

Market Commentary

Recap: Oil prices fell on Wednesday, ending six consecutive sessions of gains for WTI, pressured by a gain in the U.S. dollar and increases in both gasoline and heating oil inventories. WTI slipped off of its highest level in almost a year, partly due to profit-taking, as near term risk still lingers as the coronavirus forced renewed restrictions. The U.S. dollar found support on Wednesday, propping up commodities. The dollar fell sharply in 2020 and extended losses into January, trading at levels last seen in April 2018. February WTI fell 30 cents, or 0.6%, to \$52.91 a barrel, while March Brent slipped 52 cents, or 0.9%, to \$56.06 a barrel. February RBOB lost 0.42 cent, or 0.3%, to settle at \$1.5488 a gallon, while February heating oil gained 0.22 cents, or 0.1%, to close at \$1.5989 a gallon.

Technical Analysis: A close examination of the EIA report for crude oil indicates that the numbers do not add up. Refinery crude runs on the week were up 274,000 bpd, while domestic production remains unchanged on the week. Crude oil imports were up 870,000 bpd, while crude oil exports were down 621,000 bpd. This should have equated to a build in crude oil inventories, not a draw of 3.2 million barrels. Based on this, we would expect to see a revision in next week's reports. If inventories continue to decrease, oil prices stand a good chance of heading higher. At present, U.S. crude oil inventories are about 8% above the five-year average for this time of year.

Wednesday's trading session was a choppy one, with oil prices going back and forth. Technically, this market is still in an uptrend, and the likely hood of reaching toward \$55 is high. That being said, we would not discount a pullback toward \$50. Below this level, there is support set at \$49.52.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 3.8 million bpd of capacity in the week ending January 15th, increasing available refining capacity by 69,000 bpd from the previous week. Offline capacity is expected to fall to 3.7 million bpd in the week ending January 22nd.

The U.S. biofuel industry expects the outgoing Trump administration to approve most of the waiver requests it has pending from the oil refining industry for 2019. The EPA is likely to announce as early as Wednesday that it will grant waivers for the 2019 compliance year exempting refiners from blending at least 1.1 billion gallons of biofuels into their fuel mix. The Renewable Fuels Association told the EPA that it will challenge the agency if it approves any of the 32 pending waiver requests for 2019.

OPEC's Secretary General, Mohammad Barkindo, said Saudi Arabia's voluntary oil production cut is set to help the oil market navigate through seasonally low oil demand during the first quarter. Saudi Arabia surprised the market earlier this month when it pledged to cut production by a further 1 million bpd in February and March. He also stated that oil inventories globally, in both OECD and non-OECD countries, are "very high".

Saudi Arabia has cut supplies of February-loading crude for some Asian buyer by up to 25% while meeting requirements of at least four others.

An official with International Energy Agency said oil producers face an unprecedented challenge to balance supply and demand as factors including the pace and response to COVID-19 vaccines cloud the outlook. The IEA's head of energy supply outlooks and investment, Tim Gould, said "growth in the economy, recovery in the economy will sooner or later bring oil demand back to 2019 levels. The 2020s in our view are the last decade in which you're likely to see increasing oil demand".

Early Market Call - as of 8:55 AM EDT

WTI - Feb \$52.27, down 64 cents

RBOB - Feb \$1.5196, down 2.93 cents

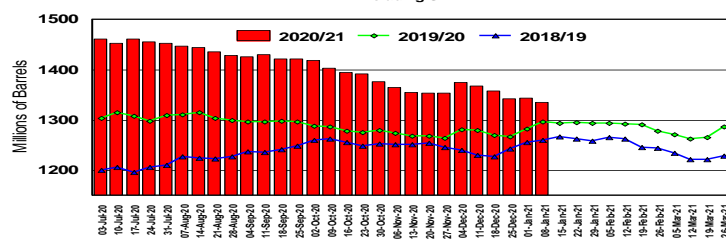
HO - Feb \$1.5830, down 1.59 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	1.5989	0.0022	-0.0702
Mar-21	1.6002	0.0017	-0.0700
Apr-21	1.5968	0.0007	-0.0670
May-21	1.5946	0.0003	-0.0641
Jun-21	1.5944	-0.0006	-0.0601
Jul-21	1.5978	-0.0010	-0.0578
Aug-21	1.6016	-0.0013	-0.0561
Sep-21	1.6058	-0.0015	-0.0539
Oct-21	1.6097	-0.0018	-0.0515
Nov-21	1.6131	-0.0016	-0.0495
Dec-21	1.6147	-0.0014	-0.0473
Jan-22	1.6176	-0.0014	-0.0448
Feb-22	1.6171	-0.0016	-0.0430
Mar-22	1.6103	-0.0009	-0.0416
Apr-22	1.5974	-0.0006	-0.0396
May-22	1.5917	0.0000	-0.0385
Jun-22	1.5886	0.0006	-0.0380

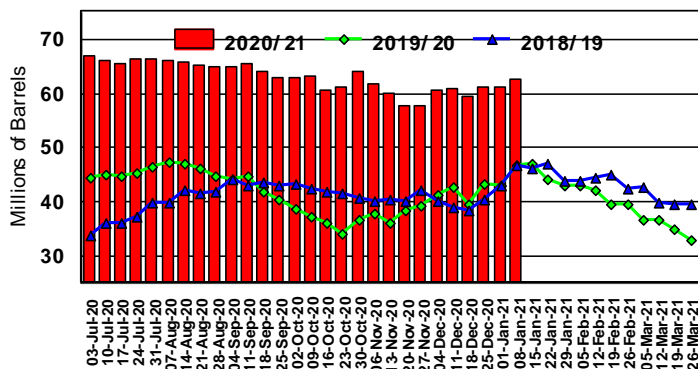
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$3.10	\$52.9600	-\$0.2800
Crude - Brent		\$56.0600	-\$0.5200
Natural Gas		\$2.7270	-\$0.0260
Gasoline		\$1.5488	-\$0.0042

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending January 8, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.248 million barrels

Cushing, OK Crude Stocks Down 1.975 million barrels

Gasoline Stocks Up 4.395 million barrels

Distillate Stocks Up 4.786 million barrels

Refinery % Operated 82%, Up 1.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 8, 2021	Week Ending Jan 1, 2021	Week Ending Jan 10, 2020
New England	12.1	12.1	7.9
Central Atlantic	34.4	33.6	25.4
Total PADD #1	62.4	61.1	46.8
Distillate Imports (thousands b/d)	331	293	155