

Market Commentary

Recap: The oil market continued on its upward trend as the U.S. dollar fell to a nine-month low a day after data showed that inflation fell for the first time in 2-½ years and indications of increasing demand in China. Recent crude purchases from China and an increase in road traffic in the country are increasing hopes of a demand recovery following the reopening of its borders and easing of COVID-19 curbs. ANZ analysts said a congestion index covering the 15 Chinese cities with the largest number of vehicle registrations increased 31% from a week earlier. The crude oil market opened slightly lower and posted a low of \$77.97 in overnight trading before it bounced higher and rallied to \$79.71 by mid-day, breaching a trendline at \$79.63. The market settled in a 30 cent trading range before further buying pushed the market to a high of \$79.93 ahead of the close. The February WTI contract settled up \$1.47 at \$79.86, the highest close since December 30th. It settled 8.26% higher on the week, the largest one week gain since the week ending October 7th, recouping almost all of the previous week's losses of 8.44%. The March Brent contract settled up \$1.25 at \$85.28. Meanwhile, the product markets ended higher as well, with the heating oil market settling up 3.69 cents at \$3.2559 and the RBOB market settling up 5.75 cents at \$2.5328.

Technical Analysis: Following a long holiday weekend, the oil market will likely retrace some of its gains before it continues to trend higher after the market was able to breach a downward trendline and settled above it during Friday's session. The market will remain supported as the recent inflation data provides some hope about the U.S. economy heading for a soft landing or a mild recession and the reopening in China provides further support to the global economy. The crude market is seen finding resistance at its high of \$79.93, \$81.50, \$81.91, its 50% retracement level off a low of \$70.08 to a high of \$93.74, \$82.74, \$83.34 and \$84.70, its 62% retracement level. Meanwhile, support is seen at \$79.34, \$78.33, its low of \$77.97, \$77.10 and \$74.31.

Fundamental News: China's Commerce Ministry said the country has set the import quota for fuel oil at 16.2 million tons for non-state-owned firms in 2023, unchanged on the year. It said about 165 firms are allowed to import the fuel oil.

According to Reuters calculations, the price of Russia's flagship Urals oil in roubles has hit its lowest level since November 2020, trading around a third lower than the government had assumed in its 2023 budget. The government last year ran a budget deficit of around 3.3 trillion roubles or \$48.7 billion or 2.3% of GDP. The average price of Urals has fallen to 3,233 roubles per barrel in January. That is 32.5% below 4,788 roubles per barrel, or \$70.10/barrel, the price used when Russia's 2023 budget was compiled.

According to trading sources and tracking data, at least four Chinese-owned supertankers are shipping Russian Urals crude to China. Sources said a fifth supertanker was shipping crude to India, which like China has continued buying Russian oil sold at a discount as many Western buyers turn to other suppliers. All five shipments were scheduled between December 22nd and January 23rd.

U.S. energy firms added oil and natural gas in the week ending January 13th, the first time in three weeks. Baker Hughes said the oil and gas rig count increased by 3 on the week to 775. U.S. oil rigs increased by five to 623 this week, the largest build since November, while gas rigs fell by two to 150, the lowest level since May.

IIR Energy said U.S. oil refiners are expected to shut in about 830,000 bpd of capacity in the week ending January 13th, increasing available refining capacity by 132,000 bpd. Offline capacity is expected to increase to 1,213,000 bpd in the week ending January 20th and then to 1,114,000 bpd in the week ending January 27th.

Early Market Call - as of 8:15 AM EDT

WTI - February \$79.32, down 54 cents

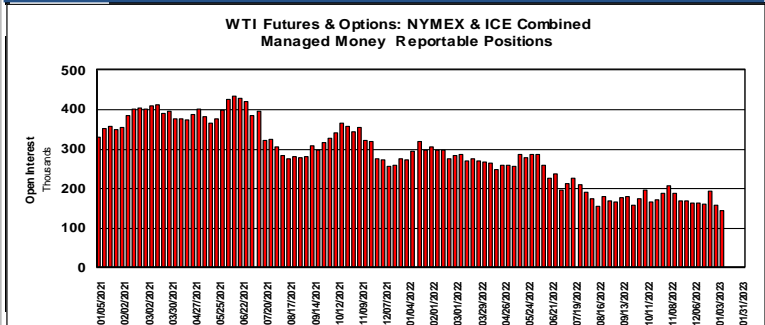
RBOB - February \$2.5246, down 82 points

HO - February \$3.2645, up 86 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	3.2559	0.0369	0.2514
Mar-23	3.1649	0.0451	0.2435
Apr-23	3.0287	0.0449	0.215
May-23	2.9377	0.042	0.1949
Jun-23	2.8824	0.0382	0.1773
Jul-23	2.8543	0.0354	0.1633
Aug-23	2.8363	0.0339	0.1545
Sep-23	2.8267	0.0331	0.1499
Oct-23	2.8164	0.0324	0.145
Nov-23	2.8041	0.0314	0.1409
Dec-23	2.7897	0.03	0.137
Jan-24	2.7782	0.0291	0.1347
Feb-24	2.7653	0.0279	0.1325
Mar-24	2.746	0.0273	0.1322
Apr-24	2.7196	0.0272	0.1326
May-24	2.7014	0.0271	0.1316
Jun-24	2.6888	0.0252	0.1281

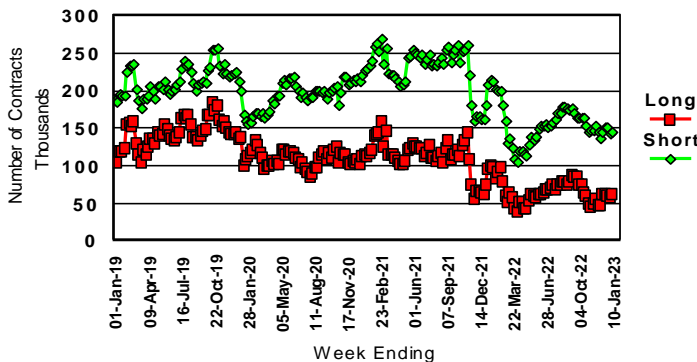
Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$5.17	\$80.1100	\$1.4600
Crude - Brent		\$85.2800	\$1.2500
Natural Gas		\$3.4190	-\$0.2760
Gasoline		\$2.5328	\$0.0575



Commitment of Trader Report for the Week Ending January 10, 2023

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

