

Market Commentary

Recap: Crude oil prices fell by more than 3% on Friday, with Brent heading toward \$60.00 a barrel and with WTI breaching the \$54.00 level for the first time since November, as concerns that the coronavirus, which is spreading in China, will spread farther, curbing travel and oil demand. The virus has prompted the suspension of public transport in 10 Chinese cities, while cases of infection have been found in several other Asian countries and the United States. March Brent hit a low of \$60.25, down 2.8% before paring losses to settle at \$60.69 a barrel, down \$1.35, or 2.18%. March WTI dropped as much as \$1.74, or 3.1%, reaching a session low of \$53.85 a barrel before it too pared losses to settle at \$54.19 a barrel, down \$1.40 a barrel, or 2.52%, for a weekly drop of 7.5%, its largest weekly loss since falling 9% in the week ending May 31. February RBOB fell 2.9% to end at \$1.5152 a gallon, while February heating oil dropped 3.2% to close at \$1.734 a gallon.

Technical Analysis: March WTI broke down below psychological support set at \$55.00, setting up for a test at the \$52.50 support level. A break below this level opens up the opportunity for a run at the \$50.00 level. Resistance is set at \$55.20 and above that at \$55.99.

Fundamental News: Baker Hughes reported that US energy firms added oil rigs for a second consecutive week. It reported that companies added three oil rigs in the week ending January 24th, bringing the count to 676.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said all options are open at an OPEC+ meeting in early March, including further cuts in oil production. However he added that it was too early to make a call on the need for more cuts. He said that when OPEC and its allies led by Russia convene for an emergency meeting in March, the grouping will study where the market is and "objectively decide" if more cuts are needed. OPEC+ is scheduled to meet in Vienna on March 5th and 6th to set their policy.

Russia's TASS news agency cited an OPEC source as saying that OPEC is discussing extending its oil cuts until the end of the year as the market still looks bearish, but the discussions are still at an early stage.

Libya's Central Bank Governor, Sadiq Al-Kabir, said he hopes the oil blockade will soon be resolved. He said a blockade of major Libyan oil ports is damaging the economy and must be quickly resolved.

IIR Energy reported that US oil refiners are expected to shut in 1.098 million bpd of capacity in the week ending January 24th, cutting available refining capacity by 552,000 bpd from the previous week. Offline capacity is expected to fall to 578,000 bpd in the week ending January 31st and increase to 705,000 bpd in the subsequent week.

According to the Wall Street Journal, Mexico has adopted a different hedging strategy this year than it has in previous years. This time, an estimated two-thirds of the options Mexico purchased in financial markets were indexed to the Brent crude benchmark, shifting away from the Maya oil Mexico mainly produces. By using Brent, Mexico should have been able to cut costs by getting lower quotes for its trades and to place bets more unobtrusively to avoid prices shifting ahead of its moves. However, critics say that by using international oil contracts based on a different kind of oil, the structure of the hedge may not fully reflect Mexico's export mix dominated by Maya, which is typically less expensive than Brent. The source said the proportion of Maya crude hedged for 2020 was significantly lower than in previous years. Mexico has reportedly bought put options on Brent at \$54-\$56/barrel and hedged Maya at \$42/barrel.

Early Market Call - as of 8:20 AM EDT

WTI - Mar \$52.73, down \$1.46

RBOB - Feb \$1.4591, down 5.53 cents

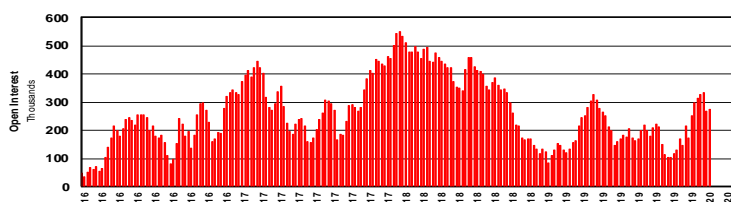
HO - Feb \$1.6830, down 5.03 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-20	1.7340	-0.0576	0.1218
Mar-20	1.7374	-0.0569	0.1263
Apr-20	1.7402	-0.0550	0.1218
May-20	1.7433	-0.0525	0.1168
Jun-20	1.7461	-0.0503	0.1131
Jul-20	1.7493	-0.0483	0.1103
Aug-20	1.7534	-0.0461	0.1067
Sep-20	1.7585	-0.0439	0.1026
Oct-20	1.7627	-0.0422	0.0978
Nov-20	1.7658	-0.0413	0.0934
Dec-20	1.7676	-0.0403	0.0892
Jan-21	1.7699	-0.0390	0.0854
Feb-21	1.7677	-0.0378	0.0818
Mar-21	1.7597	-0.0364	0.0785
Apr-21	1.7454	-0.0348	0.0743
May-21	1.7382	-0.0331	0.0699
Jun-21	1.7336	-0.0317	0.0672

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$54.1900	-\$1.4000
Crude - Brent	WTI Spread	\$60.6900	-\$1.3500
Natural Gas	\$6.50	\$1.8930	-\$0.0330
Gasoline		\$1.5152	-\$0.0450

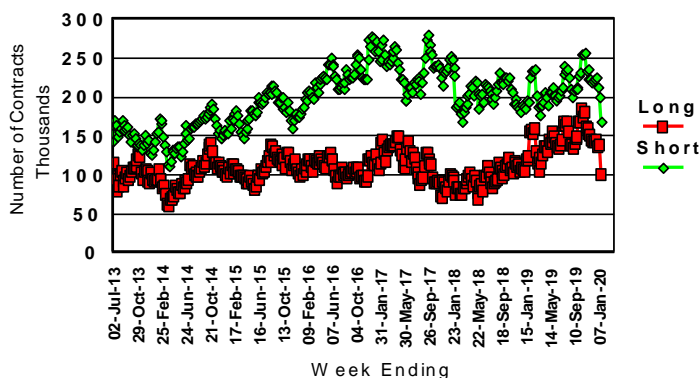
WTI Futures & Options: NYMEX & ICE Combined
Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending January 21, 2020

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

