

## Market Commentary

**Recap:** The oil market opened relatively unchanged and traded lower on Thursday in line with US and global equities markets amid the continuing concerns of a slowdown in economic growth cutting oil demand. The crude market sold off to a low of \$50.98 by mid-day. The market later bounced off its low and retraced all of its losses in afternoon trading as the equities markets also recovered from their earlier losses on reports that the US is considering easing tariffs on China. The crude market rallied to \$52.15 ahead of the close and settled down 24 cents at \$52.07. The market continued to trend higher and later posted a high of \$52.88. The March Brent contract settled down 14 cents at \$61.18. The product markets were mixed, with the heating oil market settling down 1.03 cents at \$1.8843 and the RBOB market settling up 1.41 cents at \$1.43.

**Technical Analysis:** The oil market continued to trade mostly sideways and managed to settle above the 10 day moving average we have previously mentioned. The market is seen finding support at its low of \$60.04 followed by \$50.38, \$49.71 and \$48.31. Meanwhile, resistance is seen at its high of \$52.58, \$53.31, \$53.50 and \$54.77.

**Fundamental News:** In its monthly report, OPEC stated that it cut output sharply in December before the new agreement to cut output took effect. OPEC's output in December fell by 751,000 bpd on the month due to cutbacks led by Saudi Arabia, Libya and Iran. The reduction in December is the largest month-on-month decline in OPEC's production since January 2017. The largest drop in OPEC supply came from Saudi Arabia, with a fall of 468,000 bpd to 10.64 million in December. OPEC said 2019 demand for its crude would fall to 30.83 million bpd, down 910,000 bpd from 2018, as rivals produce more and the slowing economy cuts demand. The figure was cut by about 600,000 bpd to reflect Qatar's exit from OPEC. OPEC expects 2019 global oil demand growth to slow to 1.29 million bpd from 1.5 million bpd in 2018.

OPEC's Secretary General, Mohammed Barkindo, said the oil market is not yet out of the woods but added that he is optimistic that healthy demand will hold during 2019. He said the main objective of the oil supply cut deal is to ensure an inventory build-up over the 5-year average is avoided.

Russia's Deputy Energy Minister, Pavel Sorkin, said Russia will meet its targets for cutting oil production, as part of its agreement with OPEC and non-OPEC producers to cut its output by April. Later, Russia's Energy Minister, Alexander Novak, said Russia is not able to cut its oil production sharply, though it would try to do it faster. He said there are technological limitations for reducing oil output in Russia.

Russia's Energy Minister, Alexander Novak, plans to meet with Saudi Arabia's Energy Minister, Khalid Al-Falih, at the World Economic Forum in Davos, Switzerland next week.

Libya's oil ports of Es Sider, Zueitina and Hariga reopened on Thursday upon an improvement in weather conditions. All Libyan oil and non-oil ports were closed on Tuesday due to bad weather conditions.

Kuwait's Port Authority resumed operations at the Shuwaikh, Doha and Shuaiba ports after weather conditions improved. The Port Authority had temporarily halted shipping at the three ports due to bad weather.

**Early Market Call - as of 8:10 AM EDT**

WTI - Feb \$52.76, up 71 cents  
 RBOB - Feb \$1.4416, up 1.17 cents  
 HO - Feb \$1.8971, up 1.34 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8843	-\$0.0103	-\$0.0218
Mar-19	\$1.8777	-\$0.0108	-\$0.0228
Apr-19	\$1.8642	-\$0.0101	-\$0.0244
May-19	\$1.8603	-\$0.0102	-\$0.0246
Jun-19	\$1.8638	-\$0.0100	-\$0.0242
Jul-19	\$1.8726	-\$0.0097	-\$0.0240
Aug-19	\$1.8814	-\$0.0094	-\$0.0237
Sep-19	\$1.8910	-\$0.0092	-\$0.0232
Oct-19	\$1.9001	-\$0.0093	-\$0.0230
Nov-19	\$1.9088	-\$0.0093	-\$0.0224
Dec-19	\$1.9164	-\$0.0092	-\$0.0221
Jan-20	\$1.9231	-\$0.0089	-\$0.0218
Feb-20	\$1.9239	-\$0.0087	-\$0.0215
Mar-20	\$1.9208	-\$0.0086	-\$0.0212
Apr-20	\$1.9123	-\$0.0086	-\$0.0218
May-20	\$1.9112	-\$0.0089	-\$0.0228
Jun-20	\$1.9121	-\$0.0094	-\$0.0257

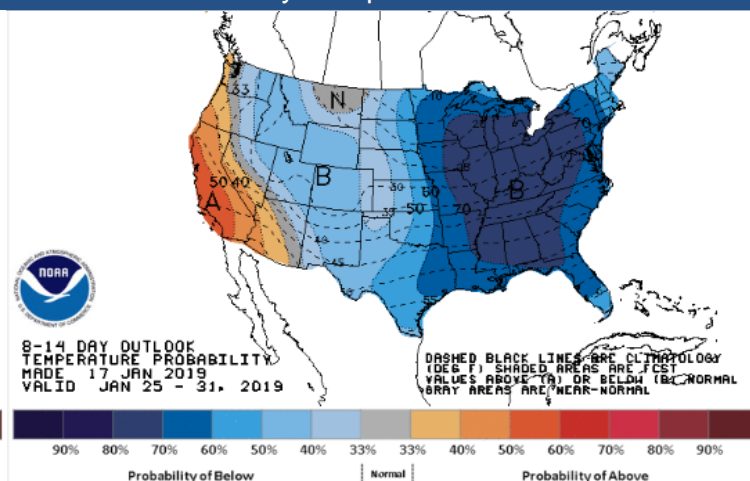
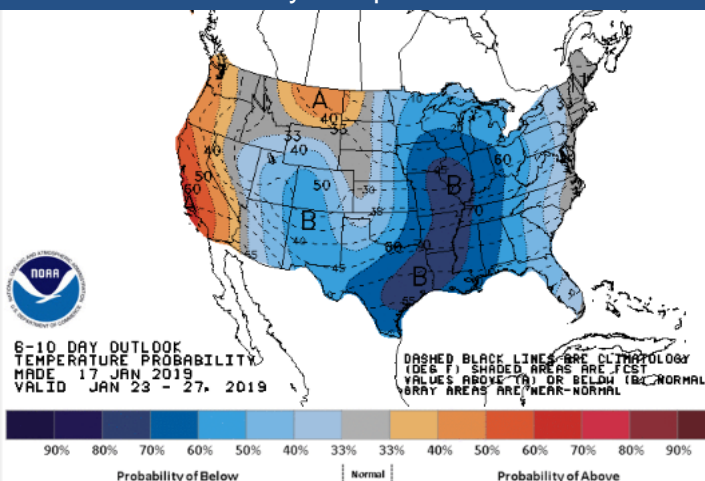
Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$52.3600	-\$0.2500
Crude - Brent	WTI Spread	\$61.1800	-\$0.1400
Natural Gas	\$8.82	\$3.4130	\$0.0290
Gasoline		\$1.4300	\$0.0141

### EIA Working Gas Storage Report

EIA Weekly Report				
	11-Jan-19	04-Jan-19	Change	Year Ago
East	620	651	-31	621
Midwest	729	763	-34	726
Mountain	127	132	-5	159
Pacific	196	204	-8	245
South Central	861	865	-4	859
Salt	303	302	1	209
Nonsalt	557	563	-6	651
Total	2,533	2,614	-81	2,610

## NOAA 6-10 Day Temperature Outlook

## NOAA 8-14 Day Temperature Outlook



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