

## Market Commentary

**Recap:** Oil futures fell on Monday on expectations that U.S. production could rise even as weaker economic data out of China and the country's widening COVID-19 curbs weighed on demand. Oil output in the United States climbed to nearly 12 million barrels per day in August, the highest since the onset of the COVID-19 pandemic, monthly government data showed. U.S. President Joe Biden is also set to speak later in the day and call on oil and gas companies to invest some of their record profits in lowering costs for American families, a White House official said. Meanwhile, factory activity in China, the world's largest crude importer, fell unexpectedly in October, an official survey showed on Monday, weighed down by softening global demand and strict COVID-19 restrictions that hit production. December WTI settled down \$1.37 or 1.56% at \$86.53 a barrel however, this front month contract gained \$7.04, or 8.86% on the month. Brent Crude for December delivery ended Monday's session down 94.00 cents or 0.98% but gained \$6.87 per barrel, or 7.81% to \$94.83 this month. RBOB Gasoline for November delivery ended the session down 9.59 cents or 3.30% but gained 33.81 cents per gallon, or 13.67% to \$2.8107 this month. ULSD for November delivery settled down 35.89 cents or 7.89% but gained 82.19 cents per gallon, or 24.40% to \$4.1909 this month.

**Technical Analysis:** WTI remains within the confines of the sideways pattern that began back in late July however; crude oil prices may find some support. Prices could be underpinned by optimism over record U.S. crude exports as well as speculation that central banks could be nearing the end of rate-hiking cycles. The best support could be provided by the OPEC+ output cuts that are expected to kick in on November 1. This could lead to a loss of production of 1 to 2 million barrels per day. Furthermore, the European Union is preparing to implement an embargo on Russian oil. This could further tighten supply. Support is seen at \$85, \$83.30 and \$80. Resistance is set at \$90 and \$9130.

**Fundamental News:** OPEC raised its forecasts for world oil demand in the medium- and longer-term in its annual outlook and said \$12.1 trillion of investment is needed to meet this demand despite the energy transition. OPEC said world oil demand will reach 103 million bpd in 2023, up 2.7 million bpd from 2022. The 2023 total demand is up 1.4 million bpd from last year's prediction. OPEC also raised its demand forecasts for the medium term to 2027, saying the figure is up by almost 2 million bpd by the end of the period from last year. It said the upward revision reflects a more robust recovery now seen in 2022 and 2023 and a "strong focus on energy security issues" leading to a slower substitution of oil by other fuels such as natural gas, whose price has increased due to Russia's invasion of Ukraine. By 2030, OPEC sees world demand averaging 108.3 million bpd, up from 2021, and lifted its 2045 figure to 109.8 million bpd from 108.2 million bpd in 2021.

The United Arab Emirates' Energy Minister, Suhail al-Mazrouei, said that OPEC+ is keen on providing the world with the oil supply it needs, driving home the message that the alliance of top producers will always be in a position to balance markets. He said OPEC+ will always remain a trusted technical organization to balance oil supply and demand.

A Reuters survey showed that oil prices will find support from OPEC+ output cuts and sanctions on Russia for the rest of the year and into the early part of 2023, however a recession could limit further gains. A survey of 42 economists and analysts forecast benchmark Brent crude would average \$101.10/barrel this year, and \$95.74/barrel in 2023, up from estimates of \$100.45/barrel and \$93.70/barrel, respectively in September. U.S. crude forecasts were raised slightly to \$96.23/barrel in 2022 and \$90.39/barrel next year, from a previous forecast of \$95.73/barrel and \$88.70/barrel, respectively.

U.S. President, Joe Biden, will raise the possibility of imposing a "windfall tax" on energy companies. The White House said President Biden will deliver remarks to respond "to reports over recent days of major oil companies making record-setting profits even as they refuse to help lower prices at the pump for the American people."

### Early Market Call - as of 8:25 AM EDT

WTI - December \$88.39, up \$1.86

RBOB - November \$2.5748, up 4.91 cents

HO - November \$3.6867, up 1.31 cents

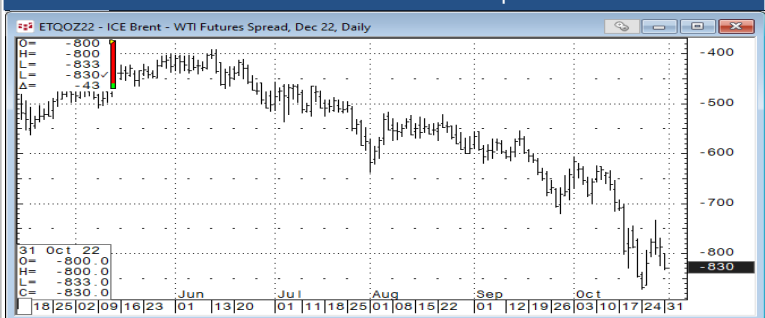
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-22	4.1909	-0.3589	0.2708
Dec-22	3.6741	-0.0714	0.1069
Jan-23	3.5005	-0.0891	0.0545
Feb-23	3.3797	-0.0881	0.0309
Mar-23	3.2637	-0.083	0.0122
Apr-23	3.1457	-0.0775	-0.0018
May-23	3.0566	-0.0728	-0.0058
Jun-23	2.9921	-0.0657	0.0008
Jul-23	2.9561	-0.0597	0.0074
Aug-23	2.9297	-0.0561	0.0115
Sep-23	2.9076	-0.0541	0.0152
Oct-23	2.8882	-0.0528	0.0198
Nov-23	2.8699	-0.0521	0.0249
Dec-23	2.8511	-0.0535	0.0286
Jan-24	2.8313	-0.0527	0.0328
Feb-24	2.8101	-0.0525	0.0344
Mar-24	2.7781	-0.0519	0.0316

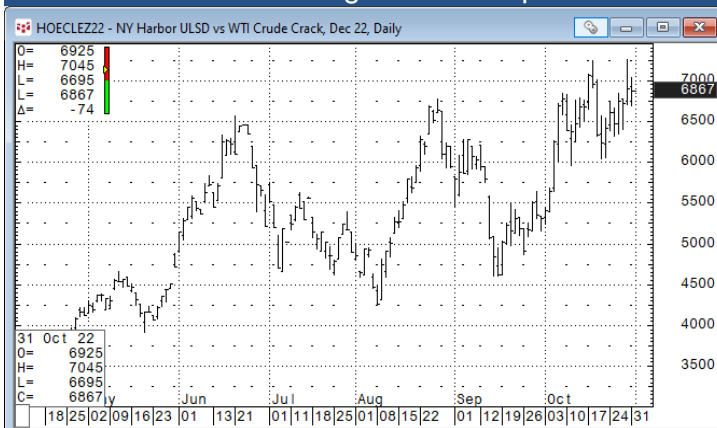
## Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$86.5300	-\$1.3700
Crude - Brent	\$94.8300	-\$0.9400
Natural Gas	\$6.3550	\$0.6710
Gasoline	\$2.8107	-\$0.0959

## ICE December Brent-WTI Spread



## December Heating Oil Crack Spread



## December RBOB Crack Spread

