

Market Commentary

Recap: The oil market extended its losses ahead of increases in interest rates by major central banks and signs of strong Russian exports, offset rising tensions in the Middle East over a drone attack in Iran over the weekend and hopes of increased Chinese demand. Investors are expecting a 25 basis point increase in interest rates by the U.S. Federal Reserve on Wednesday followed by half-point increases by the Bank of England and European Central Bank. The market is also looking towards the OPEC+ panel meeting, which is unlikely to change the group's output policy on Wednesday. The oil market traded higher in overnight trading and posted a high of \$80.49 following the drone attack in Iran over the weekend. However, the market found resistance at its trendline and erased its gains, posting a low of \$77.74 ahead of the close. The March WTI contract settled down \$1.78 at \$77.90, the lowest level since January 11th. The oil market, however, sold off further in post settlement trading and retraced little more than 50% of its move from a low of \$72.74 to a high of \$82.66 as it posted a low of \$77.66. The March Brent contract settled down \$1.76 at \$84.90. The product markets ended in negative territory, with the heating oil market settling sharply lower at \$3.11008, down 15.47 cents and the RBOB market settling at \$2.4989, down 8.97 cents.

Technical Analysis: The oil market is seen retracing some of its sharp losses before continuing on its downward trend as traders position themselves ahead of the OPEC+ meeting on Wednesday and the Fed decision on interest rates. The market is seen finding support at its low of \$77.66 and \$76.53, its 62% retracement level. More distant support is seen at \$74.56 and \$74.16. Meanwhile, resistance is seen at \$78.05, \$79.03, \$79.93 and its high of \$80.49. Further upside is seen at \$80.93, \$82.48 and \$82.64-\$82.66.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, January 27th increased by 2,920,026 barrels and by 864,672 barrels from Tuesday, January 24th to 40,877,209 barrels.

Two OPEC+ delegates said an OPEC+ panel is likely to recommend keeping the group's current oil output policy when it meets this week. Ministers from OPEC and allies led by Russia, known as OPEC+, are due to hold a virtual meeting on Wednesday morning. The panel, called the Joint Ministerial Monitoring Committee can call for a full OPEC+ meeting if warranted. The JMMC had been due to follow a meeting of the OPEC+ joint technical committee on Tuesday. However, three OPEC+ sources said this meeting has been cancelled.

The Kremlin said Russia's President Vladimir Putin held a phone call with Saudi Crown Prince Mohammed Bin Salman on Monday to discuss cooperation within the OPEC+ group of oil producing countries in order to maintain oil price stability. They also discussed bilateral cooperation in the political, trade, economic and energy sectors.

On Sunday, the Railroad Commission of Texas, which oversees the state's oil and gas industries, advised oil and gas pipeline operators to secure equipment and facilities after forecasts for severe weather over the next several days.

Bloomberg reported that Europe will likely have less spare supply for the U.S. driving season. Seasonal fuel inventories are at the lowest level since 2013 and heavy winter maintenance at refineries may further cut inventories. The European Union ban on Russian oil-product imports starting February 5th will strain the region's feedstock supplies, limiting how much gasoline the bloc can make for itself or the U.S. East Coast, which increasingly relies on transatlantic imports in the summer. New York and much of the East Coast are at risk of a gasoline shortage this summer.

Early Market Call - as of 8:10 AM EDT

WTI - March \$77.22, down 68 cents

RBOB - February \$2.4743, down 2.46 cents

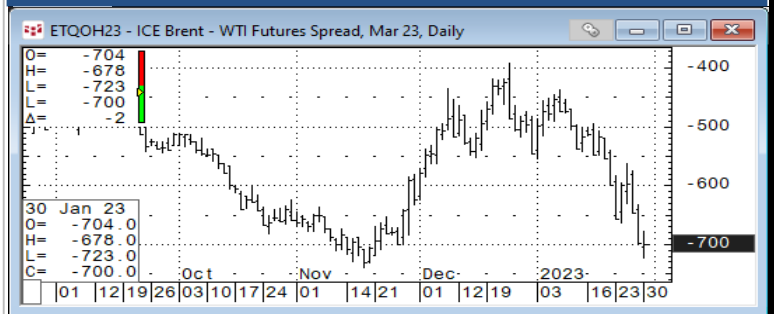
HO - February \$3.08, down 3.08 cents

All NYMEX | Prior Settlements

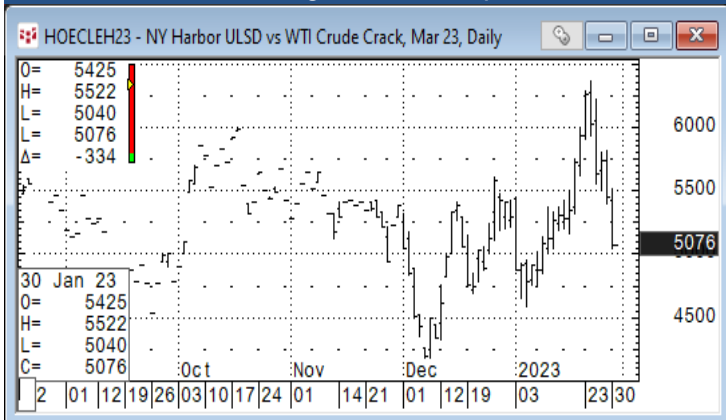
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	3.1108	-0.1547	-0.4401
Mar-23	3.0598	-0.1254	-0.3776
Apr-23	2.9612	-0.1007	-0.2983
May-23	2.8789	-0.0837	-0.2543
Jun-23	2.8259	-0.0773	-0.2268
Jul-23	2.8053	-0.0736	-0.2013
Aug-23	2.7908	-0.0691	-0.1854
Sep-23	2.7823	-0.0641	-0.1785
Oct-23	2.7725	-0.059	-0.1764
Nov-23	2.7597	-0.0547	-0.1763
Dec-23	2.7458	-0.0506	-0.1753
Jan-24	2.7347	-0.0465	-0.1722
Feb-24	2.7225	-0.0412	-0.1666
Mar-24	2.7028	-0.035	-0.1603
Apr-24	2.6756	-0.0278	-0.1518
May-24	2.6587	-0.0232	-0.1423
Jun-24	2.6466	-0.0216	-0.1317

Sprague HeatCurve October 2023-April 2024			\$2.7298
		Close	Change
Crude - WTI	Mar Brent-	\$77.9000	-\$1.7800
Crude - Brent	WTI Spread	\$84.9000	-\$1.7600
Natural Gas	\$7.00	\$2.6770	-\$0.1720
Gasoline		\$2.4989	-\$0.0897

ICE March Brent-WTI Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

