

Market Commentary

Recap: Oil prices firmed on Friday, after a several days of unstable trading, after being pushed and pulled by a volatile U.S. equities market, varying U.S. inventory reports, and supply/demand concerns. February WTI traded as high as \$46.50 a barrel, a gain of 4.2%, before paring gains to finish the session at \$45.33 a barrel, up 72 cents, or 1.6%, after falling 3.5% to \$44.61 a barrel on Thursday. Brent edged up 4 cents, or less than 0.1%, to finish at \$52.20 a barrel, after sliding 4.2% on Thursday. For the week, WTI finished with a decline of 0.6%, while Brent booked a weekly fall of 3%. Both grades logged their third consecutive weekly losses. February RBOB rose 2.2 cents, or 1.7%, to end at \$1.3262 a gallon, with a weekly gain of about 0.6%. Meanwhile, February heating oil fell 1.3 cents, or 0.8%, to finish at \$1.6647 a gallon, with that decline contributing to a weekly drop of 3.9%.

Technical Analysis: For the third straight session, February WTI gravitated toward the 10-day moving average but failed to settle above it. At the onset of trading next week, we would look for attempts to break above and settle through this technical number, which is currently set at \$45.77. Above this average, additional resistance is set at \$46.44 and \$47.28. Support rests at \$42.50 and \$40.81.

Fundamental News: Baker Hughes reported that US energy firms added oil rigs for a second consecutive week even as oil prices fell to 1-1/2 year lows. Energy companies drilling for oil added 2 oil rigs in the week ending December 28th, bringing the total count to 885. For the month, the oil rig count fell by 2, its first decline in six months.

According to Refinitiv Eikon, US crude exports to Europe fell to an 11-month low in December as a smaller discount and rising shipping costs squeezed demand for US barrels. The spread between WTI and Brent has narrowed from over \$10/barrel in November to \$6.63/barrel on Friday, the smallest discount for US crude since early August. Seventeen vessels transporting about 298,000 bpd of crude departed from Texas and Louisiana for European ports in December. It's down from 404,000 bpd in November.

Libya's National Oil Corp said the country's oil and gas revenue fell to \$2.4 billion in November from \$2.87 billion in October. It said that although it was lower than the previous month, November revenue was the third highest monthly figure in 2018. Full year revenues are expected to increase by 76% to \$24.2 billion. Libya currently produces about 1.15 million bpd of oil.

Imports of Iranian crude by major buyers in Asia hit their lowest level in more than five years in November as US sanctions on Iran's oil exports took effect last month. China, India, Japan and South Korea imported about 664,800 bpd from Iran in November, down 12.7% on the year.

Japan's Ministry of Economy, Trade and Industry reported that the country's crude oil imports in November fell by 6.2% on the year to 3.12 million bpd or 14.88 million kiloliters. Japan's total oil product sales fell by 6.1% on the year. Its gasoline sales fell by 5% on the year while its kerosene sales fell by 25.1% on the year.

China is set to issue its first batch of refined fuel export quotas for 2019, set at a total of 18.36 million tons or 13% more than the first issue for this year. China is expected to ship more refined products next year as two large new refineries add to an already over-supplied domestic fuel market. The quotas comprise 8.7 million tons of diesel, 5.19 million tons of gasoline and 4.47 million tons of kerosene.

Early Market Call - as of 8:45 AM EDT

WTI - Feb \$4606, up 73 cents
 RBOB - Jan \$1.3441, up 2.31 cents
 HO - Jan \$1.7002, up 3.43 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.6647	-\$0.0136	-\$0.0680
Feb-19	\$1.6604	-\$0.0131	-\$0.0645
Mar-19	\$1.6509	-\$0.0122	-\$0.0589
Apr-19	\$1.6390	-\$0.0127	-\$0.0539
May-19	\$1.6394	-\$0.0122	-\$0.0517
Jun-19	\$1.6488	-\$0.0112	-\$0.0481
Jul-19	\$1.6628	-\$0.0112	-\$0.0459
Aug-19	\$1.6761	-\$0.0114	-\$0.0444
Sep-19	\$1.6890	-\$0.0116	-\$0.0438
Oct-19	\$1.7002	-\$0.0115	-\$0.0432
Nov-19	\$1.7096	-\$0.0113	-\$0.0428
Dec-19	\$1.7173	-\$0.0112	-\$0.0427
Jan-20	\$1.7248	-\$0.0109	-\$0.0422
Feb-20	\$1.7270	-\$0.0109	-\$0.0422
Mar-20	\$1.7258	-\$0.0113	-\$0.0430
Apr-20	\$1.7218	-\$0.0114	-\$0.0433
May-20	\$1.7256	-\$0.0114	-\$0.0434

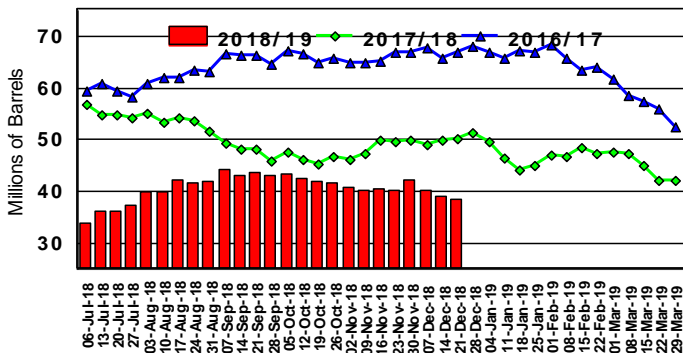
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$45.3300	\$0.7200
Crude - Brent	WTI Spread	\$52.2000	\$0.0400
Natural Gas	\$6.87	\$3.3030	-\$0.2430
Gasoline		\$1.3262	\$0.0222

EIA Working Gas Storage Report

	21-Dec-18	14-Dec-18	Change	Year Ago
East	676	692	-16	786
Midwest	818	841	-23	947
Mountain	150	153	-3	196
Pacific	223	227	-4	283
South Central	858	860	-2	1,136
Salt	274	262	12	325
Nonsalt	584	598	-14	811
Total	2,725	2,773	-48	3,348

EIA Weekly Petroleum Status Report for the Week Ending December 21, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 46,000 barrels
 Cushing, OK Crude Stocks Up 799,000 barrels
Gasoline Stocks Up 3.003 million barrels
Distillate Stocks Up 2,000 barrels
Refinery % Operated 95.1%, Down 0.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Dec 21, 2018	Week Ending Dec 14, 2018	Week Ending Dec 22, 2017
New England	6.8	6.7	8.3
Central Atlantic	21.1	21.4	29.1
Total PADD #1	38.3	38.9	50.2
Distillate Imports (thousands b/d)	137	102	234