

## Market Commentary

**Recap:** Trading in the oil markets was volatile on Thursday, with oil prices trading lower after the Organization of Petroleum Exporting Countries and their allies decided to rollover their current policy and raise monthly overall production by 400,000 barrels per day but after finding some stability, prices rebounded to trade higher on the day. What does the decision by OPEC+ mean; basically, the group will be adding more oil to the global supply, removing the threat of supply shortages, while demand is expected to fall due to the omicron variant of coronavirus. January WTI crude rose 93 cents, or 1.4%, to settle at \$66.50 a barrel on the after trading as low as \$62.43. February Brent crude settled at \$69.67 a barrel, up 80 cents, or 1.2%. Petroleum products also added gains, with January RBOB settling at \$1.9677 a gallon, up .0166, while January heating oil added .0263, to settle at \$2.1034.

**Technical Analysis:** The ability for January WTI to gain ground above \$65 is being viewed as constructive for this market however; the main trend of this market is to the downside. If we get back below \$65, we would look for a push toward \$62.40, followed by a dip down toward the \$61 area, with additional support set at \$60.50. A sustained move over \$65.57 will signal the presence of buyers. If this generates enough upside momentum then we could see a surge into the minor retracement zone at \$70.83 to \$72.81. Since the main trend is down, sellers could come in on a test of this area.

**Fundamental News:** According to OPEC's communique, OPEC and its allies agreed to stick to their existing policy of monthly oil output increases of 400,000 bpd despite fears that a U.S. release from crude reserves and the new coronavirus variant would lead to a new oil price decline. Under its existing pact, OPEC+ agreed to raise output by 400,000 bpd each month, winding down record cuts agreed in 2020 when demand crashed because of the pandemic. Any decision to hike output by less than 400,000 bpd in January or even cutting supplies would have put OPEC in full confrontation with Washington amid already tepid relations between the United States and OPEC's leader Saudi Arabia. The OPEC producers said a news release that their meeting would "remain in session" so the producers could monitor the market and "make immediate adjustments if required" following their decision to maintain the planned increase.

The White House welcomed OPEC and its allies' decision to increase oil output, but added that the U.S. has no plans to reconsider its decision to release crude reserves.

Algeria's Energy Minister said that the OPEC+ decision to stick to existing policy was based on the resilience of oil market fundamentals despite the emergence of the new coronavirus variant and the release of strategic reserves.

The global head of commodities research at Goldman Sachs, Jeff Currie, said many investors are taking risks off the market going into December after a strong year for commodities and added that those will return in the first quarter of next year. He said oil prices should "grind higher going into year-end, with real potential upside going into the first half of next year." He said OPEC's decision "makes a lot of sense in the current environment." He added that it takes the pressure off the U.S. "administration to cut a deal with Iran that would have provided barrels" next year.

Ship-tracking data, information from officials and estimates from consultants including Rystad Energy AS and JBC Energy showed that OPEC producers added more oil in November than required by their plans to restore halted production. OPEC increased its output by 350,000 bpd in November, almost 40% more than specified in its schedule for reviving supplies shut in during the pandemic.

**Early Market Call - as of 8:10 AM EDT**

WTI - Jan \$68.42, up \$1.92

RBOB - Jan \$2.0100, up 4.23 cents

HO - Jan \$2.1462, up 4.3 cents

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-22	2.1034	0.0263	-0.276
Feb-22	2.0919	0.0245	-0.2804
Mar-22	2.0749	0.0209	-0.283
Apr-22	2.0507	0.0163	-0.2846
May-22	2.0361	0.0143	-0.2816
Jun-22	2.03	0.014	-0.2733
Jul-22	2.0296	0.0149	-0.2664
Aug-22	2.0302	0.0157	-0.2602
Sep-22	2.032	0.016	-0.2584
Oct-22	2.0337	0.0158	-0.2517
Nov-22	2.0343	0.0156	-0.2495
Dec-22	2.034	0.0156	-0.2478
Jan-23	2.0335	0.0157	-0.2454
Feb-23	2.0279	0.0162	-0.2416
Mar-23	2.0177	0.017	-0.2372
Apr-23	2.004	0.0173	-0.2316
May-23	1.9975	0.017	-0.2261

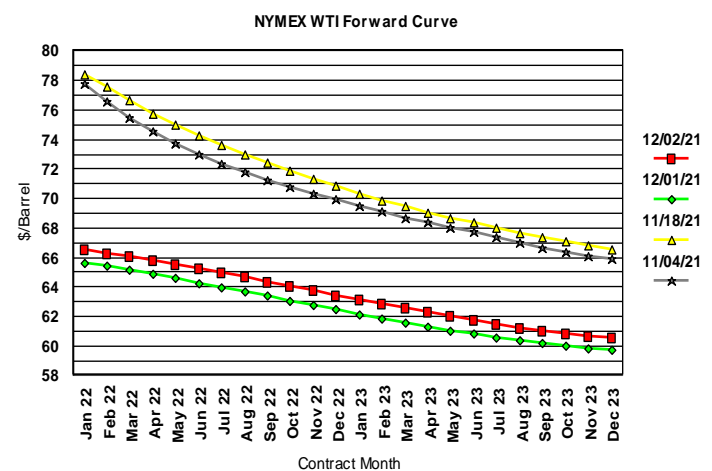
### Settlements

		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$3.40	\$66.2700	\$0.9000
Crude - Brent		\$69.6700	\$0.8000
Natural Gas		\$4.0560	-\$0.2020
Gasoline		\$1.9677	\$0.0166

### EIA Working Gas Storage Report

	26-Nov-21	19-Nov-21	Change	26-Nov-20
East	867	889	-22	934
Midwest	1,043	1,066	-23	1,124
Mountain	206	210	-4	240
Pacific	263	262	1	318
South Central	1,185	1,197	-12	1,324
Salt	335	338	-3	366
Nonsalt	851	859	-8	958
Total	3,564	3,623	-59	3,939

## WTI Forward Curve



## 8-14 Day Weather Outlook

