

Market Commentary

Recap: WTI futures continued to rebound from their lowest level in almost seven weeks, ending Tuesday's session 2% higher, as the global supply picture remains bleak and demand seems to be holding up relatively well. A G7 meeting highlighted concerns among top leaders that crude producers in the Middle East are pumping oil near capacity. The market now turns its attention to the weekly EIA report, which is to be released on Wednesday. Supplies remain extremely tight as the U.S. summer driving season gets under way, with demand holding up well despite the soaring prices for gasoline and airline travel. Front Month NYMEX Crude for Aug. delivery gained \$2.19 per barrel, or 2.00% to \$111.76. August Brent settled at \$117.98/bbl, up \$2.89, 2.51%. July heating oil lost 3.08 cents per gallon, or 0.73% to \$4.1994, while July RBOB gained 9.79 cents per gallon, or 2.55% to \$3.9351.

Market Analysis: In a show of strength, August WTI penetrated both the 10 and 50-day moving averages. At this point, it seems safe to say that this market will continue to trade higher and therefore we expect to see buyers on dips. That being said, the shorter term average has crossed below the longer term, which is typically a sign of weakness. Should we break below the upward trend line all bets are off and we expect to see a shift to the downside. Support is seen at \$109.18, with a break below this level leading to a push toward \$105.13. To the upside, resistance is seen at \$114.40 and above that at \$116.59.

Fundamental News: The EIA said it continues its system restoration process and will not publish new or previously delayed data on Tuesday. It will publish its weekly petroleum status report for both the week ending June 17th and June 24th on Wednesday.

Diesel imports into Europe in June are set to reach 5.3 million tons, up from 4.1 million tons in May and 5.5 million tons reported in April.

Qatar's Foreign Ministry said the country welcomes hosting indirect talks between Iran and the United States in its capital Doha this week to revive the 2015 nuclear deal. The talks will be held under the auspices of the European Union coordinator.

G7 officials said G7 leaders have agreed to study possible price caps on Russian oil and gas to try to limit Moscow's ability to fund its invasion of Ukraine. The officials, who include U.S. Treasury Secretary Janet Yellen, say the measure will limit the price that Russia receives for energy while allowing Western consumers to continue getting supply. Western officials say they want to encourage sales of Russian oil at levels slightly above production costs to ensure Russia's earnings are reduced while it maintains production.

The U.S. Interior Department this week will hold its first onshore oil and gas auctions since President Joe Biden took office. The lease sales will run Wednesday to Thursday and will cover more than 140,000 acres across eight Western states. Over 90% of the acreage will be in big oil producing states Wyoming, with the rest in Colorado, Montana, Nevada, New Mexico, North Dakota, Oklahoma and Utah.

According to BP, global energy consumption increased by 5.8% in 2021, exceeding pre-pandemic levels as economies revved up activity, while strong growth in renewable energies cut fossil fuel demand. BP said in its 2021 Statistical Review of World Energy that oil demand last year was 3.7 million bpd below 2019 levels, driven primarily by weakness in the aviation sector, which was 33% below pre-pandemic levels. Oil demand in 2021 averaged 96.9 million bpd, about 3.7 million bpd below 2019 levels. Much of this weakness was concentrated in aviation-related oil demand, which was more than 2.5 million bpd, or 33%, below 2019 levels. Meanwhile, global oil production increased by 1.4 million bpd in 2021, with the OPEC+ group of producing nations accounting for more than 75% of the increase.

Early Market Call - as of 8:35 AM EDT

WTI - August \$113.35, up \$1.60

RBOB - July \$3.9120, down 2.31 cents

HO - July \$4.1750, down 2.44 cents

All NYMEX | Prior Settlements

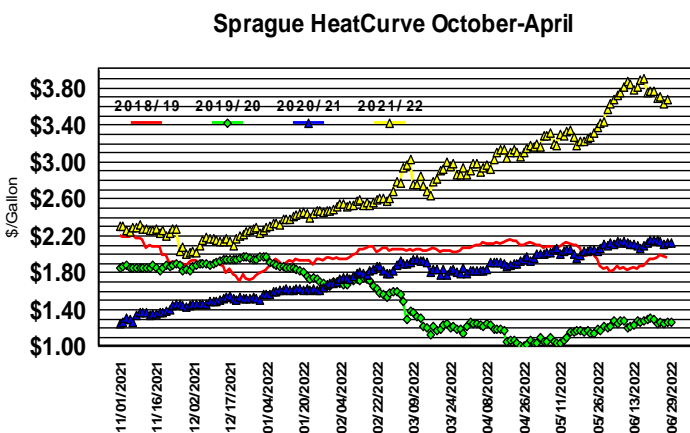
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	\$4.1994	-\$0.0308	-\$0.1590
Aug-22	\$4.1147	-\$0.0045	-\$0.1166
Sep-22	\$4.0353	\$0.0099	-\$0.1960
Oct-22	\$3.9557	\$0.0215	-\$0.0977
Nov-22	\$3.8678	\$0.0316	-\$0.0950
Dec-22	\$3.7751	\$0.0409	-\$0.0959
Jan-23	\$3.6924	\$0.0483	-\$0.0984
Feb-23	\$3.6052	\$0.0552	-\$0.0937
Mar-23	\$3.5023	\$0.0606	-\$0.0795
Apr-23	\$3.3935	\$0.0640	-\$0.0648
May-23	\$3.3090	\$0.0673	-\$0.0553
Jun-23	\$3.2443	\$0.0654	-\$0.0540
Jul-23	\$3.2116	\$0.0641	-\$0.0461
Aug-23	\$3.1803	\$0.0647	-\$0.0366
Sep-23	\$3.1463	\$0.0660	-\$0.0277
Oct-23	\$3.1085	\$0.0674	-\$0.0155
Nov-23	\$3.0699	\$0.0688	-\$0.0020

Sprague HeatCurve October 2022-April 2023			\$3.6740
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$6.22	\$111.7600	\$2.1900
Crude - Brent		\$117.9800	\$2.8900
Natural Gas		\$6.5510	\$0.0500
Gasoline		\$3.9351	\$0.0979

API Report for the Week Ending June 24, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 3.8 million barrels	Down 600,000 barrels
Gasoline Stocks	Up 2.9 million barrels	Down 100,000 barrels
Distillate Stocks	Up 2.6 million barrels	Down 200,000 barrels
Refinery Runs		Up 0.4%

Sprague HeatCurve October-April



WTI Forward Curve

