

## Market Commentary

**Recap:** After opening unchanged, oil futures jumped following President Trump's decision to sign legislation that includes \$900 billion in aid to consumers and small businesses. However, the early run up faded as traders worried that an expected holiday spike in COVID-19 cases would eat further away at demand, while it seems imminent that OPEC+ will approve another 500,000 barrels per day of production at the January 4 monthly meeting. February WTI fell 61 cents or 1.3%, to settle at \$47.62 a barrel, while February Brent slipped 43 cents, or 0.8%, to settle at \$50.86 a barrel. Products were also down, with January RBOB losing 1.12 cents, or 0.8%, to close at \$1.3677 a gallon, while January heating oil lost 1.10 cents, or 0.7%, settling at \$1.479 a gallon.

**Technical Analysis:** Despite the euphoria over the rollout of the vaccines for COVID-19 and the economic stimulus package in the U.S; crude oil markets still face an uphill battle in the near to medium term. During the remainder of the week, prices will most likely seesaw, volume will be light and volatility high as a result. With a virus mutation found in the UK, demand will play a key factor in the face of the vaccine roll out, as new restrictions have been imposed, whacking near term demand, which will keep prices under pressure. Traders will also be focusing on the January 4 OPEC+ meeting, where the group is expected to boost output by 500,000 barrels per day. \$50 will continue to play its role as a key psychological resistance level, with the 10 and 50-day moving averages lending support. These averages are currently set at \$47.62 and \$44.23, respectively.

**Fundamental News:** IIR Energy reported that U.S. oil refiners are expected to shut in 3.6 million bpd of capacity in the week ending January 1, 2021, increasing available refining capacity by 171,000 bpd from the previous week. Offline capacity is expected to fall to 2.4 million bpd in the week ending January 8, 2021.

Democrats in the U.S. Congress on Monday will try to push through expanded \$2,000 pandemic relief payments for Americans after President Donald Trump backed down from a fight with lawmakers that could have shut down the federal government. In a sudden reversal late on Sunday, President Donald Trump signed into law a \$2.3 trillion pandemic aid and spending package, restoring unemployment benefits to millions of Americans and providing funds to keep government agencies running. President Trump retreated from his threat to block the bill, which was approved by Congress last week, after he came under pressure from lawmakers on both sides. With less than a month left in office, Trump is unlikely to get his fellow Republicans to support the extra money for individuals or persuade Democrats to accept spending cuts he says he wants elsewhere in the spending bill, particularly in foreign aid. The package includes \$1.4 trillion in spending to fund government agencies. If Trump had not signed the legislation, then a partial government shutdown would have begun on Tuesday that would have put millions of government workers' incomes at risk.

Russia's Deputy Prime Minister, Alexander Novak, said he expected there would be 5 to 6 million bpd of additional oil demand next year, which has not fully recovered from the pandemic. He said that global oil demand is still up to 8 million bpd below the pre-pandemic levels, when it normally was around 100 million bpd. The OPEC+ deal expires after April 2022. Novak said that if global oil demand recovers faster than expected, the time frame of the agreement could be adjusted.

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

WTI - Feb \$48.14, up 52 cents

RBOB - Jan \$1.3842, up 1.65 cents

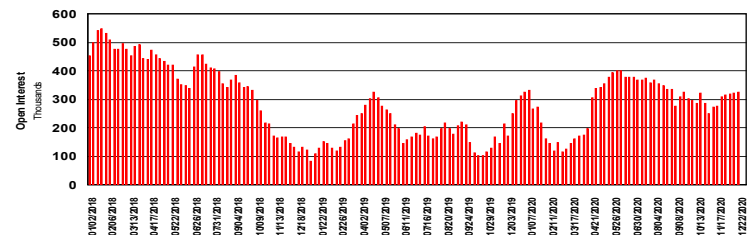
HO - Jan \$1.4934, up 1.44 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-21	1.4790	-0.0110	-0.0016
Feb-21	1.4798	-0.0105	-0.0016
Mar-21	1.4793	-0.0102	-0.0008
Apr-21	1.4779	-0.0106	-0.0001
May-21	1.4777	-0.0109	0.0002
Jun-21	1.4807	-0.0108	-0.0005
Jul-21	1.4857	-0.0110	-0.0005
Aug-21	1.4908	-0.0112	-0.0001
Sep-21	1.4964	-0.0116	0.0002
Oct-21	1.5032	-0.0114	-0.0001
Nov-21	1.5096	-0.0115	0.0002
Dec-21	1.5143	-0.0115	0.0005
Jan-22	1.5202	-0.0115	0.0007
Feb-22	1.5216	-0.0114	0.0006
Mar-22	1.5186	-0.0113	0.0004
Apr-22	1.5100	-0.0113	0.0003
May-22	1.5075	-0.0110	-0.0003

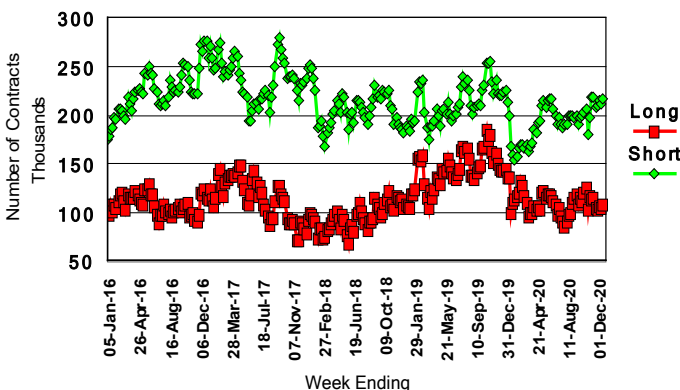
		Close	Change
Crude - WTI	Feb Brent-	\$47.6200	-\$0.6100
Crude - Brent	WTI Spread	\$50.8600	-\$0.4300
Natural Gas	\$3.24	\$2.3050	-\$0.2130
Gasoline		\$1.3677	-\$0.0112

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



## Commitment of Traders Report for the week ending December 22, 2020

Producer/Merchant Heat Positons  
CFTC Commitment of Traders Report



Managed Money Heat Positons  
CFTC Commitment of Traders Report

