

## Market Commentary

**Recap:** The crude oil market continued to trend lower on Thursday after posting an inside trading day on Wednesday. The market continued to weigh the impact of President Donald Trump's new policy positions, including the trade tariffs, his vow to bring Iran's oil exports to zero and his pledge to increase U.S. oil output. After trading mostly sideways in overnight trading on news that Saudi Aramco raised its prices for crude buyers in Asia, the market briefly breached a previous low of \$70.67 posted on Tuesday. It traded to \$70.66 before it quickly retraced its losses and rallied to a high of \$71.85. The market traded higher amid the news that the Treasury Department imposed sanctions targeting shadow networks responsible for moving Iranian oil to China. However, the market erased its early gains and sold off to a low of \$70.43 in afternoon trading after President Donald Trump reiterated a pledge to increase U.S. oil production. The March WTI contract settled down 42 cents at \$70.61 and the April Brent contract settled down 32 cents at \$74.29. Meanwhile, the product markets ended the session in positive territory, with the heating oil market settling up 1.38 cents at \$2.3980 and the RB market settling up 24 points at \$2.0747.

**Technical Analysis:** The oil market on Friday will likely retrace some of Thursday's losses and trade mostly sideways as the market continues to weigh the impact of the Trump administration's new policy positions. The market will remain headline driven. Technically, the crude market looks oversold. The crude market is seen finding support at its low of \$70.43, the \$70.00 level, followed by \$69.75, \$69.06 and \$68.94. Meanwhile, resistance is seen at its high of \$71.85, \$72.97, \$73.35, \$73.84, \$74.00, \$74.90, \$75.18-\$75.21 and \$75.95.

**Fundamental News:** China's retaliatory tariffs on the United States may cause U.S. oil exports to decline in 2025 for the first time since the COVID-19 pandemic, after growth plateaued last year. According to ship-tracking data from Kpler, China's demand for U.S. oil has declined in recent years due to discounted Russian and Iranian oil, with exports to China totaling about 166,000 bpd in 2024, accounting for nearly 5% of all U.S. crude exports. Meanwhile, U.S. crude export growth stalled in 2024, increasing just 0.6% or 24,000 bpd in 2024 to average 3.8 million bpd, as U.S. companies limited shale production amid worries about global demand. Matt Smith, an analyst at Kpler, said international demand for American crude exports may be peaking "and China's retaliatory tariffs could only further accelerate that." For China, the impact is likely muted as U.S. imports accounted for 1.7% of the country's total crude imports in 2024, worth about \$6 billion, and down from 2.5% in 2023, according to Chinese customs data. China increased imports from Canada by about 30% last year to over 500,000 bpd, following the expansion of the Trans Mountain pipeline.

Trade sources said oil and gas traders are likely to seek waivers from China over tariffs that the Chinese government plans to impose on U.S. crude and liquefied natural gas imports starting February 10<sup>th</sup>. Data from analytics firms Kpler and LSEG showed that four tankers, carrying 6 million barrels of U.S. WTI and Alaskan North Slope (ANS) crude, and two LNG vessels are currently en route to China. Companies are expected to apply for waivers for tankers that have already been booked.

The U.S. Treasury said it is imposing new sanctions on individuals and tankers helping to ship millions of barrels of Iranian crude oil per year to China. The move comes after U.S. President Donald Trump earlier this week vowed to bring Iran's oil exports to zero as the U.S. tries to prevent the country from obtaining a nuclear weapon.

According to Kpler data, EU and UK gasoline exports reached 895,000 bpd in January, down from 942,000 bpd in December.

**Early Market Call - as of 8:45 AM EDT**

WTI - Mar \$71.08, up 47 cents  
 RBOB - Mar \$2.0811, up 64 points  
 HO - Mar \$2.4116, up 1.36 cents

## All NYMEX | Prior Settlements

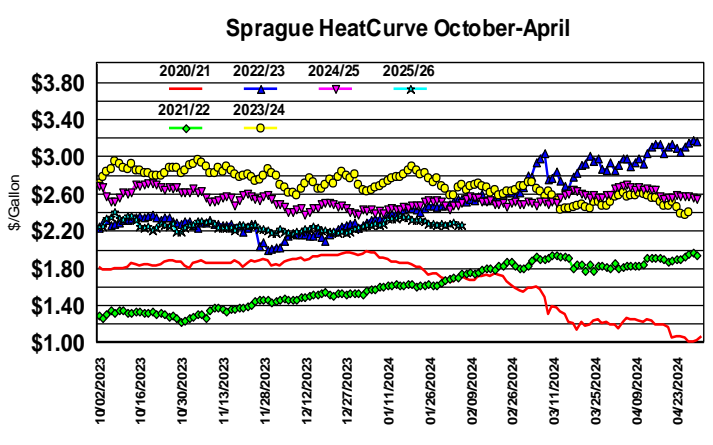
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Mar-25	2.3980	0.0138	-0.0026
Apr-25	2.3419	0.0047	-0.0118
May-25	2.3003	-0.0008	-0.0211
Jun-25	2.2743	-0.0024	-0.0252
Jul-25	2.2664	-0.0025	-0.0248
Aug-25	2.2628	-0.0026	-0.0235
Sep-25	2.2648	-0.0029	-0.0216
Oct-25	2.2665	-0.0035	-0.0196
Nov-25	2.2648	-0.0039	-0.0170
Dec-25	2.2606	-0.0044	-0.0147
Jan-26	2.2608	-0.0046	-0.0138
Feb-26	2.2548	-0.0046	-0.0135
Mar-26	2.2416	-0.0049	-0.0134
Apr-26	2.2214	-0.0052	-0.0143
May-26	2.2091	-0.0050	-0.0137
Jun-26	2.2001	-0.0045	-0.0124
Jul-26	2.1992	-0.0041	-0.0120

Sprague HeatCurve October 2025-April 2026		\$2.2541
		Close Change
Crude - WTI	Apr Brent- WTI Spread \$3.92	\$70.3700 -\$0.3700
Crude - Brent		\$74.2900 -\$0.3200
Natural Gas		\$3.4080 \$0.0480
Gasoline		\$2.0747 \$0.0024

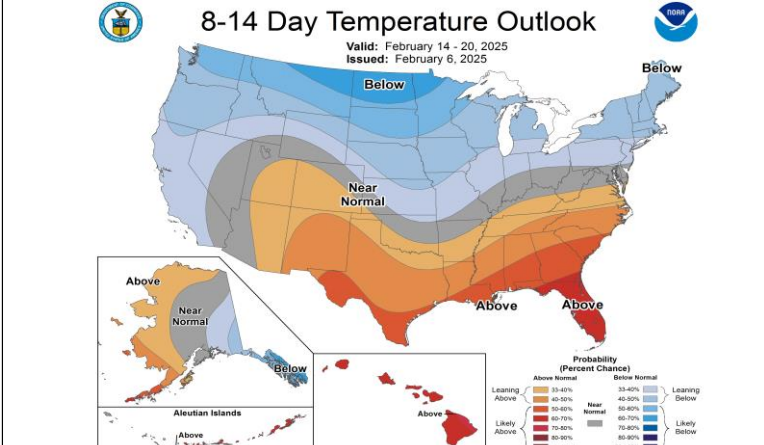
## EIA Working Gas Storage Report

	31-Jan-25	24-Jan-25	Change	31-Jan-24
East	507	552	-45	579
Midwest	605	661	-56	700
Mountain	200	212	-12	184
Pacific	230	246	-16	227
South Central	854	901	-47	917
Salt	217	229	-12	254
Nonsalt	638	672	-34	663
Total	2397	2571	-174	2,605

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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