

## Market Commentary

**Recap:** It was a lackluster trading session for oil futures on Friday, as prices pulled back from Thursday's RBOB lead rally. Strength in the U.S. dollar weighed on the market, as a fresh spike in U.S. Treasury yields sparked a risk-off move in global currencies. Despite this week's impressive move to the upside on the heels of the decision by OPEC+ to roll over output cuts, oil prices posted weekly losses. News this week of attacks on Saudi oil facilities, blamed on Iran-backed Houthi rebels, didn't provide any lasting support. April WTI fell 32 cents, or 0.5%, to \$65.70 a barrel, for a weekly loss of 0.5%. May Brent lost 38 cents, or 0.6%, to close the week at \$69.25 a barrel, down 0.1% on the week. April RBOB closed at \$2.1431 a gallon, for a weekly gain of 3.19%. April heating oil was up 0.1%, to settle at \$1.9621 a gallon.

**Technical Analysis:** We have seen oil prices stage quite a comeback since October, where it now trends within a previous pattern of sideways trading that lasted all of 2019. The high of this pattern is marked by the April 2019 high of \$66.60 and the January low of \$50.38. This week, April WTI broke out of the top of this pattern, but failed to settle above it. With Treasury yields on the rise, traders are taking notice and appear to be paring back on long positions. For now, we would continue to look for buyers on dips, with this market trending within the aforementioned pattern with attempts to break through the top. \$65 will continue to play out as a pivotal area, with moves below it leading to light long shake outs. Below \$65, support is seen at \$63.22. A break above the recent high of \$67.98 could see this market make a run at \$70.

**Fundamental News:** JP Morgan analysts said sustained higher oil prices are expected to spur higher U.S. oil output this year. The bank now forecasts U.S. crude oil production to average 11.78 million bpd in December 2021, up 710,000 bpd year-on-year. The bank projects U.S. tight oil production to average 11.36 million bpd in 2021, compared with 11.32 million bpd last year.

Kuwait's Port Authority has suspended cargoes and containers at the Shuwaikh, Doha and Shuaiba ports because of bad weather.

Baker Hughes reported that the number of U.S. oil drilling rigs fell by 1 to 309 in the week ending March 12<sup>th</sup>.

Saudi Arabia has cut the supply of April-loading crude to at least four north Asian buyers by up to 15%, while meeting the normal monthly requirements of Indian refiners. Chinese refiners received a small cut in their Saudi supply, while the reduction in volumes for Japanese buyers was between 10% and 15%. For India, Saudi Aramco has rejected Indian refiners' requests for extra supplies in April, but will keep average monthly supplies to the country unchanged.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.6 million bpd of capacity in the week ending March 12<sup>th</sup>, increasing available refining capacity by 1.6 million bpd from the previous week. Offline capacity is expected to fall to 2.7 million bpd in the week ending March 19<sup>th</sup> and to 2.4 million bpd in the week after.

U.S. producer prices increased strongly in February, leading to the largest annual gain in nearly 2-1/2 years, but considerable slack in the labor market could make it harder for businesses to pass on the higher costs to consumers. The U.S. Labor Department said the Producer Price Index for final demand increased 0.5% in February, following a 1.3% increase in January, which was biggest advance since December 2009.

**Early Market Call - as of 9:00 AM EDT**

WTI - Apr \$65.16, down 45 cents

RBOB - Apr \$2.1303, down 1.97 cents

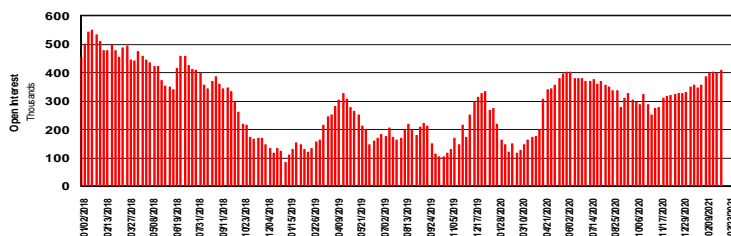
HO - Apr \$1.9510, down 1.61 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-21	1.9675	0.0081	-0.0235
May-21	1.9638	0.0058	-0.0219
Jun-21	1.9596	0.0042	-0.0211
Jul-21	1.9566	0.0033	-0.0209
Aug-21	1.9546	0.0031	-0.0211
Sep-21	1.9532	0.0025	-0.0211
Oct-21	1.9522	0.0024	-0.0211
Nov-21	1.9513	0.0023	-0.0213
Dec-21	1.9486	0.0023	-0.0215
Jan-22	1.9472	0.0021	-0.0216
Feb-22	1.9437	0.0021	-0.0223
Mar-22	1.9353	0.0018	-0.0238
Apr-22	1.9203	0.0020	-0.0254
May-22	1.9110	0.0022	-0.0271
Jun-22	1.9040	0.0024	-0.0287
Jul-22	1.9027	0.0024	-0.0296
Jul-22	1.9016	0.0026	-0.0303

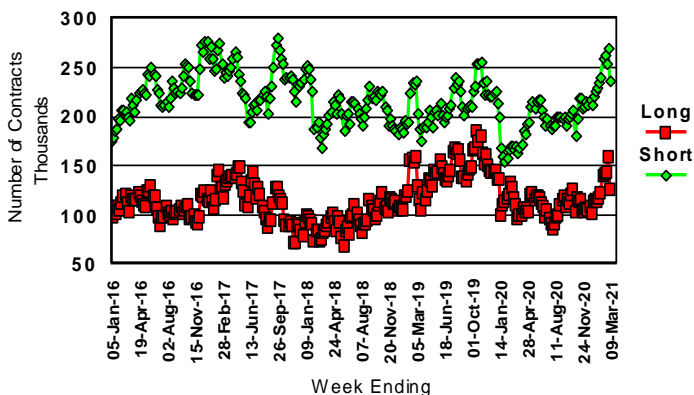
Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	May Brent- WTI Spread \$3.58	\$65.6400	-\$0.3600
Crude - Brent		\$69.2200	-\$0.4100
Natural Gas		\$2.6000	-\$0.0680
Gasoline		\$2.1500	\$0.0120

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



## Commitment of Traders Report for the Week Ending March 9, 2021

Producer/Merchant Heat Positons  
CFTC Commitment of Traders Report



Managed Money Heat Positons  
CFTC Commitment of Traders Report

