

Market Commentary

Recap: The oil market retraced its earlier losses and ended the session higher on Wednesday after posting an outside trading day on Tuesday and ending lower. The market continued to trend lower in overnight trading despite a rise in tensions in the Middle East. The market traded to a low of \$69.28 despite the news of Iran sending a warship into the Red Sea and a suspected Israeli air strike killing Hamas' deputy leader in Beirut. However, the market bounced off its low and reversed its earlier losses on news that Libya's 300,000 bpd Sharara field was fully shutdown due to protests. The market extended its gains to over \$2.50 as it rallied to a high of \$72.90 by mid-day. The market later traded mostly sideways during the remainder of the session, with the February WTI contract settling up \$2.32 at \$72.70. The market continued to trend higher in the post settlement period and posted a high of \$73.19. The March Brent contract settled up \$2.36 at \$78.25. The product markets ended the session in positive territory, with the heating oil market settling up 7.86 cents at \$2.6044 and the RB market settling up 6.32 cents at \$2.1581.

Technical Analysis: While the crude market may retrace some of its sharp gains and trend sideways ahead of the release of the weekly petroleum stocks reports, the market's losses are seen limited. The inventory reports are expected to show a draw in crude stocks of over 4 million barrels on the week. Also, the market will remain driven by the developments in the Middle East as the situation there intensifies after Iran's dispatch of warship to the Red Sea and the Israel-Hamas war stretched into Lebanon with the killing of the Hamas deputy leader in Beirut. The oil market is seen finding resistance at its high of \$73.19, \$73.41, \$73.64, \$74.40, \$75.66 and \$76.18. Meanwhile, support is seen at its low of \$69.28, \$67.98 and \$63.77.

Fundamental News: The Department of Energy said it is seeking proposals for 3 million barrels of U.S. produced sour crude oil for delivery in April to fill the SPR. The department has bought back about 13.8 million barrels at an average price of \$75.63/barrel, nearly \$20/barrel less than it sold the oil in 2022, and had sped up the return of nearly 4 million barrels from loans to oil companies.

OPEC said that cooperation and dialogue within OPEC+ will continue for the benefit of "all producers, consumers and investors, as well as the global economy at large." The OPEC statement made no mention of Angola, which announced it would leave the group but said OPEC members were united. OPEC+ countries also reaffirmed in a statement their commitment to unity, full cohesion and market stability through the Declaration of Cooperation.

Separately, a source said OPEC+ will hold a meeting of its Joint Ministerial Monitoring Committee on February 1st.

A spokesman for Yemen's Houthis military group, Yahya Sarea, said the group has "targeted" the CMA CGM Tage container ship bound for Israel. He added that "any U.S attack will not pass without a response or punishment".

Israeli forces continued their assault on the Gaza Strip on Wednesday and told civilians to leave a refugee camp in the north of the Palestinian enclave after the war reached into Lebanon with the killing in Beirut of the Hamas deputy leader. Israel has neither confirmed nor denied that it killed Hamas' deputy leader, Saleh al-Aroui, in a drone strike in the Lebanese capital on Tuesday. However, military spokesperson Rear Admiral Daniel Hagari said Israeli forces were in a high state of readiness and prepared for any scenario. The assassination was a further sign that the nearly three-month war between Israel and Hamas was spreading across the region, drawing in the occupied West Bank, Hezbollah forces on the Lebanon-Israel border, and even Red Sea shipping lanes.

Early Market Call - as of 8:25 AM EDT

WTI - February \$73.26, up 56 cents

RBOB - February \$2.1591, up 10 points

HO - February \$2.6142, up 98 points

All NYMEX | Prior Settlements

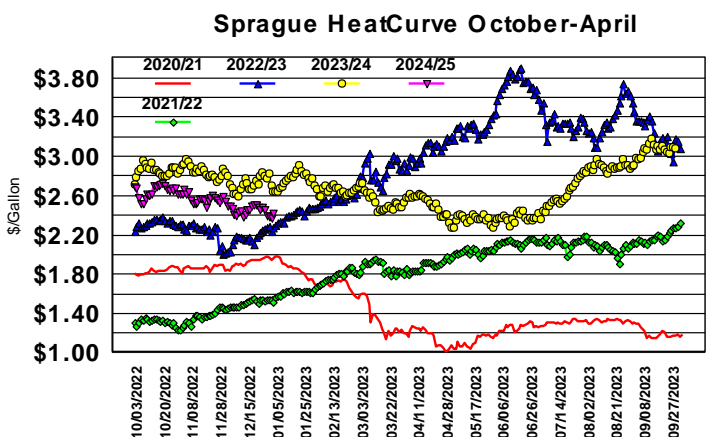
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.5699	0.0770	-0.0326
Mar-24	2.5209	0.0731	-0.0452
Apr-24	2.4842	0.0680	-0.0382
May-24	2.4578	0.0648	-0.0336
Jun-24	2.4486	0.0633	-0.0212
Jul-24	2.4449	0.0625	-0.0185
Aug-24	2.4486	0.0621	-0.0121
Sep-24	2.4522	0.0611	-0.0110
Oct-24	2.4492	0.0596	-0.0175
Nov-24	2.4412	0.0583	-0.0237
Dec-24	2.4341	0.0572	-0.0238
Jan-25	2.4259	0.0563	-0.0249
Feb-25	2.4141	0.0553	-0.0268
Mar-25	2.3965	0.0546	-0.0306
Apr-25	2.3839	0.0531	-0.0245
May-25	2.3732	0.0512	-0.0222
Jun-25	2.3666	0.0506	-0.0178

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.36	\$72.8900	\$2.2700
Crude - Brent		\$78.2500	\$2.3600
Natural Gas		\$2.6680	\$0.1000
Gasoline		\$2.1581	\$0.0632

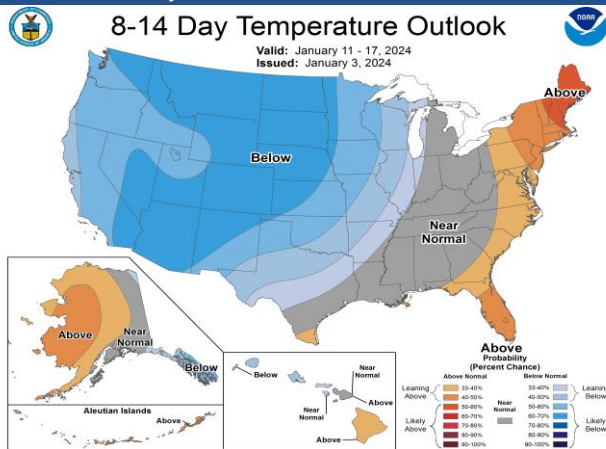
API Report for the Week Ending December 29, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 7.4 million barrels	Down 4 million barrels
Gasoline Stocks	Up 6.9 million barrels	Up 2.32 million barrels
Distillate Stocks	Up 6.7 million barrels	Up 2.6 million barrels
Refinery Runs		Down 0.5%, at 92.8%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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