

## Market Commentary

**Recap:** Oil prices rose on Tuesday in anticipation of a draw down in U.S. crude oil inventories, amid strong demand and OPEC lead efforts to sop up excess global supplies. January WTI gained as much as 0.78%, as it rose to a high of \$57.92, while Brent for February delivery hit a high of \$63.15, up 1.12%. Gains were pared ahead of the API report, with spot WTI finishing at \$57.62 a barrel, up 15 cents, or 0.26% and spot Brent tacking on 41 cents, or 0.66%, to settle at \$62.86 a barrel.

January RBOB rose 1.6% at \$1.718 a gallon, while heating oil for the same month ended at \$1.914 a gallon, up 1.

**Fundamental News:** Crude oil stocks held in Cushing, Oklahoma fell by 2.4 million barrels to 55.9 million barrels in the week ending December 1<sup>st</sup>.

The IEA's Head of the Oil Industry and Markets Division, Neil Atkinson, said oil prices may decline in the coming months.

Bloomberg reported that preliminary US waterborne crude imports increased by 416,900 bpd to 4.7 million bpd. Imports to the Gulf Coast increased by 326,100 bpd to 2.7 million bpd while imports to the East Coast and West Coasts increased by 40,600 bpd and 50,200 bpd, respectively.

According to data from cFlow, S&P Global Platt' trade flow software, distillates flows fixed to Northwest Europe and the Mediterranean from the US Gulf Coast for December are currently around 550,000 metric tons.

According to Bloomberg, OPEC's output in November fell by 80,000 bpd to 32.47 million bpd. It is the lowest level in six months, led by declines from Angola and Kuwait. OPEC's compliance increased by 8% on the month to 118% in November.

The UAE's crude oil output in November fell to about 2.9 million bpd as the country looks to increase its compliance with a global pact to cut production. The UAE reported output of 2.95 million bpd in October. UAE shipments of crude and condensate fell to a seven month low in November as the country joined OPEC and other producers in extending restrictions. The UAE's shipments fell to 2.313 million bpd in November from a revised 2.531 million bpd in October.

Indonesia's Deputy Energy Minister, Arcandra Tahar, said the country will keep a freeze on its membership of OPEC. Indonesia's OPEC membership was suspended in December 2016, less than a year after it rejoined the group.

Goldman Sachs forecast that oil prices will retain their strength, at least through 2018. It raised its forecast for WTI and Brent to \$57.50/barrel and \$62/barrel, respectively, saying OPEC and its allies showed a stronger commitment than expected to extending their output cuts. It expects positive total returns of 9% from crude over the next 12 months. Goldman Sachs, however, said that by 2019, it believes the response of shale and other producers to higher prices will incentivize OPEC and Russia to pare back their now greater spare capacity, leaving risks to prices skewed to the downside.

**Early Market Call - as of 9:00 AM EDT**

WTI - Jan \$56.85, down 76 cents

RBOB - Jan \$1.7000, down 1.85 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-18	\$1.9139	\$0.0194	-\$0.0390
Feb-18	\$1.9148	\$0.0186	-\$0.0375
Mar-18	\$1.9079	\$0.0181	-\$0.0363
Apr-18	\$1.8930	\$0.0177	-\$0.0342
May-18	\$1.8813	\$0.0169	-\$0.0331
Jun-18	\$1.8718	\$0.0162	-\$0.0314
Jul-18	\$1.8698	\$0.0160	-\$0.0285
Aug-18	\$1.8699	\$0.0161	-\$0.0248
Sep-18	\$1.8717	\$0.0162	-\$0.0224
Oct-18	\$1.8739	\$0.0159	-\$0.0214
Nov-18	\$1.8765	\$0.0159	-\$0.0208
Dec-18	\$1.8788	\$0.0160	-\$0.0203
Jan-19	\$1.8802	\$0.0159	-\$0.0200
Feb-19	\$1.8744	\$0.0159	-\$0.0200
Mar-19	\$1.8623	\$0.0160	-\$0.0201
Apr-19	\$1.8438	\$0.0161	-\$0.0197
May-19	\$1.8343	\$0.0162	-\$0.0196
Jun-19	\$1.8295	\$0.0163	-\$0.0193

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$57.6700	\$0.1800
Crude - Brent	WTI Spread	\$62.8600	\$0.4100
Natural Gas	\$5.19	\$2.9140	-\$0.0710
Gasoline		\$1.7184	\$0.0262

## API Report for the Week Ending December 1, 2017

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 5.5 million barrels	Down 4.1 million barrels
Cushing, OK Crude Stocks	Down 2 million barrels	Down 2.4 million barrels
Gasoline Stocks	Up 9.2 million barrels	Up 2.7 million barrels
Distillate Stocks	Up 4.3 million barrels	Up 1.5 million barrels
Refinery Runs	Up 46,000 bpd	Up 0.7% at 93.3%

## NYMEX Cal 2018 Heating Oil Crack Spread

## 8-14 Day Weather Outlook

