

Market Commentary

Recap: The oil market rallied sharply higher and posted a third consecutive week of gains amid concerns of potential supply disruptions due to further sanctions imposed against Russia. The market was also well supported by the recent cold snap in both the U.S. and Europe. Central and eastern parts of the U.S. are expected to experience below-average temperatures, while many regions in Europe have also been hit by extreme cold and are likely to continue to experience a chillier than usual start to the year. The crude market posted a low of \$74.02 in overnight trading and continued to trend higher in follow through from Thursday's session. The market later surged on news that the Biden administration was imposing some of the harshest sanctions on the Russian oil industry to date. The oil market extended its gains to over \$3.90 or 5.3% to a high of \$77.86 early in the morning. The market later gave up some of its sharp gains and traded in a sideways trading range during the remainder of the session. The February WTI contract settled up 3.58% or \$2.65 at \$76.57, with a weekly gain of 3.53%. The March Brent contract settled up \$2.84 at \$79.76. The product markets ended the session sharply higher, with the heating oil market settling up 12.35 cents at \$2.5017 amid the increased heating demand and the RB market settling up 4.66 cents at \$2.0749.

Technical Analysis: The crude market is seen remaining range bound following Friday's volatile trading session. While the market is seen retracing some of Friday's gains, its losses will be limited by the concerns over sanctions imposed on Russia and the supportive weather forecasts for the next couple of weeks. The market is seen finding support at \$75.40, \$74.85, its low of \$74.02 followed by \$72.84 and \$71.79. Meanwhile, resistance is seen at its high of \$77.86, \$78.46, \$78.60 and \$79.10.

Fundamental News: Citi Research analysts warned the extreme cold weather across West Texas and the northern Plains could impact U.S. crude supply, temporarily shutting in over 700,000 b/d of U.S crude production and resulting in a loss of some 6 million total barrels of stocks.

The Biden administration imposed harshest sanctions on the Russian oil industry to date, designating 183 vessels, dozens of traders, Gazprom Neft and Surgutneftegas and some top Russian oil executives. A senior Biden official said the logic of the sanctions "is to hit every stage of the Russian oil production and distribution chain". The measures allow a wind-down period until March 12th for sanctioned entities to finish energy-related transactions.

IIR Energy reported that U.S. oil refiners are expected to shut in about 595,000 bpd of capacity in the week ending January 10th, cutting available refining capacity by 395,000 bpd. Offline capacity is expected to increase to 1.22 million bpd in the week ending January 17th and then further to 1.49 million bpd in the week ending January 24th.

Baker Hughes reported that U.S. energy firms this week cut the number of oil and natural gas rigs operating for the first time in six weeks. The oil and gas rig count fell by 5 to 584 in the week ending January 10th, the lowest level since November. Baker Hughes said oil rigs fell by two to 480 this week, their lowest since November, while gas rigs fell by three to 100, also the lowest since November.

Shell reported it has started up its deep water Whale field in the Gulf of Mexico on Thursday. The Whale field was discovered back in 2017 and it features a semisubmersible production host facility capable of handling 100,000 boe/d of peak output. A total of 15 wells will be tied back to the platform.

Early Market Call - as of 9:00 AM EDT

WTI - Feb \$77.82, up \$1.25

RBOB - Feb \$2.0974, up 2.25 cents

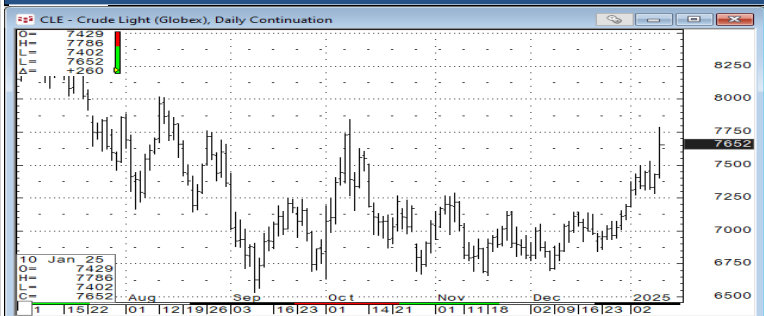
HO - Feb \$2.5395, up 3.88 cents

All NYMEX | Prior Settlements

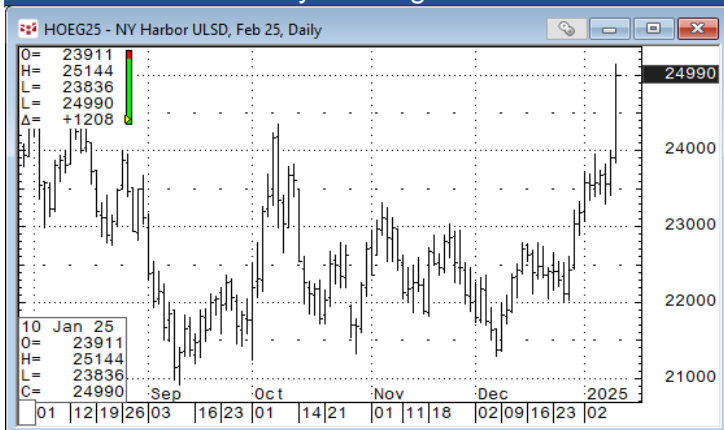
	USLD (HO) Close	Prior Settle Change	Change In One Week
Feb-25	2.5017	0.1235	0.1539
Mar-25	2.4759	0.1179	0.1456
Apr-25	2.4283	0.1079	0.1303
May-25	2.3900	0.0992	0.1155
Jun-25	2.3635	0.0897	0.1034
Jul-25	2.3528	0.0809	0.0927
Aug-25	2.3466	0.0736	0.0846
Sep-25	2.3455	0.0689	0.0803
Oct-25	2.3452	0.0654	0.0773
Nov-25	2.3410	0.0617	0.0742
Dec-25	2.3348	0.0584	0.0718
Jan-26	2.3336	0.0558	0.0683
Feb-26	2.3270	0.0537	0.0653
Mar-26	2.3131	0.0520	0.0632
Apr-26	2.2927	0.0499	0.0615
May-26	2.2780	0.0475	0.0599
Jun-26	2.2662	0.0448	0.0579

Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$4.01	\$75.7500	\$2.5100
Crude - Brent		\$79.7600	\$2.8400
Natural Gas		\$3.9890	\$0.2880
Gasoline		\$2.0749	\$0.0466

WTI Continuation



February Heating Oil



8-14 Day Weather Forecast

