

Market Commentary

Recap: After posting daily declines for most of the week, oil prices spiked on Friday on news that China had eased some of its COVID restrictions. Despite the early session spike, oil futures posted a weekly loss, unable to recover from three consecutive days of declines. Indeed, China has signaled it will loosen some restrictions employed to deal with the flare-ups of infections that keep occurring despite the strict lockdowns and quarantines. Yet this only managed to push prices up temporarily, with fears that the pandemic will not disappear in China anytime soon acting as a strong headwind. Oil posted daily declines for most of the week on these fears, only settling with a gain on Thursday after the U.S. released consumer price index data that wasn't as bad as expected. WTI for December delivery lost \$3.65 per barrel, or 3.94% to \$88.96 this week but gained \$2.49, or 2.88% on the session. Brent Crude for January delivery lost \$2.58 per barrel or 2.62% to \$95.99 this week but tacked on \$2.32 or 2.48% for Friday's session. RBOB Gasoline for December delivery lost 12.52 cents per gallon, or 4.58% to \$2.6096 this week but added 4.33 cents or 1.69% on the session. ULSD for December delivery lost 35.95 cents per gallon, or 9.18% to \$3.5553 but ended the session down 1.41 cents or 0.40%.

Technical Analysis: Showing signs of life, WTI bounced above both the 10 and 50-day moving averages, which are trending real close to one another. Given the bounce we saw on Friday, we expect to see more sideways trading within the \$80 to \$95 range. For now, we would be drawn to in and out trading rather than going in for the long hall. A trade above \$95 will shift the trend of this market to the upside, with breaks below \$80 shifting the market to the downside. Support is seen at \$88.07, \$86.73 and \$84.50. To the upside, resistance is set at \$90, \$91.28 and \$95.

Fundamental News: On Friday, China eased some of its heavy-handed COVID rules, including shortening quarantines by two days for close contacts of infected people and for inbound travelers, and removing a penalty for airlines for bringing in too many cases. The loosening of the rules, a day after President Xi Jinping led his new Politburo Standing Committee in a meeting on COVID, cheered markets even as many experts warned that the measures are incremental and reopening probably remains a long way off. Under the new rules, centralized quarantine times for close contacts and travelers from abroad were shortened from seven to five days. The requirement for three further days in home isolation after centralized quarantine remains. China will also stop trying to identify "secondary" contacts, while still identifying close contacts. Authorities reported 10,535 new domestically transmitted cases for Thursday, the most since April 29, when Shanghai was battling its most serious outbreak under strict lockdown. The city of Guangzhou reported 2,824 new local cases for Thursday, the fourth day in which infections exceeded 2,000.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said OPEC+ will remain cautious on oil production. OPEC+ is set to meet on December 4th to decide whether to cut production again, keep it stable or reverse course and produce more. He said members are looking at the state of the global economy and seeing plenty of "uncertainties".

Several Chinese refiners have asked Saudi Aramco to reduce December-loading crude oil volumes, as fuel demand weakens amid a faltering economy and COVID-19 restrictions. Sources stated that the refiners sought to cut supplies for December by about half of the previous month's level.

IIR Energy reported that U.S. oil refiners are expected to shut in about 563,000 bpd of capacity in the week ending November 11th, increasing available refining capacity by 397,000 bpd. Offline capacity is expected to fall to 392,000 bpd in the week ending November 18th and further to 267,000 bpd in the week ending November 25th.

Early Market Call - as of 8:20 AM EDT

WTI - December \$88.01 Down 0.95

RBOB - December \$2.5975 Down 0.0122

HO - December \$3.6193 Up 0.0638

All NYMEX | Prior Settlements

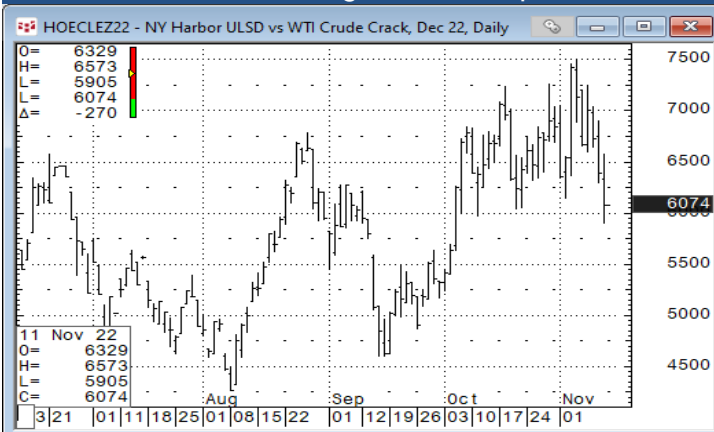
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	3.5553	-0.0141	-0.3595
Jan-23	3.4507	0.018	-0.2464
Feb-23	3.3614	0.0271	-0.211
Mar-23	3.2738	0.034	-0.184
Apr-23	3.1797	0.0382	-0.1626
May-23	3.1075	0.044	-0.1415
Jun-23	3.0512	0.0493	-0.1259
Jul-23	3.0166	0.0514	-0.1175
Aug-23	2.9883	0.0513	-0.1138
Sep-23	2.965	0.0509	-0.1092
Oct-23	2.944	0.0499	-0.1045
Nov-23	2.9234	0.049	-0.0998
Dec-23	2.9025	0.048	-0.0964
Jan-24	2.8801	0.047	-0.0954
Feb-24	2.8587	0.0472	-0.0949
Mar-24	2.8276	0.0477	-0.0946
Apr-24	2.7876	0.0473	-0.0943

Sprague HeatCurve October 2023-April 2024			\$2.8733
		Close	Change
Crude - WTI	Jan Brent-	\$88.1600	\$2.5000
Crude - Brent	WTI Spread	\$95.9900	\$2.3200
Natural Gas	\$7.83	\$5.8790	-\$0.3600
Gasoline		\$2.6096	\$0.0433

WTI Continuation



December Heating Oil Crack Spread



December RBOB Crack Spread

