

Market Commentary

Recap: Crude oil prices plummeted on Tuesday on signs of a weakening global economy, amidst increasing inventories and forecasts of record U.S. and Russian output. WTI fell as much as 8.1 percent, to trade at \$45.79 a barrel, the lowest level for a spot WTI futures contract since September 2017. February Brent fell 6.2 percent, to a low of \$55.89 a barrel, a 15-month low. The sell-off came despite an early rise in equity markets, as investor confidence continues to erode. The sell-off, which began in the late morning part of the session, intensified in post settlement trading, with prices falling as the stock market reversed to the downside. Volume was below average ahead of the holiday season, perhaps lending to the hard sell-off. The recent plunge in prices continues to pressure the front end of the curve, and in turn, widen the discount of the spot spread in WTI. The Jan19/Feb19 WTI spread widened out to -0.39 cents. January WTI crude fell \$3.64, or 7.3%, to settle at \$46.24 a barrel. The settlement marked the lowest finish for a front-month contract since August 30, 2017. February Brent tumbled \$3.35, or 5.6%, to \$56.26 a barrel, for the lowest finish since October 12, 2017. January RBOB slid 4.3% to \$1.351 a gallon, while January heating oil shed 4%, to \$1.754 a gallon.

Technical Analysis: January WTI well surpassed the projected downside target based upon yesterday's breakout of the symmetrical triangle. With moving oscillators pointing to the downside, we would expect to see additional moves to the downside. Support is set at \$45.57 and below that at \$44.98. Resistance is set at \$47.20 and above that at \$48.20.

Fundamental News: Bloomberg reported that crude oil stocks held in Cushing, Oklahoma increased by 1.3 million barrels in the week ending December 14th.

According to Bloomberg, US waterborne crude imports increased by 631,400 bpd to 3.94 million bpd in the week ending December 13th. Shipments to the East and Gulf Coasts fell by 62,200 and 24,000 bpd, respectively. Imports to the West increased by 717,600 bpd.

The Joint Organizations Data Initiative reported that the Saudi Arabia's crude oil exports in October increased to 7.7 million bpd from 7.433 million bpd in September. The country's crude output increased by 140,000 bpd on the month to 10.642 million bpd in October. Its oil product exports increased by 93,000 bpd to 2.069 million bpd in October. Saudi Arabia's crude stocks fell by 6.424 million barrels to 217.38 million barrels in October.

Libya's National Oil Corp declared force majeure on operations at the country's largest oilfield, El Sharara, a week after the firm announced a contractual waiver on exports from the field following its seizure by militants. Exports from the smaller El Feel oilfield were continuing as workers maintained its power supply. The El Feel oilfield is pumping about 70,000 bpd. El Sharara was shut last week after tribesmen and security guards took it over. Production from El Sharara will restart only after alternative security arrangements are put in place.

Russia's Energy Minister, Alexander Novak, said the country's oil output may decline next year due to the OPEC and non-OPEC output cut agreement. Russia pledged to cut its production by 228,000 bpd in the first quarter of next year from a record high monthly average of 11.41 million bpd. Russia's Energy Minister said the reduction will be achieved during the first quarter as production has exceeded 11.42 million bpd in December so far. He said Russia's oil production is set to increase this year by about 200,000 bpd to 556 million tons. He is expected to meet Russian oil companies on Wednesday to discuss the situation on the global oil market and their actions.

The director of research for Morningstar, Sandy Fielden, said US crude exports could exceed 8 million bpd after 2021 assuming about 15 new pipelines planned to ship crude from producing areas to the US Gulf Coast are built and operate at capacity.

Early Market Call - as of 8:00 AM EDT

WTI - Jan \$46.48, up 14 cents

RBOB - Jan \$1.3577, up 69 points

HO - Jan \$1.7728, up 1.79 cents

All NYMEX | Prior Settlements

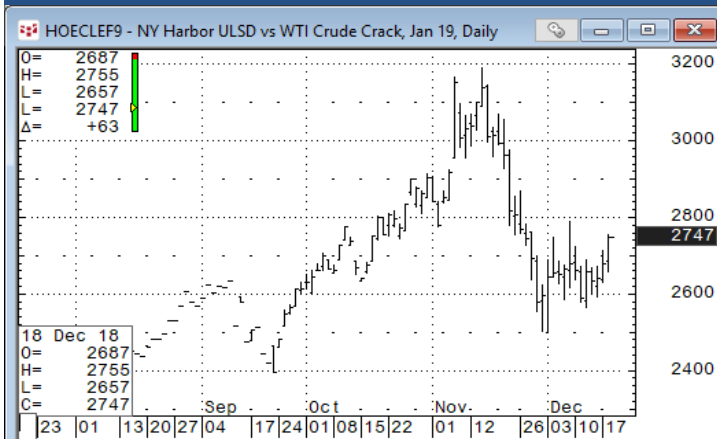
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.7539	-\$0.0728	-\$0.0932
Feb-19	\$1.7473	-\$0.0743	-\$0.0919
Mar-19	\$1.7349	-\$0.0774	-\$0.0956
Apr-19	\$1.7215	-\$0.0798	-\$0.0997
May-19	\$1.7195	-\$0.0801	-\$0.1019
Jun-19	\$1.7247	-\$0.0797	-\$0.1013
Jul-19	\$1.7358	-\$0.0790	-\$0.0991
Aug-19	\$1.7469	-\$0.0784	-\$0.0974
Sep-19	\$1.7590	-\$0.0781	-\$0.0958
Oct-19	\$1.7702	-\$0.0778	-\$0.0949
Nov-19	\$1.7796	-\$0.0777	-\$0.0952
Dec-19	\$1.7872	-\$0.0774	-\$0.0954
Jan-20	\$1.7937	-\$0.0769	-\$0.0947
Feb-20	\$1.7955	-\$0.0763	-\$0.0940
Mar-20	\$1.7950	-\$0.0754	-\$0.0930
Apr-18	\$1.7901	-\$0.0720	-\$0.0885
May-18	\$1.7915	-\$0.0686	-\$0.0849

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$46.6000	-\$3.6000
Crude - Brent	WTI Spread	\$56.2600	-\$3.3500
Natural Gas	\$9.66	\$3.8380	\$0.0310
Gasoline		\$1.3505	-\$0.0599

API Weekly Report for the Week Ending December 14, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 3.5 million barrels	Down 3 million barrels
Cushing, OK Crude Stocks	Up 1.1 million barrels	Up 1.3 million barrels
Gasoline Stocks	Up 1.8 million barrels	Up 2.6 million barrels
Distillate Stocks	Down 3.4 million barrels	Up 400,000 barrels
Refinery Runs	Up 47,000 bpd	Up 0.3%

NYMEX January Heating Oil Crack



NYMEX January RBOB Crack

