

Market Commentary

Recap: The crude market rallied to a two week high on Friday and settled up 0.69% amid the expectations that the Federal Reserve will cut interest rates at its meeting next week and the continuing geopolitical uncertainty that could cut supplies from Russia and Venezuela. The market traded mostly sideways in overnight trading, posting a low of \$59.42. However, the oil market rallied higher as investors digested a delayed U.S. inflation report for September and increased their expectations for the Federal Reserve to cut rates at its December 9-10th meeting. The market also remained supported by the failure of U.S. talks in Russia to achieve any significant breakthrough over the war in Ukraine as well the increasing tensions between the U.S. and Venezuela, with the U.S. continuing with its campaign to strike boats in an effort to stop Venezuelan drug traffickers. The crude market extended its gains to over 80 cents as it posted a high of \$60.50 by mid-morning. The market later settled in a sideways trading range during the remainder of the session. The January WTI contract ended the session up 41 cents at \$60.08 and the February Brent contract settled up 49 cents at \$63.75. The product markets ended the session higher, with the heating oil market settling up 5.92 cents at \$2.3629 and the RB market settling up 70 points at \$1.8341.

Technical Analysis: The oil market will continue to trend sideways within its recent trading range from \$57 to \$62 as the market focuses on the Federal Reserve meeting, which ends on Wednesday, and the geopolitical concerns. The market is seen finding resistance at \$60.50, \$60.70, \$60.85, \$61.01, \$61.18, \$61.60 and \$61.84. However, support is seen at \$59.42, \$58.81, \$58.37, \$58.28, \$57.66, \$57.10, \$56.33 and \$55.99.

Fundamental News: Baker Hughes reported that U.S. energy firms this week added drilling rigs for the fourth time in five weeks. It reported that the oil and gas rig count increased by five to 549 in the week ending December 5th, its highest level since late November. Baker Hughes said oil rigs increased by six to 413 this week, their highest level since late November, while gas rigs fell by one to 129, their lowest level since late November.

IIR Energy said U.S. oil refiners are expected to shut in about 54,000 bpd of capacity in the week ending December 5th, increasing available refining capacity by 133,000 bpd.

Platts reported that more lenient US automotive fuel economy regulations would lead to a significant increase in U.S. gasoline demand, following the proposal by US President Donald Trump and the Department of Transportation for substantial cuts to current Corporate Average Fuel Economy standards. The DOT's National Highway Traffic Safety Administration estimated that the new policy would result in an industry fleetwide average for model 2022 to 2031 light-duty vehicles of 34.5 mpg by 2031. In 2024, under the administration of former US President Joe Biden, CAFE standards for fleetwide passenger cars required model years 2027-2031 to reach 50.4 mpg. Matthew Gordon, S&P Global Energy Principal Analyst for North America Fuels and Refining, said the Trump administration's sharp reversal of the Biden-era standards was likely to stimulate long-term US gasoline demand by a preliminary estimate of 200,000 b/d by 2031.

U.S. consumer spending increased marginally in September, suggesting a loss of momentum in the economy at the end of the third quarter as a lackluster labor market and increasing cost of living cut demand. The Commerce Department's Bureau of Economic Analysis said consumer spending increased 0.3% after a downwardly revised 0.5% gain in August. The Personal Consumption Expenditures Price Index increased 0.3% in September after gaining 0.3% in August. In the 12 months through September, the PCE Price Index advanced 2.8% after increasing 2.7% in August.

The University of Michigan's Surveys of Consumers said its Consumer Sentiment Index increased to 53.3 this month from a final reading of 51.0 in November.

Early Market Call - as of 8:35 AM EDT

WTI - Jan \$59.58, down 56 points

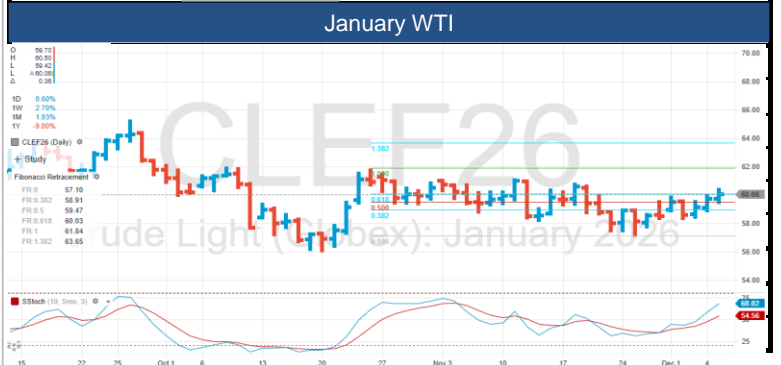
RBOB - Jan \$1.8193, down 1.53 cents

HO - Jan \$2.3383, down 2.81 cents

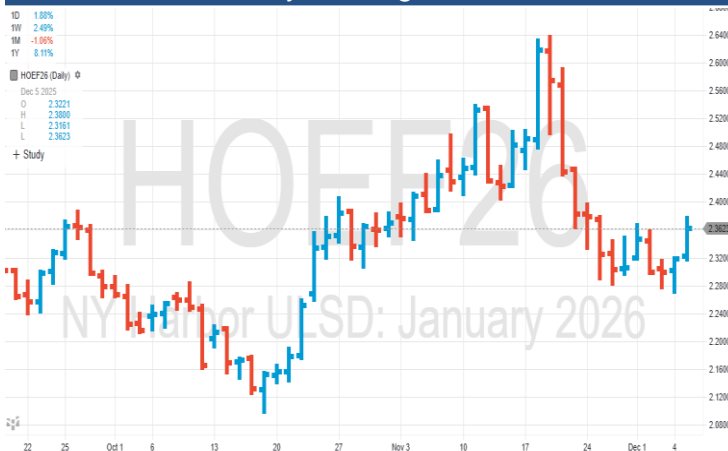
All NYMEX | Prior Settlements

	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-26	2.3629	0.0592	0.0598
Feb-26	2.3321	0.0504	0.0633
Mar-26	2.2901	0.0412	0.0579
Apr-26	2.2403	0.0327	0.0522
May-26	2.2041	0.0265	0.0458
Jun-26	2.1793	0.0224	0.0409
Jul-26	2.1711	0.0200	0.0375
Aug-26	2.1678	0.0186	0.0348
Sep-26	2.1686	0.0172	0.0322
Oct-26	2.1691	0.0158	0.0290
Nov-26	2.1661	0.0143	0.0261
Dec-26	2.1602	0.0127	0.0230
Jan-27	2.1584	0.0114	0.0208
Feb-27	2.1537	0.0104	0.0189
Mar-27	2.1438	0.0100	0.0183
Apr-27	2.1267	0.0093	0.0178
May-27	2.1161	0.0088	0.0169

Sprague HeatCurve October 2026-April 2027		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$3.97	\$59.7800	\$0.4700
Crude - Brent		\$63.7500	\$0.4900
Natural Gas		\$5.2890	\$0.2260
Gasoline		\$1.8341	\$0.0070



January Heating Oil



Weather Forecast

