

Market Commentary

Recap: Crude oil prices rose on Monday as hopeful trade talks between China and the U.S. got under way and after sources within OPEC said Saudi Arabia plans to cut crude oil exports by as much as 800,000 barrel s per day from its November levels. Prices peaked in early morning trading with February WTI climbing 3.8 percent, to a high of \$49.79, while Brent for March delivery jumped 3.2 percent, reaching a session high of \$58.93. As the session progressed, oil prices drifted off the highs of the day, giving back more than 2 percent of their earlier gains. February WTI settled at \$48.52 a barrel, up 56 cents, or 1.17 percent, while March Brent settled at \$57.33, up 27 cents, or 0.47 percent. February RBOB fell by 0.5% to \$1.341 a gallon, while February heating oil added 0.5% to \$1.778 a gallon.

Technical Analysis: February WTI's failed attempt to trade reached the psychological resistance level of \$50.00 prompted a round of technical selling. A break above this level pushes this spot contract toward the descending trend line drawn off of the October high of \$77.40. This line is currently set at \$52.28. Resistance above this level is set at \$52.95, the current 50-day moving average. To the downside, support is set at \$48.34 and below that at \$46.04, the 10-day moving average.

Fundamental News: Genscape reported that crude oil inventories held in Cushing, Oklahoma fell by 565,000 barrels from Tuesday, January 1st to Friday, January 4th.

According to Refinitiv Eikon data, Venezuelan crude oil exports to the US last year fell by 15% to the lowest annual average in nearly three decades. Crude exported to the US by PDVSA and its joint ventures fell to 500,013 bpd, a third less than five years ago and the lowest since 1989. A lack of investment, mismanagement and fleeing workers have caused the country's oil production to fall to the lowest level in almost seven decades. Venezuela's output fell to an average of 1.516 million bpd from January through November last year, down 27% compared with the 2.072 million bpd for all of 2017.

Goldman Sachs downgraded its 2019 crude oil price view but forecast a recovery from present levels in the absence of a large global economic slowdown and improving fundamentals along with signs of major producers cutting their production. Goldman Sachs lowered its average Brent oil price forecast for 2019 to \$62.50/barrel from \$70/barrel and cut its WTI price forecast to \$55.50/barrel from \$64.50/barrel.

Societe Generale revised its oil price forecasts lower, with the forecast price of Brent cut by \$9 to \$64/barrel and the price of WTI cut by \$9 to \$57/barrel. Societe Generale sees a significant global stock build in the first quarter of 2019, which will limit the near-term upside. It revised global demand growth for oil down from 1.43 million bpd to 1.27 million bpd for 2019.

IIR Energy reported that US oil refiners are expected to shut in 265,000 bpd of capacity in the week ending January 11th, cutting available refining capacity by 98,000 bpd from the previous week. IIR expects offline capacity to increase to 538,000 bpd in the week ending January 18th.

Suncor Energy Inc expects total upstream production to increase by about 13% in the fourth quarter of 2018, helped by higher output from its Syncrude joint venture. The company expects total upstream production of 831,000 bpd of oil equivalent, up from 736,400 bpd of oil equivalent in the fourth quarter of 2017.

The Norwegian Oil and Gas Association said oil and gas investment in Norway is expected to grow for a second consecutive year in 2019 but will decline between 2020 and 2023. Investment in Norway's oil industry is estimated to increase by 16% on the year to 184.5 billion crowns or \$21.5 billion.

Early Market Call - as of 9:05 AM EDT

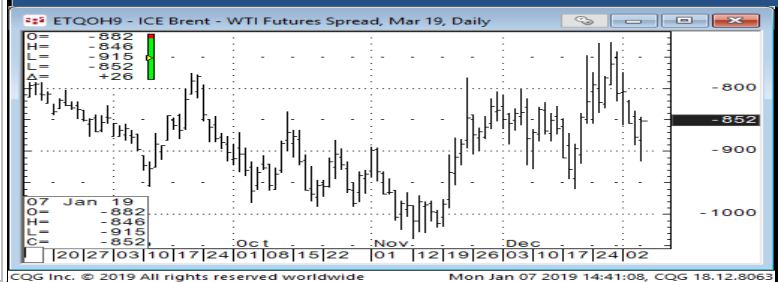
WTI - Feb \$49.34 up 83 cents
 RBOB - Feb \$1.3554 up 1.46 cents
 HO - Feb \$1.8123 up 3.39 cents

All NYMEX | Prior Settlements

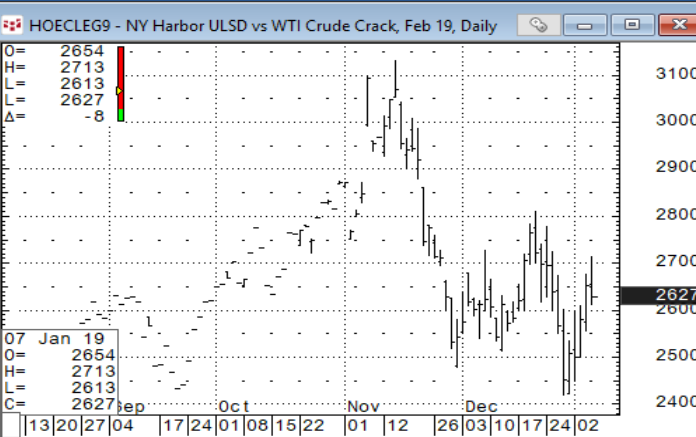
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.7784	\$0.0092	\$0.0990
Mar-19	\$1.7714	\$0.0104	\$0.1015
Apr-19	\$1.7592	\$0.0116	\$0.1031
May-19	\$1.7563	\$0.0125	\$0.1014
Jun-19	\$1.7621	\$0.0127	\$0.0993
Jul-19	\$1.7726	\$0.0126	\$0.0969
Aug-19	\$1.7820	\$0.0121	\$0.0940
Sep-19	\$1.7921	\$0.0118	\$0.0916
Oct-19	\$1.8017	\$0.0116	\$0.0903
Nov-19	\$1.8101	\$0.0116	\$0.0898
Dec-19	\$1.8172	\$0.0117	\$0.0897
Jan-20	\$1.8239	\$0.0119	\$0.0892
Feb-20	\$1.8247	\$0.0121	\$0.0882
Mar-20	\$1.8218	\$0.0123	\$0.0871
Apr-20	\$1.8161	\$0.0121	\$0.0854
May-20	\$1.8181	\$0.0119	\$0.0835
Jun-20	\$1.8256	\$0.0114	\$0.0818

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$48.8200	\$0.5400
Crude - Brent	WTI Spread	\$57.3300	\$0.2700
Natural Gas	\$8.51	\$2.9440	-\$0.1000
Gasoline		\$1.3408	-\$0.0070

ICE March Brent-WTI Spread



February Heating Oil Crack Spread



February RBOB Crack Spread

