

## Market Commentary

**Recap:** The crude market on Tuesday posted an inside trading day following the market's sharp gains over the past couple of sessions in light of new U.S. sanctions imposed on Russian oil companies and 183 vessels that transport its oil. The market rallied to a high of \$79.09 in overnight trading as the market remained focused on the impact of the new sanctions on Russian oil exports bound for China and India. However, the market was pressured by the news that Israel and Hamas are finalizing the terms of a ceasefire deal. The crude market posted a low of \$77.41 by mid-day. The market later traded in a mostly sideways trading range ahead of the release of the latest weekly petroleum stocks reports later on Tuesday and Wednesday morning. The February WTI contract settled down \$1.32 at \$77.50 and the March Brent contract settled down \$1.09 at \$79.92. The product markets ended the session mixed, with the heating oil market settling down 8 points at \$2.5253 and the RB market settling up 43 points at \$2.1046.

**Technical Analysis:** The oil market will be driven by the weekly petroleum stocks report on Wednesday after the market weighed the impact of the U.S. sanctions imposed against Russia and the U.S. energy demand forecasts, with the EIA forecasting a surplus of 300,000 bpd this year and 800,000 bpd next year. The market will also look for further updates regarding a possible ceasefire deal between Israel and Hamas. The market is seen finding support at its low of \$77.41, \$76.54, followed by \$74.47, \$74.02, \$72.99 and \$72.84. Meanwhile, resistance is seen at its high of \$79.09, \$79.27, \$79.57, \$80.00 and \$80.14.

**Fundamental News:** In its Short Term Energy Outlook, the EIA forecast world petroleum demand in 2025 will increase by 1.33 million bpd to 104.1 million bpd and by 1.05 million bpd to 105.15 million bpd in 2026. It reported that world oil output is forecast to increase by 1.76 million bpd to 104.36 million bpd in 2025 and by 1.53 million bpd to 105.89 million bpd in 2026. OPEC oil output is estimated to increase by 140,000 bpd to 26.88 million bpd in 2025 and by 450,000 bpd to 27.33 million bpd in 2026. U.S. oil output in 2025 is forecast to increase by 340,000 bpd to 13.55 million bpd and by 70,000 bpd to 13.62 million bpd in 2026. Meanwhile, U.S. oil petroleum products demand is forecast to increase by 210,000 bpd to 20.54 million bpd in 2025 and by 10,000 bpd to 20.55 million bpd in 2026. Gasoline demand in 2025 is estimated to increase by 20,000 bpd to 8.97 million bpd but fall by 90,000 bpd to 8.88 million bpd in 2026, while distillate demand is forecast to increase by 150,000 bpd to 3.95 million bpd in 2025 and by 30,000 bpd to 3.98 million bpd in 2026. The EIA forecast that the Brent crude oil price will average \$74/barrel in 2025, 8% less than in 2024, and then continue to decline another 11% to \$66/barrel in 2026.

Shipbrokers and traders said supertanker freight rates increased after the U.S. expanded sanctions on Russia's oil industry, sending traders rushing to book vessels to ship supply from other countries to China and India. Chinese and Indian refiners are seeking alternative fuel supplies as they adapt to new U.S. sanctions on Russian producers and tankers.

Bloomberg reported that Russia's oil customers in Asia are approaching the country's OPEC+ counterparts in the Middle East in case the latest U.S. sanctions create a supply gap. Officials said Iraq, the UAE and Kuwait have received inquiries to potentially provide additional barrels in the coming month.

Negotiators were meeting in Qatar on Tuesday hoping to finalize details of a plan to end the war in Gaza, after U.S. President Joe Biden indicated a ceasefire and hostage release deal was imminent. Qatar's foreign ministry spokesperson Majed Al-Ansari said that talks on the final details were underway and this was the closest point to a deal reached over the past months. Hamas said the talks had reached that final steps and that it hoped this round of negotiations would lead to a deal.

Colonial Pipeline has temporarily shut Line 1 due to a potential gasoline leak in Georgia.

**Early Market Call - as of 8:50 AM EDT**

WTI - Feb \$78.18, up 69 cents  
 RBOB - Feb \$2.1280, up 2.3 cents  
 HO - Feb \$2.5523, up 2.74 cents

## All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-25	\$2.5253	-\$0.0080	\$0.1590
Mar-25	\$2.4987	-\$0.0094	\$0.1500
Apr-25	\$2.4475	-\$0.0082	\$0.1334
May-25	\$2.4047	-\$0.0072	\$0.1159
Jun-25	\$2.3733	-\$0.0079	\$0.0984
Jul-25	\$2.3634	-\$0.0051	\$0.0889
Aug-25	\$2.3571	-\$0.0030	\$0.0812
Sep-25	\$2.3540	-\$0.0024	\$0.0749
Oct-25	\$2.3516	-\$0.0027	\$0.0701
Nov-25	\$2.3467	-\$0.0020	\$0.0665
Dec-25	\$2.3406	-\$0.0006	\$0.0645
Jan-26	\$2.3381	-\$0.0001	\$0.0606
Feb-26	\$2.3301	-\$0.0001	\$0.0570
Mar-26	\$2.3153	\$0.0004	\$0.0540
Apr-26	\$2.2935	\$0.0008	\$0.0509
May-26	\$2.2777	\$0.0015	\$0.0478
Jun-26	\$2.2645	\$0.0019	\$0.0442

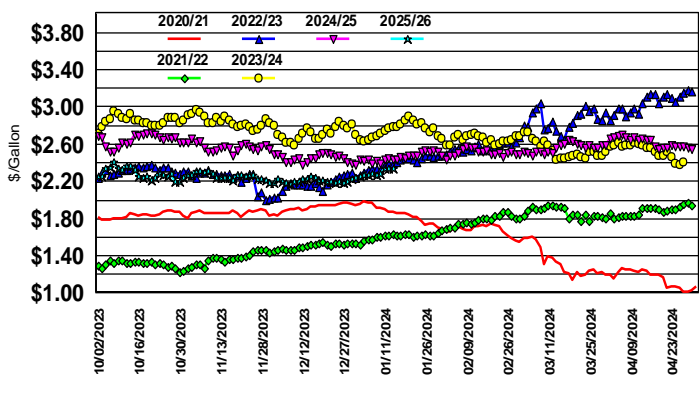
Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$3.55	\$76.3700	-\$0.9300
Crude - Brent		\$79.9200	-\$1.0900
Natural Gas		\$3.9680	\$0.0340
Gasoline		\$2.1046	\$0.0043

## API Report for the Week Ending January 10, 2024

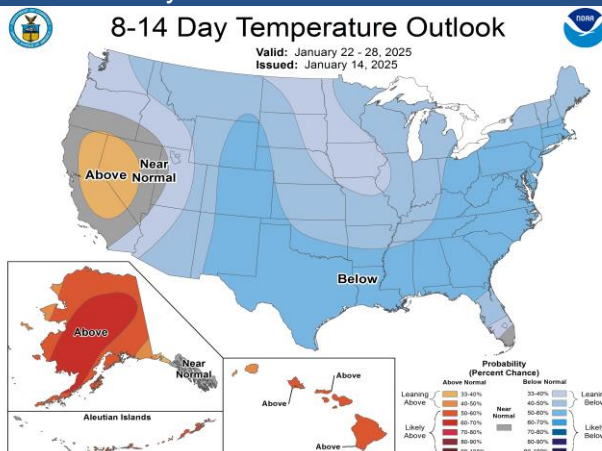
	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 2.6 million barrels	Down 900,000 barrels
Gasoline Stocks	Up 5.4 million barrels	Up 1.4 million barrels
Distillate Stocks	Up 4.88 million barrels	Up 500,000 barrels
Refinery Runs		Down 0.3% at 93%

## Sprague HeatCurve October-April

Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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