

Market Commentary

Recap: The oil market on Friday breached its recent trading range as it rallied sharply higher. The market was well supported as some oil tankers were diverting from the Red Sea following overnight air and sea strikes by the U.S. and Britain on Houthi targets in Yemen. The escalation fueled market concerns about the Israel-Hamas war widening into a broader conflict in the Middle East. The crude market traded higher in overnight trading and rallied over 4.4% as it posted a high of \$75.25 early in the morning. However, the market gave up all of its earlier gains as it sold off to a low of \$72.36 early in the afternoon. The market later bounced off its low and retraced some of its losses ahead of the close. The February WTI contract settled up 66 cents at \$72.68 and the March Brent contract settled up 88 cents at \$78.29. The product markets ended mixed, with the heating oil market settling down 45 points at \$2.6693 and the RB market settling up 60 points at \$2.1203.

Technical Analysis: The crude market on Tuesday will remain driven by the latest headlines regarding the escalating tensions in the Middle East over the Martin Luther King, Jr. holiday weekend. While the market saw some retracement on Friday, its losses will remain limited by the possibility of supply disruptions in the Middle East. The market is seen finding support at its low of \$72.36, \$71.17, \$71.01, \$70.47, \$70.13 and \$69.28. More distant support is seen at \$67.98 and \$63.52. Meanwhile, resistance is seen at \$73.05, \$73.95, its high of \$75.25, followed by \$75.66, \$76.18 and \$76.81. More distant upside is seen at \$79.67.

Fundamental News: The U.S. Department of Energy is soliciting up to 3 million barrels of oil for the Strategic Petroleum Reserve.

The United States and Britain carried out strikes from the air and sea against Houthi military targets in Yemen overnight in response to the movement's attacks on ships in the Red Sea. The U.S. said Australia, Bahrain, Canada and the Netherlands supported the operation. A Houthi military spokesperson said 73 strikes had killed five of the group's fighters and wounded six others. He said the attacks would not go without "punishment or retaliation" and the group will continue to target ships headed for Israel.

Pentagon spokesman, Patrick Ryder, said the United States has no plans to add additional forces to the region after U.S. and British militaries conducted strikes on Iran-backed Houthi forces in Yemen on Friday.

Russia condemned the United States and Britain on Friday for military strikes on Yemen, which Moscow said amounted to an irresponsible adventure that risked sowing chaos across the entire Middle East. Russia said it shared the concerns of Saudi Arabia and others in the region over the strikes. Saudi Arabia called for restraint and "avoiding escalation" after the strikes and said it was monitoring the situation with great concern. The UAE expressed concern over the consequences of attacks on shipping in the Red Sea. Meanwhile, Iran said it condemned the U.S.-Britain attack on Houthis in Yemen warning that it will fuel "insecurity and instability" in the region.

Shipping data from LSEG and Kpler showed that at least four oil tankers have diverted course from the Red Sea since overnight strikes by the U.S. and Britain on Houthi targets in Yemen. The tankers Toya, Diyyinah-I, Stolt Zulu and Navig8 Pride LHJ were all seen turning around mid-voyage in order to avoid the Red Sea on Friday morning.

Meanwhile, Danish oil tanker group Torm said it decided to pause all transits through the southern Red Sea. Major container shipping companies Maersk and Hapag Lloyd welcomed measures to secure the region.

Tanker body Intertanko said the Combined Maritime Forces has warned all ships to "stay well away from Bab al-Mandab". It said "The threat period for shipping is expected to last for several days."

Early Market Call - as of 8:10 AM EDT

WTI - February \$73.30, up 62 cents

RBOB - February \$2.1866, up 6.63 cents

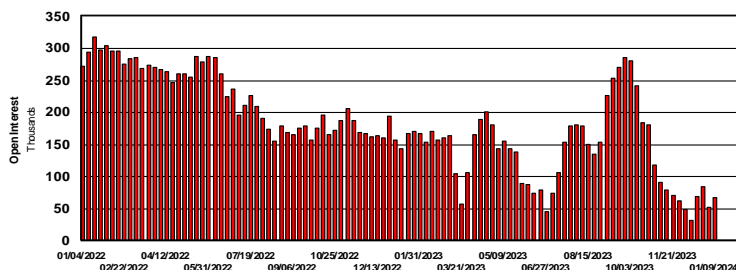
HO - February \$2.7329, up 6.36 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6693	-0.0045	0.0608
Mar-24	2.6155	0.0011	0.0396
Apr-24	2.5544	0.0073	0.0290
May-24	2.5092	0.0107	0.0220
Jun-24	2.4746	0.0117	0.0144
Jul-24	2.4611	0.0118	0.0099
Aug-24	2.4544	0.0110	0.0074
Sep-24	2.4555	0.0101	0.0065
Oct-24	2.4585	0.0106	0.0072
Nov-24	2.4564	0.0121	0.0087
Dec-24	2.4494	0.0137	0.0099
Jan-25	2.4423	0.0147	0.0100
Feb-25	2.4331	0.0157	0.0094
Mar-25	2.4197	0.0163	0.0076
Apr-25	2.4009	0.0167	0.0063
May-25	2.3884	0.0176	0.0064
Jun-25	2.3788	0.0188	0.0078

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.50	\$72.7900	\$0.7000
Crude - Brent		\$78.2900	\$0.8800
Natural Gas		\$3.3130	\$0.2160
Gasoline		\$2.1203	\$0.0060

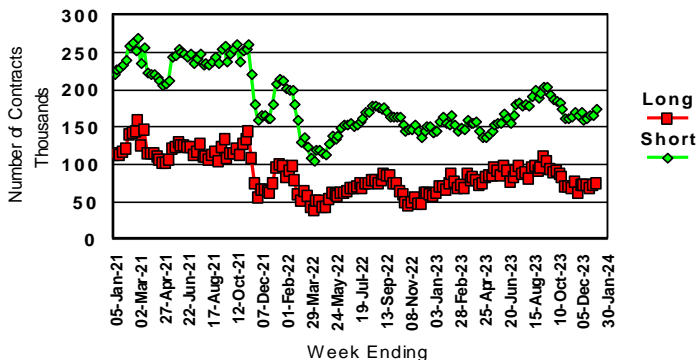
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending January 9, 2024

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

