

## Market Commentary

**Recap:** The oil market traded higher on Monday, continuing last week's upward momentum as the market weighed Russia's plans to cut production in March and short-term demand concerns ahead of the release of U.S. inflation data. The oil market opened lower and posted a low of \$78.45 as traders took profits following last week's nearly 9% increase, its first weekly increase in three weeks. Crude prices were lower earlier amid expectations of a potentially weakening crude demand outlook as an inflation report could force the Fed to tighten policy much more aggressively. The market posted a low of \$78.45 in overnight trading before it bounced off that low and traded mostly sideways within Friday's trading range for most of the session. However, the market breached its previous high of \$80.33 in afternoon trading and rallied to a high of \$80.62 ahead of the close. The March WTI contract settled up 42 cents at \$80.14 and the April Brent contract settled up 22 cents at \$86.61. The product markets ended the session in positive territory with the heating oil market settling up 4.11 cents at \$2.9057 and the RB market settling up 2.74 cents at \$2.5311.

**Technical Analysis:** The crude market, which has been mired in a range from \$72.25 to \$82.70, will trade mostly sideways and look for further direction from the Consumer Price Index report on Tuesday morning. A report showing an increase in inflation may trigger renewed concerns over a recession in the U.S. and pressure the market pushing it back to the lower end of its recent trading range. Support is seen at \$78.80, its lows of \$78.45, \$77.47, \$76.52, \$74.35 and \$72.25. Meanwhile, the market is seen finding resistance at its high of \$80.62 followed by \$81.91, \$82.48, \$82.51 and \$82.64-\$82.66. More distant resistance is seen at \$84.70 and \$85.34.

**Fundamental News:** The United Arab Emirates' Energy Minister, Suhail al-Mazrouei, said there is no need for the OPEC+ group of oil producing nations to meet earlier than scheduled, following Russia's announcement at the end of last week it would unilaterally cut output. He said "I do not see a requirement for a meeting. The market is balanced." On Friday, Russia said it will cut its output by 500,000 bpd in March after the West imposed price caps on Russian oil and oil products. An OPEC+ ministerial committee is set to meet in early April with a full ministerial meeting planned for June 4<sup>th</sup>.

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, February 10<sup>th</sup> increased by 226,969 barrels and by 208,893 barrels from Tuesday, February 7<sup>th</sup> to 41,991,181 barrels.

According to data from GasBuddy.com, U.S. gasoline demand increased 1.7% in the latest week to 8.45 million bpd, with it rising every day over the week-ago period. Patrick De Haan, head of petroleum analysis at GasBuddy.com, said demand for the week of February 5<sup>th</sup> was also 3.7% above the four-week moving average. He said "For the first time since June, U.S. gasoline demand was not only up every day over the week ago period but also over the four week average." Gasoline consumption was the highest weekly total since demand was 8.74 million barrels in the week of December 18<sup>th</sup>.

Northwest European gasoline exports to the U.S. are expected to slow to four medium-range tankers this week from six tankers last week. Total Northwest European gasoline exports in February are set to reach 1.15 million tons so far, compared with a revised four-month high of 3.04 million tons in January. Meanwhile, around 4.77 million tons of diesel is already scheduled to arrive into Europe this month, compared with a total of 7.73 million tons in January.

IIR Energy said U.S. oil refiners are expected to shut in about 1,852,000 bpd of capacity in the week ending February 17<sup>th</sup>, cutting available refining capacity by 162,000 bpd. It reported that offline capacity is expected to rise to 1,856,000 bpd in the week ending February 24<sup>th</sup>.

**Early Market Call - as of 9:15 AM EDT**

**WTI - March \$78.08, down \$2.08**

**RBOB - March \$2.4624, down 6.93 cents**

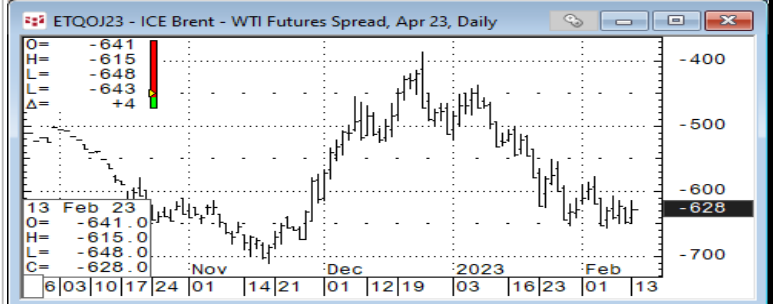
**HO - March \$2.8841, down 2.16 cents**

## All NYMEX | Prior Settlements

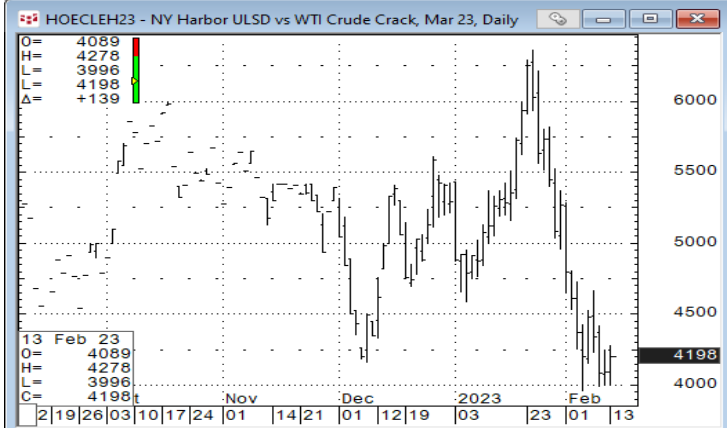
| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Mar-23 | 2.9057    | 0.0411       | 0.137     |
| Apr-23 | 2.8739    | 0.0367       | 0.1524    |
| May-23 | 2.8206    | 0.034        | 0.1506    |
| Jun-23 | 2.7834    | 0.0311       | 0.1497    |
| Jul-23 | 2.7633    | 0.0277       | 0.1425    |
| Aug-23 | 2.7505    | 0.0257       | 0.1352    |
| Sep-23 | 2.7453    | 0.0256       | 0.1309    |
| Oct-23 | 2.7391    | 0.0255       | 0.1273    |
| Nov-23 | 2.7299    | 0.0251       | 0.1231    |
| Dec-23 | 2.7171    | 0.0243       | 0.1182    |
| Jan-24 | 2.706     | 0.023        | 0.1132    |
| Feb-24 | 2.6928    | 0.0222       | 0.1089    |
| Mar-24 | 2.6724    | 0.0222       | 0.1031    |
| Apr-24 | 2.6422    | 0.0212       | 0.0919    |
| May-24 | 2.6232    | 0.0204       | 0.0813    |
| Jun-24 | 2.6069    | 0.0196       | 0.0717    |
| Jul-24 | 2.5986    | 0.019        | 0.0665    |

| Sprague HeatCurve October 2023-April 2024 |                                    |           | \$2.6998  |
|---|------------------------------------|-----------|-----------|
|   |                                    | Close     | Change    |
| Crude - WTI                               | Apr Brent-<br>WTI Spread<br>\$6.28 | \$80.3300 | \$0.4100  |
| Crude - Brent                             |                                    | \$86.6100 | \$0.2200  |
| Natural Gas                               |                                    | \$2.4050  | -\$0.1090 |
| Gasoline                                  |                                    | \$2.5311  | \$0.0274  |

### ICE April Brent-WTI Spread



### March Heating Oil Crack Spread



### March RBOB Crack Spread

