

Market Commentary

Recap: The oil market traded higher as the market remained well supported by the continuing geopolitical tensions in the Middle East. The market traded lower in overnight trading, posting a low of \$76.32 as the market was weighed by the uncertain outlook for global demand. However, the crude market bounced off its low and rallied higher ahead of the release of the minutes of the Federal Reserve's last meeting in February. The market traded to \$77.97 and held some resistance as growing expectations that cuts to U.S. interest rates will take longer than previously expected balanced ongoing concerns over attacks on shipping in the Red Sea. The market later breached its resistance at the \$78.00 level and posted a high of \$78.02 ahead of the close. The April WTI contract settled up 87 cents at \$77.91 and later posted a new high of \$78.05 in the post settlement period. Meanwhile, the April Brent contract settled up 69 cents at \$83.03. The product markets ended the session mixed, with the heating oil market settling down 2.63 cents at \$2.7052 and the RB market settling up 86 points at \$2.2860.

Technical Analysis: The crude market will likely see some retracement of its gains with the weekly petroleum stocks reports expected to show a build of 4.3 million barrels in crude stocks. While the market remains concerned over the geopolitical tensions in the Middle East, the market technically looks overbought, as stochastics are trending sideways. The market is seen finding resistance at its high of \$78.05, \$78.56, \$79.09 and \$79.36. Meanwhile, support is seen at \$76.80, \$76.69, \$75.52-\$75.49 and \$73.65.

Fundamental News: U.S. Energy Secretary, Jennifer Granholm, said the U.S. is gradually replenishing the SPR, with purchases of millions of barrels a month following a record sell-off from the reserve after Russia invaded Ukraine in 2022. However, she added that the U.S. is being careful not to do anything to affect global supply with the repurchases.

BOFA Research said "while many factors have come together to stabilize oil prices in the recent \$80 range, we believe that volatility may have further room to drop." It said "Energy prices should rebound from their 2 year slump if western monetary policy easing occurs and OPEC+ discipline holds."

The United Kingdom Maritime Trade Operations agency said it received reports of an explosion and a flash in the southern Red Sea 40 nautical miles to the west of Yemen's Red Sea port of Hodeidah. It stated that vessels and crew in the vicinity were reported to be safe.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.9 million bpd of capacity in the week ending February 23rd, increasing available refining capacity by 476,000 bpd. Offline capacity is expected to fall to 1.2 million bpd in the week ending March 1st.

According to executive comments and analysts' forecasts, U.S. oil refiners this quarter have extensive outages that will cut overall plant utilization rates to the lowest level in the past two years. In the first six weeks of this year, utilization has fallen to about 86% of the 18.3 million bpd in national capacity. Marathon Petroleum is planning to run its 13 refineries at about 83% of its 2.9 million bpd capacity. That is down from 91% in the final quarter of last year. While run rates are forecast to reach bottom this quarter, the second quarter will likely see a bounce back.

Early Market Call - as of 8:20 AM EDT

WTI - April \$77.70, down 21 cents
 RBOB - March \$2.2701, down 1.59 cents
 HO - March \$2.6779, down 2.73 cents

All NYMEX | Prior Settlements

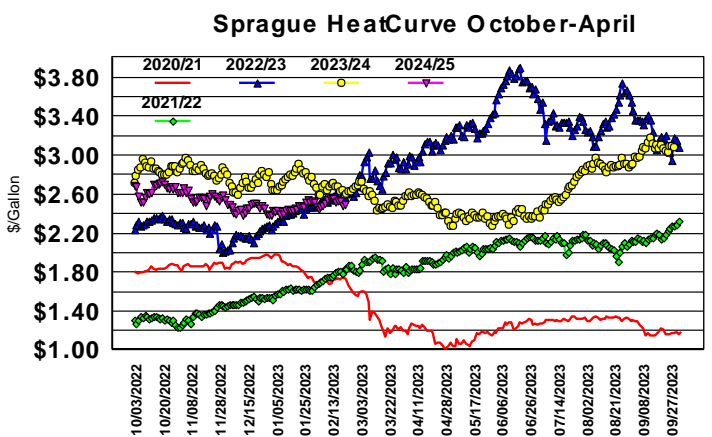
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-24	2.7052	-0.0263	-0.1049
Apr-24	2.6619	-0.0168	-0.0928
May-24	2.5955	-0.0103	-0.0829
Jun-24	2.5526	-0.0033	-0.0659
Jul-24	2.5375	0.0007	-0.0551
Aug-24	2.5283	0.0023	-0.0476
Sep-24	2.5262	0.0021	-0.0423
Oct-24	2.5242	0.0019	-0.0391
Nov-24	2.5161	0.0019	-0.0356
Dec-24	2.5009	0.0020	-0.0318
Jan-25	2.4883	0.0017	-0.0282
Feb-25	2.4720	0.0019	-0.0246
Mar-25	2.4514	0.0028	-0.0203
Apr-25	2.4252	0.0034	-0.0167
May-25	2.4071	0.0036	-0.0122
Jun-25	2.3916	0.0037	-0.0084
Jul-25	2.3824	0.0044	-0.0046

Sprague HeatCurve October 2024-April 2025			\$2.4820
		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$5.12	\$77.9100	\$0.8700
Crude - Brent		\$83.0300	\$0.6900
Natural Gas		\$1.7730	\$0.1970
Gasoline		\$2.2860	\$0.0086

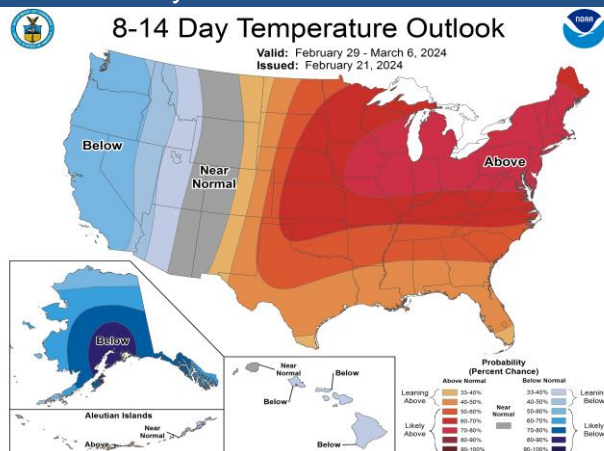
API Report for the Week Ending February 16, 2024

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 7.17 million barrels	Up 4.3 million barrels
Gasoline Stocks	Up 415,000 barrels	Down 3.0 million barrels
Distillate Stocks	Down 2.91 million barrels	Down 1.8 million barrels
Refinery Runs		Up 1.1%, at 80.6%

Sprague HeatCurve October-April



8-14 Day Weather Forecast



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