

Market Commentary

Recap: Oil futures settled higher on Thursday after falling to a six-week low in overnight trading following reports that China is releasing oil from its strategic reserves. December WTI added 65 cents, or 0.5%, to settle at \$79.01 a barrel, while January Brent tacked on 96 cents, or 1.2%, to settle at \$81.24 a barrel. WTI has fallen more than 7% after reaching a multi-year high of \$86.65. The slip in prices occurred as concern heightened that the Biden administration would release oil from its strategic petroleum reserves to help lower gasoline prices. The U.S. has been trying to persuade other leading countries such as Japan, South Korea, India and China to tap into their reserves. Along with potential action to curb prices from the world's oil consuming countries, the International Energy Agency said in its influential monthly Oil Market Report released earlier this week that it expects prices to moderate as U.S. production rises. December RBOB climbed 0.6% to \$2.294 a gallon, while December heating oil added 0.8%, to settle at \$2.384 a gallon.

Technical Analysis: Thursday's rebound in oil futures may suggest that traders have already factored in a release of oil from the U.S. strategic reserves, with buyer lurking down below searching for a bottom. With China saying that it has released oil from its reserves and the U.S. calling on other countries to join in, this market may have a temporary lid on it. The 10-day moving average is providing a level of resistance and if we get a break above this level, it is likely that we will see this market make a run at the \$82 level, with additional resistance set at \$85. To the downside, \$76.37, the 38% retracement provided by the October high of \$85.41 and the August low of \$61.74, is providing support. A break below this level sets this market up for a test at \$75.

Fundamental News: White House spokesperson Jen Psaki said the United States has discussed with China and a wide range of other countries the possibility of a joint release of oil reserves. She said members of President Joe Biden's national security team had discussed the need to meet fuel demand.

China's National Food and Strategic Reserves Administration said it is working on a release of crude oil reserves although it declined to comment on a U.S. request to the world's top consuming nations to tap stockpiles to ease global energy prices.

An official at South Korea's Industry Ministry said South Korea has received a request from the United States to release oil reserves in response to rising oil prices. The official said "we are thoroughly reviewing the U.S. request, but we do not release oil reserves because of rising oil prices." According to the ministry official, South Korea's current petroleum stockpile reserves stand at 97 million barrels, enough for 106 days.

A Japanese industry ministry official said the U.S. had requested Japan's cooperation in dealing with higher oil prices but he could not confirm whether the request included a coordinated release of reserves. The official said that by law, Japan cannot release reserves to lower prices.

The U.S. EPA is giving refineries more time to satisfy biofuel-blending requirements for 2019, 2020 and 2021 amid a delay setting quotas and lingering fallout from the pandemic. The EPA said it was proposing to extend the reporting deadline for the 2020 and 2021 compliance years for all fuel refiners and importers obligated to satisfy blending targets under the Renewable Fuel Standard. The agency is also extending the 2019 compliance year for small refineries. The EPA said delaying the deadlines will enable obligated parties to manage and implement their RFS compliance strategies after EPA finalizes blending requirements for 2020 and 2021.

Early Market Call - as of 8:20 AM EDT

WTI - Dec \$76.51 Down \$2.41
 RBOB - Dec \$2.2227 Down 0.0727
 HO - Dec \$2.2990 Down 0.0840

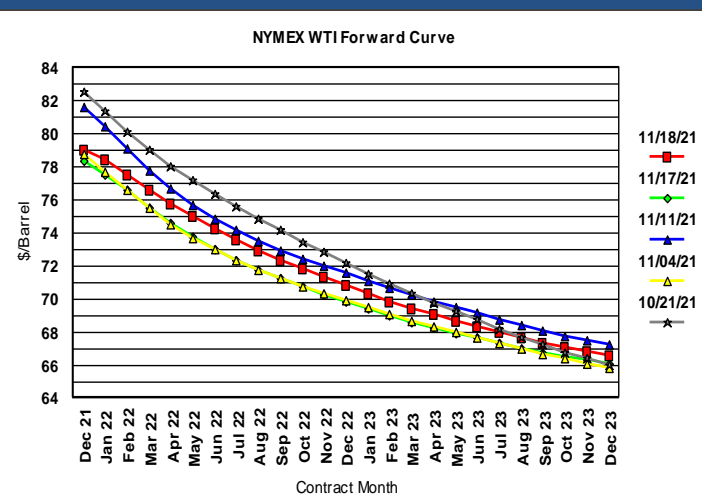
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.3840	\$0.0196	-\$0.0631
Jan-22	\$2.3767	\$0.0203	-\$0.0582
Feb-22	\$2.3647	\$0.0226	-\$0.0487
Mar-22	\$2.3452	\$0.0241	-\$0.0413
Apr-22	\$2.3199	\$0.0246	-\$0.0342
May-22	\$2.3010	\$0.0255	-\$0.0299
Jun-22	\$2.2873	\$0.0259	-\$0.0282
Jul-22	\$2.2801	\$0.0261	-\$0.0276
Aug-22	\$2.2745	\$0.0256	-\$0.0271
Sep-22	\$2.2716	\$0.0251	-\$0.0300
Oct-22	\$2.2705	\$0.0248	-\$0.0249
Nov-22	\$2.2695	\$0.0241	-\$0.0239
Dec-22	\$2.2681	\$0.0233	-\$0.0221
Jan-23	\$2.2657	\$0.0229	-\$0.0200
Feb-23	\$2.2559	\$0.0228	-\$0.0180
Mar-23	\$2.2404	\$0.0223	-\$0.0165
Apr-23	\$2.2206	\$0.0215	-\$0.0155

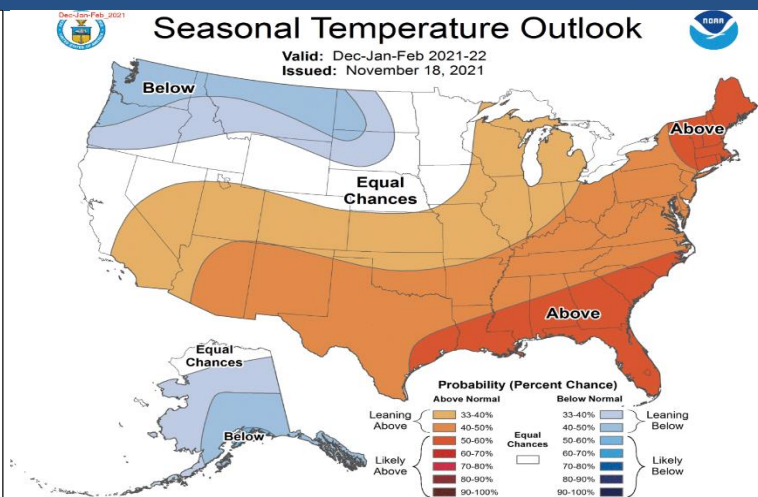
Settlements			
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$2.83	\$78.4100	\$0.8600
Crude - Brent		\$81.2400	\$0.9600
Natural Gas		\$4.9020	\$0.0860
Gasoline		\$2.2943	\$0.0140

EIA Working Gas Storage Report				
	12-Nov-21	05-Nov-21	Change	12-Nov-20
East	900	897	3	951
Midwest	1,079	1,075	4	1,137
Mountain	212	213	-1	241
Pacific	261	258	3	319
South Central	1,191	1,175	16	1,304
Salt	331	324	7	349
Nonsalt	860	850	10	955
Total	3,644	3,618	26	3,954

WTI Forward Curve



Dec-Jan-Feb Weather Outlook



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