

## Market Commentary

**Recap:** Oil prices posted gains for the fourth straight session after it was reported that the Safaniyah oil field in Saudi Arabia, the world's largest, is producing at a reduced rate after a ship's anchor cut a main power cable. This, combined with signs that OPEC lead production cuts are beginning to take effect, and heightened optimism that the U.S. and China will reach a trade agreement pushed Brent to a fresh four month high, as it topped \$66.00 a barrel for the first time since November 2018. April Brent settled at \$66.25 a barrel, up \$1.68, or 2.60 percent, for weekly gain of 6.6 percent. WTI for March delivery tacked on \$1.18, or 2.17 percent, to settle at \$55.59, for a weekly gain of 5.4 percent. Both Brent and WTI rose to fresh session highs in post settlement trading. Meanwhile, March RBOB rose 4.3% to \$1.573 a gallon, settling 8.8% higher on the week, and March heating oil rose 2.5% to \$2.02 a gallon—up about 5.9% for the week. Both products also saw the highest front-month contract settlements since November on Friday.

**Technical Analysis:** WTI broke above the neckline on the inverse head and shoulders pattern however; it lacked the surge in volume typically seen on such a technical breakout. With this in mind, we would be cautious buyers and therefore, would like to see a bounce back off of the neckline. Resistance is set at \$56.64 and above that at \$57.45. The projected upside objective based upon today's breakout is \$67.18. Support is seen at \$54.09 and \$53.71.

**Fundamental News:** Baker Hughes reported that US energy firms this week increased the number of oil rigs operating for a second consecutive week. Oil companies added three rigs in the week ending February 15<sup>th</sup>, bringing the total count to 857.

White House Press Secretary, Sarah Sanders, said officials from the US and China will meet next week in Washington to continue working on a trade deal after making progress in talks in Beijing this week. She said both sides will continue working ahead of the March 1<sup>st</sup> deadline for a deal. US President, Donald Trump, said he may extend the March 1<sup>st</sup> deadline for reaching a trade deal with China, while keeping current tariffs in place. US tariffs on \$200 billion worth of Chinese imports are scheduled to increase to 25% from the current 10% rate if no deal is reached by March 1<sup>st</sup>. Meanwhile, China's President Xi Jinping said talks between China and the US this week made progress and added that efforts would continue next week to resolve their trade dispute. He said China was willing to take a cooperative approach to settling bilateral trade frictions.

The Trump administration is considering blocking foreign entities from dealing with Venezuela's PDVSA as a possible next step in its effort to choke off President Nicolas Maduro's power.

Trafigura has decided to stop trading oil with Venezuela due to the US sanctions imposed on PDVSA. Trafigura has a long-standing arrangement with PDVSA to take Venezuelan crude oil and, in exchange, supply the country with refined products.

Saudi Arabia is repairing a damaged power cable at the world's largest offshore field, Safaniyah. The cable was damaged in an accident about two weeks ago, cutting some output at the field. Repairs are expected to be completed by early March. According to sources, the lost production will be replaced by production from other Aramco facilities.

IIR Energy reported that US oil refiners are expected to shut in 1.8 million bpd of capacity in the week ending February 15<sup>th</sup>, increasing available refining capacity by 128,000 bpd from the previous week. IIR expects offline capacity to fall to 1.7 million bpd in the week ending February 22<sup>nd</sup> and to 1 million bpd in the week ending March 1<sup>st</sup>.

Bloomberg reported that global refinery outages fell to 3.24 million bpd in the week ending February 15<sup>th</sup> from 3.87 million bpd in the previous week.

**Early Market Call - as of 8:40 AM EDT**

WTI - Mar \$56.04, up 44 cents

RBOB - Mar \$1.5685, down 47 points

HO - Mar \$2.0082 down 1.19 cents

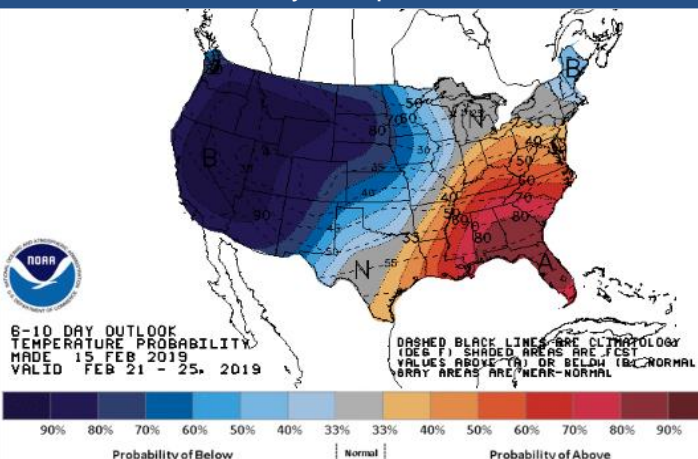
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0203	\$0.0487	\$0.1118
Apr-19	\$2.0167	\$0.0493	\$0.1156
May-19	\$2.0129	\$0.0492	\$0.1160
Jun-19	\$2.0111	\$0.0486	\$0.1133
Jul-19	\$2.0157	\$0.0489	\$0.1114
Aug-19	\$2.0220	\$0.0495	\$0.1104
Sep-19	\$2.0310	\$0.0498	\$0.1104
Oct-19	\$2.0394	\$0.0498	\$0.1100
Nov-19	\$2.0473	\$0.0493	\$0.1086
Dec-19	\$2.0545	\$0.0487	\$0.1073
Jan-20	\$2.0602	\$0.0481	\$0.1061
Feb-20	\$2.0605	\$0.0476	\$0.1048
Mar-20	\$2.0565	\$0.0469	\$0.1030
Apr-20	\$2.0450	\$0.0461	\$0.1011
May-20	\$2.0369	\$0.0455	\$0.0985
Jun-20	\$2.0330	\$0.0447	\$0.0961
Jul-20	\$2.0340	\$0.0439	\$0.0939

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0544	
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent- WTI Spread	\$55.9800	\$1.1900
Crude - Brent		\$66.2500	\$1.6800
Natural Gas	\$10.27	\$2.6250	\$0.0520
Gasoline		\$1.5729	\$0.0644



## NOAA 6-10 Day Temperature Outlook



## NOAA 8-14 Day Temperature Outlook

