

Market Commentary

Recap: Crude prices extended earlier losses as Covid-19 cases and lockdowns in China continued to raise concerns about demand for oil. Fears about a recession on the horizon also weighed on stocks, oil and bond yields, continuing a volatile stretch for global markets. For now, though, the Fed is intent on pushing rates up in an attempt to tame decades-high inflation. Investors say that campaign, coupled with signs that the U.S. economy is losing momentum, could spell more pain for markets after a rough first half of the year. Adding to the challenges for money managers is China's struggle to contain Covid-19 and the war in Ukraine. One factor that has weighed on commodities in recent weeks has been a stronger dollar. The greenback's rally stalled Tuesday, pushing the WSJ Dollar Index down 0.1%. On Monday it rose 1.1%, lifting the dollar to its highest level against a basket of other currencies since 2002. August WTI lost \$8.25 per barrel, or 7.93% to \$95.84. ICE Brent Crude for September delivery lost \$7.61 per barrel, or 7.11% to \$99.49. NYMEX RBOB Gasoline for August delivery lost 19.76 cents per gallon or 5.71% to \$3.2646 while ULSD for August delivery lost 10.55 cents per gallon, or 2.80% to \$3.6626

Market Analysis: US benchmark oil prices fell as much as 7.9% to \$95.78 a barrel as global recession fears continue and as President Biden heads to Saudi Arabia for a visit partly aimed at convincing the kingdom to pump more oil. Whether the Saudis and other OPEC members have the capacity to boost output and re-balance tight global supplies remains an open question, but traders say crude-selling remains the presiding trend as WTI has fallen on a weekly basis for three of the past four weeks, and closed last Wednesday at a three-month low \$98.53. Once again, August WTI held below the 50-day moving average, validating this technical indicator's role as a strong resistance marker and gained enough momentum to settle below \$96.47, the 50% retracement set by the March high of \$130.50 and the December low of \$62.43. At this point, we are looking for a test of the 200-day moving average currently set below this market at \$94.05. To the upside, resistance is set at \$104 and above that at \$110.77. Next up is weekly US inventory reports from the EIA data released Wednesday morning.

Fundamental News: In its Short Term Energy Outlook, the EIA reported world oil demand is expected to increase by 2.23 million bpd to 99.58 million bpd in 2022 and by 2 million bpd to 101.58 million bpd in 2023. Meanwhile, total global oil production increased by 4.71 million bpd to 100.33 million bpd in 2022 and by 1.22 million bpd to 101.55 million bpd in 2023. OPEC oil production is forecast to increase by 2.52 million bpd to 34.18 million bpd in 2022 and by 660,000 bpd to 34.84 million bpd in 2023. The EIA said that U.S. crude production and petroleum demand will both increase in 2022 as the economy grows. The EIA projected U.S. crude production will increase to 11.91 million bpd in 2022 and 12.77 million bpd in 2023 from 11.19 million bpd in 2021. The agency also projected petroleum and other liquid fuels consumption would increase from 19.78 million bpd in 2021 to 20.48 million bpd in 2022 and 20.80 million bpd in 2023.

OPEC forecast that world oil demand will increase further next year, but at a slightly slower rate than in 2022, with consumption supported by better containment of the COVID-19 pandemic and global economic growth. In its monthly report, OPEC said it expects world oil demand to increase by 2.7 million bpd in 2023. This year's growth forecast was left unchanged at 3.36 million bpd. OPEC said its 2023 forecasts assume there will be no escalation of the war in Ukraine and that risks such as rising inflation do not take a heavy toll on global economic growth. The report showed OPEC output increased its output by 234,000 bpd to 28.72 million bpd in June. OPEC sees global demand for its crude at 30.1 million bpd in 2023, up 900,000 bpd from 2022. OPEC also forecast non-OPEC oil supply will increase by 1.7 million bpd in 2023, led by the U.S.

Early Market Call - as of 9:00AM EDT

WTI - August \$94.71, down \$1.15

RBOB - August \$3.1878, down 7.68 cents

HO - August \$3.7013, up 3.87 cents

All NYMEX | Prior Settlements

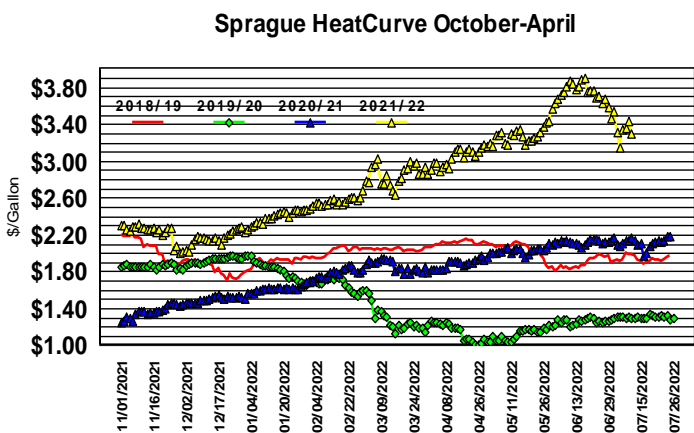
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-22	\$3.6626	-\$0.1055	\$0.0610
Sep-22	\$3.5671	-\$0.1167	-\$0.0345
Oct-22	\$3.4901	-\$0.1235	\$0.0068
Nov-22	\$3.4217	-\$0.1270	-\$0.0046
Dec-22	\$3.3610	-\$0.1286	-\$0.0079
Jan-23	\$3.3086	-\$0.1305	-\$0.0164
Feb-23	\$3.2474	-\$0.1343	-\$0.0320
Mar-23	\$3.1798	-\$0.1404	-\$0.0476
Apr-23	\$3.1134	-\$0.1467	-\$0.0573
May-23	\$3.0619	-\$0.1468	-\$0.0535
Jun-23	\$3.0179	-\$0.1458	-\$0.0485
Jul-23	\$2.9867	-\$0.1452	-\$0.0499
Aug-23	\$2.9580	-\$0.1446	-\$0.0480
Sep-23	\$2.9248	-\$0.1418	-\$0.0450
Oct-23	\$2.8882	-\$0.1351	-\$0.0407
Nov-23	\$2.8568	-\$0.1286	-\$0.0245
Dec-23	\$2.8303	-\$0.1203	-\$0.0136

Sprague HeatCurve October 2022-April 2023			\$3.2953
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$6.18	\$93.3100	-\$7.9000
Crude - Brent		\$99.4900	-\$7.6100
Natural Gas		\$6.1630	-\$0.2630
Gasoline		\$3.2646	-\$0.1976

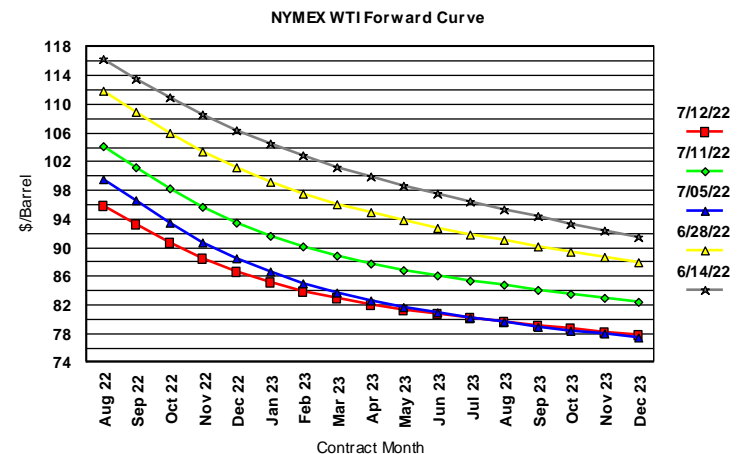
API Report for the Week Ending July 1, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.8 million barrels	Down 200,000 barrels
Gasoline Stocks	Up 3 million barrels	Down 400,000 barrels
Distillate Stocks	Up 3.3 million barrels	Up 1.6 million barrels
Refinery Runs		Up 0.3%, 94.8%

Sprague HeatCurve October-April



WTI Forward Curve



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