

## Market Commentary

**Recap:** After a choppy trading session, oil futures finished mixed on Tuesday, with WTI losing a few cents, and Brent squeezing out a fresh 13-month high. WTI traded higher in post settlement trading but remained below its multi month high made earlier in the session. Oil prices found strength from the easing of coronavirus restrictions but the closure of oil infrastructure in Texas, and a slow U.S. economic recovery kept a lid on gains. Traders were also focused on next week's meeting among major oil producers. April WTI fell 3 cents, or nearly 0.1%, to settle at \$61.67 a barrel, while Brent for April delivery added 13 cents, or 0.2%, to settle at \$65.37 a barrel. March RBOB rose 0.9%, to settle at \$1.8586 a gallon. March heating oil added 0.5%, to close at \$1.868 a gallon.

**Market Outlook:** Trading activity in the oil markets on Tuesday may be indicating that buying could be drying up a bit, or that selling pressure has picked up. Based upon a daily spot continuation chart, WTI has formed a reversal top, as the April WTI opened higher, achieved a fresh high, but then came off to finish lower on the day. This market does appear to be a bit overdone to the upside, and as a result we could see a pull back toward the \$58.60 level. We would not be surprised to see a bit of sideways trading before this market tries to head higher yet again. Support is seen at \$59.93 and below that at \$58.60. To the upside, resistance rests at \$63 and above that at \$65.65.

**Fundamental News:** According to the EIA, U.S. retail gasoline prices increased to \$2.549/gallon from \$2.409/gallon and diesel prices increased to \$2.973/gallon from \$2.876/gallon in the week ending February 19<sup>th</sup>. Gasoline prices in the Midwest increased the most, up 7% to \$2.543/gallon, while diesel prices in the East Coast and Gulf Coast regions increased the most by 3.6%.

A Houston Pilots dispatcher said traffic at the Houston ship channel was slowly coming back to normal as terminals were still facing several issues due to last week's freezing weather in Texas. There were two ships offshore waiting to board with eight in the queue to sail.

Goldman Sachs raised its 2021 Brent price outlook from \$61/barrel to \$69/barrel and its 2022 price forecast from \$65/barrel to \$70/barrel. Goldman Sachs also raised its 2021/22 WTI price estimates to \$66/\$67 per barrel compared with a previous estimate of \$58.50/\$62 per barrel. It expects U.S. production to increase sharply in 2022 but not move back to previous peak levels of growth.

BOFA Global Research increased its average Brent price forecast to \$60/barrel in 2021 from a previous estimate of \$50/barrel. It said the price of Brent could temporarily rally to \$70/barrel in the second quarter of 2021. Brent crude prices are expected to average \$50-\$70/barrel until 2026, though prices could rally to \$100 over that period on global monetary and fiscal stimulus, improving oil fundamentals and a stronger external position in China. It sees WTI prices averaging \$57/barrel in 2021. It stated that the freezing temperatures in Texas should reduce global inventories by an additional 50 million barrels.

Energy Intelligence provider Kpler estimates some 670,000 barrels of gasoline were exported to the United States from the Mediterranean region in the week of February 19<sup>th</sup>, up from 320,000 barrels from the previous week. Meanwhile Platts is estimating gasoline exports expected to arrive on the USAC during the week of February 22<sup>nd</sup> from Northwest Europe should be 1.87 million barrels, down 260,000 barrels from the prior week but still at strong levels for the month.

**Early Market Call - as of 9:10 AM EDT**

WTI - Apr \$62.28 up 61 cents per barrel  
 RBOB - Mar \$1.8787 up 1.95 cents per gallon  
 HO - Mar \$1.8839 up 1.59 cents per gallon

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	\$1.8680	\$0.0094	-\$0.0536
Apr-21	\$1.8609	\$0.0101	-\$0.0592
May-21	\$1.8504	\$0.0086	-\$0.0565
Jun-21	\$1.8436	\$0.0067	-\$0.0529
Jul-21	\$1.8393	\$0.0058	-\$0.0494
Aug-21	\$1.8366	\$0.0053	-\$0.0465
Sep-21	\$1.8363	\$0.0048	-\$0.0443
Oct-21	\$1.8368	\$0.0044	-\$0.0435
Nov-21	\$1.8369	\$0.0041	-\$0.0434
Dec-21	\$1.8354	\$0.0037	-\$0.0435
Jan-22	\$1.8346	\$0.0032	-\$0.0428
Feb-22	\$1.8303	\$0.0031	-\$0.0419
Mar-22	\$1.8204	\$0.0034	-\$0.0405
Apr-22	\$1.8032	\$0.0032	-\$0.0388
May-22	\$1.7927	\$0.0034	-\$0.0378
Jun-22	\$1.7842	\$0.0036	-\$0.0363
Jul-22	\$1.7824	\$0.0044	-\$0.0362

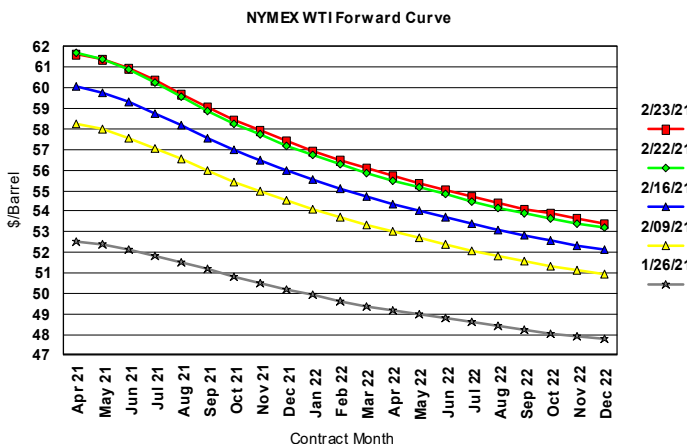
### Sprague HeatCurve October 2021-April 2022 \$1.8294

		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.70	\$61.6700	-\$0.0300
Crude - Brent		\$65.3700	\$0.1300
Natural Gas		\$2.8790	-\$0.0740
Gasoline		\$1.8586	\$0.0169

### API Report for the Week Ending February 19, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.0 million barrels	Down 4.8 million barrels
Cushing, OK Crude Stocks	Up 2.8 million barrels	
Gasoline Stocks	Up 66,000 barrels	Down 2.8 million barrels
Distillate Stocks	Down 4.5 million barrels	Down 3.5 million barrels
Refinery Runs	Down 2.2 million bpd	Down 3.8%
Crude Imports	Down 521,000 bpd	

## WTI Forward Curve



## 8-14 Day Weather Forecast

