

Market Commentary

Recap: Oil prices fell amid fears of declining demand stemming from a global economic slowdown. The WTI benchmark fell as much as \$3.53, or 4.5% a barrel to a low of \$73.41, while Brent dipped as much as \$3.98, or 4.8% to a low of \$78.70. Markets will be closely monitoring macro indicators and agency reports, looking for additional indication of an accelerated decline in global oil demand that could add to a recent price weakness. WTI for January delivery lost \$2.68 per barrel, or 3.48% to \$74.25, its lowest settlement value since Thursday, Dec. 23, 2021. Brent Crude for February delivery lost \$3.33 per barrel, or 4.03% to \$79.35, the lowest settlement value since Monday, Jan. 3, 2022. RBOB Gasoline for January delivery lost 5.28 cents per gallon, or 2.40% to \$2.1491, down for four consecutive sessions and the lowest settlement value since Monday, Dec. 20, 2021. Heating oil for Jan. delivery lost 8.43 cents per gallon, or 2.81% to \$2.9155, down for four consecutive sessions and the lowest settlement value since Friday, Feb. 25, 2022.

Market Analysis: Trading was volatile in the oil markets on Tuesday as the U.S. dollar remained strong and economic uncertainty offset the bullish impact of a price cap place by the EU on Russian oil and the as the prospects of a demand boost in China. This market will continue to be rocked by inflationary headwinds as a turbulent economy could last for months, while the easing of COVID restrictions in China will add a positive outlook. The price cap adds to the disruption caused by the EU's embargo on imports of Russian crude by sea and similar pledges by the United States, Canada and Japan and Britain. Russia has declared its intention not to sell oil to anyone who signs up to the price cap. The threat of losing insurance will limit Russia's access to the tanker market and could reduce crude oil exports by 500,000 bpd from February levels. It will be difficult to put on outright long position anywhere within the complex with all that traders have to contend with. Resistance is set at 76.90, 79.54 and 81.29, with support set at 72.51, 70.76, and 68.12.

Fundamental News: In its Short Term Energy Outlook, the EIA left world oil demand growth for 2022 unchanged at 2.26 million bpd to 99.82 million bpd. However, it cut its forecast for 2023 world oil demand growth by 160,000 bpd to 1 million bpd to 100.82 million bpd. World petroleum output is forecast to increase by 280,000 bpd to 99.98 million bpd in 2022 and by 1.08 million bpd to 101.06 million bpd in 2023. OPEC's oil production is expected to increase by 2.81 million bpd to 28.61 million bpd in 2022 and by 390,000 bpd to 29 million bpd in 2023. The EIA raised its forecast for this year's U.S. crude output growth marginally, while petroleum demand is likely to increase less than previously expected. The EIA projected that U.S. crude production will increase to 11.87 million bpd in 2022, up from a previous estimate of 11.83 million bpd. U.S. crude oil output is expected to increase by 470,000 bpd to 12.34 million bpd in 2023 compared with a previous forecast of a 480,000 bpd increase. The EIA reported that U.S. total petroleum consumption is forecast to increase by 470,000 bpd to 20.36 million bpd in 2022, compared with an increase of 490,000 bpd forecast last month, while U.S. petroleum demand in 2023 is forecast to increase by 15,000 bpd to 20.51 million bpd, compared with a forecast of a 100,000 bpd increase. U.S. gasoline demand in 2022 is forecast to fall by 40,000 bpd to 8.78 million bpd and fall by 10,000 bpd to 8.77 million bpd in 2023. U.S. distillate demand is forecast to increase by 10,000 bpd to 3.98 million bpd in 2022 and fall by 40,000 bpd to 3.94 million bpd in 2023.

Russia's Deputy Prime Minister, Alexander Novak, said Russia may reduce oil production but not by much following the European Union's price cap. He added that Russia was changing its logistics chains in response to the oil price cap imposed by Western countries.

Refinitiv data showed that diesel imports into Europe are so far set at 4.39 million tons in December compared with a total of 7.04 million tons in November. Imports from Russia in December are at 1.89 million tons so far, as traders continue to buy fuel before a European ban on Russian refined products takes effect on February 5th.

Early Market Call - as of 10:05 AM EDT

WTI - January \$74.95 Up \$0.70

RBOB - December \$2.1563 Up \$0.0072

HO - December \$2.9277 Up \$0.0122

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	\$2.9155	-\$0.0843	-\$0.3284
Jan-23	\$2.8869	-\$0.0833	-\$0.2886
Feb-23	\$2.8351	-\$0.0801	-\$0.2683
Mar-23	\$2.7779	-\$0.0744	-\$0.2446
Apr-23	\$2.7389	-\$0.0683	-\$0.2215
May-23	\$2.7191	-\$0.0607	-\$0.1945
Jun-23	\$2.7161	-\$0.0532	-\$0.1729
Jul-23	\$2.7138	-\$0.0474	-\$0.1576
Aug-23	\$2.7103	-\$0.0425	-\$0.1474
Sep-23	\$2.7061	-\$0.0385	-\$0.1390
Oct-23	\$2.6995	-\$0.0353	-\$0.1319
Nov-23	\$2.6915	-\$0.0321	-\$0.1251
Dec-23	\$2.6815	-\$0.0295	-\$0.1186
Jan-24	\$2.6686	-\$0.0272	-\$0.1135
Feb-24	\$2.6460	-\$0.0249	-\$0.1079
Mar-24	\$2.6172	-\$0.0222	-\$0.1029
Apr-24	\$2.5992	-\$0.0192	-\$0.0965

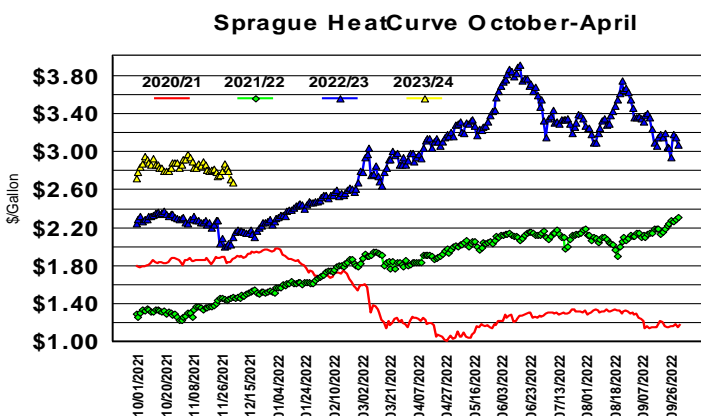
Sprague HeatCurve October 2023-April 2024

		Close	Change
Crude - WTI	Jan Brent-	\$74.4600	-\$2.6200
Crude - Brent	WTI Spread	\$79.3500	-\$3.3300
Natural Gas	\$4.89	\$5.4690	-\$0.1080
Gasoline		\$2.1491	-\$0.0528

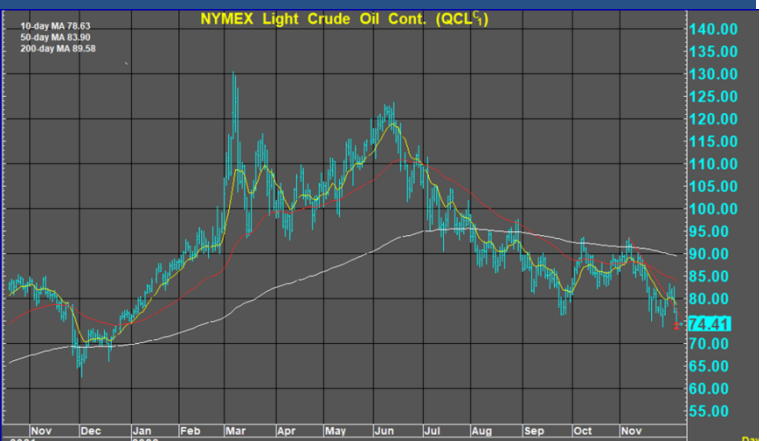
API Report for the Week Ending December 2, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5.9 million barrels	Down 3.3 million barrels
Gasoline Stocks	Up 5.9 million barrels	Up 2.7 million barrels
Distillate Stocks	Up 3.6 million barrels	Up 2.2 million barrels
Refinery Runs		Up 0.1% at 95.3%

Sprague HeatCurve October-April



WTI Continuation



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