

## Market Commentary

**Recap:** WTI fell to fresh three week lows on Monday, as it became more apparent that the U.S. and China aren't any closer to a trade agreement. While Beijing struck an upbeat note, it also expressed anger at a U.S. Navy mission through the disputed South China Sea. This cast a shadow as the two countries try to reach a deal before the March 1 deadline when U.S. tariffs on \$200 billion worth of Chinese imports are scheduled to increase to 25 percent from 10 percent. March WTI fell as much as 2.8 percent to a low of \$51.23. Prices rebounded as equity markets recovered and as downside pressure eased. March WTI settled at \$52.41 a barrel, down 31 cents, or 0.59 percent. Brent for April delivery fell 59 cents, or 0.95 percent, to settle at \$61.51 a barrel. March RBOB fell by 1.9% to \$1.419 a gallon, and March heating oil lost 0.9% to \$1.892 a gallon.

**Technical Analysis:** WTI is trading between \$53.66 and \$50.95, the 10 and 50-day moving averages respectively, while moving oscillators are tilted to the downside. A break below the 50-day moving average opens up the opportunity for a run at \$50.00. A break above the 10-day average allows for a run at \$54.18, the neckline on the inverse head and shoulders pattern. Above this level, there is additional resistance set at \$55.75.

**Fundamental News:** The International Monetary Fund said Saudi Arabia would need oil priced at \$80-\$85/barrel to balance its budget this year.

Eastern Libyan military forces have full control of the 315,000 bpd El Sharara oilfield. The Libyan National Army has full control over Sharara oilfield with all its facilities.

OPEC Secretary General, Mohammed Barkindo, said OPEC was not in the business of manipulating or fixing oil prices, when asked to comment on a US House committee passing a bill targeting OPEC oil supply cuts.

The UAE's Energy Minister, Suhail Al Mazrouei, said the oil market should reach a balance between supply and demand in the first quarter of this year. He said he was satisfied with the implementation of an agreement to cut supply by OPEC and non-OPEC producers.

IIR Energy reported that US oil refiners are expected to shut in 1.3 million bpd of capacity in the week ending February 15<sup>th</sup>, increasing available refining capacity by 400,000 bpd from the previous week. IIR expects offline capacity to fall to 1.2 million bpd in the week ending February 22<sup>nd</sup>.

Venezuela's President, Nicolas Maduro, has sought OPEC support against US sanctions imposed on his country's oil industry, citing their impact on oil prices and potential risks for other members of the producer group. However, a source familiar with the matter said OPEC had declined to make any formal statement. OPEC said it is concerned with oil policy, not politics. The request was made in a letter sent to OPEC Secretary General Mohammad Barkindo dated January 29<sup>th</sup>.

TransCanada Corp said part of its Keystone crude pipeline from Steele City, Nebraska to Patoka, Illinois, remained shut after a leak was discovered in the St. Louis, Missouri area last week. The cause and source of the spill has not been determined and there is no estimated timeline for a restart. The 590,000 bpd Keystone pipeline system is a critical pipeline transporting Canadian crude from northern Alberta to refineries in the US Midwest.

**Early Market Call - as of 8:20 AM EDT**

WTI - Mar \$53.63, up \$1.22

RBOB - Mar \$1.4539, up 3.5 cents

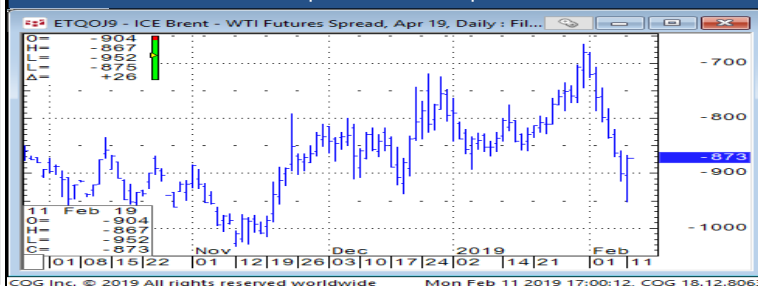
HO - Mar \$1.9211, up 2.85 cents

## All NYMEX | Prior Settlements

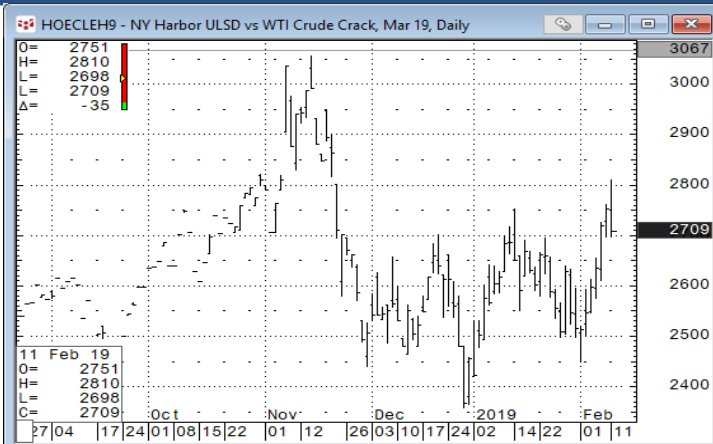
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$1.8922	-\$0.0163	-\$0.0152
Apr-19	\$1.8861	-\$0.0150	-\$0.0142
May-19	\$1.8825	-\$0.0144	-\$0.0148
Jun-19	\$1.8833	-\$0.0145	-\$0.0168
Jul-19	\$1.8898	-\$0.0145	-\$0.0189
Aug-19	\$1.8973	-\$0.0143	-\$0.0206
Sep-19	\$1.9068	-\$0.0138	-\$0.0210
Oct-19	\$1.9158	-\$0.0136	-\$0.0215
Nov-19	\$1.9253	-\$0.0134	-\$0.0216
Dec-19	\$1.9342	-\$0.0130	-\$0.0207
Jan-20	\$1.9413	-\$0.0128	-\$0.0205
Feb-20	\$1.9433	-\$0.0124	-\$0.0195
Mar-20	\$1.9414	-\$0.0121	-\$0.0186
Apr-20	\$1.9324	-\$0.0115	-\$0.0175
May-20	\$1.9270	-\$0.0114	-\$0.0178
Jun-20	\$1.9259	-\$0.0110	-\$0.0178
Jul-20	\$1.9295	-\$0.0106	-\$0.0170

Sprague HeatCurve Oct 2019-Apr 2020		\$1.9360	
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$52.7800	-\$0.3100
Crude - Brent	WTI Spread	\$61.5100	-\$0.5900
Natural Gas	\$8.73	\$2.6420	\$0.0590
Gasoline		\$1.4192	-\$0.0272

### ICE April WTI-Brent Spread



### NYMEX Mar Heating Oil Crack Spread



### NYMEX Mar RBOB Crack Spread

