

## Market Commentary

**Recap:** Oil futures exploded on Wednesday, adding to early gains after the release of the EIA report which showed U.S. fuel inventories remain well below normal as domestic demand picks up and refinery activity unexpectedly slows down. US exports of crude-oil and refined fuels leaped to 11.4M barrels a day last week, breaking a record-high of 11.1M bpd set back in August, the EIA says in its weekly report. Crude-oil led the export boom, with shipments totaling 5.1M bpd last week, nearly 1M more than the previous week and nearly double what the US exported the same week a year ago. But refined fuel exports surged also, with US gasoline exports totaling 876,000 bpd and distillates shipments of 1.2M bpd. The surge in exports, along with an unexpected decline in US refinery activity last week and an increase in domestic gasoline demand. WTI for December delivery gained \$2.59 per barrel, or 3.04% to \$87.91. Brent Crude for December delivery gained \$2.17 per barrel, or 2.32% to \$95.69. RBOB for November delivery lost 1.66 cents per gallon, or 0.57% to \$2.8994, while ULSD for November delivery gained 15.29 cents per gallon, or 3.85% to \$4.1201.

**Technical Analysis:** December WTI broke above several technical barriers on the upside and is now poised to test the \$90 level. This market should continue higher but is likely to run into headwind. Resistance is seen at \$88.50 - \$90. Based on Wednesday's point of breakout of the symmetrical triangle, the projected upside target would \$91.31. Support is seen at \$86.72 and \$85.80.

**Fundamental News:** The EIA reported that U.S. crude oil stocks increased to 439.9 million barrels in the week ending October 21<sup>st</sup>, the highest level since July 2021. U.S. weekly net crude imports fell by 719,000 bpd to 1.1 million bpd, the lowest level on record while U.S. crude exports increased to 5.1 million bpd, a record high.

Saudi Aramco CEO, Amin Nasser, said planned European embargoes on Russian crude and products were adding to uncertainty in the global oil market. He also said that market realignments were taking place with discounts being offered by Russia. He added that that crude from other producers in the meantime was being redirected, noting crude destined for Asia was being sent to Europe, North America and elsewhere. Addressing the Future Investment Initiative forum in Riyadh after announcing a \$1.5 billion sustainability fund to support a stable and inclusive energy transition, he said the current global plan to switch from transitional fossil fuels to new forms of energy was flawed. The Aramco sustainability fund would target investments globally, with initial focus on areas including carbon capture and storage, greenhouse gas emissions, as well as hydrogen, ammonia and synthetic fuels. Meanwhile, Saudi Arabia's Finance Minister, Mohammed al-Jadaan, said the energy transition away from fossil fuels would take years, possibly 30 years.

U.S. Secretary of State, Antony Blinken, said the U.S. has noted Saudi Arabia's aid to Ukraine and its vote against Russian annexation at the U.N. but those moves do not compensate for Saudi Arabia's support of an OPEC+ decision to cut oil production.

IIR Energy reported that U.S. oil refiners are expected to shut in 1.2 million bpd of capacity in the week ending October 28<sup>th</sup>, increasing available refining capacity by 378,000 bpd. Offline capacity is expected to fall to about 587,000 bpd in the week ending November 4<sup>th</sup>.

PBF Energy reported unplanned flaring at its 160,000 bpd Torrance, California refinery.

Colonial Pipeline Co is allocating space for Cycle 62 shipments on its main gasoline and distillate pipelines, Line 1 and Line 2 from Houston, Texas to Greensboro, North Carolina.

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

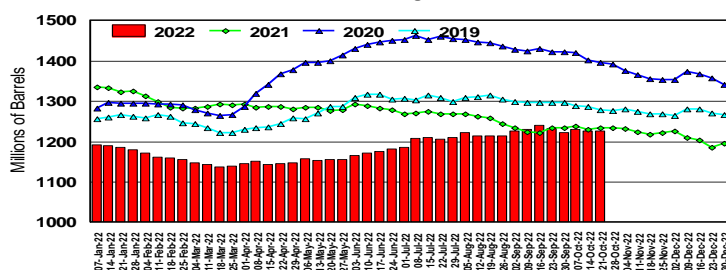
WTI - November \$88.49, up 58 cents  
 RBOB - November \$2.9292, up 2.98 cents  
 HO - November \$4.1175, down 26 points

## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Nov-22 | 4.1201    | 0.1529       | 0.2158    |
| Dec-22 | 3.6766    | 0.0943       | 0.116     |
| Jan-23 | 3.5435    | 0.0849       | 0.111     |
| Feb-23 | 3.4367    | 0.0768       | 0.0935    |
| Mar-23 | 3.3299    | 0.0678       | 0.0792    |
| Apr-23 | 3.2196    | 0.0607       | 0.0692    |
| May-23 | 3.1344    | 0.0574       | 0.0639    |
| Jun-23 | 3.0645    | 0.0549       | 0.0609    |
| Jul-23 | 3.0229    | 0.0535       | 0.0584    |
| Aug-23 | 2.9934    | 0.0529       | 0.0558    |
| Sep-23 | 2.9699    | 0.0534       | 0.0546    |
| Oct-23 | 2.9486    | 0.0539       | 0.0543    |
| Nov-23 | 2.9279    | 0.0545       | 0.056     |
| Dec-23 | 2.909     | 0.0567       | 0.0605    |
| Jan-24 | 2.8879    | 0.0581       | 0.0639    |
| Feb-24 | 2.8674    | 0.0588       | 0.0646    |
| Mar-24 | 2.8379    | 0.0585       | 0.0629    |

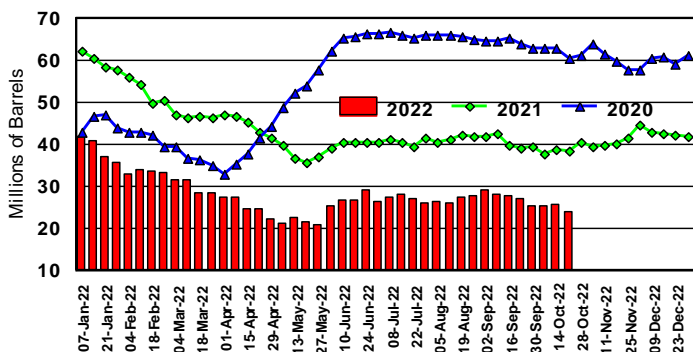
| Sprague HeatCurve October 2023-April 2024 |                                    | Close     | Change    |
|---|------------------------------------|-----------|-----------|
| Crude - WTI                               | Dec Brent-<br>WTI Spread<br>\$7.78 | \$87.9100 | \$2.5900  |
| Crude - Brent                             |                                    | \$95.6900 | \$2.1700  |
| Natural Gas                               |                                    | \$5.6060  | -\$0.0070 |
| Gasoline                                  |                                    | \$2.8994  | -\$0.0166 |

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



## Weekly EIA Petroleum Status Report for the Week Ending October 21, 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

|                                       | Week Ending<br>Oct 21, 2022 | Week Ending<br>Oct 14, 2022 | Week Ending<br>Oct 22, 2021 |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Distillate Stocks<br>(in million bbl) | 3.3                         | 3.5                         | 7.1                         |
| Central Atlantic                      | 11.4                        | 11.6                        | 19.6                        |
| Total PADD #1                         | 24.0                        | 25.6                        | 38.5                        |
| Distillate Imports<br>(thousands b/d) | 76                          | 71                          | 298                         |

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