

Market Commentary

All NYMEX | Prior Settlements

Recap: After a choppy trading session, oil futures ended higher on Monday. The trading session opened with prices trading slightly to the upside, as the rollout of the COVID-19 vaccine got underway in the U.S., raising hopes that the economy would improve, taking demand along with it. However, the huge overhang of supply worked against the bullish winds, thereby tempering gains. January WTI rose 42 cents, or 0.9%, to settle at \$46.99 a barrel, Brent for February delivery added 32 cents, or 0.64% to settle at \$50.29 a barrel. Both WTI and Brent settled at their highest level in 9-month. January RBOB tacked on 0.9% to \$1.3191 a gallon, while January heating oil added 1.2% to \$1.4544 a gallon.

Technical Analysis: Despite the rollout of a vaccine campaign in the U.S. and the UK, new lockdowns have been imposed, while other pandemic restrictions remain in place and additional restrictions are expected. OPEC and its allies have been unable to support this market, as the pandemic has overshadowed their efforts. In the short-term, we expect WTI to hold above the \$40 level and continue to work toward \$50. Without a significant increase in demand, we do not see prices going far out of this range in either direction. Support is seen at \$45 and below that at the 200-day moving average currently set at \$44.02. A push below this technical indicator could see WTI fall toward \$42. To the upside, resistance is set at \$47.70 and above that at \$50.

Fundamental News: OPEC stated in a monthly report that global oil demand will rebound more slowly in 2021 than previously thought because of the lingering impact of the coronavirus pandemic. OPEC estimated that world oil demand in 2020 will fall by 9.77 million bpd, compared with a previous forecast for a fall of 9.75 million bpd. However, demand is forecast to increase by 5.9 million bpd next year to 95.89 million bpd. The growth forecast is 350,000 bpd less than expected a month ago. The lower demand forecast reflects uncertainty around the COVID-19 impact on OECD transport fuel use in the first half of 2021 and a forecast of a mild winter. OPEC cut its forecast for global demand for its crude in 2021 by 200,000 bpd to 27.2 million bpd. It said its oil output increased by 710,000 bpd in November to 25.11 million bpd, driven by a recovery in Libya's output.

According to an EIA rig productivity report, total shale regions oil production in January is seen down about 136,000 bpd at 7.439 million bpd, compared with a fall of 125,000 bpd in December. U.S. Bakken oil production for January is seen down 23,000 bpd at 1.197 million bpd following a decline of 13,000 bpd in December. U.S. Eagle Ford oil production in January is seen down 26,000 bpd at 987,000 bpd, while U.S. Permian Basin oil production in January is seen down 44,000 bpd at 4.196 million bpd.

OPEC stated that OPEC+ has postponed meetings of its Joint Technical Committee and Ministerial Monitoring Committee until January 3rd and 4th. The meetings had been scheduled for Wednesday and Thursday this week.

Algeria's Energy Minister, Abdelmadjid Attar, said that OPEC+ countries will meet on January 4th to study the market after their last decision to limit production increases to 500,000 bpd starting next year. The minister's comments came after the conclusion of a virtual meeting of the Organization of Arab Petroleum Exporting Countries (OEAPEC).

Iran's Oil Minister, Bijan Zanganeh, said OPEC will remain committed to maintain oil prices, two weeks after the organization and its allies, known as OPEC+, agreed to ease their output cuts from January by 500,000 bpd.

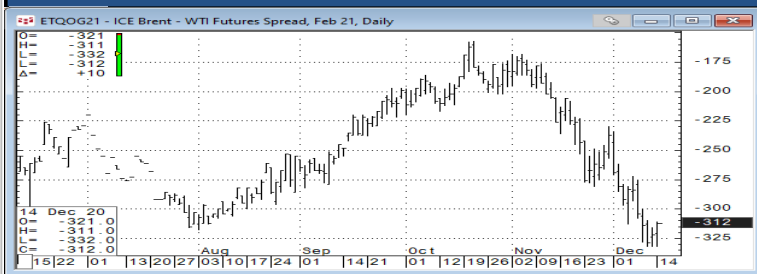
Early Market Call - as of 8:40 AM EDT

WTI - Jan \$47.43, up 44 cents
 RBOB - Jan \$1.3319, up 1.28 cents
 HO - Jan \$1.4638, up 94 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	1.4544	0.0175	-0.0552
Feb-21	1.4576	0.0160	-0.0511
Mar-21	1.4597	0.0157	-0.0481
Apr-21	1.4605	0.0155	-0.0463
May-21	1.4620	0.0152	-0.0443
Jun-21	1.4646	0.0151	-0.0423
Jul-21	1.4688	0.0144	-0.0399
Aug-21	1.4738	0.0137	-0.0379
Sep-21	1.4794	0.0132	-0.0360
Oct-21	1.4857	0.0129	-0.0352
Nov-21	1.4917	0.0129	-0.0350
Dec-21	1.4961	0.0132	-0.0353
Jan-22	1.5018	0.0134	-0.0351
Feb-22	1.5030	0.0134	-0.0346
Mar-22	1.4996	0.0130	-0.0340
Apr-22	1.4908	0.0128	-0.0333
May-22	1.4857	0.0126	-0.0325

		Close	Change
Crude - WTI	Feb Brent-	\$47.1500	\$0.4000
Crude - Brent	WTI Spread	\$50.2900	\$0.3200
Natural Gas	\$3.14	\$2.6820	\$0.0910
Gasoline		\$1.3191	\$0.0114

ICE February Brent-WTI Spread



January Heating Oil Crack Spread

January RBOB Crack Spread

