

## Market Commentary

**Recap:** Oil futures retreated on Friday, turning lower for the week, weighed down by an unexpected build in U.S. crude oil inventories and worries over a resurgence of coronavirus cases in China and its economic impact. An end of the year surge in China's demand for oil supported prices, while renewed lockdowns in Europe and the U.S. kept a lid on gains. The resurgence of COVID-19 cases in China and Southeast Asia raised concerns about near-term demand. WTI for March delivery slipped 86 cents, or 1.6%, to settle at \$52.27 a barrel, down about 0.3% on the week. March Brent fell 69 cents, or 1.2%, to close the week at \$55.41 a barrel, a weekly drop of 0.6%. February RBOB added 0.1%, to settle at \$1.5487 a gallon, up 1.3% for the week, while February heating oil lost 1.5%, to close at \$1.576 a gallon, for a weekly loss of 1.1%.

**Technical Analysis:** After rallying during the beginning of the week, oil prices fell, showing signs of exhaustion, as U.S. crude oil inventories unexpectedly increased along with the global number of COVID-19 cases. We would look for traders to continue to focus on any virus related news and if the number of cases increases rapidly, oil prices should come under pressure. There is still an awful lot of resistance up around the \$55 level in WTI and if traders can get this market above this level, it should really take off. That being said, we are doubtful that this will happen any time soon, as the virus is still out of control. We will stick with our \$55 - \$50 range for now, barring any new major shifts in the underlying fundamentals of this market. To the upside, there is resistance set at \$53.35 and above that at \$53.90. Below \$50, there is support set at \$48.11.

**Fundamental News:** U.S. energy firms this week added oil and natural gas rigs for the ninth consecutive week. Baker Hughes reported that the oil and gas rig count increased by 5 to 378 in the week ending January 22nd, its highest level since May. It reported that the number of U.S. oil rigs increased by 2 to 289 this week, the highest level since May, while gas rigs increased by 3 to 88.

Iran's Oil Minister, Bijan Zanganeh, said the country's oil exports have increased significantly in recent months, adding that Iran will return to markets stronger and faster than expected. He also stated that Iran has achieved record high exports of petroleum products despite U.S. sanctions. It is estimated that Iran exports less than 300,000 bpd, compared with a peak of 2.8 million bpd in 2018.

Goldman Sachs said the new U.S. administration's plans for large fiscal spending and little urgency to lift sanctions on Iran are constructive for oil and gas prices. It stated that "on our estimates, a \$2 trillion stimulus over 2021-22 would... boost U.S. demand by about 200,000 barrels per day". U.S. President Joe Biden's proposed \$1.9 trillion stimulus package aims to jump-start the economy and accelerate vaccines distribution to control COVID-19, which has impacted global oil demand. The bank also said that since the Biden administration is looking to strengthen and lengthen nuclear constraints on Iran, the country's oil exports would remain moderate this year and at 500,000 bpd in the second half of 2021.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.8 million bpd of capacity in the week ending January 22nd, increasing available refining capacity by 21,000 bpd from the previous week. Offline capacity is expected to be little changed at 3.825 million bpd in the week ending January 29th and fall to 3.5 million bpd in the subsequent week.

### Early Market Call - as of 8:25 AM EDT

WTI - Mar \$52.29, up 2 cents

RBOB - Feb \$1.5510, up 23 points

HO - Feb \$1.5762, up 2 points

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-21	1.5760	-0.0246	0.0169
Mar-21	1.5782	-0.0242	0.0160
Apr-21	1.5771	-0.0238	0.0138
May-21	1.5773	-0.0233	0.0119
Jun-21	1.5786	-0.0231	0.0108
Jul-21	1.5829	-0.0227	0.0099
Aug-21	1.5880	-0.0221	0.0086
Sep-21	1.5940	-0.0215	0.0071
Oct-21	1.6000	-0.0209	0.0057
Nov-21	1.6041	-0.0204	0.0049
Dec-21	1.6057	-0.0204	0.0049
Jan-22	1.6091	-0.0201	0.0045
Feb-22	1.6088	-0.0197	0.0039
Mar-22	1.6018	-0.0194	0.0039
Apr-22	1.5891	-0.0188	0.0038
May-22	1.5832	-0.0182	0.0041
Jun-22	1.5799	-0.0177	0.0048

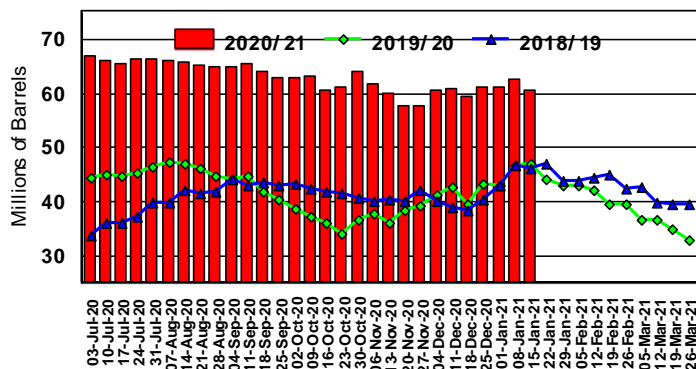
Sprague HeatCurve October 2021-April 2022			\$1.6043
		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$3.14	\$52.2700	-\$0.8600
Crude - Brent		\$55.4100	-\$0.6900
Natural Gas		\$2.4460	-\$0.0450
Gasoline		\$1.5487	\$0.0008

### EIA Working Gas Storage Report

	15-Jan-21	08-Jan-21	Change	15-Jan-20
East	679	726	-47	702
Midwest	828	879	-51	825
Mountain	176	188	-12	154
Pacific	275	278	-3	224
South Central	1,051	1,126	-75	1,068
Salt	296	327	-31	326
Nonsalt	755	799	-44	742
Total	3,009	3,196	-187	2,973

## Weekly EIA Petroleum Status Report for the Week Ending January 15, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 4.352 million barrels

Cushing, OK Crude Stocks Down 4.727 million barrels

**Gasoline Stocks** Down 259,000 barrels

**Distillate Stocks** Up 457,000 barrels

**Refinery % Operated** 82.5%, Up 0.5%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 15, 2021	Week Ending Jan 8, 2021	Week Ending Jan 16, 2020
New England	11.9	12.1	8.1
Central Atlantic	34.3	34.4	25.2
Total PADD #1	60.4	62.4	46.9
Distillate Imports (thousands b/d)	455	331	279