

## Market Commentary

**Recap:** Oil futures reversed early losses on Tuesday on concerns supplies could become tightened due to Ukraine-Russia tensions, threats to infrastructure in the United Arab Emirates and OPEC+ struggling to hit its targeted monthly output increase. The rise in oil prices came despite another drop in equities markets and the possibility of an interest rate hike by the U.S. Federal Reserve on Wednesday. The threat of a conflict is seen adding to broad market jitters, while carrying the potential to spark significant volatility in energy prices given Russia's role as a major oil producer and as a key supplier of natural gas to Western Europe. March WTI rose \$2.29, almost 2.8%, to settle at \$85.60 a barrel, while Brent for March delivery added \$1.93, or 2.2%, to settle at \$88.20 a barrel. February RBOB tacked on 2.6¢ to \$2.46 a gallon, while February heating oil tacked on 1.6¢ to \$2.669 a gallon.

**Market Outlook:** Supply concerns remain at the forefront after Yemen's Houthi movement launched a missile attack at the United Arab Emirates on Monday. Meanwhile reports show that Russia and other producers, members of OPEC, are struggling to reach their monthly target of 400,000 barrels per day. Lower U.S. oil inventories are also providing support, with crude oil inventories at Cushing, OK at the lowest for the time of year since 2012. Traders are awaiting Wednesday's EIA report for a clearer picture of supplies, which are expected to fall by 700,000 barrels. In the meantime, WTI worked its way back above \$85, setting the tone for much higher moves. Above \$85, there is additional resistance set at \$86.54 and above that at \$87.49. To the downside, support is seen at \$83.82 and below that at \$82.05.

**Fundamental News:** The U.S. Department of Energy announced a loan of 13.4 million barrels of crude from its strategic reserve as part of a renewed effort by the Biden Administration to contain oil prices. The awards to seven companies is the second-largest release of oil from the SPR and bring the total amount of oil released from the reserve to nearly 40 million barrels.

British Foreign Secretary, Liz Truss, said talks to revive a 2015 nuclear deal between Western powers and Iran are approaching a dangerous impasse. She said "Iran must now choose whether it wants to conclude a deal or be responsible for the collapse of the JCPOA. And if the JCPOA collapses, all options are on the table."

Senior Biden administration officials said that the U.S. is in talks with major energy-producing countries and companies around the world over a diversion of supplies to Europe if needed in the event of a Russian invasion of Ukraine. The officials did not name the specific countries or companies they were in talks with to ensure uninterrupted energy flow into Europe for the remainder of the winter, but said they were a broad range of suppliers, including sellers of liquefied natural gas.

RBC said Russia will likely "weaponize" oil and gas exports if it invades Ukraine and the U.S. imposes sanctions.

Energy Aspects raised its 2022 Brent crude price forecast by \$5/barrel to \$90/barrel. It left its 2023 outlook unchanged at \$112/barrel.

Consultant Eurasia Group said OPEC+ may deliver its planned increase in full this month after struggling many times last year because of capacity constraints.

### Early Market Call - as of 8:40 AM EDT

WTI - Mar \$86.91, up \$1.31

RBOB - Feb \$2.5067, up 4.72 cents

HO - Feb \$2.7198, up 5.07 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-22	2.6691	0.0417	-0.0049
Mar-22	2.6292	0.0438	0.0092
Apr-22	2.5662	0.0506	0.0172
May-22	2.5282	0.0513	0.0174
Jun-22	2.5064	0.0494	0.0147
Jul-22	2.491	0.0478	0.0122
Aug-22	2.4803	0.0466	0.011
Sep-22	2.4744	0.0458	0.0051
Oct-22	2.4696	0.0454	0.0127
Nov-22	2.4637	0.0452	0.0142
Dec-22	2.4563	0.0452	0.0153
Jan-23	2.4482	0.0447	0.0161
Feb-23	2.4349	0.0449	0.0173
Mar-23	2.4172	0.0451	0.0191
Apr-23	2.3939	0.045	0.0194
May-23	2.3754	0.0442	0.0201
Jun-23	2.3618	0.0429	0.0213

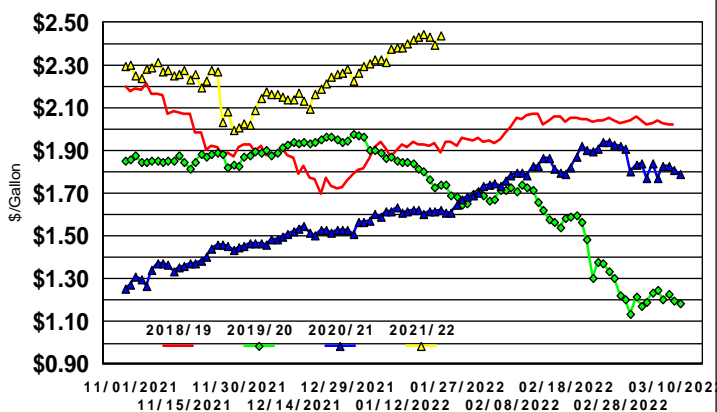
Sprague HeatCurve October 2022-April 2023			\$2.4409
		Close	Change
Crude - WTI	Mar Brent-	\$85.6000	\$2.2900
Crude - Brent	WTI Spread	\$88.2000	\$1.9300
Natural Gas	\$2.60	\$4.0530	\$0.0260
Gasoline		\$2.4595	\$0.0615

## API Report for the Week Ending January 21, 2022

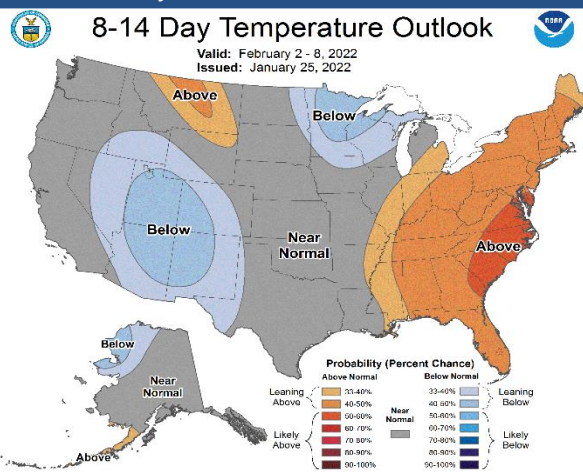
	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 875,000 barrels	Down 800,000 barrels
Cushing, OK Crude Stocks	Down 1.0 million barrels	
Gasoline Stocks	Up 2.4 million barrels	Up 2.3 million barrels
Distillate Stocks	Down 2.2 million barrels	Down 1.6 million barrels
Refinery Runs		Down 0.4%, 87.7%

## Sprague HeatCurve

### Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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