

Market Commentary

Recap: Oil futures have rallied significantly during the week, coming within 25 cents of key psychological resistance of \$60. WTI hit its highest intraday level in more than a year as output curbs from OPEC+ drew down global stockpiles. Behind Friday's higher move were heightened tensions between the Iran-backed Houthis political group in Yemen and Saudi Arabia. Optimism over prospects for a broader reopening of the global economy remains a source of underlying support. March WTI tacked on 23 cents, or 0.4%, to settle at \$58.47 a barrel, up 2.9% on the week. Brent for April delivery added 38 cents, or 0.6%, to settle at \$61.52 a barrel, up 3.7% for the week. March RBOB rose 1.2%, to \$1.6693 a gallon, while March heating oil added 0.2%, to settle at \$1.7484 a gallon.

Worth Noting: NYMEX and ICE call spreads for Dec. 2022 WTI over \$90/bbl have traded in excess 32k times over the past two days, according to exchange data compiled by Bloomberg. The \$99/\$100 call spreads traded 16k times Friday, 11k times on Thursday, spread over both exchanges. Premium paid 2c/bbl, or \$340k in total. Dec. 2022 \$90/\$100 call spreads traded 4.15k times on NYMEX Friday, while the \$98/\$100 spreads for same months also traded 1.25k times.

Technical Analysis: Based upon a weekly spot continuation chart, WTI has been trending within an upward channel dating back to the week of Nov. 9. It is now at the top of this channel. This is the fifth time prices have traded at the top of this formation, but if history repeats itself, we could see a selloff at the start to the week, with a run at the channel bottom, which is set at \$54.54. Although this market may be a bit overdone to the upside, we do not wish to step in front of it and become sellers. Rather, we would look for short term buying opportunities. We are approaching the point where this market sold off, when it first was reported that China was struggling with the outbreak of COVID-19 and first cases being reported in other countries. While we have retraced quite a bit this past week, the virus is still upon us and spreading, along with mutating. Demand will continue to struggle while countries across the globe fight to get this virus under some kind of control. For this reason, we think that there is only so much room to the upside.

Fundamental News: Baker Hughes said the oil and gas rig count increased by five to 397 in the week ending February 12th, its highest since May. U.S. oil rigs rose seven to 306 this week, their biggest weekly increase in almost a month, while gas rigs fell two to 90.

BofA Global Research said global oil demand could increase by 9 million bpd over 3 years. It said oil consumption is expected to increase by 5.3 million bpd in 2021, 2.8 million bpd in 2022 and by 1.4 million bpd in 2023. It estimates current global oil demand at 92-93 million bpd, still 7 million bpd below 2019 levels.

ABN Amro sees Brent prices averaging \$55/barrel in 2021 and \$56/barrel in 2022. It expects Brent crude to average \$57/barrel in the second quarter and \$53/barrel in the third quarter. It sees WTI prices averaging \$51/barrel in 2021 and 2022. It expects Henry Hub natural gas prices to average \$2.40/mmbtu in 2021 and 2022.

Kpler reported that global oil markets tightened considerably amid production cuts by OPEC+. It reported that OPEC+ shipments in the second half of 2020 were almost 850 million barrels lower than a year ago. Tightening has continued into early 2021. Offshore inventories have declined drastically to nearly 100 million barrels from a peak of 216 million barrels in June.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.6 million bpd of capacity in the week ending February 12th, increasing available refining capacity by 146,000 bpd from the previous week.

Early Market Call - as of 8:20 AM EDT

WTI - Mar \$59.69, up 22 cents

RBOB - Mar \$1.7596, up 6.71 cents

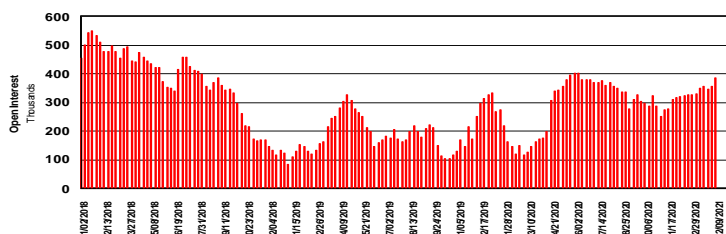
HO - Mar \$1.8117, up 4.03 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	1.7714	0.0268	-0.0577
Apr-21	1.7648	0.0264	-0.0595
May-21	1.7606	0.0267	-0.0596
Jun-21	1.7585	0.0266	-0.0595
Jul-21	1.7584	0.0260	-0.0592
Aug-21	1.7592	0.0258	-0.0592
Sep-21	1.7615	0.0256	-0.0592
Oct-21	1.7633	0.0254	-0.0586
Nov-21	1.7639	0.0250	-0.0578
Dec-21	1.7631	0.0247	-0.0577
Jan-22	1.7639	0.0243	-0.0572
Feb-22	1.7616	0.0239	-0.0567
Mar-22	1.7536	0.0238	-0.0563
Apr-22	1.7390	0.0234	-0.0557
May-22	1.7302	0.0226	-0.0546
Jun-22	1.7240	0.0218	-0.0536
Jul-22	1.7233	0.0210	-0.0532

Sprague HeatCurve October 2021-April 2022		\$1.7595
	Close	Change
Crude - WTI	\$59.3800	\$1.2400
Crude - Brent	\$62.4300	\$1.2900
Natural Gas	\$2.9120	\$0.0440
Gasoline	\$1.6925	\$0.0423

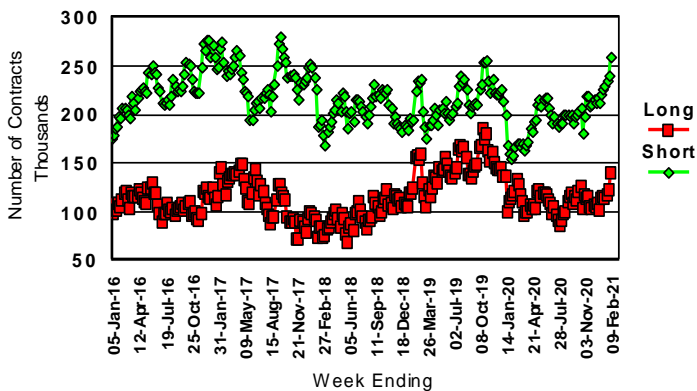
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending February 9, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

