

Market Commentary

Recap: Oil futures traded modestly lower on Thursday, as the coronavirus situation in the U.S. worsens, and new restrictions are imposed. While concern about the number of new COVID-19 cases have risen, the contango market conditions in Brent, where the front end of the curve trades at a discount to the deferred, implying near-term oversupply, is at its shallowest level in four months. This suggests that trader concern about a glut is easing. December WTI fell 19 cents, or 0.19%, to settle at \$41.74 a barrel, while January Brent settled at \$44.20 a barrel, down 14 cents, or 0.32%. The oil markets received a late session boost after U.S. state Senator Chuck Schumer said that Republican Majority Leader Mitch McConnell has agreed to resume COVID-19 relief talks. Products were slightly mixed, with December RBOB losing .0004, to settle at \$1.1625 a gallon, while December heating oil added .0067, to settle at \$1.2707 a gallon.

Technical Analysis: While oil markets have been working higher over the past few weeks, persistent worries over a supply glut and the effects of the coronavirus on demand will continue to keep a lid on prices. On the flip side of this, an OPEC+ decision to delay plans to ramp up output will work to keep a floor under this market. That being said, we do not see this market making significant strides in either direction. With the U.S. Thanksgiving Holiday on the horizon, and possibly turning into a super coronavirus spreading event, we would look for light profit-taking coming over the next few trading sessions and for prices to remain in a sideways trading pattern. The 10 and 50-day moving averages will continue to provide support for this market and they are currently set at \$41.07 and \$40.38 respectively. Resistance is set at \$42 and above that at \$43.71, the 200-day moving average.

Fundamental News: UAE Energy Minister, Suhail al-Mazrouei, said that his country has always been a committed member of OPEC and that it has demonstrated this commitment through its compliance to the current OPEC+ oil supply reduction agreement. The minister's comments were in response to media reports that the UAE has been questioning the benefits of being in OPEC and even considering whether to leave the oil producing group.

Loadings of Libya's crude stream are expected to increase after the country managed to increase output to pre-blockade levels of 1.25 million bpd. According to a preliminary program, loadings of Libya's Es Sider crude stream in December are set to increase to 258,000 bpd, up from 187,000 bpd in November.

China has increased its oil purchases from exporters like Russia, the U.S. and Angola in recent weeks, while buyers elsewhere pare orders as coronavirus infections surge and fresh lockdowns are put in place. China is the only major buyer expected to see increased oil demand this year as the pandemic destroyed consumption globally. With China's imports expected to reach 12 million bpd next year, sellers are lining up shipments to retain market share as worldwide oil consumption is expected to fall by nearly 9% in 2020.

The number of people hospitalized with COVID-19 in the U.S. has increased nearly 50% in the last 14 days. Nearly 79,000 people in the U.S. were hospitalized with the virus on Thursday, the most at any time during the pandemic, following sharp increases in infection rates around the country and particularly the Midwest. New social restrictions aimed at slowing community spread and lowering the infection rate were taking effect this week, including the closing of New York City's public schools on Thursday as the city's 7-day positive test rate average reached 3%. The U.S. northeast region has seen the highest percentage increase in hospitalizations at 85.4% over the past 14 days. Hospitalizations in the Midwest increased by 56.8%, in the West by 50.1% and in the South by 34.4%. The U.S. Centers for Disease Control and Prevention issued a "strong recommendation" on Thursday that Americans refrain from traveling for the holiday.

Early Market Call - as of 8:40 AM EDT

WTI - Dec \$41.59 Down .22

RBOB - Dec \$1.1655 Up .0055

HO - Dec \$1.2682 Down .0016

All NYMEX | Prior Settlements

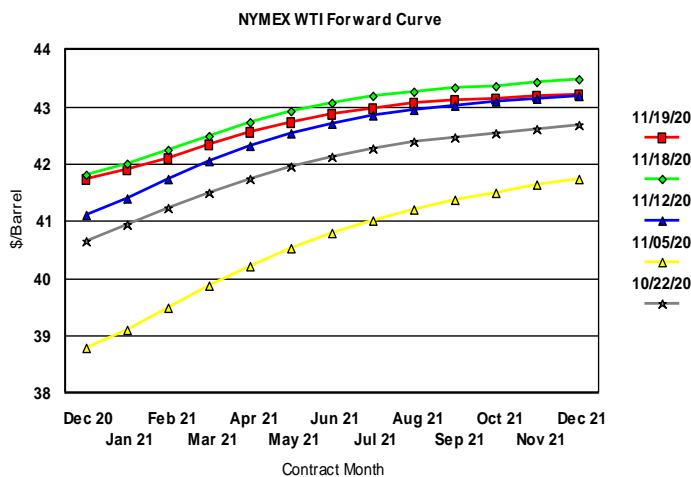
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-20	1.2707	0.0067	-0.0374
Jan-21	1.2766	0.0055	-0.0311
Feb-21	1.2841	0.0036	-0.0259
Mar-21	1.2907	0.0020	-0.0218
Apr-21	1.2942	0.0011	-0.0194
May-21	1.3004	0.0004	-0.0164
Jun-21	1.3078	-0.0001	-0.0140
Jul-21	1.3171	-0.0004	-0.0128
Aug-21	1.3265	-0.0006	-0.0119
Sep-21	1.3366	-0.0008	-0.0111
Oct-21	1.3471	-0.0009	-0.0102
Nov-21	1.3566	-0.0010	-0.0091
Dec-21	1.3637	-0.0011	-0.0077
Jan-22	1.3730	-0.0011	-0.0066
Feb-22	1.3786	-0.0012	-0.0058
Mar-22	1.3803	-0.0015	-0.0049
Apr-22	1.3784	-0.0017	-0.0045

		Close	Change
Crude - WTI	Jan Brent-	\$41.9000	-\$0.1100
Crude - Brent	WTI Spread	\$44.2000	-\$0.1400
Natural Gas	\$2.30	\$2.5920	-\$0.1200
Gasoline		\$1.1625	-\$0.0040

EIA Working Gas Storage Report

	13-Nov-20	06-Nov-20	Change	Year Ago
East	953	942	11	916
Midwest	1,139	1,127	12	1,080
Mountain	241	243	-2	206
Pacific	319	322	-3	291
South Central	1,306	1,293	13	1,173
Salt	350	345	5	303
Nonsalt	956	948	8	870
Total	3,958	3,927	31	3,665

WTI Forward Curve



ICE January Brent-WTI Spread

