

Market Commentary

Recap: The crude market traded higher on news of monetary stimulus in China, the continuing concerns over the escalating tension in the Middle East and a tropical storm threatening supply in the Gulf of Mexico. The market was well supported in overnight trading following the Chinese government's announcement of its largest stimulus package since the pandemic in addition to the increase of geopolitical tension in the Middle East, with Israel's military chief stating that attacks on Hezbollah would continue to accelerate. The oil market was also supported by reports that several oil companies paused their production as a second hurricane in two weeks is expected to move over offshore oilfields. The crude market rallied to a high of \$72.40, retracing almost 62% of its move from a low of \$64.61 to a high of \$77.45. However, the market erased some of its gains and traded back towards the \$71.00 level as Israel's U.N. Ambassador said Israel is open to ideas for de-escalating the conflict in Lebanon. Also, Tropical Storm Helene was expected to turn eastward on its track into the Gulf of Mexico, lessening the risk to U.S. offshore oil production. The November WTI contract settled up \$1.19 at \$71.56 and the November Brent contract settled up \$1.27 at \$75.17. The product markets ended the session higher, with the heating oil market settling up 3.54 cents at \$2.1805 and the RB market settling up 3.95 cents at \$2.0297.

Technical Analysis: The crude market may retrace some of its gains on Wednesday. However, its losses will remain limited by the draws expected in the weekly petroleum stocks reports. The market will also continue to look to news regarding the geopolitical tension in the Middle East for further direction. The market is seen finding support at its low of \$70.44, \$69.49, \$69.13 followed by \$68.58-\$68.51, \$67.70 and \$66.55. Meanwhile, resistance is seen at \$72.40, \$72.55, \$73.35, \$75.31 and \$75.51.

Fundamental News: The executive director of the IEA said Monday that global oil demand growth will likely remain below 1 million b/d in the near future largely because of China's economy. The agency estimates that in the last 10 years, more than 60% of global oil demand growth has come out of China alone. The agency in its latest demand forecast released earlier this month was expecting global oil demand to grow by just 910,000 b/d this year and by 950,000 b/d in 2025.

OPEC increased its forecasts for world oil demand for the medium and long term in an annual outlook, citing growth led by India, Africa and the Middle East and a slower shift to electric vehicles and cleaner fuels. In its 2024 World Oil Outlook, OPEC sees demand increasing for a longer period than other forecasters like BP and the IEA, which see oil use peaking this decade. OPEC expects world oil demand to reach 118.9 million bpd by 2045, around 2.9 million bpd higher than expected in last year's report. The report rolled out its timeline to 2050 and expects demand to reach 120.1 million bpd by then. OPEC also raised its medium term demand forecasts, citing a stronger economic backdrop than last year as inflation pressure wanes and central banks start to lower interest rates.

On Monday, BP shut in oil and gas production at two U.S. Gulf of Mexico platforms and curtailed output at two others ahead of a storm predicted to become a major hurricane. The U.S. National Hurricane Center said a potential Tropical Cyclone in the Caribbean was expected to intensify later this week and become a major hurricane as it moves toward the northeastern Gulf Coast. BP joined Shell, Chevron, and Equinor in removing some staff from U.S. Gulf of Mexico oil production platforms ahead of what could become hurricane Helene.

On Tuesday, Shell restarted the process of restoring production at its Stones platform while production at Appomattox remains curtailed. Shell had shut down production at the two platforms on Sunday ahead of the second major hurricane in two weeks.

Early Market Call - as of 8:20 AM EDT

WTI - Nov \$70.08, down \$1.49
 RBOB - Oct \$1.9989, down 3.08 cents
 HO - Oct \$2.1522, down 2.83 cents

All NYMEX | Prior Settlements

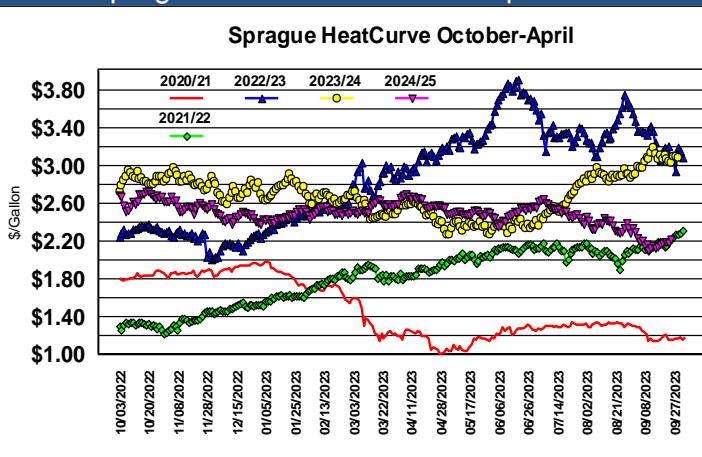
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Oct-24	\$2.1805	\$0.0354	\$0.0438
Nov-24	\$2.1991	\$0.0385	\$0.0494
Dec-24	\$2.2106	\$0.0384	\$0.0486
Jan-25	\$2.2209	\$0.0382	\$0.0479
Feb-25	\$2.2239	\$0.0381	\$0.0472
Mar-25	\$2.2188	\$0.0373	\$0.0463
Apr-25	\$2.2104	\$0.0364	\$0.0448
May-25	\$2.2087	\$0.0357	\$0.0448
Jun-25	\$2.2107	\$0.0352	\$0.0457
Jul-25	\$2.2201	\$0.0347	\$0.0454
Aug-25	\$2.2295	\$0.0343	\$0.0448
Sep-25	\$2.2392	\$0.0341	\$0.0444
Oct-25	\$2.2483	\$0.0335	\$0.0434
Nov-25	\$2.2523	\$0.0332	\$0.0429
Dec-25	\$2.2535	\$0.0330	\$0.0428
Jan-26	\$2.2571	\$0.0326	\$0.0426
Feb-26	\$2.2239	\$0.0016	\$0.0115

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.61	\$71.5600	\$1.1900
Crude - Brent		\$75.1700	\$1.2700
Natural Gas		\$2.5510	-\$0.0620
Gasoline		\$2.0297	\$0.0395

API Report for the Week Ending September 20, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 4.34 million barrels	Down 3 million barrels
Gasoline Stocks	Down 3.44 million barrels	Down 800,000 barrels
Distillate Stocks	Down 1.2 million barrels	Down 2.1 million barrels
Refinery Runs		Down 0.8% at 91.3%

Sprague HeatCurve October-April



NYMEX November WTI



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