

Market Commentary

Recap : Oil edged to its lowest since the start of the year in volatile trading, after U.S. government data showed an unexpectedly large build in fuel stocks, feeding fears about demand in a market already spooked by an uncertain economy. WTI for January delivery lost \$2.24 per barrel, or 3.02% to \$72.01, the lowest settlement for a front month contract since December 21, 2021. Brent Crude for February delivery lost \$2.18 per barrel, or 2.75% to \$77.17, lowest settlement value since Friday, December 24, 2021. The drop in prices came after a weekly US report showed rising inventories of transportation fuels and a drop in demand amid a weakening domestic economy. The EIA said US gasoline inventories rose by a huge, 5.3M barrels last week, while diesel stockpiles climbed by even more --6.2M barrels--and the four-week-average implied demand for each fuel dropped to 7% and 10% below year-ago levels, respectively. RBOB Gasoline for January delivery lost 7.19 cents per gallon, or 3.35% to \$2.0772, down 34.13 cents or 14.11% over five consecutive sessions. This is a new 52-week low and the lowest settlement value since Monday, December 6, 2021. ULSL for January delivery lost 13.50 cents per gallon, or 4.63% to \$2.7805, down 58.24 cents or 17.32% over the last five sessions and the largest five day dollar decline since Friday, November 4, 2022 and the lowest settlement value since Wednesday, February 2, 2022.

Technical Analysis: WTI continued to lose ground after the release of the EIA report as domestic oil production increased from 12.1 million barrel per day to 12.2 million barrels per day despite the recent pullback in oil markets. The growth in total motor gasoline and distillate fuel inventories served as negative material for WTI as well. Traders are focused on the possibility of a spreading recession, and easing fears that the cap on Russian oil prices would lead to a supply shortage. Traders seem to be ignoring the easing of COVID restrictions in China and another drawdown in U.S. crude oil inventories. At this point, we would be looking toward technical factors, as WTI heads toward major support. The \$70 level is a key psychological number, with breaks below this level leading to a possible test of the December 2021 low of \$62.48. On the upside, resistance is seen at \$75.80 and above that at \$77.52.

Fundamental News: The EIA reported in its weekly Petroleum Status Report that U.S. crude production increased by 100,000 bpd in the week ending December 2nd to 12.2 million bpd, the highest level since August. The EIA also reported that U.S. refinery utilization increased to 95.5% on the week, the highest level since August 2019.

The Kremlin said Russian President Vladimir Putin and the President of the United Arab Emirates, Sheikh Mohammed bin Zayed al-Nahyan, held a phone call on Wednesday to discuss OPEC+ cooperation and a Western price cap imposed on Russian oil. In a statement, the Kremlin said attempts to impose the cap by some Western countries were contradictory to the "principles of global trade".

Separately, Kremlin spokesman, Dmitry Peskov, said Russia has been assessing different options regarding how to respond to caps on its oil price. A \$60/barrel price cap set by the G7 nations, the European Union and Australia came into force on Monday as they try to limit Russia's ability to finance its military operation in Ukraine.

Russia's Deputy Foreign Minister, Alexander Grushko, said Russia is concerned about a build-up of oil tankers in the Bosphorus Strait and is discussing the issue with insurance and transport companies. According to Bloomberg, twenty six tankers holding more than 23 million barrels of oil from Kazakhstan are currently unable to pass the Bosphorus and Dardanelles straits as operators race to adhere to new Turkish insurance rules added ahead of a G7 price cap on Russian oil.

China's crude oil imports in November increased by 12% on the year to their highest in 10 months, as companies replenished stocks with cheaper oil and as new plants started up. According to data from the General Administration of Customs, China imported 46.74 million tons of crude oil last month, equivalent to 11.37 million bpd. That was up from 10.16 million bpd in October and 10.17 million bpd in November 2021. Imports for the first 11 months of the year totaled 460.26 million tons, or about 10.06 bpd, down 1.4% from the corresponding period last year.

Early Market Call - as of 8:15 AM EDT

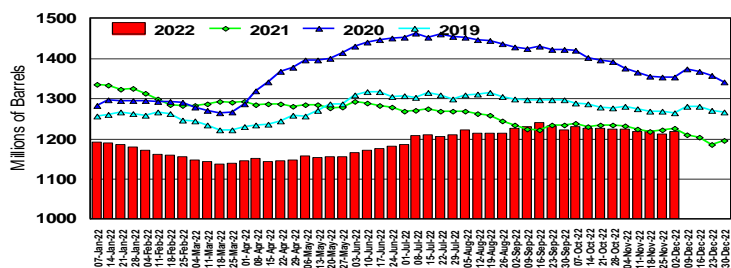
WTI - January \$74.90 Up \$2.90
 RBOB - January \$2.1265 Up \$0.0502
 HO - January \$2.8216 Up \$ 0.0401

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	2.7805	-0.135	-0.583
Feb-23	2.7665	-0.1204	-0.5278
Mar-23	2.7256	-0.1095	-0.4869
Apr-23	2.6763	-0.1016	-0.4472
May-23	2.6446	-0.0943	-0.41
Jun-23	2.6309	-0.0882	-0.3727
Jul-23	2.6333	-0.0828	-0.3418
Aug-23	2.6356	-0.0782	-0.3186
Sep-23	2.6361	-0.0742	-0.302
Oct-23	2.6351	-0.071	-0.2893
Nov-23	2.6309	-0.0686	-0.2796
Dec-23	2.6242	-0.0673	-0.2713
Jan-24	2.6159	-0.0656	-0.2636
Feb-24	2.6049	-0.0637	-0.2575
Mar-24	2.5844	-0.0616	-0.2501
Apr-24	2.5591	-0.0581	-0.2409
May-24	2.5463	-0.0529	-0.2302

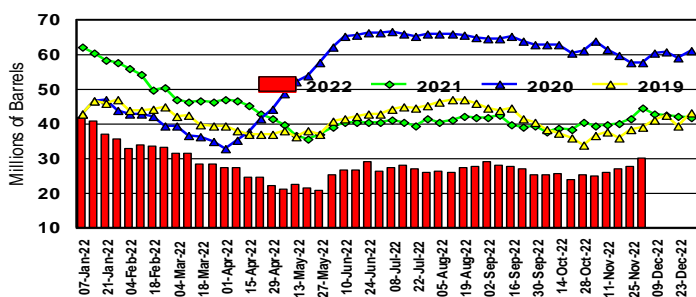
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$4.89	\$72.2800	-\$2.1800
Crude - Brent		\$77.1700	-\$2.1800
Natural Gas		\$5.7230	\$0.2540
Gasoline		\$2.0772	-\$0.0719

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending December 2, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.2 million barrels
 Cushing, OK Crude Stocks Down 373,000 barrels
Gasoline Stocks Up 5.3 million barrels
Distillate Stocks Up 6.2 million barrels
Refinery % Operated 95.5%, up 0.3%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Dec 2, 2022	Week Ending Nov 25, 2022	Week Ending Dec 3, 2021
New England	4.1	4.1	7.7
Central Atlantic	13.5	12.0	23.1