

## Market Commentary

**Recap:** The oil market on Tuesday continued to trend lower as diplomatic efforts in the Middle East continued to contain the conflict between Israel and Hamas. On Monday, Hamas freed two Israeli women, while the U.S. advised Israel to hold off on a ground assault in the Gaza Strip. The market traded sideways in overnight trading, posting a high of \$86.30 before it continued to erase its previous gains. The market was also weighed by some bearish economic news, with business activity in the euro zone unexpectedly falling in October, suggesting the bloc may slip into recession. However, U.S. data showed business output increased in October. The crude market retraced more than 62% of its move from a low of \$80.20 to a high of \$89.85 as it extended its losses to \$2.55 as it posted a low of \$82.94 by mid-day. The market later retraced some of its losses ahead of the close, trading back towards the \$84.00 level. The December WTI contract settled down \$1.75 at \$83.74 and the December Brent contract settled down \$1.76 at \$88.07. The product markets ended the session in negative territory, with the heating oil market settling down 5.06 cents at \$3.0449 and the RB market settling down 6.09 cents at \$2.2676.

**Market Analysis:** While the conflict between Israel and Hamas remains in focus, the release of hostages in Gaza and diplomatic efforts to stop the conflict from spreading to other parts of the Middle East has taken out the risk premium that helped push the market higher. Technically, the crude market may also continue to erase its gains as its daily stochastics are crossing to the downside. The market is seen finding support at its low of \$82.94, \$82.17, \$81.31 and \$80.20. Meanwhile, resistance is seen at \$85.18, \$86.30, \$88.29 and \$89.85.

**Fundamental News:** The International Energy Agency said world fossil fuel demand is set to peak by 2030 as the use of electric cars increases and China's economy grows more slowly and shifts towards cleaner energy, undercutting the rationale for any increase in investment. The report from the IEA contrasts with the view of OPEC, which sees oil demand increasing long after 2030 and calls for trillions in new oil sector investment. In its annual World Energy Outlook, the IEA said peaks in oil, natural gas and coal demand were visible this decade in its scenario based on governments' current policies.

The IEA sees the current level of oil storage in member states sufficient to take action if required to stabilize oil markets and sees no need to increase strategic reserve requirements.

Saudi oil giant Aramco's Chief Executive, Amin Nasser, said he saw significant demand growth for oil, citing a possible resurgence in the Chinese economy and an aviation sector that remains below pre-pandemic levels. He said a one-size-fits-all energy transition was not acceptable as it must take into account the economic maturity of different countries.

JP Morgan sees Brent crude at \$85/barrel at the end of the fourth quarter and \$83/barrel at the end of the first quarter of 2024. It forecast WTI at \$81/barrel at the end of the fourth quarter and at \$79/barrel at the end of the first quarter of 2024.

Barclays sees limited immediate impact from sanctions relief for Venezuela with an anticipated production increase implying a \$2/barrel downside to its \$99/barrel fair value estimate for Brent in the fourth quarter.

**Early Market Call - as of 9:10 AM EDT**

WTI - December \$83.75, up 1 cent  
 RBOB - November \$2.2842, up 1.66 cents  
 HO - November \$3.0123, down 3.26 cents

## All NYMEX | Prior Settlements

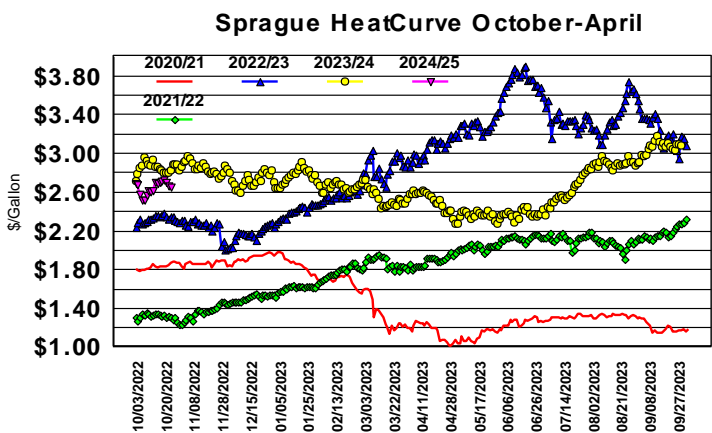
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-23	3.0449	-0.0506	-0.1318
Dec-23	2.9625	-0.0531	-0.0907
Jan-24	2.917	-0.0519	-0.0718
Feb-24	2.878	-0.0503	-0.0663
Mar-24	2.8266	-0.0452	-0.0633
Apr-24	2.7667	-0.0403	-0.0586
May-24	2.7243	-0.0357	-0.0535
Jun-24	2.6964	-0.0319	-0.0504
Jul-24	2.6858	-0.0286	-0.0509
Aug-24	2.6799	-0.0263	-0.052
Sep-24	2.6801	-0.0249	-0.0529
Oct-24	2.68	-0.0236	-0.0528
Nov-24	2.6752	-0.0227	-0.0534
Dec-24	2.6645	-0.0222	-0.0553
Jan-25	2.6524	-0.0214	-0.056
Feb-25	2.6349	-0.0206	-0.0555
Mar-25	2.613	-0.0192	-0.0537

Sprague HeatCurve October 2024-April 2025			\$2.6437
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$4.33	\$83.7400	-\$1.7500
Crude - Brent		\$88.0700	-\$1.7600
Natural Gas		\$2.9710	\$0.0450
Gasoline		\$2.2676	-\$0.0609

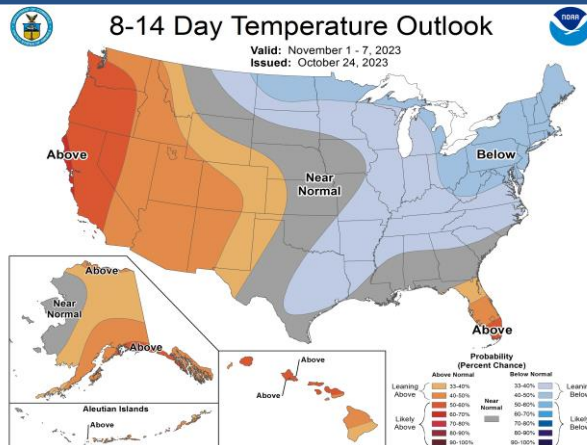
### API Report for the Week Ending October 20, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 2.7 million barrels	Up 200,000 barrels
Gasoline Stocks	Down 4.2 million barrels	Down 900,000 barrels
Distillate Stocks	Down 2.3 million barrels	Down 1.2 million barrels
Refinery Runs		Up 0.4% at 86.5%

## Sprague Heat Curve October-April



## 8-14 Day Weather Forecast



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