

Market Commentary

Recap: After three straight sessions of losses, oil futures headed higher on Thursday, finding support from the nearly five million-barrel weekly drop in U.S. distillate inventories. Traders also digested the latest stronger than expected U.S. inflation reading, the IEA's warning that OPEC+ supply cuts could tip global economy into recession, and a bigger than expected weekly rise in U.S. crude oil inventories. Crude oil prices reversed early loss, as U.S. government data showed a 4.9 million barrel drop in U.S. distillate stockpiles. Focus has quickly flipped from fears of Federal Reserve interest rate increases and a strong U.S. dollar to dangerously low supplies. Although U.S. crude oil inventories rose by 9.9 million barrels for the week ended October 7, supplies held at the Strategic Petroleum Reserve fell 7.7 million barrels and stockpiles held at Cushing, OK decreased 400,000 barrels, meanwhile U.S. gasoline inventories climbed by 2 million barrels, versus expectations for a decrease of 2.1 million barrels.

Technical Analysis: WTI fought its way back from below unchanged to settle above \$89. Key point of Thursday's session is that the November contract settled above both the 10 and 50-day moving averages, putting into play for a run at the \$90 level. Above \$90, additional resistance is set at \$94.37, \$97.66 and \$98.29. On the downside, support is seen between \$87.60 and \$87.50, the 10 and 50-day moving averages respectively.

Fundamental News: The EIA reported that U.S. exports of petroleum products increased last week to the highest level on record at 7.1 million bpd. It reported that U.S. SPR stocks fell to 408.7 million barrels, the lowest level since June 1984.

Saudi Arabia rejected as "not based on facts" criticism of an OPEC+ decision last week to cut its oil production target despite U.S. objections and said that the U.S.' request to delay the cut by a month would have had negative economic consequences. In response, White House spokesman, John Kirby, said the U.S. presented Saudi Arabia with an analysis showing there was no market basis to lower oil production before the OPEC+ decision to cut output, pushing back against Saudi Arabia's claims the output was "purely economic."

U.S. President Joe Biden said that U.S. gasoline prices remain too high and that he will have more to say about lowering the cost next week.

The International Energy Agency said a decision by the OPEC+ oil producer group last week to rein in output has driven up prices and could push the global economy into recession. It said economic deterioration, higher prices sparked by the OPEC+ supply cuts are slowing world oil demand. The IEA said actual supply losses will likely be around 1 million bpd and not the 2 million barrels announced by the OPEC+ bloc. It said capacity constraints plaguing output in other OPEC members mean Saudi Arabia and the United Arab Emirates will deliver most of the reductions, while new G7 and European Union sanctions on Russia could further tighten global supply. It said the new OPEC+ cuts derailed the growth trajectory of oil supply this year and next year. The IEA cut its oil demand growth outlook for 2022 to 1.9 million bpd, down 60,000 bpd from its previous estimate. World oil demand in the fourth quarter is estimated to fall by 340,000 bpd on the year. It also cut oil demand growth for 2023 to 1.7 million bpd, down by 470,000 bpd from a previous estimate. The IEA said OECD industry stocks were 243 million barrels below the five year average at the end of August at 2.736 billion barrels. In regards to Russia, the IEA said Russian oil exports in September fell by 230,000 bpd to 7.5 million bpd, down 560,000 bpd from pre-war levels.

Early Market Call - as of 8:50 AM EDT

WTI - November \$87.51, down \$1.59

RBOB - November \$2.6469, down 5.65 cents

HO - November \$4.0641 down 3.07 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-22	4.0948	0.162	0.2299
Dec-22	3.7076	0.086	0.0369
Jan-23	3.5792	0.0769	0.0107
Feb-23	3.4844	0.0753	0.0089
Mar-23	3.3851	0.0743	0.0082
Apr-23	3.2777	0.0724	0.0087
May-23	3.1919	0.071	0.0155
Jun-23	3.1223	0.0687	0.0252
Jul-23	3.083	0.0671	0.0349
Aug-23	3.0542	0.0661	0.0413
Sep-23	3.0302	0.0652	0.0457
Oct-23	3.0067	0.064	0.0488
Nov-23	2.9823	0.0631	0.0523
Dec-23	2.957	0.0637	0.0566
Jan-24	2.93	0.0641	0.0599
Feb-24	2.9057	0.0641	0.0554
Mar-24	2.8788	0.0641	0.0517

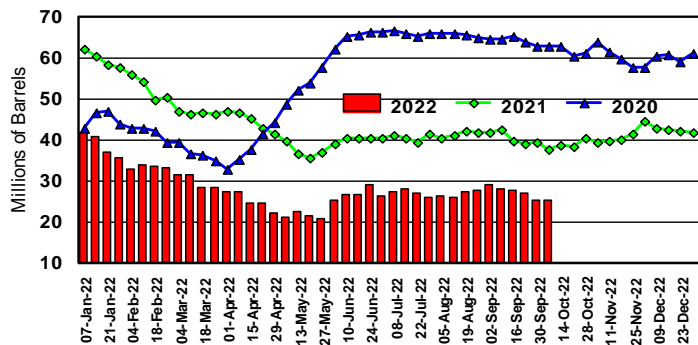
Sprague HeatCurve October 2023-April 2024			\$2.9263
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$6.62	\$87.9500	\$1.8900
Crude - Brent		\$94.5700	\$2.1200
Natural Gas		\$6.7410	\$0.3060
Gasoline		\$2.7034	\$0.0731

EIA Working Gas Storage Report

	07-Oct-22	30-Sep-22	Change	07-Oct-21
East	782	756	26	831
Midwest	952	916	36	993
Mountain	190	184	6	209
Pacific	249	247	2	251
South Central	1058	1003	55	1,075
Salt	253	225	28	268
Nonsalt	804	778	26	808
Total	3231	3106	125	3,357

Weekly EIA Petroleum Status Report for the Week Ending October 7, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 9.9 million barrels
 Cushing, OK Crude Stocks Down 309,000 barrels
Gasoline Stocks Up 2 million barrels
Distillate Stocks Down 4.9 million barrels
Refinery % Operated 89.9%, down 1.4%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Oct 7, 2022	Week Ending Sep 30, 2022	Week Ending Oct 7, 2021
New England	3.4	3.6	6.6
Central Atlantic	11.2	11.1	19.2
Total PADD #1	25.5	25.5	37.9
Distillate Imports			