

Market Commentary

Recap: The oil market on Thursday continued to trade within Monday's trading range for the third consecutive session as it retraced Wednesday's losses on escalating tensions in the Middle East. The market was well supported by news that Iran seized a tanker off the coast of Oman that was transporting Iraqi crude destined for Turkey in retaliation for the confiscation last year of the same vessel and its oil by the U.S. The seizure of the tanker coincides with attacks by Yemen's Houthi militants targeting Red Sea shipping routes. The U.S. and Britain stated that they would take further measures if the attacks continued. The crude market posted a low of \$71.31 in overnight trading before it bounced off that level and rallied over \$2.40 to a high of \$73.81 by mid-day. The market later erased some of its gains during the remainder of the session. The market gave up some of its gains on an unexpected increase in U.S. inflation. The February WTI contract settled up 65 cents at \$72.02 and the March Brent contract settled up 61 cents at \$77.41. The product markets ended the session higher, with the heating oil market settling up 7.32 cents at \$2.6738 and the RB market settling up 4.7 cents at \$2.1143.

Technical Analysis: The crude oil market on Friday is still seen remaining in its sideways trading range as it failed to breach Monday's trading range as the market weighs concerns over demand against the continuing escalation of the tension in the Middle East, with Iran seizing a tanker in the latest incident impacting tankers in the region. It will remain driven by the latest headlines. The market is seen finding resistance at its highs of \$73.81, \$73.95, \$74.24 followed by \$74.40, \$75.66 and \$76.18. Support is seen at its lows of \$71.17, \$71.01, \$70.47 and \$70.13. More distant support is seen at \$69.28, \$67.98 and \$63.52.

Fundamental News: Wood Mackenzie said global oil demand is expected to increase by almost 2 million barrels a day in 2024, with China accounting for more than 25% of the increase. It projected total oil demand of 103.5 million bpd for this year. The consultancy said oil supply is expected to lag demand growth as OPEC+ supply cuts slow production growth across 2024, although it said it could move into oversupply without output restraint, especially if demand growth is lower than expectations.

Barclays lowered its 2024 Brent price forecast by \$8/barrel to \$85/barrel. It said despite the extension of the voluntary OPEC+ reductions through the first quarter of 2024, its 2024 balance estimate is mostly unchanged. The bank maintained its forecast of 300,000 bpd oil growth in 2024.

According to a British maritime security firm and the United Kingdom Maritime Trade Operations Authority, an oil tanker involved in a dispute between the U.S. and Iran was boarded by armed individuals east of Oman and appeared to be changing course towards Iranian waters. The security firm Ambrey said the Marshall Islands-flagged tanker's AIS tracking system was turned off as it headed in the direction of the Iranian port of Bandar e-Jask at the time it made the report. Tracking data from LSEG showed that the ship, which loaded in the Iraqi port of Basra, was heading to Aliaga in western Turkey.

Source stated that Chinese refiners asked for less Saudi crude oil for February, even as the world's top oil exporter conducted its biggest price cut in 13 months. About 38.5 million barrels were nominated by Chinese refiners for February-loading, down slightly from about 40 million barrels for January. A trader said "The price cut came too late. Refineries had set plans for oil purchase and production before Saudi revealed the OSPs." Saudi Aramco has notified at least five North Asian buyers that it will supply full contractual volumes in February.

Early Market Call - as of 8:35 AM EDT

WTI - February \$74.40, up \$2.36
 RBOB - February \$2.1756, up 6.13 cents
 HO - February \$2.7571, up 8.33 cents

All NYMEX | Prior Settlements

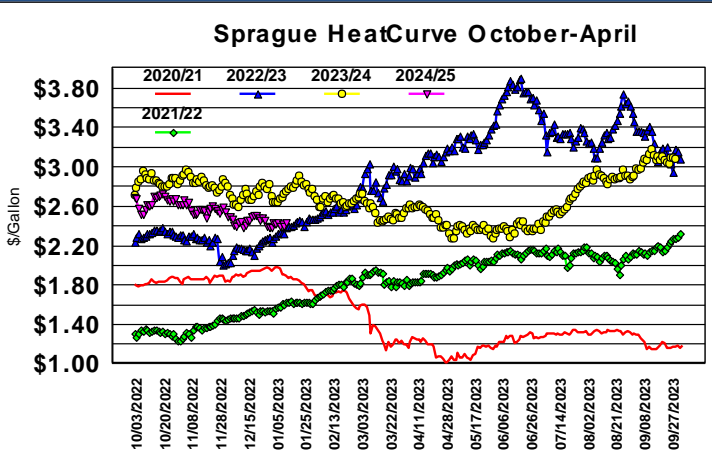
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6738	0.0732	0.0854
Mar-24	2.6144	0.0606	0.0609
Apr-24	2.5471	0.0524	0.0443
May-24	2.4985	0.0468	0.0340
Jun-24	2.4629	0.0415	0.0250
Jul-24	2.4493	0.0379	0.0206
Aug-24	2.4434	0.0358	0.0184
Sep-24	2.4454	0.0349	0.0167
Oct-24	2.4479	0.0341	0.0157
Nov-24	2.4443	0.0331	0.0146
Dec-24	2.4357	0.0320	0.0132
Jan-25	2.4276	0.0314	0.0117
Feb-25	2.4174	0.0304	0.0096
Mar-25	2.4034	0.0292	0.0072
Apr-25	2.3842	0.0280	0.0057
May-25	2.3708	0.0267	0.0049
Jun-25	2.3600	0.0266	0.0050

Sprague HeatCurve October 2024-April 2025			\$2.4229
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.32	\$72.0900	\$0.6500
Crude - Brent		\$77.4100	\$0.6100
Natural Gas		\$3.0970	\$0.0580
Gasoline		\$2.1143	\$0.0470

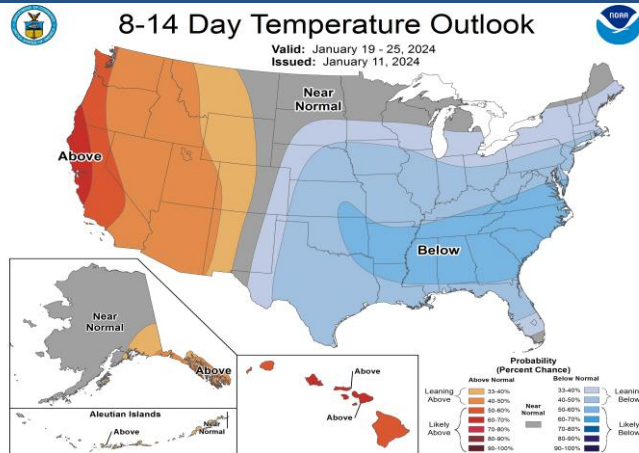
EIA Working Gas Storage Report

	05-Jan-24	29-Dec-23	Change	05-Jan-23
East	757	799	-42	699
Midwest	924	968	-44	825
Mountain	220	228	-8	154
Pacific	275	280	-5	161
South Central	1160	1201	-41	1,063
Salt	332	344	-12	291
Nonsalt	828	857	-29	772
Total	3336	3476	-140	2,900

Sprague HeatCurve October-April



8-14 Day Weather Outlook



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