

## Market Commentary

**Fundamental News:** The US EIA reported that US crude oil production in October increased to a record 12.66 million bpd from a revised 12.48 million bpd in September. It also reported that US total oil demand in October increased by 0.2% or 38,000 bpd on the year to 20.772 million bpd. US gasoline demand in October increased by 0.5% or 43,000 bpd to 9.337 million bpd, while its distillate demand in October fell by 2.9% or 126,000 bpd to 4.222 million bpd. Total refined oil product exports fell to 3.091 million bpd in October from 3.38 million bpd in September. US crude oil exports increased to 3.383 million bpd in October from 3.092 million bpd in September. The EIA also reported that US shipments of crude via rail in October increased by 39,000 bpd on the month to 702,000 bpd. Shipments within the US in October increased by 32,000 bpd on the month to 379,000 bpd, while shipments from Canada to the US increased by 7,000 to 323,000 bpd.

A new dispute over oil could be brewing between Russia and Belarus as Russian suppliers divert large volumes of crude to domestic ports in lieu of a deal on 2020 deliveries between the two countries. As of December 31<sup>st</sup>, Russia and Belarus are yet to agree on oil supply and transit terms for next year. The two countries disagree on various issues regarding oil supply in 2020, but primarily over price.

China's Commerce Ministry said the country has set its 2020 fuel oil import quota for non-state companies at 16.2 million tons, unchanged from 2019.

A 24,000 bpd hydrocracker at PBF's 155,000 bpd Torrance, California refinery was shut on Saturday afternoon.

Increased, intermittent flaring began at a LOU flare at Motiva's Port Arthur facility on Monday morning. Increased heating at the quench tower associated with an ethylene cracker also began at that time. Overall activity at the unit has remained below normal operational levels. The ethylene cracker has been shut since November 14<sup>th</sup> due to an unplanned outage.

Increased activity began at multiple units at Phillips 66's 139,000 bpd Wilmington refinery on Sunday evening, including at a 20,000 bpd catalytic reformer, 16,000 bpd catalytic reformer and 19,000 bpd naphtha hydrotreater. The units have been shut since early December 25<sup>th</sup> following a small fire at a boiler plant. Activity at the units has remained below normal operational levels so far.

Exxon Mobil Corp reported operations requiring flaring at its 369,024 bpd Beaumont, Texas complex.

Kuwait Petroleum Corp said its International Marketing Sector has concluded the sale of its first shipment of low sulfur diesel with a sulfur content of 10 ppm, to be shipped during January 2020. The shipment is considered the first shipment to be sold to the international market concurrent with the start-up of the Clean Fuel Project units in its KNPC refineries.

US President, Donald Trump, said that Phase 1 of the US-China trade deal with China would be signed on January 15<sup>th</sup> at the White House. He wrote in a tweet that he would sign the deal with "high level representatives of China" and that he would later travel to Beijing to begin talks on the next phase. Earlier, US President, Donald Trump, said that Iran was "orchestrating" an attack on the US embassy in Iraq and will be held responsible for it.

The US State Department said Iraqi leaders guaranteed the safety of American personnel and property on Tuesday in a telephone call with Secretary of State, Mike Pompeo.

**Early Market Call - as of 8:55 AM EDT**

WTI - Feb \$61.11, up 5 cents  
 RBOB - Feb \$1.7048, up 1.46 cents  
 HO - Feb \$2.0307, up 77 points

## All NYMEX | Prior Settlements

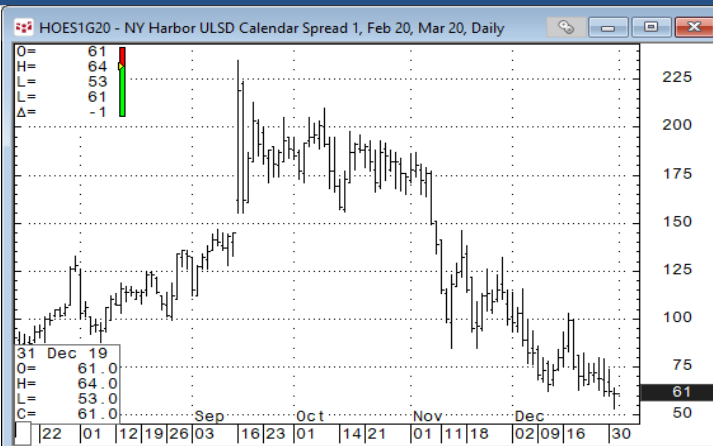
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	2.0283	-0.0123	0.0080
Feb-20	2.0228	-0.0210	0.0208
Mar-20	2.0165	-0.0211	0.0138
Apr-20	1.9997	-0.0207	0.0133
May-20	1.9842	-0.0204	0.0136
Jun-20	1.9713	-0.0201	0.0134
Jul-20	1.9655	-0.0200	0.0132
Aug-20	1.9606	-0.0201	0.0132
Sep-20	1.9576	-0.0196	0.0130
Oct-20	1.9549	-0.0190	0.0129
Nov-20	1.9524	-0.0185	0.0131
Dec-20	1.9495	-0.0181	0.0132
Jan-21	1.9461	-0.0180	0.0136
Feb-21	1.9356	-0.0179	0.0140
Mar-21	1.9199	-0.0175	0.0145
Apr-21	1.8973	-0.0172	0.0156
May-21	1.8828	-0.0167	0.0159

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$60.7700	-\$0.6700
Crude - Brent	WTI Spread	\$66.0000	-\$0.6700
Natural Gas	\$5.23	\$2.1890	\$0.0030
Gasoline		\$1.6978	-\$0.0305

### API Report for the Week Ending December 27, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 7.8 million barrels	Down 3.1 million barrels
Cushing, OK Crude Stocks	Down 1.4 million barrels	
Gasoline Stocks	Down 776,000 barrels	Up 3.7 million barrels
Distillate Stocks	Up 2.8 million barrels	Up 3.2 million barrels
Refinery Runs	Up 74,000 b/d	Up 0.5% at 93.8%

## Heating Oil Feb-Mar Spread



## RBOB Feb-Mar Spread

