

Market Commentary

Recap: The oil market continued to trend lower on Wednesday on concerns over demand following weak economic data from China. China's economy in the fourth quarter expanded by 5.2% on the year, missing analysts expectations and calling into question forecasts that see Chinese demand fueling 2024 global oil demand growth. Also, the strength in the dollar continues to pressure the oil market. The market traded mostly sideways in overnight trading before it sold off more than 2.6% as it posted a low of \$70.50 in morning trading. However, the market bounced off its low and retraced all of its earlier losses as OPEC kept its forecast for relatively strong growth in global oil demand in 2024. It also said that 2025 will bring "robust" increase in oil use, led by China and the Middle East, suggesting the market may be undersupplied. The oil market rallied to a high of \$72.77 ahead of the close. The February WTI contract settled up 16 cents at \$72.56 and later posted a new high of \$72.82 in the post-settlement period. The March Brent contract settled down 41 cents at \$77.88. Meanwhile, the product markets ended mixed once again, with the heating oil market settling down 70 points at \$2.6536 and the RB market settling up 1.35 cents at \$2.1354.

Technical Analysis: The crude market, which has been trading in a sideways range amid the tension in the Middle East, will seek further direction from the weekly petroleum stocks reports. The inventory reports are expected to show a small draw in crude stocks and builds in product stocks. The market is seen finding resistance at its high of \$72.82, \$72.88, \$73.44, \$73.56, \$73.95 and \$75.25. Further upside is seen at \$75.66, \$76.18 and \$76.81. Meanwhile, support is seen at its low of \$70.50, \$70.13, \$69.28 and \$67.98.

Fundamental News: The EIA said retail gasoline prices in the U.S. could fall this year due to an increase in inventories and refining capacity, while reduced consumption could lower them further in 2025. The EIA sees diesel consumption likely increasing from last year in both 2024 to 2025, expecting it to grow by 1.3% or 50,000 bpd this year due to continued economic growth.

In its monthly report, OPEC kept its forecast for relatively strong growth in global oil demand in 2024 and said 2025 will see a "robust" increase in oil use, led by China and the Middle East. OPEC said world oil demand will increase by 1.85 million bpd in 2025. For 2024, OPEC sees demand growth of 2.25 million bpd, which was unchanged from last month. The OPEC report also noted that OPEC oil production increased slightly in December led by Nigeria, despite ongoing output cuts by the wider OPEC+ alliance to support the market. OPEC's crude oil output increased by 73,000 bpd to 26.7 million bpd in December. OPEC adjusted its production figures lower to reflect the exit from the group of Angola. It said OPEC's crude share of the world oil market was 26.5% in December. OPEC said the price decline in December was primarily driven by selling pressure from speculators.

OPEC's Secretary General, Haitham Al Ghais, said forecasts that oil demand is peaking will prove just as misguided as previous predictions that supply was reaching its end.

The IEA's Executive Director, Fatih Birol, said the IEA expects oil markets to be in a "comfortable and balanced position" this year, despite Middle East tensions amid an increasing supply and slowing demand growth outlook. He noted that so far production has not been impacted by the attacks on tankers. He said that he did not expect a major impact on oil prices, unless one or more major oil producing countries were to get directly embroiled in the conflict.

Saudi Aramco's CEO, Amin Nasser, said global oil markets will cope with Red Sea disruptions in the short run, although prolonged attacks by the Houthis on ships would lead to a shortage of tankers due to longer voyages and a supply delay.

Early Market Call - as of 8:25 AM EDT

WTI - February \$72.54, down 2 cents
 RBOB - February \$2.1202, down 1.52 cents
 HO - February \$2.6432, down 1.04 cents

All NYMEX | Prior Settlements

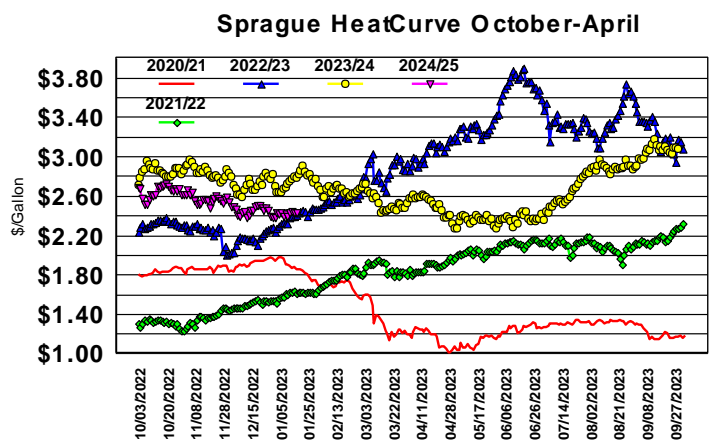
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6536	-0.0070	0.0530
Mar-24	2.6103	-0.0028	0.0565
Apr-24	2.5532	-0.0002	0.0585
May-24	2.5070	-0.0002	0.0553
Jun-24	2.4705	0.0003	0.0491
Jul-24	2.4550	0.0007	0.0436
Aug-24	2.4477	0.0014	0.0401
Sep-24	2.4491	0.0024	0.0386
Oct-24	2.4523	0.0031	0.0385
Nov-24	2.4498	0.0034	0.0386
Dec-24	2.4418	0.0033	0.0381
Jan-25	2.4342	0.0035	0.0380
Feb-25	2.4242	0.0034	0.0372
Mar-25	2.4092	0.0031	0.0350
Apr-25	2.3889	0.0028	0.0327
May-25	2.3760	0.0029	0.0319
Jun-25	2.3655	0.0034	0.0321

Sprague HeatCurve October 2024-April 2025			\$2.4289
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.40	\$72.4800	-\$0.0400
Crude - Brent		\$77.8800	-\$0.4100
Natural Gas		\$2.8700	-\$0.0300
Gasoline		\$2.1354	\$0.0135

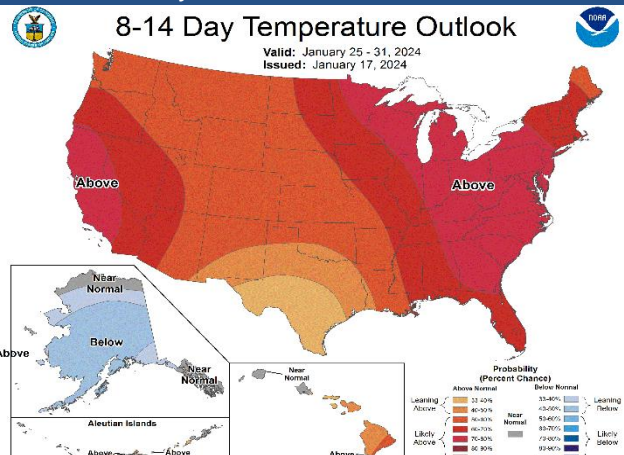
API Report for the Week Ending January 12, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 483,000 barrels	Down 300,000 barrels
Gasoline Stocks	Up 4.86 million barrels	Up 2.2 million barrels
Distillate Stocks	Up 5.21 million barrels	Up 900,000 barrels
Refinery Runs		Down 0.6%, at 92.3%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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