

Market Commentary

Recap: Oil prices traded in a choppy fashion ahead of the OPEC meeting which is to take place in Vienna. In a continuation of Tuesday's late sell off, oil prices traded lower at the onset of Wednesday's session, with January WTI falling as much as 2%, hitting a low of \$52.16, while February Brent fell equally as much, reaching a low of \$60.81. With January WTI holding above \$52.10, the 10-day moving average, technical traders jumped into action, sparking a 4.4% rally, which took this spot contract to a high of \$54.44, just short of an old Fibonacci retracement level of \$54.48. Prices flipped to the downside as the dollar rose amidst a lack of clarity on a possible output cut by major oil producers. January WTI fell 36 cents, or 0.7%, to settle at \$52.89 a barrel, while February Brent lost 52 cents, or 0.8%, to settle at \$61.56 a barrel. January gasoline rose nearly 0.2% to \$1.446 a gallon, while January heating oil fell almost 0.7% to \$1.889 a gallon.

Technical Analysis: January WTI held above the 10-day moving average for the third consecutive session, while at the same time remained below resistance set \$54.48. These two technical numbers have kept prices contained. A break above \$55.00, a significant resistance level, would be a bullish sign and the likelihood of this market moving toward \$58.80 is high. To the downside, support is set at \$52.13 and below that at \$50.93.

Fundamental News: The Joint Ministerial Monitoring Committee, which includes Saudi Arabia and Russia, agreed on Wednesday on the need to cut oil production in 2019. Two sources stated that the debate about volumes and the baseline for cuts were ongoing.

Saudi Arabia has been seeking to persuade Russia to cut oil production substantially along with OPEC next year in an attempt to halt a decline in oil prices and prevent another global oversupply of crude. OPEC is scheduled to meet on Thursday followed by talks with allies such as Russia on Friday. Saudi Arabia has indicated a need for steep reductions in output starting in January but has come under pressure from US President Donald Trump to push oil prices even lower. Russia's Energy Minister, Alexander Novak, said he had a "good" meeting with his Saudi counterpart, Khalid al-Falih, on Wednesday and that they would have further talks.

Saudi Arabia has indicated that it wants OPEC and its allies to cut output by at least 1.3 million bpd or 1.3% of global production. Saudi Arabia wants Russia to contribute at least 250,000 to 300,000 bpd to the cut, while Russia insists the amount should only be half of that. Meanwhile, Oman's Oil Minister, Mohammed Al-Ruhmy, said he believed OPEC and its allies would reach a deal this week to cut oil production. He said OPEC and its allies are discussing possible output cuts for just three to six months.

US President Donald Trump called on OPEC and its allies not to cut oil production next year, saying it would trigger higher oil prices.

Saudi Arabia's Energy Minister, Khalid al-Falih, met with US special representative for Iran, Brian Hook, in Vienna on Wednesday, ahead of the OPEC meeting on Thursday.

A source familiar with the matter said Saudi Arabia's crude supply in November increased to 11.3 million bpd, up from 10.65 million bpd in October.

Iran's Oil Minister, Bijan Zanganeh, said Iran will not discuss its OPEC quota as long as it is under sanctions.

Libya's National Oil Corp said all of the country's oil export terminals were closed due to bad weather.

IIR Energy expects US oil refiners to shut in 174,000 bpd of capacity in the week ending December 7th, increasing available refining capacity by 1,000 bpd from the previous week. IIR expects offline capacity to fall to 103,000 bpd in the week ending December 14th.

Early Market Call - as of 8:00 AM EDT

WTI - Jan \$50.92, down \$1.97

RB0B - Jan \$1.3991, down 4.69 cents

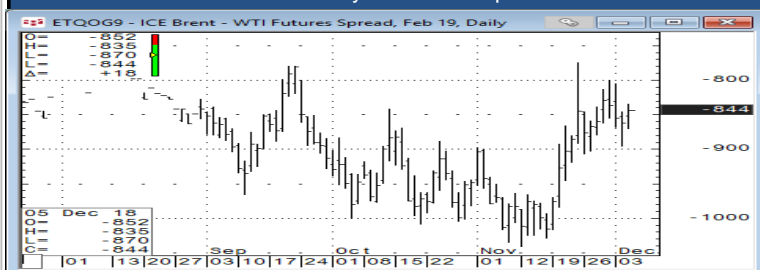
HO - Jan \$1.8442, down 4.39 cents

All NYMEX | Prior Settlements

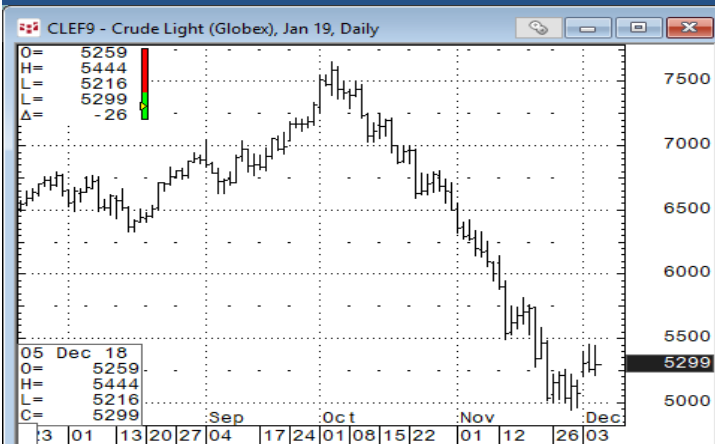
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-19	\$1.8886	-\$0.0123	\$0.0534
Feb-19	\$1.8812	-\$0.0115	\$0.0536
Mar-19	\$1.8738	-\$0.0100	\$0.0530
Apr-19	\$1.8646	-\$0.0085	\$0.0531
May-19	\$1.8647	-\$0.0076	\$0.0521
Jun-19	\$1.8684	-\$0.0068	\$0.0507
Jul-19	\$1.8774	-\$0.0065	\$0.0491
Aug-19	\$1.8881	-\$0.0062	\$0.0481
Sep-19	\$1.8996	-\$0.0061	\$0.0473
Oct-19	\$1.9095	-\$0.0060	\$0.0463
Nov-19	\$1.9189	-\$0.0048	\$0.0462
Dec-19	\$1.9260	-\$0.0040	\$0.0455
Jan-20	\$1.9317	-\$0.0036	\$0.0456
Feb-20	\$1.9330	-\$0.0039	\$0.0459
Mar-20	\$1.9313	-\$0.0042	\$0.0458
Apr-18	\$1.9212	-\$0.0045	\$0.0444
May-18	\$1.9182	-\$0.0048	\$0.0430

Other Front Month NYMEX		Close	Change
Crude - WTI	Feb Brent-	\$53.1200	-\$0.3400
Crude - Brent	WTI Spread	\$61.5600	-\$0.5200
Natural Gas	\$8.44	\$4.4690	\$0.0120
Gasoline		\$1.4456	\$0.0022

ICE February Brent-WTI Spread



NYMEX January WTI



NYMEX January Heating Oil

