

## Market Commentary

**Recap:** The oil market posted an inside trading day on Wednesday, as traders continued to monitor developments in the Red Sea. This followed Tuesday's outside trading session. The market traded mostly sideways in overnight trading, posting a high of \$75.66, before it sold off more than \$1.40 to a low of \$74.16 early in the morning. The market saw some profit taking as it retraced some of its previous gains on news that some shippers were returning to the Red Sea routes. Denmark's Maersk said it scheduled several dozen vessels to travel via the Suez Canal and the Red Sea after calling a temporary halt to those routes this month. Also, France's CMA CGM said it was resuming passage through the Red Sea after the deployment of a multinational task force to the region. The market later seesawed up and down within its early trading range, with light volume trading. The February WTI contract settled down \$1.46 at \$74.11, while the February Brent contact settled down \$1.42 at \$79.65. The product markets ended in negative territory, with the heating oil market settling down 4.49 cents at \$2.6239 and the RB market settling down 33 points at \$2.1550.

**Technical Analysis:** The oil market will remain range bound ahead of the release of the weekly petroleum stocks reports before it tests its previous high on the expected draws in crude stocks. U.S. crude stocks are expected to have fallen by over 2 million barrels in the week ending December 22<sup>nd</sup>. The crude market will also continue to monitor the situation in the Red Sea. The market is seen finding resistance at its high of \$74.70, \$75.00, its highs of \$75.66 and \$76.18. More distant upside is seen at \$76.81 and \$79.67. However, support is seen at its lows of \$74.16, \$73.13, \$73.05, \$72.44, \$72.14, \$72.08, \$71.11 and \$70.99.

**Fundamental News:** Denmark's Maersk said it has scheduled several dozen container vessels to travel via the Suez Canal and the Red Sea in the next several weeks, after pausing voyages in the area earlier this month due to the risk of attacks. The company added that the schedule remains subject to change based on specific contingency plans that may be formed over the coming days. On December 24<sup>th</sup>, Maersk said it was preparing a return to the Red Sea, citing the deployment of a U.S.-led military operation to protect vessels against attacks by Yemen's Iran-backed Houthi militants.

Meanwhile, Hapag-Lloyd said it still considers the situation too dangerous to pass through the Suez Canal, adding that it would continue to reroute its vessels via the Cape of Good Hope. A spokesperson said "We continuously assess the situation and plan a next review on Friday."

Axios reported, citing five U.S., Israeli and Arab officials, that U.S. Secretary of State Antony Blinken is expected to travel to the Middle East late next week to discuss the war in Gaza. Axios reported that the U.S. Secretary of State is planning to visit Israel, Jordan, United Arab Emirates, Saudi Arabia and Qatar.

Russia's Deputy Prime Minister, Alexander Novak, said that analysts expect Brent crude oil prices in a range of \$80 to \$85 a barrel in 2024. He added that Russia and other producers were not targeting any specific price and that Russia was sticking to its obligations on oil supply cuts while ensuring stable work and development of its oil industry.

Canadian Natural Resources and MEG Energy are urging the country's energy regulator to approve Trans Mountain Corp's latest request for a change to building its pipeline expansion, saying timely completion is critical. Canadian Natural and MEG hold long-term contracts to ship crude on the Canadian government-owned Trans Mountain from Alberta to the British Columbia coast. The long-delayed expansion will nearly triple crude shipments to 890,000 bpd once it starts operating, expected by late in the first quarter 2024.

**Early Market Call - as of 8:10 AM EDT**

WTI - February \$72.90, down \$1.21

RBOB - January \$2.1258, down 2.92 cents

HO - January \$2.6001, down 2.38 cents

## All NYMEX | Prior Settlements

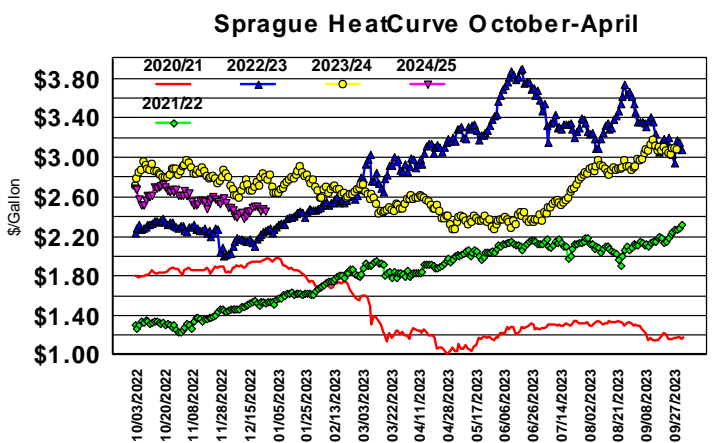
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-24	2.6239	-0.0449	-0.0846
Feb-24	2.6025	-0.0442	-0.0817
Mar-24	2.5661	-0.0424	-0.0773
Apr-24	2.5224	-0.0390	-0.0711
May-24	2.4914	-0.0365	-0.0647
Jun-24	2.4698	-0.0351	-0.0598
Jul-24	2.4634	-0.0341	-0.0580
Aug-24	2.4607	-0.0333	-0.0575
Sep-24	2.4632	-0.0327	-0.0571
Oct-24	2.4667	-0.0314	-0.0556
Nov-24	2.4649	-0.0302	-0.0539
Dec-24	2.4579	-0.0293	-0.0521
Jan-25	2.4508	-0.0282	-0.0506
Feb-25	2.4409	-0.0290	-0.0502
Mar-25	2.4271	-0.0299	-0.0510
Apr-25	2.4084	-0.0299	-0.0512
May-25	2.3954	-0.0294	-0.0508

Sprague HeatCurve October 2024-April 2025			\$2.4456
		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$5.54	\$74.1100	-\$1.4600
Crude - Brent		\$79.6500	-\$1.4200
Natural Gas		\$2.6190	\$0.0690
Gasoline		\$2.1550	-\$0.0033

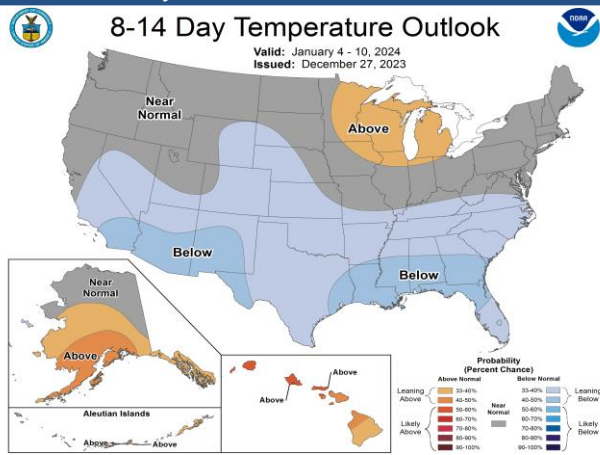
### API Report for the Week Ending December 22, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 1.84 million barrels	Down 2.7 million barrels
Gasoline Stocks	Down 480,000 barrels	Up 600,000 barrels
Distillate Stocks	Up 270,000 barrels	Up 200,000 barrels
Refinery Runs		Up 0.2%, at 92.6%

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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