



Archer Financial Services, Inc.

Energy Brief

March 10, 2021

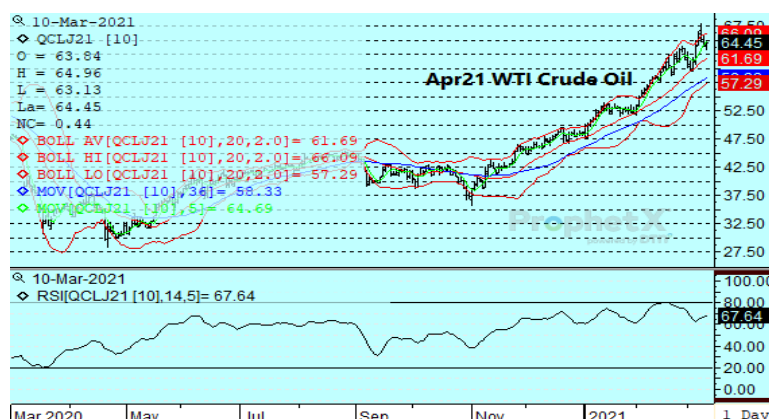
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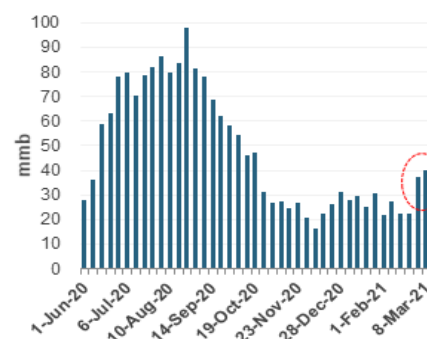
Price Overview

The petroleum complex traded on both sides of unchanged before settling higher. Early support to values in response to upward revisions in global economic forecasts by the OECD lacked follow through. Instead selling developed in crude while products traded mixed on concerns that global crude inventories are rebuilding and suggestions that Saudi Arabia had not followed through on voluntary cuts in February. Short covering in advance of the OPEC Monthly report and passage of the US COVID Relief package helped reverse the losses late in the session.



OECD forecasts that the global economy was set to rebound with 5.6 percent growth this year and a further 4 percent in 2022 compared to previous expectations of 4.2 percent were ignored. Instead, the market focused on the fact that crude inventories in the US, Europe and Asia had built for the first time in 6 weeks by 21.2 mb. Although the bulk of the increase was attributable to the severe weather in Texas and reduced refinery runs, some concern over sluggish demand in China was also noted. In addition, reports that crude oil stored at sea has recently risen also weighed on values. Some questions over the commitment of Saudi

China's Floating Crude Inventories



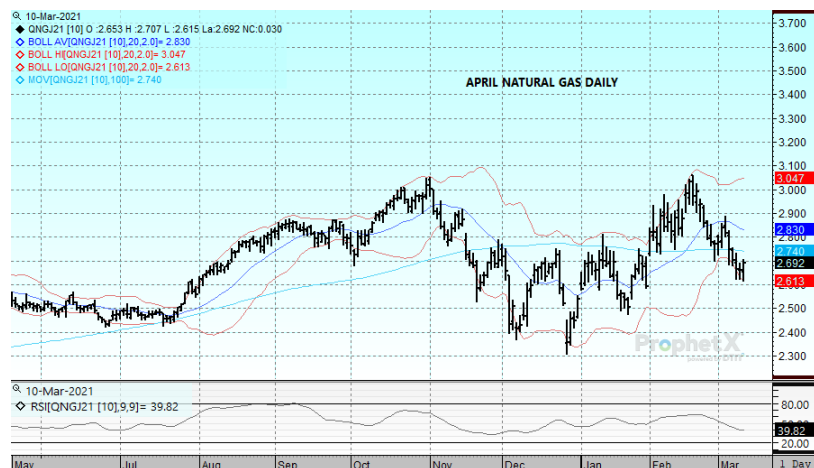
Source: Kpler

Arabia to their voluntary cut also arose. The report by oil tracker Petro Logistics suggested the cut in February was only 600 tb/d compared to 1.0 mb/d promised. It is expected that Saudi Arabia will report on their exports this Thursday when the OPEC Monthly Report is released.

The DOE showed a large build of 13.8 mb in crude inventories, despite a substantial jump in refinery utilization to 69 percent from 56 the prior week. Total petroleum inventories rose 1.3 mb, with gasoline showing a sizable draw of 11.9 mb while distillates were off 5.5. Domestic crude production rose to 10.9 mb from 10.0 in the prior week. Total product supplied remained lackluster at 18.7 mb and is off 5.3 percent this year, with gasoline off 10.6 percent, jet kero off 29.8, and distillate up 3.9 percent against year ago levels year to date.

Natural Gas

The market struggled early in the session with a new low for the move reached at 2.615 basis April. Weather continues to offer little in the way of demand hope as morning revisions further lowered HDD expectations in the 15 day outlooks. Tomorrow's storage forecast has a wide range of estimates, with the average near a 56 bcf draw compared to the 5 year at 84. The remainder of the month is obviously pointing to more below normal draws before the season comes to an end. Prices did manage to rally late in the day to settle higher for the first time in six sessions. The buying appeared to be based on short covering and hopes that the passage of the stimulus bill along with vaccine progress will spur improved demand. Upside potential remains limited by the lack of weather risk as we move into the shoulder season. Look for range bound trade between 2.65 and 2.80.



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