

## Market Commentary

**Recap:** Oil futures gained traction for the second straight session, supported by a larger than expected draw in U.S. crude oil inventories and the roll out of coronavirus vaccines. However, gains were kept at bay by an abundance of supply amid faltering demand. Apart from this, the passage of a second economic stimulus package in the U.S. has raised trader optimism that forward demand would increase as the economy becomes healthier. This, along with a weak dollar has held a floor under oil markets. Having said all that, it remains to be seen how quickly and how healthy the global economy becomes. February Brent crude futures settled up 25 cents to \$51.34 a barrel, off the session high of \$51.56 and well lower than the \$66 price that started the year. WTI for February delivery settled up 40 cents to trade at \$48.40, down substantially from about \$62 at the start of 2020. January RBOB rose 1.2¢ to \$1.404 a gallon, while January heating oil was down 0.3¢, \$1.4816.

**Technical Analysis:** WTI experienced an outside trading session and achieved a higher settlement. This typically means higher prices, which we would not discount however; we do not expect the move to be too aggressive, as it is the last trading day of the year. The 10-day moving average continues to act as a level of support and will most likely hold on to that position. This average is currently set at \$47.80, with additional support at \$44.53, the 50-day moving average. Resistance is set at \$50.

**Fundamental News:** Baker Hughes said the oil and gas rig count increased by 3 to 351 in the week ending December 30<sup>th</sup>. During December, the total rig count increased by 31, its fifth monthly increase in a row. For the quarter, the count was up 90, the most in a quarter since the second quarter of 2017 when it increased by 116 rigs. U.S. oil rigs increased by 3 to 267 this week, their highest since May, while gas rigs remained unchanged at 83, their highest since the end of April.

Two OPEC+ sources stated that OPEC+ compliance with a global oil supply cut deal stood at 101% in November. One of the sources said OPEC members' compliance reached 104% while compliance was at 95% for their allies, including Russia.

A Suncor spokeswoman said two workers have been killed in a vehicle collision at Suncor Energy's Fort Hills oil sands mine in northern Alberta on Wednesday, prompting the company to pause mine operations while an investigation is underway.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.7 million bpd of capacity in the week ending January 1<sup>st</sup>, increasing available refining capacity by 166,000 bpd from the previous week. Offline capacity is expected to fall to 2.5 million bpd in the week ending January 8<sup>th</sup>.

The Association of American Railroads reported that railcar loadings on major U.S. railroads in the week ending December 30<sup>th</sup> fell by 3.4% to 185,029. It reported that petroleum and oil products railcar loadings fell by 9.3% to 10,296.

On Wednesday, Britain became the first country in the world to approve a coronavirus vaccine developed by Oxford University and AstraZeneca. Britain has already ordered 100 million doses of the vaccine, and the government said it had accepted the recommendation from the Medicines and Healthcare products Regulatory Agency (MHRA) to grant emergency authorization. The approval is a vindication for a shot seen as essential for mass immunizations in the developing world as well as in Britain, but one that has been dogged by questions about its trial data that make it unlikely to be approved very soon in the European Union or the United States.

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

WTI - Feb \$48.01, down 39 cents

RBOB - Jan \$1.3978, jdown 1.42 cents

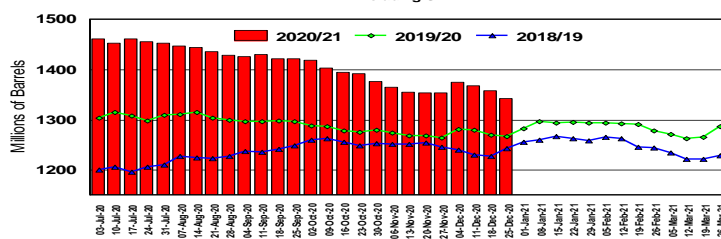
HO - Jan \$1.4704, down 1.95 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	1.4898	0.0030	0.0077
Feb-21	1.4918	0.0041	0.0061
Mar-21	1.4913	0.0042	0.0044
Apr-21	1.4903	0.0042	0.0032
May-21	1.4908	0.0043	0.0026
Jun-21	1.4946	0.0047	0.0010
Jul-21	1.4997	0.0047	0.0005
Aug-21	1.5048	0.0046	0.0003
Sep-21	1.5108	0.0045	-0.0004
Oct-21	1.5178	0.0042	-0.0013
Nov-21	1.5242	0.0040	-0.0014
Dec-21	1.5292	0.0041	-0.0016
Jan-22	1.5354	0.0043	-0.0019
Feb-22	1.5369	0.0043	-0.0022
Mar-22	1.5338	0.0041	-0.0023
Apr-22	1.5251	0.0038	-0.0025
May-22	1.5225	0.0033	-0.0029

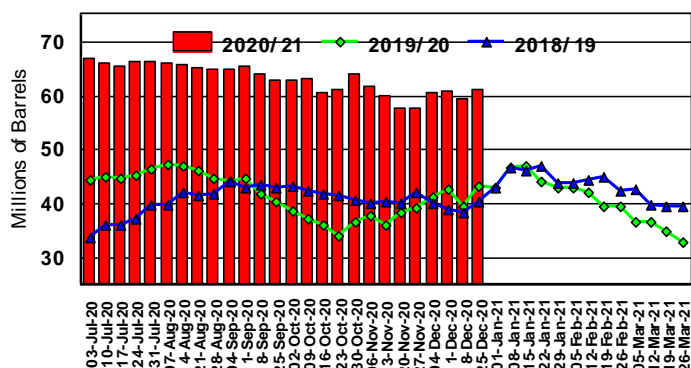
		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$2.94	\$48.4000	\$0.4000
Crude - Brent		\$51.3400	\$0.2500
Natural Gas		\$2.4220	-\$0.0220
Gasoline		\$1.4120	\$0.0241

**Total U.S. Oil Stocks**  
Excluding SPR



## Weekly EIA Petroleum Status Report for the Week Ending December 25, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 6.1 million barrels

Cushing, OK Crude Stocks Up 27,000 barrels

**Gasoline Stocks** Down 1.2 million barrels

**Distillate Stocks** Up 3.1 million barrels

**Refinery % Operated** 79.4%, Up 1.4%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Dec 25, 2020	Week Ending Dec 18, 2020	Week Ending Dec 26, 2019
New England	11.9	12.1	7.7
Central Atlantic	34.1	34.0	23.2
Total PADD #1	61.1	59.3	43.3
Distillate Imports (thousands b/d)	609	434	162