

Market Commentary

Recap: In early morning trading, crude oil prices rose as much as 3% on Friday, recouping the previous session's declines, as supply outages in Libya and expected shutdowns in Norway outweighed expectations that an economic slowdown could dent demand. Libya declared force majeure on more crude export terminals, adding further concerns over tight global supplies. As July began, market participants turned to the supply picture and outages, boosting the case for bulls. August WTI ended the session up \$2.67, or 2.52%, to settle at \$108.43 a barrel, up 81 cents, or 0.75% on the week. September Brent added \$2.60, or 2.38%, to settle at \$111.68 a barrel, up 2.53, or 2.32% for the week.

The 3-2-1 crack spread remained under pressure on Friday with the August spread losing \$1.0359 or 2%, to settle at \$39.9733. RBOB for August delivery tacked on 15.15 cents, or 4.25% to settle at \$3.6878 a gallon, down 9.39 cents or 2.58% for the week, while August heating oil added 10.84 cents, or 2.83%, to \$3.9389 per gallon, down 30.59, or 7.21% for the week.

Technical Analysis: Investors hope that the long three-day holiday in the U.S. will boost travel despite high prices for fuel and other goods and services, while WTI is coming off of two straight weeks of inventory declines. Also adding support is ongoing challenges for Libyan exports, where political unrest continues to halt activity at key ports across the country. As far as commodities go, crude oil is the only commodity that has managed to hold on to strength. With the rest of the commodity markets coming under pressure, we can only think that crude oil will follow. There is support seen at \$100, a key support area.

Fundamental News: According to a Reuters survey, OPEC in June did not deliver on an oil output increase pledged under a deal with allies, as involuntary declines in Libya and Nigeria offset supply increases by Saudi Arabia and other large producers. OPEC produced 28.52 million bpd in June, down 100,000 bpd from May's revised total. OPEC had planned to increase its June output by about 275,000 bpd. The deal called for a 432,000 bpd increase in June from all OPEC+ members, of which about 275,000 bpd is shared by the ten OPEC producers the agreement covers. Supply from the ten members increased by just 20,000 bpd.

U.S. President Joe Biden has called on Saudi Arabia and other Gulf producers to increase their oil output to help stabilize prices. However, according to Reuters, Saudi Arabia and the other Gulf Cooperation Council members probably do not have much spare capacity to raise output by a significant amount for more than a few months. Previous appeals to Saudi Arabia to secure production increases and lower prices in 2008 by President George W Bush and in 2000 by President Bill Clinton were essentially fruitless; President Biden is unlikely to be any more successful. Under the OPEC+ production agreement, Saudi Arabia is already scheduled to increase output to 11.0 million bpd in August. Saudi Aramco says it has a maximum sustainable capacity of 12 million bpd and has plans to raise this to 13 million bpd by 2027. However, so far Saudi Arabia's top leaders have reiterated their commitment to the OPEC+ production agreement with Russia. There is no sign the country is ready to sacrifice its long-sought relationship with Russia for the short-term diplomatic gains of being seen to respond to the U.S. president's request for more oil.

U.S. energy firms this week cut the number of oil and natural gas rigs for the first time in five weeks. Bakers Hughes reported that the U.S. oil and gas rig count fell by three to 750 in the week ending July 1st. U.S. oil rigs increased by 1 to 595 in the latest week, their highest since March 2020, while gas rigs fell by four to 153, in the biggest decline since August 2021.

Early Market Call - as of 8:20 AM EDT

WTI - August \$108.35, down 8 cents

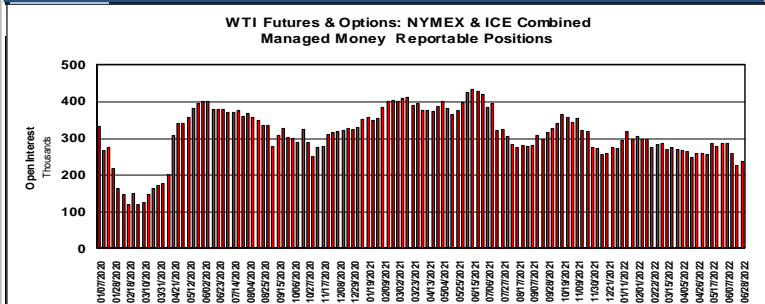
RBOB - August \$3.6667, down 2.11 cents

HO - August \$3.9028, down 3.61 cents

All NYMEX | Prior Settlements

Month	USD (HO)		Change In One Week
	Close	Prior Settle	
Aug-22	3.9389	0.1084	-0.3059
Sep-22	3.8612	0.0963	-0.3836
Oct-22	3.7845	0.0859	-0.2534
Nov-22	3.7062	0.0805	-0.2233
Dec-22	3.6281	0.0790	-0.1913
Jan-23	3.5581	0.0754	-0.1667
Feb-23	3.4817	0.0690	-0.1433
Mar-23	3.3966	0.0623	-0.1115
Apr-23	3.3107	0.0567	-0.0773
May-23	3.2487	0.0555	-0.0454
Jun-23	3.1946	0.0555	-0.0366
Jul-23	3.1624	0.0554	-0.0347
Aug-23	3.1317	0.0567	-0.0311
Sep-23	3.0960	0.0563	-0.0262
Oct-23	3.0560	0.0551	-0.0210
Nov-23	3.0124	0.0503	-0.0203
Dec-23	2.9691	0.0437	-0.0176

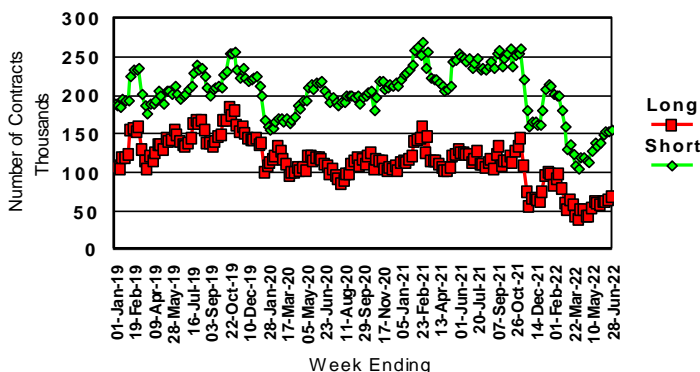
Sprague HeatCurve October 2022-April 2023			\$3.5426
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$6.24	\$105.3900	\$2.2900
Crude - Brent		\$111.6300	\$2.6000
Natural Gas		\$5.7300	\$0.3060
Gasoline		\$3.6878	\$0.1515



Commitment of Traders Report for the Week Ending June 28, 2022

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

