

Market Commentary

Recap: The oil market traded higher on Monday as positive comments from the US and China renewed hopes in the global markets that the two countries could sign an interim deal to end their trade war soon. US National Security Adviser, Robert O'Brien, said that an initial trade agreement with China was still possible by the end of the year, while Chinese daily, Global Times, cited experts close to the Chinese government as saying that China and the US reached a broad consensus on the first phase of the trade deal. The market was also supported by the strength in the equities markets, as the S&P 500 and the Nasdaq indexes rose to new record highs on Monday. The crude market, which traded sideways in overnight trading and posted a low of \$57.21 early in the session, bounced off that level and traded to its high ahead of the close. The January crude contract settled up 24 cents at \$58.01. The January Brent contract settled up 26 cents at \$63.65. Meanwhile, the product markets ended in positive territory, with the heating oil market settling up 1.49 cents at \$1.9443 and the RBOB contract settling up 5 points at \$1.6748.

Technical Analysis: The crude market will likely continue to trend higher ahead of the Thanksgiving holiday as traders position themselves ahead of the weekly petroleum stock reports. US crude oil inventories are forecast to have declined last week. The market is seen finding resistance at its high of \$58.15, \$58.74, \$60.00 and \$61.15. Meanwhile, support is seen at \$57.21 followed by \$56.60 and \$54.85.

Fundamental News: Engineers at Libya's Sharara oilfield said production at Libya's Sharara oilfield is stable at about 280,000-300,000 bpd and security within the field is good. Libya's national output stands at about 1.25 million bpd.

Brazil's Petrobras plans to drill up to 8 oil wells in 2020, mostly in the pre-salt area.

The General Authority for Statistics reported that Saudi oil exports value fell by 25.5% on the year in September.

IIR Energy reported that US oil refiners are expected to shut in 700,000 bpd of capacity in the week ending November 29th, increasing available refining capacity by 285,000 bpd from the previous week. It reported that offline capacity is expected to fall to 559,000 bpd in the week ending December 6th.

Goldman Sachs said its top 2020 trade recommendation is to be long its commodities index, with the best returns likely to come from oil due to a decline in overall capital expenditure would in turn result in reduced supply. It maintained its \$60/barrel Brent forecast for 2020. Despite the steady outlook for benchmark oil prices, Goldman Sachs sees oil returns of 10% next year due to the carry structure of the market where nearby oil prices are higher than deferred contracts and allow investors to capture returns as they roll positions along the futures curve once contracts expire. The bank also expects OPEC and its allies, when they meet on December 5th, to extend existing oil output cuts until mid-2020 with non-OPEC oil producer Russia supporting Saudi Arabia's push for stable oil prices amid the listing of Saudi Aramco. Goldman Sachs forecast returns of -0.7%, 2.8% and 6% over a 3, 6 and 12-month period respectively on its S&P GSCI commodity index. Over the 12-month period, Goldman saw returns of 7.4% from energy, 8.4% for precious metals followed by 4.9% for industrial metals.

Early Market Call - as of 8:00 AM EDT

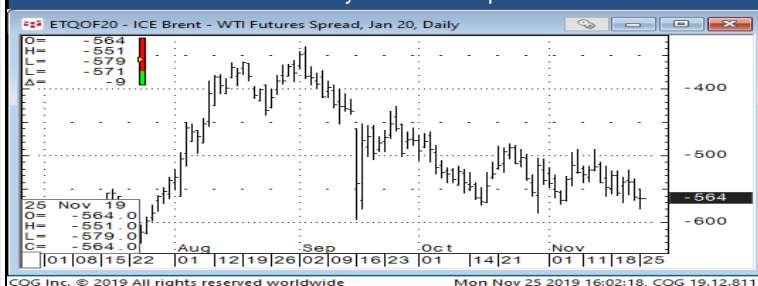
WTI - Jan \$58.31, up 30 cents
 RBOB - Dec \$1.6894, up 1.39 cents
 HO - Dec \$1.9564, up 1.19 cents

All NYMEX | Prior Settlements

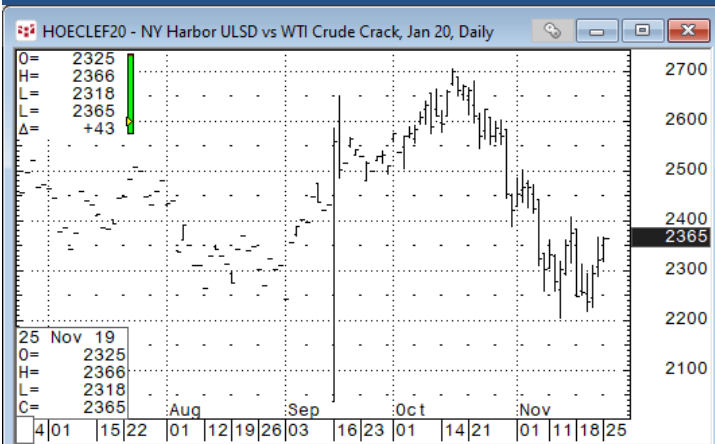
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-19	1.9443	0.0149	-0.0396
Jan-20	1.9423	0.0140	-0.0419
Feb-20	1.9383	0.0137	-0.0329
Mar-20	1.9276	0.0137	-0.0444
Apr-20	1.9109	0.0139	-0.0440
May-20	1.8979	0.0135	-0.0414
Jun-20	1.8895	0.0128	-0.0389
Jul-20	1.8864	0.0125	-0.0371
Aug-20	1.8849	0.0122	-0.0361
Sep-20	1.8851	0.0118	-0.0353
Oct-20	1.8863	0.0116	-0.0350
Nov-20	1.8879	0.0116	-0.0348
Dec-20	1.8891	0.0116	-0.0345
Jan-21	1.8899	0.0111	-0.0341
Feb-21	1.8837	0.0106	-0.0335
Mar-21	1.8724	0.0103	-0.0323
Apr-21	1.8547	0.0099	-0.0316

Other Front Month NYMEX		Close	Change
Crude - WTI	Jan Brent-	\$58.0100	\$0.2400
Crude - Brent	WTI Spread	\$63.6500	\$0.2600
Natural Gas	\$5.64	\$2.5310	-\$0.1340
Gasoline		\$1.6748	\$0.0005

ICE January Brent-WTI Spread



January Heating Oil Crack Spread



January RBOB Crack Spread

