

Market Commentary

Recap: The oil market looked ready to post an inside trading day early in the session, however the market sold off sharply following the release of the EIA petroleum stock report on Wednesday morning. The market, which traded lower in overnight trading following the API report late Tuesday showing a build in crude stocks of 10.5 million barrels, held support at its previous low as it awaited the release of the EIA report. The market's losses may have also been limited by the IEA raising its forecast for 2023 oil demand growth and stating that restrained OPEC+ production could bring a supply deficit in the second half of the year. However, the market breached its support at its previous low and \$77.42, the 38% retracement level off a low of \$72.25 to a high of \$80.62, as the EIA reported a larger than expected build in crude stocks of over 16 million barrels in the week ending February 10th. The build was the eighth consecutive weekly increase. The oil market traded to a low of \$77.25 by midday. The market later bounced off its low and retraced its earlier losses as the market discounted the large build in crude stocks due to a data adjustment. Analysts said a crude oil supply adjustment of 2 million bpd in the week ending February 10th from an adjustment of minus 700,000 bpd in the previous week contributed to the unusually large build. The March WTI contract ended the session down 47 cents at \$78.59 and the April Brent contract settled down 20 cents at \$85.38. The product markets ended mixed once again with the heating oil market settling down 9.57 cents to \$2.8444 and the RB market settling up 93 points at \$2.4978.

Technical Analysis: The market continues to trade within a range from \$72.00 to about \$83.00. It is seen trading mostly sideways following Wednesday's swings due to the crude stock data. The oil market is seen finding support at its low of \$77.25, \$76.52, \$76.44, its 50% retracement level, \$75.45, its 62% retracement followed by \$74.35 and \$72.25. Meanwhile, resistance is seen at its highs of \$79.15, \$79.61 and \$80.62. More distant upside is seen at \$82.48 and \$82.64-\$82.66.

Fundamental News: The EIA reported that U.S. crude stocks increased by 16.3 million barrels to 471.4 million barrels in the week ending February 10th, the highest level since June 2021. Crude stocks in the Gulf Coast increased by 14.5 million barrels on the week to 263.1 million barrels, the highest level since May 2021. Meanwhile, crude stocks in the East Coast fell by 600,000 barrels on the week to 6.9 million barrels, the lowest level since January 2022 and stocks in the Midwest increased by 2.2 million barrels on the week to 127.3 million barrels, the highest level since June 2021. The EIA also reported that total crude imports fell by 826,000 bpd on the week to 6.232 million bpd. Crude oil imports in the Gulf Coast increased by 434,000 bpd to 1.724 million bpd, the highest level since September 2021.

The International Energy Agency said China will account for 900,000 bpd or nearly half of this year's oil demand growth after it relaxed its COVID-19 curbs, but restrained OPEC+ production could mean a supply deficit in the second half. In its monthly report, the IEA said global oil demand is set to increase by 2 million bpd in 2023 to 101.9 million bpd, up 100,000 bpd from the previous month's forecast. The IEA also stated that global oil output is set to increase by 1.2 million bpd in 2023, driven by non-OPEC+ producers. It said "Supply from OPEC+ is projected to contract with Russia pressured by sanctions." It said "World oil supply looks set to exceed demand through the first half of 2023, but the balance could quickly shift to deficit as demand recovers and some Russian output is shut in." International sanctions on Russia aimed at depriving it of funds after it invaded Ukraine have so far had little impact on its oil exports, which in January were down by 160,000 bpd from pre-war levels. However, the IEA said that around 1 million bpd of production will be shut in by the end of the first quarter, following a European ban on seaborne imports and international price cap sanctions. The IEA reported that Russia's oil exports to the EU fell by 450,000 bpd in January.

Early Market Call - as of 8:30 AM EDT

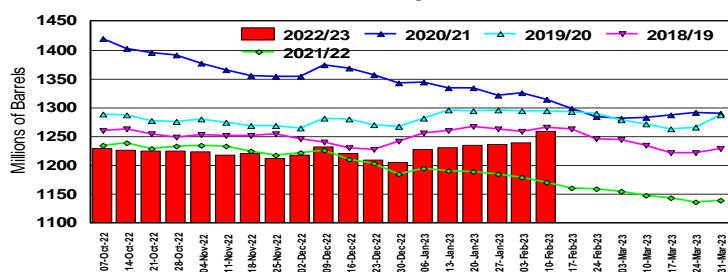
WTI - March \$78.54, down 5 cents
 RBOB - March \$2.4771, down 2.07 cents
 HO - March \$2.8225, down 2.19 cents

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	2.8444	-0.0957	-0.0489
Apr-23	2.819	-0.0896	-0.0386
May-23	2.7805	-0.0746	-0.0186
Jun-23	2.7464	-0.0616	-0.0121
Jul-23	2.7273	-0.0527	-0.013
Aug-23	2.7172	-0.0455	-0.013
Sep-23	2.7154	-0.0404	-0.0119
Oct-23	2.7119	-0.0368	-0.0113
Nov-23	2.7049	-0.0343	-0.0115
Dec-23	2.6935	-0.0325	-0.0129
Jan-24	2.6835	-0.0305	-0.0147
Feb-24	2.6702	-0.029	-0.0171
Mar-24	2.65	-0.0273	-0.0186
Apr-24	2.6217	-0.0234	-0.0214
May-24	2.6039	-0.0208	-0.0236
Jun-24	2.5903	-0.0183	-0.0255
Jul-24	2.5818	-0.0172	-0.0282

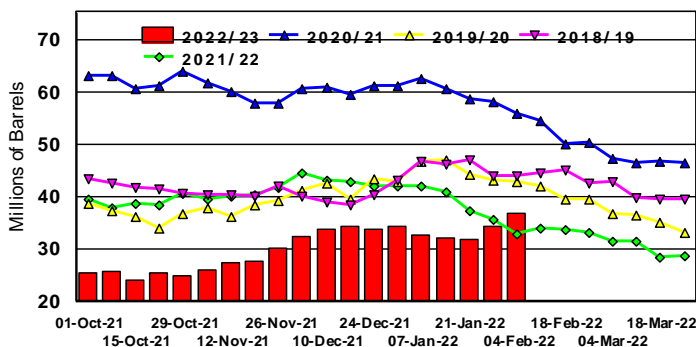
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$6.55	\$78.8300	-\$0.4100
Crude - Brent		\$85.3800	-\$0.2000
Natural Gas		\$2.4710	-\$0.0960
Gasoline		\$2.4978	\$0.0093

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending February 10, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 16.283 million barrels
 Cushing, OK Crude Stocks Up 659,000 barrels
Gasoline Stocks Up 2.316 million barrels
Distillate Stocks Down 1.285 million barrels
Refinery % Operated 86.5%, down 1.4%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Feb 10, 2023	Week Ending Feb 3, 2023	Week Ending Feb 11, 2022
New England	4.6	5.2	5.5
Central Atlantic	16.7	15.9	17.1
Total PADD #1	36.6	34.3	33.9
Distillate Imports (thousands b/d)	197	665	425

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