

## Market Commentary

**Recap:** The rally in oil futures deepened on Friday, with both blends pulling away from the \$90 mark, as a harsh winter storm raged in the U.S., piling onto a myriad of supply worries. About 350,000 homes and businesses in states such as Tennessee, Arkansas and Texas were without power in the U.S. on Friday, due to a winter storm that brought freezing rain and snow. More heavy precipitation and ice was expected to hit the eastern portion of the country Friday. March WTI jumped 3.2% to a session high \$93.17 a barrel, while May Brent traded as high at \$92.05 a barrel, a gain of 2%. Analysts have been predicting higher prices due to the risk premium based on the Russia-Ukraine conflict and stronger than expected demand, which is expected to rise to pre-pandemic levels by mid-year. March WTI ended the week at \$92.31 a barrel, up \$2.04, or .6%, the highest finish for a front month since September 29, 2014. April Brent added \$2.16, or 2.37%, to close at \$93.27 a barrel. Both WTI and Brent were up 6% on the week. March RBOB settled at \$2.6785 a gallon, up .0358 cents, while March heating oil tacked on .0356 cents, to settle at \$2.8751 a gallon.

**Technical Analysis:** Oil prices climbed on Friday, extending sharp gains in the previous session sparked by persistent supply concerns and as frigid weather cascades across the United States, threatening to further disrupt fragile oil supplies. The market's surge accelerated in the last two days as buyers piled into crude contracts due to expectations that world suppliers will continue to struggle to meet demand. Crude prices, which have already rallied about 20% so far this year, are likely to surpass \$100 per barrel due to strong global demand, market strategists said this week. Winter storms bringing icy conditions in the United States, particularly in Texas, also fueled supply fears as extreme cold could cause production to shut temporarily, similar to what happened in the state a year ago. Oil markets have also gained support from geopolitical risks as major oil producer Russia has amassed thousands of troops on Ukraine's border, and is accusing the United States and its allies of fanning tensions. Although we anticipate that prices will continue higher, we are not discounting any pullbacks, as this market appears to be a bit overextended. Support remains at \$88.25, \$87.30, \$86.75, with \$85.00 being a strong level of support. Resistance is seen at \$93.67 and \$95.

**Fundamental News:** Citi Research on Thursday said it was bearish on December 2022 ICE Brent futures by persistent supply concerns and as frigid weather draws to flip to inventory builds as soon as the second quarter of this year. The December Brent contract is trading at about \$83.55 and Citi analysts predict it will fall by up to 20%, or roughly \$16/barrel. Citi said firm oil prices for the January-March quarter, would most likely "represent the cyclical peak for energy markets."

Commerzbank increased its oil price forecast for the year, with Brent expected to trade at \$90/barrel in the first quarter compared with a previous forecast of \$80/barrel. The bank attributed the change to the steep increase in the risk premium on account of the Russia-Ukraine conflict. For this reason, the oil price is expected to remain elevated in the second quarter at \$85/barrel, up from a previous forecast of \$75/barrel. They expect WTI to trade at a \$3 discount to Brent throughout the year.

Baker Hughes reported that U.S. energy firms this week added oil and natural gas rigs for a fifth consecutive week since November. The oil and natural gas rig count increased to 3 to 613 in the week ending February 4<sup>th</sup>, its highest since April 2020.

Libya's National Oil Corp said port closures due to bad weather have reduced Libyan oil output by 100,000 bpd because of inadequate storage facilities. Total Libyan output on Friday was 1.1 million bpd.

**Early Market Call - as of 8:50 AM EDT**

WTI - Mar \$92.04 up 27 cents

RBOB - Mar \$2.6936 up 1.51 cents

HO - Mar \$2.6890 down 25 points

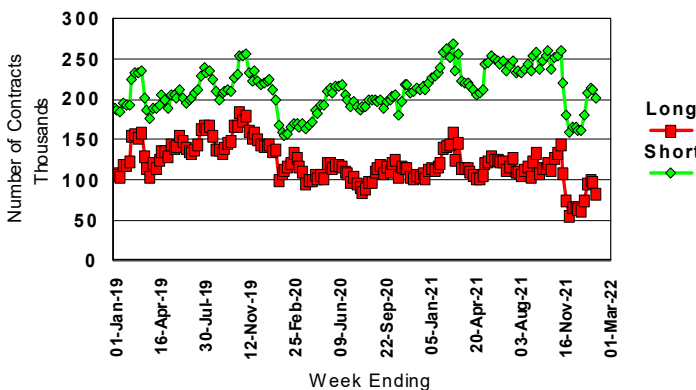
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	2.8751	0.0356	0.1627
Apr-22	2.7601	0.0397	0.1333
May-22	2.6915	0.0397	0.1143
Jun-22	2.6470	0.0354	0.0999
Jul-22	2.6186	0.0314	0.0923
Aug-22	2.6014	0.0288	0.0889
Sep-22	2.5942	0.0282	0.0817
Oct-22	2.5866	0.0273	0.0856
Nov-22	2.5756	0.0260	0.0837
Dec-22	2.5615	0.0250	0.0816
Jan-23	2.5476	0.0244	0.0797
Feb-23	2.5280	0.0227	0.0766
Mar-23	2.5055	0.0206	0.0739
Apr-23	2.4797	0.0191	0.0720
May-23	2.4579	0.0175	0.0699
Jun-23	2.4408	0.0168	0.0678
Jul-23	2.4307	0.0161	0.0657

Sprague HeatCurve October 2022-April 2023		\$2.5399
	Close	Change
Crude - WTI	\$90.33	\$1.8800
Crude - Brent	\$93.27	\$2.1600
Natural Gas	\$4.5720	-\$0.3160
Gasoline	\$2.6785	\$0.0358

## Commitment of Traders Report for the Week Ending February 1, 2022

### Producer/Merchant Heat Positons CFTC Commitment of Traders Report



### Managed Money Heat Positons CFTC Commitment of Traders Report

