

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures fell from their highest level since January 2020, as traders took profits based on speculation that OPEC and its allies will decide to increase production when they meet next month. According to a Wall Street Journal report, Saudi Arabia plans to announce a reversal of its unilateral output cuts at the March meeting. The possibility of extra supplies overshadowed support from the fourth straight weekly decline in U.S. crude oil inventories and ongoing weather-related energy output and refinery disruptions in Texas. While one may think that the outages in Texas are supportive, the wave of frigid temperatures has forced the shut-in of production in Texas, which has weighed on demand. March WTI fell 62 cents, or 1%, to settle at \$60.52 a barrel after reaching above the \$62 level during trading. April Brent settled at \$63.93 a barrel, down 41 cents, or 0.6%. Petroleum products also experienced losses, with March RBOB down 0.9%, to settle at \$1.7943 a gallon. March heating oil slipped almost 0.1%, to settle at \$1.8364 a gallon.

Technical Analysis: While the cold snap in Texas pushed prices higher on Wednesday, it is a short-lived phenomenon and therefore not enough to keep this market moving higher. There was and possibly still are small spec traders that jumped on the bandwagon, but with the move based on weather, the upside momentum took a hit. March WTI's dip back below the upper line on the ascending channel signaled that there is still underlying weakness in this market. This, coupled with the possibility of OPEC putting more oil on the market is likely to see prices lower on Friday. Support is set at \$59.06, the current 10-day moving average and below that at \$57.40. Resistance is set at \$61.18 and \$62.29.

Fundamental News: The EIA reported that U.S. crude oil stocks fell in the week ending February 12th to their lowest level since March, as exports and refinery utilization increased to their highest in nearly a year. Crude inventories fell by 7.3 million barrels to 461.8 million barrels, while exports increased to 3.9 million bpd, also their highest since March.

The API reported in its monthly report that total petroleum deliveries in January fell by 4.3% on the year to 27.8 million bpd, while output fell by 9.6% to 25 million bpd. It reported that gasoline demand in January fell by 10.7% on the year to 7.8 million bpd, while jet fuel demand fell by 27.9% on the year to 1.2 million bpd. The U.S. was a net exporter of petroleum in January, with exports of 8.2 million bpd and imports of 7.8 million bpd.

A Houston Pilots dispatcher said the Houston Ship Channel was closed on Wednesday night due to a lack of business. The dispatcher said weather was not affecting its operations, adding that refineries were not loading enough vessels.

OPEC+ sources said OPEC+ oil producers are likely to ease curbs on supply after April given a recovery in prices, although any increase in output will be modest as producers are wary of fresh setbacks in the battle against the pandemic. OPEC+ meets to set policy on March 4th. The two key questions for the group will be whether Saudi Arabia rolls back its voluntary cut of 1 million bpd.

Multiple oil processing facilities along the U.S. Gulf Coast have halted operations due to historic sub-zero temperatures in Texas and Louisiana. By Thursday, the deep freeze had shut at least 3.5 million bpd, or about 19%, of U.S. refining capacity. The refiners may take a week or longer to get their frozen oil refineries running safely, even if at reduced rates.

Early Market Call - as of 8:30 AM EDT

WTI - Mar \$59.35, down \$1.17

RBOB - Mar \$1.8030, up 87 points

HO - Mar \$1.8240, down 1.17 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-21	1.8364	-0.0013	-0.0918
Apr-21	1.8228	-0.0010	-0.0844
May-21	1.8121	-0.0023	-0.0782
Jun-21	1.8058	-0.0036	-0.0739
Jul-21	1.8026	-0.0044	-0.0702
Aug-21	1.8009	-0.0047	-0.0675
Sep-21	1.8018	-0.0046	-0.0659
Oct-21	1.8031	-0.0042	-0.0652
Nov-21	1.8035	-0.0036	-0.0646
Dec-21	1.8026	-0.0028	-0.0642
Jan-22	1.8026	-0.0024	-0.0630
Feb-22	1.7987	-0.0019	-0.0610
Mar-22	1.7889	-0.0018	-0.0591
Apr-22	1.7727	-0.0011	-0.0571
May-22	1.7625	-0.0004	-0.0549
Jun-22	1.7546	0.0005	-0.0524
Jul-22	1.7524	0.0005	-0.0501

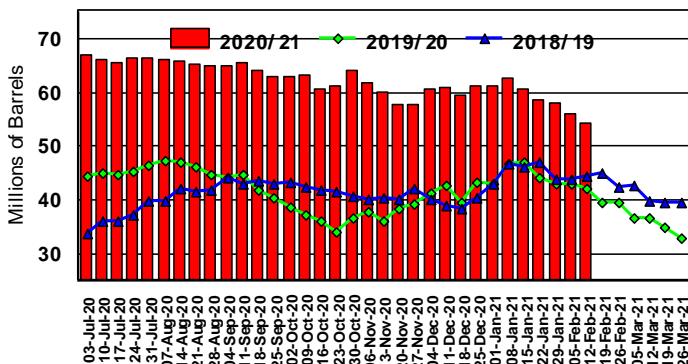
Sprague HeatCurve October 2021-April 2022			\$1.0000
		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.40	\$60.5300	-\$0.6300
Crude - Brent		\$63.9300	-\$0.4100
Natural Gas		\$3.0820	-\$0.1630
Gasoline		\$1.7943	-\$0.0162

EIA Working Gas Storage Report

	05-Feb-21	05-Feb-21	Change	12-Feb-2020
East	485	529	-44	539
Midwest	589	666	-77	655
Mountain	137	150	-13	120
Pacific	244	257	-13	199
South Central	826	915	-89	873
Salt	233	261	-28	260
Nonsalt	593	654	-61	613
Total	2,281	2,518	-237	2,386

Weekly EIA Petroleum Status Report for the Week Ending February 12, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 7.257 million barrels

Cushing, OK Crude Stocks Down 3.028 million barrels

Gasoline Stocks Up 672,000 barrels

Distillate Stocks Down 3.422 million barrels

Refinery % Operated 83.1%, Up 0.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 12, 2021	Week Ending Feb 05, 2021	Week Ending Feb 13, 2020
New England	10.8	11.1	7.0
Central Atlantic	29.7	31.1	22.1
Total PADD #1	54.3	55.9	42.1
Distillate Imports (thousands b/d)	297	333	107