

Market Commentary

Recap: Dragged higher by natural gas, oil prices settled near 13-month highs, as subzero temperatures in the U.S. South forced the shut in of wells and oil refineries in Texas. Oil futures spiked higher early in the session, as blackouts hit several states and storage infrastructure froze, preventing physical delivery to various locations.

Oil prices also rose on Mid-East supply concerns after a Saudi-led coalition fighting the Houthis in Yemen said on Monday that it had destroyed an explosive-laden drone fired by the Houthis at Saudi Arabia. March WTI rose 58 cents, or 1%, to settle at \$60.05 a barrel, the highest settlement since January 2020. Brent for April delivery added 5 cents, or 0.1%, to settle at \$63.35 a barrel. Product prices rose sharply, with March RBOB climbing 4.8%, to settle at \$1.7729 a gallon, while March heating oil tacked on 2.4%, to close at \$1.8144 a gallon.

Technical Analysis: For the second straight trading session, March WTI traded above the upper line on the ascending channel that can be depicted on a daily spot continuation chart, but failed to settle above it. Despite Tuesday's strength, the market gave back most of its gains, perhaps an indication that this market is a bit over bought. With March WTI above the \$60 level, traders most likely took some profits. At this point, we would continue to look for dips to provide buying opportunities. Support is set at the current 10-day moving average, currently set at \$58.18 and below that at \$57.50. Resistance is set at \$61.15 and above that at \$61.65.

Fundamental News: U.S. oil production fell by more than 2 million bpd as temperatures plummeted to the lowest levels in 30 years. Oil traders and company executives said the losses were particularly large in the Permian Basin. Output cuts were also significant in the Eagle Ford and Anadarko basin in Oklahoma. The overall magnitude of the outage will depend on the number of days production is down sharply. The current crude oil output losses are due to a combination of well shutdowns, flow-line outages and disrupted road transport, all due to the extreme cold weather.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.5 million bpd of capacity in the week ending February 19th, increasing available refining capacity by 101,000 bpd from the previous week. Offline capacity is expected to rise to 3.6 million bpd in the week to February 26th.

A deep freeze across Texas over the weekend impacted the energy industry in the largest U.S. crude-producing state, shutting oil refineries and forcing restrictions from natural gas pipeline operators. Energy consultancy Wood Mackenzie said about 807,000 bpd of crude processing was offline in the Corpus Christi area, while 1.2 million bpd was out in the Beaumont, Nederland and Port Arthur regions. It also stated that about 1.3-1.8 million bpd remained offline in Houston. Energy Aspects Ltd estimated that 3.1 million bpd of refining capacity was shut in as of Monday.

A Houston Pilots dispatcher said operations at the Houston ship channel were suspended on Sunday and are expected to be closed until mid-morning on Tuesday, as a cold snap continues to impact Texas. The dispatcher said there are about 13 vessels waiting to depart, while 18 were in a queue to come into the waterway.

Descartes Labs said U.S. gasoline demand fell by 0.4% to 8.29 million bpd in the week ending February 12th. A survey based on movements of cellular devices said consumption fell from a winter peak of 8.48 million bpd in mid-January. The recent decline reflects travel lost to winter storms.

Early Market Call - as of 8:15 AM EDT

WTI - Mar \$60.69, up 64 cents
 RBOB - Mar \$1.8130, up 4.01 cents
 HO - Mar \$1.8331, up 1.87 cents

All NYMEX | Prior Settlements

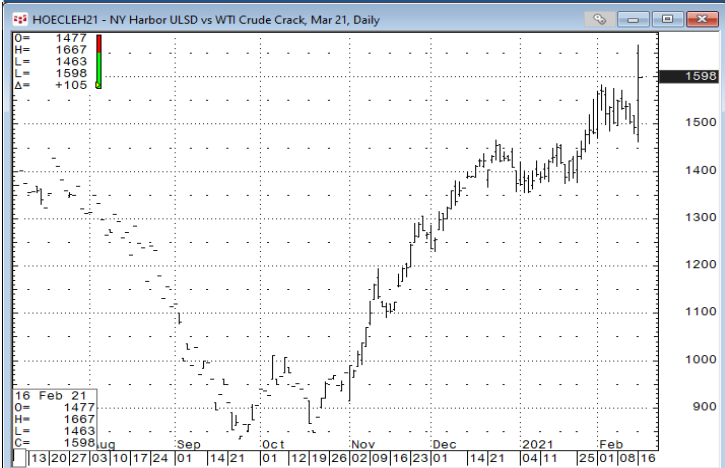
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	1.8144	0.0430	-0.0577
Apr-21	1.8017	0.0369	-0.0535
May-21	1.7939	0.0333	-0.0510
Jun-21	1.7907	0.0322	-0.0505
Jul-21	1.7899	0.0315	-0.0498
Aug-21	1.7901	0.0309	-0.0495
Sep-21	1.7920	0.0305	-0.0493
Oct-21	1.7933	0.0300	-0.0487
Nov-21	1.7935	0.0296	-0.0478
Dec-21	1.7919	0.0288	-0.0468
Jan-22	1.7918	0.0279	-0.0455
Feb-22	1.7884	0.0268	-0.0445
Mar-22	1.7799	0.0263	-0.0443
Apr-22	1.7644	0.0254	-0.0439
May-22	1.7549	0.0247	-0.0433
Jun-22	1.7479	0.0239	-0.0426
Jul-22	1.7462	0.0229	-0.0417

Sprague HeatCurve October 2021-April 2022			\$1.7872
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.27	\$60.0800	\$0.7000
Crude - Brent		\$63.3500	\$0.0500
Natural Gas		\$3.1290	\$0.2170
Gasoline		\$1.7729	\$0.0804

ICE April Brent-WTI Spread



March Heating Oil Crack Spread



March RBOB Crack Spread

