

Market Commentary

Recap: The oil market on Monday sold off after a monthly ISM report showed that the U.S. manufacturing sector fell for the 11th consecutive month in September. The market, which sold off on Friday on some profit taking, traded sideways in overnight trading and posted a high of \$91.88 early in the morning. However, the market erased any of its gains and continued to sell off on the bearish economic report. The market was also pressured amid the strength in the dollar, which rose to a 10-month high. The crude market breached the lower boundary of its upward trend channel at \$90.82 and sold off more than \$2.00 as it traded to \$88.76, where it held some support. The market later breached that level as it sold off to a low of \$88.72 on the close. The November WTI contract settled down \$1.97 at \$88.82 and the December Brent contract settled down \$1.49 at \$90.71. Meanwhile, the product markets ended in mixed territory, with the heating oil market settling down 7.81 cents at \$3.2225 and the RB market settling up 1.27 cents at \$2.4122.

Technical Analysis: The oil market is seen retracing some of its sharp losses on Tuesday as traders position themselves ahead of the weekly petroleum stocks reports and the OPEC+ meeting scheduled for Wednesday. Technically, the market is seen trending lower after it breached a support line and its stochastics are pointing lower. The market is seen finding support at its low of \$88.46, \$88.26, its 38% retracement level off a low of \$77.32 to a high of \$95.03, followed by \$88.19, \$88.04, \$87.66 and \$86.58. Meanwhile, resistance is seen at \$89.77, \$90.55, \$91.32 and \$91.88.

Fundamental News: OPEC's Secretary General, Haitham Al Ghais, said OPEC is optimistic on demand and sees under-investment as a risk to energy security. He stressed the importance of continued investment in the oil and gas industry and said he sees calls to stop investing in oil as counterproductive. He said "We still see oil demand as quite resilient this year, as it was last year," noting the group's forecast was for year-on-year demand growth of more than 2.3 million bpd.

According to a Reuters survey, OPEC oil output increased for a second consecutive month in September, led by increases in Nigeria and Iran despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market. OPEC produced 27.73 million bpd, up 120,000 bpd from August. Production in August had risen for the first time since February. The increase in September was led by Nigeria, which has been battling with crude theft and insecurity in its oil-producing region. Iran, which has been increasing supply despite U.S. sanctions, also produced more, with output reaching the highest level since 2018. Nigeria managed a sizeable boost in exports in September without any major disruption to shipments, increasing output by 110,000 bpd. Output from the 10 OPEC members that are subject to OPEC+ supply cut agreements increased by 80,000 bpd to 22.68 million bpd. Saudi Arabia and other Gulf members maintained strong compliance with agreed cutbacks and extra voluntary reductions. Saudi Arabia kept its August and September output close to 9 million bpd, as the country extended a voluntary 1 million bpd output cut to provide extra support for the market. Iraq and the United Arab Emirates increased output slightly, while Angolan supply showed the largest decline in the group of 50,000 bpd due to a decline in exports.

IIR Energy reported that U.S. oil refiners are expected to shut in almost 2 million bpd of capacity in the week ending October 6th, cutting available refining capacity by 236,000 bpd. Offline capacity is expected to fall to 1.8 million bpd in the week ending October 13th.

Early Market Call - as of 8:40 AM EDT

WTI - November \$88.83, up 1 cent
RBOB - November \$2.3931, down 1.91 cents
HO - November \$3.1635, down 5.9 cents

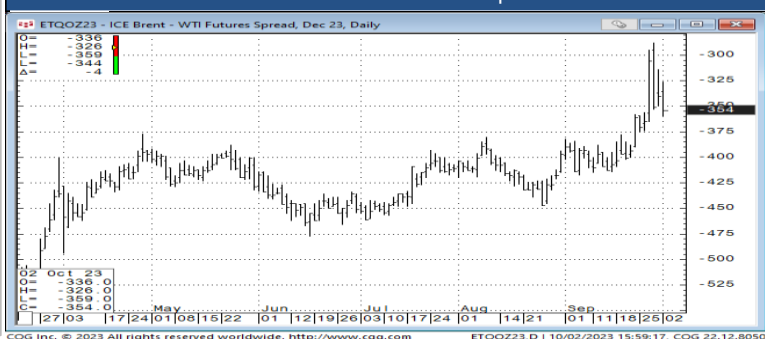
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.2225	-0.0781	0.0224
Dec-23	3.1037	-0.0541	0.0129
Jan-24	3.0263	-0.0393	-0.0105
Feb-24	2.9717	-0.0322	-0.0224
Mar-24	2.9092	-0.0260	-0.0280
Apr-24	2.8351	-0.0207	-0.0312
May-24	2.7851	-0.0163	-0.0366
Jun-24	2.7521	-0.0121	-0.0370
Jul-24	2.7383	-0.0074	-0.0328
Aug-24	2.7324	-0.0036	-0.0275
Sep-24	2.7320	-0.0017	-0.0233
Oct-24	2.7295	-0.0003	-0.0197
Nov-24	2.7211	0.0006	-0.0174
Dec-24	2.7077	0.0016	-0.0159
Jan-25	2.6923	0.0028	-0.0145
Feb-25	2.6728	0.0036	-0.0121
Mar-25	2.6487	0.0045	-0.0086

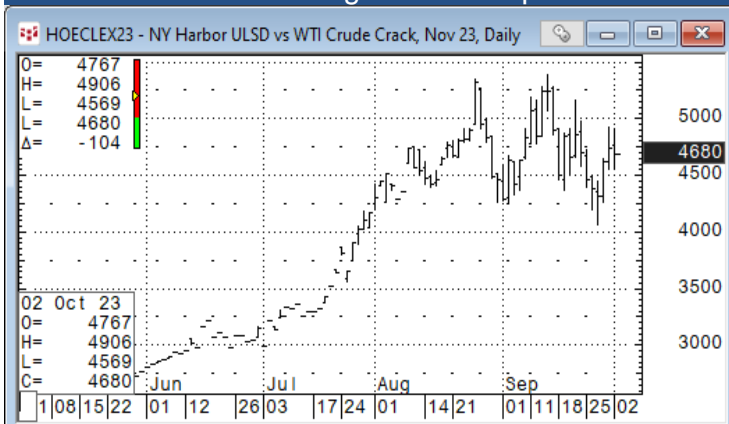
Sprague HeatCurve October 2024-April 2025

	Close	Change
Crude - WTI	\$87.1700	-\$1.6300
Crude - Brent	\$90.7100	-\$1.4900
Natural Gas	\$2.8400	-\$0.0890
Gasoline	\$2.4122	\$0.0127

ICE December Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

