

Market Commentary

Recap: Oil prices retreated from three year highs on Friday, but finished the session with posted gains, as the dollar weakened and the U.S. rig rose. Oil prices settled at their highest weekly settlement since November of 2014. March Brent topped \$70 a barrel, during the week, but pared gains on the day to close at \$70.52 up 10 cents, or 0.14%. March WTI traded above \$66 a barrel, settling at \$66.14, up 63 cents, or 0.96%.

Although this market has been trading higher due to supportive fundamentals, the up move should be treated quite delicately given the extreme size of speculative longs in the market and the fact that seasonal maintenance is just around the corner. These factors, in conjunction with the dissipation of cold weather that has been plaguing the U.S. could lead to a free fall in prices.

February RBOB rose 1.2%, to settle at \$1.938 a gallon, up 4% on the week. February heating oil added 1% to \$2.136 a gallon, up 3.8% on the week.

Fundamental News: According to Oil Movements, OPEC shipments are expected to fall by 180,000 bpd to 24.14 million bpd in the four weeks ending February 10th compared with the four week period ending January 13th. Middle East shipments, including those from non-OPEC countries, Oman and Yemen, are expected to fall to 17.24 million bpd from 17.77 million bpd.

Baker Hughes reported that US energy companies added 12 oil rigs this week, the largest weekly increase since March. Drillers increased the number of rigs searching for oil to 759 in the week ending January 26th, the highest level since September.

Saudi Energy Minister, Khalid al-Falih, said he met with Iraqi Prime Minister, Haider al-Abadi, and discussed Iraq's role in the global oil supply cut agreement and stabilizing the oil market. He also stated that they discussed the importance of continued coordination between the two producers and investments in energy, industry and the promotion of exports in both countries. They held their meeting during the World Economic Forum in Davos, Switzerland.

JPMorgan raised its crude forecasts and sees Brent near \$78/barrel in the first half of the year. The bank sees the price retreating towards the end of the year with Brent averaging \$60/barrel in the fourth quarter. It increased its Brent 2018 forecast by \$10/barrel to \$70/barrel and WTI by \$10.70/barrel to \$65.63/barrel.

JBC reported that Venezuela's crude exports may increase due to near-term upside in production as field maintenance ends and crude runs fall at the Amuay refining complex.

Diesel imports from Asia and the Middle East were expected to fall in February to about 1.7 million tons as several refineries in the Middle East began maintenance work. At least three diesel tankers were provisionally booked to load in Europe with options for delivery in Latin America. Separately, about 1.5 million tons of gasoline are scheduled to be loaded out of Europe to go to West Africa over the next two weeks.

IIR reported that US oil refiners are expected to shut in 886,000 bpd of capacity in the week ending January 26th, increasing available refining capacity by 21,000 bpd from the previous week. IIR expects offline capacity to fall to 705,000 bpd in the week ending February 2nd while it is expected to increase to 1.014 million bpd in the subsequent week.

According to Bloomberg, global refinery outages reached 2.12 million bpd in the week ending January 25th. It is down from 2.14 million bpd in the previous week. Russia's offline refining capacity expanded to 375,000 bpd as of Wednesday from 250,000 bpd.

Early Market Call - as of 9:35 AM EDT

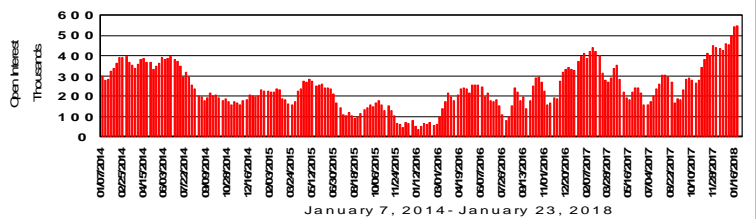
- WTI - Mar \$65.39 down 75 cents
- RBOB - Feb \$1.9324 down 56 points
- HO - Feb \$2.1080 down 2.8 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.1360	\$0.0206	\$0.0776
Mar-18	\$2.1275	\$0.0171	\$0.0734
Apr-18	\$2.1019	\$0.0105	\$0.0629
May-18	\$2.0816	\$0.0074	\$0.0557
Jun-18	\$2.0669	\$0.0057	\$0.0516
Jul-18	\$2.0587	\$0.0036	\$0.0473
Aug-18	\$2.0512	\$0.0019	\$0.0432
Sep-18	\$2.0465	\$0.0004	\$0.0405
Oct-18	\$2.0420	-\$0.0007	\$0.0382
Nov-18	\$2.0395	-\$0.0015	\$0.0369
Dec-18	\$2.0376	-\$0.0016	\$0.0362
Jan-19	\$2.0358	-\$0.0017	\$0.0356
Feb-19	\$2.0296	-\$0.0017	\$0.0359
Mar-19	\$2.0147	-\$0.0020	\$0.0347
Apr-19	\$1.9937	-\$0.0022	\$0.0336
May-19	\$1.9800	-\$0.0022	\$0.0319
Jun-19	\$1.9717	-\$0.0024	\$0.0310
Jul-19	\$1.9676	-\$0.0023	\$0.0303

		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$4.38	\$66.1400	\$0.6300
Crude - Brent		\$70.5200	\$0.1000
Natural Gas		\$3.5050	\$0.0580
Gasoline		\$1.9377	\$0.0223

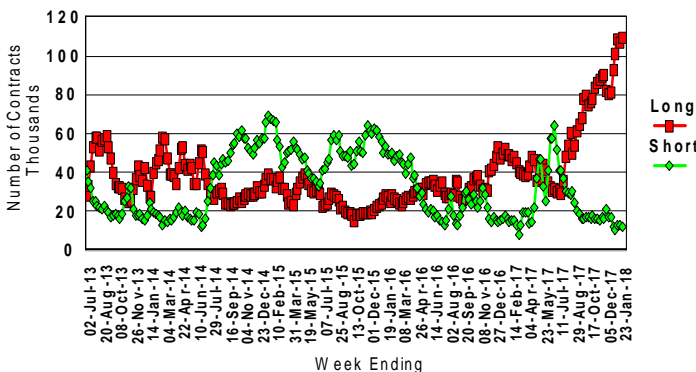
**WTI Futures & Options: NYMEX & ICE Combined
Managed Money Reportable Positions**



Commitment of Traders Report for the Week Ending January 23rd

Managed Money Heat Positons

CFTC Commitment of Traders Report



Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

