

Market Commentary

Recap: U.S. President Donald Trump's expression of disapproval over the possibility of production cuts combined with rising production and softening U.S. sanctions against Iran, slowed down what appeared to be the largest one-day gain in a month for oil prices. Oil prices, which were heading higher early in the session, reversed course, sending WTI to its lowest level since March, and Brent to its lowest level since April. December WTI fell as much as 2.5%, hitting a low of \$58.68, before paring gains to settle at \$59.93 a barrel, down 26 cents, or 0.43%, while Brent for January delivery fell as much as 1.8%, to a low of \$68.89, before it too pared gains to settle at \$70.12 a barrel, down 6 cents, or 0.09%. Both WTI and Brent fell back toward the lows of the day in post settlement trading. December RBOB fell 0.0011, to settle at \$1.6367 a gallon, while December heating oil fell 0.0445, to settle at \$2.1556 a gallon.

Technical Analysis

December WTI fell below \$58.80; the 50% retracement established by the October high of \$77.09 and the June low of \$40.50, but failed to settle below it. This would be our next downside target for prices to settle below before we would look for additional downside movement. Should we get a settlement below this number, \$54.48 would be our downside target. A break and settlement above \$63.11, the 38% retracement of the aforementioned range could shift the bearish tone of this market back to the upside.

Fundamental News: The Saudi oil minister at the monitoring committee meeting in Abu Dhabi on Sunday said Saudi crude oil nominations would fall by 500,000 b/d in December versus November due to seasonal lower demand. The oil minister noted that Saudi Arabia had been increasing production by about 1 million b/d since mid-year in response to market demand. Reuters reported that, according to its sources, Saudi Arabia is discussing a proposal that OPEC and non-OPEC producers would cut output by a combined output once again by 1 million b/d. A new production deal like this for OPEC+ would depend on factors including the level of Iranian exports going forward. It was believed Saudi Arabia was suggesting the group would use its August-October output levels as a baseline for determining cuts. The Saudi oil minister told reporters that "we will only cut if we see a persistent glut emerging and quite frankly we are seeing some signs of this coming out of the United States, we have not seen this globally." On Monday, the oil minister told reporters that OPEC and its allies agreed that "...technical analysis tells us there will be a need to be a reduction in supply from October levels approaching a million barrels." He noted that the Iranian sanctions have not removed as much oil as anticipated due to the U.S. granting waivers.

The Russian oil minister said no decision on a global oil output was made at the OPEC+ monitoring meeting on Sunday. He said the current situation on the global oil market was largely stable even though U.S. waivers on sanctions against Iran have had an impact on the market. He was not certain the market would be over supplied next year. He noted that while the market may be oversupplied for the next few months due to seasonal issues, by mid-2019 the market could be balanced once again and demand could even exceed supply.

The UAE energy minister said Monday OPEC will monitor the oil market for the next three weeks and then will decide on 2019 production levels.

President Trump Monday afternoon tweeted "hopefully, Saudi Arabia and OPEC will not be cutting production. Oil prices should be much lower based on supply".

UBS, in a research note to clients, said it continues to expect oil prices to recover into the year end, as Iranian output is set to decline further and oil demand growth remains solid.

Early Market Call - as of 9:16 AM EDT
WTI - Dec \$58.76 down \$1.17

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$2.1556	-\$0.0172	-\$0.0407
Jan-19	\$2.1493	-\$0.0145	-\$0.0379
Feb-19	\$2.1425	-\$0.0121	-\$0.0364
Mar-19	\$2.1361	-\$0.0096	-\$0.0338
Apr-19	\$2.1221	-\$0.0090	-\$0.0353
May-19	\$2.1167	-\$0.0087	-\$0.0358
Jun-19	\$2.1156	-\$0.0081	-\$0.0357
Jul-19	\$2.1222	-\$0.0073	-\$0.0354
Aug-19	\$2.1306	-\$0.0065	-\$0.0345
Sep-19	\$2.1407	-\$0.0063	-\$0.0328
Oct-19	\$2.1500	-\$0.0064	-\$0.0309
Nov-19	\$2.1584	-\$0.0070	-\$0.0292
Dec-19	\$2.1642	-\$0.0078	-\$0.0291
Jan-20	\$2.1662	-\$0.0082	-\$0.0305
Feb-20	\$2.1626	-\$0.0091	-\$0.0307
Mar-20	\$2.1557	-\$0.0093	-\$0.0302
Apr-18	\$2.1452	-\$0.0092	-\$0.0297

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$60.0800	-\$0.2800
Crude - Brent	WTI Spread	\$70.1200	-\$0.0600
Natural Gas	\$10.04	\$3.7880	\$0.0690
Gasoline		\$1.6367	\$0.0153



NWS 6-10 Day Temperature Outlook

NWS 8-14 Day Temperature Outlook

