

Market Commentary

Recap: Oil prices continued to rise on Friday, supported by the possibility of U.S. sanctions against Venezuela. Political turmoil in Venezuela has heightened concern of supply shortages, which overshadowed Thursday's EIA report showing an 8 million barrel increase in U.S. crude oil inventories. Also propping up prices was a rise in stocks and a slip in the dollar. March WTI finished the session at \$53.69 a barrel, up 56 cents, or 1.05 percent, but was down 0.7 percent on the week. March Brent rose 55 cents, or 0.9%, to \$61.64 on ICE Futures Europe, but prices still saw a weekly loss of about 1.7%. February RBOB added 0.1% to \$1.389 a gallon, for weekly loss of 4.4%, while February heating oil rose 0.3% to \$1.892 a gallon, with prices settling 1.3% lower on the week.

Technical Analysis

The right shoulder on the inverse head and shoulders pattern, which is forming on a daily spot continuation chart is more than half way complete. Technical traders will be keeping an eye on this formation, looking for a break above the neckline. As mentioned previously, the upside projected target is \$62.66.

March WTI continues to bounce around the 10-day moving average, while settling above it for 2 straight sessions. This technical indicator, currently set at \$52.96 is the first line of support. Below this average, additional support is set at \$52.15. To the upside, resistance is set at \$54.51 and above that at \$55.33.

Fundamental News: US President, Donald Trump, and congressional leaders reached a deal to reopen the government for three weeks while negotiations for border security funding continues. The deal would fund the government through February 15th and start negotiations between the House and Senate over a full-year bill funding the Homeland Security Department, which oversees the border. The stopgap spending bill would include an extension of border security funding at current levels, which includes \$1.3 billion for border security but not expressly for a wall. The Senate could vote on the measure late on Friday. House lawmakers are not likely to be in Washington but if Republicans agree, the chamber could pass it with a voice vote even if most lawmakers are gone.

Baker Hughes reported that US energy firms increased the number of oil rigs operating for the first time this year. Drillers added 10 oil rigs in the week ending January 25th, bringing the total count to 862. For the month, drillers cut 23 rigs in January, the most removed in a month since April 2016.

The German government said that Venezuela needed to hold free and fair presidential elections or opposition leader Juan Guaido should be declared interim president. Guaido declared himself interim president on Wednesday, winning support from US President Donald Trump and some Latin American countries. German government spokesman, Steffen Seibert, said Venezuelan President Nicolas Maduro cannot be the legitimate leader because the elections that had returned him to office were not fair.

China's General Administration of Customs reported that Russia came in as China's largest crude oil supplier in December. Imports from Russia reached 7.04 million tons or 1.658 million bpd in December, up 40% from 5.03 million tons a year earlier. For the full year, Russian imports increased to 71.49 million tons or 1.43 million bpd, up 19.7% from 59.7 million tons in 2017.

IIR Energy reported that US oil refiners are expected to shut in 1.1 million bpd of capacity in the week ending January 25th, reducing available refining capacity by 268,000 bpd from the previous week. IIR expects offline capacity to fall by 6,000 bpd in the week ending February 1st.

Early Market Call - as of 9:05 AM EDT

WTI - Mar \$52.48 down \$1.20

RBOB - Feb \$ 1.3666 down 2.34 cents

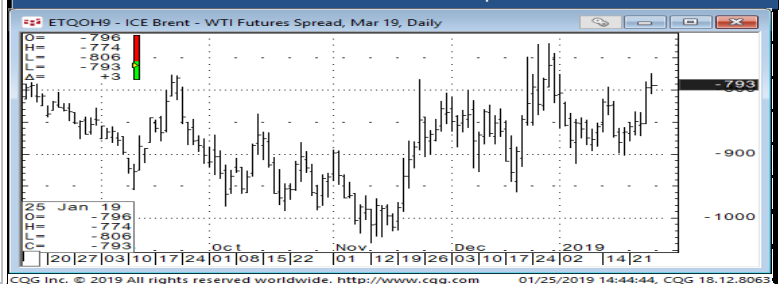
HO - Feb \$1.8566 down 3.53 cents

All NYMEX | Prior Settlements

Month	ULSD (HO) Close	Prior Settle Change	Change In One Week
Feb-19	\$1.8919	\$0.0063	-\$0.0241
Mar-19	\$1.8867	\$0.0068	-\$0.0218
Apr-19	\$1.8777	\$0.0082	-\$0.0161
May-19	\$1.8761	\$0.0088	-\$0.0128
Jun-19	\$1.8798	\$0.0090	-\$0.0117
Jul-19	\$1.8890	\$0.0092	-\$0.0100
Aug-19	\$1.8979	\$0.0094	-\$0.0088
Sep-19	\$1.9077	\$0.0094	-\$0.0078
Oct-19	\$1.9166	\$0.0093	-\$0.0078
Nov-19	\$1.9249	\$0.0093	-\$0.0078
Dec-19	\$1.9321	\$0.0094	-\$0.0076
Jan-20	\$1.9386	\$0.0095	-\$0.0074
Feb-20	\$1.9393	\$0.0096	-\$0.0069
Mar-20	\$1.9360	\$0.0100	-\$0.0063
Apr-20	\$1.9265	\$0.0097	-\$0.0065
May-20	\$1.9234	\$0.0097	-\$0.0072
Jun-20	\$1.9225	\$0.0095	-\$0.0078

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$53.6900	\$0.5600
Crude - Brent	WTI Spread	\$61.6400	\$0.5500
Natural Gas	\$7.95	\$3.1780	\$0.0790
Gasoline		\$1.3894	\$0.0018

ICE March WTI-Brent Spread



NYMEX WTI Forward Curve

NOAA 8-14 Day Temperature Outlook

