

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** The oil market on Friday fell for the second consecutive session, pressured by increasing output from Libya and the concerns that the increasing coronavirus infections may slow a recovery in the economy and impact fuel demand. While the news of the vaccine earlier this week provided some support to the market, oil demand is not expected to get significant support from vaccines until 2021, according to the IEA. The crude market opened at its high of \$40.94 and traded lower throughout the session. A Libyan oil source said Libya's oil production has increased to 1.2 million bpd, up from 1 million bpd reported on November 7<sup>th</sup>. The market also remained pressured by the unexpected build in crude oil inventories reported on Thursday by the EIA. The December crude contract sold off to a low of \$40.09 and settled down 99 cents at \$40.13. The January Brent contract settled down 75 cents at \$42.78. The product markets also settled in negative territory, with the heating oil market settling down 2.91 cents at \$1.2042 and the RBOB market settling down 3.17 cents at \$1.1254.

**Technical Analysis:** The crude market is seen trending lower as the rising number of new infections prompt tougher restrictions on mobility and impact demand. Technically, the oil market is seen finding support at its lows of \$40.09 and \$39.41 followed by more distant support at \$37.06. Meanwhile, resistance is seen at its high of \$40.94, \$42.19 and \$43.06.

**Fundamental News:** The head of Democratic U.S. President-elect Joe Biden's coronavirus advisory board, Dr. Vivek Murthy, said there was no plan to shut the country down and that the new administration's approach will be targeted at specific areas. He said doctors have learned a lot about how the virus spreads and what steps to reduce risk are effective. He said the Biden team's priority will be to stop the spread of the virus and focus on hard-hit populations like nursing homes and prisons. Increasing testing capacity will be key to those efforts.

Two OPEC+ sources stated that compliance of OPEC+ with oil production cuts in October was estimated at 101%. The compliance assessment will be reviewed and confirmed by a meeting of the OPEC+ Joint Technical Committee on Monday.

A Libyan oil source said Libya's oil production increased to 1.215 million bpd. The country's National Oil Corporation said on November 7<sup>th</sup> that the country's production had reached 1.04 million bpd.

Baker Hughes reported that the oil and gas rig count increased by 12 to 312 in the week ending November 13<sup>th</sup>. U.S. oil rigs increased by 10 to 236 this week, their highest since May, while gas rigs increased two to 73.

IIR Energy said U.S. oil refiners are expected to shut in 4.1 million bpd of capacity in the week ending November 13<sup>th</sup>, increasing available refining capacity by about 271,000 bpd from the previous week.

U.S. producer prices increased more than expected in October, but were unlikely to translate into higher inflation given considerable slack in the labor market and a resurgence in new coronavirus cases. The Labor Department reported that the producer price index for final demand increased 0.3% in October after rising 0.4% in September. In the 12 months through October, the PPI increased 0.5% after rebounding 0.4% in September. The producer price index, excluding food and energy components increased by 0.1% in October compared with an increase of 0.4% in September.

U.S. consumer sentiment unexpectedly fell in early November due to the outcome of the presidential election and a resurgence in COVID-19 infections. The University of Michigan's survey of consumer sentiment in November is estimated at 77, down from a final reading of 81.8 in October.

**Early Market Call - as of 8:50 AM EDT**

WTI - Dec \$41.85, up \$1.71

RBOB - Dec \$1.1654, up 4 cents

HO - Dec \$1.2455, up 4.13 cents

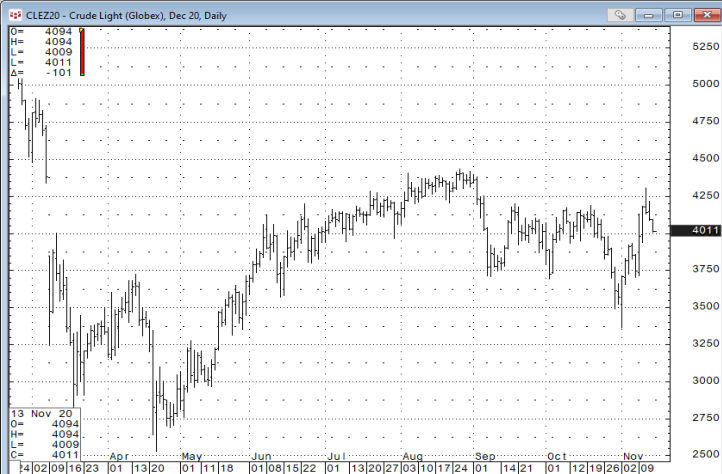
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-20	1.2042	-0.0291	-0.0616
Jan-21	1.2159	-0.0296	-0.0646
Feb-21	1.2292	-0.0290	-0.0696
Mar-21	1.2405	-0.0284	-0.0735
Apr-21	1.2469	-0.0279	-0.0761
May-21	1.2560	-0.0280	-0.0773
Jun-21	1.2659	-0.0279	-0.0776
Jul-21	1.2768	-0.0275	-0.0770
Aug-21	1.2876	-0.0270	-0.0765
Sep-21	1.2989	-0.0266	-0.0758
Oct-21	1.3103	-0.0266	-0.0755
Nov-21	1.3206	-0.0269	-0.0746
Dec-21	1.3289	-0.0271	-0.0737
Jan-22	1.3394	-0.0270	-0.0729
Feb-22	1.3463	-0.0265	-0.0718
Mar-22	1.3492	-0.0262	-0.0710
Apr-22	1.3484	-0.0255	-0.0705

		Close	Change
Crude - WTI	Jan Brent-	\$40.4000	-\$1.0100
Crude - Brent	WTI Spread	\$42.7800	-\$0.7500
Natural Gas	\$2.38	\$2.9950	\$0.0190
Gasoline		\$1.1254	-\$0.0317

### EIA Working Gas Storage Report

	06-Nov-20	30-Oct-20	Change	Year Ago
East	942	947	-5	932
Midwest	1,127	1,119	8	1,107
Mountain	243	240	3	207
Pacific	322	320	2	291
South Central	1,293	1,293	0	1,195
Salt	345	348	-3	310
Nonsalt	948	945	3	885
Total	3,927	3,919	8	3,731

### December WTI



### ICE January Brent-WTI Spread

