

Market Commentary

Recap: Oil futures jumped on Wednesday, with WTI topping \$90 a barrel. Prices gained support after the Energy Information Administration reported weekly declines in U.S. crude oil and gasoline inventories, and as recent reports said Iran may be preparing an attack on Saudi Arabia. Interestingly, domestic oil production decreased from 12 million bpd to 11.9 million bpd. The decline in the domestic oil production may serve as a bullish catalyst for oil markets. Oil prices continued higher after the U.S. Federal Reserve approved an increase of 0.75 percentage points in its benchmark interest rate. December WTI tacked on \$1.63, or 1.8%, to settle at \$90 a barrel, the highest settlement for a front month contract. ICE Brent Crude for January delivery gained \$1.51 per barrel, or 1.60% to \$96.16 since October 10. RBOB Gasoline for December delivery gained 10.27 cents per gallon, or 3.96% to \$2.6972, while ULSD for December delivery gained 5.63 cents per gallon, or 1.55% to \$3.6774.

Technical Analysis: WTI settling at \$90 a barrel signals that this market wants to go higher. A weak U.S. dollar and an unconfirmed report that the Chinese government was looking to curb the COVID-19 restrictions starting in March 2023 will lend support to this technically supportive signal, putting \$91.30 as the next upside target, with follow-through moves leading toward \$94.37. Support is seen at \$87.00, \$86.33 and \$85.

Fundamental News: The EIA reported that U.S. East Coast refinery utilization rates increased in the week ending October 28th to 103%, a record high. The EIA also reported that U.S. gasoline stocks fell by 0.6% on the week to 206.6 million barrels, the lowest level since November 2014. U.S. East Coast gasoline stocks fell by 900,000 barrels on the week to 50.2 million barrels, the lowest level since November 2014. Meanwhile, crude oil stocks in the SPR fell by 1.9 million barrels to 399.8 million barrels, the lowest level since May 1984.

IIR Energy reported that U.S. oil refiners are expected to shut in about 625,000 bpd of capacity in the week ending November 4th, increasing available refining capacity by 642,000 bpd.

According to a Reuters survey, OPEC oil output fell in October for the first time since June on lower exports from African members and lower output from some Gulf producers after the wider OPEC+ alliance pledged a small output cut. The survey showed that OPEC produced 29.71 million bpd in October, down 20,000 bpd from September which was the highest output since April 2020. Output from the 10 OPEC members covered by the agreement fell 1.36 million bpd below their October target after a 1.32 million bpd shortfall reported for September.

The Federal Reserve raised interest rates by 75 basis points on Wednesday, but signaled future increases in borrowing costs could be made in smaller steps to account for the "cumulative tightening of monetary policy" it has enacted so far. The policy decision set the target federal funds rate in a range between 3.75% and 4.00%, the highest since early 2008.

Fed Chair, Jerome Powell, said the "ultimate level" of the Federal Reserve's benchmark policy rate is likely higher than previously estimated. He said there is "significant uncertainty" around the level of rates needed to bring down inflation, but "we still have some ways to go." He said the Federal Reserve could cut the size of its rate increase at its year-end policy meeting.

Early Market Call - as of 8:40 AM EDT

WTI - December \$88.77, down \$1.23

RBOB - December \$2.6961, down 11 points

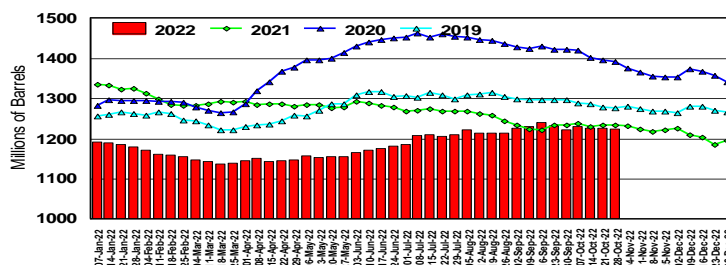
HO - December \$3.6656, down 1.18 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Dec-22	3.6774	0.0563	0.0008
Jan-23	3.5396	0.0705	-0.0039
Feb-23	3.4395	0.071	0.0028
Mar-23	3.3379	0.0685	0.008
Apr-23	3.2336	0.0663	0.014
May-23	3.1513	0.0649	0.0169
Jun-23	3.0891	0.0635	0.0246
Jul-23	3.0533	0.0624	0.0304
Aug-23	3.0256	0.0609	0.0322
Sep-23	3.0016	0.0595	0.0317
Oct-23	2.9796	0.0578	0.031
Nov-23	2.9584	0.0563	0.0305
Dec-23	2.9375	0.0549	0.0285
Jan-24	2.9168	0.0548	0.0289
Feb-24	2.8952	0.0547	0.0278
Mar-24	2.8632	0.0547	0.0253
Apr-24	2.8224	0.0546	0.0218

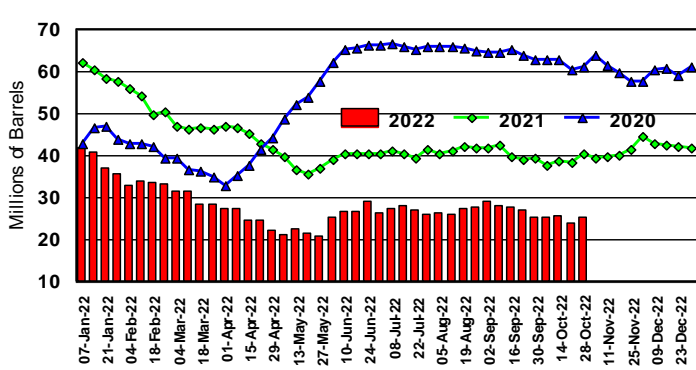
Sprague HeatCurve October 2023-April 2024			\$2.9091
		Close	Change
Crude - WTI	Dec Brent-	\$88.8600	\$1.6700
Crude - Brent	WTI Spread	\$96.1600	\$1.5100
Natural Gas	\$7.30	\$6.2680	\$0.5540
Gasoline		\$2.6972	\$0.1027

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending October 28, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.6 million barrels

Cushing, OK Crude Stocks Up 667,000 barrels

Gasoline Stocks Down 1.5 million barrels

Distillate Stocks Up 170,000 barrels

Refinery % Operated 88.9%, down 0.6%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Oct 28, 2022	Week Ending Oct 21, 2022	Week Ending Oct 29, 2021	New
England	3.6	3.3	7.8	
Central Atlantic	10.8	11.4	19.8	
Total PADD #1	25.4	24.0	40.5	
Distillate Imports (thousands b/d)	106	76	169	