

Market Commentary

Recap: Oil futures finished lower on Monday in what was a volatile trading session. Oil prices were moved by fears that high inflation and energy cost could drag the global economy into recession, offsetting China's continuation of loose monetary policy. Meanwhile, U.S. inflation remains a hot topic and with the U.S. Federal Reserve set to raise interest rates at least into next year, there are fears that demand destruction will escalate. Chinese trade and third-quarter GDP data, along with September activity data, are due to be released on Tuesday, with quarterly growth possibly rebounding from the previous quarter but annual growth threatening to be China's worst in almost half a century. Oil supply is likely to remain tight after OPEC and allies including Russia pledged on Oct. 5 to cut output by 2 million barrels per day while a war of words between OPEC's de facto leader Saudi Arabia and the United States could foreshadow more volatility. November delivery lost 15 cents per barrel, or 0.18% to \$85.46. Brent for December delivery lost one cent per barrel, or 0.01% to \$91.62. Petroleum products finished mixed, with RBOB Gasoline for November delivery losing 3.78 cents per gallon, or 1.44% to \$2.5931 and heating oil for November delivery gaining 10.50 cents per gallon, or 2.64% to \$4.0852.

Technical Analysis: November WTI continues to trade within the \$80 to \$95 range as it vies for direction. Most of the noise in the background is biased to the downside. November WTI is sitting below the 50-day moving average while trending lower. At this point, we would look for more downside movement, with support set at \$82.63 and below that at \$80.87 and \$80. On the upside, resistance is set at \$86.96 and \$87.78.

Fundamental News: OPEC+ member states endorsed the steep cut to its output target agreed this month after the White House accused Saudi Arabia of coercing some other nations into supporting the move. Saudi King Salman bin Abdulaziz said the kingdom was working hard to support stability and balance in oil markets, including establishing and maintaining agreement of the OPEC+ alliance. Saudi Arabia's Defense Minister and King Salman's son, Prince Khalid bin Salman, also said the decision to reduce output by 2 million bpd was unanimous and based on economic factors. His comments were backed by ministers of several OPEC+ member states including the United Arab Emirates. The UAE's Energy Minister, Suhail al-Mazrouei, wrote on Twitter: "I would like to clarify that the latest OPEC+ decision, which was unanimously approved, was a pure technical decision, with no political intentions whatsoever." Meanwhile, Iraq's SOMO said "There is complete consensus among OPEC+ countries that the best approach in dealing with the oil market conditions during the current period of uncertainty and lack of clarity is a pre-emptive approach that supports market stability and provides the guidance needed for the future." Kuwait Petroleum Corporation Chief Executive, Nawaf Saud al-Sabah, also welcomed the decision by OPEC+ and said the country was keen to maintain a balanced oil market. Oman and Bahrain said in separate statements that OPEC had agreed unanimously on the reduction. Algerian Energy Minister, Mohamed Arkab, called the decision "historic" and said that he and OPEC Secretary General Haitham Al Ghais expressed full confidence in it. The OPEC Secretary General later told a news conference that the organization targeted a balance between supply and demand rather than a specific price.

According to the EIA, U.S. total shale regions oil production for November is seen increasing by 103,000 bpd to 9.104 million bpd compared with an increase of 127,000 bpd in October.

Energy Aspect analyst, Amrita Sen, said the oil market is worried that further releases from the SPR could add pressure to prices. She said that the Biden administration could release another 100 million barrels. She also noted the SPR was not intended to relieve price pressures and is instead meant to address emergency supply constraints.

Early Market Call - as of 8:40 AM EDT

WTI - November \$85.46, unchanged

RBOB - November \$2.5918, down 13 points

HO - November \$4.1360, up 5.08 cents

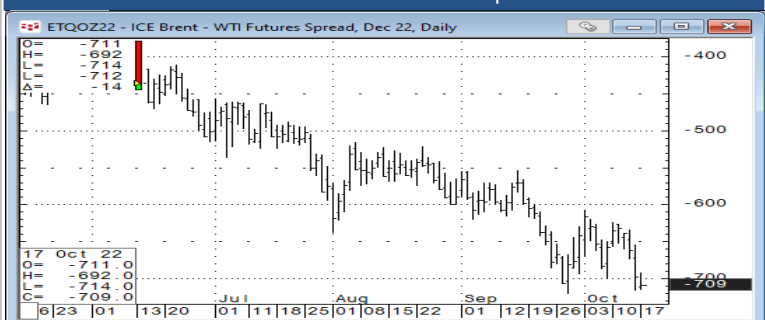
All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Nov-22	4.0852	0.105	0.1705
Dec-22	3.6873	0.0847	-0.003
Jan-23	3.5491	0.0665	-0.0408
Feb-23	3.4451	0.0568	-0.0511
Mar-23	3.3408	0.0485	-0.055
Apr-23	3.2285	0.0408	-0.0589
May-23	3.1365	0.0335	-0.0603
Jun-23	3.0607	0.0269	-0.0608
Jul-23	3.0161	0.0208	-0.0612
Aug-23	2.9844	0.0163	-0.0625
Sep-23	2.9596	0.0135	-0.0637
Oct-23	2.9367	0.0115	-0.063
Nov-23	2.9123	0.0086	-0.0624
Dec-23	2.8878	0.0055	-0.0605
Jan-24	2.8635	0.0052	-0.0578
Feb-24	2.8415	0.0054	-0.055
Mar-24	2.8128	0.0049	-0.0589

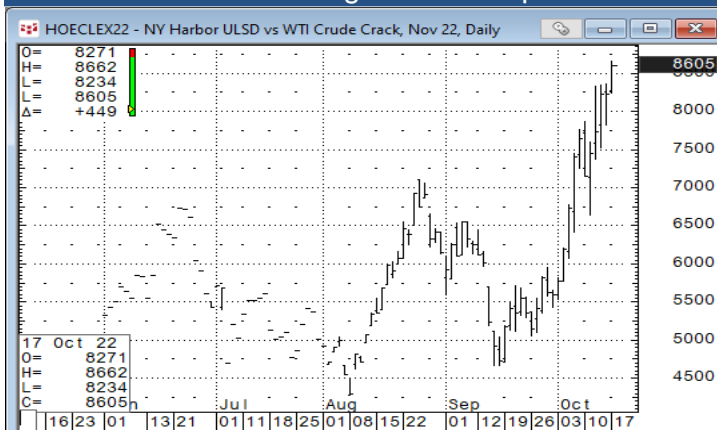
Sprague HeatCurve October 2023-April 2024

	Close	Change
Crude - WTI	\$84.5300	-\$0.1200
Crude - Brent	\$91.6200	-\$0.0100
Natural Gas	\$5.9990	-\$0.4540
Gasoline	\$2.5931	-\$0.0378

ICE December Brent-WTI Spread



November Heating Oil Crack Spread



November RBOB Crack Spread

