

## Market Commentary

**Recap:** Oil futures fell on Thursday, tacking on a monthly loss, but held on to a gain so far this year. A weekly increase in U.S. gasoline and distillate supplies raised worries over price-related demand destruction, while OPEC and its allies confirmed an existing agreement to ramp up production in August. August WTI fell \$40.2, or 3.7%, to settle at \$105.76 a barrel. Prices based on the front-month contracts traded nearly 41% higher year to date and gained 505% for the quarter, but lost 7.7% for the month. Brent for August delivery fell \$1.45, or nearly 1.3%, to \$114.81 a barrel, trading almost 48% higher for the year and up over 6% for the quarter, but down 6.5% for the month. The most actively traded September contract fell \$3.42, or 3%, to settle at \$109.03 a barrel.

**Technical Analysis:** RBOB prices have been edging lower as demand softens and as macro-level recession anxiety rattle oil investors. American refineries worked at 95% of their operable capacity in the week ending June 24, according to the EIA. That's the highest read in 30 years. This compares to a month ago, when refineries were running at 92.6% of capacity and two months ago, it was 90.3%. Although refiners are working harder to run more crude oil, demand for gasoline has been stable as higher prices have put a slight dent in demand. Product supplied, a gauge of demand, was 8.93 million barrels per day for the week ending June 24, down from 8.943 million barrels the previous week. Higher prices seldom scare away consumers, avoiding a large scale impact on demand. In three decades, there were 39 months where prices jumped 30% year-over-year. When that happened, there were only 12 months where demand fell at least 2%. Five occurred in 2008, but a comparison to now didn't work because consumers were in better financial condition. As of now, we have seen a significant amount of pressure on crack spreads, with the 3-2-1 crack falling over \$13.00 since we last wrote about it. The front-month crack has broken below an upward trending line, with the next stop looking like \$46. July RBOB fell 4.6% to \$3.6498 per gallon, down nearly 11% for the month, while July heating oil slipped 3.4% to \$3.8982 a gallon.

**Fundamental News:** OPEC+ stated it agreed on Thursday to stick to their earlier approved output increases in July and August and refrained from any policy discussions for September. At its last gathering in early June, OPEC+ decided to raise output each month by 648,000 bpd in July and August, compared with a previous plan to add 432,000 bpd over three months. Oil prices are expected to remain above \$100/barrel this year as Europe and other regions struggle to wean themselves off Russian supply. According to a Reuters survey, Brent crude is forecast to average \$106.82/barrel in 2022, the highest prediction for the year so far compared with a previous forecast of \$101.89/barrel. WTI crude is seen averaging \$102.82/barrel this year, up from a previous forecast of \$97.82/barrel. WTI is forecast to average \$92.19/barrel in 2023.

EU officials said Germany and other European Union governments voiced caution in a closed-door meeting about price caps on Russian oil, a day after the Group of Seven economic powers agreed to urgently start work on the matter.

Russia's Deputy Prime Minister, Alexander Novak, said that attempts to limit the price of Russian oil could lead to "disbalance" in the market and push prices higher.

European Union Ambassador to the United Nations, Olof Skoog, said the European Union was worried it may not be possible to strike an agreement to revive the 2015 Iran nuclear deal, urging all sides to seize the opportunity to conclude an agreement based on the text on the table. The U.S. Deputy U.N. envoy said Iran has yet to show any real urgency to reach an agreement to revive the nuclear deal. Iran said "We were sincere in the Doha talks that were serious and positive." Iran said it will be in touch with the EU coordinator for the next stage of the nuclear talks. Iran added that its negotiating team is ready to engage constructively again to conclude and reach a deal.

**Early Market Call - as of 8:20 AM EDT**

WTI - August \$108.63, up \$2.87

RBOB - August \$3.6060, up 6.97 cents

HO - August \$3.9880, up 15.75

## All NYMEX | Prior Settlements

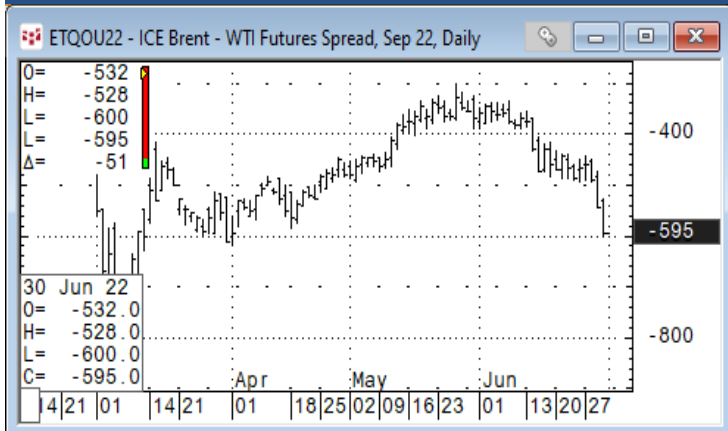
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	3.8982	-0.1385	-0.4397
Aug-22	3.8305	-0.1258	-0.3865
Sep-22	3.7649	-0.1301	-0.4521
Oct-22	3.6986	-0.1297	-0.3143
Nov-22	3.6257	-0.1269	-0.2806
Dec-22	3.5491	-0.1240	-0.2502
Jan-23	3.4827	-0.1179	-0.2243
Feb-23	3.4127	-0.1107	-0.1929
Mar-23	3.3343	-0.0969	-0.1505
Apr-23	3.2540	-0.0789	-0.1062
May-23	3.1932	-0.0613	-0.0698
Jun-23	3.1391	-0.0493	-0.0593
Jul-23	3.1070	-0.0487	-0.0568
Aug-23	3.0750	-0.0493	-0.0533
Sep-23	3.0397	-0.0505	-0.0478
Oct-23	3.0009	-0.0514	-0.0398
Nov-23	2.9621	-0.0512	-0.0324

Sprague HeatCurve October 2022-April 2023			\$3.4701
		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$9.05	\$105.7600	-\$4.0200
Crude - Brent		\$114.8100	-\$1.4500
Natural Gas		\$5.4240	-\$1.0740
Gasoline		\$3.6498	-\$0.1772

## EIA Working Gas Storage Report

	24-Jun-22	17-Jun-22	Change	24-Jun-21
East	461	430	31	509
Midwest	535	506	29	619
Mountain	134	128	6	172
Pacific	235	231	4	243
South Central	886	875	11	1,003
Salt	242	248	-6	296
Nonsalt	644	628	16	707
Total	2251	2169	82	2,547

## ICE September Brent-WTI Spread



## 3-2-1 Crack Spread

