

## Market Commentary

**Recap:** Oil prices fell by as much as 3.7 percent on Tuesday, as concern over a slowing global economy stepped to the forefront. On Monday, oil prices were slightly higher, still running on the Friday news of the drop in the U.S. oil rig count, although signs of a slowing Chinese economic growth capped gains. China's economic growth data showed on Monday that its gross domestic product (GDP) grew by 6.6 percent in 2018, the slowest growth pace in almost three decades, since 1990. February WTI fell to a session low of \$51.80, before slowly paring losses for a settlement of \$52.57 a barrel, down \$1.23, or 2.24 percent. Volume was above average during this elongated trading session. Brent for March delivery settled at \$61.50 a barrel, down \$1.24, or 1.98 percent. February RBOB fell 3.5 percent, to settle at \$1.402 a gallon, while February heating oil lost 0.8 percent, to settle at \$1.901 a gallon.

### Technical Analysis

For the first time this year, WTI dipped below the 10-day moving average, which is currently set at \$52.36. With moving oscillators crossing to the downside, we would look for a run at this technical indicator, with successful settlements below it opening up the opportunity for a run at the 50-day moving average, which is currently set at \$51.17. Resistance is set at \$54.55 and above that at \$55.33.

**Fundamental News:** The US EIA reported that US oil output from seven major shale formations is expected to increase by about 63,000 bpd in February to a record of 8.179 million bpd. The largest change is forecast in the Permian Basin of Texas and New Mexico, where output is expected to increase by 23,000 bpd to a record of 3.85 million bpd in February. In North Dakota's Bakken region, shale production is expected to increase by about 9,000 bpd to a record of 1.42 million bpd. In the Eagle Ford region, output is expected to increase by 11,000 bpd to 1.44 million bpd. Meanwhile, US natural gas output was forecast to increase to a record 77.6 billion cubic feet/day in February.

According to Platts, global energy demand remained high over 2018, as the global economy continued to grow at about trend rates with industrial activity growing in almost all economies, increased employment resulting in greater consumer purchasing power, and infrastructure spending increasing demand. 2018 was the first year when annual global oil demand surpassed the 100 million bpd level, rising by over 1.6 million bpd from 2017 levels to reach 101.2 million bpd. Demand growth in the US accelerated to 600,000 bpd from 300,000 bpd in 2017. The slowdown in the macro environment will slow demand growth across all energy markets, with global oil demand growth projected to slow further to just over 1.5 million bpd. Global liquids supply growth is expected to slow in 2019, decelerating to 1.4 million bpd. US shale growth will slow, due to infrastructure constraints in the Permian for most of the year.

Norway's Petroleum Directorate said the country's oil production in December fell by 2.1% on the year and lagged a forecast by 2.5% amid technical problems at some offshore fields. Norway's natural gas production fell by 2.5% on the year, lagging forecasts by 3.6%.

Colonial Pipeline co is allocating space for Cycle 7 shipments on Line 20, which carries distillates from Atlanta, Georgia to Nashville, Tennessee.

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

WTI - Feb \$53.51, up 50 cents

RBOB - Feb \$1.4050, up 30 points

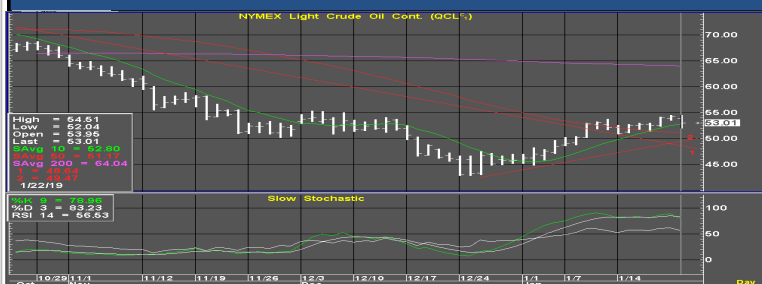
HO - Feb \$1.9218, up 2.01 cents

## All NYMEX | Prior Settlements

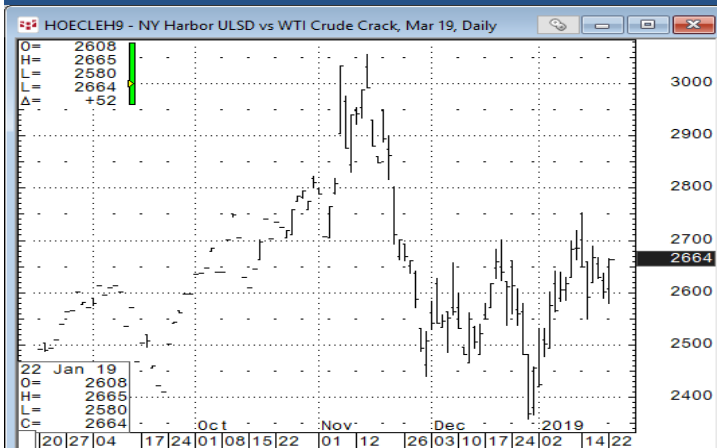
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.9011	-\$0.0149	\$0.0289
Mar-19	\$1.8932	-\$0.0153	\$0.0282
Apr-19	\$1.8793	-\$0.0145	\$0.0290
May-19	\$1.8752	-\$0.0137	\$0.0287
Jun-19	\$1.8776	-\$0.0139	\$0.0282
Jul-19	\$1.8853	-\$0.0137	\$0.0279
Aug-19	\$1.8932	-\$0.0135	\$0.0276
Sep-19	\$1.9026	-\$0.0129	\$0.0275
Oct-19	\$1.9121	-\$0.0123	\$0.0274
Nov-19	\$1.9206	-\$0.0121	\$0.0268
Dec-19	\$1.9278	-\$0.0119	\$0.0263
Jan-20	\$1.9343	-\$0.0117	\$0.0262
Feb-20	\$1.9348	-\$0.0114	\$0.0259
Mar-20	\$1.9313	-\$0.0110	\$0.0254
Apr-20	\$1.9229	-\$0.0101	\$0.0248
May-20	\$1.9208	-\$0.0098	\$0.0229
Jun-20	\$1.9207	-\$0.0096	\$0.0201

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$53.0100	-\$1.0300
Crude - Brent	WTI Spread	\$61.5000	-\$1.2400
Natural Gas	\$8.49	\$3.0400	-\$0.4420
Gasoline		\$1.4015	-\$0.0513

### NYMEX Crude Continuation Chart



## March Heating Oil Crack Spread



## March RBOB Crack Spread

