

## Market Commentary

**Recap:** Oil futures rose about 0.50% on Tuesday, trimming a larger intraday gain, as traders worried that this week's meeting of OPEC+ producers may not lead to a further boost in crude supply. The Organization of the Petroleum Exporting Countries and allies including Russia, known as OPEC+, meet on Wednesday. Two of eight sources said a modest output hike would be discussed. The rest said a boost was unlikely. OPEC+ trimmed its forecast for an oil market surplus this year by 200,000 barrels per day (bpd) to 800,000 bpd, according to a Reuters report. Market participants remain uncertain as to what OPEC+ will deliver this week. Casting a cloud over the market are worries that U.S. Speaker of the House Nancy Pelosi's visit to Taiwan will escalate tensions between the United States and China. Stocks slipped and bond yields fell on worries about the visit. September WTI gained 53 cents per barrel, or 0.56% to \$94.42, while Brent for September delivery added 51 cents, or 0.51%, to settle at \$100.54 a barrel. RBOB for September delivery gained 5.86 cents per gallon, or 1.95% to \$3.0567. September heating oil lost 5.96 cents per gallon, or 1.73% to \$3.3804.

**Market Analysis:** Traders limited risk on Tuesday as geopolitical tensions in Asia over U.S. House Speaker Nancy Pelosi's visit to Taiwan are encouraging buyers to curtail activity. An escalation in tensions could push down demand for crude oil and other commodities and assets. Traders are also focused on Wednesday's meeting between OPEC+, as the group decides on whether or not to increase output in September. Although this market has been trending sideways, the main trend is to the downside. Right now, the downside target is \$90, with support below that at \$86. Resistance is seen at \$95.14 and \$100.

**Fundamental News:** OPEC+ sees this year's oil market as slightly less supplied than previously estimated. Two OPEC+ delegates said the OPEC+ Joint Technical Committee cut its forecast for a surplus in the oil market this year by 200,000 bpd to 800,000 bpd. The JTC is meeting on Tuesday ahead of a ministerial meeting of OPEC+ on Wednesday. One of the sources said that the Joint Technical Committee did not discuss any output policy at the meeting.

On Monday, a Fox Business news reporter said Saudi Arabia will push OPEC+ to increase oil production at an upcoming meeting on Wednesday. The reporter said Saudi King Salman bin Abdulaziz assured U.S. President Joe Biden on the production increase when they met on July 16<sup>th</sup>. Meanwhile, Saudi Arabia's Foreign Minister Prince Faisal bin Farhan Al Saud said a U.S.-Arab summit on Saturday did not discuss oil and that OPEC+ would continue to assess market conditions and do what is necessary.

The Group of Seven nations is looking at blocking the transportation of Russian oil among other options to deprive Russia of revenues amid its invasion of Ukraine. In a statement released by Britain, G7 Foreign Ministers said they were considering "a comprehensive prohibition of all services that enable transportation of Russian seaborne crude oil and petroleum products globally, unless the oil is purchased at or below a price to be agreed in consultation with international partners."

Colonial Pipeline Co is allocating space for Cycle 45 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina.

Europe's diesel imports from east of Suez, Russia, the Baltics and the U.S. are currently estimated at 2.7 million tons in August, down from over 5.6 million tons in July.

Standard Chartered forecast oil demand growth of 1.67 million bpd in 2023, with significant downside risk. It believes OPEC needs to keep supply under control and target lower inventories to keep prices above \$90/barrel in 2023. It sees significant supply gaps in 2024 and beyond, which should tilt price pressures sharply to the upside.

**Early Market Call - as of 8:15 AM EDT**

WTI - September \$96.13, up \$1.72

RBOB - September \$3.1272, up 7.05 cents

HO - September \$3.4804, up 10.33 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	\$3.3804	-\$0.0596	-\$0.1451
Oct-22	\$3.3395	-\$0.0514	-\$0.1297
Nov-22	\$3.3030	-\$0.0446	-\$0.1109
Dec-22	\$3.2705	-\$0.0384	-\$0.0896
Jan-23	\$3.2441	-\$0.0321	-\$0.0688
Feb-23	\$3.2103	-\$0.0254	-\$0.0479
Mar-23	\$3.1616	-\$0.0204	-\$0.0298
Apr-23	\$3.1086	-\$0.0139	-\$0.0147
May-23	\$3.0675	-\$0.0079	-\$0.0079
Jun-23	\$3.0298	-\$0.0042	-\$0.0070
Jul-23	\$3.0091	-\$0.0024	-\$0.0067
Aug-23	\$2.9884	-\$0.0007	-\$0.0063
Sep-23	\$2.9627	\$0.0008	-\$0.0056
Oct-23	\$2.9346	\$0.0022	-\$0.0134
Nov-23	\$2.9085	\$0.0024	-\$0.0227
Dec-23	\$2.8858	\$0.0035	-\$0.0309
Jan-24	\$2.8638	\$0.0031	-\$0.0374

## Sprague HeatCurve October 2022-April 2023 \$3.2313

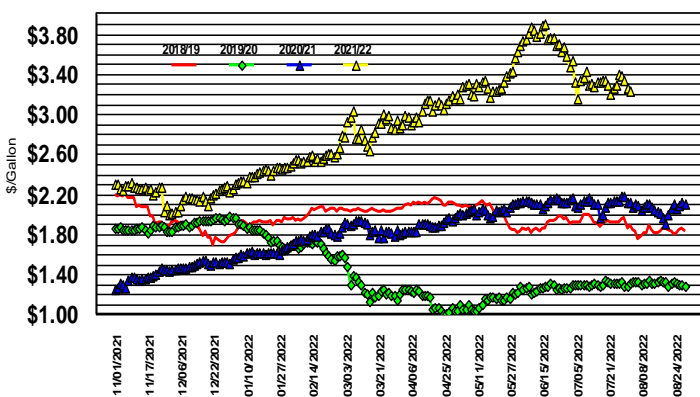
	Close	Change
Crude - WTI	\$93.2200	\$0.8300
Crude - Brent	\$100.5400	\$0.5100
Natural Gas	\$7.7060	-\$0.5770
Gasoline	\$3.0567	\$0.0586

## API Report for the Week Ending July 29, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 2.2 million barrels	Down 600,000 barrels
Gasoline Stocks	Down 200,000 barrels	Down 1.6 million barrels
Distillate Stocks	Down 350,000 barrels	Up 1 million barrels
Refinery Runs		Up 0.6% at 92.8%

## Sprague HeatCurve October-April

### Sprague HeatCurve October-April



## WTI Forward Curve

### NYMEX WTI Forward Curve

