

Market Commentary

Recap: The oil market on Thursday continued to retrace its recent losses and ended the session over 2% higher. The market was well supported by the IEA forecasting strong growth in global oil demand and the EIA reporting a larger than expected draw in crude stocks. The IEA said it expects oil demand to grow by 1.24 million bpd in 2024, up 180,000 bpd from its previous forecast. The crude market traded higher in overnight trading in follow through strength seen on Wednesday after OPEC forecast demand growth of 2.25 million bpd for this year. The market erased some of its overnight gains and posted a low of \$72.18 ahead of the release of the EIA weekly petroleum stocks report. However, the market bounced off that level and continued on its upward trend following the release of the inventory report, which showed a larger than expected draw in crude stocks of over 2.4 million barrels on the week. The market extended its gains to over \$1.80 as it posted a high of \$74.38 ahead of the close. The February WTI contract settled up \$1.52 at \$74.08 and the March Brent contract settled up \$1.22 at \$79.10. The product markets ended the session, sharply higher, with the heating oil market settling up 4 cents at \$2.6936 and the RB market settling up 4.81 cents at \$2.1835.

Technical Analysis: The crude market remains mired in a range from \$69.00 to \$73.00 amid the tension in the Middle East. While the market remains supported by the fears of further escalation, its gains have been limited by the fact that production has not been impacted by the Houthi militant attacks on ships traveling along the Red Sea. The market will remain supported amid the supportive inventory reports and the recent demand forecasts. The market is seen finding resistance at its high of \$74.38, \$75.25, \$75.66, \$76.18 and \$76.81. Meanwhile, support is seen at its low of \$72.18, \$70.50, \$70.13, \$69.28 and \$67.98.

Fundamental News: The U.S. EIA reported U.S. weekly distillate stockpiles increased last week by 2.4 million barrels to 134.8 million barrels in the week ended January 12th, the most since August 2021. U.S. Midwest distillates stocks increased to the higher level since June 2020. Meanwhile, U.S. gasoline stocks increased by 3.083 million barrels to the highest level since February 2022. U.S. Midwest gasoline stocks increased to the highest level since March 2022.

In its latest monthly report, the IEA made a further upward revision to its 2024 oil demand growth forecast on Thursday, citing improved economic growth and lower crude prices in the fourth quarter. It said global oil consumption is set to rise by 1.24 million bpd in 2024, up 180,000 bpd from its previous projection. The increase is largely driven by China's expanding petrochemicals sector. The revised forecast is its third consecutive upward revision in as many months for 2024 oil demand growth. However, it remains lower than that of oil producer group OPEC, which sees demand growth of 2.25 million bpd this year. The IEA said world oil supply in 2024 is forecast to increase by 1.5 million bpd to a new high of 103.5 million bpd due to record-setting output from the U.S., Brazil, Guyana and Canada. It said strong growth from non-OPEC+ producers could lead to a substantial surplus if OPEC+'s extra voluntary cuts are unwound in the second quarter of this year. It stated that barring any significant disruptions to oil flows, the market looks reasonably well supplied in 2024. The IEA said it stands ready to respond decisively if there is a supply disruption and the market needs extra oil.

S&P Global Commodities at Sea is estimating total oil products into Europe over the first half of January fell by 20% due to lower seasonal demand and Red Sea tensions.

Ship-tracking data shows that two oil tankers that had diverted away from the Red Sea have turned back and passed through the Bab al-Mandab Strait, though tensions in the region continued to disrupt global shipping and trade.

Early Market Call - as of 9:00 AM EDT

WTI - February \$74.26, up 18 cents
 RBOB - February \$2.1757, down 78 points
 HO - February \$2.7097, up 1.57 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6936	0.0400	0.0198
Mar-24	2.6496	0.0393	0.0352
Apr-24	2.5889	0.0357	0.0418
May-24	2.5402	0.0332	0.0417
Jun-24	2.5010	0.0305	0.0381
Jul-24	2.4836	0.0286	0.0343
Aug-24	2.4754	0.0277	0.0320
Sep-24	2.4767	0.0276	0.0313
Oct-24	2.4798	0.0275	0.0319
Nov-24	2.4769	0.0271	0.0326
Dec-24	2.4683	0.0265	0.0326
Jan-25	2.4602	0.0260	0.0326
Feb-25	2.4499	0.0257	0.0325
Mar-25	2.4348	0.0256	0.0314
Apr-25	2.4139	0.0250	0.0297
May-25	2.4005	0.0245	0.0297
Jun-25	2.3896	0.0241	0.0296

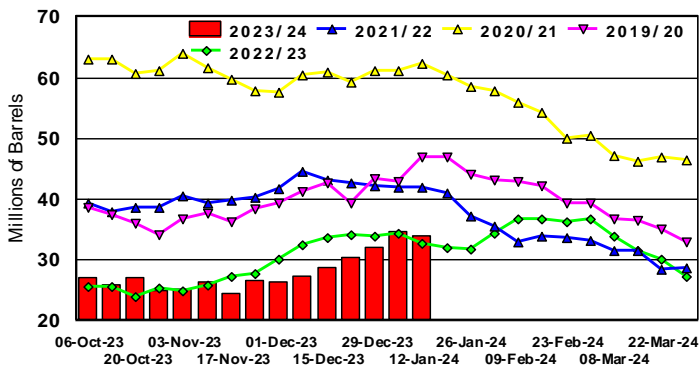
Sprague HeatCurve October 2024-April 2025			\$2.4550
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.15	\$73.9500	\$1.4700
Crude - Brent		\$79.1000	\$1.2200
Natural Gas		\$2.6970	-\$0.1730
Gasoline		\$2.1835	\$0.0481

EIA Working Gas Storage Report

	12-Jan-24	05-Jan-24	Change	12-Jan-23
East	715	757	-42	667
Midwest	873	924	-51	790
Mountain	208	220	-12	148
Pacific	257	275	-18	157
South Central	1128	1160	-32	1,069
Salt	332	332	0	305
Nonsalt	796	828	-32	763
Total	3182	3336	-154	2,832

Weekly EIA Petroleum Status Report for the Week Ending January 12, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.492 million barrels
 Cushing, OK Crude Stocks Down 2.099 million barrels
Gasoline Stocks Up 3.083 million barrels
Distillate Stocks Up 2.37 million barrels
Refinery % Operated 92.6%, down 0.3%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Jan 12, 2024	Week Ending Jan 5, 2024	Week Ending Jan 13, 2023
New England	5.2	5.8	4.3
Central Atlantic	16.5	17.1	15.7
Total PADD #1	33.9	34.6	32.7
Distillate Imports (thousands b/d)	104	249	116

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