

Market Commentary

Recap: After trading slightly higher in overnight trading, oil prices reversed course and fell to their lowest level in 17-months, as traders squared books ahead of the upcoming Christmas Holiday and year end. February WTI fell 75 cents, to a low of \$45.13 a barrel, while February Brent slipped 56 cents, reaching a low \$52.79 a barrel. A rebound followed with prices posting modest gains in response to a report Saudi Arabia will cut more oil than first announced as part of an OPEC led agreement. February WTI rose \$1.25 to post an intermediate session high of \$46.38 before falling into a period of sideways trading. Gains were pared as the session closed in on the post settlement period, with February WTI falling below unchanged to finish the session at \$45.59, down 29 cents, or 0.63%, down 11.4% on the week. This was the lowest settlement for a spot contract since July 2017. Brent for February delivery fell 53 cents or 0.98%, to settle at \$53.82 a barrel, for a loss of 10.7% on the weekly. January gasoline fell 0.3% to \$1.318 a gallon, the lowest settlement since mid-November 2016. It saw a weekly loss of 8.1%. January heating oil shed 1% to \$1.733 a gallon, on track for a weekly decline of 6.1%.

Technical Analysis: Crude oil prices broke through several key support areas this past week, but despite being in oversold territory, show no sign of letting up. After piercing the \$50.00 level, prices slipped toward \$45.00 as the downside accelerated. Coming into next week, we would look for an extended move to the downside, with \$40.00 in sight. Support rests at \$44.00 and below that at \$42.70. Resistance is set at \$46.57 and \$47.50.

Fundamental News: US energy firms added oil rigs for the first time in the past three weeks, despite sharp declines in crude futures prices. Baker Hughes reported that oil companies added 10 oil rigs in the week ending December 21st, bringing the total count to 883.

Russia's energy minister said on Friday that he believes oil producers should continue to monitor global oil prices but did not rule out the possible necessity of an extra-ordinary meeting again between OPEC and non-OPEC oil producers. He did confirm that Russia was sticking to plans to cut oil production by 228,000 b/d, in line with the recent agreement by the members of OPEC+ producers.

US President, Donald Trump, on Friday threatened a "very long" government shutdown just hours ahead of a midnight deadline, calling on the Senate to pass spending legislation with his \$5 billion demand for border wall funding and seeking to shift blame for a holiday showdown to Democrats. Three quarters of government programs are fully funded through the end of the federal fiscal year next September 30th, including those in the Defense Department, Labor Department and Health and Human Services. However funding for other agencies, including the Department of Homeland Security, the Justice Department and the Agriculture Department, is set to expire at midnight on Friday.

The Seaway Crude Oil Pipeline Company said Friday that the open season for the crude oil pipeline has begun and will run through January 21st. The expansion of the line which runs from Cushing to the Texas Gulf Coast area will add approximately 100,000 b/d of incremental capacity starting in February 2019. Meanwhile, US crude's discount to Brent on Friday increased to the narrowest since late August as a pipeline from the Cushing, Oklahoma storage hub to the US Gulf Coast signaled new capacity coming in February. The spread between US crude futures and Brent narrowed to as low as minus \$7.50/barrel, compared with an \$8.47 discount on Thursday.

IIR said Friday that they were estimating U.S. refiners had only some 72,000 b/d of refining capacity off line for the week ending December 21st, and would have only 45,000 b/d of capacity shut in for the week ending December 28th.

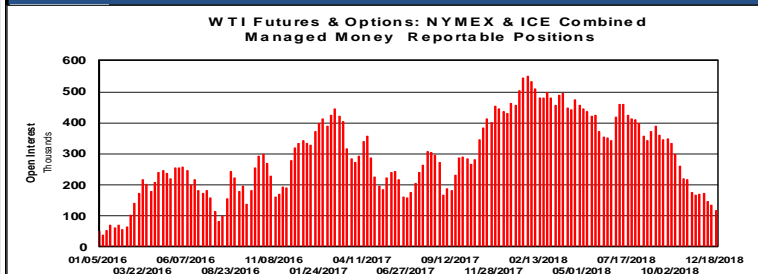
Early Market Call - as of 8:00 AM EDT

WTI - Feb \$42.83, up 30 cents
 RBOB - Jan \$1.2510, up 22 points
 HO - Jan \$1.6555, down 74 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.7327	-\$0.0170	-\$0.1126
Feb-19	\$1.7249	-\$0.0122	-\$0.1143
Mar-19	\$1.7098	-\$0.0131	-\$0.1196
Apr-19	\$1.6929	-\$0.0141	-\$0.1255
May-19	\$1.6911	-\$0.0135	-\$0.1254
Jun-19	\$1.6969	-\$0.0126	-\$0.1241
Jul-19	\$1.7087	-\$0.0124	-\$0.1221
Aug-19	\$1.7205	-\$0.0123	-\$0.1202
Sep-19	\$1.7328	-\$0.0124	-\$0.1189
Oct-19	\$1.7434	-\$0.0127	-\$0.1189
Nov-19	\$1.7524	-\$0.0125	-\$0.1192
Dec-19	\$1.7600	-\$0.0121	-\$0.1190
Jan-20	\$1.7670	-\$0.0119	-\$0.1178
Feb-20	\$1.7692	-\$0.0118	-\$0.1166
Mar-20	\$1.7688	-\$0.0118	-\$0.1155
Apr-20	\$1.7651	-\$0.0114	-\$0.1105
May-20	\$1.7690	-\$0.0111	-\$0.1043

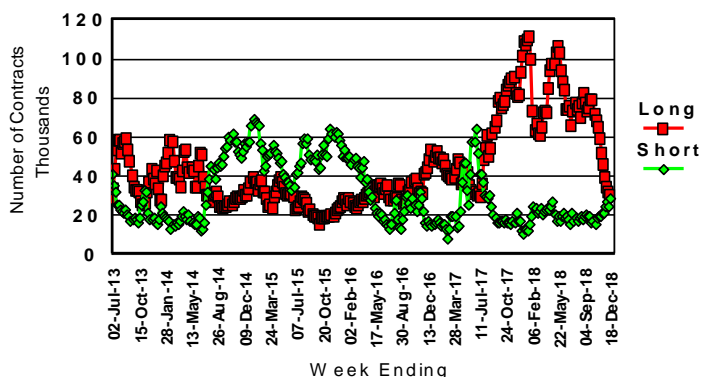
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$45.5900	-\$0.2900
Crude - Brent	WTI Spread	\$53.8200	-\$0.5300
Natural Gas	\$8.23	\$3.8160	\$0.2330
Gasoline		\$1.3183	-\$0.0041



Commitment of Traders Report for the Week Ending December 18, 2018

Managed Money Heat Positons

CFTC Commitment of Traders Report



Managed Money RBOB Positons

CFTC Commitment of Traders Report

