

Market Commentary

Recap: The oil market sold off almost 2.5% on Friday in the wake of the OPEC+ decision to cut about 2.2 million bpd in the first quarter of next year. The market is viewing the announcement with some skepticism over whether OPEC+ producers will comply with the voluntary cuts or if the cut will translate to actual cuts as some producers are producing below their current quotas. The crude market, which looked ready to post an inside trading day, traded to a high of \$76.76 by mid-morning and traded mostly sideways. However, the market breached its previous low and sold off to a low of \$73.93 ahead of the close. The January WTI contract settled down \$1.89 at \$74.07 and the January Brent contract settled down \$1.98 at \$78.88. The product markets ended the session in negative territory, with the heating oil market settling down 9.27 cents at \$2.6615 and the RB market settling down 5.47 cents at \$2.1211.

Technical Analysis: The crude market is still seen remaining within its recent trading range from \$72.35 to \$79.65 as the market digests the implications of the voluntary output cuts for the first quarter by OPEC and its allies. The oil market is seen finding support at its low of \$73.93, \$73.79, \$72.91 and \$72.37. Meanwhile, resistance is seen at \$74.85, \$76.50, its high of \$76.76 followed by \$79.60 and \$79.65. Further upside is seen at \$80.37 and \$80.79.

Fundamental News: The U.S. Department of Energy said it has sped up the return of 4 million barrels of oil to the SPR from a previous exchange of crude to energy companies, as it seeks to replenish the stockpile after a record drawdown last year. It said the oil companies will now return the four million barrels to the reserve by February instead of this summer. The Energy Department also said it aims to buy up to an additional 3 million barrels of oil by February for the reserve.

Kremlin spokesman, Dmitry Peskov, said that the OPEC+ group of leading oil producers was making a contribution to the stabilization of energy markets and supporting energy prices at a balanced level. He said that Russia was interested in continuing work with OPEC+. On Thursday, OPEC+ agreed to voluntary oil supply cuts totaling about 2.2 million bpd for early next year led by Saudi Arabia rolling over its current voluntary cut.

Goldman Sachs said it still sees moderate downside risk to its Brent forecast of \$93/barrel following the additional OPEC+ cuts into the first quarter of 2024. It expects solid demand growth, a slowdown in U.S. supply growth and low OPEC supply to keep Brent in the \$80-\$100/barrel range in 2024.

Morgan Stanley said commitment to the new OPEC+ cuts appears uncertain and expects only partial compliance. It still sees the oil market turning into a small surplus again in the second quarter and third quarter of 2024. It said we "have lowered our OPEC+ production forecast for 1Q24 by 0.6 mb/d." "We leave our Brent forecast unchanged at \$85/bbl flat throughout 2024." The bank also stated that Saudi Arabia will ultimately extend the output cuts to the second quarter of 2024 as well.

Baker Hughes reported that U.S. energy firms this week added oil and natural gas rigs for a third consecutive week. The oil and gas rig count increased by 3 to 625 in the week ending December 1st. U.S. oil rigs increased by 5 to 505 this week, their highest since September, while gas rigs fell by one to 116.

IIR Energy said U.S. oil refiners are expected to shut in 136,000 bpd of capacity in the week ending December 1st, increasing available refining capacity by 203,000 bpd.

Early Market Call - as of 8:40 AM EDT

WTI - January \$73.63, down 44 cents

RBOB - January \$2.1163, down 48 points

HO - January \$2.6805, up 1.9 cents

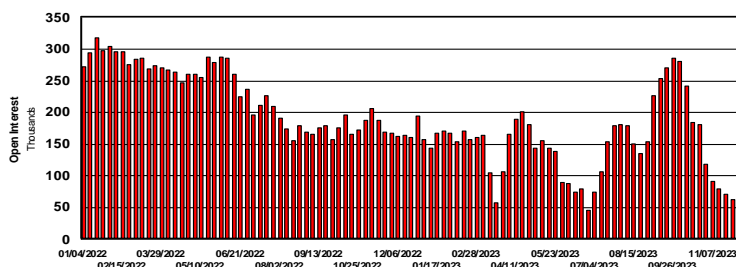
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.6615	-0.1690	-0.1742
Jan-24	2.6298	-0.1244	-0.1325
Feb-24	2.5966	-0.1196	-0.1287
Mar-24	2.5571	-0.1187	-0.1295
Apr-24	2.5293	-0.1015	-0.1094
May-24	2.5126	-0.0839	-0.0931
Jun-24	2.5101	-0.0646	-0.0738
Jul-24	2.5103	-0.0590	-0.0657
Aug-24	2.5140	-0.0535	-0.0604
Sep-24	2.5154	-0.0545	-0.0637
Oct-24	2.5114	-0.0578	-0.0701
Nov-24	2.5028	-0.0603	-0.0723
Dec-24	2.4931	-0.0594	-0.0696
Jan-25	2.4802	-0.0615	-0.0694
Feb-25	2.4640	-0.0643	-0.0693
Mar-25	2.4422	-0.0696	-0.0721
Apr-25	2.4293	-0.0605	-0.0620

Sprague HeatCurve October 2024-April 2025

		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$4.63	\$74.2500	-\$1.8000
Crude - Brent		\$78.8800	-\$1.9800
Natural Gas		\$2.8140	\$0.0120
Gasoline		\$2.1211	-\$0.0547

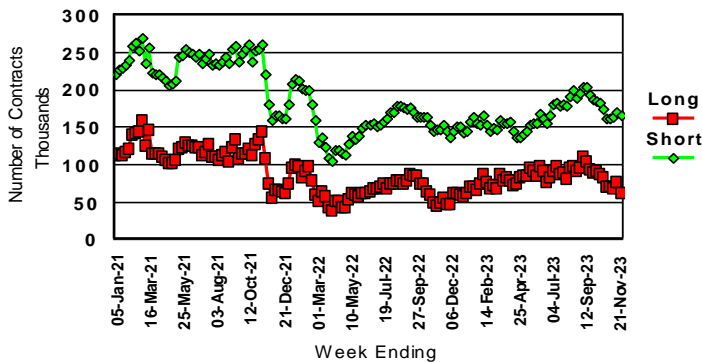
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending November 28, 2023

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

