



MarketWatch | Refined Products

Monday, February 5, 2024

Market Commentary

Recap: The oil market extended its losses to over 2.7% on Friday morning as it traded as strong U.S. jobs data diminished the odds of interest rate cuts in the short term. The market ended down 2.09% on the day and down 7.35% on the week. The market also remained pressured following unsubstantiated reports of a ceasefire between Israel and Hamas limited gains and caused the market to settle more than 2% lower on Thursday. The crude market posted a high of \$74.52 in overnight trading before it continued on its downward trend. It sold off more than \$2 as it posted a low of \$71.79 by mid-morning. The market later bounced off its low and traded in a sideways trading range during the remainder of the session. The March WTI contract settled down \$1.54 at \$72.28 and the April Brent contract settled down \$1.37 at \$77.33. The product markets ended the session lower, with the heating oil market settling down 5.29 cents at \$2.66 and the RB market settling down 4.73 cents at \$2.1475.

Technical Analysis: The crude market will remain headline driven following the reports of a possible ceasefire between Israel and Hamas. Mediators are awaiting a response from Hamas to a proposal drafted last week with Israeli and U.S. spy chiefs and passed on by Egypt and Qatar for the war's first extended ceasefire. A ceasefire could ease political risk looming over Gulf and Red Sea shipping lanes. The oil market is seen finding support at its low of \$71.79, \$70.62, \$70.25 and \$69.56. Meanwhile, resistance is seen at \$74.52, \$75.90, \$76.95, \$77.50, \$78.11-\$78.14 and \$79.29.

Fundamental News: Iran's President, Ebrahim Raisi, said that his country would not start a war but that it would "respond strongly" to anyone who tried to bully it. His comments came after days of speculation about how the U.S. might retaliate after three U.S. soldiers were killed last Saturday in a strike on their base in Jordan by an Iranian-backed group. On Thursday, CBS News, citing U.S. officials, reported that the United States had approved plans for multi-day strikes in Iraq and Syria against multiple targets, including Iranian personnel and facilities in those countries. The United States has assessed that the drone that killed three of its soldiers and also wounded more than 40 other people, was made by Iran. Sources said Iran's elite Revolutionary Guards were pulling senior officers out of Syria.

Baker Hughes reported that U.S. energy firms in the week ending February 2nd cut the number of oil and natural gas rigs operating for the first time in three weeks. The oil and gas rig count fell by two to 619 on the week. Baker Hughes said U.S. oil rigs held steady at 499 this week, while gas rigs fell by two to 117.

IIR Energy said U.S. oil refiners are expected to shut in about 1.9 million bpd of capacity in the week ending February 2nd, increasing available refining capacity by 102,000 bpd. Offline capacity is expected to fall to 1.8 million bpd in the week ending February 9th and then further to 1.1 million bpd in the week ending February 16th.

BP said power was restored to its 435,000 bpd Whiting, Indiana refinery following a power outage that disrupted operations on Thursday afternoon. It said it has not yet set a date for restarting the refinery.

The Canada Energy Regulator Thursday reported crude-by-rail shipments from Alberta and Saskatchewan to refineries in the U.S. and eastern Canada in November reached 167,000 b/d, up 14.5% from October and well above the recent monthly low of just 78,747 b/d shipped last May.

TotalEnergies' 238,000 bpd Port Arthur, Texas refinery began restarting production units on Friday. The plant was shut by a plant-wide power outage on January 16th, when temperatures along the Texas Gulf Coast fell below 20 degrees Fahrenheit.

Early Market Call - as of 8:20 AM EDT

WTI - March \$72.02, down 26 cents

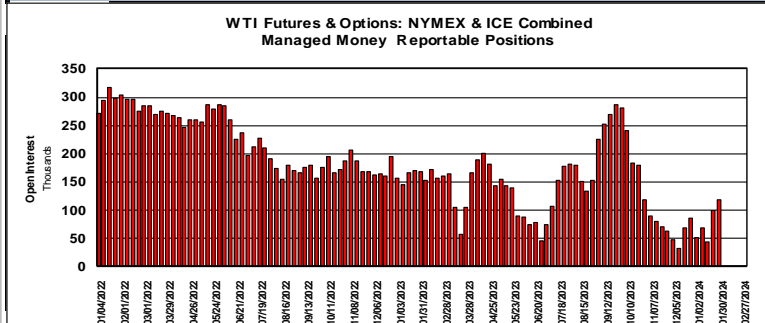
RBOB - March \$2.1529, up 54 cents

HO - March \$2.6799, up 1.99 cents

All NYMEX | Prior Settlements

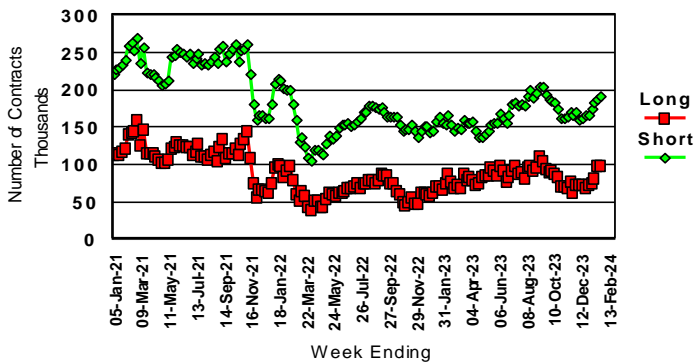
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-24	2.6600	-0.0529	-0.1457
Apr-24	2.6037	-0.0521	-0.1300
May-24	2.5411	-0.0508	-0.1257
Jun-24	2.4940	-0.0469	-0.1154
Jul-24	2.4756	-0.0432	-0.1057
Aug-24	2.4670	-0.0393	-0.1001
Sep-24	2.4683	-0.0362	-0.0965
Oct-24	2.4708	-0.0352	-0.0969
Nov-24	2.4653	-0.0347	-0.0977
Dec-24	2.4512	-0.0347	-0.0992
Jan-25	2.4390	-0.0343	-0.1000
Feb-25	2.4239	-0.0344	-0.1016
Mar-25	2.4033	-0.0344	-0.1040
Apr-25	2.3779	-0.0344	-0.1057
May-25	2.3599	-0.0334	-0.1062
Jun-25	2.3456	-0.0322	-0.1057
Jul-25	2.3358	-0.0314	-0.1053

Sprague HeatCurve October 2024-April 2025		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$5.03	\$72.3000	-\$1.4900
Crude - Brent		\$77.3300	-\$1.3700
Natural Gas		\$2.0790	\$0.0290
Gasoline		\$2.1475	-\$0.0473



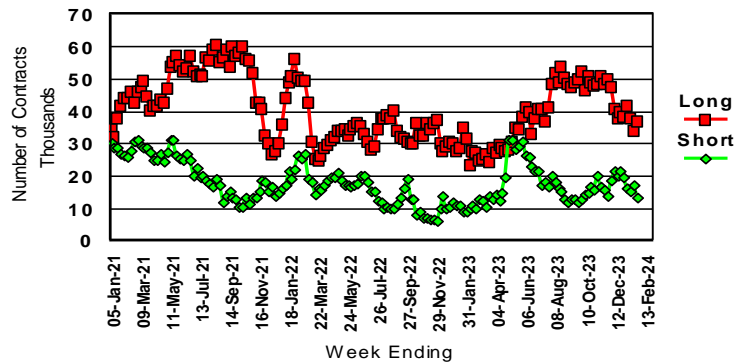
Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.