

Market Commentary

All NYMEX | Prior Settlements

Recap: The crude oil market posted an outside trading day on Tuesday as it rallied over Monday's high and below its previous low in a volatile trading session. The market posted a high of \$71.96 in overnight trading on news that a Norwegian tanker in the Red Sea off the coast of Yemen was struck by a missile fired by Houthi rebels on Monday, raising concerns over shipping disruptions in the Middle East. The market later erased its gains and traded back towards Monday's low of \$70.35 ahead of the release of the Consumer Price Index data. The market breached its previous low and extended its losses to over \$3 or 4.3% to a low of 68.22 in afternoon trading as U.S. consumer prices increased in November, offering more evidence that the Federal Reserve was unlikely to cut interest rates early next year. The crude market later retraced some of its sharp losses ahead of the close, with the January WTI contract settling down \$2.71 cents at \$68.61 and the February Brent contract settling down \$2.79 at \$73.24. The product markets ended the session sharply lower, with the heating oil market settling down 10.13 cents at \$2.5074 and the RB market settling down 6.34 cents at \$1.9797.

Technical Analysis: The oil market on Wednesday will likely trend sideways as it retraces some of its sharp losses. The market will look to the weekly petroleum stocks reports for further direction. The inventory data is expected to show draws in crude stocks of over 1.5 million barrels in crude stocks. The market is also awaiting the outcome of Wednesday's Federal Reserve meeting, with the market expecting the central bank to keep interest rates unchanged. The market is seen finding support at its low of \$68.22, \$67.05, \$66.80 and \$66.62. Meanwhile, resistance is seen at \$70.00, its high of \$71.96, \$72.57, \$72.60, \$73.91, \$74.12, \$75.03 and \$75.25.

Fundamental News: A fuel tanker was struck by a missile as it navigated the Red Sea. At least 10 merchant ships have now been attacked or approached around Yemen since Israel's war with Hamas broke out in October. Iran-backed Houthi militants are supporting Hamas in conflict. The 470-foot Strinda was hired by Eni SpA and heading to Italy. The Houthis said they targeted the vessel because it was destined for Israel and port information shows it was due to go there early next year. The Houthis have said they would attack ships that have links to or are sailing toward Israel, describing them as "legitimate targets." Last week, Bloomberg reported that the U.S. has been in talks with its Gulf allies about potential military action against the Yemeni group in response to their increasingly brazen attacks on ships. Deputy U.S. National Security Adviser, Jon Finer, said that the Biden administration has "not ruled out the possibility of taking military action" against Houthis but the focus for now is on assembling a maritime coalition to secure the Red Sea.

In its Short Term Energy Outlook, the EIA cut its 2023 world oil demand growth estimate by 30,000 bpd to 1.85 million bpd and its 2024 world oil demand growth forecast by 60,000 bpd to 1.34 million bpd. The EIA reported that world oil demand is forecast to total 101 million bpd in 2023 and 102.34 million bpd in 2024. Total world oil production in 2023 is forecast to increase by 1.63 million bpd to 101.62 million bpd and increase by 570,000 bpd to 102.19 million bpd in 2024. U.S. crude oil output is forecast to increase by 1.02 million bpd to 12.93 million bpd in 2023 and by 180,000 bpd to 13.11 million bpd in 2024. OPEC oil output is expected to fall by 780,000 bpd to 33.39 million bpd in 2023 and by 280,000 bpd to 33.11 million bpd in 2024. The EIA also estimated that total U.S. oil consumption in 2023 is forecast to increase by 130,000 bpd to 20.14 million bpd in 2023 and by 250,000 bpd to 20.39 million bpd in 2024. In regards to prices, the EIA forecast the Brent crude price will increase from an average of \$78/barrel in December to an average of \$84/barrel in the first half of 2024, partly driven by recently announced OPEC+ production cuts. It expects the Brent spot price will average \$83/barrel next year, down \$10/barrel from its previous forecast of \$93/barrel.

Early Market Call - as of 8:30 AM EDT

WTI - January \$69.14, up 53 cents
 RBOB - January \$1.9929, up 1.32 cents
 HO - January \$2.5376, up 3.02 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-24	2.5074	-0.1013	-0.1337
Feb-24	2.4803	-0.0986	-0.1245
Mar-24	2.4455	-0.0949	-0.1244
Apr-24	2.4080	-0.0898	-0.1217
May-24	2.3837	-0.0848	-0.1169
Jun-24	2.3708	-0.0798	-0.1134
Jul-24	2.3709	-0.0770	-0.1117
Aug-24	2.3730	-0.0746	-0.1091
Sep-24	2.3780	-0.0715	-0.1062
Oct-24	2.3836	-0.0688	-0.1019
Nov-24	2.3846	-0.0665	-0.0979
Dec-24	2.3802	-0.0653	-0.0943
Jan-25	2.3765	-0.0645	-0.0903
Feb-25	2.3713	-0.0633	-0.0850
Mar-25	2.3633	-0.0615	-0.0789
Apr-25	2.3489	-0.0594	-0.0735
May-25	2.3425	-0.0572	-0.0691

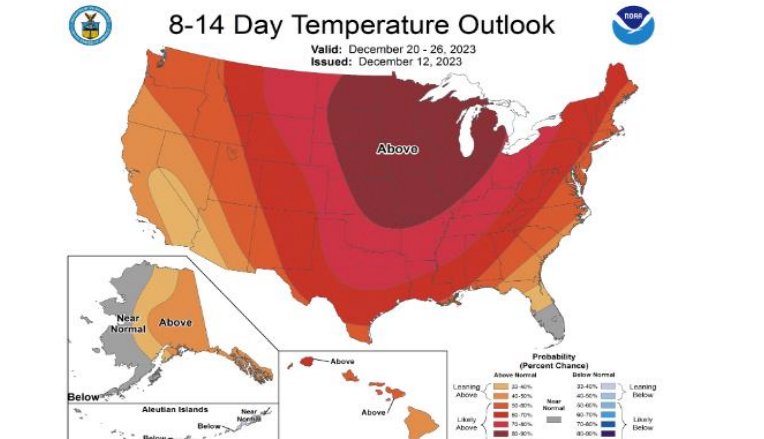
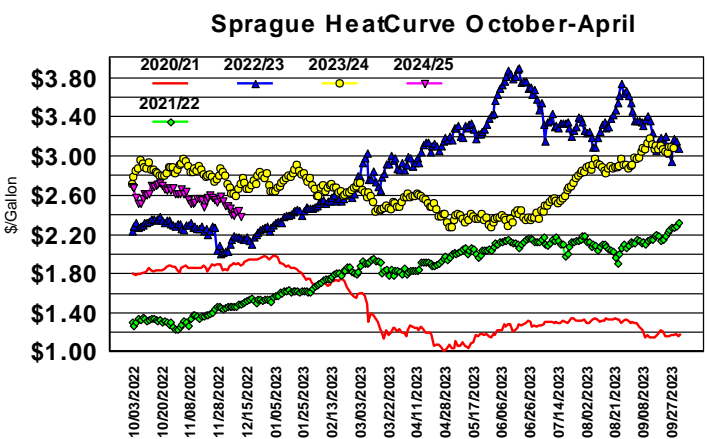
Sprague HeatCurve October 2024-April 2025			\$2.3731
		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$4.39	\$68.8500	-\$2.7100
Crude - Brent		\$73.2400	-\$2.7900
Natural Gas		\$2.3110	-\$0.1200
Gasoline		\$1.9797	-\$0.0634

API Report for the Week Ending December 8, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.3 million barrels	Down 2.7 million barrels
Gasoline Stocks	Up 5.8 million barrels	Up 3.4 million barrels
Distillate Stocks	Up 280,000 barrels	Up 1.6 million barrels
Refinery Runs		Up 0.5%, at 91%

Sprague HeatCurve October-April

8-14 Day Weather Forecast



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