

Market Commentary

Recap: Oil futures rose more than 1% on Tuesday, with WTI trading above \$61.00 a barrel for the first time since mid-September and Brent breaching \$66.00 in equally as much time. Prices were supported by hopes that a trade deal between the U.S. and China would boost demand for oil in 2020, along with expectations that U.S. crude oil inventories decreased by 2.5 million, were behind the higher move. January WTI gained 73 cents, or 1.2%, to settle at \$60.94 a barrel. Brent for February delivery added 76 cents, or 1.2%, to settle. January RBOB rose 1.4% to \$1.6857 a gallon, while January heating oil rose 1.4% to \$2.0334 a gallon.

Technical Analysis: February WTI, the soon to be spot contract, tackled the 200-day moving average, as it too closes in on \$61.00. As mentioned in Monday's commentary, we expect the market to encounter a bit of resistance between current levels and the \$62.50 level. Although we would not discount a move to this level, we believe that this market has a lot of work to do before getting there. There is resistance set at \$62.08, the 50% retracement set by the October low of \$51.27 and the April high of \$72.90. Support is set at \$59.60 and \$58.73.

Fundamental News: JP Morgan raised its price outlook and forecast supply-demand balance to tighten next year against the backdrop of OPEC and its allies increasing its output cuts and stronger economic growth in emerging markets. It revised its Brent price forecast to \$64.50/barrel in 2020 from a previous estimate of \$59/barrel, although it expects prices to fall to \$61.50/barrel in 2021. WTI prices are expected to average \$60/barrel in 2020 and \$57.50/barrel in 2021. JP Morgan continues to expect global oil demand growth at 1 million bpd.

Libya reopened five of its oil terminals, Brega, Marsa el-Hariga, Bouri, Ras Lanuf and Es Sider, after they were closed on Sunday due to bad weather. The loadings halt resulted in a minor loss of production. The majority of the oil exported from the ports comes from the Waha fields, where output has recently averaged about 350,000 bpd.

According to the S&P Global Platts trade flow software cFlow, US Gulf Coast middle distillate shipments to Europe for December arrival were scheduled at 510,000 metric tons as of Monday, with 240,000 metric tons bound for Northwest Europe and 270,000 metric tons planned to arrive in the Mediterranean. It is up on the two previous months, with about 430,000 metric tons arriving from the US in November and 310,000 metric tons in October.

Fitch Ratings agency stated that the "phase one" trade deal between the US and China has eased trade tensions but renewed escalation remains a significant risk. It said tensions between the US and China, particularly in fields such as technology, will pose a major obstacle to full resolution of the trade war. It expects China's economy to grow by about 6% in 2020, compared with its earlier forecast of 5.7%, following the initial trade deal.

US Trade Representative, Robert Lighthizer, said the US may increase tariffs on European goods as it seeks to cut its trade deficit with the continent. He told Fox Business Network that recently imposed tariffs on \$7.5 billion worth of European goods as part of the Boeing-Airbus aircraft subsidy dispute could be increased as the two sides try to negotiate a settlement. He said the US goods trade deficit with the European Union could reach \$180 billion in 2019 and the US needed to find ways to sell more goods to Europe. Separately, US Trade Representative said the US Congress should easily approve a revised North American trade agreement and increased trade flows will increase US GDP by a third to a full percentage point.

Early Market Call - as of 8:45 AM EDT

WTI - Jan \$60.60, down 34 cents
 RBOB - Jan \$1.6624, down 2.32 cents
 HO - Jan \$2.0163, down 1.7 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	\$2.0334	\$0.0289	-\$0.0679
Feb-20	\$2.0317	\$0.0286	-\$0.0580
Mar-20	\$2.0216	\$0.0272	-\$0.0660
Apr-20	\$2.0020	\$0.0255	-\$0.0624
May-20	\$1.9848	\$0.0236	-\$0.0571
Jun-20	\$1.9711	\$0.0223	-\$0.0527
Jul-20	\$1.9644	\$0.0214	-\$0.0492
Aug-20	\$1.9594	\$0.0203	-\$0.0462
Sep-20	\$1.9566	\$0.0191	-\$0.0441
Oct-20	\$1.9545	\$0.0178	-\$0.0422
Nov-20	\$1.9525	\$0.0163	-\$0.0403
Dec-20	\$1.9498	\$0.0145	-\$0.0384
Jan-21	\$1.9473	\$0.0135	-\$0.0364
Feb-21	\$1.9380	\$0.0124	-\$0.0339
Mar-21	\$1.9238	\$0.0115	-\$0.0316
Apr-21	\$1.9035	\$0.0108	-\$0.0299
May-21	\$1.8899	\$0.0107	-\$0.0286

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$60.8700	\$0.7300
Crude - Brent	WTI Spread	\$66.1000	\$0.7600
Natural Gas	\$5.23	\$2.3190	-\$0.0220
Gasoline		\$1.6857	\$0.0230

API Report for the Week Ending December 13, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.7 million barrels	Down 2.5 million barrels
Cushing, OK Crude Stocks	Down 302,000 barrels	
Gasoline Stocks	Up 5.6 million barrels	Up 2.2 million barrels
Distillate Stocks	Up 3.7 million barrels	Up 312,000 barrels
Refinery Runs	Down 357,000 b/d	Up 0.9% at 91.5%

NYMEX Heating Oil Jan-Feb Spread



NYMEX RBOB Jan-Feb Spread

