

Market Commentary

Recap: The oil market seasawed on Tuesday, trading in and out of positive territory. The market traded higher after it retraced some of its early losses on concerns over tight supply. The market bounced higher on news that Ukraine had halted oil flows via the southern leg of the Druzhba pipeline since August 4th due to issues related to transit fees. The market retraced almost 32% of its move from a high of \$101.88 to a low of \$87.01 as it traded to a high of \$92.65 by mid-morning. However, the market held resistance at its 32% retracement level and sold off back towards the low posted in overnight trading of \$89.05 as the oil flow halt is expected to be short-lived. The Czech Republic's pipeline company, Mero, stated that oil flows should resume within several days. The market traded in its earlier range as it seasawed in volatile trading. The September WTI contract settled down 26 cents at \$90.50, while the October Brent contract settled down 34 cents at \$96.31. The product markets settled in positive territory, with the heating oil market settling up 15.47 cents at \$3.3338 and the RB market settling up 7.4 cents at \$2.9602.

Market Analysis: The oil market on Wednesday will likely trend higher and attempt to breach its resistance at its 32% retracement level at \$92.69. While the petroleum stock reports are expected to show a small build in crude stocks, the market will remain supported by concerns over tight supply amid the halt in Russian oil exports through the Druzhba pipeline and no word yet of an agreement on the Iranian nuclear deal.

The crude market is seen finding further upside at \$94.46, its 50% retracement level, \$96.20, its 62% retracement level and \$96.57 and \$98.65. Meanwhile, support is seen at \$89.40, its low of \$89.05, \$87.22 and \$87.01. More distant support is seen at \$79.56.

Fundamental News: Russia suspended oil exports via the southern leg of the Druzhba pipeline since August 4th due to issues relating to transit fees. Flows along the northern route serving Poland and Germany remain uninterrupted. According to sources, the payment from Russia's pipeline monopoly Transneft to Ukraine's pipeline operator Ukrtransnafta did not go through. Transneft said Gazprombank, which handled the payment, said the money was returned because of European Union restrictions. Russia normally supplies about 250,000 bpd via the southern leg of the Druzhba pipeline to Hungary, Slovakia and the Czech Republic. Later, MERO said Russian oil supplies should restart within several days.

In its Short Term Energy Outlook, the EIA reported that world oil demand in 2022 is forecast to increase by 2.08 million to 99.43 million bpd, compared with a previous estimate of an increase of 2.23 million bpd. World oil demand in 2023 is forecast to increase by 2.06 million bpd to 101.49 million bpd, compared with a previous estimate of an increase of 2 million bpd. The EIA forecast that total world petroleum production in 2022 is expected to increase by 2.13 million bpd to 66.15 million bpd and increase by 650,000 bpd to 66.8 million bpd in 2023. OPEC oil output in 2022 is forecast to increase by 2.19 million bpd to 28.47 million bpd and increase by 570,000 bpd to 29.04 million bpd in 2023. The EIA also reported that U.S. crude oil production is estimated to increase by 610,000 bpd to 11.86 million bpd in 2022, down from a previous forecast of an increase of 720,000 bpd, while output in 2023 is expected to increase by 840,000 bpd to 12.7 million bpd also down from a previous forecast for an increase of 860,000 bpd. Meanwhile, U.S. total petroleum demand in 2022 is forecast to increase by 560,000 bpd to 20.34 million bpd, down from a previous estimated increase of 700,000 bpd, while demand in 2023 is expected to increase by 410,000 bpd to 20.75 million bpd, compared with a previous forecast of a 320,000 bpd increase. The EIA forecast Brent crude will average \$105/barrel in 2022 and \$95/barrel in 2023.

Early Market Call - as of 8:15 AM EDT

WTI - September \$89.09, down \$1.41

RBOB - September \$2.9231, down 3.71 cents

HO - September \$3.2583, down 7.55 cents

All NYMEX | Prior Settlements

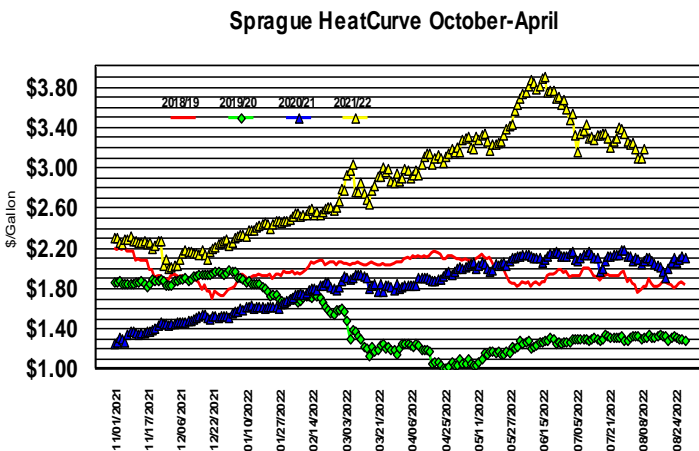
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	\$3.3338	\$0.1547	-\$0.0466
Oct-22	\$3.3022	\$0.1417	-\$0.0373
Nov-22	\$3.2662	\$0.1266	-\$0.0368
Dec-22	\$3.2313	\$0.1111	-\$0.0392
Jan-23	\$3.2038	\$0.0999	-\$0.0403
Feb-23	\$3.1670	\$0.0893	-\$0.0433
Mar-23	\$3.1117	\$0.0829	-\$0.0499
Apr-23	\$3.0497	\$0.0763	-\$0.0589
May-23	\$3.0072	\$0.0712	-\$0.0603
Jun-23	\$2.9732	\$0.0660	-\$0.0566
Jul-23	\$2.9555	\$0.0608	-\$0.0536
Aug-23	\$2.9384	\$0.0551	-\$0.0500
Sep-23	\$2.9193	\$0.0521	-\$0.0434
Oct-23	\$2.8983	\$0.0476	-\$0.0363
Nov-23	\$2.8787	\$0.0436	-\$0.0298
Dec-23	\$2.8573	\$0.0378	-\$0.0285
Jan-24	\$2.8357	\$0.0362	-\$0.0281

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Aug Brent- WTI Spread \$6.64	\$89.6700	-\$0.2600
Crude - Brent		\$96.3100	-\$0.3400
Natural Gas		\$7.8330	\$0.2440
Gasoline		\$2.9602	\$0.0740

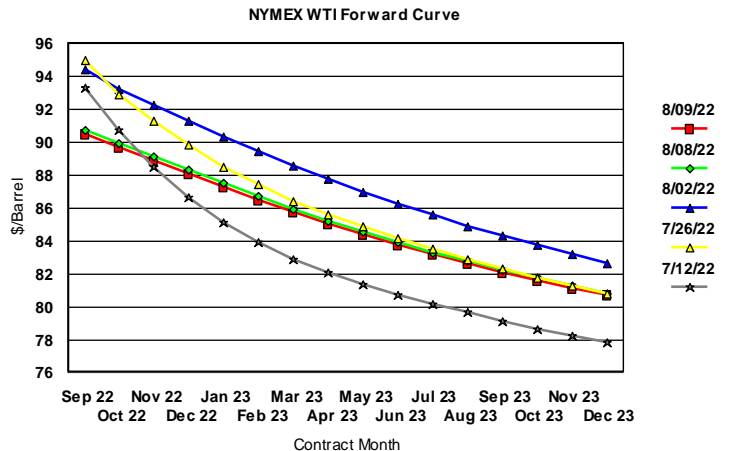
API Report for the Week Ending August 5, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 2.2 million barrels	Up 100,000 barrels
Gasoline Stocks	Down 600,000 barrels	Down 600,000 barrels
Distillate Stocks	Up 1.4 million barrels	Down 700,000 barrels
Refinery Runs		Up 0.7% at 91.7%

Sprague HeatCurve October-April



WTI Forward Curve



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