

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Tuesday traded higher on a Wall Street Journal report stating that Saudi Arabia shared intelligence with the U.S. warning of an imminent attack from Iran on targets in the kingdom. The market opened about 10 cents lower and posted a low of \$85.92 before the market retraced its previous losses on the prospect of disruptions to the oil market in the Middle East. The crude market rallied to a high of \$89.45 early in the session before it erased some of its gains and settled in a sideways trading range as the White House National Security Council said it was concerned about the warnings and ready to respond if Iran carried out an attack. The December WTI contract settled up \$1.84 at \$88.37 while the January Brent contract settled up \$1.84 at \$94.65. The product markets settled in mixed territory, with the heating oil market settling down 5.3 cents at \$3.6211 and the RB market settling up 6.88 cents at \$2.5945.

Market Analysis: While the oil market continues to have large price swings, it remains within its sideways pattern as previously mentioned. The market will likely retrace some of its gains as the weekly inventories reports are expected to show a slight build in oil stocks. The crude market is seen finding support at \$87.50, \$87.00, \$86.74 and its low of \$85.92. Further support is seen at \$85.30, \$84.14, \$83.06 and \$82.63. Meanwhile, resistance is seen at its high of \$88.80, its highs of \$89.45, \$89.79, \$90.15 and \$92.34.

Fundamental News: The Wall Street Journal reported that Saudi Arabia shared intelligence with the U.S. warning of a possible Iranian attack on targets in Saudi Arabia. In response to the warning, Saudi Arabia, the U.S. and several other neighboring states raised their alert levels for their military forces. The report, citing Saudi officials, said Iran was poised to carry out attacks on Saudi Arabia, as well as Erbil, Iraq, to distract attention from domestic protests in the country that started in September. Separately, a White House spokesperson said the U.S. is concerned about threats from Iran against Saudi Arabia and will not hesitate to respond if necessary.

Diesel arrivals into Europe from Russia, the Middle East, Asia and the U.S. are expected to reach 3 million tons so far this month. October arrivals reached a record high of 6.5 million tons as Europe stockpiled the fuel. The increase in imports in October was driven by record arrivals from Asia and the Middle East of 3.2 million tons.

Citi Research said coordinated SPR sales especially U.S. SPR sales have been pivotal for easing oil markets and prices. It said coordinated SPR sales, while having reduced part of the global oil stockpile, have added supply to the commercial part of the oil market, which is most meaningful for oil price formation. It said it expects U.S. SPR to end 2022 at around 380 million barrels and sees over 17 million barrels of additional SPR sales through the first quarter of 2023 as part of previous budget bills. It stated that as the deadline for the G7 price cap on Russian Union embargo on Russian trades approaches, additional SPR sales could be announced to buffer the market for wintertime shocks.

According to a Reuters survey, new G7 and European Union sanctions on Russian oil exports will have a muted impact on flows and global prices, as Russia is set to largely succeed in rerouting its trade eastward. The market is set to be deprived of a maximum of 2 million bpd of Russian oil in the short term once the measures take effect on December 5th.

Early Market Call - as of 8:20 AM EDT
WTI - December \$88.54 Up 0.18
RBOB - December 2.6078 Up 0.0116
HO - December \$3.6072 Down 0.0158

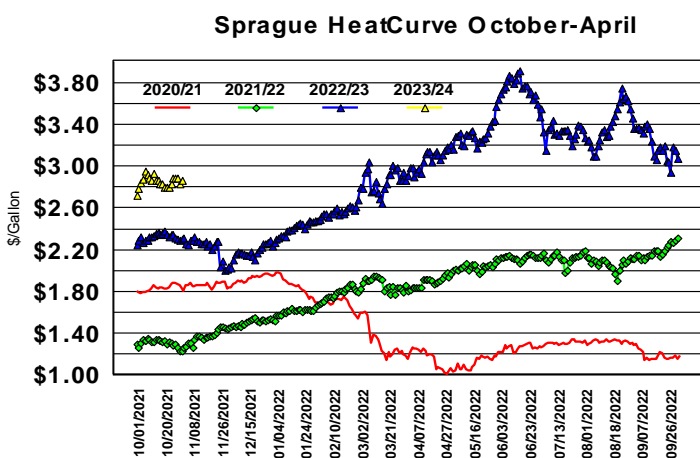
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	\$3.6211	-\$0.0530	\$0.0388
Jan-23	\$3.4691	-\$0.0314	\$0.0105
Feb-23	\$3.3685	-\$0.0112	\$0.0086
Mar-23	\$3.2694	\$0.0057	\$0.0073
Apr-23	\$3.1673	\$0.0216	\$0.0084
May-23	\$3.0864	\$0.0298	\$0.0094
Jun-23	\$3.0256	\$0.0335	\$0.0160
Jul-23	\$2.9909	\$0.0348	\$0.0215
Aug-23	\$2.9647	\$0.0350	\$0.0242
Sep-23	\$2.9421	\$0.0345	\$0.0256
Oct-23	\$2.9218	\$0.0336	\$0.0271
Nov-23	\$2.9021	\$0.0322	\$0.0287
Dec-23	\$2.8826	\$0.0315	\$0.0303
Jan-24	\$2.8620	\$0.0307	\$0.0322
Feb-24	\$2.8405	\$0.0304	\$0.0319
Mar-24	\$2.8085	\$0.0304	\$0.0291
Apr-24	\$2.7678	\$0.0298	\$0.0245

Sprague HeatCurve October 2023-April 2024			\$2.8539
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$7.46	\$87.1900	\$1.7900
Crude - Brent		\$94.6500	\$1.8400
Natural Gas		\$5.7140	-\$0.6410
Gasoline		\$2.5945	\$0.0688

API Report for the Week Ending October 28, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 6.5 million barrels	Up 200,000 barrels
Gasoline Stocks	Down 2.6 million barrels	Down 1.2 million barrels
Distillate Stocks	Up 870,000 barrels	Down 1.1 million barrels
Refinery Runs		Down 0.3% at 89.2%

Sprague HeatCurve October-April



WTI Continuation



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