

## Market Commentary

**Recap:** Oil prices rose as much as \$3 on Wednesday amid optimism that China will ease lockdown restrictions, bolstering the economy and demand for fuel, while supplies dropped in the U.S. and a weaker dollar made crude cheaper for foreign buyers. Brent crude, the international standard, climbed 3.1% to a session high of \$85.67 a barrel. West Texas Intermediate, the U.S. benchmark, advanced as much as 4% to peak the session at \$81.38 a barrel. Still, reports that members of the Organization of the Petroleum Exporting Countries and its allies will probably decide to maintain current production quotas at their Dec. 4 meeting kept a lid on price gains. Hopes that China's economy may strengthen after being held back by restrictions on movement to contain Covid-19 helped lift oil prices. The dollar index, a measure of strength against a basket of six peers, slipped 0.3% on Wednesday. It's down about 5% in the past month. WTI for January delivery lost \$5.98 per barrel or 6.91% to \$80.55 this month but was up \$2.35, or 3.01% on the session. ICE Brent Crude for January delivery lost \$9.40 per barrel, or 9.91% to \$85.43 this month, up \$2.40, or 2.89% on the session. RBOB December delivery lost 39.22 cents per gallon, or 13.95% to \$2.4185 this month but ended the session up 8.64 cents, or 3.70%. ULSD for December delivery lost 82.80 cents per gallon or 19.76% to \$3.3629 this month but gained 6.70 cents or 2.03% for the session.

**Technical Analysis:** WTI held above \$80 after the EIA released its weekly report, which showed a 12.6 million barrel decline in U.S. crude oil inventories. The sharp drop was attributed to fall in crude oil imports, while gasoline and distillate fuel inventories increase significantly. In the near term, traders will be focusing on the upcoming OPEC+ meeting and the Russian oil price cap. Now that WTI is above \$80, we would expect to see a continued push higher. Our near term target would be the 50-day moving average, which is currently set at \$84.91. Above this level, Resistance is seen at \$90.01. On the downside, support is set at \$79.91, \$78.84 and \$77.13.

**Fundamental News:** CNBC reported that the Biden Administration is considering asking Congress to double the amount of storage of heating oil in northeast reserves to build up reserves. The United States is also weighing future Strategic Petroleum Reserve drawdowns in the new year if oil prices spike post-embargo. Earlier, Reuters reported that the White House was weighing a plan to increase inventories in the Northeast Home Heating Oil Reserve.

Amos Hochstein, the US special envoy and presidential coordinator for international energy affairs said the U.S. is still looking at the \$70/barrel range to fill the SPR. He added that we are still going to have oil demand for several years, giving U.S. companies time to increase their production. He added that the Biden administration is talking to U.S. oil companies.

A source stated that the OPEC+ decision to hold its December 4<sup>th</sup> meeting virtually signals little likelihood of a policy change. OPEC+ is scheduled to meet as the looming European Union ban on Russian crude imports and the G7 price cap on Russian oil place a question mark over supply.

Russia's Foreign Ministry said that a proposal by Western countries to introduce a cap on the price of Russian oil was an "anti-market" measure that would disrupt supply chains and worsen the situation on global energy markets.

The EIA reported that U.S. oil output increased by 2.4% to 12.27 million bpd in September, the highest since the onset of the COVID-19 pandemic.

According to a Reuters survey, OPEC output has fallen in November, led by Saudi Arabia and other Gulf members, after the wider OPEC+ alliance pledged steep output cuts to support the market. OPEC produced 29.01 million bpd in November, down 710,000 bpd on the month. Output from the 10 members fell by 720,000 bpd on the month, leaving actual production 800,000 bpd below the group's November output target.

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

WTI - January \$81.69, up \$1.12

RBOB - January \$2.3950, up 1.03 cents

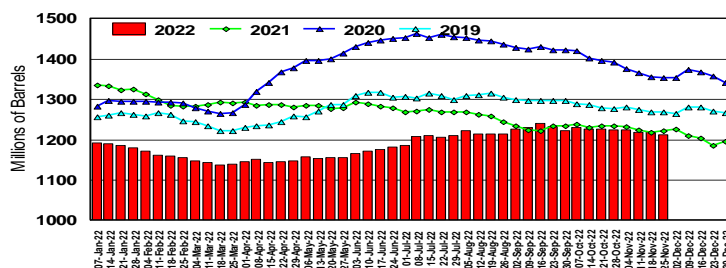
HO - January \$3.3690, up 67 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	3.3629	0.067	0.0036
Jan-23	3.3635	0.1196	0.0867
Feb-23	3.2943	0.1188	0.0929
Mar-23	3.2125	0.1091	0.0929
Apr-23	3.1235	0.101	0.0932
May-23	3.0546	0.0942	0.0932
Jun-23	3.0036	0.09	0.0941
Jul-23	2.9751	0.0861	0.0937
Aug-23	2.9542	0.0828	0.0926
Sep-23	2.9381	0.0804	0.0911
Oct-23	2.9244	0.0793	0.0915
Nov-23	2.9105	0.0791	0.0931
Dec-23	2.8955	0.0789	0.0934
Jan-24	2.8795	0.0794	0.0951
Feb-24	2.8624	0.0803	0.0972
Mar-24	2.8345	0.0806	0.0989
Apr-24	2.8	0.0799	0.1003

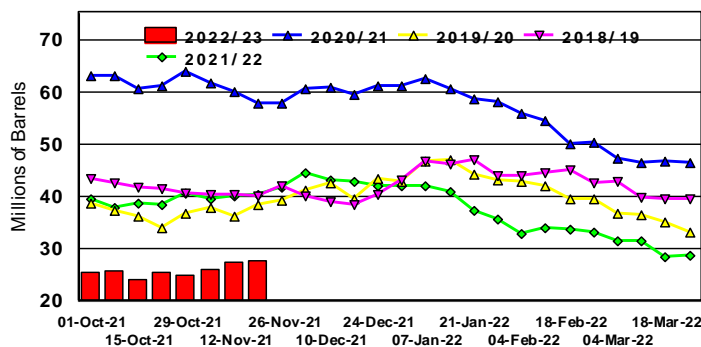
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$4.88	\$80.5500	\$2.3500
Crude - Brent		\$85.4300	\$2.4000
Natural Gas		\$6.9300	-\$0.3050
Gasoline		\$2.4185	\$0.0864

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



## Weekly EIA Petroleum Status Report for the Week Ending November 25, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 12.581 million barrels  
 Cushing, OK Crude Stocks Down 415,000 barrels  
**Gasoline Stocks** Up 2.77 million barrels  
**Distillate Stocks** Up 3.547 million barrels  
**Refinery % Operated** 95.2%, up 1.3%

#### PADD #1

	Week Ending Nov 25, 2022	Week Ending Nov 18, 2022	Week Ending Nov 26, 2021
<b>Distillate Stocks (in million bbl)</b>			
New England	4.1	3.8	7.2
Central Atlantic	12.0	11.9	21.3
Total PADD #1	27.7	27.2	41.6
<b>Distillate Imports (thousands b/d)</b>			
	139	104	220