

## Market Commentary

**Recap:** Oil futures traded lower on Friday, marking the second straight session of losses, after oil prices had reached a new seven year high earlier in the week. It appeared that the oil markets did find some spill over impact from the risk of trading actions taken by traders in the equities markets at the end of this week. While the WTI contract settled down 41 cents today, for the week the contract gained \$1.84 per barrel and marked the fifth consecutive week the oil market finished better.

**Technical Analysis:** The oil markets look to remain unsettled early next week with traders most likely looking to remain on the sidelines until several key fundamental factors become clearer in what direction they could be headed. These are the Wednesday FOMC policy meeting, as well as the Russian/Ukraine geopolitical risk as well as the Iranian nuclear talks, and divergent weather forecasts for the European, North Asian and North American markets.

We would look for March WTI contract to test resistance next week at \$87.91 followed by \$91.22. A key support level we would watch Monday is if this market can settle below \$84.59 a five week trend line which was breached today but settled back above this afternoon. Additional support we see \$82.93, \$82.78, \$79.01 and \$76.52.

**Fundamental News:** U.S. crude exports are rising due to increasing demand from Asia and Europe and recovering U.S. production from the lows of the coronavirus pandemic. According to Matt Smith, lead oil analyst for the Americas at Kpler, U.S. seaborne crude exports have increased in recent weeks and are close to 3 million bpd so far this month. That's just under the 3.2 million bpd average in crude exports in December, which was the strongest month since February 2020. Supply issues from countries like Libya, which had temporary production outages starting in December, shifted U.S. exports to countries in Europe.

Morgan Stanley sees Brent crude prices at \$87.50/barrel in the first quarter and \$95/barrel in the second quarter of this year. It increased its Brent price forecast to \$100/barrel for the third and fourth quarter of 2022, up from its previous forecasts of \$90/barrel and \$87.50/barrel, respectively. It also raised its Brent price forecast for the second half of 2022 and first half of 2023 to \$100/barrel. Its new second half of 2023 Brent forecast is \$90/barrel, while its full -year 2023 forecast is \$95/barrel. Meanwhile, Morgan Stanley sees WTI prices at \$85/barrel in the first quarter, \$92.50/barrel in the second quarter and \$97.50/barrel in the last two quarters of this year.

BOFA Global Research said it sees Brent crude prices at \$120/barrel in mid-2022, amid low spare OPEC+ capacity, low inventories and geopolitical tensions rising. It also said that oil needs a weaker U.S. dollar in the second half of the year to hold over \$100/barrel. It expects Brent prices to revert back to average \$80/barrel in the second half after a mid-year spike.

U.S. Secretary of State Antony Blinken said talks with Russian Foreign Minister Sergei Lavrov on Friday were frank and useful, with Washington aiming to determine whether Moscow was prepared to take the diplomatic path to defuse tensions over Ukraine. However, he said that Moscow would face a "swift, severe and a united response" if it invades Ukraine.

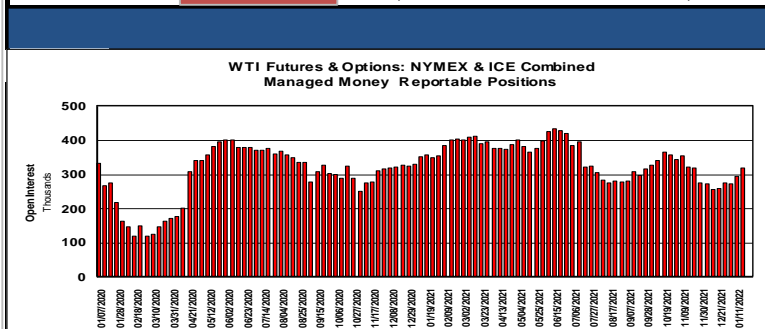
**Early Market Call - as of 8:30 AM EDT**

WTI - Feb \$84.14, down \$1.00  
 RBOB - Feb \$2.4267, down 1.57 cents  
 HO - Feb \$2.6792, down 1.2 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-22	\$2.6912	\$0.0194	\$0.0569
Mar-22	\$2.6373	\$0.0089	\$0.0513
Apr-22	\$2.5639	-\$0.0022	\$0.0408
May-22	\$2.5226	-\$0.0091	\$0.0330
Jun-22	\$2.5013	-\$0.0110	\$0.0325
Jul-22	\$2.4867	-\$0.0123	\$0.0314
Aug-22	\$2.4763	-\$0.0128	\$0.0300
Sep-22	\$2.4704	-\$0.0127	\$0.0241
Oct-22	\$2.4652	-\$0.0125	\$0.0305
Nov-22	\$2.4590	-\$0.0129	\$0.0311
Dec-22	\$2.4515	-\$0.0132	\$0.0312
Jan-23	\$2.4435	-\$0.0129	\$0.0308
Feb-23	\$2.4292	-\$0.0123	\$0.0301
Mar-23	\$2.4103	-\$0.0113	\$0.0296
Apr-23	\$2.3861	-\$0.0108	\$0.0281
May-23	\$2.3677	-\$0.0092	\$0.0277
Jun-23	\$2.3538	-\$0.0081	\$0.0286

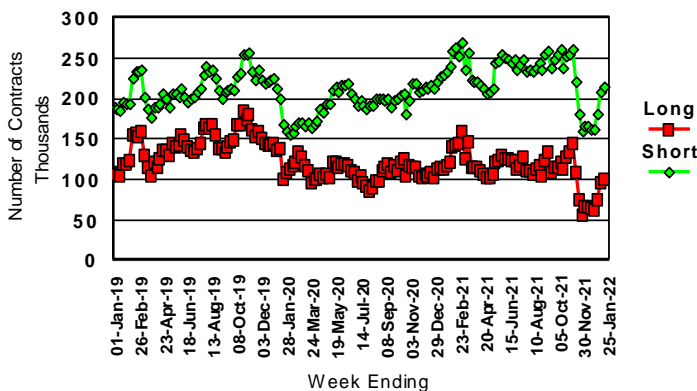
Sprague HeatCurve October 2022-April 2023		\$2.4354
	Close	Change
Crude - WTI	\$85.1400	-\$0.4100
Crude - Brent	\$87.8900	-\$0.4900
Natural Gas	\$3.9990	\$0.1970
Gasoline	\$2.4424	\$0.0198



## Commitment of Traders Report for the Week Ending January 28, 2022

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

