

Market Commentary

Recap: Oil futures reached their highest level in 11 months, bolstered by renewed weakness in the U.S. dollar, as traders continue to buy on hopes Saudi Arabia's plans to limit supplies would offset weak demand due to the coronavirus. Oil prices were also gaining as equities staged a comeback after pulling back on Monday. A weaker dollar is seen as a positive for commodities priced in the currency, making them cheaper to overseas buyers. February WTI rose 96 cents, or 1.8%, to finish at \$53.21 a barrel, its sixth straight sessions of gains. March Brent gained 92 cents, or 1.7%, to settle at \$56.58 a barrel. This was the highest settlement for both WTI and Brent since Feb. 21. February RBOB added 3.22 cents, or 2.1%, to close at \$1.5530 a gallon, while February heating oil tacked on 2.32 cents, to settle at \$1.5967 a gallon.

Market Outlook: Traders continue to shrug off renewed restrictions due to the coronavirus, as this market remains technically constructive. The main trend of this market remains to the upside and has been confirmed as traders continue to take out the previous day's highs. A settlement above \$53.26 will trigger a fresh round of buying and bring with it a possible acceleration of the move. Above this level, resistance is seen at \$53.60 and above that at \$54.65. To the downside, support is set at \$50.75, and \$49.52.

Fundamental News: The U.S. Energy Information Administration cut its 2021 world oil demand growth forecast by 220,000 bpd from its previous estimate. It said its 2022 world oil demand is forecast at 101.08 million bpd, up 3.31 million bpd from 2021. Total world supply in 2021 is expected to increase by 2.9 million bpd to 97.13 million bpd and increase by 3.49 million bpd in 2022 to 100.62 million bpd. The EIA reported that U.S. crude oil production is expected to fall by 190,000 bpd in 2021 to 11.1 million bpd, a smaller decline than its previous forecast for a fall of 240,000 bpd. It also reported that U.S. petroleum and other liquid fuel consumption is expected to increase by 1.45 million bpd to 19.51 million bpd in 2021, a smaller increase than its previous forecast of a rise of 1.63 million bpd. Demand in 2022 is expected to increase by 990,000 bpd to 20.5 million bpd. Gasoline demand in 2021 is expected to increase by 630,000 bpd to 8.69 million bpd and increase by 290,000 bpd to 8.98 million bpd in 2022. Distillate demand in 2021 is expected to increase by 220,000 bpd to 3.99 million bpd in 2021 and by 130,000 bpd to 4.12 million bpd in 2022. Meanwhile, U.S. oil production in 2021 is forecast to fall by 190,000 bpd to 11.1 million bpd but increase by 390,000 bpd to 11.49 million bpd in 2022. It forecast Brent crude oil spot prices to average \$53/barrel in both 2021 and 2022 compared with an average of \$42/barrel in 2020.

Kpler estimated this week that the amount of crude and condensate stored on tankers worldwide fell to near a ten month low recently. The company estimated that for the week beginning January 10th storage barrels stood at just 92.64 million barrels with almost 51 million barrels stored in Asia. Floating storage volumes reached almost 233 million barrels last year.

Petro-Logistics said OPEC+ compliance with pledged oil output cuts fell to 75% in December, among the lowest levels since the supply pact started in May 2020. It said December compliance by the OPEC members participating in the deal fell to 82%, down 10% from November, with Saudi Arabia among the nations showing weaker adherence.

A survey by S&P Global Platts found that OPEC+ raised its production output in December by 280,000 b/d to a seven month high, as Libya pumped its highest amount of crude oil since mid-2013.

Early Market Call - as of 8:30 AM EDT

WTI - Feb \$53.50, up 29 cents
 RBOB - Feb \$1.5673, up 1.43 cents
 HO - Feb \$1.6052, up 87 points

All NYMEX | Prior Settlements

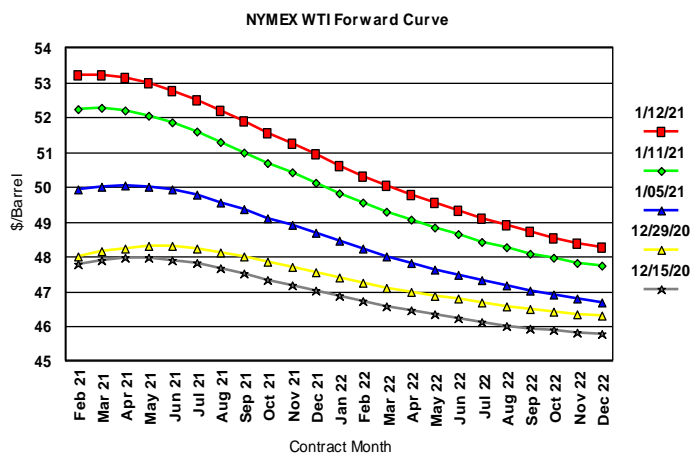
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	\$1.5967	\$0.0232	-\$0.0778
Mar-21	\$1.5985	\$0.0235	-\$0.0776
Apr-21	\$1.5961	\$0.0233	-\$0.0752
May-21	\$1.5943	\$0.0229	-\$0.0727
Jun-21	\$1.5950	\$0.0229	-\$0.0692
Jul-21	\$1.5988	\$0.0231	-\$0.0664
Aug-21	\$1.6029	\$0.0231	-\$0.0644
Sep-21	\$1.6073	\$0.0227	-\$0.0620
Oct-21	\$1.6115	\$0.0223	-\$0.0596
Nov-21	\$1.6147	\$0.0220	-\$0.0571
Dec-21	\$1.6161	\$0.0214	-\$0.0543
Jan-22	\$1.6190	\$0.0206	-\$0.0516
Feb-22	\$1.6187	\$0.0202	-\$0.0500
Mar-22	\$1.6112	\$0.0199	-\$0.0470
Apr-22	\$1.5980	\$0.0195	-\$0.0436
May-22	\$1.5917	\$0.0190	-\$0.0410
Jun-22	\$1.5880	\$0.0186	-\$0.0388

		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$3.34	\$53.2400	\$0.9700
Crude - Brent		\$56.5800	\$0.9200
Natural Gas		\$2.7530	\$0.0060
Gasoline		\$1.5530	\$0.0322

API Report for the Week Ending January 8, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5.8 million barrels	Down 3.8 million barrels
Cushing, OK Crude Stocks	Down 200,000 barrels	
Gasoline Stocks	Up 1.9 million barrels	Up 3.2 million barrels
Distillate Stocks	Up 4.4 million barrels	Up 2.8 million barrels
Refinery Runs	Up 106,000 bpd	Down 0.3%, at 80.4%
Crude Imports	Up 90,000 bpd	

WTI Forward Curve



8-14 Day Weather Forecast

