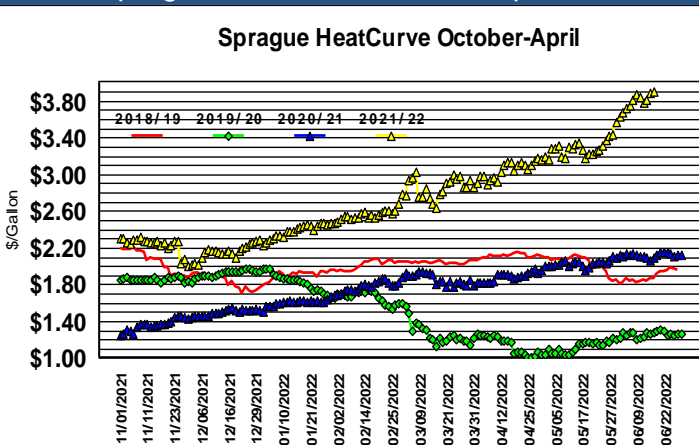
| Month  | USLD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Jul-22 | 4.5719    | 0.0249       | 0.1682    |
| Aug-22 | 4.4187    | 0.0179       | 0.1131    |
| Sep-22 | 4.3027    | 0.0171       | -0.0029   |
| Oct-22 | 4.2039    | 0.0222       | 0.0663    |
| Nov-22 | 4.1074    | 0.0244       | 0.0562    |
| Dec-22 | 4.0112    | 0.0226       | 0.0467    |
| Jan-23 | 3.9298    | 0.0182       | 0.0431    |
| Feb-23 | 3.8351    | 0.0139       | 0.0330    |
| Mar-23 | 3.7104    | 0.0081       | 0.0098    |
| Apr-23 | 3.5832    | 0.0021       | -0.0140   |
| May-23 | 3.4828    | 0.0053       | -0.0272   |
| Jun-23 | 3.4066    | 0.0109       | -0.0279   |
| Jul-23 | 3.3536    | 0.0125       | -0.0250   |
| Aug-23 | 3.2996    | 0.0133       | -0.0242   |
| Sep-23 | 3.2429    | 0.0152       | -0.0218   |
| Oct-23 | 3.1831    | 0.0180       | -0.0194   |
| Nov-23 | 3.1248    | 0.0194       | -0.0207   |

| Sprague HeatCurve October 2022-April 2023 |                             |            | \$3.9020 |
|---|-----------------------------|------------|----------|
|   |                             | Close      | Change   |
| Crude - WTI                               | Aug Brent-WTI Spread \$4.56 | \$115.2500 | \$2.1600 |
| Crude - Brent                             |                             | \$119.8100 | \$1.3000 |
| Natural Gas                               |                             | \$7.4640   | \$0.0440 |
| Gasoline                                  |                             | \$3.9558   | \$0.0616 |

## EIA Working Gas Storage Report

|               | 10-Jun-22 | 03-Jun-22 | Change | 10-Jun-21 |
|---------------|-----------|-----------|--------|-----------|
| East          | 407       | 376 R     | 31     | 459       |
| Midwest       | 482       | 454 R     | 28     | 567       |
| Mountain      | 122       | 118       | 4      | 164       |
| Pacific       | 221       | 211 R     | 10     | 242       |
| South Central | 863       | 843       | 20     | 993       |
| Salt          | 251       | 251       | 0      | 299       |
| Nonsalt       | 612       | 593       | 19     | 694       |
| Total         | 2095      | 2003 R    | 92     | 2,425     |

## Sprague HeatCurve October-April



## WTI Continuation Chart



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