

Market Commentary

Recap: The oil market continued to drift lower on Wednesday morning on concerns over fuel demand and global economic growth ahead of a large increase in interest rates by the Federal Reserve later in the day and as U.S. oil production reached pre-pandemic levels. The EIA reported that U.S. crude oil production, which has been mostly stagnant over the last few months, increased by 100,000 bpd in the week ending June 10th to 12 million bpd, the highest level since April 2020. The crude market posted a high of \$119.61 in overnight trading before it continued to sell off from Tuesday's highs. The market breached its previous low and traded to \$116.60 following the release of the EIA crude stock report. The market sold off even further, falling to \$116.15 before the market rallied back to \$118.41 following the Fed announcement of an expected increase in interest rates of 75 basis point, the highest increase since 1994. However, the market just as quickly erased all of its gains and retraced 50% of its move from a low of \$105.13 to a high of \$123.68 as it posted a low of \$114.60 ahead of the close. The July WTI contract settled down \$3.62 at \$115.31, while the August Brent contract settled down \$2.66 at \$118.51. Meanwhile, the product markets ended mixed with the heating oil market settling up 15.3 cents at \$4.5470 and the RBOB market settling down 9.96 cents at \$3.8942.

Technical Analysis: Support is seen at its low of \$114.60, \$114.41, its 50% retracement level and \$112.22, its 62% retracement level. More distant support is seen at \$111.20, \$110.27, \$109.23 and \$108.61. Meanwhile, resistance is seen at its high of \$119.61 followed by \$123.68 and \$123.75, basis a trendline.

Fundamental News: The International Energy Agency said higher oil prices and lower economic forecasts are set to weigh on demand growth, though the world's demand for oil is set to reach pre-pandemic levels in 2023. While advanced economies making up the OECD will account for most demand growth this year, China is due to lead the gains in 2023 as it emerges from lockdowns aimed at containing the spread of COVID-19. The IEA forecast world oil demand will reach 101.6 million bpd in 2023, surpassing pre-pandemic levels. It said slowing demand growth and an increase in supply through the year end should help world oil markets rebalance. The IEA sees non-OPEC+ set to lead supply growth through 2023, adding 1.9 million in 2022 and 1.8 million bpd in 2023. It said supply may struggle to meet demand next year amid sanctions on Russian oil and lower producer spare capacity. OPEC+ production could increase by 2.6 million bpd this year but may fall by 520,000 bpd in 2023. The IEA also reported that observed global oil inventories increased by 77 million barrels in April following nearly two years of declines. OECD industry stocks increased by 42.5 million barrels, helped by government stock releases of nearly 1 million bpd.

On Wednesday, U.S. President Joe Biden demanded oil companies explain why they aren't putting more gasoline on the market. President Biden wrote to executives from Marathon Petroleum Corp, Valero Energy Corp, and Exxon Mobil Corp and complained they had cut back on oil refining to pad their profits. In a letter, President Biden wrote "At a time of war, refinery profit margins well above normal being passed directly onto American families are not acceptable," adding the lack of refining was driving gas prices up faster than oil prices. A White House official said the letter is also being sent to Phillips 66, Chevron Corp, BP and Shell.

Societe Generale forecast Brent prices will average \$113.30/barrel in 2022 and \$91.30/barrel in 2023.

Exports of gasoline from Northwest Europe to the U.S. were estimated to be around 188,000 tons this week, aboard five medium range tankers, down about 20% on the week.

Early Market Call - as of 8:35 AM EDT

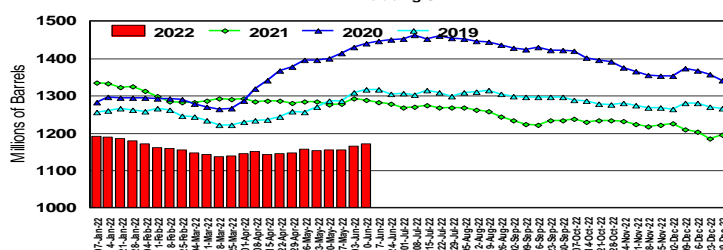
WTI - July \$113.63, down \$1.68
 RBOB - July \$3.8680, down 2.62 cents
 HO - July \$4.4323, down 11.47 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	4.5470	0.1530	0.2327
Aug-22	4.4008	0.1355	0.1810
Sep-22	4.2856	0.1177	0.0658
Oct-22	4.1817	0.1041	0.1058
Nov-22	4.0830	0.0921	0.0923
Dec-22	3.9886	0.0812	0.0843
Jan-23	3.9116	0.0758	0.0855
Feb-23	3.8212	0.0665	0.0813
Mar-23	3.7023	0.0479	0.0650
Apr-23	3.5811	0.0298	0.0487
May-23	3.4775	0.0194	0.0314
Jun-23	3.3957	0.0166	0.0243
Jul-23	3.3411	0.0168	0.0255
Aug-23	3.2863	0.0165	0.0225
Sep-23	3.2277	0.0164	0.0177
Oct-23	3.1651	0.0161	0.0091
Nov-23	3.1054	0.0159	0.0026

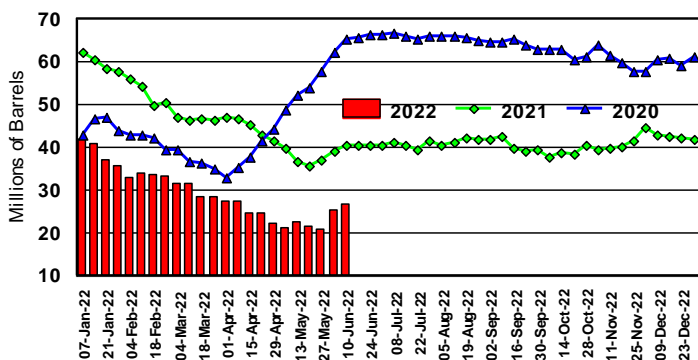
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$5.42	\$113.0900	-\$3.1700
Crude - Brent		\$118.5100	-\$2.6600
Natural Gas		\$7.4200	\$0.2310
Gasoline		\$3.8942	-\$0.0996

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending June 10, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2 million barrels
 Cushing, OK Crude Stocks Down 862,000 barrels
Gasoline Stocks Down 710,000 barrels
Distillate Stocks Up 725,000 barrels
Refinery % Operated 93.7%, down 0.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending June 10, 2022	Week Ending June 3, 2022	Week Ending June 11, 2021
New England	3.2	3.0	6.9
Central Atlantic	10.6	9.5	20.4
Total PADD #1	26.6	25.5	40.5
Distillate Imports (thousands b/d)	119	156	301