

## Market Commentary

**Recap:** Oil prices rose by as much as 3 percent on Tuesday after falling more than 2 percent on Monday. The rise in prices came as China presented measures to stabilize its slowing economy. Since the beginning of the New Year, oil prices have been rising as economic woes begin to subside, amidst hopes that the trade dispute between the U.S. and China can be resolved and as production cuts led by OPEC get underway. February WTI rose to a high of \$52.30 a barrel before trimming gains for a settlement of \$52.11 a barrel, up \$1.60, or 3.17%, while Brent for March delivery tacked on \$1.65, or 2.8%, to settle at \$60.64 a barrel. February RBOB added 3.5% to \$1.411 a gallon, while February heating oil rose 1.1% to \$1.872 a gallon.

**Technical Analysis:** It appears that an inverse head and shoulders pattern may be forming on the daily spot continuation chart for WTI. Currently, it appears that the market is in the phase of building the right shoulder for this pattern, with a little more sideways trading need to complete it. We will continue to monitor market activity, looking for a completion of this pattern. Should this occur a break above the neckline will be met with more aggressive buying. Resistance is set at \$53.30 and \$54.55. To the downside support is set at \$50.46 and \$49.90, the current 10-day moving average.

**Fundamental News:** In its Short Term Energy Outlook, the EIA raised its 2019 world oil demand growth forecast by 20,000 bpd from its previous estimate to 1.54 million bpd. World oil demand is expected to total 101.54 million bpd in 2019 and increase by 1.53 million bpd to 103.07 million bpd in 2020. The EIA reported that total world supply is estimated to increase by 1.38 million bpd in 2019 to 101.79 million bpd and increase by 1.7 million bpd to 103.49 million bpd in 2020. OPEC oil production is expected to fall by 1.04 million bpd to 30.88 million bpd in 2019 and increase by 20,000 bpd to 30.9 million bpd in 2020. Non-OPEC oil production is expected to increase by 2.37 million bpd to 65.54 million bpd in 2019 and by 1.9 million bpd to 67.44 million bpd in 2020. The EIA also reported that US oil demand is expected to increase by 310,000 bpd to 20.77 million bpd in 2019 and increase by 240,000 bpd to 21.01 million bpd in 2020. Gasoline demand in 2019 is expected to increase by 60,000 bpd to 9.35 million bpd and remain unchanged in 2020. Distillate demand in 2019 is forecast to increase by 20,000 bpd to 4.16 million bpd and increase by 30,000 bpd to 4.19 million bpd in 2020. Total US oil production is expected to increase by 1.14 million bpd to 12.07 million bpd in 2019 and increase by 790,000 bpd to 12.86 million bpd in 2020. The EIA forecast that Brent prices will average \$61/barrel in 2019 and \$65/barrel in 2020. The price of WTI is expected to average \$8/barrel lower than Brent prices in the first quarter of 2019 before the discount gradually falls to \$4/barrel in the fourth quarter of 2019 and throughout 2020.

Saudi Arabia expects domestic energy consumption to fall by 1.5 million bpd to 2 million bpd of oil equivalent by 2030 as a result of moves a year ago to increase gasoline and electricity prices.

Oil flows to Libya's Ras Lanuf, Hariga and Zueitina ports are continuing despite port closures as a result of bad weather. However, flows through the Es Sider terminal have been impacted. The ports have sufficient storage to stockpile oil until they reopen.

OPEC and its allies will meet on April 17-18 in Vienna to review their oil supply cut agreement. In addition, a panel that monitors the supply cut agreement, called the Joint Ministerial Monitoring Committee, is likely to meet on March 17-18 in Baku, Azerbaijan. A source said next month, officials will likely meet on February 7-8 and February 18-19 for more work on the framework for an OPEC and non-OPEC long-term cooperation agreement.

### Early Market Call - as of 8:35 AM EDT

WTI - Feb \$51.57, down 54 cents

RBOB - Feb \$1.3997, down 1.12 cents

HO - Feb \$1.8629, down 81 points

## All NYMEX | Prior Settlements

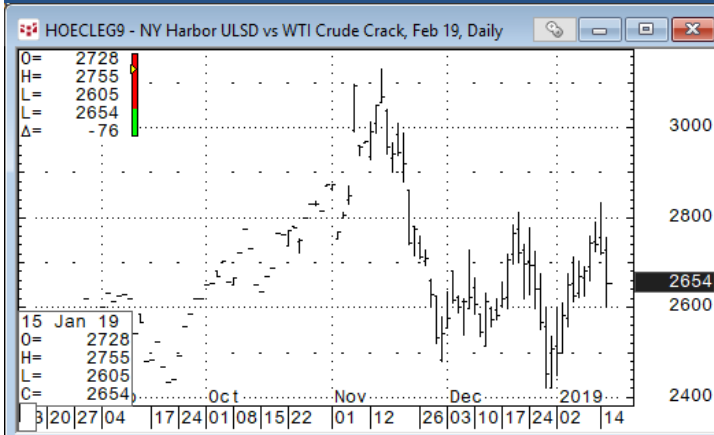
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8722	\$0.0197	\$0.0452
Mar-19	\$1.8650	\$0.0226	\$0.0456
Apr-19	\$1.8503	\$0.0244	\$0.0426
May-19	\$1.8465	\$0.0249	\$0.0421
Jun-19	\$1.8494	\$0.0252	\$0.0402
Jul-19	\$1.8574	\$0.0254	\$0.0383
Aug-19	\$1.8656	\$0.0257	\$0.0374
Sep-19	\$1.8751	\$0.0265	\$0.0371
Oct-19	\$1.8847	\$0.0274	\$0.0374
Nov-19	\$1.8938	\$0.0283	\$0.0383
Dec-19	\$1.9015	\$0.0287	\$0.0385
Jan-20	\$1.9081	\$0.0290	\$0.0384
Feb-20	\$1.9089	\$0.0293	\$0.0384
Mar-20	\$1.9059	\$0.0297	\$0.0384
Apr-20	\$1.8981	\$0.0298	\$0.0364
May-20	\$1.8979	\$0.0297	\$0.0343
Jun-20	\$1.9006	\$0.0296	\$0.0298

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$52.3900	\$1.5900
Crude - Brent	WTI Spread	\$60.6400	\$1.6500
Natural Gas	\$8.25	\$3.5010	-\$0.0900
Gasoline		\$1.4114	\$0.0476

## API Weekly Report for the Week Ending January 11, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 560,000 barrels	Down 250,000-1.5 million barrels
Cushing, OK Crude Stocks	Down 796,000 barrels	
Gasoline Stocks	Up 5.991 million barrels	Up 2.6-3.2 million barrels
Distillate Stocks	Up 3.214 million barrels	Up 900,000-1.5 million barrels
Refinery Runs	Down 159,000 bpd	Down 0.5% to 95.6%

## February Heating Oil Crack Spread



## February RBOB Crack Spread

