

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices settled lower on Monday for a second session in a row. Traders weighed support from global oil supply risks tied to protests in Kazakhstan and tensions between Russia and Ukraine, as well as concerns over a slowdown in energy demand due to the spread of the omicron variant of coronavirus. The various conflicts and threats across eastern Europe and the Middle East will remain supportive for energy in the near term, but it already appears that some of the supply and production disruptions are being sorted out so that could result in a 'sell the news' reaction from markets in the sessions ahead, pending any new developments. February WTI declined by 67cents, or nearly 0.9%, to settle at \$78.23 a barrel. March Brent declined by 88 cents, or 1.1%, at \$80.87 a barrel. February RBOB shed 1% to \$2.275 a gallon, while February heating oil tacked on 0.2% to \$2.488 a gallon.

Technical Analysis: Crude oil futures went back and forth on Monday, as traders try to figure out the longer term direction of this market. This market needs to pick up some upside momentum, since backing off of the \$80 level. We did see a bit of that during Monday's trading session and would expect to see buyers continue to take this market back toward that level. Support is seen at \$76.54 and below that at \$74.10. Resistance above \$80 is seen at \$81.26.

Fundamental News: According to bills of lading and ship-tracking data compiled by Bloomberg, U.S. weekly imports of European gasoline fell to the lowest level in 11 weeks in the week ending January 6th. Total gasoline arrivals in the U.S. from Europe fell to 148,000 bpd, the lowest level since the week ending October 21st. This is compared with 326,000 bpd in the previous week. Four tankers discharged a total of 1.04 million barrels on the U.S. East Coast.

BOFA Global Research forecast the WTI-Brent spread forward curve will average \$4/barrel in the second half of 2022. It forecast U.S. crude oil production will increase by 870,000 bpd on average on the year compared with a decline of 100,000 bpd in 2021. It said most producers, including majors, have been increasing their focus on the Permian Basin and this trend is set to continue in 2022. As a result, it expects production in the Basin to increase by about 600,000 bpd on the year followed by the Gulf of Mexico, which is expected to increase by about 130,000 bpd. It added that within the Permian, it expects production to average 5.3 million bpd in 2022 and approach 5.6 million bpd by the year end, setting a new record.

IIR Energy reported that U.S. oil refiners are expected to shut in 320,000 bpd of capacity in the week ending January 14th, increasing available refining capacity by 215,000 bpd. Offline capacity is expected to further fall to 268,000 bpd in the week ending January 21st.

Colonial Pipeline has issued a freeze notice for cycle 72 at its Linden L10 line. Colonial Pipeline also stated that it is allocating space for Cycle 4 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Early Market Call - as of 8:35 AM EDT

WTI - Feb \$79.23, up \$1.00

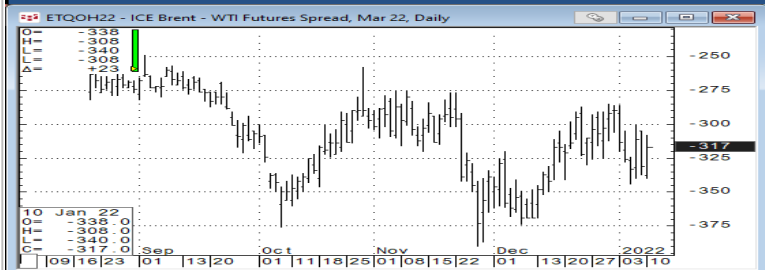
RBOB - Feb \$2.3015, up 2.61 cents

HO - Feb \$2.5057, up 1.81 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-22	2.4876	0.0058	0.1302
Mar-22	2.4478	-0.0028	0.1077
Apr-22	2.4033	-0.0097	0.0869
May-22	2.3763	-0.0114	0.0758
Jun-22	2.3603	-0.0114	0.0702
Jul-22	2.3503	-0.0118	0.0654
Aug-22	2.3433	-0.0118	0.062
Sep-22	2.3399	-0.0115	0.0586
Oct-22	2.3368	-0.0116	0.0578
Nov-22	2.3339	-0.0112	0.0571
Dec-22	2.3301	-0.0106	0.0571
Jan-23	2.325	-0.0107	0.0557
Feb-23	2.3148	-0.0105	0.0535
Mar-23	2.2998	-0.011	0.0507
Apr-23	2.2796	-0.0119	0.047
May-23	2.2641	-0.0138	0.0425
Jun-23	2.2522	-0.0146	0.0392

Settlements		Close	Change
Crude - WTI	Mar Brent-	\$77.7000	-\$0.7400
Crude - Brent	WTI Spread	\$80.8700	-\$0.8800
Natural Gas	\$3.17	\$4.0790	\$0.1630
Gasoline		\$2.2754	-\$0.0235

ICE March Brent-WTI Spread



February Heating Oil Crack Spread

February RBOB Crack Spread

