

Market Commentary

Recap: Oil futures crept higher on Wednesday, as Joe Biden was sworn in as the forty-sixth President of the United States, lifting hopes that he and his administration will roll out an aggressive pandemic package that would spur the economy. This follows Janet Yellen's, Biden's nominee to be U.S. Treasury Secretary, told the Senate Finance Committee that the government should "act big" on coronavirus relief spending, stating that the economic benefits far outweigh the risks of higher debt burden. February WTI tacked on 26 cents, or 0.5%, to settle at \$53.24 a barrel, while March WTI the new front month, added 33 cents, or 0.6%, to settle at \$53.31 a barrel. Brent for March delivery rose 18 cents, or 0.3%, to close at \$56.08 a barrel. February RBOB added 0.4%, to close at \$1.5439 a gallon, while February heating oil closed up 0.1%, at \$1.6004 a gallon.

Market Outlook: While oil futures traded higher based on "expectations" for a stimulus package, there are other factors to consider. Biden has said that he would look to ban fracking on federal lands, which would negatively impact U.S. production, supportive for oil prices. However, it is expected that he will take a softer position on Iran, with the possibility of lifting sanctions, putting more oil on the market, bearish for oil prices. Then there is OPEC+, who has pledged to limit production, while demand from China has increased. In the short-term, traders believe that Yellen's declaration will help spur the economy and in turn increase demand, while at the same time put pressure on the U.S. dollar, enticing foreign demand. For now, we would look for a run at \$55, were there is quite a bit of resistance. We would still be willing to buy on dips for in and out trading. Support is set at \$52.50 and below that at \$50.80.

Fundamental News: The Joint Organizations Data Initiative reported that Saudi Arabia's crude production was little changed at 8.97 million bpd in November. Saudi Arabia's crude oil exports increased for a fifth consecutive month in November to 6.354 million bpd from 6.159 million bpd in October. The country's oil products exports fell by 149,000 bpd to 1.067 million bpd in November. Total crude and oil products exports increased by 46,000 bpd to 7.42 million bpd in November. Saudi Arabia's crude stocks fell by 1.227 million barrels to 143.432 million barrels in November. Its domestic refinery crude throughput fell by 63,000 bpd to 2.339 million bpd in November.

Shell lifted the force majeure imposed on exports of Nigeria's Forcados crude oil. The decision went into effect on Sunday morning after force majeure had been declared on Thursday. Forcados exports typically reach about 250,000 bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.9 million bpd of capacity in the week ending January 22nd, increasing available refining capacity by 62,000 bpd from the previous week. Offline capacity is expected to decrease to 3.6 million bpd in the week ending January 29th.

Incoming Press Secretary, Jen Psaki, said Joe Biden will sign 15 executive orders and memorandums in the Oval Office after he is sworn in as U.S. President to address the "crises" of the pandemic, the economy, climate change and racial inequity. The actions include a mask mandate on federal property and for federal employees and an order to establish a new White House office coordinating the response to the coronavirus. Biden will also begin the process of re-entering the Paris climate accord and issue a sweeping order tackling climate change, including the revocation of a permit for the Keystone XL oil pipeline project from Canada, and a moratorium on oil and gas leasing activities in the Alaska National Wildlife Refuge that the Trump administration had recently opened to development. Biden's orders will also require government agencies to consider revising vehicle fuel efficiency standards and methane emissions curbs, and to study the possibility of re-expanding the boundaries of wilderness national monuments that had been reduced in size by the Trump administration.

Early Market Call - as of 8:30 AM EDT

WTI - Feb \$53.12, down 19 cents

RBOB - Feb \$1.5424, down 13 points

HO - Feb \$1.5979, down 46 points

All NYMEX | Prior Settlements

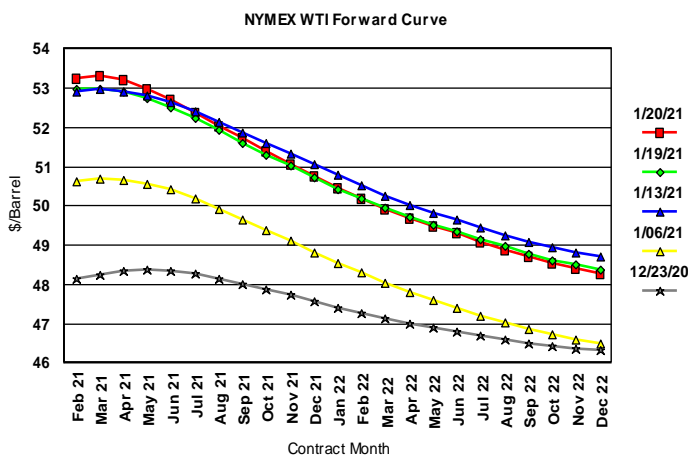
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-21	\$1.6004	\$0.0017	-\$0.0015
Mar-21	\$1.6025	\$0.0023	-\$0.0023
Apr-21	\$1.6010	\$0.0032	-\$0.0042
May-21	\$1.6007	\$0.0042	-\$0.0061
Jun-21	\$1.6019	\$0.0050	-\$0.0075
Jul-21	\$1.6057	\$0.0053	-\$0.0079
Aug-21	\$1.6098	\$0.0054	-\$0.0082
Sep-21	\$1.6146	\$0.0055	-\$0.0088
Oct-21	\$1.6195	\$0.0057	-\$0.0098
Nov-21	\$1.6229	\$0.0058	-\$0.0098
Dec-21	\$1.6243	\$0.0056	-\$0.0096
Jan-22	\$1.6273	\$0.0056	-\$0.0097
Feb-22	\$1.6264	\$0.0056	-\$0.0093
Mar-22	\$1.6190	\$0.0056	-\$0.0087
Apr-22	\$1.6059	\$0.0057	-\$0.0085
May-22	\$1.5997	\$0.0057	-\$0.0080
Jun-22	\$1.5961	\$0.0054	-\$0.0075

		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$2.77	\$53.3100	\$0.3300
Crude - Brent		\$56.0800	\$0.1800
Natural Gas		\$2.5390	-\$0.0070
Gasoline		\$1.5439	\$0.0058

API Report for the Week Ending January 15, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 2.5 million barrels	Down 1/2/2.5 million barrels
Cushing, OK Crude Stocks	Down 4.3 million barrels	
Gasoline Stocks	Up 1.1 million barrels	Up 2.7 million barrels
Distillate Stocks	Up 800,000 barrels	Up 600,000/1.2 million barrels
Refinery Runs	Up 294,000 bpd	Down 0.8%, at 81.2%
Crude Imports	Up 342,000 bpd	

WTI Forward Curve



8-14 Day Weather Forecast

