

Market Commentary

Recap: Oil prices continued to rise on Tuesday, supported by hopes of positive trade talks between the U.S. and China. February WTI increased 2.9 percent to \$49.95 a barrel, the highest level for a spot contract since December 17. Brent for March delivery climbed 2.5 percent, hitting a session high of \$58.87. The inability of WTI to breach the \$50.00 level sparked a round of selling, which pushed the February contract back toward \$49.00. As the U.S. stock market recovered, renewed confidence pulled oil prices back toward session highs. February WTI settled up \$1.26, or 2.6 percent higher at \$49.78 a barrel, while March Brent settled at \$58.72 a barrel, up \$1.39, or 2.42 percent. February RBOB tacked on 2.18 cents, 1.6 percent, while February heating oil settling at \$1.8270, up 2.17 cents, or 4.86 percent.

Early reports are indicating that the talks are going well so far, boosting hopes for greater demand. Looming in the background are concerns of a global economic slowdown, which could negate the talks. So far, hedge funds have made considerable cuts to bullish bets on oil, but with the new year just starting, we could see a change in their positions, and therefore would monitor total open interest over the next few weeks.

Technical Analysis: February WTI continued to test resistance set at the psychological level of \$50.00, as it also rose toward the descending trend line drawn off of the October high of \$77.40. So far this market is struggling to breach the \$50.00 and as long as it does, we should continue to see retreats. Just above this level is the aforementioned descending trend line, which is currently set at \$50.10. Just above this line is \$52.61, the current 50-day moving average. Above this average, additional resistance is set at \$53.59. Support is set at \$48.34 and below that at \$46.72.

Fundamental News: Bloomberg reported that crude oil inventories in Cushing, Oklahoma likely increased by 700,000 barrels in the week ending January 4th. The EIA reported that stocks increased by 641,000 barrels to 41.9 million barrels in the week ending December 28th.

S&P Global ratings said it has lowered its average oil price forecasts for 2019 by \$10 per barrel to \$55.00 and \$50.00 per barrel for Brent and WTI, respectively. There lower price forecasts is based on assumptions for slowing demand and rising supply globally.

Saudi-based Arab Petroleum Investments Corp, a firm specializing in funding petroleum projects, estimated Tuesday that oil prices are likely to trade between \$60-\$70 per barrel by the middle of this year.

Statistics Canada reported Tuesday that total Canadian crude oil exports fell by 160,000 b/d from October levels, to 3.52 million b/d in November, with exports to the United States falling by 170,000 b/d to 3.43 million b/d. Meanwhile, Canadian imports of crude oil from the United States rose by 65,000 b/d to 537,000 b/d in November.

US waterborne crude imports increased by 103,500 bpd to 3.62 million bpd in the week ending January 4th. Shipments to the Gulf and West Coasts increased by 219,000 and 150,400 bpd, respectively. East Coast imports fell by 265,900 bpd.

Wood Mackenzie said North Sea drilling is set to increase by 25% on the year in 2019. The UK, Norway, the Netherlands and Denmark are expected to drill more than 60 exploration wells in 2019.

Early Market Call - as of 8:05 AM EDT

WTI - Feb \$51.23, up \$1.45
 RBOB - Jan \$14080, up 4.56 cents
 HO - Jan \$1.8546, up 2.71 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8270	\$0.0486	\$0.1476
Mar-19	\$1.8194	\$0.0480	\$0.1495
Apr-19	\$1.8077	\$0.0485	\$0.1516
May-19	\$1.8044	\$0.0481	\$0.1495
Jun-19	\$1.8092	\$0.0471	\$0.1464
Jul-19	\$1.8191	\$0.0465	\$0.1434
Aug-19	\$1.8282	\$0.0462	\$0.1402
Sep-19	\$1.8380	\$0.0459	\$0.1375
Oct-19	\$1.8473	\$0.0456	\$0.1359
Nov-19	\$1.8555	\$0.0454	\$0.1352
Dec-19	\$1.8630	\$0.0458	\$0.1355
Jan-20	\$1.8697	\$0.0458	\$0.1350
Feb-20	\$1.8705	\$0.0458	\$0.1340
Mar-20	\$1.8675	\$0.0457	\$0.1328
Apr-20	\$1.8617	\$0.0456	\$0.1310
May-20	\$1.8636	\$0.0455	\$0.1290
Jun-20	\$1.8708	\$0.0452	\$0.1270

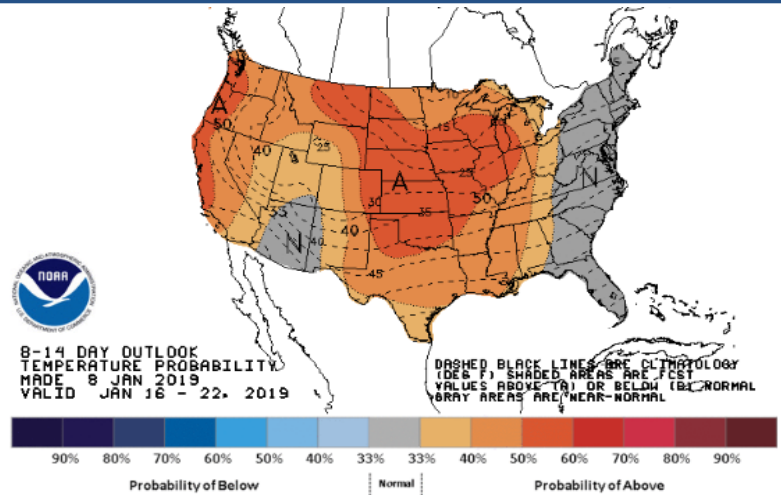
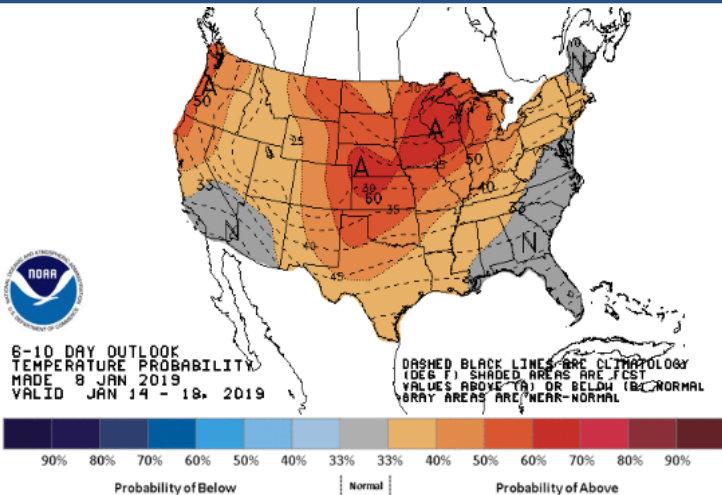
Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$50.1100	\$1.2900
Crude - Brent	WTI Spread	\$58.7200	\$1.3900
Natural Gas	\$8.61	\$2.9670	\$0.0230
Gasoline		\$1.3626	\$0.0218

API Weekly Report for the Week Ending January 4, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 6.1 million barrels	Down 1.4 million barrels
Cushing, OK Crude Stocks	Up 331,000 barrels	Down 565,000 barrels
Gasoline Stocks	Up 5.5 million barrels	Up 4.2 million barrels
Distillate Stocks	Up 10.2 million barrels	Up 4.3 million barrels
Refinery Runs	Up 45,000 bpd	Up 0.2% to 97.4%

NOAA 6-10 Day Temperature Outlook

NOAA 8-14 Day Temperature Outlook



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