

Market Commentary

Recap: Oil futures settled at their highest level since February, gaining for the seventh week in a row, as the vaccine rollout for COVID-19 continues and on heightened optimism that U.S. lawmakers would reach an economic relief package. Approval for Moderna's vaccine is nearing completion as the second vaccine approved by the U.S. for distribution, providing a gateway for increasing demand. WTI for January delivery tacked on 74 cents, or 1.5%, to settle at \$49.10 a barrel, the highest settlement for a spot contract since February 25, and a weekly gain of 5.4%. The January WTI contract expires at the close of business on Monday. February Brent settled at \$52.26 a barrel, up 76 cents, or 1.5%, for a weekly gain of 4.6%. This was the highest settlement for a spot contract since February 26. Both benchmarks have posted increases for seven weeks straight and for Brent that was the longest winning streak since the week ended Oct. 8, 2010.

Technical Analysis: Friday's activity pushed WTI above the March 3, 2020 high of \$49.07, reaffirming the markets shift to the upside. Traders seem to be ignoring the uptick in the number of coronavirus cases across the globe and putting most of their bets on the vaccine, and negotiations over a fresh stimulus package by U.S. lawmakers. U.S. producers have increased the number of active rigs, as they try to take advantage of WTI trading above \$45. A push above \$50 will determine the next move in this market. Above \$50, additional resistance is set at \$51.28, the 62% retracement provided by the January high of \$77.31 and the April low of \$9.18. To the downside, support is seen at \$48.65 and \$46.30.

Fundamental News: U.S. energy firms this week added oil and natural gas rigs for a fourth consecutive week. Baker Hughes reported that the oil and gas rig count increased by 8 to 346 in the week ending December 18th, the highest since May. That was 467 rigs, or 57%, below this time last year. U.S. oil rigs increased by 5 to 263 this week, their highest since May, while gas rigs increased by 2 to 81, their highest since May.

IIR Energy reported that U.S. oil refiners are expected to shut in 4.1 million bpd of capacity in the week ending December 18th, cutting available refining capacity by 228,000 bpd from the previous week. Offline capacity is expected to fall to 3.6 million bpd in the week ending December 25th and decline further to 3.3 million bpd in the subsequent week.

UBS expects the price of Brent crude to reach \$60/barrel by the end of 2021. It sees material increase in oil demand unlikely to happen before the second quarter of 2021.

U.S. Vice President Mike Pence said the U.S. approval for Moderna Inc's coronavirus vaccine could come within hours later on Friday. The U.S. Food and Drug Administration said there has not been an emergency authorization yet of the Moderna vaccine. A panel of outside FDA advisers met to discuss Moderna's vaccine on Thursday and an agency decision on its emergency use authorization was expected as soon as Friday. The panel had endorsed its use with a 20-0 vote, and one abstention, that the vaccine's benefits outweighed its risks. The FDA, in a first, authorized Pfizer Inc's coronavirus vaccine earlier this month. Vice President Mike Pence received Pfizer's COVID-19 vaccine at a White House event on Friday and President elect Joe Biden is expected to get the shot next week in an effort to boost confidence in the safety of the vaccine, which will become widely available to the public next year.

Early Market Call - as of 8:30 AM EDT

WTI - Jan \$47.15 Down \$1.95

RBOB - Jan \$1.3386 Down \$0.00560

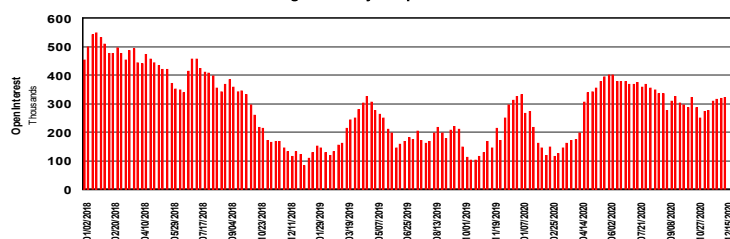
HO - Jan \$1.4540 Down \$0.0595

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-21	1.5130	0.0178	-0.0761
Feb-21	1.5130	0.0163	-0.0714
Mar-21	1.5131	0.0157	-0.0691
Apr-21	1.5122	0.0152	-0.0672
May-21	1.5121	0.0145	-0.0653
Jun-21	1.5139	0.0139	-0.0644
Jul-21	1.5181	0.0140	-0.0637
Aug-21	1.5226	0.0137	-0.0625
Sep-21	1.5280	0.0134	-0.0618
Oct-21	1.5342	0.0132	-0.0614
Nov-21	1.5406	0.0131	-0.0618
Dec-21	1.5451	0.0130	-0.0622
Jan-22	1.5506	0.0129	-0.0622
Feb-22	1.5515	0.0129	-0.0619
Mar-22	1.5477	0.0129	-0.0611
Apr-22	1.5384	0.0125	-0.0604
May-22	1.5344	0.0127	-0.0613

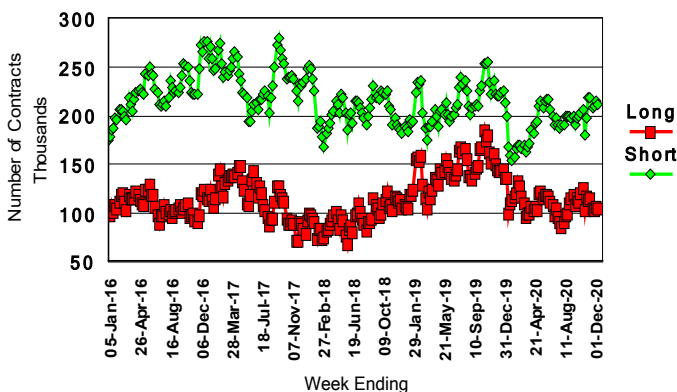
		Close	Change
Crude - WTI	Feb Brent-	\$49.2400	\$0.7000
Crude - Brent	WTI Spread	\$52.2600	\$0.7600
Natural Gas	\$3.02	\$2.7000	\$0.0640
Gasoline		\$1.3956	\$0.0075

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



Commitment of Traders Report for the Week Ending December 15, 2020

Producer/Merchant Heat Positons CFTC Commitment of Traders Report



Managed Money Heat Positons CFTC Commitment of Traders Report

