

Market Commentary

Recap: The oil market on Monday posted an outside trading day as the market weighed the escalating tensions in the Middle East against continuing concerns over demand. The market traded higher on supply concerns amid Israel's airstrikes against Hezbollah targets in Lebanon. The crude market rallied to a high of \$71.81 by mid-day amid the concerns over the cross-border exchanges of fire, with Israel warning people to evacuate areas where it said the armed group was storing weapons. The market was also well supported by news that a tropical disturbance near the Gulf of Mexico is threatening oil supply, with Shell stating that it would shut output at its Stones and Appomattox facilities in the region as a precautionary measure. However, the market erased its gains and sold off to a low of \$69.49 in afternoon trading after Iran's President Masoud Pezeshkian said the country did not want to see a broader Middle East conflict. The November WTI contract later retraced some of its losses and settled down 63 cents at \$70.37, while the Brent contract settled down 59 cents at \$73.90. The product markets ended the session lower, with the heating oil market settling down 1.64 cents at \$2.1451 and the RB market settling down 4.62 cents at \$1.9902.

Technical Analysis: The crude market on Tuesday will trade in a sideways trading range as the market will remain driven by headlines regarding the escalating tension in the Middle East and the shut in of output in the Gulf of Mexico amid the expected development of a tropical disturbance in the Gulf of Mexico. Some oil companies are already shutting in output and evacuating non-essential workers as a precautionary measure. The oil market is seen finding support at its low of \$69.49, \$69.13, \$68.58-\$68.51, \$68.41, \$67.70, \$67.58 and \$66.55. Meanwhile, resistance is seen at its high of \$71.81, \$73.18, \$73.35 and \$75.20.

Fundamental News: The Pentagon said the United States is sending a small number of additional troops to the Middle East given increasing tensions between Israel and Lebanon's Hezbollah.

Israel attacked hundreds of Hezbollah targets on Monday in airstrikes which Lebanese health authorities said killed at least 100 people, making it the deadliest day in Lebanon in nearly a year of conflict. After some of the heaviest cross-border exchanges of fire since the conflict flared, Israel warned people to evacuate areas where it said the armed group was storing weapons. After almost a year of war against Hamas in Gaza on its southern border, Israel is shifting its focus to its northern border, from where Iran-backed Hezbollah has been firing rockets into Israel in support of its ally Hamas.

IIR Energy said U.S. oil refiners are expected to shut in about 914,000 bpd of capacity in the week ending September 27th, increasing available refining capacity by 14,000 bpd. Offline capacity is expected to increase to 941,000 bpd in the week ending October 4th.

Industry sources said China is planning a tax revamp that would raise costs for imported fuel oil, prompting independent refiners to slow purchases in another setback to a sector reeling from thin processing margins amid declining demand. According to industry sources, China is widely expected to roll out a change starting from October in the amount of consumption tax rebates refiners receive once they sell gasoline and diesel fuel refined from imported fuel oil. That would increase state revenue but inflate costs for importers. The revamp would further pressure China's independent refiners, known as teapots that typically use fuel oil as a feedstock for processing into fuel. These refiners, which also process imported crude oil, have recently cut production to multi-year lows as a struggling economy and wider adoption of electric vehicles erode profit margins. Slowing Chinese demand for fuel oil would impact suppliers from Iran, Russia and Malaysia.

Early Market Call - as of 8:35 AM EDT

WTI - Nov \$72.01, up \$1.64

RBOB - Oct \$2.0278, up 3.76 cents

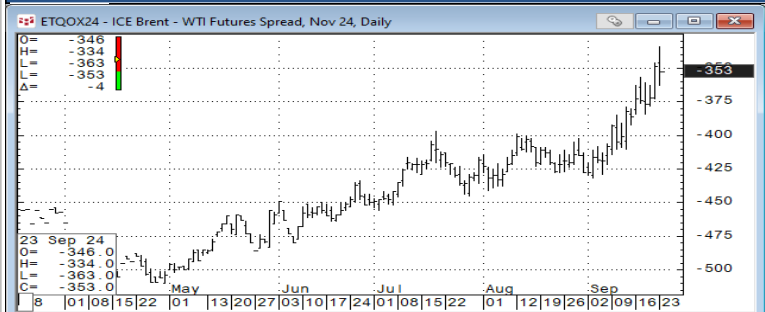
HO - Oct \$2.1875, up 4.24 cents

All NYMEX | Prior Settlements

| | USLD (HO) Close | Prior Settle Change | Change In One Week |
|--------|--------------------|------------------------|-----------------------|
| Oct-24 | 2.1451 | -0.0164 | 0.0483 |
| Nov-24 | 2.1606 | -0.0129 | 0.0491 |
| Dec-24 | 2.1722 | -0.0106 | 0.0467 |
| Jan-25 | 2.1827 | -0.0099 | 0.0452 |
| Feb-25 | 2.1858 | -0.0091 | 0.0431 |
| Mar-25 | 2.1815 | -0.0089 | 0.0412 |
| Apr-25 | 2.1740 | -0.0087 | 0.0390 |
| May-25 | 2.1730 | -0.0077 | 0.0388 |
| Jun-25 | 2.1755 | -0.0073 | 0.0395 |
| Jul-25 | 2.1854 | -0.0072 | 0.0394 |
| Aug-25 | 2.1952 | -0.0073 | 0.0387 |
| Sep-25 | 2.2051 | -0.0073 | 0.0377 |
| Oct-25 | 2.2148 | -0.0068 | 0.0367 |
| Nov-25 | 2.2191 | -0.0071 | 0.0358 |
| Dec-25 | 2.2205 | -0.0073 | 0.0352 |
| Jan-26 | 2.2245 | -0.0072 | 0.0350 |
| Feb-26 | 2.1858 | -0.0434 | -0.0020 |

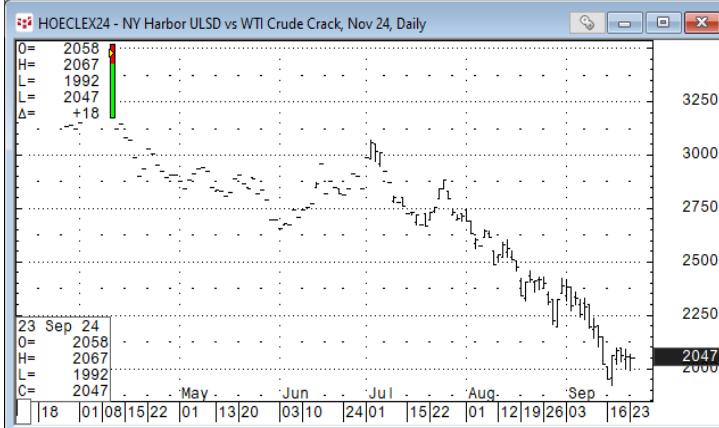
| Sprague HeatCurve October 2024-April 2025 | | Close | Change |
|---|------------------------------------|-----------|-----------|
| Crude - WTI | Nov Brent- WTI Spread \$3.53 | \$70.3700 | -\$0.6300 |
| Crude - Brent | | \$73.9000 | -\$0.5900 |
| Natural Gas | | \$2.6130 | \$0.1790 |
| Gasoline | | \$1.9902 | -\$0.0462 |

ICE November Brent-WTI Spread

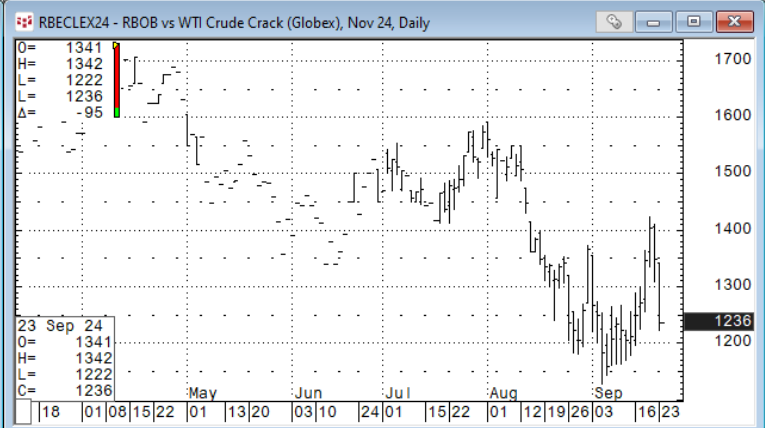


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November Heating Oil Crack Spread



November RBOB Crack Spread



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