

## Market Commentary

**Recap:** Oil prices fell on Friday, pressured by weak economic data out of China, falling equity markets and a stronger dollar. January WTI fell as much as 3%, hitting a low of \$51.00, while Brent for February delivery slipped 2%, reaching a session low of \$60.02. The drop in prices came despite U.S. oil drillers cutting active rigs by 4, the second week in a row the count fell. Prices seesawed this week, lending to relative stability in WTI, which has fallen into a period of sideways trading since the end of November. With this being the expiration of the January WTI options, and no specific strike standing out as far as open interest, traders were not swayed to push the market toward a particular target. For most of the session, January WTI traded within the range of \$51.50 and \$51.00 before settling at \$51.20 a barrel, down \$1.38, or 2.62%, for a weekly loss of 2.7%. February Brent settled at \$60.28 a barrel, down \$1.17, or 1.90%, a weekly loss of 2.3%. January RBOB fell 3% to \$1.434 a gallon, ending down 3.5% for the week. January heating oil fell 1.7% to \$1.845 a gallon, with prices marking a weekly decline of 2.2%.

**Technical Analysis:** January WTI seesawed throughout the week, while it pivoted around the 10-day moving average and close to the \$50 handle. This spot contract remains in a sideways formation with a break out level at \$50 to the downside and to the upside at \$53.55. A break below \$50 could add an additional \$5.00 to the downside, while breaks to the upside opening up the possibility for a run at \$55.00.

**Fundamental News:** Baker Hughes reported that US energy firms cut the number of rigs searching for oil for the second consecutive week. Drillers cut 4 oil rigs in the week ending December 14<sup>th</sup>, bringing the total count down to 873.

Ecuador's Deputy Energy Minister, Patricio Larrea, said OPEC is still discussing county output quotas.

Libya's National Oil Corp said it was against paying a ransom to an armed group that halted crude production at the El Sharara oilfield. NOC's chairman, Mustafa Sanalla, said any attempt to pay a ransom to the armed militia would set a dangerous precedent that would threaten the recovery of the Libyan economy. On Monday, NOC declared force majeure on exports from the 315,000 bpd oilfield after it was seized over the weekend by a local militia group. The shutdown of the El Sharara oilfield has not impacted the El-Feel field.

Russia's Transneft expects the country's oil output to increase by about 2 million tons in 2019. The company's head, Nikolai Tokarev, said its production is not falling despite the output cut agreement between OPEC and non-OPEC producers.

According to a letter sent to customers of Omani oil by the country's oil and gas ministry, Oman will be cutting its oil production by 2% from January for an initial period of six months.

Barclays said it expects oil prices to rebound in the first half of 2019 due to declining inventories, Saudi Arabia's export cuts and an end to the Iran sanction waivers. It said the current price weakness is likely to be short-lived, given the new supply disruptions and decline in inventories in the coming months. The bank slightly lowered its first and second quarter Brent price forecast to \$71/barrel and \$75/barrel from a previous estimate of \$75 and \$71/barrel, respectively. It maintained its 2019 forecast of \$72/barrel.

South Korea's Korea Customs Service reported that the country did not import crude from Iran in November, compared with 1.3 million tons imported last year.

IIR Energy reported that US oil refiners are expected to shut in 258,000 bpd of capacity in the week ending December 14<sup>th</sup>, increasing available refining capacity by 43,000 bpd on the week.

**Early Market Call - as of 8:45 AM EDT**

WTI - Jan \$51.34 up 14 cents

RBOB - Jan \$1.4442 up 99 points

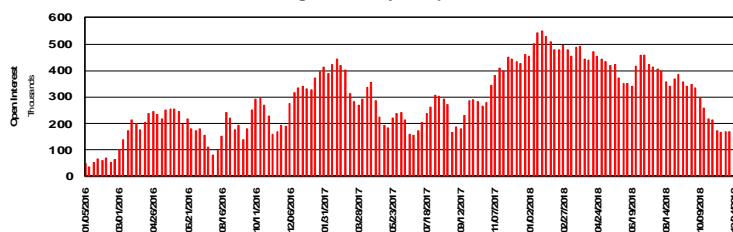
HO - Jan \$1.8526 up 73 points

## All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-19	\$1.8453	-\$0.0312	-\$0.0409
Feb-19	\$1.8392	-\$0.0312	-\$0.0386
Mar-19	\$1.8294	-\$0.0319	-\$0.0397
Apr-19	\$1.8184	-\$0.0321	-\$0.0414
May-19	\$1.8165	-\$0.0326	-\$0.0437
Jun-19	\$1.8210	-\$0.0325	-\$0.0436
Jul-19	\$1.8308	-\$0.0317	-\$0.0425
Aug-19	\$1.8407	-\$0.0310	-\$0.0424
Sep-19	\$1.8517	-\$0.0304	-\$0.0422
Oct-19	\$1.8623	-\$0.0301	-\$0.0415
Nov-19	\$1.8716	-\$0.0302	-\$0.0412
Dec-19	\$1.8790	-\$0.0302	-\$0.0408
Jan-20	\$1.8848	-\$0.0302	-\$0.0403
Feb-20	\$1.8858	-\$0.0304	-\$0.0405
Mar-20	\$1.8843	-\$0.0306	-\$0.0404
Apr-20	\$1.8756	-\$0.0301	-\$0.0391
May-20	\$1.8733	-\$0.0295	-\$0.0386

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$51.4700	-\$1.3600
Crude - Brent	WTI Spread	\$60.2800	-\$1.1700
Natural Gas	\$8.81	\$3.8270	-\$0.2970
Gasoline		\$1.4343	-\$0.0439

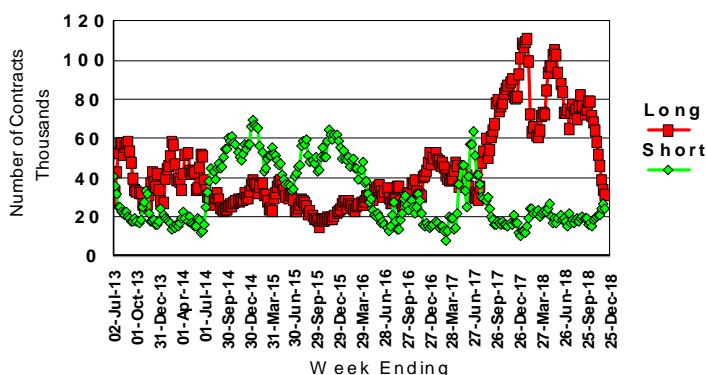
WTI Futures & Options: NYMEX & ICE Combined  
Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending December 11, 2018

### Managed Money Heat Positons

CFTC Commitment of Traders Report



### Managed Money RBOB Positons

CFTC Commitment of Traders Report

