

Market Commentary

Recap: Oil futures traded higher on Monday, buoyed by optimism over a U.S. stimulation package and supply concerns after it was reported that OPEC and its allies were within 85% compliance with the agreed upon output cuts. Adding to the higher move was the seizure of an Iranian flagged tanker by Indonesia's coast guard over suspected illegal fuel transfers, raising the prospect of more tensions in that region. March WTI climbed 50 cents, or 0.95%, to settle at \$52.71 a barrel, while Brent for March delivery added 47 cents, or .085%, to close at \$55.88 a barrel. February RBOB added .0124 cent, to settle at \$1.5611 a gallon, while February heating oil settle at \$1.5939 a gallon, a gain of .0179 cent.

Technical Analysis: Oil prices rallied early in the session, but gave up some of their gains, as it continues to look for direction. There remains a lack of new fundamentals to really get this market moving and as a result, we would look for a bit of pressure, with an attempt at the \$50 level, which is a strong psychological number. Buyers will most likely be lingering about at this level, so we do expect a bounce. Resistance remains at \$55, where we would expect to see profit taking and signs of exhaustion. Resistance set at \$53.35 and above that at \$53.90. Below \$50, there is support set at \$48.11.

Fundamental News: Petrologistics reported that OPEC's oil supply in January is expected to fall by 400,000 bpd. OPEC's compliance with pledged supply cuts is close to 100%. The largest reductions in January supply are expected to Libya, Iraq and Nigeria.

Libya's National Oil Corp said production resumed at Libya's Waha Oil Co. after the completion of repairs at a main pipeline that links fields it operates to the export terminal of Es Sider. On January 16th, NOC said the country's crude output would fall by 200,000 bpd because of the shutdown required to allow repair work on corroded segments of the pipeline, which was leaking.

Waha Oil said Libya's Petroleum Facilities Guard ended action at the ports of Ras Lanuf and Es Sider, allowing the resumption of exports. The halted exports at the ports due to a dispute over pay.

Barclays raised its 2021 oil price forecasts, driven by 'transitory factors' such as improved winter fuels demand due to colder weather, especially in Asia, and a weaker U.S. dollar. The bank maintained its bullish outlook for oil prices in the second half of the year but said emerging risks from growing coronavirus cases in China and the fading of such transitory factors could lead to near-term pullbacks. The bank raised its price forecasts by \$2/barrel on average for this year. It sees WTI crude prices averaging \$52/barrel and Brent prices at \$55/barrel. Barclays does not expect the unilateral cut by Saudi Arabia to extend beyond the first quarter, and forecasts instead that OPEC and allies will increase supplies by 1.5 million bpd in aggregate in the second quarter and another 1.5 million bpd in the second half. The bank expects transport demand to normalize by end 2021 on the back of ongoing vaccination campaigns and relatively strong freight demand because of strong fiscal support.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.8 million bpd of capacity in the week ending January 29th, marginally increasing available refining capacity by 5,000 bpd from the previous week. Offline capacity is expected to fall to 3.5 million bpd in the week ending February 5th.

Early Market Call - as of 8:20 AM EDT

WTI - Mar \$53.08, up 31 cents

RBOB - Feb \$1.5835, up 2.24 cents

HO - Feb \$1.6044, up 1.05 cents

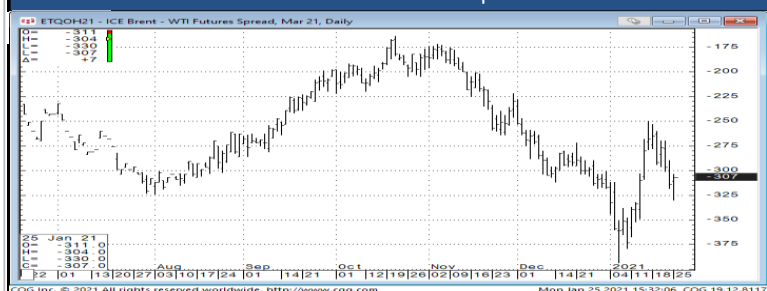
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	1.5939	0.0179	0.0048
Mar-21	1.5955	0.0173	0.0047
Apr-21	1.5938	0.0167	0.0040
May-21	1.5936	0.0163	0.0029
Jun-21	1.5942	0.0156	0.0027
Jul-21	1.5981	0.0152	0.0023
Aug-21	1.6028	0.0148	0.0016
Sep-21	1.6086	0.0146	0.0005
Oct-21	1.6144	0.0144	-0.0006
Nov-21	1.6183	0.0142	-0.0012
Dec-21	1.6200	0.0143	-0.0013
Jan-22	1.6232	0.0141	-0.0015
Feb-22	1.6229	0.0141	-0.0021
Mar-22	1.6160	0.0142	-0.0026
Apr-22	1.6033	0.0142	-0.0031
May-22	1.5976	0.0144	-0.0036
Jun-22	1.5942	0.0143	-0.0035

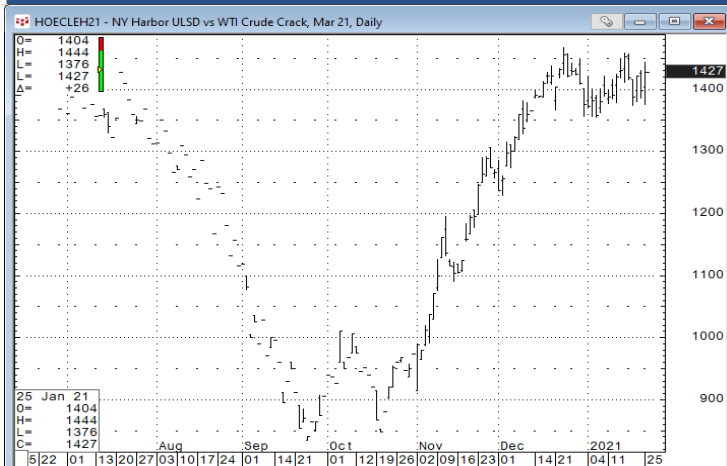
Sprague HeatCurve October 2021-April 2022

	Close	Change
Crude - WTI	\$52.7700	\$0.5000
Crude - Brent	\$55.8800	\$0.4700
Natural Gas	\$2.6020	\$0.1560
Gasoline	\$1.5611	\$0.0124

ICE March Brent-WTI Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

