

Market Commentary

Recap: Oil prices shifted to the downside on Tuesday after experiencing about a 1% rise earlier in the session following a speech by U.S. President Donald Trump in which he offered few new details about the trade talks between the U.S. and China. In overnight trading, December WTI reached a high of \$57.55 a barrel, for a gain of 69 cents, or 1.2% before turning to the downside, and falling to a session low of \$56.54 before trimming losses for a settlement of \$56.80 a barrel, down 6 cents, or 0.11%. January Brent traded at a session low of \$61.80 a barrel, before it too trimmed losses to settle at \$62.06 a barrel down 12 cents, or .09%. December RBOB added 0.3% to \$1.6144 a gallon, while December heating oil shed 0.9% to \$1.8976 a gallon.

Technical Analysis: Trading in crude oil was quite sedate on Tuesday as December WTI continues to consolidate within the ascending channel that can be depicted on a daily bar chart for that contract. Once again the 200-day moving average acted as a pivotal area, while the 10-day moving average provides support. Crude oil prices will most likely continue to be pressured by struggling demand and buoyed by threats of production cuts from OPEC and other major producers. That being said, we would look for continued sideways trading with the 200-day moving average holding its position as a pivotal area and the 10-day moving average acting as support. To the upside, resistance is set at \$58.21 and above that at \$59.11. To the downside support is set at \$56.48 and below that at \$55.42.

Fundamental News: Chevron reported that despite the discovery of a seep at its McKittrick oil field in Kern County, California, production continues to flow intermittently and the seep of 26 barrels of fluids is fully contained within an earthen berm.

Imperial Oil Ltd is increasing shipments of Canadian crude by rail after the recent Keystone pipeline outage created more favorable economics but is not seeking to take on Alberta government contracts to move even more oil on trains. The shutdown last month of the Keystone pipeline, which moves Alberta oil to US refineries, increased the discount on Canadian heavy crude against US light oil to reflect the increased challenges of moving it.

Refineries from south Texas to east Louisiana saw no impact on production from a drop in temperatures across the region overnight.

In a speech to the Economic Club of New York, President Trump on Tuesday renewed his criticism of the Federal Reserve's raising and then cutting of interest rates, saying the central bank had put the US at a competitive disadvantage with other countries and called for negative interest rates. In regards to China, President Trump said the US is close to signing a "phase one" trade deal with China. He said he would only accept a deal if it is good for his country and US workers. Contrary to President Trump's statement, White House Economic Adviser, Larry Kudlow, said he does not think the US needs negative interest rates.

Saudi Arabia's cabinet on Tuesday claimed Iran was being "deceptive and evasive" about its nuclear program and it accused Iran of delaying giving information to the International Atomic Energy Agency and its inspectors.

Mexico's Pemex said on Monday that attempted cyber-attacks on Sunday had been "neutralized" in a timely manner and had in fact only impacted less than 5% of its computers. The company said its operations were normal and oil production and storage were unaffected.

Early Market Call - as of 8:15 AM EDT

WTI - Dec \$56.55, down 25 cents
 RBOB - Dec \$1.6117, down 25 points
 HO - Dec \$1.8765, down 2.11 cents

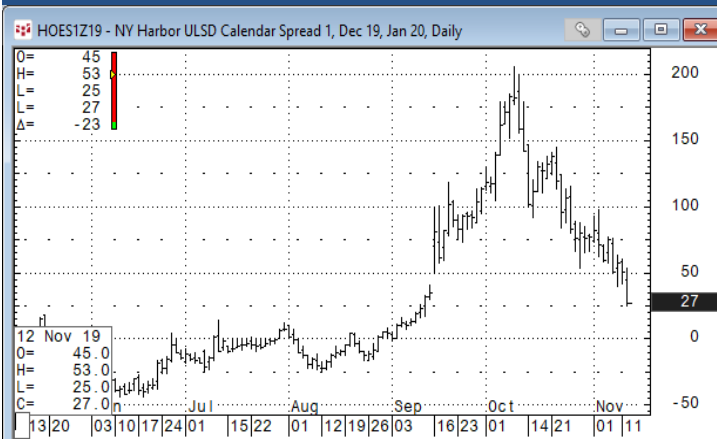
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	\$1.8976	-\$0.0166	\$0.0590
Jan-20	\$1.8951	-\$0.0141	\$0.0550
Feb-20	\$1.8910	-\$0.0121	\$0.0588
Mar-20	\$1.8809	-\$0.0105	\$0.0417
Apr-20	\$1.8665	-\$0.0086	\$0.0346
May-20	\$1.8570	-\$0.0075	\$0.0312
Jun-20	\$1.8504	-\$0.0063	\$0.0295
Jul-20	\$1.8493	-\$0.0053	\$0.0281
Aug-20	\$1.8489	-\$0.0047	\$0.0276
Sep-20	\$1.8501	-\$0.0043	\$0.0274
Oct-20	\$1.8519	-\$0.0038	\$0.0271
Nov-20	\$1.8537	-\$0.0033	\$0.0270
Dec-20	\$1.8548	-\$0.0034	\$0.0273
Jan-21	\$1.8563	-\$0.0034	\$0.0269
Feb-21	\$1.8517	-\$0.0032	\$0.0263
Mar-21	\$1.8419	-\$0.0028	\$0.0252
Apr-21	\$1.8248	-\$0.0023	\$0.0246

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$56.8500	-\$0.0500
Crude - Brent	WTI Spread	\$62.0600	-\$0.1200
Natural Gas	\$5.21	\$2.6210	-\$0.0160
Gasoline		\$1.6144	\$0.0045



NYMEX Heating Oil Dec-Jan Spread



NYMEX RBOB Dec-Jan Spread

