

Market Commentary

Recap: Oil futures fell on Tuesday after OPEC+ decided to postpone the second day of its meeting to December 3. According to recent reports, Saudi Arabia continues to push for a three-month extension of current production cuts. However, other OPEC+ members want to gradually increase oil production. While compliance was quite strong in comparison to OPEC standards, several members like Iraq and Nigeria exceeded quotas. Adding to the worrisome is Libya, who has been exempt from the production cut due to the civil war. This, plus, increased production by U.S. shale producers who may want to take advantage of the recent rise in prices, is making it difficult for OPEC+. January WTI settled at \$44.55 a barrel, down 79 cents, or 1.74%, while February Brent fell 46 cents, or 0.96%, to settle at \$47.42 a barrel. January RBOB slipped 2.12 cents, to settle at \$1.2204 a gallon. January heating oil settled at \$1.3473, down 2.41 cents.

Market Outlook: The initial rally in crude oil prices fizzled out as traders await the outcome of the OPEC meeting. Our stance on this market has not changed despite the recent rise in prices. While we did anticipate a move toward \$45, we were not confident that prices would be able to sustain a rally given the demand situation due to the coronavirus. OPEC+ can cut as many barrels as it wants but without a pickup in demand, a move to the upside will be limited. Should WTI get below the 200-day moving average, we would look for a push toward \$42. Prior to \$42, there is support set at \$43.70. Resistance is set at \$45.63 and \$46.30.

Fundamental News: Algeria's Energy Minister, Abdelmadjid Attar, said he was optimistic about reaching a consensus to extend an output deal a day after an OPEC+ meeting was postponed, adding that maintaining the consultations showed the willingness to reach a deal.

The UAE demanded better adherence with oil supply cuts, effectively delaying the latest strategy decision by OPEC and its allies by a few days. The move highlights the UAE's increasing role within OPEC as it seeks to increase production in the years ahead to gain market share. It also underscores Abu Dhabi's growing political independence from Saudi Arabia. It stated that even though it could support a rollover, it would struggle to continue with the same deep output reductions into 2021. It also said that all overproducing countries should comply with their cuts and compensate for previous excess output.

A bipartisan group of U.S. lawmakers unveiled a \$908 billion COVID-19 relief bill aimed at breaking a deadlock between Democrats and Republicans over new emergency assistance for small businesses, unemployed people, airlines and other industries during the pandemic. The measure has not yet been written into legislation. If the bipartisan coronavirus aid bill gains traction in coming days, it could either be attached to the spending bill or advance on a separate track.

The OECD said the outlook for the global economy is improving despite a second wave of coronavirus outbreaks in many countries as vaccines emerge and a Chinese-led recovery takes hold. In its latest Economic Outlook, the OECD said the global economy will grow 4.2% next year and ease to 3.7% in 2022, after contracting 4.2% this year.

The U.S. Environmental Protection Agency was set to miss a deadline on Monday to announce how much renewable fuel the nation's refiners must blend into their fuel mix next year. Under federal law, the EPA must finalize its decision on the annual biofuel blending volume requirements it imposes on the refining industry for the next year by November 30th. The American Fuel and Petrochemical Manufacturers, a top refinery industry association said it hoped the EPA will "soon provide certainty" to its members.

Early Market Call - as of 8:20 AM EDT

WTI - Jan \$44.26, down 28 cents
 RBOB - Jan \$1.2126, down 78 points
 HO - Jan \$1.3444, down 29 points

All NYMEX | Prior Settlements

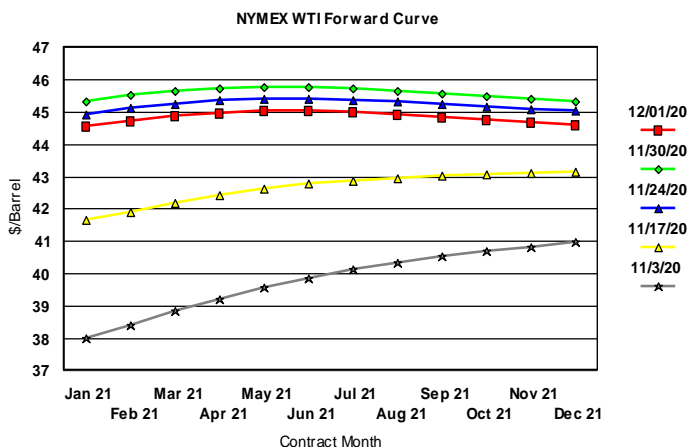
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	\$1.3473	-\$0.0241	\$0.0169
Feb-21	\$1.3564	-\$0.0224	\$0.0149
Mar-21	\$1.3644	-\$0.0215	\$0.0130
Apr-21	\$1.3689	-\$0.0206	\$0.0114
May-21	\$1.3745	-\$0.0196	\$0.0099
Jun-21	\$1.3813	-\$0.0186	\$0.0082
Jul-21	\$1.3898	-\$0.0176	\$0.0067
Aug-21	\$1.3984	-\$0.0172	\$0.0060
Sep-21	\$1.4074	-\$0.0170	\$0.0058
Oct-21	\$1.4167	-\$0.0167	\$0.0056
Nov-21	\$1.4247	-\$0.0167	\$0.0053
Dec-21	\$1.4303	-\$0.0170	\$0.0049
Jan-22	\$1.4381	-\$0.0169	\$0.0039
Feb-22	\$1.4422	-\$0.0168	\$0.0031
Mar-22	\$1.4420	-\$0.0168	\$0.0026
Apr-22	\$1.4369	-\$0.0169	\$0.0039
May-22	\$1.4355	-\$0.0171	\$0.0049

		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$2.69	\$44.7300	-\$0.7800
Crude - Brent		\$47.4200	-\$0.4600
Natural Gas		\$2.8800	\$0.0020
Gasoline		\$1.2204	\$0.0212

API Report for the Week Ending November 27, 2020

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 4.15 million barrels	Down 1.7 million barrels
Cushing, OK Crude Stocks	Down 132,000 barrels	
Gasoline Stocks	Up 3.4 million barrels	Up 1.1 million barrels
Distillate Stocks	Up 334,000 barrels	Up 400,000 barrels
Refinery Runs	Up 91,000 b/d	Up 1% at 79.7%
Crude Imports	Up 130,000 b/d	

WTI Forward Curve



8-14 Day Weather Forecast

