

Market Commentary

All NYMEX | Prior Settlements

Recap: A rise in the U.S. dollar combined with increasing concern over next week's meeting between OPEC and other major producers, pushed oil futures lower on Friday. OPEC+ is expected to increase quotas by 500,000 barrels per day. The group is faced with two decisions when it meets next week, they have to decide whether to move forward with restoring as much as 500,000 barrels per day of production in April and they must decide what Saudi Arabia will do in regard to its unilateral output cut of 1 million barrels per day in February and March. WTI pull back from a 22-month high, however it tacked on 18¢ for the month, to mark the fourth straight month of gains. Concerns over rising supply, as demand slowly recovers as vaccination programs slowly ramp up are also weighing on the market. April WTI settled at \$61.50 a barrel, down \$2.03, or 3.2%. Brent for April delivery, which expired at the close of business on Friday, slipped 75 cents, or 2.2%, to settle at \$66.13 a barrel, a month gain of more than 18%. May Brent lost \$1.69, or 2.6%, to close at \$64.42 a barrel. Petroleum products also declined, with the expiring March RBOB falling 0.8¢, to settle at \$1.877 a gallon, ending more than 19% higher for the month, and March heating oil fell 2.6¢, to \$1.8565 a gallon, up 16¢ on the month.

Technical Analysis: It was an impressive month for oil futures, despite the lower daily close on Friday. WTI spent the bulk of the month closing in on \$65.65, the high of January 2020, the point at which oil futures began their historic sell-off. We most likely saw a bit of profit-taking ahead of the weekend and the meeting between OPEC and other major producers. We would look for prices to begin the week somewhat subdued, as we await news out of the aforementioned meeting. Should prices break above the \$65.65 level, we would expect a push toward \$66.60.

Fundamental News: The EIA reported that U.S. crude oil production in December fell 58,000 bpd to 11.063 million bpd from a revised 11.121 million bpd in November. It reported that U.S. crude exports increased to 3.371 million bpd in December from 2.726 million bpd in November, while total refined oil product exports increased to 2.873 million bpd in December from 2.594 million bpd in November. U.S. total oil demand in December fell by 7.4% or 1.494 million bpd to 18.796 million bpd, with distillate demand falling 1.1% or 41,000 bpd to 3.86 million bpd and gasoline demand falling by 12.4% or 1.109 million bpd to 7.836 million bpd. The EIA also reported that U.S. shipments of crude oil via rail in December increased by 109,000 bpd on the month to 410,000 bpd. Shipments within the U.S. in December increased by 10,000 bpd on the month to 184,000 bpd, while shipments from Canada to the U.S. increased by 99,000 bpd on the month to 225,000 bpd.

The Houston Ship Channel was open to outbound traffic only on Friday.

Baker Hughes reported that the number of rigs drilling for oil increased by 4 to 309 in the week ending February 26th.

Russia's oil output in February has fall below its OPEC+ target amid abnormally cold weather. Russia produced an average of 10.093 million bpd of crude and condensate from February 1st to 25th.

Pemex said its oil extraction cost in 2020 fell by 20.7% on the year to \$11.15/barrel.

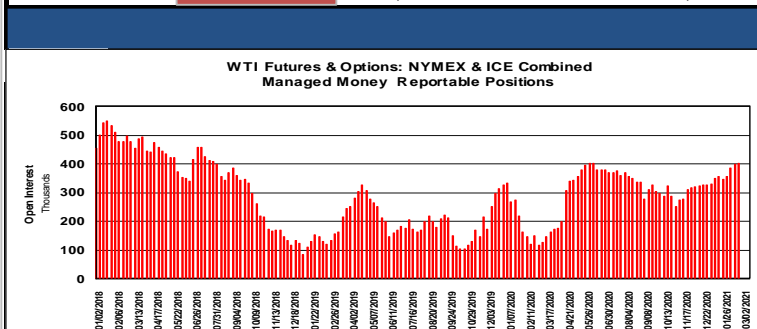
EOG Resources Inc. dropped the most in the S&P 500 Index after signaling plans to increase its oil production by as much as 12% starting next year. EOG plans to keep production flat this year compared with the fourth quarter of 2020 but sees strong growth coming in 2022 and 2023. Its capital budget of about \$3.8 billion for 2021 is nearly 40% below 2019 levels, but the company hasn't cut spending as much as its peers have.

Early Market Call - as of 8:35 AM EDT

WTI - Apr \$61.87, up 38 cents
 RBOB - Mar \$1.9657, up 1.52 cents
 HO - Mar \$1.8509, up 78 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	1.8565	-0.0501	-0.0336
Apr-21	1.8431	-0.0548	-0.0327
May-21	1.8349	-0.0520	-0.0365
Jun-21	1.8289	-0.0502	-0.0366
Jul-21	1.8250	-0.0495	-0.0365
Aug-21	1.8227	-0.0493	-0.0364
Sep-21	1.8230	-0.0491	-0.0363
Oct-21	1.8234	-0.0491	-0.0351
Nov-21	1.8239	-0.0490	-0.0345
Dec-21	1.8229	-0.0488	-0.0342
Jan-22	1.8223	-0.0486	-0.0335
Feb-22	1.8184	-0.0482	-0.0334
Mar-22	1.8085	-0.0476	-0.0334
Apr-22	1.7920	-0.0468	-0.0331
May-22	1.7819	-0.0458	-0.0328
Jun-22	1.7741	-0.0451	-0.0328
Jul-22	1.7726	-0.0445	-0.0331

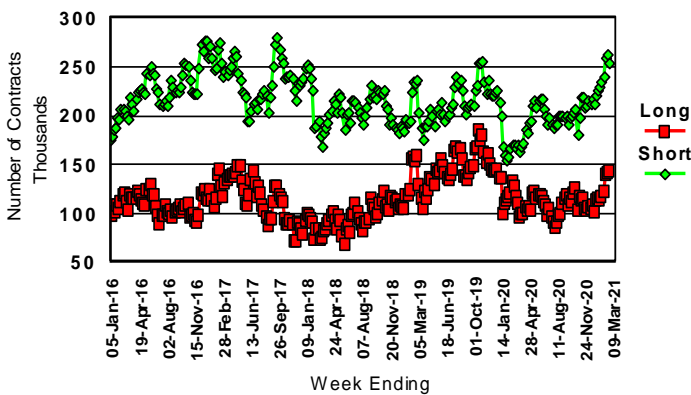
Sprague HeatCurve October 2021-April 2022		\$1.8171
	Close	Change
Crude - WTI	\$61.5000	-\$2.0300
Crude - Brent	\$66.1300	-\$0.7500
Natural Gas	\$2.7710	-\$0.0060
Gasoline	\$1.8770	-\$1.5300



Commitment of Trader Report for the Week Ending February 23, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

