

Market Commentary

Recap: Oil prices fell 3% on Thursday to a fresh three month low on concerns over the potential economic impact of the coronavirus that continues to spread worldwide, while the market also considered the possibility of an early OPEC meeting. Both WTI and Brent are down approximately 17.5% from recent highs, as they draw closer to bear market territory. Entry into a bear market is defined by a price drop of at least 20% from a recent high. March WTI fell to a session low of \$51.66 a barrel before recouping some of its losses to settle at \$52.14 a barrel, down \$1.19 or 2.23%. Brent for March delivery slipped below \$58.00, to bottom out at \$57.71 a barrel before paring losses to settle at \$58.29 a barrel, down \$1.52, or 2.54%. February RBOB fell 2.4% to \$1.4937 a gallon, while February heating oil lost nearly 3.8% at \$1.6396 a gallon—the lowest finish since August 2017. The February contracts expire at the end of Friday's session.

Technical Analysis: WTI is drawing closer to entering a bear market, with the March contract having fallen more than 17% from its January high of \$65.74. That being said, there is an awful lot of support between the \$52.50 level and \$50.00, making it difficult for this market to gain momentum to the downside. With the \$50.00 level being a significant psychological area of support, we could also see traders launch into bottom picking mode. Resistance is set at \$55.05, the current 10-day moving average and above that \$57.00, the 200-day moving average. Support is found at \$52.00 and \$50.18.

Fundamental News: Genscape reported that crude stocks held in Cushing, Oklahoma in the week ending Tuesday, January 28th increased by 1,136,868 barrels on the week and by 1,852,631 barrels from Friday, January 24th to 37,586,403 barrels.

Russia's oil and condensate production increased to 11.28 million bpd on January 1-29 from 11.26 million bpd on average in December.

With the Libyan National Army's blockade of the country's oil ports continuing for the second week, there is a greater urgency from traders searching for alternative oil to fill a 1 million bpd deficit. A force majeure remains on exports from the port of Brega, Ras Lanuf, Marsa el Hariga, Zueitina and Es Sider. Libya is producing about 260,000 bpd and that could fall to as low as 72,000 bpd within days. Four countries, China, France, Italy and Spain, buy about 70% of all Libyan crude exports, with Italy taking about 30% of total Libyan volumes.

Saudi Arabia has opened a discussion about moving the upcoming OPEC+ policy meeting to early February from March. An OPEC source stated that no final decision over the new date of the meeting has been made, and not all OPEC members are on board yet, with Iran a possible contender to oppose the move.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp storage hub in the week ending January 30th increased by 0.49% on the week but fell by 25.89% on the year to 1.019 million tons. Gasoil stocks increased by 10.4% on the week and by 7.33% on the year to 2.548 million tons, while fuel oil stocks fell by 4.07% on the week but increased by 4.55% on the year to 989,000 tons. Naphtha stocks increased by 25.79% on the week and by 14.88% on the year to 278,000 tons, while jet fuel stocks fell by 5.33% on the week and by 24.58% on the year to 497,000 tons.

Early Market Call - as of 8:35 AM EDT

WTI - Mar \$52.33, up 18 cents

RBOB - Feb \$1.5067, up 1.5 cents

HO - Feb \$1.6505, up 1.79 cents

All NYMEX | Prior Settlements

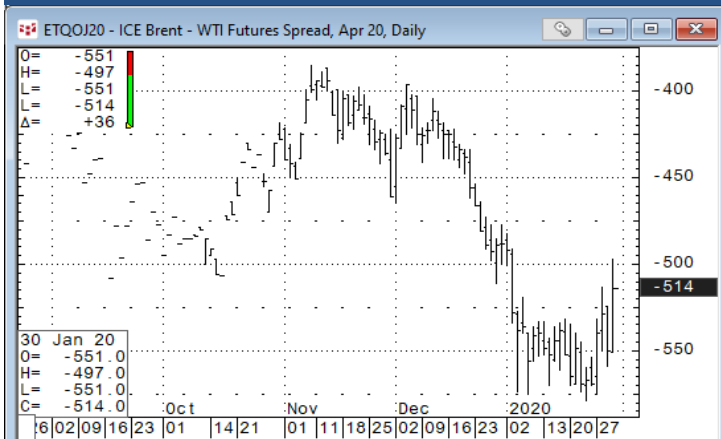
Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-20	1.6396	-0.0639	0.1496
Mar-20	1.6420	-0.0623	0.1523
Apr-20	1.6443	-0.0615	0.1509
May-20	1.6482	-0.0601	0.1476
Jun-20	1.6535	-0.0580	0.1429
Jul-20	1.6595	-0.0555	0.1381
Aug-20	1.6662	-0.0533	0.1333
Sep-20	1.6740	-0.0516	0.1284
Oct-20	1.6814	-0.0499	0.1235
Nov-20	1.6875	-0.0484	0.1196
Dec-20	1.6923	-0.0469	0.1156
Jan-21	1.6981	-0.0453	0.1108
Feb-21	1.6999	-0.0435	0.1056
Mar-21	1.6961	-0.0416	0.1000
Apr-21	1.6864	-0.0393	0.0938
May-21	1.6837	-0.0370	0.0876
Jun-21	1.6829	-0.0352	0.0824

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$52.1400	-\$1.1900
Crude - Brent	WTI Spread	\$58.2900	-\$1.5200
Natural Gas	\$6.15	\$1.8290	-\$0.0360
Gasoline		\$1.4937	-\$0.0371

EIA Working Gas Storage Report

	24-Jan-20	17-Jan-20	Change	Year Ago
East	638	696	-58	533
Midwest	761	815	-54	616
Mountain	143	151	-8	115
Pacific	210	220	-10	179
South Central	995	1,065	-70	778
Salt	297	328	-31	280
Nonsalt	698	737	-39	498
Total	2,746	2,947	-201	2,222

ICE April Brent-WTI Spread



NYMEX WTI Forward Curve

