

Market Commentary

Recap: The oil market remained well supported and rallied over 2.8% on Thursday amid the news of Israel's rejection of a ceasefire offer from Hamas. On Wednesday, Israel's Prime Minister Benjamin Netanyahu rejected the latest Hamas ceasefire offer. The market believes that the rejection ensures hostilities in the Red Sea will continue. Wednesday's release of the EIA petroleum stocks report also continued to provide support amid the larger than expected draws in product stocks. The crude market traded to a low of \$73.56 in overnight trading before it continued on its upward trend. The market retraced almost 62% of its move from a low of \$71.41 to a high of \$79.29 as it rallied to a high of \$76.25 ahead of the close. The March WTI contract settled up \$2.36 at \$76.22 and the April Brent contract settled up at \$81.63. Meanwhile, the product market also ended the session sharply higher once again, with the heating oil market settling up 7.56 cents at \$2.8908 and the RB market settling up 7.9 cents at \$2.342.

Technical Analysis: The crude market on Friday is seen retracing some of its gains. However, any losses will remain limited by the concerns over a broadening conflict in the Middle East after Israel rejected the ceasefire offer from Hamas. The oil market is seen finding resistance at \$76.24-\$76.28, \$76.95 followed by \$78.11-\$78.14 and \$79.29. Meanwhile, support is seen at \$74.60, its lows of \$73.56, \$73.23, \$72.38 and \$71.41. More distant support is seen at \$70.62, \$70.25 and \$69.56.

Fundamental News: The White House said U.S. President Joe Biden will host Jordan's King Abdullah in Washington on February 12th. The two leaders will discuss the ongoing situation in Gaza and efforts to "produce an enduring end to the crisis." On Thursday, Jordan's King Abdullah began a tour of major western capitals that will take him to the United States to meet President Joe Biden to lobby for an end to the war in Gaza.

Iraq's Prime Minister's military spokesperson, Yahya Rasool, said repeated U.S. strikes against Iran-backed armed groups in Iraq are pushing the Baghdad government to end the mission of the U.S.-led coalition in the country.

Damage to refineries from drone attacks and technical outages led Russia to export more crude than it planned in February, potentially undermining its pledge to cut sales under an OPEC+ pact. Under the deal with the OPEC+ group, Russia is capping its crude oil production at 9.5 million bpd. It is also voluntarily reducing exports of crude oil and fuel by 300,000 bpd and 200,000 bpd of fuel respectively from the average May-June level. Analysts say it would be hard for Moscow to stick to this as amounts of unrefined crude accumulate and Russia's ability to refine oil remains limited.

The CEO of BP warned Thursday that Europe's highest producing oil field, Johan Sverdrup, is expected to see its production declining late this year or early 2025 as increased signs of water production at some wells has raised concerns for an earlier than expected production decline. The field has reached a daily production rate of 755,000 b/d.

BP Plc is making progress on restoring its 435,000 bpd Whiting, Indiana refinery to normal operations following a full shutdown because of a February 1st plant-wide power outage.

Chevron Corp reported an unplanned flaring event at its 269,000 bpd El Segundo, California refinery. It reported a minor leak in a storage tank that caused a release.

The U.S. Transportation Department said travel on U.S. roads in 2023 increased 2.1% to 3.263 trillion miles setting a new yearly record and surpassing pre-COVID 19 levels for the first time. Road travel overall last year was up 67.5 billion miles and up by 2.2% in December.

Early Market Call - as of 8:45 AM EDT

WTI - March \$76.18, down 8 cents
 RBOB - March \$2.3399, down 21 points
 HO - March \$2.8970, up 62 points

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Mar-24 | \$2.8908 | \$0.0756 | \$0.1779 |
| Apr-24 | \$2.8147 | \$0.0722 | \$0.1589 |
| May-24 | \$2.7247 | \$0.0631 | \$0.1328 |
| Jun-24 | \$2.6554 | \$0.0560 | \$0.1145 |
| Jul-24 | \$2.6213 | \$0.0517 | \$0.1025 |
| Aug-24 | \$2.6008 | \$0.0485 | \$0.0945 |
| Sep-24 | \$2.5945 | \$0.0460 | \$0.0900 |
| Oct-24 | \$2.5930 | \$0.0445 | \$0.0870 |
| Nov-24 | \$2.5840 | \$0.0428 | \$0.0840 |
| Dec-24 | \$2.5662 | \$0.0408 | \$0.0803 |
| Jan-25 | \$2.5494 | \$0.0380 | \$0.0761 |
| Feb-25 | \$2.5289 | \$0.0345 | \$0.0706 |
| Mar-25 | \$2.5022 | \$0.0309 | \$0.0645 |
| Apr-25 | \$2.4698 | \$0.0284 | \$0.0575 |
| May-25 | \$2.4453 | \$0.0273 | \$0.0520 |
| Jun-25 | \$2.4240 | \$0.0253 | \$0.0462 |
| Jul-25 | \$2.4098 | \$0.0239 | \$0.0426 |

Sprague HeatCurve October 2024-April 2025

| | | Close | Change |
|---------------|------------------------------------|-----------|-----------|
| Crude - WTI | Apr Brent- WTI Spread \$5.44 | \$76.1900 | \$2.2800 |
| Crude - Brent | | \$81.6300 | \$2.4200 |
| Natural Gas | | \$1.9170 | -\$0.0500 |
| Gasoline | | \$2.3420 | \$0.0790 |

EIA Working Gas Storage Report

| | 02-Feb-24 | 26-Jan-24 | Change | 02-Feb-23 |
|---------------|-----------|-----------|--------|-----------|
| East | 568 | 605 | -37 | 536 |
| Midwest | 689 | 727 | -38 | 651 |
| Mountain | 183 | 185 | -2 | 122 |
| Pacific | 228 | 223 | 5 | 126 |
| South Central | 916 | 919 | -3 | 962 |
| Salt | 257 | 248 | 9 | 275 |
| Nonsalt | 659 | 672 | -13 | 687 |
| Total | 2584 | 2659 | -75 | 2,397 |

Sprague HeatCurve October-April

