

## Market Commentary

**Recap:** Crude oil futures fell by more than 3% on Thursday, as thoughts of a global economic slowdown instilled demand fear in traders. Western demand for oil, as well as demand from China, has been stagnant, while supply has been slowly increasing, largely due to the U.S shale boom. Asia's factory activity slumped in August as China's zero-COVID curbs and cost pressures continued to hurt businesses, surveys showed on Thursday, darkening the outlook for the region's fragile recovery. The dollar index =USD hit a 20-year high after U.S. data showed a resiliently strong economy, giving the Federal Reserve more room to raise interest rates. A stronger greenback makes dollar-priced oil more expensive for holders of other currencies. WTI for October delivery lost \$2.94 per barrel, or 3.28% to \$86.61. Brent Crude for November delivery lost \$3.28 per barrel, or 3.43% to \$92.36. RBOB for October delivery lost 4.55 cents per gallon, or 1.87% to \$2.3853, while October heating oil fell 10.62 cents, 2.90% to \$3.5612 per gallon.

**Technical Analysis:** With the jobs number coming out on Friday, it's very likely that we will see a lot of volatility and people will try to transfer the idea of jobs to demand as well. We are probably due for a little bit of a bounce, but if we break down through the \$85 level, it's likely that crude oil will drop down to the \$80.00 level. I would not discount a drop toward \$70. Resistance is seen at \$92 and above that at \$96.35.

**Fundamental News** The OPEC+ Joint Technical Committee expects a 2023 oil market deficit of 300,000 bpd under its base case. The JTC, which met on Wednesday, expects demand to lag supply by 400,000 bpd this year, a downward revision of 500,000 bpd after new production assumptions were taken into account. It also forecast a widening of the deficit to 1.8 million bpd in the fourth quarter of 2023. The JTC assessment took into consideration lower production by its members for the rest of 2022 and for 2023. The committee said the market would be tight for the remainder of the year and for 2023, adding that preliminary data shows that OECD commercial oil stocks will remain below the five-year average for the remainder of 2022 and for 2023.

Russia's Deputy Prime Minister, Alexander Novak, said the country's oil production may increase this year, despite Western sanctions over Ukraine, while the country supports OPEC+ deal extension beyond 2022. He said production of oil and gas condensate is expected between 520 million tons and 525 million tons in 2022 after it reached 524 million tons in 2021.

Sources stated that Chevron Corp has asked the U.S. government to expand its license to operate in Venezuela after the oil major agreed with state-run PDVSA to revamp joint ventures in the sanctioned country.

The Labor Department said U.S. worker productivity fell in the second quarter, leading to the largest year-on-year decline on record. It reported that nonfarm productivity, which measures hourly output per worker, contracted at a 4.1% annualized rate last quarter. Productivity fell at a 7.4% rate in the first quarter. Productivity fell at 2.4% rate from a year ago, instead of the 2.5% pace estimated last month.

The U.S. Labor Department reported that the number of initial claims for unemployment benefits declined further last week. Initial claims for state unemployment benefits fell by 5,000 to a seasonally adjusted 232,000 in the week ended August 27<sup>th</sup>.

U.S. manufacturing grew steadily in August as employment and new orders rebounded, while a further easing in price pressures strengthened expectations that inflation has likely peaked. The Institute for Supply Management said that its manufacturing PMI was at 52.8 in August, unchanged from July.

**Early Market Call - as of 8:35 AM EDT**

WTI - October \$88.69, up \$2.08

RBOB - October \$2.4501, up 6.48 cents

HO - October \$3.5568, down 44 points

## All NYMEX | Prior Settlements

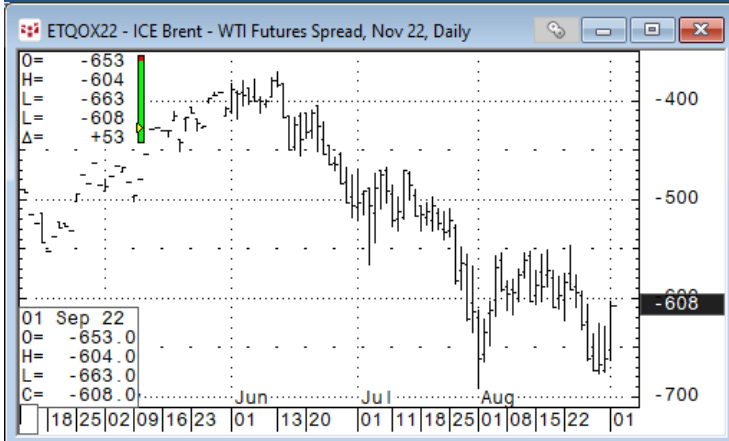
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.5612	-0.1062	-0.3211
Nov-22	3.4984	-0.1106	-0.3103
Dec-22	3.4342	-0.1124	-0.3011
Jan-23	3.3736	-0.1099	-0.2914
Feb-23	3.3042	-0.1034	-0.2775
Mar-23	3.2228	-0.0939	-0.2625
Apr-23	3.133	-0.0854	-0.2512
May-23	3.06	-0.0782	-0.2407
Jun-23	3.0049	-0.0722	-0.2257
Jul-23	2.9704	-0.0663	-0.2093
Aug-23	2.9419	-0.0595	-0.1926
Sep-23	2.9151	-0.0544	-0.1801
Oct-23	2.8912	-0.0533	-0.1718
Nov-23	2.8711	-0.0509	-0.164
Dec-23	2.8519	-0.0482	-0.1581
Jan-24	2.8304	-0.047	-0.1514
Feb-24	2.8176	-0.0503	-0.15

Sprague HeatCurve October 2022-April 2023			\$3.3546
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$6.14	\$86.2200	-\$2.8100
Crude - Brent		\$92.3600	-\$3.2800
Natural Gas		\$9.2620	-\$0.1350
Gasoline		\$2.3853	-\$0.0455

## EIA Working Gas Storage Report

	26-Aug-22	19-Aug-22	Change	26-Aug-21
East	614	598	16	676
Midwest	747	714	33	809
Mountain	157	153	4	190
Pacific	241	243	-2	243
South Central	881	871	10	951
Salt	185	184	1	216
Nonsalt	696	687	9	735
Total	2640	2579	61	2,868

## ICE November Brent-WTI Spread



## WTI Continuation Chart

