

Market Commentary

Recap: The oil market on Friday posted an outside trading day, as it reversed its early gains and sold off as traders booked profits ahead of the weekend and the end of the month next week. The crude market extended Thursday's gains and breached its previous high as it rallied to a high of \$82.48 early in the session. However, the market erased its gains and sold off sharply, extending its losses to \$1.97 as it breached an upward trending support line at \$80.02 and posted a low of \$79.04 ahead of the close. The market retraced almost 38% of its move from a low of \$72.74 to a high of \$82.66. The March WTI contract settled down \$1.33 at \$79.68, while the March Brent contract settled down 81 cents at \$86.66. The product markets ended the session in negative territory, with the heating oil market settling sharply lower at \$3.2655, down 13.1 cents on the day and the RB market settling down 2.35 cents at \$2.5886.

Technical Analysis: The oil market will likely retrace some of Friday's losses before it continues to trade lower early next week as the market positions itself ahead of the OPEC+ meeting and the Federal Reserve's monetary policy decision, both on February 1st. Technically, the market may continue to trend lower as stochastics have crossed to the downside. The market is seen finding support at its low of \$79.07, \$78.87, its 38% retracement level, \$78.45, \$78.23, \$77.70, its 50% retracement level, \$77.35 and \$76.53, its 62% retracement level. Meanwhile, resistance is seen at \$80.35, \$80.76, \$81.17 and its high of \$82.48. More distant upside is seen at its previous highs of \$82.64-\$82.66.

Fundamental News: The U.S. House of Representatives passed a bill on Friday limiting the ability of the Energy Secretary to tap the strategic oil reserve without developing plans to increase the amount of public lands available for oil and gas drilling. Representatives backed the bill 221 to 205, with support from only one Democrat. Earlier this week, the White House said President Joe Biden would veto the legislation should it pass Congress. The Strategic Production Response Act, or H.R.21, requires the U.S. Energy Secretary to develop a plan to increase oil and gas leasing on federal lands, including submerged ones on the Outer Continental Shelf, before tapping the Strategic Petroleum Reserve. It would not stop the president from tapping the SPR in case of an emergency, such as a hurricane that halts production of crude.

Baker Hughes said U.S. energy firms this week kept oil and natural gas rigs steady at 771 in the week ending January 27th. It reported that U.S. oil rigs fell by 4 to 609, their lowest level since October, while gas rigs increased by 4 to 160, their highest level since September.

AlphaBBL reported that crude oil stocks held in Cushing, Oklahoma increased by 1.805 million barrels between Friday, January 20th and Thursday, January 26th.

Analysts said that a proposed European Union price cap on Russian diesel may be high enough to allow Russia to continue exporting the fuel but in practice could deter Asian buyers who have become used to buying Russian crude to refine it themselves. The European Commission is proposing that the EU set a \$100/barrel price cap on Russian diesel and a \$45/barrel cap on discounted products like fuel oil. Consultancy Energy Aspects revised upwards its forecasts for European diesel stocks for the end of January but said that the EU embargo is expected to create logistical difficulties as some storage operators struggle to segregate Russian-origin products.

IIR Energy said U.S. oil refiners are expected to shut in about 1,706,000 bpd of capacity in the week ending January 27th, cutting available refining capacity by 389,000 bpd. Offline capacity is expected to fall to 1,639,000 bpd in the week ending February 3rd and to 1,548,000 bpd in the subsequent week.

Early Market Call - as of 8:15 AM EDT

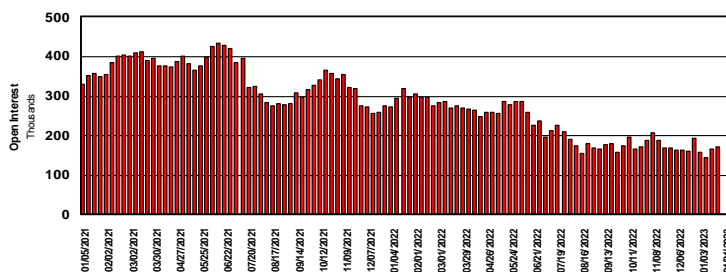
WTI - March \$79.42, down 26 cents
 RBOB - February \$2.5626, down 2.6 cents
 HO - February \$3.2527, down 1.28 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	3.2655	-0.131	-0.2013
Mar-23	3.1852	-0.1105	-0.1731
Apr-23	3.0619	-0.0878	-0.1339
May-23	2.9626	-0.0702	-0.116
Jun-23	2.9032	-0.0607	-0.1003
Jul-23	2.8789	-0.0547	-0.0813
Aug-23	2.8599	-0.0516	-0.0712
Sep-23	2.8464	-0.0505	-0.0696
Oct-23	2.8315	-0.0501	-0.0725
Nov-23	2.8144	-0.05	-0.0771
Dec-23	2.7964	-0.0502	-0.0806
Jan-24	2.7812	-0.0495	-0.0823
Feb-24	2.7637	-0.0492	-0.0825
Mar-24	2.7378	-0.0493	-0.0828
Apr-24	2.7034	-0.0488	-0.0832
May-24	2.6819	-0.0445	-0.0807
Jun-24	2.6682	-0.0394	-0.0772

Sprague HeatCurve October 2023-April 2024		\$2.7745		
		Close	Change	
Crude - WTI	}	\$79.6800	-\$1.3300	
Crude - Brent		\$86.6600	-\$0.8100	
Natural Gas		###/#####	\$3.1090	\$0.1650
Gasoline		Jan-00	\$2.5886	-\$0.0235

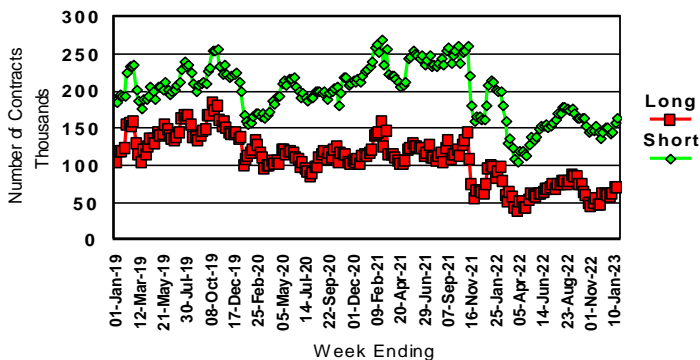
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending January 24, 2023

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

