

## Market Commentary

**Recap:** The oil market traded higher on Wednesday following the release of the EIA weekly petroleum stock report, which showed a smaller than expected build in U.S. crude inventories of 533,000 barrels in the week ending January 20<sup>th</sup>. The build was much less than the 19 million barrel increase reported two weeks ago and last week's 8.4 million barrel build, suggesting that supplies may be returning to normal following the refinery shutdowns in late December. The crude market was weighed down earlier in the session by Tuesday evening's API report, which reported a larger build of 3.4 million barrels in the latest week. The crude market breached its previous low and posted a low of \$79.45 ahead of the EIA report. However, the market bounced off that level on the EIA report and rallied to a high of \$81.23 by mid-day. The oil market later erased its earlier gains and traded sideways ahead of the close. The March WTI contract settled up 2 cents at \$80.15, while the March Brent contract settled down 1 cent at \$86.12. The product markets ended the session in negative territory, with the heating oil market settling down 6.59 cents at \$3.3613 and the RB market settling down 5.53 cents at \$2.5934.

**Technical Analysis:** The oil market is likely to test its downside as it continues to retrace some of its recent gains. Technically, its stochastics look ready to cross to the downside. The market is seen finding support at \$79.57, basis a trendline, \$79.45 and \$78.87, its 38% retracement level off a low of \$72.74 to a high of \$82.66. More distant support is seen at \$78.45, \$78.23, \$77.70, its 50% retracement level, \$77.35 and \$76.53, its 62% retracement level. Meanwhile, resistance is seen at its highs of \$81.23, \$82.22 and \$82.66. Further upside is seen at \$85.39, basis a trendline.

**Fundamental News:** The EIA reported that U.S. crude inventories increased by 533,000 barrels in the week ending January 20<sup>th</sup> to 448.5 million barrels, the highest level since June 2021. U.S. Midwest crude inventories increased by 4.9 million barrels in the latest week to 120.6 million barrels, the highest level since July 2021. U.S. crude inventories at Cushing, Oklahoma increased by 4.3 million barrels to 35.7 million barrels, the highest level since December 2021. U.S. crude oil inventories in the SPR held steady at 371.6 million barrels in the latest week for the first time since September 2021.

IIR Energy said U.S. oil refiners are expected to shut in about 1,512,000 bpd of capacity in the week ending January 27<sup>th</sup>, cutting available refining capacity by 195,000 bpd. Offline capacity is expected to increase to 1,542,000 bpd in the week ending February 3<sup>rd</sup>.

Motiva Enterprises' 626,000 bpd Port Arthur, Texas refinery was operating normally on Wednesday after upsets on Tuesday caused by severe storms.

Exxon Mobil Corp's 560,500 bpd Baytown, Texas refinery was operating at planned rates on Wednesday, the day after severe storms passed through the area. Exxon Mobil also reported that operations were normal at its Beaumont, Texas refining and petrochemical complex on Wednesday following the passage of severe storms on Tuesday night.

Valero Energy Corp's 335,000 bpd Port Arthur, Texas refinery was also operating normally on Wednesday after severe storms passed through the area on Tuesday night.

Pemex's 312,500 bpd Deer Park, Texas refinery reported that extreme weather conditions caused power outages on Tuesday evening at the refinery and for its partner companies. It said the refinery experienced operational upsets and corresponding flaring.

Colonial Pipeline Co is allocating space for Cycle 8 shipments on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. Colonial Pipeline Co is also allocating space for Cycle 8 shipments on Line 2, its main distillate line from Houston, Texas to Greensboro, North Carolina. This allocation is for the pipeline segment north of Collins, Mississippi.

**Early Market Call - as of 8:40 AM EDT**

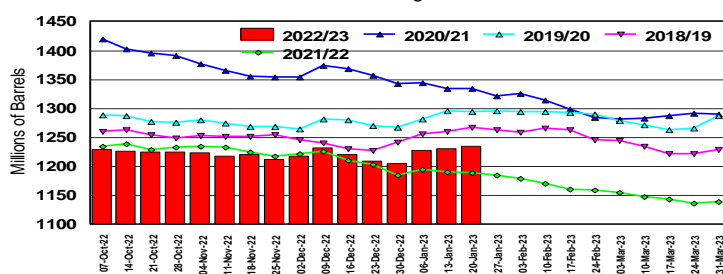
WTI - February \$81.45, up \$1.30  
 RBOB - February \$2.6248, up 3.14 cents  
 HO - February \$3.3991, up 3.78 cents

## All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	3.3613	-0.0659	0.0983
Mar-23	3.2598	-0.066	0.0767
Apr-23	3.1191	-0.0544	0.0653
May-23	3.008	-0.0524	0.0469
Jun-23	2.9423	-0.0488	0.042
Jul-23	2.9131	-0.0412	0.0453
Aug-23	2.8915	-0.0368	0.0441
Sep-23	2.8781	-0.0354	0.0408
Oct-23	2.8653	-0.0362	0.0374
Nov-23	2.8505	-0.0368	0.0339
Dec-23	2.834	-0.0372	0.0308
Jan-24	2.8186	-0.0375	0.0277
Feb-24	2.8006	-0.0372	0.0234
Mar-24	2.7746	-0.037	0.0177
Apr-24	2.7396	-0.0368	0.0106
May-24	2.7146	-0.036	0.0047
Jun-24	2.6953	-0.035	-0.0006

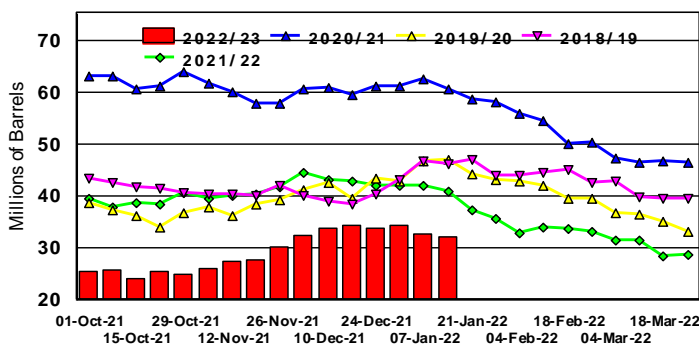
Sprague HeatCurve October 2023-April 2024			\$2.8112
		Close	Change
Crude - WTI		\$80.1500	-\$0.0200
Crude - Brent		\$86.1200	-\$0.0100
Natural Gas	#####	\$3.0670	-\$0.1910
Gasoline	Jan-00	\$2.5934	-\$0.0553

### Total U.S. Oil Stocks Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending January 20, 2023

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 533,000 barrels  
 Cushing, OK Crude Stocks Up 4.267 million barrels  
**Gasoline Stocks** Up 1.763 million barrels  
**Distillate Stocks** Down 507,000 barrels  
**Refinery % Operated** 86.1%, up 0.8%

### PADD #1

	Week Ending Jan 20, 2023	Week Ending Jan 13, 2023	Week Ending Jan 21, 2022
<b>Distillate Stocks (in million bbl)</b>			
New England	4.4	4.3	5.5
Central Atlantic	15.9	15.7	19.7
Total PADD #1	32.0	32.7	37.2
<b>Distillate Imports (thousands b/d)</b>			
	312	116	154

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