

Market Commentary

Recap: Oil prices fell to their lowest level in almost a year, as the stock market plunged 9 percent on growing concern over slowing global economic growth. Amid the uncertainty, financial traders have become wary of oil markets, seeing further downside risk to prices from the growth in U.S. shale production as well as the deteriorating economic outlook. For the first time since December 2017, WTI fell below \$53.00 a barrel, while Brent slipped below \$62.00 a barrel. By 1:30 pm EST, volume in U.S. futures jumped more than 1,440,000.00 contracts, far exceeding the daily average over the last 10 months. Adding to Tuesday's sell off was a rise in the U.S. dollar. Since October, WTI prices have fallen about 30 percent, while Brent lost about 26 percent during the same time period. Losses were slightly pared prior to the settlement period, with January WTI settling at \$53.43 a barrel, down \$3.77, or 6.59%, while January Brent fell \$.26 or 0.38%, to settle at \$62.53 a barrel. December RBOB fell 5.5% to \$1.496 a gallon, while December heating oil fell 4.6% to \$1.99 a gallon.

Technical Analysis: WTI continues to experience a technical breakdown, as it blew through key support set at \$54.48, which will now serve as resistance to the upside. The slow stochastics, which are already set in oversold territory, crossed to the downside, indicating additional downside potential. However, the mild recovery late in the session indicates a bit of reluctance. To the upside, resistance is set at \$53.52 and above that at \$54.48. Support is set at \$52.77 and below that at \$52.15.

Fundamental News: According to Bloomberg, crude inventories at Cushing, Oklahoma increased by 1.1 million barrels during the week ending November 16th to 36.6 million barrels.

Bloomberg reported that US waterborne crude imports fell by 314,000 bpd to 3.94 million bpd in the week ending November 16th. Shipments to the Gulf and East Coasts fell by 171,900 bpd and 155,800 bpd, respectively. Imports to the West increased by 13,700 bpd.

Crude stocks at Genscape-monitored Texas Gulf Coast terminals increased by 6.797 million barrels in the week ending November 9th, the largest build since Genscape began monitoring the region in July 2014. Overall volumes remained 4.578 million barrels below the record high of 90.205 million barrels set the week ending May 12, 2017.

The head of the IEA, Fatih Birol, said oil markets are entering an unprecedented period of uncertainty due to geopolitical instability and a fragile global economy. He said the US decision on the Iranian sanction waivers took some players in the market by surprise. He reiterated his call on key producers to exercise "common sense" at OPEC's policy meeting in December.

A State Department official said an oversupplied oil market next year will help the US cut Iranian crude and condensate sales further as President Donald Trump targets the country's main source of income.

UAE OPEC Governor, Ahmed al-Kaabi, said there is an initial agreement within OPEC to cut production at the OPEC meeting on December 6th. However he said the amount has not been decided yet. He said OPEC will likely cut production, adding that the Joint Ministerial Monitoring Committee was still studying markets and will share final conclusions before Vienna's meeting. He added that the UAE is committed to any OPEC decision.

Early Market Call - as of 8:40 AM EDT

WTI - Dec \$54.69, up \$1.27
 RBOB - Dec \$1.5257, up 3.01 cents
 HO - Dec \$2.0069, up 1.63 cents

All NYMEX | Prior Settlements

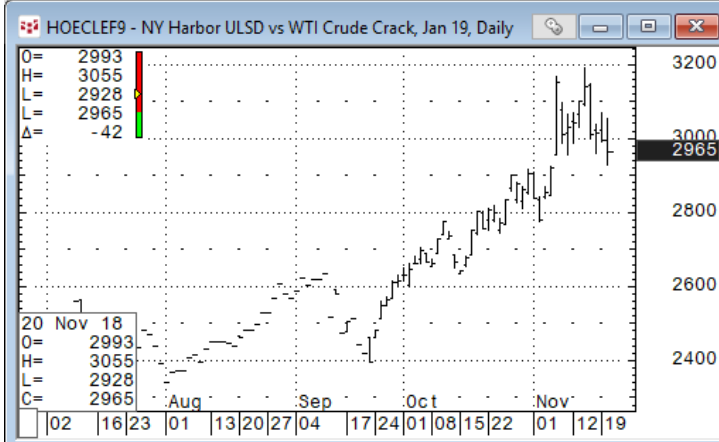
| Month | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
| | Close | Change | One Week |
| Dec-18 | \$1.9902 | -\$0.0962 | -\$0.0723 |
| Jan-19 | \$1.9818 | -\$0.0960 | -\$0.0743 |
| Feb-19 | \$1.9702 | -\$0.0959 | -\$0.0796 |
| Mar-19 | \$1.9594 | -\$0.0954 | -\$0.0841 |
| Apr-19 | \$1.9445 | -\$0.0944 | -\$0.0848 |
| May-19 | \$1.9389 | -\$0.0936 | -\$0.0852 |
| Jun-19 | \$1.9373 | -\$0.0929 | -\$0.0861 |
| Jul-19 | \$1.9425 | -\$0.0925 | -\$0.0879 |
| Aug-19 | \$1.9501 | -\$0.0922 | -\$0.0890 |
| Sep-19 | \$1.9600 | -\$0.0918 | -\$0.0896 |
| Oct-19 | \$1.9699 | -\$0.0911 | -\$0.0893 |
| Nov-19 | \$1.9792 | -\$0.0899 | -\$0.0884 |
| Dec-19 | \$1.9866 | -\$0.0892 | -\$0.0870 |
| Jan-20 | \$1.9900 | -\$0.0885 | -\$0.0866 |
| Feb-20 | \$1.9874 | -\$0.0879 | -\$0.0859 |
| Mar-20 | \$1.9818 | -\$0.0874 | -\$0.0851 |
| Apr-18 | \$1.9713 | -\$0.0869 | -\$0.0861 |

| Other Front Month NYMEX | | Close | Change |
|-------------------------|------------|-----------|-----------|
| Crude - WTI | Jan Brent- | \$53.5700 | -\$3.7500 |
| Crude - Brent | WTI Spread | \$62.5300 | -\$4.2600 |
| Natural Gas | \$8.96 | \$4.5230 | -\$0.1770 |
| Gasoline | | \$1.4959 | -\$0.0870 |

API Weekly Report for the Week Ending November 16, 2018

| | Actual | Mkt Expectations |
|----------------------------|--------------------------|---------------------------|
| Crude Oil Stocks(excl SPR) | Down 1.5 million barrels | Up 2.8 million barrels |
| Cushing, OK Crude Stocks | Up 398,000 barrels | Up 1.1 million barrels |
| Gasoline Stocks | Up 706,000 barrels | Down 995,000 barrels |
| Distillate Stocks | Down 1.8 million barrels | Down 2.63 million barrels |
| Refinery Runs | Up 398,000 bpd | Up 1.1% at 91.2% |

NYMEX JAN HEAT CRACK



NYMEX JAN RBOB CRACK

