

## Market Commentary

**Recap:** The oil market on Monday rallied higher as attacks on Saudi Arabia overshadowed possible supply to the market after U.S. President Donald Trump announced new Russian diesel exports and a Russia-Ukraine energy ceasefire. The Iran-aligned Houthis claimed responsibility for a Saturday strike on Riyadh's international airport that killed 13 people and wounded more than 300. Also, more attacks on tankers sailing through the Strait of Hormuz have been reported. A tanker was struck by a drone in the vicinity of Oman's Sohar, while another was damaged transiting the Strait of Hormuz. The crude market initially traded lower, posting a low of \$89.61, on the news that Russia will supply more than 300,000 metric tons or 2.25 million barrels of diesel to U.S. and global markets, with more to come later. President Trump also unexpectedly announced on Sunday that Ukraine and Russia had agreed to an energy ceasefire. However, the oil market bounced off its low and retraced its losses and rallied over \$2.20 to \$94.06. The market later settled in a sideways trading range before it extended its gains ahead of the close and posted a high of \$94.36. The November WTI contract settled up \$1.89 at \$93.74 and the December Brent contract settled up \$1.93 at \$106.65. The product markets ended the session lower, with the heating oil market settling down 1.52 cents at \$4.7232 and the RB market settling down 35 points at \$3.2917.

**Technical Analysis:** The crude market is seen remaining supported amid the continuing concerns over supply in the Middle East as the Houthi attacks on Saudi Arabia continue. Also, while President Donald Trump announced the diesel deal between the U.S. and Russia, the amount of diesel exported from Russia will not be enough to ease the tightness in the fuel markets. The oil market is seen finding resistance at \$94.36, \$94.74, \$96.02, \$96.54, \$96.78, \$97.22, \$98.01, \$100.61 and \$101.69. Meanwhile, support is seen at \$89.61, \$88.77, \$87.96, \$86.86, \$85.92, \$84.24, \$82.47 and \$82.17.

**Fundamental News:** Bloomberg reported that a diesel deal between the U.S. and Russia will not be enough to ease the global fuel market. It stated that Russia needs a lasting halt to energy strikes and weeks of refinery repairs before it can materially boost exports. However, it noted that even if all the volumes reach buyers by the end of the month, they will amount to less than 180,000 bpd, a mere fraction of what the nation used to export. Energy Aspects and Rystad Energy see Russia's oil-processing at around 3.5 million to 4 million bpd, around 30% below seasonal norms. With several major diesel-producing plants halted or operating at reduced rates, a significant output decline is inevitable. It stated that even if a truce materializes, restoring diesel production will require several weeks of refinery repairs if the pace of recent works is any guide. Russia's Deputy Prime Minister Alexander Novak said monthly diesel exports of 3 million tons will only be possible after December.

Iran's Foreign Ministry spokesperson, Esmail Baghaei, said Iran is still reviewing a U.S. response to its proposal regarding the reopening of the Strait of Hormuz and will reply to Washington via intermediaries when the review is over. Regarding the escalating conflict between Saudi Arabia and Yemen's Houthis, an Iranian ally, Iran's Foreign Minister reiterated Iran's openness to help resolve the crisis through dialogue.

Saudi Aramco CEO, Amin Nasser, said the company was studying additional crude oil export routes and working to expand its overseas storage capacity, as global energy markets face disruptions stemming from ongoing conflicts in the region. Separately, Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said the country's ability to supply energy remains resilient amid major market security turmoil. He said Saudi Arabia is looking to expand its pipeline crude export capacity to as much as 10 million bpd by repurposing a domestic gas pipeline and investing in its existing East-West network. He said Saudi Arabia could add up to 1.2 million bpd of oil export capacity within seven to eight weeks by temporarily converting a gas pipeline for crude shipments.

**Early Market Call - as of 9:05 AM EDT**

WTI - Nov \$92.80, down 92 cents

RBOB - Nov \$3.2263, down 6.42 cents

HO - Nov \$4.7805, up 5.76 cents

## All NYMEX | Prior Settlements

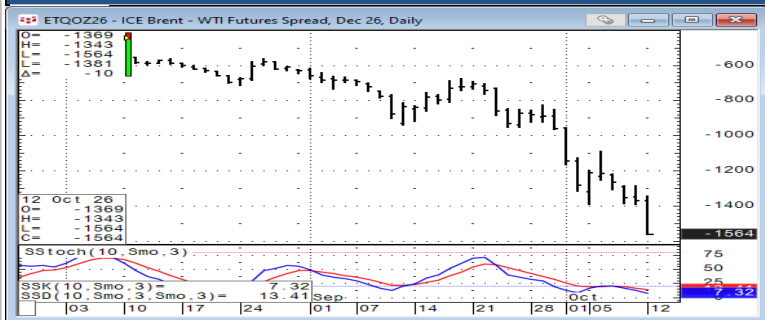
|        | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Nov-26 | 4.7232    | -0.0152      | 0.1780    |
| Dec-26 | 4.5868    | -0.0016      | 0.1867    |
| Jan-27 | 4.5106    | 0.0158       | 0.2040    |
| Feb-27 | 4.4272    | 0.0305       | 0.2152    |
| Mar-27 | 4.3169    | 0.0430       | 0.2150    |
| Apr-27 | 4.1832    | 0.0509       | 0.2041    |
| May-27 | 4.0603    | 0.0588       | 0.1940    |
| Jun-27 | 3.9460    | 0.0650       | 0.1863    |
| Jul-27 | 3.8695    | 0.0657       | 0.1807    |
| Aug-27 | 3.8062    | 0.0609       | 0.1759    |
| Sep-27 | 3.7536    | 0.0542       | 0.1703    |
| Oct-27 | 3.7018    | 0.0474       | 0.1628    |
| Nov-27 | 3.6362    | 0.0396       | 0.1543    |
| Dec-27 | 3.5529    | 0.0341       | 0.1465    |
| Jan-27 | 3.4659    | 0.0281       | 0.1383    |
| Feb-27 | 3.3916    | 0.0245       | 0.1290    |
| Mar-27 | 3.3232    | 0.0220       | 0.1229    |

## Sprague HeatCurve October 2027-April 2028

\$3.4617

|               |            | Close      | Change    |
|---------------|------------|------------|-----------|
| Crude - WTI   | Dec Brent- | \$92.8600  | \$1.8500  |
| Crude - Brent | WTI Spread | \$106.6500 | \$1.9300  |
| Natural Gas   | \$13.79    | \$3.1670   | -\$0.0530 |
| Gasoline      |            | \$3.2917   | -\$0.0035 |

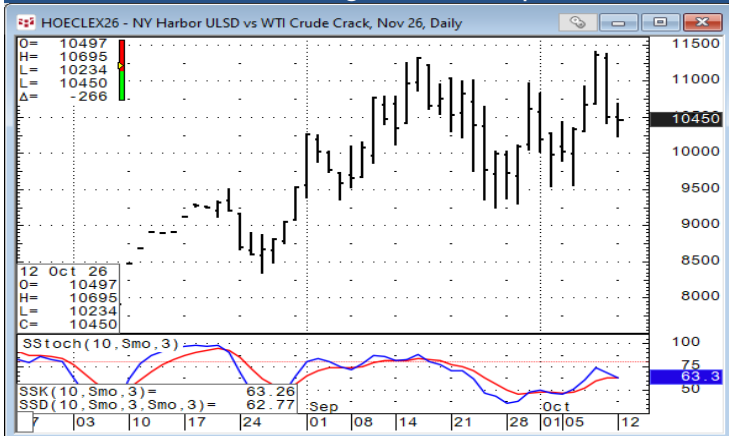
## ICE December Brent-WTI Spread



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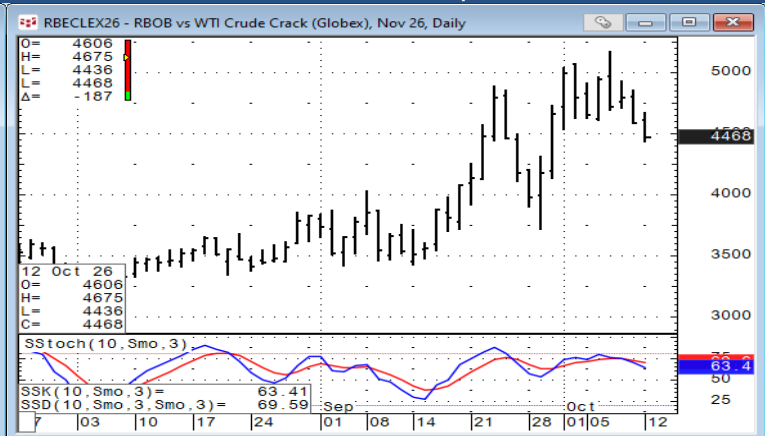
## November Heating Oil Crack Spread



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## November RBOB Crack Spread



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