

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures were up on Tuesday, with WTI closing at a fresh seven-year high as supplies remain tight amid an improving global economy and rising natural gas and coal prices in Europe and Asia. The rise in prices is supported by an adherence to the gradual increase in production by OPEC and its allies, while demand continues to outpace supply. High prices for coal and gas in Europe and Asia are encouraging fuel switching, adding unexpected new demand while some OPEC+ WTI headed into Wednesday's expiry displaying a bout of strength, with the U.S. benchmark at its smallest discount to Brent since mid-August. Its Dec21/Dec22 spread traded as high as \$10 a barrel and closed at its strongest since 2013 on Tuesday, while the prompt spread also surged. WTI for November delivery rose 52 cents, or 0.6%, to settle at \$82.96 a barrel, the highest front-month contract finish since Oct. 13, 2014, according to Dow Jones Market Data. The contract expires at the end of Wednesday's trading session. December WTI, the most actively traded contract, added 75 cents or 0.9%, at \$82.44 a barrel. December Brent settled at \$85.08 a barrel, up 75 cents, or 0.9%, to settle at the highest since Oct. 3, 2018. Brent prices on Monday briefly pushed above \$86 a barrel to hit a three-year intraday high, but retreated to finish slightly lower. November RBOB lost nearly 0.5% at \$2.476 a gallon, while November heating oil tacked on almost 0.5% to \$2.561 a gallon.

Market Outlook: Since rebounding off of the August low of \$61.74, WTI continued to gain enough upside momentum to tackle the psychological level of \$80, and has managed to hold ground above it. Based upon the daily spot continuation chart, WTI remains above the upper line of the ascending channel that stems from the previously mentioned August low. As long as we hold above this level, we are confident holding on to length, but with moving oscillators set high in overbought territory, we can expect a little bit of a shake out to the downside. We would look to buy dips down around \$80 but would lighten up on length below \$80. Should we get a settlement below \$75, we would expect the move to the downside to pick up momentum.

Fundamental News: According to the EIA, U.S. retail regular gasoline prices increased by 1.6% to \$3.225/gallon in the week ending October 15th. The EIA reported that U.S. retail diesel fuel prices increased by 2.4% on the year to \$3.671/gallon.

Union workers at Exxon Mobil Corp.'s Beaumont, Texas, oil refinery began voting on Tuesday on the company's contract offer that potentially could end a nearly six-month-long standoff over who determines job assignments. Colonial Pipeline Co is allocating space for Cycle 60 shipments on Line 1, its main gasoline line.

Enbridge restored service to its Cushing-bound Flanagan South crude pipeline on Sunday evening after completing planned work that started on Friday. Work is associated with a capacity expansion project for Line 59 that started in March.

IHS Markit said U.S. propane prices are so high and supplies are scarce that the market appears headed for "armageddon" during the winter. An IHS analyst said that propane stocks in the U.S. have likely reached its peak for the year and will be stretched as cold weather arrives in the coming weeks. Prices for the first quarter of 2022 are so far over later-dated supplies that it may indicate players are preparing for propane-market armageddon. It said some regions may face outright shortages before the end of winter. IHS is expecting a colder than normal winter that will place even more strain on propane supplies.

Early Market Call - as of 8:30 AM EDT

WTI - Nov \$81.53, down 91 cents
 RBOB - Nov \$2.45, down 2.5 cents
 HO - Nov \$2.5343, down 2.66 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5607	\$0.0115	\$0.0507
Dec-21	\$2.5517	\$0.0109	\$0.0505
Jan-22	\$2.5397	\$0.0107	\$0.0516
Feb-22	\$2.5211	\$0.0112	\$0.0519
Mar-22	\$2.4945	\$0.0125	\$0.0510
Apr-22	\$2.4608	\$0.0133	\$0.0474
May-22	\$2.4362	\$0.0137	\$0.0441
Jun-22	\$2.4189	\$0.0142	\$0.0423
Jul-22	\$2.4080	\$0.0142	\$0.0406
Aug-22	\$2.3983	\$0.0138	\$0.0388
Sep-22	\$2.3912	\$0.0134	\$0.0317
Oct-22	\$2.3852	\$0.0133	\$0.0363
Nov-22	\$2.3792	\$0.0136	\$0.0359
Dec-22	\$2.3724	\$0.0138	\$0.0355
Jan-23	\$2.3650	\$0.0137	\$0.0349
Feb-23	\$2.3504	\$0.0134	\$0.0340
Mar-23	\$2.3305	\$0.0131	\$0.0331

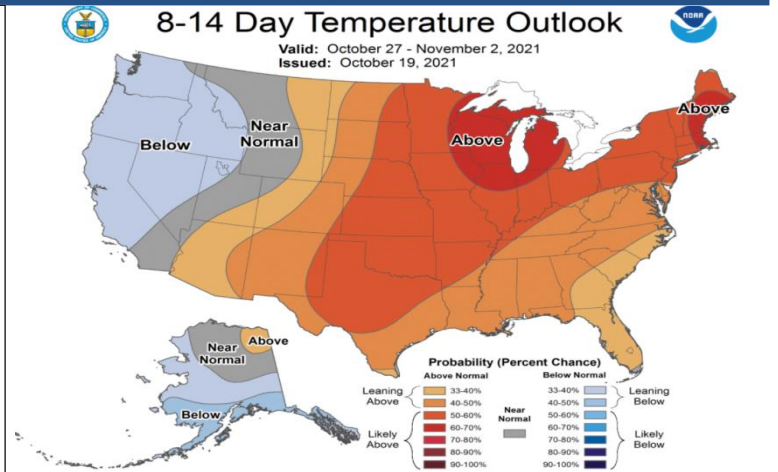
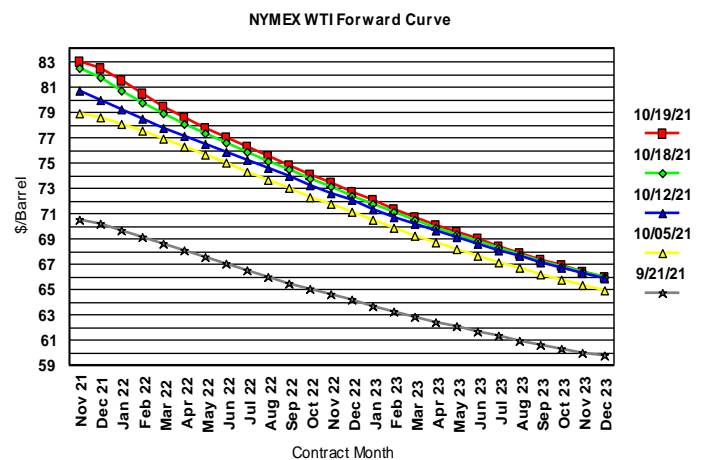
Settlements			
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$2.64	\$82.4400	\$0.7500
Crude - Brent		\$85.0800	\$0.7500
Natural Gas		\$5.0880	\$0.0990
Gasoline		\$2.4755	-\$0.0111

API Report for the Week Ending October 15, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.29 million barrels	Up 700,000-1.9 mln barrels
Cushing, OK Crude Stocks	Down 2.5 million barrels	
Gasoline Stocks	Down 3.5 million barrels	Down 1.3 million barrels
Distillate Stocks	Down 3.0 million barrels	Down 800,000 barrels

WTI Forward Curve

8-14 Day Weather Forecast



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