

Market Commentary

Recap: Oil futures ended higher for the second straight session on Monday as better-than-expected U.S. economic data quelled concerns over a potential slowdown in energy demand. Traders were also focused on talks between members of the Group of Seven nations on additional moves aimed at targeting Russian crude. Investors were bidding up the market amid signs that demand is rising and could be strong for the July 4th weekend despite inflationary pressures. Also, the Department of Energy says the government's Strategic Petroleum Reserve fell by another 1 million barrels a day last week to 498 million barrels, the first time it has fallen below 500 million since May 1986. Front month NYMEX Crude for Aug. delivery gained \$1.95 per barrel, or 1.81% to \$109.57, August Brent added \$1.97 or 1.74%, to settle at \$115.096. Petroleum product slipped, with front month NYMEX ULSD for July delivery losing 13.27 cents per gallon, or 3.04% to \$4.2302 and July RBOB falling 4.76 cents per gallon, or 1.23% to \$3.8372.

Market Analysis: After opening lower on the session, WTI reversed course in yet another volatile session. August WTI rose again to test the 50-day moving average. Technical traders will be keeping a close look on both the 10 and 50-day moving averages, as they are converging upon one another. A cross of the shorter term average below the longer term average should prompt selling. However, should the shorter term average turn to the upside, we will see a fresh round of buying. A push above both of these averages will spark more aggressive buying, with the potential of taking this market back up toward \$120. Resistance above this level rests at \$112.22, \$114.41 and \$116.59. To the downside, support is seen at \$108.55 and \$105.33.

Fundamental News: The Energy Information Administration said a delay in releasing data last week was due to a voltage irregularity that caused hardware failures on two of its main processing servers. It said it will not publish any new data, including its gasoline and diesel fuel update, on Monday as it was still in the process of restoring its system. EIA added that it had been able to collect data throughout the outage and subsequent restoration and will be able to release the data, but did not provide a timeline.

According to data from the Department of Energy, U.S. crude inventory in the SPR fell by 6.9 million barrels to 497.9 million barrels in the week ending June 24th. Stocks fell to the lowest level since April 1986. About 1 million barrels of sweet crude and 6 million barrels of sour crude were released in to the market.

OPEC+ cut its projected 2022 oil market surplus to 1 million bpd, down from a previous estimate of 1.4 million bpd previously, a report seen by Reuters showed. The report was prepared ahead of a meeting of the OPEC+ Joint Technical Committee scheduled to take place on Tuesday.

Iranian media reported that Qatar will host indirect talks between Iran and the United States in the coming days, amid a push by the European Union to break a months-long impasse in the negotiations to reinstate a 2015 nuclear pact.

IIR Energy said U.S. oil refiners are expected to shut in 511,000 bpd of capacity in the week ending July 1st, increasing available refining capacity by 13,000 bpd. Offline capacity is expected to fall to 445,000 bpd in the week ending July 8th.

Early Market Call - as of 8:20 AM EDT

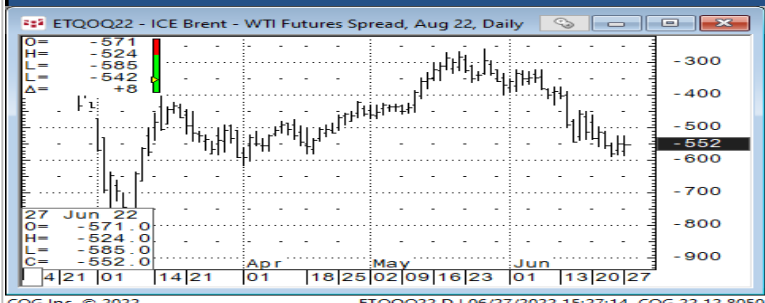
WTI - August \$111.30, up \$1.73
 RBOB - July \$3.8845, up 4.73 cents
 HO - July \$4.2067, down 2.35 cents

All NYMEX | Prior Settlements

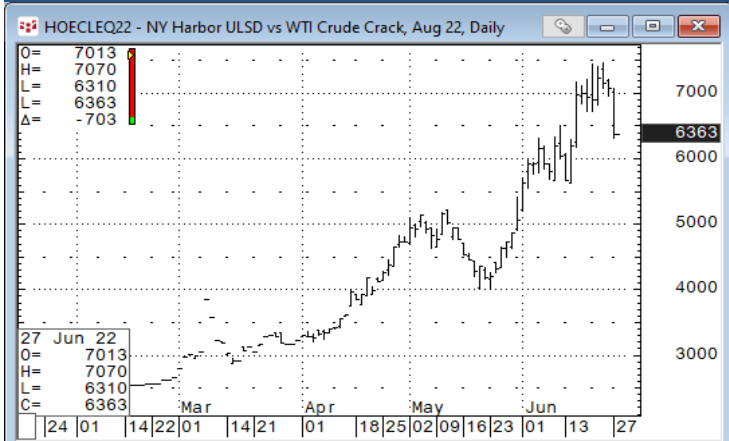
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	\$4.2302	-\$0.1327	-\$0.1096
Aug-22	\$4.1192	-\$0.1256	-\$0.0899
Sep-22	\$4.0254	-\$0.1145	-\$0.1837
Oct-22	\$3.9342	-\$0.1037	-\$0.0956
Nov-22	\$3.8362	-\$0.0933	-\$0.1018
Dec-22	\$3.7342	-\$0.0852	-\$0.1105
Jan-23	\$3.6441	-\$0.0807	-\$0.1239
Feb-23	\$3.5500	-\$0.0750	-\$0.1315
Mar-23	\$3.4417	-\$0.0664	-\$0.1250
Apr-23	\$3.3295	-\$0.0585	-\$0.1169
May-23	\$3.2417	-\$0.0524	-\$0.1117
Jun-23	\$3.1789	-\$0.0523	-\$0.1057
Jul-23	\$3.1475	-\$0.0496	-\$0.0881
Aug-23	\$3.1156	-\$0.0472	-\$0.0720
Sep-23	\$3.0803	-\$0.0419	-\$0.0583
Oct-23	\$3.0411	-\$0.0359	-\$0.0425
Nov-23	\$3.0011	-\$0.0316	-\$0.0277

Sprague HeatCurve October 2022-April 2023		\$3.6262
	Close	Change
Crude - WTI	\$109.5700	\$1.9500
Crude - Brent	\$115.0900	\$1.9700
Natural Gas	\$6.5010	\$0.2810
Gasoline	\$3.8372	-\$0.0476

ICE August Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Crack Spread

