

## Market Commentary

**Recap:** On Monday, the oil market extended last week's gains as the market remained supported by optimism over China's expected economic recovery following its reopening. Data shows an increase in travel in China after COVID-19 curbs were eased, with road traffic congestion in the country's 15 key cities so far this month increasing by 22% from the same period last year. The March contract, on its first day as the spot contract, posted a low of \$81.05 in overnight trading before it breached Friday's high of \$81.64 and it rallied to a high of \$82.64 by mid-morning, a high not seen since December 5<sup>th</sup>. The market later erased some of its gains and settled in a sideways trading range during the remainder of the session. The March WTI contract settled down 2 cents at \$81.62, while the March Brent contract settled up 56 cents at \$88.19. The product markets settled in positive territory, with the heating oil market settling up 8.41 cents at \$3.5509 and the RB market settling up 5.11 cents at \$2.6965.

**Technical Analysis:** The oil market will continue to draw strength from expectations of increasing demand as China's economy reopens as well as expectations that the Federal Reserve will lower its pace of rate hikes. The market will likely continue to trade within its recent trading range from \$78.45 to \$82.66 as its stochastics indicate the market is overbought. The market is seen finding resistance at its highs of \$82.64-\$82.66, \$82.71, \$83.14 and \$84.48, basis a trendline. Meanwhile, support is seen at \$81.05, \$79.91, \$78.66, basis a trendline, and \$78.45.

**Fundamental News:** Goldman Sachs said commodities are set to generate "superior total returns" in 2023 and likely to outperform other asset classes again, driven by a fundamental shift in the global macroeconomic landscape and low inventories. The bank forecast returns of 9.9%, 17.3% and 31.2% on commodities over a three-, six- and 12-month horizon, respectively, on the oil-heavy S&P GSCI Commodity Index. Over a 12-month period, the bank forecast returns of 46.9% from energy, 29.6% from industrial metals and 5.7% from precious metals. It said "Oil markets are not pricing the expected uplift in demand combined with the downturn in Russian production." Goldman Sachs sees Brent crude oil prices averaging \$97.50/barrel in 2023 and WTI averaging \$92/barrel in 2023.

According to Refinitive data, January gasoline exports on the Northwest Europe to U.S. route are at 730,000 tons so far, up from 500,000 tons in December.

IIR Energy said U.S. oil refiners are expected to shut in about 1,435,000 bpd of capacity in the week ending January 27<sup>th</sup>, cutting available refining capacity by 110,000 bpd. Offline capacity is expected to increase to 1,622,000 bpd in the week ending February 3<sup>rd</sup>.

Exxon Mobil Corp reported planned maintenance activities that may result in flaring at its 560,500 bpd Baytown, Texas refinery.

PBF Energy reported that it extinguished a fire at its 190,000 bpd Chalmette, Louisiana, refinery on Saturday.

A 27,000 bpd diesel hydrotreater at PBF Energy's 190,000 bpd Chalmette, Louisiana refinery is expected to be shut for at least a month of repairs following the fire in the unit on Saturday.

Marathon Petroleum Corp reported a planned flaring event at its 363,000 bpd Carson, California refinery from January 24-30th.

**Early Market Call - as of 8:35 AM EDT**

WTI - February \$81.69, up 7 cents

RBOB - February \$2.6765, down 2 cents

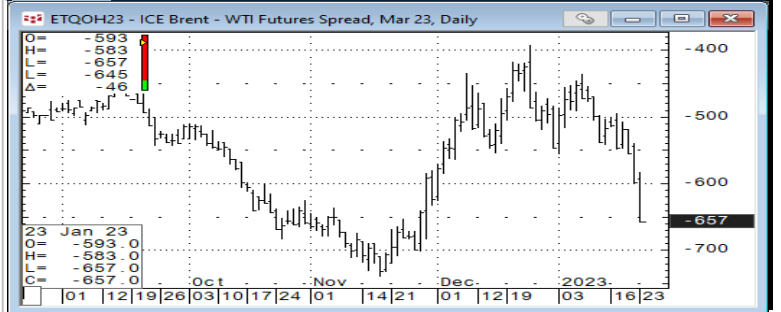
HO - February \$3.5269, down 2.4 cents

## All NYMEX | Prior Settlements

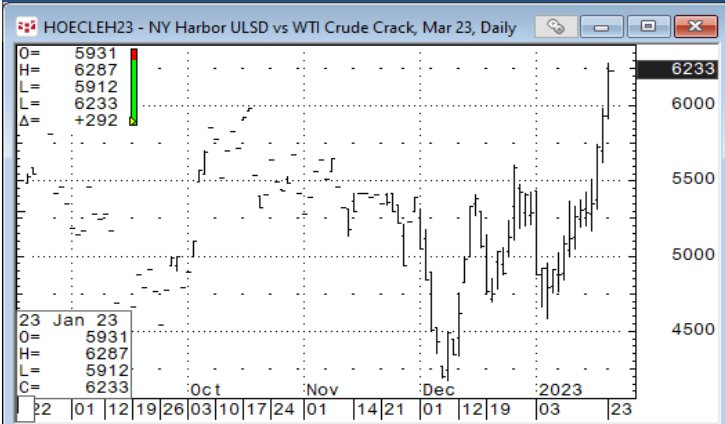
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	3.5509	0.0841	0.2999
Mar-23	3.4374	0.0791	0.2683
Apr-23	3.2595	0.0637	0.2158
May-23	3.1332	0.0546	0.1781
Jun-23	3.0527	0.0492	0.1536
Jul-23	3.0066	0.0464	0.1364
Aug-23	2.9762	0.0451	0.1242
Sep-23	2.9608	0.0448	0.1184
Oct-23	2.9489	0.0449	0.1164
Nov-23	2.936	0.0445	0.1156
Dec-23	2.9211	0.0441	0.1149
Jan-24	2.9069	0.0434	0.1132
Feb-24	2.8891	0.0429	0.1088
Mar-24	2.8631	0.0425	0.1041
Apr-24	2.8274	0.0408	0.0965
May-24	2.801	0.0384	0.0886
Jun-24	2.7783	0.0329	0.0794

Sprague HeatCurve October 2023-April 2024		Close	Change
Crude - WTI	Mar Brent-	\$81.6200	-\$0.0200
Crude - Brent	WTI Spread	\$88.1900	\$0.5600
Natural Gas	\$6.57	\$3.4470	\$0.2730
Gasoline		\$2.6965	\$0.0511

## ICE March Brent-WTI Spread



## March Heating Oil Crack Spread



## Heating Degree Days

### Weekly Oil Home Heating Customer Weighted Basis Heating Degree Days Actual & Forecasted

