

Market Commentary

Recap: The oil market on Wednesday posted an outside trading day as the market sold off in overnight trading before it retraced all of its losses and rallied sharply higher. The market was well supported by a large draw in U.S. crude oil stocks and the potential supply disruptions caused by U.S. sanctions imposed on Russia. The crude market breached its previous low and posted a low of \$77.24 in overnight trading as the market awaited news of a possible Israeli-Hamas ceasefire deal and the release of the EIA's weekly petroleum stocks report. However, the market bounced off its low and never looked back. The oil market breached its previous high after the EIA reported that crude oil stocks fell to the lowest level since 2022 as exports increased and imports fell. The market posted a high of \$80.31 ahead of the close despite the announcement of a Gaza ceasefire deal. The February WTI contract settled up \$2.54 at \$80.04 and continued to trend higher in the post settlement period, posting a high of \$80.77. The March Brent contract settled up \$2.11 at \$82.03. The product markets also rallied sharply higher, with the heating oil market settling up 8.82 cents at \$2.6135 and the RB market settling up 5.43 cents at \$2.1589.

Technical Analysis: The market on Thursday will likely retrace some of Wednesday's sharp gains and trade mostly sideways. The market will weigh the draws reported in the weekly inventory reports against the expected surplus in the market and the announcement of a ceasefire deal between Israel and Hamas. The market is seen finding resistance at its high of \$80.77 followed by \$82.88, \$83.82 and \$84.52. Meanwhile, support is seen at its low of \$77.24, \$76.54 followed by \$74.47, \$74.02, \$72.99 and \$72.84.

Fundamental News: U.S. President Joe Biden announced that Israel and Hamas reached a ceasefire and hostage deal that will end the fighting in Gaza and will be followed by a surge of humanitarian aid in Gaza. The deal outlines a six-week initial ceasefire phase and includes the gradual withdrawal of Israeli forces from Gaza and release of hostages held by Hamas in exchange for Palestinian detainees held by Israel. Earlier, Hamas said its delegation handed mediators its approval for the ceasefire agreement and return of hostages. Israeli Foreign Minister, Gideon Saar, said he was cutting a visit to Europe short and returning to Israel to take part in security cabinet and government votes on the deal, meaning the votes would likely be by or on Thursday.

In its monthly report, the IEA said the latest round of U.S. sanctions against Russian oil announced last Friday could significantly disrupt the country's oil supply chains. The IEA's oil market outlook still suggests that the global market will be in surplus this year due to supply growth exceeding subdued expansion in demand. The IEA said that tighter sanctions, as well as a cold weather snap in the northern hemisphere, had propelled crude prices above \$80/barrel in early January. However, the IEA said price gains could be tempered by strong non-OPEC+ supply growth, the OPEC+ coalition looking to unwind cuts, and the ability to draw on stocks quickly if needed. The IEA now expects global oil supply growth to reach 1.8 million bpd in 2025, with non-OPEC+ production accounting for the majority at 1.5 million bpd. That is faster than its forecast for oil demand growth this year of 1.05 million bpd, after a slight downward adjustment from 1.1 million bpd in the previous month's report.

OPEC forecast world oil demand in 2026 will increase at a similar rate to this year, while reducing its figure for 2024 for a sixth time, following economic weakness in China. The 2026 forecast is in line with its view oil use will increase for the next two decades, in contrast to the IEA that predicts it will peak this decade as the world shifts to cleaner energy. In its monthly report, OPEC said demand will increase by 1.43 million bpd in 2026, a similar rate to the growth of 1.45 million bpd expected this year. OPEC estimated this year's demand growth at 1.5 million bpd, compared with 1.61 million bpd reported in last month's report, amounting to a sixth consecutive cut in the 2024 forecast.

Early Market Call - as of 8:55 AM EDT

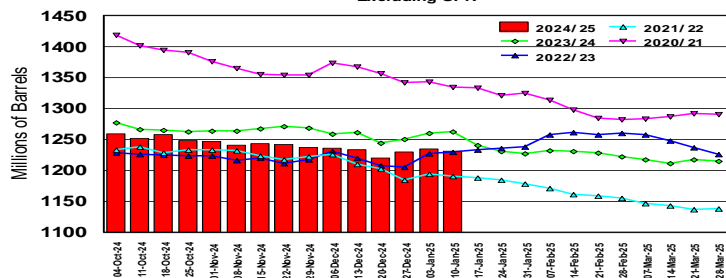
WTI - Feb \$79.77, down 27 cents
 RBOB - Feb \$2.1418, down 1.71 cents
 HO - Feb \$2.6384, up 2.46 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-25	2.6135	0.0882	0.2628
Mar-25	2.5699	0.0712	0.2376
Apr-25	2.5078	0.0603	0.2112
May-25	2.4574	0.0527	0.1862
Jun-25	2.4191	0.0458	0.1624
Jul-25	2.4040	0.0406	0.1474
Aug-25	2.3944	0.0373	0.1359
Sep-25	2.3897	0.0357	0.1275
Oct-25	2.3853	0.0337	0.1198
Nov-25	2.3773	0.0306	0.1121
Dec-25	2.3672	0.0266	0.1052
Jan-26	2.3622	0.0241	0.0985
Feb-26	2.3523	0.0222	0.0930
Mar-26	2.3359	0.0206	0.0887
Apr-26	2.3130	0.0195	0.0837
May-26	2.2967	0.0190	0.0793
Jun-26	2.2833	0.0188	0.0746

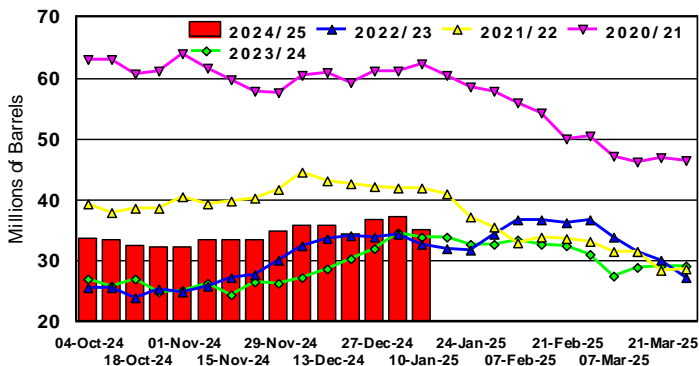
Sprague HeatCurve October 2025-April 2026		\$2.3562
	Close	Change
Crude - WTI	\$78.7100	\$2.3400
Crude - Brent	\$82.0300	\$2.1100
Natural Gas	\$4.0830	\$0.1150
Gasoline	\$2.1589	\$0.0543

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending January 10, 2025

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.962 million barrels
 Cushing, OK Crude Stocks Up 765,000 barrels
Gasoline Stocks Up 5.852 million barrels
Distillate Stocks Up 3.077 million barrels
Refinery % Operated 91.7%, down 1.6%

PADD #1

	Week Ending Jan. 10, 2025	Week Ending Jan. 3, 2024	Week Ending Jan. 13, 2024
Distillate Stocks (in million bbl)			
New England	4.8	5.1	5.2
Central Atlantic	18.3	19.6	16.5
Total PADD #1	35.0	37.2	33.9
Distillate Imports (thousands b/d)	187	170	104