

Market Commentary

Recap: Oil prices fell to their lowest level in 6 weeks after the EIA reported hefty builds in U.S. gasoline and distillate inventories, though crude oil inventories unexpectedly decreased. February WTI lost 42 cents, or 0.7%, to settle at \$57.81 a barrel. The settlement was the lowest for a front-month contract since Dec. 3. March Brent shed 49 cents, or 0.8%, to \$64.00 a barrel, the lowest finish for a spot month since Dec. 11. February RBOB fell 1.6 cents, or 1.1%, to \$1.6368 a gallon, while February heating oil settled at \$1.8779 a gallon, down 3.2 cents, or 1.7%. Heating-oil futures logged their lowest finish since Nov. 19.

Technical Analysis: February WTI bounced off of its 200-day moving average currently set at \$57.41, while holding below \$58.05, the 50% retracement provided by the January high of \$65.65 and the October low of \$50.44. This spot contract has now settled within the parameters of a previous period of consolidation, with the potential of testing \$56.00. Should we get a settlement below the 200-day moving average, we would look for a run at the bottom of the aforementioned pattern.

Fundamental News: The US and China announced an initial trade deal on Wednesday that will roll back some tariffs and increase China's purchases of US goods and services. Under the Phase 1 trade deal, China has pledged to purchase at least an additional \$200 billion worth of US farm products and other goods and services over two years over a baseline of \$186 billion in purchases in 2017. The deal would include \$50 billion in additional orders for US agricultural products. US President, Donald Trump, said China would buy \$40 billion to \$50 billion in additional US services, \$75 billion more in manufacturing goods and \$50 billion more worth of energy supplies. He said the US would remove all tariffs on Chinese imports as soon as the two countries completed the Phase 2 part of their trade agreement, adding that he does not expect there to be Phase 3 pact.

Iranian President, Hassan Rouhani, dismissed a proposal for a new "Trump deal" aimed at resolving the nuclear dispute, saying it was a "strange" offer and criticized US President Donald Trump for always breaking promises. Meanwhile, Iran's Foreign Minister, Mohammad Javad Zarif, said that the existing nuclear deal was not dead and that he was unsure if any new pact agreed by US President Donald Trump would last. He rejected any direct nuclear negotiations with the US. He said Iran would respond to a letter sent by Britain, France and Germany and said the future of the pact rested on Europe. This followed Britain's Prime Minister, Boris Johnson, calling for Trump to replace the 2015 nuclear deal with his own pact to ensure Iran did not get an atomic weapon.

In its monthly report, OPEC stated that it expects lower demand for its oil in 2020 even as global demand increases. It raised its 2020 oil demand growth outlook by 140,000 bpd to 1.22 million bpd, while it cut its 2020 demand forecast for OPEC crude by 100,000 bpd to 29.5 million bpd, down 1.2 million bpd from the 2019 level. OPEC raised the 2020 non-OPEC oil supply growth forecast by 180,000 bpd to 2.35 million bpd. It said US total oil liquids production is expected to exceed 20 million bpd in the fourth quarter of 2020.

Russia's Energy Minister, Alexander Novak, said Russia is ready to comply with the OPEC+ output cut agreement in January. Meanwhile, the UAE's Energy Minister, Suhail al-Mazrouei, and Russia's Energy Minister said they were still committed to meeting in March to decide on future production policies. Russia's Energy Minister said OPEC and its allies had no plans to postpone its meeting from March onwards.

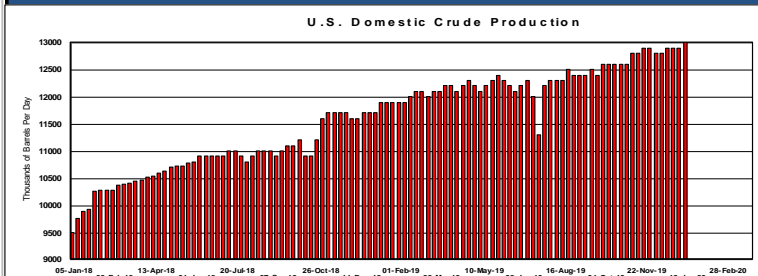
Early Market Call - as of 9:05 AM EDT

WTI - Feb \$57.93, up 13 cents
 RBOB - Feb \$1.6409, up 39 points
 HO - Feb \$1.8605, down 1.75 cents

All NYMEX | Prior Settlements

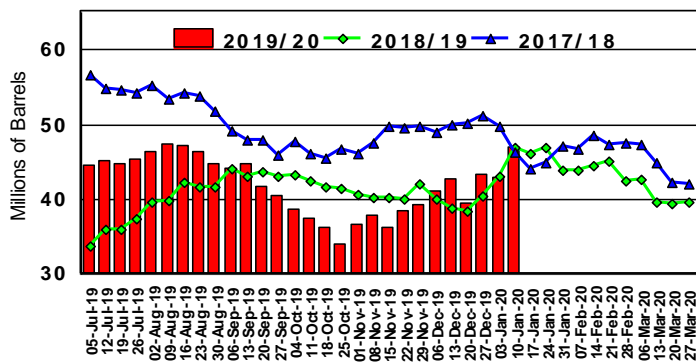
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-20	1.8779	-0.0324	0.0760
Mar-20	1.8822	-0.0298	0.0763
Apr-20	1.8765	-0.0283	0.0746
May-20	1.8701	-0.0270	0.0726
Jun-20	1.8648	-0.0256	0.0696
Jul-20	1.8623	-0.0248	0.0673
Aug-20	1.8607	-0.0242	0.0644
Sep-20	1.8604	-0.0233	0.0616
Oct-20	1.8596	-0.0224	0.0599
Nov-20	1.8585	-0.0216	0.0587
Dec-20	1.8571	-0.0208	0.0575
Jan-21	1.8563	-0.0199	0.0555
Feb-21	1.8508	-0.0192	0.0531
Mar-21	1.8402	-0.0181	0.0506
Apr-21	1.8219	-0.0171	0.0481
May-21	1.8107	-0.0160	0.0443
Jun-21	1.8037	-0.0153	0.0433

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$6.16	\$57.8400	-\$0.4200
Crude - Brent		\$64.0000	-\$0.4900
Natural Gas		\$2.1200	-\$0.0670
Gasoline		\$1.6368	-\$0.0176



Weekly EIA Petroleum Status Report for the Week Ending January 10, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 2.549 million barrels
 Cushing, OK Crude Stocks Up 342,000 barrels
Gasoline Stocks Up 6.678 million barrels
Distillate Stocks Up 8.171 million barrels
Refinery % Operated 92.2%, down 0.8%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 10, 2020	Week Ending Jan 3, 2019	Week Ending Jan 11, 2019
New England	7.9	8.3	8.9
Central Atlantic	25.4	23.2	25.2
Total PADD #1	46.8	42.9	46.8
Distillate Imports (thousands b/d)	155	240	314

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