

Market Commentary

Recap: Oil futures rebounded on Monday, lifted by weakness in the U.S. dollar and stronger equity markets in a session that seesawed between supply fears and expectations that a rise in U.S. interest rates would dampen demand for fuel. Oil futures have been volatile in recent weeks as traders have tried to reconcile the possibilities of further interest rate hikes against tight supply from disruptions in trading of Russian crude because of Western sanctions amid the Ukraine conflict. The rate hikes could limit economic activity and thus cut fuel demand growth. WTI for September delivery gained \$2.00 per barrel, or 2.11% to \$96.70, while September Brent gained \$1.95 per barrel, or 1.89% to \$105.15. Both WTI and Brent snapped three days of consecutive losses. RBOB for August delivery gained 15.92 cents per gallon, or 4.94% to \$3.3820 and August heating oil gained 6.10 cents per gallon, or 1.77% to \$3.5166.

Technical Analysis: Fears of a global recession are hinting that gains are likely to be limited in the shorter term. China, the world's second-biggest economy, narrowly missed a contraction in the second quarter, growing just 0.4% year-on-year. But a steep front-month premium compared to the second month continues to signal near-term supply tightness. Once again, WTI breached the 200-day moving average but failed to hold below it, while at the same time it remained below \$100 a barrel. For now, we can see this market falling in to a bit of sideways trading within a tight range of \$90-\$100. A break above \$100 opens up for a run at \$105, with resistance above this level set at \$110. To the downside and below \$90, support is set at \$86.

Fundamental News: According to the Department of Energy, U.S. crude oil inventory in the SPR fell by 5.6 million barrels to 474.5 million barrels in the week ending July 22nd. Stocks in the SPR fell to 474.5 million barrels, the lowest level since June 1985. All of the 5.6 million barrels were sour crude oil released into the market.

According to Refinitiv analysis, European gasoline exports on the transatlantic route are expected to reach about 590,000 tons in July, a four-month low. July exports from Europe to West Africa are set to reach 1 million tons, down from 1.3 million tons in June.

The semi-official Tasnim news agency reported that Mohammad Eslami, the head of the country's Atomic Energy Organization said Iran will keep the UN's IAEA cameras turned off until a 2015 nuclear deal is restored. Iran informed the IAEA it had removed the agency's equipment, including 27 cameras installed under the 2015 pact, after it passed a resolution criticizing Tehran in June. Iran's foreign ministry spokesman, Nasser Kanaani, accused IAEA Chief Rafael Grossi of having "unprofessional, unfair and unconstructive views" on Tehran's nuclear program. He also added that Iran hopes a return to the nuclear deal can be reached soon should the United States show goodwill.

IIR Energy reported that U.S. oil refiners are expected to shut in about 357,000 bpd of capacity in the week ending July 29th, increasing available refining capacity by 279,000 bpd. Offline capacity is expected to fall to 344,000 bpd in the week ending August 5th.

Libya's National Oil Corp said it aimed to increase its oil production to 1.2 million bpd in two weeks from about 860,000 bpd.

On Sunday, U.S. Treasury Secretary, Janet Yellen, said that U.S. economic growth is slowing and acknowledged there was the risk of a recession, but she said a downturn was not inevitable. She said strong U.S. hiring numbers and consumer spending showed the U.S. economy is not currently in recession. She said that inflation "is way too high" and recent Fed rates hikes were helping to bring rising prices back in check. In addition, the Biden administration is selling oil from the Strategic Petroleum Reserve, which Yellen said had already helped lower gas prices.

Early Market Call - as of 8:35 AM EDT

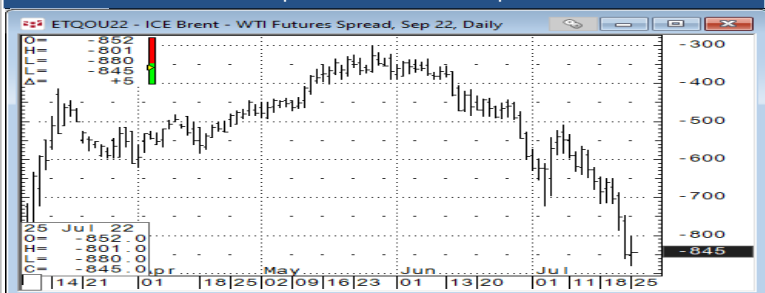
WTI - September \$98.18, up \$1.46
 RBOB - August \$3.4541, up 7.21 cents
 HO - August \$3.5785, up 6.19 cents

All NYMEX | Prior Settlements

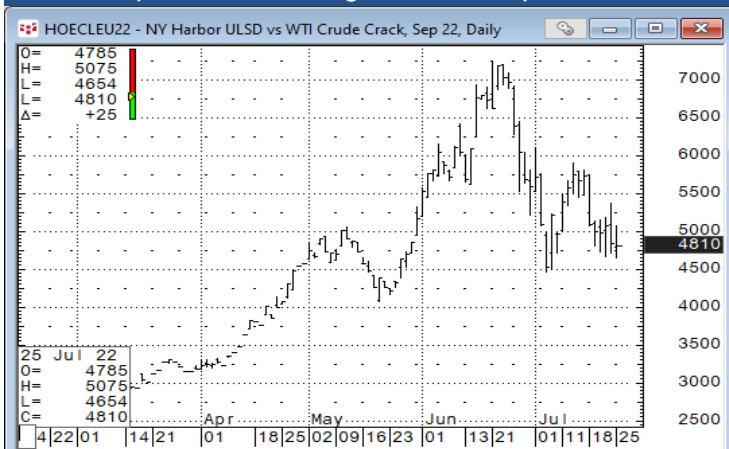
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Aug-22	3.5166	0.061	-0.1389
Sep-22	3.4597	0.0657	-0.1958
Oct-22	3.4093	0.0682	-0.1091
Nov-22	3.3616	0.0695	-0.0919
Dec-22	3.315	0.0673	-0.0811
Jan-23	3.2728	0.0638	-0.0729
Feb-23	3.2213	0.0602	-0.0638
Mar-23	3.1561	0.0584	-0.058
Apr-23	3.0906	0.0571	-0.0526
May-23	3.0475	0.0532	-0.0457
Jun-23	3.0127	0.0484	-0.0414
Jul-23	2.9932	0.0481	-0.0304
Aug-23	2.973	0.0486	-0.0205
Sep-23	2.9473	0.0507	-0.0102
Oct-23	2.927	0.0512	0.003
Nov-23	2.9102	0.0516	0.0134
Dec-23	2.8958	0.0521	0.0204

Sprague HeatCurve October 2022-April 2023		\$3.2565
	Close	Change
Crude - WTI	\$96.7000	\$2.0000
Crude - Brent	\$105.1500	\$1.9500
Natural Gas	\$8.7270	\$0.4280
Gasoline	\$3.3820	\$0.1592

ICE September Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

