

Market Commentary

Recap: Oil futures declined on Thursday, with U.S. prices settling at their lowest in a week. Oil fundamentals are still mostly bearish as China's demand outlook remains a big question mark and as the inflation fighting seems poised to weaken the U.S. economy. October WTI crude fell \$3.38, or 3.8%, to settle at \$85.10 a barrel on the New York Mercantile Exchange, the lowest front-month contract finish since September 8. Fresh data continues to point toward a stagflation environment in which consumer inflation is high even as the economy stagnates somewhere between small growth and contraction. US industrial production fell 0.2%, and that prompted the Atlanta Fed's GDPNow tracker to lower its estimate for 3Q GDP to just 0.5% vs 1.3% less than a week ago. These numbers have oil markets concerned about even sharper declines in US demand for gasoline and diesel. Diesel futures finish today 5.1% lower at \$3.2052 a gallon, while October RBOB lost 9.58 cents per gallon, or 3.79% to \$2.4287. ICE Brent Crude for November delivery lost \$3.26 per barrel, or 3.46% to \$90.84.

Technical Analysis: And just like that, WTI traded below the \$85 level as it failed to gain traction up at \$90. October WTI settled just above the low of the long standing sideways trading pattern set between \$98.83 and \$85.07. Crude prices have tumbled in recent months after skyrocketing earlier in the year on fears that Russia's invasion of Ukraine could severely constrain global supply. Inflation fears and a global economic slowdown have overshadowed any bullish sentiment. If oil falls below \$80, the next potential floor is at around \$60 — and with the Federal Reserve gearing up to raise interest rates next week in its aggressive campaign against inflation; it wouldn't take much to push oil down even more. Below \$80, additional support is seen at 70.35 and below that at \$65. On the upside, resistance is seen at \$86.35, \$90.79 through \$91.10.

Fundamental News: Major U.S. railroads and unions secured a tentative deal on Thursday after 20 hours of intense talks brokered by President Joe Biden's administration to avert a rail shutdown that could have impacted food and fuel supplies across the country. A rail shutdown could have frozen almost 30% of U.S. cargo shipment by weight, stoked inflation, cost the U.S. economy as much as \$2 billion per day and caused a cascade of transport woes affecting the U.S. energy, agriculture, manufacturing, healthcare and retail sectors.

North Dakota's Industrial Commission said oil production in North Dakota fell 27,000 bpd to 1,070,000 bpd in July. Bakken and Three Forks oil production stood at 1,027,000 bpd in the month.

The Railroad Commission of Texas said that in August it issued 83% more drilling permits on the year in its East Texas District, which includes the state's portion of the Haynesville Shale.

According to the Federal Reserve, U.S. manufacturing output in August increased by 0.1% following a 0.6% increase in July. Output increased 3.3% on the year. Meanwhile, U.S. industrial output in August fell by 0.2% following a 0.5% increase in July. U.S. capacity utilization rate for the industrial sector fell to 80% in August from July's 80.2%.

The U.S. Labor Department said U.S. unemployment benefit claims in the week ending September 10th fell to 213,000 from 222,000 in the previous week.

U.S. import prices fell for a second consecutive month in August, weighed down by declining costs for petroleum products and a strong dollar. The U.S. Labor Department said import prices fell 1.0% last month after declining 1.5% in July. The report also showed export prices dropped 1.6% in August after decreasing 3.7% in July.

The U.S. Commerce Department said retail sales increased 0.3% in August. Data for July was revised down to show retail sales falling 0.4% instead of being unchanged as previously reported.

Early Market Call - as of 8:50 AM EDT

WTI - October \$84.95, down 15 cents

RBOB - October \$2.4045, down 2.42 cents

HO - October \$3.2123, up 71 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.2052	-0.1737	-0.3349
Nov-22	3.1716	-0.1668	-0.2991
Dec-22	3.135	-0.1578	-0.2639
Jan-23	3.1052	-0.1457	-0.2253
Feb-23	3.0698	-0.1297	-0.1864
Mar-23	3.0172	-0.1153	-0.1561
Apr-23	2.9502	-0.104	-0.1314
May-23	2.904	-0.0903	-0.104
Jun-23	2.8681	-0.0826	-0.0846
Jul-23	2.8518	-0.0756	-0.0672
Aug-23	2.8369	-0.0708	-0.055
Sep-23	2.8211	-0.0664	-0.0462
Oct-23	2.8055	-0.0628	-0.0398
Nov-23	2.7898	-0.0583	-0.0353
Dec-23	2.774	-0.0544	-0.0316
Jan-24	2.7562	-0.052	-0.0274
Feb-24	2.7422	-0.0519	-0.0281

Sprague HeatCurve October 2022-April 2023			\$3.0914
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$6.19	\$84.6500	-\$3.4000
Crude - Brent		\$90.8400	-\$3.2600
Natural Gas		\$8.3240	-\$0.7900
Gasoline		\$2.4287	-\$0.0958

EIA Working Gas Storage Report

	09-Sep-22	02-Sep-22	Change	09-Sep-21
East	661	635	26	728
Midwest	809	776	33	871
Mountain	163	159	4	193
Pacific	235	238	-3	240
South Central	904	887	17	962
Salt	187	182	5	216
Nonsalt	717	705	12	746
Total	2771	2694	77	2,994

