

Market Commentary

Recap: Oil futures settled higher on Thursday as concerns about the impact the omicron variant will have on the global economy begin to wane and on signs of falling inventories helped to support year-end buying. Oil prices were lower on the opening as S&P Global Platts, citing refining sources, said that China's Ministry of Commerce has issued 107.4 million metric tons in crude import quotas, falling 9.4% from the same batch in 2021. However, dwindling concerns about omicron, given evidence that it is less severe than other variants, has bolstered the outlook for demand. Positive momentum in assets perceived as risky also was lending strength as was upbeat economic reports by the U.S. Labor Department. WTI for February delivery added 43 cents, or 0.6%, to settle at \$76.99 a barrel. February Brent added 9 cents, or 0.1%, to finish at \$79.32 a barrel. January RBOB added 2.51 cents, or 1.1%, to reach \$2.2968 a gallon, while January heating oil settled at \$2.3959 a gallon, for a gain of 1.1 cent, or 0.8%.

Technical Analysis: According to the daily swing chart, the main trend for oil is currently to the upside. A trade through the intraday high at \$77.06 will signal a resumption of the uptrend. A move through \$65.93 will change the main trend to down. This is highly unlikely, but the seven day rally puts the market inside the window of time for a closing price reversal top. The minor trend is also up. A trade through \$75.01 will change the minor trend to down. This will shift momentum to the downside. The minor range is \$75.01 to \$77.06. The market is currently trading on the strong side of its pivot at \$76.49.

Fundamental News: The U.S. Department of Energy said it had approved a release of two million barrels of crude oil to Exxon Mobil Corp from its Strategic Petroleum Reserve as part of a previously announced plan to try to reduce gasoline prices. The Energy Department said it has now provided a total of over seven million barrels of crude oil from its reserve to increase the nation's fuel supply.

Four sources stated that OPEC and its allies will probably stick to their existing policy of modest monthly increases in oil output at a meeting next week, as demand concerns raised by the Omicron coronavirus variant ease and oil prices recover. OPEC+ is set to decide on January 4th whether to proceed with a 400,000 bpd output increase for February. OPEC ministers are also set to discuss who will become the group's new secretary general to replace Mohammad Barkindo, who is scheduled to leave at the end of July. Kuwait's candidate for the job has widespread support, sources have said.

Saudi Arabia's King Salman bin Abdulaziz said the OPEC+ production agreement was "essential" to oil market stability and stressed the need for producers to comply with the pact. The king, in an annual speech to the advisory Shura Council, said market stability and balance are a pillar of Saudi energy policy and efforts by Saudi Arabia to maintain spare capacity had proven important to safeguarding energy supply security.

According to industry sources, China has issued its first batch of 2022 crude oil import quotas at a volume 11% below 2021's first allotment or 109.03 million tons.

A spokesperson from Shell's Nigerian venture SPDC announced the resumption of crude oil exports from the Forcados oil terminal starting Wednesday, December 29th.

Early Market Call - as of 8:15 AM EDT

WTI - Feb \$75.60, down \$1.39
 RBOB - Jan \$2.2676, down 2.92 cents
 HO - Jan \$2.3626, down 3.33 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.3959	0.0181	0.0645
Feb-22	2.3863	0.0191	0.0629
Mar-22	2.3675	0.0187	0.0643
Apr-22	2.3433	0.0177	0.065
May-22	2.3263	0.0171	0.0668
Jun-22	2.3139	0.0158	0.0674
Jul-22	2.3072	0.0151	0.0675
Aug-22	2.3025	0.015	0.0678
Sep-22	2.3	0.0145	0.0653
Oct-22	2.2981	0.0143	0.0668
Nov-22	2.2957	0.0141	0.0663
Dec-22	2.2917	0.0137	0.0649
Jan-23	2.2876	0.0139	0.0638
Feb-23	2.2791	0.0139	0.0629
Mar-23	2.2664	0.0139	0.0619
Apr-23	2.249	0.0138	0.0607
May-23	2.2364	0.0138	0.0596

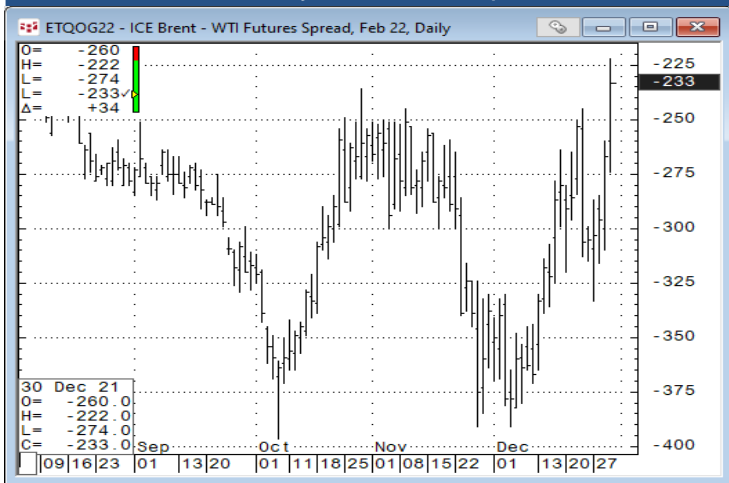
Settlements

		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$2.33	\$76.9900	\$0.4300
Crude - Brent		\$79.3200	\$0.0900
Natural Gas		\$3.5610	-\$0.2890
Gasoline		\$2.2968	\$0.0251

EIA Working Gas Storage Report

	24-Dec-21	17-Dec-21	Change	24-Dec-20
East	777	809	-32	815
Midwest	918	963	-45	979
Mountain	180	188	-8	205
Pacific	235	247	-12	290
South Central	1,116	1,155	-39	1,186
Salt	326	334	-8	334
Nonsalt	790	820	-30	852
Total	3,226	3,362	-136	3,476

ICE February Brent-WTI Spread



8-14 Day Weather Forecast

