

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures turned mixed after hitting a three-month high Monday, lifted by upbeat expectations around the global economy and optimism over an expected trade deal between the U.S. and China, while traders also kept an eye on developments in Iraq and Syria. February WTI rose 62 cents, or 1%, to trade at a high of \$62.34 a barrel before easing to a session low of \$61.09, down 63 cents on the day. Brent for February delivery added 70 cents, or 1% before slipping to a session low of \$66.08, for a loss of 79 cents. Losses were pared prior to the settlement session, with February WTI settling at \$61.68 a barrel, down 4 cents 0.06%, snapping a 4 day winning streak. February Brent adding 28 cents, or 0.41%, to settle at \$68.44 a barrel. February RBOB fell 1.2% to end at \$1.7240 a gallon, while February heating oil shed 0.4% to settle at \$2.0438 a gallon.

Technical Analysis: After failing to hold above \$62.08, the 50% retracement provided by the April high of \$72.90 and the October low of \$51.27, February WTI came down to test the 10-day moving average, currently set at \$60.97. Although we expect light trading volume for Tuesday's session, we would look for another run at \$62.08. A break above this level should allow for a run at \$62.67, with resistance set above this level at \$63.64. To the downside and below the 10-day moving average, additional support is set at \$60.50

Fundamental News: A security source and two oil sources said protesters broke into Iraq's 90,000 bpd southern Nassiriya oilfield on Saturday and forced employees to cut off electricity from its control station, taking the field offline until further notice. Protesters are demanding an overhaul of a political system they see as profoundly corrupt and keeping most Iraqis in poverty. Iraq's Oil Ministry said halting production at Iraq's Nassiriya oilfield on Saturday by protesters will not affect the country's exports and production operations. Iraq will use additional output from southern oilfields in Basra to make up for the missing shipments from Nassiriya field.

Supply of the five North Sea crude oil grades underpinning the dated Brent benchmark will average 951,000 bpd in February, down from 998,000 bpd in January.

IIR Energy reported that US oil refiners are expected to shut in 45,000 bpd of capacity in the week ending January 3rd, increasing available refining capacity by 16,000 bpd from the previous week. Offline capacity is expected to increase to 263,000 bpd in the week ending January 10th.

China's Commerce Ministry said it "proactively dealt with" trade frictions with the US this year.

White House National Security Adviser, Robert O'Brien, said the US is monitoring North Korea's actions closely and finds the situation there concerning but there are open lines of communications between the two countries. He said the US wants to hold North Korean leader Kim Jong Un to his commitment to denuclearize the Korean Peninsula. He said the US would be very disappointed if North Korea tested a long-range or nuclear missile and would take appropriate action as a leading military and economic power.

US officials said the US military has carried out "defensive strikes" in Iraq and Syria against the Kataib Hezbollah militia group. The Pentagon said it had targeted three locations of the Iranian-backed Shi'ite Muslim militia group in Iraq and two in Syria. Meanwhile, a top Iraqi militia leader warned of a strong response against US forces in Iraq following air strikes in Iraq and Syria overnight that hit several bases of his Iranian-backed group and killed at least 25 people.

Early Market Call - as of 8:45 AM EDT

WTI - Feb \$61.06, down 61 cents

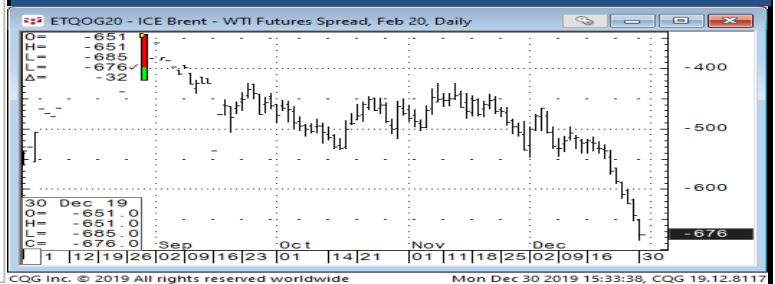
RBOB - Jan \$1.7124, down 1.67 cents

HO - Jan \$2.0243, down 1.74 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	2.0406	-0.0090	-0.0184
Feb-20	2.0438	-0.0081	-0.0155
Mar-20	2.0376	-0.0080	-0.0226
Apr-20	2.0204	-0.0087	-0.0222
May-20	2.0046	-0.0092	-0.0215
Jun-20	1.9914	-0.0093	-0.0213
Jul-20	1.9855	-0.0095	-0.0212
Aug-20	1.9807	-0.0096	-0.0210
Sep-20	1.9772	-0.0100	-0.0204
Oct-20	1.9739	-0.0105	-0.0196
Nov-20	1.9709	-0.0111	-0.0188
Dec-20	1.9676	-0.0117	-0.0187
Jan-21	1.9641	-0.0118	-0.0181
Feb-21	1.9535	-0.0121	-0.0172
Mar-21	1.9374	-0.0122	-0.0159
Apr-21	1.9145	-0.0126	-0.0135
May-21	1.8995	-0.0125	-0.0124

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$61.6800	-\$0.0400
Crude - Brent	WTI Spread	\$68.4400	\$0.2800
Natural Gas	\$6.76	\$2.1860	-\$0.0450
Gasoline		\$1.7283	-\$0.0190

ICE February Brent-WTI Spread



February Heating Oil Crack Spread

February RBOB Crack Spread

