

Market Commentary

All NYMEX | Prior Settlements

Recap: Despite surging cases of the Omicron coronavirus variant, oil futures pulled out gains on Monday, rising to their highest level since November on hopes that there would be a limited impact on global demand in 2022. Brent for February delivery added \$2.46, or 3.2%, to settle at \$86.00 a barrel, while February WTI settled at \$75.57 a barrel, up \$1.78, or 2.4%. Both Brent and WTI rose on Monday to the highest level since Nov. 26. On that day, oil plunged by more than 10% when reports of a new variant first appeared. The benchmarks gained last week after early data suggested that Omicron could cause a milder level of illness. Meanwhile, talks resume Monday between world powers and Iran on reviving Tehran's 2015 nuclear deal. Iran said oil exports were the focus of the talks, which so far appear to have made little progress on boosting Iran's shipments. Also on investors' radar is the next OPEC+ meeting on Jan. 4, at which the producer alliance will decide whether to go ahead with a planned 400,000 barrels-per-day (bpd) production increase in February. OPEC+ stuck to its plans at its last meeting to boost output for January despite Omicron. January RBOB were trading 2.78 cents, or 1.3%, higher to end at \$2.2339 a gallon, while the most-active February contract RBG22, +1.38% added 2.71 cents, or 1.3%, to close at \$2.2304 a gallon. The January RBOB contract expires at the end of the week. January heating oil gained 2.21 cents, or about 1%, to settle at \$2.3535 a gallon. January heating oil contracts also expire at the end of trading on Friday.

Technical Analysis: WTI rose above the 50-day moving average for the first time since the end of November, and continued to rise toward \$76.37 the 38% retracement provided by the August low of \$61.74 and the October high of \$85.41. It appears that traders are putting the omicron variant behind them, and now they are starting to bet on higher oil prices being a consistent issue. If that is going to be the case, then we have much further to go, probably the \$80 level would be the first real target above here. Support is set \$74.10 and below that at \$72.58.

Fundamental News: Iran's Foreign Minister, Hossein Amirabdollahian, said the country's main focus in nuclear talks that resumed in Austria on Monday focused the lifting of all U.S. sanctions. Earlier on Monday he said "the money from the oil (sales) is to be deposited as foreign currency in Iranian banks - so we can enjoy all the economic benefits stipulated in Joint Comprehensive Plan of Action." Iran's oil exports have declined under the U.S. sanctions. Tehran does not disclose data, but assessments based on shipping and other sources suggest a fall from about 2.8 million bpd in 2018 to as low as 200,000 bpd. One survey put exports at 600,000 bpd in June.

Japan's Industry Ministry said it will hold an auction on February 9th to sell about 100,000 kiloliters, or 628,980 barrels, of crude oil from its national reserve as a part of a U.S.-led coordinated release of oil reserve to cool rising prices. The supply, to be taken from its Shibushi tank in southwestern Japan, will become available to the winning bidder on March 20 or later. An official at the ministry said "this is the first round of the planned releases and we will conduct more auctions when we are ready and while we closely watch the international energy markets."

IIR Energy reported that U.S. oil refiners are expected to shut in 285,000 bpd of capacity in the week ending December 31st, which would leave the available refining capacity unchanged from the previous week.

Exxon Mobil said its Baytown, Texas, refinery continued to operate at reduced rates following a fire on December 23rd, and that the unit that suffered the fire remained shut down. The company has not yet determined the cause of the incident, but said it was continuing to de-inventory the unit so it could safely enter the facility and assess what impact it would have on production.

Early Market Call - as of 8:40 AM EDT

WTI - Feb \$76.49, up 93 cents

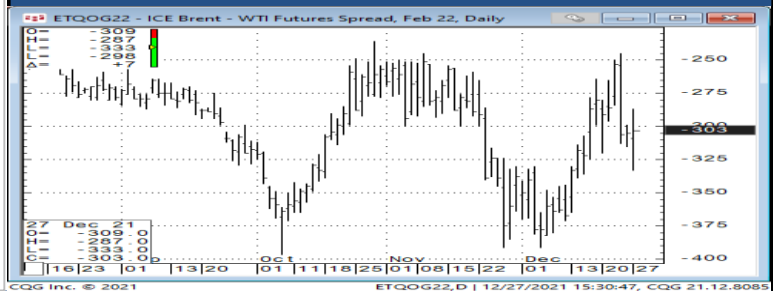
RBOB - Jan \$2.2562, up 2.23 cents

HO - Jan \$2.3844, up 3.09 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.3535	0.0221	0.1805
Feb-22	2.3449	0.0215	0.176
Mar-22	2.3259	0.0227	0.1732
Apr-22	2.3019	0.0236	0.1719
May-22	2.2842	0.0247	0.1699
Jun-22	2.2726	0.0261	0.1672
Jul-22	2.267	0.0273	0.1645
Aug-22	2.2628	0.0281	0.1615
Sep-22	2.2614	0.0285	0.1601
Oct-22	2.2602	0.0289	0.1574
Nov-22	2.2586	0.0292	0.1562
Dec-22	2.2561	0.0293	0.1554
Jan-23	2.2528	0.029	0.1535
Feb-23	2.2448	0.0286	0.1505
Mar-23	2.2328	0.0283	0.1474
Apr-23	2.2163	0.028	0.1448
May-23	2.2045	0.0277	0.1418

Settlements			
		Close	Change
Crude - WTI	Feb Brent-	\$75.5700	\$1.7800
Crude - Brent	WTI Spread	\$78.6000	\$2.4600
Natural Gas	\$3.03	\$4.0600	\$0.3290
Gasoline		\$2.2339	\$0.0278

ICE February Brent-WTI Spread



February Heating Oil Crack Spread

February RBOB Crack Spread

