

Market Commentary

All NYMEX | Prior Settlements

Recap: On Tuesday, the oil market posted an outside trading day after the market traded lower, reversing its earlier gains as U.S. consumer prices unexpectedly increased in August. The oil market breached its previous high of \$89.10 and posted a high of \$89.31 early in the morning before it erased its gains. The market was pressured by a bearish increase in the Consumer Price Index of 0.1% in August after it was unchanged in July. The crude market breached its previous low of \$85.16 and posted a low of \$85.06 in afternoon trading as the U.S. Federal Reserve is expected to deliver another large interest rate increase next week. Analysts forecast that the Fed may have to raise interest rates quicker than expected. The oil market bounced off its low and retraced some of its losses in afternoon trading following a Bloomberg report stating that the U.S. may begin refilling its SPR when crude prices fall below \$80/barrel. October WTI contract settled down 47 cents at \$87.31, while the November Brent contract settled down 83 cents at \$93.17. The product markets were mixed, with the heating oil market settling down 6.18 cents at \$3.5413 and the RB market settling up 3.56 cents at \$2.4804.

Market Analysis: The oil market on Wednesday will likely continue to trade within its recent trading range from \$80 to \$90 amid the reports that the Biden Administration is seeking to protect U.S. oil production growth and prevent oil prices from declining sharply. The market is seen finding resistance at its high of \$89.31, \$90.39 followed by more distant resistance at \$97.66. Meanwhile, support is seen at \$85.06, \$82.71, \$81.20 and the \$80.00 level.

Fundamental News: OPEC stuck to its forecasts for strong global oil demand growth in 2022 and 2023 citing signs that major economies were faring better than expected despite headwinds such as increasing inflation. In its monthly report, OPEC said oil demand will increase by 3.1 million bpd in 2022 and by 2.7 million bpd in 2023, unchanged on the month. OPEC now sees oil use exceeding 2019's rate in 2023, having this year said it expected this to happen in 2022. It expects world oil consumption in 2023 to average 102.73 million bpd, above the pre-pandemic rate during 2019. It left its 2022 and 2023 global economic growth forecasts unchanged, citing potential for upside risks such as European Union and China's fiscal measures. OPEC's monthly report showed OPEC output posted a sizeable gain in output in August, increasing by 618,000 bpd to 29.65 million bpd, although much of this was due to Libyan supply recovering from outages and an increase in Saudi Arabia's output. Saudi Arabia told OPEC it increased its output in August to 11.051 million bpd, up 236,000 bpd on the month.

A Bloomberg reported stated that the U.S. may begin refilling its emergency oil reserve when crude prices fall below \$80/barrel.

The U.S. statement to the IAEA's Board of Governors meeting said Iran is not "a willing partner" in indirect talks on reviving the 2015 Iran nuclear deal. The statement said "We stand ready to quickly implement a deal on a mutual return to full implementation of the Joint Comprehensive Plan of Action. What we lack is a willing partner in Iran."

International Energy Forum and S&P Global research showed that crude oil refining capacity has declined by a record 3.8 million bpd from March 2020 to mid-2022 as demand expanded, setting the stage for fuel markets to remain very tight until at least mid-decade. The fall in capacity comes as oil demand increased by 5.6 million bpd over the same period. At the same time, about 2 million bpd of net capacity is expected to come online by the end of 2023, with delays to these timeline likely to arise.

Early Market Call - as of 8:20 AM EDT

WTI - October \$87.07, down 24 cents

RBOB - October \$2.4761, down 43 points

HO - October \$3.3660, down 17.56 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	\$3.5413	-\$0.0618	-\$0.0325
Nov-22	\$3.4924	-\$0.0535	-\$0.0178
Dec-22	\$3.4331	-\$0.0491	-\$0.0104
Jan-23	\$3.3766	-\$0.0458	-\$0.0035
Feb-23	\$3.3117	-\$0.0439	\$0.0023
Mar-23	\$3.2322	-\$0.0432	\$0.0026
Apr-23	\$3.1419	-\$0.0433	-\$0.0004
May-23	\$3.0701	-\$0.0417	-\$0.0026
Jun-23	\$3.0145	-\$0.0394	-\$0.0053
Jul-23	\$2.9801	-\$0.0376	-\$0.0061
Aug-23	\$2.9528	-\$0.0360	-\$0.0046
Sep-23	\$2.9289	-\$0.0346	-\$0.0013
Oct-23	\$2.9063	-\$0.0346	\$0.0008
Nov-23	\$2.8849	-\$0.0346	\$0.0025
Dec-23	\$2.8641	-\$0.0345	\$0.0036
Jan-24	\$2.8421	-\$0.0344	\$0.0039
Feb-24	\$2.8276	-\$0.0344	\$0.0024

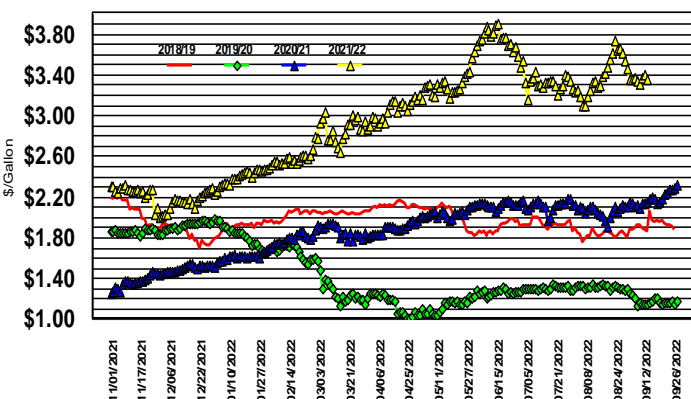
Sprague HeatCurve October 2022-April 2023			\$3.3565
		Close	Change
Crude - WTI	Nov Brent-WTI Spread \$6.28	\$86.8900	-\$0.5200
Crude - Brent		\$93.1700	-\$0.8300
Natural Gas		\$8.2840	\$0.0350
Gasoline		\$2.4804	\$0.0356

API Report for the Week Ending September 9, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 6 million barrel	Up 800,000 barrels
Gasoline Stocks	Down 3.2 million barrels	Down 900,000 barrels
Distillate Stocks	Up 1.8 million barrels	Up 600,000 barrels
Refinery Runs		Unchanged at 90.9%

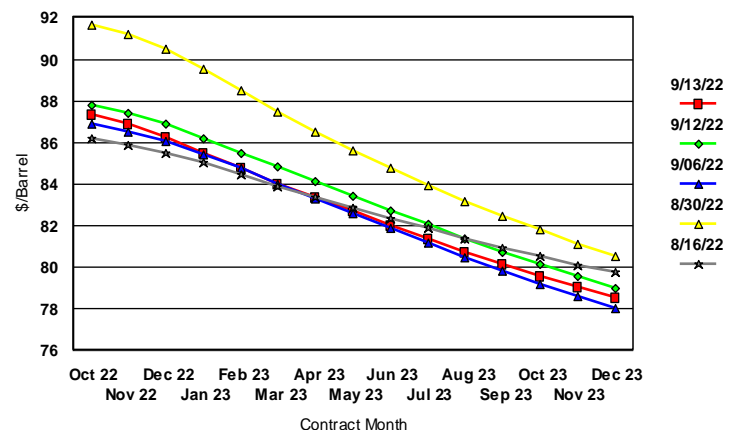
Sprague HeatCurve October-April

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve



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