

## Market Commentary

**Recap:** Oil prices fell as much as 4% on Wednesday as the Group of Seven (G7) nations looked at a price cap on Russian oil above where it is currently trading and as U.S. gasoline stocks rose by 3.1 million barrels, according to the Energy Information Administration. Analysts had estimated a build of 383,000 barrels. The increase in gasoline supplies suggests that maybe we're seeing demand weakening or that gasoline is going on the rack ahead of the holidays. Prices were also hit by reports that the G7 price cap on Russian oil could be above the level it is trading. Crude oil prices fell today, even after the U.S. Energy Information Administration reported inventories of oil had shed 3.7 million barrels over the week to November 18. Fears about Chinese demand ignited another decline in prices. WTI for January delivery lost \$3.01 per barrel, or 3.72% to \$77.94, this settlement value is the fifth lowest this year. Brent Crude for January delivery lost \$2.95 per barrel, or 3.34% to \$85.41 the lowest settlement value since Monday, Sept. 26, 2022. RBOB Gasoline for December delivery lost 6.61 cents per gallon, or 2.60% to \$2.4744, while ULSD for December delivery lost 11.20 cents per gallon, or 3.23% to \$3.3593.

**Technical Analysis:** January WTI came within striking distance of the 10-day moving average but could not muster enough strength to recapture it and as a result, technical traders unloaded some positions. Surprisingly, and due to the Thanksgiving U.S. holiday, volume was typical for a day's worth of trading. Our view remains the same and that is for this market to trade within the \$75 to \$90 range.

**Fundamental News:** The White House is considering a plan to increase inventories in the Northeast Home Heating Oil Reserve amid concerns of a supply crunch. The plan could involve directing revenue from future crude sales of the SPR to purchase heating oil for the reserve. The administration is also considering whether to purchase diesel supplies and make them available to companies, a move that would keep supplies in the U.S. and out of the export market.

Bloomberg reported that the European Union is discussing capping the price of Russian crude oil at between \$65 and \$70/barrel. It stated that the range is well above Russia's cost of production and higher than some countries had been pushing for. As Russia is already selling its crude at discounts, a high cap may have minimal impact on trading. Support is set at \$75.86, \$73.79, with resistance set at \$80.98 and \$84.03.

Baker Hughes reported that U.S. drilled added oil and natural gas rigs for the fourth consecutive week. It reported that the number of oil drilling rigs increased by 4 to 627 in the week ending November 23<sup>rd</sup>.

IIR Energy said U.S. oil refiners are expected to shut in about 305,000 bpd of capacity in the week ending November 25<sup>th</sup>, increasing available refining capacity by 219,000 bpd. Offline capacity is expected to fall to 275,000 bpd in the week ending December 2<sup>nd</sup>.

Goldman Sachs research said it remains constructive on oil prices for the near term given the potential for improving oil demand coming from China coupled with lower supply growth coming from U.S. shale regions and OPEC+ quota reductions. Longer term they believe under investment will drive lower supply growth and keep oil prices elevated.

Chevron Corp could win U.S. approval to expand operations in Venezuela as soon as Saturday once the Venezuelan government and its opposition resume political talks. Officials from President Nicolas Maduro's administration and the country's opposition and U.S. officials are pushing to hold talks in Mexico City this weekend, the first since October 2021. Biden's administration has signaled that any easing of Venezuela sanctions, including granting Chevron a broad license to revive oil output and regain trading privileges in Venezuela could come only if the two sides had progressed in political talks.

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

WTI - December \$74.00, down \$2.30

RBOB - December \$2.3075, down 2.07 cents

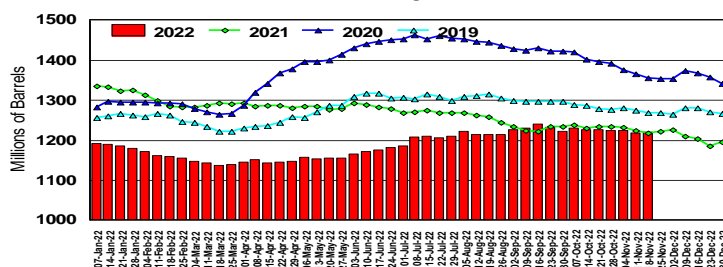
HO - December \$3.1994, down 3.97 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	3.3593	-0.112	-0.2543
Jan-23	3.2768	-0.0896	-0.2071
Feb-23	3.2014	-0.078	-0.1798
Mar-23	3.1196	-0.0705	-0.1591
Apr-23	3.0303	-0.0649	-0.1424
May-23	2.9614	-0.0588	-0.1287
Jun-23	2.9095	-0.0541	-0.1186
Jul-23	2.8814	-0.0498	-0.1108
Aug-23	2.8616	-0.046	-0.1044
Sep-23	2.847	-0.0429	-0.0988
Oct-23	2.8329	-0.0399	-0.0942
Nov-23	2.8174	-0.0374	-0.0906
Dec-23	2.8021	-0.0343	-0.0851
Jan-24	2.7844	-0.0321	-0.0806
Feb-24	2.7652	-0.0315	-0.0783
Mar-24	2.7356	-0.0309	-0.0768
Apr-24	2.6997	-0.0302	-0.0726

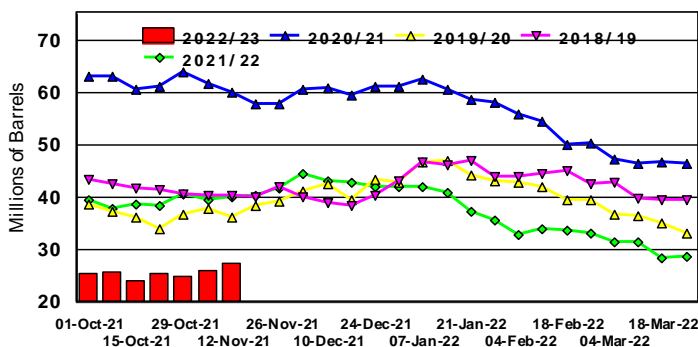
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$7.47	\$77.9400	-\$3.0100
Crude - Brent		\$85.4100	-\$2.9500
Natural Gas		\$7.3080	\$0.5290
Gasoline		\$2.4744	-\$0.0661

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending November 18, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 3.69 million barrels  
 Cushing, OK Crude Stocks Down 887,000 barrels  
**Gasoline Stocks** Up 3.058 million barrels  
**Distillate Stocks** Up 1.718 million barrels  
**Refinery % Operated** 93.9%, up 1%

#### PADD #1

Distillate Stocks (in million bbl)	Week Ending Nov 18, 2022	Week Ending Nov 11, 2022	Week Ending Nov 19, 2021
New England	3.8	3.7	7.6
Central Atlantic	11.9	11.6	19.8
Total PADD #1	27.2	25.9	40.2
Distillate Imports (thousands b/d)	104	89	295