

## Market Commentary

**Recap:** Not only did all three major petroleum futures contracts on NYMEX finish the trading session higher Friday, they also posted their fifth consecutive weekly gain. Despite the current surging hospitalization and death rate due to Covid in the United States, oil traders seemed to remain in lock step with following the direction of the equities markets, as traders in both markets were encouraged by the news of yet another stimulus package making its way through Congress. But this bullish fever in the oil markets was not reflected in all oil contracts. In the NYMEX crude oil options market, the eight most active strikes on the day were all puts, with most of the activity centered in the front two months, possibly signifying traders were attempting to set a floor for their recent bullish market gains.

**Technical Outlook:** The oil market near term may have gotten ahead of itself and may be at risk for a near term price correction, especially given the relative high level of inventories both in the United States and globally. While the January WTI contract still seems entrenched in the upward channel on the weekly charts making \$50.00 as a major price resistance point, stochastics and RSI indicators are beginning to appear topy. We would initially look for a retest of the lows from this week at \$43.92 followed by a downside target of \$41.85, which would be a 38% retracement of the current five week rally, a conservative price target. More distant support would then be at \$40.36.

**Fundamental News:** Baker Hughes reported that U.S. energy firms this week increased the number of oil and natural gas rigs for the 11<sup>th</sup> time in 12 weeks. The oil and gas rig count increased by 3 to 323 in the week ending December 4<sup>th</sup>. The number of U.S. oil rigs increased by 5 to 246 this week, the highest level since May, while the number of gas rigs fell by two to 75.

IIR Energy reported that U.S. oil refiners are expected to shut in 3.68 million bpd of capacity in the week ending December 4<sup>th</sup>, increasing available refining capacity by about 34,000 bpd from the previous week. Offline capacity is expected to increase to 3.73 million bpd in the week ending December 11<sup>th</sup>, and then decline to 3.49 million bpd in the subsequent week.

The U.S. Bureau of Safety and Environment Enforcement said it will consider lower royalty payments for producers that invest in projects to enable existing platforms to reach their full capacity. The BSEE found that four in every five deepwater facilities is producing at less than half of its nameplate capacity. The Gulf of Mexico has 68 deepwater offshore facilities, of which 38 produce at less than 25% of their full capacity.

Saudi Aramco said normal and full flow of operations in the petroleum derivatives distribution station in Jazan has been restored. The Saudi state news agency reported a malfunction in one of the pumps at the petroleum derivatives distribution station in Saudi Arabia's southern Jazan region.

The U.S. Labor Department reported that nonfarm payrolls increased by 245,000 jobs last month after rising by 610,000 in October, the Labor Department said on Friday. That was the smallest gain since the jobs recovery started in May. The unemployment rate fell to 6.7% from 6.9% in October.

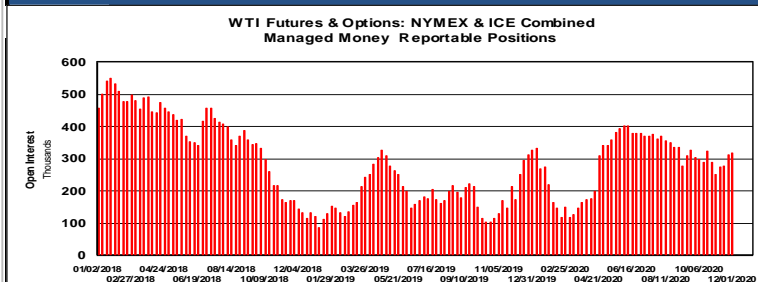
**Early Market Call - as of 8:35 AM EDT**

WTI - Jan \$45.90, down 36 cents  
 RBOB - Jan \$1.2544, down 1.41 cents  
 HO - Jan \$1.3950, down 90 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	1.4030	0.0097	-0.0181
Feb-21	1.4103	0.0104	-0.0183
Mar-21	1.4157	0.0102	-0.0168
Apr-21	1.4182	0.0102	-0.0163
May-21	1.4216	0.0102	-0.0163
Jun-21	1.4260	0.0101	-0.0163
Jul-21	1.4325	0.0101	-0.0167
Aug-21	1.4393	0.0104	-0.0163
Sep-21	1.4465	0.0104	-0.0153
Oct-21	1.4534	0.0101	-0.0137
Nov-21	1.4593	0.0096	-0.0121
Dec-21	1.4633	0.0102	-0.0108
Jan-22	1.4691	0.0101	-0.0093
Feb-22	1.4708	0.0100	-0.0072
Mar-22	1.4680	0.0099	-0.0046
Apr-22	1.4599	0.0100	-0.0010
May-22	1.4556	0.0101	0.0022

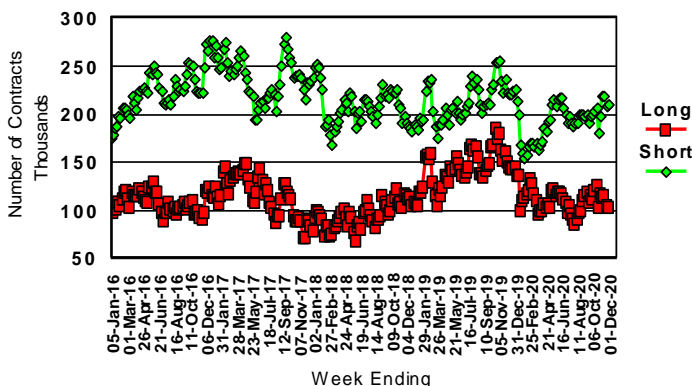
		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$2.83	\$46.4200	\$0.6300
Crude - Brent		\$49.2500	\$0.5400
Natural Gas		\$2.5750	\$0.0680
Gasoline		\$1.2685	\$0.0068



## Commitment of Traders Report for the Week Ending December 1, 2020

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

