

Market Commentary

Recap: After reaching their highest level in over 3 years, oil prices experienced their largest weekly loss since October. Despite tightening global supplies, U.S. production continues to soar, counterbalancing output cuts by OPEC and its allies. Prices came under pressure early in the session, but were given a boost by the Baker Hughes report, which showed a decline of 5 in the U.S. rig count. February WTI fell 58 cents, or 0.9%, to settle at \$63.37 a barrel, down 1.5% on the week. Brent for March delivery slipped 70 cents, or 1%, to settle at \$68.61 a barrel, down 1.8% on the week.

February RBOB fell 1.1%, to settle at \$1.864 a gallon, but finished the week up about 0.8%. February heating oil fell 0.2%, to 2.058 a gallon, down 1.3% on the week.

Fundamental News: US oil drillers this week cut the number of rigs searching for oil for the second time in three weeks. Baker Hughes reported that drillers cut five oil rigs in the week ending January 19th, bringing the total count down to 747.

The IEA reported that the global markets are tightening quickly on falling supply from Venezuela, which posted 2017's largest unplanned output decline and could see a further decline in 2018. Debt and infrastructure problems cut Venezuela's December output to 1.61 million bpd. As a result of lower Venezuelan production, the IEA said OPEC's crude output in December fell to 32.23 million bpd, increasing the group's compliance with the output cut agreement to 129%. The IEA said if OPEC and its non-OPEC allies maintained good compliance with the output deal, oil markets would balance in 2018. It said the recovery in oil prices and a decline in global oil stocks has been helped by high demand growth in 2017 but it will slow down in 2018. It kept its oil demand growth estimate for 2018 unchanged at 1.3 million bpd, down from 1.6 million bpd in 2017, mainly due to the impact of higher oil prices and changing patterns of oil use in China.

RIA news agency quoted Russia's Deputy Prime Minister, Arkady Dvorkovich, as saying that a decision on global oil output cuts could be made in late spring or early summer once it becomes clear how sustainable the current trend in the oil market is. Separately, TASS news agency reported that Russia's Deputy Prime Minister said that oil prices, which earlier this week reached its highest level since December 2014, could fall again.

Russia's Economy Minister, Maxim Oreshkin, said global oil prices are unlikely to exceed \$60/barrel in the mid-term.

Dozens of ships are set to deliver diesel from the US Gulf Coast to Europe in January. Meanwhile, in a much rarer move, more than a dozen tankers will also ship diesel from Europe to the US East Coast due to the increased heating oil demand. Tankers carrying about 650,000 tons of diesel have been booked in January out of the US Gulf Coast refining hub to Europe and the Mediterranean. In the other direction, about 300,000 tons were booked out of Europe and the Baltics bound for New York and storage sites in the Caribbean.

Nigeria's crude exports of 1.694 million bpd are scheduled for March on 62 cargoes, down from 1.843 million bpd in February.

IIR reported that US refiners are expected to shut in 953,000 bpd of capacity in the week ending January 19th, reducing available refining capacity by 385,000 bpd in the previous week. IIR expects offline capacity to fall to 777,000 bpd in the week ending January 26th and 692,000 bpd in the week ending February 2nd.

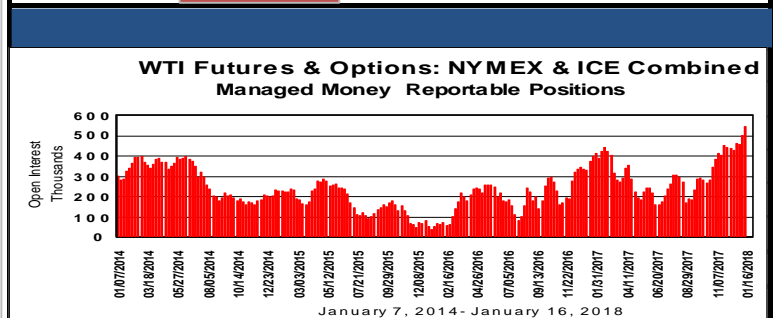
Early Market Call - as of 9:00 AM EDT

WTI - Feb \$63.38, down 5 cents
 RBOB - Feb \$1.8653, up 14 points
 HO - Feb \$2.0513, down 70 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0584	-\$0.0033	-\$0.0266
Mar-18	\$2.0541	-\$0.0045	-\$0.0237
Apr-18	\$2.0390	-\$0.0064	-\$0.0204
May-18	\$2.0259	-\$0.0080	-\$0.0168
Jun-18	\$2.0153	-\$0.0098	-\$0.0155
Jul-18	\$2.0114	-\$0.0109	-\$0.0146
Aug-18	\$2.0080	-\$0.0116	-\$0.0139
Sep-18	\$2.0060	-\$0.0119	-\$0.0138
Oct-18	\$2.0038	-\$0.0121	-\$0.0136
Nov-18	\$2.0026	-\$0.0126	-\$0.0136
Dec-18	\$2.0014	-\$0.0127	-\$0.0131
Jan-19	\$2.0002	-\$0.0127	-\$0.0128
Feb-19	\$1.9937	-\$0.0127	-\$0.0117
Mar-19	\$1.9800	-\$0.0125	-\$0.0104
Apr-19	\$1.9601	-\$0.0124	-\$0.0090
May-19	\$1.9481	-\$0.0124	-\$0.0082
Jun-19	\$1.9407	-\$0.0124	-\$0.0076
Jul-19	\$1.9373	-\$0.0119	-\$0.0071

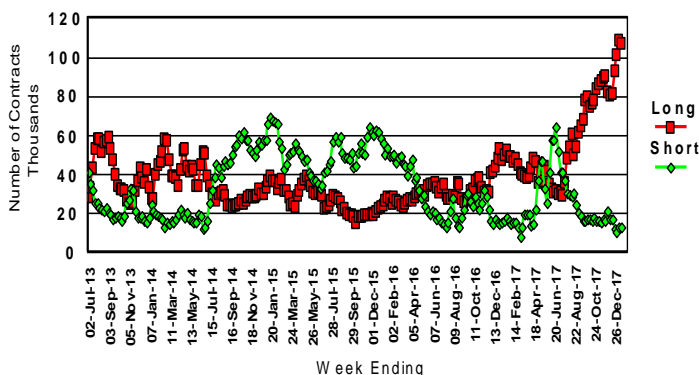
		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$5.30	\$63.3100	-\$0.5800
Crude - Brent		\$68.6100	-\$0.7000
Natural Gas		\$3.1850	-\$0.0040
Gasoline		\$1.8636	-\$0.0199



Commitment of Traders Report for the Week Ending January 16th

Managed Money Heat Positons

CFTC Commitment of Traders Report



Producer/Merchant Heat Positons

CFTC Commitment of Traders Report

