

## Market Commentary

**Recap:** The oil market continued to trend higher on Wednesday as it remained well supported by concerns over oil supply disruptions in the U.S. and Russia, while the market awaits further developments on a possible deal to end the war in Ukraine. In the U.S., extreme cold weather in the U.S. has threatened oil supply due to wells freezing and in Russia, Caspian Pipeline Consortium oil flows were reduced by 30-40% as of Tuesday following a Ukrainian drone attack on a pumping station. A 30% cut equates to a loss of about 380,000 bpd of oil supply. The crude market posted a low of \$71.71 on the opening and continued to extend the gains seen during Tuesday's trading session. The market rallied to a high of \$73.04 by mid-morning amid the supply concerns. It later erased some of its sharp gains as it positioned itself ahead of the release of the weekly petroleum stocks reports later in the evening and on Thursday morning. The March WTI contract settled up 40 cents at \$72.25 and the April Brent contract settled up 20 cents at \$76.04. The product markets ended the session in mixed territory, with the heating oil market settling up 1.59 cents at \$2.4565 and the RB market settling down 2 points at \$2.0865.

**Technical Analysis:** The crude market on Thursday will weigh the concerns over supply disruptions against the expected build in the EIA's weekly petroleum stocks report. The inventory report is expected to show a build in crude stocks of over 3 million barrels in the week ending February 14<sup>th</sup>. The oil market is seen finding resistance at its high of \$73.04, \$73.22, \$73.68, \$74.75, \$75.18-\$75.21, \$75.85 and \$76.00. Meanwhile, support is seen at \$71.71, \$70.12-\$70.10, \$70.00 and \$69.75.

**Fundamental News:** U.S. President Donald Trump denounced Ukrainian President Volodymyr Zelenskyy as "a dictator without elections" and said he had better move fast to secure a peace or he would have no country left. This was after Ukrainian President Volodymyr Zelenskyy hit back at U.S. President Donald Trump's suggestion on Tuesday that Ukraine was responsible for Russia's 2022 full-scale invasion, saying the U.S. president was trapped in a Russian disinformation bubble. Speaking ahead of talks with President Trump's Ukraine envoy, a day after the U.S. President said Ukraine "should never have started" the conflict, Ukraine's President Zelenskyy said he would like Trump's team to have "more truth" about Ukraine.

Kremlin spokesman, Dmitry Peskov, said Russian President Vladimir Putin and U.S. President Donald Trump could meet as early as this month, although a face-to-face meeting will take time to prepare.

Goldman Sachs said a potential Ukraine ceasefire and the associated easing in sanctions on Russia are unlikely to substantially increase Russia's oil flows. The bank said "We believe that Russia crude oil production is constrained by its OPEC+ 9.0 million barrels per day production target rather than current sanctions, which are affecting the destination but not the volume of oil exports." The bank assumes that OPEC+ is likely to postpone its planned gradual ramp-up in oil production to July this year from April, on increased compliance with OPEC+ targets by Russia and several other OPEC+ producers, as well as continued uncertainty surrounding U.S. policy.

IIR Energy said U.S. oil refiners are expected to shut in about 1.25 million bpd of capacity in the week ending February 21<sup>st</sup>, increasing available refining capacity by 258,000 bpd. Offline capacity is expected to fall to 893,000 bpd in the week ending February 28<sup>th</sup>.

According to Natgasweather, the overnight GFS weather model trended 7-8 heating degree days colder for the next 9-15 day period. Meanwhile, the European weather model was less than 1 heating degree day changed. The EC remains nearly 20 HDDs warmer compared to the GFS for the 8-15 day forecast period. The private weather forecaster stated that while the EC is not as cold as the GFS for February 26<sup>th</sup>-March 6<sup>th</sup>, it still shows colder than normal temperatures gaining ground across the U.S. for March 5<sup>th</sup>-6<sup>th</sup>.

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

WTI - Mar \$72.61, up 36 cents

RB0B - Mar \$2.0888, up 23 points

HO - Mar \$2.4865, up 3 cents

## All NYMEX | Prior Settlements

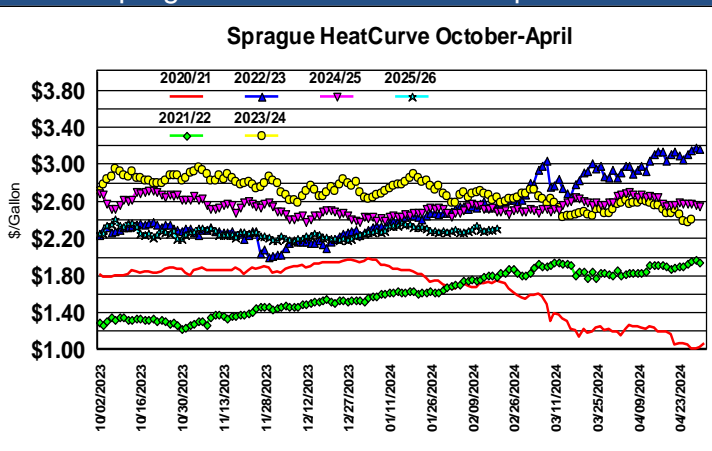
	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-25	\$2.4565	\$0.0159	\$0.0045
Apr-25	\$2.4070	\$0.0196	\$0.0138
May-25	\$2.3578	\$0.0167	\$0.0142
Jun-25	\$2.3265	\$0.0138	\$0.0134
Jul-25	\$2.3134	\$0.0124	\$0.0108
Aug-25	\$2.3079	\$0.0115	\$0.0109
Sep-25	\$2.3109	\$0.0114	\$0.0132
Oct-25	\$2.3153	\$0.0118	\$0.0161
Nov-25	\$2.3141	\$0.0120	\$0.0172
Dec-25	\$2.3084	\$0.0125	\$0.0169
Jan-26	\$2.3061	\$0.0123	\$0.0163
Feb-26	\$2.2980	\$0.0126	\$0.0162
Mar-26	\$2.2832	\$0.0125	\$0.0163
Apr-26	\$2.2626	\$0.0125	\$0.0174
May-26	\$2.2499	\$0.0128	\$0.0184
Jun-26	\$2.2398	\$0.0130	\$0.0184
Jul-26	\$2.2388	\$0.0135	\$0.0191

Sprague HeatCurve October 2025-April 2026		\$2.2992
	Close	Change
Crude - WTI	\$72.1000	\$0.2700
Crude - Brent	\$76.0400	\$0.2000
Natural Gas	\$4.2800	\$0.2730
Gasoline	\$2.0865	-\$0.0002

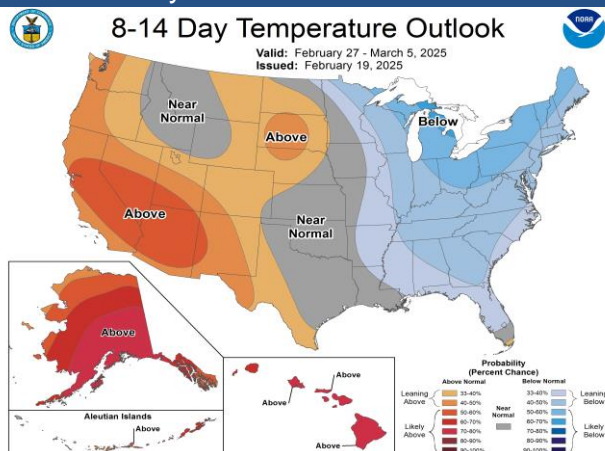
## API Report for the Week Ending February 14, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 3.34 million barrels	Up 3.1 million barrels
Gasoline Stocks	Up 2.83 million barrels	Unchanged
Distillate Stocks	Down 2.69 million barrels	Down 1.6 million barrels
Refinery Runs		Unchanged at 85%

## Sprague HeatCurve October-April



## 8-14 Day Weather Forecast



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