

## Market Commentary

**Recap:** Oil futures rose Wednesday, after U.S. government data showed the first decline in U.S. crude-oil inventories in six weeks. WTI January delivery rose \$2.56, or 4.5%, to \$58.66 a barrel, while February Brent crude tacked on \$2.69, or 4.4%, at \$63.51 a barrel. The Energy Information Administration on Wednesday reported that crude stocks fell by 4.9 million barrels for the week ended Nov. 29. That followed increases in each of the past five weeks. Analysts polled by S&P Global Platts forecast a fall of 700,000 barrels. The American Petroleum Institute on Tuesday reported a 3.7 million-barrel decline. Oil prices also rose ahead of the upcoming OPEC meeting on Thursday, in which members will discuss how to handle production cuts going forward. Oil prices finished strong, with January WTI adding \$2.33, or 4.2%, to settle at \$58.43 a barrel, while February Brent settled at \$63.00 a barrel, up \$2.18, or 3.6%. January RBOB rose 2.6% to \$1.6042 a gallon, while January heating oil added 2.3% at \$1.9229 a gallon.

**Technical Analysis:** After spending 3 days trading below the ascending channel that can be depicted on a daily spot continuation chart, January WTI entered back into the channel on Wednesday. The upward move propelled this spot contract back above the 10 and 50-day moving averages and back into a previous sideways pattern. With moving oscillators trending sideways in neutral territory, we would look for sideways trading to resume. Resistance is set at \$58.74 and above that at \$60.00. To the downside, support is set at \$57.15 and below that at \$56.10.

**Fundamental News:** The EIA reported that US crude oil stocks fell more than expected in the week ending November 29<sup>th</sup>, while gasoline and distillate inventories increased. Crude inventories fell by 4.9 million barrels, compared with expectations for a decrease of 1.7 million barrels. Crude stocks at Cushing, Oklahoma fell by 302,000 barrels. Gasoline stocks increased by 3.4 million barrels, while distillate stocks increased by 3.1 million barrels.

OPEC is preparing to deepen production cuts later this week but still needs to agree with allies such as Russia over details of a deal to support oil prices. OPEC members are meeting on Thursday in Vienna followed by a meeting with Russia and other non-OPEC producers, known as OPEC+, on Friday. OPEC+ has been cutting production since 2017 to counter oversupply as a result of increasing output in the US. Next year, rising production in non-OPEC countries such as Brazil and Norway threaten to add to the oversupply. The current deal expires in March and two OPEC sources have said it would be extended at least until June.

OPEC officials said Saudi Arabia is threatening to increase its oil production unilaterally if some OPEC nations continue to defy the group's output cuts. At a technical meeting on Tuesday, a Saudi delegate said his government is growing tired of indirectly benefiting the budgets of countries that are ignoring the OPEC agreement by overproducing oil. If the noncompliance continues, the Saudi official signaled that the country would begin merely complying with its commitment, rather than overcutting to make up for laggards in the group.

Kuwait's Oil Minister, Khaled al-Fadhel, said an oil price of \$60-\$70/barrel is an appropriate price for producers and consumers. He said Kuwait is committed to implement the OPEC+ oil production cuts. He added that topics at the OPEC meeting will include the discussion on the extension of the current oil output cuts.

US President, Donald Trump, said that trade talks with China were going "very well." This followed his comments on Tuesday, when he said a trade agreement with China might have to wait until after the US presidential election in November 2020.

Separately, Bloomberg reported that the US and China are moving closer to agreeing on the amount of tariffs to be rolled back in a phase-one trade deal.

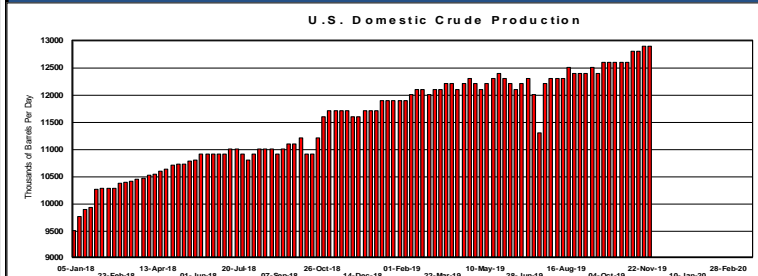
**Early Market Call - as of 8:45 AM EDT**

WTI - Jan \$58.70, up 27 cents  
 RBOB - Jan \$1.6189, up 1.45 cents  
 HO - Jan \$1.9325, up 98 points

## All NYMEX | Prior Settlements

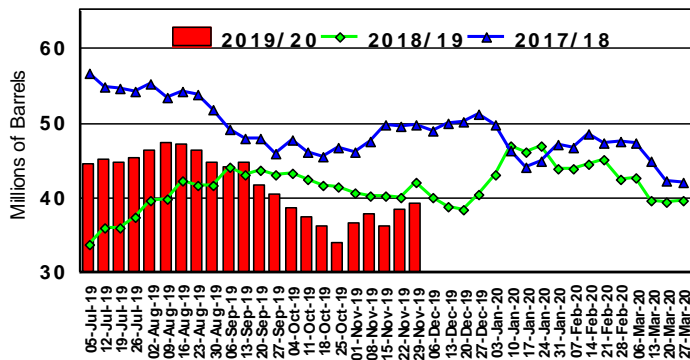
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	1.9229	0.0430	0.0224
Feb-20	1.9215	0.0445	0.0294
Mar-20	1.9129	0.0461	0.0183
Apr-20	1.8976	0.0463	0.0168
May-20	1.8857	0.0458	0.0154
Jun-20	1.8771	0.0448	0.0146
Jul-20	1.8748	0.0443	0.0134
Aug-20	1.8739	0.0439	0.0122
Sep-20	1.8743	0.0435	0.0119
Oct-20	1.8751	0.0433	0.0120
Nov-20	1.8761	0.0430	0.0123
Dec-20	1.8763	0.0428	0.0132
Jan-21	1.8775	0.0424	0.0128
Feb-21	1.8723	0.0417	0.0120
Mar-21	1.8620	0.0411	0.0112
Apr-21	1.8449	0.0405	0.0109
May-21	1.8333	0.0401	0.0102

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$58.3400	\$2.3100
Crude - Brent	WTI Spread	\$63.0000	\$2.1800
Natural Gas	\$4.66	\$2.3990	-\$0.0420
Gasoline		\$1.6042	\$0.0413



## Weekly EIA Petroleum Status Report for the Week Ending November 29, 2019

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 4.856 million barrels  
 Cushing, OK Crude Stocks Down 302,000 barrels  
**Gasoline Stocks** Up 3.385 million barrels  
**Distillate Stocks** Up 3.063 million barrels  
**Refinery % Operated** 91.9%, up 2.6%

**PADD #1**

	Week Ending Nov 29, 2019	Week Ending Nov 22, 2019	Week Ending Nov 30, 2018
Distillate Stocks (in million bbls)	8.1	8.1	7.3
New England	19.8	19.6	22.5
Central Atlantic	39.2	38.3	42.0
Total PADD #1			
Distillate Imports (thousands b/d)	129	229	370

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