

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices rose by more than \$2 a barrel on Wednesday after data showed a larger-than-expected draw in U.S. crude stockpiles, but gains were capped by a snowstorm that is expected to hit U.S. travel. Prices were also boosted by hopes that China would relax some COVID-19 curbs after no new COVID-19 deaths were reported. China's crude oil imports from Russia in November rose 17% year on year as Chinese refiners rushed to secure more cargoes ahead of a price cap imposed by the Group of Seven nations and an EU embargo from Dec. 5. Markets also awaited clarity on when the Keystone pipeline, a major artery ferrying Canadian crude to the United States, would restart after TC Energy said it had removed the ruptured segment of the pipeline that caused an oil spill earlier this month and sent it for metallurgical testing as directed by U.S. regulators. WTI for February (new front month) delivery gained \$2.06 per barrel, or 2.70% to \$78.29, while Brent Crude for February delivery gained \$2.21 per barrel, or 2.76% to \$82.20. RBOB Gasoline for January delivery gained 3.30 cents per gallon, or 1.48% to \$2.2558, ULSD for January delivery gained 8.06 cents per gallon, or 2.63% to \$3.1395.

**Technical Analysis:** Traders remain focused on a winter storm stretching across the U.S.; which is expected to bring heavy snow and curtail holiday travel season. Flight delays, cancellations and impassable roads during one of the busiest travel periods of the year could drive down fuel demand. They are also keeping an eye on surging COVID-19 cases in China, which could limit gains for oil prices. We would look for the 10-day moving average to provide a level of support, with breaks below this technical indicator allowing for a push toward \$75. Support below this level rests at \$73.71. On the upside, resistance can be found at \$79.33, \$80.38 and \$82.14.

**Fundamental News:** The EIA reported that U.S. crude oil in the SPR fell by 3.6 million barrels in the week ending December 16<sup>th</sup> to 378.6 million barrels, its lowest since December 1983.

TC Energy said that it had safely removed the ruptured segment of Keystone pipeline that caused an oil spill earlier this month and sent it for metallurgical testing as directed by U.S. regulators. TC Energy Corp had submitted its plan to restart the Keystone pipeline to the U.S. Pipeline and Hazardous Materials Safety Administration nearly two weeks after the line ruptured in the worst oil spill in the United States in nine years. Even though a cleanup will take weeks or months, the line can still restart once it is repaired and the plan approved by the regulator. Parts of the pipeline carrying oil from Alberta, Canada, to refineries in Illinois opened last week at reduced capacity.

IIR Energy reported that U.S. oil refiners are expected to shut in about 282,000 bpd of capacity in the week ending December 23<sup>rd</sup>, increasing available refining capacity by 316,000 bpd. Offline capacity is expected to fall to 73,000 bpd in the week ending December 30<sup>th</sup>.

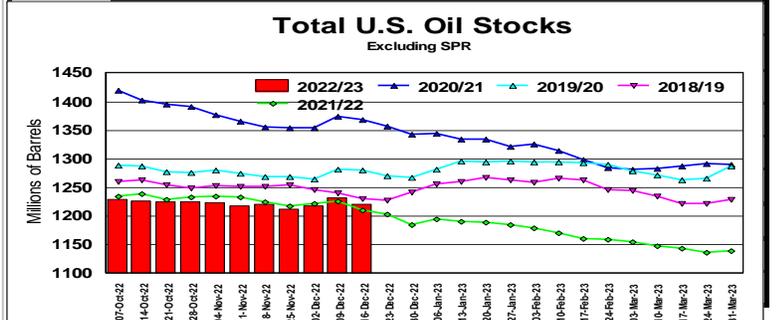
Platts is reporting that the recent blizzard that left more than a foot of snow in some parts of North Dakota has impacted crude oil production by shutting in some 300,000 b/d and 400,000 b/d according to state officials. With below zero temperatures expected across the state and expected reduced staffing over the Christmas holiday period, officials do not expect to see a major bounce back in production to normal levels of 1 million b/d until after the New Year.

**Early Market Call - as of 8:55 AM EDT**

WTI - February \$78.75, up 46 cents  
 RBOB - January \$2.2675, up 1.17 cents  
 HO - January \$2.1620, up 2.25 cents

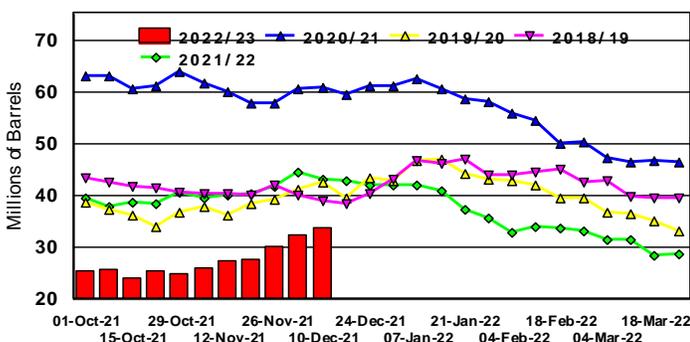
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	3.1395	0.0806	-0.1373
Feb-23	3.1088	0.0797	-0.121
Mar-23	3.0336	0.0852	-0.0891
Apr-23	2.9411	0.0831	-0.0722
May-23	2.8769	0.0766	-0.0542
Jun-23	2.8371	0.0694	-0.039
Jul-23	2.8178	0.0647	-0.0303
Aug-23	2.8051	0.062	-0.0285
Sep-23	2.7986	0.0599	-0.0265
Oct-23	2.7903	0.0575	-0.0244
Nov-23	2.779	0.0556	-0.021
Dec-23	2.7657	0.0538	-0.0174
Jan-24	2.7541	0.0528	-0.0148
Feb-24	2.741	0.0524	-0.0153
Mar-24	2.7217	0.052	-0.0159
Apr-24	2.6959	0.0518	-0.016
May-24	2.6832	0.0517	-0.0157

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$3.91	\$78.2900	\$2.0600
Crude - Brent		\$82.2000	\$2.2100
Natural Gas		\$5.3320	\$0.0060
Gasoline		\$2.2558	\$0.0330



## Weekly EIA Petroleum Status Report for the Week Ending December 16, 2022

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 5.9 million barrels  
 Cushing, OK Crude Stocks Up 853,000 barrels  
**Gasoline Stocks** Up 2.5 million barrels  
**Distillate Stocks** Down 242,000 barrels  
**Refinery % Operated** 90.9%, down 1.3%

### PADD #1

Distillate Stocks (in million bbl)	Week Ending Dec 16, 2022	Week Ending Dec 9, 2022	Week Ending Dec 17, 2021
New England	4.3	4.5	6.8
Central Atlantic	16.1	14.8	23.2
Total PADD #1	33.7	32.4	42.7
Distillate Imports (thousands b/d)	165	185	176

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