



Discover the Pattern, Anticipate the Future

We would be happy to discuss this commentary with you and provide additional market insights. Feel free to call us at +1 859-687-2748 or email us at rachel.poole@fundamentalanalytics.com

The comments below reflect updates and commentaries that we send regularly to our subscriber lists. Because some time may have now passed since the original release of this content, it should not be regarded as up-to-date market commentary. If you wish to receive this type of analysis in a timely fashion, subscribe to our weekly commentaries by contacting us at the phone number or email above.

Monthly Newsletter: January 2020

By Joel Fingerman and Rachel Poole

Greetings!

Fundamentals

Weekly Commentary

Fundamental Analytics offers timely weekly commentaries tied to reporting from the DOE, as well as weekly reports on crude oil and natural gas. We also offer a bi-weekly commodity market update highlighting development in agricultural and energy markets. If you are interested in receiving any or all of these updates, please let us know.

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To see what the FA platform can do for you [sign up](#) for a webinar and free trial on our website or contact one of our team members.

Benefits of FA:

- Easy to use, web-based and menu driven platform.
- Extensive history of data.
- Superior graphing capabilities
- Competitively priced.

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DOE Insights

Crude Oil Stocks Draw, Much Greater than Expectations

The DOE reported Total Crude Oil Inventories decreased by 5.5 million barrels to 441.4 million barrels for the week ending December 20, 2019, while the expectations average was for a 1.7 million barrel draw.

Total hydrocarbon supplies decreased by 10.2 million barrels to 1,270 million barrels.

Crude Oil Production increased by 100,000 barrels per day to 12.9 million barrels per day.

Total Crude Imports increased by 200,000 barrels per day to 6.8 million barrels per day.

Total Crude Exports decreased by 236,000 barrels per day to 3.4 million barrels per day.

Total Refinery Crude Runs increased by 400,000 barrels per day to 16.98 million barrels per day.

Crude oil prices have been on a rally since the beginning of December as OPEC and Russia agreed on deeper cuts in production and the agreement of Phase One of the US-China trade deal. The crude oil stocks draw was again bullish to price.

Chart 1

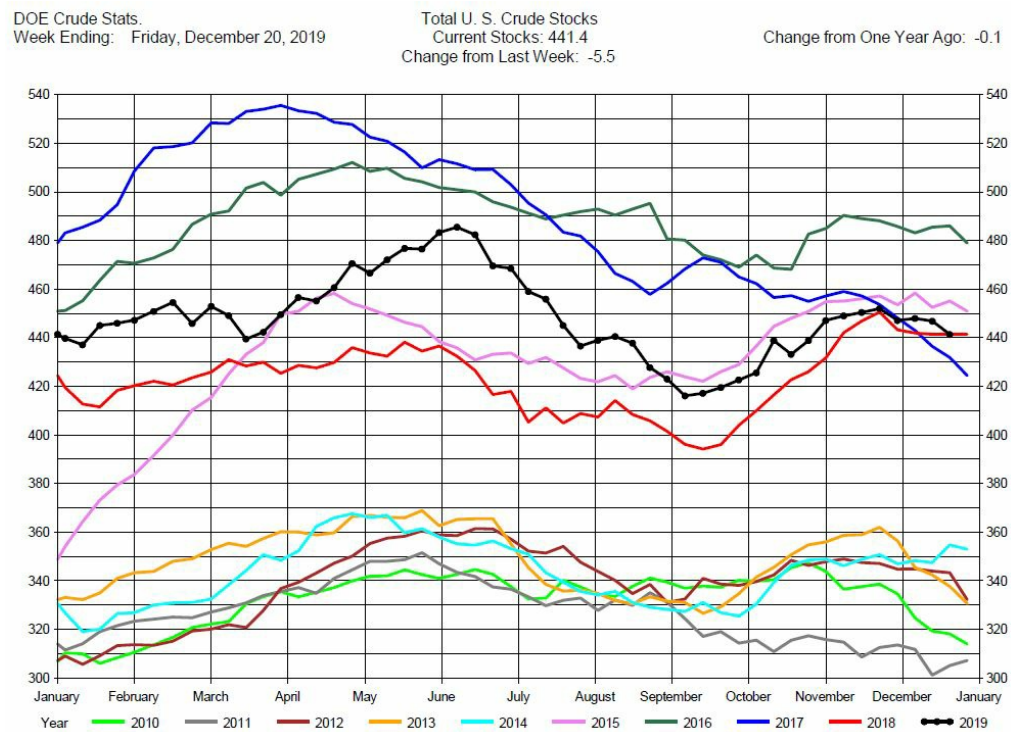


Chart 2

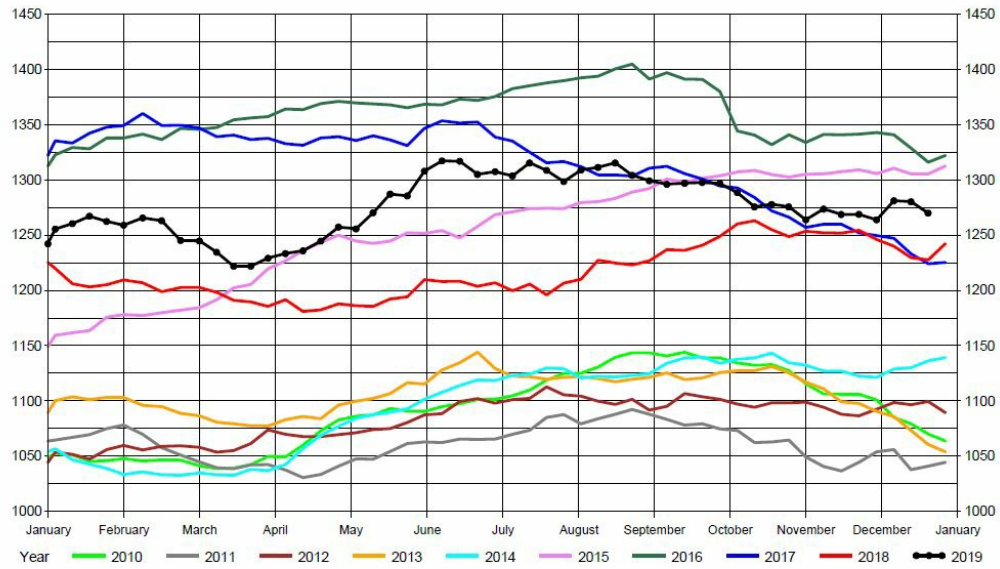


Chart 3

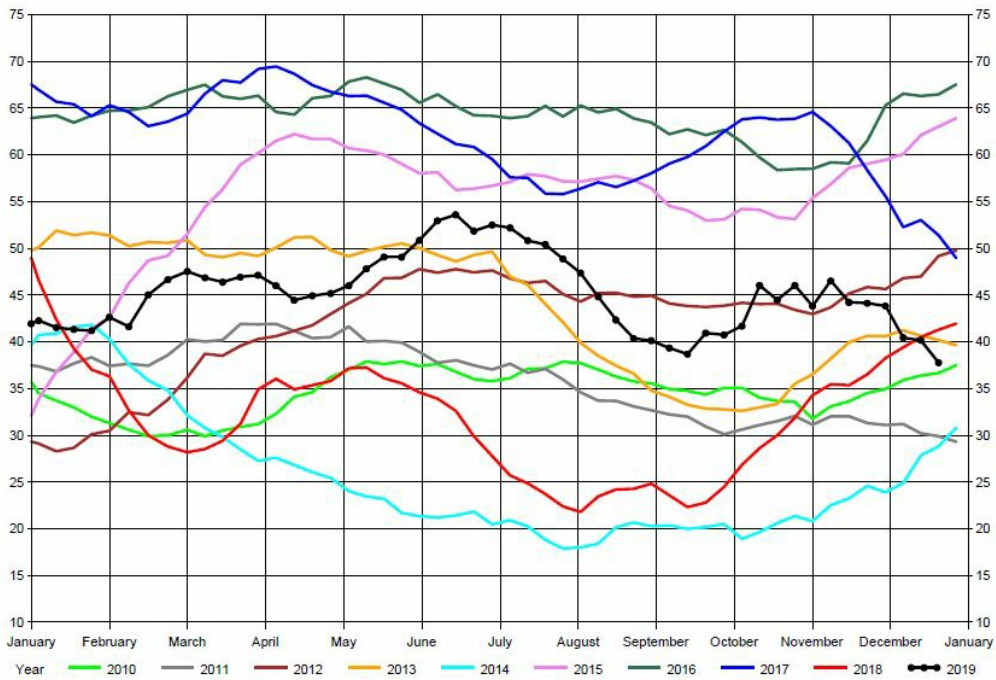
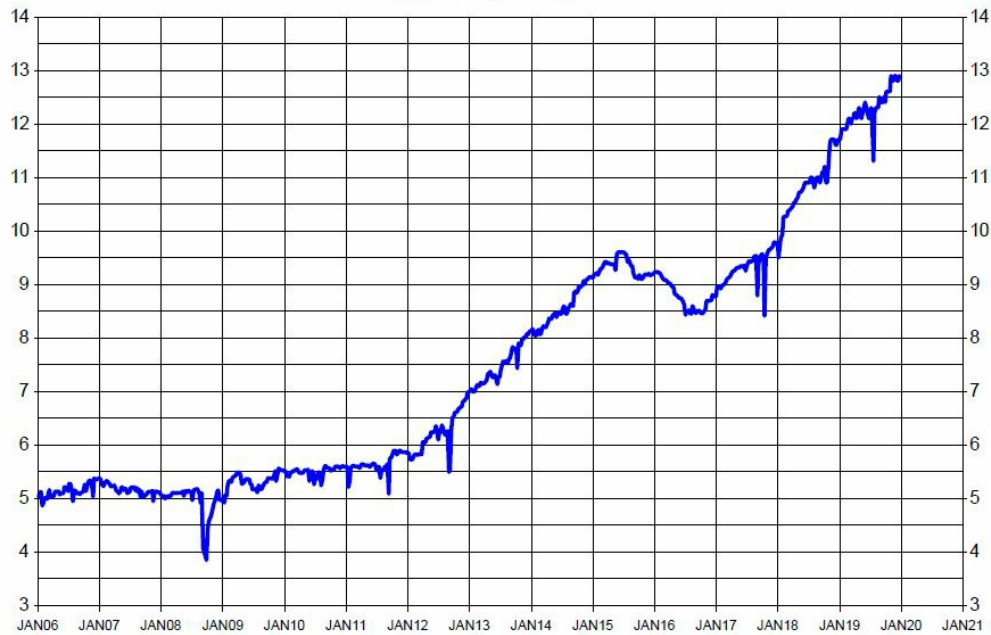


Chart 4



This is only a sample of the full DOE Insights report Joel publishes weekly. Each weekly report also includes a summary of data reported on Gasoline stocks and Distillates stocks.

EIA Insights
Withdrawal Greater than Expectations

The EIA reported a 161 Bcf storage withdrawal for the week ending December 20, 2019. The withdrawal was greater than the average for this week of the year, 113 Bcf, and greater than the average of expectations, 155 Bcf.

Storage at 3,250 Bcf is 525 Bcf above inventories for this time last year and 69 Bcf below the five-year average.

The EIA report was considered bullish to prices and prices did have a brief rally with the release of the report. However, prices then fell back as it appears storage and production are more than sufficient to meet the demand during this winter season.

Chart 1

EIA Weekly Natural Gas Storage Data Report

As of Friday, December 20, 2019

| | Bcf in Storage | Week Change | Last Week Storage | Week Change | Last Year Storage |
|---------------------|----------------|-------------|-------------------|-------------|-------------------|
| East Region | 796 | -42 | 838 | -29 | 676 |
| Midwest Region | 923 | -50 | 973 | -40 | 818 |
| Mountain Region | 177 | -9 | 186 | -7 | 150 |
| Pacific Region | 260 | -13 | 273 | -3 | 223 |
| South Region | 1,094 | -48 | 1,142 | -26 | 858 |
| U. S. Total Storage | 3,250 | -161 | 3,411 | -107 | 2,725 |

Chart 2

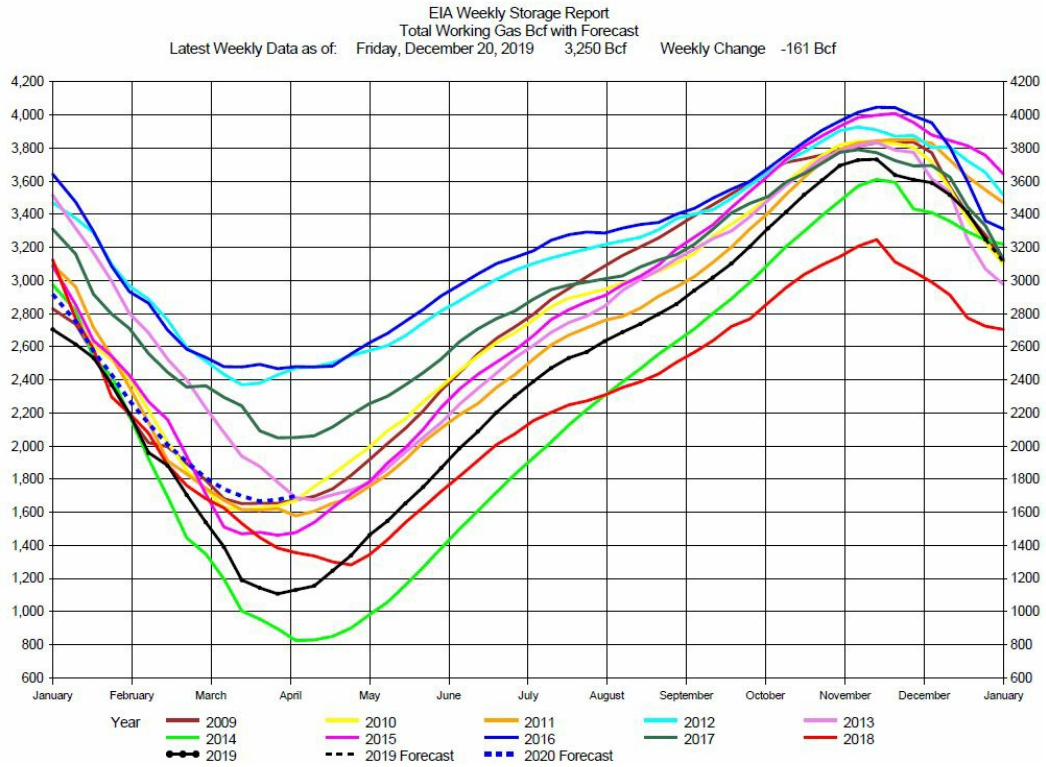


Chart 3

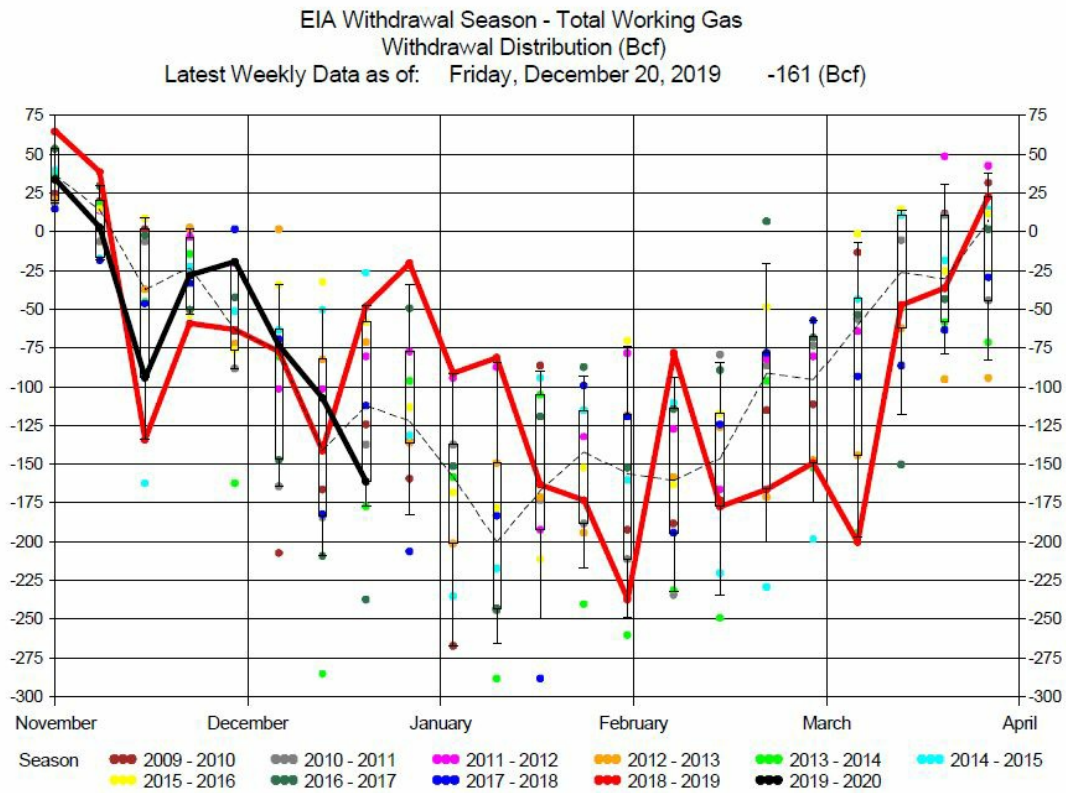
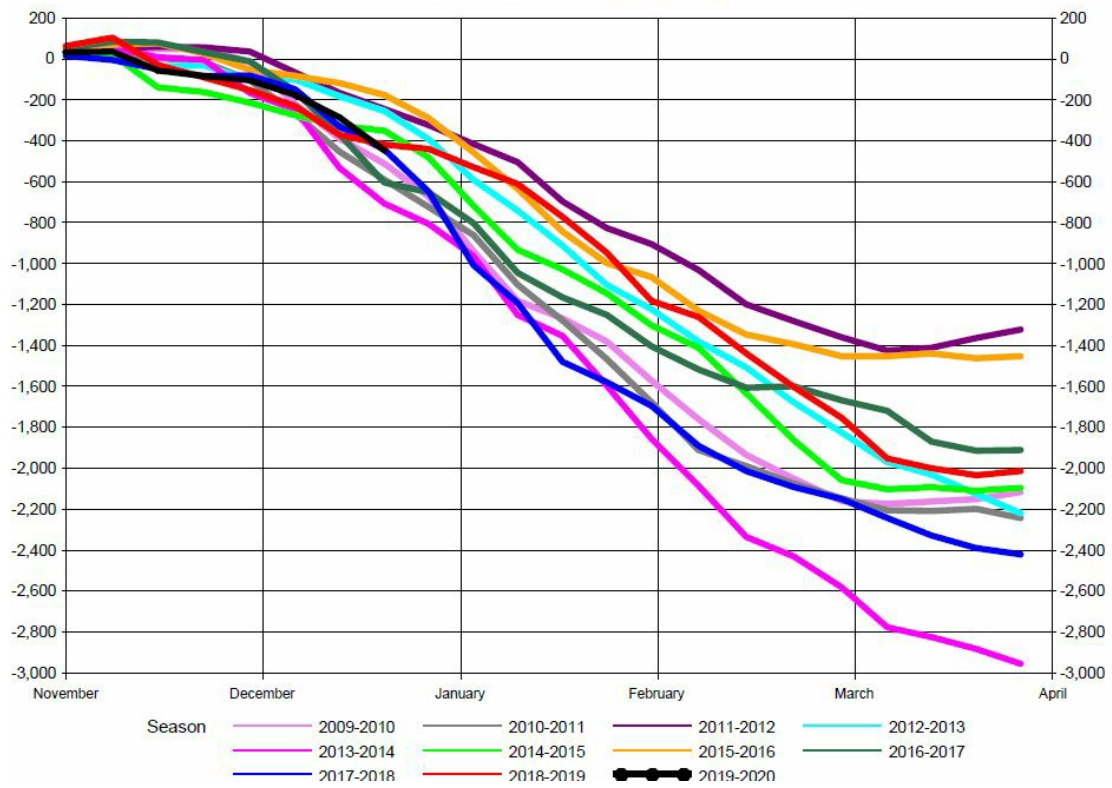


Chart 4

Total EIA Cumulative Storage Withdrawal (Bcf)



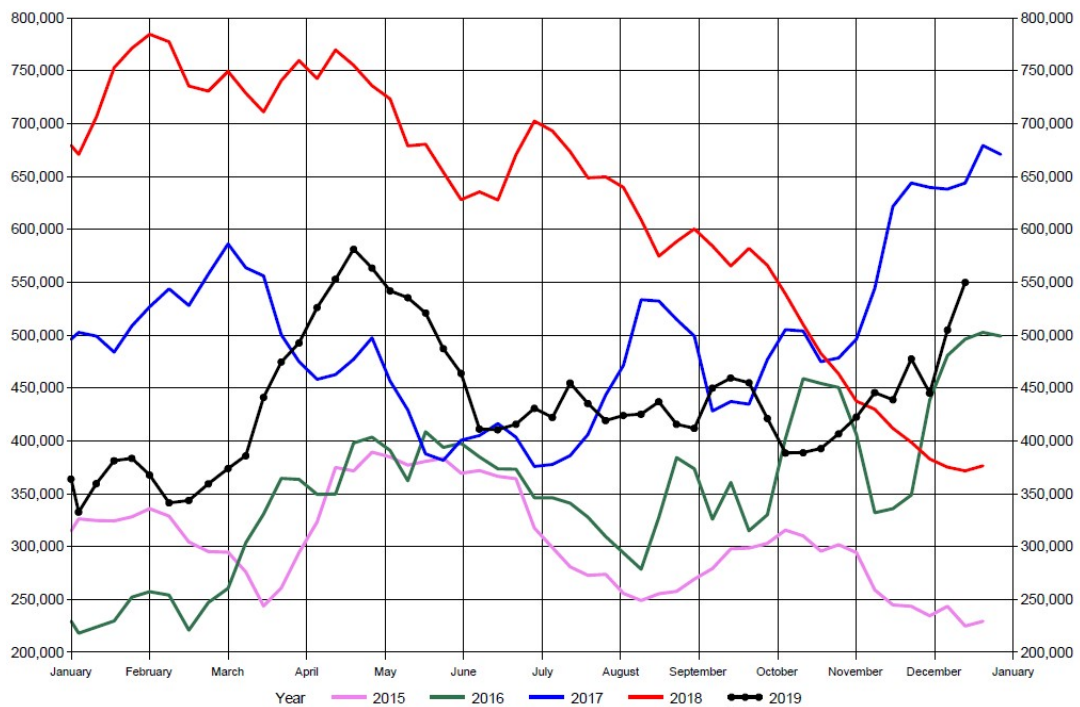
Latest CFTC Report

The CFTC Commitment of Traders Report as of Tuesday, December 17, 2019 shows the Non-Commercials Net Long Positions in WTI Crude Oil increased during the week by a substantial 44,924 contracts to 549,843 contracts. 32,861 Long positions were established, and 12,063 Short positions were covered.

The large price rally beginning Wednesday December 4 in response to the OPEC+ news is reflected in the continuing increase in the funds net long positions.

Chart 1

CFTC WTI Crude Oil Non-Commercials Net Long Postions
Open Interest
As of Tuesday, December 17, 2019 549,843 Contracts 44,924 Change



Platform Potential

The commodity market research platform offered by Fundamental Analytics is intuitive and easy to use. The year-on-year default visualizations of certain pricing and fundamental data along with the ability to easily create spreads charts offer a superb tool for analyzing relevant data. Research done by our team in November exemplifies how combined analysis of pricing, spreads, and fundamental data can offer meaningful market insights.

What to Watch in the Upcoming Weeks

Below are a few things to watch in early/mid-January of 2020. These factors are likely to impact energy and agricultural markets.

- The completion of phase one of the trade deal between the US and China.
- Crude oil production cuts by OPEC+.
- Middle East tensions affecting crude oil prices.
- Weather impact on natural gas supplies.

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Regards,
The Fundamental Analytics Team