

Market Commentary

Recap: Oil prices jump more than 2% on Thursday, and were up \$5 this week after yesterday's EIA report showed US commercial crude-oil stockpiles fell by the most in nearly two months, and gasoline demand surged by 724k bpd to 9.2M bpd. Demand for gasoline is approaching levels not seen since last year's record, with another increase equal to the size of this report putting gasoline demand close to 10M bpd. Demand is picking up as US drivers are apparently much more comfortable driving miles versus \$4.50 at the pump than the all-time record of \$5.00 at the pump earlier in the summer. Appetite for risk appears to be recovering from recession fears due to the ongoing U.S. earnings optimism and less aggressive Fed rhetoric on rate hikes, giving way to higher crude oil prices. Prices also found support as the Group of Seven richest economies aims to have a price-capping mechanism on Russian oil exports in place by Dec. 5. U.S. crude oil production growth could also be limited by the availability of fracking equipment and crews, as well as capital constraints, executives said this week. However, this is offset by normalizing Libyan supply, leading to a largely balanced global oil market in the fourth quarter, followed by a 1 million bpd stock build in the first quarter of 2023. Despite the up move, WTI failed to retake the \$100 level, sparking weak longs to take profits. WTI for September delivery lost 84 cents per barrel, or 0.86% to \$96.42, while Brent Crude for September delivery gained 52 cents per barrel, or 0.49% to \$107.14. August heating oil lost 3.10 cents per gallon, or 0.83% to \$3.6863. RBOB for August delivery gained 3.58 cents per gallon, or 1.04% to \$3.4646.

Technical Analysis: The failed attempt by WTI to breach \$100 forced a reversal that took the front month contract back below the downward trend line, the 10-day moving average and ultimately back into negative territory. Traders of the American benchmark seemed to shift their focus back to a worsening demand outlook after data showed that the US economy unexpectedly contracted for a second successive quarter in Q2, confirming the economy is in a technical recession. Our stance on this market is that it will continue to try and push higher, with failed attempts to retake \$100 met with profit taking by in and out traders. Resistance above \$100 rests at \$105 and \$108.29. To the downside, support is seen at \$95 and below that at \$90.

Fundamental News: Insights Global reported gasoline stocks in the Amsterdam-Rotterdam-Antwerp (ARA region) for the week ending July 28th rose by 4% and stood at 1,346 thousand tonnes. This was some 69% above the same level a year ago. Gasoline stocks on the week fell by 2% and stood nearly 30% below year ago levels.

Reuters is reporting the supply of five North Sea crude oil grades underpinning the dated Brent market will average about 600,000 b/d in September, down from the 735,000 b/d scheduled to load in August.

Enovus Energy said it is deferring its planned turnaround scheduled for the third quarter of this year at its Foster Creek Oil Sands Project until next year.

Valero Energy said its refineries have been in maximum distillate yield mode in recent weeks. The company expects third quarter throughput volumes in the North Atlantic region to average 445,000-465,000 b/d, 1.72-1.77 million b/d in the gulf coast region and 420,000-440,000 b/d in the midcontinent region. Overall the company expects its 14 refineries will run between 90%-93% capacity in the 3Q2022, after running at near 94% capacity in the second quarter.

PBF Energy announced it is starting up its 50,000 b/d crude unit at its Paulsboro, New Jersey refinery in August of this year.

Early Market Call - as of 8:20 AM EDT

WTI - September \$98.09, up \$1.67
 RBOB - August \$3.56, up 9.54 cents
 HO - August \$3.6814, down 49 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-22	3.6863	-0.031	0.082
Sep-22	3.6138	-0.03	0.0573
Oct-22	3.5568	-0.0261	0.0547
Nov-22	3.4999	-0.0227	0.0521
Dec-22	3.442	-0.0198	0.0443
Jan-23	3.3918	-0.0171	0.0358
Feb-23	3.334	-0.0132	0.0296
Mar-23	3.2636	-0.0112	0.0239
Apr-23	3.1924	-0.0085	0.02
May-23	3.1376	-0.0076	0.0144
Jun-23	3.0916	-0.0073	0.0096
Jul-23	3.0678	-0.0075	0.0148
Aug-23	3.0449	-0.008	0.0217
Sep-23	3.0173	-0.0089	0.027
Oct-23	2.9907	-0.0116	0.0277
Nov-23	2.9672	-0.0144	0.0272
Dec-23	2.9467	-0.014	0.0256

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Sept Brent- WTI Spread \$10.72	\$96.4200	-\$0.8400
Crude - Brent		\$107.1400	\$0.5400
Natural Gas		\$8.1340	-\$0.5530
Gasoline		\$3.4646	\$0.0358

EIA Working Gas Storage Report

	22-Jul-22	15-Jul-22	Change	22-Jul-21
East	532	521	11	580
Midwest	625	608	17	699
Mountain	144	144	0	184
Pacific	253	253	0	246
South Central	862	874	-12	999
Salt	195	206	-11	270
Nonsalt	667	669	-2	728
Total	2416	2401	15	2,709

WTI Forward Curve

