

Market Commentary

Recap: Oil futures climbed on Friday to turn higher for the week, with optimism over phase one of a potential U.S.-China trade deal lifting prospects for energy demand, even as traders weigh a conflicting outlook for crude supplies. A fourth straight weekly decline in the number of active U.S. rigs drilling for oil was also supportive. Baker Hughes Co. on Friday reported that the number of active U.S. rigs drilling for oil fell by 10 to 674 this week. December WTI for December rose 95 cents or 1.7%, to settle at \$57.72 a barrel, with front-month contract prices ending around 0.8% higher for the week. January Brent crude added \$1.02, or 1.6%, to \$63.30 a barrel on ICE Europe. The global benchmark scored a 1.3% weekly climb. December RBOB rose 1.2% at \$1.635 a gallon, with prices inching up by 0.08% for the week, while December heating oil added 1.6% to \$1.948 a gallon, for a weekly rise of 1.6%.

According to the Commitment of Traders Report, money managers raised their net long U.S. crude oil futures and options positions in the week to Nov. 12. The speculator group raised its combined futures and options position in NY and London by 39,995 contracts to 169,386 during the period. U.S. crude futures were flat during that time period as shifting expectations for the U.S.-China trade deal kept crude from advancing or falling dramatically.

Technical Analysis: WTI continues to hold true to our expectations, as the December contract remains within the ascending channel, while trading in a sideways pattern. Coming into this week's trading session, we would look for prices to work toward \$58.21, the 62% retracement provided by the September high of \$62.74 and the October low of \$50.89. Resistance above \$58.21 is set at \$59.11. Support is seen at \$56.85 and below that at \$55.74, the 10 and 50-day moving averages respectively.

Fundamental News: Baker Hughes reported that US energy firms this week reduced the number of oil rigs operating for a fourth consecutive week as producers plan to cut spending for a second consecutive year in 2020. Drillers cut 10 oil rigs in the week ending November 15th, bringing the total count down to 674, the lowest since April 2017.

The IEA said OPEC and its allies face stiffening competition in 2020, adding urgency to the group's policy meeting next month. It said OPEC+ countries face a major challenge in 2020 as demand for their crude is expected to fall sharply. Demand for OPEC crude in 2020 is forecast to total 28.9 million bpd, 1 million bpd below current production levels. It stated that non-OPEC supply is estimated to increase by 2.3 million bpd next year compared with a growth rate of 1.8 million bpd in 2019. The IEA also reported that OECD oil stocks fell for the first time in five months by 38.9 million barrels in September to 2.944 million barrels or 21.5 million barrels above the 5-year average.

The US shale industry plans another spending freeze next year, a sharp slowdown in production growth, as increased oil and natural gas output has pressured prices and squeezed profits. Growth in shale fields has increased US crude oil output to a record 13 million bpd this month. According to US financial services firm Cowen & Co, producers have already stated that they expect to spend about \$4 billion less in 2019 than in 2018. So far 21 exploration and production companies tracked by Cowen have released their 2020 capex guidance with 15 projecting declines, five with increases and one unchanged for a 13% year-on-year spending decline.

California and 22 other US states filed a suit on Friday to challenge the Trump administration's decision to revoke California's authority to set emissions rules and require a rising number of zero emission vehicles. The lawsuit seeks to overturn the EPA's decision in September to revoke portions of a waiver it granted in 2013.

Early Market Call - as of 8:40 AM EDT

WTI - Dec \$57.29, down 43 cents

RBOB - Dec \$1.6166, down 1.85 cents

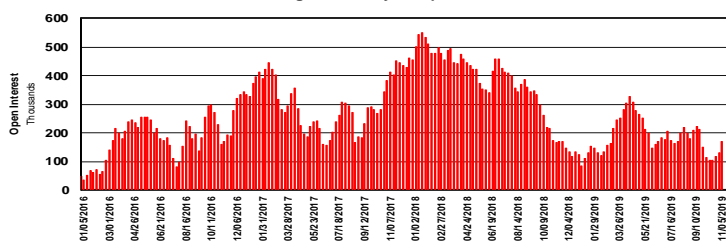
HO - Dec \$1.9285, down 1.96 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	1.9480	0.0301	-0.0299
Jan-20	1.9433	0.0288	-0.0301
Feb-20	1.9353	0.0280	-0.0159
Mar-20	1.9218	0.0269	-0.0296
Apr-20	1.9039	0.0251	-0.0292
May-20	1.8919	0.0237	-0.0283
Jun-20	1.8841	0.0228	-0.0280
Jul-20	1.8817	0.0224	-0.0276
Aug-20	1.8801	0.0220	-0.0271
Sep-20	1.8803	0.0218	-0.0266
Oct-20	1.8815	0.0218	-0.0265
Nov-20	1.8830	0.0219	-0.0267
Dec-20	1.8842	0.0221	-0.0274
Jan-21	1.8847	0.0219	-0.0262
Feb-21	1.8782	0.0213	-0.0243
Mar-21	1.8674	0.0207	-0.0235
Apr-21	1.8495	0.0203	-0.0229

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$57.8300	\$0.9500
Crude - Brent	WTI Spread	\$63.3000	\$1.0200
Natural Gas	\$5.47	\$2.6880	\$0.0410
Gasoline		\$1.6350	\$0.0192

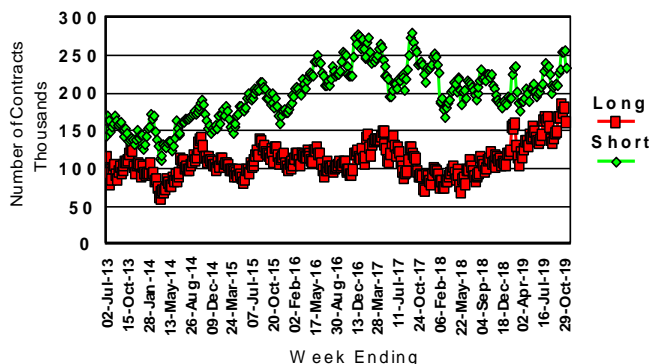
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending November 12, 2019

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

