

Market Commentary

Recap: Oil futures fell to their lowest level in a year on Thursday, as the bearish sentiment continued. Brent fell for the sixth straight session, while WTI marked its fifth straight day of downside movement. Losses were limited by an oil leak that led to a shutdown of the Keystone Pipeline and talk of a potential buyback of oil to refill U.S. reserves. January WTI lost 55 cents per barrel, or 0.76% to \$71.46, while Brent Crude for February delivery lost \$1.02 per barrel, or 1.32% to \$76.15. Petroleum products finished mixed, with January RBOB falling 2.81 cents per gallon, or 1.35% to \$2.0491, while January heating oil gained 9.93 cents per gallon, or 3.57% to \$2.8798.

Technical Analysis: It appears that the wider market selloff and worries about more aggressive monetary tightening by the Federal Reserve have overshadowed any positive effect from the new price cap on Russian oil sales. Traders were waiting to see how the price cap would impact oil prices but so far, the impact seems minimal. On Monday, the U.S. ISM service sector index climbed slightly to 56.5% in November from 54.4% in October, indicating that the Federal Reserve may keep interest rates higher longer than expected, increasing the odds of a U.S. recession and therefore, less energy use. One supporting factor is plans by the White House to repurchase oil for the Strategic Petroleum Reserve when prices are at or below \$67 to \$72. With the front month WTI contract settling within this range, we could see some support entering the market.

Fundamental News: Canada's TC Energy said it shut its 622,000 bpd Keystone pipeline, cutting the flow of Canadian oil to U.S. refineries following an oil release into a creek about 20 miles south of Steele City, Nebraska. TC Energy declared a force majeure due to the Keystone Pipeline outage. An emergency shutdown and response was initiated on Wednesday night after alarms and a pressure drop in the system. Two Keystone shippers said TC had not yet notified them how long the pipeline may be shut down. U.S. Pipeline and Hazardous Materials Safety Administration personnel are investigating the leak.

China began implementing a more relaxed version of its strict "zero COVID" policy on Thursday amid steps to restore normal life. The country reported 21,165 new coronavirus cases on Thursday, though it was unclear whether the lower number reflected fewer infections or a reduction in testing. The National Health Commission issued relaxed anti-pandemic regulations on Wednesday, including a loosening of lockdowns and the elimination of a requirement that a recent negative COVID-19 test be shown to enter most public places. The changes announced on Wednesday also include a renewed commitment to vaccinate vulnerable groups and the elderly, whose levels of immunization are far lower than the population as a whole.

Turkey's maritime authority said it would continue to block the passage of oil tankers without appropriate insurance letters, adding that the insurance checks on ships in its waters was a "routine procedure." The number of oil tankers waiting in the Black Sea to cross Istanbul's Bosphorus strait on the way to the Mediterranean increased by five to 16 on Thursday, amid talks between Western and Turkish officials on steps to resolve the tanker queues there. At the Dardanelles strait further south, nine tankers were waiting to cross southbound, down from 12 a day earlier. Three tankers were scheduled to pass through that strait on Thursday, two en route from Tuapse in Russia to Fujairah in the UAE and one en route from Tuzla in Turkey to Sidi Kerir in Egypt. On Wednesday, the U.S. Treasury Department said that U.S. Deputy Treasury Secretary, Wally Adeyemo, told Turkish Deputy Foreign Minister, Sedat Onal, in a call that the price cap only applies to Russian oil and does not necessitate additional checks on ships passing through Turkish territorial waters.

Early Market Call - as of 8:20 AM EDT

WTI - January \$72.25, up 78 cents
 RBOB - January \$2.0650, up 1.59 cents
 HO - January \$2.8846, up 48 points

All NYMEX | Prior Settlements

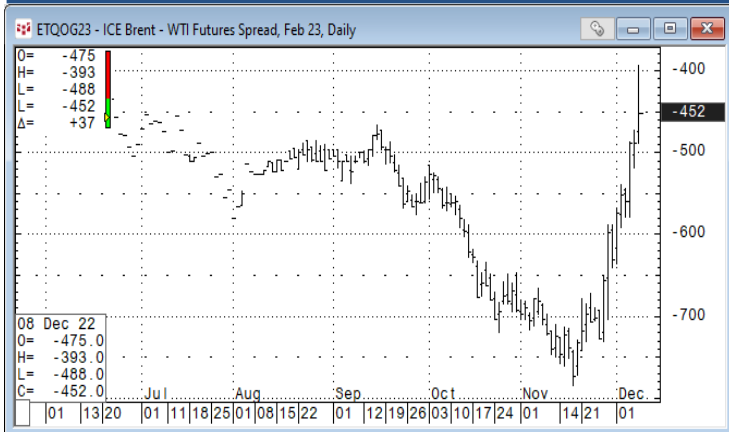
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	2.8798	0.0993	-0.3826
Feb-23	2.845	0.0785	-0.3679
Mar-23	2.7837	0.0581	-0.3546
Apr-23	2.7166	0.0403	-0.3393
May-23	2.6711	0.0265	-0.3214
Jun-23	2.6453	0.0144	-0.3022
Jul-23	2.6397	0.0064	-0.2836
Aug-23	2.6384	0.0028	-0.2669
Sep-23	2.6376	0.0015	-0.2537
Oct-23	2.6359	0.0008	-0.2423
Nov-23	2.6311	0.0002	-0.233
Dec-23	2.6241	-0.0001	-0.2246
Jan-24	2.6161	0.0002	-0.2163
Feb-24	2.6063	0.0014	-0.209
Mar-24	2.5876	0.0032	-0.1998
Apr-24	2.5628	0.0037	-0.1902
May-24	2.551	0.0047	-0.1782

Sprague HeatCurve October 2023-April 2024			\$2.6097
		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$4.57	\$71.5800	-\$0.7000
Crude - Brent		\$76.1500	-\$1.0200
Natural Gas		\$5.9620	\$0.2390
Gasoline		\$2.0491	-\$0.2810

EIA Working Gas Storage Report

	02-Dec-22	25-Nov-22	Change	02-Dec-21
East	834	840	-6	846
Midwest	1028	1040	-12	1,022
Mountain	193	197	-4	206
Pacific	217	226	-9	266
South Central	1191	1181	10	1,173
Salt	327	314	13	329
Nonsalt	864	867	-3	843
Total	3462	3483	-21	3,513

ICE February Brent-WTI Spread



WTI Forward Curve

