

Market Commentary

Recap: Oil futures continued to slide on Thursday, with WTI tumbling below \$90 a barrel for the first time since Russia invaded Ukraine six months ago. Oil prices were hammered by the unexpected increase in U.S. crude oil and gasoline inventories. Prices have now fallen by \$9 since data last week showed the US economy contracted for a second consecutive quarter in 2Q. The two straight negative-growth quarters fit a common definition of a recession, though US government officials have said they don't believe the economy is in recession, and will wait to see if a government-funded organization, the National Bureau of Economic Research, declares it as such. The fall in oil prices could come as a relief to large consumer nations like the United States and countries in Europe that have been urging producers to ramp up output to offset tight supplies and combat raging inflation. The demand outlook remains clouded by increasing worries about an economic slump in the United States and Europe, debt distress in emerging market economies, and a strict zero COVID-19 policy in China, the world's largest oil importer. WTI for September delivery lost \$2.12 per barrel, or 2.34% to \$88.54, the lowest settlement value for a front month contract since Wednesday, Feb. 2, 2022. Brent for October delivery lost \$2.66 per barrel, or 2.75% to \$94.12. This is the lowest settlement value for a front month contract since Friday, February 18, 2022. RBOB for September delivery lost 11.87 cents per gallon, or 4.08% to \$2.7935. This is the lowest settlement value for a front month contract since Friday, Feb. 25, 2022. ULSD for September delivery lost 7.76 cents per gallon, or 2.27% to \$3.3372. This is the lowest settlement value for a front month contract since Friday February 18, 2022.

Technical Analysis: September WTI breached \$88.43; the 62% retracement set by the December low of \$62.43 and the March high of \$130.50 but pared losses to recapture this level. With the 10-day moving average crossing below the 200-day moving average, we would look for this market to continue to work lower, with \$86.55 our near-term downside target. A break below this level opens up for a run at \$85. Resistance is seen at \$90 and above that at \$93.51.

Fundamental News: OPEC's Secretary General, Haitham al-Ghais, said OPEC should tread a fine line as not to consume all oil reserves. He also commented on OPEC's decision on Wednesday to only increase production by 100,000 barrels per day by saying: "we aim to test market reaction". He also said the organization was not in a competition with Russia saying: "the market has room for all", adding even with the discounts we heard Russia is giving to Asia.

Iranian state media reported that on Thursday, Iran's chief nuclear negotiator, Ali Bagheri Kani, met the European Union's Enrique Mora, who coordinates indirect talks between Tehran and Washington on reinstating Iran's 2015 nuclear deal with world powers. Both Iran and the U.S. have played down the prospect of a breakthrough in this round of talks, while the European Union's Foreign Policy Chief Josep Borrell has warned there is no room left for further major compromises.

Sources stated that Saudi Arabia and the United Arab Emirates stand ready to deliver a "significant increase" in oil output should the world face a severe supply crisis this winter. Three sources said Saudi Arabia and the UAE could pump "significantly more", but would only do so if the supply crisis worsened.

The U.S. Census Bureau reported that U.S. crude oil exports reached 3.57 million bpd in June, up from 3.44 million bpd in May.

According to Refinitiv analysis, August diesel arrivals to Europe from east of Suez, Russia, the Baltics and the United States currently total 2.7 million tons, down from over 5.6 million tons in July.

Early Market Call - as of 8:15 AM EDT

WTI - September \$88.68, up 13 cents

RBOB - September \$2.7946, up 11 points

HO - September \$3.2367, down 10.05 cents

All NYMEX | Prior Settlements

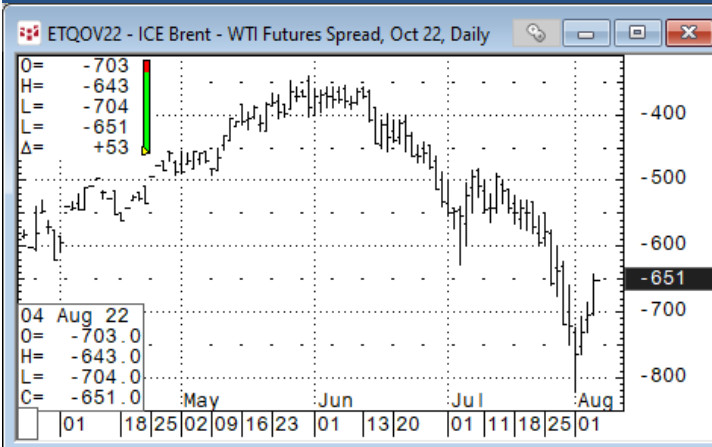
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.3372	-0.0776	-0.2766
Oct-22	3.2992	-0.0699	-0.2576
Nov-22	3.2615	-0.0645	-0.2384
Dec-22	3.2249	-0.0621	-0.2171
Jan-23	3.1963	-0.0608	-0.1955
Feb-23	3.1582	-0.0598	-0.1758
Mar-23	3.0999	-0.0591	-0.1637
Apr-23	3.0352	-0.0602	-0.1572
May-23	2.9856	-0.0591	-0.152
Jun-23	2.9417	-0.0579	-0.1499
Jul-23	2.9182	-0.0582	-0.1496
Aug-23	2.897	-0.0582	-0.1479
Sep-23	2.8726	-0.0574	-0.1447
Oct-23	2.8516	-0.0551	-0.1391
Nov-23	2.8315	-0.0511	-0.1357
Dec-23	2.8133	-0.0502	-0.1334
Jan-24	2.7932	-0.0504	-0.1362

Sprague HeatCurve October 2022-April 2023			\$3.1800
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.56	\$87.5600	-\$2.1800
Crude - Brent		\$94.1200	-\$2.6600
Natural Gas		\$8.1220	-\$0.1440
Gasoline		\$2.7935	-\$0.1187

EIA Working Gas Storage Report

	29-Jul-22	22-Jul-22	Change	29-Jul-21
East	549	532	17	601
Midwest	643	625	18	717
Mountain	147	144	3	184
Pacific	253	253	0	244
South Central	865	862	3	979
Salt	195	195	0	253
Nonsalt	671	667	4	726
Total	2457	2416	41	2,725

ICE October Brent-WTI Spread



WTI Continuation

