

Market Commentary

Recap: On Friday, the crude market continued to trend higher on concerns over escalating tensions in the Middle East and disruptions to global supply. The market ended the first week of the year higher after retracing Thursday's losses that were triggered by the larger than expected builds in distillates and gasoline stocks of over 10 million barrels each. The crude market was well supported as U.S. Secretary of State Antony Blinken prepared to visit the Middle East to try to contain the spread of conflict amid Israel's ongoing war against Hamas. Also, shipping giant Maersk said it would divert all vessels away from the Red Sea for the foreseeable future, warning customers of disruptions. The oil market posted a low of \$72.21 in overnight trading and never looked back as it retraced its previous losses. It rallied over \$2 to a high of \$74.24 by mid-morning and settled in a sideways trading range during the remainder of the session. The February WTI contract settled up \$1.62 or 2.24% at \$73.81, with a weekly gain of \$2.16 or 3.01%, while the March Brent contract settled up \$1.17 or 1.5% at \$78.76, with weekly gain of 2.23%. The product markets ended the session mixed, with the heating oil market settling up 2.01 cents at \$2.6085 and the RB market settling down 46 points at \$2.1055.

Technical Analysis: The oil market will remain driven by the geopolitical news as tensions continue in the Middle East, with continued shipping risks in the Red Sea, an attack on a memorial event in Iran and the protests that shut in production at Libya's El Sharara oilfield this week. The crude market is seen finding resistance at its high of \$74.24, \$74.40, \$75.66 and \$76.18. Meanwhile, support is seen at its low of \$72.21, \$71.06, \$69.28, \$67.98 and \$63.52.

Fundamental News: Denmark's Maersk announced that it is diverting all vessels from Red Sea routes around Africa's Cape of Good Hope for the foreseeable future, warning customers to prepare for significant disruption. It said "The situation is constantly evolving and remains highly volatile, and all available intelligence at hand confirms that the security risk continues to be at a significantly elevated level." Earlier this week, Maersk stated that it would pause all vessels bound for the Red Sea following an attack on one of its ships by Houthis militants, and has since begun redirecting ships around Africa.

A German foreign ministry spokesperson said the German government is monitoring the situation on the border between Israel and Lebanon. The spokesperson said "The risk of escalation is unfortunately very real." Foreign Minister Annalena Baerbock will depart on Sunday for Israel to meet her new counterpart Israel Katz and Israeli President Yitzhak Herzog. She is also scheduled to hold talks in the Palestinian territories.

Bank of America analysts said U.S. oil companies and refiners are likely to face another challenging 12 months in 2024. It expects Brent crude to average \$80/barrel this year. BofA analysts wrote in a note "We expect oil to remain volatile, exacerbated by outside paper market influence, informed by geopolitics and OPEC policy."

Baker Hughes said U.S. energy firms this week cut the number of oil and natural gas rigs operating for the third time in four week. The oil and gas rig count fell by 1 to 621 in the week ending January 5th. Baker Hughes said U.S. oil rigs increased by 1 to 501 this week, while gas rigs fell by 2 to 118.

According to a Reuters survey, OPEC's oil output increased in December, as increases in Iraq, Angola and Nigeria offset ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market. OPEC produced 27.88 million bpd in December, up 70,000 bpd from November.

IIR Energy reported that U.S. oil refiners are expected to shut in 194,000 bpd of capacity in the week ending January 5th, cutting available refining capacity by 136,000 bpd.

Early Market Call - as of 8:45 AM EDT

WTI - February \$71.35, down \$2.45

RBOB - February \$2.0445, down 6.10 cents

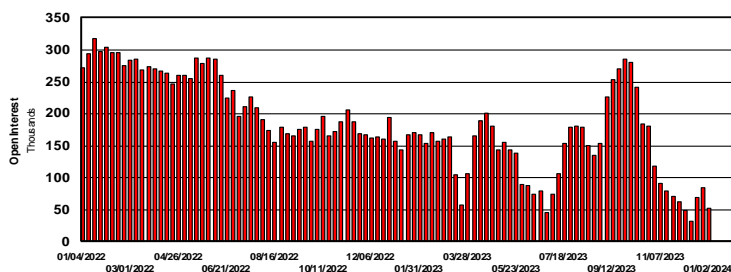
HO - February \$2.5636, down 4.49 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.6085	0.0201	0.0796
Jan-24	2.5759	0.0224	0.0807
Feb-24	2.5254	0.0226	0.0744
Mar-24	2.4872	0.0227	0.0659
Apr-24	2.4602	0.0223	0.0601
May-24	2.4512	0.0225	0.0577
Jun-24	2.4470	0.0220	0.0559
Jul-24	2.4490	0.0203	0.0543
Aug-24	2.4513	0.0191	0.0516
Sep-24	2.4477	0.0180	0.0489
Oct-24	2.4395	0.0170	0.0469
Nov-24	2.4323	0.0164	0.0454
Dec-24	2.4237	0.0159	0.0444
Jan-25	2.4121	0.0159	0.0438
Feb-25	2.3946	0.0161	0.0433
Mar-25	2.3820	0.0161	0.0420
Apr-25	2.3710	0.0160	0.0400

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$4.90	\$73.8600	\$1.5000
Crude - Brent		\$78.7600	\$1.1700
Natural Gas		\$2.8930	\$0.0720
Gasoline		\$2.1055	-\$0.0046

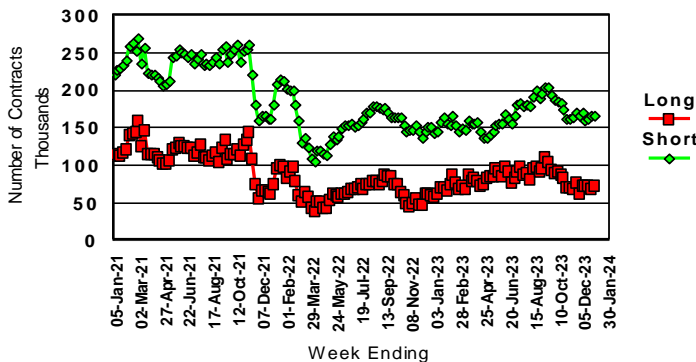
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending January 2, 2024

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

