

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices edged higher on Monday, despite reports indicating that a recent pact to curb global output by OPEC and its allies may be eased and as Kuwait and Saudi Arabia appeared close to a resolution on a disputed territory, which could see fresh oil hit the market in coming months. The aforementioned news offset trader optimism that an initial U.S. - China trade deal would be signed soon. February WTI tacked on 33 cents, to trade at a late session high of \$60.77 a barrel before paring gains to settle at \$60.52, up 8 cents, or .13%. February Brent topped the session at \$66.60 a barrel, a gain of 46 cents before it too trimmed gains to settle at \$66.39, up 25 cents, or 0.38%. February RBOB lost less than 0.1% to reach \$1.7065 a gallon, while February heating oil shed less than 0.1% to settle at \$2.0221 a gallon.

Technical Analysis: WTI appears to be consolidating around the 200-day moving average which is currently set at \$60.45, while holding above the 10-day moving average currently set at \$60.04. As we are coming to the close of 2019, we expect continued sideways trading as traders lock in year end tax shelters. Resistance remains at \$61.20 and \$62.00. Support is set at \$59.53 and below that at \$58.10

Fundamental News: Russia's Energy Minister, Alexander Novak, said OPEC+ may consider easing the output restrictions at their meeting in March. He said they can consider any option, including the gradual easing of quotas or the continuation of the deal. He said cooperation with OPEC will continue so far as it is "effective and brings results, until the market requires it." He said Russia's 2019 oil output was seen at a record high of 560 million tons or 11.25 million bpd and natural gas output at 737 billion cubic meters.

A final agreement between Saudi Arabia and Kuwait to resume oil output from the Neutral Zone fields is expected to be signed on Tuesday in Kuwait City. The two countries halted output from the oilfields in the so-called Neutral Zone more than three years ago, cutting 500,000 bpd or 0.5% of global oil supply.

IIR Energy reported that US oil refiners are expected to shut in 45,000 bpd of capacity in the week ending December 27th, increasing available refining capacity by 43,000 bpd from the previous week. Offline capacity is expected to fall to 45,000 bpd in the week ending January 3rd.

This year has been more challenging for Iran than expected. The country's worsening economic conditions and broader frustrations among Iranians over widespread corruption and mismanagement remain. Iran continues to struggle to sell even small volumes of crude amid US sanctions. Iranian oil production has fallen to about 2.1 million bpd from almost 4 million bpd prior to the US' withdrawal from a multilateral nuclear agreement. The country's crude oil shipments fell to 300,000 bpd or less in the fourth quarter, with November's figure estimated at around 240,000 bpd. US Special Envoy for Iran, Brian Hook, said Iran's overall exports were estimated to be running at no more than 100,000 bpd. The exact numbers remain difficult to come by due to Iran's "gray market" sales efforts.

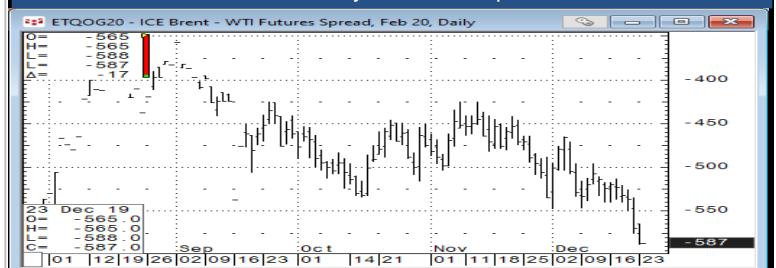
Early Market Call - as of 8:35 AM EDT

WTI - Jan \$60.72, up 20 cents
 RBOB - Jan \$1.7167, up 1.18 cents
 HO - Jan \$2.0242, up 20 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	2.0222	0.0004	-0.0177
Feb-20	2.0221	0.0015	-0.0119
Mar-20	2.0150	0.0012	-0.0206
Apr-20	1.9982	0.0017	-0.0217
May-20	1.9831	0.0020	-0.0219
Jun-20	1.9701	0.0022	-0.0213
Jul-20	1.9643	0.0027	-0.0213
Aug-20	1.9597	0.0028	-0.0206
Sep-20	1.9568	0.0029	-0.0193
Oct-20	1.9543	0.0031	-0.0176
Nov-20	1.9521	0.0035	-0.0159
Dec-20	1.9489	0.0034	-0.0136
Jan-21	1.9460	0.0035	-0.0122
Feb-21	1.9363	0.0031	-0.0107
Mar-21	1.9215	0.0029	-0.0092
Apr-21	1.9010	0.0027	-0.0083
May-21	1.8871	0.0025	-0.0079

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$60.3500	\$0.1000
Crude - Brent	WTI Spread	\$66.3900	\$0.2500
Natural Gas	\$6.04	\$2.2140	-\$0.1140
Gasoline		\$1.7051	-\$0.0007

ICE February Brent-WTI Spread



February Heating Oil Crack Spread

February RBOB Crack Spread

