

Market Commentary

All NYMEX | Prior Settlements

Recap: On Wednesday, the oil market traded lower as it breached its previous low on news that oil flows via the southern branch of the Druzhba oil pipeline would restart later in the day. The market once again saw some seesaw action. It retraced some of its losses and traded to \$91.03 only to sell off to a low of \$87.66 on news that Russia's Transneft confirmed that it restarted oil flows on the southern leg of the Druzhba pipeline on Wednesday. However, the market overlooked the bearish news and rallied higher on the strength seen in the equities markets following data showing a slower than expected increase in inflation in July. U.S. consumer prices were unchanged in July due to a fall in gasoline prices. Also, while the EIA reported a larger than expected build in crude stocks of 5.5 million barrels, U.S. gasoline stocks fell by 5 million barrels as implied demand increased following weeks of lower demand during what is supposed to be the peak summer season. The crude market extended its gains to \$1.93 as it rallied to a high of \$92.43 in afternoon trading. The September WTI contract settled up \$1.43 at \$91.93, while the October Brent contract settled up \$1.09 at \$97.40. The product markets also settled higher, with the heating oil market settling up 7.65 cents at \$3.4103 and the RBOB market settling up 11.01 cents at \$3.0703.

Technical Analysis: While the market may retrace some of today's sharp gains, its losses are seen limited after the market mostly disregarded the news of the Russian oil exports resuming through the Druzhba pipeline. The market is seen finding resistance at its high of \$92.43, followed by \$92.65 and \$92.69, \$94.46, its 50% retracement level off a low of \$87.01 to a high of \$101.88, \$96.20, its 62% retracement level and \$96.57. More distant resistance is seen at \$97.54, basis a trendline. Meanwhile, support is seen at \$91.00, its low of \$87.66 followed by \$87.22 and \$87.01.

Fundamental News: Russia's pipeline monopoly Transneft said it restarted its oil flows via the southern branch of the Druzhba pipeline. RIA reported that Ukraine confirmed that it had received payment for Russian oil transit through its territory to Hungary and Slovakia. Ukraine halted oil shipments via Druzhba on August 4th after Western sanctions prevented it from receiving transit fees from Moscow. Slovak pipeline operator, Transpetrol, said Russian oil flows to Slovakia through the southern leg of the Druzhba pipeline were restored on Wednesday afternoon but added that flows further west to the Czech Republic were not being restarted. Czech Industry Minister, Jozef Sikela, said the Czech government is working with Poland to restore Russian oil supplies through the Druzhba pipeline to Polish-owned Czech refineries. Slovak refiner Slovnaft said oil to Slovakia had started to arrive and flows to Hungary were expected to be restored on Thursday. Earlier, Hungary's MOL said oil flows to Central Europe via the Druzhba pipeline can resume shortly after the company had transferred the transit fee for use of the Ukrainian section of the pipeline.

The EIA reported that U.S. crude stocks in the week ending August 5th increased by 5.5 million barrels to 432 million barrels, the highest level since December 2021. Meanwhile, crude stocks in the SPR fell by 5.3 million barrels to 464.6 million barrels, the lowest level since April 1985. The EIA also reported that U.S. oil production increased to 12.2 million bpd, the highest level since April 2020. Meanwhile, East Coast refiner utilization increased to 100.4%, the highest on record.

A Platts survey estimated OPEC+ crude oil output in July increased by 490,000 b/d from June to reach 42.58 million b/d. While this was the highest monthly crude oil production gain in five months it was still short of the 648,000 b/d the group had promised to increase production by for July and August. Saudi Arabia and Kazakhstan were responsible for most of the gains.

Early Market Call - as of 8:25 AM EDT

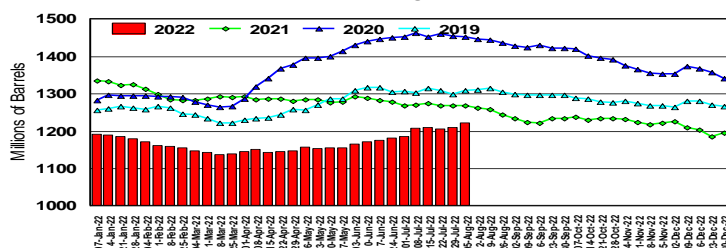
WTI - September \$92.93, up \$1.01
 RBOB - September \$3.1021, up 3.18 cents
 HO - September \$3.4857, up 7.85 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.4103	0.0765	-0.0045
Oct-22	3.3757	0.0735	0.0066
Nov-22	3.3368	0.0706	0.0108
Dec-22	3.298	0.0667	0.011
Jan-23	3.2669	0.0631	0.0098
Feb-23	3.2252	0.0582	0.0072
Mar-23	3.1651	0.0534	0.0061
Apr-23	3.0978	0.0481	0.0024
May-23	3.0514	0.0442	0.0067
Jun-23	3.015	0.0418	0.0154
Jul-23	2.9949	0.0394	0.0185
Aug-23	2.9749	0.0365	0.0197
Sep-23	2.9545	0.0352	0.0245
Oct-23	2.934	0.0357	0.0273
Nov-23	2.9147	0.036	0.0321
Dec-23	2.8952	0.0379	0.0317
Jan-24	2.8736	0.0379	0.03

Sprague HeatCurve October 2022-April 2023			\$3.2498
		Close	Change
Crude - WTI	Oct Brent-WTI Spread \$6.20	\$91.2000	\$1.5300
Crude - Brent		\$97.4000	\$1.0900
Natural Gas		\$8.2020	\$0.3690
Gasoline		\$3.0703	\$0.1101

Total U.S. Oil Stocks

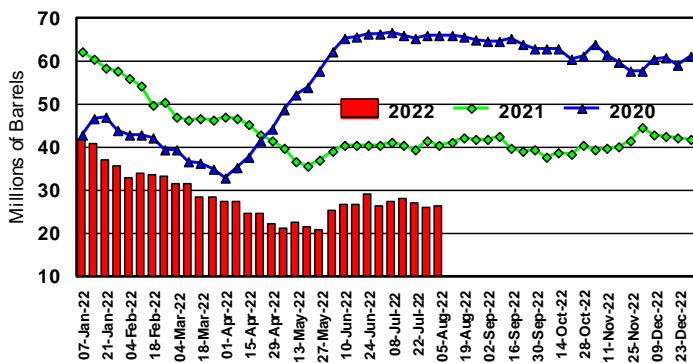
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending August 5, 2022

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.5 million barrels
 Cushing, OK Crude Stocks Up 723,000 barrels
Gasoline Stocks Down 5 million barrels
Distillate Stocks Up 2.2 million barrels
Refinery % Operated 94.3%, up 3.3%

PADD #1

	Week Ending August 5, 2022	Week Ending July 29, 2022	Week Ending August 7, 2021
Distillate Stocks (in million bbl)	3.1	3.3	6.2
Central Atlantic	12.4	11.4	20.5
Total PADD #1	26.4	26.1	40.4
Distillate Imports (thousands b/d)	155	203	162