

Market Commentary

Recap: On Monday, the oil market extended its previous losses seen on Friday as traders weighed concerns about China's demand and the prospect for more Iranian supply. The market, which posted a high of \$92.10 on the opening overnight, breached its previous lows as it fell more than \$5 and posted a low of \$86.82 early in the session. The market sold off on an unexpected cut in key interest rates in China to support the economy amid the COVID lockdowns. The country's apparent oil demand in July was about 10% lower on the year. The market was also pressured by the possibility of an agreement on the nuclear deal, with Iran expected to respond to the European Union's final text by midnight on Monday. The market, later bounced off its low and retraced almost 50% of its earlier losses ahead of the close. The September WTI contract settled down \$2.68 at \$89.41, while the October Brent contract settled down \$3.05 at \$95.10. The product markets ended the session in negative territory as well, with the heating oil market settling down 7.75 cents at \$3.4403 and the RB market settling down 9.43 cents at \$2.9517.

Technical Analysis: The oil market will look for updates regarding Iran's response to the EU's proposal to revive the 2015 nuclear deal. Iran is expected to respond by midnight to the EU's "final" draft text to save the nuclear deal. The market is seen finding support at \$87.88, \$86.94 and its low of \$86.82. Further support is seen at \$86.08 and \$85.40 and \$84.90. Meanwhile, resistance is seen at its high of \$89.52, \$90.00, \$91.94 and \$92.10. More distant resistance is seen at its previous highs of \$94.81 and \$95.05, followed by \$96.10, basis a trendline.

Fundamental News: Iran's Foreign Minister, Hossein Amirabdollahian, said Iran will respond to the European Union's "final" text by midnight on Monday, calling on the United States to show flexibility for the revival of a 2015 nuclear pact. He said that "the coming days are very important" to see whether the United States will show flexibility over the remaining three issues. He added "it would not be end of the world if they fail to show flexibility...Then we will need more efforts and talks...to resolve the remaining issues." Separately, Iran's Foreign Ministry Spokesman, Nasser Kanaani, said the removal of sanctions on Iran in the event that a nuclear pact is reached will not only benefit Tehran but will also help the global economy and energy supplies which lines up with the interests of European countries. He said "Iran can provide more supplies than in the past." He said there is an opportunity to revive the 2015 nuclear deal with world powers if Tehran's red lines are respected. Meanwhile, diplomats, analysts and officials said whether or not Iran and the U.S. accept a European Union "final" offer to revive the 2015 Iran nuclear deal, neither is likely to declare the pact dead because keeping it alive serves both sides' interests. A European diplomat said "Both sides are happy to endure the status quo." Meanwhile, a senior Iranian official said "We are in no rush."

IIR Energy reported that U.S. oil refiners are expected to shut in 529,000 bpd of capacity in the week ending August 19th, decreasing available refining capacity by 64,000 bpd. Offline capacity is expected to fall to 294,000 bpd in the week ending August 26th.

Colonial Pipeline Co is allocating space for Cycle 47 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

The EIA reported that U.S. total shale regions oil production in September is seen up 673,000 bpd at 96.835 million bpd following a 764,000 bpd increase in August.

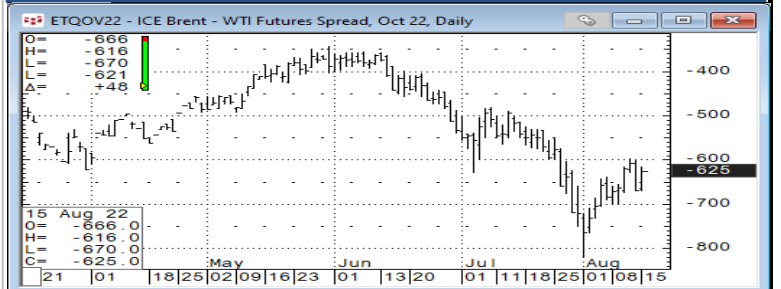
Early Market Call - as of 8:25 AM EDT
WTI - September \$90.05, up 64 cents
RBOB - September \$2.9501, down 16 points
HO - September \$3.4915, up 5.12 cents

All NYMEX | Prior Settlements

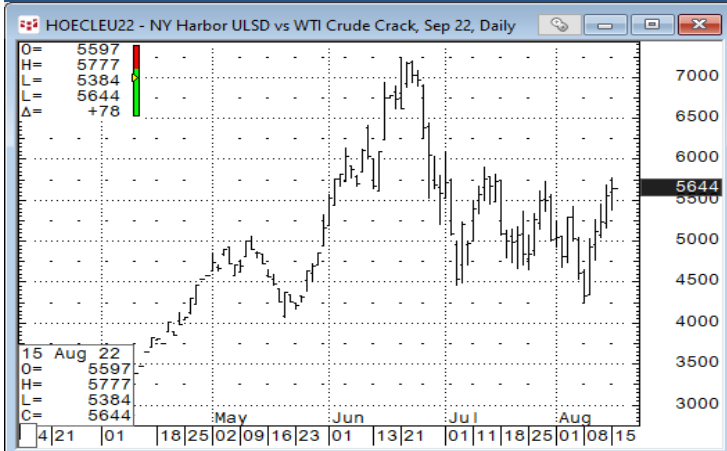
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.4403	-0.0775	0.2612
Oct-22	3.4152	-0.071	0.2547
Nov-22	3.3767	-0.0673	0.2371
Dec-22	3.3356	-0.0645	0.2154
Jan-23	3.3012	-0.0619	0.1973
Feb-23	3.2524	-0.061	0.1747
Mar-23	3.1869	-0.0577	0.1581
Apr-23	3.1171	-0.0522	0.1437
May-23	3.0686	-0.0481	0.1326
Jun-23	3.0301	-0.0465	0.1229
Jul-23	3.0032	-0.0474	0.1085
Aug-23	2.9758	-0.0487	0.0925
Sep-23	2.9478	-0.0495	0.0806
Oct-23	2.9212	-0.0477	0.0705
Nov-23	2.8974	-0.0465	0.0623
Dec-23	2.8759	-0.0451	0.0564
Jan-24	2.8538	-0.0446	0.0543

Sprague HeatCurve October 2022-April 2023			Close	Change
Crude - WTI	Oct Brent-	}	\$88.8500	-\$2.6100
Crude - Brent	WTI Spread		\$95.1000	-\$3.0500
Natural Gas	\$6.25		\$8.7280	-\$0.0400
Gasoline			\$2.9517	-\$0.0943

ICE October Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

