

Market Commentary

Recap: Oil futures settled at their highest level in a week, rising nearly 5% as fear over the omicron variant of coronavirus eased. Other factors, including a move by the Saudis to raise crude prices for some buyers, and rising tensions in the Middle East, helped to shift some focus away from the pandemic. Recent reports have offered some cause for optimism about the new strain's potential impact on the economy. The U.S.'s top medical adviser Anthony Fauci said that omicron didn't appear to produce a "great deal of severity" in cases, aligning with some early research that indicates that infections tend to be milder compared against other variants. January WTI added \$3.23, or 4.9%, to settle at \$69.49 a barrel. February Brent rose \$3.20, or 4.6%, to settle at \$73.80 a barrel. Petroleum products also rose, with January RB adding 4.6%, to \$2.043 a gallon, while January heating oil finished up 3.5%, settling at \$2.171 a gallon.

Technical Analysis: January WTI continues to gain ground above \$65, a positive sign going forward. Focus remains on the omicron variant of coronavirus and its impact on demand. Early indications have been a bit encouraging when it comes to the severity of the variant, but more information is needed. As long as this market holds ground above \$65, we would look for buyers on dips and for this market to work toward \$80. A break below \$65 will most likely be followed by a run toward \$64.

Fundamental News: The World Petroleum Conference's four days of discussion started with chief executives from Exxon Mobil Corp, Chevron Corp and Halliburton Co, all promoting the need to deliver oil and gas globally even as the world transitions to cleaner fuels. Exxon disclosed plans to achieve net zero greenhouse gas emissions from operated assets in the U.S. Permian basin by 2030, as part of a plan to reduce upstream greenhouse gas emissions intensity by 40% to 50% by 2030, compared with 2016 levels. Halliburton said the world is headed for a period of oil scarcity following years of underinvestment in fossil fuel development.

Vortexa reported that the amount of crude oil held in floating storage fell to 74.72 million barrels as of December 3rd. It is down 15% from 88.25 million barrels as of November 26th.

According to Ursa Space Systems, Chinese crude oil stocks in the two weeks ending December 2nd increased by 3 million barrels to 994.8 million barrels. Prior to the two-week stock build, stocks had declined for 13 consecutive weeks.

According to Bloomberg, U.S. weekly gasoline imports from Europe fell in the week ending December 2nd to 274,000 bpd from 292,000 bpd in the previous week.

Energy Aspects cut its jet fuel demand forecasts for December and January as the spread of omicron coronavirus variant leads to travel restrictions and flight cancellations. It said global jet fuel demand was forecast to fall by 200,000 bpd for December and January. Mass blocking of flights to and from Southern Africa has cut 50,000 bpd off global demand and 30,000 bpd within the continent. It said implementation of some restrictions in Europe and border closures in Asia have cut 50,000 bpd and 100,000 bpd of demand, respectively, with the impact on U.S. demand muted for now. Total oil demand estimates were cut by 350,000 bpd for December and 500,000 bpd for January.

Early Market Call - as of 8:30 AM EDT

WTI - Jan \$71.36, up \$1.87

RBOB - Jan \$2.0871, up 4.38 cents

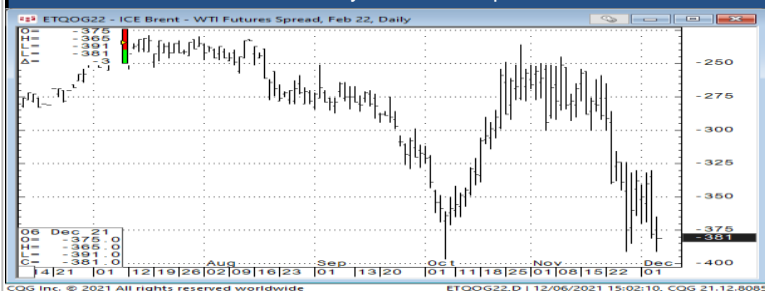
HO - Jan \$2.2107, up 3.95 cents

All NYMEX | Prior Settlements

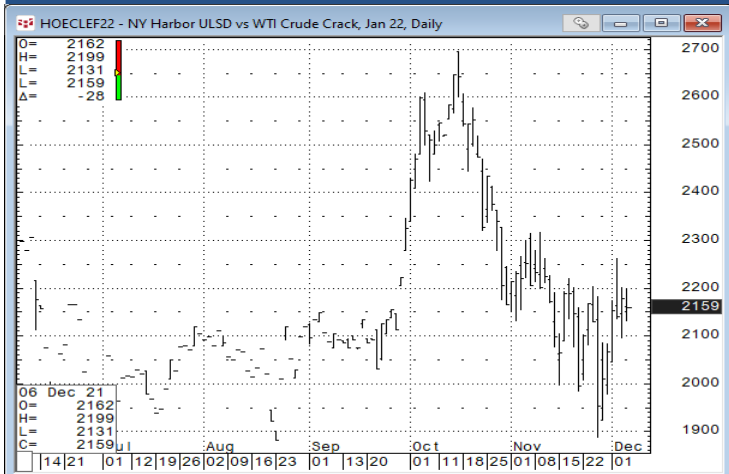
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.1712	0.0728	0.023
Feb-22	2.1627	0.0736	0.0201
Mar-22	2.147	0.0736	0.0138
Apr-22	2.1241	0.0738	0.0075
May-22	2.1088	0.073	0.0046
Jun-22	2.1004	0.0713	0.0044
Jul-22	2.0973	0.07	0.0051
Aug-22	2.0959	0.0686	0.006
Sep-22	2.0965	0.0678	0.0066
Oct-22	2.0977	0.0677	0.0065
Nov-22	2.0985	0.068	0.0067
Dec-22	2.0989	0.0688	0.007
Jan-23	2.0984	0.0687	0.0074
Feb-23	2.0936	0.0685	0.0097
Mar-23	2.0846	0.0683	0.0123
Apr-23	2.0715	0.0678	0.0146
May-23	2.0629	0.0655	0.0133

Settlements			
		Close	Change
Crude - WTI	Feb Brent-	\$69.3000	\$3.2000
Crude - Brent	WTI Spread	\$73.0800	\$3.2000
Natural Gas	\$3.78	\$3.6570	-\$0.4750
Gasoline		\$2.0433	\$0.0904

ICE February Brent-WTI Spread



January Heating Oil Crack Spread



January RBOB Crack Spread

