

Market Commentary

Recap: The oil market on Thursday fell as it reacted to cracks in OPEC's unity following the news that Angola was leaving OPEC. Angola's Oil Minister, Diamantino Azevedo, said the country's membership in OPEC was not serving its interests. Angola, which produces about 1.1 million bpd, had protested a decision by OPEC to cut its production quota for 2024 during the OPEC meeting in November. The oil market was mostly stable in overnight trading as the market weighed the concerns over low demand following an unexpected U.S. crude inventory build and concerns over global trade disruptions due to tensions in the Middle East. However, the market, which had posted a high of \$74.58 overnight, erased all of its gains and retraced more than 38% of its move from a low of \$67.98 to a high of \$75.37 as it posted a low of \$72.44 early in the morning. The market later bounced off its low and traded between the \$73.00 and \$74.00 levels during the remainder of the session. The February WTI contract settled down 33 cents at \$73.89 and the February Brent contract settled down 31 cents at \$79.39. The product markets ended the session lower, with the heating oil market settling down 1.17 cents at \$2.6968 and the RB market settling down 4.22 cents at \$2.1585.

Technical Analysis: The oil market on Friday will continue to trend sideways as the market positions itself ahead of long Christmas weekend. The market will remain supported by concerns over the situation in the Middle East. Resistance is seen at \$74.00, its high of \$74.58, \$75.37 and \$75.66. More distant upside is seen at \$76.81 and \$79.67. However, support is seen at \$73.00, its low of \$72.44, \$72.14, \$71.68, \$70.99 and \$70.80. Further support is seen at \$70.64, \$69.82 and \$67.98.

Fundamental News: Angola's Oil Minister, Diamantino Azevedo, said the country has decided to leave OPEC after 16 years of membership because its role in the organization was not relevant and it was not serving the country's interests. Angola's President Joao Lourenco approved the country's decision to withdraw from OPEC, which was taken at a cabinet meeting on Thursday. Bloomberg reported that Angola's decision to leave is not entirely unexpected given the infighting in recent months and while it may stoke concern about the group's cohesion, it will not affect the outlook for production. The head of geopolitics at Energy Aspects, Richard Bronze, said that there is "no impact on supply forecasts as Angola is already producing at full capacity rather than limiting output due to OPEC+ quotas." According to Bloomberg data, Angola's output has declined about 40% over the past eight years to around 1.14 million as it fails to invest sufficiently in aging, deepwater oil fields.

Experts predict disruptions in the Red Sea and Suez Canal due to the recent attacks by the Yemeni Houthis rebel group that have forced carriers to avoid waterways, will not carry short-term major consequences but will have long-term political and economic risks. According to the EIA, oil shipments via the routes accounted for 12% of total seaborne-traded oil in the first half of 2023 and liquefied natural gas shipments accounted for 8% of worldwide LNG trade.

Vortexa estimates that in the first 11 months of 2023, around 8.2 million bpd of liquids, including crude oil and oil products, were transported by vessels moving along the route. Of the 8.2 million bpd, 2.9 million bpd is traveling northbound, 3.9 million bpd southbound and the remainder as imports and exports contained within the Red Sea region. Vortexa data showed that in terms of the cargo types transported along the Red Sea, crude oil, diesel and jet are the most commonly carried cargoes on northbound oil tankers while crude, residual fuel oils and naphtha are transported on southbound tankers.

According to the EPA, the U.S. generated fewer renewable fuel blending credits in November versus October. EPA data showed that about 1.24 billion ethanol (D6) blending credits were generated in November, down from 1.3 billion credits in October. The U.S. also generated 680 million biodiesel (D6) blending credits in November, down from 733 million in October.

Early Market Call - as of 10:30 AM EDT

WTI - February \$74.26, up 37 cents

RBOB - January \$2.1659, up 74 points

HO - January \$2.6847, down 1.21 cents

All NYMEX | Prior Settlements

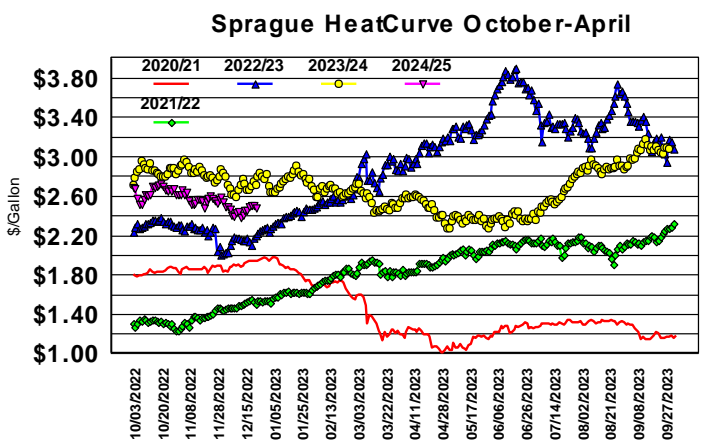
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.6968	-0.0117	0.1055
Jan-24	2.6702	-0.0140	0.1033
Feb-24	2.6278	-0.0156	0.0953
Mar-24	2.5772	-0.0163	0.0845
Apr-24	2.5378	-0.0183	0.0713
May-24	2.5092	-0.0204	0.0581
Jun-24	2.5007	-0.0207	0.0505
Jul-24	2.4979	-0.0203	0.0465
Aug-24	2.5010	-0.0193	0.0452
Sep-24	2.5037	-0.0186	0.0431
Oct-24	2.5006	-0.0182	0.0400
Nov-24	2.4925	-0.0175	0.0366
Dec-24	2.4848	-0.0166	0.0334
Jan-25	2.4754	-0.0157	0.0298
Feb-25	2.4624	-0.0157	0.0255
Mar-25	2.4438	-0.0158	0.0217
Apr-25	2.4304	-0.0158	0.0165

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$5.50	\$73.8900	-\$0.3300
Crude - Brent		\$79.3900	-\$0.3100
Natural Gas		\$2.5720	\$0.1250
Gasoline		\$2.1585	-\$0.0422

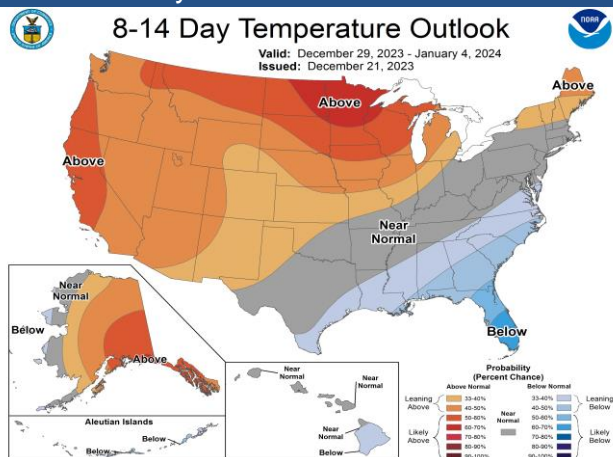
EIA Working Gas Storage Report

	15-Dec-23	08-Dec-23	Change	15-Dec-22
East	834	857	-23	794
Midwest	1021	1055	-34	978
Mountain	236	243	-7	179
Pacific	283	289	-6	188
South Central	1203	1219	-16	1,199
Salt	331	336	-5	340
Nonsalt	872	883	-11	859
Total	3577	3664	-87	3,337

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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