

## Market Commentary

**Recap:** Oil prices headed lower on Friday, with declines accelerating after Baker Hughes report that the number of active U.S. rigs drilling for oil increased by 18 to 685, marking the second straight week the number increased. February WTI fell \$1.16, or 1.8%, to trade at a session low of \$60.02 a barrel. Brent for February delivery slipped 81 cents, or 1.2%, to a low of \$65.73 a barrel. Losses in both WTI and Brent were pared prior to the settlement period, with February WTI settling at \$60.44 a barrel, down 74 cents, or 1.2%, for a weekly gain of 0.5%. February Brent shed 40 cents, or 0.6%, to end at \$66.14 a barrel, snapping a sixth straight session of gains, its longest win streak since Jan. 10. Still, the international benchmark gained 1.4% for the week and has been up six of the past seven weeks. February RBOB slipped less than 0.1% to end at \$1.7072 a gallon, but posted a 2.6% weekly advance, while February heating oil gave up 0.4% to \$2.0206 a gallon, booking a weekly climb of 1.7%. According to the CFTC, money managers raised their net long U.S. crude oil futures and options positions in the week to December 17. The speculator group raised its combined futures and options position in NY and London by 43,962 contracts to 295,324 during the period.

**Technical Analysis:** February WTI gapped lower on the opening, negating Thursday's breakout to the upside. Friday's move also pushed this spot contract back below the 200-day moving average, after having settled above it the previous three sessions. As mentioned in prior commentaries, we expected this market to encounter resistance to the upside, and indeed, this appears to be the case. That being said, we would expect to see WTI begin the week trading to the downside, with \$59.53 the initial objective. Below this level, additional support is set at \$57.99, the 50-day moving average. To the upside, resistance is set at \$60.45 and \$61.20.

**Fundamental News:** Baker Hughes reported that US firms added the most oil rigs this week since February 2018, despite producers cutting their spending on new drilling. Companies added 18 oil rigs in the week ending December 20<sup>th</sup>, bringing the total count to 685, the most since early November.

IIR Energy reported that US oil refiners are expected to shut in 88,000 bpd of capacity in the week ending December 20<sup>th</sup>, increasing available refining capacity by 300,000 bpd from the previous week. Offline capacity is expected to fall to 45,000 bpd in the week ending December 27<sup>th</sup> and the subsequent week.

According to Euroilstock, European refinery output was 2% higher in November than a month earlier, but still almost 3% less than the same period last year at 10.427 million bpd. European gasoline output totaled 2.4 million bpd, up 6.6% on the month but down 3.8% on the year, while middle distillates output increased by 2.3% on the month but fell by 1.9% on the year to 5.438 million bpd and fuel oil output increased by 4.9% on the month but fell by 13.5% on the year to 1.003 million bpd. European refinery crude intake in November increased by 2.4% on the month but fell by 1.9% on the year.

Japan's Prime Minister, Shinzo Abe, on Friday asked Iranian President, Hassan Rouhani to stick to commitments made in the 2015 nuclear deal and said Japan would do what it can to ensure stability in the Middle East.

US economic growth increased in the third quarter. The US Commerce Department reported that GDP increased at a 2.1% annualized rate. It was unrevised from last month's estimate. The economy grew at a 2% pace in the April-June period. The Commerce Department reported that consumer spending increased in November by 0.4%. Consumer spending increased by an unrevised 0.3% in October.

**Early Market Call - as of 9:55 AM EDT**

WTI - Jan \$60.26, down 18 cents  
 RBOB - Jan \$1.6966, down 98 points  
 HO - Jan \$2.0215, down 7 points

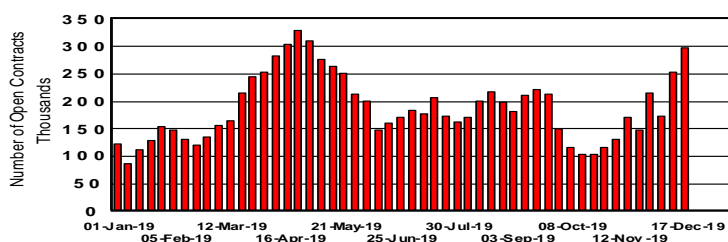
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	2.0218	-0.0077	-0.0354
Feb-20	2.0206	-0.0081	-0.0278
Mar-20	2.0138	-0.0079	-0.0353
Apr-20	1.9965	-0.0074	-0.0353
May-20	1.9811	-0.0066	-0.0338
Jun-20	1.9679	-0.0061	-0.0315
Jul-20	1.9616	-0.0057	-0.0299
Aug-20	1.9569	-0.0053	-0.0285
Sep-20	1.9539	-0.0051	-0.0269
Oct-20	1.9512	-0.0050	-0.0248
Nov-20	1.9486	-0.0050	-0.0224
Dec-20	1.9455	-0.0048	-0.0200
Jan-21	1.9425	-0.0047	-0.0183
Feb-21	1.9332	-0.0044	-0.0169
Mar-21	1.9186	-0.0041	-0.0153
Apr-21	1.8983	-0.0040	-0.0143
May-21	1.8846	-0.0036	-0.0140

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$60.2500	-\$0.6300
Crude - Brent	WTI Spread	\$66.1400	-\$0.4000
Natural Gas	\$5.89	\$2.3280	\$0.0550
Gasoline		\$1.7058	-\$0.0010

### Commitment of Traders Report:WTI

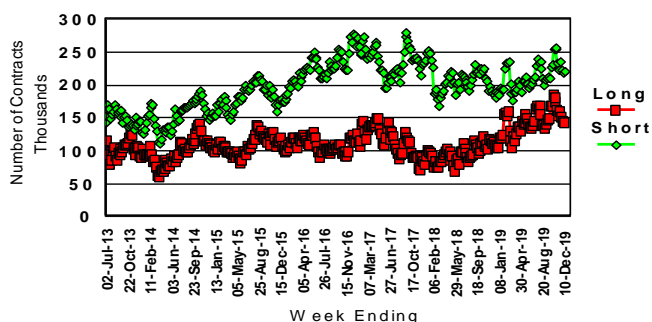
Managed Money Reportable Net Positions  
ICE & NYMEX



## Commitment of Traders Report for the Week Ending December 17, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

