

Market Commentary

Recap: Oil futures mostly lower on Tuesday, as the number of rising COVID-19 cases overshadowed optimism tied to a number of vaccines, which are already being administered in the UK. Despite the recent rise in oil prices, the spread of the virus has led to renewed lockdowns, causing traders to shift focus back to demand. Investors are also keeping a close eye on U.S. lawmakers and their efforts, or lack thereof, to roll out another economic stimulus package. All this comes ahead of U.S. inventory numbers, which are expected to show a decline in crude oil stockpiles and a build in refined products. January WTI slipped 16 cents, or 0.4%, to settle at \$45.60 a barrel, while February Brent added 5 cents, or 0.1%, to settle at \$48.84 a barrel. January RBOB finished near unchanged, at \$1.2559 a gallon, while January heating oil added 0.5%, to settle at \$1.4067 a gallon.

Market Outlook: WTI is hovering around the \$45 area, where there appears to be quite a bit of support. On the way up, this market has been gaining quite a bit of support focusing around the 200-day moving average, which is currently set at \$43.87. Also limiting a move to the downside is strong demand for crude oil and products out of Asia, where an economic recovery appears to be underway and the pandemic seems to be under better control than the rest of the globe. Although a bit of a pullback should be expected, buyers will be lurking underneath, waiting to snap up contracts down around the \$43.50 area. We are still looking for a push toward \$50, where we would reevaluate our stance.

Fundamental News: In its Short Term Energy Outlook, the EIA estimates that the world consumed 95.6 million bpd of petroleum and liquid fuels in November, which is down 6.3 million bpd on the year but up from the third quarter 2020 average of 93.5 million bpd. The EIA forecasts that global consumption of petroleum and liquid fuels will average 92.4 million bpd for all of 2020, which is down by 8.8 million bpd from 2019 before increasing by 5.8 million bpd to 98.16 million bpd in 2021. Global oil production in 2020 is expected to fall by 6.36 million barrels to 94.25 million bpd but increase by 3.17 million barrels to 97.42 million bpd in 2021. OPEC's oil production is expected to fall by 3.67 million bpd to 25.6 million bpd in 2020 but increase by 1.94 million bpd to 27.54 million bpd in 2021. Total world oil inventories is expected to increase by 40 million barrels to 1.322 billion barrels in 2020 but fall by 21 million barrels to 1.301 billion barrels. The EIA reported that U.S. petroleum demand is expected to fall by 2.38 million bpd to 18.16 million bpd in 2020 but increase by 1.63 million bpd to 19.79 million bpd in 2021. Gasoline demand is expected to fall by 1.22 million bpd to 8.09 million bpd in 2020 but increase by 670,000 bpd to 8.76 million bpd in 2021. Distillate demand is expected to fall by 310,000 bpd to 3.79 million bpd in 2020 but increase by 200,000 bpd to 3.99 million bpd in 2021. U.S. oil production in 2020 is estimated to fall by 90,000 bpd to 11.34 million bpd and by 240,000 bpd to 11.1 million bpd in 2021. In regards to prices, the EIA estimated that Brent prices will average \$49/barrel in 2021, up from an expected average of \$43/barrel in the fourth quarter of 2020.

Russia's President, Vladimir Putin, will hold a government meeting on Wednesday and may discuss the OPEC+ oil deal.

Abu Dhabi National Oil Company has informed some term buyers that it will reduce the contractual volume of crude loading in January. The supply of its flagship Murban crude grade will be reduced by 20%, while the volume of two other grades, Upper Zakum and Das, will be cut by 15%. ADNOC will also cut the supply of the Umm Lulu crude grade by 5% in January.

According to a monthly report by Petroleum Equipment & Services Association, the U.S. oilfield services sector lost 91,860 jobs due to pandemic-related oil demand destruction.

Early Market Call - as of 8:40 AM EDT

WTI - Jan \$45.90, up 31 cents
 RBOB - Jan \$1.2684, up 1.25 cents
 HO - Jan \$1.4145, up 78 points

All NYMEX | Prior Settlements

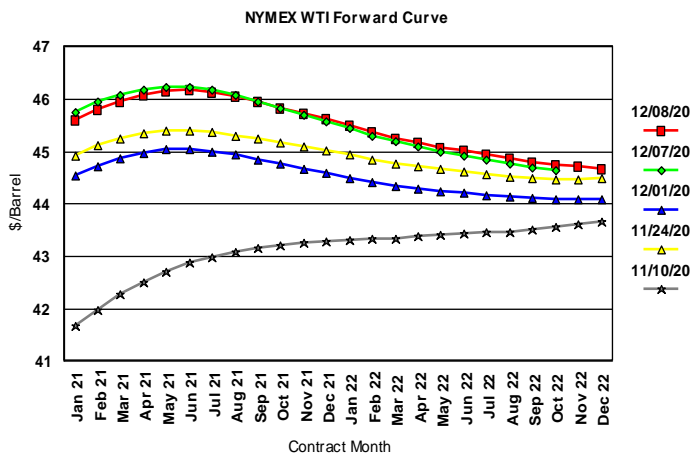
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	\$1.4067	\$0.0075	-\$0.0594
Feb-21	\$1.4136	\$0.0071	-\$0.0572
Mar-21	\$1.4183	\$0.0067	-\$0.0539
Apr-21	\$1.4199	\$0.0057	-\$0.0510
May-21	\$1.4222	\$0.0045	-\$0.0477
Jun-21	\$1.4258	\$0.0035	-\$0.0445
Jul-21	\$1.4314	\$0.0025	-\$0.0416
Aug-21	\$1.4377	\$0.0018	-\$0.0393
Sep-21	\$1.4447	\$0.0013	-\$0.0373
Oct-21	\$1.4516	\$0.0011	-\$0.0349
Nov-21	\$1.4580	\$0.0013	-\$0.0333
Dec-21	\$1.4622	\$0.0014	-\$0.0319
Jan-22	\$1.4683	\$0.0016	-\$0.0302
Feb-22	\$1.4701	\$0.0017	-\$0.0279
Mar-22	\$1.4671	\$0.0015	-\$0.0251
Apr-22	\$1.4588	\$0.0013	-\$0.0219
May-22	\$1.4542	\$0.0010	-\$0.0187

		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$3.04	\$45.8000	-\$0.1800
Crude - Brent		\$48.8400	\$0.0500
Natural Gas		\$2.3990	-\$0.0070
Gasoline		\$1.2559	\$0.0001

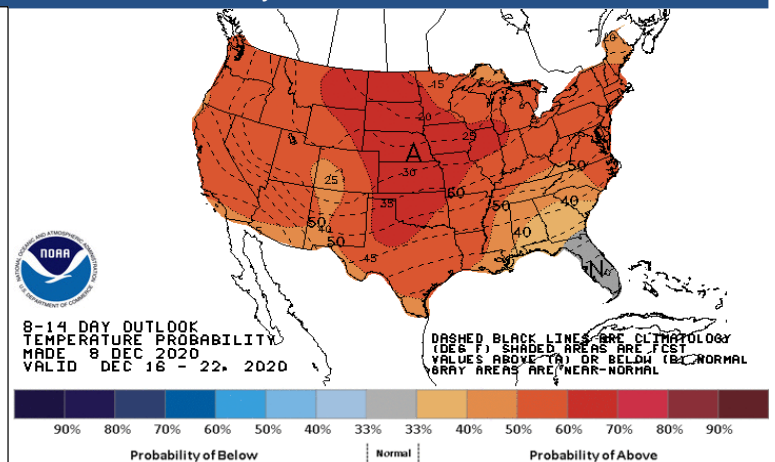
API Report for the Week Ending December 4, 2020

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 1.1 million barrels	Down 1.4 million barrels
Cushing, OK Crude Stocks	Down 1.8 million barrels	
Gasoline Stocks	Up 6.4 million barrels	Up 2.3 million barrels
Distillate Stocks	Up 2.3 million barrels	Up 1.4 million barrels
Refinery Runs	Up 38,000 bpd	Up 0.6%
Crude Imports	Up 128,000 bpd	

WTI Forward Curve



8-14 Day Weather Forecast



This market update is provided for information purposes only and is not intended as advice on any transaction nor is it a solicitation to buy or sell commodities. Sprague makes no representations or warranties with respect to the contents of such news, including, without limitation, its accuracy and completeness, and Sprague shall not be responsible for the consequence or reliance upon any opinions, statements, projections and analyses presented herein or for any omission or error in fact.