

## Market Commentary

**Recap:** The crude market traded higher on Wednesday as the market remained concerned about the Israel-Hamas conflict. The market traded sideways in overnight trading ahead of the release of the EIA's weekly petroleum stock reports. However, the market breached its previous low and sold off to a low of \$82.08 following the release of the EIA report, which showed a build of more than 1.3 million barrels in crude stocks on the week. The market later bounced off its low and retraced all of its losses as it rallied to a high of \$85.55 ahead of the close. The market traded higher despite the news that Israel has agreed to delay the invasion of Gaza for now. It seemed that the market was concerned that a delayed invasion would still pose a risk to oil supplies. The December WTI contract settled in positive territory for the first time in four sessions, up \$1.65 at \$85.39. It posted a new high of \$85.56 in the post settlement period. The December Brent contract settled up \$2.06 at \$90.13. Meanwhile, the product markets ended the session in mixed territory, with the heating oil market settling down 1.44 cents at \$3.0305 and the RB market settling up 1.66 cents at \$2.2842.

**Technical Analysis:** The oil market is seen retracing some of its gains and trading sideways as it awaits for further developments on the Israel-Hamas conflict after Israel agreed to delay the invasion of Gaza. Its daily stochastics are also trending sideways after they crossed to the downside. The crude market is seen finding support at its low of \$82.08, \$81.31 and \$80.20. Resistance is seen at \$85.56, \$86.30 followed by \$88.29 and \$89.85.

**Fundamental News:** The Wall Street Journal reported that Israel has agreed to delay the invasion of Gaza for now, so the U.S. can rush missile defenses to the region to protect its troops there. The report said Israel is also taking into account in its planning the effort to supply humanitarian aid to civilians inside Gaza, as well as diplomatic efforts to free hostages held by Hamas militants. It said threats to U.S. troops were of paramount concern.

China's Commerce Ministry said China has set the import quota for crude oil at 243 million metric tons for non state-owned firms in 2024. The volume has remained unchanged for some years.

According to company documents, Venezuela's PDVSA has signed at least two new spot contracts to export fuel oil and asphalt cement, demanding prepayment in euros from customers as the state-run oil company begins to turn to cash sales after the U.S. eased sanctions. Last week, the U.S. issued a license allowing Venezuela to freely export crude oil, fuel and natural gas to its chosen markets in the next six months. PDVSA has since contacted its traditional customers seeking to reactivate some of its unexpired supply contracts, while negotiating prompt sales on the open market under a prepayment condition to catch much-needed cash.

IIR Energy said U.S. oil refiners are expected to shut in about 2.2 million bpd of capacity in the week ending October 27<sup>th</sup>, increasing available refining capacity by 273,000 bpd. Offline capacity is expected to fall to 1.2 million bpd in the week ending November 3<sup>rd</sup>.

Morgan Stanley sees a further 100,000 to 200,000 bpd of Venezuelan oil production by the second half of 2023, with 2024 production levels in the 900,000 to 1 million bpd range. It estimates that an additional 200,000 to 300,000 bpd of exports from Venezuela could head to the U.S. by the end of the year.

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

WTI - December \$82.80, down 2.59

RBOB - November \$2.2421, down 4.21 cents

HO - November \$2.9740, down 5.65 cents

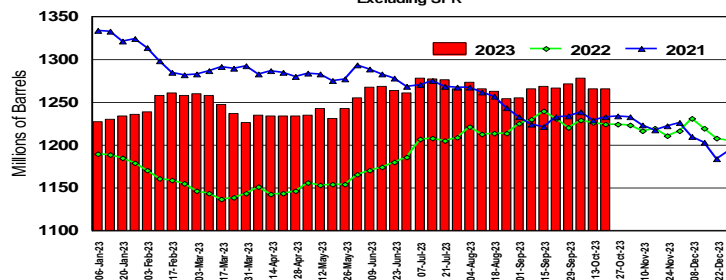
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.0305	-0.0144	-0.1088
Dec-23	2.9591	-0.0034	-0.0863
Jan-24	2.9190	0.0020	-0.0766
Feb-24	2.8881	0.0101	-0.0669
Mar-24	2.8442	0.0176	-0.0575
Apr-24	2.7900	0.0233	-0.0489
May-24	2.7514	0.0271	-0.0422
Jun-24	2.7260	0.0296	-0.0380
Jul-24	2.7176	0.0318	-0.0357
Aug-24	2.7131	0.0332	-0.0344
Sep-24	2.7137	0.0336	-0.0339
Oct-24	2.7132	0.0332	-0.0345
Nov-24	2.7080	0.0328	-0.0360
Dec-24	2.6967	0.0322	-0.0381
Jan-25	2.6837	0.0313	-0.0395
Feb-25	2.6662	0.0313	-0.0390
Mar-25	2.6443	0.0313	-0.0375

Sprague HeatCurve October 2024-April 2025		\$2.6755
	Close	Change
Crude - WTI	\$85.3900	\$1.6500
Crude - Brent	\$90.1300	\$2.0600
Natural Gas	\$3.0100	\$0.0390
Gasoline	\$2.2842	\$0.0166

### Total U.S. Oil Stocks

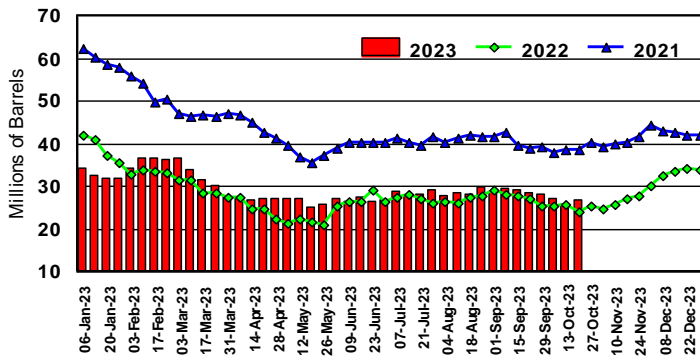
Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending October 20, 2023

### Distillate Stocks

PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 1.372 million barrels  
 Cushing, OK Crude Stocks Up 213,000 barrels  
**Gasoline Stocks** Up 156,000 barrels  
**Distillate Stocks** Down 1.686 million barrels  
**Refinery % Operated** 85.6%, down 0.5%

### PADD #1

	Week Ending Oct 20, 2023	Week Ending Oct 13, 2023	Week Ending Oct 21, 2022
Distillate Stocks (in million bbl)			
New England	3.4	2.8	3.3
Central Atlantic	13.1	13.7	11.4
Total PADD #1	26.9	25.9	24.0
Distillate Imports (thousands b/d)	84	66	76