

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** For the first time since the beginning of September, WTI tested the \$43 level, while Brent touched above \$45, as traders continued to react to the possibility of a COVID-19 vaccine and yesterday's API inventory numbers, which showed a 5.1 million barrel draw in U.S. crude oil stockpiles. Oil prices also gained an additional boost, as traders, who initiated short positions based on European lockdowns, exited their positions. December WTI fell 9 cents, or 0.2%, to settle at \$41.45 a barrel, while January Brent lost 19 cents, or .4%, to settle at \$43.80 a barrel. December RBOB settled at \$1.1759 a gallon, down \$0.0182, while December heating oil was down \$0.0723 at \$1.2458 a gallon.

**Technical Analysis:** Oil futures gapped higher on the opening Wednesday, but turned around on signs of exhaustion. Although the announcement of a vaccine has given prices a recent boost, the economy is far from recovering. Evidence of this can be seen in the current futures curve, as WTI December 2021 futures are trading near the \$44 level at a premium of roughly \$1.5 compared to the front-month contract. December WTI, unable to sustain strength, dipped in late session trading, touching down at \$41.32, close to unchanged. Despite the higher move, this spot contract is right back in the sideways trading pattern it has been trading in since the beginning of September and at this point, we do not see a major push to the upside on the horizon. Support is set at \$39.50, with a settlement below this level putting the minor trend to the downside. Resistance is set at \$44.30.

**Fundamental News:** OPEC stated in its monthly report that global oil demand will rebound more slowly in 2021 than previously expected because of rising coronavirus cases, hampering efforts by the group and its allies to support the market. OPEC sees 2020 world oil demand falling by 9.75 million bpd, up from a previous forecast for a 9.47 million bpd decline. It said the latest coronavirus-related restrictive measures in Europe will adversely affect demand during the rest of the year. It forecast that demand will increase by 6.25 million bpd next year to 96.26 million bpd. The growth forecast is 300,000 bpd less than expected a month ago. The weakening demand recovery could support the case for OPEC and its allies, a group known as OPEC+, to delay a scheduled increase in oil output next year. OPEC cut its 2021 forecast for global demand for its crude by 600,000 bpd. It reported that its oil output in October increased by 320,000 bpd to 24.39 million bpd, driven by a recovery in Libya's oil output.

Algeria's Energy Minister, Abdelmadjid Attar, said OPEC+ could extend the group's current oil production cuts into 2021 or deepen cuts further if market conditions require it. OPEC+ producers are due to ease their oil production cuts by around 2 million bpd from 7.7 million bpd in January. Last week, Algeria's Energy Minister said he supported an extension of the current cuts into next year.

IIR Energy reported that U.S. oil refiners are expected to shut in 4 million bpd of capacity offline in the week ending November 13<sup>th</sup>, increasing available refining capacity by about 329,000 bpd from the previous week. Offline capacity is expected to decline to 3.7 million bpd in the week ending November 20<sup>th</sup>.

Goldman Sachs lifted its 2020 S&P 500 target to 3,700 points after a much-awaited positive vaccine announcement and Joe Biden's U.S. election win triggered a rally in global stock markets. It sees the S&P 500 hitting 4,300 at year-end 2021, a 21% jump from Tuesday's closing levels. On Monday, JPMorgan said that it expected the S&P 500 to hit 4,000 points by early 2021.

Hedge fund manager, Bill Ackman, is warning that the coronavirus pandemic could cause a crash of the U.S. stock market again, possibly in March.

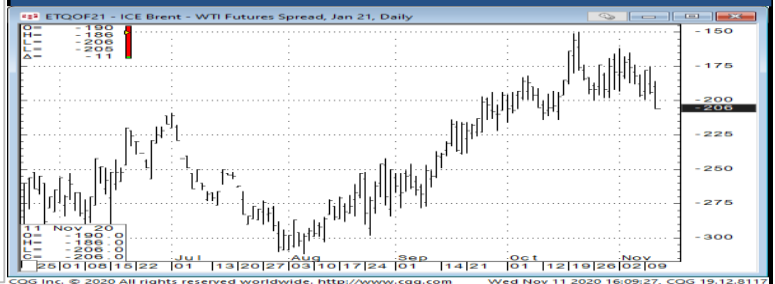
**Early Market Call - as of 8:45 AM EDT**

WTI - Dec \$41.60, up 15 cents  
 RBOB - Dec \$1.1726, down 33 points  
 HO - Dec \$1.2436, down 21 points

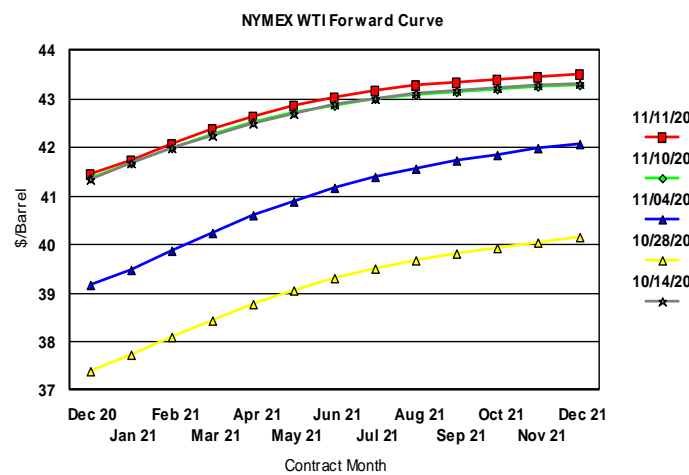
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-20	1.2458	-0.0067	-0.0723
Jan-21	1.2578	-0.0055	-0.0758
Feb-21	1.2702	-0.0036	-0.0786
Mar-21	1.2802	-0.0020	-0.0802
Apr-21	1.2854	-0.0012	-0.0794
May-21	1.2942	-0.0005	-0.0780
Jun-21	1.3036	-0.0001	-0.0758
Jul-21	1.3140	0.0003	-0.0740
Aug-21	1.3244	0.0007	-0.0727
Sep-21	1.3358	0.0011	-0.0719
Oct-21	1.3471	0.0014	-0.0711
Nov-21	1.3578	0.0014	-0.0701
Dec-21	1.3665	0.0016	-0.0688
Jan-22	1.3769	0.0014	-0.0677
Feb-22	1.3834	0.0011	-0.0662
Mar-22	1.3862	0.0009	-0.0653
Apr-22	1.3848	0.0008	-0.0646

		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$2.06	\$41.7400	\$0.0700
Crude - Brent		\$43.8000	\$0.1900
Natural Gas		\$3.0310	\$0.0820
Gasoline		\$1.1759	-\$0.0182

### ICE January Brent-WTI Spread



## WTI Forward Curve



## December WTI



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