

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The most-active US benchmark crude-oil contract for February delivery finishes 1.1% higher at \$76.23 a barrel, helped by a weaker dollar that made overseas purchases of dollar-denominated crude more attractive to foreign buyers. China's cloudy demand outlook limited gains as the number of COVID cases surges. Holiday volume limited the session's trading range. Oil prices were also supported this week by the U.S. plan to buy up to 3 million barrels of oil for the Strategic Petroleum Reserve after this year's record release of 180 million barrels. WTI for January delivery gained 90 cents per barrel, or 1.20% to \$76.09 while Brent Crude for February delivery gained 19 cents per barrel, or 0.24% to \$79.99. RBOB Gasoline for January delivery gained 4.52 cents per gallon, or 2.08% to \$2.2228. ULSD for January delivery gained 0.54 cent per gallon, or 0.18% to \$3.0589.

**Market Analysis:** In the near term, oil futures will be underpinned by a drop in Russian oil output to about 1 million barrels per day by the end of March after full implementation of EU sanctions, while Chinese demand is expected to drop due to the rise in the number of COVID cases. Oil prices appear to be stabilizing, with WTI bouncing around the 10-day moving average. With the market still at bit oversold, we should see a fragment of strength. The 50-day moving average is still trending lower and this is an area where we can see this market going.

**Fundamental News:** The \$1.66 trillion government funding bill that U.S. lawmakers are trying to pass cancels "certain" congressionally-mandated sales of oil from the SPR. Congress mandated in previous laws a sale of about 26 million barrels of oil in fiscal 2023 and about 147 million barrels of oil from fiscal 2024 to fiscal 2027. The Biden administration is beginning to buy back oil for the reserve after a record 180 million barrel sale to counter high oil prices.

Saudi Energy Minister, Prince Abdulaziz bin Salman said OPEC+ members leave politics out of the decision making process and out of their assessments and forecasting. The minister added that the OPEC+ decision to cut output turned out to be the right one for supporting the stability of the market and the industry.

According to Refinitiv analysis, diesel imports into Europe continue at a "relentless pace" following a blast of cold weather. Europe is set to import 2 million tons of diesel this week, slightly down from 2.03 million tons last week of which 380,000 tons has yet to finish discharging.

Barclays reiterated its view that demand 1-2 million bpd below their forecast would imply \$15-\$25/barrel downside to their \$98/barrel Brent price forecast in 2023. It said a full China re-opening could increase global oil demand by 1-2 million bpd but that could be partly offset by spillover from weakening in advanced economies. It said the recovery could be bumpy and may take weeks if not months to play out. It forecast Russian output falling by 1 million bpd by the end of the first quarter of 2023 with the full implementation of European Union sanctions.

TC Energy Corp submitted a restart plan for its Keystone Pipeline to U.S. safety regulator Pipeline and Hazardous Materials Safety Administration which is being reviewed. The 622,000 bpd pipeline was shut after it spilled oil in rural Kansas and parts of the pipeline carrying oil from Alberta, Canada to refineries in Illinois opened on Wednesday at reduced capacity. It later stated that it was delaying the restart of the pipeline until at least December 28<sup>th</sup>-29<sup>th</sup>.

**Early Market Call - as of 10:05 AM EDT**

WTI - January \$77.81 Up \$1.58  
 RBOB - January \$2.22517 Up 0.0289  
 HO - January \$3.1492 Up 0.0904

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	\$3.0589	\$0.0054	-\$0.0333
Feb-23	\$3.0291	\$0.0112	-\$0.0303
Mar-23	\$2.9484	\$0.0196	-\$0.0304
Apr-23	\$2.8580	\$0.0261	-\$0.0320
May-23	\$2.8003	\$0.0315	-\$0.0245
Jun-23	\$2.7677	\$0.0346	-\$0.0152
Jul-23	\$2.7531	\$0.0355	-\$0.0118
Aug-23	\$2.7431	\$0.0363	-\$0.0139
Sep-23	\$2.7387	\$0.0365	-\$0.0138
Oct-23	\$2.7328	\$0.0368	-\$0.0136
Nov-23	\$2.7234	\$0.0373	-\$0.0130
Dec-23	\$2.7119	\$0.0380	-\$0.0119
Jan-24	\$2.7013	\$0.0373	-\$0.0116
Feb-24	\$2.6886	\$0.0374	-\$0.0130
Mar-24	\$2.6697	\$0.0375	-\$0.0132
Apr-24	\$2.6441	\$0.0376	-\$0.0133
May-24	\$2.6315	\$0.0377	-\$0.0145

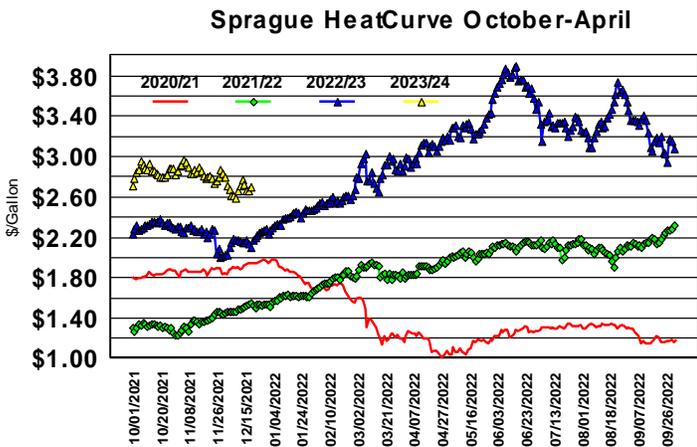
Sprague HeatCurve October 2023-April 2024		\$2.6957
	Close	Change
Crude - WTI	\$76.2300	\$0.8500
Crude - Brent	\$79.9900	\$0.1900
Natural Gas	\$5.3260	-\$0.5250
Gasoline	\$2.2228	\$0.0452

### API Report for the Week Ending December 16, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 3.1 million barrels	Down 1.7 million barrels
Gasoline Stocks	Up 4.5 million barrels	Up 2.1 million barrels
Distillate Stocks	Up 828,000 barrels	Up 300,000 barrels
Refinery Runs		Down 0.1% at 92.1%

## Sprague HeatCurve October-April

## WTI Continuation



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