

## Market Commentary

**Recap:** Oil futures traded higher on Monday amid strong commitments by Saudi Arabia in cutting back on oil production and reports that President Biden put a pause on new oil and gas leases on federal lands and waters, suggesting a "rigorous review." This means less supply in the mid-term. Goldman Sachs said prices could rise to \$65 by July, forecasting an oil market deficit of 900,000 barrels per day (bpd) in the first half of 2021, a higher level than its previous prediction of 500,000 bpd. Also adding support was one of the worst snowstorms in years to hit the U.S. Northeast. March WTI settled at \$53.55 a barrel, up \$1.35, or 2.59%, while Brent for April delivery added \$1.31, or 2.38%, to settle at \$56.35 a barrel. March RBOB added .0374 cent, to settle at \$1.5901, while March heating oil closed at \$1.6469 a gallon, up .0485 cent.

**Technical Analysis:** Oil prices remain within the sideways trading pattern, with bulls betting on a strong stimulus package by U.S. lawmakers and President Joe Biden's moratorium on new oil and gas leases, while bears remain focused on COVID-19 and its variants, as this could lead to more cases of the virus surfacing and delays in the easing of lockdown restriction. Both bears and bulls will also be paying attention to OPEC+ members and their efforts to cut output. The main trend in oil is to the upside however, we continue to look for oil prices to chop around between the range of \$50 and \$55. We would expect to see sellers up at the \$53 level with buyers jumping in between \$51.45 and \$51. Support is set at \$51.44 and \$50, a key psychological support number. Resistance is set at \$53.35 and \$53.90.

**Fundamental News:** Goldman Sachs analysts stated that oil market rebalancing continues to surpass the bank's above-consensus expectations. It said data for late 2020 indicates a 2.3 million bpd deficit in the fourth quarter, driven by higher demand and lower non-OPEC+ supply. It forecast a deficit of 900,000 bpd in the first half of 2021, up from a previous estimate of 500,000 bpd. Goldman Sachs expects global oil demand to reach its pre-virus level of 100 million bpd by August, despite remaining cautious on China's recovery. First quarter demand is forecast at 93.8 million bpd, down 700,000 bpd from a previous estimate. Demand is expected to increase by 5.3 million bpd in the six months to July, down from a previous forecast of 6.8 million bpd. It brought forward a \$65/barrel forecast for Brent crude to July amid a tight oil market and a slow rebound in oil demand. It also stated that there was no indication of a quick return of Iranian barrels to the market. It said a lack of higher drilling activity at current price levels creates clear downside risks to the bank's non-OPEC+ production forecast.

Vortexa data showed that the amount of crude held on tankers that have been stationary for at least 7 days increased to 107.9 million barrels as of January 29<sup>th</sup>. It is up 23% from 87.55 million barrels on January 22<sup>nd</sup>. The amount of oil in Asia Pacific was up 17% on the week at 78.52 million barrels, while the amount of oil in Europe was up 65% on the week at 5.6 million barrels, the amount of oil in West Africa was up 54% on the week at 5.39 million barrels, the amount of oil held in the North Sea was up 85% on the week at 5.07 million barrels, the amount of oil in the Middle East was up 23% on the week at 3.86 million barrels and the amount of oil in the U.S. Gulf Coast was down 13% on the week at 1.12 million barrels.

Bloomberg reported that OPEC and its partners are expected to reach 99% compliance on agreed oil cuts in January. The implementation among the OPEC members was 103%, while it reached 93% among non-OPEC producers. Crude oil production from OPEC members increased by 190,000 bpd in January to 25.67 million bpd.

### Early Market Call - as of 8:10 AM EDT

WTI - Mar \$54.97, up \$1.42

RBOB - Mar \$1.6327, up 4.26 cents

HO - Mar \$1.6835, up 3.66 cents

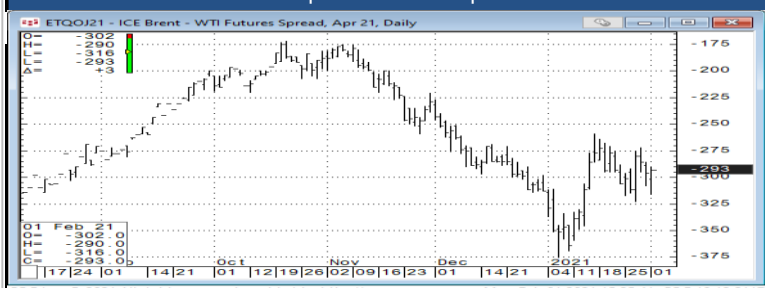
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-21	1.6469	0.0485	-0.0514
Mar-21	1.6384	0.0441	-0.0446
Apr-21	1.6343	0.0426	-0.0407
May-21	1.6327	0.0419	-0.0385
Jun-21	1.6342	0.0411	-0.0361
Jul-21	1.6369	0.0405	-0.0341
Aug-21	1.6413	0.0403	-0.0327
Sep-21	1.6461	0.0400	-0.0317
Oct-21	1.6491	0.0398	-0.0308
Nov-21	1.6499	0.0397	-0.0299
Dec-21	1.6519	0.0393	-0.0287
Jan-22	1.6511	0.0389	-0.0282
Feb-22	1.6450	0.0390	-0.0290
Mar-22	1.6318	0.0383	-0.0285
Apr-22	1.6257	0.0378	-0.0281
May-22	1.6216	0.0369	-0.0274
Jun-22	1.6228	0.0366	-0.0271

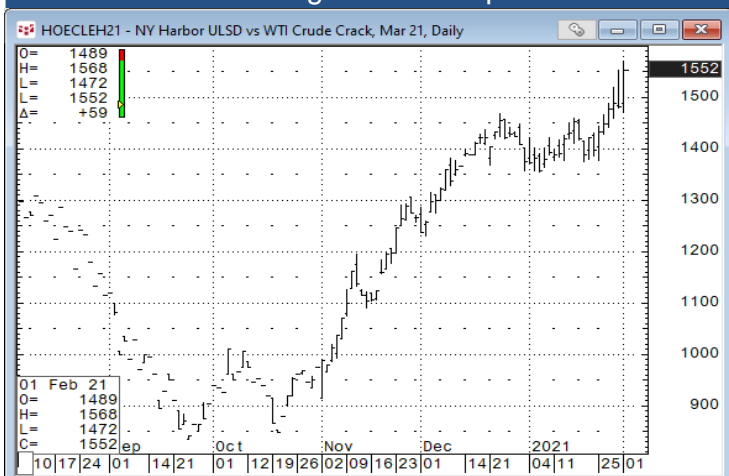
### Sprague HeatCurve October 2021-April 2022

	Close	Change
Crude - WTI	\$53.4200	\$1.3400
Crude - Brent	\$56.3500	\$1.3100
Natural Gas	\$2.8500	\$0.2860
Gasoline	\$1.5901	\$0.0374

### ICE April Brent-WTI Spread



## March Heating Oil Crack Spread



## March RBOB Crack Spread

