

## Market Commentary

**Recap:** The oil market on Tuesday rebounded from its earlier lows as the U.S. dollar pared early gains and the equities markets opened higher after wage growth data signaled easing inflation ahead of the Federal Reserve's decision on interest rates on Wednesday. The market traded lower in overnight hours as it extended its previous losses seen in the previous two sessions. The market retraced almost 62% of a move from a low of \$72.74 to a high of \$82.66 as it posted a low of \$76.55. The market, which held support at its 62% retracement level of \$76.53, bounced off its low and rallied higher posting a high of \$79.25 by mid-morning. The market later settled in a sideways trading range during the remainder of the session as traders positioned themselves ahead of the weekly petroleum stock reports, the OPEC panel meeting, which is likely to recommend keeping the group's output policy unchanged and the Federal Reserve's decision on interest rate, which is expected to raise rates by 25 basis points. The March WTI contract settled up 97 cents at \$78.87, while the March Brent contract expired down 41 cents at \$84.49. The product markets ended the session in positive territory following two consecutive down days, with the expiring February heating oil contract settling up 7.15 cents at \$3.1823 and the expiring February RB contract settling up 4.46 cents at \$2.5435.

**Market Analysis:** The oil market will trade mostly sideways early on Wednesday as traders await the release of the weekly petroleum reports and the Federal Reserve decision for further direction. Barring any major surprise, the market is seen holding its support and retracing more of its recent losses as it trades in a recent range from \$76.50 to \$82.70. The oil market is seen finding support at \$78.00, \$77.05 and \$76.53-\$76.55. More distant support is seen at \$74.56. Meanwhile, resistance is seen at \$79.25, \$80.49 and \$81.38, basis a trendline and \$82.64 - \$82.66.

**Fundamental News:** The EIA reported that U.S. crude oil production in November fell by 35,000 bpd to 12.375 million bpd from a revised level of 12.41 million bpd in October. U.S. oil exports in November fell to 4.042 million bpd from 4.146 million bpd in October. U.S. total refined oil product exports increased to 3.088 million bpd in November from 2.884 million bpd in October, with distillates fuel exports increasing to 1.172 million bpd in November from 1.085 million bpd in October and gasoline exports increasing to 984,000 bpd in November from 819,000 bpd in October. The EIA reported that U.S. total oil demand in November increased by 0.1% or 20,000 bpd on the year to 20.593 million bpd. U.S. gasoline demand in November fell by 1.9% or 172,000 bpd on the year to 8.849 million bpd, while U.S. distillate in November fell by 3.1% or 129,000 bpd on the year to 4.061 million bpd.

According to Reuters, OPEC oil output fell in January, as Iraqi exports declined and Nigerian output didn't recover further, while Gulf members maintained strong compliance with an OPEC+ production cut deal to support the market. OPEC produced 28.87 million bpd in January, down 50,000 bpd from December. OPEC's quota-bound members complied with 172% of pledged cuts in January compared with 161% in December. The 10 OPEC members required to cut production produced 920,000 bpd below the group's January target. The shortfall in December was 780,000 bpd. OPEC's second largest producer, Iraq, exported fewer barrels this month from its southern fields.

The International Monetary Fund raised its 2023 global growth outlook slightly due to "surprisingly resilient" demand in the United States and Europe, an easing of energy costs and the reopening of China's economy after Beijing abandoned its strict COVID-19 restrictions. The IMF said global growth would still fall to 2.9% in 2023 from 3.4% in 2022, but its latest World Economic Outlook forecasts mark an improvement over its October report forecasting 2.7% growth this year with warnings that the world could easily tip into recession.

**Early Market Call - as of 8:25 AM EDT**

WTI - March \$79.39, up 53 cents

RBOB - March \$2.5607, down 61 points

HO - March \$3.1180, down 2.68 cents

## All NYMEX | Prior Settlements

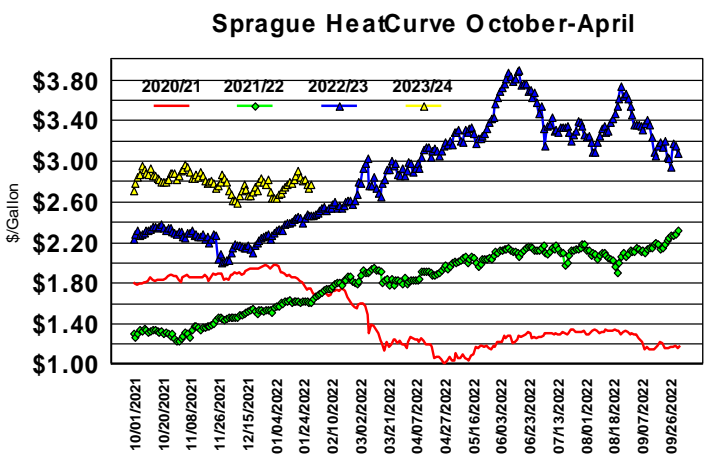
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	\$3.1823	\$0.0715	-\$0.2449
Mar-23	\$3.1448	\$0.0850	-\$0.1810
Apr-23	\$3.0382	\$0.0770	-\$0.1353
May-23	\$2.9492	\$0.0703	-\$0.1112
Jun-23	\$2.8895	\$0.0636	-\$0.1016
Jul-23	\$2.8630	\$0.0577	-\$0.0913
Aug-23	\$2.8445	\$0.0537	-\$0.0838
Sep-23	\$2.8340	\$0.0517	-\$0.0795
Oct-23	\$2.8222	\$0.0497	-\$0.0793
Nov-23	\$2.8068	\$0.0471	-\$0.0805
Dec-23	\$2.7898	\$0.0440	-\$0.0814
Jan-24	\$2.7773	\$0.0426	-\$0.0788
Feb-24	\$2.7640	\$0.0415	-\$0.0738
Mar-24	\$2.7441	\$0.0413	-\$0.0675
Apr-24	\$2.7164	\$0.0408	-\$0.0600
May-24	\$2.6994	\$0.0407	-\$0.0512
Jun-24	\$2.6872	\$0.0406	-\$0.0431

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.62	\$78.8700	\$0.9700
Crude - Brent		\$84.4900	-\$0.4100
Natural Gas		\$2.6840	\$0.0070
Gasoline		\$2.5435	\$0.0446

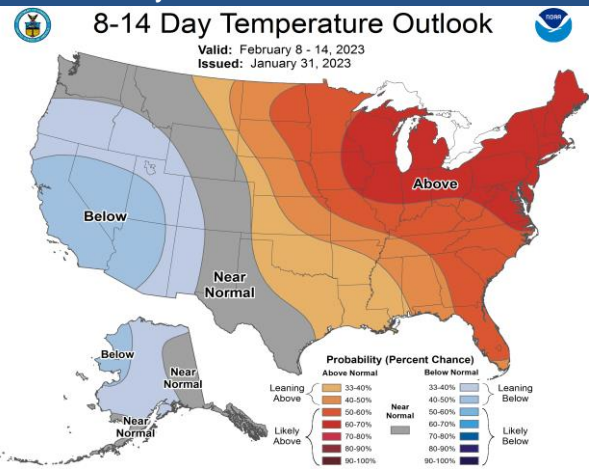
## API Report for the Week Ending January 27, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 6.3 million barrels	Up 400,000 barrels
Gasoline Stocks	Up 2.7 million barrels	Up 1.4 million barrels
Distillate Stocks	Up 1.59 million barrels	Down 1.3 million barrels
Refinery Runs		Up 0.5% at 86.6%

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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