

## Market Commentary

**Recap:** Oil was little changed on Friday, steadying near three-month highs after new data showed U.S. crude inventories fell far more than expected, while upbeat economic data and optimism over a U.S.-China trade deal fueled a year-end stock market rally. February WTI rose 4 cents, or less than 0.1%, to end at \$61.72 a barrel in up-and-down trade. The slight gains, however, helped the most-active contract hold around its highest price since Sept. 16, with a weekly gain of about 2.1%. February Brent meanwhile, added 24 cents, or 0.4%, at \$68.16 a barrel following a 1.1% gain in the prior session. That contract expires on Dec. 30. March Brent, which is currently the most active, added 11 cents, or 0.2%, to settle at \$66.87 a barrel. For the week, Brent's February contract climbed 3.7%, while March Brent rose 2.6% in the week to date. February RBOB shed 0.5% to end at \$1.7447 a gallon, producing a weekly decline of 2.2%. February heating oil meanwhile, gave up less than 0.1%, to settle at \$2.0519 a gallon. For the week, heating oil gained 1.5%.

**Technical Analysis:** February WTI edged closer to \$62.08 the 50% retracement provided by the April high of \$72.90 and the October low of \$51.27. Based upon a weekly spot continuation chart, this is the third week straight that WTI remains above the symmetrical triangle it broke out of. The projected upside objective of this breakout is \$63.64. Should it get above and settle over \$62.08, we would look for a run at the aforementioned objective. To the downside, support is set at \$60.80 through \$60.48 and below that at \$59.53.

**Fundamental News:** Baker Hughes reported that the number of rigs searching for oil in the week ending December 27<sup>th</sup> fell by 8 to 677.

The EIA reported that US crude oil stocks fell more than expected as refineries increased their output. Crude inventories fell by 5.5 million barrels in the week ending December 20<sup>th</sup> to 441.4 million barrels, exceeding the 1.7 million barrel decline. Refinery runs increased by 418,000 barrels on the week. Overall utilization increased to 93.3% as refiners increased their output. It increased to the highest level since September.

Russia's Energy Minister, Alexander Novak, said OPEC and its allies, known as OPEC+, may consider wrapping up their oil output reduction in 2020. He praised the cooperation between OPEC and non-OPEC producers, saying that global oil markets are currently more or less stable. He said that the oil demand may increase in the summer when more fuel is required by motorists. Separately, Russia's Energy Minister stated that oil production in Russia is expected to be between 555 million tons and 565 million tons or between 11.12 million bpd and 11.32 million bpd in 2020.

Loadings at Libya's western Zawiya oil port are continuing normally despite a missile landing nearby. Libya's National Oil Corp said the missile strike caused no casualties or damage.

IIR Energy reported that US oil refiners are expected to shut in 45,000 bpd of capacity offline in the week ending December 27<sup>th</sup>, increasing available refining capacity by 43,000 bpd from the previous week. Offline capacity is expected to remain at 45,000 bpd in the week ending January 3<sup>rd</sup>, and rise to 263,000 bpd in the week ending January 10<sup>th</sup>.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp refining and storage hub in the week ending December 27<sup>th</sup> increased by 23.33% on the week but fell by 22.1% on the year to 994,000 tons. Gasoil stocks increased by 1.09% on the week and by 16.67% on the year to 2.401 million tons, while its fuel oil stocks increased by 6.71% on the week but fell by 14.38% on the year to 923,000 tons.

**Early Market Call - as of 10:40 AM EDT**

WTI - Feb \$61.93, up 22 cents  
 RBOB - Jan \$1.7455, down 57 points  
 HO - Jan \$2.0596, up 86 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	2.0496	-0.0025	-0.0278
Feb-20	2.0519	-0.0016	-0.0250
Mar-20	2.0456	-0.0011	-0.0318
Apr-20	2.0291	-0.0004	-0.0326
May-20	2.0138	0.0001	-0.0327
Jun-20	2.0007	0.0004	-0.0328
Jul-20	1.9950	0.0008	-0.0334
Aug-20	1.9903	0.0010	-0.0334
Sep-20	1.9872	0.0012	-0.0333
Oct-20	1.9844	0.0011	-0.0332
Nov-20	1.9820	0.0010	-0.0334
Dec-20	1.9793	0.0009	-0.0338
Jan-21	1.9759	0.0007	-0.0334
Feb-21	1.9656	0.0006	-0.0324
Mar-21	1.9496	0.0002	-0.0310
Apr-21	1.9271	-0.0005	-0.0288
May-21	1.9120	-0.0010	-0.0274

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$61.7200	\$0.0400
Crude - Brent	WTI Spread	\$68.1600	\$0.2400
Natural Gas	\$6.44	\$2.1580	-\$0.1360
Gasoline		\$1.7473	-\$0.0064

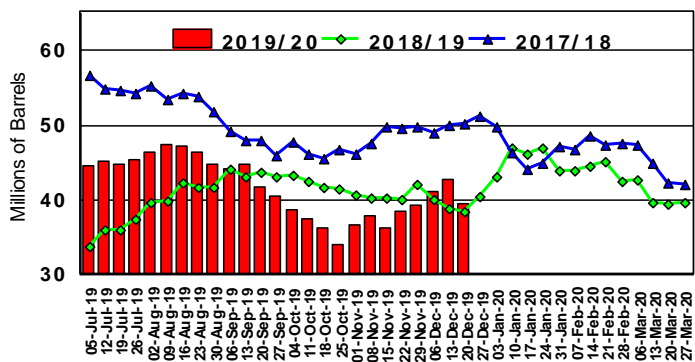
### EIA Working Gas Storage Report

	20-Dec-19	13-Dec-19	Change	Year Ago
East	796	838	-42	678
Midwest	923	973	-50	821
Mountain	177	186	-9	150
Pacific	260	273	-13	224
South Central	1,094	1,142	-48	858
Salt	309	319	-10	272
Nonsalt	786	823	-37	586
Total	3,250	3,411	-161	2,732

## Weekly EIA Petroleum Status Report for the Week Ending December 20, 2019

### Distillate Stocks

#### PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 5.474 million barrels

Cushing, OK Crude Stocks Down 2.393 million barrels

**Gasoline Stocks** Up 1.963 million barrels

**Distillate Stocks** Down 152,000 barrels

**Refinery % Operated** 93.3%, up 2.7%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Dec 20, 2019	Week Ending Dec 13, 2019	Week Ending Dec 21, 2018
New England	7.6	8.1	6.8
Central Atlantic	20.8	22.6	21.1
Total PADD #1	39.4	42.6	38.3
Distillate Imports (thousands b/d)	237	174	137