

Market Commentary

Recap: The oil market on Thursday traded higher as the market was supported by increased winter fuel demand, shrugging off the latest weekly inventory reports showing large builds in product stocks. The market traded lower in overnight trading and posted a low of \$72.84 in follow through selling amid the EIA weekly petroleum stocks report showing large builds in distillate and gasoline stocks. However, the market bounced off its low and rallied higher as a cold snap drives heating oil demand. The crude market retraced more than 50% of its move from Wednesday's high to today's low as it traded to \$74.26 by mid-day. The market gave up some of its gains and traded mostly sideways during the remainder of the session. The February WTI contract settled up 60 cents at \$73.92. The market posted a high of \$74.28 in the post settlement period. The March Brent contract settled up 76 cents at \$76.92. The product market ended higher, with the heating oil market settling up 2.75 cents at \$2.3782 and the RB market settling up 1.81 cents at \$2.0283.

Technical Analysis: The crude market on Friday will remain in its recent trading range as the market continues to weigh the supportive weather forecasts and tightening supplies OPEC+ producers against the builds reported in the latest weekly petroleum stocks reports. The market is seen finding resistance at its high of \$74.28, \$75.29, \$76.41 and \$76.96. Meanwhile, support is seen at \$72.84, \$72.70, \$72.01 followed by \$71.79, \$71.00, \$70.87, \$70.12 and \$69.99.

Fundamental News: JPMorgan analysts expect oil demand for January to increase by 1.4 million bpd year on year to 101.4 million bpd, primarily driven by increased use of heating fuels in the Northern Hemisphere.

Citi raised its average Brent price forecast for the first quarter from \$65/barrel to \$71/barrel as Chinese buyers have pulled back more than expected on buying Iranian oil. It also raised its WTI price forecast for the first quarter to \$67/barrel. It said it maintains its overall bearish 2025 view, with Brent prices falling to \$60s/barrel from the second quarter amid larger than usual seasonal stock builds.

BNP Paribas in a research note to clients warned that "...crude prices have risen too much too soon" and Brent, currently above \$76 per barrel, will likely "fall back to the low \$70s" once seasonal refinery maintenance begins.

Bank of America analysts are forecasting Brent crude oil prices will average just \$65 per barrel in 2025 as a result of new oil production from non-OPEC countries continuing to grow faster than global oil demand. The bank noted production gains from Brazil, Canada, Guyana and Norway will lead the gains in new supply.

Kinder Morgan reported on Wednesday it had shut down two Southern California-area refined product pipelines as a result of power outages in the area due to the ongoing several wildfires in the area.

The U.S. Climate Prediction Center noted Thursday that a La Nina event has finally developed in the equatorial Pacific. It noted ocean surface temperatures have dropped by 0.9F degrees below normal across parts of the Pacific. Forecasters at the Climate Prediction Center noted though there is a 60% chance it will likely fade by the March, April and May time frame.

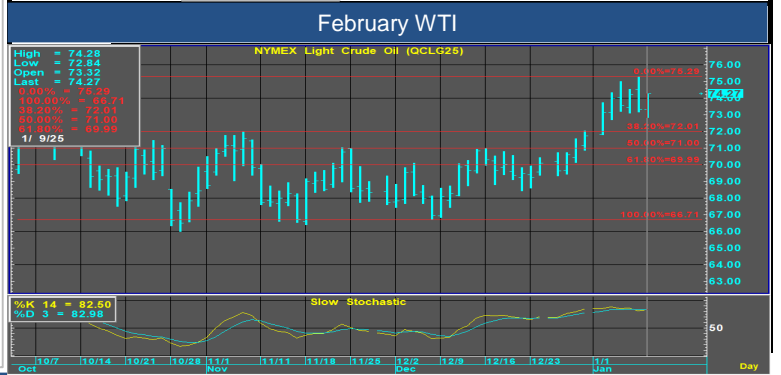
Early Market Call - as of 8:10 AM EDT

WTI - Feb \$76.62, up \$2.70
 RBOB - Feb \$2.4798, up 10.18 cents
 HO - Feb \$2.0900, up 6.17 cents

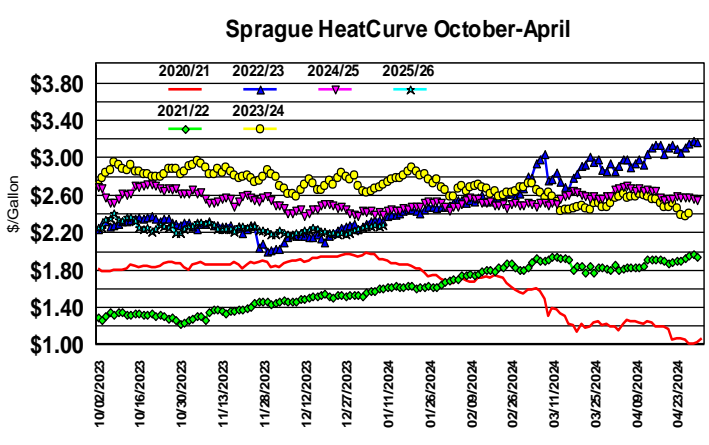
All NYMEX | Prior Settlements

	USLD (HO) Close	Prior Settle Change	Change In One Week
Feb-25	2.3782	0.0275	0.0429
Mar-25	2.3580	0.0257	0.0571
Apr-25	2.3204	0.0238	0.0445
May-25	2.2908	0.0196	0.0302
Jun-25	2.2738	0.0171	0.0137
Jul-25	2.2719	0.0153	0.0099
Aug-25	2.2730	0.0145	0.0074
Sep-25	2.2766	0.0144	0.0082
Oct-25	2.2798	0.0143	0.0123
Nov-25	2.2793	0.0141	0.0159
Dec-25	2.2764	0.0144	0.0112
Jan-26	2.2778	0.0141	0.0166
Feb-26	2.2733	0.0140	0.0237
Mar-26	2.2611	0.0139	0.0302
Apr-26	2.2428	0.0135	0.0248
May-26	2.2305	0.0131	0.0224
Jun-26	2.2738	0.0651	0.0670

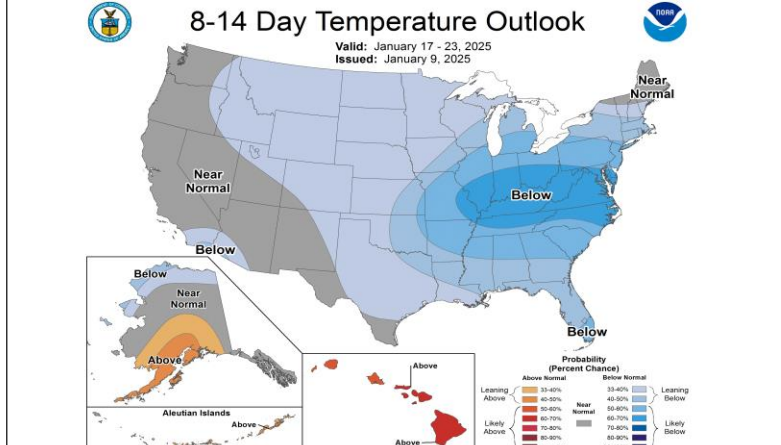
Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$3.68	\$73.2400	\$0.5700
Crude - Brent		\$76.9200	\$0.7600
Natural Gas		\$3.7010	\$0.0500
Gasoline		\$2.0283	\$0.0181



Sprague HeatCurve October-April



8-14 Weather Outlook



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