

Market Commentary

Recap: The crude market posted an inside trading day as the market remained focused on the geopolitical tensions between U.S. and Iran after the U.S. issued its guidance for vessels transiting the Strait of Hormuz on Monday. The market traded sideways and posted a high of \$64.71 by mid-morning before it erased its gains. The market sold off to a low of \$63.65 ahead of the close, despite U.S. President Donald Trump once again threatening to do "something very tough" if a deal is not reached with Iran on its nuclear program. The March WTI contract settled down 40 cents at \$63.96 and the April Brent contract settled down 24 cents at \$68.80. The product markets ended the session lower, with the heating oil market settling down 1.81 cents at \$2.3988 and the RB market settling down 2.63 cents at \$1.9592.

Technical Analysis: The oil market will continue to trade within its sideways trading range as the market remains in a wait and see mode. A risk premium has been kept intact by the uncertainty over a potential escalation as the U.S. has built up its military presence near Iran, sanctions tightening or supply disruptions in the Strait of Hormuz. The crude market is seen finding support at \$63.65, \$62.62, \$62.20, \$62.03, \$61.12, \$60.66, \$60.14, \$59.52 and \$59.29. Meanwhile, resistance is seen at \$64.71, \$64.88, \$65.53, \$66.11 and \$66.48. More distant resistance is seen at \$66.75, \$67.74, \$69.50 and \$70.51.

Fundamental News: The EIA, in its Short Term Energy Outlook, forecast 2026 world oil demand at 104.8 million bpd, unchanged from a previous forecast and forecast demand will increase by 1.3 million barrels to 106.1 million bpd in 2027. U.S. oil demand is forecast at 20.6 million bpd in 2026, also unchanged from a previous forecast, and will increase by 100,000 bpd to 20.7 million bpd in 2027. World oil output in 2026 is expected to average 107.8 million bpd, up 100,000 bpd from a previous forecast and increase by 1 million bpd to 108.8 million bpd in 2027, up 600,000 bpd from a previous estimate. U.S. crude oil output in 2026 is estimated at 13.6 million bpd, up 10,000 bpd from a previous forecast, while output in 2027 is expected to fall to 13.32 million bpd, which was up 70,000 bpd from a previous forecast. The EIA sees the price of WTI crude averaging \$53.42/barrel in 2026 and \$49.34/barrel in 2027, while the price of Brent crude is seen averaging \$57.69/barrel in 2026 and \$53/barrel in 2027.

In an interview with Israel's Channel 12, U.S. President Donald Trump said the U.S. will have to do "something very tough" if a deal is not reached with Iran. Axios and Channel 12 reported that President Trump has said he is considering sending a second aircraft carrier to the Middle East, amid simmering tensions between Washington and Tehran over Iran's nuclear program and over its recent crackdown on protesters.

Iran's Foreign Ministry spokesperson said nuclear talks with the United States allowed Tehran to gauge Washington's seriousness and showed enough consensus to continue on the diplomatic track.

The Trump administration said a sale of oil and gas drilling rights in Alaska's National Petroleum Reserve will take place on March 18th, nine days later than originally planned. The U.S. Bureau of Land Management said the change stemmed from a regulation requiring the agency to provide public notice of the sale in the Federal Register at least 30 days before the sale.

The EIA said expanded U.S. licenses for Venezuela-related deals are expected to restore the South American country's oil production by mid-2026 to the level it was at prior to a U.S. naval blockade of the country in December.

Early Market Call - as of 9:05 AM EDT

WTI - Mar \$65.70, up \$1.50
 RBOB - Mar \$2.0096, up 4.56 cents
 HO - Mar \$2.4678, up 6.62 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Mar-26	\$2.3988	-\$0.0181	-\$0.0105
Apr-26	\$2.3366	-\$0.0204	\$0.0100
May-26	\$2.3021	-\$0.0196	\$0.0167
Jun-26	\$2.2789	-\$0.0170	\$0.0240
Jul-26	\$2.2717	-\$0.0142	\$0.0291
Aug-26	\$2.2687	-\$0.0121	\$0.0332
Sep-26	\$2.2704	-\$0.0106	\$0.0356
Oct-26	\$2.2731	-\$0.0088	\$0.0378
Nov-26	\$2.2710	-\$0.0071	\$0.0397
Dec-26	\$2.2643	-\$0.0056	\$0.0408
Jan-27	\$2.2614	-\$0.0045	\$0.0422
Feb-27	\$2.2541	-\$0.0034	\$0.0429
Mar-27	\$2.2390	-\$0.0025	\$0.0436
Apr-27	\$2.2175	-\$0.0012	\$0.0447
May-27	\$2.2028	\$0.0000	\$0.0446
Jun-27	\$2.1911	\$0.0008	\$0.0434
Jul-27	\$2.1891	\$0.0008	\$0.0418

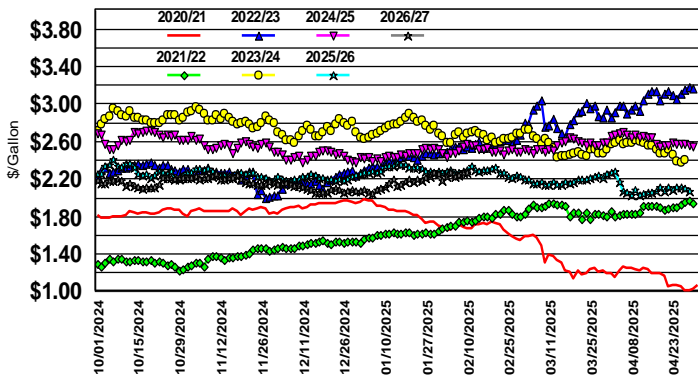
Sprague HeatCurve October 2026-April 2027		\$2.2552
	Close	Change
Crude - WTI	\$63.7900	-\$0.4100
Crude - Brent	\$68.8000	-\$0.2400
Natural Gas	\$3.1150	-\$0.0230
Gasoline	\$1.9592	-\$0.0263

API Report for the Week Ending February 6, 2025

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 13.4 million barrels	Up 800,000 barrels
Gasoline Stocks	Up 3.26 million barrels	Down 400,000 barrels
Distillate Stocks	Down 1.94 million barrels	Down 1.3 million barrels
Refinery Runs		Unchanged, at 90.5%

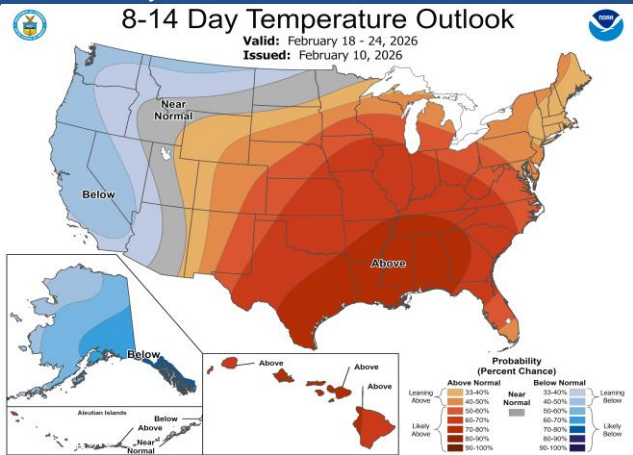
Sprague HeatCurve

Sprague HeatCurve October-April



Daily Power Generation

8-14 Day Temperature Outlook



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