

Market Commentary

Recap: Oil futures fell on Wednesday, with WTI settling at its lowest level in approximately six weeks. Rising demand concerns, the prospect of a U.S. gasoline tax holiday, and renewed fears of a recession helped fuel the sell-off. WTI tumbled early in the session, with the August contract dipping below \$102 a barrel before paring losses as equity markets recovered and the dollar fell. Investors are worried about the impact of sharply higher US interest rates. Federal Reserve Chair Jerome Powell made his most explicit acknowledgement to date in front of lawmakers Wednesday that steep rate hikes could tip the economy into recession. Front Month NYMEX Crude for Aug. (new front month) delivery lost \$3.33 per barrel, or 3.04% to \$106.19. ICE Brent Crude for Aug. delivery lost \$2.91 per barrel, or 2.54% to \$111.74. July ULSD gained 4.62 cents per gallon, or 1.06% to \$4.4046, while RBOB for July delivery gained 3.96 cents per gallon, or 1.04% to \$3.8341.

Market Analysis: Crude oil prices whipped back and forth as investor confidence was shaken after comments by the U.S. Federal Reserve bank. Market liquidity is challenged as volatility has also taken its toll on traders and investors alike, leaving crude susceptible to massive swings. Oil's price spike since Russia's invasion of Ukraine in late February caused a liquidity crisis in the oil market as investors are required to put down more cash to cover their trades. Futures holdings are at the lowest since 2016, leaving headline prices prone to outsized swings. WTI fell below its 100-day moving average early on Wednesday for the first time since January, adding technical pressure to an already fragile market. Despite the downturn in crude oil, refined products remain strong. Support for WTI is seen at \$100, \$98.20 and \$92.93. Resistance is set at \$110.39 and \$115.

Fundamental News: U.S. President Joe Biden called on Congress to pass a three-month suspension of the federal gasoline tax to help lower record gasoline prices. The president will also urge states to temporarily suspend state fuel taxes, which are often higher than federal rates and will challenge major oil companies to come to a meeting with his energy secretary later this week with ideas on how to bring back idled refining capacity. A suspension of the 18.4 cents a gallon federal gasoline tax and 24.4 cent diesel tax would require congressional approval, likely making Biden's support behind the effort largely symbolic. Lawmakers of both parties have expressed resistance to suspending the tax, with some Democrats, including House of Representatives Speaker Nancy Pelosi, worried that the move would have limited effect on prices and oil companies and retailers would pocket much of the savings. Some states, such as New York and Connecticut, have already paused state fuel taxes, while others have considered ideas like consumer rebates and direct relief. U.S. Senator, John Thune, said President Biden's request that Congress pass a three-month suspension of the federal gasoline tax "is dead on arrival".

Meanwhile, U.S. refiners will try to convince the Biden administration not to ban exports of U.S. fuel during a meeting scheduled for Thursday. White House officials have signaled to refiners that they were considering either a partial or full ban on fuel exports to help lower the price of gas and diesel.

The International Energy Agency said Europe must race to replace sanctioned and curtailed Russian energy supply and should double down on efficiency and renewables, including nuclear power.

IIR Energy reported that U.S. oil refiners are expected shut in about 524,000 bpd of capacity in the week ending June 24th, increasing available refining capacity by 63,000 bpd.

Early Market Call - as of 8:25 AM EDT

WTI - August \$1.0636 UP \$0.14
 RBOB - July \$3.8417 UP \$0.076
 HO - July \$4.4131 UP \$0.085

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	\$4.4046	\$0.0462	-\$0.1424
Aug-22	\$4.2808	\$0.0495	-\$0.1200
Sep-22	\$4.1809	\$0.0410	-\$0.2199
Oct-22	\$4.0821	\$0.0287	-\$0.0996
Nov-22	\$3.9805	\$0.0177	-\$0.1025
Dec-22	\$3.8787	\$0.0077	-\$0.1099
Jan-23	\$3.7877	-\$0.0031	-\$0.1239
Feb-23	\$3.6848	-\$0.0141	-\$0.1364
Mar-23	\$3.5563	-\$0.0255	-\$0.1460
Apr-23	\$3.4223	-\$0.0360	-\$0.1588
May-23	\$3.3180	-\$0.0463	-\$0.1595
Jun-23	\$3.2503	-\$0.0480	-\$0.1454
Jul-23	\$3.2115	-\$0.0462	-\$0.1296
Aug-23	\$3.1723	-\$0.0446	-\$0.1140
Sep-23	\$3.1295	-\$0.0445	-\$0.0982
Oct-23	\$3.0819	-\$0.0421	-\$0.0832
Nov-23	\$3.0356	-\$0.0363	-\$0.0698

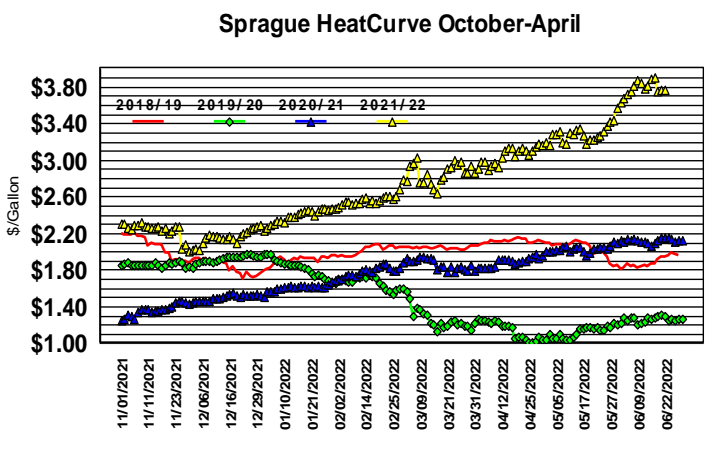
Sprague HeatCurve October 2022-April 2023			\$3.7598
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$5.55	\$106.1900	-\$3.3300
Crude - Brent		\$111.7400	-\$2.9100
Natural Gas		\$6.8580	\$0.0500
Gasoline		\$3.8341	\$0.0396

API Report for the Week Ending June 17, 2022

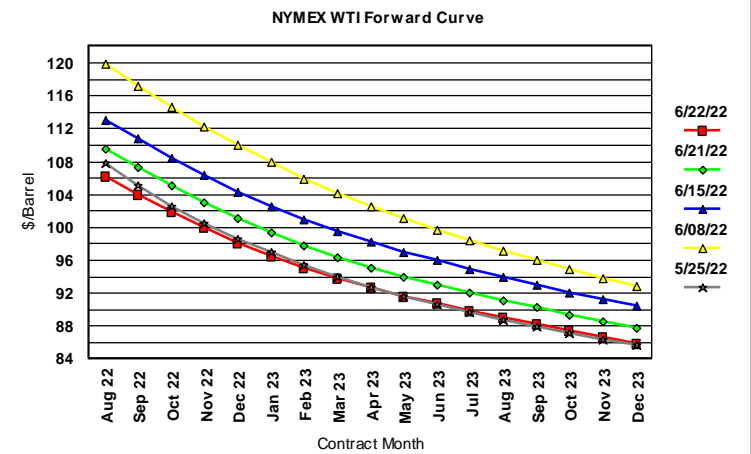
	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 5.6 million barrels	Down 600,000 barrels
Gasoline Stocks	Up 1.2 million barrels	Down 500,000 barrels
Distillate Stocks	Down 1.7 million barrels	Up 300,000 barrels
Refinery Runs		Up 0.5% at 94.2%

EIA announced Wednesday afternoon its Weekly Petroleum Status Report scheduled to be released Thursday morning has been delayed until at least until next week due to systems issues.

Sprague HeatCurve October-April



WTI Forward Curve



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