

Market Commentary

Recap: After staging a comeback on Wednesday, oil prices reversed course on Thursday, with prices falling on pressure by concerns over a faltering global economy and worries about a glut in crude supply. According to the U.S. Conference Board, U.S. consumer confidence fell 8.9 points during December, triggering a retreat in U.S. stocks, which in turn weighed heavily on oil prices, pushing February WTI down as much as 4 percent, and back below \$45.00 a barrel. Despite a faint recovery, prices retreated to the downside in pre-settlement trading, with February WTI falling to a fresh session low of \$44.37. This spot contract settled at \$44.61 a barrel, down \$1.61, or 3.5 percent. Brent for February delivery settled at \$52.16, down \$2.31, or 4.24 percent.

Technical Analysis: February WTI's break back below \$45.00 sets up this spot contract for a test at the \$43.00 level. Below this level additional support can be found at \$42.50. A settlement below this level could push prices back to \$40.81, the lows of June 2017. Resistance is set at \$46.44, the current 10-day moving average and above that at \$47.28. A push above this level opens up for an opportunity to test \$50.00.

Fundamental News: Russia's Energy Minister, Alexander Novak, said rising protectionism and trade wars and the unpredictability of the US administration have greatly contributed to global oil price volatility over the past two years. Oil prices have been volatile, falling by more than a third this quarter, partly due to rising oil production in the US. He also stated that the US decision to allow some countries to trade Iranian oil after imposing sanctions on Iran was one of the main factors behind this month's global pact to cut output by 1.2 million bpd. According to the minister, Russia would cut its output by between 3 and 5 million tons in the first half of 2019 as part of the deal and then it would be able to restore it to 556 million tons or 11.12 million bpd for the whole 2019, on par with 2018. Russia's Energy Minister also stated that it is highly unlikely that OPEC and other oil producers would set up a joint structure due to the additional red tape it would create as well as the risk of US monopoly-related sanctions.

The North Sea Oseberg crude oil stream will load four cargoes in February, down from five in January. The Troll crude stream will load nine cargoes, two more than in January. The Ekofisk crude stream will export 13 cargoes in February, unchanged on the month.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending December 27th increased by 20.26% on the week and by 49.41% on the year to 1.276 million tons, while gasoil stocks fell by 0.91% on the week and by 4.9% on the year to 2.058 million tons and fuel oil stocks fell by 24.98% on the week but increased by 19.5% on the year to 1.078 million tons. Naphtha stocks fell by 18.25% on the week and by 27.85% on the year to 215,000 tons, while jet fuel stocks fell by 2.51% on the week and by 15.14% on the year.

Gazprom Neft's chief executive officer, Alexander Dyukov, said the company's strategic plans are sustainable even at low prices. He said Gazprom Neft has used an oil price of \$50/barrel in its plans for 2019 and its new strategy sees production rising faster than the market average.

Japan's Ministry of Finance reported that the country's crude imports in November increased by 2.2% on the year to 15.744 million kiloliters.

Early Market Call - as of 8:15 AM EDT

WTI - Feb \$44.94, up 32 cents
 RBOB - Jan \$1.3080, down 13 points
 HO - Jan \$1.6789, down 3 points

All NYMEX | Prior Settlements

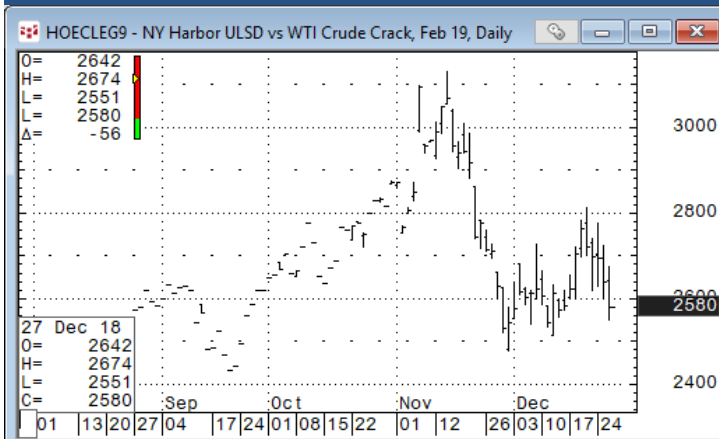
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.6783	-\$0.0553	-\$0.0714
Feb-19	\$1.6735	-\$0.0545	-\$0.0636
Mar-19	\$1.6631	-\$0.0518	-\$0.0598
Apr-19	\$1.6517	-\$0.0489	-\$0.0553
May-19	\$1.6516	-\$0.0480	-\$0.0530
Jun-19	\$1.6600	-\$0.0466	-\$0.0495
Jul-19	\$1.6740	-\$0.0452	-\$0.0471
Aug-19	\$1.6875	-\$0.0439	-\$0.0453
Sep-19	\$1.7006	-\$0.0432	-\$0.0446
Oct-19	\$1.7117	-\$0.0428	-\$0.0444
Nov-19	\$1.7209	-\$0.0421	-\$0.0440
Dec-19	\$1.7285	-\$0.0415	-\$0.0436
Jan-20	\$1.7357	-\$0.0412	-\$0.0432
Feb-20	\$1.7379	-\$0.0413	-\$0.0431
Mar-20	\$1.7371	-\$0.0413	-\$0.0435
Apr-20	\$1.7332	-\$0.0408	-\$0.0433
May-20	\$1.7370	-\$0.0407	-\$0.0431

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$44.6100	-\$1.6100
Crude - Brent	WTI Spread	\$52.1600	-\$2.3100
Natural Gas	\$7.55	\$3.6420	\$0.0990
Gasoline		\$1.3040	-\$0.0264

API Weekly Report for the Week Ending December 21, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 6.9 million barrels	Down 2.9 million barrels
Cushing, OK Crude Stocks	Up 1.8 million barrels	
Gasoline Stocks	Up 3.7 million barrels	unchanged
Distillate Stocks	Down 598,000 barrels	Down 529,000 barrels
Refinery Runs	Up 159,000 bpd	Up 0.3% at 95.7%

February Heating Oil Crack Spread



February RBOB Crack Spread

