

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market fell on Monday with fears easing about the Israel-Hamas war disrupting supply. While the war between Israel and Hamas intensified with Israeli troops and tanks attacking Gaza's main northern city from the east and west on Monday, the third day of its ground incursion, there was no disruption to supply from the region, taking the war premium out of the market. The crude market posted a high of \$85.30 on the opening before it started to erase Friday's gains. It breached its previous low of \$83.10 and sold off to a low of \$81.82 ahead of the close. The December WTI contract bounced off its low and settled down \$3.23 at \$82.31. The December Brent contract settled down \$3.03 at \$87.45. The product markets ended the session lower, with the heating oil market settling down 8.56 cents at \$2.9663 and the RB market settling down 9.25 cents at \$2.22.

Technical Analysis: The oil market is seen retracing its losses on Tuesday before it continues to trade lower as the concerns over the conflict between Israel and Hamas expanding in the Middle East seems to have dissipated. The market is also seen trading lower ahead of the release of the weekly petroleum stock reports on Tuesday afternoon and Wednesday morning, which are expected to show a build in crude stocks of over 1.5 million barrels on the week. While the market will remain cautious ahead of this week's Federal Reserve meeting, the Fed is expected to keep interest rates unchanged. The market, which settled below a support line, is seen finding support at its low of \$81.82, \$81.31 and \$80.20. Meanwhile, resistance is seen at \$82.66, \$83.12, \$84.80, its high of \$85.30, \$85.90, \$85.97 followed by \$86.30 and \$86.88

Fundamental News: The World Bank said it expected global oil prices to average \$90/barrel in the fourth quarter and fall to an average of \$81/barrel in 2023 as slowing growth eases demand, but warned that an escalation of the latest Middle East conflict could spike prices significantly higher. The World Bank's latest Commodity Markets Outlook report noted that oil prices have risen only about 6% since the start of the Israel-Hamas war, while prices of agricultural commodities, most metals and other commodities "have barely budged." A "small disruption" scenario equivalent to the reduction in oil output seen during the Libyan civil war in 2011 of about 500,000 to 2 million bpd would drive oil prices up to a range of \$93 to \$102/barrel in the fourth quarter. A "medium disruption" scenario, roughly equivalent to the Iraq war in 2003, would cut global oil supplies by 3 million to 5 million bpd, pushing prices to between \$109 and \$121/barrel. The World Bank's "large disruption" scenario approximates the impact of the 1973 Arab oil embargo, cutting the global oil supply by 6 million to 8 million bpd. This would initially drive up prices to \$140 to \$157/barrel, an increase of up to 75%.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.3 million bpd of capacity in the week ending November 3rd, increasing available refining capacity by 891,000 bpd. Offline capacity is expected to fall to 743,000 bpd in the week ending November 10th.

Traders said that high retail diesel prices in the U.S. Midwest are drawing more supplies from the Gulf Coast and Chicago pipeline that should ease supply worries and lower prices. According to GasBuddy.com, diesel prices reached \$4.87/gallon in Minnesota on Thursday, a nearly 11% increase from last month. Fuel traders and brokers said maintenance-related outage at Phillips 66's 208,000 bpd Ponca City refinery in Oklahoma has caused the Midwest price increase across Minnesota, Iowa and Kansas. The refinery's return to production on October 22nd has helped ease spot diesel prices in the Group 3 market to a discount of 2 cents against futures. More diesel from area including Chicago and the Gulf Coast also helped soften the premium. However, Midwest diesel inventories remain tight and could pose a problem if any more refining snags hit.

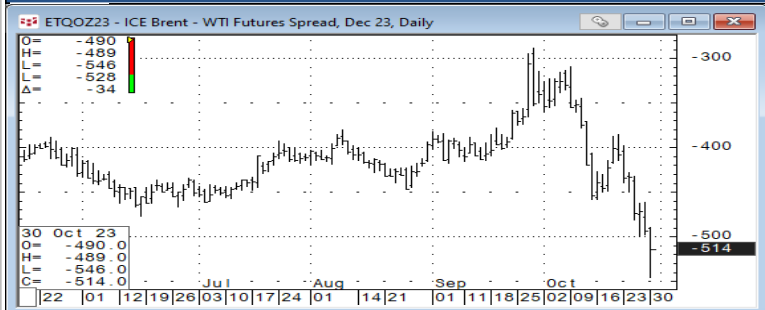
Early Market Call - as of 8:55 AM EDT

WTI - December \$82.94, up 63 cents
 RBOB - November \$2.2325, up 1.25 cents
 HO - November \$3.0033, up 3.70 cents

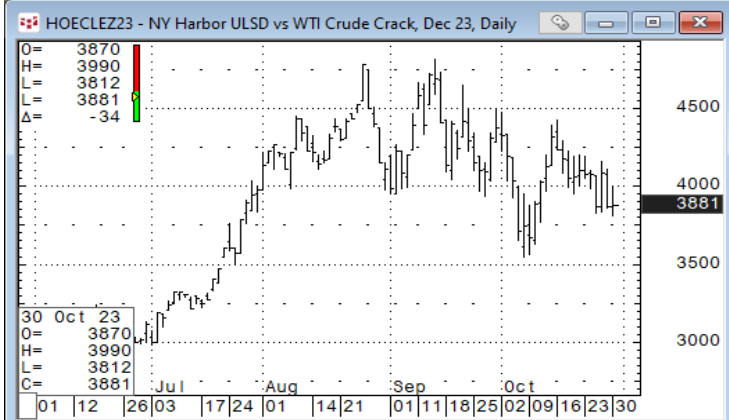
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	2.9663	-0.0856	-0.1292
Dec-23	2.8841	-0.0846	-0.1315
Jan-24	2.8414	-0.0786	-0.1275
Feb-24	2.8081	-0.0760	-0.1202
Mar-24	2.7644	-0.0732	-0.1074
Apr-24	2.7102	-0.0704	-0.0968
May-24	2.6744	-0.0676	-0.0856
Jun-24	2.6527	-0.0658	-0.0756
Jul-24	2.6461	-0.0647	-0.0683
Aug-24	2.6434	-0.0637	-0.0628
Sep-24	2.6453	-0.0629	-0.0597
Oct-24	2.6456	-0.0618	-0.0580
Nov-24	2.6409	-0.0608	-0.0570
Dec-24	2.6305	-0.0599	-0.0562
Jan-25	2.6192	-0.0588	-0.0546
Feb-25	2.6036	-0.0574	-0.0519
Mar-25	2.5838	-0.0554	-0.0484

Sprague HeatCurve October 2024-April 2025		\$2.6116
		Change
Crude - WTI	Dec Brent- WTI Spread \$5.14	-\$3.2300
Crude - Brent		-\$3.0300
Natural Gas		-\$0.1310
Gasoline		-\$0.0925

ICE December Brent-WTI Spread



December Heating Oil Crack Spread



December RBOB Crack Spread

