

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices crashed early on Wednesday, with Brent crude falling below the \$80 a barrel mark again, as concerns about immediate global oil demand intensified with soaring COVID cases in China and slowing economies globally. On Wednesday, oil prices continued the Tuesday rout when both benchmarks dipped by 4% and Brent plummeted the most in one day in more than three months. The recent sell-off in oil was the result of gloomy economic expectations from the International Monetary Fund (IMF) regarding the state of the Chinese and global economy in the early weeks of 2023, and a strong U.S. dollar. WTI for February delivery lost \$4.09 per barrel, or 5.32% to \$72.84 today, largest one day dollar and percentage decline since Friday, Sept. 23, 2022. Brent Crude for March delivery lost \$4.26 per barrel, or 5.19% to \$77.84 today also largest one day dollar decline since Friday, Sept. 23, 2022. RBOB Gasoline for February delivery lost 10.20 cents per gallon, or 4.32% to \$2.2592, while ULSD for February delivery lost 11.46 cents per gallon, or 3.71% to \$2.9719.

Market Analysis: Short-term demand continues to be the main focus, as is evident in the front to nearby spread for WTI. This spread has worked its way back into a contango market condition, whereby the forward price is higher than the spot price for crude oil. The most pressing catalyst for the direction of this market will be the EIA inventory numbers which are due out Thursday morning. Behind this report is the health of the global economy which, if it continues to slow down, worries about demand for crude oil will mount. This market has recently come up to test the 50-day moving average, only to retreat. That being said, we expect to see quite a bit of seller up around this technical indicator. On the downside, we would look for a run toward \$70.

Fundamental News: Platts is reporting that according to trade sources Chevron is scheduled to load 2.2 million barrels of Venezuelan crude for export to the United States in January. Chevron has not lifted crude oil from Venezuela since January 2019.

Diesel imports into Europe from Asia, the Middle East, Russia and the U.S. are so far set to reach 3.78 million tons in January compared with a record 8.28 million tons in December. Exports from Russia remain strong so far in January at 1.35 million tons compared with December's level of 3.51 million tons. Meanwhile, gasoline exports from Europe to the U.S. have reached about 365,000 tons so far in January compared with a total of 746,000 tons in December.

According to Reuters, OPEC oil output increased in December led by a recovery in Nigerian supply from outages, despite an agreement by the wider OPEC+ alliance to cut production to support the market. OPEC produced a total of 29.004 million bpd in December, up 123,000 bpd from November. In November, OPEC called for a 2 million bpd cut in the OPEC+ output target, of which about 1.27 million bpd was meant to come from the 10 participating OPEC countries. The same target applied in December. With the rebound in Nigerian output in December, compliance with the agreement weakened slightly to 161% of pledged cuts from 163% in November. The 10 OPEC members required to cut production produced 24.634 million bpd in December, up 143,000 bpd on the month and 780,000 bpd below the group's December target. The shortfall in November was 800,000 bpd.

North Dakota's Department of Mineral Resources said Tuesday oil production in the state has rebounded to 960,000 b/d-1.01 million b/d, as crews work to restore the state's oil production which was disrupted following the December blizzard and arctic outbreak. That would equate to 90% of the state's daily production at the start of December. Some 40% of the state's production at one point had been shut in.

IIR Energy reported that U.S. oil refiners are expected to shut in about 319,000 bpd of capacity in the week ending January 6th, increasing available refining capacity by 1,707,000 bpd.

Early Market Call - as of 8:25 AM EDT

WTI - February \$74.29, up \$1.45

RBOB - February \$2.2990, up 3.98 cents

HO - February \$3.0457, up 7.29 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-23	\$2.9719	-\$0.1146	-\$0.3280
Feb-23	\$2.8918	-\$0.1064	-\$0.2897
Mar-23	\$2.7965	-\$0.1007	-\$0.2595
Apr-23	\$2.7344	-\$0.0944	-\$0.2358
May-23	\$2.7012	-\$0.0889	-\$0.2166
Jun-23	\$2.6906	-\$0.0839	-\$0.2009
Jul-23	\$2.6841	-\$0.0784	-\$0.1893
Aug-23	\$2.6797	-\$0.0732	-\$0.1816
Sep-23	\$2.6737	-\$0.0682	-\$0.1735
Oct-23	\$2.6643	-\$0.0644	-\$0.1662
Nov-23	\$2.6527	-\$0.0620	-\$0.1606
Dec-23	\$2.6426	-\$0.0592	-\$0.1573
Jan-24	\$2.6309	-\$0.0571	-\$0.1544
Feb-24	\$2.6103	-\$0.0572	-\$0.1536
Mar-24	\$2.5825	-\$0.0564	-\$0.1542
Apr-24	\$2.5648	-\$0.0539	-\$0.1555
May-24	\$2.5533	-\$0.0516	-\$0.1575

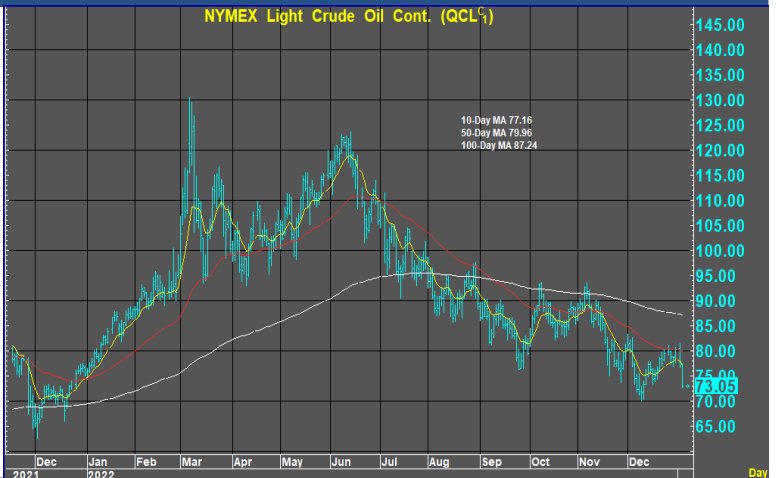
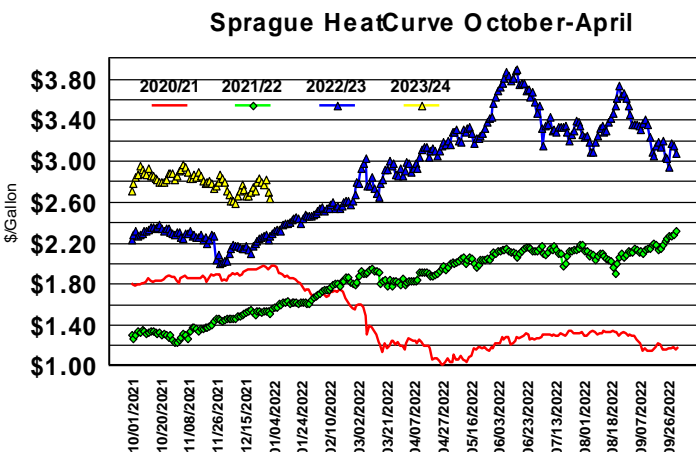
Sprague HeatCurve October 2023-April 2024			\$2.6366
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$4.74	\$73.1000	-\$4.0200
Crude - Brent		\$77.8400	-\$4.2600
Natural Gas		\$4.1720	\$0.1840
Gasoline		\$2.2592	-\$0.1020

API Report for the Week Ending December 30, 2022

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.3 million barrels	Down 1.6 million barrels
Gasoline Stocks	Up 1.2 million barrels	Up 100,000 barrels
Distillate Stocks	Down 2.4 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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