

## Market Commentary

**Recap:** The oil market on Monday traded lower as concerns over Chinese demand outweighed threats of tighter sanctions on Russia and Iran. Last week, the market was well supported by expectations that supply would tighten with additional sanctions on Russia and Iran. However, the market's gains were limited by economic reports showing that China's retail sales in November increased less than expected, with an increase of 3.0% in November, down from a 4.8% increase in October. The oil market opened at a high of \$71.44 before it started to retrace some of its recent gains. The market posted a low of \$70.37 early in the morning before it settled in a sideways trading range during the remainder of the session. The crude market also saw some profit taking ahead of the Federal Reserve's decision on interest rates on Wednesday. The January WTI contract ended the session down 58 cents at \$70.71, while the February Brent contract settled down 58 cents at \$73.91. The product markets ended the session lower, with the heating oil market settling down 60 points at \$2.2640 and the RB market settling down 2.61 cents at \$1.9757.

**Technical Analysis:** The crude market on Tuesday will likely remain in a sideways trading range as traders position themselves ahead of the weekly petroleum stocks reports, which are expected to show draws of close to 2 million barrels in crude stocks. The market is also awaiting the Federal Reserve's interest rate decision following the end of its meeting on Wednesday afternoon. The market is seen finding resistance at its high of \$71.44, \$71.48 - \$71.51, \$71.87 and \$72.41. Meanwhile, support is seen at its low of \$70.37, \$69.87, \$69.74, \$69.21, \$69.14, \$68.68 and \$68.44.

**Fundamental News:** Barclays lowered its 2025 fair value estimate for Brent to \$83/barrel. It stated that a 500,000 bpd deviation in demand relative to their estimates would imply a \$10/barrel swing in the \$80/barrel fair value estimate for Brent in the fourth quarter of 2025. It said its 2024 global oil demand growth forecast is down 140,000 bpd to 900,000 bpd. It said that for 2025, its aggregate oil demand estimate is little changed at 104.3 million bpd but its growth forecast is 210,000 bpd higher. The bank stated that its estimate for growth in OPEC crude fell 540,000 bpd due largely to the group's recent decision.

Crude demand in China has weakened and is a bearish factor for oil prices. According to data compiled by Bloomberg, China's Nov apparent oil demand fell -2.14% y/y to 14.013 million bpd, and Jan-Nov apparent oil demand was down -3.26% y/y to 13.996 million bpd. China is the world's second-largest crude consumer.

IIR Energy said U.S. oil refiners are expected to shut in about 265,000 bpd of capacity in the week ending December 20<sup>th</sup>, decreasing available refining capacity by 171,000 bpd. Offline capacity is expected to fall to 25,000 bpd in the week ending December 27<sup>th</sup>.

The U.S. Climate Prediction Center reported Monday morning that for the week ending December 14<sup>th</sup> it estimated the U.S. saw some 207 HDDs on an oil home weighted basis. While this was some 10.6% more than estimated a week ago it was still expected to be 5% less than normal but was still 6.7% colder than the same week a year ago. For the current week ending December 21<sup>st</sup>, the CPC is forecasting just 191 HDDs, some 18% less than normal and nearly equal to the same week a year ago.

**Early Market Call - as of 8:20 AM EDT**

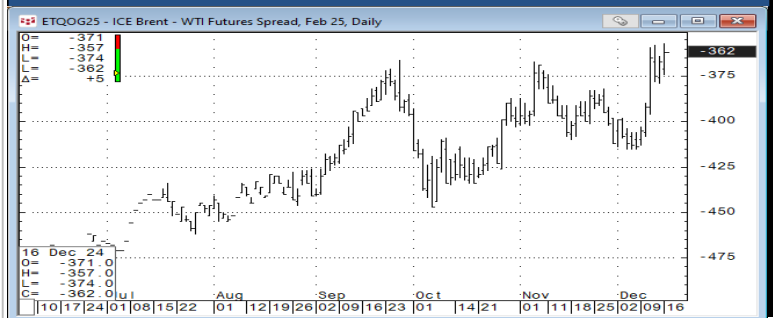
WTI - Jan \$69.94, down 77 cents  
 RBOB - Jan \$1.9550, down 2.07 cents  
 HO - Jan \$2.2307, down 3.33 cents

## All NYMEX | Prior Settlements

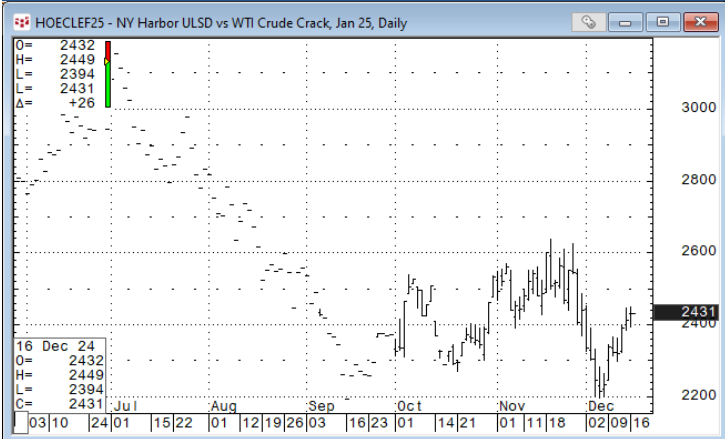
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-25	2.2640	-0.0060	0.0805
Feb-25	2.2666	-0.0070	0.0786
Mar-25	2.2537	-0.0086	0.0750
Apr-25	2.2338	-0.0085	0.0689
May-25	2.2192	-0.0093	0.0623
Jun-25	2.2108	-0.0103	0.0573
Jul-25	2.2137	-0.0107	0.0527
Aug-25	2.2178	-0.0111	0.0487
Sep-25	2.2239	-0.0112	0.0460
Oct-25	2.2297	-0.0112	0.0438
Nov-25	2.2328	-0.0104	0.0415
Dec-25	2.2342	-0.0098	0.0387
Jan-26	2.2386	-0.0093	0.0372
Feb-26	2.2363	-0.0092	0.0352
Mar-26	2.2268	-0.0088	0.0338
Apr-26	2.2114	-0.0081	0.0328
May-26	2.2009	-0.0079	0.0313

Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$3.62	\$70.2900	-\$0.5300
Crude - Brent		\$73.9100	-\$0.5800
Natural Gas		\$3.2140	-\$0.0660
Gasoline		\$1.9757	-\$0.0261

### ICE February Brent-WTI Spread



## January Heating Oil Crack Spread



## Heating Degree Days

