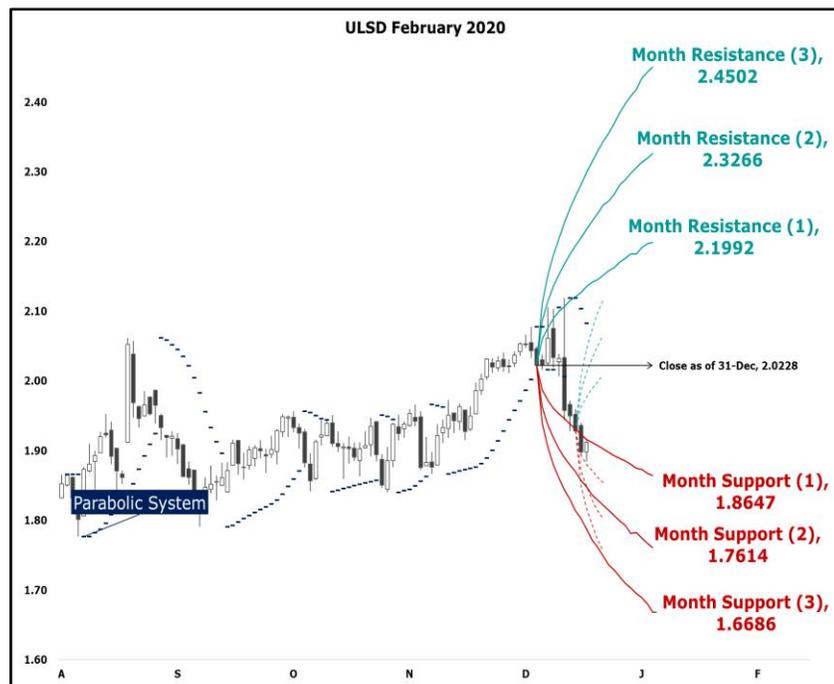




Market Recap



Contract	Month	High	Low	Close	Change ¹
NYMEX ULSD	Feb-19	1.9224	1.8848	1.9103	(0.0601)
NYMEX ULSD	Mar-19	1.9239	1.8871	1.9120	(0.0592)
NYMEX ULSD	Apr-19	1.9163	1.8751	1.9048	(0.0586)
NYH ULSD ³	Spot			1.9121	(0.0554)

¹ 5-Day Change as of Jan 14 | ³ Source Refinitiv Eikon ULSD-NYH

CSR Talking Points

What's going on with the weather? HDD days are well below historical average. Now that the tension in the Mid-East has calmed, unless there is a weather event, prices should remain at these levels. That said, there is a storm front approaching that could put some support under this market. Continue to promote the benefits of CAP and Prepay programs to protect against higher prices.

[Contact us](#) to discuss optimizing your hedging and risk management strategies.

Actions to Take

Milder weather seems to have taken the bite out of the market, for now. This week prices tanked to levels close to 1st monthly SVBC and 2nd weekly SVBC support levels. With distillate inventories increasing over the last two weeks and lack of HDD's, the market is sputtering. **Prices are now trading into our support levels and should be viewed as an ideal hedge entry point.** [Contact us](#) to learn how incorporate our Schork Volatility-Based Cone (SVBC) price forecasting model into your hedging and trading strategies.

Balancing Both Sides

Technical Bias Neutral ↔

The Nymex Feb N^o2 oil has seen a precipitous decline over the last week. Prices have breached our 1st monthly SVBC support and seem have found a bottom at our 1st weekly SVBC support. This would be an excellent time to **consider BUYING this market**, given that prices are hugging our weekly SVBC S1.

Fundamental Bias Bearish ↘

Today the EIA reported that distillate inventories for the week ended Jan 10 increased by 8.17 mmbbls. This is the second larger than expected build over the last two reports. The builds of oil inventories in Jan are to be expected as oil tanks were emptied in December to avoid the ad valorem tax.

Overall Market Bias Neutral ↔

As tensions subside in the Middle East, distillate prices have given back all the initial gains plus more. While the technical and fundamental variables are skewed bearish, our overall bias remains neutral. The potential for additional military action and disruption of oil flow in the Mid-East will set a floor on prices for the near future. Given how dramatically the market sold off last week, and where current prices reside as compared to our forecasting model, we recommend considering buying/hedging at these levels.