

Market Commentary

Recap: The oil market continued on its upward trend on Friday on Russia's announcement that it plans to cut its oil production in March by 500,000 bpd after the West imposed price caps on its oil and oil products. The market posted a low of \$77.47 in overnight trading before it bounced higher on the Russian announcement. The market extended its gains to over \$2.20 as it rallied to a high of \$80.33. However, the market erased almost 62% of its earlier move higher as it traded back to around \$78.60 early in the morning. The market was pressured as it realized that some are already expecting Russian production to fall by 700,000 bpd -900,000 bpd in 2023. The oil market also remained focused on the rising crude stocks while economic concerns continued to impact market sentiment, amid weak demand data from China and recession fears in the U.S. The market later settled in a range from about \$78.60-\$80.00 during the remainder of the session. The March WTI contract settled up \$1.66 or 2.1% at \$79.72 for an 8.6% weekly gain, while the April Brent contract settled up \$1.89 or 2.24% at \$86.39, up 8.07% on the week. The product markets settled in positive territory, with the heating oil market settling up 4.92 cents at \$2.8646 and the RB market settling up 5.62 cents at \$2.4339.

Technical Analysis: The oil market is still seen remaining in its recent trading range from \$72.25-\$82.50 after failing to test the highs of the range on the Russian output cut announcement. The market seems to be waiting for some news on demand recovery in China before it breaks out of the recent trading range. The market is seen finding support at \$78.78, basis a trendline, followed by its lows of \$77.47, \$76.52, \$74.35 and \$72.25. Meanwhile, resistance is seen at its high of \$80.33, \$81.00, \$82.48, \$82.64-\$82.66 and \$82.82.

Fundamental News: Russia's Deputy Prime Minister, Alexander Novak, said Russia will cut its oil production by 500,000 bpd, or around 5% of output in March, after the West imposed price caps on Russian oil and oil products. Russia's Deputy Prime Minister also said that Russia did not hold any formal consultations with others regarding its decision to cut its oil production. However, the Kremlin said that Russia had held talks with some members of the OPEC+ group regarding its decision to cut oil production.

Two OPEC+ delegates said OPEC+ plans no action after Russia announced oil output cuts.

Analysts said U.S. diesel prices have fallen this month and could go lower, an unexpected move that coincided with the start of a British and European Union ban on Russian fuel imports. The falling demand behind the price drop has allowed the United States to rebuild stocks, especially along the East Coast where scarce supplies six months ago raised prospects of curbs on U.S. exports.

Baker Hughes Co reported that U.S. energy firms added the most oil rigs in a week since June while they cut the number of natural gas rigs by the most in a week since October 2017. The total oil and gas rig count, an early indicator of future output, increased by two to 761 in the week to February 10th. Baker Hughes reported that U.S. oil rigs increased 10 to 609 in the latest week, while gas rigs fell by eight to 150.

IIR Energy reported that U.S. oil refiners are expected to shut in 1,565,000 bpd of capacity in the week ending February 10th, increasing available refining capacity by 136,000 bpd. Offline capacity is expected to increase to 1,727,000 bpd in the week ending February 17th and to 1,731,000 bpd the following week.

Early Market Call - as of 8:20 AM EDT

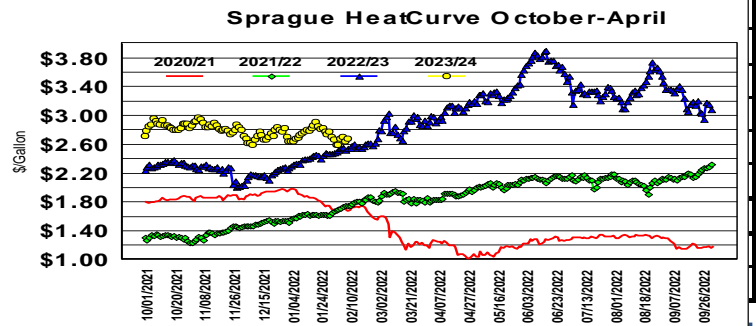
WTI - March \$78.91, down 81 cents
 RBOB - March \$2.4794, down 2.43 cents
 HO - March \$2.8390, down 2.56 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	2.8646	0.0492	0.0893
Apr-23	2.8372	0.0519	0.113
May-23	2.7866	0.0537	0.1181
Jun-23	2.7523	0.0538	0.123
Jul-23	2.7356	0.0526	0.1183
Aug-23	2.7248	0.0504	0.113
Sep-23	2.7197	0.048	0.1082
Oct-23	2.7136	0.0456	0.1044
Nov-23	2.7048	0.0435	0.1012
Dec-23	2.6928	0.041	0.0981
Jan-24	2.683	0.0388	0.0958
Feb-24	2.6706	0.0369	0.0929
Mar-24	2.6502	0.0349	0.0875
Apr-24	2.621	0.031	0.078
May-24	2.6028	0.0276	0.0698
Jun-24	2.5873	0.0234	0.0635
Jul-24	2.5796	0.0203	0.0589

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$6.47	\$79.9200	\$1.6500
Crude - Brent		\$86.3900	\$1.8900
Natural Gas		\$2.5140	\$0.0840
Gasoline		\$2.4339	\$0.0562

Sprague HeatCurve October-April



March WTI



8-14 Day Weather Forecast

