

Market Commentary

Recap: Oil futures rebounded on Thursday, but remained near eight-month lows, as China's extension of COVID restrictions exacerbated concerns a slowdown in global economic activity would hit fuel demand. Prices also garnered support from Russian President Vladimir Putin's threat to halt oil and gas exports if price caps are imposed by European buyers. Concerns about the health of the global economy and expectations of falling fuel demand led to sharp oil price falls in the previous session, which extended into early Thursday trading. WTI for October delivery gained \$1.60 per barrel, or 1.95% to \$83.54. November Brent added \$1.15 per barrel, or 1.31% to \$89.15. Petroleum products finished mixed with October RBOB gaining 3.84 cents per gallon, or 1.66% to \$2.3461, while ULSD for October delivery lost 4.59 cents per gallon, or 1.28% to \$3.5401.

Technical Analysis: WTI oil prices climb as much as 2.7% to a session high of \$84.25 a barrel as bullish investors try to stage a rebound after prices fell nearly 6% yesterday and closed at the lowest level since Jan. 11. At this point, we believe that the market also rebounded as it was perhaps a bit overdone to the downside, but there is still more downside potential left. Demand and global economic concerns will work to keep a lid on prices, limiting upside movement. Underneath, the \$80 level offers support, while \$85 is a level of resistance. Expect a lot of noisy behavior, as we are also starting to form the so-called "death cross", we spoke about on Wednesday.

Fundamental News: The EIA reported that U.S. Gulf Coast crude oil imports increased last week to the highest level since September 2021. It reported that Gulf Coast crude imports increased to 1.7 million bpd. Meanwhile, U.S. crude stocks in the SPR fell to 442.5 million barrels, the lowest level since November 1984.

U.S. Deputy Treasury Secretary Adeyemo said Thursday that a number of oil-importing countries are considering whether to join the G7's plan to cap the price of Russian oil. The G7 is expected to release its proposed related rules surrounding the program in the next few days. The rules would look to direct importers on how to use financial products to ship Russian oil, as long as the price is under the agreed cap.

National Security spokesman, John Kirby, said U.S. President Joe Biden wants to ensure that the U.S. has "other available options" to ensure that Iran does not achieve nuclear weapons capability, if efforts to revive the 2015 Iran nuclear deal fail. He said the U.S. would remain active in pushing for reimplementation of the agreement but added that its patience was "not eternal."

Fed Chair Jerome Powell said the Federal Reserve is "strongly committed" to fighting inflation, but there remains hope it can be done without the "very high social costs" involved in prior campaigns to control increasing prices. He reiterated what has now become the Fed's message of the moment: Policymakers won't back down on planned rate increases. The Fed will hold its next policy meeting on September 20th-21st, when it will issue updated economic projections and almost certainly announce the fifth consecutive increase in the target federal funds rate.

Early Market Call - as of 8:15 AM EDT

WTI - October \$85.35 Up \$1.81

RBOB - October \$2.3877 Up \$0.0412

HO - October \$3.5572 Up 0.0148

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-22	3.5401	-0.0459	-0.0211
Nov-22	3.4707	-0.0408	-0.0277
Dec-22	3.3989	-0.0348	-0.0353
Jan-23	3.3305	-0.0308	-0.0431
Feb-23	3.2562	-0.0262	-0.048
Mar-23	3.1733	-0.0216	-0.0495
Apr-23	3.0816	-0.0173	-0.0514
May-23	3.008	-0.013	-0.052
Jun-23	2.9527	-0.0091	-0.0522
Jul-23	2.919	-0.0061	-0.0514
Aug-23	2.8919	-0.0033	-0.05
Sep-23	2.8673	-0.0005	-0.0478
Oct-23	2.8453	0.0015	-0.0459
Nov-23	2.8251	0.0038	-0.046
Dec-23	2.8056	0.0063	-0.0463
Jan-24	2.7836	0.0067	-0.0468
Feb-24	2.7703	0.0064	-0.0473

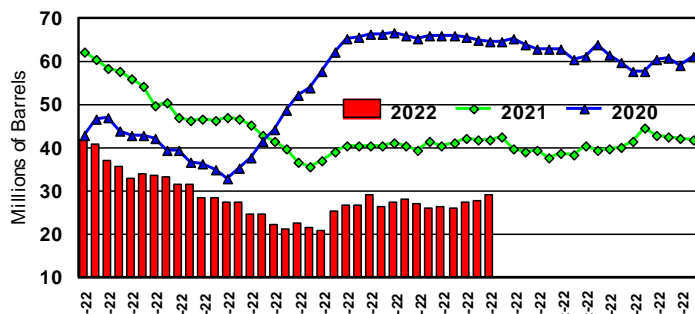
Sprague HeatCurve October 2022-April 2023			\$3.3135
		Close	Change
Crude - WTI	Oct Brent-	\$83.0700	\$1.4400
Crude - Brent	WTI Spread	\$89.1500	\$1.1500
Natural Gas	\$6.08	\$7.9150	\$0.0730
Gasoline		\$2.3461	\$0.0384

EIA Working Gas Storage Report

	02-Sep-22	26-Aug-22	Change	02-Sep-21
East	635	614	21	699
Midwest	776	747	29	838
Mountain	159	157	2	191
Pacific	238	241	-3	243
South Central	887	881	6	944
Salt	182	185	-3	209
Nonsalt	705	696	9	735
Total	2694	2640	54	2,916

Weekly EIA Petroleum Status Report for the Week Ending September 2, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 8.8 million barrels
Cushing, OK Crude Stocks Down 500,000 barrels
Gasoline Stocks Up 300,000 barrels
Distillate Stocks Up 100,000 barrels
Refinery % Operated 90.9%, down 1.8%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Sep 2, 2022	Week Ending Aug 29, 2022	Week Ending Sep 3, 2021
New England	3.2	3.2	7.5
Central Atlantic	12.9	12.9	22.6
Total PADD #1	29.0	27.7	41.8
Distillate Imports (thousands b/d)	94	141	105