

Market Commentary

Recap: The crude oil market traded higher, in lock step with equities, after the EIA reported a decline in U.S. crude oil stocks, as more COVID-19 vaccines were announced, and on increasing hope that an agreement for an economic stimulus package out of Washington. However, recent forecasts for weaker demand limited oil's price rise. Although a second stimulus package could have an impact going forward, it will take some time before we see this occur. WTI for January delivery rose 20 cents, or 0.4%, to settle at \$47.82 a barrel, while February Brent added 32 cents, or 0.6%, to settle at \$51.08 a barrel. This was the highest settlement for both benchmarks in nine months. January RBOB added 2% to \$1.3529 a gallon, while January heating oil rose 0.9% to \$1.4779 a gallon.

Technical Analysis: Oil futures continue to grind higher, as traders try to push WTI toward the psychological resistance level of \$50. We would look for short term pullbacks as buying opportunities, with a break below \$43.50 changing the minor trend to the downside. Support is seen at \$46.50 through \$46.30 and below that at \$45. There is resistance set at \$48.65. We would keep a close eye on the U.S. dollar, as it will have a strong adverse move to that of crude oil, while the oil market and the stock market continue to move in unison.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 4.3 million bpd of capacity in the week ending December 18th, cutting available refining capacity by 387,000 bpd from the previous week. Offline capacity is expected to decline to 3.7 million bpd in the week ending December 25th.

The National Oil Corporation media office said Libya's es-Sider and Zueitina oil terminals were closed on Wednesday due to bad weather. It stated that if bad weather persists for another 72 hours, terminals in the regions of Ras Lanuf and Brega could also be affected, possibly risking production levels because of limited storage capacity.

Iraq's Oil Ministry said a fire was extinguished at the second of two oil wells at the 25,000 bpd Khazzab field that were set ablaze by explosives on December 9th.

The Norwegian Oil and Gas Association said investments by oil and gas companies in Norway are expected to fall by 4.2% next year to 178.4 billion Norwegian crowns or \$20.5 billion from an estimated 186.2 billion in 2020. The association predicted annual oil investments of between 160 billion and 170 billion crowns in the years from 2022-2024 and said more than 90 oil and gas discoveries had yet to be turned into producing assets.

Angola is expected to export at least 32 cargoes of crude oil in February, down from the January initial schedule of 34 cargoes.

The Chairman of the Federal Reserve, Jerome Powell, said monetary policy will continue to deliver powerful support to the economy. He said in recent months, the pace of improvement in the economy has moderated and the path ahead remains highly uncertain and will demand on the virus. The recent vaccine news is very positive but the surge in cases is particularly concerning. He said there is a need for households and businesses to have fiscal support and added that he would welcome the work Congress is doing right now. He said there is more that the Fed could do to provide support to the economy if needed. In the near term, the help that people need is not just low interest rates, it is real support. He said he expects the economy to be stronger in the second half of 2021 as the vaccination against COVID-19 begins to have an effect on the economy.

Early Market Call - as of 8:30 AM EDT

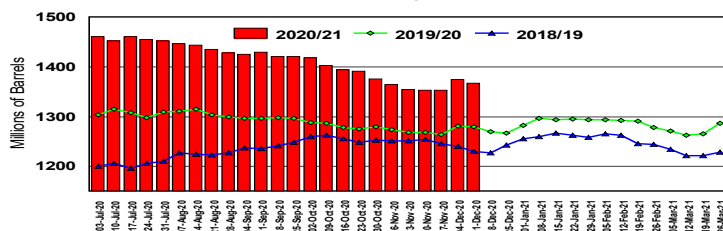
WTI - Jan \$48.10, up 28 cents
 RBOB - Jan \$1.3665, up 1.36 cents
 HO - Jan \$1.4867, up 88 points

All NYMEX | Prior Settlements

| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Jan-21 | 1.4779 | 0.0135 | -0.0790 |
| Feb-21 | 1.4807 | 0.0127 | -0.0753 |
| Mar-21 | 1.4831 | 0.0122 | -0.0735 |
| Apr-21 | 1.4835 | 0.0116 | -0.0724 |
| May-21 | 1.4849 | 0.0109 | -0.0718 |
| Jun-21 | 1.4879 | 0.0107 | -0.0713 |
| Jul-21 | 1.4920 | 0.0101 | -0.0696 |
| Aug-21 | 1.4968 | 0.0099 | -0.0677 |
| Sep-21 | 1.5022 | 0.0097 | -0.0657 |
| Oct-21 | 1.5086 | 0.0097 | -0.0649 |
| Nov-21 | 1.5148 | 0.0101 | -0.0645 |
| Dec-21 | 1.5192 | 0.0104 | -0.0642 |
| Jan-22 | 1.5247 | 0.0105 | -0.0634 |
| Feb-22 | 1.5257 | 0.0105 | -0.0624 |
| Mar-22 | 1.5218 | 0.0102 | -0.0611 |
| Apr-22 | 1.5126 | 0.0098 | -0.0601 |
| May-22 | 1.5079 | 0.0100 | -0.0598 |

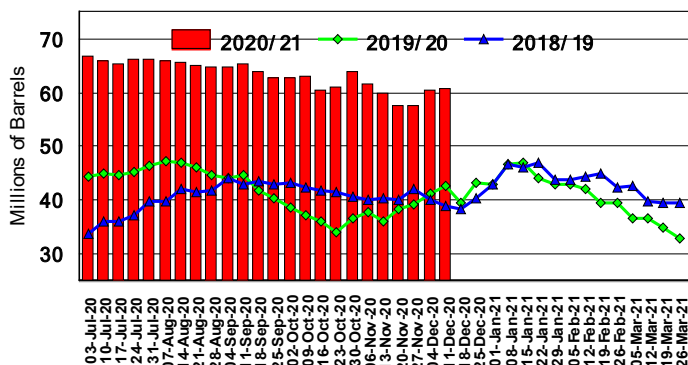
| | | Close | Change |
|---------------|------------------------------------|-----------|-----------|
| Crude - WTI | Feb Brent- WTI Spread \$3.08 | \$48.0000 | \$0.2200 |
| Crude - Brent | | \$51.0800 | \$0.3200 |
| Natural Gas | | \$2.6770 | -\$0.0050 |
| Gasoline | | \$1.3529 | \$0.0261 |

Total U.S. Oil Stocks Excluding SPR



Weekly EIA Petroleum Status Report for the Week Ending December 11, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 3.135 million barrels
 Cushing, OK Crude Stocks Up 198,000 barrels
Gasoline Stocks Up 1.02 million barrels
Distillate Stocks Up 167,000 barrels
Refinery % Operated 79.1%, Down 0.8%

PADD #1

| Distillate Stocks (in million bbls) | Week Ending Dec 11, 2020 | Week Ending Dec 4, 2020 | Week Ending Dec 13, 2019 |
|-------------------------------------|--------------------------|-------------------------|--------------------------|
| New England | 12.0 | 12.9 | 8.1 |
| Central Atlantic | 34.3 | 34.1 | 22.6 |
| Total PADD #1 | 60.9 | 60.4 | 42.6 |
| Distillate Imports (thousands b/d) | 404 | 248 | 174 |