

## Market Commentary

**Recap:** Crude oil prices tumbled more than 4% on Monday as fears of a recession accelerated after Russia cut off natural gas supply to parts of Europe via the Nordstream 1 pipeline for 10 days to carry out maintenance and as Shanghai reported a rise in the number of COVID cases. With the U.S. Federal Reserve expected to keep raising interest rates, open interest in NYMEX futures fell on July 7 to its lowest since October 2015 as investors cut back on risky assets. Also putting pressure on oil was a rise in the U.S. dollar against a basket of other currencies to its highest since October 2002. A stronger dollar reduces demand for oil by making the fuel more expensive for buyers using other currencies. August WTI lost 70 cents per barrel, or 0.67%, falling to \$104. ICE Brent Crude for September delivery gained eight cents per barrel, or 0.07% to \$107.10. Heating oil for August delivery gained 9.52 cents per gallon, or 2.59% to \$3.768, August RBOB gained 1.51 cents per gallon, or 0.44% to \$3.4622.

**Technical Analysis:** The market remains jittery about plans by Western nations to cap Russian oil prices, with Russian President Vladimir Putin warning that further sanctions could lead to "catastrophic" consequences in the global energy market. Supply continues to be a major concern as the war in Ukraine persists, while on the other hand, recession concerns have kept a lid on this market. Traders remain on edge in what has proven to be a highly sensitive market, with recession fears and rising COVID cases overshadowing the tight supply scenario. Last week, oil speculators cut their net long futures and options positions on the New York Mercantile and Intercontinental Exchanges to their lowest since April 2020. With weaker longs exiting the market, we expect to see more range bound trading, with a slight bias to the downside. Resistance is set at \$105.64, \$108.80 and \$110.93. To the downside, support is seen a \$100 and below that at \$96.47.

**Fundamental News:** IIR Energy reported that U.S. oil refiners are expected to shut in 674,000 bpd of capacity in the week ending July 15<sup>th</sup>, cutting available refining capacity by 70,000 bpd. Offline capacity is expected to fall to 540,000 bpd in the week ending July 22<sup>th</sup>.

Euroilstock reported that European refiners' crude and oil products stocks in June fell by more than 9% on the year and by 0.1% on the month to 1.004 billion barrels. Europe's refinery crude intake in June increased by 9.5% on the year and by 2% on the month to 9.597 million bpd. European crude stocks fell by 7.8% on the year but increased by 0.2% on the month to 429.46 million barrels, while gasoline stocks increased by 2.4% on the year but fell by 0.5% on the month to 110.16 million barrels, middle distillates stocks fell by 15.1% on the year but increased by 0.2% on the month to 373.73 million barrels, fuel oil stocks fell by 4.8% on the year and by 3.3% on the month to 60.78 million barrels and naphtha stocks increased by 4.9% on the year but fell by 0.6% on the month to 29.39 million barrels.

Colonial Pipeline Co is allocating space for Cycle 40 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Venezuela's largest refinery restarted its 60,000 bpd catalytic cracker over the weekend following a blackout that completely shut down the 645,000 bpd Amuay facility earlier this month. The Amuay refinery began resuming operations last week by putting back in service one of its five crude distillation units. A second distillation unit is now following a restart protocol to resume crude processing in the coming days. At the neighboring 310,000 bpd Cardon refinery, one of three distillations units is in service, processing some 45,000 bpd of crude.

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

WTI - August \$99.42, down \$4.63

RBOB - August \$3.3226, down 13.97 cents

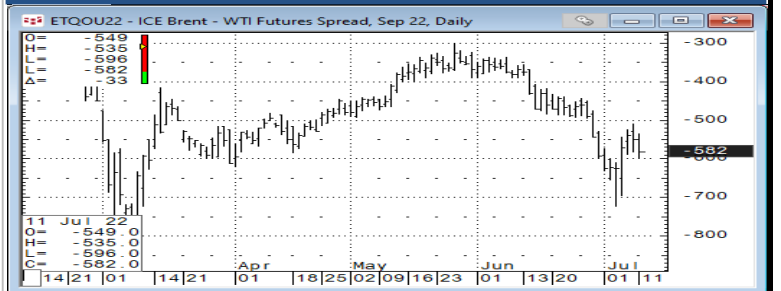
HO - Augusts \$3.6939, down 7.42 cents

## All NYMEX | Prior Settlements

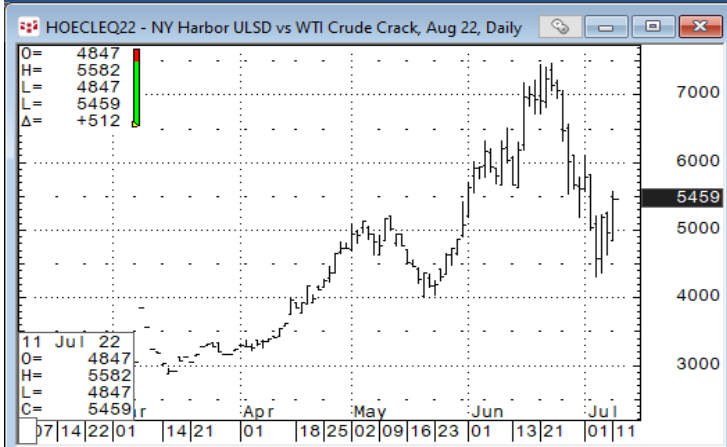
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-22	3.7681	0.0952	-0.1708
Sep-22	3.6838	0.0895	-0.2551
Oct-22	3.6136	0.0820	-0.1709
Nov-22	3.5487	0.0764	-0.1575
Dec-22	3.4896	0.0733	-0.1385
Jan-23	3.4391	0.0678	-0.1190
Feb-23	3.3817	0.0630	-0.1000
Mar-23	3.3202	0.0583	-0.0764
Apr-23	3.2601	0.0550	-0.0506
May-23	3.2087	0.0499	-0.0400
Jun-23	3.1637	0.0457	-0.0309
Jul-23	3.1319	0.0454	-0.0305
Aug-23	3.1026	0.0446	-0.0291
Sep-23	3.0666	0.0441	-0.0294
Oct-23	3.0233	0.0424	-0.0327
Nov-23	2.9854	0.0413	-0.0270
Dec-23	2.9506	0.0388	-0.0185

Sprague HeatCurve October 2022-April 2023			\$3.4282
		Close	Change
Crude - WTI	Aug Brent-	\$101.2100	-\$0.3200
Crude - Brent	WTI Spread	\$107.1000	\$0.0800
Natural Gas	\$5.89	\$6.4260	\$0.3920
Gasoline		\$3.4622	\$0.0151

## ICE September Brent-WTI Spread



## August Heating Oil Crack Spread



## August RBOB Crack Spread

