

Market Commentary

Recap: After slipping to their lowest level in 13 months, U.S. oil prices posted their largest one day gain in eight weeks, with the January contract tipping the session at \$52.25 a barrel. Behind the move was talk of a meeting between Russia and the Saudi's taking place this week, which was raising speculation of an early agreement to cut output, ahead of the much-anticipated Dec. 6 OPEC meeting. Prices gapped higher on the open, but slipped below unchanged in overnight trading. As the aforementioned news spread, a rebound erupted, with prices making a steady ascent. Gains were pared, with January WTI settling at \$51.63 a barrel, up \$1.21, or 2.4%. This follows Friday's loss of 7.7%. Brent for January delivery tacked on \$1.68, or 2.86%, to settle at \$60.48 a barrel, after closing down 6.1% on Friday. December RBOB rose 3.7% to \$1.443 a gallon, after an 11.8% retreat last week, the largest percentage drop since February of 2016. The contract fell nearly 8% on Friday, its sharpest slide on a percentage basis since Feb. 2, 2009. December heating oil rose 0.9% to \$1.893 after slumping 9.5% last week. The contract settled down 4.8% to \$1.8762 a gallon on Friday, the lowest settlement for a front-month contract since March.

Technical Analysis:

The technical outlook for prices remains bearish, while the 50-day moving average, currently set at \$66.31, continues to close in on \$65.46, the 200-day moving average. As mentioned last week, should the smaller average cross below the longer term average, known by technical traders as a death cross, prices are likely to head lower. At this time, we believe that prices can move as high as \$63.11, and as long as they stay below this level, the outlook is bearish. Resistance is set at \$54.68 and above that at \$55.86. To the downside, support can be found at \$50.10 and \$49.60.

Fundamental News: The US Department of Justice is formally reviewing antitrust laws aimed at curbing OPEC's power over oil markets, raising the prospect of anti-OPEC legislation landing on President Donald Trump's desk for signature. However, the long term cost of ending the group's influence over prices would outweigh any quick gains. The benefit of low crude prices for the country is a lot less clear now than when oil prices were \$100/barrel and US production was about half what it is today.

The head of Iran's Atomic Energy Organization, Ali Akbar Salehi, warned the European Union of ominous consequences on Monday if it did not follow through with action to keep the economic benefits of the 2015 nuclear agreement alive. However, he believes the EU was doing its best and was on its way to delivering on its promises. The EU and other remaining signatories to the accord hope to convince Iran to respect the cuts that the deal placed on its nuclear program even though the US has pulled out.

Fitch Solutions said that even an expected supply cut led by OPEC following an official meeting on December 6th may not be enough to counteract the bearish forces.

Nexen said the Buzzard oilfield in the UK North Sea remains shut down for repairs following the discovery of corrosion on pipework.

Saudi Arabia raised its oil production to an all-time high in November as US President Donald Trump pressured Saudi Arabia to refrain from production cuts at the OPEC meeting next week. An industry source said Saudi Arabia's oil production reached 11.1-11.3 million bpd in November. The country's oil production was running at about 10.8 million bpd to 10.9 million bpd earlier this month.

IIR Energy reported that US oil refiners are expected to shut in 115,000 bpd of capacity in the week ending November 30th, increasing available refining capacity by 132,000 bpd from the previous week. IIR expects offline capacity to fall to 67,000 bpd in the week ending December 7th.

Early Market Call - as of 8:00 AM EDT

WTI - Jan \$51.48, down 15 cents

RBOB - Dec \$1.4361, down 56 points

HO - Dec \$1.8865, down 60 points

All NYMEX | Prior Settlements

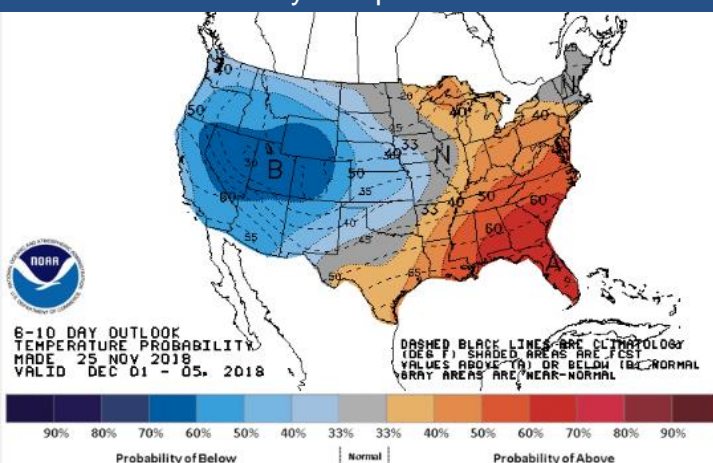
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-18	\$1.8930	\$0.0168	-\$0.1934
Jan-19	\$1.8872	\$0.0170	-\$0.1906
Feb-19	\$1.8788	\$0.0180	-\$0.1873
Mar-19	\$1.8708	\$0.0186	-\$0.1840
Apr-19	\$1.8597	\$0.0193	-\$0.1792
May-19	\$1.8586	\$0.0198	-\$0.1739
Jun-19	\$1.8614	\$0.0202	-\$0.1688
Jul-19	\$1.8701	\$0.0205	-\$0.1649
Aug-19	\$1.8807	\$0.0205	-\$0.1616
Sep-19	\$1.8925	\$0.0200	-\$0.1593
Oct-19	\$1.9030	\$0.0192	-\$0.1580
Nov-19	\$1.9123	\$0.0186	-\$0.1568
Dec-19	\$1.9199	\$0.0178	-\$0.1559
Jan-20	\$1.9252	\$0.0178	-\$0.1533
Feb-20	\$1.9250	\$0.0180	-\$0.1503
Mar-20	\$1.9223	\$0.0182	-\$0.1469
Apr-20	\$1.9115	\$0.0187	-\$0.1467

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$51.6300	\$1.2100
Crude - Brent	WTI Spread	\$60.4800	\$1.6800
Natural Gas	\$8.85	\$4.2480	-\$0.0600
Gasoline		\$1.4426	\$0.0513

December Heating Oil



NWS 6-10 Day Temperature Outlook



NWS 8-14 Day Temperature Outlook

