

## Market Commentary

**Recap:** Oil futures finished lower on Thursday as a sharp decline in U.S. stock markets sparked broader risk aversion across asset classes including energy commodities and as concerns over production disruptions from Hurricane Ian subsided. Despite the lower move WTI held above \$80 a barrel. WTI crude was trending up earlier in the session, reaching almost as high as \$83 before selling picked up late-morning. November WTI lost 92 cents per barrel, or 1.12% to \$81.23, while Brent Crude for November delivery lost 83 cents per barrel, or 0.93% to \$88.49. Petroleum products also fell, with October heating oil losing 3.48 cents per gallon, or 1.01% to \$3.4146 and RBOB for October delivery falling 7.03 cents per gallon, or 2.73% to \$2.5076.

**Technical Analysis:** Despite the recent bounce, oil prices remain under quite a bit of pressure. Expectations are for the global economy to slow down and thereby have a serious impact on demand. As a result, we would look to sell on signs of weakness rather than buy on dips. Based upon a daily spot continuation chart, WTI remains within a downward channel that dates back to the beginning of June. The 10-day moving average continues to hold its place as a pivotal area and November WTI settled below this technical number, which is currently set at \$81.77. The \$80 level remains a key psychological support number, with additional support seen at \$76.25 and \$75. On the upside, resistance is seen at \$85, with a break above this level shifting the minor trend to the upside, with the potential of reaching \$90.

**Fundamental News:** The United States imposed sanctions on companies it suspects of involvement in Iran's petrochemical and petroleum trade, including some based in China. U.S. Secretary of State, Antony Blinken, said Washington placed sanctions on two China-based companies, Zhonggu Storage and Transportation Co. Ltd, and WS Shipping Co Ltd, part of attempts to thwart sanctions evasion on the sale of Iranian petroleum and petrochemical products. The U.S. Treasury Department also slapped sanctions on a network of companies involved in what it said was the sale of hundreds of millions of dollars' worth of Iranian petrochemical and petroleum products to users in South and East Asia. The action targeted Iranian brokers and front companies in the United Arab Emirates, Hong Kong and India.

Russia's President Vladimir Putin will sign formal documents on Friday proclaiming Russia's annexation of four Ukrainian regions, Kherson, Zaporizhzhia, Donetsk and Luhansk. The U.S. and the European Union are set to impose additional sanctions on Russia over the plan, and even some of Russia's close traditional allies, such as Serbia and Kazakhstan, say they will not recognize the annexation.

BP PLC said it has redeployed offshore personnel and restarted production at its Na Kika and Thunder Horse oil platforms in the Gulf of Mexico after halting production on September 26<sup>th</sup> as storm Ian approached.

Chevron said it is redeploying personnel and resuming normal operations at the two Gulf of Mexico platforms that were shut in due to Storm Ian. It said "Production from our other Chevron-operated Gulf of Mexico assets remains at normal levels."

A heavy oil refinery turnaround season in Europe this autumn, in addition to French strike action, is set to push diesel prices higher and tighten supplies ahead of a European Union ban on Russian refined products which is due to come into force early next year. Energy Aspect estimated that in October, around 1.5 million bpd of crude refining capacity is expected to be offline in Europe for planned and unplanned maintenance. This compares with 1.1 million bpd of offline capacity in September, and is above the 2015-2019 average for this period.

**Early Market Call - as of 8:15 AM EDT**

WTI - November \$80.37 Down 0.86

RBOB - October \$2.4561 Down 0.0517

HO - October \$3.3504 Down 0.0639

## All NYMEX | Prior Settlements

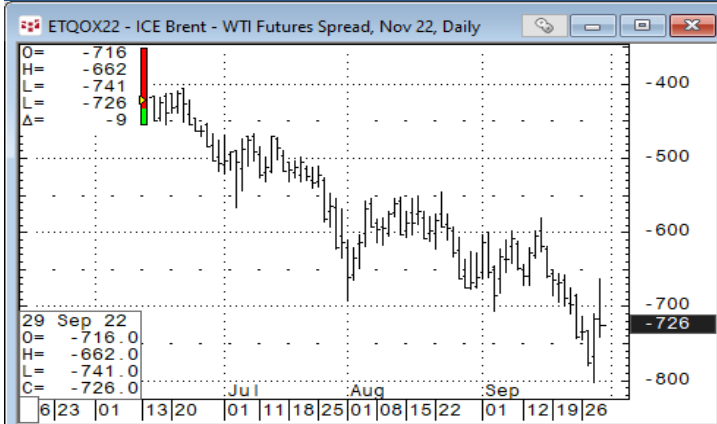
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-22	3.4146	-0.0348	0.0031
Nov-22	3.2952	-0.042	-0.0255
Dec-22	3.2072	-0.0365	-0.0445
Jan-23	3.1506	-0.034	-0.0507
Feb-23	3.0901	-0.0323	-0.0583
Mar-23	3.0157	-0.0311	-0.0681
Apr-23	2.933	-0.0301	-0.0775
May-23	2.8707	-0.03	-0.0868
Jun-23	2.8267	-0.0291	-0.0906
Jul-23	2.8045	-0.0285	-0.0919
Aug-23	2.7868	-0.0276	-0.09
Sep-23	2.7717	-0.0266	-0.0837
Oct-23	2.7585	-0.0264	-0.0759
Nov-23	2.7436	-0.0259	-0.0683
Dec-23	2.7303	-0.0241	-0.0598
Jan-24	2.7137	-0.0241	-0.0544
Feb-24	2.7005	-0.0241	-0.0506

Sprague HeatCurve October 2022-April 2023			\$3.1447
		Close	Change
Crude - WTI	Nov Brent-	\$81.2300	-\$0.9200
Crude - Brent	WTI Spread	\$88.4900	-\$0.8300
Natural Gas	\$7.26	\$6.8740	-\$0.0810
Gasoline		\$2.5076	-\$0.0703

## EIA Working Gas Storage Report

	23-Sep-22	16-Sep-22	Change	23-Sep-21
East	721	690	31	775
Midwest	879	844	35	930
Mountain	176	168	8	200
Pacific	243	237	6	243
South Central	958	935	23	1,010
Salt	204	199	5	237
Nonsalt	754	736	18	772
Total	2977	2874	103	3,157

## ICE November Brent-WTI Spread



## WTI Forward Curve

