

Market Commentary

Recap: The oil market rallied higher after posting a two-week low earlier on Tuesday as the market positioned itself ahead of the release of the weekly petroleum stocks reports. In overnight trading, the crude market breached its previous low and the lower boundary of its upward trend channel as it posted a low of \$88.19 amid concerns over central banks keeping interest rates higher for longer than expected to fight inflation. However, the market bounced off its low and rallied to a high of \$90.74 by mid-day amid the expectations that the weekly petroleum stocks reports will show draws across the board. The crude market later traded in a sideways trading range ahead of the close, with the November WTI contract settling up 71 cents at \$90.39 and the November Brent contract settling up 67 cents at \$93.96. The product markets ended the session in mixed territory, with the heating oil market settling down 3.84 cents at \$3.2238 and the RB market settled up 1.83 cents at \$2.5622.

Market Analysis: The crude market will again weigh concerns over tighter supply against an uncertain economic outlook as the Fed may increase interest rates before the end of the year. The market is seen finding support as the weekly petroleum stocks reports are expected to show draws across the board. Resistance is seen at its high of \$90.74, \$90.83, \$91.33 and \$92.43. More distant resistance is seen at \$95.25. However, support is seen at \$89.32, its low of \$88.19, \$88.04, \$87.66, \$86.66, \$86.58 and \$84.88.

Fundamental News: Traders and analysts said U.S. crude stocks at Cushing, Oklahoma are at their lowest level in 14 months due to strong refining and export demand, prompting concerns about the quality of the remaining oil and the potential to fall below minimum operating levels. Traders and analysts said further drawdowns at Cushing could also provide new upward pressure on oil markets as it would compound supply tightness stemming from OPEC+ output cuts.

Russia reportedly has clarified its ban on oil product exports, saying the ban only applied to Euro 5 gasoline and diesel. Originally it was said to apply to the export of all finished grade gasoline as well as gasoil, diesel and bunker fuel.

The National Energy Assistance Directors Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP), said most U.S. consumers can expect to pay more to heat their homes this winter than last year due to increasing fuel costs and colder weather forecasts. However, households burning natural gas should see lower prices. NEADA said an expected 7.8% decline in the cost of gas heating to \$726 this winter from \$787 last year would reduce this year's average household heating expenditures by about 1% from last year. For those using heating oil, prices are expected to increase by 8.7% to \$2,275 from \$2,094 last year, reflecting increased tightening in petroleum markets. Households heating with propane can expect a 4.2% increase in expenditures, from \$1,476 last winter to \$1,538 this year.

Bloomberg reported that U.S. oil production will likely reach a milestone in the fourth quarter, with Rystad Energy expecting a record of more than 13 million bpd, the highest of any country in the world and more than double the level of a decade ago. However, the increased output has not been enough to ease prices. Higher gasoline prices, which are up 7% since July at \$3.85/gallon, threatens to stoke inflation. While it seems shale output is set to increase further, it is unlikely to happen. Shale output is increasing at about 700,000 bpd so far this year. However, increasing its rate of growth risks eroding companies' returns. Also, output from wells decline by as much as 60% in the first year, meaning that new ones constantly need to be drilled.

Early Market Call - as of 8:15 AM EDT

WTI - November \$92.12 up \$1.73 per barrel
 RBOB - October \$2.6068 up 4.46 cents per gallon
 HO - October \$3.2378 up 1.4 cents per gallon

All NYMEX | Prior Settlements

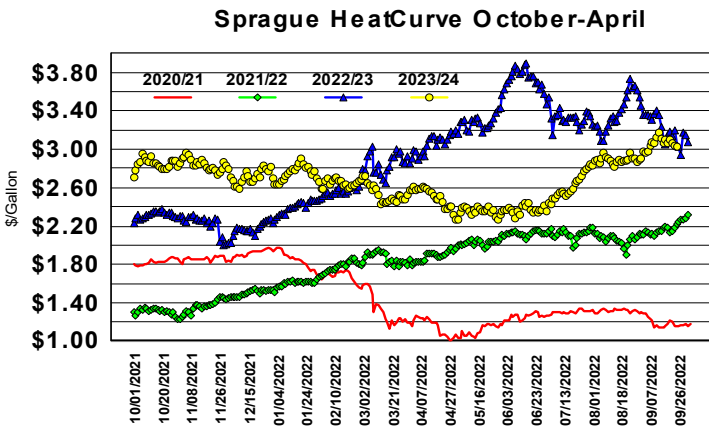
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-23	3.2238	-0.0384	-0.1501
Oct-23	3.1713	-0.0288	-0.1212
Nov-23	3.0755	-0.0153	-0.0834
Dec-23	3.0276	-0.0092	-0.065
Jan-24	2.986	-0.0081	-0.0587
Feb-24	2.9282	-0.009	-0.0557
Mar-24	2.8577	-0.0086	-0.0543
Apr-24	2.8144	-0.0073	-0.0533
May-24	2.7842	-0.0049	-0.0514
Jun-24	2.7673	-0.0038	-0.0484
Jul-24	2.7573	-0.0026	-0.0447
Aug-24	2.7535	-0.0018	-0.0403
Sep-24	2.7483	-0.0009	-0.0362
Oct-24	2.7382	-0.0003	-0.0324
Nov-24	2.7229	-0.0007	-0.0297
Dec-24	2.7059	-0.0009	-0.0277
Jan-25	2.684	-0.0009	-0.026

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.57	\$90.3900	\$0.7100
Crude - Brent		\$93.9600	\$0.6700
Natural Gas		\$2.6560	\$0.0170
Gasoline		\$2.5622	\$0.0183

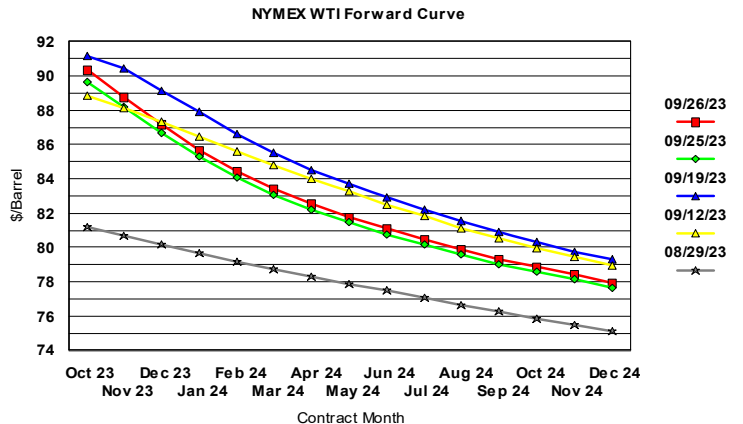
API Report for the Week Ending September 22, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 1.6 million barrels	Down 2.2 million barrels
Gasoline Stocks	Down 70,000 barrels	Down 780,000 barrels
Distillate Stocks	Down 1.7 million barrels	Down 1.1 million barrels
Refinery Runs		Down 0.2% at 91.7%

Sprague HeatCurve October-April



WTI Forward Curve



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