

Market Commentary

Recap: The oil market retraced some early losses as it weighed economic news against concerns over the tension in the Middle East. The market traded lower in overnight trading after Federal Reserve Chair Jerome Powell said the central bank may wait to cut interest rates. In an interview that aired on Sunday, the Federal Reserve Chair said Americans may have to wait beyond March for rate cuts as the central bank assesses whether inflation is retreating in a "sustainable way." Also, data showed U.S. services sector growth increased in January, dampening hopes of rate cuts even more. The crude market sold off to a low of \$71.41 by mid-morning before it bounced off that level and retraced its losses. The market posted a high of \$73.28 ahead of the close as progress on ceasefire negotiations between Israel and Hamas appeared elusive, indicating that tensions in the region were set to continue. The March WTI contract settled up 50 cents at \$72.78 and the March Brent contract settled up 66 cents at \$77.99. The product markets ended the session higher, with the heating oil market settling up 6.48 cents at \$2.7248 and the RB market settling up 6.17 cents at \$2.2092.

Technical Analysis: The crude market is seen remaining range bound as the market's concerns over the economy are offset by concerns over the geopolitical situation in the Middle East. The oil market is seen finding support at \$71.61, basis a trendline, its low of \$71.41 and \$70.62. Further support is seen at \$70.25 and \$69.56. Meanwhile, resistance is seen at \$73.28, \$74.52, \$76.95, \$78.11-\$78.14 and \$79.29.

Fundamental News: U.S. Secretary of State Antony Blinken arrived in Saudi Arabia on Monday, his first stop in a Middle East tour as the U.S. tries to advance negotiations on a normalization deal between Saudi Arabia and Israel, and make progress on talks for postwar Gaza governance. He is also set to visit Egypt, Qatar and Israel this week and push to advance the Egyptian-and Qatari-mediated conversations with Hamas to achieve a hostage deal. According to a senior U.S. official, a key priority is for the secretary to "deliver a message directly to countries in the region that the U.S. does not want to see the conflict escalated and will not escalate the conflict."

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.9 million bpd of capacity in the week ending February 9th, increasing available refining capacity by 110,000 bpd. Offline capacity is expected to fall to 1.1 million bpd in the week ending February 16th.

Minneapolis Federal Reserve President, Neel Kashkari, said a resilient economy and a possibly higher neutral rate of interest means the U.S. Federal Reserve can take time, with less risk to an ongoing economic recovery, before deciding to reduce the benchmark interest rate. He said inflation is making "rapid progress" towards the Fed's 2% target due to improvements in the supply of labor, goods and services.

Chicago Fed President, Austan Goolsbee, said the U.S. Federal Reserve does not need to be overly concerned by recent higher-than expected economic growth and employment figures as long as inflation continues to trend back toward the central bank's 2% target rate.

The Organization for Economic Cooperation and Development stated that the global economy is on course to hold up better this year than previously expected as an improved outlook in the United States offsets euro zone weakness. World economic growth is expected to fall from 3.1% in 2023 to 2.9% this year, better than the 2.7% expected in November in its last outlook. In an update of its forecasts for major economies, the OECD left its 2025 global estimate unchanged at 3.0%, when growth is expected to be supported by major central banks rate cuts as inflation pressures subside. The OECD said the U.S. economy was expected to grow 2.1% in 2024 and 1.7% in 2025 as lower inflation supports wage growth and triggers interest rate cuts, raising its 2024 forecast from 1.5% previously and leaving 2025 unchanged.

Early Market Call - as of 8:00 AM EDT

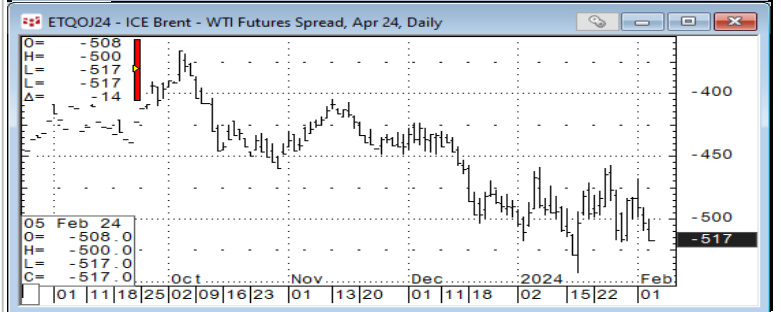
WTI - March \$73.45, up 67 cents
 RBOB - March \$2.2236, up 1.59 cents
 HO - March \$2.7445, up 1.97 cents

All NYMEX | Prior Settlements

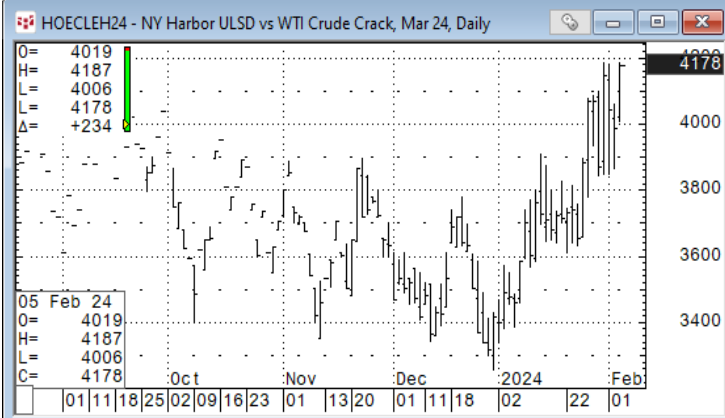
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-24	2.7248	0.0648	-0.0718
Apr-24	2.6599	0.0562	-0.0629
May-24	2.5899	0.0488	-0.0613
Jun-24	2.5369	0.0429	-0.0562
Jul-24	2.5151	0.0395	-0.0500
Aug-24	2.5041	0.0371	-0.0452
Sep-24	2.5041	0.0358	-0.0414
Oct-24	2.5061	0.0353	-0.0410
Nov-24	2.5009	0.0356	-0.0406
Dec-24	2.4872	0.0360	-0.0405
Jan-25	2.4750	0.0360	-0.0402
Feb-25	2.4598	0.0359	-0.0412
Mar-25	2.4389	0.0356	-0.0430
Apr-25	2.4135	0.0356	-0.0440
May-25	2.3948	0.0349	-0.0448
Jun-25	2.3787	0.0331	-0.0464
Jul-25	2.3683	0.0325	-0.0468

Sprague HeatCurve October 2024-April 2025			\$2.4685
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$5.21	\$72.7800	\$0.5000
Crude - Brent		\$77.9900	\$0.6600
Natural Gas		\$2.0820	\$0.0030
Gasoline		\$2.2092	\$0.0617

ICE April Brent-WTI Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

