

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices bounced sharply on Wednesday after trading lower early in the session on rising U.S. and Russian production, a boost in Iraqi exports and concern over an economic slowdown. After hitting a low of \$44.36 a barrel, February WTI rose to a session high of \$47.78, up 5% from Monday's close. The rise in prices followed a rebound in U.S. equity markets. March Brent also rose 5%, to a high of \$56.56 a barrel. Gains were pared, with February WTI settling up \$1.13, or 2.49% at \$46.54 a barrel, while March Brent settled at \$54.91 a barrel, up \$1.01, or 2.06%. Going forward, oil prices could remain range bound, caught between rising non-OPEC supply and the OPEC led supply cuts that begin this month. February RBOB settled at \$1.3256 a gallon, up 2.35 cents, or 1.8%, while February heating oil tacked on 2.16 cents, or 1.3%, to settle at \$1.701 a gallon.

Technical Analysis: February WTI continued its ascent above the 10-day moving average it settled above on Monday. With today's session being an outside trading day with a higher close, technical traders will try to take this market higher, where it will encounter resistance at the \$50.00 level. Support is set at \$44.35 and below that at \$42.50.

Fundamental News: US Secretary of State, Mike Pompeo, discussed Venezuela with Brazil's new right-wing government on Wednesday. Speaking to reporters after meeting Brazil's new Foreign Minister, Ernesto Araujo, US Secretary of State Mike Pompeo, named Venezuela, Cuba and Nicaragua as countries that do not have shared democratic values.

Iraq's Oil Ministry reported that the country's oil exports averaged 3.726 million bpd in December. Exports from Iraq's southern Basra ports increased to a record high of 3.63 million bpd, up from 3.363 million bpd in November. Shipments from Iraq's northern Kirkuk oilfields to the Turkish port of Ceyhan increased to 99,000 bpd from 8,716 bpd in November.

Indian state-owned fuel retailers stopped absorbing a government mandated cut of 1 rupee/liter in their marketing margins on the sale of petrol and diesel due to a steep decline in global oil prices. In October, India's Finance Ministry cut its production tax on the two fuels by 1.5 rupees/liter and had asked state-owned fuel retailers to reduce their marketing margins by 1 rupee/liter to insulate consumers from a surge in oil prices at the time. However oil prices have since declined allowing the marketing margin to be restored to its former levels.

China issued crude oil import quotas of 89.84 million tons to 58 companies in its first group of allowances for 2019. The volume is lower than the 121.32 million tons issued in the first batch of allowances for 2018.

Russia's Energy Ministry reported that the country's oil production increased to a post-Soviet record high of 11.16 million bpd in 2018. The total surpassed the previous annual record average of 10.98 million bpd set in 2017. Russia's oil output reached 555.838 million tons last year, compared with 547 million tons in 2017. Russian oil pipeline exports in December increased 4.496 million bpd from 4.297 million bpd in November.

Nigerian National Petroleum Corp Group Managing Director, Maikanti Baru, said the country's oil production stood at 2.09 million bpd in 2018 compared with 1.86 million bpd in the previous year.

IIR Energy reported that US oil refiners are expected to shut in 103,000 bpd of capacity in the week ending January 4th, cutting available refining capacity by 58,000 bpd from the previous week. IIR expects offline capacity to increase to 299,000 bpd in the week ending January 11th.

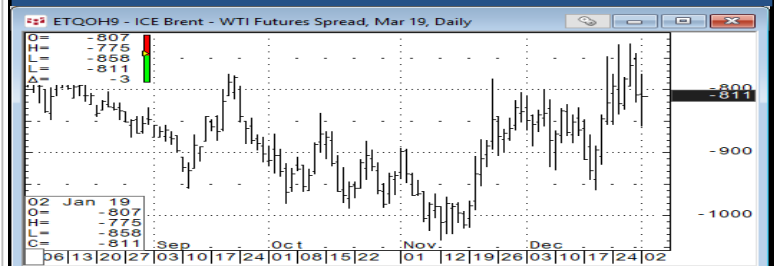
Early Market Call - as of 8:05 AM EDT

WTI - Feb \$46.81, up 27 cents
 RBOB - Feb \$1.3496, up 2.39 cents
 HO - Feb \$1.7274, up 2.7 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	1.7006	0.0212	-0.0274
Mar-19	1.6928	0.0229	-0.0221
Apr-19	1.681	0.0249	-0.0196
May-19	1.6806	0.0257	-0.019
Jun-19	1.6897	0.0269	-0.0169
Jul-19	1.7031	0.0274	-0.0161
Aug-19	1.7156	0.0276	-0.0158
Sep-19	1.7281	0.0276	-0.0157
Oct-19	1.7388	0.0274	-0.0157
Nov-19	1.7476	0.0273	-0.0154
Dec-19	1.7548	0.0273	-0.0152
Jan-20	1.7619	0.0272	-0.015
Feb-20	1.7634	0.0269	-0.0158
Mar-20	1.7614	0.0267	-0.017
Apr-20	1.7574	0.0267	-0.0166
May-20	1.7613	0.0267	-0.0164
Jun-20	1.7705	0.0267	-0.0162

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$46.8600	\$1.1400
Crude - Brent	WTI Spread	\$54.9100	\$1.0100
Natural Gas	\$8.05	\$2.9580	\$0.0180
Gasoline		\$1.3256	\$0.0235

ICE March Brent-WTI Spread



February Heating Oil Crack Spread

February RBOB Crack Spread

