

## Market Commentary

**Recap:** Oil futures turned lower on Monday, paring earlier gains after rising to more than a two month high, on mixed signals over strict COVID-19 restrictions in China, the world's largest importer of crude oil. There have been mixed signals about China's reopening. Both WTI and Brent crude contracts dropped by more than \$1 a barrel earlier in the session after Chinese health officials at the weekend reiterated their commitment to strict COVID containment measures. Meanwhile, China's imports and exports contracted unexpectedly in October; its crude oil imports rebounded to the highest level since May. Adding price support, the U.S. dollar sank against the euro on Monday and sterling was supported by risk-on sentiment and a rally in European stock markets. A weakening dollar makes greenback-denominated oil less expensive for other currency holders, helping push prices higher. WTI for December delivery lost 82 cents per barrel, or 0.89% to \$91.79 while Brent for January delivery lost 65 cents per barrel, or 0.66% to \$97.92. ULSD for December delivery lost 13.37 cents per gallon, or 3.42% to \$3.7811 and RBOB Gasoline for December delivery lost 8.17 cents per gallon, or 2.99% to \$2.6531.

**Technical Analysis:** Oil traders remain focused on the December 5 G7 meeting, where it is expected that member countries will impose a price cap on Russian oil. The price cap remains unknown, but recent reports indicate that it may be somewhere in the \$60 - \$65 range. Russia has previously stated that it would not supply oil to countries that impose a price cap. As the price cap mechanism cuts Russia from West-controlled ships and insurance, Russia will have to rely on its own fleet to transport its oil. This will leave Russia with the potential of being short as many as 110 vessels, assuming that Russia completely loses the access to the services of Western shipping companies. This would in-turn give a boost to crude oil prices but it remains to be seen how much traders have already factored this into the price of crude oil. That being said, the U.S. dollar has re-emerged as one to the biggest influences on crude oil prices after the greenback fell sharply in reaction to speculation the Federal Reserve could slow down the pace of future interest rate hikes. All eyes and ears will be on Thursday's U.S. consumer inflation report, as it could be a long-way of determining whether the Fed pulls back or maintains its super-sized rate hikes in December. Resistance is set at \$94.37, \$98.52 and \$99.97. To the downside, support is set at \$87.98, \$86.23 and \$85.

**Fundamental News:** The U.S. Climate Prediction Center reported Monday morning that it estimated the U.S. recorded just 73 Heating Degree Days (HDDs) for the week ending November 5th, this was some 43% less than normal and 44% warmer than the same week a year ago on an oil home heating population weighted basis. For the current week ending November 12th, forecasters are estimating 83 HDDs, some 30% less than normal and 10% less than the same week a year ago. Year to date heating demand for oil has been running 20% less than normal.

Valero's 145,000 bpd Benicia, California refinery released sulfur dioxide due to a power outage issue.

Marathon Petroleum Corp reported emissions from a sulfur recovery unit C/D incinerator 384 at its 593,000 bpd Galveston Bay, Texas refinery. It reported the unit lost an air blower to sulfur trains that caused the unit upset. It said the unit resolved the issue and returned to normal operations.

Exxon Mobil Corp reported that its PSB-194 seal pot experienced a leak resulting in emissions at its Baytown, Texas refinery.

HF Sinclair plans to run its refineries between 620,000-650,000 bpd of their combined throughput capacity in the fourth quarter of 2022. It would be equal to 96% of the refineries' total capacity of 678,000 bpd.

Colonial Pipeline Co is allocating space for Cycle 64 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

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

WTI - December \$91.39, down 39 cents

RBOB - December \$2.6524, down 7 points

HO - December \$3.8168, up 3.57 points

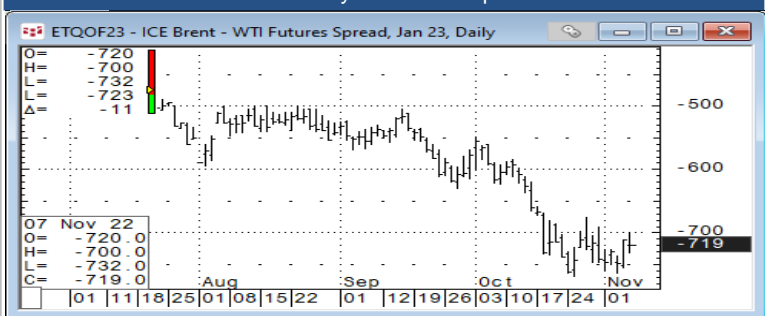
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	3.7811	-0.1337	0.107
Jan-23	3.6145	-0.0826	0.114
Feb-23	3.5062	-0.0662	0.1265
Mar-23	3.4047	-0.0531	0.141
Apr-23	3.3006	-0.0417	0.1549
May-23	3.214	-0.035	0.1574
Jun-23	3.1431	-0.034	0.151
Jul-23	3.0991	-0.035	0.143
Aug-23	3.0654	-0.0367	0.1357
Sep-23	3.0371	-0.0371	0.1295
Oct-23	3.0125	-0.036	0.1243
Nov-23	2.9893	-0.0339	0.1194
Dec-23	2.9668	-0.0321	0.1157
Jan-24	2.9442	-0.0313	0.1129
Feb-24	2.9217	-0.0319	0.1116
Mar-24	2.8897	-0.0325	0.1116
Apr-24	2.8489	-0.033	0.1109

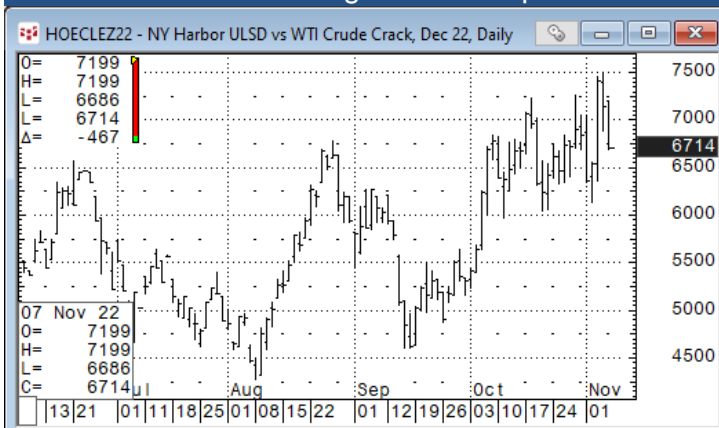
## Sprague HeatCurve October 2023-April 2024

		Close	Change
Crude - WTI	<b>Jan Brent- WTI Spread</b> \$7.19	\$90.7300	-\$0.7200
Crude - Brent		\$97.9200	-\$0.6500
Natural Gas		\$6.9440	\$0.5440
Gasoline		\$2.6531	-\$0.0817

## ICE January Brent-WTI Spread



## December Heating Oil Crack Spread



## December RBOB Crack Spread

