

Market Commentary

Recap: Oil futures jumped for the third straight session after the Energy Information Administration reported a 2.1 million barrel drop in U.S. crude oil inventories, marking the sixth straight weekly decline. Oil prices rose despite hefty builds in crude oil inventories held at Cushing, OK and builds in both gasoline and distillate inventories - not even a lower equities market could keep oil prices down. The draw in crude oil is not so surprising this time of year as companies look to shed taxable assets from their books as the year end approaches, as taxes are assessed on volume and the prices of crude oil inventories. February WTI settled at \$77.85 a barrel, up 86 cents, or 1.1%, while March Brent added 80 cents, or 1%, to close at \$80.80 a barrel. February RBOB settled at \$2.292 a gallon, up 0.7%, while February heating oil rose 1.5%, to \$2.246 a gallon.

Technical Analysis: The main trend in WTI is still to the upside, according to the charts. The push over the November 24 high of \$77.85 reaffirmed the trend. WTI remains trending within the symmetrical triangle and is just within reach of the upper line, which is currently set at \$78.70. A solid break above this line sets up for a run at the projected move of \$87.89. A dip below \$74 will reverse the trend, with additional support set at \$73.59 and below that at \$71.39.

Fundamental News: The U.S. EIA reported that crude oil prices increased in 2021 as global petroleum demand outpaced supply growth. The spot price of Brent crude began 2021 at \$50/barrel and increased to a high of \$86/barrel in October before declining as the year ended. The annual average of Brent for 2021 was \$71/barrel, the highest in the past three years. WTI crude prices averaged \$3/barrel less than Brent for the year.

According to the EIA, U.S. gasoline stocks in the week ending December 31st increased by 10.1 million barrels, the most since April 2020, when the pandemic first hit the U.S. Gasoline stocks fell to 232.8 million barrels. One-week gasoline demand fell by the most since April 2020, possibly as retailers worked down inventories after a pre-holiday buildup. New York Harbor gasoline inventories recovered to their highest levels since July. Higher local refinery output, increasing imports from Europe and maximum pipeline supplies from the USGC contributed to the build in inventories.

Barclays maintained its 2022 oil price forecasts for Brent crude at \$80/barrel and expects OPEC+ to slow the pace at which it restores output to 200,000 bpd a month this year given expectations of an impending surplus. It said the full year demand impact from Omicron will be 100,000 to 200,000 bpd concentrated mostly in the first quarter.

Commerzbank said that even as OPEC+ decided to stick with its plan to increase production by another 400,000 bpd in February, oil prices increased as the market interpreted the decision as a sign that the alliance sees low risks to oil demand posed by the omicron variant.

Rapidan Energy Group's President, Bob McNally, said oil prices may fall to \$70 to \$75/barrel this year as stockpiles build with production increases.

Citi's Head of Commodities, Ed Morse, sees an oil surplus at the end of 2022.

IIR Energy reported that U.S. oil refiners are expected to shut in 188,000 bpd of capacity in the week ending January 7th, increasing available refining capacity by 114,000 bpd.

Early Market Call - as of 8:00 AM EDT

WTI - Feb \$79.18, up \$1.33

RBOB - Feb \$2.3073, up 1.52 cents

HO - Feb \$2.4759, up 2.98 cents

All NYMEX | Prior Settlements

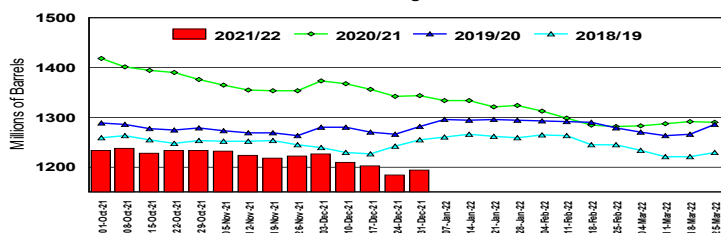
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-22	2.4461	0.0366	0.0789
Mar-22	2.4192	0.0320	0.0704
Apr-22	2.3869	0.0282	0.0613
May-22	2.3648	0.0245	0.0556
Jun-22	2.3504	0.0214	0.0523
Jul-22	2.3420	0.0194	0.0499
Aug-22	2.3355	0.0180	0.0480
Sep-22	2.3321	0.0171	0.0446
Oct-22	2.3290	0.0161	0.0452
Nov-22	2.3258	0.0158	0.0442
Dec-22	2.3215	0.0157	0.0435
Jan-23	2.3169	0.0155	0.0432
Feb-23	2.3076	0.0151	0.0424
Mar-23	2.2937	0.0142	0.0412
Apr-23	2.2756	0.0134	0.0404
May-23	2.2625	0.0124	0.0399
Jun-23	2.2520	0.0117	0.0390

Settlements

	Close	Change
Crude - WTI	\$77.4700	\$0.7300
Crude - Brent	\$80.8000	\$0.8000
Natural Gas	\$3.8820	\$0.1650
Gasoline	\$2.2921	\$0.0158

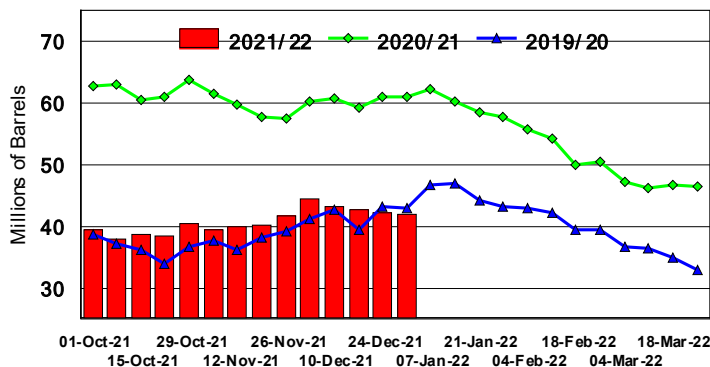
Mar Brent-WTI Spread
\$3.33

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending December 31, 2021

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.144 million barrels
 Cushing, OK Crude Stocks Up 2.577 million barrels
Gasoline Stocks Up 10.128 million barrels
Distillate Stocks Up 4.418 million barrels
Refinery % Operated 89.8%, Up 0.1%

PADD #1

	Week Ending Dec 31, 2021	Week Ending Dec 24, 2021	Week Ending Jan 1, 2021
Distillate Stocks (in million bbls)	42.0	42.1	61.1
New England	6.7	6.8	12.1
Central Atlantic	21.5	22.6	33.6
Total PADD #1	42.0	42.1	61.1
Distillate Imports (thousands b/d)	174	137	249