

## Market Commentary

**Recap:** The oil market on Wednesday erased some of its recent gains following the larger than expected builds in U.S. crude stocks. The oil market traded to a high of \$78.77 in overnight trading amid the news that China's economic activity grew in October as industrial output increased at a faster pace and retail sales growth surpassed expectations. However, weighing on demand was a decline in China's refinery throughput in October amid weakening industrial fuel demand. The crude market erased its gains ahead of the release of the EIA's petroleum stock report on Wednesday morning. It extended its losses to \$1.95 as it sold off to a low of \$76.31 on the close following the release of the inventory report, which showed a build of 3.6 million barrels in the week ending November 10<sup>th</sup> while U.S. domestic production remained at a record 13.2 million bpd. The December WTI contract settled down \$1.60 to \$76.66 and the January Brent contract settled down \$1.29 at \$81.18. Meanwhile, the product markets ended the session in mixed territory, with the heating oil market settling up 3.16 cents at \$2.8687 and the RB market settling down 2.1 cents at \$2.2018.

**Technical Analysis:** The crude market is still seen trading in its recent trading range we previously mentioned from \$74.90 to \$81.05 as its daily stochastics are trending sideways. The market will look to any economic news for further direction and will also start to focus on the upcoming OPEC meeting scheduled for November 26<sup>th</sup>, with Saudi Arabia expected to extend its voluntary output cuts at least until the first quarter of 2024. The market is seen finding support at its low of \$76.31, \$76.21, \$75.31-\$75.21 and \$74.91. Resistance is however seen at \$77.80, \$78.20, \$78.77 followed by \$79.77, \$80.28 and \$81.05-\$81.10.

**Fundamental News:** The EIA reported that total U.S. crude oil inventories in the week ending November 10<sup>th</sup> increased by 3.6 million barrels. It reported that East Coast crude stocks increased by 800,000 barrels to 9.5 million barrels, the highest level since November 2021.

The Financial Times reported that Denmark will be tasked with inspecting and potentially blocking tankers carrying Russian oil through its waters under new European Union plans. The FT said that Denmark would target tankers carrying Russian oil that did not have Western insurance, a step that would hit Russian oil export income hard while impacting Russian oil production and refinery business. In response to the report, the Kremlin said it was necessary to caution everyone that the rules of international commercial shipping needed to be observed after the Financial Times reported that Denmark could block Russian oil from reaching world markets. Kremlin spokesman Dmitry Peskov said that he had no information about such a move. When asked if Russia might escort tankers with Russian oil if Denmark moved ahead with the alleged plan, he said that Russia did not make such grave decisions based on newspaper reports. A spokeswoman for the Russian Foreign Ministry, Maria Zakharova, said that all vessels, including Russian ones, has free passage through the Baltic Sea and said that any attempt to violate international law on the free movement of shipping was dangerous.

Amrita Sen, co-founder of consultancy Energy Aspects said Saudi Arabia is expected to extend its additional voluntary supply cuts to at least the first quarter, if not the first half of 2024. She said current oil prices are not low enough to push OPEC+ to deepen supply cuts in 2024. The next OPEC+ ministerial meeting is scheduled for November 26<sup>th</sup> to discuss market outlook.

IIR Energy said U.S. oil refiners are expected to shut in 787,000 bpd of capacity in the week ending November 17<sup>th</sup>, increasing available refining capacity by 602,000 bpd. It reported that offline capacity is expected to fall to 264,000 bpd in the week ending November 24<sup>th</sup>.

**Early Market Call - as of 8:25 AM EDT**

WTI - December \$76.35, down 31 cents

RBOB - December \$2.1768, down 2.5 cents

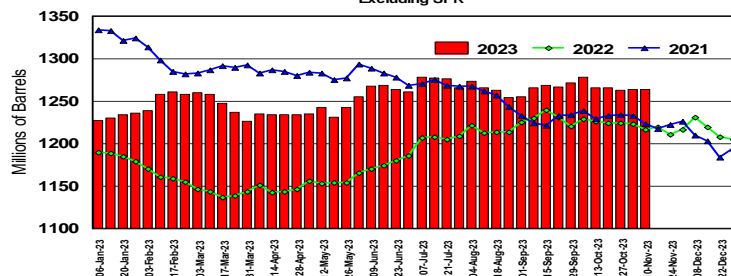
HO - December \$2.8736, up 49 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.8687	0.0316	0.1195
Jan-24	2.7911	0.0119	0.0934
Feb-24	2.7537	0.0072	0.0873
Mar-24	2.7105	0.0031	0.0809
Apr-24	2.6609	0.0001	0.0741
May-24	2.6249	-0.0046	0.0672
Jun-24	2.5983	-0.0082	0.0577
Jul-24	2.5862	-0.0107	0.0500
Aug-24	2.5822	-0.0122	0.0465
Sep-24	2.5856	-0.0128	0.0454
Oct-24	2.5866	-0.0134	0.0445
Nov-24	2.5800	-0.0143	0.0424
Dec-24	2.5673	-0.0149	0.0400
Jan-25	2.5544	-0.0155	0.0377
Feb-25	2.5396	-0.0163	0.0361
Mar-25	2.5221	-0.0172	0.0350
Apr-25	2.5001	-0.0175	0.0349

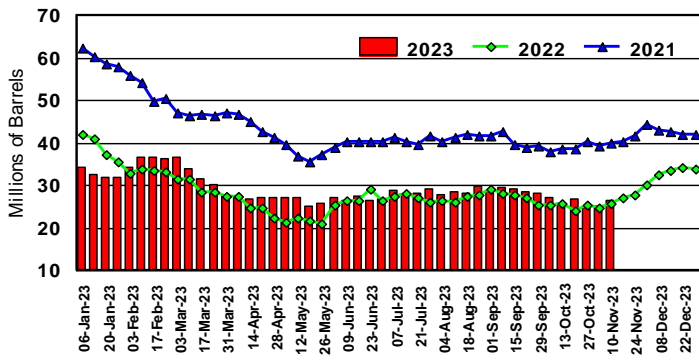
Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$4.39	\$76.7900	-\$1.3800
Crude - Brent		\$81.1800	-\$1.2900
Natural Gas		\$3.1900	\$0.0840
Gasoline		\$2.2018	-\$0.0210

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending November 10, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

- Crude Oil Stocks(excluding SPR) Up 3.6 million barrels
- Cushing, OK Crude Stocks Up 1.9 million barrels
- Gasoline Stocks Down 1.5 million barrels
- Distillate Stocks Down 1.4 million barrels
- Refinery % Operated 86.1%, up 0.9%

### PADD #1

	Week Ending Nov 10, 2023	Week Ending Nov 3, 2023	Week Ending Nov 11, 2022
Distillate Stocks (in million bbl)			
New England	3.7	3.3	3.7
Central Atlantic	12.1	11.1	11.6
Total PADD #1	26.3	25.2	25.9
Distillate Imports (thousands b/d)	140	202	89

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