

Market Commentary

Recap: On Tuesday, the oil market maintained an upward momentum as the market awaited the result of U.S. Secretary of State Antony Blinken's efforts to de-escalate the situation in the Middle East. The market traded mostly sideways in overnight trading and posted a low of \$72.38 before it bounced higher. The market extended its gains to over a \$1 as it rallied to a high of \$73.82 by mid-day. The market was also supported by the EIA's Short Term Energy Outlook stating that U.S. crude production would not grow as fast as previously forecast. U.S. oil production is estimated to increase by 170,000 bpd this year, down from a previous forecast of 290,000 bpd. The crude market later gave up some of its gains on news that Hamas delivered its response to Egypt and Qatar regarding the framework of a ceasefire agreement for the Gaza Strip. The March WTI contract settled in a sideways trading range during the remainder of the session and ended the session up 53 cents at \$73.31. The April Brent contract settled up 60 cents at \$78.59. Meanwhile, the product markets ended the session higher, with the heating oil market settling up 1.79 cents at \$2.7427 and the RB market settling up 81 points at \$2.2173.

Technical Analysis: The crude market on Wednesday will be driven by the weekly petroleum stocks reports, which are expected to show builds in crude stocks. The market will also remain driven by the headlines regarding the possible ceasefire between Israel and Hamas after Hamas delivered its response to a framework proposal. The oil market is seen finding support at \$72.75, its low of \$72.38, \$71.69, \$71.41 and \$70.62. Further support is seen at \$70.25 and \$69.56. Meanwhile, resistance is seen at \$73.82, \$74.42, \$74.52, \$75.35, \$76.28 and \$76.95. Further upside is seen at \$78.11-\$78.14 and \$79.29.

Fundamental News: In its Short Term Energy Outlook, the U.S. EIA raised its 2024 world oil demand growth forecast by 30,000 bpd from a previous forecast to 1.42 million bpd on the year. The agency raised its oil demand growth estimate for 2025 by 80,000 bpd from a previous forecast to 1.29 million bpd on the year. Total world oil petroleum demand is forecast to increase to 102.42 million bpd in 2024 and to 103.71 million bpd in 2025. The EIA reported that total world oil production is expected to increase by 550,000 bpd to 102.3 million bpd in 2024 and increase by 1.87 million bpd to 104.17 million bpd in 2025. OPEC's oil production is forecast to fall by 210,000 bpd to 31.98 million bpd in 2024 and increase by 650,000 bpd to 32.63 million bpd in 2025. The EIA reported that U.S. crude oil production is forecast to increase by 170,000 bpd to 13.1 million barrels in 2024, compared with a previously forecasted increase of 290,000 bpd. U.S. crude oil production in 2025 is expected to increase by 390,000 bpd to 13.49 million bpd, compared with a previously forecasted increase of 230,000 bpd. U.S. total petroleum consumption in 2024 is expected to increase by 200,000 bpd to 20.4 million bpd, while demand in 2025 is expected to increase by 100,000 bpd to 20.5 million bpd.

Hamas issued a statement on Tuesday saying it had submitted its response regarding a proposed ceasefire agreement for Gaza devised by Egypt and Qatar. Meanwhile, Qatar's Prime Minister and Foreign Minister, Sheikh Mohammed bin Abdulrahman Al Thani, said his country had received a "positive response" from Hamas on a framework deal.

The leader of Yemen's Houthis, Abdul Malik al-Houthi, said that the group "will further escalate" if the Israeli attack on Gaza does not stop. Earlier, Yemen's Houthis said they fired naval missiles at two ships, Star Nasia and Morning Tide, in the Red Sea.

Goldman Sachs expects U.S. retail gasoline prices to average \$3.40/gallon over 2024 -25.

U.S. crude oil exports to Asia fell to 1 million bpd in January, the lowest level in over two years as high freight rates and more competitively-priced Middle Eastern oils cut shipments. Exports to China fell to 190,000 bpd, the lowest in 13 months. According to data from ship tracking service Kpler, volumes to South Korea held steady at 494,000 bpd. Overall, U.S. oil exports fell to 3.8 million bpd, the lowest in a year.

Early Market Call - as of 8:40 AM EDT

WTI - March \$73.67, up 35 cents
 RBOB - March \$2.2322, up 1.49 cents
 HO - March \$2.7801, up 3.74 cents

All NYMEX | Prior Settlements

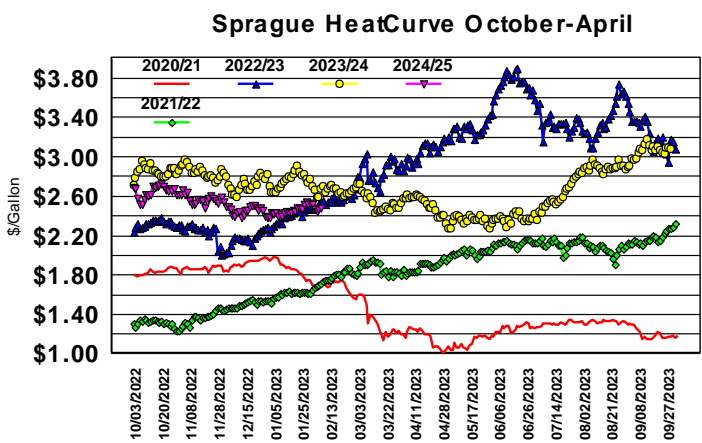
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-24	2.7427	0.0179	-0.0339
Apr-24	2.6794	0.0195	-0.0358
May-24	2.6095	0.0196	-0.0430
Jun-24	2.5552	0.0183	-0.0481
Jul-24	2.5315	0.0164	-0.0498
Aug-24	2.5184	0.0143	-0.0509
Sep-24	2.5171	0.0130	-0.0504
Oct-24	2.5181	0.0120	-0.0505
Nov-24	2.5119	0.0110	-0.0506
Dec-24	2.4973	0.0101	-0.0510
Jan-25	2.4842	0.0092	-0.0509
Feb-25	2.4682	0.0084	-0.0518
Mar-25	2.4465	0.0076	-0.0532
Apr-25	2.4192	0.0057	-0.0553
May-25	2.3989	0.0041	-0.0564
Jun-25	2.3812	0.0025	-0.0582
Jul-25	2.3693	0.0010	-0.0593

Sprague HeatCurve October 2024-April 2025			\$2.4776
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$5.22	\$73.3700	\$0.5200
Crude - Brent		\$78.5900	\$0.6000
Natural Gas		\$2.0090	-\$0.0730
Gasoline		\$2.2173	\$0.0081

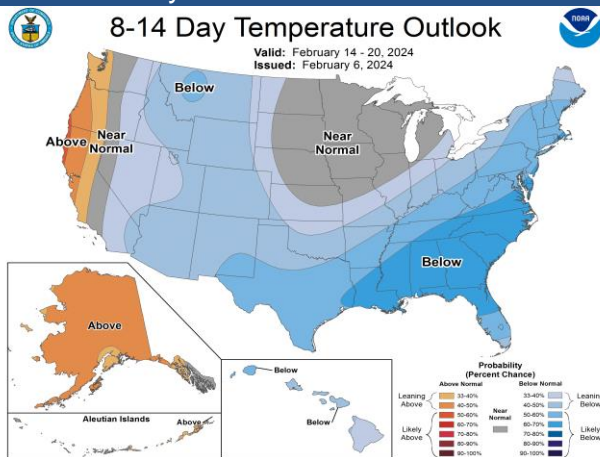
API Report for the Week Ending February 2, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 670,000 barrels	Up 2.1 million barrels
Gasoline Stocks	Up 3.65 million barrels	Up 500,000 barrels
Distillate Stocks	Down 3.7 million barrels	Down 1.2 million barrels
Refinery Runs		Up 1.0%, at 83.9%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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