

Market Commentary

Recap: Oil prices slipped about 1% on Tuesday, giving back gains made over the last three sessions, as traders weighed in on what impact, if any, the U.S. drone strike in Iran would have on crude oil supplies. After gapping lower on the opening, both WTI and Brent made a failed attempt to recapture unchanged, then proceeded to trade to the downside for the remainder of the session. February WTI lost 57 cents, or 0.9%, to settle at \$62.70 barrel, while Brent for March delivery settled at \$68.27 a barrel, for a loss of 64 cents, or 0.93%. February RBOB declined by 1.8% to \$1.7222 a gallon and February heating oil lost 0.07% to \$2.0324 a gallon.

Technical Analysis: WTI continues to retreat from \$64.64, the 62% retracement provided by the October low of \$51.27 and the April high of \$72.90, as it draws near \$62.08, the 50% retracement of the aforementioned range. We would look for a test at \$61.90, the current 10-day moving average, with successful breaks below it allowing for a run at the \$61.00 area. Resistance is set at \$63.27 and above that at \$64.35 - \$64.64.

Fundamental News: Chevron Corp's Chief Executive, Michael Wirth, told CNBC that the oil markets remain well supplied despite the recent escalation of tensions between the US and Iran after the death of Iran's military commander, Qassem Soleimani, in a US airstrike.

According to data from the US Census Bureau, US crude oil exports fell to 3,023 million bpd in November from 3,383 million bpd in October. Exports to Canada totaled 482,000 bpd, exports to South Korea totaled 439,000 bpd, exports to the UK totaled 311,000 bpd and exports to the Netherlands totaled 242,000 bpd.

LOOP sour deliveries increased to 600,000 barrels in December. Monthly deliveries of LOOP sour crude out of storage increased in December, reaching their highest level since July. The volume of LOOP sour crude barrels delivered out of storage in December increased by 355,000 barrels from November to 600,000 barrels.

According to the latest Platts OPEC survey, Venezuela produced 700,000 bpd of oil in November, up 50,000 bpd on the month but down 1.7 million bpd from October 2015. An analyst expects Venezuelan oil output will stabilize at about 1 million bpd with US sanctions remaining in place. Platts Analytics forecasts Venezuela's oil output to fall to 600,000 bpd by the end of 2020, but the introduction of secondary sanctions could cause Venezuelan oil output to fall below 400,000 bpd.

The US Atlantic Coast imported 500,000 bpd of gasoline in 2019, its highest level in at least four years. US Customs data showed that Padd 1 region from Florida to Maine brought in 184 million barrels of gasoline and premium gasoline cargoes last year or 504,159 bpd. December ended with a total of 12.6 million barrels in imports, 2.9 million more than 2018 and the highest total in five years.

US Gulf Coast middle distillate shipments to Europe for January arrival were scheduled at 700,000 metric tons as of Monday, with 390,000 metric tons bound for Northwest Europe and 310,000 metric tons set to arrive in the Mediterranean. In December, about 450,000 metric tons of middle distillates made their way from the US Gulf Coast to Europe, with about 180,000 metric tons going to Northwest Europe and 270,000 metric tons to the Mediterranean.

Early Market Call - as of 8:10 AM EDT

WTI - Feb \$61.71, down 98 cents

RBOB - Feb \$1.7016, down 1.98 cents

HO - Feb \$2.0200, down 1.18 cents

All NYMEX | Prior Settlements

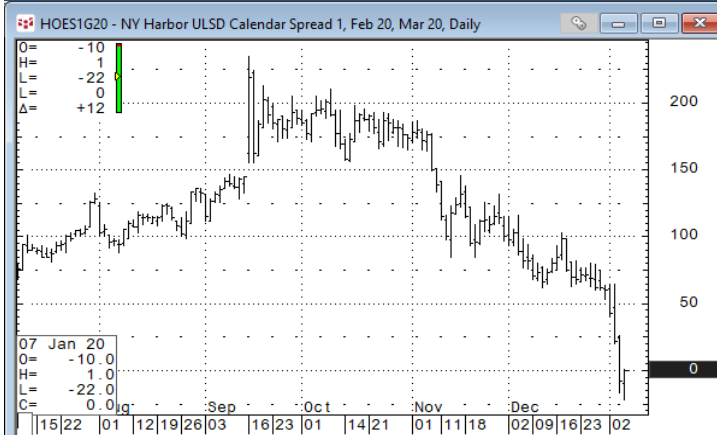
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-20	2.0324	-0.0015	-0.0096
Mar-20	2.0324	-0.0027	-0.0159
Apr-20	2.0233	-0.0033	-0.0236
May-20	2.0129	-0.0034	-0.0287
Jun-20	2.0029	-0.0033	-0.0316
Jul-20	1.9973	-0.0036	-0.0318
Aug-20	1.9921	-0.0041	-0.0315
Sep-20	1.9884	-0.0044	-0.0308
Oct-20	1.9849	-0.0046	-0.0300
Nov-20	1.9816	-0.0048	-0.0292
Dec-20	1.9778	-0.0052	-0.0283
Jan-21	1.9742	-0.0053	-0.0281
Feb-21	1.9653	-0.0047	-0.0297
Mar-21	1.9495	-0.0041	-0.0296
Apr-21	1.9261	-0.0032	-0.0288
May-21	1.9091	-0.0033	-0.0263
Jun-21	1.8985	-0.0035	-0.0234

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$62.5100	-\$0.5300
Crude - Brent	WTI Spread	\$68.2700	-\$0.6400
Natural Gas	\$5.76	\$2.1620	\$0.0270
Gasoline		\$1.7222	-\$0.0322

API Report for the Week Ending January 3, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 5.9 million barrels	Down 3.7 million barrels
Cushing, OK Crude Stocks	Down 1.0 million barrels	
Gasoline Stocks	Up 6.7 million barrels	Up 4.5 million barrels
Distillate Stocks	Up 6.4 million barrels	Up 5 million barrels
Refinery Runs	Up 25,000 b/d	Up 0.3% at 94.8%

Heating Oil Feb-Mar Spread



RBOB Feb-Mar Spread

