

## Market Commentary

**Recap:** Oil futures ended lower on Friday, but gained for the fifth straight week, as traders remain hopeful over the progress on the vaccines for the COVID-19 virus. Signs of strong demand out of Asia and other areas also gave strength to the market. Underlying fundamentals are mixed, as demand remains stagnant due to the coronavirus, with supplies in the U.S. overflowing, while at the same time economic growth continues to struggle and hopes of a recovery are looming on the back of the vaccines. January WTI lost 21 cents, or nearly 0.5%, to settle at \$46.57 a barrel, while February Brent fell 28 cents, or 0.6%, to settle at \$49.97 a barrels. WTI tacked on 0.7% for the week, while Brent added 1.5%. On Thursday, both WTI and Brent settled at their highest level since March 4 January RBOB slipped 0.7% to \$1.3077 a gallon, for a weekly gain of 3.1%. January heating oil added almost 0.1% to \$1.4369 a gallon, for a weekly rise of 2.4%.

**Technical Analysis:** Friday's session was an inside day, with oil futures trading lower late in the session. The lack of activity at the week's end may be an indication that traders are still undecided as to the direction of this market, or perhaps it is a sign of exhaustion. New restrictions are making it hard to believe that demand will come back quicker than originally thought. When looking at the options, it appears that traders may be a bit more bullish, as the Dec 2021 \$70 call traded 7,619 contracts, the Dec 2022 \$100 call traded 2,750 contracts. The break above \$45 in WTI has shifted the market trend to the upside, with a trade above \$47.75 needed for a follow-through. Should we get this break, we could see the \$50 level. To the downside, support is seen at \$45.67 and below that at \$43.99. We would also keep a close eye on the stock market, as that and crude oil have been trading hand and hand.

**Fundamental News:** Baker Hughes reported that U.S. energy firms this week added the most oil and natural gas rigs in a week since January. The oil and gas rig count increased by 15 to 338 in the week ending December 11<sup>th</sup>. It reported that U.S. oil rigs increased by 12 to 258 this week, while gas rigs increased the most in a week since April 2019, increasing by 4 to 79.

A spokesperson for Russia's Deputy Prime Minister, Alexander Novak, said the OPEC+ joint ministerial monitoring committee meeting will now take place on December 16<sup>th</sup>, one day ahead of original plan.

IIR Energy reported that U.S. oil refiners are expected to shut in about 4 million bpd of capacity in the week ending December 11<sup>th</sup>, cutting available refining capacity by about 192,000 bpd from the previous week. Offline capacity is expected to fall to 3.9 million bpd in the week ending December 18<sup>th</sup> and further fall to 3.6 million bpd in the subsequent week.

U.S. Health and Human Services Secretary, Alex Azar, said U.S. approval of Pfizer Inc's experimental COVID-19 vaccine should come within days, with the first Americans getting immunized as early as Monday or Tuesday. He stated that the FDA had informed the drugmaker it planned to move forward toward authorization. The federal government would also work with the company to get the vaccine shipped out. Separately, the U.S. Food and Drug Administration said it was working rapidly to issue an emergency use authorization for Pfizer Inc's COVID-19 vaccine.

Dr. Michael Osterholm, a top coronavirus adviser to President-elect Joe Biden delivered a stern holiday message to Americans on Thursday and warned they face a COVID-19 siege for weeks to come. He urged Americans to do their utmost to slow the contagion by limiting social interactions to members of their immediate households, and above all, "No Christmas parties." He stressed that it would be several months before the nation sees widespread availability of vaccines, the first of which cleared a key U.S. regulatory hurdle on Thursday.

**Early Market Call - as of 8:20 AM EDT**

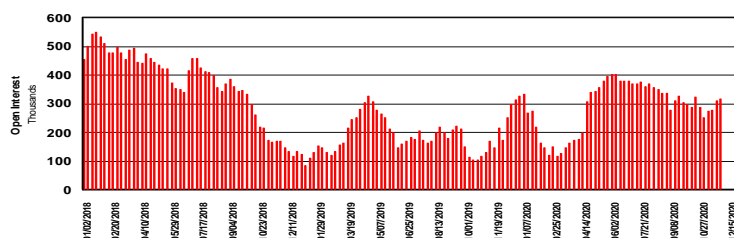
WTI - Jan \$47.10, up 53 cents  
 RBOB - Jan \$1.3189, up 1.12 cents  
 HO - Jan \$1.4545, up 1.74 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	1.4369	0.0012	-0.0339
Feb-21	1.4416	0.0006	-0.0313
Mar-21	1.4440	0.0002	-0.0283
Apr-21	1.4450	0.0003	-0.0268
May-21	1.4468	0.0001	-0.0252
Jun-21	1.4495	-0.0006	-0.0235
Jul-21	1.4544	-0.0011	-0.0219
Aug-21	1.4601	-0.0014	-0.0208
Sep-21	1.4662	-0.0019	-0.0197
Oct-21	1.4728	-0.0021	-0.0194
Nov-21	1.4788	-0.0022	-0.0195
Dec-21	1.4829	-0.0021	-0.0196
Jan-22	1.4884	-0.0022	-0.0193
Feb-22	1.4896	-0.0023	-0.0188
Mar-22	1.4866	-0.0023	-0.0186
Apr-22	1.4780	-0.0023	-0.0181
May-22	1.4731	-0.0022	-0.0175

		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$3.22	\$46.7500	-\$0.2100
Crude - Brent		\$49.9700	-\$0.2800
Natural Gas		\$2.5910	\$0.0380
Gasoline		\$1.3077	-\$0.0089

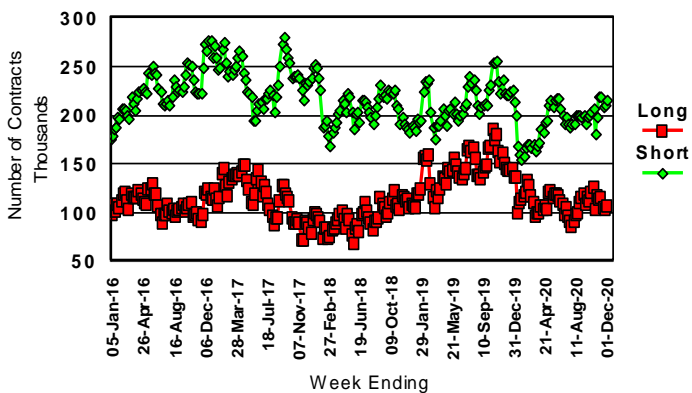
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending December 8, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

