

Market Commentary

Recap: Oil prices extended earlier gains, after a mostly bullish EIA report that showed across-the-board US inventory declines in the three main categories--crude, gasoline and distillates. The weekly report also showed a 100k bpd drop in US crude production, to 12M bpd. Perhaps most bullish, however, was a 500k bpd increase in implied gasoline demand, to 8.8M bpd. That figure is still 6% below last year at this time, but the week-on-week improvement suggests fuel prices have now fallen enough for many consumers to start getting back on the road. A drop in the U.S. dollar also added strength to the oil markets. WTI for November delivery gained \$3.65 per barrel, or 4.65% to \$82.15, the largest one day dollar gain since Monday, August 29. November Brent gained \$3.05 per barrel, or 3.54% to \$89.32. RBOB Gasoline for October delivery gained 8.48 cents per gallon, or 3.40% to \$2.5779, while ULSD for October delivery gained 18.95 cents per gallon, or 5.81% to \$3.4494

Technical Analysis: U.S. inventory numbers showed consumer demand rebounded, though refining product supplied remained 3% lower over the last four weeks than the year-ago-period. Analysts said oil prices, down more than 22% during the third quarter, may be bottoming out as Chinese demand shows signs of rebounding and the U.S. sales of strategic reserves come to a close. Refining activity dipped, but refiners are still running at 90.6% of overall capacity in the United States, the highest for this time of year since 2014, on both domestic and export demand. After hitting a fresh two-decade peak, the dollar pulled back on Wednesday, leading to the rally in oil prices. Wednesday's higher move put WTI right back above the psychological pivotal level of \$80, however it remains within a downward channel. A push above \$85 will shift the minor trend of this market to the upside, with the potential of reaching \$90. Support is seen at \$76.25 and below that at \$75 and \$70.

Fundamental News: The U.S. EIA said U.S. crude production fell by 100,000 bpd in the week ending September 23rd to 12 million bpd, the lowest level since mid-August. That was also the first weekly decline in crude production since mid-August.

The European Union is considering adding shipping restrictions to its oil sanctions as the bloc continues to discuss the introduction of a price cap on Russian oil. A shipping ban would prohibit European Union ships from transporting Russian oil sold above the agreed threshold. The inclusion of shipping would be needed to avoid any potential loopholes and align the price cap with the Group of Seven.

Iran's President Ebrahim Raisi planned a television address to the nation on Wednesday amid anti-government unrest in Iran. Earlier, Iranian riot police deployed in Tehran's main squares on Wednesday to confront people chanting "death to the dictator" as nationwide protests over the death of young Iranian woman Mahsa Amini in police custody increased pressure on authorities. U.N. High Commissioner for Human Rights has called on Iran's clerical rulers to "fully respect the rights to freedom of opinion, expression, peaceful assembly and association".

The Bureau of Safety and Environmental Enforcement said about 157,706 barrels or 9% of oil production in the U.S. Gulf of Mexico were shut on Wednesday by Hurricane Ian. A total of 16 oil and gas production platforms were evacuated by Ian on Wednesday compared with 14 on Tuesday. It reported that about 128 million cubic feet or 6% of gas production in the U.S. Gulf of Mexico was also shut.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.04 million bpd of capacity for the week ending September 30th, cutting available refining capacity by 217,000 bpd. Offline capacity is expected to increase to 1.29 million bpd in the week ending October 7th.

Early Market Call - as of 8:15 AM EDT

WTI - November \$82.17 Up \$0.02

RBOB - October \$2.4547 Down 0.0070

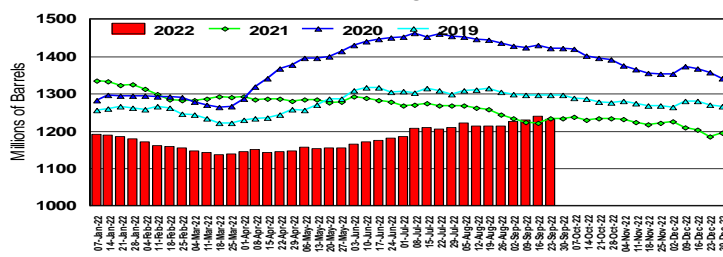
HO - October \$3.3689 Up 0.0317

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-22	3.4494	0.3203	0.1156
Nov-22	3.3372	0.2908	0.0757
Dec-22	3.2437	0.2607	0.0435
Jan-23	3.1846	0.2436	0.0338
Feb-23	3.1224	0.2265	0.0227
Mar-23	3.0468	0.2082	0.0084
Apr-23	2.9631	0.1906	-0.0055
May-23	2.9007	0.1731	-0.0183
Jun-23	2.8558	0.1581	-0.0276
Jul-23	2.833	0.1452	-0.0331
Aug-23	2.8144	0.1354	-0.0354
Sep-23	2.7983	0.1293	-0.0333
Oct-23	2.7849	0.1254	-0.029
Nov-23	2.7695	0.1203	-0.0245
Dec-23	2.7544	0.1155	-0.0196
Jan-24	2.7378	0.1136	-0.015
Feb-24	2.7246	0.1136	-0.0118

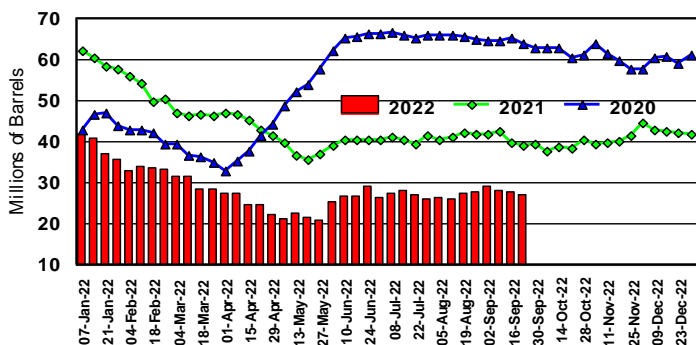
Sprague HeatCurve October 2022-April 2023		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$7.17	\$82.1500	\$3.6500
Crude - Brent		\$89.3200	\$3.0500
Natural Gas		\$6.8680	\$0.2170
Gasoline		\$2.5779	\$0.0848

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending September 23, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 215,000 barrels
Cushing, OK Crude Stocks Up 692,000 barrels
Gasoline Stocks Down 2.4 million barrels
Distillate Stocks Down 2.9 million barrels
Refinery % Operated 90.6%, down 3%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Sep 23, 2022	Week Ending Sep 16, 2022	Week Ending Sep 24, 2021
New England	3.5	3.7	7.1
Central Atlantic	12.1	12.5	20.9
Total PADD #1	27.2	27.9	39.1
Distillate Imports			