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NEWS & ANALYSIS

Petroleum futures were trading flat to higher in the overnight session on Wednesday amid bullish crude oil and distillates inventory data from the American Petroleum Institute (API) and mostly higher trade in equities. Market participants looked ahead to the US ADP Employment Report, the final January US Composite PMI, the January ISM Services Index, and to weekly petroleum stock data from the Energy Information Administration (EIA) for further direction.

The API reported a large 11.1mb draw from crude oil stockpiles, for the week ended January 30, well above forecast at 0.24mb (average of polls by Bloomberg and the Wall Street Journal). Data for distillates were also bullish as the agency reported a larger-than-estimated draw of 4.80mb (vs 1.94mb). On the other hand, the API reported a 4.70mb build in gasoline inventories, well above the 0.89mb forecast. An OPIS poll calls for a 5.10mb draw from propane/propylene inventories in today's EIA report. In other news, Bloomberg reported that Iran has asked the US to move diplomatic talks from Turkey to Oman and to limit the agenda to the nuclear program.

The S&P Global Chinese Composite PMI for January came in at 51.6, up from 51.3 in December. In India, the final Composite HSBC PMI for the same month came in at 58.4, below the 59.5 flash estimate. The Hang Seng edged up just 0.05% and the Shanghai Composite added 0.85%, while the Nikkei fell 0.78%. In European news this morning, the final S&P Global Composite PMI for the Eurozone came in at 51.3 in January, missing the flash estimate at 51.5. Indexes for Germany (52.1) and the UK (53.7) also missed forecasts at 52.5 and 53.9, respectively. Meanwhile, the final French Composite PMI came in at 49.1, above the 48.6 flash estimate, although still below the 50 mark and in contractionary territory. Flash readings of the Harmonized Index of Consumer Prices (HICP) for the Eurozone showed a 1.7% yearly increase in prices last month, below the 1.9% expectation. The Producer Price Index for the Eurozone showed a 0.3% dip in prices in December, matching forecasts. As of this writing, the DAX was down 0.3%, while the CAC 40 had gained 0.9% and the FTSE 100 had jumped 1.2% higher. US stock market index futures were trading mixed about the unchanged mark. While futures for the Nasdaq were down 0.2%, S&P 500 and Dow futures were up 0.1% and 0.3%, respectively. The US dollar index was flat.

Petroleum futures saw gains of over 1.5% yesterday amid weakness in the US dollar, news of a US-India trade deal being reached, and supportive comments about OPEC's global oil demand outlook, despite a sell-off in US shares. Brent crude rose \$1.03 to \$67.33/bbl and WTI added \$1.07 to hit \$63.21/bbl. RBOB futures gained 4.65 cents to close at \$1.8979/g and ULSD (HO) jumped 4.95 cents higher to reach a \$2.4093/g settlement. The New York Harbor ULSD barge price differential to spot NYMEX weakened by a sharp 18.25 cents to -2.25c/g, while ULSHO differential strengthened by 2.00 cents to +7.00c/g. 2026 biomass-based diesel (D4) RIN prices rose by 4.50 cents to \$1.3850/RIN and this move was inconsistent with a narrower ULSD-ULSHO spread. The B99 NYH barge price rose by 4.95 cents to \$2.7443/g. Spot propane prices rose along with crude oil futures yesterday as Mt. Belvieu TET prices added 1.19 cents, averaging 62.19c/g (41.4% of crude) and Conway prices rose 1.13 cents to average 61.50c/g (40.9% of crude).

NYMEX natural gas futures rose 7.4 cents to \$3.311/mmBtu amid a stronger two-week HDD forecast, despite a looser US market balance expectation for yesterday and lower gas prices abroad. According to the GEFS, below-normal temperatures are forecasted across the eastern third of the country over the next 1-5 days. The 6-10 day outlook sees above-normal temperatures in the Midwest, while below-normal temperatures are expected to persist in the Northeast.

Heating Oil 2/3/2026

February 04, 2026

Heat Curve	Month	Price	Change	Overnight
18.00 %	Feb 2026	2.4093	0.0495	(0.2631)
15.70 %	Mar 2026	2.3266	0.0516	
7.00 %	Apr 2026	2.2854	0.0502	
3.50 %	May 2026	2.2549	0.0492	
1.50 %	Jun 2026	2.2426	0.0478	
0.50 %	Jul 2026	2.2355	0.0463	
2.50 %	Aug 2026	2.2348	0.0450	
3.80 %	Sep 2026	2.2353	0.0435	
5.00 %	Oct 2026	2.2313	0.0420	
8.50 %	Nov 2026	2.2235	0.0405	
13.50 %	Dec 2026	2.2192	0.0395	
20.50 %	Jan 2027	2.2112	0.0383	

Heating Oil Strips (Weighted by HDD)

12 Month Strip	Feb 2026 - Jan 2027	2.2769
9 Month Strip	Sep 2026 - May 2027	2.1999
Winter Strip	Nov 2026 - Mar 2027	2.2023

RBOB Gasoline 2/3/2026

Month	Price	Change	Overnight
Feb 2026	1.8979	0.0465	0.0050
Mar 2026	2.1306	0.0427	
Apr 2026	2.1362	0.0415	
May 2026	2.1272	0.0402	
Jun 2026	2.1071	0.0391	
Jul 2026	2.0780	0.0380	
Aug 2026	2.0359	0.0371	
Sep 2026	1.8838	0.0351	
Oct 2026	1.8391	0.0334	
Nov 2026	1.8069	0.0319	
Dec 2026	1.7931	0.0312	

DOE Stocks 1/23/2026 vs 5-year avg. (000 bbls)

Crude	423,754	-12,352
Distillate	132,921	1,337
Gasoline	257,213	9,258

Other	Price	Change	Overnight
Crude Oil (Mar 2026)	63.2100	1.0700	0.0700
Natural Gas (Mar 2026)	3.3110	0.0740	0.0670
Propane - Mont Belvieu	0.6219		

	Price	vs. NYMEX HO
NYH ULSD	2.3868	(0.0225)
NYH ULSHO	2.4793	0.0700
NY Harbor #2	1.9032	(0.5061)