

Market Commentary

Recap: The oil market on Wednesday extended its gains and settled higher for a fifth consecutive session, only to erase all of its earlier gains in the post settlement period. The sharp sell off followed U.S. President Donald Trump's statement that killings in Iran were stopping, quelling market concerns of a possible military operation in Iran. In overnight trading, the crude market traded mostly sideways as its gains were limited by the large builds in crude stocks and products stocks reported by the API late Tuesday. However, the market traded higher after the U.S. late Tuesday urged its citizens to leave Iran immediately, while Iran warned U.S. allies in the Middle East it would strike U.S. bases on their soil if the U.S. attacked Iran. Also, the Pentagon advised some personnel to leave a U.S. military base in Qatar, further supporting the market. The crude market traded to \$62.10 and traded sideways as it awaited for the release of the EIA's weekly petroleum stocks report and any further developments in the Middle East. The market remained in a sideways trading range following the release of the inventory report, which showed a build of 3.4 million barrels on the week. The February WTI contract settled up 87 cents at \$62.02. However, the crude market later traded to a high of \$62.36 before it retraced more than 38% of its move from a low of \$55.76 to a high of \$62.36 as it sold off to a low of \$59.77 in the post settlement period as concerns of a military operation in Iraq dissipated. Meanwhile, the March Brent contract settled up \$1.05 at \$66.52. The product markets ended the session higher, with the heating oil market settling up 4.35 cents at \$2.2819 and the RBOB market settling up 39 points at \$1.8304.

Technical Analysis: The crude market will remain headline driven and will look to any further developments in Iran, as seen during Wednesday's session. It will remain under pressure if the situation in Iran is improving and the possibility of a U.S. military operation dissipates. The market will also look to any developments in the Russian war in Ukraine after Russia accused Ukraine of attacking an oil tanker in the Black Sea as well as the Venezuelan oil sales. The oil market is seen finding resistance at \$62.36, \$62.28, \$62.59, \$62.92, \$63.26 followed by \$64.19 and \$64.97. Meanwhile, support is seen at \$59.19, \$59.06, \$58.45, \$58.28, \$57.61 followed by \$55.97 and \$55.76.

Fundamental News: In its monthly report, OPEC forecast world oil demand in 2027 would increase at a similar rate to this year and data in the study indicated a close balance between supply and demand in 2026. OPEC said that demand would increase by 1.34 million bpd in 2027, a similar rate to the growth of 1.38 million bpd expected this year. It reported that OPEC+ crude output averaged 42.83 million bpd in December, down 238,000 bpd on the month. It forecast world demand for OPEC+ crude would average 43 million bpd in 2026, unchanged from a previous forecast, and is expected to average 43.6 million bpd in 2027.

Goldman Sachs is maintaining its forecast of stable Iranian crude production of 3.5 million bpd in 2026 following the Trump administration's announcement that any country that does business with Iran will be subjected to a tariff rate of 25% on any business conducted with the United States.

IIR Energy said U.S. oil refiners are expected to shut in about 724,000 bpd of capacity in the week ending January 16th, decreasing available refining capacity by 450,000 bpd. Offline capacity is expected to increase to 1.1 million in the week ending January 23rd.

Exxon Mobil is preparing to run Venezuelan crude oil at its 522,500 bpd Baton Rouge, Louisiana refinery. The refinery previously ran Venezuelan heavy sour crude, but has not since sanctions were imposed on Venezuela.

Chevron plans to run Venezuelan crude oil at its 356,440 bpd Pascagoula, Mississippi refinery. No date has been set for Venezuelan crude to arrive at the refinery.

Early Market Call - as of 8:30 AM EDT

WTI - Feb \$59.33, down \$1.72

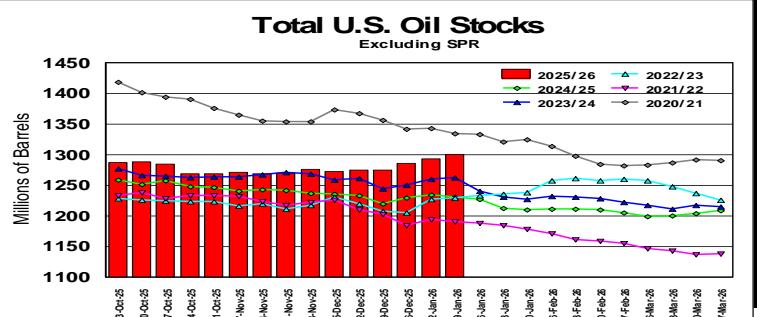
RBOB - Feb \$1.7724, down 4.07 cents

HO - Feb \$2.2022, down 5.19 cents

All NYMEX | Prior Settlements

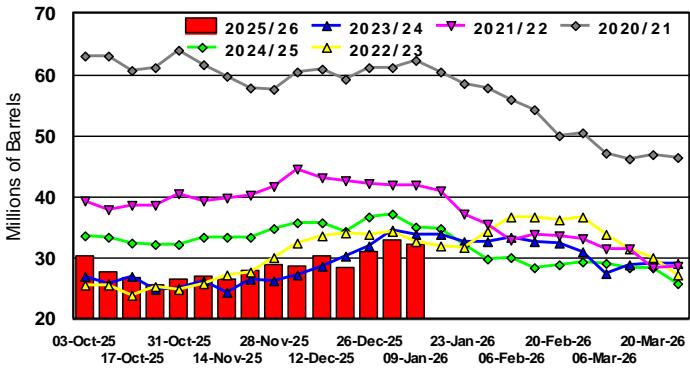
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-26	2.2819	0.0435	0.2252
Feb-26	2.2698	0.0429	0.2197
Mar-26	2.2420	0.0419	0.2115
Apr-26	2.2191	0.0404	0.2036
May-26	2.2004	0.0386	0.1945
Jun-26	2.1932	0.0368	0.1851
Jul-26	2.1896	0.0356	0.1773
Aug-26	2.1910	0.0349	0.1712
Sep-26	2.1932	0.0344	0.1657
Oct-26	2.1928	0.0338	0.1602
Nov-26	2.1900	0.0330	0.1548
Dec-26	2.1904	0.0324	0.1501
Jan-27	2.1873	0.0322	0.1460
Feb-27	2.1765	0.0321	0.1413
Mar-27	2.1588	0.0322	0.1358
Apr-27	2.1477	0.0322	0.1310
May-27	2.1401	0.0320	0.1269

Sprague HeatCurve October 2026-April 2027		\$2.1853
	Close	Change
Crude - WTI	Mar Brent- WTI Spread	\$61.8800 \$66.5200
Crude - Brent	\$4.64	\$1.0500 -\$0.2990
Natural Gas		\$3.1200 \$1.8304
Gasoline		\$0.0039



Weekly EIA Petroleum Status Report for the Week Ending January 9, 2026

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.4 million barrels

Cushing, OK Crude Stocks Up 745,000 barrels

Gasoline Stocks Up 9 million barrels

Distillate Stocks Down 29,000 barrels

Refinery % Operated 95.3%, up 0.6%

PADD #1

Distillate Stocks (in million bbl)	Week Ending Jan 9, 2026	Week Ending Jan 2, 2026	Week Ending Jan 10, 2025
New England	5.2	5.2	4.8
Central Atlantic	15.4	15.7	18.3
Total PADD #1	32.2	32.9	35.0
Distillate Imports (thousands b/d)	177	193	187