

Market Commentary

Recap: The oil market sold off more than \$5 on Wednesday as demand fears offset the pledges by Saudi Arabia and Russia to continue cutting output until the end of the year. Overnight, the market traded mostly sideways and posted a high of \$89.59. However, the market breached its previous low and continued on its recent downtrend amid the news that Russia was discussing a possible easing of the current ban on diesel exports. The Kommersant reported that the Russian government is ready to partially lift its ban on diesel exports in coming days. The crude market was further pressured by the EIA weekly petroleum stock reports, which showed a large build of over 6 million barrels in gasoline stocks, the largest build in 21 months. The report also showed that gasoline demand fell to 8 million bpd, its lowest level for this time of year in 23 years. The crude market sold off sharply throughout the session to a low of \$84.16 ahead of the close as it retraced nearly 62% of its move from a low of \$77.32 to a high of \$95.03. The November WTI contract settled down \$5.01 at \$84.22 and the December Brent contract settled down \$5.11 at \$85.81. Meanwhile, the product markets also sold off sharply, with the heating oil market settling down 17.76 cents at \$3.0178 and the RB market settling down 16.21 cents at \$2.1980 following the large build in gasoline stocks and the Russian news regarding its diesel export ban.

Technical Analysis: The crude market on Thursday will likely retrace some of its sharp losses. The market is seen finding support at its low of \$84.16 and \$84.09 followed by \$82.78 and \$81.00. Meanwhile, resistance is seen at \$85.53, \$87.83, \$88.31, its high of \$89.59 followed by \$90.27 and \$90.88.

Fundamental News: The Joint Ministerial Monitoring Committee, an OPEC+ ministerial panel, which met on Wednesday made no changes to the group's current oil output policy, after Saudi Arabia and Russia said they would keep voluntary supply cuts in place to support the market. An OPEC statement issued after the meeting said "The committee will continue to closely assess market conditions," adding that the panel recognized and acknowledged the Saudi and Russian cuts. Earlier, Saudi Arabia and Russia said they were continuing voluntary oil cuts to year end as tightening supply and rising demand support oil prices. Saudi Arabia said it would continue with its voluntary oil output cut of one million bpd for the month of November and until the end of the year. An energy ministry statement posted on the Saudi state news agency SPA said the country's production for November and December will be approximately 9 million bpd. The SPA quoted a source at the ministry as saying "This voluntary cut decision will be reviewed next month to consider deepening the cut or increasing production." Meanwhile, Russia's Deputy Prime Minister, Alexander Novak, said Russia will consider next month whether to deepen its voluntary oil production cuts or increase output, while separately continuing its current export cuts until the end of the year. In April, Russia decided to cut crude output by 500,000 bpd until the end of 2024, while in August it said it would reduce exports by 300,000 bpd until the end of this year. He reiterated that Russia's additional voluntary cut is aimed at reinforcing efforts by OPEC+ countries to maintain stability and balance on oil markets. He also stated that joint oil supply cuts by Saudi Arabia and Russia had helped to balance global oil markets.

Russia's Energy Minister, Nikolai Shulginov, said authorities are discussing a possible easing of the current ban on diesel exports. He said no decision has been made but added that a decision is expected in the near future. Earlier, the daily Kommersant reported that the Russian government is ready to partially lift its ban on diesel exports in coming days. The newspaper reported that the ban would be lifted only on pipeline exports of diesel and volumes may be subject to quotas to avoid increases in wholesale prices. The ban on gasoline exports will remain in force for now.

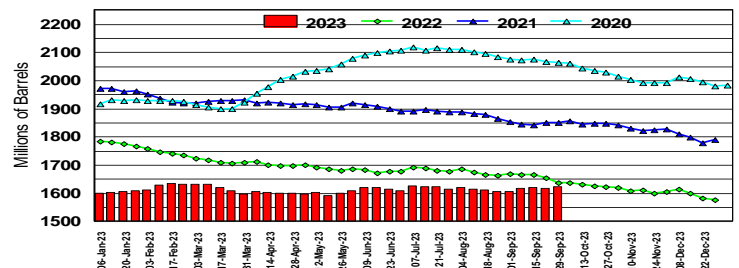
Early Market Call - as of 8:40 AM EDT
WTI - October \$83.35, down 85 cents
RBOB - October \$2.1982, up 2 points
HO - October \$2.9353, down 8.25 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.0178	-0.1776	-0.2443
Dec-23	2.9254	-0.1619	-0.2229
Jan-24	2.8684	-0.1464	-0.2119
Feb-24	2.8228	-0.1408	-0.2067
Mar-24	2.7667	-0.1349	-0.1983
Apr-24	2.6985	-0.1292	-0.1901
May-24	2.6523	-0.1244	-0.1879
Jun-24	2.6216	-0.1210	-0.1843
Jul-24	2.6104	-0.1178	-0.1754
Aug-24	2.6047	-0.1163	-0.1682
Sep-24	2.6043	-0.1159	-0.1627
Oct-24	2.6025	-0.1147	-0.1576
Nov-24	2.5968	-0.1117	-0.1518
Dec-24	2.5886	-0.1060	-0.1441
Jan-25	2.5782	-0.1011	-0.1372
Feb-25	2.5639	-0.0962	-0.1298
Mar-25	2.5442	-0.0922	-0.1226

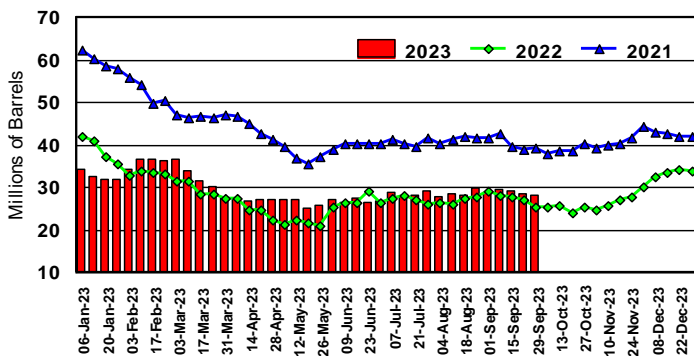
Sprague HeatCurve October 2024-April 2025		\$2.5704
	Close	Change
Crude - WTI	\$82.5500	-\$4.8900
Crude - Brent	\$85.8100	-\$5.1100
Natural Gas	\$2.9620	\$0.0130
Gasoline	\$2.1980	-\$0.1621

Total U.S. Oil Stocks Including SPR



Weekly EIA Petroleum Status Report for the Week Ending September 29, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.224 million barrels
 Cushing, OK Crude Stocks Up 132,000 barrels
Gasoline Stocks Up 6.481 million barrels
Distillate Stocks Down 1.269 million barrels
Refinery % Operated 87.3%, down 2.2%

PADD #1

	Week Ending Sep 29, 2023	Week Ending Sep 22, 2023	Week Ending Sep 30, 2022
Distillate Stocks (in million bbl)	28.2	28.4	25.5
New England	3.2	3.2	3.6
Central Atlantic	14.0	15.4	11.1
Total PADD #1	28.2	28.4	25.5
Distillate Imports (thousands b/d)	78	77	76