

Market Commentary

Recap: The oil market continued to trend higher on Wednesday ahead of the OPEC+ output policy meeting on Thursday. The market traded sideways in overnight trading before it continued on its upward trend and breached its previous high of \$77.02 as it traded to \$77.88 early in the morning. The market erased its gains and sold off to its low of \$75.67 following the release of the EIA's weekly petroleum stock report, which showed builds across the board, with an unexpected build of 1.6 million barrels in crude stocks and an unexpected build in distillate stocks of 5.2 million barrels. However, the market quickly rebounded as it once again focused on the OPEC+ meeting. The market, which was still trading within last Wednesday's trading from \$73.79 to \$77.97, later breached the upper boundary as it traded to \$77.98, where it held resistance ahead of the close. The market was well supported by a Wall Street Journal report stating that OPEC+ was considering new production cuts of as much as 1 million bpd. The January WTI contract settled up \$1.45 at \$77.86. The market traded higher in the post settlement period and posted a new high of \$78.09. The January Brent contract settled up \$1.42 at \$83.10. Meanwhile, the product markets ended the session in mixed territory, with the heating oil market settling down 1.85 cents at \$2.8885 and the RB market settling up 5.36 cents at \$2.2836.

Technical Analysis: The oil market will likely trade sideways ahead of the OPEC+ meeting on Thursday. The market will be driven by the OPEC+ decision and will remain supported if the group agrees on new production cuts of up to 1 million bpd as reported by The Wall Street Journal. The market is seen finding resistance at its high of \$78.09, \$78.46-\$78.48, \$78.69, \$79.65, \$80.37 and \$80.79. Meanwhile, support is seen at \$75.67, \$74.64, \$74.54, \$74.06 and \$73.79. More distant support is seen at \$72.91 and \$72.37.

Fundamental News: The EIA reported that U.S. crude oil, gasoline and distillate inventories increased in the week ending November 24th, as refiners increase output despite lower fuel demand. Crude inventories increased by 1.6 million barrels on the week to 449.7 million barrels. U.S. East Coast crude stocks increased by 1.8 million barrels to 10.2 million barrels, the highest level since January 2021. Crude stocks in the SPR increased by 300,000 barrels to 351.6 million barrels, the first increase since September.

Two sources said OPEC+ is continuing to hold talks on 2024 oil policy, with no delay to a meeting scheduled for Thursday currently expected. On Tuesday, sources said a further delay to the meeting was possible amid talks which one of them described as difficult as countries maintained their positions. The meeting has already been delayed from November 26th. Saudi Arabia, Russia and other members of OPEC+ have already pledged total oil output cuts of about 5 million bpd, about 5% of daily global demand, in a series of steps that started in late 2022. This includes Saudi Arabia's additional voluntary production cut of 1 million bpd, which is due to expire at the end of December and a Russian export cut of 300,000 bpd until the end of the year.

The Wall Street Journal reported that OPEC and its Russia-led allies are considering new oil production cuts of as much as 1 million bpd. It said the move could be announced on Thursday at a virtual meeting of the cartel.

IIR Energy reported that U.S. oil refiners are expected to shut in 132,000 bpd of capacity in the week ending December 1st, increasing available refining capacity by 222,000 bpd.

The Federal Reserve said in its Beige Book that U.S. economic activity slowed from late October through the middle of November, while businesses reported inflation largely moderating and easier hiring for jobs, underscoring waning economic momentum into the tail end of the year. The Fed said "Economic activity slowed since the previous report, with four Districts reporting modest growth, two indicating conditions were flat to slightly down, and six noting slight declines in activity."

Early Market Call - as of 8:55 AM EDT

WTI - January \$78.68, up 82 cents

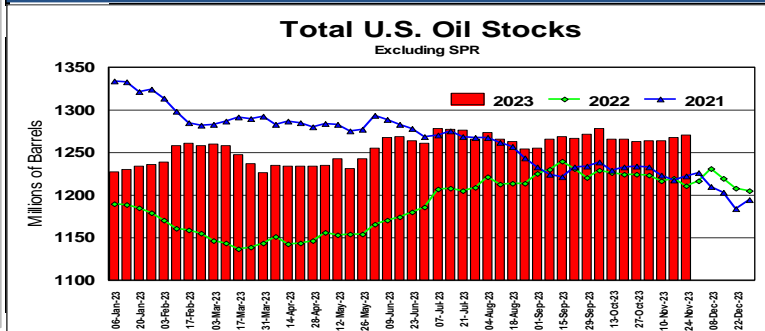
RBOB - December \$2.2999, up 1.63 cents

HO - December \$2.9165 up 2.80 cents

All NYMEX | Prior Settlements

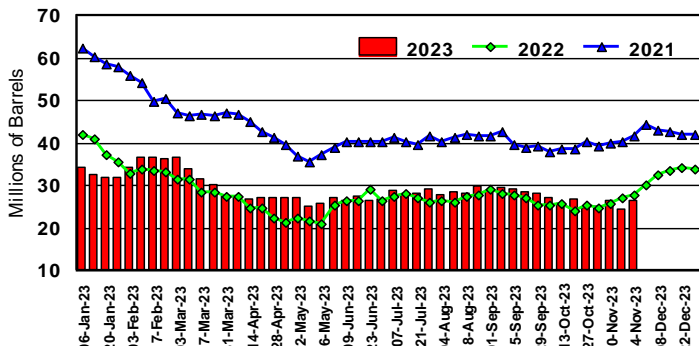
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.8885	-0.0185	-0.0006
Jan-24	2.8087	-0.0078	0.0043
Feb-24	2.7684	-0.0059	0.0009
Mar-24	2.7272	-0.0020	-0.0004
Apr-24	2.6801	0.0042	0.0020
May-24	2.6459	0.0093	0.0022
Jun-24	2.6245	0.0135	0.0041
Jul-24	2.6195	0.0174	0.0089
Aug-24	2.6178	0.0189	0.0101
Sep-24	2.6203	0.0189	0.0088
Oct-24	2.6199	0.0189	0.0075
Nov-24	2.6134	0.0195	0.0084
Dec-24	2.6020	0.0203	0.0105
Jan-25	2.5909	0.0214	0.0129
Feb-25	2.5777	0.0220	0.0160
Mar-25	2.5612	0.0226	0.0187
Apr-25	2.5390	0.0231	0.0197

Sprague HeatCurve October 2024-April 2025			\$2.5859
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$5.24	\$77.8600	\$1.4500
Crude - Brent		\$83.1000	\$1.4200
Natural Gas		\$2.8040	-\$0.0330
Gasoline		\$2.2836	\$0.0536



Weekly EIA Petroleum Status Report for the Week Ending November 24, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.61 million barrels
 Cushing, OK Crude Stocks Up 1.854 million barrels
Gasoline Stocks Up 1.764 million barrels
Distillate Stocks Up 5.217 million barrels
Refinery % Operated 89.8%, up 2.8%

PADD #1

	Week Ending Nov 24, 2023	Week Ending Nov 17, 2023	Week Ending Nov 25, 2022
Distillate Stocks (in million bbl)			
New England	3.5	3.4	4.1
Central Atlantic	11.9	11.6	12.0
Total PADD #1	26.6	24.3	27.7
Distillate Imports (thousands b/d)	83	68	139