

Market Commentary

Recap: Oil prices continued to pull back from two-month highs, pressured by global economic woes, strength in the dollar and expectations that U.S. crude oil inventories increased last week. Prices opened the session trading above unchanged, but once again failed above the \$50.00 mark. This psychological level has thus far proven to be an area of contention. The lack of follow through above this level sent both WTI and Brent lower, with March WTI falling as much as 1.9 percent, reaching a low of \$53.47, while Brent for April delivery slipped to a low of \$61.72, down 1.2 percent. Trading was choppy. Losses were slightly trimmed, with March WTI losing 90 cents, or 1.65 percent, to settle at \$53.66 a barrel. April Brent settled at \$61.98 a barrel, down 53 cents, or 0.86 percent. March RBOB lost 0.4% to \$1.426 a gallon, and March heating oil declined by 0.5% to \$1.898 a gallon.

Technical Analysis: For the last four trading sessions, WTI failed above the \$55.00 level, indicating uncertainty. Those trading the break above the neckline on the inverse head and shoulders pattern received a blow, as the March contract settled below the neckline on Tuesday. Support rests at \$53.56, the current 10-day moving average. A break below this level will entice sellers, and we will most likely see further liquidation by those who bought above the aforementioned neckline. Additional support is set at \$53.19. Resistance is set at \$55.30 and \$60.00.

Fundamental News: Bloomberg reported that crude stocks held in Cushing, Oklahoma increased by 400,000 barrels to 41.58 million barrels in the week ending February 1st.

According to Bank of America Merrill Lynch, global oil demand growth will fall over the medium term to 600,000 bpd in 2024 and zero by 2030 from 1.2 million bpd in 2019 on the proliferation of electric vehicles.

Russian Foreign Minister, Sergei Lavrov, said that the crisis in Venezuela could only be solved by getting the authorities and the opposition to talk to each other.

Venezuela's PDVSA's principal amount of debt to Russian oil producer Rosneft stood at \$2.3 billion at the end of the fourth quarter, down from \$3.1 billion at the end of the third quarter. It also said its outlook for crude and gas condensate production in 2019 implied growth of between 3 and 4.5% from 2018 levels, depending on the implementation of the global oil output deal in the first half of the year.

Iran's Oil Minister, Bijan Zanganeh, said Iraq owed its \$2 billion for gas and electricity exports. He also stated that since the US reimposed sanctions on Iran's energy sector, Iraq halted a deal with Iran to swap crude produced from the northern Kirkuk oilfield for Iranian oil. Separately, Iran's Oil Minister criticized Greece and Italy for not buying its oil despite US waivers and said they had not offered Iran any explanation for their decision.

The head of Kuwait Petroleum Corp, Hashem Hashem, said that global oil supply could be hit this year by big reductions in exports from Venezuela. He said one of the known risks of supply shortage at the end of the fourth quarter, would include the continuing decline of Venezuelan crude oil production beyond current expectations. He also said that the threat of a US-China trade war and mixed messages from the US on whether it would raise interest rates is causing volatility in the global equity markets and could increase oil price volatility this year.

Russia's Energy Ministry reported that Russia's oil producers may take longer than expected to achieve the production cuts the country agreed to under the OPEC and non-OPEC output cut agreement. The nation is fully complying with obligations in line with earlier announced plans to gradually cut output by May.

Early Market Call - as of 9:10 AM EDT

WTI - Mar **\$53.50 down 16 cents**
 RBOB - Mar **\$1.4228 down 31 points**
 HO - Mar **\$1.8949 down 26 points**

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$1.8975	-\$0.0099	\$0.0030
Apr-19	\$1.8905	-\$0.0098	\$0.0040
May-19	\$1.8874	-\$0.0099	\$0.0037
Jun-19	\$1.8896	-\$0.0105	\$0.0034
Jul-19	\$1.8976	-\$0.0111	\$0.0033
Aug-19	\$1.9061	-\$0.0118	\$0.0036
Sep-19	\$1.9155	-\$0.0123	\$0.0033
Oct-19	\$1.9253	-\$0.0120	\$0.0038
Nov-19	\$1.9350	-\$0.0119	\$0.0044
Dec-19	\$1.9435	-\$0.0114	\$0.0046
Jan-20	\$1.9506	-\$0.0112	\$0.0047
Feb-20	\$1.9520	-\$0.0108	\$0.0049
Mar-20	\$1.9495	-\$0.0105	\$0.0053
Apr-20	\$1.9396	-\$0.0103	\$0.0045
May-20	\$1.9347	-\$0.0101	\$0.0026
Jun-20	\$1.9337	-\$0.0100	\$0.0022
Jul-20	\$1.9367	-\$0.0098	\$0.0021

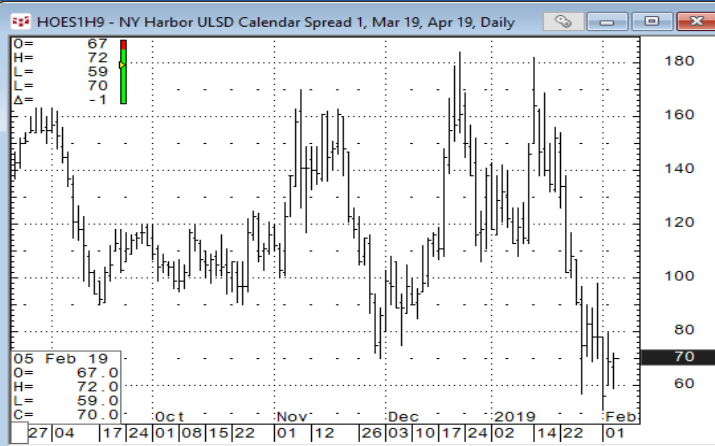
Sprague HeatCurve Oct 2019-Apr 2020

Other Front Month NYMEX	Close	Change
Crude - WTI	\$54.0000	-\$0.8900
Crude - Brent	\$61.9800	-\$0.5300
Natural Gas	\$7.98	\$0.0020
Gasoline	\$1.4259	-\$0.0064

API Weekly Report for the Week Ending February 1, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 2.5 million barrels	Up 2.2/3.7 million barrels
Cushing, OK Crude Stocks	Up 889,000 barrels	Up 400,000 barrels
Gasoline Stocks	Up 1.7 million barrels	Up 1.7 million barrels
Distillate Stocks	Up 141,000 barrels	Down 1.7 million barrels
Refinery Runs	Up 85,000 bpd	Down 0.4%, 90%

NYMEX Heating Oil Mar-Apr Spread



NYMEX RBOB Mar-Apr Spread

