

## Market Commentary

**Recap:** Oil futures ended lower on Wednesday, with optimism over the demand outlook stemming from China's continued relaxation of COVID-19 curbs offset by a surge in cases of the disease. A somewhat firmer dollar also lent pressure to this market. Earlier this month, China moved to ease domestic COVID restrictions, triggering a massive wave of infections across the country, which had been nearly virus-free for much of the pandemic due to rigid control measures. February WTI delivery lost 57 cents per barrel, or 0.72% to \$78.96, while Brent Crude for February delivery lost \$1.07 per barrel, or 1.27% to \$83.26. RBOB Gasoline for January delivery gained 0.27 cent per gallon, or 0.11% to \$2.3629. ULSD for January delivery gained 2.41 cents per gallon, or 0.72% to \$3.3778.

**Market Analysis:** There is nothing really new to report in the oil markets for Wednesday's session. With the year coming to an end, we expect the market to lack volume and for WTI to remain within the \$70 to \$85 range. Once again, the 50-day to provide an area of resistance, with moves above this average leading to a rung toward \$83, with pushes above this level opening up the opportunity for a run at \$85. On the downside, the 10-day moving average will provide support, with breaks above this technical indicator allowing for a push toward \$75.

**Fundamental News:** IIR Energy reported that U.S. oil refiners are expected to shut in about 1,314,000 bpd of capacity in the week ending December 30th, cutting available refining capacity by 763,000 bpd. Offline capacity is expected to fall to 27,000 bpd in the week ending January 6<sup>th</sup>.

On Tuesday, U.S. oil refiners were working to resume operations at a dozen facilities knocked offline by a deep freeze over the holiday weekend, a recovery that in some cases will stretch into January. An Arctic blast sent temperatures well below freezing and led to power, instrumentation and steam losses at facilities along the U.S. Gulf Coast. The affected plants process about 3.58 million bpd of oil, delivering about 20% of U.S. motor fuels. Most of the affected plants suffered minor damage. Two Houston-area plants, Motiva Enterprises' Port Arthur and Petroleos Mexicanos' Deer Park complexes, have restarts that will take them into the first or second week of January. Over the weekend, TotalEnergies began working to regain a steam and power co-generation unit critical to sustaining operations at its Port Arthur plant. Exxon Mobil was close to returning its Beaumont, Texas, plant to full operation on Tuesday. LyondellBasell Industries was in the early stages of resuming production at its Houston refinery. It plans to complete the restart of its 263,776 bpd Houston refinery by the end of the week. Marathon Petroleum, which operates the second largest Gulf Coast facility after Motiva, aims to get production back by week's end. Valero Energy was in the process of restarting its Port Arthur plant over the weekend.

Phillips 66 reported a unit upset and flaring at its 356,000 bpd Wood River, Illinois refinery on December 24<sup>th</sup>. Separately, Phillips 66 reported emissions at its 149,000 bpd Borger, Texas refinery. A leak was discovered on piping from unit 40 to unit 26.

Flint Hills reported flaring due to planned maintenance activities at its Corpus Christi, Texas West plant.

Chevron Corp reported a flaring event due to an equipment issue at its 245,271 bpd Richmond, California refinery.

**Early Market Call - as of 8:25 AM EDT**  
WTI - February \$78.06, down 89 cents  
RBOB - January \$2.3479, down 1.5 cents  
HO - January \$3.2659, down 11.19 cents

## All NYMEX | Prior Settlements

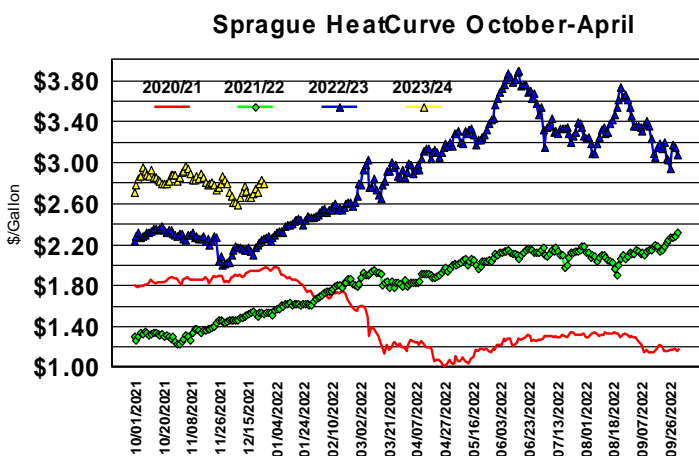
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	\$3.3778	\$0.0241	\$0.2383
Feb-23	\$3.2999	-\$0.0132	\$0.1911
Mar-23	\$3.1815	-\$0.0274	\$0.1479
Apr-23	\$3.0560	-\$0.0372	\$0.1149
May-23	\$2.9702	-\$0.0404	\$0.0933
Jun-23	\$2.9178	-\$0.0378	\$0.0807
Jul-23	\$2.8915	-\$0.0360	\$0.0737
Aug-23	\$2.8734	-\$0.0361	\$0.0683
Sep-23	\$2.8613	-\$0.0367	\$0.0627
Oct-23	\$2.8472	-\$0.0376	\$0.0569
Nov-23	\$2.8305	-\$0.0384	\$0.0515
Dec-23	\$2.8133	-\$0.0385	\$0.0476
Jan-24	\$2.7999	-\$0.0383	\$0.0458
Feb-24	\$2.7853	-\$0.0383	\$0.0443
Mar-24	\$2.7639	-\$0.0383	\$0.0422
Apr-24	\$2.7367	-\$0.0383	\$0.0408
May-24	\$2.7203	-\$0.0383	\$0.0371

Sprague HeatCurve October 2023-April 2024			\$2.7953
		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$4.30	\$78.9600	-\$0.5700
Crude - Brent		\$83.2600	-\$1.0700
Natural Gas		\$4.7090	-\$0.5730
Gasoline		\$2.3629	\$0.0027

## API Report for the Week Ending December 23, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 1.3 million barrels	Down 1.6 million barrels
Gasoline Stocks	Up 0.5 million barrels	Up 100,000 barrels
Distillate Stocks	Up 0.5 million barrels	Down 2.1 million barrels
Refinery Runs		Down 1.8% at 89.1%

## Sprague HeatCurve October-April



## WTI Continuation



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