

Market Commentary

Recap: The oil market traded sideways as the market weighed mixed U.S. economic signals and the prospects for a recovery in Chinese demand. The market traded to a high of \$79.54 in overnight trading, holding resistance at a previous high of \$79.61 posted on Tuesday. The market was buoyed by hopes of a rebound in China after the IEA, on Wednesday, said China will account for almost half of global oil demand growth this year. However, its gains were still limited by the builds seen in U.S. crude stocks, with the market trading back towards the \$78.00 level in early morning trading. The market settled in a sideways trading pattern amid some mixed economic reports released on Thursday, with the latest unemployment claims suggesting that the jobs market remained solid, while the Philadelphia Fed Manufacturing Index unexpectedly fell to its lowest level since May 2020. Meanwhile, the PPI report showing an increase of 0.7% in January and by 6% on the year reinforced the view that the problems with inflation are not over yet, raising concerns that the Federal Reserve may need to be more aggressive in raising rates. The March WTI contract later found some further selling pressure ahead of the close and posted a low of \$77.92 before it settled in negative territory for the third consecutive session, down 10 cents at \$78.49. The April Brent contract settled down 24 cents at \$85.14. Meanwhile, the product markets ended the session lower with the heating oil market settling down 3.36 cents at \$2.8108 and the RB market settling down 6.23 cents at \$2.4355.

Technical Analysis: The oil market on Friday will likely retrace some of its losses ahead of the long Presidents' Day holiday, while it still continues to trade within its recent sideways trading pattern. The market will await for some indication on the Chinese demand picture before it makes any major move. The crude market is seen finding support at its low of \$77.92, \$77.25, \$76.52, \$76.44, its 50% retracement level off a low of \$72.25 to a high of \$80.62 and \$75.45, its 62% retracement level. More distant support is seen at \$74.35 and \$72.25. Resistance is seen at its highs of \$79.54, \$79.61 and \$80.62. More distant resistance is seen at \$82.48 and \$82.64-\$82.66.

Fundamental News: Saudi Arabia's Energy Minister, Prine Abdulaziz bin Salman said the current OPEC+ deal on oil output will continue until the end of the year. He also said the oil group cannot increase output based on initial signals about demand.

Bloomberg reported that major oil producers, including Petroliaam Nasional Bhd and Hess Corp have locked in hedges to protect against declining prices in the latest sign that markets are stabilizing. Malaysia's Petronas has been using put options as a way to counterbalance against declines in the market. Hess said it has purchased U.S. crude options contracts for 75,000 bpd at an average monthly floor price of \$70/barrel. The deal cost the company about \$120 in premium. By contrast, Hess last year spent more than \$300 million to unwind parts of its hedge, double the cost of entering the deal in the first place. Also, amid signs that activity could increase, Exxon Mobil Corp said it is creating a global trading division to compete more aggressively with BP Plc and Shell Plc in the world of energy derivatives.

North Dakota's Industrial Commission reported that oil production in the state fell by 142,000 bpd to 956,000 bpd in December.

The EPA reported that the U.S. generated 522 million biodiesel (D4) blending credits in January, down from 585 million credits in December. It also reported that the U.S. generated 1.22 billion ethanol (D6) blending credits in January, up from 1.21 billion in December.

Colonial Pipeline Co is allocating space for Cycle 12 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Early Market Call - as of 8:55 AM EDT

WTI - March \$75.98, down \$2.51

RBOB - March \$2.3622, down 7.33 cents

HO - March \$2.7174, down 9.28 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	2.8108	-0.0336	-0.0046
Apr-23	2.7911	-0.0279	0.0058
May-23	2.7564	-0.0241	0.0235
Jun-23	2.723	-0.0234	0.0245
Jul-23	2.7053	-0.022	0.0223
Aug-23	2.6975	-0.0197	0.0231
Sep-23	2.6976	-0.0178	0.0259
Oct-23	2.6958	-0.0161	0.0278
Nov-23	2.6907	-0.0142	0.0294
Dec-23	2.6813	-0.0122	0.0295
Jan-24	2.6724	-0.0111	0.0282
Feb-24	2.6601	-0.0101	0.0264
Mar-24	2.641	-0.009	0.0257
Apr-24	2.614	-0.0077	0.024
May-24	2.5977	-0.0062	0.0225
Jun-24	2.5843	-0.006	0.0204
Jul-24	2.5754	-0.0064	0.0161

Sprague HeatCurve October 2023-April 2024		\$2.6654
	Close	Change
Crude - WTI	\$78.7400	-\$0.0900
Crude - Brent	\$85.1400	-\$0.2400
Natural Gas	\$2.3890	-\$0.0820
Gasoline	\$2.4355	-\$0.0623

EIA Working Gas Storage Report

	10-Feb-23	03-Feb-23	Change	10-Feb-22
East	498	529	-31	442
Midwest	601	641	-40	504
Mountain	114	120	-6	115
Pacific	122	124	-2	178
South Central	931	951	-20	700
Salt	262	271	-9	178
Nonsalt	670	680	-10	522
Total	2266	2366	-100	1,938

WTI Forward Curve

ICE April Brent-WTI Spread

