

## Market Commentary

**Recap:** The oil market on Tuesday extended its gains amid concerns over oil supply despite worries that trade tariffs could affect global economic growth. The market was well supported by a Bloomberg News report on Monday regarding Russia's oil production in January declining further and falling below its OPEC+ quota. According to the Bloomberg, Russia's output declined to 8.962 million bpd in January. The market was also supported amid the news of a power outage at the Johan Sverdrup oilfield in the North Sea, which in the past has caused a cut to the field's output. The crude market posted a low of \$72.31 in overnight trading before it rallied higher. The market retraced almost 38% of its move from a high of \$79.39 to a low of \$70.43 as it traded to a high of \$73.68 early in the morning. However, the market's gains were limited by the news of U.S. President Donald Trump raising tariffs on steel and aluminum imports to the U.S. to 25%, a measure that could trigger a global trade war. It erased some of its sharp gains and traded in a sideways trading range ahead of the close as it awaits the release of the weekly petroleum stocks reports. The March WTI contract settled up \$1.00 at \$73.32 and the April Brent contract settled up \$1.13 at \$77.00. The product markets ended the session in positive territory, with the heating oil market settling up 6.37 cents at \$2.5146 and the RB market settling up 4.31 cents at \$2.1473.

**Technical Analysis:** The oil market on Wednesday will trade sideways as it seeks further direction from the latest weekly petroleum stocks report. The oil inventory reports are expected to show builds in crude stocks of 3 million barrels on the week. The market is seen finding resistance at its high of \$73.68, \$73.85, \$74.00, \$74.90 followed by \$75.18-\$75.21 and \$75.95. Support is seen at its low of \$72.31, \$70.84, \$70.47-\$70.43, \$70.00, \$69.75, \$69.06 and \$68.94.

**Fundamental News:** The EIA reported in its Short Term Energy Outlook that world oil output in 2025 is forecast at 104.6 million bpd, up 200,000 bpd from a previous estimate, while output in 2026 is forecast to increase by 1.6 million bpd to 106.2 million bpd, which is up 300,000 bpd from a previous estimate. U.S. oil production is poised to set a larger record this year than previous estimates. It said now expects U.S. crude oil production to average 13.59 million bpd in 2025, up from its previous estimate of 13.55 million bpd. It forecast that U.S. oil output in 2026 will increase by 140,000 bpd on the year to 13.73 million bpd. The EIA sees U.S. oil demand in 2025 at 20.5 million bpd, unchanged from a previous forecast and is expected to increase by 100,000 bpd to 20.6 million bpd in 2026. The EIA sees 2025 world oil demand at 104.1 million bpd, unchanged from a previous estimate and demand in 2026 is forecast to increase to 105.2 million bpd, up 100,000 bpd from a previous forecast. The EIA sees WTI averaging \$70.62/barrel in 2025, up from a previous forecast of \$70.31/barrel and its 2026 forecast at \$62.46/barrel, unchanged from a previous estimate. The 2025 price of Brent crude is forecast at \$74.50/barrel, up from a previous forecast of \$74.31 and the 2026 price at \$66.46/barrel, unchanged from a previous estimate.

OPEC's Secretary General, Haitham Al Ghais, said decisions made by OPEC take a long-term view of the global markets and are aimed at providing price stability.

Israeli Prime Minister Benjamin Netanyahu said that if Hamas did not release Israeli hostages by noon on Saturday a ceasefire deal would end and the Israeli army would resume its offensive in the Palestinian enclave until the militant group is defeated. Earlier, On Monday, Hamas announced it would stop releasing Israeli hostages until further notice over what it called Israeli violations of a ceasefire agreement in Gaza, raising the risk of reigniting the conflict.

Iran alerted the United Nations Security Council on Tuesday to what it described as "reckless and inflammatory statements" by U.S. President Donald Trump threatening the use of force against the country and warned that "any act of aggression will have severe consequences."

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

WTI - Mar \$74.43, down 89 cents

RBOB - Mar \$2.1348, down 1.26 cents

HO - Mar \$2.51, down 46 points

## All NYMEX | Prior Settlements

|        | USLD (HO)<br>Close | Prior Settle<br>Change | Change In<br>One Week |
|--------|--------------------|------------------------|-----------------------|
| Mar-25 | \$2.5146           | \$0.0637               | \$0.0848              |
| Apr-25 | \$2.4511           | \$0.0577               | \$0.0717              |
| May-25 | \$2.3998           | \$0.0513               | \$0.0589              |
| Jun-25 | \$2.3680           | \$0.0477               | \$0.0525              |
| Jul-25 | \$2.3568           | \$0.0445               | \$0.0512              |
| Aug-25 | \$2.3508           | \$0.0427               | \$0.0501              |
| Sep-25 | \$2.3506           | \$0.0424               | \$0.0484              |
| Oct-25 | \$2.3508           | \$0.0417               | \$0.0473              |
| Nov-25 | \$2.3475           | \$0.0408               | \$0.0465              |
| Dec-25 | \$2.3414           | \$0.0398               | \$0.0457              |
| Jan-26 | \$2.3398           | \$0.0390               | \$0.0446              |
| Feb-26 | \$2.3318           | \$0.0381               | \$0.0430              |
| Mar-26 | \$2.3169           | \$0.0371               | \$0.0413              |
| Apr-26 | \$2.2948           | \$0.0360               | \$0.0393              |
| May-26 | \$2.2806           | \$0.0348               | \$0.0382              |
| Jun-26 | \$2.2700           | \$0.0338               | \$0.0381              |
| Jul-26 | \$2.2683           | \$0.0335               | \$0.0382              |

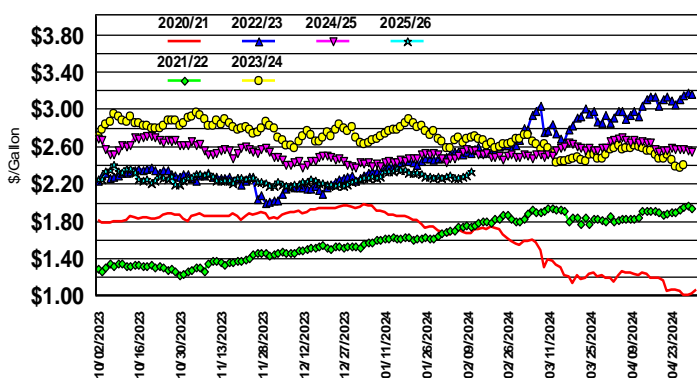
| Sprague HeatCurve October 2025-April 2026 |                                    | Close     | Change   |
|---|------------------------------------|-----------|----------|
| Crude - WTI                               | Apr Brent-<br>WTI Spread<br>\$3.92 | \$73.0800 | \$1.0700 |
| Crude - Brent                             |                                    | \$77.0000 | \$1.1300 |
| Natural Gas                               |                                    | \$3.5190  | \$0.0750 |
| Gasoline                                  |                                    | \$2.1473  | \$0.0431 |

## API Report for the Week Ending February 7, 2024

|                           | Actual                    | Mkt Expectations         |
|---------------------------|---------------------------|--------------------------|
| Crude Oil Stocks(exl SPR) | Up 9.04 million barrels   | Up 3 million barrels     |
| Gasoline Stocks           | Down 2.51 million barrels | Up 1.4 million barrels   |
| Distillate Stocks         | Down 590,000 barrels      | Down 1.5 million barrels |
| Refinery Runs             |                           | Up 0.4% at 84.9%         |

## Sprague HeatCurve October-April

### Sprague HeatCurve October-April



## 8-14 Day Weather Forecast

