

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil futures experienced a volatile trading session on Monday, opening slightly higher then falling to their lowest level since early January, only to recoup some of the session losses. This activity followed reports that OPEC and its allies were considering a production increase of up to a half-million barrels per day at their December meeting, followed by conflicting reports about whether the group were actually considering such a move. Trader positions were whipsawed by the reports, as they reacted to the initial report and then as they had to chore up positions. WTI for December delivery lost 35 cents per barrel, or 0.44% to \$79.73, while January Brent lost 17 cents, or 0.19%, to settle at \$87.45 a barrel. RBOB Gasoline for December delivery gained 1.63 cents per gallon, or 0.67% to \$2.4371 and ULSD for December delivery lost 2.08 cents per gallon, or 0.59% to \$3.4973.

**Technical Analysis:** It's difficult to believe that OPEC+ is going to increase production with this market falling into contango trading positions, where the nearby is trading at a discount to the deferred. For this reason, we are skeptical as to whether or not the group will do so. The Organization of the Petroleum Exporting Countries and its allies recently cut production targets and de facto leader Saudi Arabia's energy minister was quoted this month as saying the group will remain cautious. Releasing more oil amid weak Chinese fuel demand and U.S. dollar strength could move the market deeper into contango, encouraging more oil to go into storage and pushing prices still lower. December WTI bounced off of \$75, a psychological support level but failed to recapture \$80. The slow stochastics are trending in oversold territory and appear to be getting ready to cross to the upside; As a result, we would look for a push back toward \$85, with successful penetrations leading toward the 50-day moving average, which is currently set at \$86.99. Above this level, additional resistance is set at \$90. On the downside, support is seen at \$76.44, \$75 and below that at \$73.15.

**Fundamental News:** The Wall Street Journal reported that Saudi Arabia and other OPEC oil producers are discussing an output increase. It stated that an increase of up to 500,000 bpd is now under discussion for OPEC+'s December 4<sup>th</sup> meeting. The Wall Street Journal said talk of a production increase has emerged after U.S. President Joe Biden's administration told a federal court judge that Saudi Crown Prince Mohammed bin Salman should have sovereign immunity from a U.S. federal lawsuit related to the killing of Saudi journalist Jamal Khashoggi. Later, Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman, said the country is not discussing a potential oil output increase with other OPEC oil producers. He said "The current cut of 2 million bpd by OPEC+ continues until the end of 2023 and if there is need to take further measures by reducing production to balance supply and demand we always remain ready to intervene."

Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Friday, November 18<sup>th</sup> fell by 859,875 barrels on the week and by 471,120 barrels from Tuesday, November 15<sup>th</sup>.

According to Refinitiv data, gasoline exports on the northwest Europe to U.S. route have reached 560,000 tons so far this month, already surpassing October's volumes. November flows to West Africa stand at above 445,000 tons after October closed at just above 445,000 tons after October closed at an eight-month high of 1.65 million tons.

IIR Energy reported that U.S. oil refiners are expected to shut in about 305,000 bpd of capacity in the week ending November 25<sup>th</sup>, increasing available refining capacity by 219,000 bpd. It also stated that offline capacity is expected to fall to 275,000 bpd in the week ending December 2<sup>nd</sup>.

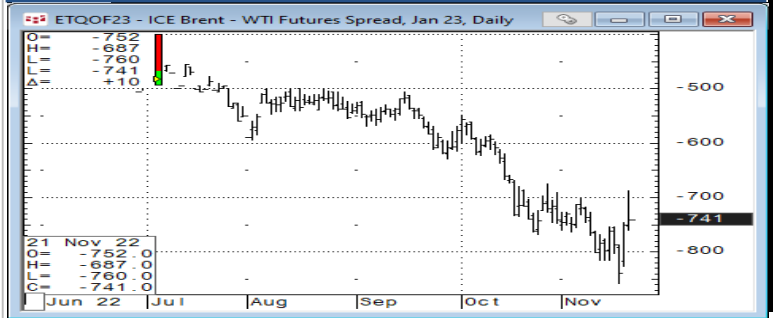
**Early Market Call - as of 8:25 AM EDT**

WTI - December \$66.23, down \$1.53  
 RBOB - December \$2.5094, up 7.23 cents  
 HO - December \$3.5227, up 2.54 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-22	3.4973	-0.0208	-0.0467
Jan-23	3.3787	-0.0181	-0.0503
Feb-23	3.2843	-0.0128	-0.0485
Mar-23	3.1884	-0.0075	-0.0503
Apr-23	3.0871	-0.0035	-0.0532
May-23	3.0085	-0.0002	-0.0578
Jun-23	2.9514	0.0028	-0.06
Jul-23	2.9196	0.0053	-0.0606
Aug-23	2.8966	0.0069	-0.0594
Sep-23	2.8797	0.0082	-0.0557
Oct-23	2.8633	0.0093	-0.0522
Nov-23	2.8459	0.0105	-0.0493
Dec-23	2.8269	0.0118	-0.0473
Jan-24	2.8063	0.0124	-0.0455
Feb-24	2.7864	0.0127	-0.0439
Mar-24	2.7562	0.0129	-0.043
Apr-24	2.7195	0.0132	-0.0396

Sprague HeatCurve October 2023-April 2024			\$2.7994
		Close	Change
Crude - WTI	Dec Brent-	\$80.0400	-\$0.0700
Crude - Brent	WTI Spread	\$87.4500	-\$0.1700
Natural Gas	\$7.41	\$6.7760	\$0.4730
Gasoline		\$2.4371	\$0.0163

### ICE January Brent-WTI Spread



### January Heating Oil Crack Spread

### January RBOB Crack Spread

