

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market posted an inside trading day after it posted the day's trading range by mid-day. The market posted a low of \$77.95 in overnight trading. However, the market bounced higher ahead of the release of U.S. inflation data for January. The crude market traded higher and remained stable as the U.S. personal consumption expenditures index, showed January inflation in line with economists' expectations, keeping a June interest rate cut on the table. The market later continued to trend higher as the conflict in the Middle East showed little signs of abating, with Israel and Hamas playing down prospects to a ceasefire. U.S. President Joe Biden said the U.S. was checking reports of Israeli troops firing on people waiting for food aid in Gaza and that he believed the deadly incident will complicate talks on a ceasefire. The crude market rallied to a high of \$79.28 by mid-day. It retraced its sharp gains and trade in and out of positive territory before further selling pushed it back towards the 78.00 level. The April WTI contract settled down 28 cents at \$78.26. The market continued to trend lower in the post settlement period and posted a new low of \$77.94. The April Brent contract settled down 6 cents at \$83.62. Meanwhile, the product markets ended the session in positive territory, with the heating oil market settling up 2.55 cents at \$2.6838 and the RB market settling up 3.33 cents at \$2.3043.

**Technical Analysis:** The crude market is seen continuing to trade within its recent trading range as stochastics are crossed to the downside. The market will continue to look for updates on the situation in the Middle East, which will limit the market's losses. The market is seen finding support at its lows of \$77.94, \$77.78, \$77.17 followed by \$75.84 and \$75.52-\$75.49. Meanwhile, resistance is seen at its highs of \$79.28 and \$79.62 followed by \$80.00 and \$80.64.

**Fundamental News:** According to a prediction by Wood Mackenzie, global oil demand will increase by 1.9 million bpd this year.

Analysts were less bullish on oil in February for a fourth consecutive month, with ample supplies seen holding prices near \$80/barrel this year as the Middle East conflict has only a modest impact on crude flows. A survey of 40 economists and analysts forecast Brent crude would average \$81.13/barrel in 2024, slightly down from the \$81.44/barrel consensus in January. U.S. crude forecasts were cut to \$76.54/barrel, from a previous forecast of \$77.26/barrel.

The leader of Iran-aligned Houthi group, Abdul Malik al-Houthi, said the group will introduce military "surprises" in their Red Sea operations.

The EIA reported that U.S. crude oil production in December fell to 13.315 million bpd, down from a record high of 13.319 million bpd in November. Crude oil production in Texas fell to 5.637 million bpd in December, down from a record high of 5.657 million bpd in November, while output in New Mexico increased by 1.2% to record high of 1.928 million bpd and production in North Dakota fell by 0.4% to 1.285 million bpd in December. The EIA reported that U.S. shipments of crude oil via rail in December increased by 35,000 bpd on the month to 333,000 bpd. Shipments within the U.S. increased by 20,000 bpd on the month to 232,000 bpd, while shipments from Canada to the U.S. increased by 15,000 bpd to 100,000 bpd. Total U.S. oil demand in December increased by 5% or 966,000 bpd on the year to 20.293 million bpd. U.S. gasoline demand increased by 2.8% or 244,000 bpd on the year to 8.84 million bpd and distillates demand fell by 4.7% or 179,000 bpd to 3.614 million bpd.

Reuters reported that OPEC's oil output in February increased as recovery in Libyan output following a disruption in its output offset the impact of voluntary production cuts by other members agreed with the wider OPEC+ alliance. OPEC produced 26.42 million bpd in February, up 90,000 bpd from January's level. Libya's oil output increased by 150,000 bpd on the month. OPEC's nine members making voluntary output cuts or subject to quotas cut their output by 20,000 bpd to 21.43 million bpd.

**Early Market Call - as of 8:25 AM EDT**

WTI - April \$79.79, up \$1.53

RBOB - April \$2.6066, up 2.56 cents

HO - March \$2.6711, up 2.12 cents

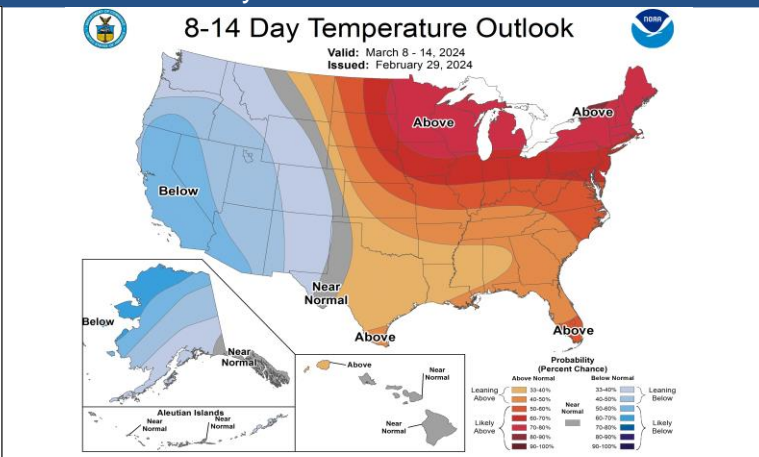
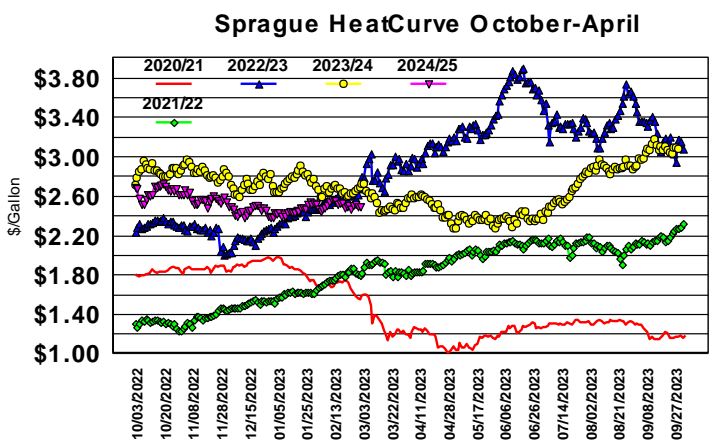
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.6838	0.0255	-0.0682
May-24	2.6499	0.0239	-0.0534
Jun-24	2.5954	0.0165	-0.0331
Jul-24	2.5567	0.0118	-0.0257
Aug-24	2.5409	0.0101	-0.0210
Sep-24	2.5315	0.0088	-0.0177
Oct-24	2.5296	0.0075	-0.0148
Nov-24	2.5262	0.0057	-0.0141
Dec-24	2.5176	0.0045	-0.0132
Jan-25	2.5037	0.0038	-0.0114
Feb-25	2.4922	0.0036	-0.0098
Mar-25	2.4780	0.0036	-0.0083
Apr-25	2.4599	0.0039	-0.0068
May-25	2.4356	0.0048	-0.0055
Jun-25	2.4185	0.0056	-0.0048
Jul-25	2.4032	0.0058	-0.0044
Aug-25	2.3939	0.0062	-0.0040

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$5.36	\$78.2600	-\$0.2800
Crude - Brent		\$83.6200	-\$0.0600
Natural Gas		\$1.8600	-\$0.0250
Gasoline		\$2.3043	\$0.0333

	23-Feb-24	16-Feb-24	Change	23-Feb-23
East	453	505	-52	455
Midwest	600	631	-31	548
Mountain	169	173	-4	100
Pacific	217	217	0	100
South Central	935	944	-9	923
Salt	275	278	-3	261
Nonsalt	660	666	-6	661
Total	2374	2470	-96	2,126

## Sprague HeatCurve October-April

## 8-14 Day Weather Forecast



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