

Market Commentary

Recap: The oil market on Monday continued to trend higher in follow through strength seen on Friday after the U.S. Treasury imposed wider sanctions on Russian oil producers as well as 183 vessels that have shipped Russian oil. The market was well supported on expectations that the sanctions on Russian oil will force buyers in China and India to seek other suppliers in the Middle East, Africa and the Americas, increasing prices and shipping costs. There were reports that at least 65 oil tankers have dropped anchor at multiple locations, including off the coasts of China and Russia following the announcement of the new sanctions. The crude market extended its gains throughout the session, rallying over 3.5% to a high of \$79.27 in afternoon trading. The market later erased some of its sharp gains ahead of the close. The February WTI contract settled up \$2.25 at \$78.82, its highest settlement since August 12, 2024, and the March Brent contract settled up \$1.25 at \$81.01. The product markets ended the session higher, with the heating oil market settling up 3.16 cents at \$2.5333 and the RB market settling up 2.54 cents at \$2.1003.

Technical Analysis: The crude market is seen retracing some of its sharp gains on Tuesday following its recent surge. However, its losses will remain limited in light of the weekly petroleum stocks reports expected to show draws in crude stocks of over 3.5 million barrels in the week ending January 10th. The market is seen finding resistance at its high of \$79.27, \$79.57, \$80.00 and \$80.14. Meanwhile, support is seen at \$78.42, \$77.35, \$76.54, \$75.40, \$74.85, \$74.02 followed by \$72.84 and \$71.79.

Fundamental News: Ship tracking data showed that at least 65 oil tankers have dropped anchor at multiple locations including off the coasts of China and Russia since the U.S. announced a new sanctions package on Friday.

Kremlin spokesman, Dmitry Peskov, said that the latest round of U.S. sanctions on the Russian energy sector risked destabilizing global markets, and added that Russia would do everything possible to minimize their impact.

Traders and analysts said Chinese and Indian refiners will source more oil from the Middle East, Africa and the Americas, increasing prices and freight costs, as new U.S. sanctions on Russian producers and ships cut supplies to Moscow's top customers. Two Chinese trade sources said Russian oil exports will be hurt severely by the new sanctions, which will force Chinese independent refiners to cut refining output going forward. Kpler's lead freight analyst Matt Wright said that among the newly sanctioned ships, 143 are oil tankers that handled more than 530 million barrels of Russian crude last year, about 42% of the country's total seaborne crude exports.

White House national security advisor, Jake Sullivan, said the Biden administration sees a possible Gaza agreement as soon as this week. Earlier, an official said mediators gave Israel and Hamas a final draft of a deal on Monday to end the war in Gaza, after a midnight "breakthrough" in talks attended by envoys of both U.S. President Joe Biden and President elect Donald Trump. Israel's Kan radio, citing an Israeli official, reported that Israeli and Hamas delegations in Qatar had both received a draft and that the Israeli delegation had briefed Israel's leaders. Officials on both sides, while stopping short of confirming that a final draft had been reached, described progress at the talks.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.16 million bpd of capacity in the week ending January 17th, cutting available refining capacity by 620,000 bpd. Offline capacity is expected to increase to 1.49 million bpd in the week ending January 24th.

Early Market Call - as of 8:20 AM EDT

WTI - Feb \$78.23, down 59 cents

RBOB - Feb \$2.0888, down 1.15 cents

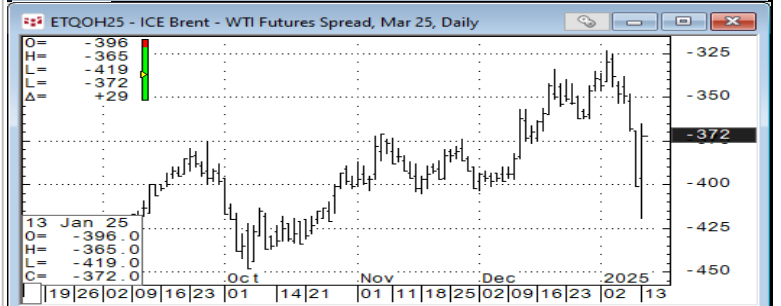
HO - Feb \$2.5033, down 3 cents

All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-25	2.5333	0.0316	0.1781
Mar-25	2.5081	0.0322	0.1728
Apr-25	2.4557	0.0274	0.1548
May-25	2.4119	0.0219	0.1360
Jun-25	2.3812	0.0177	0.1206
Jul-25	2.3685	0.0157	0.1084
Aug-25	2.3601	0.0135	0.0981
Sep-25	2.3564	0.0109	0.0908
Oct-25	2.3543	0.0091	0.0859
Nov-25	2.3487	0.0077	0.0812
Dec-25	2.3412	0.0064	0.0778
Jan-26	2.3382	0.0046	0.0730
Feb-26	2.3302	0.0032	0.0690
Mar-26	2.3149	0.0018	0.0653
Apr-26	2.2927	0.0000	0.0618
May-26	2.2762	-0.0018	0.0582
Jun-26	2.2626	-0.0036	0.0545

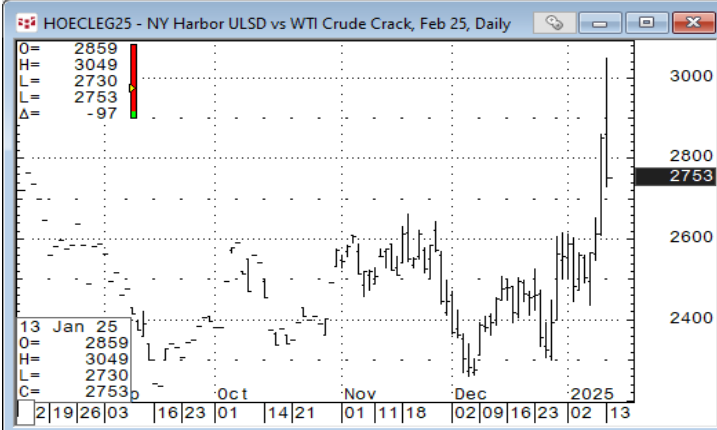
Sprague HeatCurve October 2025-April 2026		\$2.3320
	Close	Change
Crude - WTI	\$77.3000	\$1.5500
Crude - Brent	\$81.0100	\$1.2500
Natural Gas	\$3.9340	-\$0.0550
Gasoline	\$2.1003	\$0.0254

ICE March Brent-WTI Spread

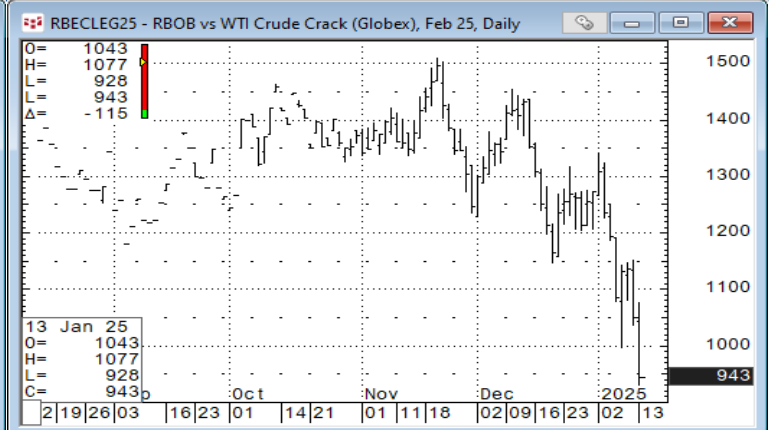


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February Heating Oil Crack Spread



February RBOB Crack Spread



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