

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures rose on Friday, to their highest level in almost a year and gaining almost 8% on the week in a large part due to Saudi Arabia's decision to unilaterally cut crude oil output. It is hoped that the move by Saudi Arabia will tighten the supply/demand ratio, as COVID-19 continues to weigh on demand. February WTI settled at \$52.24 a barrel, up \$1.41, or 2.8%, for a 7.7% gain on the week. March Brent added \$1.61, or 3%, to settle at \$55.99 a barrel, up 8.1% on the week. The gain marked a ninth weekly increase out of the last 10 weeks for both benchmarks, which also is their highest settlement since February of last year. Products were also up, with February RBOB adding 4%, to settle at \$1.5423 a gallon, up 9.4% on the week. February heating oil closed up 2.7%, at \$1.5795 a gallon, for a weekly gain of 6.4%.

Technical Analysis: Based upon a weekly spot continuation chart, WTI has re-entered a sideways trading pattern it had been trading in from January 2019 until February of 2020. The bottom of this pattern is set at \$50.38, the weekly low set during the week of January 14, 2019, with the top of this pattern marked by the weekly high of \$65.65 made during the week of January 6, 2020. The main trend is to the upside and was reaffirmed as traders took out the high made during the previous session. At this point, we would look for a run toward \$52.50, our initial upside objective, with a possible stretch toward \$53.60. Support is seen at \$48.72 and below that at \$47.18.

Fundamental News: Mobility restrictions across Europe to contain a new surge in COVID-19 cases weighed on fuel sales, weakening the prospect of energy demand recovery in the first half of 2021. Most of Europe is now under strictest restrictions, according to the Oxford stringency index, which assesses indicators such as school and workplace closures, and travel bans. The United Kingdom imposed a new national lockdown on Monday that is anticipated to last until mid-February. The German government extended a strict lockdown until end of January, and Italy extended to January 15th a ban already in place on movement between 20 regions. As a result, traffic in London, Rome and Berlin sharply fell in late December and early January, according to data provided by location technology company TomTom. China also introduced more restrictions near Beijing. Shijiazhuang, the capital of China's Hebei province, has banned all residents from leaving the city as part of COVID-related curbs. TomTom data showed that the new restrictions brought the traffic in Shijiazhuang to a standstill. However, demand still remained strong in many countries across the globe, with Apple Mobility Trends showing driving in Brazil, Saudi Arabia, India and Australia has surpassed pre-COVID levels. The recovery was particularly strong in the United Arab Emirates.

Baker Hughes said the oil and gas rig count increased by nine to 360 in the week ending January 8th, its highest since May. U.S. oil rigs increased by 8 to 275 this week, their highest since May, while gas rigs increased by one to 84, their highest since April.

IIR Energy said U.S. oil refiners are expected to shut in 3.1 million bpd of capacity in the week ending January 8th, increasing available refining capacity by 667,000 bpd from the previous week.

U.S. wholesale inventories were unchanged in November instead of falling as initially estimated, supporting expectations that inventory investment was likely the main driver of economic growth in the fourth quarter. Sales at wholesalers increased 0.2% in November after accelerating 1.7% in October.

The U.S. Labor Department said payrolls fell by 140,000 jobs last month, the first decline since April, after increasing by 336,000 in November.

Early Market Call - as of 8:40 AM EDT

WTI - Feb \$51.75, down 49 cents

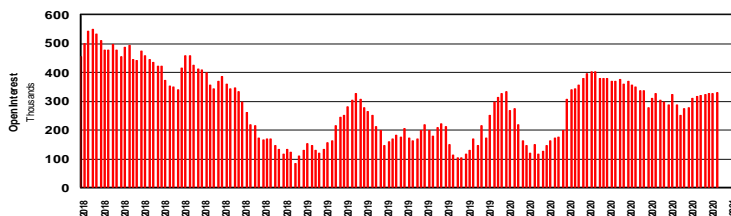
RBOB - Feb \$1.5136, down 2.87 cents

HO - Feb \$1.5626, down 1.69 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	1.5795	0.0414	-0.0955
Mar-21	1.5804	0.0411	-0.0950
Apr-21	1.5784	0.0403	-0.0933
May-21	1.5777	0.0396	-0.0917
Jun-21	1.5792	0.0388	-0.0887
Jul-21	1.5826	0.0376	-0.0866
Aug-21	1.5861	0.0361	-0.0849
Sep-21	1.5907	0.0350	-0.0832
Oct-21	1.5955	0.0338	-0.0812
Nov-21	1.5995	0.0328	-0.0790
Dec-21	1.6018	0.0316	-0.0766
Jan-22	1.6057	0.0304	-0.0743
Feb-22	1.6058	0.0292	-0.0727
Mar-22	1.5985	0.0274	-0.0688
Apr-22	1.5857	0.0254	-0.0648
May-22	1.5794	0.0236	-0.0612
Jun-22	1.5753	0.0217	-0.0576

		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$3.73	\$52.2600	\$1.3900
Crude - Brent		\$55.9900	\$1.6100
Natural Gas		\$2.7000	-\$0.0290
Gasoline		\$1.5423	\$0.0596

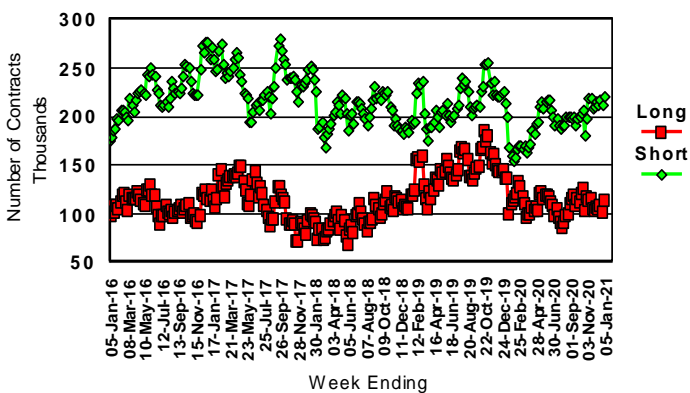
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending January 5, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

