

Market Commentary

Recap: Despite a whopping 10.2 million barrel increase in U.S. crude oil inventories, oil futures rose to their highest level in just over a week, supported by the International Energy Agency's forecasts for stronger demand growth this year and next. The large build in crude stockpiles is being attributed to considerably lower exports on the U.S. Gulf Coast last week. Traders ignored the increase in crude inventories as they focused on the forecasts from OPEC and IEA, which expect a rebound in demand in 2023. China's recent moves on the coronavirus front provided additional support to oil markets. January WTI crude settled at \$77.28, up \$1.89 or \$2.51 a barrel after trading as high as \$77.50. Brent Crude for February delivery gained \$2.02 per barrel, or 2.50% to \$82.70 a barrel after trading as high as \$83.07. RBOB for January delivery gained 8.35 cents per gallon, or 3.86% to \$2.2444, while ULSD for January delivery gained 18.46 cents per gallon, or 5.97% to \$3.2768.

Technical Analysis: Even though this market has made an almost 9% higher move over the past three sessions, it is still in a long running downtrend. That being said, we would look for selling points on signs of exhaustion, rather than getting on the bull train. We expect a push toward the 50-day moving average, which has been trending lower, to provide a level of resistance and therefore believe that technical traders will jump in to sell. Resistance is wet at \$78.39, \$79.49 and \$81.73, the current value of the aforementioned average. On the downside, support is seen at \$75.54, \$73.79 and \$72.69.

Fundamental News: The EIA reported that U.S. crude oil stocks increased by the largest amount since March 2021. Crude stocks built by 10.2 million barrels in the week ending December 9th to 424.1 million barrels. Meanwhile, crude stocks in the SPR fell by 4.7 million barrels to 382.3 million barrels, the lowest level since January 1984. Meanwhile, U.S. refiner percent utilization fell by 3.3%, the largest amount since September 2021, to 92.2% in the week ending December 9th.

The International Energy Agency said Russia's oil exports increased in November ahead of a December 5th price cap imposed by the G7, the European Union and Australia to curb Moscow's wartime revenue. However, lower global prices and steeper discounts for Russian oil meant Moscow's revenue fell by \$700 million to \$15.8 billion. The IEA said it continues to expect the price cap to reduce Russia's oil output by 1.4 million bpd next year. Russia's oil production increased by 90,000 bpd to 11.2 million bpd, just 200,000 bpd below its pre-invasion level. The IEA raised its estimate for oil demand growth this year by 140,000 bpd to 2.3 million bpd and for next year by 100,000 bpd to 1.7 million bpd for a total of 101.6 million bpd. The IEA said "As we move through the winter months and towards a tighter oil balance in Q2 2023, another price rally cannot be ruled out." The IEA also reported that global refinery throughputs increased in November by 2.2 million bpd to the highest level since January 2020. It said world oil supply fell by 190,000 bpd in November to 101.7 million bpd, breaking a five-month uptrend.

Diesel imports into Europe are so far set at 5.79 million tons in December compared with a record of 7.18 million tons in November.

The Federal Reserve raised interest rates by half a percentage point on Wednesday and projected at least an additional 75 basis points of increases in borrowing costs by the end of 2023 as well as a rise in unemployment and a near stalling of economic growth.

Early Market Call - as of 8:15 AM EDT

WTI - January \$77.34 Up 0.06

RBOB - January \$2.2271 Down 0.0173

HO - January \$3.2464 Down 0.0304

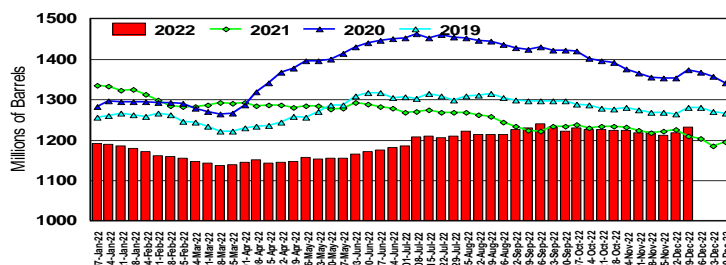
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-23	3.2768	0.1846	0.4963
Feb-23	3.2298	0.1704	0.4633
Mar-23	3.1227	0.1439	0.3971
Apr-23	3.0133	0.1233	0.337
May-23	2.9311	0.1063	0.2865
Jun-23	2.8761	0.0932	0.2452
Jul-23	2.8481	0.0832	0.2148
Aug-23	2.8336	0.0766	0.198
Sep-23	2.8251	0.0726	0.189
Oct-23	2.8147	0.0683	0.1796
Nov-23	2.8	0.0636	0.1691
Dec-23	2.7831	0.0593	0.1589
Jan-24	2.7689	0.056	0.153
Feb-24	2.7563	0.0547	0.1514
Mar-24	2.7376	0.0547	0.1532
Apr-24	2.7119	0.0545	0.1528
May-24	2.6989	0.0529	0.1526

Sprague HeatCurve October 2023-April 2024

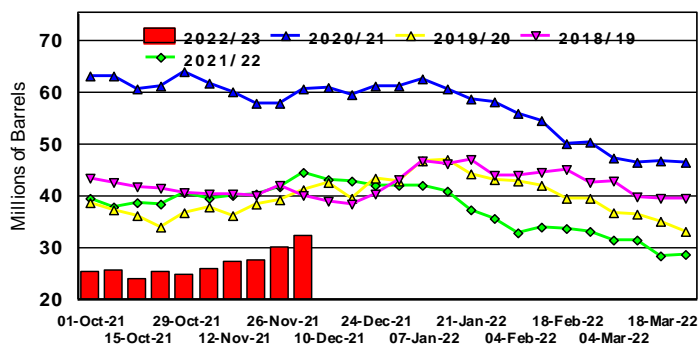
	Close	Change
Crude - WTI	\$77.3100	\$1.8700
Crude - Brent	\$82.7000	\$2.0200
Natural Gas	\$6.4300	-\$0.5050
Gasoline	\$2.2444	\$0.0835

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending December 9, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.2 million barrels

Cushing, OK Crude Stocks Down 373,000 barrels

Gasoline Stocks Up 5.3 million barrels

Distillate Stocks Up 6.2 million barrels

Refinery % Operated 95.5%, up 0.3%

PADD #1

	Week Ending Dec 9, 2022	Week Ending Dec 2, 2022	Week Ending Dec 10, 2021
Distillate Stocks (in million bbl)			
New England	4.5	4.1	7.1
Central Atlantic	14.8	13.5	22.9
Total PADD #1	32.4	30.1	43.1
Distillate Imports (thousands b/d)	185	338	429