

## Market Commentary

**Recap:** Oil futures had a stellar week, with prices up nearly 9%, gaining support as demand slightly improved and as OPEC and its allies stuck to their agreed upon output cuts, feeding expectations for tighter supplies. Also feeding into price gains, were traders anticipation of an economic stimulus package from U.S. lawmakers.

March WTI settled at \$56.85 a barrel, up 62 cents, or 1.1%, up 8.9% on the week. Brent for April delivery added 50 cents, or nearly 0.9%, to close at \$59.34 a barrel, for a weekly gain of 7.8% on the week. Prices were up for a fifth consecutive session and settled at their highest since January 2020. March RBOB gained 0.3%, to settle at \$1.16493 a gallon, ending the week up 6.2%. March heating oil rose 0.8%, settling at \$1.7137 a gallon, for a weekly gain of 7.2%.

**Technical Analysis:** WTI traded higher during the week, breaking above the \$55 level, which was consider a key resistance area. Now that we have finished the week above this level, the expectation is for prices to head higher. That being said, this market moved partly on expectations that the U.S. would reach a mutually agreed upon stimulus package, which has not happened yet. Demand, amid the coronavirus is still a soft spot, and with mutations happening in several countries and the rollout of vaccines coming along slowly, this is still a key factor. We would not discount a pullback at this point and if the market can recover from it, the likelihood of heading higher becomes more real. Looming in the background is the U.S. dollar, which has been keeping crude oil prices under pressure. March WTI settled just below an ascending trend line created back in the beginning of November. Should we get above this line, we would look for a push toward \$60. Support is set at \$55 and below that at \$56.30.

**Fundamental News:** Baker Hughes reported that the U.S. oil and gas rig count increased by eight to 392 in the week ending February 5<sup>th</sup>, the highest since May. U.S. oil rigs increased by four to 299 this week, also their highest since May, while gas rigs increased by four to 92, their highest since April.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.7 million bpd of capacity in the week ending February 5<sup>th</sup>, cutting available refining capacity by 53,000 bpd from the previous week. Offline capacity is expected to fall to 3.5 million bpd in the week ending February 12<sup>th</sup> and decline further to 3.3 million bpd in the subsequent week.

Nigeria's state oil company is renegotiating commercial contract terms with major oil firms, in a move that it hopes will keep investment flowing into a sector crucial for its economy at a time when spending is being cut. Mele Kyari, group managing director of the Nigerian National Petroleum Corporation said that new commercial terms were being negotiated and would be finalized before a pending oil overhaul bill is passed.

Brazil's newspaper O Estado de S. Paulo reported that Brazil's federal government is in talks with states to reduce taxes on fuel. Brazil's President, Jair Bolsonaro, said he planned to meet on Friday with the CEO of state-controlled oil company Petroleo Brasileiro SA to discuss diesel prices, though added he would not interfere in the pricing policy set by Petrobras.

Brazil's oil regulator ANP has notified Petrobras and fuel distributor BR Distribuidora of an investigation on the quality of aviation gasoline. In a statement to Reuters, Petrobras said it had suspended the sale of aviation gasoline on February 1<sup>st</sup> after the company identified the product was not meeting one of the required standards. The company will restart aviation gasoline sales on Friday.

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

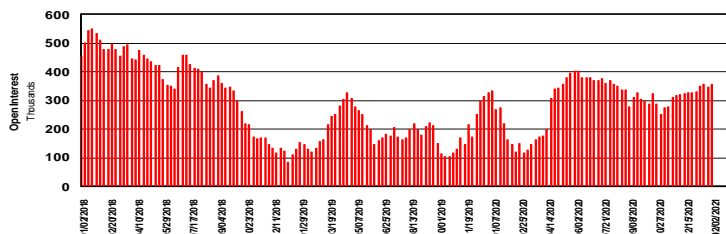
WTI - Mar \$57.61, up 75 cents  
 RBOB - Mar \$1.6649, up 2.01 cents  
 HO - Mar \$1.7339, up 2.02 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	1.7137	0.0132	-0.1153
Apr-21	1.7053	0.0119	-0.1110
May-21	1.7010	0.0117	-0.1093
Jun-21	1.6990	0.0116	-0.1082
Jul-21	1.6992	0.0116	-0.1061
Aug-21	1.7000	0.0115	-0.1036
Sep-21	1.7023	0.0111	-0.1013
Oct-21	1.7047	0.0102	-0.0986
Nov-21	1.7061	0.0096	-0.0968
Dec-21	1.7054	0.0089	-0.0952
Jan-22	1.7067	0.0089	-0.0941
Feb-22	1.7049	0.0089	-0.0927
Mar-22	1.6973	0.0088	-0.0913
Apr-22	1.6833	0.0089	-0.0898
May-22	1.6756	0.0088	-0.0877
Jun-22	1.6704	0.0086	-0.0857
Jul-22	1.6701	0.0083	-0.0839

Sprague HeatCurve October 2021-April 2022		\$1.7024
	Close	Change
Crude - WTI	\$56.7000	\$0.6300
Crude - Brent	\$59.3400	\$0.5000
Natural Gas	\$2.8630	-\$0.0720
Gasoline	\$1.6493	\$0.0045

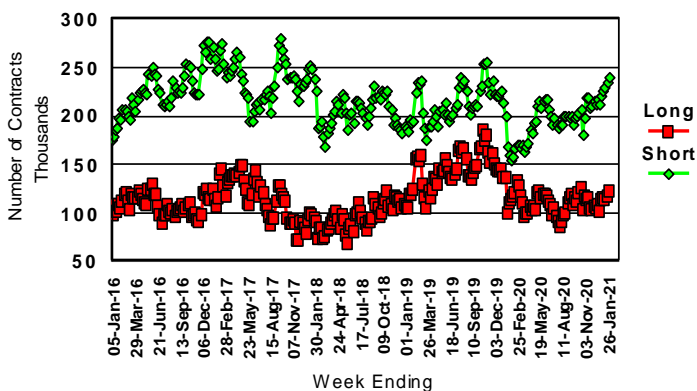
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending February 2, 2021

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

