

Market Commentary

Recap: Oil futures gave back early gains, falling to a fresh three-month low after the EIA issued a bearish inventory report, as OPEC+ began a two day meeting to decide on supply plans for 2022 amid concerns the Covid-19 Omicron variant will reignite a waning pandemic. Some analysts said the group, known as OPEC+, may decide to pause their current deal to boost monthly output by 400,000 barrels per day, given the recent plunge in oil prices following the discovery of the new variant of coronavirus. January West Texas Intermediate crude fell 61 cents, or 0.9%, to settle at \$65.57 a barrel after touching an intraday high of \$69.49. Prices lost 5.4% on Tuesday. February Brent lost 36 cents, or 0.5%, to \$68.87 a barrel, following a 5.5% loss on Tuesday. November marked the biggest monthly declines for front-month WTI -- down 21% -- and Brent crude -- off 16% -- since March 2020, the start of the COVID-19 pandemic as per the World Health Organization. The following month, WTI crashed below zero dollars a barrel. January RBOB added a penny, to settle at \$1.951 a gallon, while January heating oil rose 0.8%, to \$2.077 a gallon.

Technical Analysis: The near-term outlook for the oil market has turned even more negative as Covid-19 omicron variant pops up in the U.S. The put skew -- or premium a buyer must pay to protect against a drop in prices versus a rise -- in West Texas Intermediate crude options is the biggest since May 2020. As of now, we would expect the market to wait on OPEC+ for its decision on Thursday and as a result, would expect to see little movement until then. Support is seen at \$61.74 and \$60. Resistance is seen at \$69.44 and above that at \$70.78.

Fundamental News: U.S. Deputy Energy Secretary, David Turk, told Reuters that the Biden administration could adjust the timing of its planned release of strategic crude oil stockpiles if global energy prices fall substantially. He added that other consumer nations that had agreed to release strategic reserves in concert with the United States to lower prices could also adjust their timing, if needed.

Republican senators introduced legislation that would require the administration to issue a plan on increasing domestic production before tapping the SPR for reasons other than a severe energy supply interruption.

OPEC and its allies will decide on Thursday whether to release more oil into the market or restrain supply. Three OPEC sources stated that Wednesday's meeting of OPEC ministers ended without any recommendation on output policy. Separately, an OPEC+ report states that the producer group sees the oil surplus worsening to 2 million bpd in January, 3.4 million bpd in February and 3.8 million bpd in March next year. The report said that it sees the impact of Omicron on the jet fuel market for now, particularly in Africa and Europe. It said mobility and transportation fuel demand within Europe may also be impacted by the virus variant.

Iraqi Oil Minister, Ihsan Abdul Jabbar, expects OPEC to agree on extending its current production policies over the short term. He said Iraq's stance will be aligned with the outcome of the next OPEC meeting.

Angola's Oil Minister said OPEC+ must remain prudent and proactive.

IIR Energy reported that U.S. oil refiners are expected to shut in 285,000 bpd of capacity in the week ending Dec. 3, increasing available refining capacity by 29,000 bpd. Offline capacity is expected to remain the same at 285,000 bpd in the week ending December 10th.

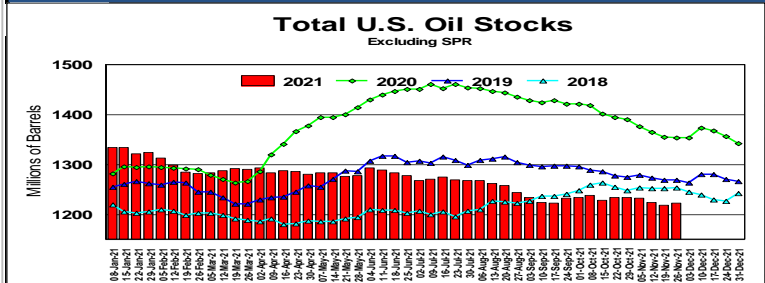
Early Market Call - as of 8:45 AM EDT

WTI - Jan \$65.36, down 22 cents
 RBOB - Jan \$1.9510, down 1 point
 HO - Jan \$2.0820, up 49 points

All NYMEX | Prior Settlements

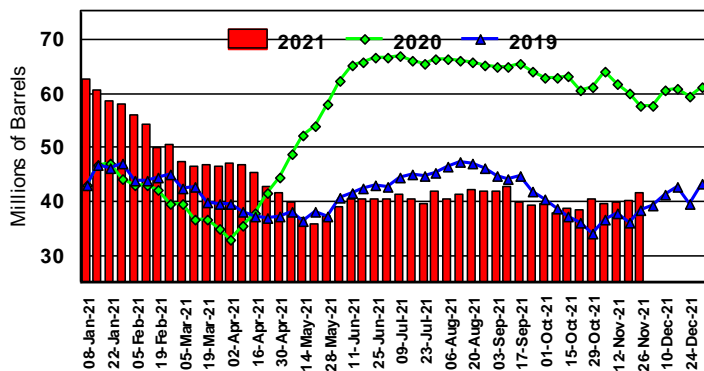
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jan-22 | 2.0674 | 0.0071 | -0.312 |
| Feb-22 | 2.054 | 0.0012 | -0.3183 |
| Mar-22 | 2.0344 | -0.0075 | -0.3235 |
| Apr-22 | 2.0218 | -0.0024 | -0.3135 |
| May-22 | 2.016 | 0.0033 | -0.3017 |
| Jun-22 | 2.0147 | 0.0082 | -0.2886 |
| Jul-22 | 2.0145 | 0.0104 | -0.2815 |
| Aug-22 | 2.016 | 0.013 | -0.2744 |
| Sep-22 | 2.0179 | 0.0139 | -0.2725 |
| Oct-22 | 2.0187 | 0.0131 | -0.2667 |
| Nov-22 | 2.0184 | 0.0121 | -0.2654 |
| Dec-22 | 2.0178 | 0.0121 | -0.264 |
| Jan-23 | 2.0117 | 0.0066 | -0.2672 |
| Feb-23 | 2.0007 | 0.0019 | -0.2688 |
| Mar-23 | 1.9867 | -0.0011 | -0.2682 |
| Apr-23 | 1.9805 | 0.0067 | -0.2551 |
| May-23 | 1.9775 | 0.01 | -0.2461 |

| Settlements | | | |
|---------------|------------------------------------|-----------|-----------|
| | | Close | Change |
| Crude - WTI | Feb Brent- WTI Spread \$3.50 | \$65.3700 | -\$0.4800 |
| Crude - Brent | | \$68.8700 | -\$0.3600 |
| Natural Gas | | \$4.2580 | -\$0.3090 |
| Gasoline | | \$1.9511 | \$0.0110 |



Weekly EIA Petroleum Status Report for the Week Ending December 1, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 909,000 barrels
 Cushing, OK Crude Stocks Up 1.159 million barrels
Gasoline Stocks Up 4.029 million barrels
Distillate Stocks Up 2.16 million barrels
Refinery % Operated 88.8%, Up 0.2%

PADD #1

| | Week Ending Nov 26, 2021 | Week Ending Nov 19, 2021 | Week Ending Nov 27, 2020 |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Distillate Stocks (in million bbls) | 7.2 | 7.6 | 11.8 |
| Central Atlantic | 21.3 | 19.8 | 33.3 |
| Total PADD #1 | 41.6 | 40.2 | 57.6 |
| Distillate Imports (thousands b/d) | 220 | 295 | 575 |