

Market Commentary

Recap: Oil futures opened lower on Thursday and continued moving to the downside, as the potential risk to crude supplies posed by tensions over a missile strike in Poland eases somewhat. Now, demand concerns are likely to be back at the forefront, as China's Covid-19 cases continue to rise and the flu season approaches, Traders are left with little option to recalibrate positions reflecting the possibility of more lockdowns in heavily populated centers that hurt oil demand exponentially more than other areas of the economy. January Brent dipped below \$90 a barrel to a six-week low, falling 3.5% to a session low of \$89.53, before paring losses to settle at \$89.78, down \$3.08 per barrel, or 3.32%. December WTI lost as much as 4.8% to a session low of \$81.40 before it too pared losses to settle at \$81.64, a loss of \$3.95 per barrel, or 4.62%. December RBOB Gasoline lost 5.33 cents per gallon, or 2.13% to \$2.4547, the lowest settlement for a front month contract since September 26. ULSD for December delivery lost 8.88 cents per gallon, or 2.46% to \$3.5248.

Technical Analysis: Oil futures, which were trading lower as supply disruptions worries eased, fell further while the rising number of COVID-19 cases in China continue to increase, raising demand concerns and as the U.S. Dollar soared on hawkish comments from a widely followed Federal Reserve member. Technical indicators are pointing toward continued moves to the downside and as a result, we are looking for this market to work lower. Support is seen at \$80, \$79.14 and below that at \$76.25. Resistance is set at \$84, \$85 and above that at \$86.25.

Fundamental News: The Biden administration has asked Congress for \$500 million to modernize the U.S. Strategic Petroleum Reserve. If approved by Congress, the request, issued by the White House on Tuesday, provides the Department of Energy with funding to improve the four SPR sites along the Texas and Louisiana coasts. The White House said in the request that the proposed funding "would allow the SPR to both maintain operational readiness levels and also alleviate anticipated shortfalls due to supply chain issues, the COVID-19 pandemic, and related schedule delays." DOE spokesperson, Charisma Troiano, said the money was needed to perform necessary infrastructure repairs and keep the SPR ready for future scheduled sales and to "address global energy supply chain disruptions" such as those caused by Russia's invasion of Ukraine.

According to the EIA, U.S. heating oil prices were 65% higher this October than they were in October of last year. Residential heating oil prices increased to an annual high of \$5.90/gallon on November 7th, because of tight inventories, low imports, and limited production capacity. Prices fell to \$5.79/gallon on November 14th. According to the EIA's Weekly Petroleum Status Report, Northeast distillate fuel inventories totaled 15.2 million barrels in the week ending November 11th, 44% less than for the same week last year. From January through August 2022, East Coast distillate imports were 38% lower compared with the same period in 2021.

John Hess, CEO of Hess Corp said OPEC is "back in the driver seat" as the top swing producer amid slowing U.S. shale growth. He anticipates U.S. oil production will hit around 13 million bpd in the next few years and then plateau. He said shale oil output is slowing due to investor pressure to focus on returns over growth, inflation and inventory depletion. He anticipates U.S. shale output to increase about 500,000 bpd this year and in 2023. He estimates that oil demand will grow by 1 million bpd to 1.5 million bpd in 2023.

Early Market Call - as of 8:10 AM EDT

WTI - December \$80.29, down 1.35 cents
 RBOB - December \$2.4455, down 92 points
 HO - December \$3.4983, down 2.65 cents

All NYMEX | Prior Settlements

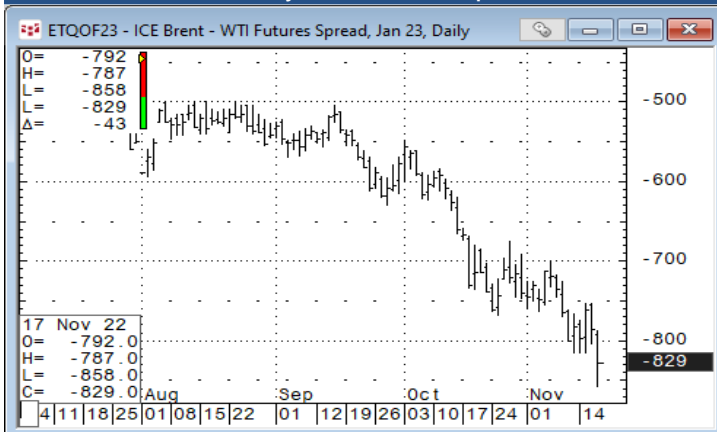
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	3.5248	-0.0888	-0.0446
Jan-23	3.397	-0.0869	-0.0357
Feb-23	3.3009	-0.0803	-0.0334
Mar-23	3.2036	-0.0751	-0.0362
Apr-23	3.1023	-0.0704	-0.0392
May-23	3.0237	-0.0664	-0.0398
Jun-23	2.9661	-0.062	-0.0358
Jul-23	2.9332	-0.059	-0.032
Aug-23	2.9091	-0.0569	-0.0279
Sep-23	2.8905	-0.0553	-0.0236
Oct-23	2.8725	-0.0546	-0.0216
Nov-23	2.854	-0.054	-0.0204
Dec-23	2.8337	-0.0535	-0.0208
Jan-24	2.8114	-0.0536	-0.0217
Feb-24	2.7897	-0.0538	-0.0218
Mar-24	2.7579	-0.0545	-0.022
Apr-24	2.7194	-0.0529	-0.0209

Sprague HeatCurve October 2023-April 2024			\$2.8042
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$8.38	\$81.4000	-\$3.6000
Crude - Brent		\$89.7800	-\$3.0800
Natural Gas		\$6.3690	\$0.1690
Gasoline		\$2.4547	-\$0.0533

EIA Working Gas Storage Report

	11-Nov-22	04-Nov-22	Change	11-Nov-21
East	882	865	17	900
Midwest	1084	1068	16	1,078
Mountain	208	208	0	212
Pacific	241	247	-6	261
South Central	1228	1193	35	1,189
Salt	327	311	16	330
Nonsalt	901	882	19	859
Total	3644	3580	64	3,640

ICE January Brent-WTI Spread



WTI Forward Curve

