

## Market Commentary

**Recap:** Oil prices were trading steady on the opening on hopes that the U.S. government would reach an agreement on a stimulus package and an improvement in the number of COVID-19 cases in China. Prices turned to the downside as the U.S. dollar strengthened and demand for riskier assets declined. However, downside pressure succumbed as the EIA released its report showing that U.S. crude oil inventories showed an unexpected massive draw in inventories. March WTI rose 24 cents, or 0.5%, to settle at \$52.85 a barrel, while March Brent ended lower on the day, down 10 cents, or 0.2%, to \$51.771 a gallon, while February heating oil added 0.7%, to \$1.6089 a gallon.

**Technical Analysis:** In the near-term, oil prices rebounded on the huge draw in U.S. crude oil inventory supplies, but the larger than expected build in gasoline stockpiles, along with a stronger U.S. dollar kept a cap on prices. At this point in time, we would look for continued sideways trading as traders are speculating on what the FOMC will say. Should they disappoint, oil prices are likely to falter to the upside. If we can get WTI above the \$54 level, we could see a push toward \$55, but this would take an awful lot of courage from traders as the coronavirus is still spreading across the globe. Near term support is set at \$51.45 and below that at \$50.

**Fundamental News:** President Joe Biden signed executive orders to combat climate change, including pausing new oil and gas leases on federal land and cutting fossil fuel subsidies. He directed the Interior Department to pause new federal oil and gas leases on public lands or offshore waters "to the extent possible" and review the program's climate impacts and taxpayer benefits. The pause will not restrict energy activities on lands that the government holds in trust for Native American tribes. President Biden authorized a review during the pause of all existing leases and permitting practices related to fossil fuel development on public lands and waters. He also set a goal to conserve 30% of federal land and waters to protect wildlife by 2030 and seek to double renewable energy production from offshore wind, also by 2030. He also directed federal agencies to eliminate fossil fuel subsidies.

President Joe Biden's nominee for Energy Secretary, Jennifer Granholm, told the Senate during her confirmation hearing that the moratorium on future drilling leases on federal lands will not take jobs away from existing leases. She stated that coal, oil and gas will remain part of the U.S. energy mix even as the country seeks net-zero carbon emissions by 2050.

Russian President Vladimir Putin on Wednesday praised Saudi Arabia, Russia and the United States for what he said was their role in stabilizing energy markets. He made his comments at a virtual meeting of the World Economic Forum.

The head of the Russian sovereign wealth fund, Kirill Dmitriev, said Saudi Arabia's "brilliant move" to unilaterally reduce its output by an additional 1 million bpd has been a great contribution to the stabilization of the global oil market. He also reiterated Russia's commitment to the OPEC+ agreement and praised Saudi Arabia's leadership "in doing great things to producers and consumers."

Goldman Sachs said it sees a clear path to continued oil market rebalancing throughout the spring, with the vaccine rollout accelerating across the west. It said oil demand indicators are increasing since the start of the year and support from colder than expected weather in Asia is a strong signal of an oil market deficit.

### Early Market Call - as of 8:25 AM EDT

WTI - Mar \$52.76, down 10 cents

RBOB - Feb \$1.5743, down 28 points

HO - Feb \$1.6085, down 4 points

## All NYMEX | Prior Settlements

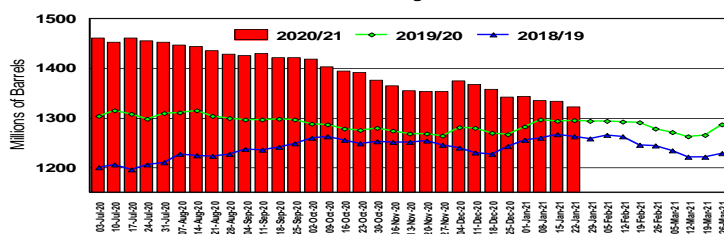
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-21	1.6089	0.0105	-0.0083
Mar-21	1.6076	0.0092	-0.0052
Apr-21	1.6036	0.0080	-0.0027
May-21	1.6018	0.0075	-0.0012
Jun-21	1.6011	0.0069	0.0006
Jul-21	1.6036	0.0057	0.0020
Aug-21	1.6074	0.0050	0.0027
Sep-21	1.6125	0.0044	0.0030
Oct-21	1.6179	0.0039	0.0030
Nov-21	1.6214	0.0035	0.0031
Dec-21	1.6226	0.0033	0.0035
Jan-22	1.6252	0.0029	0.0040
Feb-22	1.6247	0.0028	0.0038
Mar-22	1.6181	0.0031	0.0031
Apr-22	1.6057	0.0036	0.0022
May-22	1.6003	0.0041	0.0011
Jun-22	1.5971	0.0046	0.0005

### Sprague HeatCurve October 2021-April 2022

\$1.6209

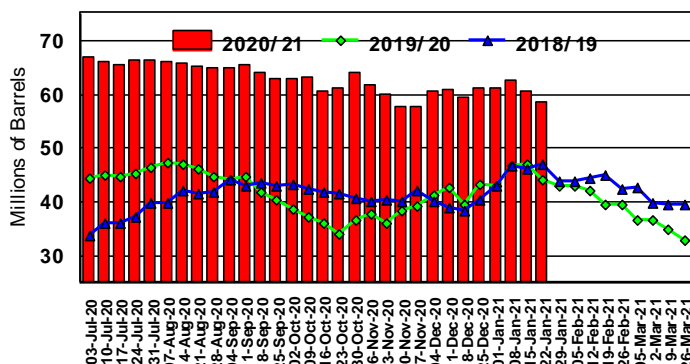
		Close	Change
Crude - WTI	Mar Brent-	\$52.8500	\$0.2400
Crude - Brent	WTI Spread	\$55.8100	-\$0.1000
Natural Gas	\$2.96	\$2.7600	\$0.1040
Gasoline		\$1.5771	-\$0.0036

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



## Weekly EIA Petroleum Status Report for the Week Ending January 22, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 9.91 million barrels

Cushing, OK Crude Stocks Down 2.281 million barrels

**Gasoline Stocks** Up 2.469 million barrels

**Distillate Stocks** Down 815,000 barrels

**Refinery % Operated** 81.7%, Down 0.8%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 22, 2021	Week Ending Jan 15, 2021	Week Ending Jan 24, 2020
New England	11.3	11.9	7.1
Central Atlantic	33.4	34.3	24.6
Total PADD #1	58.6	60.4	44.1
Distillate Imports (thousands b/d)	433	455	101