

Market Commentary

Recap: The oil market posted an outside trading day as the market assessed the situation in Venezuela, whose crude exports have been under a U.S. embargo, and the potential impact on Venezuela's oil flows following the U.S. capture of Venezuela's President Nicolas Maduro over the weekend. In volatile trading, the crude market, which initially traded higher in overnight trading, sold off to a low of \$56.31 as traders expect little impact to the overall supply of crude oil, as President Trump stated that the embargo remained in place and any further disruption to Venezuela's exports could be offset by increased output elsewhere. However, the crude market bounced off its low and extended its gains to almost \$1.20 as it posted a high of \$58.51 by mid-morning. The market later settled in a sideways trading range during the remainder of the session. The February WTI contract settled up \$1 at \$58.32 and the February Brent contract settled up \$1.01 at \$61.76. The product markets ended the session higher, with the heating oil market settling up 2.77 cents at \$2.1428 and the RB market settling up 2.18 cents at \$1.72.

Technical Analysis: The crude market is seen retracing some of its sharp gains, while still remaining within its recent trading range as the market continues to assess the impact of the U.S. capture of Venezuela's President Nicolas Maduro on the country's oil flow. While the Trump administration is expected to hold discussions with major U.S. oil companies, Exxon Mobil, ConocoPhillips and Chevron Corp later this week, it will likely take political stability for companies to invest in the country and years for its oil production to significantly increase. It will have to be seen if sanctions will be lifted, allowing the Venezuelan oil stuck at sea to return to the market. The market will also remain vigilant of any further geopolitical risks in light of President Trump raising the possibility of further U.S. interventions, suggesting Colombia and Mexico could face military action if they do not reduce the flow of illicit drugs as well his threat to intervene in protest in Iran. The oil market is seen finding support at \$57.39, \$56.31, \$55.61, \$55.08 and \$54.89. Meanwhile, resistance is seen at \$58.51, \$58.55, \$58.88, \$58.93 followed by \$60.01 and \$60.12.

Fundamental News: Bloomberg reported that realizing President Donald Trump's plan for a US-led revival of Venezuela's struggling oil industry could be a years-long and challenging process costing upwards of \$100 billion. It said a significant impact on the oil market following the ouster of Venezuelan President Nicolas Maduro could take years to materialize. Francisco Monaldi, director of Latin American energy policy at Rice University's Baker Institute for Public Policy, said rebuilding Venezuela's oil industry to increase Venezuela's output back to its peak levels of the 1970s would require companies that could include Chevron Corp, Exxon Mobil Corp and ConocoPhillips to invest about \$10 billion per year over the next decade. He said a faster recovery would require even more investment. U.S. Secretary of State Marco Rubio said during an interview with ABC on Sunday that he expects U.S. oil companies will be eager for the opportunity to drill for Venezuela's heavy crude, which is key for refineries on the U.S. Gulf Coast. However, according to Lino Carrillo, a former manager at PDVSA, companies will want to be certain the country is stable. He said "For any oil companies to actually get serious about investing in Venezuela would require that there will be a new congress or National Assembly."

On Sunday, OPEC+ kept oil output unchanged following a quick meeting that avoided discussion of the political crises affecting several of the producer group's members. The eight OPEC+ members, Saudi Arabia, Russia, the UAE, Kazakhstan, Kuwait, Iraq, Algeria and Oman, raised their oil output targets by around 2.9 million bpd in 2025, equal to almost 3% of world oil demand, to regain market share. The eight members agreed in November to pause output hikes for January, February and March due to relatively low demand in the northern hemisphere winter. Sunday's brief online meeting affirmed that policy. The eight countries are scheduled to meet next on February 1st.

Early Market Call - as of 8:35 AM EDT

WTI - Feb \$58.60, up 25 cents

RBOB - Feb \$2.7259, up 61 points

HO - Feb \$2.1239, down 1.36 cents

All NYMEX | Prior Settlements

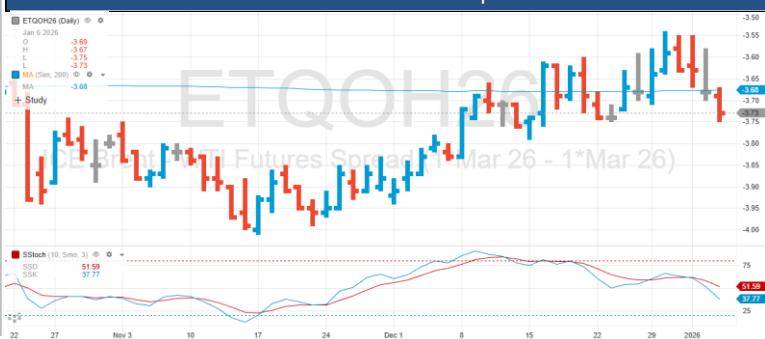
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-26	2.1428	0.0277	0.0101
Mar-26	2.1290	0.0297	0.0150
Apr-26	2.1023	0.0321	0.0200
May-26	2.0815	0.0321	0.0205
Jun-26	2.0666	0.0316	0.0188
Jul-26	2.0656	0.0302	0.0162
Aug-26	2.0676	0.0285	0.0139
Sep-26	2.0733	0.0268	0.0127
Oct-26	2.0794	0.0252	0.0124
Nov-26	2.0826	0.0240	0.0124
Dec-26	2.0830	0.0234	0.0124
Jan-27	2.0868	0.0227	0.0122
Feb-27	2.0866	0.0218	0.0121
Mar-27	2.0803	0.0208	0.0115
Apr-27	2.0670	0.0196	0.0102
May-27	2.0593	0.0184	0.0088
Jun-27	2.0548	0.0176	0.0078

Sprague HeatCurve October 2026-April 2027

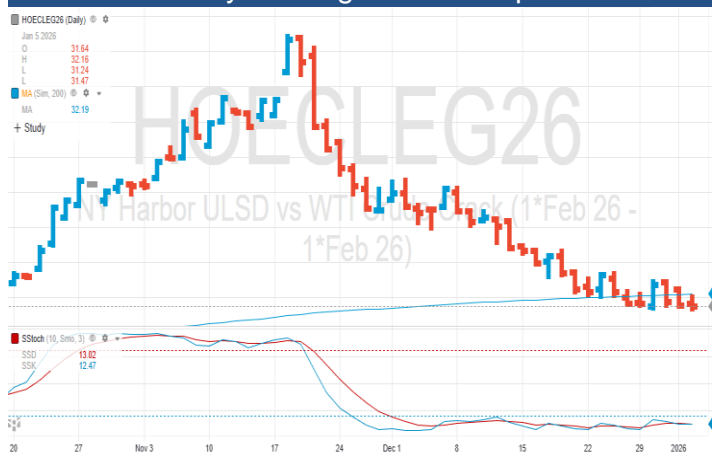
\$2.0823

		Close	Change
Crude - WTI	Mar Brent-	\$58.0800	\$0.9600
Crude - Brent	WTI Spread	\$61.7600	\$1.0100
Natural Gas	\$3.68	\$3.5230	-\$0.0950
Gasoline		\$1.7200	\$0.0218

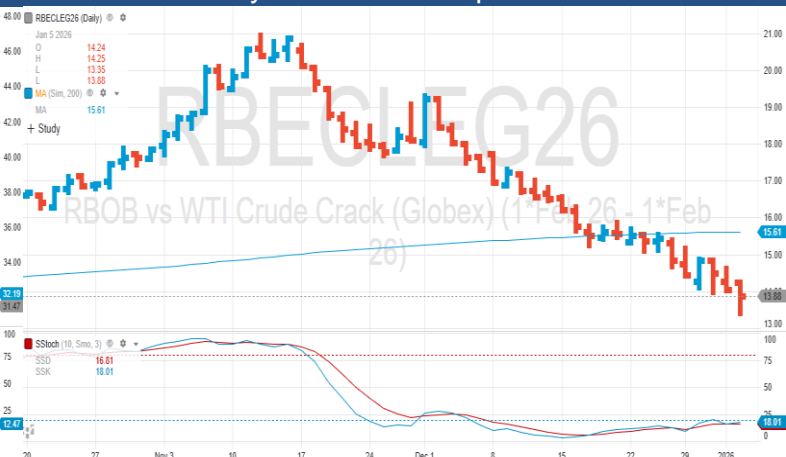
ICE March Brent-WTI Spread



February Heating Oil Crack Spread



February RBOB Crack Spread



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