

Market Commentary

All NYMEX | Prior Settlements

Recap: The crude market on Thursday sold off on large builds reported in the weekly petroleum stocks reports. The market remained pressured in overnight trading following the unexpected build in crude stocks of over 12 million barrels reported by the API. However, the market bounced off its lows and retraced its losses on expectations that the U.S. interest rates have peaked. The market rallied to a high of \$85.20 following the CPI data, which showed that U.S. inflation was slowing further supporting expectations that the Fed will not raise rates next month. The market later gave up its gains and reversed all of its earlier gains after the EIA reported a larger than expected build of over 10 million barrels amid an increase in U.S. oil output to the highest level on record. The build in stocks outweighed the expectation of a freeze in interest rate hikes and pushed the market to its low of \$82.31 ahead of the close. The November WTI contract settled in negative territory for the third consecutive session, down 58 cents at \$82.91 while the December Brent contract settled up 18 cents at \$86.00. The product markets were mixed, with the heating oil market settling up 4.64 cents at \$3.0449 and the RB market settling down 4.51 cents at \$2.1650.

Technical Analysis: Following the market's losses on Thursday, the oil market is seen retracing some of its losses ahead of the weekend. The market will continue to look for further direction from any developments in the Israeli-Hamas conflict. Any news of the conflict widening will keep the market well supported. The wild card is Iran as the market is concerned if anything happens in the Strait of Hormuz. The crude market is seen finding support at its low of \$82.31, \$81.50, \$81.00, \$80.43 and \$79.60. Meanwhile, resistance is seen at its high of \$85.20, \$86.51, \$86.74, \$87.24 followed by \$88.27, \$89.59 and \$89.86.

Fundamental News: The EIA said U.S. crude stocks increased by 10.176 million barrels in the week ending October 6th to 424.2 million barrels, as crude production increased by 300,000 bpd to 13.2 million bpd, the highest level on record. U.S. crude stocks in Cushing, Oklahoma fell by 319,000 barrels on the week to 21.77 million barrels, the lowest since July 2022.

The IEA lowered its oil demand growth forecast for 2024, suggesting harsher global economic conditions and progress on energy efficiency will weigh on consumption. In its monthly report, the IEA lowered its 2024 demand growth forecast to 880,000 bpd from its previous forecast of 1 million bpd. However, it raised its 2023 demand forecast to 2.3 million bpd from a forecast of 2.2 million bpd. OPEC and its allies, known as OPEC+, began limiting supplies in 2022 to support prices. However, prices dropped dramatically last week as a darkening macroeconomic outlook intensified fears of slower demand growth, eclipsing supply concerns. The IEA said "If extra cuts are unwound in January, the balance could shift to surplus, which would go some way to help replenish depleted inventories." It said OPEC+ could produce 1.3 million below the call for its crude in the fourth quarter of this year. It said global observed oil inventories fell by 63.9 million barrels in August, led by a draw in crude stocks.

OPEC stuck to its forecast for relatively strong growth in global oil demand in 2023 in 2024, citing signs of a resilient world economy so far this year and expected further demand gains in China. In its monthly report, OPEC said world oil demand will increase by 2.25 million bpd in 2024, compared with growth of 2.44 million bpd in 2023. Both forecasts were unchanged from last month. The report also said that demand in the rest of this year and next could take a hit in some parts of the world and trimmed its forecasts for total world demand in the current quarter by 50,000 bpd and the first three months of 2024 by 150,000 bpd.

Saudi Energy Minister, Prince Abdulaziz bin Salman, said that it was necessary to be "proactive" on the oil market and attempt to bring stability to it, while adding that oil producers do not target prices. He said that the market was unpredictable and "cannot be left on its own". The Saudi minister said the need to act on the oil market depended on its volatility.

Early Market Call - as of 8:30 AM EDT

WTI - November \$86.65, up \$3.74

RBOB - November \$2.2337, up 6.87 cents

HO - November \$3.1621, up 11.68 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.0449	0.0464	0.1762
Dec-23	2.9434	0.0316	0.1443
Jan-24	2.8820	0.0263	0.1257
Feb-24	2.8348	0.0207	0.1109
Mar-24	2.7825	0.0172	0.1034
Apr-24	2.7199	0.0152	0.0981
May-24	2.6764	0.0141	0.0946
Jun-24	2.6495	0.0130	0.0944
Jul-24	2.6426	0.0129	0.0959
Aug-24	2.6409	0.0129	0.0981
Sep-24	2.6441	0.0135	0.1009
Oct-24	2.6446	0.0140	0.1028
Nov-24	2.6394	0.0145	0.1033
Dec-24	2.6294	0.0156	0.1018
Jan-25	2.6169	0.0157	0.0984
Feb-25	2.5989	0.0160	0.0936
Mar-25	2.5762	0.0157	0.0887

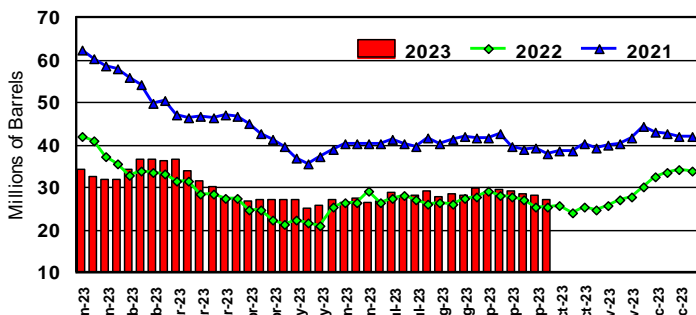
Sprague HeatCurve October 2024-April 2025			\$2.6078
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$4.20	\$81.8000	-\$0.2700
Crude - Brent		\$86.0000	\$0.1800
Natural Gas		\$3.3440	-\$0.0330
Gasoline		\$2.1650	-\$0.0451

EIA Working Gas Storage Report				
	06-Oct-23	29-Sep-23	Change	06-Oct-22
East	874	847	27	778
Midwest	1021	991	30	947
Mountain	244	239	5	189
Pacific	278	278	0	249
South Central	1112	1090	22	1,050
Salt	267	259	8	249
Nonsalt	845	830	15	800
Total	3529	3445	84	3,213

Weekly EIA Petroleum Status Report for the Week Ending October 6, 2023

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 10.176 million barrels

Cushing, OK Crude Stocks Down 319,000 barrels

Gasoline Stocks Down 1.313 million barrels

Distillate Stocks Down 1.837 million barrels

Refinery % Operated 85.7%, down 1.6%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Oct 6, 2023	Week Ending Sep 29, 2023	Week Ending Oct 6, 2022
New England	3.0	3.2	3.4
Central Atlantic	14.0	14.0	11.2
Total PADD #1	27.1	28.2	25.5
Distillate Imports (thousands b/d)	77	78	76