

## Market Commentary

**Recap:** Oil futures jumped on Tuesday after it was reported that OPEC+ may be considering an even larger cut than previously expected. An anonymous source reported that the group is considering cuts of up to 2 million barrels per day. As OPEC+ prepares to meet this Wednesday to discuss its oil production plans for November, it is assessing the state of the oil markets — and the current state of oil prices which began to fall in June near levels that some OPEC+ members could find unacceptable. Despite the growing worry of a severe global recession and the impact that would have on oil demand, the OPEC+ group feels that the markets are largely ignoring market fundamentals. November WTI crude rose \$2.89, or 3.5%, to settle at \$86.52 barrel. Brent crude for December delivery gained \$2.94 per barrel, or 3.31% to \$91.80. November RBOB gained 17.01 cents per gallon, or 6.77% to \$2.6830, while November heating oil added 16.67 cents per gallon, or 4.95% to \$3.5358.

**Market Analysis:** November WTI settled above upper trend line on the downward channel that can be depicted on a daily spot continuation chart. Traders and analysts attribute the gains to a one-two punch of an expected OPEC-plus production cut deal at tomorrow's meeting, as well as rising hopes that the Fed may dial back its aggressive push toward much higher interest rates. At this point, we should see volatility pick up as traders weigh-in on such a significant production cut by OPEC+, which will be very supportive for prices. As mentioned yesterday, this market still has quite a bit of headwinds to contend with and we will have to see if this market can gain enough upside momentum to push through the squall. Resistance is seen at \$88.27, \$90 and \$94.37, the 38% retracement provided by the June high of \$123.68 and the September low of \$76.25. On the downside, this market will find support at \$85.26, \$83.30 and \$81.20.

**Fundamental News:** OPEC+ is considering a reduction in its production limit of as much as 2 million bpd. Delegates said the group may discuss a cut of that size, plus smaller reductions ranging from 1 million to 1.5 million bpd, when it meets on Wednesday. Several members are already pumping far below their official quotas, meaning they could automatically be in compliance with their new limit without having to curb production. It could still result in the cartel's largest reduction since the cuts agreed at the outset of the Covid-19 pandemic in 2020. However, the actual impact on global oil supply could be significantly smaller than the headline number suggests.

Energy executives said a big oil production cut by OPEC+ members will not spur new U.S. oil and gas production, despite the likely rise in prices that could signal higher profits and inflation pressures.

OPEC+ producers look set to cut output when they meet on Wednesday, squeezing supply in an oil market that energy company executives and analysts say is already tight due to healthy demand, lack of investment and supply problems. Top oil industry executives said oil consumption remains strong when the global oil market is already facing supply constraints. Speaking at the Energy Intelligence Forum, Saudi Aramco Chief Executive, Amin Nasser, said the oil market is not focusing on the fact that global spare capacity to increase oil production is very low. He also stated that it takes 30 days to reach Saudi Arabia's maximum capacity of 12 million bpd and added that having spare oil capacity is not just the responsibility of Saudi Arabia.

Speaking at the same event, Shell's Chief Executive, Ben van Beurden, said investments will not shift because prices are high. He said current high prices do not easily translate into a shift in capital allocation given it can take decades for oil and gas projects to produce and start paying off.

**Early Market Call - as of 8:20 AM EDT**

WTI - November \$91.93, up 16 cents

RBOB - November \$2.6390, down 4.40 cents

HO - November \$3.5187, down 1.71 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-22	\$3.5358	\$0.1667	\$0.4894
Dec-22	\$3.3895	\$0.1380	\$0.4065
Jan-23	\$3.3077	\$0.1254	\$0.3667
Feb-23	\$3.2340	\$0.1191	\$0.3381
Mar-23	\$3.1526	\$0.1141	\$0.3140
Apr-23	\$3.0604	\$0.1078	\$0.2879
May-23	\$2.9870	\$0.0998	\$0.2594
Jun-23	\$2.9310	\$0.0908	\$0.2333
Jul-23	\$2.9028	\$0.0854	\$0.2150
Aug-23	\$2.8817	\$0.0828	\$0.2027
Sep-23	\$2.8639	\$0.0805	\$0.1949
Oct-23	\$2.8460	\$0.0775	\$0.1865
Nov-23	\$2.8268	\$0.0739	\$0.1776
Dec-23	\$2.8054	\$0.0701	\$0.1665
Jan-24	\$2.7827	\$0.0670	\$0.1585
Feb-24	\$2.7668	\$0.0654	\$0.1558
Mar-24	\$2.7459	\$0.0657	\$0.1559

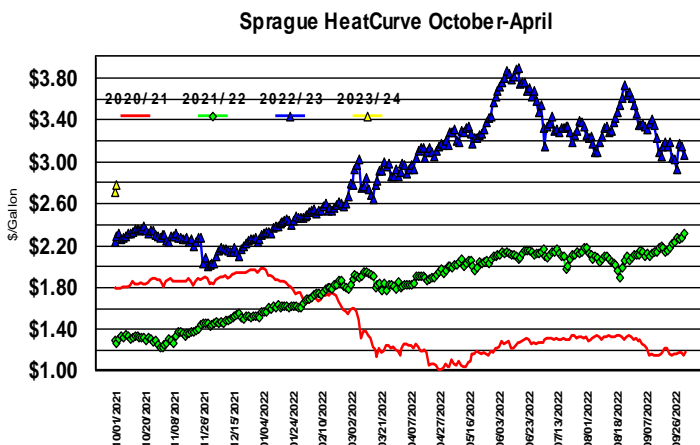
## Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$85.5000	\$2.8000
Crude - Brent	\$91.8000	\$2.9400
Natural Gas	\$6.8370	\$0.3670
Gasoline	\$2.6830	\$0.1701

## API Report for the Week Ending September 30, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 1.8 million barrel	Up 2.1 million barrels
Gasoline Stocks	Down 3.5 million barrels	Down 1.3 million barrels
Distillate Stocks	Down 4 million barrels	Down 1.4 million barrels
Refinery Runs		Down 0.4% at 90.2%

## Sprague HeatCurve October-April



## WTI Forward Curve

