

Market Commentary

Recap: The oil market on Friday sold off on some further profit taking following Thursday's rally that pushed the market over the \$95 level before it retraced some of its gains. The market traded sideways in overnight trading and posted a high of \$93.10 amid a weaker dollar. However, the market erased its gains as traders took profits ahead of the weekend and pushed the market lower. It retraced more than 62% of its move from a low of \$88.19 to a high of \$95.03 as it traded to a low of \$90.35 and attempted to test the lower boundary of its upward trend channel. The November WTI contract traded in a sideways trading range and settled down 92 cents or 1% at \$90.79. However, WTI ended 0.8% higher on the week, 8.6% on the month and up 28.5% for the quarter. Meanwhile, the November Brent contract settled down 7 cents at \$95.31. The product market ended in mixed territory, with the heating oil market settling up 4.42 cents at \$3.3622 and the RB market settling down 6.54 cents at \$2.4399.

Technical Analysis: The oil market on Monday is seen testing the lower boundary of its channel as stochastics are pointing lower. Next week, the market will be focused on the OPEC+ meeting scheduled for October 4th even though the ministers are not expected to make any changes to their output policy. The oil market is seen finding support at \$90.82, its low of \$90.35 followed by \$88.19 and \$88.04. Meanwhile, resistance is seen at its high of \$93.10, \$93.25, \$93.90 followed by \$95.03 and \$96.75.

Fundamental News: Four OPEC+ sources stated that OPEC+ is unlikely to change its current oil output policy when a panel meets next Wednesday, as tighter supplies and rising demand drive an oil price rally. Ministers from OPEC and allies led by Russia, known as OPEC+ are scheduled to meet on October 4th.

U.S. energy firms this week cut the number of oil and natural gas rigs operating for a second consecutive week. Baker Hughes reported that the oil and gas rig count fell by seven to 623 in the week ending September 29th, the lowest level since February 2022. U.S. oil rigs fell by five to 502 this week, the lowest level since February 2022, while gas rigs fell by two to 116.

The White House said the U.S. believes an oil price cap on Russian exports remains an important tool.

According to a Reuters poll, Saudi and Russian supply cuts are expected to keep feeding into stronger oil prices, but any runs towards the \$100/barrel level are likely to be short-lived as economic risks linger. A survey of 42 economists and analysts forecast Brent crude would average \$84.09/barrel in 2023, up from August's forecast of \$82.45/barrel. Brent, which has averaged around \$81.94 so far this year, is projected to average \$86.45 in 2024. WTI crude is seen averaging \$79.64/barrel this year, up from last month's forecast of \$77.83/barrel. WTI crude is forecast to average \$82.99/barrel in 2024.

Russia's Deputy Prime Minister, Alexander Novak, said the country may introduce quotas on overseas fuel exports if a complete export ban imposed last week does not succeed in bringing down persistently high gasoline and diesel prices.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.7 million bpd of capacity in the week ending September 29th, cutting available refining capacity by 309,000 bpd. Offline capacity is expected to increase to 1.9 million bpd in the week ending October 6th, before falling to 1.8 million bpd in the week ending October 13th.

Early Market Call - as of 8:40 AM EDT

WTI - November \$91.23, up 44 cents

RBOB - November \$2.4282, up 2.87 cents

HO - November \$3.3331, up 3.25 cents

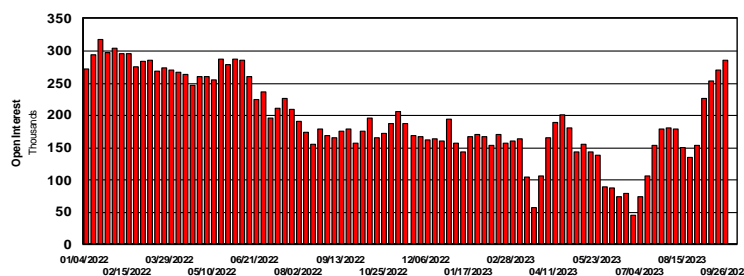
All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Sep-23 | 3.3622 | 0.0442 | 0.0560 |
| Oct-23 | 3.3006 | 0.0302 | 0.0633 |
| Nov-23 | 3.1578 | 0.0043 | 0.0459 |
| Dec-23 | 3.0656 | -0.0147 | 0.0184 |
| Jan-24 | 3.0039 | -0.0205 | 0.0034 |
| Feb-24 | 2.9352 | -0.0205 | -0.0064 |
| Mar-24 | 2.8558 | -0.0198 | -0.0138 |
| Apr-24 | 2.8014 | -0.0232 | -0.0221 |
| May-24 | 2.7642 | -0.0248 | -0.0257 |
| Jun-24 | 2.7457 | -0.0228 | -0.0253 |
| Jul-24 | 2.7360 | -0.0204 | -0.0230 |
| Aug-24 | 2.7337 | -0.0176 | -0.0195 |
| Sep-24 | 2.7298 | -0.0148 | -0.0157 |
| Oct-24 | 2.7205 | -0.0121 | -0.0123 |
| Nov-24 | 2.7061 | -0.0104 | -0.0093 |
| Dec-24 | 2.6895 | -0.0097 | -0.0070 |
| Jan-25 | 2.6692 | -0.0085 | -0.0039 |

Sprague HeatCurve October 2023-April 2024

| | Close | Change |
|---------------|-----------|-----------|
| Crude - WTI | \$90.7900 | -\$0.9200 |
| Crude - Brent | \$95.3100 | -\$0.0700 |
| Natural Gas | \$2.9290 | -\$0.0160 |
| Gasoline | \$2.4399 | -\$0.0654 |

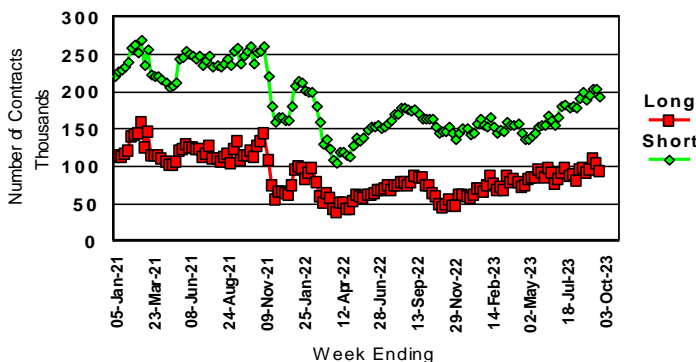
WTI Futures & Options: NYMEX & ICE Combined
Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending September 26, 2023

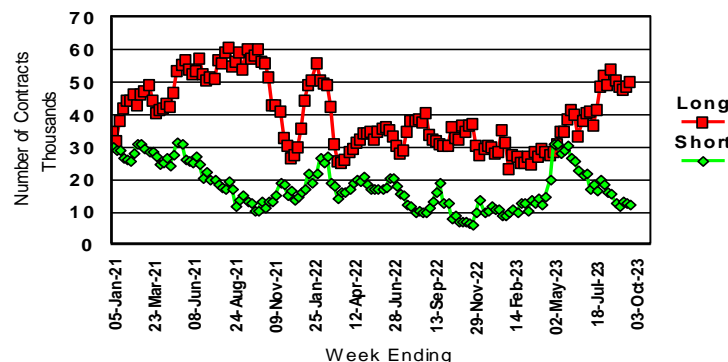
Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report



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