

Market Commentary

Recap: Oil prices held steady in volatile trading on Monday, as traders balanced worries about tight supplies with fears that global demand could slow due to a strong U.S. dollar and possible large increases to interest rates.

Recession woes continue to put pressure on commodity markets. At the same time, oil traders know that OPEC+ countries are not able to meet their production quotas. In August, the gap between actual production and quota levels reached 3.58 million bpd. While OPEC+ has recently raised its quotas, its members cannot produce at higher levels. These production problems have somewhat offset weaker demand. October WTI gained 62 cents per barrel, or 0.73% to \$85.73. Brent crude for November delivery gained 65 cents per barrel, or 0.71% to \$92.00. October RBOB gained 4.84 cents per gallon, or 2.00% to \$2.4641, while ULSD for October delivery gained 13.83 cents per gallon, or 4.36% to \$3.3108.

Technical Analysis: There's a considerable degree of confidence within the market that major oil producers will sound the alarm and start cutting production if oil prices were to fall any further toward sub-\$80 levels. As such, prices continue to hover around the mid-\$80s. This area continues to attract a lot of attention, as it is a key psychological support level. With the strong comeback on Monday, we would look for Tuesday's session to try and continue higher, with \$90 the upside goal. This is a level that the market has previously failed at, so we would not be surprised to see more of the same. Resistance is seen at \$86.60. Support below \$80 is set at \$70.35 and \$65.

Fundamental News: Iran's President, Ebrahim Raisi, said Tehran would be serious about reviving a deal on its nuclear program if there were guarantees the United States would not again withdraw from it. He said "If it's a good deal and fair deal, we would be serious about reaching an agreement." Last month, Iran's Foreign Minister said Tehran needed stronger guarantees from Washington for the revival of the 2015 deal and urged the U.N.'s IAEA to drop its "politically motivated probes" of Tehran's nuclear work.

The U.S. Energy Department said it will sell up to 10 million barrels of oil from the SPR for delivery in November, extending the timing of a plan to sell 180 million barrels from the stockpile to tame fuel prices. The sale will be of oil low in sulfur from the SPR's sites in Big Hill, Texas and West Hackberry, Louisiana. Contracts will be awarded no later than October 7th.

IIR Energy reported that U.S. oil refiners are expected to shut in 897,000 bpd of capacity in the week ending September 23rd, cutting available refining capacity by 392,000 bpd. Offline capacity is expected to increase to 1.07 million bpd in the week ending September 30th.

The U.S. Transportation Department said U.S. vehicle travel in July fell by 3.3% to 286.6 billion miles, the second consecutive monthly decline. The 9.9 billion mile decline in July and 1.7% decline in June were the first monthly drops since February 2021.

An internal document showed OPEC+ fell short of its oil production target by 3.583 million bpd in August, having missed its target by 2.892 million bpd in July.

Two delegates said production from the OPEC+ alliance fell 3.58 million bpd short of its target level in August. According to OPEC data seen by Argus, the coalition's 10 participating OPEC members accounted for 1.399 million bpd of the August shortfall, while their non-OPEC allies under-produced by 2.185 million bpd. This significantly widens the gap between the group's pledged and delivered production, which stood at 2.892 million bpd in July. An Argus survey found that OPEC+ output was 3.41 million bpd under the group's August target, with deal-bound OPEC members and their non-OPEC counterparts missing their quotas by 1.27 million bpd and 2.14 million bpd, respectively.

Early Market Call - as of 8:55 AM EDT

WTI - October \$86.05, up 3 cents

RBOB - October \$2.5011, up 37 points

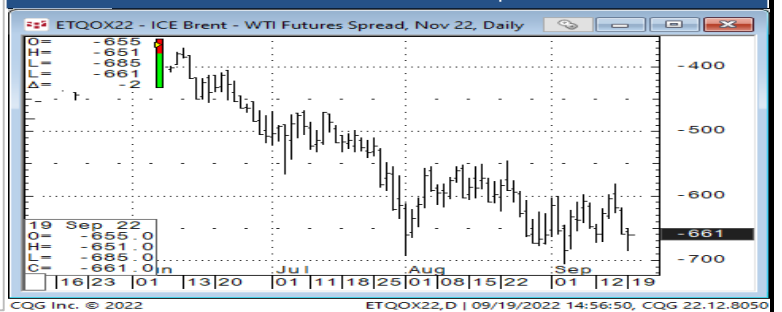
HO - October \$3.3783, up 67 points

All NYMEX | Prior Settlements

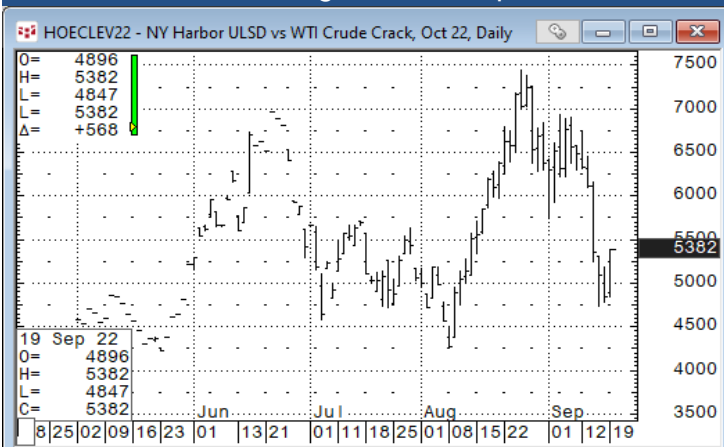
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.3108	0.1383	-0.2923
Nov-22	3.2588	0.1225	-0.2871
Dec-22	3.2061	0.1068	-0.2761
Jan-23	3.161	0.0949	-0.2614
Feb-23	3.1138	0.0853	-0.2418
Mar-23	3.0549	0.077	-0.2205
Apr-23	2.9865	0.0706	-0.1987
May-23	2.9389	0.0631	-0.1729
Jun-23	2.9071	0.059	-0.1468
Jul-23	2.8949	0.0568	-0.1228
Aug-23	2.8837	0.055	-0.1051
Sep-23	2.871	0.0534	-0.0925
Oct-23	2.859	0.0536	-0.0819
Nov-23	2.8451	0.053	-0.0744
Dec-23	2.831	0.0543	-0.0676
Jan-24	2.8143	0.0539	-0.0622
Feb-24	2.8005	0.0536	-0.0615

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.64	\$85.3600	\$0.6000
Crude - Brent		\$92.0000	\$0.6500
Natural Gas		\$7.7520	-\$0.0120
Gasoline		\$2.4641	\$0.0484

ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

