

Market Commentary

Recap: Oil futures fell sharply on Tuesday to a level not seen since April, as fears of a global slowdown took over commodity markets while investors expect U.S. energy production to climb and as the U.S. dollar gained strength. Analysts expect the Supreme Court's recent decision to curb the EPA's power regulating power plants to be a major boom for domestic energy production, since curbing carbon dioxide was proving to be very difficult. Even in 'green' Europe, Austria, Germany and Netherlands are now burning more coal due to high natural gas prices, so the green agenda that Europe has pushed is largely dead. Front month NYMEX Crude for August delivery lost \$8.93 per barrel, or 8.24% to \$99.50, the lowest settlement for a front month contract since Monday, April 25, 2022. WTI is off 19.56% from its 52-week high of \$123.70 hit Tuesday, March 8, 2022. September Brent lost \$10.73 per barrel, or 9.45% to \$102.77, the lowest settlement for a front month contract since Tuesday, May 10, 2022 and off 19.70% from its 52-week high of \$127.98 hit Tuesday, March 8, 2022. Petroleum products were also hit hard with August RBOB down 35.88 cents per gallon, or 9.73% to \$3.3290. This is the lowest settlement value since Monday, April 25, 2022 and off 22.15% from its 52-week high of \$4.2762 hit Thursday, June 9, 2022. ULSD for August delivery lost 33.73 cents per gallon, or 8.56% to \$3.6016, lowest settlement value since Tuesday, April 12, 2022, off 29.87% from its 52-week high of \$5.1354 hit Thursday, April 28, 2022.

Technical Analysis: In a delayed move in to the rest of the commodity markets, oil prices came under significant pressure, with WTI falling to its lowest level since April 26 and the largest one day dollar move since March 9. A lack of follow-through above the 50-day moving average ignited a technical selling frenzy which took August WTI well below both the 50 and 10-day moving averages and key support set at \$100. At this point, the market is likely to continue to see negative downward pressure, as the recession situation continues to be a major problem for the market. Despite the lack of supply, the reality is that there is going to be a lack of demand as well. We will be keeping a close eye on the psychological level of \$100, as a continued pull away from it and to the downside would be quite negative. We are still within the longstanding sideways trading pattern with a bottom set at \$95. A settlement below this level could see WTI down at \$85, but we would have to break below the 200-day moving average, which is currently set at \$93.43.

Fundamental News: OPEC Secretary General, Mohammad Barkindo, said the oil and gas industry is facing large challenges on multiple fronts and is "under siege" due to years of underinvestment globally that has led to market tightness.

The U.S. envoy for talks on reinstating an Iran nuclear deal, Robert Malley, said Iran added demands unrelated to discussions on its nuclear program during the latest talks and added that Iran has made alarming progress in its uranium enrichment program. He said Iran has enough enriched uranium to make a bomb. He said there is still time to resolve Iranian nuclear issues and added that the U.S. is committed to it.

Citi Research stated that in a recession scenario, it sees crude oil prices falling to \$65/barrel by the end of 2022 and \$45/barrel by the end of 2023, given an absence of intervention by OPEC+ and a decline in short-cycle oil investment. Citi sees Brent crude oil prices at \$99/barrel in the third quarter of 2022, \$85/barrel in the fourth quarter, \$98/barrel in 2022 and \$75/barrel in 2023. It forecast WTI prices at \$94/barrel in the third quarter, \$81/barrel in the fourth quarter, \$95/barrel in 2022 and \$72/barrel in 2023.

The U.S. Energy Information Administration said U.S. crude oil exports fell to 3.299 million bpd in April, down from 3.319 million bpd in March. Total refined oil product exports increased to 3.307 million bpd in April from 3.081 million bpd in March. Total oil demand in April increased by 2.6% or 498,000 bpd on the year to 19.957 million bpd.

Early Market Call - as of 8:10 AM EDT

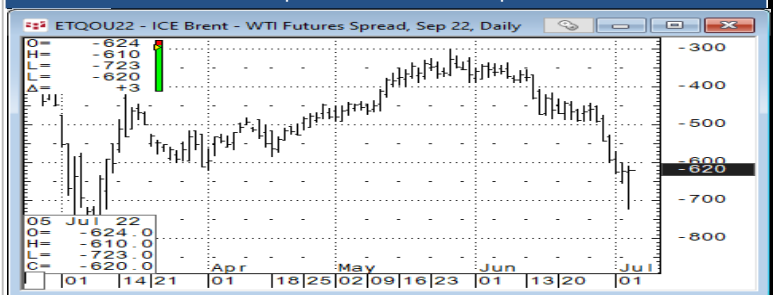
WTI - August \$100.22, up 73 cents
 RBOB - August \$3.3608, up 3.18 cents
 HO - August \$3.5736, down 2.8 cents

All NYMEX | Prior Settlements

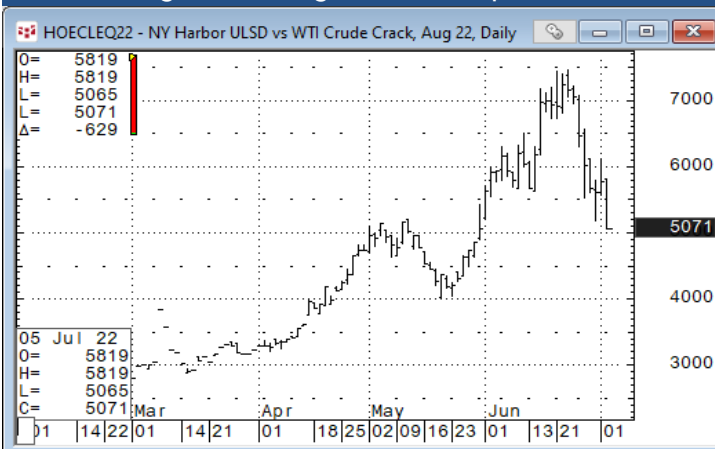
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-22	3.6016	-0.3373	-0.5131
Sep-22	3.541	-0.3202	-0.5737
Oct-22	3.4833	-0.3012	-0.4724
Nov-22	3.4263	-0.2799	-0.4415
Dec-22	3.3689	-0.2592	-0.4062
Jan-23	3.325	-0.2331	-0.3674
Feb-23	3.2794	-0.2023	-0.3258
Mar-23	3.2274	-0.1692	-0.2749
Apr-23	3.1707	-0.14	-0.2228
May-23	3.1154	-0.1333	-0.1936
Jun-23	3.0664	-0.1282	-0.1779
Jul-23	3.0366	-0.1258	-0.175
Aug-23	3.006	-0.1257	-0.1743
Sep-23	2.9698	-0.1262	-0.1765
Oct-23	2.9289	-0.1271	-0.1796
Nov-23	2.8813	-0.1311	-0.1886
Dec-23	2.8439	-0.1252	-0.1898

Sprague HeatCurve October 2022-April 2023			\$3.3185
		Close	Change
Crude - WTI	Sep Brent-	\$96.5200	-\$8.8700
Crude - Brent	WTI Spread	\$102.7700	-\$10.7300
Natural Gas	\$6.25	\$5.5230	-\$0.2070
Gasoline		\$3.3290	-\$0.3588

ICE September Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

