

## Market Commentary

**Recap:** It was a lackluster trading session for oil prices on Thursday despite an unexpected build in U.S. crude oil inventories as reported by the API. Oil futures ended mixed, with WTI slightly lower, while Brent posted a modest gain ahead of Friday's EIA inventory report, delayed due to the Martin Luther King Holiday on Monday. March WTI slipped 18 cents, or 0.3%, to settle at \$53.13 a barrel, while March Brent added 2 cents, or less than 0.1%, to close at \$56.10 a barrel. February RBOB rose 0.3%, to \$1.5479 a gallon, while February heating oil finished unchanged at \$1.6006 a gallon.

**Technical Analysis:** Traders are awaiting the roll out of an economic stimulus package, wondering how big and when it will come. At this point, a stimulus package has been thrown around for so long it may have already been factored into the market. Then there is OPEC+, which has been cutting production, not leaving much on the table for traders to consider. Of course there is always the U.S. dollar one can focus on, as it has been trading in an inverse correlation to oil prices. We could see a pull back toward the \$50 level, where we should encounter quite a bit of buying. Support is set at \$52.36, the 10-day moving average, and below that at \$51.80. To the upside, there is resistance set at \$53.35 and above that at \$53.90.

**Fundamental News:** Sources from OPEC+ said the group's compliance with oil production cuts in December reached 99%. It is slightly below November's 101%. Technical and ministerial committee meetings of OPEC and its allies are scheduled to take place in early February.

Fitch said OPEC+ and the pandemic path remained key oil price drivers. According to Fitch, OPEC+ output policies have been the main driving force behind the oil price recovery in 2020 - 2021. It also stated that U.S. shale oil output also helped to balance the global market. It said oil prices could still come under pressure, particularly in the first half of 2021 and before effective vaccination programs are fully underway. It said global oil demand could fall marginally in the first quarter of this year as many regions, including many European countries re-introduced mobility restrictions. It added that China's quick economic recovery also supports oil demand.

Baker Hughes Co joined Halliburton Co to say the energy industry's worst downturn in decades would be over by the first half of this year. Oil and gas producers have been forced to cut their budget, restructure operations and reduce employees, to handle the COVID-19 pandemic-led fallout in energy demand and prices. Baker Hughes Chief Executive Officer Lorenzo Simonelli said "we believe this macro environment likely translates into a tepid investment environment for oil and gas during the first half of 2021". Demand for oilfield equipment and services recovered in the last three months of 2020, with producers completing more wells and drilling some, as crude prices averaged around \$45 a barrel in the quarter.

TC Energy Corp will eliminate more than 1,000 construction jobs in the coming weeks and halt work on the Keystone XL oil pipeline due to President Joe Biden's revocation of the project's presidential permit.

The head of the state-owned National Oil Corporation, Mustafa Sanalla, said maintaining the recent big recovery in oil output that Libya has seen in the last few months is conditional on stability and budget. He said that even as Libyan output recovered to 1.3 million bpd prices were "still good and improving", adding that production cuts from OPEC+ were helping to stabilize the market situation.

### Early Market Call - as of 8:55 AM EDT

WTI - Mar \$51.60, down \$1.53

RBOB - Feb \$1.5114, down 3.65 cents

HO - Feb \$1.5584, down 4.22 cents

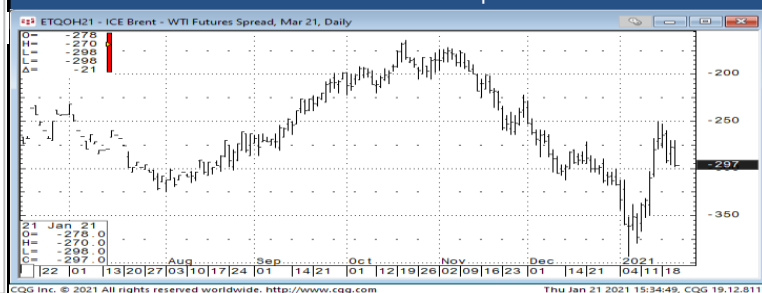
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-21	1.6006	0.0002	0.0188
Mar-21	1.6024	-0.0001	0.0181
Apr-21	1.6009	-0.0001	0.0164
May-21	1.6006	-0.0001	0.0151
Jun-21	1.6017	-0.0002	0.0140
Jul-21	1.6056	-0.0001	0.0135
Aug-21	1.6101	0.0003	0.0125
Sep-21	1.6155	0.0009	0.0113
Oct-21	1.6209	0.0014	0.0102
Nov-21	1.6245	0.0016	0.0096
Dec-21	1.6261	0.0018	0.0092
Jan-22	1.6292	0.0019	0.0088
Feb-22	1.6285	0.0021	0.0083
Mar-22	1.6212	0.0022	0.0082
Apr-22	1.6079	0.0020	0.0079
May-22	1.6014	0.0017	0.0080
Jun-22	1.5976	0.0015	0.0083

### Sprague HeatCurve October 2021-April 2022

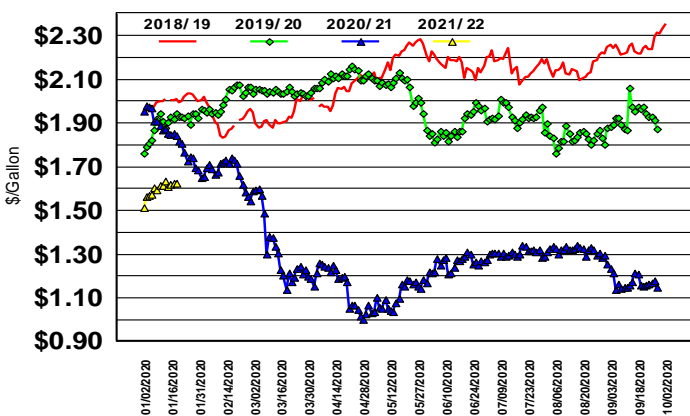
	Close	Change
Crude - WTI	\$53.1300	-\$0.1800
Crude - Brent	\$56.1000	\$0.0200
Natural Gas	\$2.4910	-\$0.0480
Gasoline	\$1.5479	\$0.0040

### ICE March Brent-WTI Spread



## Sprague HeatCurve October-April

### Sprague HeatCurve October-April



## WTI Continuation Chart

