



MarketWatch | Refined Products

Tuesday, October 10, 2023

Market Commentary

Recap: The oil market rallied higher on Monday after military clashes between Israel and the Palestinian Islamist group Hamas prompted fears of instability in the Middle East. The market retraced some of last week's sharp losses as it gapped higher on the opening from \$83.28 to \$85.25 in light of the news that Hamas on Saturday launched the largest military assault on Israel in decades, which triggered a wave of retaliatory Israeli air strikes on Gaza. The market quickly backfilled some of its gap as it posted a low of \$84.67 following the opening. It bounced off its low and traded to a high of \$87.24 in overnight trading as it retraced more than 38% of its move from a high of \$95.03 to a low of \$81.50. The market later traded sideways during the remainder of the session. The November WTI contract settled up \$3.59 at \$86.38 and the December Brent contract settled up \$3.57 at \$88.15. The product markets also ended the session in positive territory, with the heating oil market settling up 6.58 cents at \$2.9666 and the RB market settling up 4.59 cents at \$2.2381.

Technical Analysis: The crude market on Tuesday will likely trade sideways following Monday's volatility. The market is seen retracing some of its rally barring any major development that may impact oil supplies. It is seen finding some support at \$84.87 followed by \$83.81, its remaining gap from \$84.67 to \$83.28 and \$81.50. Meanwhile, resistance is seen at its high of \$87.24, \$88.27, \$89.59, \$89.86, \$90.27 and \$91.88.

Fundamental News: Israel attacked the Palestinian enclave of Gaza on Sunday, killing hundreds of people in retaliation for one of the deadliest attacks in its history when Islamist group Hamas killed 700 Israelis and abducted dozens more. Appeals for restraint came from around the world, though Western nations largely stood by Israel while Iran, Hezbollah and protesters in various Middle Eastern nations applauded Hamas. Israel's ambassador to the United Nations said the attacks on Israelis in Gaza over the weekend were war crimes. A White House National Security Council spokesperson confirmed several Americans were killed by Hamas attackers, saying the U.S. would continue to monitor the situation closely. In Gaza, Hamas spokesman Hazem Qassem condemned the U.S. announcement as "an actual participation in the aggression against our people" and said the group would not be intimidated.

OPEC raised its world oil demand forecasts for the medium and long term in an annual outlook, and said \$14 trillion of investment is needed to meet this demand, up from a previous estimate of \$12.1 trillion, even as renewable fuel use increases and more electric cars appear on the road. OPEC expects world oil demand to reach 116 million bpd by 2045, around 6 million bpd higher than expected in last year's report, with growth led by China, India, other Asian nations, and Africa and the Middle East.

OPEC Secretary General, Haitham Al Ghais, said climate action should not come at the cost of global energy security.

Goldman Sachs does not see any immediate major effect on near-term oil market inventories from the attacks in Israel over the weekend. It, however, added that the attacks reduce the likelihood of normalization of the country's relations with Saudi Arabia, and the associated increase to Saudi production over time. Goldman Sachs said it continues to forecast that Brent will increase to \$100/barrel by June 2024, while noting that there has been no impact to current global oil production at this early stage.

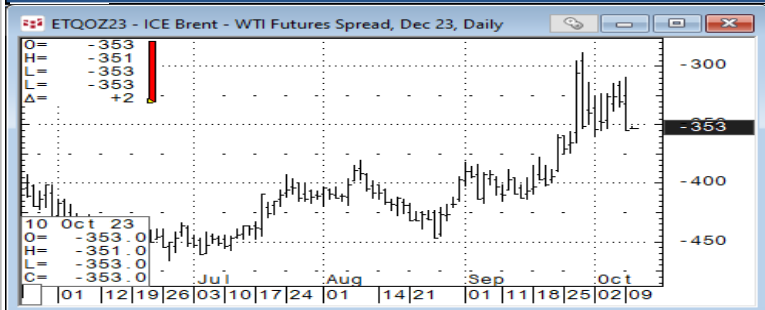
Early Market Call - as of 8:35 AM EDT
WTI - October \$86.00, down 38 cents
RBOB - October \$2.2520, up 1.39 cents
HO - October \$3.0110, up 4.44 cents

All NYMEX | Prior Settlements

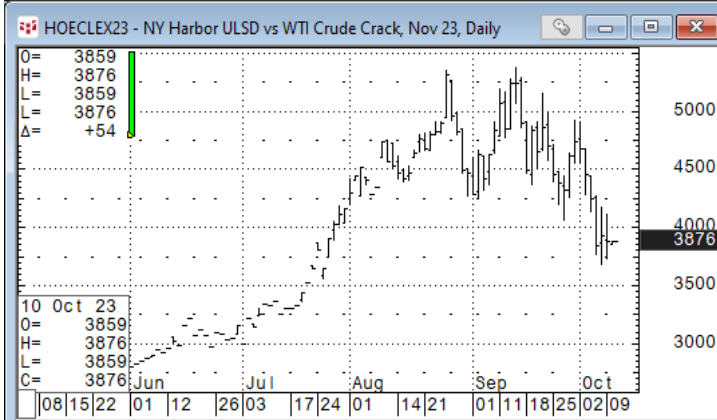
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	2.9666	0.0658	-0.2559
Dec-23	2.8783	0.0540	-0.2254
Jan-24	2.8209	0.0506	-0.2054
Feb-24	2.7815	0.0501	-0.1902
Mar-24	2.7344	0.0509	-0.1748
Apr-24	2.6739	0.0507	-0.1612
May-24	2.6321	0.0506	-0.1530
Jun-24	2.6050	0.0502	-0.1471
Jul-24	2.5950	0.0480	-0.1433
Aug-24	2.5903	0.0470	-0.1421
Sep-24	2.5905	0.0465	-0.1415
Oct-24	2.5901	0.0463	-0.1394
Nov-24	2.5867	0.0463	-0.1344
Dec-24	2.5786	0.0460	-0.1291
Jan-25	2.5687	0.0459	-0.1236
Feb-25	2.5548	0.0457	-0.1180
Mar-25	2.5364	0.0453	-0.1123

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Dec Brent-	\$84.6000	\$3.3200
Crude - Brent	WTI Spread	\$88.1500	\$3.5700
Natural Gas	\$3.55	\$3.3760	\$0.0380
Gasoline		\$2.2381	\$0.0459

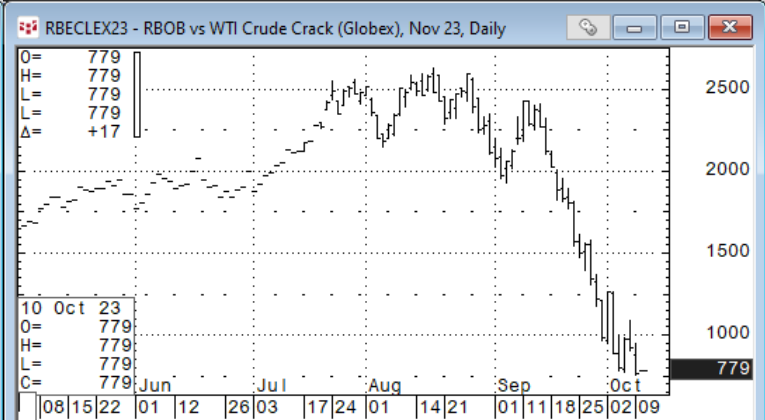
ICE December Brent-WTI



November Heating Oil Crack Spread



November RBOB Crack Spread



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