

Market Commentary

Recap: Oil futures rallied on Monday, with U.S. prices up more than 4% to settle at their highest in a month. Prices got a boost given rising risks of a potential civil war that could put Libyan output at risk and growing expectations that OPEC+ is positioning themselves to cut production. Saudi Arabia, top producer in the Organization of the Petroleum Exporting Countries (OPEC), last week raised the possibility of production cuts, which sources said could coincide with a boost in supply from Iran should it clinch a nuclear deal with the West. October WTI crude rose \$3.95, or 4.2%, to settle at \$97.01 a barrel on the New York Mercantile Exchange. Front-month prices marked their highest finish since July 29. October Brent settled up \$4.10, or 4.1%, at \$105.09 a barrel, having risen by 4.4% last week. September RBOB gained 2.63 cents per gallon, or 0.92% to \$2.877, while September heating oil lost 9.77 cents per gallon, or 2.44% to \$3.9099.

Technical Analysis: October WTI bounced off of the 10-day moving average and gained enough momentum to blast through the 200-day moving average. This front month contract is within range to test \$97.68, the current 50-day moving average, which has been holding its place as a strong area of resistance since the end of June. With traders switching their focus from recession worries to supply issues, we could see a push above \$97.68, with enough gusto to move toward \$100. As we have previously mentioned the 50 and 200-day moving averages have been converging on one and another. We were anticipating a cross of the shorter term below the longer term however, today's move indicates that we could go either way. That being said, a shift to the upside of the shorter term average should support prices. Support is seen at \$96.17 and below that at \$93.00 and below that at \$91.78.

Fundamental News: The head of the IEA, Fatih Birol, said nations that are members of the IEA could release more oil from strategic petroleum reserves if they find it necessary when the current scheme expires. Separately, the head of the IEA said Russia's oil output has exceeded expectations in the wake of the war in Ukraine but added that Russia will find it increasingly difficult to uphold production as Western sanctions begin to impact its exports.

According to the Department of Energy, crude inventory in the U.S. emergency reserves fell by 3.1 million barrels to 450 million barrels in the week ending August 26th. Stocks in the SPR fell to the lowest level since December 1984. The 3.1 million barrel draw was the smallest draw since the end of April.

The U.S. EPA temporarily lifted a federal rule for fuel sales in four states in response to a fire last week at an Indiana oil refinery that could affect prices and supply. EPA Administrator, Michael Regan, said the emergency waiver was granted on Saturday for Indiana, Illinois, Michigan and Wisconsin. He said the agency determined the waiver is necessary "to minimize or prevent disruption of an adequate supply of gasoline to consumers." The EPA said waiver lifts a Clean Air Act requirement that lower-volatility gasoline be sold in the states during summer months to limit ozone pollution. It is in effect until September 15th.

BP said its 435,000 bpd refinery in Whiting, Indiana, which experienced an electrical fire last Wednesday, is working towards a "phased restart of the refinery." BP said it is making progress in restoring the utilities needed to bring the plant back to normal operations. It may begin restarting the refinery this week after restoring electrical and cooling water systems. The restart of production could come as early as midweek or fall later in September.

Early Market Call - as of 8:25 AM EDT

WTI - October \$94.66 Down \$2.35

RBOB - September \$2.7800 Down \$0.976

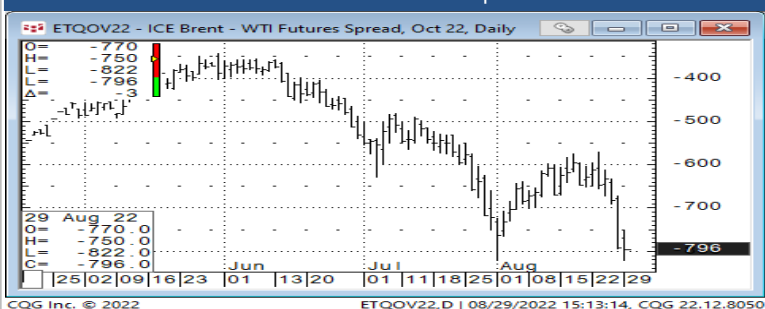
HO - September \$3.8880 Down \$0.219

All NYMEX | Prior Settlements

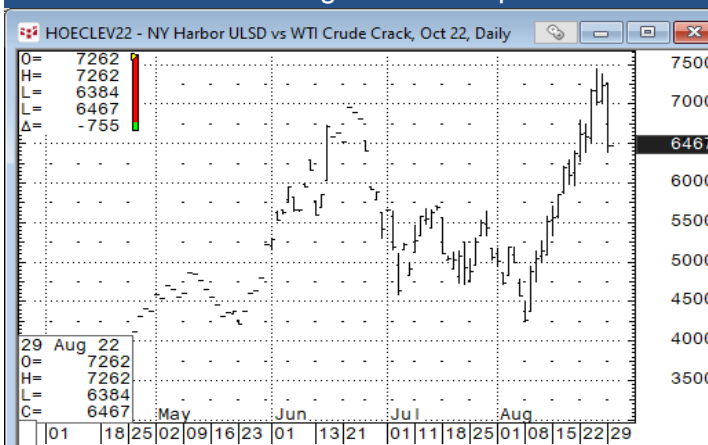
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.9099	-0.0977	0.1337
Oct-22	3.8516	-0.0836	0.1132
Nov-22	3.7831	-0.0708	0.1026
Dec-22	3.7109	-0.058	0.0889
Jan-23	3.6369	-0.0489	0.0694
Feb-23	3.5543	-0.0385	0.0574
Mar-23	3.4603	-0.0279	0.0472
Apr-23	3.3594	-0.0191	0.0322
May-23	3.276	-0.012	0.0149
Jun-23	3.2092	-0.0065	0.0051
Jul-23	3.1637	-0.0015	0.0036
Aug-23	3.1236	0.0038	0.0059
Sep-23	3.0874	0.0069	0.0086
Oct-23	3.0571	0.0094	0.0122
Nov-23	3.032	0.0128	0.0136
Dec-23	3.0088	0.0168	0.0152
Jan-24	2.9855	0.0213	0.0191

Sprague HeatCurve October 2022-April 2023				\$3.6149
Close				Change
Crude - WTI	Oct Brent-	\$97.0100		\$3.9500
Crude - Brent	WTI Spread	\$105.0900		\$4.1000
Natural Gas	\$8.08	\$9.3530		\$0.0570
Gasoline		\$2.8776		\$0.0263

ICE October Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

