

## Market Commentary

**Recap:** The oil market rallied higher as traders remained focused on the prospect of increasing supply deficit in the fourth quarter amid the voluntary extension of supply cuts by Saudi Arabia and Russia until the end of the year. Citi became the latest bank to predict Brent prices could exceed \$100/barrel this year, while Chevron's CEO Mike Wirth said he believes oil will cross the \$100/barrel level. The oil market gradually moved higher and rallied to a high of \$92.33 by mid-day. However, the market erased some of its gains and sold off to a low of \$90.75 ahead of the close. The October WTI contract settled up 71 cents at \$91.48. The November Brent contract settled up 50 cents at \$94.43 after it rallied to a high of \$94.95 early in the session. The product markets ended the session in negative territory, with the heating oil market settling down 9.51 cents at \$3.2883 and the RB market settling down 1.02 cents at \$2.6979.

**Technical Analysis:** The oil market is seen remaining range bound as it retraces some more of its move higher and positions itself ahead of the release of the weekly petroleum stocks reports on Tuesday afternoon and Wednesday morning. Its daily stochastics also look ready to cross to the downside. The oil market is seen finding support at its low of \$90.75, \$89.22, \$88.68, \$88.29, \$87.49 and \$87.22. Meanwhile, resistance is seen at its high of \$92.33 and \$93.57.

**Fundamental News:** Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman defended OPEC+ cuts, saying international energy markets need light-handed regulation to limit volatility. He said there was ongoing uncertainty about Chinese demand, European growth and central bank action to fight inflation.

Citi Research said oil prices should fall as a result of an increase in supply from countries other than OPEC+ leaders Saudi Arabia and Russia. Analysts said that while technical traders and geopolitical risks may increase prices over \$100/barrel for a short period, the extra supplies mean that "\$90 prices look unsustainable."

The EIA reported that U.S. total shale regions oil production in October fell by 41,000 bpd to 9.391 million bpd following a decline of 27,000 bpd in September. It estimated that U.S. Bakken oil production for October is seen up 3,300 bpd at 1.227 million bpd following a 4,800 bpd increase in September. U.S. Eagle Ford oil output for October is seen down 17,000 bpd at 1.109 million bpd following a 16,000 bpd decline in September and U.S. Permian Basin oil production for October is seen down 26,000 bpd at 5.773 million bpd following a 17,000 bpd decline in September.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil exports in July fell to their lowest level in more than two years. Saudi Arabia's crude exports fell to 6.01 million bpd in July, down about 11.6% from the previous month's 6.8 million bpd and the lowest since June 2021. Saudi crude output fell to 9.01 million bpd in July, down 943,000 bpd from June, while inventories fell by 2.96 million barrels to 146.73 million.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.4 million bpd of capacity in the week ending September 22<sup>nd</sup>, cutting available refining capacity by 714,000 bpd. Offline capacity is expected to increase to 1.7 million bpd in the week ending September 29<sup>th</sup>.

### Early Market Call - as of 8:15 AM EDT

WTI - October \$92.56, up \$1.08

RBOb - October \$2.7059, up 50 points

HO - October \$3.3389, up 5.06 cents

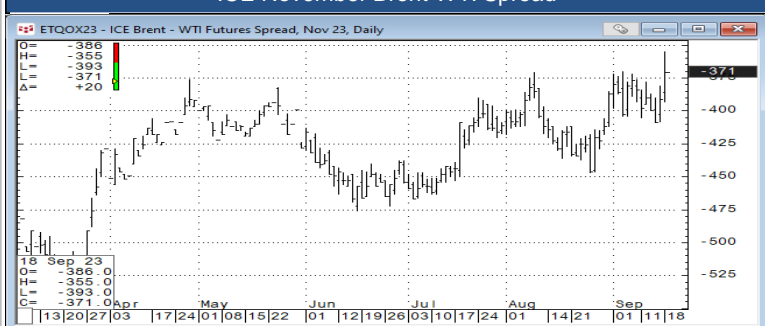
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.2883	-0.0951	-0.0739
Oct-23	3.2247	-0.0836	-0.0516
Nov-23	3.1031	-0.0679	-0.0362
Dec-23	3.0486	-0.0530	-0.0137
Jan-24	3.0079	-0.0448	-0.0002
Feb-24	2.9535	-0.0387	0.0051
Mar-24	2.8877	-0.0319	0.0047
Apr-24	2.8481	-0.0258	0.0069
May-24	2.8207	-0.0198	0.0084
Jun-24	2.8036	-0.0170	0.0069
Jul-24	2.7914	-0.0150	0.0073
Aug-24	2.7838	-0.0141	0.0102
Sep-24	2.7753	-0.0126	0.0131
Oct-24	2.7633	-0.0110	0.0153
Nov-24	2.7473	-0.0098	0.0177
Dec-24	2.7298	-0.0079	0.0201
Jan-25	2.7070	-0.0057	0.0232

### Sprague HeatCurve October 2023-April 2024

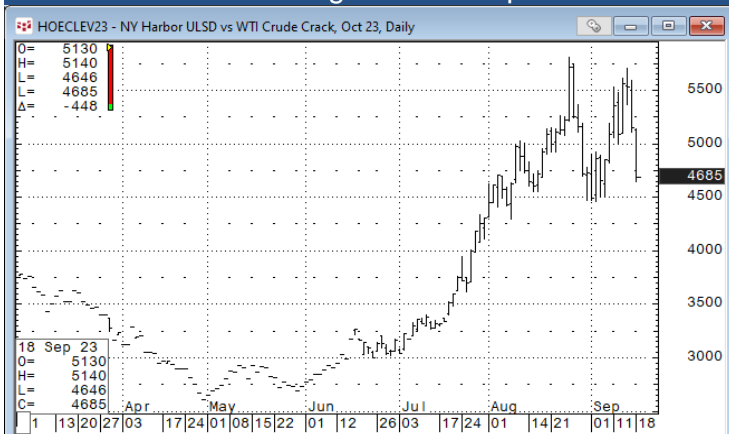
		Close	Change
Crude - WTI	Nov Brent- WTI Spread	\$90.5800	\$0.5600
Crude - Brent		\$94.4300	\$0.5000
Natural Gas	\$3.85	\$2.7280	\$0.0840
Gasoline		\$2.6979	-\$0.0102

### ICE November Brent-WTI Spread

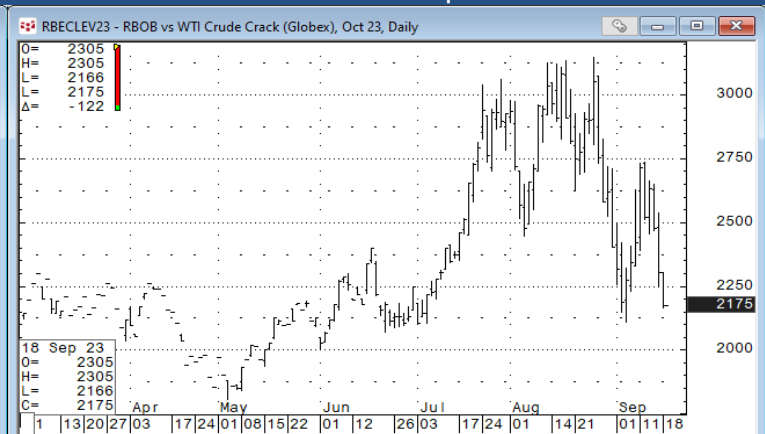


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## October Heating Oil Crack Spread



## October RBOB Crack Spread



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