

Market Commentary

Recap: Activity in the oil markets was subdued on Monday, with prices caught between rising U.S. production, political tensions in Iran and OPEC production cuts. Both Brent and WTI traded on both sides of unchanged, with prices holding close to 2.5 year highs as traders try to balance their positions between supportive and non-supportive factors. The lackluster session ended with February WTI gaining 29 cents, or 0.47%, to settle at \$61.73 a barrel, while Brent for March delivery tacked on 16 cents, or 0.24%, to settle at \$67.68 a barrel.

February RBOB climbed 0.3% to \$1.792 a gallon, while February heating oil fell 0.7% to \$2.045 a gallon.

Fundamental News: Iran's Foreign Ministry spokesman, Bahram Qassemi, warned that any irrational decision on behalf of the US against the Iranian nuclear deal also known as JCPOA will be confronted forcefully. His statement comes as US President Donald Trump is expected to decide in mid-January whether to certify Iran's compliance with the nuclear agreement. Iran said it may reconsider its cooperation with the UN's IAEA if the US does not honor its commitment to the nuclear deal.

Two tankers carrying diesel to North America from Europe have turned back to discharge in the Europe as a rare arbitrage window appeared to close. A number of tankers were still expected to deliver diesel on the west-bound transatlantic route this month as an Arctic cold that hit North America since last week increased demand for heating oil.

A senior OPEC source from a major Middle Eastern oil producer said OPEC is monitoring unrest in Iran as well as Venezuela's economic crisis but added that the group will only increase its output if there are significant and sustained production disruptions from those countries. The senior OPEC source said OPEC will increase output only if Iran unrest and economic crisis in Venezuela cause significant and sustained supply disruptions. The senior OPEC source also stated that the market was on its way to being re-balanced, but so far global oil inventories remained above their five-year average and much more time was needed to drain the oil oversupply.

According to Platts, OPEC's oil output in December increased by 50,000 bpd on the month to 32.4 million bpd. Saudi Arabia's oil production fell by 70,000 bpd on the month to 9.9 million bpd. Venezuela's oil output fell by 100,000 bpd to 1.7 million bpd, a 15-year low.

Iraq's Oil Minister, Jabbar Al-Luaibi, said the country will start shipping 30,000 bpd of crude by trucks from the Kirkuk fields to the Kermanshah refinery in Iran. Iraqi Kurds' oil exports averaged 445,000 bpd in 2017.

Libya's Sharara oil production increased to 300,000 bpd. Output was halted for one day on January 4th due to a power outage. The country's total oil production increased to about 1 million bpd.

IIR reported that US oil refiners are expected to shut in 363,000 bpd of capacity in the week ending January 12th, decreasing available refining capacity by 226,000 bpd from the previous week. IIR expects offline capacity to increase to 661,000 bpd in the week ending January 19th.

Two Federal Reserve officials said the US central bank should consider changes in its inflation-targeting framework to create more ammunition to respond to future downturns.

Early Market Call - as of 9:00 AM EDT

WTI - Feb \$62.08, up 35 cents

RBOB - Feb \$1.8090, up 1.7 cents

HO - Feb \$2.0573, up 1.17 cents

All NYMEX | Prior Settlements

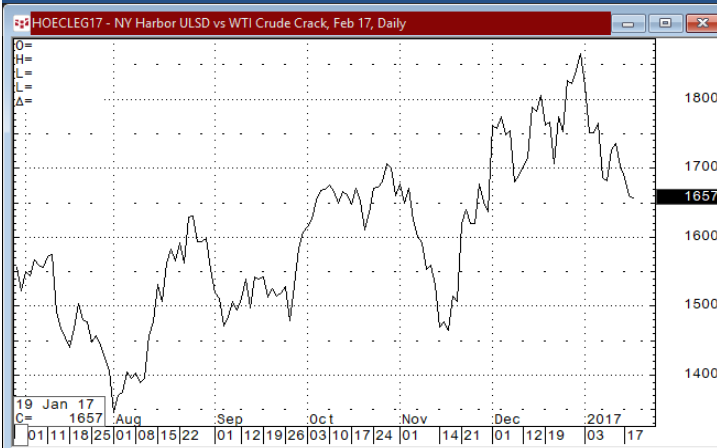
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0454	-\$0.0133	-\$0.0227
Mar-18	\$2.0350	-\$0.0082	-\$0.0088
Apr-18	\$2.0154	-\$0.0033	\$0.0018
May-18	\$1.9998	-\$0.0009	\$0.0067
Jun-18	\$1.9876	\$0.0006	\$0.0094
Jul-18	\$1.9829	\$0.0018	\$0.0123
Aug-18	\$1.9799	\$0.0025	\$0.0157
Sep-18	\$1.9789	\$0.0030	\$0.0189
Oct-18	\$1.9781	\$0.0028	\$0.0212
Nov-18	\$1.9783	\$0.0026	\$0.0226
Dec-18	\$1.9778	\$0.0021	\$0.0231
Jan-19	\$1.9775	\$0.0022	\$0.0236
Feb-19	\$1.9705	\$0.0020	\$0.0247
Mar-19	\$1.9565	\$0.0017	\$0.0243
Apr-19	\$1.9369	\$0.0016	\$0.0242
May-19	\$1.9263	\$0.0016	\$0.0237
Jun-19	\$1.9191	\$0.0016	\$0.0227
Jul-19	\$1.9161	\$0.0016	\$0.0226

		Close	Change
Crude - WTI	Mar Brent-	\$61.7200	\$0.3100
Crude - Brent	WTI Spread	\$67.7800	\$0.1600
Natural Gas	\$6.06	\$2.8350	\$0.0400
Gasoline		\$1.7918	\$0.0060

ICE March WTI-Brent Spread



February Heating Oil Crack Spread



February RBOB Crack Spread

