

Market Commentary

Recap: Oil futures bounced off of session lows after news broke that oil supply in Hungary via the Druzhba oil pipeline has been temporarily suspended due to a fall in pressure. Adding to the rise in prices was the U.S. producer price index, which showed that prices increased less than expected in October, more evidence that inflation was starting to slow, which could allow the Federal Reserve to slow its aggressive pace of interest rate hikes. WTI for December delivery settled up \$1.05, or 1.2%, to \$86.92 a barrel after losing 3.5% on Monday. January Brent added 72 cents, or 0.8%, to settle at \$93.86 a barrel. Petroleum products finished mixed, with December RBOB falling 0.5% to \$2.5161 per gallon, while December heating oil traded at 3.6351 a gallon, up 2.5%.

Market Analysis: WTI found support near the \$84 level after falling to its lowest intraday level in three weeks, as traders continued to weigh prospects for oil demand. Fears of supply shortages linger, as the International Energy Agency warned of tighter global supplies ahead as the European Union's ban on Russian oil goes into effect in early December. The IEA report followed the release of OPEC's monthly report on Monday. OPEC modestly revised lower its forecast for growth in global oil demand by 100,000 barrels per day to 2.5 million barrels per day, while making small tweaks to its supply forecasts and holding off from making changes to its global economic growth forecasts. Support is seen at \$84.43, \$81.93 and \$79.81, with resistance set at \$87.50 - \$87.90, and \$89.05.

Fundamental News: On Tuesday, NATO allies were investigating reports that Russian missiles struck Przewodow, a village in eastern Poland near the border with Ukraine, killing two people. The Associated Press cited a senior U.S. intelligence official as saying that an explosion was due to Russian missiles crossing into Poland. However the Pentagon said it could not confirm that account. The White House also said it could not confirm reports and was working with the Polish government to gather more information. Meanwhile, Russia's Defense Ministry denied the reports.

U.S. Energy Secretary, Jennifer Granholm, said President Biden is considering requiring oil companies to store more fuel inside the U.S. as declining diesel stockpiles in the Northeast stoke concerns about price spikes this winter.

According to traders and shipping data, a flotilla of ships is carrying distillate fuel to New York Harbor to increase stocks ahead of the winter. Shippers are sending vessels to the U.S. East Coast, where inventories have fallen to alarmingly low levels in 2022. The lack of stock has caused prices to surge, increasing the flow of product from Europe, which is already facing the prospect of a cold winter without Russian oil supply. At least 11 vessels that can carry about 3.6 million barrels of distillate, which includes low-sulfur diesel and home heating oil, will arrive in New York Harbor in late November and early December.

The International Energy Agency said looming European Union bans on seaborne exports of Russian crude oil and products along with a G7 price cap on those sales will create unprecedented uncertainty for oil markets already beset by high prices and deep economic challenges.

The IEA forecast a small decline in diesel and gasoil demand next year as persistently high prices stoke already high inflation rates and hit economic activity. Global demand for diesel and gasoil is forecast to fall to 400,000 bpd this year from 1.5 million bpd in 2021, before contracting slightly next year.

Early Market Call - as of 10:05 AM EDT

WTI - December \$86.29 Down \$0.63

RBOB - December \$2.5104 Down 0.0057

HO - December \$3.6447 Up \$0.0054

All NYMEX | Prior Settlements

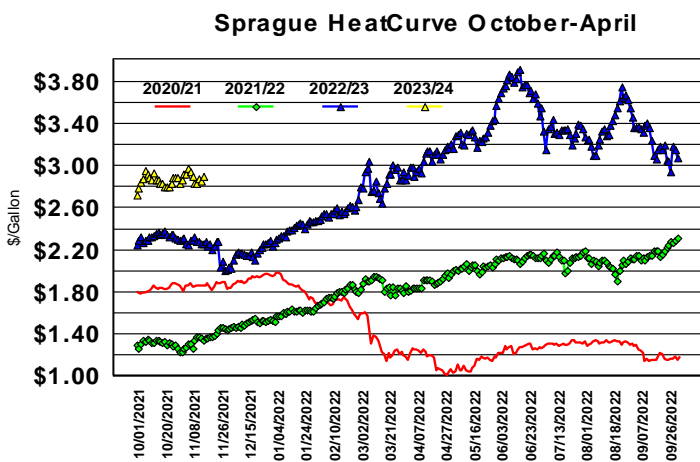
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	\$3.6413	\$0.0973	-\$0.1294
Jan-23	\$3.5099	\$0.0809	-\$0.0841
Feb-23	\$3.4088	\$0.0760	-\$0.0636
Mar-23	\$3.3072	\$0.0685	-\$0.0532
Apr-23	\$3.2019	\$0.0616	-\$0.0449
May-23	\$3.1200	\$0.0537	-\$0.0365
Jun-23	\$3.0588	\$0.0474	-\$0.0279
Jul-23	\$3.0237	\$0.0435	-\$0.0218
Aug-23	\$2.9980	\$0.0420	-\$0.0162
Sep-23	\$2.9776	\$0.0422	-\$0.0110
Oct-23	\$2.9583	\$0.0428	-\$0.0081
Nov-23	\$2.9386	\$0.0434	-\$0.0064
Dec-23	\$2.9178	\$0.0436	-\$0.0062
Jan-24	\$2.8957	\$0.0439	-\$0.0064
Feb-24	\$2.8740	\$0.0437	-\$0.0057
Mar-24	\$2.8428	\$0.0436	-\$0.0049
Apr-24	\$2.8025	\$0.0434	-\$0.0045

Sprague HeatCurve October 2023-April 2024			\$2.8885
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$7.61	\$86.2500	\$1.0900
Crude - Brent		\$93.8600	\$0.7200
Natural Gas		\$6.0340	\$0.1010
Gasoline		\$2.5161	-\$0.0124

API Report for the Week Ending November 11, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5.8 million barrels	Down 400,000 barrels
Gasoline Stocks	Up 1.7 million barrels	Down 800,000 barrels
Distillate Stocks	Up 850,000 barrels	Down 500,000 barrels
Refinery Runs		Up 0.5% at 92.6%

Sprague HeatCurve October-April



WTI Continuation



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