

## Market Commentary

**Recap:** Oil futures rose on Tuesday, climbing to their highest level since 2014 as possible supply disruption after attacks in the Mideast Gulf added to an already tight supply outlook. Both Brent and WTI rose to their highest level since October 2014, with Brent hitting a session high of \$88.28 and WTI trading at \$86.28. Supply concerns have risen this week after Yemen's Houthis group attacked the United Arab Emirates, escalating hostilities between the Iran-aligned group and a Saudi Arabian-led coalition. Adding to bullish indicators, Goldman Sachs Group Inc. raised its Brent forecasts through 2022 and 2023 and predicted \$100 oil in the third quarter. Robust fundamentals have reversed last year's price slump, keeping the market in a surprisingly large deficit, it said. February WTI settled at \$85.43 a barrel up \$1.61, or 1.9%, while March Brent added \$1.03, or 1.2%, to settle at \$87.51 a barrel. March RBOB rose 0.5% to \$2.432 a gallon, after gaining 5.2% last week. February heating oil rose 1.5% to \$2.674 a gallon, up an 11th-straight session to mark the longest winning streak since December 1989, and the highest front-month finish since September 2014.

**Technical Analysis:** February WTI came back to test the upper line on the symmetrical triangle it broke above on Friday, and bounce right back off of it. This is a sign of underlying strength in this market, which most likely prompted technical buyers into action. As of now, we are sticking with our game plan of buying dips in this market as long as we are above the 10-day moving average, which is currently set at \$80.74. Now that we have broken above the \$85 mark, we would look for a push toward \$90.

**Fundamental News:** The U.S. Department of Energy said it approved a fifth exchange of 400,000 barrels of crude oil for release to Atlantic Trading and Marketing from the SPR. In its monthly report, OPEC stuck to its forecast for robust growth in world oil demand in 2022 despite the Omicron coronavirus variant and expected interest-rate hikes, predicting that the oil market would remain well supported through the year. It expects world oil demand to increase by 4.15 million bpd this year, unchanged from its forecast last month. World consumption is expected to surpass the 100 million bpd mark in the third quarter, in line with last month's forecast. On an annual basis according to OPEC, the world last used over 100 million bpd of oil in 2019. It reported that oil demand was stronger than expected in the final three months of 2021. The report showed OPEC output in December increased by 170,000 bpd to 27.88 million bpd, a smaller increase than OPEC is allowed under their output deal. OPEC raised its forecast for growth in 2022 production of U.S. tight oil to 670,000 bpd from 600,000 bpd. The growth forecast for overall non-OPEC supply in 2022 was left unchanged. OPEC said it expects the world to need 28.9 million bpd from its members in 2022, unchanged from last month and theoretically allowing further increases in output.

According to a National Security Council spokesperson, the Biden administration is focused on ensuring supply increases to match demand as the global economy recovers and that Americans see lower prices at the pump.

Goldman Sachs expects oil prices to reach \$100/barrel in the second half of this year, citing a lower than expected hit to demand from the Omicron coronavirus variant coupled with increased supply disruptions and OPEC+ shortfalls. Goldman sees Brent prices at \$90/barrel in the first quarter of 2022, \$95/barrel in the second quarter and \$100/barrel in the last two quarters. The investment bank raised its Brent oil price forecasts for 2022 and 2023 to \$96/barrel and \$105/barrel from \$81/barrel and \$85/barrel, respectively.

**Early Market Call - as of 9:23 AM EDT**

WTI - Feb **\$86.29** up 89 cents  
 RBOB - Feb **\$2.4517** up 1.99 cents  
 HO - Feb **\$2.7056** up 3.16 cents

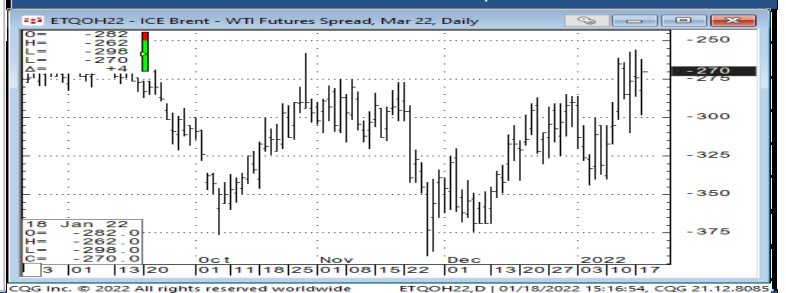
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-22	\$2.6740	\$0.0397	\$0.1104
Mar-22	\$2.6200	\$0.0340	\$0.0984
Apr-22	\$2.5490	\$0.0259	\$0.0734
May-22	\$2.5108	\$0.0212	\$0.0644
Jun-22	\$2.4917	\$0.0229	\$0.0640
Jul-22	\$2.4788	\$0.0235	\$0.0627
Aug-22	\$2.4693	\$0.0230	\$0.0612
Sep-22	\$2.4631	\$0.0225	\$0.0550
Oct-22	\$2.4569	\$0.0222	\$0.0571
Nov-22	\$2.4495	\$0.0216	\$0.0539
Dec-22	\$2.4410	\$0.0207	\$0.0506
Jan-23	\$2.4321	\$0.0194	\$0.0476
Feb-23	\$2.4176	\$0.0185	\$0.0447
Mar-23	\$2.3981	\$0.0174	\$0.0416
Apr-23	\$2.3745	\$0.0165	\$0.0399
May-23	\$2.3553	\$0.0153	\$0.0387
Jun-23	\$2.3405	\$0.0153	\$0.0381

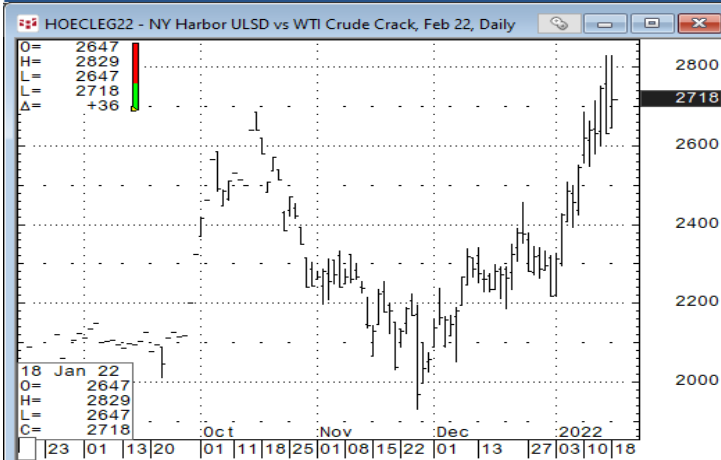
### Settlements

		Close	Change
Crude - WTI	Mar Brent-WTI Spread	\$84.8300	\$1.5300
Crude - Brent		\$87.5100	\$1.0300
Natural Gas	\$2.68	\$4.2830	\$0.0210
Gasoline		\$2.4318	\$0.0128

### ICE March Brent-WTI Spread



## February Heating Oil Crack Spread



## February RBOB Crack Spread

