



MarketWatch | Refined Products

Tuesday, January 30, 2024

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market gapped higher on the opening on Sunday evening from \$78.26 to \$78.90 after three U.S. service members were killed and about 40 were wounded in a drone attack by Iran-backed militants on U.S. troops in northeastern Jordan near the Syrian border. The crude market quickly rallied to a high of \$79.29 before it backfilled its gap in overnight trading. The market continued to trend lower despite the attack and any potential U.S. response that is likely to cause fears of wider conflict in the Middle East. The oil market erased some of last week's sharp gains as it extended its losses to \$1.60 and posted a low of \$76.41 ahead of the close. The March WTI contract settled down \$1.23 at \$76.78 and the March Brent contract settled down \$1.15 at \$82.40. The product markets ended the session in negative territory, with the heating oil market settling down 95 points at \$2.8339 and the RB market settling down 6.56 cents at \$2.2285.

Technical Analysis: The oil market on Tuesday will remain range bound following today's sell off despite the concerns over the widening tensions in the Middle East. The market will remain driven by any headlines as the recent developments in the Middle East remain an upside risk. The market is seen finding resistance at its high of \$79.29 followed by \$79.56, \$79.65 and \$80.08. More distant resistance is seen at \$81.07 and \$82.04. Meanwhile, support is seen at its low of \$76.41, \$76.06, \$75.16 followed by \$73.94 and \$73.41. More distant support is seen at \$72.56 and \$72.10.

Fundamental News: The U.S. Energy Department said the Biden administration has awarded Strategic Petroleum Reserve contracts for 3.1 million barrels of oil worth more than \$242 million to Exxon, Macquarie, Phillips 66 and Sunoco.

On Sunday, U.S. President Joe Biden and U.S. officials said three U.S. service members were killed and at least 34 wounded in a drone attack by Iran-backed militants on U.S. troops in northeastern Jordan near the Syrian border. It is the first deadly strike against U.S. forces since the Israel-Hamas war started in October, and marks a major escalation in tensions that have engulfed the Middle East. President Biden asked for a moment of silence for the three killed service members during a campaign event in South Carolina, adding: "We shall respond." He said "Have no doubt - we will hold all those responsible to account at a time and in a manner of our choosing." U.S. Defense Secretary Lloyd Austin echoed that threat. He vowed that the U.S. would take "all necessary actions" to defend its troops. He and other senior officials briefed Biden earlier in the day on the attack. U.S. troops have been attacked over 150 times in Iraq, Syria and Jordan as well as on warships in the Red Sea, where Houthi fighters in Yemen have been firing drones and missiles at them. On Monday, Iran's mission to the United Nations said in a statement that Tehran was not involved in the attack. The Islamic Resistance in Iraq, an umbrella organization of hardline Iran-backed militant groups, claimed attacks on three bases, including one on the Jordan-Syria border. While the United States has thus far maintained an official line that Washington is not at war in the region, it has been retaliating against the Iran-backed groups in Iraq and Syria and carrying out strikes against Yemen's Houthi military capabilities.

U.S. National security spokesman, John Kirby, said the United States does not want a wider war with Iran or the region, adding that the administration believes a single drone was responsible for targeting U.S. service members in Jordan over the weekend. He said President Biden was looking at how to respond to the Jordan attack.

On Monday, Yemen's Iran-aligned Houthis said they had fired a rocket at U.S. warship Lewis B. Puller in the Gulf of Aden on Sunday.

The North Dakota Pipeline Authority said less than 5% of North Dakota's oil output remained shut in due to extreme cold weather and operational challenges. It said oil output in North Dakota was estimated to be down 10,000 bpd to 40,000 bpd.

Early Market Call - as of 8:35 AM EDT

WTI - March \$76.02, down 76 cents

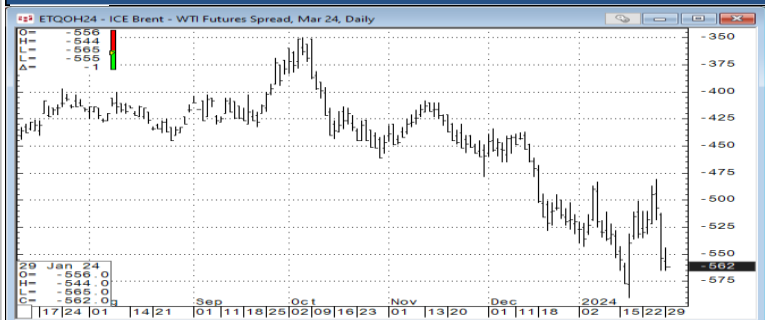
RBOB - February \$2.1790, down 4.95 cents

HO - February \$2.7759, down 5.8 cents

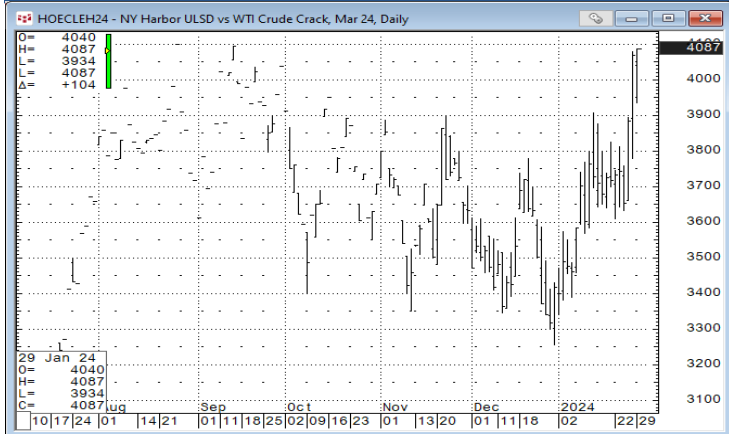
| Month | USLD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Feb-24 | 2.8339 | -0.0095 | 0.1404 |
| Mar-24 | 2.7966 | -0.0091 | 0.1329 |
| Apr-24 | 2.7228 | -0.0109 | 0.1173 |
| May-24 | 2.6512 | -0.0156 | 0.0937 |
| Jun-24 | 2.5931 | -0.0163 | 0.0737 |
| Jul-24 | 2.5651 | -0.0162 | 0.0633 |
| Aug-24 | 2.5493 | -0.0178 | 0.0558 |
| Sep-24 | 2.5455 | -0.0193 | 0.0507 |
| Oct-24 | 2.5471 | -0.0206 | 0.0489 |
| Nov-24 | 2.5415 | -0.0215 | 0.0456 |
| Dec-24 | 2.5277 | -0.0227 | 0.0401 |
| Jan-25 | 2.5152 | -0.0238 | 0.0356 |
| Feb-25 | 2.5010 | -0.0245 | 0.0317 |
| Mar-25 | 2.4819 | -0.0254 | 0.0280 |
| Apr-25 | 2.4575 | -0.0261 | 0.0256 |
| May-25 | 2.4396 | -0.0265 | 0.0232 |
| Jun-25 | 2.4251 | -0.0262 | 0.0216 |

| Sprague HeatCurve October 2024-April 2025 | | Close | Change |
|---|------------------------------------|-----------|-----------|
| Crude - WTI | Mar Brent- WTI Spread \$5.62 | \$76.7800 | -\$1.2300 |
| Crude - Brent | | \$82.4000 | -\$1.1500 |
| Natural Gas | | \$2.4900 | -\$0.2220 |
| Gasoline | | \$2.2285 | -\$0.0656 |

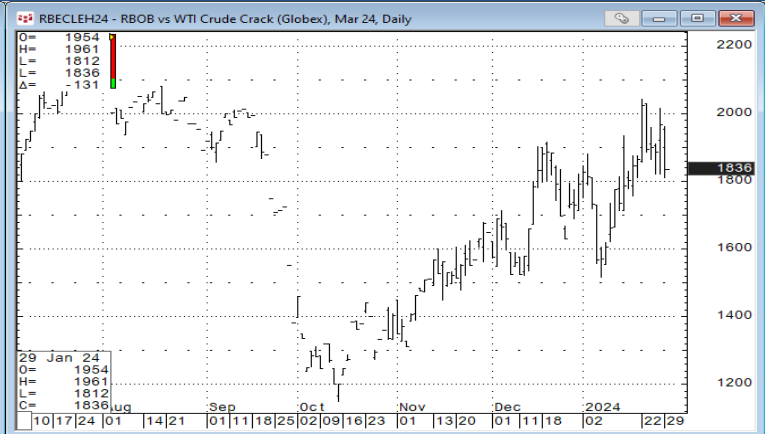
ICE March Brent-WTI Spread



March Heating Oil Crack Spread



March RBOB Crack Spread



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