

Market Commentary

Recap: In its initial reaction to the larger than expected 3.6 million barrel build in U.S. crude oil inventories, January WTI slipped to a fresh session low of \$50.61, only to sharply rebound as the dollar traded lower and equities rose. This spot futures contract rose 3% off the low to recapture the \$52.00 level. A lack of momentum above \$52.00 sparked a sell-off as uncertainty looms over this market just ahead of the G-20 summit and OPEC meeting. Gains were erased, with January WTI trading as low as \$50.06 before settling at \$50.29 a barrel, down \$1.27, or 2.5%. This was the lowest settlement for a spot month contract in 13-months. January Brent fell \$1.45, or 2.41%, to settle at \$58.76 a barrel. December RBOB fell 12.6% to \$1.398 a gallon, while December heating oil lost 2.5% to \$1.838 a gallon.

Technical Analysis: Based upon a daily spot continuation chart for WTI, the 50 and 200-day moving averages continue to converge on one another and are getting closer to a possible "death cross," where the shorter term average crosses below the longer term average, resulting in a longer term down move. If it breaks below \$50.10, we could easily see \$49.85 becomes the next target. This is a potential trigger point for additional moves toward \$47.96. The nearest upside resistance is a Fibonacci level at \$54.48.

Fundamental News: Iran's Supreme Leader, Ayatollah Ali Khamenei, said Iran should increase its military capability and readiness to ward off enemies. He however added that "the Islamic Republic does not intend to start war with anyone."

The EIA reported that US crude stocks increased for a 10th consecutive week even as refineries increased output and exports increased. Crude inventories increased by 3.6 million barrels in the week ending November 23rd. Crude stocks rose despite production remaining steady at 11.7 million bpd. Crude stocks at Cushing, Oklahoma increased by 1.2 million barrels.

Meanwhile, distillate stocks increased by 2.6 million barrels and gasoline stocks fell by 764,000 barrels. The EIA reported that ethanol production increased by 6,000 bpd to an average of 1.048 million while stocks increased by 139,000 barrels to 22.93 million barrels.

Saudi Arabia's Energy Minister, Khalid al-Falih, said his country would not cut oil output on its own to stabilize the oil market, as Nigeria said it was too early to signal whether it would take part in any decision to reduce output. The Saudi minister said signals from fellow OPEC members, Iraq, Nigeria and Libya were positive ahead of the OPEC meeting on December 6th as all ministers were keen to bring back stability to the oil markets. Saudi Arabia's Oil Minister was in Abuja for a meeting with Nigeria's Oil Minister, Emmanuel Ibe Kachikwu.

Russia's President, Vladimir Putin, said Russia is in contact with OPEC and is ready to continue cooperation with the group if needed. He said Russia would be satisfied with an oil price of \$60/barrel, adding that Russia and OPEC had fulfilled their commitments to the global oil output deal. Separately, Russia's Energy Minister, Alexander Novak, met with Russian oil companies on Tuesday to discuss cooperation between OPEC and non-OPEC producers.

Iran's Oil Minister, Bijan Zanganeh, said some countries are trying to harm Iran by manipulating the oil market. He did not name a country but Iranian officials have accused Saudi Arabia of trying to take Iran's share of the oil market in recent months.

IIR Energy reported that US oil refiners are expected to shut in 173,000 bpd of capacity in the week ending November 30th, increasing available refining capacity by 132,000 bpd from the previous week. IIR expects offline capacity to fall to 125,000 bpd in the week ending December 7th.

Early Market Call - as of 8:30 AM EDT

WTI - Jan \$51.12, up 83 cents

RBOB - Dec \$1.4239, up 2.61 cents

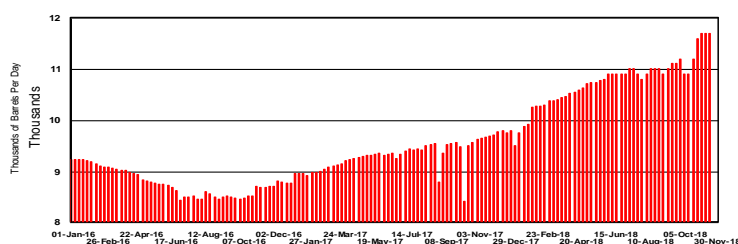
HO - Dec \$1.8435, up 68 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$1.8384	-\$0.0476	-\$0.1318
Jan-19	\$1.8352	-\$0.0472	-\$0.1289
Feb-19	\$1.8276	-\$0.0458	-\$0.1282
Mar-19	\$1.8208	-\$0.0440	-\$0.1267
Apr-19	\$1.8115	-\$0.0419	-\$0.1237
May-19	\$1.8126	-\$0.0397	-\$0.1198
Jun-19	\$1.8177	-\$0.0375	-\$0.1158
Jul-19	\$1.8283	-\$0.0361	-\$0.1127
Aug-19	\$1.8400	-\$0.0353	-\$0.1106
Sep-19	\$1.8523	-\$0.0352	-\$0.1097
Oct-19	\$1.8632	-\$0.0352	-\$0.1089
Nov-19	\$1.8727	-\$0.0351	-\$0.1088
Dec-19	\$1.8805	-\$0.0350	-\$0.1087
Jan-20	\$1.8861	-\$0.0346	-\$0.1075
Feb-20	\$1.8871	-\$0.0336	-\$0.1053
Mar-20	\$1.8855	-\$0.0324	-\$0.1029
Apr-20	\$1.8768	-\$0.0312	-\$0.1007

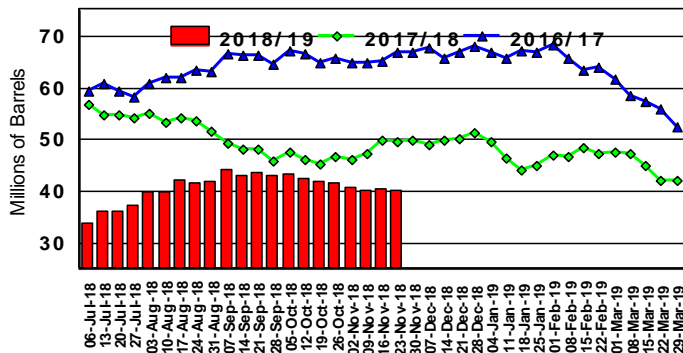
Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$50.2900	-\$1.2700
Crude - Brent	WTI Spread	\$58.7600	-\$1.4500
Natural Gas	\$8.47	\$4.7150	\$0.4530
Gasoline		\$1.3979	-\$0.0229

U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending November 23, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 3.577million barrels

Cushing, OK Crude Stocks Up 1.177 million barrels

Gasoline Stocks Down 764,000 barrels

Distillate Stocks Up 2.61 million barrels

Refinery % Operated 95.6%, Up 2.9%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 23, 2018	Week Ending Nov 16, 2018	Week Ending Nov 24, 2017
New England	7.5	8.1	8.1
Central Atlantic	21.2	21.0	29.6
Total PADD #1	40.1	40.3	49.6
Distillate Imports (thousands b/d)	154	85	93