

Market Commentary

Recap: Oil futures climbed Tuesday, with U.S. prices recouping a portion of the more than 9% loss last week. Oil prices climbed on high summer fuel demand while supplies remained tight because of sanctions on Russian oil after its invasion of Ukraine. Despite concerns over economic growth data, demand remains solid supported by supply anxiety after sanctions on oil shipments from Russia, the world's second-largest oil exporter, and worries Russian output could fall due to sanctions on equipment needed for production. Both benchmarks posted a weekly loss last week. For WTI it was the first weekly loss in eight weeks, for Brent the first in five. WTI for July delivery gained \$1.09 per barrel, or 0.99% to settle at \$110.65. August Brent Crude gained 52 cents per barrel, or 0.46% to end the session at \$114.65. Front Month NYMEX RBOB Gasoline for July delivery gained 0.15 cent per gallon, or 0.04% to \$3.7945, while Front Month NYMEX ULSD for July delivery gained 1.86 cents per gallon, or 0.43% to \$4.3584.

Technical Analysis: WTI continues to trend within the ascending channel that has formed within the sideways pattern dating back to the beginning of March. In the near term, the key question is whether demand will stay strong when oil is in the \$110 – \$120 range. If data from EIA confirms that demand is healthy despite current oil prices, WTI oil may move back to the \$120 level. Resistance is set at \$111.13, \$114.53 and \$116.64. Support rest at \$108.00 and \$105.39.

Fundamental News: Treasury Secretary, Janet Yellen, said the United States is in talks with Canada and other allies to further restrict Russia's energy revenue by imposing a price cap on Russian oil. She said a price exception is an effective cap that could be achieved through a mechanism to restrict or ban insurance or financing for Russian oil shipments above a certain amount.

BOFA Global Research said it still sees Brent at \$102/barrel in 2022 and 2023 on average, with a potential increase to \$150/barrel if European sanctions push Russian oil production below 9 million bpd. It said if Russian oil supply does not fall below 10 million bpd, global oil demand could increase by 1.7 million bpd in 2023. It said extended sanctions on Russian energy could act as a price floor even if near-dated spot oil price downside risks increase. It said even if the world goes into recession, we estimate Brent could average more than \$75/barrel in 2023.

Vitol CEO, Russell Hardy, said more Russian crude oil and products will head to Asian markets in 2023 while Europe will turn more to the Middle East to buy diesel. He also said tight energy markets would persist until demand slows. He said "The one thing that everyone is concerned about is runaway prices which would make recessions more likely."

The EIA reported that U.S. crude oil refining capacity fell by 125,790 bpd or seven-tenth of 1% in 2021 because of the closure of a Louisiana refinery.

IIR Energy reported that U.S. oil refiners are expected to shut in about 524,000 bpd of capacity in the week ending June 24th, increasing available refining capacity by 63,000 bpd. Offline capacity is expected to decrease to 511,000 bpd in the week ending July 1st.

Early Market Call - as of 8:15 AM EDT

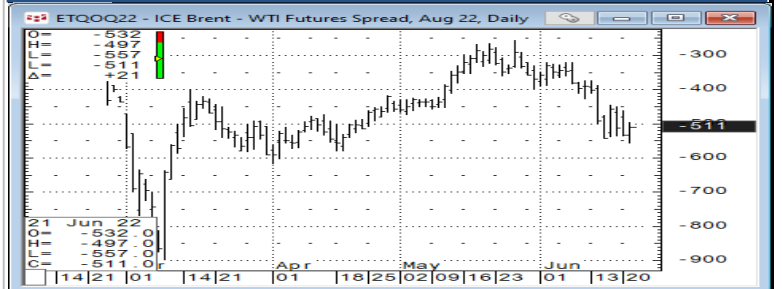
WTI - \$104.17, down 5.36 cents
 RBOB - \$3.7038, down 9.07 cents
 HO - \$4.2999, down 5.85 cents

All NYMEX | Prior Settlements

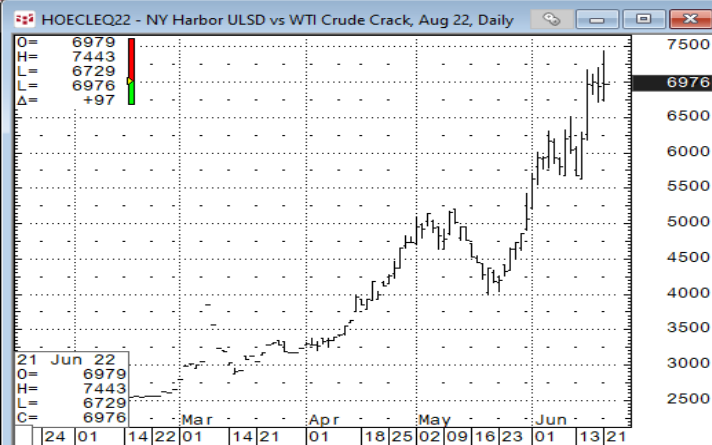
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	4.3584	0.0186	0.0750
Aug-22	4.2313	0.0222	0.0528
Sep-22	4.1399	0.0225	-0.0386
Oct-22	4.0534	0.0236	0.0319
Nov-22	3.9628	0.0248	0.0158
Dec-22	3.8710	0.0263	-0.0019
Jan-23	3.7908	0.0228	-0.0150
Feb-23	3.6989	0.0174	-0.0288
Mar-23	3.5818	0.0151	-0.0487
Apr-23	3.4583	0.0119	-0.0740
May-23	3.3643	0.0109	-0.0813
Jun-23	3.2983	0.0137	-0.0731
Jul-23	3.2577	0.0221	-0.0614
Aug-23	3.2169	0.0293	-0.0531
Sep-23	3.1740	0.0354	-0.0395
Oct-23	3.1240	0.0404	-0.0310
Nov-23	3.0719	0.0431	-0.0278

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Aug Brent- WTI Spread	\$109.5200	\$1.5300
Crude - Brent		\$114.6500	\$0.5200
Natural Gas	\$5.13	\$6.8080	-\$0.1360
Gasoline		\$3.7945	\$0.0015

ICE August Brent-WTI Spread



August Heating Oil Crack Spread



August RBOB Oil Crack Spread

