

Market Commentary

Recap: After rising to their highest level in 3 years, oil prices experienced their worst annual loss since 2015, with WTI finishing the year down 24.8 percent and Brent falling 19.5 percent on the year. This year's slide, which began in the fourth quarter, ended a 2 1/2 year recovery. Prices did however rise on their last day of trading for the year, with February WTI tacking on 8 cents, to finish at \$45.41 a barrel. Brent for February delivery settled at \$53.80 a barrel, up 59 cents, up 1.11 percent. February RBOB rose less than 0.1% to end at \$1.3021 a gallon. February heating oil added 1.9 cents, or 1.1%, to settle at \$1.6794 a gallon. Volume was light ahead of the New Year holiday, with many traders having already squared their books.

Technical Analysis: After hovering around the 10-day moving average, WTI managed to settle above it on Monday. As with breaks of this kind we would like to see a retest back at this average, which is currently set at \$45.34, before thinking of buying into this market. With moving oscillators supporting higher moves, we would not discount a run at the \$50.00 level. Resistance is set at \$46.53 and above that at \$47.28. Support rests at \$44.37 and below that at \$42.50.

Fundamental News: The EIA reported that US crude oil output in October reached a new high of more than 11.5 million bpd in October. US crude production increased by 79,000 bpd in October to 11.537 million bpd. The EIA revised its September oil production figure down by 17,000 bpd to 11.458 million bpd. US crude oil exports increased to 2.326 million bpd in October, compared with 2.116 million bpd in September. Total refined oil product exports increased to 3.544 million bpd in October from 3.234 million bpd in September. Total oil demand in October increased by 3.9% or 784,000 bpd on the year to 20.774 million bpd. US distillate demand increased by 9.1% or 367,000 bpd on the year to 4.378 million bpd while gasoline demand fell by 0.9% or 84,000 bpd to 9.273 million bpd. The EIA also reported that US shipments of crude via rail in October increased by 113,000 bpd on the month to 718,000 bpd. Shipments within the US in October increased by 48,000 bpd on the month to 391,000 bpd while shipments from Canada to the US increased by 66,000 bpd on the month to 327,000 bpd.

IIR Energy reported that US oil refiners are expected to shut in 103,000 bpd of capacity in the week ending January 4th, cutting available refining capacity by 58,000 bpd from the previous week. IIR expects offline capacity to increase to 299,000 bpd in the week ending January 11th.

Colonial Pipeline Co is allocating space for Cycle 3 shipments on Line 20 in 2019, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

Flow through the Spearhead pipeline increased to nearly 158,000 bpd from about 81,000 bpd. Initial increased power consumption was observed on Friday afternoon. Pipeline flow is currently averaging an estimated 151,000 bpd this week so far.

Flow through the Midland to Sealy pipeline increased to nearly 591,000 bpd from about 169,000 bpd. Initial increased power consumption was observed on December 31st. Pipeline flow is currently averaging an estimated 310,000 bpd this week so far.

Flow through the Diamond pipeline fell to nearly 32,000 bpd from about 192,000 bpd. Initial decreased power consumption was observed on Monday. Pipeline flow is currently averaging an estimated 155,000 bpd this week so far.

Early Market Call - as of 8:15 AM EDT

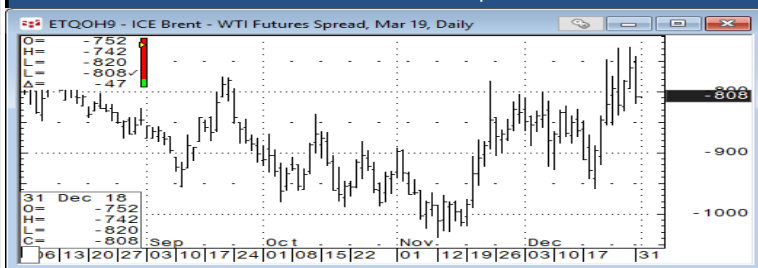
WTI - Feb \$44.74, down 67 cents
 RBOB - Feb \$1.2862, down 1.66 cents
 HO - Feb \$1.6679, down 1.15 cents

All NYMEX | Prior Settlements

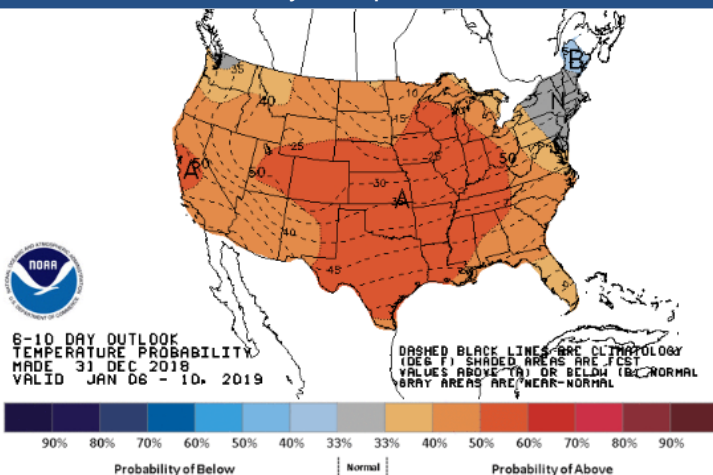
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.6808	\$0.0161	\$0.0186
Feb-19	\$1.6794	\$0.0190	\$0.0250
Mar-19	\$1.6699	\$0.0190	\$0.0288
Apr-19	\$1.6561	\$0.0171	\$0.0302
May-19	\$1.6549	\$0.0155	\$0.0303
Jun-19	\$1.6628	\$0.0140	\$0.0317
Jul-19	\$1.6757	\$0.0129	\$0.0319
Aug-19	\$1.6880	\$0.0119	\$0.0318
Sep-19	\$1.7005	\$0.0115	\$0.0320
Oct-19	\$1.7114	\$0.0112	\$0.0326
Nov-19	\$1.7203	\$0.0107	\$0.0334
Dec-19	\$1.7275	\$0.0102	\$0.0342
Jan-20	\$1.7347	\$0.0099	\$0.0349
Feb-20	\$1.7365	\$0.0095	\$0.0344
Mar-20	\$1.7347	\$0.0089	\$0.0329
Apr-20	\$1.7307	\$0.0089	\$0.0328
May-20	\$1.7346	\$0.0090	\$0.0326

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$45.7200	\$0.1200
Crude - Brent	WTI Spread	\$53.8000	\$0.5900
Natural Gas	\$8.08	\$2.9400	-\$0.3630
Gasoline		\$1.3237	-\$0.0025

ICE March Brent-WTI Spread



NOAA 6-10 Day Temperature Outlook



NOAA 8-14 Day Temperature Outlook

