

Market Commentary

Recap: After failing to find downside momentum off of yesterday's EIA report, oil futures quickly rebounded, with WTI trading above \$47 a barrel and Brent breaking above \$50 a barrel on Tuesday. This is a significant development in the oil markets, as traders shook off yesterday's bearish report and appear to be looking for demand to improve in the future. The oil market is also paying attention to Chinese demand, which is reportedly exceeding pre-COVID levels amid an uptick in Chinese refinery runs. January WTI rose \$1.26, or 2.8%, to settle at \$46.78 a barrel, while February Brent rose \$1.39, or 2.8%, to \$50.25 a barrel. January RBOB tacked on 3.2% to \$1.3166 a gallon and January heating oil rose 2.6% to \$1.4357 a gallon.

Technical Analysis: Today's move in oil was so impressive, that one has to think as to whether or not this move caught bears off guard, prompting a short-covering rally that contributed to an acceleration of the move. The front end of the curve continues to flatten, while the back end dips lower, indicating near-term strength. Traders are betting that the roll out of a COVID-19 vaccine will boost the economy next year. January WTI bounced off of the 10-day moving average, while it continues to gain strength. Today's settlement above \$45 put this spot contract in place for a run at \$50. Support is set at \$45.43 and below that at \$43.95, the current 200-day moving average

Fundamental News: The trading arm of Pemex, Petroleos Mexicanos, is imposing an informal temporary ban on doing business with Vitol. The world's largest independent oil trader paid just over \$160 million to settle allegations that it conspired to pay bribes in Brazil, Mexico and Ecuador and also attempted to manipulate benchmarks for fuel oil prices. Earlier on Thursday, Mexico's President, Andres Manuel Lopez Obrador, said Mexico will investigate the allegations that bribes were paid to Pemex officials.

Russia's new Energy Minister, Nikolai Shulginov, said the country's oil and gas condensate production is expected to fall by 8% to 514 million tons or 10.28 million bpd in 2020. He also said that natural gas production is set to fall by 4%-6% to 700 billion cubic meters.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp terminal in the week ending December 10th fell by 4.99% on the week but increased by 44.26% on the year to 1.219 million barrels, while gasoline stocks increased by 5.4% on the week and by 6.62% on the year to 2.577 million barrels.

The U.S. Senate is expected to vote as early as Thursday on a one-week extension of federal government funding to provide more time for legislators to work out a larger spending package including coronavirus relief. The Democratic-majority House voted 343-67 on the stopgap measure on Wednesday. If passed and signed by President Donald Trump, it would prevent federal programs from running out of money on Friday at midnight by extending current funding levels until December 18th. Senate Majority Leader Mitch McConnell, a Republican, has said the Senate will take it up this week and send it to Trump in time to avoid a government shutdown. The move gives Congress seven more days to enact a broader, \$1.4 trillion "omnibus" spending measure for all government agencies. Congressional leaders hope to attach a long-awaited COVID-19 relief package. When asked Wednesday evening how long it might take to reach agreement, House Speaker Nancy Pelosi said "I'm hoping soon." However, an agreement has remained elusive. The most contentious issues of business liability protections sought by Republicans and aid to state and local governments sought by Democrats, have yet to be agreed on.

Early Market Call - as of 8:45 AM EDT

WTI - Jan \$46.67, down 11 cents
 RBOB - Jan \$1.2111, down 55 points
 HO - Jan \$1.4345, down 13 points

All NYMEX | Prior Settlements

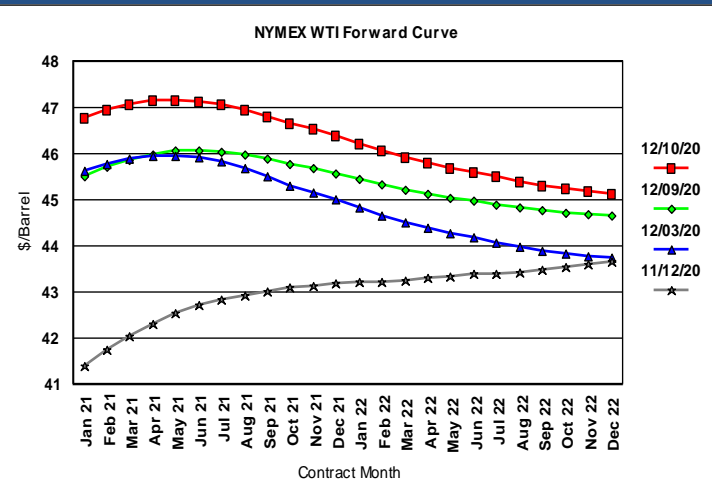
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jan-21	1.4357	0.0368	-0.0424
Feb-21	1.4410	0.0356	-0.0411
Mar-21	1.4438	0.0342	-0.0383
Apr-21	1.4447	0.0336	-0.0367
May-21	1.4467	0.0336	-0.0353
Jun-21	1.4501	0.0335	-0.0342
Jul-21	1.4555	0.0331	-0.0331
Aug-21	1.4615	0.0324	-0.0326
Sep-21	1.4681	0.0316	-0.0320
Oct-21	1.4749	0.0312	-0.0316
Nov-21	1.4810	0.0307	-0.0313
Dec-21	1.4850	0.0300	-0.0319
Jan-22	1.4906	0.0293	-0.0316
Feb-22	1.4919	0.0286	-0.0311
Mar-22	1.4889	0.0282	-0.0308
Apr-22	1.4803	0.0278	-0.0304
May-22	1.4753	0.0272	-0.0298

		Close	Change
Crude - WTI	Feb Brent- WTI Spread \$3.29	\$46.9600	\$1.2400
Crude - Brent		\$50.2500	\$1.3900
Natural Gas		\$2.5530	\$0.1110
Gasoline		\$1.3166	\$0.0407

EIA Working Gas Storage Report

	04-Dec-20	27-Nov-20	Change	Year Ago
East	915	934	-19	874
Midwest	1,095	1,122	-27	1,021
Mountain	232	240	-8	195
Pacific	312	318	-6	279
South Central	1,294	1,326	-32	1,170
Salt	361	368	-7	320
Nonsalt	933	958	-25	850
Total	3,848	3,939	-91	3,539

WTI Forward Curve



ICE February Brent-WTI Spread

