

Market Commentary

Recap: The oil market traded lower on Tuesday as traders weighed demand expectations following the latest U.S. economic data. S&P Global reported that U.S. business activity contracted in January for the seventh consecutive month. Also, spurring concerns of a U.S. recession, the Conference Board Leading Economic Index for the U.S. in December fell by 1% to 110.5 and by 4.2% over the six month period between June and December 2022. As seen in the accompanying chart, LEI readings at these lows are accompanied by recessions. The crude market traded mostly sideways in overnight trading before it breached its previous low and traded to \$80.75. The market bounced off that level and rallied to a high of \$82.22 early in the morning. However, the market erased any of its gains and sold off sharply on concerns about the economy as well as the expected builds in U.S. oil inventories, with the API and EIA weekly petroleum stock reports forecast to show a build of 1 million barrels in crude stocks. The market extended its losses to \$1.96 as it sold off to a low of \$79.66 in afternoon trading. The March WTI contract settled at \$80.13, down \$1.49 or 1.8%, the largest one-day decline since January 4th while, the March Brent contract also settled down \$2.06 or 2.34% at \$86.13. Meanwhile, the product markets ended the session sharply lower, with the heating oil market settling down 12.37 cents at \$3.4272 and the RBOB market settling down 4.78 cents at \$2.6487.

Market Analysis: The crude market will look to the weekly petroleum stock reports for further direction on Wednesday as it continues to trade within an upward trending channel. The market is seen finding support at its low of \$79.66, 79.11, basis its trendline, followed by \$78.87, its 38% retracement level off a low of \$72.74 to a high of \$82.66. More distant support is seen at \$78.45, \$78.23, \$77.70, its 50% retracement level, \$77.35 and \$76.53, its 62% retracement level. Meanwhile, resistance is seen at \$80.28, \$80.76, \$81.31 and its high of \$82.22. Further upside is seen at \$82.64-\$82.66 and \$84.94, basis a trendline.

Fundamental News: Five OPEC+ sources said an OPEC+ panel is likely to endorse the producer group's current oil output policy when it meets next week. Ministers from OPEC+, meet virtually on February 1st. The panel, called the Joint Ministerial Monitoring Committee, can call for a full OPEC+ meeting if warranted. Five OPEC+ sources said the JMMC would discuss the economic outlook and the scale of Chinese demand, and was unlikely to suggest tweaks to current policy. One said oil's rebound in 2023 make any changes unlikely. At their last meeting in December, the group left policy unchanged and their next full meeting is not scheduled until June.

Separately, Bloomberg reported that OPEC+ delegates said they expect an advisory committee of ministers to recommend keeping oil production levels unchanged when they meet next week amid a tentative recovery in global demand.

JP Morgan raised its forecast for Chinese crude demand to 770,000 bpd but maintained its projection for a 2023 price average of \$90/barrel for Brent crude. It sees prices ending the year at \$94/barrel. JP Morgan analysts said "Absent any major geopolitical events, it would be difficult for oil prices to breach \$100 in 2023 as there should be more supply than demand this year."

Diesel imports into Europe from Asia, the Middle East and Russia are set to reach 7.2 million tons in January.

Early Market Call - as of 8:25 AM EDT

WTI - March \$80.30, up 17 cents
 RBOB - February \$2.6455, down 32 points
 HO - February \$3.4247, down 25 points

All NYMEX | Prior Settlements

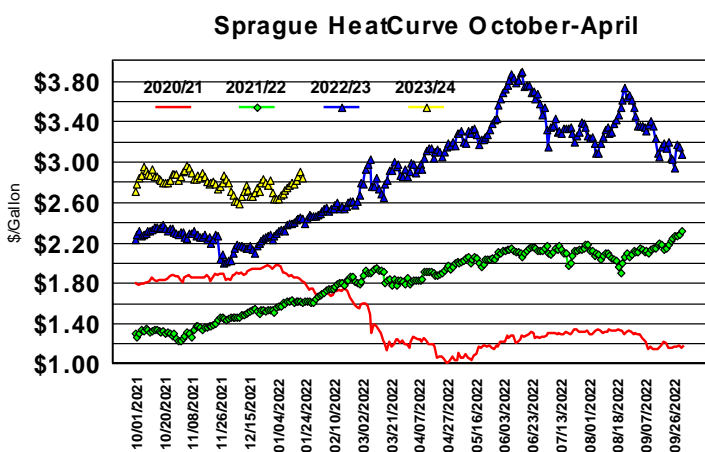
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	\$3.4272	-\$0.1237	\$0.1642
Mar-23	\$3.3258	-\$0.1116	\$0.1427
Apr-23	\$3.1735	-\$0.0860	\$0.1197
May-23	\$3.0604	-\$0.0728	\$0.0993
Jun-23	\$2.9911	-\$0.0616	\$0.0908
Jul-23	\$2.9543	-\$0.0523	\$0.0865
Aug-23	\$2.9283	-\$0.0479	\$0.0809
Sep-23	\$2.9135	-\$0.0473	\$0.0762
Oct-23	\$2.9015	-\$0.0474	\$0.0736
Nov-23	\$2.8873	-\$0.0487	\$0.0707
Dec-23	\$2.8712	-\$0.0499	\$0.0680
Jan-24	\$2.8561	-\$0.0508	\$0.0652
Feb-24	\$2.8378	-\$0.0513	\$0.0606
Mar-24	\$2.8116	-\$0.0515	\$0.0547
Apr-24	\$2.7764	-\$0.0510	\$0.0474
May-24	\$2.7506	-\$0.0504	\$0.0407
Jun-24	\$2.7303	-\$0.0480	\$0.0344

Sprague HeatCurve October 2023-April 2024			\$2.8483
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$6.00	\$80.1300	-\$1.4900
Crude - Brent		\$86.1300	-\$2.0600
Natural Gas		\$3.2580	-\$0.1890
Gasoline		\$3.4272	-\$0.1237

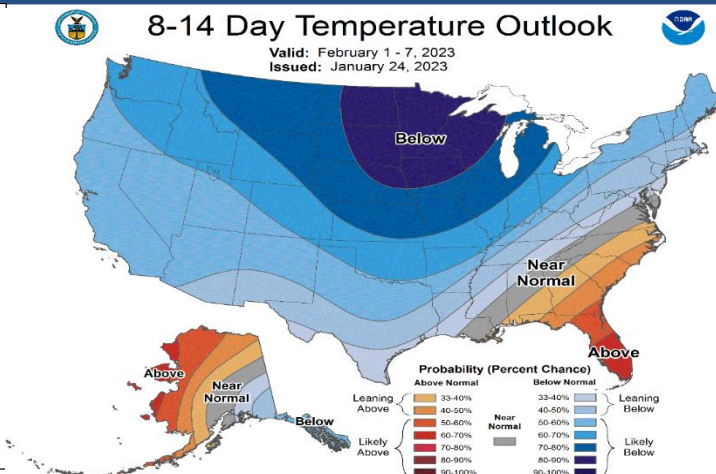
API Report for the Week Ending January 20, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.4 million barrels	Up 1 million barrels
Gasoline Stocks	Up 620,000 barrels	Up 1.8 million barrels
Distillate Stocks	Down 1.9 million barrels	Down 1.1 million barrels
Refinery Runs		Up 1.2% at 86.5%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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