

## Market Commentary

**Recap:** The oil market on Monday posted an inside trading day and traded in negative territory for most of the session in light of data showing Chinese exports declined for a fourth consecutive month. Exports from China in November fell by 1.1% on the year, rekindling concerns about the impact of the US-China trade war on global demand. The crude market traded mostly sideways and sold off to its low of \$58.23 early in the session following Friday's gains on the news that OPEC and its non-OPEC allies would deepen their production cuts. The January WTI contract bounced off its low to a high of \$59.25 in afternoon trading and settled down 18 cents at \$58.92 after failing to test its previous high. The February Brent contract settled down 14 cents at \$64.25. The product markets ended the session mixed, with the heating oil market settling down 79 points at \$1.9442 and the RBOB market settling up 74 points at \$1.6548.

**Technical Analysis:** The crude market is seen continuing on its upward trend. The market is seen finding resistance at its high of \$59.25 followed by \$58.85 and the \$60.00 level. More distant resistance is seen at \$62.50. Meanwhile, support is seen at its low of \$58.23, \$57.70, \$56.28 and \$55.35.

**Fundamental News:** Libya National Oil Corp declared force majeure on loadings of Mellitah crude oil after the El Feel oilfield was shut down last week. The 73,000 bpd El Feel oilfield contributes to Libya's Mellitah crude oil blend along with condensate from the Wafa field. The field was taken offline on December 5<sup>th</sup> after a valve on the pipeline to Mellitah export terminal was blocked.

Algeria's Energy Minister, Mohamed Arkab, said the country will reduce its crude oil output by 12,000 bpd to comply with the new OPEC and non-OPEC output cut deal.

Goldman Sachs raised its oil price forecasts for 2020, citing tighter-than-expected inventories after OPEC and its allies agreed to deepen oil output cuts through the first quarter of next year. The bank revised its Brent spot price forecast to \$63/barrel for 2020, up from a previous estimate of \$60/barrel, while it also increased its WTI spot price outlook to \$58.50/barrel from a previous estimate of \$55.50/barrel. Goldman Sachs lowered its demand growth forecast by 50,000 bpd, citing prospects for a modest recovery in global growth, driven by higher consumer spending but a still-challenged manufacturing sector. The bank projects its demand growth forecast at 900,000 bpd and 1.2 million bpd for 2019 and 2020, respectively.

Bank of America Merrill Lynch said strong compliance by OPEC and its allies with a deal to cut oil production and positive economic developments, including a US-China trade deal, could push Brent crude to \$70/barrel before the second quarter of 2020.

Morgan Stanley said OPEC and its allies' plan to deepen cuts through the first quarter of 2020 will support that market only in the short-term, while Brent prices are likely to revert to \$60/barrel by mid-2020.

IIR Energy reported that US oil refiners are expected to shut in 268,000 bpd of capacity in the week ending December 13<sup>th</sup>, increasing available refining capacity by 279,000 bpd from the previous week. Offline capacity is expected to fall further to 62,000 bpd in the week ending December 20<sup>th</sup>.

**Early Market Call - as of 8:35 AM EDT**

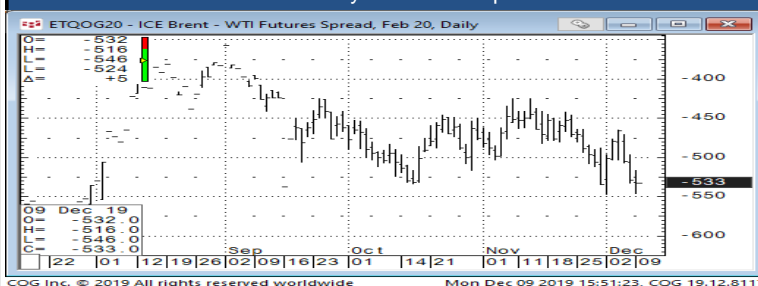
WTI - Jan \$58.85, down 18 cents  
 RBOB - Jan \$1.6500, down 54 points  
 HO - Jan \$1.9411, down 33 points

## All NYMEX | Prior Settlements

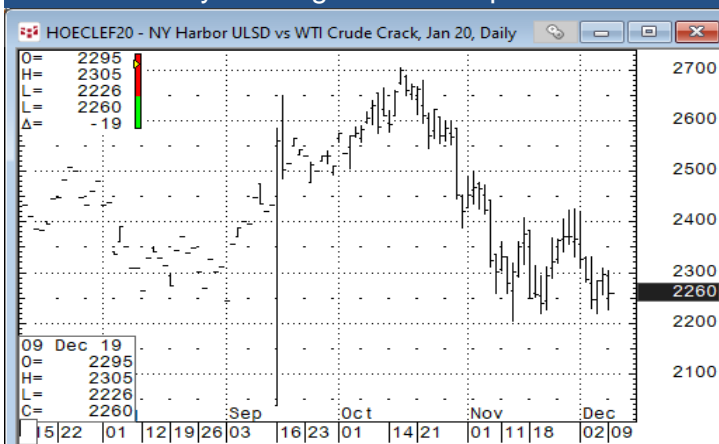
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	1.9442	-0.0079	-0.0582
Feb-20	1.9433	-0.0081	-0.0527
Mar-20	1.9363	-0.0070	-0.0621
Apr-20	1.9218	-0.0059	-0.0629
May-20	1.9103	-0.0049	-0.0629
Jun-20	1.9014	-0.0044	-0.0614
Jul-20	1.8988	-0.0039	-0.0609
Aug-20	1.8974	-0.0035	-0.0603
Sep-20	1.8974	-0.0034	-0.0597
Oct-20	1.8974	-0.0037	-0.0587
Nov-20	1.8975	-0.0037	-0.0574
Dec-20	1.8971	-0.0038	-0.0564
Jan-21	1.8971	-0.0040	-0.0550
Feb-21	1.8910	-0.0041	-0.0541
Mar-21	1.8799	-0.0044	-0.0535
Apr-21	1.8622	-0.0044	-0.0524
May-21	1.8507	-0.0038	-0.0521

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$58.9200	-\$0.1800
Crude - Brent	WTI Spread	\$64.2500	-\$0.1400
Natural Gas	\$5.33	\$2.2320	-\$0.1020
Gasoline		\$1.6548	\$0.0074

### ICE February Brent-WTI Spread



## January Heating Oil Crack Spread



## January RBOB Crack Spread

