

## Market Commentary

**Recap:** The oil market continued to trade higher on Thursday after it posted an inside trading day on Wednesday. The market was driven higher by the momentum from Wednesday's bullish EIA crude inventory draw, increased product demand and the apparent stall in Iranian nuclear negotiations. The oil market opened at its low of \$87.32 and traded higher, breaching its previous high as it traded to \$90.04 by mid-morning. The market retraced some of its gains but was further supported and extended its gains to over \$3.30 in afternoon trading. The market posted a high of \$91.46 ahead of the close, retracing almost 38% of its move from a low of 85.73 to a high of \$101.88. The September WTI contract settled up \$2.39 at \$90.50, the highest settlement since August 12<sup>th</sup>, while the October Brent contract settled up \$2.94 at \$96.59. The product markets ended in positive territory once again, with the heating oil market settling up 3.23 cents at \$3.6497 and the RB market settling up 9.16 cents at \$3.0261.

**Technical Analysis:** The crude market will likely retrace some of its sharp gains on Friday amid the latest news of the U.S. reportedly giving concessions to Iran in its nuclear deal negotiations. The concessions could lead to a revival of the deal and thus an increase in Iranian crude exports, as one of the concessions would allow Iran to sell 120 million in 120 days. The market is seen finding support at \$90.31, \$89.42, \$88.74, \$87.55 and its low of \$87.32. More distant support is seen at \$85.88, \$85.73, \$85.40 and \$82.99. Meanwhile, resistance is seen at \$91.46, \$91.90, its 38% retracement level, \$92.10, \$93.81, its 50% retracement level, \$94.65, \$94.81, \$95.05 and \$95.71, its 62% retracement level.

**Fundamental News:** OPEC Secretary General, Haitham Al Ghais, said policymakers, lawmakers and insufficient oil and gas sector investments are to blame for high energy prices, not OPEC. However, he said a recent oil-price slide reflects fears of economic slowdown and masks physical market fundamentals. He said oil demand was robust in the physical market, concern of Chinese economic slowdown was exaggerated and demand was likely to find support from jet fuel use as people travel more. Ahead of the next meeting OPEC+ holds on September 5<sup>th</sup>, he said it was premature to say what OPEC+ will decide, although he said he was optimistic about the 2023 outlook.

According to sources close to Iran's President, Ebrahim Raisi, the U.S. has reportedly agreed to give Iran "concessions" in its nuclear deal negotiations. These include the removal of sanctions on 17 banks, immediate release of \$7 billion worth of Iranian assets in South Korea, sanctions relief of 150 institutions including Setad, the sale of 50 million barrels of oil in 120 days, the annulment of three Trump executive orders on Day 1 and the exemption of foreign companies from sanctions in case of a U.S. withdrawal.

According to executives and estimates, U.S. crude oil refineries plan to keep operating near full capacity this quarter, as refiners set aside worries about recession and declining retail prices to deliver more fuel. Analysts said the operating levels will keep U.S. gasoline prices below their spring highs while providing strong earnings to refiners. Many aim to run at rates similar to the second quarter's 94% average utilization rate.

**Early Market Call - as of 8:15 AM EDT**

**WTI - September \$88.92, down \$1.58**

**RBOB - September \$2.9881, down 3.8 cents**

**HO - September \$3.5982, down 5.15 cents**

## All NYMEX | Prior Settlements

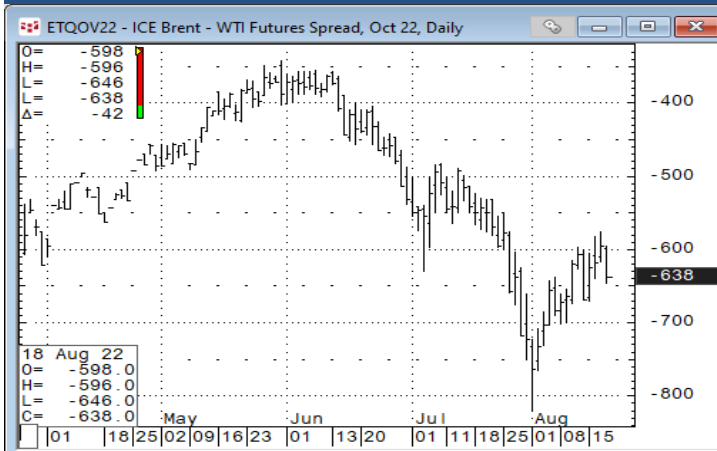
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Sep-22	3.6497	0.0323	0.1657
Oct-22	3.6033	0.0351	0.1502
Nov-22	3.5466	0.0363	0.1313
Dec-22	3.4927	0.0401	0.1168
Jan-23	3.4432	0.0413	0.1008
Feb-23	3.3776	0.0401	0.0809
Mar-23	3.2982	0.0395	0.0643
Apr-23	3.2175	0.0394	0.0525
May-23	3.1611	0.0379	0.0461
Jun-23	3.1165	0.0349	0.0414
Jul-23	3.0842	0.0312	0.0335
Aug-23	3.0522	0.0275	0.0253
Sep-23	3.0222	0.027	0.0187
Oct-23	2.9924	0.0267	0.0136
Nov-23	2.9681	0.028	0.011
Dec-23	2.9434	0.0319	0.0061
Jan-24	2.9178	0.0305	0.0021

Sprague HeatCurve October 2022-April 2023			\$3.4207
		Close	Change
Crude - WTI	Oct Brent-	\$90.1100	\$2.4200
Crude - Brent	WTI Spread	\$96.5900	\$2.9400
Natural Gas	\$6.48	\$9.1880	-\$0.0560
Gasoline		\$3.0261	\$0.0916

## EIA Working Gas Storage Report

	12-Aug-22	05-Aug-22	Change	12-Aug-21
East	571	564	7	643
Midwest	684	663	21	762
Mountain	151	148	3	188
Pacific	248	252	-4	240
South Central	866	874	-8	983
Salt	185	193	-8	244
Nonsalt	681	681	0	740
Total	2519	2501	18	2,815

## ICE October Brent-WTI Spread



## September WTI

