

Market Commentary

Recap: Oil futures were widely mixed, with U.S. oil futures ending little changed on Tuesday, as U.S. traders, who were off for a the U.S. Labor Day holiday, reacted to a decision by OPEC+ to reduce production by 100,000 barrels per day in October. This decision reversed September's 100,000 barrel per day increase. Traders saw this as an indication that OPEC+ is keeping an eye on demand while trying to manage supply in an effort to keep a floor on prices. WTI has been trading since Sunday without a settlement due to the Labor Day holiday. Oil prices tried to rally, with WTI breaching the \$90 level but in a sign of weakness, turned lower. October WTI tacked on one cent, or 0.01% to settle at \$86.88 a barrel. Brent for November delivery slipped \$2.91, or 3.04%, to settle at \$92.83 a barrel. October RBOB fell 4.77 cents per gallon to \$2.4159, while October heating oil lost 0.42 cent per gallon, settling at \$3.5738.

Technical Analysis: From a technical standpoint, it looks like this market still has further downside potential. October WTI is set below the 10, 50 and 200 day moving averages, while it remains stuck between the range of \$90 and \$85. Although the slow stochastics are trending in oversold territory, they do not appear ready to cross to the upside. That being said, we would look for additional attempts to break below \$85, with failed attempts prompting short to take profits. Below \$85, additional support is seen at \$80. To the upside, resistance is set at \$90.82 and \$92.39.

Fundamental News: On Monday, OPEC and its allies led by Russia agreed on a small oil production cut to support prices that have fallen on fears of an economic slowdown. The oil producers will cut output by 100,000 bpd, amounting to only 0.1% of global demand, for October. They also agreed that OPEC's leader Saudi Arabia could call an extraordinary meeting anytime if volatility persists. They scheduled the next OPEC+ meeting for October 5th but the group said it could meet at any time to adjust production before that, essentially giving power to its chairman to address market developments whenever the need arises. A source said this flexibility would extend beyond October. Another OPEC source said the decision was made to rein in market volatility.

Reuters reported that while the small adjustment to the OPEC+ output targets will not make a big difference to the global supply-demand balance, it signals OPEC+'s intent to defend crude oil prices. It also stated that while the group doesn't explicitly state its preferred price level, from their current and recent actions, it is likely somewhere above \$90/barrel.

On Monday, the White House said U.S. President Joe Biden was committed to take all steps necessary to shore up energy supplies and lower prices, after OPEC and its allies led by Russia agreed to a small oil production cut.

According to the Department of Energy, crude oil inventories in the U.S SPR fell by 7.5 million barrels in the week ending September 2nd to 442.5 million barrels, the lowest level since November 1984. About 5.9 million barrels released from the SPR were sweet crude, while 1.7 million barrels released were sour crude.

Diesel imports into Europe from Asia, the Middle East, Russia, the Baltics and the U.S. are so far expected to reach 2.9 million tons in September, compared with 6.2 million tons in August.

Early Market Call - as of 9:20 AM EDT

WTI - October \$83.91, down \$2.98

RBOB - October \$2.3793, down 3.66 cents

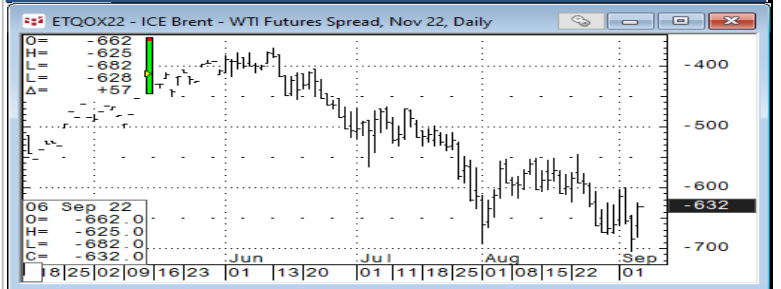
HO - October \$3.5014, down 7.24 cents

All NYMEX | Prior Settlements

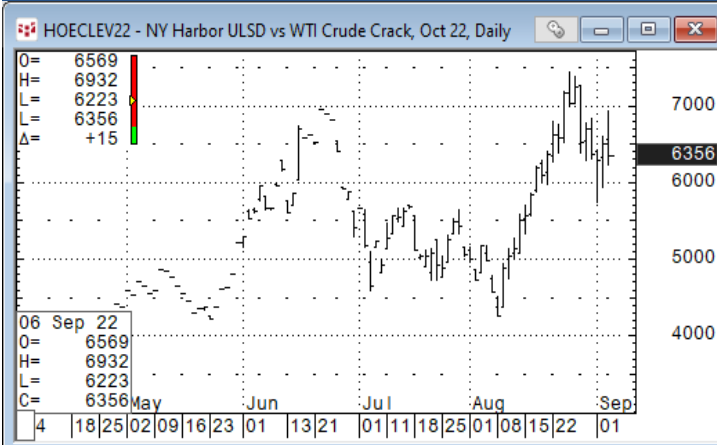
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.5738	-0.0042	-0.204
Nov-22	3.5102	-0.001	-0.1951
Dec-22	3.4435	0.0021	-0.1887
Jan-23	3.3801	0.0047	-0.1794
Feb-23	3.3094	0.0084	-0.1687
Mar-23	3.2296	0.0145	-0.1527
Apr-23	3.1423	0.0216	-0.1371
May-23	3.0727	0.027	-0.1231
Jun-23	3.0198	0.0294	-0.1111
Jul-23	2.9862	0.0294	-0.0998
Aug-23	2.9574	0.0283	-0.0893
Sep-23	2.9302	0.0272	-0.0823
Oct-23	2.9055	0.0258	-0.0796
Nov-23	2.8824	0.0241	-0.0786
Dec-23	2.8605	0.0231	-0.0774
Jan-24	2.8382	0.0223	-0.0762
Feb-24	2.8252	0.0223	-0.0797

Sprague HeatCurve October 2022-April 2023			\$3.3626
		Close	Change
Crude - WTI	Nov Brent-	\$86.5100	\$0.0300
Crude - Brent	WTI Spread	\$92.8300	-\$2.9100
Natural Gas	\$6.32	\$8.1450	-\$0.6410
Gasoline		\$2.4159	-\$0.0477

ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

