

Market Commentary

Recap: The oil market ended the session slightly higher amid the uncertainty in the market ahead of the OPEC+ meeting later this week and an increasingly fragile ceasefire between Israel and Lebanon, which took effect last Wednesday. The crude market was well supported early in the session on optimism over strong factory activity in China. A private sector survey showed that China's factory activity expanded at the fastest pace in five months in November. The market retraced some of its losses seen in the previous week as it rallied to a high of \$69.11 early in the session. However, the market gave up its gains and sold off to a low of \$67.71 early in the afternoon amid the strength in the dollar. The January WTI contract retraced some of its losses ahead of the close and settled up 10 cents at \$68.10, while the February Brent contract settled down 1 cent at \$71.83. The product markets ended the session in mixed territory, with the heating oil market settling down 1.47 cents at \$2.1777 and the RB market settled up 1.84 cents at \$1.9172.

Technical Analysis: The crude market is seen remaining range bound ahead of the OPEC+ meeting scheduled for Thursday. The cartel is widely expected to postpone their planned production increase of 180,000 bpd. The market will also continue to look for updates on the situation in the Middle East, with Israel and Lebanon accusing the other side of breaching their ceasefire, as well as the recent developments in Syria. The market will also look to the weekly petroleum stocks reports, which are expected to show draws in crude stocks of over 2 million barrels in crude stocks. The oil market is seen finding support at its low of \$67.71, \$67.12, \$66.53, \$66.32 and \$65.74. Meanwhile, resistance is seen at its high of \$69.11, \$69.69, \$70.30, \$71.48-\$71.51 followed by \$71.68 and \$71.87.

Fundamental News: Barclays said oil market fundamentals seem to be improving while heating demand for natural gas is expected increase sharply over the coming weeks. It maintained its long call spread recommendation in oil. It maintained its long \$75-\$80/barrel call spread recommendation on December 2025 Brent futures.

The Israeli military said it was striking "terror" targets in Lebanon amid mutual accusations of ceasefire violations between Israel and Lebanese armed group Hezbollah.

Syrian and Iraqi sources said hundreds of fighters from Iran-backed Iraqi militias crossed into Syria overnight to help the government fight rebels who seized Aleppo last week and Tehran pledged to aid Syria's government. Two Iraqi security sources said at least 300 fighters, primarily from the Badr and Nujabaa groups, crossed the border late on Sunday. On Monday, Iranian Foreign Minister Abbas Araqchi said Syria's military was capable of confronting the rebels but added that "resistance groups will help and Iran will provide any support needed". Any prolonged escalation in Syria risks further destabilizing a region already impacted by the conflicts in Gaza and Lebanon, with millions of Syrians already displaced and with regional and global powers backing rival forces in the country.

Atlanta Federal Reserve President, Raphael Bostic, said he has an open mind about whether to cut interest rates again at the Fed's December meeting, with upcoming data on jobs important in shaping the decision. In an essay also released on Monday, he said his base case remains that inflation will continue to fall to the Fed's 2% target, though it remains an open question how far and how fast interest rates should be reduced to ensure that happens while avoiding any undue damage to the job market.

Federal Reserve Governor, Christopher Waller, said he was inclined to cut the benchmark interest rate at the December 17th-18th meeting as monetary policy remained restrictive enough to keep putting downward pressure on inflation. At the same time, he said upcoming data on jobs, inflation and consumer spending could still sway him to pause if it appears that progress on inflation is stalling.

Early Market Call - as of 8:05 AM EDT

WTI - Jan \$69.33, up \$1.23

RBOB - Jan \$1.9464, up 2.92 cents

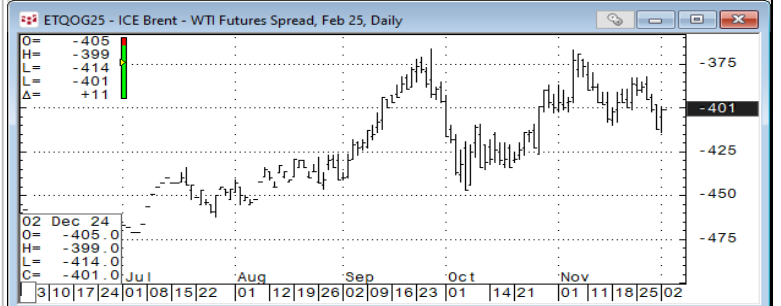
HO - Jan \$2.2115, up 3.38 cents

All NYMEX | Prior Settlements

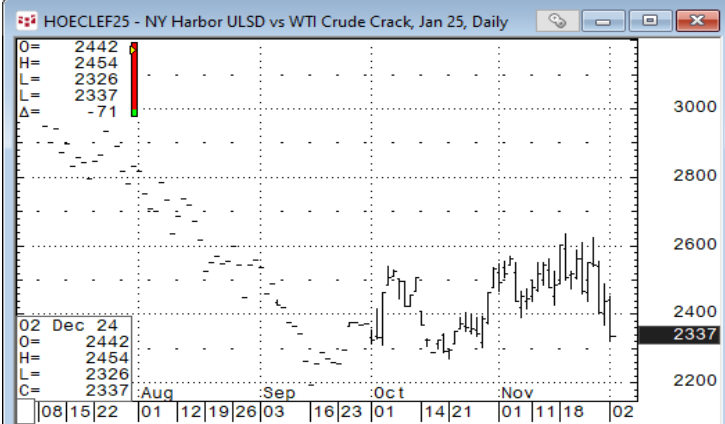
	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jan-25	2.1777	-0.0147	-0.0664
Feb-25	2.1781	-0.0121	-0.0652
Mar-25	2.1692	-0.0094	-0.0611
Apr-25	2.1559	-0.0071	-0.0572
May-25	2.1466	-0.0060	-0.0545
Jun-25	2.1414	-0.0041	-0.0504
Jul-25	2.1468	-0.0028	-0.0484
Aug-25	2.1538	-0.0022	-0.0468
Sep-25	2.1630	-0.0020	-0.0458
Oct-25	2.1724	-0.0018	-0.0445
Nov-25	2.1789	-0.0012	-0.0433
Dec-25	2.1834	-0.0002	-0.0429
Jan-26	2.1896	0.0005	-0.0423
Feb-26	2.1892	0.0006	-0.0415
Mar-26	2.1808	0.0010	-0.0404
Apr-26	2.1659	0.0010	-0.0397
May-26	2.1563	0.0011	-0.0389

Sprague HeatCurve October 2025-April 2026		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$3.99	\$67.8400	\$0.1200
Crude - Brent		\$71.8300	-\$0.0100
Natural Gas		\$3.2130	-\$0.1500
Gasoline		\$1.9172	\$0.0184

ICE February Brent-WTI Spread



January Heating Oil Crack Spread



January RBOB Crack Spread

