

Market Commentary

Recap: Oil futures fell on Wednesday after the EIA reported the third weekly rise in U.S. crude supplies and on expectations that the U.S. Federal Reserve will once again raise interest rates that may slow demand for energy. Prices gave up early gains from the possibility of an even more protracted war in Ukraine, after Russian President Vladimir Putin announced a partial draft of citizens, in a sign that the seven-month war in Ukraine may be escalating the pressure on global commodity supplies. The EIA reported that U.S. crude oil inventories rose by 1.1 million barrels for the week ended Sept. 16. One standout point of Wednesday's EIA report is U.S. gasoline demand, which fell to 8.5 million barrels per day over the past four weeks, its lowest since February. Continued weakness in gasoline demand is hanging over this market and keeping pressure on oil. November WTI settled at \$82.94 per barrel, down \$1.00, or 1.19%, while Brent for November delivery lost 79 cents, or 0.87%, to settle at \$89.83 a barrel. October RBOB added .0387 cents, to settle at \$2.4865 per gallon and October heating oil fell .0384 cents to \$3.3338 per gallon.

Technical Analysis: Oil futures seem to be going nowhere since the middle of August, as it remains within a \$10 range. That being said, we believe that it is only a matter of time before this market makes a break in either direction. On the upside, we have the \$90 level offering significant resistance, and on the downside, we have \$80 offering significant support. Pay attention to the US dollar and global growth numbers, because they are both working against oil at the moment.

Fundamental News: The U.S. EIA reported that U.S. crude oil in the SPR fell by 6.9 million barrels in the week ending September 21st to 427.2 million barrels, its lowest level since August 1984. It reported that U.S. Gulf Coast distillate stocks increased by 1.2 million barrels to 45.4 million barrels, the highest level since August 2021. It reported that the four week average of distillate fuel oil supplied fell in the latest week to the lowest level since July 2020.

U.S. President Joe Biden accused Russia of violating the core tenets of membership in the U.N. by invading Ukraine and added that Russia was making "irresponsible" threats to use nuclear weapons. He said no one had threatened Russia, despite its claims to the contrary, and that only Russia had sought conflict. He pledged the U.S. would stand in solidarity with Ukraine. Earlier on Wednesday Russia's President ordered a Russian mobilization to fight in Ukraine and made a threat to use nuclear weapons, in what NATO called a "reckless" act of desperation in the face of a looming Russian defeat.

Russian President Vladimir Putin called up 300,000 reservists to fight in Ukraine and said Moscow would respond with the might of all its arsenal if the West pursued what he called its "nuclear blackmail" over the conflict there.

IIR Energy reported that U.S. oil refiners are expected to shut in 935,000 bpd of capacity in the week ending September 23rd, cutting available refining capacity by 184,000 bpd.

According to a Reuters analysis of Department of Energy data, Valero Energy Corp and Marathon Petroleum Corp are the biggest beneficiaries of the U.S. government's oil reserve releases, taking nearly half the crude offered. The two biggest receivers acquired nearly 98 million barrels so far.

The Federal Reserve raised its target interest rate by three-quarters of a percentage point to a range of 3.00%-3.25% on Wednesday and signaled more large increases to come in new projections showing its policy rate increasing to 4.40% by the end of this year before topping out at 4.60% in 2023.

Early Market Call - as of 8:15 AM EDT

WTI - October \$84.25 Up \$1.31

RBOB - October \$2.5365 Up \$0.0500

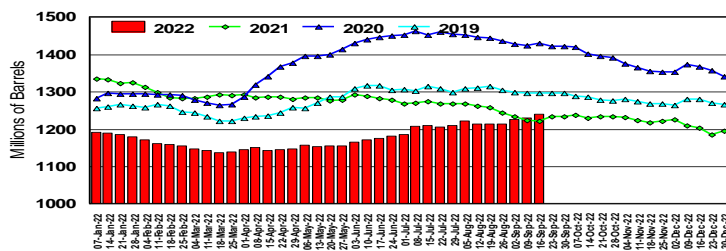
HO - October \$2.4046 Up \$0.0714

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.3338	-0.0384	-0.0451
Nov-22	3.2615	-0.0425	-0.0769
Dec-22	3.2002	-0.0433	-0.0926
Jan-23	3.1508	-0.0426	-0.1001
Feb-23	3.0997	-0.0412	-0.0998
Mar-23	3.0384	-0.0375	-0.0941
Apr-23	2.9686	-0.0325	-0.0856
May-23	2.919	-0.0278	-0.0753
Jun-23	2.8834	-0.0254	-0.0673
Jul-23	2.8661	-0.0253	-0.0613
Aug-23	2.8498	-0.0255	-0.0579
Sep-23	2.8316	-0.0264	-0.0559
Oct-23	2.8139	-0.0274	-0.0544
Nov-23	2.794	-0.0296	-0.0541
Dec-23	2.774	-0.0303	-0.0544
Jan-24	2.7528	-0.0317	-0.0554
Feb-24	2.7364	-0.0331	-0.0577

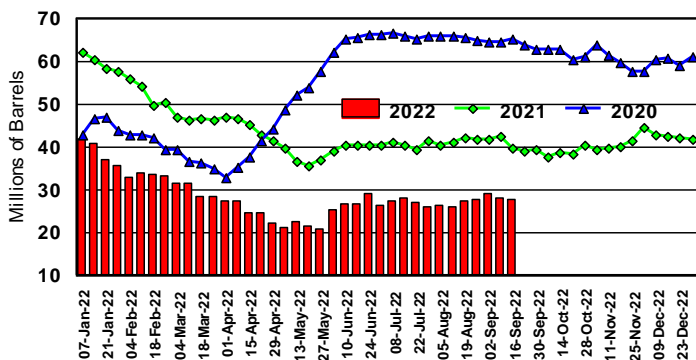
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$6.89	\$82.9400	-\$1.0000
Crude - Brent		\$89.8300	-\$0.7900
Natural Gas		\$7.7790	\$0.0620
Gasoline		\$2.4865	\$0.0387

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending September 16, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.1 million barrels
Cushing, OK Crude Stocks Up 343,000 barrels
Gasoline Stocks Up 1.6 million barrels
Distillate Stocks Up 1.2 million barrels
Refinery % Operated 93.6%, up 2.1%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Sep 16, 2022	Week Ending Sep 9, 2022	Week Ending Sep 17, 2021
New England	3.7	3.4	7.5
Central Atlantic	12.5	13.2	21.6
Total PADD #1	27.9	28.1	39.8
Distillate Imports (thousands b/d)	94	103	149