

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market posted an inside trading day as the market awaits the release of the weekly petroleum stock reports. The oil market continued to move lower in overnight trading in follow through trading seen on Monday afternoon. The market posted a low of \$73.84 before it bounced off that level and traded back over the \$75 level amid expectations that the weekly inventory reports will show large bullish declines in crude stocks. The oil market rallied to \$75.87 by mid-day and was further supported by the release of the EIA's Short Term Energy Outlook, which showed record global petroleum demand next year. The EIA said global consumption is expected to reach 102.2 million bpd in 2024. The crude market was also supported as the dollar remained around its weakest level in seven months. The February WTI contract later rallied to a high of \$75.92 ahead of the close and settled up 49 cents at \$75.12 and the March Brent contract settled up 45 cents at \$80.10. Meanwhile, the product markets ended in positive territory once again, with the heating oil market settling up 9.97 cents at \$3.1357 and the RBOB market settling up 3.48 cents at \$2.3277.

**Market Analysis:** The oil market will likely continue to trade sideways early on Wednesday ahead of the release of the EIA weekly petroleum stock reports. It is seen holding its support amid the expectation that the EIA weekly petroleum inventory report, will show a draw of over 2 million barrels in crude stocks. Support is seen at its low of \$73.84, \$73.47, \$73.24 and \$72.46. Meanwhile, resistance is seen at its high of \$75.92, \$76.74, \$76.98, its 50% retracement level off a low of 72.46 to a high of \$81.50, \$77.42 and \$78.05, its 62% retracement level. More distant resistance is seen at \$81.50, \$82.75 and \$83.27.

**Fundamental News:** In its Short Term Energy Outlook, the EIA said global production of liquid fuels is forecast to reach an average of 102.83 million bpd in 2024, up from 99.98 million bpd in 2022 and 101.1 million bpd in 2023, driven by large growth in non-OPEC production. OPEC's output is forecast to increase by 190,000 bpd to 28.87 million bpd in 2023 and by 640,000 bpd to 29.51 million bpd in 2024. The EIA expects global demand to increase by 1.05 million bpd from an average of 99.4 million bpd in 2022 to 100.48 million bpd in 2023 and by 1.72 million bpd to 102.2 million bpd in 2024. The EIA also reported that U.S. oil output is estimated to increase by 550,000 bpd to 12.41 million bpd in 2023, compared with a previous estimate of a 470,000 bpd increase and by 400,000 bpd to 12.81 million bpd in 2024. Meanwhile, U.S. petroleum demand is forecast to increase by 170,000 bpd to 20.44 million bpd in 2023, compared with a previous estimate of a 150,000 bpd increase and by 190,000 bpd to 20.63 million bpd in 2024. In regards to prices, the EIA forecast that the price of Brent crude oil will average \$83/barrel in 2023, down 18% from 2022 and continue to fall to \$78/barrel in 2024 as global oil inventories build.

Goldman Sachs expects that the growing ability of OPEC to increase prices without impacting demand too much will limit downside risks to its bullish oil forecast for 2023. It sees global oil demand growth of 2.7 million bpd in 2023, pushing the market into deficit in the second half and lifting Brent prices to \$105/barrel by the fourth quarter.

Barclays remains constructive on oil prices, reiterating its \$98/barrel forecast for Brent in 2023. It highlights \$15-\$25/barrel of downside to its 2023 Brent forecast if "slump in global manufacturing activity worsens similar to the 2008-09 episode."

U.S. Treasury Secretary, Janet Yellen, said the Russian crude oil price cap in the first month is achieving goals of keeping Russian oil in the market while limiting Russia's revenues.

**Early Market Call - as of 8:30 AM EDT**

WTI - February \$76.30, up \$1.18

RBOB - February \$2.3830, up 5.53 cents

HO - February \$3.2010, up 6.53 cents

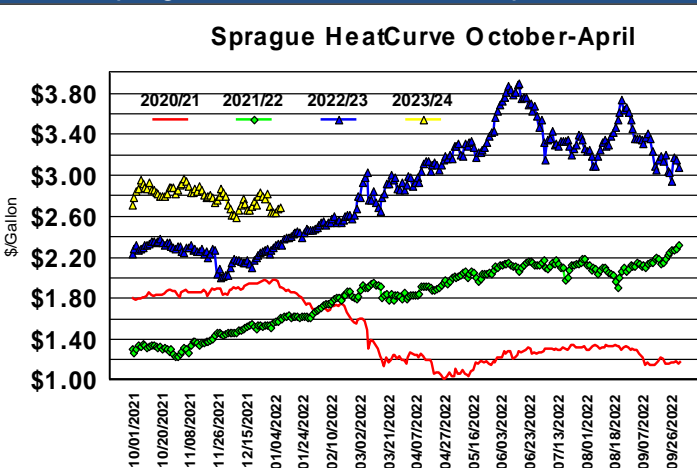
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-23	\$3.1357	\$0.0997	\$0.0492
Mar-23	\$3.0127	\$0.0593	\$0.0145
Apr-23	\$2.8778	\$0.0383	-\$0.0194
May-23	\$2.7942	\$0.0272	-\$0.0346
Jun-23	\$2.7499	\$0.0214	-\$0.0402
Jul-23	\$2.7321	\$0.0170	-\$0.0424
Aug-23	\$2.7213	\$0.0144	-\$0.0412
Sep-23	\$2.7165	\$0.0134	-\$0.0364
Oct-23	\$2.7110	\$0.0124	-\$0.0309
Nov-23	\$2.7028	\$0.0113	-\$0.0259
Dec-23	\$2.6924	\$0.0100	-\$0.0223
Jan-24	\$2.6839	\$0.0096	-\$0.0179
Feb-24	\$2.6741	\$0.0096	-\$0.0139
Mar-24	\$2.6568	\$0.0090	-\$0.0107
Apr-24	\$2.6310	\$0.0084	-\$0.0079
May-24	\$2.6137	\$0.0076	-\$0.0050
Jun-24	\$2.6047	\$0.0076	-\$0.0002

Sprague HeatCurve October 2023-April 2024			\$2.6788
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$4.73	\$75.3700	\$0.4500
Crude - Brent		\$80.1000	\$0.4500
Natural Gas		\$3.6390	-\$0.2710
Gasoline		\$2.3277	\$0.0348

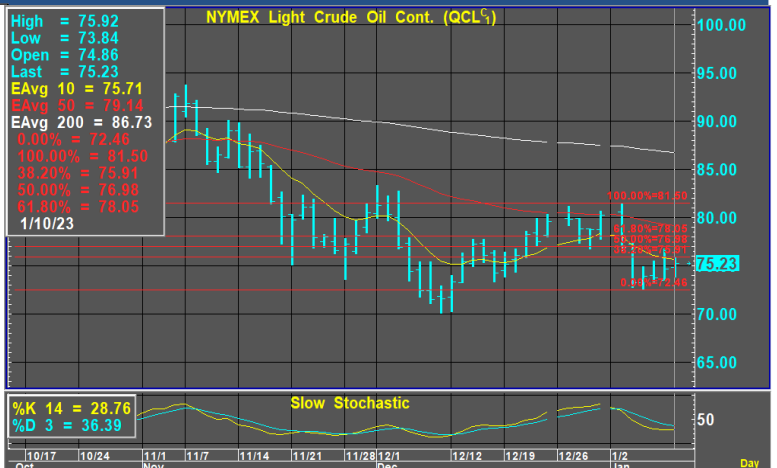
API Report for the Week Ending January 6, 2023

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 14.9 million barrels	Down 2.2 million barrels
Gasoline Stocks	Up 1.8 million barrels	Up 1.2 million barrels
Distillate Stocks	Up 1.1 million barrels	Down 500,000 barrels
Refinery Runs		Up 6.1% at 85.7%

## Sprague HeatCurve October-April



## WTI Continuation



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