

## Market Commentary

**Recap:** Thursday proved to be another choppy day for crude oil futures, as prices bounced between gains and losses. Investors initially took OPEC's talk this week of production cuts as a bullish sign that the group will do whatever it takes to keep prices elevated. But some traders say the chatter about production cuts can also be a bearish signal that Saudi Arabia and other OPEC leaders are already preparing for a period of much weaker global demand, especially amid strong expectations of more steep Fed interest rate hikes. While crude oil prices have been pressured by the prospect of a global economic slowdown, they have been receiving a boost from supply constraints due to the Russian invasion of Ukraine and the possibility of production cuts by OPEC and its allies. Concern that supply shortages will become acute over the winter has been pushing prices higher. October WTI lost \$2.37 per barrel, or 2.50%, to settle at \$92.52. Brent for October delivery lost \$1.88 per barrel, or 1.86% to \$99.34. Petroleum products finished mixed, with RBOB for September delivery gained 1.14 cents per gallon, or 0.41% to \$2.8121, while September heating oil lost 6.41 cents per gallon, or 1.60% to \$3.9491.

**Technical Analysis:** After settling at its highest level in nearly a month, WTI plunged on Thursday, as the October contract failed to take out the 200-day moving average, prompting longs to take some profits. With the day's trading session forming an outside trading pattern, where the high and low overshadow the previous day's session, followed by a lower settlement, we would look for further downside movement on Friday. The \$95 level remains a key area for resistance, with resistance above at \$95.99, the current 200-day moving average level, with additional resistance set at \$98.28. To the downside, support is seen at \$91 and below that at \$90.

**Fundamental News:** The Wall Street Journal reported that momentum is building among oil producers behind the idea of cutting crude production to stabilize the market. OPEC's rotating President is the latest to support Saudi Arabia's suggestion that the alliance may produce less. The Caspian Pipeline Consortium said its third single mooring point, SPM-3, the only one currently loading oil at its Black Sea terminal, had passed an inspection. Operations at SPM-3 at the terminal were halted on Wednesday so that the inspection could take place. The other two loading points, SPM-1 and SPM-2, are still not operational after they were found to be damaged in August, sharply cutting crude export capacity. On Tuesday, CPC said the third mooring point is working in an "intensive mode" and could load up to 3.5 million tons of oil per month. That is 60%-70% of the terminal's normal capacity.

On Wednesday, BP said it has shut some of its units affected by an electrical fire at its 430,000 bpd Whiting refinery in Indiana. BP said the fire has been extinguished and it is determining when the affected units will be restarted.

Monroe Energy plans to shut half of the crude unit at its 190,000 bpd Trainer, Pennsylvania refinery in September for 35-40 days for maintenance.

U.S. Federal Reserve officials were noncommittal about the size of the interest rate increase they will approve at their September 20<sup>th</sup>-21<sup>st</sup> meeting.

The U.S. economy contracted at a more moderate pace than initially reported in the second quarter as consumer spending lessened some of the drag from a slower pace of inventory accumulation. The U.S. Commerce Department reported that GDP contracted at a 0.6% annualized rate last quarter. That was an upward revision from the previously estimated 0.9% pace of decline.

**Early Market Call - as of 8:35 AM EDT**

WTI - October \$92.86, up 34 cents  
 RBOB - September \$2.7996, down 1.25 cents  
 HO - September \$3.9925, up 4.34 cents

## All NYMEX | Prior Settlements

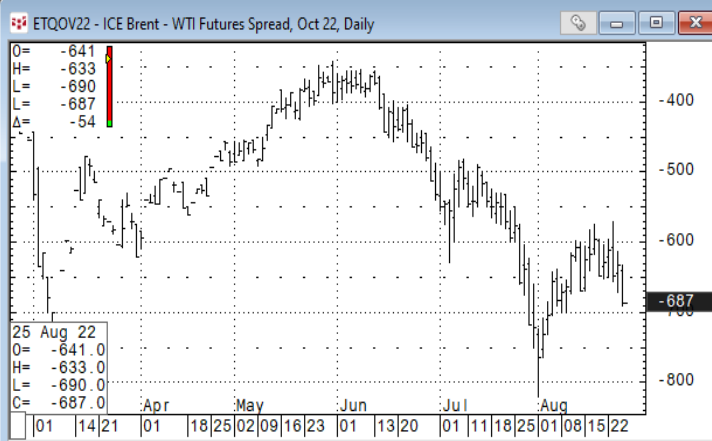
| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Sep-22 | 3.9491    | -0.0641      | 0.2994    |
| Oct-22 | 3.8823    | -0.0826      | 0.279     |
| Nov-22 | 3.8087    | -0.091       | 0.2621    |
| Dec-22 | 3.7353    | -0.0967      | 0.2426    |
| Jan-23 | 3.665     | -0.1003      | 0.2218    |
| Feb-23 | 3.5817    | -0.1007      | 0.2041    |
| Mar-23 | 3.4853    | -0.1         | 0.1871    |
| Apr-23 | 3.3842    | -0.0971      | 0.1667    |
| May-23 | 3.3007    | -0.0916      | 0.1396    |
| Jun-23 | 3.2306    | -0.0848      | 0.1141    |
| Jul-23 | 3.1797    | -0.0776      | 0.0955    |
| Aug-23 | 3.1345    | -0.0715      | 0.0823    |
| Sep-23 | 3.0952    | -0.0657      | 0.073     |
| Oct-23 | 3.063     | -0.0596      | 0.0706    |
| Nov-23 | 3.0351    | -0.0554      | 0.067     |
| Dec-23 | 3.01      | -0.0497      | 0.0666    |
| Jan-24 | 2.9818    | -0.049       | 0.064     |

| Sprague HeatCurve October 2022-April 2023 |                                    |           | \$3.6414  |
|---|------------------------------------|-----------|-----------|
|   |                                    | Close     | Change    |
| Crude - WTI                               | Oct Brent-<br>WTI Spread<br>\$6.82 | \$92.5200 | -\$2.3700 |
| Crude - Brent                             |                                    | \$99.3400 | -\$1.8800 |
| Natural Gas                               |                                    | \$9.3750  | \$0.0450  |
| Gasoline                                  |                                    | \$2.8121  | \$0.0114  |

## EIA Working Gas Storage Report

|               | 19-Aug-22 | 12-Aug-22 | Change | 19-Aug-21 |
|---------------|-----------|-----------|--------|-----------|
| East          | 598       | 571       | 27     | 659       |
| Midwest       | 714       | 684       | 30     | 786       |
| Mountain      | 153       | 151       | 2      | 188       |
| Pacific       | 243       | 248       | -5     | 241       |
| South Central | 871       | 866       | 5      | 972       |
| Salt          | 184       | 185       | -1     | 231       |
| Nonsalt       | 687       | 681       | 6      | 742       |
| Total         | 2579      | 2519      | 60     | 2,847     |

## ICE October Brent-WTI Spread



## WTI Continuation

