

Market Commentary

Recap: Trading in oil prices was mixed on Thursday, with March Brent holding onto early gains and March WTI falling from its highs of the month. After rising by more than 20 percent on the month, WTI fell back below unchanged. Prices received an early boost from higher equity markets, concern over tighter supplies due to the U.S. sanctions against Venezuela and OPEC lead production cuts. After trading sideways in overnight trading, a late morning rally pushed March WTI to a high of \$55.37, but by early afternoon prices nosedived after U.S. President Donald Trump stated that he believes the U.S. and China can come to a trade agreement. March WTI fell to a low of \$53.62, off 3.1 percent from the session high. This spot contract finished the session at \$53.79 a barrel, down 44 cents, or 0.81 percent, but was up 18 percent on the month, the largest January gain on record for a spot contract. Its European counterpart tacked on 24 cents, or 0.39 percent, to settle at \$61.89 a barrel, up 15 percent for the month, the largest monthly gain since April of 2016. February RBOB fell 1.4% to \$1.363 a gallon, with front-month contract prices up 3% for the month, and February heating oil fell 1% to \$1.879 a gallon, for a monthly rise of nearly 12%.

Technical Analysis

For the second straight session, technical traders received a disappointing blow, as March WTI breached the neckline on the inverse head and shoulders pattern, only to settle below it. Not until we get a clear break and settlement above the neckline, will technical traders jump into to buy this market. Resistance is set at \$54.32 and above that at \$55.37. Support is set at \$53.19 and \$50.00.

Fundamental News: The US EIA said crude oil production in the US increased by 345,000 bpd to 11.9 million bpd in November. The increase came as output in Texas increased by 115,000 bpd and offshore oil production increased by 188,000 bpd. North Dakota's oil production fell by 11,000 bpd.

According to a Reuters survey, OPEC produced 30.98 million bpd in January, down 890,000 bpd from December and the largest month-on-month decline since January 2017. The survey suggests Saudi Arabia and its Gulf allies over-delivered on pledged supply cuts to avert the possibility of a new oversupply building up this year. In January, the 11 OPEC members bound by the new supply cut agreement achieved 70% of the pledged cuts. The 11 OPEC producers cut their production by 569,000 bpd in January to 26.18 million bpd. Further declines in Iran, Libya and Venezuela increased the total OPEC decline to 890,000 bpd.

Valero Energy Corp stopped taking Venezuelan crude because of sanctions imposed on Monday by the US government. The company is following plans prepared in advance of the current crisis to replace about 20% of the supply for its 14-plant US refining system. As of January 30th, over two dozen tankers were anchored near Venezuelan ports waiting to load crude, mostly for US customers including Citgo Petroleum, Valero and Chevron Corp. At least three of the tankers were loaded but had not received authorization to set sail due to payment issues related to sanctions.

A senior Indian official said India is in talks with the US to extend a waiver on sanctions imposed on Iran's crude oil exports. India has already reduced its intake of Iranian oil but has not decided whether to end purchases completely.

Enterprise Products Partners LP's repurposed natural gas liquids pipeline in the Permian Basin will begin limited operations to carry crude in February to the US Gulf Coast. Enterprise has started the process of converting its Seminole NGL pipeline to begin carrying more than 200,000 bpd from West Texas next month for a third party with a long-term contract. The pipeline will be in full service in April.

Early Market Call - as of 8:30 AM EDT

WTI - Mar \$53.48, down 30 cents

RBOB - Mar \$1.3878, up 1.02 cents

HO - Mar \$1.8638, down 1.41 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8788	-\$0.0196	-\$0.0068
Mar-19	\$1.8774	-\$0.0195	-\$0.0025
Apr-19	\$1.8699	-\$0.0195	\$0.0004
May-19	\$1.8666	-\$0.0199	-\$0.0007
Jun-19	\$1.8690	-\$0.0197	-\$0.0018
Jul-19	\$1.8773	-\$0.0196	-\$0.0025
Aug-19	\$1.8861	-\$0.0193	-\$0.0024
Sep-19	\$1.8958	-\$0.0193	-\$0.0025
Oct-19	\$1.9048	-\$0.0195	-\$0.0025
Nov-19	\$1.9138	-\$0.0194	-\$0.0018
Dec-19	\$1.9217	-\$0.0194	-\$0.0010
Jan-20	\$1.9283	-\$0.0196	-\$0.0008
Feb-20	\$1.9289	-\$0.0200	-\$0.0008
Mar-20	\$1.9254	-\$0.0204	-\$0.0006
Apr-20	\$1.9152	-\$0.0210	-\$0.0016
May-20	\$1.9105	-\$0.0221	-\$0.0032
Jun-20	\$1.9089	-\$0.0228	-\$0.0041

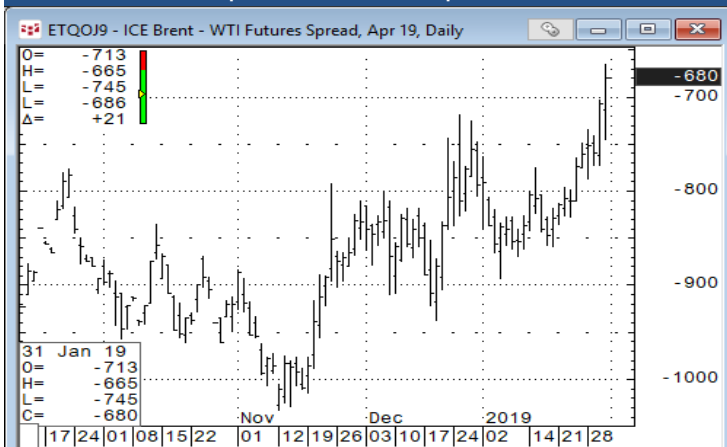
Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$53.7900	-\$0.4400
Crude - Brent	WTI Spread	\$61.8900	\$0.2400
Natural Gas	\$8.10	\$2.8140	-\$0.0400
Gasoline		\$1.3627	-\$0.0196

EIA Working Gas Storage Report

EIA Weekly Report

	25-Jan-19	18-Jan-19	Change	Year Ago
East	527	566	-39	529
Midwest	606	673	-67	601
Mountain	114	121	-7	138
Pacific	178	185	-7	222
South Central	771	823	-52	720
Salt	278	295	-17	166
Nonsalt	493	528	-35	554
Total	2,197	2370	-173	2,211

ICE April WTI-Brent Spread



NYMEX WTI Forward Curve

