

Market Commentary

Recap: The oil market, which looked ready to post an inside trading day, rallied higher late in the session. The market posted a low of \$87.22 early in the morning before it bounced higher, despite fears of a recession. The market held support at its previous low and rallied higher as the equities market posted some gains early in the day. The crude market traded to \$90.63 by mid-day and settled in a sideways trading pattern before it rallied to a high of \$90.89 ahead of the close. The market remained supported as analysts at Goldman Sachs said they believe the case for higher oil prices remains strong, with the market remaining in a larger deficit than they expected in recent months. The September WTI contract settled up \$1.75 at \$90.76, while the October Brent contract settled up \$1.73 at \$96.65. The product markets ended the session mixed, with the heating oil market settling down 3.68 cents at \$3.1791 and the RBOB market settling up 3.06 cents at \$2.8862.

Technical Analysis: The crude market is seen trading sideways on Tuesday ahead of the weekly petroleum stock reports. The market is seen finding resistance at its high of \$90.89, followed by 91.90, \$92.69, its 38% retracement level off a high of \$101.88 to a low of \$87.01, followed by \$94.45, its 50% retracement level and \$96.20, its 62% retracement level. More distant resistance is seen at \$96.57 and \$98.65. Meanwhile, support is seen at its lows of \$87.22 and \$87.01. More distant support is seen at \$79.56.

Fundamental News: A senior European Union official said the EU has put forward a "final" text to revive the 2015 Iran nuclear deal following four ways of talks. Earlier, Iran's state news agency IRNA reported that Iran's nuclear negotiators will return to Iran from Vienna after days of indirect talks with Washington. It stated that consultations will continue with the coordinator of the talks and other parties. An Iranian Foreign Ministry official said Iran is not at a stage to talk about finalizing a deal. The official said "relative advances were made on a number of issues" during the latest round of Vienna nuclear talks. Iranian official said Iran will convey its "additional views and considerations" to the European Union's Enrique Mora following more comprehensive discussions in Iran.

Goldman Sachs believes the case for higher oil prices remain strong, with the market remaining in a larger deficit than they expected in recent months. The bank still expects Brent prices will need to rally well above market forwards. Its third quarter-fourth quarter 2022 forecasts are now \$110-\$125/barrel compared with previous estimates of \$130-\$140/barrel. Its 2023 forecast remains unchanged at \$125/barrel. Goldman Sachs forecasts global oil demand growth of 1.2 million bpd year on year in the second half of 2022 and 2 million bpd year on year growth in 2023. Goldman Sachs expects U.S. retail gasoline and diesel prices to increase to \$4.35 and \$5.50/gallon by the fourth quarter, with average levels of \$4.40 and \$5.25/gallon in 2023. It forecast U.S. retail fuel prices will rally into year-end then decline from the second quarter 2023 onwards as refining and marketing margins start to normalize. Goldman Sachs revised down its outlook for 2022/2023 global oil supply outside of OPEC+ and the U.S. by 200,000 bpd in both years.

IIR Energy reported that U.S. oil refiners are expected to shut in about 481,000 bpd of capacity in the week ending August 12th, cutting available refining capacity by 36,000 bpd. Offline capacity is expected to increase to 541,000 bpd in the week ending August 19th.

Colonial Pipeline Co is allocating space for Cycle 46 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

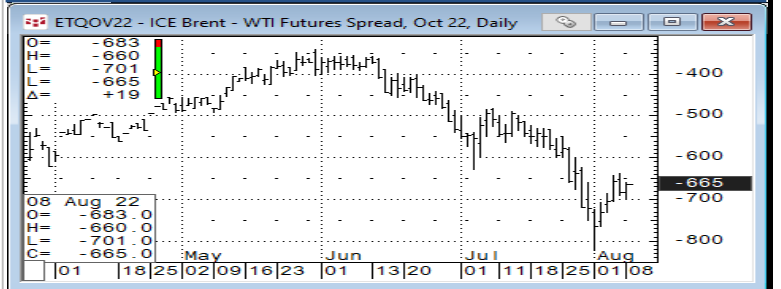
Early Market Call - as of 8:20 AM EDT
WTI - September \$91.87, up \$1.11
RBOB - September \$2.9285, up 4.23 cents
HO - September \$3.3112, up 13.21 cents

All NYMEX | Prior Settlements

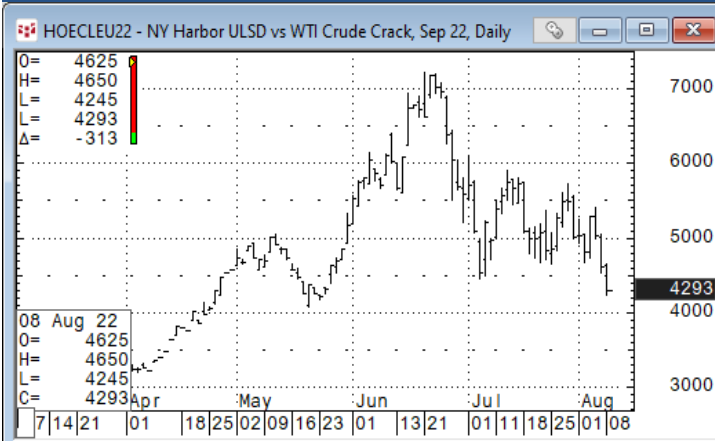
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.1791	-0.0368	-0.2609
Oct-22	3.1605	-0.0251	-0.2304
Nov-22	3.1396	-0.015	-0.208
Dec-22	3.1202	-0.0064	-0.1887
Jan-23	3.1039	-0.0013	-0.1723
Feb-23	3.0777	0.0031	-0.158
Mar-23	3.0288	0.0058	-0.1532
Apr-23	2.9734	0.0083	-0.1491
May-23	2.936	0.0116	-0.1394
Jun-23	2.9072	0.0158	-0.1268
Jul-23	2.8947	0.0203	-0.1168
Aug-23	2.8833	0.0251	-0.1058
Sep-23	2.8672	0.0294	-0.0947
Oct-23	2.8507	0.029	-0.0817
Nov-23	2.8351	0.0282	-0.071
Dec-23	2.8195	0.0261	-0.0628
Jan-24	2.7995	0.0252	-0.0612

Sprague HeatCurve October 2022-April 2023			\$3.0869
		Close	Change
Crude - WTI	Oct Brent-	\$89.9300	\$1.8500
Crude - Brent	WTI Spread	\$96.6500	\$1.7300
Natural Gas	\$6.72	\$7.5890	-\$0.4750
Gasoline		\$2.8862	\$0.0306

ICE October Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

