

## Market Commentary

**Recap:** After a brief rebound, oil futures turned lower, dropping to a 12-week low and adding to losses seen on Tuesday. This is a clear indication that traders are concerned about the possibility of a recession and has recent reports clearly allude to a slowdown in gasoline demand. Oil futures also received pressure from a soaring U.S. dollar, which rose to a near 20-year high against a basket of other currencies. Trading was volatile. August WTI settled at \$98.53 a barrel, down 97 cents, or 0.97%, while September Brent lost \$2.08, or 2.02%, to settle at \$100.69 per barrel. Front Month NYMEX ULSD for August delivery lost 19.10 cents per gallon, or 5.30% to \$3.4106, down 52.83 cents or 13.41% over the last two sessions. August RBOB lost 9.24 cents per gallon, or 2.78% to \$3.2366, down 45.12 cents or 12.23% over the last two sessions.

**Market Analysis:** After hitting 10-week highs in mid-June, crude oil futures have ceded ground in volatile trading as concerns over a global economic slowdown trumped the impact of Western sanctions on Russian oil supplies. With increasing uncertainty over the demand-supply fundamentals in the coming months, the range of oil price forecasts by market watchers has widened in recent weeks. Political uncertainty over whether Russia will respond to mounting Western sanctions by curtailing more vital gas supplies to Europe or slashing its oil production is also roiling the markets, triggering a diverse set of 'what if' scenarios for oil prices. Supply-side fears have been exacerbated by rising concerns over whether OPEC is able and willing to pump more crude in the months ahead, with many countries unable to hit quotas due to deteriorating infrastructure, a lack of investment or political instability. In May, the producer group fell short of its production targets by about 2.7 million b/d, according to its own assessments. At the other extreme, are concerns of a widespread global recession, which could sap the demand for energy. Indeed, as Central Banks hike interest rates to curb soaring inflation, the US Federal Reserve is expected to announce further rate hikes following its sharpest increase in the US benchmark interest rate in nearly 30 years last month. Despite the growing demand uncertainty, most market watchers are not predicting a global recession as their default assumption for the coming year. Both Brent and WTI are now in oversold territory. Given how hard and how fast this market tumbled, we would look for a bit of a rebound and feel safe holding on to any short term short positions as long as WTI holds below \$100. Before we would consider adding any new shorts, we would like to see a move below the 200-day moving average, which currently sits at \$93.55.

**Fundamental News:** Iran said it sought a strong and lasting nuclear agreement with world powers following talks with U.S. ally Qatar on easing stalled efforts to revive a 2015 nuclear pact. Qatari Foreign Minister Sheikh Mohammed bin Abdulrahman Al-Thani visited Tehran a week after EU-mediated indirect U.S.-Iran talks in Doha failed to break a deadlock hindering efforts to resurrect the nuclear agreement.

Goldman Sachs still expects global oil demand to increase by a larger than seasonal 2.3 million bpd from the second quarter to the third quarter. It said the oil market selloff is driven by increasing recession fears in the face of low trading liquidity, with technical exacerbating it. It said the current deficit remains unresolved.

The U.S. Treasury Department issued fresh sanctions related to Iranian oil.

A Russian court ordered the Caspian Pipeline Consortium, one of the world's largest pipelines which brings oil from Kazakhstan to the Black Sea, to suspend activity for 30 days. CPC, which handles about 1% of global oil and includes U.S. majors Chevron and Exxon, said the ruling to suspend its operations concerned issues related to the handling oil spills and that the consortium had to abide by the ruling. Sources stated that crude oil supplies to the CPC pipeline are continuing as usual.

**Early Market Call - as of 9:00AM EDT**

WTI - August \$99.63, up \$1.10  
 RBOB - August \$3.2980, up 6.14 cents  
 HO - August \$3.4456, up 3.5 cents

## All NYMEX | Prior Settlements

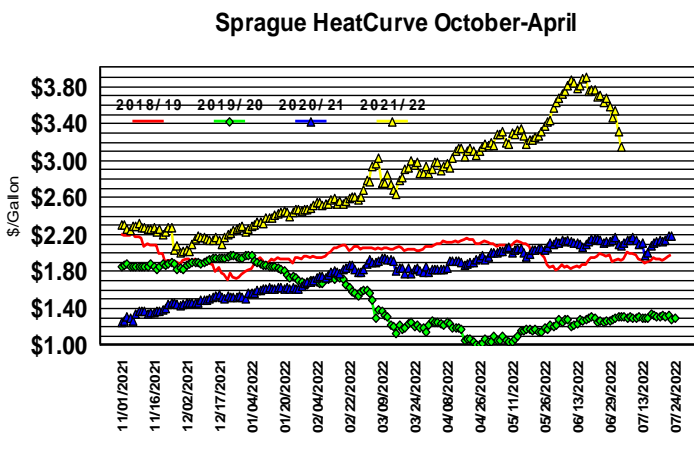
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	\$3.4106	-\$0.1910	-\$0.5457
Aug-22	\$3.3466	-\$0.1944	-\$0.6097
Sep-22	\$3.2949	-\$0.1884	-\$0.5334
Oct-22	\$3.2434	-\$0.1829	-\$0.5092
Nov-22	\$3.1927	-\$0.1762	-\$0.4804
Dec-22	\$3.1558	-\$0.1692	-\$0.4448
Jan-23	\$3.1140	-\$0.1654	-\$0.4094
Feb-23	\$3.0666	-\$0.1608	-\$0.3646
Mar-23	\$3.0155	-\$0.1552	-\$0.3174
Apr-23	\$2.9683	-\$0.1471	-\$0.2862
May-23	\$2.9232	-\$0.1432	-\$0.2652
Jun-23	\$2.8974	-\$0.1392	-\$0.2583
Jul-23	\$2.8711	-\$0.1349	-\$0.2532
Aug-23	\$2.8408	-\$0.1290	-\$0.2494
Sep-23	\$2.8036	-\$0.1253	-\$0.2487
Oct-23	\$2.7740	-\$0.1073	-\$0.2393
Nov-23	\$2.7509	-\$0.0930	-\$0.2265

Sprague HeatCurve October 2022-April 2023			\$3.1484
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$5.71	\$94.9800	-\$1.5400
Crude - Brent		\$100.6900	-\$2.0800
Natural Gas		\$5.5100	-\$0.0130
Gasoline		\$3.2366	-\$0.0924

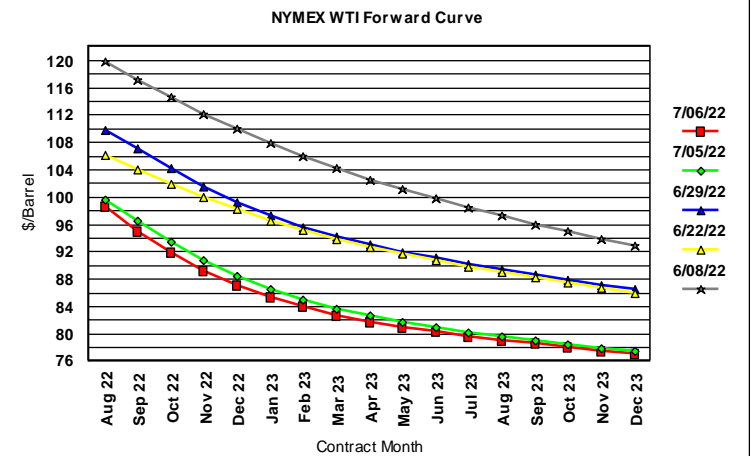
### API Report for the Week Ending July 1, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.8 million barrels	Down 1.1 million barrels
Gasoline Stocks	Down 1.8 million barrels	Down 1.6 million barrels
Distillate Stocks	Down 635,000 barrels	Up 800,000 barrels
Refinery Runs		Up 0.2%, 95.2%

## Sprague HeatCurve October-April



## WTI Forward Curve



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