

Market Commentary

Recap: The crude oil market on Thursday rallied higher after the IEA increased its oil demand growth forecast for the year. The IEA raised its outlook for demand this year by 380,000 bpd, noting that increasing natural gas prices led some consumers to switch to oil. The crude market opened 38 cents lower as the market retraced some of Wednesday's gains. However, the market bounced off that level and continued to trade higher throughout the session. The oil market retraced more than 50% of a move from a low of \$87.01 to a high of \$101.88, rallying to a high of \$95.05 in afternoon trading. The market was also well supported by a weakening U.S. dollar, which extended its losses on Thursday following Wednesday's inflation report as well on news that Shell shut in production at its Mars, Ursa and Olympus platforms in the Gulf of Mexico. The September WTI contract settled up \$2.41 at \$94.34, while the October Brent contract settled up \$2.20 at \$99.60. The product markets ended in positive territory, with the heating oil market settling up 7.37 cents at \$3.4840 and the RBOB market settling up 12 points at \$3.0715.

Technical Analysis: The market is seen continuing on its upward trend ahead of the weekend following the strength seen during Thursday's session. The market is seen finding resistance at its high of \$94.91 followed by \$96.20, its 62% retracement level, \$96.57 and \$97.06, basis a trendline. Meanwhile, support is seen at \$92.20, its low of \$91.24, \$90.60, \$89.72 and \$87.66. Further support is seen at \$87.22 and \$87.01.

Fundamental News: The International Energy Agency said record high summer temperatures and increasing gas prices have increased the use of oil in power generation, increasing demand but masking weakness in economies beset by recession fears. It said "Natural gas and electricity prices have soared to new records, incentivizing gas-to-oil switching in some countries." It warned that these gains mainly in the Middle East and Europe mask relative weakness in other sectors amid economic headwinds. The IEA raised its outlook for 2022 demand by 380,000 bpd to 2.1 million bpd due to more gas-to-oil switching. It expects demand growth to slow from 5.1 million bpd in the first quarter of 2022 to 40,000 bpd by the fourth quarter of 2022. It said oil demand is set to increase 2.1 million bpd in 2023 to surpass pre-COVID levels at 101.8 million bpd. Meanwhile global oil supply in July surpassed pre-pandemic highs, with supply reaching a high of 100.5 million bpd in July.

OPEC cut its forecast for growth in world oil demand in 2022 for a third time since April, citing the economic impact of Russia's invasion of Ukraine, high inflation and ongoing efforts to contain the coronavirus pandemic. In its monthly report, OPEC said it expects oil demand to increase by 3.1 million bpd or 3.2% in 2022, down 260,000 bpd from the previous forecast. OPEC's view contrasts with that of the International Energy Agency, which earlier on Thursday raised its outlook for 2022 demand, citing higher use of oil for power generation. For 2023, OPEC expects growth to slow further to 2.7 million bpd, leaving its forecast unchanged from last month. OPEC reported that OPEC output in July increased by 162,000 bpd to 28.84 million bpd. OPEC expects supply from non-member countries to increase by 1.71 million bpd, meaning OPEC will need to produce about 900,000 bpd more to balance the market. Supply of U.S. tight oil or shale oil is expected to increase by 800,000 bpd in 2023, up from 740,000 bpd in 2022.

The Wall Street Journal reported that the European Union diplomats proposed a significant concession to Iran aimed at quickly ending a U.N investigation into Iran's past nuclear activities.

Shell said it halted production at three of its U.S. Gulf of Mexico deep-water platforms after pipelines connecting the three were shut. Shell said its Mars, Ursa and Olympus platforms, with a total capacity of 410,000 bpd, were shut in.

Early Market Call - as of 8:25 AM EDT

WTI - September \$92.78, down \$1.55

RBOB - September \$3.0151, down 5.64 cents

HO - September \$3.4778, down 62 points

All NYMEX | Prior Settlements

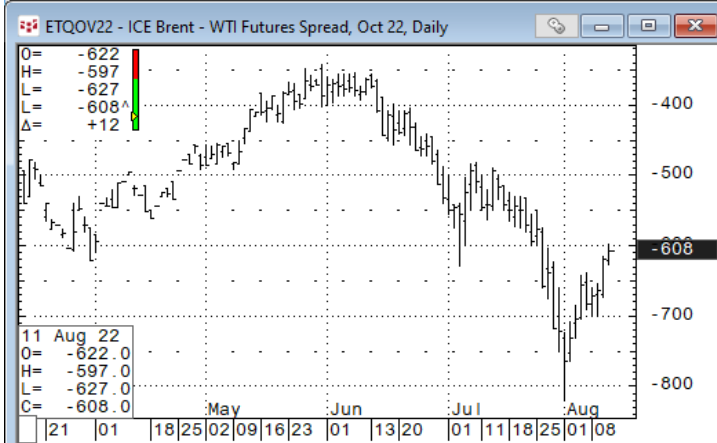
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.484	0.0737	0.1468
Oct-22	3.4531	0.0774	0.1539
Nov-22	3.4153	0.0785	0.1538
Dec-22	3.3759	0.0779	0.151
Jan-23	3.3424	0.0755	0.1461
Feb-23	3.2967	0.0715	0.1385
Mar-23	3.2339	0.0688	0.134
Apr-23	3.165	0.0672	0.1298
May-23	3.115	0.0636	0.1294
Jun-23	3.0751	0.0601	0.1334
Jul-23	3.0507	0.0558	0.1325
Aug-23	3.0269	0.052	0.1299
Sep-23	3.0035	0.049	0.1309
Oct-23	2.9788	0.0448	0.1272
Nov-23	2.9571	0.0424	0.1256
Dec-23	2.9373	0.0421	0.124
Jan-24	2.9157	0.0421	0.1225

Sprague HeatCurve October 2022-April 2023			\$3.3237
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.07	\$93.5300	\$2.3300
Crude - Brent		\$99.6000	\$2.2000
Natural Gas		\$8.8740	\$0.6720
Gasoline		\$3.0715	\$0.0012

EIA Working Gas Storage Report

	05-Aug-22	29-Jul-22	Change	05-Aug-21
East	564	549	15	625
Midwest	663	643	20	738
Mountain	148	147	1	185
Pacific	252	253	-1	241
South Central	874	865	9	979
Salt	193	195	-2	247
Nonsalt	681	671	10	731
Total	2501	2457	44	2,769

ICE October Brent-WTI Spread



September WTI

