

Market Commentary

Recap: The oil market traded lower on Monday as Russia revised its fuel ban. The market traded mostly sideways in overnight trading and posted a high of \$90.83 as the market remained concerned about higher interest rates that could impact demand. However, the crude market erased any of its gains and sold off to a low of \$89.03 by mid-day. The market was pressured as Russia approved some changes to its fuel export ban, lifting the restrictions for fuel used as bunkering for some vessels and diesel with high sulfur content. The market later bounced off its low and settled in a sideways trading range during the remainder of the session. The November WTI contract settled down 35 cents at \$89.68, while the Brent contract settled up 2 cents at \$93.29. The product markets ended in negative territory, with the heating oil market settling down 4.4 cents at \$3.2622 and the RB market settling down 1.79 cents at \$2.5439.

Technical Analysis: The crude market on Tuesday will continue to trade mostly sideways as the market positions itself ahead of the weekly petroleum stocks reports, which are expected to show draws across the board, with a draw of close to 2 million barrels in crude stocks. The market will remain in range bound as the market continues to weigh supply concerns, in light of Russia's ban on its fuel exports and the concerns over the economy. The oil market is seen finding support at its low of \$89.03, \$88.82, \$88.37, \$88.04 followed by \$87.66 and \$86.66. Meanwhile, resistance is seen at its highs of \$90.83, \$91.33, \$92.43 and \$94.75.

Fundamental News: The Russian government has approved some changes to its fuel export ban, lifting the restrictions for fuel used as bunkering for some vessels. It also lifted restrictions on the export of fuel already accepted for export by the Russian Railways and Transneft before the initial ban had been announced last week. According to traders and LSEG data, Russia cut its seaborne diesel and gasoil exports by 30% to about 1.7 million metric tons in the first 20 days of September compared with the same period in August.

The European Union's statistics agency, Eurostat, said European Union energy imports continued their downward trend in the second quarter as members further reduced their reliance on Russian supplies. After a strong increase between 2021 and 2022, EU imports fell by 39.4% in value and 11.3% in volume in the second quarter of 2023 on a yearly basis. That followed declines of 26.5% and 6.1% respectively in the first quarter. Russia, the top supplier of petroleum oils to the EU with a market share of 15.9% in the second quarter of 2022, saw that share decline to just 2.7% in the second quarter of this year, making it only the twelfth biggest supplier.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.7 million bpd of capacity in the week ending September 29th, cutting available refining capacity by 324,000 bpd. Offline capacity is expected to increase to 1.9 million bpd in the week ending October 6th.

Phillips 66 reported that release of emissions at its 149,000 bpd Borger, Texas refinery on Friday. It said the event was ongoing and operations personnel was working to minimize emissions from the event.

Valero reported an issue at a sulfur recovery unit at the West plant of its 290,000 bpd Corpus Christi, Texas refinery on Saturday. It initiated shutdown sequences, which included the routing of process gases to facility flares.

Early Market Call - as of 8:20 AM EDT
WTI - November \$89.14, down 54 cents
RBOB - October \$2.5140, down 2.99 cents
HO - October \$3.1950, down 6.72 cents

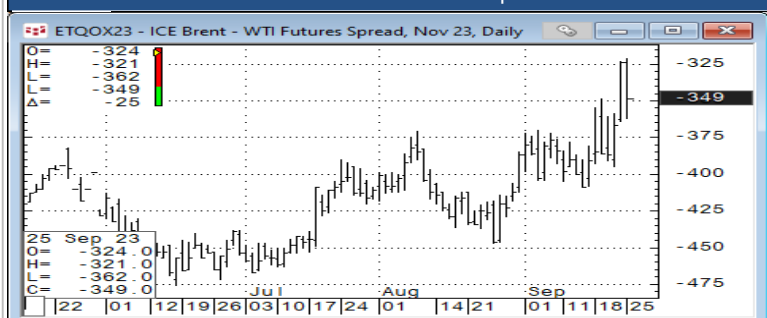
All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Oct-23 | 3.2622 | -0.0440 | -0.0261 |
| Nov-23 | 3.2001 | -0.0372 | -0.0246 |
| Dec-23 | 3.0908 | -0.0211 | -0.0123 |
| Jan-24 | 3.0368 | -0.0104 | -0.0118 |
| Feb-24 | 2.9941 | -0.0064 | -0.0138 |
| Mar-24 | 2.9372 | -0.0044 | -0.0163 |
| Apr-24 | 2.8663 | -0.0033 | -0.0214 |
| May-24 | 2.8217 | -0.0018 | -0.0264 |
| Jun-24 | 2.7891 | -0.0008 | -0.0316 |
| Jul-24 | 2.7711 | 0.0001 | -0.0325 |
| Aug-24 | 2.7599 | 0.0009 | -0.0315 |
| Sep-24 | 2.7553 | 0.0021 | -0.0285 |
| Oct-24 | 2.7492 | 0.0037 | -0.0261 |
| Nov-24 | 2.7385 | 0.0057 | -0.0248 |
| Dec-24 | 2.7236 | 0.0082 | -0.0237 |
| Jan-25 | 2.7068 | 0.0103 | -0.0230 |
| Feb-25 | 2.6849 | 0.0118 | -0.0221 |

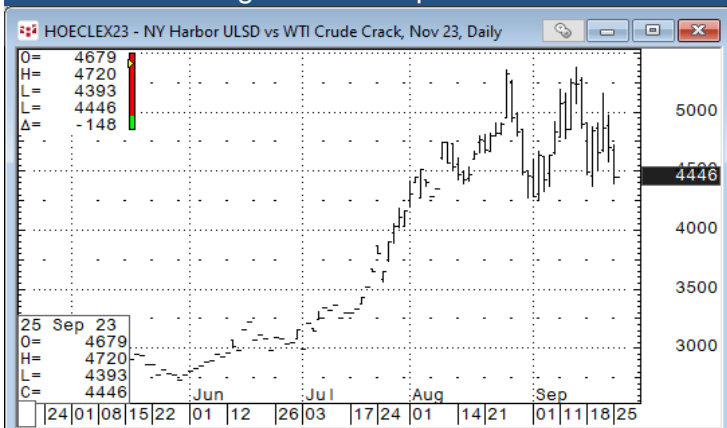
Sprague HeatCurve October 2023-April 2024

| | Close | Change |
|---------------|-----------|-----------|
| Crude - WTI | \$89.6800 | -\$0.3500 |
| Crude - Brent | \$93.2900 | \$0.0200 |
| Natural Gas | \$2.6390 | \$0.0020 |
| Gasoline | \$2.5439 | -\$0.0179 |

ICE November Brent-WTI Spread



Heating Oil Crack Spread



RBOB Crack Spread

