

Market Commentary

Recap: After two consecutive down days, oil prices reversed course, as U.S. crude oil supplies rose less than expected. According to the EIA report, domestic crude oil inventories rose 1.3 million barrels for the week ended Feb 1, much smaller than the expected 3.7 million barrels. March WTI shot up after the release of the EIA report, but suffered a lack of follow through above \$54.00. By early afternoon and for the remainder of the session, the spot contract settled into a 33 cent range, pivoting around the \$54.00 level, before settling at \$54.01 a barrel, up 35 cents, or 0.65 percent. April Brent settled at \$62.69 a barrel, up 71 cents, or 1.15 percent. March RBOB added 2.3% to \$1.459 a gallon, and March heating climbed by 0.8% to \$1.912 a gallon.

Technical Analysis: The break above the neckline on the inverse head and shoulders pattern has proven to be a technical failure. March WTI contract edged higher to test the neckline, only to settle below it for the second straight session. Those that when long above the neckline have gotten chopped to pieces and now must re-evaluate their position. March WTI settled below the lower trend line on an ascending channel that can be depicted on a daily bar chart. This trend line is currently set at \$54.34, making this the first line of resistance for Thursday's session. Above this level, additional resistance is set at \$55.99. Support is set at the current 10-day moving average of \$53.65 and below that at \$51.33.

Fundamental News: Commerzbank in a research note to clients this week noted that OPEC output cuts, along with U.S. sanctions on Venezuela should help rebalance the oil market in the first half of 2019. They see the price of Brent averaging \$65 per barrel in 2019 with WTI prices averaging \$60 per barrel. The bank's analysts expect Brent prices to rise to \$70 per barrel by the end of 2019.

The CEO of Suncor said Wednesday that he expects the provincial government's mandatory oil curtailments in production to end earlier than scheduled. He noted that some crude by rail shipments are stopping due to economics as a result of the price impact due to the recent curtailments. The government curtailed 325,000 b/d of production in January to help ease the glut of crude oil in storage in the area.

Reuters estimates Venezuelan crude oil exports averaged 1.3 million b/d in January, down slightly from the 1.39 million b/d exported in December. They estimate some 8.7 million barrels of crude oil currently inside 15 tankers appear to be impacted by U.S. sanctions.

A Platts survey of industry officials estimated that OPEC pumped the fewest barrels since March 2015 in January, with just 30.86 million b/d, down some 970,000 b/d from December.

Bloomberg reported that due to bad weather in the Mediterranean, Libya's oil-exporting ports of Hariga, Zueitina, Es Sider, Brega, Ras Lanuf, Mellitah, Bouri and Jurf are temporarily shut. Meanwhile it was reported that armed forces loyal to Libya's UN-backed government have moved south to help secure the country's largest oil field. But late on Wednesday eastern armed forces loyal to Khalifa Haftar claimed to have taken over the El Sharara oilfield. The 315,000 b/d oilfield has been closed since December when local tribesman and state security forces seized it to make payment and development demands.

Early Market Call - as of 8:55 AM EDT

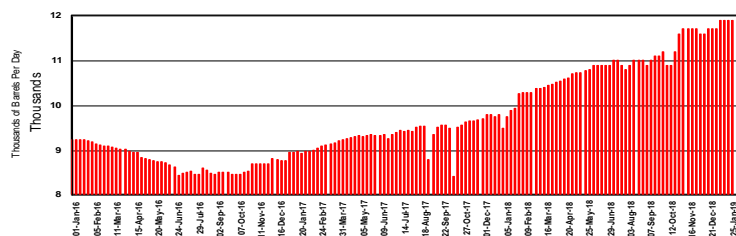
WTI - Mar \$53.55, down 46 cents
 RBOB - Mar \$1.4456, down 1.33 cents
 HO - Mar \$1.9057, down 63 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$1.9122	\$0.0147	\$0.0153
Apr-19	\$1.9058	\$0.0153	\$0.0164
May-19	\$1.9031	\$0.0157	\$0.0166
Jun-19	\$1.9053	\$0.0157	\$0.0166
Jul-19	\$1.9132	\$0.0156	\$0.0163
Aug-19	\$1.9216	\$0.0155	\$0.0162
Sep-19	\$1.9312	\$0.0157	\$0.0161
Oct-19	\$1.9410	\$0.0157	\$0.0167
Nov-19	\$1.9510	\$0.0160	\$0.0178
Dec-19	\$1.9600	\$0.0165	\$0.0189
Jan-20	\$1.9672	\$0.0166	\$0.0193
Feb-20	\$1.9689	\$0.0169	\$0.0200
Mar-20	\$1.9669	\$0.0174	\$0.0211
Apr-20	\$1.9575	\$0.0179	\$0.0213
May-20	\$1.9526	\$0.0179	\$0.0200
Jun-20	\$1.9516	\$0.0179	\$0.0199
Jul-20	\$1.9547	\$0.0180	\$0.0199

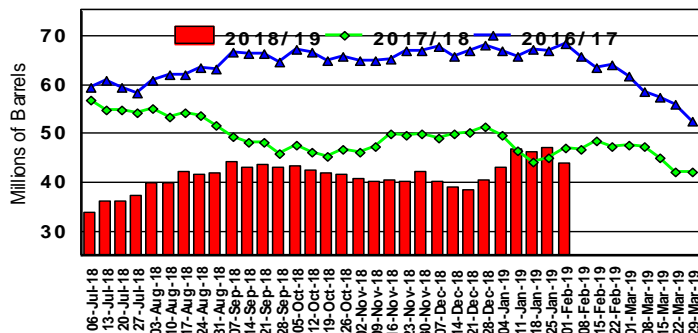
Sprague HeatCurve Oct 2019-Apr 2020			\$1.9616
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$54.3400	\$0.3400
Crude - Brent	WTI Spread	\$62.6900	\$0.7100
Natural Gas	\$8.35	\$2.6620	Unchanged
Gasoline		\$1.4591	\$0.0332

U.S. Domestic Crude Production



Weekly EIA Petroleum Status Report for the Week Ending February 1, 2019

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.26 million barrels
 Cushing, OK Crude Stocks Up 1.44 million barrels
Gasoline Stocks Up 513,000 barrels
Distillate Stocks Down 2.26 million barrels
Refinery % Operated 90.7%, Up 0.6%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Feb 1, 2019	Week Ending Jan 25, 2019	Week Ending Feb 2, 2018
New England	8.6	8.6	8.1
Central Atlantic	24.1	25.6	26.4
Total PADD #1	43.9	46.9	47.1
Distillate Imports			