

Market Commentary

Recap: Oil futures recovered early Tuesday from the steep slump instigated Monday by mixed news that OPEC and its allies were mulling churning out more oil. Oil prices increased on Tuesday as Saudi Arabia said the Organization of the Petroleum Exporting Countries will continue with its plans for reduced production. Oil prices have closed lower for the past four sessions consecutively. Crude's price-drop last week was due to Chinese demand concerns and aggressive Fed tightening that helped push the dollar higher and sparked fears of a weaker US economy. OPEC, Russia and other allies, known as OPEC+, meet on Dec. 4, a day before the start of European and G7 measures in response to Russia's invasion of Ukraine, which could support the market. On Dec. 5, a European Union ban on Russian crude imports is set to start, as is a G7 plan that will allow shipping services providers to help to export Russian oil, but only at enforced low prices. The oil market was well supported, with the January WTI contract rallying to a high of \$82.36 in afternoon trading and settling up 91 cents at \$80.95. The January Brent contract settled up 91 cents at \$88.36. Meanwhile, the product markets ended mixed with the heating oil market settling down 2.6 cents at \$3.4713 and the RBOB market settling up 10.34 cents at \$2.5405.

Market Analysis: Concerns over oil demand in the face of the U.S. Federal Reserve's interest rate hikes and China's strict COVID lockdown policies will continue to act as headwinds for this market. In focus for Wednesday's session will be the latest weekly snapshots of supply in the United States, which are expected to show crude inventories fell by 800,000 barrels. With global demand in question amid tight supplies, we expect for this market to continue to bounce around and consolidate between the \$75 and \$90 range. Resistance sits up at \$83.75 and \$85, with support coming in at \$80 and \$76.44.

Fundamental News: Amos Hochstein, the U.S. special envoy and presidential coordinator for international energy affairs, said oil prices are still a bit higher than they should be. He said the U.S. will be opportunistic on SPR oil and will look to immediately repurchase oil when prices are in the \$70/barrel range.

Kuwait's Oil Minister, Bader Al Mulla, denied reports that there have been discussions to increase oil production at the next OPEC+ meeting. He said Kuwait is keen to maintain stability and balance in oil markets. Saudi Arabia and the United Arab Emirates have also denied a Wall Street Journal report saying an output increase of 500,000 bpd was under discussion for the next OPEC+ meeting on December 4th.

The head of Iraq's state oil marketer SOMO, Alaa Alysari, said there have been no discussions about OPEC+ deciding on a production increase at its next meeting. Meanwhile, Iraq's Oil Minister, Hayan Abdul Ghani, said the country supports agreements that bring oil market stability and limit price declines.

Algeria's Minister of Energy and Mines, Mohamed Arkab, said there are "no ongoing discussions" on a revision of the October 5th OPEC+ oil production decision. He said speculation on "improbable revisions of OPEC+ production levels" is likely to disrupt oil markets. He added "OPEC+ decisions are taken in complete transparency at meetings."

Refinitiv tracking data showed that November diesel arrivals to Europe are expected at a new all-time high of about 6.83 million tons, surpassing a previous record in October of 6.37 million tons. Exports from Russia to Europe increased sharply with deliveries this month set to reach 3.36 million tons, the highest since May 2021, and up from 2.69 million tons last month.

Bloomberg reported that China's crude buyers have paused purchases of some Russian oil as they wait for details of a US-led cap to see if it presents a better price.

Early Market Call - as of 10:05 AM EDT
 WTI - January \$78.59 Down \$2.54
 RBOB - December \$2.4694 Down \$0.0707
 HO - December \$2.4298 Down \$0.0434

All NYMEX | Prior Settlements

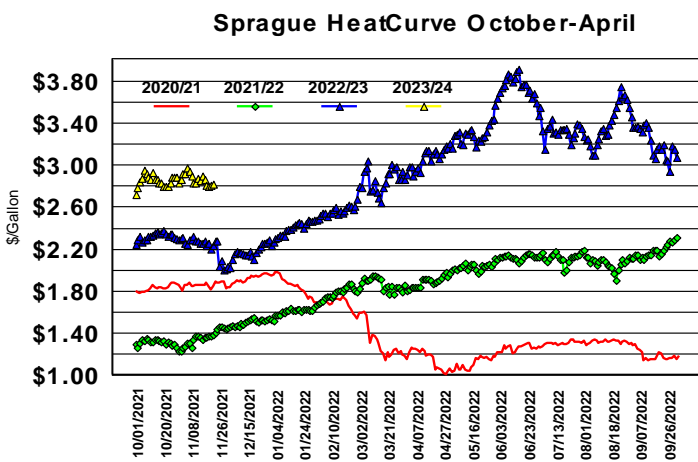
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	\$3.4713	-\$0.0260	-\$0.1700
Jan-23	\$3.3664	-\$0.0123	-\$0.1435
Feb-23	\$3.2794	-\$0.0049	-\$0.1294
Mar-23	\$3.1901	\$0.0017	-\$0.1171
Apr-23	\$3.0952	\$0.0081	-\$0.1067
May-23	\$3.0202	\$0.0117	-\$0.0998
Jun-23	\$2.9636	\$0.0122	-\$0.0952
Jul-23	\$2.9312	\$0.0116	-\$0.0925
Aug-23	\$2.9076	\$0.0110	-\$0.0904
Sep-23	\$2.8899	\$0.0102	-\$0.0877
Oct-23	\$2.8728	\$0.0095	-\$0.0855
Nov-23	\$2.8548	\$0.0089	-\$0.0838
Dec-23	\$2.8364	\$0.0095	-\$0.0814
Jan-24	\$2.8165	\$0.0102	-\$0.0792
Feb-24	\$2.7967	\$0.0103	-\$0.0773
Mar-24	\$2.7665	\$0.0103	-\$0.0763
Apr-24	\$2.7299	\$0.0104	-\$0.0726

Sprague HeatCurve October 2023-April 2024			\$2.8094
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$7.41	\$80.9500	\$0.9100
Crude - Brent		\$88.3600	\$0.9100
Natural Gas		\$6.7790	\$0.0030
Gasoline		\$2.5405	\$0.1034

API Report for the Week Ending November 18, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 4.8 million barrels	Down 1.1 million barrels
Gasoline Stocks	Down 450,000 barrels	Up 400,000 barrels
Distillate Stocks	Up 1.1 million barrels	Down 600,000 barrels
Refinery Runs		Up 0.3% at 93.2%

Sprague HeatCurve October-April



WTI Continuation



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