

Market Commentary

Recap: Oil prices rose on Tuesday aided by a rise in global equity markets and after Libya's National Oil Company declared force majeure on Monday on exports from the El Sharara oilfield. The shutdown of Libya's largest oilfield is expected to result in a loss of 315,000 barrels per day with an additional loss of 73,000 barrels per day from the El Feel oilfield. January WTI rose as much as 2.3%, reaching a session high of \$52.43, while February Brent hit a high of \$61.10, a gain of 1.8%. As global stocks trimmed gains, oil prices slipped briefly below unchanged but pared losses prior to the settlement period. January WTI finished up 65 cents, or 1.27%, settling at \$51.65 a barrel. Brent for February delivery settled at \$60.20 a barrel, up 23 cents, or 0.38%. January RBOB rose 1.5% to \$1.44 a gallon and January heating oil rose 0.2% to \$1.847 a gallon.

Technical Analysis: January WTI has been trending within a symmetrical triangle that can be depicted on a daily spot continuation chart, while at the same time, pivoting around the 10-day moving average. With Tuesday being the second straight session that this spot contract has settled below this average, we would look for a dip down to the bottom of the triangle. Symmetrical triangles are considered consolidation patterns until a breakout or breakdown occurs. A break below the lower line would indicate a continuation of the down move, while a break above the upper line would indicate a shift in market direction. Support is set at \$50.62 and below that at \$50.00, with resistance set at \$53.81 and \$55.00.

Fundamental News: In its Short Term Energy Outlook, the EIA estimated that world petroleum consumption will increase by 1.54 million bpd to 100.09 million bpd in 2018 and by 1.52 million bpd to 101.61 million tons in 2019. OPEC production is expected to fall by 110,000 bpd to 32.57 million bpd in 2018 and decline further by 780,000 bpd to 31.79 million bpd in 2019. Meanwhile, non-OPEC supply is forecast to increase by 2.46 million bpd to 61.2 million bpd in 2018 and increase by 2.32 million bpd to 6.52 million bpd. The EIA reported that US petroleum demand in 2018 is expected to increase by 520,000 bpd to 20.48 million bpd and increase by 330,000 bpd to 20.81 million bpd in 2019. US crude production is expected to average 12.06 million bpd in 2019, up 1.18 million bpd on the year, which is a small upward revision from the previous forecast of 1.16 million bpd increase. In regards to prices, the EIA expects Brent to average \$61/barrel in 2019 while WTI is expected to average about \$7/barrel lower than Brent next year.

Russia's Energy Minister, Alexander Novak, said Russia would cut its output gradually as part of the agreement signed between OPEC and non-OPEC producers. He added that the preliminary plan is that there will be no sharp moves in the amount that Russia cuts. He said Russia was on track to cut production by at least 50,000 to 60,000 bpd in January and that subsequent cuts would depend on technology and climate but continue at about the same level. This means that Russia's oil output will total about 11.35 million bpd in January, down from the post-Soviet-record high of 11.41 million bpd reached in October and down from 11.37 million bpd in November.

Iran's President, Hassan Rouhani, said exports of Iranian oil have improved since early November despite the US sanctions imposed on the country. He said the US was unsuccessful with regard to the oil issue and in preventing OPEC from cutting its production.

Bloomberg reported that crude inventories in Cushing, Oklahoma increased by 1.1 million barrels in the week ending December 7th.

US waterborne crude imports fell by 865,000 bpd to 3.09 million bpd in the week ending December 6th. Shipments to the East Coast and West Coast fell by 516,900 bpd and 447,500 bpd, respectively. Imports to the Gulf increased by 99,300 bpd.

Early Market Call - as of 8:10 AM EDT

WTI - Jan \$52.61, up 96 cents
 RBOB - Jan \$1.4652, up 2.56 cents
 HO - Jan \$1.8755, up 2.89 cents

All NYMEX | Prior Settlements

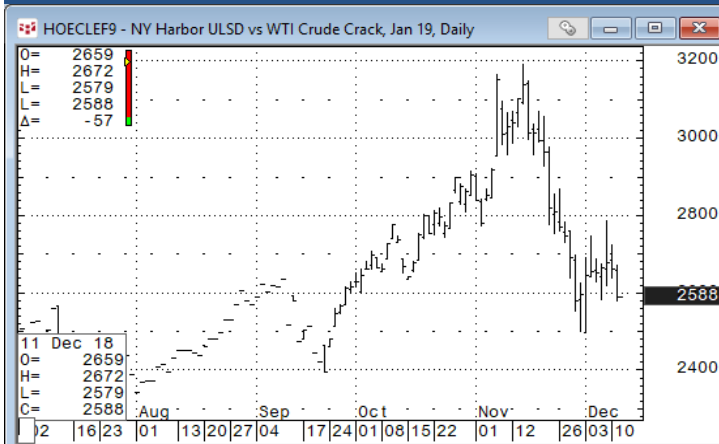
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.8471	\$0.0030	-\$0.0538
Feb-19	\$1.8392	\$0.0039	-\$0.0535
Mar-19	\$1.8305	\$0.0044	-\$0.0533
Apr-19	\$1.8212	\$0.0045	-\$0.0519
May-19	\$1.8214	\$0.0042	-\$0.0509
Jun-19	\$1.8260	\$0.0045	-\$0.0492
Jul-19	\$1.8349	\$0.0043	-\$0.0490
Aug-19	\$1.8443	\$0.0038	-\$0.0500
Sep-19	\$1.8548	\$0.0033	-\$0.0509
Oct-19	\$1.8651	\$0.0032	-\$0.0504
Nov-19	\$1.8748	\$0.0037	-\$0.0489
Dec-19	\$1.8826	\$0.0043	-\$0.0474
Jan-20	\$1.8884	\$0.0044	-\$0.0469
Feb-20	\$1.8895	\$0.0040	-\$0.0474
Mar-20	\$1.8880	\$0.0040	-\$0.0475
Apr-18	\$1.8786	\$0.0043	-\$0.0471
May-18	\$1.8764	\$0.0045	-\$0.0466

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$51.8400	\$0.6400
Crude - Brent	WTI Spread	\$60.2000	\$0.2300
Natural Gas	\$8.36	\$4.4070	-\$0.1380
Gasoline		\$1.4398	\$0.0209

API Weekly Report for the Week Ending December 7, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 10.2 million barrels	Down 3 million barrels
Cushing, OK Crude Stocks	Up 642,000 barrels	Up 1.1 million barrels
Gasoline Stocks	Down 2.5 million barrels	Up 2.5 million barrels
Distillate Stocks	Up 712,000 barrels	Up 1.8 million barrels
Refinery Runs	Down 179,000 bpd	Up 0.75%, at 96.25%

NYMEX January Heating Oil Crack



NYMEX January RBOB Crack

