

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures retreated from 10-month highs, as the U.S. dollar posted slight gains, amid rising concern over the number of new coronavirus cases in China. However, oil prices managed to squeeze out slight gains. WTI outperformed Brent, as other members within OPEC followed Saudi Arabia's lead and raised prices to Asian customers in recent days. This move provides an opportunity for U.S. producers to export more barrels to Asia. February WTI gained a penny, to settle at \$52.25 a barrel, the highest close for a spot contract since Feb. 21, while March Brent fell 33 cents, or 0.6%, to settle at \$55.66 a barrel. February RBOB slipped 2.15 cents, or 1.4%, to close at \$1.5208 a gallon, while February heating oil declined 0.6 cent, or 0.4%, to settle at \$1.5735 a gallon.

Technical Analysis: WTI continues to try and break out to the upside despite Monday's attempt to pull back. The bounce off of session lows is an indication that traders are taking bets that prices will head higher. As long as this market remains above \$50, we would look for buyers on dips, as traders focus on a slowdown in production. We expect to see this market struggle to the upside amidst choppy trading. Support is set at \$50.12, \$48.72 and \$47.18. Resistance is seen at \$53.60 and \$54.66.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 2.9 million bpd of capacity in the week ending January 15th, increasing available refining capacity by 254,000 bpd from the previous week. Offline capacity is expected to fall to 2.7 million bpd in the week through January 22nd.

Kazakhstan has suspended oil transit via Russia's Transneft pipeline system because of electricity disruptions caused by winter weather, but its main export route to the Mediterranean is unaffected.

Citi Research increased its average 2021 Brent crude price forecast by \$5 to \$59/barrel following Saudi Arabia's vow to cut output by more than expected. Saudi Arabia last week pledged extra, voluntary oil output cuts of 1 million bpd in February and March as part of a deal under which most OPEC+ producers will hold production steady. The bank raised its quarterly Brent price forecasts by \$5/barrel through the first quarter of 2022, when it expects Brent to peak at \$61/barrel. It also lowered its first quarter 2021 oil demand outlook to 95.5 million bpd from 96.38 million bpd due to the more severe virus contagion, especially across Europe.

Goldman Sachs forecast returns of 5.8%, 9.5% and 10.2% on commodities over a 3, 6, and 12-month horizon on the S&P Goldman Sachs Commodity Index. It stated that the Democratic sweep in the Senate elections and the Saudi Arabian production cut have left commodity markets with tighter medium-term outlook. It stated that with the oil market seen tight, Brent prices are now expected to reach \$65/barrel this summer as opposed to the end of the year.

The Trump administration is expected to grant some waivers to oil refiners that would exempt them from requirements to blend biofuels into their fuel mix for the 2019 compliance year.

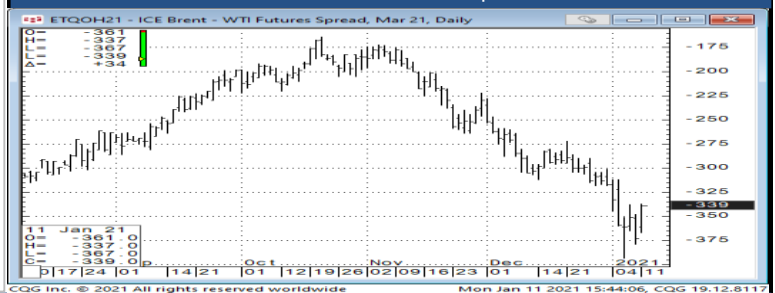
Early Market Call - as of 8:40 AM EDT

WTI - Feb \$52.88, up 63 cents
 RBOB - Feb \$1.5389, up 1.81 cents
 HO - Feb \$1.5909, up 1.71 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	1.5735	-0.0060	-0.1115
Mar-21	1.5750	-0.0054	-0.1110
Apr-21	1.5728	-0.0056	-0.1088
May-21	1.5714	-0.0063	-0.1065
Jun-21	1.5721	-0.0071	-0.1023
Jul-21	1.5757	-0.0069	-0.0992
Aug-21	1.5798	-0.0063	-0.0968
Sep-21	1.5846	-0.0061	-0.0946
Oct-21	1.5892	-0.0063	-0.0924
Nov-21	1.5927	-0.0068	-0.0898
Dec-21	1.5947	-0.0071	-0.0873
Jan-22	1.5984	-0.0073	-0.0846
Feb-22	1.5985	-0.0073	-0.0825
Mar-22	1.5913	-0.0072	-0.0785
Apr-22	1.5785	-0.0072	-0.0741
May-22	1.5727	-0.0067	-0.0705
Jun-22	1.5694	-0.0059	-0.0675

		Close	Change
Crude - WTI	Mar Brent-	\$52.2700	\$0.0100
Crude - Brent	WTI Spread	\$55.6600	-\$0.3300
Natural Gas	\$3.39	\$2.7470	\$0.0470
Gasoline		\$1.5208	-\$0.0215

ICE March Brent-WTI Spread



February Heating Oil Crack Spread

February RBOB Crack Spread

