

Market Commentary

All NYMEX | Prior Settlements

Recap: After rising earlier in the session, oil prices plunged on Monday, as stocks fell amid growing concern over global economic growth and its impact on demand, while supplies in the U.S. remain in abundance. WTI reached a low of \$49.36, the lowest level for a spot contract since October of 2017, while February Brent hit an almost 2 week low of \$58.70. Rising U.S. inventories at Cushing, OK helped to push the Jan19/Feb19 WTI spread to a discount of 33 cents, the deepest discount for a spot month spread since October 2017. The January contract settled at \$49.88 a barrel, down \$1.32, or 2.6%, while February Brent fell 67 cents, or 1.1%, to settle at \$59.61 a barrel. January RBOB settled at \$1.41 a gallon, down 1.7%, while January heating oil shed 1%, to \$1.827 a gallon.

Technical Analysis: January WTI settled below the symmetrical triangle we have been writing about. As with breakouts of this nature, we typically would like to see a validation of the breakout by a retest and settlement below the lower line of this formation. The projected downside objective based upon this break out would be \$48.00. Below this level, additional support is set at \$46.69. Resistance is set at \$53.76 and \$55.00.

Fundamental News: The UAE oil minister said Monday the global oil market is "correcting". He said he expects "everyone" to cut oil supply under the agreement reached by OPEC and non-OPEC producers earlier this month.

Genscape reported Monday morning that for the week ending December 14th it estimated Cushing crude oil stocks had increased by 629,922 barrels from the prior week and over 1.031 million barrels from just December 11th.

The EIA reported that oil production from seven major US shale basins is expected to surpass 8 million bpd by the end of the year. Shale production is expected to increase by about 134,000 bpd in January to 8.17 million bpd. The US has surpassed Russia and Saudi Arabia as the world's largest oil producer, with overall crude production increasing to a weekly record of 11.7 million bpd. The largest change for January is in the Permian Basin of Texas and New Mexico, where output is expected to increase by 73,000 bpd to about 3.8 million bpd in January. In North Dakota's Bakken region, shale production is estimated to increase by 18,000 bpd to 1.46 million bpd.

Nexen reported that production at the Buzzard oil field has been restarted following completion of repairs. The field was shut last month.

Iran's Oil Minister, Bijan Zanganeh, praised OPEC on Saturday for what he said was the producer group's ability to reach an agreement despite internal political differences.

Reuters reported Monday that Russian oil production has been at a record high in December of 11.42 million b/d, some 10,000 b/d more than the prior record set this past October.

Wood Mackenzie estimated that the number of new oil and gas projects will increase five-fold next year from a 2015 trough but added that overall spending is still unlikely to be enough to meet future demand. Global investment in oil and gas production is expected to reach about \$425 billion next year. This is compared with a total spending of \$770 billion in 2014, which fell to \$400 billion in 2016 and 2017. In 2019, the number of large new oil and gas projects is expected to reach up to 50, compared with 40 in 2018, and about 10 in 2015.

IIR reported it was estimating U.S. refinery offline capacity would total only 72,000 b/d for the week ending December 21st, some 186,000 less than the 258,000 b/d refining capacity that was offline during the week ended December 14th.

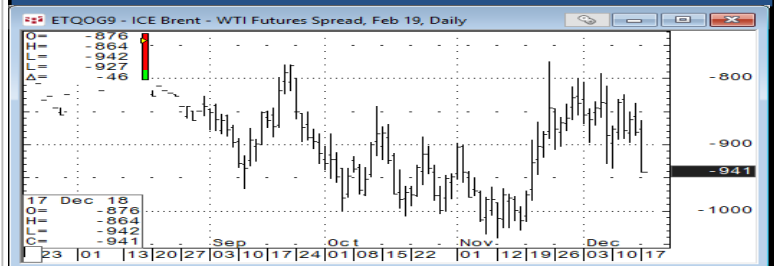
Early Market Call - as of 8:00 AM EDT

WTI - Jan \$48.65, down \$1.22
 RBOB - Jan \$1.3798, down 3.11 cents
 HO - Jan \$1.7972, down 2.95 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.8267	-\$0.0186	-\$0.0174
Feb-19	\$1.8216	-\$0.0176	-\$0.0137
Mar-19	\$1.8123	-\$0.0171	-\$0.0138
Apr-19	\$1.8013	-\$0.0171	-\$0.0154
May-19	\$1.7996	-\$0.0169	-\$0.0176
Jun-19	\$1.8044	-\$0.0166	-\$0.0171
Jul-19	\$1.8148	-\$0.0160	-\$0.0158
Aug-19	\$1.8253	-\$0.0154	-\$0.0152
Sep-19	\$1.8371	-\$0.0146	-\$0.0144
Oct-19	\$1.8480	-\$0.0143	-\$0.0139
Nov-19	\$1.8573	-\$0.0143	-\$0.0138
Dec-19	\$1.8646	-\$0.0144	-\$0.0137
Jan-20	\$1.8706	-\$0.0142	-\$0.0134
Feb-20	\$1.8718	-\$0.0140	-\$0.0137
Mar-20	\$1.8704	-\$0.0139	-\$0.0136
Apr-20	\$1.8621	-\$0.0135	-\$0.0122
May-20	\$1.8601	-\$0.0132	-\$0.0118

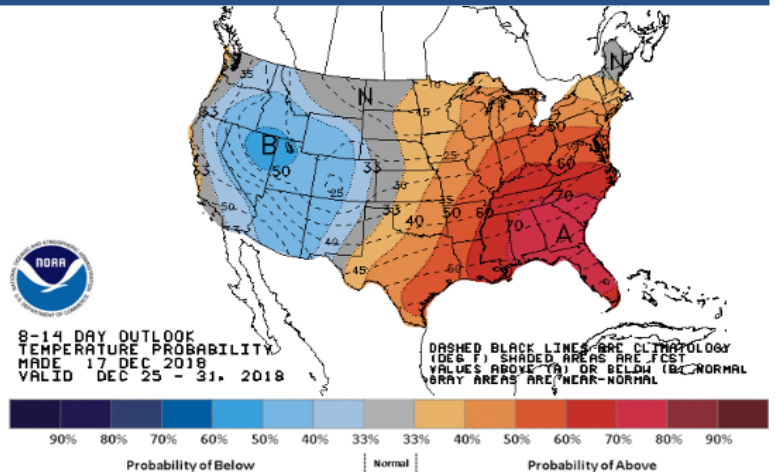
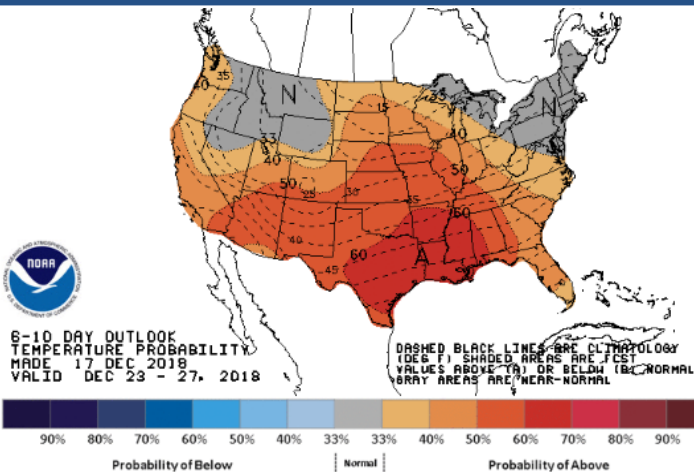
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$50.2000	-\$1.2700
Crude - Brent	WTI Spread	\$59.6100	-\$0.6700
Natural Gas	\$9.41	\$3.5280	-\$0.2990
Gasoline		\$1.4104	-\$0.0239

ICE February Brent-WTI Spread



NOAA 6-10 Day Temperature Outlook

NOAA 8-14 Day Temperature Outlook



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