

## Market Commentary

**Recap:** Oil prices fell sharply on Monday on growing concern over signs of an economic slowdown in China, amidst growing U.S. crude oil supplies. Adding to the pressure were lower equity markets. March WTI fell as much as 4.4 percent, to a session low of \$51.33, while Brent for March delivery slipped 3.4 percent to a low of \$59.49. Losses were pared prior to the settlement period, with March WTI settling at \$51.99 a barrel, down \$1.70, or 3.2 percent and March Brent falling 1.71 percent, or 2.8 percent to settle at \$59.93 a barrel. February RBOB fell 4.1% to \$1.333 a gallon, while February heating oil dipped 2.9% to \$1.838 a gallon.

**Technical Analysis:** Despite Monday's lower move, WTI remains within the period of consolidation above \$50.00. This should increase confidence among buyers, who will most likely look to add to any length currently held. For all intents and purposes, the right shoulder of the inverse head and shoulders pattern is complete, which brings further credence to this formation and the possibility of buying above the break of the neckline, which is currently set at \$54.39. Above this level, resistance is set at \$54.51 and above that at \$55.33. On the downside, support is set at \$50.89 and \$50.00.

**Fundamental News:** The Trump administration announced Monday afternoon that it was imposing sweeping sanctions on Venezuelan state-owned oil firm PDVSA. The latest sanction announcement is seen as an effort by the Trump administration to ratchet up pressure against Venezuelan President Maduro and demonstrate further support for Juan Guaido, the opposition leader who proclaimed himself interim president last week. The administration said the new U.S. sanctions were intended to prevent Maduro's government from siphoning off oil funds from the oil company. Secretary of the Treasury Mnuchin said the U.S. would issue temporary licenses to permit some transactions with PDVSA going forward but only if those funds go to a blocked bank account that would guarantee the eventual payment to the Venezuelan people. He noted that Citgo in the United States can continue to operate using Venezuelan oil but only if the funds go into a blocked account. He noted that Citgo is the property of Venezuela and the country's rightful leaders. He also noted that oil supplies in the market are sufficient to ensure no significant impact on U.S. gas prices in the short term.

Philadelphia Energy Solutions reportedly began planned maintenance work at its 335,000 b/d refinery last week and work is scheduled on its 50,000 b/d FCC unit to last until the end of February.

Genscape reported that low intermittent flaring had been observed at Phillips 66 238,000 b/d Bayway refinery over the weekend. The company reported to state regulators that planned maintenance was underway at the refinery.

The Saudi oil minister said Monday the political turmoil in Venezuela has so far had zero impact on global oil markets and saw no need to take additional measures in the oil market. He also said he hoped the global oil output deal would be "more than a hundred percent" carried out and that the situation would need to be reassessed in March-April.

Fitch said it sees Venezuelan crude oil production this year falling by 33% to an average of 885,000 b/d.

IIR Energy estimates that U.S. oil refiners are estimated to have 1.1 million b/d of capacity offline in the week ending February 1<sup>st</sup>. This would be a reduction in offline capacity by 92,000 b/d from the prior week. The research company though sees offline capacity next week increasing to 1.261 million b/d.

### Early Market Call - as of 8:30 AM EDT

WTI - Mar \$52.49, up 50 cents

RBOB - Feb \$1.3402, up 61 points

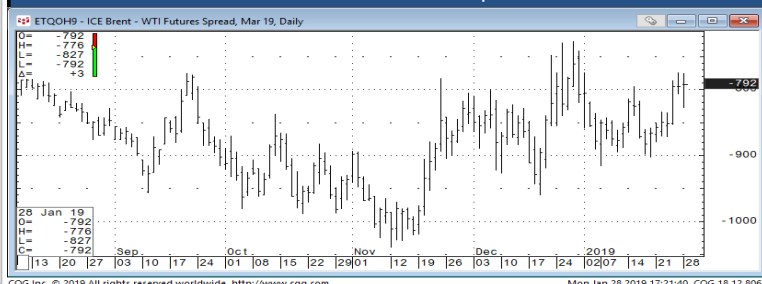
HO - Feb \$1.8680, up 3.08 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-19	\$1.8377	-\$0.0542	-\$0.0634
Mar-19	\$1.8346	-\$0.0521	-\$0.0586
Apr-19	\$1.8274	-\$0.0503	-\$0.0519
May-19	\$1.8259	-\$0.0502	-\$0.0493
Jun-19	\$1.8301	-\$0.0497	-\$0.0475
Jul-19	\$1.8400	-\$0.0490	-\$0.0453
Aug-19	\$1.8499	-\$0.0480	-\$0.0433
Sep-19	\$1.8605	-\$0.0472	-\$0.0421
Oct-19	\$1.8700	-\$0.0466	-\$0.0421
Nov-19	\$1.8790	-\$0.0459	-\$0.0416
Dec-19	\$1.8868	-\$0.0453	-\$0.0410
Jan-20	\$1.8940	-\$0.0446	-\$0.0403
Feb-20	\$1.8953	-\$0.0440	-\$0.0395
Mar-20	\$1.8927	-\$0.0433	-\$0.0386
Apr-20	\$1.8846	-\$0.0419	-\$0.0383
May-20	\$1.8827	-\$0.0407	-\$0.0381
Jun-20	\$1.8833	-\$0.0392	-\$0.0374

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$51.9900	-\$1.7000
Crude - Brent	WTI Spread	\$59.9300	-\$1.7100
Natural Gas	\$7.94	\$2.9110	-\$0.2670
Gasoline		\$1.3310	-\$0.0563

### ICE March WTI-Brent Spread



## NYMEX December 19 ULSD



## NWS 8-14 Day Temperature Outlook

