

## Market Commentary

**Recap:** On Thursday, the oil market built on its gains seen in the previous session as record crude exports and signs that recession fears are abating outweighed concerns over Chinese demand. The market was supported by economic data that showed moderate U.S. GDP annual growth of 2.6% in the third quarter, following two straight quarters with declines. The market posted a low of \$87.33 in overnight trading as it held its support at its previous low and continued to trend higher. The market breached its previous high and rallied to a high of \$89.79 by mid-day. However, its gains may have been limited by the view that the economic slowdown is here. The market later settled in a sideways trading range ahead of the close. The December WTI contract settled up \$1.17 at \$89.08, the highest settlement since October 13<sup>th</sup> and the December Brent contract settled up \$1.27 at \$96.96. Meanwhile, the product markets ended sharply higher, with the heating oil market settling up 21.38 cents at \$4.3339 and the RB market setting up 11.22 cents at \$3.0116.

**Technical Analysis:** The oil market is seen continuing on its upward trend and testing the \$90 level on Friday. Further upside is seen at \$91.35, \$93.64 and \$94.37, its 38% retracement level off a high of \$123.68 and a low of \$76.25. Meanwhile, support is seen at \$88.50, its low of \$87.33, \$84.14, \$84.07, \$83.06 and \$82.63.

**Fundamental News:** According to a survey conducted by U.S. contract driller Patterson-UTI, oil and gas operators will likely add at least 90 more rigs through next year as stronger oil prices increase activity. It reported that some 40 rigs will be added this quarter, while another 50 could be added next year. According to Baker Hughes, there are currently 771 rigs operating in the United States, up 229 from a year ago. Patterson plans to add four rigs in the fourth quarter, to average 132 in total. It is currently running 12 hydraulic fracturing fleets and may add a 13th fleet next year.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp terminal in the week ending October 26<sup>th</sup> increased by 0.81% on the week and by 37.46% on the year to 1.244 million tons, while gasoil stocks increased by 5.95% on the week but fell by 14.51% on the year to 1.744 million tons and fuel oil stocks fell by 4.08% on the week and by 2.76% on the year to 988,000 tons. Naphtha stocks fell by 16.08% on the week but increased by 14.34% on the year to 287,000 tons and jet kero stocks fell by 2.41% on the week and by 6.99% on the year to 851,000 tons.

U.S. economic growth rebounded more than expected in the third quarter amid a continued decline in the trade deficit. The U.S. Commerce Department said GDP increased at a 2.6% annualized rate in the third quarter, ending two straight quarterly decreases in output, which had raised concerns that the economy was in recession. The economy contracted at a 0.6% pace in the second quarter. Growth in consumer spending, which accounts for more than two-thirds of U.S. economic activity, slowed to 1.4% rate from the April-June quarter's 2.0% pace. It reported that the Personal Consumption Expenditure price index increased 4.2% in the third quarter, compared with an increase of 7.3%. Excluding food and energy prices, the PCE price index increased 4.5% compared with an increase of 4.7%.

U.S. President Joe Biden said that a U.S. economic growth rebound in the third quarter was evidence an economic recovery "is continuing to power forward" and said his administration needed to do more to bring prices down for consumers.

U.S. Treasury Secretary, Janet Yellen, said that new GDP data shows strength in the U.S. economy but also some evidence of a healthy slowdown that could have a positive impact on inflation. She said she still does not anticipate a recession but the U.S. government has fiscal capacity to respond to economic weakness if appropriate.

### Early Market Call - as of 8:20 AM EDT

WTI - December \$88.05, down \$1.02

RB0B - November \$2.9861, down 2.55 cents

HO - November \$4.4719, up 13.80 cents

## All NYMEX | Prior Settlements

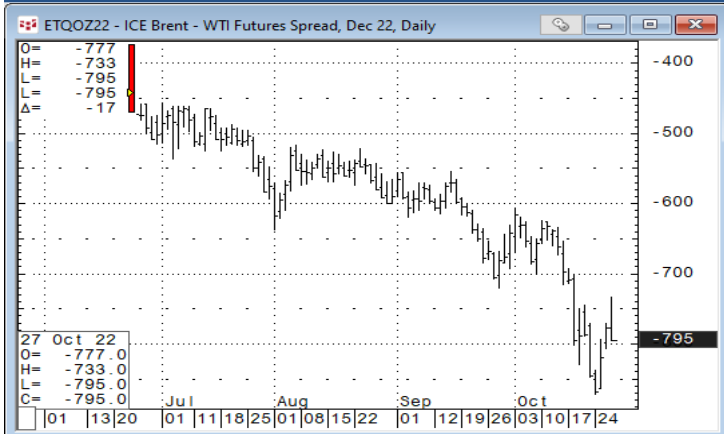
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-22	4.3339	0.2138	0.5771
Dec-22	3.7067	0.0301	0.2229
Jan-23	3.5645	0.021	0.1903
Feb-23	3.4513	0.0146	0.1629
Mar-23	3.3382	0.0083	0.1386
Apr-23	3.223	0.0034	0.1196
May-23	3.1346	0.0002	0.1075
Jun-23	3.0636	-0.0009	0.1014
Jul-23	3.0202	-0.0027	0.0953
Aug-23	2.9895	-0.0039	0.0902
Sep-23	2.9649	-0.005	0.0862
Oct-23	2.9436	-0.005	0.0842
Nov-23	2.9234	-0.0045	0.0844
Dec-23	2.9047	-0.0043	0.0846
Jan-24	2.8839	-0.004	0.085
Feb-24	2.8623	-0.0051	0.0824
Mar-24	2.8307	-0.0072	0.0789

Sprague HeatCurve October 2023-April 2024			\$2.8759
		Close	Change
Crude - WTI	Dec Brent-	\$89.0800	\$1.1700
Crude - Brent	WTI Spread	\$96.9600	\$1.2700
Natural Gas	\$7.88	\$5.1860	-\$0.4200
Gasoline		\$3.0116	\$0.1122

## EIA Working Gas Storage Report

	21-Oct-22	14-Oct-22	Change	21-Oct-21
East	825	812	13	882
Midwest	1007	987	20	1,048
Mountain	199	195	4	212
Pacific	248	249	-1	255
South Central	1116	1099	17	1,139
Salt	277	271	6	301
Nonsalt	839	828	11	838
Total	3394	3342	52	3,536

## ICE December Brent-WTI Spread



## WTI Forward Curve

