

Market Commentary

Recap: The crude market on Thursday extended Wednesday's gains and continued to retrace its previous losses. The market was well supported by a weaker dollar and as the IEA increased its oil demand forecast for next year. The dollar fell to a new four month low after the U.S. Federal Reserve's projections indicated the interest rate hike cycle has ended and lower interest rates are coming in 2024. The January WTI contract posted a low of \$69.54 in overnight trading before it bounced off that level and never looked back. The market retraced more than 38% of its move from a high of \$79.60 to a low of \$67.71 as it posted a high of \$72.46 early in the afternoon. It was well supported after the IEA raised its world oil consumption forecast for 2024 by 130,000 bpd from its previous forecast to 1.1 million bpd. The market traded mostly sideways ahead of the close. The January WTI contract settled up \$2.11 at \$71.58 and the February Brent contract settled up \$2.35 at \$76.61. The product markets ended the session sharply higher, with the heating oil market settling up 4.32 cents at \$2.5913 and the RB market settling up 9.39 cents at \$2.1188.

Technical Analysis: The oil market is seen trading within its recent trading range as it retraces some of its gains seen over the last couple of days. The market is seen finding resistance at its high of \$72.46, \$72.60, \$73.65, \$74.12 and \$75.03-\$75.06. Meanwhile, support is seen at \$71.00, \$70.65, \$70.05, \$69.54 and \$67.71. Further support is seen at \$67.05, \$66.80 and \$66.02.

Fundamental News: The IEA raised its global oil demand growth forecast for next year despite an expected economic slowdown, citing an improvement in the outlook for the United States and lower oil prices. Despite the upgrade, there is still a sizeable gap between the IEA, which represents industrialized countries, and producer group OPEC over 2024 demand prospects. The IEA estimates that world consumption will increase by 1.1 million bpd in 2024, up 130,000 bpd from its previous forecast. The IEA said the revision reflects "a somewhat improved GDP outlook compared with last month's report." It added "Falling oil prices act as an additional boost to oil consumption." The IEA cut its forecast for oil demand growth in 2023 by 90,000 bpd to 2.3 million bpd. China accounts for 80% of this year's global increase. The IEA said the extension of the OPEC+ supply cuts had done little to support prices and that higher output in other nations would act as a headwind. In 2024, supply from producers outside OPEC+ is set to increase by 1.2 million bpd, a slowdown from this year's 2.2 million bpd growth led by the U.S. It forecast global demand for OPEC crude plus withdrawals from stocks will average 28.2 million bpd in 2024 and fall to 27.7 million bpd in the first half of 2024. The IEA estimated OPEC pumped 28.1 million bpd in November or 400,000 bpd more than the demand it expects for OPEC crude in the first half of next year.

Oil investors will begin 2024 with concerns about oversupply, slowing economic growth and simmering Middle East tension that could spark price volatility. Benchmark Brent has averaged around \$80/barrel this year. A Reuters survey of 30 forecasts from economists and analysts sees Brent crude averaging \$84.43/barrel in 2024.

JP Morgan said "We expect oil to trade in a wide \$20 range next year, not very different from what transpired in 2023."

BOFA Research expects ultra-low sulfur diesel to Brent crack spreads to average \$26/barrel in 2024, down from an average of \$36/barrel this year.

The British maritime security company Ambrey said it is aware of reports that a group claiming to be the "Yemeni Navy" is demanding a vessel sailing in the Bab al-Mandab Strait change course to head for Yemen. Ambrey and the United Kingdom Maritime Trade Operations agency are investigating the incident and another one in the Indian Ocean off Yemen.

Early Market Call - as of 8:10 AM EDT

WTI - January \$72.09, up 51 cents
 RBOB - January \$2.1341, up 1.49 cents
 HO - January \$2.6212, up 2.99 cents

All NYMEX | Prior Settlements

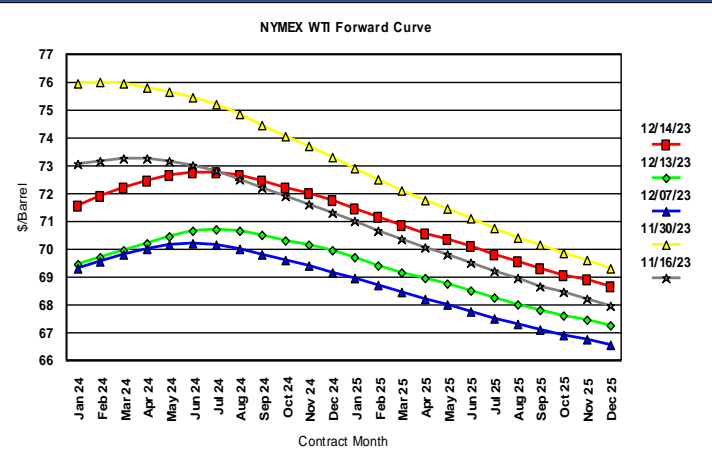
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.5913	0.0432	0.0421
Jan-24	2.5669	0.0443	0.0488
Feb-24	2.5325	0.0469	0.0484
Mar-24	2.4927	0.0468	0.0475
Apr-24	2.4665	0.0479	0.0468
May-24	2.4511	0.0486	0.0446
Jun-24	2.4502	0.0487	0.0449
Jul-24	2.4514	0.0481	0.0460
Aug-24	2.4558	0.0475	0.0485
Sep-24	2.4606	0.0470	0.0507
Oct-24	2.4606	0.0460	0.0516
Nov-24	2.4559	0.0450	0.0519
Dec-24	2.4514	0.0443	0.0525
Jan-25	2.4456	0.0440	0.0539
Feb-25	2.4369	0.0441	0.0559
Mar-25	2.4221	0.0437	0.0575
Apr-25	2.4139	0.0426	0.0572

Sprague HeatCurve October 2024-April 2025			\$2.4480
		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$4.70	\$71.9100	\$2.1900
Crude - Brent		\$76.6100	\$2.3500
Natural Gas		\$2.3920	\$0.0570
Gasoline		\$2.1188	\$0.0939

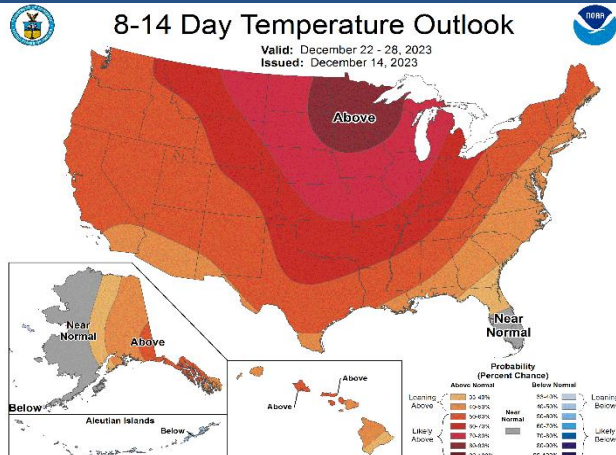
EIA Working Gas Storage Report

	08-Dec-23	01-Dec-23	Change	08-Dec-22
East	857	876	-19	824
Midwest	1055	1082	-27	1,006
Mountain	243	245	-2	187
Pacific	289	289	0	205
South Central	1219	1228	-9	1,198
Salt	336	334	2	336
Nonsalt	883	894	-11	862
Total	3664	3719	-55	3,419

WTI Forward Curve



8-14 Day Weather Forecast



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