

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures settled lower on Thursday, as two Chinese property developer's ratings were downgraded, and after some governments took measures to fight the omicron variant of the coronavirus. On Thursday, ratings agency Fitch downgraded property developers China Evergrande Group and Kaisa Group to "restricted default" status, saying they had defaulted on offshore bonds, while a source said that Kaisa had started work on restructuring its \$12 billion offshore debt. Meanwhile, newly imposed restrictions across Europe raised concern about demand. WTI for January delivery slipped \$1.42, or 1.96%, to settle at \$70.94 a barrel, while February Brent fell \$1.40, or 1.85%, to settle at \$74.42 a barrel. January RBOB settled at \$2.128 a gallon, down 0.9%, while January heating oil lost 0.5%, to settle at \$2.25 a gallon.

Technical Analysis: WTI remains wedged between \$70.78 and \$73.58, the 62% and 50% retracement levels provided by the October high of \$84.41 and the November low of \$61.74. With moving oscillators trending sideways in neutral territory, we would look for continued sideways trading. A break below the 200-day moving average, currently set at \$69.38, will shift the momentum of this market to the downside, with the \$61 level within sight. A break above \$73.58 sets up for a run at the 50-day moving average, which is currently running at \$75.37.

Fundamental News: A bipartisan group of eight members of Congress, including six from Texas, warned U.S. President Joe Biden in a letter not to halt U.S. oil exports. The group said it was concerned that the White House was considering reinstating a ban on U.S. oil exports. The letter argued that a crude export ban would not help lower gasoline prices. However, according to a person familiar with the Biden administration's thinking, said the administration is not considering reinstating a ban on U.S. oil exports as a tool to control gasoline prices.

Iraq's Oil Minister said that the release of U.S. oil stocks is pressing the price of crude, although the effect on markets is not huge. He also said that OPEC was not targeting a specific price, but rather seeking to balance supply and demand.

Talks to salvage the 2015 Iran nuclear deal formally resumed on Thursday with a meeting of the remaining parties except for the United States, Mikhail Ulyanov, Russia's top envoy to the talks said on Twitter. The European Union's Enrique Mora, said he saw renewed will on all sides including Iran to reach an agreement but that would now be tested as envoys go into details in the days ahead. On Wednesday, U.S. State Department spokesperson, Ned Price, said U.S. Special Envoy for Iran Rob Malley plans to travel to Vienna over the weekend for talks on reviving Iran's 2015 nuclear deal with major powers. Indicating that Washington may be losing its patience, the U.S. State Department said the Biden administration is moving to tighten enforcement of sanctions against Iran with the dispatch of a senior delegation to the United Arab Emirates next week. The delegation, which will include the head of the U.S. Treasury's Office of Foreign Assets Control, Andrea Gacki, will warn banks in the UAE that have business with Iran and are not in compliance with the sanctions. A State Department spokesperson said the United States had evidence of non-compliance, and that the banks could later be sanctioned or penalized over their dealings.

Iran's top negotiator in nuclear talks, Ali Bagheri Kani, said that he had insisted Tehran was serious in the negotiations, underlining that Iran was continuing talks based on its previous positions.

Early Market Call - as of 8:50 AM EDT

WTI - Jan \$71.98, up \$1.05
 RBOB - Jan \$2.1486, up 2.02 cents
 HO - Jan \$2.2631, up 1.22 cents

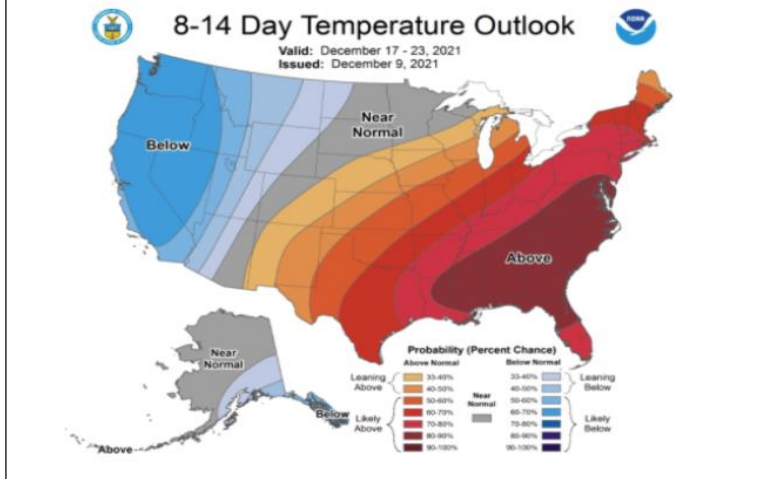
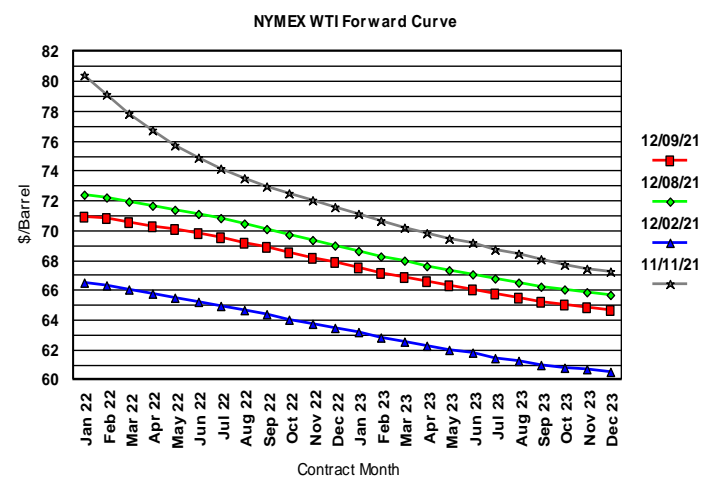
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.2503	-0.011	0.1469
Feb-22	2.2434	-0.0117	0.1515
Mar-22	2.229	-0.0126	0.1541
Apr-22	2.2073	-0.0129	0.1566
May-22	2.1911	-0.0131	0.155
Jun-22	2.1803	-0.0138	0.1503
Jul-22	2.1765	-0.0134	0.1469
Aug-22	2.1746	-0.0132	0.1444
Sep-22	2.1749	-0.0131	0.1447
Oct-22	2.1751	-0.0131	0.1414
Nov-22	2.1742	-0.0135	0.1399
Dec-22	2.1722	-0.014	0.1382
Jan-23	2.1702	-0.0141	0.1367
Feb-23	2.1637	-0.0137	0.1358
Mar-23	2.1532	-0.014	0.1355
Apr-23	2.1389	-0.0143	0.1349
May-23	2.1299	-0.0141	0.1324

Settlements			
		Close	Change
Crude - WTI	Feb Brent-	\$70.7900	-\$1.3900
Crude - Brent	WTI Spread	\$74.4200	-\$1.4000
Natural Gas	\$3.63	\$3.8140	-\$0.0010
Gasoline		\$2.1284	-\$0.0201

EIA Working Gas Storage Report				
	03-Dec-21	26-Nov-21	Change	03-Dec-20
East	843	867	-24	918
Midwest	1,019	1,043	-24	1,099
Mountain	206	206	0	233
Pacific	266	263	3	313
South Central	1,171	1,185	-14	1,299
Salt	328	335	-7	362
Nonsalt	842	851	-9	937
Total	3,505	3,564	-59	3,861

WTI Forward Curve

8-14 Day Weather Outlook



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