

## Market Commentary

**Recap:** Crude oil prices rose on Thursday after the API reported a 7.9 million barrel drop in U.S. crude oil inventories. WTI rose to its highest level in 3 ½ months, with the February contract trading at a session high of \$61.83 a barrel, before paring gains to settle at \$61.68 a barrel, up 57 cents or 0.93%. This was the highest settlement for a spot contract since September 16. February Brent rose 72 cents, or 1.1%, to finish at \$67.92 a barrel. The international benchmark also finished at a more than three-month high. February RBOB added 2.65 cents, or 1.5%, to end at \$1.7539 a gallon, while February heating oil increased by 1.62 cents, or 0.8%, to settle at \$2.0535 a gallon. Trading was subdued due to the Christmas holiday period, and the release of the EIA report is delayed until Friday, December 27.

**Technical Analysis:** With Thursday's market activity, we saw the 10-day moving average cross above the 200-day moving average, which is a bullish signal. Right now, the February contract is closing in on \$62.08, the 50% retracement provide by the April high of \$72.90 and the October low of \$51.27. Should the market break above this level, we would be looking at a run toward \$62.50. Support is set at \$61.40 and below that at \$60.62.

**Fundamental News:** Russia's Energy Minister, Alexander Novak, said Russia has reduced its oil output, excluding gas condensate, by 240,000 bpd so far in December compared with levels in October 2018. Russia pledged to cut its oil production including gas condensate by 228,000 bpd as part of a global deal.

India's Ministry of Petroleum and Natural Gas reported that the country's crude oil production fell by 6% in November from a year earlier to 2.61 million tons or 640,000 bpd. India's refinery output in November increased by 3.8% to 21.9 million tons or 5.4 million bpd. India's natural gas output was 6.2% lower at 2.56 billion cubic meters.

China's Commerce Ministry said China is in close touch with the US on signing a Phase 1 trade deal, adding that both sides are still going through necessary procedures before the signing.

Phillips 66 reported a fire was extinguished in the area of the boiler plant at its 139,000 bpd refinery in Wilmington, California. Multiple units were shut on Wednesday morning, including a 50,000 bpd fluid catalytic cracking unit, a 27,500 bpd hydrocracker, a 20,000 bpd catalytic reformer, a 16,000 bpd catalytic reformer and a 19,000 bpd naphtha hydrotreater.

A 100,000 bpd fluid catalytic cracking unit at Valero's 210,000 bpd St. Charles refinery resumed operations on Wednesday morning. The unit had been ramping up since Tuesday after being shut that morning.

Activity at a 95,000 bpd coker unit at Motiva's 600,000 bpd Port Arthur, Texas refinery returned to normal levels on Monday evening. Also, activity at a 60,000 bpd coker unit returned to normal on Wednesday morning.

Increased activity began at a 56,000 bpd fluid catalytic cracking unit at Chevron's 100,000 bpd Pasadena refinery on Thursday morning. The unit was restarting after it was shut on December 22<sup>nd</sup> due to a leak.

A 110,000 bpd crude section at Exxon's 502,000 bpd Baton Rouge refinery was shut on Thursday morning.

A 40,000 bpd catalytic reformer unit at Husky's 155,000 bpd Lima, Ohio refinery resumed operations on Thursday morning. The unit had been ramping up since Sunday after it was shut since September 27<sup>th</sup> as part of a multi-unit turnaround.

**Early Market Call - as of 8:45 AM EDT**

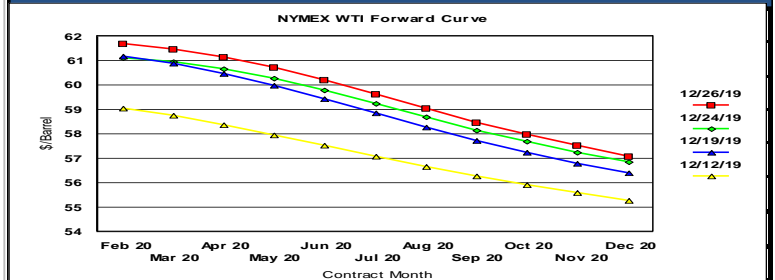
WTI - Feb \$61.75, up 7 cents  
 RBOB - Jan \$1.7532, down 14 points  
 HO - Jan \$2.0577, up 56 points

## All NYMEX | Prior Settlements

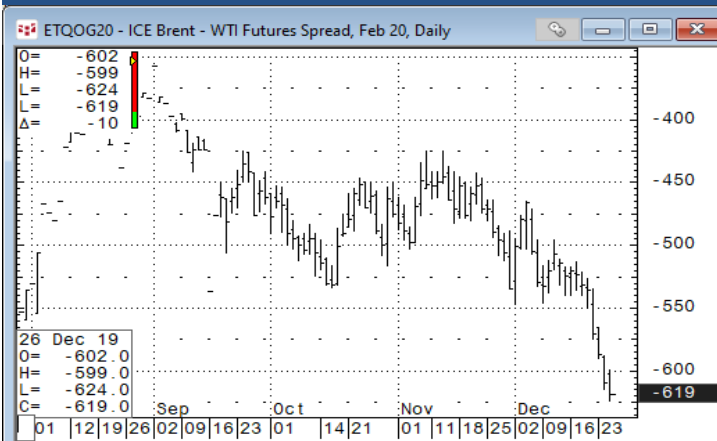
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	2.0521	0.0158	-0.0226
Feb-20	2.0535	0.0162	-0.0180
Mar-20	2.0467	0.0164	-0.0250
Apr-20	2.0295	0.0165	-0.0256
May-20	2.0137	0.0159	-0.0260
Jun-20	2.0003	0.0156	-0.0263
Jul-20	1.9942	0.0155	-0.0269
Aug-20	1.9893	0.0155	-0.0271
Sep-20	1.9860	0.0154	-0.0270
Oct-20	1.9833	0.0155	-0.0271
Nov-20	1.9810	0.0155	-0.0274
Dec-20	1.9784	0.0157	-0.0281
Jan-21	1.9752	0.0155	-0.0280
Feb-21	1.9650	0.0154	-0.0274
Mar-21	1.9494	0.0150	-0.0267
Apr-21	1.9276	0.0147	-0.0253
May-21	1.9130	0.0143	-0.0248

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$61.6800	\$0.5700
Crude - Brent	WTI Spread	\$67.9200	\$0.7200
Natural Gas	\$6.24	\$2.2940	\$0.1220
Gasoline		\$1.7537	\$0.0267

## NYMEX WTI Forward Curve



## ICE February Brent-WTI Spread



## WTI Continuation Chart

