

Market Commentary

Recap: Oil futures began Wednesday's session trading to the upside but quickly plummeted after the EIA reported unexpected builds in both U.S. crude oil and gasoline inventories and after OPEC+ said it would raise its oil output target. The fact that gasoline inventories increased during the U.S. summer driving season is extremely bearish. The premium for front-month Brent futures over barrels loading in six months' time is at a three-month low, indicating concern over tight supply is abating. The premium for WTI futures for the same months touched a near four-month low. WTI for September delivery fell \$3.76, or 4%, to close at \$90.66 a barrel. The U.S. benchmark saw a front-month close of \$92.10 a barrel on Feb. 23, the day before Russia's invasion of Ukraine, which sent crude soaring to an intraday high above \$130 a barrel in early March. October Brent lost \$3.76 per barrel, or 3.74% to \$96.78, the lowest settlement value since Monday, Feb. 21, 2022. Petroleum products finished mixed, with September RBOB losing 14.45 cents per gallon, or 4.73% to \$2.9122 today, the lowest settlement value since Monday, Feb. 28, 2022, while heating oil for September delivery gained 3.44 cents per gallon, or 1.02% to \$3.4148 today, snapping a four session losing streak.

Technical Analysis: Four out of the last five sessions, WTI breached the downward trend line that can be drawn off of the June high of \$123.68 but failed to settle above it. The lack of follow through to the upside indicates trader uncertainty. While this has been occurring, the 10-day moving average has been converging on the 200-day moving average, which is a sign of underlying weakness. These two scenarios combined with a crossing to the downside of the slow stochastics indicate lower prices. That being said, we can see this market heading toward \$90. Below \$90, additional support is set at \$88.43, the 62% retracement set by the December low of \$62.43 and the March high of \$130.50. Resistance is set at \$92.40, \$95.24 and \$96.47.

Fundamental News: The U.S. EIA said U.S. crude oil in the SPR fell 4.7 million barrels in the week ending July 29th to 469.9 million barrels, its lowest level since May 1985. The EIA also reported that U.S. crude oil imports increased about 1.2 million bpd on the week to 7.3 million bpd, the highest level since July 2020.

An OPEC+ source said the producer group agreed to raise its September oil output targets by 100,000 bpd. OPEC and its allies led by Russia have been previously increasing production by about 430,000-650,000 bpd a month although they have struggled to meet full targets as most members have already exhausted their output potential. The United States has put OPEC leaders Saudi Arabia and United Arab Emirates under pressure to produce more oil to help rein in prices supported by rebounding demand and Moscow's invasion of Ukraine. OPEC has refused to make bigger output increases as group sources have cited a lack of spare capacity among members to add more barrels as well as the need for further cooperation with Russia as part of the wider OPEC+ group.

Ahead of the OPEC+ meeting, OPEC's Secretary General, Haitham al-Ghais, said demand for oil is expected to continue its recovery, although at a slower pace than earlier this year and last year.

A U.S. official said Rob Malley, the U.S. special envoy for Iran, will travel to Vienna for talks this week on reviving the 2015 Iran nuclear deal. Meanwhile, Iran's top negotiator is also expected to travel to Vienna for talks. Iran's Foreign Ministry spokesperson, Nasser Kanaani, said Iran was ready to reach a deal that guarantees its rights.

IIR Energy reported that U.S. oil refiners are expected to shut in about 445,000 bpd of capacity in the week ending August 5th, increasing available refining capacity by 47,000 bpd. Offline capacity is expected to increase to 481,000 bpd in the week ending August 12th.

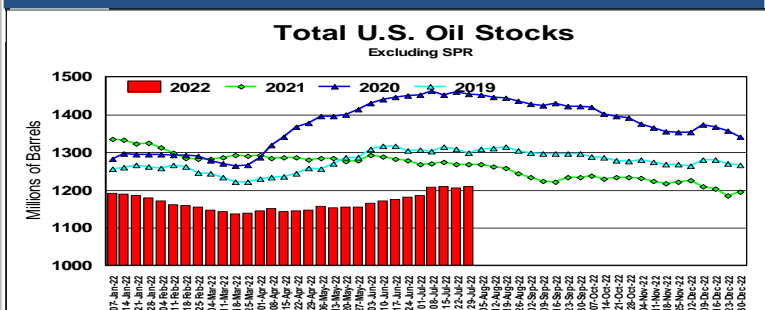
Early Market Call - as of 8:20 AM EDT

WTI - September \$90.99, up 33 cents
 RBOB - September \$2.8862, down 2.54 cents
 HO - September \$3.4261, up \$1.13

All NYMEX | Prior Settlements

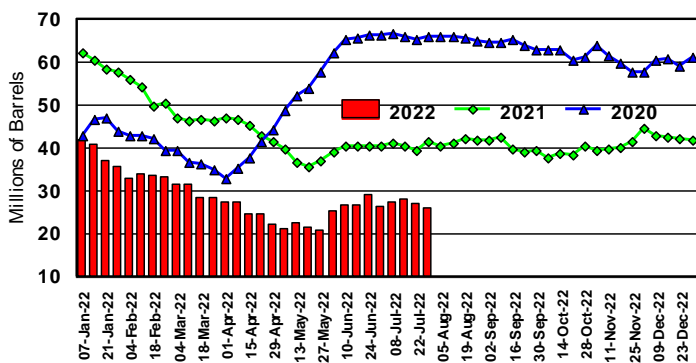
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.4148	0.0344	-0.229
Oct-22	3.3691	0.0296	-0.2138
Nov-22	3.326	0.023	-0.1966
Dec-22	3.287	0.0165	-0.1748
Jan-23	3.2571	0.013	-0.1518
Feb-23	3.218	0.0077	-0.1292
Mar-23	3.159	-0.0026	-0.1158
Apr-23	3.0954	-0.0132	-0.1055
May-23	3.0447	-0.0228	-0.1005
Jun-23	2.9996	-0.0302	-0.0993
Jul-23	2.9764	-0.0327	-0.0989
Aug-23	2.9552	-0.0332	-0.0977
Sep-23	2.93	-0.0327	-0.0962
Oct-23	2.9067	-0.0279	-0.0956
Nov-23	2.8826	-0.0259	-0.099
Dec-23	2.8635	-0.0223	-0.0972
Jan-24	2.8436	-0.0202	-0.1008

Sprague HeatCurve October 2022-April 2023			\$3.2416
		Close	Change
Crude - WTI	Sept Brent-WTI Spread \$7.04	\$89.7400	-\$3.4800
Crude - Brent		\$96.7800	-\$3.7600
Natural Gas		\$8.2660	\$0.5600
Gasoline		\$2.9122	-\$0.1445



Weekly EIA Petroleum Status Report for the Week Ending July 29, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 4.5 million barrels
 Cushing, OK Crude Stocks Up 926,000 barrels
Gasoline Stocks Up 163,000 barrels
Distillate Stocks Down 2.4 million barrels
Refinery % Operated 91%, down 1.2%

PADD #1

Distillate Stocks (in million bbl)	Week Ending July 29, 2022	Week Ending July 22, 2022	Week Ending July 29, 2021
New England	3.3	3.4	6.4
Central Atlantic	11.4	12.6	20.0
Total PADD #1	26.1	27.0	41.7
Distillate Imports (thousands b/d)	203	97	114