

## Market Commentary

**Recap:** Concern over a slowing global economy overshadowed expectations that U.S. crude oil supplies fell last week, pushing crude oil prices lower for the second straight session. In early trading, crude oil prices increased as official data indicated that U.S. shale oil production was easing and would continue to slow in coming years. But by midsession, prices reversed course to trade below unchanged. March WTI fell as much as 2.1 percent to a session low of \$51.86 before paring losses for a settlement of \$52.62 a barrel, down 39 cents, or .07 percent, while Brent for March delivery settled at \$61.14 a barrel, down 36 cents, or 0.59 percent. February RBOB fell 1.1 percent, to settle at \$1.386 a gallon, while February heating oil settled at \$1.8889 a gallon, down 0.7 percent.

**Technical Analysis:** March WTI settled below the 10-day moving average, marking the first time this year that spot futures settled below this average. This puts this market in for a run at \$51.09, the current 50-day moving average. Below this, support is set at the psychological point of \$50.00. Resistance is set at \$54.55 and above that at \$55.33.

Based upon a daily spot continuation chart, the formation of the right shoulder on the inverse head and shoulders pattern is more than half way complete. With this pattern being a continuation pattern, a break above the neckline should result in a move to the upside. The projected upside target would be \$62.66.

**Fundamental News:** Hundreds of thousands of Venezuelans marched on Wednesday to demand an end to the government of President Nicolas Maduro, while the US recognized opposition leader Juan Guaido as the country's leader after the opposition leader took an oath, swearing himself in as interim president. Guaido, head of the opposition-led Congress stated that he was willing to replace Nicolas Maduro if he had the support of the military, with the aim of then calling for free elections. Meanwhile, Venezuela's President, Nicolas Maduro, said he was breaking diplomatic relations with the US. He said he would give US diplomatic personnel 72 hours to leave Venezuela after the Trump administration recognized opposition leader, Juan Guaido, as the country's interim president.

The Trump administration has told US energy companies it could impose Venezuelan oil sanctions as soon as this week if the political situation there deteriorates further.

The head of state-backed Russian Direct Investment Fund and one of the main Russian architects of the production agreement with OPEC, Kirill Dmitriyev, said Russia should not start an oil price war against the US but rather comply with its output cuts even at the cost of losing market share in the medium term. He said for US shale production to decline, oil prices need to be at \$40/barrel or below and added that it was not healthy for the Russian economy.

Total said an expected increase in US oil exports could weigh on oil prices towards the end of the year. Speaking on the sidelines of the World Economic Forum in Davos, Total's chief executive said there were many factors weighing on oil prices, yet a key one was related to the situation in the US. He said a good part of the US' oil output was not being exported because of bottlenecks at the pipelines.

Iran's Oil Minister, Bijan Zanganeh, said the country discovered oil in the southwestern Abadan region for the first time. He gave no estimate of how much oil the well may contain.

A source familiar with Russia's Energy Ministry data said Russia increased its oil production slightly to 11.39 million bpd on average between January 1<sup>st</sup> and January 22<sup>nd</sup>.

IIR Energy reported that US oil refiners are expected to shut in 1.2 million bpd of capacity in the week ending January 25<sup>th</sup>, cutting available refining capacity by 313,000 bpd from the previous week. IIR expects offline capacity to increase by 45,000 bpd in the week ending February 1<sup>st</sup>.

**Early Market Call - as of 8:10 AM EDT**

WTI - Mar \$52.31, down 31 cents  
 RBOB - Feb \$1.3785, down 91 points  
 HO - Feb \$1.8692, down 1.88 cents

## All NYMEX | Prior Settlements

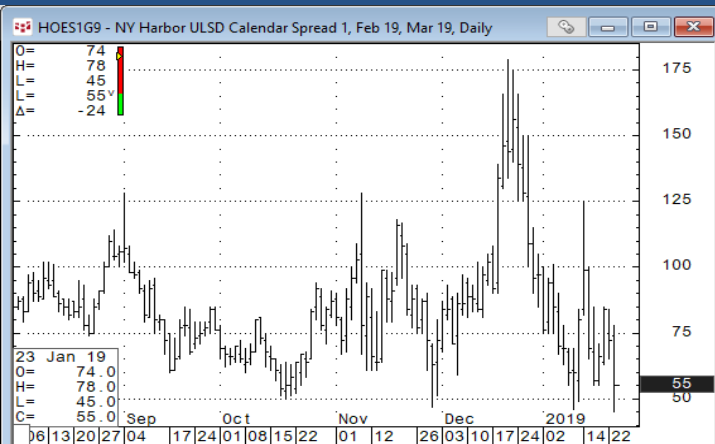
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8886	-\$0.0125	-\$0.0060
Mar-19	\$1.8834	-\$0.0098	-\$0.0051
Apr-19	\$1.8729	-\$0.0064	-\$0.0014
May-19	\$1.8704	-\$0.0048	-\$0.0001
Jun-19	\$1.8736	-\$0.0040	-\$0.0002
Jul-19	\$1.8822	-\$0.0031	-\$0.0001
Aug-19	\$1.8909	-\$0.0023	\$0.0001
Sep-19	\$1.9008	-\$0.0018	\$0.0006
Oct-19	\$1.9102	-\$0.0019	\$0.0008
Nov-19	\$1.9186	-\$0.0020	\$0.0005
Dec-19	\$1.9257	-\$0.0021	\$0.0001
Jan-20	\$1.9323	-\$0.0020	\$0.0003
Feb-20	\$1.9329	-\$0.0019	\$0.0003
Mar-20	\$1.9292	-\$0.0021	-\$0.0002
Apr-20	\$1.9205	-\$0.0024	-\$0.0004
May-20	\$1.9181	-\$0.0027	-\$0.0020
Jun-20	\$1.9180	-\$0.0027	-\$0.0035

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$52.6200	-\$0.3900
Crude - Brent	WTI Spread	\$61.1400	-\$0.3600
Natural Gas	\$8.52	\$2.9800	-\$0.0600
Gasoline		\$1.3857	-\$0.0158

## API Weekly Report for the Week Ending January 18, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 6.6 million barrels	Down 400,000 barrels
Cushing, OK Crude Stocks	Up 400,000 barrels	
Gasoline Stocks	Up 3.6 million barrels	Up 2.5 million barrels
Distillate Stocks	Up 2.6 million barrels	Down 800,000 barrels
Refinery Runs	Down 152,000 bpd	Down 1.2%

## NYMEX Heating Oil Feb-Mar Spread



## NYMEX RBOB Feb-Mar Spread

