

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market traded higher on Thursday on positive U.S. economic data. The market, which traded mostly sideways in overnight trading, rallied higher following the Commerce Department report showing that the U.S. economy grew faster than expected in the fourth quarter. However, momentum had slowed significantly by the end of the year as higher interest rates cut demand. The Commerce Department reported that GDP grew at an annual rate of 2.9% in the fourth quarter, down slightly from a 3.2% rate in the third quarter. The market traded mostly sideways in overnight trading and rallied to a high of \$82.14 following the report. The crude market later erased some of its gains as the market digested the economic figures, which showed some underlying weakness. The crude market retraced 62% of its earlier move from a low of \$79.92 to a high of \$82.14 as it traded to \$80.77 in afternoon trading. The March WTI contract held support at that level before settling up 86 cents at \$81.01. Meanwhile, the Brent contract settled up \$1.35 at \$87.47. The product markets ended in positive territory following two consecutive down days, with the heating oil market settling up 3.52 cents at \$3.3965 and the RB market settling up 1.87 cents at \$2.6121.

Technical Analysis: The oil market is seen remaining in its recent trading range from \$78.45 to \$82.66 as the market remains supported by expectations that global demand will strengthen amid the reopening of China. The crude market is seen finding support at \$80.77, \$80.02, basis a trendline, followed by its lows of \$79.92, \$79.45, \$78.87, its 38% retracement level off a low of \$72.74 and a high of \$82.66 and \$78.45. Further downside is seen at \$78.23, \$77.70, its 50% retracement level, \$77.35 and \$76.53, its 62% retracement level. Meanwhile, resistance is seen at \$81.70, its highs of \$82.14, \$82.22 and \$82.64-\$82.66. More distant resistance is seen at \$85.85, basis a trendline.

Fundamental News: S&P Global Commodity Insights and Kpler estimate shipments of diesel and gasoline from the U.S. Gulf Coast in January to Europe totaled around 233,800 mt, a 70% decline from December levels.

Bloomberg News reported that the European Union and G-7 are floating a plan to cap the price of premium Russian oil products like diesel, which trade a premium to crude, at \$100/barrel. The report added that a cap of \$45/barrel would apply to discounted products like fuel oil.

TotalEnergies said strike action had interrupted shipments at several production sites in France, as the country continues to face widespread protests over government plans to increase the retirement age. The company said shipments were blocked at La Mede, Donges, Normandy and Dunkirk, but added it continued to make sure petrol stations were supplied. It added its refinery site at Feyzin was not affected.

Valero said its 14 refineries operated at 97% of their combined total throughput capacity of 3 million bpd in the fourth quarter, the highest since 2018. Valero plans to operate its refineries between 85% and 88% of their combined total throughput capacity in the first quarter of 2023.

Valero's Chief Operating Officer, Lane Riggs, said the company plans to begin the initial startup of a new coker at its 335,000 bpd Port Arthur, Texas refinery between late April and early May.

Platts was reporting Phillips 258,000/bd Bayway refinery has started a two month long planned maintenance on its CDU and FCC units.

Platts is reporting PDVSA's 955,000 b/d Paraguana Refining Center was operating at 197,000 b/d of at just 20.6% of its capacity on January 25th, down 4.5% from a the previous week's operating level.

Early Market Call - as of 8:35 AM EDT

WTI - March \$82.13, up \$1.12

RBOB - February \$2.6374, up 2.53 cents

HO - February \$3.4189, up 2.24 cents

| Month | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|-----------------|---------------------|--------------------|
| Feb-23 | 3.3965 | 0.0352 | 0.0206 |
| Mar-23 | 3.2957 | 0.0359 | 0.0149 |
| Apr-23 | 3.1497 | 0.0306 | 0.016 |
| May-23 | 3.0328 | 0.0248 | 0.0051 |
| Jun-23 | 2.9639 | 0.0216 | 0.0074 |
| Jul-23 | 2.9336 | 0.0205 | 0.0184 |
| Aug-23 | 2.9115 | 0.02 | 0.0233 |
| Sep-23 | 2.8969 | 0.0188 | 0.0226 |
| Oct-23 | 2.8816 | 0.0163 | 0.019 |
| Nov-23 | 2.8644 | 0.0139 | 0.0148 |
| Dec-23 | 2.8466 | 0.0126 | 0.0119 |
| Jan-24 | 2.8307 | 0.0121 | 0.0095 |
| Feb-24 | 2.8129 | 0.0123 | 0.0068 |
| Mar-24 | 2.7871 | 0.0125 | 0.0039 |
| Apr-24 | 2.7522 | 0.0126 | -0.0008 |
| May-24 | 2.7264 | 0.0118 | -0.0063 |
| Jun-24 | 2.7076 | 0.0123 | -0.0109 |

| Sprague HeatCurve October 2023-April 2024 | | | \$2.8240 |
|---|------------|-----------|-----------|
| | | Close | Change |
| Crude - WTI | Mar Brent- | \$81.0100 | \$0.8600 |
| Crude - Brent | WTI Spread | \$87.4700 | \$1.3500 |
| Natural Gas | \$6.46 | \$2.9440 | -\$0.1230 |
| Gasoline | | \$2.6121 | \$0.0187 |

EIA Working Gas Storage Report

| | 20-Jan-2023 | 13-Jan-2023 | Change | 20-Jan-22 |
|---------------|-------------|-------------|--------|-----------|
| East | 622 | 662 | -40 | 618 |
| Midwest | 749 | 785 | -36 | 711 |
| Mountain | 140 | 147 | -7 | 144 |
| Pacific | 150 | 157 | -7 | 201 |
| South Central | 1067 | 1069 | -2 | 950 |
| Salt | 310 | 307 | 3 | 283 |
| Nonsalt | 757 | 762 | -5 | 666 |
| Total | 2729 | 2820 | -91 | 2,622 |

March WTI



8-14 Day Weather Outlook

