

## Market Commentary

**Recap:** The oil market continued to retrace last week's losses on Monday as the market looked ahead to this weekend's OPEC meeting scheduled for November 26<sup>th</sup>. The market traded higher in follow through strength seen on Friday after OPEC+ source said that the producer group is set to consider whether to make additional supply cuts at its meeting. The crude market opened at its low of \$75.65 and continued on its upward trend, reversing most of its recent sell off. The market extended its gains to over \$2.30 as it posted a high of \$78.22 in afternoon trading. The December crude contract erased some of its sharp gains ahead of its expiration at the close and went off the board up \$1.71 at \$77.60. The January WTI contract settled up \$1.79 at \$77.83, while the January Brent contract settled up \$1.71 at \$82.32. The product markets ended the session higher, with the heating oil market settling up 7.70 cents at \$2.8495 and the RB market settling up 4.15 cents at \$2.2260.

**Technical Analysis:** The crude market is seen retracing some of its sharp gains on Tuesday as the market positions itself ahead of the API's and EIA's weekly petroleum stocks reports, which are expected to show builds in crude stocks of about 1.5 million barrels. However, its losses will remain limited as traders focus on the upcoming OPEC+ meeting, with sources stating that OPEC+ members are considering deeper cuts beyond existing cuts and voluntary commitments made by Saudi Arabia and Russia. The crude market, basis the January contract, is seen finding resistance at its high of \$78.46, \$78.69, \$79.65 and \$80.79. Meanwhile, support is seen at \$77.00, \$75.41, \$72.91, \$72.37 and \$70.27.

**Fundamental News:** JP Morgan said "World oil demand is on pace to grow a solid 1.9 million bpd in 2023. It sees world oil demand increasing by 1.6 million bpd in 2024.

Goldman Sachs said "Our statistical model of OPEC decisions suggests that deeper cuts should not be ruled out given the fall in speculative positioning and in timespreads, and higher-than-expected inventories." It said its baseline forecasts is that the existing group production cuts stay fully in place in 2024. It expects that the unilateral Saudi cut of 1 million bpd will be extended through the second quarter of 2024 and reversed only gradually starting in July.

The head of Japan's oil industry body said he expects OPEC+ to extend its supply curbs after December to support oil prices. Last week, three OPEC+ sources stated that OPEC+ is set to consider whether to make additional oil supply cuts when it meets on November 26<sup>th</sup> after crude prices fell by almost 20% since late September. Shunichi Kito, president of the Petroleum Association of Japan, said "At least, the current production curbs will probably continue," noting that Saudi Arabia wants to keep oil prices above \$80/barrel.

The U.S. Coast Guard is still trying to find the source of an oil leak estimated to have spilled 26,190 barrels of 1.1 million gallons of crude oil into the Gulf of Mexico off the coast of Louisiana. Remotely-operated vehicles continue to survey a pipeline operated by Main Pass Oil Gathering Company, close to where the spill took place, near Plaquemines Parish. The leak was first discovered five days ago on Thursday morning prompting Main Pass to shut its line that transports crude from fields in the Gulf of Mexico to the coast.

IIR Energy reported that U.S. oil refiners are expected to shut in 264,000 bpd of capacity in the week ending November 24<sup>th</sup>, increasing available refining capacity by 559,000 bpd. Offline capacity is expected to fall to 29,000 bpd in the week ending December 1<sup>st</sup>.

### Early Market Call - as of 8:30 AM EDT

WTI - January \$77.25, down 58 cents  
 RBOB - December \$2.2051, down 2.09 cents  
 HO - December \$2.8341, down 1.54 cents

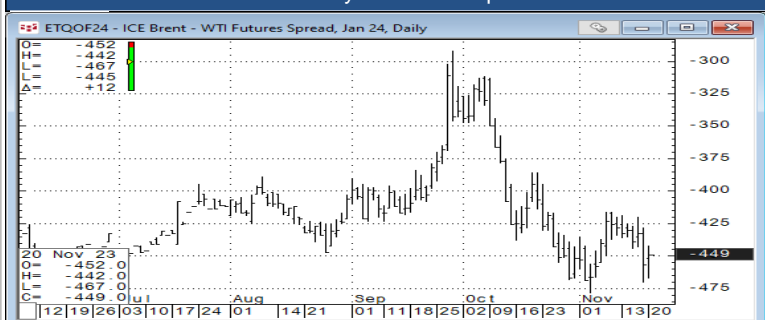
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.8495	0.0770	0.0102
Jan-24	2.7877	0.0738	0.0112
Feb-24	2.7552	0.0709	0.0127
Mar-24	2.7189	0.0684	0.0153
Apr-24	2.6742	0.0647	0.0165
May-24	2.6437	0.0609	0.0170
Jun-24	2.6215	0.0582	0.0161
Jul-24	2.6115	0.0557	0.0150
Aug-24	2.6087	0.0540	0.0148
Sep-24	2.6127	0.0523	0.0156
Oct-24	2.6142	0.0503	0.0164
Nov-24	2.6076	0.0488	0.0163
Dec-24	2.5950	0.0473	0.0160
Jan-25	2.5833	0.0458	0.0168
Feb-25	2.5700	0.0445	0.0175
Mar-25	2.5533	0.0440	0.0175
Apr-25	2.5315	0.0435	0.0170

### Sprague HeatCurve October 2024-April 2025

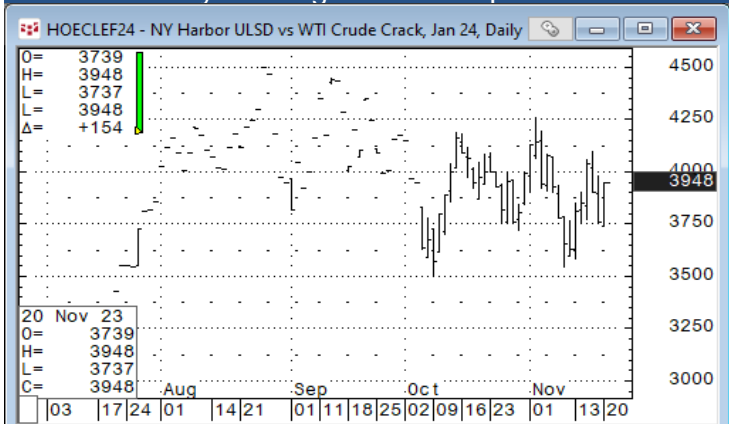
	Close	Change
Crude - WTI	\$77.8300	\$1.7900
Crude - Brent	\$82.3200	\$1.7100
Natural Gas	\$2.8820	-\$0.0780
Gasoline	\$2.2260	\$0.0415

### ICE January Brent-WTI Spread



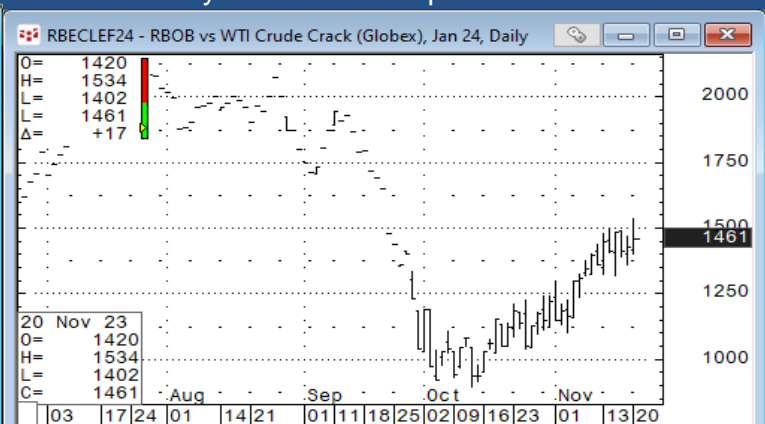
CQG Inc. © 2023 All rights reserved worldwide ETQOF24,D | 11/20/2023 15:51:02, CQG 22.12.8050

## January Heating Oil Crack Spread



CQG Inc. © 2023 HOECLEF24,D | 11/20/2023 15:56:43, CQG 22.12.8050

## January RBOB Crack Spread



CQG Inc. © 2023 RBCECLEF24,D | 11/20/2023 15:56:59, CQG 22.12.8050