

Market Commentary

All NYMEX | Prior Settlements

Recap: Crude oil prices fell on Tuesday on growing concerns about demand for fuel as COVID-19 outbreaks worsened in China, and as the U.S. await the outcome of its Midterm elections. The rising number of COVID-19 cases in China leave market participants guessing as to whether or not China will lower restrictions, but the new number of cases that have surged in cities throughout China have traders taking a wait and see approach. In the meantime, worries about high inflation and rising interest rates sparking a global recession are looming over this market. Gasoline and diesel supplies remain uncomfortably low, limiting the downside for crude prices as most of the United States braces for major cold weather. WTI Crude for December delivery lost \$2.88 per barrel, or 3.14% to \$88.91. Brent Crude for January delivery lost \$2.56 per barrel, or 2.61% to \$95.36. RBOB Gasoline for December delivery lost 1.64 cents per gallon, or 0.62% to \$2.6367 and ULSD for December delivery lost 1.04 cents per gallon, or 0.28% to \$3.7707.

Market Analysis: Trading in oil futures remained choppy on Tuesday, with WTI dancing around the 200-day moving average, which has been mostly flat. This is indicating that the longer-term is right about at fair value, so the next move could be an important one. A break above \$93.74, Monday's high opens up the opportunity for a run at \$97.66, the high made on Aug. 30. A push above this level allows for a push toward the \$100 area. Resistance is set at \$94.37, \$98.52 and \$99.97. To the downside, support is set at \$87.70, \$86.42 and \$85.

Fundamental News: In its Short-Term Energy Outlook, the EIA raised its oil demand growth estimate for 2022 by 140,000 bpd to 2.26 million bpd. However, it cut its 2023 world oil demand growth forecast by 320,000 bpd to 1.16 million bpd. Total world oil demand is estimated to total 99.82 million bpd in 2022 and 100.98 million bpd in 2023. Total world oil production is forecast to increase in 2022 by 4.23 million bpd to 99.93 million bpd and by 740,000 bpd to 100.67 million bpd in 2023. OPEC oil production in 2022 is forecast to increase by 2.31 million bpd to 28.59 million bpd and increase by 260,000 bpd to 28.85 million bpd in 2023. The EIA also reported that U.S. crude oil output in 2022 is expected to increase by 580,000 bpd to 11.83 million bpd compared with a previous forecast for an increase of 500,000 bpd and output in 2023 is forecast to increase by 480,000 bpd to 12.31 million bpd, compared with an increase of 610,000 bpd previously forecasted. U.S. total petroleum demand is expected to increase by 490,000 bpd to 20.38 million bpd in 2022 compared with a previously expected increase of 460,000 bpd and increase by 100,000 bpd to 20.48 million bpd in 2023 compared with a previously estimated increase of 190,000 bpd.

Shipping tracker Kpler reported a pair of tankers departing from the Houston area last week carrying U.S. gasoline exports totaling 655,000 barrels for delivery to Northwest Europe, the first such shipments since mid-September.

S&P Global Commodity Insights said in a research note that global oil demand remains vulnerable to weaker economic growth outlook in the coming year despite higher expected demand for gas to oil switching. They now estimate world oil demand growth to moderate to 0.9 million b/d on the year in the final quarter of 2022, after expanding by 1.8 million b/d in the third quarter. Overall in 2023, global oil demand is seen increasing by 2 million b/d over 2022, a 100,000 b/d reduction compared with its estimate made a month ago.

A survey by Platts has found the OPEC+ oil producer alliance, which had pledged to cut oil output by 100,000 b/d in October, instead increased production by 220,000 b/d, as a result of several producers making noticeable increases. While Saudi Arabia and Angola cut their production on the month, sharp gains were reported by Kazakhstan, Russia and Iraq.

Early Market Call - as of 10:05 AM EDT

WTI - December \$87.35, down \$1.56

RBOB - December \$2.5572, down 7.95 cents

HO - December \$3.7044, down 6.63 cents

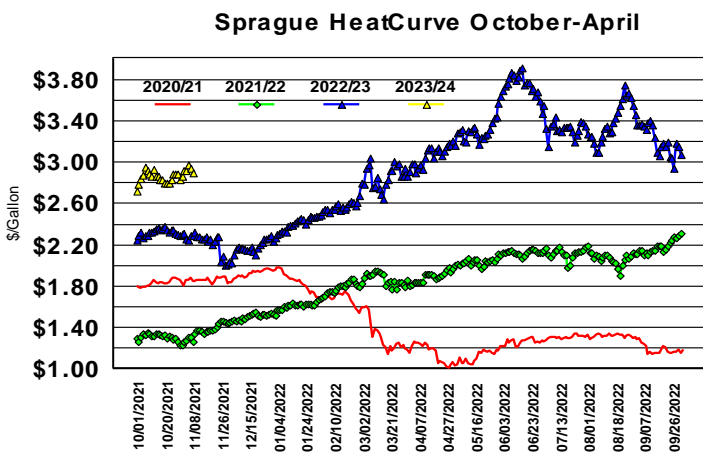
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	\$3.7707	-\$0.0104	\$0.1496
Jan-23	\$3.5940	-\$0.0205	\$0.1249
Feb-23	\$3.4724	-\$0.0338	\$0.1039
Mar-23	\$3.3604	-\$0.0443	\$0.0910
Apr-23	\$3.2468	-\$0.0538	\$0.0795
May-23	\$3.1565	-\$0.0575	\$0.0701
Jun-23	\$3.0867	-\$0.0564	\$0.0611
Jul-23	\$3.0455	-\$0.0536	\$0.0546
Aug-23	\$3.0142	-\$0.0512	\$0.0495
Sep-23	\$2.9886	-\$0.0485	\$0.0465
Oct-23	\$2.9664	-\$0.0461	\$0.0446
Nov-23	\$2.9450	-\$0.0443	\$0.0429
Dec-23	\$2.9240	-\$0.0428	\$0.0414
Jan-24	\$2.9021	-\$0.0421	\$0.0401
Feb-24	\$2.8797	-\$0.0420	\$0.0392
Mar-24	\$2.8477	-\$0.0420	\$0.0392
Apr-24	\$2.8070	-\$0.0419	\$0.0392

Sprague HeatCurve October 2023-April 2024			\$2.8945
		Close	Change
Crude - WTI	Jan Brent-	\$88.0000	-\$2.7300
Crude - Brent	WTI Spread	\$95.3600	-\$2.5600
Natural Gas	\$7.36	\$6.1380	-\$0.8060
Gasoline		\$2.6367	-\$0.0164

API Report for the Week Ending November 4, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 5.6 million barrels	Down 700,000 barrels
Gasoline Stocks	Up 2.6 million barrels	Down 1.2 million barrels
Distillate Stocks	Down 1.8 million barrels	Down 900,000 barrels
Refinery Runs		Up 0.5% at 91.1%

Sprague HeatCurve October-April



WTI Continuation

