

Market Commentary

Recap: While demand has been recovering from pandemic lows, the threat of new lockdown measures and travel restrictions due to the omicron variant is hanging over oil markets as supply from OPEC+ and elsewhere rises, sending crude oil lower on Friday. So far health officials have provided little information other than its a fast-spreading virus. Meanwhile government officials in some areas of the world have moved ahead with reimposed restrictions. WTI for January delivery fell \$1.50, or 2.10%, to settle at \$70.86 a barrel. This represents a weekly loss of 1.13% and the largest one day dollar move since November 30, 2021. February Brent settled at \$73.52 a barrel, down 1.50, or 2%. January RBOB slipped .0561 cents, to \$2.1217 a gallon, while January heating oil fell .0464 cents, to \$2.2199 a gallon. NYMEX 3-2-1 crack spread jumps 2% on upcoming Bayway turnaround.

Technical Analysis: Trading in crude oil markets continues to be volatile, keeping prices jumping all around. Traders are trying to decide whether or not demand will pick up as the omicron variant continues to spread. This is working to keep a lid on prices and whittle away at gains that were made. WTI has been trying to break above \$73, but as so far failed. Some analysts believe that a break above this level could foster a rally towards the \$80 level. At this point, we are a bit skeptical on that. On the other hand, a push below the 200-day moving average opens up the opportunity for a dip down toward \$65.

Fundamental News: U.S. energy firms this week added oil and natural gas rigs for a second consecutive week. Baker Hughes reported that the oil and gas rig count increased by 3 to 579 in the week ending December 17th, its highest since April 2020. U.S. oil rigs increased by 4 to 475 this week, their highest since April 2020, while gas rigs fell by 1 to 104.

IIR Energy reported that U.S. oil refiners are expected to have 225,000 bpd of capacity offline in the week ending December 17th, increasing available refining capacity by 160,000 bpd.

Goldman Sachs expects average global oil demand to hit record levels in the next two years on the back of rising demand for aviation and transport, as well as infrastructure construction. Goldman sees steady growth in global oil demand until the end of this decade to about 106 million bpd, as it expects only a gradual energy transition. Damien Courvalin, Goldman's head of energy research said electric cars will dent gasoline demand, but trucks and planes are still a very long way away from decarbonizing. He said for power fuels, mild temperatures this winter and an increase in coal production in China have capped liquefied natural gas prices in Asia. Goldman Sachs said oil at \$100/barrel cannot be ruled out in 2023 as supply additions are expected to be too slow to keep up with record demand.

Russian envoy, Mikhail Ulyanov, said the seventh round of talks to revive the 2015 Iranian nuclear deal ended in Vienna after the Joint Commission meeting and added that the talks "will resume soon". Earlier, Iran's Deputy Foreign Minister, Ali Bagheri Kani, said the talks will break for a few days. He said the talks led to two new documents on sanctions and nuclear work and added that the eighth round of talks would begin "shortly". European Union envoy, Enrique Mora, said negotiators at indirect talks between Iran and the U.S. on salvaging the 2015 Iran nuclear deal have weeks rather than months to reach an agreement, as the seventh round ended on Friday.

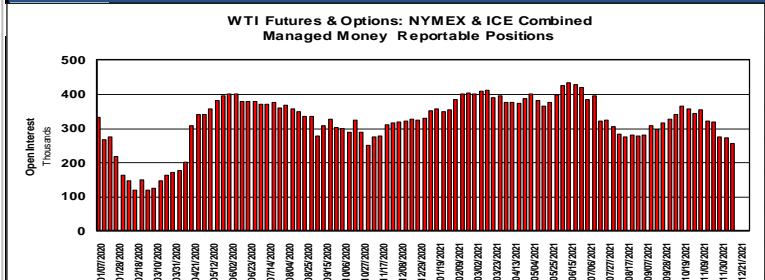
Early Market Call - as of 9:20 AM EDT

WTI - Jan \$67.90, down \$3.10
 RBOB - Jan \$2.0805, down 4.27 cents
 HO - Jan \$2.1583, 6.12 cents

All NYMEX | Prior Settlements

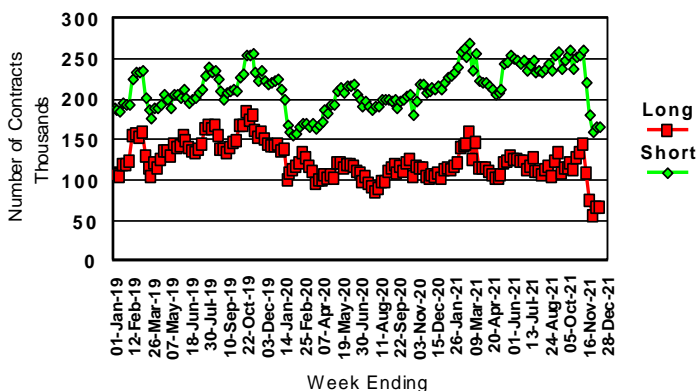
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.2199	-0.0464	-0.0317
Feb-22	2.2162	-0.0466	-0.0296
Mar-22	2.2008	-0.047	-0.0309
Apr-22	2.1779	-0.0464	-0.0328
May-22	2.1616	-0.0458	-0.0337
Jun-22	2.151	-0.0453	-0.0341
Jul-22	2.1467	-0.0446	-0.0347
Aug-22	2.1445	-0.0437	-0.0351
Sep-22	2.1448	-0.0429	-0.0348
Oct-22	2.1445	-0.0421	-0.0356
Nov-22	2.1432	-0.0412	-0.0358
Dec-22	2.1406	-0.0405	-0.0357
Jan-23	2.1382	-0.04	-0.0356
Feb-23	2.132	-0.0397	-0.0354
Mar-23	2.1221	-0.0391	-0.0349
Apr-23	2.1073	-0.0389	-0.0353
May-23	2.0972	-0.0386	-0.0362

Settlements			
		Close	Change
Crude - WTI	Feb Brent-WTI Spread \$2.80	\$70.7200	-\$1.4300
Crude - Brent		\$73.5200	-\$1.5000
Natural Gas		\$3.6900	-\$0.0760
Gasoline		\$2.1217	-\$0.0561



Commitment of Traders Report for the Week Ending December 14, 2021

Producer/Merchant Heat Positons
 CFTC Commitment of Traders Report



Managed Money Heat Positons
 CFTC Commitment of Traders Report

