

Market Commentary

Recap: Oil prices jumped on Tuesday after the Saudi Energy minister said OPEC and its allies could cut production amid "harmful volatility" in the market. Prince Abdulaziz bin Salman told Bloomberg that OPEC+ has the "commitment, the flexibility and the means" within its agreements to deal with market challenges, including cutting production "at any time and in different forms". The minister was pointing to the disconnect between volatile and illiquid markets and underlying fundamentals. The comments halted recent declines in oil prices, which have fallen around 20% since June highs. The next OPEC meeting is due on Sept. 5. Adding to the rise in prices was the potential for supply disruptions at the CPC Black Sea terminal, which exports oil from Russia and Kazakhstan and expectations that U.S. crude oil inventories declined by 500,000 barrels for the week ending August 19. October WTI gained \$3.38 per barrel, or 3.74%, to settle at \$93.74. Brent for October delivery tacked on \$3.74, or 3.88% to settle at \$100.22 a barrel. Petroleum products also gained, with September RBOB up 4.18 cents per gallon, or 1.45% to \$2.9330, while September heating oil added 6.57 cents per gallon, or 1.74% to \$3.8419.

Market Analysis: October WTI pushed past the 10-day moving average and continued to work toward the 50-day moving average. This front-month contract appears to be headed for \$95, the level that it had previous failed at. Looking at a daily spot continuation chart, each bounce in WTI has been met with the inability to take out previous highs, so we would not be surprised to see more of the same. Should we get a move above the 200-day moving average, the minor trend of this market will change to the upside, with \$100 the near-term upside objective. Prior to this level additional resistance is seen at \$95, \$95.83 and \$96.55. We would keep an eye on the 50 and 200-day moving averages, as the shorter term average is pointing lower and is descending upon the longer term average. Should the shorter term average cross below the longer term average, we should see a shake out of weak longs.

Fundamental News: The European Union's Foreign Policy Chief, Josep Borrell, said most countries involved in nuclear talks with Iran agree with a European Union proposal that aims to save a 2015 nuclear deal. He said "Most of them agree, but I still don't have the answer from the United States, who I understand have to discuss it, and we expect during this week to receive an answer." He said Iran has asked a few adjustments to the EU proposal. On Monday, he said he considered Iran's answer was "reasonable".

Russian and Kazakh oil exports via the Caspian Pipeline Consortium's Black Sea terminal face at least one month's disruption each once repairs begin on two of its three single mooring points. CPC said oil exports via the two SPMs have been suspended due to equipment damaged by bad winter weather. CPC added that a planned inspection of the third SPM at the Yuzhnaya Ozereyevka terminal would require it to be temporarily shut for a matter of hours. It said it was negotiating with shippers to shift loading schedules in order to complete the inspection by August 26th.

Nine OPEC sources stated that OPEC+ production cuts may not be imminent and would coincide with the return of Iran to oil markets should it sign a nuclear deal with the West. The sources said a production cut at the upcoming OPEC+ meeting on September 5th may be too soon but could be necessary should a possible revival of Iran's 2015 nuclear deal bring additional volumes to the oil market. Should sanctions be lifted, Iran would need about a year and a half to reach its full capacity of 4 million bpd of crude production compared with the current 2.6 million bpd. However, it could more immediately start selling some of its oil in storage.

On Monday, Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman said OPEC stands ready to cut output to correct a recent oil price decline driven by poor futures market liquidity and macro-economic fears, which has ignored extremely tight physical crude supply.

Early Market Call - as of 8:20 AM EDT

WTI - October \$94.56, up 82 cents

RBOB - September \$2.9287, down 43 points

HO - September \$3.8907, up 4.88 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	\$3.8419	\$0.0657	\$0.3617
Oct-22	\$3.8045	\$0.0661	\$0.3597
Nov-22	\$3.7483	\$0.0678	\$0.3500
Dec-22	\$3.6910	\$0.0690	\$0.3392
Jan-23	\$3.6346	\$0.0671	\$0.3224
Feb-23	\$3.5619	\$0.0650	\$0.3022
Mar-23	\$3.4758	\$0.0627	\$0.2839
Apr-23	\$3.3854	\$0.0582	\$0.2661
May-23	\$3.3141	\$0.0530	\$0.2449
Jun-23	\$3.2549	\$0.0508	\$0.2249
Jul-23	\$3.2093	\$0.0492	\$0.2066
Aug-23	\$3.1663	\$0.0486	\$0.1915
Sep-23	\$3.1273	\$0.0485	\$0.1815
Oct-23	\$3.0928	\$0.0479	\$0.1754
Nov-23	\$3.0637	\$0.0453	\$0.1717
Dec-23	\$3.0364	\$0.0428	\$0.1660
Jan-24	\$3.0079	\$0.0415	\$0.1594

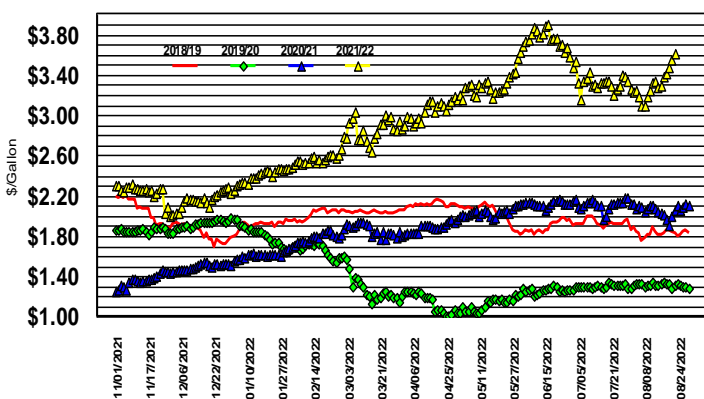
Sprague HeatCurve October 2022-April 2023			\$3.6097
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.48	\$93.7400	\$3.3800
Crude - Brent		\$100.2200	\$3.7400
Natural Gas		\$9.1930	-\$0.4870
Gasoline		\$2.9330	\$0.0418

API Report for the Week Ending August 19, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5.6 million barrels	Down 900,000 barrels
Gasoline Stocks	Up 268,000 barrels	Down 1.5 million barrels
Distillate Stocks	Up 1.1 million barrels	Up 600,000 barrels
Refinery Runs		Unchanged, 93.5%

Sprague HeatCurve October-April

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve

