

Market Commentary

Recap: Oil rose by \$2 a barrel on Wednesday as a report of lower inventories in the United States and cuts in Russian gas flows to Europe offset concern about weaker demand and the 0.75% U.S. interest rate hike. The large rate hike fueled concerns about the demand outlook and would probably boost the U.S. dollar, making dollar-denominated commodities, such as crude oil, more expensive for other currency holders. Oil has soared in 2022, reaching a 14-year high of \$139 a barrel in March after Russia's invasion of Ukraine added to supply worries and as demand recovered from the pandemic. Since then, concerns of economic slowdown and rising interest rates have weighed, despite supply outages in Libya and Nigeria and cuts in Russian gas flows to Europe. After a sharp drop in the last two weeks, U.S. gasoline demand rebounded by 8.5% week on week, according to the data. WTI for September delivery gained \$2.28 per barrel, or 2.40% to \$97.26. September Brent gained \$2.22 per barrel, or 2.13% to \$106.62. RBOB for August delivery gained 7.38 cents per gallon, or 2.20% to \$3.4288.

Technical Analysis: Early in the session, WTI gyrated around the 200-day moving average, as technical traders were fishing around this key support level. Once the EIA report came out and showed a 4.5 million barrel decrease in U.S. crude oil inventories, oil futures bounced and rallied toward the 10-day moving average, which has thus far represented itself as a level of resistance. A late session rally briefly pushed September WTI above the \$10-day moving average and the downward sloping trend line, but this appeared to be a testing move. Coming into Thursday's session, we would look for attempts to trade back above these two technical levels. Resistance is set at \$100 and \$105. Support is seen at \$94.99, the 200-day moving average and below that at \$90.

Fundamental News: The EIA reported that crude oil stocks held in the SPR in the week ending July 27th fell by 4.5 million barrels to 474.5 million barrels, the lowest level since June 1985. It also reported that U.S. crude oil output increased by the most since December 2021. Output increased by 200,000 bpd on the week to 12.1 million bpd. Meanwhile, U.S. weekly crude exports increased to the highest level on record of 4.548 million bpd, up 789,000 bpd on the week.

A senior G7 official said the Group of Seven, including the United States, Canada, Japan, Germany, France, Italy and Britain, aim to have a price-capping mechanism on Russian oil exports in place by December 5th, when European Union sanctions banning seaborne imports of Russian crude come into force. The G7 want the price on Russian crude to be set by members of the buyers' cartel at a level above Russian production costs, so as to provide an incentive for the Kremlin to keep pumping, but much below the current high market prices.

IIR Energy reported that U.S. oil refiners are expected to shut in about 391,000 bpd of capacity in the week ending July 29th, increasing available refining capacity by 245,000 bpd. Offline capacity is expected to fall to 344,000 bpd in the week ending August 5th.

The Federal Reserve increased its benchmark overnight interest rate by three-quarters of a percentage point on Wednesday in an effort to cool the most intense breakout of inflation since the 1980s, with "ongoing increases" in borrowing costs still ahead despite evidence of a slowing economy. The Federal Open Market Committee said "inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher food and energy prices, and broader price pressures." The committee increased the policy rate to a range of between 2.25% and 2.50% in a unanimous vote. The FOMC added that it remains "highly attentive" to inflation risks. It said it is "strongly committed" to returning inflation to its 2% goal and is prepared to adjust its policy as appropriate.

Early Market Call - as of 8:20 AM EDT

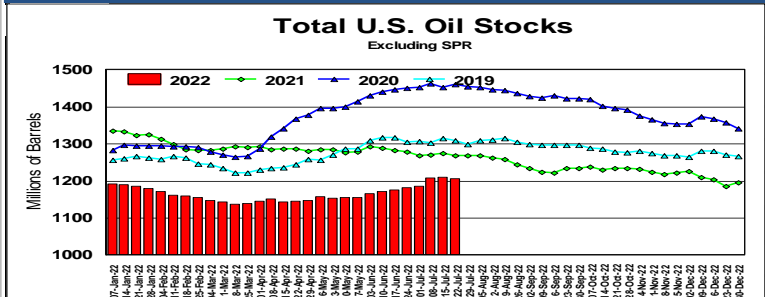
WTI - September \$98.65 Up \$1.33
RBOB - August \$3.4140 Down .0148
HO - Augusts \$3.7812 Up 0.982

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Aug-22	3.7173	0.1334	0.113
Sep-22	3.6438	0.1183	0.0395
Oct-22	3.5829	0.1137	0.0808
Nov-22	3.5226	0.1087	0.0748
Dec-22	3.4618	0.1017	0.0641
Jan-23	3.4089	0.096	0.0529
Feb-23	3.3472	0.089	0.0428
Mar-23	3.2748	0.0834	0.0351
Apr-23	3.2009	0.0776	0.0285
May-23	3.1452	0.0698	0.022
Jun-23	3.0989	0.0621	0.0169
Jul-23	3.0753	0.0595	0.0223
Aug-23	3.0529	0.0582	0.0297
Sep-23	3.0262	0.0579	0.0359
Oct-23	3.0023	0.0543	0.0393
Nov-23	2.9816	0.0504	0.0416
Dec-23	2.9607	0.044	0.0396

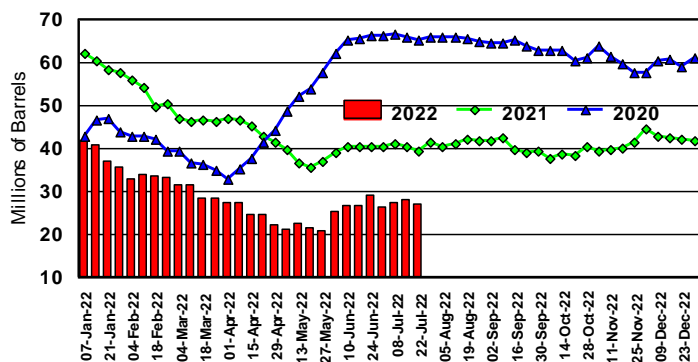
Sprague HeatCurve October 2022-April 2023

	Close	Change
Crude - WTI	\$97.2600	\$2.2800
Crude - Brent	\$106.6200	\$2.2200
Natural Gas	\$8.6870	-\$0.3060
Gasoline	\$3.4288	\$0.0738



Weekly EIA Petroleum Status Report for the Week Ending July 22, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 4.523 million barrels
Cushing, OK Crude Stocks Up 751,000 barrels
Gasoline Stocks Down 3.304 million barrels
Distillate Stocks Down 784,000 barrels
Refinery % Operated 92.2%, down 1.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending July 22, 2022	Week Ending July 15, 2022	Week Ending July 23, 2021
New England	3.4	3.3	6.7
Central Atlantic	12.6	13.0	19.7
Total PADD #1	27.0	28.2	39.6
Distillate Imports (thousands b/d)	97	90	176