

Market Commentary

Recap: The oil market traded higher on the first day of the new year as the market was well supported by optimism regarding China's economy and fuel demand following a pledge by President Xi Jinping to promote growth. In a New Year's address on Tuesday, China's President said China would implement more proactive policies to promote growth in the new year. The oil market posted a low of \$71.79 in overnight trading before it continued on its upward trend. It rallied to a high of \$73.73 by mid-day. The EIA's oil inventory report had little effect on prices, with crude stocks falling less than expected, while product stocks built. The market later gave up some of its gains and traded back towards the \$73.00 level ahead of the close. The February WTI contract settled up \$1.41 at \$73.13 and the March Brent contract settling up \$1.29 at \$75.93. The product markets ended the session higher, with the heating oil market settling up 3.34 cents at \$2.3540 and the RB market settling up 5.04 cents at \$2.0519.

Technical Analysis: The crude market is seen trending sideways ahead of the weekend following some mostly supportive economic data from the U.S. and China. The market is seen finding resistance at its high of \$73.73, \$74.15, \$74.27 and \$76.41. Meanwhile, support is seen at its low of \$71.79, \$71.70, \$71.08, \$70.87, \$70.45 and \$70.12.

Fundamental News: The EIA reported that total U.S. petroleum product supplied fell by 3.3 million bpd to about 18.5 million bpd in the week ending December 27th, the lowest level since January 2023. Product supplied, the EIA's proxy for demand, fell by the most last week since a 4.6 million bpd decline in the week ending December 30, 2022, which was the most in records going back to 1991.

The EIA reported that U.S. crude oil production in October increased by 259,000 bpd to a record 13.457 million bpd from a downwardly revised level of 13.198 million bpd in September. September's output level was revised down by 6,000 bpd. It reported that U.S. crude oil exports increased to 3.871 million bpd in October from 3.722 million bpd in September. Total refined oil product exports fell to 3.264 million bpd in October, down from 3.288 million bpd in September. U.S. distillate exports fell to 1.313 million bpd in October from 1.46 million bpd in September, while gasoline exports increased to 800,000 bpd in October from 695,000 bpd in September. The EIA also reported that U.S. total oil demand in October increased by 1.8% or 379,000 bpd to 21.01 million bpd. U.S. distillate demand fell by 2,000 bpd to 4.059 million bpd in October, while gasoline demand fell by 0.4% or 32,000 bpd to 9.068 million bpd in October. The EIA reported that U.S. shipments of crude via rail in October fell by 82,000 bpd on the month to 249,000 bpd. Shipments within the U.S. in October fell by 79,000 bpd on the month to 175,000 bpd, while shipments from Canada to the U.S. fell by 3,000 bpd on the month to 74,000 bpd.

According to a Reuters monthly survey, oil prices are likely to be constrained near \$70/barrel in 2025 as weak demand from China and increasing global supplies are expected to cast a shadow on OPEC+ led efforts to support the market. The survey predicted that Brent crude would average \$74.33/barrel in 2025, down from a forecast of \$74.53/barrel in November, marking an eighth consecutive downward revision. U.S. crude is projected to average \$70.86/barrel in 2025, compared with last month's expectation of \$70.69/barrel. The survey showed that global oil demand was seen growing between 400,000 bpd and 1.3 million bpd in 2025.

Early Market Call - as of 8:55 AM EDT

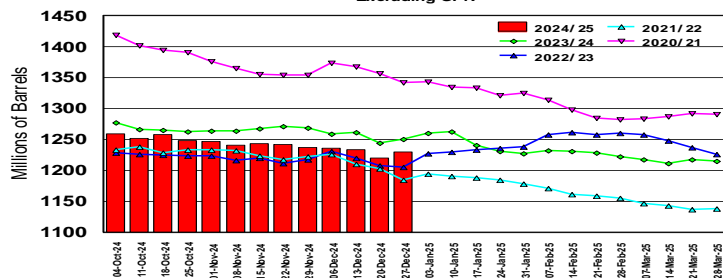
WTI - Feb \$73.40, up 28 cents
 RBOB - Feb \$2.0550, up 31 points
 HO - Feb \$2.3427, down 1.13 cents

All NYMEX | Prior Settlements

| | ULSD (HO) Close | Prior Settle Change | Change In One Week |
|--------|--------------------|------------------------|-----------------------|
| Feb-25 | 2.3540 | 0.0376 | 0.1438 |
| Mar-25 | 2.3331 | 0.0387 | 0.1340 |
| Apr-25 | 2.2992 | 0.0381 | 0.1229 |
| May-25 | 2.2757 | 0.0349 | 0.1139 |
| Jun-25 | 2.2616 | 0.0318 | 0.1060 |
| Jul-25 | 2.2608 | 0.0309 | 0.1022 |
| Aug-25 | 2.2622 | 0.0308 | 0.1003 |
| Sep-25 | 2.2651 | 0.0306 | 0.0988 |
| Oct-25 | 2.2671 | 0.0305 | 0.0965 |
| Nov-25 | 2.2658 | 0.0300 | 0.0925 |
| Dec-25 | 2.2625 | 0.0291 | 0.0878 |
| Jan-26 | 2.2656 | 0.0284 | 0.0853 |
| Feb-26 | 2.2627 | 0.0274 | 0.0834 |
| Mar-26 | 2.2515 | 0.0264 | 0.0811 |
| Apr-26 | 2.2336 | 0.0251 | 0.0781 |
| May-26 | 2.2210 | 0.0241 | 0.0753 |
| Jun-26 | 2.2616 | 0.0735 | 0.1230 |

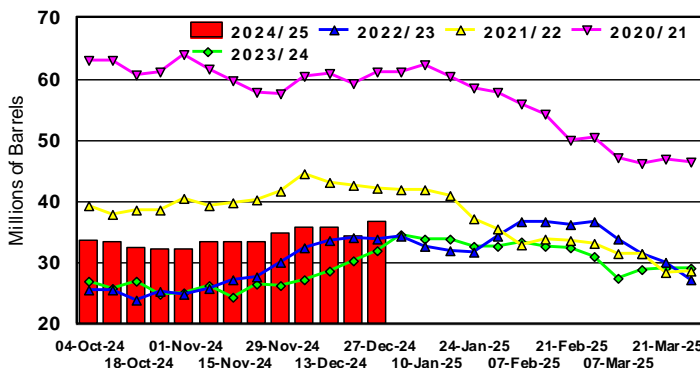
| Sprague HeatCurve October 2025-April 2026 | | \$2.2597 |
|---|-----------|----------|
| | Close | Change |
| Crude - WTI | \$72.5000 | \$1.2500 |
| Crude - Brent | \$75.9300 | \$1.2900 |
| Natural Gas | \$3.6600 | \$0.0270 |
| Gasoline | \$2.0519 | \$0.0504 |

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending December 27, 2024

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.178 million barrels
 Cushing, OK Crude Stocks Down 142,000 barrels
Gasoline Stocks Up 7.717 million barrels
Distillate Stocks Up 6.406 million barrels
Refinery % Operated 92.7%, up 0.2%

PADD #1

| | Week Ending Dec. 27, 2024 | Week Ending Dec. 20, 2024 | Week Ending Dec. 29, 2023 |
|---------------------------------------|------------------------------|------------------------------|------------------------------|
| Distillate Stocks (in million bbl) | | | |
| New England | 5.3 | 4.8 | 4.9 |
| Central Atlantic | 18.2 | 18.6 | 16.0 |
| Total PADD #1 | 36.6 | 34.3 | 32.0 |
| Distillate Imports (thousands b/d) | 133 | 141 | 184 |