

Market Commentary

Recap: The oil market rallied higher as concerns over the impact of sanctions on Russian crude output outweighed a large unexpected build in crude stocks. The market was supported by reports indicating that G7 countries could soon target Russian refined products with sanctions in addition to crude sanctions, which could raise the risk of a more meaningful decline in Russian supply to global markets. The oil market posted a low of \$74.31 in overnight trading and never looked back. The market rallied to a high of \$77.84 by mid-day as it shrugged off a bearish weekly EIA report, which showed a 19 million barrel build in crude stocks. Market players wrote off the massive build as mostly weather-related rather than driven by fundamentals, as the refineries continue their slow return from late December's winter storm that swept across the country. The market later erased some of its sharp gains during the remainder of the session. The February WTI contract settled up \$2.29 at \$77.41, the highest level since December 30th while the March Brent contract settled up \$2.57 at \$82.67. WTI was up for a fifth consecutive day for the first time since October 2022 and Brent was up for a third consecutive session for the first time since December 2022. The product markets ended sharply higher, the heating oil market settling up 8.22 cents at \$3.2179 and the RBOB market settling up 10.68 cents at \$2.4345.

Technical Analysis: On Thursday, the oil market will likely retrace some of its sharp gains before it continues to trend higher. The oil market is seen finding support at its lows of \$74.31, \$73.84, \$73.47, \$73.24 and \$72.46. However, resistance is seen at its high of \$77.84, \$78.05, its 62% retracement level off a low of \$72.46 and a high of \$81.50. Further upside is seen at \$81.50, \$82.75 and \$83.27.

Fundamental News: The EIA reported that U.S. crude oil stocks built by 19 million barrels to 439.6 million barrels in the week ending January 6th as refiners were slow to restore production after a cold freeze that shut operations. It was the largest gain since February 2021. Crude stocks in the Gulf Coast increased by 15.6 million barrels, the most since February 2021, to 249.5 million barrels. U.S. crude oil stocks at Cushing, Oklahoma increased by 2.51 million barrels, the most since December 2021, to 27.8 million barrels. Meanwhile, U.S. distillate stocks fell by 1.1 million barrels to 117.7 million barrels in the week ending January 6th. U.S. East Coast distillate stocks increased by 500,000 barrels to 34.3 million barrels, the most since January 2022.

European seaborne diesel imports are expected to reach 5.99 million tons so far in January compared with the record revised 8.2 million tons in December. Russian exports to Europe in January are estimated at 2.24 million tons so far after reaching 3.49 million tons in December.

The Kremlin said it had not yet seen any cases of price caps on Russian oil imposed by the West last month. Kremlin spokesman, Dmitry Peskov, said "As far as the losses are concerned, no one has especially seen the caps yet." The Kremlin's spokesman also said that Russia would do everything to protect itself from plans by the Group of Seven leading economies to impose two sets of price caps on Russian oil products. Russian Deputy Prime Minister, Alexander Novak, said Russian oil producers have had no difficulties in securing export deals despite Western sanctions and price caps. He said the main problem for Russian oil was a high discount to international benchmarks as well as rising freight costs.

IIR Energy reported that U.S. oil refiners are expected to shut in about 407,000 bpd of capacity in the week ending January 13th, increasing available refining capacity by 132,000 bpd. Offline capacity is expected to rise to 796,000 bpd in the week ending January 20th.

Early Market Call - as of 8:20 AM EDT

WTI - February \$78.32, up 91 cents

RBOB - February \$2.4640, up 2.95 cents

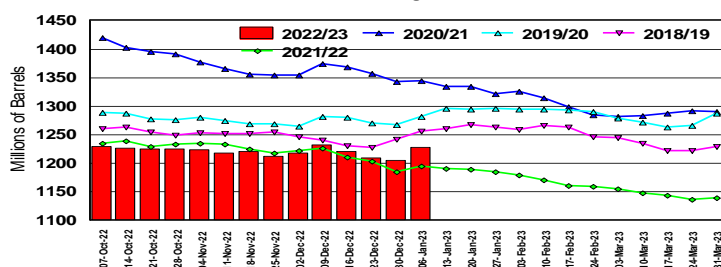
HO - February \$3.2070, down 1.09 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-23	3.2179	0.0822	0.246
Mar-23	3.0962	0.0835	0.2044
Apr-23	2.9543	0.0765	0.1578
May-23	2.8637	0.0695	0.1293
Jun-23	2.8141	0.0642	0.1129
Jul-23	2.7913	0.0592	0.1007
Aug-23	2.7759	0.0546	0.0918
Sep-23	2.7667	0.0502	0.087
Oct-23	2.7568	0.0458	0.0831
Nov-23	2.7453	0.0425	0.081
Dec-23	2.7319	0.0395	0.0792
Jan-24	2.7222	0.0383	0.0796
Feb-24	2.7116	0.0375	0.0807
Mar-24	2.6932	0.0364	0.0829
Apr-24	2.6669	0.0359	0.0844
May-24	2.6491	0.0354	0.0843
Jun-24	2.6391	0.0344	0.0858

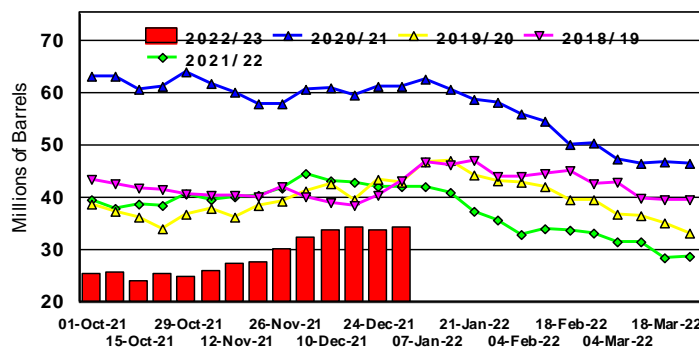
Sprague HeatCurve October 2023-April 2024			\$2.7177
		Close	Change
Crude - WTI	Mar Brent-	\$77.6800	\$2.3100
Crude - Brent	WTI Spread	\$82.6700	\$2.5700
Natural Gas	\$4.99	\$3.6710	\$0.0320
Gasoline		\$2.4345	\$0.1068

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending January 6, 2023

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 19 million barrels

Cushing, OK Crude Stocks Up 2.51 million barrels

Gasoline Stocks Up 4.1 million barrels

Distillate Stocks Down 1.1 million barrels

Refinery % Operated 84.1%, up 4.5%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Jan 6, 2023	Week Ending Dec 30, 2022	Week Ending Jan 7, 2022
New England	4.2	3.3	6.7
Central Atlantic	17.1	17.0	21.3
Total PADD #1	34.3	33.8	41.9
Distillate Imports (thousands b/d)	178	107	207