

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures closed higher for the fourth straight session on strong U.S. economic data, falling inventories and the OPEC+ decision to adhere to output cuts however, gains were limited by strength in the U.S. dollar. Strong U.S. factory data along with improvements in the unemployment number helped to prop up prices. March WTI added 54 cents, or 1%, to settle at \$56.23 a barrel. Based upon the front-month contracts, prices were up for a fourth consecutive session and settled at their highest since Jan. 22, 2020. April Brent settled at \$58.84 a barrel, up 38 cents, or 0.65%. March RBOB slipped .0038, to settle at \$1.6448 a gallon, while March heating oil added .0100, to settle at \$1.7005 a gallon.

Technical Analysis: The upside for oil markets is gaining momentum, as tightening supplies, strict compliance to output cuts by OPEC+, and positive economic news out of the U.S. helped boost oil prices. March WTI came back to test the \$55 and bounced right back above it. It is crucial that prices hold above this level, so time will tell as to whether or not this was the technical pullback bulls needed, or a significant pullback, indicating that this market is not ready to move ahead. We would like to see a settlement above \$56.30 and then a push toward \$57 before we can feel confident that this market is ready to move forward. Above \$57, there is resistance set at \$57.40, with support below \$55 set at \$54.06, the current 10-day moving average

Fundamental News: Data intelligence firm Kpler estimates that floating storage of crude and condensate stood at 113.60 million barrels in Asia at the start of this week. Around 63% of this storage is sitting offshore of China, Singapore, Malaysia and Indonesia. Most industry watchers though expect these storage levels will trend lower as the market price structure continues to be backwardated and the market gets on the other side of the Chinese New Lunar Year holiday. Floating stocks had fallen to an eleven month low of 85 million barrels in early January after they had peaked at over 210 million barrels in late June.

Last year, some oil producers made a bet that is set to pay off as prices rise. The decision was to enter 2021 with minimal, and in some cases zero hedge contracts and to maintain their exposure to oil prices. However, not all producers did this. About 28 of 50 firms tracked in BNEF's Hedging Database are expected to lose money on hedges reported in third quarter 2020 filings. Hedge books have lost a combined \$5 billion in value in just three months, with 18 firms losing more than \$100 million.

The Department of Transportation reported that vehicle miles traveled on U.S. highways increased by 2.3% on the week to 13.4 billion miles in the week ending January 31st.

The International Air Transport Association reported this week that passenger air traffic globally declined 66% in 2020 and warned the near term outlook is one of continuing stagnation. Platts noted that global air traffic is currently declining and being led by a noticeable drop in Chinese domestic flights, with particular weakness still in Europe, the UK and Japan.

The head of commodities research at Goldman Sachs said a commodities bull market supercycle could be on the horizon. He said President Biden's policy priorities will contribute to a boom in oil price and other industrial commodities.

Early Market Call - as of 8:30 AM EDT

WTI - Mar \$56.69, up 46 cents
 RBOB - Mar \$1.6559, up 1.11 cents
 HO - Mar \$1.7240, up 2.35 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	1.7005	0.0100	-0.0995
Mar-21	1.6934	0.0104	-0.0964
Apr-21	1.6893	0.0104	-0.0945
May-21	1.6874	0.0106	-0.0929
Jun-21	1.6876	0.0105	-0.0908
Jul-21	1.6885	0.0104	-0.0884
Aug-21	1.6912	0.0104	-0.0865
Sep-21	1.6945	0.0103	-0.0848
Oct-21	1.6965	0.0102	-0.0836
Nov-21	1.6965	0.0101	-0.0829
Dec-21	1.6978	0.0102	-0.0820
Jan-22	1.6960	0.0102	-0.0809
Feb-22	1.6885	0.0100	-0.0800
Mar-22	1.6744	0.0100	-0.0784
Apr-22	1.6668	0.0098	-0.0764
May-22	1.6618	0.0100	-0.0746
Jun-22	1.6618	0.0098	-0.0730

Sprague HeatCurve October 2021-April 2022		\$1.6933
	Close	Change
Crude - WTI	\$56.0700	\$0.5300
Crude - Brent	\$58.8400	\$0.3800
Natural Gas	\$2.9350	\$0.1460
Gasoline	\$1.6448	-\$0.0038

EIA Working Gas Storage Report

	29-Jan-21	22-Jan-21	Change	31-Jan-2020
East	582	641	-59	609
Midwest	719	780	-61	735
Mountain	158	170	-12	138
Pacific	261	275	-14	210
South Central	970	1,014	-44	956
Salt	281	288	-7	286
Nonsalt	689	726	-37	671
Total	2,689	2,881	-192	2,648

Sprague Heat Curve October-April

ICE April Brent-WTI Spread

