

Market Commentary

Recap: The crude market looked ready to post an inside trading day on Tuesday as it traded within Monday's trading range early in the session before it sold off later in the day. The market traded sideways and posted a high of \$90.65 early in the morning as the market awaited news on talks to revive the Iranian nuclear deal. The European Union and the U.S. said they were studying Iran's response to what the EU called its "final" proposal. However, in follow through selling seen on Monday, the crude market breached its previous low and sold off more than \$3.60 as it posted a low of \$85.73, a level not seen since late January. The September WTI contract settled down \$2.88 at \$86.53, the lowest level since January 25th, while the October Brent contract settled down \$2.76 at \$92.34, the lowest level since February 10th after it sold off \$3 and posted a low of \$92.10. The product markets ended the session mixed, with the heating oil market settling up 3.99 cents at \$3.4802 and the RB market settling down 5.1 cents at \$2.9007.

Market Analysis: The oil market will likely retrace some of today's sharp losses, amid the expectations that oil and gasoline stocks declined last week, before it continues to trend lower amid the absence of any update regarding the Iranian response to the EU's nuclear proposal. The market is seen finding support at its low of \$85.73, \$85.40, \$82.99, \$81.35 and \$76.67, basis trendlines. Meanwhile, resistance is seen at \$88.41, \$89.27, \$90.31 and its high of \$90.65. More distant upside is seen at \$91.94, \$92.10 and \$94.81.

Fundamental News: A European Union spokesperson said the EU is assessing Iran's response to what the bloc has called its "final" proposal to save a 2015 nuclear deal and is consulting with the United States. She declined to give a time frame for any reaction by the EU who is coordinating the negotiations in Vienna. Iran responded to the proposal late on Monday but neither Tehran nor the EU provided any details on the content of the reply. Earlier on Monday, Iran's Foreign Minister had called on the U.S. to show flexibility to resolve three remaining issues, suggesting Iran's response would not be a final acceptance or rejection. Later, a U.S. State Department spokesperson said the U.S. is studying Iran's response to the EU's proposal to save a nuclear deal and is sharing its view with the bloc.

Barclays lowered its Brent price forecasts by \$8/barrel to \$103/barrel for 2022 and 2023, citing a large, expected surplus over the near term primarily due to Russian supplies. It however stated that Russian oil output is expected to decline 1.5 million bpd compared with the pre-war level once the European Union sanctions on imports and insurance activities kick in. It sees U.S. WTI to averaging \$99/barrel for both years. Barclays also noted that the actual downside to the price forecast could be limited by a potential OPEC+ response to a possible demand slowdown next year from a mild recession.

Saudi Aramco said over the weekend it plans to raise its sustainable production capacity to 12.3 million b/d by 2025 and reach 12.7 million b/d in 2026 and grow to 13 million b/d in 2027. The company currently claims it has a 12 million b/d production capacity, while some industry analysts peg this capacity as being closer to 11.5 million b/d.

North Dakota's Industrial Commission said the state's oil production in June increased by 37,000 bpd to 1,096,000 bpd.

Early Market Call - as of 8:10 AM EDT

WTI - September \$86.56, up 3 cents

RBOB - September \$2.9112, up 1.05 cents

HO - September \$3.4882, up 80 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-22	\$3.4802	\$0.0399	\$0.1464
Oct-22	\$3.4448	\$0.0296	\$0.1426
Nov-22	\$3.3983	\$0.0216	\$0.1321
Dec-22	\$3.3518	\$0.0162	\$0.1205
Jan-23	\$3.3122	\$0.0110	\$0.1084
Feb-23	\$3.2597	\$0.0073	\$0.0927
Mar-23	\$3.1919	\$0.0050	\$0.0802
Apr-23	\$3.1193	\$0.0022	\$0.0696
May-23	\$3.0692	\$0.0006	\$0.0620
Jun-23	\$3.0300	-\$0.0001	\$0.0568
Jul-23	\$3.0027	-\$0.0005	\$0.0472
Aug-23	\$2.9748	-\$0.0010	\$0.0364
Sep-23	\$2.9458	-\$0.0020	\$0.0265
Oct-23	\$2.9174	-\$0.0038	\$0.0191
Nov-23	\$2.8920	-\$0.0054	\$0.0133
Dec-23	\$2.8704	-\$0.0055	\$0.0131
Jan-24	\$2.8485	-\$0.0053	\$0.0128

Sprague HeatCurve October 2022-April 2023

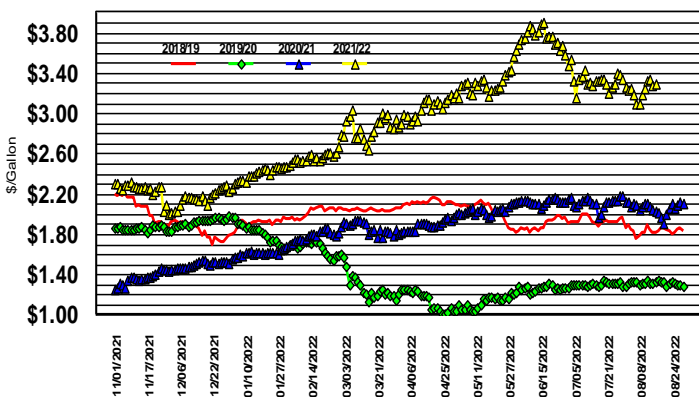
		Close	Change
Crude - WTI	Aug Brent-WTI Spread \$6.18	\$86.1600	-\$2.6900
Crude - Brent		\$92.3400	-\$2.7600
Natural Gas		\$9.3290	\$0.6010
Gasoline		\$2.9007	-\$0.0510

API Report for the Week Ending August 12, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 448,000 barrels	Down 1.7 million barrels
Gasoline Stocks	Down 4.5 million barrels	Down 1.7 million barrels
Distillate Stocks	Down 759,000 barrels	Up 400,000 barrels
Refinery Runs		Up 0.7% at 91.7%

Sprague HeatCurve October-April

Sprague HeatCurve October-April



WTI Forward Curve

NYMEX WTI Forward Curve

