

Market Commentary

Recap: The oil market erased its earlier gains, as the prospect of increased supply from Iran pressured the market. The market continued on its downward trend after the U.S. resumed indirect talks with Iran to revive the nuclear deal on Tuesday. Analysts believe an agreement could lift U.S. sanctions on Iranian oil and cause an increase in oil supply. The oil market traded to a low of \$88.41 early in the session before it rallied to a high of \$90.58 following the release of the EIA's weekly petroleum stocks report. The EIA report showed a draw in crude stocks of close to 4.8 million barrels to 410.4 million barrels, the lowest level since 2015. However, the market pared those earlier gains as it traded slightly below the \$89.00 level early in the afternoon. The oil market later remained in a sideways trading range ahead of the close, with the March WTI contract settling up 30 cents at \$89.66 and the April Brent contract settling up 77 cents at \$91.55. The product markets also ended the session in positive territory, with the heating oil market settling up 3.23 cents at \$2.8249 and the RBOB market settling up 2.83 cents or 1.08% at \$2.6534.

Technical Analysis: While the market traded lower on the prospect of a nuclear deal with Iran, its losses will remain limited as the market looks for further developments regarding the Russia-Ukraine crisis. The oil market, which has retraced more than 38% of its move from a low of \$81.90 to a high of \$93.17, is seen finding support at \$87.54, its 50% retracement level, \$86.75, \$86.55 followed by \$86.21, its 62% retracement level and the \$85.00 level. Meanwhile, resistance is seen at its high of \$90.58, \$91.68 followed by \$92.73 and \$93.17.

Fundamental News: According to the EIA, U.S. supplies of both refined products and crude oil have not been this low since 2015, excluding the SPR. Inventories have been declining steadily since the summer of 2020 as demand from gasoline to diesel and LPG rebounded following the pandemic-induced lockdowns. The 4.8 million barrel draw in commercial inventories was in addition to a withdrawal of 1.4 million barrels from the SPR. The SPR draws are set to continue following the sale of 18 million barrels concluded on January 13th and a loan of a further 13.4 million barrels announced on January 25th. Meanwhile, U.S. crude oil production at 11.6 million bpd is still well below the record in weekly data of 13.1 million bpd last seen in March of 2020.

Rystad Energy reported that lifting sanctions on Iran could unleash 1 million bpd or more of crude and condensate production within four to six months.

The CEO of Norway's Equinor, Anders Opedal, said the company sees a strong outlook for oil and gas in 2022. It expects strong prices and volatility.

TotalEnergies CEO Patrick Pouyanne, said oil prices are rising because of increasing demand just as supply is "rather constrained" after under-investments over the past few years.

Genscape reported that crude inventories in the Amsterdam-Rotterdam-Antwerp region in the week ending February 4th increased by 918,000 barrels to 49.2 million barrels.

According to S&P Global Platts, OPEC and its allies fell further behind its oil output quotas, with the group falling a record 700,000 bpd short of its collective quotas in January. OPEC's 13 countries increased their output by 150,000 bpd from December, producing 28.19 million bpd of crude, while the nine non-OPEC partners only managed to add 10,000 bpd, producing 13.99 million bpd. In all, 14 out of the 18 member with quotas underproduced their targets, pushing OPEC+ compliance to 120.8%.

IIR Energy reported that U.S. oil refiners are expected to shut in 1,364,000 bpd of capacity in the week ending February 11th, decreasing available refining capacity by 684,000 bpd. Offline capacity is expected to fall to 545,000 bpd in the week ending February 18th.

Early Market Call - as of 8:30 AM EDT

WTI - Mar \$89.56 down 10 cents

RBOB - Mar \$2.6570 up 36 points

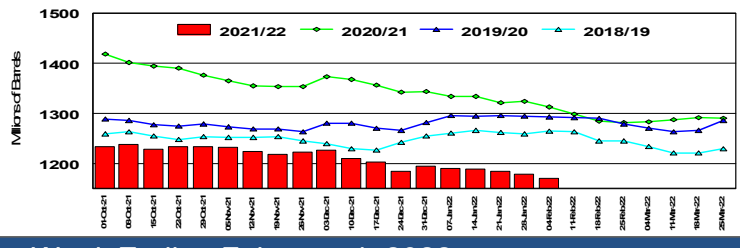
HO - Mar \$2.8112 down 1.37 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	\$2.8249	\$0.0323	\$0.0560
Apr-22	\$2.7264	\$0.0288	\$0.0537
May-22	\$2.6659	\$0.0282	\$0.0506
Jun-22	\$2.6264	\$0.0274	\$0.0470
Jul-22	\$2.6026	\$0.0279	\$0.0459
Aug-22	\$2.5887	\$0.0282	\$0.0457
Sep-22	\$2.5838	\$0.0285	\$0.0408
Oct-22	\$2.5772	\$0.0284	\$0.0471
Nov-22	\$2.5679	\$0.0278	\$0.0471
Dec-22	\$2.5556	\$0.0270	\$0.0482
Jan-23	\$2.5434	\$0.0264	\$0.0496
Feb-23	\$2.5270	\$0.0268	\$0.0505
Mar-23	\$2.5071	\$0.0280	\$0.0507
Apr-23	\$2.4826	\$0.0285	\$0.0504
May-23	\$2.4636	\$0.0295	\$0.0506
Jun-23	\$2.4493	\$0.0312	\$0.0519
Jul-23	\$2.4412	\$0.0321	\$0.0520

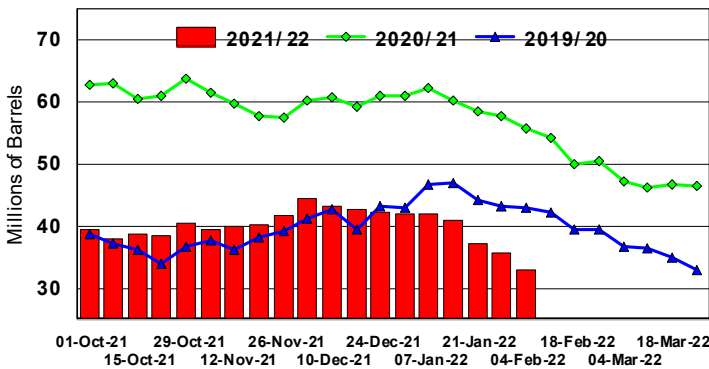
Sprague HeatCurve October 2022-April 2023		\$2.5367	
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.02	\$88.5300	\$0.6300
Crude - Brent		\$91.5500	\$0.7700
Natural Gas		\$4.0090	-\$0.2390
Gasoline		\$2.6534	\$0.0283

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending February 4, 2022

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 4.756 million barrels

Cushing, OK Crude Stocks Down 2.801 million barrels

Gasoline Stocks Down 1.644 million barrels

Distillate Stocks Down 930,000 barrels

Refinery % Operated 88.2%, up 1.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 4, 2022	Week Ending Jan 28, 2022	Week Ending Feb 5, 2021
New England	5.0	5.2	11.1
Central Atlantic	16.6	17.1	31.1
Total PADD #1	32.8	35.6	55.9
Distillate Imports (thousands b/d)	405	205	333