

Market Commentary

Recap: Oil futures fell sharply on Monday as weak manufacturing data in several countries weighed on the demand outlook while investors braced for this week's meeting of OPEC and its producer allies on supply. Fears of an economic slowdown grew as factories across the U.S., Europe and Asia grappled with dwindling global demand and China's strict COVID-19 restrictions slowed production, likely fueling fears of an economic slowdown. September WTI lost \$4.73 per barrel, or 4.80% to \$93.89, while Brent Crude for October delivery lost \$3.94 per barrel, or 3.79% to \$100.03. RBOB for September delivery lost 11.51 cents per gallon, or 3.70% to \$2.9981. September heating oil lost 10.90 cents per gallon, or 3.07% to \$3.440.

Technical Analysis: Oil prices plunged on Monday, with WTI slashing through the 200-day moving average, as it appeared that this market is running out of steam. As of now, there are a lot of factors influencing this market, with the main influencer being the global economy, which appears to be slowing down. If that's the case, then the price of crude oil will falter. That being said, supply concerns are heightening, which will work to put a floor under this market. At this point in time, it appears that we are headed toward the \$90 level, which is a decisive area for this market. Should we get below \$90, which is a key level of support, this market could peel off additional \$10. Below \$90, the next level of support rests at \$86. To the upside, resistance is set at \$95.19 and \$97.49.

Fundamental News: According to the Department of Energy, U.S. crude oil inventory in the SPR fell by 4.6 million barrels in the week ending July 29th. Stocks in the SPR fell to 469.9 million barrels, the lowest level since May 1985. The 4.6 million barrel draw was the smallest draw since the end of April.

U.S. Secretary of State, Antony Blinken, said a return to the 2015 nuclear deal remains the best outcome for the U.S., Iran and the world. Mohammad Eslami, head of Iran's atomic energy organization, said Iran has the technical capability to produce an atomic bomb but has no intention of doing so.

A Reuters survey showed that OPEC produced an extra 310,000 bpd in July as rising supply from the Gulf offset outages in Nigeria and Libya, with members delivering nearly 60% of an output increase pledged under a deal with allies. OPEC produced 28.98 million bpd of crude in July, up 310,000 bpd from June's revised total. About 240,000 bpd of the increase came from the 10 OPEC producers who pledged to increase output by an extra 412,000 bpd along with non-OPEC allies. Another increase in output is not expected when OPEC+ meets on Wednesday. Output undershot the July target by 1.3 million bpd and compliance with the remaining pledged cuts was 418%, up from 253% in June. The largest increase in production of 150,000 bpd came from Saudi Arabia, although the country continued to produce less than its target. The largest decline of 70,000 bpd came from Nigeria, where outages and maintenance cut output.

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 fall to 418,000 bpd in the week ending August 12th.

Motiva Enterprises is restarting a fluid catalytic cracking unit at its 626,000 bpd Port Arthur, Texas refinery. If the restart of an 81,000 bpd fluid catalytic cracking unit proceeds as planned, it should return to normal production on Monday night. The fluid catalytic cracking unit shut down on Saturday following a wet gas compressor malfunction.

Early Market Call - as of 8:20 AM EDT

WTI - September \$94.18, up 28 cents

RBOB - September \$2.9665, down 3.16 cents

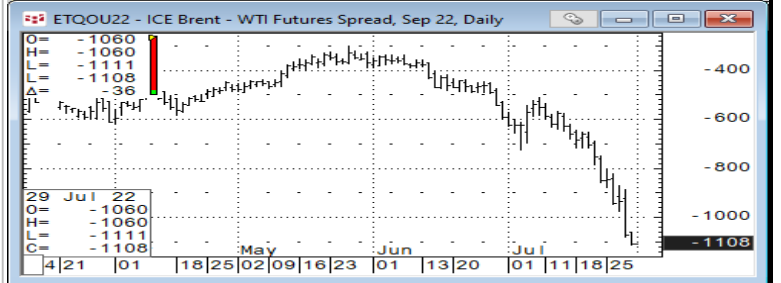
HO - September \$3.3968, down 4.32 cents

All NYMEX | Prior Settlements

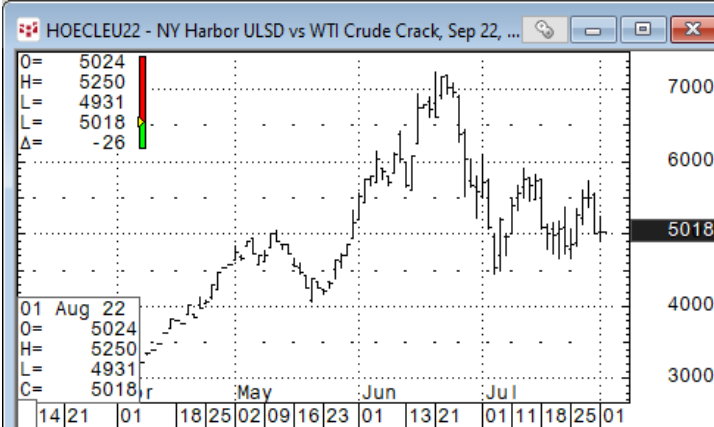
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	3.44	-0.109	-0.0766
Oct-22	3.3909	-0.1078	-0.0184
Nov-22	3.3476	-0.1033	-0.014
Dec-22	3.3089	-0.0943	-0.0061
Jan-23	3.2762	-0.0817	0.0034
Feb-23	3.2357	-0.0682	0.0144
Mar-23	3.182	-0.0551	0.0259
Apr-23	3.1225	-0.047	0.0319
May-23	3.0754	-0.0459	0.0279
Jun-23	3.034	-0.0459	0.0213
Jul-23	3.0115	-0.0461	0.0183
Aug-23	2.9891	-0.0457	0.0161
Sep-23	2.9619	-0.0452	0.0146
Oct-23	2.9324	-0.0461	0.0054
Nov-23	2.9061	-0.047	-0.0041
Dec-23	2.8823	-0.0479	-0.0135
Jan-24	2.8607	-0.0498	-0.0197

Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Sept Brent- WTI Spread \$6.14	\$93.8900	-\$4.7300
Crude - Brent		\$100.0300	-\$3.9400
Natural Gas		\$8.2830	\$0.0540
Gasoline		\$2.9981	-\$0.1151

ICE September Brent-WTI Spread



September Heating Oil Crack Spread



September RBOB Crack Spread

