

Market Commentary

Recap: Oil futures erased early gains on Thursday, moving higher after the U.S. Bureau of Labor Statistics released data for October showing that inflation in the U.S. last month was lower than expected. Over the last 12 months, the CPI increased by 7.7% before seasonal adjustment, which again was lower than the 7.9% expected annual inflation for October. The lower-than-expected inflation data instilled confidence in the markets, including the oil market, that the Fed may have reasons to pivot from the aggressive interest rate hikes in recent months. A potentially slower pace of interest rate increases could reinvigorate economic growth and oil demand growth. Speculation about a Fed pivot on interest rate hikes to tame inflation sent oil prices higher at the end of last week. WTI for December delivery gained 64 cents per barrel, or 0.75% to \$86.47. Brent for January delivery gained \$1.02 per barrel, or 1.10% to \$93.6. RBOB Gasoline for December delivery gained 2.17 cents per gallon, or 0.85% to \$2.5663. ULSD for December delivery lost 8.69 cents per gallon, or 2.38% to \$3.5694.

Technical Analysis: Oil futures initially rallied on Thursday, but failed to recapture the 10 and 50-day moving averages, which appear to be crossing to a bearish move. We should continue to see volatility in this market, mainly due to the fact that we don't know what's going to go on with the global economy. The direction of this market is still up for grabs, as traders grapple with production cuts and supply shortages, while at the same time, demand from bigger economies, such as China, falling. With the market recently turning lower, demand seems to be the bigger issue at the moment. Keep your eye on the 10 and 50-day moving averages, as a cross of the shorter term average below the longer term average, will spark off a bout of selling.

Fundamental News: According to the General Administration of Customs, China's diesel exports increased significantly in September after being severely restricted over the previous 13 months. Exports increased to 1.73 million tons or 430,000 bpd in September, up from an average of 460,000 tons per month or 114,000 bpd between August 2021 and August 2022. Reuters reported that increased exports will provide some relief amid a global diesel shortage, but are unlikely to be enough to stabilize and rebuild global inventories, or offset any future disruption as a result of sanctions on Russia's fuel exports.

Saudi Aramco told at least four refinery customers in North Asia they will receive full contract volumes of crude oil in December. It is maintaining a steady supply to Asia despite the decision by OPEC+ to lower the group's target by 2 million bpd starting this month.

The Benicia Fire Department reported that Valero's 145,000 bpd Benicia, California refinery flared for a short period after experiencing a mechanical issue.

The second largest crude distillation unit, a reformer and a lube oil hydrocracker completed their restart and were operating at Motiva Enterprises' 636,000 bpd Port Arthur, Texas refinery. Motiva's 81,000 bpd fluid catalytic cracking unit was operating normally on Thursday after a malfunction on Wednesday.

U.S. consumer prices increased less than expected in October and underlying inflation appeared to have peaked, which would allow the Federal Reserve to dial back its interest rate hikes. The U.S. Labor Department said the Consumer Price Index increased by 0.4% in October after increasing by the same margin in September. In the 12 months through October, the CPI increased 7.7% after rising 8.2% on the same basis in September. Excluding the food and energy components, the CPI increased 0.3% in October after gaining 0.6% in September. The so-called core CPI is being driven by surging rents as soaring mortgage rates price out prospective buyers. The core CPI increased 6.3% in the 12 months through October. The core CPI increased 6.6% on a year-on-year basis in September.

Early Market Call - as of 8:20 AM EDT

WTI - December \$89.02, up \$2.55

RBOB - December \$2.6212, up 5.49 cents

HO - December \$3.6375, up 6.81 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Dec-22	3.5694	-0.0869	-0.2959
Jan-23	3.4327	-0.0586	-0.2163
Feb-23	3.3343	-0.044	-0.1885
Mar-23	3.2398	-0.0373	-0.1639
Apr-23	3.1415	-0.0313	-0.1422
May-23	3.0635	-0.0235	-0.1236
Jun-23	3.0019	-0.016	-0.1107
Jul-23	2.9652	-0.012	-0.1043
Aug-23	2.937	-0.0096	-0.1021
Sep-23	2.9141	-0.0076	-0.0994
Oct-23	2.8941	-0.006	-0.0956
Nov-23	2.8744	-0.0047	-0.0922
Dec-23	2.8545	-0.0036	-0.0894
Jan-24	2.8331	-0.0032	-0.0895
Feb-24	2.8115	-0.0024	-0.0895
Mar-24	2.7799	-0.0019	-0.0891
Apr-24	2.7403	-0.0008	-0.0879

Sprague HeatCurve October 2023-April 2024

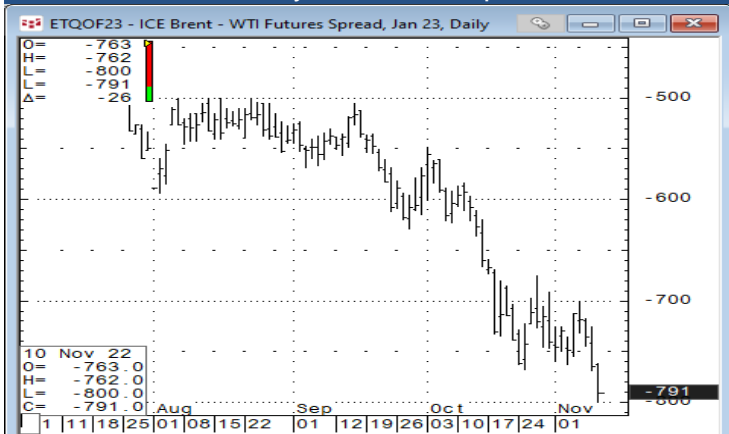
	Close	Change
Crude - WTI	\$85.6600	\$0.6600
Crude - Brent	\$93.6700	\$1.0200
Natural Gas	\$6.2390	\$0.3740
Gasoline	\$2.5663	\$0.0217

EIA Working Gas Storage Report

EIA Weekly Report

	04-Nov-22	28-Oct-22	Change	04-Nov-21
East	865	848	17	897
Midwest	1068	1042	26	1,074
Mountain	208	204	4	213
Pacific	247	247	0	258
South Central	1193	1160	33	1,175
Salt	311	299	12	323
Nonsalt	882	861	21	850
Total	3580	3501	79	3,617

ICE January Brent-WTI Spread



WTI Forward Curve

