

Market Commentary

Fundamental News: Abu Dhabi National Oil Company has kept crude supply reductions to term customers in Asia mostly steady in February versus January. ADNOC notified its customers that their February term supplies for Murban and Das crude will be reduced by 18% to 20% while Umm Lulu's supplies will be cut by 5%. Upper Zakum crude supplies will be reduced by 18% in February. In January, ADNOC eased supply cuts in line with an OPEC+ agreement to increase production by 500,000 bpd that month. OPEC+ will meet on January 4th to decide whether or not it will raise February output further.

U.S. President-elect Joe Biden's transition team has held discussions with biofuel groups on topics including compliance with U.S. biofuel blending laws and his low-carbon climate vision. The talks with biofuel trade groups as well as POET, a top company in the cellulosic bio-ethanol sector, come as the industry positions itself as part of Biden's fight against climate change. Michael Regan, tapped to head the EPA, has also held talks with agricultural and biofuel trade groups. The discussions have also focused on increasing access to fuels with higher blends of ethanol.

Saudi Arabia's oil exports in October fell by 18.9 billion riyals or \$5.04 billion, down by nearly a third, while non-oil exports fell by 0.3%. Overall exports fell by 24.7% mainly due to the fall in oil shipments, which made up about two-thirds of the total compared to about three quarters in October last year. Oil exports in October fell by 32.7% on the year but were up by 3.7% from September. Total exports were up 8.4%, or 4.48 billion riyals, compared to September.

According to Insights Global, gasoline stocks held in independent storage in the Amsterdam - Rotterdam-Antwerp terminal in the week ending December 24th fell by 4.82% on the week and by 30.99% on the year to 1.302 million tons, while gasoil stocks fell by 1.6% on the week but increased by 7.83% on the year to 2.589 million tons and fuel oil stocks increased by 7.92% on the week and by 47.67% on the year to 1.363 million tons.

A 103,500 bpd crude distillation unit and associated 52,500 bpd VDU at Marathon's 306,000 bpd Catlettsburg refinery resumed operations on Thursday morning. The crude section began ramping up on Wednesday after it was shut since December 16th. Separately, a 20,000 bpd catalytic reformer at Marathon's 277,000 bpd Carson refinery resumed operations on Wednesday evening. The unit began ramping up on Tuesday after it was shut since November 29th. Also, a 37,000 bpd crude distillation unit remains offline since October 11th, while all other monitored units remain online.

A 28,900 bpd catalytic reformer at Valero's 200,000 bpd McKee refinery resumed operations on Wednesday evening. The unit began ramping up earlier that morning after being shut since December 5th for about two weeks of planned work.

A 24,000 bpd catalytic reformer at HollyFrontier's 124,000 bpd Artesia refinery was shut on Thursday morning. The unit was briefly shut on November 30th to December 1st.

Britain signed Brexit trade deal with the European Union on Thursday, just seven days before it exits one of the world's largest trading blocks. The source said the deal guarantees Britain is no longer in the lunar pull of the EU and will not be bound by EU rules. Earlier, sources in London and Brussels said a deal was close as British Prime Minister Boris Johnson held a late-night conference call with his senior ministers, and negotiators in Brussels reviewed reams of legal texts.

Early Market Call - as of 8:40 AM EDT

WTI - Feb \$48.40, up 17 cents

RBOB - Jan \$1.3815, up 26 points

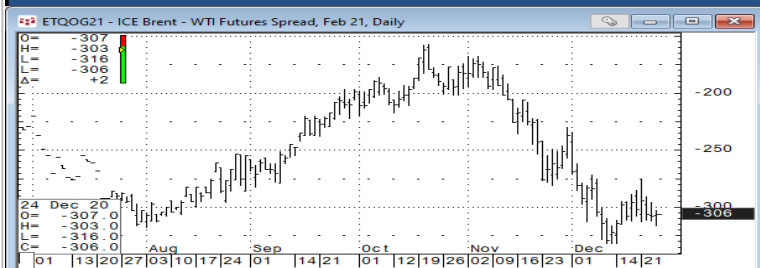
HO - Jan \$1.4945, up 45 points

All NYMEX | Prior Settlements

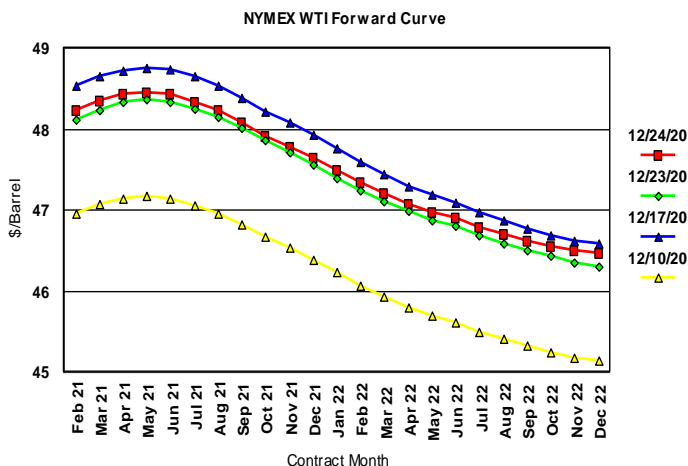
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jan-21 | 1.4900 | -0.0075 | 0.0052 |
| Feb-21 | 1.4903 | -0.0076 | 0.0064 |
| Mar-21 | 1.4895 | -0.0062 | 0.0079 |
| Apr-21 | 1.4885 | -0.0050 | 0.0085 |
| May-21 | 1.4886 | -0.0048 | 0.0090 |
| Jun-21 | 1.4915 | -0.0041 | 0.0085 |
| Jul-21 | 1.4967 | -0.0035 | 0.0074 |
| Aug-21 | 1.5020 | -0.0031 | 0.0069 |
| Sep-21 | 1.5080 | -0.0024 | 0.0066 |
| Oct-21 | 1.5146 | -0.0019 | 0.0064 |
| Nov-21 | 1.5211 | -0.0017 | 0.0064 |
| Dec-21 | 1.5258 | -0.0018 | 0.0063 |
| Jan-22 | 1.5317 | -0.0018 | 0.0060 |
| Feb-22 | 1.5330 | -0.0017 | 0.0056 |
| Mar-22 | 1.5299 | -0.0016 | 0.0049 |
| Apr-22 | 1.5213 | -0.0013 | 0.0046 |
| May-22 | 1.5185 | -0.0011 | 0.0032 |

| | | Close | Change |
|---------------|------------|-----------|-----------|
| Crude - WTI | Feb Brent- | \$48.2300 | \$0.1100 |
| Crude - Brent | WTI Spread | \$51.2900 | \$0.0900 |
| Natural Gas | \$3.06 | \$2.5180 | -\$0.0900 |
| Gasoline | | \$1.3789 | -\$0.0031 |

ICE February Brent-WTI Spread



WTI Forward Curve



January-February Heating Oil

