

Market Commentary

Recap: The crude market posted a high of \$74.22 in early morning trading before it erased some of its gains ahead of the release of the EIA's weekly petroleum stocks report. The market remained supported upon the release of the inventory report, which showed larger than expected draws in both distillate and gasoline stocks of over 3 million barrels each. While crude stocks fell by over 5 million barrels on the week, the draw was attributed to low refinery runs due to increased maintenance. The crude market later settled in a 50 cent trading range during the remainder of the session. The March WTI contract settled up 55 cents at \$73.86 and the April Brent contract settled up 62 cents at \$79.21. The product markets ended the session sharply higher, with the heating oil market settling up 7.25 cents at \$2.8152 and the RB market settled up 4.57 cents at \$2.2630.

Technical Analysis: The oil market will likely retrace some of its gains before it continues to trade higher on the supportive fundamentals. The market will remain driven by headlines regarding the situation in the Middle East as Israel's Prime Minister Benjamin Netanyahu rejected Hamas' proposed ceasefire terms. The crude market is seen finding support at its low of \$73.23 followed by \$72.38 and \$71.41. Further support is seen at \$70.62, \$70.25 and \$69.56. Meanwhile, resistance is seen at \$74.22, \$74.42, \$74.52, \$75.35, \$76.28 and \$76.95. More distant resistance is seen at \$78.11-\$78.14 and \$79.29.

Fundamental News: The U.S. EIA said U.S. Gulf Coast refinery utilization in the week ending February 2nd fell by 3 percentage points to 77.1%, the lowest level since September 2021. Total U.S. refinery utilization fell by 0.5% percentage points on the week to 82.4%, its lowest level since December 2022. The EIA reported that U.S. domestic crude oil production returned to a record high of 13.3 million bpd in the latest week. U.S. gasoline stocks fell by 3.146 million barrels on the week to 251 million barrels as stocks in the Gulf Coast fell by 5.1 million barrels on the week to 84.7 million barrels. However, U.S. East Coast gasoline stocks increased by 600,000 barrels to 63.4 million barrels, the highest level since February 2023, and U.S. Midwest gasoline inventories increased by 1 million barrels to 61.7 million barrels, the highest level since February 2019.

TotalEnergies said it has not sent ships through the southern strait leading to the Red Sea and the Suez Canal for several weeks, extending its ships' travel time to Europe. The Bab-el-Mandeb Strait at the southern end of the Red Sea has been disrupted by Houthi attacks on commercial vessels, driving up freight costs and restricting traffic. TotalEnergies' CEO, Patrick Pouyanne, said that the costs of going through the Red Sea have gone up, partly due to higher insurance costs.

Keisuke Sadamori, director of energy markets and security at the International Energy Agency, said deliveries of oil products are being delayed after ships have diverted away from the Red Sea to avoid attacks by Yemeni Houthis.

Motiva Enterprises began restarting a 350,000 bpd crude distillation unit at its 626,000 bpd Port Arthur, Texas refinery on Wednesday. It plans to complete an overhaul of a 110,000 bpd coker unit at the refinery by February 15th.

According to market participants, oil production in the Permian shale basin in Texas and New Mexico this year will see the slowest annual growth since 2021, as acquisitions reduces activity among private drillers. Reduced growth in the Permian will be a drag on overall gains in U.S. production. The slowdown comes even as output cuts from the OPEC and allies have supported prices, giving an incentive for non-OPEC+ producers to produce more.

Early Market Call - as of 8:30 AM EDT

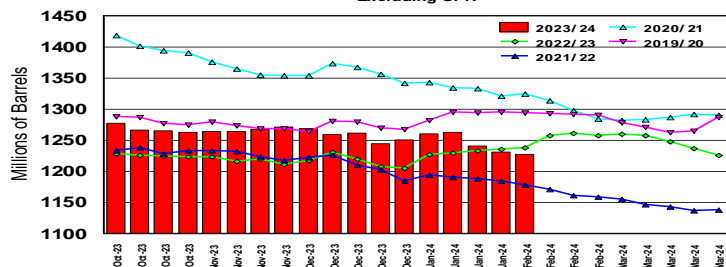
WTI - March \$74.79, up 93 cents
 RBOB - March \$2.3098, up 4.68 cents
 HO - March \$2.8431, up 2.79 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-24	2.8152	0.0725	0.0300
Apr-24	2.7425	0.0631	0.0222
May-24	2.6616	0.0521	0.0138
Jun-24	2.5994	0.0442	0.0065
Jul-24	2.5696	0.0381	0.0014
Aug-24	2.5523	0.0339	-0.0015
Sep-24	2.5485	0.0314	-0.0015
Oct-24	2.5485	0.0304	-0.0012
Nov-24	2.5412	0.0293	-0.0011
Dec-24	2.5254	0.0281	-0.0017
Jan-25	2.5114	0.0272	-0.0021
Feb-25	2.4944	0.0262	-0.0034
Mar-25	2.4713	0.0248	-0.0056
Apr-25	2.4414	0.0222	-0.0101
May-25	2.4180	0.0191	-0.0145
Jun-25	2.3987	0.0175	-0.0182
Jul-25	2.3859	0.0166	-0.0204

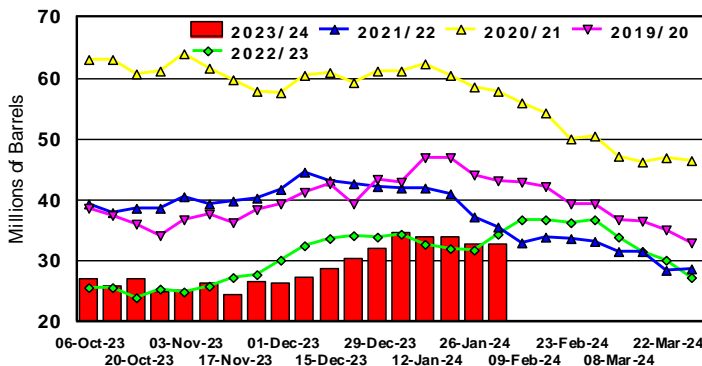
Sprague HeatCurve October 2024-April 2025		\$2.5044
	Close	Change
Crude - WTI	\$73.9100	\$0.5400
Crude - Brent	\$79.2100	\$0.6200
Natural Gas	\$1.9670	-\$0.0420
Gasoline	\$2.2630	\$0.0457

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending February 2, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 5.52 million barrels
 Cushing, OK Crude Stocks Down 33,000 barrels
Gasoline Stocks Down 3.146 million barrels
Distillate Stocks Down 3.221 million barrels
Refinery % Operated 82.4%, down 0.5%

PADD #1

	Week Ending Feb 2, 2024	Week Ending Jan 26, 2024	Week Ending Feb 3, 2023
Distillate Stocks (in million bbl)			
New England	4.9	4.8	5.2
Central Atlantic	15.6	15.8	15.9
Total PADD #1	32.7	32.6	34.3
Distillate Imports (thousands b/d)	113	121	665