

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market on Thursday posted an outside trading day as it traded lower during the overnight hours and later retraced all of its losses as traders remained concerned that Israel's military campaign in Gaza may escalate into a regional conflict. The market traded sideways overnight before it breached its previous low of \$87.20 and sold off to a low of \$86.60 in early morning trading. The market was pressured after the U.S. issued a six month license authorizing transactions in Venezuela's energy sector on Wednesday. However, the crude market retraced all of its earlier losses as the market realized that while the easing of sanctions on Venezuela would allow more oil to flow globally, the country was not expected to quickly increase its current output. The oil market extended its gains to close to \$1 as it posted a high of \$90.30 ahead of the close. The November WTI contract settled up \$1.05 at \$89.37 and the December Brent contract settled up 88 cents at \$92.38. The crude market continued to trend higher in the post settlement period and rallied to a high of \$90.40. The product markets ended the session in positive territory, with the heating oil market settling up 3.37 cents at \$3.173 and the RB market settling up 82 points at \$2.3617.

Technical Analysis: The oil market will continue to trend higher on Friday as the market remains well supported by geopolitical risks. The market is seen finding initial resistance at its high of \$90.40 followed by further upside at \$91.88, \$93.10 and \$95.03. However, support is seen at \$87.10, \$86.60, \$85.60 followed by \$83.35, \$82.31 and \$81.50.

Fundamental News: U.S. oil refiners have increased their output of diesel, heating oil and jet fuel for the winter but are struggling to turn a profit because gasoline margins have fallen over 80% since the summer driving season ended. While refiners focus on maximizing distillate output, they also produce gasoline, which has left gasoline stockpiles high at a time of slow demand. Meanwhile, Russia's short-lived diesel export ban, along with less refinery capacity and Western sanctions on Russian diesel, have affected diesel inventories and tightened supplies. U.S. distillate fuel oil inventories in September averaged 21 million barrels below the prior 10 year seasonal average, while European distillate inventories were 25 million barrels, below and Singapore distillate stocks averaged 3 million barrels below their respective averages. Shortages have kept the U.S. heating oil crack at near \$44/barrel, nearly twice the seasonal average. In the U.S., demand for distillates increased to its highest in a year last week. According to LSEG data, diesel and heating oil exports from U.S. refineries increased to 6.6 million barrels in September, the most in more than a year.

The EPA reported that the U.S. generated 673 million biodiesel (D4) blending credits in September, down from 702 million credits. It also reported that the U.S. generated 1.18 billion ethanol (D6) blending credits in September, down from 1.26 billion credits in August.

OPEC+ sources said an easing of U.S. oil sanctions on Venezuela is unlikely to require any policy changes by the OPEC+ group for the time being as a recovery in production is likely to be gradual. The Biden administration on Wednesday lifted for six months most restrictions on Venezuela for producing, selling and exporting oil to its chosen markets in response to the deal reached between the government and the opposition parties for the 2024 election. Venezuela's production has been increasing slowly in the last two years, although at 733,000 bpd in September it remains a fraction of the 2.4 million bpd the country produced in 2016. Analysts estimate that the U.S.' suspension of some restriction on Venezuela may enable the country to produce 200,000 bpd more, about a 25% increase in output. Francisco Monaldi, an energy expert with Rice University's Baker Institute said Venezuela's output was expected to increase by between 170,000 and 200,000 bpd in the next two years, with larger output from joint ventures with foreign companies.

Early Market Call - as of 8:40 AM EDT
WTI - November \$90.30, up 93 cents
RBOB - November \$2.3880, up 2.63 cents
HO - November \$3.2098, up 3.68 cents

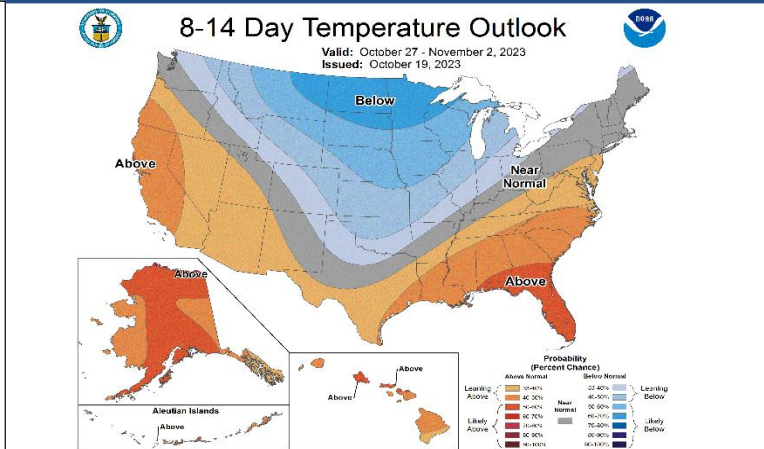
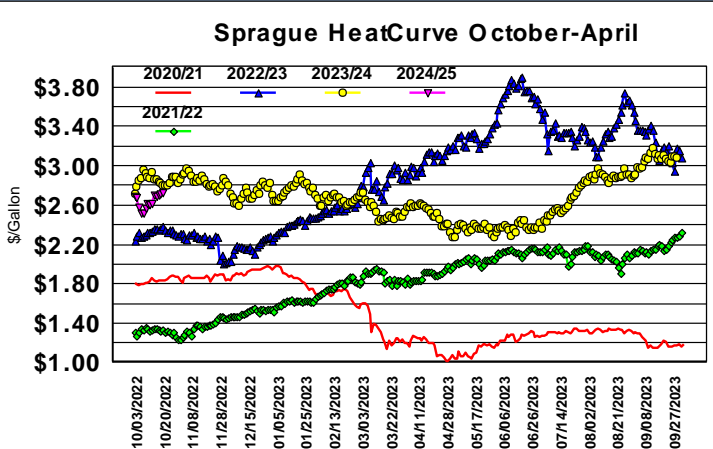
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.1730	0.0337	0.1281
Dec-23	3.0774	0.0320	0.1340
Jan-24	3.0249	0.0293	0.1429
Feb-24	2.9819	0.0269	0.1471
Mar-24	2.9233	0.0216	0.1408
Apr-24	2.8578	0.0189	0.1379
May-24	2.8100	0.0164	0.1336
Jun-24	2.7780	0.0140	0.1285
Jul-24	2.7650	0.0117	0.1224
Aug-24	2.7573	0.0098	0.1164
Sep-24	2.7555	0.0079	0.1114
Oct-24	2.7543	0.0066	0.1097
Nov-24	2.7496	0.0056	0.1102
Dec-24	2.7393	0.0045	0.1099
Jan-25	2.7275	0.0043	0.1106
Feb-25	2.7095	0.0043	0.1106
Mar-25	2.6862	0.0044	0.1100

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$4.01	\$88.3700	\$1.1000
Crude - Brent		\$92.3800	\$0.8800
Natural Gas		\$2.9570	-\$0.0990
Gasoline		\$2.3617	\$0.0082

EIA Working Gas Storage Report				
	13-Oct-23	06-Oct-23	Change	13-Oct-22
East	896	874	22	808
Midwest	1050	1021	29	982
Mountain	248	244	4	194
Pacific	280	278	2	249
South Central	1152	1112	40	1,093
Salt	285	267	18	268
Nonsalt	868	845	23	825
Total	3626	3529	97	3,326

Sprague Heat Curve October-April

8-14 Day Weather Forecast



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