

Market Commentary

Recap: Trading was a bit choppy on Wednesday, but remained positive as traders grew less concerned about the omicron variant of coronavirus and its impact on the global economy and demand. The market had a muted reaction to U.S. weekly inventory figures, which showed a smaller-than-anticipated decline in crude stocks and another bump up in overall production, giving credence to expectations that supply will increase in coming months. Oil futures briefly lower in the wake of data showing only a modest weekly decline in U.S. crude oil inventories and a bigger-than-expected climb in product inventories. However, a report from Pfizer and BioNTech SE said results from an "initial laboratory study" showed that their COVID-19 vaccine neutralized the omicron variant of the coronavirus after three doses, or the full two-dose regimen plus a booster shot. This turned prices higher. West Texas Intermediate crude for January delivery rose by 31 cents, or 0.4%, to settle at \$72.36 a barrel, the highest front-month finish since Nov. 24, according to Dow Jones Market Data. February Brent crude, the global benchmark, added 38 cents, or 0.5%, to settle at \$75.82 a barrel, after rising 3.2% a day ago. The contract marked a fifth straight session gain, at the highest finish since Nov. 25. January RBOB added 2.3%, to \$2.149 a gallon, while January heating oil tacked on nearly 1.7% to \$2.261 a gallon.

Technical Analysis: WTI may have seen a bit of profit taking during the down turn on Wednesday, which not a huge surprise. The \$73 level is providing a bit resistance, so any failure to take this level out will be followed by a pullback. Down around \$70, buyers are waiting and should take this market right back up. That being said, we are still looking for this market to edge higher and work its way toward \$75.

Fundamental News: The EIA reported that crude stocks fell by 240,000 barrels in the week ending December 3rd to 432.9 million barrels. Crude oil stocks in the SPR in the week ending December 3rd fell to 600.87 million barrels, the lowest level since May 2003. Meanwhile, crude stocks held in Cushing, Oklahoma increased by 2.4 million barrels in the last week. It is the second largest build in Cushing this year. It also reported that crude oil production increased to 11.7 million bpd, the highest since May 2020.

OPEC Secretary General, Mohammad Barkindo, said the COP 26 climate change conference largely excluded the oil and gas industry, arguing producers need to be included in planning for a transition to cleaner fuels. He argued that fossil fuels will not soon be replaced by renewables. He said a lack of investment in fossil fuels could lead to energy shortages, market imbalances and higher prices.

Enrique Mora, a senior European Union official said talks on reviving the 2015 Iran nuclear deal will resume on Thursday in Vienna. Meanwhile, France's Foreign Minister stated that the talks were likely to continue, although he added that he feared Iran was playing for time. British Foreign Minister, Liz Truss, urged Iran to sign up to the 2015 nuclear deal, saying it was "the last chance" to do so, just a day before talks were expected to resume.

IIR Energy reported that U.S. oil refiners are expected to shut in 385,000 bpd of capacity in the week ending December 10th, cutting available refining capacity by 66,000 bpd. Offline capacity is expected to fall to 269,000 bpd the week ending December 17th.

Venezuela has more than doubled its oil production in the last year. PDVSA has been producing about 908,000 bpd in the past week, a recovery in production that has put President Nicolas Maduro's goal of 1 million bpd within reach. Some observers question whether Venezuela can maintain the increase in oil output. Steady production of more than 750,000 bpd is "a challenge for PDVSA", with frequent fires and other mishaps threatening to curtail supply. Also, while Venezuela focuses on oil fields that are in fairly good condition, dozens of other fields remain shut.

Early Market Call - as of 8:20 AM EDT

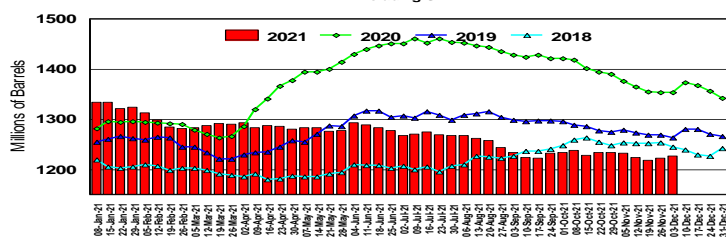
WTI - Jan \$71.60, down 76 cents
 RBOB - Jan \$2.1360, down 1.25 cents
 HO - Jan \$2.2446, down 1.67 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.2613	0.0367	0.1842
Feb-22	2.2551	0.0375	0.1877
Mar-22	2.2416	0.0375	0.1876
Apr-22	2.2202	0.037	0.1858
May-22	2.2042	0.0358	0.1824
Jun-22	2.1941	0.0348	0.1781
Jul-22	2.1899	0.0344	0.1752
Aug-22	2.1878	0.0339	0.1733
Sep-22	2.188	0.0333	0.1735
Oct-22	2.1882	0.0324	0.1703
Nov-22	2.1877	0.0313	0.169
Dec-22	2.1862	0.0306	0.1678
Jan-23	2.1843	0.03	0.1665
Feb-23	2.1774	0.0287	0.1657
Mar-23	2.1672	0.0282	0.1665
Apr-23	2.1532	0.0283	0.1665
May-23	2.144	0.0278	0.1635

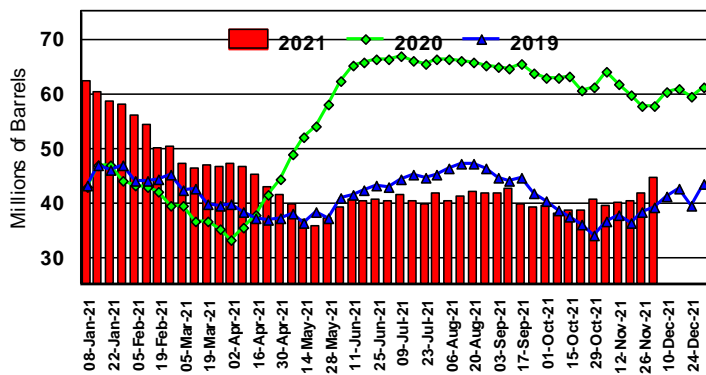
Settlements			
		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$3.64	\$72.1800	\$0.3400
Crude - Brent		\$75.8200	\$0.3800
Natural Gas		\$3.8150	\$0.1070
Gasoline		\$2.1485	\$0.0485

Total U.S. Oil Stocks
Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending December 3, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 241,000 barrels
 Cushing, OK Crude Stocks Up 2.373 million barrels
Gasoline Stocks Up 3.882 million barrels
Distillate Stocks Up 2.733 million barrels
Refinery % Operated 89.8%, Up 1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Dec 3, 2021	Week Ending Nov 26, 2021	Week Ending Dec 4, 2020
New England	7.7	7.2	12.9
Central Atlantic	23.1	21.3	34.1
Total PADD #1	44.5	41.6	60.4
Distillate Imports (thousands b/d)	218	220	248