

Market Commentary

Recap: The oil market posted an inside trading day on Tuesday following Monday's sharp selloff that was prompted by Saudi Arabia's signal that it aimed to remain competitive in the market with its cut to its official crude selling prices. The market continued to weigh softer market outlooks and concerns over tensions in the Middle East and the reduced Libyan output. The Israeli military said its fight against Hamas will continue through 2024, worrying markets that the conflict could grow into a regional crisis that could disrupt Middle Eastern oil supplies. The crude market traded sideways and posted a low of \$70.47 in overnight trading before it retraced some of Monday's losses as it rallied to a high of \$72.93 on Tuesday morning. The market later erased some of its gains and settled in a sideways trading range during the remainder of the session as traders positioned themselves ahead of the release of the weekly petroleum stocks reports. The February WTI contract settled up \$1.47 at \$72.24 and the March Brent contract settled up \$1.47 at \$77.59. The product markets ended higher, with the heating oil market settling up 7.35 cents at \$2.6504 and the RB market settling up 49 points at \$2.0768.

Technical Analysis: The crude market will remain in its recent trading range ahead of the release of the weekly petroleum stocks reports. The API and EIA are expected to show a draw in crude stocks of less than 1 million barrels on the week, while distillates and gasoline stocks are expected to see builds of over 2 million barrels each. The market will remain well supported by the concerns over tensions in the Middle East. The oil market is seen finding resistance at \$72.93, \$73.95, \$74.24, \$74.40, \$75.66 and \$76.18. Meanwhile, support is seen at \$70.47, \$70.13, \$69.28, \$67.98 and \$63.52.

Fundamental News: In its Short Term Energy Outlook, the EIA raised its 2024 world oil demand growth forecast by 50,000 bpd from its previous estimate to 1.39 million bpd. It said 2025 world oil demand is expected to reach 103.67 million bpd, up 1.21 million bpd from 2024. The EIA reported that U.S. crude oil production in 2024 is expected to increase by 290,000 bpd to 13.21 million bpd. U.S. crude production is expected to increase by 230,000 bpd to 13.44 million bpd in 2025. Meanwhile, U.S. total petroleum demand in 2024 is expected to increase by 200,000 bpd to 20.4 million bpd, compared with a previous estimate of an increase of 300,000 bpd, and increase by 100,000 bpd to 20.5 million bpd in 2025.

According to a cabinet statement Saudi Arabia praised countries both within and outside OPEC for their unity and commitment to oil market stability through the "Declaration of Cooperation" signed in December. The statement added that the cabinet renewed the Kingdom's keenness to support efforts aimed at enhancing the stability and balance of oil markets.

Germany's Hapag-Lloyd will continue to divert its vessels away from the Suez Canal and around the Cape of Good Hope for security reasons.

U.S. Secretary of State Antony Blinken met Israeli leaders on Tuesday in his quest to prevent the Gaza conflict from growing into a regional conflict, as the Israeli military said its fight against Hamas would continue all year. He arrived in Tel Aviv late on Monday to brief Israeli officials on his two days of talks with Arab leaders on ending the war, which was triggered by Hamas militants' attack on October 7th. He said he was urging Israeli Prime Minister Benjamin Netanyahu's government "on the absolute imperative to do more to protect civilians and to do more to make sure that humanitarian assistance is getting into the hands of those who need it". In the latest sign that the war may be spreading, Israel killed a top commander of Hamas' ally Hezbollah in south Lebanon on Monday. Sources said Israel is also carrying out an unprecedented wave of deadly strikes in Syria targeting cargo trucks, infrastructure and people involved in Iran's weapons lifeline to its proxies in the region.

Early Market Call - as of 8:25 AM EDT

WTI - February \$73.10, up 86 cents
 RBOB - February \$2.1273, up 5.12 cents
 HO - February \$2.6955, up 4.50 cents

All NYMEX | Prior Settlements

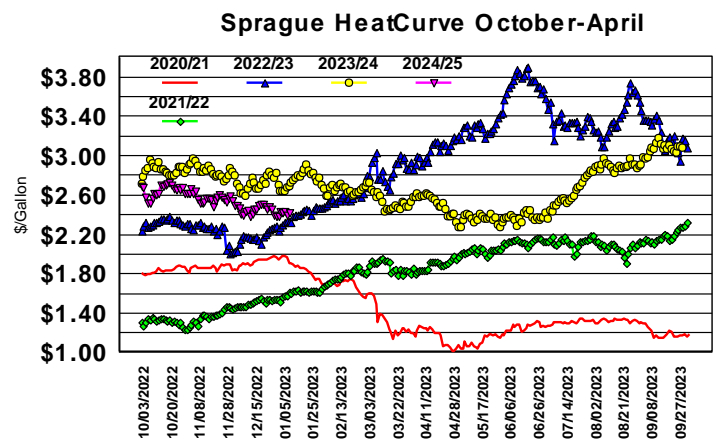
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6504	0.0735	0.0460
Mar-24	2.6004	0.0639	0.0305
Apr-24	2.5374	0.0556	0.0165
May-24	2.4898	0.0484	0.0056
Jun-24	2.4547	0.0421	-0.0031
Jul-24	2.4420	0.0390	-0.0066
Aug-24	2.4361	0.0372	-0.0088
Sep-24	2.4373	0.0361	-0.0113
Oct-24	2.4397	0.0350	-0.0125
Nov-24	2.4362	0.0338	-0.0130
Dec-24	2.4276	0.0327	-0.0136
Jan-25	2.4197	0.0317	-0.0144
Feb-25	2.4098	0.0302	-0.0161
Mar-25	2.3969	0.0293	-0.0172
Apr-25	2.3794	0.0278	-0.0171
May-25	2.3674	0.0256	-0.0165
Jun-25	2.3567	0.0233	-0.0165

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.30	\$72.2900	\$1.4700
Crude - Brent		\$77.5900	\$1.4700
Natural Gas		\$3.1900	\$0.2100
Gasoline		\$2.0768	\$0.0049

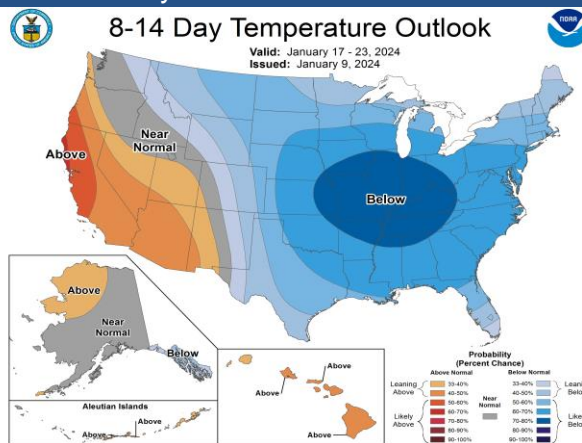
API Report for the Week Ending January 5, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 5.2 million barrels	Down 700,000 barrels
Gasoline Stocks	Up 4.9 million barrels	Up 2.5 million barrels
Distillate Stocks	Up 6.9 million barrels	Up 2.4 million barrels
Refinery Runs		Down 0.8%, at 92.7%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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