

Market Commentary

Recap: The oil market traded higher but posted an inside trading day as it failed to breach Monday's \$3.60 trading range. While the attacks by Yemen's Houthi rebels on vessels traveling through the Red Sea have impacted shipping and increased the geopolitical risk premium, it has not affected output, which has limited the market's gains. The market traded lower after the U.S. announced the creation of a task force to safeguard Red Sea commerce from attacks by the militants. The crude market posted a low of \$71.85 in overnight trading. However, the market bounced higher and traded towards its previous high as the Houthi militants vowed to defy the U.S.-led naval mission. The market was also supported ahead of the January contract's expiration at the close. The oil market rallied to a high of \$74.01 in afternoon trading before it retraced some of its gains ahead of the close. The January WTI contract expired up 97 cents at \$73.44 and the February contract settled up \$1.12 at \$73.94. The February Brent contract settled up \$1.28 at \$79.23. Meanwhile, the product markets ended the session higher, with the heating oil market settling up 4.4 cents at \$2.7168 and the RB market settling up 4.18 cents at \$2.2008.

Technical Analysis: While the crude market has traded higher, it remains in its downward trend channel. It is likely to test its previous high as the weekly petroleum stock reports are expected to show draws in crude stocks. The market will also remain supported amid the concerns over the escalating attacks on vessels traversing the Red Sea. The February WTI contract is seen finding resistance at its high of \$74.44, \$74.61, \$75.20 and \$76.17. Meanwhile, support is seen at \$72.14, \$71.85, \$70.99, \$70.64, \$69.82 and \$67.98.

Fundamental News: U.S. Defense Secretary Lloyd Austin invited dozens of nations to take steps to address Houthi attacks on Red Sea shipping as he spoke at a defense ministerial meeting to tout a new military operation to secure commerce in the waterway. Earlier on Tuesday, he announced the launch of the U.S.-led Operation Prosperity Guardian, which will include joint patrols of Red Sea shipping. The U.S. Defense Secretary said participating countries include the United Kingdom, Bahrain, Canada, France, Italy, Netherlands, Norway, Seychelles and Spain.

Kremlin spokesman, Dmitry Peskov, said that Russia was not taking part in the US-led operation aimed at ensuring security in the Red Sea.

Yemen's Iran-aligned Houthi said they would press on with attacks in the Red Sea, and could mount a naval operation there roughly every 12 hours. A member of the Supreme Yemeni Political Council, Mohammed Ali al-Houthi, said any country that moves against Yemen will have its ships targeted in the Red Sea.

Russia's Deputy Prime Minister, Alexander Novak, said there was no need for immediate action from the OPEC+ group of leading oil producers, as oil prices were rising and the market was balancing out.

Barclays PLC reported that its 39th annual global spending survey found that private oil and gas shale drillers are set to cut their spending budgets by 4% to average \$34.4 billion in 2024. This follows a year in which private drillers reportedly had increased their expenditures by 15% in 2023. Barclays estimates these private producers account for roughly half of the U.S. drilling rigs and as much as 40% of the country's onshore production. This report follows a recent survey by Evercore ISI that estimated a 2% budget increase by U.S. oil producers next year as crude production is seen as only increasing by 150,000 b/d, a fraction of this year's 1 million b/d growth.

IIR Energy reported that U.S. oil refiners are seen operating at full capacity in the week ending December 22nd, keeping refining capacity unchanged from the previous week.

Early Market Call - as of 8:40 AM EDT

WTI - February \$75.02, up \$1.08
 RBOB - January \$2.2083, up 75 points
 HO - January \$2.7558, up 3.9 cents

All NYMEX | Prior Settlements

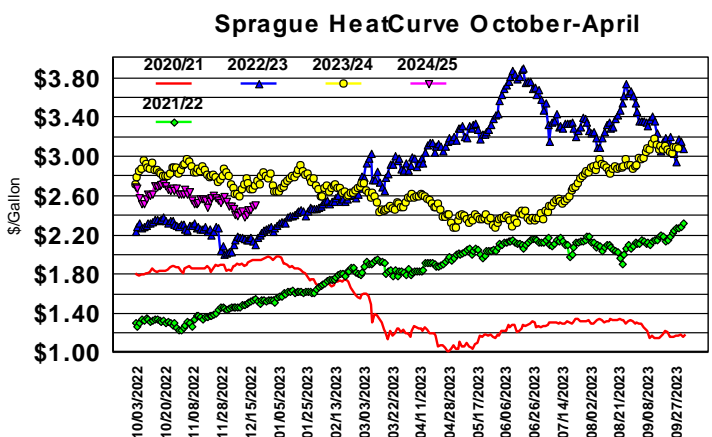
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-24	2.7168	0.0440	0.2094
Feb-24	2.6894	0.0385	0.2091
Mar-24	2.6476	0.0355	0.2021
Apr-24	2.5967	0.0332	0.1887
May-24	2.5598	0.0315	0.1761
Jun-24	2.5330	0.0285	0.1622
Jul-24	2.5251	0.0252	0.1542
Aug-24	2.5226	0.0237	0.1496
Sep-24	2.5252	0.0236	0.1472
Oct-24	2.5278	0.0237	0.1442
Nov-24	2.5246	0.0232	0.1400
Dec-24	2.5166	0.0224	0.1364
Jan-25	2.5086	0.0217	0.1321
Feb-25	2.4986	0.0205	0.1273
Mar-25	2.4861	0.0199	0.1228
Apr-25	2.4685	0.0196	0.1196
May-25	2.4557	0.0197	0.1132

Sprague HeatCurve October 2024-April 2025			\$2.5043
		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$5.29	\$73.9400	\$1.1200
Crude - Brent		\$79.2300	\$1.2800
Natural Gas		\$2.4920	-\$0.0110
Gasoline		\$2.2008	\$0.0418

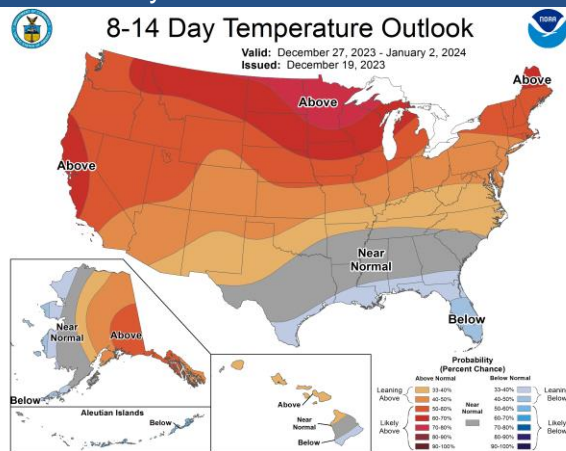
API Report for the Week Ending December 15, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 939,000 barrels	Down 2.3 million barrels
Gasoline Stocks	Up 669,000 barrels	Up 1.2 million barrels
Distillate Stocks	Up 2.74 million barrels	Up 500,000 barrels
Refinery Runs		Up 0.2%, at 90.4%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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.