

## Market Commentary

**Recap:** On Friday, the oil market traded sideways in overnight trading but breached its previous range and posted an outside trading day by noon as the market was headline driven. The crude market quickly sold off sharply early in the session, extending its losses to over \$2.30 as it posted a low of \$75.83. The market was pressured by a Wall Street Journal report stating that the UAE had an internal debate about leaving OPEC and producing more oil. However, the market just as quickly erased all of its losses and extended its gains to over \$1.70 as it rallied sharply higher after a source dismissed the report regarding the UAE exiting OPEC. The market was also supported following the weekly report on U.S. drilling activity that showed another decline, suggesting producers may be starting to slow down in response to weaker demand increasing inventories. The April WTI contract rallied to a high of \$79.87 ahead of the close and settled up \$1.52 at \$79.68. The April Brent contract settled up \$1.08 at \$85.83. Meanwhile, the product markets ended the session higher, with the heating oil market settling up 4.69 cents at \$2.9131 and the RB market settling up 5.01 cents at \$2.7504.

**Technical Analysis:** The market is seen retracing some of its sharp gains on Monday, before it continues to trend to the upper limits of its recent trading range. The market is seen finding resistance at its high of \$79.65, \$80.62 followed by \$81.91, its 50% retracement level from a low of \$70.08 to a high of \$93.74, \$82.48 and \$82.64. Support is seen at \$77.81, \$77.51, \$76.80, \$76.09 and \$75.83. Further support is seen at \$75.55, \$75.22, \$74.99, \$74.09 and \$73.83-\$73.80.

**Fundamental News:** The Wall Street Journal reported that there is a growing rift in OPEC between Saudi Arabia and the UAE. The Wall Street Journal also reported that the UAE is having an internal discussion about leaving OPEC amid the increasing tensions. The UAE clashed with Saudi Arabia last October when OPEC+ decided to reduce oil production to support prices. In public, the UAE supported the cut. However, U.S. officials said the UAE told them privately that they wanted to produce more but faced resistance from Saudi Arabia. Since then, the UAE has privately pushed OPEC+ to allow it to produce more. However, a source later stated that the report that the UAE is considering leaving OPEC is "far from the truth".

The EIA said that crude oil blending and under-reported oil output were the main reasons for recently high adjustment figures in the weekly oil inventory data. An official said the EIA will make changes to its surveys to get more accurate crude output data and will make changes to its accounting methods for crude oil blending.

China's diesel exports increased for a second month in December, while gasoline exports increased for a third month, as the country's COVID outbreak limited domestic fuel demand, and refiners utilized their expanded yearly export quotas. Data from the General Administration of Customs showed that China exported 2.79 million tons of diesel in December, representing a 32.8% increase on November's 2.10 million tons. That is the highest since March 2021. Total diesel exports for the year amounted to 10.92 million tons, versus 17.21 million tons for 2021. China's gasoline exports were 1.91 million tons in December, the highest since October 2020, and up from 1.49 million tons the month before. Total gasoline exports for 2022 stood at 12.56 million tons, up from 14.54 million tons in 2021. Refiners continue to offload inventory abroad to make full use of their yearly export quotas after a year in which COVID-19 restrictions have choked domestic fuel demand.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1,619,000 bpd of capacity in the week ending March 3<sup>rd</sup>, increasing available refining capacity by 240,000 bpd.

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

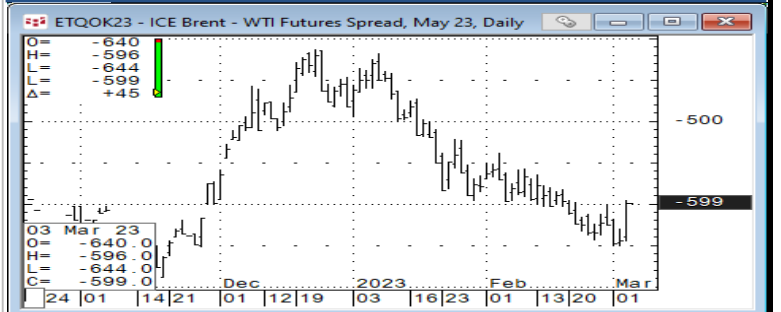
WTI - April \$78.69, down 99 cents  
 RBOB - April \$2.7185, down 3.19 cents  
 HO - April \$2.86, down 5.31 cents

## All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-23	2.9131	0.0469	0.1460
May-23	2.8553	0.0457	0.1353
Jun-23	2.8043	0.0418	0.1209
Jul-23	2.7808	0.0400	0.1144
Aug-23	2.7694	0.0399	0.1126
Sep-23	2.7654	0.0397	0.1117
Oct-23	2.7601	0.0392	0.1097
Nov-23	2.7518	0.0387	0.1059
Dec-23	2.7393	0.0379	0.1008
Jan-24	2.7292	0.0375	0.0965
Feb-24	2.7155	0.0369	0.0920
Mar-24	2.6953	0.0365	0.0872
Apr-24	2.6681	0.0368	0.0846
May-24	2.6525	0.0367	0.0829
Jun-24	2.6383	0.0361	0.0805
Jul-24	2.6273	0.0356	0.0783
Aug-24	2.6163	0.0351	0.0751

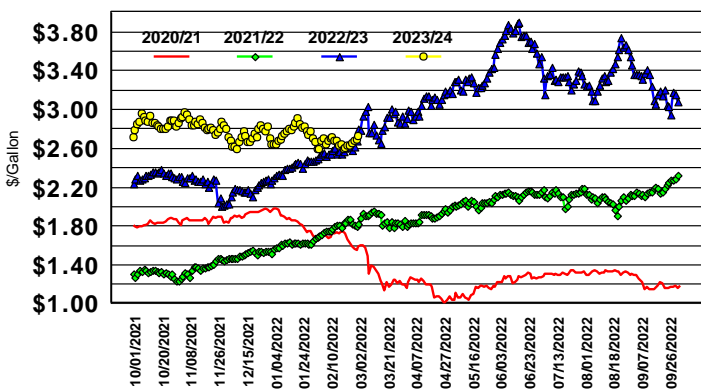
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	<b>May Brent- WTI Spread</b> <b>\$6.04</b>	\$79.7900	\$1.4800
Crude - Brent		\$85.8300	\$1.0800
Natural Gas		\$3.0090	\$0.2440
Gasoline		\$2.7504	\$0.0501

### ICE May Brent-WTI Spread

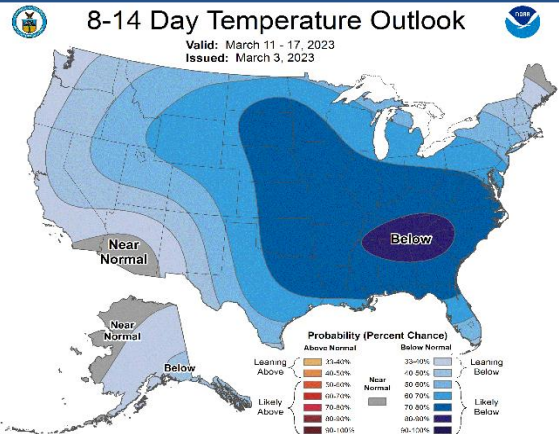


## Sprague HeatCurve October-April

### Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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