

Market Commentary

Recap: The oil market ended the session lower on Thursday on larger than expected builds in product stocks. Earlier in the session, the market continued to trend higher amid the concerns over escalating tensions in the Middle East following the explosions in Iran that killed nearly 100 people at a ceremony to commemorate a top commander that was killed by a U.S. drone in 2020, with Iran vowing revenge. The market was also well support by the news that Libya's 300,000 bpd El Sharara oilfield was shut in due to protests. The oil market rallied to a high of \$74.00 in overnight trading before it erased some of its gains ahead of the release of the EIA's petroleum status report. However, the market sold off sharply in light of the larger than expected builds in distillate and gasoline stocks of over 10 million barrels each, overshadowing a larger than expected draw in crude stocks of 5.5 million barrels. The market sold off to a low of \$71.06 by mid-day. The crude market later bounced off its low and retraced some of its losses during the remainder of the session. The February WTI contract settled down 51 cents at \$72.19 and the March Brent contract settled down 66 cents at \$77.59. The product market ended the session lower, with the heating oil market settling down 1.6 cents at \$2.5884 and the RB market settling down 4.8 cents at \$2.1101.

Technical Analysis: On Friday, the crude market may continue to find some selling pressure following the large builds in product stocks. However, its losses will be limited ahead of the weekend in light of the continuing geopolitical tensions in the Middle East. It is seen finding support at its low of \$71.06, \$69.28, \$67.98 and \$63.52. However, resistance is seen at \$73.16, its high of \$74.00, \$74.40, \$75.66 and \$76.18.

Fundamental News: The EIA reported that U.S. weekly gasoline stocks in the week ending December 29th increased by the most in a week since May 1993. Gasoline stocks increased by 10.9 million barrels on the week to 237 million barrels. The 10.9 million barrel build was the second highest on record after the 11.5 million barrel weekly build in May 1993. The EIA also reported that distillates stocks increased by 10.09 million barrels on the week, the largest increase in a week since January 2019. Distillates stocks increased to 125.9 million barrels, the highest level since January 2022.

Iran's Revolutionary Guards and First Vice President Mohammad Mokhber vowed revenge on Thursday for explosions that killed nearly 100 people at a ceremony to commemorate top commander Qassem Soleimani, who was killed by a U.S. drone in 2020 in Iraq. No one claimed responsibility for the blasts. A senior official in U.S. President Joe Biden's administration said the blasts appeared to represent "a terrorist attack" of the type carried out in the past by Islamic State militants. Iranian President Ebrahim Raisi condemned the "heinous and inhumane crime", and Iran's top authority, Supreme Leader Ayatollah Khamenei, vowed revenge for the twin bombings. Later, the United Nations Security Council condemned the attack in Iran.

A U.S. official said the U.S. military has carried out a strike in Baghdad against an Iraqi militia leader it blames for attacks against U.S. forces in the country, killing him and another person. The U.S. official said the strike hit a vehicle in Baghdad. It targeted a leader of Harakat al Nujaba.

Morgan Stanley expects Dated Brent to be supported around the \$80's in early 2024 but expects prices to soften to the mid-to-low \$70s in 2025. It said growth in world oil demand is set to slow as post-COVID recovery tailwinds abate. It sees 2024 oil demand growth at 1.2 million bpd, down from 2.2 million bpd in 2023. UBS Group AG also cut its oil price forecast.

Early Market Call - as of 8:45 AM EDT

WTI - February \$73.02, up 83 cents

RBOB - February \$2.1164, up 63 points

HO - February \$2.5936, up 52 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.5884	-0.0160	0.0481
Jan-24	2.5535	-0.0164	0.0470
Feb-24	2.5028	-0.0181	0.0382
Mar-24	2.4645	-0.0197	0.0292
Apr-24	2.4379	-0.0199	0.0239
May-24	2.4287	-0.0199	0.0216
Jun-24	2.4250	-0.0199	0.0207
Jul-24	2.4287	-0.0199	0.0213
Aug-24	2.4322	-0.0200	0.0199
Sep-24	2.4297	-0.0195	0.0181
Oct-24	2.4225	-0.0187	0.0167
Nov-24	2.4159	-0.0182	0.0161
Dec-24	2.4078	-0.0181	0.0166
Jan-25	2.3962	-0.0179	0.0170
Feb-25	2.3785	-0.0180	0.0163
Mar-25	2.3659	-0.0180	0.0151
Apr-25	2.3550	-0.0182	0.0132

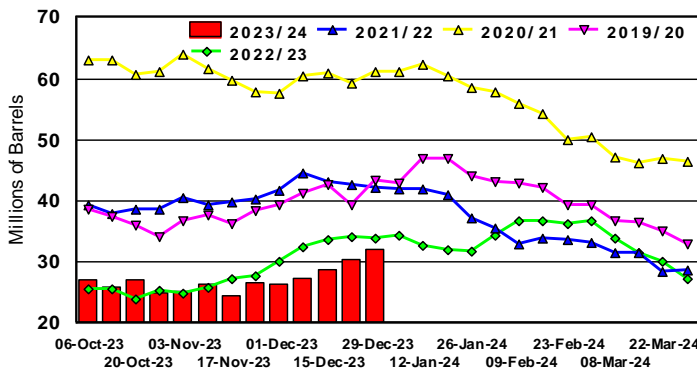
Sprague HeatCurve October 2024-April 2025			\$2.4120
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.23	\$72.3600	-\$0.5300
Crude - Brent		\$77.5900	-\$0.6600
Natural Gas		\$2.8210	\$0.1530
Gasoline		\$2.1104	\$0.0480

EIA Working Gas Storage Report

	29-Dec-23	22-Dec-23	Change	29-Dec-22
East	799	805	-6	699
Midwest	968	985	-17	848
Mountain	228	232	-4	158
Pacific	280	280	0	165
South Central	1201	1187	14	1,054
Salt	344	329	15	278
Nonsalt	857	858	-1	776
Total	3476	3490	-14	2,923

Weekly EIA Petroleum Status Report for the Week Ending December 29, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 5.503 million barrels

Cushing, OK Crude Stocks Up 706,000 barrels

Gasoline Stocks Up 10.9 million barrels

Distillate Stocks Up 10.09 million barrels

Refinery % Operated 93.5%, up 0.2%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Dec 29, 2023	Week Ending Dec 22, 2023	Week Ending Dec 30, 2022
New England	4.9	4.3	3.3
Central Atlantic	16.0	14.8	17.0
Total PADD #1	32.0	30.2	33.8
Distillate Imports (thousands b/d)	184	223	107