

Market Commentary

Recap: Oil futures rose to fresh 13 month highs on Tuesday, erasing early losses, as signs of growing demand amid output cuts, increased optimism over a recovery in demand. A weaker U.S. dollar also lent support, as the dollar fell to its lowest level in a week. Signaling tightening supplies in the world's top oil producer, the U.S. government on Tuesday lowered its outlook for crude oil production in 2021 to 11.02 million barrels per day from 11.1 million bpd previously forecast. According to Reuters, Saudi Arabia is squeezing supply in February and March on top of cuts by producers within OPEC+, prompting forecasts of a supply deficit this year. March WTI rose 39 cents, or 0.7%, to settle at \$58.36 a barrel. This is the seventh consecutive session of gains and the longest streak of gains since the eight-session rise ended Feb. 22, 2019. April Brent tacked on 53 cents, or 0.9%, to end at \$61.09 a barrel, marking the eighth straight session of gains, the longest run since February 2020. March RBOB slipped 0.1%, to settle at \$1.6736 a gallon, while March heating oil added 0.5%, to settle at \$1.7567 a gallon.

Market Outlook: Oil futures traded back and forth throughout most of the day before finding some footing late in the session. With traders taking out Monday's high, the uptrend was reaffirmed, although we would not discount a pullback toward \$55. We would look at such a move as a buying opportunity, as long as this market holds above this level. \$60 remains our near term upside target. A break below \$53.70 would shift the trend to the downside. Should we break below this level, we would look for a push toward the 50-day moving average, which is currently set at \$50.76.

Fundamental News: The EIA reported in its Short Term Energy Outlook that it cut its 2021 world oil demand growth forecast by 180,000 bpd to 5.38 million bpd. It raised its oil demand growth estimate for 2022 by 190,000 bpd to 3.5 million bpd. World oil demand in 2021 is forecast to total 97.67 million bpd and increase to 101.17 million bpd. Total world oil production is estimated to increase by 3.08 million bpd to 97.29 million bpd in 2021 and by 3.48 million bpd to 100.77 million bpd in 2022. OPEC oil output is forecast to increase by 1.56 million bpd in 2021 to 27.15 million bpd and by 1.05 million bpd to 28.2 million bpd in 2022. Non-OPEC output is estimated to increase by 1.4 million bpd to 65.03 million bpd in 2021 and by 2.27 million bpd to 67.3 million bpd in 2022. The EIA cut its outlook for U.S. crude oil production in 2021, with expected output set to average 11.02 million bpd for the year. In 2022, U.S. crude output is expected to increase by 510,000 bpd to 11.53 million bpd compared with expectations for an increase of 390,000 bpd. The EIA lowered its demand estimates, stating that U.S. petroleum and other liquid fuel consumption will increase by 1.35 million bpd to 19.43 million bpd in 2021, compared with an estimated 1.45 million bpd increase forecast in January. The EIA forecast global consumption will average 97.7 million bpd for 2021, up 5.4 million bpd and expects demand to increase by 3.5 million bpd in 2022 to average 101.2 million bpd.

The Houston Ship Channel reopened to outbound traffic only on Tuesday afternoon after closing the previous evening due to fog.

S&P Global Platts estimates OPEC and its allies boosted their crude oil production for the seventh straight month in January seeing production grow by a collective 440,000 b/d. The production gains in January came from Russia, Saudi Arabia, the UAE, and Kuwait. Platts found that Russia posted the largest production increase by raising output by 170,000 b/d making it the worst quota violator in the OPEC+ group. Production from Iran and Venezuela which are outside the production agreement also saw production increases in January increasing by a combined 180,000 b/d.

Early Market Call - as of 8:05 AM EDT

WTI - Mar \$58.72, up 36 cents
 RBOB - Mar \$1.6680, down 56 points
 HO - Mar \$1.7629, up 62 points

All NYMEX | Prior Settlements

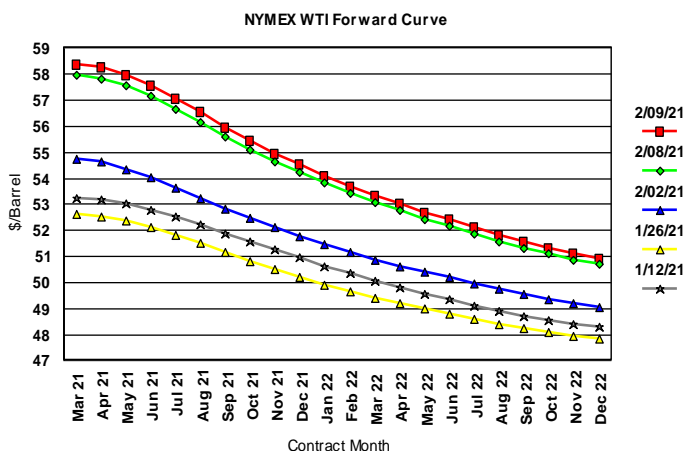
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	\$1.7567	\$0.0089	-\$0.0821
Mar-21	\$1.7482	\$0.0096	-\$0.0824
Apr-21	\$1.7429	\$0.0092	-\$0.0817
May-21	\$1.7402	\$0.0089	-\$0.0811
Jun-21	\$1.7401	\$0.0087	-\$0.0798
Jul-21	\$1.7406	\$0.0086	-\$0.0784
Aug-21	\$1.7427	\$0.0086	-\$0.0769
Sep-21	\$1.7446	\$0.0085	-\$0.0748
Oct-21	\$1.7457	\$0.0085	-\$0.0734
Nov-21	\$1.7451	\$0.0084	-\$0.0726
Dec-21	\$1.7463	\$0.0085	-\$0.0724
Jan-22	\$1.7439	\$0.0085	-\$0.0717
Feb-22	\$1.7356	\$0.0082	-\$0.0705
Mar-22	\$1.7205	\$0.0079	-\$0.0696
Apr-22	\$1.7116	\$0.0076	-\$0.0679
May-22	\$1.7053	\$0.0073	-\$0.0664
Jun-22	\$1.7045	\$0.0072	-\$0.0650

Sprague HeatCurve October 2021-April 2022			\$1.7415
		Close	Change
Crude - WTI	Apr Brent- WTI Spread	\$58.2500	\$0.4200
Crude - Brent		\$61.0900	\$0.5300
Natural Gas	\$2.84	\$2.8350	-\$0.0470
Gasoline		\$1.6736	-\$0.0012

API Report for the Week Ending February 5, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 3.5 million barrels	Down 2.7 million barrels
Cushing, OK Crude Stocks	Down 1.4 million barrels	
Gasoline Stocks	Up 4.8 million barrels	Up 2.7 million barrels
Distillate Stocks	Down 500,000 barrels	Down 1.7 million barrels
Refinery Runs	Up 104,000 bpd	Down 0.5%, at 81.8%
Crude Imports	Up 102,000 bpd	

WTI Forward Curve



8-14 Day Weather Forecast

