

Market Commentary

Recap: Oil futures pulled back from early gains in a thinly traded market, as investors have been trying unsuccessfully for a month to gauge exactly when the Chinese economy may emerge from COVID restrictions. Oil prices had gained earlier in the session as severe weather in the U.S. cut into output amid some outages. Simultaneously, uncertainty over the health of the U.S. economy is posing a problem for investors, as the U.S. Federal Reserve overtly aims to slow the economy and curb demand as a way to solve the inflation problem. February WTI lost three cents per barrel, or 0.04% to \$79.53, while Brent for February delivery gained 41 cents, or 0.49%, to settle at \$84.33 a barrel. Petroleum products finished mixed, with January RBOB falling 2.34 cents per gallon, 0.98% to \$2.3602, and January heating oil adding 8.76 cents, or 2.68%, to settle at \$3.3537 per gallon.

Technical Analysis: As expected, volume was light due to the holiday season, which most likely aided in exaggerating Tuesday's move. Barring any major news, we expect for the remainder of the week to be more or less the same. That being said, we would trade with caution, with in and out positions for quick profits or limited losses. We would look for the 50-day moving average to provide a level of resistance, with breaks above this technical indicator opening up this market for a run at \$83. On the downside, the 10-day moving average has been providing a level of support. A break below this technical indicator would allow for a run toward \$75.

Fundamental News: Russia's President Vladimir Putin delivered the country's long-awaited response to a Western price cap, signing a decree that bans the supply of oil and oil products to nations participating in the cap from February 1st for five months until July 1st. The decree includes a clause that allows for Putin to overrule the ban in special cases. The Group of Seven major powers, the European Union and Australia agreed this month to a \$60/barrel price cap on Russian seaborne crude oil effective from December 5th over Moscow's "special military operation" in Ukraine.

IIR Energy reported that U.S. oil refiners are expected to shut in about 579,000 bpd of capacity in the week ending December 30th, cutting available refining capacity by 147,000 bpd. Offline capacity is expected to fall to 27,000 bpd in the week ending January 6th.

The largest U.S. crude oil refinery began on Sunday to restart key units central to its capacity and motor fuel production following a near total shutdown late last week in severe cold weather, according to a notice filed by Motiva Enterprises with Texas pollution regulators. The restart of units at Motiva's 626,000 bpd Port Arthur, Texas refinery could take up to 16 days. The refinery's largest two crude distillation units, a 350,000-bpd VPS-5 and a 200,000-bpd VPS-4, are among the units expected to restart by January 11th. The refinery's 81,000 bpd gasoline-producing fluid catalytic cracker and 105,000 bpd diesel-producing hydrocracker are also shut and scheduled to restart. The two cokers, the 54,000 bpd coker-1 and 110,000 bpd coker-2, are scheduled for restart as well. The 18,000 bpd alkylation unit and 49,000 bpd catalytic reformer will also restart.

TotalEnergies continued restarting its 238,000 bpd Port Arthur, Texas refinery on Tuesday. The refinery was shut on Thursday night due to severe cold temperatures caused by the passage of Winter Storm Elliot.

Exxon Mobil Corp increased production levels on most units at its 369,024 bpd Beaumont, Texas, refinery by Tuesday. Separately, Exxon Mobil Corp reported a unit upset at its 251,800 bpd Joliet, Illinois refinery on December 25th.

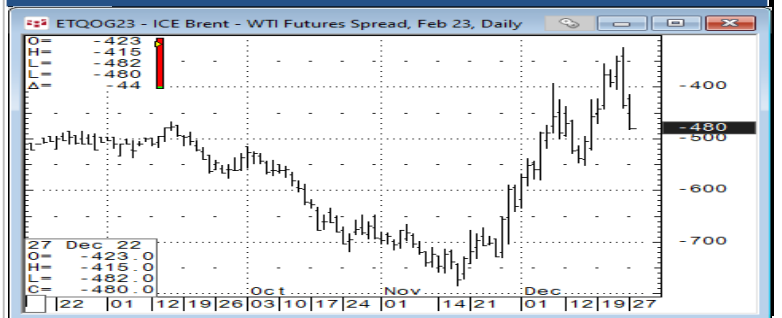
Early Market Call - as of 8:20 AM EDT
WTI - February \$79.25, down 29 cents
RBOB - January \$2.3552, down 50 points
HO - January \$3.3185, down 3.52 cents

All NYMEX | Prior Settlements

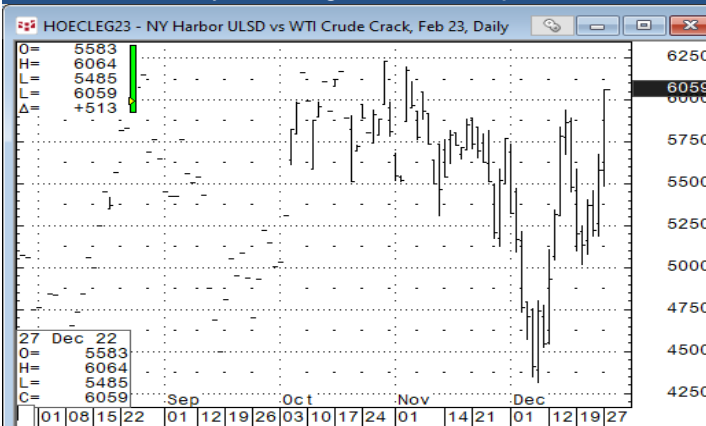
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	3.3537	0.0876	0.2948
Feb-23	3.3131	0.0983	0.284
Mar-23	3.2089	0.0875	0.2605
Apr-23	3.0932	0.0785	0.2352
May-23	3.0106	0.0724	0.2103
Jun-23	2.9556	0.0652	0.1879
Jul-23	2.9275	0.0602	0.1744
Aug-23	2.9095	0.0563	0.1664
Sep-23	2.898	0.0533	0.1593
Oct-23	2.8848	0.0508	0.152
Nov-23	2.8689	0.0489	0.1455
Dec-23	2.8518	0.0479	0.1399
Jan-24	2.8382	0.0461	0.1369
Feb-24	2.8236	0.0453	0.135
Mar-24	2.8022	0.0409	0.1325
Apr-24	2.775	0.039	0.1309
May-24	2.7586	0.0369	0.1271

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$4.80	\$79.5300	-\$0.0300
Crude - Brent		\$84.3300	\$0.4100
Natural Gas		\$5.2820	\$0.2030
Gasoline		\$2.3602	-\$0.0234

ICE February Brent-WTI Spread



February Heating Oil Crack Spread



February RBOB Crack Spread

