

Market Commentary

Recap: Oil futures fell on Wednesday to their lowest level in eight months, as concerns intensified that a global economic downturn will hurt demand for energy. The economically disappointing news came out of China, as Chinese trade data sparked investor concerns about recession risks. The weakness of oil prices reflects the darkening outlook for global growth as central banks race to raise interest rates and contain the fastest inflation in 40 years. COVID lockdowns in China have crippled expansion in the second-biggest economy, and the strong dollar is making crude more expensive for international buyers. Traders are also expressing disappointment to a few mixed comments from the government and a pair of oil executives. WTI fell below \$85 for the first time since January. According to FactSet data, the last time WTI settled below \$84 was January 24. October WTI lost \$4.94 per barrel, or 5.69% to \$81.94, November delivery fell \$4.83, or 5.20% to settle at \$88.00 a barrel. October RBOB lost 10.82 cents per gallon, or 4.48% to \$2.3077 today, the lowest settlement value since Monday, Jan. 10, 2022. ULSG for October delivery gained 1.22 cents per gallon, or 0.34% to \$3.5860 today and year-to-date it is up \$1.2559 or 53.90%.

Market Analysis: Based upon the October contract in WTI, the \$81.85 level, which represents the 62% retracement of the June high of \$115.44 and the December low of \$61.08, was breached but a lack of follow-through sparked a short covering rally. Once again, we will stick our necks out and look for a second breach of this level, this time seeing enough momentum to take this market down toward \$80. Should we get a break below \$80, we believe that this market could stretch toward \$65. Worth mentioning and based on a daily bar chart for the October contract, the 50-day moving average is bearing down on the 200-day moving average. A cross of the shorter term average below the longer term average will accelerate the down move. Such a cross is known as a Death Cross.

Fundamental News: The U.S. EIA increased its 2022 world oil demand growth forecast by 20,000 bpd to 2.1 million bpd. The agency cut its oil demand growth estimate for 2023 by 90,000 bpd to 1.97 million bpd. Total world petroleum demand is estimated at 99.53 million bpd in 2022 and 101.5 million bpd in 2023. The EIA reported that total world oil output is estimated to increase by 4.38 million bpd to 100.09 million bpd in 2022 and by 1.19 million bpd in 2023 to 101.28 million bpd. OPEC production is forecast to increase by 2.45 million bpd to 34.11 million bpd in 2022 and by 380,000 bpd to 34.49 million bpd in 2023. The EIA reported that U.S. crude oil production and petroleum demand will both increase in 2022 as the economy grows. The EIA projected that U.S. crude production will increase to 11.79 million bpd in 2022 and 12.63 million bpd in 2023 from 11.25 million bpd in 2021. That compares with a record 12.29 million bpd in 2019. It also projected that petroleum and other liquid fuels consumption will increase by 510,000 bpd from 19.89 million bpd in 2021 to 20.4 million bpd in 2022 and by 350,000 bpd to 20.75 million bpd in 2023. The EIA estimated that gasoline demand will increase by 10,000 bpd to 8.83 million bpd in 2022 and by 110,000 bpd to 8.94 million bpd in 2023. Distillate demand fell by 10,000 bpd to 3.96 million bpd in 2022 and by 20,000 bpd to 3.94 million bpd in 2023. In regards to prices, the EIA forecast that Brent crude prices will average \$98/barrel in the fourth quarter and \$97/barrel in 2023. It expects retail gasoline prices will average \$3.60/gallon in the fourth quarter and \$3.61/gallon in 2023. Retail diesel prices are forecast to average \$4.90/gallon in the fourth quarter and \$4.28/gallon in 2023.

BP Plc restarted a 250,000 bpd Pipestill 12 crude distillation unit at its 435,000 bpd Whiting, Indiana refinery over the weekend. It said it is working to bring the plant back to normal operations following an August 24th fire, which shut key utilities forcing the entire plant to shut down.

Early Market Call - as of 8:35 AM EDT

WTI - October \$83.40 UP \$1.46
 RBOB - October \$2.3216 Up \$0.0129
 HO - October \$3.5296 Down \$0.0562

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	\$3.5860	\$0.0122	-\$0.0814
Oct-22	\$3.5115	\$0.0013	-\$0.0975
Nov-22	\$3.4337	-\$0.0098	-\$0.1129
Dec-22	\$3.3613	-\$0.0188	-\$0.1222
Jan-23	\$3.2824	-\$0.0270	-\$0.1252
Feb-23	\$3.1949	-\$0.0347	-\$0.1218
Mar-23	\$3.0989	-\$0.0434	-\$0.1195
Apr-23	\$3.0210	-\$0.0517	-\$0.1172
May-23	\$2.9618	-\$0.0580	-\$0.1153
Jun-23	\$2.9251	-\$0.0611	-\$0.1116
Jul-23	\$2.8952	-\$0.0622	-\$0.1062
Aug-23	\$2.8678	-\$0.0624	-\$0.1017
Sep-23	\$2.8438	-\$0.0617	-\$0.1007
Oct-23	\$2.8213	-\$0.0611	-\$0.1007
Nov-23	\$2.7993	-\$0.0612	-\$0.1008
Dec-23	\$2.7769	-\$0.0613	-\$0.1005
Jan-24	\$2.7639	-\$0.0613	-\$0.1040

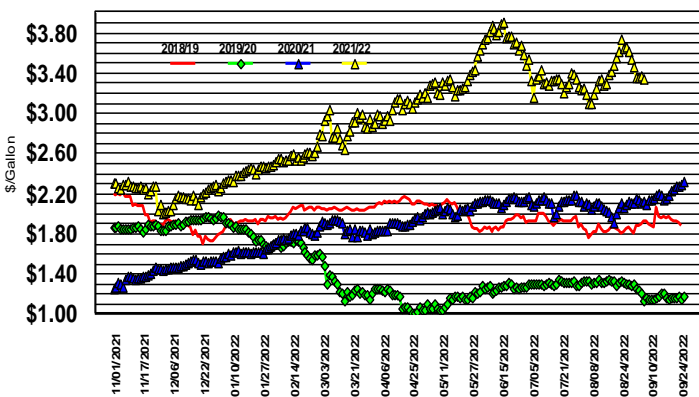
Sprague HeatCurve October 2022-April 2023			\$3.3438
		Close	Change
Crude - WTI	Oct Brent-WTI Spread \$6.37	\$81.6300	-\$4.8800
Crude - Brent		\$88.0000	-\$4.8300
Natural Gas		\$7.8420	-\$0.3030
Gasoline		\$2.3077	-\$0.1082

API Report for the Week Ending September 2, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 3.6 million barrel	Down 300,000 barrels
Gasoline Stocks	Down 836,000 barrels	Down 1.7 million barrels
Distillate Stocks	Up 1.8 million barrels	Up 500,000 barrels
Refinery Runs		Down 0.8%, 91.9%

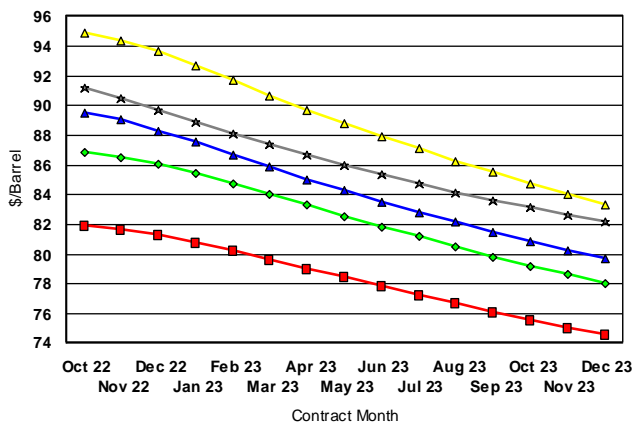
Sprague HeatCurve October-April

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve



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