

## Market Commentary

**Recap:** The oil market on Wednesday continued to trade within Monday's trading range as it erased its earlier gains and sold off following an unexpected build in crude stocks. The crude market erased some of Tuesday's gains in overnight trading before it bounced higher ahead of the release of the EIA's weekly petroleum stocks report. The market was well supported by concerns over the escalating tensions in the Middle East. Yemen's Houthis launched their largest missile and drone attack to date on ships in the Red Sea, forcing a response from U.S. and U.K. forces patrolling the waterway. The oil market extended its gains by \$1.35 as it rallied to a high of \$73.59. However, the market erased its earlier gains and sold off to a low of \$71.01 in afternoon trading after the EIA highlighted concerns of slowing demand growth as it showed an unexpected build in crude stocks and larger than expected builds in both distillates and gasoline stocks. The market later settled in a sideways trading range ahead of the close. The February WTI contract settled down 87 cents at \$71.37, while the March Brent contract settled down 79 cents at \$76.80. The product markets ended the session lower, with the heating oil market settling down 4.98 cents at \$2.6006 and the RB market settling down 95 points at \$2.0673.

**Technical Analysis:** The crude market on Thursday will likely continue to trade sideways as it weighs the potential impact of escalating geopolitical risk and concerns over slowing demand growth. The market's losses due to the builds in stocks will remain limited by concerns about potential oil supply disruptions. The White House said attacks by Yemen-based Houthi militants in the Red Sea are "escalatory" and that the U.S. will consult with its partners about the next steps if these attacks continue. The market is seen finding support at its low of \$71.01, \$70.47, \$70.13 followed by \$69.28, \$67.98 and \$63.52. However, resistance is seen at \$71.65, \$72.55, its high of \$73.59, \$73.95 and \$74.24. Further upside is seen at \$74.40, \$75.66 and \$76.18.

**Fundamental News:** The EIA reported U.S. gasoline stocks increased last week to the highest level since February 2022. Gasoline stocks increased by 8.028 million barrels to nearly 245 million barrels in the week ending January 5<sup>th</sup>. Inventories of the motor fuel in the Midwest increased to 56.5 million barrels, the highest since April 2022, while Gulf Coast gasoline stocks increased to 90.2 million barrels, the highest level since June 2021. U.S. distillate stocks increased by 6.5 million barrels to 132.4 million barrels, the highest level since September 2021. U.S. Midwest distillate stocks increased 1.9 million barrels to 34.1 million barrels, the highest level since September 2020 and U.S. Gulf Coast distillate stocks increased by 1.9 million barrels to 46.5 million barrels, the highest level since August 2021.

Bloomberg reported that Yemen's Houthis launched their largest missile and drone attack to date on ships in the Red Sea, forcing a response from U.S. and U.K. forces patrolling the waterway. According to the U.S. military, American and British jets and warships shot down 18 drones and three anti-ship missiles on Tuesday night. It was the Houthis' 26<sup>th</sup> shipping attack since November 19<sup>th</sup>.

Separately, Houthi military spokesperson, Yahya Saree, said Yemen's Houthis attacked a U.S. ship "providing support" to Israel with a large number of ballistic and naval missiles and drones.

U.S. Secretary of State, Antony Blinken, said there will be consequences for continued attacks on commercial shipping lanes in the Red Sea by Yemen's Houthis and that it had been made clear to Iran that support being provided needs to stop.

Kpler ship tracking data points to 288,000 mt of gasoline have been fixed for loading out of Europe with the USAC set as its destination in the week ending January 12<sup>th</sup>, a four month high for a single week.

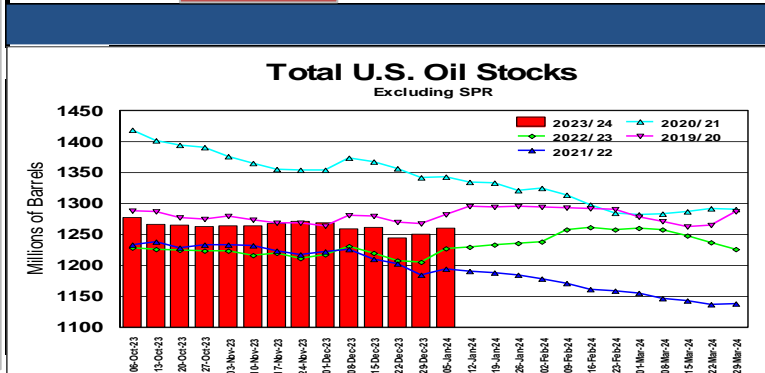
**Early Market Call - as of 8:40 AM EDT**

WTI - February \$72.65, up \$1.29  
 RBOB - February \$2.1132, up 4.59 cents  
 HO - February \$2.6659, up 6.56 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6006	-0.0498	-0.0038
Mar-24	2.5538	-0.0466	-0.0161
Apr-24	2.4947	-0.0427	-0.0262
May-24	2.4517	-0.0381	-0.0325
Jun-24	2.4214	-0.0333	-0.0364
Jul-24	2.4114	-0.0306	-0.0372
Aug-24	2.4076	-0.0285	-0.0373
Sep-24	2.4105	-0.0268	-0.0381
Oct-24	2.4138	-0.0259	-0.0384
Nov-24	2.4112	-0.0250	-0.0380
Dec-24	2.4037	-0.0239	-0.0375
Jan-25	2.3962	-0.0235	-0.0379
Feb-25	2.3870	-0.0228	-0.0389
Mar-25	2.3742	-0.0227	-0.0399
Apr-25	2.3562	-0.0232	-0.0403
May-25	2.3441	-0.0233	-0.0398
Jun-25	2.3334	-0.0233	-0.0398

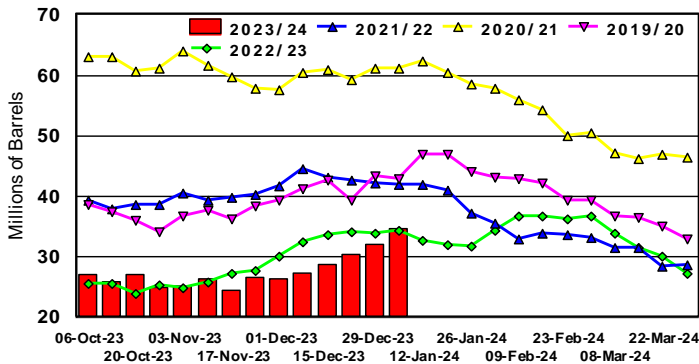
Sprague HeatCurve October 2024-April 2025		\$2.3919
		Close
Crude - WTI	Mar Brent-WTI Spread \$5.36	\$71.4400
Crude - Brent		\$76.8000
Natural Gas		\$3.0390
Gasoline		\$2.0673



## Weekly EIA Petroleum Status Report for the Week Ending January 5, 2024

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 1.338 million barrels  
 Cushing, OK Crude Stocks Down 506,000 barrels  
**Gasoline Stocks** Up 8.028 million barrels  
**Distillate Stocks** Up 6.528 million barrels  
**Refinery % Operated** 92.9%, down 0.6%

#### PADD #1

	Week Ending Jan 5, 2024	Week Ending Dec 29, 2023	Week Ending Jan 6, 2023
Distillate Stocks (in million bbl)			
New England	5.8	4.9	4.2
Central Atlantic	17.1	16.0	17.1
Total PADD #1	34.6	32.0	34.3
Distillate Imports (thousands b/d)	249	184	178