

Market Commentary

Recap: The oil market rallied higher on Thursday on continued tensions in the Middle East. In overnight trading, the market continued to trend higher on news of a missile attack on a cargo ship off the southern coast of Yemen that prompted U.S.-led naval forces to respond. The market traded to \$78.42 before it retraced some of its gains and posted a low of \$77.23 ahead of the release of the EIA's weekly petroleum stocks report later in the morning. However, the market bounced off its low and retraced some of its losses ahead of the EIA inventory report. Despite the report showing a build of over 3.5 million barrels in crude stocks, the market continued to trend higher as the leader of the Houthis said the group would escalate its attacks on ships in the Red Sea and other waters. The market extended its gains to over \$1 as it posted a high of \$78.92 in afternoon trading. The crude market later gave up some of its gains ahead of the close, with the April contract settling up 70 cents at \$78.61. The April Brent contract settled up 64 cents at \$83.67. The product markets settled higher, with the heating oil market settling up 4.68 cents at \$2.7520 and the RB market settling up 4.87 cents at \$2.3347.

Technical Analysis: The crude market will remain well supported by the geopolitical tensions in the Middle East after the leader of the Houthi militant group spoke about the group escalating its attacks. The market is seen finding resistance at its high of \$78.92 followed by \$79.09 and \$79.36. Further upside is seen at \$80.64 and \$81.50. Meanwhile, support is seen at \$77.23, \$76.32, \$75.52-\$75.49 and \$73.65.

Fundamental News: British maritime agencies reported that a cargo ship was set on fire off the southern coast of Yemen after being struck in a missile attack on Thursday that has prompted U.S.-led naval forces to respond. According to maritime security firm Ambrey and ship tracking data, the UK-owned, Palau-flagged ship was en route to Egypt from Thailand. The United Kingdom Maritime Trade Operations agency said U.S.-led coalition forces are responding to the incident, which involved two missiles being fired at the ship some 70 nautical miles southeast of Aden, Yemen.

The leader of Yemen's Houthis, Abdulmalik al-Houthi, said the group will escalate their attacks on ships in the Red Sea and other waters and has introduced "submarine weapons" in continued solidarity with Palestinians in the Gaza war. Earlier, Yemen's Houthis sent shippers and insurers formal notice of what they termed a ban on vessels linked to Israel, the U.S. and Britain from sailing in the Red Sea, Gulf of Aden and Arabian Sea.

Standard Chartered PLC in a research note to clients said that "a Brent price above \$90 would more adequately reflect current fundamentals and risks" and the bank sees supply deficits averaging about 1.5 million b/d in February and March.

The Biden administration approved a request from Midwestern governors allowing expanded sales of gasoline with higher blends of ethanol in their states, starting in 2025, a year later than the proposed start date. The U.S. government currently restricts sales of E15 gasoline or gasoline with 15% ethanol, in summer months due to environmental concerns over smog, though the biofuel industry says those concerns are unfounded. The governors of Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin made the request for year-round E15 sales in 2022, saying the move could help them lower pump prices by increasing fuel volumes. However, some oil refiners have argued that allowing E15 in select states as opposed to nationwide could prompt localized fuel price spikes and supply issues.

Early Market Call - as of 8:30 AM EDT
 WTI - April \$77.16, down \$1.45
 RBOB - March \$2.2998, down 3.49 cents
 HO - March \$2.7097, down 4.23 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-24	2.7520	0.0468	-0.0717
May-24	2.7033	0.0414	-0.0617
Jun-24	2.6285	0.0330	-0.0577
Jul-24	2.5824	0.0298	-0.0434
Aug-24	2.5619	0.0244	-0.0386
Sep-24	2.5492	0.0209	-0.0345
Oct-24	2.5444	0.0182	-0.0320
Nov-24	2.5403	0.0161	-0.0310
Dec-24	2.5308	0.0147	-0.0297
Jan-25	2.5151	0.0142	-0.0274
Feb-25	2.5020	0.0137	-0.0253
Mar-25	2.4863	0.0143	-0.0217
Apr-25	2.4667	0.0153	-0.0166
May-25	2.4411	0.0159	-0.0129
Jun-25	2.4233	0.0162	-0.0084
Jul-25	2.4076	0.0160	-0.0056
Aug-25	2.3979	0.0155	-0.0032

Sprague HeatCurve October 2024-April 2025			\$2.4966
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$5.06	\$78.6100	\$0.7000
Crude - Brent		\$83.6700	\$0.6400
Natural Gas		\$1.7320	-\$0.0410
Gasoline		\$2.3347	\$0.0487

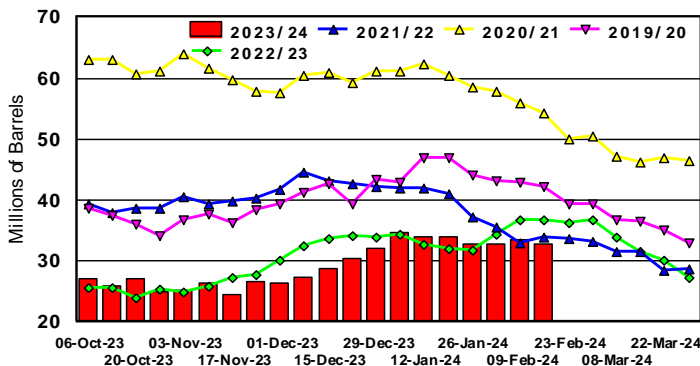
EIA Working Gas Storage Report

	16-Feb-24	09-Feb-24	Change	16-Feb-23
East	505	532 R	-27	482
Midwest	631	662	-31	579
Mountain	173	178	-5	107
Pacific	217	222	-5	110
South Central	944	936	8	927
Salt	278	271	7	262
Nonsalt	666	665	1	665
Total	2470	2530 R	-60	2,205

Weekly EIA Petroleum Status Report for the Week Ending February 16, 2024

Distillate Stocks

PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.514 million barrels
 Cushing, OK Crude Stocks Up 741,000 barrels
Gasoline Stocks Down 293,000 barrels
Distillate Stocks Down 4.008 million barrels
Refinery % Operated 80.6%, unchanged

PADD #1

Distillate Stocks (in million bbl)	Week Ending Feb 16, 2024	Week Ending Feb 9, 2024	Week Ending Feb 17, 2023
New England	4.8	5.0	4.6
Central Atlantic	17.5	16.4	19.1
Total PADD #1	32.6	33.4	36.6
Distillate Imports (thousands b/d)	233	117	389