

Market Commentary

Recap: Trading in oil futures on Wednesday was extremely choppy, as prices bounced between gains and losses after the weekly EIA report showed a drop in U.S. crude oil inventories but a bearish drop in gasoline demand. Crude oil inventories fell 3.3 million barrels, much more than the expected 500,000 barrel decrease analysts had estimated. In the meantime, gasoline demand based on a four week average fell to just 8.9 million barrels, a full 7% below last year. At the end of the choppy trading session, oil futures gained traction, with WTI settling at a more than three-week high after Iran International, citing reports from Al-Arabiya, tweeted that the U.S. rejected all additional conditions requested by Iran. October WTI gained \$1.15, or 1.2%, to settle at \$94.89 a barrel, the highest front-month settlement since July 29. Brent for October delivery added \$1.00 a barrel, or 1.00%, to close at \$101.22, also the highest level for a front-month contract since July 29. September RBOB lost 13.23 cents per gallon, or 4.51% to settle at \$2.8007. September heating oil rose 17.13 cents or 4.46% to \$4.0132 a gallon.

Technical Analysis: As expected, WTI continued to move higher, trading above \$95 as it continues to work its way toward the 200-day moving average. Yesterday, we mentioned that the 50 day moving average was descending upon the 200-day moving average, should we get a cross of the shorter term average below the longer term average, in a move known as the Death Cross, the market should move to the downside. We would continue to monitor this situation, looking for weak longs to exit their positions. The \$95 level remains a key area resistance, with resistance above at \$95.92, the current 200-day moving average level, with additional resistance set at \$98.76. To the downside, support is seen at \$91.05 and below that at \$90.

Fundamental News: The EIA reported that U.S. crude oil stocks in the SPR fell in the week ending August 19th to the lowest level since January 1985. SPR crude stocks fell by 8.1 million barrels on the week to 453.1 million barrels.

Iran's Foreign Ministry spokesman, Nasser Kanaani, said Iran received a response from the U.S. to the European Union's "final" text to revive the nuclear deal. He said "Iran will share its view with the EU, as the coordinator of the nuclear talks, upon completion of Tehran's review." U.S. State Department spokesperson, Ned Price, confirmed the U.S. responded to Iran's comments on the European Union's "final" text for revival of Iran's 2015 nuclear deal with major powers.

Iraq said that thin liquidity and extreme fluctuations in the oil futures market has led to prices being far from market fundamentals, in support of remarks made by Saudi Energy Minister Prince Abdulaziz bin Salman earlier this week. Iraq's SOMO said Iraq believes the OPEC alliance will take the necessary measures to achieve balance in oil markets.

Kuwait's Oil Minister, Mohammed Al-Fares, said the country has increased its oil production to 2.811 million bpd in line with the OPEC+ agreement. He added that years of underinvestment have led to limited spare capacity globally, resulting in volatile markets, and that Kuwait will continue to support efforts to stabilize crude markets through OPEC+.

Algeria's Energy Minister, Mohamed Arkab, believes that elevated oil price volatility in recent weeks is driven by fears of an economic slowdown rather than oil market fundamentals.

IIR Energy reported that U.S. oil refiners are expected to shut in about 441,000 bpd of capacity in the week ending August 26th, increasing available refining capacity by 165,000 bpd. Offline capacity is expected to fall to 392,000 bpd in the week ending September 2nd.

Colonial Pipeline is allocating space for Cycle 49 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Early Market Call - as of 8:20 AM EDT

WTI - October \$95.08, up 19 cents

RBOB - September \$2.8009, up 2 points

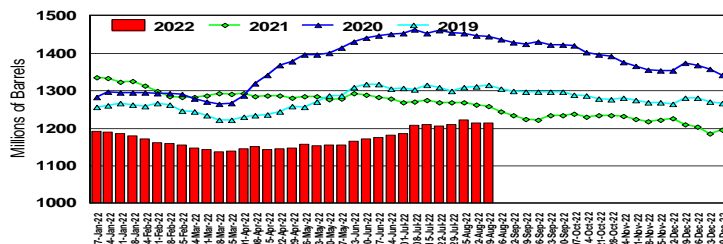
HO - September \$4.0866, up 7.34 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	4.0132	0.1713	0.3958
Oct-22	3.9649	0.1604	0.3967
Nov-22	3.8997	0.1514	0.3894
Dec-22	3.832	0.141	0.3794
Jan-23	3.7653	0.1307	0.3634
Feb-23	3.6824	0.1205	0.3449
Mar-23	3.5853	0.1095	0.3266
Apr-23	3.4813	0.0959	0.3032
May-23	3.3923	0.0782	0.2691
Jun-23	3.3154	0.0605	0.2338
Jul-23	3.2573	0.048	0.2043
Aug-23	3.206	0.0397	0.1813
Sep-23	3.1609	0.0336	0.1657
Oct-23	3.1226	0.0298	0.1569
Nov-23	3.0905	0.0268	0.1504
Dec-23	3.0597	0.0233	0.1482
Jan-24	3.0308	0.0229	0.1435

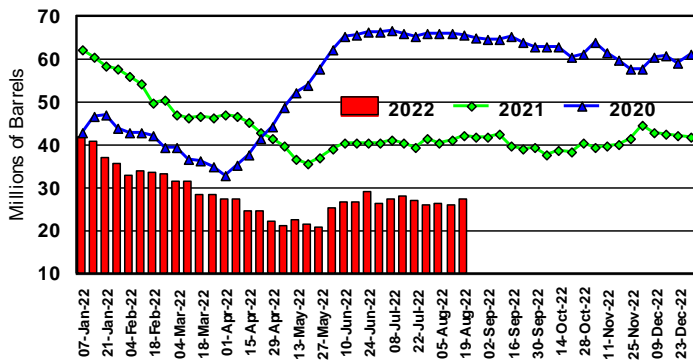
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.33	\$94.8900	\$1.1500
Crude - Brent		\$101.2200	\$1.0000
Natural Gas		\$9.3300	\$0.1370
Gasoline		\$2.8007	-\$0.1323

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending August 19, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.3 million barrels
Cushing, OK Crude Stocks Up 426,000 barrels
Gasoline Stocks Down 27,000 barrels
Distillate Stocks Down 661,000 barrels
Refinery % Operated 93.8%, up 0.3%

PADD #1

Distillate Stocks (in million bbl)	Week Ending August 19, 2022	Week Ending August 12, 2022	Week Ending August 20, 2021
New England	3.1	3.0	7.5
Central Atlantic	11.5	11.8	20.0
Total PADD #1	27.5	26.2	42.1
Distillate Imports (thousands b/d)	114	103	254