

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** On its final trading day of the year, the oil market ended the session down 0.17%. It also ended the week 2.6% lower and about 10.7% lower on the year, posting its largest one year decline since year end 2020. In overnight trading, the crude market breached Thursday's low and traded to \$71.62 before it retraced some of its losses and posted a high of \$72.62. However, in volatile trading the market sold off to a low of \$71.38 by mid-morning before it retraced its losses once again as traders positioned themselves ahead of the long New Year's holiday weekend. The market continued to watch for developments regarding the shipping disruptions along the Red Sea. Some major shipping firms were preparing to transit the Red Sea route, while others were still diverting their vessels around the Suez Canal for security reasons. The oil market later consolidated its trading range as volume thinned out ahead of the weekend. The February WTI contract settled down 12 cents at \$71.65 and the February Brent contract settled down 11 cents at \$77.04. The product markets ended the session mixed ahead of the January contract's expiration at the close. The January heating oil contract settled down 32 points at \$2.5531 and the January RB contract settled up 1.74 cents at \$2.1026.

**Technical Analysis:** The crude market on Tuesday will be driven by any developments in the Middle East over the weekend after the U.S. said late Thursday that it shot down one drone and one anti-ship ballistic missile in the Southern Red Sea that were fired by Houthi in the 22<sup>nd</sup> attempted attack on international shipping since October 19<sup>th</sup>. The market will continue to look for further news on whether other shipping firms are returning to their usual routes along the Red Sea. The oil market is seen finding support at its low of \$71.38, \$71.11, \$70.99, \$70.64, followed by \$69.82 and \$67.98. Meanwhile, resistance is seen at its high of \$72.62, \$74.16, \$74.40, \$75.66 and \$76.18.

**Fundamental News:** A spokesperson for Hapag Lloyd said it has decided to continue to divert its vessels around the Suez Canal for security reasons. The spokesperson said its next assessment would be made on January 2<sup>nd</sup>.

Meanwhile, Mitsui O.S.K. Lines and Nippon Yusen, Japan's largest shipping companies, also said their vessels with links to Israel were avoiding the Red Sea area. Both companies said they were monitoring the situation.

Ship tracking data show that at least four tankers transporting diesel and jet fuel from the Middle East and India to Europe are taking the longer route around Africa to avoid the Red Sea.

According to shipping analytics firm Kpler, European gasoline exports to the U.S. are expected to reach 787,000 tons in December, up from 602,000 tons in November. However, the continent's exports to Nigeria are set for a month-on-month decline to 535,000 tons from 680,000 tons in November.

According to analysts' forecasts, American drivers can expect lower motor fuel costs for a second-straight year in 2024 as an increase in global refining capacity and a surplus in U.S. gasoline stocks drive down retail prices. Price tracker GasBuddy.com's annual outlook showed that the U.S. national average retail gasoline price could fall by 13 cents next year to \$3.38/gallon.

A Reuters survey showed that international oil prices are likely to stay near \$80/barrel in 2024, as analysts predicted weak global growth would cap demand, while geopolitical tensions could provide support. The analysts questioned whether OPEC+ would be able to sustain supply cuts to support the market. A survey of 34 economists and analysts forecast Brent crude would average \$82.56/barrel in 2024, down from November's \$84.43/barrel forecast. U.S. crude was seen averaging \$78.84/barrel next year, down from a previous forecast of \$80.50/barrel.

**Early Market Call - as of 8:15 AM EDT**

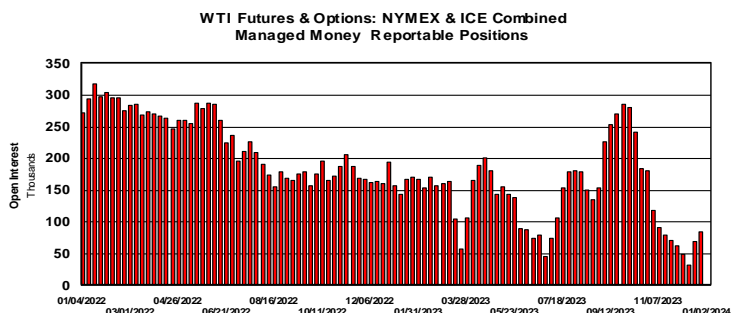
WTI - February \$73.20, up \$1.56

RBOB - January \$2.1556, up 4.93 cents

HO - February \$2.5746, up 4.57 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.5531	-0.0032	-0.1081
Jan-24	2.5289	-0.0114	-0.1069
Feb-24	2.4952	-0.0113	-0.1001
Mar-24	2.4510	-0.0136	-0.0964
Apr-24	2.4213	-0.0140	-0.0883
May-24	2.4001	-0.0139	-0.0822
Jun-24	2.3935	-0.0136	-0.0796
Jul-24	2.3911	-0.0132	-0.0786
Aug-24	2.3947	-0.0127	-0.0778
Sep-24	2.3997	-0.0126	-0.0755
Oct-24	2.3988	-0.0128	-0.0736
Nov-24	2.3926	-0.0132	-0.0717
Dec-24	2.3869	-0.0129	-0.0697
Jan-25	2.3793	-0.0119	-0.0682
Feb-25	2.3683	-0.0109	-0.0663
Mar-25	2.3513	-0.0109	-0.0647
Apr-25	2.3400	-0.0108	-0.0626

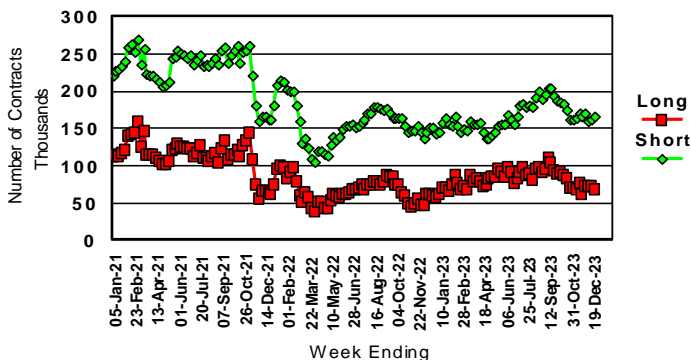
Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$	\$71.6500	-\$0.1200
Crude - Brent		\$77.0400	-\$0.1100
Natural Gas		\$2.5140	-\$0.0430
Gasoline		\$2.1026	\$0.0174



## Commitment of Traders Report for the Week Ending December 26, 2023

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

