

Market Commentary

Recap: Oil prices dipped in early trade on Friday, extending the week's losses as concern over tight supply was outweighed by escalating fear of sharp interest rate hikes slamming global growth and hitting fuel demand. The market was also rattled this week by the International Energy Agency's outlook for almost zero growth in oil demand in the fourth quarter due to a weaker demand outlook for China. The oil market posted a low of \$84.27 in overnight trading before it bounced off that level and traded to a high of \$86.59 by mid-day. The market was supported as a spill at Iraq's Basra terminal appeared likely to constrain crude supply. The market, however remained under pressure ahead of the weekend and erased most of its earlier gains as the fears that the interest rate increases will cut demand. The October WTI contract settled up 1 cent at \$85.11, while the November Brent contract settled up 51 cents at \$91.35. Meanwhile, the product markets ended the session lower, with the heating oil market settled down 3.27 cents at \$3.1725 and the RB market settling down 1.3 cents at \$2.4157.

Technical Analysis: Bearish sentiment has truly taken hold of oil markets, with fears of a global recession still the main factor in oil markets. There are plenty of bullish catalysts looming this winter and at the start of 2023, but that isn't enough to distract markets from current conditions. Oil prices remain range bound, but received downward pressure from weaker demand in China due to lockdowns, a 'bazooka' of oil from the US Strategic Petroleum Reserve, and the surprising durability of Russian oil production. On the supply side, the market has found some support on dwindling expectations of a return of Iranian crude, as Western officials played down prospects of reviving a nuclear accord with Tehran. Our stance on this market remains the same, so therefore we continue to look for downward pressure. The \$85 level continues to hold out as a key area of support, but we believe that it is only a matter of time before this level is taken out. Below \$85, additional support is seen at \$80, \$70.35 and \$65. Resistance can be found at \$86.60 and \$90.83.

Fundamental News: The Department of Energy said U.S. Energy Secretary Jennifer Granholm met with the governors of six states in the U.S. Northeast on Thursday to talk about their concerns about increasing fuel costs heading into winter. The meeting came after governors, including Charles Baker of Massachusetts, Janet Mills of Maine and Ned Lamont of Connecticut, wrote Granholm in July about their concerns about prices for liquefied natural gas and other fuels in the wake of Russia's invasion of Ukraine. A source at the DOE said participants in the meeting talked about ways to ensure adequate supplies of electricity and heating fuels in region which typically experiences tight energy markets in winter. The New England governors said in the letter that the DOE should explore suspending the Jones Act, a law requiring goods moved between U.S. ports to be carried by U.S. staffed and flagged ships that are built domestically, for part or all of the upcoming winter. They also urged the department to see how its heating oil and gasoline reserves in the Northeast, which hold a total of 2 million barrels of fuel, could be used this winter and to see about modernizing them given the region's changing resource mix.

Sources stated that Saudi Arabia and Russia see \$100/barrel as a fair price that the global economy can absorb.

A few diesel cargoes from the U.S. are set to arrive in Europe at the end of the month. According to Refinitiv, about 847,000 tons are expected to arrive in Europe this week but this could fall to 135,000 tons next week.

IIR Energy reported that U.S. oil refiners are expected to shut in 505,000 bpd of capacity in the week ending September 16th, cutting available refining capacity by 141,000 bpd. Offline capacity is expected to increase to 897,000 bpd in the week ending September 23rd and further to 1.07 million bpd in the subsequent week.

Early Market Call - as of 8:20 AM EDT

WTI - October \$82.80, down \$2.31

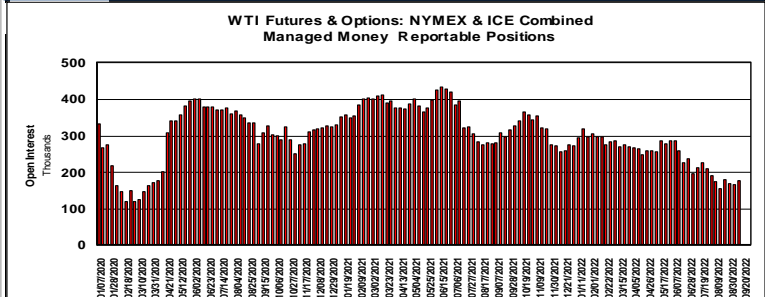
RBOB - October \$2.3581, down 5.76 cents

HO - October \$3.1513, down 2.12 cents

All NYMEX | Prior Settlements

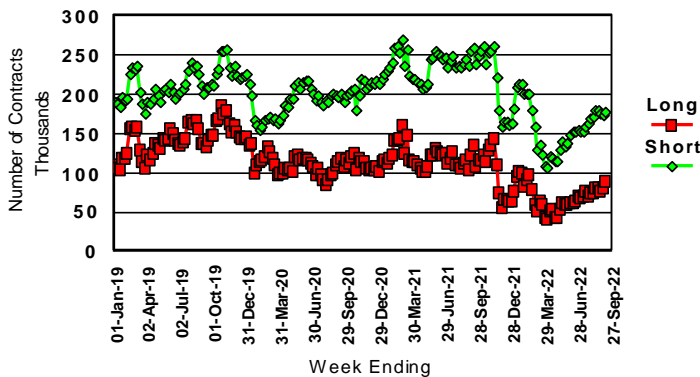
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.1725	-0.0327	-0.4062
Nov-22	3.1363	-0.0353	-0.3821
Dec-22	3.0993	-0.0357	-0.354
Jan-23	3.0661	-0.0391	-0.3242
Feb-23	3.0285	-0.0413	-0.2909
Mar-23	2.9779	-0.0393	-0.2607
Apr-23	2.9159	-0.0343	-0.2326
May-23	2.8758	-0.0282	-0.2002
Jun-23	2.8481	-0.02	-0.1723
Jul-23	2.8381	-0.0137	-0.1483
Aug-23	2.8287	-0.0082	-0.13
Sep-23	2.8176	-0.0035	-0.1155
Oct-23	2.8054	-0.0001	-0.1048
Nov-23	2.7921	0.0023	-0.0962
Dec-23	2.7767	0.0027	-0.0908
Jan-24	2.7604	0.0042	-0.0855
Feb-24	2.7469	0.0047	-0.085

Sprague HeatCurve October 2022-April 2023			\$3.0537
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.59	\$84.7600	\$0.1100
Crude - Brent		\$91.3500	\$0.5100
Natural Gas		\$7.7640	-\$0.5600
Gasoline		\$2.4157	-\$0.0130



Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

