

Market Commentary

All NYMEX | Prior Settlements

Recap: On Friday, the oil market continued to trend higher, posting a new seven-year high on the escalating tensions over Ukraine. White House National Security Adviser, Jake Sullivan, stated the U.S. believes Russia could take offensive military action or attempt to start a conflict inside Ukraine as early as next week. Also, U.S. Secretary of State, Antony Blinken, said Russia has sent more forces to its border with Ukraine and could launch an invasion at any time before the Beijing Olympics end on February 20th. Earlier, the market was also well supported by the IEA report. The agency increased its 2022 demand estimate by nearly 800,000 bpd to a record level of 100.6 million bpd. The crude market posted a low of \$89.19 in overnight trading before it continued to trend higher. In afternoon trading, the market extended its gains to over \$4.70 as it posted high of \$94.66 ahead of the close. The March WTI contract settled up \$3.22 or 3.58% at \$93.10. Also, the Brent market rallied over the \$95.00 level for the first time since September 2014, posting a high of \$95.64, and settled up \$3.03 or 3.31% at \$94.44.

Technical Analysis: The oil market will continue its upward trend next week, unless there is any news that diffuses the Russian-Ukrainian crisis. While the market may retrace some of its sharp gains on Monday, its losses will remain limited as long there is this geopolitical risk in the market. The market is seen testing the \$95.00 on the upside followed by \$96.35, basis a trendline. Meanwhile, support is seen at \$92.75, \$91.82, \$91.24, \$90.63 and its lows of \$89.19, \$89.03 and \$88.41.

Fundamental News: The International Energy Agency said Saudi Arabia and the United Arab Emirates could help to calm volatile oil markets if they pumped more crude. The IEA said that effective spare capacity could fall from 5.1 million bpd to 2.5 million bpd by the end of the year, held up almost entirely by Saudi Arabia and, to a lesser extent, the UAE. It stated if OPEC+ cuts are fully unwound, world oil output could increase by 6.3 million bpd in 2022, with non-OPEC+ producers adding 2 million bpd of supply in 2022 and OPEC+ adding 4.3 million bpd. The IEA added that a successful outcome to international talks with Iran could lift U.S. sanctions on the country's exports and relieve supply tightness, gradually bringing 1.3 million bpd of Iranian oil back into the market. The head of the IEA's oil markets division, Toril Bosoni, said supply and demand look set to be balanced in the first quarter but are expected to flip into a surplus in the second quarter or second half of the year. The need to refill depleted oil stocks, which in OECD countries have fallen to seven-year lows, means immediate oversupply is unlikely. The IEA reported that oil inventories at 2.68 billion, were 355 million barrels lower than a year ago, the lowest level in seven years. It estimated that global oil supply increased by 560,000 bpd to 98.7 million bpd in January. It said OPEC+ produced 900,000 bpd below target in January, compared with 790,000 bpd in December. It raised its 2022 demand forecast by 800,000 bpd on revisions to historical data. World demand is forecast to increase by 3.2 million bpd to reach 100.6 million bpd this year. It also revised up its forecast for U.S. supply growth in 2022 by 240,000 bpd to 1.2 million bpd. Global refinery throughput will add 3.8 million bpd in 2022. However, it will lag demand growth.

Bank of America said the oil market may see 500,000 to 1 million bpd surplus as a result of an Iranian deal. It said Brent prices would be pushed down by \$10/barrel to \$15/barrel with an oversupply of that magnitude. It said its forecast for Brent to reach \$120/barrel at mid-year is at risk as Iranian negotiations proceed.

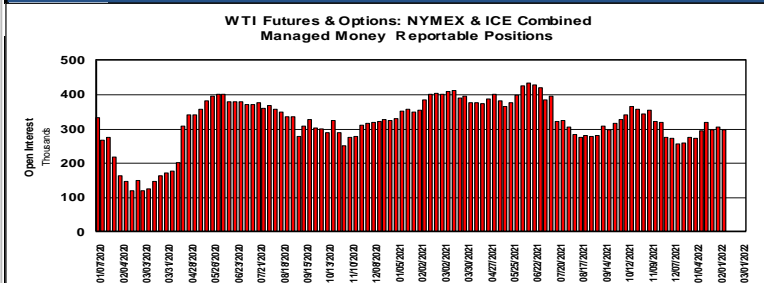
Iranian President, Ebrahim Raisi, said Tehran "never" pins hope on ongoing talks in Vienna aimed at reviving the country's 2015 nuclear agreement with world powers.

Early Market Call - as of 8:25 AM EDT

WTI - Mar \$92.49, down 62 cents
 RBOB - Mar \$2.7151, down 2.35 cents
 HO - Mar \$2.8929, down 1.5 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-22	\$2.9109	\$0.0837	\$0.0358
Apr-22	\$2.8031	\$0.0755	\$0.0430
May-22	\$2.7295	\$0.0647	\$0.0380
Jun-22	\$2.6824	\$0.0568	\$0.0354
Jul-22	\$2.6546	\$0.0524	\$0.0360
Aug-22	\$2.6381	\$0.0494	\$0.0367
Sep-22	\$2.6307	\$0.0472	\$0.0293
Oct-22	\$2.6219	\$0.0456	\$0.0353
Nov-22	\$2.6100	\$0.0439	\$0.0344
Dec-22	\$2.5956	\$0.0425	\$0.0341
Jan-23	\$2.5818	\$0.0416	\$0.0342
Feb-23	\$2.5642	\$0.0406	\$0.0362
Mar-23	\$2.5436	\$0.0394	\$0.0381
Apr-23	\$2.5185	\$0.0384	\$0.0388
May-23	\$2.4984	\$0.0374	\$0.0405
Jun-23	\$2.4804	\$0.0338	\$0.0396
Jul-23	\$2.4722	\$0.0334	\$0.0415

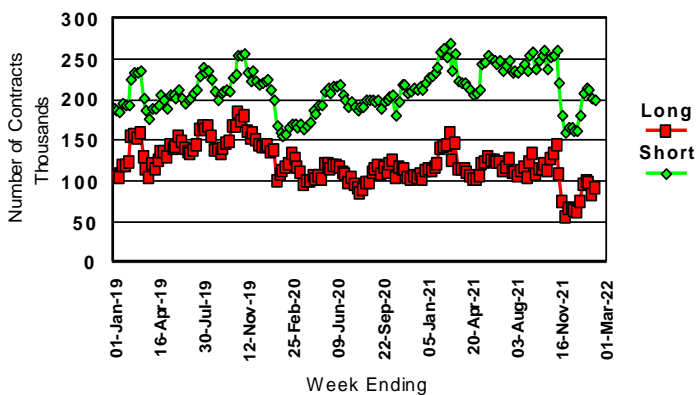
Sprague HeatCurve October 2022-April 2023		\$2.5657
	Close	Change
Crude - WTI	\$91.4200	\$2.8600
Crude - Brent	\$94.4400	\$3.3100
Natural Gas	\$3.9410	-\$0.0180
Gasoline	\$2.7386	\$0.0732



Commitment of Traders Report for the Week Ending February 8, 2022

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

