

## Market Commentary

**Recap:** Oil futures climbed on Friday, with U.S. prices touching their highest levels since mid-September, after China said it has reached an agreement on the text of a phase one trade agreement with the United States. A drop in the U.S. dollar coupled with a strong pound also helped boost commodities. Oil prices rose to their highest level in almost 3 months as traders welcomed the aforementioned news. January WTI reached a high of \$60.48 a barrel, for a gain of \$1.30, or 2.1%, while Brent for February delivery peaked at \$65.78 a barrel, a gain of \$1.58, or 2.4%. This is the highest level for both contracts since September 16. Gains were pared, with January WTI settling at \$60.07 a barrel, up 89 cents, or 1.50% and February Brent finishing the week at \$65.22 a barrel, up \$1.02, or 1.59%. January RBOB added 2.1% to \$1.6632 a gallon, tallying a weekly rise of 1%, while January heating oil rose 1.8% to \$1.9864 a gallon, for a climb of 1.8% for the week.

**Technical Analysis:** WTI pushed passed the \$60.00 level, with the January contract settling above the upper trend line of a symmetrical triangle that can be depicted on a weekly spot continuation chart. With moving oscillators pointing to the upside, we would look for prices to begin the week trading to the upside. Based upon the aforementioned breakout, the projected upside objective is \$63.64, but first, WTI will have to surpass resistance set at \$62.50. Support is set at \$59.71 and below that at \$58.73.

**Fundamental News:** The US and China announced a "Phase one" agreement that reduces some tariffs on Chinese goods in exchange for China's increased purchases of American farm goods. In a press conference Friday night in Beijing, Chinese officials said the two countries have achieved major progress in their phase one trade negotiations, and agreed on the text of a phase one deal. Under the agreement, the US will maintain 25% tariffs on about \$250 billion of Chinese imports, and reduce to around 7.5% tariffs imposed on \$120 million of other Chinese imports. China will likely buy \$50 billion in US agricultural goods in 2020, double what it bought in 2017, before the trade conflict began. US President, Donald Trump, said his administration would leverage the remaining US tariffs on imported Chinese goods as it seeks to negotiate a phase two trade deal with Beijing. Meanwhile, China's Vice Commerce Minister said the first phase trade negotiations achieved major progress. Under the deal, China will increase its US imports of energy, agriculture, pharmaceutical products and financial services. China has agreed to suspend retaliatory tariffs, targeting goods ranging from corn and wheat to US made vehicles and auto parts, that were due to take effect on December 15<sup>th</sup>. China said reaching a trade agreement is in the interest to China, the US and the world.

US energy firms added oil rigs for the first time in eight weeks as producers follow through on plans to reduce spending on new drilling. Baker Hughes reported that companies added 4 oil rigs in the week ending December 13<sup>th</sup>, bringing the total count to 667.

North Dakota's Industrial Commission reported that the state's oil production increased by 74,000 bpd to 1,518,000 bpd in October.

IIR Energy reported that US oil refiners are expected to shut in 336,000 bpd of capacity in the week ending December 13<sup>th</sup>, increasing available refining capacity by 211,000 bpd from the previous week. Offline capacity is expected to fall to 62,000 bpd in the week ending December 20<sup>th</sup> and to 45,000 bpd in the week ending December 27<sup>th</sup>.

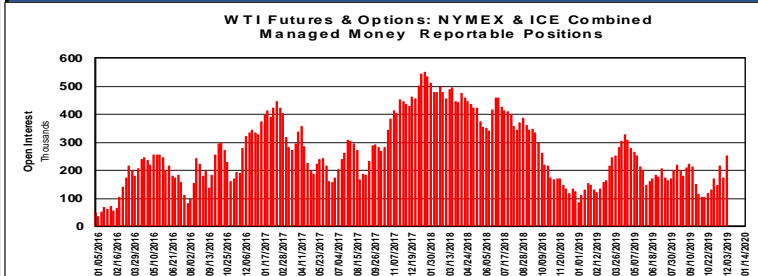
**Early Market Call - as of 8:20 AM EDT**

WTI - Jan \$60.08, up 1 cent  
 RBOB - Jan \$1.6616, down 19 points  
 HO - Jan \$2.0059, up 1.93 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-20	1.9864	0.0356	-0.0343
Feb-20	1.9860	0.0360	-0.0271
Mar-20	1.9785	0.0358	-0.0352
Apr-20	1.9612	0.0345	-0.0335
May-20	1.9473	0.0320	-0.0321
Jun-20	1.9364	0.0303	-0.0306
Jul-20	1.9317	0.0287	-0.0290
Aug-20	1.9284	0.0273	-0.0275
Sep-20	1.9270	0.0263	-0.0262
Oct-20	1.9264	0.0259	-0.0253
Nov-20	1.9262	0.0257	-0.0250
Dec-20	1.9255	0.0255	-0.0246
Jan-21	1.9242	0.0245	-0.0231
Feb-21	1.9163	0.0232	-0.0212
Mar-21	1.9033	0.0218	-0.0190
Apr-21	1.8840	0.0207	-0.0174
May-21	1.8706	0.0200	-0.0161

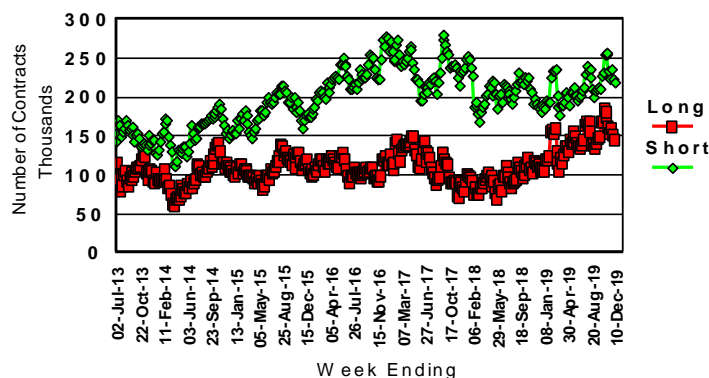
Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$59.9800	\$0.9200
Crude - Brent	WTI Spread	\$65.2200	\$1.0200
Natural Gas	\$5.24	\$2.2960	-\$0.0320
Gasoline		\$1.6632	\$0.0349



## Commitment of Traders Report for the Week Ending December 10, 2019

### Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



### Managed Money Heat Positons

CFTC Commitment of Traders Report

