

Market Commentary

Recap: Oil futures settled higher for the fourth straight session, as signs of progress have been seen in U.S. lawmakers reaching a second round of economic relief. Oil prices jumped to fresh nine month highs, as vaccine rollouts continued, and as Asian demand remains hearty. A slide in the dollar had commodity prices higher across the board. January WTI finished up 54 cents, or 1.1%, settling at \$48.36 a barrel, for the highest front-month contract settlement since Feb. 26. February Brent added 42 cents, or 0.8%, to \$51.50 a barrel to log the highest finish since March 3. January RBOB added 2.6% to \$1.3881 a gallon and January heating oil edged up by 1.2% to \$1.4952 a gallon.

Technical Analysis: Oil futures edged higher as traders continue to react to an array of fundamentals, which include developments not directly tied to the oil market. Successful talks of an economic stimulus package in the U.S. are expected to give the economy a boost, while a weaker dollar is supporting dollar denominated commodities. If Congress can get a virus relief bill done this week that might be the last catalyst needed to help WTI crude make a run towards the \$50 level. With Thursday's settlement above \$48, one can only believe that \$50 is not far from reach. Support is seen at \$46.50 through \$46.30 and below that at \$45. There is resistance set at \$48.65.

Fundamental News: The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil exports in October increased to 6.159 million bpd from 6.066 million bpd in September. It reported that Saudi Arabia's oil output in October fell by 8,000 bpd to 8.974 million bpd. The JODI also stated that Saudi Arabia's domestic refinery crude throughput increased by 48,000 bpd on the month to 2.402 million bpd in October while its crude stocks increased by 676,000 barrels on the month to 144.659 million barrels.

U.S. Health and Human Services Secretary, Alex Azar, said nearly 6 million doses of Moderna Inc's experimental COVID-19 vaccine were poised to ship nationwide as soon as it secures Food and Drug Administration approval. Azar, in an interview on CNBC, said federal health officials had allotted 5.9 million doses to send to the nation's governors, who are managing each state's distribution. An FDA panel of outside advisers is weighing the safety and effectiveness of Moderna's vaccine candidate at a meeting on Thursday. The agency will weigh the committee's conclusions in making its approval decision.

Republican U.S. Senator Rob Portman said U.S. lawmakers will likely finalize a COVID-19 aid deal and government spending bill on Saturday, forcing them to pass a short-term stopgap funding measure to avoid a government shutdown at midnight on Friday. Earlier, the No. 2 House Democrat, Steny Hoyer, said he hoped a deal would be reached later in the day. He stated that U.S. House Speaker, Nancy Pelosi, said progress is being made toward a final agreement on further COVID-19 aid.

The U.S. Labor Department reported that the number of Americans filing first-time claims for jobless benefits unexpectedly increased last week. Initial claims for state unemployment benefits totaled a seasonally adjusted 885,000 in the week ending December 12th, compared with 862,000 in the prior week. The four week moving average of claims increased to 812,500 in the week ending December 12th. The number of continued claims fell to 5.508 million in the week ending December 5th from 5.781 million in the previous week.

Early Market Call - as of 8:30 AM EDT

WTI - Jan \$48.48, up 12 cents
 RBOB - Jan \$1.3836, down 45 points
 HO - Jan \$1.4960, up 8 points

All NYMEX | Prior Settlements

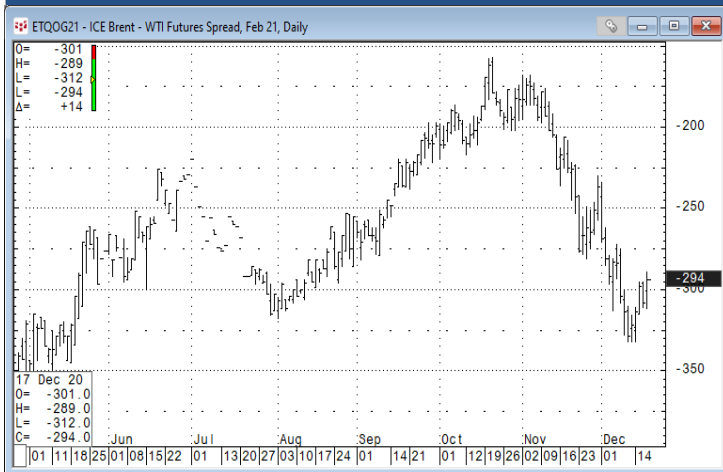
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jan-21 | 1.4952 | 0.0173 | -0.0595 |
| Feb-21 | 1.4967 | 0.0160 | -0.0557 |
| Mar-21 | 1.4974 | 0.0143 | -0.0536 |
| Apr-21 | 1.4970 | 0.0135 | -0.0523 |
| May-21 | 1.4976 | 0.0127 | -0.0509 |
| Jun-21 | 1.5000 | 0.0121 | -0.0499 |
| Jul-21 | 1.5041 | 0.0121 | -0.0486 |
| Aug-21 | 1.5089 | 0.0121 | -0.0474 |
| Sep-21 | 1.5146 | 0.0124 | -0.0465 |
| Oct-21 | 1.5210 | 0.0124 | -0.0461 |
| Nov-21 | 1.5275 | 0.0127 | -0.0465 |
| Dec-21 | 1.5321 | 0.0129 | -0.0471 |
| Jan-22 | 1.5377 | 0.0130 | -0.0471 |
| Feb-22 | 1.5386 | 0.0129 | -0.0467 |
| Mar-22 | 1.5348 | 0.0130 | -0.0459 |
| Apr-22 | 1.5259 | 0.0133 | -0.0456 |
| May-22 | 1.5217 | 0.0138 | -0.0464 |

| | | Close | Change |
|---------------|------------------------------------|-----------|-----------|
| Crude - WTI | Feb Brent- WTI Spread \$2.96 | \$48.5400 | \$0.5400 |
| Crude - Brent | | \$51.5000 | \$0.4200 |
| Natural Gas | | \$2.6360 | -\$0.0410 |
| Gasoline | | \$1.3881 | \$0.0352 |

EIA Working Gas Storage Report

| | 11-Dec-2004-Dec-20 | Change | Year Ago |
|---------------|--------------------|-----------|----------|
| East | 881915 | -34846 | |
| Midwest | 1,0591,095 | -36984 | |
| Mountain | 223232 | -9188 | |
| Pacific | 306312 | -6274 | |
| South Central | 1,2561,294 | -381,149 | |
| Salt | 348361 | -13320 | |
| Nonsalt | 908933 | -25830 | |
| Total | 3,7263,848 | -1223,442 | |

ICE February Brent-WTI Spread



WTI Forward Curve

