

Market Commentary

Recap: Oil prices ticked higher on Wednesday after it was reported that the OPEC+ monitoring committee had agreed to cutting output by 2 million barrels a day. The cut was on the larger end of what analysts were expecting. The move represents a major reversal in production policy for the alliance, which slashed output by a record 10 million barrels per day in early 2020 when demand crashed due to the Covid-19 pandemic. The oil cartel has since gradually unwound those record cuts, albeit with several OPEC+ countries struggling to fulfill their quotas. Oil prices have fallen to roughly \$80 a barrel from over \$120 in early June amid growing fears about the prospect of a global economic recession. WTI for November delivery gained \$1.24 per barrel, or 1.43% to \$87.76. ICE Brent Crude for December delivery gained \$1.57 per barrel, or 1.71% to \$93.37. Petroleum products finished mixed with November RBOB losing 1.45 cents per gallon, or 0.54% to \$2.6685, while ULSD for November delivery gained 15.11 cents per gallon, or 4.27% to \$3.6869.

Technical Analysis: Thursday's bounce off of the upper trend line on the downward channel validates the break seen on Tuesday, putting into play the possibility of WTI reaching toward \$94.37, the 38% retracement provided by the June high of \$123.68 and the September low of \$76.25. Based upon technical plays, we are now looking at the 50-day moving average as an area of resistance. WTI has not settled above this technical indicator since June 28, however, it failed on follow-through to the upside. A settlement above this level, followed by a test and hold will prompt technical buying. Above this level additional resistance is seen at \$90.39 and above that at \$94.37. To the downside, support is seen at \$81 and \$80.35 and \$79.15. On the fundamental side, one point to consider is that OPEC+ has been producing significantly below its quota, making the decline in physical supply much less, though still significant. Industry sources estimate that the decision will result in a cut of just over 1 million barrels per day, or about 1% of global supply.

Fundamental News: OPEC+ agreed steep oil production cuts, curbing supply in an already tight market. OPEC's de-facto leader Saudi Arabia said the cut of 2 million bpd of output, equal to 2% of global supply, was necessary to respond to rising interest rates in the West and a weaker global economy. The kingdom rebuffed criticism it was colluding with Russia, which is included in the OPEC+ group, to drive prices higher and said the West was often driven by "wealth arrogance" when criticizing the group. However, Wednesday's production cuts of 2 million bpd are based on existing baseline figures, which means the cuts would be less deep because OPEC+ fell about 3.6 million bpd short of its output target in August. Analysts from Jefferies said they estimated the figure at 900,000 bpd, while Goldman Sachs put it at 400,000 - 600,000 bpd saying cuts would mainly come from Gulf OPEC producers such as Saudi Arabia, Iraq, the United Arab Emirates and Kuwait. Members of OPEC+ agreed to extend the cooperation deal with OPEC by another year to the end of 2023. The next OPEC+ meeting will take place on December 4th.

The White House said U.S. President Joe Biden is calling on his administration and Congress to explore ways to increase U.S. energy production and reduce OPEC's control over energy prices after the cartel's "shortsighted" production cut. National security adviser Jake Sullivan and National Economic Council Director Brian Deese said President Biden will also continue to direct releases from the nation's Strategic Petroleum Reserve "as necessary."

IIR Energy said U.S. oil refiners are expected to have shut in 1.6 million bpd of capacity in the week ending October 7th, cutting available refining capacity by 401,000 bpd.

The ADP National Employment report showed that private employment increased by 208,000 jobs in September. Data for August was revised higher to show 185,000 jobs created instead of 132,000 as previously reported.

Early Market Call - as of 8:20 AM EDT

WTI - November \$87.72, down 4 cents

RBOB - November \$2.6454, down 2.31 cents

HO - November \$3.6476, down 3.93 cents

All NYMEX | Prior Settlements

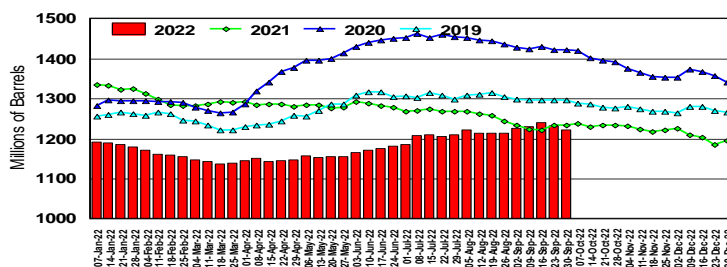
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-22	3.6869	0.1511	0.3497
Dec-22	3.5539	0.1644	0.3102
Jan-23	3.4702	0.1625	0.2856
Feb-23	3.391	0.157	0.2686
Mar-23	3.3024	0.1498	0.2556
Apr-23	3.2032	0.1428	0.2401
May-23	3.1185	0.1315	0.2178
Jun-23	3.0468	0.1158	0.191
Jul-23	3.0032	0.1004	0.1702
Aug-23	2.9704	0.0887	0.156
Sep-23	2.944	0.0801	0.1457
Oct-23	2.9186	0.0726	0.1337
Nov-23	2.8927	0.0659	0.1232
Dec-23	2.8663	0.0609	0.1119
Jan-24	2.8402	0.0575	0.1024
Feb-24	2.8216	0.0548	0.097
Mar-24	2.7984	0.0525	0.0949

Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$86.8400	\$1.3400
Crude - Brent	\$93.3700	\$1.5700
Natural Gas	\$6.9300	\$0.0930
Gasoline	\$2.6685	-\$0.0145

Total U.S. Oil Stocks

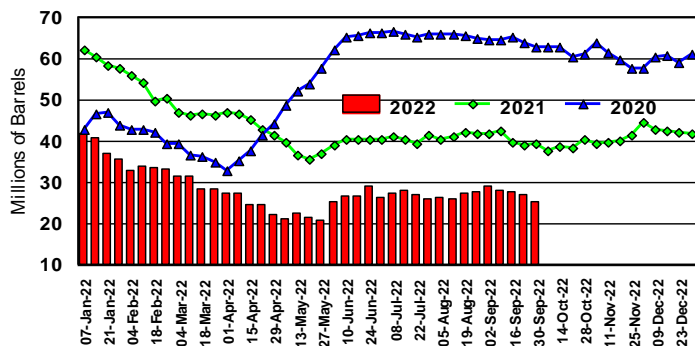
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending September 30, 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

	Week Ending Sep 30, 2022	Week Ending Sep 23, 2022	Week Ending Oct 1, 2021
Distillate Stocks (in million bbl)			
New England	3.6	3.5	6.9
Central Atlantic	11.1	12.1	20.5
Total PADD #1	25.5	27.2	39.4
Distillate Imports			