

## Market Commentary

**Recap:** Oil prices continue to struggle to the upside, as they went back and forth during the week. As there is persistent resistance above this market, there are signs that it may be running out of steam. Adding pressure to the market were weaker equities amid lingering concerns over volatile retail trading. Demand remains a major concern, as countries across the globe try to get the coronavirus under control. However, the front end of the forward curve remains strong; a sign that supplies are decreasing. With speculators cutting their net long positions, this market may continue to grind sideways. March WTI fell 14 cents, or 0.27%, to settle at \$52.20 a barrel, for a weekly loss of 0.1%. Brent for March delivery finished the session up 35 cents, or 0.63%, to settle at \$55.88 a barrel, for a weekly gain of .8%. February heating closed the session at \$1.6004, down .0013 cent, while February RBOB settled at \$1.5725 a gallon, down .0104 cent.

**Technical Analysis:** Based upon a daily spot continuation chart, and for the second straight session, WTI finished below the ascending trend line that dates back to October. This, in conjunction with lower pointing moving oscillators, is pointing to signs of exhaustion and therefore we would expect for this market to begin the week trading to the down side. We do not expect to see aggressive moves, but would anticipate more sideways trading between the \$50 and \$55 range. Support is set at \$51.44 and \$50, a key psychological support number. Resistance is set at \$53.35 and \$53.90.

**Fundamental News:** Baker Hughes reported that the U.S. oil drilling rig count increased by 6 to 295 in the week ending January 29<sup>th</sup>.

The EIA reported that U.S. crude oil production in November increased by 692,000 bpd to 11.124 million bpd. October's output was revised up by 13,000 bpd to 10.432 million bpd. It reported that crude oil exports fell to 2.726 million bpd in November, down from 2.935 million bpd in October. Total refined oil product exports fell to 2.594 million bpd in November, down from 2.679 million bpd in October. U.S. distillate fuel exports fell to 982,000 bpd in November from 1.078 million bpd in October, while gasoline exports increased to 832,000 bpd in November from 824,000 bpd in October. The EIA also reported that U.S. total oil demand in November fell by 9.2% or 1.888 million bpd to 18.702 million bpd. U.S. gasoline demand fell by 13.3% or 1.221 million bpd to 7.978 million bpd, while distillate demand fell by 7.1% or 297,000 bpd to 3.889 million bpd.

According to a Reuters survey, OPEC oil output has increased for a seventh month in January after the group and allies agreed to ease record supply curbs further, although an involuntary drop in Nigerian exports limited the increase. The 13-member OPEC group produced 25.75 million bpd in January, up 160,000 bpd from December and a further increase from a three-decade low reached in June. The increase in production was led by higher supply from Saudi Arabia, Iraq and Iran. Nigeria reported the largest decline in output. OPEC states' compliance with OPEC+ output cut pledges increased to 103% in January from 99% in December.

Iran's Foreign Minister, Mohammad Javad Zarif, said Iran will not accept U.S. demands that it reverse an acceleration of its nuclear program before the U.S. lifts sanctions. He said the demand "is not practical and will not happen".

IIR Energy reported that U.S. oil refiners are expected to shut in about 4 million bpd of capacity in the week ending January 29<sup>th</sup>, cutting available refining capacity by 145,000 bpd from the previous week. Offline capacity is expected to fall to 3.7 million bpd in the week ending February 5<sup>th</sup> and fall further to 3.5 million bpd in the subsequent week.

### Early Market Call - as of 8:52 AM EDT

WTI - Mar \$52.44 up 25 cents per barrel

RBOB - Mar \$1.5688 up 1.61 cents per gallon up

HO - Mar \$1.6154 up 1.60 cents per gallon

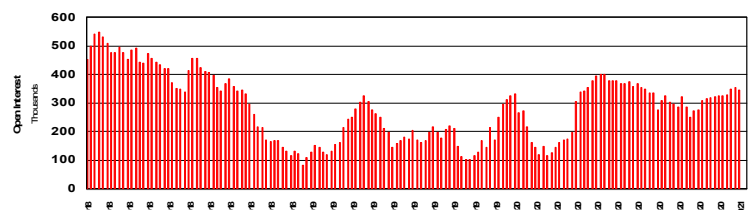
## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-21	1.6004	-0.0013	-0.0244
Mar-21	1.5984	-0.0026	-0.0202
Apr-21	1.5943	-0.0027	-0.0172
May-21	1.5917	-0.0031	-0.0144
Jun-21	1.5908	-0.0037	-0.0122
Jul-21	1.5931	-0.0037	-0.0102
Aug-21	1.5964	-0.0037	-0.0084
Sep-21	1.6010	-0.0037	-0.0070
Oct-21	1.6061	-0.0036	-0.0061
Nov-21	1.6093	-0.0036	-0.0052
Dec-21	1.6102	-0.0034	-0.0045
Jan-22	1.6126	-0.0032	-0.0035
Feb-22	1.6122	-0.0029	-0.0034
Mar-22	1.6060	-0.0025	-0.0042
Apr-22	1.5935	-0.0025	-0.0044
May-22	1.5879	-0.0025	-0.0047
Jun-22	1.5847	-0.0025	-0.0048

## Sprague HeatCurve October 2021-April 2022 \$1.6086

	Close	Change
Crude - WTI	\$52.2000	-\$0.1400
Crude - Brent	\$55.8800	\$0.3500
Natural Gas	\$2.5640	-\$0.1000
Gasoline	\$1.5725	-\$0.0104

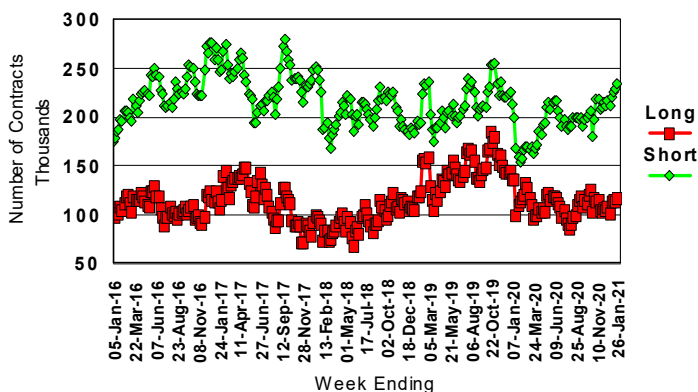
WTI Futures & Options: NYMEX & ICE Combined  
Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending January 26, 2021

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

