

Market Commentary

Recap: Following last week's gains, the oil market remained well supported in overnight trading on hopes for a trade deal between the US and China and the expectations that OPEC would extend its production cuts. The crude market posted a high of \$58.09 before the market gave up its gains and sold off sharply, erasing much of last week's gains. The market traded lower in tandem with the stock markets following a report that caused concern over the US-China trade deal. A Chinese government source said the mood in Beijing about a trade deal was pessimistic due to US President Donald Trump's reluctance to roll back on tariffs. The market sold off to a low of \$56.55 ahead of the close and settled down 67 cents at \$57.05. The January Brent contract settled down 86 cents at \$62.44/barrel. The product markets also settled in negative territory, with the heating oil market settling down 4.33 cents at \$1.9047 and the RBOB market settling down 1.4 cents at \$1.6210.

Technical Analysis: The crude market is seen trading sideways as traders position themselves ahead of the release of the weekly inventory reports. The market is seen finding resistance at \$57.44 followed by its high of \$58.09. More distant resistance is seen at \$58.21, the 62% retracement from September's high of \$62.74 and October's low of \$50.89. Meanwhile, support is seen at its low of \$56.55, \$56.43, \$56.20 and \$55.76.

Fundamental News: The US EIA reported that US crude oil output from seven major shale formations is expected to increase about 49,000 bpd in December to 9.13 million bpd. Output at the largest formation, the Permian Basin of Texas and New Mexico, is expected to increase 57,000 bpd to 4.73 million bpd, while production declines are forecast in the Eagle Ford and Anadarko basins.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil exports in September fell by 3% to 6.67 million bpd from 6.88 million bpd in August. Saudi Arabia's crude oil production fell by 660,000 bpd on the month to 9.129 million bpd in September. Its crude oil stocks fell by 20.27 million bpd to 152.48 million bpd, while domestic refinery crude throughput increased by 10,000 bpd to 2.584 million bpd.

Russia has increased its oil production to 11.246 million bpd in November, missing its output targets under a global output deal. It produced 11.23 million bpd on average in October.

Aiteo stated that sustained economic sabotage by vandals on Nigeria's oil exporting Nembe Creek Trunk Line has led to significant losses in production. The NCTL has been shut down more than once this year. It was shut down due to a fire in April, and placed under force majeure in September.

IIR Energy reported that US oil refiners are expected to shut in 766,000 bpd of capacity in the week ending November 22nd, increasing available refining capacity by 487,000 bpd from the previous week. Offline capacity is expected to fall to 700,000 bpd in the week ending November 29th.

According to a UN IAEA report, Iran has breached another limit of its nuclear deal with major powers by accumulating slightly more than 130 tons of heavy water, a substance used in a type of reactor it is developing. The limit is the latest in a series imposed by the deal that Iran has exceeded in protest at the withdrawal of the US from the deal last year and its imposition of economic sanctions against Iran.

Early Market Call - as of 9:15 AM EDT

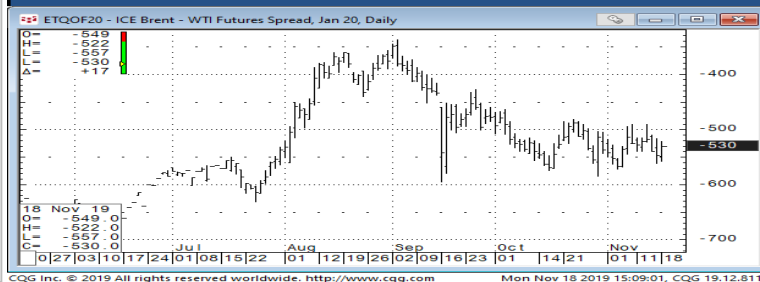
WTI - Dec \$56.06, down 99 cents
RBOB - Dec \$1.6122, down 76 points
HO - Dec \$1.8843, down 2.04 cents

All NYMEX | Prior Settlements

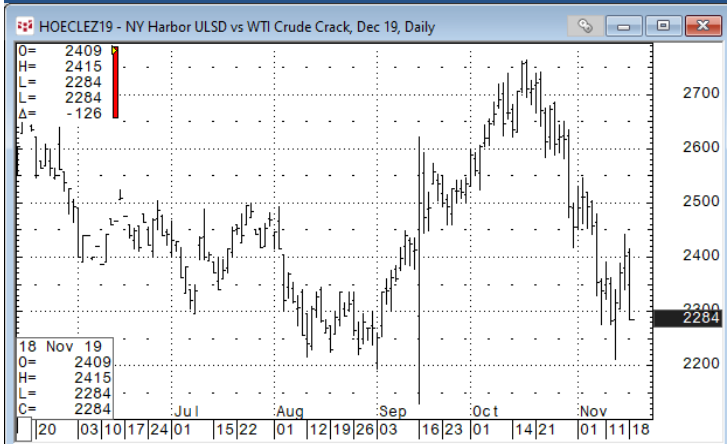
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	1.9047	-0.0433	0.0095
Jan-20	1.9004	-0.0429	0.0088
Feb-20	1.8947	-0.0406	0.0199
Mar-20	1.8832	-0.0386	0.0082
Apr-20	1.8669	-0.0370	0.0082
May-20	1.8565	-0.0354	0.0080
Jun-20	1.8506	-0.0335	0.0061
Jul-20	1.8493	-0.0324	0.0053
Aug-20	1.8488	-0.0313	0.0048
Sep-20	1.8498	-0.0305	0.0046
Oct-20	1.8513	-0.0302	0.0044
Nov-20	1.8531	-0.0299	0.0039
Dec-20	1.8546	-0.0296	0.0036
Jan-21	1.8558	-0.0289	0.0039
Feb-21	1.8502	-0.0280	0.0047
Mar-21	1.8401	-0.0273	0.0046
Apr-21	1.8231	-0.0264	0.0040

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$57.1400	-\$0.6900
Crude - Brent	WTI Spread	\$62.4400	-\$0.8600
Natural Gas	\$5.30	\$2.5660	-\$0.1220
Gasoline		\$1.6210	-\$0.0140

ICE January Brent-WTI Spread



December Heating Oil Crack Spread



December RBOB Crack Spread

