

Market Commentary

Recap: The oil market continued to sell off on Monday posting a third consecutive day of losses. The market remained under pressure on concerns over slowing demand and some skepticism that OPEC+ output cuts will amount to actual cuts. The cuts are voluntary, raising doubts about whether or not producers would fully implement them and traders are also unsure about how the cuts would be measured. The crude market posted a high of \$75.03 in overnight trading and continued to trend lower and posted a low of \$72.63 by mid-morning. The market retraced some of its losses and traded back over the \$74.50 level on comments made by Saudi Arabia's Energy Minister Prince Abdulaziz bin Salman said OPEC+ oil production cuts can "absolutely" continue past the first quarter if needed. The market however, erased those gains and traded back to the \$73.00 level ahead of the close. The January WTI contract settled down \$1.03 at \$73.04 and the February Brent contract settled down 85 cents at \$78.03. The product markets ended the session in mixed territory, with the heating oil market settling down 18 points at \$2.6597 and the RB market settling up 1.31 cents at \$2.1342.

Technical Analysis: The oil market will continue to trade in a sideways trading range we have previously mentioned from \$72.35 to \$79.65 as the market takes a wait and see approach concerning the plans by OPEC and its allies to cut production in the first quarter of 2024. The crude market is seen finding support at \$72.63 followed by \$72.37 and \$72.16. More distant support is seen at \$71.19, \$70.22 and \$69.90. Meanwhile, resistance is seen at \$75.03, \$76.76, \$79.60 and \$79.65. Further upside is seen at \$80.37 and \$80.79.

Fundamental News: Saudi Energy Minister Prince Abdulaziz bin Salman said OPEC+ oil production cuts can "absolutely" continue past the first quarter if needed, as he pledged the cuts would be delivered in full. He said the supply reductions of more than 2 million bpd will only be withdrawn after consideration of market conditions and using a "phased-in approach." U.S. Deputy Energy Secretary, David Turk, said the U.S. is taking advantage of low oil prices and refilling the SPR as much as it can. However, he said the amount is limited by physical constraints in the caverns. He said the Biden administration may not be able to take full advantage of the recent fall in oil prices. He said physical constraints and maintenance at the network of underground caverns along the U.S. Gulf Coast have been limiting the amount the Energy Department can purchase to about 3 million barrels a month. The more than 700 million barrel oil reserve currently stands at about 350 million barrels, following the Biden administration's 180 million barrel withdrawal. So far efforts to refill the reserve have been slow, with two of the reserve's sites in Texas and Louisiana offline for maintenance and a \$1.4 billion modernization program, funded through oil sales, behind schedule and over budget. The Energy Department, which solicited a request for 3 million more barrels for the reserve, said it has "secured" 12 million barrels for the reserve, including the direct purchase of 9 million barrels and the return of 4 million barrels from oil companies.

Saudi Aramco's Chief Executive, Amin Nasser, told a panel on the sidelines of the COP28 climate summit in the UAE that that all the renewable energy coming to market is still not enough to handle additional demand. He added that more investment in the oil and gas sector is still needed.

The United Arab Emirates' Energy Minister, Suhail al-Mazrouei, said that investments in hydrocarbons were necessary to avoid a "high pricing environment" during the green transition.

OPEC Secretary General, Haitham al-Ghais, said that to say that oil has to stay under the ground will not lead to energy transition but to energy chaos. He said "We don't feel that vilifying (the) industry is a constructive approach."

Early Market Call - as of 8:25 AM EDT

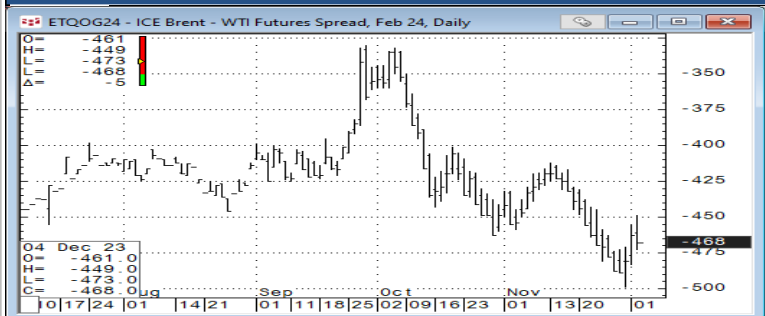
- WTI - January \$72.36, down 69 cents
- RBOB - January \$2.1225, down 1.17 cents
- HO - January \$2.6454, down 1.43 cents

All NYMEX | Prior Settlements

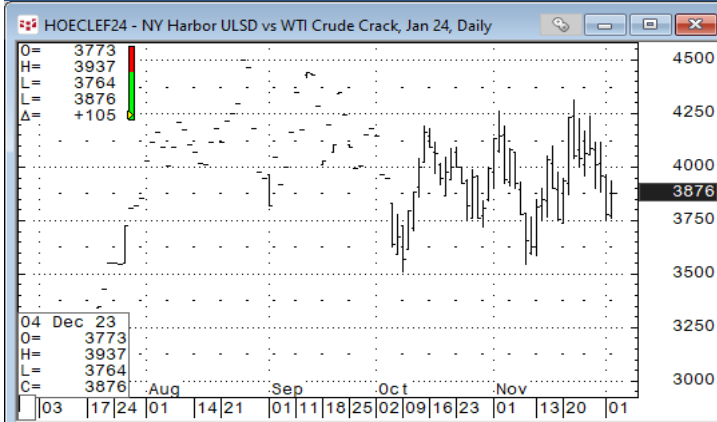
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-23	2.6597	-0.0018	-0.1782
Jan-24	2.6256	-0.0042	-0.1276
Feb-24	2.5917	-0.0049	-0.1205
Mar-24	2.5520	-0.0051	-0.1201
Apr-24	2.5226	-0.0067	-0.1013
May-24	2.5048	-0.0078	-0.0851
Jun-24	2.5021	-0.0080	-0.0648
Jul-24	2.5023	-0.0080	-0.0563
Aug-24	2.5063	-0.0077	-0.0502
Sep-24	2.5081	-0.0073	-0.0528
Oct-24	2.5049	-0.0065	-0.0578
Nov-24	2.4965	-0.0063	-0.0603
Dec-24	2.4881	-0.0050	-0.0568
Jan-25	2.4773	-0.0029	-0.0554
Feb-25	2.4624	-0.0016	-0.0559
Mar-25	2.4417	-0.0005	-0.0595
Apr-25	2.4296	0.0003	-0.0494

Sprague HeatCurve October 2024-April 2025			\$2.4709
		Close	Change
Crude - WTI	Feb Brent-	\$73.3200	-\$0.9300
Crude - Brent	WTI Spread	\$78.0300	-\$0.8500
Natural Gas	\$4.71	\$2.6940	-\$0.1200
Gasoline		\$2.1342	\$0.0131

ICE February Brent-WTI Spread



January Heating Oil Crack Spread



January RBOB Crack Spread

