

Market Commentary

Recap: The crude market traded higher in thin volume trading ahead of the New Year as the market remained supported by optimism for Chinese economic growth next year after China's government announced further stimulus measures last week. The market was also led by the strength in the heating oil market as frigid temperatures are expected across the Midwest and eastern U.S. from January 2nd-12th. The crude market, which posted an inside trading day on Friday, breached its previous highs as it remained well supported. The oil market posted a low of \$70.12 on the opening and rallied over 96 cents to a high of \$71.56 in early afternoon trading. The market later erased some of its gains ahead of the close. The February WTI contract settled up 39 cents at \$70.99 and the February Brent contract settled up 22 cents at \$74.39. The product markets settled higher, with the heating oil market settling up 5.47 cents at \$2.2995 and the RB market settling up 1.81 cents at \$1.9763.

Technical Analysis: The oil market on Tuesday is seen remaining supported ahead of the New Year holiday as the market awaits more U.S. and Chinese economic data later in the week to assess growth and the weather forecasts calling for an Arctic blast to sweep across the U.S. The crude market is seen finding resistance at its high of \$71.56, \$71.97 and \$73.30. Meanwhile, support is seen at \$70.12, \$69.71, \$69.44, \$69.33, \$69.13, \$68.56, \$68.42 and \$68.12.

Fundamental News: IIR Energy said U.S. oil refiners are expected to shut in about 149,000 bpd of capacity in the week ending January 3rd, decreasing available refining capacity by 108,000 bpd. Offline capacity is expected to increase to 845,000 bpd in the week ending January 10th.

Citgo Petroleum Corp reported a spill at its 177,000 bpd Lemont, Illinois refinery on Sunday. It said the spill did not originate at the refinery.

Several trade sources said China has issued at least 152.49 million metric tons of crude oil import quotas to independent refiners in a second batch for 2025 so far. These quotas are being issued in batches by provinces this year and follow a recent small batch of 5.84 million tons that was issued in November. This brings the total volume issued for 2025 so far to 158.33 million tons or 3.17 million bpd versus a total of 179.01 million tons for 2024. Trades sources stated that China has issued 87.85 million metric tons of crude oil import quotas to independent refiners in Shandong and Zhejiang provinces in a second batch for 2025.

Supply of the five North Sea crude oil grades underpinning the dated Brent benchmark will average about 550,000 bpd in February, down from 588,000 bpd in January.

According to LSEG, heating degree days are expected to increase to 499 over the next two weeks in the U.S., compared with 399 estimated on Friday. Meteorologists at LSEG also anticipate temperatures turning colder in Europe in January.

The EIA's weekly petroleum stocks report, which is usually released on Wednesday, is delayed until Thursday at 11 a.m. EST due to the New Year holiday.

Early Market Call - as of 8:10 AM EDT

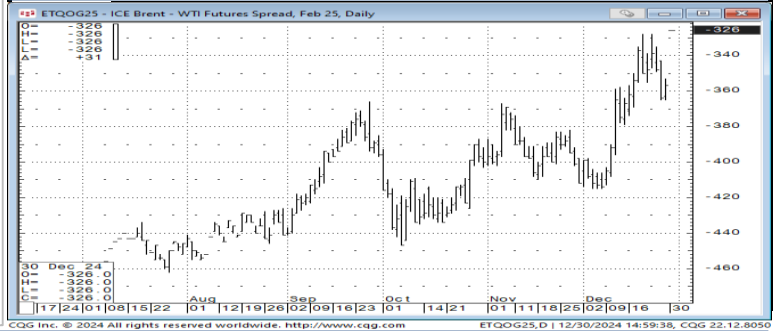
- WTI - Feb \$70.92, down 7 cents
- RBOB - Jan \$1.9687, down 76 points
- HO - Jan \$2.3085, up 90 points

All NYMEX | Prior Settlements

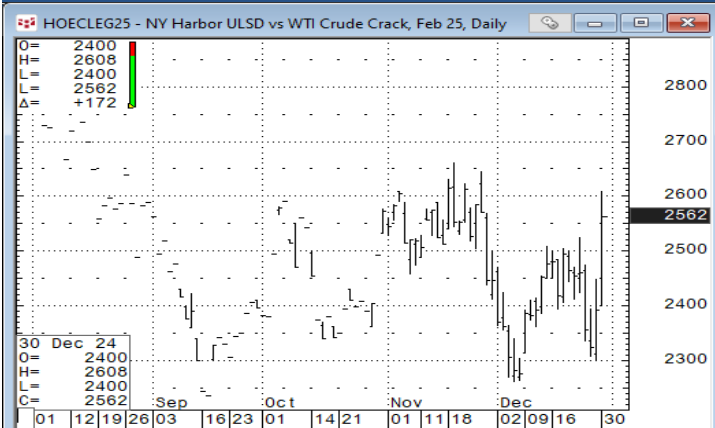
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-25	2.2995	0.0547	0.0732
Feb-25	2.3012	0.0513	0.0709
Mar-25	2.2800	0.0442	0.0652
Apr-25	2.2476	0.0382	0.0588
May-25	2.2273	0.0348	0.0569
Jun-25	2.2164	0.0314	0.0546
Jul-25	2.2170	0.0299	0.0544
Aug-25	2.2190	0.0292	0.0537
Sep-25	2.2225	0.0288	0.0521
Oct-25	2.2249	0.0279	0.0497
Nov-25	2.2248	0.0268	0.0467
Dec-25	2.2234	0.0257	0.0434
Jan-26	2.2277	0.0254	0.0421
Feb-26	2.2260	0.0251	0.0413
Mar-26	2.2160	0.0248	0.0398
Apr-26	2.1995	0.0242	0.0378
May-26	2.1881	0.0236	0.0357

Sprague HeatCurve October 2025-April 2026		\$2.2218
	Close	Change
Crude - WTI	\$70.9900	\$0.3900
Crude - Brent	\$74.3900	\$0.2200
Natural Gas	\$3.9360	\$0.4220
Gasoline	\$1.9763	\$0.0181

ICE February Brent-WTI Spread



February Heating Oil Crack Spread



8-14 Day Weather Forecast

