

## Market Commentary

**Recap:** The oil market on Thursday continued to trade lower and breached the \$50 level for the first time since October 2017. The market posted a low of \$49.41 as the market remained pressured by the larger than expected build in crude stocks and Saudi Arabia's insistence that it will not cut its output on its own to stabilize the market. However, the crude market bounced off its low and traded mostly sideways before it found some support and rallied towards Wednesday's high as it posted a high of \$52.20 in afternoon trading. Prices rebounded after sources stated that Russia would consider cutting production alongside Saudi Arabia and other OPEC members. The WTI market later erased some of its gains ahead of the close and settled up \$1.16 at \$51.45. January Brent settled up 75 cents at \$59.51. Meanwhile, the product markets ended in positive territory, with the heating oil market settling up 52 points at \$1.8436 and the RBOB market settling up 5.68 cents at \$1.4747.

**Technical Analysis:** The market is technically seen trading lower as the 50 and 200-day moving averages crossed during Thursday's session. The market which breached the \$50 level is seen finding support at its low of \$49.41 followed by \$47.96 as previously mentioned. Meanwhile, resistance is seen at its highs of \$52.20, 52.56 followed by \$54.82 and \$55.86.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending Tuesday, November 27<sup>th</sup> increased by 772,050 barrels on the week and by 771,924 barrels from Friday, November 23<sup>rd</sup> to 39,350,008 barrels.

Russia's Energy Minister, Alexander Novak, said Russia expects OPEC and non-OPEC oil producers at the ministerial meeting on December 6<sup>th</sup> to reach an agreement that is beneficial for the oil market. He said the energy ministry is still considering a proposal on whether to cut oil production.

According to Bloomberg, Libya is producing 1.266 million bpd. It was pumping 1.25 million bpd as of October 30<sup>th</sup>. The Sharara field, Libya's largest field, is currently producing 310,000 bpd.

The Environmental Protection Agency lifted its annual blending mandate for advanced biofuels by 15% for 2019, while keeping the requirement for conventional biofuels like corn-based ethanol steady. The mandate includes 4.92 billion gallons for advanced biofuels, a figure that is up from the EPA's initial proposal in June of 4.88 billion and above the 4.29 billion that had been set to 2018. The requirement for conventional biofuels, meanwhile, remains at 15 billion gallons for 2019, on par with 2018, and the same as proposed by the agency in June.

JPMorgan equity analysts said OPEC will agree on a "weak" deal when it meets in Vienna on December 6<sup>th</sup>. They said Russia is unlikely to meaningfully cut its output. A return to full compliance with previously agreed output cuts would imply a net cut of 830,000 bpd to 32.5 million bpd, which would fall short of expectations and prove to be short-lived.

Macquarie analysts stated that oil prices are seen supported in the short term by an expected OPEC production cut of at least 1 million bpd and colder weather in the northern hemisphere increasing demand.

HSBC analysts stated that if oil prices do not improve, US supply growth could slow "considerably."

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

WTI - Jan \$50.60, down 84 cents  
 RBOB - Dec \$1.4308, down 2.16 cents  
 HO - Dec \$1.8129, down 3.28 cents

## All NYMEX | Prior Settlements

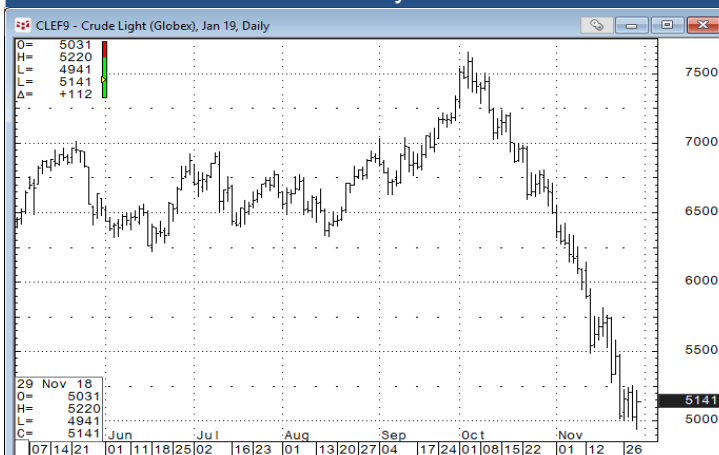
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$1.8436	\$0.0052	-\$0.1266
Jan-19	\$1.8394	\$0.0042	-\$0.1247
Feb-19	\$1.8324	\$0.0048	-\$0.1234
Mar-19	\$1.8259	\$0.0051	-\$0.1216
Apr-19	\$1.8182	\$0.0067	-\$0.1170
May-19	\$1.8209	\$0.0083	-\$0.1115
Jun-19	\$1.8275	\$0.0098	-\$0.1060
Jul-19	\$1.8385	\$0.0102	-\$0.1025
Aug-19	\$1.8504	\$0.0104	-\$0.1002
Sep-19	\$1.8627	\$0.0104	-\$0.0993
Oct-19	\$1.8736	\$0.0104	-\$0.0985
Nov-19	\$1.8833	\$0.0106	-\$0.0982
Dec-19	\$1.8913	\$0.0108	-\$0.0979
Jan-20	\$1.8978	\$0.0117	-\$0.0958
Feb-20	\$1.9001	\$0.0130	-\$0.0923
Mar-20	\$1.8989	\$0.0134	-\$0.0895
Apr-20	\$1.8903	\$0.0135	-\$0.0872

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent- WTI Spread	\$51.4500	\$1.1600
Crude - Brent	\$8.06	\$59.5100	\$0.7500
Natural Gas		\$4.6460	-\$0.0530
Gasoline		\$1.4547	\$0.0568

## EIA Working Gas Storage Report

	23-Nov-18	16-Nov-18	Change	Year Ago
East	778	803	-25	878
Midwest	938	959	-21	1,071
Mountain	171	174	-3	221
Pacific	254	258	-4	314
South Central	914	919	-5	1,214
Salt	259	251	8	347
Nonsalt	654	668	-14	867
Total	3,054	3,113	-59	3,698

## NYMEX January WTI



## NYMEX January Heating Oil

