

## Market Commentary

**Recap:** Oil prices on Tuesday reversed some of the losses seen during Monday's shortened trading session in observance of the Martin Luther King, Jr. holiday, as the market weighed concerns over attacks on tanker ships in the Red Sea against concerns that energy demand will weaken. The market was supported amid reports of new attacks on Western targets off the coast of Yemen on Monday and Tuesday and the Iran-backed Houthi rebels vowing to widen the scope of targets to include U.S. ships. The recent attacks in the Red Sea have increased fears of a broader regional conflict in the Middle East. Tensions in the region also continued to intensify as Iran said it launched ballistic missiles at targets in Iraq and Syria in defense of its sovereignty and to counter terrorism. The market posted a low of \$71.23 during Monday's shortened session before it retraced its previous losses and posted a high of \$73.56 early Tuesday morning. The market gave up some of its gains, amid the strength in the dollar and lower expectations that the Federal Reserve could start cutting interest rates as soon as March, and settled in a sideways trading range during the remainder of the session. The February WTI contract settled down 28 cents at \$72.40, while the March Brent contract settled up 14 cents at \$78.29. The product markets ended the session mixed, with the heating oil market settling down 87 points at \$2.6606 and the RB market settling up 16 points at \$2.1219.

**Technical Analysis:** The crude market will continue to trade within its recent trading range from about \$69.00-\$76.00 as it weighs the escalating tensions in the Middle East against the concerns over the economy and its impact on demand. The market's gains will be limited as oil production has not been directly affected by the tensions in the Middle East. The oil market is seen finding support at its low of \$71.23, \$71.17, \$71.01, \$70.47, \$70.13 and \$69.28. Meanwhile, resistance is seen at its high of \$73.56, \$73.95, \$75.25, \$75.66, \$76.18 and \$76.81.

**Fundamental News:** Late Sunday, the U.S. military said that its fighter aircraft shot down an anti-ship cruise missile fired by the militants toward a U.S. destroyer.

The chief negotiator for Yemen's Houthis, Mohammed Abdulsalam, said that the group's position has not changed since U.S.-led air strikes on Yemen and warned attacks on ships headed to Israel will continue. Separately, Nasruldeen Amer, a spokesperson for Yemen's Houthis said the Houthi movement will expand its targets to include U.S. ships. He also said British and American ships had become "legitimate targets" due to the strikes launched by the two countries on Yemen last week.

At least six more oil tankers were steering clear of the southern Red Sea on Monday, as disruptions on the route for energy shipping increase in the wake of U.S.-led strikes against Houthi targets in Yemen. Reuters counted six tankers have altered their course since the strikes on Monday, making a total of at least fifteen vessels to do so since the start of the strikes.

British Maritime Security firm Ambrey said a Marshall Islands-flagged, U.S.-owned bulk carrier was reportedly struck by a missile while transiting near Yemen's Aden. The United Kingdom Maritime Trade Operations agency said that a vessel was hit from above by a missile 95 nautical miles southeast of Aden, without identifying the vessel.

The Wall Street Journal reported that Shell suspended all shipments through the Red Sea indefinitely after U.S. and U.K. strikes on Yemen's Houthi rebels triggered fears of further escalation.

IIR Energy reported that U.S. oil refiners are expected to shut in 1 million bpd of capacity in the week ending January 19<sup>th</sup>, cutting available refining capacity by 532,000 bpd. Offline capacity is expected to increase to 1.3 million bpd in the week ending January 26<sup>th</sup>.

**Early Market Call - as of 8:25 AM EDT**

WTI - February \$70.71, down \$1.69

RBOB - February \$2.0895, down 3.31 cents

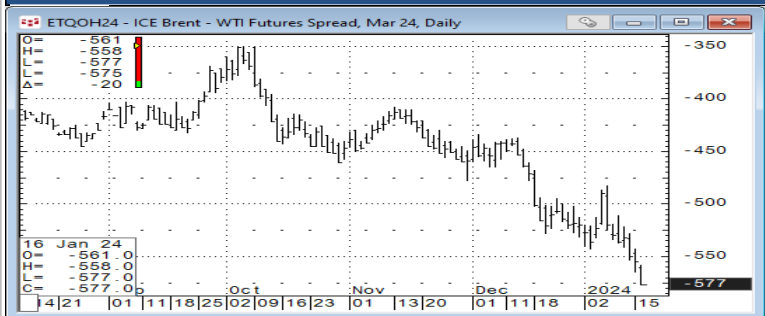
HO - February \$2.6246, down 3.6 cents

## All NYMEX | Prior Settlements

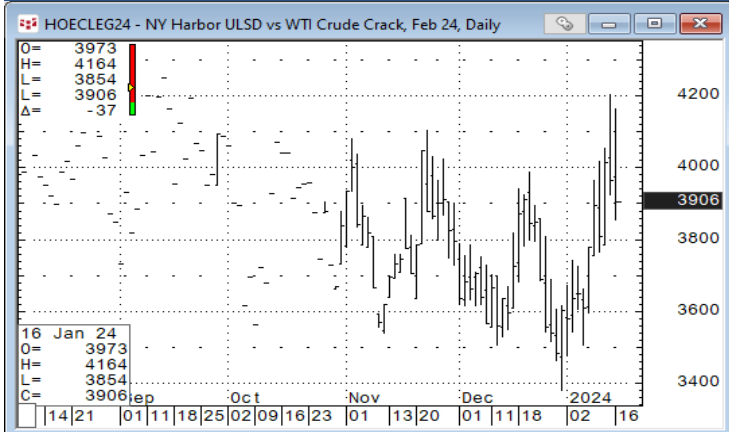
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-24	2.6606	-0.0087	0.0102
Mar-24	2.6131	-0.0024	0.0127
Apr-24	2.5534	-0.0010	0.0160
May-24	2.5072	-0.0020	0.0174
Jun-24	2.4702	-0.0044	0.0155
Jul-24	2.4543	-0.0068	0.0123
Aug-24	2.4463	-0.0081	0.0102
Sep-24	2.4467	-0.0088	0.0094
Oct-24	2.4492	-0.0093	0.0095
Nov-24	2.4464	-0.0100	0.0102
Dec-24	2.4385	-0.0109	0.0109
Jan-25	2.4307	-0.0116	0.0110
Feb-25	2.4208	-0.0123	0.0110
Mar-25	2.4061	-0.0136	0.0092
Apr-25	2.3861	-0.0148	0.0067
May-25	2.3731	-0.0153	0.0057
Jun-25	2.3621	-0.0167	0.0054

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Mar Brent-	\$72.5200	-\$0.2700
Crude - Brent	WTI Spread	\$78.2900	\$0.1400
Natural Gas	\$5.77	\$2.9000	-\$0.4130
Gasoline		\$2.1219	\$0.0016

### ICE March Brent-WTI Spread



## February Heating Oil Crack Spread



## February RBOB Crack Spread

