

Market Commentary

Recap: Crude oil prices rose at the start of Monday's session after Saudi Arabia said Sunday it would raise its oil prices for most regions, excluding the United States. The increase in prices was the biggest for Asian buyers, with the flagship Arab Light set to sell for \$2.10 per barrel more than it did this month, at \$6.50 per barrel over the Oman/Dubai benchmarks. The wider opening of the spigots remains to materialize, as several analysts have noted. Some have noted that despite the fact that Saudi Arabia is one of the few OPEC members that have spare capacity, it may be wary of tapping it in any sizeable way right now. Meanwhile, demand, especially in Asia, is rising, as evidenced by the price move by Riyadh. August Brent topped \$121 per barrel yet again, with July West Texas Intermediate close behind at over \$120.99 per barrel. Oil prices pared gains as the U.S. dollar rallied, making denominated commodities less expensive. WTI for July delivery lost 37 cents per barrel, or 0.31% to \$118.50. ICE Brent Crude for Aug. delivery lost 21 cents per barrel, or 0.18% to \$119.51. July heating oil gained 7.98 cents per gallon, or 1.86% to \$4.3601, while RBOB Gasoline for July delivery lost 5.92 cents per gallon, or 1.39% to \$4.1930.

Technical Analysis: After gapping higher on the opening, oil prices pulled back to fill the gap. This market remains extraordinarily bullish and for that fact alone, we would continue to look for buyers below the market, as demand for China increases with the easing of COVID lockdowns. There are a lot of concerns about inflation, which is typically seen in the energy markets first. Resistance is seen at \$126.85 and \$130.50, with support set at \$116.64 and \$115.21.

Fundamental News: Barclays increased its Brent crude price forecasts by \$11/barrel for 2022 and \$23/barrel for 2023, citing a larger and sustained disruption in Russian supply following sanctions by the European Union. Barclays sees Brent prices averaging \$111/barrel this year and next, while it sees U.S. WTI prices at \$108/barrel for the same period. The bank said Russian oil output is expected to decline by 1.5 million bpd by the end of the year, adding it no longer expects inventories to normalize over the forecast period.

Citi Research increased its quarterly oil price forecasts for this year and its year-average outlook for 2023, because additional supply from Iran looked heavily delayed, adding to tighter market balances. Citi said a delay in Iran sanctions relief is the main factor tightening balances. The bank now factors in Iran sanctions relief beginning in the first quarter of next year, at first adding 500,000 bpd, then 1.3 million bpd over the second half. It previously expected Iran sanctions relief to add supply in mid-2022. Citing tighter market balances, Citi raised its second-quarter 2022 Brent price forecast by \$14 to \$113/barrel, and the third and fourth quarter prices by \$12, to \$99/barrels and \$85/barrel, respectively. The bank estimates Brent to average \$75/barrel in 2023, revised higher by \$16.

Sources stated that Italy's Eni SpA and Spain's Repsol SA could begin shipping Venezuelan oil to Europe as soon as next month to make up for Russian crude, resuming oil-for-debt swaps halted two years ago when Washington stepped up sanctions on Venezuela.

IIR Energy reported that U.S. oil refiners are expected to shut in about 433,000 bpd of capacity in the week ending June 10th, increasing available refining capacity by 207,000 bpd. Offline capacity is seen at 433,000 bpd in the week ending June 17th.

Early Market Call - as of 8:25 AM EDT

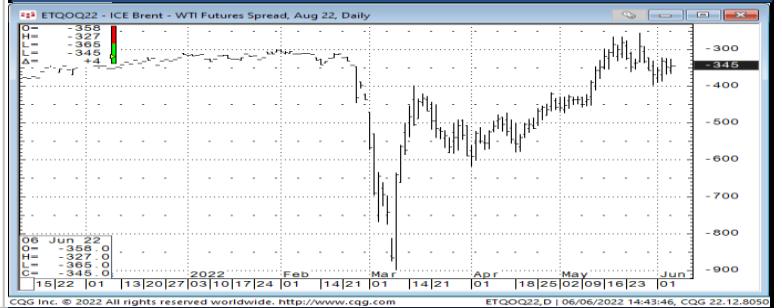
WTI - July \$118.37, down 12 cents
 RBOB - July \$4.1281, down 6.49 cents
 HO - July \$4.3531, down 70 points

All NYMEX | Prior Settlements

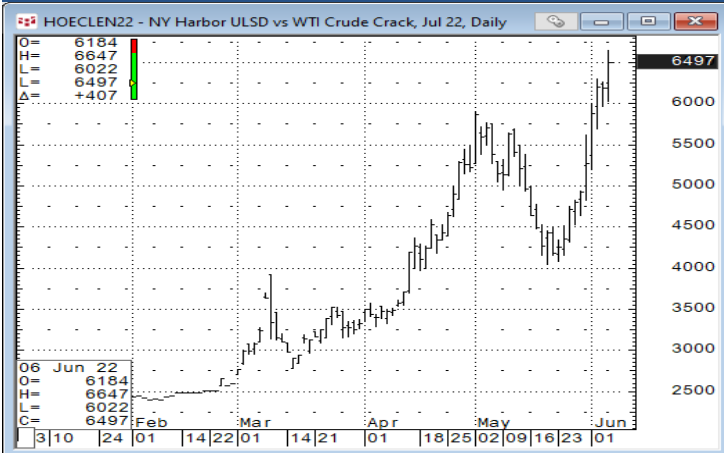
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	4.3601	0.0798	0.4548
Aug-22	4.2292	0.0743	0.4046
Sep-22	4.1331	0.0704	0.3085
Oct-22	4.0332	0.0604	0.3537
Nov-22	3.9350	0.0495	0.3396
Dec-22	3.8406	0.0434	0.3338
Jan-23	3.7504	0.0437	0.3214
Feb-23	3.6499	0.0437	0.3010
Mar-23	3.5373	0.0416	0.2736
Apr-23	3.4217	0.0380	0.2448
May-23	3.3247	0.0358	0.2106
Jun-23	3.2364	0.0355	0.1752
Jul-23	3.1731	0.0348	0.1464
Aug-23	3.1158	0.0325	0.1206
Sep-23	3.0610	0.0192	0.0900
Oct-23	3.0081	0.0075	0.0564
Nov-23	2.9624	-0.0082	0.0321

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	July Brent-WTI Spread \$3.45	\$116.0600	-\$0.1700
Crude - Brent		\$119.5100	-\$0.2100
Natural Gas		\$9.3220	\$0.7990
Gasoline		\$4.1930	-\$0.0592

ICE August Brent-WTI Spread



July Heating Oil Crack Spread



July RBOB Crack Spread

