

Market Commentary

Recap: The oil market started the session lower on news that the U.S. government said it would release more crude from its SPR, while the market looked for U.S. inflation data for further direction. The U.S. Department of Energy announced it would sell 26 million barrels of oil from the SPR, which is already at its lowest level since 1983. The market opened slightly lower and traded mostly sideways after testing its support at the \$79.00 level. However, the market sold off sharply, extending its losses to over \$2.60 as it posted a low of \$77.46 following the release of the CPI data. The inflation report showed that the inflation rate was 6.4% in January. However, the market, which retraced nearly 38% of its move from a low of \$72.25 to a high of \$80.62, bounced off its low and retraced most of its losses as the market continued to digest the data. While the U.S. consumer prices increased in January, the annual increase was the smallest since late 2021, pointing to a slowdown in inflation and likely keeping the Federal Reserve on a moderate interest rate hiking path. The market traded sideways during the remainder of the session, ended the session in negative territory for the first time in three session. The March WTI contract settled down \$1.08 at \$79.06 while the April Brent contract settled down \$1.03 at \$85.58. The product markets ended mixed, with the heating oil market settling up 3.44 cents at \$2.9401 and the RB market settling down 4.26 cents at \$2.4885.

Market Analysis: The oil market will continue to trade sideways as the market awaits the release of the weekly inventory reports, which are expected to show builds across the board once again. The market is seen finding resistance at its highs of \$79.61 and \$80.62. More distant resistance is seen at \$82.48, \$82.51, \$82.62-\$82.66 and \$82.94. Meanwhile, support is seen at \$78.33, its low of \$77.46, \$77.42, its 38% retracement level, \$76.52, \$76.44, its 50% retracement level and \$75.45, its 62% retracement level.

Fundamental News: On Monday, the Biden administration said it is selling 26 million barrels of oil from the Strategic Petroleum Reserve, a release that had been mandated by Congress in previous years. The sale will likely temporarily push the reserve below its current level of about 372 million barrels, the lowest level since 1983. U.S. Energy Department said bids on the oil are due on February 28th and that the oil would be delivered from April 1st to June 30th.

OPEC raised its 2023 forecast for global oil demand growth in its first upward revision in months, citing China's relaxation of COVID-19 restrictions and slightly stronger prospects for the world economy. In its monthly report, OPEC said global oil demand will increase this year by 2.32 million bpd or 2.3%. The forecast was 100,000 bpd higher than last month's forecast. The report also showed that OPEC's crude oil production fell in January after the wider OPEC+ alliance pledged output cuts to support the market. OPEC said its crude oil output in January fell by 49,000 bpd to 28.88 million bpd as declines in Saudi Arabia, Iraq and Iran offset increases elsewhere. OPEC also lowered its forecast for 2023 growth in supply from non-OPEC producers to 1.4 million bpd from 1.5 million bpd last month. OPEC said it expects Russian production to fall by 900,000 bpd this year, down from a decline of 850,000 bpd expected last month. With non-OPEC supply declining and demand growth increasing, OPEC raised its estimate for the amount of crude OPEC needs to produce in 2023 to balance the market by 200,000 bpd to 29.4 million bpd.

U.S. consumer prices increased in January but the annual increase was the smallest since late 2021, pointing to a continued slowdown in inflation and likely keeping the Federal Reserve on a moderate interest rate hiking path. The U.S. Labor Department reported that the Consumer Price Index in January increased 0.5% on the year compared with a 0.1% increase in the previous month due in part to rebounding energy and shelter prices. In the 12 months through January, the CPI increased 6.4%. It was the smallest gain since October 2021 and followed a 6.5% increase in December.

Early Market Call - as of 8:20 AM EDT

WTI - March \$78.28, down 78 cents
 RBOB - March \$2.4650, down 2.35 cents
 HO - March \$2.8855, down 5.98 cents

All NYMEX | Prior Settlements

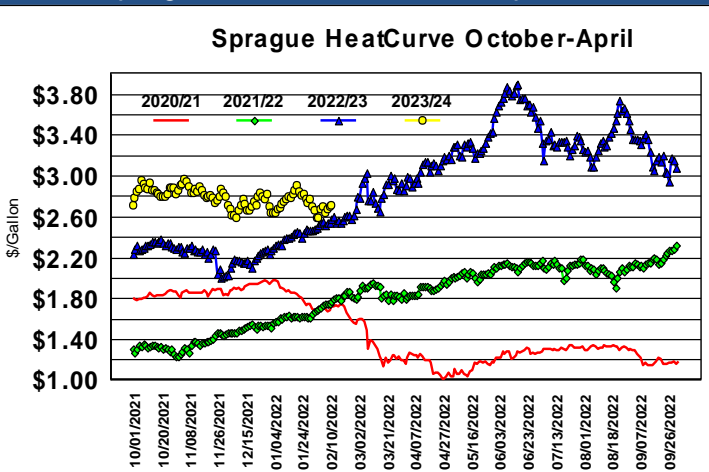
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-23	\$2.9401	\$0.0344	\$0.0357
Apr-23	\$2.9086	\$0.0347	\$0.0586
May-23	\$2.8551	\$0.0345	\$0.0737
Jun-23	\$2.8080	\$0.0246	\$0.0725
Jul-23	\$2.7800	\$0.0167	\$0.0655
Aug-23	\$2.7627	\$0.0122	\$0.0594
Sep-23	\$2.7558	\$0.0105	\$0.0551
Oct-23	\$2.7487	\$0.0096	\$0.0516
Nov-23	\$2.7392	\$0.0093	\$0.0480
Dec-23	\$2.7260	\$0.0089	\$0.0435
Jan-24	\$2.7140	\$0.0080	\$0.0387
Feb-24	\$2.6992	\$0.0064	\$0.0343
Mar-24	\$2.6773	\$0.0049	\$0.0296
Apr-24	\$2.6451	\$0.0029	\$0.0213
May-24	\$2.6247	\$0.0015	\$0.0143
Jun-24	\$2.6086	\$0.0017	\$0.0077
Jul-24	\$2.5990	\$0.0004	\$0.0034

Sprague HeatCurve October 2023-April 2024			\$2.7070
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$6.34	\$79.2400	-\$1.0900
Crude - Brent		\$85.5800	-\$1.0300
Natural Gas		\$2.5670	\$0.1620
Gasoline		\$2.4885	\$0.0426

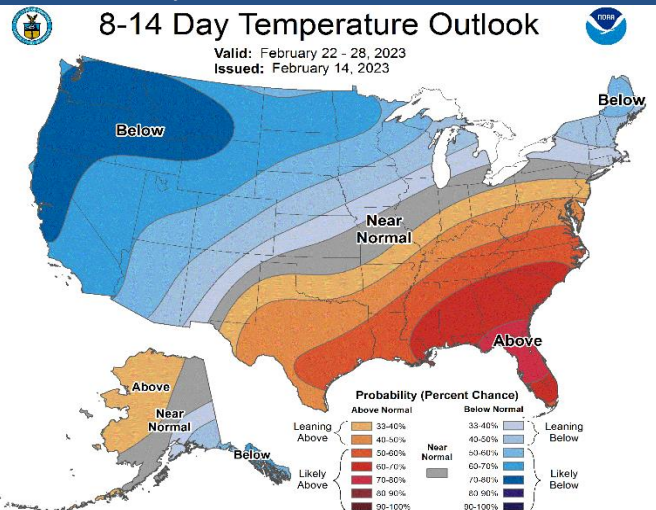
API Report for the Week Ending February 10, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 10.5 million barrels	Up 1.2 million barrels
Gasoline Stocks	Up 846,000 barrels	Up 1.5 million barrels
Distillate Stocks	Up 1.7 million barrels	Up 400,000 barrels
Refinery Runs		Up 0.3% at 88.2%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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