

Market Commentary

Recap: The oil market ended the session higher on Tuesday after it reversed its early declines. The market was supported by the near term weather forecasts calling for frigid weather increasing heating oil demand and expectations that demand will be helped by Chinese economic stimulus. In overnight trading, the market continued to pullback after it failed to test its resistance at the \$75 level on Monday. The crude market posted a low of \$73.11 in overnight trading before it bounced off that level and erased its previous losses. The market traded to a high of \$74.53 in afternoon trading. The February WTI contract later traded in a sideways trading range ahead of the close and settled up 69 cents at \$74.25. The March Brent contract settled up 75 cents at \$77.05. The product markets ended the session in mixed territory, with the heating oil market settling up 1.11 cents at \$2.3663 and the RB market settling down 89 points at \$2.0266.

Technical Analysis: The crude market is seen trading mostly sideways as the market awaits the release of the weekly petroleum stocks reports on Wednesday morning. The weekly petroleum stocks reports are expected to show a small build in crude stocks and builds of over 2 million barrels in distillates and gasoline stocks. The market is seen finding support at its low of \$73.11, \$72.70, \$72.48, \$71.79, \$71.71 and \$70.87. Meanwhile, resistance is seen at \$74.53, \$74.99 and \$76.41.

Fundamental News: Goldman Sachs expects colder temperatures in the U.S. and Europe to increase oil demand by 100,000 bpd next week, providing further support to diesel prices.

U.S. President-elect Donald Trump said he will revoke an offshore oil and gas drilling ban announced by outgoing Democratic President Joe Biden.

Shipping data showed that the volume of global crude exports in 2024 fell 2%, the first decline since the COVID-19 pandemic due to weak demand growth and as refinery and pipeline changes reshuffled trade routes. Global crude flows have been affected for a second year by war in Ukraine and the Middle East, with tanker shipments rerouted and suppliers and buyers split into regions. Middle East oil exports to Europe declined and more U.S. oil and South American oil went to Europe. Russian oil that formerly went to Europe has been redirected to India and China. These shifts have become more pronounced as oil refineries have shut in Europe amid continued attacks on Red Sea shipping. Ship tracking data from researcher Kpler showed that Middle Eastern crude exports to Europe fell 22% in 2024. The U.S. exports 4 million bpd, increasing its share of global oil trade to 9.5%, behind Saudi Arabia and Russia. Also, according to Kpler, Nigeria's new Dangote refinery consumed enough domestic supply to keep around 13% of Nigeria's crude exports in the country in 2024, up from 2% in 2023. New refining capacity ramping up in Bahrain, Oman and Iraq as well as Dos Bocas in Mexico are also likely to soak up oil production in those regions. In Canada, the expanded Trans Mountain pipeline can now ship an extra 590,000 bpd to the Pacific Coast, lifting the nation's waterborne exports to a record 550,000 bpd in 2024.

Bloomberg News reported that Russia said it cut its crude oil output below its OPEC+ target in December. Russia produced 8.971 million bpd in December.

A Reuters survey showed that OPEC oil output fell in December after two months of increases, as a drop from the United Arab Emirates due to field maintenance and from Iran offset an increase in output from Nigeria and other gains elsewhere in the group. OPEC produced 26.46 million bpd in December, down 50,000 bpd from November, with the UAE providing the biggest decline of 90,000 bpd. The nine OPEC members covered by supply agreements produced 21.213 million bpd, below its implied target of 21.236 million bpd.

Early Market Call - as of 8:20 AM EDT

WTI - Feb \$74.75, up 50 cents
 RBOB - Feb \$2.0328, up 62 points
 HO - Feb \$2.3629, down 34 points

All NYMEX | Prior Settlements

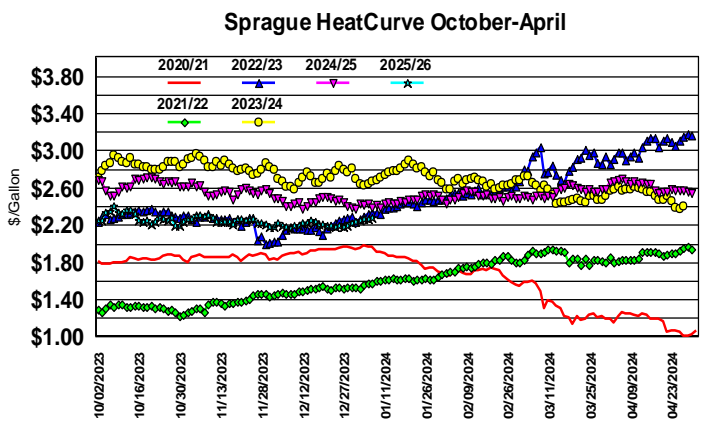
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-25	\$2.3663	\$0.0111	\$0.0499
Mar-25	\$2.3487	\$0.0134	\$0.0543
Apr-25	\$2.3141	\$0.0132	\$0.0530
May-25	\$2.2888	\$0.0129	\$0.0480
Jun-25	\$2.2749	\$0.0143	\$0.0451
Jul-25	\$2.2745	\$0.0144	\$0.0446
Aug-25	\$2.2759	\$0.0139	\$0.0445
Sep-25	\$2.2791	\$0.0135	\$0.0446
Oct-25	\$2.2815	\$0.0131	\$0.0449
Nov-25	\$2.2802	\$0.0127	\$0.0444
Dec-25	\$2.2761	\$0.0127	\$0.0427
Jan-26	\$2.2775	\$0.0123	\$0.0403
Feb-26	\$2.2731	\$0.0119	\$0.0378
Mar-26	\$2.2613	\$0.0117	\$0.0362
Apr-26	\$2.2426	\$0.0117	\$0.0341
May-26	\$2.2299	\$0.0119	\$0.0330
Jun-26	\$2.2749	\$0.0668	\$0.0868

Sprague HeatCurve October 2025-April 2026			\$2.2715
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$3.48	\$73.5700	\$0.6500
Crude - Brent		\$77.0500	\$0.7500
Natural Gas		\$3.4490	-\$0.2230
Gasoline		\$2.0266	-\$0.0089

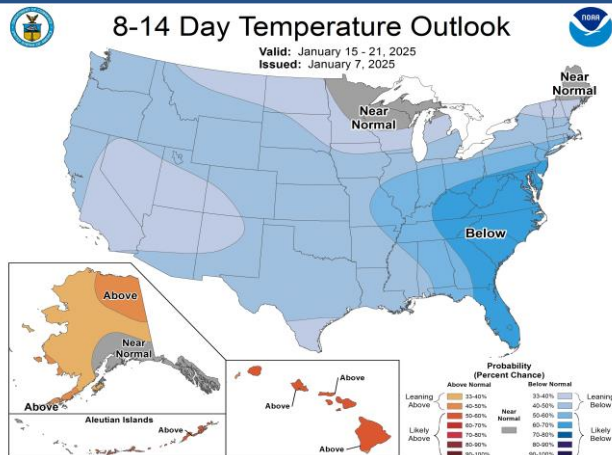
API Report for the Week Ending January 3, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 4.02 million barrels	Up 100,000 barrels
Gasoline Stocks	Up 7.33 million barrels	Up 2.7 million barrels
Distillate Stocks	Up 3.2 million barrels	Up 2.3 million barrels
Refinery Runs		Up 0.3% at 93%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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