

Market Commentary

Recap: Oil prices traded on both sides of unchanged Thursday, as traders grew less confident that the U.S. and China would strike a compromise during trade talks and as weak Chinese economic data left investors leery. Prices drifted lower in overnight trading, but by daybreak, they reversed course to trade at their highest level in four weeks. A rise in U.S. equity markets helped crude oil futures to hold on to gains, with both Brent and WTI posting modest gains. February WTI settled at \$52.59 a barrel, up 23 cents, or 0.44%, while Brent for March delivery climbed 24 cents, or 0.39%, to settle at \$61.68 a barrel. February RBOB rose 0.4% to \$1.431 a gallon, while February heating oil added 1.4% to \$1.906 a gallon. Given Wednesday's run-up in crude oil prices, one would think that open interest would have increased however, this is not the case. Total open interest for WTI fell 0.89%, with the February contract losing 11.8% of its open interest. It appears that traders are more comfortable with holding long positions in the deferred, as the next three months out saw an increase of 3.7%. When comparing the first 5 days of trading for 2019 with the last day of trading for 2018, open interest is lagging behind that of past years.

Technical Analysis: February WTI came back to test the descending trend line it broke through on Wednesday and with its failure to penetrate, this spot contract quickly bounced back to the upside. This type of move validates the break, indicating further upside potential. Resistance is set at \$53.60 and \$54.87. Support is set at the 50-day moving average of \$52.12 and \$51.56, the aforementioned line.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, January 8th fell by 1,244,180 barrels on the week and by 678,955 barrels from Friday, January 4th to 43,328,865 barrels.

Iran's Oil Minister, Bijan Zanganeh, said US sanctions against his country were fully illegal and added that Iran will not comply with them. Speaking at a joint news conference in Baghdad with Iraq's Oil Minister, Thamer al-Ghadhban, he also said that Iran would not discuss the volume or destination of its oil exports while it remained under US sanctions. Iraq's Oil Minister said Iraq had not reached an agreement with Iran to develop joint oilfields.

The Norwegian Petroleum Directorate said Norway's oil output in 2019 will be less than previously forecast and will reach its lowest level in three decades. Investment in Norway increased after a decline due to a fall in oil prices in 2014 to 2016. Despite that, oil output in 2017 of 86.2 million cubic meters or 542 million barrels, missed the 90.2 mcm forecast made a year ago. The Norwegian Petroleum Directorate said that output in 2019 was expected to be 82.2 mcm, compared with a previous forecast of 87.2 mcm.

Alberta's government maintained its mandated oil curtailment in February at the same level as January even as Canadian heavy oil prices increased. The province's oil producers will collectively have to cut output by 325,000 bpd in February.

Euroilstock reported that European crude and oil products stocks in December increased by 0.4% on the month but fell by 0.1% on the year to 1.08 billion barrels. European crude stocks in December increased by 0.5% on the month and 2.1% on the year to 470.34 million barrels while gasoline stocks increased by 2.5% on the month but fell by 5.5% on the year to 114.41 million barrels, middle distillates stocks were unchanged on the month but fell by 1.8% on the year to 399.15 million barrels and fuel oil stocks fell by 0.5% on the month but increased by 3.7% on the year to 66.56 million barrels. European refinery intake in December increased by 1.3% on the month but fell by 3.6% on the year to 10.538 million bpd.

Early Market Call - as of 8:15 AM EDT

WTI - Feb \$52.26, down 33 cents
 RBOB - Feb \$1.4164, down 1.46 cents
 HO - Feb \$1.8970, down 92 points

All NYMEX | Prior Settlements

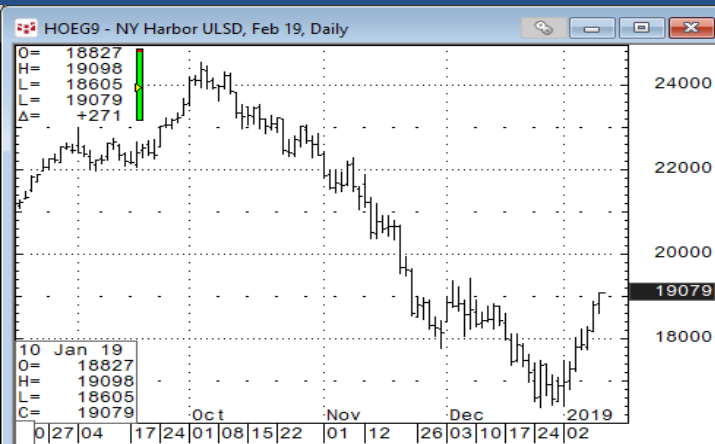
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.9061	\$0.0253	\$0.1641
Mar-19	\$1.9005	\$0.0257	\$0.1679
Apr-19	\$1.8886	\$0.0256	\$0.1694
May-19	\$1.8849	\$0.0253	\$0.1682
Jun-19	\$1.8880	\$0.0242	\$0.1645
Jul-19	\$1.8966	\$0.0233	\$0.1605
Aug-19	\$1.9051	\$0.0227	\$0.1573
Sep-19	\$1.9142	\$0.0224	\$0.1547
Oct-19	\$1.9231	\$0.0222	\$0.1532
Nov-19	\$1.9312	\$0.0222	\$0.1524
Dec-19	\$1.9385	\$0.0221	\$0.1525
Jan-20	\$1.9449	\$0.0220	\$0.1520
Feb-20	\$1.9454	\$0.0222	\$0.1516
Mar-20	\$1.9420	\$0.0224	\$0.1510
Apr-20	\$1.9341	\$0.0210	\$0.1482
May-20	\$1.9340	\$0.0203	\$0.1454
Jun-20	\$1.9378	\$0.0186	\$0.1402

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent- WTI Spread	\$52.9100	\$0.2200
Crude - Brent	\$8.77	\$61.6800	\$0.2400
Natural Gas		\$2.9690	-\$0.0150
Gasoline		\$1.4307	\$0.0053

EIA Working Gas Storage Report

EIA Weekly Report				
	04-Jan-19	28-Dec-18	Change	Year Ago
East	651	661	-10	746
Midwest	763	798	-35	884
Mountain	132	147	-15	185
Pacific	204	220	-16	270
South Central	865	878	-13	1,070
Salt	302	296	6	305
Nonsalt	563	582	-19	766
Total	2,614	2,705	-91	3,155

NYMEX February Heating Oil



ICE March Brent-WTI Spread

