

Market Commentary

Recap: After rising to multi-month highs, crude oil prices slipped to finish the first trading day of the year 1% lower on the day after OPEC+ could not reach an agreement on Monday as to whether or not to increase output in February, but agreed to meet again on Tuesday. The S&P 500 slipped from record highs, as U.S. President Donald Trump and President Elect Joe Biden headed to Georgia in an effort to sway voters into voting for their party's candidate in a run-off election in this key battleground state. Earlier in the session, WTI hit its highest level since February and Brent hit its highest since March. The premium of Brent over WTI reached its highest since May. The inaction by OPEC+, combined with a lower stock market pushed prices off the highs, to their lowest level in seven sessions. February WTI fell 90 cents, or 1.9%, to settle at \$47.62 a barrel, while Brent settled at \$51.09 a barrel, down 71 cents, or 1.4% lower. February RBOB fell 3.72 cents, or 2.6%, to settle at \$1.3729 a gallon, while February heating slipped 2.2 cents, or 1.5%, to settle at \$1.462 a gallon.

Market Outlook: There still remain many downside risks for the oil market as 2021 gets under way. The lasting effects of COVID-19 and its impact on demand are looming over the markets, while OPEC+ is trying to come to an agreement on production increases. The recent rise in prices will poke U.S. producers into action, as they try to take advantage of prices not seen in almost a year. At the moment, and as far as the pandemic situation goes, things appear to be moving in the wrong direction, as the number of cases continues to explode across the globe, while at the same time, a new strain of the virus has been discovered in more than one country. With the new year upon us, we would look for volatility to increase and for prices to bounce back and forth as traders try to sort through the array of market influences. With February WTI falling below the 10-day moving average, we would look for a run at \$46.30. If this market can gain enough downside movement, we could see WTI dip toward the \$45 area. To the upside, \$50 remains our near term upside target.

Fundamental News: On Sunday, OPEC Secretary General, Mohammad Barkindo, said OPEC sees plenty of downside risks for oil markets in the first half of 2021, a day before meeting allies led by Russia to discuss output levels for February. He said OPEC and its allies, led by Russia, stand ready to adjust their plans for a gradual increase in oil output by 2 million bpd in the next months depending on market conditions. He said the global economy could strongly rebound in the second half of 2021 but sectors such as travel, tourism, leisure and hospitality could take years to reach pre-virus levels. He said OPEC now expected global oil demand to be led by developing countries and to increase to 95.9 million bpd in 2021, or by 5.9 million bpd from 2020, as the global economy is forecast to grow by 4.4%. Even though development of coronavirus vaccines have sparked market optimism, the rise in demand would still fail to bring consumption to pre-pandemic levels of around 100 million bpd.

Three OPEC+ sources stated that most OPEC+ experts voiced opposition to increasing oil output from February by another 500,000 bpd when they met on Sunday.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said the OPEC+ group of oil producers should be vigilant and cautious despite a generally optimistic market environment because demand for fuels is still fragile and the new variant of coronavirus is unpredictable.

Russian Deputy Prime Minister, Alexander Novak, said he hoped OPEC+ oil producers would be flexible in making decisions on output policy.

IIR Energy reported that U.S. oil refiners are expected to shut in 2.69 million bpd of capacity in the week ending January 8th, increasing available refining capacity by 1.06 million bpd from the previous week.

Early Market Call - as of 8:20 AM EDT

WTI - Feb \$48.32, up 70 cents

RBOB - Feb \$1.3925, up 1.96 cents

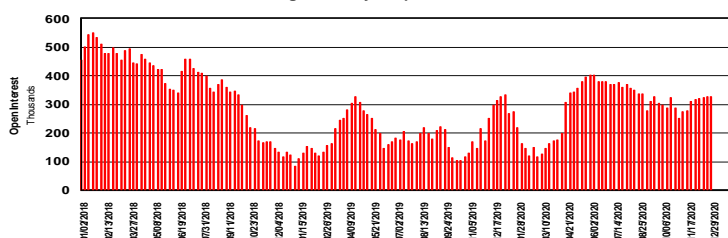
HO - Feb \$1.4832, up 2.12 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	1.4620	-0.0220	0.0178
Mar-21	1.4640	-0.0214	0.0153
Apr-21	1.4640	-0.0211	0.0139
May-21	1.4649	-0.0211	0.0128
Jun-21	1.4698	-0.0207	0.0109
Jul-21	1.4765	-0.0195	0.0092
Aug-21	1.4830	-0.0182	0.0078
Sep-21	1.4900	-0.0175	0.0064
Oct-21	1.4968	-0.0175	0.0064
Nov-21	1.5029	-0.0176	0.0067
Dec-21	1.5074	-0.0178	0.0069
Jan-22	1.5138	-0.0176	0.0064
Feb-22	1.5160	-0.0171	0.0056
Mar-22	1.5128	-0.0169	0.0058
Apr-22	1.5044	-0.0165	0.0056
May-22	1.5022	-0.0160	0.0053
Jun-22	1.5019	-0.0158	0.0044

		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$3.33	\$47.7600	-\$0.8700
Crude - Brent		\$51.0900	-\$0.7100
Natural Gas		\$2.5810	\$0.0420
Gasoline		\$1.3729	-\$0.0372

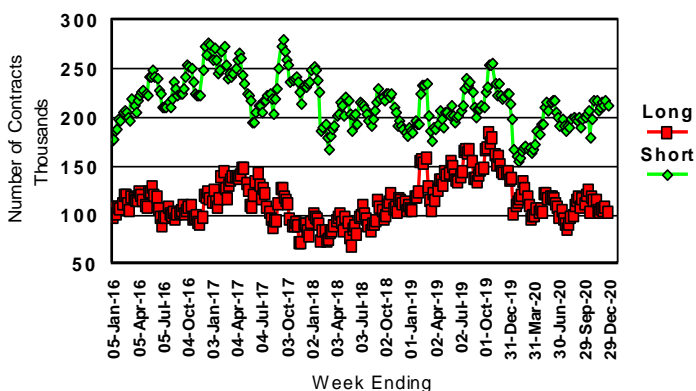
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending December 29, 2020

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

